



KINGSPAN GROUP PLC

RESULTS FOR THE HALF YEAR 30 JUNE 2023

Kingspan, the global leader in high performance insulation and building envelope solutions, issues its half-yearly financial report for the six-month period ended 30 June 2023.

Financial Highlights:

- Revenue down 2% to €4.1bn, (underlying down 8%).
- Trading profit up modestly to €435.5m, (underlying down 3%).
- Group trading margin of 10.7%, an increase of 20bps versus the same period in 2022.
- Acquisitions contributed 7% to sales growth and 4% to trading profit growth in the period.
- Profit after tax of €324.0m (H1 2022: €319.9m). Effective tax rate of 17.5% (H1 2022: 17.5%).
- Strong free cashflow of €356.9m (H1 2022: €12.9m) reflecting a significant reduction in working capital year on year.
- Net debt¹ of €1,372.7m (H1 2022: €1,206.6m). Net debt⁴ to EBITDA⁴ of 1.43x (H1 2022: 1.25x).
- Basic EPS up 3% to 175.2 cent (H1 2022: 170.6 cent).
- Interim dividend up 3% to 26.3 cent (H1 2022: 25.6 cent) in line with policy guidance.
- ROCE at 15.8% (H1 2022: 18.1%), or 16.3% after annualised impact of acquisitions.

Operational Highlights:

- Record performance in a testing environment, improving order intake trend overall in recent months versus a softer comparative.
- Direct GHG emissions reduced by 51% year on year.
- Insulated Panels sales decrease of 10% driven by sluggish volumes particularly in Central and Eastern Europe with strong activity in France and the US.
- Insulation sales behind by 5%, driven by weak residential markets. Technical insulation continuing to advance reflecting ongoing demand for district heating. Extending the full spectrum of insulation offerings with planned acquisition of 51% of Steico and completion of acquisition of HempFlax in the period.
- Roofing + Waterproofing sales of €239m (H1 2022: €nil). Further development step with the acquisition of CaPlast. Business integration plans fully on track in difficult end markets.
- Significant progress at Light, Air + Water, with broader scale and margins progressing positively year on year.
- Data + Flooring medium term pipeline is encouraging driven by the data sector with artificial intelligence applications starting to feature.
- Invested a total of €271m in acquisitions and capex during the period.

Summary Financials:

	<i>H1 '23</i>	<i>H1 '22</i>	<i>Change</i>
Revenue €m	4,083.9	4,153.4	-2%
Trading Profit €m²	435.5	434.2	-
Trading Margin³	10.7%	10.5%	+20bps
EBITDA €m⁵	528.4	512.2	+3%
EPS (cent per share)	175.2	170.6	+3%

1 Net debt pre-IFRS16

2 Operating profit before amortisation of intangibles and non trading item

3 Operating profit before amortisation of intangibles and non trading item divided by total revenue

4 Net debt to EBITDA ratio is pre-IFRS16 per banking covenants

5 Earnings before finance costs, income taxes, depreciation, amortisation and non trading item.

Gene Murtagh, Chief Executive of Kingspan commented:

“We are pleased with a strong first half performance in a testing environment. Performance outcomes varied by product and by market, against a backdrop of higher interest rates and a degree of price deflation.

This year the harsh reality of climate change has become an everyday reality for many, intensifying the urgency to deliver meaningful and increasingly smart decarbonisation solutions. Kingspan’s Innovation and Planet Passionate strategies have the firm aim of addressing this challenge through driving progressively sustainable building envelope solutions. These strategies are deeply embedded across Kingspan, delivering a reduction of direct GHG emissions by over 50% in the first half and reinforcing a common goal for our people globally.

Our expanding spectrum of insulation solutions continues to progress apace. Since period end, we agreed to acquire 51% of Steico, the world leader in wood-based insulation, adding to a growing bio-based portfolio including hemp and wood-wool acoustic insulation. Along with our portfolio of LEC (lower embodied carbon) products, the first of which launched this year, we are now firmly established as a leader in the growing market for lower embodied carbon construction products.

As we look to the remainder of the year, we expect continuing strategic momentum supported by a strong development pipeline, an increasingly stable supply chain and pricing environment, and a global decarbonisation drive.”

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