Building on our potential

Strategy update

21 November 2017

STRONGER
TOGETHER

Disclaimer: Forward-looking statements

This presentation may include certain forward-looking statements, beliefs or opinions, including statements with respect to SIG plc's business, financial condition and results of operations. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "anticipates", "targets", "aims", "continues", "expects", "intends", "hopes", "may", "will", "would", "could" or "should" or, in each case, their negative or other various or comparable terminology. These statements are made by SIG plc Directors in good faith based on the information available to them at the date of this presentation and reflect the SIG plc Directors' beliefs and expectations. By their nature, these statements involve risk and uncertainty because they relate to events and depends on circumstances that may or may not occur in the future. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, developments in the global economy, changes in the UK and European governments' policies, spending and procurement methodologies, and failure in SIG's health, safety or environmental policies.

No presentation or warranty is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved. Forward-looking statements speak only as at the date of this presentation and SIG plc and its advisers expressly disclaim any obligations or undertaking to release any update of, or revisions to, any forward-looking statement in this presentation. No statement in the presentation is intended to be, or intended to be construed as a profit forecast or profit estimate and no statement in the presentation should be interpreted to mean that earnings per SIG plc share for the current or future financial years will necessarily match or exceed the historical earnings per SIG plc share. As a result, you are cautioned not to place any undue reliance on such forward-looking statements.

This presentation does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any securities. The making of this presentation does not constitute a recommendation regarding any securities.

This presentation and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person.

Today's agenda

- Context for strategic review
- Strategy update
- Executing our strategy
- Case studies
  - Customer service: Serving our Roofing customers
  - Customer value: Delivering customer value in Air Handling
  - Operational efficiency: Driving operational efficiency in France
- Financial guidance
- Conclusions and questions

STRONGER TOGETHER

Andrew Allner

Chairman

STRONGER TOGETHER

Meinie Oldersma
Chief Executive Officer

Today's agenda

- **Context for strategic review**
- Strategy update
- Executing our strategy
- Case studies
  - Customer service: Serving our Roofing customers
  - Customer value: Delivering customer value in Air Handling
  - Operational efficiency: Driving operational efficiency in France
- Financial guidance
- Conclusions and questions

SIG STRONGER TOGETHER

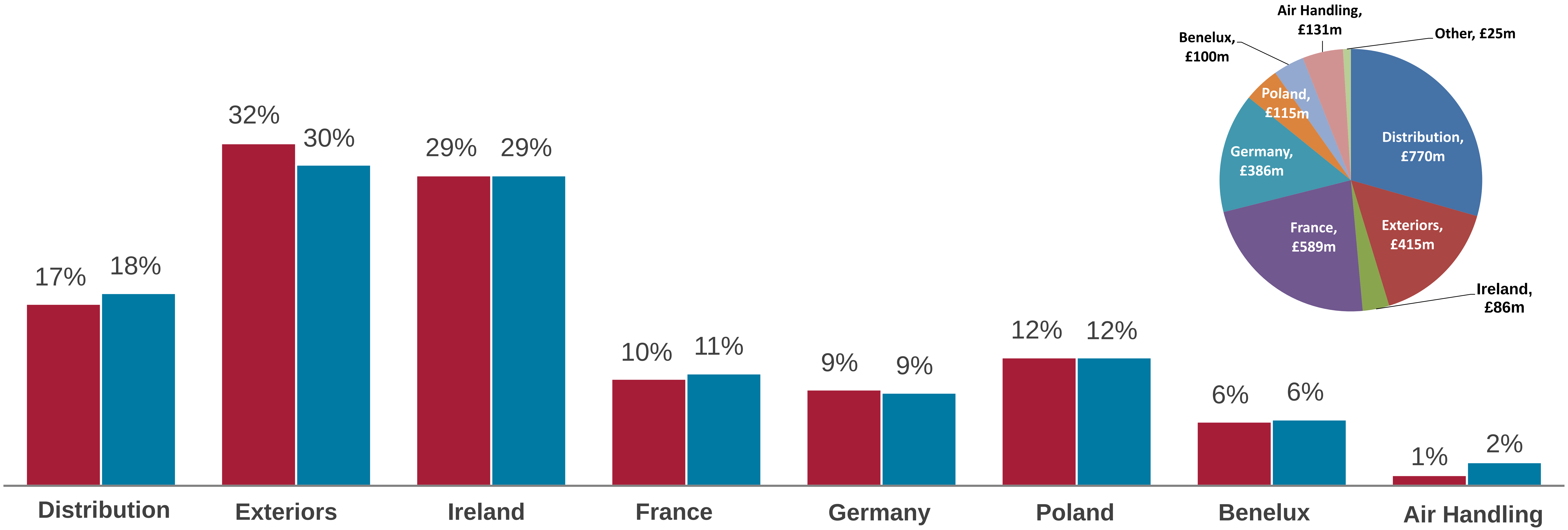
Our leading market positions

Estimated market shares

2013 2016

2016 Revenue: £2.6bn

Total UK & Ireland £1.3bn
Mainland Europe £1.3bn

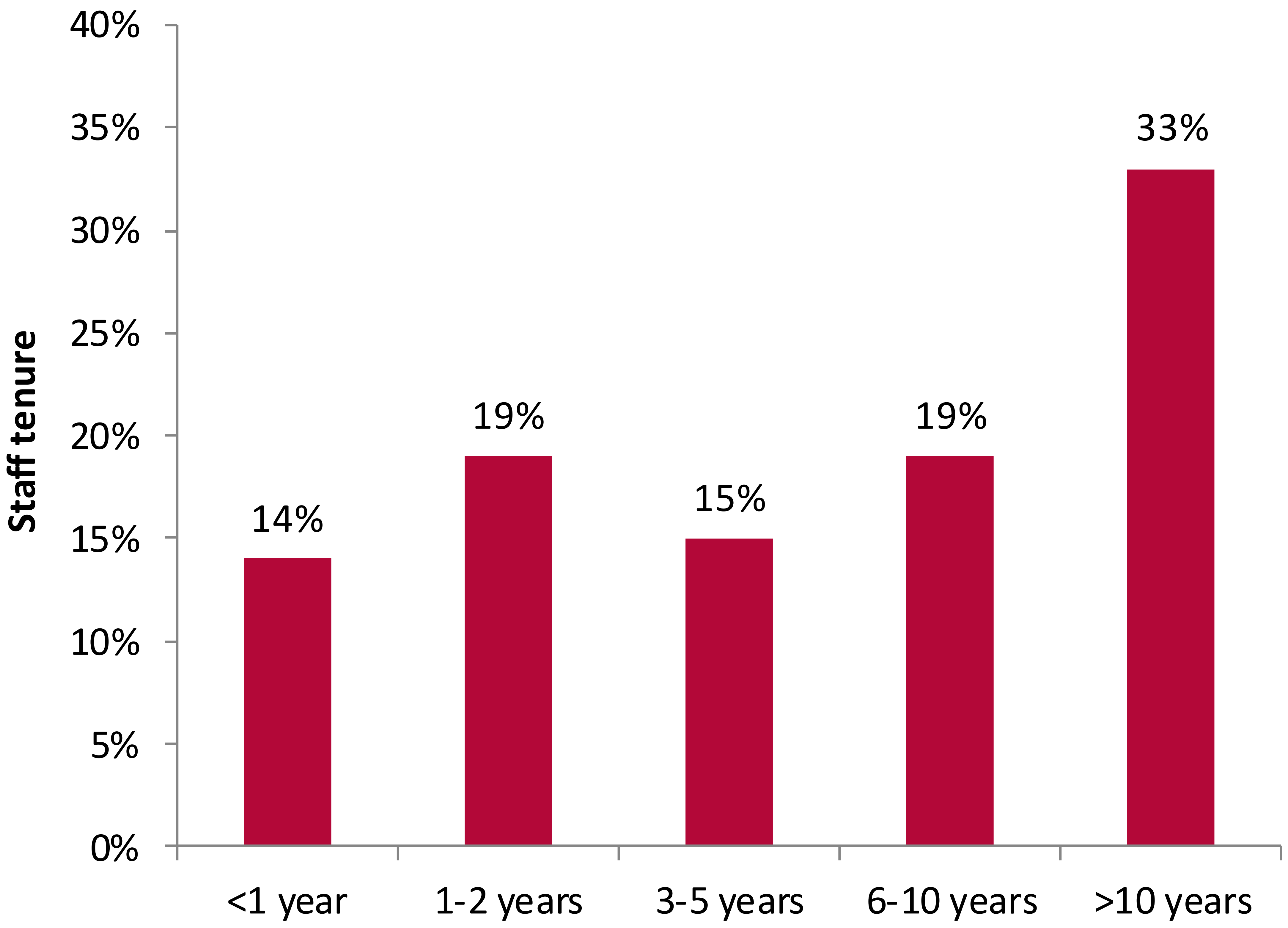


Distribution	Exteriors	Ireland	France	Germany	Poland	Benelux	Air Handling
Market leader	*Market leader*	*#1 interiors* *#1 insulation* *#3 roofing* *#3 construction accessories*	*#1 specialist roofing* *#1 technical insulation* *#3 structural insulation* *#3 interiors*	*#1 technical insulation* *#3 structural insulation* *#3 interiors*	*Market leader*	*#1 technical insulation* *#1 interiors*	*Specialist market leader*

SIG STRONGER TOGETHER

Note: ONS, Euroconstruct, GFK, BMI, Eurostat, INSEE, FBF, OC&C analysis, company estimates
2016 revenue reflects continuing operations as at 30 June 2017

Our experienced people

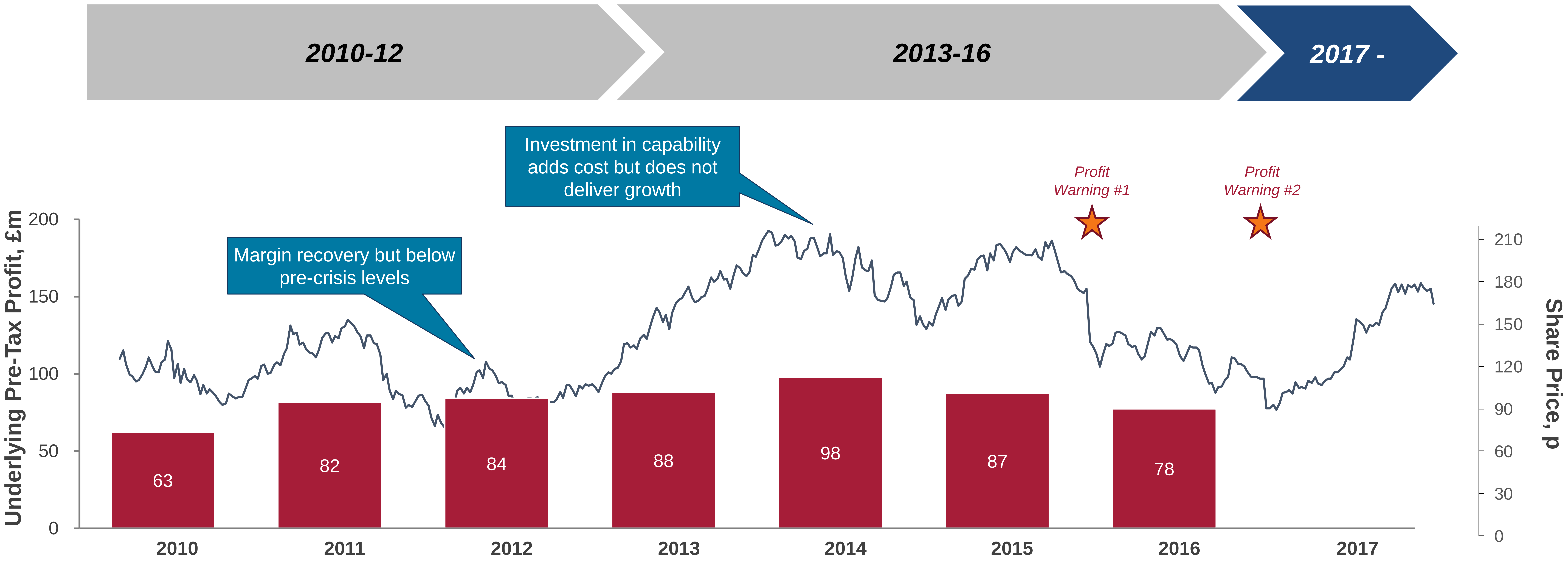


Length of tenure provides bedrock of experience

NOTE: SIG staff tenure at October 2017

STRONGER TOGETHER

Lack of meaningful profit growth since 2010



- Loose central organisation with individual Opco focus
- Headcount reduced by c.3,000 and 180 branches closed
- Group fragmented with many disparate brands and businesses

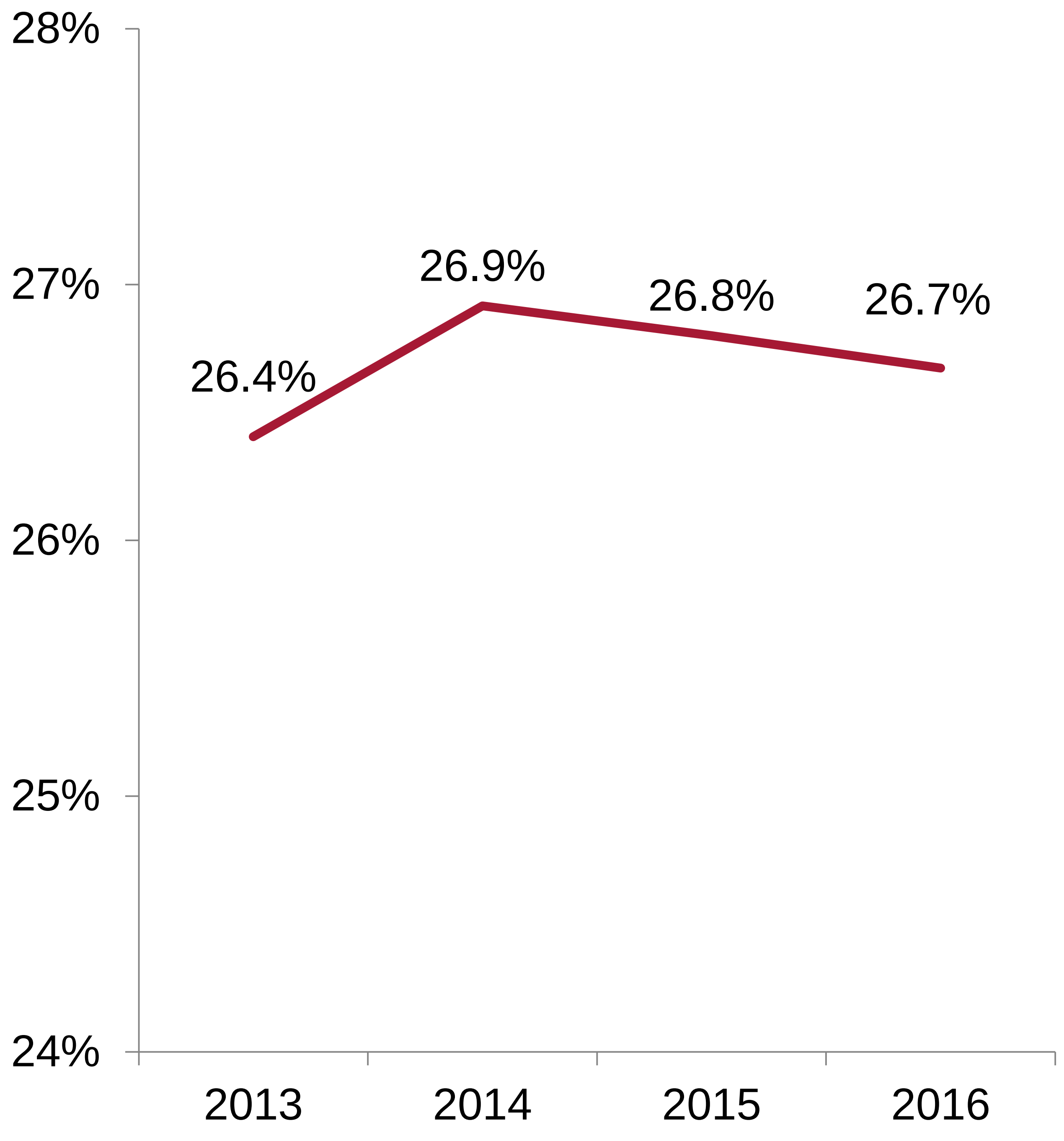
- Investment in central capability adds £45m administration costs
- Many initiatives pursued, though few deliver
- Weak incentive structures and performance management mechanisms
- Poor allocation of capital

- New leadership (Chairman, CEO, CFO)
- Comprehensive review of strategy

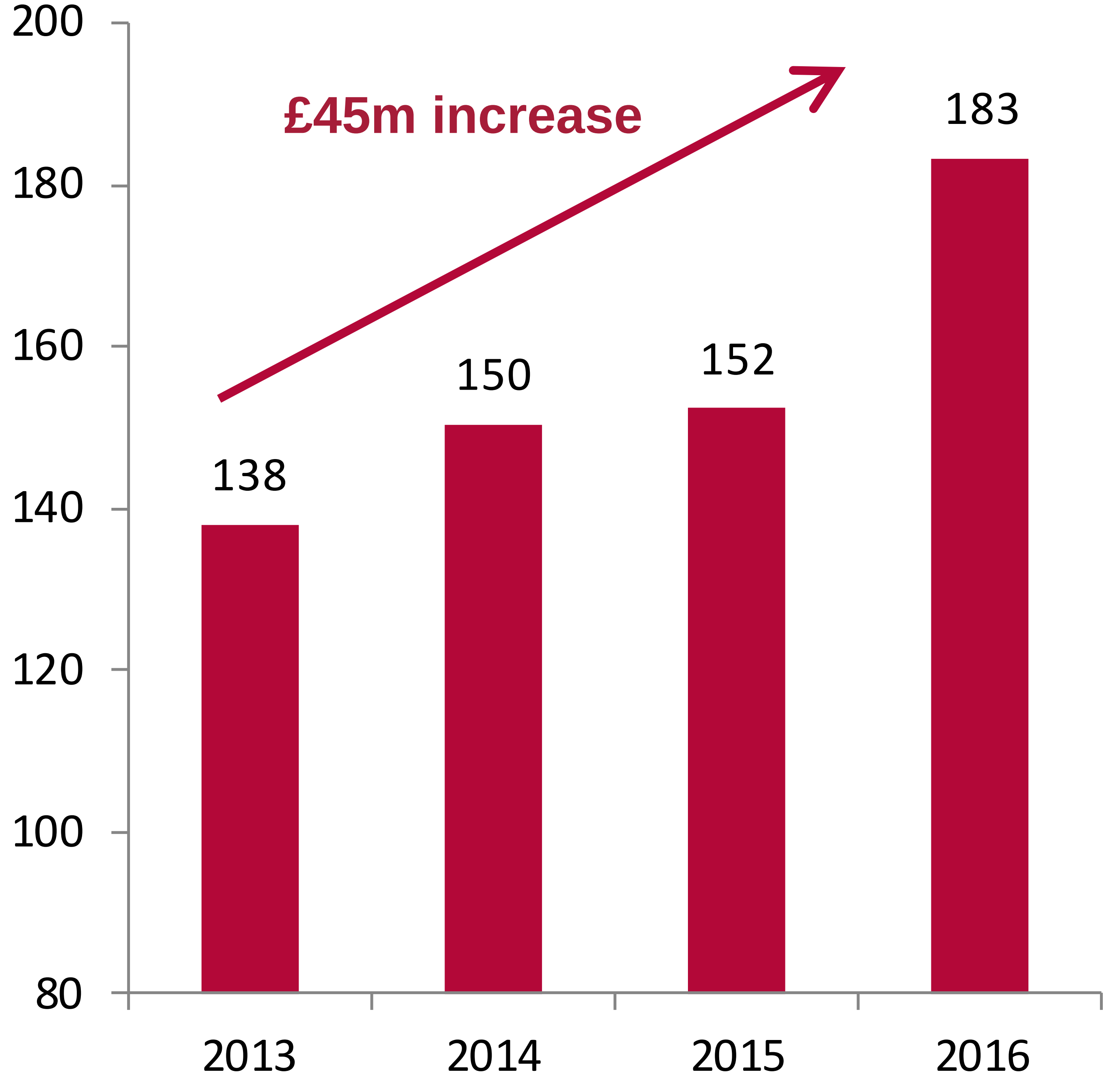
SIG STRONGER TOGETHER

Poor operational and financial control over 2013-16

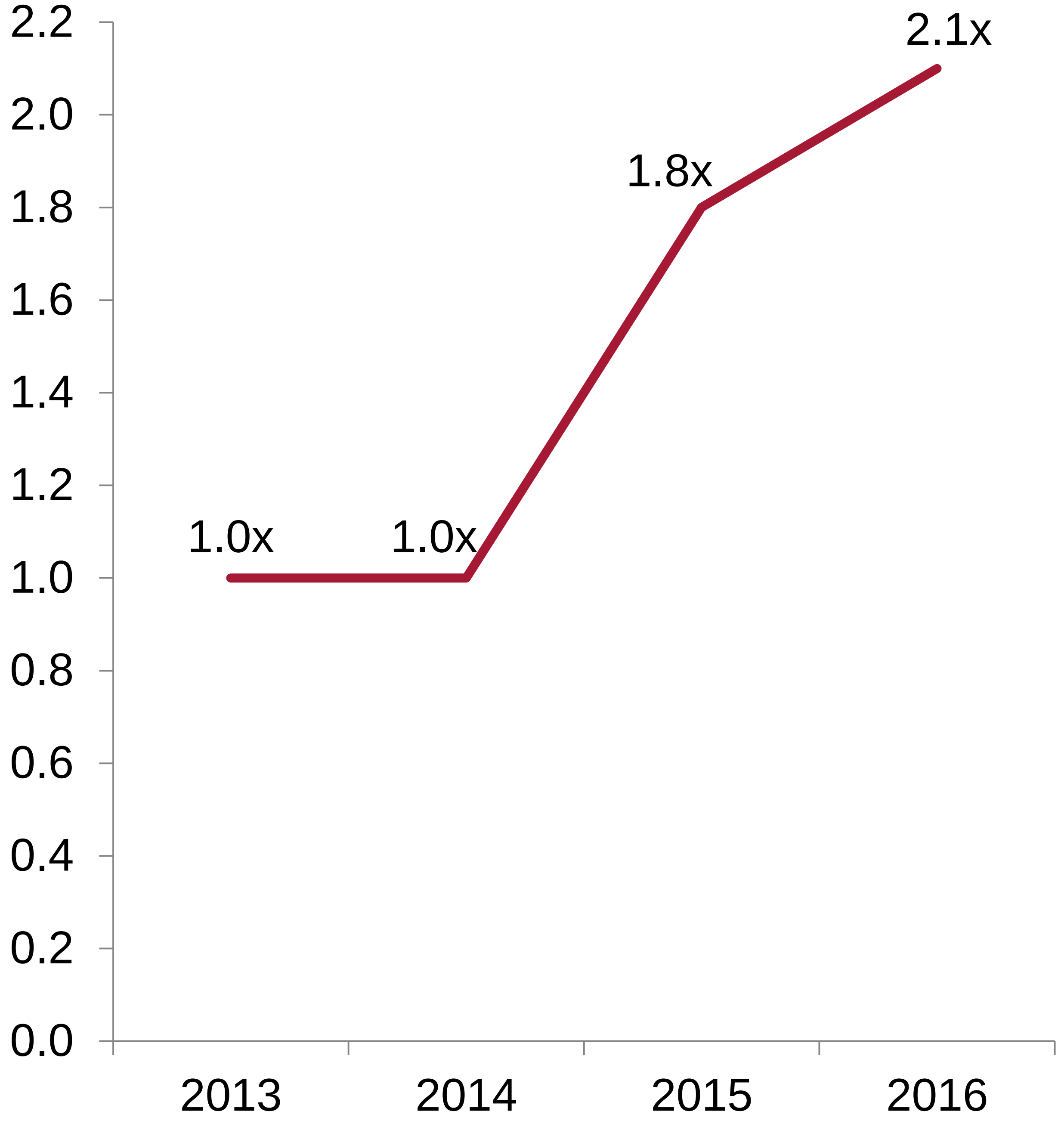
Gross margin
%



Administration costs
£m

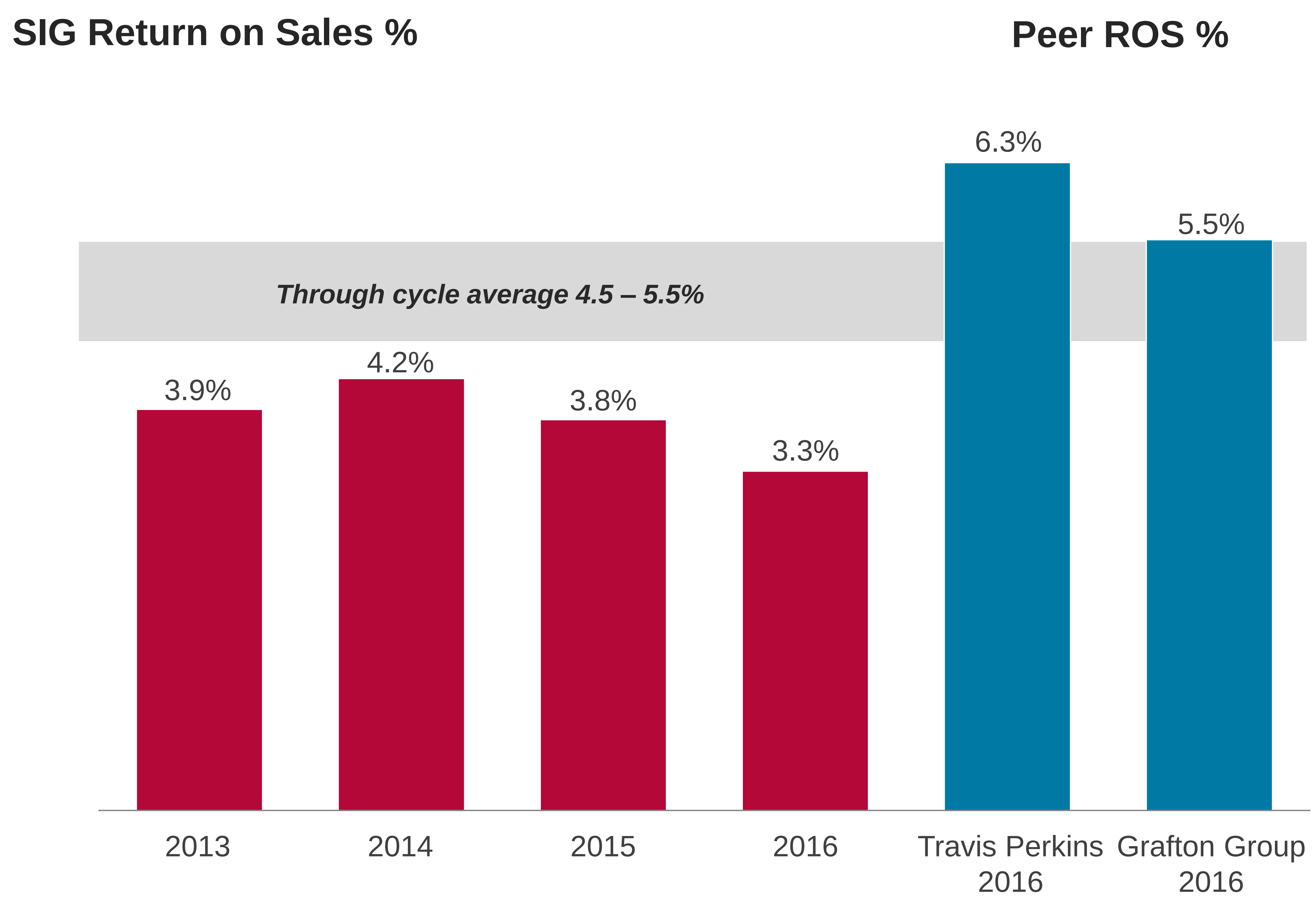


Headline financial leverage
Net Debt / EBITDA



SIG STRONGER TOGETHER

Considerable scope to improve margin



- SIG has historically delivered a through cycle average ROS of 4.5 - 5.5%
- Every 100bps improvement in SIG's ROS% adds c.£27m additional profit

NOTE: Travis Perkins' ROS% consists of 1.6% statutory and 4.7% adjustment for one-offs; Grafton Group's ROS% consists of 4.8% statutory and 0.7% adjustment for one-offs.

SIG STRONGER TOGETHER

Today’s agenda

- Context for strategic review
- **Strategy update**
- Executing our strategy
- Case studies
  - Customer service: Serving our Roofing customers
  - Customer value: Delivering customer value in Air Handling
  - Operational efficiency: Driving operational efficiency in France
- Financial guidance
- Conclusions and questions

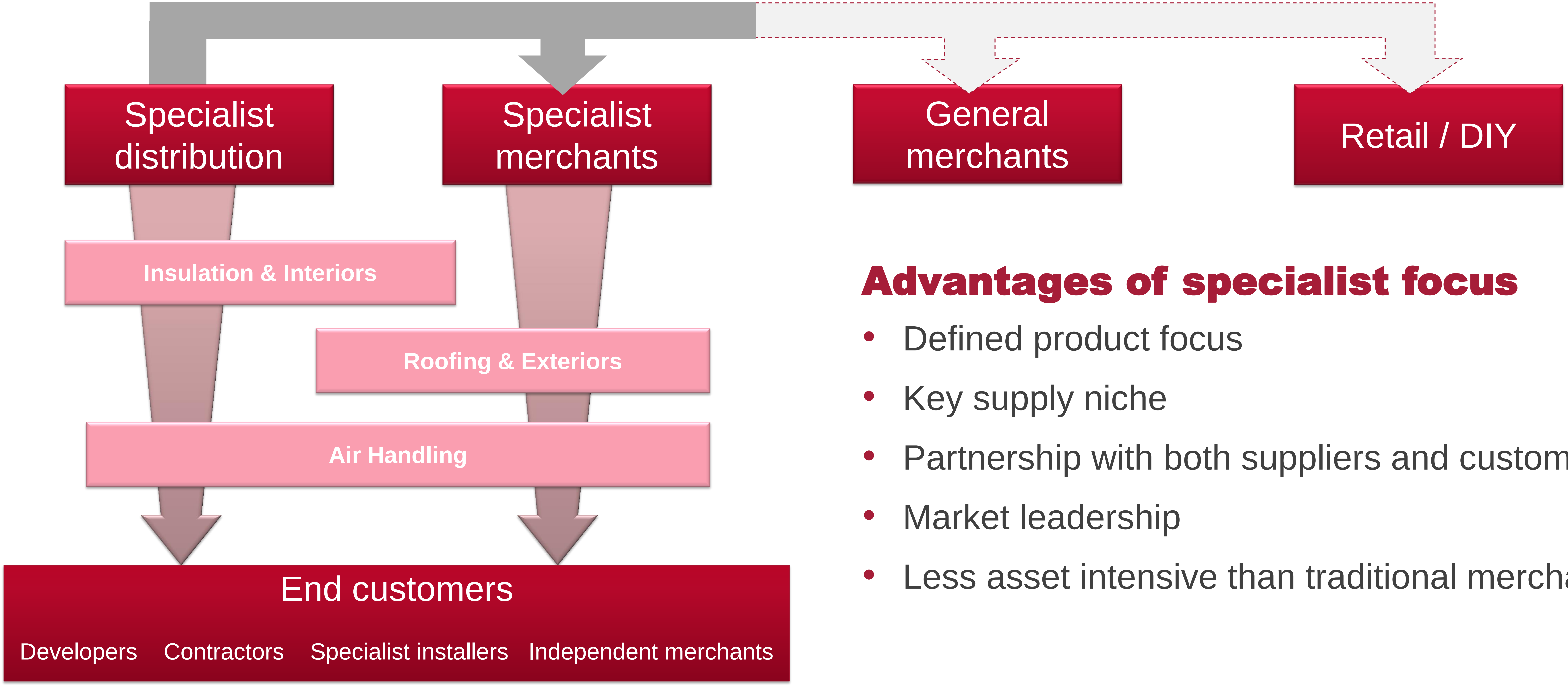
STRONGER TOGETHER

Review of strategy

- Initiated April 2017
- Thorough and robust review
  - Preliminary view from granular external benchmarking
  - Detailed bottom-up analysis by Opco
  - Supported by external consultants
  - Importantly, aspirations set by local management teams and only then aggregated at Group level
  - Output in form of medium term plan, focusing on a small number of strategic levers and key strategic enablers that will deliver materially improved performance
- Review has confirmed that there is considerable opportunity to deliver significantly improved operational and financial performance in each major Opco, and across the Group as a whole
- Improvement will come from focused delivery of three strategic levers around customer service, customer value and operational efficiency
- Highly disciplined execution will be required to deliver this opportunity
  - SIG's track record highlights the considerable challenge in delivering lasting change

SIG STRONGER TOGETHER

Our specialist business model



Advantages of specialist focus

- Defined product focus
- Key supply niche
- Partnership with both suppliers and customers
- Market leadership
- Less asset intensive than traditional merchants

SIG is focused on specialist distribution and merchanting of specialist products for our business customers

Value-add through our specialist business model

Our suppliers

OUR BRANCHES

SIG

VALUE-ADD

- Depth and availability of stock
- Break bulk
- Delivery and logistics
- Credit provision
- Specialist and technical advice
- Product enhancement

OUR PEOPLE

Our customers

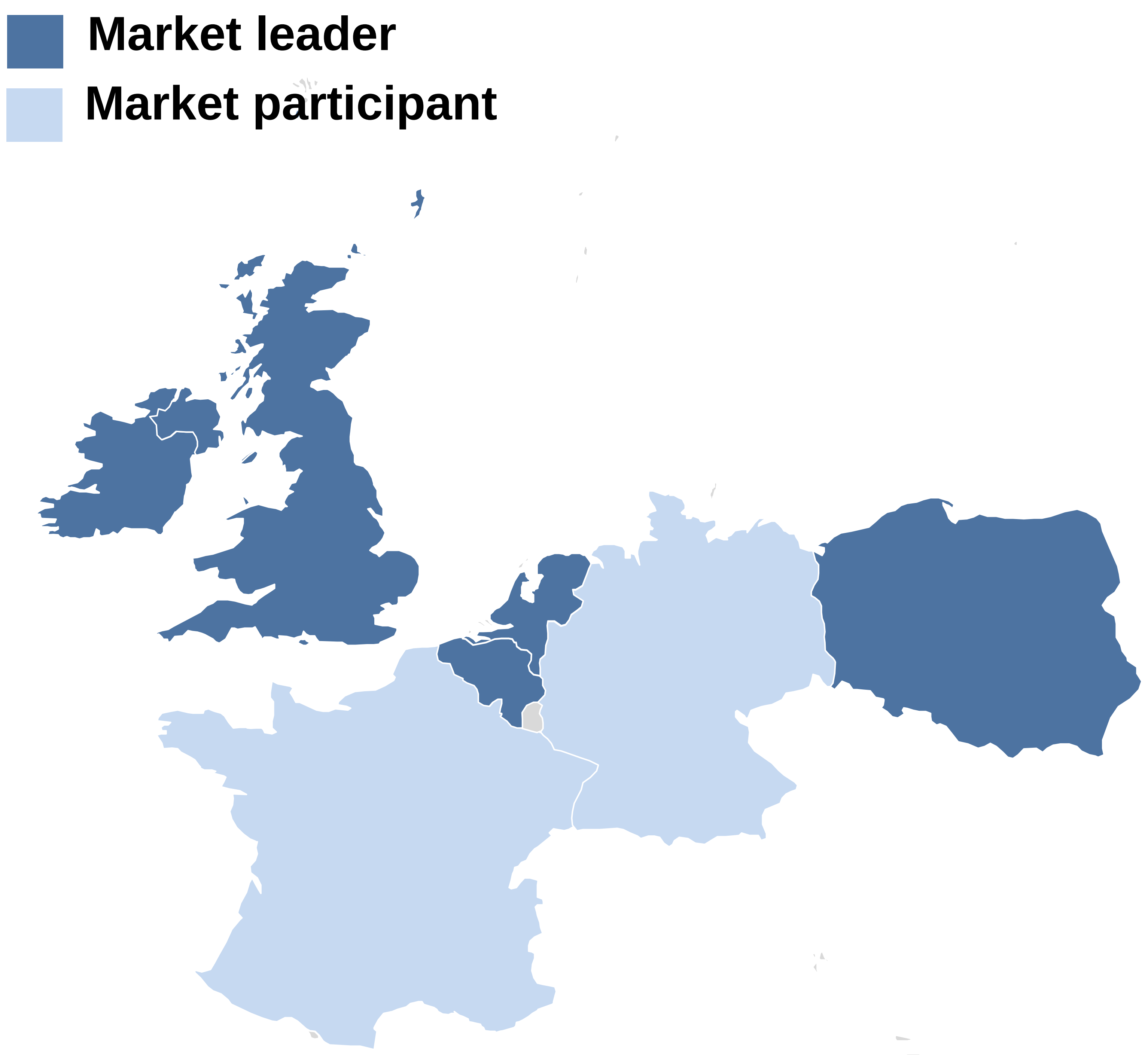
We bring value to our customers as a specialist 'middle man' in our core markets

SIG STRONGER TOGETHER

Strong positions in our core markets

Insulation and Interiors

- Specialist distribution of both value-add and commodity products
- Broad product range across technical and structural insulation and interiors
- Consolidated markets
- Few key suppliers, many large and small customers



Strong positions in our core markets

Roofing and Exteriors

- Specialist merchanting business
- Broad product range across pitched and flat roofs, facades and accessories
- Markets more regional and fragmented
- Few key suppliers, many small customers

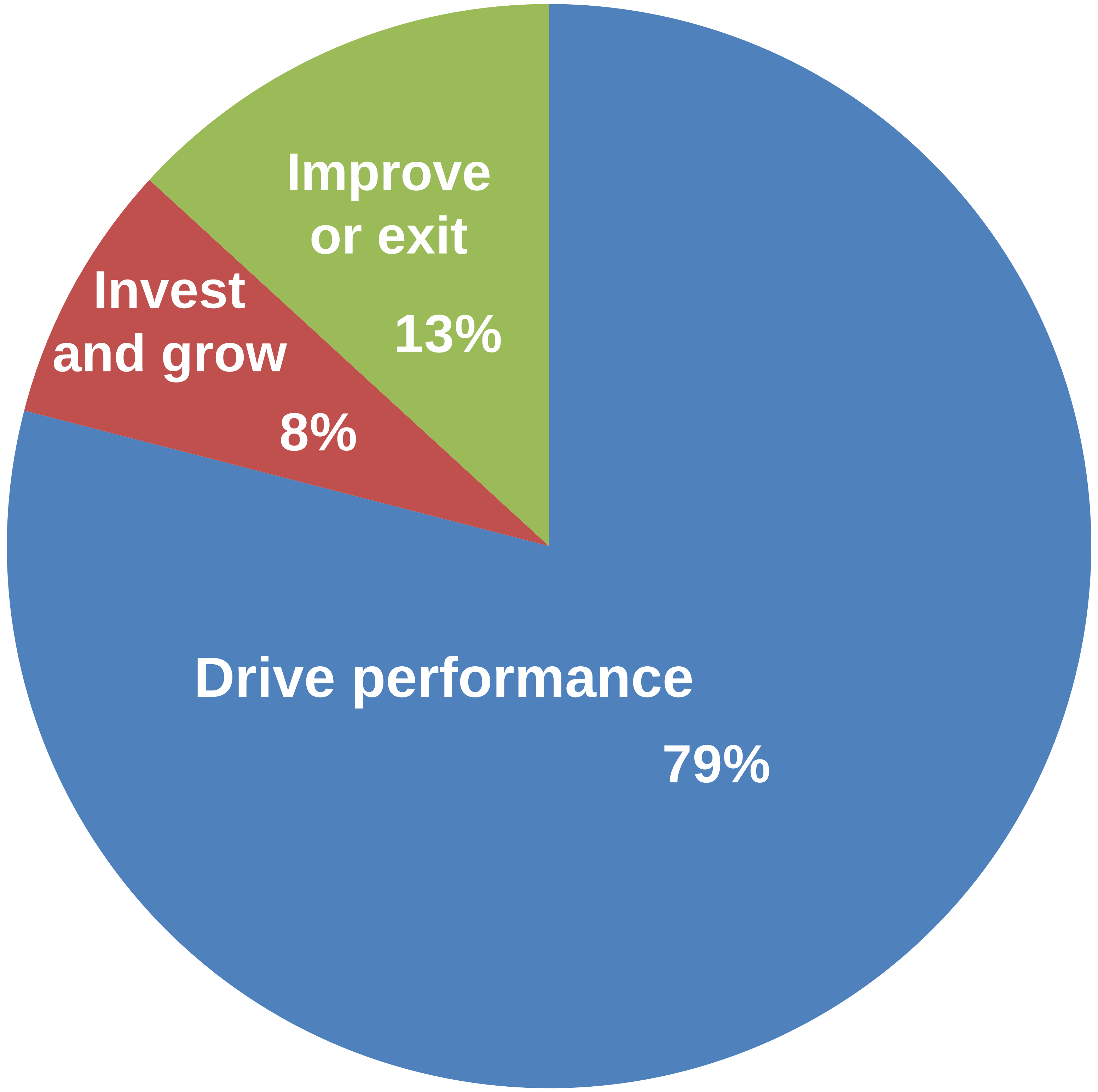
STRONGER TOGETHER

Strong positions in our core markets

Air Handling

- Specialist through the value chain
- Broad product range from ducting to climate ceilings
- Highly unconsolidated market
- Many suppliers, many customers

Our core markets present a significant opportunity



2016 total revenue: £2.8bn

(incl. discontinued)

Drive performance
Insulation & Interiors / Roofing & Exteriors
• Major financial contribution • Sustainable positions and clear strategic rationale • Significant potential for improvement

Invest and grow
Air Handling with other specialist businesses over time
• Strong financial performance and trajectory • Highly profitable market potential • Scope to invest and grow

Improve or exit
5% already addressed (incl. Carpet & Flooring, Building Plastics), with a further 8% potential exit candidates (other peripheral businesses)
• Small scale is a management distraction • Limited fit with Group strategy • Poor financial performance

STRONGER TOGETHER

NOTE: 2016 total revenue of £2.8bn includes revenue from continuing operations as at 30 June 2017 of £2.6bn and revenue associated with disposals of £0.2bn

Our strategic vision

Baseline growth

Growth in line with market

Our vision

To deliver significantly improved operational and financial performance as a leading European supplier of specialist building materials

Capital discipline

Balance sheet strength
Investment in core
Selective acquisitions

Our strategic levers

Customer service	Customer value	Operational efficiency
Sales and service	Pricing and product	Overheads and working capital

Key strategic enablers

Data	IT	Capability
Deliver improved reporting, insight and ability to make informed decisions	Optimise ways of working to deliver effective solutions focused on business priorities	Raise talent levels across organisation, supported by specialist short term change management

Simplify, focus and deliver

SIG STRONGER TOGETHER

Today's agenda

- Context for strategic review
- Strategy update
- **Executing our strategy**
- Case studies
  - Customer service: Serving our Roofing customers
  - Customer value: Delivering customer value in Air Handling
  - Operational efficiency: Driving operational efficiency in France
- Financial guidance
- Conclusions and questions

STRONGER TOGETHER

Executing our strategy

Strategic lever: Customer service

Selected actions:

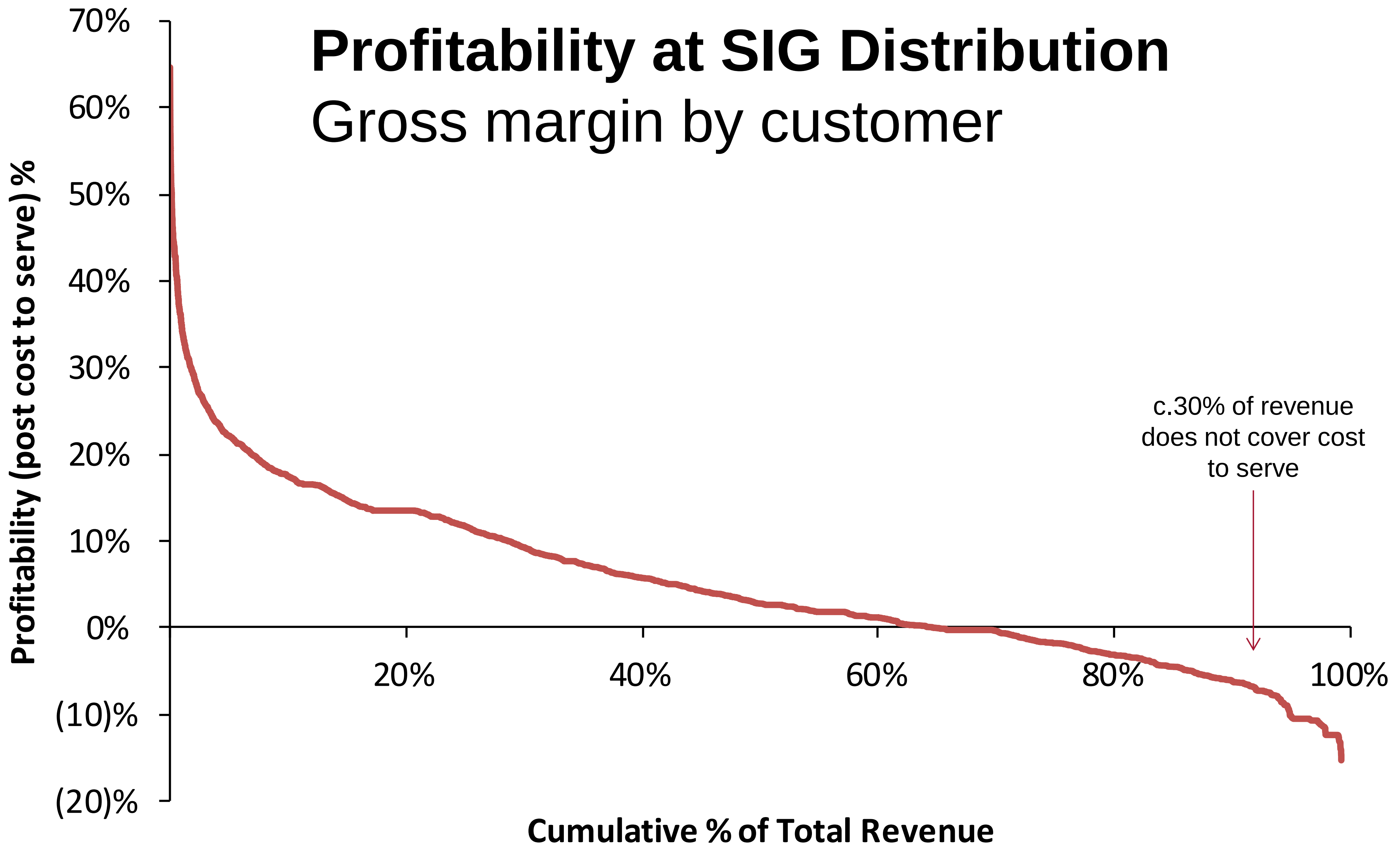
- Invest in trade counter, branch and sales staff training
- Establish central telephony-enabled sales teams providing consistent response levels
- Create specialist customer retention teams
- Restructure external sales teams to track performance and increase accountability
- Reduce administration distractions
- Improve process for inbound leads and use of CRM to drive quote prioritisation and conversion
- Develop enhanced B2B ‘click and collect’ capability

Delivers LFL sales growth, gross margin improvement

SIG STRONGER TOGETHER

Executing our strategy

Strategic lever: Customer value



Selected actions:

- Expand coverage of specialist product offering
- Further develop own label brands and value-add fabrication capability
- Wider use of pricing tools and enhanced pricing data
- Systematic and prioritised approach to renegotiate unprofitable / unattractive business
- Review and manage spot pricing
- Introduction of carriage and ancillary charges where appropriate
- Management focus and training to drive compliance to target price levels
- Alignment of branch and management incentives

Delivers LFL sales growth, gross margin improvement

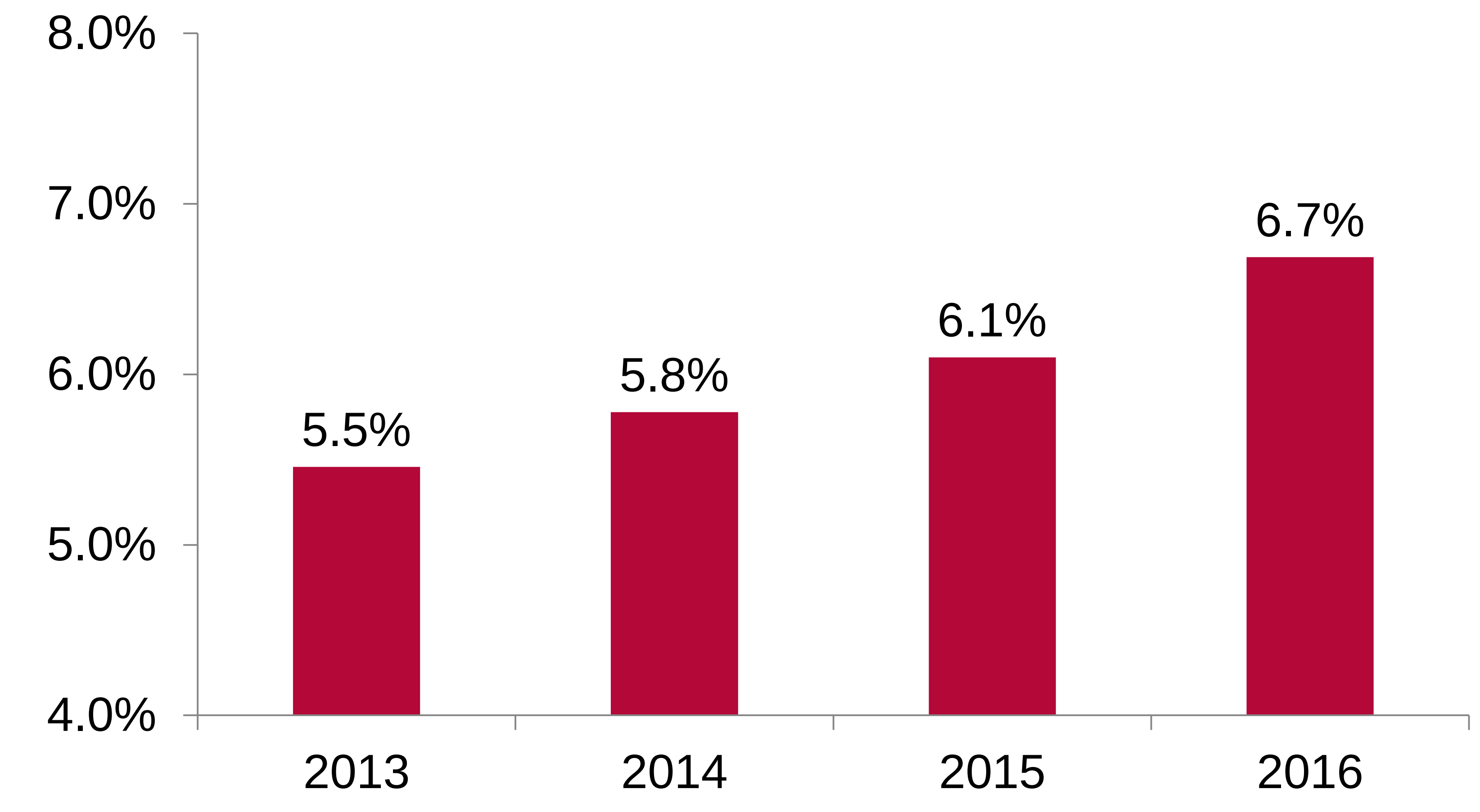
NOTE: Estimated net profitability in the 12 months ended June 2017 based on equal allocation of cost to serve by customer

STRONGER TOGETHER

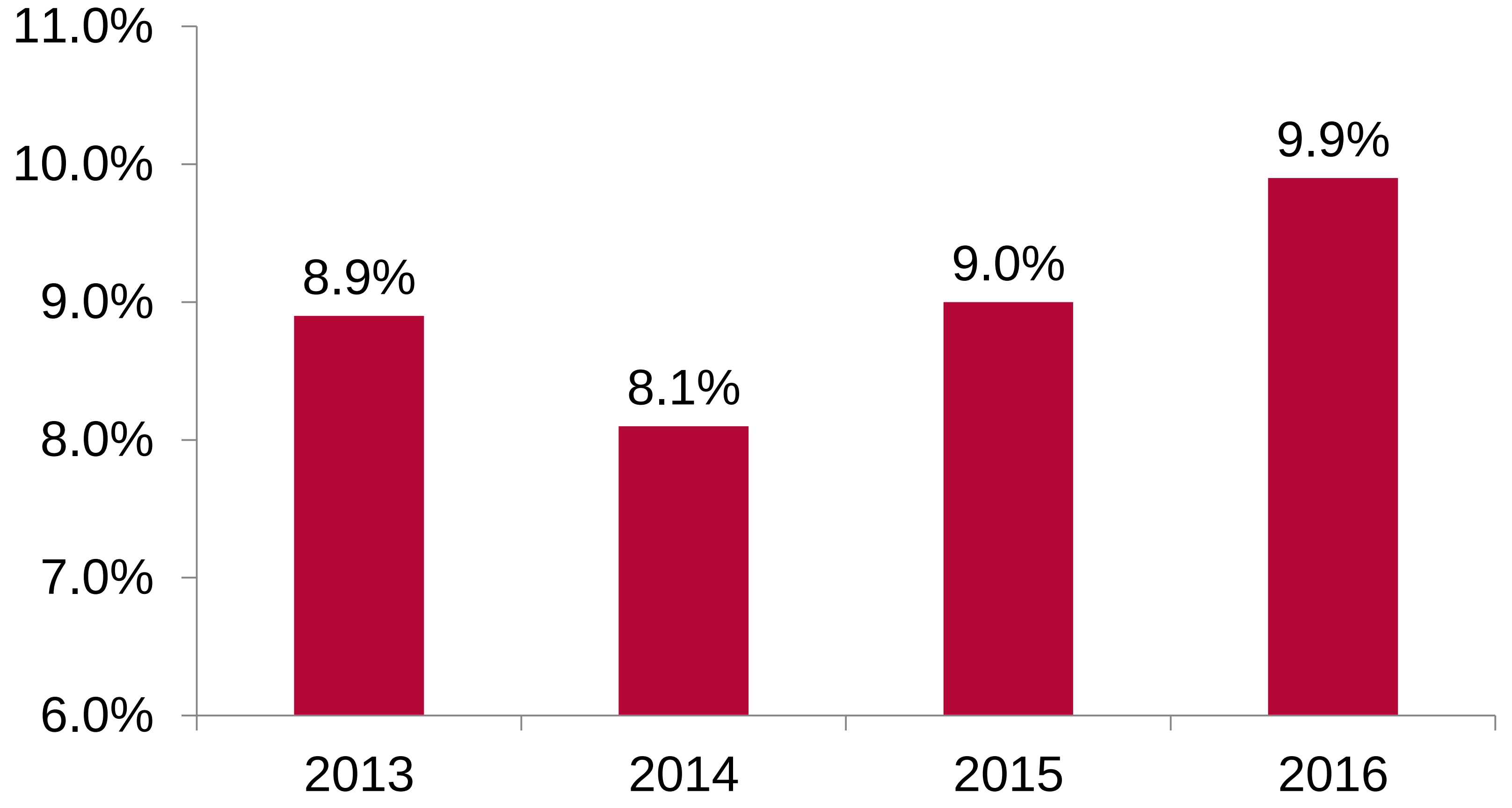
Executing our strategy

Strategic lever: Operational efficiency

Admin costs as % sales



Working capital as % sales



Selected actions:

- Downsize Group and functional structure
- Organisation redesign across major Opcos to allow for leaner structure and quicker decision-making
- Process standardisation and system integration at Opco level to generate front and back office synergies
- Optimise branch resource activity
- Close sub-performing branches and centralise stock around ‘hubs’
- Short-term levers to reduce working capital: changes to purchasing rules, stockholding guidelines, number of SKUs, centralised stock control
- Medium term structural reduction in net working capital: stock, rebates
- Alignment of branch and management incentives

Deliver reduced operating costs and improved returns

STRONGER TOGETHER

Executing our strategy

Strategic enabler: Data

Currently SIG lacks a consistent data foundation, making it difficult to analyse and improve performance

Where are we now?

- Inconsistent data across Opcos, with lack of common hierarchies / definitions
- Limited analysis by product, supplier, category
- Many KPIs dependent on financial close

Where do we want to be?

- Consistent MDM and data architecture
- Visibility of profitability by product, supplier, category
- Understanding of stock levels and ability to optimise
- Ability to inform deployment of capital, opex and time

SIG STRONGER TOGETHER

Executing our strategy

Strategic enabler: IT

SIG's IT organisation has significant scope for improvement in critical areas

Where are we now?

- Inconsistent / divergent IT architecture
- 'Low-cost' internal resource approach
- Significant customisation
- Poor understanding of cost drivers

Where do we want to be?

- Common infrastructure and central portfolio management
- Projects delivered under standard framework
- Leverage external support to deliver change
- Configured but not bespoke
- Platform for future integration

STRONGER TOGETHER

Executing our strategy

Strategic enabler: Capability

SIG needs to reinforce the breadth and depth of its management capability to improve on a poor track record of successful change

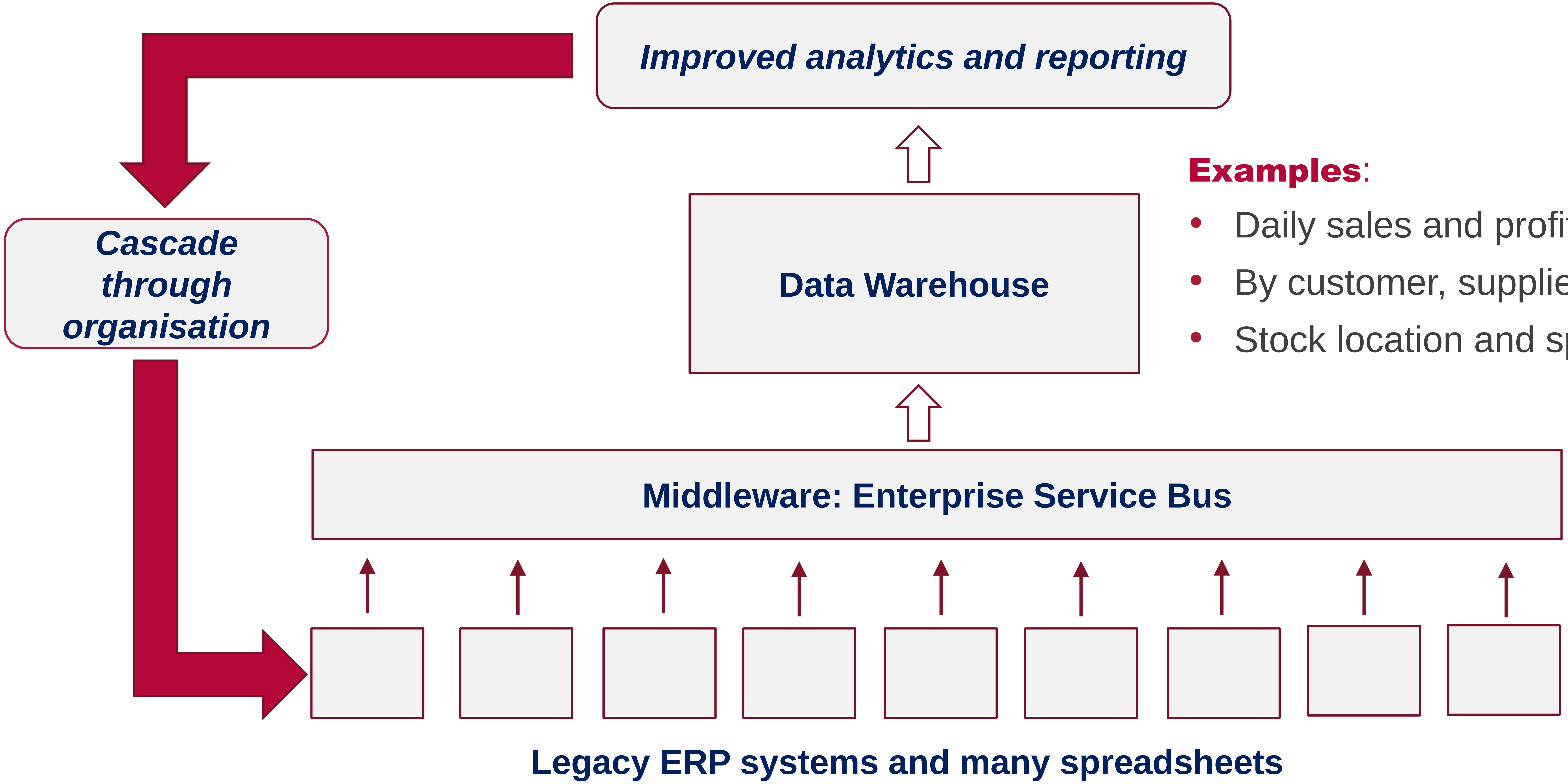
Where are we now?	Where do we want to be?
• Varying capability in senior management and across organisation • Lack of change management capability • Weak alignment of rewards to priorities • Many layers of management and administrative inefficiency	• Fit for purpose and right size • Improved bench strength • Capability to execute ongoing change • Reward structures aligned to objectives • People aligned, engaged and energised

STRONGER TOGETHER

Executing our strategy

Strategic enablers: an illustration

Improving our data and management insight



Examples:

- Daily sales and profit reporting
- By customer, supplier and product
- Stock location and speed of turn

STRONGER TOGETHER

Executing our strategy

Key challenges

SIG:

- Improving our capability
- Change management
- Focus and alignment
- Engaging the branches

Market:

- External market backdrop
- Competitor response

Maintaining consistent progress

STRONGER TOGETHER

Executing our strategy

Why this time will be different...

- Ruthless prioritisation
- Close monitoring and support
- Investment in enablers
- Robust performance management
- Alignment of reward structures up and down the organisation
- Highly disciplined execution

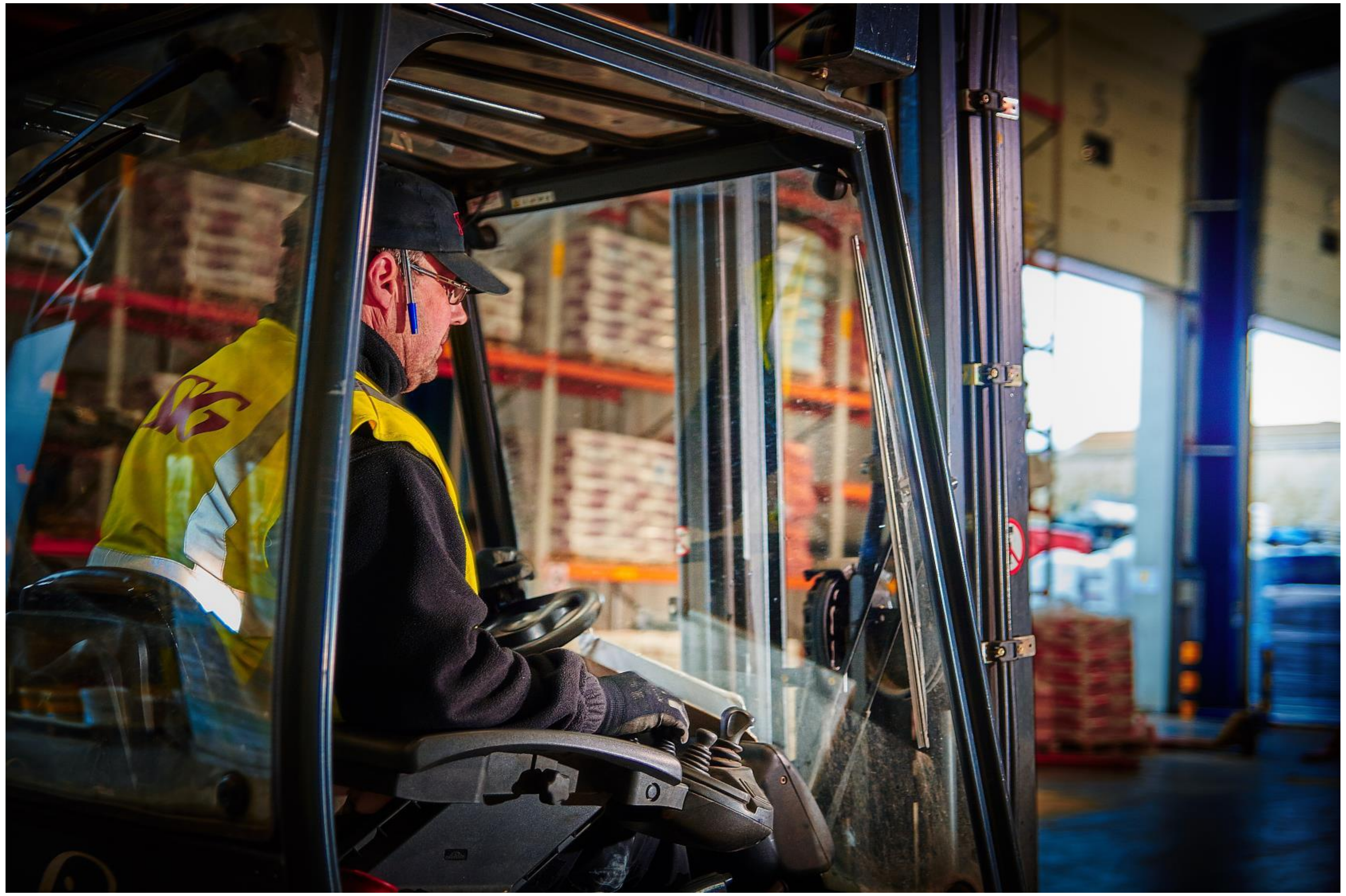
Simplify, focus and deliver

STRONGER TOGETHER

Executing our strategy

What we have done so far…

- Organisational right-sizing
- Exit from Paddington office and Hillsborough
- Group functions scaled back
- Pricing trials
- Telephony trials
- Data proof of concept
- Clear IT strategy and governance
- Changes in Opco management
- Peripheral businesses divested / closed
- Leverage down



Simplify, focus and deliver

SIG STRONGER TOGETHER

Today’s agenda

- Context for strategic review
- Strategy update
- Executing our strategy
- **Case studies**
  - Customer service: Serving our Roofing customers
  - Customer value: Delivering customer value in Air Handling
  - Operational efficiency: Driving operational efficiency in France
- Financial guidance
- Conclusions and questions

STRONGER TOGETHER

Customer service

Serving our Roofing customers

Andrew Wakelin

Managing Director

SIG Exteriors

STRONGER TOGETHER

SIG Exteriors

Business description

- Principally roofing merchanting
- Clear UK leader and only national specialist with c.30% share in fragmented market
- 134 branches
- FY 2016 revenue: £415m* (c.16% of Group)

Key competitors

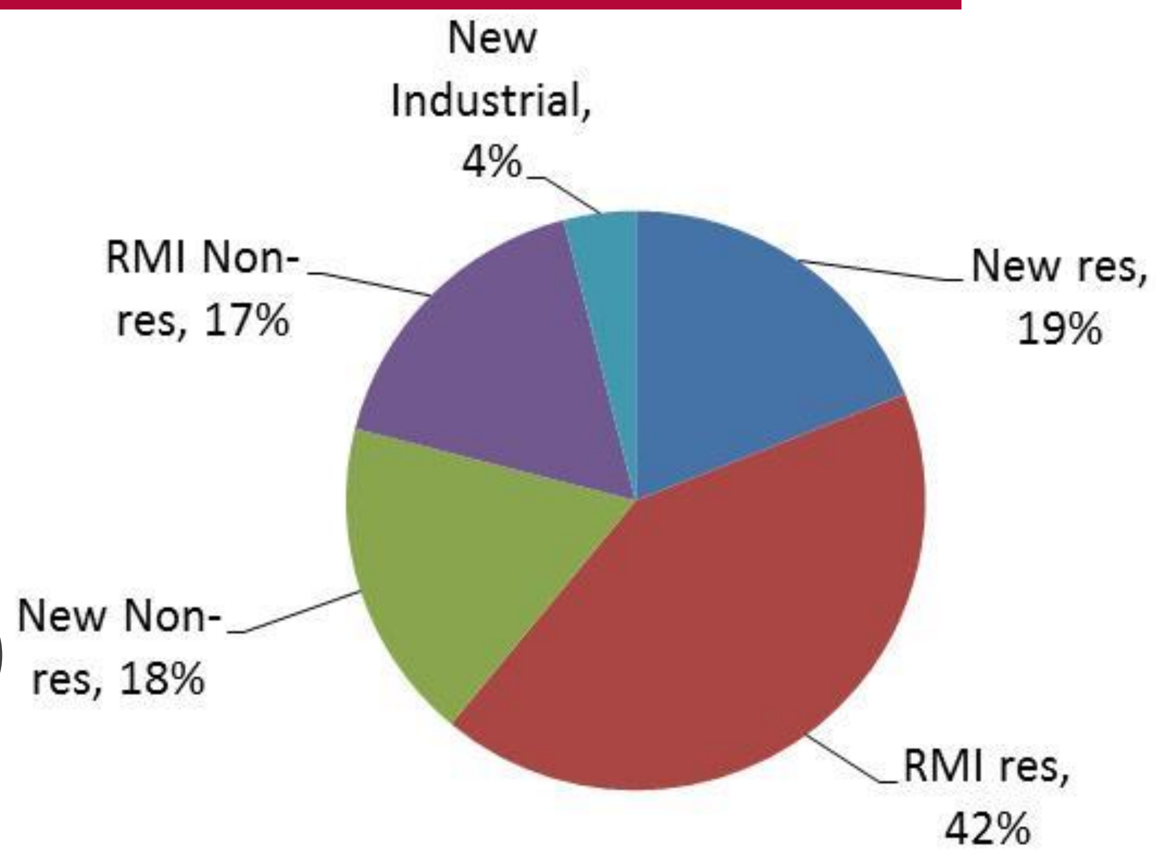
- General builders' merchants (to some degree)
- Other small independent roofing specialists
- Burtons
- Rinus

Key products

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

Market drivers

- Construction activity (mainly RMI)
- Replacement of old / damaged roofs (particularly residential)



Note: market share is company estimate
2016 revenue reflects continuing operations as at 30 June 2017

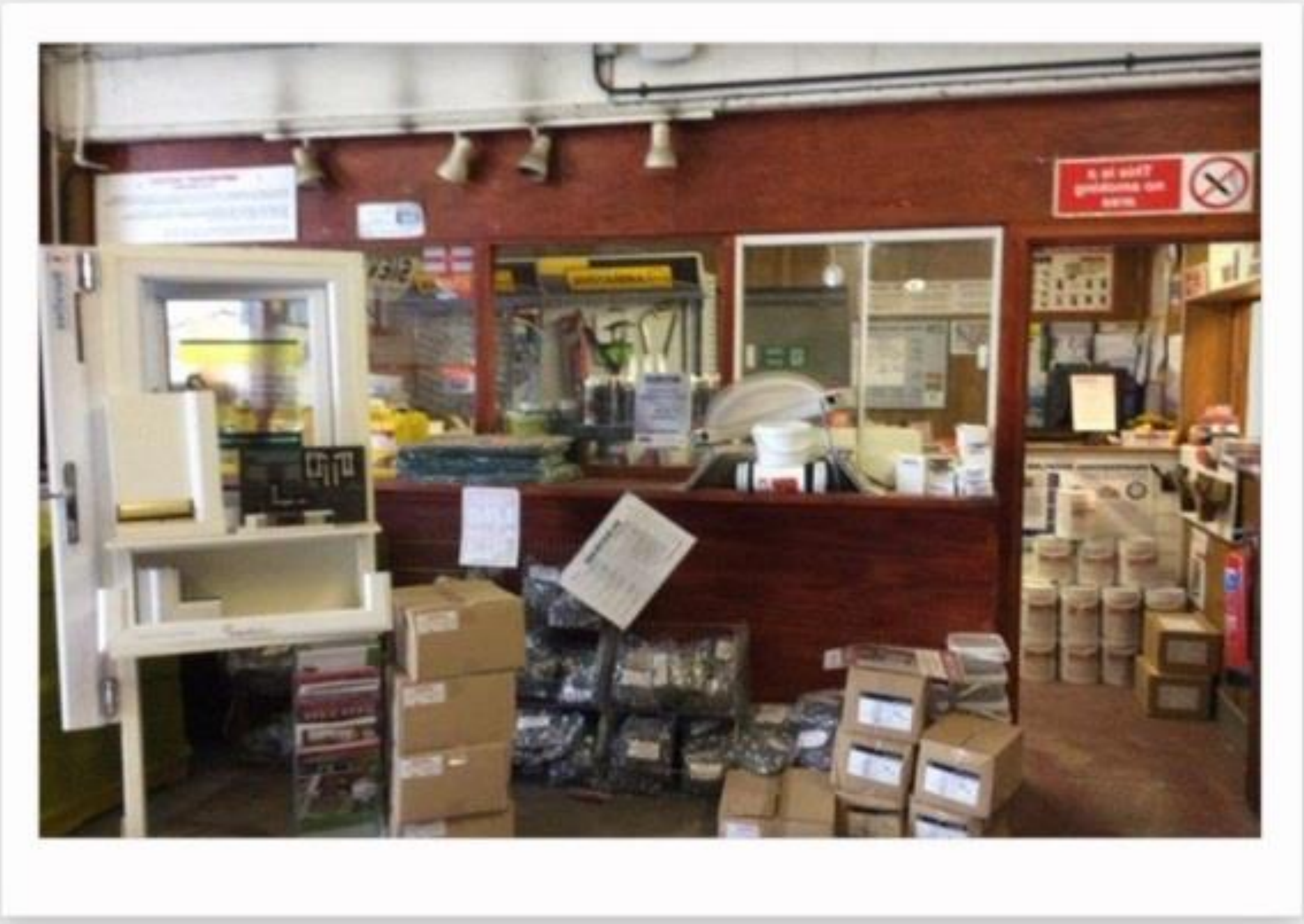
Serving our Roofing customers

- Trade counter refurbishment and training
- Refresh fleet and yard
- Invest in telephony and sales

STRONGER TOGETHER

Trade counter refurbishment

- Investment and training to maximise opportunity with local trade
- Successful branch trials generating growth ranging from 10% - 30% in cash / collect sales
- Plans to invest £1.8m over the medium term in 75 locations



SIG STRONGER TOGETHER

Refresh fleet and yard

- Fleet replacement programme underway with 45 leased vehicles (17%) planned for replacement by end of 2017
- Continuing investment planned for 2018 and beyond to accelerate the historical replacement cycle
- Enhanced yard maintenance funding of £1.5m planned over the medium term

STRONGER TOGETHER

Telephony and sales

- Investment plan totalling £1m to upgrade telephony across the Roofing estate to a communications management system
- Diverts customer calls to divisional sales offices during busy trading periods at branch
- Improves customer service and maximises sales opportunity
- Southern office in place, supporting one region, already handling over 2,000 overflow calls per month

SIG
STRONGER TOGETHER

Customer value

Delivering customer value in Air Handling

Lex Hemels

Managing Director

SIG Air Handling

SIG 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%)
- 22 branches
- FY 2016 revenue: £131m (c.5% of Group)

Key competitors

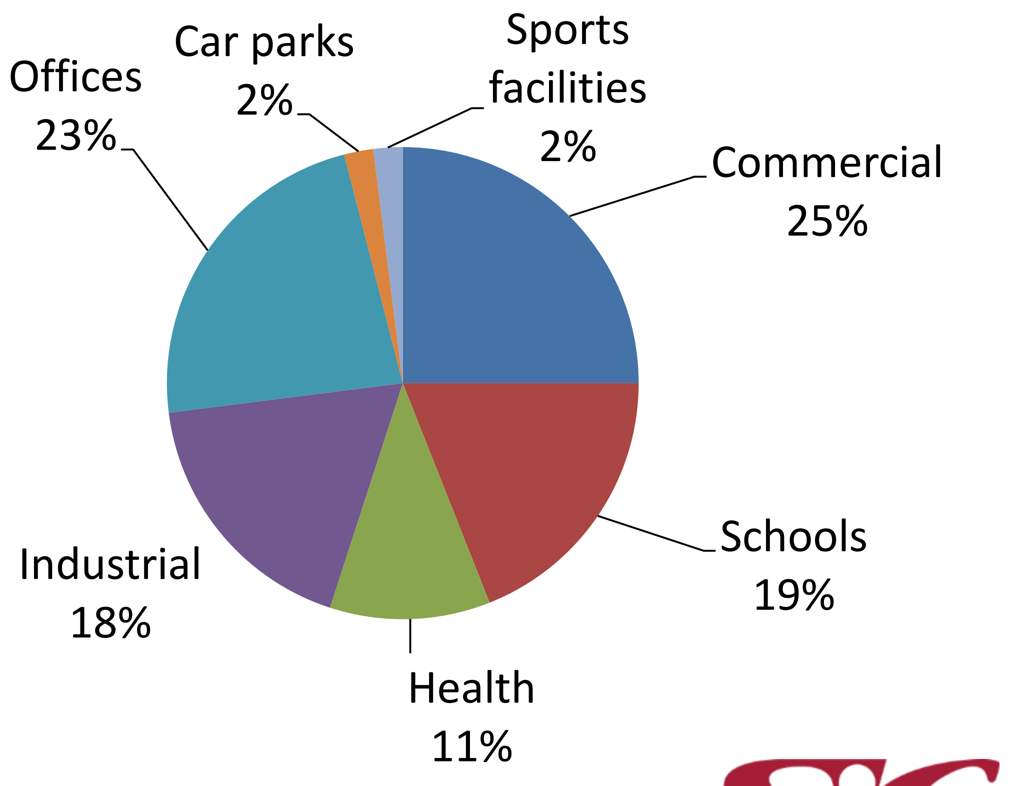
- Systemair
- Lindab
- Fläkt Group
- Trox
- Swegon

Key products

- Air handling units and fans
- Ducts, components and fixings
- Volume and fire / smoke dampers
- Climate ceilings and controls
- Grills and diffusers

Market drivers and exposure

- Construction activity (particularly non-residential)
- Higher energy efficiency and air quality standards
- More rigorous fire protection standards
- €7-8bn p.a. and growing



Note: market share is company estimate
2016 revenue reflects continuing operations as at 30 June 2017

Focus on indoor air quality to deliver customer value

- An estimated 30 million people are suffering from airway diseases and allergies across Europe due to poor indoor air quality

- An estimated 600,000 early mortalities in Europe annually because of poor indoor air quality

- Research suggests learning capability of children could be increased by 15% if class rooms are well ventilated

STRONGER TOGETHER

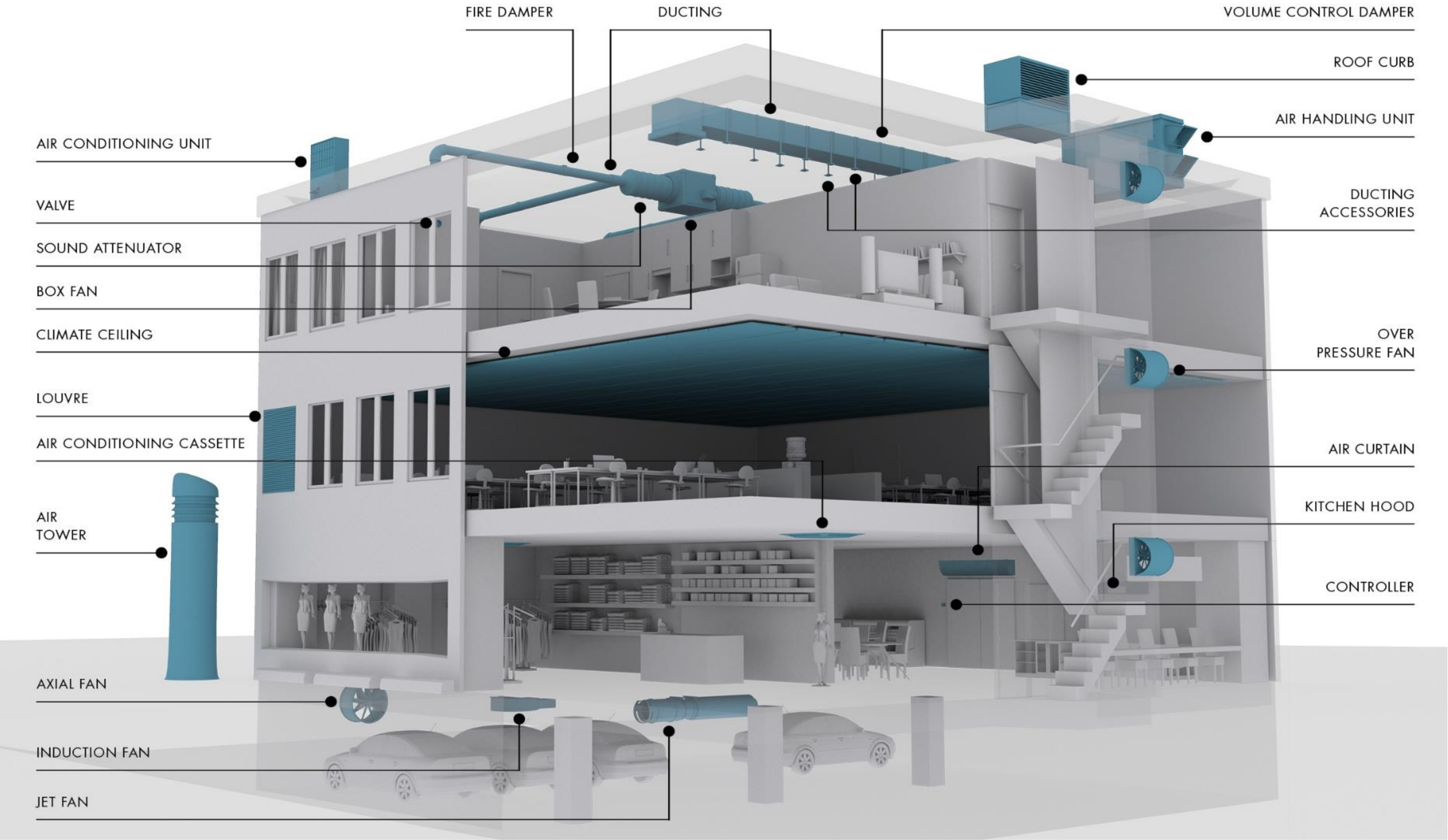
Providing solutions across a broad range of segments

Our propositions	Our brands	Our markets
Distribution	CAIROX	Car parks, Shopping malls, Sports facilities
Projects	SUFIX	Homes, Schools, Hospitals
Services		Industrial, Offices

Added value through project solutions

STRONGER TOGETHER

Unmatched product and systems breadth



SIG STRONGER TOGETHER

Delivering customer value

- Build on SIG's position as a leading Air Handling business in Europe
  - Grow organically and, in due course, consolidate fragmented market
- Opportunities to increase future sales
  - Increase product offering, own fabrication and own-label sales
  - Expand e-commerce offer
  - Develop ventilation solutions per market segment, including residential
- Enhance SIG's gross margins and returns
  - Operational efficiency from leveraging existing platform
  - Deliver sustained customer value across a broad range of segments

SIG STRONGER TOGETHER

Driving operational excellence in France

Philippe Dénecé
Managing Director
SIG France

STRONGER TOGETHER

SIG France

Business description

- Roofing merchanting and insulation / interiors / air handling distribution
- Market leader in specialist roofing (c.17% share) and technical insulation (c.35%); Number three in structural insulation / interiors (c.7%)
- National coverage through 210 branches
- FY 2016 revenue: £589m (c.23% of Group)

Key competitors

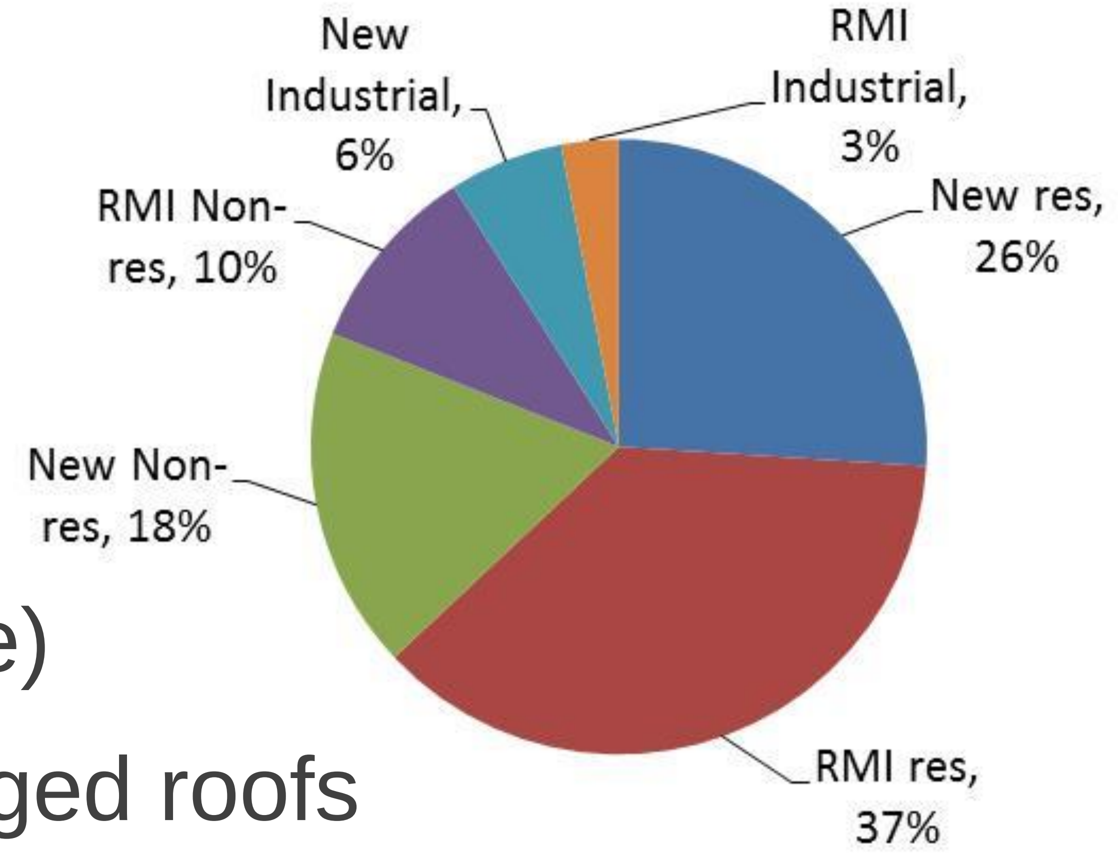
- Point P (Saint Gobain)
- L'asturienne (Saint Gobain)
- SFIC (Saint Gobain)
- Chausson

Key products

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

Market drivers and exposure

- Construction activity
- Higher energy efficiency standards
- Increased regulation (Reglementation Thermique)
- Replacement of old / damaged roofs
- 2017 sharp improvement in construction confidence



Note: market share is company estimate
2016 revenue reflects continuing operations as at 30 June 2017

SIG France delivers a specialist complementary product offer and service

LiTT Des spécialistes à votre service — Roof Insulation

LARIVIERE ENTRE EXPERTS DE L'ENVELOPPE DU BÂTIMENT — Roofing

LARIVIERE ENTRE EXPERTS DE L'ENVELOPPE DU BÂTIMENT — Insulation

Ouest isol & ventil — Ventilation

LiTT Des spécialistes à votre service — Dry Wall

LiTT Des spécialistes à votre service — Floor Insulation

SIG STRONGER TOGETHER

Developing our operating model

- Change programme leveraging best practice across Litt / OIV / Larivière
- Focused on
  - Organisation structure
  - Process standardisation
  - Data alignment
  - Supported by the implementation of modern systems
- Sales transformation, placing customers at the heart of our business
  - Demonstrable results at Litt
  - Early wins emerging at Larivière

SIG
STRONGER TOGETHER

The transformation of Litt

- Drive customer relationship
  - The preferred specialist to our customers
  - Special attention to our customers' needs
  - Committed to their success
- Diversify our customer portfolio
  - Deconcentration of customer portfolio; less dependence on large customers, resulting in higher margins
  - Gain market share
- Enhance product offer and service
  - Enlarge product offer; wood panels, tooling
  - Provider of solutions in interiors

AMBITION P'REFERENCE LiTT

Litt LFL sales c.15% ahead of prior year for the four months to October 2017

STRONGER TOGETHER

Today’s agenda

- Context for strategic review
- Strategy update
- Executing our strategy
- Case studies
  - Customer service: Serving our Roofing customers
  - Customer value: Delivering customer value in Air Handling
  - Operational efficiency: Driving operational efficiency in France
- **Financial guidance**
- Conclusion and questions

STRONGER TOGETHER

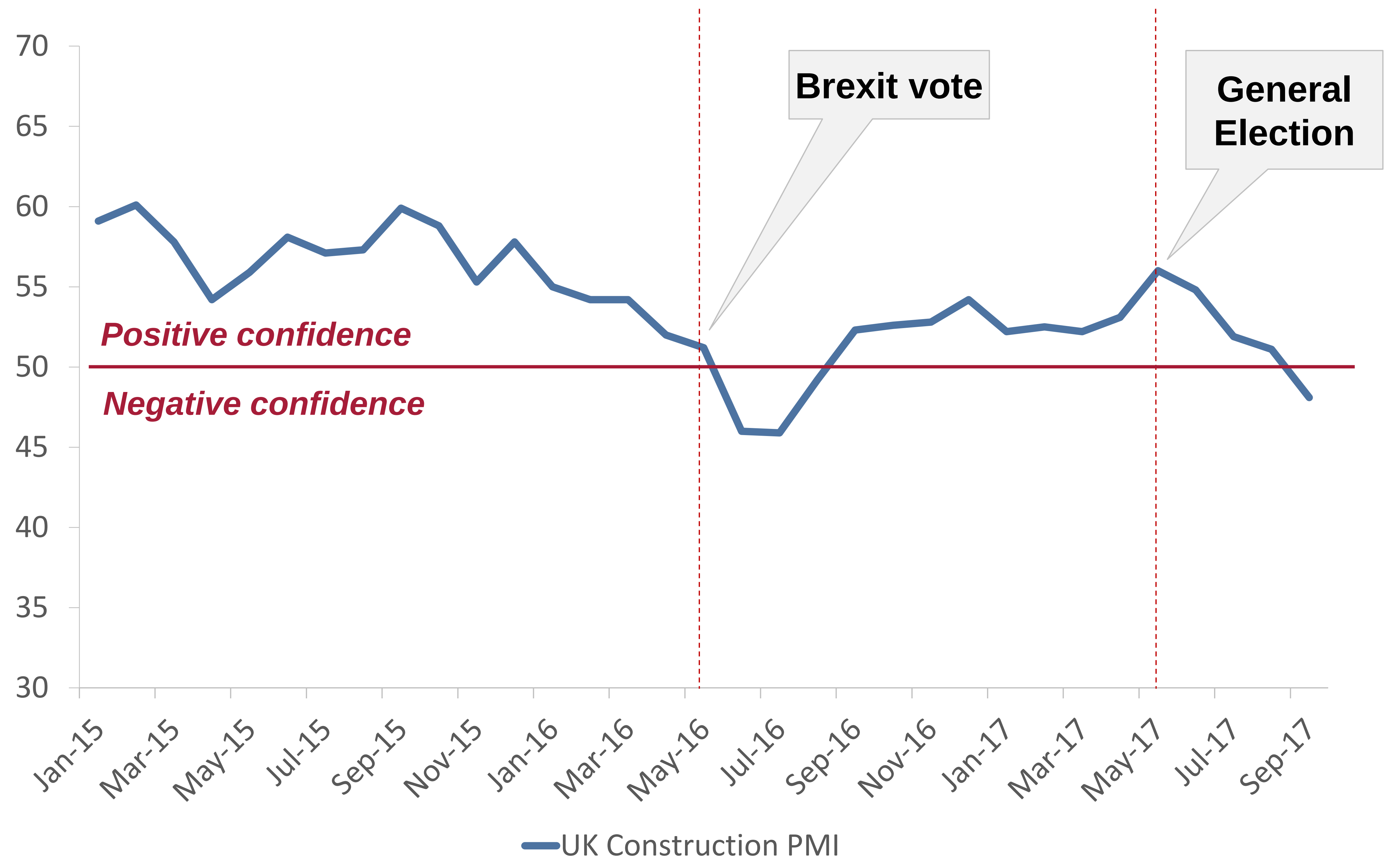
Financial guidance

Nick Maddock

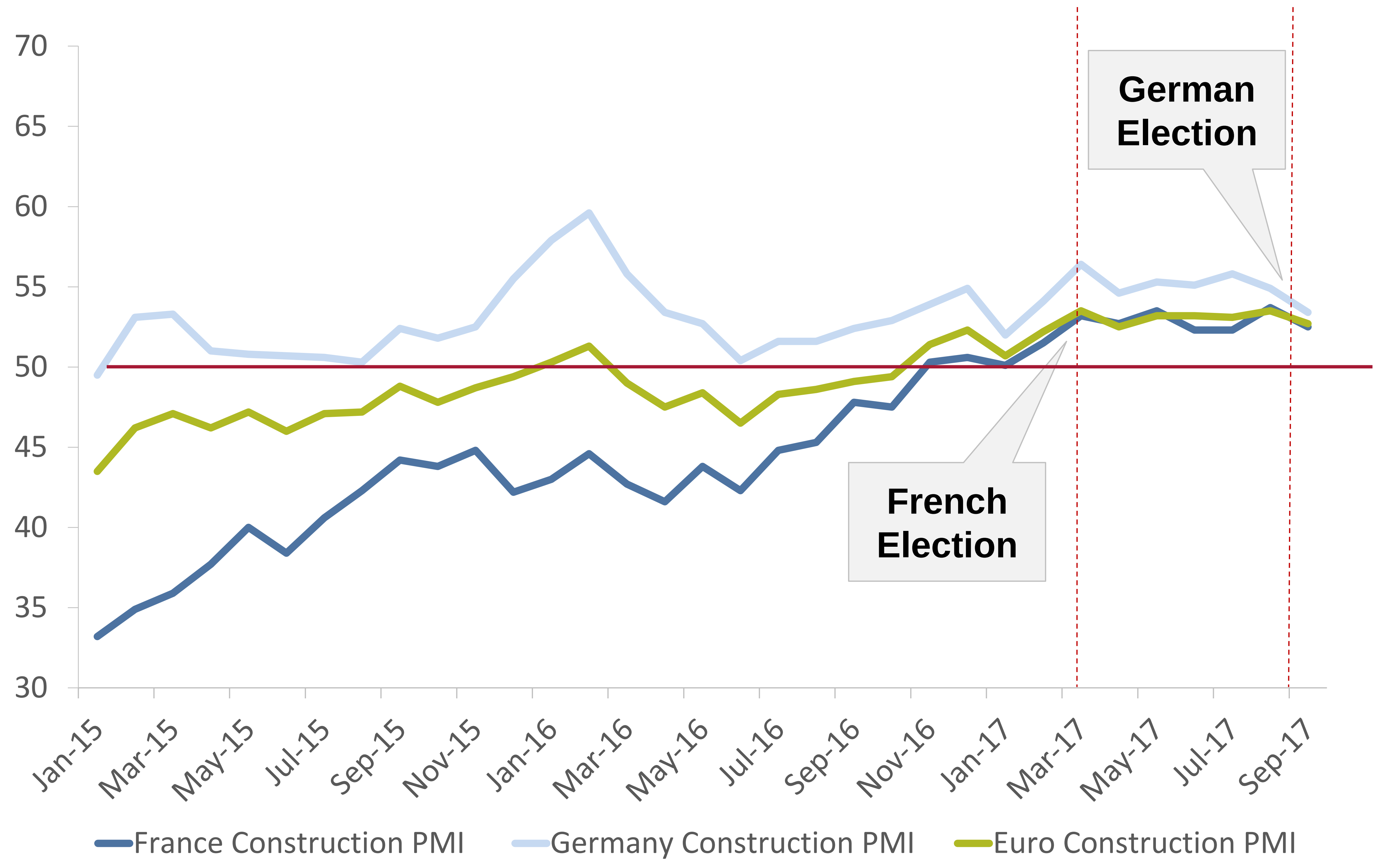
Chief Financial Officer

Market outlook

UK market uncertain…



European markets reinvigorated…

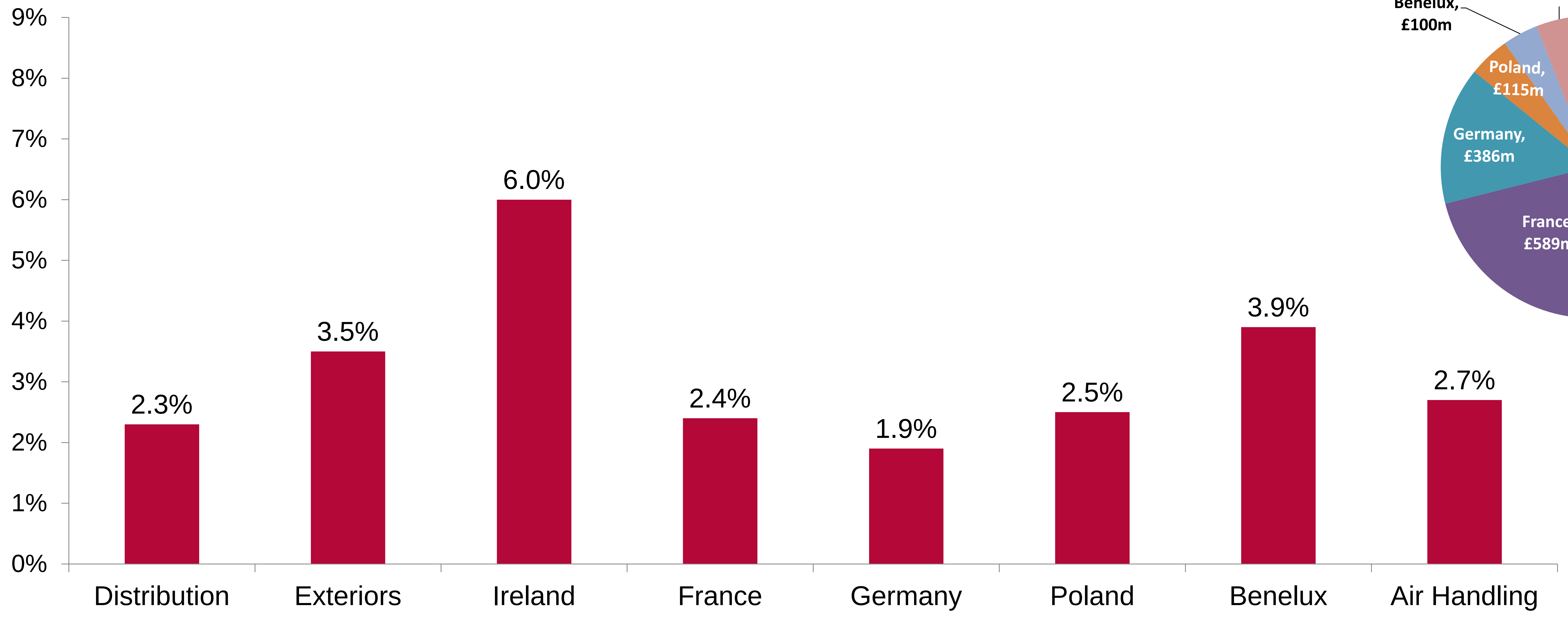


STRONGER TOGETHER

Market growth

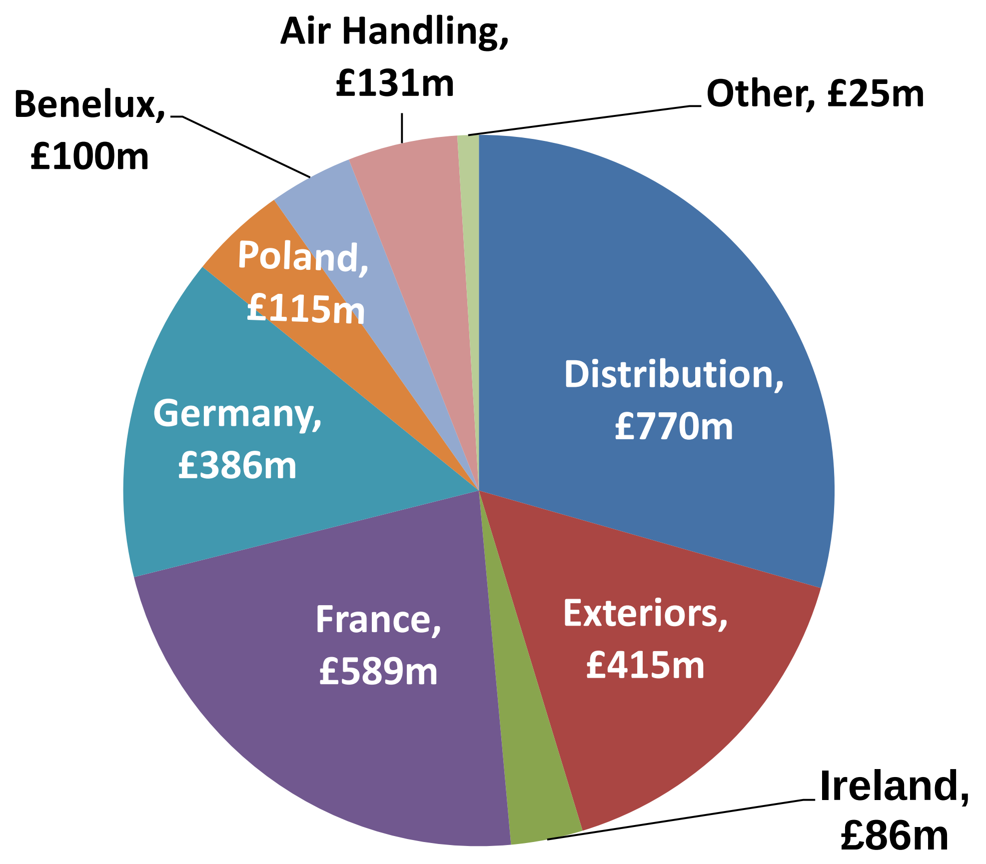
Estimated market growth, 2017-20

%pa



2016 Revenue: £2.6bn

Total UK & Ireland	£1.3bn
Mainland Europe	£1.3bn



Expected medium term market growth of circa 2-3%

Sources: ONS, Euroconstruct, GFK, BMI, Eurostat, INSEE, FBF, OC&C analysis, company estimates
Revenue reflects continuing operations as at 30 June 2017

STRONGER TOGETHER

Tracking our progress

- Our strategy is focused on delivering significantly improved operational and financial performance as a leading European supplier of specialist building materials

- Recent track record highlights considerable challenge in delivering lasting change

- We seek to provide a clear framework to enable our progress to be tracked by investors
  - Medium term financial targets
  - Additional medium term guidance
  - Other indicators of progress
  - Capital allocation policy
  - Ongoing portfolio management

STRONGER TOGETHER

Our medium term financial targets

Medium term financial targets	
LFL sales growth %	Market growth Maintain market share
ROS %	c.5%
ROCE %	c.15%
Headline financial leverage (Net debt / EBITDA)	under 1.0x

SIG
STRONGER TOGETHER

Additional medium term guidance

- Overall expectations for underlying profitability for full year remain unchanged
- ROS improvement thereafter from both gross margin growth and operating cost reduction as % of sales
- Catch-up capex investment ahead of depreciation – including some incremental investment in enablers around data and IT
- Significant ‘one-offs’ in 2017
  - Some beyond 2017 as we divest peripheral businesses and restructure capability
  - Cash impact lower than profit / loss impact
- Effective tax rate reflecting local corporate tax rates in relevant markets
- Target dividend pay-out of 2 – 3x

SIG STRONGER TOGETHER

Other indicators of progress

- Reducing opex as % of sales
- Reducing working capital as % of sales
- ‘Potential exit’ businesses divested or closed
- Selective acquisitions in value-add, high growth markets, only once performance improves and leverage reduced

Regular site visits and investor engagement to provide supporting evidence

SIG STRONGER TOGETHER

Need for clear capital allocation policy

2013 - 2016	Total
Trading cash flow	£418m
Less:	
- Change in working capital	(£99)m
- Capex	(£112)m
- M&A	(£143)m
- Interest	(£44)m
- Dividends	(£98)m
- Other	(£77)m
Increase in net debt	(£155)m

- Weak track record of capital discipline
- Too much cash flow reinvested in working capital and acquisitions, at expense of core business
- Mixed track record of value creation from acquisitions
- Sharp rise in leverage to 2.1x at FY16
- Priority to sustain strong balance sheet and reinvest in core business

Note: Pension included as part of working capital changes

STRONGER TOGETHER

Capital allocation policy

- Policy to maintain a strong balance sheet with a flexible capital structure that recognises cyclical risk

- Priorities for capital allocation over the medium term
  - Reduction in headline financial leverage below 1.0x
  - Investment in core businesses and enablers: catch-up capex ahead of depreciation
  - Ordinary dividends: target dividend cover of 2 - 3x underlying earnings
  - Selective acquisitions in higher growth, value-add areas in due course

- Review policy once improvement in financial performance delivered
  - Underlying cash generation provides longer term optionality around portfolio investment / capital return

SIG STRONGER TOGETHER

Ongoing portfolio management

SIG Group £2,616m

UK & Ireland £1,295m

SIGD £770m
- SIG Distribution
- SIG Performance Technology
- SIG M&E
- SK Sales
- VJ Technology
- Ockwells
- ~~Carpet & Flooring~~

SIGE £415m
- SIG Roofing
- Building Solutions
- ~~Building Plastics~~

Ireland £86m
- SIG Ireland
- SIG Workplace
- HHI
- JS McCarthy

Offsite Construction £24m
- Building Systems
- RoofSpace
- ~~Metechno~~

~~**Other**~~
- ~~Drywall Qatar~~
- ~~Middle East~~

Mainland Europe £1,321m

France £589m
- Larivière
- Litt
- Ouest Isol & Ventil

Germany £386m
- WeGo
- Vti
- Raised Access Flooring
- ~~WeGo Austria~~

Poland £115m
- SIG Poland
- Sitaco

Benelux £100m
- SIG Benelux

Air Handling £131m
- SIG Air Handling
- ATC Turkey

Note: FY 2016 revenue from continuing operations

STRONGER TOGETHER

Reporting our progress

Medium term financial targets

- LFL sales growth %
- ROS %
- ROCE %
- Headline financial leverage (x)

Other indicators of progress

- Opex as % of sales
- Working capital as % of sales

Key financial outputs

- Revenue £m
- Gross margin %
- Underlying PBT £m
- Underlying EPS p
- Dividend per share p
- Net debt £m

SIG STRONGER TOGETHER

Today's agenda

- Context for strategic review
- Strategy update
- Executing our strategy
- Case studies
  - Customer service: Serving our Roofing customers
  - Customer value: Delivering customer value in Air Handling
  - Operational efficiency: Driving operational efficiency in France
- Financial guidance
- **Conclusions and questions**

STRONGER
TOGETHER

Conclusions

- This strategy will return the business to financial health and deliver **significantly improved operational and financial performance**
- Execution is largely **within SIG's control**
- **Peer benchmarks and SIG's history demonstrate the feasibility** of achieving these financial targets within the existing footprint and core businesses
- Implementation is **focused on strategic levers** around customer value, customer service and operational efficiency
- Success will require focused investment in **key strategic enablers** around data, IT and capability to support implementation
- SIG will pursue this strategy whilst maintaining a **strong balance sheet** in the context of a robust capital allocation policy, and reporting progress against a **clear framework**
- **Highly disciplined execution** will be key to delivering this opportunity

SIG STRONGER TOGETHER

Questions?

Appendix

Business overview

UK & Ireland – H1 2017

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 – H1 2017

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%**	-	**-**

STRONGER TOGETHER

Note: continuing operations at H1 2017

SIG Distribution

Business description

- Principally insulation / interiors distribution
- Clear UK leader with 18% share in consolidated market
- 95 branches
- FY 2016 revenue: £770m (c.29% of Group)

Key competitors

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

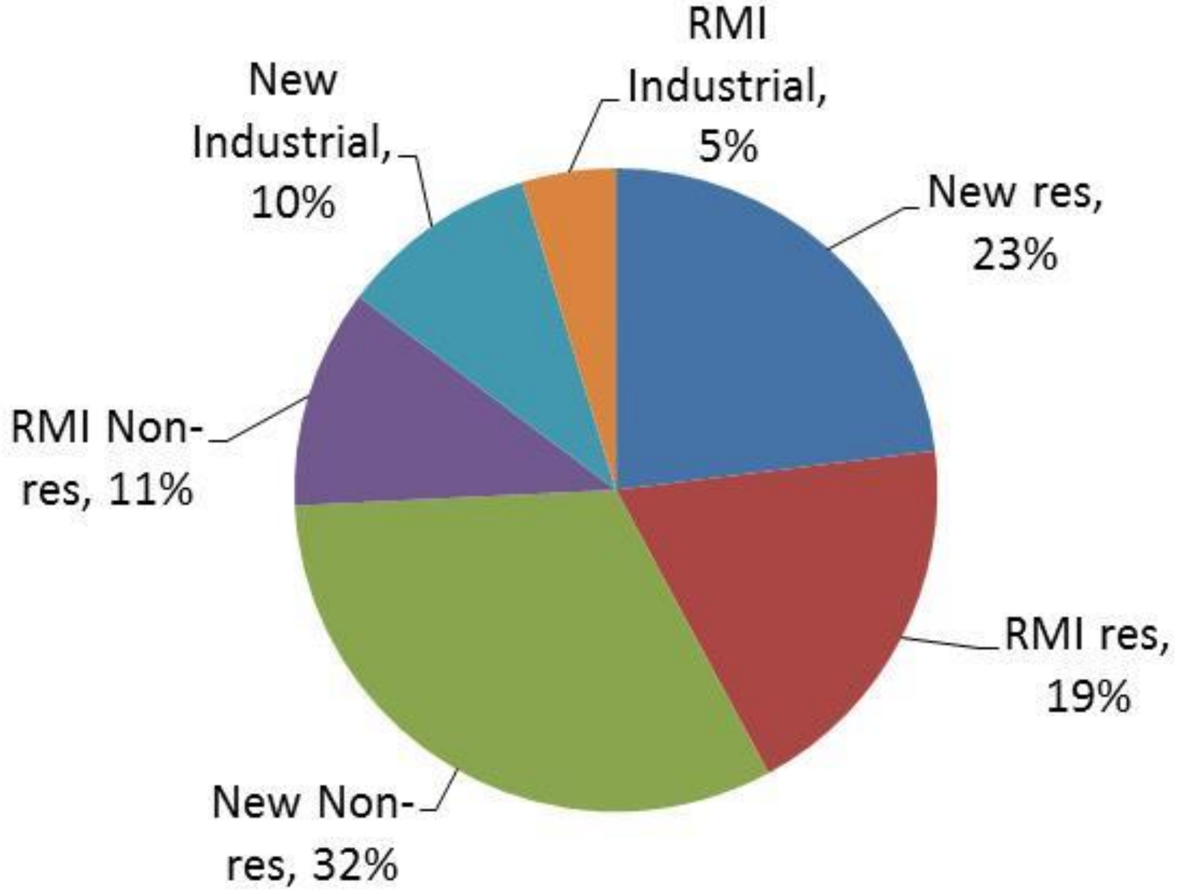
Key products

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

SIG INSULATION · SIG INTERIORS · SIG FIXINGS · SIG CONSTRUCTION ACCESSORIES · SIG TECHNICAL INSULATION

Market drivers and exposure

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



SIG STRONGER TOGETHER

Note: market share is company estimate

SIG Exteriors

Business description

- Principally roofing merchanting
- Clear UK leader and only national specialist with c.30% share in fragmented market
- 134 branches
- FY 2016 revenue: £415m* (c.16% of Group)

Key competitors

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

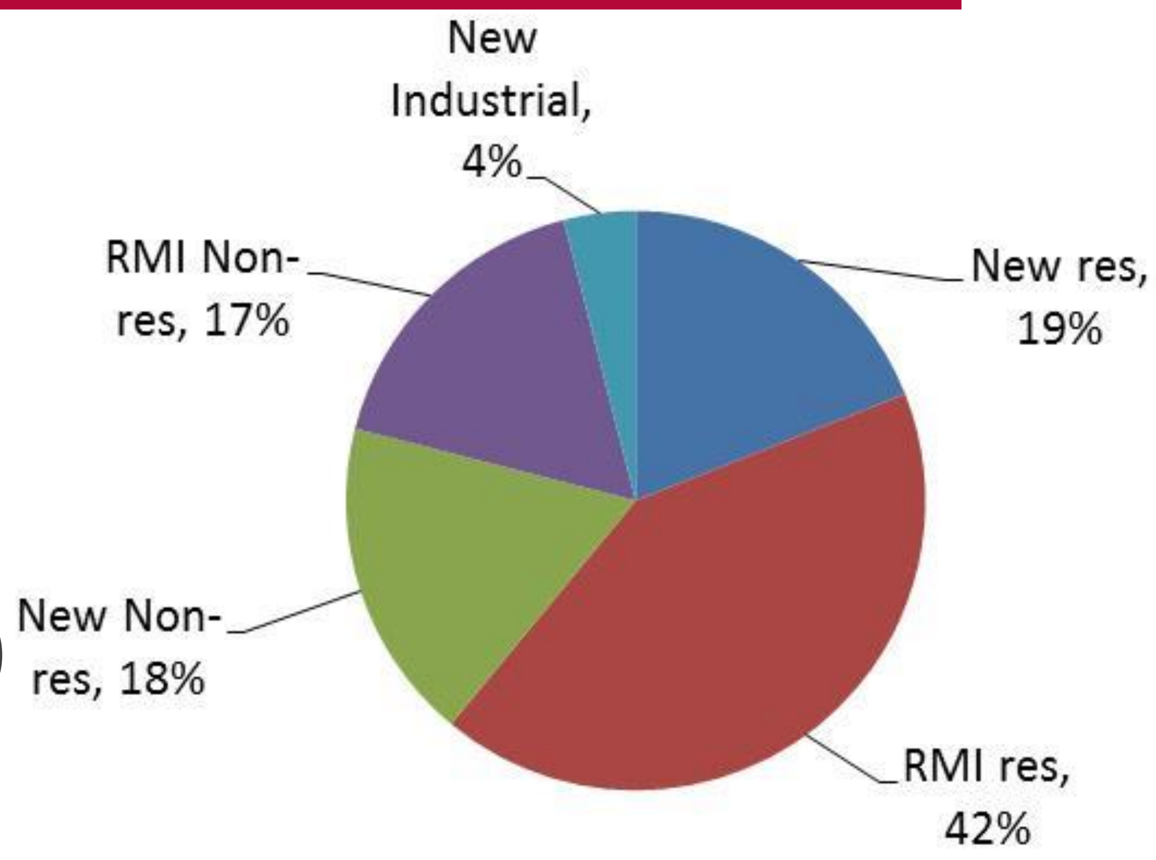
Key products

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

SIG ROOFING

Market drivers

- Construction activity (mainly RMI)
- Replacement of old / damaged roofs (particularly residential)



SIG STRONGER TOGETHER

Note: market share is company estimate
2016 revenue reflects continuing operations as at 30 June 2017

SIG Ireland

Business description

- Principally insulation / interiors distribution and roofing
- #1 Insulation/interiors (c.30% share)
- #2 Technical insulation (c.15%)
- 10 branches
- FY 2016 revenue: £86m (c. 3% of Group)

Key competitors

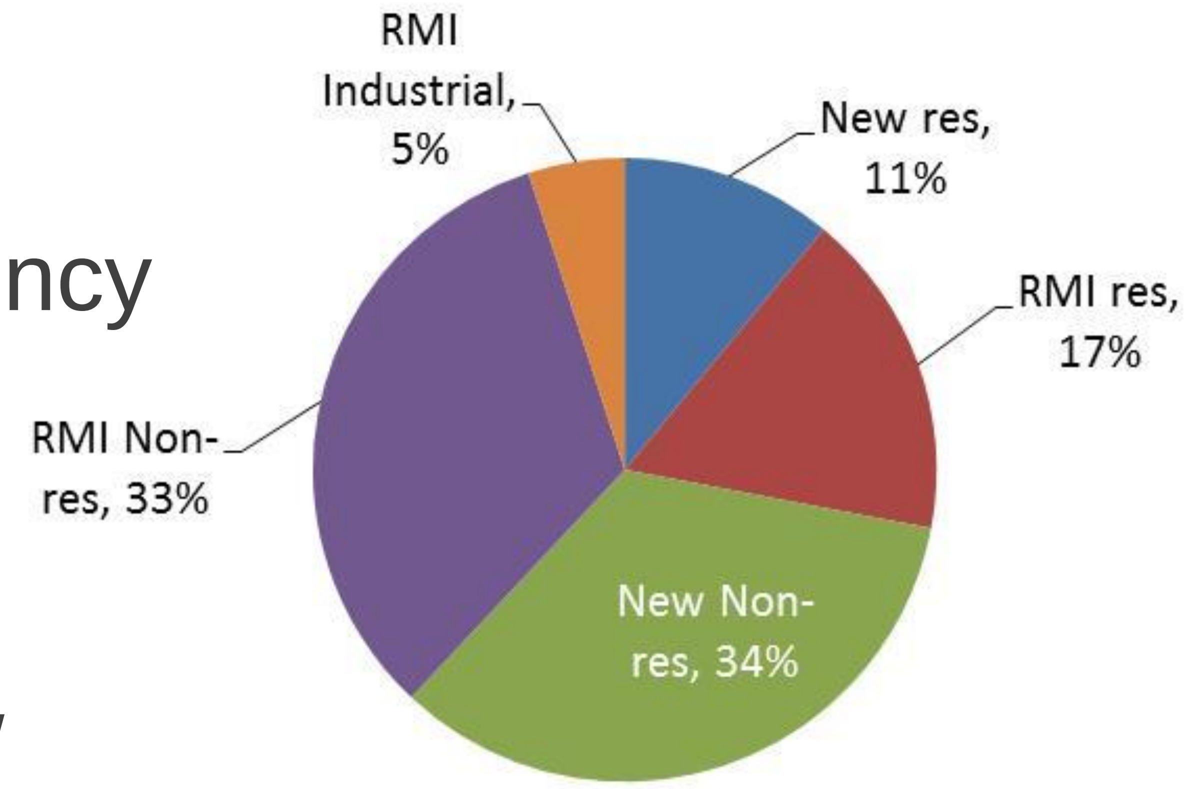
- Tennants
- Tegral
- TIDL
- McCaig

Key products

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

Market drivers and exposure

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



Note: market share is company estimate
2016 revenue reflects continuing operations as at 30 June 2017

Offsite Construction

Business description

- Design, assembly and installation of offsite building solutions for the UK construction industry
- 2 production sites (Alcester and Alfreton)
- FY 2016 revenue: £24m (c.1% of Group)

Key competitors

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

Key products

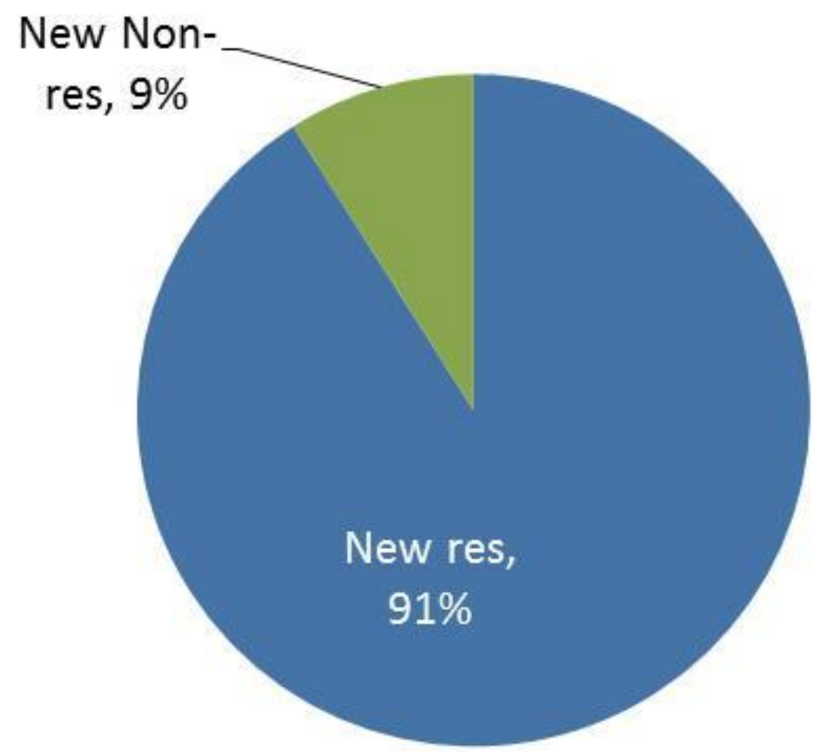
- Insulated panelised roofing systems
- Insulated large panels
- Complete modular housing units

SIG BUILDING SYSTEMS

SIG ROOFSPACE

Market drivers and exposure

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



SIG STRONGER TOGETHER

2016 revenue reflects continuing operations as at 30 June 2017

SIG France

Business description

- Roofing merchanting and insulation / interiors / air handling distribution
- Market leader in specialist roofing (c.17% share) and technical insulation (c.35%); Number three in structural insulation / interiors (c.7%)
- National coverage through 210 branches
- FY 2016 revenue: £589m (c.23% of Group)

Key competitors

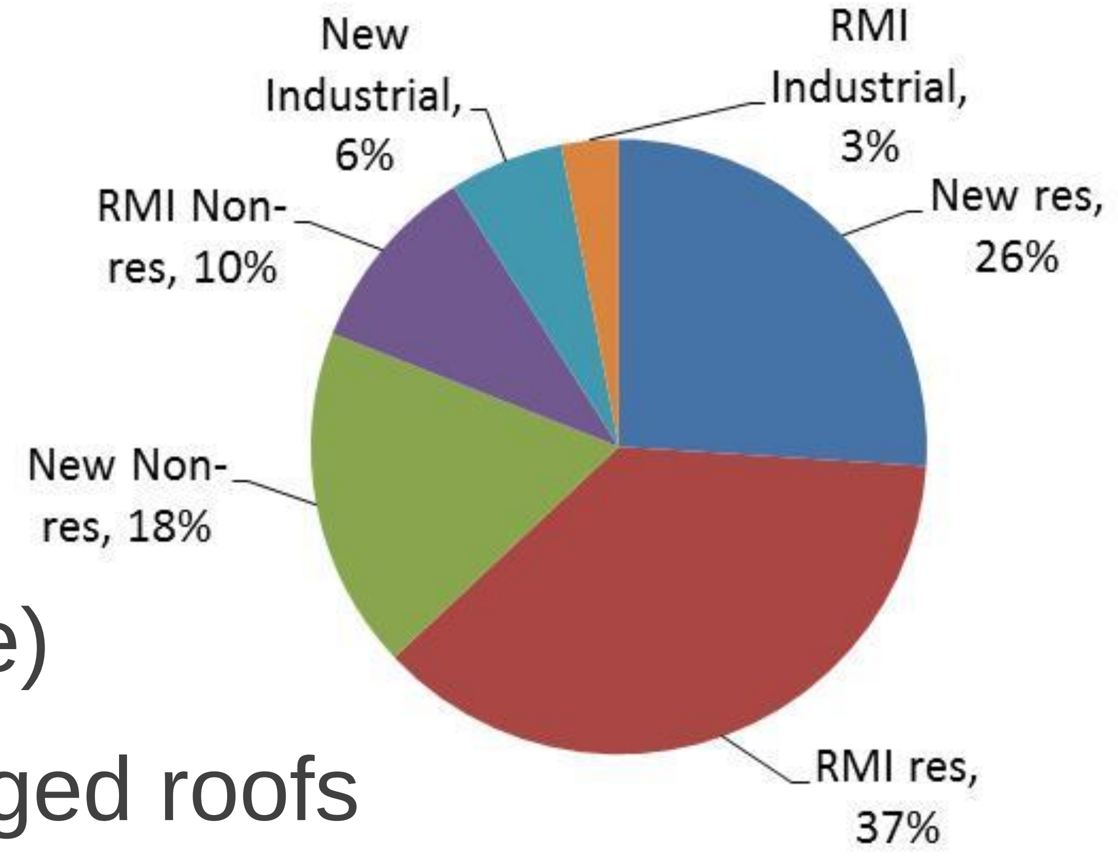
- Point P (Saint Gobain)
- L'asturienne (Saint Gobain)
- SFIC (Saint Gobain)
- Chausson

Key products

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

Market drivers and exposure

- Construction activity
- Higher energy efficiency standards
- Increased regulation (Reglementation Thermique)
- Replacement of old / damaged roofs
- 2017 sharp improvement in construction confidence



Note: market share is company estimate
2016 revenue reflects continuing operations as at 30 June 2017

SIG Germany

Business description

- Insulation / interiors distribution
- #1 technical insulation (c.17% share);
  #3 structural insulation / interiors (c.10%)
- Relatively fragmented market
- 53 branches
- FY 2016 revenue: £386m (15% of Group)

Key competitors

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

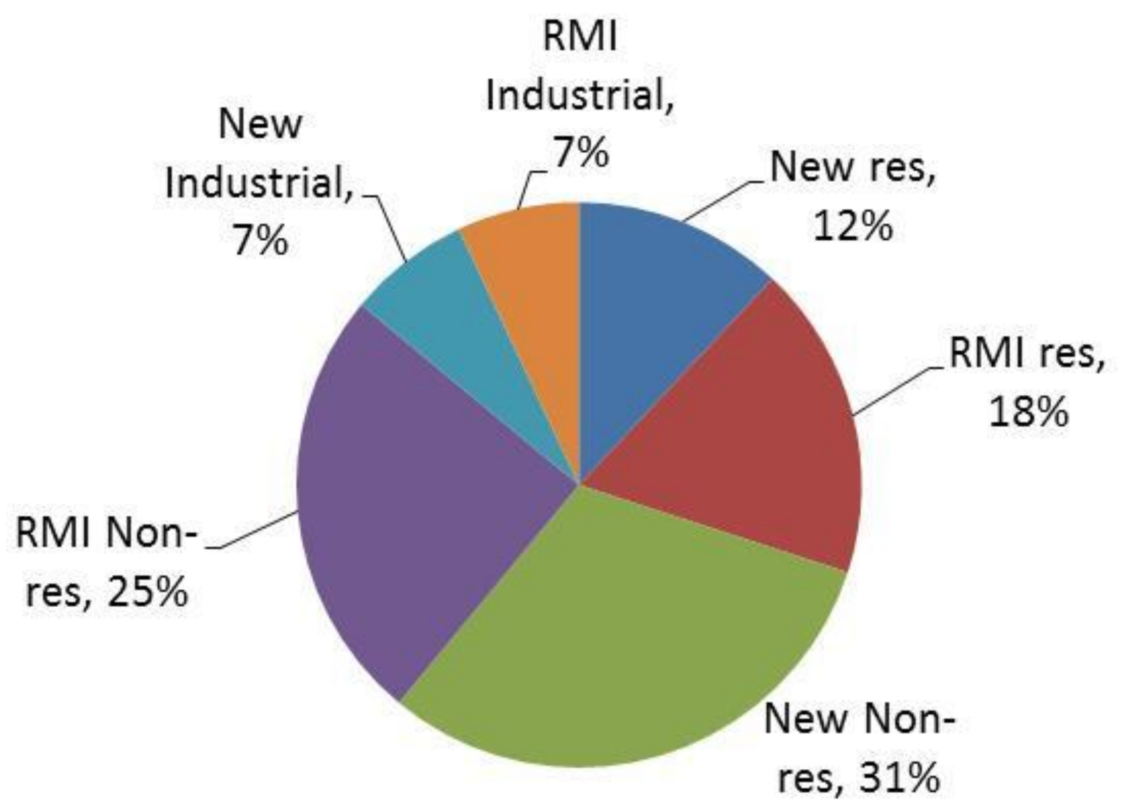
Key products

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

WeGo

Market drivers and exposure

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



Note: market share is company estimate
2016 revenue reflects continuing operations as at 30 June 2017

STRONGER TOGETHER

SIG Poland

Business description

- Principally insulations/interiors distribution
- #1 structural insulation/interiors (c.10% share)
- #1 technical insulation (c.20%)
- 49 branches
- FY 2016 revenue: £115m (c.4% of Group)

Key competitors

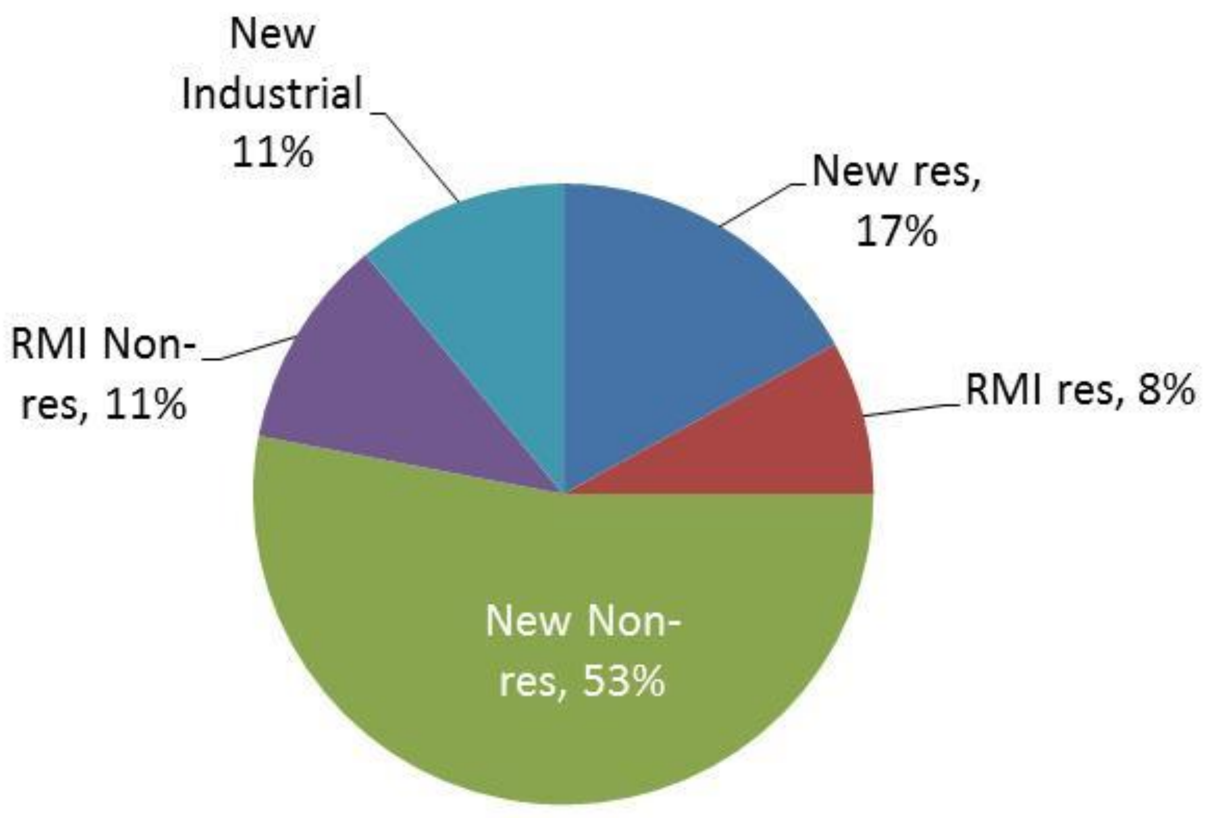
- PSB, GHB (Purchasing associations)
- Caldo Izolacja
- Herbud

Key products

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

Market drivers and exposure

- Construction activity
- Higher energy efficiency standards
- Increased regulation



Note: market share is company estimate
2016 revenue reflects continuing operations as at 30 June 2017

STRONGER TOGETHER

SIG Benelux

Business description

- Insulations/interiors distribution
- #1 technical insulation (c.25% share)
- #1 interiors (c.28%)
- 15 branches
- FY 2016 revenue: £100m (c.4% of Group)

Key competitors

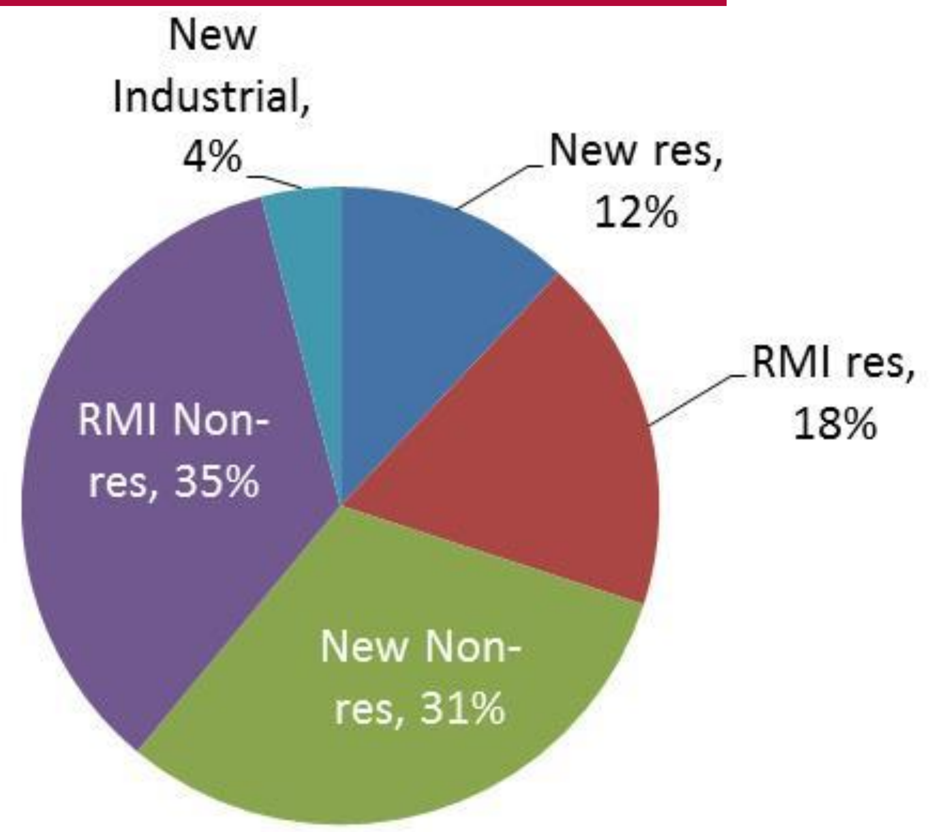
- Astrimex
- Baustoff & Metall
- Veris
- Raab Karcher
- IPCOM group

Key products

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

Market drivers and exposure

- Construction activity
- Higher energy efficiency standards
- Increased regulation



Note: market share is company estimate
2016 revenue reflects continuing operations as at 30 June 2017

STRONGER TOGETHER

SIG 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%)
- 22 branches
- FY 2016 revenue: £131m (c.5% of Group)

Key competitors

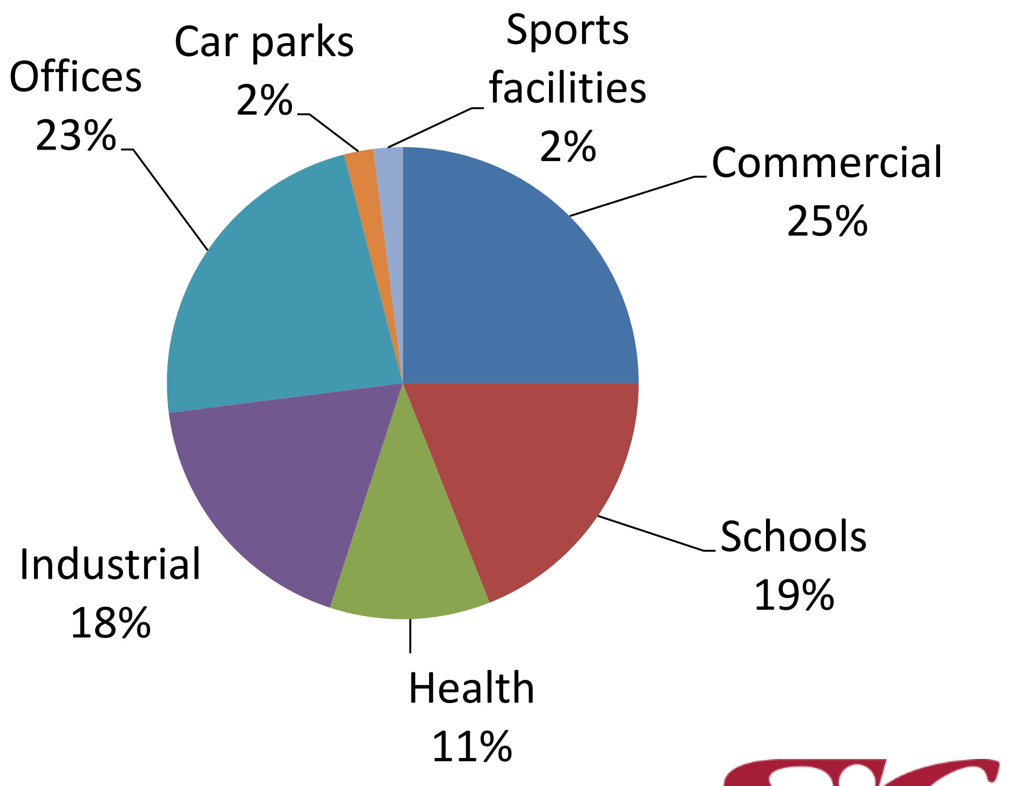
- Systemair
- Lindab
- Fläkt Group
- Trox
- Swegon

Key products

- Air handling units and fans
- Ducts, components and fixings
- Volume and fire / smoke dampers
- Climate ceilings and controls
- Grills and diffusers

Market drivers and exposure

- Construction activity (particularly non-residential)
- Higher energy efficiency and air quality standards
- More rigorous fire protection standards
- €7-8bn p.a. and growing



Note: market share is company estimate
2016 revenue reflects continuing operations as at 30 June 2017

STRONGER TOGETHER

Trading sites

	31 Dec 2016	Closed/ merged	Opened	Disposed	31 Oct 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**

STRONGER TOGETHER

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
ROS	Return on Sales, calculated as underlying operating profit before tax, divided by underlying revenue
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
Headline financial 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")
Opex as % of sales	Ratio of underlying other operating expenses to underlying revenue
Working capital as % of sales	Ratio of working capital (including provisions but excluding pension scheme obligations) to annualised revenue (after adjusting for acquisitions and disposals) on a constant currency basis
Underlying gross margin	Ratio of underlying gross profit to underlying revenue (excluding disposals)

SIG STRONGER TOGETHER