

Release no. 11 - 2003
Report on the third quarter of 2003
To the Copenhagen Stock Exchange

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28 November 2003

Report on the third quarter of 2003
for Rockwool International A/S

Today the Board of Rockwool International A/S discussed and approved this quarterly report on the third quarter of 2003.

Highlights

- Turnover in the first three quarters of 2003 grew by almost 2% compared to the same period last year, corresponding to a growth rate of 5% with unchanged exchange rates.
- EBITDA totalled DKK 693 million, an improvement of DKK 46 million.
- Together with The Investment Fund for Central and Eastern Europe a new factory in Russia will be built for approx. DKK 370 million.
- The growth in turnover for the year is expected to be just over 2%, corresponding to a growth rate of 5% with unchanged exchange rates.
- Profit after tax and minority interests is still expected to be DKK 200-250 million.

Further information: Knud Jørning, Chief Financial Officer

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Main figures/key figures for the Group

	3 rd qtr. 2002	3 rd qtr. 2003	Acc. 3 rd qtr. 2002	Acc. 3 rd qtr. 2003	Whole 2002 Audited
		Unaudited figures			
Income statement items in million DKK:					
Net sales	1,995.8	2,086.2	5,715.0	5,819.7	7,919.3
EBDITA	261.1	264.4	647.2	693.3	995.1
EBIT, operating profit before financial items	93.2	113.5	117.8	233.1	314.9
Financial items	-13.3	-15.2	-64.3	-60.8	-77.5
Profit before tax	79.9	98.2	53.6	172.3	237.4
Profit after tax	47.9	58.9	32.1	103.4	142.8
Profit for the period (after minority interests)	44.9	51.5	22.9	95.1	131.1
Cash flow (from operating activities)			510.0	389.0	856.0
Balance sheet items in million DKK:					
Fixed assets			4,436.2	4,322.1	4,508.8
Current assets			2,936.5	2,551.4	2,357.7
Total assets			7,372.7	6,873.5	6,866.5
Equity capital			3,950.3	3,993.8	4,039.7
Minority interest			32.4	84.3	84.7
Provided obligations			290.9	289.5	286.9
Long-term debt			1,336.6	715.6	674.7
Short-term debt			1,762.5	1,790.3	1,780.5
Other items in million DKK					
Investments and acquisitions			558.7	392.2	782.6
Depreciation			529.3	460.2	678.1
Number of employees:					
Number of employees			7,312	7,201	7,169
Ratios					
Profit ratio			2.1	4.0	4.0
Profit per share of DKK 10			1.0	4.3	6.0
Book value per share of DKK 10			179.8	181.8	183.9
Equity ratio (%)			53.6	58.1	58.8

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

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Developments during the first three quarters

Sales in the first three quarters of the year increased by 2% compared to the same period last year and totalled DKK 5,820 million. With unchanged exchange rates, sales would have grown by 5%.

For the insulation division external sales increased by 2% in the first three quarters compared to the same period last year. The underlying factors include positive sales performance in the newly established companies in Russia, Malaysia, Hungary and Spain. Total sales in the areas where the Group has established production activities in recent years increased by 14%. With unchanged exchange rates, sales would have grown by 6% in the insulation division.

Systems Division sales remained unchanged compared to the same period last year. With unchanged exchange rates, sales would have grown by 2% compared to the third quarter of 2002.

The Group's operating profit before depreciation and amortisation (EBITDA) was DKK 693 million; DKK 46 million more than the year before..

Excluding restructuring costs, operating profit before financial items for the insulation division increased by DKK 34 million. Including restructuring costs, the increase was DKK 174 million.

Systems Division had a negative development in operating profit from DKK 67 million last year to DKK 11 million this year. In the third quarter the decrease in operating profit was DKK 12 million. This is due to the running-in of a new Rockfon factory and rescheduling within the year of internal payments.

Excluding restructuring costs, the Group's overall operating profit before financial items (EBIT) decreased by DKK 25 million. Including restructuring costs, EBIT was up DKK 115 million from the first three quarters of 2002.

After nine months, financial items showed net expenditure of DKK 61 million, down DKK 4 million from last year.

Profit before tax for the first three quarters was DKK 172 million, against DKK 54 million in 2002. Profit after minority interests was DKK 95 million, against DKK 23 million last year.

Cash flow from operations was DKK 389 million, against DKK 510 million in 2002.

In third quarter, the tied-up working capital was reduced by DKK 111 million. After three quarters it has increased by DKK 215 million and steps are taken to make further reductions. The free cash flow was DKK -3 million, against DKK -49 million in 2002.

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In order to continue the success of the Rockwool Group in the Russian market, the Group will together with The Investment Fund for Central and Eastern Europe invest DKK 370 million in a new factory in the St. Petersburg area. The factory is expected to start production in 2005.

Balance sheet and equity

On 30 September 2003 the Group had total assets of DKK 6,874 million, against DKK 6,867 million on 31 December 2002. Equity as of 30 September 2003 amounted to DKK 3,994 million, down DKK 46 million from 31 December 2002. The equity ratio was 58.1% on 30 September 2003, against 58.8% on 31 December 2002.

Prospects for 2003

With the current exchange rates turnover is expected to grow by 2%, corresponding to a growth rate of 5% with unchanged exchange rates. Although growth is now expected to be 1%- point higher than stated in the report on the first six months, this is not expected to affect the profit level, since the increased turnover is a volume increase, while the sales prices not yet have developed as positively as we expect.

For Systems Division, EBIT is expected to be somewhat lower than in 2002 when it was DKK 153 million.

The expected profit after minority interests is maintained at DKK 200-250 million.

Investments are expected to total around DKK 650 million, which is unchanged in relation to the report on the first six months of the year.

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Income statement

Million DKK	3 rd qtr.	3 rd qtr.	Acc. 3 rd	Acc. 3 rd	Whole
	2002	2003	qtr.	qtr.	
	Unaudited figures				Audited
Net sales	1,995.8	2,086.2	5,715.0	5,819.7	7,919.3
EBITDA	261.1	264.4	647.2	693.3	995.1
EBIT (operating profit before financial items)	93.2	113.5	117.8	233.1	314.9
Financial items	-13.3	-15.2	-64.3	-60.8	-77.5
Profit before tax	79.9	98.2	53.6	172.3	237.4
Tax on profit for the period	32.0	39.3	21.5	68.9	94.6
Profit after tax	47.9	58.9	32.1	103.4	142.8
Minority interests' share in net income	3.0	7.4	9.2	8.2	11.7
Profit of the period	44.9	51.5	22.9	95.1	131.1

Statement of funds

Million DKK	Acc. 3 rd	Acc. 3 rd	Whole
	qtr.	qtr.	
	2002	2003	2002
	Unaudited figures		Audited
Profit after tax	32.1	103.4	142.8
Adjustments	696.8	591.1	834.8
Change in net working capital	-106.7	-214.9	42.3
Funds flow from operations before financial items and tax	622.3	479.5	1,019.9
Funds flow from operating activity	510.0	389.0	856.0
Funds flow from investment activities	-558.7	-392.2	-782.6
Funds flow from operating and investment activities (free cash flow)	-48.7	-3.2	73.4
Funds flow from finance activities	-142.2	-130.5	-621.0
Change in funds available	-190.9	-133.8	-547.6
Funds available 1/1	882.0	323.2	882.0
Adjustments to exchange rates 31/12	-8.8	-10.1	-11.2
Funds available 31/12	682.3	179.3	323.2
Unutilised, committed credit facilities	1,920.8	1,816.2	1,915.4

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 December

Segment reporting (primary segment distribution)

Million DKK	3 rd qtr.	3 rd qtr.	Acc. 3 rd	Acc. 3 rd	Whole
	2001	2002	qtr.	qtr.	
	Unaudited figures				Audited
Net sales per business segment					
Insulation	1,857.9	1,970.8	5,316.4	5,487.5	7,265.0
Systems Division	323.8	340.9	961.3	962.4	1,501.7
Group eliminations and holding companies	-186.0	-225.5	-562.7	-630.1	-847.4
The Group	1,995.8	2,086.2	5,715.0	5,819.7	7,919.3
Operating profit before financial items per business segment					
Insulation	77.1	100.5	76.5	250.2	224.7
Systems Division	20.6	9.8	67.2	11.3	153.4
Group eliminations and holding companies	-4.5	3.2	-25.8	-28.4	-63.2
The Group	93.2	113.5	117.8	233.1	314.9

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Balance sheet

Million DKK	End of 3 rd	End of 3 rd	End of
	qtr.	qtr.	2002
	2002	2003	2002
	Unaudited figures		Audited
Assets			
Intangible fixed assets	84.4	65.0	101.5
Tangible fixed assets	4,189.2	4,092.3	4,218.2
Financial fixed assets	119.0	115.1	113.8
Deferred tax assets	43.6	49.7	75.3
Fixed assets	4,436.2	4,322.1	4,508.8
Stocks	663.3	640.0	575.8
Receivables	1,328.5	1,493.0	1,204.7
Bonds	472.4	12.5	234.2
Cash funds	472.3	405.9	343.0
Total current assets	2,936.5	2,551.4	2,357.7
Total assets	7,372.7	6,873.5	6,866.5
Liabilities			
Share capital	219.7	219.7	219.7
Other reserves	3,730.6	3,774.1	3,820.0
Total equity	3,950.3	3,993.8	4,039.7
Minority interests	32.4	84.3	84.7
Total provided obligations	290.9	289.5	286.9
Long-term debt	1,336.6	715.6	674.7
Short-term debt	1,762.5	1,790.3	1,780.5
Total long-term and short-term debts	3,099.1	2,505.9	2,455.2
Total liabilities	7,372.7	6,873.5	6,866.5

Changes in equity

Million DKK	End of 3 rd	End of 3 rd	End of
	qtr.	qtr.	2002
	2002	2003	2002
Equity as of 1 January	4,066.3	4,039.7	4,066.3
Profit of the period	22.9	95.1	131.1
Exchange rate adjustment regarding foreign subsidiaries	-67.6	-70.0	-78.7
Purchase of own investments			-7.6
Dividend paid	-71.4	-71.1	-71.4
Equity as of end of period	3,950.3	3,993.8	4,039.7