



26 March 2020

SIG plc: Trading Update

SIG plc ("SIG" or the "Group"), a leading supplier of specialist building materials to trade customers across Europe, today provides an update on its Full Year 2019 Results, current trading and its financial position in light of the evolving COVID-19 situation.

FY 2019 Results

The audit of the results for the year ended 31 December 2019 is ongoing and it is anticipated that underlying profit before tax for the year will be in line with the guidance of c.£42 million¹ provided on 9 January 2020 and 25 February 2020. The Full Year 2019 Results will be announced during the week commencing 27 April 2020.

2020 Trading Update

As outlined in the Group's announcement on 25 February 2020, trading in the early part of the current year saw a continuation of the challenging trends seen in the last quarter of 2019. As a result of these trading patterns, the Group has posted an operating loss of c£9m for the first two slower trading months of the year with like-for-like sales down c.11%.

Whilst the Group has not experienced any significant sales impact from COVID-19 to date in the UK, trading has continued to be subdued. In mainland Europe, our first region to experience the effects of government restrictions on movement, the vast majority of our trading sites remain open. Trading has generally held up, though may face further pressure as the situation develops.

We continue to engage with governments and local authorities across our end-markets, who recognise the economic and societal importance of the construction sector, as well as SIG's role within it. The Group will continue to provide services and support to its customers, and the wider construction industry, in both the UK and continental Europe, in line with governments' guidance.

SIG Actions

Given the current challenges, the Group is taking a number of actions across its operations. SIG is committed to do what it can to trade as normally as possible within local government guidelines, allied to the need to preserve the safety of colleagues, suppliers and customers. The Group will keep this position under daily review in every jurisdiction in which it operates.

The Board and Executive leadership team have identified a number of measures to reduce cash outflow. These include a range of operational initiatives across the Group, such as pausing programmes that require significant cash investment and/or do not provide near-term business benefits. The Group is also carefully managing its working capital, subject always to the overriding need to continue to provide good service and support to its customers, suppliers and other stakeholders.

In the interest of preserving the Group's liquidity position, the Board has also taken the decision not to declare a full year dividend and will not consider any return to shareholders of the proceeds of recent disposals.

Financing and Liquidity

The Group received c.£187m in cash (including repayment of intercompany debt) from the sale of its Air Handling division to France Air Management SA on 31 January 2020. The process to complete the sale of the Building Solutions business is ongoing and, assuming that the UK Competition and Markets Authority does not refer the transaction to a Phase 2 investigation, is anticipated to complete in Q3 2020.

The Group has cash resources of c.£135m and is in dialogue with its lending group in order to release additional liquidity as required. The Group will also seek to make use of tax relief and other government measures as they become available.

Outlook

It is anticipated that the dynamic government actions taken across Europe to contain the spread of COVID-19 will result in material changes to the trading environment over the coming weeks. Given the rapidly evolving situation, it is therefore too early to estimate the likely impact on trading at this stage and, as a result, not possible to provide earnings guidance for the current financial year.

We will continue to take proactive measures to protect our position during this period of uncertainty, and we will provide a further update when we announce our Full Year 2019 Results during the week commencing 27 April 2020.

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This announcement contains inside information. The person responsible for making this notification is Kulbinder Dosanjh, Company Secretary.

Note

¹ Underlying profit before tax stated before IFRS 16 adjustments, including profit before tax for the Air Handling Division and the Building Solutions business and excluding impairment and other non-underlying profits and losses.

Cautionary statement

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