

SIG plc
Annual Results Presentation
for the year ended 31 December 2008

18 March 2009

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Introduction

Les Tench
Chairman

Agenda

- Overview
- Financial Review
- Trading Review
- Management actions
- Outlook
- Equity Issue

Overview

- 2008 underlying results in line with expectations
- Economic uncertainty significantly increased in recent months
- Comprehensive package of measures implemented and to be implemented to reduce net costs by aggregate expected £47m and conserve cash
- Range of refinancing options considered — equity issue best option
- Equity issue, by way of Placing and Open Offer and Firm Placing, proposed to raise £325m net
- Ensure that SIG is better positioned to capitalise on strong long term drivers
 - Regulatory environment (especially insulation)
 - Increased government funding benefiting across all of SIG's divisions
 - Growing need for housing
- No final dividend proposed; interim dividend of 8.3p



Financial Review

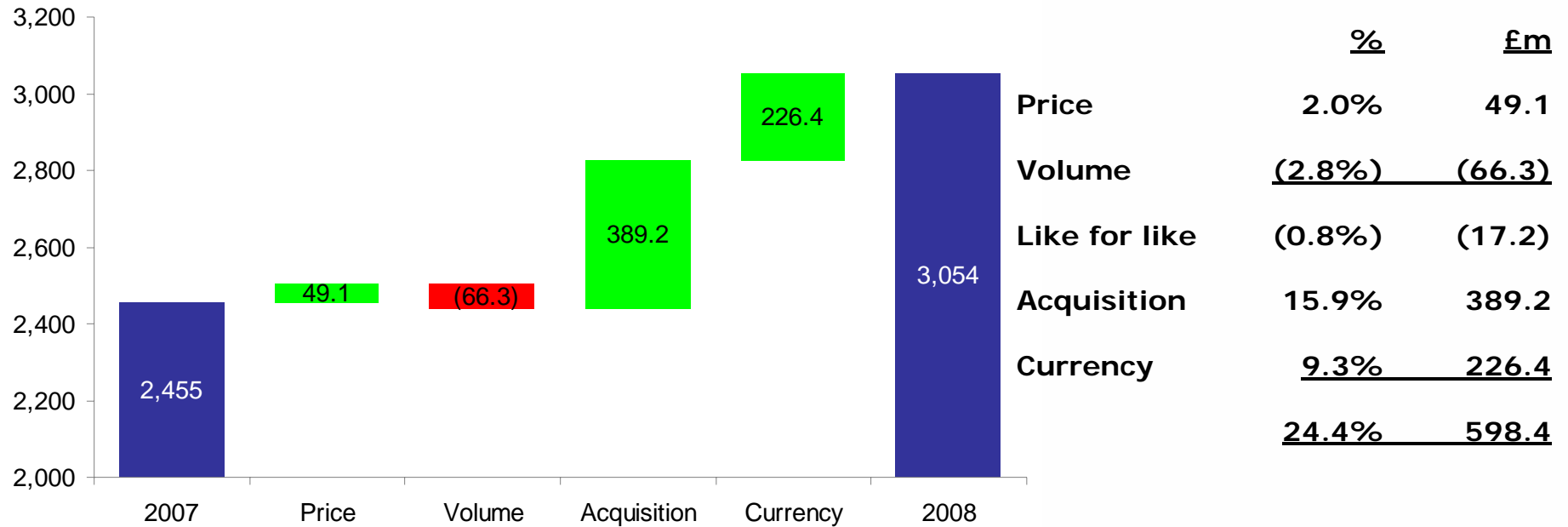
Gareth Davies
Finance Director

Summary Income Statement

£m	2008	2007	Change	
			£m	%
Revenue	3,053.6	2,455.2	598.4	24.4%
Underlying Operating Profit	169.8	159.4	10.4	6.5%
Underlying Finance Costs	(32.5)	(19.3)	(13.2)	
Underlying Profit Before Tax	137.3	140.1	(2.8)	(2.0)%
Restructuring Costs	(22.2)	-	(22.2)	
Impairment Charges	(14.2)	-	(14.2)	
Intangible Amortisation	(26.4)	17.2	(9.2)	
Gains and Losses on Derivative Financial Instruments	(41.4)	1.4	(42.8)	
PBT	33.1	124.3	(91.2)	(73.4)%
Underlying EPS	71.4p	74.8p	(3.4)p	(4.5)%
Underlying interest cover (covenant)	5.2x	8.4x		

"Underlying" is defined as meaning before the amortisation of acquired intangibles, impairment charges, gains and losses on derivative financial instruments and restructuring costs.

Analysis of Revenue Growth



Summary Balance Sheet

£m	H1 2008	FY 2008	FY 2007
Net Capex	31.9	52.9	53.6
Depreciation	19.2	42.6	30.3
Net Capex/depreciation ratio	1.66x	1.24x	1.77x
Net working capital	377.9	370.7	276.9
Net debt	640.2	697.1	428.9
Net debt / EBITDA ratio	2.71x	3.07x	2.04x

- Focus on working capital (emphasis in H2)
- Non-essential capex cut backs have been implemented
 - 2009 capex expected to be approximately half of 2008
- 2008 year end EUR/GBP rate was 1.03 compared to 1.26 at H1 2008
- Current net debt is split 51.5% GBP compared to 51.0% of revenue

Summary Cash Flow

£m	FY 2008	FY 2007
Cash inflow from trading	189.4	189.3
Change in working capital	(33.4)	(29.0)
Cash inflow from operations	156.0	160.3
Interest and tax	(63.4)	(54.1)
Maintenance capital expenditure	(42.6)	(30.3)
Free cash flow available for investment	50.0	75.9
Investment capital expenditure	(10.3)	(30.3)
Dividends including minority interest	(37.2)	(29.2)
Proceeds from equity issue	1.1	148.1
Acquisitions	(123.2)	(317.1)
Foreign exchange losses	(154.3)	(43.3)
Other items (including fair value movements)	5.7	(4.2)
Net cash flow	(268.2)	(200.1)
Closing net debt	(697.1)	(428.9)

Working Capital and Cash Conversion

Working Capital

£m	FY 2008	FY 2007
Stock days*	39	41
Debtor days*	43	47
Bad & doubtful debt as a % of sales	0.6%	0.5%
Creditor days*	28	37
Working Capital / sales*	10.7%	10.2%

* Calculated on a like for like constant currency basis

Cash Conversion

£m	H1 2008	FY 2008	FY 2007
Cash flow from operations*	40.0	164.4	163.9
Underlying operating profit	84.0	169.8	159.4
Trading cash conversion	48%	97%	103%

* - before pension movement

- Focus on trading cash conversion to reduce debt levels
- Working capital improvement in H2 2008

Current Debt Facilities*

- Current UK committed debt facilities of £794m
 - £79m of facilities maturing in 2009
- Covenants
 - 3.5x Net debt / EBITDA vs Dec 08 position of 3.07x
 - 3.0x EBITA interest cover vs Dec 08 position of 5.2x
- Average cost of current debt is c.5.5%

Facilities Profile

	2008	2009	2010	2011
Facility maturities	—	79	184	181
Committed facilities	794	715	531	350

* At 31 December 2008 exchange rates

2008 Acquisitions – Regions & Markets

Total Annualised Sales £190m

£m Sales per annum	<u>UK & Ireland</u>	<u>Mainland Europe</u>
Insulation & Building Environments	33.6	54.9
Exteriors	44.5	10.4
Interiors	21.1	10.3
Specialist Construction Products	15.2	-
TOTAL	114.4	75.6

- £127.7m spend in H1 (including £7.3m contingent)
- £2.8m spend in H2 (discussions at an advanced stage at start of H2)
- No acquisitions for 2009



Trading Review and Market Outlook

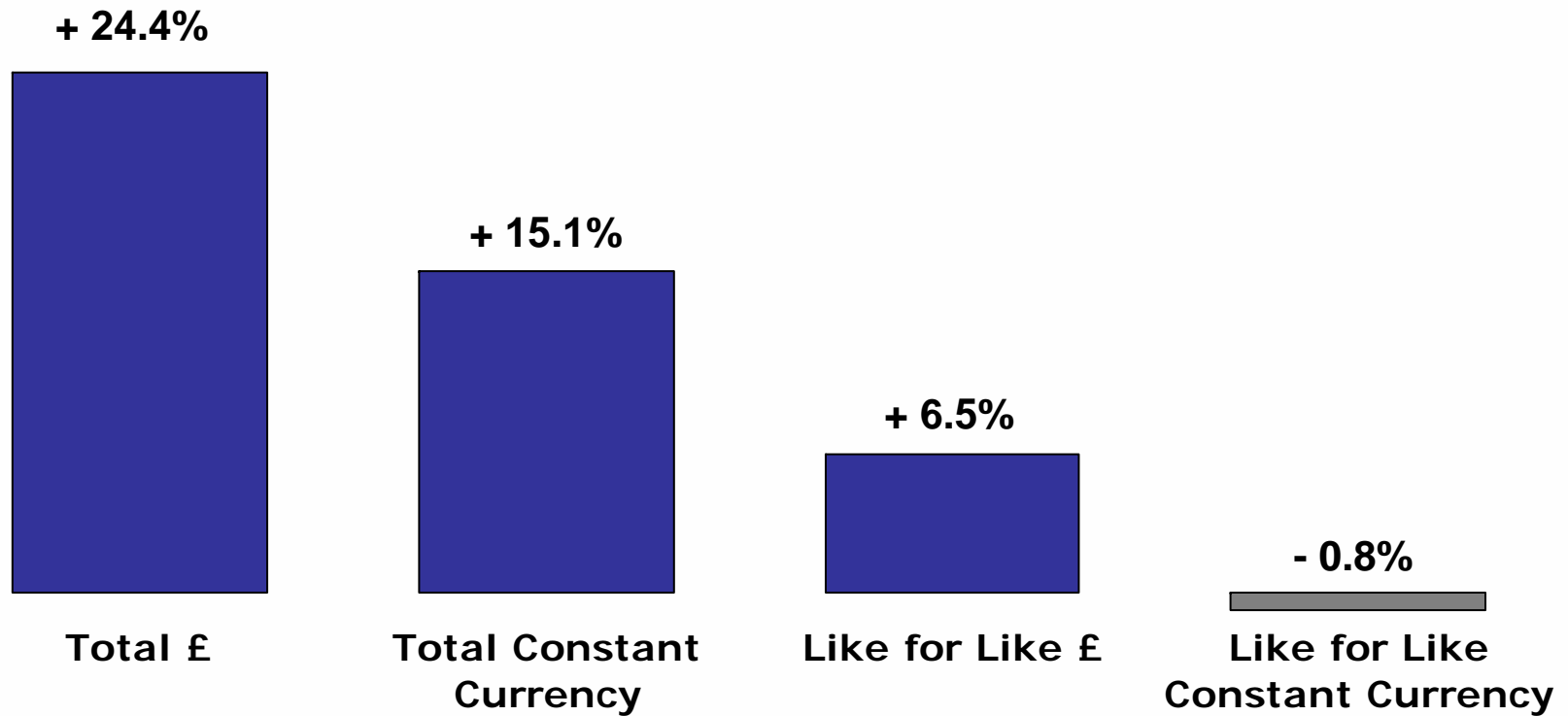
Chris Davies
Chief Executive

Content

- Trading Review
- Cost cutting and cash conservation measures
- Outlook
- Equity Issue

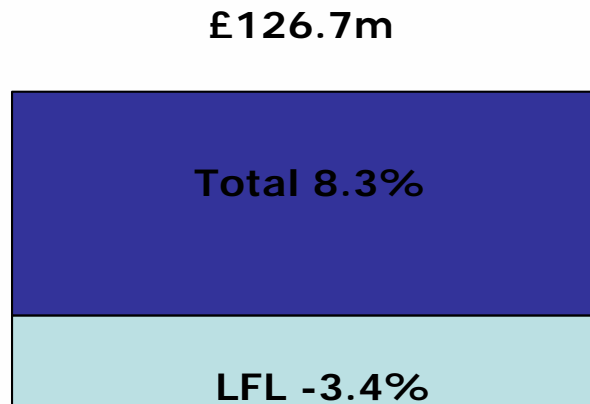
Total Sales Growth

2008 v 2007 - Actual Growth £598.4m



Sales – Regional Analysis

Sales Growth 2008 v 2007
in constant currency £372.0m



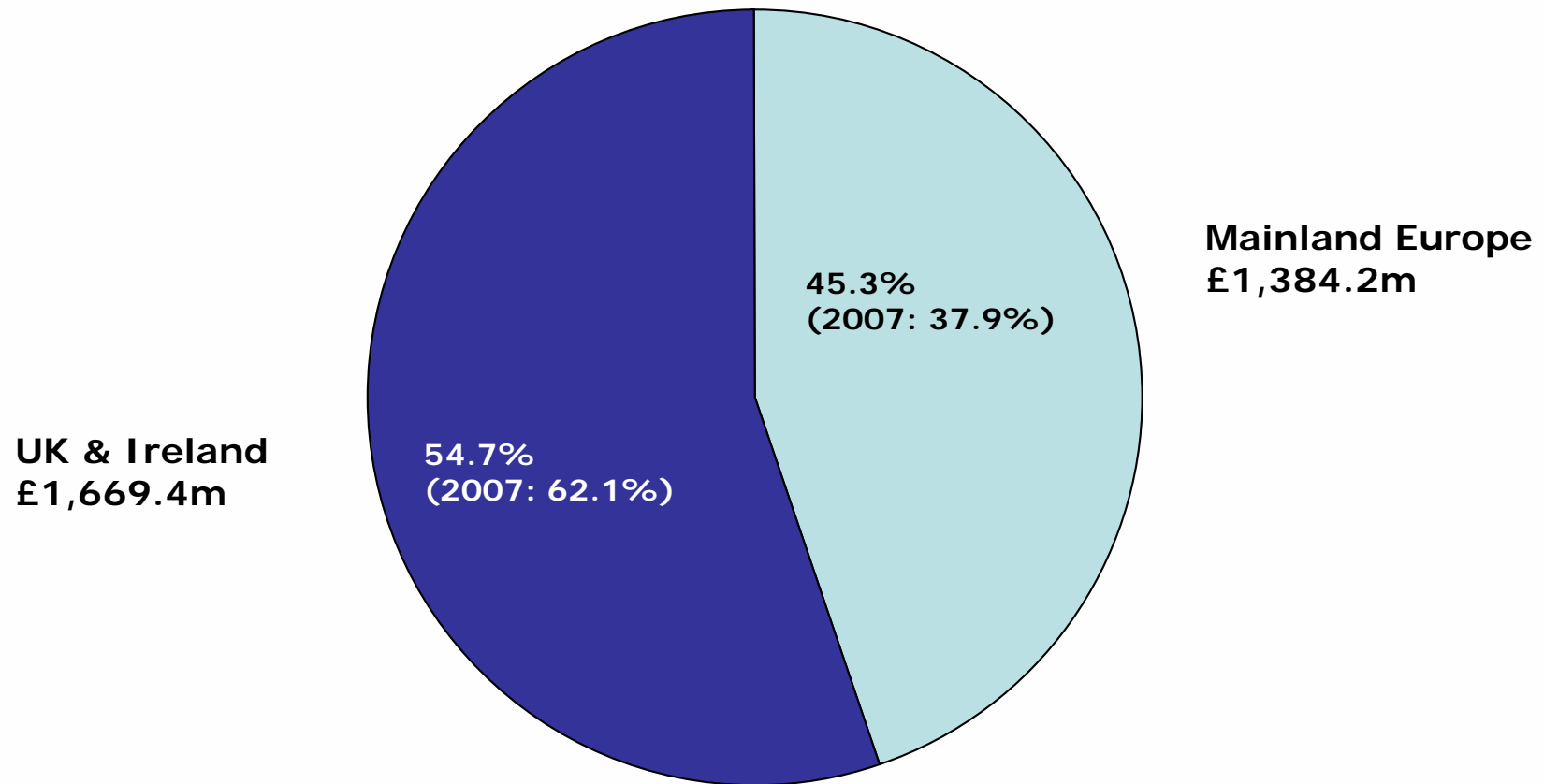
UK & Ireland (Constant Currency)



Mainland Europe (Constant Currency)

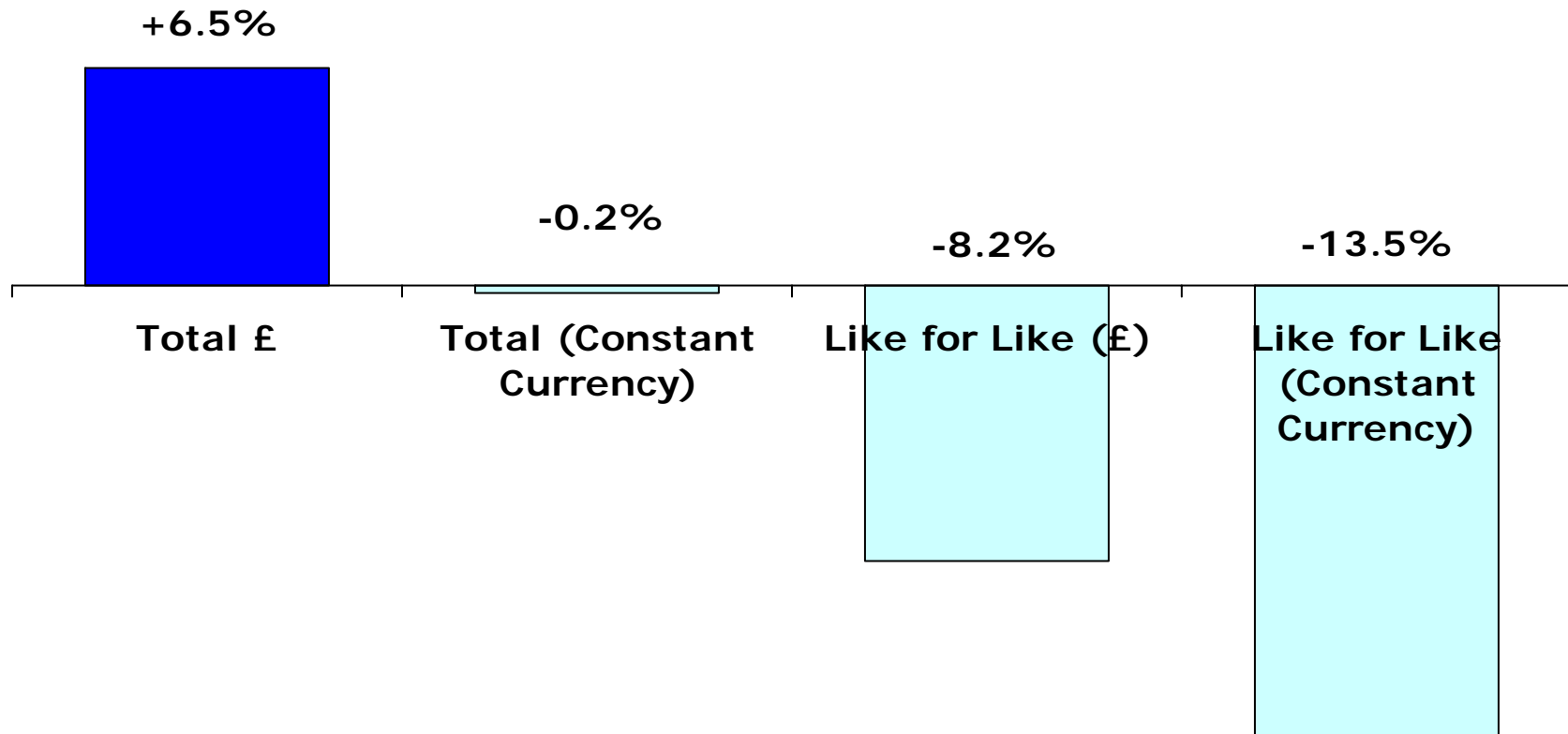
Regional Performance – Sales

Total Sales 2008 £3,053.6m, 2007 £2,455.2m



Total Operating Profit * (i)

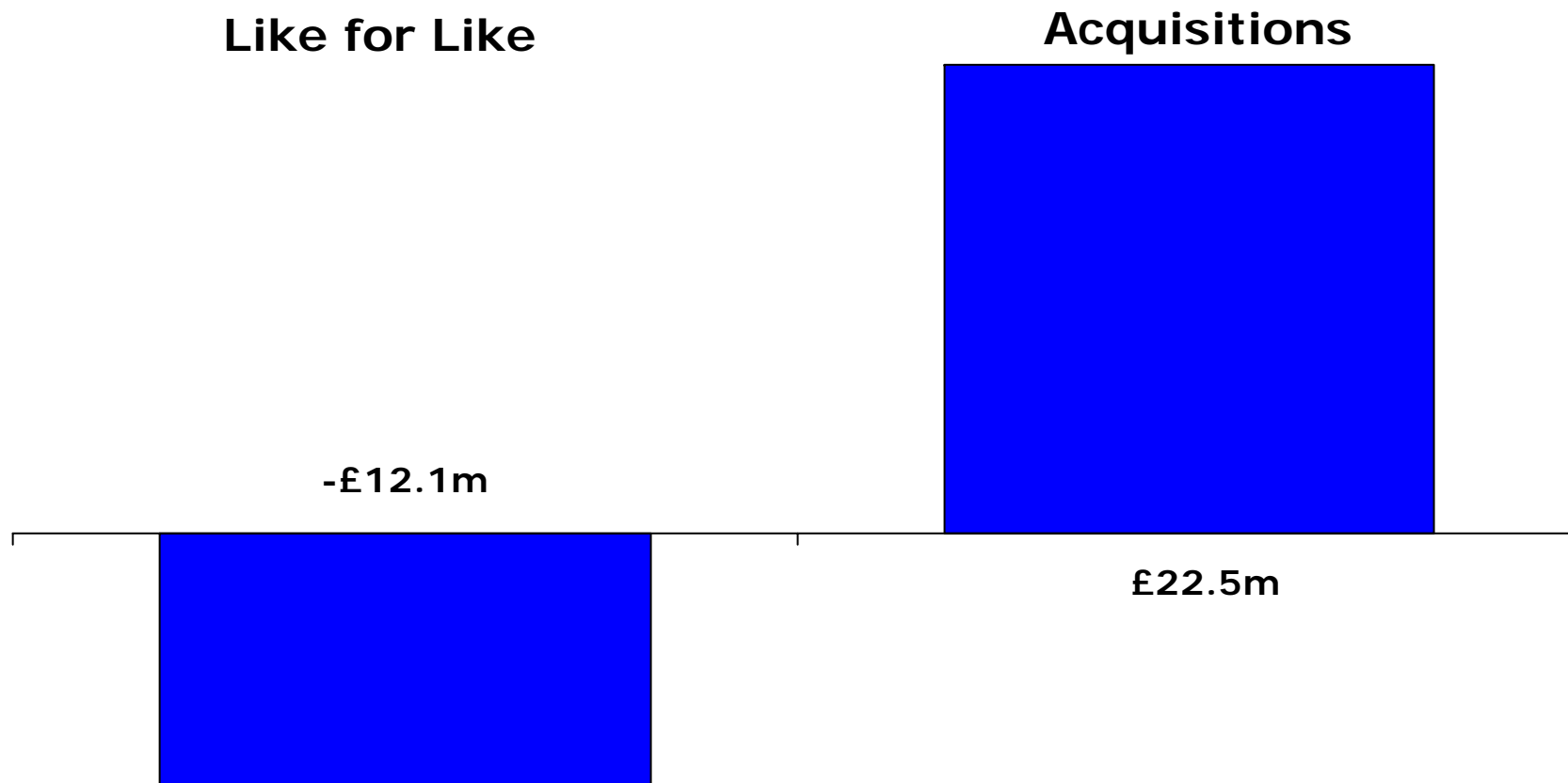
Total Growth 2008 v 2007 £10.4m



** Underlying operating profit - "Underlying" is defined as meaning before the amortisation of acquired intangibles, impairment charges, restructuring costs and gains and losses on derivative financial instruments*

Total Operating Profit * (ii)

Total Growth 2008 v 2007 £10.4m



** Underlying*

Operating Profit * – Regional Performance

2008 compared to 2007 (% movement)

	Like for Like %	Total %
UK & Ireland (constant currency)	(19.1)	(8.9)
Mainland Europe (constant currency)	10.8	26.2

* *Underlying*

Trading Performance – UK & Ireland

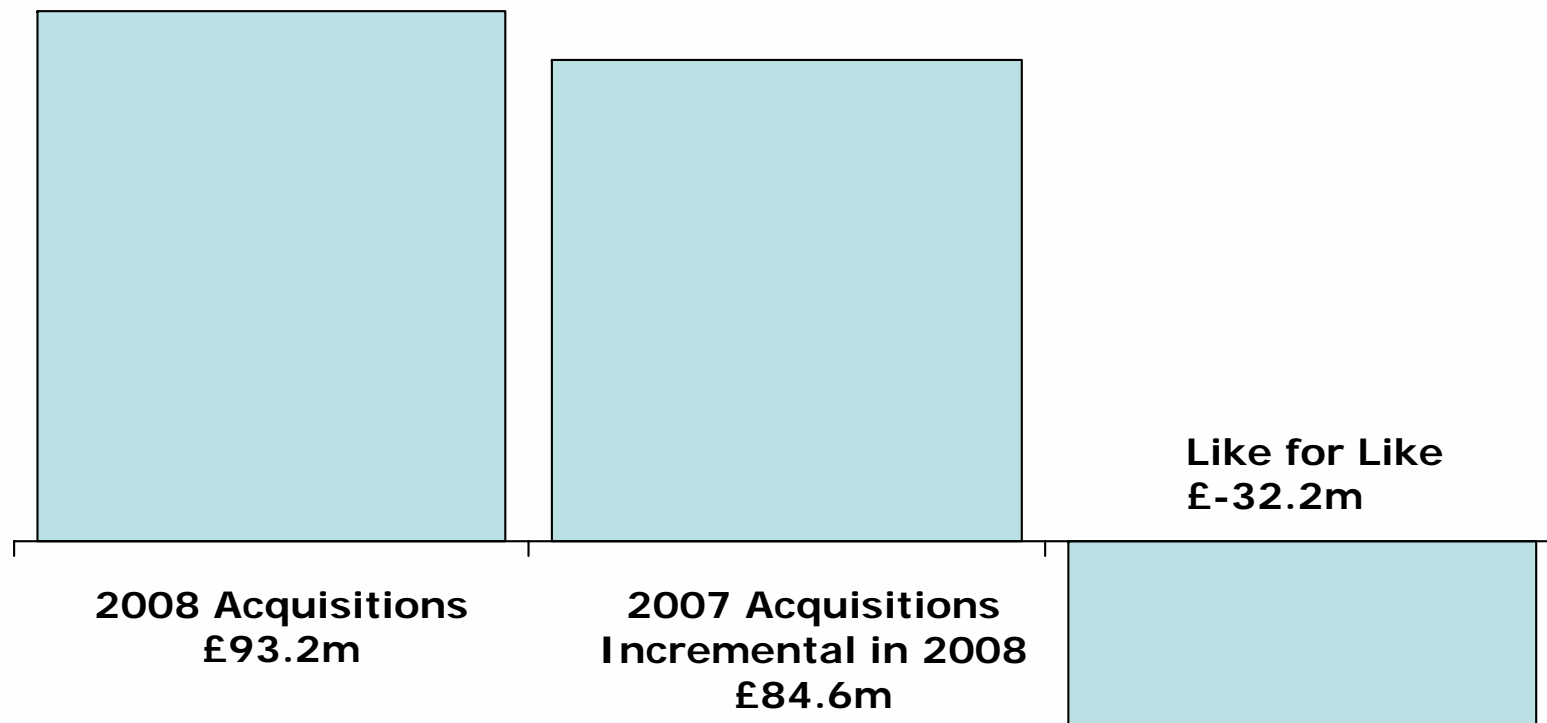
UK & Ireland

2008 – Key Points Summary

- Impact on construction sector of turmoil in financial markets
- UK construction activity weakened v. 2007, residential new build and discretionary RMI most affected
- UK non-residential more resilient, especially publicly-funded sector
- Miller Pattison trading strongly
- Irish residential construction continued steep decline begun in 2007
- Reduction of 28 trading sites in the year, taking the total to 433 at 31 December 2008

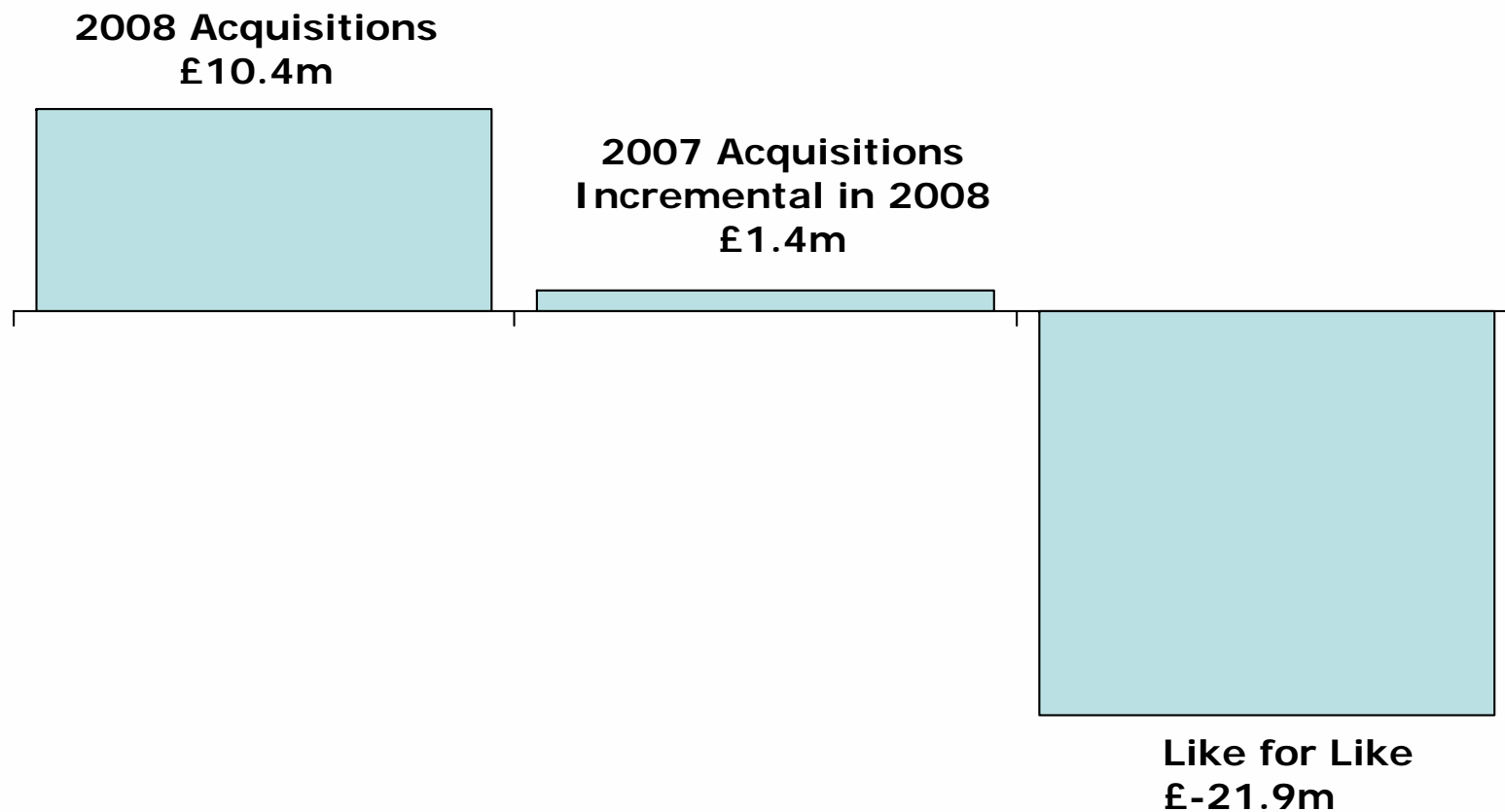
UK & Ireland – Sales Growth

2008 Actual Growth £145.6m











UK & Ireland – Operating Profit*

2008 Actual Reduction £10.1m



* *Underlying*

UK & Ireland – Market Sector Performance 2008 v 2007

	<u>Sales</u>	<u>Operating Profit</u>	<u>Trading Sites*</u>
Insulation & Building Environments			+ 8 to 83
Exteriors			- 25 to 253
Interiors			- 6 to 49
Specialist Construction Products			- 5 to 48

* - compared to 1 January 2008

Trading performance - Mainland Europe

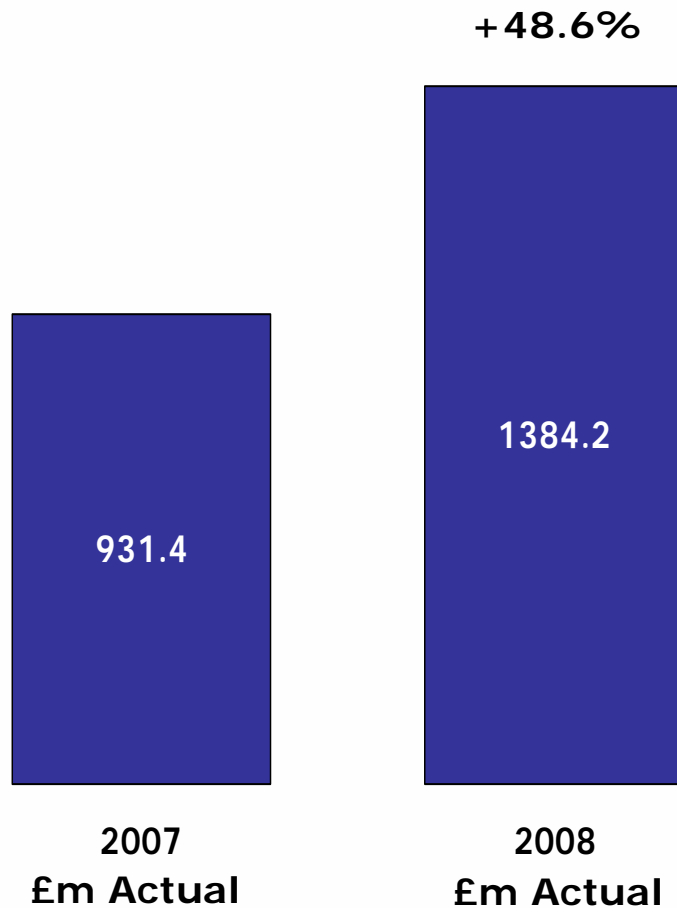
Mainland Europe

2008 – Key Points Summary

- Macroeconomic problems impacting more slowly than in UK & Ireland
- Market conditions generally stable
- Some weakening of residential sector
- Like for Like sales growth in constant currency in every region of operation, in total and in each half year

Sales Growth Mainland Europe

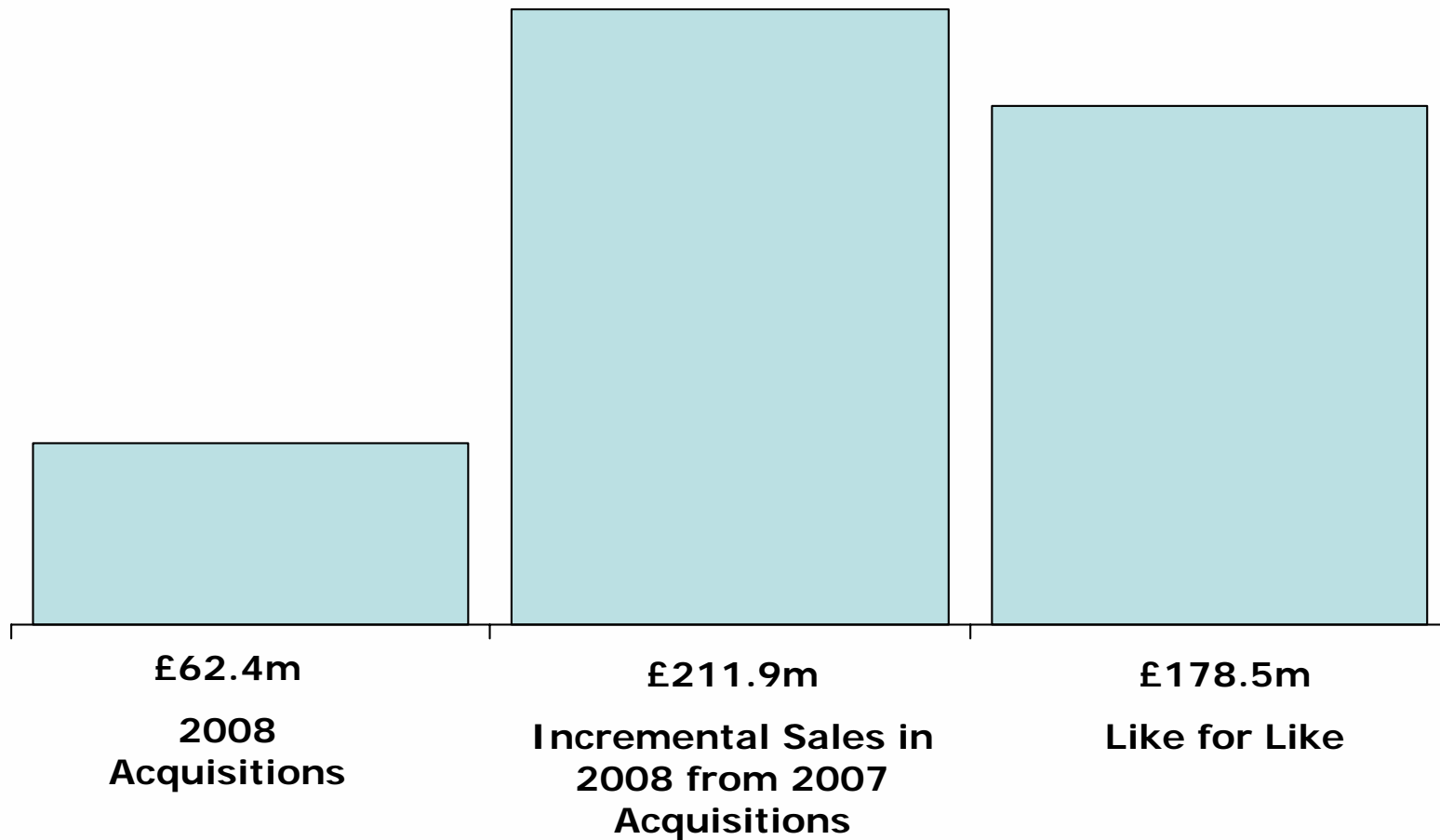
2008 v 2007, Total Growth £452.8m



	<u>Growth %</u>	
	<u>Sterling</u>	<u>Constant Currency</u>
Total	48.6%	26.3%
Like for Like	23.0%	4.2%

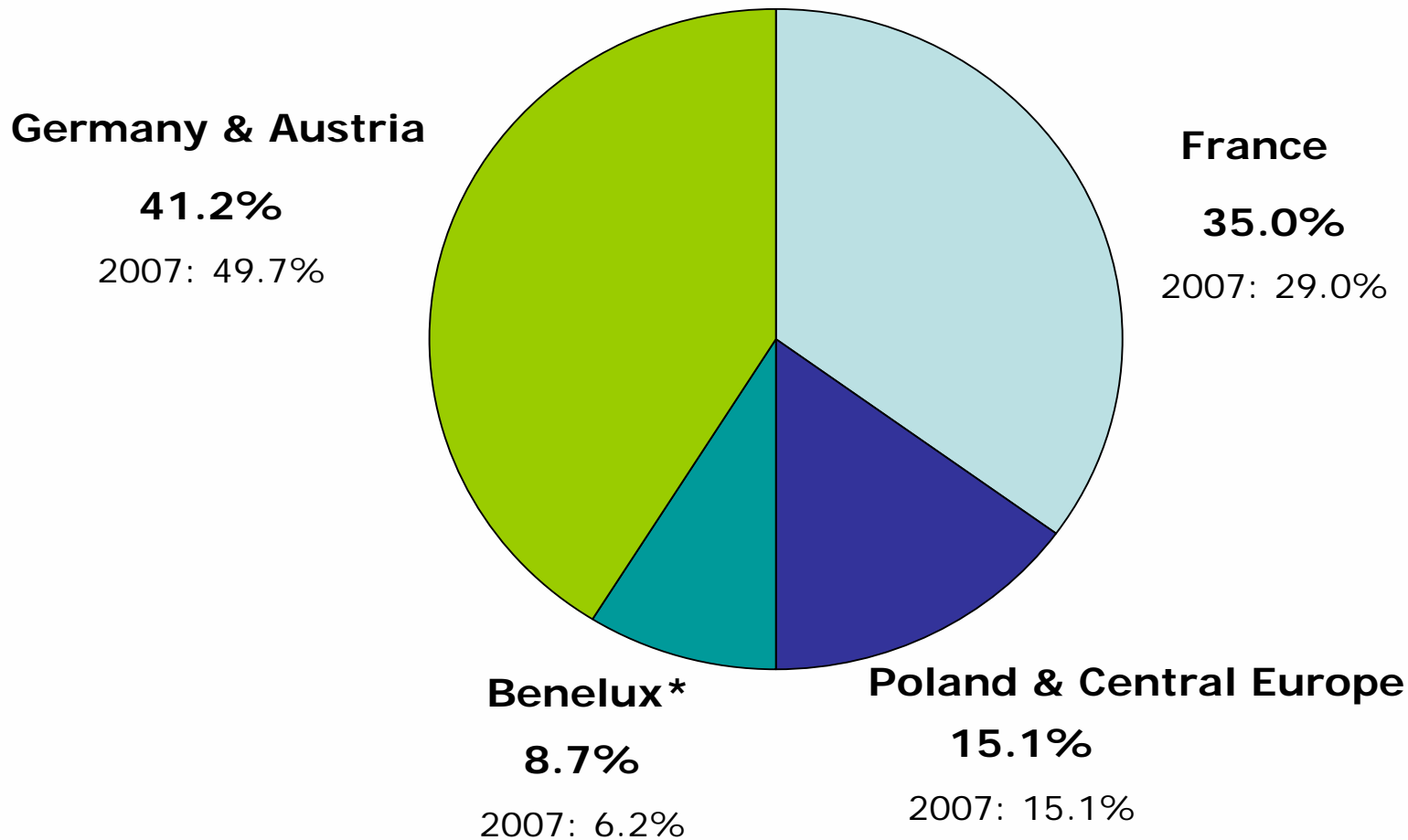
Sales Growth Mainland Europe

2008 v 2007, Actual Growth £452.8m



SIG Mainland Europe

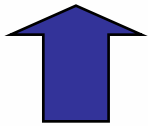
Sales by Region 2008



* Including ATC

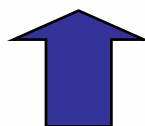
Performance 2008 – Germany & Austria in Euros

+5.8%



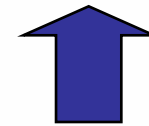
Sales

+20.3%



Operating Profit

+7 to 89



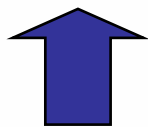
Trading Sites*

- LFL sales +1.4%
- Roofing sales down, Insulation & Interiors sales up
- Operating margin increased to 5.4% (2007: 4.8%)

* Compared to 1 January 2008

Performance 2008 – France - in Euros

+53.8%



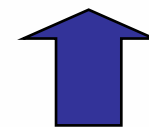
Sales

+27.3%



Operating Profit

+22 to 164



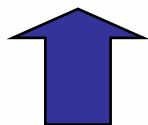
Trading Sites*

- Strong performance in core operations
- LFL sales +11.0%

* Compared to 1 January 2008

Performance 2008 – Benelux – in Euros

+17.3%



Sales

+46.8%



Operating Profit

+1 to 12 sites



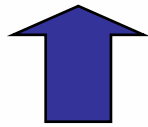
Trading Sites*

- Core markets solid
- LFL sales +9.4%
- Operating margin improved to 5.7% (2007: 4.5%)

* Compared to 1 January 2008

Performance 2008 – Poland and Central Europe in local currency

+27.8%



Sales

+2.5%



Operating Profit

+ 14 to 97



Trading Sites*

- LFL sales + 3.9%
- Operating margin down to 3.4% (2007: 4.3%)

* Compared to 1 January 2008

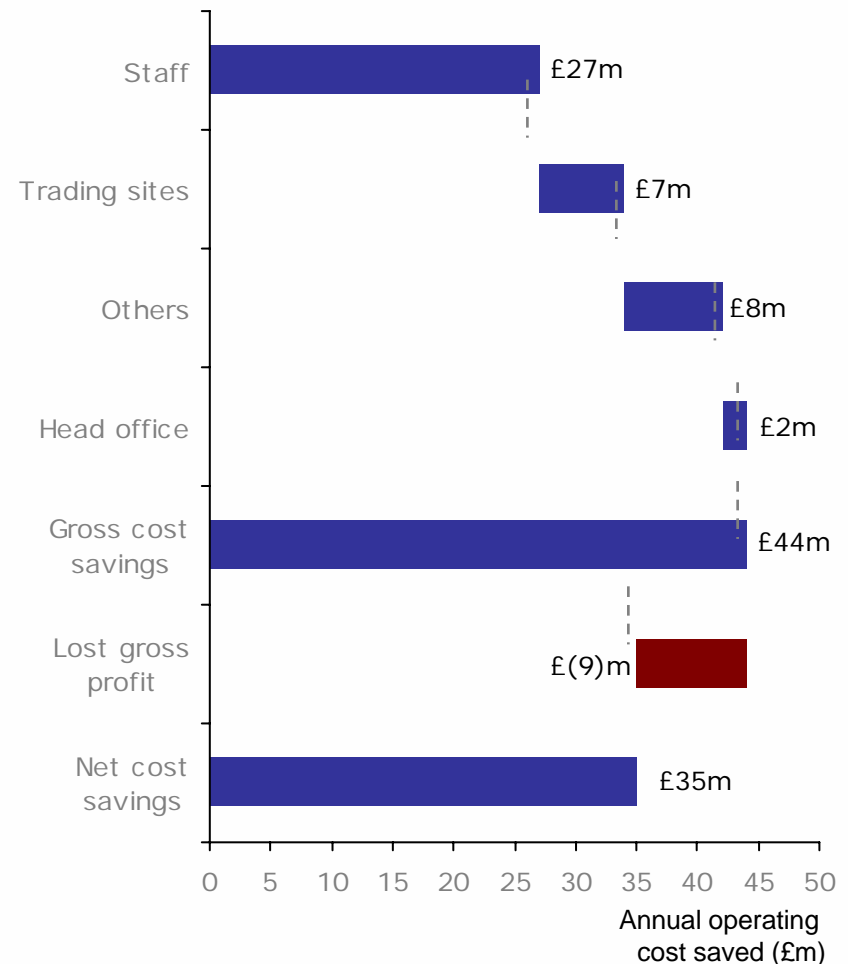
Management actions

Management Actions — Annualised Gross Cost Savings of £44m Implemented

Previously Announced

- Focus on cash conservation
- Realignment of resources to anticipated trading levels
 - Cost saving initiatives concentrated mainly on UK and Ireland
 - Selective steps taken in Europe
- Realignment of cost base — totals at Dec 08
 - Annualised expected gross £44m of cost savings less £9m in lost gross profit = £35m net in 2009
 - Headcount reductions of c. 1,020 (c. 7%)
 - 80 branch closures (c. 10%)
 - Restructuring costs of £22.2m taken in 2008

Achieved savings



Ongoing Management Actions

- Cost base continues to be adjusted
 - Appropriate for current outlook
 - Further £12m of hard net cost savings being implemented in Q1 2009 (annualised £15m)
 - 2009 Net cost savings now expected at £47m

- Additional contingency plans in place should trading conditions deteriorate further

- Timing and risk considerations
 - Threat to profit of premature action
 - Maintain network and share to maximise profit in upturn

Market Outlook

UK and Ireland — Market outlook

- 2009 will be a very challenging year
- Meaningful analysis of early year trends difficult
- Financial crisis impacting private sector new build and Repairs, Maintenance and Improvement
- Ireland will remain very challenging
- Ongoing beneficial impact of building regulation changes and incentives on insulation usage
- Acceleration of public sector building programmes and initiatives
- Private Finance Initiatives (PFI) in health and education offsetting weakness in private sector

Mainland Europe — Market Outlook

- Severe winter conditions experienced in early 2009
- Excluding effects of the extreme weather
 - Underlying activity/demand levels are in line with management expectations in most operations
 - Exceptions are France and Germany roofing where 2009 start up has been slow
 - Industrial insulation solid
 - Core businesses in France, Benelux (little affected by weather) solid
- Local market surveys and sentiment remain positive

Mainland Europe — Market Outlook (cont'd)

- Economies responding differently to economic crisis
- Management expects market decline to be less severe than in UK and Ireland
- Ongoing support of building regulations for insulation usage
- Substantial Government stimulus packages targeting SIG's end markets in Germany and France
- Startups / Brownfield sites to continue to contribute to growth in 2009



Equity Issue

Chris Davies (CEO)

Rationale and Benefits for Equity Issue

Rationale

- End market deterioration has reduced headroom under existing debt covenants
- Adverse FX movements negatively impacted Group net debt position as at 31 December 2008
- Maturity profile of Group's facilities includes £79m due in 2009 and £184m due in 2010
- Renegotiation of existing banking facilities very expensive and onerous
 - Raising equity will allow the Group to continue to benefit from current facilities

Benefits

- Appropriate capital structure for the business in uncertain times
 - Reduce overall indebtedness and increase headroom within existing facilities
 - Improve Company's ability to refinance debt facilities
 - Provide additional headroom should trading conditions deteriorate
- Greater flexibility to weather the storm and increase market share organically
- Position SIG to take advantage of market opportunities as conditions improve



Summary

Chris Davies (CEO)

Summary

- Economic uncertainty significantly increased in recent months
- Spread of countries and markets provides some resilience
- Comprehensive package of measures implemented to reduce costs and conserve cash
 - Measures reducing costs by approximately net £35m already implemented
 - Additional Q1 2009 actions in progress – expected £12m savings
 - Further actions identified dependent on future market conditions
 - Focus on cash generation, capex halved, no final dividend
- Equity Issue proposed to raise £325m net
 - Appropriate capital structure for the business in uncertain times
 - Greater flexibility to weather the storm and increase market share organically
 - Position SIG to take advantage of market opportunities as conditions improve

Q&A
Les Tench (Chairman)



Appendix

Transaction Details

Equity Issue

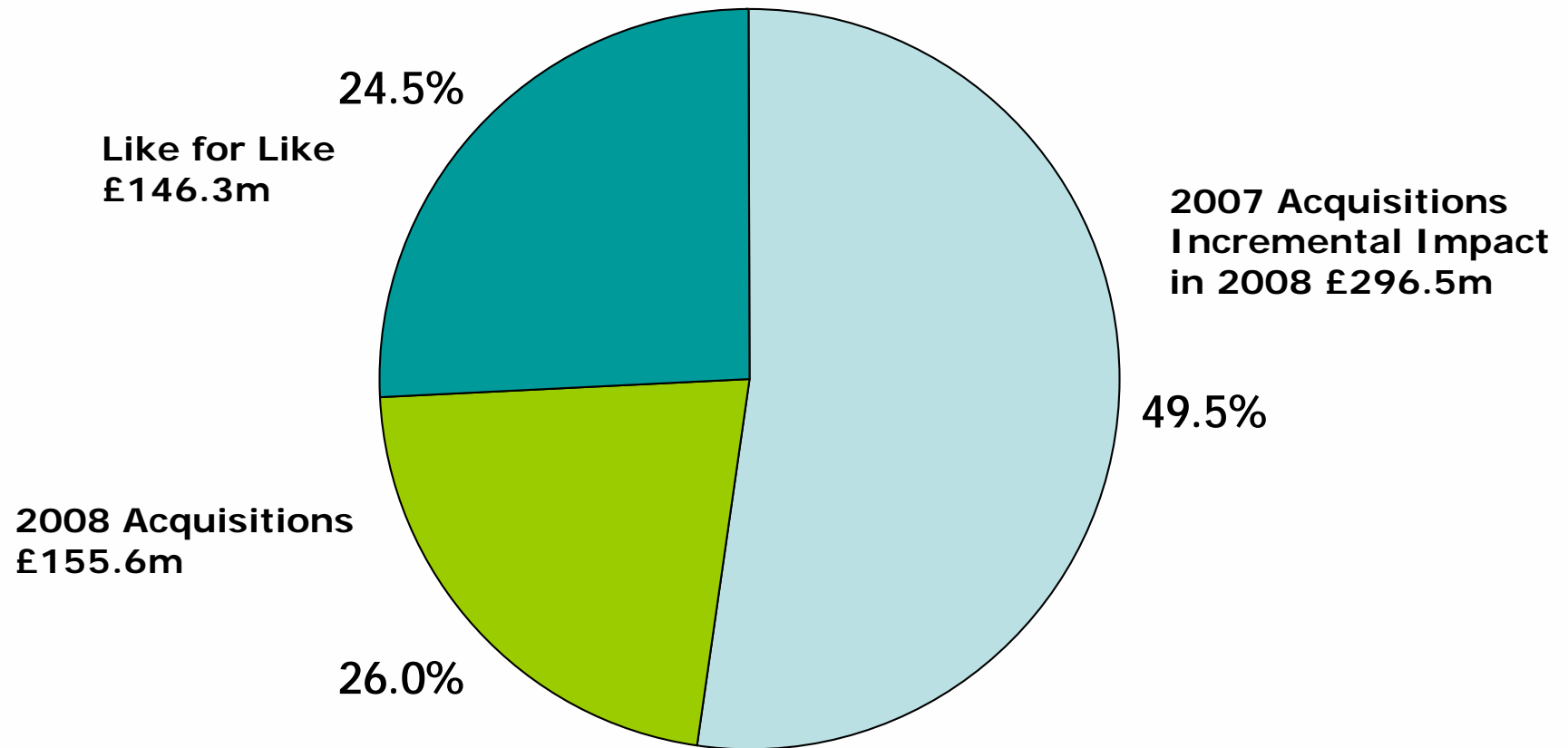
Proceeds raised	£341.3m gross £325m net
Placing price	75p per share
Discount	28.6%
Firm placing amount	£181.3m
Placing and open offer	£160.0m

Timetable

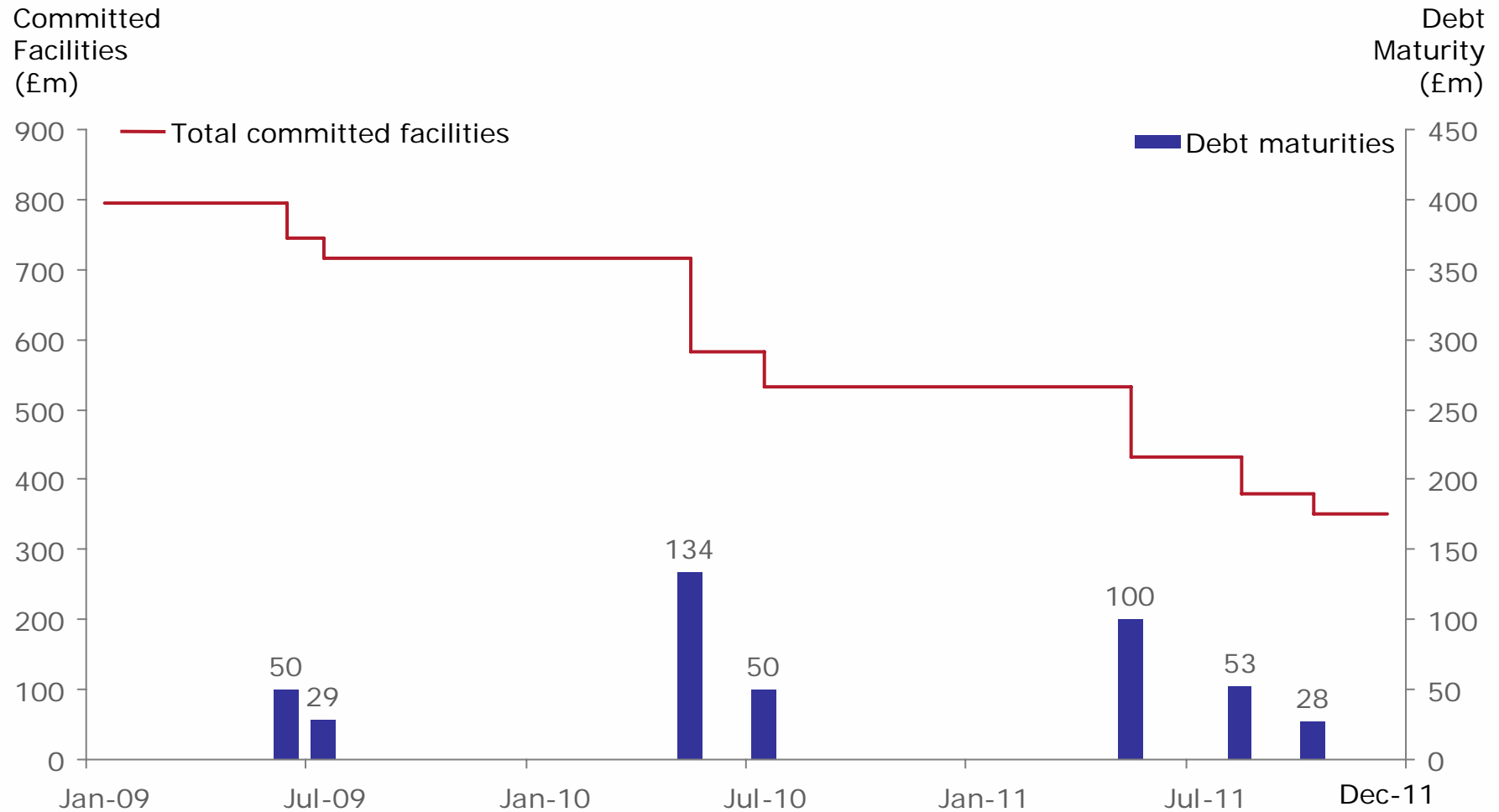
Announcement of annual results and equity issue	18 March 2009
Placing and open offer acceptances	8 April 2009
EGM to approve equity issue	9 April 2009
Dealing commences in new shares	14 April 2009

Total Sales Growth (ii)

2008 v 2007 - Actual Growth £598.4m



Debt Maturity Profile



UK & Ireland – Sector Performance 2008 v 2007

Insulation – Sales +9.2%, LFL +2.6%

- Miller Pattison strong growth - CERT
- UK Building Regulations (2006) Part 'L' continuing to add volume

Interiors – Sales +21.1%, LFL +2.3%

- Commercial sector slipping in H2
- Public sector projects growing steadily through the year

Exteriors – Sales +1.6%, LFL -8.6%

- Heavy exposure to residential sector
- New build and discretionary RMI declined through the year.

SCP – Sales +7.2%, LFL -8.9%

- Extension of product range into M&E sector
- New build declined through the year.