

Climate for change



Full Year Results 2006
5th March 2007



Disclaimer



Forward Looking Statements

This presentation contains certain forward-looking statements. Actual results may differ materially from those projected or implied in such forward-looking statements. Such forward-looking information involves risks and uncertainties that could affect expected results.



2006 Highlights

- ❑ Revenue growth of 18% to €1,461mn
- ❑ Operating Profit growth of 34% to €194mn
- ❑ Margin improvement from 11.7% to 13.3%
 - ❑ Product mix
 - ❑ Efficiency gains from continuous improvement programmes
 - ❑ One off favourable input price movements
- ❑ EPS growth of 35% to 89.8 cent
- ❑ Full year dividend up 42% to 19.0 cent, which reduces dividend cover from 5.0x to 4.7x
- ❑ Acquisition spend of €107mn and Gross Capex of €59mn reflects a number of strategically important investments
 - ❑ First move into the North American insulated panel market
 - ❑ Panel manufacturing facilities in Turkey and Australia
 - ❑ Progress in UK timber frame with two deals
- ❑ Strong cashflow generation leaves balance sheet in healthy position
 - ❑ Net debt / EBITDA of 0.79x
 - ❑ EBITDA interest cover of 26.7x



Profit & Loss



€'mn	FY-06						
	2005	2006	Pre-acquisition	YoY growth excl. 2006 acq.	Acquired	Total	Total YoY growth
Sales	1,243.4	1,461.2	1,426.2	15%	35.0	1,461.2	18%
Gross profit	377.1	456.6	449.0	19%	7.6	456.6	21%
Gross Margin	30.3%	31.2%	31.5%		21.6%	31.2%	
Operating profit	145.1	194.0	192.4	33%	1.6	194.0	34%
Operating profit %	11.7%	13.3%	13.5%		4.5%	13.3%	
Net interest	(10.1)	(8.8)				(8.8)	-12%
Profit before Tax	135.0	185.2				185.2	37%
Tax	(23.6)	(33.5)				(33.5)	42%
Minority interest	.0	(.6)				(.6)	
Net Profit after tax	111.4	151.0				151.0	36%
Basic EPS (€'cents)	66.4	89.8				89.8	35%
Diluted EPS (€'cents)	64.8	87.8				87.8	35%
Dividend per share (€'cents)	13.4	19.0				19.0	42%



Cashflow Statement



€'mn	2005	2006
Operating profit	145.1	194.0
Depreciation	30.6	39.3
Amortisation	1.9	2.7
Pension contributions	(2.9)	(4.6)
Working capital increase	(9.4)	(48.5)
Interest Paid	(7.5)	(8.4)
Taxation paid	(28.2)	(25.5)
Others	13.8	17.7
Free cash flow	143.4	166.7
Acquisitions	(141.7)	(107.3)
Net capital expenditure	(42.2)	(57.7)
Dividends paid	(17.8)	(25.1)
Cash flow movement	(58.3)	(23.4)
Debt translation	2.9	(0.7)
Decrease/ (increase) in net debt	(55.4)	(24.1)
Net debt at start of year	(108.1)	(163.5)
Net debt at end of year	(163.5)	(187.6)



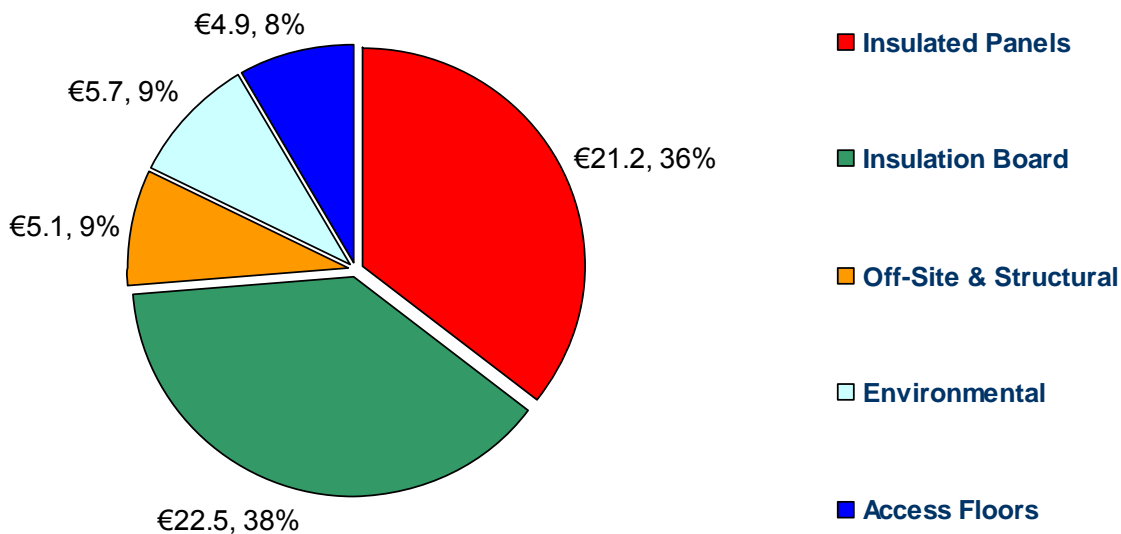
Financial Highlights



	2004	2005	2006
Revenue Growth	22.2%	29.8%	17.5%
EBITDA	128.3	177.6	236.0
ROCE	25.0%	25.0%	26.4%
Effective tax rate	19.0%	17.5%	18.1%
Dividend cover - declared	4.9	5.0	4.7
Working capital % sales	16.0%	13.8%	15.7%
Working capital days	33	33	35
Gearing: (Net Debt/Shareholder's Funds)	35.4%	39.2%	34.3%
Debt Cover - Debt/EBITDA	0.84	0.92	0.79
Interest Cover - EBITDA/Net Interest	18.6	17.6	26.7
Free Cash Flow Growth	37.0%	74.1%	16.3%



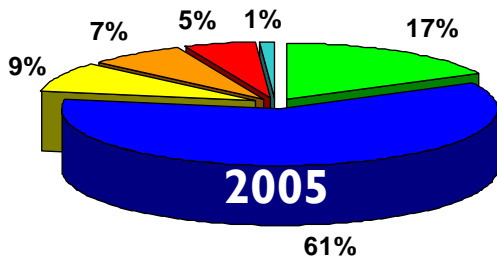
Gross Capital Expenditure - €59.4mn



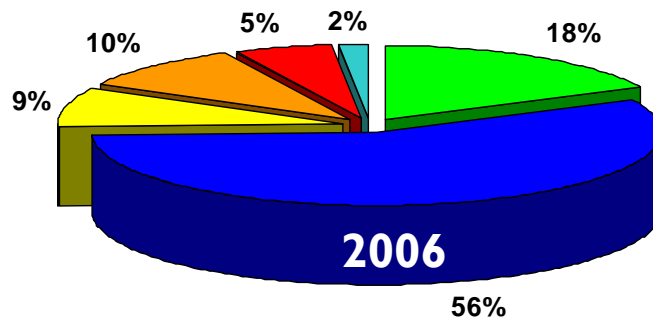
Sales by Geographic Market



€mn	2005	2006	% change yoy	
Republic of Ireland	215.3	261.5	↑	21%
Britain/Northern Ireland	753.3	822.1	↑	9%
Western Europe	107.4	129.5	↑	21%
Central & Eastern Europe	89.0	142.6	↑	60%
Americas	63.7	78.9	↑	24%
Other	14.7	26.6	↑	81%
Group Sales	1243.4	1461.2	↑	18%



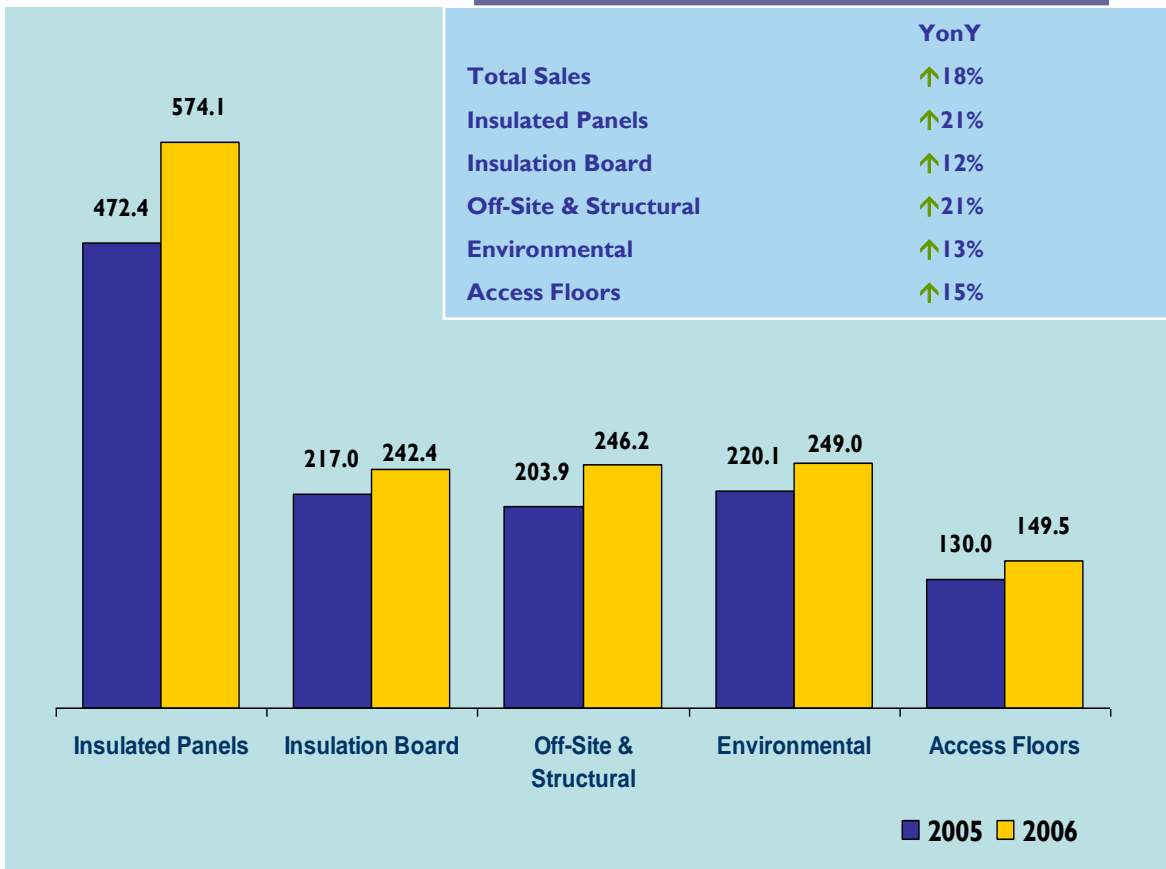
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■ Western Europe ■ Eastern Europe
■ Americas ■ Other



Sales by Product Group (€'mn)



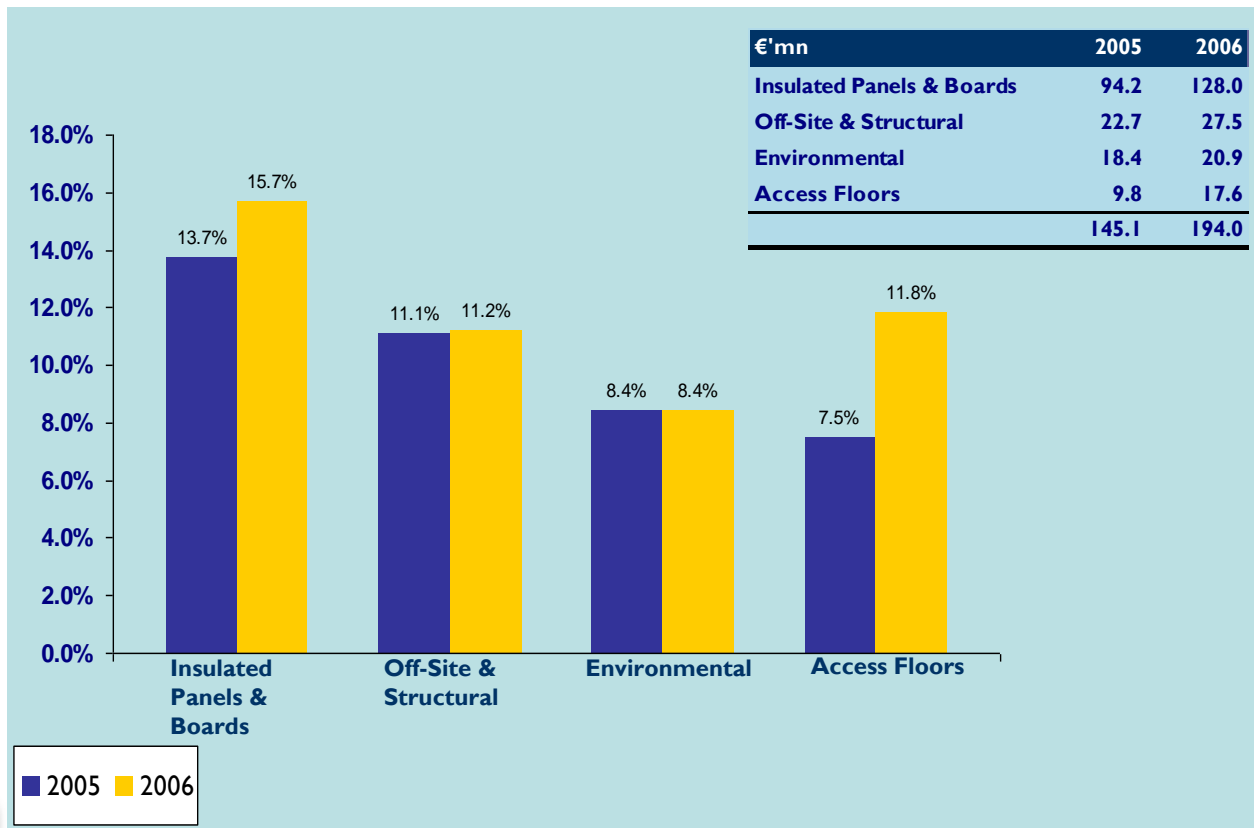
% change 2005 versus 2006



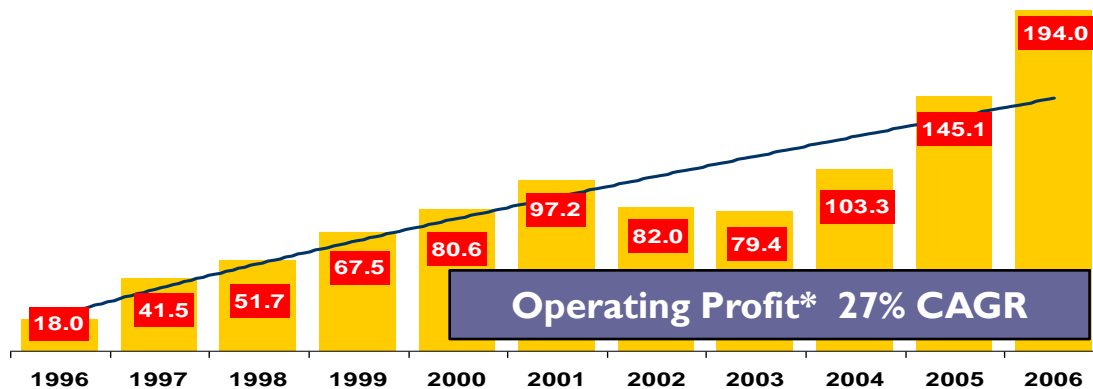
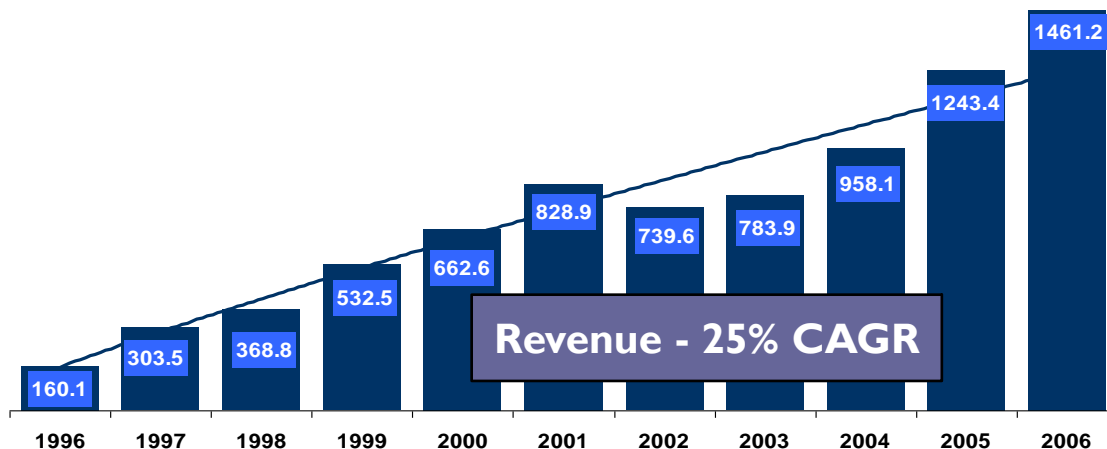
Operating Profit by Product



Full Year Results 2006



10 Year Growth (€'mn)



*Operating Profit stated pre-goodwill amortisation for pre IFRS periods (1998-2003)



Kingspan – At a Glance



- ❑ **Leading edge provider of innovative building materials and solutions**
- ❑ **Focused on achieving strong market positions in growth products/sectors**
- ❑ **Emphasis on continuous product and process developments**

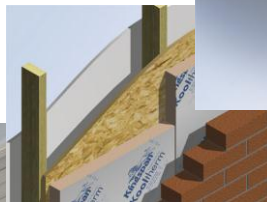
Secondary Steel Framing



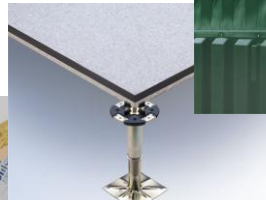
Insulated Panels



Insulation



Access Floors



Environmental



Off-Site

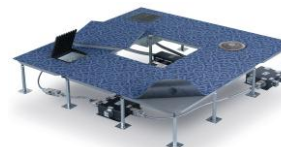
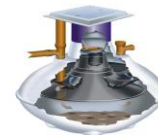
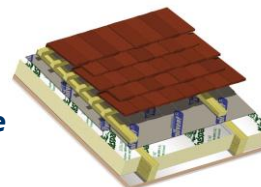


Evolution

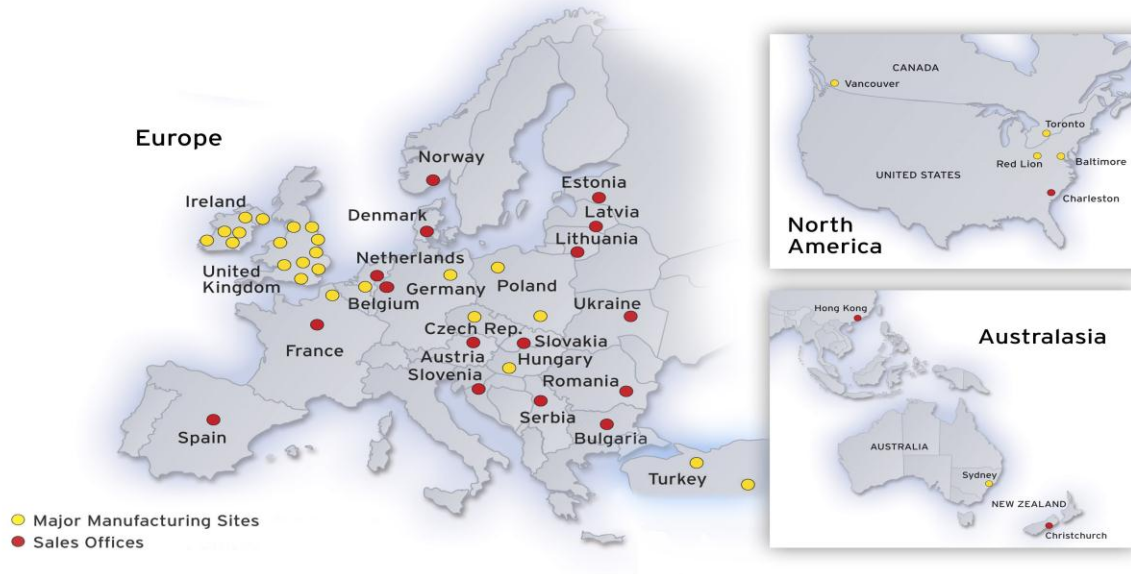
Main Product / Market Sectors



- ☐ **Insulated Panels**
 - ☐ *Industrial/Commercial/Foodstore/Coldstore Panels*
 - ☐ *#1 producer of insulated panels in Europe*
 - ☐ *#1 producer of insulated panels in Canada*
- ☐ **Insulation boards**
 - ☐ *Domestic Housing/Industrial/Commercial*
 - ☐ *#1 producer of rigid insulation boards in Europe*
- ☐ **Off-Site & Structural**
 - ☐ *Off-Site Solutions*
 - ☐ *#1 producer of Off-Site Residential solutions UK/Irl*
 - ☐ *#1 producer of structural secondary steel sections in UK and Ireland*
- ☐ **Environmental/Pollution Control**
 - ☐ *Domestic housing*
 - ☐ *#1 producer of environmental and pollution control products in UK and Ireland*
- ☐ **Access Floors**
 - ☐ *Office market*
 - ☐ *#1 producer of access floors in the USA and Europe*



Where Kingspan Operates



- ❑ **Manufacturing and distribution operations throughout Europe, US, Australasia**
- ❑ **Ninety-four locations: 56 Manufacturing and 38 Sales Offices**
- ❑ **Manufacturing: 16 Panels, 4 Insulation, 15 Off-Site & Structural, 3 Access Floors, 18 Environmental**



Business Model



GROWTH PRODUCTS

- Speed of build on-site
- Thermal efficiency
- Geographically
- Renewables

LEADING MARKET POSITIONS

- No.1 or No.2

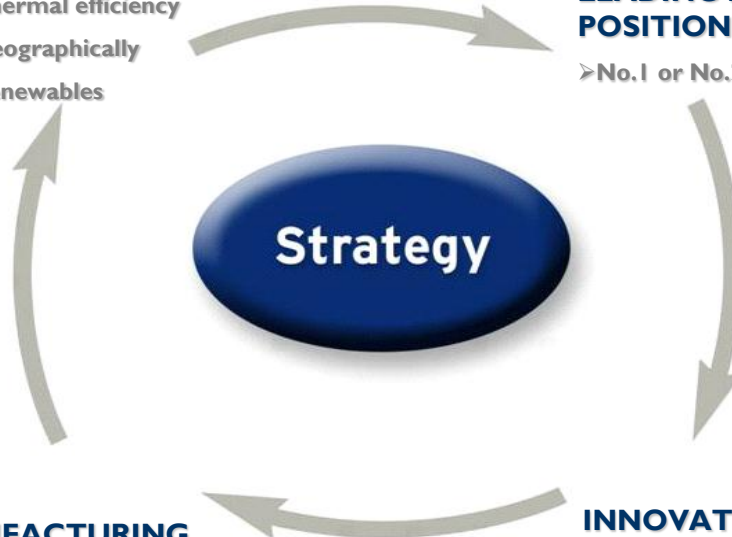
Strategy

SUPERIOR MANUFACTURING ASSETS/TECHNOLOGY

- Capex consistently above depreciation

INNOVATION & DIFFERENTIATION

- €40m on R&D over 5 years
- Key for sustaining competitive advantage



Growth Drivers



- ❑ **A regulatory environment demanding lower carbon buildings:**
 - ❑ **Building Regulations/Code for Sustainable Homes**
 - ❑ **EU Energy Performance Buildings Directive (EPBD)**
- ❑ **Certainty of performance versus the alternatives**
- ❑ **Increased public awareness and knowledge of more efficient options**
- ❑ **Cost control through the construction cycle, build-speed**
- ❑ **Greater geographic demand for quality and environmentally friendly buildings, the “roll-out” potential**
- ❑ **Modern Methods Of Construction (MMC)**



The Backdrop to More Energy Efficient Materials and Solutions



Globally

- ☐ Montreal → Climate change
- ☐ Kyoto → Reduce CO₂ emissions 20% by 2010
- ☐ A sea change in environmental awareness at both the corporate and consumer level
 - ☐ Carbon reduction and neutrality
 - ☐ Sustainability – driving move towards more energy efficient materials and solutions



Europe – EPBD 2005

- ☐ Measure performance of all buildings
- ☐ Energy Rating Cert. to form part of all property transactions
- ☐ Cert. revised every 10 years
- ☐ National: Targets; Plans; Measures; Regulations and Phasing

3 years to fully implement (end 2008)



Overview of Building Regulations

England/Wales:

- ☐ New regulations effective from April 2006
- ☐ Currently, revision planned for 2010
- ☐ May be accelerated due to recent “Code for Sustainable Homes”
- ☐ Stepped approach towards “Carbon Zero” by 2016
- ☐ Improvement likely to be substantial

Northern Ireland:

- ☐ Last revised 1999
- ☐ Revised in line with England/Wales in November 2006
- ☐ Improvement likely to be 40%+




Ireland:

- ☐ Dwellings: Last revised January 2003
- ☐ Non-domestic: Last revised July 1998
 - ☐ Part L regulations revised July 2006
- ☐ Review anticipated 2008



A Road Map to Zero Carbon in the UK



		2002	2006	2007	2008	2009	2010	2013	2016
1	Part L1A Regulations Energy / Carbon Reduction Levels 	Base start point	-23% (April 2006) ----->				-25% (cumulative -48%)	-44% (cumulative -92%)	Zero Carbon Home
2	Code for Sustainable Homes (Dec 2006) Rating Levels 			Level 3 *** (April 2007) ----->			Level 4 ****	Level 5 ***** (zero emissions from heating, hot water, ventilation & lighting)	Level 6 ***** (zero energy emissions)
(includes: energy, CO ₂ , and potable water consumption, materials, water run-off, site waste, lighting and white goods)									
3	Environmental Impact of Materials 			Comply with BRE Green Guide 'D' Rating (April 2007) <div><div>Roof Structure & Finishes</div><div>External Walls</div><div>Intermediate Floors</div><div>Internal Walls</div><div>Windows / Doors</div></div>			Three assemblies to comply with 'D' Rating		
4	Reduction of Surface Water Run-off			April 2007 peak and annual run-off no greater than previous levels					
5	Site Waste Management			April 2007 minimise construction waste					
6	Energy Performance Certification			June 2007 (incorporated into Home Information Pack)					
7	Fiscal Policy: Zero Stamp Duty for Renewables			3yr commitment (April 2007) ----->					
8	Local Authority 10-20% Renewables Policy		10% Implemented by Local Authorities at Planning Approval up to 20% Implemented by Mayor of London at Planning Approval						
9	Design for Manufacture Competition (DfMC 2)		Q1 2007 Carbon Neutral House Competition - 20-25,000 Units across 10 sites						



Insulated Panels



FY

Analysis of yoy % change

	2005	2006
Sales (€mn)	472.4	574.1
% of Group Sales	38%	39%

Total	Organic	Acquisitions
+21%	+14%	+7%

- ☐ **Ireland remains strong**
 - ☐ Robust economy
 - ☐ Regulatory changes in second half
- ☐ **UK steady**
 - ☐ Insulated Metal Roof & Wall ↑ Conversion
 - ☐ Target >70% penetration in UK by 2010
 - ☐ Growth in new product applications, low penetration
- ☐ **Foodstore/Coldstore**
 - ☐ #1 in UK/Irl
 - ☐ Focus of expansion geographically with first moves into Canada / Turkey and Australia / NZ progressing well
- ☐ **Benelux had a particularly strong year**
 - ☐ Capacity requirements 2009/10

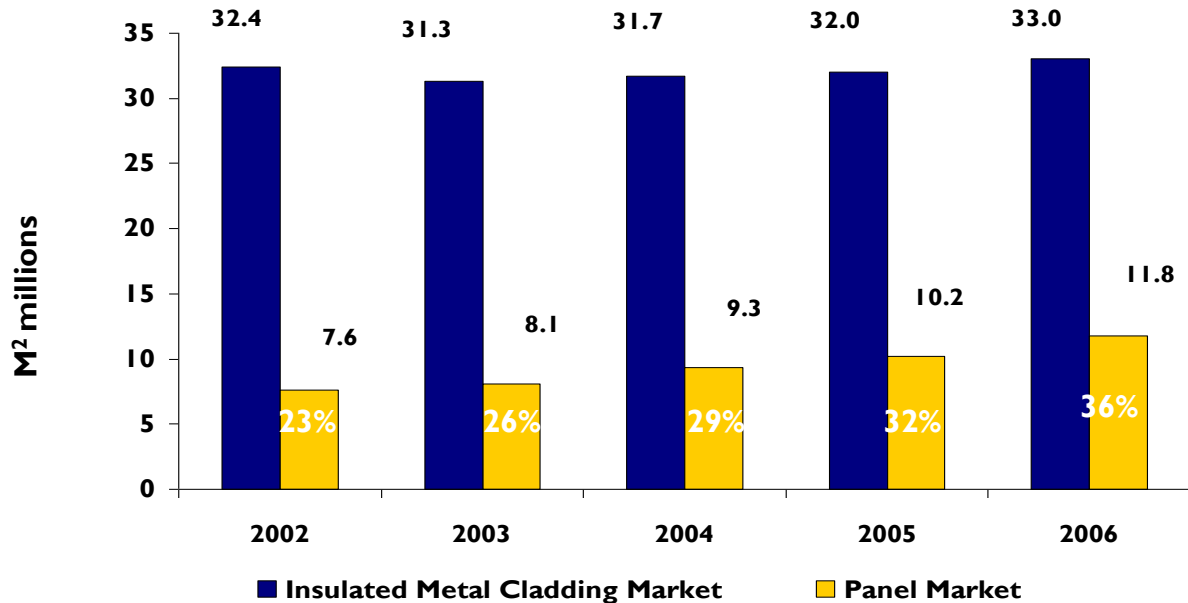


Insulated Panels Market Model

Britain



Target market for panels in Britain



Insulated Panels Central & Eastern Europe



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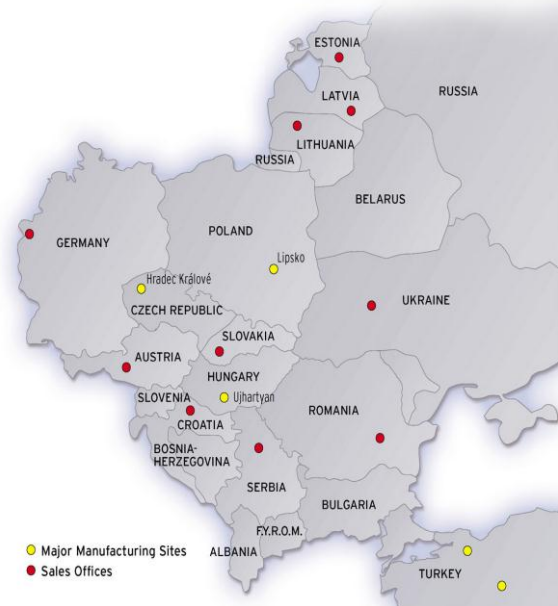
Analysis of yoy % change

	2005	2006
Sales (€mn)	96.5	144.9
% of Group Sales	8%	10%

Total	Organic	Acquisitions
+50%	+40%	+10%

Note: The above figures include Germany

- ☐ Strong growth across the region, including Germany which is showing signs of recovery
- ☐ First entered the region in 1998
 - ☐ Now have five plants following deal in Turkey
 - ☐ Market leadership
 - ☐ Unique in its pan-regional presence with continued emphasis on geographic roll-out
- ☐ Strong construction fundamentals - Euroconstruct growth estimates for building construction in 2007
 - ☐ Poland – 4.2%; Hungary – 3.3%; and, Czech Republic – 3.2%
- ☐ Product enhancement and differentiation
 - ☐ Firesafe®
 - ☐ Broaden applications
 - ☐ Shorter lead times



Insulated Panels North America



- ❑ **Entry into Canadian market with two deals**
 - ❑ **Annualised sales of €40-45mn**
 - ❑ **No.1 panel producer in region**
- ❑ **Timing ideal – Sustainability and energy agenda now coming centre stage**
- ❑ **Initial emphasis on cold store (c.70% of business)**
- ❑ **Exceptionally low penetration in Industrial / Commercial**
- ❑ **Product range / technology transfer from Europe**

Further greenfield / acquisitions



- **Insulated Panel Manufacturing**
- **Access Floors Manufacturing**
- **Access Floors Distribution**



Insulation Boards



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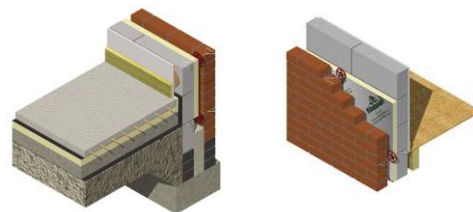
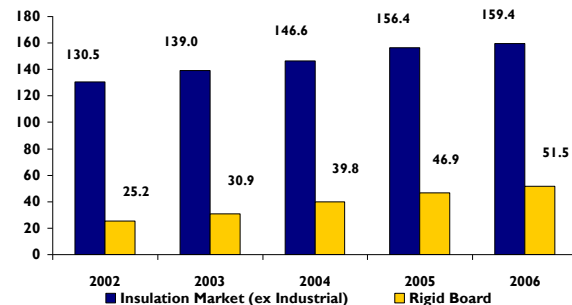
Analysis of yoy % change

	2005	2006
Sales (€mn)	217.0	242.4
% of Group Sales	17%	17%

Total	Organic	Acquisitions
+12%	+12%	+0%

- ☐ Ireland continued to be buoyant
- ☐ UK experienced more moderate growth with regulations (Apr-06) still to have a significant impact
- ☐ Additional capacity
 - ☐ Phenolic line in Ireland to be completed by H2, 2007
 - ☐ €40-45mn Capex in second UK plant 2007/2008
- ☐ Increasing presence in Mainland Europe
 - ☐ Phenolic offering to compete against alternative product
 - ☐ At early stage of developing a position in Central Eastern Europe

Rigid Board penetration of UK& Ireland Insulation Market



Off-Site & Structural

FY

2005

2006

Sales (€mn)

203.9

246.2

% of Group Sales

16%

17%

- ❑ Robust performance across the division despite margin dilution from timber-frame and ongoing development costs from off-site

- ❑ Progress in developing business of scale in the UK with two acquisitions

- ❑ Annualised unit sales of c.3,500
 - ❑ Consolidate sites and invest further
 - ❑ Factory manufactured 'foundation-to-roof' systems and solutions, for all segments of the construction market
 - ❑ Timber frame – drive penetration
 - ❑ IRL 30% – 40% by 2010
 - ❑ England / Wales 11% - 20% by 2010
 - ❑ Steel framed systems – medium rise & non-residential
 - ❑ Hybrid systems – steel & timber framed
 - ❑ Architectural Façade Framing

Analysis of yoy % change

Total	Organic	Acquisitions
+21%	+8%	+13%

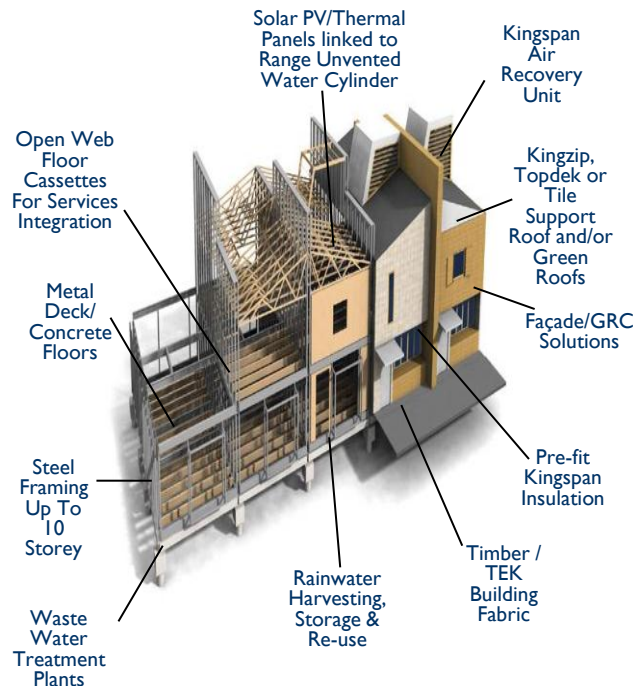
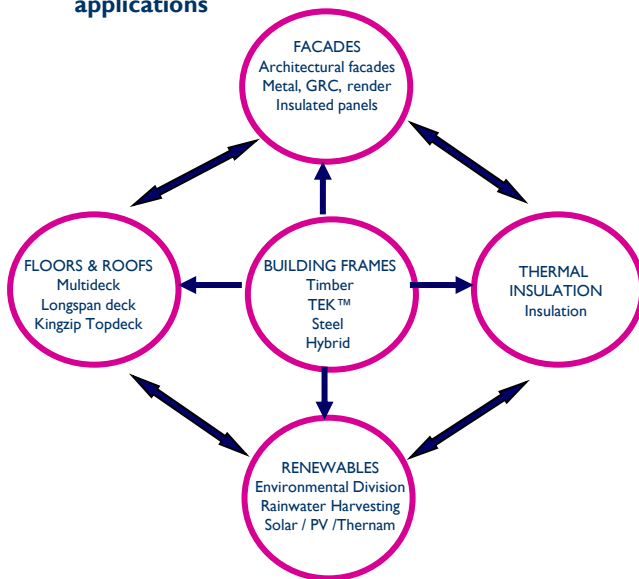


Off-Site & Structural



Objective:

- ❑ Integration opportunities for Group
- ❑ Establish Kingspan as the leader in sustainable construction
- ❑ “Pull through” sales into new sectors/ applications



Access Floors



FY

Analysis of yoy % change

	2005	2006
Sales (€mn)	130.0	149.5
% of Group Sales	10%	10%

Total	Organic	Acquisitions
+15%	+11%	+4%

- ☐ Favourable market conditions result in another year where profits advance significantly
- ☐ UK
 - ☐ Strong pipeline underpins growth
 - ☐ Central London office vacancy rates at lowest level since mid-2001
- ☐ US
 - ☐ Favourable product mix
 - ☐ Underfloor Air specification increasing
 - ☐ Strong order book for current year



Environmental



FY

Analysis of yoy % change

	2005	2006
Sales (€mn)	220.1	249.0
% of Group Sales	18%	17%

Total	Organic	Acquisitions
+13%	+6%	+7%

- ❑ Strong performance in cylinders and treatment plants offset by some weakness in underlying market for containers
- ❑ Conversion to higher value products
 - ❑ UK bundled conversion has increased from 45% to over 50% in 2006
 - ❑ Copper → Stainless steel cylinders → Plug & play solutions
 - ❑ Increased focus on renewables
- ❑ Further expansion in Mainland Europe with small bolt-on deal in Denmark



Future

- ↑ Continue to pursue proven strategy
- ↑ Leading market positions
- ↑ Geographic and product diversity
- ↑ Opportunities to grow within existing markets
- ↑ Commitment to R&D and product innovation

Delivering:

- ↑ Strong cash flow across businesses
- ↑ Pattern of strong earnings growth



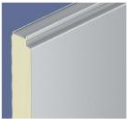
The Entire Masterplan

Kingspan Off-Site systems provide lifetime low energy and low carbon (CO₂) emission solutions across your whole masterplan, ensuring your buildings are

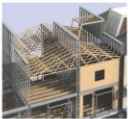
FUTURE-PROOFED



Residential



Education



Healthcare



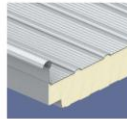
Leisure



Retail



Commercial



Industrial



Sustainable : Renewable : Affordable

