

4 July 2018

## **SIG plc: Half Year Trading Update and Appointment of External Auditor**

### **Board expectations for 2018 remain unchanged**

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 six months ended 30 June 2018 and announces the appointment of Ernst & Young LLP as its external auditor.

### **Trading summary**

Group revenues from continuing operations over the period increased by 0.6%, with currency contributing 1.4% to growth, offset by the effect of fewer working days (0.8)%. As a result, Group like-for-like ("LFL") revenues for the first half of the year were in line with prior year.

	<b>H1 2018</b>	<b>H1 2017</b>
SIG Distribution	(2.7)%	+1.9%
SIG Exteriors	(7.1)%	+0.3%
Ireland & Other UK	+10.1%	+4.6%
<b>UK &amp; Ireland</b>	<b>(3.1)%</b>	<b>+1.5%</b>
France	+1.0%	+5.0%
Germany	+2.8%	+1.8%
Poland	+10.7%	+9.6%
Air Handling	+2.1%	+11.3%
Benelux	+6.0%	(4.8)%
<b>Mainland Europe</b>	<b>+2.9%</b>	<b>+4.2%</b>
<b>Group</b>	<b>0.0%</b>	<b>+2.9%</b>

LFL revenues in the UK & Ireland were down by 3.1%, reflecting an improved performance during May and June following the significant adverse impact from poor weather conditions earlier in the year. The Group's businesses across Mainland Europe continue to perform well, with LFL revenues up by 2.9% during the first half of the year.

### **Leverage**

Leverage reduction remains a key medium term priority and the Board has continued to take actions to strengthen the Group's balance sheet, including the recently announced disposal of VJ Technology for consideration of £29.7m, which completed on 29 June 2018. As a result, debt and leverage are expected to show year-on-year improvement at 30 June 2018 and the Group remains on course to deliver headline financial leverage in a 1.0 – 1.5x range during 2018.

The Group's focus remains on structural reductions in levels of working capital and sustained profit improvement to drive leverage lower, coupled with ongoing disposals of smaller, non-core businesses in line with strategy. The Board is increasingly confident of the Group's ability to achieve its medium term target of headline financial leverage below 1.0x.

### **Appointment of external auditor**

Following a competitive audit tender process conducted in compliance with EU Audit Regulations and best practice guidelines, SIG has this week appointed Ernst & Young LLP as its external auditor with immediate effect. In order to accommodate the work required around the change in auditor and to facilitate a robust and effective audit transition, the Group is extending its usual interim reporting timetable and will announce its interim results for the half year ended 30 June 2018 on Friday 21 September.

### **Appointment of Non-Executive Directors**

In a separate announcement today, SIG has confirmed that Mr Alan Lovell and Mr Cyrille Ragoucy have been appointed Non-Executive Directors with effect from 1 August 2018.

### **Outlook**

Trading conditions remain mixed across the Group's markets, with continued confidence across Mainland Europe and Ireland but ongoing challenges in parts of the UK construction sector, particularly commercial new build and RMI markets.

We continue to progress our plans to deliver a significant improvement in our operational and underlying financial performance. Our transformational plans are expected to deliver meaningful cost benefits in the second half of the year, mitigating the adverse impact of weather on sales and profit in the UK businesses in the early part of the year. Coupled with the Group's normal seasonality, this should enable us to deliver a significantly stronger second half to the year.

Providing there is no further deterioration in UK market conditions, our expectations for underlying profitability for the full year remain unchanged.

- Ends -

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

### **Enquiries**

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### **Cautionary statement**

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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 2017. 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.