

Kingspan Group Plc

Trading Update

3 May 2019

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.

The Group has experienced a positive start to the year reflecting strong order books at the turn of the year. Group sales of €1.06bn for the three-month period to 31 March were 18% ahead of prior year (+17% pre-currency, +6% pre-currency and acquisitions). Underlying sales growth reflected strong volumes across key markets partially offset by the deflationary effect of lower raw material prices.

By market during the first quarter, UK sales activity was positive although order intake in Insulated Panels was relatively subdued. Mainland Europe has traded solidly across the region. In the Americas, the US performed well, Canada recorded solid growth and Latin America performed strongly. Activity in Australasia has been lower than in recent years and in the Middle East activity was quite mixed and similar to much of last year. Ireland has had a strong start to the year.

Insulated Panels sales were up 22% (+21% pre-currency, +7% pre-currency and acquisitions). The UK, whilst delivering a good sales performance, experienced soft order intake during the quarter and consequently the order bank has reduced somewhat. In Mainland Europe both sales and order intake were positive with the Group's extended presence in Southern and Eastern Europe both contributing well. Sales in North America were strong in the first three months, and although order intake in the period lagged last year it has improved in recent weeks. Worldwide, the specification bank for QuadCore™ continues to develop well.

Insulation Boards sales were up 12% (+11% pre-currency, +2% pre-currency and acquisitions). Strong volume growth was experienced in many key markets, particularly in Mainland Europe as high performance insulation regained share from traditional materials. However, price deflation has been a significant feature in the quarter reflecting the move in raw material costs. The performance in the UK was solid given the backdrop, and Ireland was very positive year on year. North America had a solid start and the Middle East performed well.

Light & Air sales were up 13% (+11% pre-currency, +7% pre-currency and acquisitions). The division has had a good start to the year with sales in North America notably ahead in the quarter.

Data & Flooring sales were up 17% (+13% pre-currency, +13% pre-currency and acquisitions). Sales in North America and Australia were very positive in the first quarter and the UK predictably eased back year on year. Sales of datacentre solutions have been particularly strong across the business.

Water & Energy sales were up 14% (+14% pre-currency, +3% pre-currency and acquisitions). The division experienced a good start to the year in most markets although rainwater harvesting sales have been softer in Australia as the residential new build market weakened.

Bank debt at 31 March was broadly in line with the position at last year end. In addition, the Group adopted a new accounting standard, IFRS 16, with effect from 1 January 2019 which increases reported debt by approximately €140m as a consequence of capitalising leasing obligations. Group EBITDA increases by approximately €28m annually as a consequence of the same accounting standard with an immaterial impact on profit after tax.

Following the conclusion of today's Annual General Meeting, Ms Helen Kirkpatrick retires as a non-executive director on the expiration of her term of office. Ms Kirkpatrick has variously served as chair of the audit committee, chair of the remuneration committee, and as senior independent director, and the Board thanks her for the valuable contribution she has made to the Company during those years.

The Board also announces the appointment of Ms Anne Heraty as a non-executive director of the Company, with effect from 1 August 2019. Ms Heraty is the Founder and Chief Executive Officer of Cpl Resources plc. She has circa 20 years' experience running an international recruitment and outsourcing business and is currently on the Board of IBEC, having previously held a number of non-executive directorships.

Looking ahead, order intake across the Group has been generally encouraging so far this year and the overall order book is ahead of where it was at the same point last year. Whilst we anticipate reasonably positive momentum through the second quarter, enhanced by our growing geographic reach, we equally remain mindful of the unfavorable rhetoric around the direction of the global economy and any impact that may have on Kingspan. That said, our resolute focus on energy efficient technologies should keep the Group well positioned over the longer haul.

Kingspan will issue its half-year financial report for the period ended 30 June 2019 on Friday 23 August.

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