KINGSPAN GROUP PLC

PRELIMINARY RESULTS

Year Ended 31 December 2017

KINGSPAN GROUP PLC

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

Kingspan, the global leader in high performance insulation and building envelope solutions, reports its preliminary results for the year ended 31 December 2017.

Financial Highlights:

- Revenue up 18% to €3.7bn, (pre-currency, up 20%).
- Trading profit up 11% to €377.5m, (pre-currency, up 14%).
- Acquisitions contributed 9% to sales growth and 8% to trading profit growth in the year.
- Group trading margin of 10.3%, a decrease of 70bps.
- Basic EPS up 11% to 159.0 cent.
- Final dividend per share of 26.0 cent. Total dividend for the year up 10% to 37.0 cent.
- Year-end net debt of €463.9m (2016: €427.9m). Net debt to EBITDA of 1.05x (2016: 1.06x).
- Strong ROCE of 17.8% (2016:17.3%).

Operational Highlights:

- Insulated Panel sales growth of 17%. A positive performance in Continental Europe, and a solid outcome in North America both drove this number despite the sharp slowdown in the UK towards year end.
- Insulation Board sales growth of 12% owing to significant price inflation and the structural shift to Kooltherm® in the UK, Ireland and Mainland Europe.
- Light & Air sales of €205m marking a strong first full year of trading for this division and the development of a unique US and European footprint.
- A strong year for Environmental with ongoing improvement in profitability. Access Floors had a solid year, albeit with a weakening UK backdrop.
- The recovery of raw material inflation was a key theme during 2017. Supply eased somewhat toward year-end, although prices remain high into the current period.
- A record committed acquisition spend of €614m, of which €174m was completed during 2017. Key developments completed or pending include market entry into Brazil, Colombia and Southern Europe as well as an extension of our presence in Western and Central Europe.

Summary Financials:

	2017	*2016*	*% change*
Revenue €m	3,668.1	3,108.5	+18.0%
EBITDA €m	441.7	404.1	+9.3%
Trading Profit* €m	377.5	340.9	+10.7%
Trading Margin	10.3%	11.0%	-70bps
Profit after tax €m	285.9	255.5	+11.9%
EPS (cent)	159.0	143.8	+10.6%

**Operating profit before amortisation of intangibles and non trading items*

Gene M. Murtagh, Chief Executive of Kingspan commented:

"2017 was another year of strong performance for Kingspan. We have continued our globalisation strategy with several significant acquisitions, including establishing a market leading presence in Latin America. Our new Light & Air division is performing ahead of expectations and expanding the range of product solutions the business offers. The challenge of increased input costs has been effectively managed to minimise the impact on profit margins. Notwithstanding the weakening UK market our well diversified business is well placed for the longer term".

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Business Review

2017 was a significant year for Kingspan which, despite its challenges, was a record period for the Group. Revenue rose by 18.0% to €3.7bn, and trading profit grew by 10.7% to €377.5m. The resultant increase in EPS was 10.6% to 159.0 cent per share. In addition to volume growth, price inflation also contributed to sales as we pushed to recover unprecedented raw material cost increases.

Activity across our Mainland European markets was somewhat mixed, led in particular by strong performances in France, Benelux and the Nordics as penetration of high performance insulation continues to increase in these regions. Germany, in contrast, was deeply competitive during the year as capacity increases weighed on market prices. The UK performed resiliently for much of the year. However, growing economic and political uncertainty made itself increasingly evident in market activity, with order intake weakening sharply towards year-end, largely in the non-residential segment. North American revenue was modestly ahead and Latin America grew meaningfully through our new ventures in Brazil and Colombia. Chemical cost increases were at levels not experienced before, which when combined with supply tightness led to a period of balancing margin and growth priorities and the need for significant price increases for our own solutions. In all, we successfully recovered the input increases, although in the process conceded some market share to alternative products which over time we expect to regain. Presently, we are experiencing improved raw material supply albeit with prices remaining high.

2017 was also a year of record acquisition activity for Kingspan. In total, between completions and signed contracts we committed almost €614m, €174m of which was incurred during the year with a further €440m currently awaiting regulatory approval. A centrepiece of these developments has been our increased exposure to exciting new frontiers including Latin America and Southern Europe, as well as adding significantly to our insulation technology via the Synthesia business. In addition to these acquisitions we also invested a net amount of €85.6m in capital expenditure with a strong emphasis on the organic global roll-out of our Insulated Panel and Insulation Boards businesses.

We continue to make progress on our internal and ongoing environmental agenda and reached a Net Zero Energy level of 69%, which brings us a sizeable step closer to our 2020 target of achieving 100% across the globe.

Strategy

Our strategic agenda is focused on the four pillars of Innovation, Globalisation, Penetration and Net Zero Energy. 2017 once again delivered notable advancements in all four areas:

- Product **Innovation** and range expansion progressed across the Group, the most significant of which is the ongoing roll-out of Quadcore™ now available from approximately half of our Insulated Panel facilities worldwide. 4% of our Insulated Panel volume sold globally contained this unique formulation. The Kooltherm® 100 Series was launched in 2016 and has made significant progress. Work has already begun on a 200 Series. These technologies are distinct in how they can address the ever-increasing fire performance demands of insulation systems, without having to compromise on the weight, moisture and thermal deficiencies of traditional fibrous insulation. Kingspan's products are among the most independently fire tested insulation systems in the world, having carried out more than 1,800 external fire tests to national and international standards for compliance across global regulatory regimes.

  Digitalising Kingspan is fast becoming a centrepiece of our innovation strategy, as part of which we recently invested in Invicara Pte Ltd, a Business Information Modelling (BIM) company. This and the many other initiatives underway are all designed to transform how we do business and how our specifiers and customers interact with us over the next three to five years.

- **Globalisation** of Kingspan remains central to our ongoing progress. During 2017 we further expanded our manufacturing footprint by investing in partnerships in Brazil and Colombia. These acquisitions firmly place Kingspan in a market leading position across Latin America, a new frontier for Kingspan, with a strong platform for further growth in the region.

  Towards year-end we also announced agreements to acquire a presence in Southern Europe through the Synthesia Group, consisting of three operating businesses; Synthesia International, Poliuretanos and Huurre. Through its Huurre and Poliuretanos businesses, the Synthesia Group gives Kingspan a leading position in both Insulated Panels and Insulation Boards on the Iberian Peninsula and strengthens our emerging Insulated Panels presence in Central and South America. It also provides an excellent technology platform for blended chemical systems similar to those used throughout the wider Kingspan Group.

  We also advanced our position in Central Europe through the planned acquisition of Balex Metal, a Polish manufacturer of insulated panels and insulation boards. Balex has a strong market presence locally and in regional export markets. It complements our existing presence in the region and brings two well invested panel/board manufacturing facilities.

- **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 important challenges for businesses, so do products that can enable them to manage their environmental footprint more effectively. 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.

  In 2017 we achieved 69%, a significant increase on the 57% achieved a year earlier, and we remain on target to achieve 100% by 2020. Progress in 2017 was achieved through numerous initiatives implemented as a part of our three step strategy – 'Save More', 'Generate More' and 'Buy More'. Particular highlights have included the use of our own energy saving solutions including insulation, LED lighting and day-lighting systems, alongside our renewable energy generation solutions. These efforts have led to our recognition on CDP's global "A List", an achievement we were delighted to obtain for the third year running.

  We recognise the central importance of addressing the built environment as part of wider efforts to mitigate greenhouse gas emissions. This effort will not only be reliant on solutions for new buildings, but also on the ability to accelerate the renovation rate of the existing building stock. The ongoing revisions to key EU legislation including the Energy Performance of Buildings Directive (EPBD) is a signal to industry to take action.

Insulated Panels

	***FY* '17 €m**	***FY* '16 €m**	**Change**
Turnover	2,328.5	1,998.2	+17% (1)
Trading Profit	233.3	224.4	+4%
Trading Margin	10.0%	11.2%	-120bps

(1) Comprising underlying +12%, currency -2% and acquisitions +7%

Mainland Europe

2017 was a generally positive year for our Insulated Panels businesses across Continental Europe, setting aside the inflationary challenges faced. Volumes in Germany were flat over the period, and weaker towards year end as we gave up some market share in pursuit of raw material recovery. France had a particularly strong year for the Joris Ide brand and our business in the Netherlands performed well through most of the year. It was also a year of significant progress in the Nordics where the penetration rate for high performance insulation solutions is relatively low, and further growth will be facilitated by our new QuadCore™ insulated panel line which was commissioned in Finland during the year. Volumes in much of Central Europe were healthy although it was one of our more difficult markets from which to recover chemical cost inflation.

Americas

Order intake by volume in the US grew by low double digit in 2017, compensating somewhat for weaker activity in Canada, the latter owing itself to lower volume in the western region and Alberta as well as intensified competition in cold storage applications. Sales of architectural solutions were positive once again, particularly Dri-Design® which has now been launched in other markets across the world and will be produced in both the UK and Continental Europe. 2017 marked a step-change to our position in Latin America where we now have a manufacturing presence in Mexico, Colombia and four facilities across Brazil. Early indications from these partnerships in South America have been most encouraging.

UK

The year started well for Insulated Panels in the UK and then tapered off considerably towards year-end as a decreasing number of large scale non-residential projects came to the market. That said, large scale online distribution centres featured prominently through 2017 and are likely to do so during the current year. Dri-Design® has started well in the UK and its project pipeline in the medium and high rise segments is encouraging as this segment undergoes a shift in the type of external facades used. Encouraging also was the success of QuadCore™ which reached penetration of 15% in its second full year in the UK, and is targeted to reach a run-rate of greater than 40% by the end of 2018. We anticipate this underlying progress to continue which will somewhat protect the business in the UK as it heads into a more difficult phase with general confidence ebbing, and inward investment waning as the government wades its way through its Brexit quagmire. Once certainty is restored, whenever that may be, demand should recover.

Asia Pacific & Middle East

This region experienced many challenges in 2017, not least the predictable weakness experienced in Turkey. The project pipeline is very healthy, particularly so in the aviation sector where in 2018 and 2019 a number of sizeable projects are expected to come to market. Australia was impacted by capacity expansions by competitors, the pressures from which should ease over-time as the penetration drive towards high performance continues. The New Zealand market continues to deliver well for Kingspan.

Ireland

The market in Ireland has progressed well in recent years as the economy recovers and growth in building resumes although the non-residential sector was broadly flat year on year. Tangible progress is being made on QuadCore™ and Dri-Design® specifications, both of which will be key dimensions of the Irish business in the future.

Insulation Boards

	***FY* ’17** **€m**	***FY* ’16** **€m**	**Change**
Turnover	769.4	688.1	+12% (1)
Trading Profit	91.2	78.5	+16%
Trading Margin	11.9%	11.4%	+50bps

(1) Comprising underlying +15% and currency -3%.

UK

2017 was an outstanding year for the Insulation Boards division with overall revenue ahead by 12%. This pattern was reflected similarly in the UK where the combination of price inflation, single digit volume growth and a sharp shift in mix towards Kooltherm® all combined to deliver a record year. The increase in Kooltherm® was partly facilitated by the tightness in supply of PIR board and also by the increasing demand for high fire performing solutions. Kooltherm® has the advantage of achieving this without compromising on thermal and space optimization that traditional insulations tend to suffer from. We expect this trend to continue which should drive further growth in the new generation Kooltherm® 100 Series.

Mainland Europe

Our business continued to progress well across Continental Europe, despite the raw material pressures endured. Kooltherm® again stood out and growth was particularly evident in the Netherlands, Belgium, Germany and in the Nordics. Available capacity is tight and as a result we plan to build a greenfield facility in the Nordics over the course of this year and next which will support further penetration growth in that region as well as freeing up capacity to further our share in Western Europe.

Americas

During the year our new XPS insulation facility was commissioned in Winchester VA which doubles our capacity for this type of insulation board in North America. The plant only came properly on stream late in the year and, as a result, revenue was only marginally up over prior year. 2018 should see a resumption of growth as we enter new applications with an extended product range through the recent investment. A key strand of this strategy will encompass exploring end-market synergies that can be achieved using our Insulated Panel infrastructure as an additional channel for XPS board.

Asia Pacific & Middle East

The market for rigid insulation in the Middle East is relatively embryonic and, as such, has low levels of penetration. Ducting applications are the exception to this and Kingspan's position in this segment has advanced notably in recent years. Our building insulation range also received a boost with the addition of a new manufacturing line in 2017. This in combination with Kooltherm®, leaves us well positioned for growth over the medium term.

A new Kooltherm® facility was commissioned during the year in Melbourne which now provides the means to better service the Australasian region, which was heretofore supplied from Ireland. This market has become highly competitive in recent times as a result of a number of PIR capacity additions in the region.

Ireland

2017 was a positive year for Kooltherm® in Ireland as the conversion towards higher performance insulation continued to advance. As well as the growth in the residential segment, the conversion was also facilitated somewhat by a market shortage of PIR board during the year. This has alleviated in more recent weeks.

Light & Air

	FY '17 €m	*FY* '16 €m	Change
Turnover	204.7	75.9	+170%(1)
Trading Profit	14.8	3.6	+311%
Trading Margin	7.2%	4.7%	+250bps

(1) Comprising underlying +1%, currency -1% and acquisitions +170%.

2017 was a milestone year for this newly formed division as it further extended its global presence through the addition of CPI Daylighting in North America and Brakel in Europe. Revenue in 2017 reached €204.7m and with the most recent acquisition the 2018 run-rate should be closer to €300m. Trading margin was 7.2%, as planned, and this year we expect it to exceed 8%.

At an organic level Western Europe performed strongly, particularly in Germany and France. Brakel will significantly complement our presence in Western Europe, not only from its product range, but also through its Slovakian manufacturing base which is capable of servicing much of the wider division. Together with the extensive site consolidation taking place in our French business to a 30,000m² facility near Lyon, the production infrastructure will, by the end of 2018, have taken a meaningful step forward in Europe. The underlying sales performance in North America was less positive as we gave up share in western US early in the year. This pattern had been reversed by year-end and will benefit further from site consolidation in 2018 as well as the range expansion provided by the UniQuad® product set at CPI.

Environmental

	FY '17 €m	*FY* '16 €m	Change
Turnover	179.8	162.0	+11% (1)
Trading Profit	16.2	11.3	+43%
Trading Margin	9.0%	7.0%	+200bps

(1) Comprising underlying +2%, currency impact -5% and acquisitions +14%

The 2017 outturn at the Environmental division was strong, representing significant progress from a year earlier and continuing the pattern of recent years whereby global expansion and trading margin restoration were key themes.

To that end, revenue reached €179.8m and the trading margin was 9.0%. Much of this performance was driven by the contribution from Australia where the water storage business has performed excellently since acquired a couple of years back, and from the UK where the more traditional product range and service activities performed well. The Australasian business also benefitted from the addition of the Rhino rainwater business during 2017.

In contrast, the renewables businesses of solar and wind both had a more challenging trading period and this pattern is likely to prevail for the foreseeable future in Europe and the UK.

Access Floors

	FY '17 €m	*FY '16* €m	Change
Turnover	185.7	184.3	+1% (1)
Trading Profit	22.0	23.1	-5%
Trading Margin	11.8%	12.5%	-70bps

(1) Comprising underlying +4%, currency -4% and acquisitions +1%

The UK continued to perform well for much of the year as we supplied contracts awarded earlier in the year, and even some from 2016. The result was satisfactory growth in what increasingly developed into a tougher trading environment in the UK as confidence levels dipped and order intake followed suit. The impact of this trend will be lower sales volume in 2018. The recently acquired small platform in Belgium provides the division with its first step into Western Europe and access in particular to the German market. In North America we continued to expand the product offering with the primary focus on pre-finished concrete access floors and the data segment product set. These are both key growth opportunities for the business, not alone in North America, but also in Australia which shares similar market characteristics.

Acquisitions
During the year we committed investment of almost €614m on ten acquisitions of which eight were completed in the year, including the acquisition of majority stakes in the leading insulated panel businesses in Brazil and Colombia and three acquisitions in our Light & Air division.

The acquisitions of Synthesia and Balex, detailed earlier in this report, are both subject to regulatory clearance and are expected to complete by the end of the first half of 2018.

Financial Review

The Financial Review provides an overview of the Group's financial performance for the year ended 31 December 2017 and of the Group's financial position at that date.

Overview of results
Group revenue increased by 18% to €3.67bn (2016: €3.11bn) and trading profit increased by 10.7% to €377.5m (2016: €340.9m) with a decrease of 70 basis points in the Group's trading profit margin to 10.3% (2016: 11.0%). Basic EPS for the year was 159.0 cent (2016: 143.8 cent), representing an increase of 10.6%.

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

Sales	Underlying	Currency	Acquisition	Total
Insulated Panels	+12%	-2%	+7%	+17%
Insulation Boards	+15%	-3%	-	+12%
Light & Air	+1%	-1%	+170%	+170%
Environmental	+2%	-5%	+14%	+11%
Access Floors	+4%	-4%	+1%	+1%
Group	+11%	-2%	+9%	+18%

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

Trading Profit	Underlying	Currency	Acquisition	Total
Insulated Panels	-1%	-2%	+7%	+4%
Insulation Boards	+20%	-4%	-	+16%
Light & Air	+75%	-1%	+237%	+311%
Environmental	+35%	-5%	+13%	+43%
Access Floors	-1%	-4%	-	-5%
Group	+6%	-3%	+8%	+11%

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 €1.6m to €15.9m (2016: €14.3m). A net non-cash credit of €0.6m (2016: charge €0.1m) 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 €16.1m (2016: €14.1m). This increase reflects higher average gross and net debt levels in 2017, due to acquisition spend, offset by favourable financing initiatives undertaken over the course of 2016 and 2017. 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 €60.6m (2016: €58.5m) which represents an effective tax rate of 17.5% (2016: 18.6%). The decrease in the effective rate reflects, primarily, the change in the geographical mix of earnings year on year and reductions in certain territorial tax rates.

Divisional reporting
The Group established a new division, Kingspan Light & Air, encompassing the Group's daylighting and natural ventilation activities effective from 1 January 2017. In 2016, this activity was reported within the Insulated Panels division with full systematic separation and divisional management effective from the 2017 financial year.

Dividends
The Board has proposed a final dividend of 26.0 cent per ordinary share payable on 27 April 2018 to shareholders registered on the record date of 23 March 2018. When combined with the interim dividend of 11.0 cent per share, the total dividend for the year increased to 37.0 cent (2016: 33.5 cent), an increase of 10.4%.

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 all defined benefit schemes was €13.6m (2016: €14.1m) as at 31 December 2017.

Intangible assets and goodwill
Intangible assets and goodwill increased during the year by €104.0m to €1,186.0m (2016: €1,082.0m). Intangible assets and goodwill of €173.8m were recorded in the year relating to acquisitions and additions completed by the Group, offset by annual amortisation of €15.7m 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 continually and also in achieving medium and long term targets.

Key performance indicators	2017	2016
Basic EPS growth	11%	35%
Sales growth	18%	12%
Trading margin	10.3%	11.0%
Free cashflow (€m)	198.5	206.6
Return on capital employed	17.8%	17.3%
Net debt/EBITDA	1.05x	1.06x

(a) Basic EPS growth. The growth in EPS is accounted for by the 11% increase in trading profit, generating a 12% increase in profit after tax.

(b) Sales growth of 18% (2016: 12%) was driven by a 9% contribution from acquisitions, an 11% increase in underlying sales and a 2% decrease due to the effect of currency translation. A key contributor to underlying sales growth in the year was price growth necessitated by raw material inflation recovery.

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

	2017	2016
Insulated Panels	10.0%	11.2%
Insulation Boards	11.9%	11.4%
Light & Air	7.2%	4.7%
Environmental	9.0%	7.0%
Access Floors	11.8%	12.5%

The Insulated Panels division trading margin reflects, primarily, the impact of higher raw material prices year on year and the associated lag in recovery. The trading margin improvement in the Insulation Boards division reflects a positive Kooltherm® mix driven by constrained availability of other rigid insulants due to raw material shortages. The increase in the Environmental trading margin reflects a tighter product set, a widening of the geographical base, growth in rainwater harvesting activity in Australia and an improvement in the UK. The improved trading margin in Light & Air reflects the higher level of activity year on year together with structural improvements to the cost base. The decrease in trading margin in Access Floors reflects a subdued sales performance during the year and the geographic market mix of sales year on year.

(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	2017 €m	2016 €m
EBITDA*	441.7	404.1
Non-cash items	9.4	12.4
Movement in working capital	(85.3)	(53.1)
Pension contributions	(0.9)	(2.9)
Movement in provisions	(2.4)	13.7
Net capital expenditure	(85.6)	(103.1)
Net interest paid	(16.8)	(14.2)
Income taxes paid	(61.6)	(50.3)
Free cashflow	198.5	206.6

**Earnings before finance costs, income taxes, depreciation, amortisation and non trading items*

Working capital at year end was €477.8m (2016: €382.7m) and represents 13.0% (2016: 12.3%) 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, the working capital investment associated with year on year sales growth and the working capital in acquired businesses.

(e) Return on capital employed, calculated as operating profit divided by total equity plus net debt, was 17.8% in 2017 (2016: 17.3%). 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 together with the deployment of further capital has maintained returns on capital during the year.

(f) Net debt to EBITDA measures the ratio of net debt to earnings and at 1.05x (2016: 1.06x) is comfortably less than the Group's banking covenant of 3.5x in both 2017 and 2016.

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 100% renewable energy in aggregate across our manufacturing facilities globally by 2020. In 2017 we achieved 69%, a significant increase on the 57% achieved a year earlier, and we remain on target to achieve our 2020 target.

b) **Carbon Disclosure Project** - The Group maintains an ongoing commitment to carbon reporting and reducing our impact on the environment. For the sixth consecutive year the Group participated in the Carbon Disclosure Project (CDP) and we are one of only 120 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 2017, 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 made further progress in advancing its next generation Kooltherm® 100 range and in Access Floors the exposed concrete finish product progressed well in 2017.

Acquisitions and capital expenditure

During 2017, Kingspan committed to an investment of €613.9m on ten acquisitions. Of the total investment, €173.9m was incurred in cash on completion during the year for eight of these acquisitions with a further aggregate amount of €440m payable in respect of two of the acquisitions which are expected to complete in the first half of 2018.

On 15 December 2017, the Group announced the proposed acquisition of the Synthesia Group ("Synthesia"). Synthesia gives Kingspan a leading position in both Insulated Panels and Insulation Boards on the Iberian Peninsula and strengthens its presence in Central and South America. The acquisition is conditional on regulatory clearance and is expected to complete in the first half of 2018.

On 15 December 2017, the Group also announced the proposed acquisition of Balex Metal sp.z.o.o. ("Balex"), a Polish based manufacturer of Insulated Panels and Insulation Boards. The acquisition is conditional on regulatory clearance, and is expected to complete towards the end of the first half of 2018.

On 24 November 2017 the Group acquired Brakel Group, a Dutch based operation in the Light & Air sector with annual revenues in the year to 31 December 2016 of €68m. The consideration paid in cash on completion was €73.3m.

On 27 September 2017 the Group acquired 51% of Isoeste Construtivos Isotermicos S.A. ("Isoeste"). The amount payable in cash on completion was €41.8m and a further maximum amount of €33.2m may become payable contingent on the future earnings performance of the business.

On 2 August 2017 the Group acquired 100% of CPI Daylighting Inc. ("CPI"), a US based daylight business. The amount payable in cash on completion was €38.6m.

In addition, the Group made five smaller acquisitions during the year in the Insulated Panels, Environmental, Light & Air and Access Floors divisions for an aggregate cash consideration of €20.2m.

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 €500m revolving credit facility, which was undrawn at year end and which matures in June 2022. As at 31 December 2017, the Group's committed bilateral bank facilities were €50m, none of which was drawn. Private placement loan note funding net of related derivatives totals €633.2m. The weighted average maturity of the notes is 6.5 years, including a new private placement of €175m completed on 8 December 2017. This was drawn on 31 January 2018.

The Group had significant available undrawn facilities and cash balances which, in aggregate, were c.€901m at 31 December 2017 and provide appropriate headroom for ongoing operational requirements and development funding. €440m of this headroom is expected to be utilised to complete the Synthesia and Balex acquisitions detailed above.

Net debt
Net debt increased by €36.0m during 2017 to €463.9m (2016: €427.9m). This is analysed in the table below:

Movement in net debt	2017 €m	2016 €m
Free cashflow	198.5	206.6
Acquisitions	(168.2)	(254.4)
Share issues	0.2	3.2
Repurchase of shares	(1.5)	(1.3)
Dividends paid	(61.7)	(48.4)
Cashflow movement	(32.7)	(94.3)
Exchange movements on translation	(3.3)	(5.6)
Increase in net debt	(36.0)	(99.9)
Net debt at start of year	(427.9)	(328.0)
Net debt at end of year	(463.9)	(427.9)

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	2017 Times	2016 Times
Net debt/EBITDA	Maximum 3.5	1.05	1.06
EBITDA/Net interest	Minimum 4.0	27.8	28.3

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 four capital market conferences and conducted 337 institutional one-on-one and group meetings.

Share price and market capitalisation
The Company's shares traded in the range of €25.80 to €37.00 during the year. The share price at 31 December 2017 was €36.41 (31 December 2016: €25.80) giving a market capitalisation at that date of €6.5bn (2016: €4.6bn). Total shareholder return for 2017 was 42.7%.

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

2018 got off to a relatively slow start, although the healthy nature of our orderbook in most regions should see that improve through the first quarter. One notable exception to this is the UK, where a sharp deterioration in order placement has been experienced in low rise non-residential projects. This has been evident in our Insulated Panels business where despite the overall project pipeline being stable, postponements have resulted in UK order intake value being down over 15% on prior year. Insulation Board sales in the UK are holding up reasonably well.

More positively, other end markets remain in solid shape overall and the structural conversion to QuadCore™ and Kooltherm® both made significant headway last year, a trend that encouragingly has continued into the current year. This, together with the evolving new frontiers we are currently investing in and the associated acquisitions expected to come on stream during the first half, should provide a counterbalance to the weakening near term UK building environment.

On behalf of the Board

Gene M. Murtagh	Geoff Doherty
Chief Executive Officer	Chief Financial Officer
23 February 2018	23 February 2018

Kingspan Group plc

Group Condensed Income Statement
for the year ended 31 December 2017

	Note	2017 €m	2016 €m
REVENUE	2	**3,668.1**	3,108.5
Cost of sales		**(2,615.4)**	(2,168.3)
GROSS PROFIT		**1,052.7**	940.2
Operating costs, excluding intangible amortisation		**(675.2)**	(599.3)
TRADING PROFIT	2	**377.5**	340.9
Intangible amortisation		**(15.7)**	(12.6)
Non trading items	3	**0.6**	-
OPERATING PROFIT		**362.4**	328.3
Finance expense	4	**(16.4)**	(14.4)
Finance income	4	**0.5**	0.1
PROFIT FOR THE YEAR BEFORE INCOME TAX		**346.5**	314.0
Income tax expense		**(60.6)**	(58.5)
NET PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**285.9**	255.5
Attributable to owners of Kingspan Group plc		**284.3**	255.4
Attributable to non-controlling interests		**1.6**	0.1
		285.9	255.5
EARNINGS PER SHARE FOR THE YEAR			
Basic	9	**159.0c**	143.8c
Diluted	9	**157.3c**	141.6c

Gene M. Murtagh
Chief Executive Officer

Geoff Doherty
Chief Financial Officer

23 February 2018

Kingspan Group plc

Group Condensed Statement of Comprehensive Income

for the year ended 31 December 2017

	2017	2016
	€m	€m
Profit for the year	**285.9**	255.5
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	**(85.2)**	(43.8)
Effective portion of changes in fair value of cash flow hedges	**(2.1)**	(0.7)
Income taxes relating to changes in fair value of cash flow hedges	**-**	0.1
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains/(losses) on defined benefit pension schemes	**1.0**	(2.9)
Income taxes relating to actuarial (losses)/gains on defined benefit pension schemes	**(0.2)**	0.6
Total other comprehensive income	**(86.5)**	(46.7)
Total comprehensive income for the year	**199.4**	208.8
Attributable to owners of Kingspan Group plc	**201.0**	208.2
Attributable to non-controlling interests	**(1.6)**	0.6
	199.4	208.8

Kingspan Group plc

Group Condensed Statement of Financial Position

As at 31 December 2017

	2017	2016
	€m	€m
ASSETS		
NON-CURRENT ASSETS		
Goodwill	**1,095.7**	990.1
Other intangible assets	**90.3**	91.9
Property, plant and equipment	**703.3**	665.5
Derivative financial instruments	**22.2**	40.6
Retirement benefit assets	**7.9**	6.7
Deferred tax assets	**16.5**	12.0
	1,935.9	1,806.8
CURRENT ASSETS		
Inventories	**447.1**	365.5
Trade and other receivables	**675.9**	601.9
Derivative financial instruments	**0.1**	8.4
Cash and cash equivalents	**176.6**	222.0
	1,299.7	1,197.8
TOTAL ASSETS	**3,235.6**	3,004.6
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	**645.2**	585.2
Provisions for liabilities	**52.3**	55.5
Derivative financial instruments	**0.1**	-
Deferred contingent consideration	**6.4**	6.8
Interest bearing loans and borrowings	**1.2**	41.1
Current income tax liabilities	**80.9**	77.1
	786.1	765.7
NON-CURRENT LIABILITIES		
Retirement benefit obligations	**21.5**	20.8
Provisions for liabilities	**48.7**	45.4
Interest bearing loans and borrowings	**661.5**	657.3
Deferred tax liabilities	**38.7**	37.8
Deferred contingent consideration	**111.1**	6.1
	881.5	767.4
TOTAL LIABILITIES	**1,667.6**	1,533.1
NET ASSETS	**1,568.0**	1,471.5
EQUITY		
Share capital	**23.6**	23.4
Share premium	**95.6**	95.6
Capital redemption reserve	**0.7**	0.7
Treasury shares	**(14.0)**	(12.5)
Other reserves	**(220.5)**	(58.9)
Retained earnings	**1,642.7**	1,406.6
EQUITY ATTRIBUTABLE TO OWNERS OF KINGSPAN GROUP PLC	**1,528.1**	1,454.9
NON-CONTROLLING INTEREST	**39.9**	16.6
TOTAL EQUITY	**1,568.0**	1,471.5

Gene M. Murtagh — *Chief Executive Officer*

Geoff Doherty — *Chief Financial Officer*

23 February 2018

Kingspan Group plc

Group Condensed Statement of Changes in Equity

for the year ended 31 December 2017

	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 Interest €m	Tota Equit €r
Balance at 1 January 2017	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.**
Transactions with owners recognised directly in equity													
Employee share based compensation	0.2	-	-	-	-	-	10.7	-	-	-	10.9	-	**10.**
Tax on employee share based compensation	-	-	-	-	-	-	0.8	-	-	3.1	3.9	-	**3.**
Exercise or lapsing of share options	-	-	-	-	-	-	(9.6)	-	-	9.6	-	-	
Repurchase of shares	-	-	-	(1.5)	-	-	-	-	-	-	(1.5)	-	**(1.5**
Dividends	-	-	-	-	-	-	-	-	-	(61.7)	(61.7)	-	**(61.7**
Transactions with non-controlling interests:													
Arising on acquisition	-	-	-	-	-	-	-	-	(79.1)	-	(79.1)	24.9	**(54.2**
Fair value movement	-	-	-	-	-	-	-	-	(0.3)	-	(0.3)	-	**(0.3**
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	
Transactions with owners	0.2	-	-	(1.5)	-	-	1.9	-	(79.4)	(49.0)	(127.8)	24.9	**(102.9**
Total comprehensive income for the year													
Profit for the year	-	-	-	-	-	-	-	-	-	284.3	284.3	1.6	**285.**
Other comprehensive income:													
Items that may be reclassified subsequently to profit or loss													
Cash flow hedging in equity													
- current year	-	-	-	-	-	(2.1)	-	-	-	-	(2.1)	-	**(2.1**
- tax impact	-	-	-	-	-	-	-	-	-	-	-	-	
Exchange differences on translating foreign operations	-	-	-	-	(82.0)	-	-	-	-	-	(82.0)	(3.2)	**(85.2**
Items that will not be reclassified subsequently to profit or loss													
Actuarial losses of defined benefit pension scheme	-	-	-	-	-	-	-	-	-	1.0	1.0	-	**1.**
Income taxes relating to actuarial losses on defined benefit pension scheme	-	-	-	-	-	-	-	-	-	(0.2)	(0.2)	-	**(0.2**
Total comprehensive income for the year	-	-	-	-	(82.0)	(2.1)	-	-	-	285.1	201.0	(1.6)	**199.**
Balance at 31 December 2017	23.6	95.6	0.7	(14.0)	(177.2)	0.2	35.2	0.7	(79.4)	1,642.7	1,528.1	39.9	**1,568.**

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 gains on defined benefit pension scheme	-	-	-	-	-	-	-	-	(2.9)	(2.9)	-	**(2.9)**
Income taxes relating to actuarial gains 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 Cash Flows

for the year ended 31 December 2017

	Note	**2017** **€m**	2016 €m
OPERATING ACTIVITIES			
Cash generated from operations	7	**362.5**	374.2
Income tax paid		**(61.6)**	(50.3)
Interest paid		**(17.3)**	(14.3)
Net cash flow from operating activities		**283.6**	309.6
INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(85.0)**	(113.3)
Additions to intangible assets		**(4.8)**	-
Proceeds from disposals of property, plant and equipment		**4.2**	10.2
Proceeds from disposals of trade and assets		**5.7**	-
Purchase of subsidiary undertakings	10	**(173.9)**	(251.4)
Payment of deferred contingent consideration in respect of acquisitions		**-**	(3.0)
Interest received		**0.5**	0.1
Net cash flow from investing activities		**(253.3)**	(357.4)
FINANCING ACTIVITIES			
Drawdown of loans	6	**30.4**	220.0
Repayment of loans	6	**(41.8)**	(99.4)
Settlement of derivative financial instrument		**8.0**	-
Increase in lease finance	6	**0.8**	1.8
Proceeds from share issues		**0.2**	3.2
Repurchase of shares		**(1.5)**	(1.3)
Dividends paid to non-controlling interests		**-**	(0.4)
Dividends paid	8	**(61.7)**	(48.0)
Net cash flow from financing activities		**(65.6)**	75.9
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	6	**(35.3)**	28.1
Effect of movements in exchange rates on cash held		**(10.1)**	(18.1)
Cash and cash equivalents at the beginning of the year		**222.0**	212.0
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**176.6**	222.0

Notes to the Preliminary Results
for the year ended 31 December 2017

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 2016 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 2017 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 2016 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 non trading items.
- 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 previous 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. On an overall basis these new standards, amendments to standards and interpretations are not expected to have a material impact on the Group's financial statements. Some additional comments are provided below with respect to those standards which are likely to be particularly relevant for the Group. The intention is to provide further clarity on the impact of these new standards in the next reporting period including the quantification of the expected impact of IFRS 16.

IFRS 15 *Revenue from contracts with customers* will replace IAS 18, IAS 11 and other related interpretations with effect from 1 January 2018. The standard deals with revenue recognition and establishes principles for reporting of the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. From a review of this standard, it is not expected to have a significant impact on the Group's financial statements.

IFRS 9 *Financial Instruments* will replace IAS 39. The standard specifies requirements for the recognition, measurement, impairment and de-recognition of financial instruments and general hedge accounting. From a review of this standard, it is not expected to have a significant impact on the Group's financial statements.

IFRS 16 *Leases* will replace IAS 17. The changes under IFRS 16 will predominantly affect lessees. The main impact on lessees is that the majority of leases will be recognised in the balance sheet as the distinction between finance leases and operating leases is removed. From a review of this standard, it is not expected to have a significant impact on the Group's financial statements.

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

	Effective Date – periods beginning on or after
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 established a new division, Kingspan Light & Air, encompassing the Group's daylighting and ventilation activities effective from 1 January 2017. In the 2016 Annual Report, the Group's limited activity in this sector was disclosed within the Insulated Panels segment.

Operating segments

The Group has the following five 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.
Light & Air	Manufacture of daylighting, smoke management and ventilation 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	Light & Air €m	Environmental €m	Access Floors €m	Total €m
Total revenue – 2017	2,328.5	769.4	204.7	179.8	185.7	**3,668.1**
Total revenue – 2016	1,998.2	688.1	75.9	162.0	184.3	3,108.5

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	Light & Air €m	Environmental €m	Access Floors €m	Total 2017 €m	Total 2016 €m
Trading profit – 2017	233.3	91.2	14.8	16.2	22.0	**377.5**	
Intangible amortisation	(9.4)	(2.1)	(2.6)	(1.6)	-	**(15.7)**	
Non trading items	(2.3)	2.9	-	-	-	**0.6**	
Operating profit – 2017	221.6	92.0	12.2	14.6	22.0	**362.4**	
Trading profit – 2016	224.4	78.5	3.6	11.3	23.1		340.9
Intangible amortisation	(7.6)	(3.1)	(0.7)	(1.2)	-		(12.6)
Operating profit – 2016	216.8	75.4	2.9	10.1	23.1		328.3
Net finance expense						**(15.9)**	(14.3)
Profit for the year before tax						**346.5**	314.0
Income tax expense						**(60.6)**	(58.5)
Net profit for the year						**285.9**	255.5

Segment assets

	Insulated Panels €m	Insulation Boards €m	Light & Air €m	Environmental €m	Access Floors €m	Total 2017 €m	Total 2016 €m
Assets – 2017	1,792.1	620.4	287.6	164.1	156.0	**3,020.2**	
Assets – 2016	1,659.9	595.9	146.8	159.0	160.0		2,721.6
Derivative financial instruments						**22.3**	49.0
Cash and cash equivalents						**176.6**	222.0
Deferred tax assets						**16.5**	12.0
Total assets as reported in the Consolidated Statement of Financial Position						**3,235.6**	3,004.6

Segment liabilities

	Insulated Panels €m	Insulation Boards €m	Light & Air €m	Environmental €m	Access Floors €m	Total 2017 €m	Total 2016 €m
Liabilities – 2017	(590.4)	(148.0)	(67.0)	(49.3)	(30.5)	**(885.2)**	
Liabilities – 2016	(465.1)	(136.2)	(43.5)	(45.7)	(29.3)		(719.8)
Interest bearing loans and borrowings (current and non-current)						**(662.7)**	(698.4)
Derivative financial instruments (current and non-current)						**(0.1)**	-
Income tax liabilities (current and deferred)						**(119.6)**	(114.9)
Total liabilities as reported in the Consolidated Statement of Financial Position						**(1,667.6)**	(1,533.1)

Other segment information

	Insulated Panels €m	Insulation Boards €m	Light & Air €m	Environmental €m	Access Floors €m	Total €m
Capital investment – 2017 *	82.5	25.1	22.9	5.4	6.1	**142.0**
Capital investment – 2016 *	88.2	38.5	24.0	11.0	8.1	169.8
Depreciation included in segment result – 2017	(40.7)	(14.6)	(3.7)	(2.8)	(2.4)	**(64.2)**
Depreciation included in segment result – 2016	(42.0)	(14.5)	(1.0)	(3.3)	(2.4)	(63.2)
Non-cash items included in segment result – 2017	(6.4)	(2.3)	(0.2)	(0.8)	(1.0)	**(10.7)**
Non-cash items included in segment result – 2016	(6.5)	(2.0)	(0.1)	(0.9)	(0.9)	(10.4)

* 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 – 2017	138.1	909.2	1,628.5	738.1	254.2	**3,668.1**
Revenue – 2016	118.0	834.4	1,287.5	630.4	238.2	3,108.5
Statement of Financial Position Items						
Non-current assets – 2017 *	51.8	369.9	809.8	507.7	158.0	**1,897.2**
Non-current assets – 2016 *	47.9	381.3	716.9	441.2	166.9	1,754.2
Other segmental information						
Capital investment – 2017	8.0	16.9	57.9	49.7	9.5	**142.0**
Capital investment – 2016	3.5	32.7	72.2	29.4	32.0	169.8

* 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 NON-TRADING ITEMS

	2017	2016
	€m	€m
Profit on disposal of trade and assets	**2.9**	-
Impairment of goodwill	**(2.3)**	-
	0.6	-

During the period, the Group disposed of the trade and assets of Kingspan Gefinex GmbH, which is part of the Insulation Boards division, for cash consideration of €5.7m and realised a non-trading profit of €2.9m.

The goodwill impairment relates to a US energy business, which is part of the Insulated Panels division, and the associated activity was significantly curtailed during the year.

The tax impact for the above items in the Condensed Consolidated Income Statement is a charge of €0.2m (2016: €nil).

4 FINANCE EXPENSE AND FINANCE INCOME

	2017	2016
	€m	€m
Finance expense		
Finance lease	**0.2**	-
Deferred consideration fair value movement	**0.1**	-
Bank loans	**2.4**	2.1
Private placement loan notes	**14.2**	12.1
Fair value movement on derivative financial instrument	**15.6**	(20.4)
Fair value movement on private placement debt	**(16.2)**	20.5
Net defined benefit pension scheme	**0.1**	0.1
	16.4	14.4
Finance income		
Interest earned	**(0.5)**	(0.1)
Net finance cost	**15.9**	14.3

€1.75m (2016: €nil) of borrowing costs related to arrangement fees associated with the new €500m revolving credit facility were capitalised during the year. These costs will be amortised over the life of the facility.

No costs were reclassified from other comprehensive income to profit during the year (2016: €nil).

5 ANALYSIS OF NET DEBT

	2017	2016
	€m	€m
Cash and cash equivalents	**176.6**	222.0
Derivative financial instruments - net	**22.2**	48.5
Current borrowings	**(1.2)**	(41.1)
Non-current borrowings	**(661.5)**	(657.3)
Total Net Debt	**(463.9)**	(427.9)

The Group's core funding is provided by four private placements; one USD private placements totalling $200m matures in August 2021, and three EUR private placements totalling €487.5m which will mature in tranches between March 2021 and March 2027. In December 2017 the Group also agreed an additional private placement loan note of €175m which was drawn on 31 January 2018. In aggregate, the notes have a weighted average maturity of 6.5 years.

In addition, the Group has a €500m revolving credit facility, which was undrawn at year end and which matures in June 2022. As at 31 December 2017, the Group's committed bilateral bank facilities were €50m, none of which was drawn.

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 €0.1m (2016: €0.5m) and foreign currency derivative liabilities €0.1m (2016: €nil) which are used for transactional hedging are not included in the definition of net debt.

6 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2017	2016
	€m	€m
Movement in cash and bank overdrafts	**(35.3)**	28.1
Drawdown of loans	**(30.4)**	(220.0)
Repayment of loans	**41.8**	99.4
Settlement of derivative financial instrument	**(8.0)**	-
(Increase)/decrease in lease finance	**(0.8)**	(1.8)
Change in net debt resulting from cash flows	**(32.7)**	(94.3)
Translation movement - relating to US dollar loan	**25.9**	(5.6)
Translation movement - other	**(10.9)**	(19.0)
Derivative financial instruments movement	**(18.3)**	19.0
Net movement	**(36.0)**	(99.9)
Net debt at start of the year	**(427.9)**	(328.0)
Net debt at end of the year	**(463.9)**	(427.9)

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

7 CASH GENERATED FROM OPERATIONS

	2017	2016
	€m	€m
Profit for the year	**285.9**	255.5
Add back non-operating expenses:		
- Income tax expense	**60.6**	58.5
- Depreciation of property, plant and equipment	**64.2**	63.2
- Amortisation of intangible assets	**15.7**	12.6
- Impairment of non-current assets	**3.1**	3.4
- Employee equity-settled share options	**10.7**	10.4
- Finance income	**(0.5)**	(0.1)
- Finance expense	**16.4**	14.4
- Profit on sale of property, plant and equipment	**(2.1)**	(1.4)
- Profit on disposal of subsidiary	**(2.9)**	-
Changes in working capital:		
- Inventories	**(64.8)**	(39.9)
- Trade and other receivables	**(47.7)**	(75.7)
- Trade and other payables	**27.2**	62.5
Other		
- Change in provisions	**(2.4)**	13.7
- Pension contributions	**(0.9)**	(2.9)
Cash generated from operations	**362.5**	374.2

8 DIVIDENDS

Equity dividends on ordinary shares:	2017 €m	2016 €m
2017 Interim dividend 11.0 cent (2016: 10.0 cent) per share	**19.7**	17.8
2016 Final dividend 23.5 cent (2015: 17.0 cent) per share	**42.0**	30.2
	61.7	48.0
Proposed for approval at AGM		
Final dividend of 26.0 cent (2016: 23.5 cent) per share	**46.6**	42.3

This proposed dividend for 2017 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 2017 in accordance with IAS 10 Events after the Reporting Period. The proposed final dividend for the year ended 31 December 2017 will be payable on 27 April 2018 to shareholders on the Register of Members at close of business on 23 March 2018.

9 EARNINGS PER SHARE

	2017 €m	2016 €m
The calculations of earnings per share are based on the following:		
Profit attributable to ordinary shareholders	**284.3**	255.4
	Number of shares ('000) 2017	Number of shares ('000) 2016
Weighted average number of ordinary shares for the calculation of basic earnings per share	**178,854**	177,637
Dilutive effect of share options	**1,856**	2,677
Weighted average number of ordinary shares for the calculation of diluted earnings per share	**180,710**	180,314
	2017 € cent	2016 € cent
Basic earnings per share	**159.0**	143.8
Diluted earnings per share	**157.3**	141.6
Adjusted basic earnings per share	**165.8**	150.2

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

The number of options which are anti-dilutive and have therefore not been included in the above calculations is Nil (2016: Nil).

10 BUSINESS COMBINATIONS

In September 2017, the Group acquired 51% of the share capital of Isoeste Construtivos Isotermicos S.A. ("Isoeste"), a Brazilian Insulated Panels business. Isoeste is the leading insulated panel manufacturer in Brazil, operating from four manufacturing sites. The total consideration, including debt acquired and related costs, amounted to €75.0m, representing the maximum amount of identifiable consideration, comprising of €41.8m paid in cash on completion and €33.2m in deferred contingent consideration.

In November 2017, the Group acquired 100% of the share capital of Brakel Investments BV, the holding company of the Brakel Group ("Brakel"), a Dutch based operation specialising in Light and Air solutions. The total consideration, including debt acquired and related costs, amounted to €73.3m, all of which was settled in cash on completion.

The Group also made a number of smaller acquisitions during the year for a combined consideration of €58.8m:

- the purchase of 100% of the share capital of CPI Daylighting Inc, a US based daylight solution manufacturing business;
- the purchase of 100% of the share capital of Rhino Water Tanks & Liners Pty. Limited, a manufacturer and supplier of large scale steel based rain water harvesting systems in Australia;
- the purchase of 51% of the share capital of PanelMET S.A.S., a Colombian based insulated panels manufacturing business;
- the asset purchase of the Jansen Building Products Access Floors business in Belgium;
- the acquisition of two smaller bolt-on European businesses.

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

	Isoeste €m	Brakel €m	Other* €m	Total €m
Non-current assets				
Intangible assets	5.3	-	7.6	**12.9**
Property, plant and equipment	12.9	10.5	16.4	**39.8**
Deferred tax asset	-	-	3.9	**3.9**
Current assets				
Inventories	23.4	3.9	5.1	**32.4**
Trade and other receivables	29.0	14.2	8.2	**51.4**
Current liabilities				
Trade and other payables	(22.4)	(14.7)	(12.8)	**(49.9)**
Provisions for liabilities	-	(1.5)	(3.7)	**(5.2)**
Non-current liabilities				
Retirement benefit obligation	-	(0.3)	(0.3)	**(0.6)**
Deferred tax liabilities	(1.8)	(1.7)	(5.3)	**(8.8)**
Total identifiable assets	46.4	10.4	19.1	**75.9**
Non-controlling interest arising on acquisition	(24.6)	-	(0.3)	**(24.9)**
Goodwill	53.2	62.9	40.0	**156.1**
Total consideration	75.0	73.3	58.8	**207.1**
Satisfied by:				
Cash (net of cash acquired)	41.8	73.3	58.8	**173.9**
Deferred contingent consideration	33.2	-	-	**33.2**
	75.0	73.3	58.8	**207.1**

*Included in other are certain immaterial remeasurements of prior year accounting estimates.

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 2017, the businesses acquired during the current year contributed revenue of €80.9m and a trading profit of €9.5m to the Group's results.

11 POST BALANCE SHEET EVENTS

There have been no material events subsequent to 31 December 2017 which would require 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 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 =	**2017**	2016	**2017**	2016
Pound Sterling	**0.876**	0.819	**0.887**	0.858
US Dollar	**1.129**	1.110	**1.197**	1.056
Canadian Dollar	**1.465**	1.466	**1.501**	1.425
Australian Dollar	**1.473**	1.489	**1.533**	1.462
Czech Koruna	**26.329**	27.033	**25.574**	27.020
Polish Zloty	**4.256**	4.362	**4.171**	4.422
Hungarian Forint	**309.26**	311.43	**310.20**	311.53

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 23 February 2018.