



Trading Update

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SIG PLC
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29 April 2022

SIG plc

Strong start to 2022; significantly increased full year expectations

SIG plc ("SIG", or "the Group") today issues a trading update for 1 January 2022 to date ("the period"), in advance of its Annual General Meeting, which is being held on 12 May 2022.

Key Points

- Group expected to deliver full year performance significantly ahead of previous expectations
- Underlying operating margin for 2022 now anticipated to reach 3%
- Positive free cash flow now forecast in 2022

Trading Summary

The Group has made a strong start to the year, with the Return to Growth strategy continuing to deliver excellent progress across the business. In addition to robust demand, we have seen further impetus to sales and profit as a result of continuing input cost inflation.

Group sales were 25% up on 2021 for the quarter to 31 March on a like for like ("LFL")¹ basis. This represented a performance well ahead of previous expectations, with this momentum continuing into the month of April to date.

1 January to 31 March	LFL	%	£'m
Sales Growth vs 2021			
UK Interiors		26%	162
UK Exteriors		19%	109
UK		23%	271
France Interiors		10%	51
France Exteriors		21%	106
Germany		20%	105
Poland		63%	55
Benelux		17%	26
Ireland		78%	27
EU		27%	370
Group		25%	641

Reported Group sales were 27% up on 2021 for the quarter, with acquisitions adding 4% to the LFL result referenced above, offset partially by movements on working days and exchange rates. Including the acquisitions, the reported UK Interiors growth rate was 45%.

The overall impact of inflation is estimated to have added c19% to Group growth over the period, albeit the levels have varied across the different operating companies. This reflects the annualisation of input cost inflation experienced in the second half of 2021, as well as further increases in early 2022 as our suppliers have passed on steeply increasing energy costs in manufacturing. There remain some constraints in supply across the business, but these are continuing to abate, as previously reported.

Outlook

Given the strong momentum seen through the early part of 2022, together with increasing visibility on the near-term trading

outlook, the Board now expects the Group to deliver a full year performance significantly ahead of previous expectations.

Input cost inflation is currently higher than previously anticipated, as noted above, and expected to remain elevated in the near term. We expect that the resulting increase in revenue will more than offset any localised market softening.

In addition, we are confident that we will be able to maintain and build on the strong margin discipline that has been an important part of the recent progress made by the Group, with underlying operating margin for 2022 now expected to reach 3%. Furthermore, we now expect the Group to be cash generative in 2022.

Steve Francis, Chief Executive, said:

"The first four months have seen markedly stronger growth than anticipated, driving positive margin momentum across all our countries of operation. Our decentralised model, with 433 branches in seven countries providing strong local specialist expertise and superior stock availability, continues to gain ground and to show resilience in market conditions that remain challenging. Demand for our sustainable construction offerings remain strong. The three acquisitions made during the last 18 months are performing well and this is an area of increasing strategic focus for us."

"Although it is relatively early in the year, and notwithstanding the current macro-economic and geo-political environment, the strength of our recent trading gives us the confidence that we will now reach our initial margin target of 3% and return to cash generation this year, ahead of schedule."

1. Like-for-like ("LFL") is defined as sales per working day in constant currency, excluding completed acquisitions and disposals.

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The person responsible for arranging the release of this announcement on behalf of the Company is Andrew Watkins, Group General Counsel & Company Secretary.

Cautionary Statement

This announcement does not constitute an offer of securities by SIG plc. This announcement may include statements that are, or may be deemed to be, forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Group's ability to control or predict. Forward-looking statements are not guarantees of future performance. You are advised to read the section headed 'Principal risks and uncertainties' in the Group's Annual Report and Accounts for the year ended 31 December 2021 for a further discussion of the factors that could affect its future performance and the industry in which it operates. Other than in accordance with its legal or regulatory obligations, SIG plc does not accept any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

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