

Release no. 9 - 2003
Report on the first half-year of 2003
To the Copenhagen Stock Exchange

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27 August 2003

Report on the first half-year of 2003
for Rockwool International A/S

Today the Board of Rockwool International A/S discussed and approved this report on first half-year of 2003.

Highlights

- Turnover in the first half-year of 2003 remained unchanged compared to the same period last year.
- EBITDA totalled DKK 429 million – an improvement of DKK 43 million.
- Turnover is expected to grow by 1% for the year as a whole, corresponding to a growth rate of 4% with unchanged exchange rates.
- Profit after tax and minority interests is still expected to be DKK 200-250 million.

Further information: Knud Jørning, Chief Financial Officer

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Main figures/key figures for the Group

	2 nd qtr. 2002	2 nd qtr. 2003	Acc. 2 nd qtr. 2002	Acc. 2 nd qtr. 2003	Whole 2002 Audited
	Unaudited figures				
Income statement items in million DKK:					
Net sales	1,933.2	1,935.3	3,719.2	3,733.5	7,919.3
EBDIT	201.5	232.6	386.1	428.9	995.1
Operating profit before financial items	-9.0	78.8	24.6	119.6	314.9
Financial items	-21.3	-28.5	-50.9	-45.6	-77.5
Profit before tax	-30.3	50.3	-26.3	74.0	237.4
Profit after tax	-3.2	30.2	-15.8	44.4	142.8
Profit for the period (after minority interests)	-9.5	28.9	-22.0	43.6	131.1
Cash flow (from operating activities)			295.8	27.6	856.0
Balance sheet items in million DKK:					
Fixed assets			4,494.1	4,347.1	4,508.8
Current assets			3,046.3	2,477.4	2,357.7
Total assets			7,540.4	6,824.4	6,866.5
Equity capital			3,903.1	3,940.3	4,039.7
Minority interest			26.0	82.4	84.7
Provided obligations			303.5	304.3	286.9
Long-term debt			1,443.2	770.4	674.7
Short-term debt			1,864.7	1,727.0	1,780.5
Other items in million DKK					
Investments and acquisitions			415.5	234.5	782.6
Depreciation			361.5	309.3	678.1
Number of employees:					
Number of employees			7,338	7,165	7,169
Ratios					
Profit ratio			0.7	3.2	4.0
Profit per share of DKK 10			-1.0	2.0	6.0
Book value per share of DKK 10			177.7	179.3	183.9
Equity ratio (%)			51.8	57.7	58.8

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Developments during the first six months

Sales in the first six months of the year remained unchanged compared to the same period last year and totalled DKK 3,734 million. With unchanged exchange rates, sales would have grown by 4%.

For the insulation division as a whole external sales increased by 1% in the first half-year compared to the same period last year. The underlying factors include positive sales development in the newly established companies in Russia, Malaysia, Hungary and Spain. With unchanged exchange rates, sales in the insulation division would have grown by 4%.

The average prices on mineral wool products in Europe today are the same as in 1990. In first half-year 2003 the total average prices decreased slightly. However, some capacity in Western Europe has been closed down – as well among the stone wool as the glass wool manufacturers. At the same time, the mineral wool industry has experienced increasing demand in Eastern Europe this summer. The prices might therefore stabilise and even increase.

Systems Division's turnover decreased by 2% compared to the same period last year. With unchanged exchange rates, sales would have been at the same level as first half-year 2002.

The Rockwool Group's new service activity, BuildDesk[®] was launched in Germany in June. The BuildDesk business is directed towards the decision makers in the building industry with software, services and advice on energy calculations and consumption in buildings. The Group expects that BuildDesk will be introduced in other EU countries as their building regulations become increasingly complex following the implementation of the EU Energy Performance of Buildings Directive.

The Group's operating profit before depreciation (EBITDA) rose by DKK 43 million to DKK 429 million. Of this increase, DKK 40 million was attributable to the inclusion of restructuring costs last year. The profit is influenced by higher purchase prices, especially energy-related costs, and the new BuildDesk activity.

For the insulation division operating profit before financial items increased by DKK 134 million from DKK 16 million in the same period last year to DKK 150 million this year. This increase was attributable to e.g. the inclusion last year of restructuring costs amounting to DKK 40 million and write-downs amounting to DKK 50 million.

Systems Division recorded a negative development in operating profit from DKK 47 million last year to DKK 2 million this year. The Rockfon activity accounted for the largest deviation due to the commencement of new production in Poland and discontinuation of a part of the production in Denmark. The performance is, however, still in accordance with the budget for 2003. The Grodan activity is burdened by amended internal settlement principles throughout

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the year. However, this negative effect is expected to be fully offset by the end of the year. Furthermore, the delivery season in Spain started later this year than last year.

The Group's total operating profit before financial items increased by DKK 95 million to DKK 120 million, against the same period last year. Excluding restructuring measures, operating profit was up DKK 5 million from the first half-year of 2002.

After six months financial items showed net expenditure of DKK 46 million, down DKK 5 million from last year.

Profit before tax for the first six months was DKK 74 million, against DKK -26 million in 2002. Profit after minority interests was DKK 44 million, against DKK -22 million last year.

Cash flow from operations was DKK 28 million, against DKK 296 million in 2002. The decrease can be attributed to increased debtors, which is being addressed, and to stock building due to restructuring of production. The free cash flow was DKK -207 million, against -120 million in 2002.

Balance sheet and equity

On 30 June 2003 the Group had total assets of DKK 6,824 million, against DKK 7,540 million on 30 June 2001. Equity amounted to DKK 3,940 million, down DKK 100 million from 31 December 2002. The equity ratio was 57.7% on 30 June 2003, against 58.8% on 31 December 2002.

Prospects for 2003

With the current exchange rates, growth will be 1%, corresponding to 4% with unchanged exchange rates. Profit after minority interests is still expected to be DKK 200-250 million.

Investments are expected to total around DKK 650 million, which is around DKK 100 million lower than previously expected.

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Income statement

Million DKK	2 nd qtr.	2 nd qtr.	Acc. 2 nd	Acc. 2 nd	Whole 2002
	2002	2003	qtr. 2002	qtr. 2003	
	Unaudited figures				Audited
Net sales	1,933.2	1,935.3	3,719.2	3,733.5	7,919.3
EBDIT	201.5	232.6	386.1	428.9	995.1
Operating profit before financial items	-9.0	78.8	24.6	119.6	314.9
Financial items	-21.3	-28.5	-50.9	-45.6	-77.5
Profit before tax	-30.3	50.3	-26.3	74.0	237.4
Tax on profit for the period	-27.1	20.1	-10.5	29.6	94.6
Profit after tax	-3.2	30.2	-15.8	44.4	142.8
Minority interests' share in net income	6.3	1.3	6.2	0.8	-11.7
Profit of the period	-9.5	28.9	-22.0	43.6	131.1

Statement of funds

Million DKK	Acc. 2 nd	Acc. 2 nd	Whole 2002
	qtr. 2002	qtr. 2003	
	Unaudited figures		Audited
Profit after tax	-15.8	44.4	142.8
Adjustments	460.8	398.8	834.8
Change in net working capital	-77.2	-325.7	42.3
Funds flow from operations before financial items and tax	367.8	117.5	1,019.9
Funds flow from operating activity	295.8	27.6	856.0
Funds flow from investment activities	-415.5	-234.5	-782.6
Funds flow from operating and investment activities (free cash flow)	-119.7	-206.9	73.4
Funds flow from finance activities	-39.0	-29.0	-621.0
Change in funds available	-158.7	-235.9	-547.6
Funds available 1/1	882.0	323.2	882.0
Adjustments to exchange rates 31/12	-10.4	-9.2	-11.2
Funds available 31/12	712.9	78.1	323.2
Unutilised, committed credit facilities	1,920.8	1,814.9	1,915.4

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 nd qtr.	2 nd qtr.	Acc. 2 nd	Acc. 2 nd	Whole 2002
	2001	2002	qtr. 2002	qtr. 2003	
	Unaudited figures				Audited
Net sales per business segment					
Insulation	1,798.5	1,825.2	3,458.5	3,516.7	7,265.0
Systems Division	333.4	319.3	637.5	621.5	1,501.7
Group eliminations and holding companies	-198.7	-209.2	-376.7	-404.6	-847.4
The Group	1,933.2	1,935.3	3,719.3	3,733.5	7,919.3
Operating profit before fin. items per business segment					
Insulation	-24.8	94.7	16.2	149.7	224.7
Systems Division	29.5	1.0	46.5	1.5	153.4
Group eliminations and holding companies	-13.7	-16.9	-38.1	-31.6	-63.2
The Group	-9.0	78.8	24.6	119.6	314.9

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Balance sheet

Million DKK	Acc. 2 nd	Acc. 2 nd	Whole
	qtr.	qtr.	
	2002	2003	2002
	Unaudited figures		Audited
Assets			
Intangible fixed assets	93.0	73.4	101.5
Tangible fixed assets	4,198.7	4,220.0	4,218.2
Financial fixed assets	129.5	115.9	113.8
Deferred tax assets	72.9	85.0	75.3
Fixed assets	4,494.1	4,347.1	4,508.8
Stocks	643.0	660.1	575.8
Receivables	1,350.9	1,487.4	1,204.7
Bonds	586.9	12.5	234.2
Cash funds	465.4	317.4	343.0
Total current assets	3,046.3	2,477.4	2,357.7
Total assets	7,540.4	6,824.4	6,866.5
Liabilities			
Share capital	219.7	219.7	219.7
Other reserves	3,683.4	3,720.6	3,820.0
Total equity	3,903.1	3,940.3	4,039.7
Minority interests	26.0	82.4	84.7
Total provided obligations	303.5	304.3	286.9
Long-term debt	1,443.2	770.4	674.7
Short-term debt	1,864.7	1,727.0	1,780.5
Total long-term and short-term debts	3,307.9	2,497.5	2,455.2
Total liabilities	7,540.4	6,824.4	6,866.5

Changes in equity

Million DKK	Acc. 2 nd	Acc. 2 nd	Whole
	qtr.	qtr.	
	2001	2002	2001
Equity as of 1 January	4,066.3	4,039.7	4,066.3
Profit of the period	-22.0	43.6	131.1
Exchange rate adjustment regarding foreign subsidiaries	-69.9	-72.0	-78.7
Exchange rate adjustment regarding associated companies			0.0
Purchase of own investments			-7.6
Paid dividend	-71.4	-71.1	-71.4
Equity as of end of period	3,903.1	3,940.3	4,039.7