

Grasping the Carbon Challenge



Full Year Results 2007

Monday 3rd March 2008



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 2007**
- ☐ **Financial Review**
- ☐ **Review by Business Unit**
- ☐ **The Future - Building on Strength**

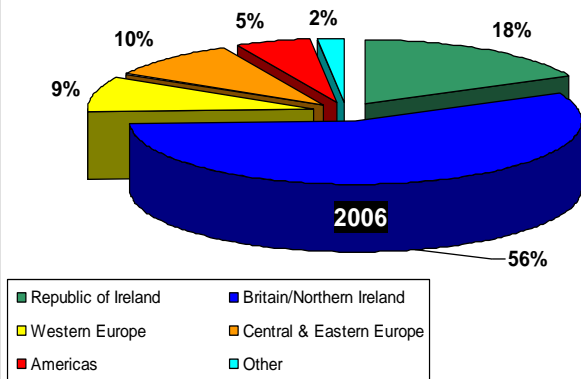


2007 Highlights

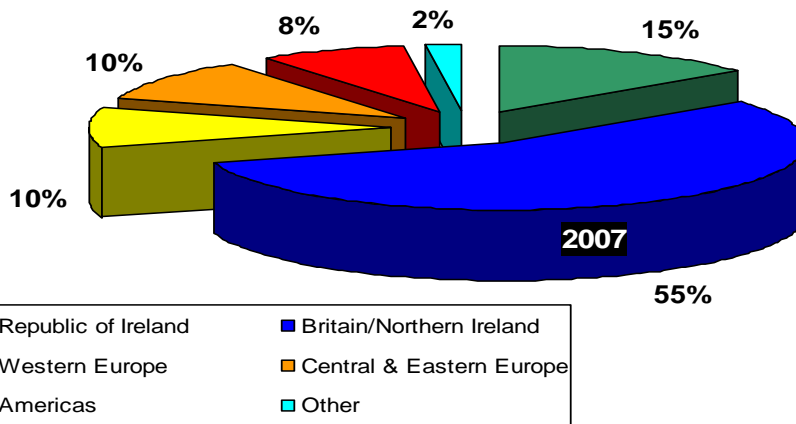


- ❑ Turnover up 27.5% to €1,863.2mn
- ❑ Operating profit up 22% to €236.7mn
- ❑ Basic earnings per share up 23% to 110.5c
- ❑ Dividend increase by 31.5% to 25.0c per share
- ❑ Total investment of €194.6mn comprising capex of €144.8mn to support organic expansion, and €49.8mn of acquisitions
- ❑ Total net debt now stands at €225.0mn
- ❑ Strong growth in Insulated Panels & Boards in UK, IRL & CEE
- ❑ North American Panels operations strengthened by acquisition of Coldmatic in Canada, re-branded Kingspan
- ❑ Entry into renewables with launch of EnergiPanel & acquisition of Thermomax Solar Panel
- ❑ Very strong performance in Access Floors

Sales by Geographic Market



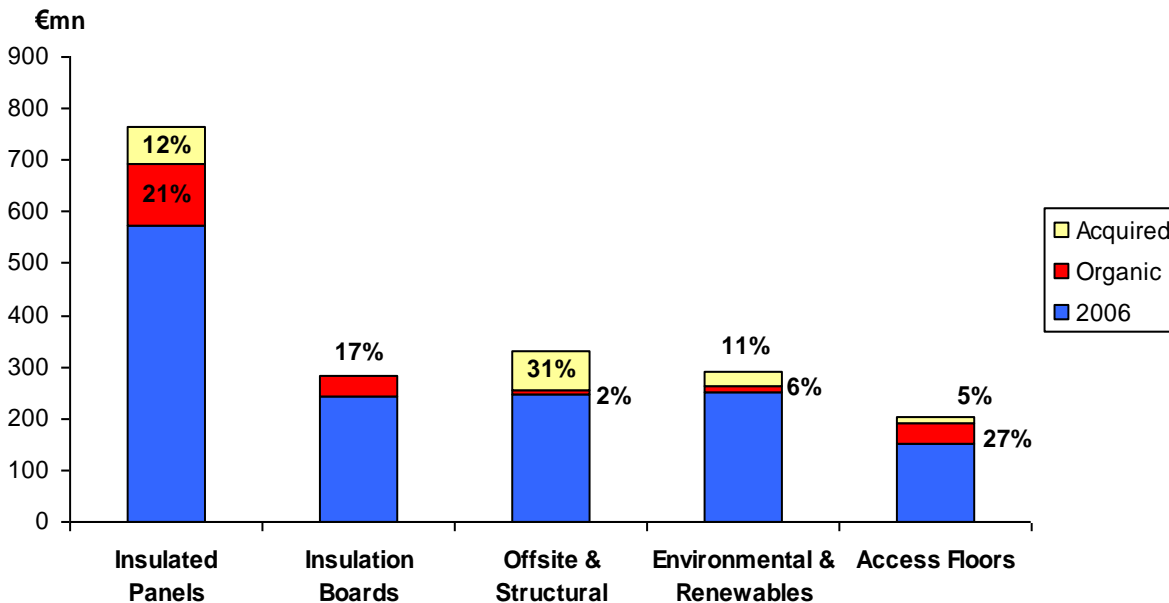
€ mn	2006	2007	% change YoY
Republic of Ireland	261.5	270.4	3.4%
Britain & Northern Ireland	822.1	1036.7	26.1%
Western Europe	129.5	185.8	43.5%
Central & Eastern Europe	142.6	189.7	33.0%
Americas	78.9	144.5	83.1%
Other	26.6	36.1	35.7%
Group Sales	1,461.2	1,863.2	27.5%



Sales Growth by Division



€ mn	2006	2007	% change YoY
Insulated Panels	574.1	763.6	33.0%
Insulation Boards	242.4	284.2	17.2%
Offsite & Structural	246.2	326.8	32.7%
Environmental & Renewables	249.0	291.5	17.1%
Access Floors	149.5	197.1	31.8%
Group Sales	1,461.2	1,863.2	27.5%

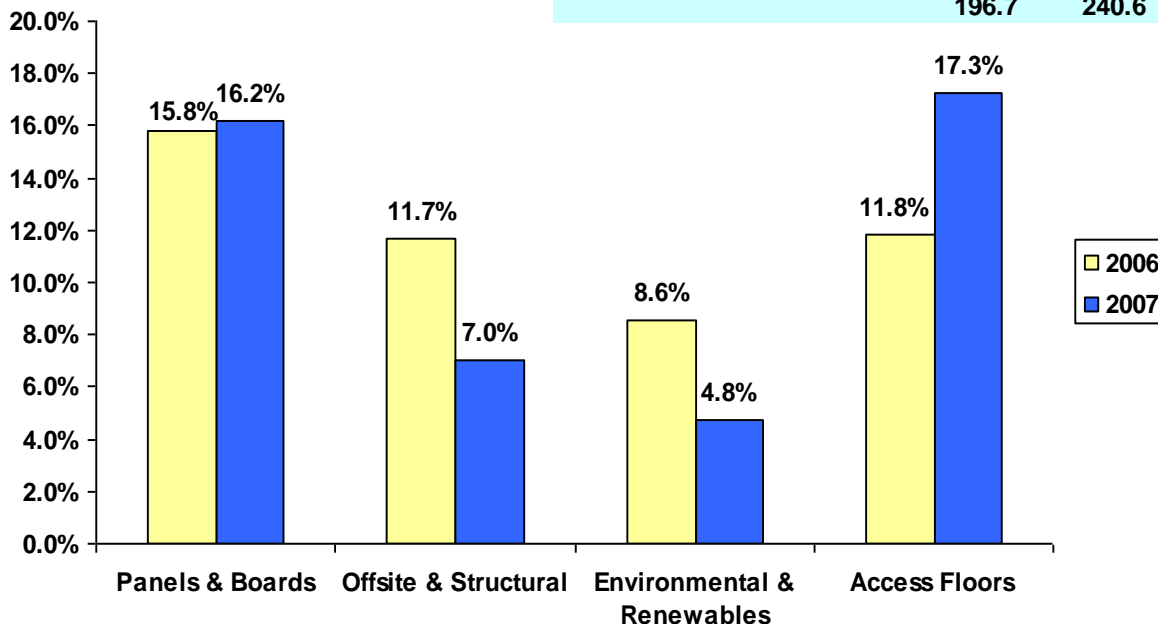


Operating Profit by Division before Amortisation & Exceptional Items



Full Year Results 2007

€mn	2006	2007
Panels & Boards	128.9	169.7
Offsite & Structural	28.8	23.0
Environmental & Renewables	21.3	13.9
Access Floors	17.7	34.0
	196.7	240.6



Cashflow Statement

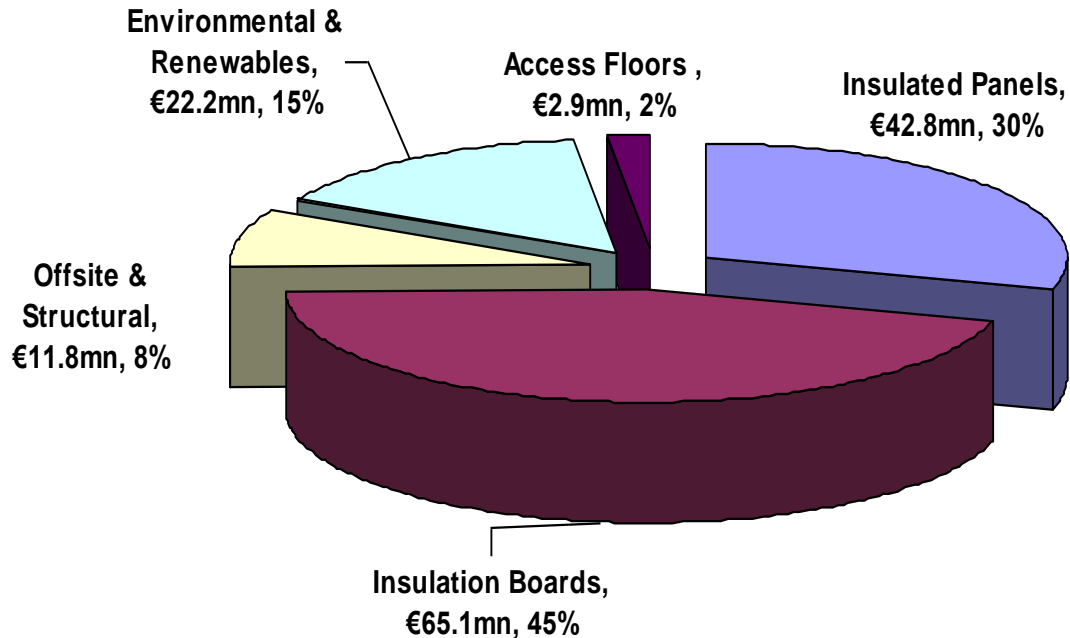


€'mn	2006	2007
Inflows		
Operating profit	194.0	236.7
Depreciation	39.3	39.8
Amortisation	2.7	7.7
Pension contributions	(4.6)	(3.4)
Working capital increase	(48.5)	(66.8)
Interest paid	(8.4)	(12.3)
Taxation paid	(25.5)	(27.0)
Others	17.7	17.6
Free cash flow	<u>166.7</u>	<u>192.3</u>
Acquisitions	(107.3)	(49.8)
Net capital expenditure	(57.7)	(140.3)
Dividends paid	(25.1)	(35.5)
	<u>(190.1)</u>	<u>(225.6)</u>
Cash flow movement	(23.4)	(33.3)
Debt translation	(0.7)	(4.1)
Decrease / (increase) in net debt	<u>(24.1)</u>	<u>(37.4)</u>
Net debt at start of year	<u>(163.5)</u>	<u>(187.6)</u>
Net debt at end of year	<u>(187.6)</u>	<u>(225.0)</u>



Capital Expenditure – €144.8mn

**Total investment of €194.6mn including capex of €144.8mn,
3.6 times depreciation**



Net Assets Statement & Key Ratios

Net Assets Statement - €mn	2006	2007
Tangible Fixed Assets	294.9	398.7
Intangible Assets	304.7	318.1
Working Capital	229.7	285.4
Current Corporate Tax & Deferred Tax	(31.4)	(43.2)
Provisions	(63.5)	(61.1)
Net Debt	(187.6)	(225.0)
Net Assets	546.8	672.9

Key ratios	2006	2007
Gearing (Net Debt:Shareholder funds)	34.3%	33.4%
Debt/EBITDA	0.79	0.79
Interest Cover	26.7	22.8
ROCE	26.4%	26.4%
Working Capital as % of Sales	15.7%	15.3%

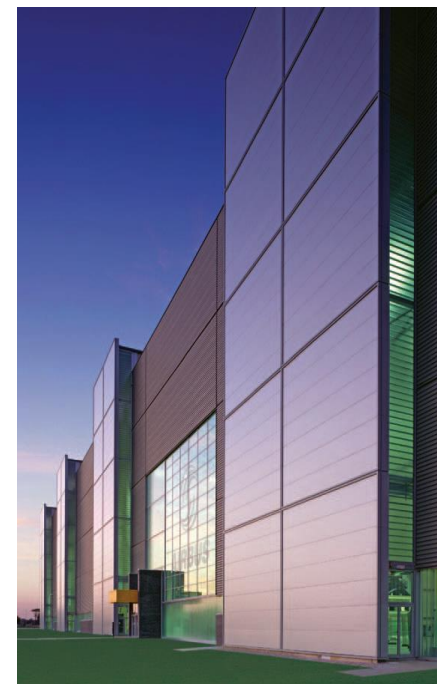


Insulated Panels UK, IRL, WE



	2006	2007	Analysis of YonY % change		
Sales (€mn)	421.8	505.8	Total	Organic	Acquisitions
% of Group Sales	29%	27%	+20%	+19%	+1%

- ☐ Strong performance across all geographies in 2007
- ☐ Substantial cost savings from advances in process
- ☐ c. 50% of sales to logistics, industrial & retail units
- ☐ Tough comparators vs. H1 2007
- ☐ Current environment - Pipeline strong but slippage occurring
- ☐ Order book -17% vs. 2007
- ☐ Margin challenges for 2008
- ☐ Benefits from capex & product development
- ☐ Positioning products to new sectors
- ☐ Geographic rollout in Western Europe (France, Scandinavia)



Insulated Panels CEE



	2006	2007	Analysis of YonY % change		
Sales (€mn)	144.9	214.3	Total	Organic	Acquisitions
% of Group Sales	10%	11%	+48%	+28%	+20%

Note: The above figures include Germany and Turkey

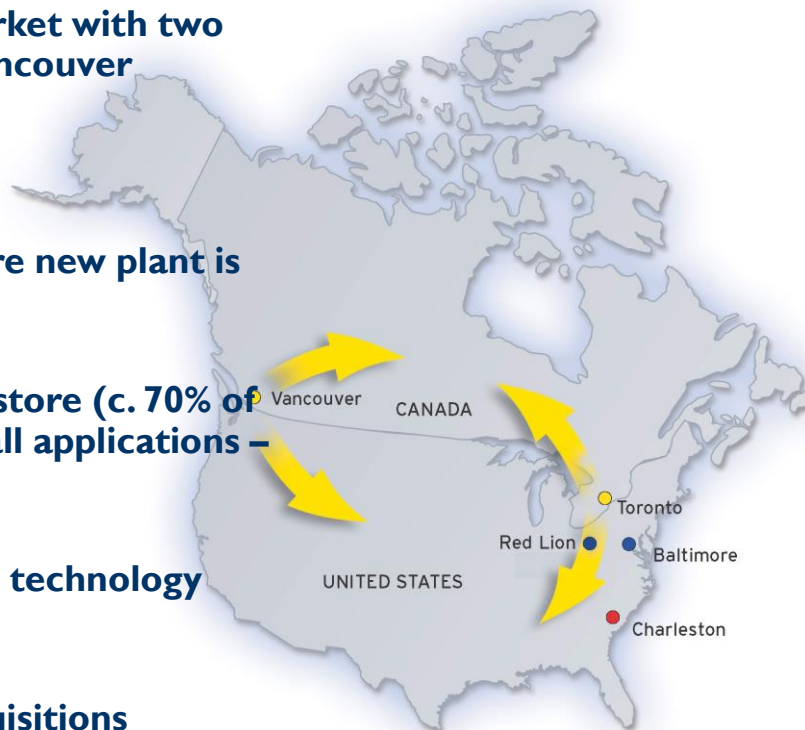
- ☐ Strong growth across entire region in 2007
- ☐ Continued focus on further roll-out
- ☐ Product enhancement and differentiation
- ☐ Product range extension
- ☐ Growth in capacity in CZ & Poland
- ☐ Turkey/Middle East markets remain extremely competitive



Insulated Panels North America



- ❑ Entry into Canadian market with two locations – Toronto & Vancouver
- ❑ 2007 Sales c. \$64mn
- ❑ Impact on margins before new plant is operational mid 2009
- ❑ Initial emphasis on cold store (c. 70% of business), followed by wall applications – conversion @ <4%
- ❑ Ongoing product range / technology transfer from Europe
- ❑ Further greenfield / acquisitions
- ❑ Clear future target is U.S.



- Insulated Panel Manufacturing
- Access Floors Manufacturing
- Access Floors Distribution

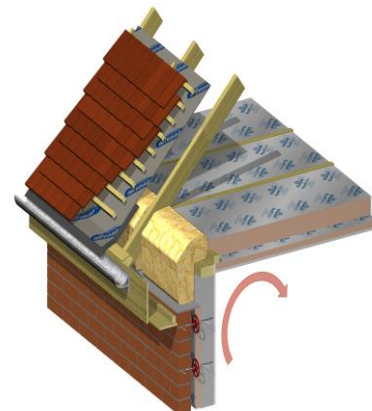
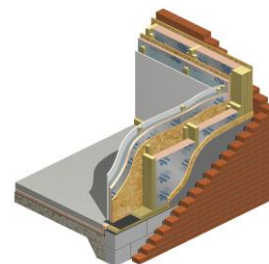


Insulation Boards



	2006	2007	Analysis of YonY % change		
Sales (€mn)	242.4	284.2	Total	Organic	Acquisitions
% of Group Sales	17%	15%	+17%	+17%	+0%

- ☐ Strong organic growth across all markets
- ☐ Ireland weakening
- ☐ UK market has been very robust but early signs of weakness visible
 - ☐ Phenolic conversion plan on target
 - ☐ Additional PIR capacity UK on target but will have negative impact on margins in short term
- ☐ Increasing presence in Western Europe, greenfield relocation & capacity capex 2008
- ☐ CEE - early sales encouraging, greenfield capex during 2008, completion mid 2009 but negative impact on margins in short term
- ☐ Continued focus on conversion and value added products



Off-Site & Structural

	2006	2007	Analysis of YonY % change		
Sales (€mn)	246.2	326.8	Total	Organic	Acquisitions
% of Group Sales	17%	18%	+33%	+2%	+31%

- ☐ **Structural Products**
 - ☐ Steady in UK & IRL during 2007

- ☐ **UK Off-Site sales growth strong**

- ☐ Organic growth in UK
- ☐ Acquisition in UK
- ☐ Less confidence in UK since December 2007



- ☐ **Ireland Off-Site sales began well in 2007, but weakened dramatically, expected to continue to weaken**

- ☐ IRL order book flat but order intake down

- ☐ UK order book +50% vs. Dec 2006

- ☐ Overhead & headcount reductions of €6mn; 2 site closures in IRL & 1 in UK

- ☐ Net capex in 2009 of €15mn to achieve site consolidation, cost reductions & streamlined capacity

Environmental & Renewables



	2006	2007	Analysis of YonY % change		
Sales (€mn)	249.0	291.5	Total	Organic	Acquisitions
% of Group Sales	17%	16%	+17%	+6%	+11%

- ❑ Entry into high growth Solar Thermal market, complementing a solid Hot Water Systems business
- ❑ Entry into PV market with sales agreement for unique Mitsubishi product in Europe
- ❑ Shifting focus to rainwater recovery opportunity in line with Code for Sustainable Homes
- ❑ Effluent Treatment sales performance steady
- ❑ Fuel Storage volumes weak
- ❑ Operational plans in place to improve margins from 2008, site consolidation
- ❑ Margin will remain low due to warranty related costs



Access Floors

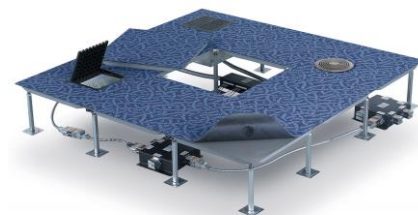


	2006	2007
Sales (€mn)	149.5	197.1
% of Group Sales	10%	11%

Analysis of YonY % change

Total	Organic	Acquisitions
+32%	+27%	+5%

- ☐ Record operating performance in North America
- ☐ Favourable market conditions result in another year where profits advance significantly
- ☐ 2007 margins supported by timing of project completions and good product mix
- ☐ North America
 - ☐ Office construction strong
 - ☐ Data centre strong
- ☐ UK
 - ☐ Strong pipeline underpinned growth
 - ☐ Central London office vacancy rates remain low
- ☐ Lead indicators
 - ☐ US Order book up 30% vs Dec 2006; order intake up 42% YoY
 - ☐ UK order intake up 10% YoY



Building on Strength



- ❑ **The leader in high performance insulation solutions throughout Europe with strong market shares in all regions**
- ❑ **A track record of 20% earnings growth over last 10 years**
- ❑ **An unequalled geographic footprint in emerging & under-penetrated markets**
- ❑ **Directly positioned for & exposed to emissions related regulatory developments globally – clear brand association with low carbon innovation for buildings**
- ❑ **Continuing investment in product & capacity expansion will result in significantly better position from which to rebound in more positive global economic climates**
- ❑ **Strong balance sheet to capitalise on corporate opportunities**



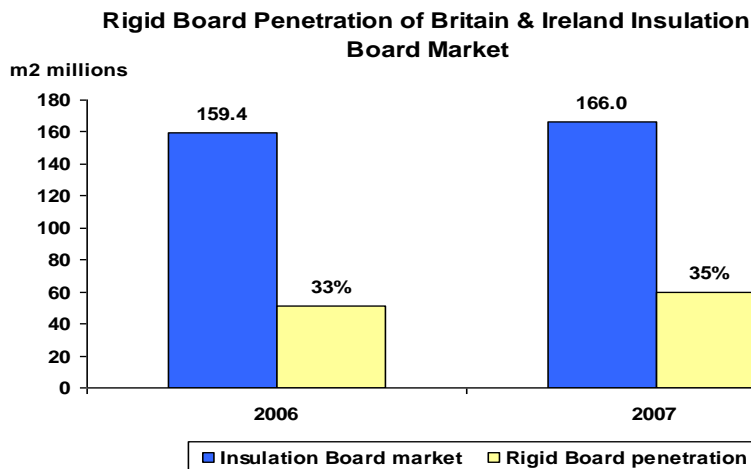
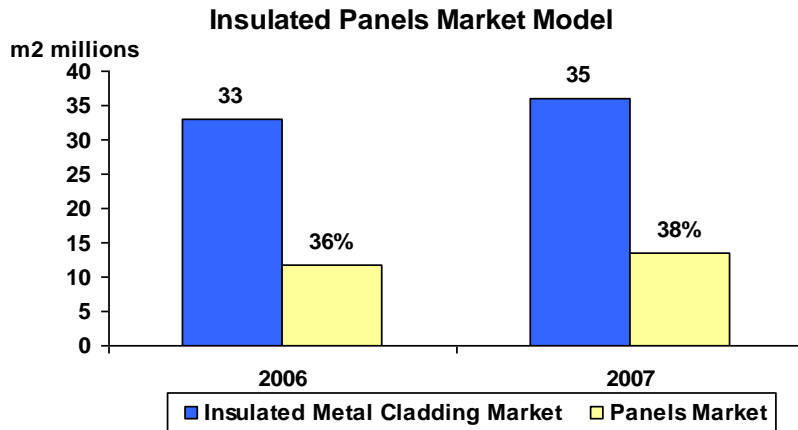
Strength of Market Position



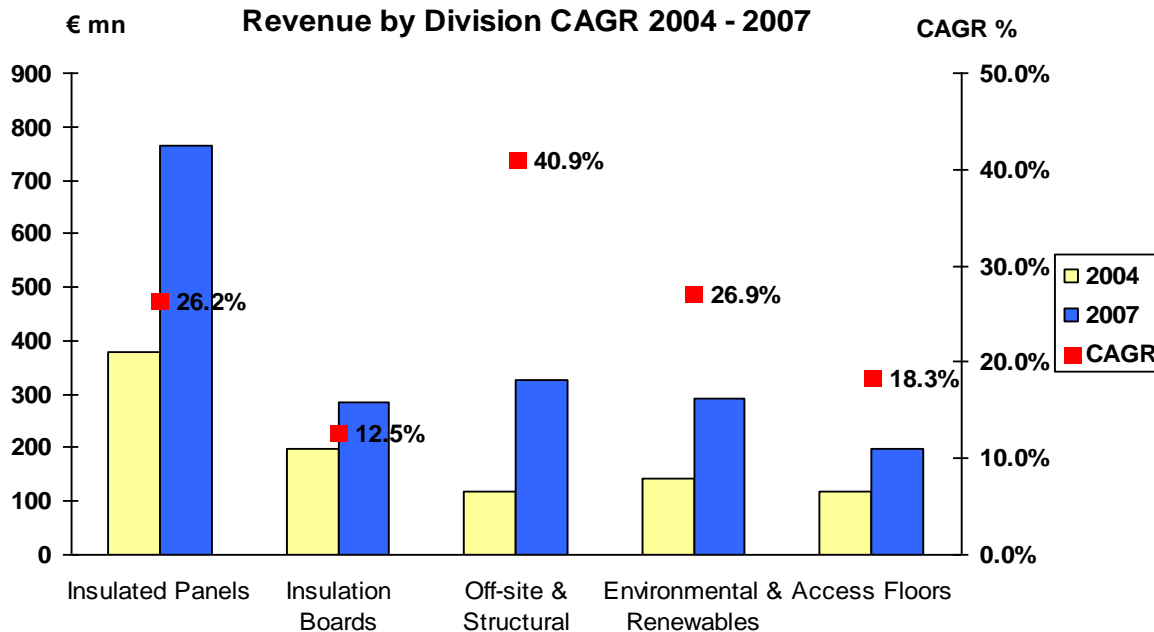
- ❑ **Market leader with c. 25% share of total UK & IRL thermal insulation market**
- ❑ **Market leader in CEE with > 25% share of Insulated Panel market; market penetration c. 30%**
- ❑ **Growing position in Germany & Benelux with c. 15% share of Insulated Panel market; market penetration c. 40%**
- ❑ **Market leader in growing Canadian Insulated Panel market with over 70% share**
- ❑ **Market leader in growing Australian & NZ PIR Insulated Panel market with over 60% market share**



Market Models



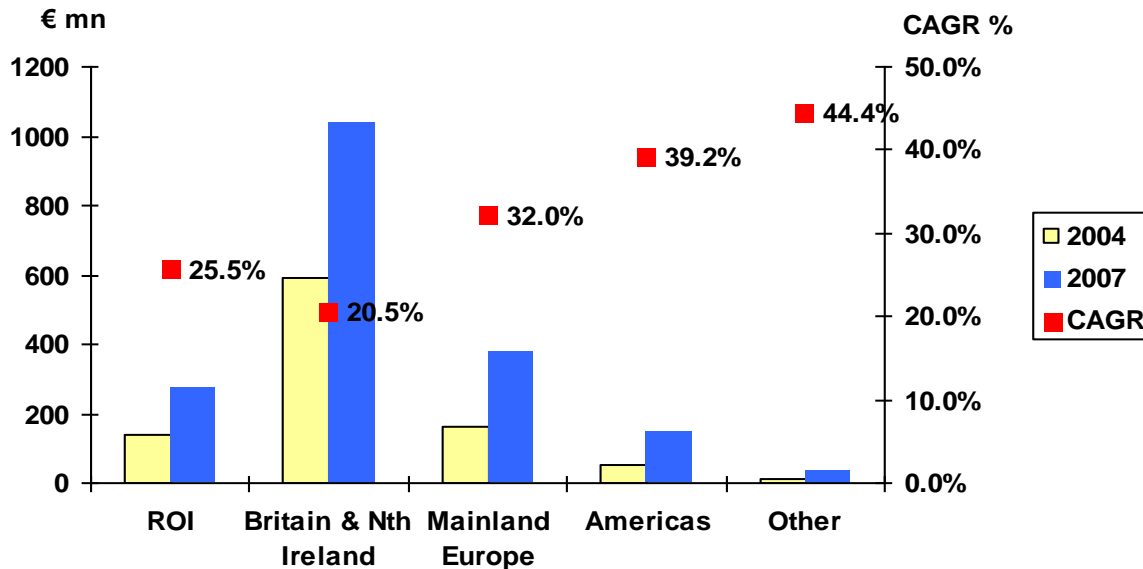
Investment for Growth



€mn	Insulated Panels	Insulation Boards	Offsite & Structural	Environmental & Renewables	Access Floors
3 yr Investment	169.8	103.6	137.9	113.9	23.4
Additional Turnover	383.4	84.8	210.0	149.0	77.9
Turnover / Investment	2.3	0.8	1.5	1.3	3.3

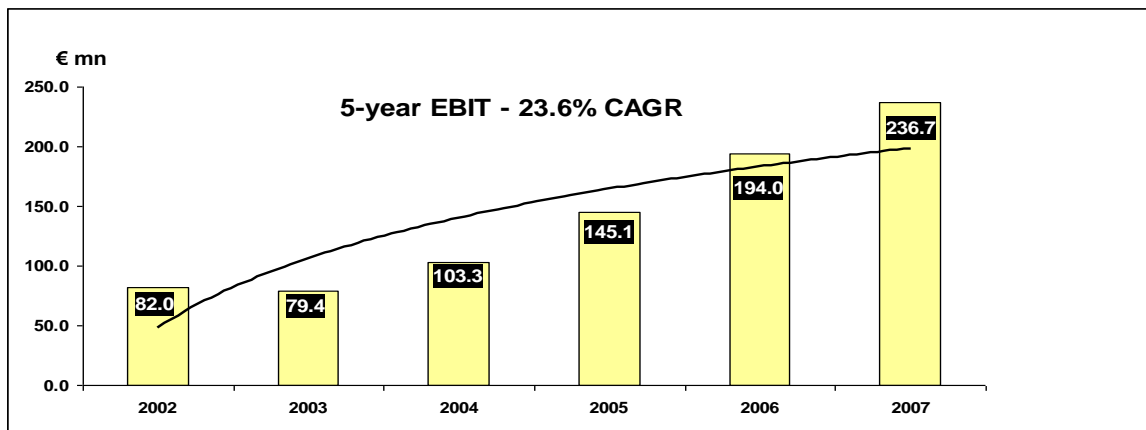
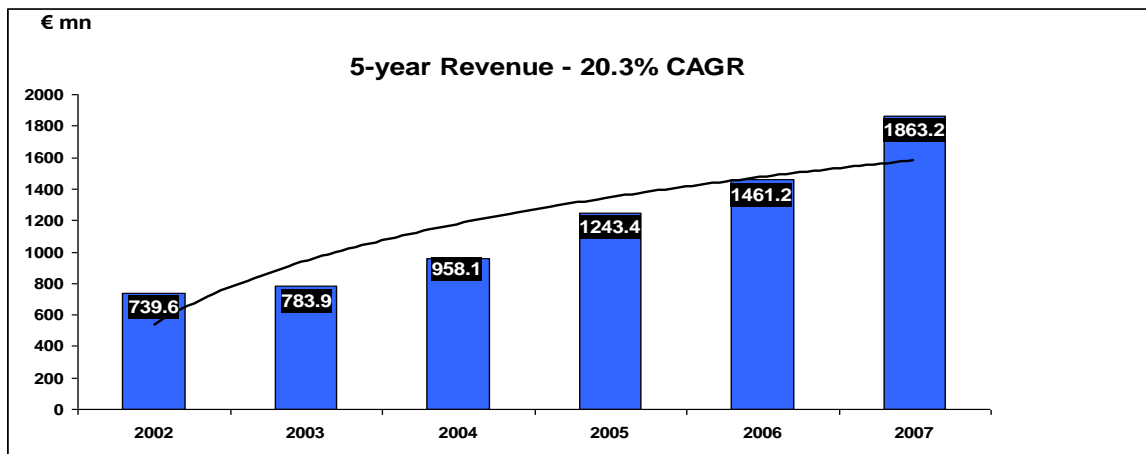
Investment for Growth

Revenue by Geography CAGR 2004-2007



€mn	Britain &				
	ROI	NI	Europe	Americas	Others
3-yr Investment	138.1	270.7	68.8	59.9	11.1
Additional Turnover	133.6	444.3	212.2	90.8	24.2
Turnover / Investment	1.0	1.6	3.1	1.5	2.2

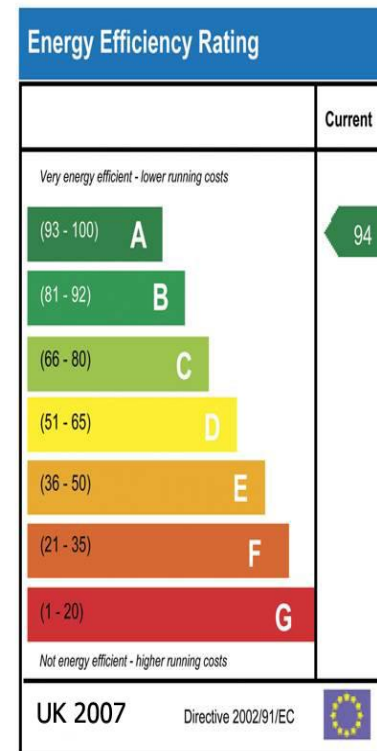
5 Year Growth (€'mn)



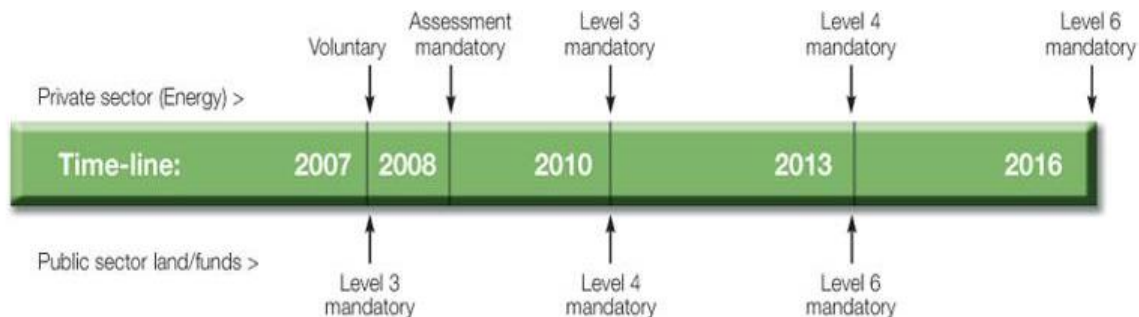
*Operating Profit stated pre-goodwill amortisation for pre IFRS periods to 2003

Energy Directives – The Backdrop

- ❑ Energy Performance in Buildings Directive
 - ❑ Effective 2008
- ❑ Energy End Use and Efficiency & Energy Services Directive
 - ❑ 2008-2017
 - ❑ Compulsory, real targets, 1% ↓ p.a. for 9yrs
- ❑ EU Action Plan for Energy Efficiency
 - ❑ 20% ↓ in energy usage by 2020
 - ❑ Strategy by 2009, roll-out by 2015
 - ❑ “Largest savings potential, 57% of Energy Use lies in buildings” - EU Action Plan, October 2006
- ❑ Social & Affordable Housing
- ❑ Code for Sustainable Homes
- ❑ 2010 Code for Sustainable Non-Residential



Time Line to Zero Carbon - UK



- ❑ **Building Regulation APR2006/2010 - All new buildings designed and built to reduce energy consumption**
- ❑ **A revision of current regulations is planned for 2010**
- ❑ **May be accelerated due to recent “Code for Sustainable Homes”**
- ❑ **Stepped approach towards “Carbon Zero” by 2016**
 - ❑ **Level 3 - Reduction of 48% by 2010**
 - ❑ **Level 4 - Additional reduction of 44% by 2013**
 - ❑ **Level 6 - To Zero Carbon by 2016**



Energy Regulation – Kingspan Response



Zero Carbon:

All new buildings progressively from 2010 onwards

- ☐ Code for Sustainable Homes
- ☐ Code for Sustainable Non-Residential
- ☐ Energy Performance & Buildings Directive
- ☐ EU Action Plan for Energy Efficiency



Kingspan has developed products/solutions to address Zero Carbon building in a holistic way:

- ☐ Maximise thermal efficiency
- ☐ Maximise air tightness
- ☐ Reduction of site waste
- ☐ Water management
- ☐ Pollution control
- ☐ Solar energy solutions



Energy Directives – The Response



Energy operating usage comparison – 5,000m² floor area building, location: Birmingham, UK

Energy Saving KW/h per annum	CO ² Saving tonnes per annum
2,406,152 90.8%	496

Additionally – Carbon Dioxide (CO²) emissions are reduced by up to 90%

– Climate Change Levy (CCL) tax costs are reduced proportionally



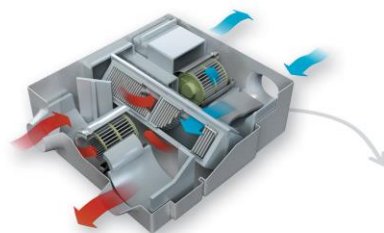
If this project was conducted in 2008, replacing a metal built up system with 80mm panel, payback would be in the region of 7 yrs.



Zero Carbon Kingspan Lighthouse



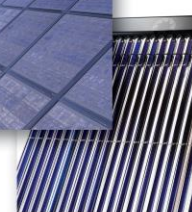
Running costs of €45 per annum vs. €1,200 p.a. in traditional house



Mechanical ventilation
with heat recovery MVHR



Building integrated
photovoltaic solar panels



Solar hot water
heating collector



Rainwater recycling tank



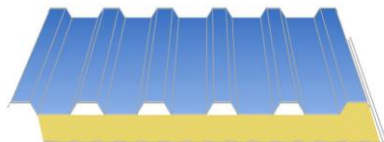
Hot water and heat store



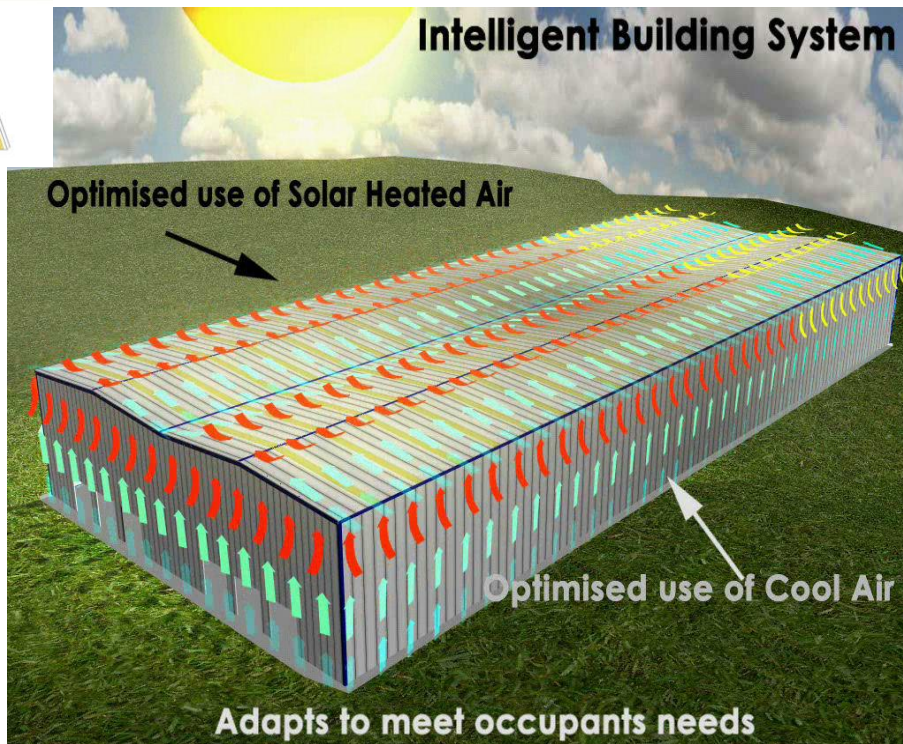
Biomass wood
pellet boiler



Kingspan EnergiPanel



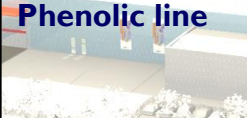











**Provides > 20%
of building's
energy needs**



The Roll Out



	UK	IRL	CEE/ME	WE	North America
Panels	Wall Panel		-Czech Roofpanel -Ukraine -India	Scandi	-Ontario re-location -U.S. Sites
Boards	Greenfield PIR 	Phenolic line 	Poland PIR 	Phenolic line 	
Off-Site	Greenfield site 				
E&R	Site Consolidation	Site Consolidation		Germany presence	



Future



- ↑ **Continuing to develop routes to market across Europe**
- ↑ **Building products for zero carbon agenda**
- ↑ **Developing products for new sectors**
- ↑ **Developing products to conserve and generate energy**
- ↑ **Geographic expansion of Thermal Insulation and Renewable model; opportunities in under developed markets in Eastern Europe, Middle East & Asia**
- ↑ **Expansion of business model in North America**



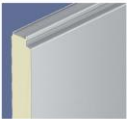
The Entire Masterplan

Kingspan Off-Site systems provide lifetime low energy and low carbon (CO₂) emission solutions across your whole masterplan, ensuring your buildings are

FUTURE-PROOFED



Residential



Education



Healthcare



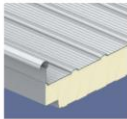
Leisure



Retail



Commercial



Industrial



Sustainable : Renewable : Affordable

