

Release no. 11 – 2011
Report on the first half of 2011
To NASDAQ OMX Nordic Exchange
Copenhagen A/S

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24 August 2011

Report on the first half of 2011
for Rockwool International A/S

Today the Board of Directors of Rockwool International A/S has approved the following report on the first half of 2011.

Highlights

- Sales in the first half-year at actual exchange rates increased by 16% compared to the same period in 2010.
- EBIT in the first half of 2011 amounts to DKK 294 million which is a decrease of DKK 83 million compared to the same period in 2010.
- The Group expects net sales at current exchange rates to increase by 15% for the full year 2011 compared to last year.
- The Group confirms its expectations for the year of a result after minority interests of DKK 550 million.
- Capital expenditure excluding acquisitions is still expected to be DKK 1,100 million.

Further information: Gilles Maria, Chief Financial Officer

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Main figures / key figures for the Group

	2 nd qtr. 2011	2 nd qtr. 2010	Acc. 2 nd qtr. 2011	Acc. 2 nd qtr. 2010	Full year 2010
	Unaudited				Audited
Income statement items in DKK million:					
Net sales	3,368	2,925	6,301	5,445	11,732
EBITDA	431	483	778	860	1,782
Depreciation, amortisation and write-downs	241	252	484	483	989
EBIT	190	231	294	377	793
Financial items	-14	-5	-30	-18	-17
Profit before tax	186	229	277	364	812
Profit for the period after minority interests	123	128	191	206	512
Balance sheet items in DKK million:					
Non-current assets			9,018	8,497	9,098
Current assets			3,503	3,293	3,133
Total assets			12,521	11,790	12,231
Equity			8,329	8,477	8,791
Non-current liabilities			1,444	1,249	1,179
Current liabilities			2,748	2,064	2,261
Other items in DKK million:					
Cash flow (from operating activities)	308	242	283	279	1,285
Investments and acquisitions	259	366	539	452	1,412
Net interest-bearing debt			960	312	426
Number of employees:					
Number of employees at end of period			9,033	7,747	8,808
Ratios:					
Profit ratio (%)			5	7	7
Profit per share of DKK 10			9	9	24
Profit per share of DKK 10, diluted			9	9	24
Book value per share of DKK 10			378	371	390
Equity ratio (%)			67	69	72
Financial gearing			0.11	0.04	0.05
Main figures in EUR million:					
Net sales	452	393	845	732	1,575
Depreciation, amortisation and write-downs	32	34	65	65	133
EBIT	25	31	39	51	106
Profit before tax	25	31	37	49	109
Profit for the period after minority interests	17	17	26	28	69
Total assets			1,678	1,583	1,642
Equity			1,143	1,138	1,180
Cash flow (from operating activities)	41	33	38	37	172
Investments and acquisitions	35	49	72	61	190
Exchange rate	7.46	7.44	7.46	7.44	7.45

The ratios have been calculated in accordance with recommendations issued by the Danish Society of Financial Analysts (2010 edition).

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Management report for the period from 1 January to 30 June 2011Income statement

The Rockwool Group generated sales in the first half of 2011 of DKK 6,301 million corresponding to an increase of 16% compared to same period last year and an increase of 11% excluding the effect of acquisitions.

External sales in the Insulation Segment increased by 18% to DKK 5,173 million and Systems Segment's external sales increased by 7% to DKK 1,128 million.

The second quarter of 2011 has confirmed the recovery experienced in the Group's main European insulation markets still driven by Germany and France. Poland has also shown solid signs of recovery in the period. In Russia, we have recorded a solid double digit growth - mostly supplied from imports. Sales in North America are developing nicely - at an even higher pace than last year - well supported by progress within the DIY (Do It Yourself) channel. As expected, sales development in Asia is very positive due to the implementation of more stringent fire regulation for residential constructions in China. The Group is importing to satisfy this demand.

As expected, the incoming inflation was very high, given the relatively low level of coke prices during the first half 2010. Over the last months, some decreases for the main raw materials have been observed.

Sales prices have increased gradually during second quarter, but have so far only compensated for about 40% of the incoming inflation.

EBITDA for the Group reached DKK 778 million resulting in an EBITDA ratio of 12% for the first half of 2011.

EBIT was DKK 294 million – a decrease of DKK 83 million compared to same period last year. EBIT in the Insulation Segment decreased by 29% compared to same period last year and reached DKK 159 million. Systems Segment generated an EBIT of DKK 148 million which is an increase of 7% compared to first half 2010.

Net financial costs ended up at DKK 30 million which is DKK 12 million higher than last year.

Profit after minority interests for the first half of 2011 amounted to DKK 191 million which is DKK 15 million lower than last year.

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Cash flow

Cash flow from operations for the first half of 2011 is DKK 283 million which is slightly above last year.

Working capital development has had a negative effect on cash flow of DKK 362 million in first half of 2011 which is primarily due to seasonal stocks and debtors.

Capital expenditure in the first half year was DKK 539 million which is an increase of DKK 87 million compared to the same period of 2010. DKK 294 million were spent for supporting capacity expansion, mainly in Russia.

Balance sheet

Total assets end of the first half of 2011 amounted to DKK 12,521 million. The equity ratio at the end of the period was 67%.

The full effect of the purchase of the shares in the Russian activities from the Danish state-owned investment fund IØ is included in the equity end of second quarter 2011.

Expectations for 2011

The positive sales development observed during the first half-year is seen to continue in the coming quarters with

- a healthy growth in Russia and Asia
- a continuation of the market share gains in North America
- a satisfactory trend in Europe also supported by government measures to improve energy efficiency in buildings.

The Group expects the positive development of the Systems Segment to continue.

The Group expects net sales at current exchange rates to increase by 15% in 2011 compared to 2010.

The Group expects the price on raw materials to decrease slightly in the coming quarters.

The Group expects sales prices to follow an upward trend in the coming quarters helping the margin to improve. The Group therefore confirms its expectations of a result after minority interests of DKK 550 million.

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Capital expenditure excluding acquisitions is still expected to be DKK 1,100 million of which expenditure in 2011 for the new factories in India and the Volga region in Russia is DKK 430 million.

Disclaimer

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.

Change regarding board members duties

Mr. Bjørn Høi Jensen has for personal reasons decided to discontinue his function as Second Deputy Chairman of the Board of Directors of Rockwool International A/S and member of the Board's Compensation Committee. He will remain a member of the Board of Directors and the Audit Committee. The Board will for the time being have one Deputy Chairman, Mr. Steen Riisgaard. Mr. Carsten Bjerg will replace Mr. Bjørn Høi Jensen in the Board's Compensation Committee.

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Management statement

The Board of Directors and Group Management have today approved this interim report for first half year of 2011.

This interim report, which has not been audited or reviewed by the Group's auditor, 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.

We believe that the accounting policies applied – which are unchanged from those applied in the annual report for 2010 – are appropriate and that the accounting estimates made are reasonable. The implementation of new and amended IFRS's have only resulted in additional disclosures. In our opinion this interim report presents a true and fair view of the Group's assets, liabilities and financial position on 30 June 2011 and of earnings and cash flows during the period.

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.

24 August 2011

Group Management

Eelco van Heel

Gilles Maria

Board of Directors

Tom Kähler

Steen Rüsgaard

Heinz-Jürgen Bertram

Carsten Bjerg

Claus Bugge Garn

Jan W. Hillege

Bjørn Høi Jensen

Thomas Kähler

Dorthe Lybye

Connie Enghus Theisen

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Income statement

DKK million	2 nd qtr.	2 nd qtr.	Acc.	Acc.	Full year
	2011	2010	2 nd qtr.	2 nd qtr.	
	Unaudited				Audited
Net sales	3,368	2,925	6,301	5,445	11,732
Operating income	3,413	2,965	6,382	5,528	11,907
Operating costs	3,223	2,734	6,088	5,151	11,114
EBITDA	431	483	778	860	1,782
Operating profit before financial items (EBIT)	190	231	294	377	793
Income from investments associated companies after tax	10	3	13	5	36
Financial items	-14	-5	-30	-18	-17
Profit before tax	186	229	277	364	812
Tax on profit for the period	63	85	94	135	275
Profit for the period	123	144	183	229	537
Minority interests	0	16	-8	23	25
Profit for the period after minority interests	123	128	191	206	512
Profit per share of DKK 10			9	9	24
Profit per share of DKK 10, diluted			9	9	24

Statement of recognised income and expenses

Profit for the period	123	144	183	229	537
Exchange rate adjustments of foreign subsidiaries	-32	-18	-76	215	249
Hedging instruments, value adjustments	2	-6	9	-9	-3
Tax on hedging instruments, value adjustments	-1	2	-3	3	0
Total income	92	122	113	438	783
Minority interests	0	21	-7	50	45
Total income for the period after minority interests	92	101	120	388	738

Segment reporting

Acc. 2 nd qtr.	Unaudited						The Rockwool Group	
	Insulation segment		Systems segment		Group eliminations and holding companies			
	2011	2010	2011	2010	2011	2010	2011	2010
DKK million								
External net sales	5,173	4,389	1,128	1,056	0	0	6,301	5,445
Internal net sales	636	562	0	5	-636	-567	0	0
Total net sales	5,809	4,951	1,128	1,061	-636	-567	6,301	5,445
EBIT	159	224	148	138	-13	15	294	377

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Cash flow statement

DKK million	2 nd qtr.	2 nd qtr.	Acc.	Acc.	Full year
	2011	2010	2 nd qtr.	2 nd qtr.	
	Unaudited				Audited
Operating profit for the period	190	231	294	377	793
Adjustments for depreciation, amortisation and write-downs	241	252	484	483	989
Other adjustments	-9	-10	9	5	-32
Change in net working capital	-23	-60	-362	-340	-84
Cash flow from operations before financial items and tax	399	413	425	525	1,666
Cash flow from operating activities	308	242	283	279	1,285
Cash flow from investing activities	-259	-366	-539	-452	-1,412
Cash flow from operating and investing activities (free cash flow)	49	-124	-256	-173	-127
Cash flow from financing activities	-361	-171	-425	-247	-319
Change in cash available	-312	-295	-681	-420	-446
Cash available – beginning of period	-226	466	132	588	588
Exchange rate adjustments	11	2	22	5	-10
Cash available – end of period	-527	173	-527	173	132
Unutilised, committed credit facilities			3,133	3,283	3,659

Individual items in the cash flow statement cannot be directly deduced from the consolidated balance sheet, as balance sheet items of the foreign companies have been converted at the average exchange rates.

Balance sheet

DKK million	2 nd qtr.	2 nd qtr.	Full year
	2011	2010	
	Unaudited		Audited
Assets			
Intangible fixed assets	470	258	451
Tangible fixed assets	7,977	7,701	8,027
Other financial fixed assets	318	231	338
Deferred tax assets	253	307	282
Total non-current assets	9,018	8,497	9,098
Inventories	1,183	926	1,007
Receivables	2,004	1,900	1,779
Cash	316	467	347
Total current assets	3,503	3,293	3,133
Total assets	12,521	11,790	12,231
Equity and liabilities			
Share capital	220	220	220
Hedging	-6	-15	-12
Foreign currency translation	-246	-210	-169
Retained earnings	8,340	8,161	8,540
Minority interests	21	321	212
Total equity	8,329	8,477	8,791
Non-current liabilities	1,444	1,249	1,179
Current liabilities	2,748	2,064	2,261
Total liabilities	4,192	3,313	3,440
Total liabilities and equity	12,521	11,790	12,231

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Statement of equity

DKK million	Unaudited					
	Share capital	Hedging	Foreign currency translation	Retained earnings	Minority interests	Total
Equity 1/1 2011	220	-12	-169	8,540	212	8,791
Profit for the period				191	-8	183
Exchange rate adjustments of foreign subsidiaries			-77		1	-76
Hedging instruments, value adjustments		9				9
Tax on hedging instruments, value adjustments		-3				-3
Total income		6	-77	191	-7	113
Sale and purchase of own shares				-76		-76
Expensed value of options issued				8		8
Dividend paid to the shareholders				-207		-207
Addition/disposal of minority interests				-116	-184	-300
Equity 2nd qtr. 2011	220	-6	-246	8,340	21	8,329
Equity 1/1 2010	220	-9	-398	8,146	269	8,228
Profit for the period				206	23	229
Exchange rate adjustments of foreign subsidiaries			188		27	215
Hedging instruments, value adjustments		-9				-9
Tax on hedging instruments, value adjustments		3				3
Total income		-6	188	206	50	438
Sale and purchase of own shares				2		2
Expensed value of options issued				14		14
Dividend paid to the shareholders				-207		-207
Addition/disposal of minority interests					2	2
Equity 2nd qtr. 2010	220	-15	-210	8,161	321	8,477