KINGSPAN GROUP PLC

PRELIMINARY RESULTS

Year Ended 31 December 2022

KINGSPAN GROUP PLC

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

Kingspan, the global leader in high-performance insulation and building envelope solutions, reports its preliminary results for the year ended 31 December 2022.

Financial Highlights:

- Revenue up 28% to €8.3bn, (pre-currency, up 25%).
- Trading profit up 10% to €833m, (pre-currency, up 7%).
- Acquisitions contributed 9% to sales growth and 8% to trading profit growth in the year.
- Milestone EBITDA of c. €1bn (2021: €893.2m) in the financial year.
- Group trading margin of 10.0%, a decrease of 160bps.
- Basic EPS up 8% to 329.5 cent.
- Final dividend per share of 23.8 cent (2021: 26.0 cent) giving a total dividend for the year of 49.4 cent (2021: 45.9 cent).
- Year end net debt[1] of €1,539.6m (2021: €756.1m). Net debt[4] to EBITDA[4] of 1.62x (2021: 0.88x).
- ROCE of 15.9% (2021: 19.5%), or 16.5% after annualised impact of acquisitions.

Operational Summary:

- Record year overall in a testing environment and a tougher second half.
- Insulated Panels sales increase of 23% driven by raw material price growth and a 46% increase in global sales volume of QuadCore™. Ground-breaking Lower Embodied Carbon (LEC) insulated panel launched recently.
- Insulation sales strongly ahead by 40% driven by inflation and acquisitions. District heating applications a standout performer. Significant progress on entry into the bio-based insulation category. AlphaCore® launching shortly. Technical insulation now comprising 35% of divisional revenue.
- Roofing + Waterproofing platform embedded. Annualised revenue run rate in excess of €500m. Ondura Group acquisition completed in September 2022 following Derbigum acquisition and strategic minority investment of 24% in Nordic Waterproofing.
- Technical insulation and roofing significantly increase the Group's exposure to RMI.
- Significant progress at Light + Air, sales increase of 27% and margins progressing year on year.
- Strong performance in Data + Flooring with sales up 33% and a strong data centre solutions pipeline into 2023.
- Invested a total of €1.3bn in acquisitions, purchase of minority interest and capex during the year.

Summary Financials:

	FY'22	*FY'21*	*change*
Revenue €m	8,341	6,497	+28%
Trading Profit[2] €m	833	755	+10%
Trading Margin[3]	10.0%	11.6%	-160bps
EBITDA[5] €m	998	893	+12%
Profit after tax €m	616	571	+8%
EPS (cent)	330	306	+8%

[1] *Net Debt pre-IFRS 16*
[2] *Operating profit before amortisation of intangibles and non trading item*
[3] *Operating profit before amortisation of intangibles and non trading item divided by total revenue*
[4]*Net debt to EBITDA ratio is pre-IFRS 16 per banking covenants*
[5]*Earnings before finance costs, income taxes, depreciation, amortisation and non trading item*

Gene M. Murtagh, Chief Executive Officer of Kingspan commented:

"The 2022 outturn was very satisfactory in the context of accumulating uncertainty over the course of a bumpy year that saw a strong first half performance giving way to a more subdued environment in the second half of the year.

Kingspan recorded another meaningful year in its contribution to lowering the CO2 emissions of buildings combined with record revenue and EBITDA touching €1 billion for the first time. Notwithstanding ongoing challenges in the global economy, we expect to see a continuation of the structural drive in favour of more sustainable buildings over the longer term.

Given the powerful combination of our global scale, the diversity of our end markets, our ability to grow organically and through acquisition, alongside our strong innovation pipeline and an ongoing societal drive for energy efficiency, we believe Kingspan is very well placed for continuing progress for the benefit of all stakeholders."

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Business Review

The 2022 outcome for the Group as a whole was relatively pleasing given the accumulating uncertainty as the year progressed. Over-life carbon saved in buildings using insulation systems we manufactured in 2022 is an estimated 173 million tonnes of CO2e, driving record revenue of €8.3bn and record trading profit of €833m. This was achieved at a time of exceptional inflation and unprecedented disruption in supply chains globally, which was less a feature in the latter part of the year.

The performance of individual markets and economies varied significantly with the Americas, Germany and Australasia the most stable for Kingspan, with much of Europe weaker. The pattern of trade was also at odds with prior periods where many of our routes to market built inventory in the earlier part of the year, largely out of caution, followed by industry-wide efforts to lower stock levels in the second half.

Virtually all walks of life have been and will be further impacted by the prevailing energy cost and availability dynamics. This has understandably led to broader and growing concerns which may weigh on demand in the year or so ahead. Conversely it has also generated an unprecedented impetus amongst governments and society in general to ensure measures are taken to curtail reliance on fossil fuel. Conservation in buildings is a key component of this given almost 40% of all global energy related carbon emissions emanate from buildings and construction. Our solutions can, and are, playing a meaningful long-term role in this process.

Planet Passionate and our Impact

The vast majority of what we provide to the market enables others to dramatically reduce energy consumption and its related GHG emissions. That estimated impact during 2022 was 173 million tonnes of CO2e saved from insulation systems we sold during the year, taking into account their contributions over the life of the building infrastructure that they serve. Internally, our Planet Passionate initiative once again made tremendous progress, despite being hampered by supply issues, largely related to the procurement of solar panels from Asia.

The table below provides further detail on the progress within Kingspan by category:

Intensity Indicators	Change from 2020 base year
Carbon Intensity (tCO_2e/€m)	54% reduction
Energy Intensity (MWh/€m)	28% reduction
Landfill Waste Intensity (t/€m)	68% reduction
Water Intensity (million lt/€m)	16% reduction

In summary, 18 solar PV projects were completed across our facilities during the year which will generate 6.4 GWh of renewable electricity annually. 803 million PET bottle equivalent of recycled material was processed across the Group, and 14 rainwater harvesting systems were installed. In addition, 58% of all new cars within the Group in the year were zero emission vehicles, and our waste to landfill for the whole business reduced by 42% since 2020.

			Underlying Business		**Whole Business**	
Planet Passionate Targets		**Target Year**	**2020**	**2022**	**2020**	**2022**
Carbon	Net Zero Carbon Manufacturing - scope 1 & 2 GHG emissions[1] (t/CO2e)	2030	410,224[2]	242,734	517,972[2,3]	385,157[3]
	50% reduction in product CO2e intensity from primary supply partners (%)	2030	-	0.04	-	0.04
	Zero emission company funded cars (annual replacement %)	2025	11	60	11	58[4]
Energy	60% Direct renewable energy (%)	2030	19.5	34.3	19.5	33.4
	20% On-site renewable energy generation (%)	2030	4.9	7.2	4.9	7.1
	Solar PV systems on all	2030	21.7	41.5	21.7	35.2

	wholly owned sites (%)					
	Net Zero Energy (%)	2020	100	100	100	n/a[5]
Circularity	Zero Company waste to landfill (tonnes)	2030	18,642	9,081	18,642	10,828
	Recycle 1 billion PET bottles into our manufacturing processes annually (million bottles)	2025	573	803	573	803
	QuadCore™ products utilising recycled PET (no. of sites)	2025	1	3	1	3
Water	Harvest 100 million litres of rainwater annually (million litres)	2030	20.1	26.3	20.1	26.4
	Support 5 Ocean Clean-Up projects (no. of projects)	2025	1	3	1	3

Whole Business includes all manufacturing, assembly and R&D sites within the Kingspan Group, including acquisitions since 2020.
[1] Excluding biogenic emissions. Scope 2 GHG emissions calculated using market-based methodology.
[2] Restated figures due to improved data collection & change in calculation methodologies.
[3] GHG emissions were recalculated due to acquisitions that occurred in 2021 & 2022.
[4] Excluding recent acquisitions due to unavailability of data at this time.
[5] As we retire our Net Zero Energy target in favour of a carbon charge, newly acquired businesses are not included for this target.

Investing in our Future

Between organic and inorganic initiatives, we invested a total of €1.3bn during the year. Capital projects, mainly focused on capacity expansion, amounted to €276m and included significant projects either completed or commenced in the US, Brazil, France, Germany, Vietnam and Australia. Preparatory work is also underway for the Ukraine Technology Campus that we announced last year. Understandably, progress has been slow to date although we anticipate investing over €200m in the project over the next four years.

Acquisitions have long been a prominent feature of our strategy and in 2022 we invested a total of €1,054m, a record, in adding geographic footprint and new business lines to our portfolio including deferred consideration and a strategic minority investment. In total six transactions were completed, the largest of which was Ondura, a French headquartered global provider of roofing solutions. Together with Derbigum, this now forms the platform for expansion deeper into the Roofing and Waterproofing arena with combined run-rate revenues of approximately €500m entering the current year. In addition, we also acquired a 24% strategic holding in Nordic Waterproofing.

Innovation at Work

The nucleus of our innovation agenda is focused on driving product improvement across thermal, renewable content, embodied carbon and fire performance, while also incorporating more bio-based solutions across our portfolio.

PowerPanel™ and Rooftricity™ made it to market during 2022 with very encouraging early signs. We have limited the launch to Ireland and the UK for the time being due to component supply constraints. Initial preparations are now underway for PowerPanel™ production enablement in the US, France and the Czech Republic, likely entering production sometime in 2024.

Our QuadCore™ LEC (Lower Embodied Carbon) insulated panel launched recently, giving rise to an estimated 17% reduction in embodied carbon (in life cycle modules A-C) relative to existing product. We aim to achieve further reductions in embodied carbon as we progress towards our 2030 supply chain targets. This is an exciting new departure which we are confident will resonate strongly with our global blue chip client base and beyond.

QuadCore™ 2.0 development is significantly advanced and AlphaCore® is launching imminently following the acquisition of Calostat® technology in late 2022. Progress is also being made on the bio-based insulation front, albeit at a somewhat slower pace than we would like.

Product and System Integrity

By the end of 2022, 26 of our sites were certified to ISO 37301, with a plan to have 58 sites certified to the standard by the end of 2023. ISO 37301 is the leading global standard for establishing, developing and monitoring compliance systems. Our enhanced product integrity programme is now deeply embedded across the Group. To date, 133 of our sites have been audited by the Compliance Team. In addition, 651 third party external products and system audits took place throughout 2022.

Insulated Panels

	***FY* ’22**	***FY* ’21**	**Change**
Turnover €m	5,181.5	4,229.2	+23%(1)
Trading Profit €m	548.7	519.8	+6%
Trading Margin	10.6%	12.3%	-170bps

(1) Comprising underlying +17%, currency +4% and acquisitions +2%. Like-for-like volume -7%.

The global and diverse nature of this business was reflected in the broad and varying performances of the different regional businesses and trends. Overall, the trading result has demonstrated growth, albeit that volumes became more challenged during the second half.

Advanced insulation cored products represented 85% of insulated panels sales volumes, whilst mineral fibre cored was 11% with older generation materials comprising the balance. QuadCore™, our highly differentiated and unique core material, represented 17% of insulated panels volume, having grown by 46% over prior year. Further progress is anticipated during 2023.

PowerPanel™ made its market entry, and we anticipate this family of ground-breaking solutions to feature prominently over the longer term. Supply chain consistency and reliability has been a challenge and we continue to explore ways of ensuring this is addressed.

Insulation

	***FY* ’22**	***FY* ’21**	**Change**
Turnover €m	1,658.3	1,182.9	+40%(1)
Trading Profit €m	165.2	146.7	+13%
Trading Margin	10.0%	12.4%	-240bps

(1) **Comprising underlying +12%, currency +2% and acquisitions +26%.**

Worldwide sales grew encouragingly by 40% over prior year. Much of the growth was delivered through pricing, and indeed the acquisitions added during 2022. Sales volumes in Logstor®, Kingspan's main technical insulation platform and now 25% of the division, grew by 18% in the second half of the year which was the first like-for-like period of ownership. Insulation board activity represents approximately 60% of the division with like-for-like volume decreasing by 10% in the year.

The two larger businesses acquired were Logstor (June 2021) and Troldtekt (April 2022), both Danish headquartered, but in entirely different markets with significant growth potential. Logstor, the larger of the two, focuses primarily on pre-insulated pipes for district heating (and cooling) infrastructure, an area of ever-growing opportunity as the world accelerates towards clean power generation and distribution. Our capacity will be increased by 30% during the current year, and by a further 50% over the following three years. Troldtekt addresses both the acoustic and bio-based insulation segments. Again, we expect to grow capacity by 60% over the next two years or so reflecting the opportunity afforded by the extension of applications and geography.

On the innovation and new product agenda, AlphaCore® launches imminently following the acquisition of Calostat® technology. An A-Class Optim-R® should reach market in early 2024. We are in the process of assembling the leadership and skills required to enter the stone wool segment which is part of our long-established ambition to be the sole global provider of the 'full spectrum' of thermal solutions.

Light + Air

	***FY* '22**	***FY* '21**	**Change**
Turnover €m	700.7	552.2	+27% (1)
Trading Profit €m	52.3	36.0	+45%
Trading Margin	7.5%	6.5%	+100bps

(1) Comprising underlying +15%, currency + 2% and acquisitions +10%

In 2022 this business delivered strong progress with revenue and trading profit both ahead, by 27% and 45% respectively. Notable growth was achieved in the Central European and Southern European businesses. North America also improved its performance, enhanced by the addition of the Solatube® product set and business model, which we anticipate rolling out more regionally across the US over the coming years.

As the Group grows, so too will the divisional structure that supports it. To that end, going forward the Light, Air and Water businesses will be reported as one enlarged division. Combining the service businesses of both, leveraging the online success at Water + Energy, and having a wider global route to market and channel synergy will make this combination compelling over the longer term. The enlarged division will have real global scale and scope, with revenue run-rate expected to be approximately €1bn in 2023.

Roofing + Waterproofing

	***FY* '22**	***FY* '21**	**Change**
Turnover €m	153.2	-	n/a
Trading Profit €m	8.5	-	n/a
Trading Margin	5.5%	-	n/a

The maiden year for this new business was marked by two meaningful acquisitions, Ondura and Derbigum, acquired in September 2022 and June 2022 respectively. The annualised revenue run rate is approximately €500m. This combination brings Kingspan into both flat and pitched roof membrane solutions, from the primary outer layer of the roof to the secondary underlay. In both applications, the core basis of our strategy is to create pull-through for Insulation products through a warranted system-sell. Early progress has been encouraging. From a roofing technology perspective, we intend to broaden our portfolio of waterproofing, and our geographic presence, through both organic and inorganic routes. The trading margin above reflects acquisition and other related costs during 2022.

Data + Flooring

	FY '22	***FY '21***	**Change**
Turnover €m	360.1	271.4	+33%(1)
Trading Profit €m	43.1	32.3	+33%
Trading Margin	12.0%	11.9%	+10bps

(1) Comprising underlying +26% and currency +7%

Strong progress was again achieved in the data solutions activity in this business as large scale cloud services infrastructure continued to expand globally, and as our share of those internal solutions grew. This trajectory and the active pipeline of live projects give us confidence that further growth ought to be delivered during the current year.

Water + Energy

	FY '22	***FY '21***	**Change**
Turnover €m	287.1	261.3	+10%(1)
Trading Profit €m	15.4	20.0	-23%
Trading Margin	5.4%	7.6%	-220bps

(1) Comprising underlying +6%, currency +1% and acquisitions +3%

This business delivered a reasonably solid outcome for the year owing to some recovery of position in the Australian market, albeit with margin pressures elsewhere reflecting a lag in the recovery of raw material inflation.

Financial Review

The Financial Review provides an overview of the Group's financial performance for the year ended 31 December 2022 and of the Group's financial position at that date.

Overview of results

Group revenue increased by 28% to €8.3bn (2021: €6.5bn) and trading profit increased by 10% to €833.2m (2021: €754.8m) with a decrease of 160 basis points in the Group's trading profit margin to 10.0% (2021: 11.6%). Basic EPS for the year was 329.5 cent (2021: 305.6 cent), representing an increase of 8%.

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

Sales	Underlying	Currency	Acquisition	Total
Insulated Panels	+17%	+4%	+2%	+23%

Insulation	+12%	+2%	+26%	+40%
Light + Air	+15%	+2%	+10%	+27%
Roofing + Waterproofing	-	-	+100%	+100%
Water + Energy	+6%	+1%	+3%	+10%
Data + Flooring	+26%	+7%	-	+33%
Group	+16%	+3%	+9%	+28%

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

Trading Profit	Underlying	Currency	Acquisition	Total
Insulated Panels	+1%	+4%	+1%	+6%
Insulation	-16%	+2%	+27%	+13%
Light + Air	+29%	+2%	+14%	+45%
Roofing + Waterproofing	-	-	+100%	+100%
Water + Energy	-26%	-	+3%	-23%
Data + Flooring	+24%	+9%	-	+33%
Group	-1%	+3%	+8%	+10%

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 increased by €1.4m to €37.7m (2021: €36.3m). The Group's net interest expense on borrowings (bank and loan notes net of interest receivable) was €34.6m (2021: €32.2m). This increase reflects higher average gross debt levels in 2022. In particular, this includes the interest expense relating to the two new acquisition related financing facilities with an aggregated value of €800m which were arranged and fully drawn in 2022. Lease interest of €4.7m (2021: €3.7m) was recorded for the year. €0.1m (2021: €0.2m) was recorded in respect of a non-cash finance charge on the Group's defined benefit pension schemes.

Taxation
The tax charge for the year was €130.6m (2021: €118.4m) which represents an effective tax rate of 17.5% (2021: 17.2%). The increase in the effective rate reflects, primarily, the change in the geographical mix of earnings year on year.

Dividends
The Board has proposed a final dividend of 23.8 cent (2021: 26.0 cent) per ordinary share payable on 9 May 2023 to shareholders registered on the record date of 14 April 2023. An interim dividend of 25.6 cent per ordinary share was declared during the year (2021: 19.9 cent). In summary, therefore, the total dividend for 2022 is 49.4 cent compared to 45.9 cent for 2021. This payout is in line with our shareholder returns policy.

Retirement benefits
The primary method of pension provision for current employees is by way of defined contribution arrangements. The Group has three legacy defined benefit schemes in the UK which are closed to new members and to future accrual. The total pension contributions to these schemes for the year amounted to €1.8m (2021: €nil) and the expected contributions for 2023 are €nil (2021: €nil). On 6 December 2022, the Group completed a bulk insurance annuity insurance policy 'buy in' for the Colt Life Assurance and Retirement Scheme ('CLARS'). This buy-in

ensures an insurance asset that fully matches the remaining pension liability and was net settled in cash for an amount of €15.9m in January 2023. There was no impact on profit before tax from this transaction. In addition, the Group has a number of smaller defined benefit pension liabilities in Mainland Europe. The net pension liability in respect of all defined benefit schemes was €49.5m as at 31 December 2022 (2021: €28.0m) with the increase reflecting, primarily, a decrease in the value of scheme assets during the year partially offset by actuarial gains on scheme liabilities.

Intangible assets and goodwill

Intangible assets and goodwill increased during the year by €685.5m to €2,687.3m (2021: €2,001.8m). Intangible assets and goodwill of €708.9m (2021: €418.9m) were recorded in the year relating to acquisitions completed by the Group. An increase of €9.0m (2021: increase of €50.9m) arose due to year end exchange rates used to translate intangible assets and goodwill other than those denominated in euro. There was an annual amortisation charge of €32.4m (2021: €29.5m).

Financial key performance indicators

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

Key performance indicators	2022	2021
Basic EPS growth	+8%	+48%
Sales performance	+28%	+42%
Trading margin	10.0%	11.6%
Free cashflow (€m)	392.5	127.1
Return on capital employed	15.9%	19.5%
Net debt/EBITDA	1.62x	0.88x

(a) Basic EPS growth. The growth in EPS is accounted for primarily by a 10% increase in trading profit partially offset by an increase in the Group’s effective tax rate by 30 basis points to 17.5% and an increase in minority interest. The effective tax rate increased due to the geographical mix of earnings year on year. The minority interest amount increased reflecting the performance at the Group’s operations which have minority stakeholders.

(b) Sales performance of +28% (2021: +42%) was driven by a 16% increase in underlying sales, a 9% contribution from acquisitions and positive currency translation of 3%. The increase in underlying sales reflected a combination of strong year on year price growth due to raw material inflation offset by an overall reduction in volume particularly in the second half of the year as global construction markets eased.

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

	2022	2021
Insulated Panels	10.6%	12.3%
Insulation	10.0%	12.4%
Roofing + Waterproofing	5.5%	-
Light + Air	7.5%	6.5%
Water + Energy	5.4%	7.6%
Data + Flooring	12.0%	11.9%

The Insulated Panels division trading margin decreased year on year reflecting the market mix of sales, inventory cost dynamics as well as negative operating leverage driven by year on year volume declines. The trading margin decrease in the Insulation division reflects, in the main, negative operating leverage associated with year on year volume declines and the category mix of sales. The increased trading margin in Light + Air reflects activity growth, investment in specification and other processes as the division continues to scale up. The Water + Energy trading margin decrease reflects lag in the recovery of inflation in the first half of the year. The trading margin in Data + Flooring is consistent year on year.

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

Free cashflow	2022 €m	2021 €m
EBITDA*	998.3	893.2
Lease payments	(50.6)	(38.6)
Movement in working capital**	(136.2)	(429.3)
Movement in provisions	7.7	6.9
Net capital expenditure	(250.6)	(163.6)
Net interest paid	(31.9)	(34.5)
Income taxes paid	(158.4)	(126.8)
Other including non-cash items	14.2	19.8
Free cashflow	392.5	127.1

**Earnings before finance costs, income taxes, depreciation, amortisation and non trading item*
***Excludes working capital on acquisition but includes working capital movements since that point*

Working capital at year end was €1,195.9m (2021: €977.8m) and represents 14.5% (2021: 13.8%) of annualised sales based on fourth quarter sales. 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 16% growth in underlying sales in 2022 required a consequential investment in working capital to support the sales growth. The December 2022 working capital position is untypically high reflecting higher than normal inventory levels although these have been reducing through the second half. The business took the opportunity to build an element of buffer stocks earlier in the year due to availability constraints and has been steadily working through this in the second half as supply chain bottlenecks and pricing eased. We expect working capital levels to normalise further during 2023.

(e) Return on capital employed, calculated as operating profit divided by total equity plus net debt, was 15.9% in 2022 (2021: 19.5%) and was 16.5% with annualised impact of acquisitions. The decrease year on year reflects the 160bps reduction in trading margin and elevated levels of working capital. 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.

(f) Net debt to EBITDA measures the ratio of net debt to earnings and at 1.62x (2021: 0.88x) is comfortably less than the Group's banking covenant of 3.5x in both 2022 and 2021. The calculation is pre-IFRS 16 in accordance with the Group's banking covenants.

Acquisitions and capital expenditure
During the year the Group made a number of acquisitions for a total upfront consideration of €887.0m.

In April 2022, the Group acquired 100% of the share capital of Troldtekt, a Danish natural acoustic insulation producer. The total consideration, including net debt acquired amounted to €220.4m.

In September 2022, the Group acquired 100% of the share capital of Ondura Group, a French headquartered global provider of roofing membranes and associated roofing solutions, for a total consideration, including net debt acquired of €515.6m.

The Group also made a number of smaller acquisitions during the year for a combined cash consideration of €151.0m:

- The Roofing + Waterproofing division acquired 100% of the share capital of Derbigum, a Belgian producer of waterproofing membranes for a total consideration, including net debt acquired of €95.0m in June 2022;
- The Insulated Panels division acquired 100% of the share capital of THU Perfil in February 2022 and 100% of the share capital of Invespanel in Spain in September 2022;
- The Insulation division acquired the assets of Calostat in the UK in September 2022.

The Group's organic net capital expenditure during the year was €250.6m encompassing a number of strategic capacity enhancements and ongoing maintenance.

EU Taxonomy and TCFD
Climate related disclosures are required under the EU Taxonomy Regulation (Sustainable finance taxonomy - Regulation (EU) 2020/852) and by the Task Force on Climate-related Financial Disclosures (TCFD). The disclosures will be included in our 2022 Planet Passionate Sustainability Report that will be published at a later date within the required timeframe.

Non trading item
The Group recorded a non trading charge of €16.5m (2021: €nil) in the year in respect of the Group's net loss on the complete divestment of its Russian operations.

Capital structure and Group financing
The Group funds itself through a combination of equity and debt. Debt is funded through syndicated bank facilities and private placement loan notes. The primary bank debt facility is a €800m sustainability linked Revolving Credit Facility arranged in May 2021, maturing in May 2026, and which was undrawn at year end. The Revolving Credit Facility was increased by €100m in December 2022 under the facility's accordion clause.

In April 2022, the Group arranged two additional banking finance facilities with an aggregate value of €800m (€500m maturing in April 2024, €300m in April 2025). The facilities were fully drawn at year end.

In addition, as part of the Group's debt funding structure, the Group has total private placement loan notes of €1,322.0m (2021: €1,377.1m) which have a weighted average maturity of 5.7 years (31 December 2021: 6.4 years).

The weighted average term, as at 31 December 2022, of all drawn debt was 4.1 years (31 December 2021: 6.3 years).

The Group has significant available committed undrawn facilities and cash balances which, in aggregate, were €1.45bn at 31 December 2022 (31 December 2021: €1.3bn).

Net debt
Net debt increased by €783.5m during 2021 to €1,539.6m (2021: €756.1m). This is analysed in the table below:

Movement in net debt	2022 €m	2021 €m
Free cashflow	392.5	127.1
Acquisitions and divestments	(893.4)	(540.2)
Purchase of financial asset	(113.3)	(5.0)
Deferred consideration paid	(45.4)	-
Purchase of non-controlling interests	(2.0)	-
Share issues	-	0.1
Repurchase of treasury shares	(1.4)	(46.9)
Dividends paid	(93.7)	(73.5)
Dividends paid to non-controlling interests	(3.5)	(3.2)
Cashflow movement	(760.2)	(541.6)
Exchange movements on translation	(23.3)	21.7
Movement in net debt	(783.5)	(519.9)
Net debt at start of year	(756.1)	(236.2)
Net debt at end of year	(1,539.6)	(756.1)

Key financial covenants
The majority of Group borrowings are subject to primary financial covenants calculated in accordance with lenders' facility agreements which exclude the impact of IFRS 16:

- 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	2022 Times	2021 Times
Net debt/EBITDA	Maximum 3.5	1.62	0.88
EBITDA/Net interest	Minimum 4.0	28.7	26.2

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 and investor team presented at 11 capital market conferences and conducted 624 institutional one-on-one and group meetings.

Share price and market capitalisation
The Company's shares traded in the range of €43.60 to €106.65 during the year. The share price at 30 December 2022 was €50.58 (31 December 2021: €105.00) giving a market capitalisation at that date of €9.2bn (2021: €19.0bn). Total shareholder return for 2022 was -51.5% (2021: +84%).

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.

Board Changes
The Board of Kingspan is pleased to announce the appointment of Louise Phelan, who will join the Board as an independent Non-Executive Director with effect from 28 April 2023. Louise was formerly Vice President Global Operations EMEA of PayPal, and is a highly respected business leader and adviser with experience leading global organisations in both the renewable energy and finance sectors. The Board looks forward to benefitting from her experience in the years ahead.

Following the conclusion of this year's Annual General Meeting, both Michael Cawley and John Cronin will be retiring from the Board on the expiration of their terms of office. Both Michael and John have been valued Board and committee members over the past nine years. The Board would like to thank them both for their significant contributions to Kingspan during those years.

Looking Ahead
2022 was a bumpy year with the strong performance in the first half giving way to a more subdued environment in the second half of the year. The combination of war in Ukraine, the consequential steep energy and consumer inflation, and an industry overstocked due to supply chain concerns were all factors that weighed on second half demand and performance.

The more recent performance of our business has differed significantly by sector, end market and geography. Within the mix of business there are strong sectors of out-performance led by a need for ultra-energy efficiency and lower carbon. This is a theme which is likely to play out more fully in the medium term as society grapples with the need for a step change in energy efficiency and de-carbonisation.

It is difficult to look too far ahead in this environment. We anticipate delivering a broadly similar trading profit in the first quarter of 2023 to that of 2022, aided in part by the contribution from acquisitions. We are mindful of a more demanding comparative to come in the second quarter. Longer term, Kingspan is very well placed given the powerful combination of our global scale, diversity of our end markets, strong innovation agenda and an ongoing societal drive for energy efficiency.

On behalf of the Board

Gene M. Murtagh	Geoff Doherty
Chief Executive Officer	Chief Financial Officer
17th February 2023	17th February 2023

Kingspan Group plc

Consolidated Income Statement
for the year ended 31 December 2022

	Note	**2022 €m**	2021 €m
REVENUE	2	**8,340.9**	6,497.0
Cost of sales		**(6,124.6)**	(4,640.9)
GROSS PROFIT		**2,216.3**	1,856.1
Operating costs, excluding intangible amortisation		**(1,383.1)**	(1,101.3)
TRADING PROFIT	2	**833.2**	754.8
Intangible amortisation		**(32.4)**	(29.5)
Non trading item	3	**(16.5)**	-
OPERATING PROFIT		**784.3**	725.3
Finance expense	4	**(39.4)**	(36.3)
Finance income	4	**1.7**	-
PROFIT FOR THE YEAR BEFORE INCOME TAX		**746.6**	689.0
Income tax expense		**(130.6)**	(118.4)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**616.0**	570.6
Attributable to owners of Kingspan Group plc		**598.0**	554.1
Attributable to non-controlling interests		**18.0**	16.5
		616.0	570.6
EARNINGS PER SHARE FOR THE YEAR			
Basic	9	**329.5c**	305.6c
Diluted	9	**326.9c**	303.0c

Kingspan Group plc

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2022

	2022 €m	2021 €m
Profit for the year	**616.0**	570.6
Other comprehensive (loss)/income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	**(24.7)**	123.1
Effective portion of changes in fair value of cash flow hedges	**-**	0.3
Items that will not be reclassified subsequently to profit or loss		
Actuarial (losses)/gains on defined benefit pension schemes	**(20.3)**	21.5
Income taxes relating to actuarial losses/gains on defined benefit pension schemes	**4.9**	(5.5)
Equity investments at FVOCI – net change in fair value	**(32.6)**	-
Total other comprehensive (loss)/income	**(72.7)**	139.4
Total comprehensive income for the year	**543.3**	710.0
Attributable to owners of Kingspan Group plc	**521.3**	691.8
Attributable to non-controlling interests	**22.0**	18.2
	543.3	710.0

Kingspan Group plc

Consolidated Statement of Financial Position

as at 31 December 2022

	2022 €m	2021 €m
ASSETS		
NON-CURRENT ASSETS		
Goodwill	**2,495.5**	1,908.6
Other intangible assets	**191.8**	93.2
Financial assets	**93.6**	13.2
Property, plant and equipment	**1,437.9**	1,155.8
Right of use assets	**205.3**	155.5
Retirement benefit assets	**3.3**	17.9
Deferred tax assets	**40.1**	34.7
	4,467.5	3,378.9
CURRENT ASSETS		
Inventories	**1,235.8**	1,138.9
Trade and other receivables	**1,328.4**	1,228.4
Derivative financial instruments	**0.4**	0.3
Cash and cash equivalents	**649.3**	641.4
	3,213.9	3,009.0
TOTAL ASSETS	**7,681.4**	6,387.9
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	**1,368.7**	1,389.8
Provisions for liabilities	**74.0**	67.8
Lease liabilities	**43.2**	35.0
Deferred contingent consideration	**174.9**	41.7
Interest bearing loans and borrowings	**85.0**	77.4
Current income tax liabilities	**54.9**	57.7
	1,800.7	1,669.4
NON-CURRENT LIABILITIES		
Retirement benefit obligations	**52.8**	45.9
Provisions for liabilities	**107.5**	74.9
Interest bearing loans and borrowings	**2,103.9**	1,320.1
Lease liabilities	**153.6**	123.0
Deferred tax liabilities	**55.2**	34.7
Deferred contingent consideration	**12.2**	160.6
	2,485.2	1,759.2
TOTAL LIABILITIES	**4,285.9**	3,428.6
NET ASSETS	**3,395.5**	2,959.3
EQUITY		
Share capital	**23.9**	23.9
Share premium	**112.4**	94.4
Capital redemption reserve	**0.7**	0.7
Treasury shares	**(56.9)**	(57.3)
Other reserves	**(288.0)**	(277.7)
Retained earnings	**3,527.6**	3,108.1
EQUITY ATTRIBUTABLE TO OWNERS OF KINGSPAN GROUP PLC	**3,319.7**	2,892.1
NON-CONTROLLING INTERESTS	**75.8**	67.2
TOTAL EQUITY	**3,395.5**	2,959.3

Kingspan Group plc
Consolidated Statement of Changes in Equity
for the year ended 31 December 2022

	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	Put Option Liability Reserve €m	Retained Earnings €m	Total Attributable to Owners of the Parent €m	Non-Controlling Interests €m	Total Equity €m
Balance at 1 January 2022	23.9	94.4	0.7	(57.3)	(108.5)	0.6	57.3	0.7	(227.8)	3,108.1	2,892.1	67.2	**2,959.3**
Transactions with owners recognised directly in equity													
Employee share based compensation	-	-	-	-	-	-	18.4	-	-	-	18.4	-	**18.4**
Tax on employee share based compensation	-	-	-	-	-	-	(11.4)	-	-	2.5	(8.9)	-	**(8.9)**
Exercise or lapsing of share options	-	18.0	-	1.8	-	-	(9.2)	-	-	(10.6)	-	-	**-**
Repurchase of shares	-	-	-	(1.4)	-	-	-	-	-	-	(1.4)	-	**(1.4)**
Dividends	-	-	-	-	-	-	-	-	-	(93.7)	(93.7)	-	**(93.7)**
Transactions with non-controlling interests:													
Settlement of put option	-	-	-	-	-	-	-	-	36.6	(28.3)	8.3	(8.3)	**-**
Purchase of NCI	-	-	-	-	-	-	-	-	-	(0.4)	(0.4)	(1.6)	**(2.0)**
Dividends to NCI	-	-	-	-	-	-	-	-	-	-	-	(3.5)	**(3.5)**
Fair value movement	-	-	-	-	-	-	-	-	(16.0)	-	(16.0)	-	**(16.0)**
Transactions with owners	-	18.0	-	0.4	-	-	(2.2)	-	20.6	(130.5)	(93.7)	(13.4)	**(107.1)**
Total comprehensive income for the year													
Profit for the year	-	-	-	-	-	-	-	-	-	598.0	598.0	18.0	**616.0**
Other comprehensive loss:													
Items that may be reclassified subsequently to profit or loss													
Exchange differences on translating foreign operations	-	-	-	-	(28.7)	-	-	-	-	-	(28.7)	4.0	**(24.7)**
Items that will not be reclassified subsequently to profit or loss													
Actuarial losses on defined benefit pension scheme	-	-	-	-	-	-	-	-	-	(20.3)	(20.3)	-	**(20.3)**
Income taxes relating to actuarial losses on defined benefit pension scheme	-	-	-	-	-	-	-	-	-	4.9	4.9	-	**4.9**
Equity investments at FVOCI – net change in fair value	-	-	-	-	-	-	-	-	-	(32.6)	(32.6)	-	**(32.6)**
Total comprehensive income for the year	-	-	-	-	(28.7)	-	-	-	-	550.0	521.3	22.0	**543.3**
Balance at 31 December 2022	23.9	112.4	0.7	(56.9)	(137.2)	0.6	55.1	0.7	(207.2)	3,527.6	3,319.7	75.8	**3,395.5**

Kingspan Group plc
Consolidated Statement of Changes in Equity
for the year ended 31 December 2021

	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	Put Option Liability Reserve €m	Retained Earnings €m	Total Attributable to Owners of the Parent €m	Non-Controlling Interests €m	Total Equity €m
Balance at 1 January 2021	23.8	95.6	0.7	(11.6)	(229.9)	0.3	40.4	0.7	(168.3)	2,597.2	2,348.9	48.7	**2,397.6**
Transactions with owners recognised directly in equity													
Employee share based compensation	0.1	-	-	-	-	-	17.7	-	-	-	17.8	-	**17.8**
Tax on employee share based compensation	-	-	-	-	-	-	9.7	-	-	3.8	13.5	-	**13.5**
Exercise or lapsing of share options	-	(1.2)	-	1.2	-	-	(10.5)	-	-	10.5	-	-	**-**
Repurchase of shares	-	-	-	(46.9)	-	-	-	-	-	-	(46.9)	-	**(46.9)**
Dividends	-	-	-	-	-	-	-	-	-	(73.5)	(73.5)	-	**(73.5)**
Transactions with non-controlling interests:													
Arising on acquisition	-	-	-	-	-	-	-	-	-	-	-	3.5	**3.5**
Dividends to NCI	-	-	-	-	-	-	-	-	-	-	-	(3.2)	**(3.2)**
Fair value movement	-	-	-	-	-	-	-	-	(59.5)	-	(59.5)	-	**(59.5)**
Transactions with owners	0.1	(1.2)	-	(45.7)	-	-	16.9	-	(59.5)	(59.2)	(148.6)	0.3	**(148.3)**
Total comprehensive income for the year													
Profit for the year	-	-	-	-	-	-	-	-	-	554.1	554.1	16.5	**570.6**
Other comprehensive income:													
Items that may be reclassified subsequently to profit or loss													
Cash flow hedging in equity													
- current year	-	-	-	-	-	0.3	-	-	-	-	0.3	-	**0.3**
- tax impact	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Exchange differences on translating foreign operations	-	-	-	-	121.4	-	-	-	-	-	121.4	1.7	**123.1**
Items that will not be reclassified subsequently to profit or loss													
Actuarial gains on defined benefit pension scheme	-	-	-	-	-	-	-	-	-	21.5	21.5	-	**21.5**
Income taxes relating to actuarial gains on defined benefit pension scheme	-	-	-	-	-	-	-	-	-	(5.5)	(5.5)	-	**(5.5)**
Total comprehensive income for the year	-	-	-	-	121.4	0.3	-	-	-	570.1	691.8	18.2	**710.0**
Balance at 31 December 2021	23.9	94.4	0.7	(57.3)	(108.5)	0.6	57.3	0.7	(227.8)	3,108.1	2,892.1	67.2	**2,959.3**

Kingspan Group plc

Consolidated Statement of Cash Flows
for the year ended 31 December 2022

	Note	2022 €m	2021 €m
OPERATING ACTIVITIES			
Profit for the year		**616.0**	570.6
***Add back non-operating expenses*:**			
Income tax expense		**130.6**	118.4
Depreciation		**165.1**	138.4
Amortisation of intangible assets		**32.4**	29.5
Impairment of non-current assets		**-**	3.1
Loss on divestment of subsidiary	3	**16.5**	-
Employee equity-settled share options		**18.4**	17.7
Finance income	4	**(1.7)**	-
Finance expense	4	**39.4**	36.3
(Profit)/loss on sale of property, plant and equipment		**(0.4)**	0.4
Movement of deferred consideration		**-**	0.4
Changes in working capital:			
Inventories		**14.6**	(525.7)
Trade and other receivables		**25.7**	(298.8)
Trade and other payables		**(176.5)**	395.2
Other:			
Change in provisions		**7.7**	6.9
Pension contributions		**(3.8)**	(1.8)
Cash generated from operations		**884.0**	490.6
Income tax paid		**(158.4)**	(126.8)
Interest paid		**(33.6)**	(34.6)
Net cash flow from operating activities		**692.0**	329.2
INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(269.2)**	(168.8)
Proceeds from disposals of property, plant and equipment		**18.6**	5.2
Purchase of subsidiary undertakings (including net debt/cash acquired)	10	**(887.0)**	(540.2)
Purchase of non-controlling interest		**(2.0)**	-
Purchase of financial asset		**(113.3)**	(5.0)
Divestment of subsidiary		**(6.4)**	-
Payment of deferred contingent consideration		**(45.4)**	-
Interest received		**1.7**	0.1
Net cash flow from investing activities		**(1,303.0)**	(708.7)
FINANCING ACTIVITIES			
Drawdown of loans	6	**846.0**	55.1
Repayment of loans and borrowings	6	**(66.0)**	(263.2)
Settlement of derivative financial instrument		**-**	18.5
Payment of lease liability	7	**(50.6)**	(38.6)
Proceeds from share issues		**-**	0.1
Repurchase of shares		**(1.4)**	(46.9)
Dividends paid to non-controlling interests		**(3.5)**	(3.2)
Dividends paid	8	**(93.7)**	(73.5)
Net cash flow from financing activities		**630.8**	(351.7)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	6	**19.8**	(731.2)
Effect of movement in exchange rates on cash held		**(11.9)**	42.9
Cash and cash equivalents at the beginning of the year		**641.4**	1,329.7
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**649.3**	641.4

Notes to the Preliminary Results
for the year ended 31 December 2022

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 2021 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 auditor has consented to the publication of this preliminary announcement. The audit of the Group's statutory consolidated financial statements for the year ended 31 December 2022 is substantially complete and the report of the auditor is expected to be unqualified and not contain any matters to which attention will be drawn by way of emphasis. The principle outstanding procedures as identified by our auditors include the receipt of final ESEF financial statements incorporating their observations in respect of the tagging alone, consequent completion of subsequent event procedures and the receipt of final audit representations from management. The financial information for the year ended 31 December 2021 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 and gains or losses from non trading items.
- Non trading items refer to certain items, which by virtue of their nature and amount, are disclosed separately in order for the user to obtain a proper understanding of the financial information. Non-trading items include gains or losses on the disposal or acquisition of businesses and material related acquisition and integration costs, and material impairments to the carrying value of intangible assets or property, plant and equipment. It is determined by management that each of these items relate to events or circumstances that are non-recurring in nature.
- 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.
- EBITDA is earnings before finance costs, income taxes, depreciation, amortisation and non trading items.

The following amendments to standards and interpretations are effective for the Group from 1 January 2022 and do not have a material effect on the results or financial position of the Group:

	Effective Date – periods beginning on or after
Amendments to IFRS 3 *Business Combinations* – Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16 *Property, Plant and Equipment* – Proceeds before Intended Use	1 January 2022
Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* – Onerous Contracts – Costs of Fulfilling a Contract	1 January 2022
Annual improvements to IFRS Standards 2018-2020	1 January 2022

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

	Effective Date – periods beginning on or after
IFRS 17 *Insurance Contracts*	1 January 2023
Amendments to IAS 12 *Income Taxes* – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendment to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 *Accounting Policies, Changes in Accounting Policies and Errors* – Definition of Accounting Estimates	1 January 2023
Amendments to IFRS 17 *Insurance Contracts*: Initial Application of IFRS 17 and IFRS 9 – Comparative information	1 January 2023
Amendments to IAS 1 *Presentation of Financial Statements* - Classification of Liabilities as Current or Non-current Date, Classification of Liabilities as Current or Non-current – Deferral of Effective Date and Non-current Liabilities with Covenants	1 January 2024*
Amendments to IFRS 16 *Leases*: Lease Liability in a Sale and Leaseback	1 January 2024*

* Not 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 established a new division, Roofing + Waterproofing, during the financial year. This encompasses the Group's waterproof membrane roofing solutions activities which has resulted from the acquisition of Ondura Group and Derbigum during the financial year. There were no operations or activities in 2021 that are related to the new segment and therefore no changes have been made to the comparatives in relation to the new division.

Operating segments

The Group has the following six operating segments:

Insulated Panels	Manufacture of insulated panels, structural framing and metal facades.
Insulation	Manufacture of rigid insulation boards, technical insulation and engineered timber systems.
Light + Air	Manufacture of daylighting, smoke management, ventilation systems and service activities.
Water + Energy	Manufacture of energy and water solutions and all related service activities.
Data + Flooring	Manufacture of data centre storage solutions and raised access floors.
Roofing + Waterproofing	Manufacture of roofing and waterproofing solutions for renovation and new construction of buildings.

Analysis by class of business
Segment revenue and disaggregation of revenue

	Insulated Panels €m	Insulation €m	Light + Air €m	Water + Energy €m	Data + Flooring €m	Roofing + Waterproofing €m	Total €m
Total revenue – 2022	5,181.5	1,658.3	700.7	287.1	360.1	153.2	**8,340.9**
Total revenue – 2021	4,229.2	1,182.9	552.2	261.3	271.4	-	6,497.0
Disaggregation of revenue 2022							
Point of Time	5,147.7	1,633.1	409.5	286.6	325.4	153.2	**7,955.5**
Over Time & Contract	33.8	25.2	291.2	0.5	34.7	-	**385.4**
	5,181.5	1,658.3	700.7	287.1	360.1	153.2	**8,340.9**
Disaggregation of revenue 2021							
Point of Time	4,210.9	1,152.0	296.3	258.8	240.1	-	6,158.1
Over Time & Contract	18.3	30.9	255.9	2.5	31.3	-	338.9
	4,229.2	1,182.9	552.2	261.3	271.4	-	6,497.0

The disaggregation of revenue by geography is set out in more detail below.

The segments specified above capture the major product lines relevant to the Group.

The combination of the disaggregation of revenue by product group, geography and the timing of revenue recognition capture the key categories of disclosure with respect to revenue. Typically, individual performance obligations are specifically called out in the contract which allow for accurate recognition of revenue as and when performances are fulfilled. Given the nature of the Group's product set, customer returns are not a significant feature of our business model. No further disclosures are required with respect to disaggregation of revenue other than what has been presented in this note.

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 €m**	**Light + Air €m**	**Water + Energy €m**	**Data + Flooring €m**	**Roofing + Waterproofing €m**	**Total 2022 €m**	Total 2021 €m
Trading profit – 2022	548.7	165.2	52.3	15.4	43.1	8.5	**833.2**	
Intangible amortisation	(13.0)	(9.4)	(4.6)	(0.5)	(0.1)	(4.8)	**(32.4)**	
Non trading item	(16.5)	-	-	-	-	-	**(16.5)**	
Operating profit – 2022	519.2	155.8	47.7	14.9	43.0	3.7	**784.3**	
Trading profit – 2021	519.8	146.7	36.0	20.0	32.3	-		754.8
Intangible amortisation	(13.7)	(8.6)	(5.8)	(1.2)	(0.2)	-		(29.5)
Operating profit – 2021	506.1	138.1	30.2	18.8	32.1	-		725.3
Net finance expense							**(37.7)**	(36.3)
Profit for the year before tax							**746.6**	689.0
Income tax expense							**(130.6)**	(118.4)
Net profit for the year							**616.0**	570.6

Segment assets

	Insulated Panels €m	**Insulation €m**	**Light + Air €m**	**Water + Energy €m**	**Data + Flooring €m**	**Roofing + Waterproofing €m**	**Total 2022 €m**	Total 2021 €m
Assets – 2022	3,350.6	1,683.4	686.5	247.6	240.4	783.1	**6,991.6**	
Assets – 2021	3,266.4	1,309.4	665.0	243.5	227.2	-		5,711.5
Derivative financial instruments							**0.4**	0.3
Cash and cash equivalents							**649.3**	641.4
Deferred tax assets							**40.1**	34.7
Total assets as reported in the Consolidated Statement of Financial Position							**7,681.4**	6,387.9

Segment liabilities

	Insulated Panels €m	**Insulation €m**	**Light + Air €m**	**Water + Energy €m**	**Data + Flooring €m**	**Roofing + Waterproofing €m**	**Total 2022 €m**	Total 2021 €m
Liabilities – 2022	(1,080.7)	(320.8)	(248.1)	(95.7)	(77.9)	(163.7)	**(1,986.9)**	
Liabilities –	(1,240.7)	(307.1)	(218.1)	(98.4)	(74.4)	-		(1,938.7)

2021

Interest bearing loans and borrowings (current and non-current)	**(2,188.9)**	(1,397.5)
Derivative financial instruments (current and non-current)	**-**	-
Income tax liabilities (current and deferred)	**(110.1)**	(92.4)
Total liabilities as reported in the Consolidated Statement of Financial Position	**(4,285.9)**	(3,428.6)

Other segment information

	Insulated Panels €m	**Insulation €m**	**Light + Air €m**	**Water + Energy €m**	**Data + Flooring €m**	**Roofing + Waterproofing €m**	**Total €m**
Capital investment – 2022 *	178.8	136.8	12.1	8.8	6.2	208.7	**551.4**
Capital investment – 2021 *	164.3	94.2	32.3	8.4	5.5	-	304.7
Depreciation included in segment result – 2022	(85.1)	(41.7)	(18.9)	(8.1)	(6.6)	(4.7)	**(165.1)**
Depreciation included in segment result – 2021	(77.7)	(32.2)	(15.8)	(7.0)	(5.7)	-	(138.4)
Non-cash items included in segment result – 2022	(10.0)	(4.1)	(1.4)	(1.3)	(1.5)	(0.1)	**(18.4)**
Non-cash items included in segment result – 2021	(10.2)	(3.4)	(1.4)	(1.1)	(1.6)	-	(17.7)

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

Analysis of segmental data by geography

	Western + Southern Europe €m	**Central + Northern Europe €m**	**Americas €m**	**Rest of World €m**	**Total €m**
Income Statement Items					
Revenue – 2022	3,850.2	2,133.3	1,823.7	533.7	**8,340.9**
Revenue – 2021	3,239.8	1,629.8	1,269.8	357.6	6,497.0
Statement of Financial Position Items					
Non-current assets – 2022 *	2,248.0	1,121.9	784.4	273.1	**4,427.4**
Non-current assets – 2021 *	1,535.8	842.2	720.8	245.4	3,344.2
Other segmental information					
Capital investment – 2022	318.3	167.9	45.2	20.0	**551.4**
Capital investment – 2021	97.3	130.6	66.3	10.5	304.7

* Total non-current assets excluding deferred tax assets.

The Group is trading in over 80 countries worldwide. Foreign regions of operation are as set out above and specific countries of operation are highlighted separately below on the basis of materiality where revenue exceeds 15% of total Group revenues.

Revenues, non-current assets and capital investment (as defined in IFRS 8) attributable to France were €1,238.1m (2021: €988.3m), €734.1m (2021: €251.2m) and €161.1m (2021: €29.3m) respectively.

Revenues, non-current assets and capital investment (as defined in IFRS 8) attributable to the country of domicile (Ireland) were €256.5m (2021: €206.0m), €168.0m (2021: €89.0m) and €15.5m (2021: €19.3m) respectively.

The country of domicile is included in Western & Southern Europe. Western & Southern Europe also includes France, Benelux, Spain and Britain while Central & Northern Europe includes Germany, the Nordics, Poland, Hungary, Romania, Czech Republic, the Baltics and other South Central European countries. Americas comprises the US, Canada, Central Americas and South America. Rest of World is predominantly Australasia and the Middle East.

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-uses and geographies.

3 NON-TRADING ITEM

	2022 €m	2021 €m
Loss on disposal of subsidiary	**16.5**	-

During the year the Group's Russian operations were divested in full which resulted in a loss on disposal of €16.5m (2021: €nil).

4 FINANCE EXPENSE AND FINANCE INCOME

	2022 €m	2021 €m
Finance expense		
Lease interest	**4.7**	3.7
Deferred contingent consideration fair value movement	**-**	0.1
Bank loan interest	**10.1**	5.4
Private placement loan note interest	**24.5**	26.8
Other interest	**0.1**	0.3
	39.4	36.3
Finance income		
Interest earned	**(1.7)**	-
Net finance expense	**37.7**	36.3

€0.7m of borrowing costs were capitalised during the year (2021: €3.9m). No costs were reclassified from other comprehensive income to profit during the year (2021: €nil).

5 ANALYSIS OF NET DEBT

	2022 €m	2021 €m
Cash and cash equivalents	**649.3**	641.4
Current borrowings	**(85.0)**	(77.4)
Non-current borrowings	**(2,103.9)**	(1,320.1)
Total Net Debt	**(1,539.6)**	(756.1)

The Group's core funding is provided by six private placement loan notes; one USD private placement totalling $200m (2021: $200m) maturing in December 2028 and five EUR private placements totalling €1.1bn (2021: €1.2bn) which will mature in tranches between March 2023 and December 2032. The notes have a weighted average maturity of 5.7 years (31 December 2021: 6.4 years).

The primary bank debt facility is a €800m revolving credit facility, which was undrawn at year end, and which matures in May 2026. The Revolving Credit Facility was increased by €100m in December 2022 under the facility's accordion clause. In April 2022, the Group arranged two additional banking finance facilities with an aggregate value of €800m (€500m maturing April 2024, €300m maturing April 2025). The facilities were fully drawn at year end.

Included in cash at bank and in hand are overdrawn positions of €1,456.8m (31 December 2021: €1,439.8m). These balances form part of a notional cash pool arrangement and are netted against cash balances of €1,480.2m (31 December 2021: €1,463.6m). The net cash pool balance of €23.4m (31 December 2021: €23.8m) is included in the cash and cash equivalents balance above. There is a legal right of offset between these balances and the balances are physically settled on a regular basis.

Net debt, which is an Alternative Performance Measure, is stated net of interest rate and currency hedges which relate to hedges of debt. Foreign currency derivative assets of €0.4m (2021: €0.3m) and foreign currency derivative liabilities of €nil (2021: €nil) which are used for transactional hedging are not included in the definition of net debt. Lease liabilities recognised due to the implementation of IFRS 16 and deferred contingent consideration have also been excluded from the calculation of net debt which is consistent with the terms and conditions of the covenants as set out in the Group's external borrowing arrangements.

6 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2022 €m	2021 €m
Movement in cash and bank overdrafts	**19.8**	(731.2)
Drawdown of loans	**(846.0)**	(55.1)
Repayment of loans and borrowings	**66.0**	263.2
Settlement of derivative financial instrument	**-**	(18.5)
Change in net debt resulting from cash flows	**(760.2)**	(541.6)
Translation movement - relating to US dollar loan	**(10.9)**	(19.7)
Translation movement - other	**(12.4)**	42.7
Derivative financial instruments movement	**-**	(1.3)
Net movement	**(783.5)**	(519.9)
Net debt at start of the year	**(756.1)**	(236.2)
Net debt at end of the year	**(1,539.6)**	(756.1)

Further analysis of net debt at the start and end of the year is provided in note 5.

7 LEASES

Right of use asset

	2022	2021
	€m	€m
At 1 January	**155.5**	113.0
Additions	**41.3**	28.4
Arising on acquisitions	**36.2**	32.2
Remeasurement	**19.6**	17.3
Terminations	**(1.7)**	(2.9)
Depreciation charge for the year	**(47.2)**	(37.0)
Effect of movement in exchange rates	**1.6**	4.5
At 31 December	**205.3**	155.5

Lease liability

	2022	2021
	€m	€m
At 1 January	**158.0**	114.8
Additions	**39.7**	27.0
Arising on acquisitions	**25.3**	32.1
Remeasurement	**19.6**	17.3
Terminations	**(1.7)**	(3.0)
Payments	**(50.6)**	(38.6)
Interest	**4.7**	3.7
Effect of movement in exchange rates	**1.8**	4.7
At 31 December	**196.8**	158.0
Split as follows:		
Current liability	**43.2**	35.0
Non-current liability	**153.6**	123.0
At 31 December	**196.8**	158.0

8 DIVIDENDS

Equity dividends on ordinary shares:	**2022**	2021
	€m	€m
2022 Interim dividend 25.6 cent (2021: 19.9 cent) per share	**46.5**	36.1
2021 Final dividend 26.0 cent (2020: 20.6 cent) per share	**47.2**	37.4
	93.7	73.5
Proposed for approval at AGM		
Final dividend of 23.8 cent (2021: 26.0 cent) per share	**43.3**	47.2

This proposed dividend for 2022 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 2022 in accordance with IAS 10 *Events after the Reporting Period*. The proposed final dividend for the year ended 31 December 2022 will be payable on 9 May 2023 to shareholders on the Register of Members at close of business on 14 April 2023.

9 EARNINGS PER SHARE

	2022	2021
	€m	€m
The calculations of earnings per share are based on the following:		
Profit attributable to ordinary shareholders	**598.0**	554.1

	Number of shares ('000) 2022	Number of shares ('000) 2021
Weighted average number of ordinary shares for the calculation of basic earnings per share	**181,487**	181,348
Dilutive effect of share options	**1,451**	1,565
Weighted average number of ordinary shares for the calculation of diluted earnings per share	**182,938**	182,913

	2022	2021
	€ cent	€ cent
Basic earnings per share	**329.5**	305.6
Diluted earnings per share	**326.9**	303.0

Dilution is attributable to the weighted average number of share options outstanding at the end of the reporting period.

The number of options which are anti-dilutive and have therefore not been included in the above calculations is nil (2021: nil).

10 BUSINESS COMBINATIONS

A key strategy of the Group is to create and sustain market leading positions through acquisitions in markets it currently operates in, together with extending the Group's footprint in new geographic markets. In line with this strategy, the principal acquisitions completed during the year were as follows:

In April 2022, the Group acquired 100% of the share capital of Troldtekt, a Danish natural acoustic insulation producer. The total consideration, including net debt acquired amounted to €220.4m.

In September 2022, the Group acquired 100% of the share capital of Ondura Group, a French headquartered global provider of roofing membranes and associated roofing solutions, for a total consideration, including net debt acquired of €515.6m.

The Group also made a number of smaller acquisitions during the year for a combined cash consideration of €151.0m:

- The Roofing + Waterproofing division acquired 100% of the share capital of Derbigum, a Belgian producer of waterproofing membranes for a total consideration, including net debt acquired of €95.0m in June 2022;
- The Insulated Panels division acquired 100% of the share capital of THU Perfil in February 2022 and 100% of the share capital of Invespanel in Spain in September 2022;
- The Insulation division acquired the assets of Calostat in the UK in September 2022.

The table below reflects the fair value of the identifiable net assets acquired in respect of the acquisitions completed during the year. Any amendments to fair values will be made within the twelve-month period from the date of acquisition, as permitted by IFRS 3, *Business Combinations*.

	Ondura €m	**Troldtekt €m**	**Other* €m**	**Total €m**
Non-current assets				
Intangible assets	77.9	30.1	22.2	**130.2**
Property, plant and equipment	86.3	31.6	27.0	**144.9**
Right of use assets	27.0	1.8	7.4	**36.2**
Deferred tax asset	0.5	-	1.2	**1.7**
Current assets				
Inventories	86.0	13.2	21.5	**120.7**
Trade and other receivables	75.1	16.6	35.6	**127.3**
Current liabilities				
Trade and other payables	(96.2)	(14.7)	(52.9)	**(163.8)**
Provisions for liabilities	(21.9)	(0.3)	(9.5)	**(31.7)**
Lease liabilities	(4.2)	(0.8)	(1.5)	**(6.5)**
Non-current liabilities				
Retirement benefit obligations	(2.8)	-	(0.1)	**(2.9)**
Lease liabilities	(12.1)	(1.0)	(5.7)	**(18.8)**
Deferred tax liabilities	(21.7)	(5.2)	(2.1)	**(29.0)**
Total identifiable assets	193.9	71.3	43.1	**308.3**
Goodwill	321.7	149.1	107.9	**578.7**
Total consideration	515.6	220.4	151.0	**887.0**
Satisfied by:				
Cash (net of cash acquired)	515.6	220.4	151.0	**887.0**
Deferred consideration	-	-	-	-
Total consideration	515.6	220.4	151.0	**887.0**

*Included in Other are certain immaterial remeasurements of prior year accounting estimates as a result of the finalisation of the assignment of fair values to identifiable net assets.

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.

The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis due to the relative size of the acquisitions and the timing of the transactions. Any amendments to these fair values within the twelve-month timeframe from the date of acquisition will be disclosable in the 2023 Annual Report, as stipulated by IFRS 3.

In the post-acquisition period to 31 December 2022, the businesses acquired during the current year contributed revenue of €252.0m and trading profit of €21.6m to the Group's results.

11 POST BALANCE SHEET EVENTS

There have been no material events subsequent to 31 December 2022 which would require adjustment to, or disclosure in this report.

12 EXCHANGE RATES

The financial information included in this report is expressed in Euro which is the presentation currency of the Group and the functional and presentation 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 =	**2022**	2021	**2022**	2021
Pound Sterling	**0.853**	0.860	**0.886**	0.838
US Dollar	**1.054**	1.183	**1.067**	1.133
Canadian Dollar	**1.370**	1.483	**1.444**	1.442
Australian Dollar	**1.517**	1.575	**1.569**	1.558
Czech Koruna	**24.562**	25.642	**24.143**	24.851
Polish Zloty	**4.685**	4.565	**4.680**	4.588
Hungarian Forint	**391.09**	358.52	**400.190**	368.89
Brazilian Real	**5.442**	6.381	**5.632**	6.309

13 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.

14 BOARD APPROVAL

This announcement was approved by the Board on 17 February 2023.