



Company Presentation

November 2021

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SIG overview

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Key business highlights

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Historical financials

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Appendix

Return to Growth strategy gathers momentum



Our business segments & products

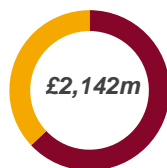
We are a leading supplier of interior and exterior products in Europe ideally placed to benefit from the RMI and energy efficiency growth tailwinds

Interiors

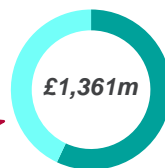
% SIG total revenue

% division sales exposed to RMI

64%
of Revenue¹
£1,361m
(Underlying Revenue)¹



~43% exposure to
more resilient RMI
segment



Key brands



Key suppliers



Key products



Structural and
technical insulation



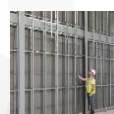
Construction
accessories and fixings



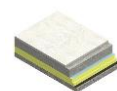
Ceiling tiles and grids



Partition walls and doorsets



Dry lining



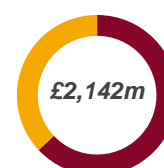
Floor Coverings

Exteriors

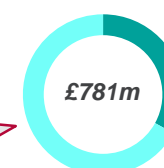
% SIG total revenue

% division sales exposed to RMI

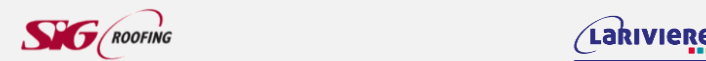
36%
of Revenue¹
£781m
(Underlying Revenue)¹



~67% exposure to
more resilient RMI
segment



Key brands



Key suppliers



Key products



Tiles, slates and
membranes



Batten for pitched roofs



Single-ply flat roof
systems



Industrial roofing



Cladding systems



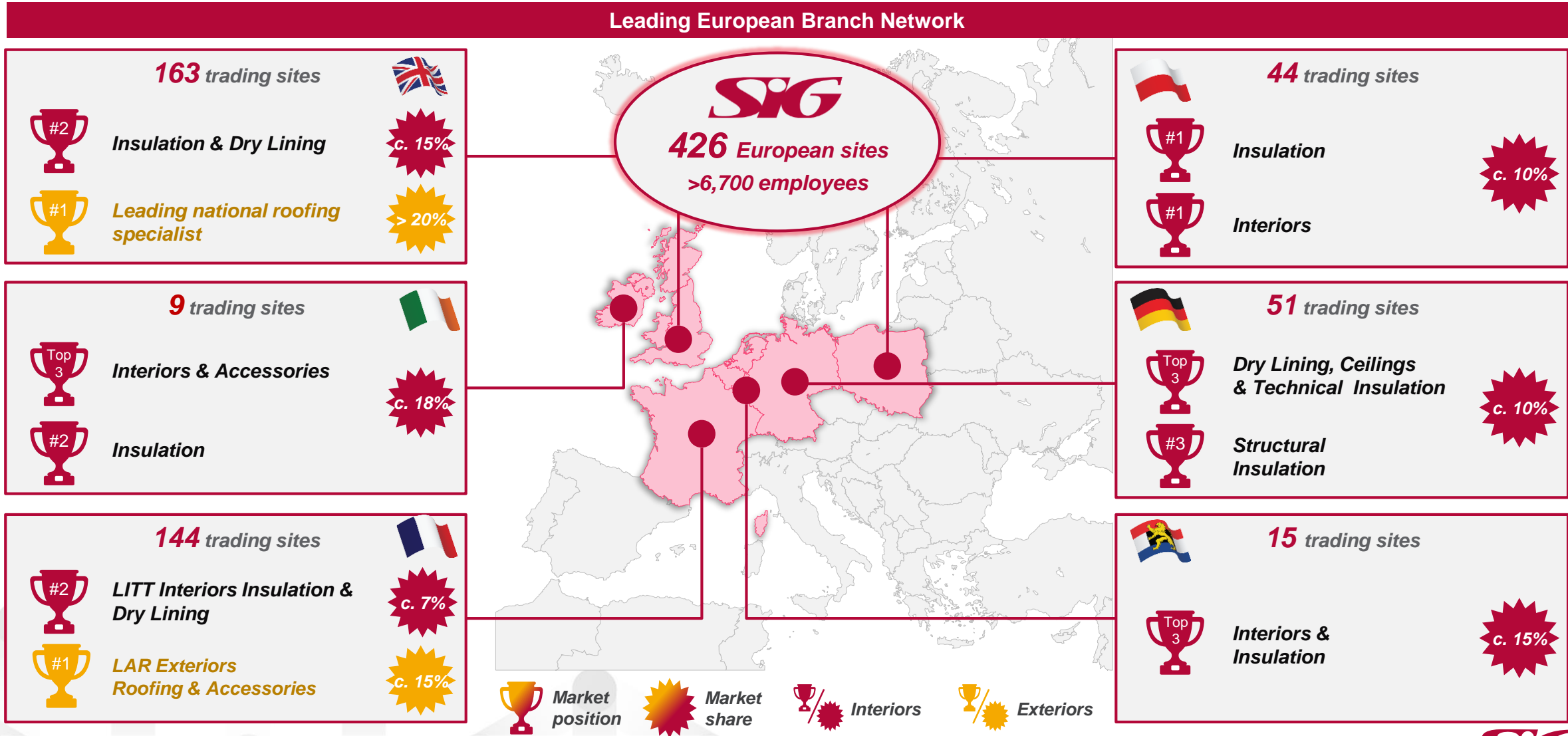
Room-in-roof panel
systems

Return to Growth strategy gathers momentum

Note:
1.

LTM ended June 30, 2021 (on an underlying basis excluding intercompany sales)

We have established leading positions and extensive branch networks across its core markets



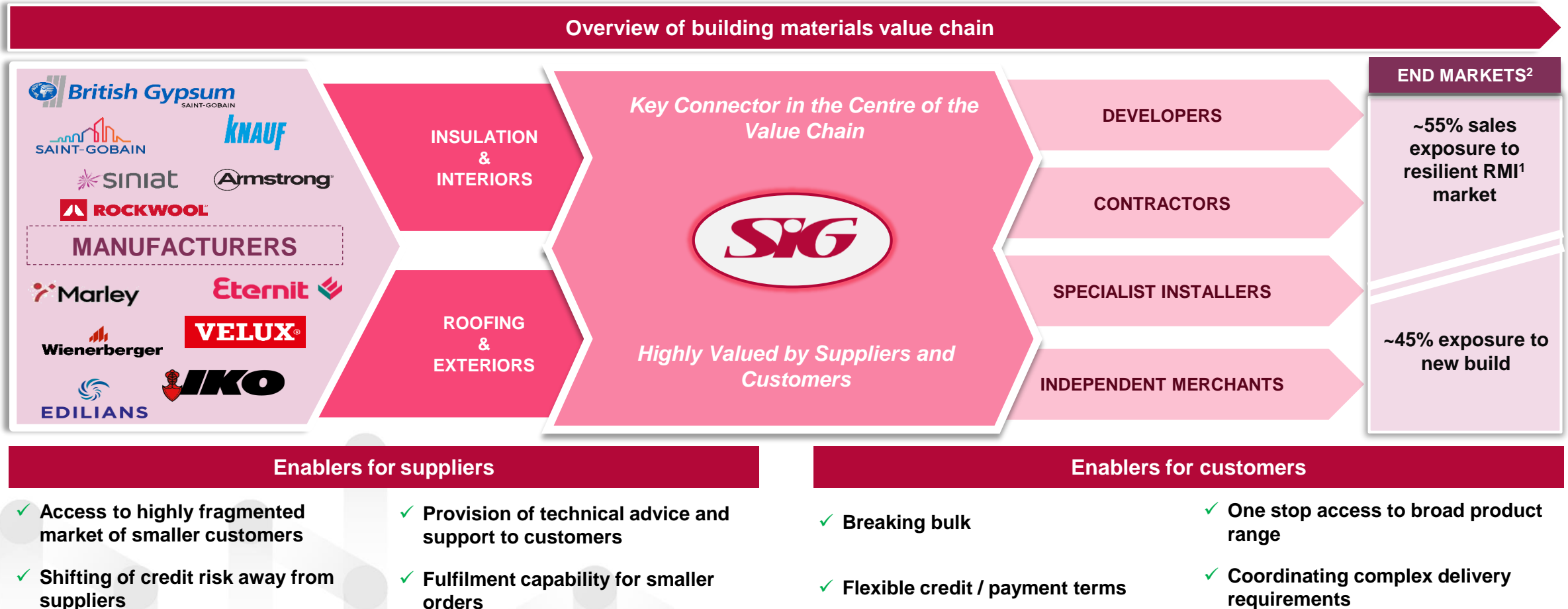
Return to Growth strategy gathers momentum

Source: Management Estimates based on internal studies and assessment of market conditions by specific product categories (i.e. specialist sectors and not general merchanding).

We perform an essential role in the new build & refurbishment industry supply chain

We link a significant variety of suppliers to an extensive customer base, simplifying our customers' procurement processes and enhancing suppliers' market reach and penetration

Balanced exposure with ~55% sales from RMI¹ market and ~45% from new build²



Return to Growth strategy gathers momentum

* This is not a complete list of SIG's suppliers

Notes:

1. Repair, Maintenance and Improvement

2. For FY2020

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Return to Growth strategy gathers momentum



Key business highlights



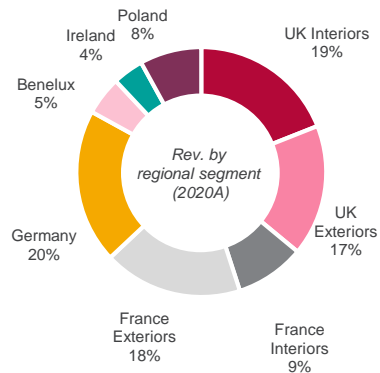
Return to Growth strategy gathers momentum

1

Highly diversified business profile by product, geography, end user exposures, and customer base

We cover six regions in Europe – with no more than 20% exposure to any one business – and five different segments, further reducing the exposure to any idiosyncratic adverse effects. Both in terms of procurement and sales, we maintain low exposure to any one business partner

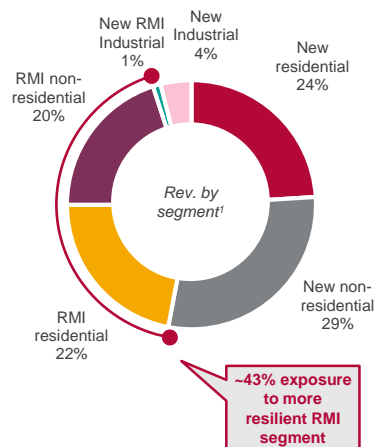
Active across six regions



- ✓ **Diversified geographic mix** with balanced exposure to the three largest construction markets in Europe
- ✓ **Attractive construction market fundamentals** across our geographies with significant **RMI and ESG-driven tailwinds**

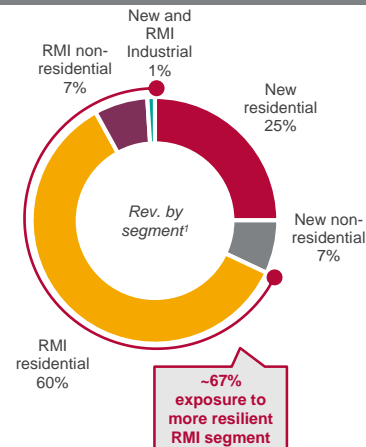
Balanced end-market exposure with significant RMI component

Interiors



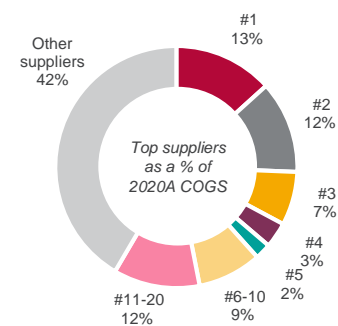
- ✓ **Strong focus on RMI segment** while maintaining good exposure to new work for longer term growth
- ✓ Increasing insulation “content” driven by tightening regulatory standards and need to reduce global emissions of buildings – a boost to both RMI and new construction
- ✓ **Balanced mix across residential, non-residential and industrial**

Exteriors



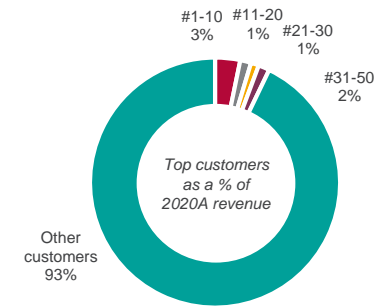
- ✓ **Strong focus on RMI segment** while maintaining good exposure to new work for longer term growth
- ✓ Exposure to New Residential expected to generate growth momentum, with increasing investments in second-homes, homes away from city centers and single-family units (increased product content)
- ✓ Large housing stock in need of upgrade/renovation

Diversified, blue-chip supplier base



- ✓ **Diversified supplier base**, with no supplier accounting for more than 11% of group COGS
- ✓ Supplier base consisting of **all leading European manufacturers**, with pipeline of alternative suppliers to avoid potential bottlenecks and take advantage of pricing opportunities

Broad customer base across the European building universe



- ✓ **Extremely broad customer base**, covering the full market spectrum from large construction companies, contractors and developers to small local businesses
- ✓ Total revenue **exposure to 10 largest accounts of only 3%**

Return to Growth strategy gathers momentum

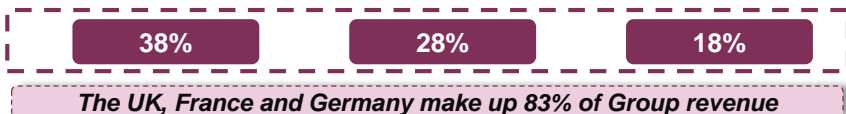
Note: 1. Current point in time assessment weighted over 2020A revenue

2 SIG is ideally placed to benefit from tightening energy efficiency regulation

Strong long term growth potential for SIG with already >50% of sales exposed to energy efficiency regulation and core products proposition addressing future insulation requirements across all geographies

At least 54% of SIG Group sales already have exposure across all geographies to tightening energy efficiency regulation

% LTM Jun-21 group sales

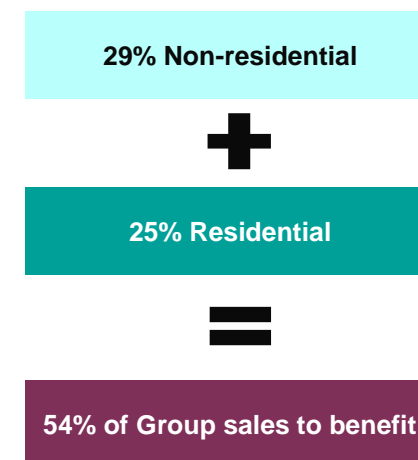
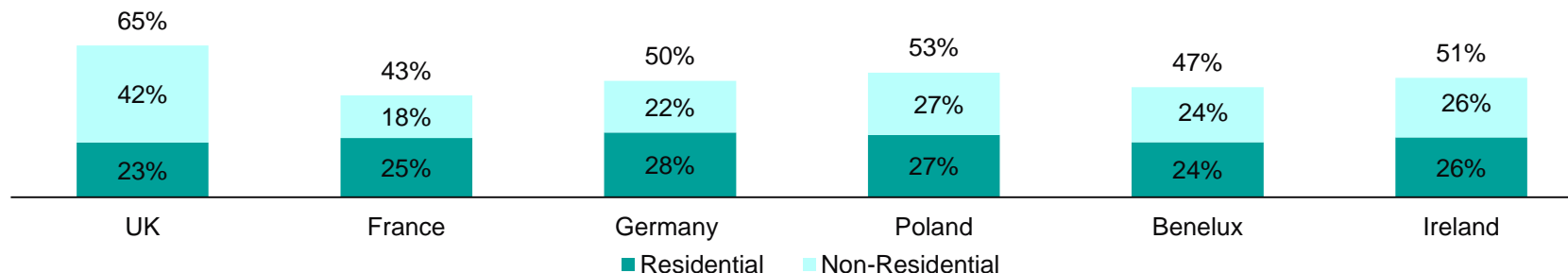


8%

4%

4%

% of regional sales exposed to tightening energy efficiency regulation



SIG's core products, insulation and roofing, are critical to the energy performance of buildings

Governments' tool box and strong consumer preferences towards net zero carbon emissions will strongly benefit SIG



Structural & technical insulation



Tiles, slates and membranes



Floor coverings



Cladding systems

- ✓ Green loans
- ✓ National & European large scale subsidy programmes
- ✓ Home improvement grants
- ✓ Increased customer focus on Energy & building sustainability

Return to Growth strategy gathers momentum

Source: Liberum broker report as of 10th September

2 Insulating existing housing stock is an imperative across Europe before 2050

Increased insulation and better roofing products are required to achieve the Europe 2050 objectives

All governments have long term policies in place towards carbon neutrality with clear & urgent targets to meet over the next 25-30 years

Bring all greenhouse gas emissions to net zero by 2050¹

- Energy use in homes: ~**14% of UK greenhouse gas emission**
- > 50% of housing stock was built over 56 years ago
- 60% of the housing stock has an energy rating of D or lower
- Target: **one home every minute will need to be refurbished** in the UK between now and 2050



- To date, German government has **provided > €17bn of funding** to help execute energy efficient measures
- Earmarked **€6bn for building insulation and heating modernisation**
- Rise by **c.2x of subsidy programmes** to modernise buildings / heating systems



- Variety of grant-based instruments to incentivise homeowners to engage in retrofit activity
- Target: Committed to achieve **500,000 deep retrofits**



~75% homes in the EU need to be renovated to reach net-Zero Carbon target
x2 annual energy renovation rate to reach net-zero carbon in the European Union

- Energy use in homes: ~ **28% of French greenhouse gas emissions**
- €2bn to 2022 for households and €4bn for renovating public sector buildings
- All houses with G graded energy efficiency cannot be rented from 2023
- Target: to bring the entire building stock to the nZEB levels by 2050



- **Belgium:** home insulation schemes (financial & practical support)
- **Netherlands:** individual homeowners will be given access to government subsidies and loans
- **Luxembourg:** stricter minimum requirements in terms of thermal insulation



- Energy use in buildings: ~**17% of Polish greenhouse gas emissions**
- Target: share of **insulated residential buildings to increase to 70%** by 2030 (vs. 58% in 2015)



“The EU is aiming to triple its annual building renovation work”



“Buildings are the largest contributor of greenhouse gas emissions in the EU, accounting for 40% of energy consumption and 36% of greenhouse gas emissions”

Return to Growth strategy gathers momentum

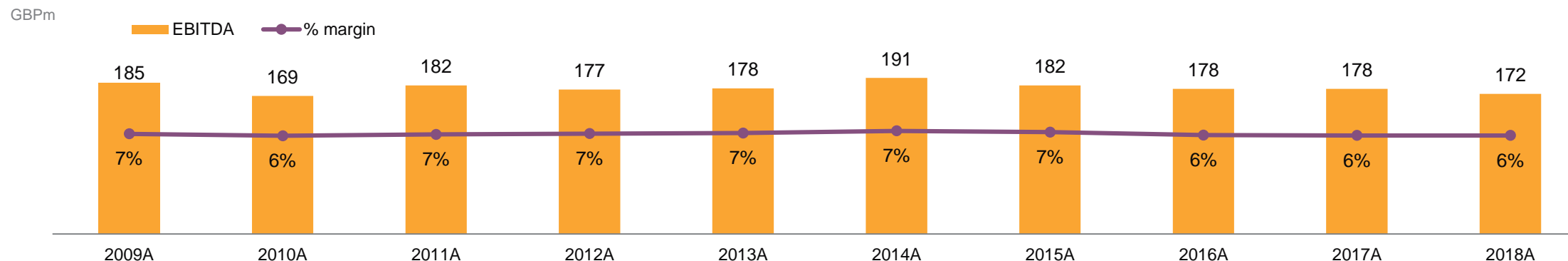
Source: UK parliamentary papers, McKinsey, Cleanenergywire, EU publications, Liberum, Official page of the European Union, HSBC broker report 25th January 2021

Notes:

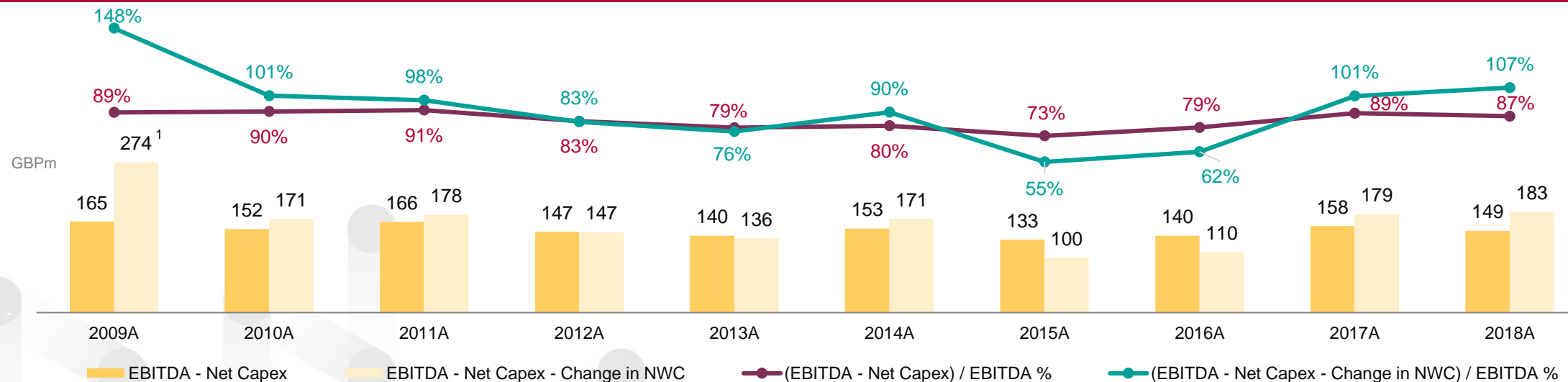
1. For all countries but Germany which targets net zero by 2045

3 Historic track record of strong profitability and cash generation

Strong financial performance with resilient EBITDA margin...



...coupled with steady conversion pre and post working capital movements



Return to Growth strategy gathers momentum

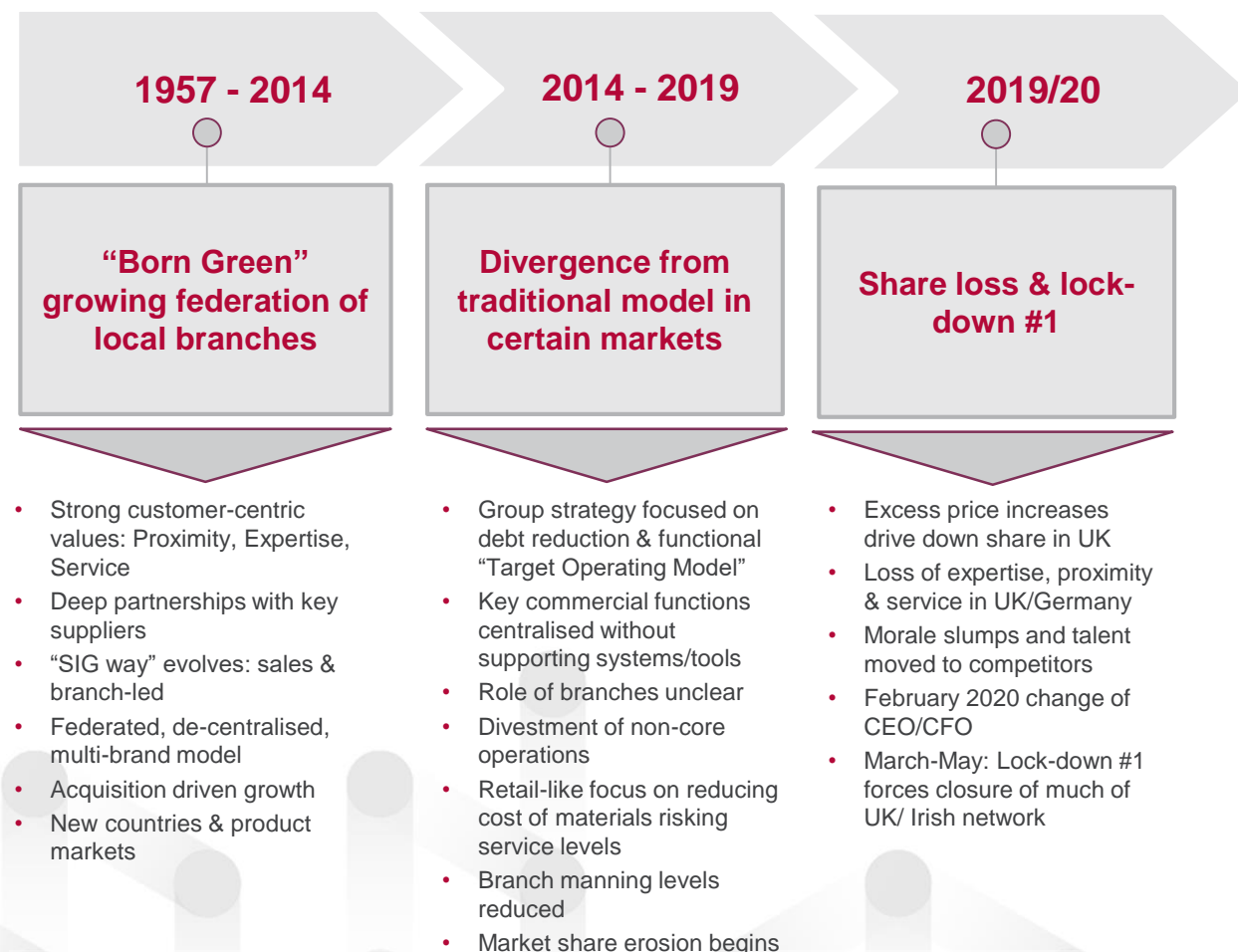
Notes: Figures include disposed Air Handling segment. Figures shown on a post-IFRS16 basis with 2019 IFRS16 EBITDA adjustment applied retrospectively for illustrative purposes

1. 2009 abnormal working capital movement reflects impact of exceptionally challenging year with global economic downturn, intense focus on cash management and range of operational measures to reduce working capital and minimise non-essential capital expenditure

Clear and well-executed strategy driving strong and sustainable performance

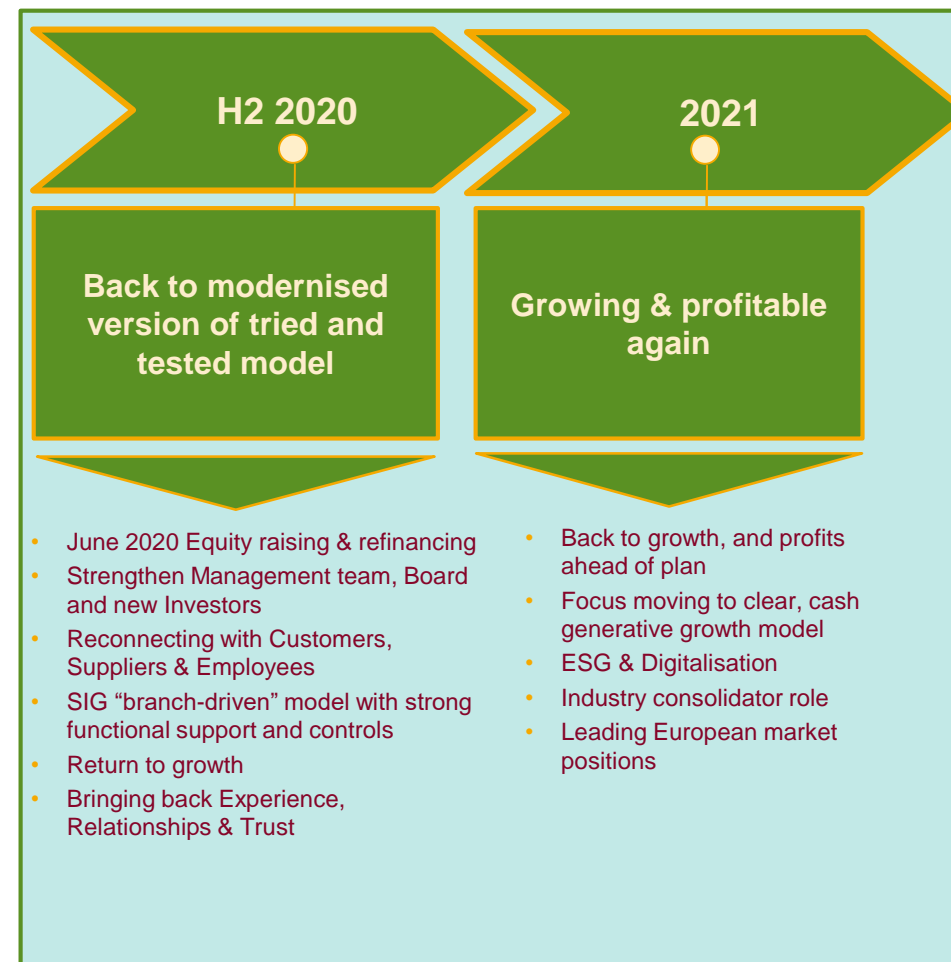
For seven decades SIG has operated a consistent and successful approach, save for the period 2014-19, and is now back on track

Although there were some recent headwinds...



Return to Growth strategy gathers momentum

...The business is poised for future growth






5

An experienced management team with a track-record of executing growth strategies and optimising financial management

We have strengthened our leadership team with operational experts to deliver on SIG's "Return to Growth" strategy

Senior Management team

	Steve Francis Group Chief Executive Officer	Ian Ashton Group Chief Financial Officer
		
Experience at SIG	Since 02/2020	Since 07/2020
Previous senior leadership appointments	<p>PÂTISSERIE HOLDINGS PLC CEO, 2018-2019</p> <p>DANWOOD CEO, 2012-2015</p> <p> CEO, 2016-2018</p>	<p>Low & Bonar CFO, 2018-2020</p> <p>labviva CFO, 2018</p> <p>Smith+Nephew Various senior roles</p>
Management accomplishments	✓ Extensive track record of operational improvements	✓ Proven track record of delivering value for equity and debt holders
	✓ Significant experience growing the top line and profitability of large companies	✓ Significant M&A experience; deep and broad experience in financial management

Regional Management team

	Philip Johns UK <ul style="list-style-type: none"> Appointed April 2020 Over 30 years experience in SIG/ construction industry 	
	Julien Monteiro France <ul style="list-style-type: none"> > 12 years' global experience in the specialist industrial distribution industry Joined SIG in 2018 	
	Alfons Horn Germany <ul style="list-style-type: none"> > 20 years' experience in the building distribution industry Rejoined SIG in October 2021 	
	Louis Van Wijck Benelux <ul style="list-style-type: none"> > 20 years' experience in the building distribution industry Joined SIG in 2021 	
	Marcin Szczygiel Poland <ul style="list-style-type: none"> > 25 years' experience in the specialist construction distribution industry and 21 years at SIG 	
	Kevin Windle Ireland <ul style="list-style-type: none"> 20 years in the building merchanting industry Joined SIG in 2014 	

Return to Growth strategy gathers momentum

5 Experienced and diverse board providing strong oversight and input



Andrew Allner
Chairman

- Previously Chairman of Marshalls plc and The Go-Ahead Group plc
- Previous executive roles include group finance director of RHM plc and CEO of Enodis plc

3+

40+



Steve Francis
CEO

- Previously CEO of Patisserie Holdings plc, Tulip Ltd and Danwood Group Holdings Ltd
- Other experience in senior executive positions at Vion Food Group and British Vita

1+

30+



Ian Ashton
CFO

- Previously CFO of Low & Bonar plc and Labviva LLC
- Previously senior finance roles at Smith & Nephew plc
- Qualified with EY

1+

25+



Alan Lovell
Senior Independent NED

- Previously CEO of Tamar Energy Limited, Infinis plc, Jarvis plc, Dunlop Slazenger Group, Costain Group plc and Conder Group plc

3+

40+



Gillian Kent
Independent NED

- Previously CEO of Propertyfinder and spent 15 years with Microsoft, including 3 years as managing director of MSN U.K.

2+

30+



Shatish Dasani
Independent NED

- Significant experience in senior public company finance roles across various sectors
- Previously CFO of Forterra plc and TT Electronics plc

0+

30+



Kath Durrant
Independent NED

- Previously Group Human Resources Director of Rolls-Royce plc, Ferguson plc and chief human resources officer of CRH plc

0+

30+



Simon King
Independent NED

- Previously CEO of Wickes and COO of Asda
- Also held CEO positions at Savola Group Middle East and Tesco in Turkey / South Korea

1+

30+



Christian Rochat
NED

- Currently a partner at CD&R
- Has led CD&R investments in Belron, Exova, SOCOTEC, SPIE and Westbury Street Holdings

1+

30+



Bruno Deschamps
NED

- Currently the Chairman and CEO of Entrepreneurs LLP and chairman of Wolseley
- Former chairman of Diversy and Kloeckner Pentaplast (advisory board), with senior positions at 3i plc and CD&R

1+

40+

Return to Growth strategy gathers momentum

Notes: NED refers to Non-Executive Director

Years at SIG

Years of experience

15

SIG

Clayton Dubilier & Rice (CD&R) is an experienced investor who takes a partnership approach

Investment by CD&R

SIG entered into a relationship agreement with CD&R on 29 May 2020, which will remain effective as long as CD&R is entitled to exercise 10% or more of the voting rights.

Involvement governed by the relationship agreement:

- CD&R have the right to nominate two non-independent Non-Executive Directors (“NED”) and on 10 July 2020 we welcomed Bruno Deschamps and Christian Rochat to the Board
- Bruno serves on the Remuneration Committee, while Christian serves on the Nominations Committee. An observer from CD&R attends Audit Committee meetings
- The agreement regulates the appointment and removal of such nominees or observer
- Where any conflicts arise (actual or potential) between the Group and the nominee director or observer, the conflict must be declared and the nominee director/ observer may also be prevented from voting on such matter(s)

The key mechanism for the CD&R Directors to provide insight and experience is through monthly Operating Review meetings attended by the Chairman, CD&R NEDs, the Audit observer, CEO and CFO



Bruno Deschamps
NED, CD&R

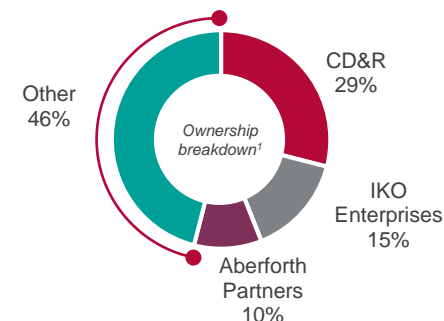


Christian Rochat
NED, CD&R

Return to Growth strategy gathers momentum

Complementary minority owner without excessive influence

SIG maintains a diversified shareholder base and follows a public company policy



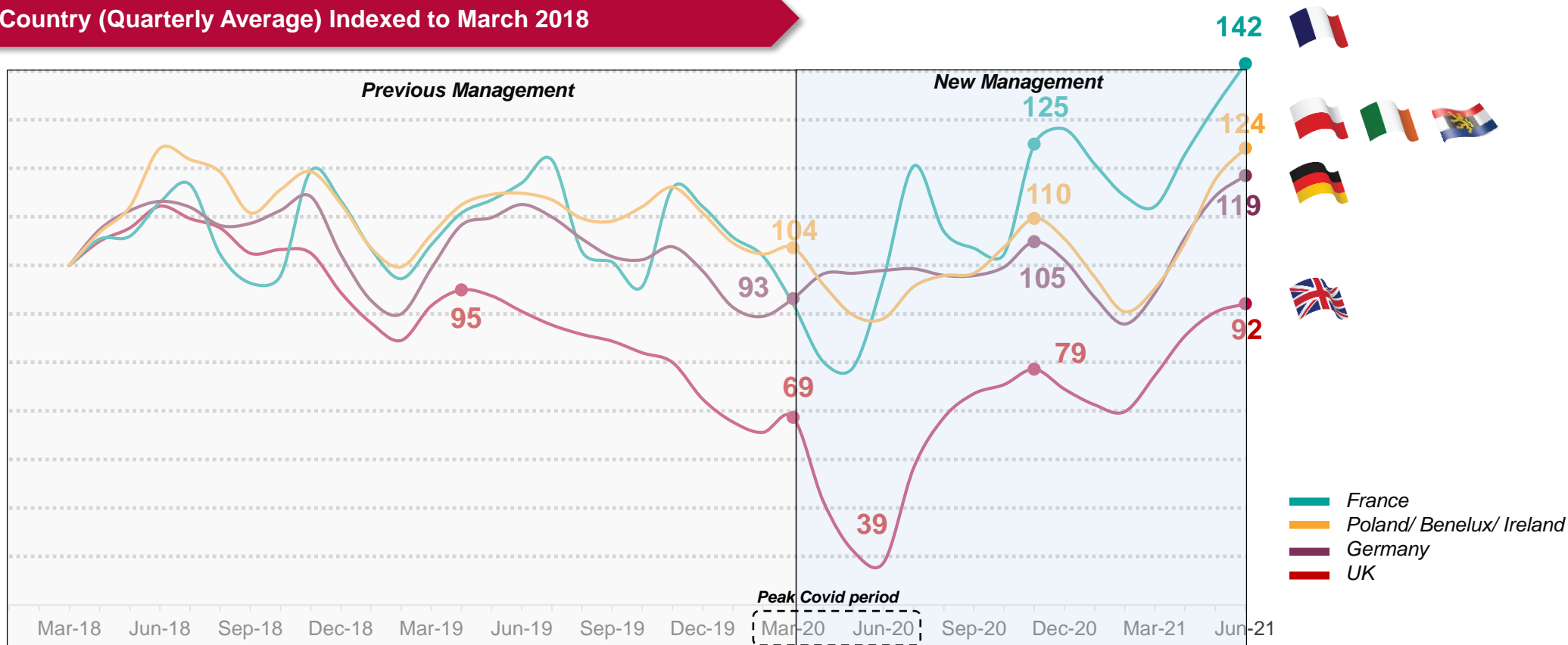
CD&R Relevant Investments

Company	Description
	<ul style="list-style-type: none"> • Largest distributor of water, sewer, storm, fusible piping, and fire protection infrastructure products in the US • Serves the needs of contractors and municipalities in all aspects of the water, wastewater, clean water, landfill, energy, and fire protection industries
	<ul style="list-style-type: none"> • Largest publicly traded distributor of residential and commercial roofing materials and complementary building products
	<ul style="list-style-type: none"> • Leading distributor of specialty concrete and construction products and services in North America, serving professional contractors across non-residential, residential, and other markets.
	<ul style="list-style-type: none"> • One of the largest wholesale distributors of roofing supplies and related materials in the United States. • Provides one-step distribution services from roofing product manufacturers to roofing contractors and homebuilders
	<ul style="list-style-type: none"> • Leading specialist distributor of plumbing, heating, climate control, pipe and infrastructure & utility products in the United Kingdom

6 Revenues by Country since Q1 2018

- Turnaround in UK now visible: back to Q1 2019 levels, further to go
- Strong Growth in EU countries: now well above Q1 2018 levels

Monthly SPWD by Country (Quarterly Average) Indexed to March 2018



Return to Growth strategy gathers momentum

6 Strong, steady recovery by end Q2 2021 with trend to continue in Q3

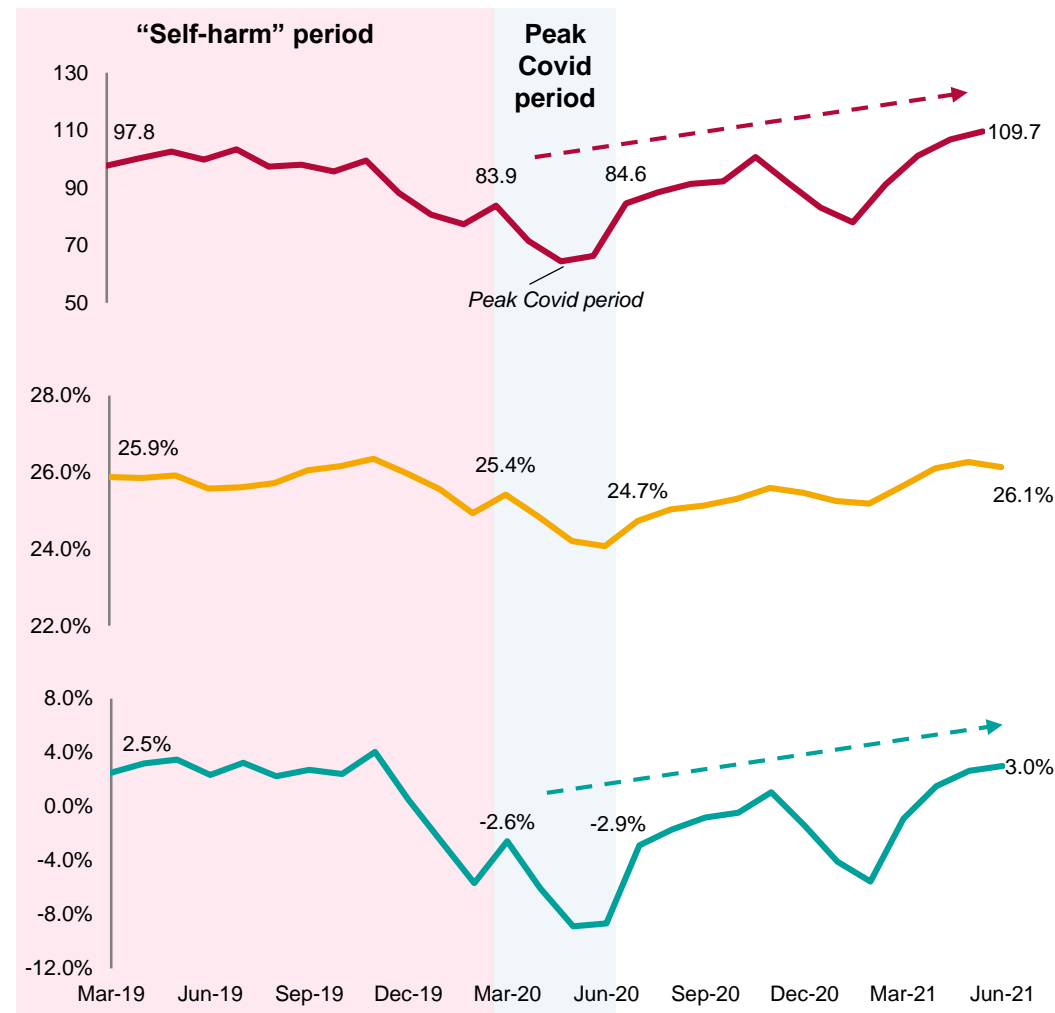
Strong revenue growth drives EBIT reversion to previous mean

- EBIT mean (from Mar 2018 to Mar 2019) in 2-4% range (seasonal)
- Self Harm in 2019 drove declines prior to Covid Lock-down #1 :
 - c.14% revenue decline
 - 0.5% gross margin decline
 - c.5% EBIT decline into losses by start of lock down
- New strategy & management in place during summer 2020:
 - Further gross margin declines due to COVID volume falls (rebates mainly)
- Strong & steady recovery since July 2020:
 - Revenues in high single digit growth vs. 2019 by Q2 2021
 - Strong margin management in inflationary conditions in 2021 – now above 2019 levels
 - Significant EBIT uplift in 15 months (pre Covid)
- Continued momentum in Q3 2021

Revenue rebound¹

Gross Margin resiliency²

EBIT Margin recovery²



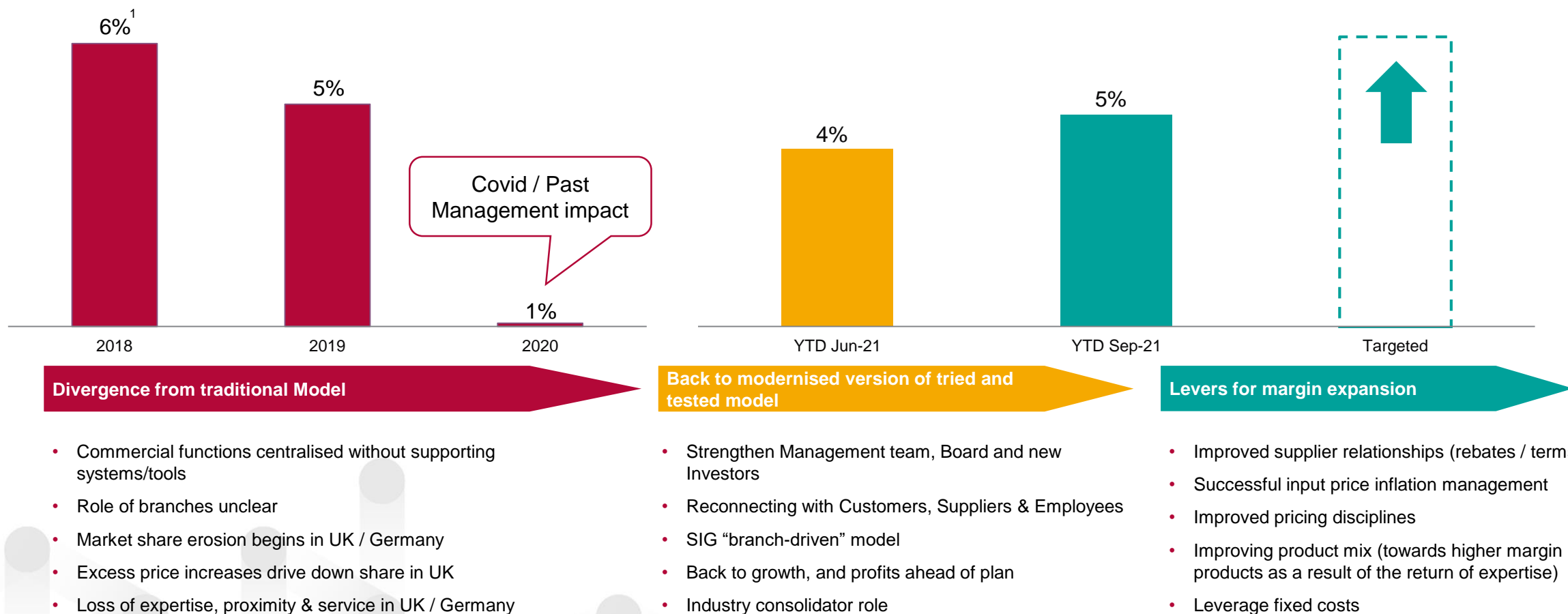
Note:
 1. Quarterly Rolling Data – indexed to Q1 2018
 2. Quarterly rolling margins

Return to Growth strategy gathers momentum

6

“Return to growth” strategy driving margin recovery to near historical levels

EBITDA margin evolution¹



Note:

1. On a post-IFRS16 basis
2. Figures shown on a post-IFRS16 basis with 2019 IFRS16 EBITDA adjustment applied retrospectively for illustrative purposes

Return to Growth strategy gathers momentum

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Return to Growth strategy gathers momentum



Key historical financials – revenues

£m, Dec-YE	2018	2019	2020	LTM Jun-21
Interiors	1,624	1,454	1,218	1,361
UK	680	534	357	442
Ireland	100	95	81	84
France	175	185	168	195
Germany	403	382	371	388
Poland	157	156	150	161
Benelux	108	103	92	91
Exteriors	723	689	655	781
UK	379	347	310	384
France	345	342	345	397
Underlying Revenue	2,347	2,143	1,873	2,142
% growth	-	(9)%	(13)%	14% ¹
% Sales Interiors	69%	68%	65%	64%
% Sales Exteriors	31%	32%	35%	36%

2019 sales:

- **UK:** YoY decline driven by previous management decisions, more specifically by actions such as:
 - Centralisation of commercial functions with insufficient support systems
 - Undermining of branch manager autonomy leading to poor staff motivation
 - Uniform price increases
 - Branch rationalisation affecting customer relationships
- **Germany:** adverse performance impacted by previous management decision resulting in loss of staff expertise and customers to competitors
- **Other locations** performance remained broadly flat in 2019 vs 2018

2020 sales:

- Directly impacted by COVID-19 which represented a ~£182m combined impact (based on management estimates) on underlying revenue across all geographies for the Company due to lockdowns, notably in the UK, Ireland and France
- Continued underlying decline in UK Interiors until Autumn

H1/LTM 2021 sales:

- Strong recovery across the business. LTM sales back in line with 2019 despite drag of UK Interiors which began to recover in H2 2020

Return to Growth strategy gathers momentum

Notes: 2019 onwards reported on an IFRS16 Adjusted Basis. Excludes Air Handling and Non-Core businesses. Building solutions business has been restated
1. vs. 2020

Key historical financials – P&L

£m, Dec-YE	Pre-IFRS16			
	2018	2019	2020	LTM Jun-21
Underlying Revenue	2,347	2,143	1,873	2,142
% growth	-	(9)%	(13)%	14%
Cost of Sales	(1,753)	(1,588)	(1,403)	(1,594)
Underlying Gross Profit	594	555	470	548
% Margin	25%	26%	25%	26%
Distribution Costs	(224)	(248)	(261)	(274)
Selling & Marketing	(165)	(140)	(139)	(147)
Management, Administrative, Central & Property Costs ¹	(135)	(126)	(123)	(123)
Operating Expenses²	(524)	(513)	(523)	(545)
Underlying Operating Profit	70	43	(53)	3
% margin	3%	2%	(3)%	0%
Depreciation & Amortisation ³	19	71	73	70
Underlying EBITDA	90	114	20	74
% margin	4%	5%	1%	3%

- Despite the implications on top line in 2019 and 2020, **gross profit margin remained highly resilient at ~25-26%**. Dropped to 25% in 2019 due to lower rebates on much lower sales (Covid) – back already to 26%. UK Interiors regaining share whilst also improving margin.
- Operating expenses remained broadly flat** over the course of the historical period, with 2019 artificially low due to accrual releases
 - In 2020, the increase in distribution costs was mainly due to re-investment in re-building the UK distribution platform, along with inflation and normalisation of incentives
 - In H1 2021, opex increased in line with higher sales
- EBITDA margin decline over the recent historical period due to top line decline, as described on prior page, including the COVID impacted 2020. 2021 recovering ahead of plan
- D&A from 2019 onward reflects depreciation of right-of-use assets as a result of implementing IFRS16

Return to Growth strategy gathers momentum

Notes: 2019 onwards reported on an IFRS16 Adjusted Basis
 1. Building solutions was reclassified as core in 2020 and 2018 / 2019 restated
 2. 2019 operating expenses split restated to allow comparison with 2020
 3. Excluding Air Handling and non-core

Key summary cash flow

£m, Dec-YE	Pre-IFRS16			
	2018	2019	2020	H1 2021
Operating profit excluding gain on sale from Air Handling	44	(83)	(167)	9
Depreciation and non-cash items	31	178	154	39
Change in working capital and provisions	28	71	(31)	(46)
Interest and tax	(27)	(35)	(32)	(16)
Capital expenditure	(23)	(35)	(21)	(12)
Proceeds from sale of PPE	5	8	6	2
Free cash flow	59	104	(90)	(24)
Sale and purchase of businesses	22	8	147	(2)
Payment of lease liabilities	(2)	(60)	(55)	(29)
(Repayment) / drawdown of debt	(57)	42	(85)	(0)
Dividends paid	(23)	(22)	-	-
Net proceeds from equity raise	-	-	152	-
Net cash flow	(0)	72	68	(56)

- Depreciation from 2019 onward reflects depreciation of right-of-use assets as a result of implementing IFRS16
- Other non-cash items include impairments in 2019 and 2020. In addition:
 - 2018/19 - restructuring costs to rebuild the UK distribution platform, disposal costs on discontinued operations
 - 2020 - refinancing costs and restructuring costs as well as omni-channel retailing write off
- **Low capex requirement** which averaged steadily ~1-1.5% of sales over the historical period
- **Working capital** tends to range at 7-10% of sales based on the cycle of sales/stocking (lowest sales in the winter and in summer due to weather/construction break).
 - The negative swing in 2020 was due to the unwinding of historic mid-year and year-end delays in supplier payments (c.£45m), as publicly announced in 2020 reporting
 - In H1 2021 the working capital movement reflects normal seasonality, slightly higher this year due to inflation and modest tactical increases in inventory holding levels.
- Disposals in 2020 were related to the **sale of Air Handling Division** (non core) to France Air Management
- In Jul-20, SIG **successfully completed an equity raise of £165m**, fees associated with the raise totalled c.£13m, resulting in net proceeds of £152m
- **Debt repaid** i) a £57m repayment of loans in 2018; ii) £85m repayment of loan and RCF in 2020

H1 2021 trading update

£m, Dec-YE	H1-20	H1-21	% change	2020	LTM Jun-21
Interiors	559	703	26%	1,218	1,361
UK	155	239	54%	357	442
Ireland	33	37	12%	81	84
France	74	101	37%	168	195
Germany	177	194	10%	371	388
Poland	72	84	15%	150	161
Benelux	48	47	(1)%	92	91
Exteriors	280	406	45%	655	781
UK	125	199	59%	310	384
France	154	206	34%	345	397
Underlying Revenue	839	1,108	32%	1,873	2,142
% Sales Interiors	67%	63%		65%	64%
% Sales Exteriors	33%	37%		35%	36%
Cost of sales	(630)	(821)	30%	(1,403)	(1,594)
Underlying Gross Profit	209	287	37%	470	548
% margin	25%	26%		25%	26%
Operating Expenses	(252)	(273)	8%	(523)	(545)
Underlying Operating Profit	(43)	14	n.m.	(53)	3
% margin	(5)%	1%		(3)%	0%
D&A	39	36	(8)%	73	70
Underlying EBITDA	(4)	49	n.m.	20	74
% margin	(1)%	4%		1%	3%

- Ongoing positive impact from the “Return to Growth” strategy, supported by continuing robust demand in the RMI segments in most markets
- Strategy of re-connecting with customers, suppliers and employees is positioning SIG well, enabling it to take **advantage of both strong near-term demand and healthy long-term fundamentals**
- As a result, **H1 revenues were strong, with reported growth of 32% (LFL 33%) compared to the COVID affected prior year** and up 1% against 2019
 - All geographies demonstrated strong positive growth apart from Benelux, latter due to recent share loss in NL dry interiors to new competition (ex SIG). Additionally, NL nitrogen legislation delayed building permits, reducing demand
 - The UK Interiors (aka Distribution) turnaround, focused on delivering distinctive expertise and superior local service, is ahead of plan and shows continued momentum. UK Exteriors performance was also very strong
 - The French businesses are continuing to perform strongly, and Germany’s performance was encouraging. Ireland was affected by construction restrictions in Jan-May
- **Gross profit margin improved to ~26%** throughout the period, a result of the improving trading across SIG, with resulting higher rebates, as well as greater pricing discipline
- **Return to profitability in H1 was faster than expected with EBITDA recovering to £49m for H1-21** (vs. £(4)m in H1-20) with the benefits of the “Return to Growth” strategy coming through clearly

Return to Growth strategy gathers momentum

Recent performance

Continued momentum into Q3

Our performance in Q3 continued to build on the positive momentum gained during the first half of this year

YTD outperformance

- Based on YTD trading, our H2 profitability is currently well ahead of H1 profitability, with our Q3 results exceeding prior expectations
- Underlying operating profit for Q3 2021 exceeded our respective result for both Q1 and Q2 of 2021, most notably Q2
- This Q3 result was despite the seasonality that typically causes August to be lower in both top line and profitability

“Return to Growth” strategy driving recovery

- The Q3 trading performance built on the improvement achieved in H1 of 2021 and was driven by the ongoing positive impact of the “Return to Growth” strategy
- Like for like (“LFL”) sales growth in Q3 was 17% vs the prior year. Against pre-Covid 2019 comparatives, Q3 growth was 9%, up from the 1% growth seen in H1

UK Distribution segment is the principal Q3 growth driver

- UK Distribution performance provided the principal driver for the acceleration in growth during Q3, with the business moving, as expected, back to growth against 2019 monthly comparators
- Strategic and operational changes made since July 2020 continue to drive the return towards its previous market position and performance
- Our France and UK Exteriors businesses, and our Poland business, continue to perform very strongly
- Ireland was, as anticipated, a further driver for the Q3 acceleration, rebounding after the H1 impact of local Covid-related restrictions

Return to Growth strategy gathers momentum

Financial objectives

Topline growth	<ul style="list-style-type: none">• Into 2022 and beyond, we expect to take advantage of both strong near-term demand and healthy long-term fundamentals which, if capitalised on, are expected to result in strong top line growth across all geographies• Market share gains are expected to be primarily driven by product range expansion and new branch additions, and continued execution of the recovery in UK Distribution
Gross margin stability	<ul style="list-style-type: none">• Gross margins are targeted to stay in line with historical levels with further upside potential due to product mix optimisation and rebate negotiations with suppliers
EBIT & EBITDA	<ul style="list-style-type: none">• We are targeting a return to EBITDA margins of 5-7% over the near to mid-term, and a return to EBIT margins of 3% in the mid-term, with much of the targeted revenue expansion being driven through existing capacity – leveraging fixed costs
Capex	<ul style="list-style-type: none">• SIG operates an asset light business model with capex scheduled to remain at ~1% of sales
Supply chain / working capital	<ul style="list-style-type: none">• Working capital in 2021 impacted by significant H2 inflation, strong business growth, and some investment in inventory to optimise service during times of supply constraints• Expected to normalise in line with sales growth in medium term, after some planned modest positive unwind in 2022
Lease payments	<ul style="list-style-type: none">• Lease liability repayments are expected to slightly increase, reflecting new branch openings and expansion of fleet to support top-line growth
Net cash flow	<ul style="list-style-type: none">• Our goal is to be cash flow positive by 2022

Financial policy and medium term goals

Margin

- Group EBIT margin target of approximately 3%, target of approximately 5% in the longer-term
- Underpinned by a target EBIT margin of approximately 5% within the Group's operating companies

Leverage

- Net leverage target of 2.5x (post-IFRS16), equivalent to approximately 1.5x pre-IFRS16

Liquidity

- Maintain minimum cash of £100m on balance sheet

Dividend

- We did not pay a dividend during our loss-making 2020, or in 2021 to date
- In a normal operating environment we will seek to pay a dividend covered approximately 2-3x by underlying earnings

1

SIG overview

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Key business highlights

3

Historical financials

4

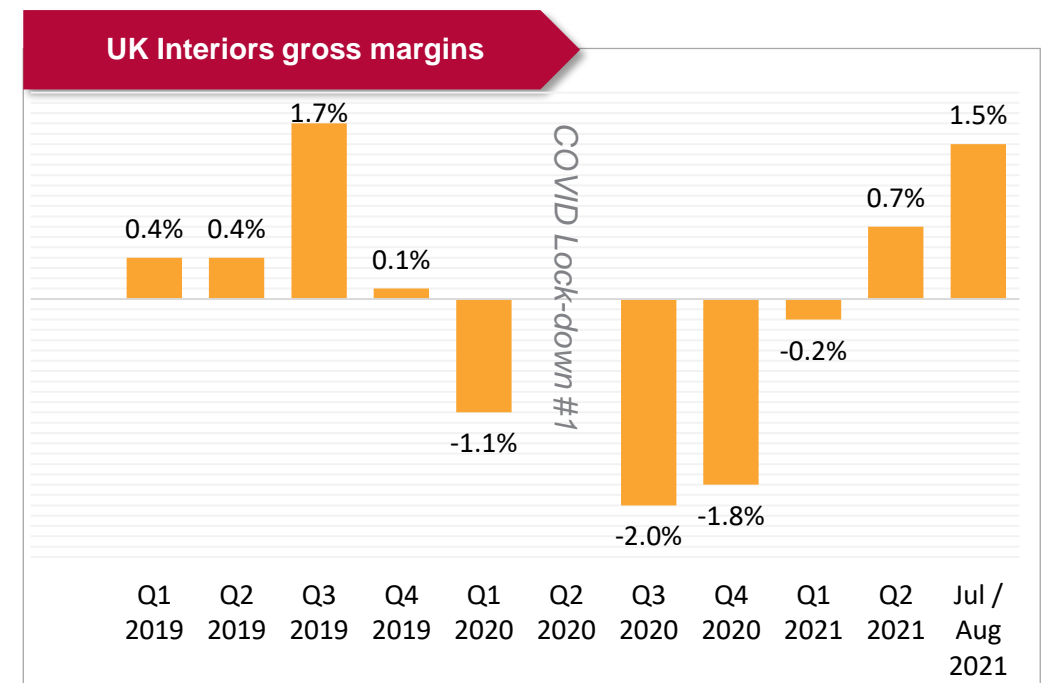
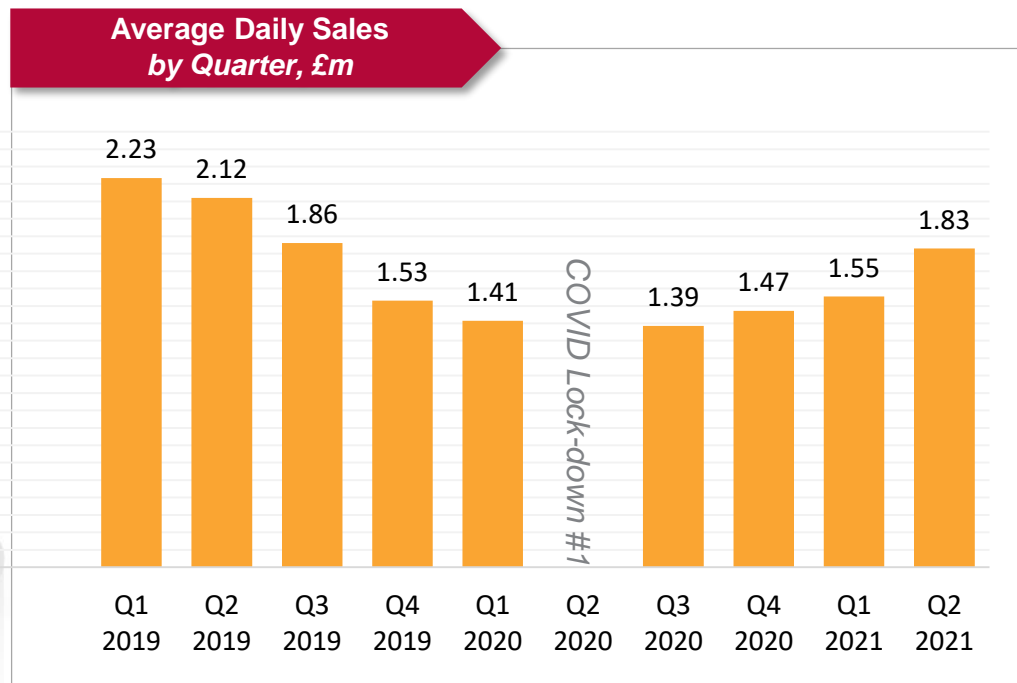
Appendix

Return to Growth strategy gathers momentum



UK Interiors business recovery

- UK Interiors daily sales have rebounded strongly
- Recapture of market share well underway
- Despite the significant inflationary conditions and supply dislocations, UK Interiors has rebuilt margins to historic levels in the last year
- Main levers:
 - **Improved supplier relationships** (both rebates and terms)
 - **Successful input price inflation management**
 - **Improved pricing disciplines** (both spot and traded business)
 - **Improving product mix** (towards higher margin products as a result of the return of expertise)

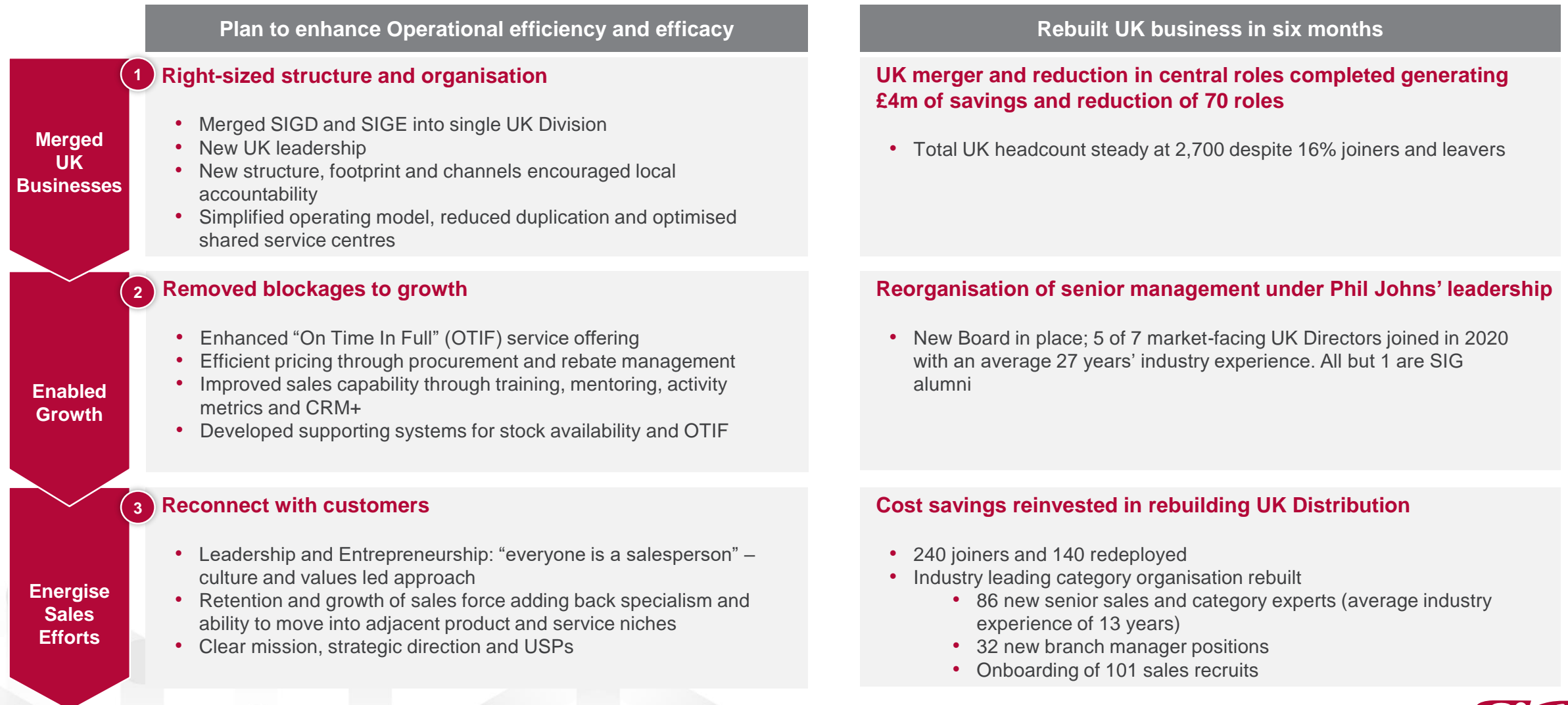


Return to Growth strategy gathers momentum

Data indexed vs 2018 full year average - (NB. Margins in H2 2019 were inflated by excess price rises in dry lining which accelerated market share loss; 2018 is a more realistic benchmark)

Notes: figures for Q2 2020 distorted by COVID lock-down #1

UK rebuild is a key part of the near term recovery...



Return to Growth strategy gathers momentum

...while continuously growing our leadership positions in Continental Europe

Key measures over 2020-21:



- ✓ **Gained market share** due to proactive & well managed rapid response to COVID-19
- ✓ **Strengthened back office**
- ✓ Successful implementation of **tactical pricing** at branch level
- ✓ **New branch opening** coupled with branch relocation/ consolidation
- ✓ Warehouse & transport management system deployed to improve **customer experience**
- ✓ Finance systems upgrade

Key measures over 2020-21:



- ✓ Returning of MD, Alfons Horn working with the team to **regain place as #1 specialist in the German building materials trade**
- ✓ **Improved S&OP¹** to support sales growth
- ✓ **New branches being opened with range expansion**
- ✓ **Distribution Centre network evolution**
- ✓ Team unified around new decentralised, customer-led strategy, continuing to demonstrate YoY growth since 2020

Key measures over 2020-21:

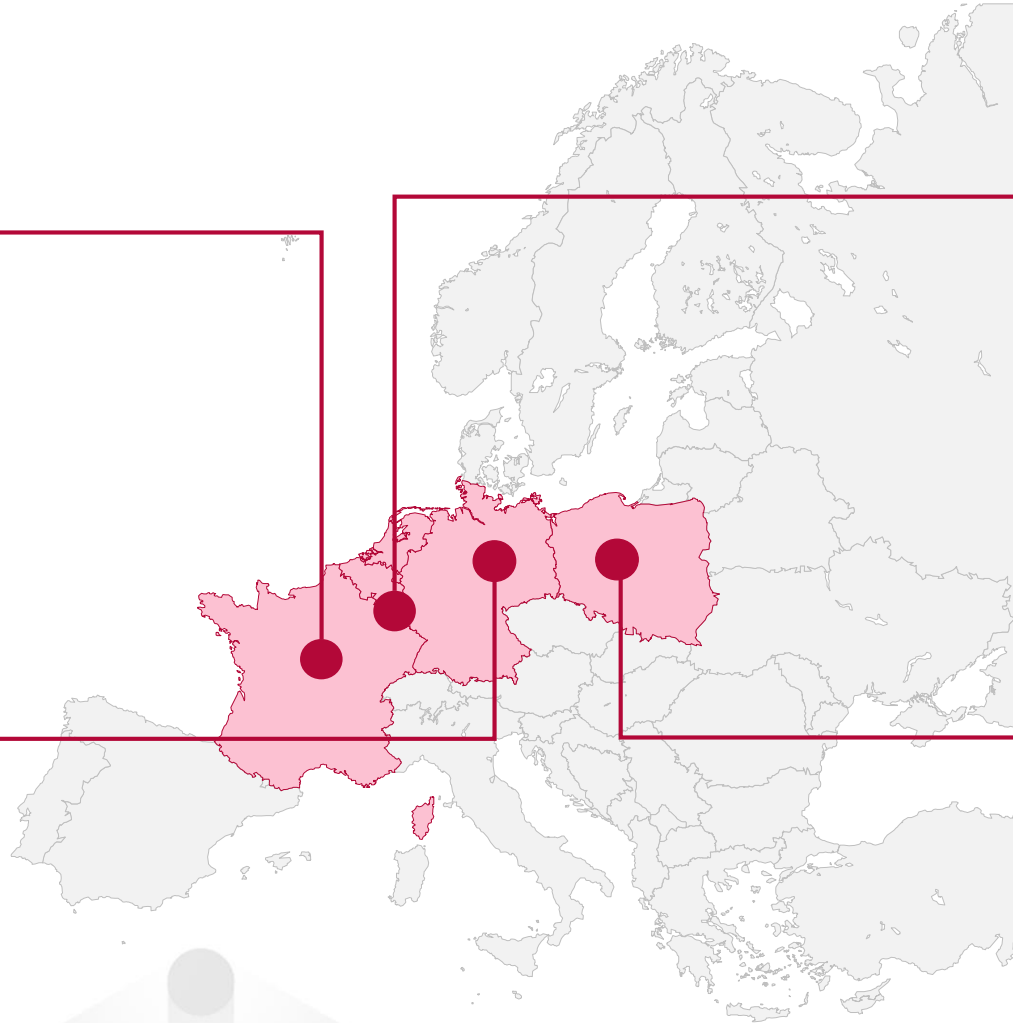


- ✓ **New MD Louis van Wijck** with wealth of industry experience joined the team in 2021
- ✓ **New category team** in place
- ✓ **New branches** being opened

Key measures over 2020-21:



- ✓ **Delivered profits above budget**
- ✓ **Increased number of customers** despite shrinking market
- ✓ **Increased ecommerce sales** with new functionality / one click purchase
- ✓ Achieved **high customer satisfaction** NPS scores coupled with **loyalty programme**
- ✓ New branch openings
- ✓ Strengthen Key Account Mgmt. and Category teams
- ✓ Roll-out of IT Inventory planning with centralised specialist stocks



Return to Growth strategy gathers momentum

Notes:

1. Sales and operations planning

SIG's internal ESG focus



Responsible Actions

Environmental

for our planet

We strive to improve sustainability in...

Our operations

- A carbon zero target and a clear strategy for achieving it
- Our sites & logistics are kind to the environment, seeking opportunities to foster biodiversity

The construction industry

- Finding opportunities to add sustainable products & services
- Working with our manufacturing partners to reduce/ eliminate unsustainable products and solutions
- Seeking to promote circularity of materials circularity (recycling/ re-purposing to reduce waste & minimise pollution in construction)

Social

for our people

Everyone should feel...

Safe

- Physical safety is paramount for our employees & visitors. Mental well being & protection of human rights for all of our people

Proud

- Of SIG, who we are, our high standards, of our purpose and our values

Valued

- Everyone is encouraged to be entrepreneurial & caring, valuing each other & rewarding performance & behaviours. We value & promote diversity.

Governance

for our stakeholders

Strongly governed

LSE-regulated

- Decision-making delegated within a digitally – enabled “franchise model”
- Strong plc Board; strengthened further by CD&R
- Entrepreneurial yet accountable, sustainable and socially responsible remuneration policies and incentives
- Stronger through diversity
- Transparent & fair regulations and policies
- Well-invested controls, systems & protected data

Strong market for profitable growth

Continued strong rebound of construction industry expected post Covid-19 and medium/long term strength due to structural market shortages, government stimulus and sustainability initiatives

Fiscal stimulus

- European Green Deal (~€1 trillion budget) targets investment in building in renovation across EU
- UK drive to “Build Back Better” with a Green / ESG focus

Position in cycle

- European and UK construction at mid-point in cycle pre-COVID-19 pandemic
- Lower likelihood of overbuild correction once situation recovers
- Modern light construction adoption is growing fast

RMI Acceleration

- Post COVID-19 renovation enjoys structural tailwinds
- RMI acceleration spent across Europe
- RMI spend supported by improving macro conditions
- Overlay of RMI spent with energy efficiency investment (energy efficiency is a category of RMI spend)

Sustainability / ESG

- Energy efficiency of increasing importance in New Build / RMI projects (energy efficiency renovation 2023-2030 CAGR of 3.8% vs non-energy efficiency of 1.5%)
- SIG's energy efficient product selection well positioned to capture growth (Europe insulation demand 2.7% per annum higher than construction output)

Return to Growth strategy gathers momentum

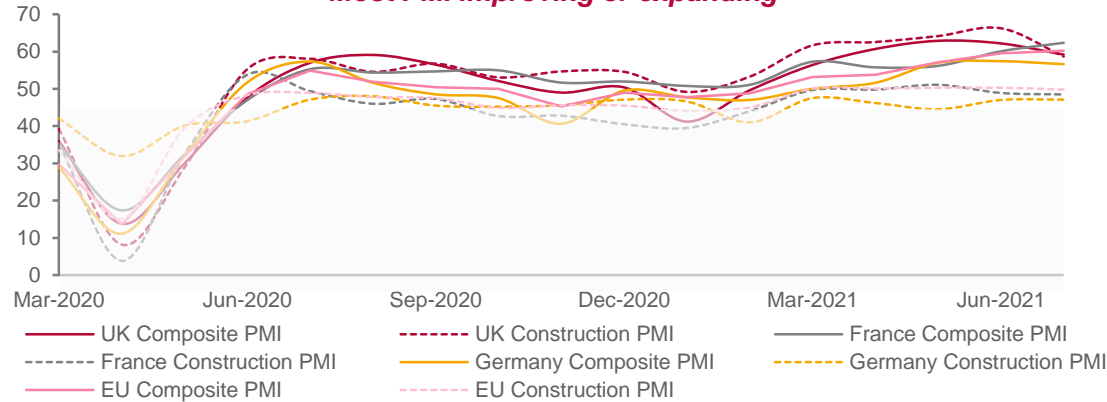
Source: HSBC broker report 25th January 2021

All macro indicators reacting positively post COVID-19

The construction industry is emerging strongly from COVID-19 with elevated or accelerating lead indicators across our main markets

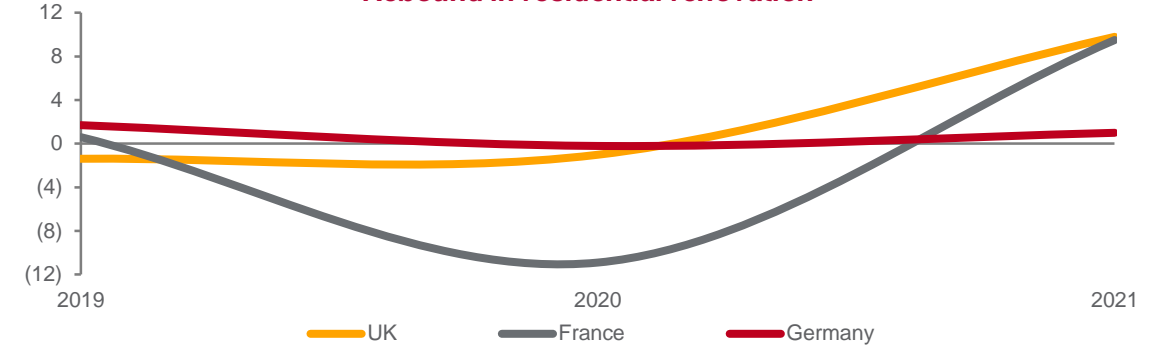
Composite and residential construction PMI

Most PMI improving or expanding



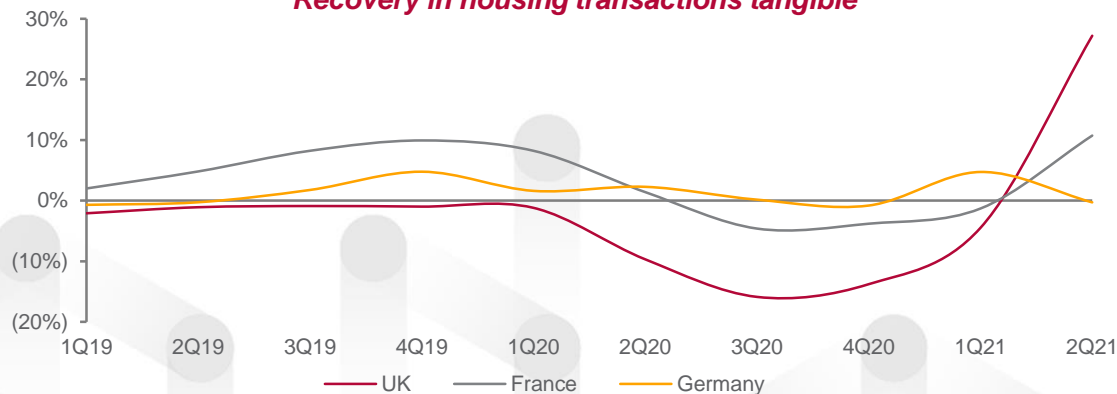
Residential renovation market (YoY real change)

Rebound in residential renovation



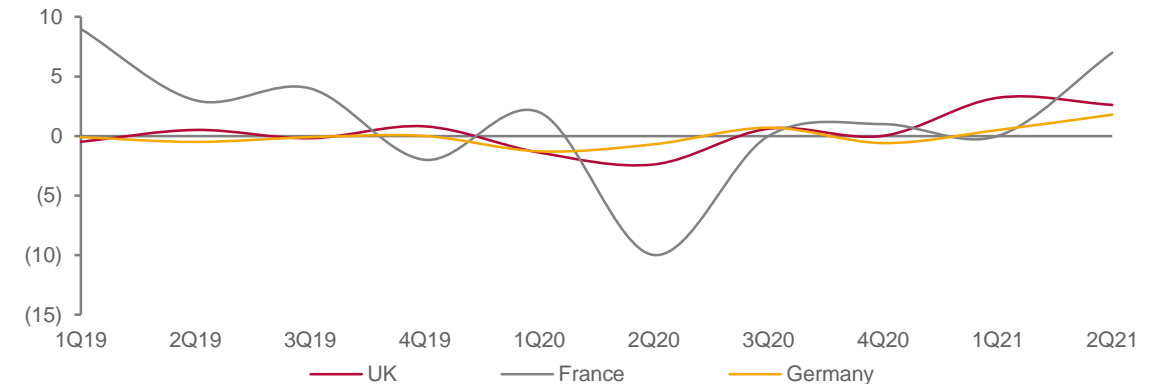
Annualised housing transactions

Recovery in housing transactions tangible



Consumer confidence (QoQ Absolute Change)

Consumer confidence driving strong RMI market

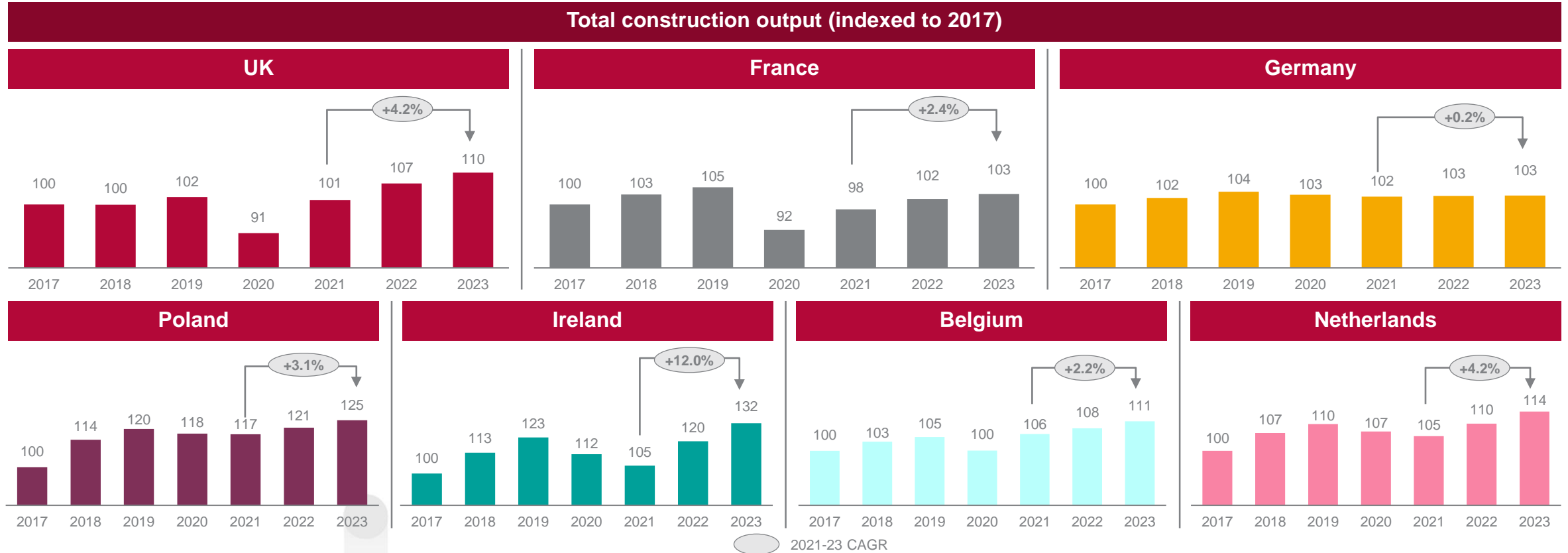


Return to Growth strategy gathers momentum

Source: IHS Markit, Bloomberg, Eurostat, ONS, Bundesbank, Barclays Research, Euroconstruct. Note: 1. Data refers to rolling four-quarter average in change in building permits.

SIG's core markets show strong growth potential beyond the initial COVID-19 bounce back

All SIG markets are experiencing a strong post-COVID-19 recovery and retain attractive growth upside



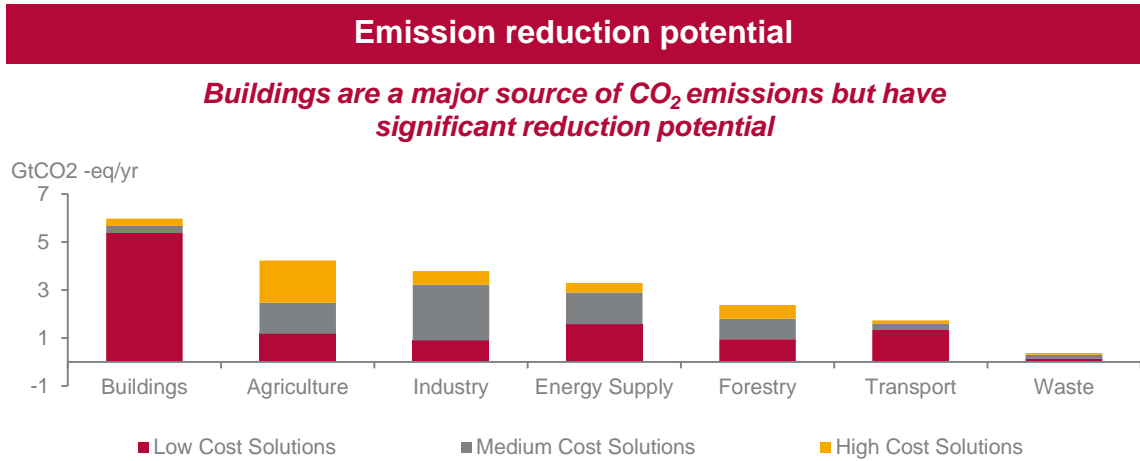
- Strong UK market performance with pronounced RMI growth (post-COVID + post-Brexit)
- Germany remains a large and steady market and France expected to return to 2018 levels by 2023
- All other markets experiencing strong growth (NL delayed recovery)

Return to Growth strategy gathers momentum

Source: 91st Euroconstruct edition

SIG's significant insulation portfolio optimally positioned to embrace evolving emissions and regulatory standards

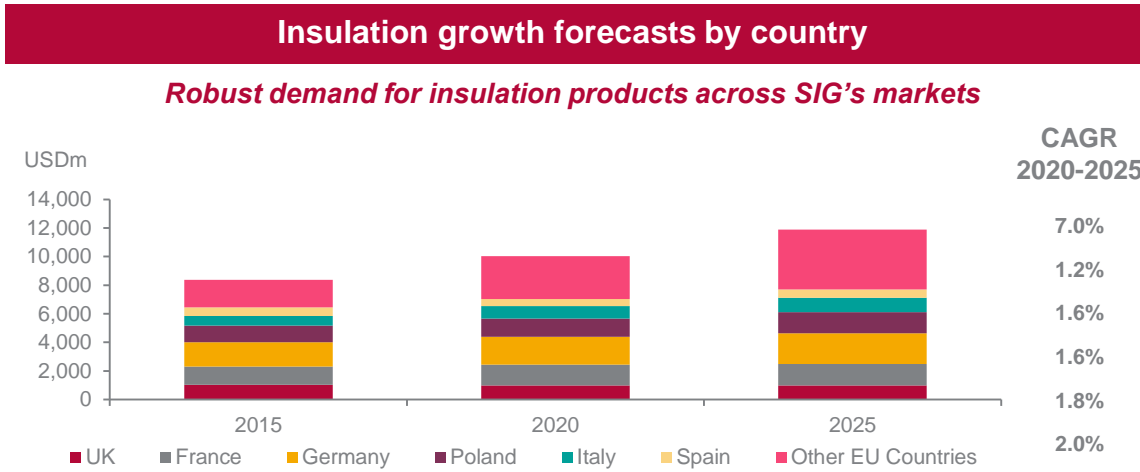
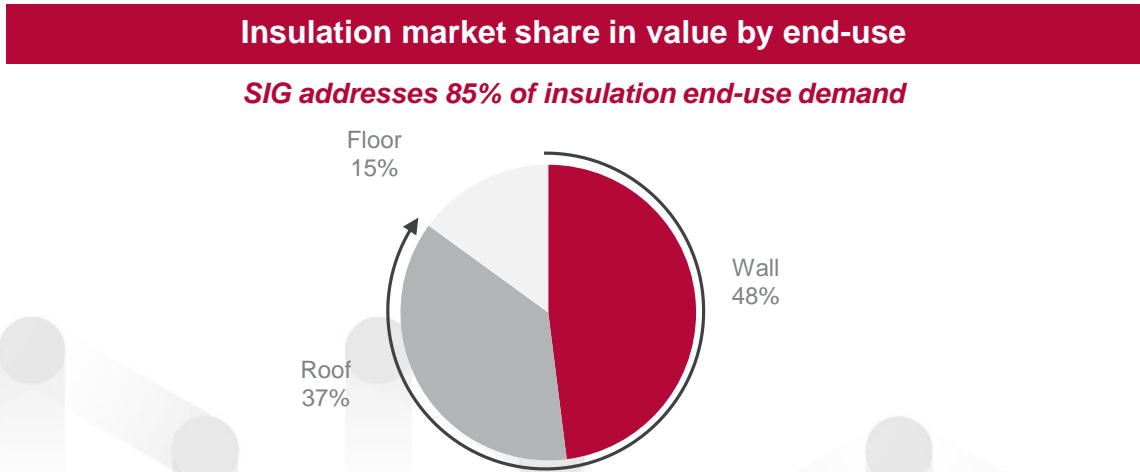
In addition to strong post-COVID-19 RMI demand, SIG is uniquely exposed to the structural demand for insulation and roofing products



Main energy renovation policies by country

In all our markets, energy renovation is a priority

Type of Instrument	Grants / Subsidies	Loans	Tax Incentives	EEO ¹
Belgium	x	x	x	
France	x	x	x	x
Germany	x	x		
Ireland	x	x	x	x
Netherlands	x	x	x	
Poland	x	x		x
UK		x		x



Return to Growth strategy gathers momentum

Source: EURIMA, World Research Institute, EU DG Internal Affairs, EU JRC, Barclays Research.
Notes: Revenue and gross profit shown on an underlying basis. 1. Energy Efficiency Obligations.