

KINGSPAN GROUP PLC

PRELIMINARY RESULTS

Year Ended 31 December 2011





KINGSPAN GROUP PLC

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

Kingspan, the global leader in high performance insulation and building envelope solutions, reports its preliminary results for the year ended 31 December 2011

Highlights:

Financial Highlights:

- Revenue up 30% to €1.55 billion, an increase of 14% excluding acquisitions
- Trading profit up 33% from €72.0m to €95.7m, an increase of 24% excluding acquisitions
- Group trading margin of 6.2%, an increase of 20bps. Underlying trading margin increased by 50 bps
- Basic EPS up 27% to 37.1 cent
- Final dividend per share of 6.5 cent. Total dividend for the year up 10% to 11 cent
- Strong free cashflow of €76.9m (2010: €39.9m)
- Net debt of €170.1m (2010: €120.8m), reflecting acquisitions of €107.0m partially offset by free cashflow. Net debt to EBITDA of 1.3x (2010:1.2x)
- Successful completion of a ten year \$200m Private Placement in August 2011 extending the weighted average maturity of the Group's debt facilities to 4.0 years

Operational Highlights:

- The acquisition and integration of the CIE insulation business, significantly strengthening the Group's Mainland European presence. Insulation Boards divisional revenues grew by 85% to €460m (up 9% excluding the acquisition)
- Strong volume growth in Insulated Panels across most regions, demonstrating continued growth in penetration, with revenue up 19% to €758m
- Return to profit growth in the Environmental division, with sales growth of 18% to €202m and particularly buoyant sales in Mainland Europe
- Solid performance in Access Floors, despite acute weakness in the office construction market worldwide. Divisional sales decreased by 6% to €126m
- Full recovery of raw material cost increases of approximately €60m

Summary Financials:

	2011	2010	% change
	€m	€m	
Revenue	1,546.9	1,193.2	+30%
EBITDA*	133.6	107.6	+24%
Trading Profit**	95.7	72.0	+33%
Trading Margin	6.2%	6.0%	+20bps
Profit after tax	62.9	49.1	+28%
EPS	37.1	29.2	+27%

**Earnings before finance costs, income tax, depreciation and intangible amortisation*

***Earnings before amortisation of intangibles*

Gene Murtagh, Chief Executive of Kingspan commented:

“Kingspan delivered a strong performance last year helped by significant sales growth and stable margins. Although the international economic outlook remains uncertain, the Group continues to expand its global presence in markets which are driven by conversion to high performance insulation products and an increasing desire for lower energy living standards.”

For further information contact:

Murray Consultants
Ed Micheau

Tel: +353 (0) 1 4980 300

Business Review

2011 transpired to be another year beset by global uncertainty, resulting in uninspiring economic performances in all but a few markets worldwide. Featuring most prominently was the lack of fiscal cohesion within the EU. General economic activity in Kingspan's other key regions of the US and UK was similarly mediocre with market conditions remaining delicate.

The interdependence of construction activity and the macroeconomic environment is clear. The lion's share of Kingspan's activities is focused on the non-residential markets of Mainland Europe, UK and the US, all of which were undoubtedly weak in the past year. Despite these pressures, the positioning of our businesses within the high performance insulation niche, provided a platform not only for stability, but also for strong growth during 2011.

This position, combined with the growing global recognition of the tangible economic benefits of improved building energy performance, underscored the Group's revenue and profit growth last year. Sales turnover grew by 30% to €1,547m, and trading profit grew 33% to €95.7m. Although these figures were complemented by the acquisition of a continental European insulation business, the underlying growth rates were nonetheless strong at 14% and 25% respectively, ameliorated somewhat by unseasonably warm weather in the last six weeks of the year.

Insulated Panels

	<i>FY '11</i> €m	<i>FY '10</i> €m	Change
Turnover	758.0	638.5	+19% (1)
Trading Profit	50.5	35.8	+41%
Trading Margin	6.7%	5.6%	

(1) Comprising volume growth +11%, price/mix +9% and currency impact -1%

UK

Sales volume of Insulated Panels in the UK grew 10% in 2011, a strong performance given the relative weakness of the non-residential market in the region. Behind this performance was a gradual improvement in penetration, a solid flow of retail and food sector projects, and continued growth in refurbishment activity across all segments. In addition to this our new photovoltaic insulated Powerpanel® was launched posting encouraging first year sales of approximately 5 megawatt. At year-end, the UK orderbook stood at a similar level to the same point a year earlier, and early indications would point towards a positive first quarter.

Central & Eastern Europe

Sales volume in this region ended the year up significantly, driven in the main by a strong performance in Germany and Turkey. In the wider Eastern European markets, sales were relatively subdued in the Czech Republic, Hungary and Poland. With the year-end orderbook up 11% by volume over prior year at year end, quarter one sales are expected to show improvement over the first quarter of 2011.

Western Europe

In the Benelux and France, sales volume grew 13% as the Kingspan brand becomes increasingly established, and market share rises. The market in the Netherlands was tough during 2011, however strong progress in both France and Belgium more than compensated for this. The

current year's sales pattern is expected to be similar, and the orderbook at year end was flat over prior year.

North America

Sales volume in this region grew 5% over prior year, owing largely to the strong exit from 2010, and a similarly strong order intake in the first half of 2011. Although competition has increased in the US, there is clear evidence of momentum in penetration growth which over the longer term is expected to develop along similar lines to that of Europe. Kingspan's brand is at the forefront of this market transition.

Australasia

Sales volumes improved well during the year in this region, growing approximately 20% in both dispatches and order intake. The dynamic in Australia in particular, resembles that of the US with the market developing from low levels of penetration to an increasing acceptance of low energy building fabrics. 2012 should deliver further growth, aided by a strong orderbook as we entered the year.

Ireland

Sales volume in Ireland, although at exceptionally low levels, grew approximately 13% in the period, and order intake was marginally ahead of prior year. The performance of our business in the region can be expected to remain relatively stable for the foreseeable future.

Insulation Boards

	<i>FY '11</i> €m	<i>FY '10</i> €m	Change
Turnover	460.4	248.2	+85% (1)
Trading Profit	25.7	16.7	+54%
Trading Margin	5.6%	6.7%	
Underlying*Trading Margin	7.0%	6.7%	

(1) Comprising growth from acquisition +76%, price/mix +11%, volume -2% and currency impact 0%

*pre-acquisition

UK

The general market environment in the UK was quite challenging during 2011 as new-build construction activity continued to be lacklustre. In the face of this, sales volume contracted marginally by 2%, and revenue grew by 13% as the pass-through of aggressive chemical price increases earlier in the year featured prominently. Growth in the refurbishment sector continued to be a key aspect of the division's performance. That can be expected to remain the case as we generate further opportunity through the UK's forthcoming 'Green Deal' initiative. This will be achieved in both the Kingspan and the newly acquired Ecotherm brands.

Western Europe

Sales growth in this region was exceptionally strong in the period, clearly supported by the acquired business and revenues in the Benelux and Germany. Underlying sales grew by 9%, driven again by the twin drivers of penetration growth and refurbishment. This pattern has been evident across all applications, which now include domestic roofing elements and blown cavities through the Dutch based Unidek brand. In all, it was a year in which the Insulation Boards division made quantum progress on the continent, cementing Kingspan's position as Europe's leading high performance insulation provider.

Australasia

Although the market weakened progressively through 2011, Kingspan's business advanced well, growing by 10% in the period. As with other markets, the gradual displacement of traditional fibrous insulation has been key in delivering the sales improvement, coupled with a substantial rise in Kooltherm® sales in the region. Although the wider economic environment in Australia and New Zealand is not forecast to improve in the near-term, continued conversion should deliver further growth in 2012.

Ireland

Not surprisingly, sales volumes declined by a further 19% during the year, the result of continued weakness in the newbuild sector. Whilst the prognosis for this sector is not particularly positive, activity would appear to have stabilised, albeit at levels so low that they are simply not sustainable over the longer term.

Environmental

	<i>FY '11</i> €m	<i>FY '10</i> €m	Change
Turnover	202.3	171.7	+18%
Trading Profit	6.7	0.9	
Trading Margin	3.3%	0.5%	

Sales in this division performed robustly given the weakness of the end-markets in which it operates, in particular the UK and Ireland. Volumes in the more traditional product ranges of fuel storage and water treatment were predictably weaker given the new build dynamics of these markets, however sales to continental Europe experienced a dramatic increase. This was due in the main to the business securing a one-off contract for agricultural fuel storage in France, which will expire in early 2012.

Hot Water Systems sales stabilised in the UK, and the division's growing suite of renewable technologies posted encouraging growth in the UK, Ireland and North America. This range was further complemented by the addition of a micro-wind offering during the year, currently up to 6 kilowatt and now branded KingspanWind®. Over the coming 18 months, we anticipate widening the range to offer up to a 15 kilowatt turbine. Together with the smaller turbines, these products will be used in many applications from homes, to farms, to small enterprises, and will be marketable globally.

Access Floors

	<i>FY '11</i> €m	<i>FY '10</i> €m	Change
Turnover	126.2	134.8	-6% (1)
Trading Profit	12.8	18.6	-31%
Trading Margin	10.2%	13.8%	

(1) Comprising volume -11%, price/mix +7% and currency impact -2%

Given the division's historic reliance on the office construction market, revenue was negatively impacted by the global weakness in newbuild commercial office space, particularly in the US. Activity in this market dropped to an all-time low during 2011, levelling out at approximately 25% of its 20 year annual average. On the positive side, penetration has continued to creep

upwards gradually and a stable global data centre construction environment combined with focused new product introductions was supportive to this business during the period.

In the UK, sales weakened during the year, however office construction starts improved and given the late-cycle nature of access floors this is likely to be evident in orders during the second half of the current year.

As part of the globalisation of this division, Tasman Access Floors in Australia was acquired in January 2012 from New Zealand's Fletcher Group. This business is the Australia/New Zealand market leader in Access Floors, and will form a key part in the wider Asian presence we expect to develop over time.

Net Zero Energy

During 2011, the Group embarked on its own Net Zero Initiative, which in essence aims to have all facilities running on entirely renewable power by 2020. An interim target is to achieve Net 50% by end 2016. To the extent that it is physically possible, our plants will generate their own on-site power, and where that is not practical, renewable energy will be sourced externally. The Group Head Office in Ireland achieved Net Zero during 2011 with a 132kw solar power installation. Other sizeable projects undertaken to date include a 406kw solar power plant at Holywell and 799kw solar power plant at Pembridge in the UK, as well as Tate Access Floors in the US sourcing externally generated wind power. Further large scale projects planned over the next three years include a 5 megawatt wind installation at Holywell, a biogas facility at Pembridge, and a wood-fired CHP generator at Selby.

Research & Development

Ensuring a continuous flow of new product developments has always been a core theme throughout Kingspan. These projects range from evolutionary chemical and structural improvements in our offering, to more fundamental changes in materials and building envelope solutions. Amongst the many initiatives currently being worked through include:

- Next Generation Insulation, dramatically improving thermal performance, and due for launch in 2012.
- Integrated Solar Powerpanel®, combining the structural and thermal qualities of the Insulated Panel together with vacuum integrated solar cells. This product should be launched during 2013.
- A 15kw micro wind turbine, to complement the current 3kw and 6kw units, again due for launch in 2013.

Financial Review

Overview of results

Group revenue increased by 30% to €1.55 billion (2010: €1.19 billion) and trading profit increased by 33% to €95.7m (2010: €72.0m) resulting in an improvement of 20 basis points in the Group's trading profit margin to 6.2% (2010: 6.0%). Basic EPS for the year was 37.1 cent, representing an increase of 27% (2010: 29.2 cent).

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

Sales	Underlying	Currency	Acquisition	Total
Insulated Panels	20%	-1%	-	+19%
Insulation Boards	9%	0%	76%	+85%
Environmental	19%	-1%	-	+18%
Access Floors	-4%	-2%	-	-6%
Group	14%	-	16%	+30%

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

Trading Profit	Underlying	Currency	Acquisition	Total
Insulated Panels	41%	-	-	41%
Insulation Boards	15%	-1%	40%	54%
Environmental	646%	-2%	-	644%
Access Floors	-28%	-3%	-	-31%
Group	25%	-1%	9%	+33%

Finance costs

Finance costs for the year increased by €1.4m to €13.1m (2010: €11.7m). Finance costs include a credit of €0.6m (2010: €0.5m credit) in respect of the Group's legacy defined benefit pension schemes. In 2010 a net non-cash charge of €2.7m was incurred in respect of swaps on the Group's 2005 USD Private Placement. This item was significantly lower in 2011 following designation of the swap as a cashflow hedge in February 2010. On an underlying basis, excluding the impact of the non-cash charge on the swap in 2010, finance costs increased by €3.8m over the previous year. This reflects the impact of acquisitions during the year as well as the USD Private Placement entered into in August 2011. During 2011 the Group's average interest rate on gross debt increased by 40 basis points to 4.03% (2010: 3.63%) as a result of the impact of longer term financing associated with the August 2011 USD Private Placement initially used to repay lower interest revolving credit facility drawings.

Taxation

The tax charge for the year was €14.9m (2010: €6.6m) which represents an effective tax rate of 18% (2010: 11%) on earnings before amortisation. The increase in the effective tax rate is primarily due to the release of an adjusting credit of €8.5m in respect of prior years in 2010.

Dividends

The Board has proposed a final dividend of 6.5 cent per ordinary share payable on 17 May 2012 to shareholders registered on the record date of 27 April 2012. When combined with the interim

dividend of 4.5 cent per share, the total dividend for the year increased to 11 cent (2010:10 cent), an increase of 10%.

Acquisitions

The Group's gross acquisition spend during 2011 was €130.3m, the key acquisition being CRH Insulation Europe for a consideration of €127.6m. The gross consideration in respect of this was offset by subsequent disposal proceeds of €23.0m. Further details in respect of the acquisition are set out in note 8.

Retirement benefits

The Group makes pension provision for current pensionable employees through defined contribution arrangements. The Group has two legacy defined benefit schemes which are closed to new members and to future accrual. The net pension deficit in respect of these schemes was €1.4m as at 31 December 2011 (31 December 2010: deficit of €1.6m).

Key performance indicators

The Group has a set of key performance indicators which are set out in the table below:

Key performance indicators	2011	2010
Basic EPS growth	27%	2%
Sales growth	30%	6%
Trading margin	6.2%	6.0%
Free cashflow (€m)	76.9	39.9
Return on capital employed	10.0%	8.6%
Net debt/EBITDA	1.3x	1.2x

EPS growth. The growth in EPS is accounted for by the 33% increase in trading profit in the period combined with the earnings impact of acquisitions during the year. Sales growth of 30% (2010: 6%) was driven by price growth necessitated by the recovery of raw material price inflation as well as volume growth reflecting increased market penetration for the Group's products.

Trading margin by division is set out below:

	2011	2010
Insulated Panels	6.7%	5.6%
Insulation Boards	5.6%	6.7%
Environmental	3.3%	0.5%
Access Floors	10.2%	13.8%

The increase in the Insulated Panels division trading margin reflects operating leverage driven by the sales growth in the year of 19%. The underlying trading margin in Insulation Boards division was 7.0% excluding the impact of the acquisition. This reflects divisional sales growth in the year of 9% before the impact of the acquisition. The increase in the Environmental trading margin was due to the combined impact of sales growth of 18% and a reduction in the warranty charges associated with the legacy Borealis issue. The decrease in trading margin in Access Floors reflects the combined impact of lower volume in the year associated with the subdued office market and lower gross margin due to business mix.

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.

<i>Free cashflow</i>	2011	2010
	€'m	€'m
EBITDA*	133.6	107.6
Non-cash items	8.2	4.2
Movement in working capital	(17.0)	(40.5)
Capital expenditure	(23.6)	(15.8)
Pension contributions	(2.8)	(3.2)
Finance costs	(11.7)	(10.2)
Income taxes paid	(9.8)	(2.2)
Free cashflow	76.9	39.9

**Earnings before finance costs, income taxes, depreciation and amortisation*

Working capital at year end was €188.6m (2010:€159.9m) and represents 12.2% of annual turnover (2010:13.4%). This metric is monitored throughout the year and is subject to a certain amount of seasonal variability associated with trading patterns and the timing of significant purchases for steel and chemicals.

Return on capital employed is calculated as operating profit divided by total equity plus net debt.

Net debt to EBITDA measures the ratio of debt to earnings and at 1.3x is comfortably less than the Group's banking covenant of 3.5x in both 2011 and 2010.

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 primary debt facility is a revolving credit facility with a syndicate of banks of €330m which matures in September 2013. The facility was substantially undrawn at year end. In August 2011 the Group completed a US Private Placement loan note for \$200m with a ten year bullet maturity expiring in August 2021. The Group has a pre-existing Private Placement for \$200m entered into in 2005 of which \$158m matures in 2015 with the balance of \$42m expiring in 2017. The weighted average maturity of debt facilities at year end was 4.0 years (December 2010: 3.2 years).

The Group has significant available undrawn facilities which provide appropriate headroom for potential development opportunities.

Net Debt

Net debt increased by €49.3m during 2011 to €170.1m (2010: €120.8m). This is analysed in the table below:

<i>Movement in net debt</i>	2011	2010
	€'m	€'m
Free cashflow	76.9	39.9
Acquisitions (net of disposal proceeds)	(107.0)	(0.2)
Share issues	0.5	0.5
Dividends paid	(17.3)	(6.8)
Cashflow movement	(46.9)	33.4
Exchange movements on translation	(2.4)	1.9
(Increase)/decrease in net debt	(49.3)	35.3
Net debt at start of year	(120.8)	(156.1)
Net debt at end of year	(170.1)	(120.8)

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 maximum net debt to net interest coverage of 4 times

The performance against these covenants in the current and comparative year is set out below:

	Covenant	2011	2010
		Times	Times
Net debt/EBITDA	Maximum 3.5	1.3	1.2
EBITDA/Net interest	Minimum 4.0	10.2	11.9

Financial risk management

The Group operates a centralised treasury function governed by a treasury policy approved by the Group Board. Adherence to the policy is monitored by the CFO and the Internal Audit function. The Group does not engage in speculative trading of derivatives or related financial instruments.

Board Changes

As previously announced, Kieran Murphy has been appointed as a non-executive director with effect from 1 March 2012, and we are very pleased to welcome him onto the Board. Following the conclusion of this year's Annual General Meeting, Danny Kitchen will be retiring as a non-executive director upon the expiration of his term of office. The Board extends its thanks to Danny for his insightful advice and input during this time as a director.

Looking Ahead

The wider economic environment can be expected to remain uninspiring near-term and, as a result, so too will the majority of construction markets globally. There has been recent evidence of improvement in some markets however, including the non-residential sectors of the UK and US, which ultimately should bode well for the general building market in the medium term. In contrast, building activity in the Benelux and Ireland has weakened in recent months.

Kingspan's largest sector presence is in that of the low rise commercial and industrial segments across the UK, Europe, North America and Australasia, followed by our residential presence in the UK and Western Europe.

It would appear from the recent level of bidding activity and our pipeline that the first half of 2012 should deliver continued, albeit moderating, growth. As has been the case in recent years, it is difficult to see too far ahead with sentiment in most markets still quite variable on a month to month basis. On the one hand, a robust retail and food sector, gradual improvement in the commercial and industrial segments, and relatively stable housing starts in the UK and North America, all augur well for the industry in general. However, this must be counter-balanced by the on-going threats posed by continuing global uncertainty, a persistent lack of credit and the curtailment of public sector capital programmes in most markets. In addition to this, quarter two will pose the challenge of passing through further raw material increases.

Most fundamentally a world evidently moving towards lower energy living will drive continued global growth in penetration of Kingspan's high performance insulation and building fabric solutions.

On behalf of the Board

Gene Murtagh
Chief Executive Officer

27 February 2012

Geoff Doherty
Chief Financial Officer

27 February 2012

Kingspan Group plc

Group Condensed Income Statement for the year ended 31 December 2011

	2011 € '000	2010 € '000
Revenue	1,546,893	1,193,215
Costs of sales	<u>(1,124,564)</u>	<u>(859,521)</u>
Gross Profit	422,329	333,694
Operating costs, excluding intangible amortisation	<u>(326,676)</u>	<u>(261,678)</u>
Trading Profit	95,653	72,016
Intangible amortisation	<u>(4,745)</u>	<u>(4,611)</u>
Operating Profit	90,908	67,405
Finance expense	(13,973)	(13,098)
Finance income	<u>829</u>	<u>1,358</u>
Profit for the year before income tax	77,764	55,665
Income tax expense	<u>(14,894)</u>	<u>(6,597)</u>
Net profit for the year from continuing operations	<u>62,870</u>	<u>49,068</u>
Attributable to owners of Kingspan Group plc	61,835	48,657
Attributable to non-controlling interests	<u>1,035</u>	<u>411</u>
	<u>62,870</u>	<u>49,068</u>
Earnings per share for the year		
Basic	37.1c	29.2c
Diluted	36.4c	28.6c

Kingspan Group plc

Group Condensed Statement of Comprehensive Income for the year ended 31 December 2011

	2011	2010
	€ '000	€ '000
Profit for the year	62,870	49,068
Other comprehensive income:		
Effective portion of changes in fair value of cash flow hedges	(1,292)	2,787
Net change in fair value of cash flow hedges reclassified to income statement	299	389
Actuarial losses on defined benefit pension schemes	(3,179)	(998)
Exchange differences on translating foreign operations	18,030	30,742
Income taxes relating to actuarial losses on defined benefit pension scheme	815	279
	<hr/>	<hr/>
Total comprehensive income for the year	77,543	82,267
	<hr/>	<hr/>
Attributable to owners of Kingspan Group plc	76,503	81,839
Attributable to non-controlling interests	1,040	428
	<hr/>	<hr/>
	77,543	82,267
	<hr/>	<hr/>

Kingspan Group plc

Group Condensed Statement of Financial Position

as at 31 December 2011

	2011 €'000	2010 €'000
Assets		
Non-current assets		
Goodwill	373,959	318,216
Other intangible assets	8,530	6,457
Property, plant and equipment	443,240	408,632
Financial assets	-	10
Derivative financial instruments	14,163	1,305
Deferred tax assets	7,576	5,600
	<u>847,468</u>	<u>740,220</u>
Current assets		
Inventories	160,661	129,035
Trade and other receivables	281,802	236,349
Derivative financial instruments	2,947	1,407
Cash and cash equivalents	141,067	104,402
	<u>586,477</u>	<u>471,193</u>
Non-current assets classified as held for sale	392	1,658
	<u>586,869</u>	<u>472,851</u>
Total assets	<u>1,434,337</u>	<u>1,213,071</u>
Liabilities		
Current liabilities		
Trade and other payables	253,055	202,660
Provisions for liabilities	45,955	50,683
Derivative financial instruments	21	-
Deferred consideration	480	2,781
Interest bearing loans and borrowings	10,430	14,259
Current income tax liabilities	39,363	34,539
	<u>349,304</u>	<u>304,922</u>
Non-current liabilities		
Retirement benefit obligations	1,389	1,628
Provisions for liabilities	9,857	8,118
Interest bearing loans and borrowings	317,796	213,671
Deferred tax liabilities	20,662	17,787
Deferred consideration	344	-
	<u>350,048</u>	<u>241,204</u>
Total liabilities	<u>699,352</u>	<u>546,126</u>
Net Assets	<u>734,985</u>	<u>666,945</u>
Equity		
Share capital	22,344	22,325
Share premium	38,059	37,739
Capital redemption reserve	723	723
Treasury shares	(30,707)	(32,565)
Other reserves	(107,715)	(129,233)
Retained earnings	806,144	763,008
Equity attributable to owners of Kingspan Group plc	<u>728,848</u>	<u>661,997</u>
Non-controlling interest	<u>6,137</u>	<u>4,948</u>
Total Equity	<u>734,985</u>	<u>666,945</u>

Kingspan Group plc

Group Condensed Statement of Changes in Equity for the year ended 31 December 2011

	Share capital	Share premium	Capital redemption reserve	Treasury shares	Translation reserve	Cash flow hedging reserve	Share based payment reserve	Revaluation reserve	Retained Earnings	Total attributable to owners of the parent	Non controlling interest	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2011	22,325	37,739	723	(32,565)	(147,411)	2,570	14,895	713	763,008	661,997	4,948	666,945
Transactions with owners recognised directly in equity												
Shares issued	19	320	-	-	-	-	-	-	-	339	-	339
Employee share based compensation	-	-	-	-	-	-	5,427	-	-	5,427	-	5,427
Tax on employee share based compensation	-	-	-	-	-	-	255	-	-	255	-	255
Exercise or lapsing of share options	-	-	-	-	-	-	(1,196)	-	1,196	-	-	-
Transfer of shares	-	-	-	1,858	-	-	-	-	(58)	1,800	-	1,800
Dividends	-	-	-	-	-	-	-	-	(17,473)	(17,473)	-	(17,473)
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	200	200
Capital contribution	-	-	-	-	-	-	-	-	-	-	200	200
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(51)	(51)
Transactions with owners	19	320	-	1,858	-	-	4,486	-	(16,335)	(9,652)	149	(9,503)
Total comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	61,835	61,835	1,035	62,870
Other comprehensive income												
Cash flow hedging in equity												
- current year	-	-	-	-	-	(1,292)	-	-	-	(1,292)	-	(1,292)
- reclassification to profit	-	-	-	-	-	299	-	-	-	299	-	299
Defined benefit pension scheme	-	-	-	-	-	-	-	-	(3,179)	(3,179)	-	(3,179)
Tax on defined benefit pension scheme	-	-	-	-	-	-	-	-	815	815	-	815
Exchange differences on translating foreign operations	-	-	-	-	18,025	-	-	-	-	18,025	5	18,030
Total comprehensive income for the year	-	-	-	-	18,025	(993)	-	-	59,471	76,503	1,040	77,543
Balance at 31 December 2011	22,344	38,059	723	(30,707)	(129,386)	1,577	19,381	713	806,144	728,848	6,137	734,985

Kingspan Group plc

Group Condensed Statement of Changes in Equity for the year ended 31 December 2010

	Share capital	Share premium	Capital redemption reserve	Treasury shares	Translation reserve	Cash flow hedging reserve	Share based payment reserve	Revaluation reserve	Retained earnings	Total attributable to owners of the parent	Non controlling interest	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2010	22,296	36,486	723	(32,565)	(178,136)	(606)	10,207	713	721,731	580,849	4,686	585,535
Transactions with owners recognised directly in equity												
Shares issued	29	520	-	-	-	-	-	-	-	549	-	549
Employee share based compensation	-	-	-	-	-	-	4,478	-	-	4,478	-	4,478
Tax on employee share based compensation	-	-	-	-	-	-	943	-	-	943	-	943
Exercise of share options	-	733	-	-	-	-	(733)	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	(6,661)	(6,661)	-	(6,661)
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	(166)	(166)
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(166)	(166)
Transactions with owners	29	1,253	-	-	-	-	4,688	-	(6,661)	(691)	(166)	(857)
Total comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	48,657	48,657	411	49,068
Other comprehensive income												
Cash flow hedging in equity	-	-	-	-	-	-	-	-	-	-	-	-
- current year	-	-	-	-	-	2,787	-	-	-	2,787	-	2,787
- reclassification to profit	-	-	-	-	-	389	-	-	-	389	-	389
Defined benefit pension scheme	-	-	-	-	-	-	-	-	(998)	(998)	-	(998)
Tax on defined benefit pension scheme	-	-	-	-	-	-	-	-	279	279	-	279
Exchange differences on translating foreign operations	-	-	-	-	30,725	-	-	-	-	30,725	17	30,742
Total comprehensive income for the year	-	-	-	-	30,725	3,176	-	-	47,938	81,839	428	82,267
Balance at 31 December 2010	22,325	37,739	723	(32,565)	(147,411)	2,570	14,895	713	763,008	661,997	4,948	666,945

Kingspan Group plc

Group Condensed Statement of Cash Flows for the year ended 31 December 2011

	2011 € '000	2010 € '000
Operating activities		
Profit for the year before income tax	77,764	55,665
Depreciation of property, plant and equipment and amortisation of intangible assets	42,659	40,234
Impairment of non-current assets	1,702	2,682
Employee equity-settled share options	5,427	4,478
Finance income	(829)	(1,358)
Finance expense	13,973	13,098
Non cash items	1,838	(2,364)
Profit on sale of property, plant and equipment	(771)	(548)
Change in inventories	(13,403)	(14,071)
Change in trade and other receivables	(16,839)	(28,038)
Change in trade and other payables	15,601	2,633
Pension contributions	(2,768)	(3,205)
Cash generated from operations	<u>124,354</u>	<u>69,206</u>
Taxes paid	(9,772)	(2,181)
Net cash flow from operating activities	<u>114,582</u>	<u>67,025</u>
Investing activities		
Additions to property, plant and equipment	(28,809)	(22,384)
Additions to intangible assets	-	(127)
Proceeds from disposals of property, plant and equipment	5,226	6,534
Purchase of subsidiary undertakings, net of disposals	(107,016)	(176)
Payment of deferred consideration in respect of acquisitions	(2,387)	(982)
Interest received	252	15
Net cash flow from investing activities	<u>(132,734)</u>	<u>(17,120)</u>
Financing activities		
Drawdown of bank loans	-	3,587
Private Placement issuance	149,996	-
Repayment of bank loans	(66,047)	-
Discharge of finance lease liability	(666)	(587)
Proceeds from share issues	339	549
Interest paid	(11,319)	(9,588)
Capital injection by non-controlling interests	200	-
Dividends paid to non-controlling interests	(51)	(166)
Dividends paid	(17,278)	(6,661)
Net cash flow from financing activities	<u>55,174</u>	<u>(12,866)</u>
Increase in cash and cash equivalents	37,022	37,039
Translation adjustment	871	2,525
Cash and cash equivalents at the beginning of the year	<u>99,481</u>	<u>59,917</u>
Cash and cash equivalents at the end of the year	<u>137,374</u>	<u>99,481</u>
Cash and cash equivalents as at 1 January were made up of:		
- Cash and cash equivalents	104,402	83,886
- Overdrafts	(4,921)	(23,969)
	<u>99,481</u>	<u>59,917</u>
Cash and cash equivalents as at 31 December were made up of:		
- Cash and cash equivalents	141,067	104,402
- Overdrafts	(3,693)	(4,921)
	<u>137,374</u>	<u>99,481</u>

Notes to the Preliminary Statement for the year ended 31 December 2011

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 2010 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 2011 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 2010 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.

The following are the new standards that were effective for the Group's financial year ending 31 December 2011. They had no impact on the results or financial position as set out in this Preliminary Statement.

- Amendments to IAS32 – Financial instruments (presentation and classification of rights issues)
- IFRIC19 – Extinguishing financial liabilities with equity instruments
- Amendments to IAS24 – Related Party Disclosures
- Amendments to IFRS1 – First time adoption of IFRS
- Improvements to IFRSs (2010)
- Amendments to IFRIC14 – Prepayments of a minimum funding requirement

There are a number of forthcoming requirements of IFRSs as adopted by the EU which are not yet effective and have therefore not been adopted in these financial statements. These new standards and interpretations, which are effective from the beginning of the periods outlined below include:

- Disclosures – Transfers of Financial Assets (Amendment to IFRS 7) with an effective date of 1 July 2011.
- IFRS 9 Financial Instruments (IFRS 9 (2010)), with an effective date of 1 January 2015.
- Deferred Tax: Recovery of Underlying Assets – Amendments to IAS 12, with an effective date of 1 January 2012.
- IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities and IFRS 13 Fair Value Measurement, which all have an effective date of 1 January 2013.
- IAS 27 Separate Financial Statements (2011), which supersedes IAS 27 (2008) and IAS 28 Investments in Associates and Joint Ventures (2011), which supersedes IAS 28 (2008), which both have an effective date of 1 January 2013.
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1 Presentation of Financial Statements), with an effective date of 1 July 2012.
- IAS 19 Employee Benefits which supersedes IAS 19 (1998), with an effective date of 1 January 2013.

The Group does not plan to adopt these standards early and the extent of their impact has not yet been determined.

2 Segment Reporting

In identifying the Group's operating segments, management based their decision on the product supplied by each segment and the fact that each segment is managed separately and reported to the Chief Operating Decision Maker in this manner. These operating segments are monitored and strategic decisions are made on the basis of segment operating results.

Operating segments

The Group has the following four 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.
Environmental	Manufacture of environmental, pollution control and renewable energy solutions.
Access Floors	Manufacture of raised access floors.

Analysis by class of business

Segment revenue

	Insulated Panels €m	Insulation Boards €m	Environmental €m	Access Floors €m	Total €m
Total revenue - 2011	758.0	460.4	202.3	126.2	1,546.9
Total revenue - 2010	638.5	248.2	171.7	134.8	1,193.2

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.

Segment result (profit before finance costs)

	Insulated Panels €m	Insulation Boards €m	Environmental €m	Access Floors €m	Total 2011 €m	Total 2010 €m
Trading profit	50.5	25.7	6.7	12.8	95.7	
Intangible amortisation	(2.0)	(1.9)	(0.8)	(0.1)	(4.8)	
Operating profit – 2011	48.5	23.8	5.9	12.7	90.9	
Trading profit	35.8	16.7	0.9	18.6		72.0
Intangible amortisation	(2.7)	(1.0)	(0.8)	(0.1)		(4.6)
Operating profit - 2010	33.1	15.7	0.1	18.5		67.4
Net finance cost					(13.1)	(11.7)
Profit for the year before tax					77.8	55.7
Income tax expense					(14.9)	(6.6)
Net profit for the year					62.9	49.1

Segment assets

	Insulated Panels €m	Insulation Boards €m	Environmental €m	Access Floors €m	Total 2011 €m	Total 2010 €m
Assets – 2011	532.5	426.2	188.2	121.6	1,268.5	
Assets - 2010	534.7	263.8	180.0	121.9		1,100.4
Derivative financial instruments					17.1	2.7
Cash and cash equivalents					141.1	104.4
Deferred tax asset					7.6	5.6
Total Assets as reported in the Condensed Statement of Financial Position					1,434.3	1,213.1

Segment liabilities

	Insulated Panels €m	Insulation Boards €m	Environmental €m	Access Floors €m	Total 2011 €m	Total 2010 €m
Liabilities – 2011	(133.6)	(97.0)	(55.3)	(24.5)	(310.4)	
Liabilities - 2010	(124.8)	(48.9)	(63.8)	(25.6)		(263.1)
Interest bearing loans and borrowings (current and non-current)					(328.2)	(227.9)
Deferred consideration (current and non-current)					(0.8)	(2.8)
Income tax liabilities (current and deferred)					(60.0)	(52.3)
Total Liabilities as reported in the Condensed Statement of Financial Position					(699.4)	(546.1)

Other segment information

	Insulated Panels €m	Insulation Boards €m	Environmental €m	Access Floors €m	Total €m
Capital Investment – 2011 *	16.0	56.8	3.8	1.2	77.8
Capital Investment – 2010	13.6	4.6	2.4	1.5	22.1
Depreciation included in segment result – 2011	(19.6)	(11.8)	(4.2)	(2.3)	(37.9)
Depreciation included in segment result – 2010	(19.3)	(9.0)	(4.6)	(2.7)	(35.6)
Non- cash items included in segment result – 2011	1.8	2.0	1.6	0.8	6.2
Non- cash items included in segment result – 2010	0.0	0.2	(0.6)	0.0	(0.4)

* Capital investment includes 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 - 2011	78.1	605.9	580.8	210.3	71.8	1,546.9
Revenue - 2010	65.2	517.1	345.1	199.5	66.3	1,193.2
Statement of Financial Position Items						
Non-current assets - 2011	69.7	329.1	233.5	159.8	34.0	826.1
Non-current assets - 2010	69.4	328.4	144.6	157.6	33.3	733.3
Other segmental information						
Capital Investment - 2011	4.3	11.2	56.3	4.9	1.1	77.8
Capital Investment - 2010	2.5	6.4	5.9	6.5	0.8	22.1

There are no material dependencies or concentrations on individual customers which would warrant disclosure under IFRS 8. The individual entities within the Group each have a large number of customers spread across various activities, end-uses and geographies.

Kingspan has a presence in over 80 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.

3 Finance Cost and Finance Income

	2011	2010
	€'000	€'000
<i>Finance cost</i>		
Bank loans	4,598	4,030
Loan notes	8,977	6,358
Finance leases	68	13
Fair value movement on derivative financial instruments	(13,245)	(7,215)
Translation loss on private placement debt	13,575	9,912
	<u>13,973</u>	<u>13,098</u>
<i>Finance income</i>		
Interest earned	(252)	(854)
Net defined benefit pension scheme	(577)	(504)
	<u>(829)</u>	<u>(1,358)</u>
Net finance cost	<u>13,144</u>	<u>11,740</u>

4 Analysis of Net Debt

	2011	2010
	€'000	€'000
Cash and cash equivalents	141,067	104,402
Derivative financial instruments	17,070	2,712
Current borrowings	(10,430)	(14,259)
Non current borrowings	(317,796)	(213,671)
	<u>(170,089)</u>	<u>(120,816)</u>
Total Net Debt	<u>(170,089)</u>	<u>(120,816)</u>

Net debt is stated net of interest rate and currency hedges which relate to hedges of debt. Foreign currency derivatives which are used for transactional hedging are not included in the definition of net debt.

5 Reconciliation of Net Cash Flow to Movement in Net Debt

	2011	2010
	€'000	€'000
Increase in cash and bank overdrafts	37,022	37,039
Increase in debt	(85,453)	(3,587)
Decrease in lease finance	666	587
Change in net debt resulting from cash flows	<u>(47,765)</u>	<u>34,039</u>
Translation movement - relating to US dollar loan	(16,037)	(9,499)
Translation movement - other	171	1,050
Derivative financial instruments movement	14,358	9,671
Net movement	<u>(49,273)</u>	<u>35,261</u>
Net debt at start of the year	<u>(120,816)</u>	<u>(156,077)</u>
Net debt at end of the year	<u>(170,089)</u>	<u>(120,816)</u>

6 Dividends

Equity dividends on ordinary shares:	2011	2010
	€'000	€'000
2011 Interim dividend 4.5c per share (2010: 4c)	7,483	6,661
2010 Final dividend 6.0c per share (2009: nil)	9,990	-
	<hr/>	
	17,473	6,661
Proposed for approval at AGM		
Final dividend of 6.5c per share (2010: 6.0c)	10,870	9,789
	<hr/>	

This proposed dividend 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 2011 in accordance with IAS 10 Events After the Balance Sheet Date. The proposed final dividend for the year ended 31 December 2011 will be payable on 17 May 2012 to shareholders on the Register of Members at 27 April 2012.

7 Earnings per share

	2011	2010
	€'000	€'000
The calculations of earnings per share are based on the following:		
Profit attributable to ordinary shareholders	<hr/> 61,835	<hr/> 48,657
	Number of	Number of
	shares ('000)	shares ('000)
	2011	2010
Weighted average number of ordinary shares for the calculation of basic earnings per share	166,631	166,385
Dilutive effect of share options	<hr/> 3,188	<hr/> 3,759
Weighted average number of ordinary shares for the calculation of diluted earnings per share	<hr/> 169,819	<hr/> 170,144
	2011	2010
	€ cent	€ cent
Basic earnings per share	37.1	29.2
Diluted earnings per share	36.4	28.6
Adjusted basic (pre amortisation) earnings per share	40.0	32.0

The number of options which are anti-dilutive and have therefore not been included in the above calculations is 1,727,597 (2010: 5,779,304).

8 Acquisitions

Effective 18 January 2011 and 25 March 2011, and in order to expand its market penetration, geography and market presence, the Group acquired two parts of the European insulation business of CRH Insulation Europe (CIE) by acquiring a combination of 100 percent of the shares, voting interests and certain assets. The acquired businesses are primarily involved in the manufacture of high performance insulation boards and insulated roofing elements.

In addition to the CIE acquisition, there were two small acquisitions. The first acquisition was within the insulation business for a consideration €0.7m, of which €0.3m has been deferred and is contingent on future profits. The other acquisition was within the Environmental division and involved the Group bolstering its wind development operations by acquiring a business for a consideration of €2.0m. These amounts are incorporated in the table below.

The following table summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration	€m
Cash consideration (net of cash acquired)	130.0
Contingent deferred consideration	0.3
	<hr/>
	130.3
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	48.8
Intangible assets	6.8
Inventories	17.2
Trade and other receivables	25.6
Deferred tax liability	(3.6)
Other liabilities	(1.7)
Assets held for resale, subsequently disposed of *	23.0
Trade and other payables	(34.9)
Total net identifiable assets	<hr/> 81.2 <hr/>
Goodwill	<hr/> 49.1 <hr/>

* The Group disposed of two of the acquired CIE entities for a total consideration of €23.0m. Total cash consideration paid for all acquisitions during the year, net of cash acquired and the proceeds received on disposal, amounted to €107.0m.

9 Goodwill

Goodwill is subject to impairment testing on an annual basis and more frequently if an indicator of impairment is considered to exist. The Group, having performed impairment testing, is satisfied that the carrying value of goodwill has not been impaired. The increase in goodwill in the year principally reflects the acquisition of the European insulation business of CRH Insulation Europe.

10 Related Party Transactions

There were no related party transactions or changes in related party transactions from those described in the 2010 Annual Report that could have materially affected the financial position or the performance of the Group during 2011.

11 Events after the Balance Sheet Date

There have been no material events subsequent to 31 December 2011 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 were as follows:

Euro =	Average rate		Closing rate	
	2011	2010	2011	2010
Pound Sterling	0.868	0.859	0.840	0.860
US Dollar	1.394	1.328	1.302	1.342
Canadian Dollar	1.377	1.368	1.320	1.330
Australian Dollar	1.350	1.446	1.270	1.310
Czech Koruna	24.530	25.321	25.8000	25.000
Polish Zloty	4.100	4.000	4.450	3.950
Hungarian Forint	278.000	275.935	311.550	278.000

13 Cautionary Statement

This report contains forward-looking statements. These statements have been made by the directors in good faith based on the information available to them up to the time of their approval of this report. Due to the inherent uncertainties, including both economic and business risk factors underlying such forward looking information, actual results may differ materially from those expressed or implied by these forward-looking statements. The directors undertake no obligation to update any forward-looking statements contained in this report, whether as a result of new information, future events, or otherwise.

14 Board Approval

This announcement was approved by the Board on 24 February 2012.