Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	994 917 285
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	KINGSPAN MILJØ AS
Forretningsadresse:	Gåserødveien 11 3158 ANDEBU

Regnskapsår

Årsregnskapets periode:	01.01.2019 - 31.12.2019

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Patrick Bernard Freeman
Dato for fastsettelse av årsregnskapet:	02.03.2021

Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert

År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 07.12.2021

Resultatregnskap

Beløp i: NOK	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Salgsinntekter	2,8	26 077 450	22 472 062
Sum inntekter		**26 077 450**	**22 472 062**
Kostnader			
Varekostnad	8	11 920 917	11 166 899
Lønnskostnad	3	6 681 666	5 477 764
Annen driftskostnad	3,4	6 877 739	6 012 355
Sum kostnader		**25 480 322**	**22 657 018**
Driftsresultat		**597 128**	**-184 956**
Finansinntekter og finanskostnader			
Annen finansinntekt		5 050	9 709
Sum finansinntekter		**5 050**	**9 709**
Annen finanskostnad		2 181 899	1 408 588
Sum finanskostnader		**2 181 899**	**1 408 588**
Netto finans		**-2 176 849**	**-1 398 879**
Ordinært resultat før skattekostnad		**-1 579 721**	**-1 583 835**
Skattekostnad på ordinært resultat	10	-319 835	0
Ordinært resultat etter skattekostnad		**-1 259 886**	**-1 583 835**
Årsresultat		**-1 259 886**	**-1 583 835**
Overføringer og disponeringer			
Til (fra) annen egenkapital		-1 259 886	-1 583 833
Sum overføringer og disponeringer		**-1 259 886**	**-1 583 833**

Balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	10	908 736	588 901
Sum immaterielle eiendeler		**908 736**	**588 901**
Finansielle anleggsmidler			
Investering i datterselskap	11	76 500 000	76 500 000
Sum finansielle anleggsmidler		**76 500 000**	**76 500 000**
Sum anleggsmidler		**77 408 736**	**77 088 901**
Omløpsmidler			
Varer			
Lager av varer og annen beholdning	9	1 833 579	1 687 354
Sum varer		**1 833 579**	**1 687 354**
Fordringer			
Kundefordringer		2 162 490	2 280 140
Andre kortsiktige fordringer	5	292 910	362 479
Sum fordringer		**2 455 400**	**2 642 619**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter o.l	6	4 627 813	7 217 829
Sum bankinnskudd, kontanter og lignende		**4 627 813**	**7 217 829**
Sum omløpsmidler		**8 916 792**	**11 547 802**
SUM EIENDELER		**86 325 528**	**88 636 703**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	7	100 000	100 000

Balanse

Beløp i: NOK	Note	2019	2018
Overkurs	7	15 000	15 000
Sum innskutt egenkapital		**115 000**	**115 000**
Opptjent egenkapital			
Annen egenkapital	7	11 960 390	13 544 223
Disponert resultat	7	-1 259 886	-1 583 833
Sum opptjent egenkapital		**10 700 504**	**11 960 390**
Sum egenkapital		**10 815 504**	**12 075 390**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Langsiktig konserngjeld	5	70 500 000	72 500 000
Sum annen langsiktig gjeld		**70 500 000**	**72 500 000**
Sum langsiktig gjeld		**70 500 000**	**72 500 000**
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner		449 842	483 345
Leverandørgjeld		599 571	485 616
Skyldige offentlige avgifter		1 799 071	1 547 820
Annen kortsiktig gjeld	5	2 161 538	1 544 531
Sum kortsiktig gjeld		**5 010 022**	**4 061 312**
Sum gjeld		**75 510 022**	**76 561 312**
SUM EGENKAPITAL OG GJELD		**86 325 526**	**88 636 702**

Kingspan

Kingspan Group plc

Annual Report & Financial Statements 2019

IKON
Global Innovation Centre
Kingscourt, Ireland

—

We believe we have to challenge building industry traditions through innovating advanced materials and digital technologies to achieve a net zero emissions future.

IKON, our new Global Innovation Centre, empowers us to continue to thrive in a changing world, while asking the big questions that will lead us to a more sustainable, circular and healthy future.

Our Planet Passionate sustainability vision is driving everything that we do. IKON embodies this, being a high-performance, low-carbon building envelope.

"

Climate change is the single most important issue facing the world today and our most urgent priority. At Kingspan, we are committed to driving a more sustainable approach to our business in response to these issues. Energy conservation has always been at the core of our products, and how we run our business. Through Planet Passionate we will reduce carbon and energy in both our manufacturing processes and products, and continue our relentless pursuit of low-carbon buildings that deliver more performance and value, with clear targets to strive for by 2030.

Gene M. Murtagh
CEO, Kingspan

The value we create

Within our 2019 Annual Report we highlight a number of case studies which demonstrate the many ways in which Kingspan creates superior value for building owners and building occupants, utilising innovative products that can meaningfully contribute to a more sustainable future.

Reader note:
Please cross reference this information page with the case study pages throughout the report.

CASE STUDY

Product	→	**18 Kingspan products and systems** have been utilised on IKON, from across each of our five businesses.
Energy/ Carbon Saving	→	IKON's high-performance building envelope and optimised lighting contribute to an expected **50% outperformance** versus the ASHRAE 90.1-2010 baseline.
Space/ Dimensions	→	QuadCore™ panels enabled us to **reduce insulation thickness by over 50%** versus mineral wool, increasing useable space and ultimately the value of the asset.
Health & Wellbeing	→	IKON uses sensors to measure light, noise, temperature, air quality and air pressure to **enhance indoor comfort** for occupants and as research for future innovation.
Speed/ Ease of build	→	Kingspan's unitised systems and coordinated supply chain delivered a **significantly faster build time** when compared with a built-up system.
Aesthetics	→	IKON is a **finalist for Project of the Year**, Irish Construction Excellence (ICE) Awards 2020.
Planet Passionate/ Sustainability	→	The QuadCore™ panels used on IKON are made using renewable energy and contain **over 15% recycled content**.
Awards/ Certifications	→	IKON is targeting **LEED V.4 Gold** Certification.

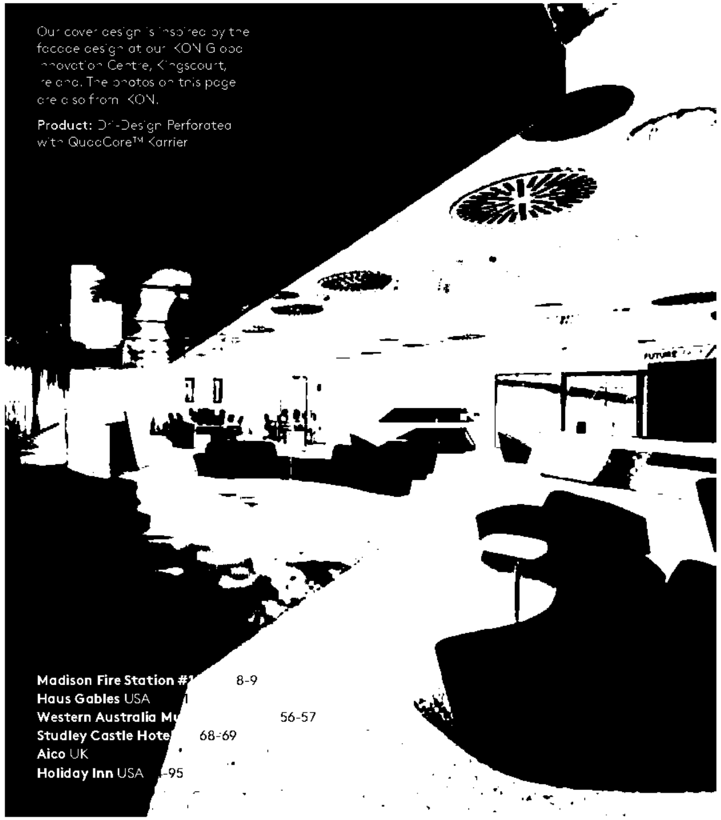
Sustainable Development Goals (SDGs)

At Kingspan we recognise that action, at scale, is urgently needed to avert a climate emergency. As a business leader we are committed to contributing toward the UN's Sustainable Development Goals through our products, our processes, our partnerships and our people.

6 CLEAN WATER AND SANITATION →	✓
→	✓
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE →	✓
11 SUSTAINABLE CITIES AND COMMUNITIES →	✓
12 RESPONSIBLE CONSUMPTION AND PRODUCTION →	✓
13 CLIMATE ACTION →	✓

Find out more in our Sustainability Report

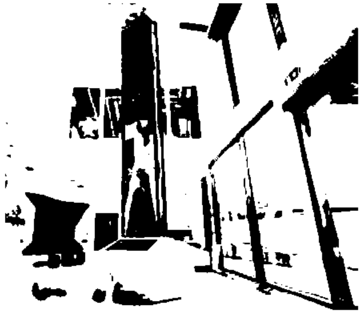
IKON is our new Global Innovation Centre, dedicated to advanced material science and the digitalisation of construction.
It has been built to the highest standards of sustainable design and is a showcase for high-performance building envelope design using 18 Kingspan products and systems. The building itself is a living research project, providing a foundation for future value creating innovation.

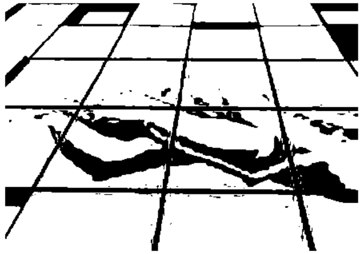


Our cover design is inspired by the facade design at our IKON Global Innovation Centre, Kingscourt, Ireland. The photos on this page are also from IKON.

Product: Dri-Design Perforated with QuadCore™ Karrier

Madison Fire Station #1 8-9
Haus Gables USA
Western Australia Mu[...] 56-57
Studley Castle Hotel 68-69
Aico UK
Holiday Inn USA [..]-95





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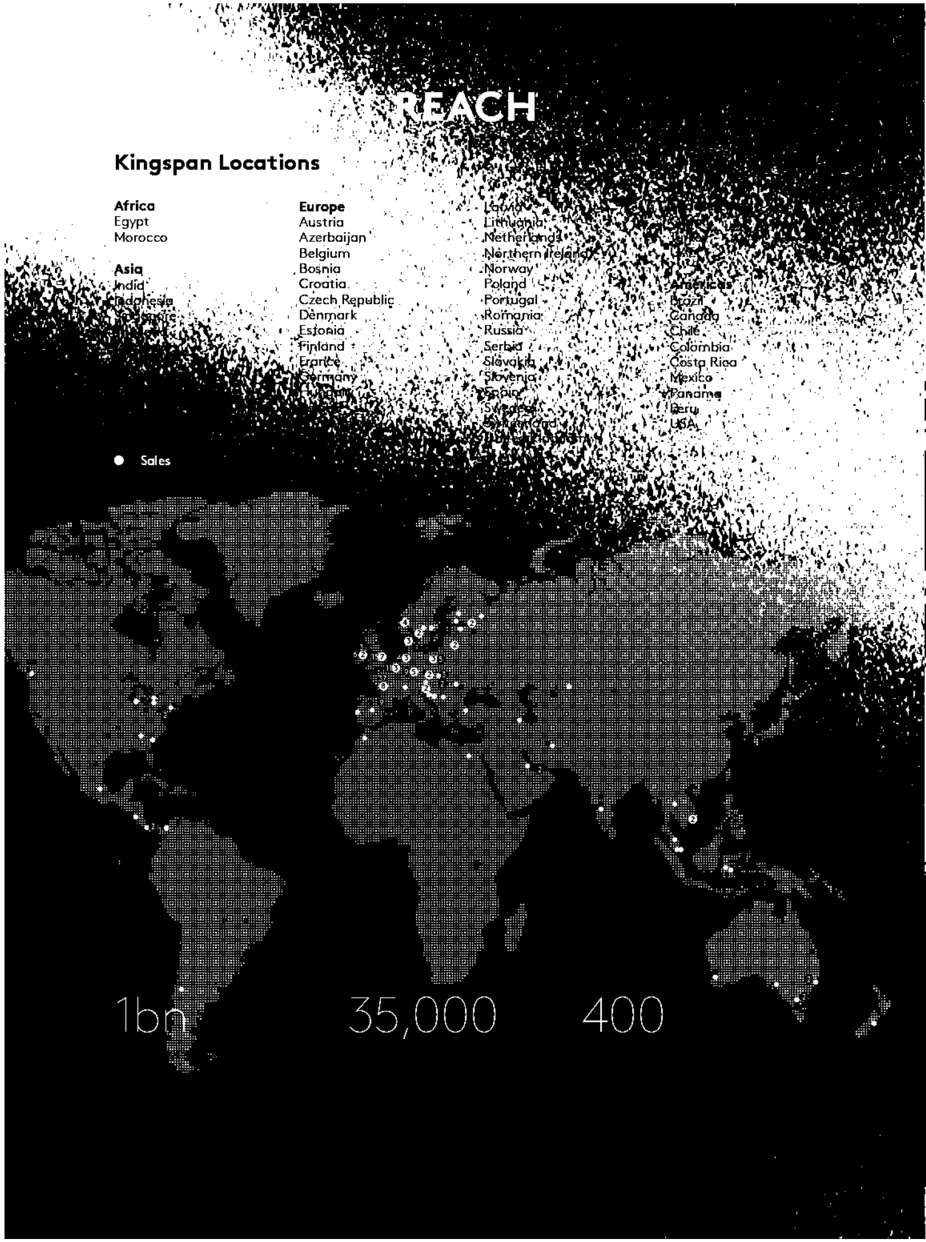
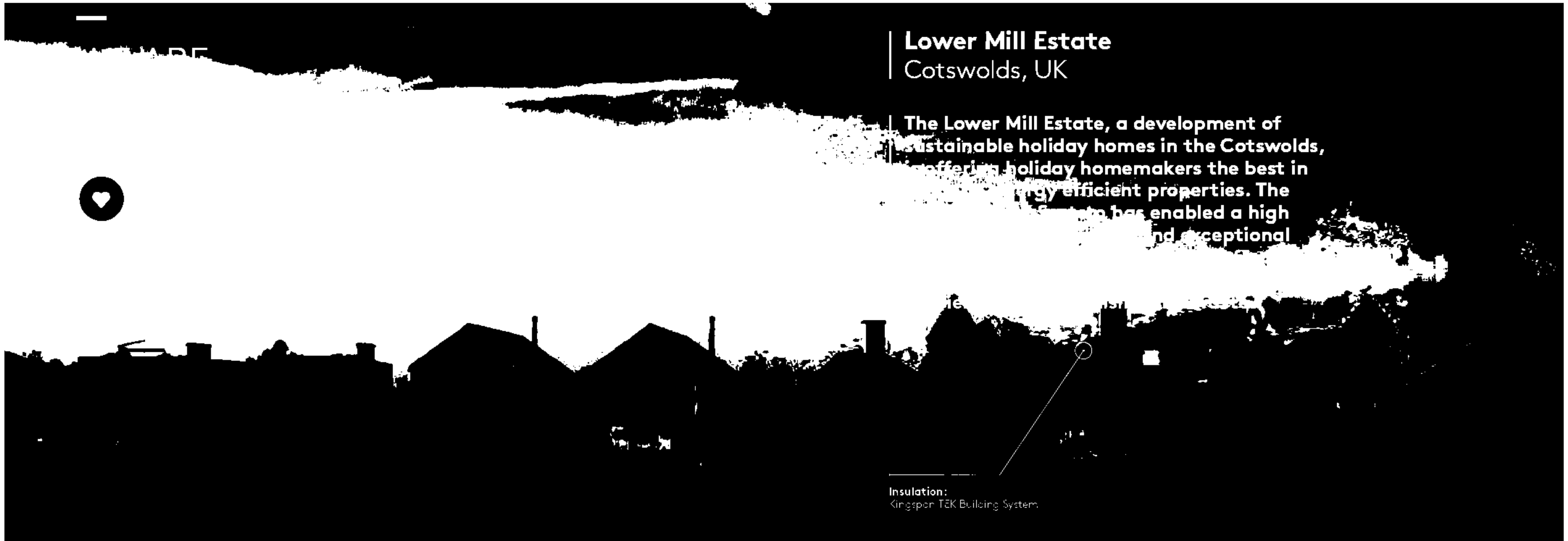

REACH
Kingspan Locations
Africa
Egypt
Morocco
Asia
Europe
Austria
Azerbaijan
Belgium
Bosnia
Croatia
Czech Republic
Denmark
Estonia
Finland
France
Latvia
Lithuania
Netherlands
Northern Ireland
Norway
Poland
Portugal
Romania
Russia
Serbia
Slovakia
Slovenia
Americas
Canada
Chile
Colombia
Costa Rica
Mexico
Panama
Peru
USA
Sales
1bn
35,000
400


Insulated Panels:



Lower Mill Estate
Cotswolds, UK

The Lower Mill Estate, a development of sustainable holiday homes in the Cotswolds, offering holiday homemakers the best in energy efficient properties. The ... has enabled a high ... exceptional

Insulation:
Kingspan TEK Building System

The total projected en... over the lifetime of the Kingspan insulation s... worldwide in 2019, is equivalent to:

Over four hundred and forty-one million barrels of oil

Up to 18.1 tim... the annual ... consumptio... Greater L...

259

79m

ENERGY

CARBON

CIRCULARITY

WATER

2020

... by 2050
... to 20% by 2030
... by 2030

...es by 2025

*figures are based on savings of insulation systems in use for 60 years.

Credit: Habitat First Group

SUMMARY FINANCIALS

Revenue	EBITDA[1]	Trading Profit[2]	Trading Margin	Profit After Tax	EPS
€4.7bn	€579.8m	€497.1m	10.7%	€377.8m	204.6c
+7%	+11%	+12%	+50bps	+13%	+11%
2018: €4.4bn	2018: €521.2m	2018: €445.2m	2018: 10.2%	2018: €335.8m	2018: 18[illegible].0c

1 Earnings before finance costs, income taxes, depreciation, amortisation and the impact of IFRS 16
2 Operating profit before amortisation of intangibles

BUSINESS & STRATEGIC REPORT

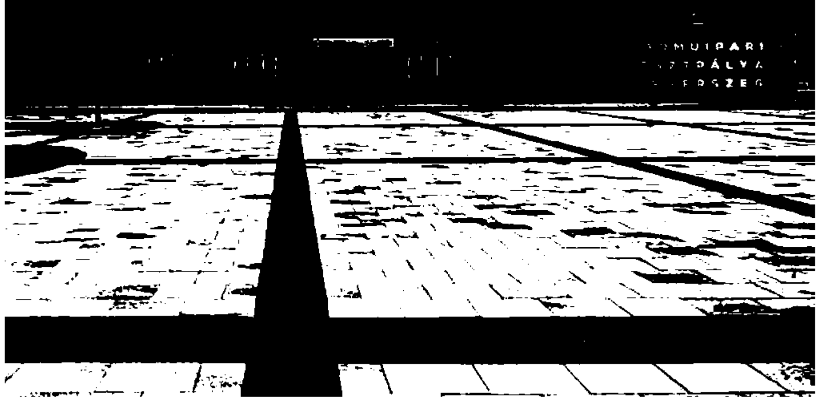
Madison Fire Station #14
Wisconsin, USA

"We wanted daylighting, but with a west orientation for the main facade of the building, we knew we'd have to work hard to control solar gain and glare. Instead of all glass, we looked for another material. How could we minimise solar gain and glare? The product really stood out for its qualities of daylighting and energy efficiency. The patterning, and the modularity of the system all worked out with our design.

Mark Kruser, AIA, Project Manager, OPN Architects

Click here to see more

Product	UniQuad® Translucent Walls
Energy/ Carbon Saving	The UniQuad® translucent daylighting system contributed to the station's LEED Platinum rating and its **70% energy saving** versus comparable facilities.
Space/ Dimensions	2,630 square feet of **natural daylighting** and its associated health benefits.
Health & Wellbeing	Optimal light levels help to **reduce stress**, **improve concentration** and promote positive emotional functioning to the fire fighters on duty.
Speed/ Ease of build	Unitised design enabled fast, **efficient installation** and superior quality control.
Aesthetics	Soft, ambient light illuminates the station at night, giving it a **strong, visible presence** in the community.
Planet Passionate/ Sustainability	UniQuad® aluminium contains up to **40% recycled content**, with polycarbonate containing up to **10% recycled content** and the product itself is **continuously recyclable**.
Awards/ Certifications	LEED **Platinum**
6 Clean water and sanitation	–
	✓
9 Industry, innovation and infrastructure	✓
11	✓
12 Responsible consumption and production	✓
13 Climate action	✓



CHAIRMAN'S STATEMENT

In 2019 Kingspan continued its evolution as the global leader in high-performance insulation and building envelope solutions. It marked another year of record financial performance with total sales of €4.7bn and a trading profit of over €497m.

Hungary
APZ Test Track, Zalaegerszeg

Insulated Panels:
Dri-Design Rainscreen Facade
IPN Karrier Panel

By focusing on our four key strategic pillars: increased penetration of our existing product suite; the continued evolution of Kingspan's geographic footprint; differentiation from our competitors driven by innovation; and our new Planet Passionate goals; Kingspan has delivered a ninth straight year of trading profit growth.

Deeper penetration into our existing markets remains a core focus, and the successful integration of our Synthesia and Balex acquisitions throughout 2019 bolstered our position in Europe, whilst the acquisition of Bacacier during the year also gives us a market leading position in France.

At the same time we built on our entry into new geographies, such as Latin America and Southeast Asia, which are converting from traditional building methods to more advanced building solutions. We continued our organic expansion with the successful commissioning of a new insulated panel facility in the south of Brazil. The first full year of our partnership with Jindal Mectec has performed well, whilst our office in Singapore continues to grow and provides a bridgehead to explore further opportunities in Southeast Asia.

2019 was also a landmark year for Kingspan's commitment to innovation, with the completion of IKON, our new Global Innovation Centre in Kingscourt. IKON has been built to the highest standards of sustainable design and is a showcase for Kingspan products and systems. Significant research activities going on in this state-of-the-art facility include the development of a new fibre-free A1 AlphaCore® insulation board, the next generation of our market-leading QuadCore™ insulated panels and Kooltherm® insulation boards, and a revolutionary new integrated solar PV panel, all designed to help our customers efficiently reduce energy costs and the environmental footprint of their businesses.

This year Kingspan also unveiled the next phase in its programme to be a leader in tackling climate change. As part of our 10-year Planet Passionate strategy, Kingspan has committed to hitting 12 ambitious targets by 2030, including increasing on-site generation of renewable energy to 20%, achieving a net zero carbon impact from our manufacturing processes, and committing to a target of upcycling one billion PET plastic bottles per annum from 2025.

Management and employees
During the year the Board visited our Joris Ide site in Germany, and the recently acquired Balex facility in Poland. We were pleased to have the opportunity to meet with local staff and management, to see the great work they are doing and to hear, from them, their plans for the future.

On behalf of the Board, I want to thank all Kingspan's management and employees across the globe for their hard work and contribution to Kingspan's success in 2019, and we look forward to visiting and meeting with more of the local teams in 2020.

Dividend
The Board is recommending a final dividend of 33.5 cent per share, which if approved at the Annual General Meeting, will give a total dividend for the year of 46.5 cent, an increase of 11% on prior year. This continues the Board's policy of growing the shareholder dividend in line with the Company's continued progression.

If approved, the final dividend will be paid (subject to Irish withholding tax rules) on 7 May 2020 to shareholders on the register at close of business on 27 March 2020.

Board governance and composition
The Board is committed to high standards of corporate governance and has refined its approach to align with the principles of the new UK Corporate Governance Code (2018). Further details of the best practice governance policies and procedures we have adopted are set out in the Directors' Report of this annual report. The Board, through the Audit Committee, carefully monitors and manages risk across the business, and throughout the year the Board engaged in dialogue with our major shareholders on the Company's strategic and financial performance as detailed in the Financial Review in this Annual Report, as well as on our remuneration policy as set out in the Remuneration Report. We look forward to continuing this open dialogue with our stakeholders in the years ahead.

As part of the process of continually refreshing the Board, we were pleased to announce the appointment of Anne Heraty as a non-executive director to the Board last August. Anne has more than two decades of experience as an entrepreneur and CEO of an international plc, and we are delighted to welcome her to our Board.

Earlier during 2019, Helen Kirkpatrick retired as a non-executive director having served for almost 12 years on the Board and various committees. On behalf of the Board, I would like to thank Helen for her wise counsel and contribution to Kingspan during those years.

Looking ahead
Whilst 2019 presented challenges which the business has successfully navigated, I am confident that the diverse and globalised business we have built is well placed to address whatever new challenges and opportunities 2020 may present. Our focus remains on continued growth both organically and through a disciplined acquisition strategy. This is supported by investment in research and development to ensure we have a product suite that outperforms the competition, and a sustainable business model through our Planet Passionate goals, which leads our customers to choose Kingspan.

Eugene Murtagh
Chairman
21 February 2020

BUSINESS MODEL & STRATEGY

Kingspan is the global leader in high-performance insulation and building envelopes. Our mission is to accelerate a net zero emissions future with the wellbeing of people and planet at its heart. We do this through enabling high-performance buildings that can save more energy, carbon and water.

Through our relentless development of innovative and proprietary technology we have created a portfolio of products which create value across a number of key metrics. Critically, through the differentiated thermal performance of our innovative solutions, we help design teams, architects and ultimately our customers to play their part in tackling climate change. Today, the construction and operation of buildings together account for 36% of global energy use and 39% of energy-related CO_2 emissions when upstream power generation is included.

Action, at scale, is urgently needed.

Founded in Kingscourt, Co Cavan, Kingspan has expanded into a truly global business operating in over 70 countries and employing more than 15,000 people. We execute our strategy across four strategic pillars and five businesses.

Our businesses:

1.Insulated Panels
Kingspan Insulated Panels is the world's largest and leading manufacturer of high-performance insulated panel building envelopes. Powered by Kingspan's proprietary and differentiated insulation core technologies, a Kingspan panelised envelope provides building owners with consistently superior build quality and lifetime thermal performance compared with built-up constructions using traditional insulation.

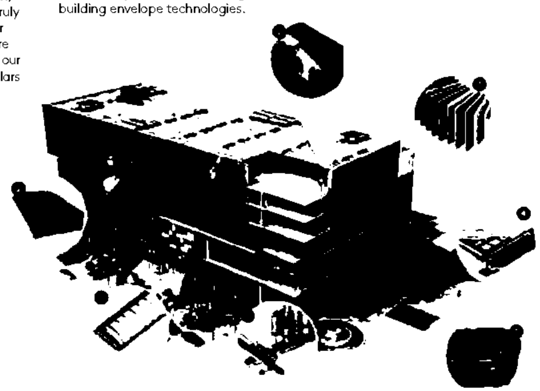
2. Insulation Boards
Kingspan is a world leader in Insulation Boards, pipework and ducting. Our advanced insulation technologies deliver superior thermal performance and air-tightness when compared with traditional insulation, resulting in thinner solutions that offer multiple advantages including more internal floorspace and daylighting.

3. Light & Air
Kingspan Light & Air is established as a global leader providing a full suite of daylighting solutions, as well as natural ventilation and smoke management solutions, which complement our existing building envelope technologies.

Thermal comfort, indoor air quality and natural daylighting are widely recognised as the most important factors affecting occupant wellbeing in buildings.

4. Data & Flooring
Kingspan is the world's largest supplier of raised access flooring. Raised access flooring is the most cost effective way of creating a flexible working environment by utilising the floor void to manage the distribution of M&E services and HVAC systems. Our systems have many benefits including optimising overall building height, achieving faster construction with greater design flexibility, enabling easier reconfiguration of a workspace, and improving indoor air quality.

5. Water & Energy
Sustainable water management is rapidly becoming one of the greatest challenges of our time. We manufacture and support pioneering new technologies to preserve and protect water. Kingspan is also a market leading manufacturer of innovative energy management solutions.



THE VALUE WE CREATE

... and easily ... on-site, ... working at ... internal fit-out and ... for multiple trades.

... building. The case studies we present ... are testament to the impact of a high-end architectural ... Kingspan's facade and daylighting solutions integrate with our ... insulation systems to deliver a truly exceptional building envelope.

Planet Passionate/Sustainability
At Kingspan we understand the importance of the resources that we rely on to deliver our best-in-class products – the people that drive a culture of innovation and entrepreneurship, the communities that we embrace, and the natural resources that we employ. We have committed to Net Zero Energy operations from 2020, Net Zero ... 2030 and a 50% reduction in product CO_2 intensity from our primary suppliers ... Read more about our Planet Passionate commitments in the ...

Awards/Certification
Environmental certification can help to ... enhance future asset value! Kingspan's ... green building rating systems such as ... including energy, materials, indoor ...

STRATEGIC GOALS & PILLARS

Strategic Goals

- → To be the leader in high-performance insulation globally with proprietary and differentiating technologies.
- → To be the world's leading provider of low energy building envelopes – Insulate and Generate.
- → To expand globally, bringing high-performance building envelope solutions to markets which are at an earlier stage in the evolution of sustainable and efficient building methods.
- → To deliver 20% Return on Investment.
- → To progress our Net Zero Energy goal by delivering on our ambitious 10-year Planet Passionate commitments which aim to make significant advances in the sustainability of both our business operations and our products.
- → To advance materials, building systems and digital technologies to address issues such as climate change, circularity and the protection of our natural world.

Strategic Pillars

INNOVATION

Differentiation from competitors driven by superior innovation:

- → Kingspan's IKON, our new Global Innovation Centre, opened its doors in 2019. Built to the highest standards of sustainable design, IKON is a showcase for high-performance building materials, incorporating 18 Kingspan products and systems. Containing state-of-the-art research equipment and prototyping capabilities, IKON is home to a team of people dedicated to research and development in advanced material science and will further our commitment to a more sustainable, circular and healthy future.
- → Development of a pioneering integrated insulated panel with solar technology, and the fibre-free, A-Class insulation material.
- → The digitalisation of Kingspan, transforming how we do business and how our specifiers and customers interact with us now and in the future.
- → Co-innovating with the industry. Kingspan sponsored the 2019 Rotman Design Challenge, tasking students with the topic of disruption in the construction industry and sought innovative solutions to the question of where disruption will come from in the industry and in what form.

GLOBAL

The continued evolution of Kingspan's geographic footprint as we build market leading positions globally:

- → Kingspan has evolved into a truly global business. Ten years ago 52% of our end-market exposure was in the UK and Ireland, in 2019 it was less than 25. Over the past two years we have entered markets which are only beginning to embark on the conversion to high-performance building envelopes such as Brazil, Colombia and India.
- → In 2019 we opened a new facility in Cambui, Brazil, to support the ongoing development of Kingspan Isoeste and conversion of the Brazilian market.
- → Kingspan Light & Air opened a new facility in Saint-Priest in 2019. The 30,000m² campus will be central to expanding our capabilities and presence in France and Southern Europe and exemplifies what can be achieved with Kingspan systems, achieving BREEAM "Very good" certification.
- → We acquired Bacacier, an integrated metal profiling and insulated panel distributor with an extensive network across France. We look forward to working with the Bacacier team to further develop the region.

PENETRATION

Increased penetration of Kingspan's product suite. Underpinned by efficiency gains from high-performance building envelopes, regulatory changes and an increasing awareness of the long-term environmental impact of inefficient building design:

- → Continued penetration growth and conversion from traditional insulation and building methods has been, and will continue to be, a core driver of our success.
- → Ongoing revisions to key EU legislation including the Energy Performance of Buildings Directive (EPBD) continue to drive industry to take action.
- → QuadCore™ now represents 9% of Kingspan's global insulated panel sales and Kooltherm® represents 39% of Kingspan's insulation board sales. Kingspan's best-in-class proprietary products continue to drive penetration as architects and design teams seek out advanced solutions for energy efficient building envelopes.
- → The rising tide of climate awareness and compulsion to take action is an underlying positive trend for structural penetration gains over the long-term.

PLANET PASSIONATE

In 2019, we launched our new Planet Passionate programme across Kingspan and to the industry. This is a critical first step in the next phase of our journey to proactively address the key sustainability challenges that face our planet. Through our Net Zero Energy programme, we have already made great strides in powering our business on renewable energy, and with Planet Passionate we are setting ourselves even more challenging goals for the next 10 years. We are committing to hard targets in the areas of energy, carbon, circularity and water.

- → **Energy:** Increase our direct use of renewable energy to 60% of total energy use, increase on-site generation to 20% and deploy rooftop Solar PV on all wholly owned sites by 2030.
- → **Carbon:** Net zero carbon manufacturing, 100% zero emission company funded cars, and a 50% reduction in product carbon intensity from primary supply partners by 2030.
- → **Circularity:** Zero company waste to landfill by 2030 and upcycling 1 billion PET bottles into our manufacturing processes per annum from 2025.
- → **Water:** Harvest 100 million litres of rainwater by 2030 and support 5 ocean clean up projects by 2025.

Left:
Ireland
Project Showrooms, Dublin
Insulated Panels:
QuadCore™ Trapezoidal Roof and Wall Panels; Day-Lite Trapezoidal Rooflights

2019 IN A NUTSHELL

Ireland
IMC Cinema, Kilkenny
Insulated Panels:
Steel Framing System; QuadCore™ Karrier; Dri-Design Shadow, Shingle, Evolution Axis

Products

5% Data & Flooring
7% Light & Air
19% Insulation Boards
4% ...r & Energy
65% Insulated Panels

Drivers

15% Other
85% Energy Efficiency & Conversion

Geography

7% Rest of World
19% UK
21% Americas
53% Europe

Sector

18% Residential
12% Office & Data
70% Commercial & Industrial

End-Market

20% Refurbishment
80% New Build

Channel

30% Via Distribution
70% Direct

Revenu...

€4.7bn

Applications

- Retail
- Distribution
- Leisure
- Accommodation
- Food
- ...uring
- Data Management
- Infrastructure

How we operate

157
Global manufacturing facilities

15,000+
Employees

- Management controls
- Quality systems
- Responsible supply chain partnerships

How we create value

- Product innovation and differentiation
- Excellent customer service
- Energy efficient sustainable building envelope solutions
- We operate our businesses to the highest standards
- We acquire excellent businesses
- We recycle capital to optimise returns
- We maintain financial discipline
- We balance our portfolio of businesses across product and geography
- We drive sustainable practices in our operations through our Planet Passionate initiatives

Trading Profit[2]

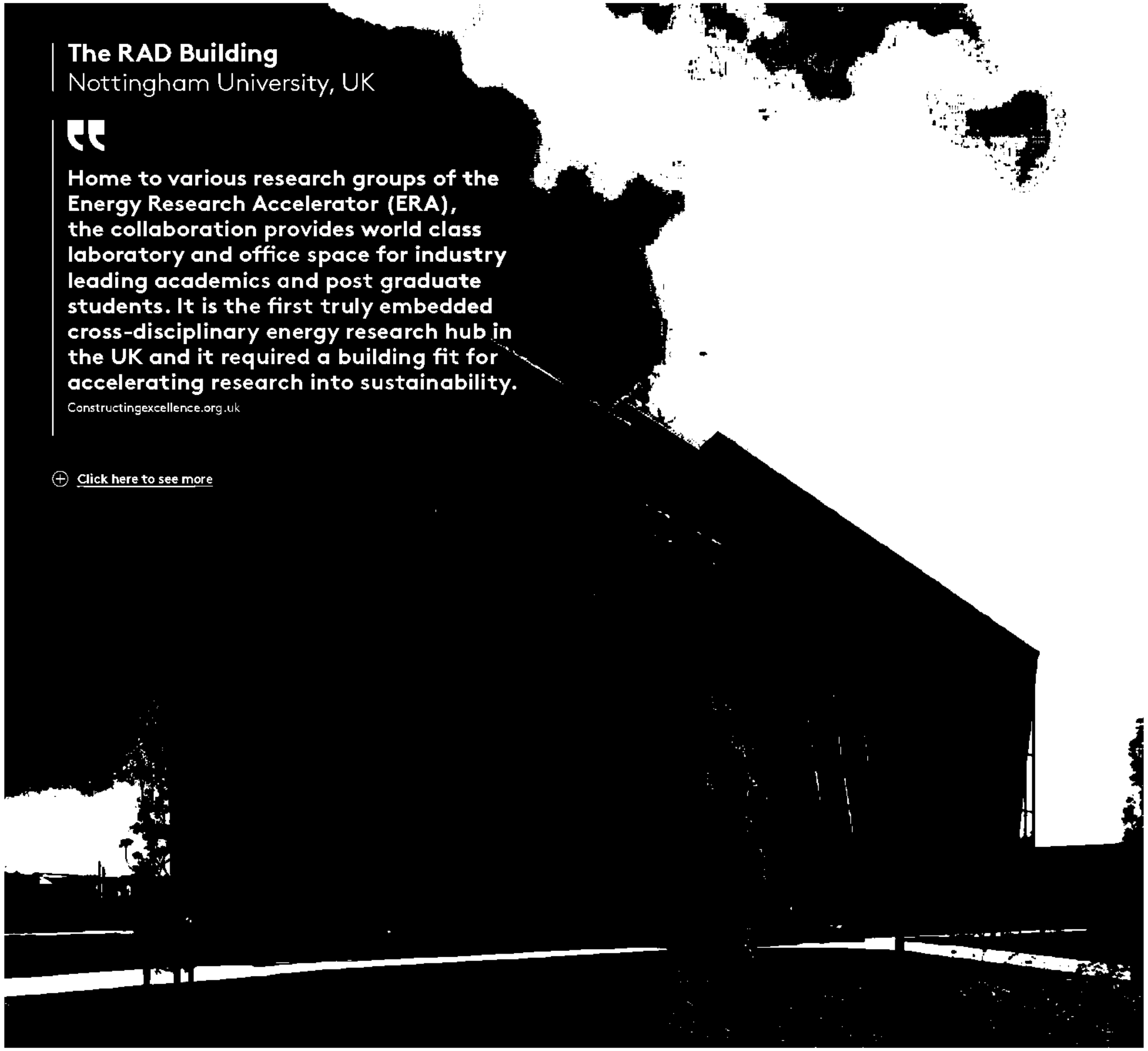
€497.1m

Value created

EBITDA[1]
€579.8m

Free cash

Product	Kingspan TEK™ Cladding Panel
Energy/ Carbon Saving	Kingspan's TEK™ Cladding Panels supported construction of an **airtight, high-performance building envelope**, helping to reduce estimated energy demand to below 15 kWh/m²/yr.
Space/ Dimensions	Changing the specification to a thinner build using Kingspan TEK™ Cladding Panels **saved up to 250mm wall depth** versus the original specification, maximising the useable floor space.
Health & Wellbeing	The RAD Building prioritises user wellbeing by **maintaining thermal comfort levels** through carefully regulated internal environments.
Speed/ Ease of build	The offsite production and dry, panelised construction of the Kingspan TEK™ Panels supported a **fast and predictable build**, making the building weathertight at an early stage.
Aesthetics	The factory-engineered SIPs afforded considerable design freedom, allowing the architects to create a striking building with a **unique and dynamic appearance**.
Planet Passionate/ Sustainability	The facility at which Kingspan TEK™ Cladding Panels are produced, carries **FSC®**- C109304 and PEFC Chain of Custody certification.
Awards/ Certifications	The RAD Building has been designed to achieve **BREEAM 'Excellent'** and was the 2019 winner of the East Midlands Constructing **Excellence Sustainability Award**.
6 CLEAN WATER AND SANITATION	–
	✓
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	✓
11 SUSTAINABLE CITIES AND COMMUNITIES	✓
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	✓
13 CLIMATE ACTION	✓



The RAD Building
Nottingham University, UK

"Home to various research groups of the Energy Research Accelerator (ERA), the collaboration provides world class laboratory and office space for industry leading academics and post graduate students. It is the first truly embedded cross-disciplinary energy research hub in the UK and it required a building fit for accelerating research into sustainability.

Constructingexcellence.org.uk

Click here to see more

CHIEF EXECUTIVE'S REVIEW

…ff a decade of great …ingspan with revenue …fit ahead of prior year … respectively.

Dubai
Bluewaters Island

Insulation Boards:
Kooltherm® K10 Soffit Board

Financial Highlights:

Operational Highlights:

…owth …nce in …d Europe …l with the …Germany. …particularly in …ther headway …QuadCore™, … sales.

…rds sales growth …nuing progress on … and share gain from … materials.

…derlying volume growth …d 8% in Insulated Panels …lation Boards partially … by the pricing impact of …raw material deflation.

Light & Air sales growth of 12% buoyed by a strong … performance in the US … activity in Mainland Eur… Daylighting centre of … under construction in …

Water & Energy sal… 3% with progress i… a difficult UK en… and more subd… harvesting…

Data & Floor… of 13% reflect… datacentre… geographic…

Business Review
2019 capped off a decade of great progress for Kingspan with revenue and trading profit ahead of prior year by 7% and 12% respectively. Over the past decade sales and trading profit grew in excess of fourfold and sevenfold respectively. Group sales reached almost €4.7bn, and trading profit €497m. Despite the significant macro instability in a number of our key markets the Group performed well in the first half, but was weaker towards year end. Predictably, the UK was the most notable illustration of this.

Underlying volume growth at the larger Insulated Panels and Insulation Boards divisions was 4% and 8% respectively. Underlying revenue was 1% ahead in Insulated Panels and 1% lower in Insulation Boards reflecting the impact of lower pricing due to raw material deflation over prior year.

During the year we invested a total of €305m continuing on our path of both organic and new acquisition expansion worldwide. New facilities were either completed or commenced in Sweden, UAE, USA, the Netherlands and Brazil. Acquisition investment was €144m, comprising most notably Bacacier in France for €122m.

2019 marked the launch of our global Planet Passionate initiative, building upon the last decade of progress on our Net Zero Energy agenda. We have now embarked on our next ambitious 10 year journey to radically advance Kingspan across the four key themes of Energy, Carbon, Circularity and Water. This agenda is central to our purpose and entails the following targets and timelines:

ENERGY

- Maintain our Net Zero Energy status
- Increase our direct use of renewable energy to 60% by 2030
- Increase our on-site generation of renewable energy to 20% by 2030
- Install solar PV systems on all wholly owned facilities by 2030

CARBON

- Net zero carbon manufacturing by 2030
- 50% reduction in product CO_2 intensity from our primary supply partners by 2030
- 100% zero emission company funded cars by 2025

CIRCULARITY

- 1 billion PET bottles upcycled into our manufacturing processes per annum from 2025
- All QuadCore™ insulation to utilise upcycled PET by 2025
- Zero company waste to landfill by 2030

WATER

- 5 active ocean clean-up projects by 2025
- 100 million litres of rainwater harvested by 2030

1 Net Debt and EBITDA both pre-IFRS 16
2 Earnings before finance costs, income taxes, depreciation, amortisation and the impact of IFRS 16

INSULATED PANELS

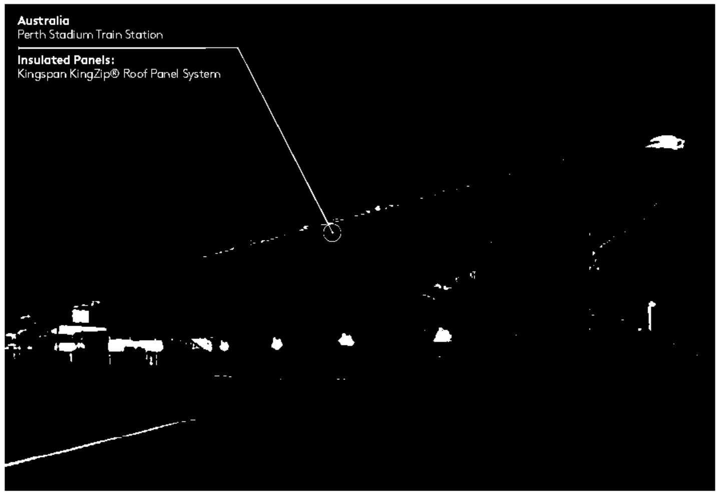
QuadCore™ penetration reached 9% globally, with sales up 36% over prior year. In Mainland Europe, the trading picture was quite mixed overall although most regions started the year ahead of 2018. France and Spain performed particularly well throughout the year as the Kingspan model has become more embedded in these markets in recent years. In the Benelux, revenue was marginally ahead although the Netherlands weakened in the last quarter owing to environmental legislation that affected progress on many building sites. This headwind is expected to ease somewhat in 2020. The German market has been key for us in recent years although it stagnated during 2019. We have taken steps to ensure our competitiveness is enhanced, including significant focus on QuadCore™. Poland and the broader Central European markets were steady as was our activity in the Nordics.

Significant progress was achieved across all markets in the Americas over the year. Penetration in the USA and Canada has continued to grow as modern and more efficient methods of construction become increasingly adopted and Kingspan's solutions become the basis of specification in many applications which historically would have used more traditional materials. The roll-out of QuadCore™ is also gaining momentum and this will be further enabled with the new production line in Modesto, California, that is nearing completion. In Latin America, progress has also been encouraging with a gradual gain in position in Mexico and continuing our momentum in Brazil where we opened a new facility in Cambui late last year. We have also broken ground on a fifth plant in the region which will be in southern Brazil. Other regions in Latin America are now also under developmental review.

At the outset of 2019 the UK backlog and general activity was healthy, showing no signs of the weakness that ensued in the second half of the year. As the political uncertainty grew through the year more building projects were postponed which, when combined with accelerating deflation in the latter part of the year, resulted in a disappointing outturn overall. QuadCore™, however, continued to grow in share. With the momentum in QuadCore™ continuing through early 2020, together with a more stable political backdrop, we should see activity improve from the evident weakness of the first quarter.

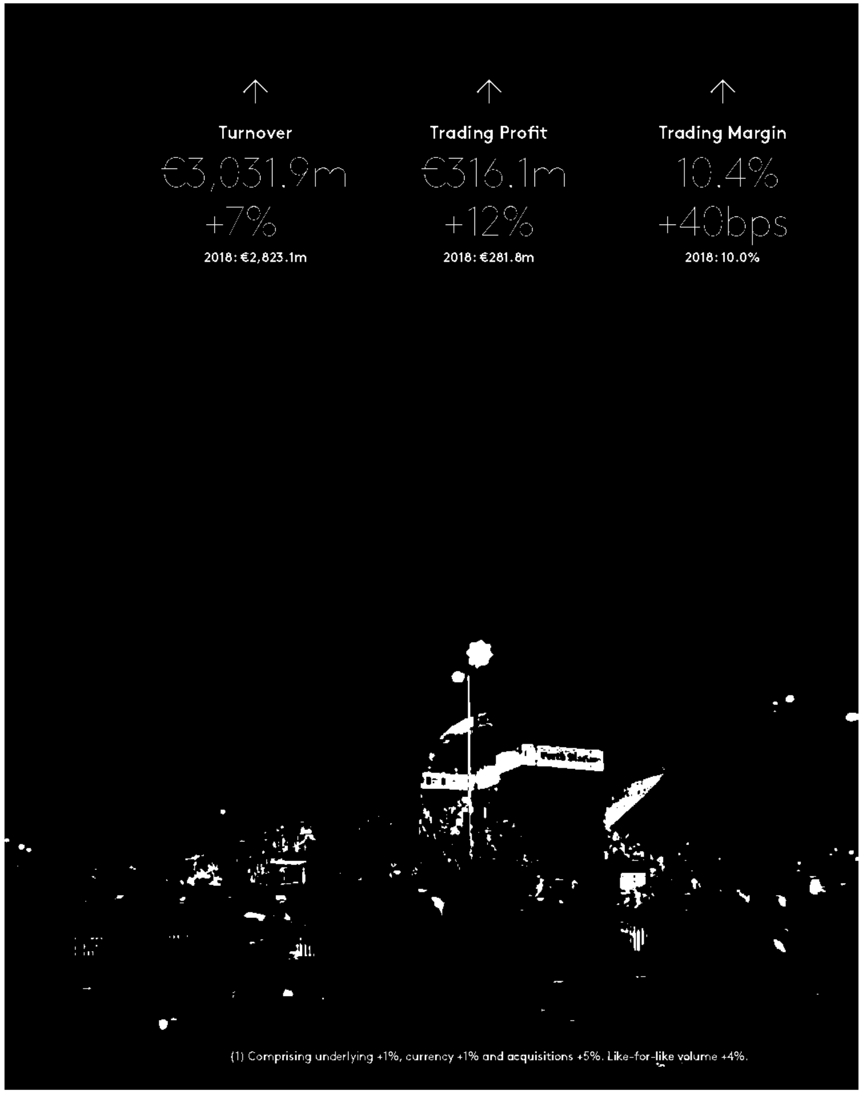
Activity for Insulated Panels in Australia was solid over the year while in New Zealand the business advanced significantly over 2018. Although relatively embryonic in Southeast Asia, revenue has grown year-on-year and we continue to build a base level of demand in the region which should necessitate local manufacturing in the not too distant future. Our Indian business delivered its plan for the year, while the Middle East remains a challenge for the Panels business.

Volume growth in Ireland was healthy for most of the year but weakened towards year-end, pointing towards a slow start to 2020.



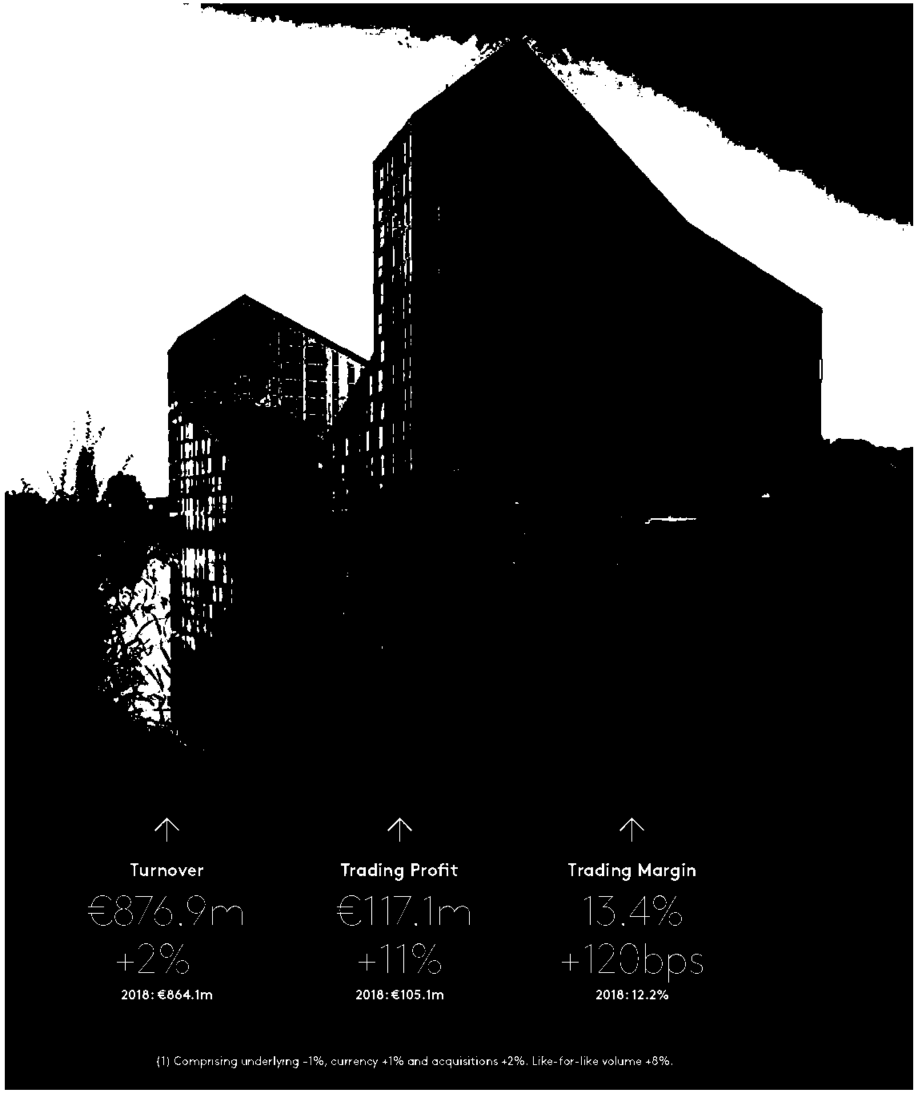
Australia
Perth Stadium Train Station

Insulated Panels:
Kingspan KingZip® Roof Panel System



Turnover	Trading Profit	Trading Margin
€3,031.9m	€316.1m	10.4%
+7%	+12%	+40bps
2018: €2,823.1m	2018: €281.8m	2018: 10.0%

(1) Comprising underlying +1%, currency +1% and acquisitions +5%. Like-for-like volume +4%.



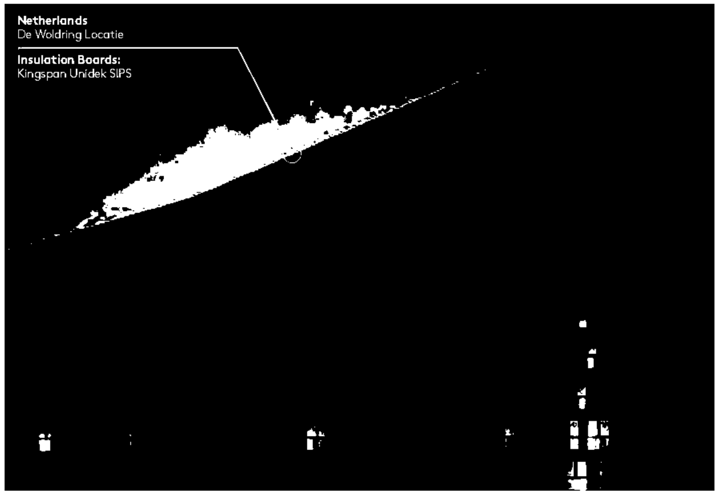
INSULATION BOARDS

On the whole, the Insulation Boards business performed well across Continental Europe. 2018 was marred by heavy raw material inflation followed by rapid deflation through 2019. This led to a challenge in maintaining price, and of course margins. Despite this, volumes grew substantially in the Benelux and Southern Europe and improved in Germany and the Nordics. A new Kooltherm® plant will come on stream later this year in Sweden to support continued conversion from legacy mineral fibre insulation. Kooltherm® volumes grew by 15% in the year.

In the UK, volumes were strong in the early part of the period followed by weakness in the latter half of the year, largely owing to the uncertain political backdrop which was very pronounced at that point.

Progress continued in North America where our presence to date has been limited to a single XPS facility in the North East. We expect to build and commission a new PIR/QuadCore™ board facility during 2021/2022 which will be the first plant of our phased roll-out in the US, and will sit alongside a new Insulated Panel facility currently under development in Pennsylvania.

Our business in the Middle East delivered another year of solid growth largely in the Industrial Insulation sphere. Strong recovery was evident in the Australasia market as Kooltherm® grew its presence against local legacy mineral fibre and other insulation materials. In Ireland, the business had a solid outcome for the year across both the Insulation Board and structural residential Timberframe business units.



Turnover
€327.7m
+12%[1]
2018: €291.8m

Trading Profit
€25.2m
+17%
2018: €21.5m

Trading Margin
7.7%
+30bps
2018: 7.4%

(1) Comprising underlying +9%, currency +1% and acquisitions +2%.

Left:
Singapore
Jewel Changi Airport
Light & Air:
Kingspan Lumera ventilation windows

Right:
Ireland
Center Parcs Longford Forest Subtropical Swimming Paradise
Water & Energy:
Klargester Pump stations for surface water and waste drainage
Klargester Fuel and Oil separator for treating surface water drainage

LIGHT & AIR

—

Revenue grew by 12% in 2019 and trading profit by 17% aided by improving synergies and efficiencies as this relatively embryonic business segment evolves. The story was somewhat mixed however with activity in Germany weakening notably through the second half and the Benelux performing similarly. In contrast to this, France and Southern Europe generally experienced attractive growth supported by the recently commissioned new facility in Lyon from which we anticipate continued momentum through the current year.

North America delivered a stand-out performance across both the standard and architecturally bespoke offerings. The UniQuad® wall-light, produced near Chicago, has also been launched across Europe where we anticipate penetration growth in the coming years.

Work has commenced on a significant plant expansion in Ireland to extrude polycarbonate daylighting for both roof and wall applications and we anticipate production to commence mid-2021.

WATER & ENERGY

—

2019 was a year of stability for the Water & Energy business segment with profit in line with prior year. The UK and Ireland were both broadly flat on prior year, Mainland Europe grew and in Australia sales weakened as housing starts in New South Wales came under pressure. This pattern can be expected to continue into the current year and longer term we would expect to grow large scale water storage applications in more rural and afforested parts of Australia. The focus of this wider unit will increasingly revolve around water applications with a plan to establish a more global footprint beyond the European and Australian presence we currently have.

Turnover
€208.1m
+3%[1]
2018: €202.9m

–

Trading Profit
€14.2m

–

2018: €14.2m

Trading Margin
6.8%
-20bps
2018:7.0%

(1) Comprising underlying -3% and acquisitions +6%

DATA & FLOORING

—

2019 was a positive year for our global Data & Flooring business segment largely driven by an increased product offering into the data sector and our growing geographic presence in Europe.

The UK was predictably weak however as office construction faltered particularly in the greater London area. We anticipate this trend to remain a drag through 2020, compensated somewhat by growth in Germany and the Benelux. Whilst the data opportunity remains front and central to the division's future, the projects can be large and lumpy with respect to the timing, resulting in an inconsistent pattern of revenue. 2020 is expected to be no different in that regard.

Turnover

€214.5m

+13%[1]

2018: €190.6m

Trading Profit

€24.5m

+8%

2018: €22.6m

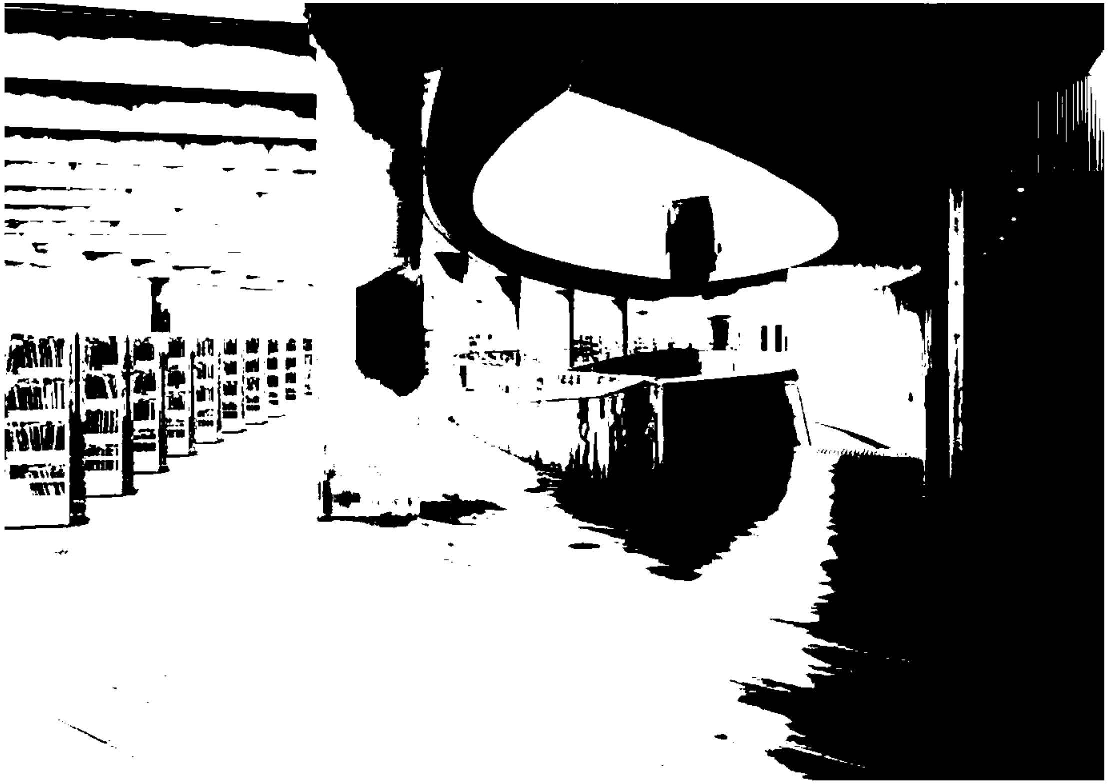
Trading Margin

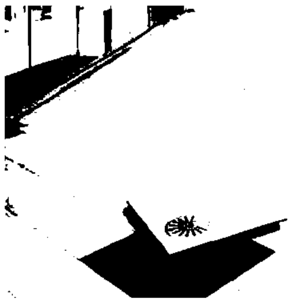
11.4%

-50bps

2018: 11.9%

(1) Comprising underlying +4%, currency +3% and acquisitions +6%





Innovation
During the year we completed and opened our Global Innovation Centre, IKON, which sits alongside our headquarters in Kingscourt, Ireland.

The primary near-term focus is to soft launch PowerPanel® 2.0, and the fibre-free A1 AlphaCore™ before the end of 2020. Both will offer Kingspan a significantly broadened specification opportunity and will no doubt be followed by more advanced iterations over the coming years. QuadCore™ 2.0 and the next generation of Kooltherm® are also at the early stages of development as part of our ongoing innovation agenda.

Looking Ahead
As flagged in our most recent trading update underlying sales in the early part of 2020 are behind prior year. Despite the poor start we have experienced some element of recovery in order placement in recent weeks and our backlog globally is in reasonable shape. This could point towards an improved second quarter.

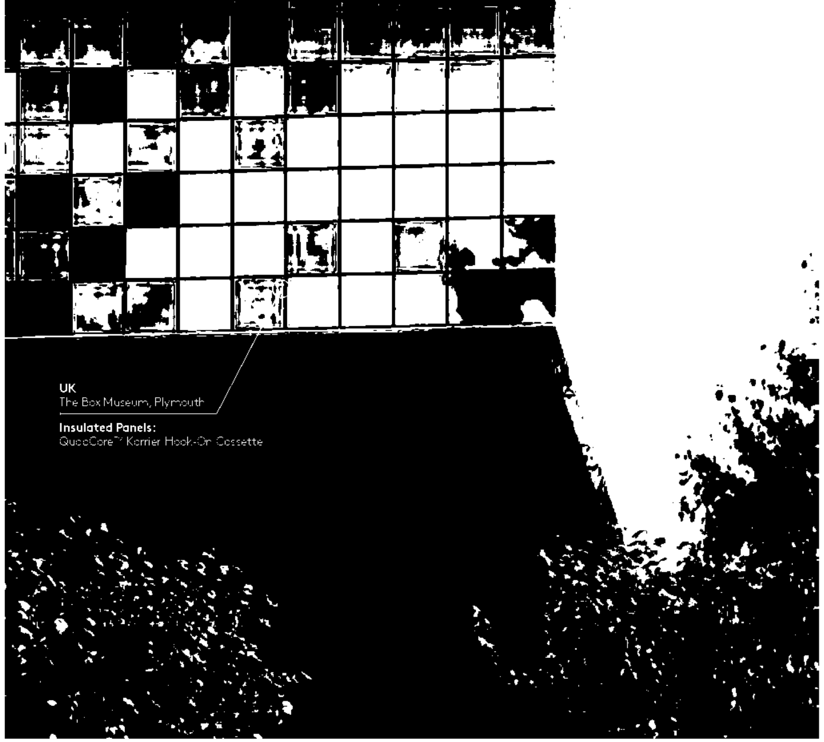
Our acquisitions pipeline is healthy with a number of projects currently under consideration. Furthermore, the understandable ratcheting in recent months of the climate debate chimes fully with the advanced energy efficiency solutions provided by Kingspan and our Planet Passionate agenda. This, combined with the global footprint of our business and the strength of the Group's balance sheet, positions Kingspan well for the years ahead.

Gene M. Murtagh
Chief Executive Officer

21 February 2020

FINANCIAL REVIEW

The Financial Review provides an overview of the Group's financial performance for the year ended 31 December 2019 and of the Group's financial position at that date.



UK
The Box Museum, Plymouth

Insulated Panels:
QuadCore™ Karrier Hook-On Cassette

Overview of results
Group revenue increased by 7% to €4.7bn (2018: €4.4bn) and trading profit increased by 12% to €497.1m (2018: €445.2m) with an increase of 50 basis points in the Group's trading profit margin to 10.7% (2018: 10.2%). Basic EPS for the year was 204.6 cent (2018: 184.0 cent), representing an increase of 11%.

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

Sales	Underlying	Currency	Acquisition	Total
Insulated Panels	+1%	+1%	+5%	+7%
Insulation Boards	-1%	+1%	+2%	+2%
Light & Air	+9%	+1%	+2%	+12%
Water & Energy	-3%	-	+6%	+3%
Data & Flooring	+4%	+3%	+6%	+13%
Group	+1%	+1%	+5%	+7%

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

Trading Profit	Underlying	Currency	Acquisition	Total
Insulated Panels	+7%	+1%	+4%	+12%
Insulation Boards	+6%	+2%	+3%	+11%
Light & Air	+11%	+2%	+4%	+17%
Water & Energy	-2%	-	+2%	-
Data & Flooring	-	+3%	+5%	+8%
Group	+6%	+2%	+4%	+12%

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

IFRS 16 *Leases*
A new accounting standard, IFRS 16 *Leases*, was adopted with effect from 1 January 2019. The standard requires leases which were previously treated as operating leases to be recognised as a lease liability with the associated asset capitalised and treated as a right of use asset. On 1 January 2019, €127.9m of leases were recognised as liabilities on adoption of the standard and €128.8m capitalised as right of use assets. During 2019 depreciation on the right of use assets was €30.0m and the associated lease rental charge decreased by €31.8m leading to an increase in operating profit of €1.8m. The interest charge on the associated leases was €3.8m and the aggregate impact of IFRS 16 on profit before tax was a decrease of €2.0m.

Finance costs (net)
Finance costs for the year increased by €2.7m to €20.8m (2018: €18.1m). A net non-cash charge of €0.1m (2018: credit of €0.6m) 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) was €16.7m (2018: €18.0m). This decrease reflects lower average gross and net debt levels in 2019. The interest expense is driven extensively by gross debt balances with low cash yields in the current environment. An amount of €3.8m (2018: €nil) was recorded as interest on leases capitalised in accordance with IFRS 16 which was adopted with effect from 1 January 2019.

Taxation
The tax charge for the year was €76.6m (2018: €69.1m) which represents an effective tax rate of 16.9% (2018: 17.1%). The decrease in the effective rate reflects, primarily, the change in the geographical mix of earnings year on year and reductions in certain territorial tax rates.

Key performance indicators	2019	2018
Basic EPS growth	11%	16%
Sales growth	7%	19%
Trading margin	10.7%	10.2%
Free cashflow (€m)	337.1	308.4
Return on capital employed	17.3%	16.8%
Net debt/EBITDA	1.1x	1.4x

Dividends
The Board has proposed a final dividend of 33.5 cent per ordinary share payable on 7 May 2020 to shareholders registered on the record date of 27 March 2020. When combined with the interim dividend of 13.0 cent per share, the total dividend for the year increased to 46.5 cent (2018: 42.0 cent), an increase of 10.7%.

Retirement benefits
The primary method of pension provision for current employees is by way of defined contribution arrangements. The Group has two 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 net pension liability in respect of all defined benefit schemes was €15.1m (2018: €13.1m) as at 31 December 2019.

Intangible assets and goodwill
Intangible assets and goodwill increased during the year by €98.0m to €1,600.1m (2018: €1,502.1m). Intangible assets and goodwill of €95.2m were recorded in the year relating to acquisitions completed by the Group. An increase of €24.7m arose due to year end exchange rates used to translate intangible assets and goodwill other than those denominated in euro, offset by annual amortisation of €21.9m (2018: €22.2m).

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 are used to track ongoing progress and also in achieving medium and long term targets to maximise shareholder return.

(a) **Basic EPS growth.** The growth in EPS is accounted for primarily by a 12% increase in trading profit. 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 11%.

(b) **Sales growth** of 7% (2018: 19%) was driven by a 5% contribution from acquisitions, a 1% increase in underlying sales and a 1% increase due to the effect of currency translation. Whilst underlying sales growth overall was a modest 1%, volume growth exceeded this in many markets although was partially offset by price deflation due to raw material price reductions.

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

	2019	2018
Insulated Panels	10.4%	10.0%
Insulation Boards	13.4%	12.2%
Light & Air	7.7%	7.4%
Water & Energy	6.8%	7.0%
Data & Flooring	11.4%	11.9%

The Insulated Panels division trading margin advanced year on year reflecting ongoing progress in sales of QuadCore™ and the market mix of sales. The trading margin improvement in the Insulation Boards division reflects a positive Kooltherm® mix, operating leverage as a consequence of volume growth and a positive lag effect on raw material price reductions. The increased trading margin in Light & Air reflects improved efficiencies overall and the market mix of sales. The Water & Energy trading margin was broadly stable year on year. The decrease 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	2019 €m	2018 €m
EBITDA[1]	579.8	521.2
Movement in working capital[2]	5.6	2.3
Movement in provisions	1.7	(5.8)
Net capital expenditure	(154.3)	(131.3)
Net interest paid	(16.7)	(15.6)
Income taxes paid	(87.2)	(75.0)
Other including non-cash items	8.2	12.6
Free cashflow	337.1	308.4

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

Working capital at year-end was €582.8m (2018: €543.9m) and represents 11.9% (2018: 11.5%) of annualised turnover 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. The movement year on year reflects a 40 basis points increase in underlying working capital levels primarily due to higher inventory levels in recently acquired businesses.

(e) **Return on capital employed,** calculated as operating profit divided by total equity plus net debt, was 17.3% in 2019 (2018: 16.8%) or 17.7% including the annualised impact of acquisitions. 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 1.1x (2018: 1.4x) is comfortably less than the Group's banking covenant of 3.5x in both 2019 and 2018. 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 the following acquisitions for a total upfront cash consideration of €142.2m.

On 6 November 2019, the purchase of 85% of Group Bacacier SAS for an initial cash amount of €122.0m.

The Group also made a number of smaller acquisitions during the year for a combined cash consideration of €22.2m:

- the purchase of 100% of the share capital of WeGo Floortec GmbH, a German manufacturer of access floors;
- the purchase of 100% of the share capital of Epur SA, a French water treatment business; and
- the purchase of the assets of SkyCo, a US Light & Air business.

The deferred consideration paid during the period of €59.7m (2018: €3.1m) represents €30m relating to the Synthesia business which was acquired in 2018 and €29.7m relating to the Isoeste business which was acquired in 2017.

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 2019, the Group also had private placement loan note funding net of related derivatives totalling €814m. The weighted average maturity of the notes is 4.5 years. Subsequent to the year end the Group arranged a bilateral 'Green Loan' of €50m to fund the Group's Planet Passionate initiatives.

The Group had significant available undrawn facilities and cash balances which, in aggregate, were €942m at 31 December 2019. This, together with the Green Loan of €50m provides appropriate headroom for ongoing operational requirements and development funding.

Net debt
Net debt decreased by €95.1m during 2019 to €633.2m (2018: €728.3m).

This is analysed in the table below:

Movement in net debt	2019 €m	2018 €m
Free cashflow	337.1	308.4
Acquisitions	(142.2)	(469.2)
Deferred consideration paid	(59.7)	(3.1)
Share issues	0.1	0.1
Repurchase of treasury shares	(0.6)	-
Dividends paid	(77.6)	(68.3)
Dividends paid to non-controlling interests	(0.4)	(0.1)
Cashflow movement	56.7	(232.2)
Exchange movements on translation	8.4	(2.2)
Deferred consideration	30.0	(30.0)
Movement in net debt	95.1	(264.4)
Net debt at start of year	(728.3)	(463.9)
Net debt at end of year	(633.2)	(728.3)

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	2019 Times	2018 Times
Net debt/ EBITDA	Maximum 3.5	1.1	1.4
EBITDA/ Net interest	Minimum 4.0	34.1	28.8

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 nine capital market conferences and conducted 351 institutional one-on-one and group meetings.

Share price and market capitalisation
The Company's shares traded in the range of €35.70 to €55.25 during the year. The share price at 31 December 2019 was €54.45 (31 December 2018: €37.38) giving a market capitalisation at that date of €9.9bn (2018: €6.7bn). Total shareholder return for 2019 was 47.2%.

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.

Geoff Doherty
Chief Financial Officer
21 February 2020

RISK & RISK MANAGEMENT

As a leading building supplies manufacturer in a highly competitive international environment, Kingspan is exposed to a variety of risks and uncertainties which are monitored and controlled by the Group's internal risk management framework.

Overall responsibility for risk management lies with the Board who ensures that risk awareness is set at an appropriate level. To ensure that risk awareness is set at an appropriate level, the Audit Committee assists the Board by taking delegated responsibility for the risk identification and assessment, in addition to reviewing the Group's risk management and internal control systems and making recommendations to the Board thereon.

The chairman of the Audit Committee reports to the Board at each Board meeting on its activities, both in regard to audit matters and risk management. The activities of the Audit Committee are set out in detail in the Report of the Audit Committee contained in this Annual Report.

The Board monitors the Group's risk management systems through this consultation with the Audit Committee but also through the Group's divisional monthly management meetings, where at least two executive directors are present. The risks and trends are the focus of each division's monthly management meeting, where their performance is also assessed against budget, forecast and prior year. Key performance indicators are used to benchmark operational performance for all manufacturing sites.

In addition to this ongoing assessment of risk within the divisions, the Audit Committee oversees an annual risk assessment for the Group whereby each divisional management team is formally asked to prepare a risk assessment for their business. This assessment involves evaluating group-wide risks, as put forward by the Board, and also presenting additional risks that are specific to their business.

While it is acknowledged that the Group faces a variety of risks, the Board, through the processes set out above, has identified the principal risks and uncertainties that could potentially impact upon the Group's short to medium term strategic goals and these are as set out in the following table.

Kingspan's strategic pillars that may be impacted by these risks and uncertainties are:

- I Innovation;
- G Global;
- P Penetration;
- PP Planet Passionate.

Risk and impact	Actions to mitigate
Volatility in the macro environment	
G **Kingspan products are targeted at both the residential and non-residential (including retail, commercial, public sector and high-rise offices) construction sectors. As a result, demand is dependent on activity levels which may vary by geographic market and is subject to the usual drivers of construction activity, (i.e. general economic conditions and volatility, Brexit, political uncertainty in some regions, interest rates, business/consumer confidence levels, unemployment, population growth).** **While construction markets are inherently cyclical, changing building and environmental regulations continue to act as an underlying positive structural trend for demand for many of the Group's products.**	The exposure to the cyclicality of any one construction market is partially mitigated by the Group's diversification, both geographically and by product. As set out in the Business Model & Strategy, the Group has mitigated this risk through diversification as follows: - Significant globalisation strategy with a presence in over 70 markets; - Launch of new innovative products and an approach of continuous improvement to existing product lines; and - Acquisitions made during the year extend the geographic reach of the Group. The full details of these diversifications are set out in the Business Model & Strategy report contained in this Annual Report.
Failure to innovate	
I **Failing to successfully manage and compete with new product innovations, changing market trends and consumer tastes could have an adverse effect on Kingspan's market share, the future growth of the business and the margins achieved on the existing product line.**	Innovation is one of Kingspan's four pillars to increasing shareholder value and therefore plays a key role within the Group. There is a continual review of each division's product portfolios at both the executive and local management level to ensure that they target current and future opportunities for profitable growth. This risk is further mitigated by continuing innovation and compelling marketing programmes. The launch of IKON in 2019 has served to enhance the capabilities of the Group to innovate. Kingspan also has a deep understanding of changing consumer and industry dynamics in its key markets and continues to refine its omnichannel customer centric approach, enabling management to respond appropriately to issues which may impact business performance.
Product failure	
PP I **A key risk to Kingspan's business is the potential for functional failure of our product which could lead to health, safety and security issues for both our people and our customers.** **The Kingspan brand is well established and is a key element of the Group's overall marketing and positioning strategy. In the event of a product failure, the Kingspan brand and/or reputation could be damaged and if so, this could lead to a loss of market share.**	Dedicated structures and processes are in place to manage and monitor product quality controls throughout the business: - The majority of new products go through a certification process which is undertaken by a recognised and reputable authority (for example, in the UK it is the Building Research Establishment, BRE) before it is brought to market. - Our businesses employ quality control specialists and operate strict policies to ensure consistently high standards are maintained in relation to the sourcing and handling of raw materials. - The construction of a dedicated Kingspan fire engineering research centre, using Kingspan products, allows for more expedient and in-depth testing to take place. - Quality audits are undertaken at our manufacturing sites. Over 70 of our facilities are ISO 9001 certified. - Effective training is delivered to our staff. - We proactively monitor the regulatory and legislative environment.

Risk and impact	Actions to mitigate
Business interruption (including IT continuity and climate change)	
Kingspan's performance is dependent on the availability and quality of its physical infrastructure, its proprietary technology, its raw material supply chain and its information technology. The safe and continued operation of such systems and assets is threatened by natural and man-made perils and is affected by the level of investment available to improve them. **The building industry as a whole is going through some significant change with respect to building regulations and codes. The risks associated with misunderstanding some of the potential changes and the nature of our product set is one that is more prevalent today.** **Embedded within Climate Change risks are energy regulations, change in customer preferences and global supply.** **Any significant or prolonged restriction to its physical infrastructure, the necessary raw materials or its IT systems and infrastructure could have an adverse effect on Kingspan's business performance.**	Kingspan insists on industry leading operational processes and procedures to ensure effective management of each facility. The Group invests significantly in a rigorous programme of preventative maintenance on all key manufacturing lines to mitigate the risk of production line stoppages. The impact of production line stoppages is also mitigated by having business continuity plans in place to allow for the transfer of significant volume from any one of our 95 plants in the Insulated Panels division or 27 plants in the Insulation Boards division to another in the event of a shutdown. In addition, and as part of our consequential loss insurance, Kingspan is subject to regular reviews of all manufacturing sites by external risk management experts, with these reviews being aimed at enhancing Kingspan's risk profile. Climate related risks are managed through significant investment in product development which help mitigate climate change along with our ambitious commitments to reduce our own environmental footprint. Kingspan is focused on developing, enhancing and protecting its IP portfolio. As a global leader in building envelope solutions, Kingspan considers its IP security to be paramount. In addition to trade secret policies and procedures, Kingspan has developed appropriate IP strategies to protect and defend against infringements. In an effort to reduce Kingspan's exposure to raw material supply chain issues, Kingspan retains strong relationships with a wide range of raw material suppliers to limit the reliance on any one supplier or even a small number of suppliers. Kingspan continues to inform all stakeholders of the characteristics of our product offerings, their appropriate application and benefits to limit the risk of misunderstanding within the building industry. Kingspan's IT infrastructure is constantly reviewed and updated to meet the needs of the Group. Procedures have been established for the protection of this infrastructure and all other IT related assets. These include the development of IT specific business continuity plans, IT disaster recovery plans and back-up delivery systems, to reduce business disruption in the event of a major technology failure.
Credit risks and credit control	
As part of the overall service package, Kingspan provides credit to customers and as a result there is an associated risk that the customer may not be able to pay outstanding balances. **At the year-end, the Group was carrying a receivables book of €716.3m expressed net of provision for default in payment. This represents a net risk of 15% of sales. Of these net receivables, approximately 67% were covered by credit insurance or other forms of collateral such as letter of credit and bank guarantees.**	Each business unit has rigorous, established procedures and credit control functions around managing its receivables and takes action when necessary. Trade receivables are primarily managed through strong credit control functions supplemented by credit insurance to the extent that it is available. All major outstanding and overdue balances together with significant potential exposures are reviewed regularly and concerns are discussed at monthly meetings at which the Group's executive directors are present. Control systems are in place to ensure that credit authorisation requests are supported with appropriate and sufficient documentation and are approved at appropriate levels in the organisation.

Risk and impact	Actions to mitigate
Employee development and retention	
The success of Kingspan is built upon effective management teams committed to achieving a superior performance in each division. Failure to attract, retain or develop these teams could have an impact on business performance.	Kingspan is committed to ensuring that the necessary procedures are in place to attract, develop and retain the skill levels needed to achieve the Group's strategic goals. These procedures include strong recruitment processes, succession planning, remuneration reviews, including both long and short term incentive plans, and targeted career development programmes.
Fraud and cybercrime	
Kingspan is potentially exposed to fraudulent activity, with particular focus on the Group's online banking systems, online payment procedures and unauthorised access to internal systems.	The security and processes around the Group's IT and banking systems are subject to review by divisional management and internal audit. These systems are continually reviewed with updates and improvements implemented as required. Robust IT and security policy documents and related alerts are circulated by Group management to all divisions to ensure a consistent and effective approach is taken across the Group.
Acquisition and integration of new businesses	
Acquisitive growth is an important element of Kingspan's development strategy. A failure to execute and properly integrate significant acquisitions and capitalise on the potential synergies they bring may adversely affect the Group.	All potential acquisitions are rigorously assessed and evaluated, both internally and by external advisors, to ensure any potential acquisition meets Kingspan's strategic and financial criteria. This process is underpinned by extensive integration procedures and the close monitoring of performance post acquisition by both divisional and Group management. Kingspan also has a strong track record of successfully integrating acquisitions and therefore management have extensive knowledge in this area which it utilises for each acquisition.
Health and safety	
The nature of Kingspan's operations can expose its contractors, customers, suppliers and other individuals to potential health and safety risks. **Health and safety incidents can lead to loss of life or severe injuries.**	A robust health and safety framework is in place throughout the Group's operations requiring all employees to complete formal health and safety training on a regular basis. The Group monitors the performance of its health and safety framework, and takes immediate and decisive action where non-adherence is identified. The development of a strong safety culture is driven by management and employees at every level and is a core part of doing business with integrity.
Laws and regulations	
Kingspan is subject to a broad range of existing and evolving governance requirements, environmental, health and safety and other laws, regulations and standards which affect the way the Group operates. Non-compliance can lead to potential legal liabilities and curtail the development of the Group.	Kingspan's in-house legal team is responsible for monitoring changes to laws and regulations that affect the business and is supported by external advisors. A comprehensive framework of policies are in place that set out the way employees and suppliers are expected to conduct themselves. Training is provided through a variety of mediums in key areas of legal and regulatory compliance, including a suite of mandatory training for those that join Kingspan. A robust whistleblowing process is in place that allows the anonymous reporting through an independent hotline of any suspected wrongdoing or unethical behaviour, including reporting instances of non-compliance with laws and regulations. All reported cases are investigated.

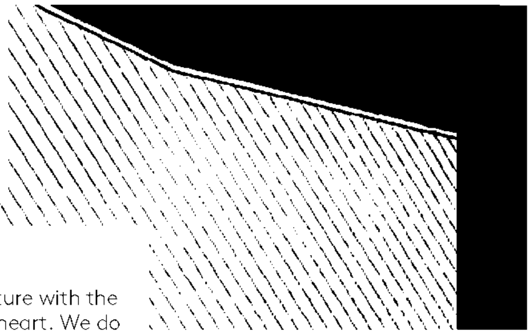
Product	Kooltherm® K20 Concrete Sandwich Board
Energy/ Carbon Saving	Using a combination of Cross-Laminated Timber (CLT) and Kooltherm®, Haus Gables achieved an **R-Value of 20.5** with only **2 inches of insulation**.
Space/ Dimensions	Kooltherm® **halved the insulation thickness** required versus traditional materials. This was a key consideration for Haus Gables with a breadth of just 18ft, equivalent to a mobile home.
Health & Wellbeing	The Kooltherm® used on Haus Gables was manufactured with a blowing agent that has **zero Ozone Depletion Potential, Low Global Warming potential**, HCFC and CFC free.
Speed/ Ease of build	Through the innovative use of CLT and Kooltherm®, Haus Gables was **erected in just over two weeks**, drastically reducing labour time on site and therefore labour costs.
Aesthetics	Haus Gables has been featured in multiple influential architecture and design magazines globally for its **innovative use of materials** and its **striking design**.
Planet Passionate/ Sustainability	The Kooltherm® used on Haus Gables was **manufactured using renewable energy**.
Awards/ Certifications	**Architectural League Prize** for Young Architects + Designers, Jennifer Bonner, **Winner**.
6 Clean water and sanitation	–
	✓
9 Industry, innovation and infrastructure	✓
11 Sustainable cities and communities	✓
12 Responsible consumption and production	✓
13 Climate action	✓

Haus Gables
Atlanta, USA

“The whole thing looked like an architectural model being assembled in place. If you squint your eyes, watching the panels being installed at that scale, one could imagine, ‘This is the way we cut up materials—chipboard, foam core, and whatever else is on our desks—and make models’.

Jennifer Bonner, Director MALL and Assistant Professor at Harvard University Graduate School of Design

Click here to see more



SUSTAINABILITY REPORT

Kingspan's Mission

To accelerate a net zero emissions future with the wellbeing of people and planet at its heart. We do this through enabling high-performance buildings that can save more energy, carbon and water.

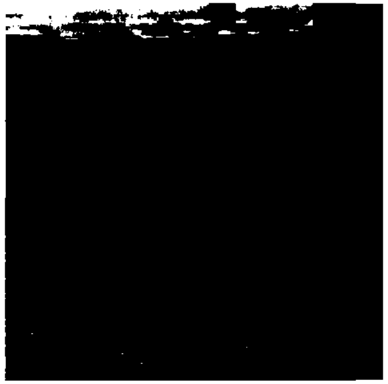
We recognise the vital importance of achieving this while: enhancing the safety and wellbeing of people in buildings; enabling the circular economy; and always delivering more performance and value. We believe the answers lie in challenging building industry traditions with innovation in advanced materials and digital technologies. What defines us is our relentless pursuit for better building performance whilst being Planet Passionate in everything we do.

Our commitment to sustainability is instilled at every level of Kingspan and at every step in the manufacturing process. In developing our approach to sustainability we have built on materiality assessments conducted at a divisional level as well as incorporating guidelines from recognised associations such as the Sustainable Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD), of which Kingspan is a signatory. Kingspan recognises that it has a responsibility as a business leader to contribute towards the achievement of the United Nation's Sustainable Development Goals (SDGs). With the case studies in this report we demonstrate how we are making a difference through our solutions and through our operations.

PRODUCT PASSIONATE

Today, the construction and operation of buildings together account for 36% of global energy use and 39% of energy-related CO_2 emissions when upstream power generation is included. The energy efficiency of buildings is therefore fundamental to combating climate change.

- → The largest influence Kingspan has on the SDGs is through our solutions in use. As demonstrated throughout this report our advanced building envelope solutions help building owners to reduce energy emissions. The total energy saved over the lifetime of the Kingspan insulation systems, sold worldwide in 2019, is an estimated 751 million MWh of energy or 172 million tonnes of CO_2e.
- → Our solutions also help to enhance occupant health and wellbeing through improved thermal comfort, natural daylighting, ventilation, and increased space. Our advanced insulation is also free from health concerns associated with airborne fibres.
- → Our Water & Energy business helps building owners to sustainably manage water as a resource and can help to protect local communities through reducing flood risk and the risk of polluted run-off to waterways.



PLANET PASSIONATE

Through Planet Passionate we are playing our part to tackle climate change by increasing our use of renewable energy, reducing carbon in our business operations and value chain, increasing our recycling of rainwater and waste and by accelerating our participation in the circular economy.

- **Energy:** In 2019 we achieved 90% of our Net Zero Energy goal throughout our operations and are firmly on track to achieve 100% by 2020. We generated 5.3% of our energy on Kingspan sites and 22% of wholly owned sites have deployed rooftop Solar PV systems.
- **Carbon:** We achieved a 92% reduction in energy carbon intensity in 8 years and began to implement our zero-emissions car strategy. In November 2019 we held our annual supplier day forum with specific focus given to our new sustainability programme. Productive discussions and workshops were held throughout the day with a range of suppliers resulting in some collaborative projects that will support the delivery of our supply chain targets.
- **Circularity:** We upcycled 385 million PET bottles into our manufacturing processes and through our new Planet Passionate program we are aiming to achieve zero waste to landfill throughout our business by 2030.
- **Water:** We harvested 21.5 million litres of rainwater across our manufacturing operations and entered into a partnership with The Ecoalf Foundation, a venture which collects waste in the Mediterranean Sea for recycling or repurposing where possible.

PEOPLE PASSIONATE

Despite our size, we retain our heritage and culture as a family business, with very high value placed on people, relationships and communities which are at the very heart of how we do business.

- Kingspan takes the welfare of our employees very seriously. We are deeply saddened to report that there was a workplace fatality in the business in 2019. We will do our utmost to learn from this tragedy and to continually improve processes and training to achieve our target of zero fatalities across our business in the future.
- In 2019, Kingspan has invested over €2m on projects to enhance health and safety processes and culture across our business. Our Lost Time Incident rate fell by almost 7% in 2019, or by more than 12% over the past 2 years.
- We continue to champion diversity across the business. The percentage of females in Kingspan increased again in 2019 to almost 19%. Additionally, the percentage of females on the executive management team grew to 27%.
- Over 90 additional high-potential candidates had the opportunity to broaden their business and leadership skills on development programmes in 2019.
- Kingspan supports local community projects at a global level. For 2019, we highlight a number of projects we supported which championed the development and protection of children. See more on pages 54 - 55.

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PRODUCT PASSIONATE
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PLANET PASSIONATE
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PEOPLE PASSIONATE

Kingspan is driven by a belief that advanced materials and methods of construction hold the answer to some of the great challenges that our planet and society face. From products that insulate better while creating more internal space, to those that harness more natural daylight, we are dedicated to pushing the boundaries of high-performance envelope design with a core focus on energy efficiency.

Since the beginning, Kingspan has been committed to innovation so we can make building better. It's something we demonstrate daily across our business. We believe we must challenge building industry traditions through innovating in advanced materials and digital technologies to achieve a net zero carbon emissions future. Kingspan's products and systems therefore enable higher lifetime energy and carbon savings, and enhance and protect the value of assets.

This culture of innovation is why Kingspan has created IKON, our Global Innovation Centre.

The building itself is a showcase for high-performance envelope design using 18 Kingspan products and systems. Both a place of research and a living research project, IKON asks the big questions that will lead us to a more sustainable and healthy future while delivering enhanced value, convenience and efficiencies to our customers.

Our aim is to continue to deliver breakthrough products such as QuadCore™ and Kooltherm® and to do this while progressing sustainability practices within our operations. In 2019, 90% of our operational energy use was matched by renewable energy, on target to be 100% by 2020. We also upcycled the equivalent of 385 million PET bottles bottles into our manufacturing processes. Learn more about our commitments to the environment in our Planet Passionate section of this Sustainability Report.

In 2019 we launched a QuadCore™ Roof Board, advanced progress on the PV solar integrated PowerPanel® 2.0 and the fibre-free A1 classified AlphaCore®. QuadCore™ 2.0 and the next generation of Kooltherm® are also in development.

Kingspan's insulation systems, sold in 2019, will save an estimated 751 million MWh of energy or 172 million tonnes of CO_2e over their lifetime. Over 62% of our products contribute directly towards delivering the UN SDGs.

The total projected energy savings* over the lifetime of the Kingspan insulation systems, sold worldwide in 2019, is equivalent to:

441m
Over four hundred and forty-one mil[lion] barrels of oil

259
The annual output of 259 gas-fired power stations

18.1
Up to 18.1 times the annual electric[ity] consumption of Greater London

79m
Taking seventy[-nine] million cars [off the] road annual[ly]

*figures are based on savings of insulation systems in use for 60 years.

Fire Testing and Research
Kingspan is committed to delivering high-performance, innovative building solutions that are underpinned by extensive fire testing, including large-scale system testing. We have carried out over 2,000 fire tests to national, international and insurance industry standards, across our full range of insulated panel, rainscreen facade and insulation board products and systems. As part of our ongoing commitment to fire safety and product development, we are investing €5m in a global state-of-the-art facility dedicated to fire engineering research. Offering a comprehensive resource of fire a comprehensive fire science resource, its mission to advance knowledge and understanding of how building materials, products and complete systems perform when subjected to fire. Based in North Wales, the centre will be open to visitors from April 2020 and will welcome research partnerships and collaboration from across industry and academia.

In addition, our new IKON Global Innovation Centre is focused on the digitalisation of construction and is developing new technologies and tools to enable end-to-end digital traceability from test to site and beyond to the full life cycle of a building.

Extensive Reaction to Fire and Fire Resistance Testing
Reaction to fire relates to the combustibility and ignitability of building materials and can be used to determine how much energy they contribute to the growth of a fire.

These tests can range from small scale product tests, sometimes involving just a few grams of product, to large scale system tests involving products incorporated into structures up to 9 metres high and enclosures up to 10 metres in length. Large scale system testing is the most reliable way of assessing the performance of products and systems irrespective of material classifications. Large scale reaction to fire system tests performed on our products and systems include BS 8414; AS 5113; LPS 1181 and 1208; FM 4470, 4471, 4880, 4881, 4882 and 4924; ISO 13784; LEPIR II; NFPA 285 and 286; and SP Fire 105.

Fire resistance is the measure of how building elements can effectively withstand and contain fire whilst continuing to perform their given function.

These tests are typically performed by testing with large scale furnaces with minimum dimensions of 3 metres by 3 metres. Test results can include integrity, insulation, heat radiation and load bearing capacity. Test methods employed to assess the fire resistance capabilities of our products and systems include EN 1364, EN 1365, EN 1366 and ASTM E119.

Compliance with regulatory and insurance industry requirements.
QuadCore™ Technology is an advanced high-performance closed-cell rigid insulation solution offering a unique combination of fire performance certification when used as a core in our insulated panel systems.

Panel systems incorporating QuadCore™ Technology achieve excellent performance in a range of fire tests for regulatory compliance, are approved to insurance industry standards and achieve high levels of fire resistance.

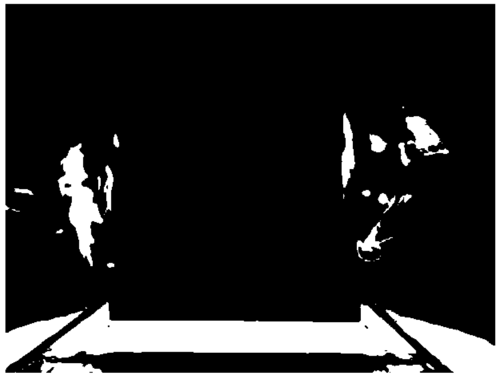
The Kooltherm® range of Insulation Boards and KoolDuct® pre-insulated ductwork are manufactured with a phenolic insulation core, which has been proven through a rigorous programme of testing to offer superior fire and smoke performance to other commonly used rigid thermoset insulants.

Kingspan has a comprehensive range of building facade systems incorporating QuadCore™ technology and Kooltherm® boards that have successfully passed large scale facade tests around the globe including, but not limited to, NFPA 285 (North America), LEPIR II (France), SP Fire 105 (Nordics), AS 5113 (Australia), ISO 13785-2 (Czech Republic), MSZ 14800-6 (Hungary) and met the requirements of BR135 when tested to BS 8414 (UK).

Please refer to product literature and datasheets for details of configurations and requirements to meet specific performance levels.

Performance in real fire situations
Testing and certification to regulatory and insurance industry requirements, with particular emphasis on large scale system testing, is the cornerstone of Kingspan's strategy to demonstrate the fire safety of our products and systems. However, we believe that it's important to know how our products and systems perform in real fire situations.

Across the world, we have examples of independently researched real fire case studies which have proven the performance of insurer approved insulated panel systems and a Therma roof board system. Over the years we have built up a library of real fire case studies. Case studies include building occupancytypes such as retail, healthcare,education, food processing and storage, manufacturing, logistics and distribution, car showrooms and car parks.



PRODUCT PASSIONATE

CASE STUDIES

SUSTAINABLE BUILDINGS

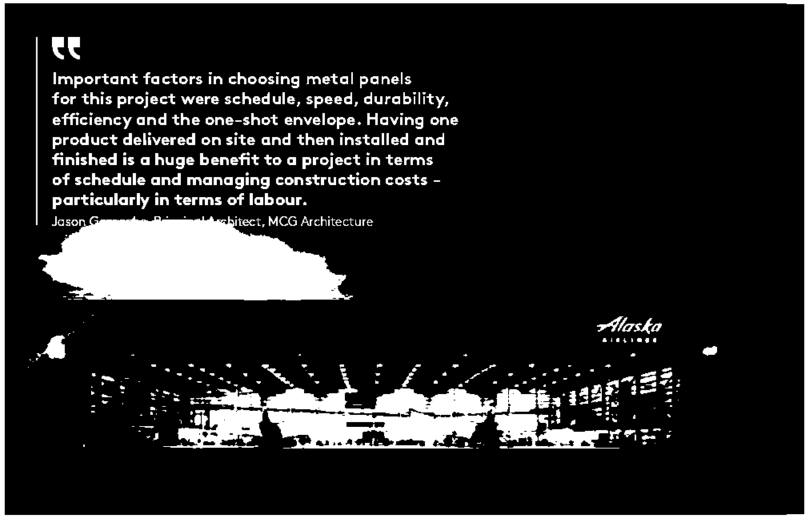
Alaska Airlines Hangar
USA

Kingspan Insulated Panels:
Kingspan KS Micro-Rib Wall Panels

Energy efficiency was a key challenge with this project because of the harsh Alaskan conditions and the large opening created by the hangar doors. Insulated panels enabled the architect to meet Anchorage's code for continuous insulation, despite these challenges.

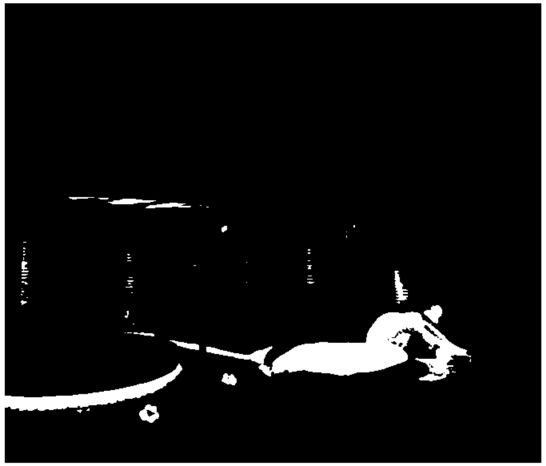
The construction season is incredibly short in Alaska so speed of build was another key factor in the design stage. Insulated panels reduced the time on site and negated the need for temporary enclosure, which would have needed to be heated.

Kingspan's single product solution contributed to the sustainability goals of the project by significantly reducing the waste versus what would have been generated with a built-up system.



"Important factors in choosing metal panels for this project were schedule, speed, durability, efficiency and the one-shot envelope. Having one product delivered on site and then installed and finished is a huge benefit to a project in terms of schedule and managing construction costs – particularly in terms of labour.

Jason G[illegible] [illegible]itect, MCG Architecture



SUSTAINABLE CITIES

Marrickville Library
Australia

Kingspan Water & Energy:
Kingspan Made to Measure Rainwater Harvesting and Stormwater Tanks

The rainwater and stormwater tanks installed at Marrickville library have a capacity of 57,000 litres. These will supply over 100,000 waste flushes annually and provide irrigation for the trees and green spaces.

A very important role of rainwater harvesting is to reduce peak flows and total volume of stormwater. This can improve the water quality and waterway health by reducing polluted run-off to local waterways.

The tanks have been installed in the children's garden and will be used as an environmental education tool.

Inner West Council (Marrickville Council) is part of The Strategy for a Water Sensitive Community which aims to move current urban water management in Marrickville to a more sustainable and flexible approach that promotes liveable, productive, resilient and sustainable communities. At Kingspan, we have set ourselves the ambitious goal to harvest 100 million litres of our own water needs by 2030.

SUSTAINABLE BUILDINGS

Two Southbank Place
UK

Kingspan Data & Flooring:
Kingspan RMG 600 Simploc

Southbank Place is a hive of activity, featuring world-class arts venues, globally recognised landmarks, and attractions ranging from ferry tours of the River Thames, to boutique shops and fine dining. To cater for the growing interest in the location, a £1.5 billion mixed-use site has been developed. Southbank Place comprises seven new buildings, including luxury apartments, retail units, restaurants and commercial spaces, all clustered around the iconic Shell Tower. Two Southbank Place provides 15 floors of premium office space and a winter garden.

The build programme had to work around design challenges such as a London Underground line running beneath the building's footprint and the creation of a new ticket hall. So, with a tight deadline to meet, the specified products and materials needed to be quick and straightforward to install. The construction team also made use of available Kingspan BIM objects to aid project planning and clash detection.

Kingspan's flooring solution helped to futureproof the building as a suitable environment for co-working.

Our access floor's chain of custody certification and environmental certification contributed to Two Southbank Place achieving BREEAM 'Excellent' certification.

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PLANET PASSIONATE

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PEOPLE PASSIONATE

Kingspan is at the forefront of driving the agenda toward a more sustainable future. We launched our Net Zero Energy agenda in 2011 and are on target to match 100% of our operational energy use with renewable energy in 2020. Building upon the last decade of progress, we have now embarked on our next ambitious 10-year journey to radically advance Kingspan across the four key themes of Energy, Carbon, Circularity and Water.

Through Planet Passionate we aim to make a significant reduction in our environmental footprint, enhance the environmental performance of our products and make a meaningful contribution towards the achievement of the UN Sustainable Development Goals.

Our Planet Passionate committee is a global team consisting of 17 dedicated and passionate people representing all business units and all geographies. This team collaborates and shares best practice in order to deliver our ambitious 2030 targets. Our Global Head of Sustainability reports Planet Passionate developments directly to the CEO, Gene Murtagh.

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Climate change is the single most important issue facing the world today and our most urgent priority. At Kingspan, we are committed to driving a more sustainable approach to our business in response to these issues. Through Planet Passionate we will reduce carbon and energy in both our manufacturing processes and products and continue our relentless pursuit of low-carbon buildings that deliver more performance and value, with clear targets to strive for by 2030.

Gene M Murtagh, CEO

PLANET PASSIONATE

			2025	2030
ENERGY	- Maintain our Net Zero Energy status	-	•	•
	- Increase our direct use of renewable energy to 60% by 2030	-	-	•
	- Increase our on-site generation of renewable energy to 20% by 2030	-	-	•
	- Install solar PV systems on all wholly owned facilities by 2030	-	-	•
CARBON	- Net zero carbon manufacturing by 2030	-	-	•
	- 50% reduction in product CO_2 intensity from our primary supply partners by 2030	-	-	•
	- Zero emission company cars by 2025	-	•	•
CIRCULARITY	- 1 billion PET bottles upcycled into our manufacturing processes by 2025	-	•	•
	- All QuadCore™ insulation to utilise upcycled PET by 2025	-	•	•
	- Zero company waste to landfill by 2030	-	-	•
WATER	- 5 active ocean clean-up projects by 2025	-	•	•
	- 100 million litres of rainwater harvested by 2030	-	-	•

PARTNERSHIPS

RE 100

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ENERGY

Net Zero Energy*
In 2019 we made significant progress towards our Net Zero Energy goal of matching 100% of our operational energy use with renewable energy – achieving 90% NZE up from 75% in 2018. This was achieved through the implementation of our three step strategy: Save More, Generate More and Buy More.

Save More
Improving the energy efficiency of our operations remains the highest priority across Kingspan. A wide range of projects were implemented on many sites during 2019 including the following;

- → Insulation to reduce heat loss;
- → LED lighting installations including daylight dimming and occupancy sensing;
- → Optimised daylighting solutions including roof and wall lights;
- → Heat recovery systems;
- → Compressed air system improvements;
- → Destratification fans to improve heat distribution;
- → Low energy process equipment installation;
- → Transitioned forklifts from LPG to renewable energy;
- → Optimised the use of lower gauge steel in access floor panels, saving wielding energy;
- → Power factor correction systems.

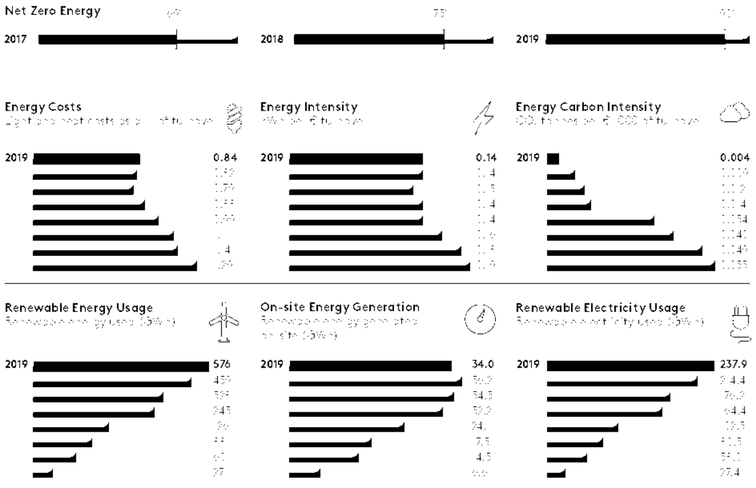
A key part of the "Save More" strategy has been employee awareness and training. Implementation of Energy Management Standard ISO 50001 in several of our manufacturing sites has also been effective in driving energy efficiency improvements and increased use of sub-metering has facilitated accurate targeting of energy saving opportunities. Our efforts to make further improvements will continue in 2020 and beyond. In 2019 we implemented multiple energy efficiency projects across the Group which will deliver approximately 7710 t/C02e of carbon savings per annum.

Generate More
A key foundation of our "Generate More" strategy has been investing in on-site generation. In 2019 5.3% of our total energy use was generated from renewable sources on our own manufacturing sites, we have ambitious targets to grow this. The technologies presently in use include:

- → Solar PV;
- → Solar thermal;
- → Biomass heat;
- → Biomass CHP (electricity);
- → Wind;
- → Anaerobic digestion.

* Net Zero Energy: We aim to achieve net zero energy by the end of 2020. We have defined net zero energy as meaning: the non-renewable energy use associated with our manufacturing sites will be minimised through a combination of energy efficiency measures, on-site renewable energy generation and the purchase of certified renewable energy from the grid. Our remaining non-renewable energy use will be offset by the purchase renewable energy certificates.

ENERGY: OUR JOURNEY TO DATE



Buy More
The purchase of renewable energy from the grid is an important part of our strategy. Our preferred option is to purchase certified renewable energy (both electricity and gas) direct from our suppliers but where this is not possible, we have made purchases of Guarantees of Origin (GOs) in Europe, Renewable Energy Certificates (RECs) in North America and International Renewable Energy Certificates (iRECs) in other regions as necessary.

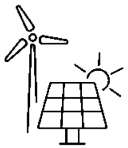
Further to our Net Zero Energy target, through Planet Passionate we aim to increase our direct use of renewable energy to 60% of total energy use, increase on-site generated energy to a minimum of 20% and deploy rooftop solar PV systems on all wholly owned Kingspan sites by 2030.

CARBON

Our progress towards our Net Zero Energy goal to date has enable use to reduce our energy related carbon intensity per €'000 turnover by 92% in just 8 years.

Kingspan continues to respond to the CDP Climate Change questionnaire. Out of the thousands of companies which responded, Kingspan was recognised among the top 2% that earned a spot on the prestigious CDP Climate A list.

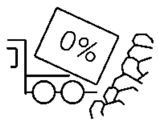
Through Planet Passionate we aim to achieve Net Zero Carbon manufacturing and a 50% reduction in product CO_2 intensity from primary supply partners by 2030. We are also targeting 100% zero emission company funded cars by 2025. In November 2019 we held our annual Supplier Forum with specific focus given to our new sustainability programme. Productive discussions and workshops were held throughout the day with a range of suppliers resulting in some collaborative projects that will support the delivery of our supply chain targets. We will continue to build our supplier relationships and engagement strategy moving forward.



> Through Planet Passionate we aim to increase our direct use of renewable energy to 60% of total energy use.

CIRCULARITY

Waste
In 2019 Kingspan recycled 65% of its waste, down from 68% in 2018. The decrease is primarily as a result of the impact of acquired businesses. We aim to bring those businesses on our waste reduction journey and through our new Planet Passionate program, implement our zero waste to landfill throughout the Group by 2030. We aim to share learnings from our more mature facilities, for example: our UK Data & Flooring Technology achieved zero waste to landfill in 2019.



> Kingspan has committed to send zero waste to landfill by 2030.

PET upcycling
Kingspan upcycled 385 million PET bottles into its manufacturing processes in 2019 and committed to a target of upcycling one billion PET plastic bottles per annum by 2025. In addition, Kingspan entered into a three-year partnership with the ECOALF Foundation to support and expand their project which removes 150 tonnes of plastic waste from the Mediterranean Sea each year, about 10% of which is PET. Ocean PET recovered from the ECOALF project is added to the upcycled PET bottles and used to make Kingspan's insulation. Through Planet Passionate, Kingspan now plans to support four further ocean clean-up projects by 2025.

WATER

Although water is a small proportion of inputs into our operations, we aim to manage this precious resource in the most responsible manner possible. In general, water is mainly used for sanitation purposes and Kingspan continues to aim to maximise water conservation through the use of rainwater harvesting and other water saving initiatives such as sensoring systems and water flow regulators. Through Planet Passionate we aim to increase our harvested rainwater use to 100 million litres by 2030 (2019: 21.5 million litres).

Our Data & Flooring Technology manufacturing site in Red Lion US is one of the largest consumers od water in the Group and in 2019 the conservation of water amounted to 8.9 million litres (which is 63.8 % of total usage) through water recycling.

PARTNERSHIPS

- **World Green Building Council**: Kingspan has signed on to be the primary sponsor of this programme for the next two years. We have also signed up to the Net Zero Carbon Buildings Commitment, aiming for our entire building portfolio to achieve net zero operational carbon by 2030.
- **Science-Based Target Initiative:** Kingspan has committed to and verified its science-based targets.
- **RE100:** Kingspan is a gold member of the RE100. RE100 is a collaborative, global initiative of influential businesses committed to 100% renewable electricity, working to increase demand for, and delivery of renewable electricity.
- **EP100:** Kingspan is a member of the EP100. EP100 brings together a growing group of energy-smart companies committed to improving their energy productivity and doing more with less.
- **CE100:** Kingspan is a member of the CE100 network and the Built Environment working group which aims to accelerate the circular economy across the global construction sector.
- **ECOALF Foundation:** 3-year partnership with the ECOALF Foundation aiming to support their Upcycling the Oceans projects.
- **Born Free:** 3-year partnership to support the conservation and education work to help protect the lion population in Meru, Kenya.

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PLANET PASSIONATE

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PEOPLE PASSIONATE

What has been achieved at Kingspan would not be possible without the people that work hard every day to drive the company forward. A dynamic and motivated workforce is key to delivering against the future growth strategy of the business. For this reason, talent is at the heart of future planning at Kingspan.

Kingspan's leadership team holds an annual Talent Forum in September to review succession plans, metrics on key positions hired throughout the year and to forecast future talent gaps as part of our human capital risk assessment.

Attract
We have a number of initiatives at Kingspan to attract top talent. One of the key, group wide, initiatives is the graduate programme which saw graduates in 2019 up over 26% on prior year. One third of the participants were female, significantly above the company average. The highlight of the programme was the Graduate Projects Showcase which was hosted for the first time in IKON, our new Global Innovation Centre, where five teams presented strategic projects to senior executives from across Kingspan.

Kingspan became a corporate partner of UNITECH from January 2020. This is an international body that represents the most prestigious engineering schools in the top nine universities in Ireland, the UK and Europe. This will give Kingspan an extensive platform to attract talent from all engineering disciplines who can go on to build their careers in our global business.

Retain
At Kingspan we use multiple tools to drive talent retention. These include traditional motivational tools such as reviews and objective setting, but there is also the opportunity to join a network of people across the company to drive real change through innovation and through engagement with our Planet Passionate initiatives.

Our employees are already reaching out to play a role in our Planet Passionate initiatives – such as car-pooling, organising local beach clean-ups and increasing recycling in our offices. We are building a network of Planet Passionate Champions to help scale local action at our sites across the globe.

The network will convene once a quarter to share ideas and to progress initiatives identified across the business which will contribute to achieving our Planet Passionate goals.

Develop
PEAK was launched in 2018 and is targeted at developing high-potential managers for future senior leadership roles. The core objective of the programme is to deepen Kingspan's leadership bench-strength to match the increasing scale and global nature of the business. Since its launch in April 2018, 56 managers have participated in this six-month programme which has strengthened cross divisional relationships as well as furthering integration of executive talent from recent acquisitions. Another aim is to increase leadership diversity by deepening and widening the pool of future senior leaders.

Gender balance

	Female	Male
2019	19%	81%
2018	18%	82%
2017	17%	83%

Injury Frequency Rate

2019	1.4 p/100k hours
2018	1.5 p/100k hours
2017	1.6 p/100k hours

Fatalities

2019	1
2018	0
2017	0

Right:
IKON, Kingscourt, Ireland.

International participants on the 2019 programme represented 14 diverse locations, including Brazil, USA and Europe, with female participants representing 24% (up from 11% in the first cohort).

A new Enterprise Leadership Programme is being launched in 2020 along the lines of the previous global development programme in 2017–2018. To-date, over 60% of our executives who attended this programme have been promoted to the next level or have taken on increased responsibilities.

We are also launching a coaching skills programme in 2020 for managers and business leaders, initially in Ireland and the UK, with a view to a wider global roll-out. This is part of a long-term strategy to build an internal cadre of coaches who are skilled in developing not only their own teams but can also contribute to the development of global talent.

Protect
Kingspan takes the safety of our employees incredibly seriously. All accidents, as well as near misses, are recorded and reviewed. Health and Safety (H&S) is under on-going review at a facility and divisional level and a Group H&S Committee sits at least twice a year. It is an opportunity for all divisions and geographies to share best practice and discuss operational experiences that will improve the welfare of all our employees.

We are deeply saddened to report that during the year, an accident at one of our Belgian facilities tragically resulted in a workplace fatality. Together with the local authorities and independent specialists retained by the company, we are fully examining the circumstances of this incident. We will use the learnings from this tragedy to continually improve processes and training to achieve our target of zero fatalities across all of our businesses in the future.

In 2019 we invested over €4m on improving processes and H&S culture. Over 60 of our manufacturing facilities are certified to ISO 18001 or equivalent standard. Over the past three years, all of our sites have been audited by internal H&S teams. Sites which are certified to ISO 18001 standards are externally audited annually.

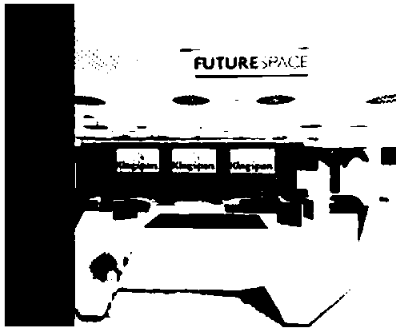
Equal opportunities, employee rights and diversity
Kingspan is committed to providing equal opportunities from recruitment and appointment, training and development to appraisal and promotion opportunities for a wide range of people, free from discrimination or harassment and in which all decisions are based on work criteria and individual performance. We see diversity and inclusiveness as an essential part of our productivity, creativity and innovation. Diversity is widely promoted within Kingspan, over one third of recruits on our graduate programme are female, and 24% of the participants on our PEAK programme are female, both well above the Kingspan average (19%).

Hazard Identification Processes include (but are not limited to):

- All near misses are assessed and processes are updated.
- Employees are encouraged to make suggestions for process improvements.
- Safety walks by responsible persons.
- Periodic workplace inspections.
- Risk assessment on new machines at installation.

Health and Safety Investments in 2019 include:

- Roof replacements in two of our facilities to improve working conditions and reduce slippage risk from leaks.
- Employment of external consultants to update and improve training and to upgrade processes and procedures, where necessary.
- Improvements in mechanisms for assisting employees when lifting panels, such as cranes with vacuum lifters and lift tables.
- General safety upgrades to machines where opportunities for improvement have been identified.
- General and emergency lighting upgrades.



OUR COMMUNITIES

Kingspan grew out of a family business and those family values continue to shape how we engage with our communities today. Decades on, Kingspan remains deeply rooted in the community of Kingscourt, Ireland, where the business was founded. Being engaged in our local communities is a core element of the culture of Kingspan.

It is important that our businesses have the flexibility to support initiatives which are relevant to the local workforce and to the communities in which they operate. In 2019 we are proud to have supported a wide range of initiatives, including: runs against cancer, stimulating the local environment through beekeeping, community tidy-towns initiatives, festive family box donations and multiple sponsorship and fundraising events.

World Water Day
In 2019 Kingspan went blue for World Water Day. Our Water & Energy division launched a campaign to raise awareness about water as a resource, and to raise funds for the "Just a drop" foundation.

The children are our future
Children led a climate revolution in 2019, urging those in power to take action. Nearly 8 million people reportedly took part in protests across the globe in March and September. In this year's report we want to highlight a number of projects in which Kingspan supported the development and protection of children across the globe in 2019:

→ In Ireland we have supported Junior Achievement Ireland (JAI) for over 16 years. JAI encourages young people to stay in education and helps them to develop the skills they need to succeed in a changing world. Kingspan volunteers have presented to students on the value of STEM subjects and we have been inspiring students through tours of our newly opened Global Innovation Centre, IKON.

→ In Poland, Kingspan supported a local children's home in Sienno which provides shelter to 40 children between the ages of 4 and 16. Our employees donated toys and sports equipment for Children's Day and donated funds to support the summer camp.

→ For the past 5 years, Kingspan has supported Gena Heraty's project in Haiti which provides shelter and care for over 70 orphans, 30 of which have special needs. Gena was named the Irish Red Cross Humanitarian of the Year in 2019.

Our policies

Aims
→ Comply with all local laws in the countries we operate in.
→ Ensure supply chain accountability.

Modern slavery
Slavery and human trafficking are abhorrent crimes and we all have a responsibility to ensure that they do not continue. At Kingspan we pride ourselves on conducting our business ethically and responsibly. The Modern Slavery Act 2015 became UK legislation and required all large UK companies and businesses who supply goods or services in the UK to publish a slavery and human trafficking statement each financial year on their website. Kingspan is fully committed to ensuring that modern slavery is not taking place in our business or any of our supply chains. We adopted and published our policy statement at the end of 2016 and all our businesses are responsible for ensuring supplier compliance with the legislation.

Photo captions:
1 Children participating in JAI's 'Futurewize' programme
2 First Day at School, NPH, Haiti
3 Kingspan Water & Energy employees enjoying World Water Day
4 Children from the Sienno Children's Home on summer camp

Supply chain engagement
Kingspan has developed an ethical and procurement strategy for procuring materials and services in a sustainable way, and we seek to build and maintain long term relationships with key suppliers and contractors to ensure that they are aligned to the same standards. Many of our suppliers are accredited to ISO 9001, ISO 14001 and OHSAS 18001, which cover quality, environmental and health and safety management systems. In November 2019 we held our annual Supplier Forum with specific focus given to our new sustainability programme. Productive discussions and workshops were held throughout the day with a range of suppliers resulting in some collaborative projects that will support the delivery of our goal for a 50% reduction in product CO_2 intensity from our primary supply partners by 2030.

Customer experience programme
Everything that our customers experience with Kingspan matters to us. Whether it's the performance of our product solutions, the responsiveness of our service teams or the efficiency of our deliveries, we strive to provide a positive experience to all our customers.

To help us achieve our strategic goals we have introduced four key commitment areas into our businesses on which we are focusing as part of our customer excellence programme:

→ Deliver a memorable customer experience.
→ Develop the employee experience, so our teams never want to work for anyone else.
→ Measure what our customers actually experience. Kingspan is currently in its first phase of a Group wide customer experience programme. We have had over 10,000 responses and have very ambitious targets for this programme in the short to medium term. We look forward to updating you as we go through the process.
→ Continue to innovate.

"
Kingspan Water & Energy launch World Water Day campaign.

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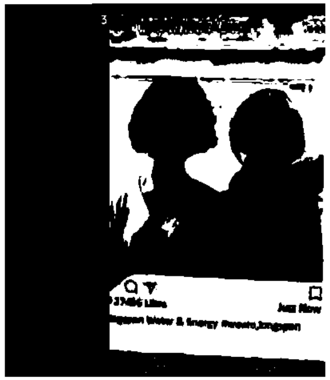
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DIRECTORS' REPORT

Product	Kingspan Insulated Panels BENCHMARK Hook-on Cassettes
Energy/ Carbon Saving	The Karrier panels provided **over double the thermal values specified for the project**, directly impacting the HVAC systems' output, operating costs and maintenance requirements.
Space/ Dimensions	With such a large cantilever over the existing heritage building, weight was a crucial consideration and a key reason in switching from pre-cast concrete to a **light-weight panel solution**.
Health & Wellbeing	**Air leakage rates achieved on the project are excellent**, critical for protecting the museum's important artefacts and very difficult to achieve using traditional methods of construction.
Speed/ Ease of build	The pre-modularisation of the panels and the roof liner panel enabled **a fast enclosure of the building envelope** and an earlier start on internal works versus traditional methods of construction.
Aesthetics	The panel's **metallic finishes echo the vast landscapes of Western Australia** and reflect the State's mineral heritage and the origins of the WA Museum.
Planet Passionate/ Sustainability	Local material sourcing was a key focus for this project. Given Kingspan's global manufacturing capacity, it contributed to the achievement of **80% of materials being locally sourced**.
Awards/ Certifications	The new Museum for Western Australia is among six national **finalists** for the 2020 **Australian Construction Achievement Award**.
6 CLEAN WATER AND SANITATION	–
	✓
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	✓
11	✓
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	✓
13 CLIMATE ACTION	✓

Western Australia Museum
Perth, Australia

Kingspan's BENCHMARK Hook-On Cassette's were chosen for the project due to their efficiency in speed of construction, airtightness, thermal performance, and aesthetic potential, all encompassed by a through wall 25 year performance warranty as an added benefit.

Alex Dennis, National Business Development Manager
Kingspan Insulated Panels, Australia

THE BOARD

The Board provides entrepreneurial leadership and sets the governance framework for the Group.

Chairman

Eugene Murtagh
(Age 77)
Ireland
N

Eugene Murtagh is the non-executive Chairman of the Group.

Key skills & experience: Eugene founded the Kingspan business in 1965 and, as CEO until 2005, he led its growth and development to become an international market leader. As Chairman, he sets the tone at the top, developing and embedding values. He has an unrivalled understanding of the Group, its business and its ethos, and demonstrates outstanding leadership and governance skills.

Chief Executive Officer

Gene M. Murtagh
(Age 48)
Ireland
N

Gene Murtagh is the Group Chief Executive Officer. He was appointed to the Board in November 1999.

Key skills & experience: Gene joined the Group in 1993 and was appointed CEO in 2005. He was previously the Chief Operating Officer from 2003 to 2005, and prior to that he was managing director of the Group's Insulated Panel business and of the Water & Energy business. He leads the development of the Group's strategy and has a deep knowledge of all of the Group's businesses and the wider construction materials industry.

Executive directors

Geoff Doherty
(Age 48)
Ireland

Geoff Doherty is the Group Chief Financial Officer. He joined the Group, and was appointed to the Board, in January 2011.

Key skills & experience: Prior to joining Kingspan Geoff was the Chief Financial Officer of Greencore Group plc and Chief Executive of its property and agribusiness activities. He is a qualified chartered accountant, with extensive experience of capital markets and financial management in an international manufacturing environment.

Russell Shiels
(Age 58)
United States of America

Russell Shiels is President of Kingspan's Insulated Panels business in the Americas as well as Kingspan's global Data & Flooring business. He joined the Board in December 1996.

Key skills & experience: Russell has experience in many of the Group's key businesses, and was previously Managing Director of the Group's Building Components and Data & Flooring businesses in the UK. He brings to the Board his particular knowledge of the building envelope market in the Americas, as well as his understanding of the office and datacentre market globally.

Peter Wilson
(Age 63)
United Kingdom

Peter Wilson is Managing Director of the Group's global Insulation Boards business. He was appointed to the Board in February 2003.

Key skills & experience: Peter has been with the Group since 1981, and has led the Insulation Boards division since 2001. He has unrivalled knowledge and experience of the global insulation industry, gained over almost 40 years' in the business.

Gilbert McCarthy
(Age 48)
Ireland

Gilbert McCarthy is Managing Director of the Group's Insulated Panels businesses in the UK, Ireland, Western Europe, Middle East and Australasia. He was appointed to the Board in September 2011.

Key skills & experience: Gilbert joined the Group in 1998, and has held a number of senior management positions including managing director of the Off-site division and general manager of the Insulation Boards business. He brings to the Board his extensive knowledge of the building envelope industry, in particular in Western Europe and Australasia.

Non-executive directors

Linda Hickey
(Age 58)
Ireland
Independent
R

Linda Hickey was appointed to the Board in June 2013, and is appointed as the Senior Independent Director.

Key skills & experience: Linda is a registered stockbroker and was formerly the Head of Corporate Broking at Goodbody Capital Markets where she worked closely with multi-national corporates and the investor community. Previous experience includes working at NCB Stockbrokers and Merrill Lynch. Her considerable knowledge and experience of capital markets and corporate governance provide important insights to the Board.

Qualifications: B.B.S.

External appointments: Chair of the board of the Irish Blood Transfusion Service, and non-executive director of Cairn Homes plc.

Michael Cawley
(Age 65)
Ireland
Independent
A R

Michael Cawley was appointed to the Board in May 2014.

Key skills & experience: Michael is a chartered accountant, and was formerly Chief Operating Officer & Deputy Chief Executive of Ryanair. His extensive international financial and business experience as well as his role on other audit committees are an asset to the Board and to the Audit Committee.

Qualifications: B. Comm., F.C.A.

External appointments: Chairman of Hostelworld Group plc, and non-executive director of Flutter Entertainment plc and Ryanair Holdings plc.

John Cronin
(Age 60)
Ireland
Independent
N

John Cronin was appointed to the Board in May 2014.

Key skills & experience: John is a qualified solicitor, and partner and former chairman of McCann FitzGerald. He has more than 30 years' experience in corporate, banking, structured finance and capital markets matters. He is a member of the International Bar Association, and is a past President of the British Irish Chamber of Commerce. His valuable legal, corporate governance and capital markets experience brings a unique perspective to the Board.

Qualifications: B.A. (Mod) Legal Science, Solicitor in Ireland and England & Wales.

External appointments: Non-executive director of The Dublin Theatre Festival.

Bruce McLennan
(Age 55)
Australia
Independent
A N R

Bruce McLennan was appointed to the Board in June 2015.

Key skills & experience: Bruce is Managing Director and Co-Head of Advisory at Gresham Advisory Partners Limited. He is also a Member of the Australian Institute of Company Directors, Australian Society of Certified Practising Accountants, and a Fellow of the Financial Services Institute of Australia. He brings to the Board over 30 years' experience in investment banking, and a broad knowledge of international capital markets and strategic and corporate planning.

Qualifications: B.Bus, M. Comm.

External appointments: Member of the Australian Government Takeovers Panel.

Dr Jost Massenberg
(Age 63)
Germany
Independent
N

Jost Massenberg was appointed to the Board in February 2018.

Key skills & experience: Jost was Chief Executive Officer of Benteler Distribution International GmbH, and was formerly the Chief Sales Officer and a member of the executive board of ThyssenKrupp Steel Europe AG. His more than 30 years' industry experience in European steel and major manufacturing businesses are of enormous benefit to the Board.

Qualifications: PhD Business Admin.

External appointments: Chairman of VTG Aktiengesellschaft, and a non-executive director in a number of large private companies.

Anne Heraty
(Age 59)
Ireland
Independent
A

Anne Heraty was appointed to the Board in August 2019.

Key skills & experience: Anne is the founder and Chief Executive Officer of Cpl Resources plc. She has over 20 years' experience running an international recruitment and outsourcing business and is currently on the Board of IBEC, having previously held a number of other non-executive directorships, and brings this broad business and entrepreneurial experience to the Board.

Qualifications: B.A. in Mathematics & Economics.

External appointments: Chief Executive Officer of Cpl Resources plc.

Company Secretary

Lorcan Dowd
(Age 51)
Ireland

Lorcan Dowd was appointed Head of Legal and Group Company Secretary in July 2005.

Key skills & experience: Lorcan qualified as a solicitor in 1992. Before joining Kingspan he was Director of Corporate Legal Services in PwC in Belfast, having previously worked as a solicitor in private practice.

Board Committees: A Audit N Nomination & Governance R Remuneration

CHAIRMAN'S INTRODUCTION

The Financial Reporting Council's ('FRC') 2018 U.K. Corporate Governance Code (the 'New Code') came into effect for Kingspan from 1 January 2019. In publishing the Code, the FRC has aimed to emphasise the importance of good corporate governance to long-term sustainable success.

Throughout 2019 the Board took a number of steps to refine its approach to reflect the altered focus of the New Code, relating to:

→ Board Leadership and Company Purpose
→ Division of Responsibilities
→ Composition, Succession and Evaluation
→ Audit, Risk and Internal Control
→ Remuneration

The New Code aims to return to a principle based approach to governance, as opposed to risking an overly prescriptive regime. A cornerstone of safeguarding our long-term ambitions has been a commitment to high standards of corporate governance, as well as a Board with a depth of experience and expertise. In making and implementing actions, the Board aims to maintain a balance between short-term pressures for change and the long-term impacts of decisions.

As a Board, we hope you find our reporting to be meaningful in detailing how we have applied the revised principles under the New Code. In areas where we have deviated from any provisions of the New Code, we aim to provide clarity as to how we continue to meet the Principles of the Code and demonstrate why our approach represents less governance risk based on our strategy, business and outlook.

During the past year, the Board was pleased to engage with major shareholders on a number of occasions. In addition to the many investor and executive management meetings held throughout the year, the Chair of the Remuneration Committee has engaged with a host of our major shareholders to discuss the outcome of the 2019 AGM, as well as changes to our remuneration policy in light of updates to the UK Code. Further details of these discussions are detailed in the Report of the Remuneration Committee contained in this Annual Report.

On behalf of the Board, I would like to thank those shareholders who provided their views on governance and strategy during the past year.

Eugene Murtagh
Chairman

REPORT OF THE NOMINATION & GOVERNANCE COMMITTEE

This statement outlines how Kingspan has applied the principles and complied with the provisions set out in the UK Corporate Governance Code (July 2018) ('the Code').

The full text of the Code and of the Irish Corporate Governance Annex can be obtained from the following websites respectively:
www.frc.org.uk
www.euronext.com

Statement of compliance
The directors confirm that the Company has throughout the accounting period ended 31 December 2019 complied with the provisions of the UK Corporate Governance Code (July 2018) in the manner hereinafter detailed.

Stakeholder views
The Board is cognisant of the principle underpinning Provision 5 of the New Code, which asks Boards to have regard for engagement mechanisms with stakeholders. The Board is fully aware of its responsibilities in this regard and other sections in this Annual Report set out clearly the long-lasting partnerships we have developed with customers, suppliers and communities. We are also aware of the importance of engagement with the workforce to the development of strategy as well as uncovering of risk and promoting new opportunities. The Board is pleased to confirm that Linda Hickey has been appointed as the director responsible for workforce engagement to facilitate the channelling of employee views to Board discussions. This process of engagement will also allow the Board to consistently assess and monitor the evolution of the company's corporate culture, while promoting the ability of the workforce to raise concerns.

Board committees
The Board has established the following committees: Audit, Nomination & Governance, and Remuneration committees. All committees of the Board have written terms of reference setting out their authorities and duties and these terms are available on the Group's website **www.kingspan.com**.

The Members of each committee as at the date hereof, and the date of their first appointment to the committee, are set out below. The details of each committee's activities during the year are detailed in their respective reports as set out in this Annual Report.

Audit Committee		
Michael Cawley (Chair)	Appointed 2014	Independent
Anne Heraty	Appointed 2019	Independent
Bruce McLennan	Appointed 2020	Independent

Nomination & Governance Committee		
Eugene Murtagh (Chair)	Appointed 1998	
Gene M. Murtagh	Appointed 2007	
John Cronin	Appointed 2014	Independent
Bruce McLennan	Appointed 2017	Independent
Jost Massenberg	Appointed 2019	Independent

Remuneration Committee		
Linda Hickey (Chair)	Appointed 2015	Independent
Michael Cawley	Appointed 2014	Independent
Bruce McLennan	Appointed 2017	Independent

Attendance at Board and Committeee meetings
during the year ended 31 December 2019

	Board		Audit		Nominations		Remuneration	
	A	B	A	B	A	B	A	B
Eugene Murtagh	7	7			1	1		
Gene M. Murtagh	7	7			1	1		
Geoff Doherty	7	7						
Russell Shiels	7	7						
Peter Wilson	7	7						
Gilbert McCarthy	7	7						
Helen Kirkpatrick	1	1			1	1	1	1
Linda Hickey	7	7	1	1			4	4
Michael Cawley	7	7	5	5			4	4
John Cronin	7	7	5	5	1	1		
Bruce McLennan	7	7			1	1	4	4
Jost Massenberg	7	7						
Anne Heraty	3	3	3	3				

Column A - indicates the number of meetings held during the period the director was a member of the Board and/or Committee
Column B - indicates the number of meetings attended during the period the director was a member of the Board and/or Committee

Board composition and responsibilities
There is a clear division of responsibilities within the Group between the Board and executive management, with the Board retaining control of strategic and other major decisions. The Chairman leads the Board and is responsible for its overall effectiveness in directing the Company. One of the key roles for the Chairman in doing so is promoting a culture of objectivity, openness and debate. In addition, the Chairman facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.

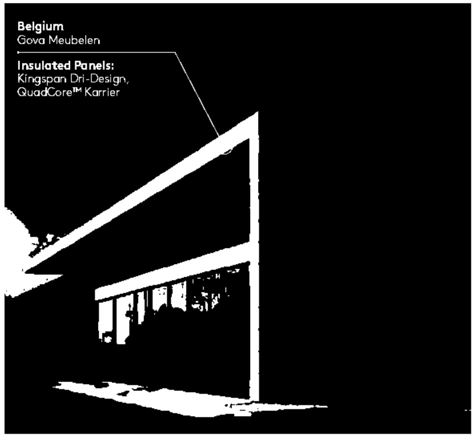
The balance of skills, background and diversity of the Board contributes to the effective leadership of the business and the development of strategy. The Board's composition is central to ensuring all directors contribute to discussions.

As a means to foster challenge and director engagement, led by the senior independent director, the non-executive directors meet without the Chairman present at least annually. Likewise, the Chairman holds meetings with the non-executive directors without the executives present. In each of these settings, there is a collegiate atmosphere that also lends itself to a level of scrutiny, discussion and challenge.

All directors have access to the advice and services of the Company Secretary. The Company has procedures whereby directors (including non-executive directors) receive formal induction and familiarisation with Kingspan's business operations and systems on appointment, including trips to manufacturing sites with in-depth explanations of the processes involved at the site.

Shareholders' meetings and rights
The Company operates under the Irish Companies Act 2014 (the 'Act'). This Act provides for two types of shareholder meetings: the Annual General Meeting ('AGM') with all other meetings being called Extraordinary General Meetings ('EGM').

The Company must hold an AGM each year in addition to any other shareholder meeting in that year.



The ordinary business of an AGM is to receive and consider the Company's Annual Report and statutory financial statements, to review the affairs of the Group, to elect directors, to declare dividends, to appoint or reappoint auditors and to fix the remuneration of auditors and directors.

The Chairman of the Board of Directors shall preside as chairman of every general meeting and in his absence, one of the directors present will act in the capacity of chairman. The quorum for a general meeting shall be not less than three members present in person or by proxy and entitled to vote. At any general meeting, a resolution put to the vote of the meeting shall be decided by a show of hands unless a poll is duly demanded. All ordinary shares rank pari passu and carry equal voting rights. Every member present in person or by proxy shall upon a show of hands have one vote, and every member present in person or by proxy shall upon a poll have one vote for each share of which they are the holder. In the case of an equality of votes the Chairman shall, both on a show of hands and at a poll, have a casting vote.

Further details of shareholders rights with regards the General Meetings are set out in the Shareholder Information section of this Annual Report.

Internal control and risk management systems
The Board confirms that there is an ongoing process for identifying, evaluating and managing any significant risks faced by the Group. This process has been in place for the year under review and up to the date of approval of the financial statements and it is regularly reviewed by the Board in compliance with 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' issued by the Financial Reporting Council.

The Board has delegated responsibility to the Audit Committee to monitor and review the Group's risk management and internal control processes, including the financial, operational and compliance controls, through detailed discussions with management and the executive directors, the review and approval of the internal audit reports, which focus on the areas of greatest risk to the Group, and the external audit reports, as part of both the year-end audit and the half year review process, all of which are designed to highlight the key areas of control weakness in the Group. Further details of the work conducted by the Audit Committee in this regard is detailed in the Report of the Audit Committee contained in this Annual Report.

The main features of the Group's internal control and risk management systems that relate specifically to the Group's financial reporting processes are:

→ Budgets and Strategic Plans are approved annually by the Board and compared to actual performance and forecasts on a monthly basis;
→ Sufficiently sized finance teams with appropriate level of experience and qualifications throughout the Group;
→ Formal Group Accounting Manual in place which clearly sets out the Group financial policies in addition to the formal controls;
→ Formal IT and Treasury policies and controls in place;
→ Centralised Tax and Treasury functions;
→ Sales are submitted and reviewed on a weekly basis whilst full reporting packs are submitted and reviewed on a monthly basis; and
→ Internal audit function review financial controls and report results/findings on a quarterly basis to the Audit Committee.

In addition, the main features of the Group's internal control and risk management systems that relate specifically to the Group's consolidation process are:

→ The review of reporting packages for each entity as part of the year-end audit process;
→ The reconciliation of reporting packages to monthly management packs as part of the audit process and as part of management review;
→ The validation of consolidation journals as part of the management review process and as an integral component of the year-end audit process;
→ The review and analysis of results by the Chief Financial Officer and the auditors with the management of each division;
→ Consideration by the Audit Committee of the outcomes from the annual risk assessment of the business;
→ The review of internal and external audit management letters by the Chief Financial Officer, Head of Internal Audit and the Audit Committee; and the follow up of any critical management letter points to ensure issues highlighted are addressed.

Further information on the risks faced by the Group and how they are managed are set out in the Risks & Risk Management section of this Annual Report.

Leadership
The Nomination and Governance Committee (the 'committee'), leads the process for appointments while ensuring plans are in place for orderly succession to both the Board and senior management positions. A fundamental aspect of overseeing appointments to senior management remains the development of a diverse pipeline. In terms of non-executive directors, the committee remains guided by the principle that all appointments will be made on merit, but having regard, where possible to diversity of gender, age and nationality.

The non-executive directors on the Board currently have the following mix of skills and experience as set out in the table below:

Effectiveness and independence
The committee has reviewed the size and performance of the Board during the year and this process occurs annually. The Board continues to ensure that each of the non-executive directors, excluding the Chairman, remain impartial and independent in order to meet the challenges of the role.

Throughout the year, more than half of the Board, excluding the Chairman, comprised independent non-executive directors. Linda Hickey is the senior independent director on the Board. The senior independent director provides a sounding board for the Chairman and serves as an intermediary for the other directors and shareholders when necessary. The directors consider that there is strong independent representation on the Board.

The Board has had due regard to various matters which might affect, or appear to affect, the independence of certain of the directors. The Board considers that each of the non-executive directors (excluding the Chairman of the Board) are independent.

In determining the independence of John Cronin, both at the time of his appointment and subsequently as part of annual reviews of the Board's composition, the committee had particular regard for his position as a partner of McCann FitzGerald, one of the Company's legal advisors. The committee concluded that Mr Cronin was fully independent, taking into account the following material factors:

→ He has no role in the selection or retention of legal advisors to the Company;

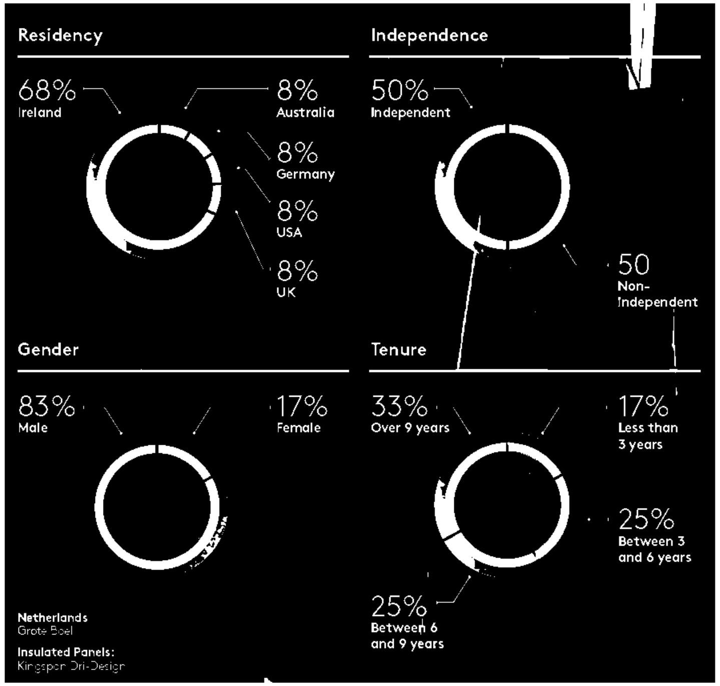
Name	Nationality	International	Financial	Governance	Leadership	Industry	Legal
Eugene Murtagh	Irish	•	•	•	•	•	
Linda Hickey	Irish	•	•	•	•		
Michael Cawley	Irish	•	•	•	•	•	
John Cronin	Irish	•	•	•	•		•
Bruce McLennan	Australian	•	•		•		
Jost Massenberg	German	•	•	•	•	•	
Anne Heraty	Irish	•	•	•	•	•	

- All work undertaken by McCann FitzGerald for the Company is managed by other employees within the firm, and there are formal arrangements in place, both at McCann FitzGerald and Kingspan, to ensure there are no conflicts of interests;
- Mr Cronin is an experienced and accomplished corporate lawyer who adds important legal and regulatory experience to the Board;
- Since his appointment to the Board, Mr. Cronin has not had any involvement in advising the Company on any legal matters;
- The total fees paid to McCann FitzGerald during the year were €125,947 (2018: €114,533) and account for substantially less than 1% of McCann FitzGerald's annual revenues.

In these circumstances the Board concluded that there was no material relationship, financial or otherwise, which might either directly or indirectly influence his judgement.

In addition to these considerations, given the potential for a perceived conflict of interests, at the time of Mr Cronin's appointment, we engaged with ISS to discuss the steps we had taken to avoid any conflicts developing during his tenure in order to alleviate any potential shareholder concerns. Both parties were satisfied at the time that the relationship was not likely to impact Mr Cronin's independence as a director, and the Company agreed to disclose annually the fees paid to McCann FitzGerald as a related party transaction.

In assessing the independence of Linda Hickey, the Board had due regard to her previous position as a senior executive at Goodbody Stockbrokers, one of the Company's corporate brokers. Ms Hickey retired from her role at Goodbody Stockbrokers in 2019. Moreover, the annual level of fees and expenses paid to Goodbody Stockbrokers were normally in the region of €50,000 for corporate broking services during her tenure there. In assessing Ms. Hickey's independence annually, the Committee also took into account her invaluable experience in working for two of the largest Irish stockbroking firms. In Ireland, she has unrivalled experience in capital markets and particularly Irish public companies, which is hugely valuable to the Company and our shareholders.



The Board concluded that neither Ms Hickey's nor Mr Cronin's independence was affected and considers that between them they bring valuable financial, capital markets, governance and legal risk experience to the Board.

Conflict of Interests
Acknowledging the importance of independent representation to the effective functioning of the Board, as well as the scrutiny and, when necessary, the challenging of management, as part of the evolution of our governance framework, the Committee developed and approved a conflicts of interest policy which will guide all decisions of the Board when actual or potential conflicts of interest arise.

The policy stipulates that directors are required to avoid situations where they have, or could have, a direct or indirect interest that conflicts, or may conflict, with the Company's interests. Directors are required to give notice of any potential situational and/or transactional conflicts, which are considered at the following Board meeting and, if appropriate, situational conflicts are authorised. Directors are not allowed to participate in such considerations or to vote regarding their own conflicts.

External commitments
Non-executive directors, including the Chairman, may serve on other boards provided they continue to demonstrate the requisite commitment to discharge their duties effectively. The Committee reviews the extent of the directors' other interests on an ongoing basis throughout the year. The Committee is satisfied that each of the directors commits sufficient time to their duties in relation to the Company. The Chairman and each of the directors have also confirmed they have sufficient time to fulfil their obligations to the Company.

In assessing the time commitments of Board members, the Committee had particular regard for the external commitments of Michael Cawley, who is also a non-executive director of Ryanair Holdings plc, and Flutter Entertainment plc, as well as Chairman of Hostelworld Group plc. The Committee recognises the views expressed by shareholders in this area, as the demands of being a director have grown considerably in the past decade. The committee reviewed Mr Cawley's attendance and contribution as a non-executive director, as well as his other mandates. It was noted that since his appointment as a non-executive director, Mr Cawley has attended 100% of the Audit Committee meetings and has only missed one out of a total of 82 Board and committee meetings. The committee has engaged with Mr Cawley and noted his assurances that he will continue to devote sufficient time to the Board. The committee will continue to keep under review the external commitments of all Directors.

Performance evaluation
Kingspan has in place formal procedures for the evaluation of its Board, committees and individual directors. The purpose of this formal evaluation is to ensure that the Board of Directors (on a collective and individual basis) is performing effectively and to ensure stakeholder confidence in the Board. The Chairman reviews annually the performance of the Board of Directors, the conduct of Board meetings and committee meetings, and the general corporate governance of the Group.

An externally facilitated review of the Board's performance was carried out during 2018 by Better Boards. We will conduct another external evaluation within three years in line with best practice.

Board changes
During the past year, we continued to deliberately refresh the Board. As a Board, we are fully aware of the benefits of balancing longer serving and newly appointed Directors, which is central to the generation of new business strategies.

In May 2019, having served for almost 12 years, Helen Kirkpatrick stepped down from the Board. Ms Kirkpatrick's input was hugely valuable to the Board, as well as to all the key committees she sat on. Later in the year, Anne Heraty was appointed as a non-executive Director. With over two decades experience as the CEO of a public company, Ms Heraty deepens the diversity of background and expertise to our Board significantly. In considering the appointment of a new non-executive to the Board, the committee considered whether or not to engage a firm of consultants to assist in the process, but decided that in order to ensure best fit with the Company, it would use its internal knowledge and existing pool of candidates, before selecting and recommending Ms Heraty's appointment to the Board.

Succession Planning
One of the primary remits of the committee is to ensure that robust succession plans are in place for the directors and senior management, taking into consideration planned and unplanned departures, as well as the strategic evolution of the business. Aligning succession planning to our strategy is a cornerstone of strong committee and Board governance, and will continue to be a focus of the committee in the coming period. One specific update to the New Code is that, generally, chairs should not remain in place for over nine years, although there is an exception to this rule to facilitate succession planning, and the committee, much like the New Code, recognises that governance is not always best served by rigid guidance, particularly for a position as important as that of the Chairman.

As the founder of the business in 1965, Eugene Murtagh has led its growth and development as both Chairman and CEO until his retirement as CEO in 2005. As Chairman, Mr Murtagh has been instrumental in setting the tone at the top, developing and embedding values as well as encouraging performance and ensuring that management have the necessary support and controls in place to deliver on its strategy. Mr Murtagh has now indicated to the Board that it is his intention to retire as Chairman and non-executive director within the next 18 months. The committee believes that this is an appropriate timeline which balances the need for stability and continuity whilst ensuring an orderly transition takes place between him and his successor during what will be a significant change in the leadership of the Board. In line with best practice, Mr Murtagh will not Chair the committee when his successor is being selected.

Product	Kooltherm® Pipe Insulation
Energy/ Carbon Saving	Studley Castle's refurbishment was designed to **exceed current energy performance requirements**.
Space/ Dimensions	Kooltherm® Pipe Insulation enabled a **reduction in the insulation thickness by 25-30%**, a significant benefit in a space constrained application.
Health & Wellbeing	Over 15,000 linear metres of pipework supply the hotel's 200 guest rooms. With **low VOC emissions**, Kooltherm® Pipe Insulation helped to achieve **excellent indoor air quality**.
Speed/ Ease of build	Thinner insulation helped to increase clearances, making the **installation easier and more efficient**.
Aesthetics	
Planet Passionate/ Sustainability	Kooltherm® Pipe Insulation holds a **highest possible BRE Green Guide rating of A+** and is manufactured to a BS EN ISO 14001, qualifying for the Responsible Sourcing credit.
Awards/ Certifications	Kooltherm® Pipe Insulation qualifies for the **highest possible BRE Green Guide rating of A/A+** and is manufactured to a BS EN 14001 Environmental Management System.
6	–
	✓
9	✓
11	✓
12	✓
13	✓

Studley Castle Hotel
Studley, United Kingdom

"We recommended Kingspan for the Studley Castle Hotel as our client wanted to ensure a thermally efficient build to minimise costs and maximise benefits. Given our experience working with its products, we were confident we could deliver this. In addition, we could also accomplish excellent indoor air quality as there are no fibres emitted from the insulation.

Samuel Hitch, Managing Director, Chase Insulations Ltd.

Click here to see more

REPORT OF TH REMUNERAT COMMITTE

On behalf of the Remuneration Committee (the "committee") and the Board, I am pleased to present my first Report on Directors' Remuneration, having been appointed as Chair of the committee in May 2019.

Prior to my appointment as Chair, I had served on the committee for four years and have developed a fundamental understanding of the company's incentive framework, its link to the Group's strategy, and the strong alignment between Kingspan's performance and our executive directors' remuneration.

Our remuneration philosophy
Central to our approach to remuneration are the principles of simplicity, pay for performance and transparency. Variable remuneration is only paid for strong performance and maximum payouts will only be realised for truly exceptional performance. A significant portion of remuneration is delivered through equity, ensuring strong levels of alignment between the interests of management and shareholders. In contrast to many of our peers in the UK & Ireland, our incentive framework is based on straight-forward metrics. The EPS measure we employ under both the annual bonus and Performance Share Plan (PSP) is identical to that which we report in the income statement and is not subject to any adjustments. This approach cascades through the organisation and promotes transparency and simplicity for participants and our shareholders. Our relentless focus on simplicity and a high-performance culture has been instrumental in driving the growth of the business and significant value creation for stakeholders.

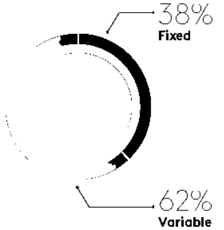
Business performance and pay outcomes
2019 was another year of strong performance for the Group across a number of measures. In the face of some mixed markets and a relatively weaker second half, Group revenue increased 7% to €4.7bn, and Trading Profit was up 12% to €497.1m, reflecting both volume growth and a healthy focus on margin management.

Earnings Per Share ('EPS') rose 11% to 204.6 cent and Total Shareholder Return ('TSR') for the year was 47.2%, which are two of the key performance measures used to determine the executives' performance-related pay. This has resulted in varying levels of bonus being achieved, with 71% of the Group EPS targets achieved, and between 82% - 100% of the divisional profit targets having been met.

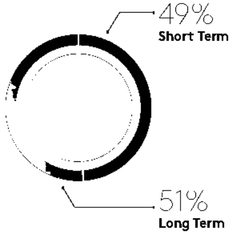
The strength of the Group's performance has also been reflected in the achievement of top quartile TSR performance among the peer group for the ninth cycle in a row which, together with strong long-term EPS growth, resulted in the 2017 PSP Awards vesting at 100% of maximum. Further details on outcomes under our incentive plans are set out later in this report.

Linda Hickey
Chair of the Remuneration Committee

Fixed pay v Variable pay



Variable pay
Short Term v Long Term



Corporate governance developments
As an Irish listed company, Kingspan reports against the provisions of the UK Corporate Governance Code (July 2018). This latest iteration of the Code has broadened the role of the committee, as well as introducing additional practices concerning director pay, all of which have been carefully considered by the committee during the year and extensively discussed with shareholders.

As noted in last year's Remuneration Report, the EU Shareholders' Rights Directive, which includes a focus on directors' remuneration disclosures and shareholder approval of the directors' remuneration policy, has yet to be transposed into Irish law and it is not yet clear how this will be finally implemented in Ireland. Nevertheless, in advance of that transposition taking place, Kingspan proposed an advisory vote on its remuneration policy at its 2019 Annual General Meeting, and we were pleased that this was supported by more than three quarters of shareholders.

Shareholder consultation
At the 2019 AGM, 23% of shareholders opposed the resolution relating to our remuneration policy. When engaging with shareholders around the AGM, we developed a clear understanding of the concerns of those who voted against the remuneration policy, as well as those who supported the resolution while noting minor concerns. During engagement with shareholders, the most common areas of discussion related to pension contribution levels; post-cessation shareholding guidelines; and the adoption of post-vesting holding for PSP Awards. In the period since the 2019 AGM, we wrote to shareholders representing more than half of our issued share capital and again engaged with a number of our major shareholders.

While it is not always possible to reach a consensus of views, particularly when discussing remuneration, we believe we have addressed the common themes emerging from the programme of shareholder engagement.

Consequently, the committee has implemented the following changes to our incentive framework:

- → The inclusion of a two-year post-vesting holding period under the PSP;
- → A reduction in pension contributions for all future executive directors, which will be aligned with the rate applicable to the workforce in the relevant local market; and
- → The introduction of a post-cessation shareholding guideline for all new executive directors, with the current shareholding guidelines applying for two years after an executive's departure.

Following confirmation of the proposed changes, we again engaged with shareholders to detail the background to the changes and to foster mutual understanding of the steps we have taken to meet the evolution of market best-practice in the UK & Ireland. On behalf of the committee, I want to thank all those shareholders who took the time to engage with us. We are pleased that shareholders were supportive of the changes we have made. The input of our shareholders is key to our aim of consistently improving transparency and we have used certain aspects of the feedback to enhance our disclosure.

Pensions
Over the past 12 months, the issue of pensions, and specifically any disparity between contribution levels for executives and the wider workforce, has become an area of focus for a number of investors. We have reflected on the range of viewpoints expressed to the committee on this, resulting in the amendment to our policy to limit all pensions for future executives to those available to the workforce in the relevant local market. While there are a number of investors that expect pensions to be similarly reduced for incumbent directors, there was also a clear recognition in our discussions with shareholders that addressing this issue for new hires is more achievable than seeking to change the contracts for incumbent executive directors. By reducing pensions for all future executives to those levels available to the general workforce, the committee has taken steps to align the current remuneration policy with the revised provisions of the UK Code.

To provide greater clarity, and in response to the feedback received from shareholders, we set out in more detail below how the pension contributions for the incumbent executive directors are calculated. As outlined in our Remuneration Policy, the Group operates a defined contribution pension scheme for executive directors, and contributions are determined on an individual basis and take into account a number of factors including age, length of service, and number of years to retirement.

→ For both the CEO and CFO, contributions are determined by reference to their salary, being c. 18% and 24% respectively. In relation to the Divisional MD's, Gilbert McCarthy's contributions are at 20% of base salary, whereas in the case of both Peter Wilson and Russell Shiels, there are specific legacy contractual arrangements in place.
→ Peter Wilson, who has been employed with Kingspan for almost 40 years, receives a base pension contribution of 21%. In 2010 the committee negotiated a revised contract with him which included an increase in his pension contribution by £75,000 per annum until retirement, and in 2016, as part of its strategic planning, the Company agreed to extend his retirement age by five years to 65.
→ Similarly, the contract of Russell Shiels, who joined the Group in 1996, was renegotiated in 2013, and his pension contributions were increased by $100,000 per annum until retirement. In 2018, as part of its strategic planning, the Company agreed with Mr Shiels to extend his retirement age by five years to 65.

In line with good practice, the Committee will keep under review pension contributions for the current executives, noting however that these are legacy contractual arrangements that were put in place many years ago. The committee has taken appropriate measures to ensure contributions for future executives are fully aligned with those of the relevant local workforce. We consider the steps we have taken have ensured our alignment with evolving best-practice without causing disruption at a critical juncture in the Group's strategic development.

2019 Remuneration at a glance
This section provides a snapshot of remuneration received by executive directors during 2019.

Salary
As flagged in last year's Annual Report, the CEO received a base salary increase of 5% in 2019. Peter Wilson, managing director of the Group's global Insulation Board received an increase of 10% in 2019, with other executives receiving an increase of 3% in line with those awarded to the general workforce. Further details of the directors' salaries and total remuneration are set out in the Remuneration Table on page 74.

Annual bonus
The maximum annual bonus potential of 150% of basic salary for the CEO and CFO was based on achievement of Group EPS performance targets. For Divisional MDs, bonuses were based on a combination of stretching profit targets for their respective divisions, plus an element of Group EPS targets. The final outturns of the annual performance bonuses are detailed in full below:

The CEO and CFO achieved 71% of maximum target, which is the equivalent of 106% of salary for each executive. Payouts for the divisional MDs ranged from 95% to 106% of salary, with Russell Shiels and Peter Wilson each having exceeded 100% of their divisional profit target and Gilbert McCarthy having achieved 82% of his target.

	Measure	Targets	Performance achieved	% Salary payout
CEO & CFO	EPS	95% - 120% of prior year	111%	71%
Divisional MDs	Divisional profit targets	10% divisional profit growth	107% to 127% of prior year	95% to 106%
	EPS	95% - 120% of prior year	111%	

Performance Share Plan
The Performance Share Plan ('PSP') awards vesting in May 2020, relate to awards granted in 2017.

These awards were subject to EPS growth and relative TSR performance targets measured over the period from the start of 2017 to the end of 2019. Target and actual outturns are set out in the table below. 100% of awards granted will vest in May 2020.

Summary of Remuneration Policy
Set out below is a summary of the remuneration policy approved by shareholders at the 2019 AGM (as updated following shareholder consultation).

The policy is guided by the following overarching principles:

→ Simplicity
→ Transparency
→ High-performance

	Weighting	Targets	Performance	Payout (% of max.)
EPS	50%	CPI + 5%-10% compound p.a.	CPI + 12.2%	100%
TSR	50%	Median-Upper Quartile	87th percentile	100%

	How it Operates	Maximum Opportunity
Base salary	Base salaries are reviewed annually by the Remuneration Committee in the last quarter of each year. Increases will generally be in line with increases across the Group, but may be higher or lower in certain circumstances to reflect performance, changes in remit, roles and responsibilities, or to allow newly appointed executives to move progressively towards market norms.	No prescribed maximum
Pensions	The Group operates a defined contribution pension scheme for executive directors. Pension contributions are calculated on base salary only. Contributions are determined on an individual basis and take into account a number of factors including age, length of service, and number of years to retirement. The committee may alternatively pay a cash amount subject to all applicable employee and employer payroll taxes and social security.	No current maximum for incumbent executives. For all future appointments, pensions will be capped at the rate applicable to the workforce in the relevant local market.
Benefits	Executive directors' benefits include but are not limited to life and health insurance, the use by the executive directors of company cars (or a taxable car allowance), and relocation or similar allowances on recruitment, each in line with typical market practice.	No prescribed maximum
Annual bonus	Executive directors receive annual performance related bonus based on the attainment of financial targets set prior to the start of each year by the committee. Bonuses are paid on a sliding scale if the targets are met. Maximum bonus is only achieved if ambitious incremental growth targets are achieved. No more than 100% of salary may be delivered in cash through the bonus plan. Any performance related bonus achieved in excess of the amount payable in cash is satisfied by the grant of share awards, which are deferred for two years.	150% of base salary Part deferred
PSP	Executive directors are entitled to participate in the Group's Performance Share Plan (PSP). Under the terms of the PSP, performance shares are awarded to the executive directors and the senior management team. The performance shares will vest after three years only if the Company's underlying performance has improved during the 3-year performance period, and if certain performance criteria are achieved over the performance period. The awards are subject to a two-year post-vesting holding period.	200% of salary 25% threshold vesting

In addition to the framework outlined, the following are key structural aspects of the remuneration policy.

Executive director shareholding guidelines
The committee recognises that share ownership is important in aligning the interests of management with those of shareholders. Shareholding guidelines are in place whereby all executive directors are required to acquire a holding of shares in the Company equal to 200% of salary. The executive directors in practice hold significantly in excess of this requirement, and details of these shareholdings are provided in the Report of the Directors contained in this Annual Report. With effect from 2020, newly appointed executive directors will also be subject to a post-employment shareholding policy equal to 200% of salary. The committee concluded that it was not necessary to implement post-employment guidelines for the current executive directors, having regard to their long-standing high levels of shareholdings and their existing contractual arrangements.

Directors' Remuneration for year ended 31 December 2019

Executive Directors	Gene Murtagh EUR'000		Geoff Doherty EUR'000		Russell Shiels[1] EUR'000		Peter Wilson[2] EUR'000		Gilbert McCarthy EUR'000		Total EUR'000	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Fixed Pay												
- Salary and Fees	**870**	828	**562**	546	**522**	481	**477**	425	**520**	505	**2,951**	2,785
- Pension Contributions[3]	**158**	150	**137**	133	**174**	163	**186**	174	**104**	101	**759**	721
- Benefits[4]	**36**	34	**34**	33	**55**	55	**20**	19	**37**	33	**182**	174
Performance Pay[5]												
- Cash element	**870**	828	**562**	546	**522**	481	**477**	211	**495**	493	**2,926**	2,559
- Deferred share awards	**52**	158	**34**	104	**31**	92	**29**	81	**-**	96	**146**	531
Total executive pay	**1,986**	1,998	**1,329**	1,362	**1,304**	1,272	**1,189**	910	**1,156**	1,228	**6,964**	6,770
Charge to Consolidated Income Statement for share options and awards[6]											**3,241**	2,807
Non Executive Directors[7]												
Eugene Murtagh											**191**	191
Helen Kirkpatrick[8]											**35**	85
Linda Hickey											**82**	75
Michael Cawley											**85**	85
John Cronin											**75**	75
Bruce McLennan											**75**	75
Jost Massenberg											**75**	64
Anne Heraty[9]											**31**	-
Total non-executive pay											**649**	650
Total Directors' remuneration											**10,854**	10,227

(1) Russell Shiels' remuneration is denominated in USD, and has been converted to Euro at the following average rates USD: 1.120 (2018: 1.181).
(2) Peter Wilson's remuneration was denominated in GBP in 2018, and has been converted to Euro at the following average rate GBP: 0.885.
(3) The Group operates a defined contribution pension scheme for executive directors. Certain executives have elected to receive part of their prospective pension entitlement as a non-pensionable cash allowance in lieu of the pension benefit foregone, subject to all applicable employee and employer payroll taxes.
(4) Benefits principally relate to health insurance premiums and company cars/car allowances. In the case of Russell Shiels the cost of life insurance and permanent health benefit is also included.
(5) Performance pay is earned for meeting clearly defined EPS growth and divisional profit targets. Details of the bonus plan and targets are set out on page 75 of the Remuneration Report.
(6) The charge to the Consolidated Income Statement represents the current year cost of the unvested PSP Awards granted to the Executive Directors. Details of the valuation methodology are set out in Note 3 to the Financial Statements.
(7) Non-executive directors receive a base fee of €75,000 per annum, plus an additional fee of between €7,500 and €10,000 for chairmanship of Board committees. They do not receive any pension benefit, or any performance or share based remuneration.
(8) Helen Kirkpatrick retired as a non-executive director on 03/05/2019.
(9) Anne Heraty was appointed as a non-executive director on 01/08/2019.

Clawback
The committee recognises that there could potentially be circumstances in which performance related pay (either annual performance related bonuses and/or PSP Awards) is paid out and where certain circumstances later arise which bring the committee to conclude that the payment should not have been made in full or in part. The clawback of performance related pay, and malus provisions (where awards are reduced to nil before they have vested) would apply in certain circumstances including:

→ a material misstatement of the Company's financial results;
→ a material breach of an executive's contract of employment;
→ error in calculation;
→ failure of risk management;
→ corporate failure;
→ any wilful misconduct, recklessness, and/or fraud resulting in serious damage to the financial condition or business reputation of the Company.

The committee may adjust the bonus and PSP that is payable if it considers the formulaic outcome is not representative of the underlying performance of the Company, investor experience or employee reward outcome.

The remuneration policy approved at the 2019 AGM is set out in full in the 2018 Annual Report and on our website at the following address: **www.kingspan.com.**

Performance related bonus
In 2019 all executive directors were eligible for a maximum performance related bonus opportunity of up to 150% of base salary. The CEO and CFO's annual performance related bonuses were based on Group EPS growth targets over prior year, with the maximum annual performance related bonus being payable on the achievement of 20% Group EPS growth over prior year. The committee considers this to be a truly stretching target.

For each of the Divisional MDs, up to 40% of their total bonus opportunity was based on achieving stretching divisional profit targets, with maximum bonus being payable on the achievement of 10% divisional profit growth. A further 60% of the Divisional MDs' total bonus opportunity was payable on the achievement of the same Group EPS targets as for the CEO and CFO, ensuring a healthy balance between incentivising divisional and Group growth.

While the Group delivered another year of record results, with trading profit up 12% and EPS up 11%, no participant received maximum payouts. The top-end Group EPS target was not achieved, and the varying divisional performances resulted in different levels of bonus payouts being earned. This underpins the committee's philosophy that truly stretching performance is needed for executives to receive maximum payouts. A proportion of the payouts have been deferred into shares for two years.

The table below sets out the performance against targets for each of the executive directors in respect of the year ended 31 December 2019.

	Max. opportunity as % salary	Performance measures and % weighting	Threshold target	Target for maximum	Performance achieved	Bonus outcome as % salary
Chief Executive	150%	EPS	174.8c	220.8c	204.6c	106%
Chief Financial Officer	150%	EPS	174.8c	220.8c	204.6c	106%
Russell Shiels	150%	Divisional profit (40%)	10% profit growth		27% profit growth	106%
		EPS (60%)	174.8c	220.8c	204.6c	
Peter Wilson	150%	Divisional profit (40%)	10% profit growth		13% profit growth	106%
		EPS (60%)	174.8c	220.8c	204.6c	
Gilbert McCarthy	150%	Divisional profit(40%)	10% profit growth		7% profit growth	95%
		EPS (60%)	174.8c	220.8c	204.6c	

We do not disclose the specific targets for the Divisional MDs, and performance against them, as these are commercially sensitive figures. While the committee is fully aware of the expectation that all bonus targets are disclosed in the year of payment, the specific targets for the Divisional MDs would provide information that would not otherwise be available to competitors.

Performance Share Plan
The committee reviewed the extent to which the vesting targets in respect of the PSP Awards granted in 2017 had been met by reference to EPS and TSR targets over the three-year performance period to 31 December 2019. In 2017, the committee granted PSP Awards that were 50% based on EPS growth targets and 50% based on TSR targets:

Weighting	Measure	Threshold	Maximum	Performance	% Vesting
50%	EPS	CPI + 5%	CPI + 10%	CPI + 12.2%	100%
50%	TSR	Median	Upper quartile	87th percentile	100%

The peer group against which TSR performance was measured was as follows:

Armstrong World Industries Inc.	Owens Corning
Boral Ltd.	Rockwool Intl. A/S
CRH plc	SIG plc
Geberit AG	Sika
Grafton Group plc	Travis Perkins plc
Lafarge Holcim	USG Corporation
NCI Building Systems Inc.	Wienerberger AG

Performance Share Plan Director		At 31 Dec 2018	Granted during year	Vested during year	Exercised or lapsed during year	At 31 Dec 2019	Option price €	Earliest exercise date	Latest expiry date
Gene M. Murtagh									
	Unvested	129,498	38,642	(40,882)	(4,908)[1]	122,350	0.13	05/05/20	25/02/26
	Vested	97,490		40,882	(55,121)[2]	83,251	0.13	24/02/18	23/02/23
		226,988	**38,642**	-	**(60,029)**	**205,601**	**0.13**		
Geoff Doherty									
	Unvested	75,363	21,396	(24,090)	(2,892)[1]	69,777	0.13	05/05/20	25/02/26
	Vested	-		24,090	(24,089)[3]	1	0.13	23/02/19	23/02/23
		75,363	**21,396**	-	**(26,981)**	**69,778**	**0.13**		
Russell Shiels									
	Unvested	68,698	19,797	(22,524)	(2,705)[1]	63,266	0.13	05/05/20	25/02/26
	Vested	-		22,524	(22,524)[4]	-	0.13	-	-
		68,698	**19,797**	-	**(25,229)**	**63,266**	**0.13**		
Peter Wilson									
	Unvested	64,626	19,797	(20,912)	(2,511)[1]	61,000	0.13	05/05/20	25/02/26
	Vested	-		20,912	(20,912)[5]	-	0.13	-	-
		64,626	**19,797**	-	**(23,423)**	**61,000**	**0.13**		
Gilbert McCarthy									
	Unvested	68,697	19,797	(21,819)	(2,620)[1]	64,055	0.13	05/05/20	25/02/26
	Vested	95,854		21,819	(45,000)[6]	72,673	0.13	25/02/17	23/02/23
		164,551	**19,797**	-	**(47,620)**	**136,728**	**0.13**		
Company Secretary									
Lorcan Dowd									
	Unvested	13,332	4,378	(3,958)		13,752	0.13	05/05/20	25/02/26
	Vested	21,780		3,958	(10,300)[7]	15,438	0.13	25/02/17	23/02/23
		35,112	**4,378**	-	**(10,300)**	**29,190**	**0.13**		

1 Lapsed on 23/02/2019, because TSR performance targets were not fully met.
2 Exercised on 03/05/2019. Market value on day of exercise €46.04.
3 Exercised on 08/05/2019. Market value on day of exercise €45.80.
4 Exercised on 04/06/2019. Market value on day of exercise €47.00.
5 Exercised on 17/06/2019. Market value on day of exercise €46.54.
6 Exercised on 11/12/2019. Market value on day of exercise €50.50.
7 Exercised on 12/12/2019. Market value on day of exercise €51.05.

Deferred Share Awards Director		At 31 Dec 2018	Granted during year	Vested & transferred during year	At 31 Dec 2019	Earliest vesting/ transfer date
Gene M. Murtagh	Unvested	**11,899**	4,009	(11,899)	**4,009**	31/03/21
Geoff Doherty	Unvested	**8,765**	2,644	(8,765)	**2,644**	31/03/21
Russell Shiels	Unvested	**8,349**	2,424	(8,349)	**2,424**	31/03/21
Peter Wilson	Unvested	**6,839**	2,090	(6,839)	**2,090**	31/03/21
Gilbert McCarthy	Unvested	**7,939**	2,445	(7,939)	**2,445**	31/03/21

In addition, the committee reviewed the vesting outcomes to ensure they reflected overall group performance, individual contribution as well as shareholder and the wider workforce experience throughout the performance period. In light of the strong performance, including three-year revenue growth of 50%, three-year trading profit growth of 46% and absolute TSR growth of 111% over the performance period, the committee concluded that the PSP vesting conditions had been satisfied in full and were an accurate reflection of the Group's performance.

Non-executive directors
The non-executive directors each receive fees which are approved by the Board as a whole. The Chairman's fee is €191,000. The basic non-executive director fee is €75,000. An additional fee of €7,500 is paid for chairing the Remuneration Committee, and a fee of €10,000 for chairmanship of the Audit Committee and for the Senior Independent Director, to reflect the additional role and responsibilities (only one additional fee is paid if a director has dual roles).

Committee Governance
The Remuneration Committee comprises three independent non-executive directors, Linda Hickey (Chair), Michael Cawley and Bruce McLennan. The Company Secretary acts as the secretary to the committee. The Chief Executive does not normally attend meetings but provides input where relevant, to the committee Chair prior to the meeting. No individual is present at a meeting when the terms of his own remuneration are discussed. The terms of reference are available on the Company's website: **www.kingspan.com**

External advisors
The Remuneration Committee obtained advice during the year from independent remuneration consultants Korn Ferry. Korn Ferry is a member of the Remuneration Consultants Group and a signatory to its Code of Conduct, and all advice is provided in accordance with this code. Korn Ferry did not provide any other services to Kingspan Group during the year. Accordingly, the committee is satisfied that the advice obtained was objective and independent.

The Remuneration Committee met four times during the year. Each meeting was attended by all the members of the committee, and an overview of the workings of the committee is set out below.

Implementation of Remuneration Policy for 2020
The core principles of our remuneration philosophy as outlined earlier, frame our approach to 2020, namely simplicity, reward for high-performance, and transparency.

Base salary and pension
As detailed in our 2018 Annual Report, the committee carried out a review of each of the divisional directors' roles. While recognising stakeholder concerns about any increases in pay, it was clear from the review that Peter Wilson's role as Managing Director of the global Insulation business had increased over several years in terms of size and complexity, but at the same time his salary was misaligned to levels in the rest of the business. While this discrepancy was reduced somewhat in 2019, Mr Wilson will receive a salary increase of 7.5% in 2020. Following this increase, the committee is satisfied that it has largely addressed the findings of the review and is comfortable that Mr Wilson's salary is now set at an appropriate level. Salaries for the other executive directors for 2020 have been increased by 2% in line with increases in the rest of the workforce.

As outlined previously, the committee has made a significant change to the company's policy on pensions, with the pension contributions of new executive directors limited to the levels applicable to the wider workforce in the market in which they work. While there are no changes to previously agreed contractual entitlements for incumbent executive directors, the Committee is aware of rapidly evolving expectations in this area and will continue to keep this aspect of executive remuneration under review.

Annual Bonus
The maximum bonus opportunity for all the executive directors is 150% of salary (unchanged from 2019) with up to 100% of salary earned through the bonus plan delivered in cash and up to 50% of salary being deferred into shares in the Company for two years. For 2020, the committee has determined that the performance measures will remain unchanged from 2019. For the CEO and CFO, bonuses will continue to be based on Group EPS growth targets. For Divisional MDs, 40% of their total bonus opportunity is based on the achievement of divisional profit growth targets, and 60% of their total bonus opportunity is based on the achievement of Group EPS growth targets over prior year.

The committee has carefully considered alternative financial measures for the annual bonus and remains of the view that EPS provides the strongest alignment to the business strategy as well as being a critical key performance indicator. Targets are set using unadjusted audited EPS, as reported in our annual accounts, which creates a strong alignment with shareholders' experience and promotes simplicity and transparency. EPS targets will be disclosed with performance against them in the 2020 Remuneration Report. The committee is also keenly monitoring the Net Promoter Score (NPS) programme launched by Kingspan across the Group in 2019. NPS measures the customer experience across a range of aspects in the business, and as such it closely aligns our strategy with the experience of one of our most important stakeholders, our customers. The committee is reviewing the implementation of the NPS programme and is considering bringing it in as an additional performance measure in the annual bonus plan in the period ahead.

Performance share awards
For 2020, the CEO will receive an award over shares with a market value of 175% of base salary. The other executive directors will receive awards over shares with a market value of approximately 150% of base salary (subject to adjustment to ensure internal parity and to manage exchange rate fluctuations between the divisional directors). The committee will keep this approach under review and ensure that it does not breach the overall limits contained in the PSP rules.

Following a review of the performance framework, the committee has selected the same performance measures as employed for the 2019 PSP Awards. Half of the award will be based on EPS growth targets and the other half on relative TSR against the same peer group as the 2019 awards.

Annually, the committee conducts a rigorous test to ensure targets remain stretching yet realistic and are appropriately aligned with our risk appetite as well as internal and external forecasts. The committee set the following targets which, given the market and business outlook from which these targets will be measured, it considers to be demanding.

The clarity and simplicity of the performance measures are a cornerstone of our approach to remuneration and have served the Company and our shareholders well since the introduction of the PSP.

Non-executive director fees
There is no change to the non-executive director fees for 2020.

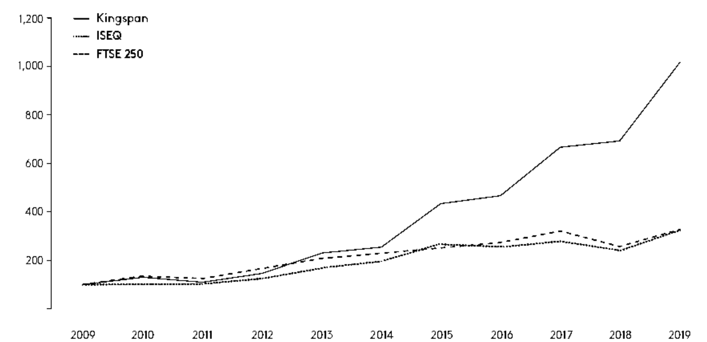
Performance graph
The graph below shows the Company's TSR performance against the performance of the ISEQ and FTSE 250 indices over the 10 year period to 31 December 2019.

Performance Measures	Weighting	Percentage vesting at threshold	Threshold vesting target	Maximum vesting target*
EPS	50%	25%	6%	12%
TSR	50%	25%	Median	Upper quartile

* Straight line vesting between threshold and maximum vesting

Remuneration Committee activities	FEB	JUN	OCT	DEC
Salary and fees				
Engage independent consultants		•		
Review of overall remuneration policy		•	•	
Review executives' salary, role and responsibilities for 2020			•	
Review non-executives' fees for 2020			•	
Approve Executive's pension arrangements			•	
Performance pay				
Assess Group and individual performance against targets for 2018	•			
Confirm percentage of performance bonus achieved for 2018	•			
Confirm vesting of 2017 Deferred Share Awards	•			
Agree Group and individual performance targets for 2020			•	•
PSP Awards				
Assess performance of 2016/2018 PSP Awards against targets	•			
Determine percentage of 2016/2018 PSP Awards which vest	•			
Review performance measures for PSP Awards for 2019	•			
Agree targets and level for grants of PSPs Awards for 2019	•			
Governance				
Review and approve Remuneration Report for Annual Report 2018	•			
Update on governance and remuneration trends generally	•	•	•	
Consult with shareholders and consider feedback on new Remuneration Policy	•	•	•	•
Consider shareholder votes and feedback from AGM 2019		•		
Review of consultants' performance and independence			•	

Total Shareholder Returns



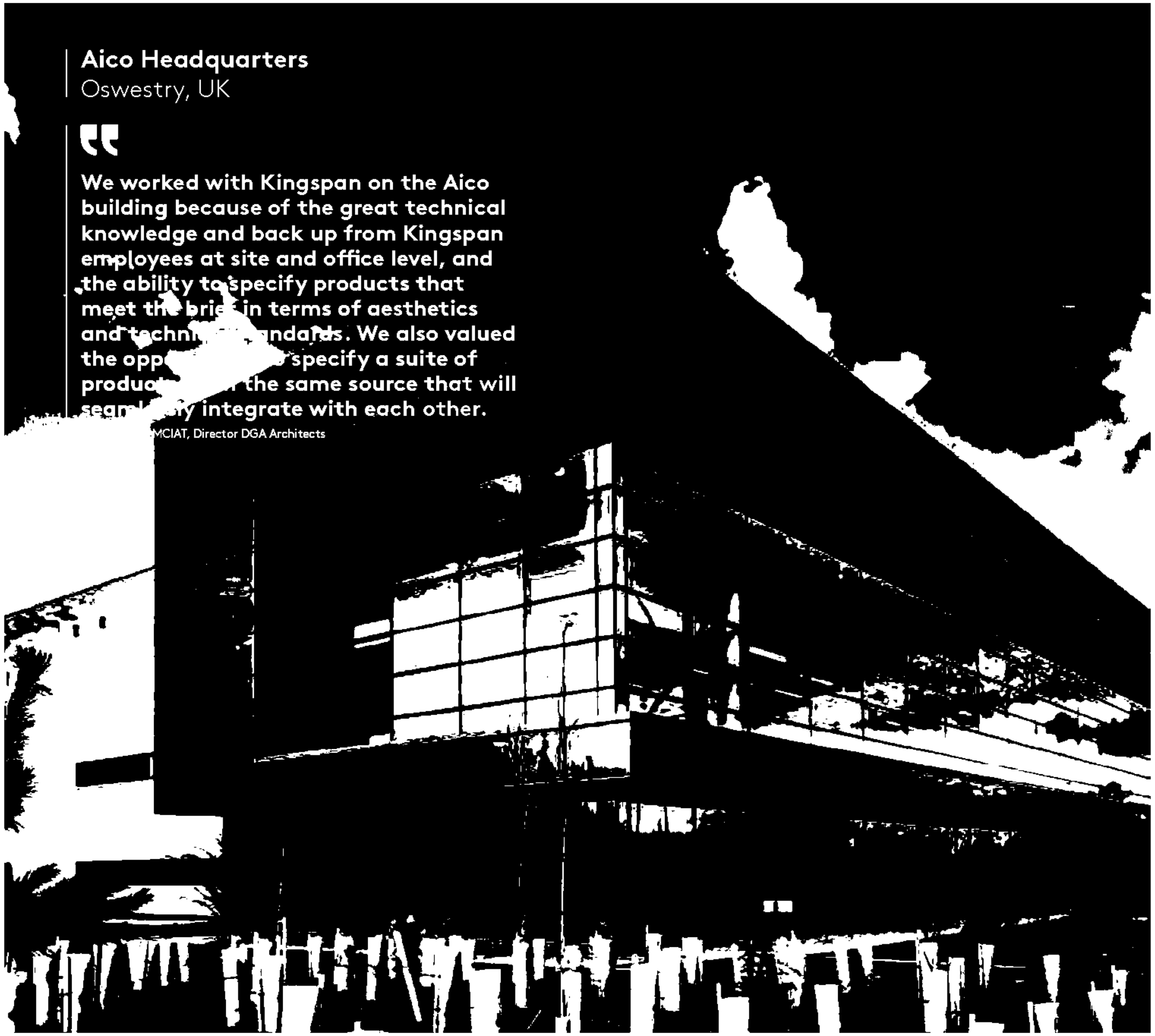
Product →	Kingspan Topdek KS1000TD Roof Panel Kingspan KS1000 Microrib Architectural Wall Panels Kingspan KS1000 Optimo
Energy/ Carbon Saving →	Kingspan panels enabled the **considerable gain** needed in thermal performance to offset the large glass content in the building envelope.
Space/ Dimensions →	Utilising insulated panels enabled a **thinner insulation** versus traditional materials thereby increasing useable space.
Health & Wellbeing →	Employee health and wellbeing was a key consideration for the project. The building was designed to provide a **comfortable, yet stimulating, environment** to work in.
Speed/ Ease of build →	Insulated panels helped to **reduce labour time and number of trades** and the option to specify a complete range of roof, gutter and wall panels simplified the project coordination.
Aesthetics →	Longspan wall panels reduce vertical joints, **maximising the aesthetic properties** of the panels. The vast array of colours and finishes enabled the architect to achieve their brief.
Planet Passionate/ Sustainability →	The QuadCore™ used on the Aico building was made using renewable energy and **contains 20-25% recycled steel.**
Awards/ Certifications →	It is intended that the Aico building will be entered for multiple awards, with both design and sustainability as key considerations.
6 CLEAN WATER AND SANITATION →	–
→	✓
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE →	✓
11 →	✓
12 RESPONSIBLE CONSUMPTION AND PRODUCTION →	✓
13 CLIMATE ACTION →	✓

Aico Headquarters
Oswestry, UK

"

We worked with Kingspan on the Aico building because of the great technical knowledge and back up from Kingspan employees at site and office level, and the ability to specify products that meet the brief in terms of aesthetics and technical standards. We also valued the opportunity to specify a suite of products from the same source that will seamlessly integrate with each other.

MCIAT, Director DGA Architects



Credit: ©Richard Stonehouse

REPORT OF THE AUDIT COMMITTEE

As chairman of the Audit Committee I am pleased to present the report of the committee for the year ended 31 December 2019.

This report details how the Audit Committee has met its responsibilities under its Terms of Reference, the Irish Companies Act 2014 and under the UK Corporate Governance Code (July 2018) in the last twelve months.

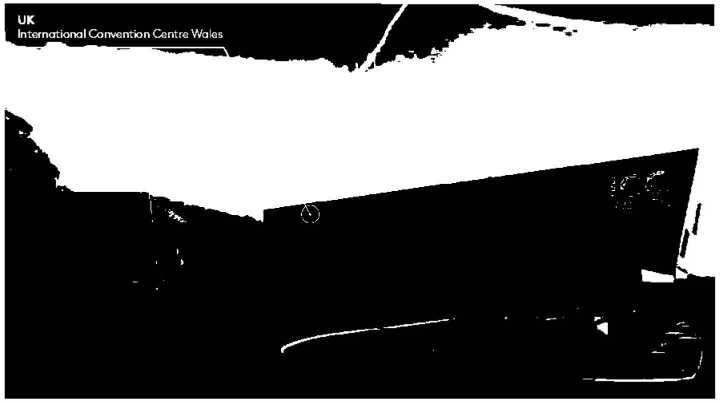
The Audit Committee focused particularly on the appropriateness of the Group's financial statements. The committee has satisfied itself, and has advised the Board accordingly, that the 2019 Annual Report and financial statements are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's performance, business model and strategy. The significant issues that the committee considered in relation to the financial statements and how these issues were addressed are set out in this report.

The Audit Committee note the requirements under section 225 of the Irish Companies Act 2014 to present a Directors' Compliance Statement, and has ensured that the directors are aware of their responsibilities and comply fully with this provision.

One of the Audit Committee's key responsibilities is to review the Group's risk management and internal controls systems, including in particular internal financial controls. During the year, the committee carried out a robust assessment of the principal risks facing the company and monitored the risk management and internal control system on an on-going basis. Further details in regard to these matters are also set out in the Risk & Risk Management section of this Annual Report

The committee also reviewed the effectiveness of both the external audit process and the internal audit function as part of the continuous improvement of financial reporting and risk management across the Group.

Michael Cawley
Chairman, Audit Committee



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International Convention Centre Wales

Role and Responsibilities
The Board has established an Audit Committee to monitor the integrity of the Company's financial statements and the effectiveness of the Group's internal financial controls. The committee's role and responsibilities are set out in the committee's Terms of Reference which are available from the Company and are displayed on the Group's website (**www.kingspan.com**). The Terms of Reference are reviewed annually and amended where appropriate. During the year the committee worked with the external auditors, internal audit, and members of the senior management team in fulfilling these responsibilities.

The Audit Committee report deals with the key areas in which the Audit Committee plays an active role and has responsibility. These areas are as follows:

1. Financial reporting and related primary areas of judgement;
2. The external audit process;
3. The Group's internal audit function;
4. Risk management and internal controls; and
5. Whistleblowing procedures.

Committee membership
As at 31 December 2019, the Audit Committee comprised of three independent non-executive directors who are Michael Cawley (Chairman), Anne Heraty and John Cronin.

Anne Heraty joined the committee on 1 August 2019. Linda Hickey and John Cronin retired from the committee in May 2019 and February 2020 respectively, and Bruce McLennan was also appointed to the committee in February 2020.

The biographies of each can be found in the Board section of this annual report.

The Board considers that the committee as a whole has an appropriate and experienced blend of commercial, financial and industry expertise to enable it to fulfil its duties, and that the committee chairman, Michael Cawley B.COMM., F.C.A., has appropriate recent and relevant financial experience.

Meetings
The committee met four times during the year ended 31 December 2019 and attendance at the meetings is noted below. Activities of the Audit Committee in each meeting is noted below.

Committee Member	Attended	Eligible	Appointment Date
Michael Cawley (Chairman)	5	5	2014
Anne Heraty	3	3	2019
Linda Hickey (retired)	1	1	2013
John Cronin (retired)	5	5	2015
Bruce McLennan	-	-	2020

Audit Committee activities	FEB	JUN	AUG	OCT	NOV
Financial reporting					
Review and approve preliminary & half-year results	•		•		
Consider key audit and accounting issues and judgements	•		•		
Approve going concern and viability statements	•				
Consider accounting policies and the impact of new accounting standards	•		•		
Review management letter from auditors	•				
Review of any related party matters and intended disclosures	•				
Review Annual Report, and confirm if fair, balanced and understandable	•				
External auditors					
Plan for year-end audit & half-year review		•			•
Approval of audit engagement letter and audit fees					•
Confirm auditor independence, materiality of fees and non-audit services	•		•		
Assessment and selection of external auditor for 2020		•		•	
Internal audit and risk management controls					
Review of internal audit reports and monitor progress on open actions	•	•	•		•
Approve internal audit plan and resources, taking account of risk management	•	•	•		•
Review of financial, IT and general controls	•	•	•		•
Monitor Group whistleblowing procedures	•	•	•		•
Assessment of the principal risks and effectiveness of internal control systems					•
Governance					
Accounting standards update			•		
Corporate governance update					•
Evaluation of external and internal audit function		•			
Directors' Compliance Statement policy and procedures					•
IT governance and risk management		•			
General Data Protection Regulation legislation	•	•			

Each committee meeting was attended by the Group Chief Financial Officer and the Head of Internal Audit. The external auditors also attended these meetings as required. The Company Secretary is the secretary of the Audit Committee. Other directors can attend the meetings as required.

The chairman of the Audit Committee also met with both the Head of Internal Audit and the external audit lead partner outside of committee meetings as required throughout the year.

Committee Evaluation
As outlined in the Report of the Nomination and Governance Committee contained in this Annual Report, the performance of the Board also includes a review of the committees. Any recommendations raised in relation to the Audit Committee are acted upon in a formal and structured manner. No issues were identified for the year ending 31 December 2019.

Financial Reporting
The committee is responsible for monitoring the integrity of the Group's financial statements and reviewing the financial reporting judgements contained therein. The financial statements are prepared by a finance team with the appropriate qualifications and expertise.

The Committee confirmed to the Board that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

In respect of the year to 31 December 2019, the committee reviewed:

- the Group's Trading Updates issued in May and November 2019;
- the Group' s Interim Report for the six months to 30 June 2019; and
- the Preliminary Announcement and Annual Report to 31 December 2019.

UK
Science and Technology Facilities Council

Light & Air:
Kingspan Day-Lite Kapture

In carrying out these reviews, the committee:

- reviewed the appropriateness of Group accounting policies and monitored changes to and compliance with accounting standards on an on-going basis;
- discussed with management and the external auditors the critical accounting policies and judgements that had been applied;
- compared the results with management accounts and budgets, and reviewed reconciliations between these and the final results;
- discussed a report from the external auditors at that meeting identifying the significant accounting and judgemental issues that arose in the course of the audit;
- considered the management representation letter requested by the auditors for any non-standard issues and monitored action taken by management as a result of any recommendations;
- discussed with management future accounting developments which are likely to affect the financial statements;
- reviewed the budgets and strategic plans of the Group in order to ensure that all forward looking statements made within the Annual Report reflect the actual position of the Group; and
- considered key areas in which estimates and judgement had been applied in preparation of the financial statements including, but not limited to, a review of fair values on acquisition, the carrying amount of goodwill, intangible assets and property, plant and equipment, litigation and warranty provisions, recoverability of trade receivables, valuation of inventory, hedge accounting treatments, and treasury and tax matters.

The primary areas of judgement considered by the committee in relation to the Group's 2019 financial statements, and how they were addressed by the committee are set out overleaf.

Each of these areas received particular focus from the external auditor, who provided detailed analysis and assessment of the matter in their report to the committee.

In addition, the Internal Audit team review the businesses covered in their annual Internal Audit Plan, as agreed by the committee, and report their findings to the Audit Committee throughout the year. These internal audit reviews are focused on areas of judgement such as warranty provisions, trade receivables and inventory and provide the committee information on the adequacy and appropriateness of provisions in these areas.

Primary areas of judgement	Committee activity
Consideration of impairment of goodwill	The committee considered the annual impairment assessment of goodwill prepared by management for each Cash Generating Unit ("CGU") using a discounted cash flow analysis based on the strategic plans approved by the Board, including a sensitivity analysis on key assumptions. The primary judgement areas were the achievability of the long term business plans and the key macroeconomic and business specific assumptions. In considering the matter, the committee discussed with management the judgements made and the sensitivities performed. Further detail of the methodology is set out in Note 9 to the financial statements. KPMG also provided the committee with their evaluation of the impairment review process. Kingspan completed 4 acquisitions during the financial year. The allocation of goodwill to CGUs is not yet complete for all acquisitions but the methodology of the assessments of such items of goodwill was presented to the committee and the results were deemed appropriate.
Adequacy of warranty provisions	The committee reviewed the judgements applied by management in assessing both specific and risk based warranty provisions at 31 December 2019. The committee reviewed and discussed with management the monthly reports presented to the Board which set out, for each of the Group's divisions, warranty provisions and warranty costs and analyse these costs as a percentage of divisional sales. A retrospective review of warranty provisions at 31 December 2018 was also carried out in order to note any indication of management bias within the provisions and none was noted. The committee was satisfied that such judgements were appropriate and the risk had been adequately addressed.
Recoverability of trade receivables and adequacy of receivables provision	The committee reviewed the judgements applied by management in determining the bad debts provision at 31 December 2019. The committee reviewed and discussed with management the monthly board report which sets out aged analysis of gross debtor balances and associated bad debt provisions and reviewed security (including credit insurance) that is in place. A retrospective review of bad debt provisions at 31 December 2018 was also carried out in order to note any indication of management bias within the provisions and none was noted. The committee was satisfied that such judgements were appropriate and the risk had been adequately addressed.
Valuation of inventory and adequacy of inventory provision	The committee reviewed the valuation and provisioning for inventory at 31 December 2019. The main area of judgement was the level of provisioning required for slow moving and obsolete inventory. The committee reviewed and discussed with management the monthly board report which sets out, for each of the Group's divisions, gross inventory balances and associated obsolescence provision including an analysis by inventory, category and ageing. A retrospective review of inventory provisions at 31 December 2018 was also carried out in order to note any indication of management bias within the provisions and none was noted. The committee was satisfied that such judgements were appropriate and the risk had been adequately addressed.
Taxation	Provisioning for potential current tax liabilities and the level of deferred tax asset recognition in relation to accumulated tax losses are underpinned by a range of judgements. The committee addresses these issues through a range of reporting from senior management and a process of challenging the appropriateness of management's views including the degree to which these are supported by professional advice from external legal and other advisory firms. This assessment was conducted in line with the provisions of IFRIC 23. The Group's accounting manual sets out detailed policies that prescribe the methodology to be used by management in calculating the above provisions. Each division formally confirms compliance with these policies on an annual basis. The committee was satisfied that such judgements were appropriate and the risk had been adequately addressed.
Accounting for acquisitions	Total acquisition consideration in 2019 amounted to €144m. The committee discussed with management and the external auditors the accounting treatment for newly acquired businesses, and the related judgements made by management, and were satisfied that the treatment in the Group's financial statements was appropriate.

External auditor
The Audit Committee has responsibility for overseeing the Group's relationship with the external auditor including reviewing the quality and effectiveness of their performance, their external audit plan and process, their independence from the Group, their appointment and their audit fee proposals.

Performance and audit plan
Following the completion of the 2018 year-end audit, the committee carried out a review of the effectiveness of the external auditor and the audit process. This review involved discussions with both group management and internal audit and feedback provided by divisional management. The committee continues to monitor the performance and objectivity of the external auditors and takes this into consideration when making its recommendations to the Board on the remuneration, the terms of engagement and the re-appointment, or otherwise, of the external auditors.

Prior to commencement of the 2019 year-end audit and half-year review, the committee approved the external auditors' work plan and resources and agreed with the auditor's various key areas of focus, including accounting for acquisitions, impairments, warranty provisions, as well as a particular focus on certain higher risk jurisdictions.

During the year, the committee met with the external auditors without management being present. This meeting provided the opportunity for direct dialogue and feedback between the committee and the auditor, where they discussed inter alia some of the key audit management letter points.

EU Audit Reform
The regulatory framework for the Group's statutory audit is governed by EU legislation under Directive 2014/56/EU and Regulation EU No. 537/2014. EU Audit reform legislation is applicable in the Member States of the European Union, including Ireland. Under this legislation, Kingspan Group plc is considered a Public Interest Entity ("PIE"). Key developments falling from the implementation of this legislation are:

→ a requirement that the PIE changes its statutory auditor every ten years (following rotation, the statutory audit firm cannot be reappointed for four years);
→ a requirement that certain procedures are followed for the selection of the new statutory auditor; and
→ restrictions on the entitlement of the statutory auditing firm to provide certain non-audit services.

Kingspan Group plc has fully complied with such EU Audit Reform from the period commencing 1 January 2017. With regards audit firm rotation, EY has been selected as the external auditor for the financial year commencing 1 January 2020. The selection process is outlined in more detail below.

Independence and objectivity
The committee is responsible for ensuring that the external auditor is objective and independent. KPMG has been the Group's auditor since 2011, following a formal tender process in which a number of leading global firms submitted written tenders and presentations. The lead audit partner is rotated every five years.

The committee received confirmation from the auditors that they are independent of the Group under the requirements of the Financial Reporting Council's Ethical Standards for auditors. The auditors also confirmed that they were not aware of any relationships between the Group and the firm or between the firm and any persons in financial reporting oversight roles in the Group that may affect its independence.

Non-audit services
In order to further ensure independence, the committee has a policy on the provision of non-audit services by the external auditors that seeks to ensure that the services provided by the external auditors are not, or are not perceived to be, in conflict with auditor independence. By obtaining an account of all relationships between the external auditors and the Group, and by reviewing the economic importance of the Group to the external auditors by monitoring the audit fees as a percentage of total income generated from the relationship with the Group, the committee ensured that the independence of the external audit was not compromised. An analysis of fees paid to the external auditor, including the non-audit fees, is set out in Note 5 and below.

Audit tender & rotation of auditors
A competitive audit tender process was launched in 2019. The committee was responsible for the design and operation of the tender process. The objectives were for the process to be efficient, fair and transparent and to submit two firms to the Board for appointment, with a reasoned preference for a single firm.

Following the issuance of a Request for Proposal, a number of measures took place including visits to key manufacturing sites, numerous meetings with senior management and assurance that each of the firms would be suitably independent should they be appointed. The principal assessment criteria included:

→ Audit quality;
→ Experience; and
→ Cultural fit

Subsequent to an evaluation of proposals and interactions, it was decided to take two firms to make final presentations to the committee and Group Chief Financial Officer. Following these final presentations, the committee recommended to the Board that EY be appointed to succeed KPMG as the Group's external auditor. The committee believes that the strength and experience of the EY team best met the predefined criteria set as part of the selection process.

Audit V Non Audit Services Remuneration

As a result of this process, the Company's auditors, KPMG Chartered Accountants, will continue in office and will retire following the conclusion of the audit for the 2019 financial year, with the Board then appointing EY as Group external auditor with effect from financial year commencing 1 January 2020.

On behalf of the committee, I would like to thank each of the firms who participated in the tender process, along with KPMG who provided the highest level of audit and assurance services during their tenure.

Internal audit
The committee reviewed and agreed the annual internal audit plan, which the committee believes is appropriate to the scope and nature of the Group. The internal audit plan is risk based, with all divisions audited every year, and all new businesses audited within 12 months of acquisition.

The committee reviewed reports from the Head of Internal Audit at its quarterly meetings. These reports enable the committee to monitor the progress of the internal audit plan, to discuss key findings and the plan to address them in addition to status updates of previous key findings.

The committee is responsible for reviewing the effectiveness of the internal audit function and does so based upon discussion with Group management, the Group's external auditor and feedback provided by divisional management. The committee was satisfied that the internal audit is working effectively, improves risk management throughout the Group and that the internal audit team is sufficiently resourced in addition to having the adequate level of experience and expertise.

Risk Management and Internal controls
The Audit Committee has been delegated, from the Board, the responsibility for monitoring the effectiveness of the Group's system of risk management and internal control.

The Audit Committee monitors the Group's risk management and internal control processes through detailed discussions with management and executive directors, the review and approval of the internal audit reports, which focus on the areas of greatest risk to the Group, and the external audit reports, as part of both the year-end audit and the half year review process, all of which highlight the key areas of control weakness in the Group. All weaknesses identified by either internal or external audit are discussed by the committee with Group management and an implementation plan for the targeted improvements to these systems is put in place. The implementation plan is being overseen by the Group Chief Financial Officer and the committee is satisfied that this plan is being properly executed.

As part of its standing schedule of business, the committee carried out an annual risk assessment of the business to formally identify the key risks facing the Group. Full details of this risk assessment and the key risks identified are set out in the Risk & Risk Management section of this Annual Report.

These processes, which are used by the Audit Committee to monitor the effectiveness of the Group's system of risk management and internal control, are in place throughout the accounting period and remain in place up to the date of approval of this Annual Report.

The main features of the Group's internal control and risk management systems that specifically relate to the Group's financial reporting and accounts consolidation process are set out in the Report of the Nomination and Governance Committee contained in this Annual Report.

Whistleblowing procedures
The Group has a Code of Conduct, full details of which are available on the Group's website (**www.kingspan.com**).

Based on the standards set out in this Code of Conduct, the Group employs a comprehensive, confidential and independent whistleblowing phone service to allow all employees to raise their concerns about their working environment and business practices. This service then allows management and employees to work together to address any instances of fraud, abuse and other misconduct in the workplace.

Any instances of fraud, abuse or misconduct reported on the whistleblowing phone service are reported to the Head of Internal Audit and the Company Secretary, who then evaluate each incident for onward communication to the committee. This onwards communication consists of the full details of the incident, key control failures, any financial loss and actions for improvement.

During the year, the committee reviewed the Group's whistleblowing process and were satisfied with the design and operating effectiveness of the process.

REPORT OF THE DIRECTORS

The directors of Kingspan Group plc ("Kingspan") have pleasure in presenting their report with the audited financial statements for the year ended 31 December 2019.

Principal Activities
Kingspan is the global leader in high-performance insulation and building envelope solutions. Kingspan Group plc is a holding company for the Group's subsidiaries and other entities. The Group's principal activities comprise the manufacture and distribution of the following product suites as part of the complete "Building Envelope":

Insulated panels
Structural framing
Architectural facades
Rigid insulation boards
Building services insulation
Engineered timber systems
Natural daylighting
Ventilation and smoke management solutions
Raised access floors
Datacentre storage solutions
Energy storage solutions
Rainwater and wastewater solutions
Renewable energy systems

Kingspan comprises five key business divisions which are Insulated Panels, Insulation Boards, Light & Air, Water & Energy and Data & Flooring. These divisions offer a suite of complementary building envelope solutions for both the new build and refurbishment markets.

Results and Dividends
Group turnover for the year ended 31 December 2019 was €4.7bn (2018: €4.4bn), trading profit was €497.1m (2018: €445.2m), and earnings per share were 204.6 cent (2018: 184.0 cent). The Consolidated Income Statement is set out later in this Annual Report and a detailed review of the Group's performance from a financial and operational perspective is contained within the Business & Strategic Report.

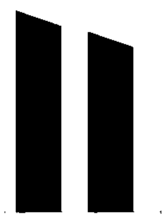
+7%

€4.7 €4.4

2019 2018
Revenue (€bn)

+12%

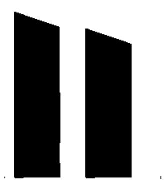
€497.1 €445.2



2019 2018
Trading Profit (€m)

+11%

204.6 184.0



2019 2018
EPS (cent)

An interim dividend of 13.0 cent per share was paid to shareholders on 4 October 2019 (2018: 12.0 cent). The directors are recommending a final dividend of 33.5 cent per share for the year ended 31 December 2019 (2018: 30.0 cent), giving a total dividend for the year of 46.5 cent (2018: 42.0 cent). The final dividend if approved at the Annual General Meeting will be paid on 7 May 2020 to shareholders on the register at close of business on 27 March 2020.

Business Review
The Business & Strategic Report contained in this Annual Report, including the Chief Executive's Review and the Financial Review, sets out management's review of the Group's business during 2019. The key points include:

→ Revenue up 7% to €4.7bn.
→ Trading profit up 12% to €497.1m.
→ Free cashflow up 9% to €337.1m.
→ Group trading margin of 10.7%.
→ Basic EPS up 11% to 204.6 cent.
→ Year-end net debt[1] of €633.2m (2018: €728.3m). Net debt to EBITDA[2] of 1.1x (2018: 1.4x).
→ ROCE of 17.3% (2018: 16.8%).

→ Insulated Panels sales growth of 7%. Strong performance in the Americas, Mainland Europe performed well overall with the notable exception of Germany. Difficult UK market particularly in the second half. Further headway in key markets on QuadCore™.
→ Insulation Boards sales growth of 2%. Continuing progress on Kooltherm® and share gain from traditional materials.
→ Strong underlying volume growth of 4% and 8% in Insulated Panels and Insulation Boards partially offset by the pricing impact of raw material deflation.
→ Light & Air sales growth of 12% buoyed by a strong performance in the US. Solid activity in Mainland Europe. Daylighting centre of excellence under construction in Ireland.
→ Water & Energy sales growth of 3% with progress in the Nordics, a difficult UK environment and more subdued rainwater harvesting activity in Australia.
→ Data & Flooring sales growth of 13% reflecting strong datacentre activity and geographic expansion in Europe.

1 Net Debt and EBITDA both pre-IFRS 16
2 Earnings before finance costs, income taxes, depreciation, amortisation and the impact of IFRS 16.

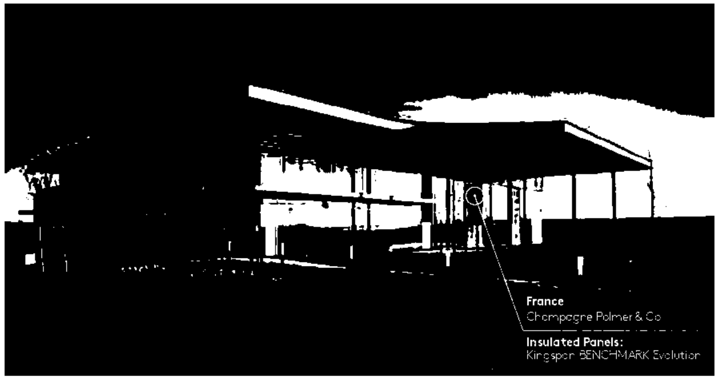
The Business and Strategic Report contained in this Annual Report sets out the "four pillars" of Kingspan's strategy, which are:

Differentiation from competitors driven by superior innovation.

...entation of Kingspan's ...

GLOBAL

PLANET PASSIONATE



Throughout 2019, Kingspan made significant progress in pursuit of this strategy with the result that Kingspan has continued to deliver year on year growth. This strategy will remain the focus of the execution of Kingspan's strategic plan for the foreseeable future.

Principal Risks and Uncertainties
The principal risks and uncertainties facing the Group, and the actions taken by Kingspan to mitigate them are detailed in the Risk & Risk Management Report contained in this Annual Report. The principal risks are:

- → Volatility in the macro environment;
- → Failure to innovate;
- → Product failure;
- → Business interruption (including IT continuity and climate change);
- → Credit risks and credit control;
- → Employee development and retention;
- → Fraud and cybercrime;
- → Acquisition and integration of new businesses;
- → Health and safety;
- → Laws and regulations.

Key Performance Indicators
The directors are pleased to report on the very positive performance during 2019 against its key performance indicators. A detailed commentary incorporating key performance indicators is contained within the Financial Review and the Sustainability Report in this Annual Report. A number of the key performance indicators have been included in more detail on page 148 'Alternative Performance Measures'.

The key performance indicators for Kingspan upon which particular emphasis is placed are listed below.

Innovation
Since the beginning, Kingspan has been committed to innovation so we can make building better. It's something we demonstrate daily across our business. We believe we have to challenge building industry traditions through innovation in advanced materials and digital technologies in order to achieve a net zero emissions future. Kingspan's products and systems therefore ensure longer lifetime energy and carbon savings.

In the year ended 31 December 2019, the Group's research and development expenditure amounted to €31.9m (2018: €30.5m) in addition to over €10 million of capital expenditure on IKON and our new fire research facility. Research and development expenditure is generally written off in the year in which it is incurred. During the year, we opened IKON, our new Global Innovation Centre in Kingscourt, further demonstrating our commitment to innovation. Kingspan's continuing investment in research and development involves over 40 key projects. In 2019 we launched QuadCore™ Roof Board and continued to progress development on the following key projects:

- → PV solar-integrated PowerPanel® 2.0;
- → Fibre-free A1 classified AlphaCore® insulation;
- → QuadCore™ 2.0;
- → Kooltherm® 200 series;
- → Unitised facade solutions;
- → Digitalisation of the construction industry; and
- → Prismatic daylighting.

Corporate Governance
The directors are committed to achieving the highest standards of corporate governance. A statement describing how Kingspan has applied the principles of good governance set out in the UK Corporate Governance Code (July 2018) is included in the Report of the Nomination and Governance Committee contained in this Annual Report. The Corporate Governance Statement is treated as forming part of this Annual Report.

Code Of Conduct
Kingspan is committed to acting responsibly in its business and maintaining high standards of ethics and integrity in all of its dealings with its stakeholders, be they investors, customers, suppliers, its people or the community it operates in. Kingspan has a Code of Conduct which sets the standard by which all employees across the Group are expected to conduct themselves. The Code sets out the fundamental principles which all directors, officers and employees of Kingspan are required to adhere to in meeting those standards.

Sustainability
Our mission is to accelerate a net zero emissions future with the wellbeing of people and planet at its heart. We do this through enabling high-performance buildings that can save more energy, carbon and water. Aligned with our mission, we aim to make significant advances in the sustainability of both our business operations and our products.

KPIs Financial			
	Basic EPS growth	204.6 cent (up 11%)	See page 32
	Sales growth	€4.7bn (up 7%)	See page 32
	Trading margin	10.7% (up 50 bps)	See page 32
	Free cash flow	€337.1m (up €28.7m)	See page 33
	Return on capital employed	17.3% (up 50 bps)	See page 33
	Net debt/EBITDA	1.1x (2018: 1.4x)	See page 33

KPIs Non-Financial			
	Net Zero Energy	90% (up 15%)	See page 49
	Health & Safety	1.4 per 100k hours (down 7%)	See page 52
	Gender balance	19% female (up 1%)	See page 52
	Waste recycling	65% (down 3%)	See page 51

In 2011 we set ourselves an almost impossible challenge: by 2020, on an aggregated basis, we committed to matching 100% of our operational energy with renewable energy. Through this programme we have reduced our energy carbon intensity 6-fold, introduced solar PV to 22% of our wholly owned sites, and instigated significant on-site generation projects. As we reach the successful conclusion of our 10 year Net Zero Energy Programme in 2020, we are launching a new 10 year Planet Passionate Programme, setting ourselves challenging targets in the areas of energy, carbon, circularity and water. Learn more at **www.kingspan.com** under 'Our Commitments' and in the Sustainability Report contained in this Annual Report.

Accounting Records
The directors are responsible for ensuring that accounting records, as outlined in Sections 281 to 285 of the Irish Companies Act 2014, are kept by the Group. The directors have provided appropriate systems and resources, including the appointment of suitably qualified accounting personnel, to maintain adequate accounting records throughout the Group, in order to ensure that the requirements of Sections 281 to 285 are complied with. The accounting records of the Company are maintained at the principal executive offices located at Dublin Road, Kingscourt, Co. Cavan, A82 XY31, Ireland.

The European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006

Structure of the Company's share capital
At 31 December 2019, the Company had an authorised share capital comprised of 250,000,000 (2018: 250,000,000) ordinary shares of €0.13 each and the Company's total issued share capital comprised 182,785,222 (2018: 182,171,120) Ordinary Shares, of which the Company held 1,907,826 (2018: 1,969,143) Ordinary Shares in treasury.

Shareholding analysis as at 31 December 2019:

Shareholding range	Number of accounts	% of total	Number of shares held	% of total
1 - 1000	2,816	57.28	1,182,818	0.65
1,001 - 10,000	1,398	28.44	4,557,657	2.49
10,001 - 100,000	501	10.19	16,543,832	9.05
100,001 - 1,000,000	169	3.44	49,453,089	27.06
Over 1,000,000	32	0.65	111,047,826	60.75
	4,916	100	182,785,222	100

Details of persons with a significant holding of securities in the Company are disclosed below:

Notification Date	Shareholder	Shares held	%
23/01/20	Eugene Murtagh	27,018,000	14.93%
24/09/19	Blackrock, Inc.	12,090,723	6.69%
11/07/19	Allianz Global Investors GmbH	8,966,284	4.96%
16/11/18	Baillie Gifford & Co.	9,010,740	5.00%
07/08/19	Ameriprise Financial Inc	7,228,355	4.00%
16/01/20	FMR LLC	7,244,493	4.00%

Further information required by Regulation 21 of the above Regulations as at 31 December 2019 is set out in the Shareholder Information section of this Annual Report.

Directors and Secretary
The directors and secretary of the Company at the date of this report are as shown in this Annual Report on pages 58 and 59. Ms Helen Kirkpatrick retired as a non-executive director following conclusion of the AGM on 3 May 2019, and Ms Anne Heraty was appointed as a non-executive director with effect from 1 August 2019.

Directors' & Secretary's Interests In Shares
The beneficial interests of the directors and secretary and their spouses and minor children in the shares of the Company at the end of the financial year are as follows:

	31-Dec-19	31-Dec-18
Eugene Murtagh	27,018,000	28,018,000
Gene Murtagh	1,079,207	1,129,207
Geoff Doherty	251,495	238,326
Russell Shiels	200,000	300,000
Peter Wilson	389,376	389,376
Gilbert McCarthy	255,576	247,637
Linda Hickey	5,000	5,000
Michael Cawley	30,600	30,600
John Cronin	8,000	8,000
Bruce McLennan	10,000	10,000
Jost Massenberg	-	-
Anne Heraty*	-	-
Lorcan Dowd	2,919	2,603
	29,250,173	30,378,749

* Appointed as a Director on 1 August 2019.

Details of the directors' and secretary's share options at the end of the financial year are set out in the report of the Remuneration Committee contained in this Annual Report. As at 21 February 2020, there have been no changes in the directors' and secretary's interests in shares since 31 December 2019.

Conflicts Of Interest
None of the directors have any direct or indirect interest in any contract or arrangement subsisting at the date hereof which is significant in relation to the business of the Company or any of its subsidiaries nor in the share capital of the Company or any of its subsidiaries.

Financial Instruments
In the normal course of business, the Group has exposure to a variety of financial risks, including foreign currency risk, interest rate risk, liquidity risk and credit risk. The Company's financial risk objectives and policies are set out in Note 19 of the financial statements.

Political Donations
Neither the Company nor any of its subsidiaries have made any political donations in the year which would be required to be disclosed under the Electoral Act 1997.

Subsidiary Companies
The Group operates from 159 manufacturing sites, and has operations in over 70 countries worldwide.

The Company's principal subsidiary undertakings at 31 December 2019, country of incorporation and nature of business are listed in the Principle Subsidiary Undertakings section of this Annual Report.

The Company does not have any branches outside of Ireland.

Outlook
The Board fully endorses the outlook "Looking Ahead" expressed in the Chief Executive's Review in this Annual Report.

Significant Events Since Year-end
There have been no significant events since the year-end.

Going Concern
The directors have reviewed budgets and projected cash flows for a period of not less than 12 months from the date of this Annual Report, and considered the Group's net debt position and capital commitments, available committed banking facilities and other relevant information, including the economic conditions currently affecting the building environment generally and the Group's Strategic Plan. On the basis of this review the directors have concluded that there are no material uncertainties that would cast significant doubt over the Company's and the Group's ability to continue as a going concern. For this reason, the directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

Viability Statement
In accordance with Provision 31 of the 2018 UK Corporate Governance Code, the directors are required to assess the prospects of the Company, explain the period over which we have done so and state whether we have a reasonable expectation that the Company will be able to continue in operation and meet liabilities as they fall due over this period of assessment.

The directors have assessed the prospects of the Group over the three-year period to February 2023.

The directors concluded that three years was an appropriate period for the assessment, having had regard to:

- the Group's rolling Strategic Plan which extends to 2023;
- the Group's long-term funding commitments, some of which fall to be repaid during the period;
- the inherent short-cycle nature of the construction market including the Group's order bank and project pipeline; and
- the potential impact of macro-economic events and political uncertainty in some regions such as the UK and Middle East.

It is recognised that such future assessments are subject to a level of uncertainty that increases with time, and therefore future outcomes cannot be guaranteed or predicted with certainty.

The Group Strategic Plan is approved by the Board, building upon the divisional management plans as well as the Group's strategic goals. It is based on a number of cautious assumptions concerning macro growth and stability in our key markets, and continued access to capital to support the Group's ongoing investments. The strategic plan is subject to stress testing which involves flexing a number of the main assumptions underlying the forecast in severe but reasonable scenarios. Such assumptions are rigorously tested by management and the directors. It is reviewed and updated annually and was considered and approved by the Board at its meeting in October 2019.

In making this assessment, the directors have considered the resilience of the Group, taking account of its current position and the principal risks facing the business as outlined in the Risk & Risk Management Report contained in this Annual Report, and the Group's ability to manage those risks. The risks have been identified using a top-down and bottom-up approach, and their potential impact was assessed having regard to the effectiveness of controls in place to manage each risk. In assessing the prospects of the Group such potential impacts have been considered as have the mitigating factors in place.

Based on this assessment the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment.

Directors' Responsibility Statement
Each of the directors whose names and functions are set out in the Board section of this Annual Report confirm their responsibility for preparing the Annual Report and the consolidated and company financial statements in accordance with applicable Irish law and regulations.

Company law in Ireland requires the directors to prepare financial statements for each financial year. Under that law the directors have to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). The directors have elected to prepare the company financial statements in accordance with IFRSs as adopted by the EU and as applied by the Irish Companies Act 2014. The financial statements are required by law to give a true and fair view of the assets, liabilities and financial position of the Group and company and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company, and the Group as a whole, will continue in business.

The directors are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Irish Companies Act 2014 and Article 4 of the IAS Regulation.

They are responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Financial Regulator, the directors confirm that to the best of their knowledge:

- the Group financial statements and the Company financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Company; and
- the Report of the Directors includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

They are also satisfied in compliance with Provision 27 of the 2018 UK Corporate Governance Code:

- that the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, business model and strategy.

Directors' Compliance Statement
The directors acknowledge that they are responsible for securing the Company's compliance with its relevant obligations in accordance with Section 225(2)(a) of the Irish Companies Act 2014 (the "Act") (described below as the "Relevant Obligations").

In accordance with Section 225 (2)(b) of the Act, the directors confirm that they have:

1. drawn up a Compliance Policy Statement setting out the Company's policies (that are, in the opinion of the directors, appropriate to the Company) in respect of the compliance by the Company with its Relevant Obligations;
2. put in place appropriate arrangements or structures that, in the opinion of the directors, provide a reasonable assurance of compliance in all material respects with the Company's Relevant Obligations; and
3. during the financial year to which this report relates, conducted a review of the arrangements or structures that the directors have put in place to ensure material compliance with the Company's Relevant Obligations.

Audit Information
Each of the directors have taken all the steps that they should or ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Group's statutory auditors are aware of that information. So far as the directors are aware, there is no relevant information of which the Group's statutory auditors are unaware.

Auditor
During 2019, the Board carried out an audit tender process, details of which are more particularly set out in the Report of the Audit Committee contained in this Annual Report. As a result of this process, the Company's auditors, KPMG Chartered Accountants, will, in accordance with Section 383(2) of the Companies Act 2014, continue in office and will retire following the conclusion of the audit for the 2019 financial year, with the Board then appointing EY as Group external auditor with effect for the financial year ending 31 December 2020.

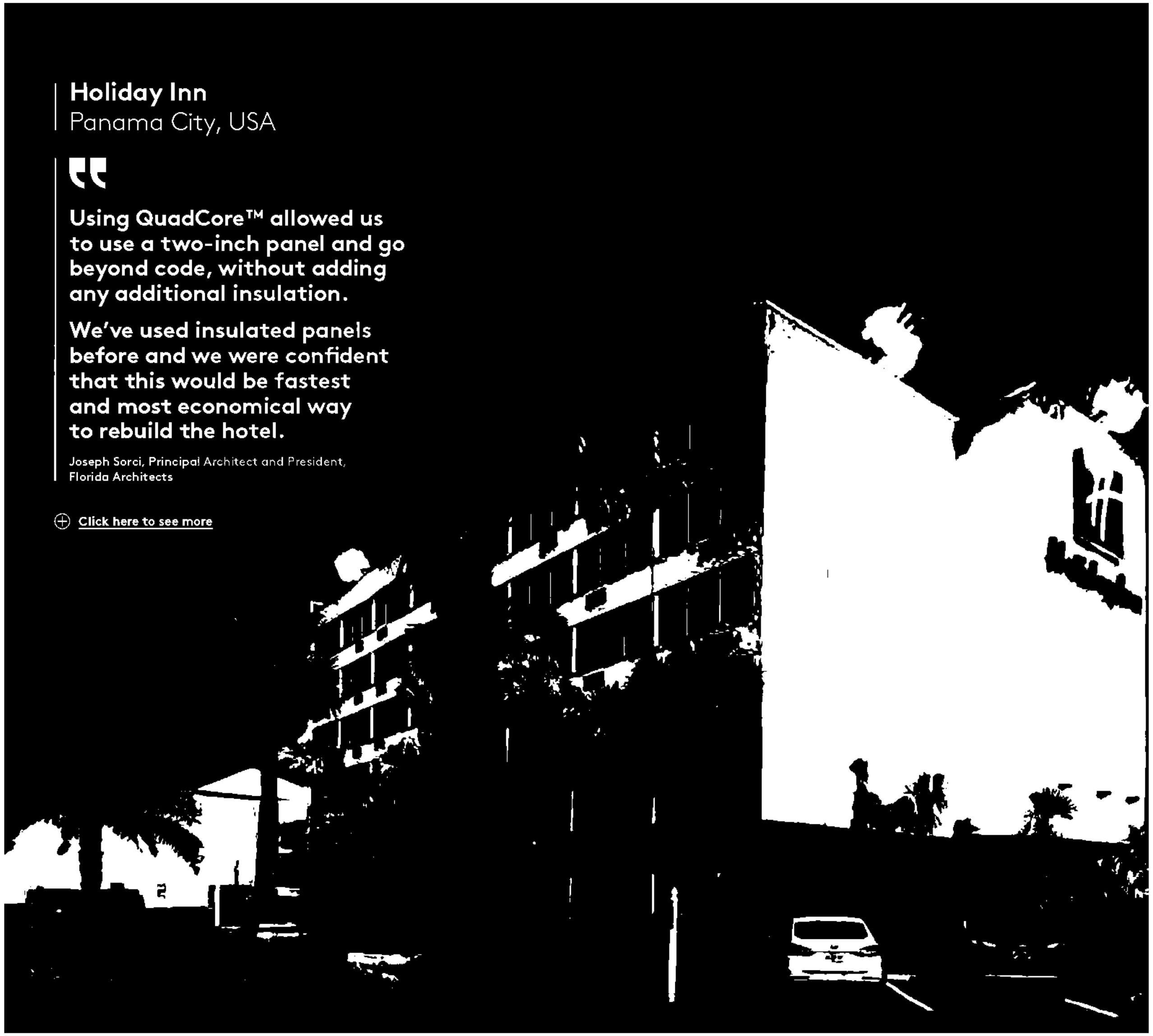
On Behalf Of The Board

Gene M. Murtagh,
Chief Executive Officer

Geoff Doherty,
Chief Financial Officer

21 February 2020

Product	BENCHMARK Designwall 2000 and Designwall 4000 featuring QuadCore™ technology.
Energy/ Carbon Saving	The Holiday Inn Panama City **goes beyond code** using a 2 inch QuadCore™ Panel.
Space/ Dimensions	QuadCore(tm) reduced insulation thickness by approximately 50% versus traditional materials, **adding over 3,000 sq ft** of indoor space.
Health & Wellbeing	QuadCore™ Panels are **GREENGUARD Gold certified**, and earn Material Health Silver certification.
Speed/ Ease of build	The Holiday Inn was the first major hotel to reopen in the area after the devastation of Hurricane Michael, having been **completely rebuilt in just nine months**.
Aesthetics	The BENCHMARK Designwall panels are finished in Granitstone, a **Kingspan speciality finish** that has the look of stucco masonry.
Planet Passionate/ Sustainability	Kingspan BENCHMARK insulated panels contain **up to 90% recycled steel content**.
Awards/ Certifications	IHG Hotels and Resorts have an internal "Green Engage" system for **driving sustainability**.
6 CLEAN WATER AND SANITATION	–
	✓
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	✓
11 SUSTAINABLE CITIES AND COMMUNITIES	✓
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	✓
13 CLIMATE ACTION	✓



Holiday Inn
Panama City, USA

Using QuadCore™ allowed us to use a two-inch panel and go beyond code, without adding any additional insulation.

We've used insulated panels before and we were confident that this would be fastest and most economical way to rebuild the hotel.

Joseph Sorci, Principal Architect and President, **Florida Architects**

Click here to see more

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGSPAN GROUP PLC
OPINION AND CONCLUSIONS ARISING FROM OUR AUDIT

1 Opinion: our opinion on the financial statements is unmodified

We have audited the Group and Company financial statements of Kingspan Group plc ("the Company") for the year ended 31 December 2019, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Financial Position, the Company Statement of Changes in Equity, the Company Statement of Cash Flows and the related notes, including the accounting policies in note 1. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards ("IFRS") as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2014.

In our opinion:

> the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 December 2019 and of the Group's profit for the year then ended;

> the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;

> the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014; and

> the Group and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section of our report. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were appointed as auditor by the directors on 17 June 2011. The period of total uninterrupted engagement is the 9 financial years ended 31 December 2019. We have fulfilled our ethical responsibilities under, and we remained independent of the Group in accordance with, ethical requirements applicable in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority ("IAASA") as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We continue to perform procedures over acquisition accounting. However, given the number of significant acquisitions has reduced we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

Group audit matters

Warranty provisions €109.7 million (2018: €104.3 million)

Refer to page 85 (Report of the Audit Committee), page 114 (accounting policy) and Note 20 to the financial statements.

The key audit matter

The Group's business involves the sale of products under warranty, some of which use new technology and applications. Accordingly, the Group has recorded significant warranty provisions which are inherently judgemental in nature. These provisions are required in order for the Group to record an appropriate estimate of the ultimate costs of repairing and replacing product that is ascertained to be faulty.

How the matter was addressed in our audit

Our audit procedures included, among others, assessing: management's approach to identifying, recording and monitoring potential claims; consideration of the nature and basis of the provision and the range of potential outcomes; correspondence in relation to specific claims; progress on individual significant claims; and relevant settlement history of claims and utilisation of related provisions. We considered the rollout of new technology and products and challenged the Group's assumptions in relation to potential failure rates, considering past failure rates and related settlements where necessary. We substantively tested material movements in the provision and considered the accounting for movements in the provision balances and the related disclosures for compliance with IAS 37.

Based on evidence obtained, we found that management's process for identifying and quantifying warranty provisions was appropriate and that the resulting provision is not materially misstated.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGSPAN GROUP PLC
OPINION AND CONCLUSIONS ARISING FROM OUR AUDIT

Goodwill €1,506.9 million (2018: €1,391.0 million)

Refer to page 85 (Report of the Audit Committee), page 111 (accounting policy) and Note 9 to the financial statements.

The key audit matter

There is a risk in respect of the recoverability of the Group's significant goodwill balance if future cash flows are not sufficient to recover the carrying value of the Group's goodwill; this could occur if demand is weak or due to the nature of the cost base in certain markets. We focus on this area due to the inherent uncertainty involved in forecasting and discounting future cash flows, which rely on the management's assumptions and estimates of future trading performance, which are the basis of the assessment of recoverability.

How the matter was addressed in our audit

Our audit procedures in this area included, among others, assessing the Group's impairment models for each CGU and evaluating the assumptions used by the Group in the model, specifically the cash flow projections, perpetuity rates and discount rates. We compared the Group's assumptions, where possible, to externally derived data and performed our own assessment in relation to key model inputs, such as projected economic growth, competition, cost inflation and discount rates. We examined the sensitivity analysis performed by Group management and performed our own sensitivity analysis in relation to the key assumptions. We compared the sum of the discounted cash flows to the Group's market capitalisation. We also assessed whether the disclosures in relation to the key assumptions and in respect of the sensitivity of the outcome of the impairment assessment to changes in those key assumptions were appropriate.

Based on evidence obtained, we found that the key assumptions used by management were appropriate, and supported management's conclusion that no impairment of goodwill was required.

Company audit matter

Investment in subsidiaries €1,201.4 million (2018: €1,191.0 million)

Refer to page 111 (accounting policy) and Note 12 to the financial statements.

The key audit matter

The investments in subsidiary undertakings are carried in the Company's financial statements at cost less impairment. Impairments are determined by reference to the subsidiary undertakings' fair value.

How the matter was addressed in our audit

In this area our audit procedures included, among others, assessing the carrying value of subsidiaries for any objective indicators of impairment.

Based on the results of our testing, we found management's assessment that no impairment is required to be reasonable.

3 Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at €22.3 million (2018: €19.5 million).

This has been calculated using a benchmark of Group profit before taxation (of which it represents 5% (2018: 5%)), which we have determined, in our professional judgement, to be one of the principal benchmarks within the financial statements relevant to members of the Company in assessing financial performance.

Materiality for the Company financial statements as a whole was set at €13.2m (2018: €13.0m), determined with reference to a benchmark of Company's total assets of which it represents 1% (2018: 1%).

We report to the Audit Committee all corrected and uncorrected misstatements we identified through our audit in excess of €500,000 (2018: €500,000), in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

The structure of the Group's finance function is such that certain transactions and balances are accounted for by the central Group finance team, with the remainder accounted for in the Group's reporting components. We performed comprehensive audit procedures, including those in relation to the significant risks set out above, on those transactions and balances accounted for at Group. The Group audit team carried out the audit of the Company financial statements.

In respect of components, based on our assessment of the financial significance of each of the Group's 274 components, we determined that there were:

> 51 components 'full scope components' where audits of the financial information of those components were performed;

> 15 components 'specific scope components' where audit procedures over specified financial statement captions were performed, due to the risk of potential misstatement of the Group financial statements caused by errors in those captions; and

> 208 components where the audit procedures comprised analytical review procedures to ensure that our initial assessment that there were no significant risks of misstatement of the Group financial statements in those components was appropriate.

The coverage we obtained was as follows:

	Full scope components %	Specific scope components %	Other components %
Profit before tax	78	12	10
Revenue	70	16	14
Total assets	82	13	5

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGSPAN GROUP PLC
OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT

The audits undertaken for Group reporting purposes at the key reporting components were all performed to component materiality levels. These component materiality levels were set individually for each component and ranged from €10,000 to €7,350,000. Detailed audit instructions were sent to the component auditors in all of these identified locations. These instructions covered the significant audit areas to be covered by these audits (which included the relevant key audit matters detailed above) and set out the information required to be reported to the Group audit team.

Senior members of the Group audit team were directly responsible for the audit of 21 full scope components and 6 specific scope components. In respect of the other 30 full scope components and 9 specific scope components carried out by other component auditors (all KPMG member firms), senior members of the Group audit team:

- participated in planning calls to ensure that the audit instructions were understood;
- inspected the audit workpapers in respect of significant audit risk areas; and
- participated in closing conference calls, during which the results of the audit were discussed by local management, the local audit team, Group management and the Group audit team.

Based on the above procedures, the Group audit team was satisfied with the coverage obtained and the audit work performed in respect of each component.

4 We have nothing to report on going concern

We are required to report to you if:

- we have anything material to add or draw attention to in relation to the directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- the related statement under the Listing Rules (Euronext Dublin and the London Stock Exchange) set out on page 92 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

5 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report, Business and Strategic Report and the Other Information Report.

The financial statements and our auditor's report thereon do not form part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information we report that, in those parts of the directors' report specified for our review:

- we have not identified material misstatements in the directors' report or other accompanying information;
- in our opinion, the information given in the directors' report is consistent with the financial statements;
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the directors' statement of risk and risk management on pages 36 to 39, concerning the disclosures of principal risks, describing these risks and explaining how they are being managed and mitigated;
- the directors' confirmation within the report of the Audit Committee on page 82 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity; and
- the directors' explanation in the directors' report of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Other corporate governance disclosures

We are required to address the following items and report to you in the following circumstances:

- *Fair, balanced and understandable* (set out on pages 92 to 93): if we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- *Report of the Audit Committee* (set out on pages 82 to 87): if the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee;
- *Statement of compliance with UK Corporate Governance Code* (set out on page 90): if the directors' statement does not properly disclose a departure from provisions of the UK Corporate Governance Code specified by the Listing Rules of Euronext Dublin and the London Stock Exchange for our review.

We have nothing to report in these respects.

In addition, as required by the Companies Act 2014, we report, in relation to information given in the Corporate Governance Statement on pages 62 to 67, that:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGSPAN GROUP PLC
OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT

- based on the work undertaken for our audit, in our opinion, the description of the main features of internal control and risk management systems in relation to the financial reporting process for preparing the Group financial statements, and information relating to voting rights and other matters required by the European Communities (Takeover Bids (Directive 2004/EC) Regulations 2006 and specified for our consideration, are consistent with the financial statements and have been prepared in accordance with the Act; and
- based on our knowledge and understanding of the Company and its environment obtained in the course of our audit, we have not identified any material misstatements in that information.
- the Corporate Governance statement contains the information required by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017.

We also report that, based on work undertaken for our audit, all of the other information required by the Act is contained in the Corporate Governance Statement.

6 Our opinions on other matters prescribed the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purpose of our audit.

In our opinion, the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the Company's statement of financial position is in agreement with the accounting records.

7 We have nothing to report on other matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made.

The Companies Act 2014 also requires us to report to you if, in our opinion, the Company has not provided the information required by section 5(2) to (7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 for the year ended 31 December 2018 as required by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) (amendment) Regulations 2018.

The Listing Rules of the Euronext Dublin and the London Stock Exchange require us to review:

- the directors' statement, set out on page 92, in relation to going concern and longer-term viability;
- the part of the Corporate Governance Statement on page 90 relating to the Company's compliance with the provisions of the UK Corporate Governance Code and the Irish Corporate Governance Annex specified for our review; and
- certain elements of disclosures in the report to shareholders by the Board of Directors' remuneration committee.

8 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 92 to 93, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation not just those directly affecting the financial statements.

A fuller description of our responsibilities is provided on IAASA's website at https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsiblities_for_audit.pdf

9 The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for our report, or for the opinions we have formed.

Conall O'Halloran

for and on behalf of KPMG
Chartered Accountants,
Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

21 February 2020

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 €m	2018 €m
REVENUE	2	**4,659.1**	4,372.5
Cost of sales		**(3,304.3)**	(3,158.0)
GROSS PROFIT		**1,354.8**	1,214.5
Operating costs, excluding intangible amortisation		**(857.7)**	(769.3)
TRADING PROFIT	2	**497.1**	445.2
Intangible amortisation		**(21.9)**	(22.2)
OPERATING PROFIT		**475.2**	423.0
Finance expense	4	**(23.7)**	(19.5)
Finance income	4	**2.9**	1.4
PROFIT FOR THE YEAR BEFORE INCOME TAX	5	**454.4**	404.9
Income tax expense	7	**(76.6)**	(69.1)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**377.8**	335.8
Attributable to owners of Kingspan Group plc		**369.4**	330.9
Attributable to non-controlling interests	28	**8.4**	4.9
		377.8	335.8
EARNINGS PER SHARE FOR THE YEAR			
Basic	8	**204.6c**	184.0c
Diluted	8	**202.9c**	182.3c

Gene M. Murtagh
Chief Executive Officer

Geoff Doherty
Chief Financial Officer

21 February 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 €m	2018 €m
Profit for the year		**377.8**	335.8
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		**61.0**	4.0
Effective portion of changes in fair value of cash flow hedges		**(0.2)**	0.3
Items that will not be reclassified subsequently to profit or loss			
Actuarial (losses)/gains on defined benefit pension schemes	31	**(0.2)**	0.9
Income taxes relating to actuarial (losses)/gains on defined benefit pension schemes	21	**-**	(0.2)
Total other comprehensive income		**60.6**	5.0
Total comprehensive income for the year		**438.4**	340.8
Attributable to owners of Kingspan Group plc		**430.2**	337.1
Attributable to non-controlling interests	28	**8.2**	3.7
		438.4	340.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	2019 €m	2018 €m
ASSETS			
NON-CURRENT ASSETS			
Goodwill	9	**1,506.9**	1,391.0
Other intangible assets	10	**93.2**	111.1
Financial asset		**8.2**	8.2
Property, plant and equipment	11	**965.2**	850.5
Right of use assets	16	**121.6**	-
Derivative financial instruments	19	**27.3**	27.4
Retirement benefit assets	31	**9.2**	7.4
Deferred tax assets	21	**14.1**	15.6
		2,745.7	2,411.2
CURRENT ASSETS			
Inventories	13	**557.6**	524.9
Trade and other receivables	14	**794.2**	798.6
Derivative financial instruments	19	**-**	0.2
Cash and cash equivalents		**190.9**	294.5
		1,542.7	1,618.2
TOTAL ASSETS		**4,288.4**	4,029.4
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	**768.9**	779.8
Provisions for liabilities	20	**58.0**	47.5
Lease liabilities	16	**25.6**	-
Derivative financial instruments	19	**0.1**	-
Deferred consideration (including contingent consideration)	18	**-**	59.5
Interest bearing loans and borrowings	17	**3.1**	53.2
Current income tax liabilities		**72.9**	78.8
		928.6	1,018.8
NON-CURRENT LIABILITIES			
Retirement benefit obligations	31	**24.3**	20.5
Provisions for liabilities	20	**51.7**	56.8
Interest bearing loans and borrowings	17	**848.3**	967.0
Lease liabilities	16	**96.7**	-
Deferred tax liabilities	21	**31.9**	40.8
Deferred contingent consideration	18	**186.5**	136.6
		1,239.4	1,221.7
TOTAL LIABILITIES		**2,168.0**	2,240.5
NET ASSETS		**2,120.4**	1,788.9
EQUITY			
Share capital	23	**23.8**	23.7
Share premium	24	**95.6**	95.6
Capital redemption reserve		**0.7**	0.7
Treasury shares	25	**(11.8)**	(12.7)
Other reserves		**(259.6)**	(273.2)
Retained earnings		**2,221.6**	1,916.2
EQUITY ATTRIBUTABLE TO OWNERS OF KINGSPAN GROUP PLC		**2,070.3**	1,750.3
NON-CONTROLLING INTEREST	28	**50.1**	38.6
TOTAL EQUITY		**2,120.4**	1,788.9

Gene M. Murtagh
Chief Executive Officer

Geoff Doherty
Chief Financial Officer

21 February 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share Capital	Share Premium	Capital Redemption Reserve	Treasury Shares	Translation Reserve	Cash Flow Hedging Reserve	Share Based Payment Reserve	Revaluation Reserve	Put Option Liability Reserve	Retained Earnings	Total Attributable to Owners of the Parent	Non-Controlling Interest	Total Equity
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€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**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Share Capital	Share Premium	Capital Redemption Reserve	Treasury Shares	Translation Reserve	Cash Flow Hedging Reserve	Share Based Payment Reserve	Revaluation Reserve	Put Option Liability Reserve	Retained Earnings	Total Attributable to Owners of the Parent	Non-Controlling Interest	Total Equity
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Balance at 1 January 2018	23.6	95.6	0.7	(14.0)	(177.2)	0.2	35.2	0.7	(79.4)	1,642.7	1,528.1	39.9	**1,568.0**
Transactions with owners recognised directly in equity													
Employee share based compensation	0.1	-	-	-	-	-	12.3	-	-	-	12.4	-	**12.4**
Tax on employee share based compensation	-	-	-	-	-	-	(2.0)	-	-	2.9	0.9	-	**0.9**
Exercise or lapsing of share options	-	-	-	1.3	-	-	(8.6)	-	-	7.3	-	-	**-**
Repurchase of shares	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Dividends	-	-	-	-	-	-	-	-	-	(68.3)	(68.3)	(0.1)	**(68.4)**
Transactions with non-controlling interests:													
Arising on acquisition	-	-	-	-	-	-	-	-	(24.5)	-	(24.5)	(4.9)	**(29.4)**
Fair value movement	-	-	-	-	-	-	-	-	(35.4)	-	(35.4)	-	**(35.4)**
Transactions with owners	0.1	-	-	1.3	-	-	1.7	-	(59.9)	(58.1)	(114.9)	(5.0)	**(119.9)**
Total comprehensive income for the year													
Profit for the year	-	-	-	-	-	-	-	-	-	330.9	330.9	4.9	**335.8**
Other comprehensive income:													
Items that may be reclassified subsequently to profit or loss													
Cash flow hedging in equity													
- current year	-	-	-	-	-	0.3	-	-	-	-	0.3	-	**0.3**
- tax impact	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Exchange differences on translating foreign operations	-	-	-	-	5.2	-	-	-	-	-	5.2	(1.2)	**4.0**
Items that will not be reclassified subsequently to profit or loss													
Actuarial gains on defined benefit pension scheme	-	-	-	-	-	-	-	-	-	0.9	0.9	-	**0.9**
Income taxes relating to actuarial gains on defined benefit pension scheme	-	-	-	-	-	-	-	-	-	(0.2)	(0.2)	-	**(0.2)**
Total comprehensive income for the year	-	-	-	-	5.2	0.3	-	-	-	331.6	337.1	3.7	**340.8**
Balance at 31 December 2018	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**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 €m	2018 €m
OPERATING ACTIVITIES			
Profit for the year		**377.8**	335.8
Add back non-operating expenses:			
Income tax expense	7	**76.6**	69.1
Depreciation of property, plant and equipment	5	**114.5**	76.0
Amortisation of intangible assets	10	**21.9**	22.2
Impairment of non-current assets	11	**0.2**	5.2
Employee equity-settled share options		**13.1**	12.3
Finance income	4	**(2.9)**	(1.4)
Finance expense	4	**23.7**	19.5
Profit on sale of property, plant and equipment	5	**(3.3)**	(4.9)
Movement of deferred consideration		**(0.6)**	0.8
Changes in working capital:			
Inventories		**5.8**	4.7
Trade and other receivables		**57.3**	(33.0)
Trade and other payables		**(57.5)**	30.6
Other:			
Change in provisions		**1.7**	(5.8)
Pension contributions	31	**(1.2)**	(0.8)
Cash generated from operations		**627.1**	530.3
Income tax paid		**(87.2)**	(75.0)
Interest paid		**(19.5)**	(17.0)
Net cash flow from operating activities		**520.4**	438.3
INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(161.0)**	(144.2)
Proceeds from disposals of property, plant and equipment		**6.7**	12.9
Purchase of subsidiary undertakings	22	**(142.2)**	(461.0)
Purchase of financial asset		**-**	(8.2)
Payment of deferred contingent consideration in respect of acquisitions	18	**(59.7)**	(3.1)
Interest received		**2.8**	1.4
Net cash flow from investing activities		**(353.4)**	(602.2)
FINANCING ACTIVITIES			
Drawdown of loans	29	**7.8**	445.0
Repayment of loans and borrowings	29	**(181.6)**	(92.7)
Payment of lease liability	16	**(31.8)**	-
Proceeds from share issues		**0.1**	0.1
Repurchase of shares	25	**(0.6)**	-
Dividends paid to non-controlling interest	28	**(0.4)**	(0.1)
Dividends paid	27	**(77.6)**	(68.3)
Net cash flow from financing activities		**(284.1)**	284.0
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	29	**(117.1)**	120.1
Effect of movement in exchange rates on cash held		**13.5**	(2.2)
Cash and cash equivalents at the beginning of the year		**294.5**	176.6
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**190.9**	294.5

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	2019 €m	2018 €m
ASSETS			
NON-CURRENT ASSETS			
Investments in subsidiaries	12	**1,201.4**	1,191.0
CURRENT ASSETS			
Amounts owed by group undertakings	14	**128.7**	112.7
Cash and cash equivalents		**0.1**	0.1
TOTAL ASSETS		**1,330.2**	1,303.8
LIABILITIES			
CURRENT LIABILITIES			
Amounts owed to group undertakings	15	**61.3**	-
Payables	15	**0.2**	0.2
TOTAL LIABILITIES		**61.5**	0.2
NET ASSETS		**1,268.7**	1,303.6
EQUITY			
Equity attributable to owners of Kingspan Group plc			
Share capital	23	**23.8**	23.7
Share premium	24	**95.6**	95.6
Capital redemption reserve		**0.7**	0.7
Treasury shares	25	**(11.8)**	(12.7)
Retained earnings	26	**1,160.4**	1,196.3
TOTAL EQUITY		**1,268.7**	1,303.6

Gene M. Murtagh
Chief Executive Officer

Geoff Doherty
Chief Financial Officer

21 February 2020

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share Capital	Share Premium	Capital Redemption Reserves	Treasury Shares	Retained Earnings	Shareholders' Equity
	€m	€m	€m	€m	€m	€m
Balance at 1 January 2019	23.7	95.6	0.7	(12.7)	1,196.3	**1,303.6**
Shares issued	0.1	-	-	-	-	**0.1**
Repurchase of shares	-	-	-	(0.6)	-	**(0.6)**
Employee share based compensation	-	-	-	1.5	13.1	**14.6**
Dividends paid	-	-	-	-	(77.6)	**(77.6)**
Transactions with owners	0.1	-	-	0.9	(64.5)	**(63.5)**
Profit for the year	-	-	-	-	28.6	**28.6**
Balance at 31 December 2019	23.8	95.6	0.7	(11.8)	1,160.4	**1,268.7**

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Share Capital	Share Premium	Capital Redemption Reserves	Treasury Shares	Retained Earnings	Shareholders' Equity
	€m	€m	€m	€m	€m	€m
Balance at 1 January 2018	23.6	95.6	0.7	(14.0)	1,242.6	**1,348.5**
Shares issued	0.1	-	-	-	-	**0.1**
Repurchase of shares	-	-	-	-	-	**-**
Employee share based compensation	-	-	-	1.3	12.3	**13.6**
Dividends paid	-	-	-	-	(68.3)	**(68.3)**
Transactions with owners	0.1	-	-	1.3	(56.0)	**(54.6)**
Profit for the year	-	-	-	-	9.7	**9.7**
Balance at 31 December 2018	23.7	95.6	0.7	(12.7)	1,196.3	**1,303.6**

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 €m	2018 €m
OPERATING ACTIVITIES		
Profit for the year after tax	**28.6**	9.7
Net cash flow from operating activities	**28.6**	9.7
FINANCING ACTIVITIES		
Change in receivables	**(13.3)**	57.2
Change in payables	**61.3**	-
Repurchase of shares	**(0.6)**	-
Exercise or lapsing of share options	**1.5**	1.3
Proceeds from share issues	**0.1**	0.1
Dividends paid	**(77.6)**	(68.3)
Net cash flow from financing activities	**(28.6)**	(9.7)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**0.1**	0.1
Net increase in cash and cash equivalents	**-**	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	**0.1**	0.1

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 STATEMENT OF ACCOUNTING POLICIES

General information

Kingspan Group plc is a public limited company registered and domiciled in Ireland. Its registered number is 70576 and the address of its registered office is at Dublin Road, Kingscourt, Co Cavan.

The Group's principal activities comprise the manufacture of insulated panels, rigid insulation boards, architectural facades, data and flooring technology, daylighting and ventilation systems and water and energy solutions. The Group's Principal Subsidiary Undertakings are set out on page 153 to 155.

Statement of compliance

The consolidated and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU and those parts of the Companies Acts 2014, applicable to companies reporting under IFRS and Article 4 of the IAS Regulation.

The Company has availed of the exemption in Section 304 of the Companies Act 2014 and has not presented the Company Income Statement, which forms part of the Company's financial statements, to its members and the Registrar of Companies.

Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by:

> measurement at fair value of share based payments at initial date of award;
> certain derivative financial instruments and deferred contingent consideration recognised and measured at fair value; and
> recognition of the defined benefit liability as plan assets less the present value of the defined benefit obligation.

The accounting policies set out below have been applied consistently to all years presented in these financial statements, unless otherwise stated.

These consolidated financial statements have been prepared in Euro. The Euro is the presentation currency of the Group and the functional and presentation currency of the Company.

The Group uses a number of Alternative Performance Measures (APMs) throughout these financial statements to give assistance to investors in evaluating the performance of the underlying business and to give a better understanding of how management review and monitor the business on an ongoing basis. These APMs have been defined and explained in more detail on page 148 to 150.

Comparative information has been represented where necessary, to present the financial statements on a consistent basis.

Changes in Accounting Policies and Disclosures

New and amended standards and interpretations effective during 2019

IFRS 16 Leases

IFRS 16 is effective for accounting periods beginning on or after 1 January 2019, and the Group adopted IFRS 16 with effect from 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. For lessees, IFRS 16 eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model whereby all leases are accounted for as finance leases, with some exemptions for short-term and low-value leases. It also includes an election which permits a lessee not to separate non-lease components (e.g. maintenance) from lease components and instead capitalise both the lease cost and associated non-lease cost.

The standard primarily affects the accounting for the Group's operating leases. The application of IFRS 16 results in the recognition of additional assets and liabilities in the Consolidated Statement of Financial Position and in the Consolidated Income Statement it replaces the straight-line operating lease expense with a depreciation charge for the right of use asset and an interest expense on the lease liabilities.

The incremental borrowing rate is the rate of interest that the lessee would expect to incur on funds borrowed over a similar term and security to obtain a comparable value to the right of use asset in the relevant economic environment. The Group's weighted average incremental borrowing rate pertaining to these leases is 3%.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining Whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

Transition

The Group adopted the new standard by applying the modified retrospective approach.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the applicable incremental borrowing rate as at 1 January 2019. All right of use assets were measured at the amount of the lease liability on adoption, adjusted by the amount of any prepaid or accrued interest payments.

Previously under IAS 17 operating lease rentals were charged to the Income Statement on a straight-line basis over the term of the lease.

The Group availed of the recognition exemption for short-term and low-value leases and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Group also elected not to separate non-lease components from lease components and instead capitalise both the lease cost and associated non-lease cost.

The Group has also availed of the practical expedient which allows for a single discount rate to be applied to a portfolio of leases with reasonably similar characteristics.

The Group had a small number of finance leases under IAS 17. For these leases, the carrying amount of the asset and liability at 1 January 2019 were recognised at the equivalent carrying amount under IAS 17 immediately before that date.

On 1 January 2019 €127.9m of leases were recognised as liabilities on adoption of the standard and €128.8m capitalised as right of use assets. During 2019, depreciation on the right of use assets was €30.0m and associated lease rentals decreased by €31.8m leading to an increase in operating profit of €1.8m. The interest charge on the associated leases was €3.8m and the aggregate impact of IFRS 16 on profit before tax was a decrease of €2.0m. The adoption of IFRS 16 reduced the 2019 EPS by 1 cent. While IFRS 16 had no net impact on cash and cash equivalents at the end of 2019, it had an impact on the cashflow statement in respect of profit, depreciation and finance expense by amounts outlined above, offset by the payment of lease liabilities of €31.8m.

Further details outlining the impact on the financial statements on transition to IFRS 16 is outlined in note 16.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Measurement

The Group recognises right of use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments at the lease commencement date. The right of use assets are initially measured at cost, and subsequently measured at cost less accumulated depreciation and impairment losses.

Lease liabilities are measured at the present value of the future lease payments, discounted at the Group's incremental borrowing rate. Subsequent to the initial measurement, the lease liabilities are increased by the interest cost and reduced by lease payments made.

The right of use assets and lease liabilities are remeasured when there are changes in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised or where there is a change in future lease payments as a result of a change in an index or rate.

The Group has applied judgement to determine the lease term of contracts that include termination and extension options. If the Group is reasonably certain to exercise such options, the relevant amount of right of use assets and lease liabilities are recognised. The Group has also applied judgement in determining the incremental borrowing rate, the basis of which is set out above.

IFRIC 23 Uncertainty over income tax treatment

IFRIC 23 is effective for accounting periods beginning on or after 1 January 2019, and the Group adopted IFRIC 23 with effect from 1 January 2019. IFRIC 23 sets out how to determine taxable profits and losses, tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments under IAS 12 *Income Taxes*. Where the Group considers it is probable that an uncertain tax treatment will not be accepted by a tax authority it is measured using either the most likely amount method or the expected value method, as appropriate. The adoption and application of IFRIC 23 did not have a material impact on the Group.

The new standards, amendments to standards and interpretations are as follows:

	Effective Date – periods beginning on or after
IFRS 16: *Leases (13 January 2016)*	1 January 2019
IFRIC 23: *Uncertainty over income tax treatment (7 June 2017)*	1 January 2019

The following amended standards and interpretations do not have a significant impact on the Group's consolidated financial statements:

	Effective Date – periods beginning on or after
Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards	1 January 2019
Amendments to IAS 19: *Plan amendment, curtailment or settlement*	1 January 2019
Amendments to IAS 28: *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to IFRS 9: *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to References to Conceptual Framework in IFRS Standards.	1 January 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	1 January 2020
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	1 January 2020

Basis of consolidation

The Group consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are included in the Group financial statements from the date on which control over the entity is obtained and cease to be consolidated from the date on which control is transferred out of the Group.

Transactions eliminated on consolidation

Intragroup transactions and balances, and any unrealised gains arising from such transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment.

Segment reporting

The Group's accounting policy for identifying segments is based on internal management reporting information that is routinely reviewed by the Board of Directors, which is the Chief Operating Decision Maker (CODM) for the Group. The measurement policies used for the segment reporting under IFRS 8 are the same as those used in the consolidated financial statements. Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, finance income and expenses and tax assets and liabilities.

The Group has determined that it has five operating segments: Insulated Panels, Insulation Boards, Water & Energy, Data & Flooring and Light & Air.

Revenue recognition

The Group uses the five-step model as prescribed under IFRS 15 on the Group's revenue transactions. This includes the identification of the contract, identification of the performance obligations under same, determination of the transaction price, allocation of the transaction price to performance obligations and recognition of revenue.

Typically, individual performance obligations are specifically called out in the contract which allows for accurate recognition of revenue as and when performances are fulfilled.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

1 STATEMENT OF ACCOUNTING POLICIES (continued)

The point of recognition arises when the Group satisfies a performance obligation by transferring control of a promised good or service to the customer, which could occur over time or at a point in time. Invoicing occurs at the point of final delivery of the product or performance obligation, at which point a right is established for unconditional consideration as control passes to the customer. Typically, payment terms are 30 days from the end of the month in which the invoice is raised.

Research and Development

Expenditure on research and development is recognised as an expense in the period in which it is incurred. An asset is recognised only when all the conditions set out in IAS 38 *Intangible Assets* are met.

Business Combinations

Business combinations are accounted for using the acquisition method as at the date of acquisition.

In accordance with IFRS 3 *Business Combinations*, the fair value of consideration paid for a business combination is measured as the aggregate of the fair values at the date of exchange of assets given and liabilities incurred or assumed in exchange for control. The assets, liabilities and contingent liabilities of the acquired entity are measured at fair value as at the acquisition date. When the initial accounting for a business combination is determined, it is done so on a provisional basis with any adjustments to these provisional values made within 12 months of the acquisition date and are effective as at the acquisition date.

To the extent that deferred consideration is payable as part of the acquisition cost and is payable after one year from the acquisition date, the deferred consideration is discounted at an appropriate interest rate and, accordingly, carried at net present value (amortised cost) in the Group Statement of Financial Position. The discount component is then unwound as an interest charge in the Consolidated Income Statement over the life of the obligation.

Where a business combination agreement provides for an adjustment to the cost of a business acquired contingent on future events, other than put options held by non-controlling interests, the Group accrues the fair value of the additional consideration payable as a liability at acquisition date. This amount is reassessed at each subsequent reporting date with any adjustments recognised in the Income Statement.

If the business combination is achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree is re-measured at the acquisition date through the Income Statement.

Transaction costs are expensed to the Income Statement as incurred.

Put options held by non-controlling interest shares

Any contingent consideration is measured at fair value at the date of acquisition. Where a put option is held by a non-controlling interest ("NCI") in a subsidiary undertaking, whereby that party can require the Group to acquire the NCI's shareholding in the subsidiary at a future date, but the NCI retain present access to the results of the subsidiary, the Group applies the present access method of accounting to this arrangement. The Group recognises a contingent consideration liability at fair value, being the Group's estimate of the amount required to settle that liability and a corresponding reserve in equity. Any subsequent remeasurements required due to changes in fair value of the put liability estimation are recognised in the Put Option Reserve in equity.

Goodwill

Goodwill arises on business combinations and represents the difference between the fair value of the consideration and the fair value of the Group's share of the identifiable net assets of a subsidiary at the date of acquisition.

The Group measures goodwill at the acquisition date as:

> the fair value of the consideration transferred; plus
> the recognised amount of any non-controlling interests in the acquiree; plus
> if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
> the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

As at the acquisition date, any goodwill acquired is allocated to each of the cash generating units expected to benefit from the combination's synergies. The cash generating units represent the lowest level within the Group which generate largely independent cash inflows and these units are not larger than the operating segments (before aggregation) determined in accordance with IFRS 8 *Operating Segments*.

Goodwill is tested for impairment at the same level as the goodwill is monitored by management for internal reporting purposes, which is at the individual cash generating unit level.

Goodwill is subject to impairment testing on an annual basis and at any time during the year if an indicator of impairment is considered to exist. The goodwill impairment tests are undertaken at a consistent time each year. Impairment is determined by assessing the recoverable amount of the cash generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised in the Income Statement. Impairment losses arising in respect of goodwill are not reversed following recognition.

On disposal of a subsidiary, the attributable amount of goodwill, not previously written off, is included in the calculation of the profit or loss on disposal.

Intangible Assets (other than goodwill)

Intangible assets separately acquired are capitalised at cost. Intangible assets acquired as part of a business combination are capitalised at fair value as at the date of acquisition.

Following initial recognition, intangible assets, which have finite useful lives, are carried at cost or initial fair value less accumulated amortisation and accumulated impairment losses.

The amortisation of intangible assets is calculated to write off the book value of intangible assets over their useful lives on a straight-line basis on the assumption of zero residual value. Amortisation charged on these assets is recognised in the Income Statement.

The carrying amount of intangible assets is reviewed for indicators of impairment at each reporting date and is subject to impairment testing when events or changes of circumstances indicate that the carrying values may not be recoverable.

The estimated useful lives are as follows:

Customer relationships	2 - 6 years
Trademarks & Brands	2 - 12 years
Patents	8 years
Technological know how and order backlogs	5 - 10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted as necessary.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Foreign currency

Functional and presentation currency

The individual financial statements of each Group company are measured and presented in the currency of the primary economic environment in which the company operates, the functional currency. The Group financial statements are presented in Euro, which is the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates at the reporting date. All currency translation differences on monetary assets and liabilities are taken to the Income Statement, except when deferred in equity as qualifying net investment hedges, which is recognised in the Statement of Comprehensive Income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are initially translated at the exchange rate at the date of acquisition and then subsequently these assets and liabilities are treated as part of a foreign entity and are translated at the closing rate.

Exchange rates of material currencies used were as follows:

	Average rate 2019	Average rate 2018	Closing rate 2019	Closing rate 2018
Euro =				
Pound Sterling	**0.877**	0.885	**0.852**	0.898
US Dollar	**1.120**	1.181	**1.121**	1.144
Canadian Dollar	**1.485**	1.530	**1.461**	1.557
Australian Dollar	**1.610**	1.580	**1.600**	1.620
Czech Koruna	**25.669**	25.648	**25.414**	25.711
Polish Zloty	**4.297**	4.260	**4.260**	4.299
Hungarian Forint	**325.31**	318.78	**330.52**	321.02
Brazilian Real	**4.415**	4.307	**4.512**	4.435

Foreign operations

The Income Statement, Statement of Financial Position and Cash Flow Statement of Group companies that have a functional currency different from that of the Company are translated as follows:

- Assets and liabilities at each reporting date are translated at the closing rate at that reporting date.
- Results and cash flows are translated at actual exchange rates for the year, or an average rate where this is a reasonable approximation.

All resulting exchange differences are recognised in the Statement of Comprehensive Income and accumulated as a separate component of equity, the Translation Reserve.

On disposal of a foreign operation, any such cumulative retranslation differences, previously recognised in equity, are reclassified to the Income Statement as part of gain or loss on disposal.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is based on the first-in, first-out principle and includes all expenditure incurred in acquiring the inventories and bringing them to their present location and condition.

- Raw materials are valued at the purchase price including transport, handling costs and net of trade discounts.
- Work in progress and finished goods are carried at cost consisting of direct materials, direct labour and directly attributable production overheads and other costs incurred in bringing them to their existing location and condition.

Net realisable value represents the estimated selling price less costs to completion and appropriate marketing, selling and distribution costs.

A provision is made, where necessary, in all inventory categories for obsolete, slow-moving and defective items.

Income tax

Income tax in the Income Statement represents the sum of current income tax and deferred tax not recognised in other comprehensive income or directly in equity.

Current tax

Current tax represents the expected tax payable or recoverable on the taxable profit for the year using tax rates and laws that have been enacted or substantively enacted, at the reporting date and taking into account any adjustments from prior years. Liabilities for uncertain tax treatments are recognised in accordance with IFRIC 23 and are measured using either the most likely amount method or the expected value method - whichever better predicts the resolution of the uncertainty.

Deferred tax

Deferred tax is recognised on all temporary differences at the reporting date. Temporary differences are defined as the difference between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets and liabilities are not subject to discounting and are measured at the tax rates that are expected to apply in the period in which the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences (i.e. differences that will result in taxable amounts in future periods when the carrying amount of the asset or liability is recovered or settled).

Deferred tax assets are recognised in respect of all deductible temporary differences (i.e. differences that give rise to amounts which are deductible in determining taxable profits in future periods when the carrying amount of the asset or liability is recovered or settled), carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profits will be available against which to offset these items.

The carrying amounts of deferred tax assets are subject to review at each reporting date and reduced to the extent that future taxable profits are considered to be inadequate to allow all or part of any deferred tax asset to be utilised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Grants

Grants are initially recognised as deferred income at their fair value when there is a reasonable assurance that the grant will be received, and all relevant conditions have been complied with.

Capital grants received and receivable in respect of property, plant and equipment are treated as a reduction in the cost of that asset and thereby amortised to the Income Statement in line with the underlying asset.

Revenue grants are recognised in the Income Statement to offset the related expenditure.

Property, Plant and Equipment

Property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on a straight line basis at the rates stated below, which are estimated to reduce each item of property, plant and equipment to its residual value by the end of its useful life:

Freehold buildings	2% to 2.5% on cost
Plant and machinery	5% to 20% on cost
Fixtures and fittings	10% to 20% on cost
Computer equipment	12.5% to 33% on cost
Motor vehicles	10% to 25% on cost

Freehold land is stated at cost and is not depreciated.

The estimated useful lives and residual values of property, plant and equipment are determined by management at the time the assets are acquired and subsequently, re-assessed at each reporting date. These lives are based on historical experience with similar assets across the Group.

In accordance with IAS 36 *Impairment of Assets*, the carrying values of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying value of an asset or its cash generating unit exceeds its recoverable amount.

Impairment losses are recognised in the Income Statement. Following the recognition of an impairment loss, the depreciation charge applicable to the asset or cash generating unit is adjusted to allocate the revised carrying amount, net of any residual value, over the remaining useful life.

Assets under construction are carried at cost less any recognised impairment loss. Depreciation of these assets commences when the assets are ready for their intended use.

Leases (Note 16)

Upon adoption of IFRS 16 the accounting policy for the year ended 31 December 2019 is as follows:

The Group recognises right of use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments at the lease commencement date. The right of use assets are initially measured at cost, and subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation is provided on a straight line basis over the period of the lease, or useful life if shorter.

Lease liabilities are measured at the present value of the future lease payments, discounted at the applicable incremental borrowing rate. Subsequent to the initial measurement, the lease liabilities are increased by the interest cost and reduced by lease payments made.

The right of use assets and lease liabilities are remeasured when there are changes in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised or where there is a change in future lease payments as a result of a change in an index or rate. The Group applies judgement when determining the lease term where renewal and termination options are contained in the lease contract.

Prior to 1 January 2019 the policy was as follows:

Leases are classified as finance leases wherever substantially all of the risk and rewards of ownership of the asset have transferred to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalised at the inception of the lease in the Statement of Financial Position at the lower of its fair value and the present value of the minimum lease payments and are depreciated over their useful lives with any impairment being recognised in the Income Statement.

Retirement benefit obligations

The Group operates defined contribution and defined benefit pensions schemes.

Defined contribution pension schemes

The costs arising on the Group's defined contribution schemes are recognised in the Income Statement in the period in which the related service is provided. The Group has no legal or constructive obligation to pay further contributions in the event that these plans do not hold sufficient assets to provide retirement benefits.

Defined benefit pension schemes

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined benefit liability or asset, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling, are recognised immediately in other comprehensive income.

The Group determines the net interest expense on the net defined benefit liability or asset by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Provisions

A provision is recognised in the Statement of Financial Position when the Group has a present constructive or legal obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation and the amount of the obligation can be estimated reliably.

A specific provision is created when a claim has actually been made against the Group or where there is a known issue at a known customer's site, both relating to a product or service supplied in the past. In addition, a risk-based provision is created where future claims are considered incurred but not reported. The warranty provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Specific provisions will generally be aged as a current liability, reflecting the assessment that a current liability exists to replace or repair product sold on foot of an accepted valid warranty issue. Only where the liability is reasonably certain not to be settled within the next 12 months, will a specific provision be categorised as a long-term obligation. Risk-based provisions will generally be aged as a non-current liability, reflecting the fact that no warranty claim has yet been made by the customer.

Provisions which are not expected to give rise to a cash outflow within 12 months of the reporting date are, where material, determined by discounting the expected future cash flows. The unwinding of the discount is recognised as a finance cost.

Dividends

Final dividends on ordinary shares are recognised as a liability in the financial statements only after they have been approved at the Annual General Meeting of the Company. Interim dividends on ordinary shares are recognised when they are paid.

Cash and cash equivalents

Cash and cash equivalents principally comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

Derivative financial instruments

Derivative financial instruments, principally interest rate and currency swaps, are used to hedge the Group's foreign exchange and interest rate risk exposures.

Derivative financial instruments are recognised initially at fair value and thereafter are subsequently remeasured at their fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The fair value of these instruments is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest and currency exchange rates and the current creditworthiness of the swap counterparties.

The Group designates all of its derivatives in one or more of the following types of relationships:

i. *Fair value hedge:* Hedges the exposure to movements in fair value of recognised assets or liabilities that are attributable to hedged risks.
ii. *Cash flow hedge:* Hedges the Group's exposures to fluctuations in future cash flow derived from a particular risk associated with recognised assets or liabilities or forecast transactions.
iii. *Net investment hedge:* Hedges the exchange rate fluctuations of a net investment in a foreign operation.

At inception of the transaction, the Group documents the relationship between the hedging instruments and hedged items, including the risk management objectives and strategy in undertaking the hedge transactions. The Group also documents its assessment, both at inception and on an ongoing basis, as to whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedge

Any gain or loss resulting from the re-measurement of the hedging instrument to fair value is reported in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gains or losses of a hedging instrument that are in hedge relationships with borrowings are included within Finance Income or Finance Expense in the Income Statement. In the case of the related hedged borrowings, any gain or loss on the hedged item which is attributable to the hedged risk is adjusted against the carrying amount of the hedged item and is also included within Finance Income or Finance Expense in the Income Statement.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised on an effective interest basis to the Income Statement with the objective of achieving full amortisation by maturity of the hedged item.

Cash flow hedge

The effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and presented in the Cash Flow Hedge Reserve in equity with the ineffective portion being recognised within Finance Income or Finance Expense in the Income Statement. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in other comprehensive income are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss. For cash flow hedges, other than those covered by the preceding statements, the associated cumulative gain or loss is removed from other comprehensive income and recognised in the Income Statement in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the Income Statement.

Hedge accounting is discontinued when a hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. The cumulative gain or loss at that point remains in other comprehensive income and is recognised when the transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive income is transferred to the Income Statement in the period.

Net investment hedge

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and presented in the Translation Reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in either Finance Income or Finance Expense in the Income Statement. Cumulative gains or losses remain in equity until disposal of the net investment in the foreign operation at which point the related differences are reclassified to the Income Statement as part of the overall gain or loss on sale.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Financial Assets

On initial recognition, a financial asset is classified as measured at amortised cost or fair value with any movement being reflected through other comprehensive income or the income statement.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

The Group applies the simplified approach for expected credit losses (ECL) under IFRS 9 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of receivables. Trade receivables are considered for impairment on a case by case basis, when they are past due or when objective evidence is received that a specific counterparty may default. Trade receivables are written-off when there is no reasonable expectation of recovery. In the event recoveries are made, these are recognised in the Consolidated Income Statement.

Financial Liabilities

Financial liabilities held for trading are measured at fair value through the profit and loss, and all other financial liabilities are measured at amortised cost unless the fair value option is applied.

Finance Income

Finance income comprises interest income on funds invested and any gains on hedging instruments that are recognised in the Income Statement. Interest income is recognised as it accrues using the effective interest rate method.

Finance Expense

Finance expense comprises interest payable on borrowings calculated using the effective interest rate method, fair value gains and losses on hedging instruments that are recognised in the Income Statement, the net finance cost of the Group's defined benefit pension scheme, lease interest and the discount component of the deferred consideration which is unwound as an interest charge in the Income Statement over the life of the obligation.

Borrowing costs

Borrowing costs directly attributable to qualifying assets, as defined in IAS 23 *Borrowing costs*, are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use. Other borrowing costs are expensed to the Income Statement in the period in which they are incurred.

Share Based Payment Transactions

The Group grants equity settled share based payments to employees through the Performance Share Plan and the Deferred Bonus Plan.

The fair value of these equity settled transactions is determined at grant date and is recognised as an employee expense in the Income Statement, with the corresponding increase in equity, on a straight line basis over the vesting period. The fair value at the grant date is determined using a combination of the Monte Carlo simulation technique and a Black Scholes model, excluding the impact of any non-market conditions. Non-market vesting conditions are included in the assumptions about the number of options that are expected to vest. At each reporting date, the Group revises its estimates of the number of options that are likely to vest as a result of non-market conditions. Any adjustment from this revision is recognised in the Income Statement with a corresponding adjustment to equity.

Where the share based payments give rise to the issue of new share capital, the proceeds received by the Company are credited to share capital (nominal value) and share premium (where applicable) when the share entitlements are exercised. Where the share based payments give rise to the re-issue of shares from treasury shares, the proceeds of issue are credited to share premium.

The Group does not operate any cash-settled share based payment schemes or share based payment transactions with cash alternatives as defined in IFRS 2.

Treasury Shares

Where the Company purchases its own equity share capital, the consideration paid is deducted from total shareholders' equity and classified as treasury shares until such shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received is included in share premium account. No gains or losses are recognised on the purchase, sale, cancellation or issue of treasury shares.

Non-controlling interest

Non-controlling interests represent the portion of the equity of a subsidiary not attributable either directly or indirectly to the parent company and are presented separately in the Income Statement and within equity in the Statement of Financial Position, distinguished from shareholders' equity attributable to owners of the parent company.

Accounting Estimates and Judgements

In the process of applying the Group's accounting policies, as set out on pages 108 to 116, management are required to make estimates and judgements that could materially affect the Group's reported results or net asset position.

Notwithstanding that the areas below represent estimation and judgement at the end of the reporting period, the directors are satisfied that none of these areas have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The areas where key estimates and judgements were made by management and are material to the Group's reported results or net asset position, are as following:

Impairment (Note 9)
The Group is required to review assets for objective evidence of impairment.
It does this on the basis of a review of the budget and rolling 5 year forecasts (4 year strategic plan, as approved by the Board, plus year 5 forecasted by management), which by their nature are based on a series of assumptions and estimates.
The Group has performed impairment tests on those cash generating units which contain goodwill, and on any assets where there are indicators of impairment.
The key assumptions associated with these reviews are detailed in Note 9. This is an area of estimation and judgement.

Guarantees & warranties (Note 20)
Certain products carry formal guarantees of satisfactory functional and aesthetic performance of varying periods following their purchase. Local management evaluate the constructive or legal obligation arising from customer feedback and assess the requirement to provide for any probable outflow of economic benefit arising from a settlement. This is an area of estimation and judgement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Recoverability of trade receivables (Note 14)

The Group provides credit to customers and as a result there is an associated risk that the customer may not be able to pay outstanding balances. Trade receivables are considered for impairment on a case by case basis, when they are past due at the reporting date or when objective evidence is received that a specific counterparty may default.

Under IFRS 9 the Group uses an allowance matrix to measure Expected Credit Loss (ECL) of trade receivables from customers. Loss rates are calculated using a "roll rate" method based on the probability of a receivable progressing through successive chains of non-payment to write-off. The rates are calculated at a business unit level which reflects the risks associated with geographic region, age, mix of customer relationship and type of product purchased. This is an area of estimation.

Valuation of inventory (Note 13)

Inventories are measured at the lower of cost and net realisable value. The Group's policy is to hold inventories at original cost and create an inventory provision where evidence exists that indicates net realisable value is below cost for a particular item of inventory. Damaged, slow-moving or obsolete inventory are typical examples of such evidence. This is an area of estimation.

Leases (Note 16)

The Group has applied judgement to determine the lease term of contracts that include termination and extension options. If the Group is reasonably certain to exercise such options, the relevant amount of right of use assets and lease liabilities are recognised. The Group has also applied judgement in determining the incremental borrowing rates.

Business Combinations (Note 22)

Business combinations are accounted for using the acquisition method which requires that the assets and liabilities assumed are recorded at their respective fair values at the date of acquisition. The application of this method requires certain estimates and assumptions relating, in particular, to the determination of the fair values of the acquired assets and liabilities assumed at the date of acquisition.

For intangible assets acquired, the Group bases valuations on expected future cash flows. This method employs a discounted cash flow analysis using the present value of the estimated cash flows expected to be generated from these intangible assets using appropriate discount rates and revenue forecasts. The period of expected cash flows is based on the expected useful life of the intangible asset acquired.

Measurement of deferred contingent consideration and put option liabilities related to business combinations require assumptions to be made regarding profit forecasts and discount rates used to arrive at the net present value of the potential obligations. The Group has considered all available information in arriving at the estimate of liabilities associated with deferred contingent consideration obligations. This is an area of estimation and judgement.

Income taxes (Note 7)

The Group is subject to income tax in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions for which the ultimate tax determination is uncertain. The Group recognises liabilities based on estimates of whether additional taxes will be due. Once it has been concluded that a liability needs to be recognised, the liability is measured based on the tax laws that have been enacted or substantially enacted at the end of the reporting period. The amount shown for current taxation includes an estimate for uncertain tax treatments where the group considers it probable that uncertain tax treatments will not be accepted by tax authorities and the estimate is measured using either the most likely amount method or the expected value method as appropriate, prescribed by IFRIC 23. Where the final tax outcome of these matters is different from the amounts that were initially estimated, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The Group estimates the most probable amount of future taxable profits, using assumptions consistent with those employed in impairment calculations, and taking into consideration applicable tax legislation in the relevant jurisdiction. These calculations also require the use of estimates.

Deferred Contingent Consideration (Note 18)

Measurement of put option liabilities require assumptions to be made regarding profit forecasts and discount rates used to arrive at the net present value of the potential obligations. The Group has considered all available information in arriving at the estimate of liabilities associated with put option obligations. This is an area of estimation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

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 - 2019	3,031.9	876.9	327.7	208.1	214.5	**4,659.1**
Total revenue - 2018	2,823.1	864.1	291.8	202.9	190.6	4,372.5
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**
Disaggregation of revenue 2018						
Point of Time	2,816.8	831.8	190.4	201.6	166.2	4,206.8
Over Time & Contract	6.3	32.3	101.4	1.3	24.4	165.7
	2,823.1	864.1	291.8	202.9	190.6	4,372.5

The disaggregation of revenue by geography is set out in more detail on page 118.

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 2019 €m	Total 2018 €m
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**	
Trading profit - 2018	281.8	105.1	21.5	14.2	22.6		445.2
Intangible amortisation	(12.2)	(4.4)	(4.4)	(1.2)	-		(22.2)
Operating profit - 2018	269.6	100.7	17.1	13.0	22.6		423.0
Net finance expense						**(20.8)**	(18.1)
Profit for the year before tax						**454.4**	404.9
Income tax expense						**(76.6)**	(69.1)
Net profit for the year						**377.8**	335.8

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

2 SEGMENT REPORTING (continued)

Segment assets

	Insulated Panels €m	Insulation Boards €m	Light & Air €m	Water & Energy €m	Data & Flooring €m	Total 2019 €m	Total 2018 €m
Assets – 2019	2,495.9	832.2	348.0	191.8	188.2	**4,056.1**	
Assets – 2018	2,231.7	782.2	331.2	180.3	166.3		3,691.7
Derivative financial instruments						**27.3**	27.6
Cash and cash equivalents						**190.9**	294.5
Deferred tax asset						**14.1**	15.6
Total assets as reported in the Consolidated Statement of Financial Position						**4,288.4**	4,029.4

Segment liabilities

	Insulated Panels €m	Insulation Boards €m	Light & Air €m	Water & Energy €m	Data & Flooring €m	Total 2019 €m	Total 2018 €m
Liabilities – 2019	(831.4)	(194.4)	(80.2)	(64.2)	(41.5)	**(1,211.7)**	
Liabilities – 2018	(755.0)	(179.2)	(73.2)	(58.2)	(35.1)		(1,100.7)
Interest bearing loans and borrowings (current and non-current)						**(851.4)**	(1,020.2)
Derivative financial instruments (current and non-current)						**(0.1)**	-
Income tax liabilities (current and deferred)						**(104.8)**	(119.6)
Total liabilities as reported in the Consolidated Statement of Financial Position						**(2,168.0)**	(2,240.5)

Other segment information

	Insulated Panels €m	Insulation Boards €m	Light & Air €m	Water & Energy €m	Data & Flooring €m	Total €m
Capital investment – 2019 *	135.7	36.8	11.8	4.5	4.0	**192.8**
Capital investment – 2018 *	160.8	87.9	22.7	7.1	2.8	281.3
Depreciation included in segment result – 2019	(70.9)	(24.2)	(8.3)	(6.1)	(5.0)	**(114.5)**
Depreciation included in segment result – 2018	(49.8)	(15.9)	(4.8)	(2.4)	(3.1)	(76.0)
Non-cash items included in segment result – 2019	(7.6)	(2.7)	(0.7)	(0.8)	(1.3)	**(13.1)**
Non-cash items included in segment result – 2018	(7.4)	(2.5)	(0.5)	(0.8)	(1.1)	(12.3)

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

Analysis of segmental data by geography

	Republic of Ireland €m	United Kingdom €m	Rest of Europe €m	Americas €m	Others €m	Total €m
Income Statement Items						
Revenue – 2019	176.0	891.8	2,286.7	990.9	313.7	**4,659.1**
Revenue – 2018	156.0	938.2	2,092.3	887.6	298.4	4,372.5
Statement of Financial Position Items						
Non-current assets – 2019 *	64.0	411.4	1,415.8	605.4	207.7	**2,704.3**
Non-current assets – 2018 *	52.7	375.2	1,227.0	524.5	188.8	2,368.2
Other segmental information						
Capital investment – 2019	15.2	18.2	106.3	49.1	4.0	**192.8**
Capital investment – 2018	6.0	23.9	204.8	27.8	18.8	281.3

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

2 SEGMENT REPORTING (continued)

The Group has a presence in over 90 countries worldwide. The revenues from external customers and non-current assets (as defined in IFRS 8) attributable to the country of domicile and all foreign countries or regions of operation are as set out above and specific regions are highlighted separately on the basis of materiality.

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-uses and geographies.

3 EMPLOYEES

a) Employee numbers

The average number of persons employed by the Group in the financial year was:

	2019 Number	2018 Number
Production	**9,046**	8,235
Sales and distribution	**2,895**	2,623
Management and administration	**2,588**	2,611
	14,529	13,469

b) Employee costs, including executive directors

	2019 €m	2018 €m
Wages and salaries	**651.2**	579.5
Social welfare costs	**78.0**	68.9
Pension costs - defined contribution (note 31)	**20.1**	15.5
Share based payments and awards	**13.1**	12.3
	762.4	676.2
Actuarial losses/(gains) recognised in other comprehensive income	**0.2**	(0.9)
	762.6	675.3

c) Employee share based compensation

The Group currently operates a number of equity settled share based payment schemes; two Performance Share Plans (PSP) and a Deferred Bonus Plan, which was introduced in 2015. The details of these schemes are provided in the Report of the Remuneration Committee.

Performance Share Plan (PSP)

	Number of PSP Options 2019	2018
Outstanding at 1 January	**2,149,827**	2,498,209
Granted	**539,988**	552,325
Forfeited	**(76,361)**	(65,266)
Lapsed	**(10,781)**	(6,636)
Exercised	**(649,562)**	(828,805)
Outstanding at 31 December	**1,953,111**	2,149,827
Of which, exercisable	**399,257**	478,945

The Group recognised a PSP expense of €12.9m (2018: €11.7m) in the Income Statement during the year. All PSP options are exercisable at €0.13 per share. For PSP options that were exercised during the year the average share price at the date of exercise was €44.99 (2018: €38.96). The weighted average contractual life of share options outstanding at 31 December 2019 is 2.6 years (2018: 3.5 years). The weighted average exercise price during the period was €0.13 (2018: €0.13).

The fair values of options granted under the PSP scheme during the current and prior year were determined using the Black Scholes Model or the Monte Carlo Pricing Model as appropriate. The key assumptions used in the model were as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

3 EMPLOYEES (continued)

	2019 Awards	2018 Awards
Share price at grant date	**€38.80**	€35.55
Exercise price per share	**€0.13**	€0.13
Expected volatility	**30%**	26%
Expected dividend yield	**1.3%**	1.2%
Risk-free rate	**(0.07%)**	0.08%
Expected life	**3 years**	3 years

The resulting weighted average fair value of options granted in the year was €29.67 (2018: €26.21).

As set out in the Report of the Remuneration Committee, the number of options that will ultimately vest is contingent on market conditions such as Total Shareholder Return and non market conditions such as the Earnings Per Share of the Group. Market conditions were taken into account in determining the above fair value, and non market conditions were considered when estimating the number of shares that will eventually vest. Expected volatility was determined by calculating the historical volatility of the Group and peer company share prices over the previous 3 years. The Report of the Remuneration Committee sets out the current companies within the peer group.

Deferred Bonus Plan

As set out in the Report of the Remuneration Committee, the Deferred Bonus Plan (DBP) is intended to reward incremental performance over and above the growth targeted by the annual performance related bonus. Any DBP bonus earned for such incremental performance is satisfied by the payment of deferred share awards. These shares are held for the benefit of the individual participants for two years without any additional performance conditions. These shares vest after two years but are forfeited if the participant leaves the Group within that period.

During the year, 15,718 (2018: Nil) were granted under the DBP and 49,924 (2018: 50,607) awards were exercised. 15,718 awards remain outstanding at 31 December 2019. A charge of €0.2m was recognised in the Income Statement for 2019 (2018: €0.6m).

4 FINANCE EXPENSE AND FINANCE INCOME

	2019 €m	2018 €m
Finance expense		
Lease interest	**3.8**	-
Deferred contingent consideration fair value movement	**0.1**	0.3
Bank loans	**2.4**	2.7
Private placement loan notes	**17.2**	16.7
Fair value movement on derivative financial instrument	**2.6**	(3.1)
Fair value movement on private placement debt	**(2.5)**	2.5
Other interest	**0.1**	0.4
	23.7	19.5
Finance income		
Interest earned	**(2.9)**	(1.4)
Net finance cost	**20.8**	18.1

No costs were reclassified from other comprehensive income to profit during the year (2018: €nil).

5 PROFIT FOR THE YEAR BEFORE INCOME TAX

	2019 €m	2018 €m
The profit before tax for the year is stated after charging/(crediting):		
Distribution expenses	**224.6**	202.1
Product development costs (total, including payroll)	**31.9**	30.5
Depreciation	**114.5**	76.0
Amortisation of intangible assets	**21.9**	22.2
Foreign exchange net gains	**0.7**	(1.7)
Profit on sale of property, plant and equipment	**(3.3)**	(4.9)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

5 PROFIT FOR THE YEAR BEFORE INCOME TAX (continued)

Analysis of total auditor's remuneration for audit services

	2019 €m	2018 €m
Audit of Group (KPMG Ireland)	**0.8**	0.8
Audit of other subsidiaries (other KPMG offices)	**1.8**	1.8
	2.6	2.6

Analysis of amounts paid to the auditor in respect of non-audit services

	2019 €m	2018 €m
Tax compliance and advisory services (KPMG Ireland)	**0.1**	0.3
Tax compliance and advisory services (other KPMG offices)	**0.8**	0.6
	0.9	0.9

6 DIRECTORS' REMUNERATION

	2019 €m	2018 €m
Fees	**0.6**	0.7
Other emoluments	**6.3**	6.0
Pension costs	**0.8**	0.7
	7.7	7.4
Performance Share Plan expense	**3.2**	2.8
	10.9	10.2

A detailed analysis of directors' remuneration is contained in the Report of the Remuneration Committee. Aggregate gains of €8.0m (2018: €7.8m) were realised with respect to share options exercised by directors during the financial year.

7 INCOME TAX EXPENSE

	2019 €m	2018 €m
Tax recognised in the Consolidated Income Statement		
Current taxation:		
Current tax expense	**83.2**	72.2
Adjustment in respect of prior years	**(0.2)**	(5.4)
	83.0	66.8
Deferred taxation:		
Origination and reversal of temporary differences	**(6.6)**	1.5
Effect of rate change	**0.2**	0.8
	(6.4)	2.3
Income tax expense	**76.6**	69.1

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

7 INCOME TAX EXPENSE (continued)

The following table reconciles the applicable Republic of Ireland statutory tax rate to the effective tax rate (current and deferred) of the Group:

	2019 €m	2018 €m
Profit for the year	**454.4**	404.9
Applicable notional tax charge (12.5%)	**56.8**	50.6
Expenses not deductible for tax purposes	**9.0**	5.1
Net effect of differing tax rates	**15.3**	16.3
Utilisation of unprovided deferred tax assets	**(1.5)**	(0.8)
Other items	**(3.0)**	(2.1)
Total income tax expense	**76.6**	69.1

The total tax charge in future periods will be affected by any changes to the corporation tax rates in force in the countries in which the Group operates. No significant change is expected to the standard rate of corporation tax in the Republic of Ireland which is currently 12.5%.

The methodology used to determine the recognition and measurement of uncertain tax positions is set out in Note 1 'Statement of Accounting Policies'.

The total value of deductible temporary differences which have not been recognised is €29.7m (2018: €31.4m) consisting mainly of tax losses forward. €1.3m of the losses expire within 10 years while all other losses may be carried forward indefinitely.

No provision has been made for tax in respect of temporary differences arising from unremitted earnings of foreign operations as there is no commitment to remit such earnings and no current plans to do so. Deferred tax liabilities of €10.9m (2018: €8.9m) have not been recognised for withholding tax that would be payable on unremitted earnings of €219.6m (2018: €177.2m) in certain subsidiaries.

8 EARNINGS PER SHARE

	2019 €m	2018 €m
The calculations of earnings per share are based on the following:		
Profit attributable to ordinary shareholders	**369.4**	330.9
	Number of shares ('000) 2019	Number of shares ('000) 2018
Weighted average number of ordinary shares for the calculation of basic earnings per share	**180,586**	179,840
Dilutive effect of share options	**1,489**	1,696
Weighted average number of ordinary shares for the calculation of diluted earnings per share	**182,075**	181,536
	2019 € cent	2018 € cent
Basic earnings per share	**204.6**	184.0
Diluted earnings per share	**202.9**	182.3
Adjusted basic earnings per share	**215.0**	193.5
Adjusted diluted earnings per share	**213.2**	191.7

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 (2018: nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

9 GOODWILL

	2019 €m	2018 €m
At 1 January	**1,391.0**	1,095.7
Additions relating to acquisitions (Note 22)	**92.5**	296.8
Net exchange movement	**23.4**	(1.5)
Carrying amount 31 December	**1,506.9**	1,391.0
At 31 December		
Cost	**1,574.6**	1,458.7
Accumulated impairment losses	**(67.7)**	(67.7)
Carrying amount	**1,506.9**	1,391.0

Cash generating units

Goodwill acquired through business combinations is allocated, at acquisition, to CGUs that are expected to benefit from synergies in that combination. The CGUs are the lowest level within the Group at which the associated goodwill is monitored for internal management reporting purposes and are not larger than the operating segments determined in accordance with IFRS 8 *Operating Segments*.

A total of 11 (2018: 11) CGUs have been identified and these are analysed between the five business segments in the Group as set out below. Assets and liabilities have been assigned to the CGUs on a reasonable and consistent basis.

	Cash generating units 2019	2018	Goodwill (€m) 2019	2018
Insulated Panels	**6**	6	**918.3**	827.2
Insulation Boards	**1**	1	**235.7**	232.5
Light & Air	**1**	1	**178.0**	174.2
Water & Energy	**1**	1	**83.8**	78.7
Data & Flooring	**2**	2	**91.1**	78.4
Total	**11**	11	**1,506.9**	1,391.0

Significant goodwill amounts

Management has assessed that, in line with IAS 36 *Impairment of Assets*, there are 5 CGUs that are individually significant (greater than 10% of total goodwill) that require additional disclosure and are as follows:

	Panels North America 2019	2018	Panels Western Europe 2019	2018	Panels Joris Ide 2019	2018	Insulation Boards 2019	2018	Light & Air 2019	2018
Goodwill (€m)	**181.1**	173.4	**225.5**	146.0	**415.6**	410.8	**235.7**	232.5	**178.0**	174.2
Discount rate (%)	**8.2**	10.0	**6.7**	8.1	**6.7**	8.1	**6.7**	8.1	**6.5**	8.0
Excess*	**722.0**	335.7	**1,976.4**	1,655.1	**576.2**	489.5	**1,812.1**	854.0	**279.1**	132.8

* Excess of value-in-use over carrying amount (€m)

The goodwill allocated to these 5 CGUs accounts for 82% of the total carrying amount of €1,506.9m. The remaining goodwill balance of €271.0m (2018: €400.1m) is allocated across the other 6 CGUs (2018: 7 CGUs), none of which are individually significant.

None of the individually significant CGUs are included in the "Sensitivity analysis" section as it is not considered reasonably possible that there would be a change in the key assumptions such that the carrying amount would exceed value-in-use. Consequently, no further disclosures have been provided for these CGUs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

9 GOODWILL (continued)

Impairment testing

Goodwill acquired through business combinations has been allocated to the above CGUs for the purpose of impairment testing. Impairment of goodwill occurs when the carrying value of the CGU is greater than the present value of the cash that it is expected to generate (i.e. the recoverable amount). The Group reviews the carrying value of each CGU at least annually or more frequently if there is an indication that a CGU may be impaired.

The recoverable amount of each CGU is determined from value-in-use calculations. The forecasts used in these calculations are based on a 4 year financial plan approved by the Board of Directors, plus year 5 as forecasted by management, and specifically excludes any future acquisition activity. They include assumptions regarding future organic growth with cash flows after year 5 assuming to continue in perpetuity at a general growth rate of 2% (Panels LATAM 4%), reflecting the relevant CGU inflation, but no other growth. The use of cash flows in perpetuity is considered appropriate in light of the Group's established history of earnings growth and cash flow generation, its strong financial position and the nature of the industry in which the Group operates.

The value in use calculation represents the present value of the future cash flows, including the terminal value, discounted at a rate appropriate to each CGU. The real pre-tax discount rates used range from 6.5% to 10.2% (2018: 8.0% to 12.5%). These rates are based on the Group's estimated weighted average cost of capital, adjusted for risk, and are consistent with external sources of information.

The cash flows and the key assumptions used in the value in use calculations are determined based on the historical performance of the Group, its strong current financial position as well as management's knowledge and expectation of future trends in the industry. Expected future cash flows are, however, inherently uncertain and are therefore liable to material change over time. The key assumptions used in the value in use calculations are subjective and include projected EBITDA margins, net cash flows, discount rates used and the duration of the discounted cash flow model.

Sensitivity analysis

Sensitivity analysis was performed by adjusting cash flows, the discount rate and the average operating margin of each division by over 25% and by reducing the long-term growth rate to zero. Each test resulted in a positive recoverable amount for each CGU under each approach. Management believes, therefore, that any reasonable change in any of the key assumptions would not cause the carrying value of goodwill to exceed the recoverable amount, thereby giving rise to an impairment.

10 OTHER INTANGIBLE ASSETS

	Customer Relationships €m	Patents & Brands €m	Other Intangibles €m	Total €m
Cost				
At 1 January 2019	48.7	127.8	33.9	210.4
Acquisitions (Note 22)	1.4	0.1	1.2	2.7
Net exchange difference	0.2	2.1	0.5	2.8
At 31 December 2019	**50.3**	**130.0**	**35.6**	**215.9**
Accumulated amortisation				
At 1 January 2019	23.4	54.0	21.9	99.3
Charge for the year	6.1	11.7	4.1	21.9
Net exchange difference	0.1	1.1	0.3	1.5
At 31 December 2019	**29.6**	**66.8**	**26.3**	**122.7**
Net Book Value as at 31 December 2019	**20.7**	**63.2**	**9.3**	**93.2**

	Customer Relationships €m	Patents & Brands €m	Other Intangibles €m	Total €m
Cost				
At 1 January 2018	27.7	109.2	30.0	166.9
Acquisitions (Note 22)	21.2	18.8	3.3	43.3
Net exchange difference	(0.2)	(0.2)	0.6	0.2
At 31 December 2018	**48.7**	**127.8**	**33.9**	**210.4**
Accumulated amortisation				
At 1 January 2018	17.9	43.4	15.3	76.6
Charge for the year	5.4	10.5	6.3	22.2
Net exchange difference	0.1	0.1	0.3	0.5
At 31 December 2018	**23.4**	**54.0**	**21.9**	**99.3**
Net Book Value as at 31 December 2018	**25.3**	**73.8**	**12.0**	**111.1**

Other intangibles relate primarily to technological know how and order backlogs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

11 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings €m	Plant machinery and other equipment €m	Motor vehicles €m	Total €m
As at 31 December 2019				
Cost	634.1	1,386.2	42.8	2,063.1
Accumulated depreciation and impairment charges	(200.9)	(871.7)	(25.3)	(1,097.9)
Net carrying amount	**433.2**	**514.5**	**17.5**	**965.2**
At 1 January 2019, net carrying amount	401.0	436.2	13.3	850.5
Acquisitions through business combinations (Note 22)	12.4	13.1	-	25.5
Additions	29.9	125.2	9.5	164.6
Disposals	(1.1)	(1.9)	(0.4)	(3.4)
Reclassification	(0.1)	(0.1)	0.2	-
Depreciation charge for year	(14.4)	(64.8)	(5.3)	(84.5)
Impairment charge for year	(0.1)	(0.1)	-	(0.2)
Effect of movement in exchange rates	5.6	6.9	0.2	12.7
At 31 December 2019, net carrying amount	**433.2**	**514.5**	**17.5**	**965.2**

	Land and buildings €m	Plant machinery and other equipment €m	Motor vehicles €m	Total €m
As at 31 December 2018				
Cost	583.7	1,245.4	36.3	1,865.4
Accumulated depreciation and impairment charges	(182.7)	(809.2)	(23.0)	(1,014.9)
Net carrying amount	**401.0**	**436.2**	**13.3**	**850.5**
At 1 January 2018, net carrying amount	337.5	355.3	10.5	703.3
Acquisitions through business combinations (Note 22)	47.8	44.9	1.0	93.7
Additions	34.9	102.8	6.6	144.3
Disposals	(4.6)	(2.8)	(0.6)	(8.0)
Reclassification	(0.7)	-	0.7	-
Depreciation charge for year	(12.7)	(58.5)	(4.8)	(76.0)
Impairment charge for year	(0.1)	(5.1)	-	(5.2)
Effect of movement in exchange rates	(1.1)	(0.4)	(0.1)	(1.6)
At 31 December 2018, net carrying amount	**401.0**	**436.2**	**13.3**	**850.5**

Included within the cost of land and buildings and plant, machinery and other equipment are assets in the course of construction to the value of €2.3m and €66.2m respectively (2018: €21.6m and €66.7m). These assets have not yet been depreciated.

The Group has no material investment properties and hence no property assets are held at fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

12 INVESTMENTS IN SUBSIDIARIES

	2019 €m	2018 €m
Company		
At 1 January	**1,191.0**	1,180.7
Share options and awards	**10.4**	10.3
At 31 December	**1,201.4**	1,191.0

The share options and awards addition reflects the cost of share based payments attributable to employees of subsidiary undertakings, which are treated as capital contributions by the Company. The carrying value of investments is reviewed at each reporting date and there were no indicators of impairment.

13 INVENTORIES

	2019 €m	2018 €m
Raw materials and consumables	**433.2**	415.1
Work in progress	**20.3**	19.6
Finished goods	**169.6**	149.2
Inventory impairment allowance	**(65.5)**	(59.0)
At 31 December	**557.6**	524.9

A total of €2.7bn (2018: €2.6bn) of inventories was included in the Income Statement as an expense. This includes a net income statement charge of €4.4m (2018: €2.6m) arising on the inventory impairment allowance. Inventory impairment allowance levels are continuously reviewed by management and revised where appropriate, taking account of the latest available information on the recoverability of carrying amounts.

No inventories have been pledged as security for liabilities entered into by the Group.

14 TRADE AND OTHER RECEIVABLES

	2019 €m	2018 €m
Amounts falling due within one year:		
Trade receivables, gross	**770.3**	791.5
Expected credit loss allowance	**(54.0)**	(56.4)
Trade receivables, net	**716.3**	735.1
Other receivables	**45.1**	32.1
Prepayments	**32.8**	31.4
	794.2	798.6

The maximum exposure to credit risk for trade and other receivables at the reporting date is their carrying amount.

The Group uses an allowance matrix to measure Expected Credit Loss (ECL) of trade receivables from customers. The simplified approach has been adopted and this gives rise to an ECL of €54.0m in 2019 (2018: €56.4m). This is presented in more detail in Note 19.

	2019 €m	2018 €m
Company		
Amounts falling due within one year:		
Amounts owed by group undertakings	**128.7**	112.7
	128.7	112.7

The amounts due from group undertakings are unsecured, interest free and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

15 TRADE AND OTHER PAYABLES

	2019 €m	2018 €m
Current		
Trade payables	**404.9**	397.5
Accruals	**316.3**	341.1
Deferred income	**6.4**	7.0
Income tax & social welfare	**29.6**	19.9
Value added tax	**11.7**	14.3
	768.9	779.8

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

	2019 €m	2018 €m
Company		
Current		
Amounts owed to group undertakings	**61.3**	-
Payables	**0.2**	0.2
	61.5	0.2

The amounts due to group undertakings are unsecured, interest free and are repayable on demand.

16 LEASES

A new accounting standard, IFRS 16 *Leases*, was adopted with effect from 1 January 2019. The standard requires leases which were previously treated as operating leases to be recognised as a lease liability with the associated asset capitalised and treated as a right of use asset. On 1 January 2019 €127.9m of leases were recognised as liabilities on adoption of the standard and €128.8m capitalised as right of use assets. During 2019 depreciation on the right of use assets was €30.0m and associated lease rental charge decreased by €31.8m leading to an increase in operating profit of €1.8m. The interest charge on the associated leases was €3.8m and the aggregate impact of IFRS 16 on profit before tax was a decrease of €2.0m.

Right of use asset

	Land and buildings €m	Plant, machinery and other equipment €m	Motor vehicles €m	Total 2019 €m
At 1 January 2019	102.1	12.7	14.0	**128.8**
Additions	4.8	1.1	8.2	**14.1**
Arising on acquisitions	6.0	0.2	0.1	**6.3**
Remeasurement	2.6	-	-	**2.6**
Terminations	(1.6)	(0.1)	(0.8)	**(2.5)**
Depreciation charge for the year	(17.4)	(4.8)	(7.8)	**(30.0)**
Effect of movement in exchange rates	2.0	0.1	0.2	**2.3**
At 31 December 2019	**98.5**	**9.2**	**13.9**	**121.6**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

16 LEASES (continued)

Lease liability

	2019 €m
At 1 January 2019	127.9
Additions	14.0
Arising on acquisitions	6.2
Remeasurement	2.5
Terminations	(2.5)
Payments	(31.8)
Interest	3.8
Effect of movement in exchange rates	2.2
At 31 December 2019	122.3
Split as follows:	
Current liability	25.6
Non-current liability	96.7
At 31 December 2019	122.3

Reconciliation of IAS 17 operating lease commitments and IFRS 16 lease liability

	2019 €m
Operating lease commitment at 31 December 2018 as disclosed in the Group's Annual Report	151.5
Impact of discounting	(19.9)
Recognition exemption for short term and low value assets	(1.0)
Adjustments as a result of alignment of extension and termination options with accounting policies	(2.7)
Lease liabilities recognised at 1 January 2019	127.9

The €0.9m difference between the opening right of use asset and lease liability relates to lease prepayments.

17 INTEREST BEARING LOANS AND BORROWINGS

	2019 €m	2018 €m
Current financial liabilities		
Bank loans	2.8	52.8
Lease obligations per banking covenants	0.3	0.4
	3.1	53.2

	2019 €m	2018 €m
Non-current financial liabilities		
Private placements	840.9	835.9
Bank loans (unsecured)	5.1	127.3
Lease obligations per banking covenants	2.3	3.8
	848.3	967.0

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

17 INTEREST BEARING LOANS AND BORROWINGS (continued)

Analysis of Net Debt

	2019 €m	2018 €m
Cash and cash equivalents	190.9	294.5
Derivative financial instruments	27.3	27.4
Current borrowings	(3.1)	(53.2)
Non-current borrowings	(848.3)	(967.0)
Deferred consideration	-	(30.0)
Total Net Debt	(633.2)	(728.3)

The Group's core funding is provided by five private placement loan notes; one USD private placement totalling $200m matures in August 2021, and four EUR private placements totalling €662.5m which will mature in tranches between March 2021 and January 2028. The notes have a weighted average maturity of 4.5 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 2019. The Group had no committed bilateral bank facilities at year end, however, a green loan of €50m had been agreed but was undrawn.

More details of the Group's loans and borrowings are set out in Note 19.

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 (2018: €0.2m) and foreign currency derivative liabilities of €0.1m (2018: €nil) 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.

18 DEFERRED CONSIDERATION

	2019 €m	2018 €m
At 1 January	196.1	117.5
Deferred consideration arising on acquisitions (note 22)	-	30.0
Deferred contingent consideration arising on acquisitions (note 22)	2.0	1.4
Movement in deferred contingent consideration arising from fair value adjustment	(0.5)	1.1
Put liability arising on current year acquisitions (note 22)	26.7	24.5
Movement in put liability arising from fair value adjustment	22.7	35.4
Amounts paid	(59.7)	(3.1)
Effect of movement in exchange rates	(0.8)	(10.7)
At 31 December	186.5	196.1
Split as follows:		
Current liabilities	-	59.5
Non-current liabilities	186.5	136.6
	186.5	196.1
Analysed as follows:		
Deferred consideration	-	30.0
Deferred contingent consideration	11.3	38.9
Put liability	175.2	127.2
	186.5	196.1

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

18 DEFERRED CONSIDERATION (continued)

For each acquisition for which deferred contingent consideration has been provided, an annual review takes place to evaluate if the payment conditions are likely to be met.

During the year the Group paid €30m of deferred consideration relating to the Synthesia business which was acquired in 2018 (2018: €nil). In addition, the Group paid €29.7m of deferred contingent consideration relating to the Isoeste business which was acquired in 2017 (2018: €nil).

During the prior year the Group paid €3.1m of deferred contingent consideration relating to the PAL business which was acquired in 2014.

The deferred contingent consideration arising on current year acquisitions relates to Group Bacacier SAS.

The put liability arising on current year acquisitions is recognised with respect to the potential amounts payable to the 15% shareholders of Group Bacacier SAS.

The amount of the deferred contingent consideration and put liability that have been recognised are arrived at by the application of a range of outcomes and associated probabilities in order to determine the carrying amounts.

Liabilities in the range of €nil to €11.3m could arise with respect to potential deferred contingent consideration obligations and €nil to €182.1m with respect to potential put option obligations.

The put option in the shareholders' agreement with non-controlling shareholders of Isoeste is exercisable from 2023. The undiscounted expected cash outflow is estimated to be €118.6m (2018: €96m).

The put option in the shareholders' agreement with non-controlling shareholders of PanelMET is exercisable from 2022. The undiscounted expected cash outflow is estimated to be €9.1m (2018: €12.2m).

The put option in the shareholders' agreement with non-controlling shareholders of Kingspan Jindal is exercisable from 2022. The undiscounted expected cash outflow is estimated to be €26.8m (2018: €25.8m).

There are two put options in the shareholders' agreement with non-controlling shareholders of Group Bacacier SAS. The first option relating to 10% of shares is exercisable from 2021 and the related undiscounted expected cash flow is estimated to be €17.1m. The second option for the remaining 5% of shares is exercisable from 2022 and the related undiscounted expected cash outflow is estimated to be €10.5m.

For the purposes of the fair value assessments all of the put option liabilities are valued using the option price formula in the shareholders' agreement and the most recent financial projections. These are classified as unobservable inputs.

In the case of Isoeste, PanelMET, Kingspan Jindal and Group Bacacier SAS call options rest over the remaining shareholding held by non-controlling interests, which are exercisable by the Group in a very limited range of circumstances. No value has been attributed to these call options.

19 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial Risk Management

In the normal course of business, the Group has exposure to a variety of financial risks, including foreign currency risk, interest rate risk, liquidity risk and credit risk. The Group's focus is to understand these risks and to put in place policies that minimise the economic impact of an adverse event on the Group's performance. Meetings are held on a regular basis to review the result of the risk assessment, approve recommended risk management strategies and monitor the effectiveness of such policies.

The Group's risk management strategies include the usage of derivatives (other than for speculative transactions), principally forward exchange contracts, interest rate swaps, and cross currency interest rate swaps.

Liquidity risk

In addition to the high level of free cash flow, the Group operates a prudent approach to liquidity management using a mixture of long-term and short-term debt, cash and cash equivalents, to enable it to meet its liabilities when due.

The Group's core funding is provided by a number of private placement loan notes totalling €840.9m. The notes have a weighted average maturity of 4.5 years.

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. Subsequent to the year end the Group arranged a bilateral 'Green Loan' of €50m to fund the Group's Planet Passionate initiatives.

Both the private placements and the revolving credit facility have an interest cover test (Net Interest: EBITDA must exceed 4 times) and a net debt test (Net Debt: EBITDA must be less than 3.5 times). These covenant tests have been met for the covenant test period to 31 December 2019.

The Group also has in place a number of uncommitted bilateral working capital facilities to serve its working capital requirements. These facilities total €43m (2018: €44m) and are supported by a Group guarantee. Core funding arrangements arise from a wide and varied number of institutions and, as such, there is no significant concentration of liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

19 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

The following are the carrying amounts and contractual maturities of financial liabilities (including estimated interest payments):

	Carrying amount 2019 €m	Contractual cash flow €m	Within 1 year €m	Between 1 and 2 years €m	Between 2 and 5 years €m	Greater than 5 years €m
Non derivative financial instruments						
Bank loans	7.9	7.9	2.8	2.5	2.5	0.1
Private placement loan notes	840.9	919.0	20.4	237.3	329.7	331.6
Lease obligations per banking covenants	2.6	2.6	0.3	0.1	-	2.2
Lease liabilities	122.3	148.0	30.2	24.6	43.3	49.9
Trade and other payables	762.5	762.5	762.5	-	-	-
Deferred consideration	-	-	-	-	-	-
Deferred contingent consideration	186.5	193.4	-	28.4	155.9	9.1
Derivative financial liabilities/ (assets)						
Interest rate swaps used for hedging:						
Carrying values	(0.7)	-	-	-	-	-
Net inflows	-	0.8	0.4	0.4	-	-
Cross currency interest rate swaps used for hedging:						
Carrying value	(26.6)	-	-	-	-	-
- outflow	-	93.4	(0.2)	93.6	-	-
- inflow	-	127.1	6.0	121.1	-	-
Foreign exchange forwards used for hedging:						
Carrying value assets	-	-	-	-	-	-
Carrying value liabilities	0.1	-	-	-	-	-
- outflow	-	7.2	7.2	-	-	-
- inflow	-	7.0	7.0	-	-	-

	Carrying amount 2018 €m	Contractual cash flow €m	Within 1 year €m	Between 1 and 2 years €m	Between 2 and 5 years €m	Greater than 5 years €m
Non derivative financial instruments						
Bank loans	180.1	180.1	52.8	3.3	123.4	0.6
Private placement loan notes	835.9	930.5	20.0	20.0	357.1	533.4
Lease obligations per banking covenants	4.2	4.2	0.4	1.7	-	2.1
Lease liabilities	-	-	-	-	-	-
Trade and other payables	772.8	772.8	772.8	-	-	-
Deferred consideration	30.0	30.0	30.0	-	-	-
Deferred contingent consideration	166.1	173.1	29.6	-	131.3	12.2
Derivative financial liabilities/ (assets)						
Interest rate swaps used for hedging:						
Carrying values	(0.3)	-	-	-	-	-
Net inflows	-	0.4	0.1	0.1	0.2	-
Cross currency interest rate swaps used for hedging:						
Carrying value	(27.1)	-	-	-	-	-
- outflow	-	104.1	3.1	3.4	97.6	-
- inflow	-	136.0	6.2	6.2	123.6	-
Foreign exchange forwards used for hedging:						
Carrying value assets	(0.2)	-	-	-	-	-
Carrying value liabilities	-	-	-	-	-	-
- outflow	-	4.7	4.7	-	-	-
- inflow	-	4.8	4.8	-	-	-

For provisions, the carrying amount represents the Group's best estimate of the expected future outflows. As it does not represent a contractual liability at the year end, no amount has been included as a contractual cash flow.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

19 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Deferred contingent consideration, which includes any put option liabilities, is valued using the relevant agreed multiple of the expected future EBITDA in each acquired business which is appropriately discounted using a risk-adjusted discount rate. The estimated fair value of contingent consideration would decrease if EBITDA was lower or if the risk adjusted discount rate was higher. The range of outcomes are set out in Note 18.

The actual future cash flows could be different from the amounts included in the tables above, if the associated obligations were to become repayable on demand as a result of non-compliance with covenants or other contractual terms. No such non-compliance is envisaged.

Market Risks

Foreign exchange risk

There are two types of foreign currency risk to which the Group is exposed, namely transaction risk and translation risk. The objective of the Group's foreign currency risk management strategy is to manage and control market risk exposures within acceptable parameters. As set out below the Group uses derivatives to manage foreign exchange risk. Transactions involving derivatives are carried out in accordance with the Treasury policy. The Group seeks to apply hedge accounting, where practicable, to manage volatility in profit or loss.

Transaction risk

Apart from transaction risk on debt, this arises where operating units have input costs or sales in currencies other than their functional currencies. These exposures are internally hedged as far as possible. Group policy is to hedge up to a maximum of 75% of a forecast exposure. Material exposures are hedged on a rolling 12 months basis. The Group's principal exposure relates to GBP and USD, with less significant exposures to certain central European currencies.

In addition, where operating entities carry monetary assets and liabilities at year end denominated other than in their functional currency, their translation at the year-end rates of exchange into their functional currency will give rise to foreign currency gains and losses. The Group seeks to manage these gains and losses to net to nil.

Based on current cash flow projections for the businesses to 31 December 2020, it is estimated that the Group is long GBP£61m (2018: long GBP£110m) and short US$25m (2018: short US$35m). At 31 December 2019 these amounts were unhedged.

Translation risk

This exists due to the fact that the Group has operations whose functional currency is not the Euro, the Group's presentational currency. Changes in the exchange rate between the reporting currencies of these operations and the Euro, have an impact on the Group's consolidated reported result. For 2019, the impact of changing currency rates versus Euro compared to the average 2018 rates was positive €61.0m (2018: positive €4.0m). The key drivers of the change year on year are the movements in GBP and USD. In common with many other international groups, the Group does not currently seek to externally hedge its translation exposure.

Sensitivity analysis for primary currency risk

A 10% volatility of the EUR against GBP and USD in respect of transaction risk in the reporting entities functional currency would impact reported after tax profit by €4.9m (2018: €14.5m) and equity by €4.9m (2018: €14.3m).

US Dollar Loan Notes

2011 Private Placement

In 2011, the Group issued a private placement of US$200m fixed interest 10 year bullet repayment loan notes maturing in August 2021. In order to align the Group's debt profile with its risk management strategy, the Group entered into a number of hedging transactions in order to mitigate the associated foreign exchange and interest rate exposures. The Group entered into US dollar fixed /GBP floating cross currency interest rate swaps for US$118.6m of the private placement. The benchmark interest rate and credit spread have been separately identified and designated for hedge accounting purposes. The Group also entered into US dollar interest rate swaps for US$40m of the private placement. The fixed rate and maturity date on the swaps match the fixed rate on the private placement for all instruments. The instruments were designated as hedging instruments at inception and continued to qualify as effective hedges under IAS 39 at 31 December 2019.

Interest rate risk

The Group has an exposure to movements in interest rates on its debt portfolio, and on its cash and cash equivalent balances and derivatives. The Group policy is to ensure that at least 40% of its debt is fixed rate.

In respect of interest bearing loans and borrowings, the following table indicates the effective average interest rates at the year-end and the periods over which they mature. Interest on interest bearing loans and borrowings classified as floating rate is repriced at intervals of less than one year. The table further analyses interest bearing loans and borrowings by currency and fixed/floating mix and has been prepared both before and after the impact of derivatives.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

19 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Before the impact of hedging transactions

As at 31 December 2019	Weighted average effective interest rate	Total €m	At fixed interest rate €m	At floating interest rate €m	Under 5 years €m	Over 5 years €m
Bank loans	2.0%	7.9	7.9	-	7.8	0.1
Loan notes	2.4%	840.9	840.9	-	522.4	318.5
		848.8	**848.8**	**-**	**530.2**	**318.6**

	Total €m	At fixed interest rate €m	At floating interest rate €m
EUR	666.3	666.3	-
USD	178.3	178.3	-
Other	4.2	4.2	-
	848.8	**848.8**	**-**

After the impact of hedging transactions

As at 31 December 2019	Weighted average effective interest rate	Total €m	At fixed interest rate €m	At floating interest rate €m	Under 5 years €m	Over 5 years €m
Bank loans	2.0%	7.9	7.9	-	7.8	0.1
Loan notes	2.1%	840.9	699.4	141.5	522.4	318.5
		848.8	**707.3**	**141.5**	**530.2**	**318.6**

	Total €m	At fixed interest rate €m	At floating interest rate €m
EUR	691.3	691.3	-
GBP	105.1	-	105.1
USD	48.2	11.8	36.4
Other	4.2	4.2	-
	848.8	**707.3**	**141.5**

The weighted average maturity of debt is 4.5 years as at 31 December 2019 (2018: 5.0 years).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

19 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Before the impact of hedging transactions

As at 31 December 2018	Weighted average effective interest rate	Total €m	At fixed interest rate €m	At floating interest rate €m	Under 5 years €m	Over 5 years €m
Bank loans	0.9%	180.1	180.1	-	179.5	0.6
Loan notes	2.4%	837.3	837.3	-	325.8	511.5
		1,017.4	1,017.4	-	505.3	512.1

	Total €m	At fixed interest rate €m	At floating interest rate €m
EUR	838.8	838.8	-
USD	174.8	174.8	
Other	3.8	3.8	-
	1,017.4	1,017.4	-

After the impact of hedging transactions

As at 31 December 2018	Weighted average effective interest rate	Total €m	At fixed interest rate €m	At floating interest rate €m	Under 5 years €m	Over 5 years €m
Bank loans	0.9%	180.1	180.1	-	179.5	0.6
Loan notes	2.1%	835.9	698.7	137.2	324.4	511.5
		1,016.0	878.8	137.2	503.9	512.1

	Total €m	At fixed interest rate €m	At floating interest rate €m
EUR	863.3	863.3	-
GBP	102.0	-	102.0
USD	46.9	11.7	35.2
Other	3.8	3.8	-
	1,016.0	878.8	137.2

An increase or decrease of 100 basis points in each of the applicable rates and interest rate curves would impact reported after tax profit by €1.4m (2018: €1.4m) and equity by €1.4m (2018: €1.4m).

Credit risk

Credit risk encompasses the risk of financial loss to the Group of counterparty default in relation to any of its financial assets. The Group's maximum exposure to credit risk is represented by the carrying value of each financial asset:

	2019 €m	2018 €m
Cash & cash equivalents	190.9	294.5
Trade receivables	770.3	791.5
Derivative financial assets	27.3	27.6
Financial asset	8.2	8.2

Trade receivables arise from a wide and varied customer base spread across various activities, end users and geographies, and as such there is no significant concentration of credit risk. The Group's credit risk management policy in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored and a significant element of credit risk is covered by credit insurance or other forms of collateral such as letters of credit or bank guarantees.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

19 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

At 31 December, the exposure to credit risk for trade receivables by geographic region was as follows:

	2019 €m	2018 €m
Rest of Europe	322.9	340.8
ROI & UK	236.9	244.8
Americas	149.8	152.7
Others	60.7	53.2
	770.3	791.5

At 31 December, the exposure to credit risk for trade receivables by customer type was as follows:

	2019 €m	2018 €m
Insulated Panels customers	493.6	496.4
Insulation Boards customers	151.8	153.2
Other	124.9	141.9
	770.3	791.5

The Group uses an allowance matrix to measure Expected Credit Loss (ECL) of trade receivables from customers. The ECL simplified approach has been adopted.

Loss rates are calculated using a roll rate method based on the probability of a receivable progressing through successive chains of non-payment to write-off. The rates are calculated at a business unit level which reflects the risks associated with geographic region, age, mix of customer relationship and type of product purchased. The identifiable loss pertaining to cash positions is immaterial.

The following table provides the information about the exposure to credit risk and ECL's for trade receivables as at 31 December 2019.

	Weighted average loss rate %	Gross carrying amount €m	Loss allowance €m
Current (not past due)	1%	512.4	5.7
1-30 days past due	2%	146.4	3.4
31-60 days past due	6%	41.0	2.6
61-90 days past due	16%	12.2	1.9
More than 90 days past due	69%	58.3	40.4
		770.3	54.0

The following table provides the information about the exposure to credit risk and ECL's for trade receivables as at 31 December 2018.

	Weighted average loss rate %	Gross carrying amount €m	Loss allowance €m
Current (not past due)	1%	538.7	6.1
1-30 days past due	2%	148.2	3.3
31-60 days past due	7%	39.0	2.8
61-90 days past due	15%	13.0	2.0
More than 90 days past due	80%	52.6	42.2
		791.5	56.4

Loss rates are based on actual credit loss experience over an appropriate diverse sample of trading periods. Trade receivables are written off when there is no reasonable expectation of recovery.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

19 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Movements in the allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2019 €m	2018 €m
Balance at 1 January	**56.4**	51.1
Arising on acquisition	**1.1**	10.8
Written off during the year	**(7.3)**	(9.5)
Net remeasurement of loss allowance	**2.9**	4.3
Effect of movement in exchange rates	**0.9**	(0.3)
At 31 December	**54.0**	56.4

There are no material trade receivables written off during 2019 (2018: €nil) which are still subject to enforcement activity.

The decrease in the expected credit loss allowance during 2019 reflects the reduction in the gross carrying amount of trade receivables.

Cash & cash equivalents

On the Group's cash and cash equivalents and derivatives, counterparty risk is managed by dealing with banks that have a minimum credit rating and by spreading business across a portfolio of 9 relationship banks.

Financial instruments by category

The carrying amount of financial assets presented in the Statement of Financial Position relate to the following measurement categories as defined in IAS 39:

2019	Financial asset €m	Loans and receivables €m	Derivatives designated as hedging instruments €m	Total €m
Current:				
Trade receivables	-	716.3	-	**716.3**
Other receivables	-	45.1	-	**45.1**
Cash and cash equivalents	-	190.9	-	**190.9**
Derivative financial instruments	-	-	-	**-**
	-	952.3	-	**952.3**
Non Current:				
Derivative financial instruments	-	-	27.3	**27.3**
Financial asset	8.2	-	-	**8.2**
	8.2	-	27.3	**35.5**

2018	Financial asset €m	Loans and receivables €m	Derivatives designated as hedging instruments €m	Total €m
Current:				
Trade receivables	-	735.1	-	735.1
Other receivables	-	32.1	-	32.1
Cash and cash equivalents	-	294.5	-	294.5
Derivative financial instruments	-	-	0.2	0.2
	-	1,061.7	0.2	1,061.9
Non Current:				
Derivative financial instruments	-	-	27.4	27.4
Financial asset	8.2	-	-	8.2
	8.2	-	27.4	35.6

It is considered that the carrying amounts of the above financial assets approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

19 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

The carrying amounts of financial liabilities presented in the Statement of Financial Position relate to the following measurement categories as defined in IFRS 9:

	Financial liabilities in fair value hedge €m	Financial liabilities measured at fair value €m	Financial liabilities measured at amortised cost €m	Derivatives designated as hedging instruments €m	Total €m
2019					
Current:					
Borrowings	-	-	3.1	-	3.1
Leases liabilities	-	-	25.6	-	25.6
Trade payables	-	-	404.9	-	404.9
Accruals	-	-	316.3	-	316.3
Derivative financial instruments	-	-	-	0.1	0.1
Deferred consideration	-	-	-	-	-
Deferred contingent consideration	-	-	-	-	-
	-	-	749.9	0.1	750.0
Non current:					
Borrowings	36.3	-	812.0	-	848.3
Lease liabilities	-	-	96.7	-	96.7
Deferred contingent consideration	-	186.5	-	-	186.5
	36.3	186.5	908.7	-	1,131.5
2018					
Current:					
Borrowings	-	-	53.2	-	53.2
Lease liabilities	-	-	-	-	-
Trade payables	-	-	397.5	-	397.5
Accruals	-	-	341.1	-	341.1
Deferred consideration	-	30.0	-	-	30.0
Deferred contingent consideration	-	29.5	-	-	29.5
	-	59.5	791.8	-	851.3
Non current:					
Borrowings	35.2	-	931.8	-	967.0
Lease liabilities	-	-	-	-	-
Deferred contingent consideration	-	136.6	-	-	136.6
	35.2	136.6	931.8	-	1,103.6

Fair value hierarchy

Financial assets and liabilities recognised at fair value are analysed between those based on quoted prices in active markets for identical assets or liabilities (Level 1), those involving inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly (Level 2); and those involving inputs for the assets or liabilities that are not based on observable market data (Level 3) as set out in note 18.

Normally, the derivatives entered into by the Group are not traded in active markets. The fair values of these contracts are estimated using a valuation technique that maximises the use of observable market inputs, e.g. market exchange and interest rates (Level 2). All derivatives entered into by the Group are included in Level 2 and consist of foreign currency forward contracts, interest rate swaps and cross currency interest rate swaps.

	As at 31 December 2019			As at 31 December 2018		
	Level 1 €m	**Level 2 €m**	**Level 3 €m**	Level 1 €m	Level 2 €m	Level 3 €m
Financial Assets						
Interest rate swaps	-	27.3	-	-	27.4	-
Foreign exchange contracts for hedging	-	-	-	-	0.2	-
Financial Liabilities						
Deferred contingent consideration	-	-	11.3	-	-	38.9
Deferred consideration	-	-	-	30.0	-	-
Put option	-	-	175.2	-	-	127.2
Foreign exchange contracts for hedging	-	0.1	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

19 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

The principal movements in Level 3 liabilities in 2019 are set out in the table below:

	Balance 01 Jan 2019 €m	Settlement €m	Fair value movement €m	Arising on acquisition €m	Translation adjustment €m	Balance 31 Dec 2019 €m
Deferred contingent consideration	38.9	(29.7)	(0.5)	2.0	0.6	**11.3**
Put option liabilities	127.2	-	22.7	26.7	(1.4)	**175.2**
	166.1	(29.7)	22.2	28.7	(0.8)	**186.5**

The principal movements in Level 3 liabilities in 2018 are set out in the table below:

	Balance 1 Jan 2018 €m	Settlement €m	Fair value movement €m	Arising on acquisition €m	Translation adjustment €m	Balance 31 Dec 2018 €m
Deferred contingent consideration	43.0	(3.1)	1.1	1.4	(3.5)	38.9
Put option liabilities	74.5	-	35.4	24.5	(7.2)	127.2
	117.5	(3.1)	36.5	25.9	(10.7)	166.1

During the year ended 31 December 2019, the put liabilities were reassessed based on the most recently available financial information. There were no significant changes in the business or economic circumstances that affect the fair value of financial assets and liabilities, no reclassifications and no transfers between levels of the fair value hierarchy used in measuring the fair value of the financial instruments.

Except as detailed below, it is considered that the carrying amounts of financial assets and financial liabilities recognised at amortised cost approximate their fair values.

	As at 31 December 2019			As at 31 December 2018		
	Carrying amount €m	Fair Value €m	Level	Carrying amount €m	Fair Value €m	Level
Private placement loan notes	840.9	902.3	2	835.9	889.0	2

Capital Management Policies and Procedures

The Group employs a combination of debt and equity to fund its operations. As at 31 December the total capital employed in the Group was as follows:

	2019 €m	2018 €m
Net Debt	**633.2**	728.3
Equity	**2,120.4**	1,788.9
Total Capital Employed	**2,753.6**	2,517.2

The Board's objective when managing capital is to maintain a strong capital base so as to maintain the confidence of investors, creditors and the market. The Board monitors the return on capital (defined as total shareholders' equity plus net debt), and targets a return in excess of 20% together with a dividend level that is compatible with industry norms, but which also reflects any exceptional market conditions.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group actively manages foreign currency and interest rate exposure, as well as actively managing the net asset position, in order to create bottom line value. This necessitates the development of a methodology to optimise the allocation of financial resources on the one hand and the return on capital on the other.

The Board closely monitors externally imposed capital restrictions which are present due to covenants within the Group's core banking facilities.

There were no changes to the Group's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

20 PROVISIONS FOR LIABILITIES

	2019 €m	2018 €m
Guarantees and warranties		
At 1 January	**104.3**	101.0
Arising on acquisitions (Note 22)	**1.8**	9.4
Provided during year	**54.4**	38.2
Claims paid	**(29.5)**	(27.4)
Provisions released	**(23.3)**	(16.7)
Effect of movement in exchange rates	**2.0**	(0.2)
At 31 December	**109.7**	104.3
Current liability	**58.0**	47.5
Non-current liability	**51.7**	56.8
	109.7	104.3

The Group manufactures a wide range of insulation and related products for use primarily in the construction sector. Some products carry formal guarantees of satisfactory performance of varying periods following their purchase by customers and a provision is carried in respect of the expected costs of settling warranty and guarantee claims which arise. Both the number of claims and the cost of settling the claim are sensitive to change but not to such an extent as would cause a material change in the provision. Provisions are reviewed by management on a regular basis, and adjusted to reflect the current best estimate of the economic outflow. If it is no longer probable that an outflow of economic benefits will be required, the related provision is reversed.

For the non-current element of the provision, the Group anticipates that these will be utilised within three years of the reporting date. Discounting of the non-current element has not been applied because the discount would be immaterial.

The Group is not engaged in any material litigation.

21 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities arising from temporary differences and unused tax losses after offset are as follows:

	2019 €m	2018 €m
Deferred tax assets	**14.1**	15.6
Deferred tax liabilities	**(31.9)**	(40.8)
Net Position	**(17.8)**	(25.2)

Deferred tax arises from differences in the carrying value of items such as property, plant and equipment, intangibles, pension obligations, and other temporary differences in the financial statements and the tax base established by the tax authorities.

The movement in the net deferred tax position for 2019 is as follows:

	Balance 1 Jan 2019 €m	Recognised in profit or loss €m	Recognised in equity €m	Recognised in other comprehensive income €m	Translation adjustment €m	Arising on acquisitions €m	Balance 31 Dec 2019 €m
Property, plant and equipment	(45.8)	5.0	-	-	(0.6)	-	**(41.4)**
Intangibles	(29.4)	3.0	-	-	(0.2)	(0.2)	**(26.8)**
Other temporary differences	40.8	(0.2)	1.7	-	0.1	0.1	**42.5**
Pension obligations	0.8	0.3	-	-	(0.1)	(0.1)	**0.9**
Unused tax losses	8.4	(1.7)	-	-	0.3	-	**7.0**
	(25.2)	6.4	1.7	-	(0.5)	(0.2)	**(17.8)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

21 DEFERRED TAX ASSETS AND LIABILITIES (continued)

The movement in the net deferred tax position for 2018 is as follows:

	Balance 1 Jan 2018	Recognised in profit or loss	Recognised in equity	Recognised in other comprehensive income	Translation adjustment	Arising on acquisitions	Balance 31 Dec 2018
	€m	€m	€m	€m	€m	€m	€m
Property, plant and equipment	(40.6)	(4.2)	-	-	-	(1.0)	(45.8)
Intangibles	(24.9)	6.1	-	-	(0.1)	(10.5)	(29.4)
Other temporary differences	35.8	(5.9)	0.9	-	0.5	9.5	40.8
Pension obligations	0.9	-	-	(0.2)	0.1	-	0.8
Unused tax losses	6.6	1.8	-	-	-	-	8.4
	(22.2)	(2.2)	0.9	(0.2)	0.5	(2.0)	(25.2)

22 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:

In November 2019, the Group acquired 85% of the share capital of Group Bacacier SAS a French integrated profiling and insulated panel distributor. The total consideration, including debt acquired amounted to €122.0m, representing the maximum amount of identifiable consideration, comprising of €120.0m paid in cash on completion and €2.0m in deferred contingent consideration. Put options are also in place over the remaining 15% of the business, the details of which are set out in note 18.

The Group also made a number of smaller acquisitions during the year for a combined cash consideration of €22.2m:

> the purchase of 100% of the share capital of WeGo Floortec GmbH, a German manufacturer of access floors;
> the purchase of 100% of the share capital of Epur SA, a French water treatment business; and
> the purchase of the assets of SkyCo, a US Light & Air 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*.

	Bacacier €m	Other* €m	Total €m
Non-current assets			
Intangible assets	1.9	0.8	**2.7**
Property, plant and equipment (including Right of Use assets)	25.2	6.6	**31.8**
Deferred tax asset	-	-	**-**
Current assets			
Inventories	29.2	2.1	**31.3**
Trade and other receivables	33.7	5.8	**39.5**
Current liabilities			
Trade and other payables	(36.6)	(6.3)	**(42.9)**
Provisions for liabilities	(0.3)	(1.5)	**(1.8)**
Non-current liabilities			
Trade and other payables	(3.6)	(1.4)	**(5.0)**
Deferred tax liabilities	-	(0.2)	**(0.2)**
Total identifiable assets	49.5	5.9	**55.4**
Non-controlling interest arising on acquisition (Note 28)	(3.7)	-	**(3.7)**
Goodwill	76.2	16.3	**92.5**
Total consideration	122.0	22.2	**144.2**
Satisfied by:			
Cash (net of cash acquired)	120.0	22.2	**142.2**
Deferred contingent consideration	2.0	-	**2.0**
	122.0	22.2	**144.2**

*Included in Other are certain immaterial remeasurements of prior year accounting estimates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

22 BUSINESS COMBINATIONS (continued)

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.

In the post-acquisition period to 31 December 2019, the businesses acquired during the current year contributed revenue of €38.7m and trading profit of €2.0m to the Group's results.

The full year revenue and trading profit had the acquisitions taken place at the start of the year, would have been €4,834.9m and €509.5m respectively.

The gross contractual value of trade and other receivables as at the respective dates of acquisition amounted to €40.6m. The fair value of these receivables is €39.5m, all of which is recoverable, and is inclusive of an aggregate impairment provision of €1.1m.

There is €2.7m of goodwill (2018: €nil) which is expected to be deductible for tax purposes.

The Group incurred acquisition related costs of €2.4m (2018: €3.3m) relating to external legal fees and due diligence costs. These costs have been included in operating costs in the Consolidated Income Statement.

The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis in respect of Group Bacacier SAS 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 2020 Annual Report, as stipulated by IFRS 3.

Prior year acquisitions

In the prior year, the Group acquired 100% of the share capital of Synthesia Group ("Synthesia"), 100% of the share capital of Balex Metal sp. z.o.o. ("Balex"), 100% of the share capital of Vestfold Plastindustri AS and Vestfold Plastindustri Eiendom AS, 51% of the share capital of Jindal Mectec Private Limited, the assets of H2Enviro, an Australian water tanks business and two smaller bolt-on European businesses.

The fair values as recognised at 31 December 2018 of the acquired assets and liabilities at acquisition are set out below:

	Synthesia €m	Balex €m	Other €m	Total €m
Non-current assets				
Intangible assets	31.5	7.9	3.9	**43.3**
Property, plant and equipment	42.8	42.3	8.6	**93.7**
Deferred tax asset	3.3	0.7	2.8	**6.8**
Current assets				
Inventories	49.1	30.0	4.8	**83.9**
Trade and other receivables	70.4	18.1	4.2	**92.7**
Current liabilities				
Trade and other payables	(59.6)	(23.4)	(28.5)	**(111.5)**
Provisions for liabilities	(5.6)	(0.9)	(2.9)	**(9.4)**
Non-current liabilities				
Retirement benefit obligation	-	-	-	**-**
Deferred tax liabilities	(7.9)	(1.8)	0.9	**(8.8)**
Total identifiable assets	124.0	72.9	(6.2)	**190.7**
Non-controlling interest arising on acquisition (Note 28)	-	-	4.9	**4.9**
Goodwill	119.4	124.7	52.7	**296.8**
Total consideration	243.4	197.6	51.4	**492.4**
Satisfied by:				
Cash (net of cash acquired)	213.4	197.6	50.0	**461.0**
Deferred contingent consideration	30.0	-	1.4	**31.4**
	243.4	197.6	51.4	**492.4**

In the post-acquisition period to 31 December 2018, the acquired businesses contributed revenue of €416.3m and trading profit of €35.0m to the Group's results.

The full year revenue and trading profit had the acquisitions taken place at the start of the year, would have been €4,522.7m and €449.5m.

The Group incurred acquisition related costs of €3.3m (2018: €3.6m) relating to external legal fees and due diligence costs. These costs have been included in operating costs in the Income Statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

23 SHARE CAPITAL

	2019 €m	2018 €m
Authorised		
250,000,000 Ordinary shares of €0.13 each (2018: 250,000,000 Ordinary shares of €0.13 each)	**32.5**	32.5
Issued and fully paid		
Ordinary shares of €0.13 each		
Opening balance - 182,171,120 (2018: 181,342,315) shares	**23.7**	23.6
Shares allotted - 614,102 (2018: 828,805) shares	**0.1**	0.1
Closing balance - 182,785,222 (2018: 182,171,120) shares	**23.8**	23.7

There were no adjustments to the authorised share capital during the year (2018: nil).

Details of share options exercised are set out in Note 3 to the financial statements.

24 SHARE PREMIUM

	2019 €m	2018 €m
At 1 January	**95.6**	95.6
At 31 December	**95.6**	95.6

25 TREASURY SHARES

Consideration paid

	2019 No. of shares	2019 Consideration paid €	2019 Total €m	2018 No. of shares	2018 Consideration paid €	2018 Total €m
At 1 January	**1,969,143**	**6.40**	**12.7**	2,019,750	6.89	14.0
Repurchase of shares	**15,718**	**40.50**	**0.6**	-	-	-
Shares issued	**(77,035)**	**(18.63)**	**(1.5)**	(50,607)	25.10	(1.3)
At 31 December	**1,907,826**	**6.21**	**11.8**	1,969,143	6.40	12.7

Nominal value

	2019 No. of shares	2019 Nominal value €	2019 Total €	2018 No. of shares	2018 Nominal value €	2018 Total €
At 1 January	**1,969,143**	**0.13**	**255,988**	2,019,750	0.13	262,567
Repurchase of shares	**15,718**	**0.13**	**2,043**	-	-	-
Shares issued	**(77,035)**	**0.13**	**(10,015)**	(50,607)	0.13	(6,579)
At 31 December	**1,907,826**	**0.13**	**248,016**	1,969,143	0.13	255,988

During the year, the Company issued 77,035 treasury shares in satisfaction of obligations falling under share schemes.

The Company holds 1.0% (2018: 1.1%) of the issued ordinary share capital as treasury shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

26 RETAINED EARNINGS

In accordance with Section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting its individual Income Statement to the Annual General Meeting and from filing it with the Registrar of Companies. The Company's profit for the financial year was €28.6m (2018: €9.7m).

27 DIVIDENDS

	2019 €m	2018 €m
Equity dividends on ordinary shares:		
2019 Interim dividend 13.0 cent (2018: 12.0 cent) per share	**23.6**	21.7
2018 Final dividend 30.0 cent (2017: 26.0 cent) per share	**54.0**	46.6
	77.6	68.3
Proposed for approval at AGM		
Final dividend of 33.5 cent (2018: 30.0 cent) per share	**60.6**	54.1

This proposed dividend for 2019 is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in the Statement of Financial Position of the Group as at 31 December 2019 in accordance with IAS 10 *Events after the Reporting Period*. The proposed final dividend for the year ended 31 December 2019 will be payable on 7 May 2020 to shareholders on the Register of Members at close of business on 27 March 2020.

28 NON-CONTROLLING INTEREST

	2019 €m	2018 €m
At 1 January	**38.6**	39.9
Profit for the year attributable to non-controlling interest	**8.4**	4.9
Arising on acquisition (Note 22)	**3.7**	(4.9)
Dividends paid to minorities	**(0.4)**	(0.1)
Share of foreign operations' translation movement	**(0.2)**	(1.2)
At 31 December	**50.1**	38.6

During the current year, the Group acquired 85% of the ordinary share capital of Group Bacacier SAS, a French Insulated Panels business. As part of the acquisition, the Group recognised the 15% non-controlling interest of €3.7m.

Further details are provided in Note 22.

29 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2019 €m	2018 €m
Movement in cash and bank overdrafts	**(117.1)**	120.1
Drawdown of loans	**(7.8)**	(445.0)
Repayment of loans and borrowings	**181.6**	92.7
Decrease/(increase) in deferred consideration	**30.0**	(30.0)
Change in net debt resulting from cash flows	**86.7**	(262.2)
Translation movement - relating to US dollar loan	**(5.0)**	(5.5)
Translation movement - other	**13.5**	(1.9)
Derivative financial instruments movement	**(0.1)**	5.2
Net movement	**95.1**	(264.4)
Net debt at start of the year	**(728.3)**	(463.9)
Net debt at end of the year	**(633.2)**	(728.3)

Lease liabilities of €122.3m are excluded from net debt.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

29 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (continued)

A reconciliation of liabilities arising from financing activities is set out below.

	Balance 1 Jan 2019 €m	**Repayments €m**	**Deferred Consideration €m**	**Drawdowns/ Receipts €m**	**Non cash movements €m**	**Balance 31 Dec 2019 €m**
Bank loans and borrowings	184.3	(181.6)	-	7.8	-	**10.5**
Loan notes	835.9	-	-	-	5.0	**840.9**
Derivatives	(27.4)	-	-	-	0.1	**(27.3)**
Deferred Consideration	30.0	-	(30.0)	-	-	**-**
	1,022.8	(181.6)	(30.0)	7.8	5.1	**824.1**

A reconciliation of liabilities arising from financing activities in 2018 is set out below.

	Balance 1 Jan 2018 €m	Repayments €m	Deferred Consideration €m	Drawdowns/ Receipts €m	Non cash movements €m	Balance 31 Dec 2018 €m
Bank loans and borrowings	7.3	(92.7)	-	270.0	(0.3)	184.3
Loan notes	655.4	-	-	175.0	5.5	835.9
Derivatives	(22.2)	-	-	-	(5.2)	(27.4)
Deferred Consideration	-	-	30.0	-	-	30.0
	640.5	(92.7)	30.0	445.0	-	1,022.8

30 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

(i) Guarantees and contingencies

The Group's principal debt facilities are secured by means of cross guarantees provided by Kingspan Group plc. These include drawn private placement notes of US$200m and €662.5m and undrawn banking facilities of €751m.

(ii) Future capital expenditure

Capital expenditure in subsidiary entities, approved by the directors but not provided in the financial statements, is as follows:

	2019 €m	2018 €m
Contracted for	**24.7**	49.7
Not contracted for	**48.2**	20.9
	72.9	70.6

31 PENSION OBLIGATIONS

The Group operates defined contribution schemes in each of its main operating locations. The Group also has a number of defined benefit schemes in the UK and mainland Europe.

Defined contribution schemes

The total cost charged to profit or loss of €20.1m (2018: €15.5m) represents employer contributions payable to these schemes in accordance with the rules of each plan. An amount of €3.1m (2018: €4.3m) was included at year end in accruals in respect of defined contribution pension accruals.

Defined benefit schemes/obligations

The Group has two legacy defined benefit schemes in the UK, both of which are closed to new members and to future accrual. The total pension contributions to these schemes for the year amounted to €nil (2018: €0.1m) and the expected contributions for 2020 are €nil.

The Group also has pension obligations in mainland Europe which are accounted for as defined benefit obligations. These obligations have been accounted for in line with the Group's existing pension obligations whereby companies are not required to fund independent schemes for post employment benefit obligations. Instead, commencing from the date the employee becomes eligible to receive the income stream, this obligation is satisfied from available cash resources of the relevant employing company. A provision has been made for the unfunded liability. €0.9m of pension entitlements have been paid to retired former employees during the year (2018: €0.8m).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

31 PENSION OBLIGATIONS (continued)

The pension costs relating to all of the above defined benefit obligations are assessed in accordance with the advice of qualified actuaries. In the case of the two UK legacy schemes, the most recent actuarial valuations were performed as of 31 December 2019. In general, actuarial valuations are not available for public inspection; however, the results of valuations are advised to members of the various schemes.

The extent of the Group's obligation under these schemes is sensitive to judgemental actuarial assumptions, of which the principal ones are set out below. It is not considered that any reasonable sensitivity analysis on these assumptions would materially alter the scheme obligations.

	2019	2018
Life expectancies		
Life expectancy for someone aged 65 - Males	**21.6**	21.9
Life expectancy for someone aged 65 - Females	**23.3**	23.8
Life expectancy at age 65 for someone aged 45 - Males	**22.9**	23.3
Life expectancy at age 65 for someone aged 45 - Females	**24.8**	25.4
Rate of increase in salaries	**0% - 2.75%**	0% - 2.75%
Rate of increase of pensions in payment	**0% -1.9%**	0% - 2.1%
Rate of increase for deferred pensioners	**1.9%**	2% - 2.2%
Discount rate	**0.7% - 2.0%**	1.2% - 2.8%
Inflation rate	**1.5% - 2.65%**	1.5% - 3.2%

Movements in net liability recognised in the Statement of Financial Position

	2019 €m	2018 €m
Net liability in schemes at 1 January	**(13.1)**	(13.6)
Acquired	**(2.7)**	-
Employer contributions	**1.2**	0.8
Recognised in income statement	**(0.7)**	(1.1)
Recognised in statement of comprehensive income	**(0.2)**	0.9
Foreign exchange movement	**0.4**	(0.1)
Net liability in schemes at 31 December	**(15.1)**	(13.1)

Defined benefit pension income/expense recognised in the Income Statement

	2019 €m	2018 €m
Current service cost	**(0.4)**	(1.3)
Settlements of scheme obligations	**(0.3)**	(0.1)
Transfer	**-**	0.3
Total, included in operating costs	**(0.7)**	(1.1)
Movement on scheme obligations	**(2.0)**	(1.8)
Interest on scheme assets	**2.0**	1.8
Net interest expense, included in finance expense (Note 4)	**-**	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

31 PENSION OBLIGATIONS (continued)

Analysis of amount included in other comprehensive income

	2019 €m	2018 €m
Actual return less interest on scheme assets	**6.1**	(4.2)
Experience gain arising on scheme liabilities	**0.1**	-
Actuarial gain arising from changes in demographic assumptions	**1.6**	0.4
Actuarial (loss)/gain arising from changes in financial assumptions	**(8.0)**	4.7
(Loss)/gain recognised in other comprehensive income	**(0.2)**	0.9

The cumulative actuarial loss recognised in other comprehensive income to date is €18.5m (2018: €18.3m).

In 2019, the actual return on plan assets was a gain of €8.1m (2018: loss of €2.4m).

Asset Classes and Expected Rate of Return

The assets in the scheme at each year end were as follows:

	2019	2018
Asset Classes as % of Total Scheme Assets		
Equities	**41.2%**	53.0%
Bonds (Corporates)	**0.4%**	0.3%
Cash	**0.4%**	0.2%
Liability Driven Investment (LDI)	**58.0%**	46.5%
	100%	100%

The net pension liability is analysed as follows:

	2019 €m	2018 €m
Equities	**33.4**	37.5
Bonds (Corporates)	**0.3**	0.2
Cash	**0.4**	0.2
Property	**7.1**	-
Liability Driven Investment (LDI)	**39.8**	33.2
Fair market value of plan assets	**81.0**	71.1
Present value of obligation	**(96.1)**	(84.2)
Deficit	**(15.1)**	(13.1)
Analysed between:		
Funded schemes' surplus	**9.2**	7.4
Unfunded obligations	**(24.3)**	(20.5)
	(15.1)	(13.1)
Related deferred tax (asset)	**(0.9)**	(0.8)

	2019 €m	2018 €m
Changes in present value of defined benefit obligations		
At 1 January	**84.2**	90.5
Acquired through business combination	**2.7**	-
Current service cost	**0.4**	1.3
Interest cost	**2.0**	1.8
Benefits paid	**(3.2)**	(2.4)
Settlement	**0.1**	(0.1)
Actuarial losses/(gains)	**6.3**	(5.1)
Effect of movement in exchange rates	**3.6**	(0.7)
Transfer	**-**	(1.1)
At 31 December	**96.1**	84.2

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

31 PENSION OBLIGATIONS (continued)

	2019 €m	2018 €m
Changes in present value of scheme assets during year		
At 1 January	**71.1**	76.9
Acquired through business combination	**-**	-
Interest on scheme assets	**2.0**	1.8
Employer contributions	**0.1**	0.1
Benefits paid	**(2.1)**	(1.7)
Settlement	**(0.2)**	(0.2)
Actual return less interest	**6.1**	(4.2)
Effect of movement in exchange rates	**4.0**	(0.8)
Transfer	**-**	(0.8)
At 31 December	**81.0**	71.1

32 RELATED PARTY TRANSACTIONS

The principal related party relationships requiring disclosure under IAS 24 *Related Party Disclosures* relate to (i) transactions between group companies, (ii) compensation of key management personnel and (iii) goods and services purchased from directors.

(i) Transactions between subsidiaries and associates are carried out on an arm's length basis.

The Company received dividends of €20.0m from subsidiaries (2018: €nil), and there was a net decrease in the intercompany balance of €45.3m (2018: €55.2m decrease).

Transactions with the Group's non-wholly owned subsidiaries primarily comprise trading sales and capital funding, carried out on an arm's length basis. These transactions are not considered to be material.

(ii) For the purposes of the disclosure requirements of IAS 24 *Related Party Disclosures*, the term "key management personnel" (i.e. those persons having the authority and responsibility for planning, directing and controlling the activities of the Company), comprise the board of directors who manage the business and affairs of the Company. As identified in the Report of the Remuneration Committee, the directors, other than the non-executive directors, serve as executive officers of the Group.

Key management personnel compensation is set out in Note 6.

Mr Eugene Murtagh received dividends of €11.9m during the year from the Group (2018: €10.9m). Dividends of €0.98m were paid to other key management personnel (2018: €0.92m).

(iii) The Group purchased legal services in the sum of €125,947 (2018: €114,533) from McCann FitzGerald Solicitors, a firm in which Mr John Cronin is a partner.

33 POST BALANCE SHEET EVENTS

There have been no material events subsequent to 31 December 2019 which would require adjustment to or disclosure in this report.

34 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the directors on 21 February 2020.

OTHER INFORMAT

ALTERNATIVE PERFORMANCE MEASURES

The Group uses a number of metrics, which are non-IFRS measures, to monitor the performance of its operations.

The Group believes that these metrics assist investors in evaluating the performance of the underlying business. Given that these metrics are regularly used by management, they also give the investor an insight into how Group management review and monitor the business on an ongoing basis.

The principal APMs used by the Group are defined as follows:

Trading profit

This comprises the operating profit as reported in the Income Statement before intangible asset amortisation and non trading items. This equates to the Earnings Before Interest, Tax and Amortisation ("EBITA") of the Group. Trading profit is used by management as it excludes items which may hinder year on year comparisons.

	Financial Statements Reference	2019 €m	2018 €m
Trading profit	Note 2	**497.1**	445.2

Trading margin

Measures the trading profit as a percentage of revenue.

	Financial Statements Reference	2019 €m	2018 €m
Trading Profit	Note 2	**497.1**	445.2
Total Group Revenue	Note 2	**4,659.1**	4,372.5
Trading margin		**10.7%**	10.2%

Net interest

The Group defines net interest as the net total of finance expense and finance income as presented in the Income Statement. The impact of IFRS 16 is excluded from the calculation which is consistent with the terms and conditions of the covenants as set out in the Group's external borrowing arrangements.

	Financial Statements Reference	2019 €m	2018 €m
Finance Expense	Note 4	**23.7**	19.5
Finance Income	Note 4	**(2.9)**	(1.4)
Less lease interest (IFRS 16)	Note 4	**(3.8)**	-
Net Interest		**17.0**	18.1

Adjusted earnings per share

The Group defines adjusted earnings per share as basic earnings per share adjusted for the impact, net of tax, of intangible amortisation.

The Group defines adjusted diluted earnings per share as basic earnings per share adjusted for the impact, net of tax, of intangible amortisation 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.

	Financial Statements Reference	2019 €m	2018 €m
Profit attributable to ordinary shareholders	Note 8	**369.4**	330.9
Intangible amortisation	Note 2	**21.9**	22.2
Intangible amortisation tax impact	Note 21	**(3.0)**	(5.1)
		388.3	348.0
Weighted average number of shares ('000)	Note 8	**180,586**	179,840
Adjusted earnings per share		**215.0 cent**	193.5 cent
Weighted average number of shares for dilutive calculation ('000)	Note 8	**182,075**	181,536
Adjusted diluted earnings per share		**213.2 cent**	191.7 cent

Free cash flow

Free cash flow is the cash generated from operations after net capital expenditure, interest paid, income taxes paid and lease payments and reflects the amount of internally generated capital available for re-investment in the business or for distribution to shareholders.

	Financial Statements Reference	2019 €m	2018 €m
Net cash flow from operating activities	Consolidated Statement of Cash Flows	**520.4**	438.3
Additions to property, plant, equipment and intangibles	Consolidated Statement of Cash Flows	**(161.0)**	(144.2)
Proceeds from disposals of property, plant and equipment	Consolidated Statement of Cash Flows	**6.7**	12.9
Interest received	Consolidated Statement of Cash Flows	**2.8**	1.4
Lease payments	Consolidated Statement of Cash Flows	**(31.8)**	-
Free cash flow		**337.1**	308.4

Return on capital employed (ROCE)

ROCE is the operating profit before interest and tax expressed as a percentage of the net assets employed. The net assets employed reflect the net assets, excluding net debt, at the end of each reporting period.

	Financial Statements Reference	2019 €m	2018 €m
Net Assets	Consolidated Statement of Financial Position	**2,120.4**	1,788.9
Net Debt	Note 17	**633.2**	728.3
		2,753.6	2,517.2
Operating profit before interest and tax	Consolidated Income Statement	**475.2**	423.0
Return on capital employed		**17.3%**	16.8%

Net debt

Net debt represents the net total of current and non-current borrowings, current and non-current derivative financial instruments, (excluding foreign currency derivatives which are used for transactional hedging), and cash and cash equivalents as presented in the Statement of Financial Position. Lease liabilities recognised due to the implementation of IFRS 16 and deferred contingent consideration have also been excluded from the calculation of net debt. Consistent with the 2018 APMs, this definition is in accordance with the terms and conditions of the covenants as set out in the Group's external borrowing arrangements.

	Financial Statements Reference	2019 €m	2018 €m
Net Debt	Note 17	**633.2**	728.3

EBITDA

The Group defines EBITDA as earnings before finance costs, income taxes, depreciation, amortisation and the impact of IFRS 16.

	Financial Statements Reference	2019 €m	2018 €m
Trading profit	Condensed Consolidated Income Statement	**497.1**	445.2
Depreciation	Consolidated Statement of Cash Flows	**114.5**	76.0
Lease liability payments	Consolidated Statement of Cash Flows	**(31.8)**	-
EBITDA		**579.8**	521.2

Net debt: EBITDA

Net debt as a ratio to 12 month EBITDA. EBITDA is solely adjusted for the impact of IFRS 16 *Leases* which is in accordance with the terms and conditions of the covenants as set out in the Group's external borrowing arrangements.

	Financial Statements Reference	2019 €m	2018 €m
Net Debt	Note 17	**633.2**	728.3
EBITDA		**579.8**	521.2
Net Debt: EBITDA times		**1.09**	1.40

Working capital

Working capital represents the net total of inventories, trade and other receivables and trade and other payables, net of transactional foreign currency derivative excluded from net debt.

	Financial Statements Reference	2019 €m	2018 €m
Trade and other receivables	Note 14	**794.2**	798.6
Inventories	Note 13	**557.6**	524.9
Trade and other payables	Note 15	**(768.9)**	(779.8)
Foreign currency derivatives excluded from net debt	Note 19	**(0.1)**	0.2
Working capital		**582.8**	543.9

Working capital ratio

Measures working capital as a percentage of October to December turnover annualised. The annulations on turnover reflects the current profile of the Group rather than a partial reflection of any acquisitions completed during the period.

	Financial Statements Reference	2019 €m	2018 €m
Working capital		**582.8**	543.9
October - December turnover annualised		**4,877.0**	4,711.6
Working Capital ratio		**11.9%**	11.5%

— SHAREHOLDER INFORMATION

The Annual General Meeting

The Annual General Meeting of the Company will be held at the InterContinental Hotel, Ballsbridge, Dublin 4 on Friday 1 May 2020 at 10.00 a.m.

Notice of the 2020 AGM will be made available to view online at **www.kingspan.com/agm2020**

You may submit your votes electronically by accessing Computershare's website: **http://www.eproxyappointment.com/**

You will be asked for your Shareholder Reference Number (SRN), Control Number, and PIN, all of which will have been sent to shareholders in advance of the meeting. To be valid, your proxy vote must be received by Computershare no later than 10.00 am on Wednesday 29 April 2020 (48 hours before the meeting).

Amalgamation of Shareholding Accounts

Shareholders who receive duplicate sets of Company mailings due to multiple accounts in their name should write to the Company's Registrar to have their accounts amalgamated.

Warning to Shareholders

Many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based "brokers" who target shareholders offering to sell them what often turn out to be worthless or high-risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

Please note that it is very unlikely that either the Company or the Company's Registrar, Computershare, would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment "advice".

If you are in any doubt about the veracity of an unsolicited phone call, please call either the Company Secretary or the Registrar.

Company Information

Kingspan Group plc was incorporated on 14 August 1979. It is an Irish domiciled company and the registered office is Kingspan Group plc, Dublin Road, Kingscourt, Co. Cavan, A82 XY31, Ireland. The registered company number of Kingspan Group plc is 70576.

Share Registrar

Administrative enquiries about the holding of Kingspan Group plc shares should be directed to:

The Company Registrar:
Computershare Investor Services (Ireland) Limited,
3100 Lake Drive,
Citywest Business Campus,
Dublin 24,
D24 AK82.

Financial Calendar

Preliminary results announced:	21 February 2020
Annual General Meeting:	1 May 2020
Payment date for 2019 final dividend:	7 May 2020
Ex dividend date:	26 March 2020
Record date:	27 March 2020
Half-yearly financial report:	21 August 2020
Trading update:	16 November 2020

Bankers

Bank of America Merrill Lynch	HSBC Bank plc
ING Bank NV	BNP Paribas
Commerzbank AG	Danske Bank AS
KBC Bank NV	Ulster Bank Ireland DAC
Bank of Ireland	

Solicitors

McCann FitzGerald,
Riverside One,
Sir John Rogerson's Quay,
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London,
EC1A 1HQ,
England.

Auditor

KPMG,
Chartered Accountants & Statutory Auditor,
1 Stokes Place,
St Stephen's Green,
Dublin 2,
Ireland.

Information Required By The European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006

The information required by Regulation 21 of the above Regulations as at 31 December 2019 is set out below.

Rights and obligations attaching to the Ordinary Shares

The Company has no securities in issue conferring special rights with regards control of the Company.

All Ordinary Shares rank *pari passu*, and the rights attaching to the Ordinary Shares (including as to voting and transfer) are as set out in the Company's Articles of Association ("Articles"). The Articles of Association also contain the rules relating to the appointment and removal of directors, rules relating to the amending the Articles of Association, the powers of the Company's directors and in relation to issuing or buying back by the Company of its shares. A copy of the Articles may be found on **www.kingspan.com** or may be obtained on request to the Company Secretary.

Holders of Ordinary Shares are entitled to receive duly declared dividends in cash or, when offered, additional Ordinary Shares. In the event of any surplus arising on the occasion of the liquidation of the Company, shareholders would be entitled to a share in that surplus pro rata to their holdings of Ordinary Shares.

Holders of Ordinary Shares are entitled to receive notice of and to attend, speak and vote in person or by proxy, at general meetings having, on a show of hands, one vote, and, on a poll, one vote for each Ordinary Share held. Procedures and deadlines for entitlement to exercise, and exercise of, voting rights are specified in the notice convening the general meeting in question. There are no restrictions on voting rights except in the circumstances where a "Specified Event" (as defined in the Articles) shall have occurred and the Directors have served a Restriction Notice on the shareholder. Upon the service of such Restriction Notice, no holder of the shares specified in the notice shall, for so long as such notice shall remain in force, be entitled to attend or vote at any general meeting, either personally or by proxy.

Holding and transfer of ordinary shares

The Ordinary Shares may be held in either certificated or uncertificated form (through CREST).

Save as set out below, there is no requirement to obtain the approval of the Company, or of other shareholders, for a transfer of Ordinary Shares. The Directors may decline to register (a) any transfer of a partly-paid share to a person of whom they do not approve, (b) any transfer of a share to more than four joint holders, (c) any transfer of a share on which the Company has a lien, and (d) any transfer of a certificated share unless accompanied by the share certificate and such other evidence of title as may reasonably be required. The registration of transfers of shares may be suspended at such times and for such periods (not exceeding 30 days in each year) as the Directors may determine.

Transfer instruments for certificated shares are executed by or on behalf of the transferor and, in cases where the share is not fully paid, by or on behalf of the transferee. Transfers of uncertificated shares may be effected by means of a relevant system in the manner provided for in the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996 (the "CREST Regulations") and the rules of the relevant system. The Directors may refuse to register a transfer of uncertificated shares only in such circumstances as may be permitted or required by the CREST Regulations.

Rules concerning the appointment and replacement of the directors and amendment of the Company's Articles

Unless otherwise determined by ordinary resolution of the Company, the number of Directors shall not be less than two or more than 15.

Subject to that limit, the shareholders in general meeting may appoint any person to be a director either to fill a vacancy or as an additional director. The directors also have the power to co-opt additional persons as directors, but any director so co-opted is under the Articles required to be submitted to shareholders for re-election at the first annual general meeting following his or her co-option.

The Articles require that at each annual general meeting of the Company one-third of the directors retire by rotation. However, in accordance with the recommendations of the UK Corporate Governance Code, the directors have resolved they will all retire and submit themselves for re-election by the shareholders at the Annual General Meeting to be held on 1 May 2020.

The Company's Articles may be amended by special resolution (75% majority of votes cast) passed at general meeting.

Powers of directors including powers in relation to issuing or buying back by the Company of its shares

Under its Articles, the business of the Company shall be managed by the directors, who exercise all powers of the Company as are not, by the Companies Acts or the Articles, required to be exercised by the Company in general meeting.

The directors are currently authorised to issue a number of shares equal to the authorised but as yet unissued share capital of the Company on such terms as they may consider to be in the best interests of the Company, under an authority that was conferred on them at the Annual General Meeting held on 3 May 2019. The directors are also currently authorised on the issue of new equity for cash to disapply the strict statutory pre-emption provisions that would otherwise apply, provided that the disapplication is limited to the allotment of equity securities in connection with (i) any rights issue or any open offer to shareholders, or (ii) the allotment of shares not exceeding in aggregate 5% of the nominal value of the Company's issued share capital, or (iii) for the purpose of financing (or refinancing) an acquisition or other capital investment of a kind contemplated by the UK Pre-emption Group not exceeding in aggregate 5% of the nominal value of the Company's issued share capital. Both these authorities expire on 1 May 2020 unless renewed and resolutions to that effect are being proposed at the Annual General Meeting to be held on 1 May 2020.

The Company may, subject to the Companies Acts and the Articles, purchase any of its shares and may either cancel or hold in treasury any shares so purchased, and may re-issue any such treasury shares on such terms and conditions as may be determined by the directors. The Company shall not make market purchases of its own shares unless such purchases have been authorised by a special resolution passed by the members of the Company at a general meeting. At the Annual General Meeting held on 3 May 2019, shareholders passed a resolution giving the Company, or any of its subsidiaries, the authority to purchase up to 10% of the Company's issued Ordinary Shares. At the Annual General Meeting to be held on 1 May 2020, shareholders are being asked to renew this authority.

Miscellaneous

There are no agreements between shareholders that are known to the Company which may result in restrictions on the transfer of securities or voting rights.

Certain of the Group's banking facilities include provisions that, in the event of a change of control of the Company, could oblige early prepayment of the facilities. Certain of the Company's joint venture arrangements also contain provisions that would allow the counterparty to terminate the agreement in the event of a change of control of the Company. The Company's Standard Share Option Scheme and Performance Share Plan each contain change of control provisions which allow for the acceleration of the exercise of share options/awards in the event of a change of control of the Company.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

PRINCIPAL SUBSIDIARY UNDERTA

List of principal subsidiary and joint venture companies and the percentage shareholding held by Kingspan Group plc, either directly or indirectly, pursuant to Section 314 of the Companies Act 2014:

	% Shareholding	Nature of Business
IRELAND		
Aerobord Limited	100	Manufacturing
Kingscourt Trustee Company Limited	100	Trustee Company
Kingspan Century Limited	100	Manufacturing
Kingspan ESB Designated Activity Company	50	Sales & Marketing
Kingspan Holdings (Irl) Limited	100	Management & Procurement
Kingspan Holdings (North America) Limited	100	Holding Company
Kingspan Holdings (Overseas) Limited	100	Holding Company
Kingspan Holdings Limited	100	Holding Company
Kingspan Insulation Limited	100	Manufacturing
Kingspan International Finance Unlimited Company	100	Finance Company
Kingspan Light & Air Limited	100	Sales & Marketing
Kingspan Limited	100	Manufacturing
Kingspan RE Limited	100	Property Company
Kingspan Securities 2016 Designated Activity Company	100	Finance Company
Kingspan Securities 2017 Designated Activity Company	100	Finance Company
Kingspan Securities Limited	100	Finance Company
Kingspan Securities No. 2 Limited	100	Finance Company
Kingspan Tate Limited	100	Sales & Marketing
KSP Property Limited	100	Property Company

	% Shareholding	Nature of Business
UNITED KINGDOM		
Ecotherm Insulation (UK) Limited	100	Sales & Marketing
Euroclad Group Limited	100	Manufacturing
Fuel Tank Shop Limited	100	Sales & Marketing
Joris Ide Limited	100	Manufacturing
Kingspan Access Floors Limited	100	Manufacturing
Kingspan Group Limited	100	Holding Company
Kingspan Industrial Insulation Limited	100	Manufacturing
Kingspan Insulation Limited	100	Manufacturing
Kingspan Light & Air Limited	100	Sales & Marketing
Kingspan Limited	100	Manufacturing
Kingspan Services (UK) Limited	100	Management & Procurement
Kingspan Timber Solutions Limited	100	Manufacturing
Kingspan Trustee Company Limited	100	Trustee Company
Kingspan Water & Energy Limited	100	Manufacturing
KSP Europe Limited	100	Finance Company
Tanks Direct Limited	100	Sales & Marketing
AUSTRALIA		
Kingspan Insulated Panels Pty Limited	100	Manufacturing
Kingspan Insulation Pty Limited	100	Manufacturing
Kingspan Water & Energy Pty Limited	85	Manufacturing
Tate Asia-Pacific Pty Limited	100	Sales & Marketing

	% Shareholding	Nature of Business
AUSTRIA		
Kingspan GmbH	100	Sales & Marketing
BELGIUM		
Argina Technics NV	100	Manufacturing
Brakel Aero NV	100	Manufacturing
isomasters NV	62.5	Manufacturing
Joris Ide NV	100	Manufacturing
Kingspan Access Floors Europe NV	100	Manufacturing
Kingspan Door Components SA	100	Manufacturing
Kingspan Insulation NV	100	Manufacturing
Kingspan NV	100	Sales & Marketing
Epur SA	100	Manufacturing
BRAZIL		
Kingspan-Isoeste Construtivos Isotérmicos S/A.	51	Manufacturing
CANADA		
Kingspan Insulated Panels Limited	100	Manufacturing
Vicwest Inc.	100	Manufacturing
CHILE		
Synthesia Technology S.p.A.	100	Sales & Marketing
COLOMBIA		
PanelMET S.A.S.	51	Manufacturing
CROATIA		
Kingspan D.O.O.	100	Sales & Marketing
CZECH REPUBLIC		
Balex Metal S.R.O.	100	Sales & Marketing
Kingspan A.S.	100	Manufacturing
DENMARK		
Kingspan A/S	100	Sales & Marketing
Kingspan Insulation ApS	100	Sales & Marketing
ESTONIA		
Kingspan Insulation OÜ	100	Sales & Marketing

	% Shareholding	Nature of Business
FINLAND		
Kingspan Insulation Oy	100	Manufacturing
Kingspan Oy	100	Sales & Marketing
FRANCE		
Comptoir du Batiment et de L'Industrie SAS	100	Manufacturing
ECODIS SAS	100	Manufacturing
Groupe Bacacier SAS	85	Manufacturing
Isocab France SAS	100	Manufacturing
Joris Ide Auvergne SAS	100	Manufacturing
Joris Ide Sud Ouest SAS	100	Manufacturing
Kingspan S.a.r.l.	100	Sales & Marketing
Profinord S.a.r.l.	100	Manufacturing
Societe Bretonne de Profilage SAS	100	Manufacturing
GERMANY		
Essmann Gebäudetechnik GmbH	100	Manufacturing
Joris Ide Deutschland GmbH	100	Manufacturing
Kingspan Access Floors GmbH	100	Manufacturing
Kingspan GmbH	100	Property Company
Kingspan Insulation Gmbh & Co. KG	100	Manufacturing
Kingspan Services Deutschland GmbH	100	Sales & Marketing
STG Beikirch GmbH	100	Manufacturing
Kingspan Holding GmbH	100	Holding
HUNGARY		
Kingspan Kereskedelmi Kft.	100	Manufacturing
INDIA		
Kingspan Jindal Private Limited	51	Manufacturing
LATVIA		
Balex Metal SIA	100	Manufacturing
Kingspan SIA	100	Sales & Marketing
LITHUANIA		
Balex Metal UAB	100	Sales & Marketing
Kingspan UAB	100	Sales & Marketing

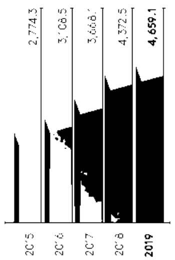
	% Shareholding	Nature of Business
MEXICO		
Kingspan Insulated Panels S.A. DE C.V.	100	Manufacturing
NETHERLANDS		
Hoesch Bouwsystemen B.V.	100	Sales & Marketing
Kingspan (MEATI) B.V.	85	Holding Company
Kingspan B.V.	100	Sales & Marketing
Kingspan Holding Netherlands B.V.	100	Holding Company
Kingspan Insulation B.V.	100	Manufacturing
Kingspan Light + Air NL B.V.	100	Manufacturing
Kingspan Light + Air Production NL B.V.	100	Manufacturing
Kingspan Unidek B.V.	100	Manufacturing
NEW ZEALAND		
Kingspan Limited	100	Manufacturing
NORWAY		
Kingspan AS	100	Sales & Marketing
Vestfold Plastindustri AS	100	Manufacturing
PANAMA		
Huurre Panama S.A.	50	Manufacturing
Synthesia Technology S.A.	100	Manufacturing
PERU		
Synthesia Technology S.A.C.	100	Sales & Marketing
POLAND		
Balex Metal Sp. Z o.o.	100	Manufacturing
Essmann Polska Sp. Z o.o.	100	Sales & Marketing
Kingspan Environmental Sp. Z o.o.	100	Manufacturing
Kingspan Sp. Z o.o.	100	Manufacturing
ROMANIA		
Joris Ide S.R.L.	100	Manufacturing
Kingspan S.R.L.	100	Sales & Marketing
RUSSIA		
Kingspan LLC	100	Manufacturing
SERBIA		
Kingspan D.O.O.	100	Sales & Marketing

	% Shareholding	Nature of Business
SPAIN		
Huurre Iberica S.A.	100	Manufacturing
Kingspan Insulation S.A.	100	Manufacturing
Kingspan Shaped Solutions SL	100	Manufacturing
Kingspan Suelo Technicos S.L.	50	Sales & Marketing
Synthesia Technology Europe SLU	100	Manufacturing
Teczone Española S.A.	100	Manufacturing
SWEDEN		
Kingspan AB	100	Sales & Marketing
Kingspan Insulation AB	100	Sales & Marketing
TURKEY		
Kingspan Yapi Elemanlari A.S.	85	Manufacturing
UKRAINE		
Balex Metal LLC	100	Sales & Marketing
UNITED ARAB EMIRATES		
Kingspan Insulated Panels Manufacturing LLC	85	Manufacturing
Kingspan Insulation LLC	90	Manufacturing
UNITED STATES		
ASM Modular Systems Inc.	100	Manufacturing
CPI Daylighting Inc.	100	Manufacturing
Dri-Design Inc.	94.67	Manufacturing
Kingspan Insulated Panels Inc.	100	Manufacturing
Kingspan Insulation LLC	100	Manufacturing
Kingspan Light & Air LLC	100	Manufacturing
Morin Corporation	100	Manufacturing
Pre-insulated Metal Technologies Inc.	100	Manufacturing
Tate Access Floors Inc.	100	Manufacturing

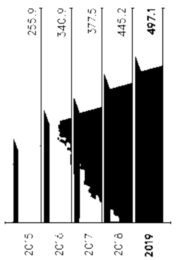
Pursuant to section 316 of the Companies Act 2014, a full list of subsidiaries will be annexed to the Company's Annual Return to be filed in the Companies Registration Office in Ireland.

— 5 YEAR SUMMARY

	2019	2018	2017	2016	2015
Results (amounts in €m)					
Revenue	**4,659.1**	4,372.5	3,668.1	3,108.5	2,774.3
Trading profit	**497.1**	445.2	377.5	340.9	255.9
Profit before tax	**454.4**	404.9	346.5	314.0	232.0
Operating cashflow	**627.1**	530.3	362.5	377.1	382.5
Equity (amounts in €m)					
Gross assets	**4,288.4**	4,029.4	3,235.6	3,004.6	2,549.1
Working capital	**582.8**	543.9	477.8	382.7	301.8
Total shareholder equity	**2,120.4**	1,788.9	1,568.0	1,471.5	1,293.8
Net debt	**633.2**	728.3	463.9	427.9	328.0
Ratios					
Net debt as % of total shareholders' equity	**29.9%**	40.7%	29.6%	29.1%	25.4%
Current assets/current liabilities	**1.66**	1.59	1.65	1.56	1.43
Net debt/EBITDA	**1.09**	1.40	1.05	1.06	1.04
Per Ordinary Share (amounts in €cent)					
Earnings	**204.6**	184.0	159.0	143.8	106.7
Operating cashflows	**347.3**	294.9	202.1	212.3	217.1
Net assets	**1,174.2**	994.7	876.7	828.4	734.2
Dividends	**46.5**	42.0	37.0	33.5	25.0
Average number of employees	**14,529**	13,469	11,133	10,396	8,595

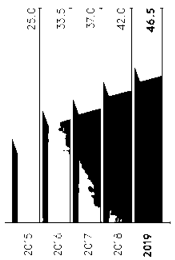


Revenue (€m)



Trading Profit (€m)

EPS (cent)



DPS (cent)

Aligned with our Planet Passionate strategy, we are committed to producing an environmentally conscious Annual Report. To reduce our environmental impact, this report is printed on 100% recycled pre- and post-consumer waste, forest-certified, carbon-balanced paper.

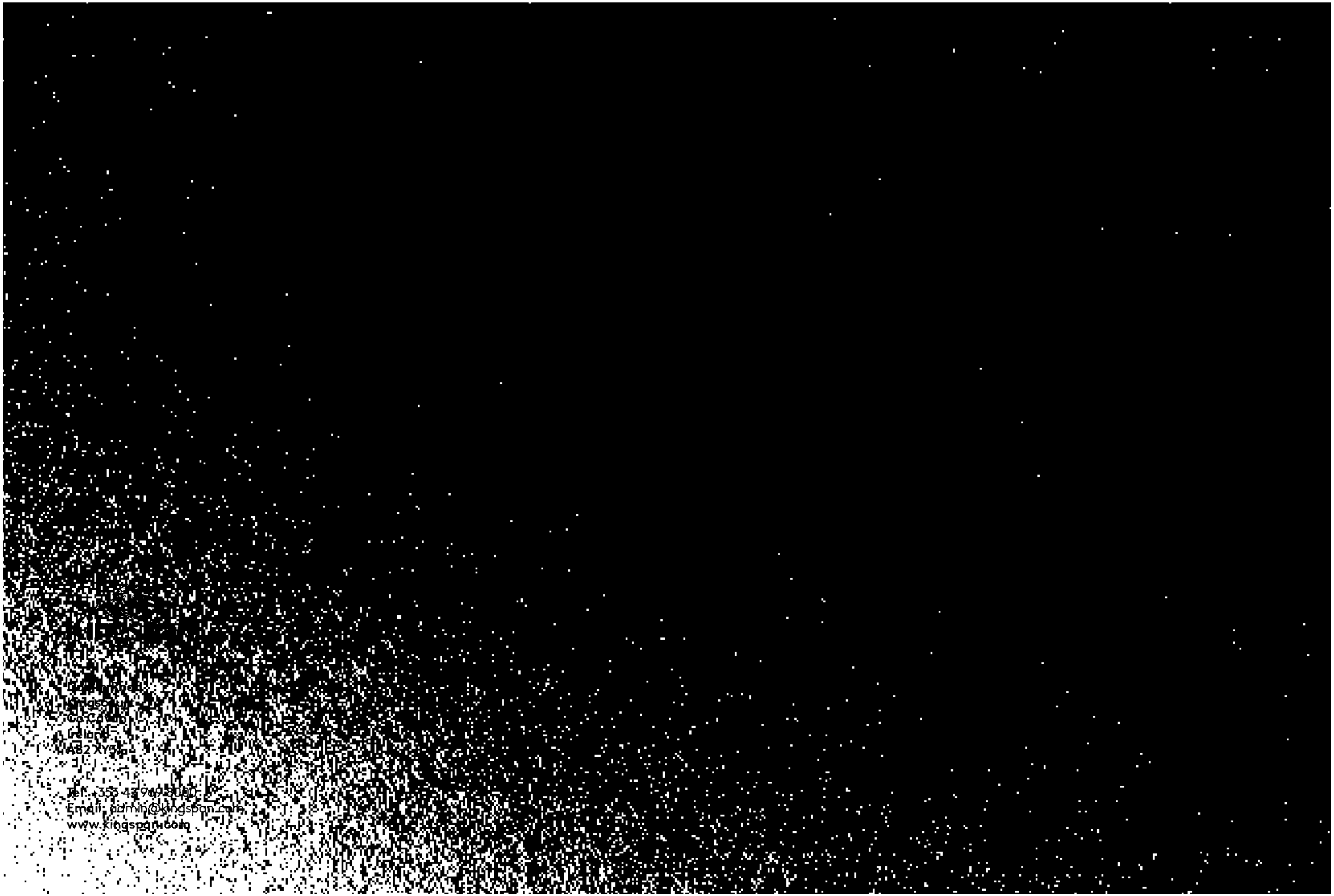
ENVIRONMENTAL CREDENTIALS

Paper:

Paper Credentials

Print Credentials

Kingspan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Årsregnskap 2019
Kingspan Miljø AS

Resultatregnskap
Balanse
Noter til regnskapet

Org.nr.: 994 917 285

Årsberetning 2019

Virksomhetens art og hvor den drives
Kingspan Miljø AS selger tank og systemer i GRP innenfor lagring og behandling av alle typer vesker til privat, kommunal og industriell sektor. Selskapet produserer og selger tanker, slamavskillere, miljøtoalett etc. i glassfiberarmert plast. Selskapets virksomhet er i hovedsak rettet mot det norske marked, men har også eksport hovedsakelig til det svenske og finske markedet. Selskapets forretningsvirksomhet foregår med utgangspunkt i selskapets lokaler i Andebu.

Selskapsstruktur
Selskapet er 100 % eid av Kingspan Holdings Ltd og selskapet inngår dermed i ett konsern som består av morselskapet Kingspan Holdings Ltd og det 100 % eide datterselskapene Kingspan Water & Energy AS.

Salg og marked
I løpet av 2019 har totalmarkedet for selskapets produkter vært stabilt, selskapet har beholdt sin markedsandel i Norge og mot utlandet.

Fortsatt drift
I samsvar med regnskapsloven § 3-3a bekreftes det at forutsetningene om fortsatt drift er tilstede. Til grunn for antagelsen ligger resultatprognoser for år 2020 og selskapets langsiktige strategiske prognoser for årene fremover.

Arbeidsmiljø og personale
Sykefraværet i selskapet var 2,4 % av total arbeidstid i selskapet. Selskapet har ikke igangsatte spesielle tiltak for å få redusert sykefraværet i 2020, men selskapet er en inkluderende arbeidslivsbedrift og vil følge opp sykefraværet like tett i 2020 som i 2019.

Det er ikke rapportert om uhell av mer alvorlige art i løpet av året, som har resultert i store materielle skader eller personskader. Det arbeides kontinuerlig for å redusere arbeidsuhell løpende. Arbeidsmiljøet betraktes som godt, og det iverksettes løpende tiltak for forbedringer.

Likestilling
Selskapet har som mål å være en arbeidsplass der det råder full likestilling mellom kvinner og menn. Selskapet har i sin policy innarbeidet forholdet rundt likestilling som tar sikte på at det ikke forekommer forskjellsbehandling grunnet kjønn i saker som lønn, avansement og rekruttering. Det er tradisjonelt rekruttert menn innen service, mens det er mer likt representert mellom menn og kvinner i administrative stillinger.

Av selskapets 10 ansatte er 2 kvinner. Selskapet har totalt 3 styremedlemmer, hvorav 1 kvinne.

Miljørapportering
Utslipp fra produksjonsanleggene, inkludert stoffer som kan innebære miljøskader er innenfor de krav myndighetene stiller. Selskapets virksomhet er ikke regulert av konsesjoner eller pålegg. En betydelig del av miljøarbeidet konsentrerer seg om tilpassing og holdningsskapende arbeid for bruk av sikkerhetsutstyr, friskluftsmasker og lignende i produksjonen. Selskapet har i de sener tid investert i moderne produksjonslokaler med god utlufting samt personlige verneutstyr for de ansatte.

Fremtidig utvikling
Selskapet har de siste årene ferdigstilt ett nytt konsept innen renseanlegg og renseteknologi. Dette har gitt positive utslag i både resultat- og markedsgevinst. Selskapets virksomhet preges i stadig høyere grad av sterk konkurranse. Det utvikles stedig nye allianser og partnerskap i bransjen.

Selskapets salg har hittil vært rettet mot det norske markedet og det forventes ingen vesentlige endringer i 2020.

Selskapet har etablert en strategi som skal sikre grunnlag for fortsatt vekst og positiv resultatutvikling. I 2020 vil fokus bli satt på å styrke selskapets varemerker gjennom sterkere markedsføring og aktiv satsing på produktutvikling. Med bakgrunn i nye markedsmuligheter, mener styret at utsiktene for 2020 er gode.

Resultat, kontantstrøm, investeringer, finansiering og likviditet
Omsetningen i selskapet økte fra kr 22,5 mill i 2018 til kr 26,1 mill i 2019. Årsresultatet ble negativt i 2019 med kr -1,3 mill. mot kr -1,6 mill i 2018.

Samlet kontantstrøm fra operasjonelle aktiviteter i selskapet var på kr -0,6 mill mot kr -0,2 mill i 2018. Endringen skyldes i hovedsak økning i leverandørgjeld og varelager. Selskapet investerte i 2018 i datterselskapet Kingspan Water & Energy AS, og kjøpte 100 % av aksjene i selskapet. Det er ikke gjort ytterligere investeringer i 2019.

Likviditeten har vært tilfredsstillende i hele 2019. Driftsresultatet for selskapet pr 31.12.2019 var positivt med kr 0,6 mill. Selskapets likviditetsbeholdning var kr 4,6 mill pr. 31.12.19.

Selskapets kortsiktige gjeld utgjorde pr. 31.12.2019 totalt 6,6 % av samlet gjeld i selskapet, sammenlignet med 5,3% pr. 31.12.2018. Selskapets finansielle stilling er relativt god, og pr. 31.12.2019 er selskapets omløpsmidler kr 3,9 mill høyere enn kortsiktig gjeld.

Totalkapitalen var ved utgangen av året kr 86,3 mill, sammenlignet med kr 88,6 mill året før. Egenkapitalandelen pr. 31.12.2019 var 12,5 %, sammenlignet med 13,6 % pr. 31.12.2018.

Finansiell risiko
Markedsrisiko
Selskapet eksponering for endringer i valutakurser er begrenset, da den vesentlige delen av selskapets inntekter er i norske kroner.

Selskapet er eksponert mot endringer i rentenivået, da selskapets gjeld har flytende rente. Videre kan endringer i rentenivået påvirke investeringsmulighetene i fremtidige perioder.

Kredittrisiko
Risiko for at motparter ikke har økonomisk evne til å oppfylle sine forpliktelser anses lav, da det historisk sett har vært lite tap på fordringer. Brutto kredittrisiko på balansedagen utgjør totalt kr 2,2 mill for 2019 og 2,3 mill for selskapet i 2018. Dette innebærer en reduksjon fra 2018 med kr 0,1 mill. De opplistede tallene for selskapet er eksklusiv fordringer på konsernselskaper.

Det er ikke inngått avtaler om motregning eller andre finansielle instrumenter som minimerer kredittrisikoen i Kingspan Miljø AS.

Likviditetsrisiko
Selskapet vurderer likviditeten i selskapet som tilfredsstillende. Selskapet ønsker imidlertid å iverksette tiltak for å forbedre likviditeten til ytterligere.

Årsresultat og disponeringer

Styret foreslår følgende disponering av underskuddet på kr – 1 259 886 i Kingspan Miljø AS

- *Overført fra annen egenkapital* *kr -1 259 886*

Totalt disponert ***kr – 1 259 886***

Andebu, 2. mars 2021.

Bernadette Theresa Mc Adam	Barry John Keeley	Patrick Bernard Freeman
styremedlem	*styremedlem*	*styrets leder*

Resultatregnskap

Kingspan Miljø AS

Driftsinntekter og driftskostnader	Note	**2019**	**2018**
Salgsinntekt	**2,8**	26 077 450	22 472 062
Sum driftsinntekter		**26 077 450**	**22 472 062**
Varekostnad	**8**	11 920 917	11 166 899
Lønnskostnad	**3**	6 681 666	5 477 764
Annen driftskostnad	**3,4**	6 877 739	6 012 355
Sum driftskostnader		**25 480 322**	**22 657 018**
Driftsresultat		**597 128**	**-184 957**
Finansinntekter og finanskostnader			
Annen finansinntekt		5 050	9 709
Annen finanskostnad		2 181 899	1 408 588
Resultat av finansposter		**-2 176 849**	**-1 398 878**
Ordinært resultat før skattekostnad		-1 579 721	-1 583 833
Skattekostnad på ordinært resultat	**10**	-319 835	0
Ordinært resultat		**-1 259 886**	**-1 583 833**
Årsresultat		**-1 259 886**	**-1 583 833**
Disponering av årsresultatet			
Til (fra) annen egenkapital		-1 259 886	-1 583 833
Sum disponeringer		**-1 259 886**	**-1 583 833**

Balanse

Kingspan Miljø AS

Eiendeler	Note	**2019**	**2018**
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	**10**	908 736	588 901
Sum immaterielle eiendeler		**908 736**	**588 901**
Varige driftsmidler			
Finansielle anleggsmidler			
Investeringer i datterselskap	**11**	76 500 000	76 500 000
Sum finansielle anleggsmidler		**76 500 000**	**76 500 000**
Sum anleggsmidler		**77 408 736**	**77 088 901**
Omløpsmidler			
Lager av varer og annen beholdning	**9**	1 833 579	1 687 354
Fordringer			
Kundefordringer		2 162 490	2 280 140
Andre kortsiktige fordringer	**5**	292 910	362 479
Sum fordringer		**2 455 400**	**2 642 619**
Investeringer			
Bankinnskudd, kontanter o.l.	**6**	4 627 813	7 217 829
Sum omløpsmidler		**8 916 791**	**11 547 802**
Sum eiendeler		**86 325 527**	**88 636 703**

Balanse

Kingspan Miljø AS

Eiendeler	**Note**	**2019**	**2018**
Innskutt egenkapital			
Aksjekapital	7	100 000	100 000
Overkurs	7	15 000	15 000
Sum innskutt egenkapital		**115 000**	**115 000**
Opptjent egenkapital			
Annen egenkapital	7	11 960 390	13 544 223
Disponert resultat	7	-1 259 886	-1 583 833
Sum opptjent egenkapital		**10 700 504**	**11 960 390**
Sum egenkapital		**10 815 504**	**12 075 390**
Gjeld			
Avsetning for forpliktelser			
Annen langsiktig gjeld			
Langsiktig gjeld til selskap i samme konsern	5	70 500 000	72 500 000
Sum annen langsiktig gjeld		**70 500 000**	**72 500 000**
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner		449 842	483 345
Leverandørgjeld		599 571	485 616
Betalbar skatt	10	0	0
Skyldig offentlige avgifter		1 799 071	1 547 820
Annen kortsiktig gjeld	5	2 161 538	1 544 531
Sum kortsiktig gjeld		**5 010 024**	**4 061 313**
Sum gjeld		**75 510 024**	**76 561 313**
Sum egenkapital og gjeld		**86 325 527**	**88 636 703**

31. desember 2021
Andebu, 2. Mars 2021

Pat Freeman, Bernadette McA, Barry Keeley

Patrick Bernard Freeman
Styreleder

Bernadette Theresa Mc Adam
Styremedlem

Barry John Keeley
Styremedlem

Kontantstrømoppstilling	2019	2018
Kontantstrøm fra operasjonelle aktiviteter		
Resultat før skattekostnad	-1 579 721	-1 583 833
Periodens betalte skatt	0	-517 749
Ordinære avskrivninger	0	0
Nedskrivning anleggsmidler	0	0
Endring i varelager, kundefordringer og leverandørgjeld	85 380	948 425
Endring i andre tidsavgrensningsposter	937 828	941 100
Netto kontantstrøm fra operasjonelle aktiviteter	-556 513	-212 057
Kontantstrøm fra investeringsaktiviteter		
Utbetalinger ved kjøp av varige driftsmidler	0	-76 500 000
Innbetalinger ved salg av aksjer og andeler i andre foretak	0	0
Nedskrivning på aksjer	0	0
Netto kontantstrøm fra investeringsaktiviteter	0	-76 500 000
Kontantstrøm fra finansieringsaktiviteter		
Innbetaling ved opptak av ny langsiktig gjeld	0	72 500 000
Innbetaling ved opptak av ny kortsiktig gjeld	0	0
Utbetalinger ved nedbetaling av langsiktig gjeld	-2 000 000	0
Netto endring i kassekreditt	-33 503	206 345
Netto kontantstrøm fra finansieringsaktiviteter	-2 033 503	72 706 345
Netto endring i likvider i året	-2 590 016	-4 005 712
Kontanter og bankinnskudd per 01.01.	7 217 829	11 223 541
Kontanter og bankinnskudd per 31.12	4 627 813	7 217 829

Note 1 Regnskapsprinsipper

Årsregnskapet består av resultatregnskap, balanse og noteopplysninger og er avlagt i samsvar med aksjelov, regnskapslov og god regnskapsskikk i Norge.

Årsregnskapet til Kingspan Miljø AS inngår i konsernregnskapet til Kingspan Holdings Ltd. Selskapet inngår i konsernet sammen med det 100 % eide datterselskapet Kingspan Water & Energy AS.

Inntektsførings- og kostnadsføringstidpunkt

Inntektsføring skjer etter opptjeningsprinsippet som normalt vil være leveringstidspunktet for varer og tjenester. Kostnader medtas etter sammenstillingsprinsippet, dvs. at kostnader medtas i samme periode som tilhørende inntekter inntektsføres.

Klassifisering og vurdering av balanseposter

Anleggsmidler omfatter eiendeler bestemt til varig eie og bruk. Anleggsmidler er vurdert til anskaffelseskost. Varige driftsmidler balanseføres og avskrives over driftsmidlets økonomiske levetid. Varige driftsmidler nedskrives til gjenvinnbart beløp ved verdifall som forventes ikke å være forbigående. Gjenvinnbart beløp er det høyeste av netto salgsverdi og verdi i bruk. Verdi i bruk er nåverdi av fremtidige kontantstrømmer knyttet til eiendelen. Nedskrivingen reverseres når grunnlaget for nedskrivingen ikke lenger er til stede.

Omløpsmidler og kortsiktig gjeld omfatter normalt poster som forfaller til betaling innen ett år etter balansedagen, samt poster som knytter seg til varekretsløpet. Omløpsmidler vurderes til laveste verdi av anskaffelseskost og virkelig verdi.

Aksjer i datterselskap

Investering i datterselskap er vurdert til anskaffelseskost for aksjene med mindre nedskrivning har vært nødvendig. Det er foretatt nedskrivning til virkelig verdi når verdifall skyldes årsaker som ikke kan forventes å være forbigående og det må anses nødvendig etter god regnskapsskikk. Nedskrivninger er reversert når grunnlaget for nedskrivning ikke lenger er til stede.

Utbytte, konsernbidrag og andre utdelinger fra datterselskap er inntektsført samme år som det er avsatt i givers regnskap. Overstiger utbytte / konsernbidraget andelen av opptjent resultat etter anskaffelsestidspunktet, representerer den overskytende del tilbakebetaling av investert kapital, og utdelingene er fratrukket investeringens verdi i balansen til morselskapet.

Varer

Lager av innkjøpte varer er verdsatt til lavest av anskaffelseskost og virkelig verdi. Anskaffelseskost vurderes etter FIFO-prinsippet. Egentilvirkede ferdigvarer og varer under tilvirkning er vurdert til full tilvirkningskost.

Fordringer

Kundefordringer og andre fordringer oppføres til pålydende etter fradrag for avsetning til forventet tap. Avsetning til tap gjøres på grunnlag av en individuell vurdering av de enkelte fordringene.

Leasing/leieavtaler

Leieavtaler vurderes som finansiell eller operasjonell leasing etter en konkret vurdering av den enkelte avtale. Dersom det vesentligste av risiko og avkastning på leieobjektet er overført selskapet, klassifiseres leieavtalen som finansiell. Andre leieavtaler er klassifisert som operasjonelle. Driftsmidler i leieavtaler vurdering som finansiell leasing balanseføres og avskrives som ordinære driftsmidler. Avdragsdelen av leieforpliktelsen vises som annen langsiktig gjeld. Forpliktelsen reduseres med betalt leie ette fradrag for beregnet rentekostnad.

Valuta

Pengeposter i utenlandsk valuta vurderes iht. kursen ved regnskapsårets slutt.

Skatt

Skattekostnaden i resultatregnskapet omfatter både periodens betalbare skatt og endring i utsatt skatt. Utsatt skatt er beregnet med 22% på grunnlag av de midlertidige forskjeller som eksisterer mellom regnskapsmessige og skattemessige verdier, samt ligningsmessig underskudd til fremføring ved utgangen av regnskapsåret. Skatteøkende og skattereduserende midlertidige forskjeller som reverserer eller kan reverseres i samme periode er utlignet og nettoført. Utsatt skatt på merverdier i forbindelse med oppkjøp av datterselskap blir ikke utlignet.

Kontantstrømoppstilling

Kontantstrømoppstilling er utarbeidet etter den indirekte metode. Kontanter og kontatekvivalenter omfatter kontanter, bankinnskudd og andre kortsiktige, likvide plasseringer.

Note 2 Salgsinntekter

	2019	2018
Salg pr. virksomhetsområde		
Salg av tanker	15 718 278	13 226 398
Service	10 359 172	9 245 665
	26 077 450	22 472 063
Geografisk fordeling		
I Norge	25 967 916	22 253 982
Til utlandet	109 534	218 080
	26 077 450	22 472 063

Note 3 Lønnskostnader

Beløp i NOK

Lønnskostnader	2019	2018
Lønn	5 793 000	4 760 660
Arbeidsgiveravgift	796 063	643 361
Pensjonskostnader	92 603	73 653
Sum	**6 681 666**	**5 477 674**

Selskapet har i 2019 sysselsatt gjennomsnittlig 10 årsverk.
Selskapet har ikke registrert daglig leder og det
utbetales ikke honorar til styret.
Godtgjørelse til revisor
For regnskapsåret 2019 utgjør revisjonshonorar kr 125 520 (eks. mva). 125 520
Selskapet er pliktig til å ha tjenestepensjonsordning etter lov om obligatorisk tjenestepensjon.
Selskapets pensjonsordninger tilfredsstiller kravene i denne lov.

Note 4 Operasjonelle leieavtaler

Leiekostnader	2019	2018
Personbiler	839 028	738 821
Husleie	579 161	620 549
	1 418 189	1 359 370

Selskapet husleieavtale utløp 31.12.2019
Selskapet leier 8 personbiler, hvor samtlige avtaler i perioden 08.07.2020-31.08.2023

Note 5 Fordringer og gjeld i konsern

Kortsiktig gjeld	**2019**	**2018**
Annen kortsiktig gjeld til konsernet	-449 842	-483 345
Fordringer med forfall > 1 år	0	28 375
Langsiktig gjeld	**2019**	**2018**
Kingspan International Finance Unlimited	-76 500 000	-76 500 000
Rentekostnader på lån fra Kingspan International Unlimited	2 156 238	1 405 985
Langsiktig fordring		
Lån til Vestfold Plastic Industri AS	6 000 000	4 000 000

Note 6 Bankinnskudd	**2019**	**2018**
Bundne skattetrekksmidler	327 728	283 782

Note 7 Antall aksjer, aksjeeiere m.v	**2019**	**2018**

	Aksjekapital	Overkurs	Annen EK	Sum
Egenkapital per 31.12.2018	**100 000**	**15 000**	**11 960 391**	**12 075 391**
Årets resultat (inkl. skatt)			-1 259 886	-1 259 886
Egenkapital pr. 31.12.2019	**100 000**	**15 000**	**10 700 505**	**10 815 504**

Aksjekapital	Pålydende	Antall	Aksjekapital
A-aksjer	1 000	100	100 000

Samtlige aksjer eies av Kingsplan Holdings Limited.
Konsernregnskapet kan fås ved henvendelse til Kingspan Holdings Ltd. Med foretningsadresse i Irland.

Note 8 Transaksjoner med nærstående parter

Kunde	Navn	Aktivitet	2019
	Kingspan Water & Energy AS	Salg av varer	314 713

Leverandør	Navn	Aktivitet	2019
	Kingspan Environmental Ltd.	Kjøp av varer	8 815 235
	Kingspan Water & Energy AS	Kjøp av tjenester og annet	931 865
	Kingspan Environmental Sp. z.oo.	Kjøp av tjenester	291 000

Note 9 Varer

	2019	2018
Handelsvarer	2 389 275	2 205 539
Reservedeler	0	120
Avsetning til ukurans	-555 696	-518 305
Sum	**1 833 579**	**1 687 354**

Note 10 Skatt

Årets skattekostnad	**2019**	**2018**
Resultatført skatt på ordinært resultat:		
Betalbar skatt	0	0
Endring i utsatt skattefordel	319 835	337 514
Skattekostnad ordinært resultat	**319 835**	**337 514**

Skattepliktig inntekt:	**2019**	**2018**
Ordinært resultat før skatt	-1 579 721	-1 583 833
Permanente forskjeller	125 927	0
Endring i midlertidige forskjeller	2 380 748	92 179
Skattepliktig inntekt	**926 954**	**-1 491 654**
Fremføring av tap - utnyttelse	-926 954	0
Skattepliktig inntekt	**0**	**-1 491 654**

Betalbar skatt i balansen:		
Betalbar skatt på årets resultat	0	0
Sum betalbar skatt i balansen	**0**	**0**

Beregning av effektiv skattesats		
Resultat før skatt	-1 579 721	-1 583 833
Beregnet skatt av resultat før skatt	-319 835	-337 513
Effekt av endring av skattesats	0	26 768
Sum	**-319 835**	**-310 745**
Effektiv skattesats	20,2%	19,6%

Skatteeffekten av midlertidige forskjeller og underskudd til fremføring som har gitt opphav til utsatt skatt og utsatte skattefordeler, spesifisert på typer av midlertidige forskjeller:

	2019	2018	Endring

Varige driftsmidler	-163 102	-218 772	-55 670
Varebeholdning	-555 696	-518 305	37 391
Fordringer	-642 606	-448 091	194 515
Periodisering og avsetning	-2 204 510	0	2 204 510
Underskudd til fremføring	-564 708	-1 491 662	-926 954
Sum	**-4 130 622**	**-2 676 830**	**1 453 792**

Utsatt skattefordel (22 %)	**-908 737**	**-588 901**	**319 835**
Effekt av endring av skattesats	0	26 768	

Note 11 Investering i datterselskaper

Selskap	Andel	Antall aksjer	Resultat 2019	Egenkapital pr 31.	Kostpris
Kingspan water & Energy	100 %	927 274	-16 264 856	2 937 457	76 500 000
Sum			**-16 264 856**	**2 937 457**	**76 500 000**

Datterselskapet er lokalisert i Andebu kommune.

Investering i datterselskapet er finansiert med langsiktig lån fra Kingspan Insulation Finance Unlimited med 76.500.000. Rentekostnadene beregnes med 2,78 prosent og har påløpt med 2.156.237 per 31.12.2019.

Note 12 COVID

11. mars 2020 erklærte Verdens helseorganisasjon koronavirusutbruddet som en pandemi. For å redusere den potensielt betydningsfulle trusselen COVID-19 utgjør folkehelsen, har myndigheter i Norge og i de fleste land rundt om i verden iverksatt tiltak for å begrense epidemien, inkludert begrensninger i bevegelse av mennesker, et midlertidig forbud mot innreise for utlendinger og et forbud mot å operere i noen bransjer som venter på videre utvikling.

De bredere økonomiske effektene av disse hendelsene inkluderer spesielt:
- Forstyrrelser i virksomheten, med kaskadepåvirkning på forsyningskjeder;
- Betydelige begrensninger for selskaper i visse sektorer, både i Norge og i markeder med stor avhengighet av den utenlandske forsyningskjeden, samt for eksportorienterte selskaper som er sterkt avhengige av utenlandske markeder. Berørte sektorer inkluderer primært handel og transport, reise og turisme, underholdning, produksjon, bygg, detaljhandel, forsikring, utdanning og finanssektoren;
- Et betydelig fall i etterspørselen etter ikke-essensielle varer og tjenester;
- Økt økonomisk usikkerhet reflektert av svingninger i aktiva priser og valutakurser.

Selskapet hadde en nedgang i salget i perioden januar til august 2020 sammenlignet med forrige periode fra 15,5 millioner kroner til 13,1 millioner kroner. Likevel forbedret nettoresultatet fra -1,6 millioner kroner til -0,5 millioner kroner i perioden. Ved utgangen av august 2020 var kontantbeholdningen 3,6 millioner kroner mot 4,6 millioner kroner per 31. desember 2020.

Styret overvåker kontinuerlig det økonomiske miljøet og tar tilstrekkelige tiltak som svar på den nåværende økonomiske situasjonen, og på tidspunktet for undertegnelsen av regnskapet er det ingen risiko som gjør det umulig å operere i påfølgende perioder. I tillegg gir tilhørighet til Kingspan kapitalgruppe muligheten for ekstra støtte i tilfelle uforutsette omstendigheter.

Regnskapet er utarbeidet under forutsetning om at virksomheten vil fortsette i overskuelig fremtid.

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Til generalforsamlingen i Kingspan Miljø AS

Uavhengig revisors beretning

Uttalelse om revisjonen av årsregnskapet

Konklusjon

Vi har revidert Kingspan Miljø AS' årsregnskap som viser et underskudd på kr 1 259 886. Årsregnskapet består av balanse per 31. desember 2019, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noteopplysninger til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening er det medfølgende årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettvisende bilde av selskapets finansielle stilling per 31. desember 2019, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i Revisors oppgaver og plikter ved revisjon av årsregnskapet. Vi er uavhengige av selskapet slik det kreves i lov og forskrift, og har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Ledelsen er ansvarlig for øvrig informasjon. Øvrig informasjon omfatter informasjon i årsrapporten bortsett fra årsregnskapet og den tilhørende revisjonsberetningen.

Vår uttalelse om revisjonen av årsregnskapet dekker ikke øvrig informasjon, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese øvrig informasjon med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom øvrig informasjon og årsregnskapet, kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon.

Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon er vi pålagt å rapportere det. Vi har ingenting å rapportere i så henseende.

Styrets ansvar for årsregnskapet

Styret (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik internkontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål med revisjonen er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og anslår vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av internkontroll.

- opparbeider vi oss en forståelse av den interne kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll.

- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.

- konkluderer vi på hensiktsmessigheten av ledelsens bruk av fortsatt drift-forutsetningen ved avleggelsen av regnskapet, basert på innhentede revisjonsbevis, og hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i regnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon om årsregnskapet og årsberetningen. Våre konklusjoner er basert på revisjonsbevis innhentet inntil datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke fortsetter driften.

- evaluerer vi den samlede presentasjonen, strukturen og innholdet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet representerer de underliggende transaksjonene og hendelsene på en måte som gir et rettvisende bilde.

Vi kommuniserer med styret blant annet om det planlagte omfanget av revisjonen og til hvilken tid revisjonsarbeidet skal utføres. Vi utveksler også informasjon om forhold av betydning som vi har avdekket i løpet av revisjonen, herunder om eventuelle svakheter av betydning i den interne kontrollen.

Uttalelse om andre lovmessige krav

Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet, forutsetningen om fortsatt drift og forslaget til resultatdisponering er konsistente med årsregnskapet og i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Andre forhold

Denne beretning erstatter tidligere avgitt beretning, datert 7.september 2020, som ble avgitt ved utløpet av lovens frist for avholdelse av generalforsamling. Fullstendig årsregnskap og årsberetning var på dette tidspunkt ikke avgitt av styret.

Oslo, 9. mars 2021
KPMG AS

Øivind Karlsen
Statsautorisert revisor
(elektronisk signert)

PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur". De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Øivind Karlsen
Statsautorisert revisor
På vegne av: KPMG AS
Serienummer: 9578-5997-4-377389
IP: 80.232.xxx.xxx
2021-03-09 07:49:42Z

bank ID