

9 January 2018

SIG plc
(“SIG” or “the Group”)

Trading Update and
Chair of Remuneration Committee

SIG plc (“SIG” or “the Group”), a leading European supplier of specialist building products with strong positions in its core markets of Insulation & Interiors, Roofing & Exteriors, and Air Handling, today issues a trading update for the year ended 31 December 2017 (“FY 2017”).

Trading summary

Trading in recent months has been in line with our expectations. Group revenue from continuing operations for the year increased by 7.5% to c. £2.8bn, with currency contributing 3.8% to this growth and acquisitions 0.2%, offset by the effect of fewer working days (0.5)%. As a result, Group like-for-like (“LFL”) revenues for the year were ahead by 4.0%, in line with our expectations.

LFL revenue growth	H1 2017	H2 2017	FY 2017
SIGD	1.6%	5.0%	3.3%
SIGE	0.3%	(3.2)%	(1.5)%
Ireland	4.6%	11.0%	8.0%
Offsite Construction	(2.9)%	18.6%	6.4%
UK & Ireland	1.3%	2.9%	2.1%
France	5.0%	6.4%	5.8%
Germany	1.8%	7.5%	4.8%
Poland	9.6%	17.3%	13.7%
Benelux	(4.8)%	(4.0)%	(4.4)%
Air Handling	11.1%	10.6%	10.7%
Mainland Europe	4.1%	7.3%	5.8%
SIG Group	2.7%	5.2%	4.0%

LFL revenues were up by 2.1% in the UK & Ireland during 2017, with the revenues of SIGD, the Group’s Insulation & Interiors business in the UK, continuing to benefit from industry price increases.

Trading conditions in construction markets across Mainland Europe continued to show signs of improvement, with LFL revenues up by 5.8% during the year, underpinned by strong performances in France, Germany, Poland and Air Handling.

As part of the ongoing management of the Group’s portfolio, during December SIG sold its majority shareholding in its small Air Handling business in Turkey, ATC Turkey, and ceased the processing of insulation product at its Sitaco subsidiary in Poland.

Leverage

Leverage reduction remains a key medium term priority and the Group continues to focus on structural reductions in levels of working capital and sustained profit improvement to drive leverage lower.

During initial year end close processes, the Group has identified a historical overstatement of cash and trade payables related to cash cut-off procedures associated with the issue of cheques around previous period ends. There was no impact from this on the Group's income statement, but it resulted in an overstatement of cash of c.£20m at 31 December 2016 and c.£27m at 30 June 2017. If adjusted, this would have resulted in headline financial leverage of 2.3x at 31 December 2016 (reported 2.1x) and 1.9x at 30 June 2017 (reported 1.6x). The Group has initiated a rigorous review of controls around cheque issuance and will provide a further update at the time of its full year results.

After adjusting for the overstatement, SIG is anticipating headline financial leverage of c.1.9x at 31 December 2017. The Group continues to target a 1.0–1.5x leverage range during 2018 and is aiming to maintain leverage below 1.0x over the medium term.

Outlook

The improvement in confidence in Mainland European markets continues to mitigate a weaker second half margin performance in the UK. As a result, returns on sales have remained stable and our overall expectations for underlying profitability for the full year remain unchanged. Management continues to focus on the execution of key strategic levers to deliver a step change in the operational and financial performance of the Group, as announced at the Group's Strategy Day in November 2017.

The Group will announce its full year results on Friday 9 March 2018.

Change to Chair of Remuneration Committee

SIG also announces that Janet Ashdown, Non-Executive Director, has assumed the role of Chair of the Remuneration Committee, replacing Chris Geoghegan. Chris will continue to serve as the Senior Independent Director of the Group.

- Ends -

¹ Like-for-like is defined as sales per day in constant currency excluding acquisitions and disposals.

² Return on sales is defined as underlying operating profit before tax, divided by underlying revenue.

³ Return on capital employed is calculated on a rolling 12 month basis as underlying operating profit less tax, divided by average net assets plus average net debt.

Enquiries

SIG plc

Meinie Oldersma, Chief Executive Officer	+44 (0) 114 285 6300
Nick Maddock, Chief Financial Officer	+44 (0) 114 285 6300
Hilary Kendrick, Group Communications Director	+44 (0) 114 285 6300

FTI Consulting

Richard Mountain / Frances Bussey	+ 44 (0) 20 3727 1340
-----------------------------------	-----------------------

Jefferies Hoare Govett

Chris Dickinson / Paul Nicholls	+44 (0) 20 7029 8000
---------------------------------	----------------------

Peel Hunt LLP

Justin Jones / Charles Batten	+44 (0) 20 7418 8900
-------------------------------	----------------------

Cautionary Statement

This Trading Statement is prepared for and addressed only to the Company's shareholders as a whole and to no other person. The Company, its directors, employees, agents or advisors do not accept or assume responsibility to any other person to whom this Trading Statement is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed.

Certain information included in this Trading Statement is forward looking and involves risks and uncertainties that could cause the actual results to differ materially from those expressed or implied by forward looking statements. It is believed that the expectations set out in these forward looking statements are reasonable but they may be affected by a wide range of variables which could cause future outcomes to differ from those foreseen in forward looking statements, including but not limited to, changes in risks associated with the level of market demand, product availability and pricing, competitor risk, credit risk, credit insurance, restructuring of SIG and exchange rates. More information about the risks and uncertainties that may affect the Group's performance is contained in the Annual Report to Shareholders for the year ended 31 December 2016. All statements in this release are based upon information known to the Company at the date of this Trading Statement. The Company undertakes no obligation to publicly update or revise any forward looking statement, whether as a result of new information, future events or otherwise.