

5 July 2023

This announcement contains inside information

SIG plc H1 Trading Update

SIG plc ("SIG", or "the Group"), a leading supplier of specialist insulation and building products across Europe, today issues a trading update for the six months to 30 June 2023 ("H1" or "the period"), in advance of the release of its H1 results on 8 August 2023.

Key points

- Group revenue of £1,424m, representing flat like-for-like¹ ("LFL") revenue versus prior year, reflecting volume declines offset by input price inflation
- Market conditions remained challenging and variable, with notably softer demand in May and June, particularly in Germany and France
- Underlying operating profit² expected to be c.£33m, with early impact of productivity initiatives partially offsetting demand weakness and inflationary impact on operating costs
- Whilst timing of demand recovery remains uncertain, H2 profit is expected to benefit further from the ongoing productivity initiatives
- Consequently the Board continues to expect the Group to deliver full year underlying operating profit within the current range of market expectations³, but towards the lower end of that range
- Cash performance in the period in line with expectations, and reflecting the normal seasonal increase in working capital. The Board expects to report net debt at 30 June of £470m (post IFRS 16) and £176m (pre IFRS 16)

Trading Summary

Group LFL revenue was flat year-on-year in the period, with the continued positive tailwind from input price inflation being offset by lower volumes. The overall impact of inflation is estimated to have added c.9% to Group revenue growth in the period. As expected, price inflation moderated during H1 compared to the impact during 2022, as we annualise some of the significant prior year price increases.

Reported Group revenue was 5% higher in the period, including c.3% from acquisitions, together with c.2% in aggregate from movements on working days and exchange rates.

1 January to 30 June Revenue	LFL growth	£'m
UK Interiors	4%	381
UK Exteriors	(2)%	221
UK	2%	602
France Interiors	1%	117
France Exteriors	2%	250
Germany	0%	236
Poland	(9)%	109
Benelux	7%	62
Ireland	(18)%	48
EU	(1)%	822
Group	0%	1,424

Market conditions were challenging through H1 across our geographies, including a notable softening in demand in France and Germany in the last two months. Volumes and market conditions were notably weaker in Poland and Ireland over the period as a whole, with both also coming up against especially strong prior year comparators.

Outlook

We expect weak and uncertain demand conditions throughout the rest of the year, along with a continued, but further moderating, revenue tailwind from input price inflation. Whilst trading in recent weeks leads us to be more cautious as to the timing of any broad-based improvement in demand conditions, the second half will benefit from ongoing productivity initiatives as well as an expected profit on one specific property move. Consequently, the Board continues to expect the Group to deliver full year underlying operating profit within the current range of market expectations, but towards the lower end of that range.

Notwithstanding short-term market weakness, we continue to progress the strategic and operational initiatives which underpin our ambition for the Group. As a European market leader in the supply of specialist insulation, and with 80% of the Group's sales covering insulation and the wider building envelope, we are well-positioned to benefit from long-term structural growth drivers, notably sustainable construction and decarbonisation of buildings. We also remain confident in our ability to further improve our market positions, and to continue to improve our profitability when market conditions recover.

1. *Like-for-like is defined as sales per working day in constant currency, excluding completed acquisitions and disposals*
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. *Company collated analyst expectations is for Full Year 2023 underlying operating profit (EBIT) of £74.2m, within a range of £65.3m to £84.0m, as at 4 July 2023*

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This announcement contains inside information for the purposes of UK MAR. The person responsible for arranging the release of this announcement on behalf of SIG is Andrew Watkins, Group General Counsel & Company Secretary.

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This document contains certain forward-looking statements concerning the Group's business, financial condition, results of operations and certain Group's plans, objectives, assumptions, projections, expectations or beliefs with respect to these items. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as 'anticipates', 'aims', 'due', 'could', 'may', 'will', 'would', 'should', 'expects', 'believes', 'intends', 'plans', 'potential', 'targets', 'goal', 'forecasts' or 'estimates' or similar expressions or negatives thereof.

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.

All written or verbal forward-looking statements, made in this document or made subsequently, which are attributable to the Group or any persons acting on its behalf are expressly qualified in their entirety by the factors referred to above. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements. No assurance can be given that the forward-looking statements in this document will be realised; actual events or results may differ materially as a result of risks and uncertainties facing the Group. Subject to compliance with applicable law and regulation, the Group does not intend to update the forward-looking statements in this document to reflect events or circumstances after the date of this document and does not undertake any obligation to do so.