Kingspan Group Plc
Trading Update

13 November 2017

Kingspan Group plc, the global leader in high performance insulation and building envelope solutions, today issues a Trading Update, with trading information for the period to 30 September 2017.

Sales in the nine month period to 30 September were €2.69bn, up 19% on the same period in the prior year (+21% pre currency). Sales in the third quarter were up 17% (+20% pre currency). Underlying sales, pre currency and acquisitions, were up 11% in the year to date and were up 13% in the third quarter.

Insulated Panel sales in the first nine months increased by 16% (+18% pre currency), and increased by 13% (+15% pre currency) in the third quarter. Underlying sales were 12% ahead both year to date and in the third quarter, owing significantly to the pass-through of input related inflation. Mainland European sales were solid in most markets and notably positive in France. In the UK we have experienced a sense of near-term indecision around order placement, however our future activity tracker remains modestly ahead of prior year. North America sales were solid overall, and in Latin America we have experienced very encouraging activity since taking a position there in recent months.

Insulation Board sales in the first nine months were up 10% (+13% pre currency) and were up by 16% in quarter three (+19% pre currency). Underlying sales growth was 13% year to date and 19% in the third quarter. Sales growth year on year reflected strong price growth necessitated by raw material inflation. In addition Kooltherm® volume continued to outgrow our other insulation materials, and was particularly positive in the UK, Ireland, Western Europe and the Nordics. The North America and Australasia markets are still in a developmental phase for Kingspan as we are still in the early days of generating demand for high performance insulation in these markets.

Light & Air sales both year to date and in the third quarter are strongly ahead reflecting year on year acquisition activity. Underlying sales year to date grew by 4% and by 7% in the third quarter. As we exit 2017 the annualised sales of this division will be in the region of €220m.

Environmental sales in the first nine months were up 12% (+17% pre currency) and were up 11% (+14% pre currency) in the third quarter. A particular highlight was the ongoing growth in rainwater harvesting in Australia. UK and Europe sales were solid overall, and margins continue to progress upwards.

Access Floors sales in the first nine months increased by 2% (+5% pre currency) and were up 4% (+9% pre currency) in the third quarter. UK office activity is softening, as expected, with the US office market remaining relatively flat. Datacentre activity across the division was encouraging as was the continued growth in sales of our broader product portfolio into that segment.

Net debt at the end of September 2016 was €479.8m. Net debt at year end is forecast to be in the region of €400m.

On the back of significant input inflation in the third quarter, and our associated price inflation, we anticipate this trend to remain through the fourth quarter albeit less pronounced as chemical cost increases reach their peak. In general our end markets are relatively stable, notwithstanding some recent evidence of a slowdown in UK commercial and industrial activity. Separately, the Group's development pipeline is encouraging.

Assuming current exchange rates prevail and conscious that much of the seasonally variable fourth quarter remains, we expect to deliver full year trading profit growth of approximately 10% or c. €375m.

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