

**Release no. 12– 2011**  
**Report on the first nine months of 2011**  
**To NASDAQ OMX Nordic Exchange**  
**Copenhagen A/S**

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23 November 2011

**Report on the first nine months of 2011**  
**for Rockwool International A/S**

Today the Board of Directors of Rockwool International A/S has approved the following report on the first nine months of 2011.

**Highlights**

- Sales in the first nine months of 2011 at actual exchange rates increased by 17% compared to the same period in 2010.
- EBIT in the first nine months of 2011 amounts to DKK 575 million which is a decrease of DKK 38 million, 6% less than the same period in 2010.
- The Group still expects net sales at current exchange rates to increase by 15% for the full year 2011.
- The Group confirms its expectations for the year of a result after minority interests of DKK 550 million.
- Capital expenditure excluding acquisitions is still expected to be DKK 1,100 million.

Further information: Gilles Maria, Chief Financial Officer

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

	3 <sup>rd</sup> qtr. 2011	3 <sup>rd</sup> qtr. 2010	Acc. 3 <sup>rd</sup> qtr. 2011	Acc. 3 <sup>rd</sup> qtr. 2010	Full year 2010
	Unaudited				Audited
<b>Income statement items in DKK million:</b>					
Net sales	3,636	3,027	9,937	8,472	11,732
EBITDA	528	459	1,306	1,319	1,782
Depreciation, amortisation and write-downs	247	223	731	706	989
EBIT	281	236	575	613	793
Financial items	-14	-6	-44	-24	-17
Profit before tax	272	233	549	597	812
Profit for the period after minority interests	192	137	383	346	512
<b>Balance sheet items in DKK million:</b>					
Non-current assets			8,932	8,398	9,098
Current assets			3,456	3,372	3,133
Total assets			12,388	11,770	12,231
Equity			8,300	8,538	8,791
Non-current liabilities			1,446	1,246	1,179
Current liabilities			2,642	1,986	2,261
<b>Other items in DKK million:</b>					
Cash flow (from operating activities)	646	587	929	866	1,285
Investments and acquisitions	363	307	902	759	1,412
Net interest-bearing debt			660	-28	426
<b>Number of employees:</b>					
Number of employees at end of period			9,191	8,005	8,808
<b>Ratios:</b>					
Profit ratio (%)			6	7	7
Profit per share of DKK 10			17	16	24
Profit per share of DKK 10, diluted			17	16	24
Book value per share of DKK 10			378	377	390
Equity ratio (%)			67	73	72
Financial gearing			0.08	0	0.05
<b>Main figures in EUR million:</b>					
Net sales	489	406	1,334	1,138	1,575
Depreciation, amortisation and write-downs	33	30	98	95	133
EBIT	38	31	77	82	106
Profit before tax	37	31	74	80	109
Profit for the period after minority interests	26	18	51	46	69
Total assets			1,663	1,580	1,642
Equity			1,114	1,146	1,180
Cash flow (from operating activities)	87	79	125	116	172
Investments and acquisitions	49	41	121	102	190
Exchange rate	7.45	7.45	7.45	7.45	7.45

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 September 2011**Income statement

The Rockwool Group generated sales in the first nine months of 2011 of DKK 9,937 million corresponding to an increase of 17% compared to same period last year and an increase of 13% excluding the effect of acquisitions.

External sales in the Insulation Segment increased by 20% to DKK 8,245 million, and Systems Segment's external sales increased by 7% to DKK 1,692 million.

In the Systems Segment, Rockfon continues its profitable growth path. Also Rockpanel and Lapinus Fibres are showing good results.

In the Insulation segment, the third quarter of 2011 has confirmed the good recovery in the main European insulation markets, driven by Germany and France and followed by Poland. Sales in Russia have increased dramatically during third quarter thereby increasing the need for imports even more. Sales in North America have continued to develop nicely, and good progress is seen with our new account Lowe's in the US DIY (Do-It-Yourself) segment. Sales development in Asia is very positive especially in China where the implementation of more stringent fire regulation for residential constructions has increased the demand for stone wool products. The Group is now importing to satisfy this demand.

Over the last months, decreases of purchase costs for the main raw materials have been confirmed. However, as our factories to a high degree still are using previously supplied raw materials, incoming inflation during third quarter only stabilised and keeps pressure on the Group's margin development.

Sales prices have continued to increase during third quarter but still not compensating fully for the incoming inflation.

EBITDA for the Group reached DKK 1,306 million resulting in an EBITDA ratio of 13% for the first nine months of 2011.

EBIT was DKK 575 million – a decrease of DKK 38 million compared to same period last year. Insulation segment EBIT for the first nine months period reached DKK 364 million – still below last year. Systems Segment generated an EBIT of DKK 219 million which is an increase of 7% compared to the first nine months of 2010.

Net financial costs ended up at DKK 44 million which is DKK 20 million higher than last year.

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Profit after minority interests for the first nine months of 2011 amounted to DKK 383 million which is DKK 37 million better than last year.

#### Cash flow

Cash flow from operations for the first nine months of 2011 is DKK 929 million which is DKK 63 million above last year.

Working capital development has had a negative effect on cash flow of DKK 168 million in the first nine months of 2011 which is primarily due to increase of net sales resulting in higher debtors and to seasonal stocks. This has however improved during the third quarter with a positive effect by DKK 145 million.

Capital expenditure in the first nine months of 2011 was DKK 902 million which is an increase of DKK 143 million compared to the same period of 2010. DKK 453 million were spent on capacity expansion, mainly in Russia.

#### Balance sheet

Total assets end of the first nine months of 2011 amounted to DKK 12,388 million. The equity ratio at the end of the period was 67%.

#### Expectations for 2011

The European debt crisis has eroded confidence and has reduced even more the visibility on the Group's main markets. However, the time lag of 6-8 months observed between the start of construction and the installation of the insulation is expected to preserve the Group European sales development for 2011. System segment sales as well as insulation sales in other world regions are expected to continue their development with the same trends observed during the first 9 months.

Therefore, the Group still expects net sales at current exchange rates to increase by 15% in 2011 compared to 2010.

The Group expects prices on raw materials to decrease slightly in the last quarter.

The Group expects sales prices effect to increase in the coming quarter helping the margin to improve. The Group therefore confirms its expectations of a result after minority interests of DKK 550 million.

The Group expects the effective tax rate to be decreased from 34% to around 32% for the year, primarily due to higher earnings in countries with lower tax rates. The expected tax rate is applied in the third quarter accumulated figures generating a low tax for the period.

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Capital expenditure excluding acquisitions is still expected to be DKK 1,100 million of which expenditure in 2011 for the new factories in India and the Volga region in Russia is DKK 430 million.

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 the first nine months of 2011.

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 2010 – 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 on 30 September 2011 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.

23 November 2011

**Group Management**

Eelco van Heel

Gilles Maria

**Board of Directors**

Tom Kähler

Steen Riisgaard

Heinz-Jürgen Bertram

Carsten Bjerg

Claus Bugge Garn

Jan W. Hillege

Bjørn Høi Jensen

Thomas Kähler

Dorthe Lybye

Connie Enghus Theisen

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**Income statement**

DKK million	3 <sup>rd</sup> qtr.	3 <sup>rd</sup> qtr.	Acc.	Acc.	Full year
	2011	2010	3 <sup>rd</sup> qtr.	3 <sup>rd</sup> qtr.	
	Unaudited				Audited
Net sales	3,636	3,027	9,937	8,472	11,732
<b>Operating income</b>	<b>3,678</b>	<b>3,064</b>	<b>10,060</b>	<b>8,592</b>	<b>11,907</b>
<b>Operating costs</b>	<b>3,397</b>	<b>2,828</b>	<b>9,485</b>	<b>7,979</b>	<b>11,114</b>
EBITDA	528	459	1,306	1,319	1,782
<b>Operating profit before financial items (EBIT)</b>	<b>281</b>	<b>236</b>	<b>575</b>	<b>613</b>	<b>793</b>
Income from investments associated companies after tax	5	3	18	8	36
Financial items	-14	-6	-44	-24	-17
<b>Profit before tax</b>	<b>272</b>	<b>233</b>	<b>549</b>	<b>597</b>	<b>812</b>
Tax on profit for the period	82	89	176	221	275
<b>Profit for the period</b>	<b>190</b>	<b>144</b>	<b>373</b>	<b>376</b>	<b>537</b>
Minority interests	-2	7	-10	30	25
<b>Profit for the period after minority interests</b>	<b>192</b>	<b>137</b>	<b>383</b>	<b>346</b>	<b>512</b>
Profit per share of DKK 10			17	16	24
Profit per share of DKK 10, diluted			17	16	24

**Statement of recognised income and expenses**

<b>Profit for the period</b>	<b>190</b>	<b>144</b>	<b>373</b>	<b>376</b>	<b>537</b>
Exchange rate adjustments of foreign subsidiaries	-214	-50	-290	162	249
Hedging instruments, value adjustments	-15	20	-6	11	-3
Tax on hedging instruments, value adjustments	5	-7	2	-4	0
<b>Total income</b>	<b>-34</b>	<b>107</b>	<b>79</b>	<b>545</b>	<b>783</b>
Minority interests	-3	-11	-10	39	45
<b>Total income for the period after minority interests</b>	<b>-31</b>	<b>118</b>	<b>89</b>	<b>506</b>	<b>738</b>

**Segment reporting**

Acc. 3 <sup>rd</sup> qtr.	Unaudited						The Rockwool Group	
	Insulation segment		Systems segment		Group eliminations and holding companies			
	2011	2010	2011	2010	2011	2010	2011	2010
DKK million								
External net sales	8,245	6,888	1,692	1,584	0	0	9,937	8,472
Internal net sales	970	855	0	5	-970	-860	0	0
Total net sales	9,215	7,743	1,692	1,589	-970	-860	9,937	8,472
EBIT	364	384	219	205	-8	24	575	613

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**Cash flow statement**

DKK million	3 <sup>rd</sup> qtr.	3 <sup>rd</sup> qtr.	Acc.	Acc.	Full year
	2011	2010	3 <sup>rd</sup> qtr.	3 <sup>rd</sup> qtr.	
	Unaudited				Audited
Operating profit for the period	281	236	575	613	793
Adjustments for depreciation, amortisation and write-downs	247	223	731	706	989
Other adjustments	-1	4	8	9	-32
Change in net working capital	194	233	-168	-107	-84
<b>Cash flow from operations before financial items and tax</b>	<b>721</b>	<b>696</b>	<b>1,146</b>	<b>1,221</b>	<b>1,666</b>
<b>Cash flow from operating activities</b>	<b>646</b>	<b>587</b>	<b>929</b>	<b>866</b>	<b>1,285</b>
<b>Cash flow from investing activities</b>	<b>-363</b>	<b>-307</b>	<b>-902</b>	<b>-759</b>	<b>-1,412</b>
<b>Cash flow from operating and investing activities (free cash flow)</b>	<b>283</b>	<b>280</b>	<b>27</b>	<b>107</b>	<b>-127</b>
Cash flow from financing activities	-51	-29	-476	-276	-319
<b>Change in cash available</b>	<b>232</b>	<b>251</b>	<b>-449</b>	<b>-169</b>	<b>-446</b>
Cash available – beginning of period	-527	173	132	588	588
Exchange rate adjustments	3	1	25	6	-10
<b>Cash available – end of period</b>	<b>-292</b>	<b>425</b>	<b>-292</b>	<b>425</b>	<b>132</b>
<b>Unutilised, committed credit facilities</b>			<b>3,267</b>	<b>3,370</b>	<b>3,659</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	3 <sup>rd</sup> qtr.	3 <sup>rd</sup> qtr.	Full year
	2011	2010	
	Unaudited		Audited
<b>Assets</b>			
Intangible assets	516	258	451
Tangible assets	7,856	7,593	8,027
Other financial assets	320	240	338
Deferred tax assets	240	307	282
<b>Total non-current assets</b>	<b>8,932</b>	<b>8,398</b>	<b>9,098</b>
Inventories	1,178	954	1,007
Receivables	1,862	1,862	1,779
Cash	416	556	347
<b>Total current assets</b>	<b>3,456</b>	<b>3,372</b>	<b>3,133</b>
<b>Total assets</b>	<b>12,388</b>	<b>11,770</b>	<b>12,231</b>
<b>Equity and liabilities</b>			
Share capital	220	220	220
Hedging	-16	-2	-12
Foreign currency translation	-459	-245	-169
Retained earnings	8,537	8,307	8,540
Minority interests	18	258	212
<b>Total equity</b>	<b>8,300</b>	<b>8,538</b>	<b>8,791</b>
Non-current liabilities	1,446	1,246	1,179
Current liabilities	2,642	1,986	2,261
<b>Total liabilities</b>	<b>4,088</b>	<b>3,232</b>	<b>3,440</b>
<b>Total equity and liabilities</b>	<b>12,388</b>	<b>11,770</b>	<b>12,231</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 2011</b>	<b>220</b>	<b>-12</b>	<b>-169</b>	<b>8,540</b>	<b>212</b>	<b>8,791</b>
Profit for the period				383	-10	373
Exchange rate adjustments of foreign subsidiaries			-290		0	-290
Hedging instruments, value adjustments		-6				-6
Tax on hedging instruments, value adjustments		2				2
<b>Total income</b>		<b>-4</b>	<b>-290</b>	<b>383</b>	<b>-10</b>	<b>79</b>
Sale and purchase of own shares				-75		-75
Expensed value of options issued				12		12
Dividend paid to the shareholders				-207		-207
Addition/disposal of minority interests				-116	-184	-300
<b>Equity 3<sup>rd</sup> qtr. 2011</b>	<b>220</b>	<b>-16</b>	<b>-459</b>	<b>8,537</b>	<b>18</b>	<b>8,300</b>
<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				346	30	376
Exchange rate adjustments of foreign subsidiaries			153		9	162
Hedging instruments, value adjustments		11				11
Tax on hedging instruments, value adjustments		-4				-4
<b>Total income</b>		<b>7</b>	<b>153</b>	<b>346</b>	<b>39</b>	<b>545</b>
Sale and purchase of own shares				3		3
Expensed value of options issued				19		19
Dividend paid to the shareholders/minority interests				-207	-52	-259
Addition/disposal of minority interests					2	2
<b>Equity 3<sup>rd</sup> qtr. 2010</b>	<b>220</b>	<b>-2</b>	<b>-245</b>	<b>8,307</b>	<b>258</b>	<b>8,538</b>

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**Business combinations****Troitsk**

On 14 July 2010 the Group took over a stone wool factory in Troitsk in the Ural region. At the time of the acquisition the factory had a production capacity of 30,000 tons per year and employed 270 people. The acquisition took place in order to benefit from the increased activity in the Russian construction and insulation market.

**FAST**

The Group has in July 2011 taken over the company FAST sp. zo.o. in Poland. FAST is one of the leading system holders in the Polish market for external facade insulation systems also known as ETICS. In 2010, FAST generated a turnover of DKK 94 million and employed 90 persons. The acquisition took place in order to establish a position in the fast growing market for external facade insulation systems.

The purchase price allocation below is provisional. Fair value of the acquired assets and liabilities at the acquisition date were:

<b>DKK million</b>	<b>Unaudited</b>	
	Fair value at the acquisition date	
	<b>FAST</b>	<b>Troitsk</b>
	<b>2011</b>	<b>2010</b>
Intangible assets	57	0
Tangible assets	38	283
Inventories	13	0
Receivables	29	0
Non-current liabilities	-6	0
Current liabilities	-38	0
Net assets	93	283
Goodwill	8	0
Paid in cash	101	283

In the acquisitions, the Group had transaction costs amounting to DKK 4 million in 2011 (2010: DKK 2 million) relating to legal advisers which is recognised in operational costs in the income statement.