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29 November 2005

**Report on the first nine months of 2005****Rockwool International A/S**

Today the Board of Rockwool International A/S discussed and approved the following report on the first nine months of 2005.

**Highlights:**

- Sales up 10.5% on the first nine months of 2004
- EBIT of DKK 596 million – up DKK 214 million or 56% on the first nine months of 2004
- Profit ratio up from 6.0% to 8.4%
- Expectations for the profit for the year upgraded from around DKK 500 million to around DKK 550 million

Further information: Knud Jørning, Chief Financial Officer

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

	3 <sup>rd</sup> qtr. 2005	3 <sup>rd</sup> qtr. 2004	Acc. 3 <sup>rd</sup> qtr. 2005	Acc. 3 <sup>rd</sup> qtr. 2004	Full year 2004
	Unaudited figures				Audited
<b>Income statement items in million DKK:</b>					
Net sales	2,587.8	2,307.2	7,077.4	6,403.7	9,143.2
EBITDA	424.1	323.7	1,046.2	845.7	1,317.8
Operating profit before financial items (EBIT)	275.9	169.7	596.2	382.7	665.8
Financial items	-26.1	-20.2	-44.0	-65.3	-80.1
Profit before tax	254.4	154.8	563.6	329.1	603.5
Profit after tax	171.0	102.2	378.8	217.2	403.0
Cash flow (from operating activities)	234.9	538.5	390.7	789.1	1,127.4
<b>Balance sheet items in million DKK :</b>					
Fixed assets			4,759.8	4,382.0	4,481.0
Current assets			2,954.4	2,589.9	2,625.0
Total assets			7,714.2	6,971.9	7,106.0
Equity			4,912.1	4,313.4	4,501.1
Provided obligations			398.5	354.4	389.6
Long-term debt			579.5	513.4	384.7
Short-term debt			1,824.1	1,790.7	1,830.6
<b>Other items in million DKK:</b>					
Investments and acquisitions			655.4	437.4	704.2
Depreciation and amortisation			450.0	463.0	652.0
<b>Number of employees:</b>					
Number of employees			7,382	7,288	7,385
<b>Ratios:</b>					
Profit ratio			8.4	6.0	7.3
Profit per share of DKK 10			17.2	9.3	18.3
Intrinsic value per share of DKK 10			223.5	194.3	204.9
Equity ratio (%)			63.7	61.2	63.3

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

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**Management report for the period 1 January to 30 September 2005**Income statement

The first nine months of the year brought sales growth in almost all of the markets in which the Group operates. Market developments in Russia were particularly positive. However, the expected market growth was not seen in some markets, most notably Germany and Poland.

Sales totalled DKK 7,077 million, an increase of 10.5% on the same period last year, which brought sales of DKK 6,405 million. This growth was due to both higher sales prices and healthy volume growth in most markets. Around one percentage point of the increase in sales was down to exchange rate movements.

The Insulation Division's sales grew by 11.7% to DKK 6,736 million, with particularly strong sales growth in Russia, the Far East, North America, Scandinavia and the Netherlands. The Systems Division's sales were 8.1% higher than last year.

EBITDA came to DKK 1,046 million, giving an EBITDA margin of 14.8%, up from 13.2% last year. EBIT grew by 56% to DKK 596 million, giving a profit ratio of 8.4%, up from 6.0% last year.

The Insulation Divisions generated EBIT of DKK 543 million, giving a profit ratio of 8.1%, up from 6.5% last year. The Systems Division increased its EBIT to DKK 24 million, giving a profit ratio of 2.2%, up from 1.9% last year.

Financial items were positively affected by the appreciation of the Russian rouble and the Hungarian forint during the first half of the year, but the picture changed during the third quarter, due in part to changes in currency positions. The first nine months brought financial items of DKK 44 million, against DKK 65 million last year.

An effective tax rate of 32.8% is anticipated for the year as a whole and has also been assumed when calculating the profit for the period.

Profit after tax was DKK 379 million for the first nine months, an increase of DKK 162 million or 74% on the same period last year.

Cash flow

At the end of September the Group was still carrying high stocks to secure deliveries during the high season which – compared to the same time last year – meant additional tied-up capital of DKK 180 million.

Trade receivables were affected by the growth in sales and ended the period DKK 148 million higher than last year. Receivables were also affected by a Danish tax payment of DKK 142 million in the third quarter of 2005. The background to this payment was a decision by the Danish tax authorities that licence payments from subsidiaries should be increased for the tax years 1999-2003. Adjusted tax returns for the period have since been submitted, and the

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amount is expected to be repaid with interest. An appeal against the decision has been submitted to the National Tax Tribunal as the Group believes that there are no grounds to increase licence payments from subsidiaries. Even if, against expectations, we lose the case, it is not expected to have any tax implications for the Group, as there are double-taxation agreements with most countries in which the Group operates.

Cash flow amounted to DKK 391 million during the period, a decrease of DKK 398 million on last year. A significant improvement is expected in the fourth quarter once stocks as planned are brought down.

Free cash flow

An increase in investments to DKK 655 million from DKK 437 million last year, together with the circumstances mentioned above, meant that free cash flow fell to DKK -265 million from DKK 352 million last year.

Balance sheet and equity

Total assets amounted to DKK 7,714 million at the end of the period. The increase of DKK 608 million since the beginning of the year can be attributed primarily to higher stocks and receivables and to investments in tangible fixed assets.

Due to the financing for the new factory near St. Petersburg in Russia, long-term liabilities increased by DKK 195 million during the period.

After the transfer of the profit for the period and the payment of the dividend approved by the General Meeting in May 2005, equity totalled DKK 4,912 million, corresponding to an equity ratio of 63.6%.

Expectations for 2005

Although sales grew by 10.5% during the first nine months of the year, sales growth for the year as a whole is forecast to be 8% because the fourth quarter is a whole week shorter than last year.

Assuming unchanged exchange rates, net financial costs are still expected to be around DKK 60 million.

New Danish legislation revising the rules on international group taxation passed in May 2005 means that the Rockwool Group will no longer include foreign subsidiaries in the joint taxation scheme. This change is not expected to affect the effective tax rate, which is still expected to be 32.8% in 2005. However, the changes do mean that the Rockwool Group can no longer defer taxes when investing in new markets, which generally generate losses for a number of years.

In the light of the profit for the first nine months of the year and the fact that costs are growing somewhat slower than anticipated, we have upgraded our expectations for the profit for

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the year to around DKK 550 million from the forecast of around DKK 500 million published in the first-half report.

Investments are expected to be around DKK 950 million, which is DKK 50 million lower than previously anticipated.

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**Management statement**

The Supervisory Board and Group Management have today approved this interim report for the third quarter 2005.

This interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) and additional Danish requirements for financial reporting by listed companies.

We believe that the accounting policies applied – which are unchanged from those applied in the annual report for 2004 – are appropriate and that the accounting estimates made are reasonable. In our opinion this interim report presents a true and fair view of the Group's assets, liabilities and financial position on 30 September 2005 and of earnings and cash flows during the period.

The statements on the future in this report, 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.

*Copenhagen, 29 November 2005*

**Management**

Eelco van Heel

Knud Jørning

Carsten B. Winther

**Board**

Tom Kähler

Henrik Nyegaard

Birthe Bækman

Preben Damgaard

Lars Elmekilde Hansen

Jan W. Hillege

Arne Kraglund

Gustav Kähler

Jürgen Sengera

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**Income statement**

Million DKK	3 <sup>rd</sup> qtr.	3 <sup>rd</sup> qtr.	Acc.	Acc.	Full year
	2005	2004	3 <sup>rd</sup> qtr.	3 <sup>rd</sup> qtr.	
	Unaudited figures				Audited
Net sales	2,587.8	2,307.2	7,077.4	6,403.7	9,143.2
<b>Operating income</b>	<b>2,768.1</b>	<b>2,461.2</b>	<b>7,321.9</b>	<b>6,623.9</b>	<b>9,357.5</b>
<b>Operating costs</b>	<b>2,492.2</b>	<b>2,291.6</b>	<b>6,725.7</b>	<b>6,241.2</b>	<b>8,691.7</b>
EBITDA	424.3	323.7	1,046.2	845.7	1,317.8
<b>Operating profit before financial items (EBIT)</b>	<b>275.9</b>	<b>169.7</b>	<b>596.2</b>	<b>382.7</b>	<b>665.8</b>
Income from associated companies	4.6	5.3	11.4	11.7	17.8
Financial items	-26.1	-20.2	-44.0	-65.3	-80.1
<b>Profit before tax</b>	<b>254.4</b>	<b>154.8</b>	<b>563.6</b>	<b>329.1</b>	<b>603.5</b>
Tax on profit for the period	83.4	52.6	184.8	111.9	200.5
<b>Profit after tax</b>	<b>171.0</b>	<b>102.2</b>	<b>378.8</b>	<b>217.2</b>	<b>403.0</b>

**Statement of funds**

Million DKK	3 <sup>rd</sup> qtr.	3 <sup>rd</sup> qtr.	Acc.	Acc.	Full year
	2005	2004	3 <sup>rd</sup> qtr.	3 <sup>rd</sup> qtr.	
	Urevideret				Revideret
Profit after tax	171.0	102.2	378.8	217.2	403.0
Adjustments	244.1	250.8	682.2	659.0	940.6
Change in net working capital	-120.0	284.1	-433.5	83.9	8.1
<b>Funds flow from operations before financial items and tax</b>	<b>295.1</b>	<b>637.1</b>	<b>627.4</b>	<b>960.1</b>	<b>1,351.7</b>
<b>Funds flow from operations activity (cash flow)</b>	<b>234.9</b>	<b>538.5</b>	<b>390.7</b>	<b>789.1</b>	<b>1,127.4</b>
<b>Funds flow from investments activities</b>	<b>-206.0</b>	<b>-137.1</b>	<b>-655.4</b>	<b>-437.4</b>	<b>-704.2</b>
<b>Funds flow from operating and investments activities (free cash flow)</b>	<b>28.9</b>	<b>401.4</b>	<b>-264.6</b>	<b>351.7</b>	<b>423.2</b>
Funds flow from finance activities	-35.6	-115.7	24.3	-232.4	-250.2
<b>Change in funds available</b>	<b>-6.6</b>	<b>285.7</b>	<b>-240.4</b>	<b>119.3</b>	<b>173.0</b>
Funds available – opening balance	204.4	93.2	432.3	257.2	257.2
Adjustments to exchange rates	2.6	0.1	8.5	2.5	2.1
<b>Funds available – end balance</b>	<b>200.4</b>	<b>379.0</b>	<b>200.4</b>	<b>379.0</b>	<b>432.3</b>
<b>Unutilised committed credit facilities</b>			<b>2,295.7</b>	<b>2,318.2</b>	<b>2,325.5</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 30 September.

**Segment reporting (primary segment distribution)**

Million DKK	3 <sup>rd</sup> qtr.	3 <sup>rd</sup> qtr.	Acc.	Acc.	Full year
	2005	2004	3 <sup>rd</sup> qtr.	3 <sup>rd</sup> qtr.	
	Unaudited figures				Audited
<b>Net sales per business segment</b>					
Insulation	2,492.1	2,178.0	6,736.3	6,032.7	8,464.6
Systems Division	369.5	345.8	1,085.6	1,004.8	1,629.9
Group eliminations and holding companies	-273.8	-216.6	-744.5	-633.8	-951.3
<b>The Group</b>	<b>2,587.8</b>	<b>2,307.2</b>	<b>7,077.4</b>	<b>6,403.7</b>	<b>9,143.2</b>
<b>Operating profit before fin. Items per business segment</b>					
Insulation	245.6	166.7	542.6	392.6	621.9
Systems Division	7.9	9.5	23.9	19.4	109.6
Group eliminations and holding companies	22.4	-6.5	29.7	-29.3	-65.7
<b>The Group</b>	<b>275.9</b>	<b>169.7</b>	<b>596.2</b>	<b>382.7</b>	<b>665.8</b>

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<b>Balance sheet</b>	<b>30 Sep.</b>	<b>30 Sep.</b>	<b>31 Dec.</b>
<b>Million DKK</b>	<b>2005</b>	<b>2004</b>	<b>2004</b>
	Unaudited figures		Audited
<b>Assets</b>			
Intangible fixed assets	90.1	79.6	86.2
Tangible fixed assets	4,475.7	4,119.2	4,170.1
Financial fixed assets	150.5	150.2	149.8
Deferred tax assets	43.5	33.0	74.9
<b>Fixed assets</b>	<b>4,759.8</b>	<b>4,382.0</b>	<b>4,481.0</b>
Stocks	927.4	747.2	782.7
Receivables	1,672.7	1,427.6	1,355.4
Cash funds	354.3	415.1	486.9
<b>Total current assets</b>	<b>2,954.4</b>	<b>2,589.9</b>	<b>2,625.0</b>
<b>Total assets</b>	<b>7,714.2</b>	<b>6,971.9</b>	<b>7,106.0</b>
<b>Liabilities and equity</b>			
Share capital	219.7	219.7	219.7
Other reserves	4,637.3	4,050.6	4,251.0
Minority interests	55.1	43.1	30.4
<b>Total equity</b>	<b>4,912.1</b>	<b>4,313.4</b>	<b>4,501.1</b>
<b>Total provided obligations</b>	<b>398.5</b>	<b>354.4</b>	<b>389.6</b>
Long-term debt	579.5	513.4	384.7
Short-term debt	1,824.1	1,790.7	1,830.6
<b>Total long-term and short-term debts</b>	<b>2,403.6</b>	<b>2,304.1</b>	<b>2,215.3</b>
<b>Total liabilities and equity</b>	<b>7,714.2</b>	<b>6,971.9</b>	<b>7,106.0</b>

**Changes in equity**

<b>Million DKK</b>	<b>Acc.</b>	<b>Acc.</b>	<b>Full year</b>
	<b>3<sup>rd</sup> qtr.</b>	<b>3<sup>rd</sup> qtr.</b>	<b>2004</b>
	<b>2005</b>	<b>2004</b>	
Equity as of 1 January	4,501.1	4,138.2	4,138.2
Profit for the period	378.8	217.2	403.0
Redemption of minority interest	-	-	-14.3
Acquisition of own shares	21.2	-	-14.5
Expensed value of options issued	4.2	-	3.3
Exchange rate adjustments regarding foreign subsidiaries	93.2	29.1	56.3
Paid dividend	-86.4	-71.1	-70.9
<b>Equity as of end of period</b>	<b>4,912.1</b>	<b>4,313.4</b>	<b>4,501.1</b>