Kingspan Group Plc
Trading Update

16 November 2020

Kingspan Group plc, the global leader in high performance insulation and building envelope solutions, today issues a Trading Update for the period to 30 September 2020.

Sales in the nine month period to 30 September were €3.27bn, down 5% on the same period in the prior year with sales growth of 1% in the third quarter. Underlying sales (pre currency and acquisitions) were down 10% in the year to date and by 6% in the third quarter.

Insulated Panel sales decreased by 6% in the first nine months and by 3% in the third quarter. Underlying sales were down 10% year to date and down 7% in the third quarter. Sales and order intake activity in a number of key markets were positive during the third quarter. Notably, France and Germany have been busy whilst the UK has been softer albeit with a more recent improvement in order intake. In the Americas the US has been solid overall, Canada has been weak and Latin America has seen decent momentum. In the third quarter an element of price deflation was experienced due to a reduction in raw material prices. Overall, the global Insulated Panel's backlog was up 10% in value as at 30 September versus the same point last year.

Insulation Board sales in the first nine months were down 14% and down 5% in the third quarter. Volumes improved through the third quarter with raw material related price deflation in the earlier part of the period partially offsetting this. Sales in the UK, Ireland and much of Continental Europe performed well through the third quarter. The Asia Pacific region consolidated the progress seen in the first half whilst the Middle East has been a more challenging environment. Activity in the US was positive through the third quarter.

Light & Air sales in the first nine months were up 30% and up 46% in the third quarter. Underlying sales were down 9% year to date and down 8% in the third quarter. European sales overall were solid in the third quarter although the US was sluggish versus a demanding comparative. The Colt acquisition, completed in April, has continued to integrate and perform well. Overall, the project pipeline is encouraging reflecting the breadth of the division's expanded category offering.

Data & Flooring sales in the first nine months were up 6% and up 7% in the third quarter. Underlying sales were behind by 5% in the first nine months and were ahead by 3% in the third quarter. Datacentre demand globally is robust offsetting a weaker office market.

Water and Energy sales in the first nine months decreased by 5% and increased by 4% in the third quarter with waste water and rain water harvesting solutions notable positives.

Net debt at the end of September 2020 was €312.0m with working capital somewhat lower than is typical, although it is expected to normalise in the coming months.

Overall, our end markets are in reasonable shape bearing in mind the uncertain and evolving backdrop. In this environment it is difficult to see too far ahead and trading patterns can evolve quickly. Our raw material costs are on the rise at present and, with the customary lag anticipated, a challenging recovery effort is underway. Trading in the fourth quarter to date has been strong helped to an extent by accelerated demand in the expectation of inflation led price increases in the coming months. Whilst conscious that much of the seasonally variable fourth quarter is still at play, in what is an untypical year, we expect to deliver a full year trading profit marginally ahead of 2019.

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