

H1/Q2 2020 Financial Results



Forward-looking statement

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H1 highlights

Sales

EUR 1,232 million

down 7.7% in reported figures

Sales decrease in local currencies

↓ 7.4%

incl. 0.6% from Parafon

EBIT

EUR 138 million

down 22.7% over last year

EBIT margin

11.2%

down 1.4 percentage points
excl. legal settlement in Q2 2019

Free cash flow

EUR -51 million

up from EUR -68 million last year

Net profit

EUR 101 million

decrease of EUR 35 million

Q2 highlights

Sales

EUR 583 million

down 16.1% in reported figures

Sales decrease in local currencies

↓ 15.0%

incl. 0.7% from Parafon

EBIT

EUR 58 million

down 43.0% over last year

EBIT margin

10.0%

down 3.2 percentage points
excl. legal settlement in Q2 2019

Free cash flow

EUR 46 million

up from EUR 16 million last year

Net profit

EUR 40 million

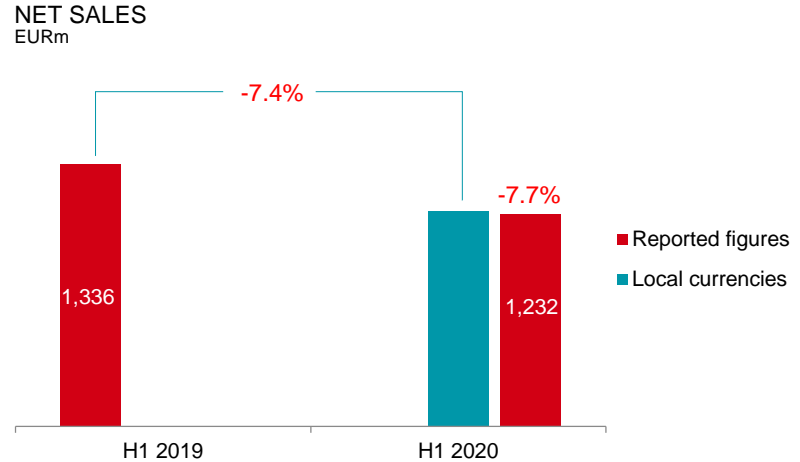
decrease of EUR 39 million



H1 sales down 7.4 percent

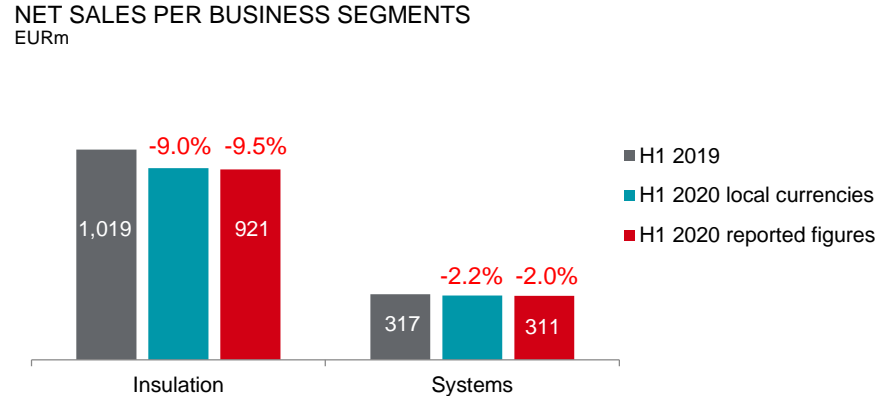
Sales declined 7.4 percent in local currencies including a 0.6 percent impact from the Parafon acquisition, and reached EUR 1,232 million.

Sales decreased 7.7 percent in reported figures with a negative currency effect of 0.3 percentage points.



Insulation segment sales down 9.0 percent in local currencies and 9.5 percent in reported figures.

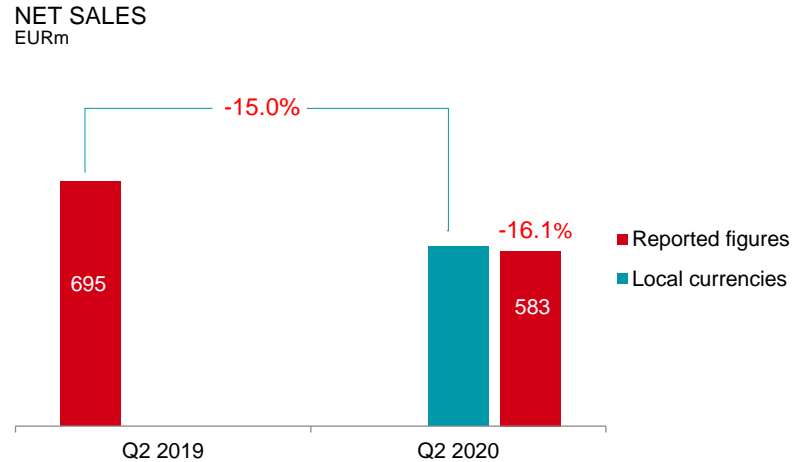
Systems segment sales down 2.2 percent in local currencies including a 2.5 percent impact from the Parafon acquisition, and down 2.0 percent in reported figures.



Q2 sales down 15.0 percent

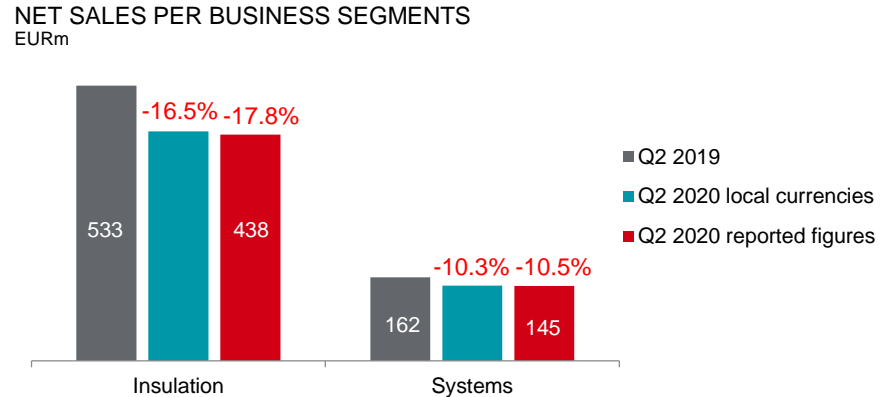
Sales declined 15.0 percent in local currencies including a 0.7 percent impact from the Parafon acquisition, and reached EUR 583 million.

Sales decreased 16.1 percent in reported figures with a negative currency effect of 1.1 percentage points.



Insulation segment sales down 16.5 percent in local currencies and 17.8 percent in reported figures.

Systems segment sales down 10.3 percent in local currencies including a 2.9 percent impact from the Parafon acquisition, and down 10.5 percent in reported figures.



Q2 regional sales development

Growth in local currencies

Western Europe

-17.2% ↓ incl. Parafon

-17.5 percent incl. FX effect

CEE incl. Russia

-9.8% ↓

-15.1 percent incl. FX effect

North America, Asia and others

-13.3% ↓

-13.0 percent incl. FX effect

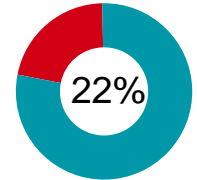
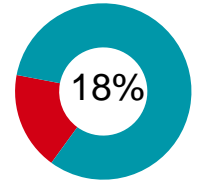
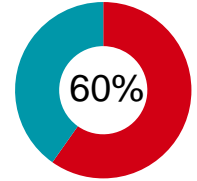
Key developments

- Positive impact of 1.1 percent from the Parafon acquisition.
- Especially Southwestern Europe, the UK and Germany were negatively impacted by COVID-19.
- Growth in the Nordic region.

- Poland, Russia and Romania were negatively impacted by COVID-19.
- Sales increased in some smaller markets in the region.
- Negative currency effect of 5.3 percentage points.

- Sales in the United States and Asia were negatively impacted by COVID-19.
- The Canadian market remained stable.

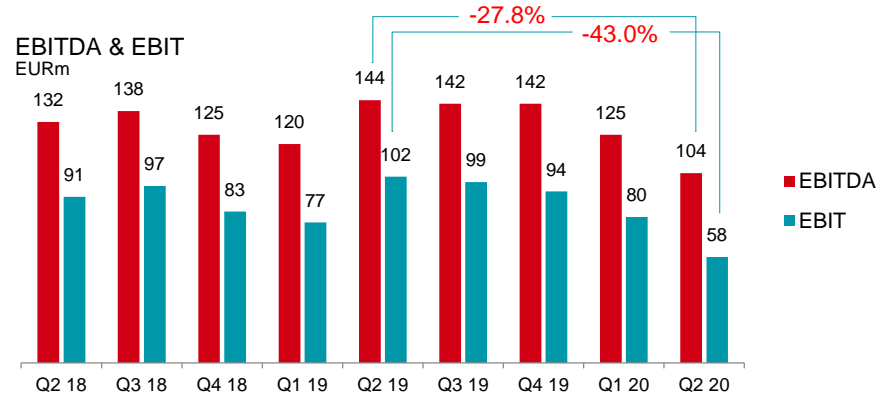
Geographic share of sales*



Q2 double-digit profitability

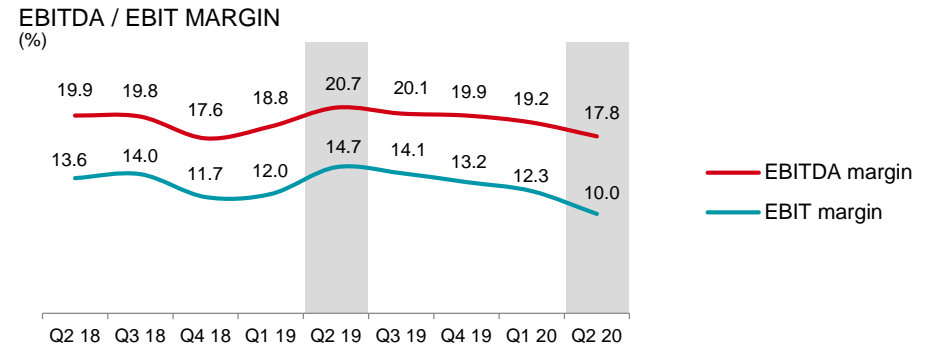
EBITDA reached EUR 104 million, **down 22.6 percent** adjusted for the positive impact from the 2019 legal case settlement.

- EBITDA margin of 17.8 percent compared to 20.7 percent in Q2 2019.
- Adjusted for the 2019 legal case settlement, EBITDA margin decreased 1.4 percentage points.



EBIT reached EUR 58 million, **down 37.1 percent** adjusted for the 2019 legal case settlement.

- Corresponding to a 10.0 percent EBIT margin.
- While still double-digit, this was a decrease of 3.2 percentage points adjusted for the 2019 legal case settlement.



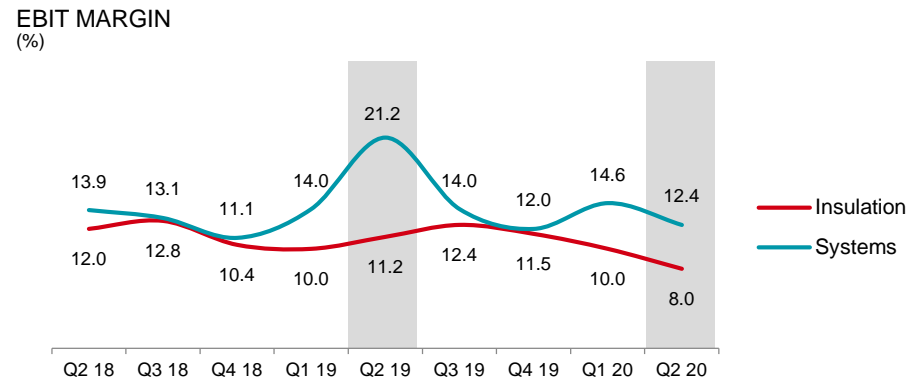
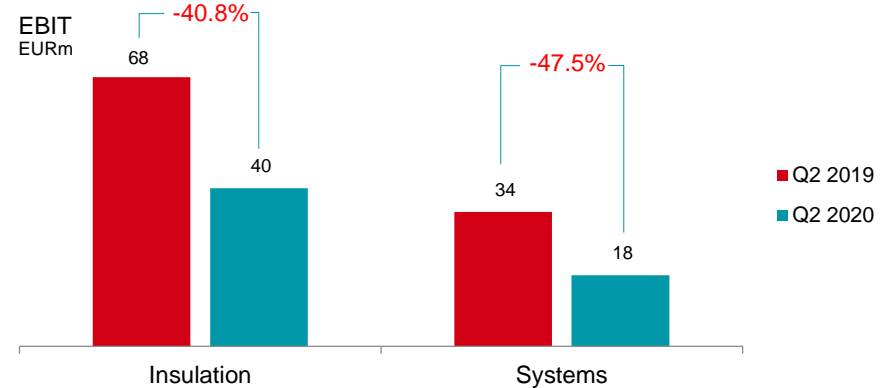
Q2 profitability – both segments impacted

Insulation EBIT decreased 40.8 percent to EUR 40 million in Q2 2020.

- EBIT margin was 8.0 percent, down 3.2 percentage points compared to Q2 2019.

Systems EBIT decreased 27.1 percent to EUR 18 million in Q2 2020, adjusted for the 2019 legal case settlement.

- EBIT margin was 12.4 percent, down 2.9 percentage points compared to Q2 2019, adjusted for the 2019 legal case settlement.

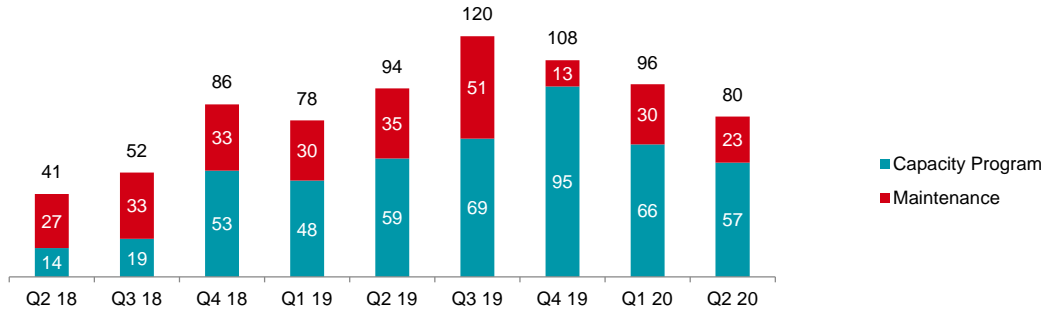


Q2 investment activities

Investments totalled **EUR 80 million in Q2 2020** (Q2 2019: EUR 94 million).

- Capacity investments mainly relate to the factory project in the United States (West Virginia) and the expansion in Germany.
- Sustainability investments are in line with last year.

INVESTMENTS excl. acquisitions
EURm



Q2 cash flow

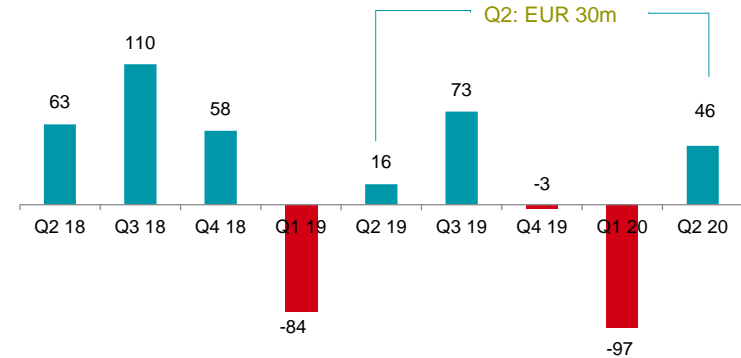
Q2 free cash flow ended at EUR 46 million, up EUR 30 million compared to Q2 2019, with a positive impact from net working capital.

Net working capital was 10.6 percent (2019: 11.8 percent) of net sales, and ended at EUR 282 million, EUR 40 million better than Q2 2019.

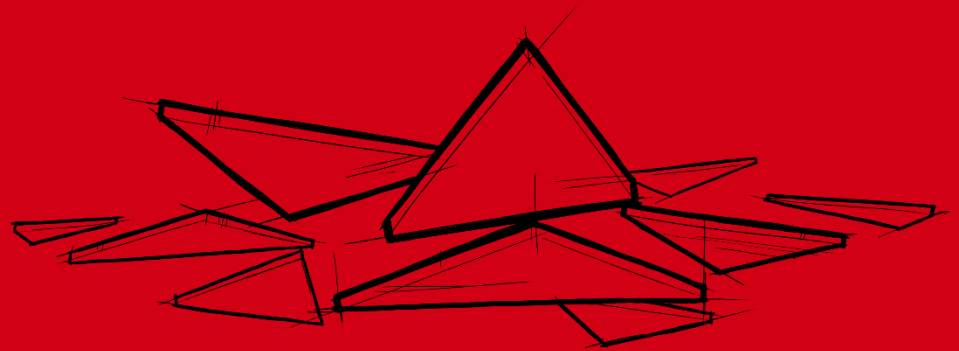
Dividend payments of EUR 94 million and purchase of own shares in the **share buy-back programme** of EUR 16 million in Q2 2020 (EUR 44 million in H1 2020).

Net debt free with a net cash position of EUR 5 million end Q2 2020.

FREE CASH FLOW
EURm



Outlook 2020



Outlook assumptions

Net sales declined seven percent during first half of 2020, significantly affected by the COVID-19 pandemic.

We do believe, however, that the building activity across most of our markets will improve in the coming months, though still with uncertainties around the mid-term impact from the slowdown in building projects and the growth of COVID-19 infection rates in multiple markets.

Based on the current level of sales activities, we expect that sales in the second half of 2020 will improve slightly relative to the first half.

The lower sales in first half of 2020 negatively impacted **profitability**, although partly offset by a combination of:

- Agile operations aligning output with demand.
- Diligent cost and inventory management.
- Lower material and energy input costs.

The COVID-19 pandemic has not had a material impact on the progress of our planned **investments**.



Outlook full year 2020

1. Sales

Mid-single digit sales decline in local currencies.

2. EBIT

EBIT margin **around 12 percent**.

3. Investment

Investment level around **EUR 400 million** excluding acquisitions.

2020 outlook overview

	5 February 2020	24 March 2020	13 May 2020	20 August 2020
Net sales in local currencies	Low single-digit sales growth	Low single-digit sales growth	Low single-digit sales growth	Mid-single digit sales decline
EBIT margin	Around 12%	Around 12%	Around 12%	Around 12%
Investments excl. acquisitions	Around EUR 400 million	Around EUR 400 million	Around EUR 400 million	Around EUR 400 million

Key figures for the Group

EURm	Q2 2020	Q2 2019	YoY (%)	H1 2020	H1 2019	YoY (%)	FY 2019
Income statement							
Net Sales	583	695	-16.1%	1,232	1,336	-7.7%	2,757
EBITDA	104	144	-27.8%	229	264	-13.4%	548
EBIT	58	102	-43.0%	138	179	-22.7%	372
Profit before tax	53	100	-46.8%	133	173	-22.8%	367
Profit for the period	40	79	-48.8%	101	136	-25.8%	285
Balance sheet							
Total Assets				2,745	2,526	8.7%	2,694
Equity				2,026	1,959	3.4%	2,118
Equity ratio				73.7%	77.4%	-3.7pp	78.5%

Questions?

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