

## **Kingspan Group Plc**

### **Trading Update**

18 November 2019

Kingspan Group plc, the global leader in high performance insulation and building envelope solutions, today issues a Trading Update for the period to 30 September 2019.

Sales in the nine month period to 30 September were €3.43bn, up 8% on the same period in the prior year with sales growth slowing to 2% in the third quarter. Underlying sales (pre currency and acquisitions) were up 2% in the year to date and were flat in the third quarter.

***Insulated Panel*** sales increased by 9% in the first nine months and increased by 1% in the third quarter. Underlying sales were 2% ahead year to date and were flat in the third quarter. The pace of sales activity has decreased significantly in a number of key markets in recent months. We have experienced a substantial reduction in order intake in the UK in the third quarter reducing by more than 15% in volume versus the same period in 2018. Mainland European markets are relatively stable overall with the notable exception of Germany. The Americas is performing solidly overall in both sales and intake.

***Insulation Board*** sales in the first nine months were up 3% and were down by 2% in the third quarter. Underlying sales were flat year to date and decreased by 2% in the third quarter with raw material related price deflation offsetting volume growth. Sales in the UK, Ireland and Germany eased considerably in the third quarter, offsetting growth in the US and Australia. These trends are expected to continue over the coming months.

***Light & Air*** sales in the first nine months and in the third quarter increased by 12%. Underlying sales were up 8% year to date and by 11% in the third quarter. Mainland Europe has been solid overall with a strong performance in the US reflecting a continuation of the trend seen earlier in the year.

***Water and Energy*** sales in the first nine months were up 3% and were down 3% in third quarter reflecting softness in the UK and reduced market activity in Australia impacting rainwater harvesting volumes.

***Data & Flooring*** sales in the first nine months increased by 14% and by 10% in the third quarter. Datacentre solutions as well as sales of higher end floor finishes continue to advance.

***On acquisitions***, on 6 November the Group completed the acquisition of Group Bacacier SAS an integrated metal profiling and insulated panel distributor with an extensive network across France with annual revenues of approximately €190m.

Net debt at the end of September 2019 was €622.5m. Net debt at year end is forecast to be in the region of €700m reflecting the acquisition of Group Bacacier.

Overall, our end markets are fragile reflecting an uncertain global macro backdrop. In particular, we are mindful of the deterioration in sentiment in some markets most notably in the UK. This is likely to influence sales activity in the first quarter of 2020 at least. Whilst conscious that much of the seasonally variable fourth quarter is still at play, we expect to deliver full year trading profit of c. €490m, or growth of approximately 10% versus 2018, and in line with consensus.

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