

Kingspan Group Plc

Interim Management Statement

12 May 2011

Kingspan Group plc, the leading international provider of low energy building solutions, is issuing this Interim Management Statement in advance of its Annual General Meeting which is being held today at 11:00 in Dublin.

BUSINESS PERFORMANCE

Trading in the first four months of 2011 was well ahead of the same period last year albeit in more favourable weather conditions in the early part of the year. Group sales of €439.3m were 33% ahead of last year's sales in the same period. After adjusting for the impact of the acquisition of the European Insulation businesses of CRH plc, which was completed in the period, Group sales were ahead of last year by 20% in the four month period. Of this 2% reflects the positive impact of currency translation, 6% was price with 12% reflecting volume growth. The Group's percentage operating margin overall was in line with the same period in 2010, reflecting the impact of raw material price increases. Net debt at the end of April was approximately €248.0m, an increase of €119.6m on the position at the end of 2010 due principally to the acquisition in the period. Interest cover remains in excess of 10 times.

OUR MARKETS

In the UK, the market overall has been solid with a gradual improvement in residential construction, an increase in refurbishment activity and good volumes in non-office related building activity. Mainland European markets are showing tentative signs of recovery with activity in Germany being particularly buoyant although order patterns in Eastern Europe remain somewhat erratic. Our North American businesses recorded a good performance overall in a flat construction market driven in the main by penetration growth in Insulated Panels and good data centre volumes in Access Floors offsetting the impact of a weaker office market. Australia recorded good sales growth in the period and Ireland, which represents 4% of Group sales, was flat overall year on year.

DIVISIONAL REVIEWS

Insulated Panels sales revenues increased by 27% in the first four months versus the same period last year. Overall order intake was strong through the first three months but weakened in April and was 5% ahead overall in the first four months. By territory, volume intake levels in the UK were ahead by 13%, Western Europe increased by 10%, Central and Eastern Europe was down 3% and North America increased by 5%. The order book at the end of April 2011 was modestly ahead of April 2010 which indicates a lower level of sales growth for the balance of the second quarter.

Insulation Board sales were up 74% (up 16% excluding the acquisition) to the end of April reflecting strong growth, with more favourable weather, but also some recovery in new build and refurbishment activity in the UK and Western Europe. The penetration of Kooltherm® products across all markets continued to grow, however chemical input costs across the division resulted in margin pressure during the period. A key highlight in the period was the completion of the acquisition of the European insulation businesses of CRH plc for an aggregate consideration of €120.7m. The integration of the businesses is progressing well and the disposal programme in respect of non-core activities is on track with €15.2m of proceeds generated in the period giving a net acquisition consideration to date of €105.5m.

Environmental & Renewables sales revenues were up 21% in the period under review reflecting strong sales in Mainland Europe and good Hot Water Systems sales in the UK. Whilst volumes are buoyant in the division margins are under some pressure year on year due to the impact of raw material inflation. The claim against Borealis commenced hearing in the High Court in London this week, although a decision in the case is not expected until towards the end of the year.

Access Floors sales revenues were in line with last year, which is a little better than expected, with stronger data centre volumes partially offsetting weaker office activity. Volumes are expected to weaken through the rest of the year as the impact of lower office activity becomes more pronounced.

OUTLOOK

As outlined in the preliminary results statement, raw material increases and the recovery of some from the marketplace, has been a key feature of the first four months. The near term expectation is for further raw material pricing pressure for the remainder of quarter two. For the second half, steel costs are likely to flatten, however, continued inflation on chemicals seems probable at this point.

Looking ahead, the second quarter's pipeline would indicate the continuation of the delicate economic recovery, particularly in the UK and North America, whilst our businesses in Germany and Australia are expected to be strong through mid-year. An element of the growth we have experienced in the year to date, as highlighted above, reflects adverse weather in the early part of 2010 and the comparison is likely to be more demanding as we go through the year. The momentum we have seen to date, together with the Group's solid order books, is likely to deliver an operating outcome for the first half of 2011 favourable to that of a year earlier.

Kingspan will issue its half year financial report for the period ended 30 June 2011 on Monday 22 August 2011.

BOARD CHANGES

Finally, the board wishes to thank Dermot Mulvihill for his commitment and contribution to the success of Kingspan over 25 years, and wishes him very well in his retirement which takes effect today. Geoff Doherty who joined the Board in January 2011 becomes the Group's Chief Financial Officer with immediate effect.

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