

Release no. 9 – 2006
Report on the third quarter of 2006
To the Copenhagen Stock Exchange

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29 November 2006

Report on the first nine months of 2006
for Rockwool International A/S

Today the Board of Rockwool International A/S reviewed and approved the following report on the first nine months of 2006.

Highlights

- Sales up 16% on the first nine months of 2005.
- EBDIT up 34% to DKK 1,402 million from DKK 1,046 million in the first nine months last year.
- Operating profit (EBIT) up 35% to DKK 807 million from DKK 596 million in the first nine months last year.
- Expectations for sales growth for the year upgraded by one percentage point to 13%.
- Expectations for profit for the year after minority interests upgraded by DKK 50 million to around DKK 800 million.
- The Group's capability of executing investments is being expanded substantially. Five major capacity investments are currently being considered.

Further information: Knud Jørning, Chief Financial Officer

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Main figures / key figures for the Group

	3 rd qtr. 2006	3 rd qtr. 2005	Acc. 3 rd qtr. 2006	Acc. 3 rd qtr. 2005	Full year 2005
	Unaudited				Audited
Income statement items in DKK million:					
Net sales	2,920.4	2,587.8	8,224.2	7,077.4	10,024.3
EBDIT	505.5	424.3	1,401.6	1,046.2	1,500.0
Operating profit before financial items (EBIT)	347.9	275.9	807.0	596.2	884.9
Financial items	-4.5	-26.1	-33.6	-44.0	-42.6
Profit before tax	348.9	254.4	789.2	563.6	877.3
Profit for the period after minority interests	218.4	159.1	521.3	359.0	574.3
Cash flow (from operating activities)	662.8	234.9	1,195.2	390.8	1,103.4
Balance sheet items in DKK million:					
Fixed assets			5,146.3	4,759.8	5,188.0
Current assets			3,156.4	2,954.4	2,813.2
Total assets			8,302.7	7,714.2	8,001.2
Equity including minority interests			5,567.0	4,912.1	5,075.2
Provisions			709.2	504.0	788.7
Long-term debt			215.3	579.5	366.8
Short-term debt			1,811.2	1,718.6	1,770.5
Other items in DKK million:					
Investments and acquisitions			683.1	655.4	943.7
Depreciation			594.7	450.0	615.1
Number of employees:					
Number of employees			7,823	7,382	7,525
Ratios:					
Profit ratio			9.8	8.4	8.8
Profit per share of DKK 10			23.7	16.3	26.1
Intrinsic value per share of DKK 10			249.2	221.1	230.3
Equity ratio (%)			67.1	63.7	63.4
Main figures in EUR million:					
Net sales	391.5	347.4	1,102.4	950.1	1,343.6
Operating profit before financial items (EBIT)	46.6	37.0	108.2	80.0	118.6
Profit before tax	46.8	34.2	105.8	75.7	117.6
Profit for the period after minority interests	29.3	21.4	69.9	48.2	77.0
Cash flow (from operating activities)	88.8	31.5	160.2	52.4	147.9
Total assets			1,113.3	1,033.7	1,072.5
Equity including minority interests			746.5	658.2	680.3
Investments and acquisitions			91.6	88.0	126.5
Depreciation			79.7	60.4	82.4
Exchange rate DKK	7.46	7.45	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).

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Management report for the period 1 January to 30 September 2006

As expected, the rapid growth in demand for mineral wool products seen in the first half of the year continued in the third quarter, with the result that the mineral wool industry has been largely sold out in most markets and product areas. Unfortunately this means long delivery times for large parts of the business.

Although the positive market development was anticipated, growth has exceeded all expectations. The very strong rate of growth is due to the combination of high levels of construction activity in the European market (including very strong growth in Central and Eastern Europe) and increased interest in improving the energy efficiency of buildings as a result of higher energy prices, the energy supply situation and a desire to limit CO₂ emissions.

As the Group expects the positive market development to continue in the coming years, albeit at a slightly slower rate, substantial resources have been allocated for increasing capacity in order to meet demand. Five major investments in capacity are currently being considered for start-up in 2007. However, these investments will not increase capacity until at least 2008. In 2006 capacity investments have been made at five factories, a new factory has been opened in St. Petersburg and a factory in Croatia is under construction. The Group's engineering capacity is being expanded.

Income statement

The Rockwool Group generated sales of DKK 8,224 million in the first nine months of 2006, an increase of 16% relative to the same period last year. Sales in the third quarter were 13% up on last year.

The insulation divisions' sales grew by 16% to DKK 7,833 million. As in previous quarters, sales grew in all major markets in the third quarter.

The Systems Division increased its sales by 5% to DKK 1,139 million.

The Group recorded EBDIT of DKK 1,402 million, an increase of 34% on last year.

The insulation divisions' EBIT grew by 27% to DKK 690 million. The Systems Division's EBIT increased by DKK 36 million to DKK 60 million.

Net financial costs amounted to DKK 34 million, a decrease of DKK 10 million on last year.

Profit for the first nine months after minority interests was DKK 521 million, an increase of 45% relative to the same period last year.

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Cash flow

Cash flow from operating activities in the first nine months of 2006 was DKK 1,195 million, an increase of DKK 805 million relative to the same period last year.

This increase in cash flow from operating activities can be attributed partly to improvements in the Group's earnings and partly to improvements in working capital. The stocks built up during the first half of the year ahead of the high season were sold during the third quarter, leaving stocks of finished goods at low levels at the end of the period.

Investments during the first nine months of 2006 totalled DKK 683 million.

Balance sheet

As at 30 September 2006 the Group had total assets of DKK 8,303 million.

The equity ratio stood at 67.1% at the end of the period.

Expectations for 2006

Sales growth for the year is now expected to be around 13%, rather than the previously announced 12%.

Net financial costs are expected to be DKK 45 million at current exchange rates.

Expectations for profit for the year after minority interests have been upgraded by DKK 50 million to around DKK 800 million.

Investments in 2006 are expected to total DKK 1,050 million, which is DKK 150 million less than previously announced. The Group's investment activities in 2006 are in line with the approved schedules, and so the reduction in the investment amount is solely a reflection of the timing of the projects' cash flows.

Management statement

The Board and Group Management have today approved this interim report for the third quarter of 2006.

This interim report is unaudited and has been prepared in accordance with the inclusion and measurement terms in International Financial Reporting Standards (IFRS) approved by the EU and additional Danish requirements for financial reporting by listed companies.

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We believe that the accounting policies applied – which are unchanged from those applied in the annual report for 2005 – 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 2006 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 2006***Group Management**

Eelco van Heel

Knud Jørning

Carsten B. Winther

Board

Tom Kähler

Henrik Nyegaard

Preben Damgaard

Connie Enghus

Lars Elmekilde Hansen

Jan W. Hillege

Gustav Kähler

Peter Nørgård

Jürgen Sengera

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Income statement

DKK million	3 rd qtr.	3 rd qtr.	Acc.	Acc.	Full year
	2006	2005	3 rd qtr.	3 rd qtr.	
	Unaudited				Audited
Net sales	2,920.4	2,587.8	8,224.2	7,077.4	10,024.3
Operating income	2,956.5	2,616.7	8,368.2	7,170.5	10,239.3
Operating costs	2,608.6	2,340.8	7,561.2	6,574.3	9,354.4
EBDIT	505.5	424.3	1,401.6	1,046.2	1,500.0
Operating profit before financial items (EBIT)	347.9	275.9	807.0	596.2	884.9
Income from associated companies	5.5	4.6	15.8	11.4	35.0
Financial items	-4.5	-26.1	-33.6	-44.0	-42.6
Profit before tax	348.9	254.4	789.2	563.6	877.3
Tax on profit for the period	114.8	83.4	260.4	184.8	274.6
Minority interests	15.7	11.9	7.5	19.8	28.4
Profit for the period after minority interests	218.4	159.1	521.3	359.0	574.3

Cash flow statement

DKK million	3 rd qtr.	3 rd qtr.	Acc.	Acc.	Full year
	2006	2005	3 rd qtr.	3 rd qtr.	
	Unaudited				Audited
Profit for the period	234.1	171.0	528.8	378.8	602.7
Adjustments	258.8	244.1	783.5	682.2	979.3
Change in net working capital	235.4	-120.0	144.1	-433.5	-140.7
Cash flow from operations before financial items and tax	728.3	295.1	1,456.4	627.5	1,441.3
Cash flow from operations activity	662.8	234.9	1,195.2	390.8	1,103.4
Cash flow from investments activities	-272.2	-206.0	-683.1	-655.4	-943.7
Cash flow from operating and investments activities (free cash flow)	390.6	28.9	512.1	-264.6	159.7
Cash flow from finance activities	-235.2	-35.5	-303.3	24.3	-279.0
Change in cash available	155.4	-6.6	208.8	-240.4	-119.3
Cash available – beginning of period	372.5	204.4	323.3	432.3	432.3
Adjustments to exchange rates	3.2	2.6	-1.0	8.5	10.3
Cash available – end of period	531.1	200.4	531.1	200.4	323.3
Unutilised committed credit facilities			1,450.0	2,295.7	1,540.7

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)

DKK million	3 rd qtr.	3 rd qtr.	Acc.	Acc.	Full year
	2006	2005	3 rd qtr.	3 rd qtr.	
	Unaudited				Audited
Net sales per business segment					
Insulation	2,786.6	2,492.1	7,833.2	6,736.3	8,374.7
Systems Division	378.3	369.5	1,138.6	1,085.6	1,650.7
Group eliminations and holding companies	-244.5	-273.8	-747.6	-744.5	-1.1
The Group	2,920.4	2,587.8	8,224.2	7,077.4	10,024.3
Operating profit before fin. items per business segment					
Insulation	329.4	245.6	690.0	542.6	812.7
Systems Division	19.0	7.9	59.7	23.9	106.5
Group eliminations and holding companies	-0.5	22.4	57.3	29.7	-34.3
The Group	347.9	275.9	807.0	596.2	884.9

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Balance sheet

DKK million	3 rd qtr.	3 rd qtr.	Full year
	2006	2005	2005
	Unaudited		Audited
Assets			
Intangible fixed assets	97.6	90.1	104.4
Tangible fixed assets	4,627.1	4,475.7	4,627.0
Financial fixed assets	166.8	150.5	166.8
Deferred tax assets	254.8	43.5	289.8
Fixed assets	5,146.3	4,759.8	5,188.0
Stocks	799.7	927.4	743.9
Receivables	1,729.3	1,672.7	1,667.2
Cash funds	627.4	354.3	402.1
Total current assets	3,156.4	2,954.4	2,813.2
Total assets	8,302.7	7,714.2	8,001.2
Liabilities and equity			
Share capital	219.7	219.7	219.7
Other reserves	5,254.8	4,637.3	4,840.1
Minority interests	92.5	55.1	15.4
Total equity	5,567.0	4,912.1	5,075.2
Total provisions	709.2	504.0	788.7
Long-term debt	215.3	579.5	366.8
Short-term debt	1,811.2	1,718.6	1,770.5
Total long-term and short-term debts	2,026.5	2,298.1	2,137.3
Total liabilities and equity	8,302.7	7,714.2	8,001.2

Changes in equity

DKK million	3 rd qtr.	3 rd qtr.	Full year
	2006	2005	2005
	Unaudited		Audited
Equity as of 1 January	5,075.2	4,501.1	4,501.1
Exchange rate adjustments	-26.0	93.2	107.3
Tax on changes in equity	0	0	25.6
Profit for the period	528.8	378.8	602.7
Acquisition of own shares	18.5	21.2	-31.7
Expensed value of options issued	5.9	4.2	3.8
Paid dividend	-103.8	-86.4	-86.4
Minority interest – addition and dividend (net)	68.4	-	-47.1
Equity as of end of period	5,567.0	4,912.1	5,075.2