

RISING 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



H1 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



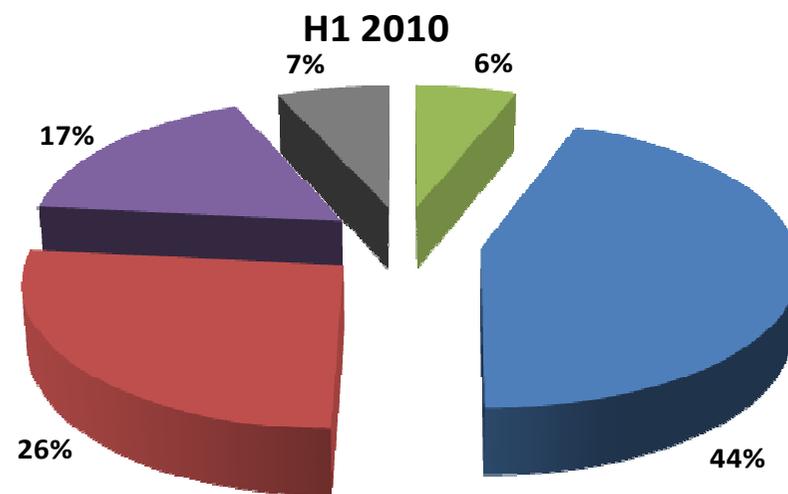
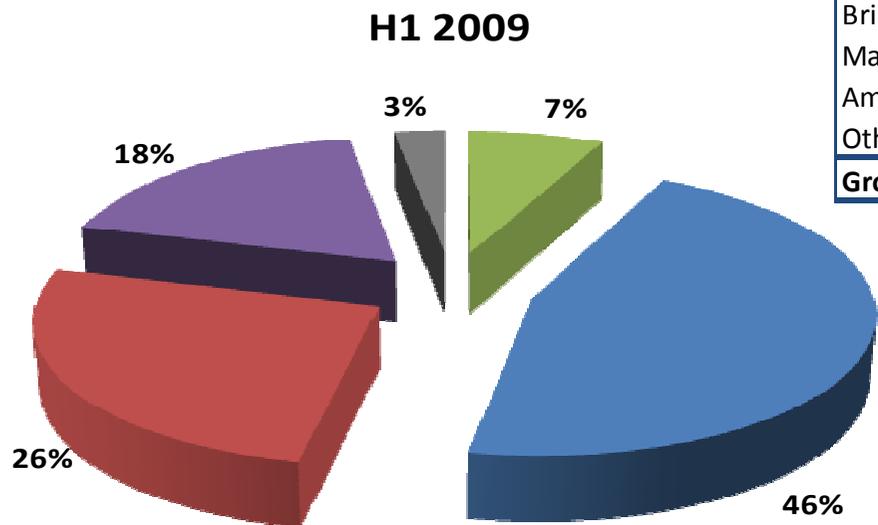
| | Total H1 '09 €'000 | Total H1 '10 €'000 | YoY % change |
|---------------------------------------|--------------------------|--------------------------|-----------------|
| Revenue | 552.5 | 558.7 | 1% |
| Cost of Sales | (402.1) | (399.9) | |
| Gross Profit | 150.4 | 158.8 | 6% |
| Operating Costs | (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



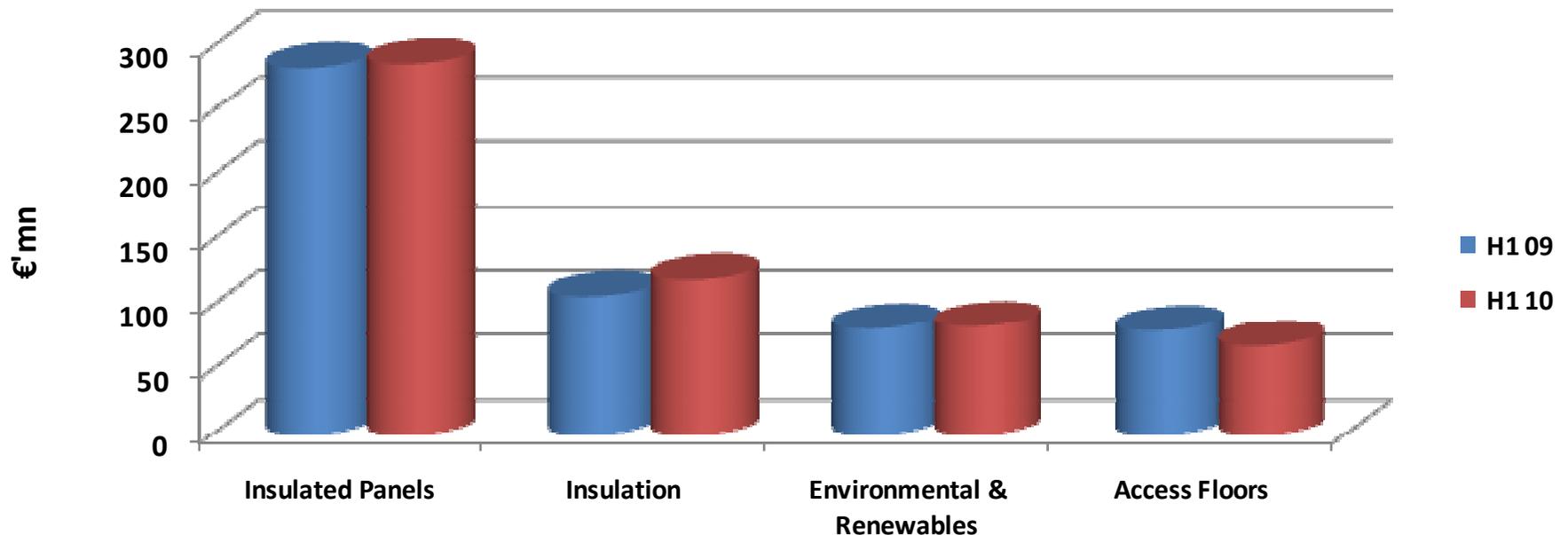
| € mn | H1 09 | H1 10 | % change at constant currency | % change YoY |
|----------------------------|--------------|--------------|-------------------------------|--------------|
| Republic of Ireland | 39.8 | 32.4 | -19% | -19% |
| Britain & Northern Ireland | 253.5 | 248.5 | -5% | -2% |
| Mainland 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% |



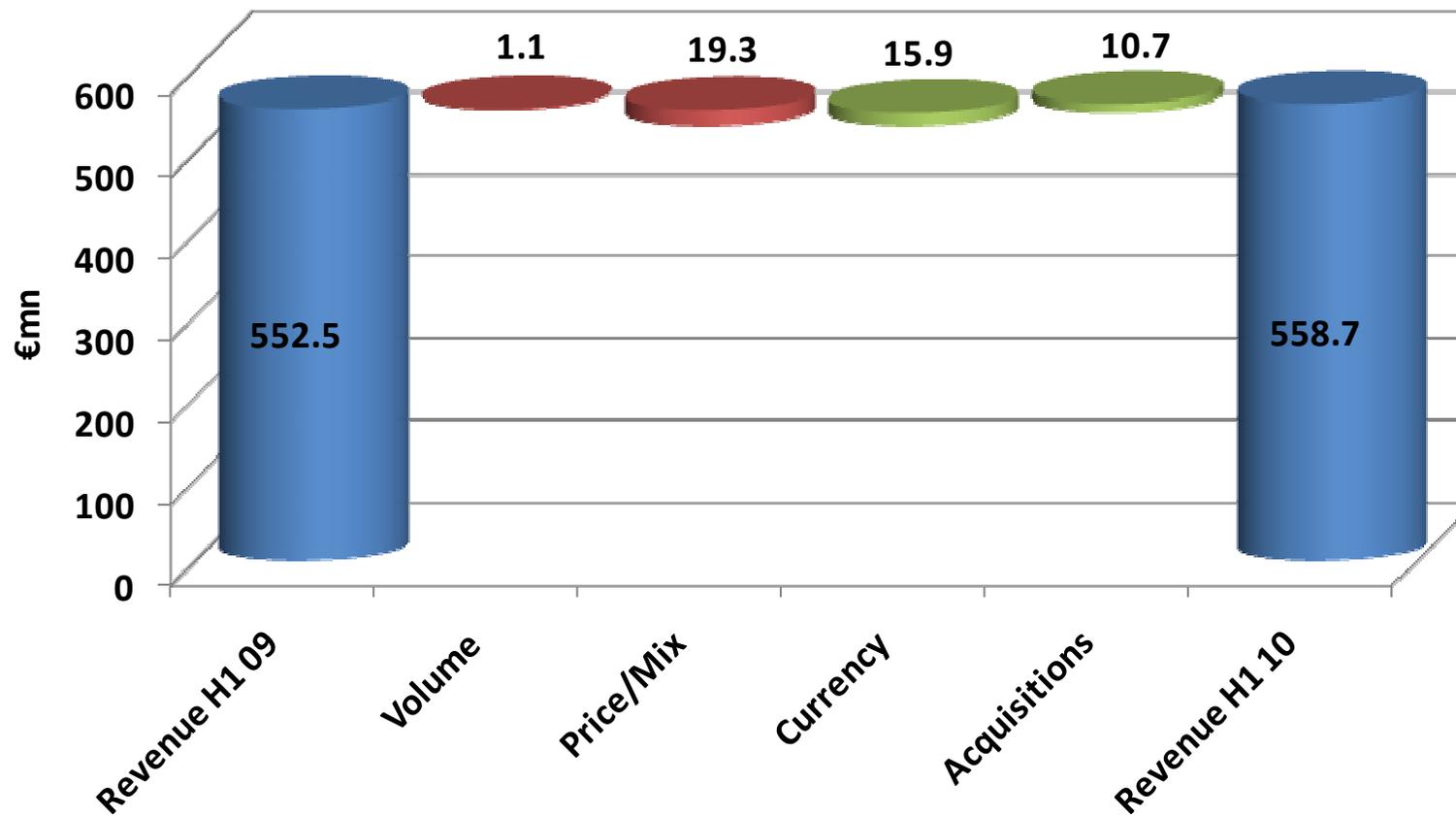
Sales by Product Group



| € 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% |



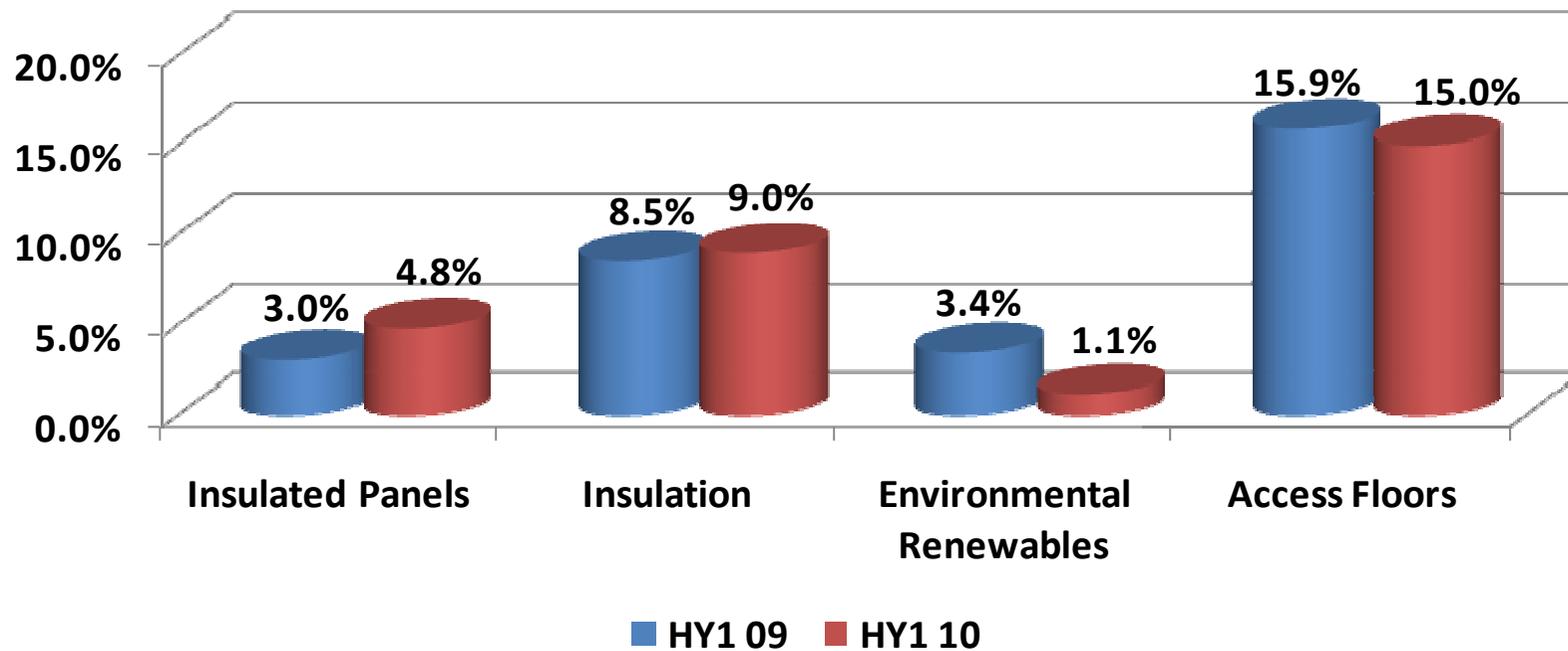
Turnover Bridge



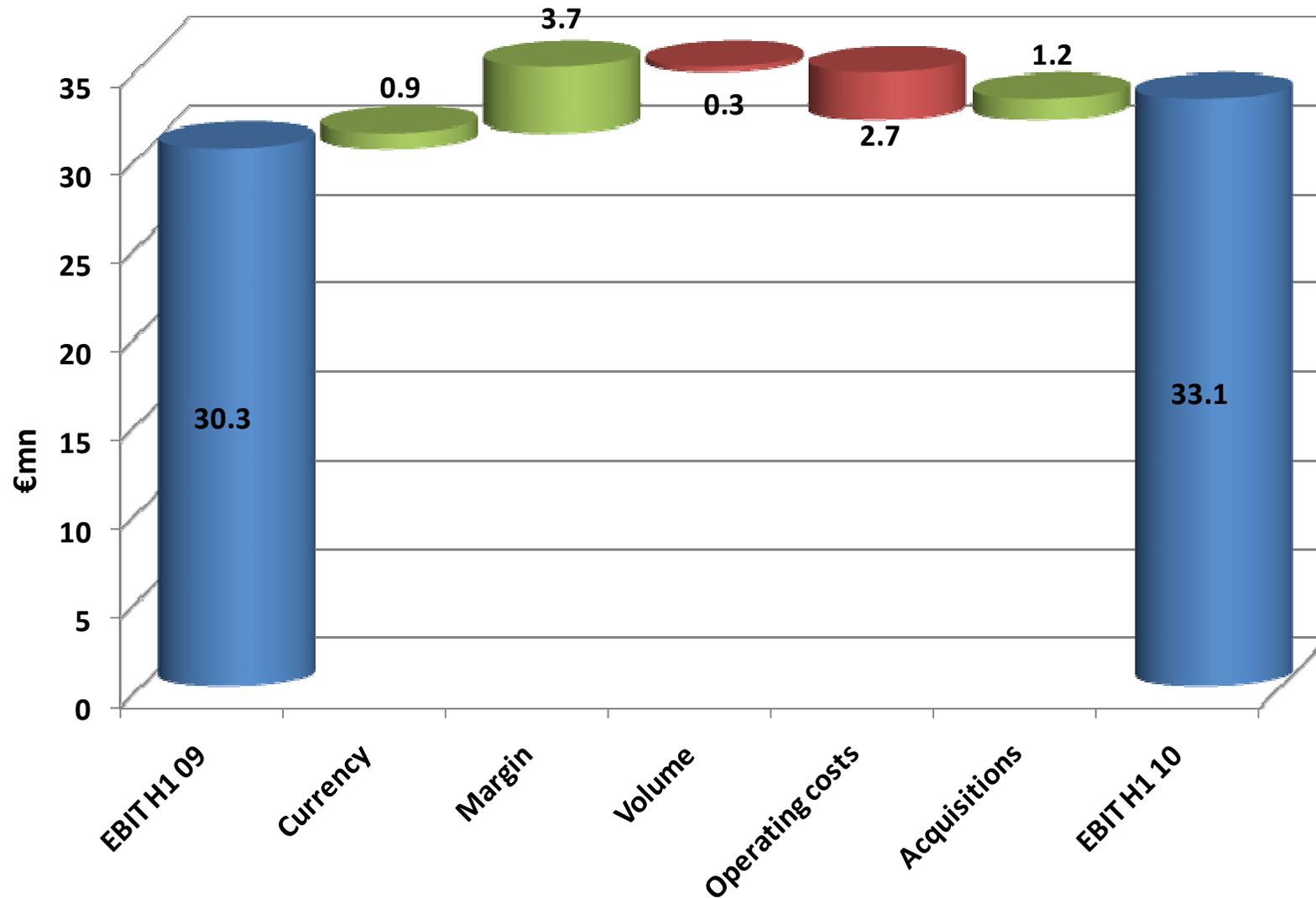
Trading Margin by Division



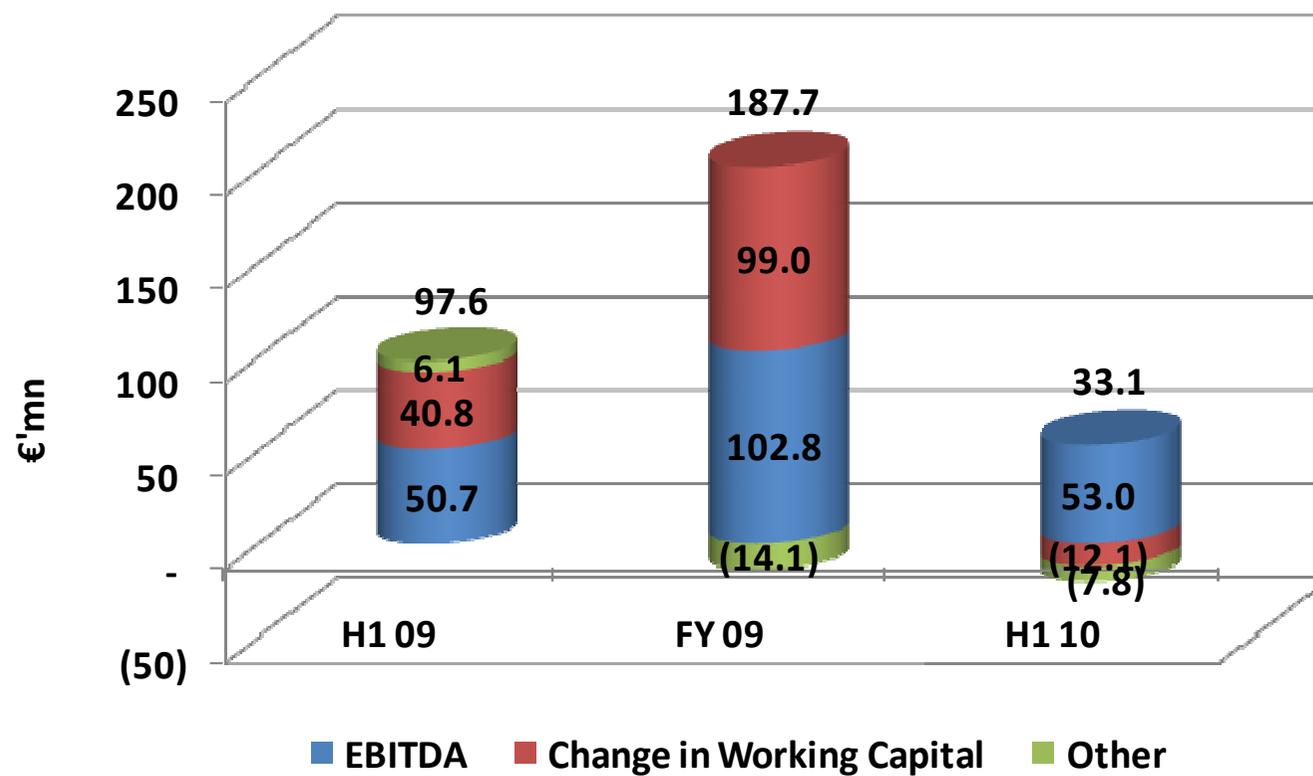
| | H1 09 | H1 10 |
|-------------|-------|-------|
| Total Group | 6.0% | 6.4% |



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

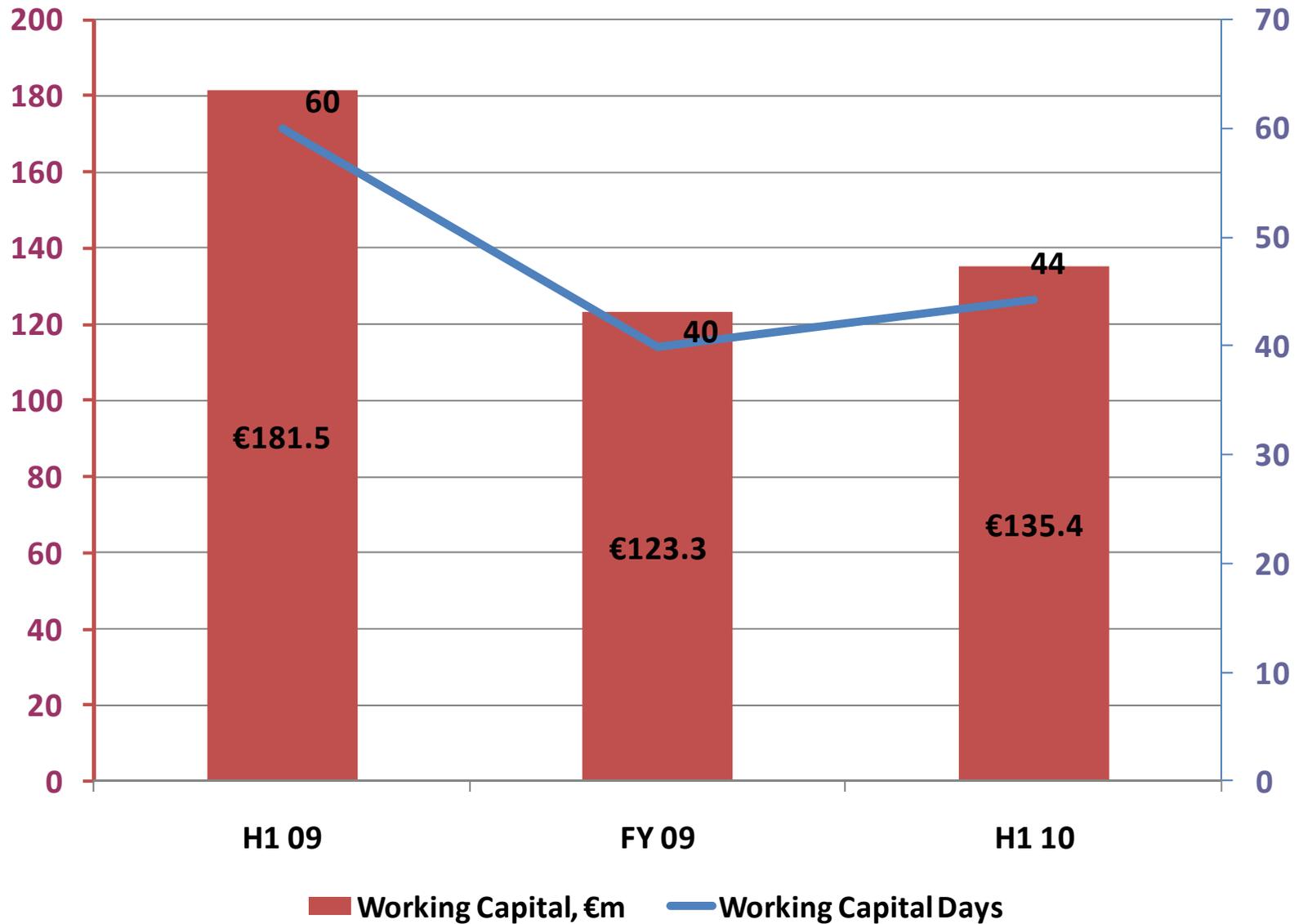


| Net Assets Statement - €mn | H1 09 | FY 09 | H1 10 |
|--------------------------------------|--------------|--------------|--------------|
| Tangible Fixed Assets | 435.4 | 419.0 | 424.4 |
| Intangible Assets | 304.7 | 310.3 | 333.8 |
| Working Capital | 181.5 | 123.3 | 135.4 |
| Current Corporate 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

- ❑ **HI 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

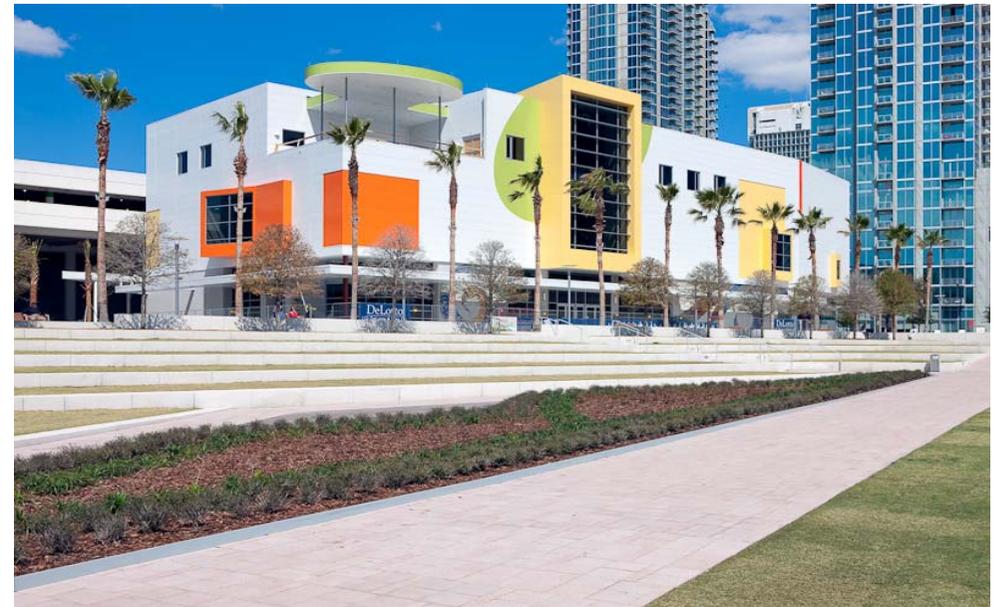


Insulated Panels North America



| | HI 09 | HI 10 | % change | | | |
|------------------|-------|-------|----------|--------|-------------|-------|
| Sales (€mn) | 53.7 | 53.2 | Currency | Volume | Price & Mix | Total |
| % of Group Sales | 10% | 10% | +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 H1, 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 Barow 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**



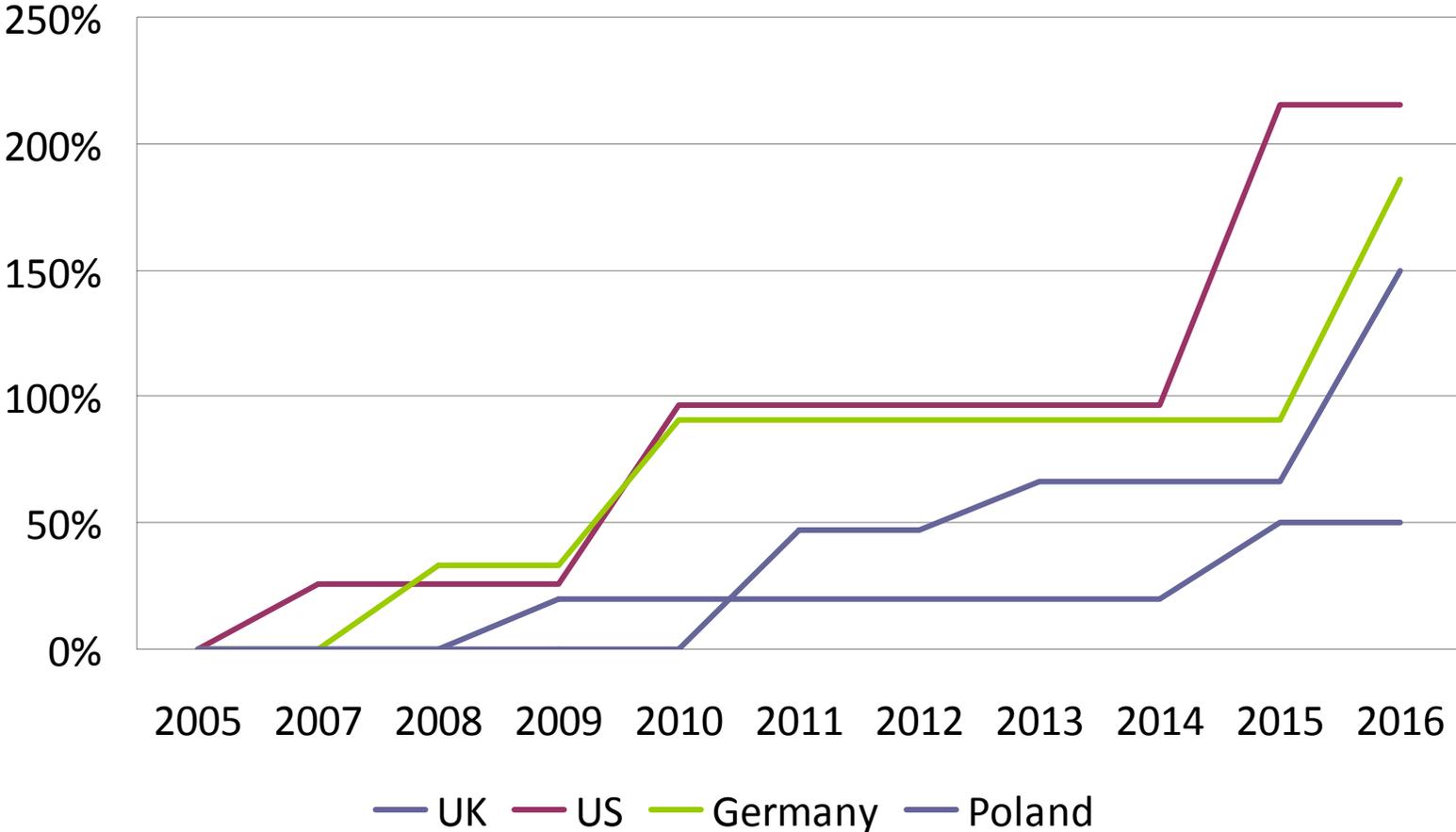
Plot 3, More London, UK



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**

