

## **Kingspan Group Plc** **Trading Update**

27 April 2017

Kingspan Group plc, the global leader in high performance insulation, building fabric, and solar integrated building envelopes, is issuing this Trading Update in advance of its Annual General Meeting which is being held today at 10.00am in Dublin.

Overall, Kingspan has experienced a good start to the year reflecting a combination of solid underlying markets and the acquisitions made in 2016 bedding down well. Group sales of €831.2m for the three month period to 31 March were 24% ahead of prior year (+26% pre-currency, +14% pre currency and acquisitions).

By market, the UK remains solid overall although is a little softer than at the turn of the year. Mainland European markets continue to show signs of recovery with decent volumes overall. The US market is a little more encouraging than conditions experienced towards the end of last year. The Middle East and Turkey regions are subdued, with Australia and its adjacent markets showing more positive signs. A feature of all markets has been ongoing raw material inflation and the associated recovery effort.

***Insulated Panel*** sales revenues were up 32% (+33% pre-currency, +16% pre-currency and acquisitions). Volumes in most key end markets are positive with the key trading priority being margin. Light & Air contributed 6% to divisional sales in the quarter, on plan, and is an excellent addition to the Group's high performance product suite.

***Insulation Board*** sales revenues were up 8% (+11% pre-currency) in the period. The Kooltherm® mix has been positive overall with raw material inflation experienced in all territories and the associated recovery underway. The Group's new Kooltherm® facility for the Australasian market was successfully commissioned in Melbourne during the period.

***Access Floors*** sales revenues were up 6% (+8% pre-currency). US activity is subdued, as was the case last year. The UK is holding up well for the moment although the pipeline is indicating weakness towards the end of 2017.

***Environmental*** sales revenues were up 13% (+21% pre-currency, 3% pre currency and acquisitions). Overall, the division has had a good start to the year with the Rainwater harvesting business in Australia a particular highlight.

***Net debt*** at 31 March was €457m, an increase of €29m from the position at last year end reflecting, in the main, the seasonal investment in working capital. The Group's funding position is robust with €639m of committed undrawn facilities and cash balances.

Looking ahead, the order backlog across the Group overall points towards a solid first half for the business. The project pipeline is encouraging in most of our major markets, although trending weaker in the U.K. in recent weeks. The key trading

priority is the pass through of increases in input costs, and the associated lag likely to persist in a tight supply environment into the second quarter, and perhaps beyond. As a consequence, likely sales growth in the first half is expected to outpace profit growth in the period. Overall, the Group remains well positioned given the breadth of our product and market mix, our development agenda over time, together with the ongoing advancement of our high performance technology.

Kingspan will issue its half-year financial report for the period ended 30 June 2017 on Friday 18 August 2017.

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