

12 October 2023

SIG plc Q3 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 three months to 30 September 2023 ("Q3" or "the period").

Key points

- Group like-for-like¹ ("LFL") revenue for the period down 2% versus prior year
- Market conditions remain challenging, with a further softening in demand in September, most notably in new build residential segments across all geographies
- H2 2023 profitability benefiting from ongoing productivity initiatives, including early impact of restructuring actions already executed
- In light of the weaker short term demand outlook, the Board now expects the Group to deliver full year underlying operating profit² in the range of £50m to £55m

Trading Summary

Group LFL revenue was down 2% year-on-year in the period, and is down 1% for the nine months to 30 September 2023. Sales prices and volumes were lower than expected in the period, with the overall impact of input cost inflation on Group revenue growth estimated to have been neutral, and sales volumes 2% down.

1 July to 30 September Revenue	LFL growth	£'m
UK Interiors	(3)%	189
UK Exteriors	0%	115
UK	(2)%	304
France Interiors	(2)%	48
France Exteriors	(4)%	95
Germany	(1)%	117
Poland	7%	68
Benelux	(8)%	25
Ireland	(13)%	24
EU	(2)%	377
Group	(2)%	681

Market conditions remained challenging across all our geographies. Whilst the year-on-year volume performance in H2 has improved from H1, as expected due to prior year comparators, the extent of this has been less than anticipated, with a notable softening in demand in September. Although this applies to most segments, it has been most marked in new build residential in all markets. We believe we are continuing to outperform the markets in which we operate, reflecting the strengthened performance across our branch network over the last two to three years. Working capital and capex remain tightly managed across the Group.

Outlook

We expect weaker demand conditions to persist through the rest of the year, with a negligible impact overall from input price inflation or deflation. Our second half profitability is benefitting from ongoing productivity initiatives, including the early impact of already executed restructuring actions that will

deliver £4m of annualised benefits. These include a streamlining of central costs and a review of certain OpCo cost structures, notably in the UK. We also expect a profit of c£3m on one specific property move in France, as previously reported. Despite the positive early impact of these initiatives, the lower than anticipated sales mean that the Board now expects the Group to deliver full year underlying operating profit in the range of £50m to £55m.

Notwithstanding short-term market weakness, we continue to progress the strategic and operational initiatives which underpin our ambition for the Group. We remain confident in our ability to further improve our market positions, and to continue to improve our profitability when market conditions recover. We will present on these topics at our Capital Markets Event on the afternoon of 23 November 2023.

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.*

Contacts

SIG plc **+44 (0) 114 285 6300 / ir@sigplc.com**

Gavin Slark Chief Executive Officer
Ian Ashton Chief Financial Officer
Sarah Ogilvie Head of Investor Relations

FTI Consulting **+44 (0) 20 3727 1340**

Richard Mountain

Peel Hunt LLP – Joint broker to SIG **+44 (0) 20 7418 8900**

Mike Bell / Charles Batten

Investec Bank plc - Joint broker to SIG **+44 (0) 20 7597 5970**

Bruce Garrow / David Anderson

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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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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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