

Sales growth and profit performance as expected

18 May 2017

Highlights

- Driven by sales growth as expected and positively supported by more working days and favourable market conditions, first quarter net sales increased 6.0% in local currencies. Positive currency impact on net sales of 2.1%-points in the quarter, bringing the growth in reported currencies to 8.1%.
- Focus on increasing sales prices to offset significant raw material cost inflation.
- EBIT increased by 11% to EUR 46 million equal to an 8.6% EBIT margin in the first quarter.
- Investment expenditure was EUR 35 million.
- Free cash flow decreased by EUR 14 million to EUR -50 million versus first quarter 2016. This mainly relates to increased trade receivables from higher sales and a larger seasonal inventory level.
- Net profit for the first quarter reached EUR 32 million, an improvement of EUR 4 million.
- ROCKWOOL Group also issues today its 2016 Sustainability Report, available on www.rockwool.com.



Full year Outlook 2017 maintained

- The Group's net sales are expected to show positive growth of 2-4% in local currencies.
- EBIT margin is expected to be slightly above 10%.
- Investment expenditure is expected at around EUR 130 million excluding acquisitions.

"We have had a solid start to the new year. I'm very pleased with the broad geographic scope of our sales volume growth as well as profit performance. The big challenge for the year remains compensating for the particularly extensive raw material cost inflation across all major markets. We are pursuing a policy of controlled flexibility to increase prices and reinforce margins".

CEO Jens Birgersson

Conference call

The ROCKWOOL Group will host an earnings call on 18 May 2017 at 11.00 CET. To attend the conference call dial +4570223500, +44(0)2075721187 or +1 6467224972. Passcode 22511356#. The conference call will be transmitted live on www.rockwool.com.

Main figures / key figures for the Group

	Unaudited		Audited
	Q1 2017	Q1 2016	FY 2016
Income statement items in EURm			
Net sales	534	494	2,202
EBITDA	86	83	389
Depreciation, amortisation and write-downs	40	42	160
EBIT	46	41	229
Profit before tax	44	40	225
Profit for the period	32	28	166
Balance sheet items in EURm			
Non-current assets	1,413	1,432	1,409
Current assets	629	554	591
Total assets	2,042	1,986	1,999
Equity	1,581	1,400	1,536
Non-current liabilities	135	136	128
Current liabilities	326	450	336
Net interest-bearing debt	-69	123	-116
Net working capital	252	238	175
Invested capital	1,518	1,504	1,433
Cash flow in EURm			
Cash flow from operating activities	-15	6	326
Investments and acquisitions	35	42	89
Free cash flow	-50	-36	237
Other items			
Number of employees at end of period	10,532	10,515	10,414
Ratios			
EBITDA margin	16.2%	16.8%	17.7%
EBIT margin	8.6%	8.4%	10.4%
Return on invested capital (rolling 4 quarters)	15.5%	12.2%	15.8%
Return on equity (rolling 4 quarters)	6.4%	7.3%	11.5%
Equity ratio	77.4%	70.5%	76.8%
Share information (DKK)			
Earnings per share	10.9	9.6	57.2
Cash flow per share	-5	2	112
Book value per share	534	475	518
Share capital (million)	220	220	220
Price per A share	1,183	1,020	1,192
Price per B share	1,239	1,036	1,247
Market cap (million)	26,255	22,204	26,449
Number of own shares	269,775	370,405	275,855

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 31 March 2017

Global sales development

Building on 2016 Western Europe market improvements, the first quarter of 2017 ended with solid net sales growth across the whole of Europe. North America, China and Systems segment also performed well, while Southeast Asia where Technical Insulation sales predominate experienced declining net sales.

In the first quarter of 2017 the ROCKWOOL Group generated net sales of EUR 534 million, an increase of 6.0% in local currencies positively supported by more working days in the quarter, which contributed 2%-points of the growth. The effect from exchange rates accounted for 2.1 percentage points of the increase, primarily due to a recovering of the Russian rouble compared to Q1 2016 and to a lesser extent, the Canadian dollar. This brings the sales growth to 8.1% in reported figures.

Group sales
+6.0%

We continue focusing on pricing as a result of the raw material cost inflation we experience across all major markets, particularly for coke, binders, and chemicals. We expect the input cost inflation to continue throughout the year. We're addressing the cost-inflation challenges through close management tracking on price negotiations as well as a policy of controlled flexibility to increase prices and reinforce margins while pursuing our growth strategy.

Regional sales development

In first quarter, sales in Western Europe improved by 5.5% in local currencies and 5.0% in reported figures due to a small negative currency effect. Growth materialised in most significant markets where especially France recovered well, while the German market showed promising growth.

Sales in Western Europe
+5.5%

Sales in Eastern Europe in first quarter increased 10.0% in local currencies where Poland among others delivered a strong performance. Russia experienced a satisfactory volume growth in the first quarter and a recovery of the Russian rouble completed the 20.6% growth in Eastern European markets in reported figures.

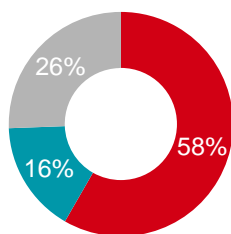
Sales in Eastern Europe
+10.0%

In the rest of the world, sales in the first quarter continued to show positive development with an increase of 4.9% in local currencies and 8.3% in reported figures. While sales in the US delivered double digit growth, Canada and most of Asia experienced negative sales growth.

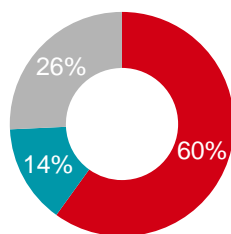
Sales in rest of the world
+4.9%

Regional sales

Q1 2017



Q1 2016



■ Western Europe
 ■ Eastern Europe including Russia
 ■ North America, Asia and others

Group profitability

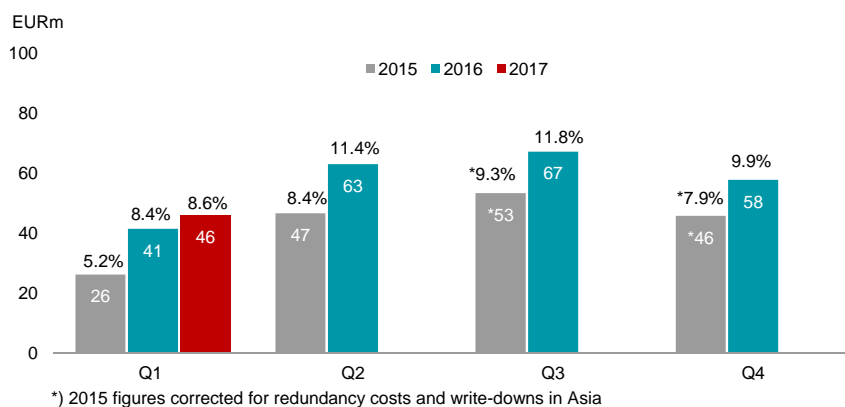
EBITDA for first quarter increased by 4% to EUR 86 million resulting in a slightly lower EBITDA margin of 16.2% compared to 16.8% same period last year with limited currency impact. The main reason for the slightly lower EBITDA margin was high inflation of input costs.

EBITDA margin
-0.6 %-points

EBIT for the first quarter increased by 11% and reached EUR 46 million, corresponding to an 8.6% EBIT margin – an increase of 0.2 %-points.

EBIT margin
+0.2 %-points

EBIT & EBIT MARGIN



The effective tax rate was realised at 26%.

Net profit for the first quarter of 2017 amounted to EUR 32 million, which is an improvement of EUR 4 million compared to last year.

Cash flow and balance sheet

Cash flow from operations before financial items and tax in the first quarter of 2017 was EUR 6 million, which is EUR 22 million lower than same period last year. The decrease comes mainly from higher seasonal working capital.

Operational cash flow before
 financial items and tax decrease
22 mEUR

Net working capital has increased from EUR 238 million from the end of first quarter 2016 to EUR 252 million by end of first quarter 2017 due to higher trade receivables related to

the growing sales and a planned increase in the seasonal inventory to secure future deliveries. As a percentage of annualised net sales, net working capital was 11%, which is unchanged compared to last year.

Capital expenditure during the first quarter of 2017 was EUR 35 million compared to EUR 42 million last year. The largest individual investments in 2017 relate to the new Rockfon production facility in the United States.

Free cash flow decreased by EUR 14 million and reached EUR -50 million, which compares to EUR -36 million in the same period last year.

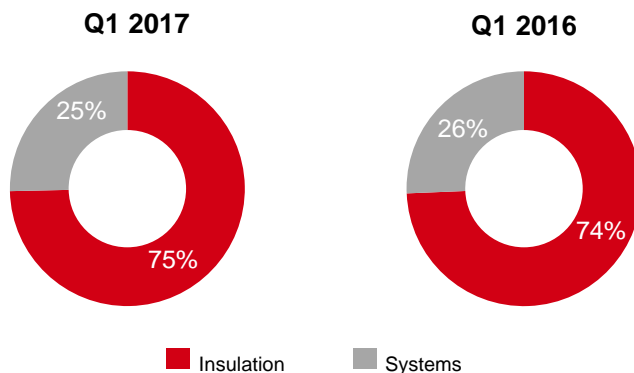
Free cash flow decrease
14 mEUR

Annualised return on invested capital was 15.5% compared to 12.2% for the same period last year, driven by improved profitability.

Total assets at the end of the first quarter 2017 amounted to EUR 2,042 million. The equity ratio at the end of the period was 77%, up from 70% after first quarter last year.

Business segments

Sales per business



Key figures Insulation segment

EURm	Q1 2017	Q1 2016
External net sales	399	368
EBIT, segment profit	28	22
EBIT margin	6.0%	5.1%

Sales in the Insulation Segment reached EUR 399 million in the first quarter, which is an increase of 6.3% in local currencies and 8.5% in reported currencies. The increase was mainly carried by the building insulation segment in Western and Eastern Europe.

Insulation sales
+6.3%

The Insulation Segment EBIT for the first quarters of 2017 reached EUR 28 million with an EBIT margin of 6.0%, an increase of 0.9%-points compared to the same period last year. Especially North America continues to show a higher earnings level driven by sales growth, improved pricing quality, and a better utilisation of the US factory.

Insulation EBIT margin
+0.9 %-points

Key figures System segment

EURm	Q1 2017	Q1 2016
External net sales	135	127
EBIT, segment profit	18	20
EBIT margin	13.6%	15.5%

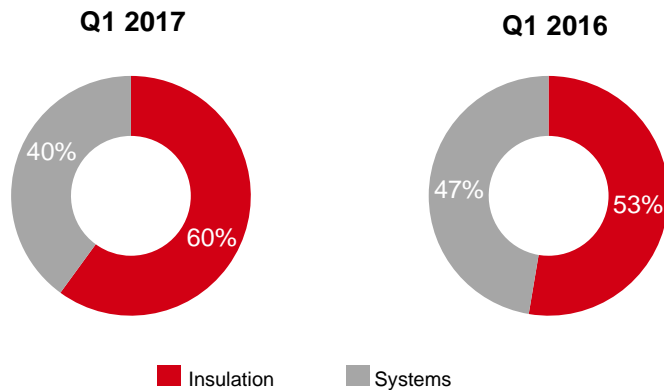
The Systems Segment's sales in the first quarter of 2017 amounted to EUR 135 million, which is an increase by 5.5% in local currencies and 6.9% in reported figures. Most businesses contributed to this increase with Grodan horticultural business as the main contributor benefitting from solid growth in both North America and Europe. The Rockfon business in Europe continued on positive development track.

The Systems Segment performed well and generated an EBIT of EUR 18 million with an EBIT margin of 13.6%. This is 1.9%-points lower than the same period in 2016 relates to one-off costs in connection with factory and IT projects for Rockfon North America.

Systems sales
+5.5%

Systems EBIT margin
-1.9 %-points

EBIT per business



Outlook for the Full Year 2017 maintained

- For the full year, the Group's net sales are expected to grow 2-4% in local currencies. The higher growth rate during the first quarter was partly driven by positive calendar impact of around 2%.
- EBIT margin is expected to be slightly above 10%.
- Investment expenditure expectation remains unchanged at around EUR 130 million excluding acquisitions.

2017 outlook overview

	24 February 2017	18 May 2017
Net sales	Growth of 2-4% in local currencies	Growth of 2-4% in local currencies
EBIT margin	Slightly above 10%	Slightly above 10%
Investments excluding acquisitions	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 quarter of 2017.

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 2016 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 31 March 2017 and the result from Group's operations and cash flow for the period 1 January to 31 March 2017.

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 no changes in the Group's most significant risks and uncertainties have occurred relative to what was disclosed in the consolidated annual report for 2016.

18 May 2017

The Registered Directors

Jens Birgersson

Kim Junge Andersen

Board of Directors

Henrik Brandt

Carsten Bjerg

Søren Kähler

Thomas Kähler

Andreas Ronken

Jørgen Tang-Jensen

Lars Elmekilde Hansen

Dorte Hanne Page Larsen

Connie Enghus Theisen

Income statement

EURm	Unaudited		Audited
	Q1 2017	Q1 2016	FY 2016
Net sales	534.2	494.3	2,201.8
Other operating income	2.8	1.8	12.7
Operating income	537.0	496.1	2,214.5
Raw material costs and Production material costs	183.6	159.5	736.8
Delivery costs and indirect costs	76.3	70.5	310.1
Other external costs	54.0	51.0	225.1
Personnel costs	136.8	132.1	553.3
Operating costs	450.7	413.1	1,825.3
EBITDA	86.3	83.0	389.2
Depreciation, amortisation and write-downs	40.4	41.6	159.8
EBIT	45.9	41.4	229.4
Income from investments in associated companies	0.3	0.2	2.0
Financial items	-2.5	-2.0	-6.8
Profit before tax	43.7	39.6	224.6
Tax on profit for the period	11.4	11.3	58.2
Profit for the period	32.3	28.3	166.4
Attributable to:			
Non-controlling interests	0.0	0.0	0.2
Shareholders in the parent company	32.3	28.3	166.2
	32.3	28.3	166.4
Earnings per share of DKK 10 (EUR 1.3)	1.5	1.3	7.7
Earnings per share of DKK 10 (EUR 1.3), diluted	1.5	1.3	7.6

Statement of comprehensive income

EURm	Unaudited		Audited
	Q1 2017	Q1 2016	FY 2016
Profit for the period	32.3	28.3	166.4
Items that will not be reclassified to the income statement:			
Actuarial gains and losses of pension obligations	0.0	0.0	-15.3
Tax on other comprehensive income	0.0	0.0	1.1
Items that may be subsequently reclassified to the income statement:			
Exchange rate adjustments of foreign subsidiaries	13.5	1.6	35.2
Hedging instruments, value adjustments	-0.6	1.4	1.1
Tax on other comprehensive income	0.1	-0.3	2.0
Other comprehensive income	13.0	2.7	24.1
Comprehensive income for the period	45.3	31.0	190.5
Attributable to:			
Non-controlling interests	0.0	0.0	0.2
Shareholders in the parent company	45.3	31.0	190.3
	45.3	31.0	190.5

Segment reporting

YTD Q1	Unaudited						The ROCKWOOL Group	
	Insulation segment		Systems segment		Eliminations		2017	2016
EURm	2017	2016	2017	2016	2017	2016	2017	2016
External net sales	398.8	367.6	135.4	126.7	0.0	0.0	534.2	494.3
Internal net sales	59.8	56.6	0.0	0.0	-59.8	-56.6	0.0	0.0
Total net sales	458.6	424.2	135.4	126.7	-59.8	-56.6	534.2	494.3
EBIT, segment profit	27.5	21.8	18.4	19.6	0.0	0.0	45.9	41.4
EBIT margin	6.0%	5.1%	13.6%	15.5%			8.6%	8.4%

Geographical split of external net sales

EURm	Q1 2017	Q1 2016	FY 2016
Western Europe	311.4	296.7	1,292.2
Eastern Europe including Russia	86.1	71.4	377.2
North America, Asia and others	136.7	126.2	532.4
Total external net sales	534.2	494.3	2,201.8

Balance sheet

EURm	Unaudited		Audited
	Q1 2017	Q1 2016	FY 2016
Assets			
Intangible assets	146.6	144.8	149.4
Tangible assets	1,160.2	1,187.7	1,156.6
Other financial assets	53.6	54.6	53.4
Deferred tax assets	53.1	44.5	49.2
Total non-current assets	1,413.5	1,431.6	1,408.6
Inventories	197.3	179.2	176.0
Receivables	358.1	301.1	294.4
Cash	73.4	73.8	120.3
Total current assets	628.8	554.1	590.7
Total assets	2,042.3	1,985.7	1,999.3
Equity and liabilities			
Share capital	29.5	29.5	29.5
Foreign currency translation	-90.0	-137.1	-103.5
Proposed dividend	55.6	33.9	55.6
Retained earnings	1,582.2	1,472.2	1,549.8
Hedging	0.2	-1.3	0.7
Non-controlling interests	3.8	2.6	3.8
Total equity	1,581.3	1,399.8	1,535.9
Non-current liabilities	134.6	136.2	127.8
Current liabilities	326.4	449.7	335.6
Total liabilities	461.0	585.9	463.4
Total equity and liabilities	2,042.3	1,985.7	1,999.3

Cash flow statement

EURm	Unaudited		Audited
	Q1 2017	Q1 2016	FY 2016
EBIT	45.9	41.4	229.4
Adjustments for depreciation, amortisation and write-downs	40.4	41.6	159.8
Other adjustments	-3.4	-1.1	-7.0
Change in net working capital	-76.6	-53.5	-0.7
Cash flow from operations before financial items and tax	6.3	28.4	381.5
Cash flow from operating activities	-15.2	5.7	326.0
Cash flow from investing activities	-35.2	-41.8	-89.1
Cash flow from acquisitions	0.0	0.0	0.0
Cash flow from operating and investing activities (free cash flow)	-50.4	-36.1	236.9
Cash flow from financing activities	-0.6	1.0	-24.1
Change in cash available	-51.0	-35.1	212.8
Cash available – beginning of period	119.1	-88.2	-88.2
Exchange rate adjustments	3.0	4.7	-5.5
Cash available – end of period	71.1	-118.6	119.1
Unutilised, committed credit facilities	430.2	331.6	497.7

Statement of changes in the equity

EURm	Unaudited						Total
	Share capital	Foreign currency translation	Proposed dividend	Retained earnings	Hedging	Non-controlling interests	
Equity 1/1 2017	29.5	-103.5	55.6	1,549.8	0.7	3.8	1,535.9
Profit for the period				32.3			32.3
Other comprehensive income		13.5			-0.5		13.0
Comprehensive income for the period	0.0	13.5	0.0	32.3	-0.5	0.0	45.3
Sale and purchase of own shares				-0.2			-0.2
Expensed value of options issued				0.3			0.3
Equity Q1 2017	29.5	-90.0	55.6	1,582.2	0.2	3.8	1,581.3
Equity 1/1 2016	29.5	-138.7	33.9	1,442.1	-2.4	2.6	1,367.0
Profit for the period				28.3			28.3
Other comprehensive income		1.6			1.1		2.7
Comprehensive income for the period		1.6	0.0	28.3	1.1	0.0	31.0
Sale and purchase of own shares				1.4			1.4
Expensed value of options issued				0.4			0.4
Equity Q1 2016	29.5	-137.1	33.9	1,472.2	-1.3	2.6	1,399.8

Main figures in DKK million

	Unaudited		Audited
	Q1 2017	Q1 2016	FY 2016
DKKm:			
Net sales	3,972	3,687	16,394
Depreciation, amortisation and write-downs	300	311	1,190
EBIT	342	308	1,708
Profit before tax	325	295	1,672
Profit for the period	240	211	1,237
Total assets	15,190	14,819	14,864
Equity	11,762	10,447	11,418
Cash flow (from operating activities)	-114	43	2,427
Investments and acquisitions	262	312	663
Exchange rate	7.44	7.46	7.45

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.