11 January 2022

SIG plc: 2021 Full Year Trading Update

SIG plc ("SIG", or "the Group") today issues a trading update for the year ended 31 December 2021 ("FY21").

Highlights

- 2021 a pivotal and productive year for the Group. Strong momentum exiting the year, with Return to Growth strategy delivering results ahead of plan
- Full year and H2 sales growth of 8% and 15% respectively against the non Covid-affected 2019 comparators. Accelerating growth trend through the year, driven most notably by UK Interiors
- Profitability increasingly positive, with the trading performance driving several upgrades during the year
- Refinancing completed in late 2021 – providing a long-term platform to support strategic growth ambitions

Summary

The Group's Return to Growth strategy is delivering significant progress, including improved organic sales performance. The performance, driven by our strategic initiatives, has also been supported by robust demand across all key end markets, partially offset by well documented industry wide supply constraints. Inflationary increases in input costs have been well managed, with the direct pass through of these reflected in the reported sales figures.

As a result of the above, and subject to audit, the Board expects to report FY21 revenues from underlying operations[1] of £2,292m and an underlying[2] operating profit no less than £40m, the latter as announced in mid-December.

The Group expects to report net debt, as at 31 December 2021, of approximately £364m on a post IFRS 16 basis, with gross cash balances of £145m. Net debt on a pre IFRS 16 basis is expected to be £129m. As previously guided, the Group held higher than normal inventory levels at the year-end as part of the proactive strategy to optimise customer service, and especially so at a time of supply shortages. As previously announced, the Group completed a €300m (£253m) bond issue on 18 November 2021, and at the same time established a new revolving credit facility of £50m, which remains undrawn.

Trading performance

FY21 like for like[3] ("LFL") revenues grew 24% vs prior year, which was distorted by Covid, notably in H1, and 8% vs 2019. Reported Group revenues from underlying operations were 22% higher in the year vs 2020, including a 3% adverse currency movement.

LFL sales growth 2021 vs 2020	**H1**	**Q3**	**Q4**	**H2**	**FY**	***FY 2021 sales £m***
UK Interiors	54%	30%	21%	26%	38%	508
UK Exteriors	58%	24%	17%	20%	36%	422
UK	**56%**	**27%**	**19%**	**23%**	**37%**	**930**
France Interiors	38%	2%	10%	6%	20%	196
France Exteriors	34%	6%	17%	12%	22%	406
Germany	11%	7%	9%	8%	10%	393
Poland	22%	44%	46%	45%	34%	187
Benelux	2%	0%	17%	9%	5%	92
Ireland	14%	18%	9%	14%	14%	88
EU	**22%**	**11%**	**16%**	**14%**	**17%**	**1,362**
Group	**33%**	**17%**	**17%**	**17%**	**24%**	**2,292**

LFL sales growth 2021 vs 2019	**H1**	**Q3**	**Q4**	**H2**	**FY**
UK Interiors	(19)%	0%	15%	7%	(8)%
UK Exteriors	14%	26%	29%	28%	21%
UK	**(7)%**	**10%**	**22%**	**15%**	**4%**
France Interiors	8%	1%	13%	7%	7%
France Exteriors	19%	11%	40%	25%	22%
Germany	1%	3%	12%	7%	4%
Poland	20%	33%	41%	36%	29%
Benelux	(10)%	(12)%	(1)%	(6)%	(8)%
Ireland	(21)%	6%	15%	10%	(5)%
EU	**7%**	**8%**	**22%**	**15%**	**11%**
Group	**1%**	**9%**	**22%**	**15%**	**8%**

In the UK Interiors business, the strategic and operational changes made since July 2020 continue to drive the business's return towards its previous market position and performance. The UK Exteriors business continued to perform strongly, helped by robust demand in RMI. The UK business overall returned to profitability for the year, with Interiors returning to profit in H2.

Performance in the EU was also encouraging in H2, with a good improvement in Q4 growth. The performance remains strong in our French businesses, with the Exteriors business in particular maintaining good growth in Q4 despite some strong comparators. Our Polish business continued to perform strongly against both 2020 and 2019 comparators, and was helped further by an especially high inflationary impact. Our Germany and Benelux businesses both have new, experienced leadership in place, and we are confident that they will continue to build on the early signs of improvement already seen in Q4. Ireland was, as anticipated, a further driver for the H2 acceleration vs 2019, rebounding after the H1 impact of local Covid-related restrictions.

Pass through of product price inflation added to the top line in all geographies, to an increasing degree in H2. We estimate the impact on revenue for the full year to be around 6-7%. Profitability continued to improve in H2 compared to the first half, with underlying operating profit approximately doubling in H2 vs H1.

Outlook

The Board believes the Group is well placed to build on the significant progress made in 2021. Whilst the Covid-19 backdrop may continue to create some market uncertainty, the fundamentals of the

Group's markets remain sound, notably with the increasingly robust Europe-wide commitments on energy efficiency and carbon reduction.

Our order books continue to be robust, and we remain confident in the effectiveness of our supply chain management in meeting customer requirements and continuing to manage any potential volatility in supply and in input costs. As a result, the Board is confident that the momentum built in 2021 will continue in 2022 and, providing there is no material disruption to either our business or end markets, expects the Group to deliver solid organic revenue growth in the coming year.

The numbers in this update remain subject to final close procedures and to audit.

1. Underlying operations excludes businesses divested or closed, or which the Board has resolved to divest or close.
2. Underlying represents the results before Other items. Other items relate to the amortisation of acquired intangibles, impairment charges, profits and losses on agreed sale or closure of non-core businesses and associated impairment charges, net operating profits and losses attributable to businesses identified as non-core, net restructuring costs, and other non-underlying profits or losses.
3. Like-for-like is defined as sales per working day in constant currency, excluding completed acquisitions and disposals.

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Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Group's actual financial condition, performance and results to differ materially from the plans, goals, objectives and expectations set out in the forward-looking statements included in this document.

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