Kingspan Group Plc, the leading international provider of low energy building solutions, today issues the following Interim Management Statement for the period from 1 July to 30 September 2010.

Group turnover in the 9 months to 30 September was €865mn, up 6% year on year, with third quarter sales up 15% on prior year following a pattern of particularly strong order intake in the second quarter. The performance of the Group's businesses in the UK was solid given the challenging circumstances, and trading in Mainland Europe continued to build upon the improvements earlier in the year. While the North American construction environment remained subdued, Kingspan's Insulated Panel activity continued to grow its position, although office construction predictably weakened further. Ireland remains depressed, and in Australia our businesses have grown significantly throughout the year.

By product segment in the third quarter, Insulated Panels performed particularly well in most regions, up 20% year on year. Combined sales in the UK, Ireland and Western Europe grew 16% in quarter three, whilst the medium term project pipeline remained broadly flat through the period, where it had been gradually trending upward over the preceding year. Order intake has however reduced noticeably from the run rate in the second quarter, but was up 3% on prior year in the period. Central & Eastern Europe sales rose 30% in the quarter, and order intake remained encouraging, up 11%. Similarly in North America sales grew by 21%, and intake was up 10% in the period. In recent months, resistance has been experienced in passing through the sizeable steel and chemical cost increases from mid-year, resulting in pressure on margins. This pressure is likely to prevail for the foreseeable future given the expected macro weakness through the turn of the year, which can also be expected to impact on volumes.

Insulation Boards performed well in the period, with sales growing by 21% year on year, and up 10% excluding the recent acquisition in Australia. Activity was particularly robust in the UK, and growth was also achieved in the key future markets of Mainland Europe. Despite government incentive programmes being discontinued in Australia, the business in this region grew in the period as high performance insulation gradually builds its presence.

Environmental & Renewables sales were up 1% in the period, owing in the main to a subdued performance of solar hot water in Germany.

Access Floors sales were down 4% in the period. Whilst margins held up relatively well, volumes slipped further, particularly in North America, and are not expected to bottom out until 2011.

As announced on 11 November, the Group has agreed to acquire the European insulation activities of CRH for a consideration of approximately €120mn, which is subject to certain statutory approvals, and expected to complete early in 2011. This transaction bolsters Kingspan's position as the number one provider of non-fibrous insulation throughout Europe, and establishes a much wider platform from which to continue growing market penetration into the future. The acquisition is expected to be earnings neutral in 2011, and earnings enhancing thereafter. The deal will be comfortably funded from the Group's current facilities, still leaving Kingspan conservatively geared.

Net debt at the end of October 2010 was approximately €140mn, up marginally from the figure of €135.1 reported at 30 June last. This figure is expected to reduce by up to €10mn by year end. Capital expenditure, mainly of a maintenance nature, will be in the region of €20mn for the year as a whole.

Looking ahead, the more positive sentiment evident around mid-year has eased back recently as the many individual national austerity programmes become factored into more tame macro forecasts for the year ahead. That broad cautionary sense has also crept into expectations for the construction environment in many of the Group's markets.

Kingspan has made clear progress in the growth of its products' positions in many markets, although this underlying dynamic has been somewhat overshadowed by global weakness in recent years. This traction leaves the Board confident that those foundations will deliver significant growth in the future. More near-term however, the year to date performance coupled with the current order book is likely to deliver a 2010 full year operating profit in the range of €62mn to €65mn, compared to €62.7mn in prior year.

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