

Kingspan Group PLC

Nur zur internen Verwendung

Kingspan Group PLC is a leading manufacturer of insulation and building envelope solutions, providing high-performance products for energy-efficient buildings globally. With a diverse product range, including insulated panels, rigid insulation boards, and raised flooring, Kingspan operates in Europe, Asia, the Middle East, and North America. The company, founded in 1965, has grown through acquisitions and offers solutions across five segments: Insulated Panels, Insulation Boards, Light, Air + Water, Data + Flooring, and Roofing + Waterproofing. Kingspan's commitment extends to environmental containers, rainwater collection systems, and various energy and water solutions, emphasizing a sustainable approach to building technology. The company's reach spans 70 countries, with a significant presence in Europe, particularly in the UK and Ireland. The company was founded by Brendan P. Murtagh and Eugene Murtagh in 1965 and is headquartered in Kingscourt, Ireland.

SUMMARY

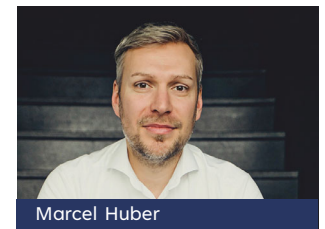
Equity

Bloomberg	KSP ID
Country Of Origin	IR
Currency	EUR
Sector	Building Materials
Industry	Industrials
Outlook	Positive
Investment Strategy	Buy

Investment Case

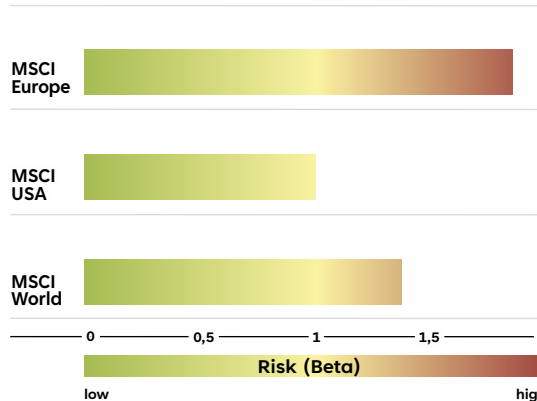
QUALITY
VALUE
GROWTH
MOMENTUM
CONTRARIAN

Analyst

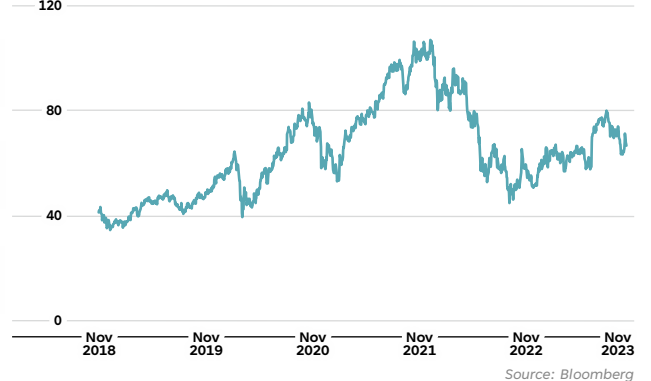


RISK & PERFORMANCE

Beta risk for Kingspan Group PLC - Class A (1 year)



Kingspan Group PLC - Class A Share Price (CNY)



KEY DRIVERS

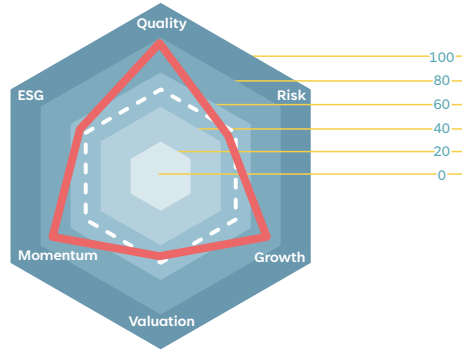
Climate change, regulation and societal change will drive demand for decarbonisation. Kingspan's sustainable building solutions will contribute in a meaningful way and show a high degree of positive impact. The acquisition of 51% of Steico, which is the global leader in wood-based insulation adds to a rapidly growing bio-based portfolio including hemp and wood-wool insulation. In combination with the new launched portfolio of LEC (lower embodied carbon) products, the company will strategically establish its market position as a leader in the growing field for lower carbon construction products.

KEY POINTS

- Foreseeable increased need for effective temperature regulation through climate change.
- Politics and Regulation: Paris Agreement goals contributed to the megatrend involving Kingspan's core business.
- Resource scarcity and sustainability requirements drive the construction industry: No1 consumer of global raw materials, 50% of US solid waste.
- Committed to strong growth, both organically and through strategic acquisitions.
- Turnaround in interest rates and residential building activity as well as further stabilisation of supply chains will be a tailwind for Kingspan.
- Short-term headwinds from pricing competition and deflation of key inputs.

FUNDAMENTAL AND QUANTITATIVE ANALYSIS

Kingspan Group PLC - Class A



In our fundamental and quantitative analysis, we use specialized data sources such as Bloomberg, ISS Datadesk, and HOLT Lens. In a proprietary process, we calculate six relevant characteristics for each stock title: Quality, Risk, Growth, Valuation, Momentum, and ESG. Each of these characteristics is in turn composed of several relevant factors. For example, the risk is calculated from the five metrics: Short-term volatility 90-days, Long-term volatility 5-years, Long-term beta 5-years, maximum draw-down 2-years, CvaR 5-years.

For the actual calculation, all data and factors are normalized, transformed, and exclusively compared to their peer group. The average of the peer group always receives a value of 50 (white hexagon in the left graphic).

SWOT ANALYSIS

Credit Positives (Strength & Opportunities)

Very stable margins and strong management execution, even against a backdrop through higher interest rates and product price deflation

Strong development pipeline

Strong Balance Sheet:
Net debt to EBITDA 1,43x (committed to below 2x),
EUR 1.56bn available liquidity,
average maturity of debt at 4.4 years.

Growing revenues expected for 2024
Higher demand driven by decarbonisation

Increasingly stable supply chains
are forecasted

Valuation:
Kingspan trades at 12.2x12m
forward EV/EBITDA,
which equals to a 9% discount
to its long-term average.

Credit Negatives (Weakness & Threats)

Cyclical Business Profile

Dependencies: Building sector, interest rates,
inflation/deflation, supply chains

Challenging market conditions, weaknes in the
european building construction sector

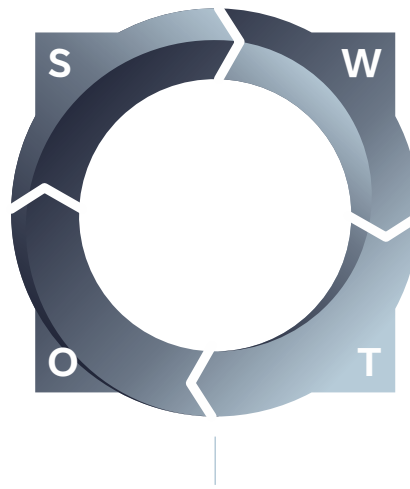
Deflationary tendencies (of inputs, products
need to be sold at lower prices)

Pricing pressure in core products

Long-lasting depression of the european
building sector

High cost pressure for building materials in key
input factors globally

Recently strong performance of competitors



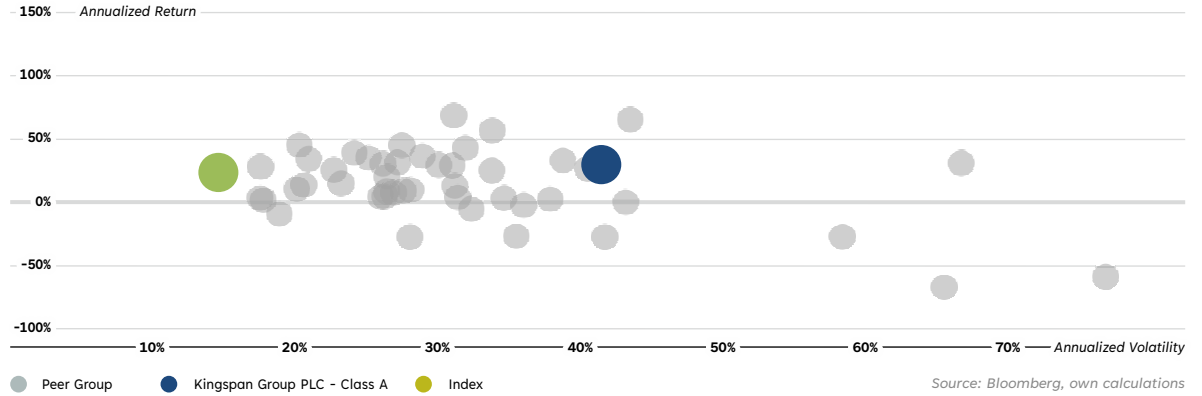
NEWS

Recent Earnings and Events (reported on 08/18/2023)

- Revenue down -2% yoy at EUR 4.1bn, driven by higher interest rates and price deflation in some products (missed estimates).
- Trading Margin up +20bps yoy, trading profit unchanged at EUR 436mn.
- EBITDA +3% yoy (topped estimates).
- EPS +3% yoy (topped estimates).
- Net adjusted income EUR 324mn, Free Cash Flow EUR 356.9mn (topped estimates).
- Insulation sales behind by 5% yoy driven by weak residential markets.
- Insulated Panels sales decrease of 10% yoy(weak demand from Central and Eastern Europe, strong activity in France and the US).
- ROCE -230bps yoy (15,8%).
- EU has cleared the acquisition of STEICO.
- In the roofing and waterproofing space could be acquisition targets (company will assess larger acquisitions) but no active or inactive conversations with Carlisle Companies currently. Nothing Management can tell with regards to Nordic Waterproofing.

COMPETITORS

Risk-Return: Kingspan Group PLC - Class A vs. Peer Group (1 year)



Name	Symbol	Country	Market Cap. (bn) [USD]	CFROI	P/E Multiple, Economic	Leverage (Economic)	Sales Growth % LFY	Gross Profit Margin % LFY	Operating Margin % LFY	EBIT Margin %
Kingspan Group Plc	KSP ID	IRL	13,20	10,25	25,15	20,44	29,32	26,57	12,91	2,77
TopBuild Corp.	BLD US	USA	9,24	24,53	19,45	18,44	21,80	32,09	19,98	2,56
Owens Corning	OC US	USA	11,88	13,46	15,37	26,43	14,86	32,11	24,82	1,71
Compagnie de Saint Gobain	SGO FP	FRA	31,27	5,26	21,1	44,41	17,08	25,77	15,70	1,04
James Halstead	JHD LN	GBR	1,07	13,64	26,80	3,37	4,01	40,18	19,72	5,24
Rockwool	ROCKB DC	DNK	5,01	6,06	18	12,69	26,52	56,95	18,04	1,84
SIG Plc.	SHI LN	GBR	0,42	3,56	25,5	70,32	19,77	28,86	6,71	1,13

Source: HOLT Lens, own calculations

ESG

Rating Summary

Rating	Performance Score	Decile Rank	Trend	Transparency Level	Prime Status
B-	60.79	1	■	Very High	Prime

Assessments



UN Global Compact Pillars

Human Rights	Labor Rights	Environment	Anti-Corruption
GREEN 1 Assessments	GREEN 0 Assessments	GREEN 0 Assessments	GREEN 0 Assessments

Source: ISS ESG

IMPACT CASE

Theme	Emission reduction and recycling
SDG Impact Rating:	4,4
EU Taxonomy Est. Eligible Revenue:	60%
Coverage ISS:	Yes
Coverage Bloomberg:	Yes

KEY RISKS

Main sustainability issues are energy- and resource-efficient production, where Kingspan performs quite well. The issue of water-related risks and impacts is not sufficiently covered and water use reduction targets have not been established so far. The company is assessed to be involved in one or more controversies relating to SDG 3 - Good Health & Well-Being, stemming from the distribution of insulating products in the UK.

KEY POSITIVES

- Very positive contribution to SDG 7 - Affordable & Clean Energy, SDG 11 - Sustainable Cities & Communities and SDG 13 - Climate Action.
- Products are continuously improved through research and innovation and optimisation of product characteristics over their life cycle (Kingspan conducts life cycle assessments in accordance with international standards such as ISO 14040).
- Consistent focus on sustainable building design.
- Several products are certifiable to green building standards.
- Environmental risks related to manufacturing are addressed through certified management systems and ambitious targets in relevant areas.

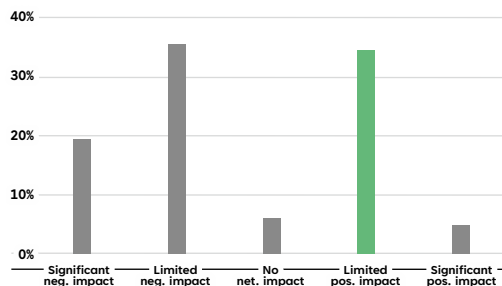
IMPACT MEASUREMENT

- **Avoided Emissions:** 173 million tonnes of CO2 will be saved over the life of insulation systems sold in 2022 (39% of global GHG emissions are attributable to buildings).
- **Circularity:** In 2022 Kingspan upcycled more than 803 million waste plastic bottles.
- **Energy Saving:** Sold daylighting systems have the capacity to enable 9 billion lumens of natural light annually.
- **Water Conservation:** More than 48 billion litres of rainwater can be harvested by systems produced in 2022.
- **Reduction of direct GHG emissions** by over 50% in the first half (committed to net zero carbon manufacturing by 2030).

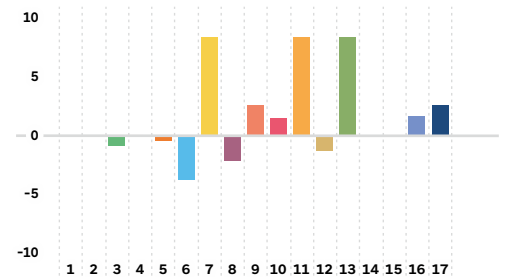
Impact Rating



Distribution Ratings (169 companies in the industry)



Goal Level Impact



- 1 No Poverty
- 2 Zero Hunger
- 3 Good Health & Well Being
- 4 Quality Education
- 5 Gender Equality
- 6 Clean Water & Sanitation
- 7 Affordable & Clean Energy
- 8 Decent Work & Economic Growth
- 9 Industry, Innovation & Infrastructure
- 10 Reduced Inequalities
- 11 Sustainable Cities & Communities
- 12 Consumption & Production
- 13 Climate Action
- 14 Life Below Water
- 15 Life on Land
- 16 Peace, Justice & Strong Institutions
- 17 Partnerships for the Goals

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BlackPoint Asset Management ist ein unabhängiger Vermögensverwalter mit Sitz in 80539 München, Herrnstr. 44. Die Firma ist im Handelsregister des Amtsgerichts München unter der Nummer HRB 262183 eingetragen und wird von der Bundesanstalt für Finanzdienstleistungsaufsicht beaufsichtigt.

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