

RIISING TO THE CHALLENGE



Interim Results 2010

Monday, 23rd August 2010



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.



Agenda



- ☐ **Highlights for H1 2010**
- ☐ **Financial Review**
- ☐ **Review by Business Unit**
- ☐ **Strategy & Outlook**



Hillsborough, Ruskin, Florida, US



HI Financial Performance



- ❑ **Turnover up 1% to €558.7mn**
On constant currency -2%
- ❑ **Operating Result up 9% to €33.1mn**
On constant currency +6%
- ❑ **Basic EPS 12.5 cent, up 2%**
- ❑ **Net Debt €135.1mn, a reduction of €29.2mn, interest cover 10.5 times**
- ❑ **Increase in working capital of €12.1mn**
- ❑ **Total capex of €9.6mn**
- ❑ **Interim dividend of 4c**



Verizon, Fredericksburg, Virginia, US



H I Operational Performance



- ❑ Operating profit growth for the first time in three years, up 9% to €33.1mn
- ❑ Continued steady reduction in debt, down from €230.8mn at June 2009 to €135.1mn
- ❑ Resumption of growth in UK Insulated Panel markets, order intake up 14% on half one 2009
- ❑ Strong growth in US & Central Europe Panels intake and orderbook, which will help deliver a solid second half
- ❑ Insulation sales growth of 12% including the acquisition of the Australian business, and encouraging growth in the Mainland Europe business
- ❑ Access Floors sales decline, although margins and profitability both remain robust
- ❑ Capital expenditure curtailed to €9.6mn
- ❑ Resumption of an interim dividend of 4c per share



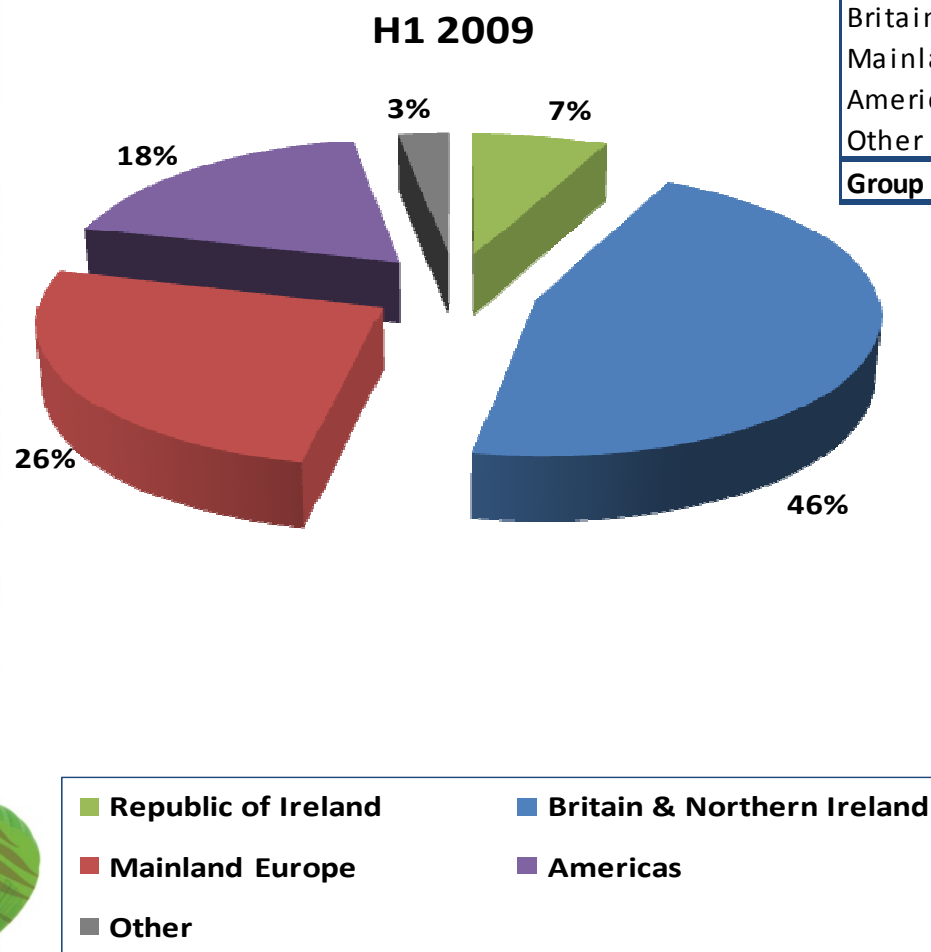
Summary P&L



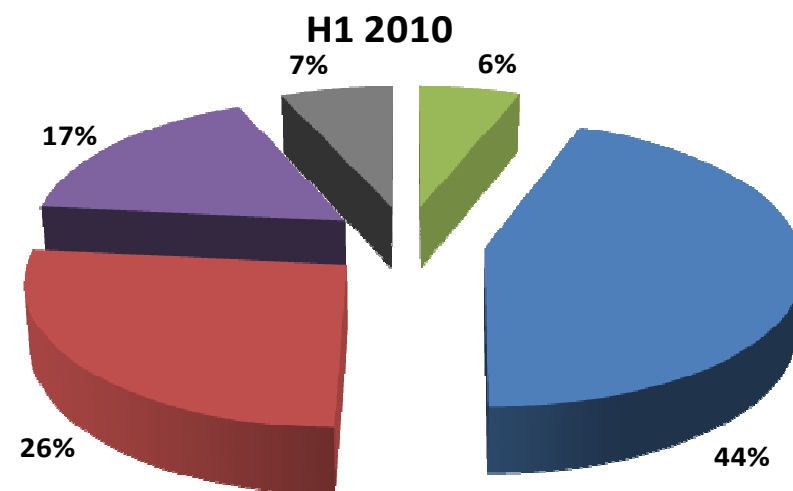
	Total H1 '09 €'000	Total H1 '10 €'000	YoY % change
Revenue	552.5	558.7	1%
Cost of Sales	(402.1)	(399.9)	
Gross Profit	150.4	158.8	6%
Operating Costs	(117.1)	(123.1)	5%
Trading Profit	33.3	35.7	7%
Amortisation	(2.9)	(2.6)	-11%
Operating Result	30.3	33.1	9%
Net finance cost	(5.3)	(5.0)	-5%
Non-cash finance cost	-	(2.6)	
Result for the year before tax	25.0	25.5	2%
Income tax expense	(4.4)	(4.2)	-5%
Net result for the year	20.6	21.3	3%
Basic EPS (€ cents)	12.3	12.5	2%
Diluted EPS (€ cents)	12.1	12.2	1%
Dividend per share (€ cents)	-	4.0	



Sales by Geography



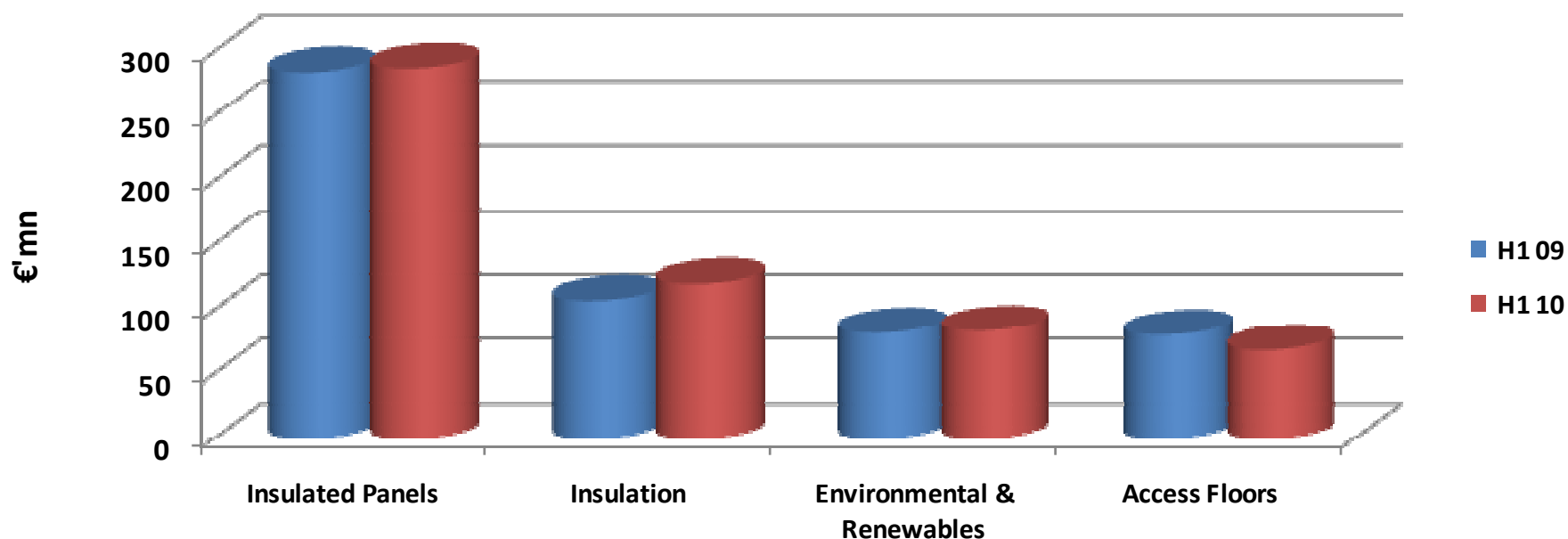
€ mn	H1 09	H1 10	% change at constant currency	% change YoY
Republic of Ireland	39.8	32.4	-19%	-19%
Britain & Northern Ireland	253.5	248.5	-5%	-2%
Mainland Europe	144.3	147.6	0%	2%
Americas	100.2	93.9	-9%	-6%
Other	14.7	36.3	115%	147%
Group Sales	552.5	558.7	-2%	1%



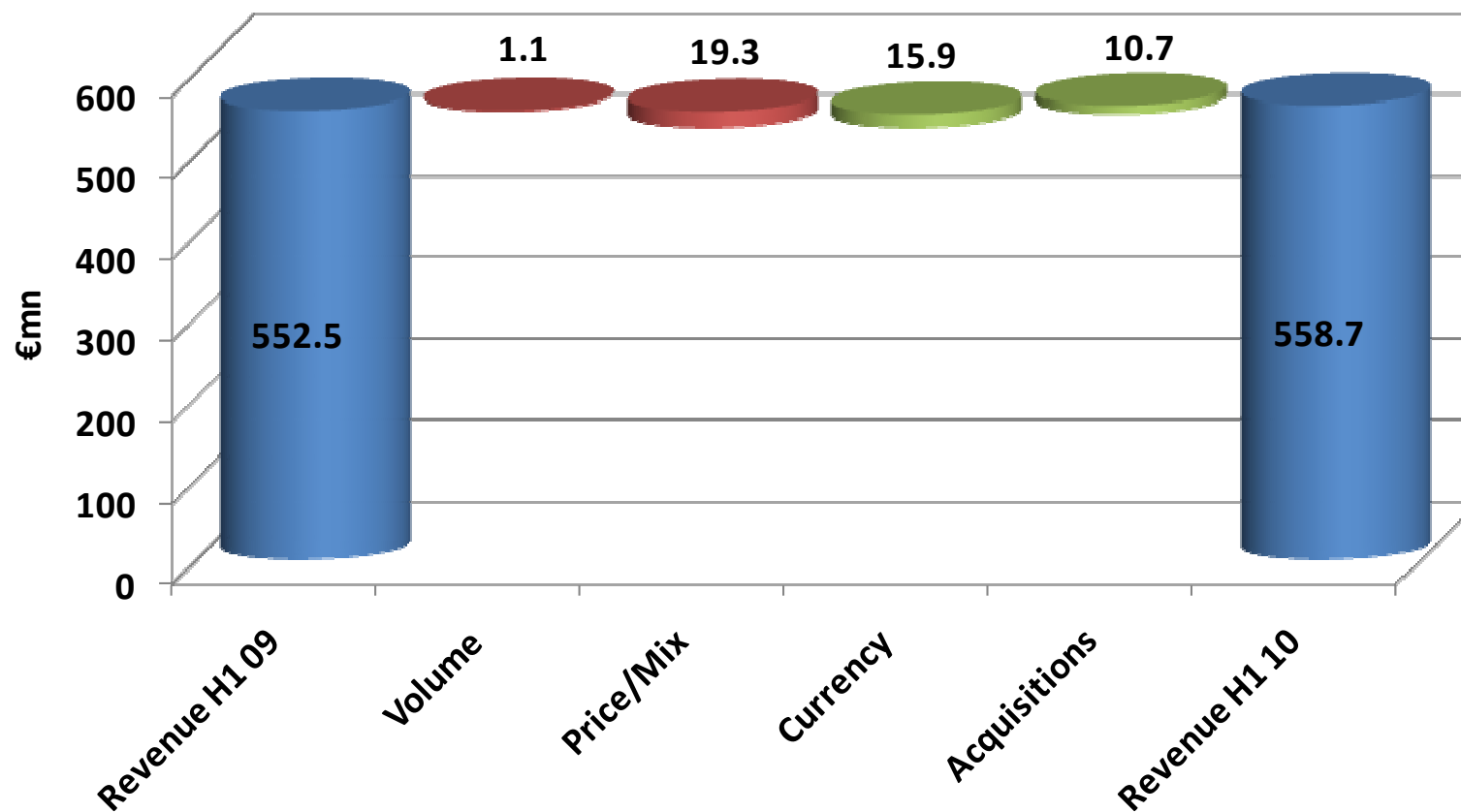
Sales by Product Group



€ mn	H1 09	H1 10	% change at constant rates	% change at actual rates
Insulated Panels	284.0	287.0	-2%	1%
Insulation	106.9	119.9	8%	12%
Environmental & Renewables	81.6	83.4	0%	2%
Access Floors	80.0	68.4	-16%	-15%
Group Sales	552.5	558.7	-2%	1%



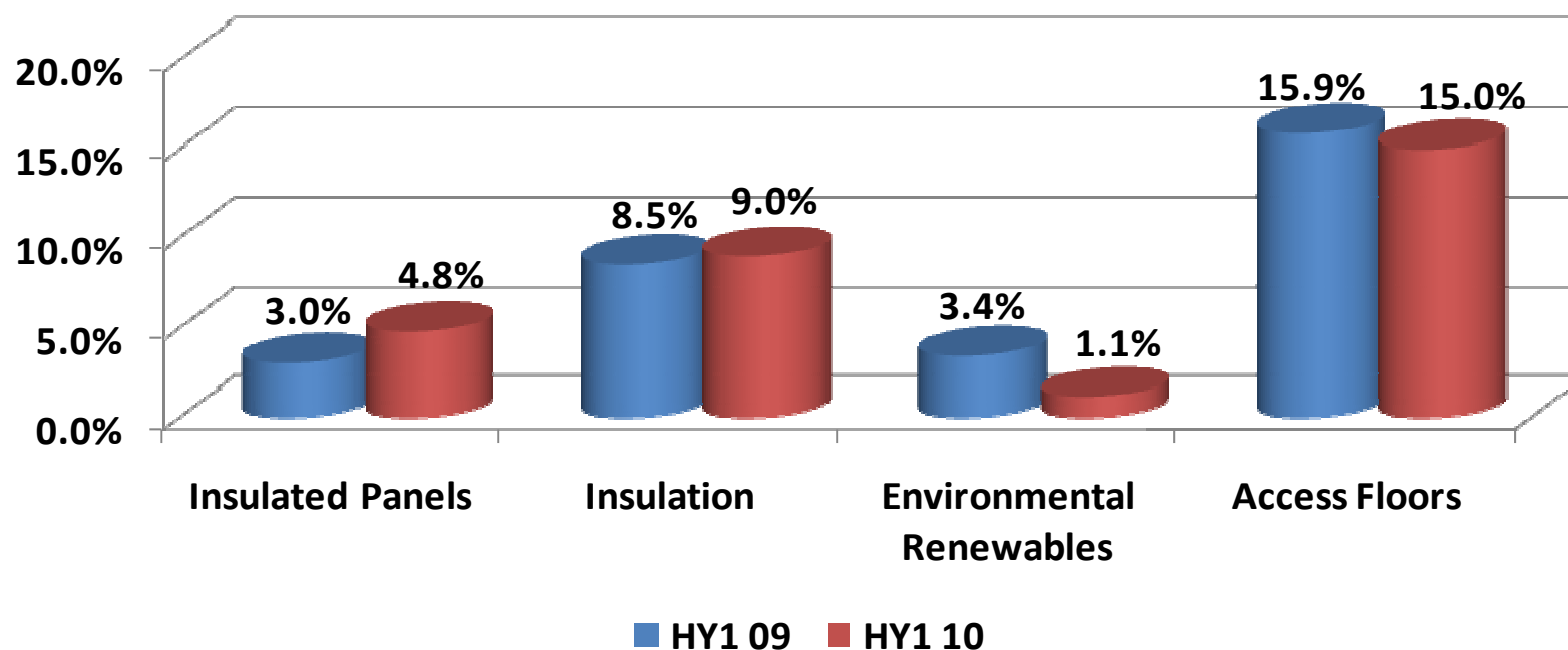
Turnover Bridge



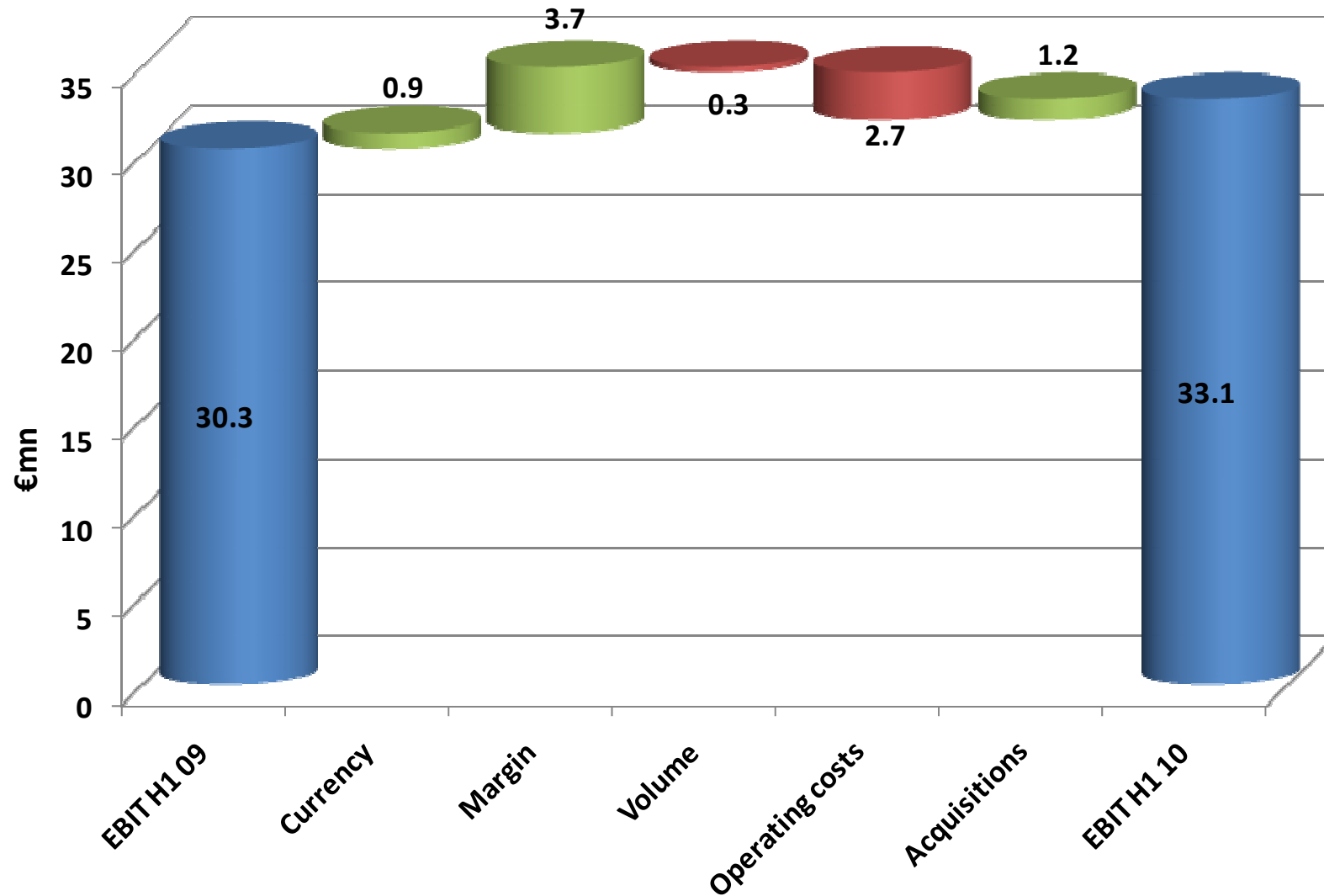
Trading Margin by Division



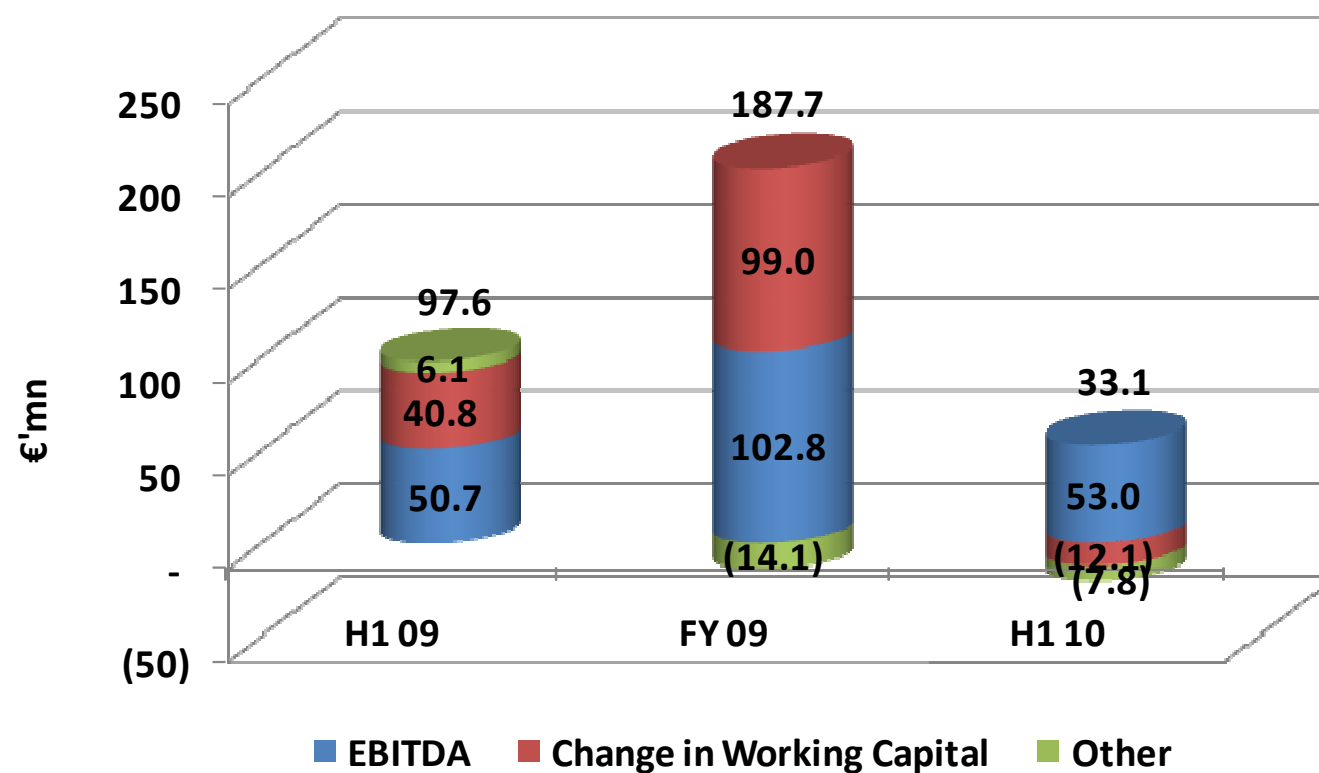
	H1 09	H1 10
Total Group	6.0%	6.4%



Operating Profit Bridge



Free Cash Flow



Cashflow Statement



€'mn	H1 09	FY 09	H1 10
Inflows			
Operating profit	30.3	62.7	33.1
Depreciation	17.5	35.8	17.3
Amortisation	2.9	4.3	2.6
Pension contributions	(1.4)	(2.9)	(1.1)
Working capital (increase)/decrease	40.8	99.0	(12.1)
Interest paid	(8.6)	(12.9)	(5.0)
Taxation paid	(4.4)	(10.1)	(4.1)
Others	20.5	11.8	2.4
Free cash flow	97.6	187.7	33.1
Acquisitions	0.0	(8.0)	0.0
Net capital expenditure	(30.3)	(45.9)	(4.4)
Dividends paid	0.0	(0.3)	(0.3)
	(30.3)	(54.2)	(4.7)
Cash flow movement	67.3	133.5	28.4
Debt translation	1.5	1.8	0.8
Decrease / (increase) in net debt	68.8	135.3	29.2
Net debt at start of period	(299.6)	(299.6)	(164.3)
Net debt at end of period	(230.8)	(164.3)	(135.1)



Net Assets Statement & Key Ratios

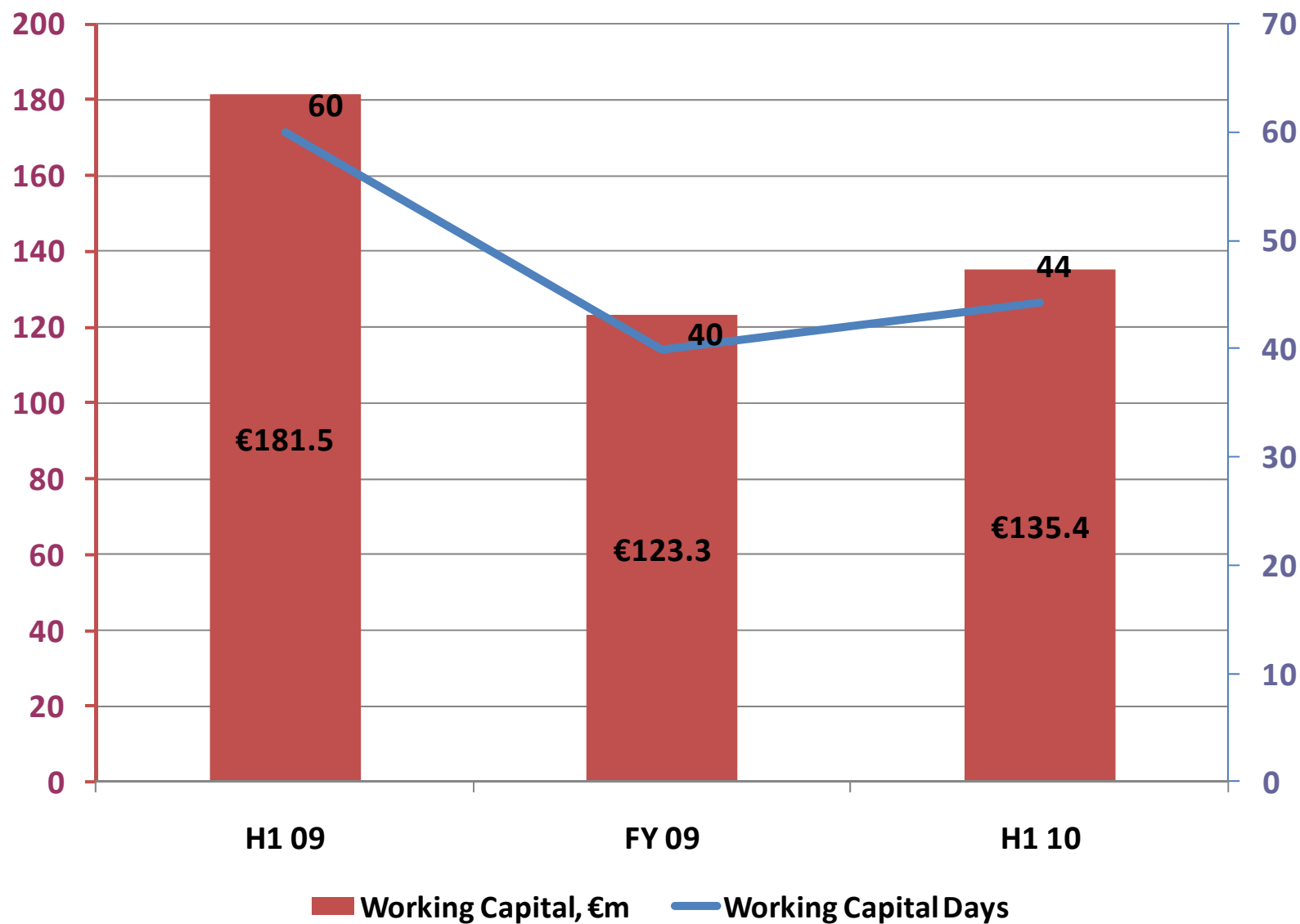


Net Assets Statement - €mn	H1 09	FY 09	H1 10
Tangible Fixed Assets	435.4	419.0	424.4
Intangible Assets	304.7	310.3	333.8
Working Capital	181.5	123.3	135.4
Current Corporate Tax & Deferred Tax	(46.8)	(43.5)	(43.1)
Provisions	(67.8)	(64.2)	(70.9)
Net Debt	(230.8)	(164.3)	(135.1)
Net FX on PP Debt	0.0	4.9	4.0
Net Assets	576.2	585.5	648.5

Key ratios	H1 09	FY 09	H1 10
Gearing (Net Debt:Shareholder funds)	40.1%	28.1%	20.8%
Debt/EBITDA	1.64	1.60	1.28
Interest Cover	9.5	9.4	10.5
ROCE (before non-trading items)	12.1%	8.4%	8.4%
Working Capital as % of Sales	13.2%	11.0%	12.1%



Working Capital



Core Banking Facilities



- ☐ **Revolving Credit Facility of €330mn**
 - September 2013 maturity date
- ☐ **Private placement €151mn (USD200mn)**
 - Repayable 2015 €119mn & 2017 €32mn
 - Same covenants as Revolving Facility
- ☐ **Various bilateral facilities totalling c. €65mn**
- ☐ **Significant headroom on covenants**
 - Max 3.5x net debt:EBITDA; actual 1.28
 - Min 4.0x interest cover; actual 10.5
 - Min €400mn net assets; actual €648.5mn
- ☐ **H1 10 Net Debt €135.1mn – headroom c. €410mn**



Insulated Panels UK, IRL, WE



	HI 09	HI 10
Sales (€mn)	161.2	160.1
% of Group Sales	29%	29%

% change

Currency	Volume	Price & Mix	Total
+3%	+4%	-8%	-1%

- ☐ UK showing clear signs of improvement, sales volume down 3%, but intake up 14%
- ☐ Benelux volume robust at +5%
- ☐ Encouraging growth in Australia, volumes up >50%
- ☐ Ireland remains weak, but steady



Castle College, Nottingham, UK



Insulated Panels CEMEI



	HI 09	HI 10
Sales (€mn)	69.1	73.7
% of Group Sales	12%	13%

Note: The above figures include Germany and Turkey

% change			
Currency	Volume	Price & Mix	Total
+4%	+6%	-3%	+7%

- ❑ Improved performance in most key markets
- ❑ Germany & Czech Republic particularly strong, market share gains
- ❑ Poland market solid, but highly competitive
- ❑ Overall CEE intake up 14%
- ❑ Turkey/Middle East stable and performing well



Graz, Austria



Insulated Panels North America



	HI 09	HI 10
Sales (€mn)	53.7	53.2
% of Group Sales	10%	10%

% change

Currency	Volume	Price & Mix	Total
+3%	+4%	-8%	-1%

- ❑ Encouraging performance in US, sales volume up 8%. Canada volume down 10%
- ❑ Evidence of penetration growth, and clear market share gains
- ❑ Architectural weak in HI, strong orderbook overall to deliver growth in H2
- ❑ Canada operations improving. Market environment remains tough
- ❑ Consolidation of US/Canada businesses late Q3



Glazer Children's Museum, Tampa, Florida, US



Insulation



	HI 09	HI 10
Sales (€mn)	106.9	119.9
% of Group Sales	19%	21%

% change				
Currency	Volume	Price & Mix	Acquisitions	Total
+4%	+2%	-4%	+10%	+12%

- ❑ **UK new build housing & refurbishment displayed growth, commercial office applications declining**
- ❑ **Benelux steady, and strong growth in German external wall applications**
- ❑ **Australia progressing well, integration smooth**
- ❑ **Ireland weak volumes & tough pricing conditions**



IMG_9254 Photos taken on Wednesday 4th August 2010 at Airtricity Challenge Game - Manchester United V Airtricity League X1 at Aviva Stadium © Photos by Peter Barrow Photography - Ph: 045 401070

Aviva Stadium, Dublin

Environmental & Renewables



	HI 09	HI 10	% change		
			Currency	Price & Volume	Total
Sales (€mn)	81.6	83.4			
% of Group Sales	15%	15%	+2%	0%	+2%

- ❑ **UK housing recovery positive for Hot Water Systems & solarthermal**
- ❑ **Ireland weak but stable, Scandinavia poor**
- ❑ **Solarthermal sales to US, UK & Ireland have grown well, Germany very weak**
- ❑ **Case against Borealis ongoing**



Solar Cooling, Dubai



Access Floors

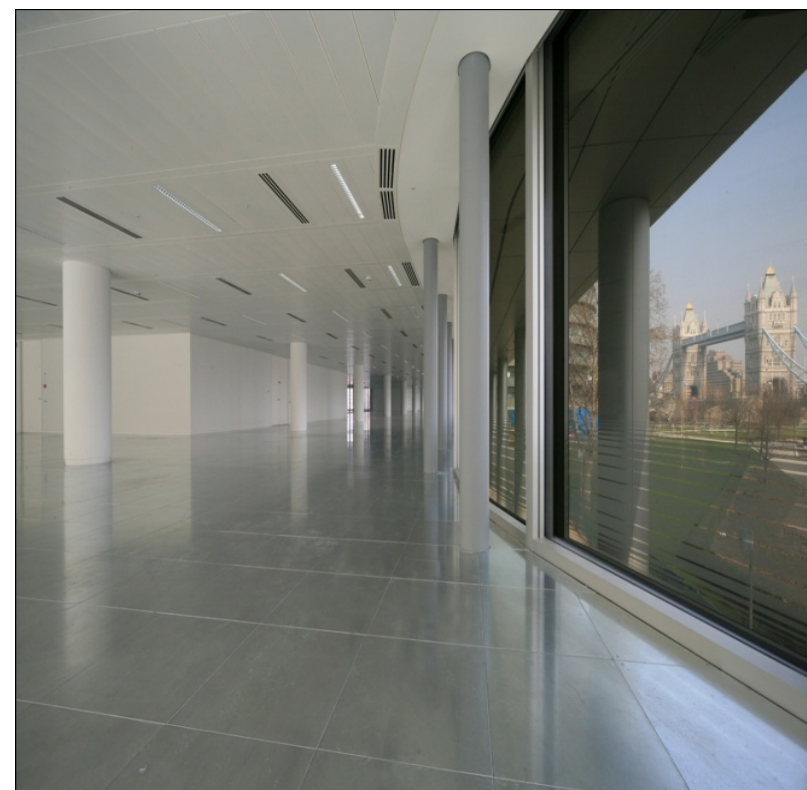


	HI 09	HI 10
Sales (€mn)	80.0	68.4
% of Group Sales	15%	12%

% change

Currency	Volume	Price & Mix	Total
+1%	-20%	+4%	-15%

- ❑ **North America sales volumes relatively robust, down 4%, supported by Federal contracts and non office applications**
- ❑ **UK volumes weakened noticeably in Q2. Should bottom out by year end**
- ❑ **Margins strong**
- ❑ **Both US & Europe anticipate to be very weak through 2011**



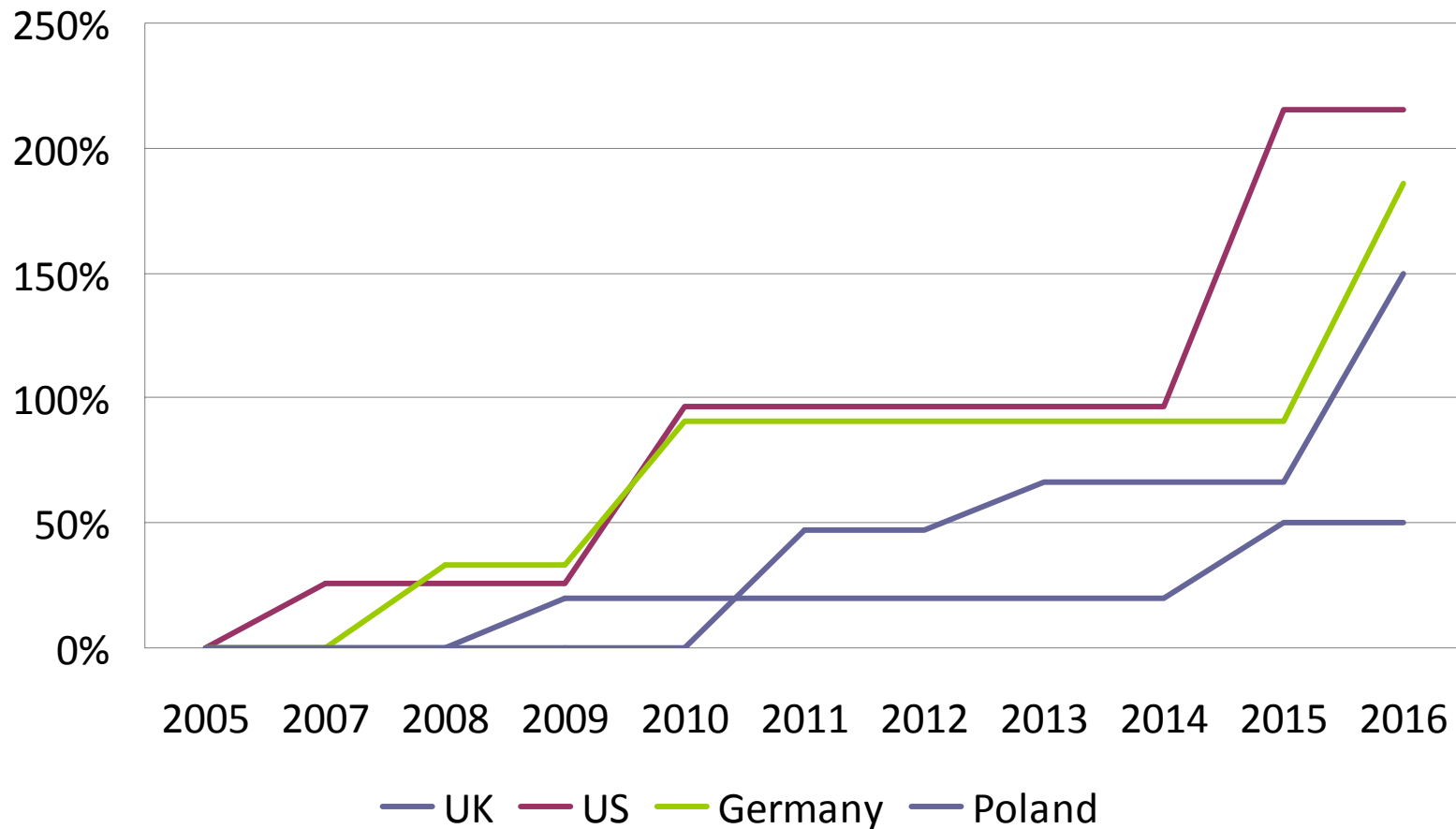
Plot 3, More London, UK



Building Regulations by Region



Percentage improvement in standards from 2005



*Note: 2011/16 are estimates in UK & US



Penetration Potential



	2005A	2009A	2014F
Insulated Panels UK	55%	60%	75%
Insulated Panels NA	5%	7%	10%
UK Insulation	30%	33%	40%
Germany External Wall	0%	1.5%	10%
CEE Insulation Board	0%	0.5%	8%



Outlook



- ❑ **General improvement in UK residential and low rise commercial likely to continue in the near term. Office construction anticipated to fall further**
- ❑ **Insulated Panels and Insulation expect solid H2 against this backdrop**
- ❑ **Central Europe business should continue recent strong gains, as will Panels in the US**
- ❑ **Office construction globally, and rising chemical prices will present margin challenges across the Group through year end**

