RNS Number : 6588S
SIG PLC
09 January 2025

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SIG plc
2024 Full Year 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 year ended 31 December 2024 ("FY24").

Highlights

- FY24 results reflect continued strong commercial execution, cost reduction and productivity gains against a challenging market backdrop
- Full year like-for-like[1] ("LFL") sales down 4% on the prior year, with revenues of £2.61bn
- Sequential improvement in LFL sales performance, with H2 decline of 2% vs 6% in H1
- Underlying operating profit[2] expected to be c£25m, in line with market expectations[3]
- Restructuring and productivity initiatives contributed to expected year over year operating expenses reduction of c£31m
- Successful refinancing concluded in October 2024 provides certainty on funding, along with ongoing healthy liquidity

Summary

The Group continued to perform well relative to its markets during the second half of 2024, as well as delivering further significant benefits from its cost reduction and efficiency programmes. Whilst these initiatives are helping support near-term performance, they are also strengthening the Group's commercial and operational capability, which will help drive higher profitability as markets recover.

Subject to audit, the Board expects to report FY24 revenues of £2.61bnand underlying operating profit of approximately £25m, in line with market expectations. Reported operating expenses for FY24 are expected to show an absolute reduction of c£31m vs FY23, which before inflation represents an underlying reduction of c£50m, or 8%, reflecting the benefit of the initiatives referred to above. Within this, restructuring initiatives delivered c£19m of savings vs prior year.

As expected, cash generation was affected by the decline in profit versus the prior year, with the Group expecting to report a free cash outflow[4] for the year of c£39m, and year-end gross cash balances of c£87m (2023: £132m). The Group's revolving credit facility ("RCF") of £90m remained undrawn as at 31 December 2024.

The Group expects to report net debt as at 31 December 2024 of c£496m on a post IFRS 16 basis (2023: £458m), and c£196m on a pre IFRS 16 basis (2023: £154m). Leverage at 31 December 2024 is expected to be around 4.7x on a post IFRS 16 basis.

Trading performance

Reported Group revenues were 5% lower in the year, including a c1% negative impact from exchange rates that was offset by a c1% benefit from the number of working days. There was also a 1% impact on reported revenue from branch closures during the year. These closures had the biggest impact in UK Interiors, reducing that business's full year reported sales by 3%.

Group LFL revenues, which are now adjusted to exclude the impact of branch closures and openings, declined 4% compared to prior year. Selling price deflation (including net input cost deflation) had a negative 3% impact on the year overall, being 3% in H1 and 2% in H2. Volumes were down 3% in H1, and flat in H2, reflecting softer H2 comparatives but also some stabilisation of absolute volumes.
Whilst weak demand has continued to be a factor in the majority of the Group's markets, reflecting the ongoing softness in the European building and construction sector, LFL performance improved sequentially in H2 as expected, and in Q4 compared to Q3.

LFL sales growth 2024 vs 2023	**H1[1]**	**H2**	**FY**	***FY 2024 sales*** *£m*
UK Interiors	(13)%	(5)%	(9)%	495
UK Roofing	(2)%	5%	2%	382
UK Specialist Markets	(7)%	(3)%	(5)%	238
UK	**(8)%**	**(1)%**	**(5)%**	**1,115**
France Interiors	(7)%	(7)%	(7)%	200
France Roofing	(11)%	(5)%	(8)%	410
Germany	(3)%	(1)%	(2)%	438
Poland	3%	(7)%	(2)%	241

Benelux	(12)%	(6)%	(9)%	104
Ireland	9%	17%	13%	104
EU	**(5)%**	**(3)%**	**(4)%**	**1,497**
Group	**(6)%**	**(2)%**	**(4)%**	**2,612**

In the UK Interiors business a new Managing Director with extensive industry experience has been in place since 1 October 2024, and he has already accelerated the strategic and operational changes that were underway to enable that business to sustainably improve its operating margin. The business also delivered a robust performance against the market in FY24. In UK Roofing we have positive momentum and delivered a notably strong set of results. In the UK Specialist Markets revenue was affected by weaker demand in the agricultural and commercial warehousing sectors, but there was more resilience in our construction accessories business.

In France, both businesses continue to execute effectively on their strategic plans, and to manage well through a very subdued market. The German business continued its robust recovery of the last three years, performing extremely well in what is also a very challenging current market. Poland's growth softened in the second half due to an unexpectedly weaker Q3, but has stabilised since. Benelux has recently executed a significant restructuring in its Netherlands business, closing a number of branches, which is a key part of its margin improvement plan. Ireland's results were encouraging throughout the year, partly due to market recovery after a very soft 2023, as well as to strong commercial execution.

Gavin Slark, CEO, commented:

"Whilst demand across the European building and construction sector remained weak throughout 2024, the Group delivered a robust trading performance relative to the market, through a strong focus on our customers and the great efforts of all our people.

"I remain confident that the actions we have taken, and the opportunities that exist within SIG's portfolio for further strengthening our operating performance and accelerating growth in our specialist businesses, will enable us to deliver increasingly profitable growth over the medium term. Whilst we expect continued softness in market conditions, at least through the first half of 2025, we are confident in our ability to manage through this current phase of the cycle, whilst also strengthening our operations. We remain ready to take advantage of the significant long-term opportunities for the Group as markets recover."

FY24 Results date, and Outlook

We will publish our full FY24 results on 5 March 2025, and will hold a presentation and conference call for analysts and investors at 10.00am (GMT) on that date. We will provide a more detailed outlook on 2025 at that time.

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

1. *Like-for-like is defined as sales per working day in constant currency, excluding completed acquisitions and disposals, and adjusted to exclude the net impact of branch closures and openings. The latter adjustment for branch changes has been incorporated for the first time in these results, and the previously reported H1 numbers have been restated accordingly. The change had an impact of 1% on Group growth rates in both H1 and H2.*
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 £25.2m, within a range of £24.0m to £26.5m, as at 8 January 2025.*
4. *Free cash flow is defined as all cash flows excluding M&A transactions, dividend payments, and financing transactions.*

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