

7 October 2019

SIG plc

Proposed sale of Building Solutions to Kingspan Group for £37.5m

SIG plc, (“SIG”, the “Group” or the “Company”), a leading supplier of specialist building materials to trade customers across Europe, is pleased to announce that it has entered into an agreement for the sale of Building Solutions (National) Limited (“Building Solutions” or the “Business”) to Kingspan Group (specifically, Kingspan Holdings (Panels) Limited), a global leader in building envelope solutions based in Ireland, for a consideration of £37.5m on a cash free, debt free basis, (“the Disposal”), following a competitive process.

Building Solutions is a leading UK manufacturer and distributor of building envelope solutions operating through its well-known brands, Steadmans, United Roofing Products, Trimform Products, and Advanced Cladding & Insulation.

In the year ended 31 December 2018, the Business reported revenue of c.£60.0m, operating profit of c.£3.3m and operating cash flow of c.£5.0m, with gross assets of c.£28.8m. This disposal represents an attractive valuation of approximately 11.4x 2018 operating profit.

The strategic review undertaken in 2017 identified the manufacturing focus and product offering of the Business as very different to that of the core SIG businesses. This divestment completes SIG’s medium-term strategy of disposing of peripheral, non-core businesses to refocus the Group’s portfolio and strengthen its balance sheet.

TRANSACTION HIGHLIGHTS

- The consideration of £37.5m, on a cash free, debt free basis, payable on completion (subject to customary adjustment), represents an attractive valuation of approximately 11.4x 2018 operating profit.
- It is intended that the net cash proceeds will be used to reduce the Company’s financial indebtedness, in line with the Group’s previously stated priority to reduce leverage.
- Completion is conditional on a satisfaction of certain conditions, the most significant of which is completing the Competition & Markets Authority’s clearance process.

Commenting on the Disposal, Meinie Oldersma, Chief Executive Officer of SIG Plc, said:

“This disposal, on attractive terms, is in line with SIG’s medium-term strategy and completes the exit of peripheral, non-core businesses identified in our 2017 strategic review.”

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IMPORTANT NOTICES

Information regarding forward-looking statements

This document includes statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms anticipates, believes, could, estimates, expects, intends, may, plans, projects, should or will, or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include, but are not limited to, statements regarding SIG Plc and its intentions, beliefs or current expectations concerning, among other things, the business, results of operations, prospects, growth and strategies of the Group

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of operations of the Group and the developments in the industries in which they operate, may differ materially from those described in, or suggested by, the forward-looking statements contained in this document. In addition, even if the results of operations of the Group, and the developments in the industries in which they operate are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. A number of factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, changes in law and regulation, currency fluctuations, changes in business strategy and political and economic uncertainty.

Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this document reflect SIG Plc's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group and its operations, results of operations and growth strategy.

Other than in accordance with its legal or regulatory obligations (including under the Listing Rules, the Disclosure Guidance and Transparency Rules and the Prospectus Rules), SIG Plc is not under any obligation and SIG Plc expressly disclaims any intention or obligation (to the maximum extent permitted by law) to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

No profit forecast or estimates

No statement in this announcement is intended as a profit forecast or estimate for any period and no statement in this announcement should be interpreted to mean that earnings, earnings per share or income, cash flow from operations or free cash flow for the Group for the current or future financial years would necessarily match or exceed the historical published earnings, earnings per share or income, cash flow from operations or free cash flow for the Group.

Cautionary statement

This announcement is not intended to, and does not constitute, or form part of, any offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction.