

BUSINESS & STRATEGIC REPORT

CHAIRMAN'S STATEMENT

Building on the achievements of the previous year, 2016 was another record year for Kingspan. In a year that threw up many geopolitical surprises, Kingspan's management remained focused on its business and strategy, delivering Revenues of €3.1bn, up 12%, and Trading Profit of €340.9m, up 33%.

These results reflect particularly strong contribution from organic growth and improved margins over the course of the year. In addition, the businesses acquired in 2015 are now fully integrated, and contributed well during the period.

These have been bolstered by further acquisitions during 2016, including Essmann in Europe and Bristolite in North America which together with our existing daylighting business will combine to form a new Light & Air division offering a range of products that will "Complete the Envelope". Other acquisitions during the year included Euro Clad and Eurobond,

the high-end architectural facades businesses in the UK, as well as Tankworks in Australia which gives our Environmental business its first platform in the Australasia region.

These acquisitions, as well as parallel organic investments in the Nordics, North America, Australasia and the Middle East, have been achieved

while growing the Company's return on capital year-on-year, and maintaining a strong balance sheet. Notably, during the year the Company secured long-term strategic funding at very attractive interest rates, which will support the further development of the Group in the coming years.

Australia
WAIS Sports Centre
—
Insulated Panels:
Evolution and Trapezoidal



USA
Notre Dame University
—
Insulation Boards:
Kooltherm K15 Rainscreen Board



MANAGEMENT AND EMPLOYEES

On behalf of the Board, I want to thank the management team and more than 10,000 employees throughout Kingspan, for delivering these outstanding results. During the year the Board visited four of our manufacturing sites, in the US and in the Middle East, and had the opportunity to meet with the senior management in each location and see first-hand the energy and commitment of the local teams.

DIVIDEND

The Board is recommending a final dividend of 23.5 cent per share, which if approved at the Annual General Meeting, will give a total dividend for the year of 33.5 cent, an increase of 34% on prior year. This will be the seventh consecutive year of growth in the shareholders' dividend, in line with the Company's continued progression.

If approved, the final dividend will be paid (subject to Irish withholding tax rules) on 5 May 2017 to shareholders on the register at close of business on 31 March 2017.

GOVERNANCE

The Board continues to manage and monitor governance and risk across the business throughout the year, details of which are set out in the Report of the Audit Committee and the Corporate Governance Statement in this annual report. We also maintained an open dialogue with our major shareholders on the Company's governance as well as strategy and financial performance, as detailed in the Financial Review and the Report of the Remuneration Committee in this annual report. There were no appointments to or retirements from the Board during the year.

LOOKING AHEAD

At the heart of Kingspan's approach is the drive to help our customers achieve improved building performance and reduced running costs. I am confident that the business model of offering an increasing range of high performance insulation and low energy solutions which "Complete the Envelope", which has contributed to our excellent performance in this past year, remains compelling. I am also confident that as we continue to expand this model across an ever growing geographic base we are well positioned to deliver increased shareholder value in 2017 and beyond.

Eugene Murtagh
Chairman

17 February 2017

France
Center Parc
—
Light & Air: Electric control
panels for natural and
smoke ventilation

