KINGSPAN GROUP PLC

PRELIMINARY RESULTS

Year Ended 31 December 2016

KINGSPAN GROUP PLC

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

Kingspan, the global leader in high performance insulation and building envelope solutions, reports its preliminary results for the year ended 31 December 2016.

Financial Highlights:

- Revenue up 12% to €3.1bn, (pre-currency, up 16%).
- Trading profit up 33% to €340.9m, (pre-currency, up 41%).
- Acquisitions contributed 11% to sales growth and 7% to trading profit growth in the year.
- Group trading margin of 11%, an increase of 180bps.
- Basic EPS up 35% to 143.8 cent.
- Final dividend per share of 23.5 cent. Total dividend for the year up 34% to 33.5 cent.
- Year-end net debt of €427.9m (2015: €328.0m). Net debt to EBITDA of 1.06x (2015: 1.04x).
- Increase in ROCE by 210bps to 17.3% (2015:15.2%).

Operational Highlights:

- Strong performance in the UK, clear recovery evident in much of Western Europe with the US more subdued in the second half.
- Insulated Panels in the UK had a strong year and the North American market cooled off somewhat towards year end. European sales were strong in the Netherlands and France, whilst more flat in Germany.
- Insulation Boards had another strong year in the UK with the US and European businesses making good gains.
- Environmental continued its recovery and posted strong margin expansion year on year.
- Access Floors activity remains a challenge in North America. The UK was positive and is unlikely to dip until the second half of 2017. Datacentre solutions continue to progress.
- Total capital investment in the year was €364m, of which €113m was capex, plus an acquisition spend of €251m.

Summary Financials:

	2016	*2015*	*% change*
Revenue €m	3,108.5	2,774.3	+12.0%
EBITDA €m	404.1	316.4	+27.7%
Trading Profit* €m	340.9	255.9	+33.2%
Trading Margin	11.0%	9.2%	+180bps
Profit after tax €m	255.5	190.6	+34.0%
EPS (cent)	143.8	106.7	+34.8%

**Operating profit before amortisation of intangibles*

Gene Murtagh, Chief Executive of Kingspan commented:

"2016 was another record year for Kingspan. Through our organic initiatives and acquisition strategy we are developing a truly global business well placed to capitalise on the transition towards a lower energy future. We are encouraged about the outlook for the first half of 2017, with the current order book solidly ahead of the same point last year. With low debt levels and strong cash generation we retain the flexibility to invest in new opportunities as they present themselves".

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Business Review

2016 was a very strong year for Kingspan, with record results and considerable progress on a range of strategic and innovation activities. Revenue grew by 12% to €3.1bn, resulting in EPS growth of 35% to 143.8 cent.

Organic growth and margin expansion were key themes during the year, with progress particularly evident across the UK, Ireland, the Nordics and much of Western Europe. The leverage benefit from the revenue growth, coupled with a favourable raw material environment delivered a trading margin improvement from 9.2% in 2015 to 11.0% in 2016. As the year progressed, construction activity in Germany and parts of Eastern Europe weakened somewhat, in contrast to trends in the Netherlands and France which are now substantial sources of revenue for Kingspan. Our business in North America also tapered off marginally in the second half, and order intake retreated somewhat which could impact first half sales revenue in 2017. The UK, notwithstanding the June 23rd referendum result, strengthened through the second half of 2016, and the order bank would point towards a positive start to the current year.

Strategy

Our strategic agenda is focused on the four pillars of Innovation, Globalisation, Penetration and Net Zero Energy. 2016 once again delivered notable advancements in all four areas:

- Product **Innovation** and range expansion progressed across the Group, the most significant of which was the roll-out of Quadcore® across approximately one third of our Insulated Panel facilities worldwide, with a plan to cover the remainder over the coming two years. The next generation Kooltherm® 100 range was launched during the year and delivers another advance in the thermal performance of this product, cementing its position at the forefront of high performance insulation globally. Kingspan also took a quantum step forward in daylighting, with the establishment of our Light & Air division. This was achieved through two acquisitions, making us the first player to serve both the European and North American markets from local manufacturing bases.

- **Globalisation** of Kingspan remains central to our ongoing progress. During 2016, we further built our position in North America, established a manufacturing presence in Mexico, and commenced construction of new facilities in Australia, the UAE and Finland. Our trading presence in a number of these markets is still relatively embryonic and we see significant longer term upside for high performance insulation and building envelopes.

- **Penetration** growth and conversion from traditional insulation and building methods has been a core driver of our success to date. As energy consumption, conservation, and its sources become increasingly centre-stage, so do the 'enablers'. Buildings consume approximately 40% of energy globally, and building design is therefore undergoing a comparable evolution to that already underway in the automotive world. As this pattern and trend deepens, so will the penetration of materials that facilitate this evolution. Kingspan's solutions are ideally positioned to play a key role in this dynamic.

- The pursuit of **Net Zero Energy** is at the heart of what we aim to achieve, both internally and externally. Our products and solutions greatly assist building designers, owners and occupiers to move in this direction and, within Kingspan itself, we are committed to achieving Net Zero Energy by 2020. Through saving, generating and procuring, we aim to use only renewable sources of power across the Group as a whole. This journey began in 2011 at 0% and in 2016 we achieved 57%, exceeding the 50% goal we had set for that period. We have several new initiatives either underway or being examined that will enable substantial advancements again in 2017 and beyond. We are a member of RE100, a group of international businesses committed to 100% renewable power, and we were selected as one of only 193 global companies on the Carbon Disclosure Project 'A List'.

Insulated Panels

	***FY*'16** **€m**	***FY*'15** **€m**	**Change**
Turnover	2,074.1	1,776.6	+17% (1)
Trading Profit	228.0	165.2	+38%
Trading Margin	11.0%	9.3%	+170bps

(1) Comprising underlying +5%, currency -3% and acquisitions +15%

Mainland Europe & Middle East

Activity across this region reflected a general improvement over 2015, although was somewhat mixed by country. Germany, the Netherlands and France are all broadly similar sized end-markets for us with the latter two posting encouraging increases over prior year as they continued to recover from the lows of recent years. Germany was steady by comparison, but more sluggish in the second half. Hungary and south central Europe performed well, as did the Nordics, whilst Poland and the Czech Republic were a little weaker towards year end.

Over the last couple of years activity in Turkey has been weak, and the focus of our team there and in the wider neighbouring region is on Quadcore® as a platform for growth in a market that is understandably unsteady at present.

UK

Sales and order intake in the United Kingdom were strong during 2016, a trend that continued robustly through the second half, despite the June referendum. General economic activity was solid and unwavering in the second half which translated into a positive performance for us, particularly when combined with growth in our wider product suite, including Benchmark®, in architectural applications. The business exited the year with an orderbook comfortably ahead of the same period in 2015.

Americas

Insulated Panels penetration has advanced considerably in North America over the past five years and did so again in 2016. That said, relative to other lower grade performance alternatives, it occupies a minor part of the market, with real scope to grow. Our business in the US was strong in the first half followed by a tougher second half, particularly with respect to order intake with a general pre-election lull and a degree of 'margin over volume' prioritisation by Kingspan. This could lead to a more subdued first half in the US. Conversely, Canada continues to perform well and the initial project pipeline activity in Mexico is encouraging.

Australasia

2016 was a year of progress for our business in Australasia, with strong growth in order intake in Australia particularly. New Zealand performed solidly and our bolstered team presence in South East Asia is delivering encouraging results. This wider region should, in time, contribute well to the Group.

Ireland

As the economy and the resultant construction market recovery continued, so did our business in Ireland, posting double-digit organic growth. We anticipate this trend to continue for the foreseeable future.

Light & Air

This product set has historically been reported as part of the broader Insulated Panels business. Now as we develop a standalone business, it will report as a separate division from 2017 onward. Revenue in 2016 was €75m, up from €11m a year earlier, due primarily to the acquired businesses in Germany, France and the US. Annualised run-rate revenue as we exited 2016 was in the order of €190m.

Insulation Boards

	FY '16 €m	*FY* '15 €m	Change
Turnover	688.1	662.8	+4% (1)
Trading Profit	78.5	61.3	+28%
Trading Margin	11.4%	9.2%	+220bps

(1) Comprising underlying +7%, currency -5% and acquisitions +2%

UK

Insulation Board and industrial insulation sales in the UK performed well during 2016. This was the result of targeted market share gains combined with robust growth in the penetration of Kooltherm®. The latter trend received a boost in the fourth quarter as we launched the next generation Kooltherm® 100 range. Additionally, as MDI supply was somewhat constrained in November, Kooltherm® became an upgrade substitute for many users. Overall, activity remained solid through year-end.

Mainland Europe

The performance of the business varied across the continent, but in general it was a positive year. The Netherlands, Germany and the Nordics performed particularly well, whilst Belgium and France were somewhat subdued. This was driven in the main by intensified competition from the relatively recently installed board capacity in that region.

Americas

Revenue in North America was slightly ahead of prior year, although limited by current capacity constraints. An investment to double our XPS Insulation capacity in the north east US is underway and should begin supply around mid 2017. In addition to this, we are ramping up our sales team/front-end investment in generating Kooltherm® specification across the region. This strategy will be further complemented as we develop a PIR manufacturing presence, and a number of locations are currently under review for these greenfield projects. Ultimately, we aim to offer the most comprehensive range of high performance Insulation solutions for the Americas, which is currently dominated by mineral fibre.

Australasia & Middle East

Sales revenue grew marginally during 2016 in both regions. Australia is focused on growing Kooltherm® as the Melbourne plant start-up nears, a facility that will be the most advanced Insulation Board operation in Australasia. This will provide ample capacity for at least the next five years. In the Gulf region sales growth was less lively than a year earlier reflecting weaker activity in Saudi Arabia. With a view to the longer term, we are in the process of commencing a second ducting insulation line in Dubai which is currently being commissioned.

Ireland

Activity and revenue growth in Ireland has been notably strong and is likely to remain so for the foreseeable future.

Environmental

	FY '16 €m	*FY '15* €m	Change
Turnover	162.0	159.0	+2% (1)
Trading Profit	11.3	8.1	+40%
Trading Margin	7.0%	5.1%	+190bps

(1) Comprising underlying -1%, currency impact -10% and acquisitions +13%

The Environmental division has performed very strongly during 2016, with particular emphasis on geographic expansion and margin restoration. To those ends, we established a foothold in Australasia with the acquisition of Tankworks in Sydney, a rainwater harvesting business, which is now the platform for our wider Environmental offering in the region.

Margin across the division improved significantly from 5.1% in 2015 to 7.0% in 2016, boosted in particular by the UK, Poland and latterly Australia.

Access Floors

	FY '16 €m	*FY '15* €m	Change
Turnover	184.3	175.9	+5% (1)
Trading Profit	23.1	21.3	+8%
Trading Margin	12.5%	12.1%	+40bps

(1) Comprising underlying +10% and currency -5%

In North America, grade A office construction activity remains a challenge which directly impacts our Access Floor revenues in the region. This has resulted in a strategy to diversify the offering with more emphasis on cloud solutions for the datacentre market where we have made significant progress and insulated the business from the weakness of its traditional end-market. These cloud/data oriented products are now being offered more globally and add an attractive dimension to the European and Australasian businesses.

In the UK, office construction was strong during 2016, and is likely to remain so for the first half of 2017, with the pipeline dipping thereafter.

Financial Review

The Financial Review provides an overview of the Group's financial performance for the year ended 31 December 2016 and of the Group's financial position at that date.

Overview of results

Group revenue increased by 12% to €3.11bn (2015: €2.77bn) and trading profit increased by 33% to €340.9m (2015: €255.9m) resulting in an improvement of 180 basis points in the Group's trading profit margin to 11.0% (2015: 9.2%). Basic EPS for the year was 143.8 cent (2015: 106.7 cent), representing an increase of 35%.

The Group's underlying sales and trading profit growth by division are set out below:

Sales	Underlying	Currency	Acquisition	Total
Insulated Panels	+5%	-3%	+15%	+17%
Insulation Boards	+7%	-5%	+2%	+4%
Environmental	-1%	-10%	+13%	+2%
Access Floors	+10%	-5%	-	+5%
Group	+5%	-4%	+11%	+12%

The Group's trading profit measure is earnings before interest, tax and amortisation of intangibles:

Trading Profit	Underlying	Currency	Acquisition	Total
Insulated Panels	+39%	-8%	+7%	+38%
Insulation Boards	+32%	-7%	+3%	+28%
Environmental	+14%	-14%	+40%	+40%
Access Floors	+14%	-6%	-	+8%
Group	+34%	-8%	+7%	+33%

The key drivers of sales and trading profit performance in each division are set out in the Business Review.

Finance costs (net)
Finance costs for the year decreased by €0.5m to €14.3m (2015: €14.8m). Finance costs included a non-cash charge of €0.1m (2015: €0.1m) in respect of the Group's legacy defined benefit pension schemes. A net non-cash charge of €0.1m (2015: €0.5m) was recorded in respect of swaps on the Group's USD private placement notes. The Group's net interest expense on borrowings (bank and loan notes) was €14.1m (2015: €14.2m). This decrease reflects higher average net debt levels in 2016, due to acquisition spend, offset by favourable financing initiatives undertaken over the course of 2015 and 2016. The interest expense is driven extensively by gross debt balances with cash yields negligible in the current environment.

Taxation
The tax charge for the year was €58.5m (2015: €41.4m) which represents an effective tax rate of 18.6% (2015: 17.8%). The increase in the effective rate reflects, primarily, the change in the geographical mix of earnings year on year.

Divisional reporting
The Group is establishing a new division, Kingspan Light & Air, encompassing the Group's daylighting and natural ventilation activities effective from January 2017. The extent of these activities increased significantly in the second half of 2016 with the acquisitions of Essmann in August 2016 and Bristolite in November 2016. In 2016, this activity is reported within the Insulated Panels division with a plan in place to facilitate full systematic separation and divisional management with effect from the 2017 financial year.

Dividends
The Board has proposed a final dividend of 23.5 cent per ordinary share payable on 5 May 2017 to shareholders registered on the record date of 31 March 2017. When combined with the interim dividend of 10.0 cent per share, the total dividend for the year increased to 33.5 cent (2015: 25.0 cent), an increase of 34%.

Retirement benefits
The primary method of pension provision for current employees is by way of defined contribution arrangements. The Group has two legacy defined benefit schemes in the UK which are closed to new members and to future accrual. In addition, the Group assumed a number of smaller defined benefit pension liabilities in mainland Europe through acquisitions completed in recent years. The net pension liability in respect of these schemes and obligations was €14.1m (2015: €7.3m) as at 31 December 2016.

Intangible assets and goodwill
Intangible assets and goodwill increased during the year by €182.4m to €1,082.0m (2015: €899.6m). Intangible assets and goodwill of €203.9m were recorded in the year relating to acquisitions completed by the Group, offset by annual amortisation of €12.6m and a decrease due to year end exchange rates used to translate intangible assets and goodwill other than those denominated in euro.

Key performance indicators - financial
The Group has a set of financial key performance indicators (KPIs) which are set out in the table below. These KPIs are used to measure the financial and operational performance of the Group and are used to track progress in achieving medium and long term targets.

Key performance indicators	2016	2015
Basic EPS growth	35%	70%
Sales growth	12%	47%
Trading margin	11.0%	9.2%
Free cashflow (€m)	206.6	267.0
Return on capital employed	17.3%	15.2%
Net debt/EBITDA	1.06x	1.04x

(a) Basic EPS growth. The growth in EPS is accounted for by the 33% increase in trading profit, generating a 34% increase in profit after tax.

(b) Sales growth of 12% (2015: 47%) was driven by an 11% contribution from acquisitions, a 5% increase in underlying sales and a 4% decrease due to the effect of currency translation.

(c) Trading margin by division is set out below:

	2016	2015
Insulated Panels	11.0%	9.3%
Insulation Boards	11.4%	9.2%
Environmental	7.0%	5.1%
Access Floors	12.5%	12.1%

The Insulated Panels division trading margin reflects a continuing improvement in the higher margin architectural and industrial insulated panel mix as well as the impact of more subdued input prices in the earlier part of the year. The trading margin improvement in the Insulation Boards division reflects a positive Kooltherm® mix, a positive geographical mix and more favourable input prices. The increase in the Environmental trading margin reflects a tighter product set, a widening of the geographical base and growth in rainwater harvesting activity in Australia. The increase in trading margin in Access Floors reflects a positive market mix and ongoing development of higher margin floor finishes and new datacentre product lines.

(d) Free cashflow is an important indicator and it reflects the amount of internally generated capital available for re-investment in the business or for distribution to shareholders.

Free cashflow	2016 €m	2015 €m
EBITDA*	404.1	316.4
Non-cash items	12.4	21.1
Movement in working capital	(53.1)	37.9
Pension contributions	(2.9)	(2.8)
Movement in provisions	13.7	7.1
Net capital expenditure	(103.1)	(69.5)
Net interest paid	(14.2)	(14.5)
Income taxes paid	(50.3)	(28.7)
Free cashflow	206.6	267.0

**Earnings before finance costs, income taxes, depreciation and amortisation*

Working capital at year end was €382.7m (2015: €301.8m) and represents 12.3% (2015: 10.9%) of annual turnover. This metric is closely managed and monitored throughout the year and is subject to a certain amount of seasonal variability associated with trading patterns and the timing of significant purchases of steel and chemicals. The increase year on year reflects, primarily, untypically low inventory levels at the end of 2015 which have returned to more normal levels at the end of 2016.

(e) Return on capital employed, calculated as operating profit divided by total equity plus net debt, was 17.3% in 2016 (2015: 15.2%). The creation of shareholder value through the delivery of long term returns well in excess of the Group's cost of capital is a core principle of Kingspan's financial strategy. The increase in profitability and operating leverage has increased returns on capital during the year.

(f) Net debt to EBITDA measures the ratio of net debt to earnings and at 1.06x (2015:1.04x) is comfortably less than the Group's banking covenant of 3.5x in both 2016 and 2015.

Key performance indicators – non-financial

The Group measures and monitors a number of non-financial key performance indicators to measure progress on critical aspects of the Group's strategy:

a) **Net Zero Energy** - The Group's Net Zero Energy agenda is a set of initiatives across the business globally targeting the adoption of renewable power.

b) **Carbon Disclosure Project** - The Group maintains an ongoing commitment to carbon reporting and reducing our impact on the environment. For the fifth consecutive year the Group participated in the Carbon Disclosure Project (CDP) and we are one of only 193 companies to make the global 'A List'.

c) **New Product Development** – The ongoing development of the Group's high performance insulation and building envelope proposition is the bedrock of the Group's continuing success. During 2016, the Insulated Panels division further extended its Quadcore® technology following an intensive R&D effort and the initial launch in 2015. The Insulation Boards division launched its next generation Kooltherm® 100 range and

Access Floors launched an exposed concrete finish product range during 2015, which has progressed well in 2016, with ongoing development of highly efficient datacentre solutions.

Acquisitions and capital expenditure

Committed acquisition and capital expenditure amounted to €364m during 2016 comprising capital expenditure of €113m and an acquisition spend of €251m. Capital expenditure of €113m (2015: €79.3m) compares to a depreciation charge of €63.2m (2015: €60.5m). The acquisition spend of €251m was comprised as follows:

On 30 April the Group's subsidiary, Joris Ide, acquired Euro Clad in the UK and on 17 August acquired Eurobond, a former affiliate of Euro Clad. The aggregate consideration was €94m payable in cash on completion. Euro Clad and Eurobond will further develop the Group's presence in higher end architectural facades and building envelopes in the UK.

On 31 August, the Group acquired Essmann, a leading European daylighting business, for a cash consideration of €80m on completion. This acquisition will serve as the Group's daylighting platform in Europe.

In addition, the Group made four smaller acquisitions during the year for an aggregate cash consideration of €77m:

- Tankworks: an Australian rainwater harvesting business was acquired on 29 April;
- Bristolite: a US daylighting business was acquired on 2 November;
- Paroc: a Finnish insulated panels business was acquired on 14 December; and
- Isocab Isobar NV: a Belgian insulated panels business was acquired on 31 October.

Capital structure and Group financing

The Group funds itself through a combination of equity and debt. Debt is funded through syndicated and bilateral bank facilities and private placement loan notes. The primary bank debt facility is a €300m revolving credit facility, which was undrawn at year end and which matures in March 2019. As at 31 December 2016, the Group's committed bilateral bank facilities were €160m, none of which was drawn. Private placement loan note funding net of related derivatives totals €642.6m. The weighted average maturity of the notes is 6.5 years, including a new private placement of €250m completed on 16 November 2016. Of this, €220m was funded on completion with an additional €30m tranche drawdown taking place in March 2017.

The Group had significant available undrawn facilities and cash balances which, in aggregate, were €682m at 31 December 2016 and provide appropriate headroom for ongoing operational requirements and development funding.

Net debt

Net debt increased by €99.9m during 2016 to €427.9m (2015: €328.0m). This is analysed in the table below:

Movement in net debt	2016 €m	2015 €m
Free cashflow	206.6	267.0
Acquisitions	(254.4)	(438.7)
Share issues	3.2	9.3
Repurchase of shares	(1.3)	-
Dividends paid	(48.4)	(31.8)
Cashflow movement	(94.3)	(194.2)
Exchange movements on translation	(5.6)	(8.3)
Increase in net debt	(99.9)	(202.5)
Net debt at start of year	(328.0)	(125.5)
Net debt at end of year	(427.9)	(328.0)

Key financial covenants

The majority of Group borrowings are subject to primary financial covenants calculated in accordance with lenders' facility agreements:

- A maximum net debt to EBITDA ratio of 3.5 times; and
- A minimum EBITDA to net interest coverage of 4 times.

The performance against these covenants in the current and comparative year is set out below:

	Covenant	2016 Times	2015 Times
Net debt/EBITDA	Maximum 3.5	1.06	1.04
EBITDA/Net interest	Minimum 4.0	28.3	21.4

Investor relations

Kingspan is committed to interacting with the international financial community to ensure a full understanding of the Group's strategic plans and its performance against these plans. During the year, the executive management presented at 6 capital market conferences and conducted 401 institutional one-on-one and group meetings.

Share price and market capitalisation

The Company's shares traded in the range of €18.09 to €26.12 during the year. The share price at 31 December 2016 was €25.80 (31 December 2015: €24.31) giving a market capitalisation at that date of €4.6bn (2015: €4.3bn). Total shareholder return for 2016 was 7.4%.

Financial risk management

The Group operates a centralised treasury function governed by a treasury policy approved by the Group Board. This policy primarily covers foreign exchange risk, credit risk, liquidity risk and interest rate risk. The principal objective of the policy is to minimise financial risk at reasonable cost. Adherence to the policy is monitored by the CFO and the Internal Audit function. The Group does not engage in speculative trading of derivatives or related financial instruments.

Looking Ahead

The scene is set for a dynamic 2017 with the political and potentially economic sands shifting worldwide. Notwithstanding the potential concerns as to what this may lead to, Kingspan's increasingly global and high performance product set positions the business well to capitalise on, and to move with, any emergent trends.

The Group's orderbook is solidly ahead of the same point in 2016 which is encouraging for revenue growth in the early part of the current year. The 2016 financial year reflected favourable input prices at untypically low levels. That tide has turned and it is our intention to pass through the significant industry inflation experienced in recent months. We expect further increases in our cost base as we move through the first half and the recovery effort will be ongoing.

Overall, Kingspan is well positioned at the centre of a global transition towards a lower energy and lower emissions future.

On behalf of the Board

Gene Murtagh	Geoff Doherty
Chief Executive Officer	Chief Financial Officer
17 February 2017	17 February 2017

Kingspan Group plc

Group Condensed Income Statement
for the year ended 31 December 2016

	Note	**2016 €m**	2015 €m
REVENUE	2	**3,108.5**	2,774.3
Cost of sales		**(2,168.3)**	(1,966.9)
GROSS PROFIT		**940.2**	807.4
Operating costs, excluding intangible amortisation		**(599.3)**	(551.5)
TRADING PROFIT	2	**340.9**	255.9
Intangible amortisation	2	**(12.6)**	(9.1)
OPERATING PROFIT		**328.3**	246.8
Finance expense	3	**(14.4)**	(15.1)
Finance income	3	**0.1**	0.3
PROFIT FOR THE YEAR BEFORE INCOME TAX		**314.0**	232.0
Income tax expense		**(58.5)**	(41.4)
NET PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**255.5**	190.6
Attributable to owners of Kingspan Group plc		**255.4**	188.1
Attributable to non-controlling interests		**0.1**	2.5
		255.5	190.6
EARNINGS PER SHARE FOR THE YEAR			
Basic	8	**143.8c**	106.7c
Diluted	8	**141.6c**	105.0c

Gene M. Murtagh
Chief Executive Officer

Geoff Doherty
Chief Financial Officer

17 February 2017

Kingspan Group plc

Group Condensed Statement of Comprehensive Income

for the year ended 31 December 2016

	2016	2015
	€m	€m
Profit for the year	**255.5**	190.6
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	**(43.8)**	40.6
Effective portion of changes in fair value of cash flow hedges	**(0.7)**	3.2
Income taxes relating to changes in fair value of cash flow hedges	**0.1**	(0.1)
Items that will not be reclassified subsequently to profit or loss		
Actuarial (losses)/gains on defined benefit pension schemes	**(2.9)**	1.8
Income taxes relating to actuarial (losses)/gains on defined benefit pension schemes	**0.6**	(0.2)
Total other comprehensive income	**(46.7)**	45.3
Total comprehensive income for the year	**208.8**	235.9
Attributable to owners of Kingspan Group plc	**208.2**	232.5
Attributable to non-controlling interests	**0.6**	3.4
	208.8	235.9

Kingspan Group plc

Group Condensed Statement of Financial Position
As at 31 December 2016

	2016	2015
	€m	€m
ASSETS		
NON-CURRENT ASSETS		
Goodwill	**990.1**	821.2
Other intangible assets	**91.9**	78.4
Property, plant and equipment	**665.5**	619.1
Derivative financial instruments	**40.6**	29.6
Retirement benefit assets	**6.7**	7.8
Deferred tax assets	**12.0**	10.9
	1,806.8	1,567.0
CURRENT ASSETS		
Inventories	**365.5**	293.5
Trade and other receivables	**601.9**	474.5
Derivative financial instruments	**8.4**	2.1
Cash and cash equivalents	**222.0**	212.0
	1,197.8	982.1
TOTAL ASSETS	**3,004.6**	2,549.1
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	**585.2**	468.2
Provisions for liabilities	**55.5**	47.2
Derivative financial instruments	**-**	0.1
Deferred contingent consideration	**6.8**	9.5
Interest bearing loans and borrowings	**41.1**	98.7
Current income tax liabilities	**77.1**	64.5
	765.7	688.2
NON-CURRENT LIABILITIES		
Retirement benefit obligations	**20.8**	15.1
Provisions for liabilities	**45.4**	36.4
Interest bearing loans and borrowings	**657.3**	470.9
Deferred tax liabilities	**37.8**	44.1
Deferred contingent consideration	**6.1**	0.6
	767.4	567.1
TOTAL LIABILITIES	**1,533.1**	1,255.3
NET ASSETS	**1,471.5**	1,293.8
EQUITY		
Share capital	**23.4**	23.3
Share premium	**95.6**	92.5
Capital redemption reserve	**0.7**	0.7
Treasury shares	**(12.5)**	(11.3)
Other reserves	**(58.9)**	(17.7)
Retained earnings	**1,406.6**	1,194.9
EQUITY ATTRIBUTABLE TO OWNERS OF KINGSPAN GROUP PLC	**1,454.9**	1,282.4
NON-CONTROLLING INTEREST	**16.6**	11.4
TOTAL EQUITY	**1,471.5**	1,293.8

Gene M. Murtagh	Geoff Doherty	17 February 2017
Chief Executive Officer	*Chief Financial Officer*	

Kingspan Group plc

Group Condensed Statement of Changes in Equity

for the year ended 31 December 2016

	Share Capital €m	Share Premium €m	Capital Redemption Reserve €m	Treasury Shares €m	Translation Reserve €m	Cash Flow Hedging Reserve €m	Share Based Payment Reserve €m	Revaluation Reserve €m	Retained Earnings €m	Total Attributable to Owners of the Parent €m	Non-Controlling Interest €m	Total Equity €m
Balance at 1 January 2016	23.3	92.5	0.7	(11.3)	(50.9)	2.9	29.6	0.7	1,194.9	1,282.4	11.4	**1,293.8**
Transactions with owners recognised directly in equity												
Employee share based compensation	0.1	3.1	-	-	-	-	10.4	-	-	13.6	-	**13.6**
Tax on employee share based compensation	-	-	-	-	-	-	(0.3)	-	1.7	1.4	-	**1.4**
Exercise or lapsing of share options	-	-	-	-	-	-	(6.4)	-	6.4	-	-	**-**
Repurchase of shares	-	-	-	(1.3)	-	-	-	-	-	(1.3)	-	**(1.3)**
Transfer of shares	-	-	-	0.1	-	-	-	-	-	0.1	-	**0.1**
Dividends	-	-	-	-	-	-	-	-	(48.0)	(48.0)	-	**(48.0)**
Transactions with non-controlling interests:												
Arising on acquisition	-	-	-	-	-	-	-	-	-	-	3.5	**3.5**
Change of ownership interest	-	-	-	-	-	-	-	-	(1.5)	(1.5)	1.5	**-**
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(0.4)	**(0.4)**
Transactions with owners	0.1	3.1	-	(1.2)	-	-	3.7	-	(41.4)	(35.7)	4.6	**(31.1)**
Total comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	255.4	255.4	0.1	**255.5**
Other comprehensive income:												
Items that may be reclassified subsequently to profit or loss												
Cash flow hedging in equity												
- current year	-	-	-	-	-	(0.7)	-	-	-	(0.7)	-	**(0.7)**
- tax impact	-	-	-	-	-	0.1	-	-	-	0.1	-	**0.1**
Exchange differences on translating foreign operations	-	-	-	-	(44.3)	-	-	-	-	(44.3)	0.5	**(43.8)**
Items that will not be reclassified subsequently to profit or loss												
Actuarial losses of defined benefit pension scheme	-	-	-	-	-	-	-	-	(2.9)	(2.9)	-	**(2.9)**
Income taxes relating to actuarial losses on defined benefit pension scheme	-	-	-	-	-	-	-	-	0.6	0.6	-	**0.6**
Total comprehensive income for the year	-	-	-	-	(44.3)	(0.6)	-	-	253.1	208.2	0.6	**208.8**
Balance at 31 December 2016	23.4	95.6	0.7	(12.5)	(95.2)	2.3	33.3	0.7	1,406.6	1,454.9	16.6	**1,471.5**

Kingspan Group plc

Group Condensed Statement of Changes in Equity

for the year ended 31 December 2015

	Share Capital €m	Share Premium €m	Capital Redemption Reserve €m	Treasury Shares €m	Translation Reserve €m	Cash flow Hedging Reserve €m	Share Based Payment Reserve €m	Revaluation Reserve €m	Retained Earnings €m	Total Attributable to Owners of the Parent €m	Non-Controlling Interest €m	Total Equity €m
Balance at 1 January 2015	23.0	48.4	0.7	(30.7)	(90.6)	(0.2)	26.9	0.7	1,022.9	1,001.1	8.0	**1,009.1**
Employee share based compensation	0.3	9.0	-	-	-	-	8.1	-	-	17.4	-	**17.4**
Tax on employee share based compensation	-	-	-	-	-	-	6.3	-	2.4	8.7	-	**8.7**
Exercise or lapsing of share options	-	-	-	-	-	-	(11.7)	-	11.7	-	-	**-**
Transfer of shares	-	35.1	-	19.4	-	-	-	-	-	54.5	-	**54.5**
Dividends	-	-	-	-	-	-	-	-	(31.8)	(31.8)	-	**(31.8)**
Transactions with owners	0.3	44.1	-	19.4	-	-	2.7	-	(17.7)	48.8	-	**48.8**
Total comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	188.1	188.1	2.5	**190.6**
Other comprehensive income:												
Items that may be reclassified subsequently to profit or loss												
Cash flow hedging in equity												
- current year	-	-	-	-	-	3.2	-	-	-	3.2	-	**3.2**
- tax impact	-	-	-	-	-	(0.1)	-	-	-	(0.1)	-	**(0.1)**
Exchange differences on translating foreign operations	-	-	-	-	39.7	-	-	-	-	39.7	0.9	**40.6**
Items that will not be reclassified subsequently to profit or loss												
Actuarial gains on defined benefit pension scheme	-	-	-	-	-	-	-	-	1.8	1.8	-	**1.8**
Income taxes relating to actuarial gains on defined benefit pension scheme	-	-	-	-	-	-	-	-	(0.2)	(0.2)	-	**(0.2)**
Total comprehensive income for the year	-	-	-	-	39.7	3.1	-	-	189.7	232.5	3.4	**235.9**
Balance at 31 December 2015	**23.3**	**92.5**	**0.7**	**(11.3)**	**(50.9)**	**2.9**	**29.6**	**0.7**	**1,194.9**	**1,282.4**	**11.4**	**1,293.8**

Kingspan Group plc

Group Condensed Statement of Cash Flows

for the year ended 31 December 2016

	Note	**2016**	2015
		€m	€m
OPERATING ACTIVITIES			
Cash generated from operations	6	**374.2**	379.7
Income tax paid		**(50.3)**	(28.7)
Interest paid		**(14.3)**	(14.8)
Net cash flow from operating activities		**309.6**	336.2
INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(113.3)**	(79.3)
Proceeds from disposals of property, plant and equipment		**10.2**	9.8
Purchase of subsidiary undertakings	9	**(251.4)**	(434.4)
Payment of deferred contingent consideration in respect of acquisitions		**(3.0)**	(4.3)
Interest received		**0.1**	0.3
Net cash flow from investing activities		**(357.4)**	(507.9)
FINANCING ACTIVITIES			
Drawdown of bank loans	5	**220.0**	336.5
Repayment of bank loans	5	**(99.4)**	(119.3)
Increase/(decrease) in lease finance	5	**1.8**	(0.5)
Proceeds from share issues		**3.2**	9.3
Repurchase of shares		**(1.3)**	-
Dividends paid to non-controlling interests		**(0.4)**	-
Dividends paid	7	**(48.0)**	(31.8)
Net cash flow from financing activities		**75.9**	194.2
INCREASE IN CASH AND CASH EQUIVALENTS	5	**28.1**	22.5
Effect of movements in exchange rates on cash held		**(18.1)**	3.8
Cash and cash equivalents at the beginning of the year		**212.0**	185.7
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**222.0**	212.0

Notes to the Preliminary Results
for the year ended 31 December 2016

1 GENERAL INFORMATION

The financial information presented in this report has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as set out in the Group's annual financial statements in respect of the year ended 31 December 2015 except as noted below. The financial information does not include all the information and disclosures required in the annual financial statements. The Annual Report will be distributed to shareholders and made available on the Company's website www.kingspan.com in due course. It will also be filed with the Company's annual return in the Companies Registration Office. The auditors have reported on the financial statements for the year ended 31 December 2016 and their report was unqualified and did not contain any matters to which attention was drawn by way of emphasis. The financial information for the year ended 31 December 2015 represents an abbreviated version of the Group's statutory financial statements on which an unqualified audit report was issued and which have been filed with the Companies Registration Office.

Basis of preparation and accounting policies

The financial information contained in this Preliminary Statement has been prepared in accordance with the accounting policies set out in the last annual financial statements.

IFRS does not define certain Income Statement headings. For clarity, the following are the definitions as applied by the Group:

- Trading profit refers to the operating profit generated by the businesses before intangible asset amortisation.
- Trading margin refers to the trading profit, as calculated above, as a percentage of revenue.
- Operating profit is profit before income taxes and net finance costs.

The Group adopted *Annual Improvements to IFRSs 2012 to 2014 Cycle* for the first time in the current financial year with no significant impact on the Group's result for the year or financial position.

There are a number of new standards, amendments to standards and interpretations that are not yet effective and have not been applied in preparing these consolidated financial statements. These new standards, amendments to standards and interpretations are either not expected to have a material impact on the Group's financial statements or are still under assessment by the Group.

The new standards, amendments to standards and interpretations are as follows:

	Effective Date – periods beginning on or after
Amendments to IAS 7: *Disclosure Initiative*	1 January 2017
Amendments to IAS 12: *Recognition of deferred tax assets for unrealised losses*	1 January 2017
IFRS 15: *Revenue from contracts with customers*	1 January 2018
IFRS 9 *Financial Instruments (2009 and subsequent amendments in 2010 and 2013)*	1 January 2018
Clarification to IFRS 15: *Revenue from contracts with customers*	1 January 2018*
Amendments to IFRS 2: *Classification and measurement of share based payment transactions*	1 January 2018*
IFRS 16: *Leases*	1 January 2019*

* Not yet EU endorsed

2 SEGMENT REPORTING

In identifying the Group's operating segments, management based its decision on the product supplied by each segment and the fact that each segment is managed and reported separately to the Chief Operating Decision Maker. These operating segments are monitored and strategic decisions are made on the basis of segment operating results.

The Group is establishing a new division, Kingspan Light & Air, encompassing the Group's daylighting and natural ventilation activities effective from January 2017. The extent of these activities increased significantly in the second half of the current year. This activity is reported within the Insulated Panels division with a plan in place to facilitate full systematic and operational separation effective from 1 January 2017 and therefore Light & Air will be disclosed as a new operating segment from that point onwards.

Operating segments
The Group has the following four operating segments:

Insulated Panels	Manufacture of insulated panels, structural framing and metal facades.
Insulation Boards	Manufacture of rigid insulation boards, building services insulation and engineered timber systems.
Environmental	Manufacture of energy storage solutions, water and microwind systems and all related service activities.
Access Floors	Manufacture of raised access floors and datacentre storage solutions.

Analysis by class of business
Segment revenue

	Insulated Panels €m	Insulation Boards €m	Environmental €m	Access Floors €m	Total €m
Total revenue – 2016	2,074.1	688.1	162.0	184.3	**3,108.5**
Total revenue – 2015	1,776.6	662.8	159.0	175.9	2,774.3

Inter-segment transfers are carried out at arm's length prices and using an appropriate transfer pricing methodology. As inter-segment revenue is not material, it is not subject to separate disclosure in the above analysis. For the purposes of the segmental analysis, corporate overheads have been allocated to each division based on their respective revenue for the year.

Segment result (profit before net finance expense)

	Insulated Panels €m	Insulation Boards €m	Environmental €m	Access Floors €m	Total 2016 €m	Total 2015 €m
Trading profit – 2016	228.0	78.5	11.3	23.1	**340.9**	
Intangible amortisation	(8.3)	(3.1)	(1.2)	-	**(12.6)**	
Operating profit – 2016	219.7	75.4	10.1	23.1	**328.3**	
Trading profit – 2015	165.2	61.3	8.1	21.3		255.9
Intangible amortisation	(5.9)	(3.1)	(0.1)	-		(9.1)
Operating profit – 2015	159.3	58.2	8.0	21.3		246.8
Net finance expense					**(14.3)**	(14.8)
Profit for the year before tax					**314.0**	232.0
Income tax expense					**(58.5)**	(41.4)
Net profit for the year					**255.5**	190.6

Segment assets

	Insulated Panels €m	Insulation Boards €m	Environmental €m	Access Floors €m	Total 2016 €m	Total 2015 €m
Assets – 2016	1,806.7	595.9	159.0	160.0	**2,721.6**	
Assets – 2015	1,401.3	586.2	149.9	157.1		2,294.5
Derivative financial instruments					**49.0**	31.7
Cash and cash equivalents					**222.0**	212.0
Deferred tax assets					**12.0**	10.9
Total assets as reported in the Consolidated Statement of Financial Position					**3,004.6**	2,549.1

Segment liabilities

	Insulated Panels €m	Insulation Boards €m	Environmental €m	Access Floors €m	**Total 2016 €m**	Total 2015 €m
Liabilities – 2016	(508.6)	(136.2)	(45.7)	(29.3)	**(719.8)**	
Liabilities – 2015	(377.0)	(133.9)	(39.9)	(26.2)		(577.0)
Interest bearing loans and borrowings (current and non-current)					**(698.4)**	(569.6)
Derivative financial instruments (current and non-current)					**-**	(0.1)
Income tax liabilities (current and deferred)					**(114.9)**	(108.6)
Total liabilities as reported in the Consolidated Statement of Financial Position					**(1,533.1)**	(1,255.3)

Other segment information

	Insulated Panels €m	Insulation Boards €m	Environmental €m	Access Floors €m	Total €m
Capital investment – 2016 *	112.2	38.5	11.0	8.1	**169.8**
Capital investment – 2015 *	209.4	26.4	3.5	5.3	244.6
Depreciation included in segment result – 2016	(43.0)	(14.5)	(3.3)	(2.4)	**(63.2)**
Depreciation included in segment result – 2015	(38.7)	(15.7)	(3.7)	(2.4)	(60.5)
Non-cash items included in segment result – 2016	(6.6)	(2.0)	(0.9)	(0.9)	**(10.4)**
Non-cash items included in segment result – 2015	(4.7)	(2.0)	(0.6)	(0.8)	(8.1)

* Capital investment includes fair value of property, plant and equipment and intangible assets acquired in business combinations.

Analysis of segmental data by geography

	Republic of Ireland €m	United Kingdom €m	Rest of Europe €m	Americas €m	Others €m	Total €m
Income Statement Items						
Revenue – 2016	118.0	834.4	1,287.5	630.4	238.2	**3,108.5**
Revenue – 2015	92.4	816.9	1,079.3	566.7	219.0	2,774.3
Statement of Financial Position Items						
Non-current assets – 2016 *	47.9	381.3	716.9	441.2	166.9	**1,754.2**
Non-current assets – 2015 *	49.3	351.2	628.2	382.8	115.0	1,526.5
Other segmental information						
Capital investment – 2016	3.5	32.7	72.2	29.4	32.0	**169.8**
Capital investment – 2015	5.3	21.7	141.1	55.8	20.7	244.6

* Total non-current assets excluding derivative financial instruments and deferred tax assets.

The Group has a presence in over 70 countries worldwide. The revenues from external customers and non-current assets (as defined in IFRS 8) attributable to the country of domicile and all foreign countries or regions of operation are as set out above and specific regions are highlighted separately on the basis of materiality.

There are no material dependencies or concentrations on individual customers which would warrant disclosure under IFRS 8. The individual entities within the Group each have a large number of customers spread across various activities, end-users and geographies.

3 FINANCE EXPENSE AND FINANCE INCOME

	2016	2015
	€m	€m
Finance expense		
Bank loans	**2.1**	3.9
Private placement loan notes	**12.1**	10.6
Fair value movement on derivative financial instrument	**(20.4)**	(14.8)
Fair value movement on private placement debt	**20.5**	15.3
Net defined benefit pension scheme	**0.1**	0.1
	14.4	15.1
Finance income		
Interest earned	**(0.1)**	(0.3)
Net finance cost	**14.3**	14.8

No borrowing costs were capitalised during the year (2015: €nil).

No costs were reclassified from Other Comprehensive Income to profit during the year (2015: €nil).

4 ANALYSIS OF NET DEBT

	2016	2015
	€m	€m
Cash and cash equivalents	**222.0**	212.0
Derivative financial instruments - net	**48.5**	29.6
Current borrowings	**(41.1)**	(98.7)
Non-current borrowings	**(657.3)**	(470.9)
Total Net Debt	**(427.9)**	(328.0)

The Group's core funding is provided by five private placements: two USD private placements totalling $242m, $42m of which will expire in March 2017 with the remaining $200m maturing in August 2021, and three EUR private placements totalling €457.5m which will mature in tranches between March 2021 and November 2026. The notes have a weighted average maturity of 6.5 years.

In addition, the Group has a €300m revolving credit facility, which was undrawn at year end and which matures in March 2019. As at 31 December 2016, the Group's committed bilateral bank facilities were €160m, none of which was drawn.

Net debt is stated net of interest rate and currency hedges which relate to hedges of debt. Foreign currency derivatives assets of €0.5m (2015: €2m) which are used for transactional hedging are not included in the definition of net debt.

5 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2016 €m	2015 €m
Increase in cash	**28.1**	22.5
Drawdown of bank loans	**(220.0)**	(336.5)
Repayment of bank loans	**99.4**	119.3
(Increase)/decrease in lease finance	**(1.8)**	0.5
Change in net debt resulting from cash flows	**(94.3)**	(194.2)
Translation movement - relating to US dollar loan	**(5.6)**	(24.0)
Translation movement - other	**(19.0)**	1.5
Derivative financial instruments movement	**19.0**	14.2
Net movement	**(99.9)**	(202.5)
Net debt at start of the year	**(328.0)**	(125.5)
Net debt at end of the year	**(427.9)**	(328.0)

Further analysis on net debt at the start and end of the year is provided in note 4.

6 CASH GENERATED FROM OPERATIONS

	2016 €m	2015 €m
Profit for the year	**255.5**	190.6
Add back non-operating expenses:		
- Income tax expense	**58.5**	41.4
- Depreciation of property, plant and equipment	**63.2**	60.5
- Amortisation of intangible assets	**12.6**	9.1
- Impairment of non-current assets	**3.4**	13.4
- Employee equity-settled share options	**10.4**	8.1
- Finance income	**(0.1)**	(0.3)
- Finance expense	**14.4**	15.1
- Non-cash items	**-**	1.7
- Profit on sale of property, plant and equipment	**(1.4)**	(2.1)
Changes in working capital:		
- Inventories	**(39.9)**	57.5
- Trade and other receivables	**(75.7)**	(21.2)
- Trade and other payables	**62.5**	1.6
Other		
- Change in provisions	**13.7**	7.1
- Pension contributions	**(2.9)**	(2.8)
Cash generated from operations	**374.2**	379.7

7 DIVIDENDS

Equity dividends on ordinary shares:	2016 €m	2015 €m
2016 Interim dividend 10.0 cent (2015: 8.0 cent) per share	**17.8**	14.2
2015 Final dividend 17.0 cent (2014: 10.0 cent) per share	**30.2**	17.6
	48.0	31.8
Proposed for approval at AGM		
Final dividend of 23.5 cent (2015: 17.0 cent) per share	**42.3**	30.4

This proposed dividend for 2016 is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in the Consolidated Statement of Financial Position of the Group as at 31 December 2016 in accordance with IAS 10 Events after the Reporting Period. The proposed final dividend for the year ended 31 December 2016 will be payable on 5 May 2017 to shareholders on the Register of Members at close of business on 31 March 2017.

8 EARNINGS PER SHARE

	2016 €m	2015 €m
The calculations of earnings per share are based on the following:		
Profit attributable to ordinary shareholders	**255.4**	188.1
	Number of shares ('000) 2016	Number of shares ('000) 2015
Weighted average number of ordinary shares for the calculation of basic earnings per share	**177,637**	176,221
Dilutive effect of share options	**2,677**	2,977
Weighted average number of ordinary shares for the calculation of diluted earnings per share	**180,314**	179,198

	2016 € cent	2015 € cent
Basic earnings per share	**143.8**	106.7
Diluted earnings per share	**141.6**	105.0
Adjusted basic earnings per share	**150.2**	111.0

Adjusted basic earnings reflects the profit attributable to ordinary shareholders after eliminating the impact, net of tax, of the Group's intangible amortisation.

The number of options which are anti-dilutive and have therefore not been included in the above calculation is Nil (2015: Nil).

9 BUSINESS COMBINATIONS

In August 2016, the Group acquired 100% of the share capital of Essmann Gebaudetechnik GmbH, the holding company of the Essmann Group (“Essmann”). Essmann is a European provider of light, air and safety solutions for flat roofs and façades on non-residential buildings. The total consideration including debt and related costs amounts to €79.6m.

In April 2016 and August 2016, the Group acquired 100% of the share capital of Euro Clad (Holdings) Limited (“Euro Clad”) and of Eurobond Laminates Limited (“Eurobond”) respectively. The two companies are referred to as the ‘Euro Group’ as they previously had common ownership and were acquired together, with the Eurobond acquisition delayed due to UK competition clearance. Euro Clad is a British manufacturer of built up metal roof and wall systems and products whilst Eurobond is a British manufacturer of stone wool fibre panels. The total consideration including debt and related costs amounted to €94.2m.

The Group made four additional acquisitions during the year for a combined total consideration of €88.6m:

- the purchase of 100% of the share capital of Tankworks Australia Pty Limited in April 2016, a manufacturer and supplier of steel based rainwater harvesting systems in Australia;
- the purchase of the business and assets of Bristol Fiberlite Industries Inc. (‘Bristolite’) in November 2016, a US manufacturer of energy efficient commercial unit skylights, smoke vents and accessories;
- the purchase of 100% of the share capital of the Paroc Panel Systems group in December 2016, a Finnish insulated panels business; and
- the purchase of 62.5% of the share capital of Isocab Isobar NV in October 2016, a Belgian insulated panels business.

The provisional fair values of the acquired assets and liabilities at acquisition are set out below:

	Essmann €m	**Euro Group €m**	**Other €m**	**Total €m**
Non-current assets				
Intangible assets	8.7	10.3	6.2	**25.2**
Property, plant and equipment	13.5	5.5	11.9	**30.9**
Deferred tax asset	5.9	0.7	1.1	**7.7**
Current assets				
Inventories	15.3	7.7	15.4	**38.4**
Trade and other receivables	29.4	22.1	22.3	**73.8**
Current liabilities				
Trade and other payables	(23.5)	(22.7)	(23.3)	**(69.5)**
Provisions for liabilities	(3.7)	(2.1)	(1.7)	**(7.5)**
Non-current liabilities				
Retirement benefit obligation	(4.6)	-	-	**(4.6)**
Deferred tax liabilities	(2.8)	(2.4)	(2.0)	**(7.2)**
Total identifiable assets	38.2	19.1	29.9	**87.2**
Non-controlling interest arising on acquisition	-	-	(3.5)	**(3.5)**
Goodwill	41.4	75.1	62.2	**178.7**
Total consideration	79.6	94.2	88.6	**262.4**
Satisfied by:				
Cash (net of cash acquired)	79.6	94.2	77.6	**251.4**
Deferred contingent consideration	-	-	5.4	**5.4**
Transfer of assets	-	-	5.6	**5.6**
	79.6	94.2	88.6	**262.4**

The acquired goodwill is attributable principally to the profit generating potential of the businesses, together with cross-selling opportunities and other synergies expected to be achieved from integrating the acquired businesses into the Group's existing business.

In the post-acquisition period to 31 December 2016, the businesses acquired during the current year contributed revenue of €144.5m and a trading profit of €10.9m to the Group's results.

10 POST BALANCE SHEET EVENTS

There have been no material events subsequent to 31 December 2016 which would require disclosure in this report.

11 EXCHANGE RATES

The financial information included in this report is expressed in Euro which is the presentation currency of the Group and the functional currency of the Company. Results and cash flows of foreign subsidiary undertakings have been translated into Euro at actual exchange rates or average, where this is a reasonable approximation, and the related Statements of Financial Position have been translated at the rates of exchange ruling at the balance sheet date.

Exchange rates of material currencies used were as follows:

	Average rate		Closing rate	
Euro =	**2016**	2015	**2016**	2015
Pound Sterling	**0.819**	0.726	**0.858**	0.735
US Dollar	**1.110**	1.110	**1.056**	1.090
Canadian Dollar	**1.466**	1.419	**1.425**	1.515
Australian Dollar	**1.489**	1.478	**1.462**	1.491
Czech Koruna	**27.033**	27.282	**27.020**	27.022
Polish Zloty	**4.362**	4.184	**4.422**	4.266
Hungarian Forint	**311.43**	309.93	**311.53**	314.90

12 CAUTIONARY STATEMENT

This report contains certain forward-looking statements including, without limitation, the Group's financial position, business strategy, plans and objectives of management for future operations. Such forward-looking information involves risks and uncertainties, assumptions and other factors that could cause the actual results, performance or achievements of the Group to differ materially from those in the forward-looking statements. The forward-looking statements in this report reflect views held only as of the date hereof. Neither Kingspan nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement in this report will actually occur. Kingspan undertakes no duty to and will not necessarily update any such statements in light of new information or future events, except to the extent required by any applicable law or regulation.

13 BOARD APPROVAL

This announcement was approved by the Board on 17 February 2017.