

## **Kingspan Group Plc**

### **Trading Update**

07 November 2022

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 2022.

Sales in the nine month period to 30 September were €6.25bn, up 33% on the same period in the prior year, with sales growth of 17% in the third quarter. Underlying sales (pre currency and acquisitions) were up 20% in the year to date and by 9% in the third quarter.

**Insulated Panels** sales increased by 29% in the first nine months and by 13% in the third quarter. Underlying sales were up 23% year to date and up 7% in the third quarter. Global sales volumes in the third quarter were expectedly sluggish reflecting the slowdown in order placement flagged mid-year. Undoubtedly, a factor has been expectations around raw material pricing with some pick up in order placement post the summer period. We have been carrying higher levels of inventory than normal for much of the year and, as certain inputs have seen deflation more recently, this has had a short-term impact on margins as these materials sell through. In general, activity in the Americas has held up reasonably well, as has Germany and the UK with softer activity elsewhere in Europe. We continue to advance our innovation agenda notably QuadCore™ LEC Panel comprising an estimated 45% of recycled materials and with 40% less embodied carbon.

**Insulation** sales in the first nine months were up 48% and up 20% in the third quarter. Underlying sales were up 12% year to date and by 8% in the third quarter. The sales growth experienced in the third quarter was price led reflecting input inflation with rigid board volumes soft overall with decreased residential activity a factor. Technical insulation, in particular district heating applications, continued to experience the momentum seen in the first half. The Troldekt business acquired earlier in the year is integrating well and significant progress has also been made in the natural insulation category with bio-based materials for ultra-low embodied carbon insulation. Encouragingly, AlphaCore® is building a specification bank and is likely to advance further in the years ahead.

**Light + Air** sales in the first nine months were up 33% and by 26% in the third quarter. Underlying sales were up 17% year to date and by 18% in the third quarter. Most end markets performed well reflecting the positive orderbook year on year and the division is on track to record margin progression for the year.

**Roofing + Waterproofing** had a milestone third quarter with the completion of the acquisition of Ondura Group in September. The division now has annualised revenues of approximately €500m including the acquisition of Derbigum in June 2022. Furthermore, in August 2022 the Group acquired a 24% strategic minority stake in Nordic Waterproofing. A significant element of the new division is European and our ambition, and the opportunity, is global.

**Data + Flooring** sales in the first nine months were up 32% and up 33% in the third quarter. Underlying sales were up by 24% in the first nine months and were up 25% in the third quarter. Datacentre activity continues to drive performance and the pipeline of activity is encouraging as we head towards 2023.

**Water + Energy** sales in the first nine months increased by 12% and up 5% in the third quarter. Underlying sales were up 6% year to date and were up 1% in the third quarter.

**Net debt** at the end of December 2022 is expected to be in the region of €1.5bn (net debt/EBITDA 1.5x) reflecting a 2022 development spend in excess of €1.2bn (acquisitions approximately €1.0bn and organic investment approximately €0.2bn). Year end liquidity, representing cash balances and undrawn committed facilities, is expected to exceed €1.5bn with the Group's average cost of debt standing at 1.85%.

### **Looking ahead**

A feature of the current environment is the lack of visibility beyond the next short period of months. Sentiment is cautious for the most part although not uniformly so. The sharp increases we have seen in raw material prices over the last eighteen months appear to have peaked, at least for now. Certain key inputs are likely to reduce in price in the fourth quarter. The global backlog of orders has been reasonably stable over the past three months. The activity pipeline in data, technology, EV automotive and district heating applications are all notable positives.

There is still some way to go in 2022 with the seasonally important fourth quarter remaining and, accordingly, we expect to deliver a full year trading profit in the region of €830m, significantly ahead of the €755m recorded in 2021.

For further information contact:

Gene Murtagh, Chief Executive Officer  
Geoff Doherty, Chief Financial Officer  
Pat Walsh, Murray Consultants

Tel: +353 (0) 42 9698000  
Tel: +353 (0) 42 9698000  
Tel: +353 (0) 1 4980300