

**Release no. 8 – 2013**  
**Report on the first half-year of 2013**  
**To NASDAQ OMX Nordic Exchange**  
**Copenhagen A/S**

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27 August 2013

**Report on the first half-year of 2013**  
**for ROCKWOOL International A/S**

Today the Board of ROCKWOOL International A/S has discussed and approved the following report on the first half-year of 2013.

**Highlights**

- Sales in the first half-year of 2013 at actual exchange rates are on the same level as for the same period in 2012.
- EBIT in the first half-year of 2013 amounts to DKK 440 million which is an increase of 2% compared to the same period in 2012.
- The Group confirms its expectations for 2013 net sales at current exchange rates to be slightly above the level of 2012.
- The Group now expects a net profit for the year in the range DKK 700-750 million up from the previous expectation of a net profit around DKK 700 million.
- The Board of ROCKWOOL International A/S has today also approved an investment to upgrade and streamline the Polish factory set-up. The total investment will be around DKK 500 million and is expected to be completed during second half 2015.
- Capital expenditure excluding acquisitions is still expected to be around DKK 1,500 million.

Further information: Gilles Maria, Chief Financial Officer

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

	2 <sup>nd</sup> qtr. 2013	2 <sup>nd</sup> qtr. 2012	Acc. 2 <sup>nd</sup> qtr. 2013	Acc. 2 <sup>nd</sup> qtr. 2012	Full year 2012
	Unaudited				Audited
<b>Income statement items in DKK million</b>					
Net sales	3,686	3,604	6,831	6,852	14,664
EBITDA	564	540	978	951	2,254
Depreciation, amortisation and write-downs	277	263	538	521	1,113
EBIT	287	277	440	430	1,141
Financial items	-15	-18	-31	-33	-55
Profit before tax	275	261	415	403	1,098
Profit for the period	194	180	293	280	774
<b>Balance sheet items in DKK million</b>					
Non-current assets			9,318	9,559	9,484
Current assets			3,933	3,687	3,505
Total assets			13,251	13,246	12,989
Equity			9,194	8,818	9,428
Non-current liabilities			1,084	1,373	1,033
Current liabilities			2,973	3,055	2,528
<b>Other items in DKK million</b>					
Cash flow from operating activities	387	296	356	352	1,772
Investments and acquisitions	341	160	592	425	982
Free cash flow	46	135	-236	-73	790
Net interest-bearing debt			583	857	68
<b>Number of employees</b>					
Number of employees at end of period			9,887	9,731	9,778
<b>Ratios</b>					
Profit ratio (%)			6.4	6.3	7.8
Earnings per share of DKK 10			13.6	13.0	35.8
Earnings per share of DKK 10, diluted			13.6	13.0	35.7
Cash earnings per share of DKK 10			16.6	16.3	81.5
Book value per share of DKK 10			417.3	400.5	428.0
Return on invested capital (%)			4.8	4.8	12.0
Return on equity (%)			3.3	3.2	8.6
Equity ratio (%)			69.4	66.5	72.6
Financial gearing			0.04	0.10	0.01
<b>Stock market information</b>					
Share capital (DKK million)			220	220	220
Price per A share (DKK)			809	533	629
Price per B share (DKK)			795	536	634
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 June 2013**Income statement

The ROCKWOOL Group generated sales in the first half-year of 2013 of DKK 6,831 million which is on the same level as the same period last year with no significant exchange rate effect.

External sales in the Insulation Segment decreased by 1% to DKK 5,592 million, and Systems Segment's external sales increased by 3% to DKK 1,239 million.

In second quarter, the Western European insulation market has recovered part of the lost momentum of the first quarter, however still struggling with difficult trading conditions related to subdued activity in the construction sector. There are hesitant first signs that some of the most difficult markets like Spain, Italy and UK are now ready for growth again. Sales prices stabilised in this quarter and sales volume is gradually back to last year's level. External sales in the region in the second quarter are on the same level as for the same period last year.

The Eastern European insulation market has in the second quarter seen improvement with the Polish market being better than first quarter and last year, and with a positive development in Russia where the Group continues to perform exceptionally well. Sales prices have decreased in this region reflecting fierce competition due to structural overcapacity.

Sales in North America have continued their solid and profitable development, especially in the USA ensuring a solid base for the new green field factory in Mississippi. In the Far East, the South Eastern region performed well whilst sales in China were disappointing due to the political uncertainty on future fire safety legislation concerning mandatory use of non-combustible insulation as well as increasing local competition.

Overall input prices are levelling off at a higher level than last year and the Group continued to benefit from decreasing foundry coke prices.

EBITDA for the Group reached DKK 978 million corresponding to an EBITDA ratio of 14.3% for the first half-year of 2013 which represents a slight improvement compared to the same period last year.

EBIT was recorded at DKK 440 million – an increase of 2% compared to same period last year. Insulation segment EBIT for the first half-year reached DKK 279 million which is an increase of 6% compared to the first half-year of 2012. Systems Segment generated an EBIT of DKK 145 million which is 12% higher than the same period in 2012.

Net financial costs ended at DKK 31 million which is at last year's level.

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Net profit for the first half-year of 2013 amounted to DKK 293 million which is DKK 13 million better than last year.

Cash flow

Cash flow from operations for the first half-year of 2013 was recorded at DKK 356 million which is DKK 4 million above same period last year.

Working capital increased by DKK 443 million in the first half-year of 2013 (versus end of 2012) as a consequence of normal seasonal effects on stock and debtor levels.

Capital expenditure in the first half-year of 2013 was DKK 592 million of which DKK 332 million were related to capacity expansions primarily for the new green field factory in the USA and the completion of the new ROCKFON and ROCKPANEL production lines in respectively Poland and Holland.

Balance sheet

Total assets end of the first half-year of 2013 amounted to DKK 13,251 million. The equity ratio at the end of the period was 69%.

Expectations for 2013

The Group confirms that overall market development predictions for 2013 as indicated earlier this year remain in force with:

- Difficult market conditions in Western Europe, however with an expected upturn during the high season end of the year.
- Resilient markets in Eastern Europe, subject to sales price pressure.
- Positive conditions in North America where the Group will continue growing at 2-digit levels.
- Positive conditions in South East Asia while no progress is expected this year on the legislative situation concerning non-combustible insulation in China.

Therefore, the Group confirms its expectations for 2013 net sales at current exchange rates to be slightly above the level of 2012.

Inflation in general is expected to be lower than originally anticipated due to a continuous decrease in foundry coke prices and an easing pricing trend on other materials. Sales prices during the remainder of 2013 are assumed to remain stable on average. Therefore, net profit for the year 2013 is now expected to be in the range of DKK 700-750 million compared to the around DKK 700 million mentioned earlier.

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Investment expenditure excluding acquisitions is still expected to be around DKK 1,500 million. The commissioning of the green field factory in Northern China, which was originally planned for end 2014, will be delayed until the Group has a clearer picture of the future legislative framework for non-combustible insulation whilst the green field factory in the USA will be operational in May 2014 as planned.

Assuming the closing of the 2 acquisitions announced during the summer months – BASF Wall Systems and Chicago Metallic Corporation – will be executed according to plan before the end of 2013, the cash paid in 2013 will be around DKK 700 million. It is expected that the 2 acquisitions will have no significant impact on the result for the year 2013.

Investment to upgrade the competitiveness of the production platform in Poland

At today's meeting, the Board of ROCKWOOL International A/S approved an investment to upgrade and streamline the Polish factory set-up by re-engineering one additional production line with the Group's most advanced process equipment. The total investment will be around DKK 500 million and is expected to be completed during second half 2015.

The Polish insulation market is the third largest in EU and has an interesting growth perspective as requirements for energy efficiency of buildings are being tightened significantly in the coming years.

The investment is part of the overall re-engineering initiatives of the ROCKWOOL Group's European production platform. The investment will significantly improve product quality, logistical services as well as production cost level strengthening our leading position in the Polish insulation market.

In recent years, the Group has made significant improvements in its core technologies with positive effect on process efficiency and product quality. It is the ambition of the Group to introduce these technologies where relevant to strengthen its position in core markets.

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 and Management Board have today discussed and approved this interim report of ROCKWOOL International A/S for the first half-year of 2013.

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 2012 except for a change in the classification of servicing equipment (see explanation in the notes) – 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 June 2013 and of the result of the Group's operations and cash flow for the period 1 January - 30 June 2013.

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.

27 August 2013

**Management Board**

Eelco van Heel

Gilles Maria

**Board**

Steen Riisgaard

Carsten Bjerg

Thomas Kähler

Heinz-Jürgen Bertram

Claus Bugge Garn

Bjørn Høi Jensen

Søren Kähler

Dorthe Lybye

Connie Enghus Theisen

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<b>Income statement</b>					
DKK million	2 <sup>nd</sup> qtr.	2 <sup>nd</sup> qtr.	Acc.	Acc.	Full year
	2013	2012	2 <sup>nd</sup> qtr.	2 <sup>nd</sup> qtr.	
	Unaudited				Audited
Net sales	3,686	3,604	6,831	6,852	14,664
<b>Operating income</b>	<b>3,725</b>	<b>3,633</b>	<b>6,919</b>	<b>6,927</b>	<b>14,853</b>
<b>Operating costs</b>	<b>3,438</b>	<b>3,356</b>	<b>6,479</b>	<b>6,497</b>	<b>13,712</b>
EBITDA	564	540	978	951	2,254
<b>Operating profit before financial items (EBIT)</b>	<b>287</b>	<b>277</b>	<b>440</b>	<b>430</b>	<b>1,141</b>
Income from investments associated companies after tax	3	2	6	6	12
Financial items	-15	-18	-31	-33	-55
<b>Profit before tax</b>	<b>275</b>	<b>261</b>	<b>415</b>	<b>403</b>	<b>1,098</b>
Tax on profit for the period	81	81	122	123	324
<b>Profit for the period</b>	<b>194</b>	<b>180</b>	<b>293</b>	<b>280</b>	<b>774</b>
Attributable to:					
Minority interests	0	1	0	-1	2
Shareholders in the parent company	194	179	293	281	772
	<b>194</b>	<b>180</b>	<b>293</b>	<b>280</b>	<b>774</b>

Earnings per share of DKK 10	13.6	13.0	35.8
Earnings per share of DKK 10, diluted	13.6	13.0	35.7

<b>Statement of comprehensive income</b>					
<b>Profit for the period</b>	<b>194</b>	<b>180</b>	<b>293</b>	<b>280</b>	<b>774</b>
Exchange rate adjustments of foreign subsidiaries	-215	-50	-241	126	223
Actuarial gains and losses of pension obligations	0	0	0	0	10
Hedging instruments, value adjustments	-7	-3	3	3	-7
Tax on comprehensive income	2	0	0	-1	14
<b>Other comprehensive income</b>	<b>-220</b>	<b>-53</b>	<b>-238</b>	<b>128</b>	<b>240</b>
<b>Comprehensive income for the period</b>	<b>-26</b>	<b>127</b>	<b>55</b>	<b>408</b>	<b>1,014</b>
Attributable to:					
Minority interests	0	1	0	-1	3
Shareholders in the parent company	-26	126	55	409	1,011
	<b>-26</b>	<b>127</b>	<b>55</b>	<b>408</b>	<b>1,014</b>

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**Segment reporting**

Unaudited								
Acc. 2 <sup>nd</sup> qtr.	Insulation segment		Systems segment		Group eliminations and holding companies		The ROCKWOOL Group	
DKK million	2013	2012	2013	2012	2013	2012	2013	2012
External net sales	5,592	5,646	1,239	1,206	0	0	6,831	6,852
Internal net sales	695	699	0	0	-695	-699	0	0
Total net sales	6,287	6,345	1,239	1,206	-695	-699	6,831	6,852
EBIT	279	262	145	130	16	38	440	430
EBIT ratio	4.4	4.1	11.7	10.8			6.4	6.3

**Geographical split of external net sales**

DKK million	Unaudited				Audited
	2 <sup>nd</sup> qtr. 2013	2 <sup>nd</sup> qtr. 2012	Acc. 2 <sup>nd</sup> qtr. 2013	Acc. 2 <sup>nd</sup> qtr. 2012	Full year 2012
Western Europe	2,235	2,230	4,214	4,393	8,970
Eastern Europe including Russia	877	827	1,459	1,392	3,380
North America, Asia and others	574	547	1,158	1,067	2,314
Total external net sales	3,686	3,604	6,831	6,852	14,664

**Balance sheet**

DKK million	2 <sup>nd</sup> qtr. 2013	2 <sup>nd</sup> qtr. 2012	Full year 2012
	Unaudited		Audited
<b>Assets</b>			
Intangible assets	556	555	588
Tangible assets	8,115	8,258	8,245
Other financial assets	372	392	381
Deferred tax assets	275	354	270
<b>Total non-current assets</b>	<b>9,318</b>	<b>9,559</b>	<b>9,484</b>
Inventories	1,308	1,283	1,175
Receivables	2,158	2,010	1,846
Cash	467	394	484
<b>Total current assets</b>	<b>3,933</b>	<b>3,687</b>	<b>3,505</b>
<b>Total assets</b>	<b>13,251</b>	<b>13,246</b>	<b>12,989</b>
<b>Equity and liabilities</b>			
Share capital	220	220	220
Hedging	-21	-17	-24
Foreign currency translation	-372	-228	-131
Proposed dividend	0	0	220
Retained earnings	9,343	8,827	9,119
Minority interests	24	16	24
<b>Total equity</b>	<b>9,194</b>	<b>8,818</b>	<b>9,428</b>
Non-current liabilities	1,084	1,373	1,033
Current liabilities	2,973	3,055	2,528
<b>Total liabilities</b>	<b>4,057</b>	<b>4,428</b>	<b>3,561</b>
<b>Total equity and liabilities</b>	<b>13,251</b>	<b>13,246</b>	<b>12,989</b>



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**Cash flow statement**

DKK million	2 <sup>nd</sup> qtr.	2 <sup>nd</sup> qtr.	Acc.	Acc.	Full year
	2013	2012	2 <sup>nd</sup> qtr.	2 <sup>nd</sup> qtr.	
	Unaudited				Audited
Operating profit before financial items	287	277	440	430	1,141
Adjustments for depreciation, amortisation and write-downs	277	263	538	521	1,113
Other adjustments	6	5	12	-14	-7
Change in net working capital	-48	-168	-443	-413	-159
<b>Cash flow from operations before financial items and tax</b>	<b>522</b>	<b>377</b>	<b>547</b>	<b>524</b>	<b>2,088</b>
<b>Cash flow from operating activities</b>	<b>387</b>	<b>295</b>	<b>356</b>	<b>352</b>	<b>1,772</b>
<b>Cash flow from investing activities</b>	<b>-341</b>	<b>-160</b>	<b>-592</b>	<b>-425</b>	<b>-982</b>
<b>Cash flow from operating and investing activities (free cash flow)</b>	<b>46</b>	<b>135</b>	<b>-236</b>	<b>-73</b>	<b>790</b>
Cash flow from financing activities	-302	-305	-381	-365	-465
<b>Change in cash available</b>	<b>-256</b>	<b>-170</b>	<b>-617</b>	<b>-438</b>	<b>325</b>
Cash available – beginning of period	-182	-396	189	-128	-128
Exchange rate adjustments	8	3	-2	3	-8
<b>Cash available – end of period</b>	<b>-430</b>	<b>-563</b>	<b>-430</b>	<b>-563</b>	<b>189</b>
<b>Unutilised, committed credit facilities</b>			<b>3,120</b>	<b>2,898</b>	<b>3,442</b>

**Statement of changes in equity**

DKK million	Unaudited						
	Share capital	Hedging	Proposed dividend	Foreign currency translation	Retained earnings	Minority interests	Total
<b>Equity 1/1 2013</b>	<b>220</b>	<b>-24</b>	<b>220</b>	<b>-131</b>	<b>9,119</b>	<b>24</b>	<b>9,428</b>
Profit for the period					293	0	293
Other comprehensive income		3		-241			-238
<b>Comprehensive income for the period</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>-241</b>	<b>293</b>	<b>0</b>	<b>55</b>
Sale and purchase of own shares					-74		-74
Expensed value of options issued					5		5
Dividend paid to the shareholders			-220				-220
Addition/disposal of minority interests							0
<b>Equity 2<sup>nd</sup> qtr. 2013</b>	<b>220</b>	<b>-21</b>	<b>0</b>	<b>-372</b>	<b>9,343</b>	<b>24</b>	<b>9,194</b>
<b>Equity 1/1 2012</b>	<b>220</b>	<b>-19</b>	<b>207</b>	<b>-354</b>	<b>8,569</b>	<b>12</b>	<b>8,635</b>
Profit for the period					281	-1	280
Other comprehensive income		2		126			128
<b>Comprehensive income for the period</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>126</b>	<b>281</b>	<b>-1</b>	<b>408</b>
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					-5	5	0
<b>Equity 2<sup>nd</sup> qtr. 2012</b>	<b>220</b>	<b>-17</b>	<b>0</b>	<b>-228</b>	<b>8,827</b>	<b>16</b>	<b>8,818</b>

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Main figures in EUR million:	2 <sup>nd</sup> qtr.	2 <sup>nd</sup> qtr.	Acc.	Acc.	Full year
	2013	2012	2 <sup>nd</sup> qtr.	2 <sup>nd</sup> qtr.	
	Unaudited				Audited
Net sales	494	485	916	922	1,969
Depreciation, amortisation and write-downs	37	35	72	70	150
EBIT	39	37	59	58	153
Profit before tax	37	35	56	54	147
Profit for the period	26	25	39	38	104
Total assets			1,777	1,782	1,741
Equity			1,233	1,186	1,263
Cash flow (from operating activities)	52	39	48	47	238
Investments and acquisitions	45	21	79	57	132
Exchange rate	7.46	7.43	7.46	7.43	7.46

**Change in the accounting principles compared to 2012**

Due to implementation of amendment of IAS16, the classification of spare parts and servicing equipment has been reclassified to tangible assets instead of included in inventories. Comparison figures have been changed retrospectively. A third balance is not presented due to immateriality as the change is a reclassification and has no effect on EBIT, profit for the year, free cash flow and equity. EBITDA in Q2 2013 is positively impacted by DKK 4 million and accumulated by DKK 8 million (second quarter 2012: DKK 4 million and accumulated DKK 7 million). Inventories are reduced by DKK 87 million (second quarter 2012: DKK 84 million) and tangible assets are increased with a corresponding amount.