

**Release no. 8 - 2004**  
**Report on the first half-year of 2004**  
**To the Copenhagen Stock Exchange**

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30 August 2004

**Report on the first half of 2004**  
**for Rockwool International A/S**

Today the Supervisory Board of Rockwool International A/S discussed and approved the following report on the first half of 2004.

**Highlights**

- Sales grew by 10% compared to the first half of 2003. With unchanged exchange rates, the increase would have been 11%.
- EBITDA came to DKK 524 million, an improvement of DKK 95 million compared to the first half of 2003.
- Due to this positive first-half performance, sales growth for the year as a whole is now expected to be 9% rather than the 7% previously forecast.
- The forecast for profit after tax and minority interests for 2004, which was adjusted upwards to around DKK 350 million in the report on the first quarter, is unchanged inclusive one-time write-off of DKK 50 million.

Further information: Knud Jørning, Chief Financial Officer

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**Main figures/key figures for the Group**

	2 <sup>nd</sup> qtr. 2004	2 <sup>nd</sup> qtr. 2003	Acc. 2 <sup>nd</sup> qtr. 2004	Acc. 2 <sup>nd</sup> qtr. 2003	Full year 2003
	Unaudited figures				Audited
<b>Income statement items in million DKK:</b>					
Net sales	2,173.2	1,935.3	4,096.5	3,733.5	8,215.9
EBITDA	270.5	232.6	523.8	428.9	1,093.3
Operating profit before financial items (EBIT)	115.7	78.8	213.0	119.6	492.6
Financial items	-25.7	-28.5	-45.2	-45.6	-98.6
Profit before tax	93.1	50.3	174.3	74.0	428.9
Profit after tax	61.4	30.2	115.0	44.4	270.1
Profit for the period (after minority interests)	60.9	28.9	110.3	43.6	254.4
Cash flow (from operating activities)	256.8	142.7	250.6	27.6	774.9
<b>Balance sheet items in million DKK:</b>					
Fixed assets			4,359.0	4,347.1	4,339.1
Current assets			2,679.2	2,477.4	2,445.9
Total assets			7,038.2	6,824.4	6,785.0
Equity			4,154.2	3,940.3	4,090.7
Minority interest			54.0	82.4	47.5
Provided obligations			342.5	304.3	330.4
Long-term debt			577.4	770.4	581.6
Short-term debt			1,910.1	1,727.0	1,734.8
<b>Other items in million DKK</b>					
Investments and acquisitions			300.3	234.5	632.5
Depreciation			310.8	309.3	600.7
<b>Number of employees:</b>					
Number of employees			7,248	7,165	7,293
<b>Ratios</b>					
Profit ratio			5.2	3.2	6.0
Profit per share of DKK 10			5.0	2.0	11.6
Book value per share of DKK 10			189.1	179.3	186.2
Equity ratio (%)			59.0	57.7	60.3

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 half**

The healthy sales growth continued during the second quarter, with the result that sales for the first half grew by 10% compared to the first half of 2003 to DKK 4,096 million. With unchanged exchange rates, the increase would have been 11%.

Construction activity in Western Europe was unchanged or grew weakly during the period, but sales in the insulation market grew as a result of revised building regulations in Western Europe. Construction activity in Eastern Europe is growing rapidly, and the Group's healthy sales growth was due primarily to increased sales in Russia, Poland and Southeast Europe.

Higher sales prices were achieved during the period, and accounted for more than two percentage points of the sales growth recorded. Over the last 15 years, sales prices for insulation products have on average been unchanged.

The Insulation Division's external sales grew by 10% compared to the same period last year.

Systems Division's external sales grew by 7% compared to the same period last year.

The Group's operating profit before depreciation and amortisation (EBITDA) increased by DKK 95 million to DKK 524 million. The change was due primarily to higher sales volumes (DKK 77 million), sales prices (DKK 97 million) and higher costs for transportation, energy-related raw materials, payroll and services (DKK 92 million). Production efficiency improvements also contributed DKK 37 million.

The Insulation Division's operating profit increased by DKK 76 million to DKK 226 million.

Systems Division's operating profit increased by DKK 8 million to DKK 10 million.

The Group's operating profit before financial items (EBIT) grew by DKK 92 million to DKK 212 million.

Financial items after six months showed net expenditure of DKK 45 million, which is on last year's level.

Profit before tax for the first half was DKK 174 million, against DKK 74 million in 2003.

A tax rate of 34% is still anticipated for 2004 as a whole, against 37% in 2003.

Profit after minority interests was DKK 110 million, against DKK 44 million last year.

Cash flow from operations was DKK 251 million, against DKK 28 million in 2003.

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Tied-up working capital increased by DKK 200 million during the first half of the year. The increase was due largely to stockbuilding ahead of the high season in the autumn. Free cash flow was DKK -50 million, against DKK -207 million in 2003.

**Balance sheet and equity**

On 30 June 2004 the Group had total assets of DKK 7,038 million, against DKK 6,785 million on 31 December 2003. Equity amounted to DKK 4,154 million on 30 June 2004, an increase of DKK 64 million from 31 December 2003. The equity ratio was 59.0% on 30 June 2004, against 60.3% on 31 December 2003.

**Prospects for 2004**

Sales are not expected to grow as strongly during the second half as during the first, since the growth in the market began during the summer of 2003. Nevertheless sales growth of 9% is anticipated over the year as a whole. Continued growth in sales prices is forecast.

Even though that we now expect a higher sales increase than earlier (9% against 7%), we still expect a net result after minorities' interests to be around DKK 350 million, where we for the first quarter increased the expectation from DKK 300 million to DKK 350 million.

In the expectation for the year is included a write-off at the end of the year of production equipment which we do not evaluate to have a positive net present value. However, there are no plans to close any factories. This write-off is expected to be around DKK 50 million.

The year is still expected to bring investments in excess of DKK 800 million.

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### Income statement

Million DKK	2 <sup>nd</sup> qtr.	2 <sup>nd</sup> qtr.	Acc. 2 <sup>nd</sup>	Acc. 2 <sup>nd</sup>	Whole 2003
	2004	2003	qtr. 2004	qtr. 2003	
	<b>Unaudited figures</b>				<b>Audited</b>
Net sales	2,173.2	1,935.3	4,096.5	3,733.5	8,215.9
EBITDA	270.5	232.6	523.8	428.9	1,093.3
Operating profit before financial items (EBIT)	115.7	78.3	213.1	118.6	492.6
Income from associates	3.2	0.5	6.4	1.0	34.9
Financial items	-25.8	-28.5	-45.2	-45.6	-98.6
<b>Profit before tax</b>	<b>93.1</b>	<b>50.3</b>	<b>174.3</b>	<b>74.0</b>	<b>428.9</b>
Tax on profit for the period	31.7	20.1	59.3	29.6	158.8
<b>Profit after tax</b>	<b>61.4</b>	<b>30.2</b>	<b>115.0</b>	<b>44.4</b>	<b>270.1</b>
Minority interests' share of net income	0.6	1.3	4.7	0.8	15.7
<b>Profit of the period</b>	<b>60.8</b>	<b>28.9</b>	<b>110.3</b>	<b>43.6</b>	<b>254.4</b>

### Statement of funds

Million DKK	Acc. 2 <sup>nd</sup>	Acc. 2 <sup>nd</sup>	Whole 2003
	qtr. 2004	qtr. 2003	
	<b>Unaudited figures</b>		<b>Audited</b>
Profit after tax	115.0	44.4	270.1
Adjustments	408.2	398.8	816.2
Change in net working capital	-200.2	-325.7	-156.5
<b>Funds flow from operations before financial items and tax</b>	<b>323.0</b>	<b>117.5</b>	<b>929.8</b>
<b>Funds flow from operating activity</b>	<b>250.6</b>	<b>27.6</b>	<b>774.9</b>
<b>Funds flow from investment activities</b>	<b>-300.3</b>	<b>-234.5</b>	<b>-632.5</b>
<b>Funds flow from operating and investment activities (free cash flow)</b>	<b>-119.7</b>	<b>-49.7</b>	<b>-206.9</b>
Funds flow from finance activities	-116.7	-29.0	-194.9
<b>Change in funds available</b>	<b>-166.4</b>	<b>-235.9</b>	<b>-52.5</b>
Funds available – opening balance	257.2	323.2	323.2
Adjustments to exchange rates	2.4	-9.2	-13.5
<b>Funds available – end balance</b>	<b>93.2</b>	<b>78.1</b>	<b>257.2</b>
<b>Unutilised, committed credit facilities</b>	<b>2,225.5</b>	<b>1,814.9</b>	<b>2,325.0</b>

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	2 <sup>nd</sup> qtr.	2 <sup>nd</sup> qtr.	Acc. 2 <sup>nd</sup>	Acc. 2 <sup>nd</sup>	Whole 2003
	2004	2003	qtr. 2004	qtr. 2003	
	<b>Unaudited figures</b>				<b>Audited</b>
<b>Net sales per business segment</b>					
Insulation	2,231.3	1,825.2	4,006.9	3,516.7	7,597.1
Systems Division	349.9	319.3	659.0	621.5	1,542.4
Group eliminations and holding companies	-408.0	-209.2	-569.4	-404.6	-923.6
<b>The Group</b>	<b>2,173.2</b>	<b>1,935.3</b>	<b>4,096.5</b>	<b>3,733.5</b>	<b>8,215.9</b>
<b>Operating profit before fin. items per business segment</b>					
Insulation	113.3	94.7	225.9	149.7	414.7
Systems Division	10.9	1.0	9.8	1.5	110.7
Group eliminations and holding companies	-8.5	-17.4	-22.6	-32.6	-32.8
<b>The Group</b>	<b>115.8</b>	<b>78.3</b>	<b>213.1</b>	<b>118.6</b>	<b>492.6</b>

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**Balance sheet**

Million DKK	30 June	30 June	31 Dec.
	2004	2003	2003
	Unaudited figures		Audited
<b>Assets</b>			
Intangible fixed assets	72.2	73.4	86.3
Tangible fixed assets	4,117.2	4,220.0	4,088.3
Financial fixed assets	145.9	115.9	133.8
Deferred tax assets	23.7	85.0	30.7
<b>Fixed assets</b>	<b>4,359.0</b>	<b>4,347.1</b>	<b>4,339.1</b>
Stocks	775.7	660.1	639.1
Receivables	1,573.7	1,487.4	1,362.3
Bonds	3.3	12.5	5.8
Cash funds	326.5	317.4	438.7
<b>Total current assets</b>	<b>2,679.2</b>	<b>2,477.4</b>	<b>2,445.9</b>
<b>Total assets</b>	<b>7,038.2</b>	<b>6,824.4</b>	<b>6,785.0</b>
<b>Liabilities</b>			
Share capital	219.7	219.7	219.7
Other reserves	3,934.5	3,720.6	3,871.0
<b>Total equity</b>	<b>4,154.2</b>	<b>3,940.3</b>	<b>4,090.7</b>
Minority interests	54.0	82.4	47.5
<b>Total provided obligations</b>	<b>342.5</b>	<b>304.3</b>	<b>330.4</b>
Long-term debt	577.4	770.4	581.6
Short-term debt	1,910.1	1,727.0	1,734.8
<b>Total long-term and short-term debts</b>	<b>2,487.5</b>	<b>2,497.5</b>	<b>2,316.4</b>
<b>Total liabilities</b>	<b>7,038.2</b>	<b>6,824.4</b>	<b>6,785.0</b>

**Changes in equity**

Million DKK	Acc. 2 <sup>nd</sup> qtr.	Acc. 2 <sup>nd</sup> qtr.	Whole
	2004	2003	2003
Equity as of 1 January	4,090.7	4,039.7	4,039.7
Profit for the period	110.3	43.6	254.4
Exchange rate adjustment regarding foreign subsidiaries	24.1	-72.0	-132.3
Paid dividend	-70.9	-71.1	-71.1
<b>Equity as of end of period</b>	<b>4,154.2</b>	<b>3,940.3</b>	<b>4,090.7</b>