KINGSPAN GROUP PLC

PRELIMINARY RESULTS

Year Ended 31 December 2020

KINGSPAN GROUP PLC

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

Kingspan, the global leader in high-performance insulation and building envelope solutions, reports its preliminary results for the year ended 31 December 2020.

Financial Highlights:

- Revenue down 2% to €4.6bn, (pre-currency, in line with prior year).
- Trading profit up 2% to €508.2m, (pre-currency, up 5%) after accounting for repayment of government COVID supports worldwide.
- Acquisitions contributed 7% to sales growth and 6% to trading profit growth in the year.
- Free cashflow up 42% to €479.7m.
- Group trading margin of 11.1%, an increase of 40bps.
- Basic EPS up 1% to 206.2 cent.
- Final dividend per share of 20.6 cent.
- Year-end net debt[1] of €236.2m (2019: €633.2m). Net debt[1] to EBITDA[1] of 0.4x (2019: 1.1x).
- ROCE of 18.4% (2019: 17.3%).

Operational Summary:

- Insulated Panels sales decrease of 4% due mainly to second quarter lows. Solid performance with most end markets experiencing recovery in the second half. Europe positive overall, particularly in Germany and France. Strong finish to the year in the UK. Strong order intake in the Americas in the fourth quarter. 33% growth in QuadCore™ sales globally in 2020.
- Insulation Boards sales decrease of 10% albeit much improved in the second half which was down 2%. Strong performance in Western Europe and good second half recovery in Ireland and the UK, Americas and Australia ahead of prior year. Softer in the Middle East and Southern Europe.
- Another year of progress in Light & Air with sales up 36% in the year, acquisition of Colt a key driver. Europe positive overall although softer in North America. Further bolt on acquisition in Europe, Skydome, agreed after year end.
- Water & Energy sales down 3% with a resilient performance overall and year on year margin improvement. Water applications particularly positive.
- Data & Flooring sales increase of 4%. Strong performance across data centre applications offsetting softer office activity.
- Steep raw material inflation a key theme as we enter 2021 with a challenging recovery effort underway.
- Actions taken in respect of the Grenfell Inquiry are covered fully in this release immediately after the outlook statement (“Looking Ahead”).

Summary Financials:

	FY'20	*FY'19*	*change*
Revenue €m	4,576.0	4,659.1	-2%
Trading Profit[2] €m	508.2	497.1	+ 2%
Trading Margin[3]	11.1%	10.7%	+ 40bps
Profit after tax €m	384.8	377.8	+ 2 %
EPS (cent)	206.2	204.6	+ 1 %

[1] Net Debt and EBITDA both pre-IFRS 16
[2] Operating profit before amortisation of intangibles
[3] Trading profit divided by total revenue

Gene M. Murtagh, Chief Executive Officer of Kingspan commented:

"The company's financial performance in 2020 was robust, with the deep reduction in activity in April and May partly offset by a strong recovery towards the end of the year. Continued cost discipline helped us to deliver a small increase in trading profit despite the decline in revenue, and our organic and acquisition-led expansion of the business remains an ongoing focus.

The role our products can play in helping customers to reduce carbon emissions over the lifetime of a building is growing in importance. We also completed the first year of our ambitious Planet Passionate programme which is tracking 12 targets we have set the business to reduce its own environmental footprint.

2021 has started well, with performance helped by the strong backlog of activity from last year. Raw material price inflation is a significant ongoing issue to manage, but sentiment across our end markets is positive."

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Business Review

2020 was a tumultuous year for Kingspan, as it was for many. After a relatively strong start, April and May saw a deep reduction in activity in many markets, followed by a rebound towards mid-year and ultimately a strong finish in the fourth quarter. Full year revenue was down 2% to €4,576m and trading profit was ahead by 2% to €508.2m, after accounting for repayment of all government COVID supports worldwide. Net debt was €236.2m at year end, the lowest level in a number of years and leaves our balance sheet in an exceptionally strong position. Globally, governments reacted in varying ways to the crisis which resulted in an economic experience which was equally variable. All markets suffered interruption to some degree although in our case it was particularly acute in the UK, Spain, Canada and Ireland. Most other markets recovered to, and in some cases exceeded, the performance of 2019.

Raw material prices moved broadly to our advantage for much of the year but we experienced significant inflation in the fourth quarter. We expect further significant increases in our raw materials in early 2021 and the effort to recover these through price increases is underway and will be a challenge.

The climate action agenda continues to gather pace globally. With energy from buildings accounting for roughly 40% of all emissions, a more thermally efficient building envelope will be vital in curtailing global temperature rises. Insulation will be central to this effort. At Kingspan we aim to provide the broadest possible spectrum of solutions to enable this reduction in emissions. These solutions must be able to stand the test of time, and Kingspan's warrantied performance should prove to be a compelling advantage to building owners in their quest to achieve emission reductions over the lifetime of the building.

Planet Passionate
2020 was the first full year of implementing the initiatives of our Planet Passionate programme. Building upon our previous ten year Net Zero Energy drive this programme is now much broader and deeper, and focuses on twelve distinct targets in the categories of Energy, Carbon, Circularity and Water. The programme is dealt with in detail in the Planet Passionate annual report which will be published in March and the table below demonstrates our progress to date, along with our medium and long term targets.

Planet Passionate Targets		Target Year	2020
Energy	Net Zero Energy (%)	2020	100%
	60% direct renewable energy use (%)	2030	28%
	20% on-site renewable energy generation (%)	2030	5.3%
	Solar PV systems on all wholly owned facilities (%)	2030	21%
Carbon	Net Zero Carbon Manufacturing (% change)	2030	0.1%*
	Zero Emission company cars (% annual conversion)	2025	11%
	50% reduction in product CO2e intensity from primary supply chain partners (% reduction)	2030	0%
Circularity	Zero Company waste to landfill (tonnes)	2030	18,167
	Recycle 1 billion PET bottles into our manufacturing processes (million)	2025	573m
	QuadCore™ products utilising recycled PET (% sites)	2025	5%
Water	Harvest 100 million litres of rainwater (million litres)	2030	21.1
	5 Active Ocean Clean-Up projects (No. of initiatives)	2025	1

** Scope 1 & 2 GHG emissions estimate, external assurance ongoing. Final figures to be confirmed in Kingspan's annual Planet Passionate report to be released March 2021*

Organic Expansion
Insulated Panels in the Americas is progressing the development of its new facility in Pennsylvania, and in Brazil two new facilities will be commissioned this year.

In Europe, the Joris Ide business is adding an insulated wall panel production line to its German facility in Ansbach. At Bacacier in France, plans are afoot to develop a Group hub for the manufacture of insulated panels, insulation and profiles which, when complete in 2022, will be a showcase facility. In Russia, we are investing in a second plant south of Moscow to complement our existing St. Petersburg presence.

In Asia, we have signed off on an investment to develop a greenfield insulated panel plant in Vietnam which will serve the wider south east Asia market. This facility is planned for completion by late 2022. It is also our intention to develop a greenfield PIR board line in this region during 2022/2023.

In Sweden, the development of our greenfield Kooltherm® facility is undergoing commissioning presently and will be in production by the second quarter of this year. Demand is growing quickly in the Nordic region as advanced insulation continues to displace traditional alternatives and this new plant will play a key role in continuing that momentum.

Inorganic Expansion
In April last year the Group's Light & Air division completed the acquisition of Colt Group, a leading provider of daylighting and smoke management systems with a significant presence in Germany, the Netherlands and the UK, with annual revenue of approximately €200m.

In the second half of the year we signed an agreement to acquire Terasteel, an insulated panel manufacturer based in Romania, with revenue in the region of €120m. Also in the second half of the year, we agreed to acquire Trimo, a producer of mineral fibre insulated panels and facades based in Slovenia and with global revenues of just over €100m. Terasteel is expected to complete shortly and Trimo is subject to a regulatory approval process which is still underway.

In December 2020 we signed an agreement to acquire Skydome, the daylighting activity of SMAC in France with revenues of approximately €45m. In January 2021 we acquired Bromyros, the market leader for insulated panels in Uruguay and a further extension to our Latin American presence. Earlier this month we agreed to acquire Dyplast Products, a technical insulation producer in Florida, USA which is our first step into this segment in the North American market.

Innovation
Innovation is a central pillar of Kingspan's strategy with a number of active initiatives underway. Development of QuadCore™ 2.0 has continued at pace with the aim of launching in the UK and Ireland initially. Alongside this we are launching our QuadCore™ Assured programme which will be unique in providing a warrantied fire, thermal and circularity solution. We anticipate commencing the extensive certification process by the second half of this year. Thereafter we plan to begin work on a bio-based rigid insulation.

Both the PowerPanel® (an insulated panel with fully integrated solar PV) and AlphaCore® developments suffered some timetable disruption for much of 2020 given travel and other restrictions and the associated impact on practical collaboration with our international partners. In recent months significant development work has been completed on PowerPanel® and we expect to commence the certification process by mid-year. We are currently designing the pilot manufacturing plant for AlphaCore® which we expect to be operational in 2022. The focus is on the development of a medium thermal performance option, and we are concurrently exploring potential OEM partnerships for similar technologies.

A project has recently been launched with the objective of achieving A-Class fire performance for our Optim-R® product, the highest thermal performance insulation in our offering. Our aim is to have a product ready for market by late 2022. Finally, over the next two years we aim to have B-Class fire performance available as a standard offering across much of the Kooltherm® range.

Insulated Panels

	FY '20	*FY '19*	Change
Turnover €m	2,917.4	3,031.9	-4%(1)
Trading Profit €m	321.3	316.1	+2 %
Trading Margin	11.0%	10.4%	+ 60bps

(1) **Comprising underlying -6%, currency -3% and acquisitions +5%. Like-for-like volume -3%.**

Global order intake recovered through the second half and the backlog at year end was ahead by 19%. QuadCore™ sales grew by 33% in 2020 and comprised 12% of insulated panels product sales in 2020. Most of our markets continued to recover well in the aftermath of the first severe lockdown early in the year. Germany, Belgium and France were stand-outs where positive market dynamics combined with an element of share gain to drive revenue growth through the second half. Spain had a tough start to the year which was difficult to recover from although activity did improve markedly through the second half. In the Nordics, our insulated panel businesses were slightly behind prior year as a whole, as was much of central Europe.

The UK delivered a strong fourth quarter although still lagged behind 2019's overall revenue by year-end, and Ireland performed similarly. Both markets entered 2021 with orderbooks comfortably ahead of prior year.

In the Americas, the US market finished the year with revenue slightly behind prior year, albeit with an orderbook well ahead owing to exceptionally strong order intake in the fourth quarter. Canada delivered a disappointing outcome following a particularly weak first half, and Latin America performed strongly with volumes ahead by double digits, supported by deliveries from the new facility near Sao Paulo. A further facility in the south of the country is nearing completion.

Insulation Boards

	FY '20	*FY '19*	Change
Turnover €m	787.0	876.9	-10%(1)
Trading Profit €m	110.1	117.1	-6%
Trading Margin	14.0%	13.4%	+60bps

(1) **Comprising underlying -9% and currency -1%. Like-for-like volume -9%.**

During the second half of the year the division delivered a strong performance across most of the markets in which it operates. Volumes were in line with the second half of 2019, a recovery from the sharp decreases seen in the first half. Western Europe posted a record year with revenue well ahead in the Benelux and Germany, whilst in Southern Europe the outcome was still below prior year despite a marked recovery in the second half. Spain suffered a particularly deep downturn during the earlier part of the year.

North America and Australasia both performed ahead of 2019 and in the Middle East the business performed well in the circumstances, albeit below prior year.

Ireland and the UK were both severely impacted during the first half but delivered strong recoveries through the second half.

Light & Air

	FY **'20**	***FY*** **'19**	**Change**
Turnover €m	445.5	327.7	+36% (1)
Trading Profit €m	31.2	25.2	+24 %
Trading Margin	7.0%	7.7%	-70bps

(1) Comprising underlying -8%, currency -1% and acquisitions +45%.

The Light & Air division performed robustly during the more challenging first half of the year and activity improved in a number of its key markets through the latter half. The business performed particularly well in the Benelux and France, and somewhat weaker in Germany toward year-end. 2019 was a strong year for our North American business unit and the performance in 2020 lagged that, mainly owing to a weaker pipeline of large projects.

The acquisition of Colt was completed in April 2020, bringing with it a significant boost in revenue and a highly complementary product suite for the division, particularly in Western Europe and the UK. In December we also agreed to acquire Skydome, the daylighting activity of SMAC in France.

Water & Energy

	FY **'20**	***FY*** **'19**	**Change**
Turnover €m	202.7	208.1	-3%(1)
Trading Profit €m	16.3	14.2	+15%
Trading Margin	8.0%	6.8%	+120bps

(1) Comprising underlying -3%, currency -2% and acquisitions +2%

This business unit delivered a strong operating performance in 2020 despite the challenging revenue performance, owing largely to tight margin management across the units.

The energy storage business had a steady year and the water unit delivered a result well ahead of prior year, particularly in the UK. In Australia, where rainwater harvesting still dominates the offering, the business performed well in both residential and the rural and commercial end markets.

Data & Flooring

	FY **'20**	***FY*** **'19**	**Change**
Turnover €m	223.4	214.5	+4%(1)
Trading Profit €m	29.3	24.5	+20%
Trading Margin	13.1%	11.4%	+170bps

(1) Comprising underlying -3%, currency -1% and acquisitions +8%

Last year proved to be a positive year for this business, primarily driven by its growing exposure to the data centre market, predominantly in North America and Europe.

Clients in this particular segment demand flexibility in how their buildings are configured and the combination of our access floors, structural ceiling grids and airflow management systems provide an integrated solution to the world's largest data management companies.

In contrast, the office segment was less buoyant and we would anticipate this remaining the case for the foreseeable future.

Financial Review

The Financial Review provides an overview of the Group's financial performance for the year ended 31 December 2020 and of the Group's financial position at that date.

Overview of results

Group revenue decreased by 2% to €4.6bn (2019: €4.7bn) and trading profit increased by 2% to €508.2m (2019: €497.1m) with an increase of 40 basis points in the Group's trading profit margin to 11.1% (2019: 10.7%). Basic EPS for the year was 206.2 cent (2019: 204.6 cent), representing an increase of 1%.

The Group's underlying sales and trading profit growth by division are set out below:

Sales	Underlying	Currency	Acquisition	Total
Insulated Panels	-6%	-3%	+5%	-4%
Insulation Boards	-9%	-1%	-	-10%
Light & Air	-8%	-1%	+45%	+36%
Water & Energy	-3%	-2%	+2%	-3%
Data & Flooring	-3%	-1%	+8%	+4%
Group	-7%	-2%	+7%	-2%

The Group's trading profit measure is earnings before interest, tax and amortisation of intangibles:

Trading Profit	Underlying	Currency	Acquisition	Total
Insulated Panels	+1%	-4%	+5%	+2%
Insulation Boards	-5%	-1%	-	-6%
Light & Air	-31%	-	+55%	+24%
Water & Energy	+14%	-2%	+3%	+15%
Data & Flooring	+16%	-2%	+6%	+20%
Group	-1%	-3%	+6%	+2%

The key drivers of sales and trading profit performance in each division are set out in the Business Review.

Finance costs (net)

Finance costs for the year increased by €4.2m to €25.0m (2019: €20.8m). A net non-cash charge of €2.0m (2019: charge of €0.1m) was recorded in respect of swaps on the Group's USD private placement notes. The Group's net interest expense on borrowings (bank and loan notes net of interest receivable) was €19.3m (2019: €16.7m). This increase reflects higher average gross debt levels in 2020 as well as a negative return on Euro denominated cash balances. Lease interest of €3.6m (2019: €3.8m) was recorded for the year. €0.1m (2019: €0.1m) was recorded in respect of a non cash finance charge on the Group's defined benefit pension schemes.

Taxation
The tax charge for the year was €74.9m (2019: €76.6m) which represents an effective tax rate of 16.3% (2019: 16.9%). The decrease in the effective rate reflects, primarily, the change in the geographical mix of earnings year on year.

Dividends
The Board has proposed a final dividend of 20.6 cent per ordinary share payable on 7 May 2021 to shareholders registered on the record date of 26 March 2021. No interim dividend (2019: 13.0 cent) was declared during the year given the uncertain backdrop for much of 2020. The final dividend proposed for 2019 of 33.5 cent was subsequently cancelled in order to preserve cash at the outset of the pandemic. In summary, therefore, the total dividend for 2020 is 20.6 cent compared to 13.0 cent for 2019 (as adjusted for the cancellation).

The Board carried out a review of the Group's dividend policy during the year. The outgoing policy guidance was to pay out approximately 25% of earnings. In assessing a revised policy a key objective was to afford the Group appropriate development capital to invest in the business over time as well as to preserve the strength of the balance sheet. On that basis the revised dividend policy for 2021 and for the foreseeable future is to pay out approximately 15% of earnings. The policy will be reviewed periodically to ensure it remains appropriate over time having regard to the capital needs of the business.

Retirement benefits
The primary method of pension provision for current employees is by way of defined contribution arrangements. The Group has three legacy defined benefit schemes in the UK which are closed to new members and to future accrual. In addition, the Group has a number of smaller defined benefit pension liabilities in Mainland Europe. The Group assumed €10.5m of net pension obligations in April 2020 on the acquisition of Colt Group. The net pension liability in respect of all defined benefit schemes was €45.9m (2019: €15.1m) as at 31 December 2020 with the increase reflecting both the acquisition during the year and the impact of reduced interest rates on liabilities.

Intangible assets and goodwill
Intangible assets and goodwill decreased during the year by €38.6m to €1,561.5m (2019: €1,600.1m). Intangible assets and goodwill of €57.3m were recorded in the year relating to acquisitions completed by the Group. A decrease of €72.4m arose due to year end exchange rates used to translate intangible assets and goodwill other than those denominated in euro. There was an annual amortisation charge of €23.5m (2019: €21.9m).

Financial key performance indicators
The Group has a set of financial key performance indicators (KPIs) which are presented in the table below. These KPIs are used to measure the financial and operational performance of the Group and to track ongoing progress and also in achieving medium and long term targets to maximise shareholder return.

Key performance indicators	2020	2019
Basic EPS growth	1%	11%
Sales performance	-2%	7%
Trading margin	11.1%	10.7%
Free cashflow (€m)	479.7	337.1
Return on capital employed	18.4%	17.3%
Net debt/EBITDA	0.4x	1.1x

(a) Basic EPS growth. The growth in EPS is accounted for primarily by a 2% increase in trading profit partially offset by an increase in minority interest. The minority interest amount increased year on year due to a strong performance at the Group's operations which have minority stakeholders, leading to a basic EPS increase of 1%.

(b) Sales performance of -2% (2019: 7%) was driven by a 7% decrease in underlying sales, a 2% decrease due to the effect of currency translation and a 7% contribution from acquisitions. The decrease in underlying sales reflected in particular a difficult period in the first wave of restrictions from the end of March through to mid summer 2020.

(c) Trading margin by division is set out below:

	2020	2019
Insulated Panels	11.0%	10.4%
Insulation Boards	14.0%	13.4%
Light & Air	7.0%	7.7%
Water & Energy	8.0%	6.8%
Data & Flooring	13.1%	11.4%

The Insulated Panels division trading margin advanced year on year reflecting ongoing progress in sales of QuadCore^{TM}, the market mix of sales as well as some short term curtailment of overhead due to the pandemic. The trading margin improvement in the Insulation Boards division reflects, in the main, a positive lag effect on raw material price reductions in the first half of the year and short term overhead curtailment. The reduced trading margin in Light & Air reflects the market mix of sales. The Water & Energy trading margin improvement reflects the category mix and overhead curtailment. The increase in trading margin in Data & Flooring reflects the geographic market and product mix of sales year on year.

(d) Free cashflow is an important indicator and it reflects the amount of internally generated capital available for re-investment in the business or for distribution to shareholders.

Free cashflow	2020 €m	2019 €m
EBITDA*	596.5	579.8
Movement in working capital**	107.7	5.6
Movement in provisions	(2.1)	1.7
Net capital expenditure	(126.1)	(154.3)
Net interest paid	(21.6)	(16.7)
Income taxes paid	(89.7)	(87.2)
Other including non-cash items	15.0	8.2
Free cashflow	479.7	337.1

**Earnings before finance costs, income taxes, depreciation, amortisation and the impact of IFRS 16*
***Excludes working capital on acquisition but includes working capital movements since that point*

Working capital at year end was €450.8m (2019: €582.8m) and represents 8.8% (2019: 11.9%) of annualised sales based on fourth quarter sales. This metric is closely managed and monitored throughout the year and is subject to a certain amount of seasonal variability associated with trading patterns and the timing of significant purchases of steel and chemicals. Working capital levels in the business were unusually low for much of the second half of the year with reduced inventory levels in particular as our inbound supply chain continued to ramp up from subdued production earlier in the year. The working capital % is expected to increase in the first half of 2021 reflecting more normal inventory levels as well as price inflation of some key inputs.

(e) Return on capital employed, calculated as operating profit divided by total equity plus net debt, was 18.4% in 2020 (2019: 17.3%). The creation of shareholder value through the delivery of long term returns well in excess of the Group's cost of capital is a core principle of Kingspan's financial strategy. The increase in profitability together with the deployment of further capital has enhanced returns on capital during the year.

(f) Net debt to EBITDA measures the ratio of net debt to earnings and at 0.4x (2019: 1.1x) is comfortably less than the Group's banking covenant of 3.5x in both 2020 and 2019. The calculation is pre-IFRS 16 which is consistent with the Group's banking covenant.

Acquisitions and capital expenditure
During the period the Group made a number of acquisitions for a total upfront cash consideration of €46.1m.

On 17 April 2020, the Group completed the purchase of 100% of the Colt Group for an initial cash amount of €41m. In addition to the cash consideration for Colt, the Group assumed a net pension liability of €10.5m.

The Group also made a number of smaller acquisitions during the year for a combined cash consideration of €5.1m.

COVID-19 Pandemic
The Group took a number of steps to protect its financial position at the outset of the global pandemic in the first quarter of the year. Many construction markets were severely impacted at the early stage of the virus albeit most experienced some element of recovery through the year.

The Group received €17m in COVID-19 related furlough benefits although full repayment was accounted for in December 2020 given the better than expected trading performance than was initially anticipated.

Working capital management has been an ongoing area of focus over time and this was emphasised further still during the year. Working capital levels in the business were 8.8% at 31 December 2020 reflecting in particular a lower than normal level of inventories. We expect working capital to increase to more normal levels over the course of the first half of 2021. A further area of focus was on the more discretionary overhead items, particularly in the early stage of the pandemic, where more variable cost headings were curtailed. Many of these costs had returned to more normal levels by the end of the third quarter. The Group's finance systems and processes seamlessly accommodated greater levels of remote working during 2020 without a reduction in service levels or information flow within the business.

Capital structure and Group financing
The Group funds itself through a combination of equity and debt. Debt is funded through syndicated and bilateral bank facilities and private placement loan notes. The primary bank debt facility is a €451m revolving credit facility, which was undrawn at year end and which matures in June 2022. In June 2019 an additional 3 year bank facility of €300m was arranged, which was undrawn at year end.

As at 31 December 2020, the Group also had private placement loan note funding net of related derivatives totalling €1,508.3m including a €750m Green Private Placement arranged in September 2020. These new notes have a weighted average coupon of 1.78% and a weighted average term of 9.75 years. On 20 February 2020 the Group arranged a bilateral Green Loan of €50m to fund the Group's Planet Passionate initiatives. The weighted average term, as at 31 December 2020, of all drawn debt was 6.3 years (31 December 2019: 4.5 years).

The Group had significant committed undrawn facilities and cash balances which, in aggregate, were €2.1bn at 31 December 2020.

Net debt
Net debt decreased by €397m during 2020 to €236.2m (2019: €633.2m). This is analysed in the table below:

Movement in net debt	2020 €m	2019 €m
Free cashflow	479.7	337.1
Acquisitions	(46.1)	(142.2)
Deferred consideration paid	-	(59.7)
Share issues	-	0.1
Repurchase of treasury shares	-	(0.6)
Dividends paid	-	(77.6)
Dividends paid to non-controlling interests	(1.2)	(0.4)
Cashflow movement	432.4	56.7
Exchange movements on translation	(35.4)	8.4
Deferred consideration	-	30.0
Movement in net debt	397.0	95.1
Net debt at start of year	(633.2)	(728.3)
Net debt at end of year	(236.2)	(633.2)

Key financial covenants
The majority of Group borrowings are subject to primary financial covenants calculated in accordance with lenders' facility agreements which exclude the impact of IFRS 16:

- A maximum net debt to EBITDA ratio of 3.5 times; and
- A minimum EBITDA to net interest coverage of 4 times.

The performance against these covenants in the current and comparative year is set out below:

	Covenant	2020 Times	2019 Times
Net debt/EBITDA	Maximum 3.5	0.4	1.1
EBITDA/Net interest	Minimum 4.0	27.9	34.1

Investor relations
Kingspan is committed to interacting with the international financial community to ensure a full understanding of the Group's strategic plans and its performance against these plans. During the year, the executive management and investor team presented at four capital market conferences and conducted 439 institutional one-on-one and group meetings.

Share price and market capitalisation
The Company's shares traded in the range of €37.44 to €84.55 during the year. The share price at 31 December 2020 was €57.40 (31 December 2019: €54.45) giving a market capitalisation at that date of €10.4bn (2019: €9.9bn). Total shareholder return for 2020 was 5.4%.

Financial risk management
The Group operates a centralised treasury function governed by a treasury policy approved by the Group Board. This policy primarily covers foreign exchange risk, credit risk, liquidity risk and interest rate risk. The principal objective of the policy is to minimise financial risk at reasonable cost. Adherence to the policy is monitored by the CFO and the Internal Audit function. The Group does not engage in speculative trading of derivatives or related financial instruments.

Board Changes
The Chairman Eugene Murtagh, having indicated in last year's Annual Report his intention to retire, will step down as Chairman and Non-Executive Director of Kingspan with effect from the conclusion of this year's Annual General Meeting. Having founded the business in 1965, Eugene Murtagh led the company's growth and development to become an international market leader until his retirement as CEO in 2005. The Board recognises this remarkable achievement and thanks him for his leadership and guidance over the years. In recognition of his enormous contribution to the Group of over 55 years, the Board has awarded him the honorary title of President Emeritus.

Jost Massenberg, who was appointed as an Independent Non-Executive Director in 2018, will be appointed Non-Executive Chairman of the Board following Eugene's retirement. Jost is currently Chairman of VTG Aktiengesellschaft in Germany, and previously held senior roles in ThyssenKrupp Steel Europe AG and Benteler Distribution International GmbH.

The Board of Kingspan is also pleased to announce the appointments of Éimear Moloney and Paul Murtagh as Non-Executive Directors with effect from 30 April 2021. Éimear was previously a senior investment manager in Zurich Life Assurance (Irl) plc managing asset allocation and various geographic equity portfolios, and has excellent knowledge and experience of capital markets and asset management. Paul is the Chairman and CEO of Tibidabo Scientific Industries Ltd, and was formerly the Chairman and CEO of Faxitron Bioptics LLC and Chairman of Deerland Probiotics & Enzymes Inc. The Board looks forward to the benefit of their experience and input in the coming years.

Bruce McLennan has notified the Board that he will not be seeking re-election as a Non-Executive Director at this year's Annual General Meeting for personal reasons. Bruce has served on the Board for six years and the Board would like to thank him for his contribution to Kingspan during that period.

Looking Ahead

2021 has started well, helped by strong backlogs at the turn of the year. Raw material price inflation is a very significant feature at present and a challenging recovery effort is underway. We can expect a degree of lag in the recovery of these cost increases. Whilst there can be limited certainty in the near-term, sentiment across our end markets remains positive overall.

The Group's innovation agenda continues to move ahead at pace and will support our development in the years ahead. The need for action on climate change is gaining increasing traction with policymakers worldwide. Kingspan's proposition and our Planet Passionate programme are aligned fully with this urgent agenda.

The Group's balance sheet is in a robust position and this will support the continued organic and inorganic development of the Group in the years ahead.

There are of course many challenges, and indeed more opportunities, which when combined with the resolve of Kingspan people and the sustainability of our proposition, positions the business well for the future.

The Grenfell Tower Inquiry

Kingspan is today outlining the actions it has taken and is taking in response to a number of serious issues arising out of the Grenfell Tower Inquiry process ('the Inquiry').

These issues relate to unacceptable employee conduct at its UK Insulation Boards business, and historical process shortcomings by this business.

Kingspan apologises unreservedly once again for these shortcomings which are not consistent with its values or its commitment to conduct its business to the highest safety standards.

The actions outlined below are designed to address these legacy issues, complemented by Group-wide governance and continuous improvement initiatives to ensure that these issues can never be repeated.

Kingspan and the Grenfell Tower Inquiry

Kingspan had no role in the design of the cladding system used on Grenfell Tower, where its K15 product constituted approximately 5% of the insulation used. It was used without Kingspan's knowledge in a system that was not compliant with the buildings regulations and was unsafe.

In its Phase 1 Report the Inquiry has stated that the 'principal reason' for the rapid flame spread on the tower was the polyethylene cored (PE) ACM cladding material which was neither manufactured nor supplied by Kingspan, and would never be compliant for use in a system combined with K15. Furthermore, large scale testing undertaken by the UK Government since the fire concluded that any cladding system using the PE-cored ACM installed on Grenfell Tower would have been unsafe, regardless of insulation type.

Notwithstanding this, the Inquiry process has highlighted historical behaviours that have rightly been criticised, and today Kingspan is updating on extensive actions taken and underway to underpin its clear commitment to proper professional conduct and safety.

Gene Murtagh, Chief Executive Officer of Kingspan commented:

> *"The unacceptable conduct and historical process shortcomings, involving a small number of employees in our UK insulation boards business, do not reflect the high standards of integrity and safety that are core Kingspan values, deeply held by our people.*
>
> *We have already implemented several important changes that demonstrate our commitment to product compliance and good governance. Our aims are clear: to reassure that safety takes precedence over all other considerations and to ensure this can never happen again."*

Update on actions taken

The actions taken, and underway, by Kingspan include:

- *Compliance and governance review*: Law firm Eversheds Sutherland has conducted a rigorous review of Kingspan's UK Insulation Boards business to ascertain how the issues occurred, what changes have been made by the business, and what further actions should be taken. Kingspan is committed to implementing in full the recommendations made, and this work is already underway. Eversheds Sutherland's recommendations can be found at: inquiry.kingspan.com

- Wide-ranging process changes to date: Substantial changes made to date in Kingspan's UK Insulation Boards business include new fire testing and accreditation protocols, publication of all BS 8414 test reports (pass and fail) and the introduction of a new Marketing Integrity Manual is underway. Kingspan is also fully engaged in several industry initiatives to generate systemic changes in the UK construction industry consistent with the recommendations made in the Hackitt Review. These include Kingspan's full support for the planned new Construction Products Regulator, and the Code for Construction Product Information (CCPI) that is due to be introduced later this year.

- Governance and management changes: Kingspan has introduced management and governance changes to strengthen its approach to product safety and compliance. These include the recent appointment of a Group Head of Compliance & Certification reporting directly to the Group CEO; changes to divisional and UK senior management in the Insulation Boards business; the appointment of Product Compliance Officers in every business division across the Group; extending the role of the Board Audit Sub-Committee into an Audit & Compliance Sub-Committee; expanding the Group Internal Auditing function to incorporate product compliance; and a commitment to achieve the incoming ISO 37301 certification across its major facilities.

- Code of conduct: Kingspan has introduced a new code of conduct based on three core principles of integrity, honesty and compliance, and the rollout of a training programme on the contents to all its staff is underway. The Code of Conduct includes strengthened "Speak Out" arrangements provided by an independent third party, and features enhanced investigation processes, and a multi-lingual 24/7 confidential phone line.

- Integrity and traceability of product information: Kingspan has commenced the implementation of a groupwide Product Information Management (PIM) infrastructure to ensure accuracy of all product information, including that which is related to compliance. The PIM will provide accurate and up-to-date product information to a suite of customer tools in order to support the golden thread of product information through the building lifecycle. The PIM project has been underway since 2019 and the prototype BIMDesigner platform was launched in the UK in 2020.

- Reassurance and engagement on legacy testing issues: Kingspan has retested the three BS 8414 tests it withdrew and validated the original claims using current K15. Kingspan is engaged with the appropriate stakeholders on matters relevant to all K15 legacy marketing and testing issues on an ongoing basis. Kingspan has reviewed the remainder of its Kooltherm range and has not identified issues of either safety or materiality.

- Action on legacy projects: Kingspan now holds fifteen successful BS 8414 tests using current K15 which provide support for its safe use in compliant systems. When K15 was recommended in a system by Kingspan for use in a particular building, and the existing suite of BS 8414 tests does not support that use, then Kingspan is fully committed to acting swiftly to evaluate what action is required, and to providing remediation as appropriate. Kingspan is already actively providing support on legacy projects.

- Fire Safety Research & Development: In order to support research and development with respect to fire performance of products, prior to independent third-party testing, Kingspan has invested in a new Fire Test Centre in North Wales. It is intended that this centre, which will be one of Europe's most advanced fire testing facilities, will be made available to the wider industry for research purposes.

Safety of K15 within compliant systems

Kingspan has engaged in a very extensive testing and review process and has full confidence in the safety of K15 when used in a compliant system that has successfully been tested to the BS 8414 standard.

As explained above, Kingspan has completed fifteen BS 8414 large-scale system fire tests using cladding systems incorporating current K15 that have successfully met the relevant criteria set by BR 135. The testing and review process includes repeating the three withdrawn tests and validating the original claims with current K15.

This extensive testing programme, which is ongoing, supports the retention of K15 in existing cladding systems on high rise buildings which meet current UK Government guidance where:

- the system is correctly installed and has passed a full-scale BS 8414 fire test; or
- there is a technically robust desktop study in place based on accurate test data; or
- a fire engineering assessment was completed on the building on which the system was installed.

On behalf of the Board

Gene M. Murtagh	Geoff Doherty
Chief Executive Officer	Chief Financial Officer
19 February 2021	19 February 2021

Kingspan Group plc

Consolidated Income Statement
for the year ended 31 December 2020

	Note	**2020 €m**	2019 €m
REVENUE	2	**4,576.0**	4,659.1
Cost of sales		**(3,190.5)**	(3,304.3)
GROSS PROFIT		**1,385.5**	1,354.8
Operating costs, excluding intangible amortisation		**(877.3)**	(857.7)
TRADING PROFIT	2	**508.2**	497.1
Intangible amortisation		**(23.5)**	(21.9)
OPERATING PROFIT		**484.7**	475.2
Finance expense	3	**(26.1)**	(23.7)
Finance income	3	**1.1**	2.9
PROFIT FOR THE YEAR BEFORE INCOME TAX		**459.7**	454.4
Income tax expense		**(74.9)**	(76.6)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**384.8**	377.8
Attributable to owners of Kingspan Group plc		**373.6**	369.4
Attributable to non-controlling interests		**11.2**	8.4
		384.8	377.8
EARNINGS PER SHARE FOR THE YEAR			
Basic	8	**206.2c**	204.6c
Diluted	8	**204.4c**	202.9c

Gene M. Murtagh
Chief Executive Officer

Geoff Doherty
Chief Financial Officer

19 February 2021

Kingspan Group plc

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2020

	2020	2019
	€m	€m
Profit for the year	**384.8**	377.8
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	**(129.7)**	61.0
Effective portion of changes in fair value of cash flow hedges	**-**	(0.2)
Items that will not be reclassified subsequently to profit or loss		
Actuarial (losses)/gains on defined benefit pension schemes	**(19.9)**	(0.2)
Income taxes relating to actuarial losses/gains on defined benefit pension schemes	**4.1**	-
Total other comprehensive income	**(145.5)**	60.6
Total comprehensive income for the year	**239.3**	438.4
Attributable to owners of Kingspan Group plc	**238.7**	430.2
Attributable to non-controlling interests	**0.6**	8.2
	239.3	438.4

Kingspan Group plc

Consolidated Statement of Financial Position

as at 31 December 2020

	2020	2019
	€m	€m
ASSETS		
NON-CURRENT ASSETS		
Goodwill	**1,478.8**	1,506.9
Other intangible assets	**82.7**	93.2
Financial asset	**8.2**	8.2
Property, plant and equipment	**972.9**	965.2
Right of use assets	**113.0**	121.6
Derivative financial instruments	**-**	27.3
Retirement benefit assets	**8.0**	9.2
Deferred tax assets	**23.0**	14.1
	2,686.6	2,745.7
CURRENT ASSETS		
Inventories	**505.9**	557.6
Trade and other receivables	**799.6**	794.2
Derivative financial instruments	**19.8**	-
Cash and cash equivalents	**1,329.7**	190.9
	2,655.0	1,542.7
TOTAL ASSETS	**5,341.6**	4,288.4
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	**854.5**	768.9
Provisions for liabilities	**55.7**	58.0
Lease liabilities	**27.3**	25.6
Derivative financial instruments	**0.2**	0.1
Interest bearing loans and borrowings	**209.6**	3.1
Current income tax liabilities	**55.9**	72.9
	1,203.2	928.6
NON-CURRENT LIABILITIES		
Retirement benefit obligations	**53.9**	24.3
Provisions for liabilities	**63.3**	51.7
Interest bearing loans and borrowings	**1,376.1**	848.3
Lease liabilities	**87.5**	96.7
Deferred tax liabilities	**32.4**	31.9
Deferred contingent consideration	**127.6**	186.5
	1,740.8	1,239.4
TOTAL LIABILITIES	**2,944.0**	2,168.0
NET ASSETS	**2,397.6**	2,120.4
EQUITY		
Share capital	**23.8**	23.8
Share premium	**95.6**	95.6
Capital redemption reserve	**0.7**	0.7
Treasury shares	**(11.6)**	(11.8)
Other reserves	**(356.8)**	(259.6)
Retained earnings	**2,597.2**	2,221.6
EQUITY ATTRIBUTABLE TO OWNERS OF KINGSPAN GROUP PLC	**2,348.9**	2,070.3
NON-CONTROLLING INTERESTS	**48.7**	50.1
TOTAL EQUITY	**2,397.6**	2,120.4

Gene M. Murtagh
Chief Executive Officer

Geoff Doherty
Chief Financial Officer

19 February 2021

Kingspan Group plc
Consolidated Statement of Changes in Equity
for the year ended 31 December 2020

	Share Capital €m	Share Premium €m	Capital Redemption Reserve €m	Treasury Shares €m	Translation Reserve €m	Cash Flow Hedging Reserve €m	Share Based Payment Reserve €m	Revaluation Reserve €m	Put Option Liability Reserve €m	Retained Earnings €m	Total Attributable to Owners of the Parent €m	Non-Controlling Interests €m	Total Equity €m
Balance at 1 January 2020	23.8	95.6	0.7	(11.8)	(110.8)	0.3	38.9	0.7	(188.7)	2,221.6	2,070.3	50.1	**2,120.4**
Transactions with owners recognised directly in equity													
Employee share based compensation	-	-	-	-	-	-	16.0	-	-	-	16.0	-	**16.0**
Tax on employee share based compensation	-	-	-	-	-	-	(0.9)	-	-	4.4	3.5	-	**3.5**
Exercise or lapsing of share options	-	-	-	0.2	-	-	(13.6)	-	-	13.4	-	-	**-**
Repurchase of shares	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Dividends	-	-	-	-	-		-	-	-	-	-	-	**-**
Transactions with non-controlling interests:													
Arising on acquisition	-	-	-	-	-	-	-	-	-	-	-	(0.8)	**(0.8)**
Dividends to NCI	-	-	-	-	-	-	-	-	-	-	-	(1.2)	**(1.2)**
Fair value movement	-	-	-	-	-	-	-	-	20.4	-	20.4	-	**20.4**
Transactions with owners	-	-	-	0.2	-	-	1.5	-	20.4	17.8	39.9	(2.0)	**37.9**
Total comprehensive income for the year													
Profit for the year	-	-	-	-	-	-	-	-	-	373.6	373.6	11.2	**384.8**
Other comprehensive income:													
Items that may be reclassified subsequently to profit or loss													
Cash flow hedging in equity													
- current year	-	-	-	-	-	-	-	-	-	-	-	-	-
- tax impact	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translating foreign operations	-	-	-	-	(119.1)	-	-	-	-	-	(119.1)	(10.6)	**(129.7)**
Items that will not be reclassified subsequently to profit or loss													
Actuarial losses on defined benefit pension scheme	-	-	-	-	-	-	-	-	-	(19.9)	(19.9)	-	**(19.9)**
Income taxes relating to actuarial losses on defined benefit pension scheme	-	-	-	-	-	-	-	-	-	4.1	4.1	-	**4.1**
Total comprehensive income for the year	-	-	-	-	(119.1)	-	-	-	-	357.8	238.7	0.6	**239.3**
Balance at 31 December 2020	23.8	95.6	0.7	(11.6)	(229.9)	0.3	40.4	0.7	(168.3)	2,597.2	2,348.9	48.7	**2,397.6**

Kingspan Group plc

Consolidated Statement of Changes in Equity
for the year ended 31 December 2019

	Share Capital €m	Share Premium €m	Capital Redemption Reserve €m	Treasury Shares €m	Translation Reserve €m	Cash Flow Hedging Reserve €m	Share Based Payment Reserve €m	Revaluation Reserve €m	Put Option Liability Reserve €m	Retained Earnings €m	Total Attributable to Owners of the Parent €m	Non-Controlling Interests €m	Total Equity €m
Balance at 1 January 2019	23.7	95.6	0.7	(12.7)	(172.0)	0.5	36.9	0.7	(139.3)	1,916.2	1,750.3	38.6	**1,788.9**
Transactions with owners recognised directly in equity													
Employee share based compensation	0.1	-	-	-	-	-	13.1	-	-	-	13.2	-	**13.2**
Tax on employee share based compensation	-	-	-	-	-	-	1.7	-	-	2.5	4.2	-	**4.2**
Exercise or lapsing of share options	-	-	-	1.5	-	-	(12.8)	-	-	11.3	-	-	**-**
Repurchase of shares	-	-	-	(0.6)	-	-	-	-	-	-	(0.6)	-	**(0.6)**
Dividends	-	-	-	-	-		-	-	-	(77.6)	(77.6)	(0.4)	**(78.0)**
Transactions with non-controlling interests:													
Arising on acquisition	-	-	-	-	-	-	-	-	(26.7)	-	(26.7)	3.7	**(23.0)**
Fair value movement	-	-	-	-	-	-	-	-	(22.7)	-	(22.7)	-	**(22.7)**
Transactions with owners	0.1	-	-	0.9	-	-	2.0	-	(49.4)	(63.8)	(110.2)	3.3	**(106.9)**
Total comprehensive income for the year													
Profit for the year	-	-	-	-	-	-	-	-	-	369.4	369.4	8.4	**377.8**
Other comprehensive income:													
Items that may be reclassified subsequently to profit or loss													
Cash flow hedging in equity													
- current year	-	-	-	-	-	(0.2)	-	-	-	-	(0.2)	-	**(0.2)**
- tax impact	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Exchange differences on translating foreign operations	-	-	-	-	61.2	-	-	-	-	-	61.2	(0.2)	**61.0**
Items that will not be reclassified subsequently to profit or loss													
Actuarial losses on defined benefit pension scheme	-	-	-	-	-	-	-	-	-	(0.2)	(0.2)	-	**(0.2)**
Income taxes relating to actuarial losses on defined benefit pension scheme	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Total comprehensive income for the year	-	-	-	-	61.2	(0.2)	-	-	-	369.2	430.2	8.2	**438.4**
Balance at 31 December 2019	23.8	95.6	0.7	(11.8)	(110.8)	0.3	38.9	0.7	(188.7)	2,221.6	2,070.3	50.1	**2,120.4**

Kingspan Group plc

Consolidated Statement of Cash Flows
for the year ended 31 December 2020

	Note	**2020** **€m**	2019 €m
OPERATING ACTIVITIES			
Profit for the year		**384.8**	377.8
Add back non-operating expenses:			
Income tax expense		**74.9**	76.6
Depreciation of property, plant and equipment		**122.0**	114.5
Amortisation of intangible assets		**23.5**	21.9
Impairment of non-current assets		**2.4**	0.2
Employee equity-settled share options		**16.0**	13.1
Finance income	3	**(1.1)**	(2.9)
Finance expense	3	**26.1**	23.7
Profit on sale of property, plant and equipment		**(1.1)**	(3.3)
Movement of deferred consideration		**(0.7)**	(0.6)
Changes in working capital:			
Inventories		**38.2**	5.8
Trade and other receivables		**(1.8)**	57.3
Trade and other payables		**71.3**	(57.5)
Other:			
Change in provisions		**(2.1)**	1.7
Pension contributions		**(1.6)**	(1.2)
Cash generated from operations		**750.8**	627.1
Income tax paid		**(89.7)**	(87.2)
Interest paid		**(22.6)**	(19.5)
Net cash flow from operating activities		**638.5**	520.4
INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(131.8)**	(161.0)
Proceeds from disposals of property, plant and equipment		**5.7**	6.7
Purchase of subsidiary undertakings (including net debt/cash acquired)		**(46.1)**	(142.2)
Payment of deferred contingent consideration in respect of acquisitions		-	(59.7)
Interest received		**1.0**	2.8
Net cash flow from investing activities		**(171.2)**	(353.4)
FINANCING ACTIVITIES			
Drawdown of loans	5	**751.2**	7.8
Repayment of loans and borrowings	5	**(3.4)**	(181.6)
Payment of lease liability	6	**(33.7)**	(31.8)
Proceeds from share issues		-	0.1
Repurchase of shares		-	(0.6)
Dividends paid to non-controlling interests		**(1.2)**	(0.4)
Dividends paid	7	-	(77.6)
Net cash flow from financing activities		**712.9**	(284.1)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5	**1,180.2**	(117.1)
Effect of movement in exchange rates on cash held		**(41.4)**	13.5
Cash and cash equivalents at the beginning of the year		**190.9**	294.5
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**1,329.7**	190.9

Notes to the Preliminary Results
for the year ended 31 December 2020

1 GENERAL INFORMATION

The financial information presented in this report has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as set out in the Group's annual financial statements in respect of the year ended 31 December 2019 except as noted below. The financial information does not include all the information and disclosures required in the annual financial statements. The Annual Report will be distributed to shareholders and made available on the Company's website www.kingspan.com in due course. It will also be filed with the Company's annual return in the Companies Registration Office. The auditors have reported on the financial statements for the year ended 31 December 2020 and their report was unqualified and did not contain any matters to which attention was drawn by way of emphasis. The financial information for the year ended 31 December 2019 represents an abbreviated version of the Group's statutory financial statements on which an unqualified audit report was issued and which have been filed with the Companies Registration Office.

Basis of preparation and accounting policies

The financial information contained in this Preliminary Statement has been prepared in accordance with the accounting policies set out in the last annual financial statements.

IFRS does not define certain Income Statement headings. For clarity, the following are the definitions as applied by the Group:

- Trading profit refers to the operating profit generated by the businesses before intangible asset amortisation.
- Trading margin refers to the trading profit, as calculated above, as a percentage of revenue.
- Operating profit is profit before income taxes and net finance costs.
- EBITDA is earnings before finance costs, income taxes, depreciation, amortisation and the impact of IFRS 16.

The following amendments to standards and interpretations are effective for the Group from 1 January 2020 and do not have a material effect on the results or financial position of the Group:

	Effective Date – periods beginning on or after
Amendments to IFRS 3 *Business Combinations* – Definition of a business	1 January 2020
Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and measurement* and IFRS 7 *Financial Instruments: Disclosures* – Interest Rate Benchmark Reform	1 January 2020
Amendments to IAS 1 *Presentation of Financial Statements* – Definition of material	1 January 2020
Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* – Definition of material	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards	I January 2020

The following standard amendment was issued in May 2020 effective for annual reporting periods beginning on or after 1 June 2020 with earlier application permitted and does not have a material effect on the results or financial position of the Group:

	Effective Date - periods beginning on or after
Amendments to IFRS 16 *Leases* – COVID-19 related rent concessions	1 June 2020

There are a number of new standards, amendments to standards and interpretations that are not yet effective and have not been applied in preparing these consolidated financial statements. These new standards, amendments to standards and interpretations are either not expected to have a material impact on the Group's financial statements or are still under assessment by the Group. The principal new standards, amendments to standards and interpretations are as follows:

	Effective Date – periods beginning on or after
IFRS 17 *Insurance Contracts*	1 January 2023*
Amendments to IAS 1 *Presentation of Financial Statements* – Classification of Liabilities as Current or Non-current	1 January 2023*
Amendments to IFRS 3 *Business Combinations* – Reference to the Conceptual Framework	1 January 2022*
Amendments to IAS 16 *Property, Plant and Equipment* – Proceeds before Intended Use	1 January 2022*
Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* – Onerous Contracts – Costs of Fulfilling a Contract	1 January 2022*
Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* – Subsidiary as a first-time adopter	1 January 2022*
Amendments to IFRS 9 *Financial Instruments* – Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022*
Amendments to IAS 41 *Agriculture* – Taxation in fair value measurements	1 January 2022*
Amendments to IFRS 9 *Financial Instruments,* IAS 39 *Financial Instruments: Recognition and measurement,* IFRS 7 *Financial Instruments: Disclosures,* IFRS 4 *Insurance Contracts* and IFRS 16 *Leases* – Interest Rate Benchmark Reform – Phase 2	1 January 2021

* Not EU endorsed

2 SEGMENT REPORTING

In identifying the Group's operating segments, management based its decision on the product supplied by each segment and the fact that each segment is managed and reported separately to the Chief Operating Decision Maker. These operating segments are monitored and strategic decisions are made on the basis of segment operating results.

Operating segments

The Group has the following five operating segments:

Insulated Panels	Manufacture of insulated panels, structural framing and metal facades.

Insulation Boards	Manufacture of rigid insulation boards, building services insulation and engineered timber systems.
Light & Air	Manufacture of daylighting, smoke management and ventilation systems.
Water & Energy	Manufacture of energy and water solutions and all related service activities.
Data & Flooring	Manufacture of data centre storage solutions and raised access floors.

Analysis by class of business
Segment revenue and disaggregation of revenue

	Insulated Panels €m	**Insulation Boards €m**	**Light & Air €m**	**Water & Energy €m**	**Data & Flooring €m**	**Total €m**
Total revenue – 2020	2,917.4	787.0	445.5	202.7	223.4	**4,576.0**
Total revenue – 2019	3,031.9	876.9	327.7	208.1	214.5	4,659.1
Disaggregation of revenue 2020						
Point of Time	2,908.4	759.8	227.3	200.9	199.8	**4,296.2**
Over Time & Contract	9.0	27.2	218.2	1.8	23.6	**279.8**
	2,917.4	787.0	445.5	202.7	223.4	**4,576.0**
Disaggregation of revenue 2019						
Point of Time	3,025.2	834.4	202.3	207.4	186.1	4,455.4
Over Time & Contract	6.7	42.5	125.4	0.7	28.4	203.7
	3,031.9	876.9	327.7	208.1	214.5	4,659.1

The disaggregation of revenue by geography is set out in more detail below.

The segments specified above capture the major product lines relevant to the Group.

The combination of the disaggregation of revenue by product group, geography and the timing of revenue recognition capture the key categories of disclosure with respect to revenue. Typically, individual performance obligations are specifically called out in the contract which allow for accurate recognition of revenue as and when performances are fulfilled. Given the nature of the Group's product set customer returns are not a significant feature of our business model. No further disclosures are required with respect to disaggregation of revenue other than what has been presented in this note.

Inter-segment transfers are carried out at arm's length prices and using an appropriate transfer pricing methodology. As inter-segment revenue is not material, it is not subject to separate disclosure in the above analysis. For the purposes of the segmental analysis, corporate overheads have been allocated to each division based on their respective revenue for the year.

Segment result (profit before net finance expense)

	Insulated Panels €m	**Insulation Boards €m**	**Light & Air €m**	**Water & Energy €m**	**Data & Flooring €m**	**Total 2020 €m**	Total 2019 €m
Trading profit – 2020	321.3	110.1	31.2	16.3	29.3	**508.2**	
Intangible amortisation	(13.7)	(4.6)	(4.1)	(0.9)	(0.2)	**(23.5)**	
Operating profit – 2020	307.6	105.5	27.1	15.4	29.1	**484.7**	

Trading profit – 2019	316.1	117.1	25.2	14.2	24.5		497.1
Intangible amortisation	(13.1)	(4.9)	(2.9)	(0.9)	(0.1)		(21.9)
Operating profit – 2019	303.0	112.2	22.3	13.3	24.4		475.2
Net finance expense						**(25.0)**	(20.8)
Profit for the year before tax						**459.7**	454.4
Income tax expense						**(74.9)**	(76.6)
Net profit for the year						**384.8**	377.8

Segment assets

	Insulated Panels €m	**Insulation Boards €m**	**Light & Air €m**	**Water & Energy €m**	**Data & Flooring €m**	**Total 2020 €m**	Total 2019 €m
Assets – 2020	2,350.4	787.1	474.0	183.5	174.1	**3,969.1**	
Assets – 2019	2,495.9	832.2	348.0	191.8	188.2		4,056.1
Derivative financial instruments						**19.8**	27.3
Cash and cash equivalents						**1,329.7**	190.9
Deferred tax assets						**23.0**	14.1
Total assets as reported in the Consolidated Statement of Financial Position						**5,341.6**	4,288.4

Segment liabilities

	Insulated Panels €m	**Insulation Boards €m**	**Light & Air €m**	**Water & Energy €m**	**Data & Flooring €m**	**Total 2020 €m**	Total 2019 €m
Liabilities – 2020	(778.8)	(192.9)	(184.1)	(72.8)	(41.2)	**(1,269.8)**	
Liabilities – 2019	(831.4)	(194.4)	(80.2)	(64.2)	(41.5)		(1,211.7)
Interest bearing loans and borrowings (current and non-current)						**(1,585.7)**	(851.4)
Derivative financial instruments (current and non-current)						**(0.2)**	(0.1)
Income tax liabilities (current and deferred)						**(88.3)**	(104.8)
Total liabilities as reported in the Consolidated Statement of Financial Position						**(2,944.0)**	(2,168.0)

Other segment information

	Insulated Panels €m	**Insulation Boards €m**	**Light & Air €m**	**Water & Energy €m**	**Data & Flooring €m**	**Total €m**
Capital investment – 2020 *	92.5	17.4	40.6	2.8	3.7	**157.0**
Capital investment – 2019 *	135.7	36.8	11.8	4.5	4.0	192.8
Depreciation included in segment result – 2020	(73.4)	(23.9)	(12.9)	(6.5)	(5.3)	**(122.0)**
Depreciation included in segment result – 2019	(70.9)	(24.2)	(8.3)	(6.1)	(5.0)	(114.5)
Non-cash items included in segment result – 2020	(9.0)	(3.2)	(1.1)	(1.0)	(1.7)	**(16.0)**
Non-cash items included in segment result – 2019	(7.6)	(2.7)	(0.7)	(0.8)	(1.3)	(13.1)

* Capital investment also includes fair value of property, plant and equipment and intangible assets acquired in business combinations.

Analysis of segmental data by geography

	Western & Southern Europe €m	Central & Northern Europe €m	Americas €m	Britain €m	Rest of World €m	Total €m
Income Statement Items						
Revenue – 2020	1,633.6	997.8	916.0	743.6	285.0	**4,576.0**
Revenue – 2019	1,546.1	960.0	990.9	848.4	313.7	4,659.1
Statement of Financial Position Items						
Non-current assets – 2020 *	1,018.9	520.1	546.4	388.8	189.4	**2,663.6**
Non-current assets – 2019 *	993.9	486.7	605.4	410.6	207.7	2,704.3
Other segmental information						
Capital investment – 2020	70.2	42.2	32.1	10.8	1.7	**157.0**
Capital investment – 2019	77.2	44.4	49.1	18.1	4.0	192.8

* Total non-current assets excluding derivative financial instruments and deferred tax assets.

The Group has a presence in over 70 countries worldwide. Revenues, non-current assets and capital investment (as defined in IFRS 8) attributable to the country of domicile were €150.7m (2019: €176.0m), €72.6m (2019: €64.0m) and €16.4m (2019: €15.2m) respectively. All foreign countries or regions of operation are as set out above and specific regions are highlighted separately on the basis of materiality. The geographic regions have been revised this year to provide a more detailed breakdown of the previously reported Mainland Europe region which has seen significant growth in recent years. All prior year comparatives have been restated on the same basis. The country of domicile is included in Western & Southern Europe.

There are no material dependencies or concentrations on individual customers which would warrant disclosure under IFRS 8. The individual entities within the Group each have a large number of customers spread across various activities, end-users and geographies.

3 FINANCE EXPENSE AND FINANCE INCOME

	2020 €m	2019 €m
Finance expense		
Lease interest	**3.6**	3.8
Deferred contingent consideration fair value movement	**-**	0.1
Bank loans	**3.1**	2.4
Private placement loan notes	**17.3**	17.2
Fair value movement on derivative financial instrument	**6.4**	2.6
Fair value movement on private placement debt	**(4.4)**	(2.5)
Other interest	**0.1**	0.1
	26.1	23.7
Finance income		
Interest earned	**(1.1)**	(2.9)
Net finance cost	**25.0**	20.8

€0.2m of borrowing costs were capitalised during the period (2019: €0.1m). No costs were reclassified from other comprehensive income to profit during the year (2019: €nil).

4 ANALYSIS OF NET DEBT

	2020	2019
	€m	€m
Cash and cash equivalents	**1,329.7**	190.9
Derivative financial instruments - net	**19.8**	27.3
Current borrowings	**(209.6)**	(3.1)
Non-current borrowings	**(1,376.1)**	(848.3)
Total Net Debt	**(236.2)**	(633.2)

The Group's core funding is provided by seven private placement loan notes; two USD private placement totalling $400m maturing in tranches between August 2021 and December 2028, and five EUR private placements totalling €1.2bn which will mature in tranches between March 2021 and December 2032. The notes have a weighted average maturity of 6.1 years.

The Group also has two revolving credit facilities. The €300m facility matures in June 2022 and the €451m facility also matures in June 2022. No amount was drawn on either of the facilities as at 31 December 2020. The Group also has a bilateral green loan of €50m. The loan is fully drawn and matures in February 2025.

Net debt, which is an Alternative Performance Measure, is stated net of interest rate and currency hedges which relate to hedges of debt. Foreign currency derivative assets of €nil (2019: €nil) and foreign currency derivative liabilities of €0.2m (2019: €0.1m) which are used for transactional hedging are not included in the definition of net debt. Lease liabilities recognised due to the implementation of IFRS 16 and deferred contingent consideration have also been excluded from the calculation of net debt.

5 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2020	2019
	€m	€m
Movement in cash and bank overdrafts	**1,180.2**	(117.1)
Drawdown of loans	**(751.2)**	(7.8)
Repayment of loans and borrowings	**3.4**	181.6
Decrease/(increase) in deferred consideration	**-**	30.0
Change in net debt resulting from cash flows	**432.4**	86.7
Translation movement - relating to US dollar loan	**13.5**	(5.0)
Translation movement - other	**(41.4)**	13.5
Derivative financial instruments movement	**(7.5)**	(0.1)
Net movement	**397.0**	95.1
Net debt at start of the year	**(633.2)**	(728.3)
Net debt at end of the year	**(236.2)**	(633.2)

Further analysis on net debt at the start and end of the year is provided in note 4.

6 LEASES

Right of use asset

	2020 €m	2019 €m
At 1 January 2020	**121.6**	128.8
Additions	**17.3**	14.1
Arising on acquisitions	**12.8**	6.3
Remeasurement	**2.2**	2.6
Terminations	**(2.6)**	(2.5)
Depreciation charge for the year	**(32.3)**	(30.0)
Effect of movement in exchange rates	**(6.0)**	2.3
At 31 December 2020	**113.0**	121.6

Lease liability

	2020 €m	2019 €m
At 1 January 2020	**122.3**	127.9
Additions	**17.1**	14.0
Arising on acquisitions	**12.6**	6.2
Remeasurement	**1.7**	2.5
Terminations	**(2.7)**	(2.5)
Payments	**(33.7)**	(31.8)
Interest	**3.6**	3.8
Effect of movement in exchange rates	**(6.1)**	2.2
At 31 December 2020	**114.8**	122.3
Split as follows:		
Current liability	**27.3**	25.6
Non-current liability	**87.5**	96.7
At 31 December 2020	**114.8**	122.3

7 DIVIDENDS

Equity dividends on ordinary shares:	2020 €m	2019 €m
2020 Interim dividend nil cent (2019: 13.0 cent) per share	-	23.6
2019 Final dividend nil cent (2018: 30.0 cent) per share	-	54.0
	-	77.6
Proposed for approval at AGM		
Final dividend of 20.6 cent (2019: nil cent) per share	**37.4**	-

The 2020 interim and 2019 final dividends were cancelled during 2020 due to the uncertainty created by the pandemic.

This proposed dividend for 2020 is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in the Consolidated Statement of Financial Position of the Group as at 31 December 2020 in accordance with IAS 10 *Events after the Reporting Period*. The proposed final dividend for the year ended 31 December 2020 will be payable on 7 May 2021 to shareholders on the Register of Members at close of business on 26 March 2021.

8 EARNINGS PER SHARE

	2020 €m	2019 €m
The calculations of earnings per share are based on the following:		
Profit attributable to ordinary shareholders	**373.6**	369.4

	Number of shares ('000) 2020	Number of shares ('000) 2019
Weighted average number of ordinary shares for the calculation of basic earnings per share	**181,212**	180,586
Dilutive effect of share options	**1,598**	1,489
Weighted average number of ordinary shares for the calculation of diluted earnings per share	**182,810**	182,075

	2020 € cent	2019 € cent
Basic earnings per share	**206.2**	204.6
Diluted earnings per share	**204.4**	202.9
Adjusted basic earnings per share	**216.9**	215.0
Adjusted diluted earnings per share	**215.0**	213.2

Adjusted basic earnings reflects the profit attributable to ordinary shareholders after eliminating the impact of the Group's intangible amortisation charge, net of tax.

Adjusted diluted earnings reflects the profit attributable to ordinary shareholders after eliminating the impact of the Group's intangible amortisation charge, net of tax and the dilutive effect of share options.

Dilution is attributable to the weighted average number of share options outstanding at the end of the reporting period.

The number of options which are anti-dilutive and have therefore not been included in the above calculations is nil (2019: nil).

9 BUSINESS COMBINATIONS

A key strategy of the Group is to create and sustain market leading positions through acquisitions in markets it currently operates in, together with extending the Group's footprint in new geographic markets. In line with this strategy, the principal acquisitions completed during the year were as follows:

On 17 April 2020, the Group acquired 100% of the share capital of the Colt Group for an initial cash amount of €41.0m. In addition to the cash consideration for Colt, the Group assumed a net pension liability of €10.5m.

The Group also made a number of smaller acquisitions during the year for a combined cash consideration of €5.1m:

- the purchase of 100% of the share capital of Fire-Us, a UK specialist passive fire product manufacturer and distributor; and
- the purchase of 100% of the share capital of Tanks.ie, a Water & Energy business.

The table below reflects the fair value of the identifiable net assets acquired in respect of the acquisitions completed during the year. Any amendments to fair values will be made within the twelve month period from the date of acquisition, as permitted by IFRS 3, *Business Combinations*.

	Colt €m	**Other* €m**	**Total €m**
Non-current assets			
Intangible assets	10.4	5.2	**15.6**
Property, plant and equipment	12.6	(1.1)	**11.5**
Right of use assets	12.8	-	**12.8**
Retirement benefit assets	182.8	-	**182.8**
Deferred tax asset	-	-	-
Current assets			
Inventories	15.9	(4.1)	**11.8**
Trade and other receivables	44.5	(0.7)	**43.8**
Current liabilities			
Trade and other payables	(50.3)	(1.5)	**(51.8)**
Provisions for liabilities	(14.0)	(2.1)	**(16.1)**
Lease liabilities	(4.0)	-	**(4.0)**
Non-current liabilities			
Retirement benefit obligations	(193.3)	-	**(193.3)**
Lease liabilities	(8.6)	-	**(8.6)**
Deferred tax liabilities	(0.5)	(0.4)	**(0.9)**
Total identifiable assets	8.3	(4.7)	**3.6**
Non-controlling interests arising on acquisition**	-	0.8	**0.8**
Goodwill	32.7	9.0	**41.7**
Total consideration	41.0	5.1	**46.1**
Satisfied by:			
Cash (net of cash acquired)	41.0	5.1	**46.1**
Total consideration	41.0	5.1	**46.1**

*Included in Other are certain immaterial remeasurements of prior year accounting estimates as a result of the finalisation of the assignment of fair values to identifiable net assets.
**Non-controlling interests arising are measured at the proportionate share of net assets.

The acquired goodwill is attributable principally to the profit generating potential of the businesses, together with cross-selling opportunities and other synergies expected to be achieved from integrating the acquired businesses into the Group's existing business.

The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis in respect of Colt Group due to the relative size of the acquisition and the timing of the transaction. Any amendments to these fair values within the twelve-month timeframe from the date of acquisition will be disclosable in the 2021 Annual Report, as stipulated by IFRS 3.

In the post-acquisition period to 31 December 2020, the businesses acquired during the current year contributed revenue of €151.9m and trading profit of €15.9m to the Group's results.

10 POST BALANCE SHEET EVENTS

There have been no material events subsequent to 31 December 2020 which would require disclosure in this report.

11 EXCHANGE RATES

The financial information included in this report is expressed in Euro which is the presentation currency of the Group and the functional and presentation currency of the Company. Results and cash flows of foreign subsidiary undertakings have been translated into Euro at actual exchange rates or average, where this is a reasonable approximation, and the related Statements of Financial Position have been translated at the rates of exchange ruling at the balance sheet date.

Exchange rates of material currencies used were as follows:

	Average rate		Closing rate	
Euro =	**2020**	2019	**2020**	2019
Pound Sterling	**0.889**	0.877	**0.900**	0.852
US Dollar	**1.142**	1.120	**1.229**	1.121
Canadian Dollar	**1.530**	1.485	**1.567**	1.461
Australian Dollar	**1.655**	1.610	**1.596**	1.600
Czech Koruna	**26.463**	25.669	**26.264**	25.414
Polish Zloty	**4.444**	4.297	**4.589**	4.260
Hungarian Forint	**351.21**	325.31	**364.92**	330.52
Brazilian Real	**5.898**	4.415	**6.384**	4.512

12 CAUTIONARY STATEMENT

This report contains certain forward-looking statements including, without limitation, the Group's financial position, business strategy, plans and objectives of management for future operations. Such forward-looking information involves risks and uncertainties, assumptions and other factors that could cause the actual results, performance or achievements of the Group to differ materially from those in the forward-looking statements. The forward-looking statements in this report reflect views held only as of the date hereof. Neither Kingspan nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement in this report will actually occur. Kingspan undertakes no duty to and will not necessarily update any such statements in light of new information or future events, except to the extent required by any applicable law or regulation.

13 BOARD APPROVAL

This announcement was approved by the Board on 19 February 2021.