

**Release no. 14 – 2010**  
**Report on the first nine months of 2010**  
**To NASDAQ OMX Nordic Exchange**  
**Copenhagen A/S**

*This is a translation of the Danish version.  
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16 November 2010

**Report on the first nine months of 2010**  
**for Rockwool International A/S**

Today the Board of Directors of Rockwool International A/S has approved the following report on the first nine months of 2010.

**Highlights**

- Sales in the first nine months at actual exchange rates increased by 6% compared to the same period in 2009, or 3% based on comparable exchange rate.
- EBIT in the first nine months of 2010 amounts to DKK 613 million which is an increase of DKK 273 million compared to the same period in 2009.
- The Group expects net sales for 2010 to be 5% above 2009 at actual exchange rates.
- The net result after minority interests for 2010 is expected to be approx. DKK 470 million compared to an estimate of DKK 400 million as mentioned in the report of the first half 2010.
- Capital expenditure including acquisitions is expected to be DKK 1,600 million.

Further information: Gilles Maria, Chief Financial Officer

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**Main figures / key figures for the Group**

	3 <sup>rd</sup> qtr. 2010	3 <sup>rd</sup> qtr. 2009	Acc. 3 <sup>rd</sup> qtr. 2010	Acc. 3 <sup>rd</sup> qtr. 2009	Full year 2009
	Unaudited				Audited
<b>Income statement items in DKK million:</b>					
Net sales	3,027	2,792	8,472	7,995	11,168
EBITDA	459	413	1,319	1,010	1,529
Depreciation, amortisation and write-downs	223	249	706	670	953
EBIT	236	164	613	340	576
Financial items	-6	-15	-24	-38	-42
Profit before tax	233	152	597	310	556
Profit for the period after minority interests	137	79	346	170	322
<b>Balance sheet items in DKK million:</b>					
Non-current assets			8,398	7,906	8,117
Current assets			3,372	3,395	3,209
Total assets			11,770	11,301	11,326
Equity			8,538	7,977	8,228
Non-current liabilities			1,246	1,456	1,196
Current liabilities			1,986	1,868	1,902
<b>Other items in DKK million:</b>					
Cash flow (from operating activities)	587	612	866	1,225	1,950
Investments and acquisitions	307	244	759	994	1,170
Net interest-bearing debt			-28	424	-141
<b>Number of employees:</b>					
Number of employees			8,005	7,925	7,843
<b>Ratios:</b>					
Profit ratio (%)			7	4	5
Profit per share of DKK 10			16	8	15
Profit per share of DKK 10, diluted			16	8	15
Book value per share of DKK 10			377	363	362
Equity ratio (%)			70	71	73
Financial gearing			0	0.05	-0.02
<b>Main figures in EUR million:</b>					
Net sales	406	375	1,138	1,073	1,501
Depreciation, amortisation and write-downs	30	33	95	90	128
EBIT	31	22	82	46	77
Profit before tax	31	20	80	42	75
Profit for the period after minority interests	18	11	46	23	43
Total assets			1,580	1,517	1,522
Equity			1,146	1,071	1,106
Cash flow (from operating activities)	79	60	116	164	262
Investments and acquisitions	41	27	102	133	157
Exchange rate	7.45	7.45	7.45	7.45	7.44

The ratios have been calculated in accordance with recommendations issued by the Danish Society of Financial Analysts (2010 edition).

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**Management report for the period from 1 January to 30 September 2010**

Income statement

The Rockwool Group generated sales in the first nine months of 2010 of DKK 8,472 million corresponding to an increase of 6% compared to same period last year (or 3% on comparable exchange rates). Like for like, with comparable working days and exchange rate, the net sales increase is about 1%.

External sales in the Insulation Segment increased by 5% to DKK 6,888 million and Systems Segment's external sales increased by 13% to DKK 1,584 million. Market conditions during the third quarter have confirmed the slight but gradual improvement in Western Europe already noticed during the second quarter. The strong recovery in Russia with an increasing demand for our products is being supplied through available idle capacity in neighbouring countries. Progress in North America and Asia continues at the same satisfactory pace. Sales prices are stabilising.

The Group factory efficiency plan is progressing as planned and contributes to make the Group leaner well complementing the already implemented cost reduction program initiated end of 2008. Unfortunately, prices for raw materials and foundry coke are continuing to increase and have already impacted the margin of the third quarter.

The Systems Segment has during the third quarter continued its solid performance still well supported by the Rockfon ceiling activity which benefits from newly developed products.

EBITDA for the Group increased by 31% compared to same period last year and reached DKK 1,319 million resulting in an EBITDA ratio of 16% for the first nine months of 2010.

EBIT ended at DKK 613 million – an increase of DKK 273 million. EBIT in the Insulation Segment increased by 28% and reached DKK 384 million. Systems Segment generated an EBIT of DKK 205 million which is an increase of 118% compared to the first nine months of 2009.

Net financial costs ended up at DKK 24 million which is DKK 14 million less than in the first nine months of 2009.

Profit after minority interests for the first nine months of 2010 amounted to DKK 346 million which is DKK 176 million higher than the same period last year.

Cash flow

Cash flow from operations for the period is DKK 866 million which is DKK 359 million lower than last year.

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Working capital development has improved over the third quarter but still had a negative effect on the cash flow of DKK 107 million in the first nine months of 2010 which is primarily due to higher stocks and debtors.

Capital expenditure in the first nine months was DKK 759 million which is a decrease of DKK 235 million compared to the same period of 2009. Included in this amount is the acquisition of the Troitsk factory in Russia with the effect of DKK 283 million.

Balance sheet

Total assets end of the first nine months of 2010 amounted to DKK 11,770 million. The equity ratio at the end of the period was 70%.

Expectations for 2010

Overall, group trading conditions for insulation in Europe are expected to continue their gradual improvement. The Group's insulation sales for the rest of the world as well as Systems Segment sales are seen to keep the higher momentum experienced in the last quarter.

All in all, the Group expects net sales for 2010 at actual exchange rates to be 5% above 2009 or 2% on comparable exchange rate.

The Group keeps on facing inflation on raw material and energy prices which will negatively impact the coming quarters.

Therefore, the Group expects a result after minority interests for 2010 of approx. DKK 470 million compared to an estimate of DKK 400 million as mentioned in the report of the first half 2010.

Capital expenditure including acquisitions is expected to be DKK 1,600 million. Normal investments including the capacity projects in India and Russia amount to approximately DKK 700 million, the remainder being mainly the announced acquisitions in Russia (Troitsk) and Asia.

Closing of the CSR-Asia acquisition is still expected before end of 2010.

Disclaimer

The statements on the future in this report, including expected sales and earnings, are associated with risks and uncertainties and may be affected by factors influencing the activities of the group, e.g. the global economic environment, including interest and exchange rate developments, the raw material situation, production and distribution-related issues, breach of con-

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tract or unexpected termination of contract, price reductions due to market-driven price reductions, market acceptance of new products, launches of competitive products and other unforeseen factors.

Management statement

The Board of Directors and Group Management have today approved this interim report for the first nine months of 2010.

This interim report, which has not been audited or reviewed by the Group's auditor, has been prepared in accordance with IAS 34 Interim Financial Reporting, as approved by the EU and additional Danish requirements for financial reporting by listed companies.

We believe that the accounting policies applied – which are unchanged from those applied in the annual report for 2009 – are appropriate and that the accounting estimates made are reasonable. In our opinion this interim report presents a true and fair view of the Group's assets, liabilities and financial position on 30 September 2010 and of earnings and cash flows during the period.

Furthermore we believe that the management report gives a true and fair statement of the development of the Group's activities and financial situation, the result of the period and of the Group's financial position as a whole as well as a description of the most important risks and uncertainties which the Group is facing.

16 November 2010

**Group Management**

Eelco van Heel

Gilles Maria

**Board of Directors**

Tom Kähler

Henrik Nyegaard

Steen Riisgaard

Claus Bugge Garn

Jan W. Hillege

Bjørn Høi Jensen

Thomas Kähler

Dorthe Lybye

Connie Enghus Theisen

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**Income statement**

DKK million	3 <sup>rd</sup> qtr.	3 <sup>rd</sup> qtr.	Acc.	Acc.	Full year
	2010	2009	3 <sup>rd</sup> qtr.	3 <sup>rd</sup> qtr.	
	Unaudited				Audited
Net sales	3,027	2,792	8,472	7,995	11,168
<b>Operating income</b>	<b>3,064</b>	<b>2,845</b>	<b>8,592</b>	<b>8,120</b>	<b>11,362</b>
<b>Operating costs</b>	<b>2,828</b>	<b>2,681</b>	<b>7,979</b>	<b>7,780</b>	<b>10,786</b>
EBITDA	459	413	1,319	1,010	1,529
<b>Operating profit before financial items (EBIT)</b>	<b>236</b>	<b>164</b>	<b>613</b>	<b>340</b>	<b>576</b>
Income from associated companies after tax	3	3	8	8	22
Financial items	-6	-15	-24	-38	-42
<b>Profit before tax</b>	<b>233</b>	<b>152</b>	<b>597</b>	<b>310</b>	<b>556</b>
Tax on profit for the period	89	53	221	108	206
<b>Profit for the period</b>	<b>144</b>	<b>99</b>	<b>376</b>	<b>202</b>	<b>350</b>
Minority interests	7	20	30	32	28
<b>Profit for the period after minority interests</b>	<b>137</b>	<b>79</b>	<b>346</b>	<b>170</b>	<b>322</b>
Profit per share of DKK 10			16	8	15
Profit per share of DKK 10, diluted			16	8	15

**Statement of recognised income and expenses**

<b>Profit for the period</b>	<b>144</b>	<b>99</b>	<b>376</b>	<b>202</b>	<b>350</b>
Exchange rate adjustments of foreign subsidiaries	-50	74	162	32	119
Hedging instruments, value adjustments	20	-25	11	-65	-50
Tax on hedging instruments, value adjustments	-7	7	-4	18	14
<b>Total income</b>	<b>107</b>	<b>155</b>	<b>545</b>	<b>187</b>	<b>433</b>
Minority interests	-11	17	39	15	18
<b>Total income for the period after minority interests</b>	<b>118</b>	<b>138</b>	<b>506</b>	<b>172</b>	<b>415</b>

**Segment reporting**

Acc. 3 <sup>rd</sup> qtr.	Unaudited						The Rockwool Group	
	Insulation segment		Systems segment		Group eliminations and holding companies			
	2010	2009	2010	2009	2010	2009	2010	2009
External net sales	6,888	6,590	1,584	1,405	0	0	8,472	7,995
Internal net sales	855	833	5	29	-860	-862	0	0
Total net sales	7,743	7,423	1,589	1,434	-860	-862	8,472	7,995
EBIT	384	299	205	94	24	-53	613	340

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### Cash flow statement

DKK million	3 <sup>rd</sup> qtr.	3 <sup>rd</sup> qtr.	Acc.	Acc.	Full year
	2010	2009	3 <sup>rd</sup> qtr.	3 <sup>rd</sup> qtr.	
	Unaudited				Audited
Operating profit for the period	236	164	613	340	576
Adjustments for depreciation, amortisation and write-downs	223	249	706	670	953
Other adjustments	4	-15	9	-20	44
Change in net working capital	233	277	-107	441	598
<b>Cash flow from operations before financial items and tax</b>	<b>696</b>	<b>675</b>	<b>1,221</b>	<b>1,431</b>	<b>2,171</b>
<b>Cash flow from operating activities</b>	<b>587</b>	<b>612</b>	<b>866</b>	<b>1,225</b>	<b>1,950</b>
<b>Cash flow from investing activities</b>	<b>-307</b>	<b>-244</b>	<b>-759</b>	<b>-994</b>	<b>-1,170</b>
<b>Cash flow from operating and investing activities (free cash flow)</b>	<b>280</b>	<b>368</b>	<b>107</b>	<b>231</b>	<b>780</b>
Cash flow from financing activities	-29	-265	-276	-300	-570
<b>Change in cash available</b>	<b>251</b>	<b>103</b>	<b>-169</b>	<b>-69</b>	<b>210</b>
Cash available – beginning of period	173	196	588	368	368
Exchange rate adjustments	1	2	6	2	10
<b>Cash available – end of period</b>	<b>425</b>	<b>301</b>	<b>425</b>	<b>301</b>	<b>588</b>
<b>Unutilised, committed credit facilities</b>			<b>3,370</b>	<b>3,079</b>	<b>3,323</b>

Individual items in the cash flow statement cannot be directly deduced from the consolidated balance sheet, as balance sheet items of the foreign companies have been converted at the average exchange rates.

### Balance sheet

DKK million	3 <sup>rd</sup> qtr.	3 <sup>rd</sup> qtr.	Full year
	2010	2009	
	Unaudited		Audited
<b>Assets</b>			
Intangible fixed assets	258	250	273
Tangible fixed assets	7,593	7,222	7,340
Other financial fixed assets	240	225	239
Deferred tax assets	307	209	265
<b>Total non-current assets</b>	<b>8,398</b>	<b>7,906</b>	<b>8,117</b>
Inventories	954	993	801
Receivables	1,862	1,965	1,675
Cash	556	437	733
<b>Total current assets</b>	<b>3,372</b>	<b>3,395</b>	<b>3,209</b>
<b>Total assets</b>	<b>11,770</b>	<b>11,301</b>	<b>11,326</b>
<b>Equity and liabilities</b>			
Share capital	220	220	220
Hedging	-2	-20	-9
Foreign currency translation	-245	-478	-398
Retained earnings	8,307	7,991	8,146
Minority interests	258	264	269
<b>Total equity</b>	<b>8,538</b>	<b>7,977</b>	<b>8,228</b>
Non-current liabilities	1,246	1,456	1,196
Current liabilities	1,986	1,868	1,902
<b>Total liabilities</b>	<b>3,232</b>	<b>3,324</b>	<b>3,098</b>
<b>Total liabilities and equity</b>	<b>11,770</b>	<b>11,301</b>	<b>11,326</b>

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**Statement of equity**

DKK million	Unaudited					
	Share capital	Hedging	Foreign currency translation	Retained earnings	Minority interests	Total
<b>Equity 1/1 2010</b>	<b>220</b>	<b>-9</b>	<b>-398</b>	<b>8,146</b>	<b>269</b>	<b>8,228</b>
Profit for the period				346	30	376
Exchange rate adjustments of foreign subsidiaries			153		9	162
Hedging instruments, value adjustments		11				11
Tax on hedging instruments, value adjustments		-4				-4
<b>Total income</b>		<b>7</b>	<b>153</b>	<b>346</b>	<b>39</b>	<b>545</b>
Sale and purchase of own shares				3		3
Expensed value of options issued				19		19
Dividend paid to the shareholders/minority interests				-207	-52	-259
Addition/disposal of minority interests					2	2
<b>Equity 3<sup>rd</sup> qtr. 2010</b>	<b>220</b>	<b>-2</b>	<b>-245</b>	<b>8,307</b>	<b>258</b>	<b>8,538</b>
<b>Equity 1/1 2009</b>	<b>220</b>	<b>27</b>	<b>-527</b>	<b>7,998</b>	<b>246</b>	<b>7,964</b>
Profit for the period				170	32	202
Exchange rate adjustments of foreign subsidiaries			49		-17	32
Hedging instruments, value adjustments		-65				-65
Tax on hedging instruments, value adjustments		18				18
<b>Total income</b>		<b>-47</b>	<b>49</b>	<b>170</b>	<b>15</b>	<b>187</b>
Sale and purchase of own shares				2		2
Expensed value of options issued				28		28
Dividend paid to the shareholders				-207		-207
Addition/disposal of minority interests				0	3	3
<b>Equity 3<sup>rd</sup> qtr. 2009</b>	<b>220</b>	<b>-20</b>	<b>-478</b>	<b>7,991</b>	<b>264</b>	<b>7,977</b>

**Business combinations**

The Group has on 14 July 2010 taken over a stone wool factory in Troitsk in the Ural region. The factory has a production capacity of 30,000 tons per year and employs currently 270 people. The acquisition took place in order to benefit from the increased activity in the Russian construction and insulation market.

The purchase price allocation below is provisional. Fair value of the acquired assets and liabilities at the acquisition date were:

DKK million	Unaudited
	Fair value at the acquisition date
Tangible fixed assets/purchase price	283
Paid in cash	283

In the acquisition, the Group had transaction costs amounting to DKK 2 million relating to legal advisers which is recognised in operational costs in the income statement.