KINGSPAN GROUP PLC

PRELIMINARY RESULTS

Year Ended 31 December 2018
KINGSPAN GROUP PLC

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

Kingspan, the global leader in high performance insulation and building envelope solutions, reports its preliminary results for the year ended 31 December 2018.

Financial Highlights:
- Revenue up 19% to €4.4bn, (pre-currency, up 22%).
- Trading profit up 18% to €445.2m, (pre-currency, up 20%).
- Free cashflow up 55% to €308.4m.
- Group trading margin of 10.2%, a decrease of 10bps.
- Basic EPS up 16% to 184.0 cent.
- Final dividend per share of 30.0 cent. Total dividend for the year up 13.5% to 42.0 cent.
- Year-end net debt of €728.3m (2017: €463.9m). Net debt to EBITDA of 1.4x (2017: 1.05x).
- ROCE of 16.8% (2017: 17.8%).

Operational Highlights:
- Insulated Panels sales growth of 21%. Strong activity in the Americas, a positive performance in Continental Europe and a solid UK outturn against a difficult backdrop. Good contribution from acquisitions in Europe and Latin America.
- Insulation Boards sales growth of 12% reflecting a positive outturn in the Iberian acquisition, ongoing advancement of Kooltherm® and solid underlying markets overall. New capacity planned for the Nordic region and the Middle East reflecting ongoing conversion from traditional materials.
- Light & Air sales approaching €300m with improved margins in Europe offsetting softer US margin, strong order intake overall in the US and a planned new facility in France to service Europe and the Middle East.
- Water & Energy (formerly Environmental) sales growth of 13% with a new frontier established in the Nordic region.
- Data & Flooring Technology (formerly Access Floors) sales growth of 3% with strong sales of datacentre solutions offsetting more sluggish office activity.

Summary Financials:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue €m</td>
<td>4,372.5</td>
<td>3,668.1</td>
<td>+19%</td>
</tr>
<tr>
<td>EBITDA €m</td>
<td>521.2</td>
<td>441.7</td>
<td>+18%</td>
</tr>
<tr>
<td>Trading Profit* €m</td>
<td>445.2</td>
<td>377.5</td>
<td>+18%</td>
</tr>
<tr>
<td>Trading Margin**</td>
<td>10.2%</td>
<td>10.3%</td>
<td>-10bps</td>
</tr>
<tr>
<td>Profit after tax €m</td>
<td>335.8</td>
<td>285.9</td>
<td>+17%</td>
</tr>
<tr>
<td>EPS (cent)</td>
<td>184.0</td>
<td>159.0</td>
<td>+16%</td>
</tr>
</tbody>
</table>

*Operating profit before amortisation of intangibles and non trading items
** Trading profit divided by total revenue
Gene M. Murtagh, Chief Executive of Kingspan commented:

“2018 was a year of strong growth for Kingspan, with the company delivering revenues of over €4bn for the first time. Performance has been robust in most of our major markets, and momentum has improved through the year. With the order book going into the new financial year ahead of the prior year period, we are confident in our near-term outlook. Notwithstanding this we remain mindful of challenges to growth, particularly the continuing uncertainty in the UK. However, the geographical diversification of the business, helped by our acquisitions last year to expand our footprint in Latin America, Southern Europe and India, means we are well placed to continue to deliver long-term returns to shareholders.”

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Douglas Keatinge
Tel: +353 (0) 1 4980 300

Business Review
During 2018 Kingspan generated record revenues of almost €4.4bn, and EBITDA exceeded €500m for the first time. Trading profit reached €445m, ahead by 18% over prior year, and EPS was up by 16% at 184.0 cent per share. In all, it was a positive outcome and delivered in the face of unprecedented turbulence in our raw material supply chain. Total investment was €604m in the period, €472.3m of which was on acquisition and €131.3m on net internal capital expenditure. Year-end net debt/EBITDA was 1.4x.

Momentum in activity generally improved for us as the year evolved, and with the notable exception of the politically hamstrung UK, most of our major markets ended the year strongly with order banks well positioned for the start of 2019. The majority of Western Europe performed robustly, North America advanced well, as did Latin America. Conversely, the UK eased back considerably towards year-end although it is relatively stable for Kingspan despite the backdrop.

Strategy
Our strategic agenda is focused on the four pillars of Innovation, Globalisation, Penetration and Planet Passionate. 2018 once again delivered advancements in all four areas:

- **Innovation** and range expansion is key to Kingspan. The rollout of QuadCore™ has been core to this agenda in recent years and in 2018 8% of global Insulated Panel sales contained this proprietary technology. 2019 will see its launch as a roof Insulation Board thereby creating a clear differentiator in this application. Development of Kooltherm® 200 continues and the fibre-free ‘A Core’ project is progressing on plan and we expect to launch our solution during 2020. IKON™, our global innovation hub is well under construction at our home base of Kingscourt in Ireland and is scheduled to open around mid-year. It will focus on delivering the full spectrum of insulation and building envelope solutions that are ThermalSafe, FireSafe, SmokeSafe, WeatherSafe and FibreSafe.

- **Globalisation** of Kingspan remains at the heart of our ongoing evolution. In late 2017 we further expanded our manufacturing footprint by investing in partnerships in Brazil and Colombia. These acquisitions firmly place Kingspan in a market leading position across
Latin America, a new frontier for Kingspan, with a strong platform for further growth in the region.

Early in 2018 we acquired a presence in Southern Europe through the Synthesia Group, consisting of three operating businesses; Synthesia International, Poliuretanos and Huurre. Through its Huurre and Poliuretanos businesses, the Synthesia Group gives Kingspan a leading position in both Insulated Panels and Insulation Boards on the Iberian Peninsula and strengthens our emerging Insulated Panels presence in Latin America. It also provides an excellent technology platform for blended chemical systems similar to those used throughout the wider Kingspan Group.

We also advanced our position in Central Europe with the acquisition in July 2018 of Balex Metal, a Polish manufacturer of Insulated Panels and Insulation Boards. Balex has a strong market presence locally and in surrounding export markets. It complements our existing presence in the region and brings with it two well invested manufacturing facilities.

In July we invested in the Kingspan Jindal business in India opening the door to a longer term conversion opportunity in the region.

- **Penetration** growth and conversion from traditional insulation and building methods has been a core driver of our success to date. As energy consumption, energy conservation, and energy sources become increasingly important challenges for the world, demand should rise for product technologies which address this urgent agenda. Buildings consume approximately 40% of global energy and Kingspan’s solutions are designed to dramatically curtail the environmental damage from building emissions.

- We are **Planet Passionate** at Kingspan. We are committed to achieving 100% Net Zero Energy by 2020, and stand alone within our industry in having this goal. Our product technology provides designers, developers and owners the means with which to equally embrace a lower energy future. Circularity is becoming crucial, and our products are reusable, recyclable and increasingly comprise recycled PET with a commitment to more than doubling this source within the coming five years. We are developing initiatives to harvest recycled raw materials from both land and ocean.

### Insulated Panels

<table>
<thead>
<tr>
<th></th>
<th>FY ’18</th>
<th>FY ’17</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td></td>
</tr>
<tr>
<td>Turnover</td>
<td>2,823.1</td>
<td>2,328.5</td>
<td>+21% (1)</td>
</tr>
<tr>
<td>Trading Profit</td>
<td>281.8</td>
<td>233.3</td>
<td>+21%</td>
</tr>
<tr>
<td>Trading Margin</td>
<td>10.0%</td>
<td>10.0%</td>
<td>-</td>
</tr>
</tbody>
</table>

(1) Comprising underlying +6%, currency -3% and acquisitions +18%

### Mainland Europe

The Continental European region performed well overall for our Insulated Panels businesses. France in particular had an excellent year, as did the Netherlands. Germany and Belgium delivered solid outcomes and market penetration in the Nordics advanced further as the region increasingly adopts advanced methods. Activity in Central Europe was mixed and the focus on reviving margins in this market resulted in a strong operating outcome, further bolstered by the
addition of Balex to the portfolio. Early in the year we entered the Iberian market with the acquisition of Synthesia which in both the home and export markets delivered an excellent first year’s performance, and ahead of plan.

**Americas**

Volume, margin and profitability all improved considerably in North America during 2018 as penetration for Insulated Panels continued to grow, and as the steep cost inflation experienced earlier in the year was passed through to market. The temperature controlled environments segment performed well and the adoption of our insulated architectural facades range continued to outpace traditional construction methods across a wide variety of building applications. 2018 was also our first full year of operation in Latin America through the Kingspan Isoeste partnership in Brazil and PanelMET in Colombia. Both businesses made significant progress over the prior year and have begun to deliver broader technical and operational synergies. Across the Americas in total, the business exited the year with an order bank well ahead of prior year.

**UK**

Sales volumes were strong towards the end of the year bringing the full year on year output broadly in line with 2017. This was achieved despite growing uncertainty and a construction market backdrop that weakened towards year-end. Whilst the project pipeline is in reasonable shape, the growing deficit in confidence has resulted in ongoing postponements. We expect this situation to prevail until the political and economic landscape is more certain, and will focus our efforts on accelerating QuadCore™ and Kingspan Facades growth to help compensate for an anticipated general contraction in building activity.

**Asia Pacific & Middle East**

Having experienced a challenging 2017, the business in Australasia regained momentum in 2018 with both the order bank and specification pipeline well improved by year-end. This bodes positively for the first half of 2019. Meanwhile in Turkey and the Middle East, growth also resumed and a healthy project pipeline should provide a solid foundation from which to advance long term in the region. During the year we also entered India through the Kingspan Jindal partnership which provides us with two manufacturing facilities in this relatively embryonic and exciting new frontier.

**Ireland**

Not surprisingly, construction activity in Ireland has expanded once again and at a more digestible pace than in the past. The non-residential segment which this business unit serves experienced a significant uplift in 2018 and we would anticipate this trend continuing into 2019.

**Insulation Boards**

<table>
<thead>
<tr>
<th></th>
<th>FY ’18</th>
<th>FY ’17</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€m</td>
<td>€m</td>
<td></td>
</tr>
<tr>
<td>Turnover</td>
<td>864.1</td>
<td>769.4</td>
<td>+12% (1)</td>
</tr>
<tr>
<td>Trading Profit</td>
<td>105.1</td>
<td>91.2</td>
<td>+15%</td>
</tr>
<tr>
<td>Trading Margin</td>
<td>12.2%</td>
<td>11.9%</td>
<td>+30bps</td>
</tr>
</tbody>
</table>

(1) Comprising underlying +2%, currency -2% and acquisitions +12%.

**UK**

The business had a strong start to 2018 which was largely fueled by continuing penetration growth of Kooltherm® coupled with the selling price inflationary impact of rising raw material
costs. Since then, and as indicated at half year, these prices have reversed somewhat leading to corresponding deflation in the price of our PIR based products. This general trend, also experienced in other markets, has resulted in PIR regaining share from traditional materials. More broadly in the UK however, the political backdrop has meant that demand for building products has eased in recent months and is likely to weaken further if this uncertainty persists.

Mainland Europe
Having had a weak start to the year, the demand for advanced insulation in Mainland Europe improved significantly in the second half of the year. The scarcity of some raw materials had hampered growth earlier in the year. Activity in the Netherlands was particularly strong and our presence in the Nordics, which is dominated by traditional fibrous materials, continued to advance in anticipation of our upcoming Kooltherm® facility which we expect to commission in the fourth quarter of this year. Our first year with the Synthesia Insulation business in Spain, has been very satisfactory at a time of gradual recovery in the Iberian market. This business has been further bolstered by growth in exports as it delivers its technologies across a broad international base of end markets. 

Americas
Again, following a slow start to 2018, our business in North America improved as the year progressed. The investment made in 2017 in a new XPS line in Winchester Virginia is now fully operational and as its capacity becomes increasingly utilised our focus will shift to assessing further locations to establish a future manufacturing presence. The specification pipeline for Kooltherm® has grown substantially, albeit from a small base. Whilst this is currently supported by supply from Europe it is our intention in the medium term to manufacture this technology locally in the USA.

Asia Pacific & Middle East
This region has again delivered strong growth for the division in 2018. The business is now providing solutions to a broader set of applications and is supported by both the new PIR line installed earlier in the year, and a new phenolic board plant. The latter will be aimed at servicing the increasing demand for advanced insulation in HVAC applications in the UAE and beyond.

Ireland
The revenue growth experienced during the first half continued through the remainder of the year, largely driven by Kooltherm® and strong PIR pricing, although the latter eased somewhat towards year-end. Raw material deflation has led to some price erosion of PIR which we anticipate will stabilise in the near-term.

Light & Air

<table>
<thead>
<tr>
<th></th>
<th>FY ’18</th>
<th>FY ’17</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€m</td>
<td>€m</td>
<td></td>
</tr>
<tr>
<td>Turnover</td>
<td>291.8</td>
<td>204.7</td>
<td>+43% (1)</td>
</tr>
<tr>
<td>Trading Profit</td>
<td>21.5</td>
<td>14.8</td>
<td>+45%</td>
</tr>
<tr>
<td>Trading Margin</td>
<td>7.4%</td>
<td>7.2%</td>
<td>+20bps</td>
</tr>
</tbody>
</table>

(1) Comprising underlying +7%, currency -1% and acquisitions +37%.

Continental Europe, particularly Germany, performed well and has continued to do so into the early part of 2019. The Benelux was a little more subdued as the project pipeline was lower than in recent years, although this picture has improved into early 2019. Southern Europe grew
marginally and the relocation of this business into a state-of-the-art manufacturing facility in Lyon, France will provide capacity for growth, and play a key role in supporting the substantial daylighting requirement across the Middle East.

In North America the specification bank for the high-end UniQuad® wall-lighting system has grown considerably during the year. Order intake outpaced dispatches during the year and this augurs well for 2019. In contrast to this, more generic roof-lighting systems have become increasingly competitive resulting in an element of margin pressure. This pattern is expected to improve during the current year and over time the integrated sales effort with our Insulated Panels business is expected to deliver meaningful sales leverage.

**Water & Energy (formerly Environmental)**

<table>
<thead>
<tr>
<th></th>
<th>FY ’18</th>
<th>FY ’17</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>€m</td>
<td>€m</td>
<td></td>
</tr>
<tr>
<td>Trading Profit</td>
<td>202.9</td>
<td>179.8</td>
<td>+13% (1)</td>
</tr>
<tr>
<td>Trading Margin</td>
<td>14.2</td>
<td>16.2</td>
<td>-12%</td>
</tr>
</tbody>
</table>

(1) Comprising underlying +3%, currency impact -3% and acquisitions +13%

Underlying sales revenue was relatively stable during 2018. Margins were affected by costs incurred on the exit from micro wind and solar thermal activities and also by acquisition expenses related to the Norwegian investment. The UK weakened across most product segments in the second half, Ireland performed well, as did much of Mainland Europe. Integration of the VPI acquisition in the Nordics is progressing and provides a new growth frontier in the waste water management category which we expect will feature prominently in the division’s future. In Australia, the rainwater harvesting business has performed very strongly in recent years, particularly in the residential segment in New South Wales. With this sector easing back, we expect demand for rainwater systems in that region to moderate but aim to compensate for this with a wider product offering and growth initiatives in other states.

**Data & Flooring Technology (formerly Access Floors)**

<table>
<thead>
<tr>
<th></th>
<th>FY ’18</th>
<th>FY ’17</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>€m</td>
<td>€m</td>
<td>+3% (1)</td>
</tr>
<tr>
<td>Trading Profit</td>
<td>190.6</td>
<td>185.7</td>
<td>+3%</td>
</tr>
<tr>
<td>Trading Margin</td>
<td>11.9%</td>
<td>11.8%</td>
<td>+10bps</td>
</tr>
</tbody>
</table>

(1) Comprising underlying +2%, currency -3% and acquisitions +4%

The re-naming of this division is a reflection of the evolution of the division’s product offering since it started life in Kingspan as Access Floors in isolation. The portfolio now includes a wide range of sub-structure technology and air management solutions for datacentres, as well as a much wider offering on floor finishes.

In the first half of the year, the performance of the business in the UK was in contrast to the general trend in office construction performing robustly through the second half. Whilst the requirement for access floors is expected to contract marginally through 2019, growth is anticipated in data solutions activity, a sector which has been a key growth area for the division in recent years. This is also likely to be the case in North America and Australia where we expect
to deliver tangible progress in the year ahead. In addition, during 2018 our presence grew in Continental Europe through the business acquired in Belgium in late 2017.

**Acquisitions**
During the year we completed eight acquisitions with a consideration of almost €470m. These included the leading insulated panel and board businesses in Iberia, a strong player in the insulated panel business in Central and Eastern Europe and a partnership with the market leader in the insulated panel market in India.

**Financial Review**
The Financial Review provides an overview of the Group’s financial performance for the year ended 31 December 2018 and of the Group’s financial position at that date.

**Overview of results**
Group revenue increased by 19% to €4.4bn (2017: €3.7bn) and trading profit increased by 18% to €445.2m (2017: €377.5m) with a modest decrease of 10 basis points in the Group’s trading profit margin to 10.2% (2017: 10.3%). Basic EPS for the year was 184.0 cent (2017: 159.0 cent), representing an increase of 16%.

The Group’s underlying sales and trading profit growth by division are set out below:

<table>
<thead>
<tr>
<th>Sales</th>
<th>Underlying</th>
<th>Currency</th>
<th>Acquisition</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insulated Panels</td>
<td>+6%</td>
<td>-3%</td>
<td>+18%</td>
<td>+21%</td>
</tr>
<tr>
<td>Insulation Boards</td>
<td>+2%</td>
<td>-2%</td>
<td>+12%</td>
<td>+12%</td>
</tr>
<tr>
<td>Light &amp; Air</td>
<td>+7%</td>
<td>-1%</td>
<td>+37%</td>
<td>+43%</td>
</tr>
<tr>
<td>Water &amp; Energy</td>
<td>+3%</td>
<td>-3%</td>
<td>+13%</td>
<td>+13%</td>
</tr>
<tr>
<td>Data &amp; Flooring Technology</td>
<td>+2%</td>
<td>-3%</td>
<td>+4%</td>
<td>+3%</td>
</tr>
<tr>
<td>Group</td>
<td>+5%</td>
<td>-3%</td>
<td>+17%</td>
<td>+19%</td>
</tr>
</tbody>
</table>

The Group’s trading profit measure is earnings before interest, tax, amortisation of intangibles and non trading items:

<table>
<thead>
<tr>
<th>Trading Profit</th>
<th>Underlying</th>
<th>Currency</th>
<th>Acquisition</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insulated Panels</td>
<td>+11%</td>
<td>-3%</td>
<td>+13%</td>
<td>+21%</td>
</tr>
<tr>
<td>Insulation Boards</td>
<td>+4%</td>
<td>-2%</td>
<td>+13%</td>
<td>+15%</td>
</tr>
<tr>
<td>Light &amp; Air</td>
<td>-7%</td>
<td>-</td>
<td>+52%</td>
<td>+45%</td>
</tr>
<tr>
<td>Water &amp; Energy</td>
<td>-14%</td>
<td>-3%</td>
<td>+5%</td>
<td>-12%</td>
</tr>
<tr>
<td>Data &amp; Flooring Technology</td>
<td>+5%</td>
<td>-3%</td>
<td>+1%</td>
<td>+3%</td>
</tr>
<tr>
<td>Group</td>
<td>+7%</td>
<td>-2%</td>
<td>+13%</td>
<td>+18%</td>
</tr>
</tbody>
</table>

The key drivers of sales and trading profit performance in each division are set out in the Business Review.

**Finance costs (net)**
Finance costs for the year increased by €2.2m to €18.1m (2017: €15.9m). A net non-cash credit of €0.6m (2017: credit of €0.6m) was recorded in respect of swaps on the Group’s USD private placement notes. The Group’s net interest expense on borrowings (bank and loan notes) was €18.0m (2017: €16.1m). This increase reflects higher average gross and net debt levels in 2018,
due to acquisition spend. The interest expense is driven extensively by gross debt balances with cash yields, although improving, still low in the current environment.

**Taxation**
The tax charge for the year was €69.1m (2017: €60.6m) which represents an effective tax rate of 17.1% (2017: 17.5%). The decrease in the effective rate reflects, primarily, the change in the geographical mix of earnings year on year and reductions in certain territorial tax rates.

**Divisional reporting**
The Group renamed two pre-existing divisions during the year to more appropriately reflect the business activity in each case. The divisions are now named Water & Energy (formerly Environmental) and Data & Flooring Technology (formerly Access Floors).

**Dividends**
The Board has proposed a final dividend of 30.0 cent per ordinary share payable on 10 May 2019 to shareholders registered on the record date of 29 March 2019. When combined with the interim dividend of 12.0 cent per share, the total dividend for the year increased to 42.0 cent (2017: 37.0 cent), an increase of 13.5%.

**Retirement benefits**
The primary method of pension provision for current employees is by way of defined contribution arrangements. The Group has two legacy defined benefit schemes in the UK which are closed to new members and to future accrual. In addition, the Group assumed a number of smaller defined benefit pension liabilities in Mainland Europe through acquisitions completed in recent years. The net pension liability in respect of all defined benefit schemes was €13.1m (2017: €13.6m) as at 31 December 2018.

**Intangible assets and goodwill**
Intangible assets and goodwill increased during the year by €316.1m to €1,502.1m (2017: €1,186.0m). Intangible assets and goodwill of €340.1m were recorded in the year relating to acquisitions and additions completed by the Group, offset by annual amortisation of €22.2m (2017: €15.7m) and a small decrease due to year end exchange rates used to translate intangible assets and goodwill other than those denominated in euro.

**Key performance indicators - financial**
The Group has a set of financial key performance indicators (KPIs) which are set out in the table below. These KPIs are used to measure the financial and operational performance of the Group and are used to track progress continually and also in achieving medium and long term targets.

<table>
<thead>
<tr>
<th>Key performance indicators</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic EPS growth</td>
<td>16%</td>
<td>11%</td>
</tr>
<tr>
<td>Sales growth</td>
<td>19%</td>
<td>18%</td>
</tr>
<tr>
<td>Trading margin</td>
<td>10.2%</td>
<td>10.3%</td>
</tr>
<tr>
<td>Free cashflow (€m)</td>
<td>308.4</td>
<td>198.5</td>
</tr>
<tr>
<td>Return on capital employed</td>
<td>16.8%</td>
<td>17.8%</td>
</tr>
<tr>
<td>Net debt/EBITDA</td>
<td>1.4x</td>
<td>1.05x</td>
</tr>
</tbody>
</table>

(a) **Basic EPS growth.** The growth in EPS is accounted for primarily by an 18% increase in trading profit, partially offset by an increase in intangible amortisation generating a 17% increase
in profit after tax. The minority interest amount increased year on year leading to a basic EPS increase of 16%.

**b) Sales growth** of 19% (2017: 18%) was driven by a 17% contribution from acquisitions, a 5% increase in underlying sales and a 3% decrease due to the effect of currency translation. A key contributor to underlying sales growth in the year was price growth necessitated by raw material inflation recovery in the first half of the year. Furthermore, sales volumes were positive in most key end markets.

**c) Trading margin** by division is set out below:

<table>
<thead>
<tr>
<th>Division</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insulated Panels</td>
<td>10.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Insulation Boards</td>
<td>12.2%</td>
<td>11.9%</td>
</tr>
<tr>
<td>Light &amp; Air</td>
<td>7.4%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Water &amp; Energy</td>
<td>7.0%</td>
<td>9.0%</td>
</tr>
<tr>
<td>Data &amp; Flooring Technology</td>
<td>11.9%</td>
<td>11.8%</td>
</tr>
</tbody>
</table>

The Insulated Panels division trading margin was stable year on year reflecting ongoing progress in sales of QuadCore™ and the market mix of sales. The trading margin improvement in the Insulation Boards division reflects a positive Kooltherm® mix and some relief on raw material prices towards the end of the year. The decrease in the Water & Energy trading margin reflects, in the main, the impact of costs associated with the exit from small scale wind and solar thermal activity. The increased trading margin in Light & Air reflects an improved margin performance overall in Europe which offset more subdued margins in certain products in the US. The modest increase in trading margin in Data & Flooring Technology reflects the geographic market and product mix of sales year on year.

**d) Free cashflow** is an important indicator and it reflects the amount of internally generated capital available for re-investment in the business or for distribution to shareholders.

<table>
<thead>
<tr>
<th>Free cashflow</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA*</td>
<td>521.2</td>
<td>441.7</td>
</tr>
<tr>
<td>Non-cash items</td>
<td>13.4</td>
<td>9.4</td>
</tr>
<tr>
<td>Movement in working capital</td>
<td>2.3</td>
<td>(85.3)</td>
</tr>
<tr>
<td>Pension contributions</td>
<td>(0.8)</td>
<td>(0.9)</td>
</tr>
<tr>
<td>Movement in provisions</td>
<td>(5.8)</td>
<td>(2.4)</td>
</tr>
<tr>
<td>Net capital expenditure</td>
<td>(131.3)</td>
<td>(85.6)</td>
</tr>
<tr>
<td>Net interest paid</td>
<td>(15.6)</td>
<td>(16.8)</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(75.0)</td>
<td>(61.6)</td>
</tr>
<tr>
<td>Free cashflow</td>
<td>308.4</td>
<td>198.5</td>
</tr>
</tbody>
</table>

*Earnings before finance costs, income taxes, depreciation, amortisation and non trading items

Working capital at year end was €543.9m (2017: €477.8m) and represents 11.5% (2017: 12.4%) of annualised turnover based on fourth quarter sales. This metric is closely managed and monitored throughout the year and is subject to a certain amount of seasonal variability associated with trading patterns and the timing of significant purchases of steel and chemicals. The decrease year on year reflects a 90 basis points reduction in underlying working capital levels due mainly to lower inventory days on hand.
(e) **Return on capital employed**, calculated as operating profit divided by total equity plus net debt, was 16.8% in 2018 (2017: 17.8%) or 17.1% including the annualised impact of acquisitions. The creation of shareholder value through the delivery of long term returns well in excess of the Group’s cost of capital is a core principle of Kingspan’s financial strategy. The increase in profitability together with the deployment of further capital has maintained returns on capital during the year.

(f) **Net debt to EBITDA** measures the ratio of net debt to earnings and at 1.4x (2017: 1.05x) is comfortably less than the Group’s banking covenant of 3.5x in both 2018 and 2017.

**Acquisitions and capital expenditure**

During the period the Group made the following acquisitions for a total upfront cash consideration of €469.2m with an additional deferred amount of €30m payable in April 2019.

- On 7 March 2018, the purchase of 100% of the Synthesia Group for an initial cash amount of €213.4m plus a deferred amount of €30m payable in April 2019.
- On 8 May 2018, the purchase of 100% of Vestfold Plastindustri AS, a Norwegian water treatment business for a total cash consideration of €12.3m.
- On 4 July 2018, the purchase of 100% of Balex Metal Sp.z.o.o., a Polish based manufacturer of insulated panels and insulation boards for a cash amount of €197.6m.
- On 9 July 2018, the purchase of 51% of Jindal Mectec Private Limited, an Indian manufacturer of insulated panels for a cash amount of €22.8m.
- An investment of €8.2m in Invicara PTE Limited, a Building Information Modelling solution provider with global reach.
- Further capital outlay of €14.9m was made with respect to business within Light & Air and Water & Energy together with some residual payments arising on the finalisation of completion accounts for prior year acquisitions.

**Capital structure and Group financing**

The Group funds itself through a combination of equity and debt. Debt is funded through syndicated and bilateral bank facilities and private placement loan notes. The primary bank debt facility is a €500m revolving credit facility, €120m of which was drawn at year end and which matures in June 2022. As at 31 December 2018, the Group also had bilateral bank facilities of €50m, which were fully drawn. Private placement loan note funding net of related derivatives totals €808m. The weighted average maturity of the notes is 5.6 years, including a private placement of €175m completed on 8 December 2017 which was drawn on 31 January 2018.

The Group had significant available undrawn facilities and cash balances which, in aggregate, were c.€675m at 31 December 2018 and provide appropriate headroom for ongoing operational requirements and development funding.
**Net debt**
Net debt increased by €264.4m during 2018 to €728.3m (2017: €463.9m). This is analysed in the table below:

<table>
<thead>
<tr>
<th>Movement in net debt</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free cashflow</td>
<td>308.4</td>
<td>198.5</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>(472.3)</td>
<td>(168.2)</td>
</tr>
<tr>
<td>Share issues</td>
<td>0.1</td>
<td>0.2</td>
</tr>
<tr>
<td>Repurchase of shares</td>
<td>-</td>
<td>(1.5)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(68.3)</td>
<td>(61.7)</td>
</tr>
<tr>
<td>Dividends paid to non-controlling interests</td>
<td>(0.1)</td>
<td>-</td>
</tr>
<tr>
<td>Cashflow movement</td>
<td>(232.2)</td>
<td>(32.7)</td>
</tr>
<tr>
<td>Exchange movements on translation</td>
<td>(2.2)</td>
<td>(3.3)</td>
</tr>
<tr>
<td>Deferred consideration</td>
<td>(30.0)</td>
<td>-</td>
</tr>
<tr>
<td>Increase in net debt</td>
<td>(264.4)</td>
<td>(36.0)</td>
</tr>
<tr>
<td>Net debt at start of year</td>
<td>(463.9)</td>
<td>(427.9)</td>
</tr>
<tr>
<td>Net debt at end of year</td>
<td>(728.3)</td>
<td>(463.9)</td>
</tr>
</tbody>
</table>

**Key financial covenants**
The majority of Group borrowings are subject to primary financial covenants calculated in accordance with lenders’ facility agreements:
- A maximum net debt to EBITDA ratio of 3.5 times; and
- A minimum EBITDA to net interest coverage of 4 times.

The performance against these covenants in the current and comparative year is set out below:

<table>
<thead>
<tr>
<th>Covenant</th>
<th>2018 Times</th>
<th>2017 Times</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt/EBITDA</td>
<td>Maximum 3.5</td>
<td>1.4</td>
</tr>
<tr>
<td>EBITDA/Net interest</td>
<td>Minimum 4.0</td>
<td>28.8</td>
</tr>
</tbody>
</table>

**Investor relations**
Kingspan is committed to interacting with the international financial community to ensure a full understanding of the Group’s strategic plans and its performance against these plans. During the year, the executive management and investor team presented at three capital market conferences, hosted a capital markets day at our Holywell facility in Wales and conducted 311 institutional one-on-one and group meetings.

**Share price and market capitalisation**
The Company’s shares traded in the range of €32.60 to €43.60 during the year. The share price at 31 December 2018 was €37.38 (31 December 2017: €36.41) giving a market capitalisation at that date of €6.7bn (2017: €6.5bn). Total shareholder return for 2018 was 3.8%.

**Impact of Brexit**
At the time of writing the exact form of the UK’s exit from the European Union is not clear. Given our manufacturing base in both the UK and the Eurozone Kingspan is well positioned to deal with the outcome in whatever form it takes, albeit in a context of the wider macro economic conditions.
Financial risk management
The Group operates a centralised treasury function governed by a treasury policy approved by the Group Board. This policy primarily covers foreign exchange risk, credit risk, liquidity risk and interest rate risk. The principal objective of the policy is to minimise financial risk at reasonable cost. Adherence to the policy is monitored by the CFO and the Internal Audit function. The Group does not engage in speculative trading of derivatives or related financial instruments.

Looking Ahead
2019 has started well for the Group with like-for-like sales revenue and volume ahead of the same period last year. Order intake and the order bank in many of our key markets are ahead of prior year, although some exceptions exist. As the competitive dynamics of the various raw materials in insulation have changed in recent months Kingspan's proprietary non-fibrous cores have grown share and, in general, penetration of advanced insulation has improved following the supply turbulence earlier in 2018 which had upset this momentum.

Whilst these indicators bode well for our near-term future, we remain acutely mindful of the increasingly negative economic rhetoric, not alone in the UK, that could well impact the appetite for investment in construction later in the year. Setting aside this macro concern, and any unavoidable effect it may have on Kingspan, we remain resolutely focused on the delivery of our long-term strategy.

On behalf of the Board

Gene M. Murtagh
Chief Executive Officer
22 February 2019

Geoff Doherty
Chief Financial Officer
22 February 2019
Group Condensed Income Statement  
for the year ended 31 December 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€m</td>
<td>€m</td>
</tr>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(3,158.0)</td>
<td>(2,615.4)</td>
</tr>
<tr>
<td><strong>GROSS PROFIT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating costs, excluding intangible amortisation</td>
<td>(769.3)</td>
<td>(675.2)</td>
</tr>
<tr>
<td><strong>TRADING PROFIT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible amortisation</td>
<td>(22.2)</td>
<td>(15.7)</td>
</tr>
<tr>
<td>Non trading items</td>
<td>-</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>OPERATING PROFIT</strong></td>
<td>423.0</td>
<td>362.4</td>
</tr>
<tr>
<td>Finance expense</td>
<td>(19.5)</td>
<td>(16.4)</td>
</tr>
<tr>
<td>Finance income</td>
<td>1.4</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>PROFIT FOR THE YEAR BEFORE INCOME TAX</strong></td>
<td>404.9</td>
<td>346.5</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(69.1)</td>
<td>(60.6)</td>
</tr>
<tr>
<td><strong>NET PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</strong></td>
<td>335.8</td>
<td>285.9</td>
</tr>
<tr>
<td>Attributable to owners of Kingspan Group plc</td>
<td>330.9</td>
<td>284.3</td>
</tr>
<tr>
<td>Attributable to non-controlling interests</td>
<td>4.9</td>
<td>1.6</td>
</tr>
<tr>
<td><strong>EARNINGS PER SHARE FOR THE YEAR</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>184.0c</td>
<td>159.0c</td>
</tr>
<tr>
<td>Diluted</td>
<td>182.3c</td>
<td>157.3c</td>
</tr>
</tbody>
</table>

Gene M. Murtagh
Chief Executive Officer

Geoff Doherty
Chief Financial Officer

22 February 2019
Kingspan Group plc

Group Condensed Statement of Comprehensive Income
for the year ended 31 December 2018

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€m</td>
<td>€m</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>335.8</td>
<td>285.9</td>
</tr>
<tr>
<td>Other comprehensive income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that may be reclassified subsequently to profit or loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange differences on translating foreign operations</td>
<td>4.0</td>
<td>(85.2)</td>
</tr>
<tr>
<td>Effective portion of changes in fair value of cash flow hedges</td>
<td>0.3</td>
<td>(2.1)</td>
</tr>
<tr>
<td>Items that will not be reclassified subsequently to profit or loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actuarial gains on defined benefit pension schemes</td>
<td>0.9</td>
<td>1.0</td>
</tr>
<tr>
<td>Income taxes relating to actuarial gains on defined benefit pension schemes</td>
<td>(0.2)</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Total other comprehensive income</td>
<td>5.0</td>
<td>(86.5)</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>340.8</td>
<td>199.4</td>
</tr>
<tr>
<td>Attributable to owners of Kingspan Group plc</td>
<td>337.1</td>
<td>201.0</td>
</tr>
<tr>
<td>Attributable to non-controlling interests</td>
<td>3.7</td>
<td>(1.6)</td>
</tr>
<tr>
<td>Total</td>
<td>340.8</td>
<td>199.4</td>
</tr>
</tbody>
</table>
Kingspan Group plc

Group Condensed Statement of Financial Position
As at 31 December 2018

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€m</td>
<td>€m</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NON-CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill</td>
<td>1,391.0</td>
<td>1,095.7</td>
</tr>
<tr>
<td>Other intangible assets</td>
<td>111.1</td>
<td>90.3</td>
</tr>
<tr>
<td>Financial asset</td>
<td>8.2</td>
<td>-</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>850.5</td>
<td>703.3</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>27.4</td>
<td>22.2</td>
</tr>
<tr>
<td>Retirement benefit assets</td>
<td>7.4</td>
<td>7.9</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>15.6</td>
<td>16.5</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>2,411.2</td>
<td>1,935.9</td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>524.9</td>
<td>447.1</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>798.6</td>
<td>675.9</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>0.2</td>
<td>0.1</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>294.5</td>
<td>176.6</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td>1,618.2</td>
<td>1,299.7</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>779.8</td>
<td>645.2</td>
</tr>
<tr>
<td>Provisions for liabilities</td>
<td>47.5</td>
<td>52.3</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>-</td>
<td>0.1</td>
</tr>
<tr>
<td>Deferred consideration</td>
<td>59.5</td>
<td>6.4</td>
</tr>
<tr>
<td>Interest bearing loans and borrowings</td>
<td>53.2</td>
<td>1.2</td>
</tr>
<tr>
<td>Current income tax liabilities</td>
<td>78.8</td>
<td>80.9</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
<td>1,018.8</td>
<td>786.1</td>
</tr>
<tr>
<td><strong>NON-CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement benefit obligations</td>
<td>20.5</td>
<td>21.5</td>
</tr>
<tr>
<td>Provisions for liabilities</td>
<td>56.8</td>
<td>48.7</td>
</tr>
<tr>
<td>Interest bearing loans and borrowings</td>
<td>967.0</td>
<td>661.5</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>40.8</td>
<td>38.7</td>
</tr>
<tr>
<td>Deferred contingent consideration</td>
<td>136.6</td>
<td>111.1</td>
</tr>
<tr>
<td><strong>TOTAL NON-CURRENT LIABILITIES</strong></td>
<td>1,221.7</td>
<td>881.5</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>2,240.5</td>
<td>1,667.6</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td>1,788.9</td>
<td>1,568.0</td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>23.7</td>
<td>23.6</td>
</tr>
<tr>
<td>Share premium</td>
<td>95.6</td>
<td>95.6</td>
</tr>
<tr>
<td>Capital redemption reserve</td>
<td>0.7</td>
<td>0.7</td>
</tr>
<tr>
<td>Treasury shares</td>
<td>(12.7)</td>
<td>(14.0)</td>
</tr>
<tr>
<td>Other reserves</td>
<td>(273.2)</td>
<td>(220.5)</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>1,916.2</td>
<td>1,642.7</td>
</tr>
<tr>
<td><strong>EQUITY ATTRIBUTABLE TO OWNERS OF KINGSPAN GROUP PLC</strong></td>
<td>1,750.3</td>
<td>1,528.1</td>
</tr>
<tr>
<td><strong>NON-CONTROLLING INTEREST</strong></td>
<td>38.6</td>
<td>39.9</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY</strong></td>
<td>1,788.9</td>
<td>1,568.0</td>
</tr>
</tbody>
</table>

Gene M. Murtagh  Geoff Doherty  22 February 2019
Chief Executive Officer  Chief Financial Officer
Kingspan Group plc
Group Condensed Statement of Changes in Equity
for the year ended 31 December 2018

<table>
<thead>
<tr>
<th>Share Capital</th>
<th>Share Premium</th>
<th>Capital Redemption Reserve</th>
<th>Treasury Shares</th>
<th>Translation Reserve</th>
<th>Cash Flow Hedging Reserve</th>
<th>Share Based Payment Reserve</th>
<th>Revaluation Reserve</th>
<th>Put Option Liability Reserve</th>
<th>Retained Earnings</th>
<th>Attributable to Owners of the Parent</th>
<th>Non-Controlling Interest</th>
<th>Total Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>€m</td>
<td>€m</td>
<td>€m</td>
<td>€m</td>
<td>€m</td>
<td>€m</td>
<td>€m</td>
<td>€m</td>
<td>€m</td>
<td>€m</td>
<td>€m</td>
<td>€m</td>
<td>€m</td>
</tr>
<tr>
<td>Balance at 1 January 2018</td>
<td>23.6</td>
<td>95.6</td>
<td>0.7</td>
<td>(14.0)</td>
<td>(177.2)</td>
<td>0.2</td>
<td>35.2</td>
<td>0.7</td>
<td>(79.4)</td>
<td>1,642.7</td>
<td>1,528.1</td>
<td>39.9</td>
</tr>
<tr>
<td>Transactions with owners recognised directly in equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee share based compensation</td>
<td>0.1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>12.3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>12.4</td>
<td>-</td>
<td>12.4</td>
</tr>
<tr>
<td>Tax on employee share based compensation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(2.0)</td>
<td>-</td>
<td>-</td>
<td>2.9</td>
<td>-</td>
<td>0.9</td>
<td>-</td>
<td>0.9</td>
</tr>
<tr>
<td>Exercise or lapsing of share options</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.3</td>
<td>-</td>
<td>(8.6)</td>
<td>-</td>
<td>7.3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividends</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>68.3</td>
<td>(68.3)</td>
<td>(0.1) (68.4)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transactions with non-controlling interests:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arising on acquisition</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(24.5)</td>
<td>-</td>
<td>(24.5) (4.9) (29.4)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fair value movement</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(35.4)</td>
<td>-</td>
<td>(35.4) (35.4)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transactions with owners</td>
<td>0.1</td>
<td>-</td>
<td>-</td>
<td>1.3</td>
<td>-</td>
<td>1.7</td>
<td>-</td>
<td>(59.9)</td>
<td>(58.1)</td>
<td>(114.9) (5.0) (119.9)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
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</tr>
<tr>
<td>Profit for the year</td>
<td>-</td>
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<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>330.9</td>
<td>330.9</td>
<td>4.9</td>
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<tr>
<td>Other comprehensive income:</td>
<td></td>
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<tr>
<td>Items that may be reclassified subsequently to profit or loss</td>
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<tr>
<td>Cash flow hedging in equity</td>
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<td>- tax impact</td>
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<tr>
<td>Exchange differences on translating foreign operations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5.2</td>
<td>(1.2) (4.0)</td>
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</tr>
<tr>
<td>Items that will not be reclassified subsequently to profit or loss</td>
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</tr>
<tr>
<td>Actuarial gains of defined benefit pension scheme</td>
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<td>-</td>
<td>0.9</td>
<td>0.9</td>
<td>-</td>
<td>0.9</td>
</tr>
<tr>
<td>Income taxes relating to actuarial gains on defined benefit pension scheme</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>(0.2)</td>
<td>(0.2) (0.2)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5.2</td>
<td>0.3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>331.6</td>
<td>337.1 (3.7) (340.8)</td>
<td>-</td>
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</tr>
<tr>
<td>Balance at 31 December 2018</td>
<td>23.7</td>
<td>95.6</td>
<td>0.7</td>
<td>(12.7)</td>
<td>(172.0)</td>
<td>0.5</td>
<td>36.9</td>
<td>0.7</td>
<td>(139.3)</td>
<td>1,916.2</td>
<td>1,750.3</td>
<td>38.6</td>
</tr>
<tr>
<td></td>
<td>1,568.0</td>
<td>1,568.0</td>
<td>1,568.0</td>
<td>1,568.0</td>
<td>1,568.0</td>
<td>1,568.0</td>
<td>1,568.0</td>
<td>1,568.0</td>
<td>1,568.0</td>
<td>1,568.0 (1,568.0)</td>
<td>1,568.0</td>
<td>1,568.0</td>
</tr>
</tbody>
</table>
# Group Condensed Statement of Changes in Equity

*for the year ended 31 December 2017*

<table>
<thead>
<tr>
<th>Share Capital</th>
<th>Share Premium</th>
<th>Capital Redemption Reserve</th>
<th>Treasury Shares</th>
<th>Translation Reserve</th>
<th>Cash Flow Hedging Reserve</th>
<th>Share Based Payment Reserve</th>
<th>Revaluation Reserve</th>
<th>Put Option Liability Reserve</th>
<th>Retained Earnings</th>
<th>Total Attributable to Owners of the Parent</th>
<th>Non-Controlling Interest</th>
<th>Total Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>€m</td>
<td>€m</td>
<td>€m</td>
<td>€m</td>
<td>€m</td>
<td>€m</td>
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<td>€m</td>
<td>€m</td>
<td>€m</td>
<td>€m</td>
<td>€m</td>
<td>€m</td>
</tr>
<tr>
<td>Balance at 1 January 2017</td>
<td>23.4</td>
<td>95.6</td>
<td>0.7</td>
<td>(12.5)</td>
<td>(95.2)</td>
<td>2.3</td>
<td>33.3</td>
<td>0.7</td>
<td>-1,406.6</td>
<td>1,454.9</td>
<td>16.6</td>
<td>1,471.5</td>
</tr>
<tr>
<td>Transactions with owners recognised directly in equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee share based compensation</td>
<td>0.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10.7</td>
<td>-</td>
<td>-</td>
<td>10.9</td>
<td>-</td>
<td>-</td>
<td>10.9</td>
</tr>
<tr>
<td>Tax on employee share based compensation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.8</td>
<td>-</td>
<td>-</td>
<td>3.1</td>
<td>3.9</td>
<td>-</td>
<td>-</td>
<td>3.9</td>
</tr>
<tr>
<td>Exercise or lapsing of share options</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(9.6)</td>
<td>-</td>
<td>-</td>
<td>9.6</td>
<td>-</td>
<td>-</td>
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<td>-</td>
</tr>
<tr>
<td>Repurchase of shares</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1.5)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1.5)</td>
<td>-</td>
<td>(1.5)</td>
<td>-</td>
<td>(1.5)</td>
</tr>
<tr>
<td>Dividends</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(61.7)</td>
<td>(61.7)</td>
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<td>(61.7)</td>
<td>-</td>
<td>-</td>
<td>(61.7)</td>
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<tr>
<td>Transactions with non-controlling interests:</td>
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<td></td>
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</tr>
<tr>
<td>Arising on acquisition</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(79.1)</td>
<td>-</td>
<td>(79.1)</td>
<td>24.9</td>
<td>(54.2)</td>
<td>-</td>
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</tr>
<tr>
<td>Fair value movement</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>(0.3)</td>
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<td>(0.3)</td>
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<td>-</td>
</tr>
<tr>
<td>Dividends paid to non-controlling interest</td>
<td>-</td>
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</tr>
<tr>
<td>Transactions with owners</td>
<td>0.2</td>
<td>-</td>
<td>-</td>
<td>(1.5)</td>
<td>-</td>
<td>1.9</td>
<td>-</td>
<td>(79.4)</td>
<td>(49.0)</td>
<td>(127.8)</td>
<td>24.9</td>
<td>(102.9)</td>
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<tr>
<td>Total comprehensive income for the year</td>
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</tr>
<tr>
<td>Profit for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>284.3</td>
<td>284.3</td>
<td>1.6</td>
<td>285.9</td>
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<tr>
<td>Other comprehensive income:</td>
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</tr>
<tr>
<td>Items that may be reclassified subsequently to profit or loss</td>
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<tr>
<td>Cash flow hedging in equity</td>
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<td>(2.1)</td>
<td>-</td>
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<td>(2.1)</td>
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<td>(2.1)</td>
<td></td>
</tr>
<tr>
<td>- tax impact</td>
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<td></td>
</tr>
<tr>
<td>Exchange differences on translating foreign operations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(82.0)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(82.0)</td>
<td>(3.2)</td>
<td>(85.2)</td>
<td></td>
</tr>
<tr>
<td>Items that will not be reclassified subsequently to profit or loss</td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Actuarial gains of defined benefit pension scheme</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.0</td>
<td>1.0</td>
<td>-</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td>Income taxes relating to actuarial gains on defined benefit pension scheme</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(0.2)</td>
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<td>(0.2)</td>
<td></td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(82.0)</td>
<td>(2.1)</td>
<td>-</td>
<td>283.1</td>
<td>201.0</td>
<td>(1.6)</td>
<td>199.4</td>
</tr>
<tr>
<td>Balance at 31 December 2017</td>
<td>23.6</td>
<td>95.6</td>
<td>0.7</td>
<td>(14.0)</td>
<td>(177.2)</td>
<td>0.2</td>
<td>35.2</td>
<td>0.7</td>
<td>(79.4)</td>
<td>1,642.7</td>
<td>1,528.1</td>
<td>39.9</td>
</tr>
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</table>
## Kingspan Group plc

**Group Condensed Statement of Cash Flows**  
*for the year ended 31 December 2018*

<table>
<thead>
<tr>
<th>OPERATING ACTIVITIES</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash generated from operations</td>
<td>530.3</td>
<td>362.5</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(75.0)</td>
<td>(61.6)</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(17.0)</td>
<td>(17.3)</td>
</tr>
<tr>
<td><strong>Net cash flow from operating activities</strong></td>
<td>438.3</td>
<td>283.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INVESTING ACTIVITIES</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additions to property, plant and equipment</td>
<td>(144.2)</td>
<td>(85.0)</td>
</tr>
<tr>
<td>Additions to intangible assets</td>
<td>-</td>
<td>(4.8)</td>
</tr>
<tr>
<td>Proceeds from disposals of property, plant and equipment</td>
<td>12.9</td>
<td>4.2</td>
</tr>
<tr>
<td>Proceeds from disposals of trade and assets</td>
<td>-</td>
<td>5.7</td>
</tr>
<tr>
<td>Purchase of subsidiary undertakings</td>
<td>(461.0)</td>
<td>(173.9)</td>
</tr>
<tr>
<td>Purchase of financial fixed asset</td>
<td>(8.2)</td>
<td>-</td>
</tr>
<tr>
<td>Payment of deferred contingent consideration in respect of acquisitions</td>
<td>(3.1)</td>
<td>-</td>
</tr>
<tr>
<td>Interest received</td>
<td>1.4</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>Net cash flow from investing activities</strong></td>
<td>(602.2)</td>
<td>(253.3)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FINANCING ACTIVITIES</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drawdown of loans</td>
<td>445.0</td>
<td>30.4</td>
</tr>
<tr>
<td>Repayment of loans</td>
<td>(92.8)</td>
<td>(41.8)</td>
</tr>
<tr>
<td>Settlement of derivative financial instrument</td>
<td>-</td>
<td>8.0</td>
</tr>
<tr>
<td>Increase in lease finance</td>
<td>0.1</td>
<td>0.8</td>
</tr>
<tr>
<td>Proceeds from share issues</td>
<td>0.1</td>
<td>0.2</td>
</tr>
<tr>
<td>Repurchase of shares</td>
<td>-</td>
<td>(1.5)</td>
</tr>
<tr>
<td>Dividends paid to non-controlling interests</td>
<td>(0.1)</td>
<td>-</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(68.3)</td>
<td>(61.7)</td>
</tr>
<tr>
<td><strong>Net cash flow from financing activities</strong></td>
<td>284.0</td>
<td>(65.6)</td>
</tr>
</tbody>
</table>

**INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS**

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effect of movements in exchange rates on cash held</td>
<td>120.1</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>176.6</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</strong></td>
<td>294.5</td>
</tr>
</tbody>
</table>
1 GENERAL INFORMATION

The financial information presented in this report has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as set out in the Group’s annual financial statements in respect of the year ended 31 December 2017 except as noted below. The financial information does not include all the information and disclosures required in the annual financial statements. The Annual Report will be distributed to shareholders and made available on the Company’s website www.kingspan.com in due course. It will also be filed with the Company’s annual return in the Companies Registration Office. The auditors have reported on the financial statements for the year ended 31 December 2018 and their report was unqualified and did not contain any matters to which attention was drawn by way of emphasis. The financial information for the year ended 31 December 2017 represents an abbreviated version of the Group’s statutory financial statements on which an unqualified audit report was issued and which have been filed with the Companies Registration Office.

Basis of preparation and accounting policies

The financial information contained in this Preliminary Statement has been prepared in accordance with the accounting policies set out in the last annual financial statements with the exception of changes in accounting policy in respect of IFRS 9, Financial Instruments and IFRS 15, Revenue from Contracts with Customers which are described below.

IFRS does not define certain Income Statement headings. For clarity, the following are the definitions as applied by the Group:

- Trading profit refers to the operating profit generated by the businesses before intangible asset amortisation and non trading items.
- Trading margin refers to the trading profit, as calculated above, as a percentage of revenue.
- Operating profit is profit before income taxes and net finance costs.

The following standards are effective from 1 January 2018.

New and amended standards and interpretations effective during 2018

Financial instruments

IFRS 9, Financial Instruments, replaces IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 addresses the classification, measurement and derecognition of financial assets and liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has adopted IFRS 9 from 1 January 2018.

IFRS 9 largely retains the requirements of IAS 39 for the classification and measurement of financial liabilities but eliminates the previous IAS 39 categories for financial assets. The vast majority of the Group’s financial assets are trade receivables and cash and as a result the classification and measurement changes do not have a material impact on the Group’s consolidated financial statements.

For trade receivables, the Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance. Given historic loss rates, normal receivable ageing and the significant portion of trade receivables that are within agreed terms, the change in impairment
methodology as a result of implementing IFRS 9 did not have a material impact on the Group’s financial results.

The hedge accounting requirements in IFRS 9 are optional. Under the transition requirements of the new standard, the Group may choose to apply, as its accounting policy IAS 39. The Group have decided not to adopt the hedge accounting requirements under IFRS 9 and will continue to apply IAS 39. This decision has no impact on the current effective hedging relationships.

The cumulative effect method has been adopted upon transitioning to IFRS 9. The impact of adopting IFRS 9 on our consolidated financial statements was not material for the Group and there was no adjustment to retained earnings on application at 1 January 2018.

Revenue recognition

IFRS 15, Revenue from Contracts with Customers, replaces IAS 18, Revenue and IAS 11, Construction Contracts and related interpretations. IFRS 15 establishes a five-step model for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 specifies how and when revenue should be recognised as well as requiring enhanced disclosures. The Group has adopted IFRS 15 from 1 January 2018, using the modified retrospective approach and has not restated comparatives for 2017.

The Group used the five-step model to develop an impact assessment framework to assess the impact of IFRS 15 on the Group’s revenue transactions. The results of our IFRS 15 assessment framework and contract reviews indicated that the impact of applying IFRS 15 on our consolidated financial statements was not material for the Group and there was no adjustment to retained earnings or material impact on the timing of revenue recognition on application of the new rules at 1 January 2018.

Revenue is recognised when control of goods is transferred to the customer, which for the vast majority of the Group is at a point in time when delivery has taken place in accordance with the terms of sale.

New and amended standards and interpretations issued but not yet effective or early adopted

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. For lessees, IFRS 16 eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model whereby all leases are accounted for as finance leases, with some exemptions for short-term and low-value leases. It also includes an election which permits a lessee not to separate non-lease components (e.g. maintenance) from lease components and instead capitalise both the lease cost and associated non-lease cost. The lessee will recognise a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. All right-of-use assets will be measured at the amount of the lease liability on adoption. IFRS 16 is effective for annual periods beginning on or after 1 January 2019, and the Group will apply IFRS 16 from its effective date.

The standard will primarily affect the accounting for the Group’s operating leases. The application of IFRS 16 will result in the recognition of additional assets and liabilities in the consolidated statement of financial position and in the consolidated income statement it will replace the straight-line operating lease expense with a depreciation charge for the right-of-use asset and an interest expense on the lease liabilities.

The Group has completed an initial assessment of the potential impact of IFRS 16 on its consolidated financial statements. The Group will adopt the new standard by applying the modified retrospective approach and will avail of the recognition exemption for short-term and low-value leases. The Group’s
non-cancellable operating lease commitments on an undiscounted basis at 31 December 2018 are detailed in Note 31 to the consolidated financial statements of the Group’s 2018 Annual Report and provides an indication of the scale of leases held by the Group.

Based on this initial impact assessment, and the current group profile, the standard is expected to increase debt by €140m and reduce profit before tax by €1.4m.

The new standards, amendments to standards and interpretations are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Effective Date – periods beginning on or after</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFRS 15: <strong>Revenue from contracts with customers</strong> (Note – including amendments to IFRS 15: Effective date of IFRS 15 (11 September 2015) and clarifications to IFRS 15 (12 April 2016))</td>
<td>1 January 2018</td>
</tr>
<tr>
<td>IFRS 9 <strong>Financial Instruments</strong> (24 July 2014)</td>
<td>1 January 2018</td>
</tr>
<tr>
<td>Amendments to IFRS 2: <strong>Classification and measurement of share based payment transactions</strong> (20 June 2016)</td>
<td>1 January 2018</td>
</tr>
<tr>
<td>Annual Improvements to IFRS 2014 -2016 Cycle: (Amendments to IFRS 1 First-time Adoption of IFRSs and IAS 28 Investments in Associates and Joint Ventures) (issued on 8 December 2016)</td>
<td>1 January 2018</td>
</tr>
<tr>
<td>IFRIC Interpretation 22: <strong>Foreign Currency Transactions and Advance Consideration</strong></td>
<td>1 January 2018</td>
</tr>
<tr>
<td>Amendments to IAS 40: <strong>Transfers of Investment Property</strong> (December 2016)</td>
<td>1 January 2018</td>
</tr>
<tr>
<td>IFRS 16: <strong>Leases</strong> (13 January 2016)</td>
<td>1 January 2019</td>
</tr>
<tr>
<td>IFRIC 23: <strong>Uncertainty over income tax treatment</strong> (7 June 2017)</td>
<td>1 January 2019</td>
</tr>
<tr>
<td>Annual Improvements to IFRS 2015 -2017 Cycle (12 December 2017)</td>
<td>1 January 2019*</td>
</tr>
<tr>
<td>Amendments to IAS 19: <strong>Plan amendment, Curtailment or Settlement</strong> (8 February 2018)</td>
<td>1 January 2019*</td>
</tr>
<tr>
<td>Amendments to references to the Conceptual Framework in IFRS Standards (29 March 2018)</td>
<td>1 January 2020*</td>
</tr>
</tbody>
</table>

*not EU endorsed
2 SEGMENT REPORTING

In identifying the Group's operating segments, management based its decision on the product supplied by each segment and the fact that each segment is managed and reported separately to the Chief Operating Decision Maker. These operating segments are monitored and strategic decisions are made on the basis of segment operating results.

Operating segments

The Group has the following five operating segments:

- Insulated Panels: Manufacture of insulated panels, structural framing and metal facades.
- Insulation Boards: Manufacture of rigid insulation boards, building services insulation and engineered timber systems.
- Light & Air: Manufacture of daylighting, smoke management and ventilation systems.
- Water & Energy (formerly Environmental): Manufacture of energy and water solutions and all related service activities.
- Data & Flooring Technology (formerly Access Floors): Manufacture of datacentre storage solutions and raised access floors.

Analysis by class of business

Segment revenue and disaggregation of revenue

<table>
<thead>
<tr>
<th></th>
<th>Insulated Panels £m</th>
<th>Insulation Boards £m</th>
<th>Light &amp; Air £m</th>
<th>Water &amp; Energy £m</th>
<th>Data &amp; Flooring £m</th>
<th>Total £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue – 2018</td>
<td>2,823.1</td>
<td>864.1</td>
<td>291.8</td>
<td>202.9</td>
<td>190.6</td>
<td>4,372.5</td>
</tr>
<tr>
<td>Total revenue – 2017</td>
<td>2,328.5</td>
<td>769.4</td>
<td>204.7</td>
<td>179.8</td>
<td>185.7</td>
<td>3,668.1</td>
</tr>
</tbody>
</table>

Disaggregation of revenue 2018

<table>
<thead>
<tr>
<th></th>
<th>Point of Time £m</th>
<th>Over Time £m</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,816.8</td>
<td>6.3</td>
</tr>
<tr>
<td></td>
<td>831.8</td>
<td>32.3</td>
</tr>
<tr>
<td></td>
<td>190.4</td>
<td>101.4</td>
</tr>
<tr>
<td></td>
<td>201.6</td>
<td>1.3</td>
</tr>
<tr>
<td></td>
<td>166.2</td>
<td>24.4</td>
</tr>
<tr>
<td></td>
<td>4,206.8</td>
<td>165.7</td>
</tr>
<tr>
<td></td>
<td>2,823.1</td>
<td>864.1</td>
</tr>
<tr>
<td></td>
<td>291.8</td>
<td>202.9</td>
</tr>
<tr>
<td></td>
<td>190.6</td>
<td>4,372.5</td>
</tr>
</tbody>
</table>

The disaggregation of revenue by geography is set out in more detail below.

The segments specified above capture the major product lines relevant to the Group.

The combination of the disaggregation of revenue by product group, geography and the timing of revenue recognition capture the key categories of disclosure with respect to revenue. No further disclosures are required with respect to disaggregation of revenue other than what has been presented above.

Inter-segment transfers are carried out at arm's length prices and using an appropriate transfer pricing methodology. As inter-segment revenue is not material, it is not subject to separate disclosure in the above analysis. For the purposes of the segmental analysis, corporate overheads have been allocated to each division based on their respective revenue for the year.

The Group has initially applied IFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated.
Segment result (profit before net finance expense)

<table>
<thead>
<tr>
<th></th>
<th>Insulated Panels £m</th>
<th>Insulation Boards £m</th>
<th>Light &amp; Air £m</th>
<th>Water &amp; Energy £m</th>
<th>Data &amp; Flooring £m</th>
<th>Total £m</th>
<th>2018 £m</th>
<th>2017 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading profit – 2018</td>
<td>281.8</td>
<td>105.1</td>
<td>21.5</td>
<td>14.2</td>
<td>22.6</td>
<td>445.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible amortisation</td>
<td>(12.2)</td>
<td>(4.4)</td>
<td>(4.4)</td>
<td>(1.2)</td>
<td>-</td>
<td>(22.2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit – 2018</td>
<td>269.6</td>
<td>100.7</td>
<td>17.1</td>
<td>13.0</td>
<td>22.6</td>
<td>423.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trading profit – 2017</td>
<td>233.3</td>
<td>91.2</td>
<td>14.8</td>
<td>16.2</td>
<td>22.0</td>
<td>377.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible amortisation</td>
<td>(9.4)</td>
<td>(2.1)</td>
<td>(2.6)</td>
<td>(1.6)</td>
<td>-</td>
<td>(15.7)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-trading items</td>
<td>(2.3)</td>
<td>2.9</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit – 2017</td>
<td>221.6</td>
<td>92.0</td>
<td>12.2</td>
<td>14.6</td>
<td>22.0</td>
<td>364.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net finance expense</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(18.1)</td>
<td>(15.9)</td>
<td></td>
</tr>
<tr>
<td>Profit for the year before tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(404.9)</td>
<td>346.5</td>
<td></td>
</tr>
<tr>
<td>Income tax expense</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(69.1)</td>
<td>(60.6)</td>
<td></td>
</tr>
<tr>
<td>Net profit for the year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>335.8</td>
<td>285.9</td>
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</tbody>
</table>

Segment assets

<table>
<thead>
<tr>
<th></th>
<th>Insulated Panels £m</th>
<th>Insulation Boards £m</th>
<th>Light &amp; Air £m</th>
<th>Water &amp; Energy £m</th>
<th>Data &amp; Flooring £m</th>
<th>Total £m</th>
<th>2018 £m</th>
<th>2017 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets – 2018</td>
<td>2,231.7</td>
<td>782.2</td>
<td>331.2</td>
<td>180.3</td>
<td>166.3</td>
<td>3,691.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets – 2017</td>
<td>1,792.1</td>
<td>620.4</td>
<td>287.6</td>
<td>164.1</td>
<td>156.0</td>
<td>3,020.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>27.6</td>
<td>22.3</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>294.5</td>
<td>176.6</td>
<td></td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>15.6</td>
<td>16.5</td>
<td></td>
</tr>
<tr>
<td>Total assets as reported in the Consolidated Statement of Financial Position</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4,029.4</td>
<td>3,235.6</td>
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</tbody>
</table>

Segment liabilities

<table>
<thead>
<tr>
<th></th>
<th>Insulated Panels £m</th>
<th>Insulation Boards £m</th>
<th>Light &amp; Air £m</th>
<th>Water &amp; Energy £m</th>
<th>Data &amp; Flooring £m</th>
<th>Total £m</th>
<th>2018 £m</th>
<th>2017 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities – 2018</td>
<td>(755.0)</td>
<td>(179.2)</td>
<td>(73.2)</td>
<td>(58.2)</td>
<td>(35.1)</td>
<td>(1,100.7)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities – 2017</td>
<td>(590.4)</td>
<td>(148.0)</td>
<td>(67.0)</td>
<td>(49.3)</td>
<td>(30.5)</td>
<td>(885.2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest bearing loans and borrowings (current and non-current)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(1,020.2)</td>
<td>(662.7)</td>
<td></td>
</tr>
<tr>
<td>Derivative financial instruments (current and non-current)</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>(0.1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income tax liabilities (current and deferred)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(119.6)</td>
<td>(119.6)</td>
<td></td>
</tr>
<tr>
<td>Total liabilities as reported in the Consolidated Statement of Financial Position</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(2,240.5)</td>
<td>(1,667.6)</td>
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</table>
Other segment information

<table>
<thead>
<tr>
<th></th>
<th>Insulated Panels £m</th>
<th>Insulation Boards £m</th>
<th>Light &amp; Air £m</th>
<th>Water &amp; Energy £m</th>
<th>Data &amp; Flooring £m</th>
<th>Total £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital investment – 2018 *</td>
<td>160.8</td>
<td>87.9</td>
<td>22.7</td>
<td>7.1</td>
<td>2.8</td>
<td>281.3</td>
</tr>
<tr>
<td>Capital investment – 2017 *</td>
<td>82.5</td>
<td>25.1</td>
<td>22.9</td>
<td>5.4</td>
<td>6.1</td>
<td>142.0</td>
</tr>
<tr>
<td>Depreciation included in segment result – 2018</td>
<td>(49.8)</td>
<td>(15.9)</td>
<td>(4.8)</td>
<td>(2.4)</td>
<td>(3.1)</td>
<td>(76.0)</td>
</tr>
<tr>
<td>Depreciation included in segment result – 2017</td>
<td>(40.7)</td>
<td>(14.6)</td>
<td>(3.7)</td>
<td>(2.8)</td>
<td>(2.4)</td>
<td>(64.2)</td>
</tr>
<tr>
<td>Non-cash items included in segment result – 2018</td>
<td>(7.4)</td>
<td>(2.5)</td>
<td>(0.5)</td>
<td>(0.8)</td>
<td>(1.1)</td>
<td>(12.3)</td>
</tr>
<tr>
<td>Non-cash items included in segment result – 2017</td>
<td>(6.4)</td>
<td>(2.3)</td>
<td>(0.2)</td>
<td>(0.8)</td>
<td>(1.0)</td>
<td>(10.7)</td>
</tr>
</tbody>
</table>

* Capital investment includes fair value of property, plant and equipment and intangible assets acquired in business combinations.

Analysis of segmental data by geography

<table>
<thead>
<tr>
<th></th>
<th>Republic of Ireland £m</th>
<th>United Kingdom £m</th>
<th>Rest of Europe £m</th>
<th>Americas £m</th>
<th>Others £m</th>
<th>Total £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Statement Items</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue – 2018</td>
<td>156.0</td>
<td>938.2</td>
<td>2,092.3</td>
<td>887.6</td>
<td>298.4</td>
<td>4,372.5</td>
</tr>
<tr>
<td>Revenue – 2017</td>
<td>138.1</td>
<td>909.2</td>
<td>1,628.5</td>
<td>738.1</td>
<td>254.2</td>
<td>3,668.1</td>
</tr>
<tr>
<td>Statement of Financial Position Items</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets – 2018 *</td>
<td>52.7</td>
<td>375.2</td>
<td>1,227.0</td>
<td>524.5</td>
<td>188.8</td>
<td>2,368.2</td>
</tr>
<tr>
<td>Non-current assets – 2017 *</td>
<td>51.8</td>
<td>369.9</td>
<td>809.8</td>
<td>507.7</td>
<td>158.0</td>
<td>1,897.2</td>
</tr>
<tr>
<td>Other segmental information</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital investment – 2018</td>
<td>6.0</td>
<td>23.9</td>
<td>204.8</td>
<td>27.8</td>
<td>18.8</td>
<td>281.3</td>
</tr>
<tr>
<td>Capital investment – 2017</td>
<td>8.0</td>
<td>16.9</td>
<td>57.9</td>
<td>49.7</td>
<td>9.5</td>
<td>142.0</td>
</tr>
</tbody>
</table>

* Total non-current assets excluding derivative financial instruments and deferred tax assets.

The Group has activities in over 90 countries worldwide. The revenues from external customers and non-current assets (as defined in IFRS 8) attributable to the country of domicile and all foreign countries or regions of operation are as set out above and specific regions are highlighted separately on the basis of materiality.

There are no material dependencies or concentrations on individual customers which would warrant disclosure under IFRS 8. The individual entities within the Group each have a large number of customers spread across various activities, end-users and geographies.
3 NON-TRADING ITEMS

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit on disposal of trade and assets</td>
<td>-</td>
<td>2.9</td>
</tr>
<tr>
<td>Impairment of goodwill</td>
<td>-</td>
<td>(2.3)</td>
</tr>
</tbody>
</table>

During the period, no items of a non-trading nature arose.

In the prior period, the Group disposed of the trade and assets of Kingspan Géfínex GmbH, which was part of the Insulation Boards division, for €5.7m and realised a non-trading profit of €2.9m, and impaired goodwill relating to a US energy business, which was part of the Insulated Panels division.

4 FINANCE EXPENSE AND FINANCE INCOME

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€m</td>
<td>€m</td>
</tr>
<tr>
<td>Finance expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance lease</td>
<td>0.4</td>
<td>0.2</td>
</tr>
<tr>
<td>Deferred contingent consideration fair value movement</td>
<td>0.3</td>
<td>0.1</td>
</tr>
<tr>
<td>Bank loans</td>
<td>2.7</td>
<td>2.4</td>
</tr>
<tr>
<td>Private placement loan notes</td>
<td>16.7</td>
<td>14.2</td>
</tr>
<tr>
<td>Fair value movement on derivative financial instrument</td>
<td>(3.1)</td>
<td>15.6</td>
</tr>
<tr>
<td>Fair value movement on private placement debt</td>
<td>2.5</td>
<td>(16.2)</td>
</tr>
<tr>
<td>Net defined benefit pension scheme</td>
<td>-</td>
<td>0.1</td>
</tr>
<tr>
<td></td>
<td>19.5</td>
<td>16.4</td>
</tr>
<tr>
<td>Finance income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest earned</td>
<td>(1.4)</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Net finance cost</td>
<td>18.1</td>
<td>15.9</td>
</tr>
</tbody>
</table>

No costs were reclassified from other comprehensive income to profit during the year (2017: €nil).

5 ANALYSIS OF NET DEBT

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€m</td>
<td>€m</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>294.5</td>
<td>176.6</td>
</tr>
<tr>
<td>Derivative financial instruments - net</td>
<td>27.4</td>
<td>22.2</td>
</tr>
<tr>
<td>Current borrowings</td>
<td>(53.2)</td>
<td>(1.2)</td>
</tr>
<tr>
<td>Non-current borrowings</td>
<td>(967.0)</td>
<td>(661.5)</td>
</tr>
<tr>
<td>Deferred consideration</td>
<td>(30.0)</td>
<td>-</td>
</tr>
<tr>
<td>Total Net Debt</td>
<td>(728.3)</td>
<td>(463.9)</td>
</tr>
</tbody>
</table>

The Group’s core funding is provided by five private placement loan notes; one USD private placement totalling $200m matures in August 2021, and four EUR private placements totalling €662.5m which will mature in tranches between March 2021 and January 2028. The notes have a weighted average maturity of 5.6 years.
In addition, the Group has a €500m revolving credit facility, €120m of which was drawn at year end and which matures in June 2022. As at 31 December 2018, the Group’s committed bilateral bank facilities were €50m, all of which was drawn.

Net debt, which is an Alternative Performance Measure, is stated net of interest rate and currency hedges which relate to hedges of debt. Foreign currency derivative assets of €0.2m (2017: €0.1m) and €nil foreign currency derivative liabilities (2017: €0.1m) which are used for transactional hedging are not included in the definition of net debt.

### 6 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Movement in cash and bank overdrafts</td>
<td>120.1</td>
<td>(35.3)</td>
</tr>
<tr>
<td>Drawdown of loans</td>
<td>(445.0)</td>
<td>(30.4)</td>
</tr>
<tr>
<td>Repayment of loans</td>
<td>92.8</td>
<td>41.8</td>
</tr>
<tr>
<td>(Increase)/decrease in deferred consideration</td>
<td>(30.0)</td>
<td>-</td>
</tr>
<tr>
<td>Settlement of derivative financial instrument</td>
<td>-</td>
<td>(8.0)</td>
</tr>
<tr>
<td>(Increase)/decrease in lease finance</td>
<td>(0.1)</td>
<td>(0.8)</td>
</tr>
<tr>
<td>Change in net debt resulting from cash flows</td>
<td>(262.2)</td>
<td>(32.7)</td>
</tr>
<tr>
<td>Translation movement - relating to US dollar loan</td>
<td>(5.5)</td>
<td>25.9</td>
</tr>
<tr>
<td>Translation movement - other</td>
<td>(1.9)</td>
<td>(10.9)</td>
</tr>
<tr>
<td>Derivative financial instruments movement</td>
<td>5.2</td>
<td>(18.3)</td>
</tr>
<tr>
<td>Net movement</td>
<td>(264.4)</td>
<td>(36.0)</td>
</tr>
<tr>
<td>Net debt at start of the year</td>
<td>(463.9)</td>
<td>(427.9)</td>
</tr>
<tr>
<td>Net debt at end of the year</td>
<td>(728.3)</td>
<td>(463.9)</td>
</tr>
</tbody>
</table>

Further analysis on net debt at the start and end of the year is provided in note 5.
7 CASH GENERATED FROM OPERATIONS

Profit for the year

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€m</td>
<td>€m</td>
</tr>
<tr>
<td>Add back non-operating expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Income tax expense</td>
<td>69.1</td>
<td>60.6</td>
</tr>
<tr>
<td>- Depreciation of property, plant and equipment</td>
<td>76.0</td>
<td>64.2</td>
</tr>
<tr>
<td>- Amortisation of intangible assets</td>
<td>22.2</td>
<td>15.7</td>
</tr>
<tr>
<td>- Impairment of non-current assets</td>
<td>5.2</td>
<td>3.1</td>
</tr>
<tr>
<td>- Employee equity-settled share options</td>
<td>12.3</td>
<td>10.7</td>
</tr>
<tr>
<td>- Finance income</td>
<td>(1.4)</td>
<td>(0.5)</td>
</tr>
<tr>
<td>- Finance expense</td>
<td>19.5</td>
<td>16.4</td>
</tr>
<tr>
<td>- Profit on sale of property, plant and equipment</td>
<td>(4.9)</td>
<td>(2.1)</td>
</tr>
<tr>
<td>- Profit on disposal of subsidiary</td>
<td>-</td>
<td>(2.9)</td>
</tr>
<tr>
<td>- Fair value movement of deferred consideration</td>
<td>0.8</td>
<td>-</td>
</tr>
</tbody>
</table>

Changes in working capital:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€m</td>
<td>€m</td>
</tr>
<tr>
<td>- Inventories</td>
<td>4.7</td>
<td>(64.8)</td>
</tr>
<tr>
<td>- Trade and other receivables</td>
<td>(33.0)</td>
<td>(47.7)</td>
</tr>
<tr>
<td>- Trade and other payables</td>
<td>30.6</td>
<td>27.2</td>
</tr>
</tbody>
</table>

Other

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€m</td>
<td>€m</td>
</tr>
<tr>
<td>- Change in provisions</td>
<td>(5.8)</td>
<td>(2.4)</td>
</tr>
<tr>
<td>- Pension contributions</td>
<td>(0.8)</td>
<td>(0.9)</td>
</tr>
</tbody>
</table>

Cash generated from operations

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€m</td>
<td>€m</td>
</tr>
<tr>
<td></td>
<td>530.3</td>
<td>362.5</td>
</tr>
</tbody>
</table>

8 DIVIDENDS

<table>
<thead>
<tr>
<th>Equity dividends on ordinary shares:</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€m</td>
<td>€m</td>
</tr>
</tbody>
</table>

2018 Interim dividend 12.0 cent (2017: 11.0 cent) per share
2017 Final dividend 26.0 cent (2016: 23.5 cent) per share

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€m</td>
<td>€m</td>
</tr>
<tr>
<td>2018 Interim dividend</td>
<td>21.7</td>
<td>19.7</td>
</tr>
<tr>
<td>2017 Final dividend</td>
<td>46.6</td>
<td>42.0</td>
</tr>
</tbody>
</table>

Proposed for approval at AGM

<table>
<thead>
<tr>
<th>Final dividend of 30.0 cent (2017: 26.0 cent) per share</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€m</td>
<td>€m</td>
</tr>
<tr>
<td>Proposed for approval at AGM</td>
<td>54.1</td>
<td>46.6</td>
</tr>
</tbody>
</table>

This proposed dividend for 2018 is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in the Consolidated Statement of Financial Position of the Group as at 31 December 2018 in accordance with IAS 10 Events after the Reporting Period. The proposed final dividend for the year ended 31 December 2018 will be payable on 10 May 2019 to shareholders on the Register of Members at close of business on 29 March 2019.
9 EARNINGS PER SHARE

The calculations of earnings per share are based on the following:

```
Profit attributable to ordinary shareholders 330.9 284.3
```

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of shares (‘000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted average number of ordinary shares for the calculation of basic earnings per share</td>
<td>179,840</td>
<td>178,854</td>
</tr>
<tr>
<td>Dilutive effect of share options</td>
<td>1,696</td>
<td>1,856</td>
</tr>
<tr>
<td>Weighted average number of ordinary shares for the calculation of diluted earnings per share</td>
<td>181,536</td>
<td>180,710</td>
</tr>
</tbody>
</table>

```
Basic earnings per share 184.0 159.0
Diluted earnings per share 182.3 157.3
Adjusted basic earnings per share 193.5 165.8
Adjusted diluted earnings per share 191.7 164.1
```

Adjusted basic earnings reflects the profit attributable to ordinary shareholders after eliminating the impact, net of tax, of non trading items and the Group’s intangible amortisation charge.

The number of options which are anti-dilutive and have therefore not been included in the above calculations is nil (2017: nil).

10 BUSINESS COMBINATIONS

A key strategy of the Group is to create and sustain market leading positions through acquisitions in markets it currently operates in, together with extending the Group’s footprint in new geographic markets. In line with this strategy, the principal acquisitions completed during the year were as follows:

In March 2018, the Group acquired 100% of the share capital of the Synthesia Group comprising of Synthesia Espanola S.A., Poliuretanos S.A, Huurre Iberica S.A. and their respective subsidiaries (“Synthesia”). The total consideration, including debt acquired and related costs amounted to €243.4m, representing the maximum amount of identifiable consideration, comprising of €213.4m paid in cash on completion and €30.0m in deferred consideration.

In July 2018, the Group acquired 100% of the share capital of Balex Metal Sp. z.o.o. (“Balex”), a Polish based manufacturer of insulated panels and insulation boards. The total consideration, including debt acquired and related costs amounted to €197.6m which was discharged in full at acquisition.
The Group also made a number of smaller acquisitions during the year for a combined cash consideration of €50m:

- the purchase of 51% of the share capital of Jindal Mectec Private Limited, an Indian manufacturer of insulated panels;
- the purchase of the assets of H2Enviro, an Australian water tanks business;
- the purchase of 100% of Vestfold Plastindustri AS, and Vestfold Plastindustri Eiendom AS, a Norwegian water treatment business;
- the purchase of STF Holding GmbH & Co KG, a German based daylighting and smoke extraction business; and
- the purchase of Tanks Direct Limited, a UK based Water & Energy business.

The table below reflects the fair value of the identifiable net assets acquired in respect of the acquisitions completed during the year. Any amendments to fair values will be made within the twelve month period from the date of acquisition, as permitted by IFRS 3, Business Combinations:

<table>
<thead>
<tr>
<th></th>
<th>Synthesia</th>
<th>Balex</th>
<th>Other*</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>31.5</td>
<td>7.9</td>
<td>3.9</td>
<td>43.3</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>42.8</td>
<td>42.3</td>
<td>8.6</td>
<td>93.7</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>3.3</td>
<td>0.7</td>
<td>2.8</td>
<td>6.8</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>49.1</td>
<td>30.0</td>
<td>4.8</td>
<td>83.9</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>70.4</td>
<td>18.1</td>
<td>4.2</td>
<td>92.7</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>(59.6)</td>
<td>(23.4)</td>
<td>(28.5)</td>
<td>(111.5)</td>
</tr>
<tr>
<td>Provisions for liabilities</td>
<td>(5.6)</td>
<td>(0.9)</td>
<td>(2.9)</td>
<td>(9.4)</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>(7.9)</td>
<td>(1.8)</td>
<td>0.9</td>
<td>(8.8)</td>
</tr>
<tr>
<td><strong>Total identifiable assets</strong></td>
<td>124.0</td>
<td>72.9</td>
<td>(6.2)</td>
<td>190.7</td>
</tr>
<tr>
<td>Non-controlling interest arising on acquisition</td>
<td>-</td>
<td>-</td>
<td>4.9</td>
<td>4.9</td>
</tr>
<tr>
<td>Goodwill</td>
<td>119.4</td>
<td>124.7</td>
<td>52.7</td>
<td>296.8</td>
</tr>
<tr>
<td><strong>Total consideration</strong></td>
<td>243.4</td>
<td>197.6</td>
<td>51.4</td>
<td>492.4</td>
</tr>
</tbody>
</table>

Satisfied by:

<table>
<thead>
<tr>
<th></th>
<th>Synthesia</th>
<th>Balex</th>
<th>Other*</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash (net of cash acquired)</td>
<td>213.4</td>
<td>197.6</td>
<td>50.0</td>
<td>461.0</td>
</tr>
<tr>
<td>Deferred consideration</td>
<td>30.0</td>
<td>-</td>
<td>1.4</td>
<td>31.4</td>
</tr>
<tr>
<td><strong>Total consideration</strong></td>
<td>243.4</td>
<td>197.6</td>
<td>51.4</td>
<td>492.4</td>
</tr>
</tbody>
</table>

*Included in Other are certain immaterial remeasurements of prior year accounting estimates.

The acquired goodwill is attributable principally to the profit generating potential of the businesses, together with cross-selling opportunities and other synergies expected to be achieved from integrating the acquired businesses into the Group’s existing business.

In the post-acquisition period to 31 December 2018, the businesses acquired during the current year contributed revenue of €416.3m and trading profit of €35.0m to the Group’s results.
11 POST BALANCE SHEET EVENTS

There have been no material events subsequent to 31 December 2018 which would require disclosure in this report.

12 EXCHANGE RATES

The financial information included in this report is expressed in Euro which is the presentation currency of the Group and the functional currency of the Company. Results and cash flows of foreign subsidiary undertakings have been translated into Euro at actual exchange rates or average, where this is a reasonable approximation, and the related Statements of Financial Position have been translated at the rates of exchange ruling at the balance sheet date.

Exchange rates of material currencies used were as follows:

<table>
<thead>
<tr>
<th>Currency</th>
<th>Average rate</th>
<th>Closing rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
</tr>
<tr>
<td>Pound Sterling</td>
<td>0.885</td>
<td>0.876</td>
</tr>
<tr>
<td>US Dollar</td>
<td>1.181</td>
<td>1.129</td>
</tr>
<tr>
<td>Canadian Dollar</td>
<td>1.530</td>
<td>1.465</td>
</tr>
<tr>
<td>Australian Dollar</td>
<td>1.580</td>
<td>1.473</td>
</tr>
<tr>
<td>Czech Koruna</td>
<td>25.648</td>
<td>26.329</td>
</tr>
<tr>
<td>Polish Zloty</td>
<td>4.260</td>
<td>4.256</td>
</tr>
<tr>
<td>Hungarian Forint</td>
<td>318.78</td>
<td>309.26</td>
</tr>
<tr>
<td>Brazilian Real</td>
<td>4.307</td>
<td>3.609</td>
</tr>
</tbody>
</table>

13 CAUTIONARY STATEMENT

This report contains certain forward-looking statements including, without limitation, the Group’s financial position, business strategy, plans and objectives of management for future operations. Such forward-looking information involves risks and uncertainties, assumptions and other factors that could cause the actual results, performance or achievements of the Group to differ materially from those in the forward-looking statements. The forward-looking statements in this report reflect views held only as of the date hereof. Neither Kingspan nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement in this report will actually occur. Kingspan undertakes no duty to and will not necessarily update any such statements in light of new information or future events, except to the extent required by any applicable law or regulation.

14 BOARD APPROVAL

This announcement was approved by the Board on 22 February 2019.