

# Kingspan Group plc

## Trading Update

6 November 2023

Kingspan Group plc, the global leader in high performance insulation and building envelopes, issues this Trading Update for the period to 30 September 2023.

Sales in the nine-month period to 30 September were €6.14bn, down a touch on the same period in the prior year and in the third quarter. Sales pre currency and acquisitions were down 7% in the year to date and in the third quarter.

At this point in the year, we are on track to deliver a record full year trading profit, comfortably ahead of 2022.

**Insulated Panels** sales improved sequentially in the third quarter, down 9%, and by 10% in the first nine months. Third quarter sales volumes were up mid-single digit globally. Activity in the Americas remains strong overall, France is robust, the UK market has weakened considerably since mid-year with central and eastern Europe stable at sluggish levels of activity. Our innovation agenda continues to progress, notably QuadCore™ LEC Panels attracting interest across all key markets. PowerPanel® is on track for launch in the first half of 2024. Whilst activity levels overall are subdued, global order placement has been ahead for the last five months in succession.

**Insulation** sales in the first nine months were down 7% and by 10% in the third quarter. Sales pre currency and acquisitions were down 8% year to date and by 9% in the third quarter. Board sales volumes recorded high single digit volume growth in the third quarter. Acoustic insulation is performing well and we continue to make inroads in the natural insulation category which will be boosted further by our acquisition of 51% of Steico, expected to complete early in 2024. District heating applications could see some project deferral in the current interest rate environment. AlphaCore® is building an early-stage specification bank and Optim-R® continues to advance, particularly in the US.

**Light, Air + Water** sales in the first nine months were down 2% and by 3% in the third quarter. Underlying sales were in line year to date and were down 1% in the third quarter. Margin continues to progress reflecting a combination of ongoing advancement in specification activity and category breadth.

**Roofing + Waterproofing** experienced a difficult trading environment in the year to date although the integration of the businesses acquired over the last 12 months is progressing fully to plan. Divisional sales are tracking comfortably in excess of €500m on an annualised basis. A number of commercial initiatives are progressing with Insulation to build a Kingspan integrated roofing solution. We plan to double sales in this division within the next three years and have taken early steps in planning for multi-site US capacity. In line with this long-term objective, on 10 October 2023,

Kingspan announced a cash offer to the shareholders in Nordic Waterproofing Holding AB of SEK160 per share. The formal offer document will be issued by the end of November with an anticipated acceptance period to February 2024.

**Data + Flooring** sales in the first nine months were up 8% and up by 3% in the third quarter. Data centre activity continues to drive performance with an extraordinary pipeline of activity as we look to the years ahead.

**Net debt** at the end of December 2023 is expected to reduce by a third versus prior year to approximately €1.05bn (net debt/EBITDA 1.0x). This incorporates a development spend (acquisitions and capex) of c. €450m in the current year. The Group's working capital investment is now back to more normal levels of efficiency than the elevated position in the prior year.

### **Looking Ahead**

It is difficult to look too far ahead in this environment. Whilst end markets have their obvious challenges the global backlog of orders has remained reasonably stable over the last number of months. As highlighted at our recent Capital Markets Day, the activity pipeline in data technology, EV automotive, and refurbishment activity in general are all notable positives.

There is still some way to go in 2023 with the seasonally important fourth quarter remaining and, accordingly, we expect to deliver a record full year trading profit in the region of €875m.

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