

Alternative2Energy



Light on energy



Light on the planet



High on efficiency

Kingspan Interim Results
20th August 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 and building envelopes
- Market leading positions in UK, Mainland Europe, North America and Australasia
- Proprietary technology drives differentiation in product performance

Insulated Panels (48%)



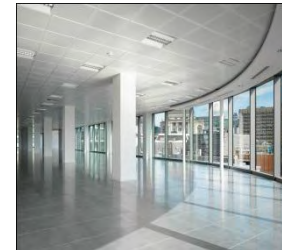
- Insulated Roof & Wall Panel Systems
- Building Integrated Solar PV
- Benchmark Façade Systems
- Controlled Environments
- Structural Products
- Profiles & sections
- Door Components

Insulation (31%)



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

Access Floors (10%)

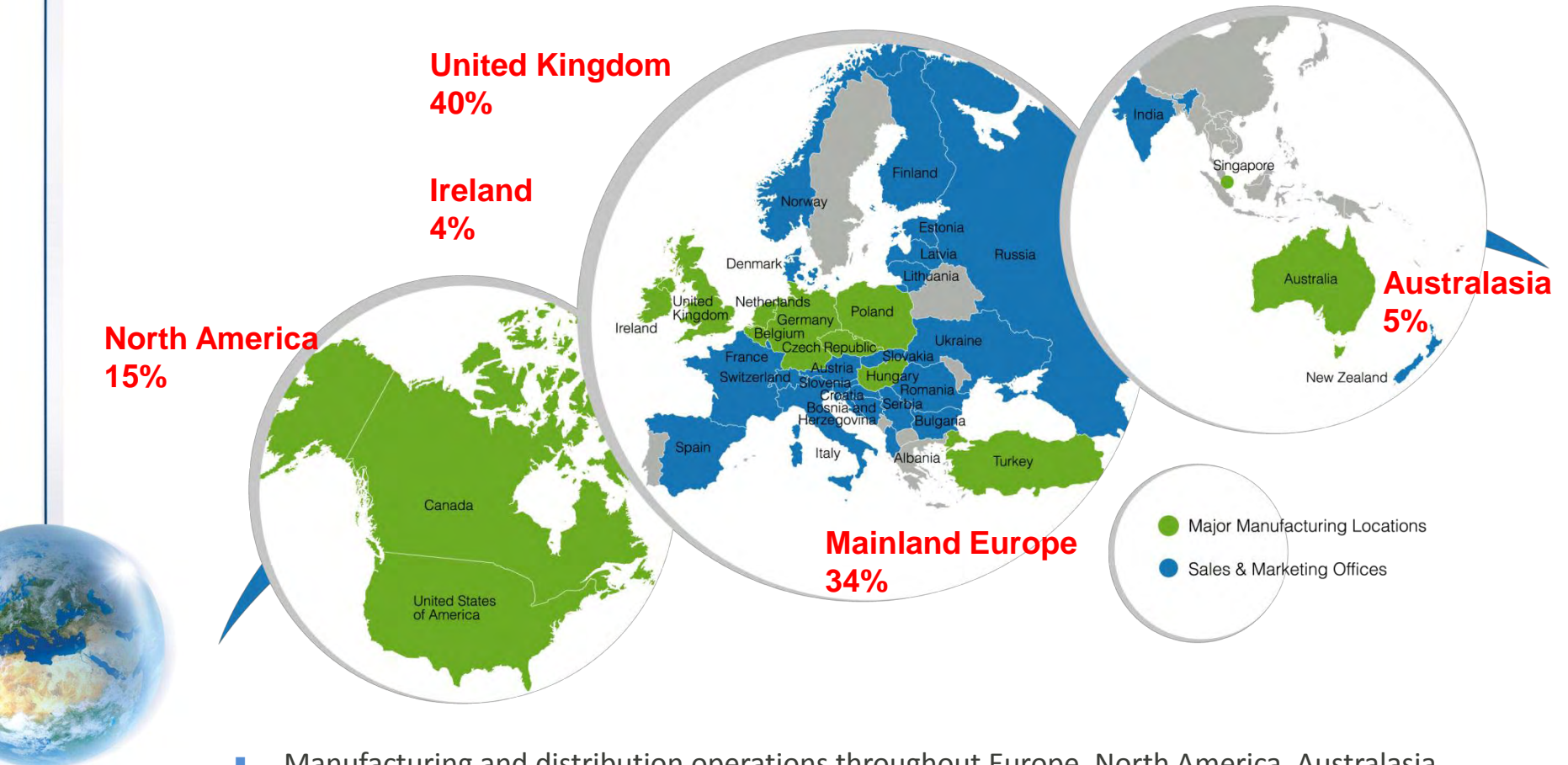


- Raised Access Floor Systems
- Underfloor Wire & Cable Management
- Underfloor Air Distribution

Environmental (11%)



- 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



- Manufacturing and distribution operations throughout Europe, North America, Australasia
- >70 Locations: 45 Manufacturing

Strategic Goals



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

- Kingspan IPN core
- Kooltherm®
- Optim-R®, 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%.



H1 2012 In Summary



**Revenue
up 3%
to €757m**

**Trading
Profit
up 19%
to €52.7m**

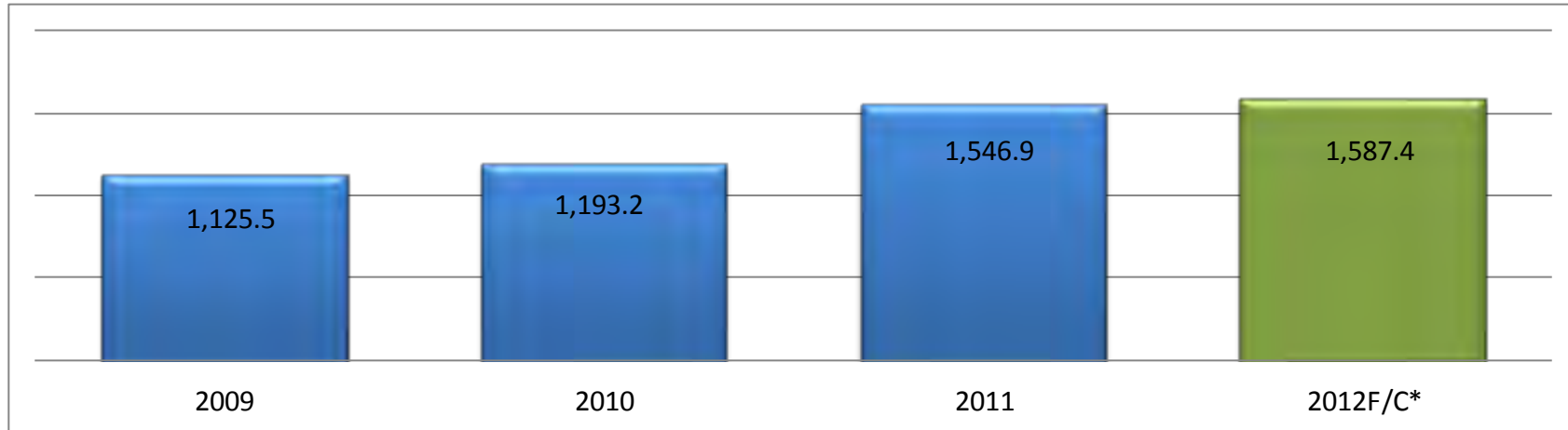
**Basic EPS
up 28%
to 22.1c**

- Solid overall performance
- Insulated Panels divisional sales up 3% with solid performance in the UK and North America, good growth in CEE & Australasia
- Insulation Boards divisional sales up 4%, reflecting revenue growth on Mainland Europe & Australasia, robust in the UK
- Access Floors divisional sales up 20% overall with strong datacentre volumes and gradually recovering office construction in North America & the UK
- Environmental divisional sales down 12% due to lower activity in France & the UK
- Margin prioritised over volume resulting in improvement in underlying Group trading margin by 100bps, from 6% to 7%
- Raw material cost relatively stable
- Successful re-financing of a five year €300m syndicated bank facility in April 2012 extending the weighted average maturity of the Group's debt facilities to 5.3 years
- Agreement reached during August 2012 to acquire the businesses of Thyssenkrupp Construction in Europe and separately, Rigidal Industries in the UAE. Combined 2011 revenue was ca. €340m

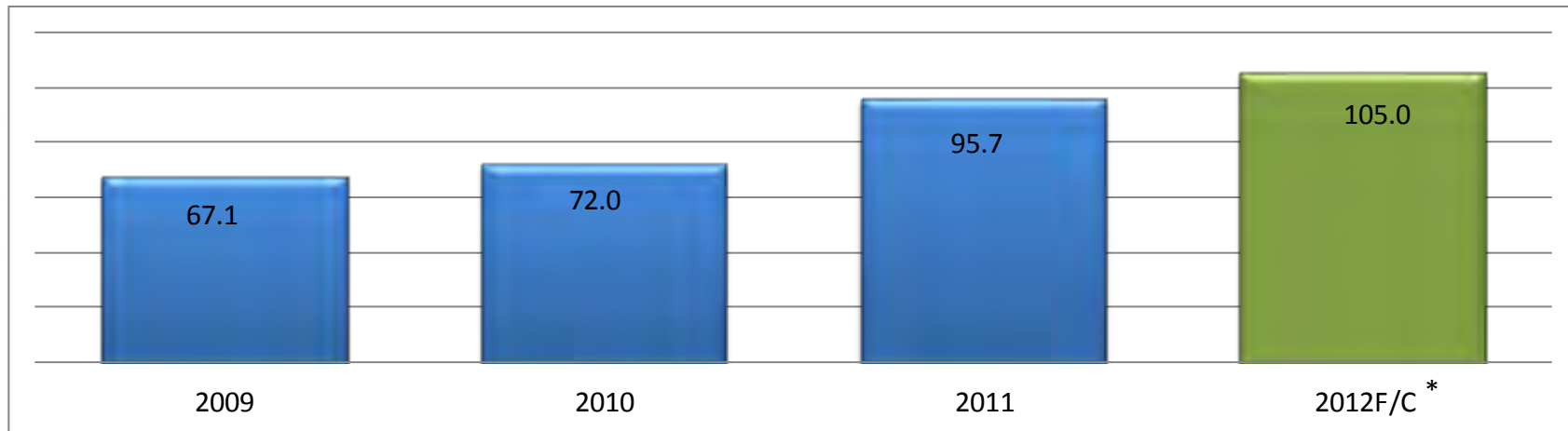
Financial Performance Since Trough



Revenue (€'m) (CAGR 12%)



Trading Profit (CAGR 16%)




* Analyst consensus forecast 2012

Financial Review



Financial Highlights

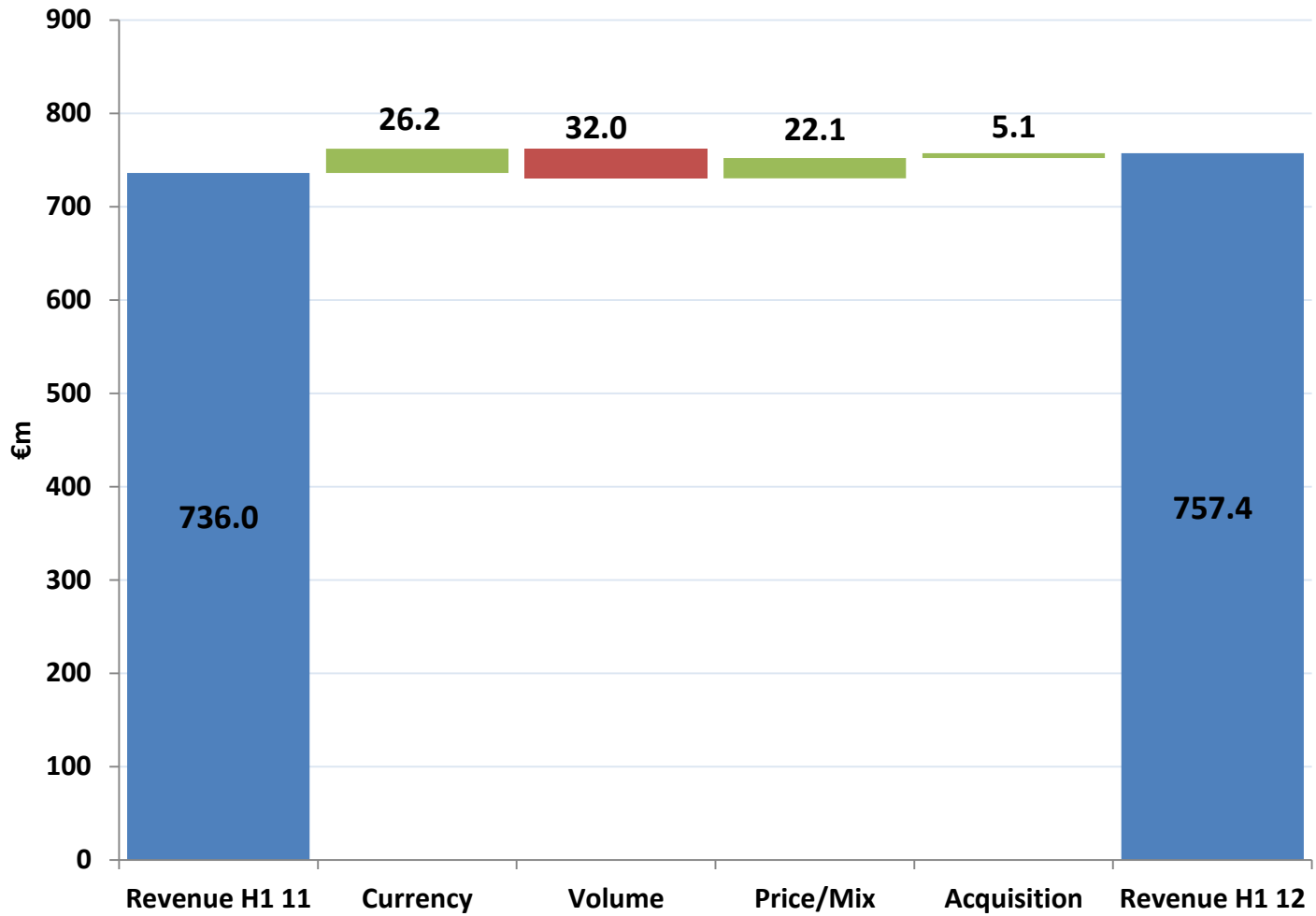


Revenue	→	€757m	+3% -1% like-for-like*
Trading Profit**	→	€52.7m	+19% +14% like-for-like*
Trading Margin	→	7.0%	+100bps
Profit after tax	→	€37.2m	+27%
Basic EPS	→	22.1c	+28%
Operating cash flow	→	€54.1m	+16%
Interim dividend	→	5.0c	+11%

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

** Pre-intangible amortisation

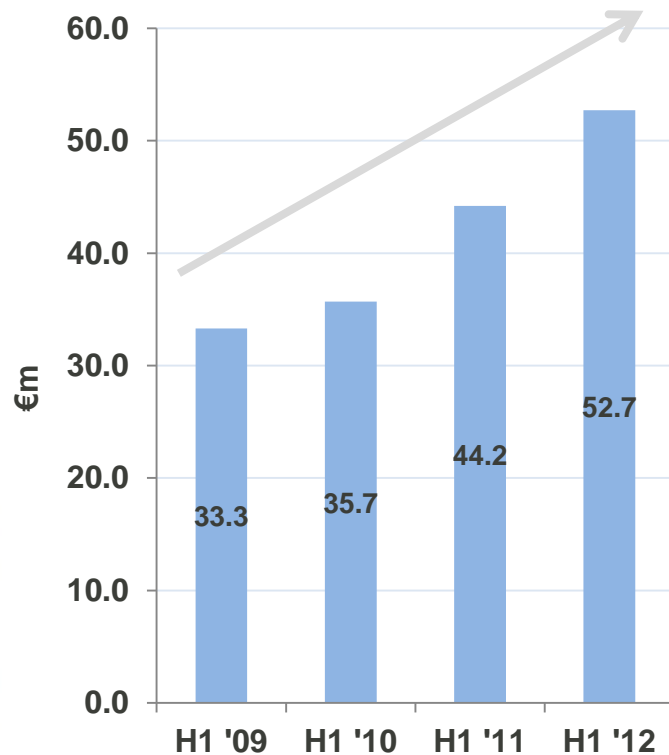
Sales Bridge



Trading Profit & Margin Growth



Trading Profit



Margin %

Margin %			
	H1 11	FY 11	H1 12
Insulated Panels	6.2%	6.7%	7.5%
Insulation Boards	6.5%	5.6%	6.7%
Environmental	1.2%	3.3%	1.4%
Access Floors	10.4%	10.2%	11.4%
Group	6.0%	6.2%	7.0%



H1 2012 Trading Profit Like-for-Like growth



	Like-for-like growth	Currency Impact	Reported Growth
Insulated Panels	+20%	+4%	+24%
Insulation Boards	+3%	+4%	+7%
Environmental	-8%	+7%	-1%
Access Floors	+26%	+7%	+33%
Group	+14%	+5%	+19%



Merrimack County Nursing Home, New Hampshire, USA

Strong Operating Cash Flow



€m	H1 12	H1 11	% change
Operating profit	51.3	41.7	+23%
Depreciation & amortisation	20.6	21.8	-6%
Working Capital (increase)/decrease	(17.8)	(16.9)	+5%
Operating cash flow	54.1	46.6	+16%
Interest and taxation	(16.3)	(8.6)	+90%
Net capital expenditure	(16.0)	(10.7)	+50%
Other including non cash items	5.8	2.4	
Free cash flow	27.6	29.7	-7%



Strong Net Debt Performance



€m	H1 12	H1 11
Free cash flow	27.6	29.7
Acquisitions (net of disposal proceeds)	(7.2)	(107.4)
Settlement of legal costs	(12.3)	-
Dividends paid/other	(9.4)	(9.6)
Cashflow Movement	(1.3)	(87.3)
Debt Translation	0.2	0.9
(Increase)/decrease in net debt	(1.1)	(86.4)
Net debt at start of period	(170.1)	(120.8)
Net debt at end of period	(171.2)	(207.2)
Net debt:EBITDA	1.21	1.83



Key Ratios



	FY 10	H1 11	FY 11	H1 12
ROCE	8.6%	9.1%	10.0%	10.5%
Gearing (Net Debt: Shareholders Funds)	18.1%	32.1%	23.1%	21.7%
Net Debt/EBITDA	1.12	1.83	1.27	1.21
Interest Cover	11.9	12.2	10.2	9.9
Working Capital as % of Sales	13.6%	12.5%	12.2%	13.6%



Strong Balance Sheet

- Net Debt €171.2m – headroom
c. €430m
- New revolving credit facility of €300m
- 2005 Private placement €151mn (USD200m)
- 2011 Private placement €150m (USD200m)
- Significant headroom on covenants
 - Max 3.5x net debt:EBITDA; actual 1.21
 - Min 4.0x interest cover; actual 9.9
- Weighted average maturity of debt facilities of 5.3 years



Georgia Aquarium, Atlanta, USA

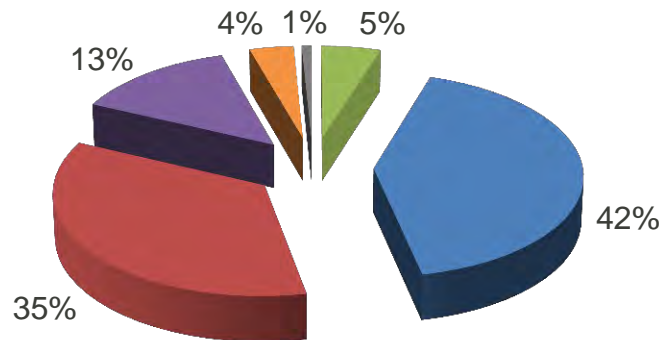


Business Review & Outlook

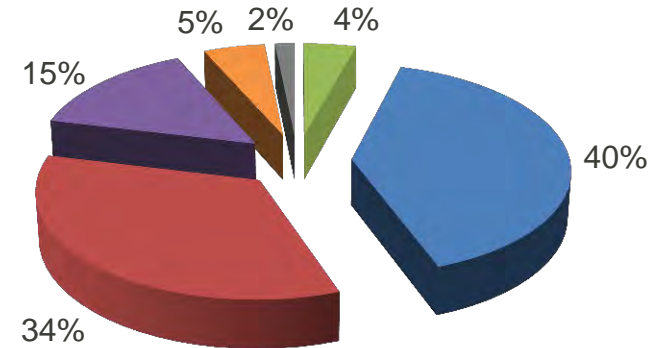


Sales by Geography

H1 2011



H1 2012

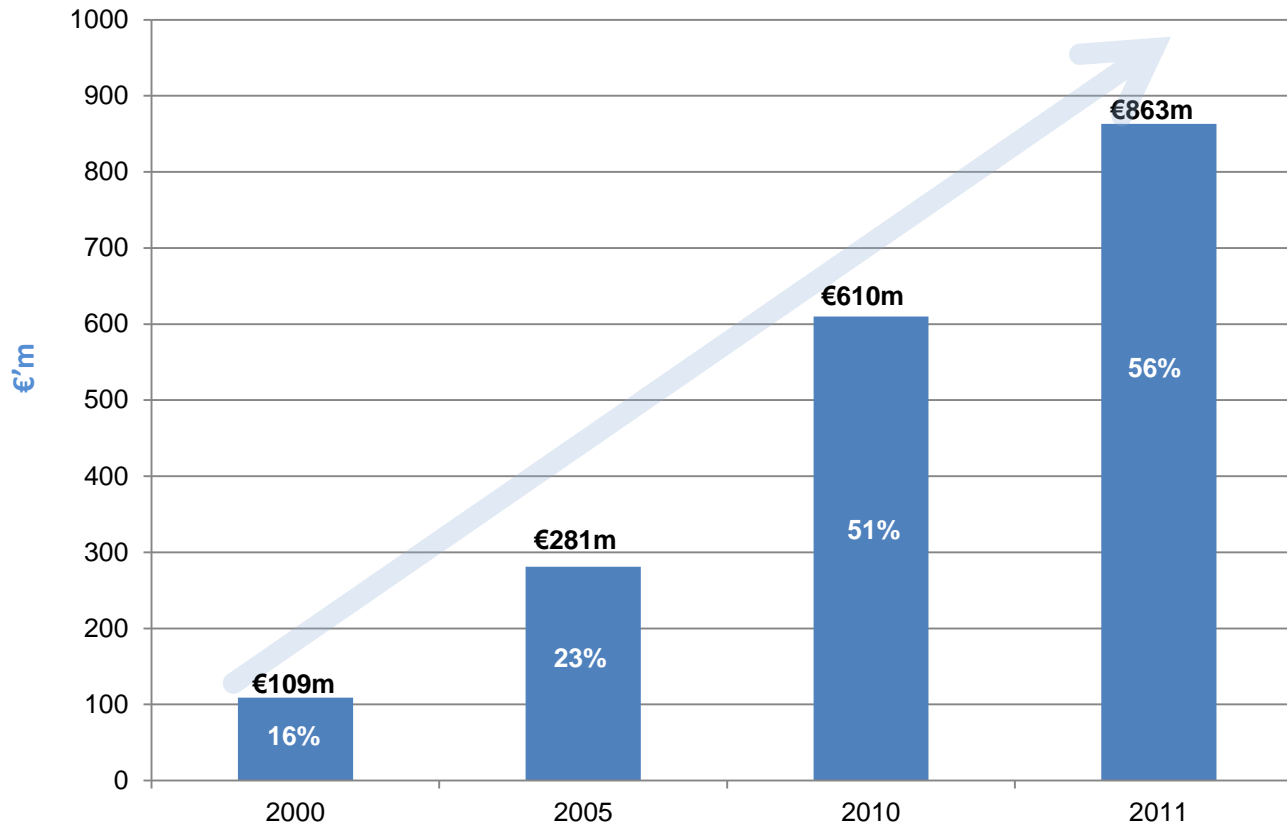


- Republic of Ireland
- Britain & Northern Ireland
- Mainland Europe
- Americas
- Australasia
- Other



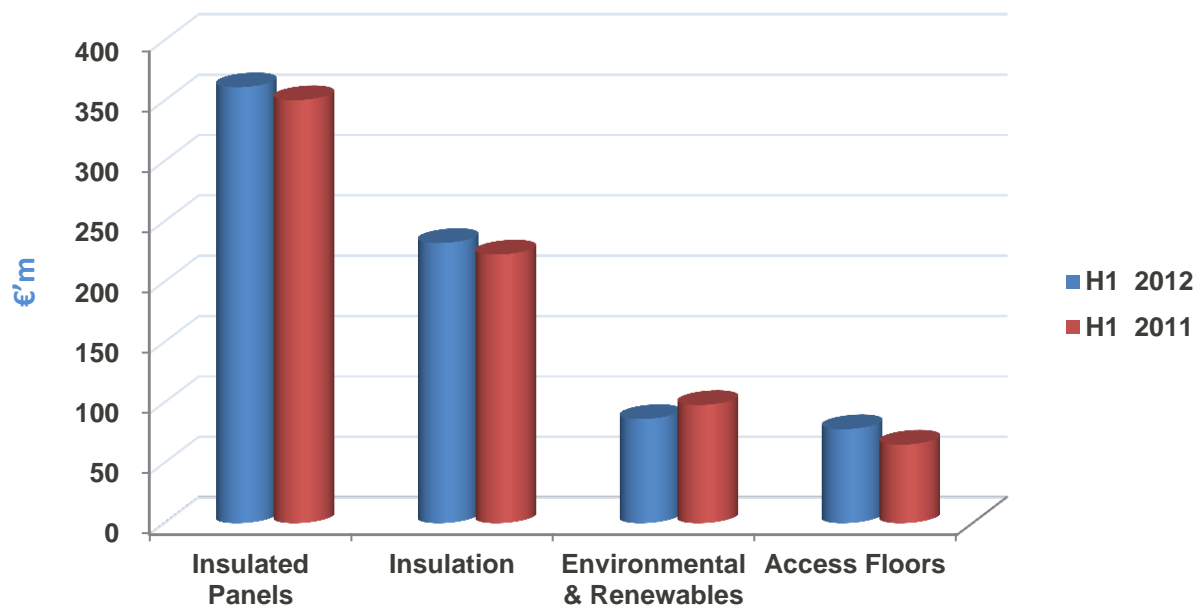
€mn	H1 12	H1 11	Constant Currency Change	YoY % Change
Republic of Ireland	32.8	36.2	-9%	-9%
Britain & Northern Ireland	303.9	308.1	-6%	-1%
Mainland Europe	259.6	258.6	+1%	0%
Americas	110.8	100.0	+3%	11%
Australasia	38.2	27.1	+30%	41%
Other	12.1	6.0	+92%	102%
Group Sales	757.4	736.0		

Group Sales Outside UK/IRL



- Internationalisation of the Group through the cycle

Sales by Product Group



€m	H1 12	H1 11	Constant Currency	YoY % Change
Insulated Panels	361.1	350.4	0%	+3%
Insulation Boards	232.1	222.6	+1%	+4%
Environmental	86.3	97.9	-16%	-12%
Access Floors	77.9	65.1	+12%	+20%
Group Sales	757.4	736.0	-1%	+3%



Insulated Panels



Insulated Panels UK, IRL, WE



- Steady volume in key markets
 - UK -2%
 - Benelux -9%
 - Ireland -9%
 - Australia/NZ +13%
- Order intake positive, up 2% across the business unit. Current orderbook is +13% on prior year
- Food & retail sectors strong
- Refurbishment growing
- Australasia delivering real growth
- Significant increase in footprint in Europe and Middle East following TK and Rigidal acquisitions

	H1 12	H1 11
Sales (€m)	202.9	201.0
% of Group Sales	27%	28%

Analysis of YoY % Change			
Currency	Volume	Price & Mix	Total
+4%	-3%	0%	+1%



Abertay University, Dundee, UK



Insulated Panels CEMEI

- Mixed sales pattern across the territory but solid volume growth overall
 - Germany +15%
 - Poland +10%
 - Czech 3%
 - Turkey -38%

- Order intake -2%. Overall orderbook now at +22%

- Market pressure remains in South East European Markets, Hungary and Romania

- Turkey volumes weaker but returns improving

	H1 12	H1 11
Sales (€m)	91.8	88.5
% of Group Sales	12%	12%

Note: The above figures include Germany and Turkey

Analysis of YoY % Change			
Currency	Volume	Price & Mix	Total
-1%	-7%	+12%	+4%



Arena Legionowo, Poland



Insulated Panels North America



- 9% growth in sales, despite 6% volume decline over same period prior year. Prioritising margin over volume
- Overall order intake -9%, weak in Q1, but well improved in Q2
- Orderbook currently +3% prior year
- Commercial & industrial conversion growth continuously evident
- Coldstore volumes weaker but margin improving
- Architectural sales disappointing but stable
- Canada performing well, significant natural resources led projects

	H1 12	H1 11
Sales (€m)	66.4	60.9
% of Group Sales	9%	8%

Analysis of YoY % Change			
Currency	Volume	Price & Mix	Total
+7%	-6%	+8%	+9%



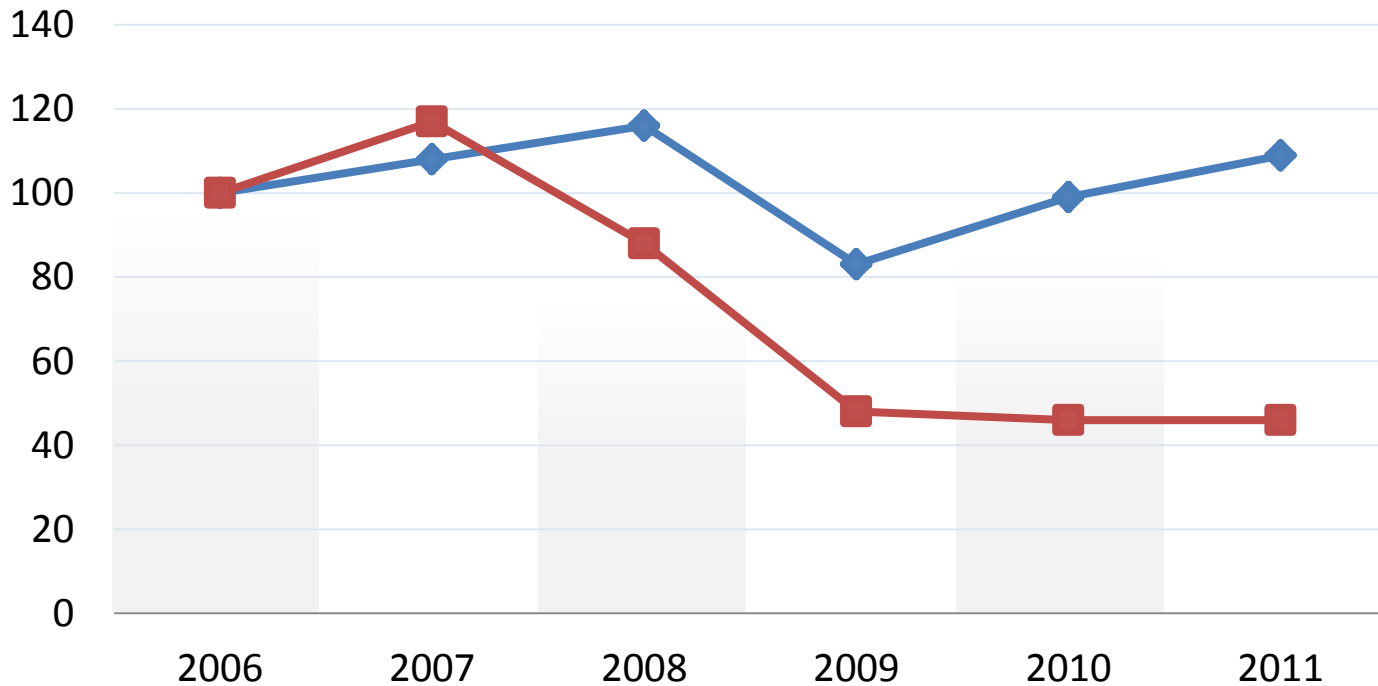
Tempe Center for the Arts, Arizona, USA

Performance v. Construction Macros



North America - Panels

Growth Index



◆ Kingspan North American Panels Volumes

■ US Commercial and Industrial Construction (total market) *

Growth in penetration

**Source: McGraw Hill Construction*

Acquisition of Thyssenkrupp Construction Group



Overview

- SPA signed 9 August 2012 with completion scheduled in September/October 2012
- Consideration of €65m including acquired past service pension liabilities of €15.0m
- Net assets acquired of circa. €100m

The Business

- Leading European player in Insulated Panels with annual sales of circa. €300m
- 7 manufacturing plants in Germany, France, Austria, Belgium & Hungary
- Market leading brands including Hoesch, Isocab & EMS
- Currently loss making with restructuring initiatives scheduled post completion

Summary Financial Plan

	2013 €'m	2014 €'m	2015 €'m
Sales	250	270	295

- Modest profitability (post restructuring) forecast for 2013 with iterative progression in Return on Sales % to divisional average by 2015



Insulation



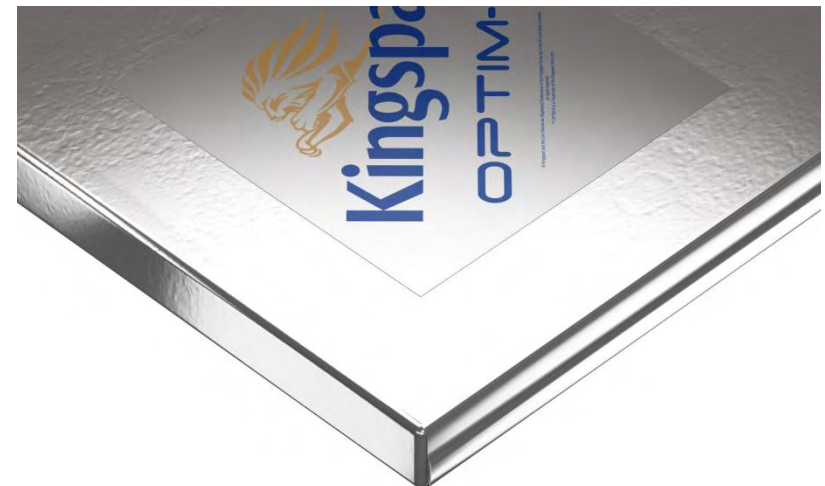
Insulation



- Solid underlying performance in UK, growth in Western Europe, Ireland weak
- Recovery of chemical price increases remained a key priority
- Kooltherm® conversion on track in all markets
- Optim-R® (Next Generation Insulation) launched commercially. Target production start Q2 2013.
- Australasia solid performance in a weaker environment
- Refurbishment key growth driver in all markets, now >35% of divisional revenue

	H1 12	H1 11
Sales (€m)	232.1	222.6
% of Group Sales	31%	30%

Analysis of YoY % Change			
Currency	Volume	Price & Mix	Total
+3%	-9%	+10%	+4%

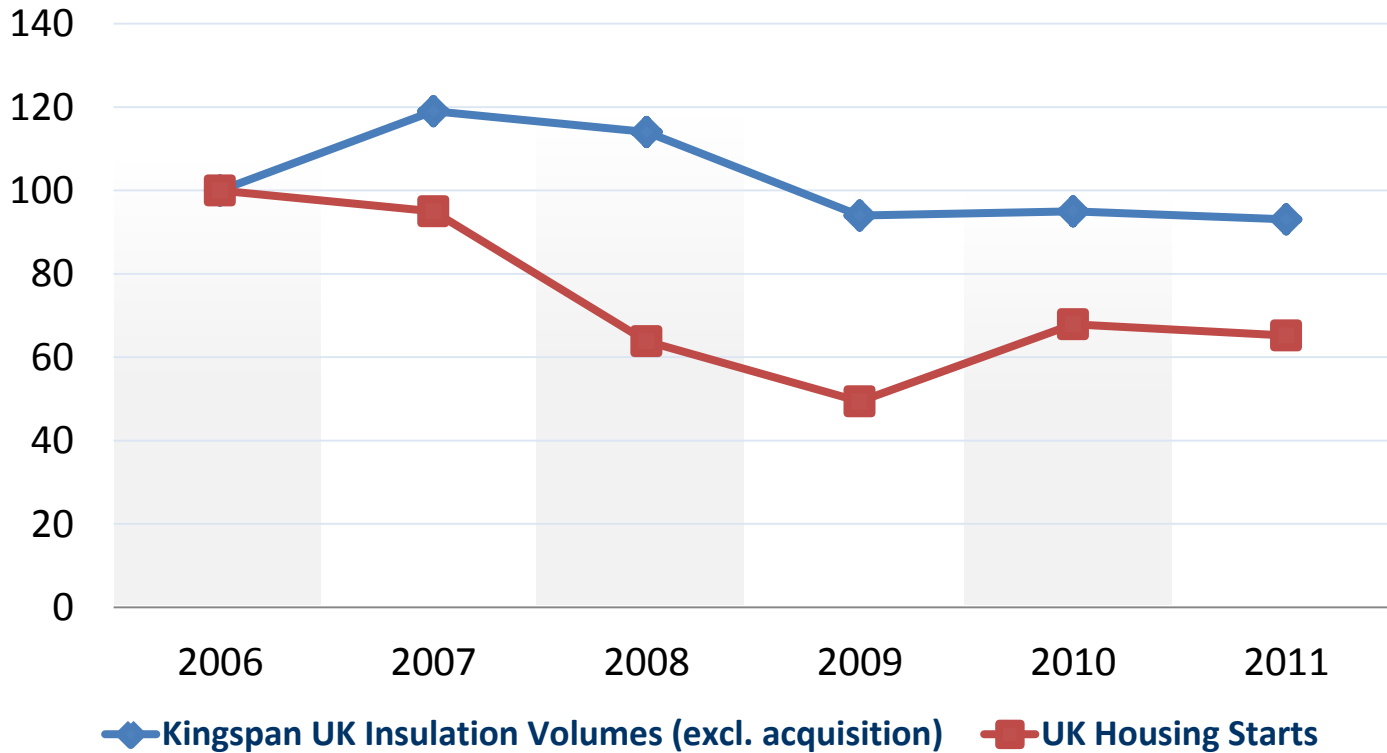


Performance v. Construction Macros



UK Insulation Volumes

Growth Index



Environmental



Environmental

- Difficult trading period throughout the division
- Continental Europe weaker as France volume significantly reduced
- Fuel storage and Hot Water weak in the UK as social housing refurbishment is squeezed
- Solarthermal growth in UK, US encouraging
- Kingspanwind performed well. Early signs encouraging. Development of 15kw unit on track
- Further weakness anticipated in H2

	H1 12	H1 11
Sales (€m)	86.3	97.9
% of Group Sales	11%	13%

Analysis of YoY % Change		
Currency	Volume, Price & Mix	Total
+4%	-16%	-12%



Ogunquit, Maine, USA

Access Floors



Access Floors

- Good performance in a weak environment
- US office activity showing early signs of slow recovery
- Datacentre market was steady
- UK office market volume in delicate recovery, H2 should see trend continue
- Australasia market slower, however, improvement expected towards year-end
- Export contracts to Middle East and South America

	H1 12	H1 11
Sales (€m)	77.9	65.1
% of Group Sales	10%	9%

Analysis of YoY % Change				
Currency	Volume	Acquisition	Price & Mix	Total
+8%	+6%	+8%	-2%	+20%



Montana State Fund, Helena, USA



Outlook

- Current macro expected to remain relatively stable
- Q2 weakness in construction environment to continue, possible further slippage in H2
- Insulated Panels' orderbook positive to prior year
- Moderate overall sales decline in H2 expected largely around Environmental sales and easing activity in the Netherlands
- TKS/Rigidal integration will be prime focus in late 2012 and 2013



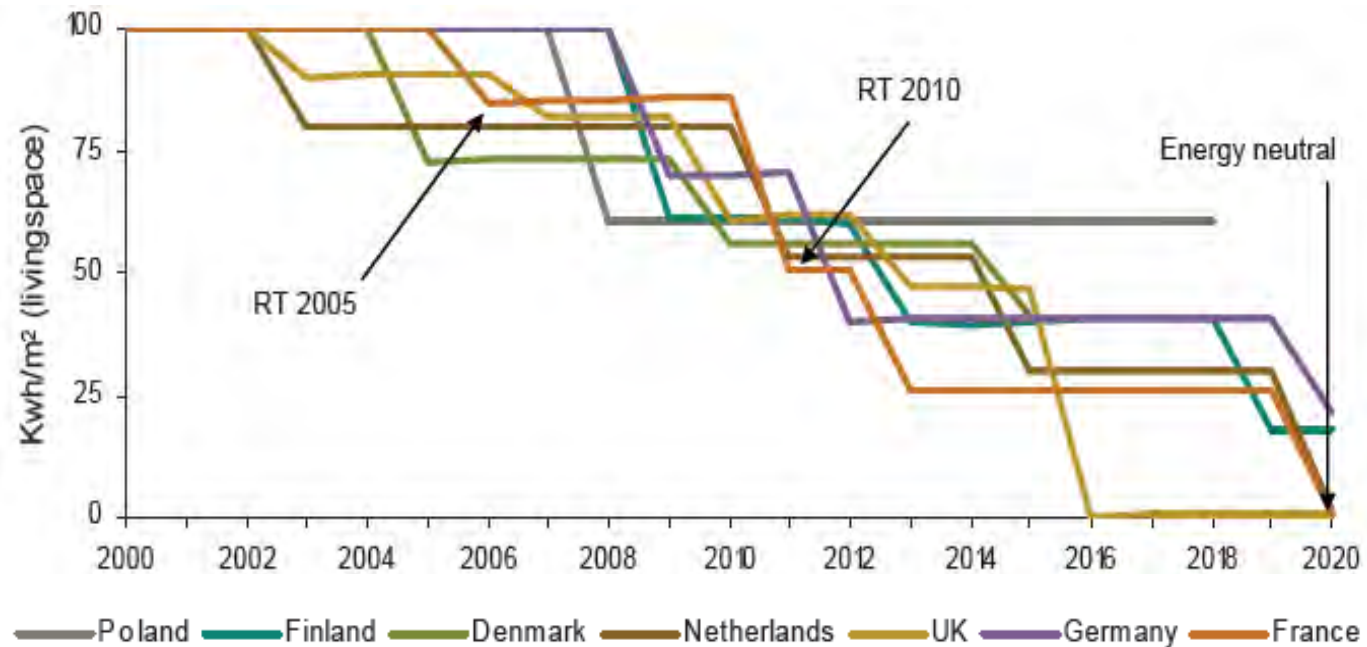
Mammoet USA HQ, Texas, USA



Additional Information



Trends in Thermal Regulations

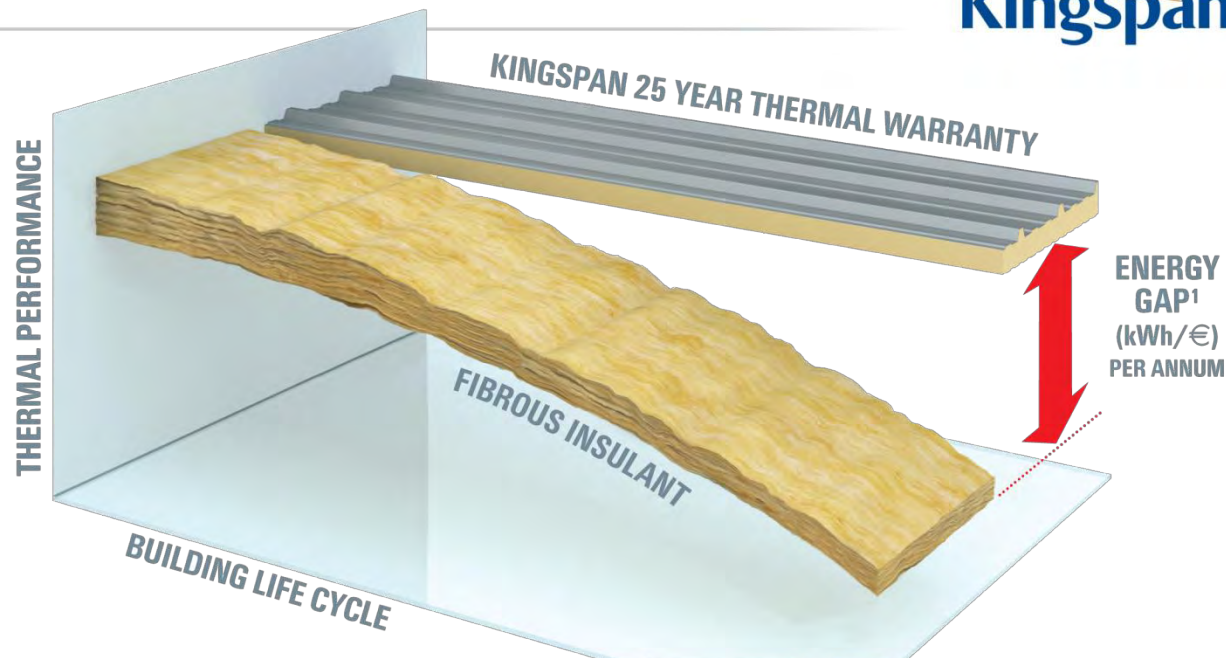


This graph shows the permitted consumption of energy in KW/H per m2 of domestic dwelling space and its historic and planned evolution, as a percentage of the permitted 2000 levels.

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

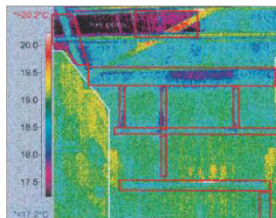
The Energy Gap¹



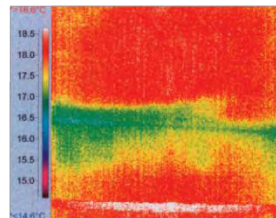
Reduced thermal performance of fibrous insulant in building envelope and fabric systems will increase energy use, costs and CO₂ emissions¹.



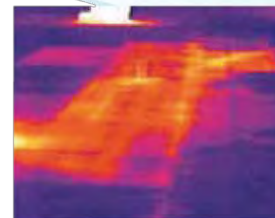
1% moisture content by volume in fibrous insulants can reduce thermal performance by up to **85%** or more which can cause massive energy and heat loss.²



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



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



Impact: Moisture in flat roof insulation can for example reduce U-value from **0.26 W/m²K to 0.47 W/m²K**.⁵

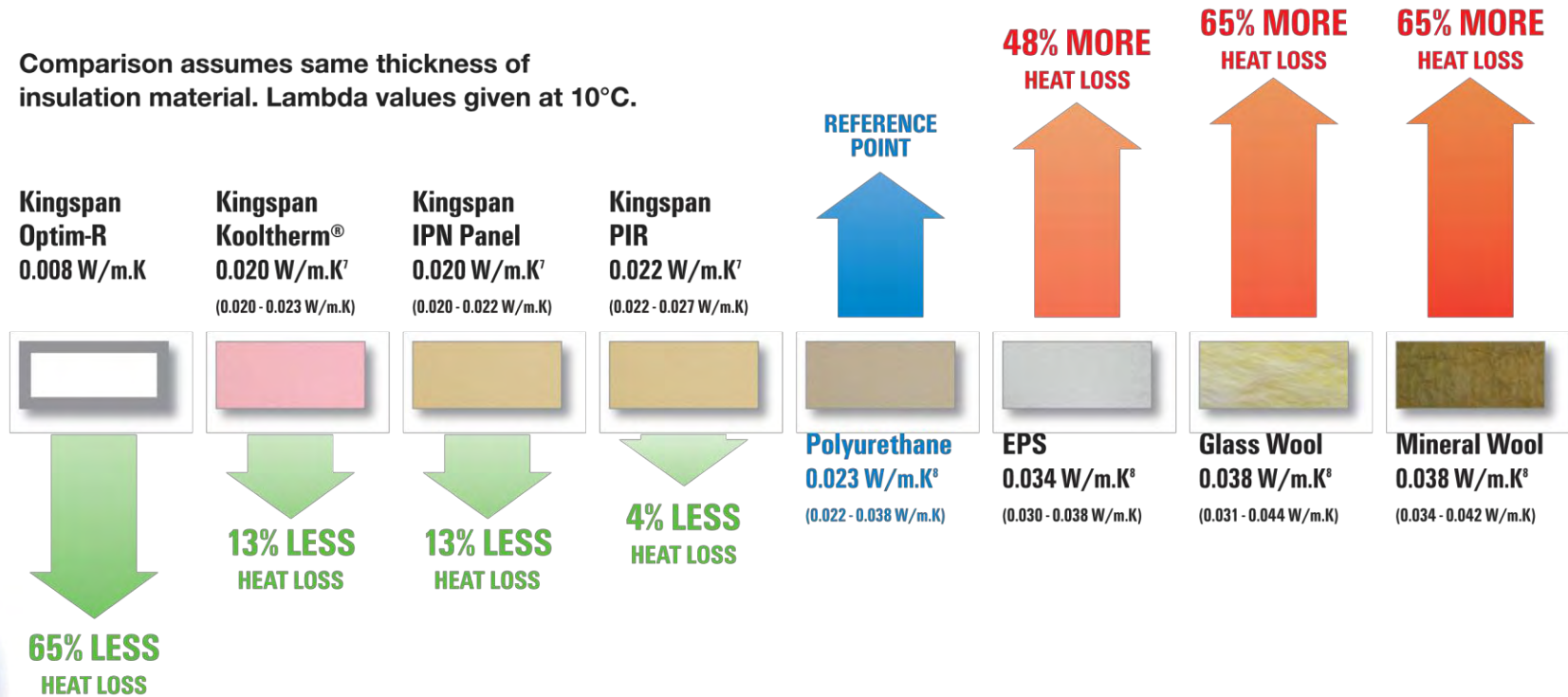


Night sky radiation leads to supercooling of the outer weathersheet. This can lead to increased levels of interstitial condensation accumulation within the cavity of fibrous insulation systems. For example, up to **0.86 kg/m²** of condensate may accumulate over **60 days** with no dry back, for well sealed liner sheets allowing for air flow through ventilated eaves fillers. **0.86 kg/m² (= 0.86 litres/m²) of condensate in 160mm insulation quilt (0.25 U-value 2006 spec) is equivalent to approximately 0.54% water by volume.**⁶

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 Varmeledningstal (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.

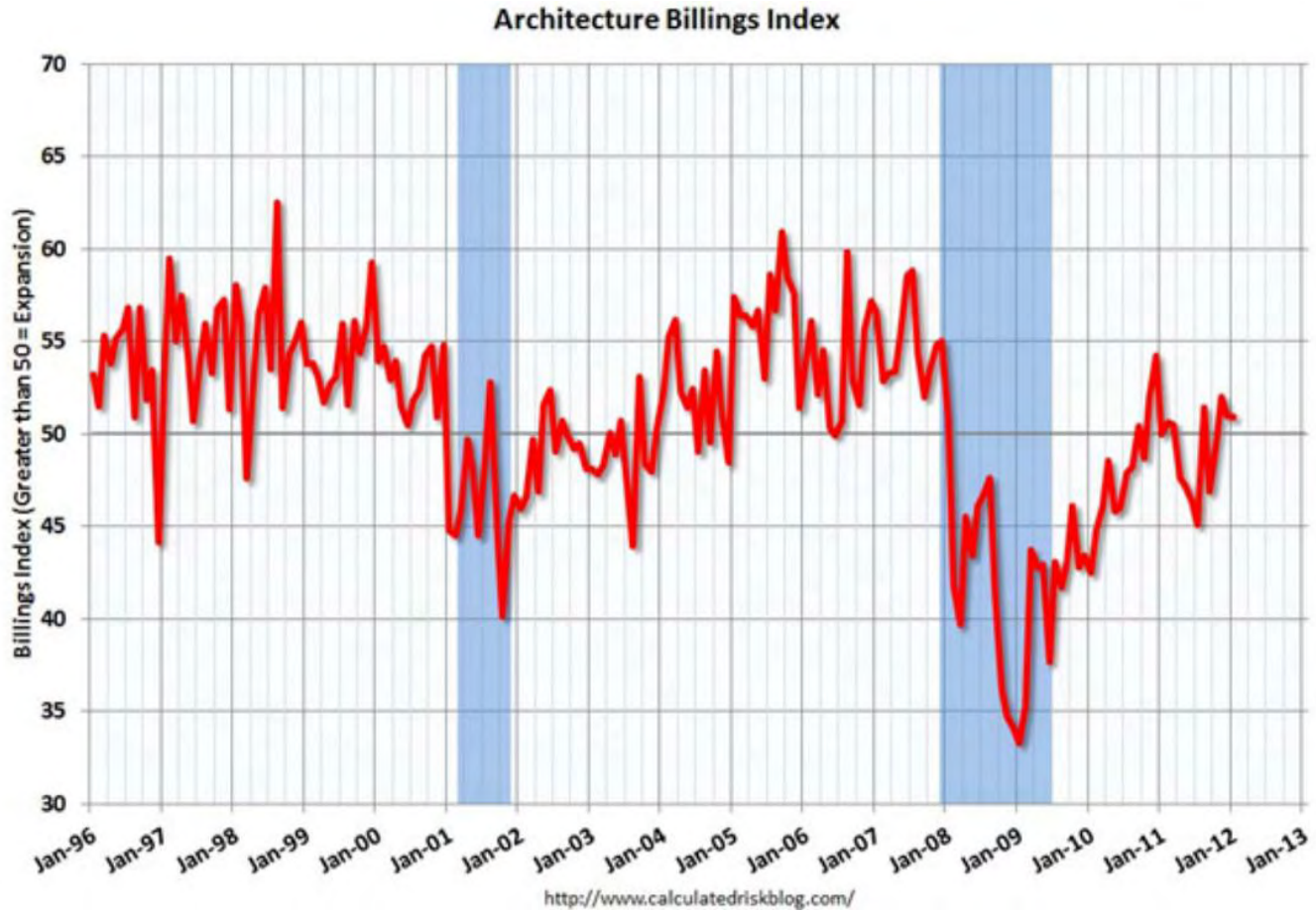
8 Median value of the thermal conductivity range shown below. Thermal conductivity range based on insulation manufacturer's websites or Agrément certificates.

Rigid Insulation: How it Performs



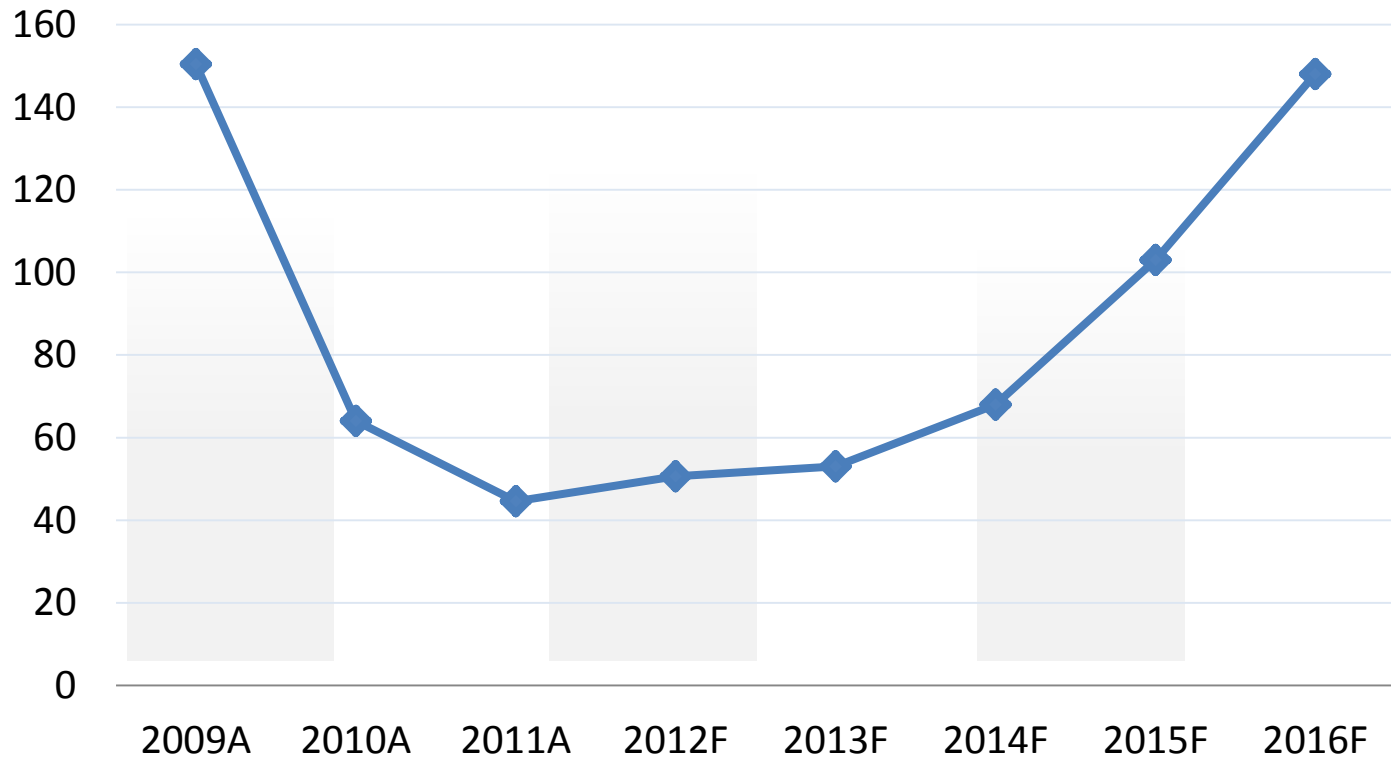
THINNESS	<p>Kingspan's mainstream insulation technologies can be less than 50% of the thickness of man-made mineral fibre (MMMf). Optim-R can be less than 20% of the thickness of MMMf.</p> <p>Optim-R is less than half the thickness of aerogel based mineral fibre products.</p>
FIRE	<p>Kingspan's insulation 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.</p>
THERMAL	<p>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...</p>
AIR INFILTRATION	<p>...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...</p>
MOISTURE	<p>...MMMf can absorb moisture in significant quantities and 1% moisture content by volume can decrease its thermal performance by 85%.²</p>
ACOUSTICS	<p>Kingspan's insulated panel and insulation board products have an acoustic benefit, however MMMf can perform better.</p>
MECHANICAL	<p>Kingspan's mainstream flat roof insulation boards can have approximately 2x the compressive strength of mainstream MMMf flat roof insulation boards.</p>
WEIGHT	<p>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.</p> <p>IPN core steel faced panels can be half the weight of comparable MMMf core panels to achieve the same thermal performance.</p>





US Office Market

Market (Mn Sq Ft)



Source: McGraw Hill Construction



Penetration Potential



	2005A	2011A	2015F
Insulated Panels UK	55%	64%	75%
Insulated Panels NA	5%	8.5%	11.5%
UK Insulation	30%	35%	40%
Germany External Wall	0%	2.5%	8%
CEE Insulation Board	0%	0.9%	4%
Insulated Panels Australia	6%	8.5%	12%
Insulation Australia	2%	6%	8%





Alternative2Energy



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