

REVIEW OF THE YEAR 2009

- Sales declined by 18.5% and reached DKK 11,168 million.
- EBITDA fell by 35.6% and reached DKK 1,529 million.
- Profit after minority interests declined by 67.9% and totalled DKK 322 million.
- This year's investments totalled DKK 1,170 million.
- Cash flow from operations amounted to DKK 1,950 million, up 29.4% on 2008.
- For 2010, we expect sales decline of 5-10% and a profit after minority interests of around DKK 300 million. The investment level excluding acquisitions will be around DKK 1,000 million.
- The proposed dividend is maintained at DKK 9.60 per share.



Sales

The sharp downturn in the world economy had a severe impact on all the major markets in which the Rockwool Group operates. The construction markets, where more than 90% of the Group turnover is generated, saw drastic reductions in activity, with the newbuild segments particularly affected. As a consequence, Group net sales declined by 18.5% and reached 11,168 million at actual rates and 14.9% at comparable rates.

From a geographical perspective, Central and Eastern Europe – which accounts for 16% of Group sales – was hardest hit, with construction market contraction reaching 30-40% in several markets. The important Russian market was amongst the most troubled, whereas the Polish market has shown good resilience. After reaching a peak during 2007-2008, sales prices underwent a correction in the first half of the year and have stabilised during the last quarter.

In Western Europe, construction markets showed a more varied picture, with markets such as Spain and the UK demonstrating declines in the magnitude of Eastern Europe. Other markets such as Germany and France were more resilient, and prices held up reasonably well in this area.

In the markets outside Europe, the picture was mixed, with a fairly well performing Asian economy, whereas the North American markets (especially the US) went through the toughest recession since the 1930s. However, the Rockwool operations in North America managed to perform well. In total, sales outside Europe fell by 3.5% reaching DKK 1,195 million.

In several countries, stimulus packages were launched to compensate for the economic downturn. In some countries

these packages were designed to attain the triple goal of stimulating the economy, creating jobs and reducing energy consumption and CO₂ emissions. Renovation of old building stock, particularly in the public sector, gave positive support to insulation activities.

Sales of insulation products declined by 20.2% and reached DKK 9,108 million. The decline is smaller than that witnessed by most other building materials manufacturers, emphasising the positive effect from a greater focus on reducing the energy consumption of buildings as well as the Group's relatively large exposure to building renovation.

Sales in the Systems Segment performed significantly better than the insulation activities, partly as a result of a different market mix with less exposure to both the private newbuild sector as well as the hard hit markets in Central and Eastern Europe. Sales in the Rockfon business – the European market leader in the premium segment of the suspended ceilings market – did particularly well. As part of the expansion strategy a successful entry was made into the fledgling Russian market.

In order to increase customer orientation and market focus, a major reorganisation took place in top management, which among other things included the establishment of a central function responsible for new business initiatives, branding and communication. Together with efficiency initiatives and cost reduction programmes executed through the year, we believe that the Rockwool Group has strengthened its position and potential for future profitable growth.

Production

In order to balance the effect of declining sales volumes, the Group has taken the necessary measures to optimize

Germany is one of the Rockwool Group's biggest markets and performed well in 2009. Deutsche Rockwool delivered thermal insulation for the roof of the spectacular building called "Wal" (whale), an indoor playground located in Friedrichskoog, a holiday resort in Northern Germany.



its production. Further to the closure of our Gogánfa factory in Hungary, the Group discontinued the Iglesias factory in Italy. Some lines were temporarily taken out of operation.

The effects of lower raw material costs also set in during the year. However, the most important variable cost item – coke – was unfortunately still at a high average level, as a substantial amount of coke was contracted in 2008. Going forward, the full effect of more reasonable coke prices will be positive for our business.

During 2009, the finalisation of the new production lines in Toronto, Canada and Pencoed, UK kept the investment level high, reaching DKK 1,170 million. The construction of a new factory in India – a joint-venture project with KAEFER Punj Lloyd Group India – got off to a good start in the second half of 2009. From the beginning of 2011, we expect this factory to be a bridgehead for the fast growing Indian market for technical insulation as well as for export into the Gulf region.

Profit for the year

In 2009, the Group generated EBITDA of DKK 1,529 million, 35.6% less than in 2008. EBITDA was 13.7% of net sales, which is 4% lower than the average level for the last five years. EBITDA for the fourth quarter has improved, reaching DKK 519 million and a ratio of 16.4%, as the Group is getting higher benefit from its cost reduction programme, lower input costs and better capacity utilisation. EBIT amounted to DKK 576 million, a decrease of DKK 926 million or 61.7%.

Net financial costs ended at DKK 42 million, which is DKK 50 million more than in 2008. The increase is primarily due to costs for new committed credit facilities and less capitalised interest costs.

The effective tax rate for the year was 37.0% equivalent to a tax amount for the year of DKK 206 million. The effective tax rate was 6.9 percentage points higher than last year as a result of lower earnings in countries with lower taxes and non-deductibility of some losses in specific countries.

Profit after tax and minority interests was DKK 322 million, a decrease of DKK 682 million and is in line with the latest expectations. The result was affected by net costs and provisions for restructuring and reorganising the Group amounting to DKK 90 million net of tax.

Investments and cash flow

Cash flow from operations amounted to DKK 1,950 million, an increase of 29.4% despite a large decline in profits. The increase was primarily attributable to a strong positive development in working capital and lower tax payments. The change in working capital of DKK 598 million was primarily caused by a decrease in inventories of raw materials and finished goods and less trade receivables.

SALES DISTRIBUTED ON COUNTRIES

Germany		17%
France		15%
The Netherlands		11%
Russia		7%
Poland		6%
North America		6%
Denmark		5%
Belgium		5%
Great Britain		5%
Other countries		23%



Not only private homes but also airports need to be energy efficient and provide a comfortable indoor climate. For the Changi airport in Singapore, the Rockwool Group has provided products for the roof to improve the acoustic and thermal comfort, and for fire safe protection of the ducts.

Investments in 2009 reached DKK 1,170 million, including acquisitions of DKK 31 million, and are down 55.7% on last year. The investments are primarily related to finalisation of new production lines in the UK and in Canada. Other investments were kept at a relative low level of around DKK 536 million.

Free cash flow amounted to DKK 780 million, up DKK 1,915 million on last year, primarily due to lower investments and a positive effect from working capital.

Balance sheet

At the end of 2009 total assets amounted to DKK 11,326 million, a decrease of DKK 317 million compared to the end of 2008, coming primarily from a decrease in inventory of DKK 522 million and a decrease in receivables of DKK 446 million. Average debtor days have decreased by 0.7 days compared to the end of 2008. The decrease in inventories

and receivables was partly set off by an increase in tangible assets and increased cash. Available cash at the end of 2009 amounted to DKK 733 million.

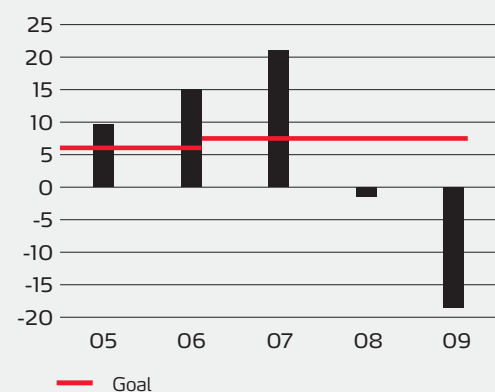
Equity at the end of 2009 amounted to DKK 8,228 million, corresponding to an equity ratio of 72.6%. A better cash flow in 2009 reduced the interest-bearing debt during the year. At the end of 2009, net interest bearing debt amounted to DKK -141 million, down DKK 587 million on last year. By the end of the year the Group had unused committed credit facilities of DKK 3,323 million.

Expectations

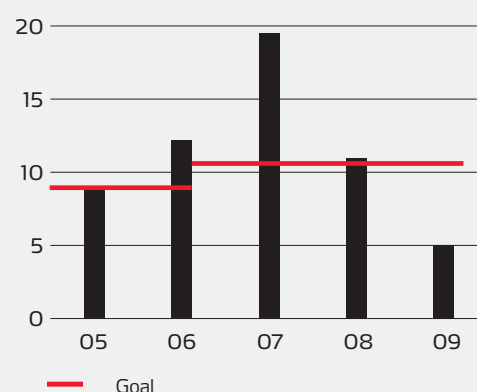
The global economic crisis and its strong negative impact on the level of construction activities have severely affected most of the markets in which the Group operates. In March 2010, we do not see any signs of a market recovery.

FINANCIAL GOALS FOR THE ROCKWOOL GROUP

Average sales growth of 8%



Profit ratio of 11% of turnover





In Grimstad, Norway, Rockwool Scandinavia is involved in the construction of two terraced Passiv Houses. Despite having access to low price energy from both oil and hydropower, the Norwegians are showing increasing interest in developing low energy buildings.



In the Netherlands new, innovative products were launched, including Fastfixx, a product for pitched roofs.

Difficult weather conditions during the first quarter 2010 have reduced visibility even further. The market decline in 2009 has been most severe in Eastern Europe as well as in the non-residential segment. No significant improvements are expected here during 2010. The residential segment in Western Europe is improving, carried by a strong level of refurbishment activity. The Group anticipates the effect from governmental support packages in 2010 to be higher than in 2009.

The Group expects net sales in 2010 to decrease by 5-10% compared to 2009.

The Group has in 2009 successfully implemented a major cost reduction programme which will show its full benefit in 2010 giving an additional DKK 100 million in savings on top of the DKK 400 million achieved in 2009. In addition, we will also benefit from lower input costs primarily due

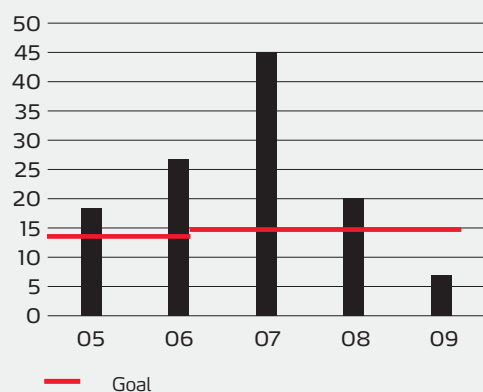
to much lower coke prices after the Group has hedged a significant part of its 2010 needs.

The Group confirms its expectation for a net result after minority interests of DKK 300 million.

The tax rate is expected to stay at 37% as a result of a profit distribution pattern between countries similar to 2009.

Investment expenditure excluding acquisitions is expected at DKK 1,000 million including the finalisation of the Indian factory with a start planned for beginning of 2011 and the continuation of the project for a new factory in the Volga region in Russia. Other investments will reach a level around DKK 650 million.

Return on invested capital of 15%



Equity ratio of min. 50% of the assets

