KINGSPAN GROUP PLC

HALF-YEARLY FINANCIAL REPORT

for the period ended 30 June 2018

KINGSPAN GROUP PLC

RESULTS FOR THE HALF YEAR 30 JUNE 2018

Kingspan, the global leader in high performance insulation and building envelope solutions, issues its half-yearly financial report for the six-month period ended 30 June 2018.

Financial Highlights:

- Revenue up 15% to €2.0bn, (pre-currency, up 19%).
- Trading profit* up 10% to €195.3m, (pre-currency, up 13%).
- Group trading margin** of 9.7%, a decrease of 50bps versus the same period in 2017.
- Acquisitions contributed 15% to sales growth and 12% to trading profit growth in the period.
- Net debt of €739.4m (H1 2017: €440.3m). Net debt to EBITDA of 1.59x (H1 2017: 1.06x).
- Basic EPS up 8% to 80.7 cent (H1 2017: 74.4 cent).
- Interim dividend per share up 9% to 12.0 cent (H1 2017: 11.0 cent).
- ROCE of 15.6% (H1 2017: 17.3%), 16.6% when the annualised impact of acquisitions is taken into account.

Operational Highlights:

- Insulated Panels sales growth of 14% with a notable improvement in most key markets in the second quarter after a sluggish start. UK solid overall and improved since the turn of the year. Quadcore™ revenue increased by 76%, now 6% of global insulated panel sales and 18% of UK and Ireland.
- Insulation Board sales growth of 15% reflecting, in the main, inflation recovery on pricing. Kooltherm® revenue increased by 12%, now comprising 35% of rigid board sales (37% excluding acquisitions).
- Light & Air sales of €128.6m, were up 57% (up 11% pre-currency and acquisitions). Good performance in Continental Europe offsetting softer activity in the US. Second half is seasonally more significant.
- Water & Energy (formerly Environmental) broadly in line with prior year after a slow start. Acquisition in the Nordic region completed during the period.
- Access Floors sales 7% behind H1 2017 reflecting a subdued US market and some slowdown in the UK.
- Significant position established in Southern European insulated panels and boards markets through the acquisition of Synthesia Group.
- Entry into India, an embryonic insulation market, with the establishment of Kingspan Jindal.

Summary Financials[1]:

	H1 '18	*H1 '17*	*Change*
Revenue €m	2,009.9	1,749.3	+15%
EBITDA €m	231.6	209.2	+11%
Trading Profit* €m	195.3	177.8	+10%
Trading Margin**	9.7%	10.2%	-50bps
EPS (cent per share)	80.7	74.4	+8%

**Operating profit before amortisation of intangibles*
*** Operating profit before amortisation of intangibles divided by total revenue*

Gene Murtagh, Chief Executive of Kingspan commented:
"We delivered a record performance in the first half of the year, with revenue over €2bn for the first time. Performance was helped by improved momentum in the second quarter after a sluggish start to the year due to prolonged winter weather conditions. This momentum has continued into the second half in a number of key markets, and underpins our encouraging outlook for the rest of the year. Kingspan's geographical footprint continues to expand, with development activity in Latin America, Southern Europe and India opening up exciting growth opportunities."

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Douglas Keatinge

Business Review

The first half of 2018 was a record for Kingspan with revenue in the period surpassing €2bn for the first time. Trading profit was ahead by 10% to €195.3m and trading margin was 9.7%, partly reflecting the initial dilutive effect of recent acquisitions and an element of lag in the recovery of raw material increases.

Following a slow start to the year hampered by a prolonged winter, momentum improved notably in the second quarter in which revenue was ahead by 21% (+7% on an underlying basis). The improvement was particularly evident in North America and Germany whilst LATAM continued its recent strong performance. The UK was particularly robust given the ongoing uncertainty surrounding withdrawal from the EU. Across the Group, order intake levels improved in many regions, without the extreme raw material supply constraints that impacted progress all through last year and inadvertently benefited competing solutions.

By business, Insulated Panels revenue was ahead by 14% and Insulation Boards was up by 15%, the latter reflecting inflation and a positive mix towards Kooltherm®, albeit on softer volumes. Light & Air continued its advance with sales ahead by 57%, whilst Water & Energy sales were broadly in line with prior year with Access Floors modestly behind.

[1] The Group uses a number of measures that are non-IFRS measures, to monitor the performance of its operations. An explanation of these Alternative Performance Measures is set out on pages 129-130 of the Group's 2017 Annual Report.

During the period we invested €335m, €265m of which was on acquisitions (including deferred consideration) with an additional €70m on internal capital projects across the business. Furthermore, since the period end we completed the acquisition of Balex in Poland and established Kingspan Jindal in India for a combined outlay of €220m.

Innovation

Differentiation has been at the heart of Kingspan for many years now and across many levels of product performance. Chief among these has been our relentless focus on the thermal and fire properties of our materials. We are in the process of developing a global Innovation Hub which will continue to drive materials science and high performance at the epicentre of our product development agenda.

Our ground-breaking solutions include Kooltherm®, Quadcore™ and Optim-R® and these will be further complemented by the planned introduction of a next generation core in 2020. This will be a fibre-free, high insulating core with an 'A' fire classification. Thermally, our solutions can be up to 80% thinner than traditional insulation, and have achieved fire performances equal to, and at times exceeding, the values attributed to some so called 'non-combustible' solutions. Our values are achieved without the end user compromising on the many other aspects where traditional fibrous materials have inherent weaknesses.

Net Zero

In 2011 we set about achieving 100% net zero energy across the Group by 2020. Progress has been significant, reaching 69% by the end of 2017, and we are confident of meeting approximately 75% by the end of 2018.

In addition, with the acquisition of Synthesia, Kingspan now uses over 250 million recycled plastic bottles annually. We aim to dramatically increase that number over the next five years, and to include a large element of 'ocean-harvested' PET bottles. We will then recycle these inputs into world leading building fabric.

Insulated Panels

	H1 '18	*H1 '17*	*Change*
Revenue €m	1,268.6	1,111.7	+14% (1)
Trading Profit €m	122.6	116.9	+5%
Trading Margin	9.7%	10.5%	-80bps

(1) Comprising underlying +4%, currency impact -4% and acquisitions +14%

Mainland Europe

Similar to many of our markets in the first quarter, Continental Europe had a slow start in most regions. Activity improved markedly through the second quarter, particularly in France and Germany. The Netherlands also recorded growth as did the Nordic region.

Southern Europe is a new frontier for Kingspan with the acquisition of Synthesia and revenue in this region has experienced good growth in the period since acquisition.

UK

In the UK, our business has been solid overall bearing in mind the prevailing uncertainty generally although project postponements have been a feature of the trading environment over the last year or so. Notably however, Insulated Panels revenue in the second quarter was comfortably ahead of the same period in 2017 bolstered by a growing appetite for building infrastructure to support the expanding online retail environment. The wider market continues to be understandably tough and we would anticipate no change in this respect until clarity emerges from the ongoing negotiations with the EU.

Americas

Again, after a lacklustre start to 2018, momentum in North America increased significantly through quarter two which leaves this region's orderbook at record levels as we head into the second half. Penetration rates in North America still lag Europe by a stretch and we are optimistic about the scope for the shift towards energy efficient building envelopes to continue across this region.

Trading in LATAM has been most encouraging as our businesses in both Brazil and Colombia have advanced materially compared with the same period in the prior year. Conversion towards insulated panel systems, particularly in Brazil, leaves significant scope for further long term penetration growth.

APAC & Middle East

Activity in Australia and New Zealand has also improved in the second quarter, across a broad spectrum of end-applications. Recent success in large-scale fire tests is expected to create further opportunity for growth as this market, which like others, seeks tested and approved systems supported by a performance warranty. In the Middle East we have also experienced growth in activity, which over the coming two years will be further boosted by the recent success in winning an advanced roofing project for Kuwait Airport. Our fledgling business in India commenced in July and we are very encouraged by the potential this can deliver over the longer term.

Ireland

This market has continued the pattern of growth seen in recent years and we anticipate continued gradual growth in support of an economy that has recovered strongly from the depths of 2009/2010.

Insulation Boards

	H1'18	***H1 '17***	***Change***
Revenue €m	428.9	373.7	+15% (1)
Trading Profit €m	53.1	40.0	+33%
Trading Margin	12.4%	10.7%	+170bps

(1) Comprising underlying +7%, currency impact -3% and acquisitions +11%

UK

First half revenue in the UK is significantly up on prior year owing to the strong performance of Kooltherm® combined with the inflationary benefit our PIR range experienced. The latter has been the result of the pass-through of raw material increases in 2017. We expect these year on year increases to progressively unwind during the current year, and this pattern has recently led to volume slippage as we have prioritised margin over volume. General activity in the market has been solid although concerns exist as to the sustainability of this trend in the context of lingering wider uncertainty.

Mainland Europe
Our business in this region has had a mixed first half with weakness in the Benelux PIR market, strong progress in the Nordics, and a very solid performance in the residential roofing elements unit in the Netherlands.

The dynamic in Benelux relates solely to competitor reaction to falling raw material prices combined with high customer inventory levels early in the year. More positively, progress in the Nordics has been compelling as we build demand ahead of our new Swedish Kooltherm® facility, which we plan to open late 2019. Our recent entry into Southern Europe has also been encouraging as we embark on a conversion strategy across the region.

APAC & Middle East
Activity across the Middle East has progressed well so far this year. Our ducting Insulation Boards business in the UAE has continued to grow and will undergo a transition from PIR to Kooltherm® over the next year as we position our offering to meet their impending and more stringent building codes. The building insulation category has also grown well in the period as we gradually broaden the product offering available in the region. Trading in Australasia has been solid.

Ireland
Sales revenue in Ireland is well up on the same period last year, and volume intake for the period has also been encouragingly ahead. This growth is being experienced across all segments of the building sector. Housing supply remains a challenge for the industry as it continues to rebuild itself and our Engineered Timber-Frame business is performing strongly as the build speed and thermal benefits of this system come to the fore.

Light & Air

	H1'18	***H1 '17***	***Change***
Revenue €m	128.6	81.7	+57% (1)
Trading Profit €m	5.1	3.0	+70%
Trading Margin	4.0%	3.7%	+30bps

(1) Comprising underlying +11%, currency impact -3% and acquisitions +49%

Our relatively embryonic Light & Air division has continued to build on the progress made during 2017. Global sales revenue for the first half was €128.6m, up 57% on prior year as we extend our international footprint and broaden our range of solutions. Worldwide, we expect revenue for this full year to be in the region of €300m with a trading margin of approximately 8% in line with plan.

Regionally Western Europe, and in particular Germany, has performed strongly to date this year. The UK has been stable and Southern Europe intake has been strong in recent months and will be supported by a significant investment in a new facility in Lyon, France. North America order intake in Engineered Solutions has been strong although Unit Skylights activity has been more subdued. In this region, the focus will be on achieving greater operational efficiency and streamlining of systems as we consolidate the various acquired businesses.

Water & Energy

	H1'18	***H1 '17***	***Change***
Revenue €m	96.6	88.9	+9% (1)
Trading Profit €m	5.5	6.7	-18%
Trading Margin	5.7%	7.5%	-180bps

(1) Comprising underlying +1%, currency impact -4% and acquisitions +12%

Activity in the Water & Energy division gained momentum through the second quarter with that period up 4% on a like-for-like basis. Margins were somewhat weaker owing in the main to pricing pressure in the hot water segment in the UK and the initially dilutive impact of the online trading business developed since the end of last year.

In contrast, the wider Water offering that encompasses rainwater harvesting and treatment solutions delivered growth, most prominently in Australia and the Nordics. This is a category for which we anticipate greater global demand over time as droughts, constrained water availability and associated charges for water become a bigger feature worldwide.

During the period we acquired Vestfold Plastindustri (VPI), a water treatment business in Norway as part of our wider Group strategy to expand our business in these markets.

Access Floors

	H1'18	***H1 '17***	***Change***
Revenue €m	87.2	93.3	-7% (1)
Trading Profit €m	9.0	11.2	-20%
Trading Margin	10.3%	12.0%	-170bps

(1) Comprising underlying -5%, currency impact -6% and acquisitions +4%

Global revenue in the period was behind the same time a year earlier reflecting a subdued US market, some weakening in the UK, and increases experienced in Mainland Europe and Australia. Sales into class A office construction in North America were down somewhat and compensated for by increases in revenue generated from new product sets including a concrete floor range, an expanded suite of surface finishes and data centre solutions.

The UK was slightly down in the first half although we expect this to stabilise through the second half of the year. Mainland Europe activity continues to progress as we develop the business from our Belgian manufacturing facility acquired in the second half of 2017.

Financial Review

Overview of results

Group revenue increased by 15% to €2,009.9m (H1 2017: €1,749.3m) and trading profit increased by 10% to €195.3m (H1 2017: €177.8m). This represents a 19% increase in sales and a 13% increase in trading profit on a constant currency basis. The Group's trading margin decreased by 50bps to 9.7% (H1 2017: 10.2%) reflecting the divisional mix of earnings, an element of lag in recovery of input inflation as well as the initially dilutive effect of recent acquisitions. The amortisation charge in respect of intangibles was €9.0m compared to €7.5m in the first half of 2017 with the increase reflecting, primarily, the year on year effect of intangible assets acquired as part of business acquisition activity during 2017. Group operating profit after amortisation and non-trading items grew 9% to €186.3m. Profit after tax was €146.7m compared to €133.1m in the first half of 2017, driven in the main by the growth in trading profit. Basic EPS for the period was 80.7 cent, representing an increase of 8% on the first half of 2017 (H1 2017: 74.4 cent).

The Group's underlying sales and trading profit performance by division is set out below:

Sales	Underlying	Currency	Acquisition	Total
Insulated Panels	+4%	-4%	+14%	+14%
Insulation Boards	+7%	-3%	+11%	+15%
Light & Air	+11%	-3%	+49%	+57%
Water & Energy	+1%	-4%	+12%	+9%
Access Floors	-5%	-6%	+4%	-7%
Group	+4%	-4%	+15%	+15%

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

Trading Profit	Underlying	Currency	Acquisition	Total
Insulated Panels	-3%	-3%	+11%	+5%
Insulation Boards	+26%	-4%	+11%	+33%
Light & Air	-38%	+3%	+105%	+70%
Water & Energy	-28%	-5%	+15%	-18%
Access Floors	-14%	-6%	-	-20%
Group	+1%	-3%	+12%	+10%

Finance costs (net)

Finance costs for the period were modestly higher than the same period last year at €8.7m (H1 2017: €7.6m). Finance costs include a non-cash charge of €0.1m (H1 2017: €0.1m) relating to the Group's legacy defined benefit pension schemes. A net non-cash credit of €0.6m was recorded in respect of swaps on the Group's USD private placement notes (H1 2017: credit of €0.5m). The Group's net interest expense on borrowings (bank and loan notes) was €8.9m compared to €7.9m in the first half of 2017. The increased interest charge reflects the higher level of debt year on year due to development activity.

Taxation
The tax charge for the first half of the year was €30.9m (H1 2017: €30.2m) which represents an effective tax rate of 17.4% on profit before tax (H1 2017: 18.5%). The decrease in the effective rate reflects the global mix of earnings year on year and rate reductions in certain territories.

Free cashflow

	H1 ’18 €m	H1 ’17 €m
EBITDA*	231.6	209.2
Movement in working capital **	(92.0)	(84.9)
Net capital expenditure	(68.1)	(46.0)
Pension contributions	(0.5)	(0.6)
Net finance costs paid	(7.1)	(9.8)
Income taxes paid	(30.8)	(32.0)
Other including non-cash items	5.3	3.5
Free cashflow	38.4	39.4

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

Working capital at 30 June 2018 was €617.9m (31 December 2017: €477.8m), an increase of €140.1m in the period. This increase is driven by the working capital on acquisitions in the period and the typical seasonal build in the first half of the year. The average working capital to sales % was 13.8% compared with 11.5% in H1 2017. The annualised sales in the last three months has been used to calculate this metric reflecting the seasonal profile of the Group. The increase year on year reflects higher inventory levels and this is expected to decrease in the second half of the year.

Net Debt
Net debt increased by €275.5m during the first half of the year to €739.4m (31 December 2017: €463.9m) and this is analysed in the table below:

Movement in net debt	H1 ’18 €m	H1 ’17 €m
Free cashflow	38.4	39.4
Acquisitions and disposals	(235.0)	(8.6)
Share issues	0.1	0.1
Dividends paid	(46.7)	(42.0)
Cashflow movement	(243.2)	(11.1)
Deferred Consideration	(30.0)	-
Exchange movements on translation	(2.3)	(1.3)
Increase in net debt	(275.5)	(12.4)
Net debt at start of period	(463.9)	(427.9)
Net debt at end of period	(739.4)	(440.3)

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 defined benefit pension liabilities in Mainland Europe through acquisitions completed in recent years. The net pension liability in respect of these schemes and obligations was €13.9m at 30 June 2018 (30 June 2017: €15.0m).

Acquisitions

During the period the Group made the following acquisitions for a total consideration of €265m.

- In March 2018, the purchase of 100% of the Synthesia Group for an initial cash amount of €212.6m plus a deferred amount of €30m payable in April 2019.
- In May 2018, the purchase of 100% of Vestfold Plastindustri AS, a Norwegian water treatment business for a total cash consideration of €12.3m.
- An investment of €8.2m in Invicara PTE Limited, a Building Information Modelling solution provider with global reach.
- Further capital outlay of €1.9m was made with respect to Water & Energy acquiring a small bolt-on Australian water business together with some residual payments arising on the finalisation of completion accounts for prior year acquisitions.

Capital Structure and Group Financing

The Group funds itself through a combination of equity and debt. Debt is funded through a combination of syndicated bank facilities and private placement loan notes. The principal syndicated facility is a revolving credit facility of €500m with a committed term to June 2022. This facility was undrawn at period end.

In addition, as part of the Group's longer-term capital structure, the Group has total private placement loan notes of €833m which have a weighted average maturity of 6 years. This includes a previously announced private placement amount of €175m which was drawn on 31 January 2018.

The weighted average maturity of all debt facilities is 5.8 years.

As well as ongoing free cashflow generation, the Group has significant available undrawn facilities and cash which provide appropriate headroom for operational requirements and development funding. Total available headroom was €671m at 30 June 2018.

Related Party Transactions

There were no changes in related party transactions from the 2017 Annual Report that could have a material impact on the financial position or performance of the Group in the first half of the year.

Principal Risks & Uncertainties

Details of the principal risks and uncertainties facing the Group can be found in the 2017 Annual Report. These risks, namely volatility in the macro environment, failure to innovate, product failure, business interruption (including IT continuity), credit risks and credit control, employee development and retention, fraud and cybercrime and acquisition and integration of new businesses, remain the most likely to affect the Group in the second half of the current year. The Group actively manages these and all other risks through its control and risk management processes.

Dividend
The Board has proposed an interim dividend of 12.0 cent per ordinary share, an increase of 9% on the 2017 interim dividend of 11.0 cent per share. The interim dividend will be paid on 5 October 2018 to shareholders on the register on the record date of 7 September 2018.

Looking Ahead
The improving momentum through the second quarter has continued in a number of key markets since half-year end. Whilst it is conceivable that activity in the UK could ease in the run up to the crunch point of EU negotiations we anticipate the relative strength of Western Europe and the Americas should compensate for that. The combination of solid order books as we entered the second half, a normalising raw material environment and recent acquisitions integrating well should deliver a strong second half.

Longer term, the Group's relentless focus on innovation, unrivalled routes to market and ever increasing geography, leaves Kingspan well positioned to advance further in the years ahead.

RESPONSIBILITY STATEMENT

Directors' Responsibility Statement in respect of the half-yearly financial report for the six-month period ended 30 June 2018

Each of the directors of Kingspan Group plc confirm our responsibility for preparing the half-year financial report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the Transparency Rules of the Central Bank of Ireland and with IAS 34 *Interim Financial Reporting*, as adopted by the EU, and to the best of our knowledge and belief:

a) the condensed interim financial statements comprising the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows and related notes have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the Transparency Rules of the Central Bank of Ireland and with IAS 34 *Interim Financial Reporting* as adopted by the EU.

b) The interim management report includes a fair review of the information required by:

i) *Regulation 8(2) of the Transparency (Directive 2004/109/EC) Regulations 2007*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

ii) *Regulation 8(3) of the Transparency (Directive 2004/109/EC) Regulations 2007*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The directors of Kingspan Group plc, and their functions, are as listed in the 2017 Annual Report.

On behalf of the Board

Gene Murtagh	Geoff Doherty
Chief Executive Officer	Chief Financial Officer
24 August 2018	24 August 2018

Independent Review Report to Kingspan Group plc

Introduction

We have been engaged by Kingspan Group plc ('the Company') to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2018 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows and the related explanatory notes. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards as adopted by the EU ("IFRSs"). Our review was conducted having regard to the Financial Reporting Council's ("FRC's") International Standard on Review Engagements ("ISRE") (UK and Ireland) 2410, *'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'*.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly report for the six months ended 30 June 2018 is not prepared, in all material respects, in accordance with IAS 34 *'Interim Financial Reporting'* as adopted by the EU, the Transparency (Directive 2004/109/EC) (Amendment) Regulations 2007 ("Transparency Directive"), and the Transparency Rules of the Central Bank of Ireland.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Transparency Directive and the Transparency Rules of the Central Bank of Ireland. The annual financial statements of the company are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for ensuring that the condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 '*Interim Financial Reporting'* as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report based on our review.

Independent Review Report to Kingspan Group plc ***(continued)***

Scope of review

We conducted our review having regard to the Financial Reporting Council's International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We read the other information contained in the half-yearly financial report to identify material inconsistencies with the information in the condensed set of consolidated financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the review. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company and its directors in accordance with the terms of our engagement to assist the company in meeting the requirements of the Transparency Directive and the Transparency Rules of the Central Bank of Ireland. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

KPMG 24 August 2018
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2

Kingspan Group plc

Condensed consolidated income statement (unaudited)
for the 6 month period ended 30 June 2018

	Note	**6 months ended 30 June 2018**	6 months ended 30 June 2017
	Note	**€m**	€m
Revenue	*4*	**2,009.9**	1,749.3
Cost of Sales		**(1,448.2)**	(1,243.5)
Gross Profit		**561.7**	505.8
Operating Costs *		**(366.4)**	(328.0)
Trading Profit	*4*	**195.3**	177.8
Intangible amortisation		**(9.0)**	(7.5)
Non-trading items	*6*	**-**	0.6
Operating Profit		**186.3**	170.9
Finance expense	*7*	**(9.3)**	(7.8)
Finance income	*7*	**0.6**	0.2
Profit for the period before income tax		**177.6**	163.3
Income tax expense	*8*	**(30.9)**	(30.2)
Net Profit for the period		**146.7**	133.1
Attributable to owners of Kingspan Group plc		**144.8**	132.8
Attributable to non-controlling interests		**1.9**	0.3
		146.7	133.1
Earnings per share for the period			
Basic	*12*	**80.7c**	74.4c
Diluted	*12*	**80.0c**	73.6c

* Operating costs exclude intangible amortisation and non-trading items

Kingspan Group plc

Condensed consolidated statement of comprehensive income (unaudited)
for the 6 month period ended 30 June 2018

	6 months ended 30 June 2018	6 months ended 30 June 2017
	€m	€m
Net profit for financial period	**146.7**	133.1
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	**6.9**	(54.5)
Net changes in fair value of cash flow hedges	**2.4**	(0.4)
Income taxes relating to changes in fair value of cash flow hedges	**(0.3)**	-
Total comprehensive income for the period	**155.7**	78.2
Attributable to owners of Kingspan Group plc	**155.1**	78.8
Attributable to non-controlling interests	**0.6**	(0.6)
	155.7	78.2

Kingspan Group plc

Condensed consolidated statement of financial position

as at 30 June 2018

	Note	**At 30 June 2018 (unaudited)**	At 30 June 2017 (unaudited)	At 31 December 2017 (audited)
	Note	**€m**	€m	€m
Assets				
Non-current assets				
Goodwill	*13*	**1,255.0**	971.1	1,095.7
Other intangible assets		**82.9**	91.5	90.3
Financial asset		**8.2**	-	-
Property, plant and equipment	*14*	**779.7**	674.0	703.3
Derivative financial instruments	*10*	**23.3**	31.2	22.2
Retirement benefit assets		**7.5**	6.4	7.9
Deferred tax assets		**16.9**	12.0	16.5
		2,173.5	1,786.2	1,935.9
Current assets				
Inventories		**543.3**	444.1	447.1
Trade and other receivables		**873.8**	687.4	675.9
Derivative financial instruments	*10*	**1.1**	0.7	0.1
Cash and cash equivalents	*10*	**171.0**	205.6	176.6
		1,589.2	1,337.8	1,299.7
Total assets		**3,762.7**	3,124.0	3,235.6
Liabilities				
Current liabilities				
Trade and other payables		**800.3**	686.7	645.2
Provisions for liabilities		**45.0**	40.7	52.3
Derivative financial instruments	*10*	**-**	0.1	0.1
Deferred consideration (including contingent consideration)		**36.7**	6.2	6.4
Interest bearing loans and borrowings	*10*	**8.1**	1.7	1.2
Current income tax liabilities		**86.6**	79.0	80.9
		976.7	814.4	786.1
Non-current liabilities				
Retirement benefit obligations		**21.4**	21.4	21.5
Provisions for liabilities		**57.7**	54.4	48.7
Interest bearing loans and borrowings	*10*	**895.6**	675.4	661.5
Deferred tax liabilities		**35.2**	37.5	38.7
Deferred contingent consideration		**100.7**	13.3	111.1
		1,110.6	802.0	881.5
Total liabilities		**2,087.3**	1,616.4	1,667.6
Net Assets		**1,675.4**	1,507.6	1,568.0
Equity				
Share capital		**23.7**	23.5	23.6
Share premium		**95.6**	95.6	95.6
Capital redemption reserve		**0.7**	0.7	0.7
Treasury shares		**(12.7)**	(13.9)	(14.0)
Other reserves		**(213.5)**	(121.9)	(220.5)
Retained earnings		**1,748.5**	1,505.9	1,642.7
Equity attributable to owners of Kingspan Group plc		**1,642.3**	1,489.9	1,528.1
Non-controlling interests		**33.1**	17.7	39.9
Total Equity		**1,675.4**	1,507.6	1,568.0

Kingspan Group plc

Condensed consolidated statement of changes in equity (unaudited)

for the 6 month period ended 30 June 2018

	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 2018	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	**1,568.0**
Transactions with owners recognised directly in equity													
Employee share based compensation	-	-	-	-	-	-	6.1	-	-	-	6.1	-	**6.1**
Exercise or lapsing of share options	0.1	-	-	1.3	-	-	(9.0)	-	-	7.7	0.1	-	**0.1**
Dividends	-	-	-	-	-	-	-	-	-	(46.7)	(46.7)	-	**(46.7)**
Transactions with non-controlling interests:													
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(0.1)	**(0.1)**
Fair value movement	-	-	-	-	-	-	-	-	(0.4)	-	(0.4)	(7.3)	**(7.7)**
Transactions with owners	0.1	-	-	1.3	-	-	(2.9)	-	(0.4)	(39.0)	(40.9)	(7.4)	**(48.3)**
Total comprehensive income for the period													
Profit for the period	-	-	-	-	-	-	-	-	-	144.8	144.8	1.9	**146.7**
Other comprehensive income													
Items that may be reclassified subsequently to profit or loss													
Cash flow hedging in equity													
- current year	-	-	-	-	-	2.4	-	-	-	-	2.4	-	**2.4**
- tax impact	-	-	-	-	-	(0.3)	-	-	-	-	(0.3)	-	**(0.3)**
Exchange differences on translating foreign operations	-	-	-	-	8.2	-	-	-	-	-	8.2	(1.3)	**6.9**
Total comprehensive income for the period	-	-	-	-	8.2	2.1	-	-	-	144.8	155.1	0.6	**155.7**
Balance at 30 June 2018	23.7	95.6	0.7	(12.7)	(169.0)	2.3	32.3	0.7	(79.8)	1,748.5	1,642.3	33.1	**1,675.4**

Kingspan Group plc

Condensed consolidated statement of changes in equity (unaudited)

for the 6 month period ended 30 June 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 interests €m	Total equity €m
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	**1,471.5**
Transactions with owners recognised directly in equity													
Employee share based compensation	0.1	-	-	-	-	-	6.9	-	-	-	7.0	-	**7.0**
Exercise or lapsing of share options	-	-	-	-	-	-	(8.5)	-	-	8.5	-	-	**-**
Repurchase of shares	-	-	-	(1.4)	-	-	-	-	-	-	(1.4)	-	**(1.4)**
Dividends	-	-	-	-	-	-	-	-		(42.0)	(42.0)	-	**(42.0)**
Transactions with non-controlling interests:													
Non-controlling interest arising on acquisition	-	-	-	-	-	-	-	-	-	-	-	1.7	**1.7**
Put option liability arising on acquisition	-	-	-	-	-	-	-	-	(7.4)	-	(7.4)	-	**(7.4)**
Transactions with owners	0.1	-	-	(1.4)	-	-	(1.6)	-	(7.4)	(33.5)	(43.8)	1.7	**(42.1)**
Total comprehensive income for the period													
Profit for the period	-	-	-	-	-	-	-	-	-	132.8	132.8	0.3	**133.1**
Other comprehensive income													
Items that may be reclassified subsequently to profit or loss													
Cash flow hedging in equity													
- current year	-	-	-	-	-	(0.4)	-	-	-	-	(0.4)	-	**(0.4)**
Exchange differences on translating foreign operations	-	-	-	-	(53.6)	-	-	-	-	-	(53.6)	(0.9)	**(54.5)**
Total comprehensive income for the period	-	-	-	-	(53.6)	(0.4)	-	-	-	132.8	78.8	(0.6)	**78.2**
Balance at 30 June 2017	23.5	95.6	0.7	(13.9)	(148.8)	1.9	31.7	0.7	(7.4)	1,505.9	1,489.9	17.7	**1,507.6**

Kingspan Group plc

Condensed consolidated statement of changes in equity (audited)

for the financial 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	Total equity €m
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	**1,471.5**
Transactions with owners recognised directly in equity													
Employee share based compensation	0.2	-	-	-	-	-	10.7	-	-	-	10.9	-	**10.9**
Tax on employee share based compensation	-	-	-	-	-	-	0.8	-	-	3.1	3.9	-	**3.9**
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	**285.9**
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	-	**1.0**
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)	**199.4**
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	**1,568.0**

Kingspan Group plc

Condensed consolidated statement of cash flows (unaudited)

for the 6 month period ended 30 June 2018

	6 months ended 30 June 2018	6 months ended 30 June 2017
	€m	€m
Operating activities		
Net profit for the period	**146.7**	133.1
Add back non-operating expenses:		
Income tax	**30.9**	30.2
Depreciation of property, plant and equipment	**36.3**	31.4
Amortisation of intangible assets	**9.0**	7.5
Non-trading items	**-**	(0.6)
Employee equity-settled share options	**6.1**	6.9
Finance income	**(0.6)**	(0.2)
Finance expense	**9.3**	7.8
Profit on sale of property, plant and equipment	**(0.8)**	(2.0)
Changes in working capital:		
Increase in inventories	**(45.6)**	(87.0)
Increase in trade and other receivables	**(124.8)**	(95.1)
Increase in trade, other payables and provisions	**78.4**	97.2
Other:		
Pension contributions	**(0.5)**	(0.6)
Cash generated from operations	**144.4**	128.6
Taxes paid	**(30.8)**	(32.0)
Financing fees paid	**-**	(1.8)
Interest paid	**(7.7)**	(8.2)
Net cash flow from operating activities	**105.9**	86.6
Investing activities		
Additions to property, plant and equipment	**(70.1)**	(44.6)
Additions to intangible assets	**-**	(4.8)
Proceeds from disposals of property, plant and equipment	**2.0**	3.4
Proceeds from disposal of trade and assets	**-**	5.7
Purchase of subsidiary undertakings (including net debt/cash acquired)	**(226.8)**	(14.3)
Purchase of financial fixed asset	**(8.2)**	-
Interest received	**0.6**	0.2
Net cash flow from investing activities	**(302.5)**	(54.4)
Financing activities		
Drawdown of interest bearing loans and borrowings	**237.9**	30.9
Repayment of interest bearing loans and borrowings	**-**	(39.7)
Settlement of derivative financial instrument	**-**	8.0
Increase in finance lease liability	**0.1**	1.5
Proceeds from share issues	**0.1**	0.1
Repurchase of treasury shares	**-**	(1.4)
Dividends to non-controlling interests	**(0.1)**	-
Dividends paid	**(46.7)**	(42.0)
Net cash flow from financing activities	**191.3**	(42.6)
Decrease in cash and cash equivalents	**(5.3)**	(10.4)
Translation adjustment	**(0.3)**	(6.0)
Cash and cash equivalents at the beginning of the period	**176.6**	222.0
Cash and cash equivalents at the end of the period	**171.0**	205.6

Notes
forming part of the financial statements

1 Reporting entity

Kingspan Group plc ("the Company") is a public limited company registered and domiciled in Ireland.

The Company and its subsidiaries (together referred to as "the Group") are primarily involved in the manufacture of high performance insulation and building envelope solutions.

The financial information presented in the half-yearly report does not represent full statutory accounts. Full statutory accounts for the year ended 31 December 2017 prepared in accordance with IFRS, as adopted by the EU, upon which the auditors have given an unqualified audit report, are available on the Group's website (www.kingspan.com).

2 Basis of preparation

This half-yearly financial report is unaudited but has been reviewed by the Company's auditor.

(a) Statement of compliance

These condensed consolidated interim financial statements ("the Interim Financial Statements") have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all of the information required for full annual financial statements.

The Interim Financial Statements were approved by the Board of Directors on 24 August 2018.

(b) Significant accounting policies

The accounting policies applied by the Group in the Interim Financial Statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2017 with the exception of changes in accounting policy in respect of IFRS 9, Financial Instruments and IFRS 15, Revenue from Contracts with Customers which are described below.

The following standards are effective from 1 January 2018 but do not have a material impact on the results of the financial position of the Group.

New and amended standards and interpretations effective during 2018

Financial instruments

IFRS 9, Financial Instruments, replaces IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 addresses the classification, measurement and derecognition of financial assets and liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has adopted IFRS 9 from 1 January 2018.

IFRS 9 largely retains the requirements of IAS 39 for the classification and measurement of financial liabilities but eliminates the previous IAS 39 categories for financial assets. The vast majority of the

Group's financial assets are trade receivables and cash and as a result the classification and measurement changes do not have a material impact on the Group's consolidated financial statements.

For trade receivables, the Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance. Given historic loss rates, normal receivable ageing and the significant portion of trade receivables that are within agreed terms, the change in impairment methodology as a result of implementing IFRS 9 did not have a material impact on the Group's financial results.

The impact of adopting IFRS 9 on the consolidated financial statements was not material for the Group and there was no adjustment to retained earnings on application at 1 January 2018.

Revenue recognition

IFRS 15, Revenue from Contracts with Customers, replaces IAS 18, Revenue and IAS 11, Construction Contracts and related interpretations. IFRS 15 establishes a five-step model for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 specifies how and when revenue should be recognised as well as requiring enhanced disclosures. The Group has adopted IFRS 15 from 1 January 2018, using the modified retrospective approach and has not restated comparatives for 2017.

The Group used the five-step model to develop an impact assessment framework to assess the impact of IFRS 15 on the Group's revenue transactions. The results of our IFRS 15 assessment framework and contract reviews indicated that the impact of applying IFRS 15 on the consolidated financial statements was not material for the Group and there was no adjustment to retained earnings or material impact on the timing of revenue recognition on application of the new rules at 1 January 2018.

Revenue is recognised when control of goods is transferred to the customer, which for the vast majority of the Group is at a point in time when delivery has taken place in accordance with the terms of sale.

New and amended standards and interpretations issued but not yet effective or early adopted

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. For lessees, IFRS 16 eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model whereby all leases are accounted for as finance leases, with some exemptions for short-term and low-value leases. It also includes an election which permits a lessee not to separate non-lease components (e.g. maintenance) from lease components and instead capitalise both the lease cost and associated non-lease cost. The lessee will recognise a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. IFRS 16 is effective for annual periods beginning on or after 1 January 2019, and the Group will apply IFRS 16 from its effective date.

The standard will primarily affect the accounting for the Group's operating leases. The application of IFRS 16 will result in the recognition of additional assets and liabilities in the consolidated statement of financial position and in the consolidated income statement it will replace the straight-line operating lease expense with a depreciation charge for the right-of-use asset and an interest expense on the lease liabilities.

The Group has completed an initial assessment of the potential impact of IFRS 16 on its consolidated financial statements. The Group will adopt the new standard by applying the modified retrospective approach and will avail of the recognition exemption for short-term and low-value leases. The Group's non-cancellable operating lease commitments on an undiscounted basis at 31 December 2017 are detailed in Note 31 to the consolidated financial statements of the Group's 2017 Annual Report and provides an indication of the scale of leases held by the Group.

Based on this initial impact assessment, the standard is not expected to have any material impact on either the statement of financial position or income statement.

(c) Estimates

The preparation of Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2017.

The Interim Financial Statements are available on the Group's website (www.kingspan.com).

(d) Going concern

The directors have reviewed forecasts and projected cash flows for a period of not less than 12 months from the date of these Interim Financial Statements, and considered its net debt position, available committed banking facilities and other relevant information including the economic conditions currently affecting the building environment generally. On the basis of this review, the directors have concluded that there are no material uncertainties that would cast significant doubt over the Group's ability to continue as a going concern. For this reason, the directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

3 Reporting currency

The Interim Financial Statements are presented in Euro which is the functional currency of the Company and presentation currency of the Group.

Results and cash flows of foreign subsidiary undertakings have been translated into Euro at the average exchange rates for the period, as these approximate the exchange rates at the dates of the transactions. The related assets and liabilities have been translated at the closing rates of exchange applicable at the end of the reporting period.

The following significant exchange rates were applied during the period:

	Average rate			**Closing rate**		
	H1 2018	**H1 2017**	**FY 2017**	**H1 2018**	**H1 2017**	**FY 2017**
Euro =						
Pound Sterling	**0.880**	0.860	0.876	**0.883**	0.879	0.887
US Dollar	**1.210**	1.083	1.129	**1.156**	1.140	1.197
Canadian Dollar	**1.546**	1.446	1.465	**1.541**	1.484	1.501
Australian Dollar	**1.569**	1.436	1.473	**1.576**	1.487	1.533
Czech Koruna	**25.501**	26.783	26.329	**26.029**	26.294	25.574
Polish Zloty	**4.221**	4.268	4.256	**4.365**	4.245	4.171
Hungarian Forint	**314.060**	309.50	309.26	**328.590**	309.95	310.20
Brazilian Real	**4.143**	3.446	3.609	**4.463**	3.778	3.967

4 Operating segments

The Group has the following five reportable 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.
Water & Energy	Manufacture of energy storage, water management solutions and related service activity.
Access Floors	Manufacture of raised access floors and data centre solutions.

Analysis by class of business

Segment revenue and disaggregation of revenue*

	Insulated Panels €m	Insulation Boards €m	Light & Air €m	Water & Energy €m	Access Floors €m	Total €m
Total revenue - H1 2018	**1,268.6**	**428.9**	**128.6**	**96.6**	**87.2**	**2,009.9**
Total revenue - H1 2017	1,111.7	373.7	81.7	88.9	93.3	1,749.3

	Insulated Panels €m	Insulation Boards €m	Light & Air €m	Water & Energy €m	Access Floors €m	Total €m
Trading profit - H1 2018	**122.6**	**53.1**	**5.1**	**5.5**	**9.0**	**195.3**
Intangible amortisation	(4.9)	(1.0)	(2.4)	(0.7)	-	**(9.0)**
Non-trading items	-	-	-	-	-	-
Operating result - H1 2018	**117.7**	**52.1**	**2.7**	**4.8**	**9.0**	**186.3**
Net finance expense						**(8.7)**
Profit for the period before income tax						**177.6**
Income tax expense						**(30.9)**
Profit for the period - H1 2018						**146.7**

*The Group has considered the disaggregation of revenue disclosures required under IFRS 15 and has determined that using the existing operating segments is appropriate.

	Insulated Panels €m	Insulation Boards €m	Light & Air €m	Water & Energy €m	Access Floors €m	Total €m
Trading profit - H1 2017	116.9	40.0	3.0	6.7	11.2	177.8
Intangible amortisation	(4.6)	(1.1)	(1.1)	(0.7)	-	(7.5)
Non-trading items	(2.3)	2.9	-	-	-	0.6
Operating result - H1 2017	110.0	41.8	1.9	6.0	11.2	170.9
Net finance expense						(7.6)
Profit for the period before income tax						163.3
Income tax expense						(30.2)
Profit for the period - H1 2017						133.1

Segment assets and liabilities

	Insulated Panels €m	Insulation Boards €m	Light & Air €m	Water & Energy €m	Access Floors €m	Total 30 June 2018 €m	Total 30 June 2017 €m
Assets - H1 2018	**2,067.0**	**817.0**	**309.6**	**192.4**	**164.4**	**3,550.4**	
Assets - H1 2017	1,765.4	629.8	153.6	168.7	157.0		2,874.5
Derivative financial instruments						**24.4**	31.9
Cash and cash equivalents						**171.0**	205.6
Deferred tax asset						**16.9**	12.0
Total assets						**3,762.7**	3,124.0
Liabilities - H1 2018	**(696.7)**	**(203.2)**	**(67.4)**	**(60.5)**	**(34.0)**	**(1,061.8)**	
Liabilities - H1 2017	(529.9)	(160.8)	(46.5)	(51.9)	(33.6)		(822.7)
Interest bearing loans and borrowings (current and non-current)						**(903.7)**	(677.1)
Derivative financial instruments (current and non-current)						**-**	(0.1)
Income tax liabilities (current and deferred)						**(121.8)**	(116.5)
Total liabilities						**(2,087.3)**	(1,616.4)

Other segment information

	Insulated Panels €m	Insulation Boards €m	Light & Air €m	Water & Energy €m	Access Floors €m	Total €m
Capital Investment - H1 2018 **	**52.9**	**42.4**	**14.0**	**5.3**	**1.5**	**116.1**
Capital Investment - H1 2017 **	40.8	16.0	1.8	1.7	2.2	62.5
Depreciation included in segment result - H1 2018	**(23.4)**	**(7.9)**	**(2.3)**	**(1.3)**	**(1.4)**	**(36.3)**
Depreciation included in segment result - H1 2017	(20.2)	(7.1)	(1.4)	(1.5)	(1.2)	(31.4)
Non cash items included in segment result - H1 2018	**(3.5)**	**(1.3)**	**(0.2)**	**(0.5)**	**(0.6)**	**(6.1)**
Non cash items included in segment result -H1 2017	(4.2)	(1.5)	(0.1)	(0.5)	(0.6)	(6.9)

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 - H1 2018	**76.9**	**455.3**	**946.7**	**392.1**	**138.9**	**2,009.9**
Revenue - H1 2017	66.2	455.4	759.1	336.4	132.2	1,749.3
Statement of Financial Position Items						
Non-current assets - H1 2018 *	**51.4**	**375.7**	**1,028.3**	**520.1**	**157.8**	**2,133.3**
Non-current assets - H1 2017 *	52.2	371.1	731.5	423.0	165.2	1,743.0
Capital Investment - H1 2018 **	**1.7**	**12.9**	**84.2**	**15.3**	**2.0**	**116.1**
Capital Investment - H1 2017 **	6.1	8.3	25.8	15.9	6.4	62.5

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

** Capital investment includes the fair value of property, plant, equipment and intangible assets acquired through additions in the period and also as part of business combinations.

In presenting information on the basis of geographic segments, segment revenue is based on the geographic location of customers. Segment assets are based on the geographic location of the assets.

5 Seasonality of operations

Activity in the global construction industry is characterised by cyclicality and is dependent to a significant extent on the seasonal impact of weather in some of the Group's operating locations. Activity is second half weighted and could be more pronounced in the future due to the activity profile of recent acquisitions.

6 Non-trading items

	6 months ended 30 June 2018 €m	6 months ended 30 June 2017 €m
Profit on disposal of trade and assets	**-**	2.9
Impairment of goodwill	**-**	(2.3)
	-	0.6

During the period, no items of a non-trading nature arose.

In the period to 30 June 2017 the Group disposed of the trade and assets of Kingspan Gefinex GmbH, which was part of the Insulation Boards division, for €5.7m and realised a non-trading profit of €2.9m, and impaired goodwill relating to a US energy business, which is part of the Insulated Panels division.

7 Finance expense and finance income

	6 months ended 30 June 2018 €m	6 months ended 30 June 2017 €m
Finance expense		
Bank loans	**1.4**	0.9
Private placement loan notes	**8.1**	7.2
Finance leases	**0.1**	0.1
Deferred contingent consideration fair value movement	**0.2**	-
Defined benefit pension scheme, net	**0.1**	0.1
Fair value movement on derivative financial instruments	**(1.4)**	8.0
Fair value movement on private placement debt	**0.8**	(8.5)
	9.3	7.8
Finance income		
Interest earned	**(0.6)**	(0.2)
Net finance cost	**8.7**	7.6

No borrowing costs were capitalised during the period (H1 2017: Nil).

8 Taxation

Taxation provided for on profits is €30.9m which represents 17.4% of the profit before tax for the period (H1 2017: 18.5%). The full year effective tax rate in 2017 was 17.5%. The taxation charge for the six month period is accrued using the estimated applicable rate for the year as a whole.

9 Analysis of net debt

	At 30 June 2018 €m	At 30 June 2017 €m
Cash and cash equivalents	**171.0**	205.6
Derivative financial instruments	**23.3**	31.2
Current borrowings	**(8.1)**	(1.7)
Non-current borrowings	**(895.6)**	(675.4)
Deferred consideration	**(30.0)**	-
Total net debt	**(739.4)**	(440.3)

Net debt, which is a non-IFRS measure, is stated net of interest rate and currency hedges (asset of €23.3m) which relate to hedges of debt. Foreign currency derivatives (asset of €1.1m), which are used for transactional hedging, are not included in the definition of net debt.

10 Financial instruments

The following table outlines the components of net debt by category:

	Loans and receivables and other financial assets/(liabilities) at amortised cost €m	**Liabilities in a fair value hedge relationship €m**	**Derivatives designated as hedging instruments €m**	**Total net debt by category €m**
Assets:				
Interest rate swaps	-	-	23.3	**23.3**
Cash at bank and in hand	171.0	-	-	**171.0**
Total assets	171.0	-	23.3	**194.3**
Liabilities:				
Private placement notes	(698.3)	(135.0)	-	**(833.3)**
Deferred consideration	(30.0)	-	-	**(30.0)**
Other loans	(70.4)	-	-	**(70.4)**
Total liabilities	(798.7)	(135.0)	-	**(933.7)**
At 30 June 2018	**(627.7)**	**(135.0)**	**23.3**	**(739.4)**

	Loans and receivables and other financial assets/(liabilities) at amortised cost €m	**Liabilities in a fair value hedge relationship €m**	**Derivatives designated as hedging instruments €m**	**Total net debt by category €m**
Assets:				
Interest rate swaps	-	-	31.2	31.2
Cash at bank and in hand	205.6	-	-	205.6
Total assets	205.6	-	31.2	236.8
Liabilities:				
Private placement notes	(523.8)	(142.6)	-	(666.4)
Other loans	(10.7)	-	-	(10.7)
Total liabilities	(534.5)	(142.6)	-	(677.1)
At 30 June 2017	(328.9)	(142.6)	31.2	(440.3)

The Group's private placement loan notes of €833.3m have a weighted average maturity of 6 years.

Fair value of financial instruments carried at fair value

Financial instruments recognised at fair value are analysed between those based on quoted prices in active markets for identical assets or liabilities (Level 1), those involving inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly (Level 2), and those involving inputs for the assets or liabilities that are not based on observable market data (Level 3).

The following table sets out the fair value of all financial instruments whose carrying value is at fair value:

	Level 1 30 June 2018 €m	Level 2 30 June 2018 €m	Level 3 30 June 2018 €m
Financial assets			
Interest rate swaps	-	23.3	-
Foreign exchange contracts for hedging	-	1.1	-
Financial liabilities			
Deferred contingent consideration	-	-	(107.4)
Deferred consideration	-	-	(30.0)
Foreign exchange contracts for hedging	-	-	-
At 30 June 2018	**-**	**24.4**	**(137.4)**

	Level 1 30 June 2017 €m	Level 2 30 June 2017 €m	Level 3 30 June 2017 €m
Financial assets			
Interest rate swaps	-	31.2	-
Foreign exchange contracts for hedging	-	0.7	-
Financial liabilities			
Deferred contingent consideration	-	-	(19.5)
Deferred consideration	-	-	-
Foreign exchange contracts for hedging	-	(0.1)	-
At 30 June 2017	-	31.8	(19.5)

All derivatives entered into by the Group are included in Level 2 and consist of foreign currency forward contracts, interest rate swaps and cross currency interest rate swaps.

Where derivatives are traded either on exchanges or liquid over-the-counter markets, the Group uses the closing price at the reporting date. Normally, the derivatives entered into by the Group are not traded in active markets. The fair values of these contracts are estimated using a valuation technique that maximises the use of observable market inputs, e.g. market exchange and interest rates.

Deferred contingent consideration is included in Level 3. Deferred consideration arose with respect to the Synthesia acquisition as set out in note 15. The deferred contingent consideration is consistent with 31 December 2017 and is set out in notes 18 and 22 of the 2017 Annual Report. The contingent element is measured on a series of trading performance targets and is adjusted by the application of a range of outcomes and associated probabilities.

During the period ended 30 June 2018, there were no significant changes in the business or economic circumstances that affect the fair value of financial assets and liabilities, no reclassifications and no transfers between levels of the fair value hierarchy used in measuring the fair value of the financial instruments.

Fair value of financial instruments at amortised cost

Except as detailed below, it is considered that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the Interim Financial Statements approximate their fair values.

Private placement notes	**Carrying amount**	**Fair value**
	€m	**€m**
At 30 June 2018	**833.3**	**883.9**
At 30 June 2017	666.4	705.6

The fair value of the private placement notes, which are Level 2 financial instruments, is derived by using observable market data, principally the relevant interest rates.

11 Dividends

A final dividend on ordinary shares of 26.0 cent per share in respect of the year ended 31 December 2017 (2016: 23.5 cent) was paid on 27 April 2018.

The directors are proposing an interim dividend of 12.0 cent (2017: 11.0 cent) per share in respect of 2018, which will be paid on 5 October 2018 to shareholders on the register on the record date of 7 September 2018.

12 Earnings per share

	6 months ended 30 June 2018 €m	6 months ended 30 June 2017 €m
The calculations of earnings per share are based on the following:		
Profit attributable to owners of the Company	**144.8**	132.8
	Number of shares ('000) 6 months ended 30 June 2018	**Number of shares ('000) 6 months ended 30 June 2017**
Weighted average number of ordinary shares for the calculation of basic earnings per share	**179,562**	178,570
Dilutive effect of share options	**1,558**	1,754
Weighted average number of ordinary shares for the calculation of diluted earnings per share	**181,120**	180,324
	€ cent	**€ cent**
Basic earnings per share	**80.7**	74.4
Diluted earnings per share	**80.0**	73.6
Adjusted basic earnings per share (pre amortisation and non-trading items; net of tax)	**84.7**	77.5

At 30 June 2018, there were no anti-dilutive options (30 June 2017: Nil).

13 Goodwill

	At **30 June 2018**	At 30 June 2017	At 31 Dec 2017
	€m	€m	€m
At beginning of period	**1,095.7**	990.1	990.1
Acquired through business combinations *(note 15)*	**159.8**	11.7	156.1
Impairment charge	**-**	(2.3)	(2.3)
Effect of movement in exchange rates	**(0.5)**	(28.4)	(48.2)
At end of period	**1,255.0**	971.1	1,095.7
At end of period			
Cost	**1,322.7**	1,039.0	1,163.4
Accumulated impairment losses	**(67.7)**	(67.9)	(67.7)
Net carrying amount	**1,255.0**	971.1	1,095.7

14 Property, plant and equipment

	At **30 June 2018** **€m**	At 30 June 2017 €m	At 31 Dec 2017 €m
Cost or valuation	**1,705.0**	1,523.5	1,592.3
Accumulated depreciation and impairment charges	**(925.3)**	(849.5)	(889.0)
Net carrying amount	**779.7**	674.0	703.3
Opening net carrying amount	**703.3**	665.5	665.5
Acquired through business combinations	**42.0**	7.9	39.8
Additions	**72.2**	45.3	84.5
Disposals	**(1.2)**	(1.9)	(2.6)
Depreciation charge	**(36.3)**	(31.4)	(64.2)
Impairment charge	**-**	-	(0.8)
Effect of movement in exchange rates	**(0.3)**	(11.4)	(18.9)
Closing net carrying amount	**779.7**	674.0	703.3

The disposals generated a profit in the period of €0.8m (H1 2017: €2.0m).

15 Business combinations

During the period, the Group made three acquisitions for a combined total consideration of €256.8m:

- In March 2018, the purchase of 100% of the share capital of the Synthesia Group comprising of Synthesia Espanola S.A., Poliuretanos S.A, Huurre Iberica S.A. and their respective subsidiaries;
- In April 2018, the purchase of the assets of H2Enviro an Australian water tanks business; and
- In May 2018, the purchase of 100% of Vestfold Plastindustri AS and Vestfold Plastindustri Eiendom AS; a Norwegian water treatment business.

The provisional fair values of the acquired assets and liabilities in respect of these acquisitions at their respective acquisition dates, along with fair value adjustments to certain 2017 acquisitions (including Isoeste), are set out below:

	Synthesia €'m	Isoeste €'m	Other* €'m	Total €'m
Non-current assets				
Intangible assets	-	-	1.9	**1.9**
Property, plant and equipment	41.6	1.7	(1.3)	**42.0**
Deferred tax assets	0.6	-	1.7	**2.3**
Current assets				
Inventories	49.8	(3.1)	4.9	**51.6**
Trade and other receivables	72.6	(2.2)	3.0	**73.4**
Current liabilities				
Trade and other payables	(59.9)	(11.3)	(6.2)	**(77.4)**
Provisions for liabilities	(3.5)	(1.4)	(0.6)	**(5.5)**
Non-current liabilities				
Deferred tax liabilities	-	1.4	-	**1.4**
Total identifiable assets	**101.2**	**(14.9)**	**3.4**	**89.7**
Non-controlling interest	-	7.3	-	**7.3**
Goodwill	141.4	7.6	10.8	**159.8**
Total consideration	**242.6**	**-**	**14.2**	**256.8**
Satisfied by:				
Cash (net of cash/debt acquired)	212.6	-	14.2	**226.8**
Deferred consideration	30.0	-	-	**30.0**
Total consideration	**242.6**	**-**	**14.2**	**256.8**

**Other includes the remaining acquisitions completed during the period together with certain immaterial remeasurements of prior year accounting estimates.*

The goodwill is attributable principally to the profit generating potential of the businesses, together with a strong workforce, new geographies and synergies expected to be achieved from integrating the businesses into Kingspan's existing structure.

In the post-acquisition period to 30 June 2018, the businesses acquired in the current period contributed total revenue of €123.9m and trading profit of €9.9m to the Group's results.

In addition to the foregoing, an investment of €8.2m was made in Invicara PTE Limited during the reporting period. This is classified as a financial asset.

16 Capital and reserves

Issues of ordinary shares

676,592 ordinary shares (H1 2017: 949,558) were issued as a result of the exercise of vested options arising from the Group's share option schemes (see the 2017 Annual Report for full details of the Group's share option schemes). Options were exercised at an average price of €0.13 per option.

17 Significant events and transactions

There were no individually significant events or transactions in the period which contributed to material changes in the Statement of Financial Position; the most significant movement was the changes in Inventories, Trade and other receivables and Trade and other payables reflective of the acquisitions completed during the period.

18 Related party transactions

There were no changes in related party transactions from the 2017 Annual Report that could have a material effect on the financial position or performance of the Group in the first half of the year.

19 Subsequent events

On 4 July 2018 the Group completed the acquisition of Balex Metal sp. z.o.o., a Polish based manufacturer of insulated panels and insulation board.

On 9 July 2018 the Group completed the acquisition of 51% of Jindal Mectec Private Limited, an Indian manufacturer of insulated panels.

The combined consideration for these acquisitions was €220m.

There have been no further material events subsequent to 30 June 2018 which would require disclosure in this report.