

## **Kingspan Group Plc**

### **Interim Management Statement**

11 November 2013

Kingspan Group Plc, the leading international provider of low energy building solutions, today issues the following Interim Management Statement, with trading information for the period from 1 July to 30 September 2013.

Sales in the nine month period to 30 September were €1.32bn, up 13% on prior year (+16% constant currency). The pace of sales growth progressed solidly during the third quarter with sales increasing by 14% (+19% constant currency) compared to the same period in 2012. Sales pre-acquisitions were down 3% (constant currency flat) in the first nine months and were behind in the third quarter compared to the same period in 2012 by 2% (constant currency + 3%).

Insulated Panels sales in the first nine months increased by 33% (+35% constant currency). Sales grew by 32% (+36% constant currency) in the third quarter compared to the same period last year. Sales revenue pre-acquisitions was down 2% (constant currency +1%) in the first nine months and was ahead in the third quarter compared to the same period in 2012 by 1% (constant currency +5%). Activity in the UK has picked up in more recent months and Western Europe saw solid activity through the third quarter similar to what was experienced in the second quarter. Central and Eastern Europe similarly experienced improved momentum in the second quarter, a pattern that has continued so far in the second half. The pace of sales growth in North America moderated to an extent in the third quarter in a somewhat quieter non-residential construction market. Sales in Australia recovered as expected in the third quarter following a sluggish first half.

Insulation Boards sales in the first nine months were down 3% (quarter three down 5%) compared with the same period last year. These metrics were both in line with prior year on a constant currency basis. The UK market overall has seen an increase in activity most particularly in new build residential although, the more significant non-residential segment for Kingspan, is not experiencing recovery to the same extent. Mainland European markets are stable overall with the Netherlands, in particular, stagnating at relatively low levels of activity.

Environmental sales in the first nine months were behind last year by 14% (-11% constant currency) due to significantly lower sales in the first quarter. Sales recovered and improved through the third quarter falling by 8% (-2% constant currency). Actions taken to structurally reduce the cost base and more recent progress in sales should contribute to an improved profit performance year on year.

Access Floors sales in the first nine months were 1% behind the same period last year (+3% constant currency). Sales in the third quarter were behind by 6% (+2% constant currency) with some momentum evident in UK office construction activity with sales a little subdued more recently in the US.

Net debt at the end of September 2013 was €146.8m, €75.3m lower than at the same point in 2012. The fourth quarter is a seasonally cash generative period and net debt levels by year end should be in the region of €100m.

Whilst there is clear evidence of recovery in certain sectors of UK construction markets, and perhaps in pockets elsewhere, recovery in other markets is generally more tentative. In particular, there has been a slowdown in activity in the US in the third quarter although it is too early to call this as a trend. Emerging regions for the Group including Australia, Turkey and the Middle East continue to progress well. Taking account of this, and with the seasonally important fourth quarter to come, the Group expects to deliver trading profit growth of approximately 10% for the year.

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