

**Making the best  
of the downturn.  
Any light in the  
dark?**



4th Basic materials seminar, 18 March 2009,  
London

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**STOP LOCAL WARMING**  
AN INITIATIVE BY **ROCKWOOL®**

## ***Forward-looking statement***

*The statements on the future in this presentation, 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*

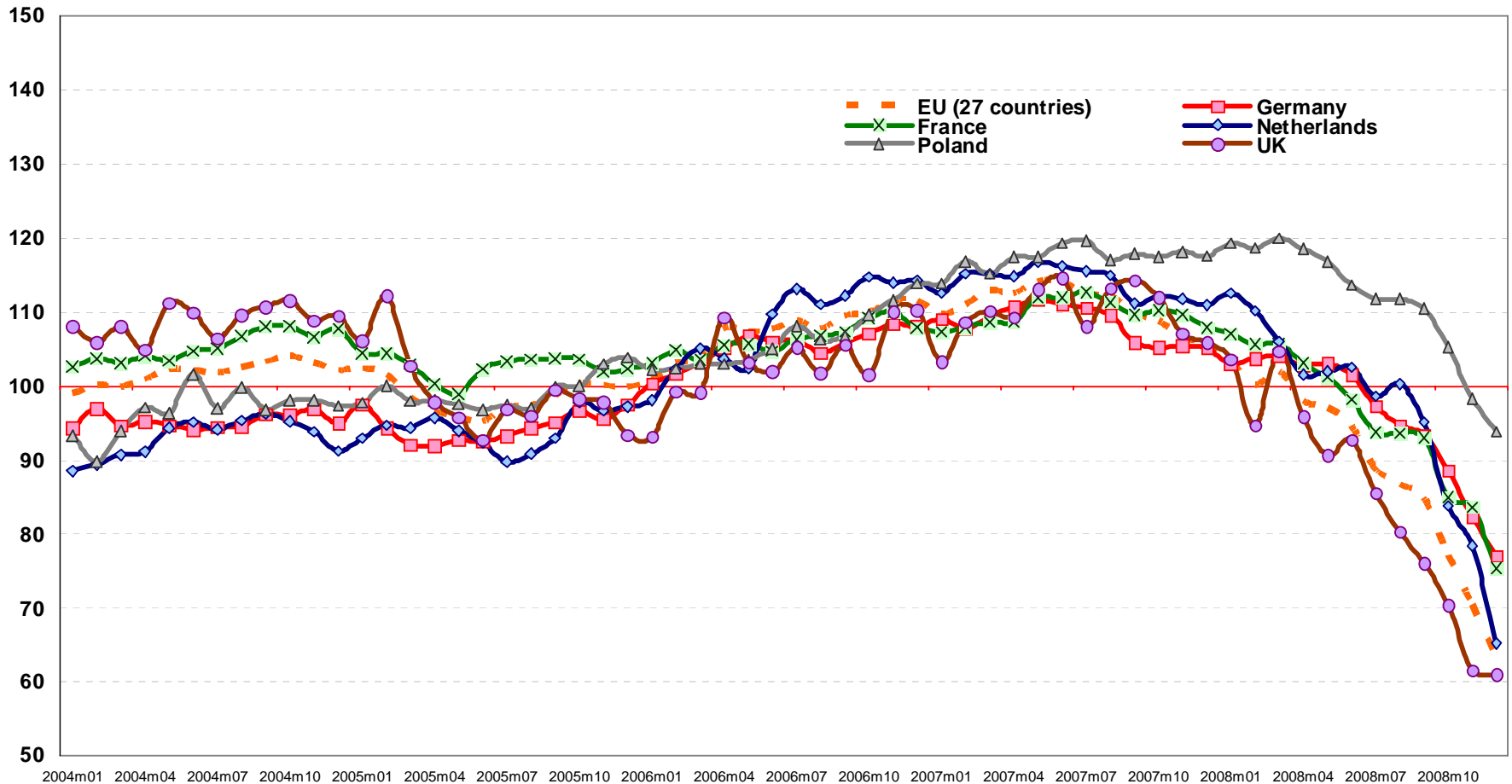
# Agenda

1. Medium-term outlook for our markets
2. How does the industry react
3. Impact of the stimulus packages
4. Crisis opportunities to be seized?



# When the going gets tough...

Indicator of economic climate  
composite indicator from EUROSTATS based on :  
industry confidence / construction confidence / retail sales confidence / consumer confidence / services confidence



# European insulation market

- The banking crisis resulted in a global credit squeeze which is the basis for the present world-wide economic crisis. The impact on business and consumer confidence and construction activities is increasingly affecting the insulation market negatively.
- The newbuild activity continues to decrease in both residential and non-residential segments. The project and building permit pipeline is getting thinner as well.
- The renovation market is performing better, in some important countries supported by governmental financial incentives stimulating improved energy efficiency in buildings. Governments are also pushing spending for public buildings.
- Price levels are holding up well in the major part of the business but are under pressure in Central and Eastern Europe.



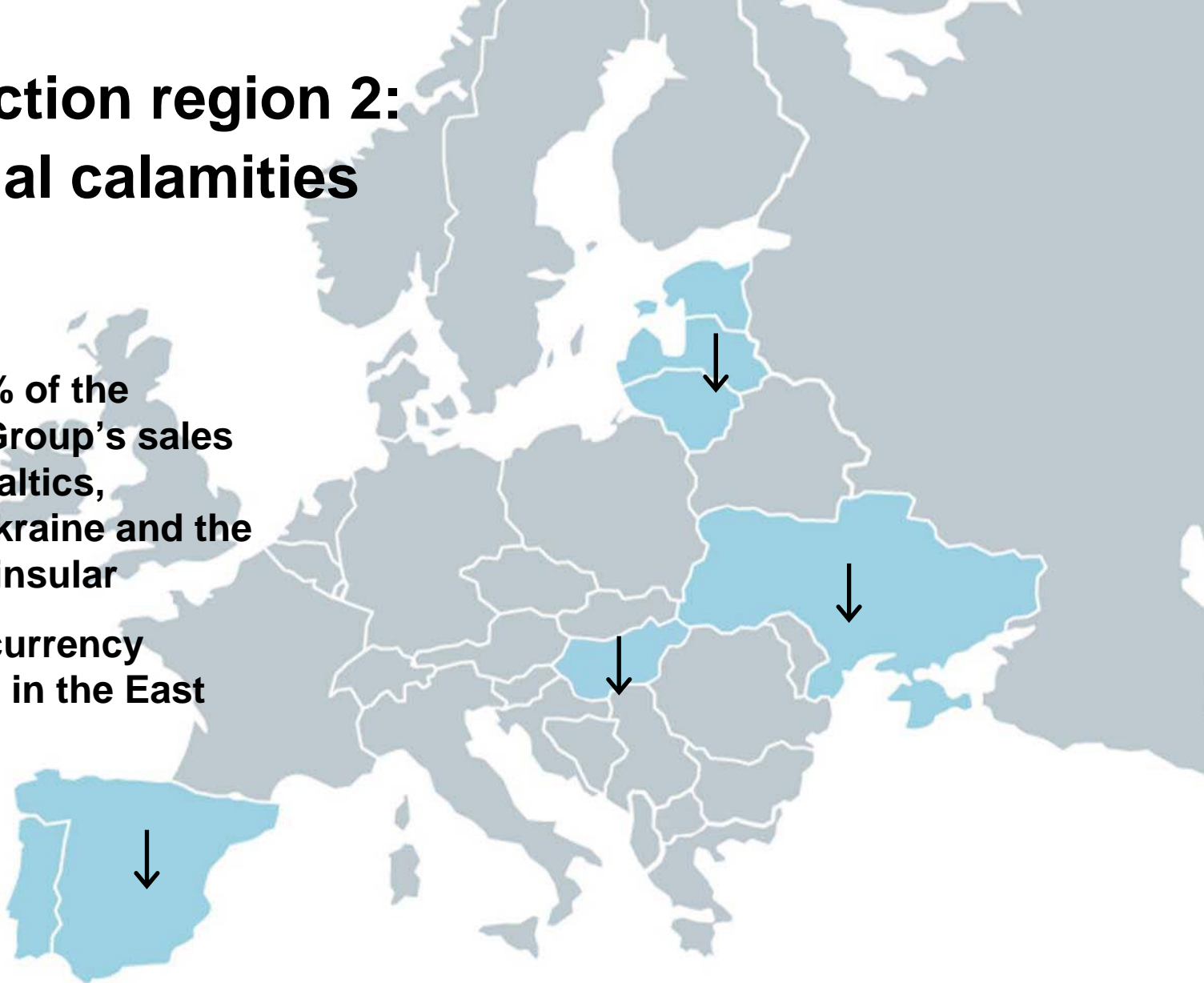
# Construction region 1: The Anglo-Saxon downturn



- Around 5% of the Rockwool Group's sales are in the UK and Ireland

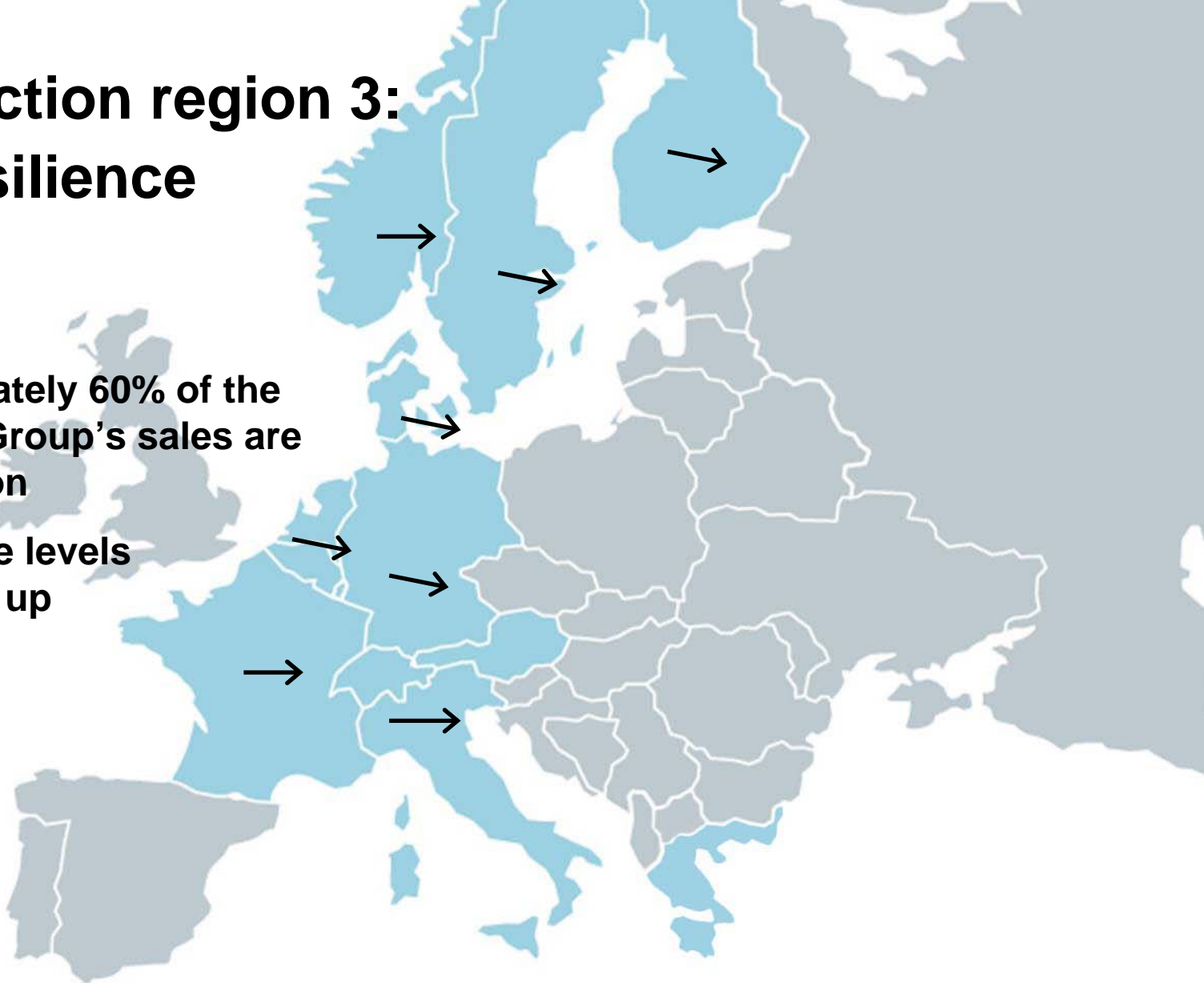
## Construction region 2: Additional calamities

- Around 6% of the Rockwool Group's sales are in the Baltics, Hungary, Ukraine and the Iberian peninsular
- Negative currency movements in the East



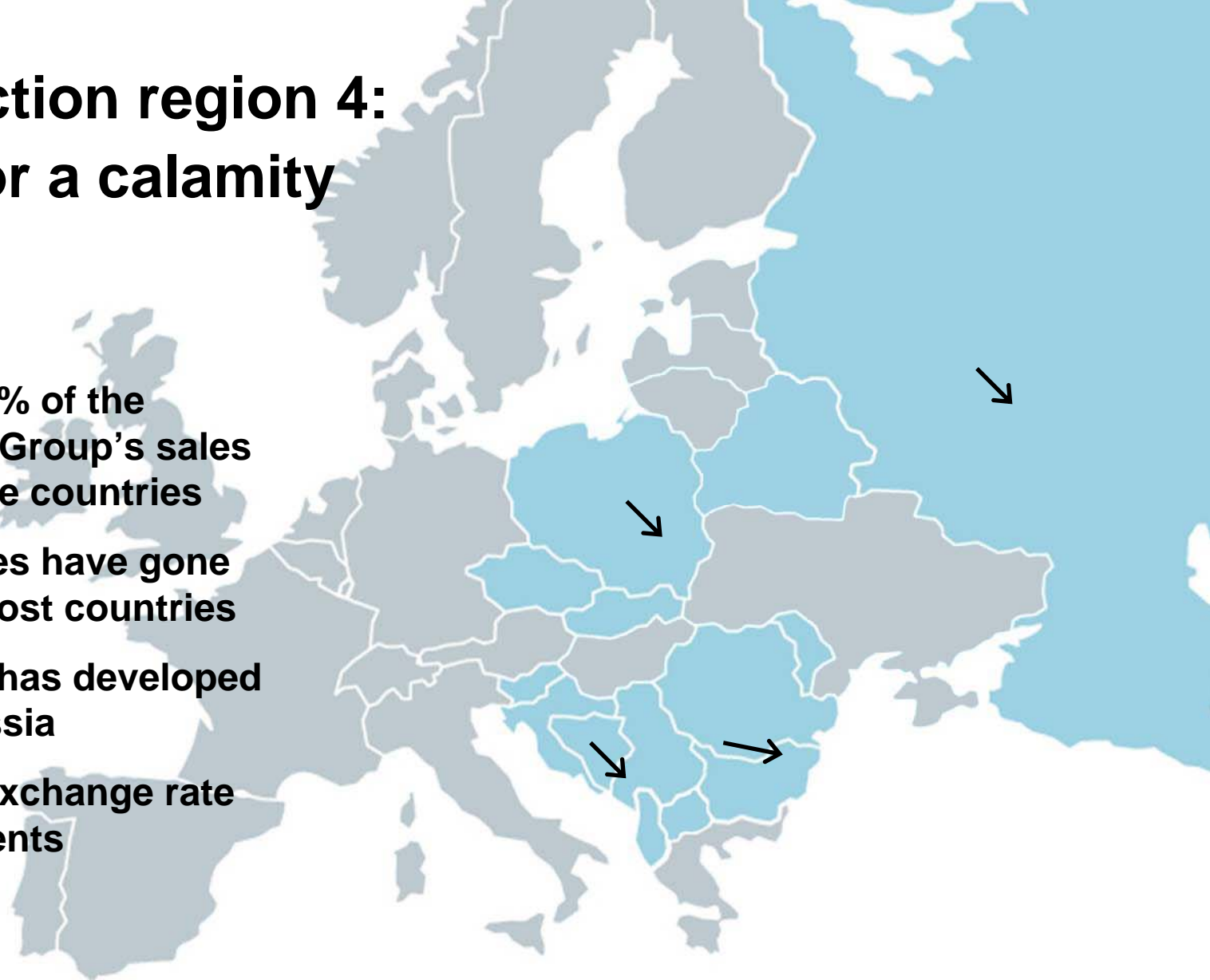
# Construction region 3: More resilience

- Approximately 60% of the Rockwool Group's sales are in this region
- Sales price levels are holding up



# Construction region 4: At risk for a calamity

- Around 20% of the Rockwool Group's sales are in these countries
- Sales prices have gone down in most countries
- The crisis has developed fast in Russia
- Negative exchange rate developments



# The industry's response to the crisis

- All players are cutting capacity and investments to match supply and demand
- In the important West European market, volumes have fallen while prices are holding up indicating that the players behave in a professional way. In Eastern Europe, the picture is different
- Innovation is unlikely to change the market fundamentally during the crisis period
- Further consolidation can not be ruled out especially in Eastern Europe



# The governmental support packages. How much will they contribute in 2009?

Economic support packages launched in most markets consisting of a combination of accelerated investments in public buildings and financial refurbishment incentives for residential buildings could start having a positive effect on insulation sales at the end of 2009. Some examples:

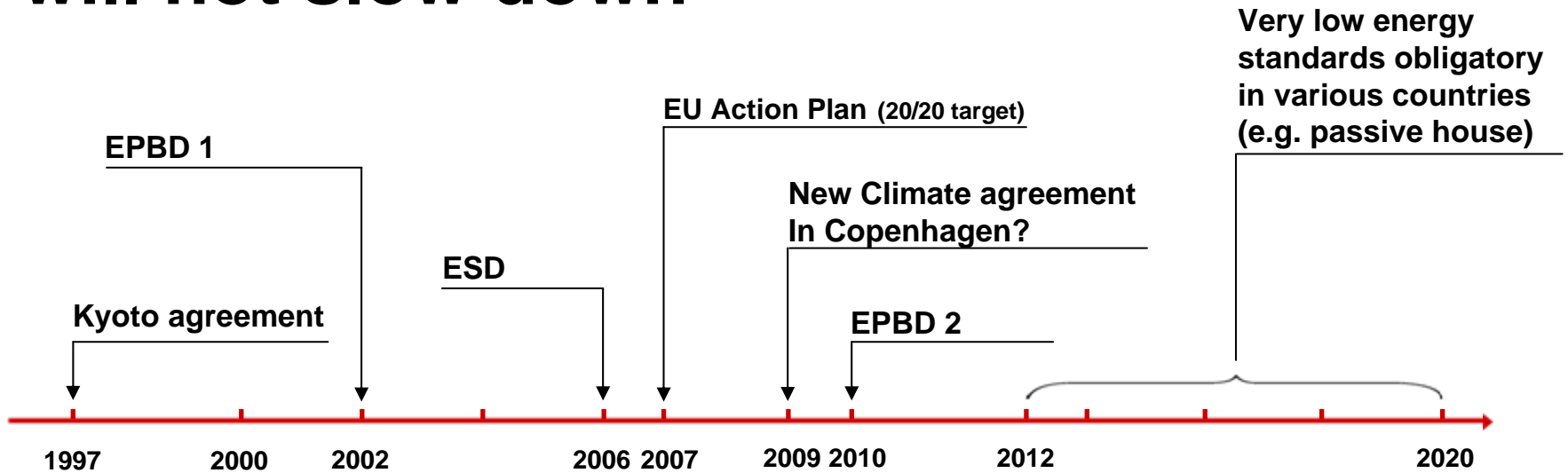
- **Germany:** EUR 2.4 bn. a year for energy renovation of private homes through low interest loans and subsidies. EUR 4-5 bn. for renovation of schools.
- **France:** Interest free loans up to EUR 30,000 per homeowner for implementing energy renovation. On top, tax rebate (25-40%) on energy efficiency materials and equipment. Low interest rate (1.9%) on loans to housing corporations for energy renovation.
- **UK:** GBP 6.5 bn. over 3 years. Includes conditions for energy suppliers to meet targets for carbon savings by subsidising energy efficiency measures (CERT), government subsidies for energy efficiency measures in low-income households, government programme to make public buildings more energy efficient, etc.
- **US:** Tax credits to homeowners doing energy renovation (up to USD 1,500 for energy efficiency products). USD 4.5 bn. to convert federal buildings to high performing green buildings. USD 3.9 bn. to renovate other public facilities.

# The governmental support packages. How much will they contribute in 2009?

- The Rockwool Group is in favour of governmental measures which can kick-start the general economy, increase employment in the ailing building sector and improve energy efficiency of buildings. However, these one-off measures should be followed by long-term incentives to solve our economic as well as environmental / energy challenges, allowing industry to prepare and plan ahead.
- The Rockwool Group strongly supports initiatives whereby for example the level of real estate tax to be paid is directly correlated to the energy performance of the building expressed through energy certificates.



# The Energy Efficiency train will not slow down



# Long-term energy efficiency need → there are ample acquisition opportunities for the bold

- The Group equity ratio of close to 70% means that the Rockwool Group has the ability to put together financing means enabling us to pursue interesting new long-term business opportunities if/when they arise.
- The price of most assets is decreasing quickly meaning that what was unaffordable a few years ago is now within reach.
- We could be interested in:
  - Geographical expansion within our existing core business;
  - Expanding into related businesses and sub-segments within the boundaries of our mission of energy efficiency, acoustics and fire safety.



Questions?



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