

Nykredit in-house
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Thorkild Diness Jensen

Jens Krogsgaard

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. Financials
2. Group development
3. Questions



Financials



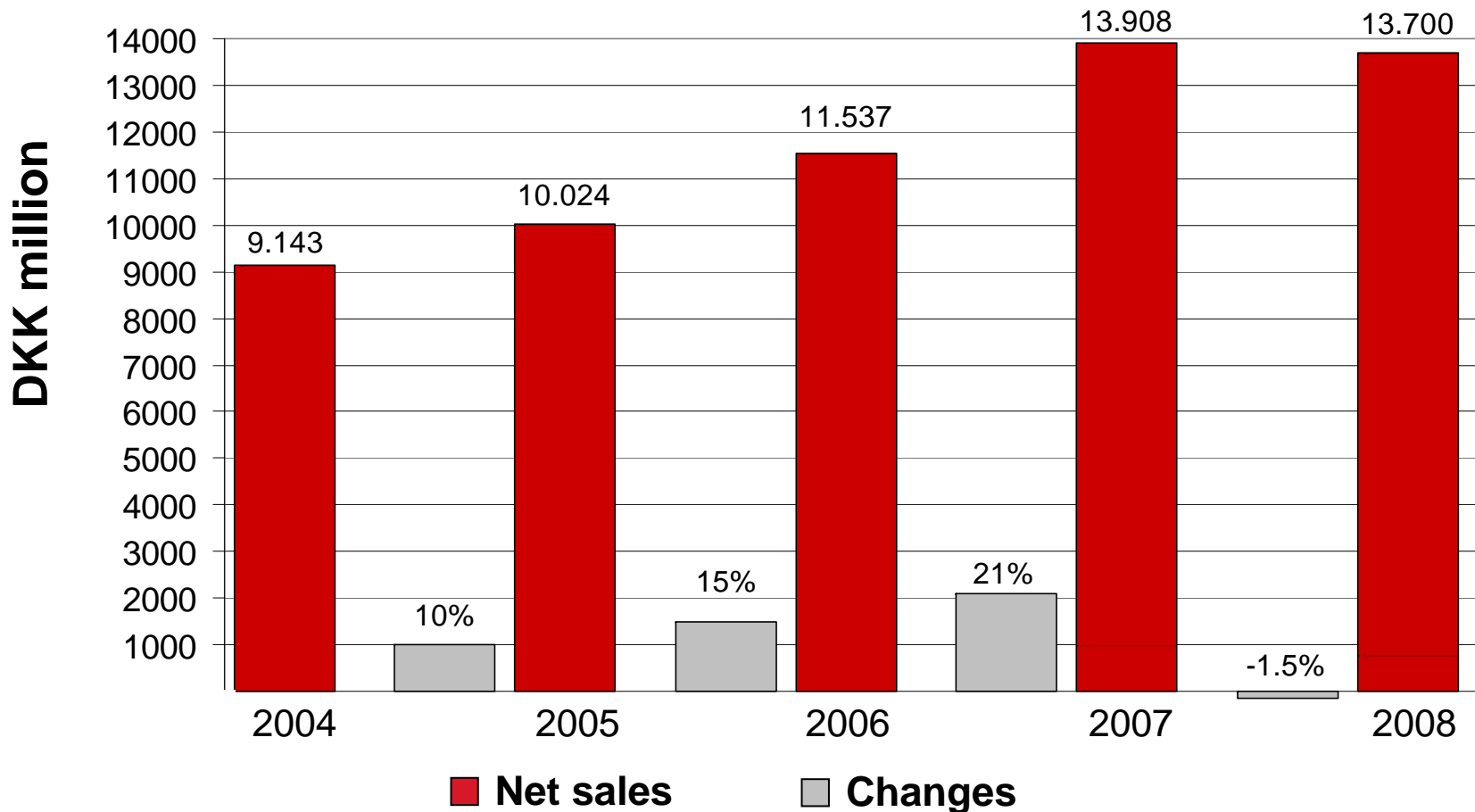
Key points

- Main results 2008
- Expectations for 2009
- Capacity investments



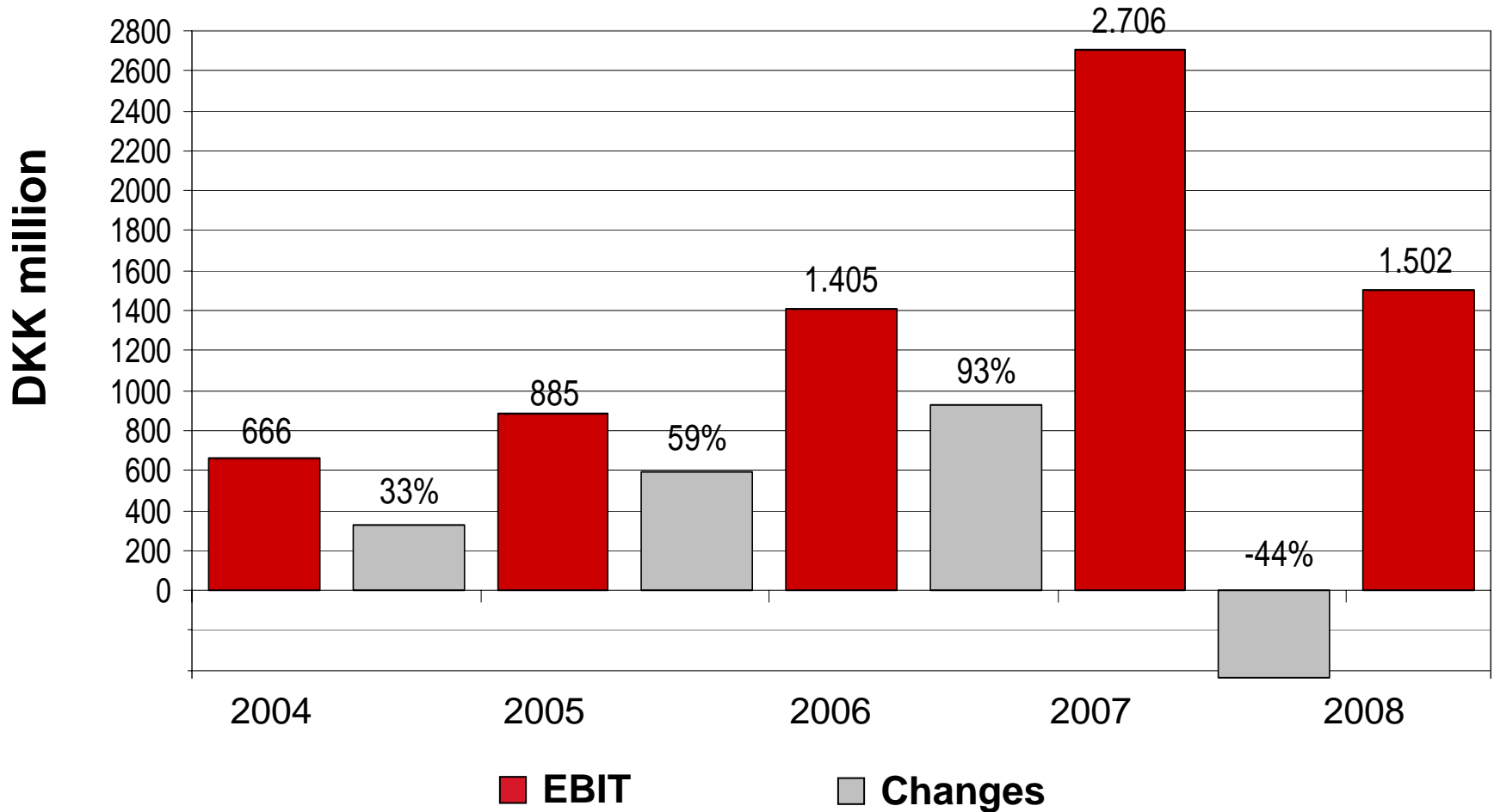
Sales in 2008

- decreased by 1.5% compared to 2007
- Q4 increased by 2% to DKK 3,619 million (in comparable exch. rates)

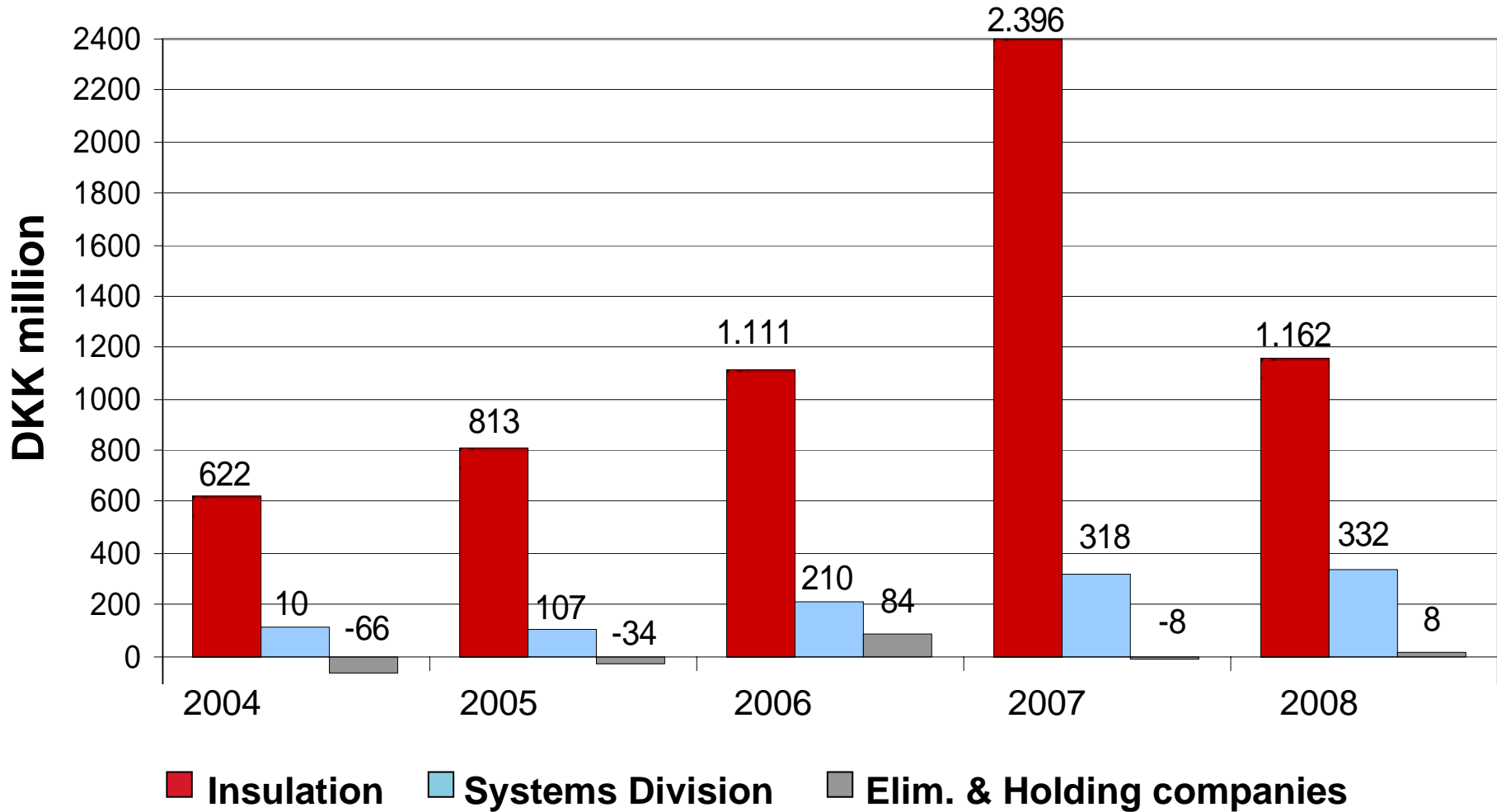


EBIT 2008

- decreased by 44 % compared to 2007
- 11 % of net sales

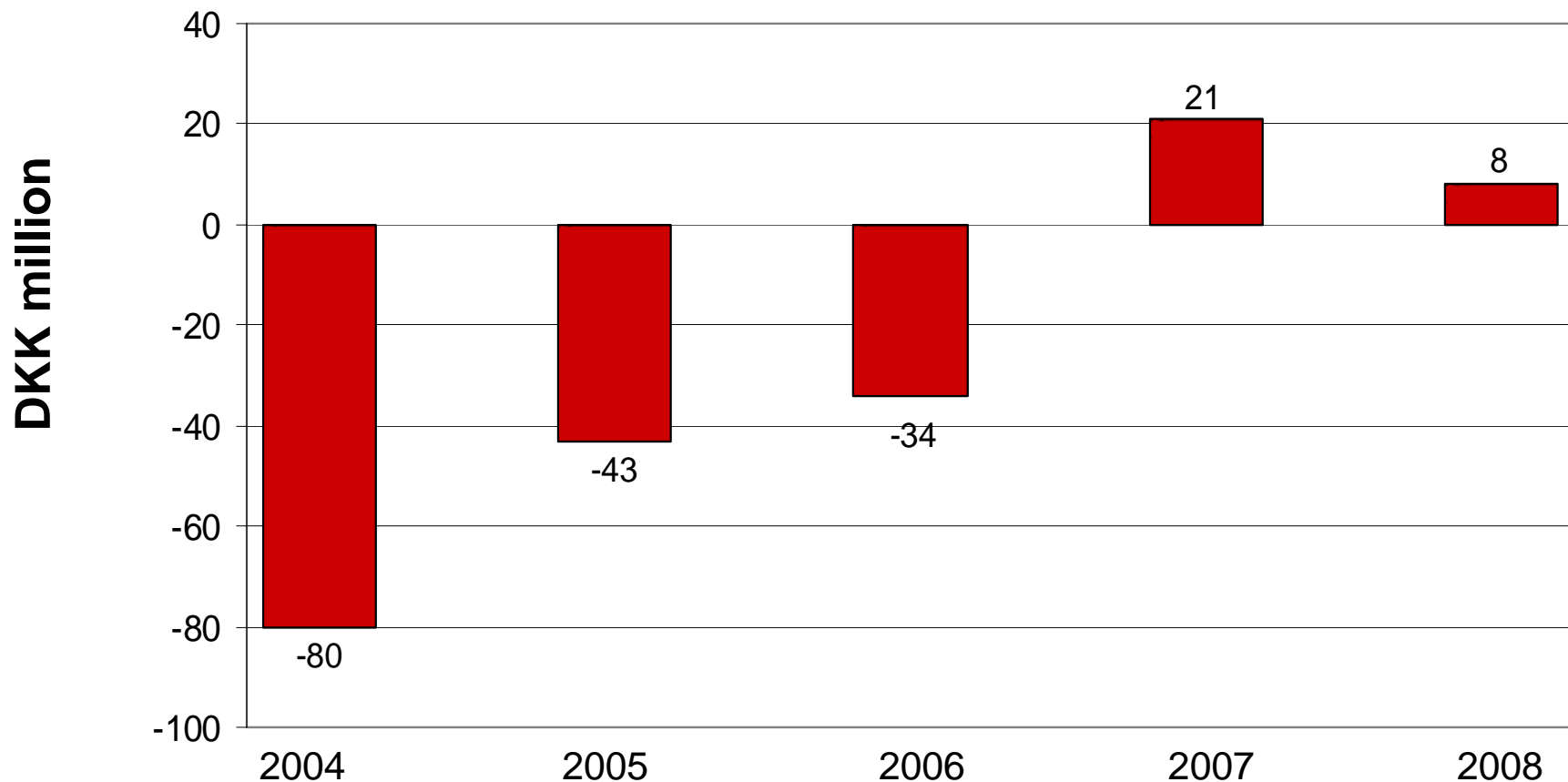


EBIT 2008 per business segment



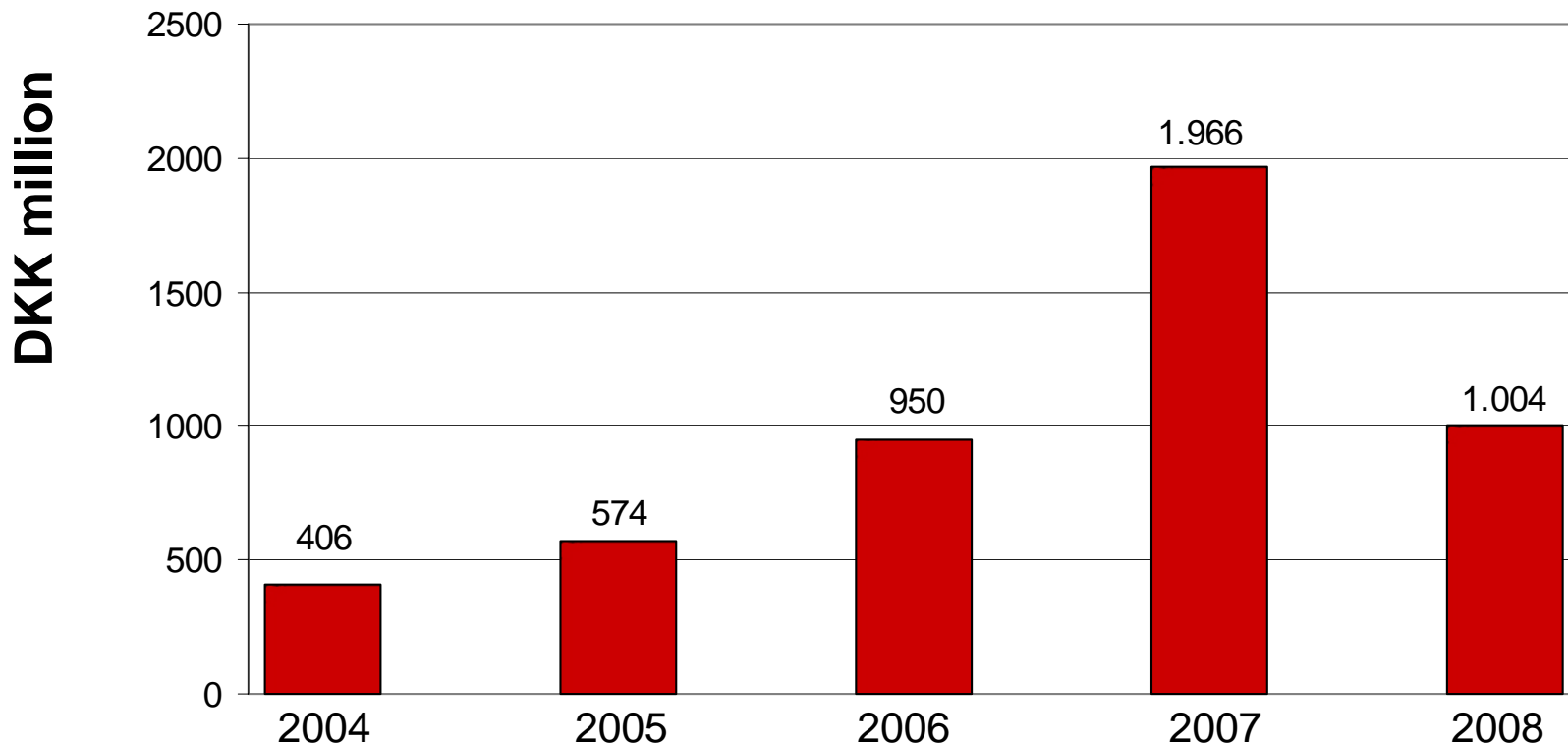
Financial items 2008

- Financial items including capitalised interests amount to DKK -19 million

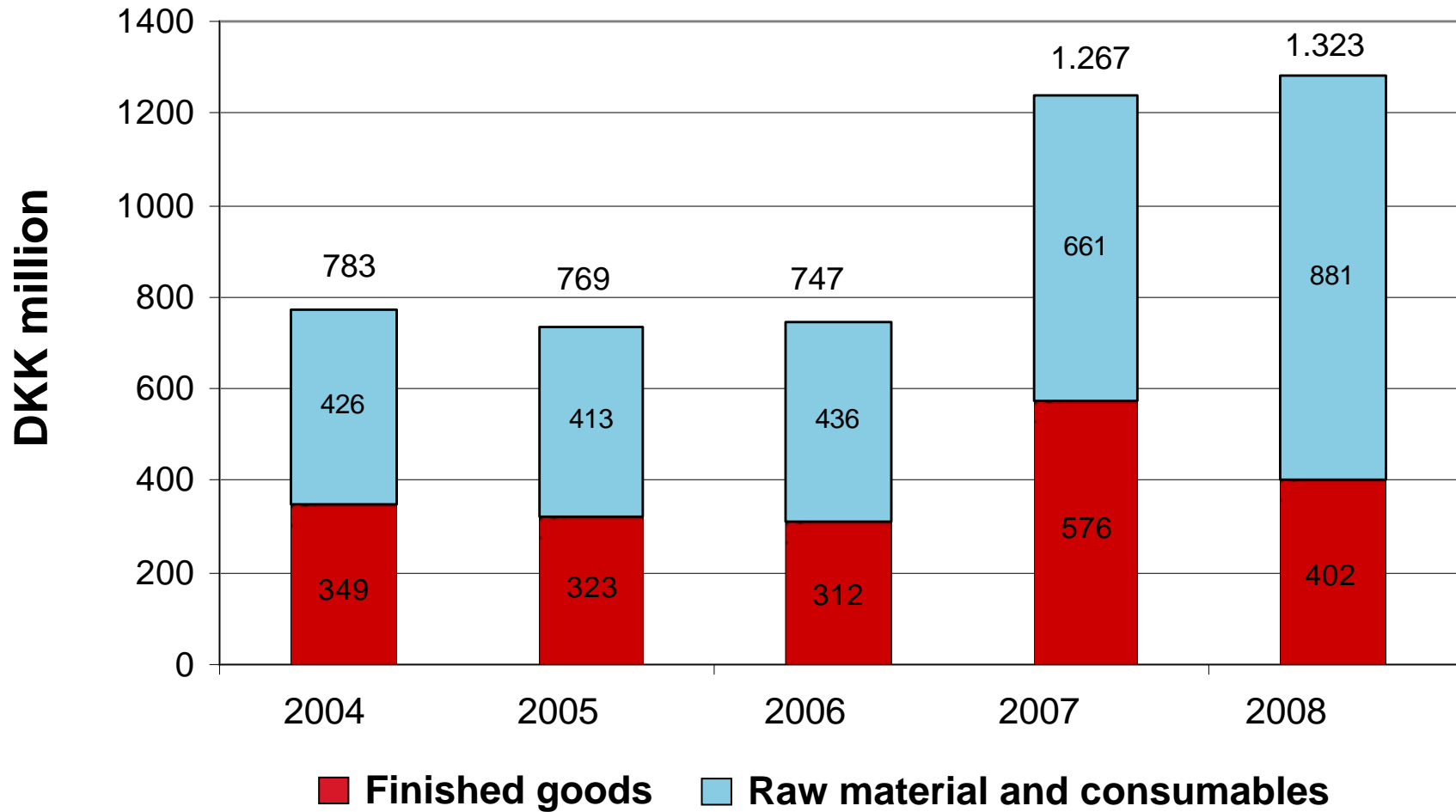


Profit 2008 after minority interests

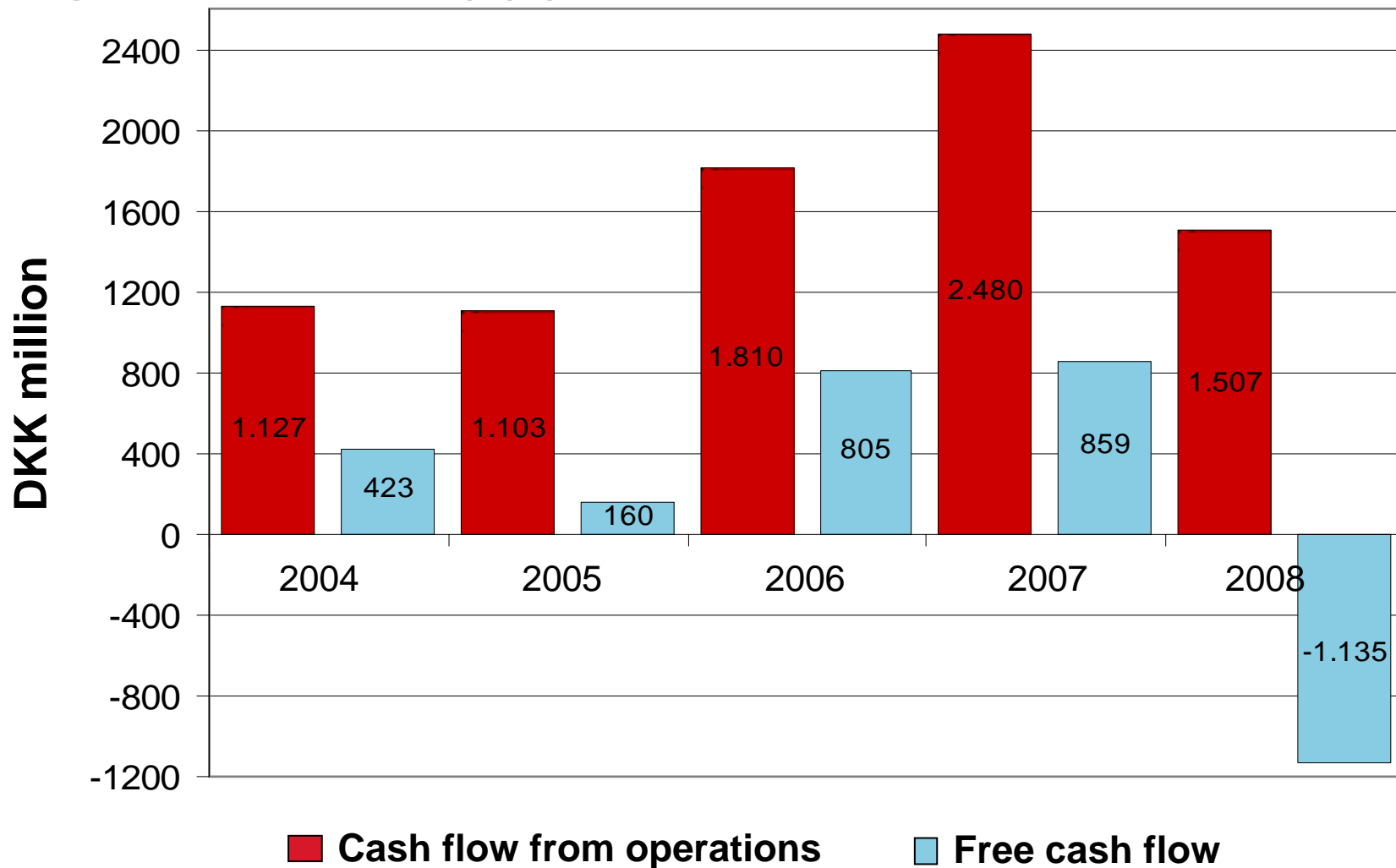
- decreased by 49% but 6% higher than 2006
- net tax percentage changed from 25.4% to 30.1%



Inventory 2008



Cash flow 2008

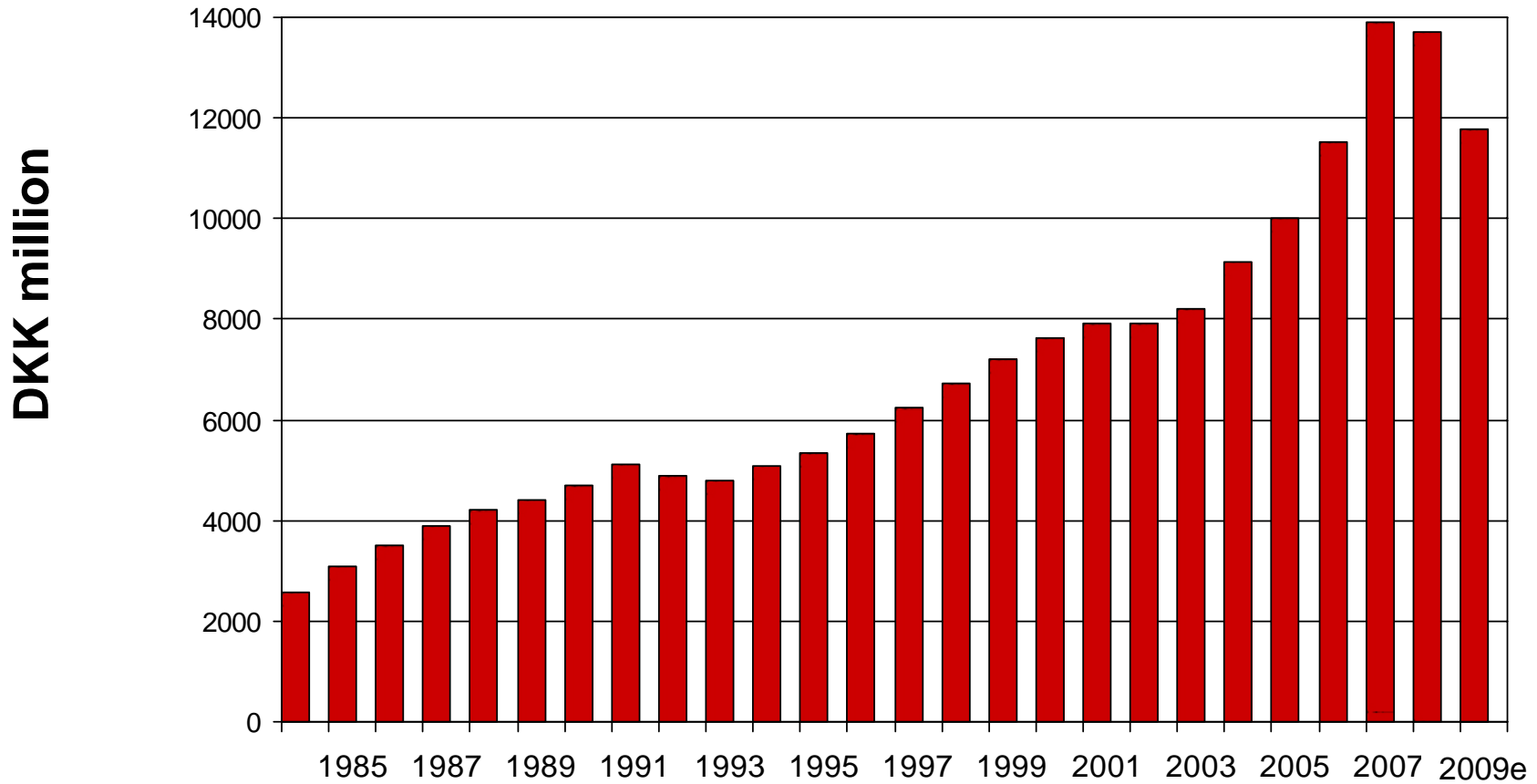


Expectations for 2009

- The financial crisis has spiralled into a global economic downturn which affects all markets where the Group operates.
- Sales in Q1 2009 are expected to be 14% below last year.
- Sales for 2009 is foreseen to decrease by 14% with a high uncertainty.
- Expectations for 2009 net result after minority interests is DKK 400 million also with a high uncertainty.
- Investment expenditures will be reduced significantly and is now expected at DKK 900 million.

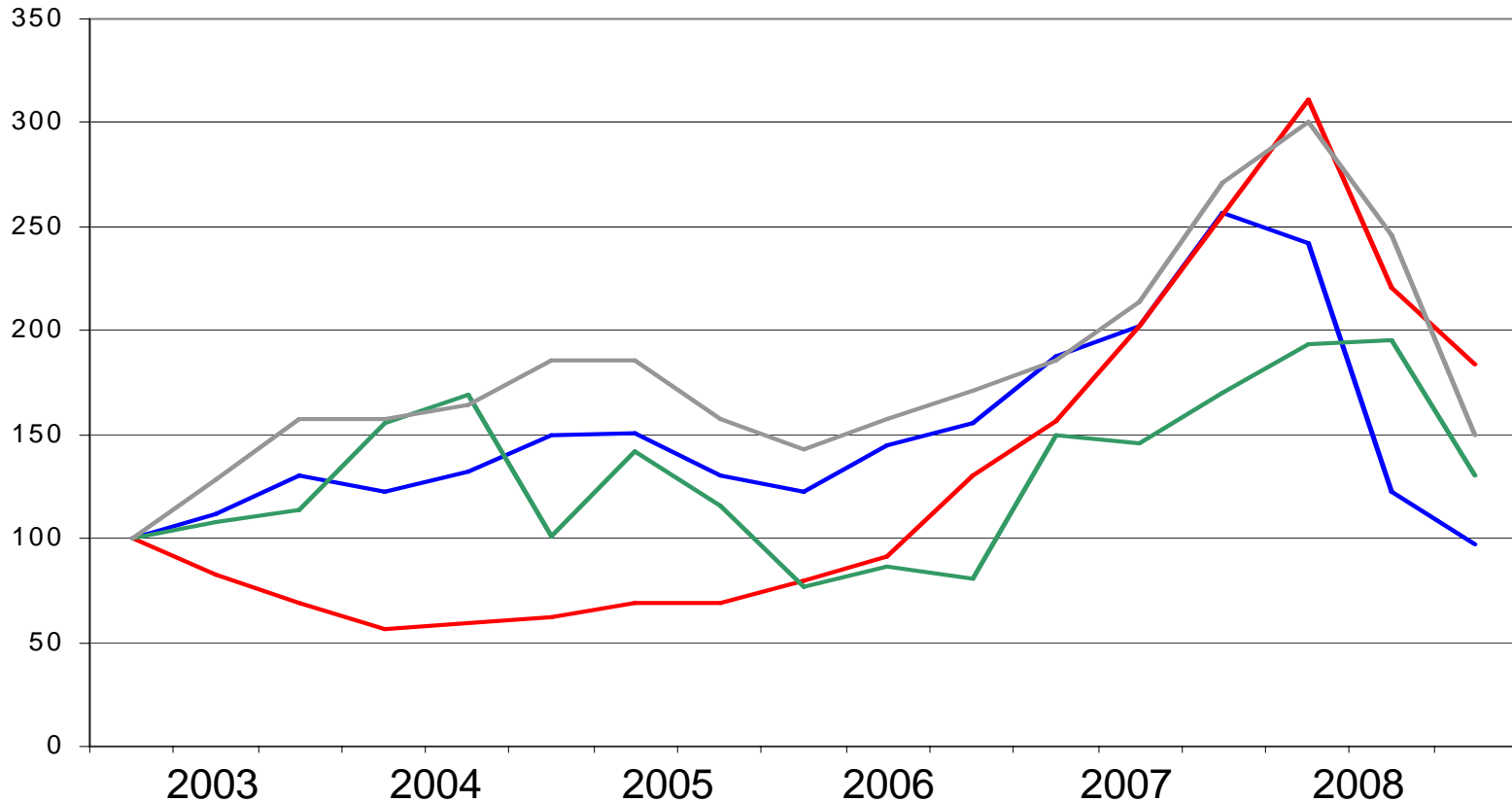


Long term sales development 1984-2009e



Coke price has decreased strongly and gap between energy types is now reduced

Indexed spot prices of **oil**, **foundry coke**, **gas** and **electricity** 2004-2009 (Q1, 2005 = 100)

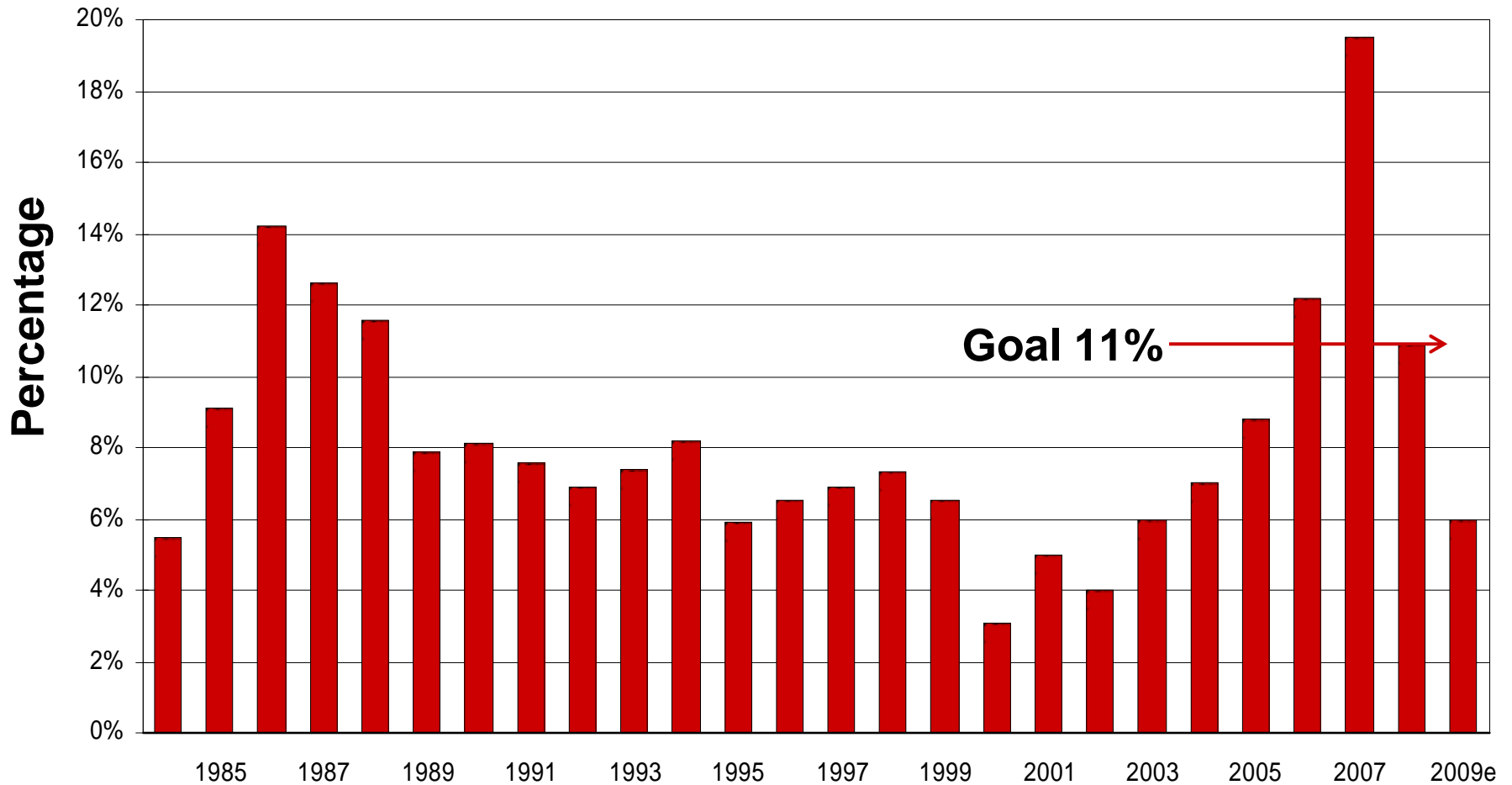


Safe management of costs and cash

- The cost reduction plan initiated in Q4 2008 is being executed as expected. A decrease by about 10% of indirect employees will be achieved end 2009. Expected benefit is around EUR 40 million.
- Plan to secure cash flow from operation is initiated including expected reduction of working capital by EUR 50 million.
- Maintenance CAPEX will be reduced by about 50%
- Despite these actions, margins for 2009 will not be maintained due to low capacity utilisation level and delayed benefit from lower input costs.

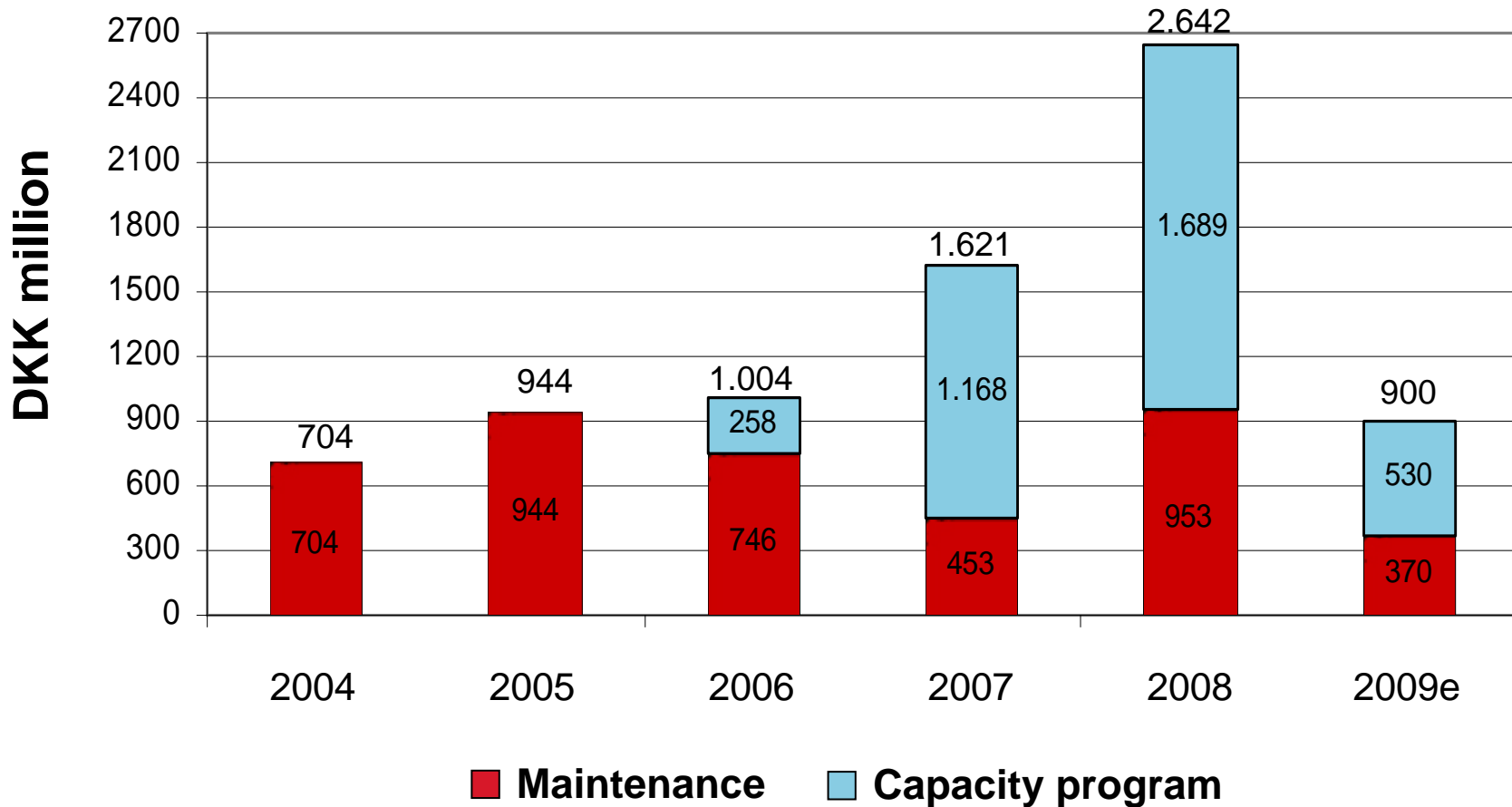


Long term EBIT ratio 1984-2009e



Investments and acquisitions 2009e

- Maintenance investments excluding capacity program





Group Development



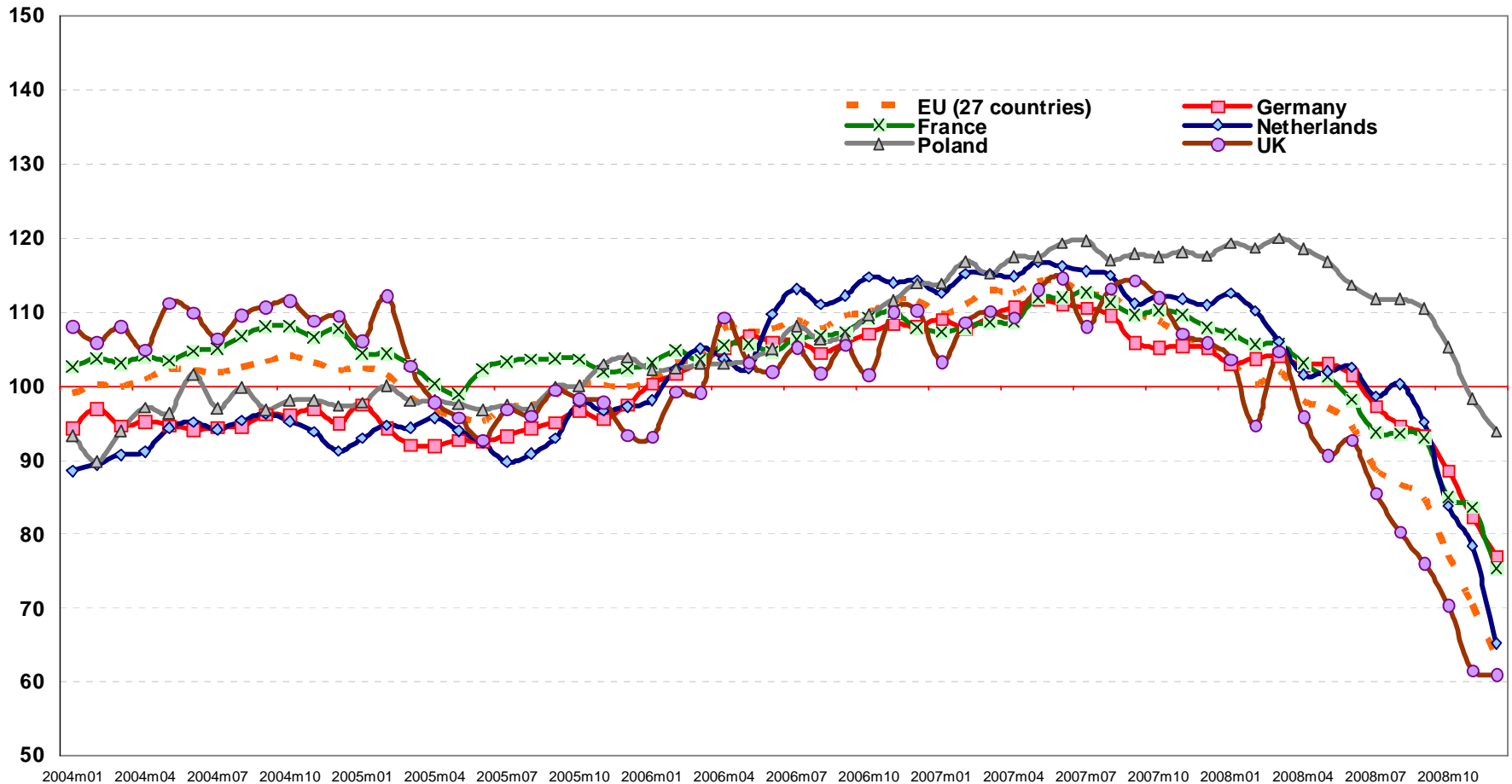
Key points

- Current market situation
- Support packages and their impact
- Opportunities in a time of crisis



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

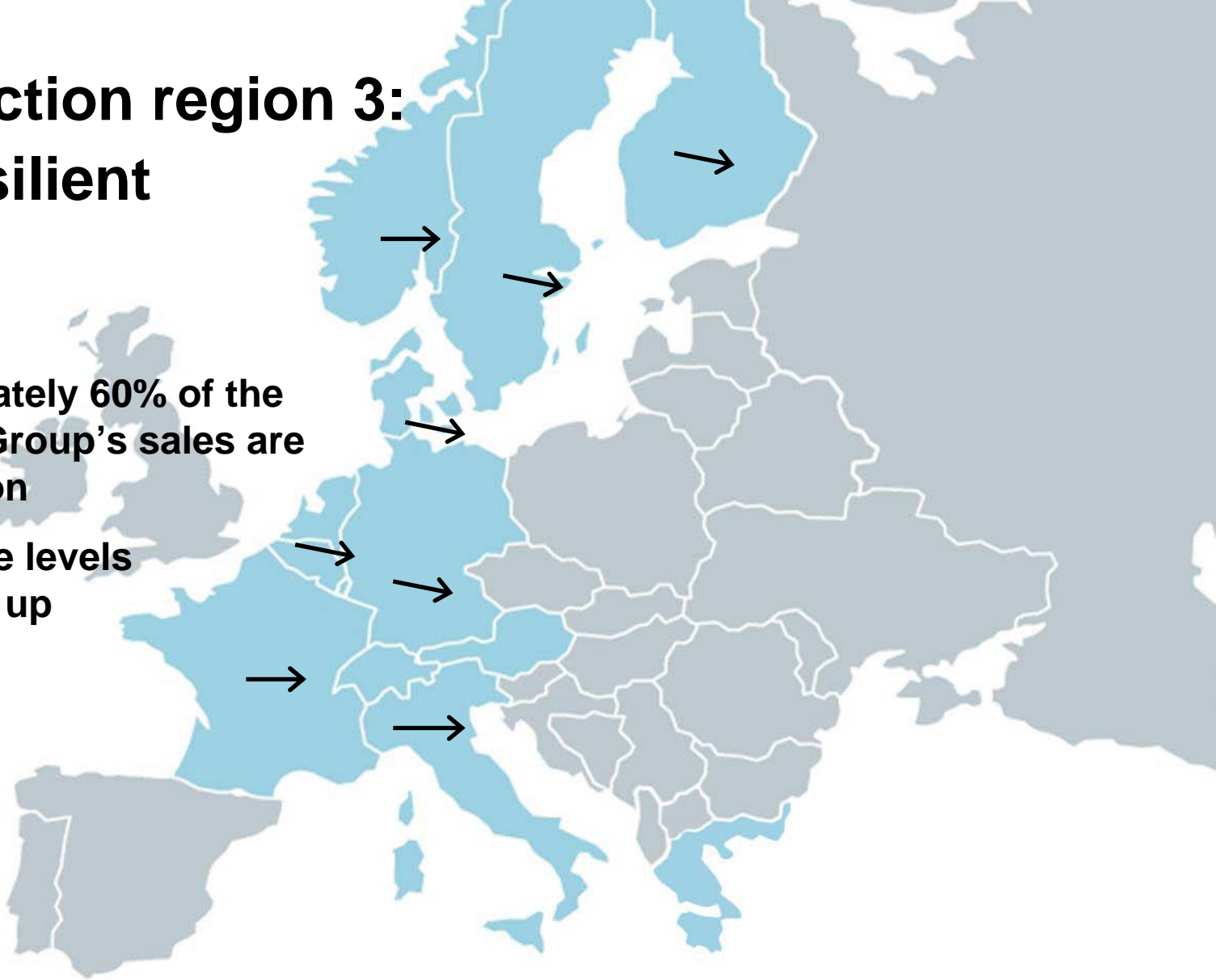
Construction region 2: Additional calamities

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



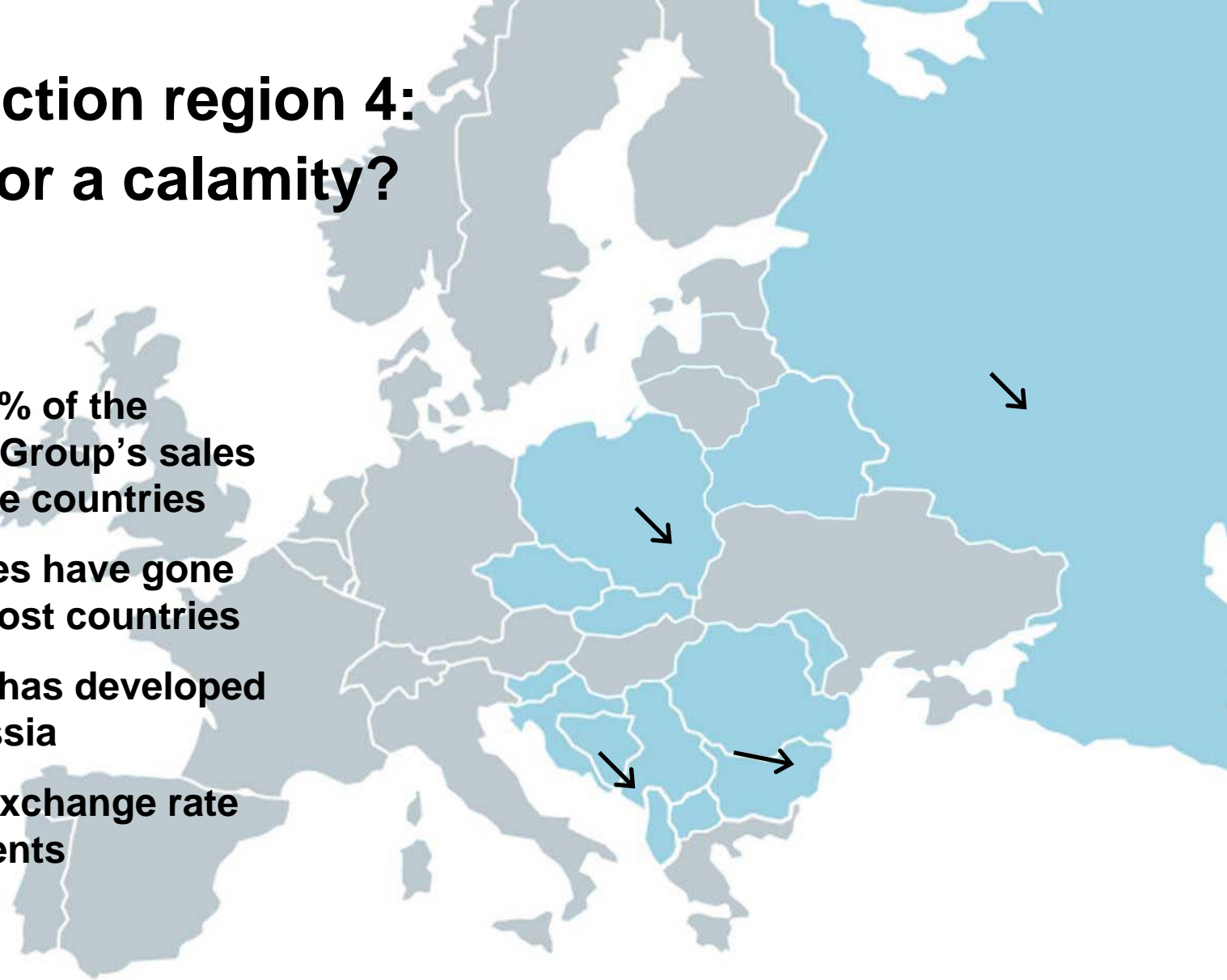
Construction region 3: More resilient

- 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



North American insulation market

- The Group develops positively despite the continued decline of the US construction market.
- The Canadian economy is in relatively good shape. Many provinces stimulate energy efficiency measures in buildings through legislation and incentives.
- North America remains an attractive market. Energy efficiency standards in buildings are far below European standards, offering a lot of potential for improvement.
- One of the support packages recently signed by president Obama has energy efficiency in buildings as one of the key elements.
- A new Rockwool production line will start up in March 2009. It will improve our cost competitiveness and product quality enabling further expansion.



Technical insulation – performing better than building insulation

This business represents an important part of Group insulation sales.

The unique combination of properties in the Rockwool stone wool range:

- Fire performance
- Thermal insulation (at high temperatures)
- Acoustics
- Mechanical properties

Matches perfectly with the requirements of the following important applications:

Systems Division activities

- Systems Division showed a strong performance with a 9% sales growth in 2008. Professional marketing and sales efforts secured this good result, resulting in gain of market share in some of the businesses.
- The 2 construction sector related businesses Rockfon and Rockpanel showed a strong performance but the markets will be more challenging in 2009. Lapinus Fibres performed very well despite its dependence on the automotive industry. Grodan had a satisfactory result despite exorbitant energy prices for the greenhouse growers for most of the crop season.



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.

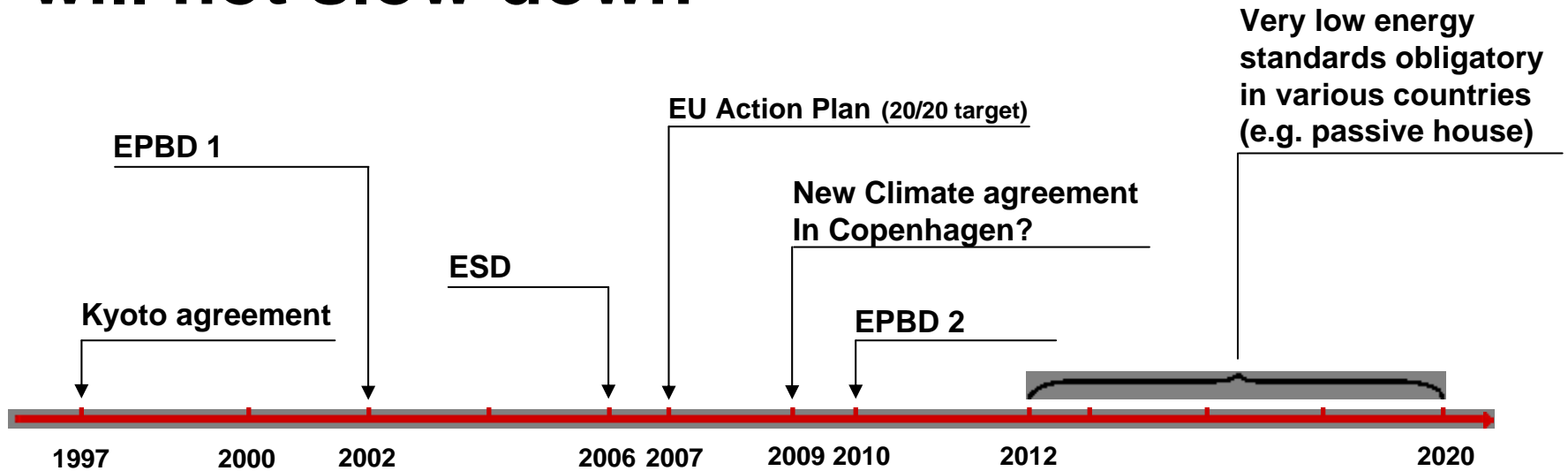


Buildings are instrumental in meeting the global CO2-challenges

- The chance for a CO2 emission agreement in Copenhagen in December 2009 (COP15) is mounting as the new US administration is taking the challenge serious and countries like China seem to follow suit.
- The Rockwool Group is taking COP15 as a vehicle to highlight energy efficiency in buildings as one of the most obvious measures to focus on.
- In Europe, a modern, energy-optimised building uses 10 times less energy than an average one built before the 80'ies. The push to move towards this type of buildings must be strengthened as the necessary technology is available and the additional cost limited.
What is society waiting for ?



The Energy Efficiency train will not slow down



And to end on an optimistic note there are ample opportunities during the crisis

- 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 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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