

Our strategy

SIG HAS A **CLEAR STRATEGY** TO GROW IN ITS THREE CORE MARKETS OF INSULATION AND ENERGY MANAGEMENT, EXTERIORS AND INTERIORS BY COMBINING THE REPUTATIONAL STRENGTHS OF ITS LOCAL BRANDS WITH THE **SCALE EFFICIENCIES** AND KNOW-HOW OF A **MULTINATIONAL GROUP**.

Furthermore, by working together more as a Group, and by fully leveraging our scale and presence in the marketplace, our aim is to make SIG's whole greater than the sum of the parts, for example by improving the way in which we procure.

However, while enacting our transformation programme, we need to ensure that we balance business change with the day-to-day operations of the Group, and that we remain focused on our customers.

Above all, Health and Safety remains our top priority at all times. Through our Zero Harm programme we have developed a strong health and safety culture, but we recognise that there is still room for improvement.



IN DELIVERING ITS STRATEGY, SIG IS FOCUSING ON **FIVE PRIORITIES** TO IMPROVE BUSINESS PERFORMANCE.



Historically SIG has had a very strong and clear customer focus, with its branches highly engaged with clients at a local level.

We recognise however that, while taking the Group in the right strategic direction, our business transformation programme has distracted us somewhat from our customers. These initiatives have taken time and resources away from local branches and we need to get the business back in balance.

Therefore we will free up time by prioritising our strategic initiatives, which will enable us to improve our customer focus. Our key focus areas for 2017 are:

- sell more proactively and effectively
- leverage our current sales resources better
- sell more value added products to improve our sales mix.



We can improve our business through innovation and by moving the Group up the value chain, thus increasing margin.

In particular we are innovating across the range of products and services we offer, through our value added sales offering. As well as being higher margin for the Group, our value added products are increasingly being demanded by customers as they save them time, money or reduce their construction risk.

Two important growth areas for this category are Air Handling, which covers the ventilation segment of the Heating, Ventilation and Air Conditioning ("HVAC") market and Offsite Construction, which is the pre-assembly of building products in a factory environment for onsite installation.



3 SUPPLY CHAIN

The Group has already made some supply chain improvements, but there is more that can be achieved. While doing so, we are reprioritising some of our supply chain ambitions in order to give time back to the branches, so they can increase their focus on the customer.

For example, we are suspending the roll-out of our Regional Distribution Centres while we assess the performance of recently opened sites in Manchester and Dublin.

However, we still believe that there are significant efficiencies to be gained from improving our supply chain. We are focusing on four key areas going forward, which are:

- optimise our stock holding
- improve the utilisation of our fleet
- improve the way we work with suppliers
- instil operational excellence.

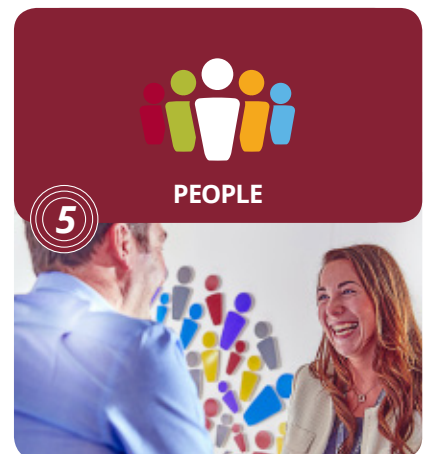


4 PROCUREMENT

SIG has significantly reshaped its procurement function over the last two years and is working towards a world-class procurement function.

Our key priorities for 2017 are:

- better leveraging our scale
- improving our procurement of commodity products
- strengthening our role in the construction value chain
- creating new supplier relationships
- growing own label.



5 PEOPLE

SIG has committed and talented people. We work to continuously develop our people, structure and culture across the Group, so we can further improve performance.

In doing so we must ensure that our people have the right environment and skills, and that they are properly motivated through incentives, recognition and reward.

Through our Zero Harm programme our people have developed a strong health and safety culture, although we recognise that there is still more to do.