

Release no. 9 – 2007
Report on the first quarter of 2007
To the Copenhagen Stock Exchange

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22 May 2007

Report on the first quarter of 2007
for Rockwool International A/S

Today the Board of Rockwool International A/S has approved the following report on the first quarter of 2007.

Highlights

- Sales in the first quarter increased by 31% compared to the first quarter 2006.
- EBIT nearly tripled to DKK 615 million from DKK 214 million in the first quarter 2006.
- A new production line will be built at the factory in Wern Tarw in Wales. Furthermore, a new factory will be established in the Ukraine.
- Compared to the expectations for the year announced in the annual report for 2006, sales are now expected to increase by 16% instead of 12%, and the expected profit after minorities' interests is adjusted upwards to around DKK 1,600 million from the previous expectation of DKK 1,200 million. Investment expenditure is adjusted downwards to DKK 1,700 million from the previous expectation of DKK 2,000 million.
- The board has approved share options of 105,000 shares to be issued to senior officers in the Group.

Further information: Knud Jørning, Chief Financial Officer

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Main figures / key figures for the Group

	1st qtr.	1st qtr.	Full year
	2007	2006	2006
	Unaudited figures		Audited
Income statement items in DKK million:			
Net sales	3,255.4	2,476.2	11,536.9
EBDIT	784.6	383.4	2,121.9
Operating profit before financial items (EBIT)	614.5	213.6	1,404.5
Financial items	-3.7	-14.3	-33.5
Profit before tax	617.3	204.4	1,400.8
Profit for the period after minorities' interests	427.8	142.9	950.0
Cash flow (from operating activities)	423.1	-47.1	1,809.8
Balance sheet items in DKK million :			
Fixed assets	5,431.2	5,159.5	5,290.9
Current assets	3,770.8	3,399.6	3,320.0
Total assets	9,202.0	8,559.1	8,610.9
Equity including minorities' interests	6,497.5	5,291.0	6,033.2
Provisions	787.3	799.7	722.8
Long-term debt	41.3	400.9	77.9
Short-term debt	1,875.9	2,067.5	1,777.0
Other items in DKK million:			
Investments and acquisitions	343.9	210.2	1,004.4
Depreciation	170.0	169.8	717.4
Number of employees:			
Number of employees	8,242	7,616	8,017
Ratios:			
Profit ratio (%)	18.9	8.6	12.2
Profit per share of DKK 10	19.6	6.4	44.0
Intrinsic value per share of DKK 10	295.5	236.9	274.0
Equity ratio (%)	70.6	61.8	70.1
Main figures in EUR million:			
Net sales	436.8	331.8	1,546.7
Operating profit before financial items (EBIT)	82.4	28.6	188.3
Profit before tax	82.8	27.4	187.8
Profit for the period after minorities' interests	57.4	19.2	127.4
Cash flow (from operating activities)	56.8	-6.3	242.6
Total assets	1,234.8	1,146.9	1,154.9
Equity including minorities' interests	871.9	709.0	809.2
Investments and acquisitions	46.1	28.2	134.7
Depreciation	22.8	22.8	96.2
Exchange rate DKK	7.45	7.46	7.46

The ratios have been calculated in accordance with recommendations issued by the Danish Association of Financial Analysts (2005 edition).

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Management report for the period from 1 January to 31 March 2007Income statement

The Rockwool Group generated sales in the first quarter of DKK 3,255 million corresponding to an increase of 31% compared to last year. In all markets, the very positive sales development in the second half of 2006 have continued in first quarter.

The sales development has been influenced by good weather conditions in the first quarter compared with first quarter 2006.

Sales in the Insulation Division increased by 31% to DKK 3,076 million.

Systems Division's sales increased by 12% to DKK 425 million.

EBDIT for the Group totalled DKK 785 million which is 105% up on the year before. EBIT ended at DKK 615 million – an increase of DKK 401 million which is nearly the tripple compared to first quarter 2006.

EBIT in the Insulation Division rose by 186% to DKK 567 million. Systems Division generated an EBIT of DKK 28 million which is an increase of 74% compared to the first quarter 2006.

Net financial costs ended up at DKK 4 million which is DKK 10 million better than in first quarter 2006.

Profit after minorities interests for the first quarter was DKK 428 million which is DKK 285 million higher than last year, corresponding to a an increase of 200%.

Cash flow

Cash flow from operations for the period is DKK 423 million which is DKK 470 million better than last year.

The working capital has increased by DKK 245 million in first quarter 2007 compared to an increase of DKK 380 million in the same period last year. The reason why the working capital has not increased as much in the first quarter 2007 as the year before is due to a lower stock level of finished goods.

Investment expenditure in the quarter was DKK 344 million which is an increase of DKK 134 million compared to the first quarter 2006.

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Balance sheet

Total assets end of the quarter amounted to DKK 9,202 million. The equity ratio end of first quarter was 70.6%.

Capacity expansion

Two more out of the previously announced capacity investment plans have now been decided upon. At the factory in Wern Tarw in Wales, which today has two production lines, there will be built an additional third line. The line will have a capacity of approx. 100,000 tonnes and will cost approx. DKK 750 million. The line is planned to start production in October 2008.

Furthermore, it has been decided to build a green field factory in the Ukraine. This factory will cost approx. DKK 800 million and the capacity will be approx. 110,000 tonnes. The factory is planned to be in operation in first half of 2010.

Expectations for the year

Even though it was announced that the sales in first quarter would increase more than the average for the full year, the level of growth has surpassed our expectations, and the expected sales increase for the year is therefore adjusted upwards from 12% to 16% which will give total sales for the year of DKK 13.4 billion.

At present currency exchange rate level, the finance costs are expected to be DKK 15 million instead of DKK 50 million.

For 2007 a profit after minorities' interests of around DKK 1,600 million is now expected which is an increase of DKK 400 million compared to the expectations announced in the annual report from March 2007.

The expected investment level for the year is adjusted downwards with DKK 300 million to be at approx. DKK 1.7 billion.

Others

The board has approved a new share option programme of 105,000 shares to be issued to senior officers in the Group. The purpose of the programme is a continued strengthening of the Group's ability to retain and recruit key employees. As in the past, the supervisory board members are not included in this scheme.

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Management statement

The Board and Group Management have today approved this interim report for the first quarter 2007.

This interim report 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 2006 – 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 31 March 2007 and of earnings and cash flows during the period.

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.

Copenhagen, 22 May 2007

Group Management

Eelco van Heel

Knud Jørning

Carsten B. Winther

Supervisory Board

Tom Kähler

Henrik Nyegaard

Preben Damgaard

Connie Enghus

Lars Elmekilde Hansen

Jan W. Hillege

Gustav Kähler

Peter Nørgård

Jürgen Sengera

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Income statement

DKK million	1st qtr.	1st qtr.	Full year 2006
	2007	2006	
	Unaudited		Audited
Net sales	3,255.4	2,476.2	11,536.9
Operating income	3,287.4	2,516.8	11,704.6
Operating costs	2,672.9	2,303.2	10,300.1
EBDIT	784.6	383.4	2,121.9
Operating profit before financial items (EBIT)	614.5	213.6	1,404.5
Income from associated companies	6.5	5.1	29.8
Financial items	-3.7	-14.3	-33.5
Profit before tax	617.3	204.4	1,400.8
Tax on profit for the period	172.9	61.3	431.8
Minorities' interests	16.6	0.2	19.0
Profit for the period after minorities' interests	427.8	142.9	950.0

Cash flow statement

DKK million	1st qtr.	1st qtr.	Full year 2006
	2007	2006	
	Unaudited		Audited
Profit for the period	444.4	143.1	969.0
Adjustments	356.9	268.6	1,170.0
Change in net working capital	-245.3	-379.8	-4.0
Cash flow from operations before financial items and tax	556.0	31.9	2,135.0
Cash flow from operations activity	423.1	-47.1	1,809.8
Cash flow from investments activities	-343.9	-210.2	-1,004.4
Cash flow from operating and investments activities (free cash flow)	79.2	-257.3	805.4
Cash flow from finance activities	-32.5	92.4	-438.5
Change in cash available	46.7	-164.9	366.9
Cash available – beginning of period	689.8	323.2	323.3
Adjustments to exchange rates	-4.0	-1.9	-0.4
Cash available – end of period	732.5	156.4	689.8
Unutilised committed credit facilities	1,450.0	1,246.0	1,450.0

Individual items in the statement of funds cannot be directly deduced from the consolidated balance sheet, as balance sheet items of the foreign companies at the beginning of the year have been converted at the rates of exchange on 31 March.

Segment reporting (primary segment distribution)

DKK million	1st qtr.	1 qtr.	Full year 2006
	2007	2006	
	Unaudited		Audited
Net sales per business segment	Unaudited		Audited
Insulation	3,075.5	2,348.0	10,851.1
Systems Division	425.0	378.5	1,793.0
Group eliminations and holding companies	-245.1	-250.3	-1,107.2
The Group	3,255.4	2,476.2	11,536.9
Operating profit before fin. items per business segment	Unaudited		Audited
Insulation	566.6	198.0	1,149.9
Systems Division	28.3	16.3	170.9
Group eliminations and holding companies	19.6	-0.7	83.7
The Group	614.5	213.6	1,404.5

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Balance sheet

DKK million	1st qtr. 2007	1st qtr. 2006	Full year 2006
	Unaudited		Audited
Assets			
Intangible fixed assets	162.8	95.7	109.7
Tangible fixed assets	4,940.6	4,611.2	4,849.6
Financial fixed assets	184.0	164.9	184.8
Deferred tax assets	143.8	287.7	146.8
Fixed assets	5,431.2	5,159.5	5,290.9
Stocks	845.4	920.8	769.1
Receivables	2,094.3	1,922.2	1,825.6
Cash funds	831.1	556.6	725.3
Total current assets	3,770.8	3,399.6	3,320.0
Total assets	9,202.0	8,559.1	8,610.9
Liabilities and equity			
Share capital	219.7	219.7	219.7
Other reserves	6,160.9	4,985.5	5,712.9
Minorities interests	116.9	85.8	100.6
Total equity	6,497.5	5,291.0	6,033.2
Total provisions	787.3	799.7	722.8
Long-term debt	41.3	400.9	77.9
Short-term debt	1,875.9	2,067.5	1,777.0
Total long-term and short-term debts	1,917.2	2,468.4	1,854.9
Total liabilities and equity	9,202.0	8,559.1	8,610.9

Changes in equity

DKK million	1st qtr. 2007	1st qtr. 2006	Full year 2006
Equity as of 1 January	6,033.2	5,075.2	5,075.2
Exchange rate adjustments	4.0	-5.5	15.1
Tax on changes in equity	0.0	0.0	-25.6
Profit for the period	444.4	143.1	969.0
Acquisition of own shares	11.8	7.4	26.9
Expensed value of options issued	4.1	2.0	7.9
Paid dividend	0.0	0.0	-103.7
Minorities' interests – addition and dividend (net)	0.0	68.8	68.4
Equity as of end of period	6,497.5	5,291.0	6,033.2