Chief Executive’s Review

During 2018 Kingspan generated record revenues of almost €4.4bn, and EBITDA exceeded €500m for the first time. Trading profit reached €445m, ahead by 18% over prior year, and EPS was up by 16% at 184.0 cent per share. In all, it was a positive outcome and delivered in the face of unprecedented turbulence in our raw material supply chain. Total investment was €604m in the period, €472.3m of which was on acquisition and €131.3m on internal capital expenditure. Year-end net debt/EBITDA was 1.4x.

Financial Highlights:
→ Revenue up 19% to €4.4bn, (pre-currency, up 22%).
→ Trading profit up 18% to €445.2m, (pre-currency, up 20%).
→ Free cashflow up 55% to €308.4m.
→ Group trading margin of 10.2%, a decrease of 10bps.
→ Basic EPS up 16% to 184.0 cent.
→ Final dividend per share of 30.0 cent.
→ Total dividend for the year up 15.5% to 42.0 cent.
→ Year-end net debt of €728.3m (2017: €663.9m). Net debt to EBITDA of 1.4x (2017: 1.05x).
→ ROCE of 16.8% (2017: 17.8%).

Operational Highlights:
→ Insulated Panels sales growth of 21%. Strong activity in the Americas, a positive performance in Continental Europe and a solid UK turnout against a difficult backdrop. Good contribution from acquisitions in Europe and Latin America.
→ Insulation Board sales growth of 12% reflecting a positive outlook in the Iberian acquisition, ongoing advancement of Kooltherm® and solid underlying markets overall. New capacity planned for the Nordic region and the Middle East reflecting ongoing conversion from traditional materials.
→ Insulation Boards on the Iberian Peninsula.
→ Light & Air sales approaching €300m with improved margins in Europe offsetting softer US margin, strong order intake overall in the US and a planned new facility in France to service Europe and the Middle East.
→ Water & Energy (formerly Environmental) sales growth of 15% with a new frontier established in the Nordic region.
→ Data & Flooring Technology (formerly Access Floors) sales growth of 3% with strong sales of data centre solutions, offsetting more sluggish office activity.

Business Review
Momentum in activity generally improved for us as the year evolved, and with the notable exception of the politically homestung UK, most of our major markets ended the year strongly with order banks well positioned for the start of 2019. The majority of Western Europe performed robustly, North America advanced well, as did Latin America. Conversely, the UK eased back considerably towards year-end although it is relatively stable for Kingspan despite the backdrop.

Strategy
Our strategic agenda is focused on the four pillars of Innovation, Globalisation, Penetration and Planet Passionate. 2018 once again delivered advancements in all four areas:
→ Product Innovation and range expansion is key to Kingspan. The rollout of QuadCore™ has been core to this agenda in recent years and in 2018 8% of global Insulated Panel sales contained this proprietary technology. 2019 will see its launch as a roof Insulation Board thereby creating a clear differentiator in this application. Development of Kooltherm® 200 continues and this application. Development of Kooltherm® 200 continues and the fibre-free ‘A Core’ project is progressing on plan and we expect to launch our solution during 2020. ICN™, our global innovation hub is well under construction at our home base of Kingscourt in Ireland and is scheduled to open around mid-year. It will focus on delivering the full spectrum of insulation and building envelope solutions that are ThermalSafe, FireSafe, SmokeSafe, WeatherSafe and FibreSafe.

Globalisation of Kingspan remains at the heart of our ongoing evolution. In late 2017 we further expanded our manufacturing footprint by investing in partnerships in Brazil and Colombia. These acquisitions firmly place Kingspan in a market leading position across Latin America, a new frontier for Kingspan, with a strong platform for further growth in the region.

Early in 2018 we acquired a presence in Southern Europe through the Synthesia Group, consisting of three operating businesses; Synthesia International, Poliuretanos and Huurre. Through its Huurre and Poliuretanos businesses, the Synthesia Group gives Kingspan a leading position in both Insulated Panels and Insulation Boards on the Iberian Peninsula.
In July we invested in the Kingspan Jindal business in India opening the door to a longer term conversion opportunity in the region.

Penetration growth and conversion from traditional insulation and building methods have been core drivers of our success to date. As energy consumption, energy conservation, and energy sources become increasingly important challenges for the world, demand should rise for product technologies which address this urgent agenda. Buildings consume approximately 40% of global energy and Kingspan’s solutions are designed to dramatically curtail the environmental damage from building emissions.

We are Planet Passionate at Kingspan. We are committed to achieving 100% Net Zero Energy by 2020, and stand alone within our industry in having this goal. Our product technology provides designers, developers and owners the means with which to equally embrace a lower energy future. Circularity is becoming crucial, and our products are reusable, recyclable and increasingly comprise recycled PET with a commitment to more than doubling this source within the coming five years. We are developing initiatives to harvest recycled raw materials from both land and ocean.

Insulated Panels

Mainland Europe

The Continental European region performed well overall for our Insulated Panels businesses. France in particular had an excellent year, as did the Netherlands. Germany and Belgium delivered solid outcomes and market penetration in the Nordics advanced further as the region increasingly adopts advanced methods. Activity in Central Europe was mixed and the focus on reviving margins in this market resulted in a strong operating outcome, further bolstered by the addition of Balex to the portfolio. Early in the year we entered the Iberian market with the acquisition of Synthesia which in both the home and export markets delivered an excellent first year’s performance, and ahead of plan.

Americas

Volume, margin and profitability all improved considerably in North America during 2018 as penetration for Insulated Panels continued to grow, and as the steep cost inflation experienced earlier in the year was passed through to market. The temperature controlled environments segment performed well and the adoption of our insulated architectural facades range continued to outpace traditional construction methods across a wide variety of building applications. 2018 was also our first full year of operation in Latin America through the Kingspan Isoeste partnership in operation in Latin America through the Kingspan Isoeste partnership in Spain and PanelMET in Colombia. Both businesses made significant progress over the prior year and have begun to deliver broader technical and operational synergies. Across the Americas in total, the business exited the year with an order bank well ahead of prior year.

UK

Sales volumes were strong towards the end of the year bringing the full year-on-year growth of 21% broadly in line with 2017. This was achieved despite growing uncertainty and a construction market backdrop that weakened towards year-end. Whilst the project pipeline is in reasonable shape, the growing deficit in confidence has resulted in ongoing postponements. We expect this situation to prevail until the political and economic landscape is more certain, and will focus our efforts on accelerating QuadCore™ and Kingspan Façades growth to help compensate for an anticipated general contraction in building activity.

Asia Pacific & Middle East

Having experienced a challenging 2017, the business in Australasia regained momentum in 2018 with both the order bank and specification pipeline well improved by year-end. This bodes positively for the first half of 2019. Meanwhile in Turkey and the Middle East, growth also resumed and a healthy project pipeline should provide a solid foundation from which to advance long-term in the region. During the year we also entered India through the Kingspan Jindal partnership which provides us with two manufacturing facilities in this relatively embryonic and exciting new frontier.

Ireland

Not surprisingly, construction activity in Ireland has expanded once again and at a more digestible pace than in the past. The non-residential segment which this business unit serves experienced a significant uplift in 2018 and we would anticipate this trend continuing into 2019.

Comprising underlying +6%, currency -3% and acquisitions +18%
UK
The business had a strong start to 2018 which was largely fuelled by continuing penetration growth of Kooltherm® coupled with the selling price inflationary impact of rising raw material costs. Since then, and as indicated at half year, these prices have reversed somewhat, leading to corresponding deflation in the price of our PIR based products. This general trend, also experienced in other markets, has resulted in PIR regaining share from traditional materials. More broadly in the UK however, the political backdrop has meant that demand for building products has eased in recent months and is likely to weaken further if this uncertainty persists.

Mainland Europe
Having had a weak start to the year, the demand for advanced insulation in Mainland Europe improved significantly in the second half of the year. The scarcity of some raw materials had hampered growth earlier in the year. Activity in the Netherlands was particularly strong and our presence in the Nordics, which is dominated by traditional fibrous materials, continued to advance in anticipation of our upcoming Kooltherm® facility which we expect to commission in the fourth quarter of this year. Our first year with the Synthesia Insulation business in Spain, has been very satisfactory at a time of gradual recovery in the Iberian market. This business has been further bolstered by growth in exports as it delivers its technologies across a broad international base of end markets.

Americas
Again, following a slow start to 2018, our business in North America improved as the year progressed. The investment made in 2017 in a new XPS line in Winchester Virginia is now fully operational and as its capacity becomes increasingly utilised our focus will shift to assessing further locations to establish a future manufacturing presence. The specification pipeline for Kooltherm® has grown substantially, albeit from a small base. Whilst this is currently supported by supply from Europe it is our intention in the medium term to manufacture this technology locally in the USA.

Asia Pacific & Middle East
This region has again delivered strong growth for the division in 2018. The business is now providing solutions to a broader set of applications and is supported by both the new PIR line installed earlier in the year, and a new phenolic board plant. The latter will be aimed at servicing the increasing demand for advanced insulation in HVAC applications in the UAE and beyond.

Ireland
The revenue growth experienced during the first half continued through the remainder of the year, largely driven by Kooltherm® and strong PIR pricing, although the latter eased somewhat towards year-end. Raw material deflation has led to some price erosion of PIR which we anticipate will stabilise in the near-term.

Insulation Boards

- **Turnover**
  - €864.1m
  - +12% (1)
  - 2017: €769.4m

- **Trading Profit**
  - €105.1m
  - +15%
  - 2017: €91.2m

- **Trading Margin**
  - 12.2%
  - +30bps
  - 2017: 11.9%

(1) Comprising underlying +2%, currency -2% and acquisitions +12%.
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Underlying sales revenue was relatively stable during 2018. Margins were affected by costs incurred on the exit from micro wind and solar thermal activities and also by acquisition expenses related to the Norwegian investment. The UK weakened across most product segments in the second half, Ireland performed well, as did much of Mainland Europe. Integration of the VPI acquisition in the Nordics is progressing and provides a new growth frontier in the waste water management category which we expect will feature prominently in the division’s future. In Australia, the rainwater harvesting business has performed very strongly in recent years, particularly in the residential segment in New South Wales. With this sector easing back, we expect demand for rainwater systems in that region to moderate but aim to compensate for this with a wider product offering and growth initiatives in other states.

Light & Air

Continental Europe, particularly Germany, performed well and has continued to do so into the early part of 2019. The Benelux was a little more subdued as the project pipeline was lower than in recent years, although this picture has improved into early 2019. Southern Europe grew marginally and the relocation of this business into a state-of-the-art manufacturing facility in Lyon, France will provide capacity for growth, and play a key role in supporting the substantial daylighting requirement across the Middle East.

In North America the specification bank for the high-end UniQuad® wall-lighting system has grown considerably during the year. Order intake outpaced dispatches during the year and this augurs well for 2019. In contrast to this, more generic roof-lighting systems have become increasingly competitive resulting in an element of margin pressure. This pattern is expected to improve during the current year and overtime the integrated sales effort with our insulated panels business is expected to deliver meaningful sales leverage.

Water & Energy
(formerly Environmental)

Underlying sales revenue was relatively stable during 2018. Margins were affected by costs incurred on the exit from micro wind and solar thermal activities and also by acquisition expenses related to the Norwegian investment. The UK weakened across most product segments in the second half, Ireland performed well, as did much of Mainland Europe. Integration of the VPI acquisition in the Nordics is progressing and provides a new growth frontier in the waste water management category which we expect will feature prominently in the division’s future. In Australia, the rainwater harvesting business has performed very strongly in recent years, particularly in the residential segment in New South Wales. With this sector easing back, we expect demand for rainwater systems in that region to moderate but aim to compensate for this with a wider product offering and growth initiatives in other states.

(1) Comprising underlying +3%, currency impact -3% and acquisitions +13%
The re-naming of this business is a reflection of the evolution of the division’s product offering since it started life in Kingspan as Access Floors in isolation. The portfolio now includes a wide range of sub-structure technology and air management solutions for datacentres, as well as a much wider offering on floor finishes.

In the first half of the year, the performance of the business in the UK was in contrast to the general trend in office construction performing robustly through the second half. Whilst the requirement for access floors is expected to contract marginally through 2019, growth is anticipated in data solutions activity, a sector which has been a key growth area for the division in recent years. This is also likely to be the case in North America and Australia where we expect to deliver tangible progress in the year ahead. In addition, during 2018 our presence grew in Continental Europe through the business acquired in Belgium in late 2017.

During the year we completed eight acquisitions with a consideration of almost €470m. These included the leading insulated panel and board businesses in Iberia, a strong player in the insulated panel business in Central and Eastern Europe and a partnership with the market leader in the insulated panel market in India.

Order intake and the order bank in many of our key markets are ahead of prior year, although some exceptions exist. As the competitive dynamics of the various raw materials in insulation have changed in recent months, Kingspan’s proprietary non-fibrous cores have grown share and, in general, penetration of advanced insulation has improved following the supply turbulence earlier in 2018 which had temporarily upset this momentum.

Whilst these indicators bode well for our near-term future, we remain acutely mindful of the increasingly negative economic rhetoric, not alone in the UK, that could well impact the appetite for investment in construction later in the year. Setting aside this macro concern, and any unavoidable effect it may have on Kingspan, we remain resolutely focused on the delivery of our long-term strategy.

Gene M Murtagh
Chief Executive Officer
22 February 2019
Financial Review

The Financial Review provides an overview of the Group’s financial performance for the year ended 31 December 2018 and of the Group’s financial position at that date.

Overview of results

Group revenue increased by 19% to €4.4bn (2017: €3.7bn) and trading profit increased by 18% to €445.2m (2017: €377.5m) with a modest decrease of 10 basis points in the Group’s trading profit margin to 10.2% (2017: 10.3%). Basic EPS for the year was 184.0 cent (2017: 159.0 cent), representing an increase of 16%.

The Group’s underlying sales and trading profit growth by division are set out in the following tables:

### Sales

<table>
<thead>
<tr>
<th>Division</th>
<th>Underlying</th>
<th>Currency</th>
<th>Acquisition</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insulated Panels</td>
<td>+6%</td>
<td>-3%</td>
<td>+18%</td>
<td>+21%</td>
</tr>
<tr>
<td>Insulation Boards</td>
<td>+2%</td>
<td>-2%</td>
<td>+12%</td>
<td>+12%</td>
</tr>
<tr>
<td>Light &amp; Air</td>
<td>+7%</td>
<td>-1%</td>
<td>+57%</td>
<td>+45%</td>
</tr>
<tr>
<td>Water &amp; Energy</td>
<td>+5%</td>
<td>-3%</td>
<td>+13%</td>
<td>+13%</td>
</tr>
<tr>
<td>Data &amp; Flooring</td>
<td>+2%</td>
<td>-3%</td>
<td>+4%</td>
<td>+5%</td>
</tr>
<tr>
<td>Technology</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>+5%</td>
<td>-3%</td>
<td>+17%</td>
<td>+19%</td>
</tr>
</tbody>
</table>

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

### Trading Profit

<table>
<thead>
<tr>
<th>Division</th>
<th>Underlying</th>
<th>Currency</th>
<th>Acquisition</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insulated Panels</td>
<td>+11%</td>
<td>-3%</td>
<td>+12%</td>
<td>+27%</td>
</tr>
<tr>
<td>Insulation Boards</td>
<td>+4%</td>
<td>-2%</td>
<td>+13%</td>
<td>+15%</td>
</tr>
<tr>
<td>Light &amp; Air</td>
<td>+7%</td>
<td>-1%</td>
<td>+52%</td>
<td>+45%</td>
</tr>
<tr>
<td>Water &amp; Energy</td>
<td>-14%</td>
<td>-5%</td>
<td>-5%</td>
<td>-12%</td>
</tr>
<tr>
<td>Data &amp; Flooring</td>
<td>+5%</td>
<td>-3%</td>
<td>+1%</td>
<td>+3%</td>
</tr>
<tr>
<td>Technology</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>+7%</td>
<td>-2%</td>
<td>+13%</td>
<td>+18%</td>
</tr>
</tbody>
</table>

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 €2.2m to €18.1m (2017: €15.9m). A net non-cash credit of €0.6m (2017: credit of €0.6m) was recorded in respect of swaps on the Group’s USD private placement notes. The Group’s net interest expense on borrowings (bank and loan rates) was €18.0m (2017: €16.1m). This increase reflects higher average gross and net debt levels in 2018, due to acquisition spend. The interest expense is driven extensively by gross debt balances with cash yields, although improving, still low in the current environment.

Taxation

The tax charge for the year was €69.1m (2017: €60.6m) which represents an effective tax rate of 17.1% (2017: 17.5%). The decrease in the effective rate reflects, primarily, the change in the geographical mix of earnings year-on-year and reductions in certain territorial tax rates.

Divisional reporting

The Group renamed two pre-existing divisions during the year to more appropriately reflect the business activity in each case. The divisions are now named Water & Energy (formerly Environmental) and Data & Flooring Technology (formerly Access Floors).

Dividends

The Board has proposed a final dividend of 30.0 cent per ordinary share payable on 10 May 2019 to shareholders registered on the record date of 29 March 2019. When combined with the interim dividend of 12.0 cent per share, the total dividend for the year increased to 42.0 cent (2017: 37.0 cent), an increase of 13.5%.

Retirement benefits

The primary method of pension provision for current employees is by way of defined contribution arrangements. The Group has two legacy defined benefit schemes in the UK which are closed to new members and to future accrual. In addition, the Group assumed a number of smaller defined benefit pension liabilities in Mainland Europe through acquisitions completed in recent years. The net pension liability in respect of all defined benefit schemes was €13.1m (2017: €13.6m) as at 31 December 2018.

Intangible assets and goodwill

Intangible assets and goodwill increased during the year by €31.6m to €1,502.1m (2017: €1,470.5m). Intangible assets and goodwill of €340.1m were recorded in the year relating to acquisitions and additions completed by the Group, offset by annual amortisation of €22.2m (2017: €15.7m) and a small decrease due to year end exchange rates used to translate intangible assets and goodwill other than those denominated in euro.

Key performance indicators - financial

The Group has a set of financial key performance indicators (KPIs) which are set out in the following table. These KPIs are used to measure the financial and operational performance of the Group and are used to track progress continually and also in achieving medium and long term targets.

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**Australia Police Citizens Youth Club**

**Insulated Panels**

**Fire Rating**: BS476 Part 3

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**Kingspan Group plc**

— Annual Report & Financial Statements 2018

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**Business & Strategic Report**

— Financial Review
The growth in (a) Net debt/EBITDA 1.4x 1.05x and the market mix of sales. The trading margin improvement in the Insulation Boards division reflects a positive Kooltherm® mix and some relief on raw material prices towards the end of the year. The decrease in the Water & Energy trading margin reflects, in the main, the impact of costs associated with the exit from small scale wind and solar thermal activity. The increased trading margin in Light & Air reflects an improved margin performance overall in Europe which offset more subdued margins in certain products in the US. The modest increase in trading margin in Data & Flooring Technology reflects the geographic market and product mix of sales year-on-year.

(b) Sales growth of 19% (2017: 18%) was driven by a 17% contribution from acquisitions, a 5% increase in underlying sales and a 3% decrease due to the effect of currency translation. A key contributor to underlying sales growth in the year was price growth necessitated by raw material inflation recovery in the first half of the year. Furthermore, sales volumes were positive in most key end markets.

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

<table>
<thead>
<tr>
<th>Trading Margin</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insulated Panels</td>
<td>10.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Insulation Boards</td>
<td>12.2%</td>
<td>11.9%</td>
</tr>
<tr>
<td>Light &amp; Air</td>
<td>7.4%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Water &amp; Energy</td>
<td>7.0%</td>
<td>9.0%</td>
</tr>
<tr>
<td>Data &amp; Flooring Technology</td>
<td>11.9%</td>
<td>11.8%</td>
</tr>
</tbody>
</table>

(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.

<table>
<thead>
<tr>
<th>Free cashflow 2018</th>
<th>€m</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>308.4</td>
</tr>
</tbody>
</table>

(e) Return on capital employed, calculated as operating profit divided by total equity plus net debt, was 16.8% in 2018 (2017: 17.8%), or 17.1% including the annualised impact of acquisitions. The creation of shareholder value through the delivery of long term returns well in excess of the Group’s cost of capital is a core principle of Kingspan’s financial strategy. The increase in profitability together with the deployment of further capital has maintained returns on capital during the year.

(f) Net debt to EBITDA measures the ratio of net debt to earnings and at 1.4x (2017: 1.5x) is comfortably less than the Group’s banking covenant of 3.5x in both 2016 and 2017.

Acquisitions and capital expenditure

During the period the Group made the following acquisitions for a total upfront cash consideration of €459.2m with an additional deferred amount of €53m payable in April 2019:

- On 7 July 2018, the purchase of 51% of Jindal Mectec Private Limited, an Indian manufacturer of insulated panels for a cash amount of €22.8m.
- An investment of €8.2m in Invicara PTE Limited, a Building Information Modelling solution provider with global reach.
- Further capital outlay of €14.9m was made with respect to business within Light & Air and Water & Energy together with some residual payments arising on the finalisation of completion accounts for prior year acquisitions.

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 €500m revolving credit facility, €200m of which was drawn at year end and which matures in June 2022. As at 31 December 2017, the Group also had bilateral bank facilities of €50m, which were fully drawn. Private placement loan note funding net of related derivatives totals €808m. The weighted average maturity of the notes is 5.6 years, including a private placement of c.€75m completed on 8 December 2017 which was drawn on 31 January 2018.

Further capital outlay of €14.9m was made with respect to business within Light & Air and Water & Energy together with some residual payments arising on the finalisation of completion accounts for prior year acquisitions.

Business & Strategic Report — Financial Review
Kingspan Group plc — Annual Report & Financial Statements 2018
Net debt

Net debt increased by €264.4m during 2018 to €728.3m (2017: €463.9m).

This is analysed in the table below:

<table>
<thead>
<tr>
<th>Movement in net debt</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free cashflow</td>
<td>308.4</td>
<td>198.5</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>(473.5)</td>
<td>(168.2)</td>
</tr>
<tr>
<td>Share issues</td>
<td>0.1</td>
<td>0.2</td>
</tr>
<tr>
<td>Repurchase of shares</td>
<td>-</td>
<td>(1.5)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(68.5)</td>
<td>(61.7)</td>
</tr>
<tr>
<td>Dividends paid to non-controlling interests</td>
<td>(0.1)</td>
<td>-</td>
</tr>
<tr>
<td>Cashflow movement</td>
<td>(232.2)</td>
<td>(52.7)</td>
</tr>
<tr>
<td>Exchange movements on translation</td>
<td>(2.2)</td>
<td>(3.5)</td>
</tr>
<tr>
<td>Deferred consideration</td>
<td>(30.0)</td>
<td>-</td>
</tr>
<tr>
<td>Increase in net debt</td>
<td>(264.4)</td>
<td>(56.0)</td>
</tr>
<tr>
<td>Net debt at start of year</td>
<td>(463.9)</td>
<td>(427.9)</td>
</tr>
<tr>
<td>Net debt at end of year</td>
<td>(728.5)</td>
<td>(463.9)</td>
</tr>
</tbody>
</table>

Key financial covenants

The majority of Group borrowings are subject to primary financial covenants calculated in accordance with lenders’ facility agreements:

- 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:

<table>
<thead>
<tr>
<th>Covenant</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt/EBITDA</td>
<td>Maximum</td>
<td>1.4</td>
</tr>
<tr>
<td></td>
<td>Minimum</td>
<td>3.5</td>
</tr>
<tr>
<td>EBITDA/Net interest</td>
<td>Maximum</td>
<td>28.8</td>
</tr>
<tr>
<td></td>
<td>Minimum</td>
<td>4.0</td>
</tr>
</tbody>
</table>

Share price and market capitalisation

The Company’s shares traded in the range of €32.60 to €43.60 during the year. The share price at 31 December 2018 was €37.38 (31 December 2017: €36.41) giving a market capitalisation at that date of €6.7bn (2017: €6.5bn). Total shareholder return for 2018 was 3.8%.

Impact of Brexit

At the time of writing the exact form of the UK’s exit from the European Union is not clear. Given our manufacturing base in both the UK and the Eurozone Kingspan is well positioned to deal with the outcome in whatever form it takes, albeit in a context of the wider macroeconomic conditions.

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,
22 February 2019

Geoff Doherty
Chief Financial Officer,
22 February 2019

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 three capital market conferences, hosted a capital markets day at our Holywell facility in Wales and conducted 311 institutional one-on-one and group meetings.

Geoff Doherty
Chief Financial Officer,
22 February 2019