

Annual Report &  
Financial Statements 2020

**BETTER  
BUILDINGS  
FOR A BETTER  
WORLD**

**Renovation**  
Key to unlocking  
energy efficiency

**Circularity**  
Kingspan's  
LIFECycle approach

**Changing Lifestyle**  
Next generation solutions  
for next generation industry

**Carbon in Construction**  
It is vital to reduce carbon  
at all stages of construction



# Our Impact

IN 2020

Our Front Cover features the Goede Doelen Loterijen Building in Amsterdam. A defining element of the design is a canopy of aluminium leaves resting on tree shaped columns. Not visible behind the leaves is the glass roof of Kingspan Light & Air, designed to allow natural daylight into the building and to cast shadows imitating the canopy of the forest. The atrium incorporates Kingspan's Ventria ventlight to naturally ventilate the building. A beautiful example of a building which both emulates and harnesses the power of nature.

Photography: Janners Linders

**164m** tonnes

164 million tonnes of CO<sub>2</sub>e will be saved over the life of our insulation systems sold in 2020



**ULTRA  
ENERGY-  
EFFICIENT**



**15** years

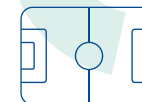
Enough to power a major airline for 15 years<sup>1</sup>

**573m**

In 2020 alone we upcycled 573 million waste plastic bottles



**CIRCULAR  
MATERIALS**



**800**

Enough recycled bottles to fill over 800 football pitches



# OUR PRODUCTS DIRECTLY ENABLE LOW CARBON AND HEALTHY BUILDINGS NOW AND INTO THE FUTURE

**34bn** litres

Over 34 billion litres of rainwater will be harvested by our tanks produced in 2020<sup>2</sup>



**CONSERVED  
WATER**

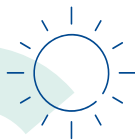


**400m**

Enough water to fill over 400 million baths

**9bn** lumens

The capacity to create 9 billion lumens of natural light annually through our daylighting systems



**NATURAL  
DAYLIGHT &  
VENTILATION**



**1m**

Enough to light up 1 million homes<sup>3</sup>

**The Netherlands** Goede  
Loterijen Building /  
**Light & Air** Ventria /  
**Photography** Janners Linders



- 1 Assumes 60 year product life; based on an EU airline disclosure of 10.5m tonnes of CO<sub>2</sub>e emissions in 2019
- 2 Assumes a 20 year product life
- 3 Assumes 10 x 60W bulbs per home

# WE ARE PLANET PASSIONATE



## OUR COMMITMENTS

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**

		2020	2025	2030
<b>ENERGY</b>	- 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	-	-	•
<b>CARBON</b>	- Net zero carbon manufacturing by 2030	-	-	•
	- 50% reduction in product CO2e intensity from our primary supply partners by 2030	-	-	•
	- 100% zero emission company funded cars by 2025	-	•	•
<b>CIRCULARITY</b>	- Zero company waste to landfill by 2030	-	-	•
	- 1 billion PET bottles upcycled into our manufacturing processes by 2025	-	•	•
	- QuadCore™ products utilising upcycled PET	-	•	•
<b>WATER</b>	- 100 million litres of rainwater harvested by 2030	-	-	•
	- 5 active ocean clean-up projects by 2025	-	•	•



[READ MORE  
ONLINE ABOUT  
PLANET  
PASSIONATE](#)





# BETTER BUILDINGS FOR A BETTER WORLD

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Our mission is to accelerate  
a net zero emissions future  
built environment with  
the wellbeing of people  
and planet at its heart.





# Summary Financials

USA HALL Arts Hotel,  
Dallas / **Insulated**  
**Panels** Dri-Design  
Painted Aluminum

- 1 Earnings before finance costs, income taxes, depreciation, amortisation and the impact of IFRS 16
- 2 Operating profit before amortisation of intangibles
- 3 Trading profit divided by total revenue



REVENUE

**€4.6bn**

-2%

2019: €4.7bn



EBITDA<sup>1</sup>

**€596.5m**

+3%

2019: €579.8m



TRADING PROFIT<sup>2</sup>

**€508.2m**

+2%

2019: €497.1m



TRADING MARGIN<sup>3</sup>

**11.1%**

+40bps

2019: 10.7%



PROFIT AFTER TAX

**€384.8m**

+2%

2019: €377.8m



EPS

**206.2c**

+1%

2019: 204.6c



# Our Global Reach

**BETTER  
BUILDINGS,  
GLOBALLY**

READ MORE ONLINE  
ABOUT OUR GLOBAL  
STRATEGIC PILLAR

KINGSPAN LOCATIONS

○ Sales  
● Manufacturing

## Americas

Brazil  
Canada  
Chile  
Colombia  
Costa Rica  
Mexico  
Panama  
Peru

Uruguay  
USA

## Europe

Austria  
Azerbaijan  
Belgium  
Bosnia  
Croatia

Czech Republic  
Denmark  
Estonia  
Finland  
France  
Germany  
Hungary  
Ireland  
Kazakhstan

Latvia  
Lithuania  
Netherlands  
N. Ireland  
Norway  
Poland  
Portugal  
Romania  
Russia

Serbia  
Slovakia  
Slovenia  
Spain  
Sweden  
Switzerland  
UK

## Africa

Egypt  
Morocco

## Middle East

Qatar  
Saudi Arabia  
Turkey  
UAE

## Asia

China  
India  
Indonesia  
Singapore  
Thailand  
Vietnam

## Australasia

Australia  
New Zealand



# RENOVATION IS KEY TO UNLOCKING EFFICIENCY

The energy consumption of the building stock is a leading contributor to carbon emissions and therefore, global warming. Deep energy renovation is a vital weapon in the fight against climate change.

France Office  
Refurbishment, Rennes  
/ Insulated Panels JI  
Ponant M & W



SCAN HERE TO WATCH  
OUR FULL INTERACTIVE  
STORY ONLINE

# THERE WILL BE NO 'WELL BELOW 2°C' LIMIT ON THE INCREASE IN THE AVERAGE TEMPERATURE OF THE PLANET WITHOUT MASSIVE RENOVATION OF EXISTING BUILDINGS

Green renovation measures are widely recognised to be amongst the most cost-effective options to achieve emission reductions.

However, the pace of renovation in all countries concerned is insufficient, staying well behind potential. Indeed, annual renovation rates globally should reach 4% by 2050 and 3% by 2030.

Next to the pace, the depth of renovation needs to pick up with deep energy renovations that reduce energy consumption of existing buildings by 50% or more in developed economies and 30% or more in developing economies (GlobalABC/IEA/UNEP 2020 and UNEP/IEA 2019), and achieve the highest energy efficiency potential to prevent lock-in. If a single deep retrofit is not financially viable, a step-by-step retrofitting should be mapped out.



LEARN MORE ONLINE FROM THE  
GLOBAL ALLIANCE FOR BUILDINGS  
AND CONSTRUCTION

## TAKING THE EU AS AN EXAMPLE

# 75%

75% of buildings in the EU are energy inefficient

# 85%

85-95% of today's EU buildings will still be in use in 2050

# 1%

Today's building stock is being renovated at a rate of 1% per annum

# 34m

34 million Europeans cannot afford to keep their homes adequately heated

# 65%

Almost 65% of EU household energy consumption is for space heating



# KINGSPAN BREAKING DOWN BARRIERS TO RENOVATION



The narrow measurement of the prefabricated QuadCore™ sandwich panels allow costs to be saved in both transport and installation. This is an important part of the NetZero modernisation.

**Ronald Meyer**

Technical Consultant, Ecoworks

## SAVING COST IN TRANSPORT AND INSTALLATION

### Germany, Hameln

The German Energy Agency supervises the 'Energiesprong' initiative in Germany with the objective of reaching climate targets. Renovating the building stock is a key element of this objective. However deep energy renovations can be expensive and disruptive.

The Dutch initiative 'Energiesprong' developed a new principle, to attach pre-cast facades and roof elements to existing homes, this helps to renovate homes quickly and cost-effectively while allowing the occupants to remain in situ.

**Kingspan's QuadCore™ roof panel was the ideal solution for an efficient and cost effective renovation with long-term results.**



## ENABLING MINIMUM DISRUPTION

### Ireland, Irish Rail

The Running Shed at Irish Rail's HQ in Dublin is a hive of activity, located directly beside the main Dublin to Cork rail line. Therefore, when it came to replacing its 10,000m<sup>2</sup> twin skin asbestos roof and 2,000m<sup>2</sup> of side sheeting, it was vital that the project was completed as quickly and safely as possible to minimise disruption to Irish Rail's operations.

**Kingspan's technical team worked closely with Gravity Construction to specify an upgraded new purlin system as well as a new insulated panel roof system solution. The lightweight panels achieved a faster on-site build time than would have been possible with heavier built-up systems. This facilitated the rapid weatherproofing of the building and a swift project completion.**



As it was also the one that insulated best, we chose to use Kingspan again when we were going to start with Ryesgade 25, where Kingspan is used both for internal insulation in the existing homes and to minimise the thickness of the construction around.

**Leif Røndby**  
Røndby.dk



## HIGH-PERFORMANCE SOLUTIONS



### PRESERVING SPACE AND DETAIL

#### Denmark, Ryesgade 25

Ryesgade 25 is a typical Copenhagen property and an example of how a renovation, with great respect for conservation, can be combined both with the addition of new qualities and with energy and indoor climate optimisation. The thickness of the insulation played a role. By choosing Kingspan insulation, you can build thinner wall and roof constructions, which ultimately provide more square meters.

**Kingspan has provided complete insulation for this project. The insulation on the new roof (K12), post-insulation of the existing walls (K17) and insulation for the newly created roof terraces (Therma TR26 and TT46).**



Denmark, Ryesgade 25 /  
Kingspan's Kooltherm® K17  
and K12 and Therma TR26  
and TT46

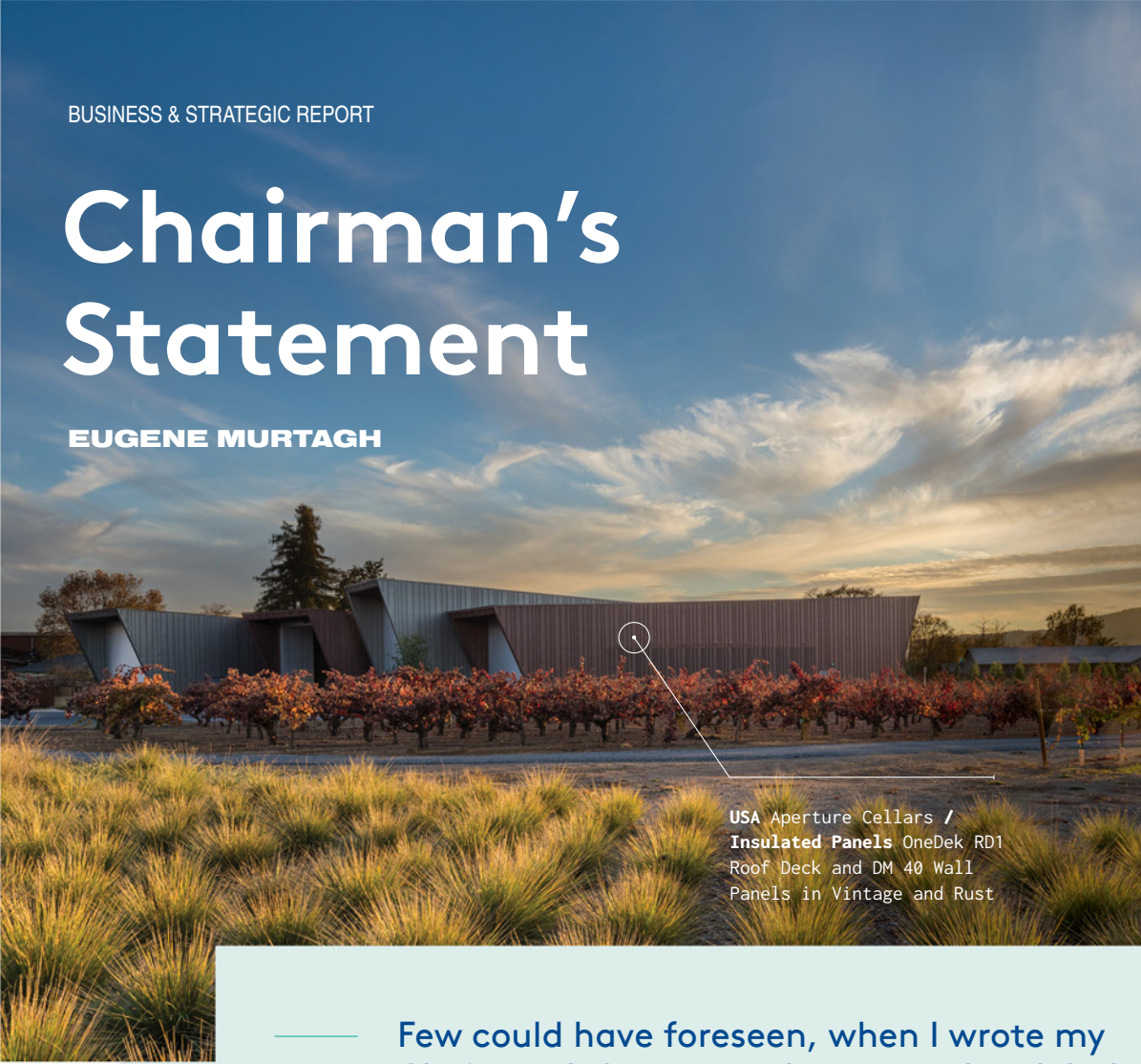


[LEARN MORE ONLINE ABOUT  
KINGSPAN'S IMPACT ON RENOVATION](#)



# Chairman's Statement

EUGENE MURTAGH



USA Aperture Cellars /  
**Insulated Panels** OneDek RD1  
Roof Deck and DM 40 Wall  
Panels in Vintage and Rust

Few could have foreseen, when I wrote my Chairman's Statement last year, the global pandemic that would take hold and define the year that was 2020. And as events unfolded in the first half of the year, few might have envisaged the resilience that the business would demonstrate.

Whilst revenue dropped slightly to €4.6bn, in the face of rolling lockdowns causing business and market disruption, trading profit increased to €508.2m. This strong result is testament to the quality of the management team and employees throughout Kingspan, as well as to the firm foundations we have built in our four strategic pillars: Planet Passionate, Innovation, Globalisation, and Completing the Envelope.

Kingspan's ambitious Planet Passionate programme aims to significantly reduce the Group's environmental impact as it continues to grow its business, whilst also enhancing the sustainable benefits of its products. 2020 was the first year of the programme which is focused on 12 measurable Planet Passionate targets, based on the key themes of energy, carbon, water and circularity. We will be reporting progress against these targets annually in Kingspan's Planet Passionate Report, the first of which will be published in March 2021.

Continuous innovation is at the centre of everything we do, and good progress has been made on new product development at Kingspan's new IKON Global Innovation Centre. New products include the QuadCore™ 2.0 insulated panel, Kingspan's fully integrated solar PV PowerPanel®, and by 2022 we aim to commence production on the AlphaCore Class A insulation board.

In addition, Kingspan continues to lead the digitalisation of the construction industry through cutting edge digital project delivery platforms that drive efficiency and performance.

During the year Kingspan increased product penetration and continued the expansion of its global footprint through a number of acquisitions. Early in 2020 we completed the acquisition of the Colt Group to bolster our market leading position as a provider of daylighting and smoke management systems in Western Europe.

At the same time, the seamless integration of Group Bacacier, acquired at the end of the previous year, adds strength and depth to our Insulated Panels business in France.

We have also continued our investment in organic expansion, particularly in new and developing geographies. We will shortly be commissioning new insulated panels lines in North America and Brazil, and further Insulated Panels investments have been approved in Russia and Vietnam. Our new Kooltherm® line in Sweden is also scheduled to commence production later this year, and in Kingscourt our new Light & Air facility will soon be manufacturing a range of daylighting products.

### Management and employees

Although travel restrictions limited the opportunity to meet face-to-face with local staff and management at our global facilities, full credit has to be given to all our employees who adjusted to new ways of working remotely to protect themselves and the broader community. The Board's sincere thanks go out to all Kingspan employees for rising to the challenge, and our thoughts in particular are with those who were affected either personally or through their wider family by this terrible pandemic.

We look forward to meeting and thanking some of those employees in person, hopefully in the not-too-distant future.

### Dividend

Last March, at the outset of the pandemic, the Board moved decisively to cancel the proposed 2019 final dividend in order to preserve the Company's cash position, in addition to which no interim dividend was declared in 2020. The Board is now pleased to recommend a final dividend for 2020 of 20.6 cent per share, which if approved at the Annual General Meeting will be paid (subject to Irish withholding tax rules) on 7 May 2021 to shareholders on the register at close of business on 26 March 2021.

### Board governance and changes

The Board is committed to high standards of corporate governance and aims to embed our core values of honesty, integrity and compliance in everything we do. Full details of how we have aligned this approach with the principles of the new UK Corporate Governance Code 2018 are set out in the Directors' Report of this Annual Report.

The Board, through the Audit & Compliance Committee, carefully monitors and manages risk across the business as explained in this committee's report. During the year the remit of the committee was expanded to include product certification and compliance, as part of the wide-ranging actions that Kingspan has taken in response to some serious and unacceptable practices identified as part of the UK's Grenfell Tower Inquiry process. The Report of the Remuneration Committee details how the Company's remuneration policy balances pay for performance with the wider stakeholder experience and how the committee has continued to listen and take on board shareholder feedback.

As part of the continuing process of refreshing the Board, we are pleased to announce the appointments of Éimear Moloney and Paul Murtagh as non-executive directors with effect from 30 April 2021. Éimear was previously a senior investment manager in Zurich Life Assurance (Irl) plc managing asset allocation and various geographic equity portfolios, and has excellent knowledge and experience of capital markets and asset management. Paul is the Chairman and CEO of Tibidabo Scientific Industries Ltd, and was formerly the Chairman and CEO of Faxitron Bioptics LLC and Chairman of Deerland Probiotics & Enzymes Inc. The Board looks forward to the benefit of their experience and input in the coming years.

Separately, Bruce McLennan has notified the Board that he will not be seeking re-election as a non-executive director at this year's Annual General

Meeting for personal reasons. Bruce has served on the Board for six years and the Board would like to thank him for his contribution to Kingspan during that period.

As indicated in last year's Annual Report, I will be stepping down as Chairman and non-executive director of Kingspan with effect from the conclusion of this year's Annual General Meeting. I have greatly enjoyed my 55-year journey with Kingspan, and it has been a very interesting road with plenty of twists and turns along the way. From a small business in my parent's yard Kingspan has grown to become a global leader with a presence in over 70 countries and a family of over 15,500 employees.

I am confident that its governance and continuing success is in safe hands with Jost Massenberg, who has made an important contribution to the Board in his role as an independent non-executive director since 2018, and I wish him well in his new role as Non-Executive Chairman.

Today, the business is in a very strong position to build upon its four strategic pillars, under the guidance of its excellent management team, and with the benefit of its strong balance sheet. I look forward to watching Kingspan's continuing success in the years ahead.

### Eugene Murtagh

Chairman

19 February 2021

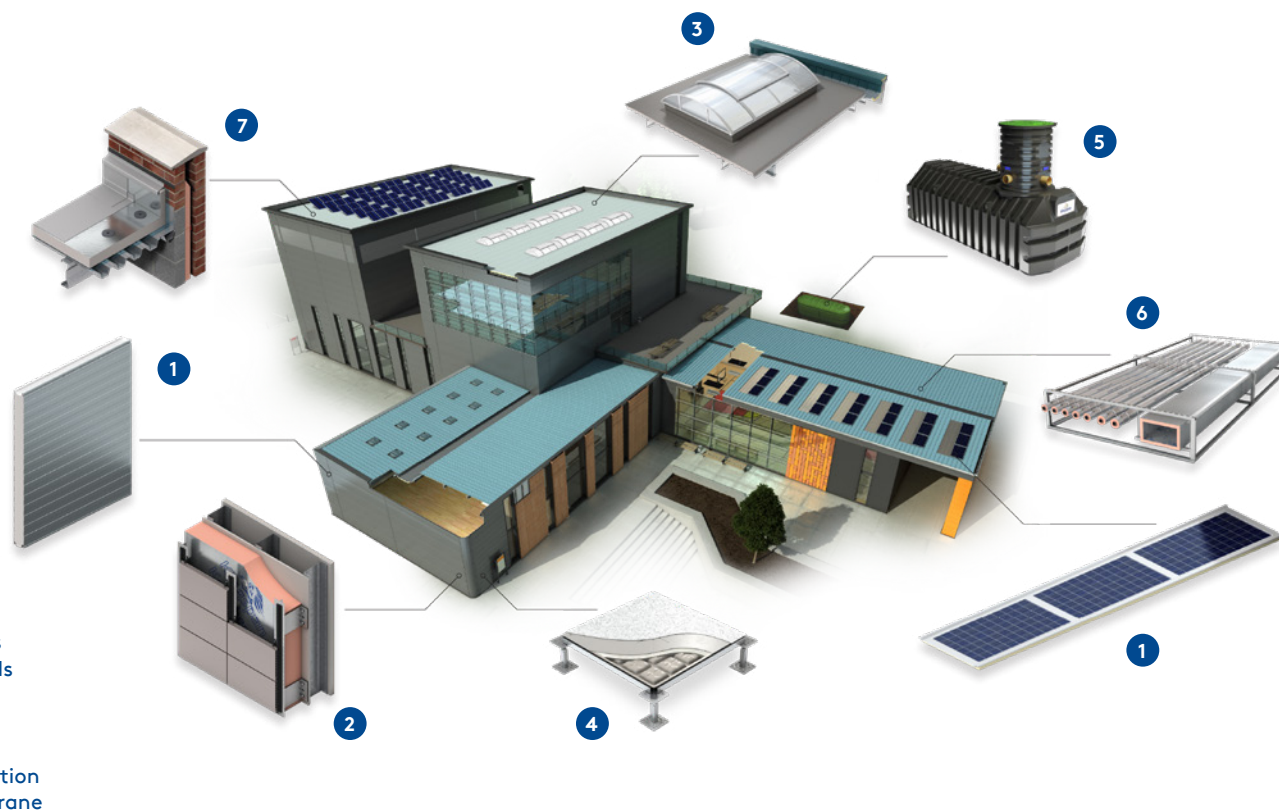


# Business Model & Strategy

**OUR BUSINESS MODEL AND OUR STRATEGIC PILLARS ENABLE THE ONGOING CONVERSION TO ULTRA-EFFICIENT BUILDING ENVELOPES, FROM OUTDATED, INEFFICIENT METHODS OF CONSTRUCTION**

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<sub>2</sub> emissions when upstream power generation is included.

Action, at scale, is urgently needed.



# Business Model & Strategy

## OUR BUSINESSES



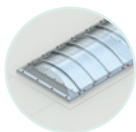
### 1. Insulated Panels

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.



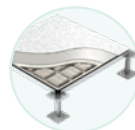
### 2. Insulation Boards

Kingspan is a world leader in rigid insulation board. 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 daylight.



### 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 and data centre airflow management systems. 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.

## COMPLETING THE ENVELOPE



### 6. Industrial Insulation

The operation of buildings accounts for 28% of carbon emissions globally. While space heating is the largest consumer of energy in buildings, heating water and space cooling are also key energy consumers. Cooling is the fastest growing use of energy in buildings. Kingspan has innovative, ultra-performance products in both piping insulation and ducting insulation and we aim to expand our presence in these markets.

From a modest footprint, Kingspan already generates over €100m in revenue from industrial insulation. Focus areas for growth, organic and inorganic, include air ducting insulation, piping insulation and equipment insulation.



### 7. Flat Roof Membrane

Kingspan is a market leader in the manufacture of high-performance insulation for flat roofs. Our Topdek, Onedek and X-dek ranges offer a single-fix panel solution for flat roof applications. Building on the fast growth in our flat roof panel offering, we aim to expand our offer in built-up flat roof systems. Our range of insulation boards, including the QuadCore™ Roofboard and the Optim-R roofing system offer significant thermal advantages in a built-up system. Manufacturing flat roof membrane would enable us to offer the main structural components of a built-up roof system as a single, trusted, provider - from the steel deck to the waterproof layer.

















# Strategic Goals

**OUR MISSION IS TO ACCELERATE  
A ZERO EMISSIONS FUTURE BUILT  
ENVIRONMENT WITH PEOPLE AND  
PLANET AT ITS HEART**

## STRATEGIC GOALS

- To be the world's leading provider of low energy building envelopes – Insulate and Generate.
- To be the leader in high-performance insulation globally with proprietary and differentiating technologies.
- 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 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 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	Planet Passionate	Global	Completing the Envelope
			
			
			
			
			



**READ MORE  
ABOUT OUR  
STRATEGIC  
PILLARS**  
on page 15

**Our core values of honesty and integrity, and compliance with the law, are the foundation upon which our strategic pillars sit.**

# Strategic Pillars

2020 saw significant advancements across our strategic pillars and a reinforcement of our core values.



## INNOVATION

Kingspan is committed to innovation so we can make building better. It's something we demonstrate daily in the work we produce across our business. We believe we have to challenge building industry traditions through innovating in advanced materials and digital technologies to achieve a net zero emissions future.

- The award winning Day-Lite Kapture was brought to the market by Light & Air in 2020.
- Launching PowerPanel® 2.0 in 2021.
- Fibre-free A1 AlphaCore™ before the end of 2022.
- QuadCore™ 2.0 and the next generation of Kooltherm® are also at the early stages of development as part of our ongoing innovation agenda.



## PLANET PASSIONATE

In 2019, Kingspan announced our 10 year Planet Passionate programme, setting 12 hard environmental targets which focus on the most material impacts in our business. We made significant progress in our first year and have further developed our 2030 roadmap.

- We generated 32.6 GWh of renewable energy on-site.
- We commissioned 7 rooftop solar PV projects.
- We upcycled 573 million PET waste plastic bottles.
- The ongoing engagement with our supply chain on multiple sustainability fronts has resulted in several exciting research and development projects.



## GLOBAL

Kingspan is a truly global business, operating in over 70 countries with 166 manufacturing sites across the globe. We will continue to expand globally to bring ultra-performance building envelope solutions to markets which are at an earlier stage in their evolution to sustainable and efficient methods of construction.

- Kingspan has a number of sites under construction globally. We are advanced in developing a new site in Pennsylvania USA and close to commissioning sites in Brazil, Sweden and Russia.
- In January 2021, we acquired a leading insulated panel manufacturer in Uruguay, Bromyros, further expanding our presence in the Latin American region.



## COMPLETING THE ENVELOPE

We announced our strategy to "Complete the Envelope" in 2016, identifying Light & Air, roofing membranes and industrial insulation as key product categories which complement our building envelope solutions. Today, Kingspan Light & Air has a 12 month revenue run rate in excess of €500m.

- In April 2020 Kingspan added Colt Group to its Light & Air division. Colt is a market leader in providing and servicing innovative products and solutions for smoke control, natural ventilation, solar control and climate control projects.



# Our Values

**OUR VALUES HAVE ALWAYS BEEN THE FOUNDATION OF OUR STRATEGY AND ARE FUNDAMENTAL TO HOW WE DO BUSINESS AND INTERACT WITH EACH OTHER.**

## Our Belief

Historically, construction has taken from nature with little consideration given to the finite resource available. Buildings were constructed without contemplating how they might impact future generations. We believe the buildings of the future need to deliver more than ever before. They must combat climate change by maximising energy efficiency through superior thermal performance while incorporating products that are lower in embodied carbon across their entire lifecycle. Using less energy is not enough; buildings should generate their own energy too. Buildings should be healthy and inspirational, optimising the benefits of daylight and fresh, clean air. They should be designed, constructed and operated to protect natural resources and conserve water as much as possible. Above all they must be safe, protecting people and property from fire and other natural hazards.

## Our Culture and Values

Kingspan has grown from a family business and many of the values associated with family businesses form the backbone of our culture today. The business has been built on trust in the integrity of our people and of our offering. We value this trust and recognise it as being fundamental to our ongoing success. We are entrepreneurial, collaborative, honest, and we stand behind a common cause – better buildings for a better world.

We are innovative. We are the market leader in the field of high-performance building envelope solutions, which ensure lifetime carbon and resource savings. We have gained this position through a creative and solutions driven mindset, which continues to inform our innovation agenda today.

We think long-term. The strategy of the business is driven by long-term ambitions and not by quarterly performance. The success of this strategy can be seen in our long-term growth. This ethos is apparent in our multi-year commitments such as our 10-year Planet Passionate programme which will drive real, positive, impact for the environment and forms a common goal across the business globally.

## Code of Conduct

Kingspan expects the highest standards of integrity, honesty and compliance with the law from our employees, our directors and our partners globally. We actively encourage our employees to speak out if they experience instances that are not in keeping with the principles outlined in our Code of Conduct.

In 2020 we updated our Code of Conduct. Our business success is inextricably linked to our behaviours, and our aspiration is to maintain a culture where our everyday actions are built on five core principles:

- Clear, ethical and honest behaviours and communications;
- Compliance with the law;
- Respect for the safety and wellbeing of colleagues;
- Protection of our Group assets;
- Upholding our commitment to a more sustainable future

Please see further detail at:  
<https://www.kingspan.com/group/commitments/people-and-community/our-code-of-conduct>

# Business Model & Strategy

2020 IN A NUTSHELL

## REVENUE

**€4.6bn**

## 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

## APPLICATIONS

- > Retail
- > Distribution
- > Leisure
- > Accommodation
- > Food
- > Manufacturing
- > Data Management
- > Infrastructure

## TRADING PROFIT<sup>2</sup>

**€508.2m**

## HOW WE OPERATE

**166**

Global manufacturing facilities

**15,500+**

Employees

- > Management controls
- > Quality systems
- > Responsible supply chain partnerships

## VALUE CREATED

EBITDA<sup>1</sup>

**€596.5m**

EPS

**206.2c**

ROCE

**18.4%**

Total Shareholder Return

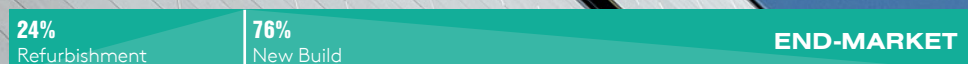
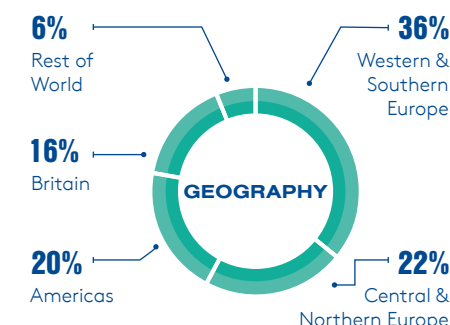
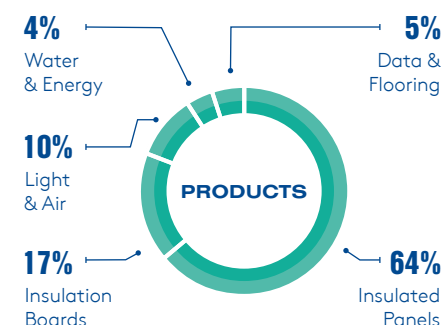
**5.4%**

Free Cash Flow

**€479.7m**

Dividend

**20.6c**



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



Australia Belmont Hub,  
Faulkner Park / Insulated  
Panels KS1000 RW, Karrier  
Panel, KingZip

**IN 2020, WE  
GENERATED  
32.6 GWh OF  
RENEWABLE  
ENERGY ON-SITE**



LEARN MORE ABOUT  
OUR COMMITMENT TO  
RENEWABLE ENERGY  
on page 48

BUSINESS & STRATEGIC REPORT

# Chief Executive's Review

**GENE M. MURTAGH**



Energy from buildings accounts for roughly 40% of all emissions. Envelope First and conservation will be vital in curtailing global temperature rises.

## Business Review

2020 was a tumultuous year for Kingspan, as it was for many. After a relatively strong start, April and May saw a deep reduction in activity in many markets, followed by a rebound towards mid-year and ultimately a strong finish in the fourth quarter. Full year revenue was down 2% to €4,576m and trading profit was ahead by 2% to €508.2m, after accounting for repayment of all government COVID supports worldwide. Net debt was €236.2m at year end, the lowest level in a number of years and leaves our balance sheet in an exceptionally strong position. Globally, governments reacted in varying ways to the crisis which resulted in an economic experience which was equally variable. All markets suffered interruption to some degree although in our case it was particularly acute in the UK, Spain, Canada and Ireland. Most other markets recovered to, and in some cases exceeded, the performance of 2019.

## FINANCIAL HIGHLIGHTS

**-2%** ↓

Revenue to €4.6bn (pre-currency, flat)

**2%** ↑

Trading profit<sup>4</sup> up 2% to €508.2m (pre-currency, +5%)

**42%** ↑

Free cashflow up 42% to €479.7m

**40bps** ↑

Group trading margin<sup>3</sup> of 11.1%, an increase of 40bps

**1%** ↑

Basic EPS up 1% to 206.2 cent

**20.6c** ↑

Final dividend per share of 20.6 cent

**0.4x**

Year-end net debt<sup>1</sup> of €236.2m (2019: €633.2m). Net debt to EBITDA<sup>2</sup> of 0.4x (2019: 1.1x)

**18.4%**

ROCE of 18.4% (2019: 17.3%)

Raw material prices moved broadly to our advantage for much of the year but we experienced significant inflation in the fourth quarter. We expect further significant increases in our raw materials in early 2021 and the effort to recover these through price increases is underway and will be a challenge.

The climate action agenda continues to gather pace globally. With energy from buildings accounting for roughly 40% of all emissions, a more thermally efficient building envelope will be vital in curtailing global temperature rises. Insulation will be central to this effort. At Kingspan we aim to provide the broadest possible spectrum of solutions to enable this reduction in emissions. These solutions must be able to stand the test of time, and Kingspan's warranted performance should prove to be a compelling advantage to building owners in their quest to achieve emission reductions over the lifetime of the building.

## OPERATIONAL SUMMARY

- Insulated Panels sales decrease of 4% due mainly to second quarter lows. Solid performance with most end-markets experiencing recovery in the second half. Europe positive overall, particularly in Germany and France. Strong finish to the year in the UK. Strong order intake in the Americas in the fourth quarter. 33% growth in QuadCore™ sales globally in 2020.
- Insulation Boards sales decrease of 10% albeit much improved in the second half which was down 2%. Strong performance in Western Europe and good second half recovery in Ireland and the UK, Americas and Australia ahead of prior year. Softer in the Middle East and Southern Europe.
- Another year of progress in Light & Air with sales up 36% in the year, acquisition of Colt a key driver. Europe positive overall although softer in North America. Further bolt on acquisition in Europe, Skydome, agreed after year-end.
- Water & Energy sales down 3% with a resilient performance overall and year on year margin improvement. Water applications particularly positive.
- Data & Flooring sales increase of 4%. Strong performance across data centre applications offsetting softer office activity.
- Steep raw material inflation a key theme as we enter 2021 with a challenging recovery effort underway.

1 Net Debt and EBITDA both pre-IFRS 16

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

3 Trading profit divided by total revenue

4 Operating profit before amortisation of intangibles



## Planet Passionate

2020 was the first full year of implementing the initiatives of our Planet Passionate programme. Building upon our previous ten year Net Zero Energy drive this programme is now much broader and deeper, and focuses on twelve distinct targets in the categories of Energy, Carbon, Circularity and Water. The programme is dealt with in detail in the Planet Passionate annual report which will be published in March and the table below demonstrates our progress to date, along with our medium and long term targets.





## Organic Expansion

Insulated Panels in the Americas is progressing the development of its new facility in Pennsylvania, and in Brazil two new facilities will be commissioned this year.

In Europe, the Joris Ide business is adding an insulated wall panel production line to its German facility in Ansbach. At Bacacier in France, plans are afoot to develop a Group hub for the manufacture of insulated panels, insulation and profiles which, when complete in 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 Asia, we have signed off on an investment to develop a greenfield insulated panel plant in Vietnam which will serve the wider south east Asia market. This facility is planned for completion by late 2022. It is also our intention to develop a greenfield PIR board line in this region during 2022/2023.

Planet Passionate Targets			Target Year	2020
ENERGY		→ Net Zero Energy (%)	2020	100%
		→ 60% direct renewable energy use (%)	2030	28%
		→ 20% on-site renewable energy generation (%)	2030	5.3%
		→ Solar PV systems on all wholly owned facilities (%)	2030	21%
CARBON		→ Net Zero Carbon Manufacturing (% change)	2030	0.1%*
		→ Zero Emission company funded cars (% annual conversion)	2025	11%
		→ 50% reduction in product CO2e intensity from primary supply chain partners (% reduction)	2030	0%
CIRCULARITY		→ Zero Company waste to landfill (tonnes)	2030	18,167
		→ Recycle 1 billion PET bottles into our manufacturing processes (bottles)	2025	573m
		→ QuadCore™ products utilising recycled PET (% sites)	2025	5%
WATER		→ Harvest 100 million litres of rainwater (litres)	2030	21.1m
		→ 5 Active Ocean Clean-Up projects (no. of initiatives)	2025	1

\* Scope 1 & 2 GHG emissions estimate, external assurance ongoing. Final figures to be confirmed in Kingspan's annual Planet Passionate report to be released March 2021

In Sweden, the development of our greenfield Kooltherm® facility is undergoing commissioning presently and will be in production by the second quarter of this year. Demand is growing quickly in the Nordic region as advanced insulation continues to displace traditional alternatives and this new plant will play a key role in continuing that momentum.

### Inorganic Expansion

In April last year the Group's Light & Air division completed the acquisition of Colt Group, 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.

In the second half of the year we signed an agreement to acquire Terasteel, an insulated panel manufacturer based in Romania, with revenue in the region of €120m. Also in the second half of the year, we agreed to acquire Trimo, a producer of mineral fibre insulated panels and facades based in Slovenia and with global revenues of just over €100m. Terasteel is expected to complete shortly and Trimo is subject to a regulatory approval process which is still underway.

In December 2020 we signed an agreement to acquire Skydome, the daylighting activity of SMAC in France with revenues of approximately €45m. In January 2021 we acquired Bromyros, the market leader for insulated panels in Uruguay and a further extension to our Latin American presence. Earlier this month we agreed to acquire Dyplast Products, a technical insulation producer in Florida, USA which is our first step into this segment in the North American market.

### Innovation

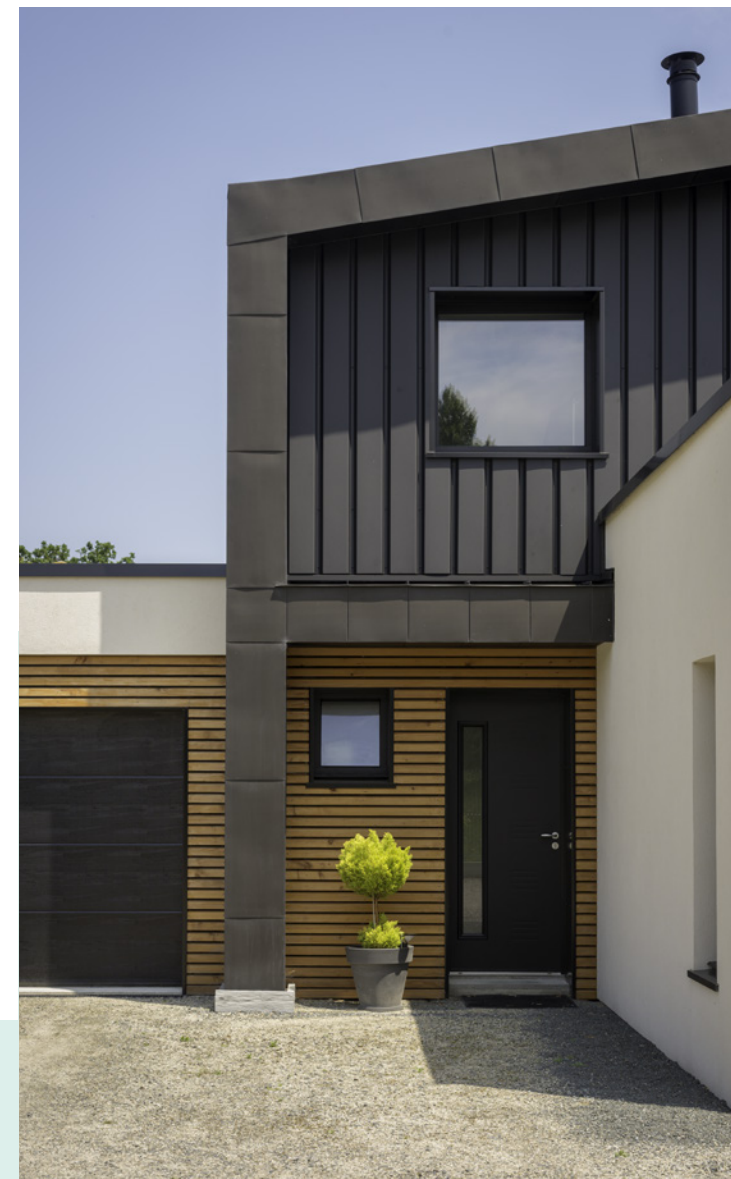
Innovation is a central pillar of Kingspan's strategy with a number of active initiatives underway. Development of QuadCore™ 2.0 has continued

at pace with the aim of launching in the UK and Ireland initially. Alongside this we are launching our QuadCore™ Assured programme which will be unique in providing a warranted fire, thermal and circularity solution. We anticipate commencing the extensive certification process by the second half of this year. Thereafter we plan to begin work on a bio-based rigid insulation.

Both the PowerPanel® (an insulated panel with fully integrated solar PV) and AlphaCore® developments suffered some timetable disruption for much of 2020 given travel and other restrictions and the associated impact on practical collaboration with our international partners. In recent months significant development work has been completed on PowerPanel® and we expect to commence the certification process by mid-year. We are currently designing the pilot manufacturing plant for AlphaCore® which we expect to be operational in 2022. The focus is on the development of a medium thermal performance option, and we are concurrently exploring potential OEM partnerships for similar technologies.

A project has recently been launched with the objective of achieving A-Class fire performance for our Optim-R® product, the highest thermal performance insulation in our offering. Our aim is to have a product ready for market by late 2022. Finally, over the next two years we aim to have B-Class fire performance available as a standard offering across much of the Kooltherm® range.

France, Modern Home,  
Plerin / Insulated  
Panels JI 33-20-1000





Global order intake recovered through the second half and the backlog at year-end was ahead by 19%. QuadCore™ sales grew by 33% in 2020 and comprised 12% of insulated panels product sales in 2020. Most of our markets continued to recover well in the aftermath of the first severe lockdown early in the year. Germany, Belgium and France were stand-outs where positive market dynamics combined with an element of share gain to drive revenue growth through the second half. Spain had a tough start to the year which was difficult to recover from although activity did improve markedly through the second half. In the Nordics, our insulated panel businesses were slightly behind prior year as a whole, as was much of Central Europe.

The UK delivered a strong fourth quarter although still lagged behind 2019's overall revenue by year-end, and Ireland performed similarly. Both markets entered 2021 with orderbooks comfortably ahead of prior year.

In the Americas, the US market finished the year with revenue slightly behind prior year, albeit with an orderbook well ahead owing to exceptionally strong order intake in the fourth quarter. Canada delivered a disappointing outcome following a particularly weak first half, and Latin America performed strongly with volumes ahead by double digits, supported by deliveries from the new facility near Sao Paulo. A further facility in the south of the country is nearing completion.

<sup>1</sup> Comprising underlying -6%, currency -3% and acquisitions +5%. Like for like volume -3%.



During the second half of the year the division delivered a strong performance across most of the markets in which it operates. Volumes were in line with the second half of 2019, a recovery from the sharp decreases seen in the first half. Western Europe posted a record year with revenue well ahead in the Benelux and Germany, whilst in Southern Europe the outcome was still below prior year despite a marked recovery in the second half. Spain suffered a particularly deep downturn during the earlier part of the year.

North America and Australasia both performed ahead of 2019 and in the Middle East the business performed well in the circumstances, albeit below prior year.

Ireland and the UK were both severely impacted during the first half but delivered strong recoveries through the second half.

The UK's Grenfell Tower Inquiry (the "Inquiry") commenced in May 2018. The report on Phase 1 of the Inquiry was completed in October 2019, a central conclusion of which was that the PE-Cored ACM cladding was the principal reason for the fire spread on the tower itself. None of the ACM was Kingspan product, and just 5% of the insulation material on the building was Kingspan product, supplied via a distributor, without our knowledge or advice.

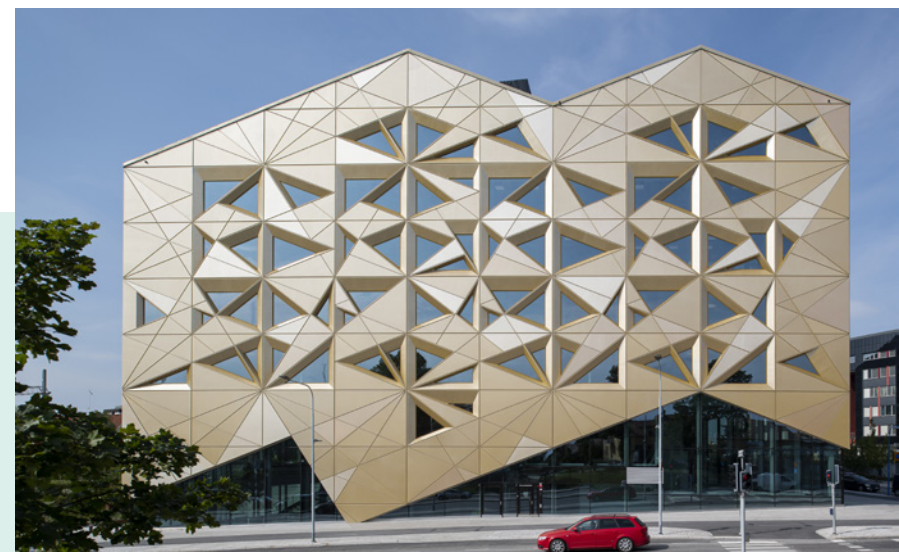
Module 2 of Phase 2 of the Inquiry commenced in the second half of 2020, this phase of the Inquiry attracted considerable commentary in relation to testimony of some former and current Kingspan employees. A number of totally unacceptable process shortcomings in our UK Insulation Boards business were highlighted by us and submitted to the Inquiry. In addition, some former

employee communications displayed a culture which is not reflective of the greater ethos of the Group and which are completely unacceptable.

We are resolute in our efforts to address these issues and are actively engaged for some time implementing concrete actions throughout the Group that will ensure that this cannot happen again. This is set out in more detail in the Directors' Report section of this Annual Report, and in our statement of 19 February 2021 which is available on our microsite:

<https://inquiry.kingspan.com>.

Sweden Juvelen,  
Uppsala / Insulation  
Boards Kooltherm® K20

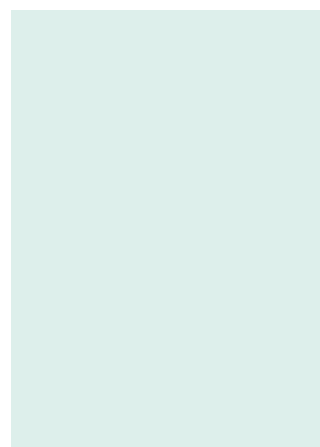


<sup>1</sup> Comprising underlying -9% and currency -1%. Like for like volume -9%.

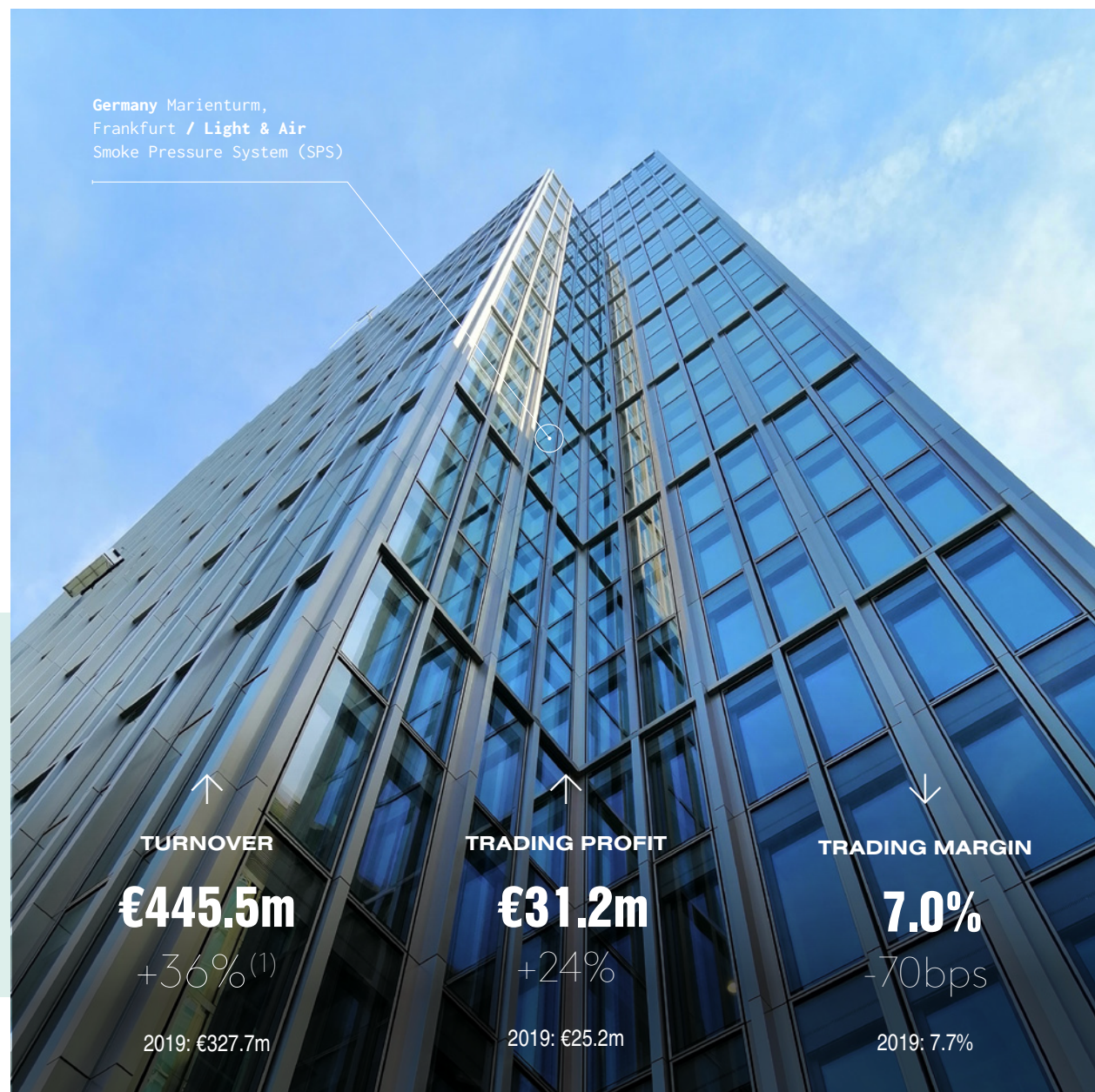


The Light & Air division performed robustly during the more challenging first half of the year and activity improved in a number of its key markets through the latter half. The business performed particularly well in the Benelux and France, and somewhat weaker in Germany toward year-end. 2019 was a strong year for our North American business unit and the performance in 2020 lagged that, mainly owing to a weaker pipeline of large projects.

The acquisition of the Colt Group was completed in April 2020, bringing with it a significant boost in revenue and a highly complementary product suite for the division, particularly in Western Europe and the UK. In December we also agreed to acquire Skydome, the daylighting activity of SMAC in France.



1 Comprising underlying -8%, currency -1% and acquisitions +45%.



This business unit delivered a strong operating performance in 2020 despite the challenging revenue performance, owing largely to tight margin management across the units.

The energy storage business had a steady year and the water unit delivered a result well ahead of prior year, particularly in the UK. In Australia, where rainwater harvesting still dominates the offering, the business performed well in both residential and the rural and commercial end markets.

1 Comprising underlying -3%, currency -2% and acquisitions +2%.



#### TURNOVER

**€202.7m**

-3%<sup>(1)</sup>

2019: €208.1m



#### TRADING PROFIT

**€16.3m**

+15%

2019: €14.2m



#### TRADING MARGIN

**8.0%**

+120bps

2019: 6.8%



France Eglise Notre  
Dame de Beauregard  
/ Water & Energy  
Klargester BioDisc®  
Treatment plant 25EH



Last year proved to be a positive year for this business, primarily driven by its growing exposure to the data centre market, predominantly in North America and Europe.

Clients in this particular segment demand flexibility in how their buildings are configured and the combination of our access floors, structural ceiling grids and airflow management systems provide an integrated solution to the world's largest data management companies.

In contrast, the office segment was less buoyant and we would anticipate this remaining the case for the foreseeable future.



**Britain 22**  
Bishopsgate /  
**Data & Flooring**  
RMG600 and Calcium  
Sulphate



#### TURNOVER

**€223.4m**

+4%<sup>(1)</sup>

2019: €214.5m



#### TRADING PROFIT

**€29.3m**

+20%

2019: €24.5m



#### TRADING MARGIN

**13.1%**

+170bps

2019: 11.4%

<sup>1</sup> Comprising underlying -3%, currency -1% and acquisitions +8%.

### Looking Ahead

2021 has started well, helped by strong backlogs at the turn of the year. Raw material price inflation is a very significant feature at present and a challenging recovery effort is underway. We can expect a degree of lag in the recovery of these cost increases. Whilst there can be limited certainty in the near-term, sentiment across our end-markets remains positive overall.

The Group's innovation agenda continues to move ahead at pace and will support our development in the years ahead. The need for action on climate change is gaining increasing traction with policymakers worldwide. Kingspan's proposition and our Planet Passionate programme are aligned fully with this urgent agenda.

The Group's balance sheet is in a robust position and this will support the continued organic and inorganic development of the Group in the years ahead.

There are of course many challenges, and indeed more opportunities, which when combined with the resolve of Kingspan people and the sustainability of our proposition, positions the business well for the future.

### Gene M. Murtagh

Chief Executive Officer  
19 February 2021



**Poland Bomar Wholesale Building, Gdansk**  
/ **Insulated Panels** Cladding coffers and insulated panel system



**IN 2020 ALONE WE  
UPCYCLED 573  
MILLION WASTE  
PLASTIC BOTTLES**

USA Donald Dungan  
Library, California /  
**Data & Flooring** ConCore  
1250, 1500 & 2500

BUSINESS & STRATEGIC REPORT

# Financial Review

**GEOFF DOHERTY**



The Financial Review provides an overview of the Group's financial performance for the year ended 31 December 2020 and of the Group's financial position at that date.



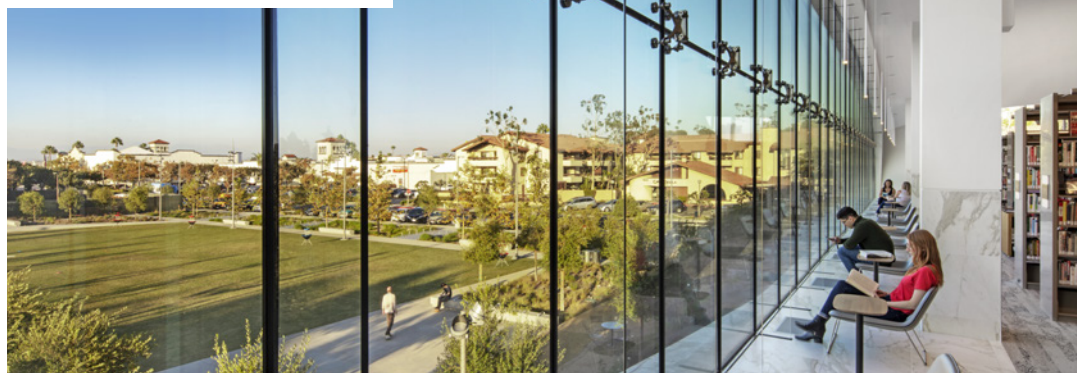
## Overview of results

Group revenue decreased by 2% to €4.6bn (2019: €4.7bn) and trading profit increased by 2% to €508.2m (2019: €497.1m) with an increase of 40 basis points in the Group's trading profit margin to 11.1% (2019: 10.7%). Basic EPS for the year was 206.2 cent (2019: 204.6 cent), representing an increase of 1%.

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



USA Donald Dungan Library,  
California / Data & Flooring  
ConCore 1250, 1500 & 2500



Sales	Underlying	Currency	Acquisition	Total
Insulated Panels	-6%	-3%	+5%	-4%
Insulation Boards	-9%	-1%	-	-10%
Light & Air	-8%	-1%	+45%	+36%
Water & Energy	-3%	-2%	+2%	-3%
Data & Flooring	-3%	-1%	+8%	+4%
Group	-7%	-2%	+7%	-2%

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

Trading Profit	Underlying	Currency	Acquisition	Total
Insulated Panels	+1%	-4%	+5%	+2%
Insulation Boards	-5%	-1%	-	-6%
Light & Air	-31%	-	+55%	+24%
Water & Energy	+14%	-2%	+3%	+15%
Data & Flooring	+16%	-2%	+6%	+20%
Group	-1%	-3%	+6%	+2%

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

### Finance costs (net)

Finance costs for the year increased by €4.2m to €25.0m (2019: €20.8m). A net non-cash charge of €2.0m (2019: charge of €0.1m) 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 net of interest receivable) was €19.3m (2019: €16.7m). This increase reflects higher average gross debt levels in 2020 as well as a negative return on Euro denominated cash balances. Lease interest of €3.6m (2019: €3.8m) was recorded for the year. €0.1m (2019: €0.1m) was recorded in respect of a non-cash finance charge on the Group's defined benefit pension schemes.

### Taxation

The tax charge for the year was €74.9m (2019: €76.6m) which represents an effective tax rate of 16.3% (2019: 16.9%). The decrease in the effective rate reflects, primarily, the change in the geographical mix of earnings year on year.

### Dividends

The Board has proposed a final dividend of 20.6 cent per ordinary share payable on 7 May 2021 to shareholders registered on the record date of 26 March 2021. No interim dividend (2019: 13.0 cent) was declared during the year given the uncertain backdrop for much of 2020. The final dividend proposed for 2019 of 33.5 cent was subsequently cancelled in order to preserve cash at the outset of the pandemic. In summary, therefore, the total dividend for 2020 is 20.6 cent compared to 13.0 cent for 2019 (as adjusted for the cancellation).

The Board carried out a review of the Group's dividend policy during the year. The outgoing policy guidance was to pay out approximately 25% of earnings. In assessing a revised policy a key objective was to afford the Group appropriate development capital to invest in the business over time as well as to preserve the strength of the

balance sheet. On that basis the revised dividend policy for 2021 and for the foreseeable future is to pay out approximately 15% of earnings. The policy will be reviewed periodically to ensure it remains appropriate over time having regard to the capital needs of the business.

### 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. In addition, the Group has a number of smaller defined benefit pension liabilities in Mainland Europe. The Group assumed €10.5m of net pension obligations in April 2020 on the acquisition of Colt Group. The net pension liability in respect of all defined benefit schemes was €45.9m (2019: €15.1m) as at 31 December 2020 with the increase reflecting both the new acquisition during the year and the impact of reduced interest rates on liabilities.

### Intangible assets and goodwill

Intangible assets and goodwill decreased during the year by €38.6m to €1,561.5m (2019: €1,600.1m). Intangible assets and goodwill of €57.3m were recorded in the year relating to acquisitions completed by the Group. A decrease of €72.4m arose due to year-end exchange rates used to translate intangible assets and goodwill other than those denominated in euro. There was an annual amortisation charge of €23.5m (2019: €21.9m).

### Financial key performance indicators

The Group has a set of financial key performance indicators (KPIs) which are presented in the table adjacent. These KPIs are used to measure the financial and operational performance of the Group and to track ongoing progress and also in achieving medium and long term targets to maximise shareholder return.

Key performance indicators	2020	2019
Basic EPS growth	1%	11%
Sales performance	-2%	7%
Trading margin	11.1%	10.7%
Free cashflow (€m)	479.7	337.1
Return on capital employed	18.4%	17.3%
Net debt/EBITDA	0.4x	1.1x

**(a) Basic EPS growth.** The growth in EPS is accounted for primarily by a 2% increase in trading profit partially offset by an increase in minority interest. 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 1%.

**(b) Sales performance** of -2% (2019: 7%) was driven by a 7% decrease in underlying sales, a 2% decrease due to the effect of currency translation and a 7% contribution from acquisitions. The decrease in underlying sales reflected in particular a difficult period in the first wave of restrictions from the end of March through to mid summer 2020.

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

	2020	2019
Insulated Panels	11.0%	10.4%
Insulation Boards	14.0%	13.4%
Light & Air	7.0%	7.7%
Water & Energy	8.0%	6.8%
Data & Flooring	13.1%	11.4%

The Insulated Panels division trading margin advanced year on year reflecting ongoing progress in sales of QuadCore™, the market mix of sales as well as some short term curtailment of overhead due to the pandemic. The trading margin improvement in the Insulation Boards division reflects, in the main, a positive lag effect on raw material price reductions in the first half of the year and short term overhead curtailment. The reduced trading margin in Light & Air reflects the market mix of sales. The Water & Energy trading margin improvement reflects the category mix and overhead curtailment. The increase 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	2020	2019
	€m	€m
EBITDA <sup>1</sup>	596.5	579.8
Movement in working capital <sup>2</sup>	107.7	5.6
Movement in provisions	(2.1)	1.7
Net capital expenditure	(126.1)	(154.3)
Net interest paid	(21.6)	(16.7)
Income taxes paid	(89.7)	(87.2)
Other including non-cash items	15.0	8.2
Free cashflow	479.7	337.1

- 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 €450.8m (2019: €582.8m) and represents 8.8% (2019: 11.9%) of annualised sales 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. Working capital levels in the business were unusually low for much of the second half of the year with reduced inventory levels in particular as our inbound supply chain continued to ramp up from subdued production earlier in the year. The working capital % is expected to increase in the first half of 2021 reflecting more normal inventory levels as well as inflation of some key inputs.

**(e) Return on capital employed**, calculated as operating profit divided by total equity plus net debt, was 18.4% in 2020 (2019: 17.3%). 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 0.4x (2019: 1.1x) is comfortably less than the Group's banking covenant of 3.5x in both 2020 and 2019. 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 a number of acquisitions for a total upfront cash consideration of €46.1m.

On 17 April 2020, the Group completed the purchase of 100% of the Colt Group for an initial cash amount

of €41m. In addition to the cash consideration for the Colt Group, the Group assumed a net pension liability of €10.5m.

The Group also made a number of smaller acquisitions during the year for a combined cash consideration of €5.1m.

#### COVID-19 Pandemic

The Group took a number of steps to protect its financial position at the outset of the global pandemic in the first quarter of the year. Many construction markets were severely impacted at the early stage of the virus albeit most experienced some element of recovery through the year. The Group received €17m in COVID-19 related furlough benefits although full repayment was accounted for in December 2020 given the better than expected trading performance than was initially anticipated.

Working capital management has been an ongoing area of focus over time and this was emphasised further still during the year. Working capital levels in the business were 8.8% at 31 December 2020 reflecting in particular a lower than normal level of inventories. We expect working capital to increase to more normal levels over the course of the first half of 2021. A further area of focus was on the more discretionary overhead items, particularly in the early stage of the pandemic, where more variable cost headings were curtailed. Many of these costs had returned to more normal levels by the end of the third quarter. The Group's finance systems and processes seamlessly accommodated greater levels of remote working during 2020 without a reduction in service levels or information flow within the business.

#### 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 2020, the Group also had private placement loan note funding net of related derivatives totalling €1,508.3m including a €750m Green Private Placement arranged in September 2020. These new notes had a weighted average coupon of 1.78% and a weighted average term of 9.75 years. On 20 February 2020 the Group arranged a bilateral Green Loan of €50m to fund the Group's Planet Passionate initiatives. The weighted average term, as at 31 December 2020, of all drawn debt was 6.3 years (31 December 2019: 4.5 years).

The Group had significant committed available undrawn facilities and cash balances which, in aggregate, were €2.1bn at 31 December 2020.

#### Net debt

Net debt decreased by €397m during 2020 to €236.2m (2019: €633.2m). This is analysed in the table adjacent:

Movement in net debt	2020	2019
	€m	€m
Free cashflow	479.7	337.1
Acquisitions	(46.1)	(142.2)
Deferred consideration paid	-	(59.7)
Share issues	-	0.1
Repurchase of treasury shares	-	(0.6)
Dividends paid	-	(77.6)
Dividends paid to non-controlling interests	(1.2)	(0.4)
Cashflow movement	432.4	56.7
Exchange movements on translation	(35.4)	8.4
Deferred consideration	-	30.0
Movement in net debt	397.0	95.1
Net debt at start of year	(633.2)	(728.3)
Net debt at end of year	(236.2)	(633.2)

#### 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:

		2020	2019
	Covenant	Times	Times
Net debt / EBITDA	Maximum 3.5	0.4	1.1
EBITDA / Net interest	Minimum 4.0	27.9	34.1



**Belgium Attent Gifts / Insulated Panels**  
JI Wall 1000SF PIR &  
JI 106-250-750

### 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 four capital market conferences and conducted 439 institutional one-on-one and group meetings.

### Share price and market capitalisation

The Company's shares traded in the range of €37.44 to €84.55 during the year. The share price at 31 December 2020 was €57.40 (31 December 2019: €54.45) giving a market capitalisation at that date of €10.4bn (2019: €9.9bn). Total shareholder return for 2020 was 5.4%.

### 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  
19 February 2021

Germany WINX Tower, Frankfurt  
/ Light & Air Smoke Pressure  
System (SPS)





# CONSTRUCTING A CIRCULAR FUTURE

Addressing the vast consumption of resources used in construction could have an enormous impact on the planet. Using its new LIFEcycle framework, Kingspan is making innovative strides in product circularity.



[SCAN HERE TO WATCH  
OUR FULL INTERACTIVE  
STORY ONLINE](#)



USA UpCycle Office,  
Texas / Insulated Panels  
KarrierPanel



**TODAY WE LIVE IN A WORLD  
WHERE WE TAKE RESOURCES,  
MAKE PRODUCTS AND CAST  
THEM ASIDE AS WASTE.**

**42.4bn**

**Take:** The construction industry consumes 42.4bn tonnes of materials each year<sup>1</sup>

**11%**

**Make:** 11% of all energy-related carbon emissions arise from the energy used to produce building and construction materials<sup>2</sup>

**25-30%**

**Waste:** Construction and demolition waste currently accounts for approximately 25% - 30% of all waste generated in the EU<sup>3</sup>

- 1 World Green Building Council, Sustainable building for everyone, everywhere report
- 2 Global Alliance for Buildings and Construction, 2019 Global status report for buildings and construction
- 3 European Commission, Construction and demolition waste report

## **THE CIRCULAR ECONOMY IS AN EMERGING AND COMPLEX CONCEPT.**

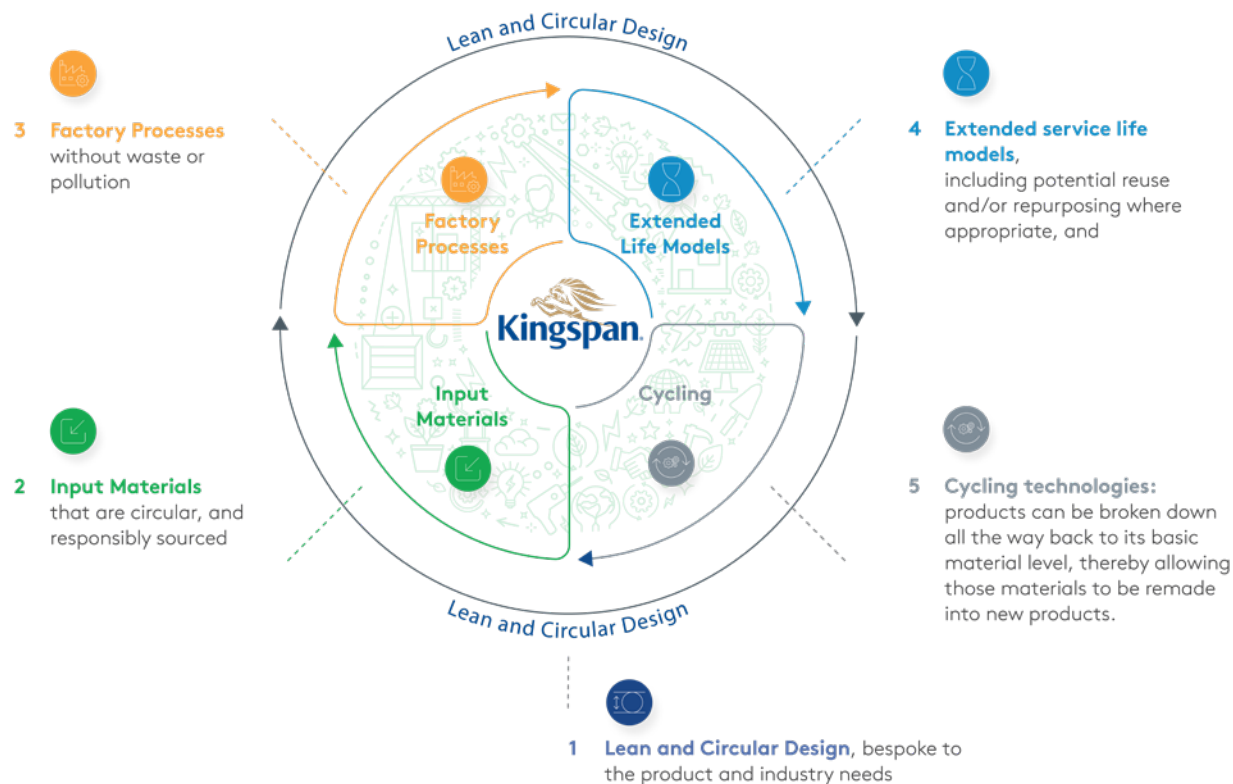
Recycling at end-of-life is only one aspect of a product's lifecycle, true circularity is embedded throughout the entire lifecycle of the product. At Kingspan we have been working on a new framework to drive product circularity, that takes learnings from the Ellen McArthur circular economy principles.

We're asking ourselves questions all the way through the lifecycle of each product:

- Could less materials be used to make it?
- Can more recycled or renewable materials be used to make it?
- Is it designed from the outset to last longer?
- Is it manufactured in a low-carbon, resource-efficient way?
- Can it be re-used after its first service life?
- And as a last resort, can it be recycled using minimal natural resources such as energy or water?

**CONVERTING THE CONSTRUCTION  
INDUSTRY TO A MORE CIRCULAR  
MODEL WILL LEAD TO  
CONSIDERABLE ENVIRONMENTAL  
BENEFITS FOR THE FUTURE.**

# OUR LIFECYCLE PRODUCT CIRCULARITY FRAMEWORK



**WE ARE USING 'LIFECYCLE' TO DRIVE OUR CIRCULARITY INNOVATION ROADMAP FOR ALL OUR MAJOR PRODUCTS.**



WATCH ONLINE TO SEE HOW QUADCORE™ INSULATED PANELS CAN BE RE-USED AND RECYCLED AT END OF LIFE.



**Our core philosophy is to achieve product design that is inherently lean and circular. Today, our advanced insulation products are up to 50% more thermally-efficient than synthetic mineral fibre insulation, which can lead to leaner building structures and potential savings in transport.**



### Input Materials

1bn PET bottles will be recycled into raw materials for our products per annum by 2025. We're partnering with our suppliers to source more recycled and renewable raw materials.



### Factory Processes

100% of our factories across the entire Group will be zero waste to landfill by 2030.



### Extended Life

Re-use case studies are emerging for our insulated panels products after their first service life.



### Cycling (End Of Life)

2 recycling plants in the UK will be up and running in 2021 to recycle production waste, take back site waste and demolition waste.

# CIRCULARITY IN ACTION



**Bianca Wong** Global Head of Sustainability, Kingspan



As a manufacturer, we can't do this alone. We are committed to supporting the re-use and recyclability of our products, but this is not enough to create change at scale.

The entire industry will need to transform, from material innovation all the way through to new legal frameworks to support re-use of products and waste legislation to drive segregation and recycling instead of landfill.

We're determined to play our part, with innovation programmes at IKON and through collaborative industry initiatives such as the Ellen MacArthur Foundation.

**Bianca Wong,**  
Global Head of Sustainability, Kingspan



# 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.



**READ MORE  
ABOUT OUR  
STRATEGIC PILLARS**  
on page 15

Kingspan's strategic pillars that contribute to the risk management of these risks and uncertainties are:



**INNOVATION**



**GLOBAL**



**PLANET PASSIONATE**



**COMPLETING THE ENVELOPE**

Overall responsibility for risk management lies with the Board who ensure that risk awareness is set at an appropriate level. To ensure that risk awareness is set at an appropriate level, the Audit & Compliance 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 & Compliance Committee reports to the Board on its activities, both in regard to audit matters and risk management. The activities of the Audit & Compliance Committee are set out in detail in the Report of the Audit & Compliance Committee on page 84.

The Board monitors the Group's risk management systems through this consultation with the Audit & Compliance 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. In addition, 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 & Compliance 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 set out overleaf.

Risk and impact	Actions to mitigate
<b>Volatility in the macro environment</b>	 
<p>Kingspan products are targeted at both the residential and non-residential (including retail, commercial, public sector and industrial) 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, pandemics, political uncertainty in some regions, interest rates, business / consumer confidence levels, unemployment, population growth).</p> <p>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.</p>	<p>The exposure to the cyclical or down turn due to the impact of a pandemic, or other significant economic event, on any one construction market is partially mitigated by the Group's diversification geographically, by end application and by product.</p> <p>As set out in the Business Model &amp; Strategy, the Group has mitigated this risk through diversification as follows:</p> <ul style="list-style-type: none"> <li>– Significant globalisation strategy with a presence in over 70 markets;</li> <li>– Launch of new innovative products and an approach of continual improvements to existing product lines;</li> <li>– Exposure to a significant range of end use applications in residential and non-residential markets; and</li> <li>– Acquisitions made during the year extend the geographic reach of the Group.</li> </ul> <p>The full details of these diversifications are set out in the Business Model &amp; Strategy report contained in this Annual Report.</p>

Risk and impact	Actions to mitigate
<b>Product failure</b>	 
<p>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.</p> <p>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.</p>	<p>Dedicated structures and processes are in place to manage and monitor product quality controls throughout the business:</p> <ul style="list-style-type: none"> <li>– New products go through a certification process which is undertaken by a recognised and reputable authority before it is brought to market.</li> <li>– The Group appointed a Head of Compliance &amp; Certification reporting to the Group CEO to ensure a rigorous approach to certification, testing and product compliance across the Group and to ensure consistent and robust application of processes centred around our core value of product safety.</li> <li>– The terms of reference for the Audit &amp; Compliance Committee were amended in December 2020 to include oversight of the product compliance agenda.</li> <li>– Our businesses employ quality control specialists and operate strict policies to ensure consistently high standards are maintained in addition to the sourcing and handling of raw materials.</li> <li>– The construction of a dedicated Kingspan Fire Test centre using Kingspan products allows for more expedient and significant testing to take place.</li> <li>– Quality audits are undertaken at our manufacturing sites. Over 70 of our facilities are ISO 9001 certified.</li> <li>– Effective training is delivered to our staff.</li> <li>– We proactively monitor the regulatory and legislative environment.</li> </ul>



Innovation







Global



Planet Passionate



Completing the Envelope

Risk and impact	Actions to mitigate
<b>Failure to innovate</b>	  
<p>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.</p>	<ul style="list-style-type: none"> <li>– Innovation is one of Kingspan's four pillars to increasing shareholder value and therefore plays a key role within the Group.</li> <li>– 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.</li> <li>– 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.</li> </ul>
<b>Credit risks and credit control</b>	
<p>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.</p>	<ul style="list-style-type: none"> <li>– Each business unit has rigorous established procedures and credit control functions around managing its receivables and takes action when necessary.</li> <li>– 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.</li> <li>– 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.</li> </ul>
<p>At the year-end, the Group was carrying a receivables book of €702.2m expressed net of provision for default in payment. This represents a net risk of 15% of sales. Of these net receivables, approximately 60% were covered by credit insurance or other forms of collateral such as letters of credit and bank guarantees.</p>	

Risk and impact	Actions to mitigate
<b>Business interruption (including IT continuity and climate change)</b>	  
<p>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.</p>	<ul style="list-style-type: none"> <li>– 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.</li> <li>– 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 96 plants in the Insulated Panels division or 28 plants in the Insulation Boards division to another in the event of a shutdown.</li> <li>– 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.</li> <li>– Climate related risks are managed through significant investment in product development which helps mitigate climate change along with our ambitious commitments to reduce our own environmental footprint.</li> </ul>
<p>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 are more prevalent today.</p>	<ul style="list-style-type: none"> <li>– Kingspan continues to focus 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.</li> </ul>
<p>Embedded within climate change risks are energy regulations, change in customer preferences and global supply.</p>	<ul style="list-style-type: none"> <li>– 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.</li> </ul>
<p>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.</p>	<ul style="list-style-type: none"> <li>– 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.</li> <li>– 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.</li> </ul>





Risk and impact		Actions to mitigate	
<b>Employee development and retention</b>		 	
<p>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.</p>		<p>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.</p>	
<b>Fraud and cybercrime</b>			
<p>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.</p>		<p>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.</p>	
<b>Acquisition and integration of new businesses</b>		   	
<p>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.</p>		<ul style="list-style-type: none"> <li>- 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.</li> <li>- This process is underpinned by extensive integration procedures and the close monitoring of performance post acquisition by both divisional and Group management.</li> <li>- 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.</li> </ul>	

Risk and impact		Actions to mitigate	
<b>Health and safety</b>			
<p>The nature of Kingspan's operations can expose its contractors, customers, suppliers and other individuals to potential health and safety risks.</p> <p>Health and safety incidents can lead to loss of life or severe injuries.</p>		<p>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.</p> <ul style="list-style-type: none"> <li>- The Group monitors the performance of its health and safety framework, and takes immediate and decisive action where non-adherence is identified.</li> <li>- 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.</li> </ul>	
<b>Laws and regulations</b>		   	
<p>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.</p>		<ul style="list-style-type: none"> <li>- 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.</li> <li>- A comprehensive framework of policies are in place that set out the ways employees and suppliers are expected to conduct themselves.</li> <li>- The Group's Code of Conduct sets out the fundamental principles which it requires all its directors, officers and employees to adhere to in order to meet those standards.</li> <li>- 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.</li> <li>- A robust whistleblowing process is in place that allows for 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.</li> </ul>	
		  	
Innovation		Global	
Planet Passionate		Completing the Envelope	

# Sustainability Report

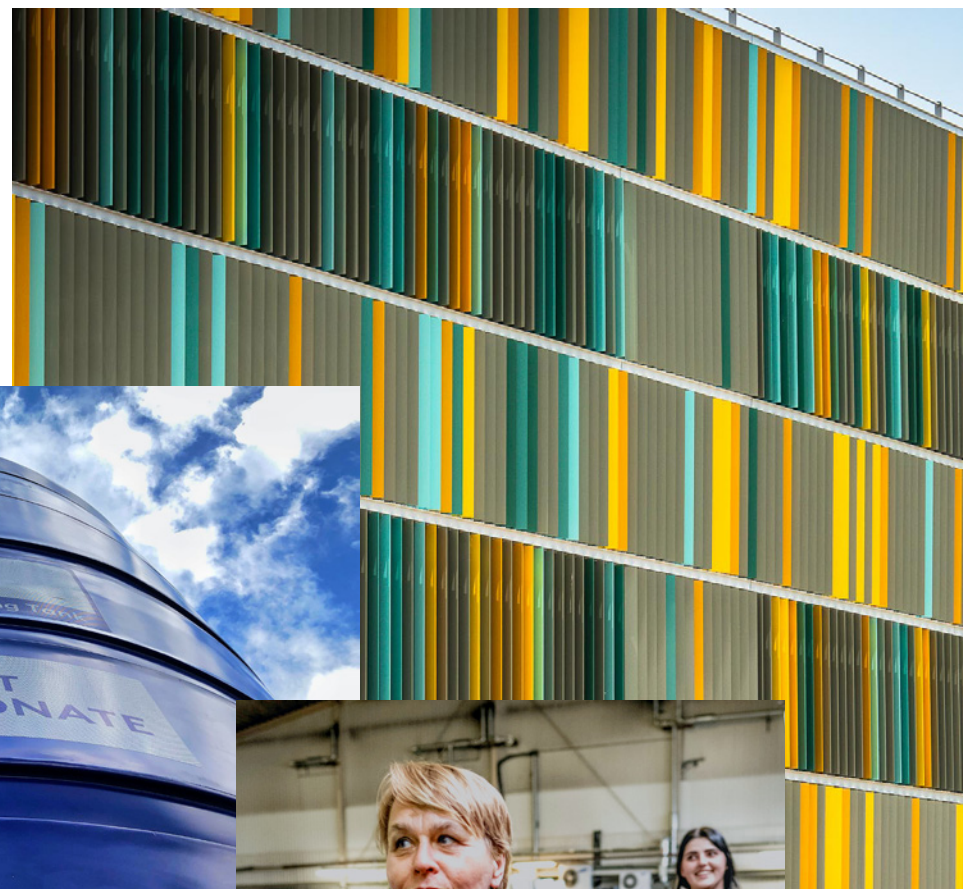
## KINGSPAN'S MISSION

To accelerate a net zero emissions future built environment 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). We will be publishing a Kingspan Planet Passionate report in March 2021 with more detail on how we contribute to the SDGs.



## PRODUCT PASSIONATE

Today, the construction and operation of buildings together account for 39% of energy related CO<sub>2</sub>e emissions. 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 2020, is an estimated 716 million MWh of energy or 164 million tonnes of CO<sub>2</sub>e.
- Our solutions also help to enhance occupant health and wellbeing through improved thermal comfort, natural daylighting, natural ventilation, and increased space. Our advanced insulation is 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. We estimate our rainwater harvesting systems, produced in Australia in 2020, will save over 34 gigalitres of water in their lifetime.

## PLANET PASSIONATE

Through Planet Passionate we are playing our part in tackling 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 2020 we achieved 100% of our Net Zero Energy goal throughout our operations. We generated 5.3% of our energy on Kingspan sites and 21% of wholly owned sites have deployed rooftop Solar PV systems.
- **Carbon:** We converted 11% of our annual replacement cars and 2.4% of our total car fleet to zero-emissions cars. In addition, we installed 9 EV charging points with a further 8 charging points commissioned for 2021.
- **Carbon:** We had significant engagement with our key suppliers including cross functional team meetings, strategy reviews and site visits. These ongoing collaborations have resulted in several exciting R&D projects. We don't expect linear progress in our supply chain target, but we look forward to announcing step-changes driven by innovation and technological advances.
- **Circularity:** In 2020 we upcycled 573 million waste PET bottles into our manufacturing processes. Through our Planet Passionate programme we aim to achieve zero waste to landfill in our business by 2030.
- **Water:** In 2020 we harvested 21.1 million litres of rainwater across our manufacturing sites. The EcoAlf Foundation collected 180 million tonnes of marine debris through its Upcycling the Ocean project. Almost 10 million tonnes of which were utilised by Kingspan's Synthesia.

## PEOPLE PASSIONATE

Despite our size, we retain our heritage and culture as a family business, with very high value placed on people, trust, 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 2020. 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.
- Our Lost Time Incident rate fell by over 14% in 2020, or by 25% since 2017.
- We continue to champion diversity across the business. The percentage of females in Kingspan remained at 19% in 2020. The percentage of females on the executive management team, reporting to the CEO, was 27%.
- Over 96 additional candidates had the opportunity to broaden their business and leadership skills on development programmes in 2020, including 27 on our PEAK Leadership programme.
- Kingspan supports local community projects at a global level. For 2020, we highlight a number of projects where we used our skills to support local communities through the COVID-19 pandemic, see page 54.



## **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 extending the limits of ultra-performance envelope design with a core focus on energy efficiency.

We have innovated a portfolio of advanced products and solutions for architects and building owners which enable them to construct buildings that consume less resources. Future proofing their investment, generating returns through enhanced internal space and operational performance, and facilitating efficient construction through thinner, lighter and safer to handle materials. Increasingly we are enhancing our service and solutions through digitalising our offer. By surfacing all of our products digitally, we're making it easier to find them, specify them, buy them, build with them and track them.



**READ MORE ABOUT  
KINGSPAN'S INNOVATION**  
on page 47

## **PRODUCT SUSTAINABILITY**

Increasingly our customers want solutions which not only enable them to preserve resources, but solutions which are also sourced and manufactured in a sustainable way.

To this end, Kingspan is working with our suppliers and throughout our own organisation to meet our ambitious Planet Passionate goals in the areas of carbon, energy, circularity and water. In an effort to reduce a key source of carbon in construction, embodied carbon, we are targeting Net Zero Carbon Manufacturing by 2030 and a reduction in carbon from our primary suppliers by 50% by 2030. Our Head of Innovation works together with our Head of Sustainability, and our CEO, to ensure that product development is closely aligned with our environmental objectives.



# PRODUCT INTEGRITY

## Product Safety and Integrity

Ensuring the safe use of our products in buildings is central to our approach to product development, testing and support. This encompasses both the safety of those who are installing our products and crucially, those who live and use the buildings that contain our products.

With respect to fire performance, our approach to the safe use of our insulation products in buildings is founded on the principle that system testing is the best way to assess fire performance of any roof or cladding system, regardless of the insulation materials used.

Today, fire safety is often reduced to a simplistic “combustible” versus “non-combustible” definition.

It is our view that large-scale system testing is the best way to assess the fire performance of any system, regardless of the classification of constituent materials used. Important factors such as building design, installation methodology and the interaction of the different materials in the actual system are not tested in small-scale materials classification testing.

As a manufacturer of products incorporating a very wide spectrum of insulation solutions, including both combustible and non-combustible insulation, we have extensive experience with system testing for fire performance across a range of insulation types and system build-ups. It is this knowledge that informs

our belief that fire safety should be predicated on tested performance of the actual system, rather than a presumption that certain materials will be safe in any build-up.

It is also very important to understand that there is a wide spectrum of performance in combustible materials. Thermoset combustible materials (such as QuadCore™ and Kooltherm®) are designed to char when subjected to fire, this is an important characteristic underpinning their ability to pass the most rigorous large-scale system tests.

For example, a wide range of Kingspan insulated panels carry an FM (FM Global) or LPCB (Loss Prevention Certification Board) Approval, both of which are large-scale system testing regimes developed by the insurance industry. These approvals provide objective third-party testing, which is underpinned by quarterly, bi-annual and annual factory surveillance audits (depending on the region) to verify compliance. Independent certification bodies take samples of insulated panels from our factories and send them to their own laboratories for fire testing to verify ongoing compliance. These independent audits also include assessments of change control, formulations, processing parameters, labelling and internal testing.

The behaviour of these insulated panels in these tests has been consistent with a significant number of independently investigated real fire case studies,

where Kingspan LPCB and FM approved panel systems have been exposed to real fires in a range of building types including school, hospital, retail, distribution, storage, food manufacture/processing, industrial and a car showroom. Whilst all these case studies relate to insulated panels with a PIR core, large scale system tests embedded within LPCB and FM approvals indicate that QuadCore™ insulated panels will perform in a similar or better manner. Key findings from these real fire investigations include:

- No evidence to indicate that the PIR insulated panels increased the risk of fire spread;
- PIR cores within the insulated panels charred in the immediate vicinity of the fire;
- Fires were not propagated within the PIR core of the insulated panel;
- PIR insulated panels did not char significantly outside of the area of the main fire;
- Building contents were the dominant influence on fire severity, and the fire severity was not significantly influenced by the PIR insulated panel.

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

A comprehensive range of building facade systems incorporating our insulation board and insulated panels products have successfully passed Kingspan large-scale facade tests around the globe including, but not limited to, NFPA 285 (North America), LEPIR II (France), SP 105 (Nordics), AS 5113 (Australia), ISO 13785-2 (Czech Republic), MSZ 14800-6 (Hungary). In addition, there are a total of 15 systems incorporating Kooltherm®

which have met the requirements of BR135 when tested to BS 8414 (UK). There are also 6 insulated panel based systems that have met the requirements of BR 135 when tested to BS 8414.

We recognise that all testing, for fire and other aspects of performance, must be supported by a robust approach to ensuring that the integrity of this information can be assured and disseminated

to enable a golden thread from testing through to the service life of our products on buildings and beyond. Furthermore, safe use of our products on buildings must be supported by accurate and truthful marketing together with competent technical and installation advice. This approach underpins a programme of work that is underway across Kingspan, which is built upon four pillars:

# 1.

## **CULTURE OF HONESTY, INTEGRITY AND COMPLIANCE**

Our updated groupwide Code of Conduct is being rolled out across all businesses in Kingspan based on the three principles of honesty, integrity and compliance. This updated Code of Conduct sets out clear expectations for all employees with respect to clear, ethical and honest business communications, together with in compliance with the law.

# 2.

## **INTEGRITY OF PRODUCT COMPLIANCE**

Led by our Group Head of Compliance & Certification (appointed in December 2020), a new product compliance programme is being rolled out across the Group to the incoming ISO 37301 Compliance Management standard, which will be audited by our Group Internal Auditing function with reporting to the Board's Audit & Compliance Committee.

# 3.

## **DIGITAL TRACEABILITY OF PRODUCT INFORMATION**

Our groupwide Digital Transformation programme has a core focus on the implementation of a groupwide Product Information Management (PIM) system to ensure accuracy of all product information, including that which is related to compliance. The PIM will provide accurate and up-to-date product information to a suite of customer tools, including Kingspan's proprietary BIMDesigner platform which will support the golden thread of Kingspan product information through building models and into building passports. The PIM project has been underway since 2019 and we launched our prototype BIMDesigner platform in the UK in 2020.

# 4.

## **COMPETENCY IN TECHNICAL SUPPORT AND INSTALLATION**

An extensive Marketing Integrity programme is being launched in 2021, aligned with the incoming UK Code for Construction Product Information, which is expected to launch in the second half of 2021, to ensure accurate and truthful representation of product information in marketing materials. This will be supported by a training programme with a key focus on representation of testing and accreditations.

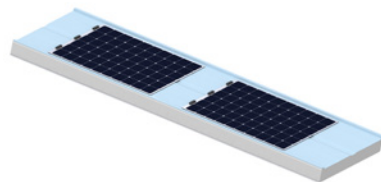
**This programme of work will be rolled out to all businesses, with the aim of assuring the highest standards of product safety and compliance.**



# INNOVATION

## POWERPANEL®

- Launching 2021
- **Insulate** – featuring QuadCore™ insulated roof panel solutions providing operational energy savings of up to 30%
- **Generate** – high-performance monocrystalline PV cells for maximum output efficiency
- A single fix solution saving time on installation and earlier operation and income
- Up to 74% lighter – suitable for many existing roof structures, saving the need for additional structural works



## DAY-LITE KAPTURE

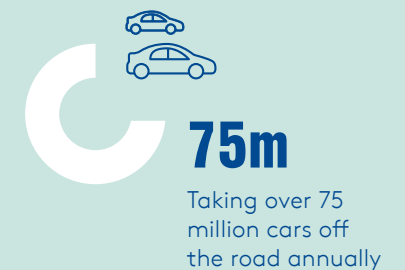
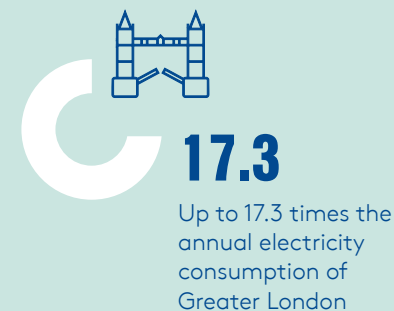
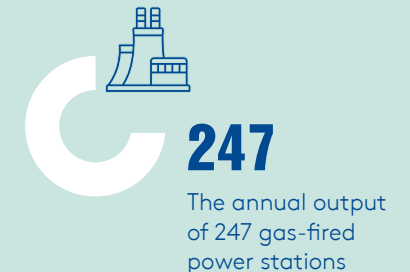
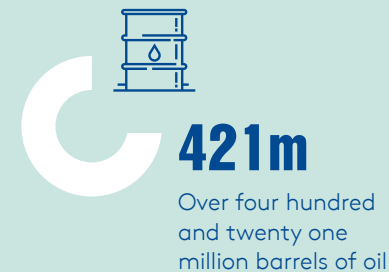
- Save on energy bills by maximising natural light indoors
- Offers exceptional levels of light transmission with 100% diffusion
- 100% UV Resistant
- Pre-glazed, ready for installation



**OVER 65% OF OUR PRODUCTS CONTRIBUTE TOWARDS DELIVERING THE UN SDGS.**

**KINGSPAN'S INSULATION SYSTEMS, SOLD IN 2020, WILL SAVE AN ESTIMATED 716 MILLION MWh OF ENERGY OR 164 MILLION TONNES OF CO2e OVER THEIR LIFETIME.**

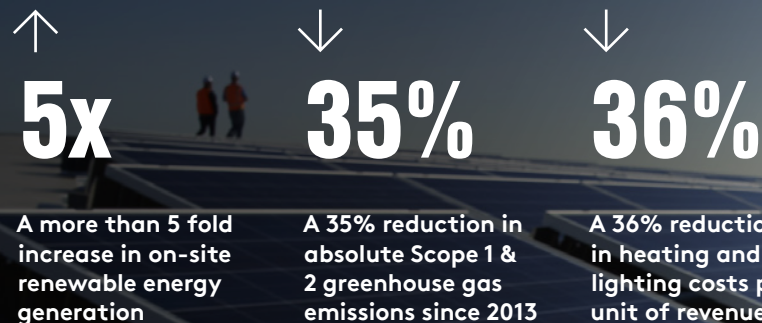
The total projected energy savings\* over the lifetime of the Kingspan insulation systems, sold worldwide in 2020, is equivalent to:



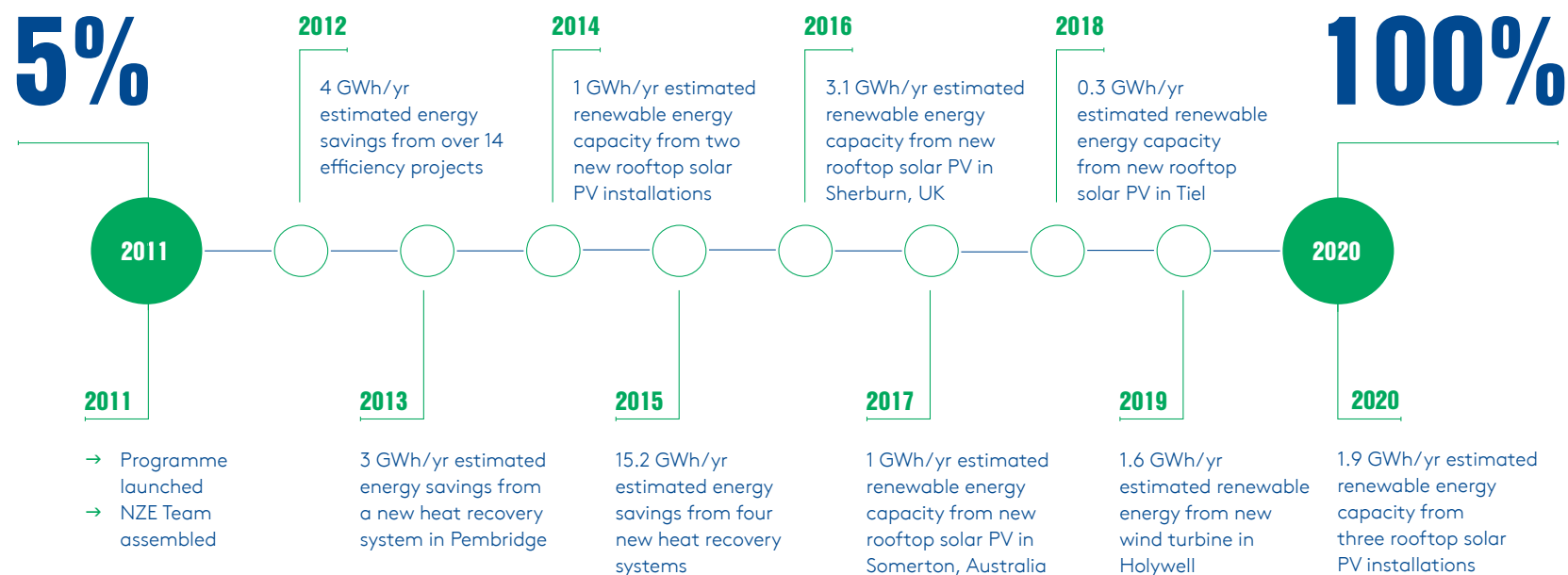
\*figures are based on savings of insulation systems in use for 60 years.

# OUR NET ZERO ENERGY JOURNEY 2011 - 2020

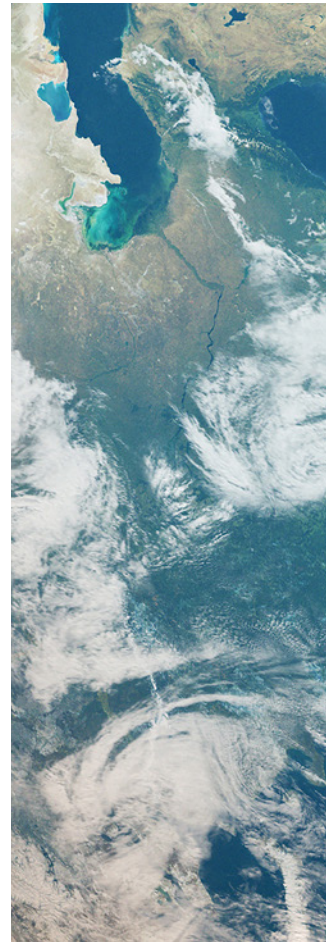
In 2011, we set ourselves an ambitious target to achieve Net Zero Energy\* across our business by 2020. We are proud to announce that we have achieved that goal thanks to targeted investment and the dedication and hard work of our global Net Zero Energy Team.



\*Kingspan's Net Zero Energy definition is to match 100% of our operational energy use through the use of renewable energy and the purchase of renewable energy certificates to offset any remaining non-renewable energy use.



In 2020, we embarked on the next leg of our sustainability journey, one that aligns us with the essential goal of keeping the global temperature increase, by the end of this century, at less than 1.5°C above the pre-industrial era.



**THE INNOVATION AND PARTNER  
DRIVEN APPROACH TO ACHIEVING  
THESE GOALS WILL PUT US AT THE  
VANGUARD OF HIGH-PERFORMANCE  
AND SUSTAINABLE BUILDING  
ENVELOPE SOLUTIONS.**





Launched in December 2019, Planet Passionate is our ambitious 10-year global sustainability programme where we have set ourselves hard targets to progress our positive impact on three global issues: climate change, circularity and the protection of our natural world.

The programme consists of 12 targets across 4 key areas:



		Target Year	2020 (base year)
<b>ENERGY</b>	– Net Zero Energy (%)	2020	100%
	– 60% direct renewable energy use (%)	2030	28%
	– 20% on-site renewable energy generation (%)	2030	5.3%
	– Solar PV systems on all owned facilities (%)	2030	21%
<b>CARBON</b>	– Net Zero Carbon Manufacturing (% change)	2030	0.1%*
	– Zero emissions company funded cars (% annual conversion)	2025	11%
	– 50% reduction in product CO <sub>2</sub> e intensity from primary supply partners (% reduction)	2030	0%
<b>CIRCULARITY</b>	– Zero Company waste to landfill (tonnes)	2030	18,167
	– Recycle 1 billion PET bottles into our manufacturing processes (bottles)	2025	573m
	– QuadCore™ products utilising recycled PET (% sites)	2025	5%
<b>WATER</b>	– Harvest 100 million litres of rainwater (litres)	2030	21.1m
	– 5 active ocean clean-up projects (No. of initiatives)	2025	1

\* Scope 1 & 2 GHG emissions estimate, external assurance ongoing. Final figures to be confirmed in Kingspan's Planet Passionate report, due March 2021

**Planet Passionate Partner / Born Free Foundation** To help halt the dramatic decline in Kenya's lion population and safeguard the future of an animal close to our hearts and at the centre of our logo, Kingspan entered a three-year partnership with the Born Free Foundation.



2020 was a foundational year for our Planet Passionate programme. We set the baseline for each target and developed detailed strategies and timelines to achieve our goals.

## ENERGY

Following on from our Net Zero Energy programme, a key focus of our Planet Passionate programme is to increase our direct use of renewable energy.

- We generated 32.6 GWh of renewable energy on-site. This represents 5.3% of our total energy needs.
- We commissioned seven solar PV projects. These solar PV projects have the capacity to generate 4.76 GWh of renewable energy annually.

## CARBON

We have made great strides in reducing our carbon emissions to date. To meet the goal of limiting global warming to 1.5°C by the end of the century, compared to the pre-industrial era, we are targeting Net Zero manufacturing by 2030.

- We had significant engagement with our key suppliers including cross functional meetings, strategy reviews and site visits. These ongoing collaborations have resulted in several exciting R&D projects. We don't expect linear progress in our supply chain target, but we look forward to announcing step-changes on the back of innovation and technological advances.
- We converted 11% of our annual replacement cars and 2.4% of our total car fleet to zero-emission cars. In addition, we installed 9 EV charging points with a further 8 charging point projects commissioned for 2021.

### Planet Passionate Partner / EcoAlf

**Foundation** Under a 3-year partnership, we are supporting EcoAlf Foundation's removal of waste from the Mediterranean, aiming to reuse as much of the ocean plastic recovered as possible in our production.

## CIRCULARITY

The circular economy is moving from the traditional linear system of take, make and waste. Learn more about our circularity strategy on pages 34 to 37.

- We upcycled 573 million PET waste plastic bottles into our manufacturing process, an increase of almost 50% versus 2019.
- Our Modesto plant in California implemented the use of our recycled PET polyol in its QuadCore™ insulated panel production.
- We recycled 67.8% of our waste, up from 65% in 2019. Our Insulated Panel facility in Holywell, UK and our Global Tate Data & Flooring business achieved zero-waste to landfill.
- The ongoing engagement with our supply chain on multiple sustainability fronts has led to exciting research and development projects which are exploring the potential to include further post-consumer waste as materials in our high-performance solutions.

## WATER

As a manufacturer of solutions to harvest and recycle water, we recognise the need for future water security and the protection of our natural water systems.

- We harvested 21.1 million litres of rainwater across our business.
- Kingspan Water & Energy installed 8 rainwater harvesting systems in 4 countries with a total expected annual yield of 2.18 million litres.
- 180 tonnes of marine debris was collected by EcoAlf's Upcycling the Ocean project in Spain. Over the course of 2020, Synthesia utilised 9.67 tonnes of PET sourced from the EcoAlf Upcycling the Ocean's project in their production.

What has been achieved at Kingspan would not be possible without the people that work hard every day to drive the Group 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, RETAIN AND DEVELOP

## Graduates and Early Career Talent

Graduates and early career talent participated for the fourth consecutive year in our Yours to Shape Programme which has now provided a 12-month programme for 155 graduates across Kingspan to-date. Following residential sessions in Barcelona and the IKON Global Innovation Centre in Ireland, this year's 36 international participants were asked to present their final projects virtually due to travel restrictions and broadcast live to the biggest audience ever for the annual Graduate Showcase. The next cohort, launched in October 2020, has 40% female participation in line with our ongoing ambition to be a diverse and inclusive organisation.

Kingspan continues to be an attractive employer of choice for young, talented graduates with a 60% increase in applications to our global website in 2020. While we have recruited traditionally from engineering disciplines, our product impact and our Planet Passionate programme has appealed increasingly to those with backgrounds in material science, digital skills and sustainability to drive our Innovation, Digitalisation and Planet Passionate agenda.

## Next Generation of Leaders

PEAK (Programme for Executive Acceleration in Kingspan) was launched in 2018 and is targeted at developing 'hi-potentials' middle managers

## GENDER BALANCE



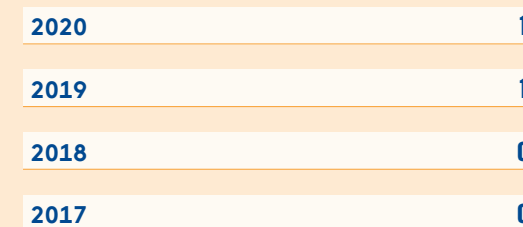
Female Male

## INJURY FREQUENCY RATE



p/100k hours

## FATALITIES





for future senior leadership roles. Seventy-five percent of those who attended the first programme have been promoted to the next level in the last 18 months. 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, eighty-four executives have participated in PEAK which has strengthened cross divisional relationships as well as led to further integration of executive talent from recent acquisitions. PEAK 2020 was a truly global event with greater participation than ever before from our emerging businesses in Asia Pacific.

#### Advanced Management Programmes

Due to the global pandemic, two new leadership programmes were postponed to 2021. An Advanced Management Programme will be launched in June 2021 in partnership with INSEAD's executive business school in France. This new programme will support Kingspan's senior leaders to engage with the enterprise-level goals in a more collaborative way while transforming their leadership capabilities to drive significant long-term growth.

As part of our plans to develop a more coaching style of leadership, we are in the process of

transitioning to an on-line format for our Developing Leaders as Coaches programme which will be rolled out in 2021. In parallel, we continue to assign internal coaches and mentors to sponsor "Hi-Potentials" with particular emphasis on accelerating emerging female leaders across Kingspan.

#### 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, a fatal accident occurred during the installation of Light & Air products in Germany. 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.

#### 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, 40% of our most recent graduate programme are female and over 27% of our senior executive team, reporting to the CEO, are female.

Employees at our Balex manufacturing facility in Bolszewo, Poland



#### 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.

## 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.



Kingspan receiving €1m of Personal Protective Equipment in Dublin for the Health Service Executive of Ireland.

2020 was an extraordinary year, one which will never be erased from our memories. Despite the challenges it presented, Kingspan is proud to recognise the great achievements of our people in turning our skills, facilities and equipment to help with the fight against COVID-19. Our lab at IKON made hand sanitiser which has been used to keep our own people safe, as well as donating to the wider community. We also manufactured over 500 3D prints of PPE frames in IKON to support local schools. Furthermore, during a time of great crisis in terms of shortages of PPE in our nursing homes, a team of people between Holywell and Kingscourt worked at speed to ship 30,000 face masks to Ireland, where they were donated to Nursing Homes Ireland and distributed to 400 nursing homes over a short number of days.

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. We continued to support a number of great causes across the Group from The Irish Hospice Foundation, to charity runs and to supporting a local rugby team in the UK who responded by participating in a beach clean-up with our Synthesia team in Barcelona and our Light & Air team in France while on tour.





## 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.

### Supply chain engagement

Kingspan has developed an ethical and environmental strategy for procuring materials and services. We seek to build and maintain long term relationships with key suppliers and contractors to ensure that they are aligned to the same goals and standards as Kingspan, to address strategic global issues, emerging trends and ultimately our customer needs.

This approach has divisional and regional variances based on the local requirements and materials, but is built on core social, ethical and environmental standards. In all cases we aim to foster an environment of collaboration.

### Customer experience programme

Our Customer Experience programme is all about capturing what, how and why our customers experience the things they do. With the insight from our customers we can take action and make meaningful change happen. Our 2020 Global Customer Experience survey spans 113 businesses within the Group receiving feedback from their customers. Over 10,000 customers from 92 countries took the time to share their experiences with us.



**Top:** Team Kingspan presenting a cheque to the Irish Hospice Foundation / **Bottom:** Mold U16 Rugby Team participating in a beach clean up with our Synthesia team in Barcelona.





[SCAN HERE TO WATCH  
OUR FULL INTERACTIVE  
STORY ONLINE](#)

# NEXT GENERATION SOLUTIONS FOR NEXT GENERATION INDUSTRY

Kingspan's innovation driven portfolio of ultra-performance building envelope solutions has put us at the forefront of delivering carbon and energy efficient, healthy buildings for future generations of industry.



Canada Simons Distribution Centre /  
Insulated Panels KS Shadowline; KS  
Micro-Rib; KarrierPanel

## AN EVOLVING WORLD

2020 saw a global step-change in how we live, work and consume. This has led to an acceleration of some of the industry evolution seen over recent years, such as e-commerce migration, data consumption growth, EV adoption and increasing healthcare demands.



Canada, Simons Distribution Centre, Quebec City /  
Insulation Boards  
KS Shadowline; KS Micro Rib and Karrierpanel

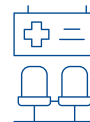
## SIGNIFICANT AND RAPID INFRASTRUCTURE MUST BE DEVELOPED IN ORDER TO SUPPORT THE GROWTH IN THESE EVOLVING BUSINESS CATEGORIES.

- 1 Euromonitor, Prologis Research
- 2 McKinsey, Electric Vehicle Index
- 3 Host in Ireland



### e-Commerce

COVID-19 has pulled forward five years of expected online sales growth into just five months. Already a fast-growth category, online sales have accelerated dramatically and are on pace to reach \$340bn globally in 2020.<sup>1</sup>



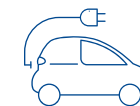
### Healthcare

The IMF estimates that the global cost of COVID-19 in lost output will be \$28tn. The pandemic exposed a lack of resilience and preparedness in global healthcare systems, particularly in relation to Intensive Care Unit (ICU) capacity, which became a key factor in the length and severity of national lockdowns.



### Data Centres

Globally, there is considerable planned investment in data centre infrastructure to support the forecast growth in data consumption and cloud computing. For example, Ireland is a key data centre market in Europe. At the end of 2019 it had 53 operational data centres, eight more under construction and 26 with planning approval <sup>3</sup>.



### Electric Vehicles

Global Electric Vehicle (EV) penetration stood at just 2.5 percent in 2019 <sup>2</sup>. The widespread adoption of EVs is a necessary step toward achieving climate-change goals. This requires significant investment in EV manufacturing infrastructure and its supporting supply chain, including battery manufacturing.

# DISTRIBUTION & LOGISTICS

Canada Simons Distribution Centre /  
Insulated Panels KS Shadowline; KS  
Micro-Rib; KarrierPanel

## Awarded "Best in Industrial and Logistics Development" MIPIM 2020

Simons is one of the largest fashion retailers in Canada, it was only fitting that their main distribution centre and office campus reflect the aesthetic values of the company. GKC chose external facades with patterns inspired by woven fabric thread, which gave the building a cutting-edge yet fashionable appearance. GKC Architects was recognized as the 2020 winner in the "Best in Industrial and Logistics Development" at the annual MIPIM Awards Ceremony.

**The search for thermal performance, installation efficiency, and flexible design options lead GKC Architects to choose Kingspan insulated panels for the building envelope and exterior of the building.**



One of the many advantages of Kingspan insulated panels is the length of panel availability, we have less structure, less support and the sky's the limit with optimizing the building envelope. Additionally, the Kingspan products exhibit both form and function and in many climate conditions, such as northern temperatures here in Canada, we can add value by enclosing the envelope quickly, easily and efficiently with weathertightness.

**Fernando Lozano,**  
Partner, GKC Architects

# ELECTRIC VEHICLES

**Kingspan has worked with many EV manufacturers including Tesla, Volkswagen, General Motors and Lucid Motors. In the United States alone, we have supplied over 650,000 square metres of insulated panels to EV related projects.**



## LEARN MORE ABOUT WHY

Watch the online interview with Brent Trenga, Director of Sustainability, Kingspan Insulated Panels North America.



# HEALTHCARE



Russia BIOCAD Moscow /  
Insulated Panels KS1200 FR

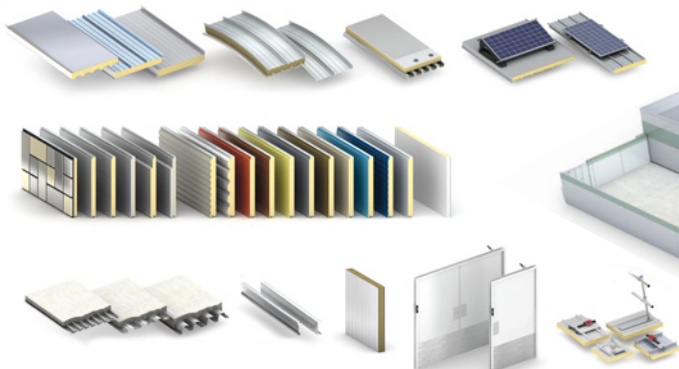
National health systems must be supported in the rollout of vaccinations and strengthened for future pandemic preparedness and response.

Kingspan has solutions and is presently working on projects across the spectrum of healthcare, including hospital construction, manufacturing for medical equipment and cold storage for medicine and vaccinations.

## DATA CENTRE SOLUTIONS

Kingspan has extensive data centre solutions including ultra-efficient building envelopes, HVAC insulation and airflow management systems.

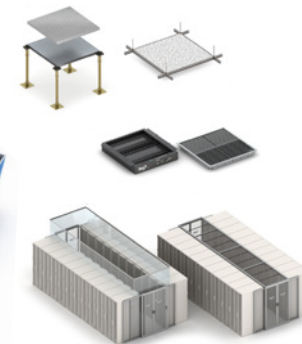
### Shell & Core Solutions



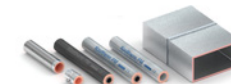
### Lighting



### Access Floors & Airflow Management



### HVAC Insulation



# The Board

## Non-Executive Chairman

<b>Eugene Murtagh</b> (Age 78) Ireland N	Eugene Murtagh is the Non-Executive Chairman of the Group. <b>Relevant skills &amp; experience:</b> 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.
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## Chief Executive Officer

<b>Gene M. Murtagh</b> (Age 49) Ireland N	Gene Murtagh is the Group Chief Executive Officer. He was appointed to the Board in November 1999. <b>Relevant skills &amp; experience:</b> 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.
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The Board provides entrepreneurial leadership and sets the governance framework for the Group.

## Executive directors

<b>Geoff Doherty</b> (Age 49) Ireland	Geoff Doherty is the Group Chief Financial Officer. He joined the Group, and was appointed to the Board, in January 2011. <b>Relevant skills &amp; experience:</b> 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.
<b>Russell Shiels</b> (Age 59) 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. <b>Relevant skills &amp; experience:</b> Russell has experience in many of the Group's key businesses, and was previously Managing Director of the Group's Building Components and Raised Access Floors businesses in Europe. 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 data centre market globally.
<b>Gilbert McCarthy</b> (Age 49) 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. <b>Relevant skills &amp; experience:</b> Gilbert joined the Group in 1998, and has held a number of senior management positions including managing director of the former 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.

Board Committees: A Audit & Compliance N Nomination & Governance R Remuneration

## Non-executive directors

<b>Linda Hickey</b> (Age 59) Ireland Independent R	<p>Linda Hickey was appointed to the Board in June 2013, and is appointed as the Senior Independent Director.</p> <p><b>Relevant skills &amp; experience:</b> Linda was previously the Head of Corporate Broking at Goodbody Capital Markets where she worked closely with multi-national corporates and the investor community. Prior to that Linda worked at NCB Stockbrokers in Dublin and Merrill Lynch in New York. Her considerable knowledge and experience of capital markets and corporate governance provide important insights to the Board.</p> <p><b>Qualifications:</b> B.B.S.</p> <p><b>External appointments:</b> Chair of the board of the Irish Blood Transfusion Service, and non-executive director of Cairn Homes plc and Greencore Group Plc.</p>
<b>Michael Cawley</b> (Age 66) Ireland Independent A R	<p>Michael Cawley was appointed to the Board in May 2014.</p> <p><b>Relevant skills &amp; experience:</b> Michael is a chartered accountant, and was formerly Chief Operating Officer &amp; 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 &amp; Compliance Committee.</p> <p><b>Qualifications:</b> B. Comm., F.C.A.</p> <p><b>External appointments:</b> Chairman of Hostelworld Group plc, and non-executive director of Flutter Entertainment plc and Ryanair Holdings plc.</p>
<b>John Cronin</b> (Age 61) Ireland Independent N	<p>John Cronin was appointed to the Board in May 2014.</p> <p><b>Relevant skills &amp; experience:</b> 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.</p> <p><b>Qualifications:</b> B.A. (Mod) Legal Science, Solicitor in Ireland and England &amp; Wales.</p> <p><b>External appointments:</b> Non-executive director of the Dublin Theatre Festival Limited.</p>

Board Committees: A Audit & Compliance N Nomination & Governance R Remuneration

## Non-executive directors

<b>Bruce McLennan</b> (Age 56) Australia Independent A N R	<p>Bruce McLennan was appointed to the Board in June 2015.</p> <p><b>Relevant skills &amp; experience:</b> 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.</p> <p><b>Qualifications:</b> B. Bus, M. Comm.</p> <p><b>External appointments:</b> Member of the Australian Government Takeovers Panel.</p>
<b>Jost Massenberg</b> (Age 64) Germany Independent N	<p>Jost Massenberg was appointed to the Board in February 2018.</p> <p><b>Relevant skills &amp; experience:</b> Jost is the former Chief Executive Officer of Benteler Distribution International GmbH, and prior to that he was 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, as well as his broad experience as a chairman and non-executive director of large private companies, are of enormous benefit to the Board.</p> <p><b>Qualifications:</b> PhD Business Admin.</p> <p><b>External appointments:</b> Chairman of VTG Aktiengesellschaft, and a non-executive director in a number of large private companies.</p>
<b>Anne Heraty</b> (Age 60) Ireland Independent A	<p>Anne Heraty was appointed to the Board in August 2019.</p> <p><b>Relevant skills &amp; experience:</b> 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 public and private non-executive directorships, and brings this broad business and entrepreneurial experience to the Board.</p> <p><b>Qualifications:</b> B.A. in Mathematics &amp; Economics.</p> <p><b>External appointments:</b> Chief Executive Officer of Cpl Resources plc.</p>

## Company Secretary

<b>Lorcan Dowd</b> (Age 52) Ireland	<p>Lorcan Dowd was appointed Head of Legal and Group Company Secretary in July 2005.</p> <p><b>Relevant skills &amp; experience:</b> 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.</p>
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# Chairman's Introduction

EUGENE MURTAGH

The Kingspan Board recognises that the values, integrity and behaviours that shape our culture and corporate governance are the foundation of long-term success. As a Board, we strive to continue to enhance our corporate governance practice and disclosure to ensure we not only meet the standards expected of us but, more importantly, we promote the success of the business for all of our stakeholders. At the heart of those efforts is an entrepreneurial Board that adheres to high standards of governance.



Australia North Queensland  
Stadium / Insulated Panels  
KingZip Structural Liner

Throughout 2020, the Board continued to refine and improve our corporate governance practice in line with the principles of the 2018 UK Corporate Governance Code (the 'Code'). We have embraced the Code's aims of returning to a principled-based approach to governance. We consistently strive to ensure that our reporting continues to be meaningful in detailing how we integrate the Code's principles within our decision making. We continue to make enhancements to our governance processes and this translates to less governance risk, based on our purpose, values, strategy, business and outlook. We are committed to ensuring that our long-term ambitions go hand in hand with high standards of corporate governance, as well as a Board equipped with an abundance of diversity, experience and expertise.

As part of our response to the UK's Grenfell Tower Inquiry (the "Inquiry"), the Board has implemented a suite of measures that underpin Kingspan's clear commitment to enhanced compliance, governance and transparency. Details of these measures are set out in the Report of the Nomination & Governance Committee. Included in these measures is the expansion of the role of the Board's Audit Committee into an Audit & Compliance Committee to monitor and ensure a culture of product compliance across the Group, as explained in the Report of the Audit & Compliance Committee. Additionally, the Remuneration Committee considered the impact of the issues arising from the Inquiry on the Executive Directors' remuneration outcomes for 2020. These considerations and outcomes are fully detailed in the Report of the Remuneration Committee and include a decision to reduce executive bonuses to zero for 2020. I am confident that, in the years ahead, the business will benefit from these learnings and that the

changes made will contribute to the longer term and sustainable success of the Company.

One of the key changes under the new Code was the introduction of a tenure consideration in respect of the Chair of the Board. As indicated in last year's Annual Report, I have notified the Board of my intention to step down as Chairman and non-executive director of Kingspan with effect from the conclusion of this year's Annual General Meeting. Following a detailed succession process, as set out in the Report of the Nomination & Governance Committee, we are pleased to have an experienced non-executive in Jost Massenberg to take on the role of non-executive Chairman of the Kingspan Board. In the three years since his appointment to the Board, Jost has developed a deep understanding of our business while providing valuable insight. There has also been additional refreshment and renewal at Board level, as detailed in the Report of the Nomination & Governance Committee, which ensures the Board invites fresh thinking and

challenge to its decision making and has the optimal blend of skills and expertise to ensure effective oversight of the business and implementation of Kingspan's strategy.

We had the pleasure of engaging with major shareholders and stakeholders on a number of occasions during the year in what proved to be a difficult year in attaining face to face meetings. On behalf of the Board, I would like to thank those shareholders who provided their views on governance and strategy during the past year. We were also delighted to welcome overseas shareholders who were able to attend the 2020 Annual General Meeting on-line for the first time in the Company's history, and we look forward to facilitating a wider global participation by our shareholders on-line at this year's and future AGMs, in line with developing trends elsewhere.

**Eugene Murtagh**  
Chairman





# Report of the Nomination & Governance Committee



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](http://www.frc.org.uk)  
[www.euronext.com](http://www.euronext.com)

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').

## Statement of compliance

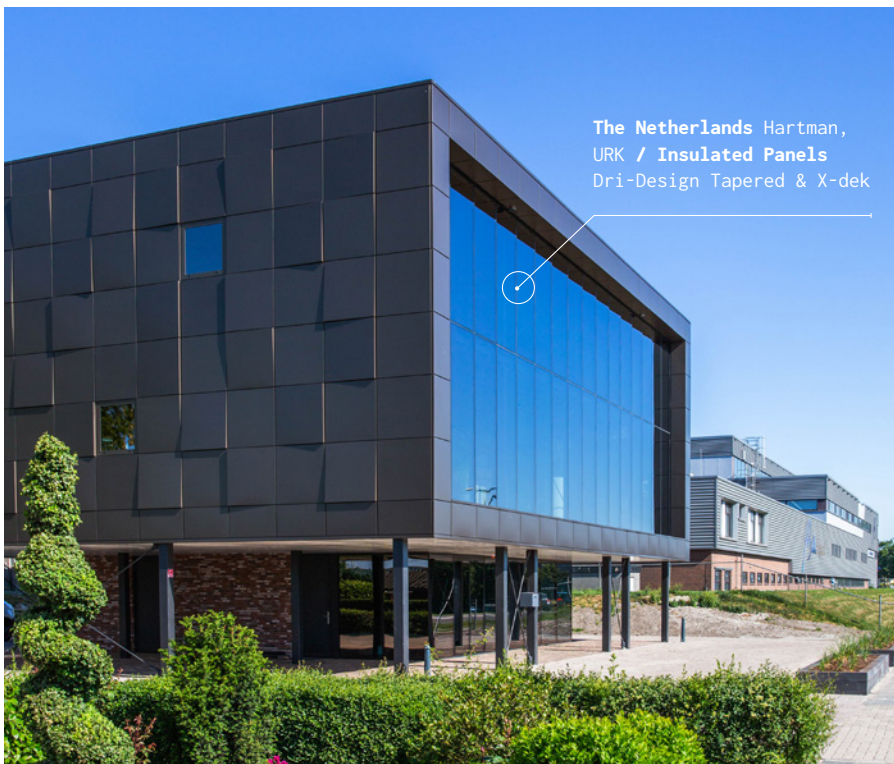
The directors confirm that the Company has throughout the accounting period ended 31 December 2020 complied with the provisions of the UK Corporate Governance Code (July 2018) as set out below.

## Stakeholder views

The Board notes the importance of the principle underpinning Provision 5 of the Code, which asks Boards to have regard for engagement mechanisms with stakeholders. The Board recognises 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. In last year's Annual Report, we confirmed that Linda Hickey had been appointed as

the director responsible for workforce engagement to facilitate the channelling of employee views to Board discussions. Although opportunities for face-to-face meetings were restricted in 2020, as normality returns to our businesses it is expected that Ms Hickey will have the opportunity to meet and hear views from a wide range of employees across all divisions both through site visits to our various facilities during the year, and through engagement with participants on our employee development programmes. In addition, in 2021 we will be launching a groupwide employee engagement survey to foster a deeper dialogue on a broad range of issues including culture, vision, health & well-being, and training & development. This process of engagement will 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. Details of, and feedback from, this employee engagement will be set out in the 2021 Annual Report.





### Board committees

The Board has established three standing committees: Audit & Compliance; Nomination & Governance; and Remuneration. 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](http://www.kingspan.com). The members of each committee as at the date of this report, and the date of their first appointment to the committee, are set out adjacent. The details of each committee's activities during the year are detailed in their respective reports as set out in this Annual Report.

**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.

Audit & Compliance 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 Committee meetings are set out in the table below.

### Attendance at Board and Committee meetings during the year ended 31 December 2020

	Board		Audit & Compliance		Nomination & Governance		Remuneration	
	A	B	A	B	A	B	A	B
Eugene Murtagh	8	8			2	2		
Gene M. Murtagh	8	8			2	2		
Geoff Doherty	8	8						
Russell Shiels	8	8						
Peter Wilson*	8	7						
Gilbert McCarthy	8	8						
Linda Hickey	8	8					3	3
Michael Cawley	8	8	4	4			3	3
John Cronin	8	8	1	1	2	2		
Bruce McLennan	8	8	3	3	2	2	3	3
Jost Massenberg	8	8			2	2		
Anne Heraty	8	8	4	4				

\* Retired as a director 31 December 2020.

### 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 outlined below, the Board continues to review its composition to ensure appropriate refreshment and renewal which is essential to bring fresh thinking to Board discussions and constructive challenge to the Board's decision making. Following a number of changes in 2019, there has been further refreshment during 2020 and 2021 to the Board and Committees, details of which are outlined below.

As a means of fostering challenge and director engagement, the non-executive directors, led by the senior independent director, 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. Where necessary or requested, directors can also avail of independent third-party advice on Company issues or relevant Board matters – including, but not limited to matters

such as remuneration, succession etc. 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.

### Board changes

During the past year, we continued to deliver on the objective of appropriate refreshment and renewal at Board level. 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 addition, new directors bring fresh thinking and constructive challenge to the Board.

In December 2020, Peter Wilson retired as an executive director and as Divisional Managing Director of the Group's Insulation Boards business. Mr Wilson made a significant contribution to the Group and the Board over his forty year career with Kingspan.

Post the year-end, Bruce McLennan notified the Board that he would not be seeking re-election to the Board at the 2021 Annual General Meeting. Mr McLennan has served on the Board for six years and we thank him for his contribution to Kingspan during that period.

In line with guidance set out in last year's Annual Report, the Group's Chairman will also step-down from the Board at the conclusion of the 2021 AGM. Details on his retirement and Chair succession are outlined on page 70.

In addition, the Company was pleased to announce the two new appointments to the Board, Éimear Moloney who joins as an independent non-executive director and Paul Murtagh as a non-executive director, with effect from 30 April 2021.

These appointments broaden the diversity of the Board while reflecting our increasingly global footprint as a business. A breakdown of the background and skillset of the non-executive directors, a central tenet of promoting Board effectiveness, is provided on page 61.

Following Eugene Murtagh's and Bruce McLennan's retirement from the Board, Jost Massenberg will become Chair of the Nomination & Governance Committee and Linda Hickey will be appointed to that committee. Éimear Moloney will join the Audit & Compliance Committee and Anne Heraty will be appointed to the Remuneration Committee.

### 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 AGM is an important forum for shareholders to meet with and hear from Company directors. Given Irish government and public health guidelines at the time of the 2020 AGM, the Company was unable to host a public meeting at which shareholders could attend in person. However, shareholders were provided with the facility to join the 2020 AGM on-line and submit questions in advance, and the Company was delighted to welcome shareholders participating from overseas for the first time. The Board is committed to reviewing technology solutions which would offer shareholders the opportunity to attend and vote on-line, as well as in person, which in line with developing trends elsewhere would facilitate a wider global participation by our shareholders, whilst still providing them with equivalent rights to vote and ask questions.

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. 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 & Compliance 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 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 & Compliance Committee in this regard is detailed in the Report of the Audit & Compliance 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 & Compliance 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 & Compliance 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 & Compliance and the Audit & Compliance 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 Risk & Risk Management section of this Annual Report.

### Response to issues arising from the UK's Grenfell Tower Inquiry

Kingspan is a core participant in the UK's Grenfell Tower Inquiry ("the Inquiry"), and as part of the review and disclosure process undertaken to support the Inquiry process, a number of serious issues were identified in part of our UK Insulation Boards business. Earlier this year Kingspan announced a comprehensive suite of measures that underpin Kingspan's clear commitment to proper professional conduct and safety, and to ensuring that all legacy issues are dealt with comprehensively, as well as implementing an enhanced suite of compliance, governance and reporting measures. These include:

- Eversheds Sutherland conducted a review of compliance and governance in the UK Insulation Boards business. Kingspan is committed to implementing in full the recommendations made, and this work is already underway;



- Extending the role of the Audit Committee into an Audit & Compliance Committee to monitor and ensure a culture of compliance cross the Group;
- Expansion of the Internal Audit role to include audit of compliance, testing, certification and marketing of products, reporting to the Audit & Compliance Committee;
- The introduction of a new code of conduct and the roll out of a training programme on its core principles to all employees worldwide;
- The appointment of a Group Head of Compliance & Certification, reporting directly to the Group CEO;
- The appointment of Product Compliance Officers in each business division; and
- A comprehensive testing programme to provide reassurance on the safety of K15's use in historical facade systems where compliant and correctly installed.

### Leadership

The Nomination & 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, nationality and educational background.

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

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	•	•	•	•	•	

### 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 on the Board, (excluding the Chairman Eugene Murtagh), are independent. In addition, following the conclusion of the 2021 AGM, Jost Massenberg will be appointed non-executive Chairman of the Board and will be independent upon appointment.

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. Mr. Cronin will retire from McCann FitzGerald in March 2021, and the Board concluded that he remains fully independent, taking into account the following material factors:

- He had no role in the selection or retention of legal advisors to the Company;
- All work undertaken by McCann FitzGerald for the Company was managed by other employees within the firm, and there were formal arrangements in place, both at McCann FitzGerald and Kingspan, to ensure there were 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; and
- The total fees paid for legal services to McCann FitzGerald during the year were €145,541 (2019: €125,947) and account for substantially less than 1% of McCann FitzGerald's annual revenues.

In these circumstances the Board continues to be satisfied 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 interest, 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), from which she retired in 2019. The Board noted that annual fees and expenses paid to Goodbody Stockbrokers were normally in the region of €60,000 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

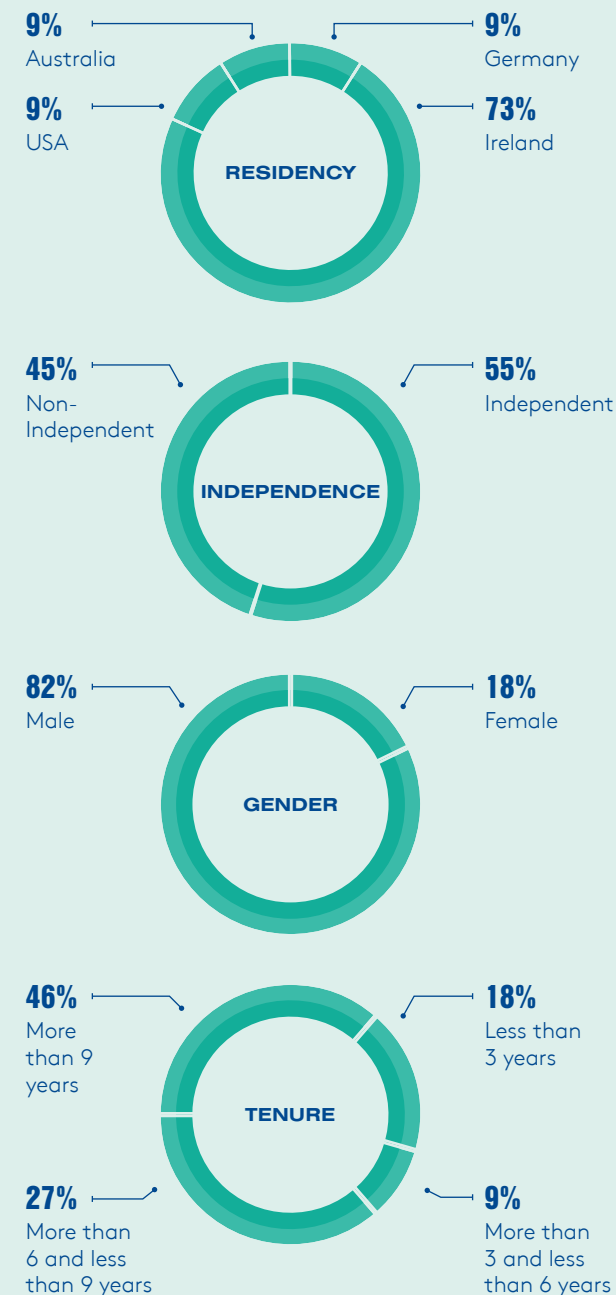
Board, as well as the scrutiny and, when necessary, the challenging of management, as part of the evolution of our governance framework, the Committee has previously adopted a conflicts of interest policy which guides all decisions of the Board when actual or potential conflicts of interest arise.

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 some shareholders in this area and reviewed Mr Cawley's attendance and contribution as a non-executive director, as well as his other mandates.



It was noted that Mr Cawley has only missed one meeting since his appointment as a non-executive director in 2014. In particular, notwithstanding the wider market issues caused by the global pandemic and the related increase in demands on boards of directors in every business during 2020, the Committee notes that Mr Cawley attended all Board and committee meetings during the year. The committee has engaged with Mr Cawley and is satisfied 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. It is intended that another external evaluation will be undertaken in 2021, consistent with best practice. Details of the outcome of the evaluation will be provided in the 2021 Annual Report.

### 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 has been, and will continue to be, a focus of the Committee.

The 2018 UK Code was updated to include a new provision which outlined that, generally, Board Chairs should not remain in place for over nine years, although there is an exception to this rule to facilitate succession planning. In last year's Annual Report, the Committee outlined that the Company's founder Eugene Murtagh, who has served as Chairman since he started the business 55 years ago, had announced his intention to retire within an 18 month period. This provided an appropriate timeline to balance the need for stability and continuity while ensuring an orderly transition in what would be a significant change in the leadership of the Board. Mr Murtagh has now confirmed his intention to retire with effect from the conclusion of this year's Annual General Meeting.

Mr Murtagh 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 has been instrumental in setting the tone at the top, developing and embedding values as well as encouraging performance and ensuring that management has the necessary support and controls in place to deliver on its strategy. Affording an 18 month time horizon provided the Committee with the time and scope to effect an appropriate and rigorous succession plan and ensure an appropriate transition to a new Non-Executive Chairman.

During the course of 2020, the Committee conducted a rigorous process to consider and identify an appropriate successor to the Chairman. Mr Murtagh did not Chair the Committee meetings relating to his successor.

Following this process, the Committee identified Jost Massenberg, who joined the Board as an independent non-executive director in 2018, as the best candidate to succeed Mr Murtagh. Mr Massenberg will assume the role of non-executive Chairman of the Board following the 2021 AGM. The Committee noted Mr Massenberg's more than 30 years' industry experience in European steel and international manufacturing businesses in making their recommendation to the Board to appoint him as successor to Mr Murtagh. The Committee also considered that since Mr Massenberg's appointment to the Board in 2018 he had gained a valuable understanding of the Board and the Kingspan Group, and that he would still have a significant tenure on the Board for him to serve as Chairman within the revised nine year guidance of the 2018 Code, providing continuity and stability of Board leadership for the period ahead. The Committee recommended Mr Massenberg to the Board as the successor to Mr Murtagh. His nomination as the new Non-Executive Chairman was unanimously supported by the Board.





**Britain** Graven Hill / **Insulation Boards** TEK Building System  
with Thermawall TW55 and Thermapitch TP10

# Report of the Remuneration Committee

LINDA HICKEY

On behalf of the Remuneration Committee (the 'committee'), I am pleased to present the 2020 Report on Directors' Remuneration.

## Our remuneration philosophy

As detailed previously, we have developed a clear philosophy around remunerating and incentivising employees, management and executive directors. 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 under simple measures that are key to the delivery of strategy. A significant portion of remuneration is delivered through equity, ensuring strong levels of alignment between the interests of management and shareholders. 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 over the years.

## Business performance and pay outcomes

Overall, the past year was one of robust performance for Kingspan across a number of measures in the face of remarkable market turbulence and unprecedented challenges. The performance of the Group in that environment, the wider backdrop of the global COVID-19 pandemic and the learnings from the UK's Grenfell Tower Inquiry (the "Inquiry"), have each been central to the discussion and decisions at committee level during the course of the year.

Group revenue was down somewhat on prior year at €4.6bn, whilst trading profit was up 2% to €508.2m. Earnings Per Share ('EPS') rose 1% to 206.2 cent and Total Shareholder Return ('TSR') for the year was 5.4%. EPS and TSR are two of the key performance measures used to determine the executives' performance-related pay.



In the first half of the year, amidst the initial outbreak of the COVID-19 pandemic and the imposition of government restrictions, there was considerable disruption to our business and end-markets. As a result of the unpredictability of the situation, a number of early decisions were taken to protect and safeguard the long-term interests of the business. These included a 50% cut in the executive directors' pay and non-executive directors' fees for two months (in April and May), as well as similar salary cuts of 40% for all employees across the Group. In some jurisdictions we were able to avail of furlough and wider governmental support schemes to protect as many jobs as possible. As the year progressed, we developed a clearer picture of the likely impact of the pandemic on our business, and we were in a position to fully reinstate all staff pay deductions and cease the receipt of and repay any government support. We also recognised the importance of balancing stakeholder interests in our decision-making, and the Company has either already repaid or committed to repay all COVID-19-related government support received over the past year.

The committee carefully assessed the performance of the executive directors against their individual performance measures in line with normal practice. Despite strong performance against both the Group and divisional profit measures underpinning the annual bonus plan, the committee conducted a holistic review of our stakeholder experience during the past fiscal year, including the matters arising from the Inquiry. Against this backdrop, and consistent with our commitment to consistently evaluate the appropriateness of pay-outs, the committee exercised its discretion to reduce compensation entitlements under the annual bonus plan to zero. As a consequence, there are no pay-outs to executive directors under the annual bonus plan for 2020.

In terms of long-term incentives, the underlying health of the Group has been reflected in the

achievement of top quartile TSR performance among the peer group for the tenth cycle in a row which, together with robust EPS growth over the three year vesting period, resulted in the 2018 Performance Share Plan ('PSP') Awards vesting at 90% of maximum.

The committee remains dedicated to overseeing the implementation of our Remuneration Policy in a manner which works for our business and delivers results for our stakeholders. During the course of 2020, recognising the growing importance of integrating non-financial measures into remuneration frameworks and strategic KPIs, we considered the introduction of non-financial measures within short and long-term incentive arrangements for executive Directors. As set out in further detail within the following report, Net Promoter Score ("NPS"), a measure of customer satisfaction, will be included within the Annual Bonus plan, accounting for 10% of measures. This will constitute a second metric for those with Group focused measures, and a third for those with Group and divisional focused measures. The addition extends the focus to non-financial performance which is central to delivering on the Group's strategy.

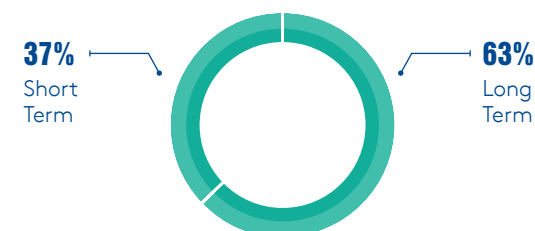
In addition, the committee determined it would introduce an additional ESG measure into our long-term Performance Share Plan (PSP). The PSP metric is based on Kingspan's ambitious Planet Passionate programme that aims to significantly reduce the Group's environmental impact as it continues to grow. Ten of our Planet Passionate targets, based around saving energy, carbon, water and circularity, have been selected for inclusion against 10% of the annual PSP bonus award. The inclusion of non-financial measures in both short and long-term variable incentives reflects the Group's wider commitment to Environmental Social Governance (ESG) considerations and to ensuring Kingspan delivers against key non-financial as well as financial

#### FIXED PAY V VARIABLE PAY



#### VARIABLE PAY

Short Term v Long Term



measures. Both measures also align with our philosophy of simplicity and pay for performance, with the NPS being an externally recognised measure, and the Planet Passionate targets being quantifiable and transparent.

Whilst undoubtedly there remain challenges ahead, we continue to work together with all of our stakeholders, and the resilience of the Group's performance is testament to the management and employees' efforts. I would like to thank my fellow members on the committee for their contribution to the remuneration agenda during 2020.

**Linda Hickey**

Chair of the Remuneration Committee



## 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. During the past fiscal year, steps were taken to broaden our oversight of remuneration practices throughout the organisation, which are guided by the same principles as those at senior management. As a committee, we will continue to be apprised of any overarching themes from remuneration with the wider workforce.

In addition, the Shareholder Rights Directive II ("SRD II") was transposed into Irish Law during the past fiscal year. The primary change in terms of remuneration related to the requirement to propose a remuneration policy at least every four years, something which the Company previously did on a voluntary basis in 2019.

## Shareholder consultation

As set out in last year's Annual Report, following consultation with shareholders post the 2019 AGM, we implemented a number of changes to the Kingspan remuneration policy, including:

- The adoption of a two-year post-vesting holding period under the PSP;
- 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; and
- 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.

Following on from these changes and ongoing consultation with shareholders, almost 94% of shareholders supported the resolution to approve the Report of the Remuneration Committee at the 2020 AGM, which the committee believes is a reflection of its responsiveness to shareholders and a commitment to maintaining high levels of engagement with our shareholder base.

In advance of the 2020 AGM, the committee set out the background and context to each of the contractual pension entitlements of the executive directors. The committee undertook to keep pension contributions under review in line with evolving best-practice while noting legacy contractual arrangements for incumbent executives.

Executive Director	2020 Contractual Pension Entitlement	2024 Pension Contribution Target	Annual Percentage Point Reduction Over 4 Years
Gene Murtagh	18%	10%	2% annually
Geoff Doherty	24%	10%	4% in year 1 and 2 3% in year 3 and 4
Gilbert McCarthy	20%	10%	3% in year 1 and 2 2% in year 3 and 4
Russell Shiels*	33%	10%	10% in year 1 5% in year 2 4% in year 3 and 4

\*Russell Shiels joined Kingspan in 1996. His contract was renegotiated in 2013 and, in that renegotiation, his pension contribution was increased by \$100,000 per annum for the period until his retirement.

Following a thorough review of remuneration during the course of 2020, and incorporating both evolving best-practice and the perspectives of shareholders, with the agreement of each of the executive directors, all contractual pension contributions will be reduced to 10% of base salary by the end of 2024. Current and future pension contributions are detailed in the table below including the annual increments of reduction for each executive director which will be applied. The committee believes this approach fairly and appropriately balances the legacy contractual entitlement of each of the executive directors with the expectations of shareholders and wider stakeholders.

## 2020 Remuneration at a Glance

This section provides a snapshot of remuneration received by executive directors during 2020.

## Salary

As flagged in our 2019 Annual Report, apart from Peter Wilson, each of the executive directors received a base salary increase of 2% in 2020 which was in line with that awarded to the general workforce. By reason of his increased responsibilities as outlined in last year's Annual Report, Mr Wilson received a salary increase of 7.5%. Each of the salaries were effective from 1 January 2020, well in advance of the committee's awareness of COVID-19 and the potential impact on business.

Temporary salary reductions of 50% were applied to executive directors for two months during the year which was later repaid along with all employee reductions. Full details of the directors' salaries and total remuneration are set out in the Remuneration Table on page 78.

## Annual Bonus

As provided by the approved remuneration policy, the maximum annual bonus potential for the executive directors is 150% of basic salary. The CEO and CFO's annual bonus is based on the achievement of Group EPS performance targets. For Divisional MDs, bonuses are based on a combination of stretching profit targets for their respective divisions, plus an element of Group EPS targets.

The 2020 targets and final outturns of the annual performance bonuses are detailed in full below:

CEO & CFO		Divisional MDs	
Measure	EPS	Divisional profit targets	EPS
Targets	95% -115% of prior year	95% -110% of prior year	95% -115%
Performance	100.8%	(13.2%) to 111.6%	100.8%
% Max payout	38.55%*	15.42% to 75.42%	

\*Notional pay-out as committee discretion resulted in zero annual bonus.

Based on the targets above, the CEO and CFO achieved 29% of maximum target, which would have equated to 38.55% of salary for each executive. Divisional profit performances varied, with the outturn for the bonus targets for the divisional MDs ranging from 15.42% to 75.42% of salary. Russell Shields exceeded 110% of his divisional profit target, whilst Peter Wilson and Gilbert McCarthy's divisional performance failed to meet their threshold targets given the global macro backdrop.

Despite financial performance that would have resulted in payouts to each of the Executive Directors during 2020, all payouts were subject to a final evaluation by the committee as set out in the statement of the Committee Chair. In light of wider stakeholder experience and the matters arising from the Inquiry, the committee determined that no annual bonus payouts would be made for 2020.

#### Performance Share Plan

The Performance Share Plan ('PSP') awards vesting in February 2021, relate to awards granted in 2018.

These awards were subject to EPS growth and relative TSR performance targets measured over the period from the start of 2018 to the end of 2020. Target and actual outturns are set out in the table below. 90% of awards granted will vest in February 2021. Prior to confirming the payouts, the committee undertook an evaluation of whether vesting levels reflected both individual and company performance over the three-year period to December 2020.

#### Summary of Remuneration Policy

Set out on the next page is a summary of the remuneration policy approved by shareholders at the 2020 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% to 10% compounded p.a.	CPI+8.7%	80%
TSR	50%	Upper Quartile	93rd percentile	100%



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Insulated Panels JI  
Vulcasteel

How it Operates		Maximum Opportunity
<b>Base Salary</b>	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
<b>Pensions</b>	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.	For all future appointments, pensions will be capped at the rate applicable to the workforce in the relevant local market. Incumbent executive directors' pensions will be reduced to 10% by the end of 2024.
<b>Benefits</b>	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
<b>Annual Bonus</b>	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
<b>PSP</b>	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 three-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. Newly appointed executive directors are also subject to a post-employment shareholding policy equal to 200% of salary. The committee did not implement post employment guidelines for the current executive directors, having regard to their long-standing high levels of shareholdings and their existing contractual arrangements.

#### 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;



	Max. opportunity as % salary	Performance measures and % weighting	Threshold target	Target for maximum	Performance achieved	Bonus outcome as % salary*
Chief Executive	150%	EPS	194.4c	235.3c	206.2c	38.55%
Chief Financial Officer	150%	EPS	194.4c	235.3c	206.2c	38.55%
Russell Shiels	60%	Divisional profit	N/D	N/D	N/D	75.42%
	90%	EPS	194.4c	235.3c	206.2c	
Peter Wilson	60%	Divisional profit	N/D	N/D	N/D	15.42%
	90%	EPS	194.4c	235.3c	206.2c	
Gilbert McCarthy	60%	Divisional profit	N/D	N/D	N/D	15.42%
	90%	EPS	194.4c	235.3c	206.2c	

\*Notional payout as committee discretion resulted in zero annual bonus.

- 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 2020 AGM is set out in full in the 2019 Annual Report and on our website at: [www.kingspan.com](http://www.kingspan.com).

#### 2020 performance related bonus

In 2020 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 15% 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 is 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 robust financial performance, as set out by the Chair of the Remuneration Committee, following an evaluation of overall company performance, stakeholder experience and the matters arising from the Inquiry, the committee exercised its discretion to reduce compensation entitlements under the annual bonus plan to zero. As a consequence, it

was determined that no pay-outs would be made in respect of the 2020 annual performance bonus to any of the directors.

The table above sets out the performance against targets for each of the executive directors in respect of the year ended 31 December 2020.

We do not disclose the specific targets for the Divisional MDs, or 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, where such MDs are unlikely to be subject to comparable disclosure requirements.

**2020 Remuneration Outturn**  
**Directors' Remuneration for year ended 31 December 2020**

Executive Directors	Gene Murtagh EUR'000		Geoff Doherty EUR'000		Russell Shiels <sup>(1)</sup> EUR'000		Peter Wilson EUR'000		Gilbert McCarthy EUR'000		Total EUR'000	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Fixed Remuneration</b>												
Salary and Fees	888	870	573	562	523	522	512	477	530	520	3,026	2,951
Pension Contributions <sup>(2)</sup>	161	158	140	137	173	174	198	186	106	104	778	759
Benefits <sup>(3)</sup>	33	36	31	34	48	55	20	20	43	37	175	182
<b>Total Fixed Remuneration</b>	<b>1,082</b>	<b>1,064</b>	<b>744</b>	<b>733</b>	<b>744</b>	<b>751</b>	<b>730</b>	<b>683</b>	<b>679</b>	<b>661</b>	<b>3,979</b>	<b>3,892</b>
<b>Performance Pay</b>												
<i>Annual Incentives<sup>(4)</sup></i>												
Cash Element	-	870	-	562	-	522	-	477	-	495	-	2,926
Deferred Share Awards	-	52	-	34	-	31	-	29	-	-	-	146
<i>Long Term Incentives<sup>(5)</sup></i>												
LTI - Grant Value <sup>(6) (7)</sup>	1,308	1,348	740	795	620	757	586	720	684	720	3,938	4,340
LTI - Share Price Growth <sup>(6) (7)</sup>	800	640	452	378	379	360	358	342	418	342	2,407	2,062
<b>Total Performance Pay</b>	<b>2,108</b>	<b>2,910</b>	<b>1,192</b>	<b>1,769</b>	<b>999</b>	<b>1,670</b>	<b>944</b>	<b>1,568</b>	<b>1,102</b>	<b>1,557</b>	<b>6,345</b>	<b>9,474</b>
<b>Total Remuneration</b>	<b>3,190</b>	<b>3,974</b>	<b>1,936</b>	<b>2,502</b>	<b>1,743</b>	<b>2,421</b>	<b>1,674</b>	<b>2,251</b>	<b>1,781</b>	<b>2,218</b>	<b>10,324</b>	<b>13,366</b>

**Non Executive Directors<sup>(8)</sup>**

Eugene Murtagh	191	191
Linda Hickey	85	82
Michael Cawley	85	85
John Cronin	75	75
Bruce McLennan	75	75
Jost Massenberg	75	75
Anne Heraty <sup>(9)</sup>	75	31
Helen Kirkpatrick <sup>(10)</sup>	-	35
<b>Total non-executive pay</b>	<b>661</b>	<b>649</b>
<b>Total Directors' remuneration</b>	<b>10,985</b>	<b>14,015</b>

- (1) Russell Shiels' remuneration is denominated in USD, and has been converted to Euro at the following average rates USD: 1.142 (2019: 1.120).
- (2) The Group operates a defined contribution pension scheme for executive directors. Certain executives have elected to receive part of their prospective pension entitlement in cash.
- (3) 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.
- (4) The annual incentive amount 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 Report of the Remuneration Committee.
- (5) Long Term Incentives are granted annually pursuant to the Kingspan Group Performance Share Plan (PSP). Details of the PSP scheme and targets are set out on page 79 of the Report of the Remuneration Committee.
- (6) The vesting value of the 2018 LTIP award (vesting in 2021) has been calculated using the average share price for the 30 day period ending 18 February 2021 being €57.52. The calculation for this award will be adjusted in next years' Annual Report to reflect the share price on the date of vesting (26 February 2021). The share price increased from the date of grant (share price: €35.70) to the share price used to determine the vesting value (share price: €57.52).
- (7) The vesting value of the 2017 LTIP award (that vested in 2020) has been calculated using the share price at the date of vesting (5 May 2020) of €46.10. The share price increased from the date of grant (share price: €33.00) to the date of vesting (share price: €46.10).
- (8) 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.
- (9) Anne Heraty was appointed as a non-executive director on 1 August 2019.
- (10) Helen Kirkpatrick retired as a non-executive director on 3 May 2019.

### Performance Share Plan

The committee reviewed the extent to which the vesting targets in respect of the PSP Awards granted in 2018 had been met by reference to EPS and TSR targets over the three-year performance period to 31 December 2020. In addition, the committee reviewed overall performance and stakeholder experience during the three-year period up to December 2020. In 2018, the committee granted PSP Awards that were 50% based on EPS growth targets and 50% based on TSR targets:

<b>Weighting</b>	50%	50%
<b>Measure</b>	EPS	TSR
<b>Threshold</b>	CPI + 5%	Median
<b>Maximum</b>	CPI + 10%	Upper quartile
<b>Performance</b>	CPI +8.7%	93rd percentile
<b>% Vesting</b>	40%	50%

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

Following a review of the vesting levels, the committee was satisfied that they reflected company and individual performance over the three-year period.

Performance Share Plan									
Director		At 31 Dec 2019	Granted during year	Vested during year	Exercised or lapsed during year	At 31 Dec 2020	Option price €	Earliest exercise date	Latest expiry date
Gene M. Murtagh									
	Unvested	122,350	24,268	(43,120)		103,498	0.13	26/02/21	24/02/27
	Vested	83,251		43,120	(126,371) <sup>1</sup>	-	0.13	-	-
		205,601	24,268	-	(126,371)	103,498	0.13		
Geoff Doherty									
	Unvested	69,777	13,430	(25,440)		57,767	0.13	26/02/21	24/02/27
	Vested	1		25,440	(25,441) <sup>2</sup>	-	0.13	-	-
		69,778	13,430	-	(25,441)	57,767	0.13		
Russell Shiels									
	Unvested	63,266	12,422	(24,227)		51,461	0.13	26/02/21	24/02/27
	Vested	-		24,227	(24,227) <sup>3</sup>	-	0.13	-	-
		63,266	12,422	-	(24,227)	51,461	0.13		
Peter Wilson									
	Unvested	61,000	12,422	(23,040)		50,382	0.13	26/02/21	24/02/27
	Vested	-		23,040	(23,040) <sup>4</sup>	-	0.13	-	-
		61,000	12,422	-	(23,040)	50,382	0.13		
Gilbert McCarthy									
	Unvested	64,055	12,422	(23,040)		53,437	0.13	26/02/21	24/02/27
	Vested	72,673		23,040	(26,042) <sup>5</sup>	69,671	0.13	24/02/18	05/05/24
		136,728	12,422	-	(26,042)	123,108	0.13		
Company Secretary									
Lorcan Dowd									
	Unvested	13,752	4,160	(4,752)		13,160	0.13	26/02/21	24/03/27
	Vested	15,438		4,752	(6,250) <sup>6</sup>	13,940	0.13	24/02/18	05/05/24
		29,190	4,160	-	(6,250)	27,100	0.13		

<sup>1</sup> Exercised (83,251) on 21/02/20. Market value on day of exercise €64.55.  
Exercised (43,120) on 13/10/20. Market value on day of exercise €79.89.

<sup>2</sup> Exercised on 21/08/20. Market value on day of exercise €64.75.

<sup>3</sup> Exercised on 24/08/20. Market value on day of exercise €72.01.

<sup>4</sup> Exercised on 28/09/20. Market value on day of exercise €76.55.

<sup>5</sup> Exercised on 14/10/20. Market value on day of exercise €77.90.

<sup>6</sup> Exercised on 20/11/20. Market value on day of exercise €74.44.



Deferred Share Awards						
Director		At 31 Dec 2019	Granted during year	Vested & transferred during year	At 31 Dec 2020	Earliest vesting/ transfer date
Gene M. Murtagh	Unvested	4,009	813	-	4,822	31/03/21
Geoff Doherty	Unvested	2,644	525	-	3,169	31/03/21
Russell Shiels	Unvested	2,424	488	-	2,912	31/03/21
Peter Wilson	Unvested	2,090	446	-	2,536	31/03/21
Gilbert McCarthy	Unvested	2,445	-	-	2,445	31/03/21

### Executive retirement

Following his retirement at year end, Peter Wilson's unvested PSP awards will be reduced pro rata by an amount to reflect the proportion of the vesting period not actually served, in line with the scheme rules and remuneration policy as approved by shareholders in 2019. Mr Wilson did not receive any other compensation or payment on his retirement.

### Non-executive directors

The non-executive directors each received 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 & Compliance 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).

A 50% cut in non-executive directors' fees was introduced for two months during 2020 reflecting the uncertainty relating to the COVID-19 pandemic which was reinstated later in the year, in line with payments to all employees.

### Implementation of Remuneration Policy for 2021

The core principles of our remuneration philosophy as outlined earlier, frame our approach to 2021, namely simplicity, reward for high performance, and transparency.

### Base salary and pension

The committee carried out a review of each of the divisional director's roles and salary levels during 2020. The committee noted that Russell Shiels' role and responsibilities had increased in recent years as President of Kingspan's Insulated Panels business in the Americas, as a result of recent organic and inorganic

expansion in LATAM. The committee agreed to give Mr Shiels a 3% salary increase in 2021, and proposed a broadly similar adjustment in 2022 to reflect his increased responsibilities. With regard to each of the other executive directors, their salaries for 2021 remain at the same level as those set at the beginning of 2020.

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. In addition, commencing in 2021, the pension contributions of all incumbent executives are being reduced in instalments to 10% over the four-year period to the end of 2024.

### Annual bonus

The maximum bonus opportunity for all the executive directors is 150% of salary (unchanged from 2020) 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 2021, the committee has determined that the financial performance measures will remain unchanged from 2020.

As detailed in the 2019 Annual Report, the committee has considered the merits of including an additional non-financial measure that draws focus on certain strategic imperatives while remaining aligned with our philosophy of simplicity and pay for performance. During 2019, the Net Promoter Score (NPS) programme was launched by Kingspan across the Group. NPS is a rigorous measure of customer experience across a range of touch points in the business, and as such it closely aligns our strategy with the experience of one of our most important stakeholders, our customers.

From 2021, the committee has determined that an NPS measure of our customer satisfaction performance will be included in the bonus plan, accounting for 10% of pay-outs. This will constitute a third metric alongside the existing Group and divisional financial performance measures. The Group targets, and performance against them, will be disclosed in the 2021 Report of the Remuneration Committee.

### Performance share awards

For 2021, 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). These grant levels are unchanged from prior year, although the committee will keep this approach under review whilst ensuring that it does not breach the overall limits contained in the PSP rules.

During the year, the committee carried out a review of the constituent members of its TSR peer group. Two of the group, NCI Building Systems and USG Corporation had delisted in the previous 12 month period, and a third company, SIG plc, was no longer considered to be a suitable peer given its relative size to the other members of the group. The committee identified a number of potential companies to take their place in the TSR peer group, having regard to sector, market cap, revenue and geography, and having taken advice from its independent remuneration consultants, the committee selected Cornerstone Building Brands Inc, Compagnie de Saint Gobain SA and Mohawk Industries as suitable peers.

Accordingly, the peer group against which TSR performance will be measured for PSP grants made in 2020 and thereafter will be as set out adjacent.

Performance Measures	Weighting	Percentage vesting at threshold	Threshold vesting target	Maximum vesting target*
EPS	45%	25%	6% p.a	12% p.a
TSR	45%	25%	Median	Upper quartile
Planet Passionate	10%	0%	Various	Various

\*Straight line vesting between threshold and maximum vesting

There is no change in peer group for in-flight awards.

Armstrong World Industries Inc.	Lafarge Holcim
Boral Ltd	Mohawk Industries
Compagnie de Saint Gobain SA	Owens Corning
Cornerstone Building Brands Inc	Rockwool Intl. A/S
CRH plc	Sika
Geberit AG	Travis Perkins plc
Grafton Group plc	Wienerberger AG

The committee also reviewed the performance framework of the PSP scheme. For the 2021 PSP Awards, the committee has selected the same financial performance measures based on EPS growth targets and relative TSR against the above peer group. The financial targets are set out in the table above. The committee considers that given the market and business outlook these targets are stretching yet realistic and are appropriately aligned with our risk appetite as well as internal and external forecasts.

The Committee also determined that the introduction of an additional ESG measure into the PSP framework would be appropriate, recognising the importance of non-financial measures to both short-and-long-term performance. The measure is based on Kingspan's ambitious Planet Passionate programme that aims to significantly reduce the Group's environmental impact as it continues to grow its business whilst also enhancing the environmental benefits of its products. Ten of our Planet Passionate targets, based around saving energy, carbon, water and circularity, have been selected for inclusion against 10% of the annual PSP award. Kingspan has set internal annual targets at Group level to help keep the business on track to achieve our ambitious Planet Passionate 2025 & 2030 targets. The Group's progress against these targets will be reviewed and disclosed in Kingspan's annual Planet Passionate report.

### Non-executive director fees

Following the retirement of Kingspan's founder Chairman, Eugene Murtagh, at this year's AGM, the Remuneration Committee will take advice and consider the appropriate level of fees for the new Non-Executive Chairman upon appointment. There will be no change to the other non-executive director fees for 2021.

## 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](http://www.kingspan.com)

The Remuneration Committee met three 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 adjacent.

## 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.

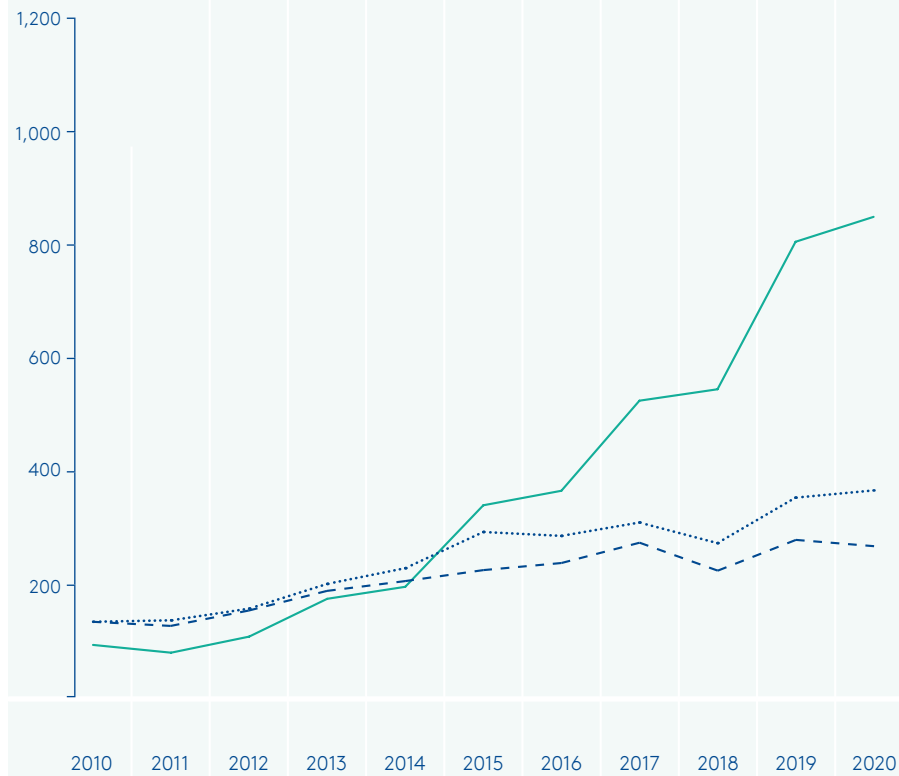
## Performance graph

The first graph overleaf shows the Company's TSR performance against the performance of the ISEQ and FTSE 250 indices over the 10-year period to 31 December 2020. The second graph shows the CEO's total remuneration (fixed and variable) over the 5-year period, compared to the Company's EPS and TSR performance over the same period.

Remuneration Committee activities	FEB	JUN	NOV
<b>Salary and fees</b>			
Engage independent consultants for executive directors pensions review		•	
Review of overall remuneration policy			•
Review executives' salary, role and responsibilities for 2021			•
Review non-executives' fees for 2021			•
Approve Executive's pension alignment			•
Review Remuneration benchmark		•	
Review Non-financial performance measures			•
<b>Performance pay</b>			
Review executive bonus targets		•	
Assess Group and individual performance against targets for 2019	•		
Confirm percentage of performance bonus achieved for 2019	•		
Confirm vesting of 2019 Deferred Share Awards	•		
Agree Group and individual performance targets for 2021		•	
<b>PSP Awards</b>			
Assess performance of 2017/2019 PSP Awards against targets	•		
Determine percentage of 2017/2019 PSP Awards which vest	•		
Review performance measures for PSP Awards for 2020	•		
Agree targets and level for grants of PSPs Awards for 2020	•		
Review TSR peer group		•	
<b>Governance</b>			
Review and approve Remuneration Report for Annual Report 2019	•		
Update on governance and remuneration trends generally	•	•	•
Consider shareholder votes and feedback from AGM 2020		•	
Review of Shareholder Rights Directive		•	

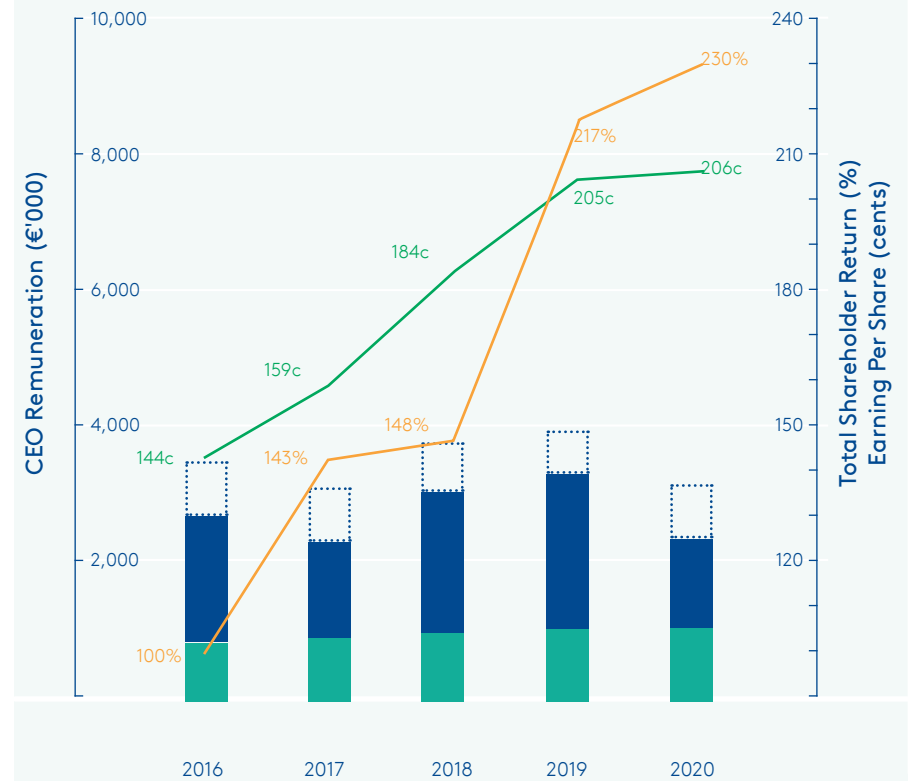


## Total Shareholder Returns



— Kingspan  
 ..... ISEQ  
 --- FTSE 250

## CEO Remuneration vs Kingspan Performance



■ Fixed Remuneration  
 ■ Total Performance Pay (exc. share price growth)  
 □ LTI Share Price Growth  
 — TSR  
 — EPS

# Report of the Audit & Compliance Committee

**MICHAEL CAWLEY**

As Chairman of the Audit & Compliance Committee (the 'committee') I am pleased to present the report of the committee for the year ended 31 December 2020 to stakeholders and wider society.



Australia Melbourne  
Jet Base / Insulated  
Panels KingZip Linea  
and RD 200/750

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

The Audit & Compliance 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 2020 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 & Compliance Committee notes the requirements under section 225 of the Companies Act 2014 and has ensured that the directors are aware of their responsibilities and comply fully with this provision.

One of the Audit & Compliance 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 this Annual Report on page 38.

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 & Compliance Committee

## Role and Responsibilities

The Board has established an Audit & Compliance 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](http://www.kingspan.com)). The Terms of Reference are reviewed annually and amended where appropriate. During the year the committee worked with management, the external auditors, internal audit, and other members of the senior management team in fulfilling these responsibilities.

In December 2020 the Terms of Reference of the committee were updated to include oversight of product compliance.

The Audit & Compliance Committee report deals with the key areas in which the Audit & Compliance 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 2020, the Audit & Compliance Committee comprised of three independent non-executive directors who are Michael Cawley (Chairman), Anne Heraty and Bruce McLennan. Bruce McLennan joined the committee in February 2020. The biographies of each can be found on page 61.

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 2020 and attendance at the meetings is noted in the table adjacent. Activities of the Audit & Compliance Committee in each meeting is noted in the table adjacent.

Committee Member	Attended	Eligible	Appointment Date
Michel Cawley (chairman)	4	4	2014
Anne Heraty	4	4	2019
John Cronin	1	1	2015
Bruce McLennan	3	3	2020

Audit & Compliance Committee activities	FEB	JUN	AUG	NOV
<b>Financial reporting</b>				
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	•			
<b>External auditors</b>				
Review of proposed auditor transition plan and timetable		•	•	
Approval of external audit plan				•
Governance update				•
Confirm audit independence, materiality of fees and non-audit services (KPMG)	•			
Confirmation of auditor independence (EY)				•
Approval of audit engagement letter and audit fees				•
<b>Internal audit and risk management controls</b>				
Review of internal audit reports and monitor progress on open actions	•	•	•	•
Approval of internal audit charter		•		
Approve internal audit plan and resources, taking account of risk management	•	•	•	•
Review of financial, IT and general controls	•	•	•	•
Monitor Group whistleblowing procedures	•	•	•	•
Review of finance team business continuity plan		•		
Review of impact of pandemic on financial control environment		•		
Review of Group liquidity position		•		
Assessment of the principal risks and effectiveness of internal control systems				•
<b>Governance</b>				
Review accounting regulator correspondence		•		
Group Code of Conduct				•
Directors' Compliance Statement policy and procedures				•



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

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

### Committee Evaluation

As outlined on page 70 within the Corporate Governance Statement, the performance of the Board also includes a review of the committees. Any recommendations raised in relation to the Audit & Compliance Committee are acted upon in a formal and structured manner. No issues were identified for the year ending 31 December 2020.



USA Hilton Canopy Hotel, Arizona / Insulated Panels Dri-Design Painted Aluminum

### 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 2020, the committee reviewed:

- the Group's Trading Updates issued in May and November 2020;
- the Group's Interim Report for the six months to 30 June 2020; and
- the Preliminary Announcement and Annual Report to 31 December 2020.

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 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 2020 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 & Compliance 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
<b>Consideration of impairment of goodwill</b>	<p>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.</p> <p>EY also provided the committee with their evaluation of the impairment review process.</p> <p>Kingspan completed one material acquisition during the financial year. The allocation of goodwill to CGUs is not yet complete for the acquisition.</p>
<b>Adequacy of warranty provisions</b>	<p>The committee reviewed the judgements applied by management in assessing both specific and risk based warranty provisions at 31 December 2020. 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. Warranty provisions are reviewed on an ongoing basis throughout the year in conjunction with the internal audit process. The committee was satisfied that such judgements were appropriate and the risk had been adequately addressed.</p>
<b>Recoverability of trade receivables and adequacy of receivables provision</b>	<p>The committee reviewed the judgements applied by management in determining the bad debts provision at 31 December 2020. 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. Bad debt provisions are reviewed on an ongoing basis throughout the year in conjunction with the internal audit process. The committee was satisfied that such judgements were appropriate and the risk had been adequately addressed.</p>

Primary areas of judgement	Committee activity
<b>Valuation of inventory and adequacy of inventory provision</b>	<p>The committee reviewed the valuation and provisioning for inventory at 31 December 2020. 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. Inventory provisions are reviewed on an ongoing basis throughout the year in conjunction with the internal audit process. The committee was satisfied that such judgements were appropriate and the risk had been adequately addressed.</p>
<b>Taxation</b>	<p>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.</p> <p>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.</p> <p>The committee was satisfied that such judgements were appropriate and the risk had been adequately addressed.</p>
<b>Accounting for acquisitions</b>	<p>Total acquisition consideration in 2020 amounted to €46.1m. 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.</p>

### External auditor

The Audit & Compliance 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 2019 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 2020 year-end audit, 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 and warranty provisions.

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, was 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. EY was appointed as the Group's auditor on 11 June 2020, following a formal tender process in which a number of leading global firms submitted written tenders and presentations. The lead audit partner is Pat O'Neill and is rotated every five years.

The committee received confirmation from the auditors that they are independent of the Group under the requirements of the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority ("IAASA"). 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. Last year the committee reviewed and updated its policy on the engagement of external auditors and the provision of non-audit services in order to bring it into full compliance with the EU audit reform legislation. 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.

### AUDIT V NON AUDIT SERVICES REMUNERATION (€m)

€2.7	€0.1	2020
€2.6	€0.9	2019
€2.0	€0.7	2018
€2.0	€0.5	2017

Audit Services

Non-Audit Services



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.

As a result of this process, the Company's previous auditors, KPMG Chartered Accountants, retired 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.

#### **Internal audit & compliance**

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 & Compliance 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 auditors and feedback provided by divisional management. The committee was satisfied that the internal audit function 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.

The terms of reference of the Audit & Compliance Committee were extended in December 2020 to include oversight of the processes around product certification. The Head of Internal Audit & Compliance will report to the committee in this regard.

#### **Risk Management and Internal controls**

The Audit & Compliance 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 & Compliance 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 Risks and Risk Management section of this Annual Report on pages 38 to 41.

These processes, which are used by the Audit & Compliance 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 Corporate Governance Report on page 67.

#### **Whistleblowing procedures**

The Group has a Code of Conduct, full details of which are available on the Group's website ([www.kingspan.com](http://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 or 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 & Compliance 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.

# CURBING CARBON IN CONSTRUCTION

Kingspan's innovative building envelope solutions aim to help building designers reduce carbon emissions at the upfront, operational and end-of-life stages.

Australia ECU Science  
Building / Insulated Panels  
KS 1000 RW; Dri-Design  
Rainscreen Facade

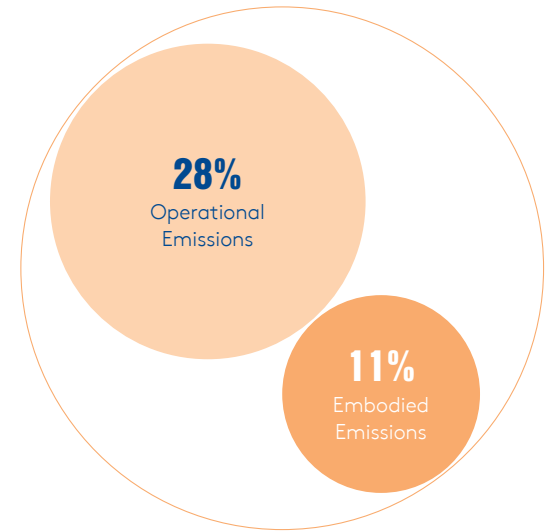


SCAN HERE TO WATCH  
OUR FULL INTERACTIVE  
STORY ONLINE

Australia ECU Science  
Building / Insulated Panels  
KS 1000 RW; Dri-Design  
Rainscreen Facade

## CARBON IN CONSTRUCTION 2020

Together, buildings and construction are responsible for 39% of all carbon emissions in the world, with operational emissions (from energy used to heat, cool, light and power appliances) accounting for 28%. The remaining 11% comes from embodied carbon emissions, or 'upfront' carbon that is associated with materials and construction processes throughout the whole building lifecycle.



**THE BUILT ENVIRONMENT SECTOR HAS A VITAL ROLE TO PLAY IN RESPONDING TO THE CLIMATE EMERGENCY, AND ADDRESSING UPFRONT CARBON IS A CRITICAL AND URGENT FOCUS.**

**World Green Building Council**  
Bringing Embodied Carbon Upfront Report



# KINGSPAN'S IMPACT ON EMBODIED CARBON

**THROUGH OUR  
PLANET PASSIONATE  
PROGRAMME, WE ARE  
TARGETING A 50%  
REDUCTION IN CARBON  
EMISSIONS FROM OUR  
PRIMARY SUPPLIERS  
BY 2030.**

Kingspan's thinner, lighter insulation materials can reduce embodied carbon at the upfront stage, by reducing the structural members, associated foundations and ancillary products in construction.



**SEE HOW KINGSPAN'S QUADCORE™ CAN  
REDUCE UPFRONT OR EMBODIED CARBON BY  
UP TO 28% VERSUS ALTERNATIVE SYSTEMS**



## KINGSPAN'S IMPACT ON OPERATIONAL CARBON

USA Colby  
College's  
Athletics  
Centre /  
Insulated  
Panels  
Kingspan  
QuadCore™ /  
Photography  
Colby College

We invest to continuously improve the thermal performance of our insulation systems, with innovations such as QuadCore™ insulated panels and Kooltherm® insulation boards.

- 1 Assumes a 60 year product life
- 2 Estimate based off an EU airline disclosure of 10.5m tonnes of CO<sub>2</sub>e emissions in 2019



**164m** tonnes

164 million tonnes of CO<sub>2</sub>e will be saved over the life of our insulation systems sold in 2020<sup>1</sup>



**15** years

Enough to power a major airline for 15 years<sup>2</sup>

# KINGSPAN'S IMPACT ON END OF LIFE CARBON

There are many reasons why a building constructed today might be repurposed or demolished at a future date. Consideration must also be given to the carbon impacts a building, and the products with which it has been constructed, will have at the end of their life.

Recycling can be a very carbon intensive process. Building materials must be transported to recycling depots, separated and, where possible, reprocessed into reusable materials with the remainder going to waste.

**This is why designing for reuse, repair and remanufacturing is a key principle in carbon efficient and circular thinking.**



8000m<sup>2</sup> Kingspan UltraTemp panels are ready for reuse after a successful coldstore warehouse demolition

**KINGSPAN'S MODULAR CONSTRUCTION COMPONENTS, INCLUDING INSULATED PANELS AND ACCESS FLOORING, CAN BE EASILY DISASSEMBLED FOR REUSE.**

# Report of the Directors

**GENE M. MURTAGH**  
**GEOFF DOHERTY**

The directors of Kingspan Group plc ("Kingspan") have pleasure in presenting their report with the audited financial statements for the year ended 31 December 2020.

## Principal Activities

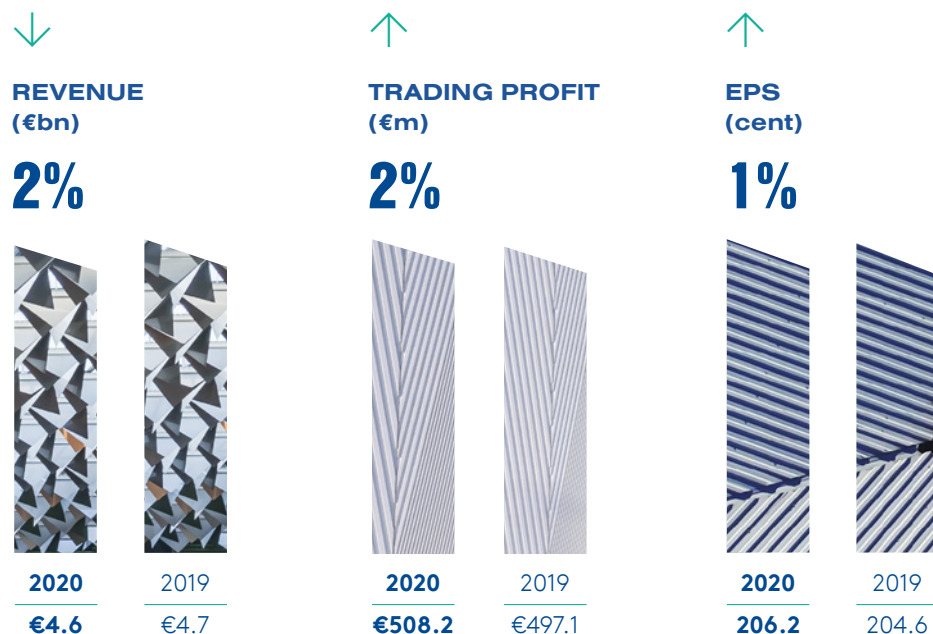
Kingspan is the global leader in high-performance insulation and building envelope solutions. Kingspan Group plc is a holding company for the Group's subsidiaries and other entities. The Group's principal activities comprise the manufacture and distribution of the following product suites as part of 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
Data centre 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 2020 was €4.6bn (2019: €4.7bn), trading profit was €508.2m (2019: €497.1m), and earnings per share were 206.2 cent (2019: 204.6 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.





The Board has proposed a final dividend if approved at the Annual General Meeting of 20.6 cent per ordinary share payable on 7 May 2021 to shareholders registered on the record date of 26 March 2021. No interim dividend (2019: 13.0 cent) was declared during the year given the uncertain backdrop for much of 2020. The final dividend proposed for 2019 of 33.5 cent was subsequently cancelled in order to preserve cash at the outset of the pandemic. In summary, therefore, the total dividend for 2020 is 20.6 cent compared to 13.0 cent for 2019 (as adjusted for the cancellation).

The Board carried out a review of the Group's dividend policy during the year. The outgoing policy guidance was to pay out approximately 25% of earnings. In assessing a revised policy a key objective was to afford the Group appropriate development capital to invest in the business over time as well as to preserve the strength of the balance sheet. On that basis the revised dividend policy for 2021 and for the foreseeable future is to payout approximately 15% of earnings. The policy will be reviewed periodically to ensure it remains appropriate over time having regard to the capital needs for the business.

## 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 2020. The key points include:

- Revenue down 2% to €4.6bn, (pre-currency, in line with prior year).
- Trading profit up 2% to €508.2m, (pre-currency, up 5%).
- Acquisitions contributed 7% to sales growth and 6% to trading profit growth in the year.
- Free cashflow up 42% to €479.7m.
- Group trading margin<sup>1</sup> of 11.1%, an increase of 40bps.
- Basic EPS up 1% to 206.2 cent.
- Final dividend per share of 20.6 cent.
- Year-end net debt of €236.2m (2019: €633.2m). Net debt<sup>2</sup> to EBITDA<sup>2</sup> of 0.4x (2019: 1.1x).
- ROCE of 18.4% (2019: 17.3%).

- Insulated Panels sales decrease of 4% due mainly to second quarter lows. Solid performance with most end-markets experiencing recovery in the second half. Europe positive overall, particularly in Germany and France. Strong finish to the year in the UK. Strong order intake in the Americas in the fourth quarter. 33% growth in QuadCore™ sales globally in 2020.
- Insulation Boards sales decrease of 10% albeit much improved in the second half which was down 2%. Strong performance in Western Europe and good second half recovery in Ireland and the UK. Americas and Australia ahead of prior year. Softer in the Middle East and Southern Europe.
- Another year of progress in Light & Air with sales up 36% in the year, acquisition of Colt a key driver. Europe positive overall although softer in North America. Further bolt on acquisition in Europe, Skydome, after year-end.
- Water & Energy sales down 3% with a resilient performance overall and year on year margin improvement. Water applications particularly positive.
- Data & Flooring sales increase of 4%. Strong performance across data centre applications offsetting softer office activity.
- Steep raw material inflation a key theme as we enter 2021 with recovery effort underway.



<sup>1</sup> Trading profit divided by total revenue.  
<sup>2</sup> Net Debt and EBITDA both pre-IFRS 16.

The Business & Strategic Report contained in this Annual Report sets out the “four pillars” of Kingspan’s strategy which drive conversion from traditional methods of construction to ultra-performance building envelopes, these are:

### INNOVATION

Differentiation from competitors driven by superior innovation.

### GLOBAL

The continued evolution of Kingspan’s geographic footprint as we build market leading positions globally.

### PLANET PASSIONATE

Through our Net Zero Energy programme, we have made great strides in powering our business on renewable energy. 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. 2020 was a foundational year for our Planet Passionate programme. We set the baseline for each target and developed detailed strategies and timelines to achieve our goals, which aim to proactively address the key sustainability challenges that face our planet.

### COMPLETING THE ENVELOPE

Expanding our business to include product categories which complement our product portfolio in offering complete, ultra-performance, building envelope solutions.

Throughout 2020, Kingspan made significant progress in pursuit of this strategy with the result that Kingspan has continued to deliver a robust performance. 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;
- Product failure;
- Failure to innovate;
- Business interruption (including IT continuity and climate change);
- Credit risk and credit control;
- Employee development & retention;
- Fraud & cybercrime;

- Acquisition and integration of new businesses;
- Health & Safety; and
- Laws and regulations.

### Key Performance Indicators

The directors are pleased to report on the very positive performance during 2020 against all of its key performance indicators. A detailed commentary incorporating key performance indicators is contained within the Financial Review and in the Sustainability Report contained in this Annual Report. A number of the key performance indicators have been included in more detail on page 158 ‘Alternative Performance Measures’. The key performance indicators for Kingspan upon which particular emphasis is placed are listed below.

### Innovation

At Kingspan innovation is a core pillar of our strategy and we view it as a key strategic advantage. We believe building industry traditions must be challenged through innovation in advanced materials and digital technologies in order to achieve a net zero emissions future.

<b>KPIS FINANCIAL</b>	Basic EPS growth	206.2 cent (up 1%)	See page 30
	Sales performance	€4.6bn (down 2%)	See page 30
	Trading margin	11.1% bps (up 40 bps)	See page 30
	Free cash flow	€479.7m (up €142.6m)	See page 30
	Return on capital employed	18.4% (up 110 bps)	See page 30
	Net debt/EBITDA	0.4x (2019: 1.1x)	See page 30
<b>KPIS NON-FINANCIAL</b>	Net Zero Energy	100% (up 10 percentage points)	See page 50
	Health & Safety	1.2x per 100k hours (-14%)	See page 52
	Gender balance	19% female (unchanged)	See page 52
	Waste recycling	67.8% (up 278 bps)	See page 51

We have innovated a portfolio of advanced products and solutions for architects and building owners which enable them to construct buildings that consume less resources. Future proofing their investment, generating returns through enhanced internal space and operational performance, and facilitating efficient construction through thinner, lighter and safer to handle materials. Increasingly we are enhancing our service and solutions through digitisation. By surfacing our products digitally, we're making it easier to find them, specify them, buy them, build with them and track them.

In the year ended 31 December 2020, the Group's research and development expenditure amounted to €33.1m (2019: €31.9m). Research and development expenditure is generally written off in the year in which it is incurred. In 2020 we launched the award winning nano-prismatic Day-Lite Kapture Skylight and we 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
- Translucent insulated solutions.

### 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 & Governance Committee contained in this Annual Report. The Corporate Governance Statement is treated as forming part of this Annual Report.

### Code Of Conduct

Kingspan knows that our business success is inextricably linked to our behaviours, and high standards of integrity, honesty and compliance. Kingspan recently implemented a new Code of Conduct setting out our aspiration to maintain a culture where our everyday actions are built on five core principles:

- Clear, ethical and honest behaviour and communications;
- Compliance with the law;
- Respect for the safety and wellbeing of colleagues;
- Protection of our Group assets; and
- Upholding our commitment to a more sustainable future.

The Code sets out these fundamental principles which all directors, officers and employees of Kingspan are required to adhere to in meeting those standards. <https://www.kingspan.com/group/commitments/people-and-community/our-code-of-conduct>.

### Sustainability

Our mission is to accelerate a net zero emissions future built environment 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. 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. We are proud to report that we achieved this goal in 2020. Highlights of the programme include: a 5 fold increase in our on-site renewable energy generation; a 35%

reduction in absolute Scope 1 & 2 greenhouse gas emissions since 2013; and a 36% decrease in heating and lighting costs per unit of revenue. In December 2019 we launched the next phase of our sustainable development, our 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](http://www.kingspan.com) under 'Our Commitments' and in our Planet Passionate report due to be published in March 2021.

### Accounting Records

The directors are responsible for ensuring that accounting records, as outlined in Sections 281 to 285 of the 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 2020, the Company had an authorised share capital comprised of 250,000,000 (2019: 250,000,000) ordinary shares of €0.13 each and the Company's total issued share capital comprised 183,402,238 (2019: 182,785,222) Ordinary Shares, of which the Company held 1,870,284 (2019: 1,907,826) Ordinary Shares in treasury. All of these shares are of the same class. With the exception of treasury shares which have no voting rights and no entitlement to dividends, they all carry equal voting rights and rank for dividends.



Shareholding analysis as at 31 December 2020:

Shareholding range	Number of accounts	% of total	Number of shares held	% of total
1 - 1,000	2,822	56.7	1,124,850	0.6
1,001 - 10,000	1,414	28.4	4,636,904	2.5
10,001 - 100,000	548	11.0	18,551,192	10.1
100,001 - 1,000,000	160	3.2	46,957,446	25.6
Over 1,000,000	36	0.7	112,131,846	61.2
	4,980	100.00	183,402,238	100.00

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

Notification Date	Shareholder	Shares held	%
27/01/2021	Eugene Murtagh	27,018,000	14.88%
14/01/2021	Blackrock, Inc.	12,894,941	7.10%
11/07/2019	Allianz Global Investors GmbH	8,966,284	4.96%
17/02/2021	Bailie Gifford & Co.	8,972,855	4.94%
07/08/2019	Ameriprise Financial Inc	7,228,355	4.00%
11/02/2021	FMR LLC	5,797,663	3.19%

The number of shares held as treasury shares at the beginning of the year was 1,907,826 (1.04% of the then issued share capital (excluding treasury shares)) with a nominal value of €248,017.38. A total of 37,542 shares (0.02% of the issued share capital (excluding treasury shares)) with a nominal value of €4,880.46 were re-issued during the year consequent to the exercise of share options under the Kingspan Group Employee Benefit Trust, leaving a balance held as treasury shares as at 31 December 2020 of 1,870,284 (1.03% of the issued share capital (excluding treasury shares)) with a nominal value of €243,136.92.

Further information required by Regulation 21 of the above Regulations as at 31 December 2020 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 60 and 61. Mr Eugene Murtagh will be retiring as Chairman and non-executive director following the conclusion of the AGM on 30 April 2021 and will be succeeded by Mr Jost Massenberg. Mr Peter Wilson retired as an executive director

on 31 December 2020, and Éimear Moloney and Paul Murtagh will be appointed as a non-executive directors with effect from 30 April 2021.

Further details of the Board changes are set out in the Report of the Nomination & Governance Committee in this Annual Report.

#### 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-20	31-Dec-19
Eugene Murtagh	27,018,000	27,018,000
Gene Murtagh	1,079,207	1,079,207
Geoff Doherty	221,721	251,495
Russell Shiels	200,000	200,000
Peter Wilson*	389,376	389,376
Gilbert McCarthy	255,576	255,576
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	0	0
Anne Heraty	2,250	2,250
Lorcan Dowd	3,188	2,919
	29,222,918	29,252,423

\* Retired as a director on 31 December 2020.

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 19 February 2021, there have been no changes in the directors' and secretary's interests in shares since 31 December 2020.

### 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 166 manufacturing sites, and has operations in over 70 countries worldwide.

The Company's principal subsidiary undertakings at 31 December 2020, country of incorporation and nature of business are listed on pages 163 to 165 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 on pages 18 to 27 of this Annual Report.

### Significant Events Since Year-end

There have been no significant events since the year-end.

### Going Concern

The Board has assessed the principal risks and uncertainties facing the Group, including the ongoing pandemic and the impact it is having on the global economy. Kingspan delivers highly efficient, low carbon building product solutions across a broad range of building applications and geographies. The potential exposure to a downturn due to the pandemic or other significant economic event in any one construction market is partially mitigated by the Group's exposure to a wide set of geographies, market sectors and building types. Globally there is an increasing focus on climate change. Kingspan is well placed to benefit from this trend, that is prompting an increase in demand for insulation and other energy efficient products that support energy conservation.

2021 has started strongly with orderbooks ahead of where they were at the beginning of 2020. The Group has significant liquidity with cash and available facilities of €2.1bn. Debt facilities maturing in 2021 will be repaid from cash. The weighted average maturity of debt is 6.3 years. Net Debt to EBITDA is 0.4x which is significantly below the covenant ceiling of 3.5x.

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 its 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. The budget for the 12 months has been subject to stress testing which involves flexing a number of the main assumptions underlying the forecast in severe but reasonable scenarios.

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 continue to adopt the going concern basis in preparing the Group and Company 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 2024.

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 2024;
- 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 several 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 2020.

In making this assessment, the directors have also considered the resilience of the Group and its end-markets during the pandemic. The directors also note the current cash reserves of the Group, the weighted average maturity of debt of 6.3 years and the significant headroom on funding covenants. The directors also considered the other 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 many 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 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 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 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

In accordance with Section 383(2) of the Companies Act 2014 and following a rigorous tender process, as detailed in the Report of

the Audit & Compliance Committee, the committee recommended EY and the Board appointed EY on 11 June 2020 as Group external auditor with effect for the financial year ending 31 December 2020 and EY will continue in office.

On Behalf Of The Board

**Gene M. Murtagh,**  
Chief Executive Officer

**Geoff Doherty,**  
Chief Financial Officer

19 February 2021





# Financial Statements

The Netherlands Koninklijke  
De Vries Shipyard /  
**Insulated Panels** KS1000 AWP  
& Polycarbonate Daylights



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## INDEPENDENT AUDITOR'S REPORT

to the Members of Kingspan Group plc

### Opinion

We have audited the financial statements of Kingspan Group plc ('the Company') and its subsidiaries (together 'the Group') for the year ended 31 December 2020, 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 notes to the financial statements, including the summary of significant accounting policies set out 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 Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2020 and of its profit for the year then ended;
- the Company Statement of Financial Position gives a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020;
- 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 financial statements and the 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 for the Audit of the Financial Statements section of our report. We are independent of the Group and Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard as applied to public interest entities issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and Company's ability to continue to adopt the going concern basis of accounting included:

- We confirmed our understanding of management's Going Concern assessment process and also engaged with management early to ensure all key factors were considered in their assessment;
- We obtained management's going concern assessment, including the cash forecasts and covenant calculations for the going concern period which covers a year from the date of signing this audit opinion;
- We considered the appropriateness of the methods used to calculate the cash forecasts and covenant calculations and determined through inspection and testing of the methodology and calculations that the methods utilised were appropriately sophisticated to be able to make an assessment for the entity;
- We considered the mitigating factors included in the cash forecasts and covenant calculations that are within the control of the Group. This included our review of the Group's non-operating cash outflows and evaluating the Group's ability to control these outflows as mitigating actions if required. We also verified credit facilities available to the Group;

- We have performed reverse stress testing in order to identify what factors would lead to the Group utilising all liquidity or breaching the financial covenant during the going concern period;
- We reviewed the Group's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

We have observed that the impact of the pandemic has not significantly impacted the Group which has seen an increase in trading profit in four of its five divisions during 2020 while the fifth division's trading profit was only marginally behind the prior year. The Group continued to generate significant strong operating cash flows of €639m in 2020. The Group is not expected to be significantly impacted by Covid-19 in the going concern assessment period. Further, the Group has access to significant liquidity. The majority of the Group's long-term funding commitments (76% or €1.19 billion) matures after February 2024. At 31 December 2020, the Group has unrestricted cash and cash equivalents of €1.3 billion and unused committed debt facilities of up to €0.75 billion from a revolving bank credit facility expiring in June 2022.

### Conclusion

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Group and Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.

## INDEPENDENT AUDITOR'S REPORT

to the Members of Kingspan Group plc

### Overview of our audit approach

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<b>First year audit and transition</b>	→ This is the first year we have been appointed as auditor to the Group. We undertook a number of transitional procedures to prepare for the audit. Before we commenced our audit, we established our independence of the Group. We used the time prior to commencing our audit to meet with key members of management to gain an understanding of the business, its challenges and the environment in which it operates
<b>Key audit matters</b>	<ul style="list-style-type: none"><li>→ The key audit matters that we identified in the current year were:<ul style="list-style-type: none"><li>» Assessment of the carrying value of goodwill</li><li>» Warranty provisions</li><li>» Revenue recognition</li></ul></li><li>→ Key audit matters considered by the Group's auditor in the prior year were broadly aligned with the matters identified above, but also included consideration of the Company's investment in subsidiaries which we do not consider a key audit matter based on the significant excess of the Company's market capitalisation over the carrying value of its subsidiaries in the Company Statement of Financial Position. Conversely, we identified revenue recognition as a separate key audit matter where the predecessor did not separately identify this area</li></ul>
<b>Audit scope</b>	<ul style="list-style-type: none"><li>→ We performed an audit of the complete financial information of 34 components and performed audit procedures on specific balances for a further 15 components</li><li>→ We performed procedures at a further 21 components that were specified by the Group audit team in response to specific risk factors</li><li>→ The components where we performed full or specific audit procedures accounted for 88% of Profit before tax from continuing operations, 73% of Revenue and 75% of Total Assets</li><li>→ 'Components' represent business units across the Group considered for audit scoping purposes</li></ul>
<b>Materiality</b>	→ Overall Group materiality was assessed to be €23.0m which represents approximately 5% of Profit before tax from continuing operations. In 2019, the predecessor auditor determined materiality at €22.3m on the same basis

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**INDEPENDENT AUDITOR'S REPORT**  
to the Members of Kingspan Group plc

**Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, 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.

Risk	Our response to the risk	Key observations communicated to the Audit & Compliance Committee
<p><b>Assessment of the carrying value of goodwill (2020: €1,478.8m, 2019: €1,506.9m)</b></p> <p>Goodwill is subject to impairment testing on an annual basis and at any time during the year if an indicator of impairment exists. Goodwill acquired through business combination activity has been allocated to cash-generating units (CGUs). The recoverable amount of the CGUs is determined based on a value-in-use computation.</p> <p>Auditing management's annual goodwill impairment test is considered a significant risk area as it involves key judgements by management due to the significant estimation required in determining the fair value of each CGU especially where an indicator of impairment exists.</p> <p>In particular, judgemental aspects include key assumptions of future profitability, revenue growth, margins and forecast cash flows, and the selection of appropriate discount rates, all of which may be subject to management override.</p> <p>Refer to The Report of the Audit &amp; Compliance Committee (page 84); the Statement of Accounting Policies (page 119); and note 9 of the Group Financial Statements (page 133).</p>	<p>We evaluated the determination of the Group's eleven cash-generating units (CGUs), and flexed our audit approach relative to our risk assessment and the level of excess of value-in-use over the carrying amount in each CGU. For all CGUs selected for detailed testing, in order to exhibit professional scepticism, we assessed key assumptions in the models, in particular growth rates, and forecast future profitability, margins and cash flows, which we compared against historic rates achieved and external analyst forecasts.</p> <p>Our Group audit team included valuations specialists who performed an independent assessment against external market data of key inputs used by management in calculating appropriate discount rates.</p> <p>We performed a sensitivity analysis on the discount rate and the long-term growth rate, to assess the level of excess of value-in-use over the carrying value in place for each CGU based on reasonably possible movements in such assumptions.</p> <p>We considered the adequacy of management's disclosures in respect of impairment testing and whether the disclosures appropriately communicate the underlying sensitivities.</p> <p>The above procedures were performed by the Group audit team.</p>	<p>Our observations included our assessment of management's impairment model methodology and for each CGU model:</p> <ul style="list-style-type: none"> <li>→ where the discount rates lay within an acceptable range</li> <li>→ the headroom level</li> <li>→ analysis of the 5-year forecast EBIT growth rate when viewed against historical and current year actual growth rates the results of our sensitivity analysis</li> <li>→ all disclosures materially comply with the applicable requirements of IAS 36</li> </ul>



**INDEPENDENT AUDITOR'S REPORT**  
to the Members of Kingspan Group plc

Risk	Our response to the risk	Key observations communicated to the Audit & Compliance Committee
<p><b>Warranty provisions (2020: €119.0m, 2019: €109.7m)</b></p> <p>The Group's business involves the sale of products under warranty, some of which use new technology and applications. Due to the nature of its product offering, the Group has significant exposure to warranty claims which are inherently uncertain in nature. Management are required to exercise significant judgement with regard to warranty provision assumptions. Given the level of judgement required, there is a significant risk that warranty provisions may be over or understated.</p> <p>Changes in these assumptions, which may be subject to management override, can materially affect the levels of provisions recorded in the financial statements due to the higher estimation uncertainty on the Group's costs of repairing and replacing, or otherwise making reparations for the consequences of, product that is ascertained to be faulty.</p> <p>Refer to The Report of the Audit &amp; Compliance Committee (page 84); the Statement of Accounting Policies (page 119); and note 20 of the Group Financial Statements (page 148).</p>	<p>We performed audit procedures that included, 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; review and assessment of correspondence in relation to specific claims; progress on individual significant claims; and relevant settlement history of claims and utilisation of related provisions.</p> <p>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.</p> <p>We substantively tested material movements in the provisions, including warranty provisions arising on acquisitions, and considered the accounting for movements in the provision balances and the related disclosures for compliance with IAS 37.</p> <p>The above procedures are performed both locally and by the Group audit team.</p>	<p>Our observations included an outline of the range of audit procedures performed, the key judgements involved and the results of our testing.</p> <p>We also provided our assessment of the level of subjectivity involved in warranty provision estimates.</p>
<p><b>Revenue recognition (2020: €4,576.0m, 2019: €4,659.1m)</b></p> <p>The Group has a number of revenue streams with different revenue recognition policies across its divisions.</p> <p>There is a significant risk that revenue may be recognised in an incorrect period as a result of management accelerating revenue recognition to achieve revenue targets or forecasts.</p> <p>Refer to The Report of the Audit &amp; Compliance Committee (page 84); the Statement of Accounting Policies (page 119); and note 2 of the Group Financial Statements (page 127).</p>	<p>We performed procedures on revenue at all relevant in-scope locations, as outlined in further detail in the 'Tailoring the scope' section below.</p> <p>Detailed transactional testing of revenue recognised throughout the year was performed, commensurate with the higher audit risk assigned to revenue.</p> <p>Dependent on the nature of the revenue recognised at each location, we examined supporting documentation including customer contracts, statements of works or purchase orders, sales invoices, and cash receipts. In addition, we performed cut-off procedures, revenue journal testing and customer balance confirmations. In some locations data analytics procedures were also performed.</p>	<p>Our observations included an overview of the risk, outline of the audit procedures performed, the judgements we focused on and the results of our testing.</p>

## INDEPENDENT AUDITOR'S REPORT

to the Members of Kingspan Group plc

### Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

#### Materiality

Materiality is the magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be €23.0m (2019: €22.3m), which is approximately 5% of Group Profit before tax from continuing operations. Profit before tax is a key performance indicator for the Group and is also a key metric used by the Group in the assessment of the performance of management. We therefore considered Profit before tax to be the most appropriate performance metric on which to base our materiality calculation as we consider it to be the most relevant performance measure to the stakeholders of the Group.

We determined materiality for the Company to be €13.7m (2019: €13.2m), which is approximately 1% of total equity.

During the course of our audit, we reassessed initial materiality and considered that no further changes to materiality were necessary.

#### Performance materiality

Performance materiality is the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality should be set at 50% (2019: 75%) of our planning materiality, namely €11.5m (2019: €16.7m). We have set performance materiality at this percentage based on our assessment of the risk of misstatements, both corrected and uncorrected.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the

relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was €2.1m to €3.675m.

#### Reporting threshold

Reporting threshold is an amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit & Compliance Committee that we would report to them all uncorrected audit differences in excess of €1.15m, which is set at approximately 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

### An overview of the scope of our audit report

#### Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the Group financial statements.

In determining those components in the Group at which we perform audit procedures, we utilised size and risk criteria in accordance with ISAs (Ireland).

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we selected 49 components covering entities across Europe, the Americas, the Middle East and Australia, which represent the principal business units within the Group.

Of the 49 components selected, we performed an audit of the complete financial information of 34 components ('full scope components') which were selected based on their size or risk characteristics. For the remaining 15 components ('specific scope components'), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

In addition to the 49 components discussed above, we selected a further 21 components where we performed procedures at the component level that were specified by the Group audit team in response to specific risk factors. Also, we performed review procedures at an additional 16 components.

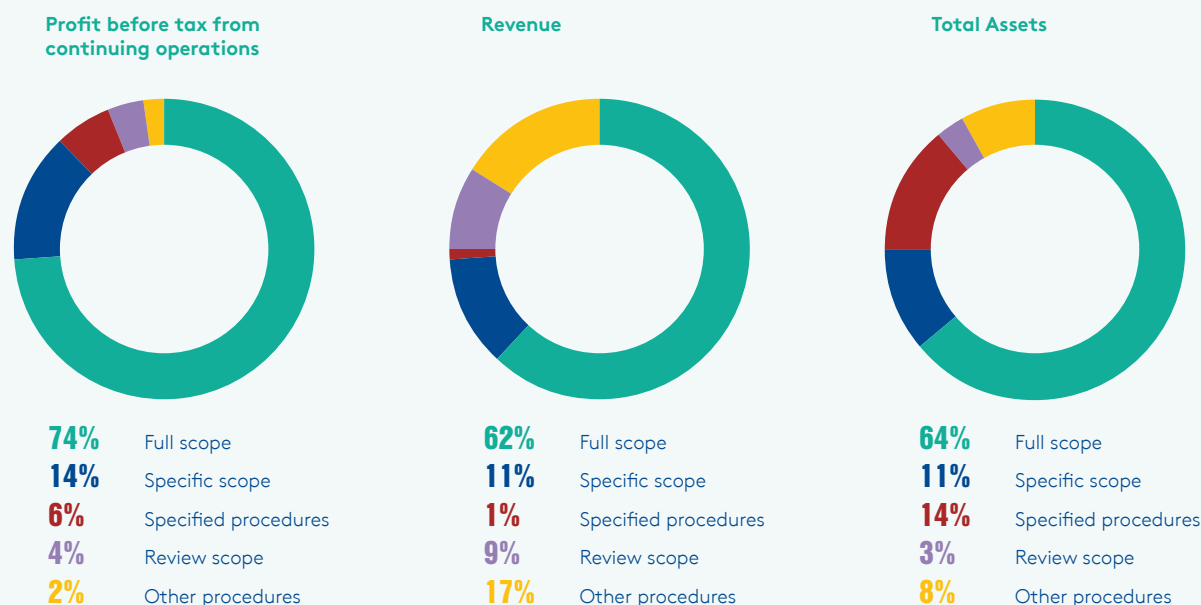
The reporting components where we performed either full or specific scope audit procedures accounted for 88% of the Group's Profit before tax from continuing operations, 73% of the Group's Revenue and 75% of the Group's Total Assets.

The full scope components contributed 74% of the Group's Profit before tax from continuing operations, 62% of the Group's Revenue and 64% of the Group's Total Assets. The specific scope components contributed 14% of the Group's Profit before tax from continuing operations, 11% of the Group's Revenue and 11% of the Group's Total Assets. The components where we either performed procedures that were specified by the Group audit team in response to specific risk factors or review scope procedures contributed 6% and 4% respectively of the Group's Profit before tax from continuing operations, 1% and 9% respectively of the Group's Revenue and 14% and 3% respectively of the Group's Total Assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

Of the remaining components, which together represent 2% of the Group's Profit before tax from continuing operations, none is individually greater than 2% of the Group's Profit before tax from continuing operations. For these components, we performed other procedures, including analytical review, confirmation of cash balances, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group financial statements.

## INDEPENDENT AUDITOR'S REPORT to the Members of Kingspan Group plc

The charts below illustrate the coverage obtained from the work performed by our audit teams based on continuing operations.



### Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the Group audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the 34 full scope components, audit procedures were performed on four of these directly by senior members of the Group audit team and on 30 by component audit teams. For the specific scope components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

We issued detailed instructions to each component auditor in scope for the Group audit, with specific audit requirements and requests across key areas. The Group audit team would normally have completed a programme of planned visits designed to ensure that senior members of the Group audit team, including the Audit Engagement Partner, visit a number of overseas locations each year. During the current year's audit cycle, due to travel restrictions as a result of the Covid-19 pandemic, no physical visits were possible by the Group audit team. Instead, the Group audit team performed virtual visits in respect of our key component teams in the U.K., Belgium, the Czech Republic, Poland and the United States. These visits involved discussing the audit approach and any issues arising with the component team and holding discussions

with local management and attending closing meetings.

The Group audit team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed and evaluated the work performed by these teams, including review of key reporting documents, in accordance with the ISAs (Ireland) and were responsible for the overall planning, scoping and direction of the Group audit process. Senior members of the Group audit team also participated in component and divisional planning, interim and closing meeting calls during which the planning and results of the audits were discussed with the component auditors, local management and Group management. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

### Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (Ireland) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the Annual Report set out on pages 38 to 41 that describe the principal risks and explain how they are being managed or mitigated;

- the Directors' confirmation set out on pages 99 and 100 in the Annual Report that they have carried out a robust assessment of the principal risks facing the Group and the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement set out on page 99 in the Annual Report about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group's and the Company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements;
- whether the Directors' statement relating to going concern required under the Listing Rules of Euronext Dublin and the UK Listing Authority is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation set out on pages 99 and 100 in the Annual Report as to how they have assessed the prospects of the Group and the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group and the Company will be able to continue in operation and meet their liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.



## INDEPENDENT AUDITOR'S REPORT

to the Members of Kingspan Group plc

### Corporate Governance Statement

We report, in relation to information given in the Corporate Governance Statement included in the Director's Report and elsewhere in the Annual Report that:

- In our opinion, based on the work undertaken during the course of the audit, the information given in the Corporate Governance Statement pursuant to subsections 2(c) and (d) of section 1373 of the Companies Act 2014 is consistent with the Company's statutory financial statements in respect of the financial year concerned and such information has been prepared in accordance with the Companies Act 2014. Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in this information;
- In our opinion, based on the work undertaken during the course of the audit, the Corporate Governance Statement contains the information required by Regulation 6(2) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017; and
- In our opinion, based on the work undertaken during the course of the audit, the information required pursuant to section 1373(2) (a), (b), (e) and (f) of the Companies Act 2014 is contained in the Corporate Governance Statement.

### Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement

of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- *Fair, balanced and understandable* (set out on page 100) – the statement given by the directors that they consider 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 and the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- *Audit & Compliance Committee reporting* (set out on pages 84 to 89) – the section describing the work of the Audit & Compliance Committee does not appropriately address matters communicated by us to the Audit & Compliance Committee or is materially inconsistent with our knowledge obtained in the audit; or
- *Directors' statement of compliance with the UK Corporate Governance Code* (set out on page 97) – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with the Listing Rules of Euronext Dublin and the UK Listing Authority do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

### Opinions on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the Directors' Report, other than those parts dealing with the non-financial statement pursuant to the requirements of S.I. No. 360/2017 on which we are not required to report in the current year, is consistent with the financial statements; and

- in our opinion, the Directors' Report, other than those parts dealing with the non-financial statement pursuant to the requirements of S.I. No. 360/2017 on which we are not required to report in the current year, has been prepared in accordance with the Companies Act 2014.

We have obtained all the information and explanations which we consider necessary for the purposes 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 Statement of Financial Position is in agreement with the accounting records.

### Matters on which we are required to report by exception

Based on the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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. We have nothing to report in this regard.

We have nothing to report in respect of section 13 of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017, which require us to report to you if, in our opinion, the Company has not provided in the non-financial statement the information required by Section 5(2) to (7) of those Regulations, in respect of year ended 31 December 2019.

### Respective responsibilities

#### Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibility Statement set out on page 100, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for 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.

In preparing the financial statements, the directors are responsible for assessing the Group and the 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 management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

## INDEPENDENT AUDITOR'S REPORT

to the Members of Kingspan Group plc

### Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group across the various jurisdictions globally in which the Group operates. We determined that the most significant are those that relate to the form and content of external financial and corporate governance reporting including company law, tax legislation, employment law and regulatory compliance
- We understood how Kingspan Group plc is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of the Group's Compliance Policies, board minutes, papers provided to the Audit & Compliance Committee and correspondence received from regulatory bodies

- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, by meeting with management, including within various parts of the business, to understand where they considered there was susceptibility to fraud. We also considered performance targets and the potential for management to influence earnings or the perceptions of analysts. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included a review of board minutes to identify any non-compliance with laws and regulations, a review of the reporting to the Audit & Compliance Committee on compliance with regulations, enquiries of internal and external legal counsel and management

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: [http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf) This description forms part of our auditor's report.

### Other matters which we are required to address

We were appointed by the Board of Directors following the AGM held on 1 May 2020 to audit the financial statements for the year ended 31 December 2020 and subsequent financial periods. This is our first year of engagement.

The non-audit services prohibited by IAASA's Ethical Standard were not provided to the Group or Company and we remain independent of the Group and Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit & Compliance Committee.

### 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 this report, or for the opinions we have formed.

#### Pat O'Neill

for and on behalf of  
Ernst & Young Chartered Accountants  
and Statutory Audit Firm  
Dublin

19 February 2021

**CONSOLIDATED INCOME STATEMENT** for the year ended 31 December 2020

	Note	2020 €m	2019 €m
<b>REVENUE</b>	2	<b>4,576.0</b>	4,659.1
Cost of sales		<b>(3,190.5)</b>	(3,304.3)
<b>GROSS PROFIT</b>		<b>1,385.5</b>	1,354.8
Operating costs, excluding intangible amortisation		<b>(877.3)</b>	(857.7)
<b>TRADING PROFIT</b>	2	<b>508.2</b>	497.1
Intangible amortisation		<b>(23.5)</b>	(21.9)
<b>OPERATING PROFIT</b>		<b>484.7</b>	475.2
Finance expense	4	<b>(26.1)</b>	(23.7)
Finance income	4	<b>1.1</b>	2.9
<b>PROFIT FOR THE YEAR BEFORE INCOME TAX</b>	5	<b>459.7</b>	454.4
Income tax expense	7	<b>(74.9)</b>	(76.6)
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>384.8</b>	377.8
Attributable to owners of Kingspan Group plc		<b>373.6</b>	369.4
Attributable to non-controlling interests	28	<b>11.2</b>	8.4
		<b>384.8</b>	377.8
<b>EARNINGS PER SHARE FOR THE YEAR</b>			
Basic	8	<b>206.2c</b>	204.6c
Diluted	8	<b>204.4c</b>	202.9c

Gene M. Murtagh  
Chief Executive Officer

Geoff Doherty  
Chief Financial Officer

19 February 2021

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** for the year ended 31 December 2020

	Note	2020 €m	2019 €m
<b>Profit for the year</b>		<b>384.8</b>	377.8
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translating foreign operations		<b>(129.7)</b>	61.0
Effective portion of changes in fair value of cash flow hedges		<b>-</b>	(0.2)
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Actuarial (losses)/gains on defined benefit pension schemes	31	<b>(19.9)</b>	(0.2)
Income taxes relating to actuarial losses/gains on defined benefit pension schemes	21	<b>4.1</b>	-
<b>Total other comprehensive income</b>		<b>(145.5)</b>	60.6
<b>Total comprehensive income for the year</b>		<b>239.3</b>	438.4
Attributable to owners of Kingspan Group plc		<b>238.7</b>	430.2
Attributable to non-controlling interests	28	<b>0.6</b>	8.2
		<b>239.3</b>	438.4



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** as at 31 December 2020

	Note	2020 €m	2019 €m
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill	9	1,478.8	1,506.9
Other intangible assets	10	82.7	93.2
Financial asset		8.2	8.2
Property, plant and equipment	11	972.9	965.2
Right of use assets	16	113.0	121.6
Derivative financial instruments	19	-	27.3
Retirement benefit assets	31	8.0	9.2
Deferred tax assets	21	23.0	14.1
		<b>2,686.6</b>	<b>2,745.7</b>
<b>CURRENT ASSETS</b>			
Inventories	13	505.9	557.6
Trade and other receivables	14	799.6	794.2
Derivative financial instruments	19	19.8	-
Cash and cash equivalents		1,329.7	190.9
		<b>2,655.0</b>	<b>1,542.7</b>
<b>TOTAL ASSETS</b>		<b>5,341.6</b>	<b>4,288.4</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	854.5	768.9
Provisions for liabilities	20	55.7	58.0
Lease liabilities	16	27.3	25.6
Derivative financial instruments	19	0.2	0.1
Interest bearing loans and borrowings	17	209.6	3.1
Current income tax liabilities		55.9	72.9
		<b>1,203.2</b>	<b>928.6</b>
<b>NON-CURRENT LIABILITIES</b>			
Retirement benefit obligations	31	53.9	24.3
Provisions for liabilities	20	63.3	51.7
Interest bearing loans and borrowings	17	1,376.1	848.3
Lease liabilities	16	87.5	96.7
Deferred tax liabilities	21	32.4	31.9
Deferred contingent consideration	18	127.6	186.5
		<b>1,740.8</b>	<b>1,239.4</b>
<b>TOTAL LIABILITIES</b>		<b>2,944.0</b>	<b>2,168.0</b>
<b>NET ASSETS</b>		<b>2,397.6</b>	<b>2,120.4</b>
<b>EQUITY</b>			
Share capital	23	23.8	23.8
Share premium	24	95.6	95.6
Capital redemption reserve		0.7	0.7
Treasury shares	25	(11.6)	(11.8)
Other reserves		(356.8)	(259.6)
Retained earnings		2,597.2	2,221.6
<b>EQUITY ATTRIBUTABLE TO OWNERS OF KINGSPAN GROUP PLC</b>		<b>2,348.9</b>	<b>2,070.3</b>
<b>NON-CONTROLLING INTERESTS</b>	28	<b>48.7</b>	<b>50.1</b>
<b>TOTAL EQUITY</b>		<b>2,397.6</b>	<b>2,120.4</b>

Gene M. Murtagh  
Chief Executive Officer

Geoff Doherty  
Chief Financial Officer

19 February 2021

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** for the year ended 31 December 2020

	Share Capital	Share Premium	Capital Redemption Reserve	Treasury Shares	Translation Reserve	Cash Flow Hedging Reserve	Share Based Payment Reserve	Revaluation Reserve	Put Option 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	<b>2,120.4</b>
<b>Transactions with owners recognised directly in equity</b>													
Employee share based compensation	-	-	-	-	-	-	16.0	-	-	-	16.0	-	<b>16.0</b>
Tax on employee share based compensation	-	-	-	-	-	-	(0.9)	-	-	4.4	3.5	-	<b>3.5</b>
Exercise or lapsing of share options	-	-	-	0.2	-	-	(13.6)	-	-	13.4	-	-	<b>-</b>
Repurchase of shares	-	-	-	-	-	-	-	-	-	-	-	-	<b>-</b>
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	<b>-</b>
<i>Transactions with non-controlling interests:</i>													
Arising on acquisition	-	-	-	-	-	-	-	-	-	-	-	(0.8)	<b>(0.8)</b>
Dividends to NCI	-	-	-	-	-	-	-	-	-	-	-	(1.2)	<b>(1.2)</b>
Fair value movement	-	-	-	-	-	-	-	-	20.4	-	20.4	-	<b>20.4</b>
<b>Transactions with owners</b>	-	-	-	0.2	-	-	1.5	-	20.4	17.8	39.9	(2.0)	<b>37.9</b>
<b>Total comprehensive income for the year</b>													
Profit for the year	-	-	-	-	-	-	-	-	-	373.6	373.6	11.2	<b>384.8</b>
<b>Other comprehensive income:</b>													
<b>Items that may be reclassified subsequently to profit or loss</b>													
Cash flow hedging in equity	-	-	-	-	-	-	-	-	-	-	-	-	<b>-</b>
- current year	-	-	-	-	-	-	-	-	-	-	-	-	<b>-</b>
- tax impact	-	-	-	-	-	-	-	-	-	-	-	-	<b>-</b>
Exchange differences on translating foreign operations	-	-	-	-	(119.1)	-	-	-	-	-	(119.1)	(10.6)	<b>(129.7)</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>													
Actuarial losses on defined benefit pension scheme	-	-	-	-	-	-	-	-	-	(19.9)	(19.9)	-	<b>(19.9)</b>
Income taxes relating to actuarial losses on defined benefit pension scheme	-	-	-	-	(119.1)	-	-	-	-	4.1	4.1	-	<b>4.1</b>
<b>Total comprehensive income for the year</b>	-	-	-	-	(119.1)	-	-	-	-	357.8	238.7	0.6	<b>239.3</b>
<b>Balance at 31 December 2020</b>	<b>23.8</b>	<b>95.6</b>	<b>0.7</b>	<b>(11.6)</b>	<b>(229.9)</b>	<b>0.3</b>	<b>40.4</b>	<b>0.7</b>	<b>(168.3)</b>	<b>2,597.2</b>	<b>2,348.9</b>	<b>48.7</b>	<b>2,397.6</b>

**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 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	<b>1,788.9</b>
<b>Transactions with owners recognised directly in equity</b>													
Employee share based compensation	0.1	-	-	-	-	-	13.1	-	-	-	13.2	-	<b>13.2</b>
Tax on employee share based compensation	-	-	-	-	-	-	1.7	-	-	2.5	4.2	-	<b>4.2</b>
Exercise or lapsing of share options	-	-	-	1.5	-	-	(12.8)	-	-	11.3	-	-	<b>-</b>
Repurchase of shares	-	-	-	(0.6)	-	-	-	-	-	-	(0.6)	-	<b>(0.6)</b>
Dividends	-	-	-	-	-	-	-	-	-	(77.6)	(77.6)	(0.4)	<b>(78.0)</b>
Transactions with non-controlling interests:													
Arising on acquisition	-	-	-	-	-	-	-	-	(26.7)	-	(26.7)	3.7	<b>(23.0)</b>
Fair value movement	-	-	-	-	-	-	-	-	(22.7)	-	(22.7)	-	<b>(22.7)</b>
<b>Transactions with owners</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>0.9</b>	<b>-</b>	<b>-</b>	<b>2.0</b>	<b>-</b>	<b>(49.4)</b>	<b>(63.8)</b>	<b>(110.2)</b>	<b>3.3</b>	<b>(106.9)</b>
<b>Total comprehensive income for the year</b>													
Profit for the year	-	-	-	-	-	-	-	-	-	369.4	369.4	8.4	<b>377.8</b>
<b>Other comprehensive income:</b>													
<b>Items that may be reclassified subsequently to profit or loss</b>													
Cash flow hedging in equity	-	-	-	-	-	(0.2)	-	-	-	-	(0.2)	-	<b>(0.2)</b>
- current year	-	-	-	-	-	-	-	-	-	-	-	-	<b>-</b>
- tax impact	-	-	-	-	-	-	-	-	-	-	-	-	<b>-</b>
Exchange differences on translating foreign operations	-	-	-	-	61.2	-	-	-	-	-	61.2	(0.2)	<b>61.0</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>													
Actuarial losses on defined benefit pension scheme	-	-	-	-	-	-	-	-	-	(0.2)	(0.2)	-	<b>(0.2)</b>
Income taxes relating to actuarial losses on defined benefit pension scheme	-	-	-	-	-	-	-	-	-	-	-	-	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>23.8</b>	<b>95.6</b>	<b>0.7</b>	<b>(11.8)</b>	<b>(110.8)</b>	<b>0.3</b>	<b>38.9</b>	<b>0.7</b>	<b>(188.7)</b>	<b>2,221.6</b>	<b>2,070.3</b>	<b>8.2</b>	<b>438.4</b>
<b>Balance at 31 December 2019</b>	<b>23.8</b>	<b>95.6</b>	<b>0.7</b>	<b>(11.8)</b>	<b>(110.8)</b>	<b>0.3</b>	<b>38.9</b>	<b>0.7</b>	<b>(188.7)</b>	<b>2,221.6</b>	<b>2,070.3</b>	<b>50.1</b>	<b>2,120.4</b>



**CONSOLIDATED STATEMENT OF CASH FLOWS** for the year ended 31 December 2020

	Note	2020 €m	2019 €m
<b>OPERATING ACTIVITIES</b>			
Profit for the year		<b>384.8</b>	377.8
<i>Add back non-operating expenses:</i>			
Income tax expense	7	<b>74.9</b>	76.6
Depreciation of property, plant and equipment	5	<b>122.0</b>	114.5
Amortisation of intangible assets	10	<b>23.5</b>	21.9
Impairment of non-current assets	11	<b>2.4</b>	0.2
Employee equity-settled share options		<b>16.0</b>	13.1
Finance income	4	<b>(1.1)</b>	(2.9)
Finance expense	4	<b>26.1</b>	23.7
Profit on sale of property, plant and equipment	5	<b>(1.1)</b>	(3.3)
Movement of deferred consideration		<b>(0.7)</b>	(0.6)
<i>Changes in working capital:</i>			
Inventories		<b>38.2</b>	5.8
Trade and other receivables		<b>(1.8)</b>	57.3
Trade and other payables		<b>71.3</b>	(57.5)
<i>Other:</i>			
Change in provisions		<b>(2.1)</b>	1.7
Pension contributions	31	<b>(1.6)</b>	(1.2)
Cash generated from operations		<b>750.8</b>	627.1
Income tax paid		<b>(89.7)</b>	(87.2)
Interest paid		<b>(22.6)</b>	(19.5)
<b>Net cash flow from operating activities</b>		<b>638.5</b>	520.4
<b>INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		<b>(131.8)</b>	(161.0)
Proceeds from disposals of property, plant and equipment		<b>5.7</b>	6.7
Purchase of subsidiary undertakings (including net debt/cash acquired)	22	<b>(46.1)</b>	(142.2)
Payment of deferred contingent consideration in respect of acquisitions	18	<b>-</b>	(59.7)
Interest received		<b>1.0</b>	2.8
<b>Net cash flow from investing activities</b>		<b>(171.2)</b>	(353.4)
<b>FINANCING ACTIVITIES</b>			
Drawdown of loans	29	<b>751.2</b>	7.8
Repayment of loans and borrowings	29	<b>(3.4)</b>	(181.6)
Payment of lease liability	16	<b>(33.7)</b>	(31.8)
Proceeds from share issues		<b>-</b>	0.1
Repurchase of shares	25	<b>-</b>	(0.6)
Dividends paid to non-controlling interests	28	<b>(1.2)</b>	(0.4)
Dividends paid	27	<b>-</b>	(77.6)
<b>Net cash flow from financing activities</b>		<b>712.9</b>	(284.1)
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Effect of movement in exchange rates on cash held	29	<b>(41.4)</b>	13.5
Cash and cash equivalents at the beginning of the year		<b>190.9</b>	294.5
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>1,329.7</b>	190.9

**COMPANY STATEMENT OF FINANCIAL POSITION** as at 31 December 2020

	Note	2020 €m	2019 €m
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Investments in subsidiaries	12	<b>1,212.8</b>	1,201.4
<b>CURRENT ASSETS</b>			
Amounts owed by group undertakings	14	<b>232.3</b>	128.7
Cash and cash equivalents		<b>0.1</b>	0.1
<b>TOTAL ASSETS</b>		<b>1,445.2</b>	1,330.2
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Amounts owed to group undertakings	15	<b>71.1</b>	61.3
Payables	15	<b>0.2</b>	0.2
<b>TOTAL LIABILITIES</b>		<b>71.3</b>	61.5
<b>NET ASSETS</b>		<b>1,373.9</b>	1,268.7
<b>EQUITY</b>			
<b>Equity attributable to owners of Kingspan Group plc</b>			
Share capital	23	<b>23.8</b>	23.8
Share premium	24	<b>95.6</b>	95.6
Capital redemption reserve		<b>0.7</b>	0.7
Treasury shares	25	<b>(11.6)</b>	(11.8)
Retained earnings	26	<b>1,265.4</b>	1,160.4
<b>TOTAL EQUITY</b>		<b>1,373.9</b>	1,268.7

In accordance with section 304 of the Companies Act 2014, the Company's profit for the financial year was €89.2m (2019: €28.6m).

Gene M. Murtagh  
Chief Executive Officer

Geoff Doherty  
Chief Financial Officer

19 February 2021

**COMPANY STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2020

	Share Capital €m	Share Premium €m	Capital Redemption Reserves €m	Treasury Shares €m	Retained Earnings €m	Shareholders' Equity €m
<b>Balance at 1 January 2020</b>	23.8	95.6	0.7	(11.8)	1,160.4	<b>1,268.7</b>
Shares issued	-	-	-	0.2	(0.2)	-
Repurchase of shares	-	-	-	-	-	-
Employee share based compensation	-	-	-	-	16.0	16.0
Dividends paid	-	-	-	-	-	-
<b>Transactions with owners</b>	-	-	-	0.2	15.8	<b>16.0</b>
Profit for the year	-	-	-	-	89.2	<b>89.2</b>
<b>Balance at 31 December 2020</b>	23.8	95.6	0.7	(11.6)	1,265.4	<b>1,373.9</b>

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

**COMPANY STATEMENT OF CASH FLOWS**  
for the year ended 31 December 2020

	2020 €m	2019 €m
<b>OPERATING ACTIVITIES</b>		
Profit for the year after tax	<b>89.2</b>	28.6
<b>Net cash flow from operating activities</b>	<b>89.2</b>	28.6
<b>FINANCING ACTIVITIES</b>		
Change in receivables	<b>(99.0)</b>	(13.3)
Change in payables	<b>9.8</b>	61.3
Repurchase of shares	-	(0.6)
Exercise or lapsing of share options	-	1.5
Proceeds from share issues	-	0.1
Dividends paid	-	(77.6)
<b>Net cash flow from financing activities</b>	<b>(89.2)</b>	(28.6)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>0.1</b>	0.1
Net increase in cash and cash equivalents	-	-
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>0.1</b>	0.1

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

## 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 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 163 to 165.

### 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 158 to 160.

### Changes in Accounting Policies and Disclosures

#### New and amended standards and interpretations effective during 2020

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 <i>Business Combinations</i> – Definition of a business	1 January 2020
Amendments to IFRS 9 <i>Financial Instruments</i> , IAS 39 <i>Financial Instruments: Recognition and measurement</i> and IFRS 7 <i>Financial Instruments: Disclosures</i> – Interest Rate Benchmark Reform	1 January 2020
Amendments to IAS 1 <i>Presentation of Financial Statements</i> – Definition of material	1 January 2020
Amendments to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> – Definition of material	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020

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 does not have a material effect on the results or financial position of the Group:

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



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 1 Statement of Accounting Policies (continued)

There are a number of new standards, amendments to standards and interpretations that are not yet effective and have not been applied in preparing these consolidated financial statements. These new standards, amendments to standards and interpretations are either not expected to have a material impact on the Group's financial statements or are still under assessment by the Group. The principal new standards, amendments to standards and interpretations are as follows:

	Effective Date – periods beginning on or after
IFRS 17 <i>Insurance Contracts</i>	1 January 2023*
Amendments to IAS 1 <i>Presentation of Financial Statements</i> - Classification of Liabilities as Current or Non-current	1 January 2023*
Amendments to IFRS 3 <i>Business Combinations</i> - Reference to the Conceptual Framework	1 January 2022*
Amendments to IAS 16 <i>Property, Plant and Equipment</i> - Proceeds before Intended Use	1 January 2022*
Amendments to IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> - Onerous Contracts – Costs of Fulfilling a Contract	1 January 2022*
Amendments to IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> – Subsidiary as a first-time adopter	1 January 2022*
Amendments to IFRS 9 <i>Financial Instruments</i> – Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022*
Amendments to IAS 41 <i>Agriculture</i> – Taxation in fair value measurements	1 January 2022*
Amendments to IFRS 9 <i>Financial Instruments</i> , IAS 39 <i>Financial Instruments: Recognition and measurement</i> , IFRS 7 <i>Financial Instruments: Disclosures</i> , IFRS 4 <i>Insurance Contracts</i> and IFRS 16 <i>Leases</i> - Interest Rate Benchmark Reform - Phase 2	1 January 2021

\* Not EU endorsed

#### 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 *Operating Segments* 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 recognises revenue exclusive of sales tax and trade discounts which would occur over time or at a point in time. The Group uses the five-step model as prescribed under IFRS 15 *Revenue from Contracts with Customers* 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.

The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customers.

The Group has identified a number of revenue streams where revenue is recognised at a point in time and/or over time. These are detailed below:

#### Supply only contracts

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. Revenue is recognised at the time of delivery at the delivery address (where Kingspan is to deliver the goods to the delivery address) or at Kingspan's works (where the customer is to collect the goods) or, if the customer wrongfully fails to take delivery of the goods, the time when Kingspan has tendered delivery of the goods. 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.

#### Supply and install projects

If a contract requires the Group to install or commission a product and the product can be separated or sold separately from the installation service and the contract specifically separates the performance obligations then the product only supply element is recognised in line with the criteria set out in the supply only policy. The installation element is recognised over time in line with the milestones set out in the contract. If there is significant integration provided for the contract then a single purchase order is identified and the revenue is recognised over time.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 1 Statement of Accounting Policies (continued)

#### Service and maintenance

Where the Group provides a post-sale Service and Maintenance offering the revenue associated with this separately identifiable performance obligation is initially recognised in deferred income. The revenue is recognised in the P&L as each site visit occurs.

#### 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 Consolidated 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.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

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 retains 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 Liability 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.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 1 Statement of Accounting Policies (continued)

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	1 - 10 years

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

#### 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:

Euro =	Average rate		Closing rate	
	2020	2019	2020	2019
Pound Sterling	<b>0.889</b>	0.877	<b>0.900</b>	0.852
US Dollar	<b>1.142</b>	1.120	<b>1.229</b>	1.121
Canadian Dollar	<b>1.530</b>	1.485	<b>1.567</b>	1.461
Australian Dollar	<b>1.655</b>	1.610	<b>1.596</b>	1.600
Czech Koruna	<b>26.463</b>	25.669	<b>26.264</b>	25.414
Polish Zloty	<b>4.444</b>	4.297	<b>4.589</b>	4.260
Hungarian Forint	<b>351.21</b>	325.31	<b>364.92</b>	330.52
Brazilian Real	<b>5.898</b>	4.415	<b>6.384</b>	4.512

#### 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 *Uncertainty Over Income Tax Treatments* 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.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 1 Statement of Accounting Policies (continued)

The Group offsets deferred tax assets and deferred tax liabilities only if it has a legally enforceable right to setoff current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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.

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.

#### Investments in subsidiaries

Investments in subsidiaries held by the Parent Company are carried at cost less accumulated impairment losses.

#### 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

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 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 applies judgement when determining the lease term where renewal and termination options are contained in the lease contract.

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. The Group also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the term of the lease.

#### 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.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 1 Statement of Accounting Policies (continued)

#### 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.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 1 Statement of Accounting Policies (continued)

#### 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.

#### Financial Assets

On initial recognition, a financial asset is classified as measured at amortised cost and subsequently measured using the effective interest rate (EIR) method and subject to impairment. Financial assets may also be initially measured at 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. Under IFRS 9 *Financial Instruments*, 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.

#### 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 interests

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.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 1 Statement of Accounting Policies (continued)

#### Accounting Estimates and Judgements

In the process of applying the Group's accounting policies, as set out on pages 119 to 126, management are required to make estimates and judgements that could materially affect the Group's reported results or net asset position.

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that effect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods.

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.

#### 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. The incremental borrowing rate is the rate of interest that a 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 estimates the IBR using observable inputs (such as market interest rates) when available and makes certain entity-specific estimates (such as country risk and entity specific credit rating) as required.

#### 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 2020 (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 – 2020	2,917.4	787.0	445.5	202.7	223.4	<b>4,576.0</b>
Total revenue – 2019	3,031.9	876.9	327.7	208.1	214.5	4,659.1
<b>Disaggregation of revenue 2020</b>						
Point of Time	2,908.4	759.8	227.3	200.9	199.8	<b>4,296.2</b>
Over Time & Contract	9.0	27.2	218.2	1.8	23.6	<b>279.8</b>
	<u>2,917.4</u>	<u>787.0</u>	<u>445.5</u>	<u>202.7</u>	<u>223.4</u>	<u><b>4,576.0</b></u>
<b>Disaggregation of revenue 2019</b>						
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
	<u>3,031.9</u>	<u>876.9</u>	<u>327.7</u>	<u>208.1</u>	<u>214.5</u>	<u>4,659.1</u>

The disaggregation of revenue by geography is set out in more detail on page 129.

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 2020 €m	Total 2019 €m
Trading profit – 2020	321.3	110.1	31.2	16.3	29.3	<b>508.2</b>	
Intangible amortisation	(13.7)	(4.6)	(4.1)	(0.9)	(0.2)	<b>(23.5)</b>	
Operating profit – 2020	<u>307.6</u>	<u>105.5</u>	<u>27.1</u>	<u>15.4</u>	<u>29.1</u>	<u><b>484.7</b></u>	
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	<u>303.0</u>	<u>112.2</u>	<u>22.3</u>	<u>13.3</u>	<u>24.4</u>		475.2
Net finance expense						<b>(25.0)</b>	(20.8)
Profit for the year before tax						<b>459.7</b>	454.4
Income tax expense						<b>(74.9)</b>	(76.6)
Net profit for the year						<u><b>384.8</b></u>	<u>377.8</u>



**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2020 (continued)

**2 Segment Reporting** (continued)**Segment assets**

	<b>Insulated Panels €m</b>	<b>Insulation Boards €m</b>	<b>Light &amp; Air €m</b>	<b>Water &amp; Energy €m</b>	<b>Data &amp; Flooring €m</b>	<b>Total 2020 €m</b>	Total 2019 €m
Assets – 2020	2,350.4	787.1	474.0	183.5	174.1	<b>3,969.1</b>	
Assets – 2019	2,495.9	832.2	348.0	191.8	188.2		4,056.1
Derivative financial instruments						<b>19.8</b>	27.3
Cash and cash equivalents						<b>1,329.7</b>	190.9
Deferred tax asset						<b>23.0</b>	14.1
Total assets as reported in the Consolidated Statement of Financial Position						<b>5,341.6</b>	4,288.4

**Segment liabilities**

	<b>Insulated Panels €m</b>	<b>Insulation Boards €m</b>	<b>Light &amp; Air €m</b>	<b>Water &amp; Energy €m</b>	<b>Data &amp; Flooring €m</b>	<b>Total 2020 €m</b>	Total 2019 €m
Liabilities – 2020	(778.8)	(192.9)	(184.1)	(72.8)	(41.2)	<b>(1,269.8)</b>	
Liabilities – 2019	(831.4)	(194.4)	(80.2)	(64.2)	(41.5)		(1,211.7)
Interest bearing loans and borrowings (current and non-current)						<b>(1,585.7)</b>	(851.4)
Derivative financial instruments (current and non-current)						<b>(0.2)</b>	(0.1)
Income tax liabilities (current and deferred)						<b>(88.3)</b>	(104.8)
Total liabilities as reported in the Consolidated Statement of Financial Position						<b>(2,944.0)</b>	(2,168.0)

**Other segment information**

	<b>Insulated Panels €m</b>	<b>Insulation Boards €m</b>	<b>Light &amp; Air €m</b>	<b>Water &amp; Energy €m</b>	<b>Data &amp; Flooring €m</b>	<b>Total €m</b>
Capital investment – 2020 *	92.5	17.4	40.6	2.8	3.7	<b>157.0</b>
Capital investment – 2019 *	135.7	36.8	11.8	4.5	4.0	<b>192.8</b>
Depreciation included in segment result – 2020	(73.4)	(23.9)	(12.9)	(6.5)	(5.3)	<b>(122.0)</b>
Depreciation included in segment result – 2019	(70.9)	(24.2)	(8.3)	(6.1)	(5.0)	<b>(114.5)</b>
Non-cash items included in segment result – 2020	(9.0)	(3.2)	(1.1)	(1.0)	(1.7)	<b>(16.0)</b>
Non-cash items included in segment result – 2019	(7.6)	(2.7)	(0.7)	(0.8)	(1.3)	<b>(13.1)</b>

\* Capital investment also includes fair value of property, plant and equipment and intangible assets acquired in business combinations.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 2 Segment Reporting (continued)

Analysis of segmental data by geography

	Western & Southern Europe €m	Central & Northern Europe €m	Americas €m	Britain €m	Rest of World €m	Total €m
<b>Income Statement Items</b>						
Revenue – 2020	1,633.6	997.8	916.0	743.6	285.0	<b>4,576.0</b>
Revenue – 2019	1,546.1	960.0	990.9	848.4	313.7	4,659.1
<b>Statement of Financial Position Items</b>						
Non-current assets – 2020 *	1,018.9	520.1	546.4	388.8	189.4	<b>2,663.6</b>
Non-current assets – 2019 *	993.9	486.7	605.4	410.6	207.7	2,704.3
<b>Other segmental information</b>						
Capital investment – 2020	70.2	42.2	32.1	10.8	1.7	<b>157.0</b>
Capital investment – 2019	77.2	44.4	49.1	18.1	4.0	192.8

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

The Group has a presence in over 70 countries worldwide. Revenues, non-current assets and capital investment (as defined in IFRS 8) attributable to the country of domicile were €150.7m (2019: €176.0m), €72.6m (2019: €64.0m) and €16.4m (2019: €15.2m) respectively. All foreign countries or regions of operation are as set out above and specific regions are highlighted separately on the basis of materiality. The geographic regions have been revised this year to provide a more detailed breakdown of the previously reported Mainland Europe region which has seen significant growth in recent years. All prior year comparatives have been restated on the same basis. The country of domicile is included in Western & Southern Europe.

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:

	2020 Number	2019 Number
Production	<b>9,430</b>	9,046
Sales and distribution	<b>3,120</b>	2,895
Management and administration	<b>2,874</b>	2,588
	<b>15,424</b>	14,529

#### b) Employee costs, including executive directors

	2020 €m	2019 €m
Wages and salaries	<b>676.4</b>	651.2
Social welfare costs	<b>86.7</b>	78.0
Pension costs - defined contribution (note 31)	<b>22.0</b>	20.1
Share based payments and awards	<b>16.0</b>	13.1
	<b>801.1</b>	762.4
Actuarial losses/(gains) recognised in other comprehensive income	<b>19.9</b>	0.2
	<b>821.0</b>	762.6

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 3 Employees (continued)

#### Performance Share Plan (PSP)

	Number of PSP Options	
	2020	2019
Outstanding at 1 January	1,953,111	2,149,827
Granted	507,441	539,988
Forfeited	(33,550)	(76,361)
Lapsed	(6)	(10,781)
Exercised	(654,558)	(649,562)
Outstanding at 31 December	1,772,438	1,953,111
Of which, exercisable	263,324	399,257

The Group recognised a PSP expense of €16.0m (2019: €12.9m) 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 €62.99 (2019: €44.99). The weighted average contractual life of share options outstanding at 31 December 2020 is 4.8 years (2019: 2.6 years). The weighted average exercise price during the period was €0.13 (2019: €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:

	2020 Awards	2020 Awards	2019 Awards
	20 February 2020	24 March 2020	25 February 2019
Share price at grant date	€61.80	€47.10	€38.80
Exercise price per share	€0.13	€0.13	€0.13
Expected volatility	26.4%	29.3%	30.0%
Expected dividend yield	1.3%	1.3%	1.3%
Risk-free rate	(0.7%)	(0.6%)	(0.07%)
Expected life	3 years	3 years	3 years

The resulting weighted average fair value of options granted in the year was €42.83 (2019: €29.67).

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, 2,272 (2019: 15,718) awards were granted under the DBP and nil (2019: 49,924) awards were exercised. 17,990 awards remain outstanding at 31 December 2020. No charge was recognised in the Income Statement for 2020 (2019: €0.2m).

### 4 Finance Expense and Finance Income

	2020 €m	2019 €m
<i>Finance expense</i>		
Lease interest	3.6	3.8
Deferred contingent consideration fair value movement	-	0.1
Bank loans	3.1	2.4
Private placement loan notes	17.3	17.2
Fair value movement on derivative financial instrument	6.4	2.6
Fair value movement on private placement debt	(4.4)	(2.5)
Other interest	0.1	0.1
	26.1	23.7
<i>Finance income</i>		
Interest earned	(1.1)	(2.9)
Net finance cost	25.0	20.8

€0.2m of borrowing costs were capitalised during the period (2019: €0.1m). No costs were reclassified from other comprehensive income to profit during the year (2019: €nil).

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 5 Profit for the year before Income Tax

	2020 €m	2019 €m
The profit before tax for the year is stated after charging / (crediting):		
Distribution expenses	207.2	224.6
Product development costs (total, including payroll)	33.1	31.9
Depreciation	122.0	114.5
Amortisation of intangible assets	23.5	21.9
Impairment of property, plant and equipment	2.4	0.2
Foreign exchange net gains	3.7	0.7
Profit on sale of property, plant and equipment	(1.1)	(3.3)

#### Analysis of total auditor's remuneration

	EY Ireland 2020 €m	Other EY Offices 2020 €m	Total 2020 €m	KPMG Ireland 2019 €m	Other KPMG Offices 2019 €m	Total 2019 €m
Audit of Group	0.6	-	0.6	0.8	-	0.8
Audit of other subsidiaries	-	2.1	2.1	-	1.8	1.8
Tax compliance and advisory services	0.1	-	0.1	0.1	0.8	0.9
	0.7	2.1	2.8	0.9	2.6	3.5

Included in Audit of Group are total fees of €0.2m which are due to EY in respect of the audit of the Parent Company (2019: €0.4m KPMG).

### 6 Directors' Remuneration

	2020 €m	2019 €m
Fees	0.6	0.6
Other emoluments	3.2	6.3
Pension costs	0.8	0.8
	4.6	7.7
Performance Share Plan expense (calculated in accordance with principals disclosed in note 3)	3.7	3.2
	8.3	10.9

A detailed analysis of directors' remuneration is contained in the Report of the Remuneration Committee. Aggregate gains of €16.2m (2019: €8.0m) were realised with respect to share options exercised by directors during the financial year.

### 7 Income Tax Expense

	2020 €m	2019 €m
<b>Tax recognised in the Consolidated Income Statement</b>		
<i>Current taxation:</i>		
Current tax expense	85.0	83.2
Adjustment in respect of prior years	(5.4)	(0.2)
	79.6	83.0
<i>Deferred taxation:</i>		
Origination and reversal of temporary differences	(6.8)	(6.6)
Effect of rate change	2.1	0.2
	(4.7)	(6.4)
<b>Income tax expense</b>	<b>74.9</b>	<b>76.6</b>



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (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:

	2020 €m	2019 €m
Profit for the year	459.7	454.4
Applicable notional tax charge (12.5%)	57.5	56.8
Expenses not deductible for tax purposes	10.8	9.0
Net effect of differing tax rates	16.3	15.3
Utilisation of unprovided deferred tax assets	(1.1)	(1.5)
Other items	(8.6)	(3.0)
Total income tax expense	74.9	76.6

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 €31.6m (2019: €29.7m) consisting mainly of tax losses forward. €0.5m of the losses expire within 5 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 €12.1m (2019: €10.9m) have not been recognised for withholding tax that would be payable on unremitted earnings of €242.9m (2019: €219.6m) in certain subsidiaries.

### 8 Earnings Per Share

	2020 €m	2019 €m
The calculations of earnings per share are based on the following:		
Profit attributable to ordinary shareholders	373.6	369.4
	<b>Number of shares ('000) 2020</b>	<b>Number of shares ('000) 2019</b>
Weighted average number of ordinary shares for the calculation of basic earnings per share	181,212	180,586
Dilutive effect of share options	1,598	1,489
Weighted average number of ordinary shares for the calculation of diluted earnings per share	182,810	182,075
	<b>2020 € cent</b>	<b>2019 € cent</b>
Basic earnings per share	206.2	204.6
Diluted earnings per share	204.4	202.9
Adjusted basic earnings per share	216.9	215.0
Adjusted diluted earnings per share	215.0	213.2

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 (2019: nil).

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 9 Goodwill

	2020 €m	2019 €m
At 1 January	<b>1,506.9</b>	1,391.0
Additions relating to acquisitions (Note 22)	<b>41.7</b>	92.5
Net exchange movement	<b>(69.8)</b>	23.4
Carrying amount 31 December	<b>1,478.8</b>	1,506.9
<b>At 31 December</b>		
Cost	<b>1,546.5</b>	1,574.6
Accumulated impairment losses	<b>(67.7)</b>	(67.7)
Carrying amount	<b>1,478.8</b>	1,506.9

#### 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 (2019: 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		Goodwill (€m)	
	2020	2019	2020	2019
Insulated Panels	<b>6</b>	6	<b>873.9</b>	918.3
Insulation Boards	<b>1</b>	1	<b>232.9</b>	235.7
Light & Air	<b>1</b>	1	<b>205.7</b>	178.0
Water & Energy	<b>1</b>	1	<b>81.0</b>	83.8
Data & Flooring	<b>2</b>	2	<b>85.3</b>	91.1
Total	<b>11</b>	11	<b>1,478.8</b>	1,506.9

#### 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		Panels Western Europe		Panels Joris Ide		Insulation Boards		Light & Air	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Goodwill (€m)	<b>167.2</b>	181.1	<b>291.6</b>	225.5	<b>334.6</b>	415.6	<b>232.9</b>	235.7	<b>205.7</b>	178.0
Discount rate (%)	<b>10.1</b>	9.6	<b>8.6</b>	7.8	<b>8.3</b>	8.0	<b>8.7</b>	7.7	<b>8.6</b>	7.8
Excess of value-in-use over carrying amount (€m)	<b>840.9</b>	722.0	<b>1,971.1</b>	1,976.4	<b>781.2</b>	576.2	<b>1,578.3</b>	1,812.1	<b>508.2</b>	279.1

The goodwill allocated to these 5 CGUs accounts for 83% of the total carrying amount of €1,478.8m. The remaining goodwill balance of €246.8m (2019: €271.0m) is allocated across the other 6 CGUs (2019: 6 CGUs), none of which are individually significant. Similar assumptions and techniques are applied on the impairment testing of these CGUs.

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.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 9 Goodwill (continued)

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% to 5% (Panels LATAM 5%), reflecting the relevant CGU market 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 8.3% to 14.7% (2019: 7.5% to 10.6%). 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 42% 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

2020	Customer Relationships €m	Patents & Brands €m	Other Intangibles €m	Total €m
<b>Cost</b>				
At 1 January	50.3	130.0	35.6	215.9
Acquisitions (Note 22)	(0.7)	10.0	6.3	15.6
Net exchange difference	(0.7)	(5.5)	(1.6)	(7.8)
<b>At 31 December</b>	<b>48.9</b>	<b>134.5</b>	<b>40.3</b>	<b>223.7</b>
<b>Accumulated amortisation</b>				
At 1 January	29.6	66.8	26.3	122.7
Charge for the year	5.9	12.6	5.0	23.5
Net exchange difference	(0.5)	(3.2)	(1.5)	(5.2)
<b>At 31 December</b>	<b>35.0</b>	<b>76.2</b>	<b>29.8</b>	<b>141.0</b>
<b>Net Book Value as at 31 December 2020</b>	<b>13.9</b>	<b>58.3</b>	<b>10.5</b>	<b>82.7</b>
2019	Customer Relationships €m	Patents & Brands €m	Other Intangibles €m	Total €m
<b>Cost</b>				
At 1 January	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
<b>At 31 December</b>	<b>50.3</b>	<b>130.0</b>	<b>35.6</b>	<b>215.9</b>
<b>Accumulated amortisation</b>				
At 1 January	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
<b>At 31 December</b>	<b>29.6</b>	<b>66.8</b>	<b>26.3</b>	<b>122.7</b>
<b>Net Book Value as at 31 December 2019</b>	<b>20.7</b>	<b>63.2</b>	<b>9.3</b>	<b>93.2</b>

Other intangibles relate primarily to technological know how and order backlogs.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 11 Property, Plant And Equipment

	Land and buildings	Plant, machinery and other equipment	Motor vehicles	Total
	€m	€m	€m	€m
<b>As at 31 December 2020</b>				
Cost	686.5	1,368.3	45.0	2,099.8
Accumulated depreciation and impairment charges	(218.4)	(880.1)	(28.4)	(1,126.9)
Net carrying amount	<b>468.1</b>	<b>488.2</b>	<b>16.6</b>	<b>972.9</b>
At 1 January 2020, net carrying amount	433.2	514.5	17.5	965.2
Acquisitions through business combinations (Note 22)	11.3	(1.1)	1.3	11.5
Additions	40.3	84.6	5.0	129.9
Disposals	(2.1)	(2.0)	(0.5)	(4.6)
Reclassification	21.9	(20.4)	(1.5)	-
Depreciation charge for year	(20.3)	(64.6)	(4.8)	(89.7)
Impairment charge for year	(2.2)	(0.2)	-	(2.4)
Effect of movement in exchange rates	(14.0)	(22.6)	(0.4)	(37.0)
At 31 December 2020, net carrying amount	<b>468.1</b>	<b>488.2</b>	<b>16.6</b>	<b>972.9</b>
	Land and buildings	Plant, machinery and other equipment	Motor vehicles	Total
	€m	€m	€m	€m
<b>As at 31 December 2019</b>				
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	<b>433.2</b>	<b>514.5</b>	<b>17.5</b>	<b>965.2</b>
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	<b>433.2</b>	<b>514.5</b>	<b>17.5</b>	<b>965.2</b>

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 €10.7m and €63.1m respectively (2019: of €2.3m and €66.2m). These assets have not yet been depreciated.

The Group has no material investment properties and hence no property assets are held at fair value.

### 12 Investments in Subsidiaries

Company	2020 €m	2019 €m
At 1 January	<b>1,201.4</b>	1,191.0
Share options and awards	<b>11.4</b>	10.4
<b>At 31 December</b>	<b>1,212.8</b>	1,201.4

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.



**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2020 (continued)

**13 Inventories**

	<b>2020</b>	2019
	<b>€m</b>	€m
Raw materials and consumables	<b>396.7</b>	433.2
Work in progress	<b>19.7</b>	20.3
Finished goods	<b>161.2</b>	169.6
Inventory impairment allowance	<b>(71.7)</b>	(65.5)
<b>At 31 December</b>	<b>505.9</b>	557.6

A total of €2.5bn (2019: €2.7bn) of inventories was included in the Income Statement as an expense. This includes a net income statement charge of €1.7m (2019: €4.4m) 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**

	<b>2020</b>	2019
	<b>€m</b>	€m
<b>Amounts falling due within one year:</b>		
Trade receivables, gross	<b>767.3</b>	770.3
Expected credit loss allowance	<b>(65.1)</b>	(54.0)
Trade receivables, net	<b>702.2</b>	716.3
Other receivables	<b>65.2</b>	45.1
Prepayments	<b>32.2</b>	32.8
	<b>799.6</b>	794.2

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 €65.1m in 2020 (2019: €54.0m). This is presented in more detail in Note 19.

	<b>2020</b>	2019
	<b>€m</b>	€m
<b>Company</b>		
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	<b>232.3</b>	128.7
	<b>232.3</b>	128.7

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 2020 (continued)

### 15 Trade and Other Payables

	2020 €m	2019 €m
<b>Current</b>		
Trade payables	419.9	404.9
Accruals	349.8	307.9
Deferred income and customer prepayments	33.7	14.8
Income tax & social welfare	30.8	29.6
Value added tax	20.3	11.7
	<b>854.5</b>	<b>768.9</b>

Deferred income primarily relates to service and maintenance and projected related revenue and is primarily short term.

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

	2020 €m	2019 €m
<b>Company</b>		
<b>Current</b>		
Amounts owed to group undertakings	71.1	61.3
Payables	0.2	0.2
	<b>71.3</b>	<b>61.5</b>

The amounts due to group undertakings are unsecured, interest free and are repayable on demand.

### 16 Leases

#### Right of use asset

	Land and buildings €m	Plant, machinery and other equipment €m	Motor vehicles €m	Total 2020 €m
At 1 January 2020	98.5	9.2	13.9	121.6
Additions	7.7	2.3	7.3	17.3
Arising on acquisitions	8.0	-	4.8	12.8
Remeasurement	1.2	0.4	0.6	2.2
Terminations	(2.0)	(0.4)	(0.2)	(2.6)
Depreciation charge for the year	(19.1)	(3.9)	(9.3)	(32.3)
Reclassification	0.6	(0.6)	-	-
Effect of movement in exchange rates	(5.3)	(0.2)	(0.5)	(6.0)
<b>At 31 December 2020</b>	<b>89.6</b>	<b>6.8</b>	<b>16.6</b>	<b>113.0</b>
	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
<b>At 31 December 2019</b>	<b>98.5</b>	<b>9.2</b>	<b>13.9</b>	<b>121.6</b>

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2020 (continued)

**16 Leases** (continued)

## Lease liability

	2020 €m	2019 €m
At 1 January	122.3	127.9
Additions	17.1	14.0
Arising on acquisitions	12.6	6.2
Remeasurement	1.7	2.5
Terminations	(2.7)	(2.5)
Payments	(33.7)	(31.8)
Interest	3.6	3.8
Effect of movement in exchange rates	(6.1)	2.2
<b>At 31 December</b>	<b>114.8</b>	122.3
<i>Split as follows:</i>		
Current liability	27.3	25.6
Non-current liability	87.5	96.7
<b>At 31 December</b>	<b>114.8</b>	122.3

Expenses of €6.1m (2019: €5.6m) relating to short term leases, leases of low-value assets and variable lease payments were recognised in the profit and loss.

**17 Interest Bearing Loans and Borrowings**

	2020 €m	2019 €m
<b>Current financial liabilities</b>		
Private placements	207.4	-
Bank loans	2.1	2.8
Lease obligations per banking covenants	0.1	0.3
	<b>209.6</b>	3.1
	2020 €m	2019 €m
<b>Non-current financial liabilities</b>		
Private placements	1,320.7	840.9
Bank loans (unsecured)	53.1	5.1
Lease obligations per banking covenants	2.3	2.3
	<b>1,376.1</b>	848.3

## Analysis of Net Debt

	2020 €m	2019 €m
Cash and cash equivalents	1,329.7	190.9
Derivative financial instruments	19.8	27.3
Current borrowings	(209.6)	(3.1)
Non-current borrowings	(1,376.1)	(848.3)
<b>Total Net Debt</b>	<b>(236.2)</b>	(633.2)

The Group's core funding is provided by seven private placement loan notes; two USD private placement totalling US\$400m maturing in tranches between August 2021 and December 2028, and five EUR private placements totalling €1.2bn which will mature in tranches between March 2021 and December 2032. The notes have a weighted average maturity of 6.1 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 2020. The Group also has a bilateral 'Green Loan' of €50m to fund the Group's Planet Passionate initiatives. The loan is fully drawn and matures in February 2025.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 17 Interest Bearing Loans and Borrowings (continued)

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 (2019: €nil) and foreign currency derivative liabilities of €0.2m (2019: €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.

### 18 Deferred Consideration

	2020 €m	2019 €m
At 1 January	186.5	196.1
Deferred contingent consideration arising on acquisitions (note 22)	-	2.0
Movement in deferred contingent consideration arising from fair value adjustment	(0.7)	(0.5)
Put liability arising on current year acquisitions (note 22)	-	26.7
Movement in put liability arising from fair value adjustment	(20.4)	22.7
Amounts paid	-	(59.7)
Effect of movement in exchange rates	(37.8)	(0.8)
<b>At 31 December</b>	<b>127.6</b>	<b>186.5</b>
<i>Split as follows:</i>		
Current liabilities	-	-
Non-current liabilities	127.6	186.5
	<b>127.6</b>	<b>186.5</b>
<i>Analysed as follows:</i>		
Deferred contingent consideration	10.3	11.3
Put liability	117.3	175.2
	<b>127.6</b>	<b>186.5</b>

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 prior year the Group paid €30m of deferred consideration relating to the Synthesia business which was acquired in 2018. In addition, the Group paid €29.7m of deferred contingent consideration relating to the Isoeste business which was acquired in 2017.

The deferred contingent consideration arising on prior year acquisitions relates to Group Bacacier SAS.

The put liability arising on prior 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 €10.3m could arise with respect to potential deferred contingent consideration obligations and €nil to €117.3m 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 €88.7m (2019: €118.6m).

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 €3.5m (2019: €9.1m).

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 €9.8m (2019: €26.8m).

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 outflow is estimated to be €15.7m (2019: €7.1m). The second option for the remaining 5% of shares is exercisable from 2022 and the related undiscounted expected cash outflow is estimated to be €9.6m (2019: €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 shareholder's 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.



**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2020 (continued)

**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 debt together with 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 €1,528m. The notes have a weighted average maturity of 6.1 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. The Group also has a bilateral 'Green Loan' of €50m to fund the Group's Planet Passionate initiatives. This matures in February 2025.

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 2020.

The Group also has in place a number of uncommitted bilateral working capital facilities to serve its working capital requirements. These facilities total €43m (2019: €43m) 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.

The following are the carrying amounts and contractual maturities of financial liabilities (including estimated interest payments):

	Carrying amount 2020 €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
<b>Non derivative financial instruments</b>						
Bank loans	55.2	56.7	2.4	1.3	52.8	0.2
Private placement loan notes	1,528.1	1,721.5	253.6	88.9	338.0	1,041.0
Lease obligations per banking covenants	2.4	2.4	0.1	0.3	-	2.0
Lease liabilities	114.8	134.5	30.4	23.6	43.7	36.8
Trade and other payables	820.8	820.8	820.8	-	-	-
Deferred contingent consideration	127.6	137.6	-	26.0	108.1	3.5
<b>Derivative financial liabilities / (assets)</b>						
Interest rate swaps used for hedging:						
Carrying values	(0.6)	-	-	-	-	-
Net inflows	-	(0.9)	(0.9)	-	-	-
Cross currency interest rate swaps used for hedging:						
Carrying value	(19.2)	-	-	-	-	-
- outflow	-	103.6	103.6	-	-	-
- inflow	-	(128.5)	(128.5)	-	-	-
Foreign exchange forwards used for hedging:						
Carrying value assets	-	-	-	-	-	-
Carrying value liabilities	0.2	-	-	-	-	-
- outflow	-	6.5	6.5	-	-	-
- inflow	-	(6.3)	(6.3)	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 19 Financial Risk Management and Financial Instruments (continued)

	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
<b>Non derivative financial instruments</b>						
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	754.1	754.1	754.1	-	-	-
Deferred contingent consideration	186.5	193.4	-	28.4	155.9	9.1
<b>Derivative financial liabilities / (assets)</b>						
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	-	-	-

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.

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 2021, it is estimated that the Group is long GBP32m (2019: long GBP61m) and short US\$25m (2019: short US\$25m). At 31 December 2020 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 2020, the impact of changing currency rates versus Euro compared to the average 2019 rates was negative €129.7m (2019: positive €61.0m). 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 €1.5m (2019: €4.9m) and equity by €1.5m (2019: €4.9m).

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2020 (continued)

**19 Financial Risk Management and Financial Instruments (continued)**

## 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 IFRS 9 at 31 December 2020.

**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.

**Before the impact of hedging transactions**

As at 31 December 2020	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	0.78%	55.2	2.6	52.6	55.0	0.2
Loan notes	2.11%	1,528.1	1,528.1	-	551.4	976.7
		<b>1,583.3</b>	<b>1,530.7</b>	<b>52.6</b>	<b>606.4</b>	<b>976.9</b>
		<b>Total €m</b>	<b>At fixed interest rate €m</b>	<b>At floating interest rate €m</b>		
Euro		1,253.2	1,203.0	50.2		
USD		328.1	327.7	0.4		
Other		2.0	-	2.0		
		<b>1,583.3</b>	<b>1,530.7</b>	<b>52.6</b>		

**After the impact of hedging transactions**

As at 31 December 2020	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	0.78%	55.2	2.6	52.6	55.0	0.2
Loan notes	1.95%	1,528.1	1,396.9	131.2	551.4	976.7
		<b>1,583.3</b>	<b>1,399.5</b>	<b>183.8</b>	<b>606.4</b>	<b>976.9</b>
		<b>Total €m</b>	<b>At fixed interest rate €m</b>	<b>At floating interest rate €m</b>		
Euro		1,276.0	1,225.8	50.2		
GBP		98.1	-	98.1		
USD		207.2	173.7	33.5		
Other		2.0	-	2.0		
		<b>1,583.3</b>	<b>1,399.5</b>	<b>183.8</b>		

The weighted average maturity of debt is 6.3 years as at 31 December 2020 (2019: 4.5 years).

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (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
		<b>848.8</b>	<b>848.8</b>	<b>-</b>	<b>530.2</b>	<b>318.6</b>
		<b>Total €m</b>	<b>At fixed interest rate €m</b>	<b>At floating interest rate €m</b>		
Euro		666.3	666.3	-		
USD		178.3	178.3	-		
Other		4.2	4.2	-		
		<b>848.8</b>	<b>848.8</b>	<b>-</b>		

#### 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
		<b>848.8</b>	<b>707.3</b>	<b>141.5</b>	<b>530.2</b>	<b>318.6</b>
		<b>Total €m</b>	<b>At fixed interest rate €m</b>	<b>At floating interest rate €m</b>		
Euro		691.3	691.3	-		
GBP		105.1	-	105.1		
USD		48.2	11.8	36.4		
Other		4.2	4.2	-		
		<b>848.8</b>	<b>707.3</b>	<b>141.5</b>		

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 €1.8m (2019: €1.4m) and equity by €1.8m (2019: €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:

	<b>2020 €m</b>	2019 €m
Cash & cash equivalents	<b>1,329.7</b>	190.9
Trade receivables	<b>767.3</b>	770.3
Derivative financial assets	<b>19.8</b>	27.3
Financial asset	<b>8.2</b>	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 2020 (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:

	<b>2020</b> <b>€m</b>	2019 €m
Western & Southern Europe	<b>300.9</b>	266.2
Central & Northern Europe	<b>92.8</b>	91.4
Americas	<b>127.9</b>	149.8
Britain	<b>188.0</b>	202.2
Rest of World	<b>57.7</b>	60.7
	<b>767.3</b>	770.3

At 31 December, the exposure to credit risk for trade receivables by customer type was as follows:

	<b>2020</b> <b>€m</b>	2019 €m
Insulated Panels customers	<b>478.5</b>	493.6
Insulation Boards customers	<b>136.5</b>	151.8
Other customers	<b>152.3</b>	124.9
	<b>767.3</b>	770.3

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 2020.

	<b>Weighted average loss rate %</b>	<b>Gross carrying amount €m</b>	<b>Loss allowance €m</b>
Current (not past due)	1%	549.2	8.2
1-30 days past due	4%	123.2	4.5
31-60 days past due	9%	30.0	2.8
61-90 days past due	26%	8.9	2.3
More than 90 days past due	84%	56.0	47.3
		<b>767.3</b>	<b>65.1</b>

The following table provides the information about the exposure to credit risk and ECL's for trade receivables as at 31 December 2019.

	<b>Weighted average loss rate %</b>	<b>Gross carrying amount €m</b>	<b>Loss allowance €m</b>
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
		<b>770.3</b>	<b>54.0</b>

Loss rates are based in 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 2020 (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:

	2020 €m	2019 €m
Balance at 1 January	54.0	56.4
Arising on acquisition	7.0	1.1
Written off during the year	(3.7)	(7.3)
Net remeasurement of loss allowance	10.6	2.9
Effect of movement in exchange rates	(2.8)	0.9
<b>At 31 December</b>	<b>65.1</b>	<b>54.0</b>

There are no material trade receivables written off during 2020 (2019: €nil) which are still subject to enforcement activity.

The increase in the expected credit loss allowance during 2020 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 IFRS 9:

	Financial asset at fair value through P&L €m	Assets at amortised cost €m	Derivatives designated as hedging instrument €m	Total €m
<b>2020</b>				
<i>Current:</i>				
Trade receivables, net	-	702.2	-	702.2
Other receivables	-	65.2	-	65.2
Cash and cash equivalents	-	1,329.7	-	1,329.7
Derivative financial instruments	0.6	-	19.2	19.8
	0.6	2,097.1	19.2	2,116.9
<i>Non current:</i>				
Derivative financial instruments	-	-	-	-
Financial asset	8.2	-	-	8.2
	8.2	-	-	8.2
<b>2019</b>				
<i>Current:</i>				
Trade receivables, net	-	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
<i>Non current:</i>				
Derivative financial instruments	0.7	-	26.6	27.3
Financial asset	8.2	-	-	8.2
	8.9	-	26.6	35.5

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 2020 (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 at fair value through P&L €m	Financial liabilities measured at amortised cost €m	Financial liabilities at fair value through OCI €m	Derivatives designated as hedging instrument €m	Total €m
<b>2020</b>					
<i>Current:</i>					
Borrowings	33.1	55.6	120.9	-	<b>209.6</b>
Lease liabilities	-	27.3	-	-	<b>27.3</b>
Trade payables	-	419.9	-	-	<b>419.9</b>
Accruals	-	349.8	-	-	<b>349.8</b>
Derivative financial instruments	-	-	-	0.2	<b>0.2</b>
	<b>33.1</b>	<b>852.6</b>	<b>120.9</b>	<b>0.2</b>	<b>1,006.8</b>
<i>Non current:</i>					
Borrowings	-	1,376.1	-	-	<b>1,376.1</b>
Lease liabilities	-	87.5	-	-	<b>87.5</b>
Deferred contingent consideration	10.3	-	-	117.3	<b>127.6</b>
	<b>10.3</b>	<b>1,463.6</b>	<b>-</b>	<b>117.3</b>	<b>1,591.2</b>
<b>2019</b>					
<i>Current:</i>					
Borrowings	-	3.1	-	-	3.1
Lease liabilities	-	25.6	-	-	25.6
Trade payables	-	404.9	-	-	404.9
Accruals	-	307.9	-	-	307.9
Derivative financial instruments	-	-	-	0.1	0.1
	<b>-</b>	<b>741.5</b>	<b>-</b>	<b>0.1</b>	<b>741.6</b>
<i>Non current:</i>					
Borrowings	36.3	681.9	130.1	-	848.3
Lease liabilities	-	96.7	-	-	96.7
Deferred contingent consideration	11.3	-	175.2	-	186.5
	<b>47.6</b>	<b>778.6</b>	<b>305.3</b>	<b>-</b>	<b>1,131.5</b>

**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 2020			As at 31 December 2019		
	Level 1 €m	Level 2 €m	Level 3 €m	Level 1 €m	Level 2 €m	Level 3 €m
<b>Financial Assets</b>						
Interest rate swaps	-	<b>0.6</b>	-	-	27.3	-
Foreign exchange contracts for hedging	-	<b>19.2</b>	-	-	-	-
<b>Financial Liabilities</b>						
Deferred contingent consideration	-	-	<b>10.3</b>	-	-	11.3
Put option liabilities	-	-	<b>117.3</b>	-	-	175.2
Foreign exchange contracts for hedging	-	<b>0.2</b>	-	-	0.1	-

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 19 Financial Risk Management and Financial Instruments (continued)

The principal movements in Level 3 liabilities in 2020 are set out in the table below:

	Balance 1 Jan 2020 €m	Settlement €m	Fair value movement €m	Arising on acquisition €m	Translation adjustment €m	Balance 31 Dec 2020 €m
Deferred contingent consideration	11.3	-	(0.7)	-	(0.3)	<b>10.3</b>
Put option liabilities	175.2	-	(20.4)	-	(37.5)	<b>117.3</b>
	<b>186.5</b>	-	<b>(21.1)</b>	-	<b>(37.8)</b>	<b>127.6</b>

The principal movements in Level 3 liabilities in 2019 are set out in the table below:

	Balance 1 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
	<b>166.1</b>	<b>(29.7)</b>	<b>22.2</b>	<b>28.7</b>	<b>(0.8)</b>	<b>186.5</b>

During the year ended 31 December 2020, the put liabilities were reassessed based on the most recent available financial information. There were no other significant changes in the business or economic circumstances that affect the fair value of the remaining 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 2020			As at 31 December 2019		
	Carrying amount €m	Fair Value €m	Level	Carrying amount €m	Fair Value €m	Level
Private placement loan notes	1,528.1	1,726.4	2	840.9	902.3	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:

	2020 €m	2019 €m
Net Debt	<b>236.2</b>	633.2
Equity	<b>2,397.6</b>	2,120.4
Total Capital Employed	<b>2,633.8</b>	2,753.6

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 2020 (continued)

**20 Provisions For Liabilities**

	2020 €m	2019 €m
<b>Guarantees and warranties</b>		
At 1 January	109.7	104.3
Arising on acquisitions (Note 22)	16.1	1.8
Provided during year	50.8	54.4
Claims paid	(31.4)	(29.5)
Provisions released	(21.5)	(23.3)
Effect of movement in exchange rates	(4.7)	2.0
At 31 December	119.0	109.7
Current liability	55.7	58.0
Non-current liability	63.3	51.7
	119.0	109.7

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. The Group in the course of its operations can be party to claims or litigation. Both the number of claims and the cost of settling the claim are sensitive to change. In most cases, a reasonably reliable estimate can be made based on a range of possible outcomes. If the extent and cost of settling a claim or potential claim is not yet reasonably determinable, no provision is made until such a reliable estimate can be made. 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.

**21 Deferred Tax Assets and Liabilities**

Deferred tax assets and liabilities arising from temporary differences and unused tax losses after offset are as follows:

	2020 €m	2019 €m
Deferred tax assets	23.0	14.1
Deferred tax liabilities	(32.4)	(31.9)
Net Position	(9.4)	(17.8)

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 2020 is as follows:

	Balance 1 Jan 2020 €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 2020 €m
Property, plant and equipment	(41.4)	(7.4)	-	-	1.2	(1.4)	(49.0)
Intangibles	(26.8)	4.1	-	-	1.2	(4.3)	(25.8)
Other temporary differences	42.5	10.6	(0.9)	-	(0.5)	3.4	55.1
Pension obligations	0.9	(0.4)	-	4.1	0.1	1.4	6.1
Unused tax losses	7.0	(2.2)	-	-	(0.6)	-	4.2
	(17.8)	4.7	(0.9)	4.1	1.4	(0.9)	(9.4)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 21 Deferred Tax Assets and Liabilities (continued)

The movement in the net deferred tax position for 2019 is as follows:

	Balance 1 Jan 2019	Recognised in profit or loss	Recognised in equity	Recognised in other comprehensive income	Translation adjustment	Arising on acquisitions	Balance 31 Dec 2019
	€m	€m	€m	€m	€m	€m	€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)

### 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 was as follows:

In April 2020, the Group acquired 100% of the share capital of the Colt Group, a leading provider of daylighting and smoke management systems with a significant presence in Germany, the Netherlands, and the UK. The total consideration, including debt acquired amounted to €41.0m. This was coupled with an assumed net defined benefit pension liability of €10.5m.

The Group also made a number of smaller acquisitions during the year for a combined cash consideration of €5.1m:

- the purchase of 100% of the share capital of Fire-US, a UK specialist passive fire product manufacturer and distributor; and
- the purchase of 100% of the share capital of Tanks.ie, a Water & Energy 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.

	Colt €m	Other* €m	Total €m
<b>Non-current assets</b>			
Intangible assets	10.4	5.2	15.6
Property, plant and equipment	12.6	(1.1)	11.5
Right of use assets	12.8	-	12.8
Retirement benefit assets	182.8	-	182.8
Deferred tax asset	-	-	-
<b>Current assets</b>			
Inventories	15.9	(4.1)	11.8
Trade and other receivables	44.5	(0.7)	43.8
<b>Current liabilities</b>			
Trade and other payables	(50.3)	(1.5)	(51.8)
Provisions for liabilities	(14.0)	(2.1)	(16.1)
Lease liabilities	(4.0)	-	(4.0)
<b>Non-current liabilities</b>			
Retirement benefit obligations	(193.3)	-	(193.3)
Lease liabilities	(8.6)	-	(8.6)
Deferred tax liabilities	(0.5)	(0.4)	(0.9)
<b>Total identifiable assets</b>	8.3	(4.7)	3.6
Non-controlling interests arising on acquisition** (Note 28)	-	0.8	0.8
Goodwill	32.7	9.0	41.7
<b>Total consideration</b>	41.0	5.1	46.1
Satisfied by:			
Cash (net of cash acquired)	41.0	5.1	46.1
Deferred contingent consideration	-	-	-
	41.0	5.1	46.1

\*Included in Other are certain immaterial remeasurements of prior year accounting estimates as a result of the finalisation of the assignment of fair values to identifiable net assets.

\*\* Non-controlling interests arising are measured at the proportionate share of net assets.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (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 2020, the businesses acquired during the year contributed revenue of €151.9m and trading profit of €15.9m 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 €4,620.0m and €501.6m respectively.

The gross contractual value of trade and other receivables as at the respective dates of acquisition amounted to €50.8m. The fair value of these receivables is €43.8m, all of which is recoverable, and is inclusive of an aggregate impairment provision of €7.0m.

There is €nil of goodwill (2019: €2.7m) which is expected to be deductible for tax purposes.

The Group incurred acquisition related costs of €5.4m (2019: €2.4m) 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 Colt Group 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 2021 Annual Report, as stipulated by IFRS 3.

#### Prior year acquisitions

In the prior year, the Group acquired 85% of the share capital of Group Bacacier SAS, 100% of the share capital of WeGo Floortec GmbH, 100% of the share capital of Epur SA, a French water treatment business; and also purchased of the assets of SkyCo a US Light & Air business.

The fair values as recognised at 31 December 2019 of the acquired assets and liabilities at acquisition are set out below:

	Bacacier €m	Other* €m	Total €m
<b>Non-current assets</b>			
Intangible assets	1.9	0.8	2.7
Property, plant and equipment (including ROU assets)	25.2	6.6	31.8
Deferred tax asset	-	-	-
<b>Current assets</b>			
Inventories	29.2	2.1	31.3
Trade and other receivables	33.7	5.8	39.5
<b>Current liabilities</b>			
Trade and other payables	(36.6)	(6.3)	(42.9)
Provisions for liabilities	(0.3)	(1.5)	(1.8)
<b>Non-current liabilities</b>			
Trade and other payables	(3.6)	(1.4)	(5.0)
Deferred tax liabilities	-	(0.2)	(0.2)
<b>Total identifiable assets</b>	49.5	5.9	55.4
Non-controlling interests arising on acquisition (Note 28)	(3.7)	-	(3.7)
Goodwill	76.2	16.3	92.5
<b>Total consideration</b>	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

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.

In the prior year, the Group incurred acquisition related costs of €2.4m relating to external legal fees and due diligence costs. These costs have been included in operating costs in the Consolidated Income Statement.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 23 Share Capital

	2020 €m	2019 €m
<b>Authorised</b> 250,000,000 Ordinary shares of €0.13 each (2019: 250,000,000 Ordinary shares of €0.13 each)	32.5	32.5
<b>Issued and fully paid</b> Ordinary shares of €0.13 each Opening balance – 182,785,222 (2019: 182,171,120) shares Shares allotted – 617,016 (2019: 614,102) shares	23.8 -	23.7 0.1
Closing balance – 183,402,238 (2019: 182,785,222) shares	23.8	23.8

There were no adjustments to the authorised share capital during the year (2019: nil).

Details of share options exercised are set out in Note 3 to the financial statements.

### 24 Share Premium

	2020 €m	2019 €m
At 1 January	95.6	95.6
At 31 December	95.6	95.6

### 25 Treasury Shares

#### Consideration paid

	2020			2019		
	No. of shares	Consideration paid €	Total €m	No. of shares	Consideration paid €	Total €m
At 1 January	1,907,826	6.21	11.8	1,969,143	6.40	12.7
Repurchase of shares	-	-	-	15,718	40.50	0.6
Shares issued	(37,542)	6.18	(0.2)	(77,035)	(18.63)	(1.5)
At 31 December	1,870,284	6.21	11.6	1,907,826	6.21	11.8

#### Nominal value

	2020			2019		
	No. of shares	Nominal value €	Total €	No. of shares	Nominal value €	Total €
At 1 January	1,907,826	0.13	248,016	1,969,143	0.13	255,988
Repurchase of shares	-	-	-	15,718	0.13	2,043
Shares issued	(37,542)	0.13	(4,880)	(77,035)	0.13	(10,015)
At 31 December	1,870,284	0.13	243,136	1,907,826	0.13	248,016

During the year, the Company issued 37,542 in satisfaction of obligations falling under share schemes.

The Company holds 1.0% (2019: 1.0%) of the issued ordinary share capital as treasury shares.

### 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 €89.2m (2019: €28.6m).



**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2020 (continued)

**27 Dividends**

	2020 €m	2019 €m
<b>Equity dividends on ordinary shares:</b>		
2020 Interim dividend Nil cent (2019: 13.0 cent) per share	-	23.6
2019 Final dividend Nil cent (2018: 30.0 cent) per share	-	54.0
	-	77.6
<b>Proposed for approval at AGM</b>		
Final dividend of 20.6 cent (2019: Nil cent) per share	<b>37.4</b>	-

The 2020 Interim and 2019 Final dividends were cancelled during 2020 due to the initial uncertainty created by the pandemic.

This proposed dividend for 2020 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 2020 in accordance with IAS 10 *Events after the Reporting Period*. The proposed final dividend for the year ended 31 December 2020 will be payable on 7 May 2021 to shareholders on the Register of Members at close of business on 26 March 2021.

**28 Non-Controlling Interests**

	2020 €m	2019 €m
At 1 January	<b>50.1</b>	38.6
Profit for the year attributable to non-controlling interests	<b>11.2</b>	8.4
Arising on acquisition (Note 22)	<b>(0.8)</b>	3.7
Dividends paid to minorities	<b>(1.2)</b>	(0.4)
Share of foreign operations' translation movement	<b>(10.6)</b>	(0.2)
At 31 December	<b>48.7</b>	50.1

During the prior 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 interests of €3.7m in 2019 and a movement of €0.8m in the current year.

Further details are provided in Note 22.

**29 Reconciliation of Net Cash Flow to Movement in Net Debt**

	2020 €m	2019 €m
Movement in cash and bank overdrafts	<b>1,180.2</b>	(117.1)
Drawdown of loans	<b>(751.2)</b>	(7.8)
Repayment of loans and borrowings	<b>3.4</b>	181.6
Decrease/(increase) in deferred consideration	-	30.0
Change in net debt resulting from cash flows	<b>432.4</b>	86.7
Translation movement - relating to US dollar loan	<b>13.5</b>	(5.0)
Translation movement - other	<b>(41.4)</b>	13.5
Derivative financial instruments movement	<b>(7.5)</b>	(0.1)
Net movement	<b>397.0</b>	95.1
Net debt at start of the year	<b>(633.2)</b>	(728.3)
Net debt at end of the year	<b>(236.2)</b>	(633.2)

Lease liabilities of €114.8m (2019: €122.3m) are excluded from net debt.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (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 2020 €m	Repayments €m	Drawdowns / Receipts €m	Non cash movements €m	Balance 31 Dec 2020 €m
Bank loans and borrowings	10.5	(3.4)	50.5	-	<b>57.6</b>
Loan notes	840.9	-	700.7	(13.5)	<b>1,528.1</b>
Derivatives	(27.3)	-	-	7.5	(19.8)
	<b>824.1</b>	<b>(3.4)</b>	<b>751.2</b>	<b>(6.0)</b>	<b>1,565.9</b>

A reconciliation of liabilities arising from financing activities in 2019 is set out below.

	Balance 1 Jan 2019 €m	Repayments €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)
	<b>992.8</b>	<b>(181.6)</b>	<b>7.8</b>	<b>5.1</b>	<b>824.1</b>

### 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\$400m and €1,200.5m, undrawn banking facilities of €751m and a bilateral Green Loan of €50m.

#### (ii) Future capital expenditure

Capital expenditure in subsidiary entities, approved by the directors but not provided in the financial statements, is as follows:

	2020 €m	2019 €m
Contracted for	<b>52.0</b>	24.7
Not contracted for	<b>44.6</b>	48.2
	<b>96.6</b>	72.9

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 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 €22.0m (2019: €20.1m) represents employer contributions payable to these schemes in accordance with the rules of each plan. An amount of €2.5m (2019: €3.1m) was included at year-end in accruals in respect of defined contribution pension accruals.

#### Defined benefit schemes / obligations

The Group has three defined benefit schemes in the UK, all of which are closed to new members and to future accrual. The total pension contributions to these schemes for the year amounted to €nil (2019: €nil) and the expected contributions for 2021 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. €1.1m of pension entitlements have been paid to retired former employees during the year (2019: €0.9m).

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 three UK legacy schemes, the most recent actuarial valuations were performed as of 31 December 2020. 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.

	2020	2019
<i>Life expectancies</i>		
Life expectancy for someone aged 65 - Males	21.8	21.6
Life expectancy for someone aged 65 - Females	23.6	23.3
Life expectancy at age 65 for someone aged 45 - Males	23.1	22.9
Life expectancy at age 65 for someone aged 45 - Females	25.0	24.8
Rate of increase in salaries	0% - 2.75%	0% - 2.75%
Rate of increase of pensions in payment	0% - 2.05%	0% - 1.9%
Rate of increase for deferred pensioners	2.05%	1.9%
Discount rate	0.3% - 1.5%	0.7% - 2.0%
Inflation rate	1.5% - 2.85%	1.5% - 2.65%

#### Movements in net liability recognised in the Statement of Financial Position

	2020 €m	2019 €m
Net liability in schemes at 1 January	(15.1)	(13.1)
Acquired	(10.5)	(2.7)
Employer contributions	1.6	1.2
Recognised in income statement	(1.1)	(0.7)
Recognised in statement of comprehensive income	(19.9)	(0.2)
Foreign exchange movement	(0.9)	0.4
Net liability in schemes at 31 December	(45.9)	(15.1)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 31 Pension Obligations (continued)

Defined benefit pension income/expense recognised in the Income Statement

	2020 €m	2019 €m
Current service cost	(1.1)	(0.4)
Other expenses	(0.6)	(0.2)
Settlements of scheme obligations	0.6	(0.1)
Total, included in operating costs	(1.1)	(0.7)
Movement on scheme obligations	(3.5)	(2.0)
Interest on scheme assets	3.4	2.0
Net interest expense, included in finance expense (Note 4)	(0.1)	-

Analysis of amount included in other comprehensive income

	2020 €m	2019 €m
Actual return less interest on scheme assets	17.5	6.1
Experience gain arising on scheme liabilities	0.2	0.1
Actuarial gain arising from changes in demographic assumptions	(0.6)	1.6
Actuarial (loss)/gain arising from changes in financial assumptions	(37.0)	(8.0)
(Loss)/gain recognised in other comprehensive income	(19.9)	(0.2)

The cumulative actuarial loss recognised in other comprehensive income to date is €38.4m (2019: €18.5m).

In 2020, the actual return on plan assets was a gain of €11.8m (2019: loss of €8.1m).

#### Asset Classes and Expected Rate of Return

The assets in the scheme at each year-end were as follows:

	2020	2019
<b>Asset Classes as % of Total Scheme Assets</b>		
Equities	50.5%	41.2%
Bonds (Corporates)	7.2%	0.4%
Cash	3.4%	0.4%
Property	4.3%	8.8%
Liability Driven Investment (LDI)	34.6%	49.2%
	100%	100%



**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2020 (continued)

**31 Pension Obligations** (continued)

The net pension liability is analysed as follows:

	2020 €m	2019 €m
Equities	134.0	33.4
Bonds (Corporates)	19.2	0.3
Cash	9.0	0.4
Property	11.4	7.1
Liability Driven Investment (LDI)	91.7	39.8
Fair market value of plan assets	265.3	81.0
Present value of obligation	(311.2)	(96.1)
Deficit	(45.9)	(15.1)
Analysed between:		
Funded schemes' surplus	8.0	9.2
Unfunded obligations	(53.9)	(24.3)
	(45.9)	(15.1)
Related deferred tax (asset)	(6.1)	(0.9)
	2020 €m	2019 €m
<b>Changes in present value of defined benefit obligations</b>		
At 1 January	96.1	84.2
Acquired through business combination	193.3	2.7
Current service cost	1.1	0.4
Other expenses	0.2	-
Interest cost	3.5	2.0
Benefits paid	(10.3)	(3.2)
Settlement	(0.6)	0.1
Actuarial losses/(gains)	37.4	6.3
Effect of movement in exchange rates	(9.5)	3.6
At 31 December	311.2	96.1
	2020 €m	2019 €m
<b>Changes in present value of scheme assets during year</b>		
At 1 January	81.0	71.1
Acquired through business combination	182.8	-
Interest on scheme assets	3.4	2.0
Employer contributions	0.4	0.1
Benefits paid	(9.1)	(2.1)
Other expenses	(0.4)	(0.2)
Actual return less interest	17.5	6.1
Effect of movement in exchange rates	(10.3)	4.0
At 31 December	265.3	81.0

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 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 are carried out on an arm's length basis.

The Company received €75.0m dividends from subsidiaries (2019: €20.0m), and there was a net increase in the intercompany balance of €93.8m (2019: 45.3m 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 €nil during the year from the Group (2019: €11.9m). Dividends of €nil were paid to other key management personnel (2019: €0.98m). €nil (2019: €nil) was outstanding at year end.

- (iii) The Group purchased legal services in the sum of €145,541 (2019: €125,947) from McCann FitzGerald Solicitors, a firm in which Mr John Cronin is a partner. €74,076 (2019: €nil) was outstanding at year end.

### 33 Post Balance Sheet Events

There have been no material events subsequent to 31 December 2020 which would require adjustment to, or disclosure in this report.

### 34 Approval Of Financial Statements

The financial statements were approved by the directors on 19 February 2021.

# Other Information

## 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 of 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		2020 €m	2019 €m
Trading profit	Note 2	508.2	497.1

### Trading margin

Measures the trading profit as a percentage of revenue.

Financial Statements Reference		2020 €m	2019 €m
Trading Profit	Note 2	508.2	497.1
Total Group Revenue	Note 2	4,576.0	4,659.1
Trading margin		11.1%	10.7%

### 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		2020 €m	2019 €m
Finance expense	Note 4	26.1	23.7
Finance income	Note 4	(1.1)	(2.9)
Less lease interest (IFRS 16)	Note 4	(3.6)	(3.8)
Net Interest		21.4	17.0

### 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		2020 €m	2019 €m
Profit attributable to ordinary shareholders	Note 8	373.6	369.4
Intangible amortisation	Note 10	23.5	21.9
Intangible amortisation tax impact	Note 21	(4.1)	(3.0)
		393.0	388.3
Weighted average number of shares ('000)	Note 8	181,212	180,586
<b>Adjusted earnings per share</b>		<b>216.9 cent</b>	215.0 cent
Weighted average number of shares for dilutive calculation ('000)	Note 8	182,810	182,075
<b>Adjusted dilutive earnings per share</b>		<b>215.0 cent</b>	213.2 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		2020 €m	2019 €m
Net cash flow from operating activities	Consolidated Statement of Cash Flows	638.5	520.4
Additions to property, plant and equipment	Consolidated Statement of Cash Flows	(131.8)	(161.0)
Proceeds from disposals of property, plant and equipment	Consolidated Statement of Cash Flows	5.7	6.7
Interest received	Consolidated Statement of Cash Flows	1.0	2.8
Lease payments	Consolidated Statement of Cash Flows	(33.7)	(31.8)
<b>Free cash flow</b>		<b>479.7</b>	337.1

### 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		2020 €m	2019 €m
Net Assets	Consolidated Statement of Financial Position	2,397.6	2,120.4
Net Debt	Note 17	236.2	633.2
		2,633.8	2,753.6
Operating profit before interest and tax	Consolidated Income Statement	484.7	475.2
<b>Return on capital employed</b>		<b>18.4%</b>	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. Consistent with the 2019 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		2020 €m	2019 €m
<b>Net Debt</b>	Note 17	<b>236.2</b>	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		2020 €m	2019 €m
Trading profit	Consolidated Income Statement	508.2	497.1
Depreciation	Consolidated Statement of Cash Flows	122.0	114.5
Lease liability payments	Consolidated Statement of Cash Flows	(33.7)	(31.8)
<b>EBITDA</b>		<b>596.5</b>	<b>579.8</b>

## 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		2020 €m	2019 €m
Net Debt	Note 17	236.2	633.2
EBITDA		596.5	579.8
<b>Net Debt : EBITDA times</b>		<b>0.40</b>	<b>1.09</b>

## Working capital

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

Financial Statements Reference		2020 €m	2019 €m
Trade and other receivables	Note 14	799.6	794.2
Inventories	Note 13	505.9	557.6
Trade and other payables	Note 15	(854.5)	(768.9)
Foreign currency derivatives excluded from net debt	Note 19	(0.2)	(0.1)
<b>Working capital</b>		<b>450.8</b>	<b>582.8</b>

## 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		2020 €m	2019 €m
Working capital		450.8	582.8
October - December turnover annualised		5,151.2	4,877.0
<b>Working capital ratio</b>		<b>8.8%</b>	<b>11.9%</b>

## Total Shareholder Return (TSR)

Total Shareholder Return (TSR) is a key performance metric for the performance share plan (PSP).

The methodology for calculating the Total Shareholder Return assumes the following: the open price is set as the closing price of the final trading day prior to the beginning of the performance period; the close price is set as the closing price on the final trading day of the performance period; the calculation assumes all dividends are reinvested on the ex-dividend date, at the closing price on that day.

Annual Report Reference		2020 %	2019 %
<b>Total Shareholder Return</b>		<b>5.4</b>	<b>47.2</b>

## SHAREHOLDER INFORMATION

### The Annual General Meeting

The Annual General Meeting of the Company will be held on 30 April 2021 at 10.00 a.m.

Notice of the 2021 AGM will be made available to view online at <http://www.kingspan.com/agm2021>

The 2021 AGM is scheduled to be held after the proposed migration ("Migration") of electronic settlement of the Company's shares from CREST to the settlement system operated by Euroclear Bank, currently scheduled for 15 March 2021, is anticipated to have occurred. Details will be provided in the Notice of the 2021 AGM as to how shareholders of the Company may attend and vote at the 2021 AGM or appoint a proxy to attend and vote on their behalf. Following Migration, holders of CREST Depository Instruments and participants in the Euroclear Bank system (not being shareholders in the Company) may, in accordance with the rules and procedures of Euroclear Bank and/or of their relevant participant in Euroclear Bank (such as their bank, broker or nominee) submit their voting instructions or proxy voting instructions requesting that a proxy be appointed to attend and vote at the 2021 AGM.

### 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	19 February 2021
Trading Update	30 April 2021
AGM	30 April 2021
Half-Yearly Update	20 August 2021
Trading Update	15 November 2021

### Bankers

Bank of America Merrill Lynch	HSBC Bank plc
ING Bank NV	BNP Paribas
Commerzbank	Danske Bank AS
KBC Bank NV	Ulster Bank Ireland Limited
Bank of Ireland	

### Solicitors

McCann FitzGerald, Riverside One, Sir John Rogerson's Quay, Dublin 2, Ireland.	Allen & Overy LLP, One Bishops Square, London, E1 6AD, England.
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### Stockbrokers

Goodbody, Ballsbridge Park, Ballsbridge, Dublin 4, Ireland.	Bank of America Merrill Lynch, 2 King Edward St, Farringdon, London, EC1A 1HQ, England.
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### Auditor

EY  
EY Building,  
Harcourt Centre,  
2 Harcourt St,  
Saint Kevin's,  
Dublin  
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 2020 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](http://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, until Migration, 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, until Migration, 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. The Articles contain provisions designed to facilitate the Company's participation in the Euroclear Bank settlement system following Migration and to facilitate the exercise of rights in the Company by holders of interests in Ordinary Shares that are held through the Euroclear Bank system.

#### 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 1 August 2021. 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 at the conclusion of the next Annual General Meeting unless renewed and resolutions to that effect are being proposed at the Annual General Meeting to be held on 30 April 2021.

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 1 May 2020, 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 30 April 2021, 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 Performance Share Plan contains change of control provisions which allow for the acceleration of the exercise of share 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 UNDERTAKINGS

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
<b>IRELAND</b>		
Aerobord Limited	100	Manufacturing
Kingscourt Trustee Company Limited	100	Trustee Company
Kingspan Century Limited	100	Manufacturing
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
Kingspan Water & Energy Limited	100	Manufacturing
KSP Property Limited	100	Property Company
<b>UNITED KINGDOM</b>		
Colt Group Limited	100	Holding Company
Colt International Licensing Limited	100	Product Development
Colt International Limited	100	Sales & Marketing
Colt Investments Limited	100	Holding Company
Ecotherm Insulation (UK) Limited	100	Manufacturing
KSP Europe Limited	100	Finance Company
Euroclad Group Limited	100	Manufacturing
Fuel Tank Shop Limited	100	Sales & Marketing
Joris Ide Limited	100	Manufacturing
Kingspan Access Floors Limited	100	Manufacturing
Kingspan Energy Limited	100	Sales & Marketing
Kingspan Light & Air (UK & Ireland) Limited	100	Manufacturing
Kingspan Water & Energy Limited	100	Manufacturing
Kingspan Group Limited	100	Holding Company
Kingspan Insulation Limited	100	Manufacturing
Kingspan Limited	100	Manufacturing
Kingspan Services (UK) Limited	100	Management & Procurement
Kingspan Technical Insulation Limited	100	Manufacturing
Kingspan Timber Solutions Limited	100	Manufacturing
Kingspan Trustee Company Limited	100	Trustee Company
Springvale Insulation Limited	100	Manufacturing
Tanks Direct Limited	100	Sales & Marketing



	% Shareholding	Nature of Business
<b>AUSTRALIA</b>		
Kingspan Insulation Pty Limited	100	Manufacturing
Kingspan Insulated Panels Pty Limited	100	Manufacturing
Kingspan Water & Energy Pty Limited	85	Manufacturing
Tate Asia-Pacific Pty Limited	100	Sales & Marketing
<b>AUSTRIA</b>		
Kingspan GmbH	100	Sales & Marketing
Colt International GmbH	100	Sales & Marketing
<b>BELGIUM</b>		
Colt International NV	100	Sales & Marketing
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 Light & Air Belgium NV	100	Manufacturing
Kingspan NV	100	Sales & Marketing
Epur SA	100	Manufacturing
<b>BOSNIA AND HERZEGOVINA</b>		
Kingspan D.O.O.	100	Sales & Marketing
<b>BRAZIL</b>		
Kingspan-Isoeste Construtivos Isotérmicos S/A.	51	Manufacturing
Kingspan Isoeste Trade Importadora E Exportadora Limitada	51	Sales & Marketing
<b>CANADA</b>		
Kingspan Insulated Panels Limited	100	Manufacturing
Tate ASP Access Floors Inc.	100	Sales & Marketing
Vicwest Inc.	100	Manufacturing
<b>CHILE</b>		
Synthesia Technology S.p.A.	100	Sales & Marketing
<b>CHINA</b>		
Colt (China) Manufacturing Company Limited	100	Manufacturing
<b>COLUMBIA</b>		
Kingspan Comercial S.A.S.	51	Sales & Marketing
PanelMET S.A.S.	51	Manufacturing
Synthesia Technology S.A.S.	100	Sales & Marketing
<b>COSTA RICA</b>		
Acusterm Costa Rica S.R.L.	100	Sales & Marketing
<b>CROATIA</b>		
Kingspan D.O.O.	100	Sales & Marketing
<b>CZECH REPUBLIC</b>		
Balex Metal S.R.O.	100	Sales & Marketing
Colt International S.R.O.	100	Sales & Marketing
Kingspan A.S.	100	Manufacturing
<b>DENMARK</b>		
Kingspan A/S	100	Sales & Marketing
Kingspan Insulation ApS	100	Sales & Marketing
<b>ESTONIA</b>		
Kingspan Insulation oü	100	Sales & Marketing
Kingspan oü	100	Sales & Marketing

	% Shareholding	Nature of Business
<b>FINLAND</b>		
Kingspan Insulation Oy	100	Manufacturing
Kingspan Oy	100	Sales & Marketing
<b>FRANCE</b>		
Colt France S.a.r.l.	100	Sales & Marketing
Comptoir du Batiment et de L'Industrie 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 Light & Air 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
<b>GERMANY</b>		
Colt International GmbH	100	Manufacturing
Essmann Gebäudetechnik GmbH	100	Manufacturing
Hype GmbH	100	Manufacturing
Joris Ide Deutschland GmbH	100	Manufacturing
Kingspan Access Floors GmbH	100	Manufacturing
Kingspan Environmental GmbH	100	Sales & Marketing
Kingspan GmbH	100	Sales & Marketing
Kingspan Holding GmbH	100	Holding Company
Kingspan Insulation GmbH & Co. KG	100	Manufacturing
Kingspan Services Deutschland GmbH	100	Sales & Marketing
Schütze GmbH	100	Manufacturing
STG Beikirch GmbH	100	Manufacturing
Technocon GmbH	100	Design Services
<b>HONG KONG</b>		
Chemprogress HK Ltd	100	Sales & Marketing
<b>HUNGARY</b>		
Essmann Hungaria Kft.	100	Sales & Marketing
Kingspan Kereskedelmi Kft.	100	Manufacturing
Joris Ide Kft.	100	Manufacturing
<b>INDIA</b>		
Kingspan Jindal Private Limited	51	Manufacturing
<b>ISLE OF MAN</b>		
Aslan General Insurance Limited	100	Insurance
<b>LATVIA</b>		
Kingspan SIA	100	Sales & Marketing
Balex Metal SIA	100	Manufacturing
<b>LITHUANIA</b>		
Balex Metal UAB	100	Sales & Marketing
Kingspan UAB	100	Sales & Marketing
<b>MALTA</b>		
KSP Finance (Europe) Limited	100	Finance Company
KSP Holdings (Europe) Limited	100	Finance Company
KSP Investments (Europe) Limited	100	Finance Company
<b>MEXICO</b>		
Kingspan Insulated Panels S.A. DE C.V.	100	Manufacturing
Synthequimica Mexicana S.R.L. DE C.V.	100	Sales & Marketing

	% Shareholding	Nature of Business
<b>MOROCCO</b>		
SM Polyurethanes S.à.r.l.	100	Sales & Marketing
<b>NETHERLANDS</b>		
Colt International Beheer BV	100	Holding Company
Colt International BV	100	Sales & Marketing
Colt International Holding BV	100	Holding Company
Colt International Productie BV	100	Manufacturing
Hoesch Bouwsystemen B.V.	100	Sales & Marketing
Kingspan B.V.	100	Sales & Marketing
Kingspan Holding Netherlands B.V.	100	Holding Company
Kingspan Insulation B.V.	100	Manufacturing
Kingspan (MEATI) B.V.	85	Holding Company
Kingspan Unidek B.V.	100	Manufacturing
Joris Ide Netherlands B.V.	100	Manufacturing
Kingspan Light & Air Production NL B.V.	100	Manufacturing
Kingspan Light & Air NL B.V.	100	Manufacturing
<b>NEW ZEALAND</b>		
Kingspan Insulation NZ Limited	100	Sales & Marketing
Kingspan Limited	100	Sales & Marketing
<b>NORWAY</b>		
Kingspan AS	100	Sales & Marketing
Kingspan Insulation AS	100	Sales & Marketing
Kingspan Miljo AS	100	Sales & Marketing
Vestfold Plastindustri AS	100	Manufacturing
<b>PANAMA</b>		
Acusterm Panama S.A.	100	Manufacturing
Huurre Panama S.A.	50	Manufacturing
Synthesia Technology S.A.	100	Manufacturing
<b>PERU</b>		
Synthesia Technology S.A.C.	100	Sales & Marketing
<b>POLAND</b>		
Balex Metal Sp. Z o.o.	100	Manufacturing
Colt International Sp Z o.o.	100	Sales & Marketing
Essmann Polska Sp. Z o.o.	100	Sales & Marketing
Kingspan Environmental Sp. Z o.o.	100	Manufacturing
Kingspan Sp. Z o.o.	100	Manufacturing
<b>PORTUGAL</b>		
Colt Portugal SA	100	Sales & Marketing
<b>QATAR</b>		
Kingspan Insulation WLL	100	Sales & Marketing
<b>ROMANIA</b>		
Kingspan S.R.L.	100	Sales & Marketing
Joris Ide S.R.L.	100	Manufacturing
<b>RUSSIA</b>		
Kingspan LLC	100	Manufacturing
Kingspan Nevinnomyssk LLC	100	Manufacturing
<b>SAUDI ARABIA</b>		
Colt Arabia Limited	100	Manufacturing
<b>SERBIA</b>		
Kingspan D.O.O.	100	Sales & Marketing

	% Shareholding	Nature of Business
<b>SINGAPORE</b>		
Colt Ventilation East Asia Pte Limited	100	Sales & Marketing
Hoesch Bausysteme Pte Limited	100	Sales & Marketing
<b>SLOVAKIA</b>		
Balex Metal A.S.	100	Manufacturing
Colt International S.R.O.	100	Sales & Marketing
Kingspan S.R.O.	100	Sales & Marketing
Kingspan Light & Air Production SVK S.R.O.	100	Manufacturing
<b>SLOVENIA</b>		
Kingspan D.O.O.	100	Sales & Marketing
<b>SPAIN</b>		
Colt España SA	100	Sales & Marketing
Hurre 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
<b>SWEDEN</b>		
Kingspan AB	100	Sales & Marketing
Kingspan Insulation AB	100	Manufacturing
<b>SWITZERLAND</b>		
Colt International (Schweiz) AG	100	Sales & Marketing
Kingspan GmbH	100	Sales & Marketing
<b>TURKEY</b>		
Kingspan Yapi Elemanlari A.S.	85	Manufacturing
<b>UKRAINE</b>		
Balex Metal LLC	100	Sales & Marketing
Kingspan Ukraine LLC	100	Property Company
<b>UNITED ARAB EMIRATES</b>		
Colt International LLC	100	Sales & Marketing
Kingspan Insulated Panels Manufacturing LLC	85	Manufacturing
Kingspan Insulation LLC	90	Manufacturing
<b>UNITED STATES</b>		
ASM Modular Systems Inc.	100	Manufacturing
CPI Daylighting Inc.	100	Manufacturing
Daylighting Contracts Inc.	100	Sales & Marketing
Dri-Design Inc.	95	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
Synthesia Technology Inc.	100	Manufacturing
Tate Access Floors 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.

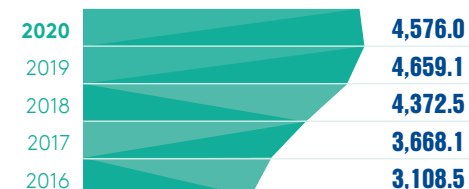


# 5 Year Summary

	2020	2019	2018	2017	2016
<b>Results (amounts in €m)</b>					
Revenue	<b>4,576.0</b>	4,659.1	4,372.5	3,668.1	3,108.5
Trading profit	<b>508.2</b>	497.1	445.2	377.5	340.9
Profit before tax	<b>459.7</b>	454.4	404.9	346.5	314.0
Operating cashflow	<b>750.8</b>	627.1	530.3	362.5	377.1
<b>Equity (amounts in €m)</b>					
Gross assets	<b>5,341.6</b>	4,288.4	4,029.4	3,235.6	3,004.6
Working capital	<b>450.8</b>	582.8	543.9	477.8	382.7
Total shareholder equity	<b>2,397.6</b>	2,120.4	1,788.9	1,568.0	1,471.5
Net debt	<b>236.2</b>	633.2	728.3	463.9	427.9
<b>Ratios</b>					
Net debt as % of total shareholders' equity	<b>9.9%</b>	29.9%	40.7%	29.6%	29.1%
Current assets / current liabilities	<b>2.21</b>	1.66	1.59	1.65	1.56
Net debt / EBITDA	<b>0.40</b>	1.09	1.40	1.05	1.06
<b>Per Ordinary Share (amounts in €cent)</b>					
Earnings	<b>206.2</b>	204.6	184.0	159.0	143.8
Operating cashflows	<b>414.3</b>	347.3	294.9	202.1	212.3
Net assets	<b>1,323.1</b>	1,174.2	994.7	876.7	828.4
Dividends	<b>20.6</b>	13.0	42.0	37.0	33.5
Average number of employees	<b>15,424</b>	14,529	13,469	11,133	10,396

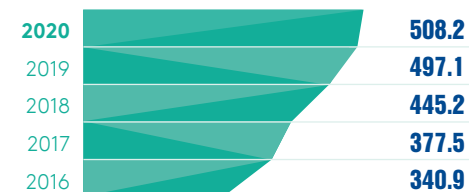
## REVENUE

(€m)



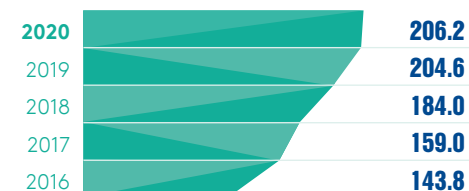
## TRADING PROFIT

(€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.

Recycling paper reduces waste that would otherwise go to landfill. This, in turn, reduces the carbon based emissions that would have been released through landfill degradation. The effects of climate change and growing pressures on the planet's limited resources necessitate the move towards a low-carbon circular economy. Paper is a truly sustainable product, and recycled paper is an absolute example of a circular product in action.

Source: Revivepaper.com

## ENVIRONMENTAL CREDENTIALS

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### Paper

- Revive 100% recycled  
See more at [Revivepaper.com](https://revivepaper.com)
- 

### Paper Credentials

- Manufactured from FSC® recycled certified fibre derived from 100% pre and post-consumer waste
  - Manufactured in accordance with ISO certified standards for environmental, quality and energy management
  - Carbon balanced
  - BRC certified storage and distribution
- 

### Print Credentials

- 98% vegetable based inks
- The bioglaze laminate used on this cover can be recycled along with paper, as it is an acetate polymer made from wood pulp and cotton



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