

# Kingspan Group Plc

## Trading Update

20 April 2018

Kingspan Group Plc, the global leader in high performance insulation and building envelopes is issuing this Trading Update in advance of its Annual General Meeting which is being held today at 10.00am in Dublin.

Overall, Kingspan has experienced a sluggish start to the year reflecting markets which were slow to get moving largely due to a prolonged winter season in many regions. Group sales of €895m for the three-month period to 31 March were 8% ahead of prior year (+12% pre-currency, +1% pre-currency and acquisitions).

By market during the first quarter, the UK was tough overall although Insulated Panels activity improved somewhat in recent weeks. Mainland Europe has been relatively stable. In the Americas the US was generally positive, and Canada showed signs of recovery from last year. Activity in Brazil has been strong in the first quarter. Australasia performed solidly in the main whilst activity in the Middle East has been picking up somewhat. Ireland has had a good start to the year reflecting growth in the residential sector.

**Insulated Panels** sales were up 4% (+8% pre-currency, -1% pre-currency and acquisitions). The UK, whilst still trailing prior year, has improved somewhat in recent weeks. Mainland Europe was positive overall, with the exception of Germany and whilst North America has been somewhat lacklustre, order intake has been strong in recent months. Worldwide the specification bank for Quadcore® continues to develop well.

**Insulation Boards** sales were up 7% (+11% pre-currency, +7% pre-currency and acquisitions). Strong sales were recorded in the early part of the year although the pace of sales growth eased through the quarter. Revenue in the UK has been strong driven by inflation and mix albeit with volumes down on prior year. Mainland Europe performance has been particularly tough owing to the significant levels of inventory in the system throughout the industry. Other regions have started the year largely on plan.

**Light & Air** sales were up 56% (+60% pre-currency, +8% pre-currency and acquisitions). The division had a good start to the year particularly in Europe with acquisitions integrating well.

**Access Floors** sales were down 11% (-4% pre-currency, -8% pre-currency and acquisitions). As anticipated, sales in the UK were behind in the quarter with the US broadly flat year on year.

**Environmental** sales were up 6% (+10% pre-currency, -3% pre-currency and acquisitions). The division experienced a slow start to the year in most of its markets although it did see improvement through the quarter.

**Net debt** at 31 March was €698m, an increase of €234m from the position at last year end reflecting the completion of the acquisition of Synthesis in March and the seasonal investment in working capital. The Group's funding position is robust with €660m of committed undrawn facilities and cash balances.

Looking ahead, the order backlog across the Group points towards a good second quarter. Overall, the acquisitions completed both last year and more recently are performing well and to plan. Given the year-on-year relative mix of markets and activity, combined with the initial impact of acquisitions, the Group's trading margin percentage for the first half will be lower than the same period last year. Notwithstanding the present trading environment, the Group remains well positioned for the year as a whole and for the longer term given the breadth of our product mix, our extended geography and the ongoing advancement of our high-performance technology.

Kingspan will issue its half-year financial report for the period ended 30 June 2018 on Friday August 24th.

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