KINGSPAN GROUP PLC

HALF-YEARLY FINANCIAL REPORT

for the period ended 30 June 2020

KINGSPAN GROUP PLC

RESULTS FOR THE HALF YEAR 30 JUNE 2020

Kingspan, the global leader in high performance insulation and building envelope solutions, issues its half-yearly financial report for the six-month period ended 30 June 2020.

Financial Highlights:

- Revenue down 8% to €2.1bn, (underlying, down 13%).
- Trading profit down 13% to €200.1m, (underlying, down 16%).
- Group trading margin of 9.7%, a decrease of 60bps versus the same period in 2019.
- Acquisitions contributed 6% to sales growth and 4% to trading profit growth in the period.
- Net debt of €437.9m (H1 2019: €734.3m). Net debt to EBITDA of 0.79x (H1 2019: 1.31x).
- Basic EPS down 14.9 % to 79.8 cent (H1 2019: 93.8 cent).
- A more than three-fold increase in free cashflow to €260.4m (H1 2019: €80.6m).
- Interim dividend nil (H1 2019: 13.0 cent per share). Medium term dividend and shareholder returns policy under review.
- ROCE of 16.9 % (H1 2019: 17.1%).

Operational Highlights:

- Resilient performance overall in times without parallel.
- Insulated Panels sales decrease of 8%. Good recovery in key markets particularly in Europe in more recent months. UK slower to recover with Americas softer recently. Continued progress on QuadCore™ adoption and Bacacier acquisition integrating well.
- Insulation Boards sales decrease of 18%. Positive Kooltherm® performance. UK and Ireland experiencing more prolonged disruption than Mainland European and North American markets. Australasia relatively resilient.
- Light & Air sales growth of 20%. Another milestone marked in the period with the acquisition of Colt Group significantly adding to the scale and breadth of the category and service offering.
- Water & Energy sales decrease of 10% with solid rainwater harvesting and wastewater activity.
- Data & Flooring sales growth of 6% with strong data centre activity driving this trend.

Summary Financials:

	H1 ’20	*H1 ’19*	*Change*
Revenue €m	2,072.7	2,243.1	-8%
Trading Profit* €m	200.1	230.4	-13%
Trading Margin**	9.7%	10.3%	-60bps
EPS (cent per share)	79.8	93.8	-15%

**Operating profit before amortisation of intangibles*
*** Operating profit before amortisation of intangibles divided by total revenue*

Gene Murtagh, Chief Executive of Kingspan commented:
“Kingspan has delivered a resilient first half result in a period of unparalleled challenges. Performance has varied substantially from region to region depending on the severity and length of Government restrictions, and been helped by our rapid introduction of cost containment measures.

With over €1bn in cash and undrawn facilities we are well placed to come through the crisis in a strong position. In 2020 we have completed or agreed terms on three major acquisitions of businesses with revenue totalling over €400m, and we also continue our organic expansion, with new facilities being developed in locations including Brazil, Russia, and Sweden.

We have decided it is prudent not to pay an interim dividend and our shareholder returns policy is under review. We expect that the economic environment will remain weak, with confidence for businesses to make investment decisions curtailed. On a more positive note, policy makers are more focussed on ensuring buildings are more energy efficient, which is a supportive long-term trend.”

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Douglas Keatinge

Business Review

The first half of 2020 has been an experience different to any that we have encountered in the past. Whilst sales activity was relatively weak in the early months, order intake had improved encouragingly, pointing towards a potentially strong second quarter. From mid-March revenue suffered markedly, down over 30% at the extreme in April. May trading was also challenging, however order intake began to improve and June trading turned out particularly strong helped by pent-up demand. The result for the half overall was revenue down 8% to €2.07bn and trading profit down 13% to €200m. Rapid and effective cost containment across the Group, along with the resolve and commitment of our people were fundamental in protecting the business during the critical months and enabling the recovery that followed.

Globally the picture varied hugely as governments and societies responded differently to the crisis. In Europe, France shut down abruptly at the end of March but recovered well through late May and June. Germany and much of Central Europe continued largely uninterrupted. Spain, the UK and Ireland imposed the most severe and long-lasting restrictions in relative terms with the resulting curtailment in demand still prevailing. US activity performed well throughout, although order intake has eased back notably in recent weeks. Canada meanwhile experienced a brutal decrease in revenue and Brazil performed relatively well.

In the Middle East, activity suffered significantly whilst in India our business was effectively closed for a couple of months, and current trading remains slow. Australasia has been generally resilient throughout.

During April we completed the Light & Air acquisition of Colt, a leading provider of daylighting and smoke management systems with a significant presence in Germany, the Netherlands, and the UK, with annual revenue of approximately €200m. Early in the second half we have signed an agreement to acquire Terasteel, a PIR Insulated Panel manufacturer based in Romania, with revenue in the region of €120m. Since then, we have agreed to acquire Trimo, a producer of mineral fibre Insulated Panels and Façades based in Slovenia and with revenues of just over €100m. Both are subject to regulatory approval processes that are currently underway.

Insulated Panels

	H1 '20	***H1 '19***	***Change***
Revenue €m	1,332.0	1,444.8	-8% (1)
Trading Profit €m	123.3	146.5	-16%
Trading Margin	9.3%	10.1%	-80bps

(1) Comprising underlying -12%, currency impact -1% and acquisitions +5%

Order intake globally across our Insulated Panel product group was down 7% by volume in the first six months, having started the year ahead. The backlog by volume was ahead by 8% pointing towards strong near-term deliveries, assuming markets are open and receptive. The order intake picture varied by region, and although still recently strong in Germany, France, the Benelux and Brazil, other key markets such as the UK and North America have weakened. This would indicate lower revenue in those regions towards the latter end of 2020. Overall, Quadcore™ represented 12% of insulated panels sales revenue in the period (H1 2019: 8%).

During the first half the US performed exceptionally well for Kingspan as the business traded largely uninterrupted, as was also the case in Brazil supported by our new facility close to Sao Paulo. Canada on the other hand took more extreme lockdown measures and as a result trading was significantly behind the same period in 2019, and sharply so in the second quarter.

In Europe the response also varied with Germany largely unaffected, France recovered well after effective closure in April, with the Benelux performing steadily. Central & Eastern Europe was a little behind but very robust in Poland throughout the period. The UK has been disappointing, and Ireland performed weaker than any of our regions not just in Europe, but globally.

Australasia deliveries did ease back somewhat albeit performed robustly all things considered and order intake in the region has been strong.

Insulation Boards

	H1 '20	*H1 '19*	*Change*
Revenue €m	367.9	450.5	-18% (1)
Trading Profit €m	48.5	60.4	-20%
Trading Margin	13.2%	13.4%	-20bps

(1) Comprising underlying -18%

Unsurprisingly the pattern of sales at the Insulation Board businesses mapped a similar path to that of Insulated Panels. Of note was the strong performance in Western European markets, the Nordics and Australasia all of which delivered revenue ahead of the first half of 2019. Some of this reflected share gains from synthetic mineral fibre, as well as the varying government approaches to the crisis. The Netherlands, Germany and Denmark were positive stand-outs during the period.

In the UK, where construction activity was severely impacted, revenue was down significantly. This has improved in recent months although is still trailing prior year. In Ireland, revenue virtually halted for April and much of May and has since rebounded strongly.

Our North American business delivered growth as all product categories progressed, and growth has resumed in Australasia taking share from traditional materials. In the Middle East activity was heavily impacted by shutdowns but has since begun to recover.

Light & Air

	H1 '20	*H1 '19*	*Change*
Revenue €m	171.9	142.9	+20% (1)
Trading Profit €m	7.6	6.2	+23%
Trading Margin	4.4%	4.3%	+10bps

(1) Comprising underlying -9% and acquisitions +29%

The Light & Air business performed robustly through the turbulence of the first half. Like for like revenue was negatively impacted, particularly in the teeth of the crisis during April and May. Before and since then the underlying operation grew encouragingly in France and Germany although has been more challenged in the US by strong prior year comparatives.

The Colt acquisition, which completed in April, is being integrated on plan despite the obvious hurdles, and has performed well since acquisition. The coming six months will focus on full regional integration of this business as well as the ongoing assessment of further inorganic opportunities in Europe and beyond.

Water & Energy

	H1 '20	*H1 '19*	*Change*
Revenue €m	92.9	103.1	-10% (1)
Trading Profit €m	6.9	5.9	+17%
Trading Margin	7.4%	5.7%	+170bps

(1) Comprising underlying -10%, currency impact -2% and acquisitions +2%

This business also suffered at a revenue level in the UK and Ireland due to lockdown measures. Cost containment in these regions was particularly effective in delivering a strong trading profit, which we expect to continue through the second half.

The hot water offering was particularly weak in the UK as both newbuild and house renovations ground to a halt for a time. Water treatment was steady most prominently in the Nordics and Western Europe, and the rainwater harvesting business in Australia delivered a strong outcome in the circumstances.

Data & Flooring

	H1 '20	***H1 '19***	***Change***
Revenue €m	108.0	101.8	+6% (1)
Trading Profit €m	13.8	11.4	+21%
Trading Margin	12.8%	11.2%	+160bps

(1) Comprising underlying -9%, currency impact +1% and acquisitions +14%

The performance of the Data & Flooring activities of the Group was positive in the first half in the key regions of the US, Western Europe and Australia although the UK was weaker.

The growing 'Data' dimension to this business has been the key driver of its robust delivery in recent years, and again growth was achieved by the expanding product set aimed at the data warehousing opportunity. We expect that dynamic to continue for the foreseeable future.

Meanwhile in Germany, the WeGo acquisition (now rebranded as Kingspan Access Floors), has been seamlessly integrated and is performing ahead of plan.

Organic Expansion

With the longer term in our sights, we continued to push ahead, insofar as was practical with broadening our footprint globally. Insulated Panels in the Americas is moving ahead with its facility in Pennsylvania, and in Brazil we have broken ground on a fifth facility, this time in the south of the country.

In Europe, the Joris Ide business is at the early stages of adding a second production line to its German facility. At Bacacier in France, plans are evolving to create a 'Group' hub with the manufacture of Insulated Panels, Insulation and Profiles which, when complete in early 2022, will be a showcase facility. In Russia, we are investing in a second plant south of Moscow to complement our existing St. Petersburg presence.

In Sweden, the development of our greenfield Kooltherm® facility is well underway, albeit delayed due to recent restrictions. Demand is growing fast in the Nordic regions as advanced insulation continues to displace traditional synthetic mineral fibre and this new plant will play a key role in continuing that momentum.

Planet Passionate

This ground-breaking initiative launched last December and covering the next decade of our commitments on Energy, Carbon, Circularity and Water is already delivering notable results.

Under these four banners (see table below), goals have been set across twelve sub-categories, linked into each business unit across the world. At this stage there are many active projects either being implemented or under consideration. At the full year results next February we intend to demonstrate the progress achieved in year one.

		2020	**2025**	**2030**
Energy	Maintain our Net Zero Energy Status	●	●	●
	60% direct renewable energy use			●
	20% on-site renewable energy generation			●
	Solar PV systems on all wholly owned facilities			●
Carbon	Net Zero Carbon Manufacturing			●
	Zero Emission company cars		●	
	50% reduction in product C02e intensity from primary supply chain partners			●
Circularity	Zero Company waste to landfill			●
	Upcycle 1 billion PET bottles into our manufacturing processes		●	
	All QuadCore™ products to utilise upcycled PET		●	
Water	5 Active Ocean Clean-Up projects		●	
	Harvest 100 million litres of rainwater annually			●

Innovation
Development of QuadCore™ 2.0 has continued at pace with the aim of launching in the UK and Ireland initially. We anticipate having product ready to start the lengthy certification process by quarter two next year. It is a performance focused evolution which will deliver advancement across all four ‘Quads’.

Both the PowerPanel® (fully integrated solar PV) and AlphaCore® projects have suffered some timetable disruption due to being heavily reliant on co-operation with our international partners. Progress has now resumed and we plan to have a launchable Insulated Solar PV Panel by quarter two next year.

Two versions of AlphaCore® are being developed presently, one with high thermal performance as well as a medium performance alternative. We expect to place orders for the manufacturing assets required to produce the products at scale by early 2021.

Financial Review

Overview of results
Group revenue decreased by 8% to €2,072.7m (H1 2019: €2,243.1m) and trading profit decreased by 13% to €200.1m (H1 2019: €230.4m). This represents a 7% decrease in sales and a 12% decrease in trading profit on a constant currency basis. The Group’s trading margin decreased by 60bps to 9.7% (H1 2019: 10.3%) primarily reflecting the divisional mix of earnings and the negative operating leverage associated with enforced plant shutdowns for a period. The amortisation charge in respect of intangibles was €10.9m compared to €11.0m in the first half of 2019. Group operating profit after amortisation fell 14% to €189.2m (H1 2019: €219.4m). Profit

after tax was €147.5m compared to €173.2m in the first half of 2019, driven in the main by the decrease in trading profit. Basic EPS for the period was 79.8 cent, representing a decrease of 14.9% on the first half of 2019 (H1 2019: 93.8 cent).

The Group's underlying sales and trading profit performance by division is set out below:

Sales	Underlying	Currency	Acquisition	Total
Insulated Panels	-12%	-1%	+5%	-8%
Insulation Boards	-18%	-	-	-18%
Light & Air	-9%	-	+29%	+20%
Water & Energy	-10%	-2%	+2%	-10%
Data & Flooring	-9%	+1%	+14%	+6%
Group	-13%	-1%	+6%	-8%

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

Trading Profit	Underlying	Currency	Acquisition	Total
Insulated Panels	-19%	-1%	+4%	-16%
Insulation Boards	-20%	-	-	-20%
Light & Air	-5%	+1%	+27%	+23%
Water & Energy	+16%	-2%	+3%	+17%
Data & Flooring	+8%	+2%	+11%	+21%
Group	-16%	-1%	+4%	-13%

Finance costs (net)

Finance costs for the period were higher than the same period last year at €11.7m (H1 2019: €10.5m). Finance costs include a non-cash charge of €0.4m (H1 2019: €0.1m) relating to the Group's defined benefit pension schemes. Of this €0.3m relates to a scheme assumed on acquisition during the period. Lease interest of €2.0m was recorded during the period (H1 2019: €1.8m). A net non-cash credit of €0.1m was recorded in respect of swaps on the Group's USD private placement notes (H1 2019: credit of €0.3m). The Group's net interest expense on borrowings (bank and loan notes) in the first half of 2020 was €9.2m compared to €8.2m in the same period in 2019. The increased net interest charge reflects interest paid on drawings on bank facilities, which were drawn as a contingency measure in March, and lower interest income on cash balances.

Free cashflow

	H1 ’20 €m	H1 ’19 €m
EBITDA*	244.2	271.1
Movement in working capital **	95.6	(72.2)
Net capital expenditure	(58.7)	(68.5)
Pension contributions	(0.6)	(0.2)
Net finance costs paid	(10.4)	(8.7)
Income taxes paid	(14.9)	(45.6)
Other including non-cash items	5.2	4.7
Free cashflow	260.4	80.6

**Earnings before finance costs, income taxes, depreciation, amortisation and the impact of IFRS 16. Calculation is set out in Alternative Performance Measures at the end of the statement*
***Excludes working capital on acquisition but includes working capital movements since that point*

Working capital at 30 June 2020 was €479.2m (31 December 2019: €582.8m), a decrease of €103.6m in the period. The typical seasonal build in the first half of the year was not a feature of H1 2020 given the extended shutdown in many of the Group’s end markets and an associated reduction in working capital. The average working capital to sales percentage was 11.6% compared with 13.1% in H1 2019. Working capital management and cash generation has been a relentless area of focus over recent months, reflected in the lower working capital percentage. We expect working capital levels to normalise in the third quarter as activity levels pick up.

Net Debt

Net debt decreased by €195.3m during the first half of the year to €437.9m (31 December 2019: €633.2m) bolstered by strong free cashflow. The movement in debt is analysed in the table below:

Movement in net debt	H1 ’20 €m	H1 ’19 €m
Free cashflow	260.4	80.6
Acquisitions and disposals	(42.0)	(3.0)
Deferred consideration paid	-	(59.7)
Share issues	-	0.1
Repurchase of shares	-	(0.6)
Dividends paid	-	(54.2)
Dividends paid to non controlling interests	(0.5)	(0.3)
Cashflow movement	217.9	(37.1)
Deferred consideration*	-	30.0
Exchange movements on translation	(22.6)	1.1
Decrease/(increase) in net debt	195.3	(6.0)
Net debt at start of period	(633.2)	(728.3)
Net debt at end of period	(437.9)	(734.3)

*****Adjustment reflects the inclusion of deferred consideration in 2018 net debt, which was settled in cash in April 2019

Retirement benefits

The primary method of pension provision for current employees is by way of defined contribution arrangements. The Group has three legacy defined benefit schemes in the UK which are closed to new members and to future accrual. The most significant of these, a net liability of €19.7m (€9.8m at point of acquisition) was assumed on the acquisition of Colt Group during the period. This scheme is also closed to future accrual. In addition, the Group assumed a number of defined benefit pension liabilities in Mainland Europe through acquisitions completed in recent years. The net aggregate pension liability in respect of all schemes and obligations was €34.4m at 30 June 2020 (30 June 2019: €12.8m).

Taxation

The tax charge for the first half of the year was €30.0m (H1 2019: €35.7m) which represents an effective tax rate of 16.9% on profit before tax (H1 2019: 17.1%). The decrease in the effective rate reflects the global mix of earnings year on year. Taxation payments of €14.9m were lower than in the first half of 2019 (€45.6m) due to deferred payment programs in place in a number of jurisdictions in response to the crisis. These will normalise in the second half.

Acquisitions

The Group incurred €42.0m on acquisitions during the period. Of this, €36.9m was incurred on Colt Group with a further €5.1m on other acquisitions. In addition to the cash consideration for Colt the Group assumed a net pension liability of €9.8m.

Dividend

The Board took the decision to cancel the proposed final 2019 dividend due for payment in May 2020 in light of the uncertain backdrop. This preserved €60.6m of cash in the business in the first half. In light of the ongoing, delicate nature of end markets an interim dividend has not been declared implying there will be no cash outflow for dividends during 2020. Furthermore, the dividend and shareholder returns policy is under review, and the outcome will be announced with our 2020 full year results.

Capital structure and Group financing

The Group funds itself through a combination of equity and debt. Debt is funded through a combination of syndicated bank facilities and private placement loan notes. The principal syndicated facility is a revolving credit facility of €451m with a committed term to June 2022. This is supplemented by an additional revolving credit facility of €300m with a committed term to June 2022. There were no drawings on either facility at period end. In February 2020 the Group arranged an additional bi-lateral term ‘Green Loan’ for €50m which matures in 2025. Green finance is expected to become a more prominent part of the Group’s debt structure in future years.

In addition, as part of the Group’s longer-term capital structure, the Group has total private placement loan notes of €842m (H1 2019: €839m) which have a weighted average maturity of 4 years (H1 2019: 5 years).

The weighted average maturity of all debt facilities is 3.8 years (H1 2019: 4.8 years).

As well as ongoing free cashflow generation, the Group has significant available undrawn facilities and cash which provide appropriate headroom for operational requirements and development funding. Total available headroom was €1,182m at 30 June 2020 (H1 2019: €888.6m).

Related party transactions

Apart from the dividend cancellation, there were no changes in related party transactions from the 2019 Annual Report that could have a material impact on the financial position or performance of the Group in the first half of the year.

Principal risks & uncertainties

Details of the principal risks and uncertainties facing the Group can be found in the 2019 Annual Report. These risks, namely 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 & safety, and laws & regulations remain the most likely to affect the Group in the second half of the current year. The Group actively manages these and all other risks through its control and risk management processes. The risk agenda and outlook has been significantly tested in recent months and the Group's processes and business model has withstood these uncertainties well. We will continue to actively assess changes in the external environment on events which could change our risk assessment and profile.

Looking Ahead

Accurate predictions are impossible at present. What appears certain is that general confidence will have suffered and investment decisions across many sectors will be curtailed through 2021. Conversely, sectors such as data, technology, next generation automotive and online logistics could be buoyed up as consumer behaviour evolves. More broadly, governments and policy makers worldwide are becoming more purposeful about a move towards lower emissions and ensuring buildings of all types become dramatically more efficient. Kingspan's exposure to these end markets has grown markedly in recent years.

All things considered, and despite the much anticipated near-term stimulus initiatives across the globe, we expect the general economic environment to be tougher than it was pre-crisis. Whatever situation unfolds Kingspan remains well poised, agile and funded to play our part.

2020 Statement of Directors Responsibilities
for the 6 month period ended 30 June 2020

The Directors are responsible for preparing the half-yearly financial report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, as amended, (the "**Transparency Regulations**") and the Transparency Rules of the Central Bank of Ireland.

Each of the Directors confirm that to the best of their knowledge:

1) the condensed set of consolidated financial statements included within the half-yearly financial report of Kingspan Group Plc for the six months ended 30 June 2020 (the "**interim financial information**") which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows and the related explanatory notes, have been presented and prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, the Transparency Directive and Transparency Rules of the Central Bank of Ireland;

2) the interim financial information presented, as required by the Transparency Regulations, includes:
   a. a fair review of the important events that have occurred during the first 6 months of the financial year, and their impact on the condensed set of consolidated financial statements;
   b. a description of the principal risks and uncertainties for the remaining 6 months of the financial year;
   c. a fair review of related parties' transactions that have taken place in the first 6 months of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period; and
   d. any changes in the related parties' transactions described in the last annual report that could have a material effect on the financial position or performance of the enterprise in the first 6 months of the current financial year.

The directors of Kingspan Group plc, and their functions, are listed in the 2019 Annual Report.

On behalf of the Board

Gene M Murtagh
Chief Executive Officer

21 August 2020

Geoff Doherty
Chief Financial Officer

21 August 2020

Kingspan Group plc

Condensed consolidated income statement (unaudited)
for the 6 month period ended 30 June 2020

	Note	**6 months ended 30 June 2020 €m**	6 months ended 30 June 2019 €m
Revenue	*4*	**2,072.7**	2,243.1
Cost of Sales		**(1,462.0)**	(1,598.8)
Gross Profit		**610.7**	644.3
Operating Costs		**(410.6)**	(413.9)
Trading Profit	*4*	**200.1**	230.4
Intangible amortisation		**(10.9)**	(11.0)
Operating Profit		**189.2**	219.4
Finance expense	*6*	**(12.5)**	(12.1)
Finance income	*6*	**0.8**	1.6
Profit for the period before income tax		**177.5**	208.9
Income tax expense	*7*	**(30.0)**	(35.7)
Profit for the period		**147.5**	173.2
Attributable to owners of Kingspan Group plc		**144.5**	169.3
Attributable to non-controlling interests		**3.0**	3.9
		147.5	173.2
Earnings per share for the period			
Basic	*12*	**79.8c**	93.8c
Diluted	*12*	**79.2c**	93.3c

Kingspan Group plc

Condensed consolidated statement of comprehensive income (unaudited)
for the 6 month period ended 30 June 2020

	6 months ended 30 June 2020	6 months ended 30 June 2019
	€m	€m
Profit for financial period	**147.5**	173.2
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	**(71.6)**	12.3
Net changes in fair value of cash flow hedges	**0.5**	0.2
Items that will not be reclassified subsequently to profit or loss		
Actuarial losses on defined benefit pension schemes	**(9.4)**	-
Income taxes relating to actuarial losses on defined benefit pension schemes	**1.8**	-
Total comprehensive income for the period	**68.8**	185.7
Attributable to owners of Kingspan Group plc	**73.5**	181.3
Attributable to non-controlling interests	**(4.7)**	4.4
	68.8	185.7

Kingspan Group plc

Condensed consolidated statement of financial position

as at 30 June 2020

	Note	**At 30 June 2020 (unaudited) €m**	At 30 June 2019 (unaudited) €m	At 31 December 2019 (audited) €m
Assets				
Non-current assets				
Goodwill	*13*	**1,498.5**	1,402.9	1,506.9
Other intangible assets		**87.5**	100.7	93.2
Financial asset		**8.2**	8.2	8.2
Property, plant and equipment	*14*	**968.3**	888.3	965.2
Right of use assets	*15*	**143.4**	126.3	121.6
Derivative financial instruments	*9*	**33.5**	30.3	27.3
Retirement benefit assets		**188.1**	7.5	9.2
Deferred tax assets		**15.9**	15.6	14.1
		2,943.4	2,579.8	2,745.7
Current assets				
Inventories		**542.6**	578.2	557.6
Trade and other receivables		**869.2**	928.8	794.2
Derivative financial instruments	*9*	**0.2**	-	-
Cash and cash equivalents	*9*	**431.0**	157.6	190.9
		1,843.0	1,664.6	1,542.7
Total assets		**4,786.4**	4,244.4	4,288.4
Liabilities				
Current liabilities				
Trade and other payables		**932.6**	889.6	768.9
Provisions for liabilities		**59.8**	50.0	58.0
Lease liabilities	*15*	**30.3**	25.5	25.6
Derivative financial instruments		**-**	-	0.1
Interest bearing loans and borrowings	*8*	**45.9**	52.7	3.1
Current income tax liabilities		**87.0**	67.1	72.9
		1,155.6	1,084.9	928.6
Non-current liabilities				
Retirement benefit obligations		**222.5**	20.3	24.3
Provisions for liabilities		**52.5**	61.4	51.7
Interest bearing loans and borrowings	*8*	**856.7**	869.5	848.3
Lease liabilities	*15*	**114.3**	100.4	96.7
Deferred tax liabilities		**32.4**	42.8	31.9
Deferred contingent consideration	*10*	**156.2**	139.6	186.5
		1,434.6	1,234.0	1,239.4
Total liabilities		**2,590.2**	2,318.9	2,168.0
Net Assets		**2,196.2**	1,925.5	2,120.4
Equity				
Share capital		**23.8**	23.8	23.8
Share premium		**95.6**	95.6	95.6
Capital redemption reserve		**0.7**	0.7	0.7
Treasury shares		**(11.7)**	(12.4)	(11.8)
Other reserves		**(323.8)**	(264.6)	(259.6)
Retained earnings		**2,366.0**	2,039.7	2,221.6
Equity attributable to owners of Kingspan Group plc		**2,150.6**	1,882.8	2,070.3
Non-controlling interests		**45.6**	42.7	50.1
Total Equity		**2,196.2**	1,925.5	2,120.4

Kingspan Group plc

Condensed consolidated statement of changes in equity (unaudited)

for the 6 month period ended 30 June 2020

	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 interests**	**Total equity**
	€m	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**
Balance at 1 January 2020	23.8	95.6	0.7	(11.8)	(110.8)	0.3	38.9	0.7	(188.7)	2,221.6	2,070.3	50.1	**2,120.4**
Transactions with owners recognised directly in equity													
Employee share based compensation	-	-	-	0.1	-	-	7.7	-	-	-	7.8	-	**7.8**
Exercise or lapsing of share options	-	-	-	-	-	-	(7.6)	-	-	7.5	(0.1)	-	**(0.1)**
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Transactions with non-controlling interests:													
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(0.5)	**(0.5)**
Arising on acquisition	-	-	-	-	-	-	-	-	-	-	-	0.7	**0.7**
Fair value movement	-	-	-	-	-	-	-	-	(0.9)	-	(0.9)	-	**(0.9)**
Transactions with owners	-	-	-	0.1	-	-	0.1	-	(0.9)	7.5	6.8	0.2	**7.0**
Total comprehensive income for the period													
Profit for the period	-	-	-	-	-	-	-	-	-	144.5	144.5	3.0	**147.5**
Other comprehensive income													
Items that may be reclassified subsequently to profit or loss													
Cash flow hedging in equity													
- current year	-	-	-	-	-	0.5	-	-	-	-	0.5	-	**0.5**
- tax impact	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Exchange differences on translating foreign operations	-	-	-	-	(63.9)	-	-	-	-	-	(63.9)	(7.7)	**(71.6)**
Items that will not be reclassified subsequently to profit or loss													
Actuarial losses on defined benefit pension scheme	-	-	-	-	-	-	-	-	-	(9.4)	(9.4)	-	**(9.4)**
Income taxes relating to actuarial losses on defined benefit pension scheme	-	-	-	-	-	-	-	-	-	1.8	1.8	-	**1.8**
Total comprehensive income for the period	-	-	-	-	(63.9)	0.5	-	-	-	136.9	73.5	(4.7)	**68.8**
Balance at 30 June 2020	23.8	95.6	0.7	(11.7)	(174.7)	0.8	39.0	0.7	(189.6)	2,366.0	2,150.6	45.6	**2,196.2**

Kingspan Group plc

Condensed consolidated statement of changes in equity (unaudited)

for the 6 month period ended 30 June 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 interests**	**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	-	-	-	-	-	-	6.7	-	-	-	6.7	-	**6.7**
Exercise or lapsing of share options	0.1	-	-	0.9	-	-	(9.3)	-	-	8.4	0.1	-	**0.1**
Repurchase of shares	-	-	-	(0.6)	-	-	-	-	-	-	(0.6)	-	**(0.6)**
Dividends	-	-	-	-	-	-	-	-	-	(54.2)	(54.2)	-	**(54.2)**
Transactions with non-controlling interests:													
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(0.3)	**(0.3)**
Fair value movement	-	-	-	-	-	-	-	-	(0.8)	-	(0.8)	-	**(0.8)**
Transactions with owners	0.1	-	-	0.3	-	-	(2.6)	-	(0.8)	(45.8)	(48.8)	(0.3)	**(49.1)**
Total comprehensive income for the period													
Profit for the period	-	-	-	-	-	-	-	-	-	169.3	169.3	3.9	**173.2**
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	-	-	-	-	11.8	-	-	-	-	-	11.8	0.5	**12.3**
Total comprehensive income for the period	-	-	-	-	11.8	0.2	-	-	-	169.3	181.3	4.4	**185.7**
Balance at 30 June 2019	23.8	95.6	0.7	(12.4)	(160.2)	0.7	34.3	0.7	(140.1)	2,039.7	1,882.8	42.7	**1,925.5**

Kingspan Group plc

Condensed consolidated statement of changes in equity (audited)

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**

Kingspan Group plc

Condensed consolidated statement of cash flows (unaudited)

for the 6 month period ended 30 June 2020

	6 months ended 30 June 2020	6 months ended 30 June 2019
	€m	€m
Operating activities		
Profit for the period	**147.5**	173.2
Add back non-operating expenses:		
Income tax expense	**30.0**	35.7
Depreciation of property, plant and equipment	**60.4**	56.9
Amortisation of intangible assets	**10.9**	11.0
Employee equity-settled share options	**7.7**	6.7
Finance income	**(0.8)**	(1.6)
Finance expense	**12.5**	12.1
Profit on sale of property, plant and equipment	**(2.5)**	(1.7)
Release of deferred consideration	**-**	(0.3)
Changes in working capital:		
Decrease/(increase) in inventories	**15.8**	(52.4)
Increase in trade and other receivables	**(53.8)**	(128.5)
Increase in trade, other payables and provisions	**133.6**	108.7
Other:		
Pension contributions	**(0.6)**	(0.2)
Cash generated from operations	**360.7**	219.6
Taxes paid	**(14.9)**	(45.6)
Interest paid	**(11.1)**	(10.3)
Net cash flow from operating activities	**334.7**	163.7
Investing activities		
Additions to property, plant and equipment	**(63.8)**	(71.5)
Proceeds from disposals of property, plant and equipment	**5.1**	3.0
Purchase of subsidiary undertakings (including net debt/cash acquired)	**(42.0)**	(3.0)
Payment of deferred consideration in respect of acquisitions	**-**	(59.7)
Interest received	**0.7**	1.6
Net cash flow from investing activities	**(100.0)**	(129.6)
Financing activities		
Drawdown of interest bearing loans and borrowings	**51.5**	0.5
Repayment of interest bearing loans and borrowings	**(1.1)**	(102.2)
Payment of lease liabilities	**(16.3)**	(16.2)
Proceeds from share issues	**-**	0.1
Repurchase of treasury shares	**-**	(0.6)
Dividends paid to non-controlling interests	**(0.5)**	(0.3)
Dividends paid	**-**	(54.2)
Net cash flow from financing activities	**33.6**	(172.9)
Increase/(decrease) in cash and cash equivalents	**268.3**	(138.8)
Translation adjustment	**(28.2)**	1.9
Cash and cash equivalents at the beginning of the period	**190.9**	294.5
Cash and cash equivalents at the end of the period	**431.0**	157.6

Kingspan Group plc

Notes
forming part of the financial statements

1 Reporting entity

Kingspan Group plc (“the Company”) is a public limited company registered and domiciled in Ireland.

The Company and its subsidiaries (together referred to as “the Group”) are primarily involved in the manufacture of high performance insulation and building envelope solutions.

The financial information presented in the half-yearly report does not represent full statutory accounts. Full statutory accounts for the year ended 31 December 2019 prepared in accordance with IFRS, as adopted by the EU, upon which the auditors have given an unqualified audit report, are available on the Group's website (www.kingspan.com).

2 Basis of preparation

This half-yearly financial report is unaudited and has not been reviewed by the Company’s auditor with regard to the Financial Reporting Council’s International Standard on Review Engagements (UK and Ireland) 2410.

(a) Statement of compliance

These condensed consolidated interim financial statements (“the Interim Financial Statements”) have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all of the information required for full annual financial statements.

The Interim Financial Statements were approved by the Board of Directors on 21 August 2020.

(b) Significant accounting policies

The significant accounting policies applied by the Group in the Interim Financial Statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2019.

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

	Effective Date – periods beginning on or after
Amendments to IFRS 3 *Business Combinations* – Definition of a business	1 January 2020
Amendments to IFRS 9 *Financial Instruments,* IAS 39 *Financial Instruments: Recognition and measurement* and IFRS 7 *Financial Instruments: Disclosures* – Interest Rate Benchmark Reform	1 January 2020

Amendments to IAS 1 *Presentation of Financial Statements* – Definition of material	1 January 2020
Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* – Definition of material	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards	

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

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

The following standard is not yet effective and is not expected to have a material effect on the results or financial position of the Group:

	Effective Date – periods beginning on or after
IFRS 17 *Insurance Contracts*	1 January 2021

(c) Estimates and judgements

The preparation of Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2019.

The Interim Financial Statements are available on the Group's website (www.kingspan.com).

(d) Going concern

The directors have reviewed forecasts and projected cash flows for a period of not less than 12 months from the date of these Interim Financial Statements, and considered its net debt position, available committed banking facilities and other relevant information including the economic conditions currently affecting the building environment generally. On the basis of this review, the directors have concluded that there are no material uncertainties that would cast significant doubt over 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.

3 Reporting currency

The Interim Financial Statements are presented in Euro which is the functional currency of the Company and presentation currency of the Group.

Results and cash flows of foreign subsidiary undertakings have been translated into Euro at the average exchange rates for the period, as these approximate the exchange rates at the dates of the transactions. The related assets and liabilities have been translated at the closing rates of exchange applicable at the end of the reporting period.

The following significant exchange rates were applied during the period:

	Average rate			Closing rate		
	H1 2020	**H1 2019**	**FY 2019**	**H1 2020**	**H1 2019**	**FY 2019**
Euro =						
Pound Sterling	**0.874**	0.873	0.877	**0.904**	0.896	0.852
US Dollar	**1.103**	1.130	1.120	**1.124**	1.137	1.121
Canadian Dollar	**1.503**	1.506	1.485	**1.534**	1.492	1.461
Australian Dollar	**1.679**	1.599	1.610	**1.637**	1.625	1.600
Czech Koruna	**26.351**	25.682	25.669	**26.738**	25.433	25.414
Polish Zloty	**4.413**	4.291	4.297	**4.457**	4.256	4.260
Hungarian Forint	**345.220**	320.45	325.31	**353.830**	323.420	330.52
Brazilian Real	**5.409**	4.342	4.415	**6.008**	4.372	4.512

4 Operating segments

The Group has the following five reportable 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 activity.
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 - H1 2020	**1,332.0**	**367.9**	**171.9**	**92.9**	**108.0**	**2,072.7**
Total revenue - H1 2019	1,444.8	450.5	142.9	103.1	101.8	2,243.1
Disaggregation of revenue H1 2020						
Point in Time	**1,330.4**	**356.4**	**96.3**	**92.4**	**96.0**	**1,971.5**
Over Time	**1.6**	**11.5**	**75.6**	**0.5**	**12.0**	**101.2**
	1,332.0	**367.9**	**171.9**	**92.9**	**108.0**	**2,072.7**

Disaggregation of revenue H1 2019

Point in Time	1,441.6	427.9	87.4	102.3	78.0	2,137.2
Over Time	3.2	22.6	55.5	0.8	23.8	105.9
	1,444.8	450.5	142.9	103.1	101.8	2,243.1

	Insulated Panels €m	**Insulation Boards €m**	**Light & Air €m**	**Water & Energy €m**	**Data & Flooring €m**	**Total €m**
Trading profit - H1 2020	**123.3**	**48.5**	**7.6**	**6.9**	**13.8**	**200.1**
Intangible amortisation	**(7.2)**	**(2.5)**	**(0.7)**	**(0.4)**	**(0.1)**	**(10.9)**
Operating result - H1 2020	**116.1**	**46.0**	**6.9**	**6.5**	**13.7**	**189.2**
Net finance expense						**(11.7)**
Profit for the period before income tax						**177.5**
Income tax expense						**(30.0)**
Profit for the period - H1 2020						**147.5**

	Insulated Panels €m	**Insulation Boards €m**	**Light & Air €m**	**Water & Energy €m**	**Data & Flooring €m**	**Total €m**
Trading profit - H1 2019	146.5	60.4	6.2	5.9	11.4	230.4
Intangible amortisation	(6.4)	(2.4)	(1.7)	(0.5)	-	(11.0)
Operating result - H1 2019	140.1	58.0	4.5	5.4	11.4	219.4
Net finance expense						(10.5)
Profit for the period before income tax						208.9
Income tax expense						(35.7)
Profit for the period - H1 2019						173.2

Segment assets and liabilities

	Insulated Panels €m	**Insulation Boards €m**	**Light & Air €m**	**Water & Energy €m**	**Data & Flooring €m**	**Total 30 June 2020 €m**	Total 30 June 2019 €m
Assets - H1 2020	**2,459.7**	**801.2**	**677.6**	**182.5**	**184.8**	**4,305.8**	
Assets - H1 2019	2,443.2	856.1	376.1	192.4	173.1		4,040.9
Derivative financial instruments						**33.7**	30.3
Cash and cash equivalents						**431.0**	157.6
Deferred tax asset						**15.9**	15.6
Total assets						**4,786.4**	4,244.4
Liabilities - H1 2020	**(877.7)**	**(205.1)**	**(379.2)**	**(66.0)**	**(40.2)**	**(1,568.2)**	
Liabilities - H1 2019	(855.2)	(215.1)	(104.7)	(70.0)	(41.8)		(1,286.8)
Interest bearing loans and borrowings (current and non-current)						**(902.6)**	(922.2)
Income tax liabilities (current and deferred)						**(119.4)**	(109.9)
Total liabilities						**(2,590.2)**	(2,318.9)

Other segment information

	Insulated Panels €m	Insulation Boards €m	Light & Air €m	Water & Energy €m	Data & Flooring €m	Total €m
Capital Investment - H1 2020 *	**54.7**	**9.4**	**16.7**	**0.7**	**1.1**	**82.6**
Capital Investment - H1 2019 *	48.5	20.1	6.2	2.0	0.7	77.5
Depreciation included in segment result - H1 2020	**(36.7)**	**(12.1)**	**(5.6)**	**(3.3)**	**(2.7)**	**(60.4)**
Depreciation included in segment result - H1 2019	(35.3)	(11.8)	(4.2)	(3.2)	(2.4)	(56.9)
Non cash items included in segment result - H1 2020	**(4.5)**	**(1.5)**	**(0.4)**	**(0.5)**	**(0.8)**	**(7.7)**
Non cash items included in segment result - H1 2019	(4.0)	(1.3)	(0.3)	(0.5)	(0.6)	(6.7)

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 - H1 2020	**60.6**	**350.9**	**1,095.9**	**426.6**	**138.7**	**2,072.7**
Revenue - H1 2019	93.8	450.6	1,099.5	451.5	147.7	2,243.1
Statement of Financial Position Items						
Non-current assets - H1 2020 **	**65.4**	**810.1**	**1,238.6**	**577.8**	**202.1**	**2,894.0**
Non-current assets - H1 2019 **	56.4	392.1	1,292.0	585.7	207.7	2,533.9
Capital Investment - H1 2020 *	**4.1**	**9.8**	**53.2**	**14.4**	**1.1**	**82.6**
Capital Investment - H1 2019 *	5.1	9.4	41.7	20.9	0.4	77.5

* Capital investment includes the fair value of property, plant, equipment and intangible assets acquired through additions in the period and also as part of business combinations. Additions to right of use assets are excluded.

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

In presenting information on the basis of geographic segments, segment revenue is based on the geographic location of customers. Segment assets are based on the geographic location of the assets.

5 Seasonality of operations

Activity in the global construction industry is characterised by cyclicality and is dependent to a significant extent on the seasonal impact of weather in some of the Group's operating locations. Activity is second half weighted.

6 Finance expense and finance income

	6 months ended 30 June 2020 €m	6 months ended 30 June 2019 €m
Finance expense		
Bank loans	**1.6**	1.1
Private placement loan notes	**8.4**	8.7
Lease interest	**2.0**	1.8
Deferred contingent consideration fair value movement	**-**	0.1
Defined benefit pension scheme, net	**0.4**	0.1
Fair value movement on derivative financial instruments	**(7.3)**	(2.2)
Fair value movement on private placement debt	**7.4**	2.5
	12.5	12.1
Finance income		
Interest earned	**(0.8)**	(1.6)
Net finance cost	**11.7**	10.5

€0.2m of borrowing costs were capitalised during the period (H1 2019: €0.5m).

7 Taxation

Taxation provided for on profits is €30.0m which represents 16.9 % of the profit before tax for the period (H1 2019: 17.1%). The full year effective tax rate in 2019 was 16.9%. The taxation charge for the six month period is accrued using the estimated applicable rate for the year as a whole.

8 Analysis of net debt

	At 30 June 2020 €m	At 30 June 2019 €m	At 31 December 2019 €m
Cash and cash equivalents	**431.0**	157.6	190.9
Derivative financial instruments	**33.7**	30.3	27.3
Current borrowings	**(45.9)**	(52.7)	(3.1)
Non-current borrowings	**(856.7)**	(869.5)	(848.3)
Total net debt	**(437.9)**	(734.3)	(633.2)

Net debt, which is an Alternative Performance Measure, is stated net of interest rate and currency hedge asset of €33.7m (at 31 December 2019: asset of €27.3m) which relate to hedges of debt. Foreign currency derivatives of €nil (at 31 December 2019: liability of €0.1m), which are used for transactional hedging, are not included in the definition of net debt. Lease liabilities recognised due to the implementation of IFRS 16 and deferred contingent consideration have also been excluded from the calculation of net debt.

9 Financial instruments

The following table outlines the components of net debt by category:

	Financial assets/ (liabilities) at amortised cost €m	Liabilities in a fair value hedge relationship €m	Derivatives designated as hedging instruments €m	Total net debt by category €m
Assets:				
Interest rate swaps	-	-	33.7	33.7
Cash at bank and in hand	431.0	-	-	431.0
Total assets	431.0	-	33.7	464.7
Liabilities:				
Private placement notes	(699.3)	(142.8)	-	(842.1)
Other loans	(60.5)	-	-	(60.5)
Total liabilities	(759.8)	(142.8)	-	(902.6)
At 30 June 2020	**(328.8)**	**(142.8)**	**33.7**	**(437.9)**

	Financial assets/ (liabilities) at amortised cost €m	Liabilities in a fair value hedge relationship €m	Derivatives designated as hedging instruments €m	Total net debt by category €m
Assets:				
Interest rate swaps	-	-	27.3	27.3
Cash at bank and in hand	190.9	-	-	190.9
Total assets	190.9	-	27.3	218.2
Liabilities:				
Private placement notes	(699.4)	(141.5)	-	(840.9)
Other loans	(10.5)	-	-	(10.5)
Total liabilities	(709.9)	(141.5)	-	(851.4)
At 31 December 2019	(519.0)	(141.5)	27.3	(633.2)

	Financial assets/ (liabilities) at amortised cost €m	Liabilities in a fair value hedge relationship €m	Derivatives designated as hedging instruments €m	Total net debt by category €m
Assets:				
Interest rate swaps	-	-	30.3	30.3
Cash at bank and in hand	157.6	-	-	157.6
Total assets	157.6	-	30.3	187.9
Liabilities:				
Private placement notes	(698.9)	(140.3)	-	(839.2)
Other loans	(83.0)	-	-	(83.0)
Total liabilities	(781.9)	(140.3)	-	(922.2)
At 30 June 2019	**(624.3)**	**(140.3)**	**30.3**	**(734.3)**

The Group's private placement loan notes of €842.1m have a weighted average maturity of 4 years.

Fair value of financial instruments carried at fair value

Financial instruments 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).

The following table sets out the fair value of all financial instruments whose carrying value is measured at fair value:

	Level 1 30 June 2020 €m	**Level 2 30 June 2020 €m**	**Level 3 30 June 2020 €m**
Financial assets			
Interest rate swaps	-	33.7	-
Financial liabilities			
Deferred contingent consideration	-	-	(156.2)
At 30 June 2020	**-**	**33.7**	**(156.2)**

	Level 1 31 December 2019 €m	**Level 2 31 December 2019 €m**	**Level 3 31 December 2019 €m**
Financial assets			
Interest rate swaps	-	27.3	-
Financial liabilities			
Deferred contingent consideration	-	-	(186.5)
Foreign exchange contracts for hedging	-	(0.1)	-
At 31 December 2019	**-**	**27.2**	**(186.5)**

	Level 1 30 June 2019 €m	**Level 2 30 June 2019 €m**	**Level 3 30 June 2019 €m**
Financial assets			
Interest rate swaps	-	30.3	-
Financial liabilities			
Deferred contingent consideration	-	-	(139.6)
At 30 June 2019	**-**	**30.3**	**(139.6)**

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.

Where derivatives are traded either on exchanges or liquid over-the-counter markets, the Group uses the closing price at the reporting date. 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. foreign exchange and interest rates.

Deferred contingent consideration is included in Level 3. The fair value estimate of deferred contingent consideration is consistent with 31 December 2019 and is set out in notes 18 and 19 of the 2019 Annual Report. The contingent element is measured on a series of trading performance targets and is adjusted by the application of a range of outcomes and associated probabilities.

During the period ended 30 June 2020, 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.

Fair value of financial instruments at amortised cost

Except as detailed below, it is considered that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the Interim Financial Statements approximate their fair values.

Private placement notes	**Carrying amount €m**	**Fair value €m**
At 30 June 2020	**842.1**	**915.2**
At 31 December 2019	840.9	902.3
At 30 June 2019	839.2	909.2

The fair value of the private placement notes, which are Level 2 financial instruments, is derived by using observable market data, principally the relevant interest rates.

10 Deferred Consideration

	At 30 June 2020 €m	At 30 June 2019 €m	At 31 December 2019 €m
At the beginning of the period	**186.5**	196.1	196.1
Deferred contingent consideration arising on acquisitions	**-**	-	2.0
Movement in deferred contingent consideration arising from fair value movement	-	0.1	(0.5)
Put liability arising on current year acquisitions	**-**	-	26.7
Movement in put liability arising from fair value movement	**0.9**	0.8	22.7
Amounts released	**-**	(0.3)	-
Amounts paid	**-**	(59.7)	(59.7)
Effect of movement in exchange rates	**(31.2)**	2.6	(0.8)
Closing balance	**156.2**	139.6	186.5
Split as follows:			
Current liabilities	-	-	-
Non-current liabilities	**156.2**	139.6	186.5
	156.2	139.6	186.5

There were no adjustments to the range of outcomes as there were no material changes in the relevant expected future profitability of the relevant business units. Profitability is the sole variable associated with calculating the ultimate obligation for the Group with respect to all deferred contingent consideration positions as at the reporting date.

The overall impact on the income statement and statement of financial position is immaterial when factors such as a 5% movement in cashflows and a 1% adjustment in the discount rate were layered on the most recent projections for the relevant businesses.

11 Dividends

There was no final dividend on ordinary shares paid in respect of the year ended 31 December 2019 (2018: 30.0 cent per share).

The directors are not proposing an interim dividend in respect of 2020 (2019: 13.0 cent per share).

12 Earnings per share

	6 months ended 30 June 2020 €m	6 months ended 30 June 2019 €m
The calculations of earnings per share are based on the following:		
Profit attributable to owners of the Company	**144.5**	169.3
	Number of shares ('000) 6 months ended 30 June 2020	Number of shares ('000) 6 months ended 30 June 2019
Weighted average number of ordinary shares for the calculation of basic earnings per share	**181,013**	180,408
Dilutive effect of share options	**1,485**	1,071
Weighted average number of ordinary shares for the calculation of diluted earnings per share	**182,498**	181,479
	€ cent	€ cent
Basic earnings per share	**79.8**	93.8
Diluted earnings per share	**79.2**	93.3

At 30 June 2020, there were no anti-dilutive options (30 June 2019: Nil).

13 Goodwill

	At 30 June 2020 €m	At 30 June 2019 €m	At 31 December 2019 €m
At beginning of period	**1,506.9**	1,391.0	1,391.0
Acquired through business combinations	**31.5**	3.1	92.5
Effect of movement in exchange rates	**(39.9)**	8.8	23.4
At end of period	**1,498.5**	1,402.9	1,506.9
At end of period			
Cost	**1,566.2**	1,470.6	1,574.6
Accumulated impairment losses	**(67.7)**	(67.7)	(67.7)
Net carrying amount	**1,498.5**	1,402.9	1,506.9

14 Property, plant and equipment

	At 30 June 2020 €m	At 30 June 2019 €m	At 31 December 2019 €m
Cost or valuation	**2,088.8**	1,942.0	2,063.1
Accumulated depreciation and impairment charges	**(1,120.5)**	(1,053.7)	(1,097.9)
Net carrying amount	**968.3**	888.3	965.2
Opening net carrying amount	**965.2**	850.5	850.5
Acquired through business combinations	**13.1**	3.8	25.5
Additions	**62.8**	73.7	164.6
Disposals	**(2.6)**	(1.3)	(3.4)
Depreciation charge	**(44.8)**	(41.9)	(84.5)
Impairment charge	**-**	-	(0.2)
Effect of movement in exchange rates	**(25.4)**	3.5	12.7
Closing net carrying amount	**968.3**	888.3	965.2

The disposals generated a profit in the period of €2.5m (H1 2019: €1.7m).

15 Leases

Right of use asset

	At 30 June 2020 €m	At 30 June 2019 €m	At 31 December 2019 €m
At beginning of period	**121.6**	128.8	128.8
Additions	**8.3**	7.4	14.1
Arising on acquisitions	**33.6**	-	6.3
Remeasurement	**1.1**	4.4	2.6
Terminations	**(1.0)**	(0.3)	(2.5)
Depreciation charge for the year	**(15.6)**	(15.0)	(30.0)
Effect of movement in exchange rates	**(4.6)**	1.0	2.3
Closing net carrying amount	**143.4**	126.3	121.6

Lease liability

	At 30 June 2020 €m	At 30 June 2019 €m	At 31 December 2019 €m
At beginning of period	**122.3**	127.9	127.9
Additions	**8.0**	7.3	14.0
Arising on acquisitions	**33.1**	-	6.2
Remeasurement	**1.1**	4.4	2.5
Terminations	**(1.0)**	(0.3)	(2.5)
Payments	**(16.3)**	(16.2)	(31.8)
Interest	**2.0**	1.8	3.8
Effect of movement in exchange rates	**(4.6)**	1.0	2.2
Closing net carrying amount	**144.6**	125.9	122.3
Split as follows:			
Current liability	**30.3**	25.5	25.6
Non-current liability	**114.3**	100.4	96.7
Closing net carrying amount	**144.6**	125.9	122.3

16 Business combinations

During the period, the Group made three acquisitions for a combined total cash consideration of €42.0m coupled with an assumed net defined benefit pension liability of €9.8m. Of this, €36.9m in cash was incurred on Colt Group as well as the pension liability with a further €5.1m on other acquisitions.

The provisional fair values of the acquired assets and liabilities in respect of these acquisitions at their respective acquisition dates, along with fair value adjustments to certain 2019 acquisitions, are set out below:

	Colt €m	Other* €m	Total €m
Non-current assets			
Intangible assets	0.1	6.6	**6.7**
Property, plant and equipment	13.1	-	**13.1**
Right of use assets	33.6	-	**33.6**
Retirement benefit assets	182.1	-	**182.1**
Deferred tax assets	0.2	-	**0.2**
Current assets			
Inventories	16.6	0.5	**17.1**
Trade and other receivables	47.6	1.1	**48.7**
Current liabilities			
Trade and other payables	(51.9)	(0.9)	**(52.8)**
Provisions for liabilities	(10.7)	-	**(10.7)**
Lease liabilities	(5.4)	-	**(5.4)**
Non-current liabilities			
Retirement benefit obligations	(191.9)	-	**(191.9)**
Lease liabilities	(27.7)	-	**(27.7)**
Deferred tax liabilities	-	(1.8)	**(1.8)**
Total identifiable assets	**5.7**	**5.5**	**11.2**
Non-controlling interest arising in acquisition	-	(0.7)	**(0.7)**
Goodwill	31.2	0.3	**31.5**
Total consideration	**36.9**	**5.1**	**42.0**
Satisfied by:			
Cash (net of cash/debt acquired)	36.9	5.1	**42.0**
Deferred consideration	-	-	**-**
Total consideration	**36.9**	**5.1**	**42.0**

**Other includes the remaining acquisitions completed during the period together with certain immaterial remeasurements of prior year accounting estimates.*

The goodwill is attributable principally to the profit generating potential of the businesses, together with a strong workforce, new geographies and synergies expected to be achieved from integrating the businesses into Kingspan's existing structure.

In the post-acquisition period to 30 June 2020, the businesses acquired in the current period contributed total revenue of €42.3m and trading profit of €1.8m to the Group's results.

The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis due to the relative size of the acquisitions and the timing of the transactions.

17 Capital and reserves

368,873 ordinary shares (H1 2019: 471,204) were issued as a result of the exercise of vested options arising from the Group's share option schemes (see the 2019 Annual Report for full details of the Group's share option schemes). Options were exercised at an average price of €0.13 per option.

18 Significant events and transactions

There were no individually significant events or transactions in the period which contributed to material changes in the Statement of Financial Position.

19 Related party transactions

Apart from the dividend cancellation there were no changes in related party transactions from the 2019 Annual Report that could have a material effect on the financial position or performance of the Group in the first half of the year.

20 Subsequent events

There have been no further material events subsequent to 30 June 2020 which would require disclosure in this report.

Alternative Performance Measures (APMs)

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	30 June 2020 €m	30 June 2019 €m
Trading profit	Note 4	**200.1**	230.4

Trading margin
Measures the trading profit as a percentage of revenue.

	Financial Statements Reference	30 June 2020 €m	30 June 2019 €m
Trading Profit	Note 4	**200.1**	230.4
Total Group Revenue	Note 4	**2,072.7**	2,243.1
Trading margin		**9.7 %**	10.3%

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	30 June 2020 €m	30 June 2019 €m
Finance Expense	Note 6	**12.5**	12.1
Finance Income	Note 6	**(0.8)**	(1.6)
Less lease interest (IFRS 16)	Note 6	**(2.0)**	(1.8)
Net Interest		**9.7**	8.7

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	**30 June 2020 €m**	30 June 2019 €m
Net cash flow from operating activities	Consolidated Statement of Cash Flows	**334.7**	163.7
Additions to property, plant, equipment and intangibles	Consolidated Statement of Cash Flows	**(63.8)**	(71.5)
Proceeds from disposals of property, plant and equipment	Consolidated Statement of Cash Flows	**5.1**	3.0
Lease payments	Consolidated Statement of Cash Flows	**(16.3)**	(16.2)
Interest received	Consolidated Statement of Cash Flows	**0.7**	1.6
Free cash flow		**260.4**	80.6

Return on capital employed (ROCE)

ROCE is the operating profit before interest and tax for the previous 12 months 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	**30 June 2020 €m**	30 June 2019 €m	31 December 2019 €m
Net Assets	Consolidated Statement of Financial Position	**2,196.2**	1,925.5	2,120.4
Net Debt	Note 8	**437.9**	734.3	633.2
		2,634.1	2,659.8	2,753.6
Operating profit before interest and tax		**445.0**	456.0	475.2
Return on capital employed		**16.9 %**	17.1%	17.3%

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. 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	**30 June 2020 €m**	30 June 2019 €m	31 December 2019 €m
Net Debt	Note 8	**437.9**	734.3	633.2

EBITDA

The Group defines EBITDA as earnings before finance costs, income taxes, depreciation, amortisation and the impact of IFRS 16.

	Financial Statements Reference	**30 June 2020 €m**	30 June 2019 €m
Trading profit	Condensed Consolidated Income Statement	**200.1**	230.4
Depreciation	Consolidated Statement of Cash Flows	**60.4**	56.9
Lease liability payments	Consolidated Statement of Cash Flows	**(16.3)**	(16.2)
EBITDA		**244.2**	271.1

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	**30 June 2020 €m**	30 June 2019 €m	31 December 2019 €m
Net Debt	Note 8	**437.9**	734.3	633.2
EBITDA		**552.9**	560.8	579.8
Net Debt : EBITDA times		**0.79**	1.31	1.09

Working capital

Working capital represents the net total of inventories, trade and other receivables and trade and other payables, net of transactional foreign currency derivatives excluded from net debt.

	Financial Statements Reference	**30 June 2020 €m**	30 June 2019 €m	31 December 2019 €m
Trade and other receivables	Consolidated Statement of Financial Position	**869.2**	928.8	794.2
Inventories	Consolidated Statement of Financial Position	**542.6**	578.2	557.6
Trade and other payables	Consolidated Statement of Financial Position	**(932.6)**	(889.6)	(768.9)
Foreign currency derivatives excluded from net debt	Consolidated Statement of Financial Position	**-**	-	(0.1)
Working capital		**479.2**	617.4	582.8

Working capital ratio

Measures working capital as a percentage of the previous three months turnover annualised. The annualisation of turnover reflects the current profile of the Group rather than a partial reflection of any acquisitions completed during the period.

	Financial Statements Reference	**30 June 2020 €m**	30 June 2019 €m	31 December 2019 €m
Working capital		**479.2**	617.4	582.8
Annualised turnover		**4,134.0**	4,719.0	4,877.0
Working Capital ratio		**11.6%**	13.1%	11.9%