

Release no. 7 – 2006
Report on the first quarter of 2006
To the Copenhagen Stock Exchange

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30 May 2006

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

Today the Board of Rockwool International A/S has approved the following report on the first quarter of 2006.

Highlights

- Sales in the first quarter grew by 20% compared to the first quarter 2005.
- EBDIT increased by 49% to DKK 383 million from DKK 257 million in the first quarter 2005.
- EBIT increased by 108% to DKK 214 million from DKK 103 million in the first quarter 2005.
- Compared to the expectations announced in the annual report for 2005, sales are now expected to increase by 10% instead of 8%, and the expected profit after minority interests for the year is adjusted upwards to around DKK 750 million.

Further information: Knud Jørning, Chief Financial Officer

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Main figures / key figures for the Group

	1st qtr. 2006	1st qtr. 2005	Full year 2005
	Unaudited figures		Audited
Income statement items in DKK million:			
Net sales	2,476.2	2,060.0	10,024.3
EBDIT	383.4	256.7	1,500.0
Operating profit before financial items (EBIT)	213.6	102.9	884.9
Financial items	-14.3	-22.7	-42.6
Profit before tax	204.4	81.4	877.3
Profit for the period after minority interests	142.9	54.1	574.3
Cash flow (from operating activities)	-47.1	-63.3	1,103.4
Balance sheet items in DKK million :			
Fixed assets	5,159.5	4,562.0	5,188.0
Current assets	3,399.6	3,085.6	2,813.2
Total assets	8,559.1	7,647.6	8,001.2
Equity	5,291.0	4,596.8	5,075.2
Provided obligations	799.7	432.0	788.7
Long-term debt	400.9	476.4	366.8
Short-term debt	2,067.5	2,142.4	1,770.5
Other items in DKK million:			
Investments and acquisitions	210.2	152.0	943.7
Depreciation and amortisation	169.8	153.8	615.1
Number of employees:			
Number of employees	7,616	7,366	7,525
Ratios:			
Profit ratio	8.6	5.0	8.8
Profit per share of DKK 10	6.4	2.5	26.1
Intrinsic value per share of DKK 10	236.9	209.2	230.3
Equity ratio (%)	61.8	60.1	63.4
Main figures in EUR million:			
Net sales	331.8	276.5	1,343.6
Operating profit before financial items (EBIT)	28.6	13.8	118.6
Profit before tax	27.4	10.9	117.6
Profit for the period after minority interests	19.2	7.2	77.0
Cash flow (from operating activities)	-6.3	-8.5	147.9
Total assets	1,146.9	1,026.5	1,072.5
Equity	709.0	617.0	680.3
Investments and acquisitions	28.2	20.4	126.5
Depreciation	22.8	20.6	82.4
Exchange rate DKK	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 31 March 2006Income statement

The Rockwool Group generated sales in the first quarter of DKK 2,476 million corresponding to an increase of 20% compared to last year. When this sales increase record in one quarter is evaluated, it should be noticed that the Easter holidays were in the first quarter last year and are in the second quarter this year. This gives an impact of approx. 4%. Furthermore, sales growth was weak in the first quarter 2005 and then strong in the last 3 quarters.

Sales in the Insulation Division increased by 21% to DKK 2,348 million. All major markets showed strong growth including the German market that has experienced a downwards trend for many years.

Systems Division's sales grew by 12% to a level of DKK 379 million. All businesses within Systems Division increased sales.

EBDIT for the Group totalled DKK 383 million which is 49% up on the year before. EBIT ended at DKK 214 million – an increase of DKK 111 million which is more than the double compared to first quarter 2005.

EBIT in the Insulation Division rose by 72% to DKK 198 million. Systems Division generated an EBIT of DKK 16 million compared to a minor loss of DKK 1 million in 2005.

Net financial costs ended up at DKK -14 million which is DKK 8 million better than in first quarter 2005.

The expected tax rate for the year 2006 of 30% is applied on the PBT for the quarter.

Profit after minority interests for the first quarter was DKK 143 million which is DKK 89 million higher than last year, corresponding to an increase of 162%.

Cash flow

Cash flow from operations for the period is DKK -47 million which is DKK 16 million better than last year.

The working capital has increased by DKK 380 million in first quarter 2006 compared with an increase of DKK 236 million in the same period last year. The quarter's increase in the working capital is due to the sales growth.

Investment expenditure in the quarter was DKK 210 million.

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Balance sheet

Total assets end of the quarter amounted to DKK 8,559 million. The increase in assets compared to end of 2005 is related to the increase in stocks and receivables as described above.

The equity ratio end of first quarter was 61.8%.

Other events

The new factory in Vyborg, Russia is producing according to the plan and the factory is fully utilised.

As explained in the annual report 2005, Rockwool International A/S in September 2005 made an extraordinary tax payment of DKK 135 million. The payment followed a decision where the Danish tax authorities had raised the Danish taxable income for the years 1999-2003. Rockwool International A/S has disputed the decision and the proceedings are ongoing.

Meanwhile, Rockwool International A/S has corrected its tax returns for 1999-2003 with increased tax depreciation on Danish assets which has led to the repayment of the said DKK 135 million including interests in April 2006.

Expectations for the year

For the full year, the Group expects an increase in sales of approximately 10% - instead of 8% as announced in the annual report from March 2006.

For 2006, a profit after minority interests of around DKK 750 million is now foreseen.

The expected investment level for the year remains at DKK 1.2 billion.

Management statement

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

This interim report 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.

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,

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liabilities and financial position on 31 March 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, 30 May 2006

Group Management

Eelco van Heel

Knud Jørning

Carsten B. Winther

Supervisory 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	1st qtr.	1st qtr.	Full year 2005
	2006	2005	
	Unaudited		Audited
Net sales	2,476.2	2,060.0	10,024.3
Operating income	2,515.6	2,098.7	10,239.3
Operating costs	2,302.0	1,995.8	9,354.4
EBDIT	383.4	256.7	1,500.0
Operating profit before financial items (EBIT)	213.6	102.9	884.9
Income from associated companies	5.1	1.2	35.0
Financial items	-14.3	-22.7	-42.6
Profit before tax	204.4	81.4	877.3
Tax on profit for the period	61.3	26.8	274.6
Minority interests	0.2	0.5	28.4
Profit for the period after minority interests	142.9	54.1	574.3

Cash flow statement

DKK million	1st qtr.	1st qtr.	Full year 2005
	2006	2005	
	Unaudited		Audited
Profit for the period	143.1	54.6	602.7
Adjustments	268.6	190.9	979.3
Change in net working capital	-379.8	-236.1	-140.7
Cash flow from operations before financial items and tax	31.9	9.4	1,441.3
Cash flow from operations activity	-47.1	-63.3	1,103.4
Cash flow from investments activities	-210.2	-152.0	-943.7
Cash flow from operating and investments activities (free cash flow)	-257.3	-215.3	159.7
Cash flow from finance activities	92.4	76.1	-279.0
Change in cash available	-164.9	-139.2	-119.3
Cash available – beginning of period	323.2	432.3	432.3
Adjustments to exchange rates	-1.9	2.5	10.3
Cash available – end of period	156.4	295.7	323.3
Unutilised committed credit facilities	1,246.0	2,232.5	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 31 March.

Segment reporting (primary segment distribution)

DKK million	1st qtr.	1 qtr.	Full year 2005
	2006	2005	
	Unaudited		Audited
Net sales per business segment			
Insulation	2,348.0	1,940.0	9,396.2
Systems Division	378.5	337.6	1,720.3
Group eliminations and holding companies	-250.3	-217.6	-1,092.2
The Group	2,476.2	2,060.0	10,024.3
Operating profit before fin. items per business segment			
Insulation	198.0	115.2	812.7
Systems Division	16.3	-0.8	106.5
Group eliminations and holding companies	-0.7	-11.5	-34.3
The Group	213.6	102.9	884.9

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Balance sheet			
DKK million	1st qtr.	1st qtr.	Full year
	2006	2005	2005
	Unaudited		Audited
Assets			
Intangible fixed assets	95.7	87.0	104.4
Tangible fixed assets	4,611.2	4,270.3	4,627.0
Financial fixed assets	164.9	152.3	166.8
Deferred tax assets	287.7	52.4	289.8
Fixed assets	5,159.5	4,562.0	5,188.0
Stocks	920.8	1,024.3	743.9
Receivables	1,922.2	1,501.0	1,667.2
Bonds	1.9	1.4	1.9
Cash funds	554.7	558.9	400.2
Total current assets	3,399.6	3,085.6	2,813.2
Total assets	8,559.1	7,647.6	8,001.2
Liabilities and equity			
Share capital	219.7	219.7	219.7
Other reserves	4,985.5	4,344.3	4,840.1
Minority interests	85.8	32.8	15.4
Total equity	5,291.0	4,596.8	5,075.2
Total provided obligations	799.7	432.0	788.7
Long-term debt	400.9	476.4	366.8
Short-term debt	2,067.5	2,142.4	1,770.5
Total long-term and short-term debts	2,468.4	2,618.8	2,137.3
Total liabilities and equity	8,559.1	7,647.6	8,001.2

Changes in equity

DKK million	1st qtr.	1st qtr.	Full year
	2006	2005	2005
Equity as of 1 January	5,075.2	4,501.1	4,501.1
Exchange rate adjustments regarding foreign subsidiaries	-5.5	28.9	107.3
Tax on changes in equity	0.0	0.0	25.6
Profit for the period	143.1	54.6	602.7
Acquisition of own shares	7.4	10.8	-31.7
Expensed value of options issued	2.0	1.4	3.8
Paid dividend	0.0	0.0	-135.7
Addition of minority interest	68.8	0.0	2.1
Equity as of end of period	5,291.0	4,596.8	5,075.2