

KINGSPAN GROUP plc

Interim Results 2006

5th September 2006



Sustainable : Renewable : Affordable



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.



First Half Highlights

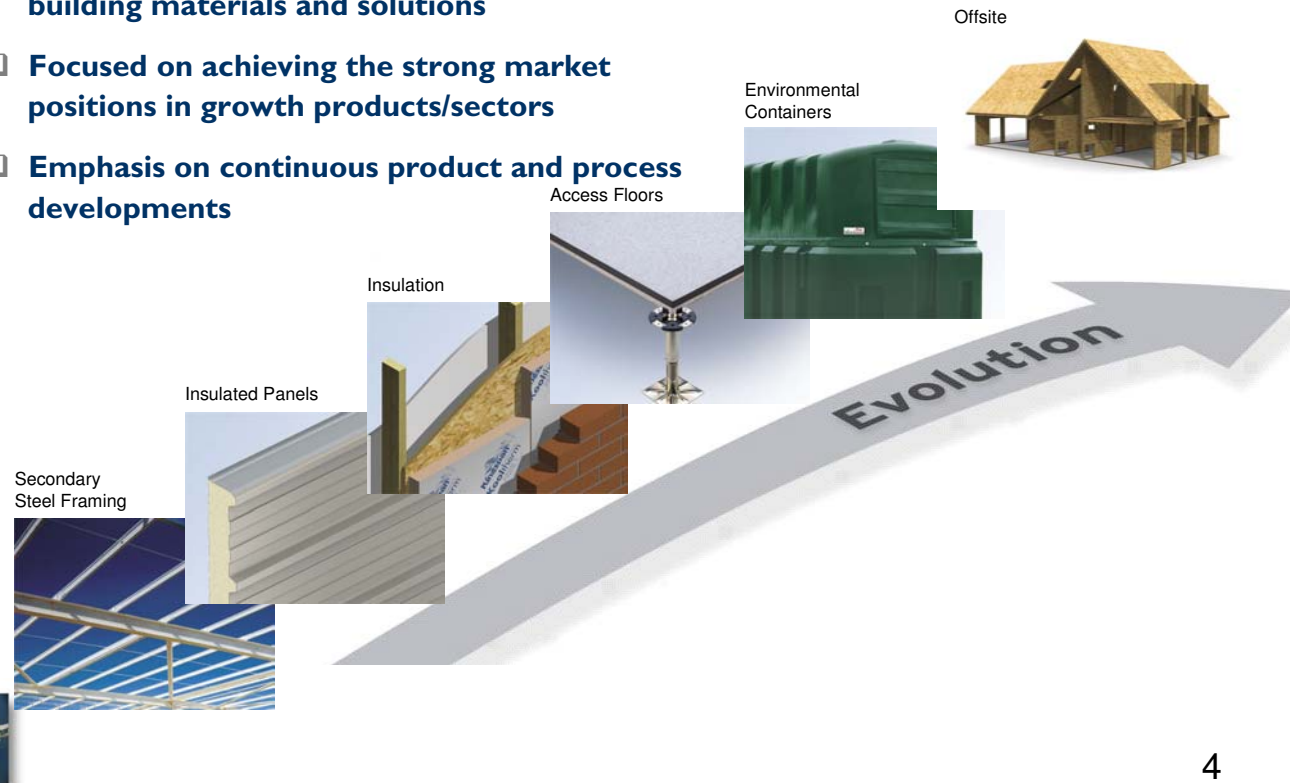


- ❑ Revenue growth of 17% to €675.9m
- ❑ Operating Profit growth of 31% to €88.0m
- ❑ EPS growth of 32% to 40.4c
- ❑ Interim Dividend increased by 35% to 6.0c
- ❑ Margin improvement from 11.5% to 13.0%
 - ❑ Product mix
 - ❑ Efficiency gains from recent capex programmes
 - ❑ Favourable input price movements
 - ❑ Continued improved performance in Access Floors
- ❑ Investing for future growth
 - ❑ Capex of €26.5m (1.4x depreciation)
 - ❑ Acquisition spend of €11.2m (Coldstore in Australia)

Kingspan – At a Glance



- ❑ Established in the early 1970's
- ❑ Leading edge provider of innovative building materials and solutions
- ❑ Focused on achieving the strong market positions in growth products/sectors
- ❑ Emphasis on continuous product and process developments



Main Product / Market Sectors



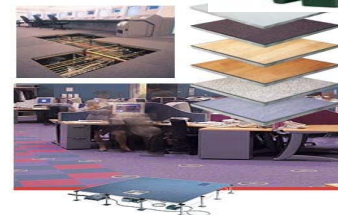
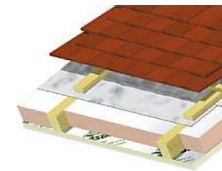
- Insulated Panels**
 - Industrial/Commercial/Foodstore/Coldstore Panels*
 - #1 producer of insulated panels in Europe*

- Insulation boards**
 - Domestic Housing/Industrial/Commercial*
 - #1 producer of rigid insulation boards in Europe*

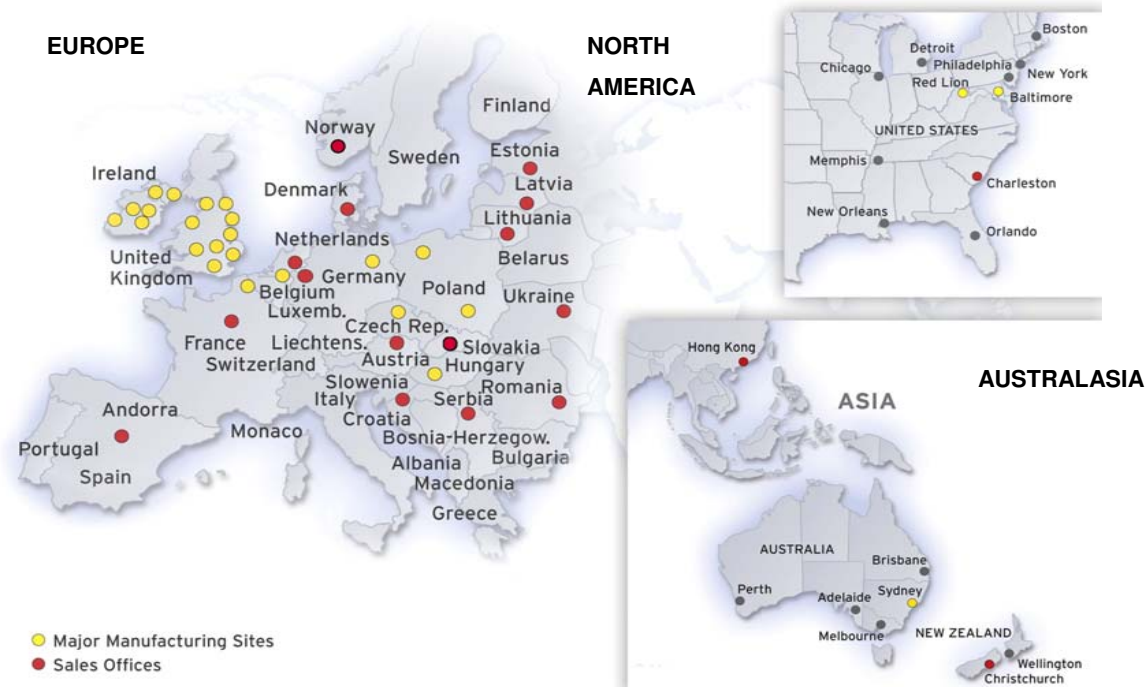
- Off-site & Structural**
 - Off-site Solutions*
 - #1 producer of Off-site Residential solutions UK/Irl*
 - #1 producer of structural secondary steel sections in UK and Ireland*

- 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

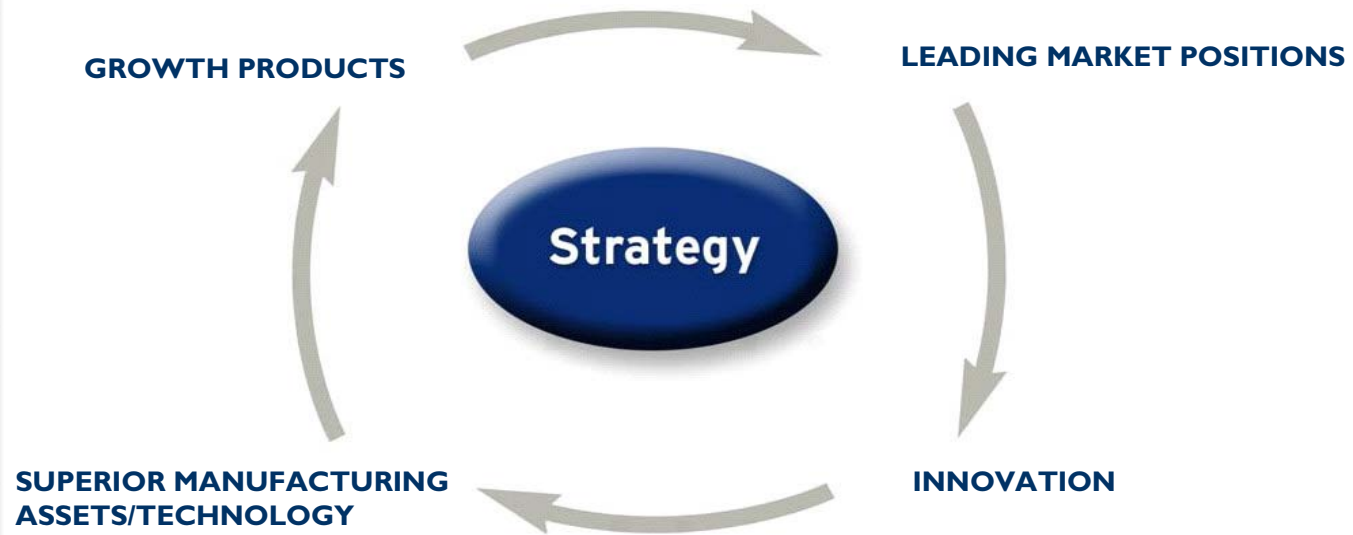


- ❑ Manufacturing and distribution operations throughout Europe, US, Australasia
- ❑ Total number of locations 68; 43 Manufacturing, 25 Sales Offices
- ❑ Manufacturing: 10 Panels, 5 Insulation, 8 Structural & Offsite, 3 Access Floors, 17 Environmental Containers





Business Model



Growth Drivers



“Through the Chain”

- A regulatory environment demanding lower carbon buildings**
- 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**





Ca. €40mn investment over next 5 years

- ✓ Thermal Improvements
- ✓ Fire Performance
- ✓ New Proprietary Applications
- ✓ Renewable & Energy Efficient Applications
- ✓ Zero Carbon Technologies
- ✓ Modern Methods of Construction (MMC)
- ✓ Basic Materials Technology



Sustaining the Competitive Advantage



Acquisition Strategy



30-40% of the Group's future growth

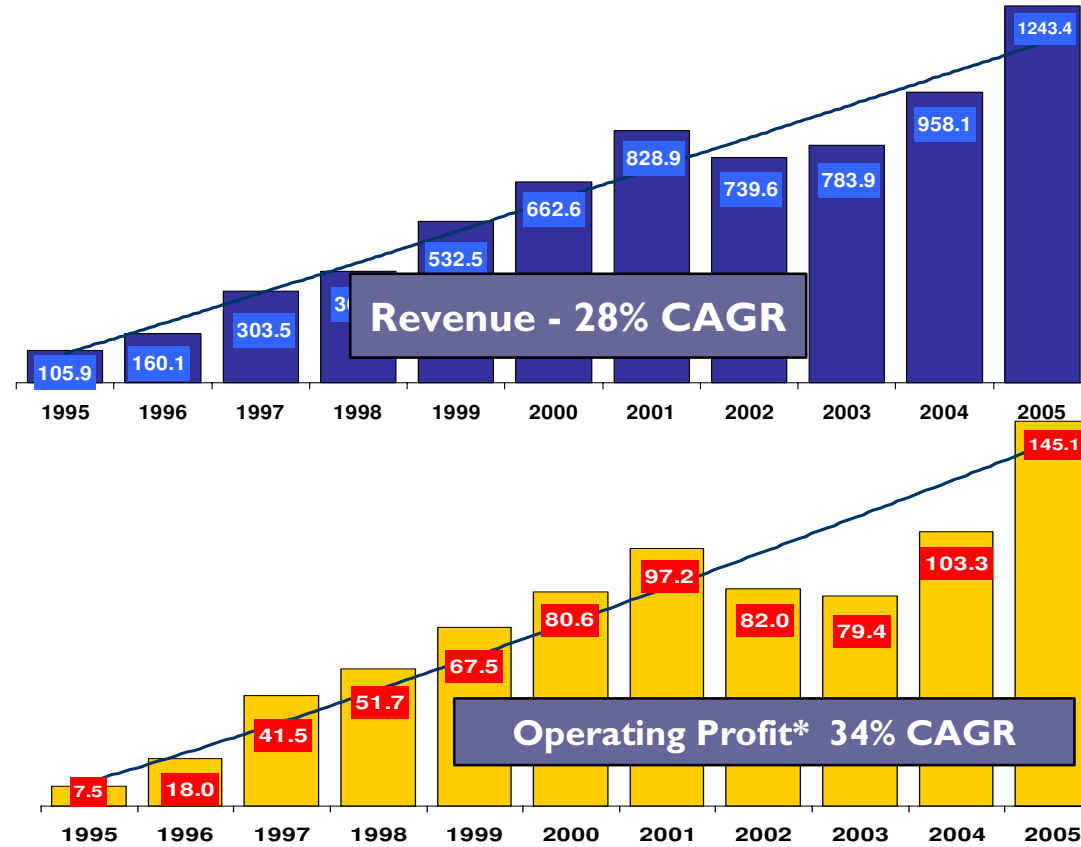
Acquisition characteristics

- ✓ **Complementary products**
- ✓ **Complementary IP or proprietary products**
- ✓ **High Quality Management**
- ✓ **Competing product**
- ✓ **Attractive distribution channels**
- ✓ **Dynamic growth potential**
- ✓ **'Footprint' in markets where limited/
sub-optimal share**
- ✓ **Strategic Manufacturing Capacity**





10 Year Growth (€'mn)



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

Profit & Loss



€'mn	H1-06						
	H1-2005	H1-2006	Pre-acquisition	YoY growth excl. 2006 acq. Ytd	Acquired	Total	Total YoY growth
Sales	580.1	675.9	674.8	16%	1.0	675.9	17%
Gross profit	175.9	217.4	217.1	23%	.4	217.4	24%
Gross Margin	30.3%	32.2%	32.2%		34.1%	32.2%	
Operating profit	67.0	88.0	88.0	31%	.0	88.0	31%
Operating profit %	11.5%	13.0%	13.0%		2.4%	13.0%	13%
Net interest	(4.6)	(4.6)				(4.6)	1%
Profit before Tax	62.4	83.4				83.4	34%
Tax	(11.3)	(15.4)				(15.4)	37%
Net Profit after tax	51.1	68.0				68.0	33%
Basic EPS (€'cents)	30.7	40.4				40.4	32%
Diluted EPS (€'cents)	29.8	39.4				39.4	32%
Dividend per share (€'cents)	4.45	6.00				6.00	35%



Financial Highlights



	H1-2005	FY-2005	H1-2006
Revenue Growth	32%	30%	17%
EBITDA	81.8	177.6	108.1
ROCE*	19.3%	22.4%	24.5%
Effective tax rate	18.1%	17.5%	18.5%
Dividend cover - declared	6.9	5.0	6.7
Working capital % sales*	15.5%	11.4%	12.8%
Working capital days	37	33	36
Gearing: (Net Debt/Shareholder's Funds)	62.3%	39.2%	32.6%
Debt Cover - Debt/EBITDA*	1.47	0.92	0.74
Interest Cover - EBITDA/Net Interest	17.9	17.6	23.5
Free Cash Flow Growth	18%	74%	36%



* Based on a rolling 12-month period



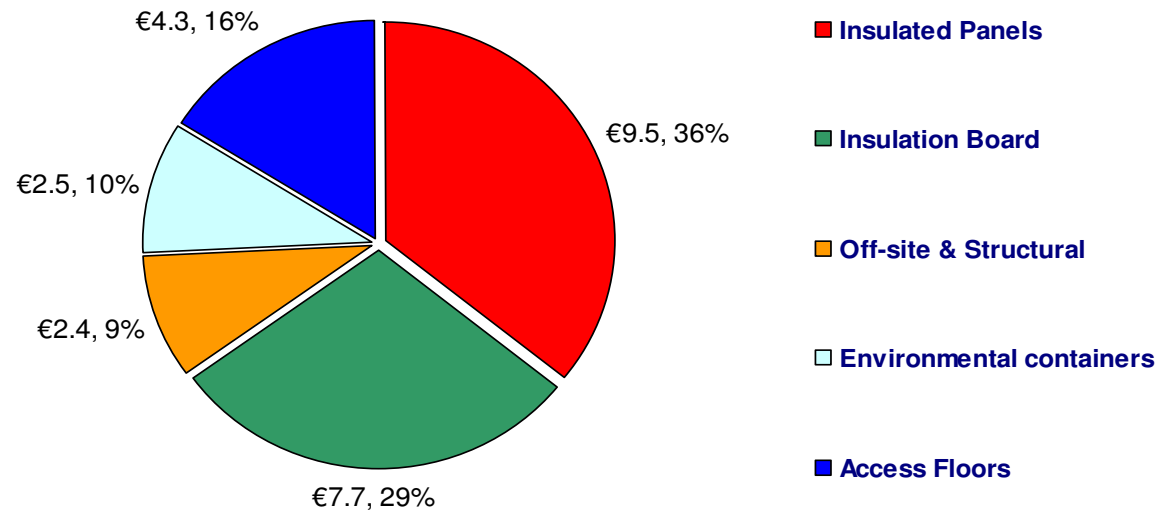
Cashflow Statement



€m	HI-2005	HI-2006
Operating profit	67.0	88.0
Depreciation	14.1	18.9
Amortisation	0.7	1.3
Pension contributions	(0.9)	(1.8)
Working capital increase	(23.6)	(32.4)
Interest Paid	(2.3)	(4.3)
Taxation paid	(8.9)	(7.7)
Others	1.9	3.1
Free cash flow	48.0	65.1
Acquisitions	(137.3)	(11.2)
Net capital expenditure	(17.4)	(24.9)
Dividends paid	(10.3)	(15.0)
Cash flow movement	(117.0)	14.0
Debt translation	0.1	(0.8)
Decrease/ (increase) in net debt	(116.9)	13.2
Net debt at start of year	(108.1)	(163.5)
Net debt at end of year	(225.0)	(150.3)



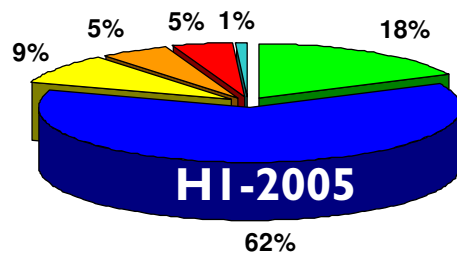
Capital Expenditure - €26.5mn



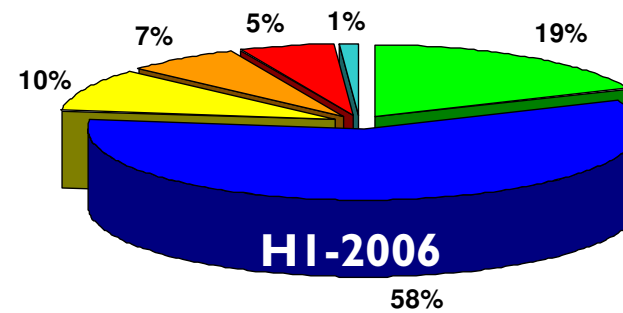
Sales by Geographic Market



€mn	H1-2005	H1-2006	% change yoy	
Republic of Ireland	104.0	125.7	↑	21%
Britain/Northern Ireland	362.0	394.3	↑	9%
Western Europe	51.7	65.0	↑	26%
Central & Eastern Europe	30.7	46.2	↑	50%
Americas	27.0	36.3	↑	35%
Other	4.7	8.4	↑	80%



- Rep of Irl
- Britain/NI
- Western Europe
- Eastern Europe
- Americas
- Other





Sales by Product Group (€'mn)

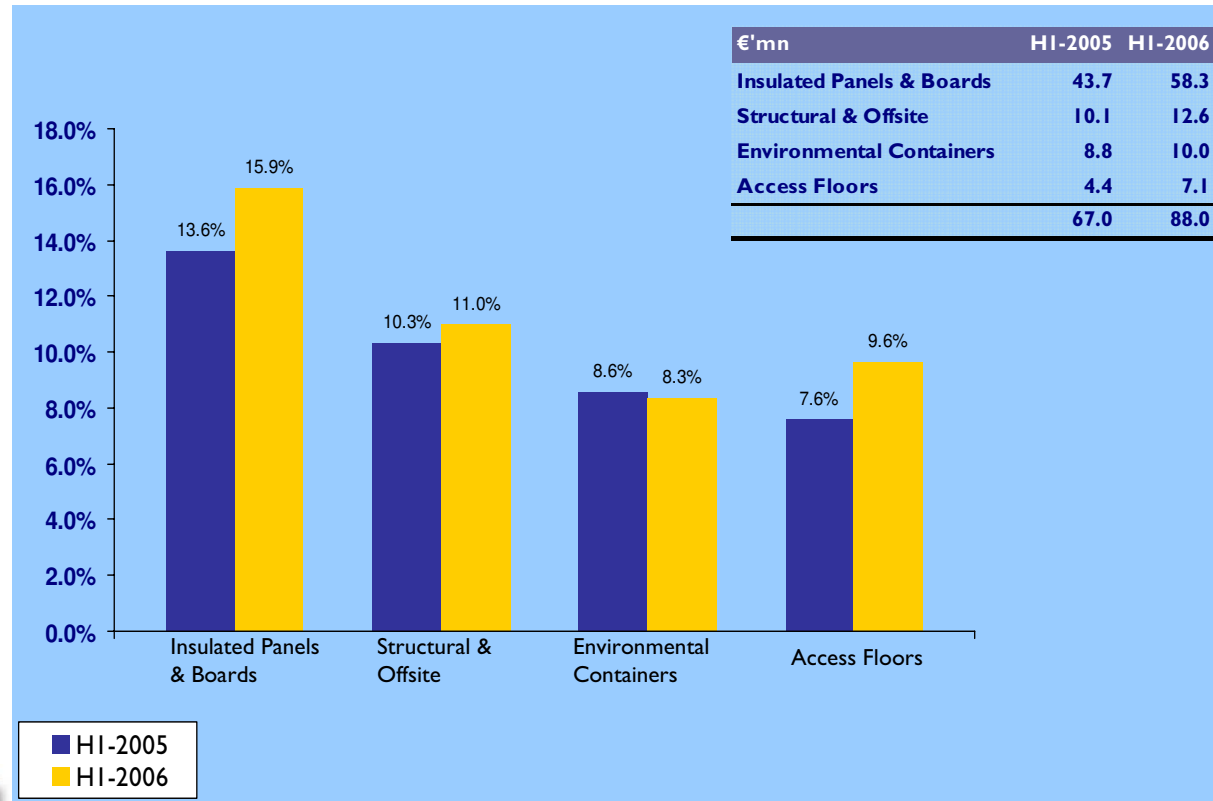


% change HI-2006 versus HI-2005





Operating Profit by Product

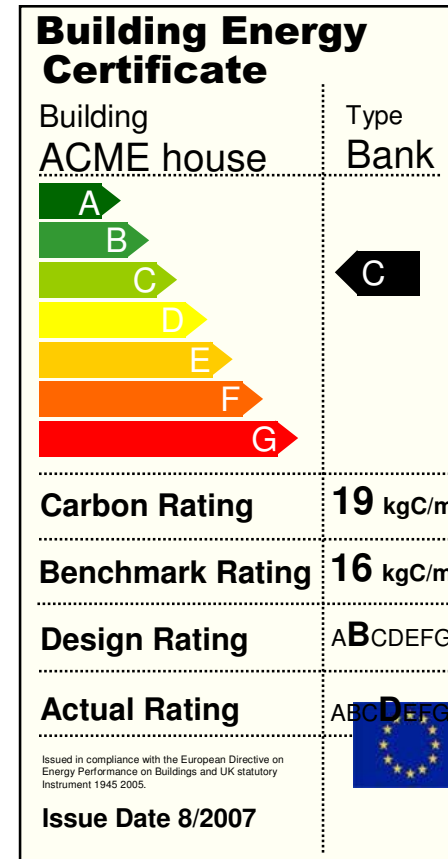




Building Regulations & Energy Performance



- E.U. Performance in Buildings Directive**
- U.K. - 2002, 2006, 2010**
- Aim:**
- To substantially lower energy usage from buildings, reducing Carbon Emissions by approx 20% by 2015**
- How:**
- Introduction of energy certificates**
- Compulsory Air Leakage Testing for buildings above 1,000m²**
- Revised assessment procedure**
- Kingspan:**
- Ideally positioned.**





Sustainable Construction & Kingspan



- ❑ **A leader in providing sustainable solutions**
- ❑ **Global Property Developers' – initiatives and commitment to:**
 - ❑ **Carbon reduction & neutrality**
- ❑ **Regional Governments' buy-in and regulation**
- ❑ **Driver towards energy efficient materials and solutions**
- ❑ **Key focus of future R&D**
- ❑ **Kingspan's guaranteed "over-life" energy performance**



Insulated Panels



- ❑ Sales ↑ 17% to €248.5m
 - ❑ 37% of Group Sales
- ❑ Product of choice, in a more demanding regulatory environment
- ❑ Insulated Metal Roof & Wall ↑ Conversion
 - ❑ Target >70% penetration in UK by 2010
- ❑ Growth in new product application, low penetration
- ❑ Foodstore/Coldstore #1 in UK/Irl
 - ❑ Kingspan Controlled Environments
- ❑ Australia/NZ Opportunity, manufacturing & sales J.V.'s
- ❑ New capacity requirements 2009/10
 - ❑ Benelux will be a consideration

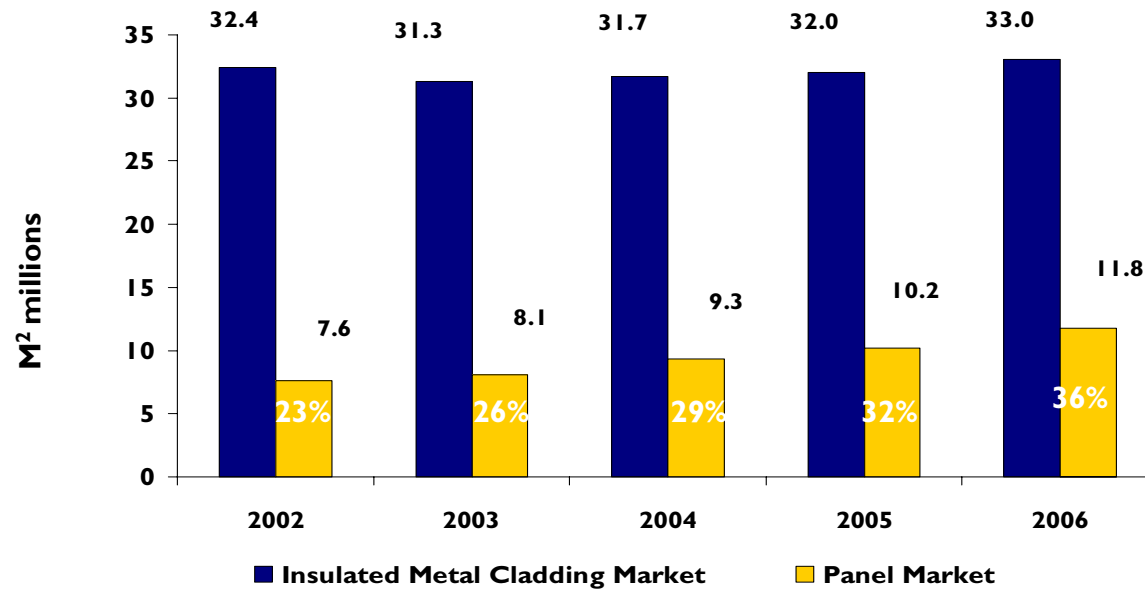




Insulated Panels Market Model Britain



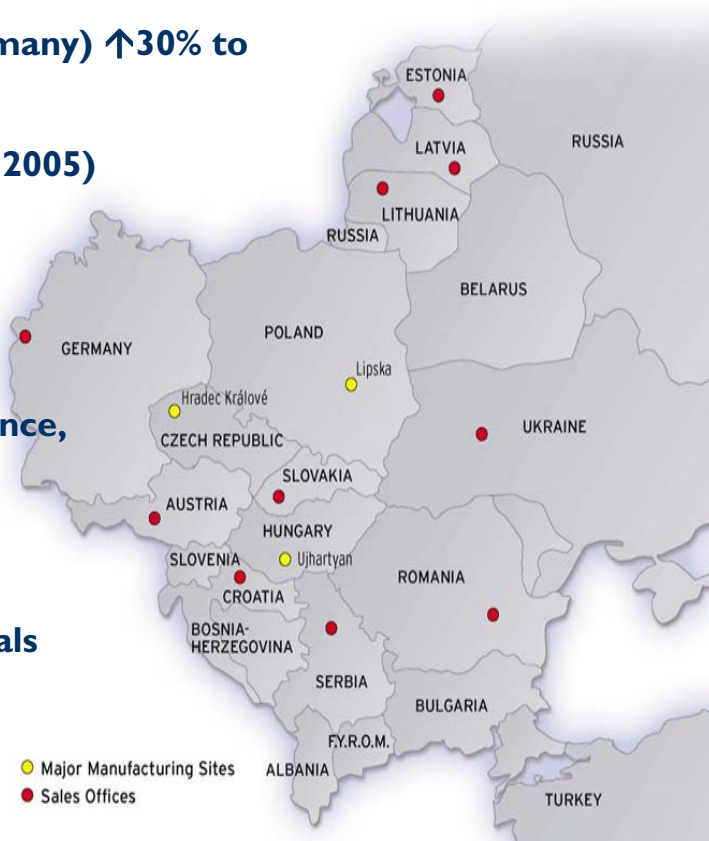
Target market for panels in Britain



Insulated Panels Central & Eastern Europe



- CEE Panel Sales (including Germany) ↑30% to €45.6m
- 18% of Panel Sales in 2006 (17% 2005)
- First entered the region in 1998
- Market leadership
- Unique in its pan-regional presence, 14 countries
- Continued emphasis on roll-out
- Strong construction fundamentals
- Product enhancement
 - Firesafe®
 - Broadened applications





Insulation Boards



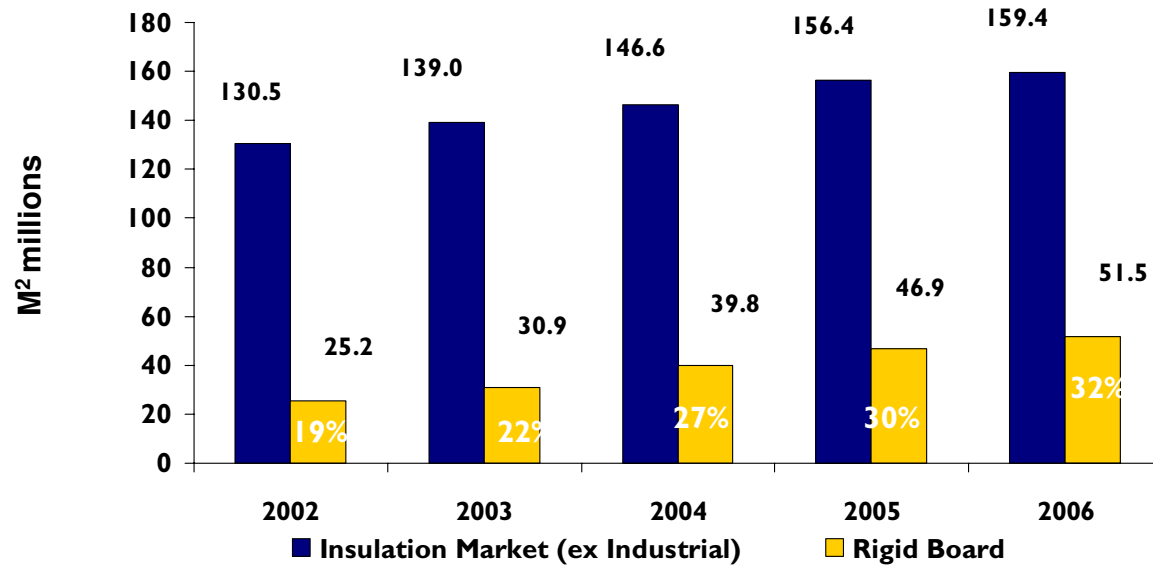
- ❑ Sales ↑10% to €119.2m
- ❑ 17% of Group Sales
- ❑ Building Regulations driving conversion
 - ❑ UK Regulation updated April 2006
- ❑ Inter-changeability of Insulants
- ❑ Additional capacity UK/Irl – 2006/07
 - ❑ €25mn Capex
 - ❑ Manufacturing & Marketing geared towards proprietary Phenolic range
- ❑ Western Europe (From the Netherlands)
 - ❑ Phenolic offering to compete against alternative product
 - ❑ Development focus



Insulation Market Model UK & Ireland



Rigid Board penetration of overall Insulation Market



40% Penetration Target by 2009





Off-Site & Structural



- ❑ Sales ↑17% to €114.6m
 - ❑ 17% of Group sales
- ❑ Factory manufactured 'foundation-to-roof' construction systems and solutions, for residential and non-residential sectors, utilising Modern Methods Of Construction.
- ❑ Timber framed systems – drive penetration UK/Irl:
 - ❑ IRL 27% – 40% by 2010
 - ❑ England / Wales 11% - 20% by 2010
- ❑ “Pre-insulated” frames now >35% in Ireland
- ❑ Steel framed systems – medium rise & non-residential
- ❑ Hybrid systems – steel & timber framed
- ❑ Architectural Façade Framing
- ❑ Systems – conversion from traditional masonry
- ❑ UK Timber Frame expansion
Options under review





Access Floors



- ❑ Sales ↑27% to €73.7m
 - ❑ 11% Group Sales
- ❑ Market – Class & Office/Financial Data Warehousing
- ❑ Market Conditions improving
- ❑ Underfloor Air specification increasing
- ❑ UK
 - ❑ Estimating level significantly up Year on Year
 - ❑ London office vacancy rates <9%
- ❑ US
 - ❑ Improved product mix
 - ❑ A complimentary second brand, ASM



Environmental Containers



- Sales ↑17% to €119.9m
 - 18% of Group Sales

- Emphasis on growth sectors -
 - Unvented Cylinders
 - Efficient Treatment Plants
 - Bunded Fuel Tanks
 - Rainwater Harvesting

- Conversion to Added Value products
 - UK YonY bunded conversion is expected to increase from 45% to 55% in 2006
 - But total available oil tank market remains weak with volumes in ytd down c.10%

- Mainland Europe 30% Capacity increase now operational





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