

# Alternative2Energy



Light on energy



Light on the planet



High on efficiency

Kingspan Full Year Results  
27<sup>th</sup> February 2012



## **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.



# At a Glance

- A world leader in high performance insulation
- Market leading positions in UK, Mainland Europe, North America and Australia
- Proprietary technology drives differentiation in product performance

## Insulated Panels (49%)



- Insulated Roof & Wall Panel Systems
- Building Integrated Solar PV
- Benchmark Façade Systems
- Controlled Environments
- Structural Products
- Profiles & sections
- Door Components

## Insulation (30%)



- Insulation Boards for Roofs, Walls & Floors
- HVAC, Piping & Ductwork Insulation
- Timber Frame Systems
- TEK Building Systems (SIPs)

## Access Floors (8%)



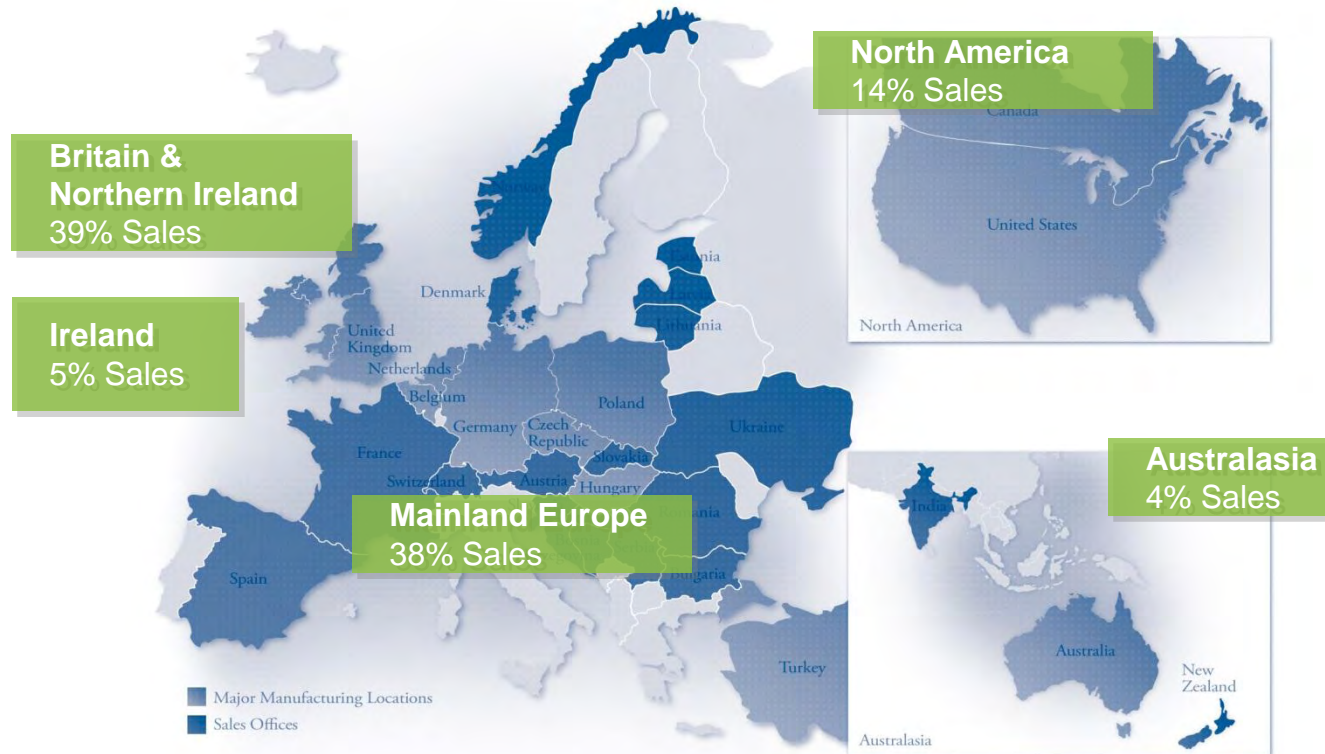
- Raised Access Floor Systems
- Underfloor Wire & Cable Management
- Underfloor Air Distribution

## Environmental (13%)



- Solar Thermal Systems
- Solar Cooling & Heating Systems
- Micro Wind turbines
- Air Source Heat Pumps
- Hot Water Systems
- Environmental Rainwater Harvesting Systems
- Sustainable Drainage Systems
- Pollution Control Systems
- Fuel storage systems

# Where Kingspan Operates



- Manufacturing and distribution operations throughout Europe, North America, Australasia
- >80 Locations: 48 Manufacturing
- Manufacturing: 18 Panels, 15 Insulation, 5 Access Floors, 10 Environmental

# Strategic Goals



**Lead the field in high performance insulation globally, greater emphasis of proprietary and differentiating technologies.**

- Kooltherm®
- Next Generation Insulation
- Benchmark® Architectural

**Become the world's leading provider of low energy building solutions.**

- The “Insulate & Generate” plus “EnvelopeFirst” concepts
- PowerPanel®
- Fabric & Renewables

**Achieve greater geographic balance, primarily focusing on North America, Western Europe and appropriate developing markets.**

**Achieve an average annual return on investment of ca 15%.**



# Key Highlights 2011



**Revenue  
up 30%  
to €1.55b**


**Trading  
Profit  
up 33%  
to €95.7m**

- Insulated Panels divisional sales up 19% with growth across all key regions
- Insulation Boards divisional sales up 85%, or up 9% excluding the acquisition of CIE, with increased geographic balance following the acquisition
- Environmental divisional sales up 18% reflecting buoyant European sales
- Access Floors divisional sales down 6% overall with strong datacentre volumes partially offsetting a market-wide decrease in office activity
- Improvement in underlying Group trading margin by 50bps to 6.7%
- Raw material cost increase of approximately €60m fully recovered
- Key development highlight was the acquisition and integration of the European Insulation businesses
- USD200m Private Placement completed in August 2011 – 10-year bullet maturity

# Financial Review



# Financial Highlights

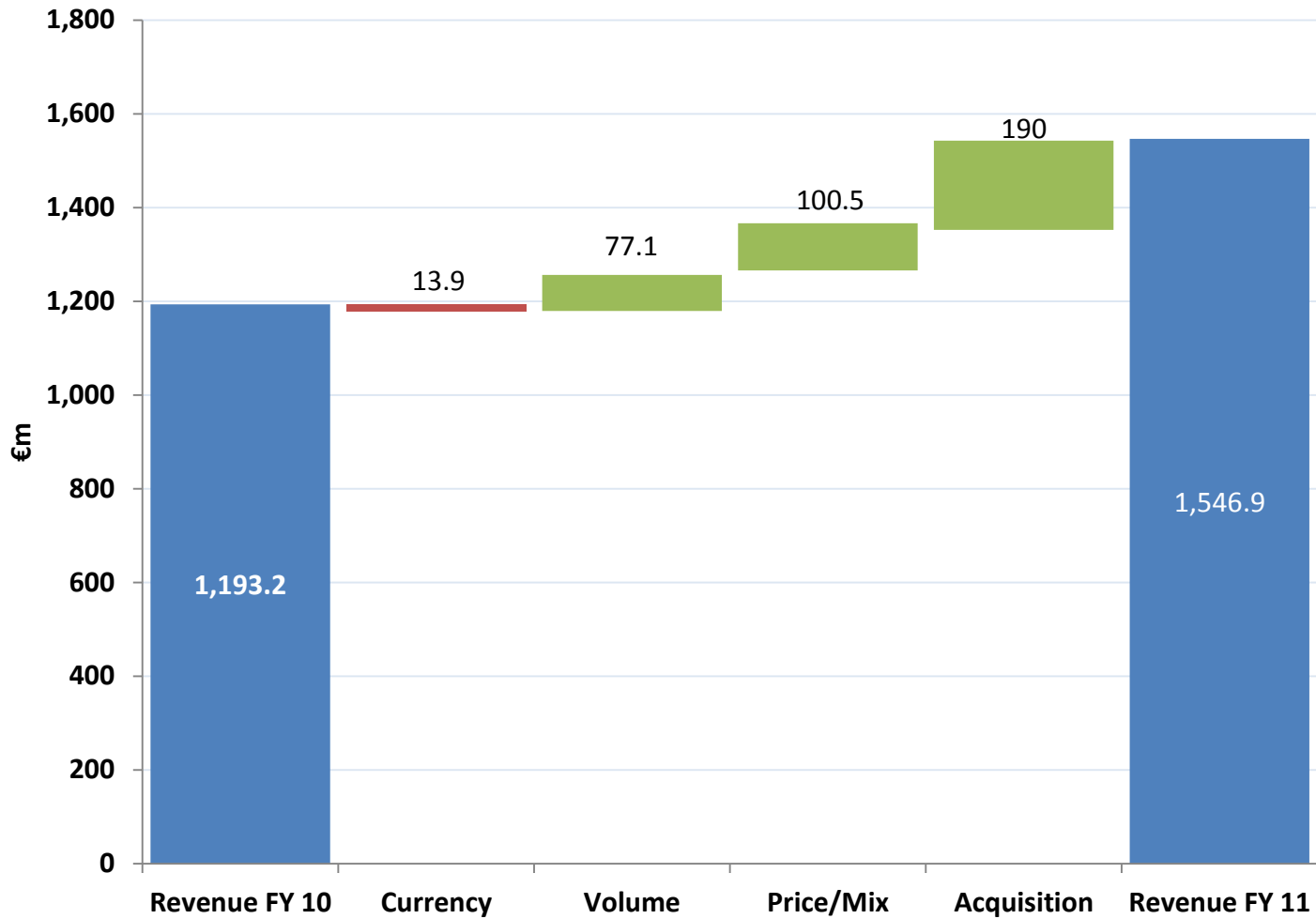
A small, realistic image of a globe showing the Earth, positioned on the left side of the slide.

Revenue	→	€1,546.9m	+30% +14% like-for-like*
Trading Profit**	→	€95.7m	+33% +24% like-for-like*
Trading Margin	→	6.2%	+20bps +50bps like-for-like
Profit after tax	→	€62.9m	+28%
Basic EPS	→	37.1c	+27%
Free cash flow	→	€76.9m	+93%
Total dividend	→	11c	+10%

\* Like-for-like comparisons exclude the impact of acquisitions and currency movements

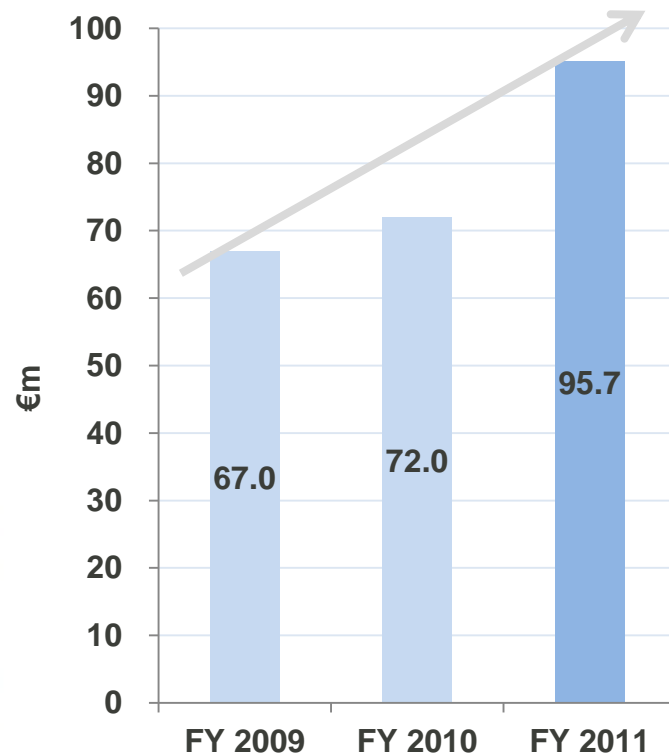
\*\* Pre-intangible amortisation

# Sales Bridge



# Trading Profit & Margin Growth

## Trading Profit



## Margin %

Margin %			
	FY 11	H1 11	FY 10
Insulated Panels	6.7%	6.2%	5.6%
Insulation Boards	5.6%*	6.5%	6.7%
Environmental	3.3%	1.2%	0.5%
Access Floors	10.2%	10.4%	13.8%
Group	6.2%	6.0%	6.0%

\* 7.0% Pre-acquisition

# FY2011 Trading Profit

Like-for-Like growth



	Like-for-like growth	Acquisitions/ disposals	Currency Impact	Reported Growth
Insulated Panels	+41%	-	-	+41%
Insulation Boards	+15%	+40%	-1%	+54%
Environmental	+646%	-	-2%	+644%
Access Floors	-28%	-	-3%	-31%
Group	+25%	+9%	-1%	+33%

## Operating Leverage in Largest Divisions

	Sales Growth	Profit Growth
Insulated Panels	+20%	+40%
Insulation Boards (excluding acquisition)	+9%	+15%



# Strong Free Cash Flow Conversion

€m	FY 11	FY 10	% change
Operating profit	90.9	67.4	+35%
Depreciation & amortisation	42.7	40.2	+6%
Working Capital (increase)/decrease	(17.0)	(40.5)	-58%
<b>Operating cash flow</b>	<b>116.6</b>	<b>67.1</b>	<b>+74%</b>
Interest and taxation	(21.5)	(12.4)	+73%
Net capital expenditure	(23.6)	(15.8)	+49%
Other including pension	5.4	1.0	
<b>Free cash flow</b>	<b>76.9</b>	<b>39.9</b>	<b>93%</b>
Free cash flow conversion	85%	59%	



# Strong Net Debt Performance



€m	FY 11	FY 10
<b>Free cash flow</b>	<b>76.9</b>	<b>39.9</b>
Acquisitions (net of disposal proceeds)	(107.0)	(0.2)
Dividends paid/other	(16.8)	(6.3)
<b>Cashflow Movement</b>	<b>(46.9)</b>	<b>33.4</b>
Debt Translation	(2.4)	1.9
(Increase)/decrease in net debt	(49.3)	35.3
Net debt at start of period	(120.8)	(156.1)
<b>Net debt at end of period</b>	<b>(170.1)</b>	<b>(120.8)</b>
<b>Net debt:EBITDA</b>	<b>1.27x</b>	<b>1.12X</b>



# Key Ratios

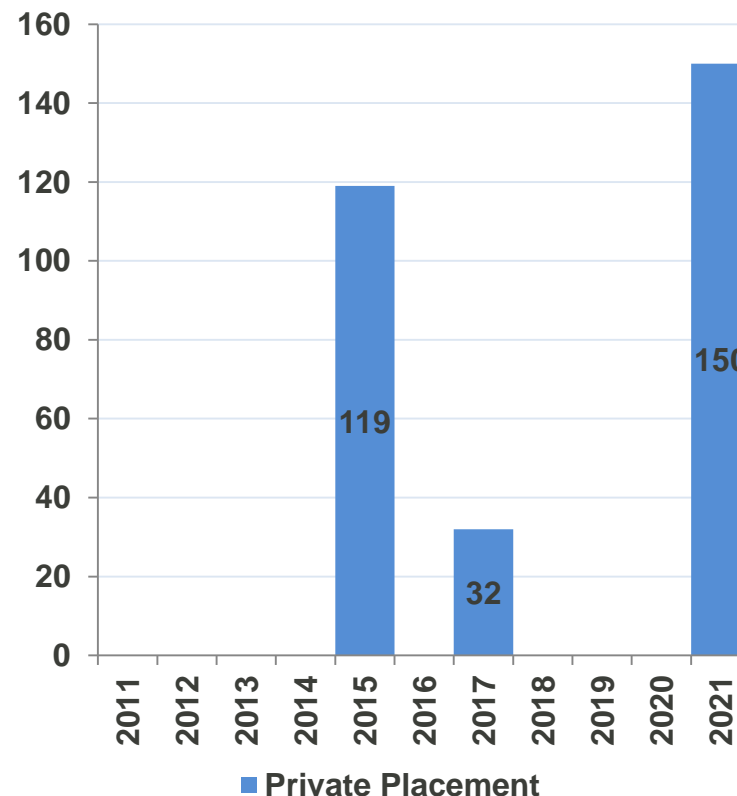
	FY09	FY10	H1 11	FY11
<b>ROCE</b>	8.4%	8.6%	9.1%	10.0%
<b>Gearing (Net Debt: Shareholders Funds)</b>	28.1%	18.1%	32.1%	23.1%
<b>Net Debt/EBITDA</b>	1.6	1.12	1.83	1.27
<b>Interest Cover</b>	9.4	11.9	12.2	10.2
<b>Working Capital as % of Sales</b>	11.0%	13.6%	12.5%	12.2%



# Strong Balance Sheet

- Net Debt €170.1m – headroom c. €460m
- Revolving Credit Facility of €330m
- 2005 Private placement €151mn (USD200m)
- 2011 Private placement €150m (USD200m)
- Significant headroom on covenants
  - Max 3.5x net debt:EBITDA; actual 1.27x
  - Min 4.0x interest cover; actual 10.2x
- Weighted average maturity of debt facilities of 4.0 years post August 2011 Private Placement

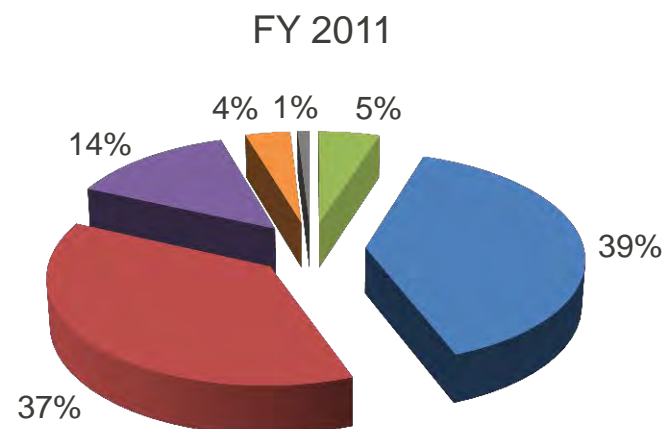
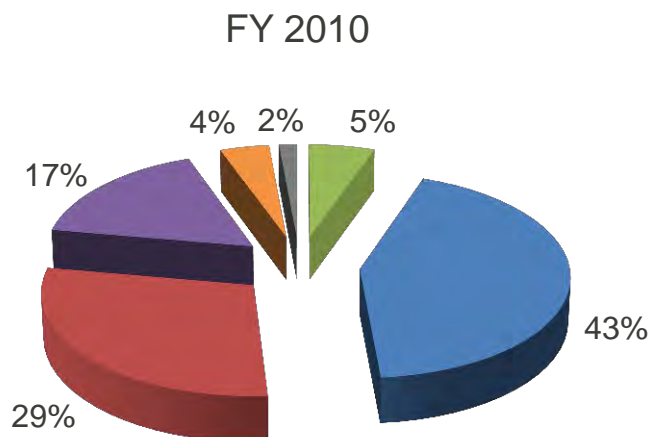
Maturity profile of drawn debt €'m



## Business Review & Outlook



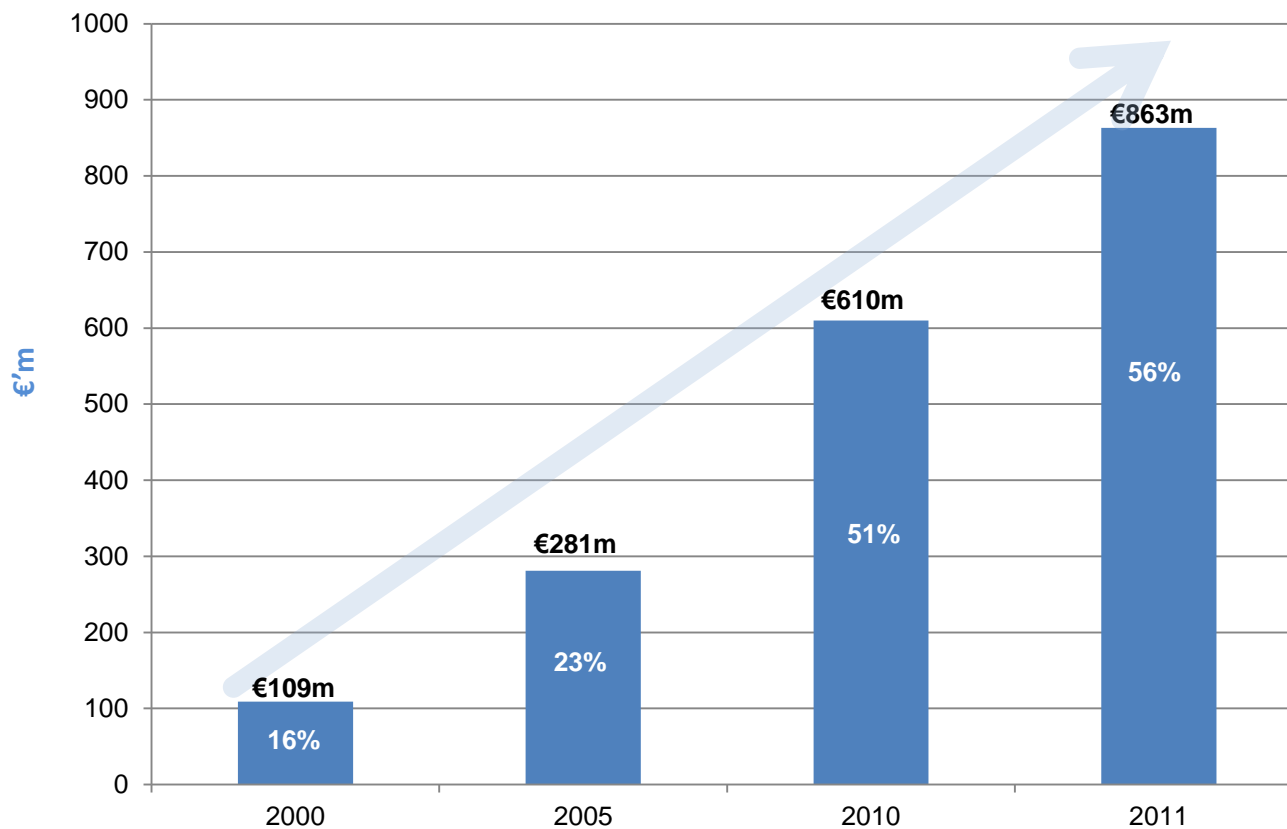
# Sales by Geography



- Republic of Ireland
- Britain & Northern Ireland
- Mainland Europe
- Americas
- Australasia
- Other

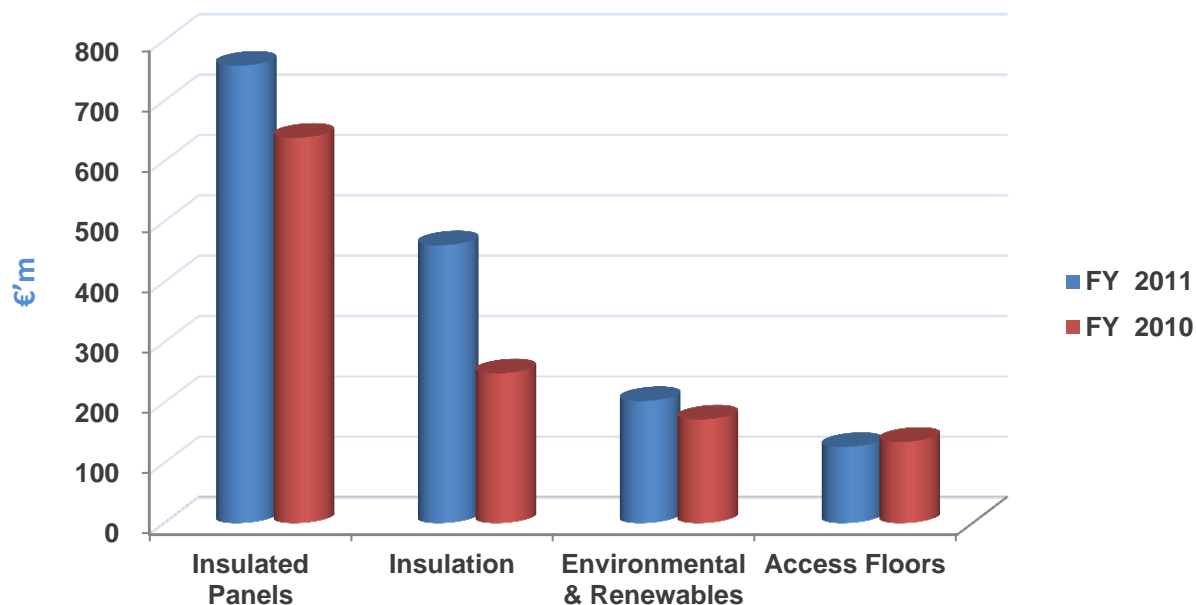
€mn	FY 11	FY 10	Constant Currency Change	YoY % Change
Republic of Ireland	78.1	65.2	+20%	+20%
Britain & Northern Ireland	605.9	517.1	+18%	+17%
Mainland Europe	580.8	345.1	+68%	+68%
Americas	210.3	199.5	+10%	+5%
Australasia	57.0	48.9	+9%	+17%
Other	14.8	17.4	-14%	-15%
Group Sales	1,546.9	1,193.2		+30%

# Group Sales Outside UK/IRL



- Internationalisation of the Group through the cycle

# Sales by Product Group



€m	FY 11	FY 10	Like-for-like*	YoY % Change
Insulated Panels	758.0	638.5	+20%	+19%
Insulation Boards	460.4	248.2	+9%	+85%
Environmental	202.3	171.7	+19%	+18%
Access Floors	126.2	134.8	-4%	-6%
Group Sales	1,546.9	1,193.2	+14%	+30%

\*excluding currency and acquisitions

# Insulated Panels



# Insulated Panels UK, IRL, WE



- Strong volume growth in all markets
  - UK +10%
  - Benelux +7%
  - Ireland +13%
  - Australia/NZ +20%
- Order intake positive, up 8% across the business unit
- Raw material recovery on track
- Powerpanel® launch, year one of sales of 5 megawatt
- Progress on Benchmark® architectural panels

	FY 11	FY 10
Sales (€m)	409.5	340.1
% of Group Sales	26%	29%

Analysis of YoY % Change			
Currency	Volume	Price & Mix	Total
-1%	+12%	+9%	+20%



Doha Airport, Qatar



# Insulated Panels CEMEI



- Mixed sales pattern across the territory but strong volume growth overall
  - Germany +21%
  - Turkey +33%
  - Poland -13%
  - Czech -5%
- Order intake +9% overall
- Acute market pressure in South East European Markets, Hungary and Romania
- Solid progress in Russia, key development target

	FY 11	FY 10
Sales (€m)	215.1	177.6
% of Group Sales	14%	15%

*Note: The above figures include Germany and Turkey*

Analysis of YoY % Change			
Currency	Volume	Price & Mix	Total
+0%	+12%	+9%	+21%



US Steel, Serbia



# Insulated Panels North America



- 2% volume growth in 2011
- Overall Order Intake -6%, due to exceptionally strong prior year in Canada
- Commercial and Industrial volumes strong, conversion trends on track
- Coldstore volumes strong but margin pressure
- Architectural sales disappointing but strong intake and orderbook
- US and Canadian business successfully integrated into one operating unit

	FY 11	FY 10
Sales (€m)	133.4	120.8
% of Group Sales	9%	10%

Analysis of YoY % Change			
Currency	Volume	Price & Mix	Total
-5%	+2%	+13%	+10%



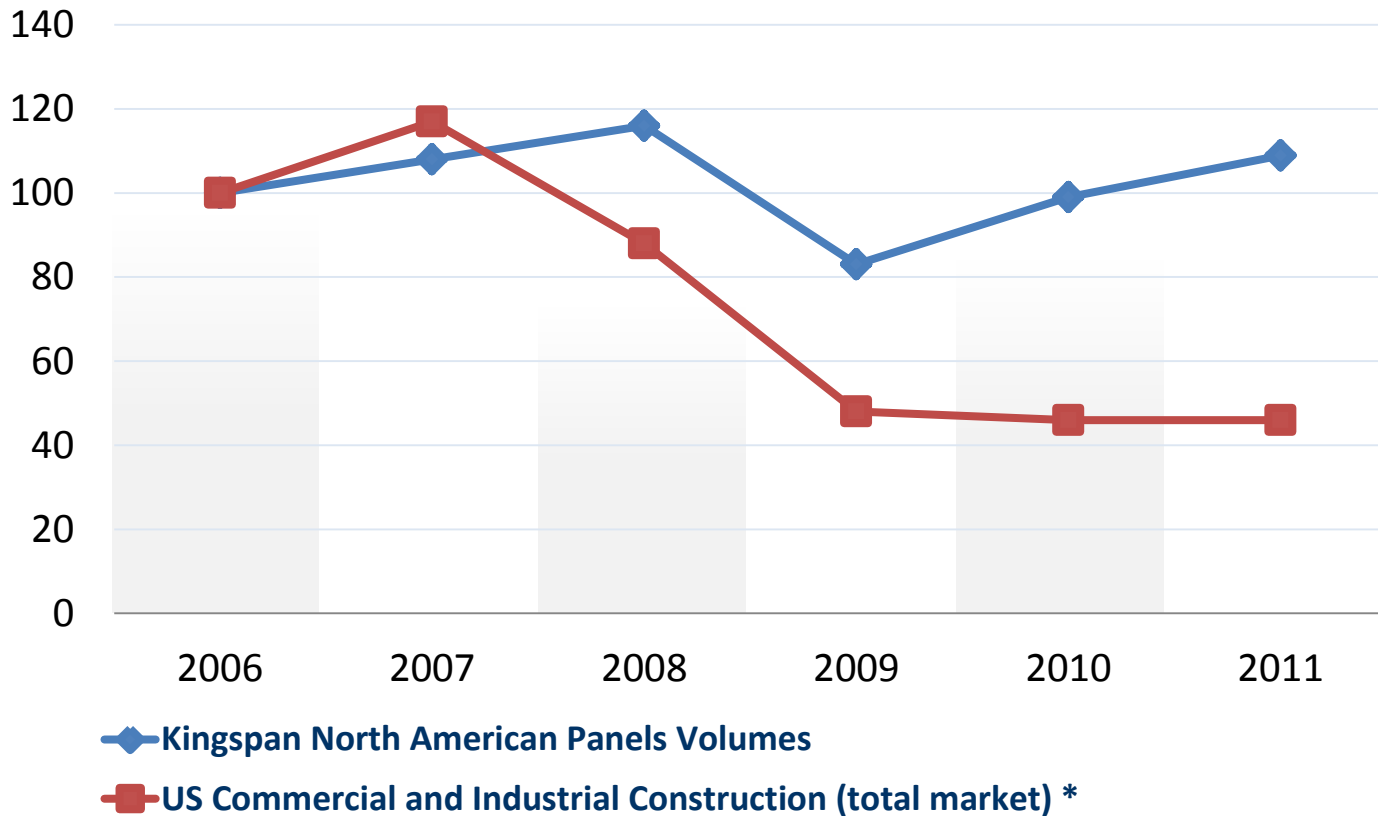
Telus Spark Science Centre, Calgary, Canada

# Performance v. Construction Macros



## North America - Panels

Growth Index



## Growth in penetration

*\*Source: McGraw Hill Construction*

# Insulation



- Key highlight was acquisition and successful integration of CIE insulation businesses
- Robust underlying performance in UK and Western Europe, Ireland weaker
- Recovery of chemical price increases
- Kooltherm® conversion on track in all markets
- Australia/New Zealand solid performance
- Refurbishment key growth driver in all markets

	FY 11	FY 10
Sales (€m)	460.4	248.2
% of Group Sales	30%	21%

Analysis of YoY % Change				
Currency	Volume	Price & Mix	Acquisition	Total
+0%	-2%	+11%	+76%	+85%

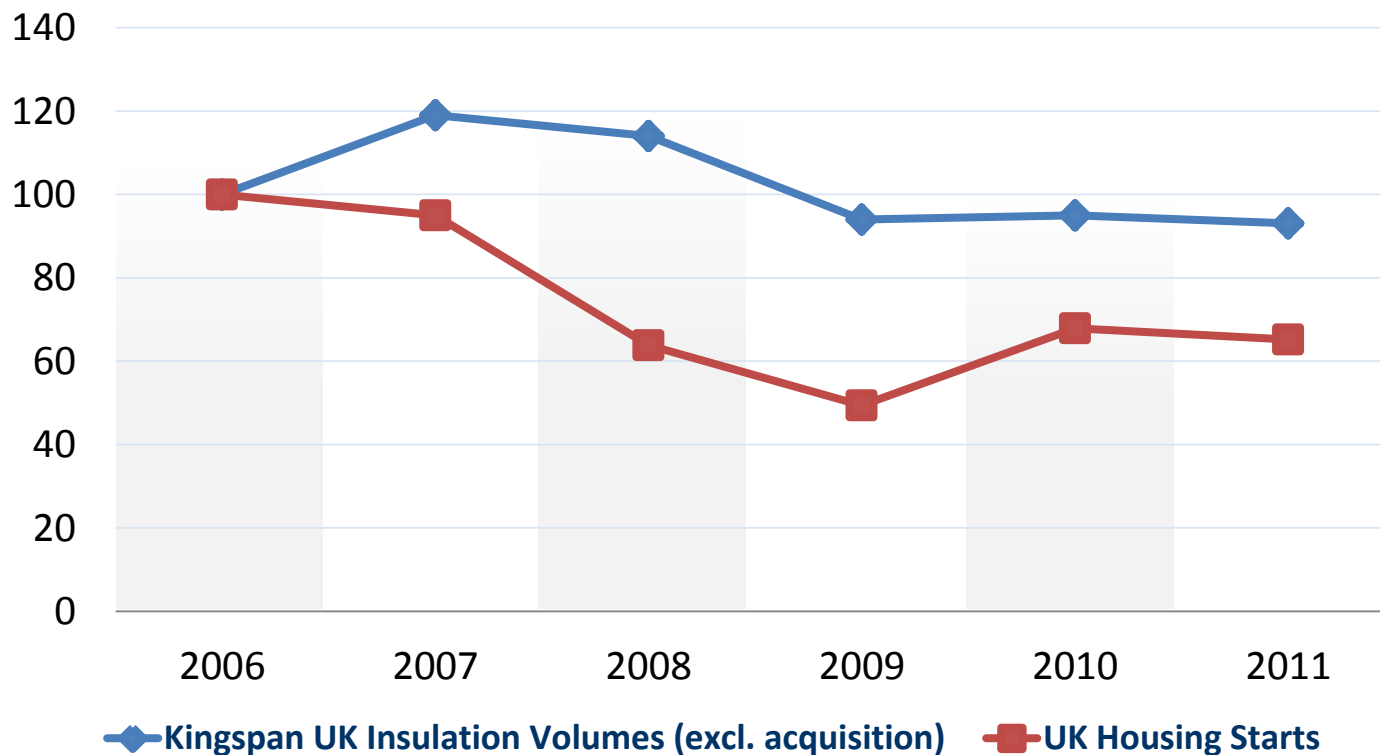


Royal Welsh College of Music & Drama,  
Cardiff, UK

# Performance v. Construction Macros

## UK Insulation Volumes

Growth Index





- Solid performance throughout the business unit, although pressure on fuel storage volumes in the UK and Ireland
- Continental Europe strong, particularly France, due to “one-off” contract
- Solarthermal growth in UK, US and Ireland, however Germany was weaker
- Entry into the micro-wind sector. Key feature of a widening renewables offering
- Borealis case complete. Judgement expected in H1 2012
- Future product focus will be:
  - Solar
  - Water
  - Wind

	FY 11	FY 10
Sales (€m)	202.3	171.7
% of Group Sales	13%	14%

Analysis of YoY % Change		
Currency	Volume, Price & Mix	Total
-1%	+19%	+18%



**Kingspan**WIND

# Access Floors



# Access Floors

- Sales decrease of 6% in line with general market
- US office activity at all-time low, likely to remain so for ca. 2 years
- Robustness of datacentre market key counterbalance. New product introduction in this segment encouraging
- UK market volume shows tentative signs of recovery, albeit with margin weakness
- Global datacentre market key development opportunity
- Entry into Australasia market with acquisition of Tasman Floors from Fletcher New Zealand

	FY 11	FY 10
Sales (€m)	126.2	134.8
% of Group Sales	8%	11%

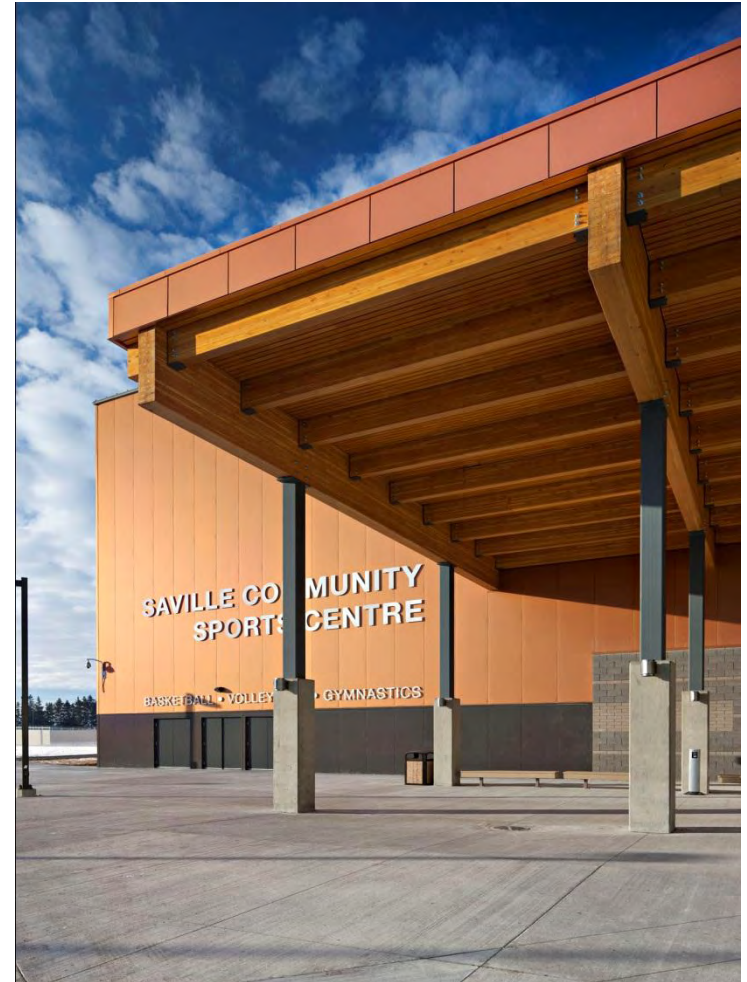
Analysis of YoY % Change			
Currency	Volume	Price & Mix	Total
-2%	-11%	+7%	-6%



BT, Glasgow, UK



- Orderbook likely to support a favourable Q1 in most markets, bidding activity remains stable
- Pace of growth eased in Q4 and likely to moderate further in Q1. Benelux and Ireland particularly weak in recent months
- Raw material cost stability for Q1, however Q2 increases will pose a challenge
- Refurbishment likely to continue growing, and residential newbuild improves gradually in the UK, although weaker in the Benelux
- Global macro environment remains uncertain
- Industrial and Commercial continues to show tentative signs of improvement

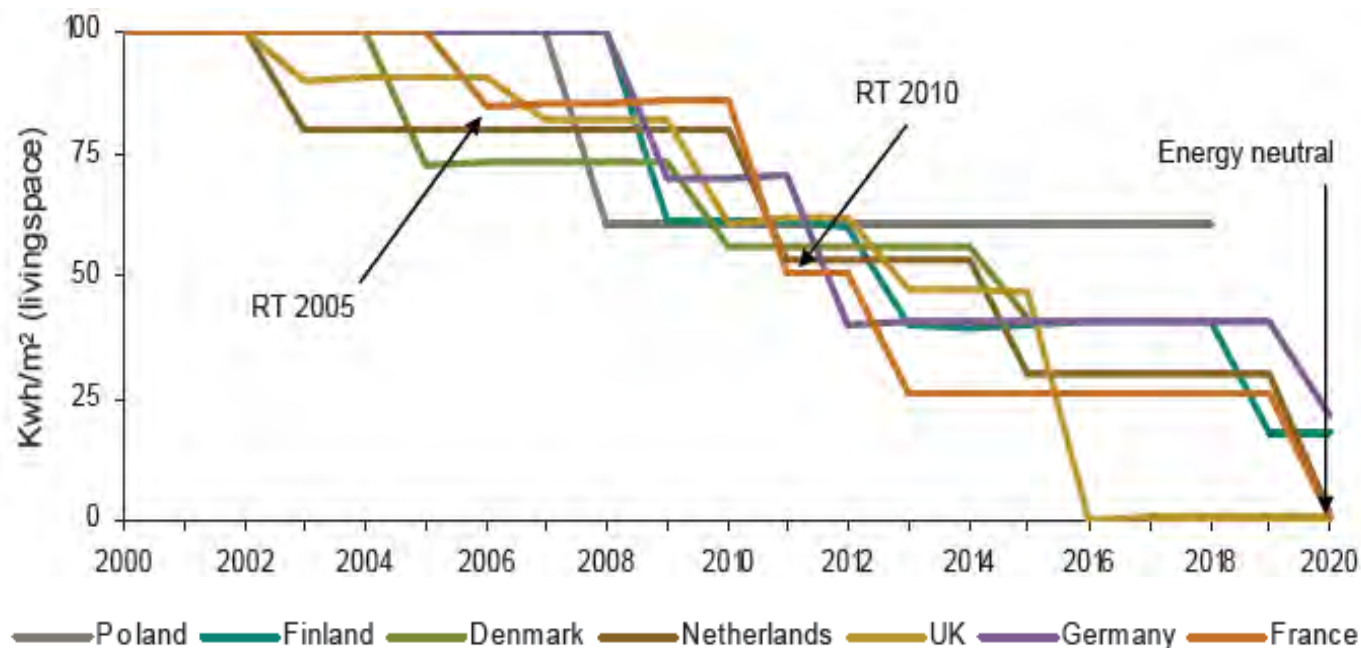


Saville Community Sports Centre,  
Edmonton, Canada

## Additional Information



# Trends in Thermal Regulations



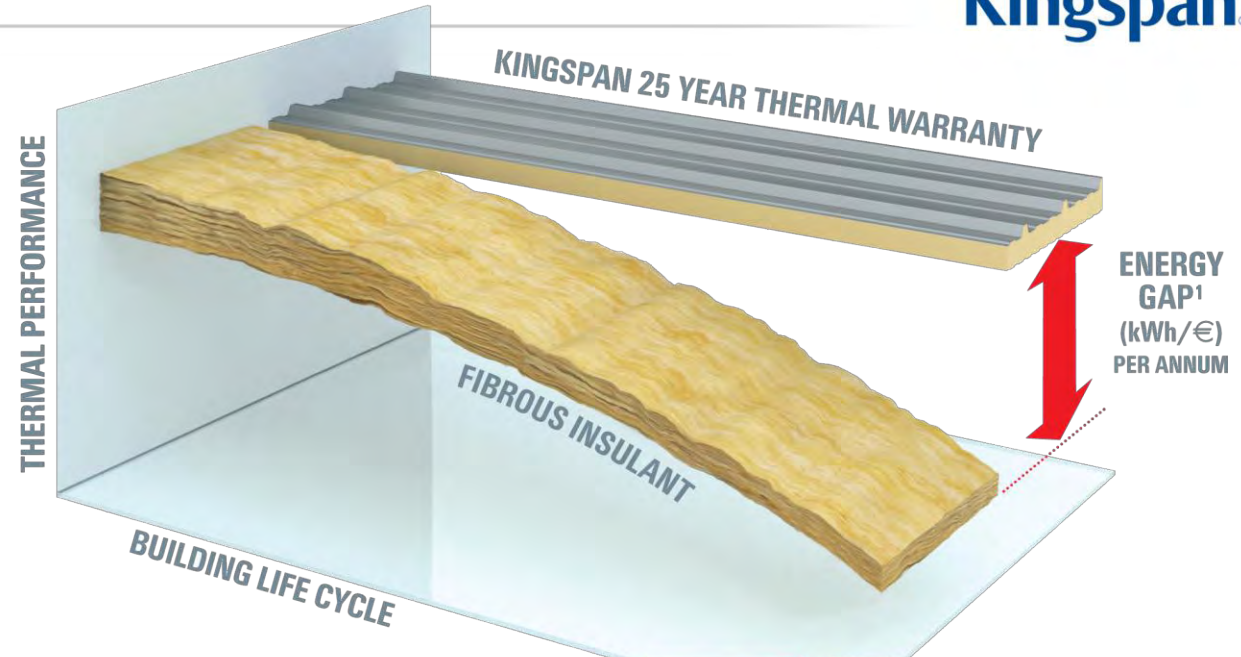
*This graph shows the permitted consumption of energy in KW/H per m2 of domestic dwelling space and its historic and planned evolution, as a percentage of the permitted 2000 levels.*

*Regulatory drivers in key markets:*

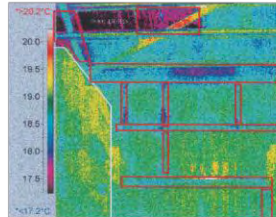
- EU - European Energy performance of Buildings Directive – road map for “net zero-energy buildings”
- UK - Energy Act 2011 promoting investment in energy efficiency; “GreenDeal”
- Germany – Energy Saving Ordinance 2012 will require a 30% reduction in the heating demand of buildings
- France - Grenelle Act targets 38% reduction of energy consumed by buildings by 2020

# The Energy Gap<sup>1</sup>

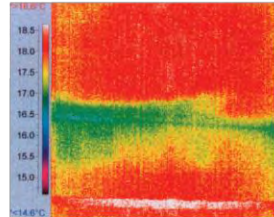
Reduced thermal performance of fibrous insulant in building envelope and fabric systems will increase energy use, costs and CO<sub>2</sub> emissions<sup>1</sup>.



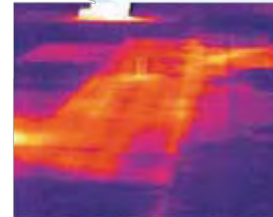
1% moisture content by volume in **fibrous insulants** can reduce thermal performance by up to **85%** or more which can cause massive energy and heat loss.<sup>2</sup>



Degradation of **fibrous insulation** due to ageing, thinning and settlement can reduce U-value performance by up to **20%**.<sup>3</sup>



Air movement through **fibrous insulation** can result in increased energy and heat loss of up to **500%**.<sup>4</sup>



Impact: Moisture in flat roof insulation can for example reduce U-value from **0.26 W/m<sup>2</sup>K to 0.47 W/m<sup>2</sup>K**.<sup>5</sup>



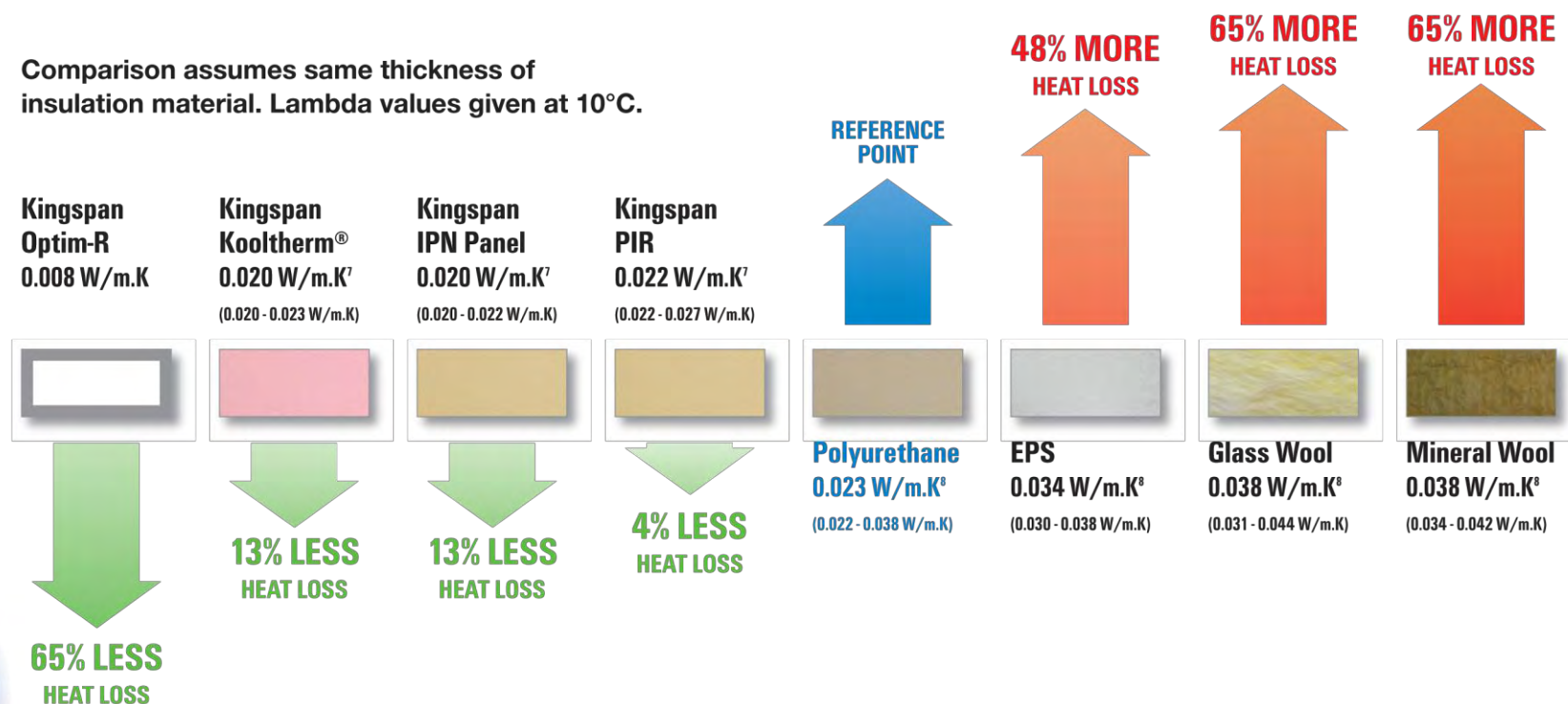
Night sky radiation leads to supercooling of the outer weathersheet. This can lead to increased levels of interstitial condensation accumulation within the cavity of **fibrous insulation** systems. For example, up to **0.86 kg/m<sup>2</sup>** of condensate may accumulate over **60 days** with no dry back, for well sealed liner sheets allowing for air flow through ventilated eaves fillers.

**0.86 kg/m<sup>2</sup> (= 0.86 litres/m<sup>2</sup>) of condensate in 160mm insulation quilt (0.25 U-value 2006 spec) is equivalent to approximately 0.54% water by volume.**<sup>6</sup>

# Kingspan Insulates Better



Comparison assumes same thickness of insulation material. Lambda values given at 10°C.



1 Heating energy only.

2 Stuckes A.D. *The Thermal Resistance of A Cavity Filled Wall – Physics Technology* 15.

Sandberg P.I. *Thermal Resistance Of A Wet Mineral Fibre Insulation – ASTM STP 922.*

Jespersen H.B. *Fugtige Materialers Varmedledningstal (Danish) VARME* No 3.  
www.excellence-in-insulation.eu.

3 Low N.M.P. *Material Degradation of Thermal Insulating Mineral Fibers. Thermal Insulation: Materials and Systems. ASTM 922 pp 477-492.*

4 Taylor B.E. & Phillips A.J. *Thermal Transmittance and Conductance of Roof Constructions Incorporating Fibrous Insulation. ASTM STP 789.*

Valentine, Dudek, Wiltshire & Hardy *The detection and evaluation of thermal defects in Building Construction. GRD 12507.*

5 Building Sciences Ltd.

6 Building Sciences Ltd *Night Sky Radiation and its Effects, Insulated Metal Cladding Systems, October 1998.*

7 Most commonly sold variant of product.

8 Median value of the thermal conductivity range shown below. Thermal conductivity range based on insulation manufacturer's websites or Agrément certificates.

## THINNESS

Kingspan's mainstream insulation technologies can be less than 50% of the thickness of man-made mineral fibre (MMMf). Optim-R can be less than 20% of the thickness of MMMf.

Optim-R is less than half the thickness of aerogel based mineral fibre products.

## FIRE

Kingspan's insulation technologies comply with regulatory authority requirements of their intended application, and many products also have insurance industry approvals from FM Global, LPCB and Underwriters Laboratories.

## THERMAL

The thermal performance of Kingspan's mainstream insulation technologies is certified as being good for 25 years and is significantly better than MMMf on an equivalent thickness basis. What's more...

## AIR INFILTRATION

...unlike MMMf, Kingspan's mainstream insulation technologies have a closed cell structure which is impervious to air infiltration, thereby limiting the risk of loss in thermal performance, and...

## MOISTURE

...MMMf can absorb moisture in significant quantities and 1% moisture content by volume can decrease its thermal performance by 85%.<sup>2</sup>

## ACOUSTICS

Kingspan's insulated panel and insulation board products have an acoustic benefit, however MMMf can perform better.

## MECHANICAL

Kingspan's mainstream flat roof insulation boards can have approximately 2x the compressive strength of mainstream MMMf flat roof insulation boards.

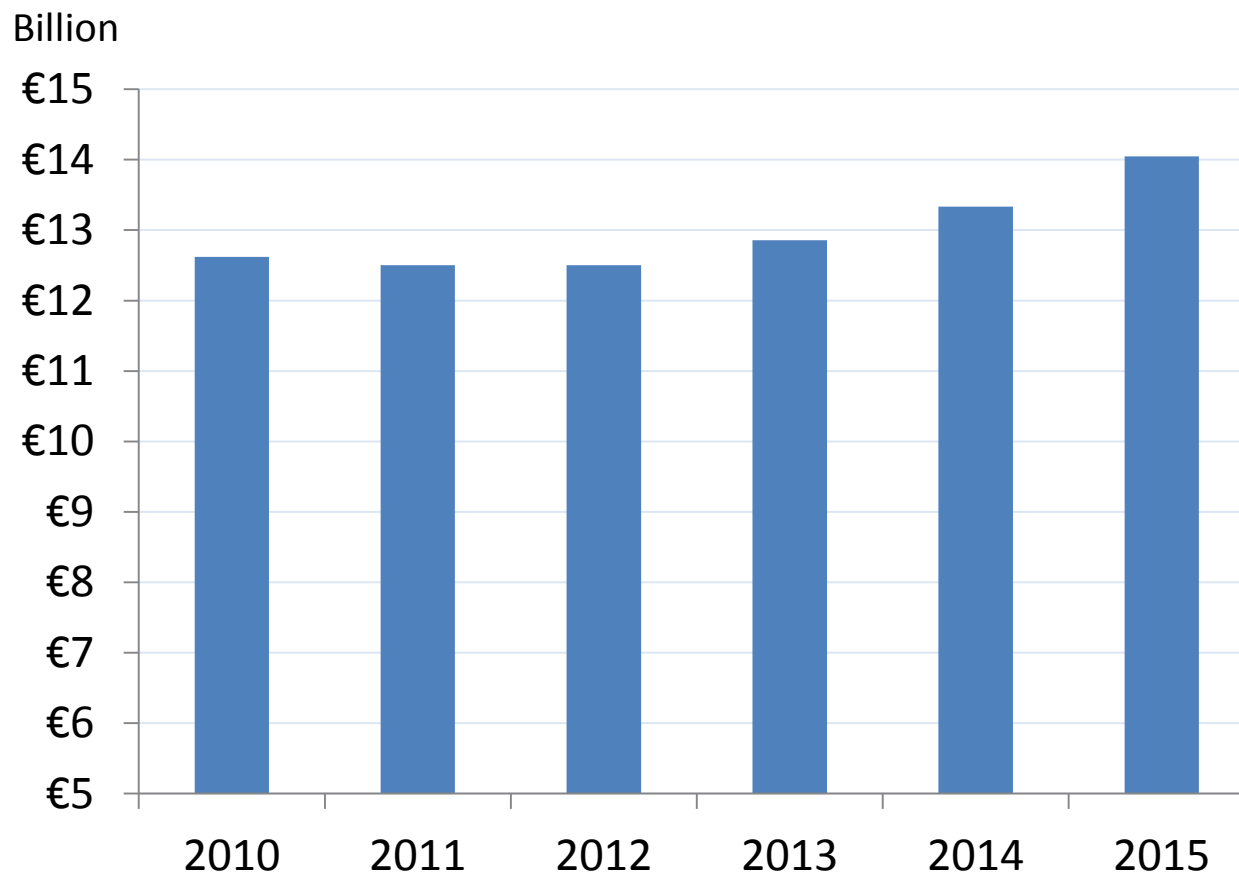
## WEIGHT

On flat roofs, MMMf can be up to 8 times heavier than Kingspan's mainstream flat roof insulation boards. This may have an impact on handling, laying speed and structural steelwork costs.

IPN core steel faced panels can be half the weight of comparable MMMf core panels to achieve the same thermal performance.



# UK Private Housing RM&I Market



Source: Construction Products Association Forecasts

# Performance v. Construction Macros



## German Volumes

Growth Index



Source: Euroconstruct

# Penetration Potential

	2005A	2011A	2015F
Insulated Panels UK	55%	64%	75%
Insulated Panels NA	5%	8.5%	11%
UK Insulation	30%	35%	38%
Germany External Wall	0%	2.5%	10%
CEE Insulation Board	0%	0.9%	6%









# Alternative2Energy



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