

Release no. 11 – 2012
Report on the first 9 months of 2012
To NASDAQ OMX Nordic Exchange
Copenhagen A/S

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20 November 2012

Report on the first 9 months of 2012
for ROCKWOOL International A/S

Today the Board of ROCKWOOL International A/S has discussed and approved the following report on the first 9 months of 2012.

Highlights

- Sales in the first 9 months of 2012 at actual exchange rates increased by 8% compared to the same period in 2011.
- EBIT in the first 9 month of 2012 amounts to DKK 814 million which is an increase of DKK 239 million, 42% above the same period in 2011.
- The Group expects net sales at current exchange rates to increase by 6% for the full year 2012.
- The Group expects a result after minority interests of at least DKK 700 million compared to the previous estimate of DKK 650-700 million.
- Capital expenditure excluding acquisitions is now expected to be around DKK 1,000 million.
- New chairman of the Board of ROCKWOOL International A/S as of 18 April 2013.

Further information: Gilles Maria, Chief Financial Officer

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Main figures / key figures for the Group

	3 rd qtr. 2012	3 rd qtr. 2011	Acc. 3 rd qtr. 2012	Acc. 3 rd qtr. 2011	Full year 2011
	Unaudited				Audited
Income statement items in DKK million					
Net sales	3,875	3,636	10,727	9,937	13,748
EBITDA	688	528	1,632	1,306	1,821
Depreciation, amortisation and write-downs	304	247	818	731	917
EBIT	384	281	814	575	904
Financial items	-14	-14	-47	-44	-47
Profit before tax	372	272	775	549	899
Profit for the period after minority interests	257	192	538	383	640
Balance sheet items in DKK million					
Non-current assets			9,421	8,932	9,377
Current assets			3,882	3,456	3,301
Total assets			13,303	12,388	12,678
Equity			9,203	8,284	8,635
Non-current liabilities			1,198	1,462	1,368
Current liabilities			2,902	2,642	2,675
Other items in DKK million					
Cash flow from operating activities	886	646	1,223	929	1,527
Investments and acquisitions	289	363	699	902	1,200
Free cash flow	597	283	524	27	327
Net interest-bearing debt			302	660	550
Number of employees					
Number of employees at end of period			9,861	9,191	9,368
Ratios					
Profit ratio (%)			8	6	7
Earnings per share of DKK 10			25	17	30
Earnings per share of DKK 10, diluted			25	17	30
Cash earnings per share of DKK 10			57	43	71
Book value per share of DKK 10			418	376	392
Return on invested capital (%)			9	7	10
Return on equity (%)			6	5	7
Equity ratio (%)			69	67	68
Financial gearing			0,03	0,08	0,06
Stock market information					
Share capital (DKK million)			220	220	220
Price per A share (DKK)			533	628	458
Price per B share (DKK)			536	625	461
Number of A shares (10 votes)			11,231,627	11,231,627	11,231,627
Number of B shares (1 vote)			10,743,296	10,743,296	10,743,296

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 1 January to 30 September 2012Income statement

The ROCKWOOL Group generated sales in the first 9 month of 2012 of DKK 10,727 million corresponding to an increase of 8% compared to same period last year. Based on unchanged exchange rates, the increase in net sales is 7% compared to same period last year.

External sales in the Insulation Segment increased by 8% to DKK 8,882 million, and Systems Segment's external sales increased by 9% to DKK 1,845 million.

In third quarter, the Western European Insulation market showed strong signs of decreasing trading conditions. For the Group, sold volumes decreased compared to last year in almost all countries. As sales prices have continued to increase during third quarter, net sales remained at the same level as third quarter last year. The German and French markets are showing continued positive development.

The Eastern European Insulation market as a whole has continued its recovery, although at a slower pace than during the first half of 2012. Russia is showing a reasonable growth while Poland is now levelling out.

Sales in North America have continued their solid development especially in the US. In Asia, the sales growth is continuing.

Inflation on most raw materials was again high for this period although the effect from lower foundry coke prices started to contribute to a better margin for the Group.

EBITDA for the Group reached DKK 1,632 million resulting in an EBITDA ratio of 15% for the first 9 months of 2012 which is an improvement of 2%-points compared to the same period last year.

EBIT was DKK 814 million – an increase of DKK 239 million compared to same period last year. Insulation segment EBIT for the first 9 months reached DKK 610 million which is an increase of 68% compared to the first 9 months of last year. Systems Segment generated an EBIT of DKK 201 million which is 8% below the first 9 months of 2011. As during previous quarters, this decline is due to extraordinary effects while the underlying business continues to perform well.

Net financial costs ended up at DKK 47 million which is 7% higher than last year.

Profit after minority interests for the first 9 months of 2012 amounted to DKK 538 million which is DKK 155 million better than last year.

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Cash flow

Cash flow from operations for the first 9 months of 2012 is DKK 1,223 million which is DKK 294 million above last year.

Working capital development has had a negative effect by DKK 179 million in the first 9 months of 2012 which is primarily due to increasing sales and to seasonal stocks.

Capital expenditure in the first 9 months of 2012 was DKK 699 million which is a decrease of DKK 203 million compared to the same period of 2011.

Balance sheet

Total assets end of the first 9 months of 2012 amounted to DKK 13,303 million. The equity ratio at the end of the period was 69%.

Expectations for 2012

The Group expects the business conditions in Europe to worsen further during the last quarter, however with very large differences country by country. A resilient refurbishment segment helped by incitement measures from many governments will limit further market contraction. Planned infrastructure improvements require that some assets are impaired, and the Group has included in its EBIT expectation around DKK 80 million to cover this. In Eastern Europe including Russia, market conditions are also expected to be less favourable, however still better than in Western Europe. The positive sales development in North America is expected to continue, well supported by better market conditions. In Asia, we expect to progress further in a market where non-combustible insulation material is gaining ground. Overall, the Group expects net sales at current exchange rates to increase by 6% for the full year 2012.

Inflation is expected to continue with same level as seen in previous quarters whilst assuming lower raw material prices longer term. The Group maintains its focus on increase of sales price and is getting even more careful on operational spending.

Considering the good development during the first three quarters, the Group revises its expectations for a result after minority interests for the year 2012 to be at least DKK 700 million against the previous estimate of DKK 650-700 million which signals an operational performance for last quarter of the year similar to the year before.

Capital expenditure excluding acquisitions is now expected to be DKK 1,000 million, a decrease of DKK 200 million compared to previous expectation.

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Change of Chairman of the Board in April 2013

Tom Kähler (69), Chairman of the Board informs that he will not be a candidate for re-election to the Board at the General Meeting 18 April 2013.

Tom Kähler has been member of the Board since 1977, Chief Executive Officer from 1987 until 2004 and Chairman of the Board since 2004.

Tom Kähler intends until spring 2014 to continue in the Board of the Rockwool Foundation of which he has been Chairman since 1991 and expects during the coming years still to be a candidate for election as General Manager of the Kähler Family Meeting.

The other members of the Board have decided that they will constitute themselves in April 2013, if re-elected, with CEO Steen Riisgaard as new Chairman and with CEO Carsten Bjerg and Managing Director Thomas Kähler as respectively first and second Vice Chairman.

The Kähler Family Meeting will as in the past propose two persons representing the Family to be elected at the General Meeting 18 April 2013.

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 contract 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 and Management Board have today discussed and approved this interim report of ROCKWOOL International A/S for the first 9 months of 2012.

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 interim reporting requirements for listed companies.

We believe that the accounting policies applied – which are unchanged from those applied in the annual report for 2011 – 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 at 30 September 2012 and of the result of the Group's operations and cash flow for the period 1 January - 30 September 2012.

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

20 November 2012

Management Board

Eelco van Heel

Gilles Maria

Board

Tom Kähler

Steen Riisgaard

Carsten Bjerg

Heinz-Jürgen Bertram

Claus Bugge Garn

Bjørn Høi Jensen

Thomas Kähler

Dorthe Lybye

Connie Enghus Theisen

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Income statement					
DKK million	3 rd qtr.	3 rd qtr.	Acc.	Acc.	Full year
	2012	2011	3 rd qtr.	3 rd qtr.	
	Unaudited				Audited
Net sales	3,875	3,636	10,727	9,937	13,748
Operating income	3,909	3,678	10,836	10,060	13,906
Operating costs	3,525	3,397	10,022	9,485	13,002
EBITDA	688	528	1,632	1,306	1,821
Operating profit before financial items (EBIT)	384	281	814	575	904
Income from investments associated companies after tax	2	5	8	18	42
Financial items	-14	-14	-47	-44	-47
Profit before tax	372	272	775	549	899
Tax on profit for the period	115	82	238	176	276
Profit for the period	257	190	537	373	623
Minority interests	0	-2	-1	-10	-17
Profit for the period after minority interests	257	192	538	383	640
Profit per share of DKK 10			25	17	30
Profit per share of DKK 10, diluted			25	17	30
Statement of comprehensive income					
Profit for the period	257	190	537	373	623
Exchange rate adjustments of foreign subsidiaries	117	-214	243	-290	-185
Change in pension obligation	0	0	0	0	-33
Hedging instruments, value adjustments	5	-15	8	-6	-9
Tax on comprehensive income	-1	5	-2	2	9
Total comprehensive income	378	-34	786	79	405
Minority interests	0	-3	-1	-10	-16
Total income for the period after minority interests	378	-31	787	89	421

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Segment reporting

Acc. 3 rd qtr.	Unaudited						The ROCKWOOL Group	
	Insulation segment		Systems segment		Group eliminations and holding companies			
DKK million	2012	2011	2012	2011	2012	2011	2012	2011
External net sales	8,882	8,245	1,845	1,692	0	0	10,727	9,937
Internal net sales	1,254	970	0	0	-1,254	-970	0	0
Total net sales	10,136	9,215	1,845	1,692	-1,254	-970	10,727	9,937
EBIT	610	364	201	219	3	-8	814	575

Geographical split of external net sales

DKK million	3 rd qtr.	3 rd qtr.	Acc.	Acc.	Full year	
	2012	2011	3 rd qtr.	3 rd qtr.		2011
					Unaudited	Audited
Western Europe	2,351	2,307	6,853	6,655	8,859	
Eastern Europe including Russia	1,008	904	2,400	2,106	2,837	
North America, Asia and others	516	425	1,474	1,176	2,052	
Total external net sales	3,875	3,636	10,727	9,937	13,748	

Balance sheet

DKK million	3 rd qtr.	3 rd qtr.	Full year	
	2012	2011		2011
			Unaudited	Audited
Assets				
Intangible assets	561	516	559	
Tangible assets	8,200	7,856	8,102	
Other financial assets	388	320	401	
Deferred tax assets	272	240	315	
Total non-current assets	9,421	8,932	9,377	
Inventories	1,397	1,178	1,110	
Receivables	1,982	1,862	1,844	
Cash	503	416	347	
Total current assets	3,882	3,456	3,301	
Total assets	13,303	12,388	12,678	
Equity and liabilities				
Share capital	220	220	220	
Hedging	-13	-16	-19	
Foreign currency translation	-111	-459	-354	
Retained earnings	9,095	8,521	8,776	
Minority interests	12	18	12	
Total equity	9,203	8,284	8,635	
Non-current liabilities	1,198	1,462	1,368	
Current liabilities	2,902	2,642	2,675	
Total liabilities	4,100	4,104	4,043	
Total equity and liabilities	13,303	12,388	12,678	

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Cash flow statement

DKK million	3 rd qtr.	3 rd qtr.	Acc.	Acc.	Full year
	2012	2011	3 rd qtr.	3 rd qtr.	
	Unaudited				Audited
Operating profit before financial items	384	281	814	575	904
Adjustments for depreciation, amortisation and write-downs	304	247	818	731	917
Other adjustments	23	-1	9	8	41
Change in net working capital	244	194	-179	-168	-47
Cash flow from operations before financial items and tax	955	721	1,462	1,146	1,815
Cash flow from operating activities	886	646	1,223	929	1,527
Cash flow from investing activities	-289	-363	-699	-902	-1,200
Cash flow from operating and investing activities (free cash flow)	597	283	524	27	327
Cash flow from financing activities	-28	-51	-393	-476	-514
Change in cash available	569	232	131	-449	-187
Cash available – beginning of period	-563	-527	-128	132	132
Business combinations					-24
Exchange rate adjustments	-14	3	-11	25	-49
Cash available – end of period	-8	-292	-8	-292	-128
Unutilised, committed credit facilities			3,306	3,267	3,450

Statement of changes in equity

DKK million	Unaudited					Total
	Share capital	Hedging	Foreign currency translation	Retained earnings	Minority interests	
Equity 1/1 2012	220	-19	-354	8,776	12	8,635
Total comprehensive income		6	243	538	-1	786
Sale and purchase of own shares				-25		-25
Expensed value of options issued				7		7
Dividend paid to the shareholders				-207		-207
Addition/disposal of minority interests				6	1	7
Equity 3rd qtr. 2012	220	-13	-111	9,095	12	9,203
Equity 1/1 2011	220	-12	-169	8,524	212	8,775
Total comprehensive income		-4	-290	383	-10	79
Sale and purchase of own shares				-75		-75
Expensed value of options issued				12		12
Dividend paid to the shareholders				-207		-207
Addition/disposal of minority interests				-116	-184	-300
Equity 3rd qtr. 2011	220	-16	-459	8,521	18	8,284

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Main figures in EUR million:	3rd qtr.	3rd qtr.	Acc.	Acc.	Full year
	2012	2011	3rd qtr.	3rd qtr.	
	Unaudited				Audited
Net sales	521	489	1,442	1,334	1,845
Depreciation, amortisation and write-downs	41	33	110	98	123
EBIT	52	38	109	77	122
Profit before tax	50	37	104	74	121
Profit for the period after minority interests	35	26	72	51	86
Total assets			1,788	1,663	1,705
Equity			1,237	1,114	1,162
Cash flow (from operating activities)	119	87	164	125	205
Investments and acquisitions	39	49	94	121	161
Exchange rate	7.44	7.45	7.44	7.45	7.43