SIG Plc

H1 2023 Results

8 August 2023

H1 2023 Results Agenda

1

Overview

Gavin Slark
CEO

2

Financial Results

Ian Ashton
CFO

3

Business Review

Gavin Slark
CEO

Overview

Gavin Slark, CEO

Observations after six months

1

A good business platform for long term growth

- Travelled extensively around countries, visiting branches, our people and our stakeholders; Impressed with quality of business and people
- Managing for growth through the economic cycle; Growing sustainably

2

Conviction in 5% margin opportunity

- Last three years' strategy has moved business in right direction; 5% Group margin is a realistic medium term target

3

Strong operational management

- Good depth and breadth of operational leadership, for future development and succession

4

Making progress with more opportunities for self-help

- Will continue to focus on people, performance, productivity and modernisation
- Opportunities to improve quality of operations and earnings through more self-help measures, even in challenging markets

Capital Markets event to be held in London on 23 November 2023

H1 2023 Results Overview

Resilient operating performance

- Resilient LFL revenue in our largest businesses
- Reported Group revenue growth of 5% including acquisitions
- Managing near-term margin pressure

Market conditions remain challenging

- Declining market demand across all geographies
- Inflation tailwinds moderating as expected
- Maintaining strengthened market positions

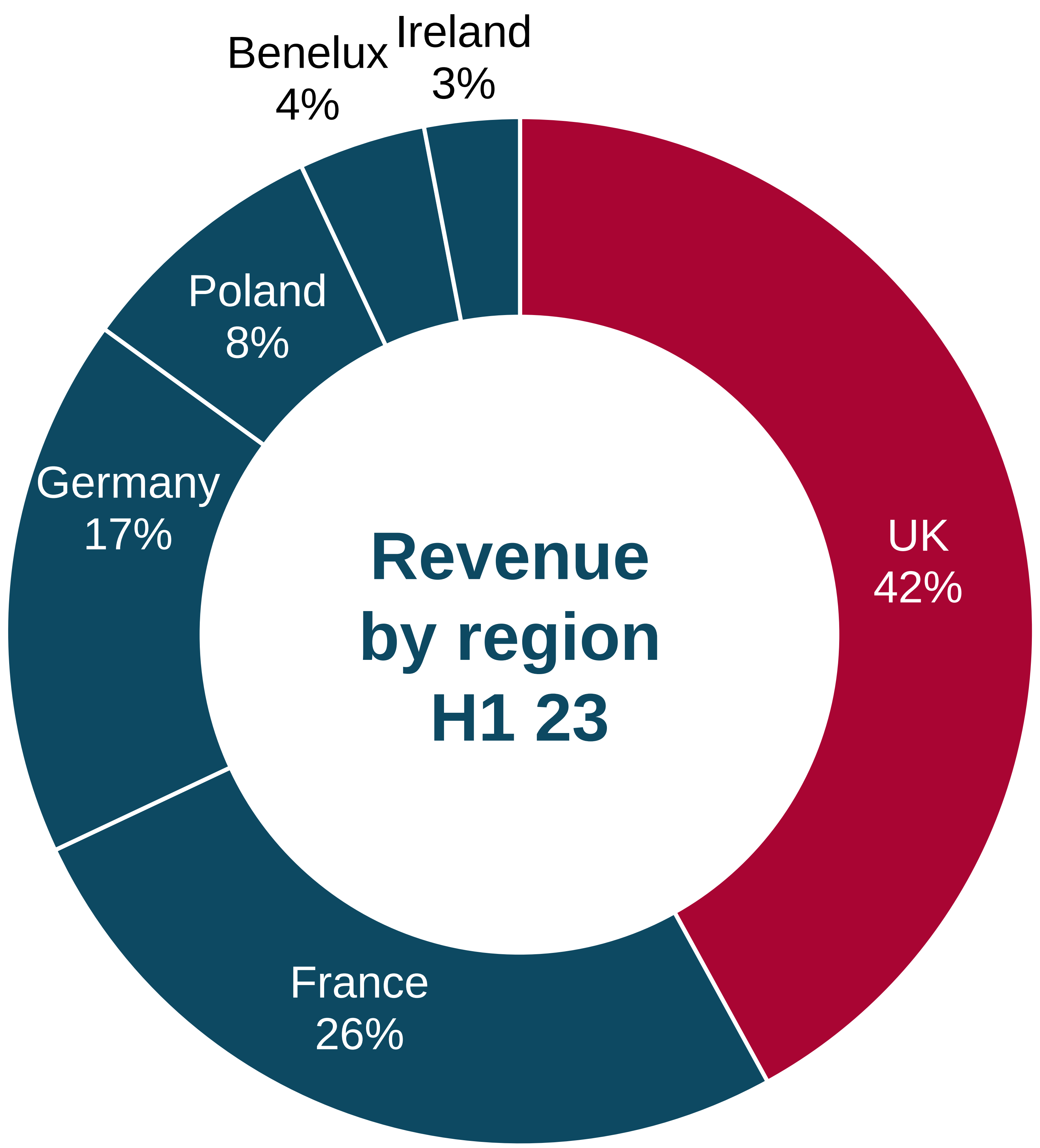
Financial discipline

- Operating cost discipline
- Strong cash management
- Healthy liquidity

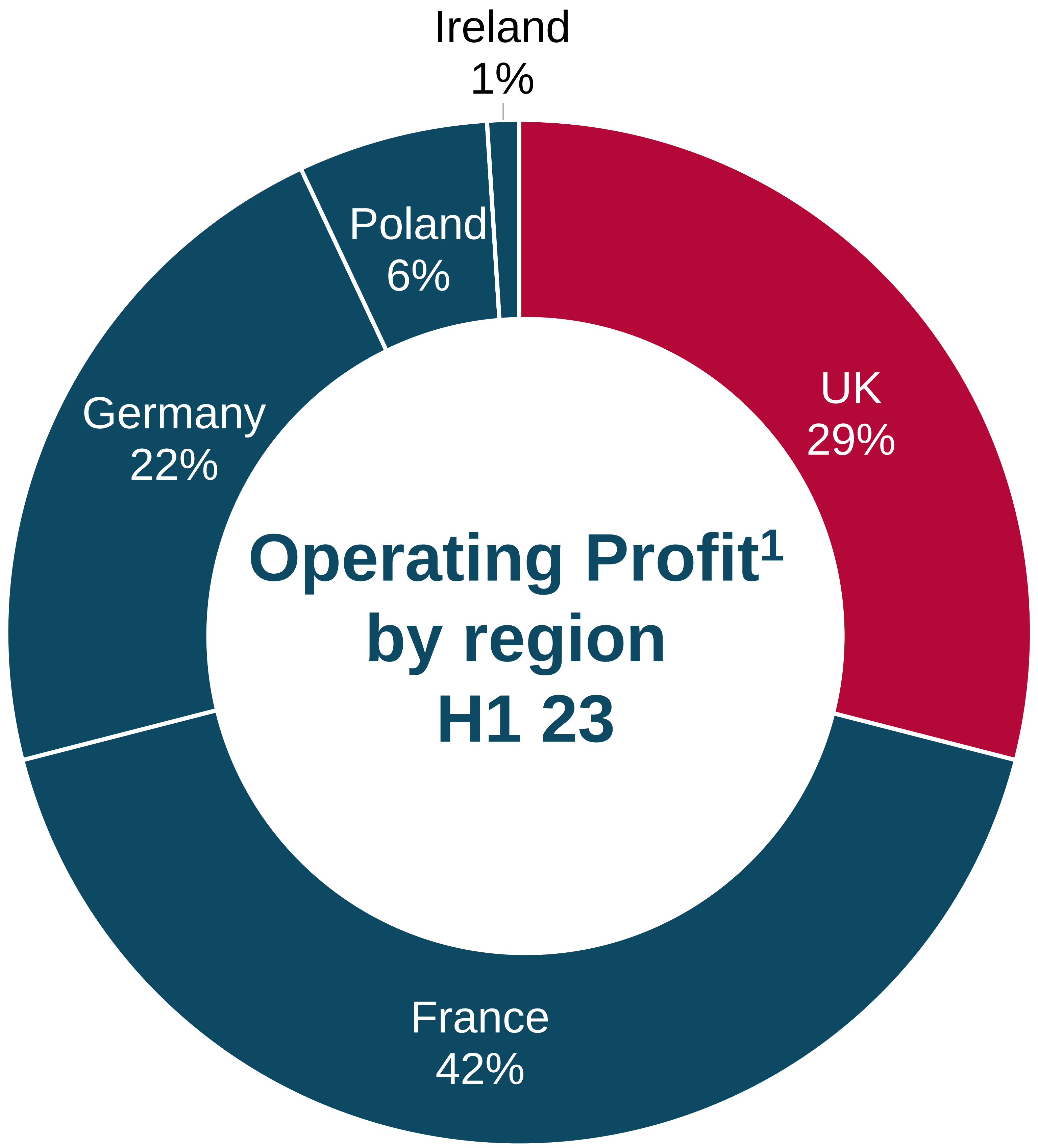
Pan-European presence

Geographically diversified

EU 58% of Revenue **UK 42% of Revenue**



EU 71% of Profit[1] **UK 29% of Profit[1]**



Note: 1) Underlying operating profit adjusted to exclude Group overhead and Benelux loss.

Financial Results

Ian Ashton, CFO

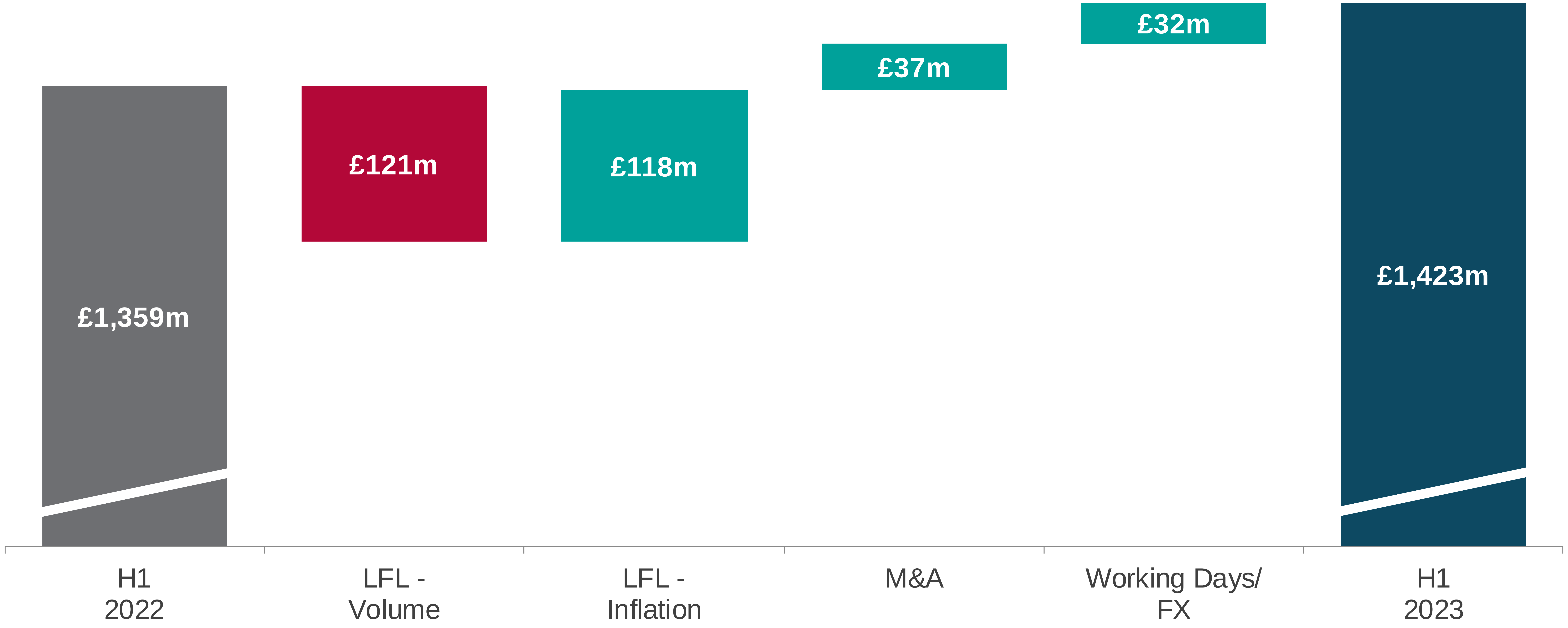
Key Financials

£'m	H1 2023	H1 2022
Revenue	1,423	1,359
LFL sales growth	*0%*	*21%*
Gross profit	365	356
Gross margin	*25.6%*	*26.2%*
Underlying operating profit	**33**	**43**
Operating margin	*2.3%*	*3.1%*
Finance costs	(18)	(14)
Underlying profit before tax	**15**	**29**
Other items	**(3)**	**(3)**
Underlying EBITDA	**72**	**80**
Free cash flow	**(20)**	**(31)**
Leverage, post-IFRS 16[1]	**3.2x**	**3.0x**
Leverage, pre-IFRS 16[1]	**2.4x**	**2.1x**

- Challenging market conditions resulting in volume decline, offset by inflation
- Resilient gross margin; slight reduction due partly to strength of comparator
- Operating margin also reflects higher than normal operating cost inflation
- Solid cash result, reflecting normal working capital seasonality

Notes: All data presented on a post-IFRS 16 basis unless stated otherwise. 1) Defined as Net Debt / LTM EBITDA.

Revenue bridge

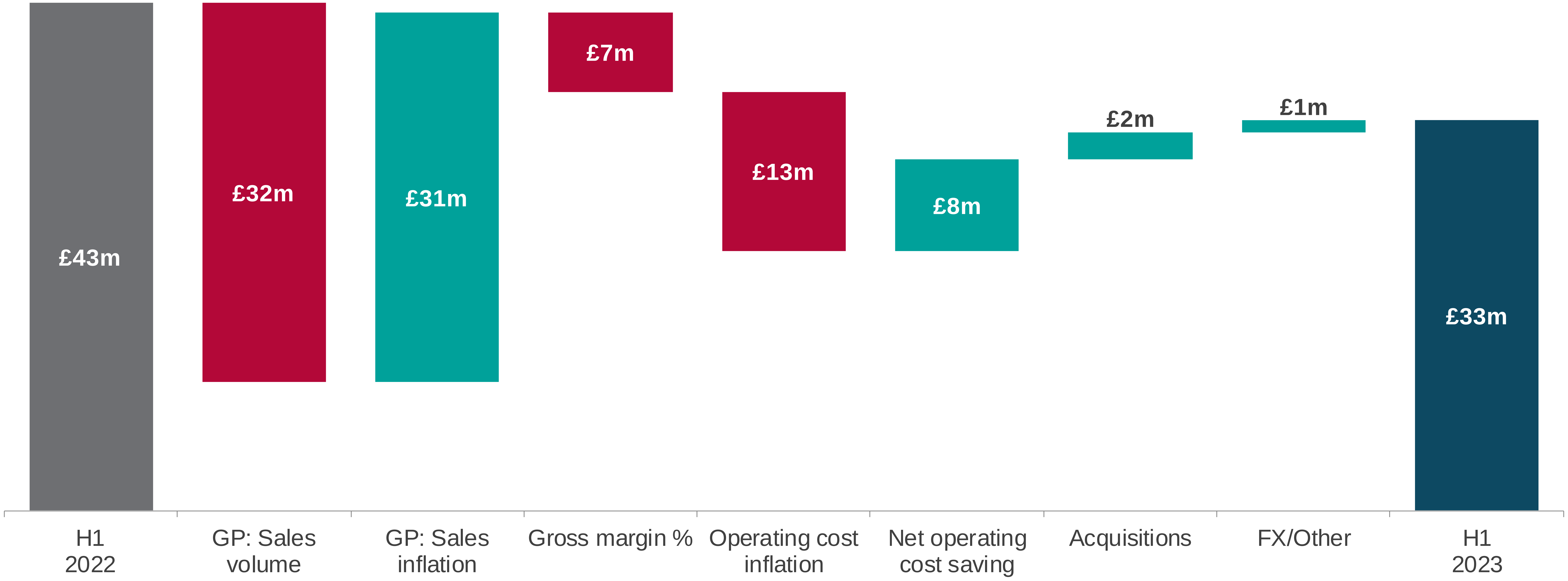


1 Jan to 30 June	H1 LFL
UK Interiors	4%
UK Exteriors	(2)%
UK	**1%**
France Interiors	1%
France Exteriors	2%
Germany	0%
Poland	(9)%
Benelux	7%
Ireland	(18)%
EU	**(1)%**
Group	**0%**

- Market demand weaker across all geographies
- Pass through of purchase price inflation contributes c9%
- Especially strong comparators in Poland and Ireland
- H2 2022 acquisitions in UK Interiors (Miers) and Germany (Thermodämm) added £37m, and 3% to reported year-on-year growth

Note: The numbers presented above have been rounded to the nearest million and therefore may contain small rounding differences.

Operating profit bridge



- Inflationary tailwinds offset by volume decline
- Slight reduction in GM% due partially to strong comparators
- Operating cost inflation of 4-5% offset by net underlying savings
- H2 2022 acquisitions in UK Interiors (Miers) and Germany (Thermodämm) contributed £2.3m to operating profit

Note: Data represents underlying performance, post-IFRS 16.

Free cash flow

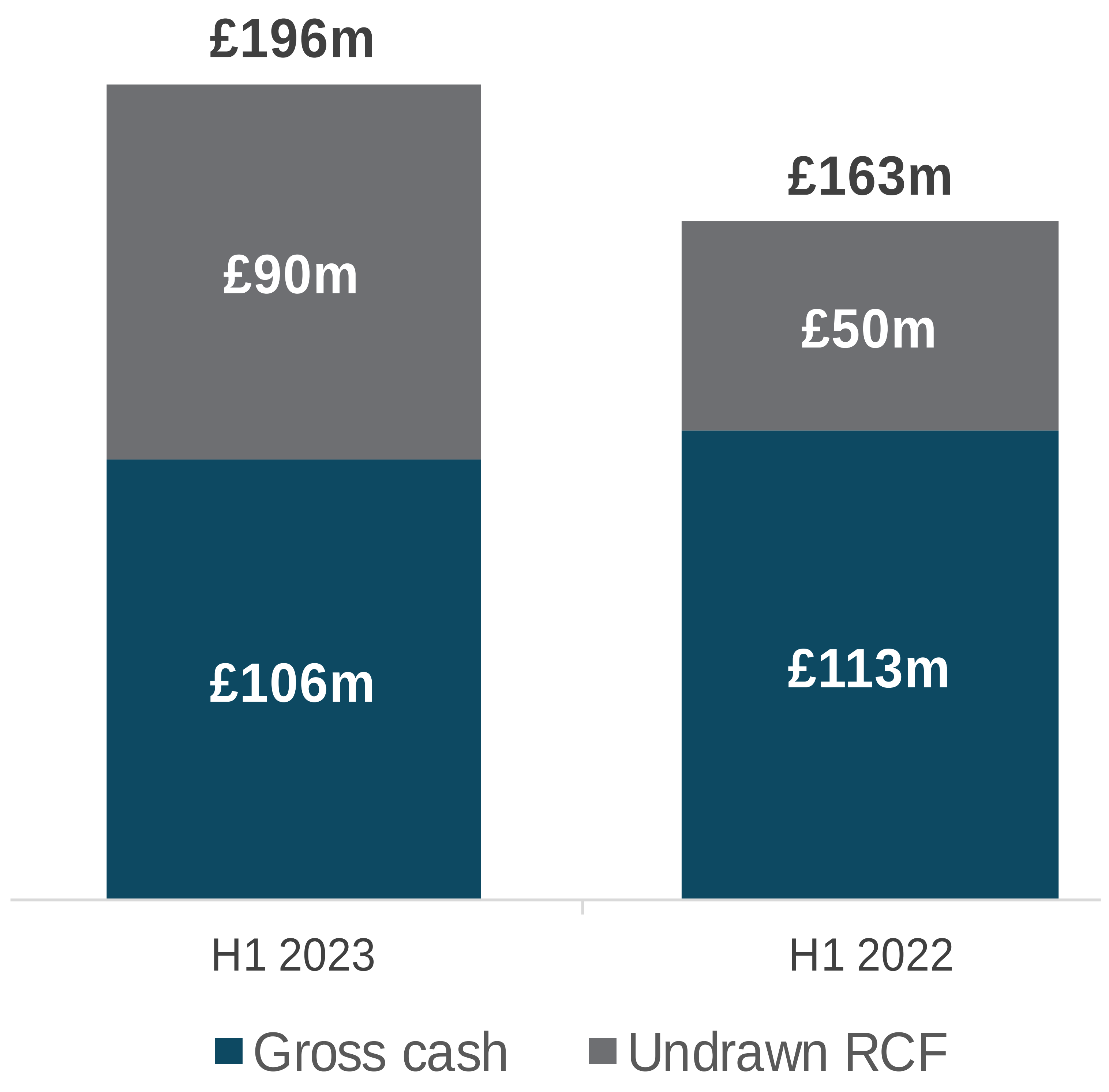
Normal seasonality in working capital

- Increase in interest reflecting higher levels of lease liability and increases in lease discount rates, up from £14m
- Working capital seasonality expected to reverse in H2

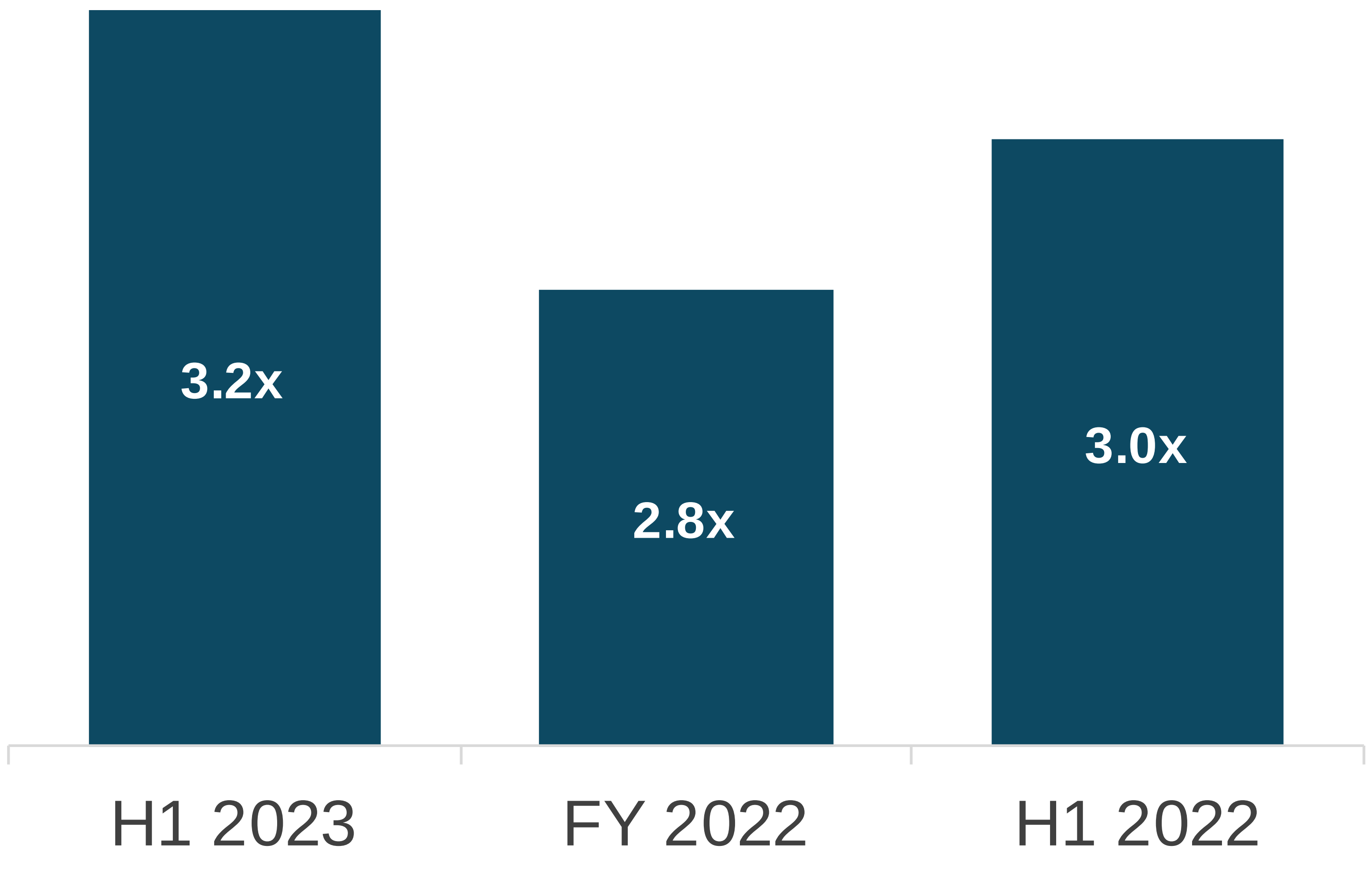
Note: The numbers presented above have been rounded to the nearest million and therefore may contain small rounding differences.

Balance sheet

Strong liquidity



Leverage[1]



- Leverage increase from H1 2022 of 0.2x driven by increased lease liability
- Normal seasonality in working capital will reduce the net debt in H2

Secure long term debt profile

Core Group debt facilities with maturity in 2026 :

- Debt refinanced in November 2021
- €300m Senior Secured Notes:
  - 5.25% fixed rate
- £90m RCF:
  - SONIA + 2.5% to 4.5%
  - Undrawn as at end of FY 22 and H1 23
- Solid credit ratings: B1 (Moody's) and B+ (S&P)

Note: 1) Post-IFRS 16 Leverage.

Technical guidance FY23

- **Inflation:**
  - Minimal levels of new inflation expected in H2
  - Positive but moderating year on year impact expected in H2 due to H1 23 increases and some remaining annualisation of prior year. Mid single digit % in aggregate for FY
- **Capex** now expected to be £14-17m (previous guidance up to £20m)
- **Net interest** charge now expected to be £35-37m (previous £32-34m)
- **Tax rate**:
  - EU operations expected to continue on prevailing local rates
  - UK operations not expected to report a tax charge and continue to have unrecognised deferred tax assets
  - Cash tax of £15-£16m

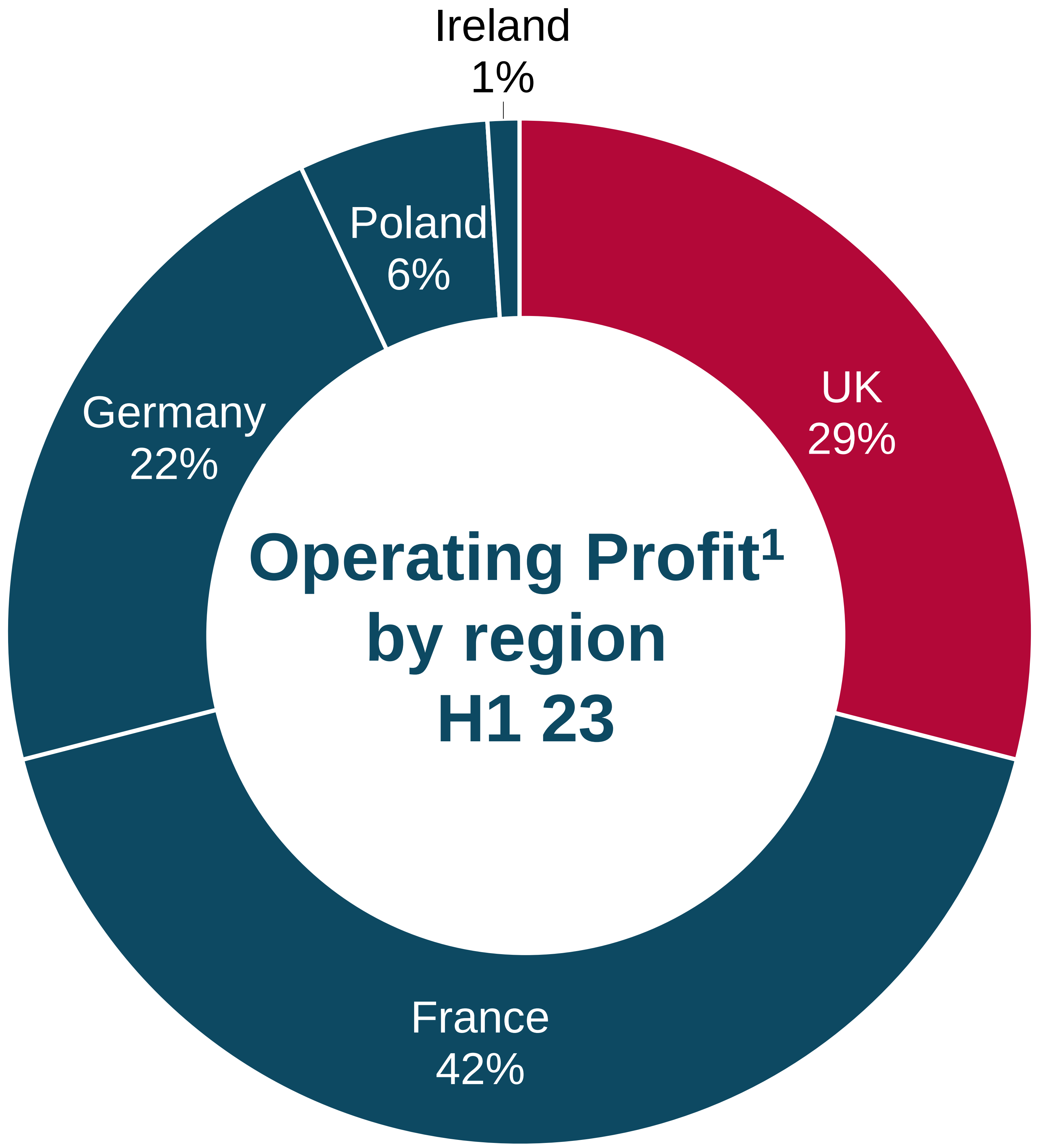
Business Review

Gavin Slark, CEO

Our operations

Pan-European presence

c440 branches supporting local markets across six geographies



Note: 1) Underlying operating profit adjusted to exclude Group overhead and Benelux loss

Strategic priorities

Path to 5% operating margin underpinned by consistent execution

1

Drive LFL sales by winning locally

- Empowered branches focused on sales and service excellence
- Smart pricing and promotions to respond to local market conditions

2

Improve mix and margin

- Growth in high margin categories and private label
- Specialist solutions and advice

3

Drive productivity

- Tight opex control in current inflationary environment
- Omnichannel development and process modernisation

4

Reinvesting in growth

- Continuing to add talent and branch locations where we expect good returns
- Disciplined capital allocation and selective M&A

Margin: Product mix

Supporting the path to 5% margin

Increase higher margin categories

- Stocking and selling more higher margin product categories
- Increase fixings and accessories
- Cross-selling full system ranges for specialists

Examples:

Slate roof tile

+

Slate hooks and accessories

Growing private label

- Shop-in-shop items and merchandising
- Specialist proprietary products
- Fabricated products in specialist markets (UK)

Examples:

iRONDEL LA MARQUE DES PRODUITS LARIVIERE

GALIZA L'Ardoise Naturelle

PREFIX

SPEEDLINE DRYWALL SYSTEMS | Part of SIG

FIXER FLAT ROOFING

Alyé

SIGA

Enhancing processes

- Supporting higher margin branch sales
  - Pricing tools and analytics
  - New product training and awareness
- Customer promotions, loyalty programmes and sales incentives

Examples:

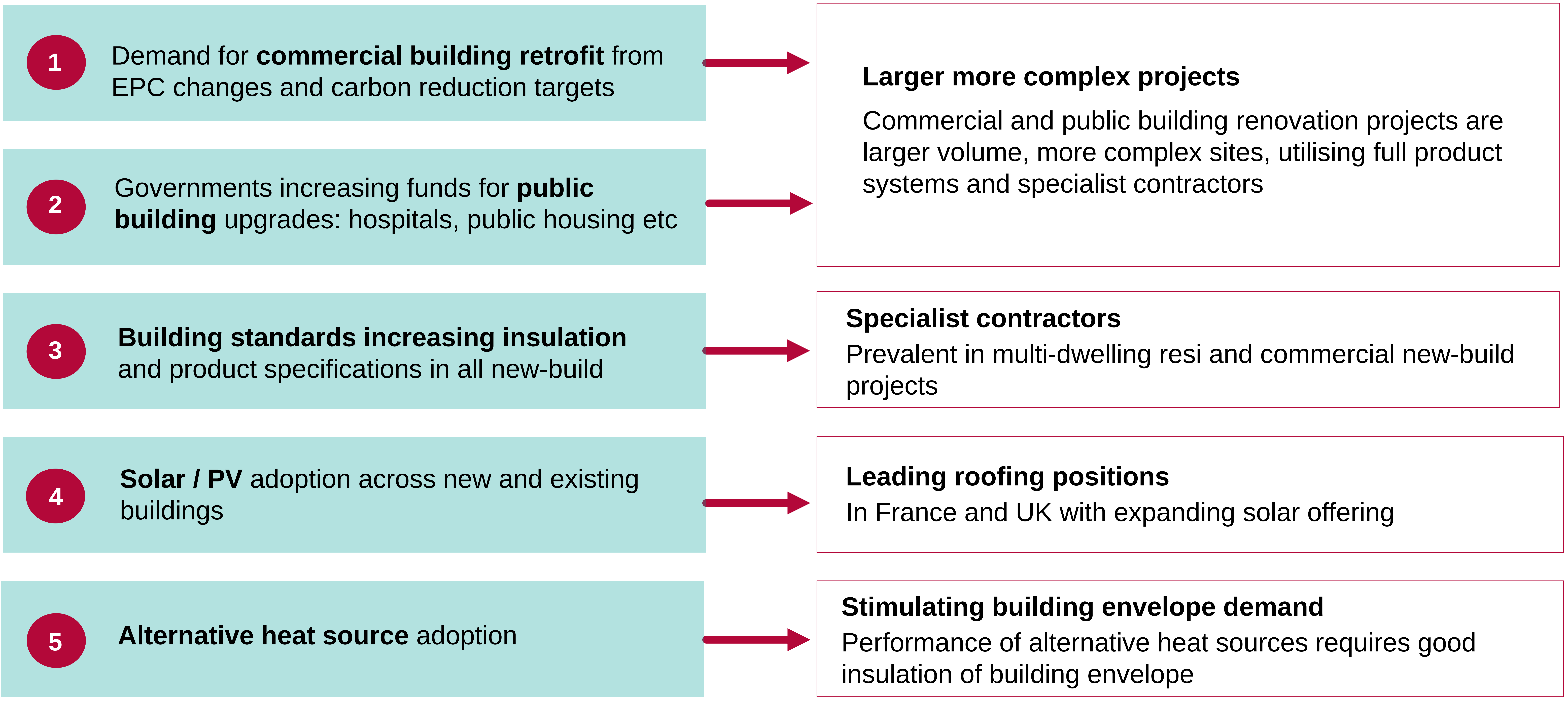
Regulatory themes across Europe supporting long term demand for our products and markets

Regulatory themes across our European markets relevant to SIG

Tailwind to SIG's core markets and business

Examples

- France: RE 2020 Building decarbonisation
- UK: EPC & Building standard changes, decarbonisation
- Poland: 2021-30 National Energy & Climate Plan
- Ireland: Climate Action Plan 2023
- Germany: Climate Action Programme 2030
- Benelux: Energy Performance of Buildings Directive



1. Demand for **commercial building retrofit** from EPC changes and carbon reduction targets
2. Governments increasing funds for **public building** upgrades: hospitals, public housing etc
3. **Building standards increasing insulation** and product specifications in all new-build
4. **Solar / PV** adoption across new and existing buildings
5. **Alternative heat source** adoption

Larger more complex projects

Commercial and public building renovation projects are larger volume, more complex sites, utilising full product systems and specialist contractors

Specialist contractors

Prevalent in multi-dwelling resi and commercial new-build projects

Leading roofing positions

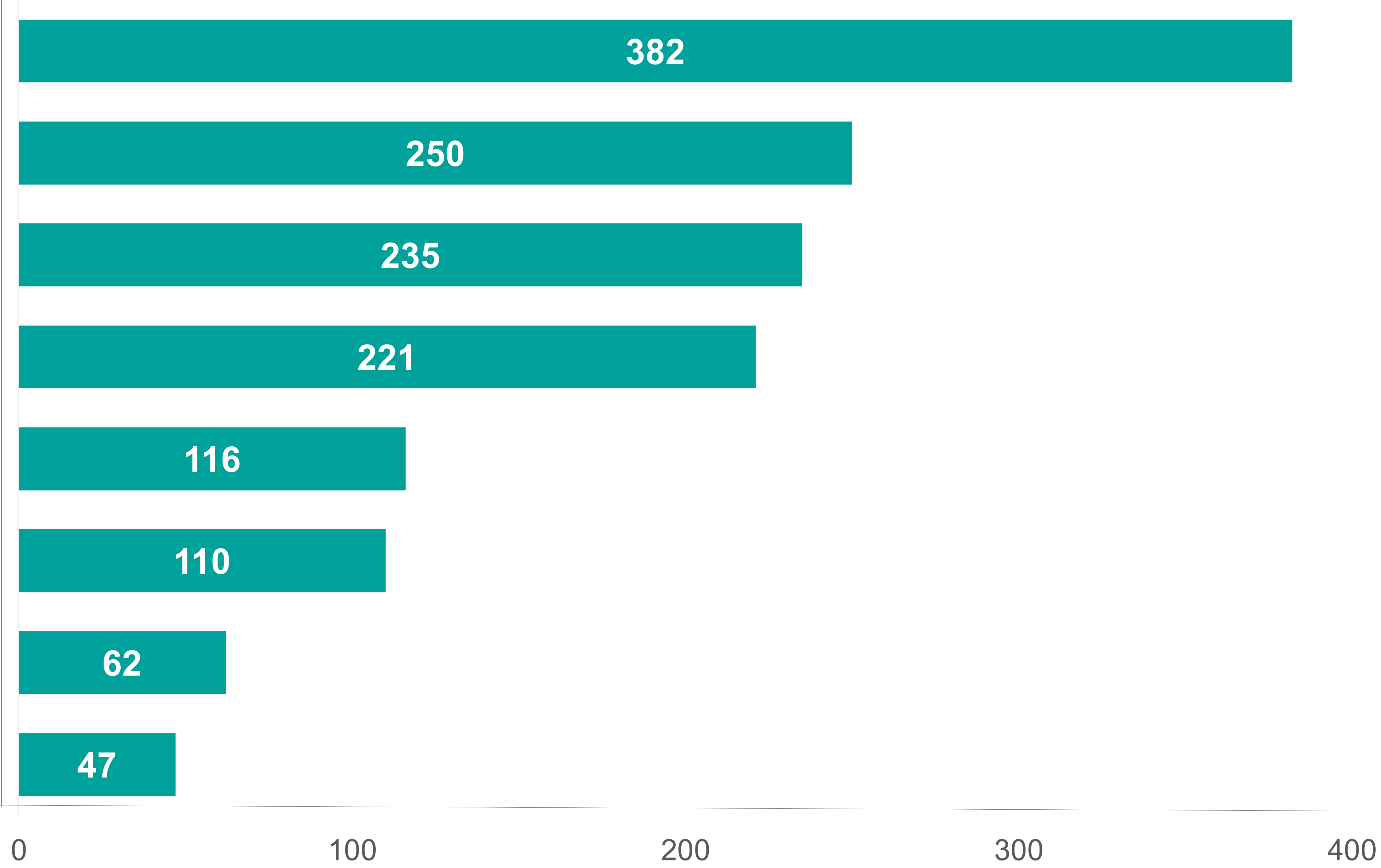
In France and UK with expanding solar offering

Stimulating building envelope demand

Performance of alternative heat sources requires good insulation of building envelope

Resilient LFL Revenue performance in our largest OpCos in a challenging market

	LFL growth[1]	H1 23 Revenue per OpCo (£m)
UK Interiors	**4%**	**382**
France Exteriors	**2%**	**250**
Germany	**0%**	**235**
UK Exteriors	**(2)%**	**221**
France Interiors	**1%**	**116**
Poland	**(9)%**	**110**
Benelux	**7%**	**62**
Ireland	**(18)%**	**47**

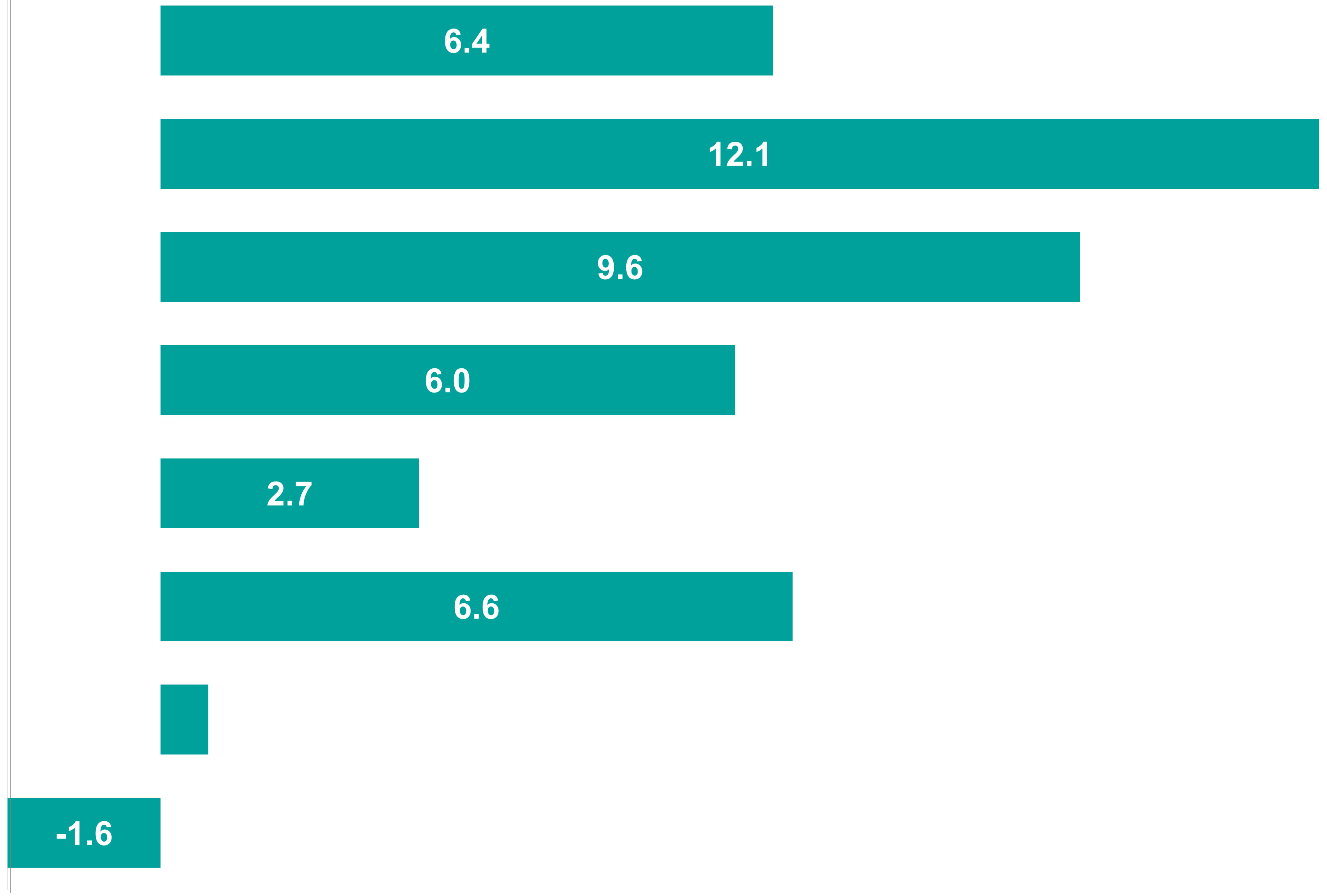


Note: 1) LFL revenue growth vs H1 22.

OpCo Margins temporarily impacted by challenging market

Resilience in France at c5% with Germany and UK Interiors improving yoy

	H1 23 Operating margin[1]	H1 23 Operating profit[1] (£m)
France Interiors	5.5%	6.4
France Exteriors	4.8%	12.1
Germany	4.1%	9.6
UK Exteriors	2.7%	6.0
Poland	2.5%	2.7
UK Interiors	1.7%	6.6
Ireland	1.1%	
Benelux	(2.6)%	-1.6



Note: 1) Underlying operating profit

Improving our operating platform for long term growth

Motivated people, winning branches and efficient operations are key to performance

In H1 we have retained our focus on:

People

Branches

Productivity

France Exteriors

	H1 23	H1 22	Change[1]
Revenue (£'m)	249.7	239.8	1.6%
Operating profit (£'m)	12.1	15.3	(3.2)
Operating margin (%)	*4.8%*	*6.4%*	*(1.6)%*

H1 Trading

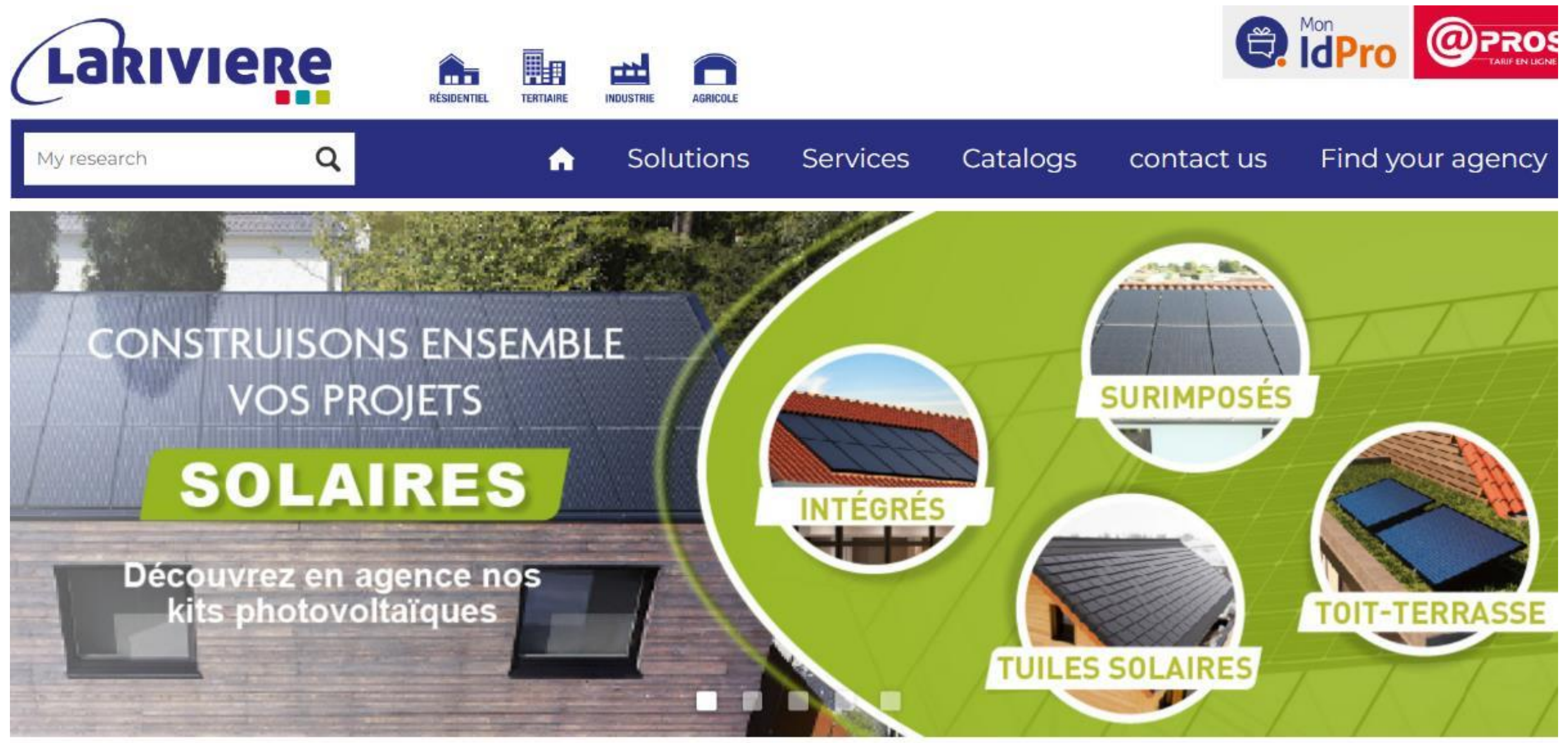
- Residential new-build market demand slowed in Q2
- RMI (larger projects) also impacted
- Strong growth in small but expanding solar category

Strategic development

- Improving product mix with continued development in own brands (Irondel & Galiza)
- Sales development to key accounts and solar
- Enhancing customer experience – shop-in-shop, branch refurbishment, digital services
- Increasing employee skills and training: launch of SIG Academy across both French businesses

Solar offering expanded in H1

- Now stocking a wide range of brands and innovative products for in-roof solar for commercial and residential
- Continuing sales and customer training



Notes: 1) Revenue growth rate change (%) is on a LFL basis.

France Interiors

	H1 23	H1 22	Change[1]
Revenue (£'m)	116.4	111.2	*1.3%*
Operating profit (£'m)	6.4	7.4	(1.0)
Operating margin (%)	*5.5%*	*6.7%*	*(1.2)%*

H1 Trading

- Volume decline greater in Q2 with new-build market weakest
- Volume growth from newer branches
- Robust margin despite market weakness

Strategic development

- Sales development and ramp up of new own brand (Alyé) launched in 2022 with new products (new fillers and accessories launched Q1)
- Extending product range with added value technical products e.g. in walls and flooring
- Continued ramp up of productivity in our new warehouse at Marly
- Driving up sales and performance at new and refreshed branch locations

Two year programme of branch investment completed

- New branches, relocations and reinvigoration to capture local market growth
- Technology investment to support productivity

Notes: 1) Revenue growth rate change (%) is on a LFL basis.

UK Interiors

	H1 23	H1 22	Change[1]
Revenue (£'m)	381.6	331.9	*3.9%*
Operating profit (£'m)	6.6	3.8	2.8
Operating margin (%)	*1.7%*	*1.1%*	*0.6%*

H1 Trading

- Total revenue up 15%, including 10% from Miers acquisition
- Strengthened market position
- Residential end-market demand weakest
- Continued year over year margin progression

Strategic development

- Construction Accessories:
  - Business focus on rebuilding market position in specialist fixings and infrastructure end-markets
  - Miers and F30 acquisitions performing well
- Core Interiors business:
  - Continued focus on initiatives to structurally improve medium term margin
  - Improving internal pricing tools and support to branches
  - Product category management

Growing in attractive Construction Accessories market

- Higher margin specialist products for the preliminary stages of construction
- Miers acquisition (£35m purchase, 2022)
- Supporting large infrastructure projects eg HS2, energy facilities and Tier 1 national contractor customers

Notes: 1) Revenue growth rate change (%) is on a LFL basis.

UK Exteriors

	H1 23	H1 22	Change[1]
Revenue (£'m)	221.1	224.0	*(2.1)%*
Operating profit (£'m)	6.0	11.1	(5.1)
Operating margin (%)	*2.7%*	*5.0%*	*(2.3)%*

H1 Trading

- Reduction in new-build and public-sector RMI activity
- Market decline in Building Solutions (metal building envelope) in agriculture and warehousing in Q2, driving margin decline
- Overall inflation benefit, with deflation in commodity materials

Strategic development

- Product range expansion in specialist categories
- Branch openings: Carlisle, Maidstone, Luton (H2)
- Full solar offering launched: products and solutions to capture market growth
- Increasing employee communications and recognition - improving engagement and retention

Continued H1 investment in branches and people to drive growth

- Programme of branch upgrades, in-store merchandising and retail revamps
- Improving customer experience
- New performance recognition scheme programme launched

SIG ROOFING

WINNERS

BRANCH OF THE MONTH

MAY 2023

NORTH

LEICESTER

SOUTH

WEYBRIDGE

Notes: 1) Revenue growth rate change (%) is on a LFL basis.

Germany

	H1 23	H1 22	Change[1]
Revenue (£'m)	234.8	224.5	*(0.1)%*
Operating profit (£'m)	9.6	8.3	1.3
Operating margin (%)	*4.1%*	*3.7%*	*0.4%*

H1 Trading

- Continued momentum under new management since late 2021
- Residential end-market conditions weakened significantly; commercial weaker but less severe
- Further operating margin improvement delivered

Strategic development

- Technical insulation and flooring market focus
- Branch performance management initiatives over past two years leading to improving operating metrics
- Thermodämm acquisition integrated and trading well
- Customer service improvements through new express pick-up, and digital developments

Driving better branch and sales performance

- Improving sales team skills: ‘Empower the touch points’ sales reactivation and training programme
- Increased branch productivity metric and performance focus
- Employee and business partner re-engagement under new brand ‘Building Together’

Notes: 1) Revenue growth rate change (%) is on a LFL basis.

Summary & Outlook

H1 2023 Results

- Volumes and input inflation offsetting to result in flat LFL sales
- Reported growth of 5% including 3% from acquisitions
- Margin down on PY due to weaker demand and inflation on opex
- Solid cash result

FY 2023 Outlook

- Full year revenue:
  - Weak demand conditions to continue
  - Inflation benefit moderating vs PY, as expected
- Margin:
  - Operational agility and productivity; continuing cost discipline
  - Managing near term pressure for medium term growth
- Continuing focus on strengthening operating platform:
  - People, Branches, Productivity

Longer term

- Medium and long term growth aided by sustainable construction tailwinds
- Medium term target of 5% Group operating margin
- Increasingly meaningful cash generation
- M&A opportunities
- Shareholder value creation

Appendix

SIG Plc

H1 2023 Results

Capital allocation and value creation

Organic growth

- Investment in new branches and new capabilities, focused on high margin categories
- Investment in existing network and fleet to optimise efficiency, growth and sustainability
- Inventory to drive new product focus areas

Focused M&A

Criteria for acquisitions:

- Operating company readiness
- Strategic fit - category priorities, distinctive expertise, aligned to sustainability
- Synergistic, accretive deals

Dividends

- Targeting a reinstatement of dividend, once at appropriate leverage and sustainable free cash flow generation

Underpin

- Maintain liquidity and headline financial leverage targets
- Targeting Financial Leverage of <2.5x (post-IFRS 16 basis); or c1.5x pre-IFRS 16
- Maintain credit ratings

Underlying financials by segment

	Revenue	LFL vs 2022	Operating profit/(loss)	Change vs PY	Operating margin	Change vs PY
UK Interiors	£382m	3.9%	£6.6m	£2.8m	1.7%	0.6%
UK Exteriors	£221m	(2.1)%	£6.0m	£(5.1)m	2.7%	(2.2)%
Total UK	**£603m**	**1.5%**	**£12.6m**	**£(2.3)m**	**2.1%**	**(0.6)%**
France Interiors	£116m	1.3%	£6.4m	£(1.0)m	5.5%	(1.2)%
France Exteriors	£250m	1.6%	£12.1m	£(3.2)m	4.8%	(1.6)%
Total France	**£366m**	**1.5%**	**£18.5m**	**£(4.2)m**	**5.1%**	**(1.4)%**
Germany	£235m	(0.1)%	£9.6m	£1.3m	4.1%	0.4%
Poland	£110m	(8.8)%	£2.7m	£(3.2)m	2.5%	(2.7)%
Benelux	£62m	7.0%	£(1.6)m	£0.1m	(2.6)%	0.4%
Ireland	£48m	(18.5)%	£0.5m	£(2.5)m	1.1%	(4.3)%
Total Group	**£1,423m**	**(0.2)%**	**£32.7m**	**£(9.8)m**	**2.3%**	**(0.8)%**

Note: Data represents underlying performance post-IFRS 16. Group stated net of central costs.

Operating profit bridge by Operating Company

Other items

£'m	PBT Impact H1 2023	PBT Impact H1 2022	Cash Impact H1 2023	
Amortisation of acquired intangibles	(1.6)	(2.4)	-	
Costs related to acquisitions	(1.4)	(0.2)	-	Legal and professional fees for acquisitions and related earn out recognition
Cloud computing costs	(1.3)	(0.8)	(1.4)	Changed accounting regarding SaaS – per IFRS Interpretations Committee
Onerous contract costs	(0.2)	-	(1.1)	
Other specific items	1.8	0.7	(0.3)	
Impact on operating profit	**(2.7)**	**(2.7)**	**(2.8)**	
Non-underlying finance costs	(0.1)	-	(0.1)	
Impact on profit/(loss) before tax	**(2.8)**	**(2.7)**	**(2.9)**	

Cash flow and net debt

£'m	H1 2023	H2 2022	H1 2022
Underlying operating profit	33	38	42
Add back: Depreciation & amortisation	39	39	38
Underlying EBITDA	**72**	**76**	**80**
Working capital movements	(28)	28	(42)
Repayment of lease liabilities	(32)	(29)	(31)
Capital expenditure	(6)	(8)	(7)
Cash exceptionals	(3)	(8)	(7)
Other	2	4	(2)
Operating cash flow	**6**	**64**	**(9)**
Interest and financing	(17)	(15)	(14)
Tax	(9)	(6)	(9)
Free cash flow	**(20)**	**42**	**(31)**
Acquisitions and investments	(2)	(27)	(1)
(Repayment)/drawdown of debt	(0)	-	(0)
Total cash flow	**(22)**	**15**	**(32)**
Cash at beginning of the period	**130**	**113**	**145**
FX impact	(2)	1	1
Cash at end of the period	**106**	**130**	**113**
Bond	(259)	(270)	(258)
Other debt	(3)	2	2
Net lease liability, pre-IFRS 16	(21)	(23)	(21)
Pre-IFRS 16 net debt	**(176)**	**(160)**	**(164)**
Net IFRS 16 lease liability	(293)	(284)	(267)
Post-IFRS 16 net debt	**(469)**	**(444)**	**(432)**

- Working capital reflecting normal H1 seasonality
- Lease payments rising with inflation
- Capex primarily branch maintenance, renovation and HSE
- Cash exceptionals include final SAP payment of £1m and Benelux ERP implementation £1m
- Increase in interest reflecting higher levels of lease liability and increases in lease discount rates
- IFRS 16 leases increases due to extensions and renewals, mainly in UK and Germany

Net debt bridge

- Net debt benefits from £72m EBITDA, partially offset by working capital and provisions
- Net debt increases as a result of lease extensions and renewals, mainly in UK and Germany

Note: The numbers presented above have been rounded to the nearest million and therefore may contain small rounding differences.

Poland

SPECJALISTYCZNE
MATERIAŁY BUDOWLANE

	H1 23	H1 22	Change[1]
Revenue (£'m)	110.2	115.1	*(8.8)%*
Operating profit (£'m)	2.7	5.9	(3.2)
Operating margin (%)	*2.5%*	*5.1%*	*(2.6)%*

H1 Trading

- Revenue decline reflects very strong comparator and decline in residential and commercial market since H1 2022
- Maintaining good market position against wider market
- Actively managing price pressure

Strategic development

- Growing business in technical insulation and industrial projects (oil and gas)
- Five new branches opened in last two years: ramping up new business and performance in new locations
- Expansion of shop-in-shop sales to new branches, supporting higher margin product mix
- Continuing increase in omnichannel sales mix

Strong workplace culture to support performance

- SIG Poland awarded 'Great Place to Work' accreditation in July 2023

Notes: 1) Revenue growth rate change (%) is on a LFL basis.

Ireland

SIG	H1 23	H1 22	Change[1]
Revenue (£'m)	47.5	55.9	*(18.5)%*
Operating profit (£'m)	0.5	3.0	(2.5)
Operating margin (%)	*1.1%*	*5.4%*	*(4.3)%*

H1 Trading

- Lower volumes driven by decline in construction market activity
- Strong H1 2022 comparator ahead of price inflation spike
- Operating margin impact from lower volumes

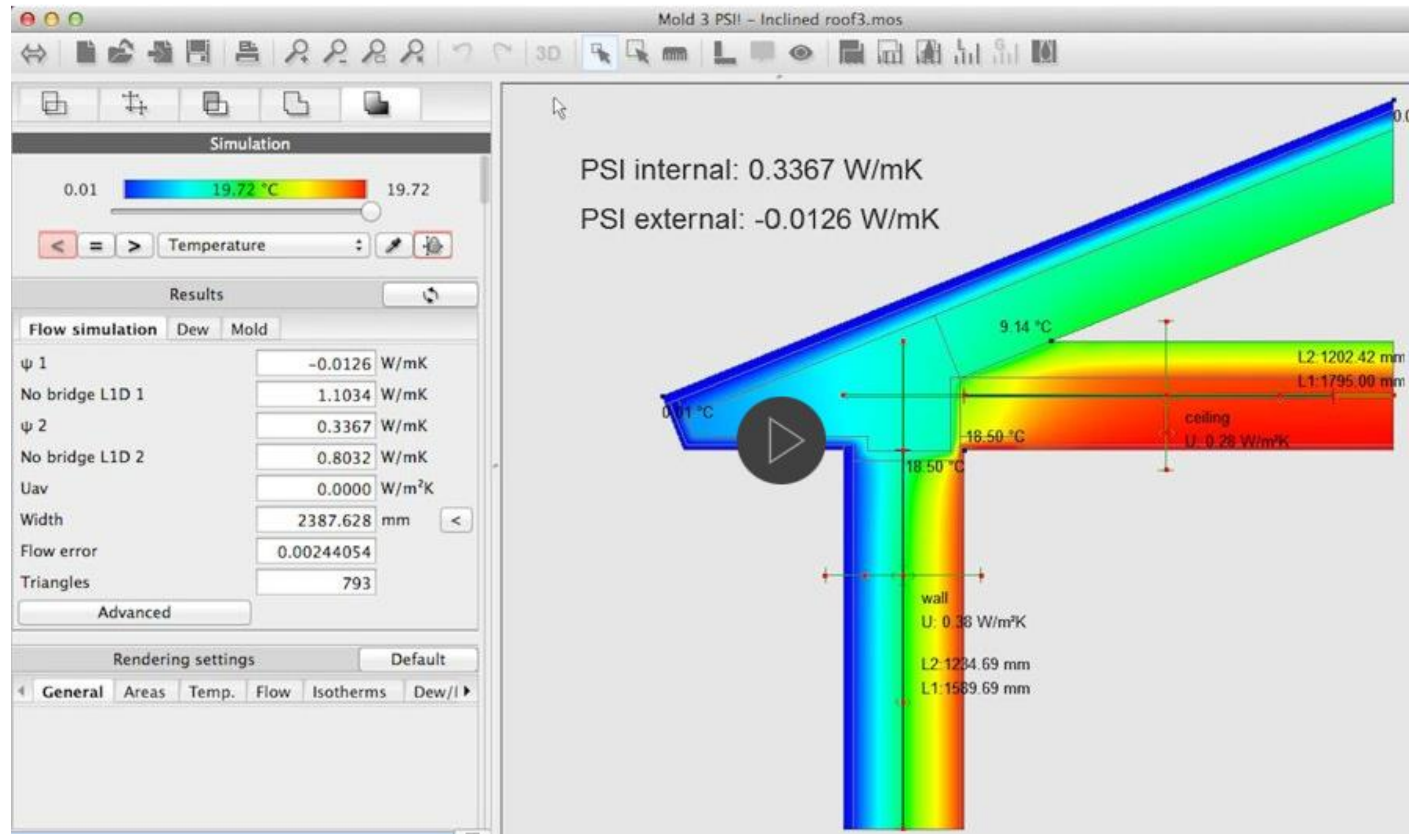
Strategic development

- Expanding in facades category, with new team and products
- New Limerick branch trading ahead of expectations
- E-commerce sales: Small proportion presently; good opportunity for further growth
- Product and service expansion in HHI, our residential renovation business in Northern Ireland

Using technical expertise to grow higher margin sales

- Technical Services team providing expertise across business units
- Supporting sales on technical, higher value products and projects

SIG TECHNICAL BUILDING SOLUTIONS



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PSI external: -0.0126 W/mK

ψ 1	-0.0126	W/mK
No bridge L1D 1	1.1034	W/mK
ψ 2	0.3367	W/mK
No bridge L1D 2	0.8032	W/mK
Uav	0.0000	W/m²K
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Flow error	0.00244054	
Triangles	793	

Notes: 1) Revenue growth rate change (%) is on a LFL basis.

Benelux

	H1 23	H1 22	Change[1]
Revenue (£'m)	62.1	56.1	*7.0%*
Operating profit (£'m)	(1.6)	(1.7)	0.1
Operating margin (%)	*(2.6)%*	*(3.0)%*	*0.4%*

H1 Trading

- Improved year over year revenue benefitting from inflation and refocussed commercial operations
- Weak market conditions overall, with continuing competitive pressure
- Cost reductions and sales growth beginning to stabilise margin

Strategic development

- New experienced Managing Director starts 1 October
- New ERP system successfully implemented in H1
- Continuing internal focus on key actions to rebuild branch and financial performance
  - Margin improvement roadmap and workshops
  - People engagement and retention improving

Improving our operational focus on customers

- Realigning people, branches and RDC to better serve customers at improved cost
- New systems will improve customer billing and service
- Rebuilding customer relationships and market share

Notes: 1) Revenue growth rate change (%) is on a LFL basis.

Number of trading sites

	31 Dec 2022	Opened	Merged	Closed	30 Jun 2023
UK Interiors[1]	61	-	-	-	61
UK Exteriors[1]	113	1	-	-	114
Total UK	174	1	-	-	175
France Interiors	38	1	-	-	39
France Exteriors[1]	103	-	(1)	-	102
Total France	141	1	(1)	-	141
Germany	52	-	-	-	52
Benelux	17	-	-	(1)	16
Ireland	11	-	-	-	11
Poland	47	-	-	-	47
Total Group	442	2	(1)	(1)	442

Note: 1) UK (-2) and France (+3) opening balance restated reflecting updated trading site definition.

SIG Plc

H1 2023 Results

8 August 2023