

Kingspan Group Plc

Trading Update

08 November 2021

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 2021.

Sales in the nine month period to 30 September were €4.72bn, up 44% on the same period in the prior year, with sales growth of 50% in the third quarter. Underlying sales (pre currency and acquisitions) were up 34% in the year to date and by 33% in the third quarter.

Insulated Panels sales increased by 47% in the first nine months and by 53% in the third quarter. Underlying sales were up 42% year to date and up 43% in the third quarter. The sales performance across each of the Group's key markets has evidently been strong both year to date and in the quarter. Raw material inflation has been extraordinary, with the associated recovery and the top line boosted further by buoyant volume growth overall year to date. Notably, however, order intake in the months of August and September was lower than in the same two month period last year and this trend has continued in the weeks since. The TeraSteel acquisition completed earlier in the year is performing strongly. Overall, the global Insulated Panels backlog was up 49% in volume as at 30 September versus the same point last year.

Insulation Boards sales in the first nine months were up 51% and up 78% in the third quarter. Underlying sales were up 32% in the year to date and by 25% in the third quarter. Sales volumes overall were in line with the third quarter of 2020 with the top line reflecting mainly the higher cost of raw materials year on year. Sales in Central and Eastern Europe, the Nordics and North America were particular highlights in the third quarter although all key markets performed well. Recent investments, such as our Kooltherm® line in Sweden have been key in driving structural adoption to high performance insulation with further developments to come globally in 2022 and 2023. The Logstor acquisition, which completed in June, is integrating fully to plan.

Light & Air sales in the first nine months were up 28% in the year to date and by 12% in the third quarter. Underlying sales were up 1% year to date and were level in the third quarter. Market activity both in Europe and North America has been more subdued than in other categories. The division has prioritised the integration of acquisitions made in the current and prior year and achieving category scale. 2021 is shaping up to be a further year of progress in that context.

Data & Flooring sales in the first nine months were up 22% and up 21% in the third quarter. Underlying sales were up by 23% in the first nine months and were up 20% in the third quarter. Datacentre demand globally is robust, offsetting a weaker office market.

Water & Energy sales in the first nine months increased by 32% and up 24% in the third quarter. Underlying sales were up 18% year to date and by 8% in the third quarter. The waste water and rainwater harvesting categories continue to perform well.

Net debt at the end of September 2021 was €636m with a cumulative acquisition spend year to date of €485m and organic capital investment of €119m.

Looking ahead our backlog is strong although is reducing week on week as sales activity outpaces new order placement. Underlying panels order intake volume is down 10% in the third quarter versus the same period in 2020. 2021 so far has been unusual and characterised by order placement earlier in the year than is typical as customers sought to get ahead of ongoing inflation and availability pressures. It is likely what we are experiencing now is a fallow period in order placement following that. Raw material prices have been somewhat stable in more recent weeks, albeit at record high levels and following a period of unparalleled increases. There are no signs yet of any meaningful raw materials deflation although should that come the impact would be negative. We are acutely conscious of that.

The activity pipeline is generally encouraging particularly in large scale logistics, data, technology and the EV automotive sectors. These applications demand high energy efficient solutions, not just on day one but over the lifetime of the building, with Kingspan technology well placed in that environment. 2021 has still to play out fully with the seasonally important fourth quarter remaining and, accordingly, we expect to deliver a full year trading profit in the region of €750m, significantly ahead of the €508.2m recorded in 2020.

For further information contact:

Gene Murtagh, Chief Executive Officer Tel: +353 (0) 42 9698000

Geoff Doherty, Chief Financial Officer Tel: +353 (0) 42 9698000

Douglas Keatinge, Murray Consultants Tel: +353 (0) 1 4980300