



24 June 2024

SIG plc: Trading Update

SIG plc ("SIG", or "the Group"), a leading supplier of specialist insulation and building products across Europe, issues a trading update for the year ending 31 December 2024 to date.

Key points

- Market conditions have remained challenging, with Group like-for-like¹ ("LFL") sales decline vs prior year in May and June to date at c7%, which is similar to that seen in the first four months of the year, but behind expectations.
- Given the weaker than expected trading in recent weeks and a consequently more cautious view of the timing of any potential market improvements during H2, the Board now expects our 2024 full year underlying operating profit² to be in the range £20m-£30m, which is below the current analyst range.³
- The Group continues to perform well relative to its markets and is also continuing to drive cost reductions and efficiency initiatives, which support the continued expectation of a stronger second half performance and will help drive higher profitability as markets recover.
- Cash performance to date remains in line with expectations.

Summary

Subdued demand has continued to be a factor in the majority of the Group's markets, reflecting the ongoing softness in the building and construction sector. This impact has been most notable in the French and German markets, and in the end markets of our UK Interiors business. Whilst we continue to see more robust demand in our Poland, Ireland and UK Exteriors businesses, Group sales overall were weaker than expected in May and June to date.

Despite the difficult market backdrop, the Group continues to make good progress on its strategic and operational initiatives. These have included permanent cost restructuring to lower central and operating company overheads, modernisation implementations which will lower our cost-to-serve and support higher margin sales mix, and more robust commercial execution, which has seen a continuation of the market share growth achieved over the last three years. The Group also continues to prioritise and demonstrate effective working capital and cash flow management, with year to date cash performance also reflecting normal seasonal trends and the lower profit, and our RCF remaining undrawn.

Outlook

Based on the performance in the year to date, the Board now expects the Group to report an H1 2024 LFL sales decline of c7%, and an underlying operating profit in the range of £10m-£12m. Given the weaker than expected trading in recent weeks and a consequently more cautious view of the timing of any potential market improvements during H2, the Board now expects our full year 2024 underlying operating profit to be in the range of £20m-£30m, which is below the current analyst range. The increasing benefit from productivity and cost initiatives underpins our continued expectation of a stronger second half. The extent of this improvement is subject to the evolution of demand conditions, particularly given market uncertainties in France and Germany, and recognising the sensitivity of operating profit to relatively small movements in sales.

Whilst market conditions remaining challenging in a majority of areas, the Board continues to expect its strategic and commercial initiatives to benefit medium term margin and profit growth, also supported by meaningful operating leverage when market volumes recover.

H1 Results

We will publish the Group's H1 2024 results on 6 August 2024, with a presentation and conference call for analysts at 10.15am at the offices of FTI Consulting.

1. *Like-for-like is defined as sales per working day in constant currency, excluding completed acquisitions and disposals. It does not reflect adjustments for branch closures, openings, or consolidations.*
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 2024 underlying operating profit (EBIT) of £41.1m, within a range of £36.7m to £43.0m, as at 21 June 2024.*

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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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