

## THE LONG ROAD TO SUCCESS

Conlit, one of the leading fire protection products in Europe, can these days celebrate its 25 years anniversary. The Rockwool Group's first product developed solely for fire protection did not have an easy birth but dedication, entrepreneurship and a lot of hard work ensured the long-term success.

READ PAGE 10

02 / 2006

# news letter

## 4 Bob the Builder™ meets EU policy-makers

Buildings waste € 270 bn. a year across Europe.

Can we fix it? Yes we can!

## 6 New life to London's Millenium dome

The famous building becomes a concert venue. Rockwool Ltd. provides the acoustic solutions.

## 8 Ukraine needs energy efficiency

A new national plan to cut energy use by 65% can only benefit the Rockwool Group's continued success in the market.





## Let's keep our **eyes on** the ball

In these days of the world championship in soccer in Germany the question is what we can learn from such an event which keeps billions of people glued to their television screens? I have chosen the phrase "keep our eyes on the ball".

The environment in which we operate looks positive. The general macroeconomic parameters relevant for the construction industry point in the right direction. Despite turbulence on stock markets around the world, slightly increasing interest rates and fluctuating exchange rates. For the first time since 1999 we can notice growth in the important German market – especially in refurbishment and non-residential segments. With few exceptions other markets in Western Europe are doing quite well. Developments in the new EU member states in Central and Eastern Europe continue to be good and we are quite confident that we are at the beginning of growth rates in residential and non-residential segments which we expected to start already 10 years ago. The Russian market continues to absorb any mineral wool volume available. And let us not forget emerging markets like Ukraine, Rumania and Bulgaria which very fast are closing the gap towards the economies in the new EU member states. Also the construction market in North America remains buoyant.

There is a general awareness in the population as well as with the authorities for the need to increase energy efficiency in buildings. Triggered by increased energy prices, concern about security of energy supply and the negative effects of global warming. The process towards improved energy efficiency in buildings is supported by EU legislation which is

presently under implementation in EU's member states. And also in North America the legislator is stimulating improved energy efficiency in buildings.

The increased pressure to improve energy efficiency in buildings should have as a consequence that the insulation industry grows faster than the increase in construction and renovation of buildings. This is correct as long as we continue to do our job professionally and convince legislator and market alike that – in the majority of the cases – insulation is the measure with the best energy efficiency payback compared to so many alternatives.

The market is in good shape and developments for the foreseeable future look positive. This is reflected in the Rockwool Group's performance which now for a couple of years has only shown one way: upwards. Also the outside world is aware of the potential of our company which is reflected in a share price which has increased continuously and substantially – of course with a fall back lately in line with the general stock market decline.

Conducting business in such a positive environment requires that we stay on our toes, keep focused on improving our performance, optimising our business and implementing new and sound strategies. In other words: keep our eyes on the ball and not be carried away by the successful development we have been able to accomplish. Let us not be naïve: after 7 good years, 7 meagre ones will follow. It is our duty to benefit from the good ones and at all time to be prepared for the start of the meagre ones!

Just to remind ourselves of some of the many main challenges in front of us:

- The Rockwool Group and the mineral wool industry in general run at a very high capacity utilisation level. This is of course positive for development of our production costs. However, our Rockwool value of reliability also dictates us to secure that our markets and customers will be supplied in an appropriate way and get an early warning in case of tight supply. Remember how easy it is to destroy our customer's loyalty and how difficult it is to regain this loyalty during the meagre years!
- The Rockwool Group is establishing new capacity in order to match the expected future market growth. This will require big efforts from all available resources and put additional pressure on generation of cash. We will have to manage our working capital even better and learn to become more tough in our decision making process in this field.
- The energy efficiency in buildings market is an interesting and growing one. The competition in this market is fierce and will only increase. Many parties – especially those we are not used to see as competitors – want their share of the increasing cake. With BuildDesk we have an ap-

propriate combination of tools, consultancy and services in place. But we have just started and need to keep our eyes on the ball – also in this field!

- The process of getting “tough on the soft side of management” continues. This process is about vigorously promoting our Rockwool values and Principles of Leadership. It is about restructuring Rockwool University to future challenges. It is about professional handling of mobility issues where employees more and more on a (semi) permanent basis work across borders. It is about improving our career development systems.

The list could go on endlessly. Let us learn from the soccer players: keep our eyes on the ball in whatever we do and let the fact that we are 1-0 ahead of the competition not disturb us in continuously promoting our values of honesty, reliability, efficiency, responsibility and dedication!

**Eelco van Heel**  
CEO

## From Mid Cap to Large Cap

The merger of the Nordic stock exchanges will change the listing of the quoted companies. In future, both Rockwool shares will be part of the Nordic Large Cap index.

On 2 October 2006, the new unified Nordic list will be operational. The new listing is part of the process initiated by the Nordic stock exchanges in order to create one unified market place of almost 600 companies replacing the national stock exchanges in Copenhagen, Stockholm and Helsinki.

“With a pan-Nordic stock exchange, it will be just as easy to invest in each others companies, as it is to shop in or travel to one of the other countries. It will also be easier for investors in the rest of the world to act on a Nordic level, also when it comes to small and mediumsized companies”, explained managing director of the Copenhagen Stock Exchange, Hans-Ole Jochumsen, in his introduction to the new Nordic listing.

The listing will divide the companies into Large, Mid and Small Cap and the threshold for entrance into Large Cap will be a market value of more than € 1 bn. This limit is met by the Rockwool A and B shares with a current combined value of approx. € 1.8 bn.

Whether the Nordic listing will increase the interest in the Rockwool shares from investors in Sweden and Finland will be interesting to see. The Nordic Large Cap index will consist of a total of 132 companies of which 32 companies will be Danish. Among the biggest members are A.P Møller-Mærsk, AstraZeneca, Nordea Bank, Ericsson and Nokia.

### Strong growth in the number of Rockwool shareholders

The interest in owning Rockwool shares has increased considerably. The number of shareholders increased from 3,741 by the publication of the 2004 Annual Report to 5,639 by the publication of the 2005 report. Since then, the number has continued up and has by June 2006 reached almost 10,000.



More info at: [www.cse.dk](http://www.cse.dk)

# Bob the Builder™

meets European policy-makers



## ENERGY USE IN BUILDINGS

- Currently over 40% of all Europe's energy is used in buildings, this is more than is used in either transport or industry.
- The energy used to heat our homes and offices is the equivalent of 6 million barrels of oil a day.
- Measures such as roof and wall insulation can cut this energy use in half, reducing energy use across the EU by 20%, saving the equivalent of 3.3 million barrels of oil a day.

## COST SAVINGS FROM ACTION

- A concerted effort to reduce energy use in buildings across the EU 25 could save Europeans approximately 270 billion EURO a year in energy costs if energy prices remain at current levels.

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Thursday 8 June 2006, Bob the Builder met the Energy policy-makers of Europe to launch a new report on the potential cost savings from energy efficiency in buildings. € 270 bn a year can be saved. Can they fix it? Yes they can!

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When the European Energy Ministers and the EU Commissioner for Energy, Andris Piebalgs, met in Luxembourg they were welcomed by Bob the Builder, the dynamic and popular preschool cartoon character.

Bob the Builder wants Europe's Energy Ministers to make Europe's buildings energy efficient. Bob the Builder gave the ministers a new report revealing that the EU every year can save up to € 270 billion through energy efficiency in buildings – an amount greater than the GDP of a country like Denmark and the equivalent of giving each EU citizen € 640 a year. Bob's remedy is simple: use measures such as roof and wall insulation.

The report is written by Ecofys, a leading research institute on energy, and contains an extensive analysis, commissioned by the European Association of Insulation Manufacturers (EURIMA), where also the Rockwool Group is a member.

Using known technical solutions, a concerted effort for energy savings could create more than half a million jobs in the EU. Furthermore, by 2032 the annual CO<sub>2</sub> savings will have grown to 460 million tonnes (more than the EU's total Kyoto commitment).

Based on this report, EURIMA calls for an extension of the existing EU Directive on Energy Performance of Buildings to also include requirements on energy-related renovation of all existing buildings.

Commenting on the report, President of EURIMA and member of Group Management in Rockwool International A/S, Jakob Sørensen, said:

"The report is a 'wake-up call' for Europe's politicians. It clearly documents, that it is about time we adopt the same positive "Can we fix it? Yes, we can!" attitude within the area of energy saving, as Bob the Builder stands for."

Bob's frantic effort for energy saving and climate change did not stop with the ministers and the Commissioner. Bob continued from Luxembourg directly to Brussels to meet members of the European Parliament, and discussed what they were to do in order to improve energy efficiency in buildings.

Bob the Builder visiting Brussels was also an encouragement to the members of the European Parliament to show the same positive "Can we fix it? Yes, we can!" attitude as Bob the Builder and his friends in the popular cartoon.

### Group Communications

EURIMA President Jakob Sørensen, Bob the Builder (second left), EURIMA Director General Horst Biedermann and EU Commissioner Piebalgs agree that we can fix Europe's energy waste in buildings.

### ENVIRONMENTAL BENEFITS

- The major environmental benefit from reducing energy use in buildings is a decrease in carbon dioxide emissions.
- The technical potential from buildings across the EU is a CO<sub>2</sub> emission reduction of 460 million tonnes (Mt) per year, which is more than the EU's total Kyoto commitment.
- If a concerted action was launched today to improve energy efficiency in buildings, a CO<sub>2</sub> emission reduction of 83 Mt per year by 2010 could be achieved with this figure rising to 144 Mt per year by 2015 and the technical potential of 460 Mt per year being reached by 2032.

### JOB POTENTIAL

- Improving energy efficiency in buildings would require renovation of existing homes, which has the potential to create a significant increase in jobs across the EU.
- It is estimated that a concerted effort to improve energy efficiency in buildings would lead to the creation of the equivalent of up to 530,000\* full time jobs across the EU 25.
- These jobs would remain for the entire period of the renovation cycle, e.g. 30 years.

Source: EURIMA



# New life to London's Millennium Dome

The 23,000 seater O<sub>2</sub> Arena is a state-of-the-art concert venue under development inside the building which used to be known as the Millennium Dome, but which is being relaunched as 'The O<sub>2</sub>' building and Rockwool Ltd. has provided the acoustic solutions for this mega-project

## Visible from space

The O<sub>2</sub> is the largest single roofed structure in the world and is one of only three man-made structures which is apparently visible from space. Made from PTFE (better known as Teflon) coated glass fibre, the structure weighs less than the air contained within it.

AEG Europe and telecomms giant O<sub>2</sub> have seen the potential of the legendary structure itself and AEG Europe is investing £600 million to transform the venue into one of the UK's premier entertainment destinations.

However, the main problem with putting a 23,000 capacity concert venue within the enclosed space of The O<sub>2</sub> is that any sound which spills from the arena would reverberate around the structure and could seriously impede on other activities. Therefore acoustic insulation is of paramount importance in the construction of the venue and nowhere more so than on the roof.

The roof of the concert arena is itself a domed structure measuring 15,000m<sup>2</sup> and weighing 4500 tonnes. To make the construction easier, the roof has been built only a few

metres from the floor and is suspended from eight 35m-high towers spread equally around the circumference of the roof. On completion, the roof has been winched up to its full height 46m off the ground and the rest of the venue is being built underneath it.

## A building within a building

Specialist roofing and cladding contractors WWR (UK) Ltd of Aylesbury have been in the business for 28 years and can count Lord's Cricket Ground, the Silverstone Grandstand and the recently completed RAF Museum in their impressive portfolio of British projects. The company has considerable experience of installing composite and acoustic roof systems and has recently completed two PFI schemes for Merton and Richmond Schools, which involved the construction of eleven individual schools across the London area, all of which required acoustic insulated solutions. However, The O<sub>2</sub> Arena is a particularly interesting project, even for a company with such broad experience. Lee Homewood, Project Manager at WWR, explains: "The fascinating aspect of this

# The O<sub>2</sub>



project is that it is a building within a building. With the roof of the arena in its final position there is only a 4-5m clearance from the existing roof.

### **The Rockwool solution**

"The roof of the arena was designed and laboratory tested by WWR with supply chain partners Rockwool Ltd. and Rigidal Systems Ltd. to provide a solution to the significant sound insulation criteria set out by the design team. A team of up to 45 operatives have been working on the roof construction."

A Rigidal Systems 200mm profile structural deck forms the backbone of the arena roof with site assembled fully perforated aluminium acoustic trays inclusive of black tissue faced Rockwool RW6 insulation cut to profile. The structural deck troughs are filled with Rockwool RW4 insulation and on top of this is a layer of Rockwool Acoustic Membrane followed by 50mm profile Rigidal Systems Intermediate Deck.

Rockwool Dual Density HardRock insulation boards then add the real meat to the insulated section. There are two

layers, the first being 100mm thick and the upper layer being 50mm thick. A Sarnafil fleece separation layer and mechanically fixed PVC roof membrane complete the make up of the roof.

**Vanessa Hatton**  
**Marketing Services Manager**  
**Rockwool Ltd.**

# Ukraine needs energy efficiency

A new national plan to cut energy use by 65% can only benefit the Rockwool Group's continued success in the market. Rockwool Ukraine has teamed up with the Ukrainian Ministry of Buildings and the Deutsche Energie Agentur (DENA) to educate about energy efficiency in buildings.



Energy efficiency has become a serious issue for the government of Ukraine. The most worrying factors are rising energy prices, heavy industry using 3-4 times more of energy per GDP compared to EU countries and old building structures with low or no insulation. In order to address these problems the government has started development of an energy saving strategy with the ambitious goal of reducing energy consumption by 65% before 2030. As a part of this strategy, the Ukrainian President Yuschenko has announced the creation of the National Energy Saving Agency.

Rockwool Ukraine has seized the opportunity of providing active support to the Ukrainian struggle to decrease the use of energy. As the latest initiative, it was decided to educate the market in the field of energy efficiency in buildings. It was possible by participation in a common project with the Ukrainian Ministry of Buildings and the Deutsche Energie Agentur.

"It was clear that the Rockwool Group – with its strong competencies within energy efficiency – could really help the authorities in this matter", says Jacek Kieszowski, Marketing Director.

The project has focused on establishing the "Manual on Energy saving in the municipal sector, problems, practice, perspectives" showing both opportunities and prerequisites

for energy refurbishment in the Ukrainian housing sector. The main focus is on practical recommendations for local implementation. The handbook is written for local authorities, private and municipal housing companies, private investors and communities of apartment owners.

In addition to concrete recommendations including Rockwool's solutions, the manual also describes a number of positive examples from Ukrainian towns and cities which have already carried out energy renewal projects. These are supplemented by experiences made in Eastern Germany in the period from 1990, highlighting certain approaches that have proven to be worthwhile in the last 15 years and which are adaptable to the Ukrainian scenario.

"This was the part where DENA could really use its experiences", says Tomasz Kowalski, Director of Rockwool Ukraine. "All in all, the project has really benefited from the different backgrounds of the participants. Furthermore, I am certain that we can establish some very useful ties to the authorities which can be beneficial in the future."

**Jarek Pidlypczak**  
**Marketing Specialist BY&UA**  
**Rockwool Polska**

# New Russian factory

## inaugurated in style

### The Big Day

On 24 May, the grand opening ceremony of the new Russian factory took place in Vyborg, in the Leningrad Oblast (the local region). This is the Rockwool Group's second plant in Russia.

That day, a constantly changing cold weather where it rained cats and dogs, proved that Rockwool insulation is exactly what the Russians need!

The Governor of Leningrad Oblast, Valeriy Serdukov highlighted the importance of the new factory for the regional economy in his speech: "Housing construction is on the rise in Russia, and in order to implement the priorities of the national programs on housing, enterprise and pipeline constructions, Rockwool products are especially required".

The opening ceremony consisted of several parts. The first part was the official ceremony with the speeches given by the Governor, as well as by the Head of the Vyborg Region administration, Georgiy Poriadin and from the Rockwool Group, Division Managing Director Steen Ørnslund. At the moment of the official opening of the factory, hundreds of red balloons were released.

Afterwards, 53 journalists participated at the press conference in Vyborg, while 19 journalists in Moscow representing different mass media participated via a TV-bridge, and

hundreds of people had the opportunity to see the ceremony, press conference and even ask interesting questions live on the internet – something quite unique in Russia.

After the ceremony in Vyborg, VIP guests proceeded to Saint-Petersburg and spent a pleasant time at one of the city's most famous restaurants with 150 years of history.

### The Vyborg Factory.

The Rockwool Group's first plant in Russia was opened in 1999, in the town of Zheleznodorozhny in the Moscow region. The rapid growth of the market (in 2005, the country's construction volumes increased by 25-30%) made it essential to have a second factory in Russia.

The new factory in Vyborg will produce a wide range of insulation products used for buildings, pipelines, air ducts and industrial equipment.

Rockwool Russia is one of the three major players in the Russian market of high quality thermal insulation. In 2005 Rockwool Russia accounted for approximately 7% of the Rockwool Group's turnover.

**Irina Sadchikova**  
Marketing Manager  
Rockwool Russia



Top: Governor Valeriy Serdukov cuts the red band.

Left: Press conference with TV-bridge and live broadcast on the internet was held in connection with the opening. So far more than 60 articles have appeared in the press and more than 100 on the internet.

# The long road to success

Conlit, one of the leading fire protection products in Europe, can these days celebrate its 25 years anniversary. The Rockwool Group's first product developed solely for fire protection did not have an easy birth but dedication, entrepreneurship and a lot of hard work ensured the long-term success.



Kurt Munk, Mogens Fruergaard Nielsen and Karl Erik Hansen.  
The trio explains how dedication, creativity and hard work turned Conlit into one of the leading fire protection products.

In the early eighties, the Rockwool Group stepped up its interest in the fire protection area as part of an intensified search for new business areas. At the same time, General Motors was making a big assembly plant in Vienna with a steel construction, which had to be fire protected. An interesting project for a coming Rockwool product.

"It coincided with our need to fill the capacity on our special plant producing high-density boards under the trade name Rocklit, explains Chief fire protection specialist Kurt Munk. We knew Rocklit had good fire properties, so we tested whether Rocklit could pass the requirements for the General Motors project and it could. We thus decided to further develop it into a dedicated fire protection board and Conlit was born".

When steel is heated to 550° C, it becomes soft as butter and the construction collapses. Conlit could prevent col-

lapse in up to four hours which was as good as any other product in the market. Furthermore, Conlit had some obvious advantages in terms of weight and fitting compared to the dominant product which was cement-based. With an attractive price level in the industry, the future looked rosy for the new product.

"This was the moment when the real trouble started", says Business manager Karl Erik Hansen, with a smile.

The dominant player in Germany – where it had been decided to launch the product – got news of the new product and decided to launch a similar mineral wool based product.

"Somehow they got through the testing much faster than we did. The test institute we used asked for 13 different tests to be performed. The competitor's test institute only asked for three tests, so they could launch their product two months before we were ready. This was the first time we

had to consider should we stop or continue”, says Hansen, “but we choose to see the competitor’s reaction as a confirmation that we were on the right track”

### **Price war**

Times were tough, however. The market leader did not want the Rockwool Group to get a foothold in the German market so for the first two years an intense price war was fought. Prices dropped to 1/3 of the original price and at this level, the Conlit production was not viable in the long run.

“Once again we had to consider the future”, explains Hansen. “Producing on the special plant was too expensive so we had either to stop or to develop a process whereby the product could be produced on the normal Rockwool lines. We chose the latter solution”

A new generation of Conlit was developed and this time the market leader was not able to follow.

### **London takes the lead**

Being a young company with a new product sold only on an export market in a new market segment is not easy, so in the beginning the growth rates were fairly modest. The progress was steady, however:

“We started by counting square meters, then pallets and at last full truck loads in the competitive German market, says Munk.

Then the UK market started to pick up. In the late eighties there was a construction boom in the city of London and in the Docklands, with one steel construction shooting up after the other. Fast and flexible installation was asked for by main contractors and architects, who saw Conlit as the answer – and a very big part of the new developments were fire protected with Conlit.

### **Still developing**

The Conlit solutions have been continuously improved. In 1986 the application was extended to fire protection of ventilation ducts, one of the first installations being the Franz Josef Strauss airport in Munich, but also the Subway in London has used Conlit.

“It still develops”, says Business manager Mogens Fruergaard Nielsen, who is responsible for coordinating the further development of Conlit in close cooperation with the operating companies worldwide. “In the last years, we have marketed a variant based on a German idea where Conlit is used for pipe penetrations. The solution is doing well and there are still new exiting possibilities for further use of Conlit”, Mogens Fruergaard states.

When Karl Erik Hansen looks back, he concludes “Conlit was a success, but not in the way we had originally expected where the goal was to find a different use for our high density plant. When you do not have all the answers beforehand, you can never be sure where you end. But with the right mix of dedication, creativity and hard work, there is a fair chance of ending up with a success.”

### **Group Communications**



Fire protection of high-rise buildings with steel constructions is one of the key applications for the Conlit fire protection product. Here the pharmaceutical company Ferring’s skyscraper in Copenhagen.

# Moscow factory

## awarded for high labour safety

The Rockwool factory in Zheleznodorozhny, close to Moscow in Russia has been awarded for its high labour safety and a zero frequency rate of accidents since April 2004. The company took first place in the competition for "Best labour safety organisation in the Eastern Moscow region" and second place in "Best labour safety organisation in the Moscow region".



The two awards mark the culmination of an extensive implementation process of a special labour safety system, which has contributed to reducing the total number of accidents from 19 in 2000 to 0 in 2005. Since April 2004 Rockwool Zheleznodorozhny has not had any accidents at all.

"These two awards are the evidence of a well organised labour safety system at our factory, and furthermore they are the confirmation of its successful development. We are very honoured that our investment in labour safety is being acknowledged by such prestigious awards", says Factory Manager Evgeny Kochkin, Rockwool Zheleznodorozhny.

### Successful Labour Safety system

The labour safety system includes elaborated procedures that regulate how work tasks should be completed and a daily control of the organisation of the workplaces. As a preventive measure elaborated action plans have been put into practice in order to reduce the number of accidents and lost hours.

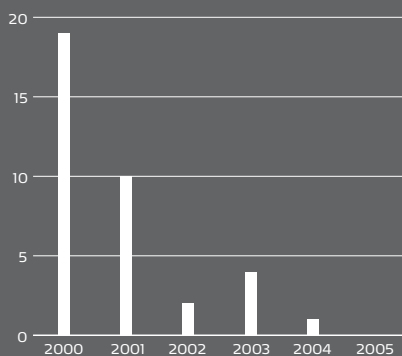
"Our Industrial Safety department investigates all near misses; we investigate all reasons and circumstances of the near miss, and create detailed plans for how to avoid this near miss in the future. Every day we perform an extensive control of how the safety demands are observed at the production sections. We check if personal protective equipment is used, how the workplace is organized, how dangerous works are arranged, etc. All these actions help us to detect near miss and prevent the possibility of accidents", Evgeny Kochkin explains.

### Acknowledgment of the employees

The labour safety system has also been welcomed by the employees in the factory as they experience their working conditions improve because of the initiatives made by management and the Industrial Safety department.

"In the management team we take labour safety very seriously and it is encouraging to see how the system also stimulates the employees' interest to observe labour safety demands. In this occasion I would like to thank all employees for doing a good job and for giving their full support and cooperation", Evgeny Kochkin says.

Frequency of accidents at Rockwool Russia



To further enhance the importance of labour safety Rockwool Zheleznodorozhny furthermore decided to recognise Furnace Operator, Lutov Igor, for his work by appointing him the best employee within Rockwool Zheleznodorozhny. Along with the acknowledgment Lutov Igor was awarded with a diploma and a video player.

### **The labour safety competition**

The labour safety competition was carried out in two steps. The first step took place from 1 February to 15 March where companies located in the Eastern Moscow region presented how labour safety was organised in their particular company. Among the 478 companies participating in the competition, Rockwool Zheleznodorozhny was recognised as the best

labour safety organisation among the industrial companies operating in the Eastern Moscow region.

The second step of the competition lasted from 15 March to 10 April. Here the best company cases from the first step competed in the final competition for "Best labour safety organisation in the Moscow region". In this finale Rockwool Zheleznodorozhny took the second place.

The official award ceremony was held on 27 April in the cultural centre "Rodnik" in Zheleznodorozhny, and was timed to take place in relation to the celebration of Labour Day, 1 May 2006.

### **Group Communications**

# Seest

## demonstration house on the right track

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Recent measurements confirm a monthly heating bill of less than €25.

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Rockwool International A/S has published the first calculations of the use of heating in a new type of low-energy-house, which the company built last year in Seest, Denmark. The house is a dream for house owners facing sky-high heating bills in the winter: the new type of single-family house uses less than €300 per year for heating.

The house was built to demonstrate that it's possible to reduce the heating bill to next to nothing and is today a home for a family of three persons.

The tests, conducted by the Technical University of Denmark (DTU), shows that the expected low use of heating is a reality. The house only uses 26.7 kWh/m<sup>2</sup> annually for space heating – vs. 140 kWh/m<sup>2</sup> in an average Danish house – or vs. 55 kWh/m<sup>2</sup> if the house had been built after the most recent energy requirements in the Danish building regulations. The house in Seest demonstrates that it is possible to build twice as energy efficient as the building regulations requires – and without significant additional expenses.

### **Group Communications**



Recent measurements confirm that the Seest low-energy-house keeps its promise with an annual heating bill of less than €300.

Excerpt from the

# Report on the first quarter of 2006

## Highlights

- Sales in the first quarter grew by 20% compared to the first quarter 2005.
- EBDIT increased by 49% to DKK 383 million from DKK 257 million in the first quarter 2005.
- EBIT increased by 108% to DKK 214 million from DKK 103 million in the first quarter 2005.
- Compared to the expectations announced in the annual report for 2005, sales are now expected to increase by 10% instead of 8%, and the expected profit after minority interests for the year is adjusted upwards to around DKK 750 million.

## Income statement

The Rockwool Group generated sales in the first quarter of DKK 2,476 million corresponding to an increase of 20% compared to last year. When this sales increase record in one quarter is evaluated, it should be noticed that the Easter holidays were in the first quarter last year and are in the second quarter this year. This gives an impact of approx. 4%. Furthermore, sales growth was weak in the first quarter 2005 and then strong in the last 3 quarters.

Sales in the Insulation Division increased by 21% to DKK 2,348 million. All major markets showed strong growth including the German market that has experienced a downwards trend for many years.

Systems Division's sales grew by 12% to a level of DKK 379 million. All businesses within Systems Division increased sales.

EBDIT for the Group totalled DKK 383 million which is 49% up on the year before. EBIT ended at DKK 214 million – an increase of DKK 111 million which is more than the double compared to first quarter 2005.

EBIT in the Insulation Division rose by 72% to DKK 198 million. Systems Division generated an EBIT of DKK 16 million compared to a minor loss of DKK 1 million in 2005.

Net financial costs ended up at DKK -14 million which is DKK 8 million better than in first quarter 2005.

The expected tax rate for the year 2006 of 30% is applied on the PBT for the quarter.

Profit after minority interests for the first quarter was DKK 143 million which is DKK 89 million higher than last year, corresponding to an increase of 162%.

## Cash flow

Cash flow from operations for the period is DKK -47 million which is DKK 16 million better than last year.

The working capital has increased by DKK 380 million in first quarter 2006 compared with an increase of DKK 236 million in the same period last year. The quarter's increase in the working capital is due to the sales growth.

Investment expenditure in the quarter was DKK 210 million.

## Balance sheet

Total assets end of the quarter amounted to DKK 8,559 million. The increase in assets compared to end of 2005 is related to the increase in stocks and receivables as described above.

The equity ratio end of first quarter was 61.8%.

## Other events

The new factory in Vyborg, Russia is producing according to the plan and the factory is fully utilised.

As explained in the annual report 2005, Rockwool International A/S in September 2005 made an extraordinary tax payment of DKK 135 million. The payment followed a decision where the Danish tax authorities had raised the Danish taxable income for the years 1999-2003. Rockwool International A/S has disputed the decision and the proceedings are ongoing.

Meanwhile, Rockwool International A/S has corrected its tax returns for 1999-2003 with increased tax depreciation on Danish assets which has led to the repayment of the said DKK 135 million including interests in April 2006.

## Expectations for the year

For the full year, the Group expects an increase in sales of approximately 10% – instead of 8% as announced in the annual report from March 2006.

For 2006, a profit after minority interests of around DKK 750 million is now foreseen.

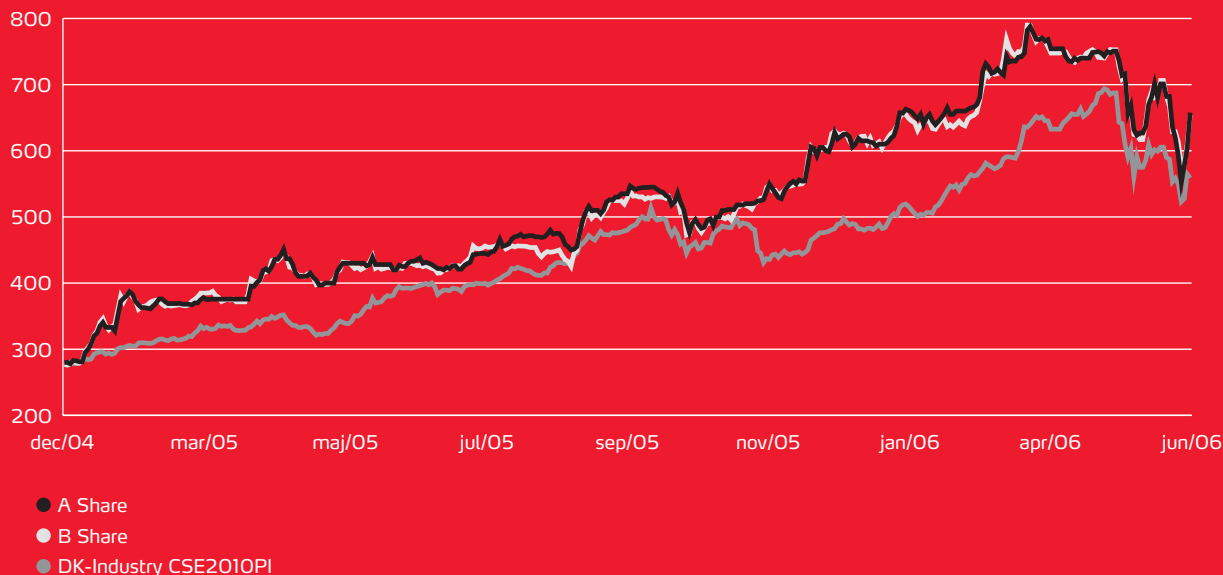
The expected investment level for the year remains at DKK 1.2 billion.

## Main figures / key figures for the Group

	1st qtr. 2006	1st qtr. 2005	Full year 2005
	Unaudited figures		Audited
Income statement items in DKK million:			
Net sales	2,476.2	2,060.0	10,024.3
EBDIT	383.4	256.7	1,500.0
Operating profit before financial items (EBIT)	213.6	102.9	884.9
Financial items	-14.3	-22.7	-42.6
Profit before tax	204.4	81.4	877.3
Profit for the period after minority interests	142.9	54.1	574.3
Cash flow (from operating activities)	-47.1	-63.3	1,103.4
Balance sheet items in DKK million :			
Fixed assets	5,159.5	4,562.0	5,188.0
Current assets	3,399.6	3,085.6	2,813.2
Total assets	8,559.1	7,647.6	8,001.2
Equity	5,291.0	4,596.8	5,075.2
Provided obligations	799.7	432.0	788.7
Long-term debt	400.9	476.4	366.8
Short-term debt	2,067.5	2,142.4	1,770.5
Other items in DKK million:			
Investments and acquisitions	210.2	152.0	943.7
Depreciation and amortisation	169.8	153.8	615.1
Number of employees:			
Number of employees	7,616	7,366	7,525
Ratios:			
Profit ratio	8.6	5.0	8.8
Profit per share of DKK 10	6.4	2.5	26.1
Intrinsic value per share of DKK 10	236.9	209.2	230.3
Equity ratio (%)	61.8	60.1	63.4
Main figures in EUR million:			
Net sales	331.8	276.5	1,343.6
Operating profit before financial items (EBIT)	28.6	13.8	118.6
Profit before tax	27.4	10.9	117.6
Profit for the period after minority interests	19.2	7.2	77.0
Cash flow (from operating activities)	-6.3	-8.5	147.9
Total assets	1,146.9	1,026.5	1,072.5
Equity	709.0	617.0	680.3
Investments and acquisitions	28.2	20.4	126.5
Depreciation	22.8	20.6	82.4
Exchange rate DKK	7.46	7.45	7.46

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

# The Rockwool shares



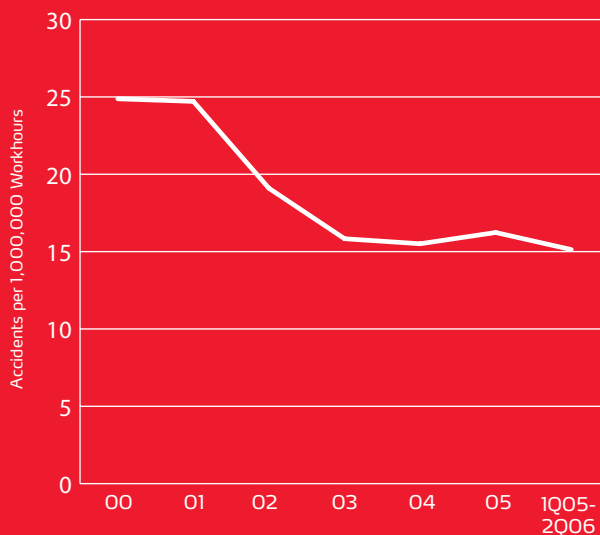
## Focus area Accidents

As can be seen from the graph, the accident development has been more or less flat since the improvement made up to 2003. However, we have started 2006 in a good way with fewer accidents. The total number of accidents in the first quarter was 33 compared to 41 accidents in the first quarter of 2005. We still have long way to go before the end of the year and a persistent attention on safety is needed.

We still see large deviations between factories, where we in the first quarter of 2006 have 9 factories with no accidents at all and in the other end we have some factories with quite many accidents.

Ole Christensen  
Fire Preventive & Safety Officer  
Rockwool international A/S

### F.R.A. Frequency of Accidents – Average all OPCOs



The Rockwool Newsletter is circulated to shareholders, employees, Rockwool board members, a.o.

Editor: Thorkild Diness Jensen

Photos: Henrik Nielsen, EURIMA,  
Thomas Tolstrup a.o.

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Rockwool International A/S  
Hovedgaden 584  
DK-2640 Hedehusene  
Denmark  
CVR No. 54879415  
Phone: +45 46 56 03 00  
Fax: +45 46 56 33 11  
www.rockwool.com  
info@rockwool.com