21 September 2021

SIG plc
Results for the 6 months to 30 June 2021
Return to Growth strategy gathers momentum

SIG plc ("SIG", "the Group" or "the Company") today announces its half year results for the six months ended 30 June 2021 ("H1 2021" or "the period").

Highlights

- Return to Growth strategy gathers momentum: UK profitable, and France and Poland delivering record first halves
- Group like-for-like H1 sales up 33% on prior year, and 1% up on 2019. Group sales excluding the UK Distribution business up 8% on 2019, with UK Distribution itself now back on track
- Strong gross margin management: H1 gross margin of 25.9%, 100bps higher than H1 2020
- Impact of material shortages and cost price inflation successfully managed to date, with minimal impact in H1
- £13.6m underlying operating profit in H1 (H1 2020: £42.9m loss). Underlying profit before tax ("PBT") of £3.0m (H1 2020: £53.8m loss)
- Continued balance sheet strength provides confidence to invest in growth strategy and to manage near term supply challenges. Net debt in line with expectations after H1 seasonal working capital increase, at £289.4m post IFRS 16 (H1 2020: £341.8m; FY2020: £238.2m) and £57.5m pre IFRS16 (H1 2020: £90.0m; FY2020: £4.1m)
- Trading in July/August remained solid, strengthening the Board's confidence in full year outlook despite caution over ongoing impact of material shortages and cost price inflation
- Continued profit improvement expected in H2 2021 and full year underlying operating profit anticipated to be ahead of prior expectations

Underlying[1] operations	**H1 2021**	**H1 2020**	**Change vs 2020**
Revenue	**£1,108.2m**	£838.9m	*32.1%*
LFL[2] sales	**33.0%**	(23.9)%	
Gross margin	**25.9%**	24.9%	*100bps*
Underlying[1] operating profit/(loss)	**£13.6m**	(£42.9m)	
Underlying[1] profit/(loss) before tax	**£3.0m**	(£53.8m)	
Underlying[1] (loss) per share	**(0.3)p**	(9.1)p	*8.8p*
Operating margin	**1.2%**	(5.1)%	*630bps*
Net debt	**£289.4m**	£341.8m	
Net debt (pre IFRS 16)	**£57.5m**	£90.0m	

Statutory results	**H1 2021**	**H1 2020**
Revenue[3]	**£1,108.2m**	£840.1m
Operating profit/(loss)[3]	**£9.0m**	(£102.9)m
Loss before tax[3]	**(£1.6)m**	(£125.4)m
Basic loss per share[3]	**(0.7)p**	(9.1)p
Total loss after tax[4]	**(£8.1)m**	(£53.8)m
Dividend per share	**n/d**	n/d

1.Underlying represents the results before Other items. Other items have been disclosed separately in order to give an indication of the underlying earnings of the Group. Further details are disclosed in Note 4. H1 2020 underlying results have been restated to include Building Solutions within underlying results consistent with the current period.
2. Like-for-like ("LFL") is defined as the growth/(decline) in sales per working day in constant currency excluding any current and prior year acquisitions and disposals. Sales are not adjusted for branch openings or closures. H1 2020 LFL sales differ from previously reported due to the reclassification of Building Solutions into underlying consistent with the current period.
3. Statutory results of continuing operations only in H1 2020.
4. Statutory results including both continuing and discontinued operations in H1 2020.

Commenting, Steve Francis, Chief Executive Officer, said:

"I'm delighted with the progress of our Return to Growth strategy: our customers, supplier partners and colleagues continue to affirm that our focus on empowered and entrepreneurial local teams, delivering exceptional service and expertise to our customers, is a successful approach for building back our market share and profitability.

"The strong revenue growth across our broad product offering, together with disciplined margin management, has been key to delivering an earlier and stronger profit than previously anticipated.

"The achievements to date have only been possible because of our teams' energy, resilience and commitment in the face of the continually challenging circumstances, both with the effects of Covid-19 and the more recent industry-wide supply challenges.

"Trading in July and August has continued to be solid and we expect continued profit improvement through H2 2021, despite the ongoing impact of material shortages and cost price inflation. As a result, providing the disruption from these headwinds does not worsen, we now anticipate full year underlying operating profit will be ahead of our prior expectations.

"The momentum behind our Return to Growth strategy is positioning the Group well, and we have growing confidence in our ability to take advantage of both strong near-term demand and healthy long-term fundamentals, including market tailwinds from sustainability initiatives. The continued strength of our balance sheet, along with the positive trading momentum, provides a strong platform for sustainable, profitable growth and cash generation."

Investor and Analyst presentation will be available on www.sigplc.com from 7:15am on Tuesday 21 September. A live Q&A session, hosted by Steve Francis, CEO and Ian Ashton, CFO, will take place at 10:00am.

To join the Q&A session:
https://storm-virtual-uk.zoom.us/j/86538179499

Or join by phone:
Dial (for higher quality, dial a number based on your current location):

US: +1 646 876 9923 or +1 669 900 6833 or +1 253 215 8782 or +1 301 715 8592 or +1 312 626 6799 or +1 346 248 7799 or +1 408 638 0968
United Kingdom: +44 208 080 6592 or +44 330 088 5830 or +44 131 460 1196 or +44 203 481 5237 or +44 203 481 5240 or +44 203 901 7895 or +44 208 080 6591

Webinar ID: 865 3817 9499
International numbers available: https://storm-virtual-uk.zoom.us/u/kbRZYfFScI

LEI: 213800VDC1BKJEZ8PV53

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About

SIG plc is a leading European supplier of specialist building solutions to trade customers across the UK, France, Germany, Ireland, Benelux and Poland. As a distributor of insulation and interiors products and merchant of roofing and exteriors products, SIG facilitates one-stop access to an extensive product range, provides expert technical advice and coordinates often complex delivery requirements. For suppliers, SIG offers a channel through which products can be brought to a highly fragmented market of smaller customers and sites that are of insufficient scale to supply direct. SIG employs approximately 6,500 employees across Europe and is listed on the London Stock Exchange (SHI). For more information, please visit the Company's website, www.sigplc.com.

Strategic progress

The key pillars of our strategy are our people, our business model and its focus on customer proximity and service, and our supplier partnerships.

We have invested in our people:

- Market-experienced MDs in place in all countries following recent appointments in Germany and Benelux
- Re-built the UK leadership team: 5 of 7 Directors new since mid-2020 with an average of 27 years industry experience
- UK Distribution: Added 86 commercial or branch leaders with an average industry experience of 13 years; created and filled 32 new P&L responsible branch manager positions
- Training programmes on product expertise ramped up in France and Poland
- Strengthened our focus on Health & Safety as a foundation for operational excellence

We have implemented a consistent business model – the Seven Pillars Return to Growth Strategy - in all country operations and have streamlined central functions in line with our de-centralised approach. Key to this are the following:

- Re-connecting with customers – a stronger local branch-led and entrepreneurial approach with more customer facing resources
- Strengthened supplier partnerships are in place underpinned by investment in category expertise and local empowerment, which has been crucial managing supply challenges this year
- Growth investments include new branches in all operating countries, upgraded ecommerce capabilities and highly selective M&A

We continue to reinforce our “franchised” branch-led business model by upgrading operational processes, systems and controls.

These are the foundations for further market share recapture and profitable growth.

Our strong trading performance in the first half of 2021 is testimony to the successful implementation of this strategy, particularly within UK Distribution.

Now that we are profitable again our focus is on completing the margin improvement programmes in the UK, Germany and Benelux, and continuing to expand the growth driven margin in other operating companies, and thereby moving the Group into stable and strong cash generation as a platform for the next stage of our strategy.

Strong Balance Sheet

The Group’s liquidity position has remained strong in H1 2021 with significant headroom of £199m at the end of June comprising cash of £174m and £25m undrawn on the committed Revolving Credit Facility. Net debt finished H1 2021 at £58m on a pre IFRS 16 basis, and £289m on a post IFRS 16 basis.

The cash outflow in H1 was largely as expected, driven by the seasonal increase in working capital, which was more pronounced than usual due to the strong trading. In addition, where possible and appropriate we have built up modest increases in our inventory holding levels, in light of likely ongoing supply challenges in the coming months. We have continued to navigate these uncertainties successfully to date. Our strong balance sheet can accommodate this short-term investment in inventory, and our strong liquidity position continues to provide an appropriate buffer given the prevailing macro-economic uncertainties.

Dividend

No interim dividend will be paid for 2021. However, continued successful execution of the Return to Growth strategy will return the Group to sustainable, profitable growth and cash generation, supporting a range of capital allocation priorities. The Board reiterates its medium-term commitment to return to a progressive dividend policy, appropriately covered by underlying earnings.

The Group completed a share capital reduction in June by cancelling its share premium account. This has created distributable reserves to provide flexibility for dividend payments in future.

People

The Board would like to thank all employees of SIG for their continued commitment and resilience. Their efforts in 2020 and the first half of this year have laid the foundation for the excellent results in 2021 so far, and for the next phase of SIG's evolution as we focus on building a stronger business with a high performing workforce that is rewarded for making a positive difference. We are committed to building a great company that can play a key role in the construction supply chains across Europe for many years to come.

Covid-19

The safety of our people, customers and suppliers continues to be our primary concern. New safety protocols developed during the pandemic continue to be adhered to across the Group, in line with the government guidance across all jurisdictions in which it operates.

Despite further lockdowns and restrictions from January onwards, the business was able to trade broadly as normal, albeit within the new operating norms and protocols. The Irish market continued to be impacted by market restrictions until May 2021 but has been operating largely as normal since then.

Trading overview

Like-for-like sales growth by market is summarised as follows:

1 January to 30 June LFL Sales Growth	2021 vs 2020	2021 vs 2019	2021 Jan-June £'m
UK Distribution	54%	(19)%	239
UK Exteriors	58%	14%	199
UK	**56%**	**(7)%**	**439**
France Distribution	38%	8%	101
France Exteriors	34%	19%	206
Germany	11%	1%	194
Benelux	2%	(10)%	47
Ireland	14%	(21)%	37
Poland	22%	20%	84
EU	**22%**	**7%**	**669**
Group	**33%**	**1%**	**1,108**

As noted in the trading update on 14 July 2021, revenues in H1 were strong with a return to profitability faster and more significant than previously expected, with like-for-like ("LFL") growth of 33% compared to the Covid-affected prior year and up 1% against 2019.

This reflects the ongoing positive impact of the Group's Return to Growth strategy, which is delivering improved organic sales performance, and has been supported by continuing robust demand in the repair, maintenance and improvement ("RMI") segments in the majority of markets. Profitability improved throughout the period, a result of the normal seasonality in the business and the improving trading across the Group.

The UK Distribution turnaround, focused on delivering distinctive expertise and superior local service, is ahead of plan and shows continued momentum. We remain very encouraged by the enthusiasm and energy with which our teams have embraced and driven the new strategy. The business's sales were on a declining trend throughout 2019 and most of 2020, and hence the 19% drop versus 2019 shown above. The monthly growth figures vs 2019 have turned positive in early H2, in line with previous guidance. The UK Exteriors business is trading very strongly, benefitting from the strong demand environment, growing 14% over 2019.

The French businesses are continuing to perform strongly, benefitting in particular from strong RMI demand in Exteriors, as well as the strong foundations built in the business in recent years. Germany's performance is improving, with good growth throughout the half. We remain confident the Benelux performance will pick up over coming months following the recent changes made in its commercial leadership.

Ireland was affected by the significant Government restrictions imposed on construction from January to May this year, and we have seen a return to LFL sales growth over the summer.

Poland has achieved record levels of revenue in Q2 2021, and this has continued into Q3, with increasing customer numbers and strong product mix.

Outlook

We are anticipating a continued impact from material shortages, which could be more significant than in H1, and which could persist for an extended period. Driver shortages have also affected the supply chain in recent weeks, notably in the UK.

Given these prevailing macro-economic uncertainties, we retain a cautious view on market conditions for the remainder of the second half at this stage. However, the strong results in H1, the solid trading seen in July/August and continuing robust demand, together with the effectiveness of our supply chain management and commercial agility, gives the Board confidence for the full year performance. Providing the disruption from material shortages and haulage constraints does not worsen in coming months, full year underlying operating profit is now anticipated to be ahead of prior expectations.

FINANCIAL REVIEW

Revenue and gross margin

The Group saw a 33% increase in its LFL revenue over the first half of the year, principally as a result of the Covid-19 impact on 2020, along with some impact from the passing on of input cost inflation, with Group underlying revenue up to £1,108.2m (H1 2020: £838.9m). Underlying results exclude the results from the businesses that are classified as non-core and Other items, in order to provide a better understanding of the performance of the Group on a continuing basis. When comparing 2021 performance with 2019, which was unaffected by Covid-19, revenues grew by 1%, although this in itself is distorted by the declines in the UK Distribution business seen from mid-2019 to late 2020. Excluding UK Distribution, revenues grew by 8% compared with 2019. On a statutory basis, Group revenue was £1,108.2m (H1 2020: £840.1m).

Underlying gross profit increased 37.3% to £287.0m (H1 2020: £209.1m) with a gross profit margin of 25.9% (H1 2020: 24.9%). This improvement primarily reflects stronger performance in the UK and France.

Operating costs and profit

The Group's underlying operating costs were £273.4m (H1 2020: £252.0m). The increase was primarily due to an increase in freight and other handling costs, driven by the substantially higher sales, inflation on indirect costs, and employee incentives. The Group's underlying operating profit was £13.6m (H1 2020: £42.9m loss), and at a statutory level the Group's loss before tax was £1.6m (H1 2020: £125.4m) after Other items of £4.6m (H1 2020: £71.6m). The latter included £2.3m amortisation of acquired intangibles and £2.2m costs relating to restructuring activities.

Segmental analysis

UK

	Underlying revenue H1 2021 £m	Underlying revenue H1 2020 £m	LFL sales H1 2021	Underlying operating profit/(loss) H1 2021 £m	Underlying operating loss H1 2020 £m
UK Distribution	239.3	154.9	54%	(5.4)	(27.4)
UK Exteriors	199.2	125.3	58%	7.9	(8.6)
UK	**438.5**	**280.2**	**56%**	**2.5**	**(36.0)**

UK Distribution, a specialist insulation and interiors distribution business, shows continued progress in regaining market share, delivering underlying revenues of £239.3m (H1 2020: £154.9m), a LFL increase of 54%. Despite supplier shortages and material allocations, specifically around plasterboard, daily sales show consistent progress. The improved trading volume drove a substantially lower loss, with the business driving the additional volumes through the existing capacity in the network. This resulted in an underlying operating loss of £5.4m (H1 2020: £27.4m loss).

UK Exteriors, a specialist roofing merchant, which also includes our Building Solutions business, is trading extremely well, benefitting from the strong demand environment, and this resulted in underlying revenues of £199.2m (H1 2020: £125.3m), a LFL increase of 58%. The increase in revenue, further benefitting from an increased margin due to rebates and mitigation of input price increases resulted in an underlying operating profit of £7.9m (H1 2020: £8.6m loss).

The lockdown during March and April 2020 severely impacted UK trading. Despite the lockdowns, parts of our UK business did remain open to service critical and emergency projects only, such as for the NHS, energy and food sectors. After rapidly enhancing health and safety protocols, the UK businesses were able to operate a staged reopening through April and May, in conjunction with local government guidelines.

France

	Underlying revenue H1 2021 £m	**Underlying revenue H1 2020 £m**	**LFL sales H1 2021**	**Underlying operating profit H1 2021 £m**	**Underlying operating profit/(loss) H1 2020 £m**
France Distribution	101.1	73.8	38%	6.2	1.3
France Exteriors	206.4	154.4	34%	10.8	1.6
France before non-core	**307.5**	**228.2**	**35%**	**17.0**	**2.9**
Non-core businesses	-	1.2	-	-	(0.2)
France	**307.5**	**229.4**	**35%**	**17.0**	**2.7**

France Distribution, trading as LiTT, a structural insulation and interiors business, saw underlying revenue increase by 37.0% to £101.1m (H1 2020: £73.8m), and by 38% on a LFL basis after adjusting for foreign exchange movements and working days. The first half of 2021 continued the revenue growth experienced in the second half of 2020 as higher levels of trading activity positively impacted revenue. The increase in revenue, coupled with an improved margin as a result of increased supplier rebates, partially offset by an increase in operating costs due to inflation and increased trading levels, resulted in an operating profit of £6.2m (H1 2020: £1.3m).

Underlying revenue in France Exteriors, trading as Larivière, a specialist roofing business, increased by 33.7% to £206.4m (H1 2020: £154.4m), and by 34% on a LFL basis after adjusting for foreign exchange movements and working days. The strong demand in the RMI market, witnessed in H2 2020 has continued into H1 2021. The increase in revenue together with increased supplier rebates, partially offset by inflationary cost increases as well as increased costs to fulfil higher trading volumes, resulted in underlying operating profit of £10.8m (H1 2020: £1.6m).

2020 trading activity suffered a temporary setback in France following the short-term closure of all branches for three days in mid-March. The businesses then commenced a staged reopening through into April.

Germany

	Underlying revenue H1 2021 £m	**Underlying revenue H1 2020 £m**	**LFL sales H1 2021**	**Underlying operating profit H1 2021 £m**	**Underlying operating loss H1 2020 £m**
Germany	194.3	177.1	11%	2.6	(1.3)

Germany, trading as WeGo/VTi, our specialist insulation and interiors distribution business, increased revenue by 9.7% to £194.3m (H1 2020: £177.1m) and by 11% on a LFL basis after adjusting for foreign exchange movements and working days. The improvement in H1 trading in Germany was helped by proactive stock management that allowed the business to meet customer demand in an environment of material shortages and increased lead times from suppliers. The increased trading levels resulted in underlying operating profit of £2.6m (H1 2020: £1.3m loss).

Germany was impacted by government measures due to Covid-19 in 2020, but to a lesser extent than in the UK, Ireland and France, and trading continued from all sites throughout the period.

Benelux

	Underlying revenue H1 2021 £m	Underlying revenue H1 2020 £m	LFL sales H1 2021	Underlying operating loss H1 2021 £m	Underlying operating profit H1 2020 £m
Benelux	47.1	47.7	2%	(0.0)	1.8

Underlying revenue in the Benelux region fell by 1.3% to £47.1m (H1 2020: £47.7m), although increased by 2% on a LFL basis after adjusting for foreign exchange movements and working days. Trading volumes were hampered by particularly intense competitive pressure, combined with some regulatory changes in the Netherlands. Operating profit decreased to £nil (H1 2020: £1.8m), with a growth in the cost base necessary to address some temporary operational challenges related to disruption associated with the move to new premises.

Benelux was impacted by government measures due to Covid-19 in 2020, but to a lesser extent than in the UK, Ireland and France, and trading continued from all sites throughout the period.

Ireland

	Underlying revenue H1 2021 £m	Underlying revenue H1 2020 £m	LFL sales H1 2021	Underlying operating loss H1 2021 £m	Underlying operating loss H1 2020 £m
Ireland	37.3	33.4	14%	(0.2)	(1.4)

Ireland, a specialist distributor of interiors, insulation, and construction accessories, continued to be impacted by Covid-19 related Government restrictions in the Republic of Ireland until 4th May. However, due to the greater impact of the Covid-19 pandemic in H1 2020, underlying revenue for the half increased 11.7% to £37.3m (H1 2020: £33.4m), and by 14% on a LFL basis after adjusting for working days and foreign currency movements.

This additional volume, combined with a favourable sales mix and careful supply chain management in the face of material shortages and extended lead times, contributed to a much lower underlying operating loss of £0.2m (H1 2020: £1.4m loss).

Poland

	Underlying revenue H1 2021 £m	Underlying revenue H1 2020 £m	LFL sales H1 2021	Underlying operating profit H1 2021 £m	Underlying operating profit H1 2020 £m
Poland	83.5	72.3	22%	2.5	0.6

Poland, a market leading distributor of insulation and interiors, saw underlying revenue increase to £83.5m (H1 2020: £72.3m), with LFL sales up 22%. Despite some negative market indicators in Poland, revenue growth was strong, underpinned by an increase in customer numbers and branch openings. The business encountered extended lead times on some of its key products, although this has not had a material impact on performance.

Underlying profit for the period was £2.5m (H1 2020: £0.6m), driven by volume growth and partially offset by volume-related increases in operating costs.

Reconciliation of underlying to statutory result

Other items, being items excluded from underlying results, during the period amounted to £4.6m (H1 2020: £71.6m) on a pre-tax basis and are summarised in the table below:

	H1 2021 £m	H1 2020 £m
Underlying profit/(loss) before tax	**3.0**	**(53.8)**
Other items – impacting profit/(loss) before tax:		
Amortisation of acquired intangibles	(2.3)	(2.8)
Impairment charges	-	(42.8)
Profit on agreed sale or closure of non-core businesses and associated impairment charges	-	1.4
Net operating losses attributable to businesses identified as non-core	-	(0.2)
Net restructuring costs	(2.2)	(3.5)
Investment in omnichannel retailing	-	(4.1)
Costs related to acquisitions	(0.3)	-
Costs associated with refinancing	-	(6.9)
Non-underlying finance costs	-	(11.6)
Other specific items	0.2	(1.1)
Total Other items	**(4.6)**	**(71.6)**
Statutory loss before tax	**(1.6)**	**(125.4)**

Net restructuring costs of £2.2m (H1 2020: £3.5m) have been incurred principally in connection with the restructuring of corporate functions as part of the implementation of the Return to Growth strategy and restructuring in Benelux.

Costs related to acquisitions relate to the acquisition of F30 Building Products during the period.

Taxation

The effective tax rate for the Group on the total loss before tax of £1.6m (H1 2020: £125.4m) is 227% (H1 2020: nil%). As the Group operates in several different countries, tax losses cannot be surrendered, or utilised cross border and the Group therefore pays tax in some countries and not in others. Tax losses are not currently recognised in respect of the UK business, which also impacts the overall effective tax rate. The combination of these factors means that the effective tax rate is less meaningful as an indicator or comparator for the Group.

In accordance with UK legislation, the Group publishes an annual tax strategy, which is available on our website, www.sigplc.com.

Pensions

The Group operates four (2020: four) defined benefit pension schemes and a number of defined contribution pension schemes. The largest defined benefit scheme is a UK scheme, which was closed to future accrual in 2016. The total net pension liability in relation to defined benefit schemes at 30 June 2021 was £17.2m (30 June 2020: £33.0m; 31 December 2020: £25.1m). The last triennial actuarial valuation of the UK scheme as at 31 December 2019 was concluded at the end of March 2021. This showed that the market value of the scheme’s assets had increased by 20% to £196m and their actuarial value covered 102% of the benefits accrued to members after allowing for expected future increases in pensionable salaries. As part of the funding negotiations the Company agreed to pay an additional contribution of £2.5m into the Plan in July 2021 to accelerate plans to achieve a secondary funding target.

Financial position

Overall, the net assets of the Group have decreased by 2.8% to £297.8m from £306.3m at 31 December 2020 due principally to the loss after tax for the period of £8.1m. The cash position at 30 June 2021 was £173.9m (H1 2020: £197.3m; 31 December 2020: £235.3m) with net debt of £289.4m (H1 2020: £341.8m; 31 December 2020: £238.2m).

Group structure

The results for H1 2020 have been restated to include Building Solutions within underlying results consistent with the current period and the 2020 Annual Report and Accounts, as summarised in the table below:

	Underlying revenue £m	**Underlying PBT £m**
As reported at HY 2020 results	**817.7**	**(53.7)**
Building Solutions	21.2	(0.1)
Restated at FY 2020 results	**838.9**	**(53.8)**

Cash flow

	H1 2021 £m	**H1 2020 £m**
Total operating profit/(loss), excluding gain on sale from Air Handling	**9.0**	**(101.8)**
Depreciation and non-cash items	38.9	79.8
(Increase)/decrease in working capital and provisions	(45.9)	(6.5)
Interest and tax	(15.8)	(14.0)
Capital expenditure	(12.0)	(13.4)
Proceeds from sale of property, plant and equipment	1.6	4.6
Free cash flow	**(24.2)**	**(51.3)**
Sale and purchase of businesses	(2.3)	149.5
Payment of lease liabilities	(29.2)	(27.2)
Repayment of debt	(0.3)	(29.0)
Costs paid in relation to capital raise	-	(1.3)
Change in cash and cash equivalents	**(56.0)**	**40.7**
Cash and cash equivalents at beginning of the year	235.3	145.1
Effect of foreign exchange rate changes	(5.4)	11.5
Cash and cash equivalents at end of the year	**173.9**	**197.3**

During the period, the Group reported a free cash outflow of £24.2m (H1 2020: £51.3m) as a result of the operating profit in the period offset by an increase in working capital, together with payments in relation to interest, tax and capital expenditure. Other movements in cash relate to £2.3m cash outflow in relation to the purchase of businesses (H1 2020: £149.5m inflow from the sale of businesses), £0.3m repayments of debt (H1 2020: £29.0m) and £29.2m payment of lease liabilities (H1 2020: £27.2m).

Free cash flow represents the cash available after supporting operations and maintaining capital assets, and before financing and investing activities.

Financing and funding

The Group has significant available liquidity and on the basis of current forecasts is expected to remain in compliance with all banking covenants throughout the forecast period to 30 September 2022. On 1 March 2021, the Group agreed with its lending banks and private placement noteholders to amend certain financial covenants to better align the different tests and to provide additional headroom on the interest cover covenant under stress test scenarios from March 2022.

Responsibility Statement

We confirm to the best of our knowledge that:

(a) the condensed interim set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting";

(b) the Interim Report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the Interim Report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board

Steve Francis	Ian Ashton
Director	Director
20 September 2021	20 September 2021

Cautionary statement

This Interim Report is prepared for and addressed only to the Company's Shareholders as a whole and to no other person. The Company, its Directors, employees, agents or advisors do not accept or assume responsibility to any other person to whom this Interim Report is shown or into whose hands it may come and such responsibility or liability is expressly disclaimed.

This Interim Report contains forward-looking statements that are subject to risk factors including the economic and business circumstances occurring from time to time in countries and markets in which the Group operates and risk factors associated with the building and construction sectors. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions because they relate to events and/or depend on circumstances that may or may not occur in the future and could cause actual results and outcomes to differ materially from those expressed in or implied by the forward-looking statements. No assurance can be given that the forward-looking statements in this Interim Report will be realised. Statements about the Directors' expectations, beliefs, hopes, plans, intentions and strategies are inherently subject to change and they are based on expectations and assumptions as to future events, circumstances and other factors which are in some cases outside the Group's control. Actual results could differ materially from the Group's current expectations.

It is believed that the expectations set out in these forward-looking statements are reasonable but they may be affected by a wide range of variables which could cause actual results or trends to differ materially, including but not limited to, market conditions, competitors and margin management, commercial relationships, fluctuations in product pricing, changes in foreign exchange and interest rates, government legislation, availability of funding, working capital and cash management, IT infrastructure and cyber security and availability and quality of key resources.

The Company's Shareholders are cautioned not to place undue reliance on the forward-looking statements. This Interim Report has not been audited or otherwise independently verified. The information contained in this Interim Report has been prepared on the basis of the knowledge and information available to Directors at the date of its preparation and the Company does not undertake any obligation to update or revise this Interim Report during the financial year ahead.

Condensed Consolidated Income Statement
for the six months ended 30 June 2021 (unaudited)

		Six months ended 30 June 2021			Six months ended 30 June 2020			Year ended 31 December 2020		
		Underlying*	Other items**	Total	Underlying* Restated^	Other items** Restated^	Total	Underlying*	Other items**	Total
	Note	£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue	2	**1,108.2**	-	**1,108.2**	838.9	1.2	840.1	1,872.7	1.8	1,874.5
Cost of sales		**(821.2)**	-	**(821.2)**	(629.8)	(0.8)	(630.6)	(1,402.7)	(1.3)	(1,404.0)
Gross profit		**287.0**	-	**287.0**	209.1	0.4	209.5	470.0	0.5	470.5
Other operating expenses		**(273.4)**	**(4.6)**	**(278.0)**	(252.0)	(60.4)	(312.4)	(523.3)	(114.9)	(638.2)
Operating profit/(loss)	3	**13.6**	**(4.6)**	**9.0**	(42.9)	(60.0)	(102.9)	(53.3)	(114.4)	(167.7)
Finance income		**0.4**	-	**0.4**	0.3	-	0.3	0.7	-	0.7
Finance costs		**(11.0)**	-	**(11.0)**	(11.2)	(11.6)	(22.8)	(23.7)	(11.6)	(35.3)
Profit/(loss) before tax		**3.0**	**(4.6)**	**(1.6)**	(53.8)	(71.6)	(125.4)	(76.3)	(126.0)	(202.3)
Income tax (expense)/credit	5	**(6.8)**	**0.3**	**(6.5)**	-	0.8	0.8	(10.7)	4.1	(6.6)
Loss after tax from continuing operations		**(3.8)**	**(4.3)**	**(8.1)**	(53.8)	(70.8)	(124.6)	(87.0)	(121.9)	(208.9)
Discontinued operations										
Profit after tax from discontinued operations	9	-	-	-	-	70.8	70.8	-	69.7	69.7
Loss after tax for the period		**(3.8)**	**(4.3)**	**(8.1)**	(53.8)	-	(53.8)	(87.0)	(52.2)	(139.2)
Attributable to:										
Equity holders of the Company		**(3.8)**	**(4.3)**	**(8.1)**	(53.8)	-	(53.8)	(87.0)	(52.2)	(139.2)
Loss per share										
From continuing operations:										
Basic	6			**(0.7)p**			(21.1)p			(24.0)p
Diluted	6			**(0.7)p**			(21.1)p			(24.0)p
Total:										
Basic	6			**(0.7)p**			(9.1)p			(16.0)p
Diluted	6			**(0.7)p**			(9.1)p			(16.0)p

* Underlying represents the results before Other items.
** Other items have been disclosed separately in order to give an indication of the underlying earnings of the Group. Further details can be found in Note 4.
^ The results for the period to 30 June 2020 have been restated to include Building Solutions within underlying results consistent with the current period. See Note 1 for further details.

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2021 (unaudited)

	Six months ended 30 June 2021	Six months ended 30 June 2020	Year ended 31 December 2020
	£m	£m	£m
Loss after tax	**(8.1)**	(53.8)	(139.2)
Items that will not subsequently be reclassified to the Consolidated Income Statement:			
Remeasurement of defined benefit pension liability (Note 14)	**5.2**	(9.8)	(1.7)
Deferred tax movement associated with remeasurement of defined benefit pension liability	**-**	-	0.3
Current tax movement associated with remeasurement of defined benefit pension liability	**-**	-	0.4
	5.2	(9.8)	(1.0)
Items that may subsequently be reclassified to the Consolidated Income Statement:			
Exchange difference on retranslation of foreign currency goodwill and intangibles	**(2.5)**	4.4	5.1
Exchange difference on retranslation of foreign currency net investments (excluding goodwill and intangibles)	**(10.1)**	18.0	13.2
Exchange and fair value movements associated with borrowings and derivative financial instruments	**5.7**	(12.5)	(11.0)
Tax credit on exchange and fair value movements arising on borrowings and derivative financial instruments	**-**	2.4	-
Exchange differences reclassified to the Consolidated Income Statement in respect of the disposal of foreign operations	**-**	(5.9)	(5.9)
Gains and losses on cash flow hedges	**0.3**	2.0	(0.5)
Transfer to profit and loss on cash flow hedges	**(0.1)**	(1.6)	(0.7)
	(6.7)	6.8	0.2
Other comprehensive expense	**(1.5)**	(3.0)	(0.8)
Total comprehensive expense	**(9.6)**	(56.8)	(140.0)
Attributable to:			
Equity holders of the Company	**(9.6)**	(56.8)	(140.0)
	(9.6)	(56.8)	(140.0)

Condensed Consolidated Balance Sheet
as at 30 June 2021 (unaudited)

	Note	**30 June 2021 £m**	30 June 2020 £m	31 December 2020 £m
Non-current assets				
Property, plant and equipment		**63.6**	67.1	63.2
Right-of-use assets		**226.1**	257.6	229.6
Goodwill		**128.5**	131.3	128.8
Intangible assets		**22.4**	43.1	22.9
Lease receivables		**3.2**	4.0	3.6
Deferred tax assets		**4.5**	6.9	5.7
Derivative financial instruments	12	**0.8**	4.5	0.1
		449.1	514.5	453.9
Current assets				
Inventories		**221.4**	185.3	170.3
Lease receivables		**0.7**	0.8	0.7
Trade and other receivables		**382.4**	293.6	294.4
Derivative financial instruments	12	**0.2**	0.7	-
Cash at bank and on hand		**173.9**	197.3	235.3
		778.6	677.7	700.7
Total assets		**1,227.7**	1,192.2	1,154.6
Current liabilities				
Trade and other payables		**404.6**	341.8	301.4
Lease liabilities		**50.9**	54.6	50.6
Private placement notes		**-**	48.3	-
Deferred consideration		**1.0**	-	0.5
Other financial liabilities		**0.4**	0.5	0.5
Derivative financial instruments	12	**-**	0.1	0.5
Current tax liabilities		**4.5**	3.2	4.2
Provisions		**10.4**	8.1	10.5
		471.8	456.6	368.2
Non-current liabilities				
Lease liabilities		**206.7**	224.5	211.6
Bank loans		**68.2**	67.2	67.7
Private placement notes		**138.5**	149.4	144.5
Derivative financial instruments	12	**0.6**	3.2	0.4
Other financial liabilities		**0.9**	1.3	1.2
Deferred consideration		**1.0**	-	0.4
Other payables		**3.4**	3.1	3.5
Retirement benefit obligations	14	**17.2**	33.0	25.1
Provisions		**21.6**	16.5	25.7
		458.1	498.2	480.1
Total liabilities		**929.9**	954.8	848.3
Net assets		**297.8**	237.4	306.3
Capital and reserves				
Called up share capital	13	**118.2**	59.2	118.2
Share premium account	13	**-**	447.3	447.7
Treasury shares reserve		**(0.2)**	-	(0.2)
Capital redemption reserve		**0.3**	0.3	0.3
Share option reserve		**3.1**	1.8	2.0
Hedging and translation reserve		**3.8**	16.8	10.5
Cost of hedging reserve		**0.2**	0.5	0.2
Merger reserve		**92.5**	-	92.5
Retained losses		**79.9**	(288.5)	(364.9)
Attributable to equity holders of the Company		**297.8**	237.4	306.3
Total equity		**297.8**	237.4	306.3

Condensed Consolidated Cash Flow Statement
for the six months ended 30 June 2021 (unaudited)

	Note	**Six months ended 30 June 2021 £m**	Six months ended 30 June 2020 £m	Year ended 31 December 2020 £m
Net cash flow from operating activities				
Cash generated from/(used in) operating activities	10	**2.0**	(28.5)	(43.0)
Income tax paid		**(5.5)**	(3.5)	(9.7)
Net cash used in operating activities		**(3.5)**	(32.0)	(52.7)
Cash flows from investing activities				
Finance income received		**0.4**	0.3	0.7
Purchase of property, plant and equipment and computer software		**(12.0)**	(13.4)	(20.8)
Proceeds from sale of property, plant and equipment		**1.6**	4.6	5.6
Net cash flow arising on the purchase of business	7	**(2.3)**	-	(0.8)
Net cash flow arising on the sale of businesses	8	**-**	149.5	147.8
Net cash (used in)/generated from investing activities		**(12.3)**	141.0	132.5
Cash flows from financing activities				
Finance costs paid		**(10.7)**	(10.8)	(23.3)
Repayment of lease liabilities		**(29.2)**	(27.2)	(54.8)
Repayment of loans/settlement of derivative financial instruments		**(0.3)**	1.0	(55.2)
Repayment of revolving credit facility*		**-**	(30.0)	(30.0)
Net proceeds from/(costs paid in relation to) equity raise		**-**	(1.3)	151.9
Net cash used in financing activities		**(40.2)**	(68.3)	(11.4)
(Decrease)/increase in cash and cash equivalents in the period	11	**(56.0)**	40.7	68.4
Cash and cash equivalents at beginning of the period		**235.3**	145.1	145.1
Effect of foreign exchange rate changes		**(5.4)**	11.5	21.8
Cash and cash equivalents at end of the period**		**173.9**	197.3	235.3

* As part of the changes to the debt facility agreements in 2020, £70.0m drawn under the existing revolving credit facility was converted into a £70.0m term facility, with no additional repayment or drawdown made.

** Cash and cash equivalents comprise cash at bank and on hand of £173.9m (30 June 2020: £197.3m; 31 December 2020: £235.3m) less bank overdrafts of £nil (30 June and 31 December 2020: £nil).

Condensed Consolidated Statement of Changes in Equity
for the six months ended 30 June 2021 (unaudited)

For the six months ended 30 June 2021	Note	Called up share capital £m	Share premium account £m	Treasury shares reserve £m	Capital redemption reserve £m	Share option reserve £m	Hedging and translation reserves £m	Cost of hedging reserve £m	Merger reserve £m	Retained (losses)/ profits £m	Total £m
At 1 January 2021		118.2	447.7	(0.2)	0.3	2.0	10.5	0.2	92.5	(364.9)	306.3
Loss after tax		-	-	-	-	-	-	-	-	(8.1)	(8.1)
Other comprehensive (expense)/income		-	-	-	-	-	(6.7)	-	-	5.2	(1.5)
Total comprehensive expense		-	-	-	-	-	(6.7)	-	-	(2.9)	(9.6)
Credit to share option reserve		-	-	-	-	1.1	-	-	-	-	1.1
Capital reduction	13	-	(447.7)	-	-	-	-	-	-	447.7	-
At 30 June 2021		118.2	-	(0.2)	0.3	3.1	3.8	0.2	92.5	79.9	297.8

For the six months ended 30 June 2020	Called up share capital £m	Share premium account £m	Treasury shares reserve £m	Capital redemption reserve £m	Share option reserve £m	Hedging and translation reserves £m	Cost of hedging reserve £m	Merger reserve £m	Retained (losses)/ profits £m	Total £m
At 1 January 2020	59.2	447.3	-	0.3	1.8	10.2	0.3	-	(224.9)	294.2
Loss after tax	-	-	-	-	-	-	-	-	(53.8)	(53.8)
Other comprehensive income/(expense)	-	-	-	-	-	6.6	0.2	-	(9.8)	(3.0)
Total comprehensive income/(expense)	-	-	-	-	-	6.6	0.2	-	(63.6)	(56.8)
At 30 June 2020	59.2	447.3	-	0.3	1.8	16.8	0.5	-	(288.5)	237.4

For the year ended 31 December 2020	Called up share capital £m	Share premium account £m	Treasury shares reserve £m	Capital redemption reserve £m	Share option reserve £m	Hedging and translation reserves £m	Cost of hedging reserve £m	Merger reserve £m	Retained (losses)/ profits £m	Total £m
At 1 January 2020	59.2	447.3	-	0.3	1.8	10.2	0.3	-	(224.9)	294.2
Loss after tax	-	-	-	-	-	-	-	-	(139.2)	(139.2)
Other comprehensive income/(expense)	-	-	-	-	-	0.3	(0.1)	-	(1.0)	(0.8)
Total comprehensive income/(expense)	-	-	-	-	-	0.3	(0.1)	-	(140.2)	(140.0)
Issue of share capital	59.0	0.4	-	-	-	-	-	92.5	-	151.9
Transfer of unallocated treasury shares	-	-	(0.2)	-	-	-	-	-	0.2	-
Credit to share option reserve	-	-	-	-	0.2	-	-	-	-	0.2
At 31 December 2020	**118.2**	**447.7**	**(0.2)**	**0.3**	**2.0**	**10.5**	**0.2**	**92.5**	**(364.9)**	**306.3**

The share option reserve represents the cumulative equity-settled share option charge under IFRS 2 "Share-based payment" less the value of any share options that have been exercised.

The hedging and translation reserve represent movements in the Condensed Consolidated Balance Sheet as a result of movements in exchange rates and movements in the fair value of cash flow hedges which are taken directly to reserves.

Notes to the Condensed Interim Financial Statements

1. Basis of preparation of Condensed Interim Financial Statements

The Condensed Interim Financial Statements were approved by the Board of Directors on 20 September 2021.

The Group's Condensed Interim Financial Statements have been prepared in accordance with UK adopted IAS 34 "Interim Financial Reporting" and the accounting policies included in the Annual Report and Accounts for the year ended 31 December 2020, which have been applied consistently throughout the current and preceding periods. There are no changes to the reported operating segments from those reported in the 2020 Annual Report and Accounts, but the Germany and Benelux segments are no longer grouped together, reflecting the current leadership structure and the way in which information is reported and reviewed by the Chief Operating Decision Maker (CODM).

The Condensed Interim Financial Statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The interim results to 30 June 2021 and 30 June 2020 have been subject to an Interim Review in accordance with ISRE 2410 by the Company's Auditor.

The financial information for the full preceding year is based on the audited statutory accounts for the financial year ended 31 December 2020 prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union. Those accounts have been delivered to the Registrar of Companies. The Auditor's Report was (i) unqualified, (ii) included no matters to which the auditor drew attention by way of emphasis without modifying their report and (iii) did not contain statements under Section 498(2) or Section 498(3) of the Companies Act 2006 in relation to the financial statements.

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may subsequently differ from those estimates. The areas of critical accounting judgements and key sources of estimation uncertainty set out on page 150 to 152 of the 2020 Annual Report and Accounts are considered to continue and be consistently applied.

The comparatives for the six months ended 30 June 2020 have been restated to include Building Solutions within underlying results consistent with the current period and the year ended 31 December 2020.

Going Concern

The Directors have considered the Group's forecasts which support the view that the Group will be able to continue to operate within its banking facilities and comply with its banking covenants. The Directors have considered the following principal risks and uncertainties that could potentially impact the Group's ability to fund its future activities and adhere to its banking covenants, including:

- A decline in market conditions resulting in lower than forecast sales;
- Implementation of the new strategy taking longer than anticipated to deliver forecast increases in revenue and profit;
- Potential impact of material shortages on forecast sales;
- A further wave of the Covid-19 pandemic; and
- The terms of the Group's lending arrangements and whether these could limit investment in growth opportunities.

The forecasts on which the going concern assessment is based have been subject to sensitivity analysis and stress testing to assess the impact of the above risks and the Directors have also reviewed mitigating actions that could be taken.

On consideration of the above the Directors believe that the Group has adequate resources to continue in operational existence for the forecast period to 30 September 2022 and the Directors therefore consider it appropriate to continue to adopt the going concern basis in preparing this Interim Report.

New standards, interpretations and amendments adopted by the Group

Several amendments apply for the first time in 2021 but do not have an impact on the interim condensed consolidated financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Notes to the Condensed Interim Financial Statements

2. Revenue from contracts with customers

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Six months ended 30 June 2021	UK Distribution £m	UK Exteriors £m	Total UK £m	France Distribution £m	France Exteriors £m	Total France £m	Germany £m	Benelux £m	Ireland £m	Poland £m	Eliminations £m	Total Group £m
Type of product												
Interiors	239.3	-	239.3	101.1	-	101.1	194.3	47.1	20.9	79.5	-	682.2
Exteriors	-	199.2	199.2	-	206.4	206.4	-	-	16.4	-	-	422.0
Heating, ventilation and air conditioning	-	-	-	-	-	-	-	-	-	4.0	-	4.0
Inter-segment revenue^	1.4	0.4	1.8	0.1	5.4	5.5	-	-	-	-	(7.3)	-
Total underlying revenue	240.7	199.6	440.3	101.2	211.8	313.0	194.3	47.1	37.3	83.5	(7.3)	1,108.2
Revenue attributable to businesses identified as non-core	-	-	-	-	-	-	-	-	-	-	-	-
Total	240.7	199.6	440.3	101.2	211.8	313.0	194.3	47.1	37.3	83.5	(7.3)	1,108.2
Nature of revenue												
Goods for resale	240.7	199.6	440.3	101.2	211.8	313.0	194.3	47.1	35,3	83.5	(7.3)	1,106.2
Construction contracts	-	-	-	-	-	-	-	-	2.0	-	-	2.0
Total	240.7	199.6	440.3	101.2	211.8	313.0	194.3	47.1	37.3	83.5	(7.3)	1,108.2
Timing of revenue recognition												
Goods transferred at a point in time	240.7	199.6	440.3	101.2	211.8	313.0	194.3	47.1	35.3	83.5	(7.3)	1,106.2
Goods and services transferred over time	-	-	-	-	-	-	-	-	2.0	-	-	2.0
Total	240.7	199.6	440.3	101.2	211.8	313.0	194.3	47.1	37.3	83.5	(7.3)	1,108.2

^ Inter-segment revenue is charged at the prevailing market rates.

Notes to the Condensed Interim Financial Statements

2. Revenue from contracts with customers (continued)

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Six months ended 30 June 2020	UK Distribution £m	UK Exteriors £m	Total UK £m	France Distribution £m	France Exteriors £m	Total France £m	Germany £m	Benelux £m	Ireland £m	Poland £m	Eliminations £m	Total Group £m
Type of product												
Interiors	154.9	-	**154.9**	73.8	-	**73.8**	177.1	47.7	19.8	69.2	-	**542.5**
Exteriors	-	125.3	**125.3**	-	154.4	**154.4**	-	-	13.6	-	-	**293.3**
Heating, ventilation and air conditioning	-	-	**-**	-	-	**-**	-	-	-	3.1	-	**3.1**
Inter-segment revenue^	1.0	1.0	**2.0**	0.7	3.1	**3.8**	-	-	-	-	(5.8)	**-**
Total underlying revenue	155.9	126.3	**282.2**	74.5	157.5	**232.0**	177.1	47.7	33.4	72.3	(5.8)	**838.9**
Revenue attributable to businesses identified as non-core	-	-	**-**	-	1.2	**1.2**	-	-	-	-	-	**1.2**
Total	155.9	126.3	**282.2**	74.5	158.7	**233.2**	177.1	47.7	33.4	72.3	(5.8)	**840.1**
Nature of revenue												
Goods for resale	155.9	126.3	**282.2**	74.5	158.7	**233.2**	177.1	47.7	31.6	72.3	(5.8)	**838.3**
Construction contracts	-	-	**-**	-	-	**-**	-	-	1.8	-	-	**1.8**
Total	155.9	126.3	**282.2**	74.5	158.7	**233.2**	177.1	47.7	33.4	72.3	(5.8)	**840.1**
Timing of revenue recognition												
Goods transferred at a point in time	155.9	126.3	**282.2**	74.5	158.7	**233.2**	177.1	47.7	31.6	72.3	(5.8)	**838.3**
Goods and services transferred over time	-	-	**-**	-	-	**-**	-	-	1.8	-	-	**1.8**
Total	155.9	126.3	**282.2**	74.5	158.7	**233.2**	177.1	47.7	33.4	72.3	(5.8)	**840.1**

^ Inter-segment revenue is charged at the prevailing market rates.

Notes to the Condensed Interim Financial Statements

2. Revenue from contracts with customers (continued)

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Year ended 31 December 2020	UK Distribution £m	UK Exteriors £m	Total UK £m	France Distribution £m	France Exteriors £m	Total France £m	Germany £m	Benelux £m	Ireland £m	Poland £m	Eliminations £m	Total Group £m
Type of product												
Interiors	357.4	-	**357.4**	168.1	-	**168.1**	370.7	91.6	46.3	142.6	-	**1,176.7**
Exteriors	-	310.1	**310.1**	-	344.8	**344.8**	-	-	34.2	-	-	**689.1**
Heating, ventilation and air conditioning	-	-	**-**	-	-	**-**	-	-	-	6.9	-	**6.9**
Inter-segment revenue^	1.5	0.5	**2.0**	0.9	7.6	**8.5**	0.1	0.1	0.1	-	(10.8)	**-**
Total underlying revenue	358.9	310.6	**669.5**	169.0	352.4	**521.4**	370.8	91.7	80.6	149.5	(10.8)	**1,872.7**
Revenue attributable to businesses identified as non-core	-	-	**-**	-	1.8	**1.8**	-	-	-	-	-	**1.8**
Total	358.9	310.6	**669.5**	169.0	354.2	**523.2**	370.8	91.7	80.6	149.5	(10.8)	**1,874.5**
Nature of revenue												
Goods for resale	358.9	310.6	**669.5**	169.0	354.2	**523.2**	370.8	91.7	75.2	149.5	(10.8)	**1,869.1**
Construction contracts	-	-	**-**	-	-	**-**	-	-	5.4	-	-	**5.4**
Total	358.9	310.6	**669.5**	169.0	354.2	**523.2**	370.8	91.7	80.6	149.5	(10.8)	**1,874.5**
Timing of revenue recognition												
Goods transferred at a point in time	358.9	310.6	**669.5**	169.0	354.2	**523.2**	370.8	91.7	75.2	149.5	(10.8)	**1,869.1**
Goods and services transferred over time	-	-	**-**	-	-	**-**	-	-	5.4	-	-	**5.4**
Total	358.9	310.6	**669.5**	169.0	354.2	**523.2**	370.8	91.7	80.6	149.5	(10.8)	**1,874.5**

^ Inter-segment revenue is charged at the prevailing market rates.

Notes to the Condensed Interim Financial Statements

3. Segmental information

In accordance with IFRS 8 "Operating Segments", the Group identifies its reportable operating segments based on the way in which financial information is reviewed and business performance is assessed by the Chief Operating Decision Maker (CODM). Reportable operating segments are grouped on a geographical basis.

Six months ended 30 June 2021	UK Distribution £m	UK Exteriors £m	Total UK £m	France Distribution £m	France Exteriors £m	Total France £m	Germany £m	Benelux £m	Ireland £m	Poland £m	Eliminations £m	Total Group £m
Revenue												
Underlying revenue	239.3	199.2	**438.5**	101.1	206.4	**307.5**	194.3	47.1	37.3	83.5	-	**1,108.2**
Revenue attributable to businesses identified as non-core	-	-	**-**	-	-	**-**	-	-	-	-	-	**-**
Inter-segment revenue^	1.4	0.4	**1.8**	0.1	5.4	**5.5**	-	-	-	-	(7.3)	**-**
Total revenue	240.7	199.6	**440.3**	101.2	211.8	**313.0**	194.3	47.1	37.3	83.5	(7.3)	**1,108.2**
Result												
Segment result before Other items	(5.4)	7.9	**2.5**	6.2	10.8	**17.0**	2.6	-	(0.2)	2.5	-	**24.4**
Amortisation of acquired intangibles	(0.1)	(2.0)	**(2.1)**	-	(0.2)	**(0.2)**	-	-	-	-	-	**(2.3)**
Acquisition costs	(0.3)	-	**(0.3)**	-	-	**-**	-	-	-	-	-	**(0.3)**
Net restructuring costs	(0.2)	-	**(0.2)**	-	-	**-**	(0.1)	(0.4)	-	-	-	**(0.7)**
Segment operating (loss)/profit	(6.0)	5.9	**(0.1)**	6.2	10.6	**16.8**	2.5	(0.4)	(0.2)	2.5	-	**21.1**
Parent Company costs												**(10.8)**
Parent Company Other items*												**(1.3)**
Operating profit												**9.0**
Net finance costs before Other items												**(10.6)**
Non-underlying finance costs												**-**
Loss before tax												**(1.6)**
Income tax expense												**(6.5)**
Loss for the period												**(8.1)**

^ Inter-segment revenue is charged at the prevailing market rates.
* Parent company Other items include restructuring costs £1.5m and other specific items £0.2m (credit). See Note 4 for further details.

Notes to the Condensed Interim Financial Statements

3. Segmental information (continued)

Six months ended 30 June 2020	UK Distribution £m	UK Exteriors £m	Total UK £m	France Distribution £m	France Exteriors £m	Total France £m	Germany £m	Benelux £m	Ireland £m	Poland £m	Eliminations £m	Total Group £m
Revenue												
Underlying revenue	154.9	125.3	**280.2**	73.8	154.4	**228.2**	177.1	47.7	33.4	72.3	-	**838.9**
Revenue attributable to businesses identified as non-core	-	-	**-**	-	1.2	**1.2**	-	-	-	-	-	**1.2**
Inter-segment revenue^	1.0	1.0	**2.0**	0.7	3.1	**3.8**	-	-	-	-	(5.8)	**-**
Total revenue	155.9	126.3	**282.2**	74.5	158.7	**233.2**	177.1	47.7	33.4	72.3	(5.8)	**840.1**
Result												
Segment result before Other items	(27.4)	(8.6)	**(36.0)**	1.3	1.6	**2.9**	(1.3)	1.8	(1.4)	0.6	-	**(33.4)**
Amortisation of acquired intangibles	(0.4)	(2.2)	**(2.6)**	-	(0.2)	**(0.2)**	-	-	-	-	-	**(2.8)**
Impairment charges	(31.0)	(11.8)	**(42.8)**	-	-	**-**	-	-	-	-	-	**(42.8)**
Net operating losses attributable to businesses identified as non-core	-	-	**-**	-	(0.2)	**(0.2)**	-	-	-	-	-	**(0.2)**
Net restructuring costs	(2.2)	(0.8)	**(3.0)**	-	(0.1)	**(0.1)**	-	(0.4)	-	-	-	**(3.5)**
Other specific items	-	-	**-**	-	-	**-**	0.2	-		-	-	**0.2**
Segment operating (loss)/profit	(61.0)	(23.4)	**(84.4)**	1.3	1.1	**2.4**	(1.1)	1.4	(1.4)	0.6	-	**(82.5)**
Parent Company costs												**(9.5)**
Parent Company Other items*												**(10.9)**
Operating loss												**(102.9)**
Net finance costs before Other items												**(10.9)**
Non-underlying finance costs												**(11.6)**
Loss before tax and discontinued operations												**(125.4)**
Income tax expense												**0.8**
Profit after tax from discontinued operations												**70.8**
Loss for the period												**(53.8)**

^ Inter-segment revenue is charged at the prevailing market rates.
* Parent company Other items include investment in omnichannel retailing £4.1m, costs associated with refinancing £6.9m and other specific items £1.3m, offset by profits on sale or closure of non-core businesses £1.4m. See Note 4 for further details.

Notes to the Condensed Interim Financial Statements

3. Segmental information (continued)

Year ended 31 December 2020	UK Distribution £m	UK Exteriors £m	Total UK £m	France Distribution £m	France Exteriors £m	Total France £m	Germany £m	Benelux £m	Ireland £m	Poland £m	Eliminations £m	Total Group £m
Revenue												
Underlying revenue	357.4	310.1	**667.5**	168.1	344.8	**512.9**	370.7	91.6	80.5	149.5	-	**1,872.7**
Revenue attributable to businesses identified as non-core	-	-	**-**	-	1.8	**1.8**	-	-	-	-	-	**1.8**
Inter-segment revenue^	1.5	0.5	**2.0**	0.9	7.6	**8.5**	0.1	0.1	0.1	-	(10.8)	**-**
Total revenue	358.9	310.6	**669.5**	169.0	354.2	**523.2**	370.8	91.7	80.6	149.5	(10.8)	**1,874.5**
Result												
Segment result before Other items	(45.4)	(7.4)	**(52.8)**	7.1	8.3	**15.4**	0.4	2.5	0.8	2.0	-	**(31.7)**
Amortisation of acquired intangibles	(0.9)	(4.3)	**(5.2)**	-	(0.4)	**(0.4)**	-	-	-	-	-	**(5.6)**
Impairment charges	(50.6)	(11.8)	**(62.4)**	-	-	**-**	-	-	-	-	-	**(62.4)**
Acquisition costs	-	(0.2)	**(0.2)**	-	-	**-**	-	-	-	-	-	**(0.2)**
Profits and losses on agreed sale or closure of non-core businesses and associated impairment charges	(0.3)	-	**(0.3)**	-	(0.9)	**(0.9)**	-	-	-	-	-	**(1.2)**
Net operating losses attributable to businesses identified as non-core	-	-	**-**	-	(0.3)	**(0.3)**	-	-	-	-	-	**(0.3)**
Onerous contract costs	(1.0)	-	**(1.0)**	-	-	**-**	-	-	-	-	-	**(1.0)**
Net restructuring costs	(4.0)	(1.7)	**(5.7)**	-	(0.1)	**(0.1)**	(0.5)	(0.4)	-	-	-	**(6.7)**
Other specific items	(0.1)	-	**(0.1)**	-	0.1	**0.1**	0.2	-	-	-	-	**0.2**
Segment operating (loss)/profit	(102.3)	(25.4)	**(127.7)**	7.1	6.7	**13.8**	0.1	2.1	0.8	2.0	-	**(108.9)**
Parent Company costs												**(21.6)**
Parent Company Other items*												**(37.2)**
Operating loss												**(167.7)**
Net finance costs before Other items												**(23.0)**
Non-underlying finance costs												**(11.6)**
Loss before tax and discontinued operations												**(202.3)**
Income tax expense												**(6.6)**
Profit from discontinued operations												**69.7**
Loss for the year												**(139.2)**

^ Inter-segment revenue is charged at the prevailing market rates.
* Parent company Other items include impairment charges £13.7m, investment in omnichannel retailing £4.2m, costs associated with refinancing £7.4m, onerous contract costs £12.2m and other specific items £1.6m, offset by profit on agreed sale or closure of non-core businesses of £1.9m. See Note 4 for further details.

Notes to the Condensed Interim Financial Statements

3. Segmental information (continued)

30 June 2021	UK Distribution £m	UK Exteriors £m	Total UK £m	France Distribution £m	France Exteriors £m	Total France £m	Germany £m	Benelux £m	Ireland £m	Poland £m	Total £m
Balance sheet											
Assets											
Segment assets	**178.5**	**265.3**	**443.8**	**87.9**	**223.0**	**310.9**	**147.6**	**56.7**	**50.0**	**69.1**	**1,078.1**
Unallocated assets:											
Property, plant and equipment											**0.3**
Derivative financial instruments											**1.0**
Cash and cash equivalents											**140.9**
Other assets											**7.4**
Consolidated total assets											**1,227.7**
Liabilities											
Segment liabilities	**204.3**	**126.2**	**330.5**	**61.4**	**130.1**	**191.5**	**83.9**	**19.1**	**30.5**	**37.1**	**692.6**
Unallocated liabilities:											
Private placement notes											**138.5**
Bank loans											**68.2**
Derivative financial instruments											**0.6**
Other liabilities											**30.0**
Consolidated total liabilities											**929.9**

30 June 2020	UK Distribution £m	UK Exteriors £m	Total UK £m	France Distribution £m	France Exteriors £m	Total France £m	Germany £m	Benelux £m	Ireland £m	Poland £m	Total £m
Balance sheet											
Assets											
Segment assets	159.0	218.2	**377.2**	60.5	203.1	**263.6**	162.2	59.6	46.7	63.1	**972.4**
Unallocated assets:											
Right-of-use assets											**2.7**
Property, plant and equipment											**0.4**
Derivative financial instruments											**5.2**
Cash and cash equivalents											**158.2**
Deferred tax assets											**6.9**
Other assets											**46.4**
Consolidated total assets											**1,192.2**
Liabilities											
Segment liabilities	190.3	100.6	**290.9**	51.0	114.8	**165.8**	101.9	19.4	26.7	31.5	**636.2**
Unallocated liabilities:											
Private placement notes											**67.2**
Bank loans											**197.7**
Derivative financial instruments											**3.3**
Other liabilities											**50.4**
Consolidated total liabilities											**954.8**

Notes to the Condensed Interim Financial Statements

3. Segmental information (continued)

31 December 2020	**UK Distribution £m**	**UK Exteriors £m**	**Total UK £m**	**France Distribution £m**	**France Exteriors £m**	**Total France £m**	**Germany £m**	**Benelux £m**	**Ireland £m**	**Poland £m**	**Total £m**
Balance sheet											
Assets											
Segment assets	153.2	242.8	**396.0**	67.6	210.6	**278.2**	138.1	48.7	52.6	59.5	**973.1**
Unallocated assets:											
Right-of-use assets											**1.4**
Property, plant and equipment											**0.3**
Derivative financial instruments											**0.1**
Cash and cash equivalents											**174.9**
Other assets											**4.8**
Consolidated total assets											**1,154.6**
Liabilities											
Segment liabilities	188.3	112.1	**300.4**	48.8	104.9	**153.7**	79.5	9.6	31.9	28.3	**603.4**
Unallocated liabilities:											
Private placement notes											**144.5**
Bank loans											**67.7**
Derivative financial instruments											**0.9**
Other liabilities											**31.8**
Consolidated total liabilities											**848.3**

Notes to the Condensed Interim Financial Statements

4. Other items

Profit after tax includes the following Other items which have been disclosed in a separate column within the Condensed Consolidated Income Statement in order to provide a better indication of the underlying earnings of the Group:

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m	Year ended 31 December 2020 £m
Amortisation of acquired intangibles	**(2.3)**	(2.8)	(5.6)
Impairment charges	**-**	(42.8)	(76.1)
Profits and losses on agreed sale or closure of non-core businesses and associated impairment charges (Note 8)	**-**	1.4	0.6
Net operating losses attributable to businesses identified as non-core[1] (Note 8)	**-**	(0.2)	(0.3)
Net restructuring costs[2]	**(2.2)**	(3.5)	(6.7)
Costs related to acquisitions (Note 7)	**(0.3)**	-	(0.2)
Investment in omnichannel retailing	**-**	(4.1)	(4.2)
Costs associated with refinancing	**-**	(6.9)	(7.4)
Onerous contract costs	**-**	-	(13.2)
Other specific items[3]	**0.2**	(1.1)	(1.3)
Impact on operating profit/(loss)	**(4.6)**	(60.0)	(114.4)
Non-underlying finance costs[4]	-	(11.6)	(11.6)
Impact on profit/(loss) before tax	**(4.6)**	(71.6)	(126.0)
Income tax credit on Other items	**0.3**	0.8	4.1
Impact on profit/(loss) after tax	**(4.3)**	(70.8)	(121.9)

[1] The comparative for 30 June 2020 for net operating losses attributable to businesses identified as non-core is updated to reflect Building Solutions within underlying results consistent with the current period and 31 December 2020.

[2] Net restructuring costs include redundancy and related staff costs of £1.0m (30 June 2020: £0.8m; 31 December 2020: 2.8m), property closure costs, including impairment of non-current assets due to restructuring of £1.1m (30 June 2020: £0.8m; 31 December 2020: £0.8m), £nil (30 June 2020: £1.7m; 31 December 2020: £2.9m) in relation to restructuring consultancy costs, and other costs of £0.1m (30 June 2020: £0.2m; 31 December 2020: £0.2m). The costs in the current year have been incurred principally in connection with the restructuring of corporate functions as part of the implementation of the 'Return to Growth' strategy and restructuring in Benelux.

[3] Other specific items comprise the following:

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m	Year ended 31 December 2020 £m
PwC investigation costs	**-**	(1.7)	(1.8)
Gain in fair value of forward currency option not hedged	**-**	0.6	0.6
Costs in relation to the cyberattack in France	**-**	-	0.1
GMP equalisation	**-**	-	(0.4)
Other specific items	**0.2**	-	0.2
Total other specific items	**0.2**	(1.1)	(1.3)

[4] Non-underlying finance costs in the prior period comprised £11.3m loss on modification recognised in relation to the private placement notes and £0.3m write-off of arrangement fees in relation to the previous RCF which was extinguished.

Notes to the Condensed Interim Financial Statements

5. Income tax

The income tax expense comprises:

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m	Year ended 31 December 2020 £m
Total income tax expense for the period	**(6.5)**	0.8	(6.6)

Tax for the six month period ended 30 June 2021 on underlying profits (before Other items) is charged at 226.7% (30 June 2020: 0.2%; 31 December 2020: 6.8%), representing the best estimate of the average annual effective tax rate expected for the full year being applied to the underlying pre-tax income of the six month period to 30 June 2021.

As the Group operates in several different countries tax losses cannot be surrendered or utilised cross border, and the Group therefore is subject to tax in some countries and not in others. Tax losses are not currently recognised in respect of the UK business which impacts the overall effective tax rate. The combination of these factors means that the effective tax rate is less meaningful as an indicator or comparator for the Group.

The Group has previously disclosed the EU's investigation into the UK controlled foreign company (CFC) rules which gave rise to potential additional tax payable of up to £5m (before interest and penalties), which was not provided for. HMRC has now completed its review of the Group's tax arrangements for the periods in question and confirmed that they complied with the requirements of the UK CFC legislation and that it considers that the Group's arrangements did not result in unlawful State Aid. Accordingly, HMRC has accepted the Group's tax returns as submitted and there is no longer a potential exposure or payment to be made.

6. Loss per share

The calculations of loss per share are based on the following (losses)/profits and numbers of shares:

	Basic and diluted		
	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m	Year ended 31 December 2020 £m
Loss attributable to ordinary equity holders of the parent for basic and diluted earnings per share from continuing operations	**(8.1)**	(124.6)	(208.9)
Profit attributable to ordinary equity holders of the parent from discontinued operations	**-**	70.8	69.7
Loss attributable to ordinary equity holders of the parent for basic and diluted earnings per share	**(8.1)**	(53.8)	(139.2)

	Basic and diluted before Other items		
	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m	Year ended 31 December 2020 £m
Loss attributable to ordinary equity holders of the parent for basic and diluted earnings per share from continuing operations	**(8.1)**	(124.6)	(208.9)
Add back:			
Other items (see Note 4)	**4.3**	70.8	121.9
Loss attributable to ordinary equity holders of the parent for basic and diluted earnings per share from continuing operations before Other items	**(3.8)**	(53.8)	(87.0)

	Weighted average number of shares		
	Six months ended 30 June 2021 Number	Six months ended 30 June 2020 Number	Year ended 31 December 2020 Number
For basic and diluted loss per share	**1,181,431,548**	591,556,982	871,941,603
Effect of dilution from share options	**-**	-	-
Adjusted for the effect of dilution	**1,181,431,548**	591,556,982	871,941,603

Due to incurring a loss per share, share options are considered antidilutive in the current and prior periods as their conversion into ordinary shares would decrease the loss per share. The calculation of diluted earnings/(loss) per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings/(loss) per share.

6. Loss per share (continued)

	Loss per share		
	Six months ended 30 June 2021	Six months ended 30 June 2020	Year ended 31 December 2020
Loss per share			
From continuing operations:			
Basic loss per share	**(0.7)p**	(21.1)p	(24.0)p
Diluted loss per share*	**(0.7)p**	(21.1)p	(24.0)p
Total:			
Basic loss per share	**(0.7)p**	(9.1)p	(16.0)p
Diluted loss per share*	**(0.7)p**	(9.1)p	(16.0)p
Loss per share from continuing operations before Other items^			
Basic and diluted loss per share from continuing operations before Other items	**(0.3)p**	(9.1)p	(10.0)p

* The basic and total loss per share for the prior full year ended 31 December 2020 has been restated from (23.9)p and (15.9)p as originally reported to (24.0)p and (16.0)p respectively, reflecting the antidilutive nature of the share options.

^ Loss per share before Other items (also referred to as underlying loss per share) has been disclosed in order to present the underlying performance of the Group.

7. Acquisitions

On 10 March 2021 the Group completed the acquisition of 100% of the equity share capital of F30 Building Products Limited, a non-listed UK business. Total consideration is £3.6m, comprising £2.5m paid in cash on completion and £1.1m deferred and payable in two equal instalments over the next two years. A further £0.8m is also payable over the next twelve months dependent upon the future performance of the business and dependent on the vendor remaining within the business, which is treated as remuneration and not included in consideration.

The provisional fair values of the identifiable assets and liabilities of F30 Building Products Limited as at the date of acquisition were:

	Six months ended 30 June 2021 £m
Assets	
Intangible assets (customer relationships)	**1.8**
Property, plant and equipment	**0.1**
Right-of-use assets	**0.4**
Cash and cash equivalents	**0.2**
Trade and other receivables	**1.1**
Inventories	**0.2**
	3.8
Liabilities	
Trade and other payables	**(1.3)**
Provisions	**(0.1)**
Current tax liability	**(0.1)**
Deferred tax liability	**(0.4)**
Lease liabilities	**(0.4)**
	(2.3)
Total identifiable net assets at fair value	**1.5**
Goodwill arising on acquisition	**2.1**
Purchase consideration transferred	**3.6**

The fair value of trade receivables amounts to £1.1m. The gross amount of trade receivables is £1.1m.

The Group measures the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities.

The goodwill of £2.1m comprises the value of expected synergies arising from the acquisition, strategic fit with the UK Distribution business and geographic location, in particular developing sales in the construction accessories sector, and is allocated entirely to the UK Distribution segment.

From the date of acquisition, F30 Building Products Limited contributed £2.5m of revenue and £0.4m to underlying profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations for the Group for the six months ended 30 June 2021 would have been £1,109.2m and underlying profit before tax from continuing operations for the Group would have been £3.1m.

Transactions costs of £0.1m have been expensed and are included in administrative expenses within Other items in the Consolidated Income Statement and are part of operating cash flows in the statement of cash flows. £0.2m is also included within acquisition related costs in relation to contingent consideration dependent upon the vendor remaining with the business.

Notes to the Condensed Interim Financial Statements

7. Acquisitions (continued)

Purchase consideration

	Six months ended 30 June 2021 £m
Cash paid on completion	**2.5**
Deferred consideration within one year	**0.5**
Deferred consideration due after more than one year	**0.6**
Total consideration	**3.6**

Analysis of cash flows on acquisition

	Six months ended 30 June 2021 £m
Consideration paid (included in cash flows from investing activities)	**(2.5)**
Net cash acquired with the subsidiary (included in cash flows from investing activities)	**0.2**
Total net cash flow included in cash flows from investing activities	**(2.3)**
Transaction costs (included in cash flows from operating activities)	**(0.1)**
Net cash flows on acquisition	**(2.4)**

Prior year acquisition
On 17 October 2020 the Group acquired 100% of the share capital of S M Roofing Supplies Limited, a non-listed company based in the UK, for an enterprise value of £1.9m on a debt free cash free basis. Total consideration was £4.9m, including £3.2m for cash within the business on completion. £4.0m was paid in cash on completion and two further amounts totalling £0.9m are payable in equal instalments in one and two years' time (not subject to performance criteria and not conditional upon vendors remaining within the business). Transaction costs of £0.2m were also incurred. Further details relating to the acquisition were included in Note 15 of the 2020 Annual Report and Accounts.

8. Divestments and exit of non-core businesses

There have been no business divestments or closures in the current period and no amounts recognised in respect of profits and losses on agreed sale or closure of non-core businesses (30 June 2020: gain of £1.4m, 31 December 2020: gain of £0.6m). These are explained further below.

Prior year divestments

The Middle East business, which was in the process of being closed, was sold on 22 January 2020 for AED1. A gain on sale of £2.0m was recognised in 2020, in relation to the reclassification to the Consolidated Income Statement of the cumulative exchange differences on the retranslation of the net assets of the business previously recognised in other comprehensive income in accordance with IAS 21 "The effects of foreign exchange rates".

On 10 September 2020 the Group completed the sale of Maury NZ SAS ('Maury'), the Group's high-end fabrication business in France and part of the France Exteriors (Larivière) segment, for proceeds of €25,000. An overall loss on sale of £0.9m was recognised within Other items, including the reclassification of the cumulative exchange differences on the retranslation of the net assets from equity to the Consolidated Income Statement, in accordance with IAS 21 "The effects of changes in foreign exchange rates". Net assets at the date of disposal were £0.9m and costs of less than £0.1m were incurred, resulting in the overall loss on sale of £0.9m.

Costs of £0.2m were recognised during 2020 in relation to the disposal of the Building Solutions business, which was previously classified as held for sale at 31 December 2019 as a sale had been agreed and was due to complete in the first half of 2020, which was subsequently terminated in May 2020 (and the business is now included within underlying operations). £0.3m costs were also incurred and recognised within Other items in relation to the Commercial Drainage business which was closed in 2019.

The sale of the Air Handling business also completed during 2020. Further details are provided in Note 9.

Contribution to revenue and operating loss

The only business classified as non-core in the prior year (following the reclassification of Building Solutions to underlying results) was Maury, which contributed £1.2m to revenue for the six months ended 30 June 2020 (31 December 2020: £1.8m) and £0.2m operating loss for the period (31 December 2020: £0.3m loss).

Cash flows associated with divestments and exit of non-core businesses

There is no net cash inflow in the six month period ended 30 June 2021 in respect of divestments and the exit of non-core businesses. Amounts for the prior periods are as follows:

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m	Year ended 31 December 2020 £m
Cash consideration received for divestments (net of costs to sell)	-	191.9	190.4
Cash at date of disposal	-	(29.3)	(29.4)
Disposal costs paid	-	(13.1)	(13.2)
Net cash inflow	-	149.5	147.8

Notes to the Condensed Interim Financial Statements

9. Discontinued operations

(a) Description

The sale of the Air Handling business completed on 31 January 2020 in the prior year. In the financial statements for the year ended 31 December 2020 and six months ended 30 June 2020, Air Handling was classified as a discontinued operation as it represented a major line of business of the Group. The information included in the prior period financial statements was as follows:

(b) Financial performance and cash flow information

Financial information relating to the discontinued operation for the period to the date of disposal is set out below. There are no amounts relating to discontinued operations in the current period.

	Six months ended 30 June 2020 £m	Year ended 31 December 2020 £m
Revenue	25.4	25.4
Cost of sales	(15.0)	(15.0)
Gross profit	10.4	10.4
Other operating expenses	(9.3)	(9.3)
Underlying operating profit	1.1	1.1
Finance costs	(0.1)	(0.1)
Profit before tax from discontinued operations	1.0	1.0
Income tax (expense)/credit	(0.5)	(0.3)
Profit before tax from discontinued operations	0.5	0.7
Gain on sale of subsidiary after income tax (see below)	70.3	69.0
Profit after tax from discontinued operations	**70.8**	**69.7**

The net cash flows incurred by Air Handling are as follows:

	Six months ended 30 June 2020 £m	Year ended 31 December 2020 £m
Operating	1.1	1.1
Investing	150.3	147.6
Financing	(0.1)	-
Net cash inflow	151.3	148.7

Earnings per share:

	Six months ended 30 June 2020	Year ended 31 December 2020
Basic earnings per share from discontinued operations	0.12p	8.0p
Diluted earnings per share from discontinued operations	0.12p	8.0p

(c) Gain on sale

	Six months ended 30 June 2020 £m	Year ended 31 December 2020 £m
Consideration received:		
Cash	191.9	191.9
Adjustment to consideration	-	(2.2)
Final consideration	191.9	189.7
Carrying amount of net assets sold	(120.3)	(118.1)
Gain on sale before income tax and reclassification of foreign currency translation reserve	71.6	71.6
Costs incurred in connection with the agreed disposal of the Air Handling business	(4.5)	(4.3)
Reclassification of foreign currency translation reserve	3.7	3.7
Income tax expense on gain	(0.5)	(2.0)
Gain on sale after income tax	70.3	69.0

Notes to the Condensed Interim Financial Statements

10. Reconciliation of operating profit to cash generated from operating activities

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m	Year ended 31 December 2020 £m
Loss before tax from continuing operations	**(1.6)**	(125.4)	(202.3)
Profit before tax from discontinued operations	**-**	71.8	72.0
Loss before tax	**(1.6)**	(53.6)	(130.3)
Depreciation	**33.7**	36.1	68.4
Net finance costs	**10.6**	22.5	34.6
Amortisation of computer software	**1.9**	2.4	5.4
Amortisation of acquired intangibles	**2.3**	2.8	5.6
Impairment of computer software	**-**	-	15.1
Impairment of property, plant and equipment	**-**	-	3.5
Impairment of goodwill	**-**	42.8	45.4
Impairment of acquired intangibles	**-**	-	1.9
Impairment of right-of-use asset	**0.4**	-	10.2
Profits and losses on agreed sale or closure of non-core businesses and associated impairment charges	**-**	(72.2)	(71.6)
(Loss)/profit on sale of property, plant and equipment	**(0.2)**	(0.5)	0.7
Gain on termination of lease	**-**	(0.3)	-
Share-based payments	**1.1**	-	0.2
Gains on derivative financial instruments	**(0.2)**	(1.8)	(1.5)
Net foreign exchange differences	**(0.1)**	(0.2)	0.2
(Decrease)/increase in provisions	**(6.2)**	(1.1)	11.3
Working capital movements	**(39.7)**	(5.4)	(42.1)
Cash generated from/(used in) operating activities	**2.0**	(28.5)	(43.0)

11. Reconciliation of net cash flow to movements in net debt

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m	Year ended 31 December 2020 £m
(Decrease)/increase in cash and cash equivalents in the period	**(56.0)**	40.7	68.4
Cash flow from decrease in debt	**40.9**	93.0	183.0
(Increase)/decrease in net debt resulting from cash flows	**(15.1)**	133.7	251.4
Recognition of deferred consideration	**(1.1)**	-	(0.9)
Non-cash items*	**(34.5)**	(18.6)	(39.3)
Exchange differences	**(0.5)**	(1.5)	6.0
(Increase)/decrease in net debt in the period	**(51.2)**	113.6	217.2
Net debt at beginning of the period	**(238.2)**	(455.4)	(455.4)
Net debt at end of the period	**(289.4)**	(341.8)	(238.2)

* Non-cash items include the fair value movement of debt recognised in the year which does not give rise to a cash inflow or outflow, the movement in cash restricted for use in relation to the asset backed funding arrangement implemented in relation to the UK defined benefit pension plan (2020 only) and non-cash movements in relation to lease liabilities.

Net debt is defined as follows:

	30 June 2021 £m	30 June 2020 £m	31 December 2020 £m
Non-current assets:			
Derivative financial instruments	**0.8**	4.5	0.1
Lease receivables	**3.2**	4.0	3.6
Current assets:			
Derivative financial instruments	**0.2**	0.7	-
Lease receivables	**0.7**	0.8	0.7
Cash at bank and on hand	**173.9**	197.3	235.3
Current liabilities:			
Lease liabilities	**(50.9)**	(54.6)	(50.6)
Private placement notes	**-**	(48.3)	-
Deferred consideration	**(1.0)**	-	(0.5)
Other financial liabilities	**(0.4)**	(0.5)	(0.5)
Derivative financial instruments	**-**	(0.1)	(0.5)
Non-current liabilities:			
Lease liabilities	**(206.7)**	(224.5)	(211.6)
Bank loans	**(68.2)**	(67.2)	(67.7)
Private placement notes	**(138.5)**	(149.4)	(144.5)
Deferred consideration	**(1.0)**	-	(0.4)
Derivative financial instruments	**(0.6)**	(3.2)	(0.4)
Other financial liabilities	**(0.9)**	(1.3)	(1.2)
Net debt	**(289.4)**	(341.8)	(238.2)

Notes to the Condensed Interim Financial Statements

12. Financial instruments fair value disclosures

At the balance sheet date, the Group held the following financial instruments at fair value:

	30 June 2021 £m	30 June 2020 £m	31 December 2020 £m
Financial assets			
Derivative financial instruments	**1.0**	5.2	0.1
	1.0	5.2	0.1
Financial liabilities			
Derivative financial instruments	**0.6**	3.3	0.9
	0.6	3.3	0.9

The derivative financial instruments above all have fair values which are calculated by reference to observable inputs (i.e. classified as level 2 in the fair value hierarchy). The fair values of these derivative financial instruments, adjusted for credit risk, are calculated by discounting the associated future cash flows to net present values using appropriate market rates prevailing at the balance sheet date. The fair value of the contingent consideration is also determined using the discounted cash flow method.

The carrying value of financial assets and liabilities that are recorded at amortised cost in the accounts is approximately equal to their fair value.

13. Called up share capital

	30 June 2021 £m	30 June 2020 £m	31 December 2020 £m
Authorised:			
1,390,000,000 ordinary shares of 10p each (30 June 2020: 800,000,000; 31 December 2020: 1,390,000,000)	**139.0**	80.0	139.0
Allotted, called up and fully paid:			
1,181,556,977 ordinary shares of 10p each (30 June 2020: 591,556,982; 31 December 2020: 1,181,556,977)	**118.2**	59.2	118.2

On 10 July 2020 the Group completed an equity raise, with 589,999,995 new ordinary shares issued for gross proceeds of £165m. 587,901,900 of the shares were issued using a cash box structure, such that merger relief was available under the Companies Act 2006, section 612. In this circumstance, no share premium was recorded and the £105.6m excess of the net proceeds over the nominal value of the share capital issue was recorded as a merger reserve. The proceeds of this issue were used to partially prepay private placement notes, to pay professional and lender fees relating to the equity raise and debt restructuring and to provide working capital flexibility. Consequently, the merger reserve qualifies as distributable.

The other 2,098,095 of shares were issued directly to senior management, not within the cash box structure, and the excess of the proceeds over the nominal value of the share capital of £0.4m was credited to the share premium account.

Professional fees of £13.1m incurred and directly related to the equity raise were deducted from the merger reserve (as no share premium recorded due to the use of the cash box structure as noted above), resulting in a net increase to the merger reserve of £92.5m.

The Company has one class of ordinary share which carries no right to fixed income.

The Company did not allot any shares during the period (30 June 2020: nil).

Capital reduction

On 24 June 2021 the Group completed the cancellation of its share premium account, which was approved by shareholders at the Annual General Meeting on 13 May 2021 and sanctioned by the High Court of England and Wales on 16 June 2021. The capital reduction results in the transfer of £447.7m from share premium account to retained profits/(losses) and creates distributable reserves.

14. Retirement benefit schemes

Defined benefit schemes
The Group operates a number of pension schemes, four of which provide defined benefits based upon pensionable salary. One of these schemes has assets held in a separate trustee administered fund, and three are overseas book reserve schemes. The UK defined benefit pension scheme obligation is calculated on a year to date basis, using the latest triennial valuation as at 31 December 2019 which was concluded at the end of March 2021.

The IAS 19 valuation conducted as at 31 December 2020 has been updated to reflect current market conditions, and as a result an actuarial gain of £5.2m has been recognised within the Condensed Consolidated Statement of Comprehensive Income. The total net pension liability in relation to defined benefit schemes at 30 June 2021 is £17.2m (30 June 2020: £33.0m; 31 December 2020: £25.1m). The movement in the period relates principally to the actuarial gain of £5.2m together with the recognition of the scheduled annual contribution of £2.5m.

15. Interim dividend

No interim dividend is declared for the period (30 June 2020 and 31 December 2020: nil). In accordance with IAS 10 "Events After the Balance Sheet Date", dividends declared after the balance sheet date are not recognised as a liability in the Financial Statements. There was no final dividend for the year ended 31 December 2020.

16. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and have therefore not been disclosed.

In the period to 30 June 2021, the Group incurred expenses of £0.2m (30 June 2020: £0.4m; 31 December 2020: £0.5m) on behalf of the SIG plc Retirement Benefits Plan, the UK defined benefit pension scheme.

The Group has not identified any other material related party transactions in the six month period to 30 June 2021.

17. Risks and uncertainties

The Directors consider that the principal risks and uncertainties which could have a material impact upon the Group's performance over the remaining six months of the 2021 financial year remain consistent with those set out in the Strategic Report on pages 30 to 35 of the Group's 2020 Annual Report and Accounts. These risks and uncertainties include, but are not limited to:

(1) employee attraction, retention and engagement;
(2) health and safety;
(3) delivering business change;
(4) cyber security;
(5) data quality and governance;
(6) market downturn;
(7) systems failure;
(8) business growth;
(9) delivering the customer experience; and
(10) environmental, social and governance.

The primary risks affecting the Group's performance for the remaining six months of the year are the risks of market downturn and business growth, in particular the level of market demand in the markets in which SIG operates, the potential impact of materials shortages and the potential impact of a further wave of the Covid-19 pandemic. SIG's diverse market sectors are affected by macroeconomic factors which limit visibility and therefore render the short to medium-term outlook difficult to predict.

The "Group outlook" section of the Trading Review details the current assessment of the markets in which the Group operates.

18. Contingent liabilities

Contingent liabilities

As at the balance sheet date, the Group had outstanding obligations under customer guarantees, claims, standby letters of credit and discounted bills of up to £13.8m (30 June 2020: £13.4m; 31 December 2020: £14.1m). Of this amount, £5.0m (30 June 2020: £8.0m; 31 December 2020: £5.0m) relates to a standby letter of credit issued by HSBC Bank plc in respect of the Group's insurance arrangements.

As part of the disposal of Building Plastics a guarantee was provided to the landlord of the leasehold properties transferred with the business covering rentals over the remaining term of the leases in the event that the acquiring company enters into administration before the end of the lease term. The maximum liability that could arise from this would be approximately £1.2m. No provision has been made in these financial statements as it is not considered likely that any loss will be incurred in connection with this.

Commitments

At 30 June 2021 the Group is committed to licence costs in relation to the SAP implementation project and other licence fees of £10.7m (31 December 2020: £14.8m). £0.3m (31 December 2020: £0.3m) of this is expected to be capitalised as part of the SAP implementation, £7.4m (31 December 2020: £11.4m) is recognised as an onerous contract provision, with £3.3m (31 December 2020: £3.4m) remaining to be recognised in the income statement over the period from when the projects go live to 2023.

19. Seasonality

The Group's operations are not normally affected by significant seasonal variations between the first and second halves of the calendar year. In 2020 the whole year performance was impacted by the Covid-19 pandemic and in particular the temporary closure of operations in the UK and Ireland in the first half of the year. In 2019, the period to 30 June accounted for 51% of the Group's underlying annual revenue. The "Group outlook" section of the Trading Review details the current assessment of the expected second half performance for 2021.

Notes to the Condensed Interim Financial Statements

20. Non-statutory information

The Group uses a variety of alternative performance measures, which are non-IFRS, to assess the performance of its operations. The Group considers these performance measures to provide useful historical financial information to help investors evaluate the underlying performance of the business.

These measures, as shown below, are used to improve the comparability of information between reporting periods and geographical units, to adjust for Other items or to adjust for businesses identified as non-core to provide information on the ongoing activities of the Group. This also reflects how the business is managed and measured on a day-to-day basis. Non-core businesses are those businesses that have been closed or disposed of or where the Board has resolved to close or dispose of the businesses by 30 June 2021.

a) Net debt

Net debt is a key metric for the Group, and monitoring it is an important element of treasury risk management for the Group. In addition, maximum net debt is one of the primary covenants applicable to the Group's debt facilities. For the purpose of covenant calculations, net debt is stated before the impact of IFRS 16. The different net debt definitions used are as follows:

	Note	**30 June 2021** **£m**	30 June 2020 £m	31 December 2020 £m
Reported net debt	11	**289.4**	341.8	238.2
Lease liabilities recognised in accordance with IFRS 16		**(234.6)**	(254.9)	(237.0)
Lease receivables recognised in accordance with IFRS 16		**3.9**	4.8	4.3
Other financial liabilities recognised in accordance with IFRS 16		**(1.2)**	(1.7)	(1.4)
Net debt excluding impact of IFRS 16		**57.5**	90.0	4.1
Loss on debt modification recognised in accordance with IFRS 9		**(8.9)**	(11.3)	(10.1)
Net debt on frozen GAAP basis		**48.6**	78.7	(6.0)
Other covenant financial indebtedness		**5.1**	5.4	5.1
Foreign exchange adjustment		**0.6**	(1.9)	(0.5)
Covenant net debt		**54.3**	82.2	(1.4)

b) Like-for-like sales

Like-for-like sales is calculated on a constant currency basis and represents the growth in the Group's sales per day excluding any acquisitions or disposals completed or agreed in the current and prior year. Revenue is not adjusted for branch openings and closures. This measure shows how the Group has developed its revenue for comparable business relative to the prior period. As such it is a key measure of the growth of the Group during the year.

	UK Distribution £m	UK Exteriors £m	**Total UK £m**	France Distribution £m	France Exteriors £m	**Total France £m**	Germany £m	Benelux £m	Ireland £m	Poland £m	**Total Group £m**
Statutory revenue for the period to 30 June 2021	239.3	199.2	**438.5**	101.1	206.4	**307.5**	194.3	47.1	37.3	83.5	**1,108.2**
Revenue attributable to non-core businesses	-	-	**-**	-	-	**-**	-	-	-	-	**-**
Underlying revenue for the period to 30 June 2021	239.3	199.2	**438.5**	101.1	206.4	**307.5**	194.3	47.1	37.3	83.5	**1,108.2**
Statutory revenue for the period to 30 June 2020	154.9	125.3	**280.2**	73.8	155.6	**229.4**	177.1	47.7	33.4	72.3	**840.1**
Revenue attributable to non-core businesses*	-	-	**-**	-	(1.2)	**(1.2)**	-	-	-	-	**(1.2)**
Underlying revenue for the period to 30 June 2020	154.9	125.3	**280.2**	73.8	154.4	**228.2**	177.1	47.7	33.4	72.3	**838.9**
% change year on year:											
Underlying revenue	54.5%	59.0%	**56.5%**	37.0%	33.7%	**34.8%**	9.7%	(1.3)%	11.7%	15.5%	**32.1%**
Impact of currency	-	-	**-**	1.7%	1.6%	**1.6%**	1.4%	1.3%	1.3%	4.2%	**1.2%**
Impact of acquisitions	(1.7)%	(2.0)%	**(1.8)%**	-	-	**-**	-	-	-	-	**(0.6)%**
Impact of working days	1.2%	1.2%	**1.2%**	(1.1)%	(1.1)%	**(1.1)%**	-	1.6%	0.9%	1.9%	**0.3%**
Like-for-like sales	54.0%	58.2%	**55.9%**	37.6%	34.2%	**35.3%**	11.1%	1.6%	13.9%	21.6%	**33.0%**

* The results for the period to 30 June 2020 have been restated to include Building Solutions within underlying results consistent with the current period. See Note 1 for further details.

c) Operating margin

This is used to enhance understanding and comparability of the underlying financial performance of the Group by period and segment.

	UK Distribution £m	UK Exteriors £m	**Total UK £m**	France Distribution £m	France Exteriors £m	**Total France £m**	Germany £m	Benelux £m	Ireland £m	Poland £m	Parent Company costs £m	**Total Group £m**
Unaudited six months ended 30 June 2021												
Underlying revenue (Note 3)	239.3	199.2	**438.5**	101.1	206.4	**307.5**	194.3	47.1	37.3	83.5	-	**1,108.2**
Underlying operating (loss)/ profit (Note 3)	(5.4)	7.9	**2.5**	6.2	10.8	**17.0**	2.6	-	(0.2)	2.5	(10.8)	**13.6**
Operating margin	(2.2)%	4.0%	**0.6%**	6.1%	5.2%	**5.5%**	1.3%	-	(0.5)%	3.0%	n/a	**1.2%**
Unaudited six months ended 30 June 2020*												
Underlying revenue (Note 3)	154.9	125.3	**280.2**	73.8	154.4	**228.2**	177.1	47.7	33.4	72.3	-	**838.9**
Underlying operating (loss)/profit (Note 3)	(27.4)	(8.6)	**(36.0)**	1.3	1.6	**2.9**	(1.3)	1.8	(1.4)	0.6	(9.5)	**(42.9)**
Operating margin	(17.7)%	(6.9)%	**(12.8)%**	1.8%	1.0%	**1.3%**	(0.7)%	3.8%	(4.2)%	0.8%	n/a	**(5.1)%**

* The results for the period to 30 June 2020 have been restated to include Building Solutions within underlying results consistent with the current period. See Note 1 for further details.

INDEPENDENT REVIEW REPORT TO SIG PLC

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Cash Flow Statement, the Condensed Consolidated Statement of Changes in Equity, and the related explanatory notes 1 to 20. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the group will be prepared in accordance with UK adopted International Financial Reporting Standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion is based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP
London
20 September 2021