

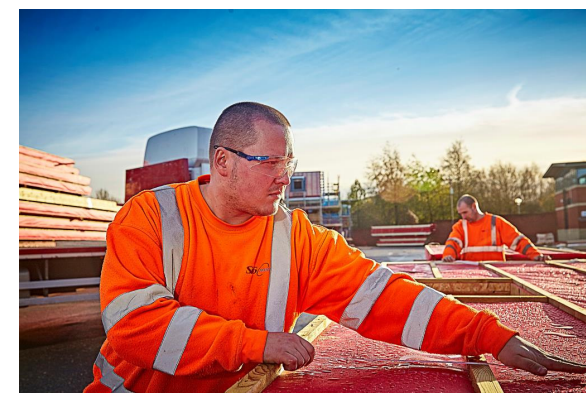


SIG plc

Results for six months ended 30 June 2017

8 August 2017

Business stabilised; leverage down





Opening remarks & H1 2017 performance

Meinie Oldersma
Chief Executive Officer



My first four months

- What I have found at SIG
 - *Strong market positions and good potential*
 - *Committed employees who care*
 - *Fragmented Group, distracted by too many initiatives*
 - *Loss of customer focus*
 - *Leverage too high*
 - *Real opportunity to improve performance*
- Actions taken so far
 - *Commissioned review of Group strategy*
 - *Initial reshaping of portfolio*
 - *Ongoing reductions in headcount*
 - *Stabilised business performance*
 - *Strengthened balance sheet*



SIG strategy review

- Reviewing Group strategy, use of capital and cost base
- Aim to assess potential and identify key strategic levers
- Initial phase confirms real opportunity to improve profits and returns
- Real execution challenges in delivering these upsides

Key factors:

- Management bandwidth and capability
- Quality data to support effective decisions
- Pace, focus and delivery

Intend to report progress in Q4 2017



H1 2017 Highlights

- Group LFL sales* +2.8%; Mainland Europe +4.3% and UK & Ireland +1.3%
- Underlying PBT, excluding property profits, of £30.1m, in line with guidance
- Underlying PBT including underlying property profits of £38.3m
- Strong focus on cash resulted in a £93.4m reduction in net debt and leverage down to 1.6x
- Disposed of UK Building Plastics business for up to £20.3m
- Interim dividend of 1.25p per share in line with rebased cover ratio

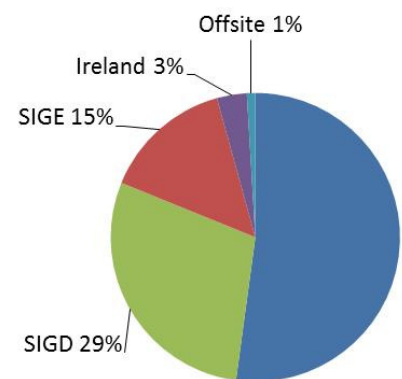
Evidence that business performance has stabilised

** Difference to July trading update due to exclusion of Building Plastics and Middle East.*

UK & Ireland

Continuing revenue (£m)	H1 2017	H1 2016	Change
SIGD	399.6	389.7	2.5%
SIGE	200.4	199.7	0.4%
Ireland	46.0	39.9	15.3%
Offsite Construction	13.2	13.6	(2.9)%

Note: The 'other' segment as previously reported has been removed as it principally related to SIG's activities in the Middle East, which are now under review.



% Group revenue

SIGD

- LFLs +1.6%; return to profitability (H1 2017: £6.3m)
- Signs that competitive pressures have moderated
- So far recovering or mitigating cost price inflation

SIGE

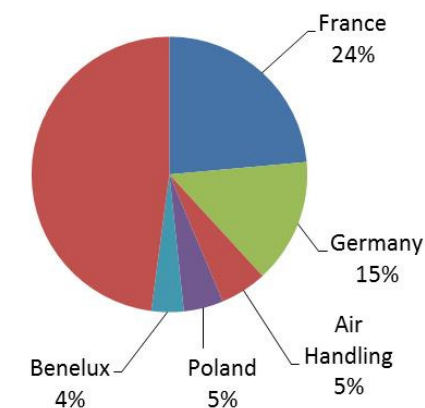
- LFLs +0.3%; RMI sector remains weak, not helped by UK General Election

Offsite Construction

- Some progress in Building Systems although challenges remain
- Business performance remains under review

Mainland Europe

Continuing revenue (£m)	H1 2017	H1 2016	Change	
			Reported	Constant Currency
France	324.3	285.0	13.8%	3.9%
Germany	201.4	180.6	11.5%	1.8%
Poland	63.6	51.7	23.0%	9.6%
Benelux	51.4	48.9	5.1%	(4.0)%
Air Handling	75.5	57.3	31.8%	20.3%



% Group revenue

France

- LFLs +5.0% driven by continued recovery in construction markets

Germany

- LFLs +1.8%; with SIG performance accelerating in Q2

Air Handling

- LFLs +12.0%; continuing to benefit from strong demand drivers
- Well positioned to benefit from higher energy efficiency and air quality standards



Financial review

Nick Maddock
Chief Financial Officer



Key financials

	H1 2017	H1 2016	Change
Revenue*	£1,375.4m	£1,266.4m	8.6%
Gross margin	26.8%	27.2%	(40)bps
Operating profit	£45.7m	£54.5m	(16.1)%
Operating margin	3.3%	4.3%	(100)bps
Profit before tax	£38.3m	£47.9m	(20.0)%
Profit before tax excl. property profits	£30.1m	£45.4m	(33.7)%
Basic earnings per share	4.7p	6.1p	(23.0)%
Dividend per share	1.25p	1.83p	(31.7)%
Cash inflow from trading	£41.3m	£59.9m	(31.1)%
ROCE (post-tax)	8.4%	12.9%	(450)bps
	30 June 2017	31 Dec 2016	Change
Net debt	£166.5m	£259.9m	(35.9)%
Leverage	1.6x	2.1x	(0.5)x

* Difference to July trading update due to exclusion of Building Plastics and Middle East.
All figures are stated on an underlying basis and exclude Other items.

Some initial good progress on leverage

- Our key short-term priority
- Originally anticipated leverage would increase to June 2017 before H2 recovery
- However, balance sheet has responded quickly to management actions
 - *Asset disposals, debt factoring, tighter control over cash, working capital and capex*
- Some debt reduction actions have materialised earlier than anticipated
- Resulted in a sharper than expected drop in leverage to 1.6x
- Group is continuing to target a further reduction in leverage next year

Continued focus to meet leverage target range of 1.0 – 1.5x in 2018

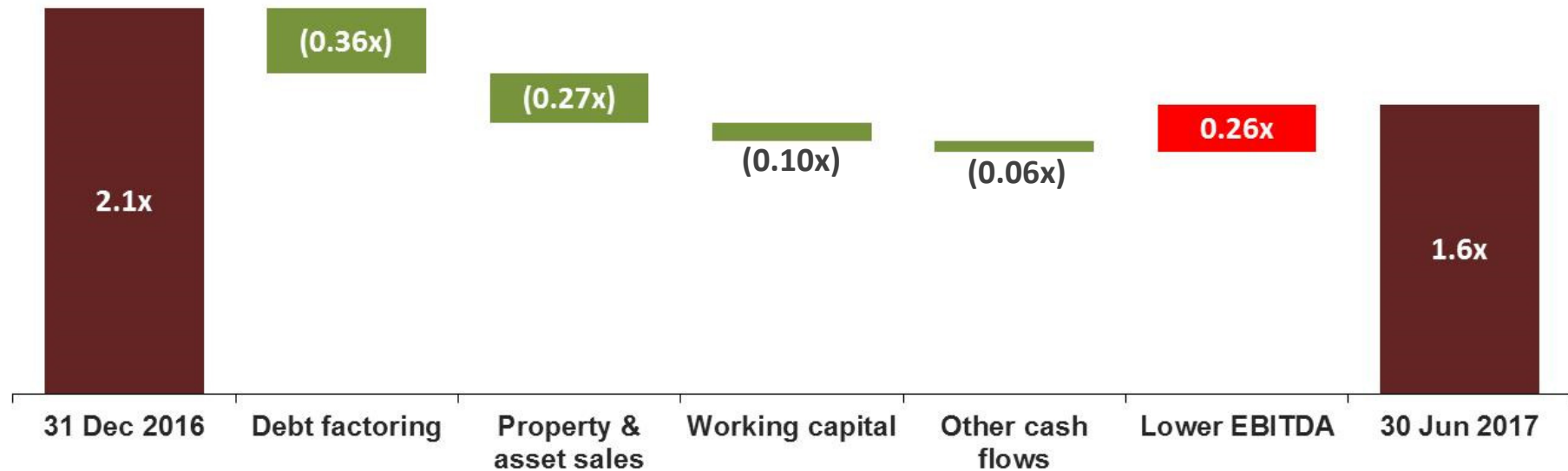
Cash flow and net debt

£m	H1 2017	H2 2016	H1 2016
Opening net debt	(259.9)	(232.8)	(235.9)
Cash inflow from trading	41.3	39.0	59.9
Decrease / (increase) in working capital	12.5	(23.4)	0.3
Interest and tax	(13.7)	(12.6)	(9.5)
Net maintenance capex	(8.7)	(11.0)	(12.6)
Free cash flow	31.4	(8.0)	38.1
Investment capex	(0.1)	(5.2)	(5.2)
Dividends*	-	(10.8)	(17.2)
Debt factoring	42.5	-	-
Sale of property and assets	24.0	10.7	22.9
Acquisitions including contingent consideration	(6.8)	(3.8)	(25.8)
Exchange, fair value and other	2.4	(10.0)	(9.7)
Decrease / (increase) in borrowings	93.4	(27.1)	3.1
Closing net debt	(166.5)	(259.9)	(232.8)
Leverage (net debt / EBITDA)	1.6x	2.1x	1.6x

* 2015 final dividend was paid in May 2016 and the 2016 final dividend was paid in July 2017.

Leverage bridge

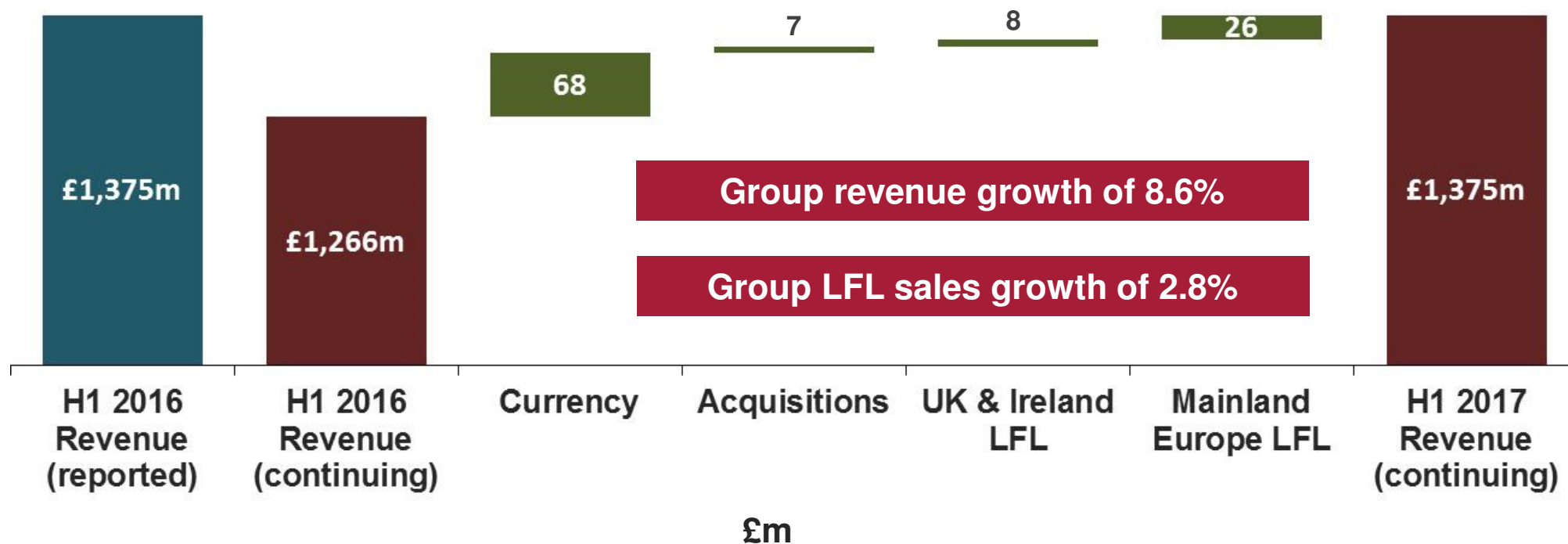
30 Jun 2017 vs 31 Dec 2016



Note: Leverage calculated on covenant basis

Revenue bridge

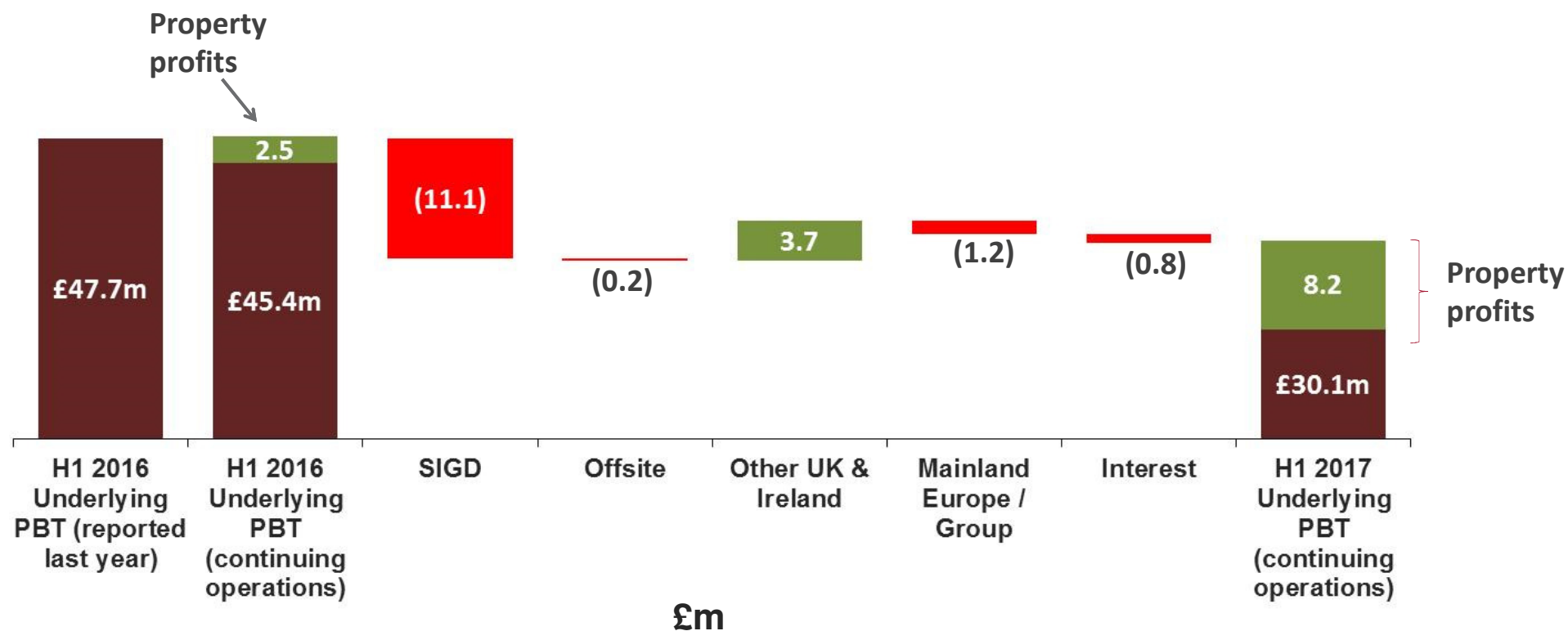
H1 2017 vs H1 2016



Note: Continuing revenue excludes businesses sold or closed in 2017 or currently under review.

Underlying profit before tax bridge

H1 2017 vs H1 2016



Note: Continuing operations excludes businesses sold or closed in 2017 or currently under review.

Underlying profit before tax bridge

H1 2017 vs H2 2016



£m

Note: Continuing operations excludes businesses sold or closed in 2017 or currently under review.

Non-underlying items

£m	H1 2017
Losses on sale, closure or review of businesses*	35.6
Impairment of UK ERP system	6.8
Amortisation of acquired intangibles and contingent payments on acquisitions	5.2
Net restructuring charges	3.4
Other one-off items	3.5
Non-underlying profit on property disposal	(5.5)
Total	49.0

* Includes £5.2m of trading losses in H1 2017.

Businesses sold, closed or under review

- Carpet & Flooring (UK)
- Drywall Qatar
- Metecho (UK)
- WeGo Austria
- Building Plastics (UK)
- Middle East

Dividend

- 2016 final dividend was rebased to give a total dividend for the year of 3.66p per share
- Stated policy to pay dividends in line with 2 – 3x earnings cover
- One-third payable at the interim stage
- Consistent with this policy we are declaring a 2017 interim dividend of 1.25p (H1 2016: 1.83p)
- To be paid on 3 November to shareholders on register on 6 October





Summary and outlook

Meinie Oldersma
Chief Executive Officer



Summary



- We have stabilised business performance and grown profit vs H2 2016
- We have made some initial good progress on our key short-term priority of leverage reduction, which is now down to 1.6x
- We are targeting some quick wins to benefit 2018 profitability: initial portfolio reshaping, ongoing headcount reductions
- We are conducting a broader review of strategy and will report progress in Q4 2017

Outlook

- Outlook unchanged from our July trading statement
- Continue to expect the business to show a stronger second half, excluding H1 property profits
- Key risk remains the challenging environment created by macro uncertainty in the UK
- May be partially mitigated by continuing improvement in confidence in Mainland Europe
- Expectations for the full year are unchanged



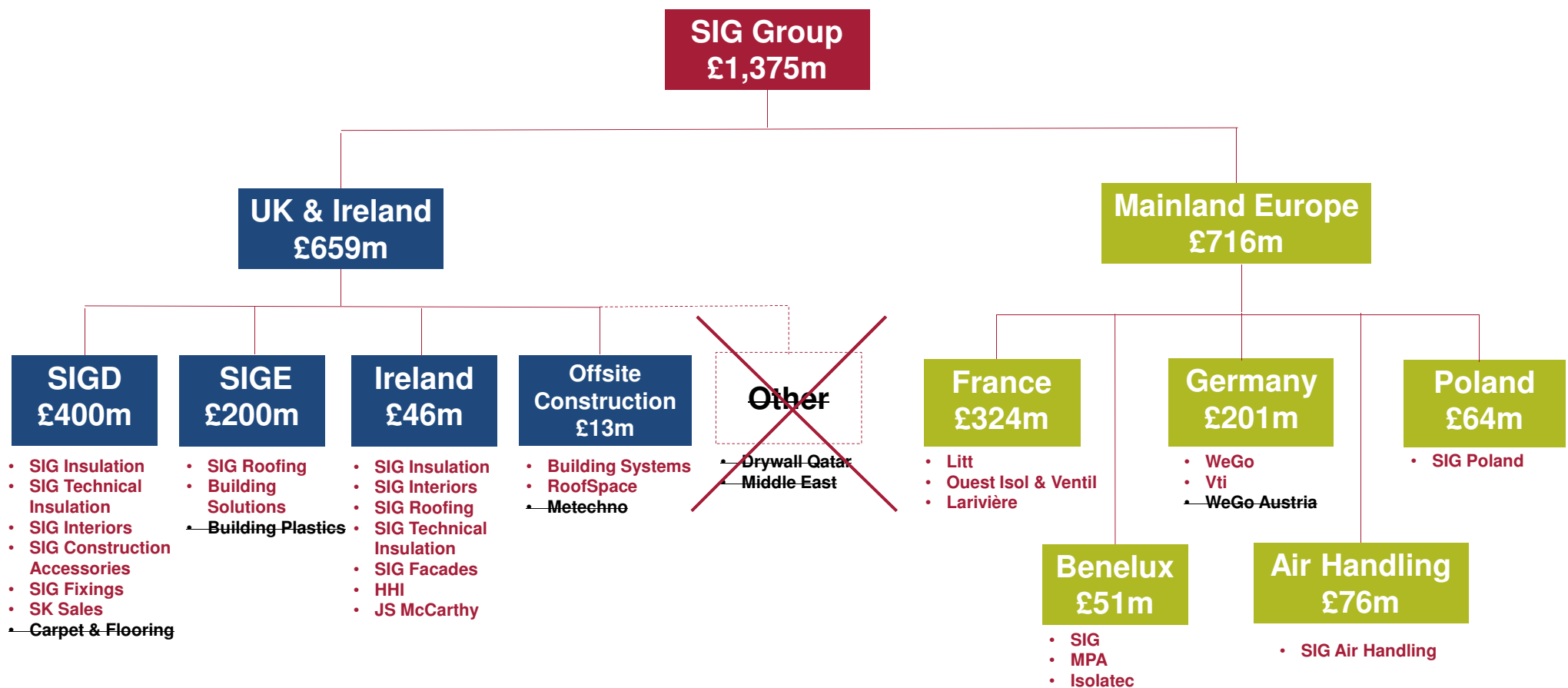
SIG remains a good business with strong market positions and is capable of delivering much more



Appendix

Business overview

Underlying business overview: H1 2017



Note: Revenue from continuing operations

UK & Ireland

Continuing operations	Revenue (£m)	Change	LFL change	Gross margin	Change vs H1 2016	Change vs H2 2016
SIG Distribution	399.6	2.5%	1.6%	24.5%	(180)bps	160bps
SIG Exteriors	200.4	0.4%	0.3%	29.3%	(20)bps	120bps
Ireland	46.0	15.3%	4.6%	25.8%	(10)bps	40bps
Offsite Construction	13.2	(2.9)%	(2.9)%	22.0%	890bps	10bps
UK & Ireland	659.2	2.5%	1.3%	26.0%	(100)bps	120bps

Mainland Europe

Continuing operations	Revenue (£m)	Change	LFL change	Gross margin	Change vs H1 2016	Change vs H2 2016
France	324.3	13.8%	5.0%	27.6%	(30)bps	-
Germany	201.4	11.5%	1.8%	26.6%	10bps	(60)bps
Poland	63.6	23.0%	9.6%	20.0%	(30)bps	30bps
Benelux	51.4	5.1%	(4.8)%	25.8%	60bps	50bps
Air Handling	75.5	31.8%	12.0%	36.8%	-	80bps
Mainland Europe	716.2	14.9%	4.3%	27.5%	-	-

SIG Distribution (SIGD)

Business description

- Principally insulation / interiors distribution
- Clear UK leader with c.30% share in consolidated market
- H1 2017 revenue: £400m (29% of Group)
- 95 branches

Key products and brands

- Structural and technical insulation
- Dry lining / stud and track
- Construction accessories and fixings
- Ceiling tiles and grids
- Partition walls and doorsets



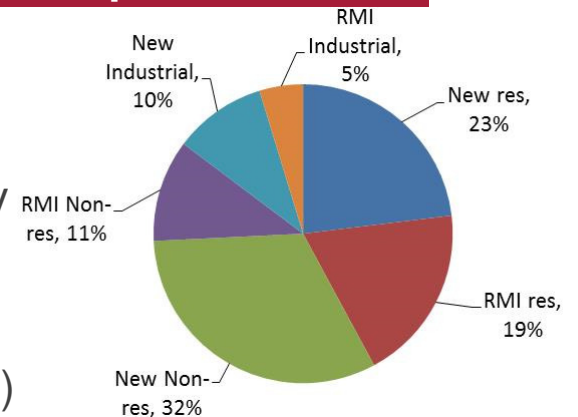
Note: market share is company estimate

Key competitors

- CCF (Travis Perkins)
- Minster (Saint Gobain)
- Encon (MBO)

Market drivers and exposure

- Construction activity (mainly new build)
- Higher energy efficiency standards
- Increased regulation (Part L of Building Regs)



SIG
STRONGER
TOGETHER

SIG Exteriors (SIGE)

Business description

- Principally roofing merchanting
- Clear UK leader and only national specialist with c.30% share in fragmented market
- H1 2017 revenue: £200m (15% of Group)
- 134 branches

Key products and brands

- Tiles, slates, membranes and battens
- Single-ply flat roofing systems
- Industrial roofing and cladding systems (Steadmans)



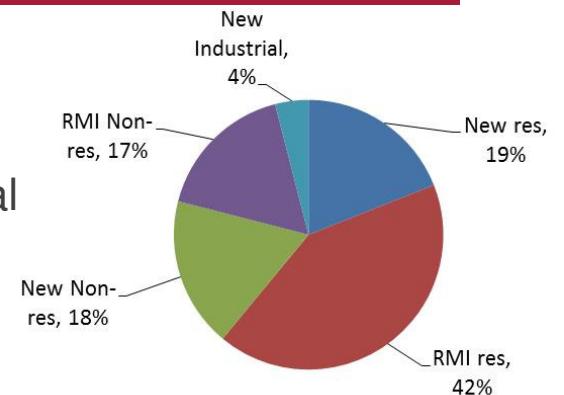
Note: market share is company estimate

Key competitors

- Burtons
- Rinus
- Other small independent roofing specialists
- General builders' merchants (to some degree)

Market drivers and exposure

- Construction activity (mainly RMI)
- Growth in the industrial sector
- Replacement of old / damaged roofs (particularly residential)



Ireland

Business description

- Principally insulation / interiors distribution and roofing
- #1 Insulation/interiors (c.30% share)
- #2 Technical insulation (c.15%)
- H1 2017 revenue: £46m (3% of Group)
- 10 branches

Key competitors

- Tennants
- Tegral
- TIDL
- McCaig

Key products and brands

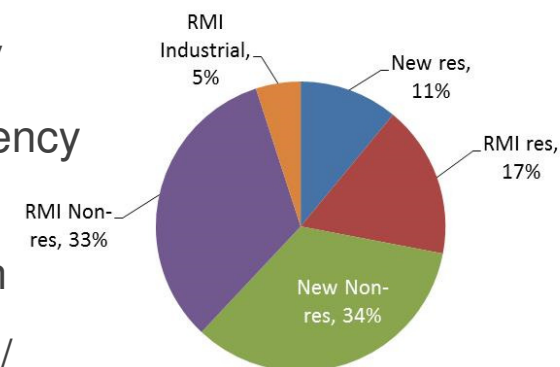
- Structural and technical insulation
- Dry lining
- Suspended ceilings
- Partition walls and doorsets
- Tiles, slates and roofing accessories
- Cladding and façade systems



Note: market share is company estimate

Market drivers and exposure

- Construction activity
- Higher energy efficiency standards
- Increased regulation
- Replacement of old / damaged roofs



Offsite Construction

Business description

- Design, assembly and installation of offsite building solutions for the UK construction industry
- H1 2017 revenue: £13m (1% of Group)
- 2 production sites (Alcester and Alfreton)

Key competitors

- Legal & General
- Space4 (Persimmon)
- Bowsall
- Smartroof

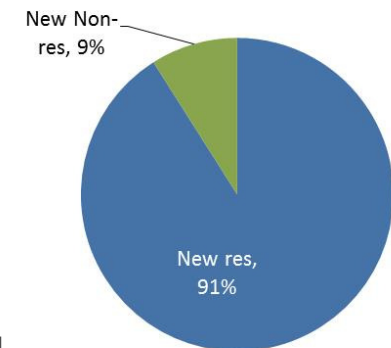
Key products and brands

- Insulated panelised roofing systems
- Insulated large panels
- Complete modular housing units



Market drivers and exposure

- Construction activity (particularly new residential)
- Higher energy efficiency standards
- Displacement of traditional construction methods



France

Business description

- Insulation / interiors / air handling distribution and roofing merchandising
- #1 specialist roofing (c.17% share);
#1 technical insulation (c.35%);
#3 structural insulation / interiors (c.7%)
- H1 2017 revenue: £324m (24% of Group)
- 210 branches

Key products and brands

- Structural insulation, dry lining and partitions (LiTT)
- Technical insulation (Ouest Isol)
- Air handling (Ouest Ventil)
- Tiles, slates, membranes, battens (Larivière)



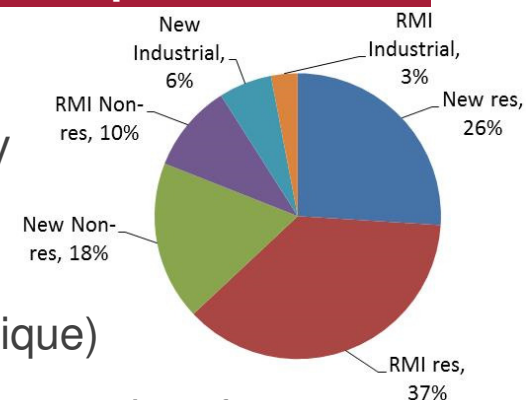
Note: market share is company estimate

Key competitors

- Point P (Saint Gobain)
- L'asturienne (Saint Gobain)
- SFIC (Saint Gobain)
- Chausson

Market drivers and exposure

- Construction activity
- Higher energy efficiency standards
- Increased regulation (Règlementation Thermique)
- Replacement of old / damaged roofs



Germany

Business description

- Insulation / interiors distribution
- #1 technical insulation (c.17% share);
#3 structural insulation / interiors (c.10%)
- Relatively fragmented market
- H1 2017 revenue: £201m (15% of Group)
- 53 branches

Key products and brands

- Structural insulation and dry lining
 - Screed and raised access flooring
 - Ceiling tiles and grids
 - Doors and frames
 - Technical insulation (vti)
- WeGo



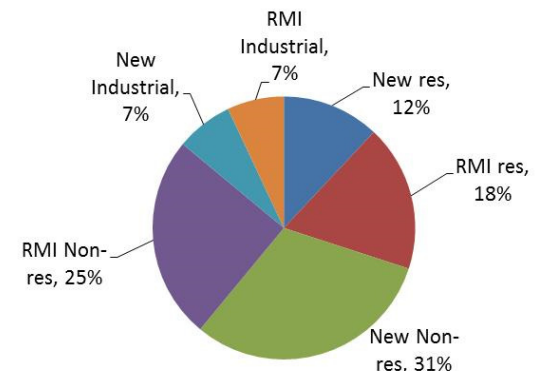
Note: market share is company estimate

Key competitors

- Raab Karcher (Saint Gobain)
- Bauking (CRH)
- Baustoff & Metall
- Small independent regional players

Market drivers and exposure

- Construction activity (particularly non-res and industrial)
- Higher energy efficiency standards
- Increased regulation (EnEV)



Poland

Business description

- Principally insulations/interiors distribution
- #1 structural insulation/interiors (c.10% share)
- #1 technical insulation (c.20%)
- H1 2017 revenue: £64m (5% of Group)
- 49 branches

Key products and brands

- Structural and technical insulation
- Dry lining
- Ceiling tiles and grids
- Partition walls and doorsets



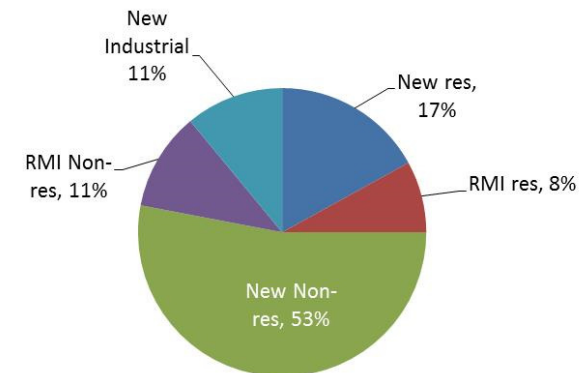
Note: market share is company estimate

Key competitors

- PSB, GHB (Purchasing associations)
- Caldo Izolacja
- Herbud

Market drivers and exposure

- Construction activity
- Higher energy efficiency standards
- Increased regulation



Benelux

Business description

- Insulations/interiors distribution
- #1 technical insulation (c.25% share)
- #1 interiors (c.28%)
- H1 2017 revenue: £51m (4% of Group)
- 15 branches

Key products and brands

- Structural and technical insulation
- Wet plaster
- Dry lining
- Ceiling tiles and grids
- Stud and track

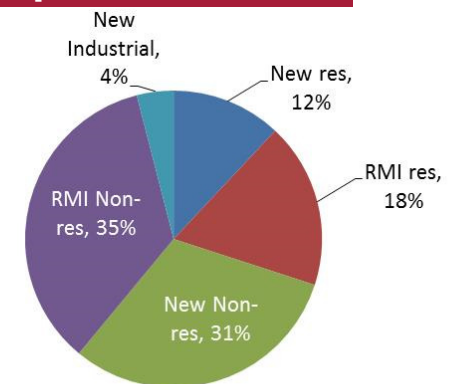


Key competitors

- Astrimex
- Baustoff & Metall
- Veris
- Raab Karcher
- IPCOM group

Market drivers and exposure

- Construction activity
- Higher energy efficiency standards
- Increased regulation



Note: market share is company estimate



Air Handling

Business description

- Largest pure-play specialist air handling distributor in Europe
- Whole-system solution from design to supply
- Market supplied by manufacturers (55%) and distributors (45%)
- H1 2017 revenue: £76m (5% of Group)
- 22 branches

Key products and brands

- Air handling units
- Ducts and fans
- Valves and volume dampers
- Climate ceilings and fire / smoke controls
- Grills and diffusers



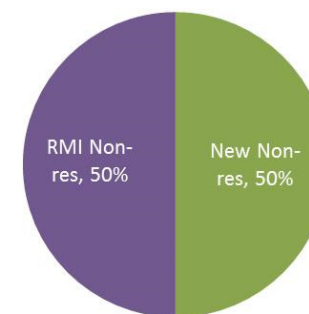
Note: market share is company estimate

Key competitors

- Systemair
- FlaktWoods
- Lindab
- Trox

Market drivers and exposure

- Construction activity (particularly commercial)
- Higher energy efficiency and air quality standards
- More rigorous fire protection standards



Disposal of Building Plastics

- Sold to General All-Purpose Plastics Ltd (GAP) in August 2017
- Sale price of £18.0m and contingent consideration of up to £2.3m
- 65 branches across the UK (6 shared with SIG Roofing) and more than 500 employees
- 2016 sales of £63m and operating profit of £2.9m
- Comprises roofline, drainage, sheet materials and window products
- Brands include Scotplas, Omnico, CFS, PBM-DQS, Summers, Armour, Roplas, Toogood, Drainex, Plastics Pipe Supplies and Project Plastics
- Limited opportunities for SIG to grow business in market dominated by vertically integrated players



Appendix

Supporting financial schedules

Segmental performance

	H1 2017	H1 2016	Change vs H1 2016	H2 2016	Change vs H2 2016
UK & Ireland					
Revenue	£659.2m	£642.9m	2.5%	£652.5m	1.0%
Gross margin	26.0%	27.0%	(100)bps	24.8%	120bps
Operating profit	£27.5m	£35.1m	(21.7)%	£14.4m	91.0%
Operating margin	4.2%	5.5%	(130)bps	2.2%	200bps
Mainland Europe					
Revenue	£716.2m	£623.5m	14.9%	£696.6m	2.8%
Gross margin	27.5%	27.5%	-	27.5%	-
Operating profit	£24.0m	£23.5m	2.1%	£24.8m	(3.2)%
Operating margin	3.4%	3.8%	(40)bps	3.6%	(20)bps

H1 2017 revenue growth analysis

	UK & Ireland	Mainland Europe	Group
Price	3.4%	0.5%	2.0%
Volume	(2.1)%	3.8%	0.8%
Like-for-like	1.3%	4.3%	2.8%
Currency	0.6%	10.3%	5.4%
Working days	-	(0.1)%	(0.1)%
Acquisitions	0.6%	0.4%	0.5%
Reported	2.5%	14.9%	8.6%

Impact of portfolio changes on 2016 Group revenue and underlying PBT

£m	H1 2016		H2 2016		FY 2016	
	Underlying PBT	Continuing revenue	Underlying PBT	Continuing revenue	Underlying PBT	Continuing revenue
Group as reported at 2016 HY results	47.7	1,375.2	Not applicable			
Drywall Qatar	0.7	(4.1)	2.1	(3.8)	2.8	(7.9)
Carpet & Flooring	1.2	(46.4)	1.8	(51.1)	3.0	(97.5)
Group as reported at 2016 FY results	49.6	1,324.7	27.9	1,415.1	77.5	2,739.8
Metetechno	0.1	(0.7)	-	(2.6)	0.1	(3.3)
WeGo Austria	(0.2)	(12.8)	(0.4)	(14.8)	(0.6)	(27.6)
Building Plastics	(1.1)	(30.4)	(1.8)	(32.6)	(2.9)	(63.0)
Middle East	(0.5)	(14.4)	(0.4)	(16.0)	(0.9)	(30.4)
Restated at 2017 HY results	47.9	1,266.4	25.3	1,349.1	73.2	2,615.5

Reconciliation of H1 2017 underlying to statutory revenue

£m	H1 2017 Revenue
Underlying	1,375.4
Building Plastics	29.0
Middle East	13.2
Carpet & Flooring	11.6
WeGo Austria	7.5
Metetechno	1.3
Drywall Qatar	1.2
Statutory	1,439.2

Cash and debt

£m	H1 2017	H2 2016	H1 2016
Capex	8.8	16.2	17.8
Depreciation*	13.4	14.7	14.8
Capex / depreciation	0.7x	1.1x	1.2x
Net working capital	207.9	283.7	272.2
Working capital / sales	7.0%	9.9%	8.7%
Net debt	166.5	259.9	232.8
EBITDA**	105.6	120.6	138.5
Leverage (Net debt / EBITDA **)	1.6x	2.1x	1.6x
Lease adjusted leverage ***	3.8x	4.0x	3.4x
Interest cover**	5.6x	6.5x	7.9x

* Including amortisation of computer software

** Based on covenant calculation (rolling twelve months)

*** Net debt adjusted for 8x multiple applied to property rentals

Trading sites

	31 Dec 2016	Closed/ merged	Opened	Disposed	8 Aug 2017
UK	294	(6)	1	(59)	230
Ireland	10	-	-	-	10
UK & Ireland	304	(6)	1	(59)	240
France	210	-	-	-	210
Germany & Austria	59	(3)	-	(3)	53
Poland	49	-	-	-	49
Benelux	15	-	-	-	15
Air Handling	22	-	-	-	22
Mainland Europe	355	(3)	-	(3)	349
Group Total	659	(9)	1	(62)	589

Definition of terms

Continuing operations	Excluding the impact of any disposals made in current and prior year or currently under review
Like-for-like (LFL)	Sales per day in constant currency excluding acquisitions and disposals
ROCE	Return on Capital Employed, calculated on a rolling 12 month basis as underlying operating profit less tax, divided by average net assets plus average net debt
Leverage	Ratio of closing net debt over underlying operating profit before depreciation, adjusted for the impact of acquisitions and disposals during the previous 12 months ("EBITDA")
Lease-adjusted leverage	Ratio of closing net debt adjusted for 8x multiple applied to property rentals over underlying operating profit before depreciation plus property rentals adjusted for the impact of acquisitions and disposals during the previous 12 months ("EBITDAR")
Working capital / sales	Ratio of working capital (including provisions but excluding pension scheme obligations) to annualised sales (after adjusting for acquisitions and disposals) on a constant currency basis
Underlying gross margin	Ratio of underlying gross profit to underlying sales (excluding disposals)
Underlying operating margin	Ratio of underlying operating profit to underlying sales (excluding disposals)
Cash conversion	Trading cash inflow before cash costs on restructuring and one-off pension payments divided by underlying operating profit
Interest cover	Ratio of the previous twelve months' underlying operating profit (including the trading losses and profits associated with divested businesses) over net financing costs (excluding pension scheme finance income and costs)