

Release no. 5 – 2013
Report on the first quarter of 2013
To NASDAQ OMX Nordic Exchange
Copenhagen A/S

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22 May 2013

Report on the first quarter 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 quarter of 2013.

Highlights

- Sales in the first quarter of 2013 at actual exchange rates decreased by 3% compared to the same period in 2012.
- EBIT in the first quarter of 2013 amounts to DKK 153 million which is at the same level as in 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 still expects a profit for the year of around DKK 700 million.
- Capital expenditure excluding acquisitions is now expected to be around DKK 1,500 million, a decrease of DKK 100 million compared to previous expectation.

Further information: Gilles Maria, Chief Financial Officer

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Main figures / key figures for the Group

	1st qtr. 2013	1st qtr. 2012	Full year 2012
	Unaudited		Audited
Income statement items in DKK million			
Net sales	3,145	3,249	14,664
EBITDA	414	411	2,254
Depreciation, amortisation and write-downs	261	257	1,113
EBIT	153	154	1,141
Financial items	-16	-16	-55
Profit before tax	140	142	1,098
Profit for the period	99	100	774
Balance sheet items in DKK million			
Non-current assets	9,504	9,624	9,484
Current assets	4,082	3,482	3,505
Total assets	13,586	13,106	12,989
Equity	9,511	8,922	9,428
Non-current liabilities	1,122	1,426	1,033
Current liabilities	2,953	2,758	2,528
Other items in DKK million			
Cash flow from operating activities	-31	56	1,772
Investments and acquisitions	251	265	982
Free cash flow	-282	-209	790
Net interest-bearing debt	364	760	68
Number of employees			
Number of employees at end of period	9,806	9,628	9,778
Ratios			
Profit ratio (%)	5	5	8
Earnings per share of DKK 10	4.6	4.6	35.8
Earnings per share of DKK 10, diluted	4.6	4.6	35.7
Cash earnings per share of DKK 10	-1	3	82
Book value per share of DKK 10	432	406	428
Return on invested capital (%)	2	2	12
Return on equity (%)	1	1	9
Equity ratio (%)	70	68	73
Financial gearing	0.04	0.09	0.01
Stock market information			
Share capital (DKK million)	220	220	220
Price per A share (DKK)	694	525	629
Price per B share (DKK)	701	530	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 31 March 2013Income statement

The ROCKWOOL Group generated sales in the first quarter of 2013 of DKK 3,145 million corresponding to a decrease of 3% compared to same period last year. Based on unchanged exchange rates, the decrease in net sales is also 3% compared to same period last year.

External sales in the Insulation Segment decreased by 4% to DKK 2,548 million, and Systems Segment's external sales increased by 1% to DKK 597 million.

The Western European Insulation market experienced difficult trading conditions during first quarter related to subdued economic activity and an unusually long and cold winter. Sales prices have continued to increase this quarter, however not compensating for the negative effect of decreasing sales volume. External sales in this region decreased by 8% compared to the same period last year.

The Eastern European Insulation market is gradually getting more challenging. The Group's performance in Russia has been exceptional in a deteriorating external environment.

Sales in North America have continued their solid development especially in the USA. In Asia, the sales growth was limited due to the political and legislative uncertainty on future fire safety regulation for use of non-combustible insulation in China.

Most raw material prices have continued to increase, however at a lower level than expected. As anticipated, the Group has benefitted from lower foundry coke prices.

EBITDA for the Group reached DKK 414 million corresponding to an EBITDA ratio of 13.2% for the first quarter of 2013 which represents a slight improvement compared to the same period last year.

EBIT was recorded at DKK 153 million – at par compared to same period last year. Insulation segment EBIT for the first quarter reached DKK 64 million which is a decrease of 4% compared to the first quarter of last year. Systems Segment generated an EBIT of DKK 68 million which is 8% higher than the first quarter of 2012.

Net financial costs ended at DKK 16 million which is at last year's level.

Profit for the first quarter of 2013 amounted to DKK 99 million which is DKK 1 million lower than last year.

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Cash flow

Cash flow from operations for the first quarter of 2013 was recorded at DKK -31 million which is DKK 87 million below same period last year.

Working capital increased by DKK 395 million in the first quarter of 2013 (versus end of 2012) primarily due to seasonal effects.

Capital expenditure in the first quarter of 2013 was DKK 251 million of which DKK 80 million were allocated to capacity expansions.

Balance sheet

Total assets end of the first quarter of 2013 amounted to DKK 13,586 million. The equity ratio at the end of the period was 70%.

Expectations for 2013

The Group expects the overall business conditions in Europe to remain difficult with a slight upturn during the high season end of the year. The refurbishment segment will continue to benefit from governmental incentive programmes to improve energy efficiency in buildings. In Eastern Europe including Russia, market conditions are expected to be more resilient however with higher likelihood for pressure on sales prices.

The profitable sales development in North America is expected to continue at the same pace, well supported by better market conditions in USA. In Asia, a moderate sales increase is expected despite the uncertainty regarding strengthening of the fire safety regulation in China. Overall, the Group confirms its expectations for 2013 net sales at current exchange rates to be slightly above the level of 2012.

Inflation on raw materials in general is expected to ease despite the fact that foundry coke prices are not expected to decrease any further. Sales price in the remainder of 2013 are assumed to be stable. Profit expectation for the year 2013 remains unchanged around DKK 700 million.

Investment expenditure excluding acquisitions is now expected to be DKK 1,500 million, a decrease of DKK 100 million compared to previous expectation.

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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 quarter 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 31 March 2013 and of the result of the Group's operations and cash flow for the period 1 January - 31 March 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.

22 May 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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Income statement			
DKK million	1st qtr. 2013	1st qtr. 2012	Full year 2012
	Unaudited		Audited
Net sales	3,145	3,249	14,664
Operating income	3,194	3,295	14,853
Operating costs	3,041	3,141	13,712
EBITDA	414	411	2,254
Operating profit before financial items (EBIT)	153	154	1,141
Income from investments associated companies	3	4	12
Financial items	-16	-16	-55
Profit before tax	140	142	1,098
Tax on profit for the period	41	42	324
Profit for the period	99	100	774
Attributable to:			
Minority interests	0	-3	2
Shareholders in the parent company	99	103	772
	99	100	774
Earnings per share of DKK 10	4.6	4.6	35.8
Earnings per share of DKK 10, diluted	4.6	4.6	35.7

Statement of comprehensive income			
Profit for the period	99	100	774
Exchange rate adjustments of foreign subsidiaries	-26	176	223
Actuarial gains and losses of pension obligations	0	0	10
Hedging instruments, value adjustments	10	6	-7
Tax on comprehensive income	-2	-1	14
Other comprehensive income	-18	181	240
Total comprehensive income	81	281	1,014
Attributable to:			
Minority interests	0	-3	3
Shareholders in the parent company	81	284	1,011
	81	281	1,014

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Segment reporting

1st qtr.	Unaudited						The ROCKWOOL Group	
	Insulation segment		Systems segment		Group eliminations and holding companies		2013	2012
DKK million	2013	2012	2013	2012	2013	2012	2013	2012
External net sales	2,548	2,660	597	589	0	0	3,145	3,249
Internal net sales	337	335	0	0	-337	-335	0	0
Total net sales	2,885	2,995	597	589	-337	-335	3,145	3,249
EBIT	64	67	68	63	21	24	153	154
<i>EBIT ratio</i>	2.2	2.2	11.4	10.7			4.9	4.7

Geographical split of external net sales	Unaudited		Audited
	1st qtr. 2013	1st qtr. 2012	Full year 2012
DKK million			
Western Europe	1,979	2,164	8,970
Eastern Europe including Russia	582	565	3,380
North America, Asia and others	584	520	2,314
Total external net sales	3,145	3,249	14,664

Balance sheet

DKK million	1st qtr. 2013	1st qtr. 2012	Full year 2012
	Assets	Unaudited	
Intangible assets	574	549	588
Tangible assets	8,276	8,367	8,245
Other financial assets	383	393	381
Deferred tax assets	271	315	270
Total non-current assets	9,504	9,624	9,484
Inventories	1,351	1,197	1,175
Receivables	1,987	1,943	1,846
Cash	744	342	484
Total current assets	4,082	3,482	3,505
Total assets	13,586	13,106	12,989
Equity and liabilities			
Share capital	220	220	220
Hedging	-16	-14	-24
Foreign currency translation	-157	-178	-131
Proposed dividend	220	207	220
Retained earnings	9,220	8,678	9,119
Minority interests	24	9	24
Total equity	9,511	8,922	9,428
Non-current liabilities	1,122	1,426	1,033
Current liabilities	2,953	2,758	2,528
Total liabilities	4,075	4,184	3,561
Total equity and liabilities	13,586	13,106	12,989

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DKK million	1st qtr.	1st qtr.	Full year
	2013	2012	2012
	Unaudited		Audited
Operating profit before financial items	153	154	1,141
Adjustments for depreciation, amortisation and write-downs	261	257	1,113
Other adjustments	6	-19	-7
Change in net working capital	-395	-242	-159
Cash flow from operations before financial items and tax	25	150	2,088
Cash flow from operating activities	-31	56	1,772
Cash flow from investing activities	-251	-265	-982
Cash flow from operating and investing activities (free cash flow)	-282	-209	790
Cash flow from financing activities	-79	-60	-465
Change in cash available	-361	-269	325
Cash available – beginning of period	189	-128	-128
Exchange rate adjustments	-10	1	-8
Cash available – end of period	-182	-396	189
Unutilised, committed credit facilities	3,306	3,236	3,442

Statement of changes in equity

DKK million	Unaudited						Total
	Share capital	Hedging	Proposed dividend	Foreign currency translation	Re-tained earnings	Minority interests	
Equity 1/1 2013	220	-24	220	-131	9,119	24	9,428
Profit for the period					99	0	99
Other comprehensive income		8		-26			-18
Comprehensive income for the period	0	8	0	-26	99	0	81
Sale and purchase of own shares							0
Expensed value of options issued					2		2
Dividend paid to the shareholders							0
Addition/disposal of minority interests							0
Equity 1st qtr. 2013	220	-16	220	-157	9,220	24	9,511
Equity 1/1 2012	220	-19	207	-354	8,569	12	8,635
Profit for the period					103	-3	100
Other comprehensive income		5		176			181
Comprehensive income for the period	0	5	0	176	103	-3	281
Sale and purchase of own shares							0
Expensed value of options issued					6		6
Dividend paid to the shareholders							0
Addition/disposal of minority interests							0
Equity 1st qtr. 2012	220	-14	207	-178	8,678	9	8,922

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Main figures in EUR million:	1st qtr.	1st qtr.	Full year
	2013	2012	2012
	Unaudited		Audited
Net sales	422	437	1,969
Depreciation, amortisation and write-downs	35	35	150
EBIT	20	21	153
Profit before tax	19	19	147
Profit for the period	13	13	104
Total assets	1,821	1,762	1,741
Equity	1,275	1,199	1,263
Cash flow (from operating activities)	-4	8	238
Investments and acquisitions	34	36	132
Exchange rate	7.46	7.44	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 Q1 2013 is positively impacted by DKK 4 million (Q1 2012: DKK 3 million). Inventories are reduced by DKK 90 million (Q1 2012: DKK 80 million) and tangible assets are increased with a corresponding amount.