

Strong profitability in a continuing slow market

Highlights

- Sales in local currencies in the first 3 quarters increased by 2.3%. Q3 sales grew 1.6%, measured in local currencies.
- EBIT* increased by 40% to EUR 176 million equal to an 10.9% EBIT margin in the first 3 quarters, with significant EBIT margin increase in the Insulation Business. EBIT* in Q3 was EUR 70 million and the EBIT margin reached 12.2%
- The Group's business transformation program is ahead of schedule and contributed with EUR 31 million included in the EBIT result of the first 3 quarters.
- Investment expenditure was EUR 91 million in the first 3 quarters of 2016, hereof EUR 21 million in Q3.
- Free cash flow improved by EUR 117 million to EUR 140 million for the first 3 quarters of 2016. Q3 generated a strong free cash flow of EUR 127 million.
- Net profit for the first 3 quarters reached EUR 122 million, an improvement of EUR 53 million. Net profit in Q3 was EUR 49 million.

Full year Outlook 2016 maintained

- The Group's net sales are still expected to show a small positive organic growth in local currencies.
- EBIT margin excluding redundancy costs related to the Business Transformation Program is still expected to be around 10%
- Investment expenditure expectation for 2016 remains unchanged at around EUR 130 million excluding acquisitions

*) Ex. redundancy costs from the Business Transformation Program from 2016 and 2015 and write-downs in Asia in 2015.



"We are pleased with the development for the first three quarters. The EBIT margin reached nearly 11%. Our free cash flow generation was strong and we are now net debt free. In the quarter, markets were relatively slow however the System segment delivered a strong top line with 8% growth"

CEO Jens Birgersson

Conference call

The ROCKWOOL Group will host an earnings call on 17 November 2016 at 11.00 CET. To attend the conference call dial +4570223500, +44(0)2075721187 or +1 6467224972. Passcode 49145165#. The conference call will be transmitted live on www.rockwool.com.

Main figures / key figures for the Group

	Unaudited			Audited	
	Q3 2016	Q3 2015	YTD Q3 2016	YTD Q3 2015	FY 2015
Income statement items in EUR million					
Net sales	571	572	1,619	1,628	2,208
EBITDA	*107	92	*300	248	*337
Depreciation, amortisation and write-downs	37	60	124	143	187
EBIT	*70	*53	*176	*126	*172
Profit before tax	65	32	166	101	133
Profit for the period	49	19	122	69	91
Balance sheet items in EUR million					
Non-current assets			1,423	1,427	1,446
Current assets			561	579	559
Total assets			1,984	2,006	2,005
Equity			1,473	1,335	1,367
Non-current liabilities			155	127	119
Current liabilities			355	544	519
Net interest-bearing debt			-21	167	93
Net working capital			195	205	162
Invested capital			1,470	1,473	1,448
Cash flow in EUR million					
Cash flow from operating activities	147	117	231	187	297
Investments and acquisitions	21	65	91	164	201
Free cash flow	127	52	140	23	97
Other items					
Number of employees at end of period			10,418	11,028	10,601
Ratios					
EBITDA margin	*18.7%	16.1%	*18.5%	15.2%	*15.3%
EBIT margin	*12.2%	*9.3%	*10.9%	*7.7%	*7.8%
Return on invested capital (rolling 4 quarters)			*16.2%	*10.8%	*11.8%
Return on equity (rolling 4 quarters)			10.3%	7.0%	6.8%
Equity ratio			74.3%	66.5%	68.2%
Share information (DKK)					
Earnings per share	16.8	6.7	41.5	23.9	31.3
Cash flow per share	50.0	39.5	79.3	64.9	103
Book value per share			498.7	452.1	463
Share capital (million)			220	220	220
Price per A share			1,159	929	944
Price per B share			1,186	936	963
Market cap (million)			25,381	20,094	20,580
Number of own shares			312,585	431,510	391,835

*) Excluding redundancy costs from the Business Transformation Program from 2016 and 2015 and write-downs in Asia in 2015.

The ratios have been calculated in accordance with recommendations issued by the Danish Society of Financial Analysts (2015 edition).

Management report for the period 1 January to 30 September 2016

Global sales development

The market continued at slow pace in first 3 quarters of 2016 with North America performing well, and signs of improvement in many Western European markets. The Russian market continues to decline leaving the full-year sales outlook for Russia somewhat uncertain.

In the first 3 quarters of 2016 the ROCKWOOL Group generated net sales of EUR 1,619 million, an increase of 2.3% measured in local currencies. The effect from exchange rates was negative by 2.8%, primarily due to devaluation of the Russian rouble, resulting in a slight decline of 0.5% in reported net sales in the first 3 quarters.

Group sales
+2.3%

Sales in Q3 reached EUR 571 million, an increase of 1.6% in local currencies however flat in reported amount.

Overall, sales prices have shown marginal improvement with upside primarily from North America.

Regional sales development

In the first 3 quarters sales in Western Europe improved by 1.9% in local currencies with an increase of 3.0% in the third quarter in local currencies. Germany performed well during the quarter, while most other markets remained stable.

Sales in Western Europe
+1.9 %

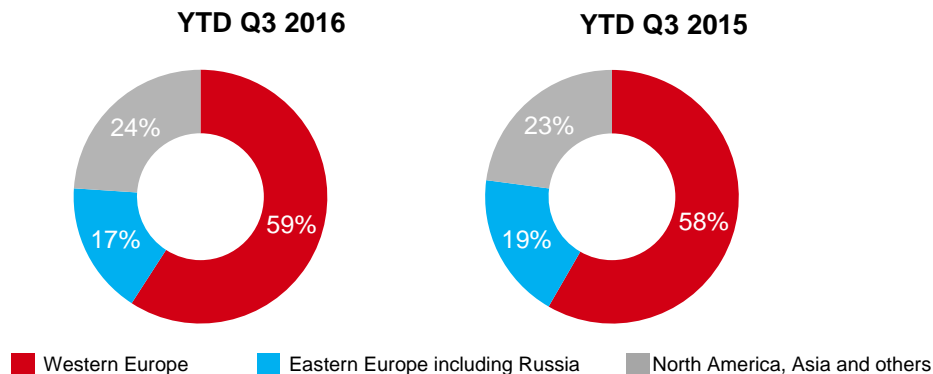
Sales in Eastern Europe in the first 3 quarters decreased 1.2% in local currencies with similar decrease in the quarter as sales in Russia remained low. Sales in the Polish market in the quarter were better than last year after a slow period in the first half of the year.

Sales in Eastern Europe
-1.2%

In North America and Asia, sales in the first 3 quarters continued to show positive developments with an increase of 5.4% in local currencies. In Q3 the growth was 0.2% due to strong sales last year. While sales in US delivered strong double digit growth, sales in Asia slowed down due to this region's heavy exposure to the difficult Industrial and Technical Insulation market.

Sales in North America
and Asia
+5.4%

Regional sales



Group profitability

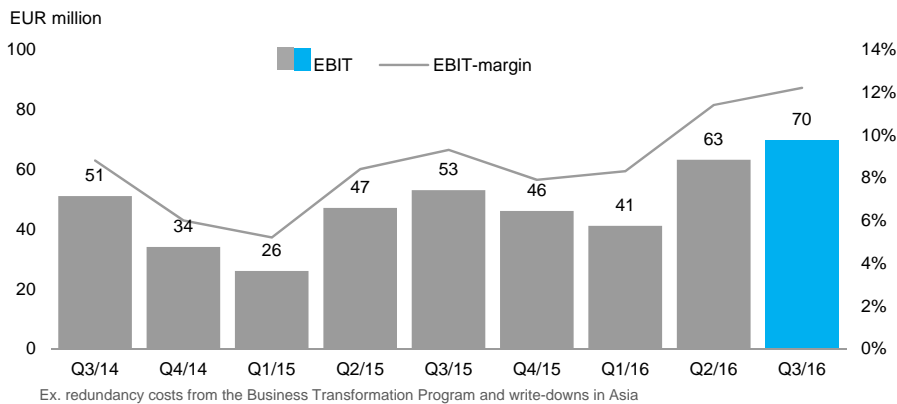
Strong increase in EBITDA for the first 3 quarters, which reached EUR 300 million excluding redundancy costs from the Business Transformation Program, corresponding to a margin of 18.5% - an improvement of 3.3 %-points compared to last year.

**EBITDA margin
 +3.3 %-points**

This strong development was driven by cost savings in logistics and production, lower raw material and personnel costs as well as improved pricing and better volume and product mix. These effects were to a large extent the outcome of the successful execution of the Business Transformation Program.

Redundancy costs related to the Business Transformation Program amounting to EUR 4.2 million have been included in the first 3 quarters of 2016 in the Insulation business, where EUR 2.4 million impacted the result in Q3.

EBIT & EBIT MARGIN



EBIT for the first 3 quarters increased by 40% despite a negative currency effect of around 4%, resulting in a 44% increase in local currencies excluding redundancy costs from the Business Transformation Program. EBIT therefore reached EUR 176 million, corresponding to a 10.9% EBIT margin – an increase of 3.2 %-points. Including redundancy costs for the Transformation Program, EBIT for the first 3 quarters amounted to EUR 172 million, corresponding to an EBIT margin of 10.6%.

**EBIT margin
 +3.2 %-points**

EBIT margin for third quarter reached 12.2% excluding redundancy costs from the Business Transformation Program – an improvement of 2.9%-points.

The execution of the Business Transformation Program is ahead of its original time schedule and the EBIT impact amounted to EUR 31 million in the first 3 quarters.

**Business Transformation
 Program impact
 +31 mEUR**

Net financial costs for the first 3 quarters of 2016 ended at EUR 8 million, an increase of EUR 4 million compared to the same period last year mainly due to exchange rate impact.

The effective tax rate for the first 3 quarters was realised at 26% compared to 32% like for like 2015. The decrease from 27% in first half of 2016 to the current 26% is primarily due to proportionally higher income in countries with lower tax rates.

Net profit for the first 3 quarters of 2016 amounted to EUR 122 million, which is a EUR 53 million improvement compared to last year.

Cash flow and balance sheet

By end of third quarter, driven by a high generation of cash, the Group had turned a net debt position into a net cash position of EUR 21 million.

Cash flow from operations before financial items and tax in the first 3 quarters of 2016 was EUR 269 million, which is EUR 60 million higher than last year. The improvement comes mainly from the healthier EBITDA result and improved working capital.

Operational cash flow before
financial items and tax increase
+60 mEUR

Net working capital has decreased from EUR 205 million from the end of third quarter 2015 to EUR 195 million by end of third quarter 2016. As a percentage of net sales, net working capital was 12.0% - an improvement of 0.6%-points compared to same period last year.

Capital expenditure during the first 3 quarters of 2016 was EUR 91 million compared to EUR 164 million last year when the last instalment regarding the CMC acquisition from 2013 was paid. The largest individual investments in 2016 relate to the factory re-engineering project in Poland and the new ROCKFON production facility in US.

Free cash flow increased by EUR 117 million and reached EUR 140 million, which compares to EUR 23 million in the same period last year.

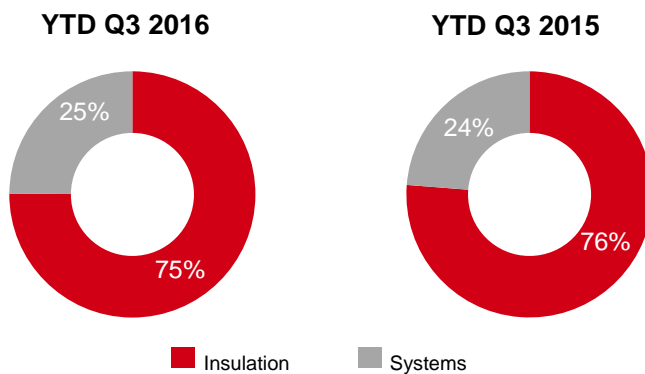
Free cash flow increase
+117 mEUR

Annualised return on invested capital excluding redundancy costs from the Business Transformation Program and write-downs in Asia was 16.2% compared to 10.8% for the same period last year, driven by improved profitability.

Total assets at the end of the 3 quarters 2016 amounted to EUR 1,984 million. The equity ratio at the end of the period was 74%.

Business segments

Sales per business



Key figures Insulation segment

EUR million	Q3 2016	Q3 2015	YTD Q3 2016	YTD Q3 2015
External net sales	432	442	1,217	1,241
EBIT, segment profit *	48	35	114	71
EBIT margin *	9.7%	7.1%	8.1%	5.1%

*) Excluding redundancy costs from the Business Transformation Program in 2016 and 2015 and write-downs in Asia from 2015.

Sales in the Insulation Segment reached EUR 1,217 million in the first 3 quarters, which is an increase of 1.2% in local currencies. The increase was mainly carried by the Building insulation segment whereas the Industrial & Technical insulation area continues to be challenged by low investment levels in the Oil & Gas related industries. Sales in the third quarter amounted to EUR 432 million, which was at level with last year in local currencies however 2.2% down in reported currencies.

Insulation sales
+1.2%

The Insulation Segment EBIT for the first 3 quarters of 2016 reached EUR 114 million with an EBIT margin of 8.1%, an increase of 3.0%-points compared to the same period last year. Only Russia realised a lower EBIT level than last year. In Q3 the EBIT margin in the Insulation Segment reached 9.7%.

Insulation EBIT margin
+3.0 %-points

Key figures System segment

EUR million	Q3 2016	Q3 2015	YTD Q3 2016	YTD Q3 2015
External net sales	138	129	403	387
EBIT, segment profit *	22	18	62	55
EBIT margin *	15.8%	13.9%	15.5%	14.1%

*) Excluding redundancy costs from the Business Transformation Program in 2016 and 2015 and write-downs in Asia from 2015.

The Systems Segment's sales in the first 3 quarters of 2016 amounted to EUR 403 million, which is an increase by 5.2% in local currencies. Most businesses contributed to this increase with GRODAN horticultural business as the main contributor benefitting from solid growth in both North America and Europe. The ROCKFON business in Europe and Asia continued on positive development track. Sales in Q3 increased with 7.9% in local currencies.

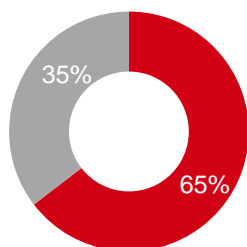
Systems sales
+5.2%

The Systems Segment performed well and generated an EBIT of EUR 62 million with an EBIT margin of 15.5%. This is 1.4%-points higher than the same period in 2015. The EBIT margin remained high in Q3 and reached 15.8%.

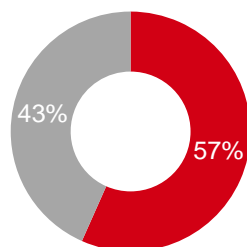
Systems EBIT margin
+1.4 %-points

EBIT* per business

YTD Q3 2016



YTD Q3 2015



■ Insulation ■ Systems

Outlook for the Full Year 2016 maintained

- For the full year, the Group's net sales are still expected to show a small positive organic growth in local currencies.
- EBIT margin excluding redundancy costs related to the Business Transformation Program is still expected to be around 10%.
- Investment expenditure expectation for 2016 remains unchanged at around EUR 130 million excluding acquisitions.

2016 outlook overview

	26 February 2016	19 May 2016	25 August 2016	17 November 2016
Net sales	Slight positive growth in local currencies	Small positive growth in local currencies	Small positive organic growth in local currencies	Small positive organic growth in local currencies
EBIT margin excluding redundancy costs related to the Business Transformation Program	Above 8.5%	Above 9.0%	Around 10%	Around 10%
Investments excluding acquisitions	Around EUR 130 million	Around EUR 130 million	Around EUR 130 million	Around EUR 130 million

Further information:

Kim Junge Andersen, Chief Financial Officer
 ROCKWOOL International A/S
 +45 46 56 03 00

At the ROCKWOOL Group, we are committed to enriching the lives of everyone who comes into contact with our products. Our expertise is perfectly suited to tackle many of today's biggest sustainability and development challenges, from energy consumption to noise pollution and water scarcity to flooding. Our range of products reflects the diversity of the world's needs, supporting our stakeholders in reducing their own carbon footprint along the way.

Stone wool is a versatile material and forms the basis of all our businesses. With more than 10,500 passionate colleagues in over 35 countries, we are the world leader in stone wool solutions, from building insulation to acoustic ceilings, external cladding systems to horticultural solutions, engineered fibres for industrial use to insulation for the process industry and marine & offshore.

Management statement

The Board of Directors and the Registered Directors have today considered and approved this interim report of ROCKWOOL International A/S for the first 3 quarters year of 2016.

This interim report, which has not been audited or reviewed by the ROCKWOOL Group 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 of the 2015 annual report - are appropriate and that the accounting estimates made are reasonable. In our opinion, this interim report presents a true and fair view of Group's assets and liabilities, and the financial position at 30 September 2016 and the result from Group's operations and cash flow for the period 1 January to 30 September 2016.

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.

Besides what has been disclosed in this interim report and other interim reports in 2016, no changes in the Group's most significant risks and uncertainties have occurred relative to what was disclosed in the consolidated annual report for 2015.

17 November 2016

The Registered Directors

Jens Birgersson

Kim Junge Andersen

Board of Directors

Bjørn Høi Jensen

Carsten Bjerg

Søren Kähler

Lars Frederiksen

Thomas Kähler

Andreas Ronken

Lars Elmekilde Hansen

Dorte Hanne Page Larsen

Connie Enghus Theisen

Income statement

EUR million	Unaudited			Audited	
	Q3 2016	Q3 2015	YTD Q3 2016	YTD Q3 2015	FY 2015
Net sales	570.6	571.6	1,619.5	1,628.0	2,207.9
Other operating income	1.5	5.4	5.5	9.0	12.7
Operating income	572.1	577.0	1,625.0	1,637.0	2,220.6
Raw material costs and Production material costs	199.8	210.7	538.6	583.6	793.9
Delivery costs and indirect costs	75.6	77.5	223.7	226.7	308.4
Other external costs	62.8	66.3	171.1	175.5	238.3
Personnel costs	129.4	130.4	396.3	403.5	558.3
<i>Hereof redundancy costs from Business Transformation Program</i>	<i>2.4</i>	<i>0.0</i>	<i>4.2</i>	<i>0.0</i>	<i>15.4</i>
Operating costs	467.6	484.9	1,329.7	1,389.3	1,898.9
EBITDA	104.5	92.1	295.3	247.7	321.7
<i>EBITDA ex. redundancy costs from Business Transformation Program</i>	<i>106.9</i>	<i>92.1</i>	<i>299.5</i>	<i>247.7</i>	<i>337.1</i>
Depreciation, amortisation and write-downs	37.3	60.2	123.7	143.1	186.8
<i>Hereof write-down of assets in Asia</i>	<i>0.0</i>	<i>21.4</i>	<i>0.0</i>	<i>21.4</i>	<i>21.4</i>
EBIT	67.2	31.9	171.6	104.6	134.9
<i>EBIT ex. redundancy costs and write-downs from Business Transformation Program</i>	<i>69.6</i>	<i>53.3</i>	<i>175.8</i>	<i>126.0</i>	<i>171.7</i>
Income from investments in associated companies	0.6	0.0	1.4	0.4	2.3
Financial items	-2.5	-0.3	-7.5	-3.8	-3.8
Profit before tax	65.3	31.6	165.5	101.2	133.4
Tax on profit for the period	16.0	12.6	43.0	32.4	42.7
Profit for the period	49.3	19.0	122.5	68.8	90.7
Attributable to:					
Non-controlling interests	0.1	0.1	0.2	0.1	-0.5
Shareholders in the parent company	49.2	18.9	122.3	68.7	91.2
	49.3	19.0	122.5	68.8	90.7
Earnings per share of DKK 10 (EUR 1.3)	2.3	0.9	5.6	3.2	4.2
Earnings per share of DKK 10 (EUR 1.3), diluted	2.3	0.9	5.6	3.2	4.2

Statement of comprehensive income

EUR million	Unaudited			Audited	
	Q3 2016	Q3 2015	YTD Q3 2016	YTD Q3 2015	FY 2015
Profit for the period	49.3	19.0	122.5	68.8	90.7
Items that will not be reclassified to the income statement:					
Actuarial gains and losses of pension obligations	0.0	0.0	0.0	0.0	-1.0
Tax on other comprehensive income	0.0	0.0	0.0	0.0	-0.2
Items that may be subsequently reclassified to the income statement:					
Exchange rate adjustments of foreign subsidiaries	2.1	-51.0	8.6	2.2	12.2
Hedging instruments, value adjustments	-0.3	1.6	2.6	1.4	0.7
Tax on other comprehensive income	0.2	-0.3	-0.5	-0.3	-2.4
Other comprehensive income	2.0	-49.7	10.7	3.3	9.3
Comprehensive income for the period	51.3	-30.7	133.2	72.1	100.0
Attributable to:					
Non-controlling interests	0.1	0.0	0.2	0.1	-1.1
Shareholders in the parent company	51.2	-30.7	133.0	72.0	101.1
	51.3	-30.7	133.2	72.1	100.0

Segment reporting

YTD Q3	Unaudited						The ROCKWOOL Group	
	Insulation segment		Systems segment		Eliminations		2016	2015
EUR million	2016	2015	2016	2015	2016	2015	2016	2015
External net sales	1,216.6	1,241.0	402.9	387.0	0.0	0.0	1,619.5	1,628.0
Internal net sales	178.0	172.6	0.0	0.0	-178.0	-172.6	0.0	0.0
Total net sales	1,394.6	1,413.6	402.9	387.0	-178.0	-172.6	1,619.5	1,628.0
EBIT, segment profit	109.3	50.0	62.3	54.6	0.0	0.0	171.6	104.6
<i>EBIT, segment profit *</i>	<i>113.5</i>	<i>71.4</i>	<i>62.3</i>	<i>54.6</i>	<i>0.0</i>	<i>0.0</i>	<i>175.8</i>	<i>126.0</i>
EBIT margin	7.8%	3.5%	15.5%	14.1%			10.6%	6.4%
<i>EBIT margin*</i>	<i>8.1%</i>	<i>5.1%</i>	<i>15.5%</i>	<i>14.1%</i>			<i>10.9%</i>	<i>7.7%</i>

*) Excluding redundancy costs and write-downs from Business Transformation Program

Geographical split of external net sales

EUR million	Q3		YTD	YTD	FY 2015
	2016	2015	Q3 2016	Q3 2015	
Western Europe	330.9	325.5	957.6	949.6	1,290.0
Eastern Europe including Russia	105.4	117.6	274.0	305.4	408.1
North America, Asia and others	134.3	128.5	387.9	373.0	509.8
Total external net sales	570.6	571.6	1,619.5	1,628.0	2,207.9

Balance sheet

EUR million	Unaudited		Audited
	Q3 2016	Q3 2015	FY 2015
Assets			
Intangible assets	144.8	145.2	139.5
Tangible assets	1,164.2	1,188.4	1,192.6
Other financial assets	53.0	47.4	53.3
Deferred tax assets	61.1	45.7	60.9
Total non-current assets	1,423.1	1,426.7	1,446.3
Inventories	180.7	191.1	168.4
Receivables	318.4	309.9	302.6
Cash	61.9	78.4	87.5
Total current assets	561.0	579.4	558.5
Total assets	1,984.1	2,006.1	2,004.8
Equity and liabilities			
Share capital	29.5	29.5	29.5
Foreign currency translation	-130.1	-147.0	-138.7
Proposed dividend	0.0	0.0	33.9
Retained earnings	1,571.5	1,450.3	1,442.1
Hedging	-0.3	-1.9	-2.4
Non-controlling interests	2.8	3.8	2.6
Total equity	1,473.4	1,334.7	1,367.0
Non-current liabilities	155.3	127.4	119.0
Current liabilities	355.4	544.0	518.8
Total liabilities	510.7	671.4	637.8
Total equity and liabilities	1,984.1	2,006.1	2,004.8

Cash flow statement

EUR million	Unaudited				Audited
	Q3 2016	Q3 2015	YTD Q3 2016	YTD Q3 2015	FY 2015
EBIT	67.2	31.9	171.6	104.6	134.9
Adjustments for depreciation, amortisation and write-downs	37.3	60.2	123.7	143.1	186.8
Other adjustments	0.9	-0.7	-0.5	1.6	7.8
Change in net working capital	52.8	32.8	-25.4	-39.7	12.2
Cash flow from operations before financial items and tax	158.2	124.2	269.4	209.6	341.7
Cash flow from operating activities	147.1	116.6	230.4	187.1	297.3
Cash flow from investing activities	-20.6	-33.7	-90.5	-133.4	-170.0
Cash flow from acquisitions	0.0	-30.9	0.0	-30.9	-30.7
Cash flow from operating and investing activities (free cash flow)	126.5	52.0	139.9	22.8	96.6
Cash flow from financing activities	0.2	3.3	-28.4	-28.4	-35.4
Change in cash available	126.7	55.3	111.5	-5.6	61.2
Cash available – beginning of period	-104.3	-205.7	-88.2	-139.7	-139.7
Exchange rate adjustments	2.2	-3.5	1.3	-8.6	-9.7
Cash available – end of period	24.6	-153.9	24.6	-153.9	-88.2
Unutilised, committed credit facilities			456.5	280.8	350.8

Statement of changes in the equity

EUR million	Unaudited						Total
	Share capital	Foreign currency translation	Proposed dividend	Retained earnings	Hedging	Non-controlling interests	
Equity 1/1 2016	29.5	-138.7	33.9	1,442.1	-2.4	2.6	1,367.0
Profit for the period				122.3		0.2	122.5
Other comprehensive income		8.6			2.1	0.0	10.7
Comprehensive income for the period	0.0	8.6	0.0	122.3	2.1	0.2	133.2
Sale and purchase of own shares				5.4			5.4
Expensed value of options issued				1.1			1.1
Dividend paid to shareholders			-33.9	0.6			-33.3
Equity Q3 2016	29.5	-130.1	0.0	1,571.5	-0.3	2.8	1,473.4
Equity 1/1 2015	29.5	-149.2	33.4	1,388.7	-3.0	3.7	1,303.1
Profit for the period				68.7		0.1	68.8
Other comprehensive income		2.2			1.1		3.3
Comprehensive income for the period	0.0	2.2	0.0	68.7	1.1	0.1	72.1
Sale and purchase of own shares				-8.3			-8.3
Expensed value of options issued				1.2			1.2
Dividend paid to shareholders			-33.4				-33.4
Equity Q3 2015	29.5	-147.0	0.0	1,450.3	-1.9	3.8	1,334.7

Main figures in DKK million

	Unaudited				Audited
	Q3 2016	Q3 2015	YTD Q3 2016	YTD Q3 2015	FY 2015
Net sales	4,249	4,263	12,061	12,142	16,468
Depreciation, amortisation and write-downs	281	449	921	1,067	1,393
EBIT ex. redundancy costs and write-downs from Business Transformation Program	519	397	1,310	939	1,281
Profit before tax	488	236	1,233	755	995
Profit for the period	369	142	912	513	677
Total assets			14,785	14,965	14,961
Equity			10,979	9,957	10,201
Cash flow (from operating activities)	1,099	869	1,717	1,395	2,217
Investments and acquisitions	153	482	674	1,225	1,497
Exchange rate	7.45	7.46	7.45	7.46	7.46

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.