

Release no. 19 – 2008
Report on the first nine months of 2008
To NASDAQ OMX Nordic Exchange
Copenhagen A/S

*This is a translation of the Danish version.
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20 November 2008

Report on the first nine months of 2008
for Rockwool International A/S

Today the Board of Directors of Rockwool International A/S has approved the following report on the first nine months of 2008.

Highlights

- Sales in the first nine months decreased by 2% compared to the same period in 2007.
- EBIT in the first nine months is DKK 1,176 million which is a decrease of 42% compared to the same period in 2007.
- The market development remains difficult to predict. Expectations for 2008 sales remain slightly below last year.
- Expectations for 2008 result after minority interests are now DKK 1,000 million including provisions for reorganising and restructuring the business of DKK 80 million after tax. The EBIT ratio is expected at 10.9%.
- The investment programme to improve competitiveness and expand capacity in future growth markets is almost finalised. Capital expenditure is expected at DKK 2,500 million.
- On 13 November 2008, the EU Commission approved the recast of Energy Performance of Buildings Directive for final approval by the Council of Ministers. The recast is a significant new step in improving energy efficiency of buildings.

Further information: Gilles Maria, Chief Financial Officer

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Main figures / key figures for the Group

	3 rd qtr. 2008	3 rd qtr. 2007	Acc. 3 rd qtr. 2008	Acc. 3 rd qtr. 2007	Full year 2007
	Unaudited				Audited
Income statement items in DKK million:					
Net sales	3,504.1	3,599.1	10,081.3	10,296.6	13,908.2
EBITDA	607.8	889.8	1,763.5	2,537.2	3,391.1
EBIT	403.3	724.0	1,175.8	2,025.4	2,705.8
Financial items	2.1	10.5	5.6	10.8	20.9
Profit before tax	406.9	741.1	1,196.2	2,056.0	2,759.6
Profit for the period after minorities' interests	264.4	509.6	802.0	1,414.4	1,966.2
Cash flow (from operating activities)	532.3	1,020.7	1,195.6	2,114.4	2,480.0
Balance sheet items in DKK million:					
Fixed assets			7,860.6	5,944.1	6,425.0
Current assets			4,381.7	4,499.6	4,468.6
Total assets			12,242.3	10,443.7	10,893.6
Equity including minorities' interests			8,315.6	7,199.6	7,776.7
Non-current liabilities			1,025.8	1,089.8	976.7
Current liabilities			2,900.9	2,154.3	2,140.2
Other items in DKK million:					
Investments and acquisitions			2,012.9	1,108.7	1,621.3
Depreciation			587.7	511.8	685.3
Number of employees:					
Number of employees			8,812	8,510	8,559
Ratios:					
EBIT ratio (%)			11.6	19.7	19.5
Profit per share of DKK 10			37.0	65.5	90.8
Intrinsic value per share of DKK 10			367.0	320.2	345.4
Equity ratio (%)			68.1	68.9	71.4
Main figures in EUR million:					
Net sales	469.8	483.4	1,351.8	1,382.3	1,864.9
EBIT	54.1	97.3	157.7	271.9	362.8
Profit before tax	54.6	99.6	160.4	276.0	370.0
Profit for the period after minorities' interests	35.4	68.4	107.5	189.9	263.6
Cash flow (from operating activities)	71.3	137.1	160.2	283.9	332.5
Total assets			1,640.9	1,401.0	1,460.7
Equity including minorities' interests			1,114.6	965.8	1,042.7
Investments and acquisitions			269.8	148.7	217.4
Depreciation			78.8	68.7	91.9
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 from 1 January to 30 September 2008Income statement

The Rockwool Group generated sales in the first nine months of 2008 of DKK 10,081 million corresponding to a decrease of 2% compared to the same period last year. The sales for the third quarter 2008 were 3% lower than in 2007.

Insulation Division sales including intercompany sales decreased by 4% to DKK 9,327 million while Systems Division's sales increased by 14% to DKK 1,554 million.

EBITDA for the Group totalled DKK 1,764 million which is 30% down on the year before.

EBIT ended at DKK 1,176 million – a decrease of DKK 850 million resulting from high inflation on energy related costs, lower production capacity utilisation and sales price decrease especially in Eastern Europe. EBIT in the Insulation Division decreased by 45% to DKK 1,032 million. Systems Division generated an EBIT of DKK 132 million which is an increase of 6% compared to the first nine months in 2007.

The short-term economic outlook is worsening and affects seriously our markets in some countries such as Spain, UK, Ireland and Hungary while other countries like France or Russia still show a positive trend.

Net financial items ended up positive at DKK 5.6 million which is DKK 5.2 million lower than in first nine months 2007.

Profit after minority interests for the first nine months was DKK 802 million which is DKK 612 million lower than last year, corresponding to a decrease of 43%.

Cash flow

Cash flow from operations for the period is DKK 1,196 million which is DKK 919 million less than last year.

The working capital has increased by DKK 105 million in the first nine months of 2008. This is the net effect of higher levels of inventories and trade debtors as well as increased creditors.

Investment expenditure in the first nine months of 2008 was DKK 2,013 million.

Balance sheet

Total assets end of the third quarter amounted to DKK 12,242 million. The equity ratio end of third quarter was 68.1%.

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Investments

The capacity investment programme is progressing with an expected completion of the UK project in November 2008 and the project in Canada in March 2009. The project in Russia will be delayed to fully benefit from declining construction costs. The project in Ukraine is still being re-evaluated.

The running-in of the new line in Poland is going smoothly. The Istria factory is producing satisfactorily under test run conditions, and the final operational permit is expected to be granted during first quarter 2009.

Expectations for the year

The worldwide financial turmoil is having negative effects in the construction sector as it has become difficult to finance construction projects. Considering third quarter and October month activity levels we confirm our sales expectations for 2008 to be slightly below last year.

The Group is initiating a cost reduction plan – equivalent to 2% EBIT– which will be executed end of 2008/beginning of 2009 in order to keep its competitiveness for the difficult period to come. After provisions for reorganisation and restructuring the business, we expect an EBIT ratio for 2008 of 10.9% of net sales and a net result after minority interests at DKK 1,000 million.

The investment programme to improve competitiveness and expand capacity in future growth markets is almost finalised. Capital expenditure expectations are now at DKK 2,500 million.

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Management statement

The Board of Directors and Group Management have today approved this interim report for the first nine months of 2008.

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, as approved by the EU and additional Danish requirements for financial reporting by listed companies.

Furthermore we believe that the management report gives a true and fair statement of the development of the Group's activities and financial situation, the result of the period and of the Group's financial position as a whole as well as a description of the most important risks and uncertainties which the Group is facing.

We believe that the accounting policies applied – which are unchanged from those applied in the annual report for 2007 – 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 2008 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, 20 November 2008

Group Management

Eelco van Heel

Gilles Maria

Carsten B. Winther

Board of Directors

Tom Kähler

Henrik Nyegaard

Preben Damgaard

Connie Enghus

Lars Elmekilde Hansen

Jan W. Hillege

Steen Riisgaard

Michael Emborg

Thomas Kähler

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Income statement

DKK million	3 rd qtr.	3 rd qtr.	Acc.	Acc.	Full year
	2008	2007	3 rd qtr.	3 rd qtr.	
	Unaudited				Audited
Net sales	3,504.1	3,599.1	10,081.3	10,296.6	13,908.2
Operating income	3,578.0	3,649.4	10,280.7	10,427.1	14,093.6
Operating costs	3,174.7	2,925.4	9,104.9	8,401.7	11,387.8
EBITDA	607.8	889.8	1,763.5	2,537.2	3,391.1
EBIT	403.3	724.0	1,175.8	2,025.4	2,705.8
Income from associated companies after tax	1.5	6.6	14.8	19.8	32.9
Financial items	2.1	10.5	5.6	10.8	20.9
Profit before tax	406.9	741.1	1,196.2	2,056.0	2,759.6
Tax on profit for the period	130.5	207.5	346.9	575.7	699.9
Minorities' interests	12.0	24.0	47.3	65.9	93.5
Profit for the period after minorities' interests	264.4	509.6	802.0	1,414.4	1,966.2

Cash flow statement

DKK million	3 rd qtr.	3 rd qtr.	Acc.	Acc.	Full year
	2008	2007	3 rd qtr.	3 rd qtr.	
	Unaudited				Audited
Profit for the period	276.4	533.6	849.3	1,480.3	2,059.7
Adjustments	330.6	491.2	896.1	1,225.9	1,540.3
Change in net working capital	103.5	142.0	104.8	-221.3	-468.2
Cash flow from operations before financial items and tax	710.5	1,166.8	1,850.2	2,484.9	3,131.8
Cash flow from operations activity	532.3	1,020.7	1,195.6	2,114.4	2,480.0
Cash flow from investments activities	-621.4	-449.6	-2,012.9	-1,108.7	-1,621.3
Cash flow from operating and investments activities (free cash flow)	-88.9	571.1	-817.3	1,005.8	858.7
Cash flow from finance activities	-14.8	-181.6	-365.0	-420.2	-353.7
Change in cash available	-103.7	389.5	-1,182.3	585.6	505.0
Cash available – beginning of period	100.6	882.6	1,187.6	689.8	689.8
Adjustments to exchange rates	3.1	-1.9	-5.3	-5.2	-7.2
Cash available – end of period	0.0	1,270.2	0.0	1,270.2	1,187.6
Unutilised committed credit facilities			833.0	1,450.0	1,450.0

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

DKK million	3 rd qtr.	3 rd qtr.	Acc.	Acc.	Full year
	2008	2007	3 rd qtr.	3 rd qtr.	
	Unaudited				Audited
Net sales per business segment					
Insulation	3,256.7	3,392.5	9,327.1	9,684.2	12,829.8
Systems Division	512.0	462.1	1,553.6	1,366.0	2,098.2
Group eliminations and holding companies	-264.5	-255.6	-799.4	-753.7	-1,019.8
The Group	3,504.2	3,599.1	10,081.3	10,296.6	13,908.2
EBIT per business segment					
Insulation	369.2	655.9	1,031.6	1,879.7	2,395.7
Systems Division	27.6	58.7	131.5	124.1	317.7
Group eliminations and holding companies	6.5	9.4	12.7	21.6	-7.6
The Group	403.3	724.0	1,175.8	2,025.4	2,705.8

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Balance sheet

DKK million	3 rd qtr.	3 rd qtr.	Full year
	2008	2007	
	Unaudited		Audited
Assets			
Intangible fixed assets	189.6	171.2	183.9
Tangible fixed assets	7,269.1	5,431.2	5,838.9
Financial fixed assets	167.6	187.8	168.2
Deferred tax assets	234.3	153.9	234.0
Fixed assets	7,860.6	5,944.1	6,425.0
Stocks	1,359.9	1,053.4	1,266.9
Receivables	2,334.4	2,109.5	1,944.8
Cash	687.4	1,336.7	1,256.9
Total current assets	4,381.7	4,499.6	4,468.6
Total assets	12,242.3	10,443.7	10,893.6
Liabilities and equity			
Share capital	219.7	219.7	219.7
Other reserves	7,844.2	6,815.7	7,369.0
Minorities interests	251.7	164.2	188.0
Total equity	8,315.6	7,199.6	7,776.7
Non-current liabilities	1,025.8	1,089.8	976.7
Current liabilities	2,900.9	2,154.3	2,140.2
Total liabilities	3,926.7	3,244.1	3,116.9
Total liabilities and equity	12,242.3	10,443.7	10,893.6

Changes in equity

DKK million	3 rd qtr.	3 rd qtr.	Full year
	2008	2007	
Equity as of 1 January	7,776.7	6,033.2	6,033.2
Exchange rate adjustments	38.1	21.8	25.1
Adjustments of financial instruments	-4.3	10.7	6.4
Tax on changes in equity	0.0	0.0	-2.4
Profit for the period	849.3	1,480.3	2,059.7
Acquisition of own shares	-76.4	-162.1	-149.6
Expensed value of options issued	25.2	24.2	12.8
Paid dividend	-312.7	-208.5	-208.5
Minorities' interests – addition and dividend (net)	19.7	0.0	0.0
Equity as of end of period	8,315.6	7,199.6	7,776.7