

**Release no. 12 – 2010**  
**Report on the first half of 2010**  
**To NASDAQ OMX Nordic Exchange**  
**Copenhagen A/S**

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27 August 2010

**Report on the first half 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 half of 2010.

**Highlights**

- Sales in the first half year at actual exchange rates increased by 5% compared to the same period in 2009, or 1% based on comparable number of working days.
- EBIT in the first half of 2010 amounts to DKK 377 million which is an increase of DKK 200 million compared to the same period in 2009.
- The Group now expects net sales for 2010 at actual exchange rates to be at the same level as last year.
- The net result after minority interests for 2010 is now expected to be DKK 400 million compared to DKK 300 million as mentioned in the report of the first quarter 2010.
- Capital expenditure including acquisitions is now expected to be in the range of DKK 1,600-1,700 million.

Further information: Gilles Maria, Chief Financial Officer

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

	2 <sup>nd</sup> qtr. 2010	2 <sup>nd</sup> qtr. 2009	Acc. 2 <sup>nd</sup> qtr. 2010	Acc. 2 <sup>nd</sup> qtr. 2009	Full year 2009
	Unaudited				Audited
<b>Income statement items in DKK million:</b>					
Net sales	2,925	2,664	5,445	5,203	11,168
EBITDA	483	324	860	598	1,529
Depreciation, amortisation and write-downs	252	215	483	421	953
EBIT	231	109	377	177	576
Financial items	-5	-14	-18	-24	-42
Profit before tax	229	98	364	158	556
Profit for the period after minority interests	128	51	206	90	322
<b>Balance sheet items in DKK million:</b>					
Non-current assets			8,497	7,996	8,117
Current assets			3,293	3,337	3,209
Total assets			11,790	11,333	11,326
Equity			8,477	7,808	8,228
Non-current liabilities			1,249	1,717	1,196
Current liabilities			2,064	1,808	1,902
<b>Other items in DKK million:</b>					
Cash flow (from operating activities)	242	536	279	613	1,950
Investments and acquisitions	366	400	452	750	1,170
Net interest-bearing debt			312	792	-141
<b>Number of employees:</b>					
Number of employees			7,747	8,067	7,843
<b>Ratios:</b>					
Profit ratio (%)			7	3	5
Profit per share of DKK 10			9	4	15
Profit per share of DKK 10, diluted			10	4	15
Book value per share of DKK 10			371	348	362
Equity ratio (%)			69	69	73
Financial gearing			0.04	0.10	-0.02
<b>Main figures in EUR million:</b>					
Net sales	393	358	732	698	1,501
Depreciation, amortisation and write-downs	34	29	65	57	128
EBIT	31	15	51	24	77
Profit before tax	31	13	49	21	75
Profit for the period after minority interests	17	7	28	12	43
Total assets			1,583	1,522	1,522
Equity			1,138	1,049	1,106
Cash flow (from operating activities)	33	72	37	82	262
Investments and acquisitions	49	54	61	101	157
Exchange rate	7.44	7.45	7.44	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 June 2010**Income statement

The Rockwool Group generated sales in the first half of 2010 of DKK 5,445 million corresponding to an increase of 5% compared to same period last year (or 2% on comparable exchange rates). Corrected for a difference in number of working days, the increase corresponds to 1% compared to first half of 2009.

External sales in the Insulation Segment increased by 2% to DKK 4,389 million and Systems Segment's external sales increased by 16% to DKK 1,056 million. Market conditions during the second quarter have slightly improved however still with most countries having a low activity level for new built. Russia and Asia are showing a strong performance and our production facilities in these markets are sold out. Sales prices hold up reasonably well in most countries where the Group operates.

The Group continues to benefit from the factory efficiency plan it implemented several quarters ago and has now the full effect of the cost reduction program initiated end of 2008. Raw materials and energy prices have increased but have had limited negative effect on the second quarter margin.

The Systems Segment has during the second quarter continued its solid performance still well supported by the automotive industry and government stimulus packages for public buildings.

EBITDA for the Group increased by 44% compared to same period last year and reached DKK 860 million resulting in an EBITDA ratio of 16% for the first half of 2010.

EBIT ended at DKK 377 million – an increase of DKK 200 million. EBIT in the Insulation Segment increased by 60% and reached DKK 224 million. Systems Segment generated an EBIT of DKK 138 million which is an increase of 165% compared to the first half of 2009.

Net financial costs ended up at DKK 18 million which is DKK 6 million less than in first half of 2009.

Profit after minority interests for the first half of 2010 amounted to DKK 206 million which is DKK 116 million higher than the same period last year.

Cash flow

Cash flow from operations for the period is DKK 279 million which is DKK 334 million lower than last year.

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Working capital development has had a negative effect on cash flow of DKK 340 million in first half of 2010 which is primarily due to higher stocks and debtors.

Capital expenditure in the first half year was DKK 452 million which is a decrease of DKK 298 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 253 million. This factory has started operation according to the Rockwool Group production standards during July 2010.

#### Balance sheet

Total assets end of the first half of 2010 amounted to DKK 11,790 million. The equity ratio at the end of the period was 69%.

#### Expectations for 2010

Group trading conditions for insulation are slightly improving in Europe. Russia is now showing a strong recovery while the Group's performance in North America and Asia should continue its good progress. The Group expects the positive development of the Systems Segment to continue in 2010.

All in all, the Group now expects net sales for 2010 at actual exchange rates to reach the same level as last year.

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

Therefore, the Group now expects a result after minority interests for 2010 of DKK 400 million compared to DKK 300 million as mentioned in the report of the first quarter 2010.

Capital expenditure including acquisitions is now expected to be in the range of DKK 1,600-1,700 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.

#### 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.

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Management statement

The Board of Directors and Group Management have today approved this interim report for first half year 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. The implementation of new and amended IFRS's have only resulted in additional disclosures. In our opinion this interim report presents a true and fair view of the Group's assets, liabilities and financial position on 30 June 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.

27 August 2010

**Group Management**

Eelco van Heel

Gilles Maria

**Board of Directors**

Tom Kähler

Henrik Nyegaard

Steen Rüsgaard

Claus Bugge Garn

Jan W. Hillege

Bjørn Høi Jensen

Thomas Kähler

Dorthe Lybye

Connie Enghus Theisen

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**Income statement**

DKK million	2 <sup>nd</sup> qtr.	2 <sup>nd</sup> qtr.	Acc.	Acc.	Full year
	2010	2009	2 <sup>nd</sup> qtr.	2 <sup>nd</sup> qtr.	
	Unaudited				Audited
Net sales	2,925	2,664	5,445	5,203	11,168
<b>Operating income</b>	<b>2,965</b>	<b>2,709</b>	<b>5,528</b>	<b>5,275</b>	<b>11,362</b>
<b>Operating costs</b>	<b>2,734</b>	<b>2,600</b>	<b>5,151</b>	<b>5,098</b>	<b>10,786</b>
EBITDA	483	324	860	598	1,529
<b>Operating profit before financial items (EBIT)</b>	<b>231</b>	<b>109</b>	<b>377</b>	<b>177</b>	<b>576</b>
Income from associated companies after tax	3	3	5	5	22
Financial items	-5	-14	-18	-24	-42
<b>Profit before tax</b>	<b>229</b>	<b>98</b>	<b>364</b>	<b>158</b>	<b>556</b>
Tax on profit for the period	85	38	135	55	206
<b>Profit for the period</b>	<b>144</b>	<b>60</b>	<b>229</b>	<b>103</b>	<b>350</b>
Minority interests	16	9	23	13	28
<b>Profit for the period after minority interests</b>	<b>128</b>	<b>51</b>	<b>206</b>	<b>90</b>	<b>322</b>
Profit per share of DKK 10			9	4	15
Profit per share of DKK 10, diluted			10	4	15

**Statement of recognised income and expenses**

<b>Profit for the period</b>	<b>144</b>	<b>60</b>	<b>229</b>	<b>103</b>	<b>350</b>
Exchange rate adjustments of foreign subsidiaries	-18	116	215	-42	119
Hedging instruments, value adjustments	-6	-24	-9	-40	-50
Tax on hedging instruments, value adjustments	2	7	3	11	14
<b>Total income</b>	<b>122</b>	<b>159</b>	<b>438</b>	<b>32</b>	<b>433</b>
Minority interests	21	14	50	-2	18
<b>Total income for the period after minority interests</b>	<b>101</b>	<b>145</b>	<b>388</b>	<b>34</b>	<b>415</b>

**Segment reporting**

Acc. 2nd qtr.	Unaudited						The Rockwool Group	
	Insulation segment		Systems segment		Group eliminations and holding companies			
	2010	2009	2010	2009	2010	2009	2010	2009
DKK million								
External net sales	4,389	4,289	1,056	914	0	0	5,445	5,203
Internal net sales	562	548	5	15	-567	-563	0	0
Total net sales	4,951	4,837	1,061	929	-567	-563	5,445	5,203
EBIT	224	140	138	52	15	-15	377	177

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**Cash flow statement**

DKK million	2 <sup>nd</sup> qtr.	2 <sup>nd</sup> qtr.	Acc.	Acc.	Full year
	2010	2009	2 <sup>nd</sup> qtr.	2 <sup>nd</sup> qtr.	
	Unaudited				Audited
Operating profit for the period	231	109	377	177	576
Adjustments for depreciation, amortization and write-downs	252	215	483	421	953
Other adjustments	-10	-9	5	-6	44
Change in net working capital	-60	248	-340	164	598
<b>Cash flow from operations before financial items and tax</b>	<b>413</b>	<b>563</b>	<b>525</b>	<b>756</b>	<b>2,171</b>
<b>Cash flow from operating activities</b>	<b>242</b>	<b>536</b>	<b>279</b>	<b>613</b>	<b>1,950</b>
<b>Cash flow from investing activities</b>	<b>-366</b>	<b>-400</b>	<b>-452</b>	<b>-750</b>	<b>-1,170</b>
<b>Cash flow from operating and investing activities (free cash flow)</b>	<b>-124</b>	<b>136</b>	<b>-173</b>	<b>-137</b>	<b>780</b>
Cash flow from financing activities	-171	155	-247	-35	-570
<b>Change in cash available</b>	<b>-295</b>	<b>291</b>	<b>-420</b>	<b>-172</b>	<b>210</b>
Cash available – beginning of period	466	-99	588	368	368
Exchange rate adjustments	2	4	5	0	10
<b>Cash available – end of period</b>	<b>173</b>	<b>196</b>	<b>173</b>	<b>196</b>	<b>588</b>
<b>Unutilised, committed credit facilities</b>			<b>3,283</b>	<b>1,692</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	2 <sup>nd</sup> qtr.	2 <sup>nd</sup> qtr.	Full year
	2010	2009	
	Unaudited		Audited
<b>Assets</b>			
Intangible fixed assets	258	324	273
Tangible fixed assets	7,701	7,259	7,340
Other financial fixed assets	231	231	239
Deferred tax assets	307	182	265
<b>Total non-current assets</b>	<b>8,497</b>	<b>7,996</b>	<b>8,117</b>
Inventories	926	1,168	801
Receivables	1,900	1,851	1,675
Cash	467	318	733
<b>Total current assets</b>	<b>3,293</b>	<b>3,337</b>	<b>3,209</b>
<b>Total assets</b>	<b>11,790</b>	<b>11,333</b>	<b>11,326</b>
<b>Equity and liabilities</b>			
Share capital	220	220	220
Hedging	-15	-2	-9
Foreign currency translation	-210	-553	-398
Retained earnings	8,161	7,899	8,146
Minority interests	321	244	269
<b>Total equity</b>	<b>8,477</b>	<b>7,808</b>	<b>8,228</b>
Non-current liabilities	1,249	1,717	1,196
Current liabilities	2,064	1,808	1,902
<b>Total liabilities</b>	<b>3,313</b>	<b>3,525</b>	<b>3,098</b>
<b>Total liabilities and equity</b>	<b>11,790</b>	<b>11,333</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				206	23	229
Exchange rate adjustments of foreign subsidiaries			188		27	215
Hedging instruments, value adjustments		-9				-9
Tax on hedging instruments, value adjustments		3				3
<b>Total income</b>		<b>-6</b>	<b>188</b>	<b>206</b>	<b>50</b>	<b>438</b>
Sale and purchase of own shares				2		2
Expensed value of options issued				14		14
Dividend paid to the shareholders				-207		-207
Addition/disposal of minority interests					2	2
<b>Equity 2<sup>nd</sup> qtr. 2010</b>	<b>220</b>	<b>-15</b>	<b>-210</b>	<b>8,161</b>	<b>321</b>	<b>8,477</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				89	14	103
Exchange rate adjustments of foreign subsidiaries			-26		-16	-42
Hedging instruments, value adjustments		-40				-40
Tax on hedging instruments, value adjustments		11				11
<b>Total income</b>		<b>-29</b>	<b>-26</b>	<b>60</b>	<b>-2</b>	<b>32</b>
Sale and purchase of own shares				0		0
Expensed value of options issued				19		19
Dividend paid to the shareholders				-207		-207
Addition/disposal of minority interests				0		0
<b>Equity 2<sup>nd</sup> qtr. 2009</b>	<b>220</b>	<b>-2</b>	<b>-553</b>	<b>7,899</b>	<b>244</b>	<b>7,808</b>