

Kingspan Group Plc

Trading Update

12 November 2018

Kingspan Group plc, the global leader in high performance insulation and building envelope solutions, today issues a Trading Update, with trading information for the period to 30 September 2018.

Sales in the nine month period to 30 September were €3.18bn, up 18% on the same period in the prior year (+21% pre currency). Sales in the third quarter were up 24% (+26% pre currency). Underlying sales, pre currency and acquisitions, were up 4% in the year to date and by 3% in the third quarter.

Insulated Panel sales in the first nine months increased by 20% (+23% pre currency), and increased by 30% (+32% pre currency) in the third quarter. Underlying sales were 4% ahead year to date and by 5% in the third quarter. Mainland European sales were solid in most markets and helped further by the Synthesia and Balex businesses, recently acquired. Both are performing to plan. In the UK sales momentum improved through the third quarter however activity on the medium and smaller project sizes remained subdued. The Americas continues to perform strongly both in sales and order placement.

Insulation Board sales in the first nine months were up 13% (+15% pre currency) and were up by 10% in quarter three (+10% pre currency). Underlying sales were up 3% year to date and decreased by 3% in the third quarter reflecting the impact of raw material deflation and the associated effect on the top line. Kooltherm® continues to perform robustly. The UK has seen some market softening in residential activity and a dynamic pricing environment. Mainland European sales have been a little subdued as we prioritise margin over volume and the Nordic region is performing well. Southern Europe has delivered a positive year and North America has improved marginally over prior year.

Light & Air sales in the first nine months increased by 50% (+52% pre currency) and were up 40% in quarter three (+40% pre currency) reflecting the impact of acquisition activity year on year. Underlying sales were up 8% year to date and by 4% in the third quarter. Mainland Europe has been solid overall and, whilst order intake has been strong in the US, sales have been sluggish due to postponements. The order book status augurs well for the early part of 2019.

Water and Energy sales in the first nine months were up 11% (+15% pre currency) and were up 16% in quarter three (+17% pre currency). Sales in most markets have been solid, albeit lacklustre in hot water applications, with wastewater and rainwater activity progressing well across the division.

Access Floors sales in the first nine months decreased by 3% (+1% pre currency) although improved somewhat in the third quarter with sales increasing by 4% (+5% pre currency). Datacentre solutions as well as sales of higher end floor finishes, a product suite developed in recent years, are both advancing.

Net debt at the end of September 2018 was €878.4m. Net debt at year end is forecast to be in the region of €750m.

Overall, our end markets are reasonably stable and, whilst our orders-on-hand are strong, we remain cognisant of the general sense of nervousness prevailing globally. Assuming currency exchange rates remain relatively constant and, conscious that much of the seasonally variable fourth quarter is still at play, we expect to deliver full year trading profit of c. €440m, or growth of approximately 15%.

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