

Kingspan Group plc

Trading Update

26 April 2024

Kingspan Group plc, the global leader in high performance insulation and building envelopes, issues this Trading Update for the quarter ended 31 March 2024 ahead of our Annual General Meeting at 9.00am today.

Overall, the Group had a reasonable first quarter despite a sluggish start to the year due in part to seasonal factors. Group sales approached €2bn for the three-month period to 31 March and were 1% behind prior year (-8% underlying). Trading volumes overall have been positive with pricing stable since the turn of the year albeit behind year-on-year reflecting lower raw material prices. It is possible however that our primary input costs could rise again in the near term.

By market during the first quarter, the Americas overall matched last year's strong start, Western Europe was seasonally subdued for the most part, and was slow to get going, with Central & Eastern Europe remaining regionally tough. The Middle East and India recorded strong sales growth in the period.

Insulated Panels sales were 6% lower (-9% underlying) although notably global sales volumes were up mid-single digit versus the first quarter of last year. Order intake volumes at a group level continues to experience year-on-year growth which augers well for sales activity in the second quarter. The increasing interplay between our distinctive Planet Passionate proposition and our customers' need for exemplar solutions is notable. QuadCore™ specification continues to advance globally bolstered by the growing appeal of its lower embodied carbon (LEC) model.

Insulation sales were 13% ahead in the first quarter buoyed by the acquisition of a controlling stake in Steico in early January. Underlying sales were 14% lower as year-on-year reduction in pricing offset modest underlying growth in rigid boards. Technical insulation, which experienced an expected slow start, has seen more momentum in recent weeks. Although it's very much early days in our journey with Steico we are strongly encouraged by the market, channel and innovation opportunities. We entered the mineral wool insulation category in recent weeks with the completion of the acquisition of Bacht's state of the art stonewool plant. The Group's spectrum of solutions is unrivalled in meeting the thermal, acoustic and fire performance needs of a vast array of building applications.

Light, Air + Water sales were down 6% (-6% underlying) in the first quarter. Activity in the US has been positive significantly offsetting softer activity in Europe. Margins are holding up well year-on-year and the development pipeline is encouraging.

Roofing + Waterproofing grew sales by 10% in the first quarter with underlying sales up 3%. Activity levels have generally been more positive compared to the early part of 2023. Our US execution plan is on schedule with two plant locations now secured

in Middle America and the Northeast and we anticipate being in production in both locations by early 2026. We acquired a further 5% holding in Nordic Waterproofing in the period, bringing our ownership to 36% at this point. Our development pipeline in this category is progressing positively.

Data + Flooring sales were up 14% (+3% underlying) in the first quarter and this trend is expected to accelerate through this year and into 2025. The pipeline of datacentre opportunities is strong, and growing, in particular as the AI rush takes hold. Our distinctive solutions underpin our confidence in this sector and our rapid capacity ramp up reflects this.

Net debt at 31 March 2024 was €1,291m, an increase of €311m in the first quarter, reflecting an aggregate increase in net debt of €364m arising from the acquisition of the Group's controlling stake in Steico. The Group's current liquidity is very strong with €1.7bn in cash and undrawn facilities. The balance sheet is robust with leverage levels currently at c. 1.2 times net debt to EBITDA.

The Board proposes to instigate a share buyback program of 1.5m ordinary shares, commencing after today's AGM subject to market conditions, in order to offset dilution from share issuances.

The Group's trading outlook as we move through the early part of the second quarter remains encouraging overall. The positive trends seen in order intake for much of 2023 have continued into 2024. Order intake volumes in each month of 2024 to date have been stronger than the same month last year. Year-on-year pricing levels ought to more closely match as we approach the mid-year period. With much of the second quarter remaining we expect to deliver a broadly similar trading profit in the first half as we did in the same period in 2023.

Overall, given ever increasing concerns around energy conservation, and the need for practical, implementable and compelling solutions to reduce carbon, Kingspan's unrivalled range of products and Planet Passionate agenda position the Group favourably for years ahead.

Kingspan's Annual General Meeting will take place at 9.00am today.

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