

Release no. 10 - 2004
Report on the third quarter of 2004
To the Copenhagen Stock Exchange

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26 November 2004

Report on the third quarter of 2004
for Rockwool International A/S

Today the Supervisory Board of Rockwool International A/S discussed and approved the following report on the third quarter of 2004.

Highlights

- Sales grew by 10% compared to the first nine months of 2003. With unchanged exchange rates, the increase would have been 11%.
- EBITDA came to DKK 846 million, an improvement of DKK 152 million or 22% compared to the same period last year.
- Expectations for the year as a whole are unchanged from the first-half report. Thus sales growth of 9% and profit after tax and minority interests of around DKK 350 million are still anticipated.

Further information: Knud Jørning, Chief Financial Officer

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Main figures/key figures for the Group

	3 rd qtr. 2004	3 rd qtr. 2003	Acc. 3 rd qtr. 2004	Acc. 3 rd qtr. 2003	Full year 2003
	Unaudited figures				Audited
Income statement items in million DKK:					
Net sales	2,307.2	2,086.2	6,403.7	5,819.7	8,215.9
EBITDA	321.9	264.4	845.7	693.3	1,093.3
Operating profit before financial items (EBIT)	169.7	113.5	382.7	233.1	492.6
Financial items	-20.2	-15.2	-65.3	-60.8	-98.6
Profit before tax	154.8	98.2	329.1	172.3	428.9
Profit after tax	102.2	58.9	217.2	103.4	270.1
Profit for the period (after minority interests)	94.8	51.5	205.1	95.1	254.4
Cash flow (from operating activities)	538.5	361.4	789.1	389.0	774.9
Balance sheet items in million DKK :					
Fixed assets			4,382.0	4,322.1	4,339.1
Current assets			2,589.9	2,551.4	2,445.9
Total assets			6,971.9	6,873.5	6,785.0
Equity			4,270.3	3,993.8	4,090.7
Minority interests			43.1	84.3	47.5
Provided obligations			354.4	289.5	330.4
Long-term debt			513.4	715.6	581.6
Short-term debt			1,790.7	1,790.3	1,734.8
Other items in million DKK:					
Investments and acquisitions			437.4	392.2	632.5
Depreciation			463.0	460.2	600.7
Number of employees:					
Number of employees			7,288	7,201	7,293
Ratios:					
Profit ratio			6.0	4.0	6.0
Profit per share of DKK 10			9.3	4.3	11.6
Intrinsic value per share of DKK 10			194.3	181.8	186.2
Equity ratio (%)			61.2	58.1	60.3

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

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Developments during the first nine months

The healthy sales growth continued during the third quarter, with the result that sales for the first nine months grew by 10% compared to the same period in 2003 to DKK 6,404 million. Exchange rate movements were limited: the increase would have been 11% with unchanged exchange rates.

The positive growth in sales prices seen during the first half of the year continued in the third quarter, with the result that sales prices during the first nine months of the year were more than three percentage points higher than during the same period in 2003.

The Insulation Division's external sales grew by 10% compared to the same period last year.

In Systems Division external sales grew by 5% compared to the same period last year.

The Group's operating profit before depreciation and amortisation (EBITDA) increased by DKK 152 million to DKK 846 million. The reason why there was not even better earnings growth despite the healthy increase in sales prices and sales volumes was that growth in costs offset the growth in sales prices.

The Insulation Division's operating profit before financial items increased by DKK 167 million to DKK 393 million.

The Systems Division's operating profit increased by DKK 10 million to DKK 19 million.

The Group's operating profit before financial items (EBIT) grew by DKK 170 million to DKK 383 million.

Financial items after nine months show net expenditure of DKK 65 million, which is DKK 5 million higher than last year.

Profit before tax for the first nine months was DKK 329 million, against DKK 172 million in 2003.

Profit after minority interests was DKK 205 million, against DKK 95 million last year.

Cash flow from operations was DKK 789 million, against DKK 389 million in 2003.

Tied-up working capital decreased by DKK 84 million during the period, after increasing by DKK 215 million during the same period last year. The improvement was due in part to better management of trade accounts receivable. This also contributed to an improvement in free cash flow from a negative figure of DKK -3 million for the first nine months of 2003 to a positive figure DKK 352 million for the same period in 2004.

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Balance sheet and equity

On 30 September 2004 the Group had total assets of DKK 6,972 million, against DKK 6,785 million on 31 December 2003. Equity amounted to DKK 4,270 million on 30 September 2004, an increase of DKK 179 million from 31 December 2003. The equity ratio was 61.2% on 30 September 2004, against 60.3% on 31 December 2003.

Prospects for 2004

Expectations for the year as a whole are unchanged from the half-year report, with the exception of the level of investment anticipated.

Sales are forecast to grow by 9% over the year as a whole, so continuing the trend begun in the second half of 2003. This growth is due to a combination of higher volumes and better sales prices.

Profit after tax and minority interests is forecast to be around DKK 350 million, after non-recurring writedowns of production equipment totalling around DKK 50 million which will reduce profit after tax and minority interests by around DKK 30 million. A tax rate of 34% is still anticipated for 2004 as a whole, against 37% in 2003. The Danish government has announced that it is considering a change in the Danish joint taxation scheme. The new rules are not known at this time, so it is not possible to predict the influence of such consideration.

The DKK 100 million increase in earnings compared to 2003 is forecast to come primarily from the insulation segment, while the Systems Division is expected to report earnings on a par with last year as a result of the impact on Grodan's sales of poor market conditions in the horticultural sector.

The year's investments are now expected to total around DKK 900 million, which is higher than the previous forecast of in excess of DKK 800 million. The increase is due primarily to supplies of machinery for the new factory in St Petersburg in Russia being brought forward.

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Income statement

Million DKK	3 rd qtr.	3 rd qtr.	Acc. 3 rd	Acc. 3 rd	Full year 2003
	2004	2003	qtr. 2004	qtr. 2003	
	Unaudited figures				Audited
Net sales	2,307.2	2,086.2	6,403.7	5,819.7	8,215.9
EBITDA	321.9	264.4	845.7	693.3	1,093.3
Operating profit before financial items (EBIT)	169.7	112.9	382.7	232.3	492.6
Income from associates	5.3	0.6	11.7	1.8	34.9
Financial items	-20.2	-15.2	-65.3	-60.8	-98.6
Profit before tax	154.8	98.2	329.1	172.3	428.9
Tax on profit for the period	52.6	39.3	111.9	68.9	158.8
Profit after tax	102.2	58.9	217.2	103.4	270.1
Minority interests' share of net income	7.4	7.4	12.1	8.2	15.7
Profit for the period	94.8	51.5	205.1	95.1	254.4

Statement of funds

Million DKK	Acc. 3 rd	Acc. 3 rd	Full year 2003
	qtr. 2004	qtr. 2003	
	Unaudited figures		Audited
Profit after tax	217.2	103.4	270.1
Adjustments	670.7	591.1	816.2
Change in net working capital	83.9	-214.9	-156.5
Funds flow from operations before financial items and tax	960.1	479.5	929.8
Funds flow from operations activity	789.1	389.0	774.9
Funds flow from investments activities	-437.4	-392.2	-632.5
Funds flow from operating and investments activities (free cash flow)	351.7	-3.2	142.4
Funds flow from finance activities	-232.4	-130.5	-194.9
Change in funds available	119.4	-133.8	-52.5
Funds available – opening balance	257.2	323.2	323.2
Adjustments to exchange rates	2.5	-10.1	-13.5
Funds available – end balance	379.0	179.3	257.2
Unutilised committed credit facilities	2,318.2	1,816.2	2,325.0

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 31 December.

Segment reporting (primary segment distribution)

Million DKK	3 rd qtr.	3 rd qtr.	Acc. 3 rd	Acc. 3 rd	Full year 2003
	2004	2003	qtr. 2004	qtr. 2003	
	Unaudited figures				Audited
Net sales per business segment					
Insulation	2,178.0	1,970.8	6,032.7	5,487.5	7,597.1
Systems Division	345.8	340.9	1,004.8	962.4	1,542.4
Group eliminations and holding companies	-216.6	-225.5	-633.8	-630.1	-923.6
The Group	2,307.2	2,086.2	6,403.7	5,819.7	8,215.9
Operating profit before fin. Items per business segment					
Insulation	166.7	100.5	392.6	250.2	414.7
Systems Division	9.5	9.8	19.4	11.3	110.7
Group eliminations and holding companies	-6.5	3.2	-29.3	-28.4	-32.8
The Group	169.7	113.5	382.7	233.1	492.6

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Balance sheet	30 Sep.	30 Sep.	31 Dec.
Million DKK	2004	2003	2003
	Unaudited figures		Audited
Assets			
Intangible fixed assets	79.6	65.0	86.3
Tangible fixed assets	4,119.2	4,092.3	4,088.3
Financial fixed assets	150.2	115.1	133.8
Deferred tax assets	33.0	49.7	30.7
Fixed assets	4,382.0	4,322.1	4,339.1
Stocks	747.2	640.0	639.1
Receivables	1,427.6	1,493.0	1,362.3
Bonds	2.1	12.5	5.8
Cash funds	413.0	405.9	438.7
Total current assets	2,589.9	2,551.4	2,445.9
Total assets	6,971.9	6,873.5	6,785.0
Liabilities			
Share capital	219.7	219.7	219.7
Other reserves	4,050.6	3,774.1	3,871.0
Total equity	4,270.3	3,993.8	4,090.7
Minority interests	43.1	84.3	47.5
Total provided obligations	354.4	289.5	330.4
Long-term debt	513.4	715.6	581.6
Short-term debt	1,790.7	1,790.3	1,734.8
Total long-term and short-term debts	2,304.1	2,505.9	2,316.4
Total liabilities	6,971.9	6,873.5	6,785.0

Changes in equity

Million DKK	Acc. 3rd qtr. 2004	Acc. 3rd qtr. 2003	Full year 2003
Equity as of 1 January	4,090.7	4,039.7	4,039.7
Profit for the period	205.1	95.1	254.4
Exchange rate adjustments regarding foreign subsidiaries	45.6	-70.0	-132.3
Paid dividend	-71.1	-71.1	-71.1
Equity as of end of period	4,270.3	3,993.8	4,090.7