Annual Report 2013

ROCKWOOL®
FIRESAFE INSULATION

CREATE AND PROTECT®

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Contents

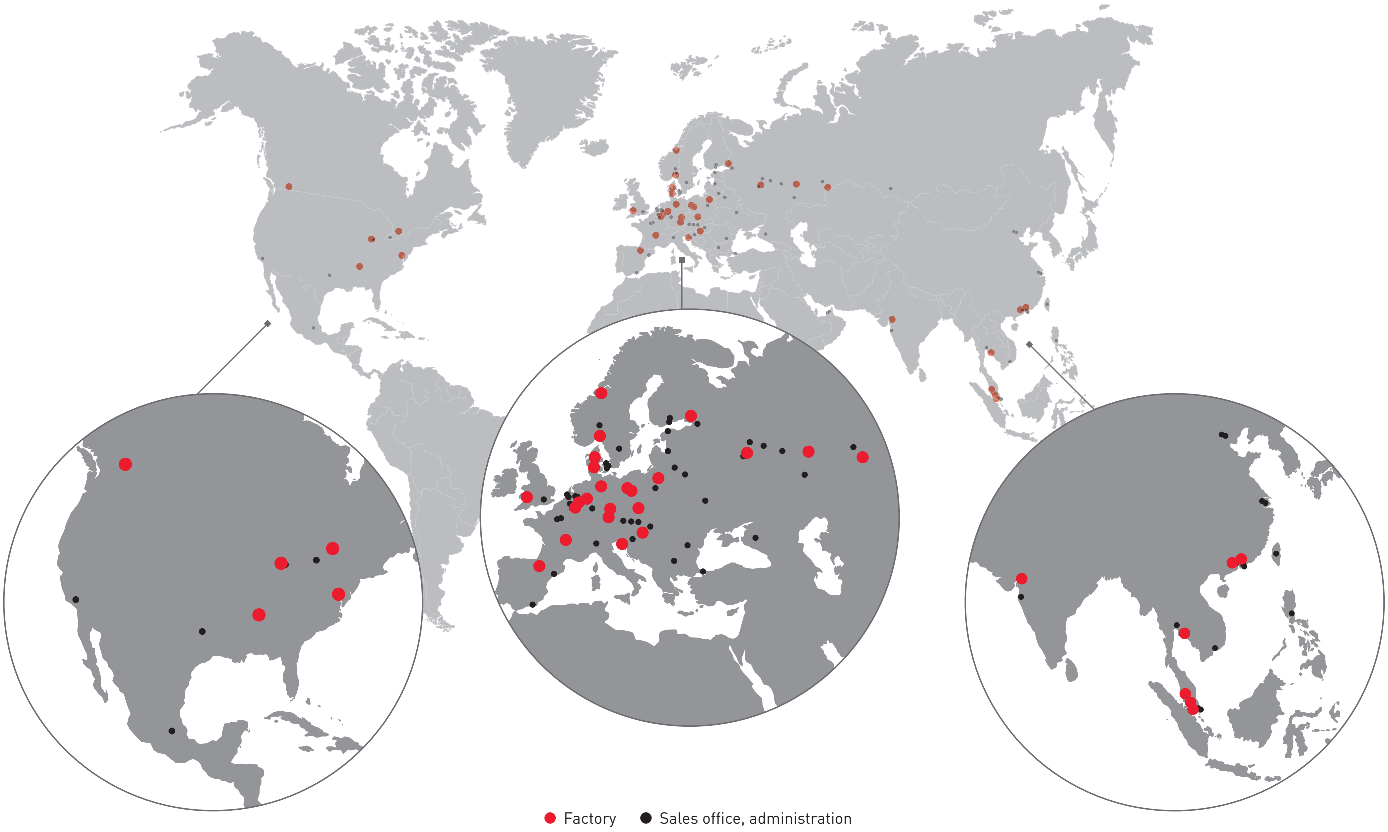
The ROCKWOOL Group

The ROCKWOOL Group is the world's leading supplier of innovative products and systems based on stone wool, improving the environment and the quality of life for millions of people.

The Group is one of the global leaders in the insulation industry with products and solutions for all major application areas for both residential and non-residential buildings. Together with other construction-related products, such as acoustic ceilings and cladding boards, the Group ensures energy efficient and fire safe buildings with good acoustics and a comfortable indoor climate. We also create green solutions for the horticultural industry, special fibres for industrial use, effective insulation for the process industry and marine & offshore as well as noise and vibration systems for modern infrastructure.

Our more than 10,500 employees in more than 30 countries cater for customers in a large part of the world. The Group's head office is located close to Copenhagen. In 2013 the Group generated sales of DKK 14,903 million. The company is listed on the NASDAQ OMX Nordic Exchange Copenhagen.

The Group's operations have a large presence in Europe and we are expanding production, sales and service activities in Russia, North America and Asia. Together with a broad network of business partners, this ensures a global presence of the Group's products and systems.



Cover: From skyscrapers as here in New York to timber houses in Canada, the North American business showed strong growth in 2013 and is becoming increasingly important for the ROCKWOOL Group. Soon, our third stone wool factory on the continent will be operational, located in the state of Mississippi, US.

"We are determined to move the ROCKWOOL Group onto a broader strategic platform"

Leaving the crisis behind

European decision makers in the building industry are starting to feel more confident, with building owners and investors becoming more optimistic about the longer term prospects. At last there are indications that the building industry in Europe is moving out of the crisis which has dominated the past few years. Our scenario is not that of a strong and quick recovery, rather a gradual improvement over the coming years which will slowly increase the market for new buildings from the recently low level we have seen in several European countries.

This is good news for the ROCKWOOL Group. Our manufacturing base in Europe is being re-engineered with new technologies which can support fresh market segmentation and positioning strategies.

As the new build construction markets recover, we can be confident that the volumes of insulation products needed will be significant. Since 2008, when the latest crisis set in, the regulations for new buildings have been substantially tightened, meaning a significant increase for insulation volume per square metre constructed.

So far, our level of sales in the refurbishment market has maintained a strong position. We expect this to continue in line with the strengthening of consumer and general market confidence.

While insulation still accounts for more than three quarters of our total business and Western Europe currently generating close to 60% of sales, we are determined to move the ROCKWOOL Group onto a broader strategic platform. To this end, we are expanding our other stone wool and associated businesses, as well as developing our total activities globally. This is a major cornerstone of our Rock the Globe strategy.

During 2013, two significant acquisitions were made. The acquisition of the American ceiling system company Chicago Metallic and the German facade system provider HECK Wall Systems considerably increased our geographical coverage in the respective business segments. Even more importantly, these acquisitions enable us to supply the market with full system solutions which is exactly what today's construction market decision makers expect from their top class supplier.

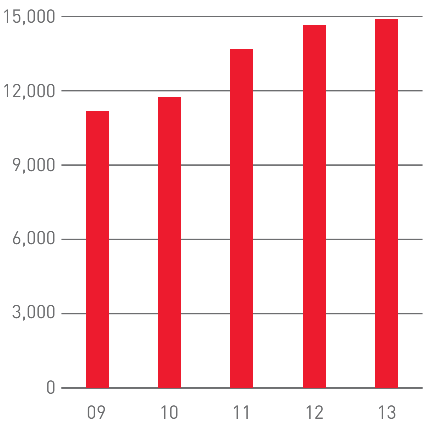
Organic growth, however, continues to be our preferred way to increase the performance of the ROCKWOOL Group. With the commissioning of our third North American factory early summer 2014, we will be able to meet the increasingly high demand for our ROCKWOOL stone wool solutions. The recently commissioned fourth factory in Russia is already completely sold out and elsewhere in the world we are also making satisfactory headway.

After some challenging years, we could now be in for more welcome tailwinds. The organisation has been streamlined and is well prepared, so we stand stronger than ever to reap the benefits of our efforts. I sincerely look forward to all our stakeholders joining us on this journey.

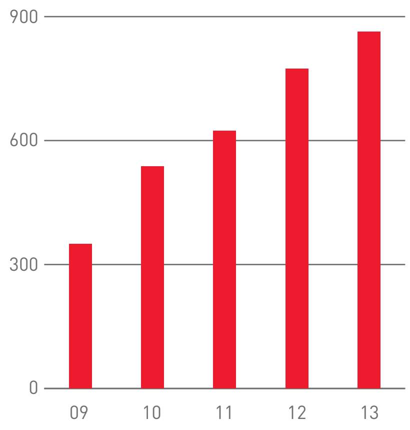
Eelco van Heel
CEO of the ROCKWOOL Group

Key figures

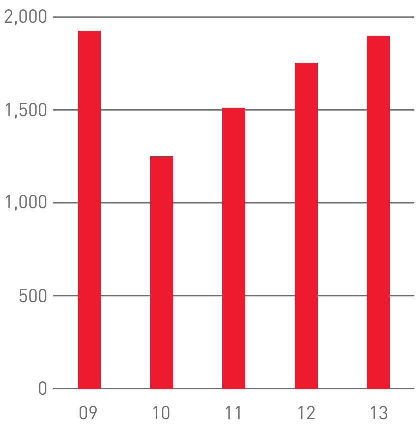
Net sales (DKK million)



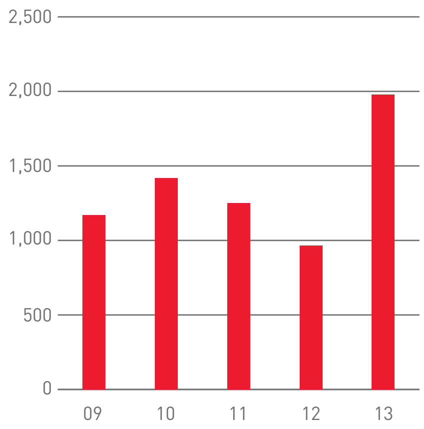
Profit for the year (DKK million)



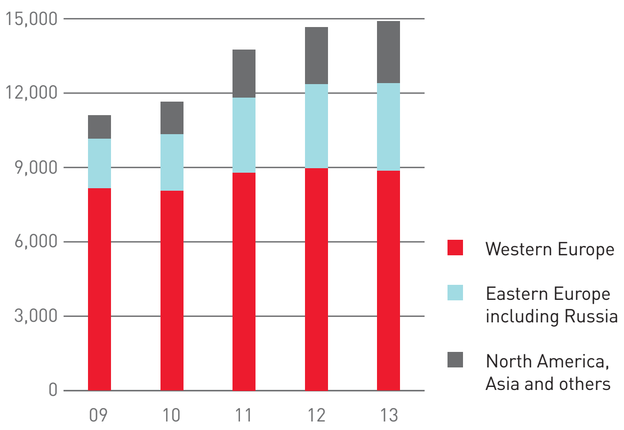
Cash flow from operating activities (DKK million)



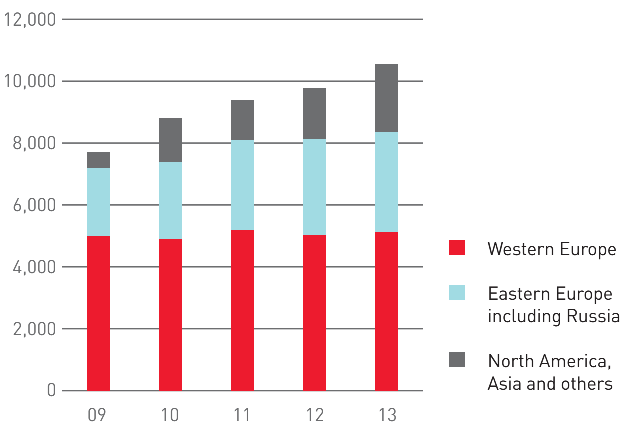
Investments and acquisitions (DKK million)



Net sales by geographical segment (DKK million)



Employees by region



Five-year summary

Income statement items in DKK million	2013	2012	2011	2010	2009
Net sales	14,903	14,664	13,748	11,732	11,168
EBITDA	2,336	2,253	1,817	1,791	1,552
Depreciation, amortisation and write-downs	1,076	1,112	913	998	976
EBIT	1,260	1,141	904	793	576
Financial items	-46	-55	-47	-17	-42
Profit before tax	1,225	1,098	899	812	556
Profit for the year	863	774	623	537	350
Balance sheet items in DKK million					
Non-current assets	10,228	9,484	9,452	9,179	8,184
Current assets	3,623	3,505	3,226	3,057	3,142
Total assets	13,851	12,989	12,678	12,236	11,326
Equity	9,576	9,428	8,635	8,775	8,205
Non-current liabilities	1,000	1,033	1,368	1,200	1,196
Current liabilities	3,275	2,528	2,675	2,261	1,902
Others in DKK million					
Cash flow from operating activities	1,885	1,785	1,539	1,303	1,983
Investments and acquisitions	1,979	995	1,212	1,430	1,203
Free cash flow	-94	790	327	-127	780
Net interest-bearing debt	748	68	550	426	-141
Research and development costs	222	226	213	210	260
Number of employees					
Number of employees at year-end	10,562	9,778	9,368	8,808	7,843
Ratios					
Profit ratio	8%	8%	7%	7%	5%
Earnings per share of DKK 10	40	36	30	24	15
Dividend per share of DKK 10	10.4	10.2	9.6	9.6	9.6
Payout ratio	26%	28%	32%	40%	64%
Cash earnings per share of DKK 10	88	83	71	60	92
Book value per share of DKK 10	435	428	392	390	362
Return on invested capital	13%	12%	10%	9%	7%
Return on equity	9%	9%	7%	6%	4%
Equity ratio	69%	73%	68%	72%	73%
Financial gearing	0.08	0.01	0.06	0.05	-0.02
Stock market information					
Share capital (DKK million)	220	220	220	220	220
Price per A share (DKK)	956	629	458	726	651
Price per B share (DKK)	956	634	461	700	652
Number of A shares (10 votes)	11,231,627	11,231,627	11,231,627	13,072,800	13,072,800
Number of B shares (1 vote)	10,743,296	10,743,296	10,743,296	8,902,123	8,902,123

For definitions of key figures and ratios see page 62. For main figures in EUR see page 57.

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. In no event shall ROCKWOOL International A/S be liable for any direct, indirect or consequential damages or any other damages whatsoever resulting from loss of use, data or profits, whether in an action of contract, negligence or other action, arising out of or in connection with the use of information in this report.

Bringing better buildings into the world

The future of the ROCKWOOL Group is closely linked to the need for better buildings in all corners of the globe. The mega-trend of sustainability in all its many forms - such as better energy efficiency, fewer carbon emissions, safer materials and durable constructions – sets the scene for our expansion and for a wider deployment of our leadership technologies within stone wool. It provides the growth opportunity for achieving the Group's target of an average sales increase of 8% per year, well above the average rate for our key European construction markets.

Global leader in stone wool technology

The ROCKWOOL Group is by far the world's leading stone wool supplier with a size several times that of the second biggest player. Our leadership status has grown over the years as the company has expanded into new regions. We are the only stone wool company capable of servicing Europe, North America and Asia from local plants.

Having a big global network of production units offers advantages in terms of scale and international benchmarking against other plants. The Group is convinced that the size and efficiency of its most advanced plants are significantly ahead of its closest competitors and far beyond the global average. When acquiring plants, even relatively new ones, it is our experience that - thanks to our know-how and core technologies – we can lift output and efficiency levels by double-digit figures within a relatively short time and at very reasonable cost.

Insulation – a market in structural growth

The insulation of buildings is subject to the forces of the construction industry. Both the construction of new buildings and the refurbishment of existing buildings are drivers behind market growth. However, in recent years, when new construction has been at historically low levels in many countries, the importance of the refurbishment market has increased. Today the Group estimates that roughly 70% of sales in the core EU markets are for refurbishment projects, with only 30% for new construction.

In EU countries, the energy refurbishment of buildings is supported by both EU and national legislation. Combined with accompanying support programmes, the aim is to harvest the multiple benefits of lower energy consumption, reduced carbon emissions and the creation of local jobs in the construction sector. Essential for the EU Energy Efficiency Directive, launched in 2012, is the binding obligation for member states to save 1.5% energy in the end-use sector annually starting from 2014. Two other main elements are the request to establish long-term national strategies for mobilising investments for building renovation and the introduction of a renovation requirement of 3% annually for all central government buildings based on square metres. This Directive came into force on 1 January 2014. National programmes – such as the KfW-programme in Germany and the Grenelle de l'Environnement in France - have been underpinning the energy refurbishment of buildings for several years now.

Rampant growth in the emerging economies has created a construction boom in many urban centres. The ROCKWOOL Group sees it as an important challenge to contribute to more energy efficient and safe building solutions. Shanghai, China.

New buildings are also subject to more stringent EU energy requirements but the effect on the insulation market has been dampened by the low level of new construction since the financial crisis. Once house building returns to normal levels, the more stringent building codes in the wake of the EU Energy Performance of Buildings Directive should show their full impact on volume sales. The Directive is targeted on bringing new buildings in the EU to low energy levels by 2020. In order to achieve the energy improvements, national roadmaps must be defined to move gradually towards the target - in 2013 it implied more stringent building codes in the Czech Republic and Spain.

In many ways, the EU is the frontrunner in the development of low energy buildings but countries like Russia, the US and China are also moving in the same energy efficient direction.

From insulation product to building systems

The ROCKWOOL Group has deliberately resolved to focus on stone wool as the core material of its products and systems. Some major insulation producers have decided to offer a wider range of basic insulation materials (glass wool, plastic foam, stone wool etc.). However we believe that the total combination of stone wool properties – in terms of thermal performance, fire safety, acoustics and durability – makes it the right choice on which to focus to deliver safe buildings with a comfortable indoor climate and strong energy performance.

On the other hand, the acquisition of products and materials complementary to stone wool is very much part of our strategy to develop more complete system solutions for buildings with stone wool as the core material. This is a clear market trend; the building industry is increasingly looking for total system solutions to optimise the construction process. Our acquisition of Chicago Metallic - the American producer of metal grids for ceilings - and the acquisition of HECK Wall Systems within facade insulation were part of this strategy.

Expanding the global reach of stone wool

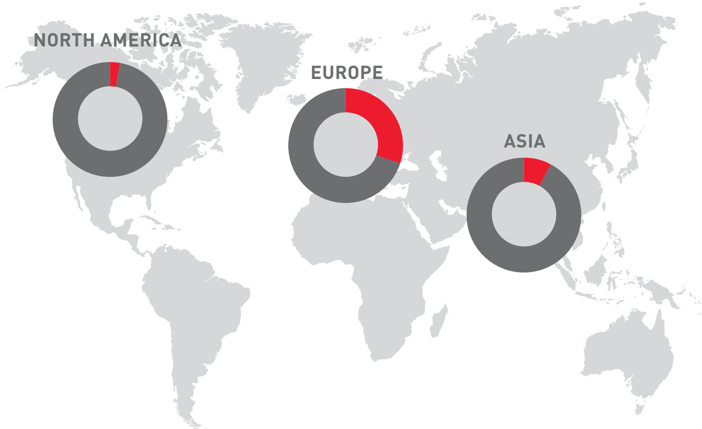
In recent years, the Group has expanded significantly in North America and Asia but its traditional core markets in the EU still account for approximately 60% of revenues.

It is our strategy to expand the global reach of stone wool as a serious insulation alternative in North America, by reintroducing it to the market which is currently dominated by glass wool and plastic foams. On top of aiming for a bigger share of the market, the total size of the market is expected to grow over the coming years as more stringent energy efficiency requirements are introduced. The Group therefore expects to grow organically in the US as there are no obvious major acquisition targets.

In Asia and other regions of the world the insulation market is nascent, especially in the subtropical and tropical regions. Even here, however, the need for insulation will be significant in order to reduce the energy required to keep buildings cool. Due to rapid industrialisation and urbanisation, this is where the world's most buoyant construction markets are to be found. The Group's industrial and technical insulation is normally the first to be successful in these markets and offer pipe and duct insulation for power plants and process industry. However the Group's strategy is also to take a sizeable part of the building insulation market in these regions. Entering into dialogue with local authorities to ensure quality standards and a level playing field in the insulation market is part of the market development process.

Today, the ROCKWOOL Group can see many more potential opportunities for expansion on the global front. However, we will be selective in our approach and keep our focus firmly on entering only the most promising new markets.

Stone wool has a low market share outside Europe



High-rise buildings as here in London, UK are an important part of the ROCKWOOL projects where the non-combustible nature of the stone wool insulation can be decisive.

Sales, markets and performance

Highlights

- Sales increased by 1.6% and reached DKK 14,903 million
- EBITDA increased by 3.7% and reached DKK 2,336 million
- Profit for the year increased by 11.5% and totalled DKK 863 million
- Investments and acquisitions totalled DKK 1,979 million
- Cash flow from operations amounted to DKK 1,885 million – an increase of 5.6% on 2012
- 2014 sales are expected to increase by about 12% compared to 2013 and like-for-like, the sales are expected to grow by 5% with profit for the year around DKK 950 million
- 2014 investment level excluding acquisitions is expected to be around DKK 1,400 million
- The proposed dividend is increased to DKK 10.40 per share

Sales in the ROCKWOOL Group grew by 1.6% in 2013 and reached DKK 14,903 million. The growth was 0.5% organic and 1.1% derived from the acquisition of the American ceiling company Chicago Metallic. A significant negative currency effect of 1.8% was also part of the picture.

Strong headwinds from the European economy in general and the building construction sector in particular began to ease during the summer months and the high season produced a decent recovery with sales in the second half of 2013 up 3.3% compared to the year before. The growth in sales varied considerably from region to region. In the core markets of Western Europe, which account for 59% of our global net sales, sales were significantly down in the first quarter due to harsh winter weather but recovered during the year and ended slightly below 2012. Once again, the German and French markets - accounting for almost a third of Group turnover - showed good development driven by the refurbishment market. However, some of the most crisis-stricken construction markets - such as Spain, Italy and Scandinavia - also started to show improved levels of activity in the second half of the year, whereas the Benelux and UK insulation markets continued to struggle.

The Eastern European region, including Russia, performed well with a sales increase of 4.8% compared to 2012. A negative currency effect of 3.7%, primarily caused by the depreciation of the RUB, partly conceals the positive development. ROCKWOOL Russia continued to grow market share on the back of new product launches and an improved logistic set-up following the 2012 opening of a new plant in the Kazan region. The strong growth meant that imports had to be resumed from neighbouring countries to satisfy the demand in Russia. Poland also benefitted from improved market conditions after the summer and a major upgrade of the factory facilities was decided. The DKK 492 million investments will be finalised in 2015 providing the factory with state-of-the-art melting, spinning and compression technology. This upgrade will enable improved product quality and product variety, as well as lower production costs and better environmental performance.

Markets outside Europe also showed contrasting trends resulting in an overall growth of 8.1% compared to 2012. The strong expansion pace in North America continued throughout the year with good achievements across all strategic business areas. This meant that the Group's two Canadian factories were sold out and

Energy renovation of buildings by adding an extra layer of insulation on the outside and covering it with either render or facade boards like the ROCKPANEL boards is increasingly popular. In 2013, the ROCKWOOL Group acquired the German company HECK Wall Systems, specialised in rendered facade solutions.

imports from the UK had to be organised to keep customers supplied. This continues to be the case until the new factory, currently being built in Mississippi, starts operating in May 2014. Asia showed a somewhat more varied picture with a healthy activity level in Southeast Asia but a disappointing sales curve in Northern China. The Indian operations did well with regard to domestic orders and export to the Gulf region. All our factories in the Asian region, with the exception of China, were sold out towards the end of the year.

Business areas

Insulation segment

Sales in our insulation business ended at level with last year with an upward trend towards the latter part of the year. Sales reached DKK 11,966 million. Owing to the combination of stable prices, improved production efficiency and an overall low inflation, there was a decent increase in margins. EBIT reached DKK 843 million, corresponding to a profit ratio of 6.2%, well above last year.

Sales in the major Western European markets were again well stimulated by significant energy efficiency programmes. These have been established by national governments to improve energy efficiency and create jobs in the ailing construction sector. Of the major economies in the EU, the well-established programmes in Germany and France continued and new schemes were launched in the Netherlands and the UK.

Key figures Insulation segment

DKK million	2013	2012
External net sales	11,966	11,991
Internal net sales	1,601	1,560
EBITDA	1,824	1,835
Depreciation, amortisation and write-downs	981	1,069
EBIT	843	766

Sales of **general building insulation** stayed relatively subdued in Western Europe but developed strongly in Russia and North America. In Russia, a new insulation product SCANDIC® was launched from the new factory and gained a significant share in the single-family house market. Meanwhile in the US, the distribution through DIY chains like Home Depot and Lowe's increased dramatically with more than 1,600 stores having our products in stock by year-end.

The renovation of the Eiffel Tower in Paris was one of the more spectacular projects that the ROCKWOOL Group was part of in France in 2013. The French market performed well thanks to a high level of energy renovation projects.

One of the most promising segments in the market is insulation systems for **external facades**. With the appropriate system applied to, for example, a concrete facade, the building is given an aesthetic facelift while simultaneously improving the energy standard. To establish a strong position in the important German market, the ROCKWOOL Group acquired the facade system company HECK Wall Systems with an annual turnover of DKK 507 million. With the acquisition of the Polish company FAST in 2010, the Group now has the necessary key technologies in e.g. render, mortar and paints to build an international facade system business.

The external facade insulation market was also driving the strong 2012 development in Chinese building insulation sales following an increased focus on the fire safety of high-rise buildings. This was an important factor behind the decision to establish a new factory in the Tianjin area. The expected legislative tightening of fire safety requirements did, however, not materialise in 2013 and there has been a trend in the market to return to cheaper, more combustible insulation. As a consequence, the factory project has been delayed until more progress is seen on the legislative front.

With regard to **roof insulation**, significant advances were made into the North American roofing market where the Group's market share was far below its European levels. Partnerships were formed with a number of coast-to-coast roofing system suppliers in order to have non-combustible stone wool roofing boards included in their portfolio to meet customer demands for alternatives to the usual plastic foam insulation. Sales increased in high double-digit figures as a number of major factory projects were secured, for instance within the automotive industry.

Building insulation aside, the Group is world leader in the market for **industrial and technical insulation** where stone wool products are used to insulate pipes, boilers and ducts – often in high temperature applications such as industrial plants and power stations. Another important segment is the marine and offshore market where the non-combustible properties of stone wool insulation are extremely important to avoid accidents in ships or on oil rigs. Sales in Europe were off to a slow start but gathered pace over the year. Outside Europe the business was positive with significant projects in South Africa, the Middle East and Southeast Asia. Overall volumes receded compared to 2012 but profitability improved due to better quality projects.

An increasingly important business area is that of ceiling solutions to improve aesthetics, acoustics, and indoor climate. In 2013, the Group acquired the American producer of ceiling grids and metal ceilings Chicago Metallic and is now able to offer a full ceiling system and a wider product range. It also gave an important channel into the suspended ceiling market in North America and Asia.

Systems segment

Sales in our Systems business progressed well and reached DKK 2,937 million, up 9.9% compared to 2012. Of this growth, the acquisition of the American ceiling company Chicago Metallic, which was fully integrated by 1 October, contributed 6.3% during the last quarter.

Key figures Systems segment

DKK million	2013	2012
External net sales	2,937	2,673
Internal net sales	2	0
EBITDA	319	301
Depreciation, amortisation and write-downs	14	2
EBIT	305	299

ROCKPANEL cladding boards are increasingly popular as an aesthetic and weatherproof exterior to buildings in Western Europe. In October, a new plant was inaugurated in the Netherlands tripling the capacity and making expansion into growth markets like Russia, Poland and France possible.

EBIT reached DKK 305 million, up 2.0% compared to 2012. As our Systems segment is undergoing strategic development with significant expansion outside the traditional Western European market, we are investing heavily in sales and marketing organisations. Understandably this has a negative short-term effect on profitability but, in the longer term, will more than pay back due to increased sales.

The biggest business area in the segment, ROCKFON acoustic **ceilings**, showed solid growth. The ROCKFON ceiling products cater for the high end ceilings market where their acoustic performance, firesafe properties and aesthetic design are much valued.

The exposure to relatively weak Western European non-residential markets did not provide the best background for players in the ceilings market. The ROCKFON companies showed modest sales growth, which reflected an increased market share in most Western European countries. Of the major markets outside the EU, Russia showed particularly good growth whereas sales in China and North America were still at a very early stage. A new production line in Poland will be able to support our ambitions for future growth in these new markets.

In recent years, there has been a trend in the market to offer integrated ceiling systems rather than just ceiling panels. To address this market demand, the ROCKWOOL Group in August acquired one of the major producers of metal grids for suspended ceilings, the American ceiling company Chicago Metallic. We are now able to provide total ceiling systems consisting of both panels and grids. In addition, our product range now includes metal ceilings which are quite popular in the high end of the market. With the help of Chicago Metallic's strong organisation in North America and Asia, the geographical expansion of our ceiling business has been significantly advanced.

Sales of ROCKPANEL **cladding boards** developed reasonably in a tough market. A growing number of architects and installers are appreciating the innovative and unique properties of the ROCKPANEL cladding boards. Despite the decline in European construction activity, the ROCKPANEL business has not been affected quite as much as many other parties in the building industry. In 2013, there was further expansion into new geographical markets in accordance with the ROCKPANEL growth strategy. At the same time there has been an improvement in our market position in existing markets such as the Netherlands, Belgium, Germany and the UK.

During 2013, a new production facility was opened in support of the ROCKPANEL growth strategy. In addition, the focus is on markets where the building concept of aesthetic cladding is well known, and where the ROCKWOOL Group is already present. This approach enables quicker access to customers, by drawing on the knowledge and contacts of local well-established ROCKWOOL Group companies.

The GRODAN company, the world leader in **horticultural substrates** for professional growers, gave a fine performance. All major markets recorded solid growth, including the North American market which was equipped with its own manufacturing facility in Toronto in 2012. However, the horticultural market in Europe is still depressed as growers continue to receive low prices for their products.

Sales of **engineered fibres** for, among other things, brake linings, paints and gaskets, benefitted from positive market conditions in the automotive industry in 2013. As this industry is the main market for the LAPINUS FIBRES company, it was a good year, especially outside Europe. Sales reached double-digit figures, while in other segments, progress was more mixed.

Precision growing, minimising the use of nutrients and water, becomes possible with GRODAN horticultural substrates. After some difficult years, profitability improved in 2013.

Financial performance

Sales

The ROCKWOOL Group total sales in 2013 were DKK 14,903 million, including a three-month effect from the acquired Chicago Metallic business, an increase of 1.6% compared to 2012. Adjusted for the negative exchange rate effect and for acquisitions, the net sales increased by 2.3% on a like-for-like basis compared to the previous year. Net sales for the fourth quarter are up by 5.0% including a negative impact by 2.0% from exchange rates and the positive effect from Chicago Metallic.

Profit for the year

EBITDA for the Group for 2013 amounted to DKK 2,336 million, which is DKK 83 million better than in 2012. The EBITDA ratio was 15.7% - an improvement of 0.4% compared to the previous year. This result was primarily due to low inflation and improved factory performance. EBITDA for the fourth quarter amounted to DKK 647 million, which is DKK 36 million better than the same period in 2012. The result for the quarter was positively impacted by continued lower inflation on raw materials compared to last year while the sales prices remained stable. In addition the quarter was impacted by significant write-down of inventories due to the Group's strict rules for ageing.

In 2013, EBIT reached DKK 1,260 million or a ratio of 8.5%. This is an increase of DKK 119 million or 10.4% compared to the previous year. Exchange rates had only limited impact on the EBIT for the Group. The fourth quarter EBIT amounted to DKK 374 million, which is DKK 48 million better than 2012. The fourth quarter in 2012 was negatively impacted by assets write-downs.

Net financial costs ended at DKK 46 million, which is DKK 9 million lower than in 2012. During the year, the level of borrowing and the interest costs have remained low. The effective tax rate was 29.5%, equivalent to a tax amount for the year of DKK 362 million. The effective tax rate was stable compared to 2012.

The Group profit after tax was DKK 863 million, an increase of DKK 89 million compared to 2012. This figure - predicted in March 2013 to be around DKK 700 million and in November 2013 to be around DKK 800 million - exceeded expectations. The Group profit after tax for the fourth quarter has also been better than expected in November 2013 primarily due to good trading conditions in December. Profit after tax for the parent company amounted to DKK -225 million, a decrease of DKK 892 million compared to 2012, mainly due to the significant write-down of shares in subsidiaries.

Investments and cash flow

Cash flow from operating activities amounted to DKK 1,885 million, an increase of 5.6% resulting from improved operational results. Working capital at end 2013 was at the same level as the previous year with only limited impact on the Group's cash flow. The negative effect from the good business conditions in December was set off against increase in other debt. The net cash tied up in working capital as a percentage of net sales amounted to 7.9% against 7.8% in 2012. The acquisition of Chicago Metallic had no significant effect on the working capital.

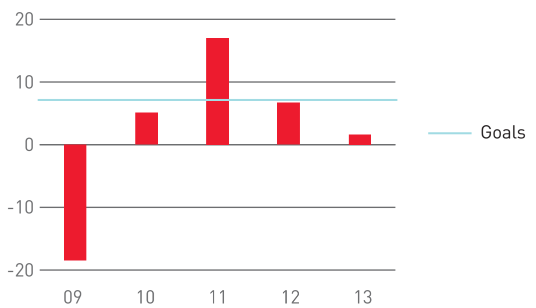
Investments reached DKK 1,979 million in 2013, of which DKK 362 million was due to the acquisition of Chicago Metallic and DKK 264 million to the prepayment of HECK Wall Systems. Of the operational investments, DKK 734 million was dedicated to capacity improvement of which the green field factory in Memphis, US accounted for DKK 431 million. Free cash flow in 2013 amounted to DKK -94 million, a decrease of DKK 884 million, chiefly because of higher investments and acquisitions.

Balance sheet

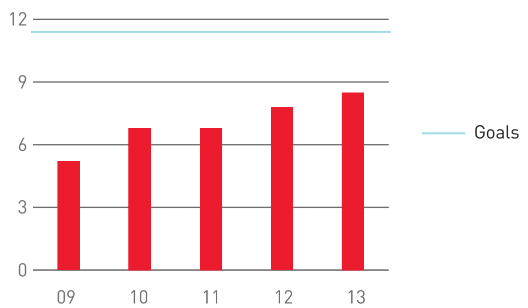
At the end of 2013, total assets amounted to DKK 13,851 million; an increase of DKK 862 million compared to 2012. This figure

Financial goals for the ROCKWOOL Group

Average sales growth of 8%



Profit ratio of 11% of net sales



reflects increased intangible and tangible assets from the acquisition of Chicago Metallic and the prepayment of the HECK Wall Systems acquisition. Debtors increased due to the better conditions in the fourth quarter. Average 'debtor days' decreased by 0.3 days compared to 2012.

The ROCKWOOL Group equity was DKK 9,576 million at 2013 year end, an increase of DKK 148 million compared to the previous year and corresponding to an equity ratio of 69.1%. The equity increased by DKK 646 million from profit for the year net of dividend payments, but decreased by DKK 510 million from the negative impact of exchange rates primarily from RUB and CAD.

Net cash at the end of 2013 amounted to DKK -266 million, a decrease of DKK 455 million compared to the year before. By the end of 2013, the Group had unused committed credit facilities of DKK 3,111 million. At the end of 2013, net interest-bearing debt amounted to DKK 748 million, an increase of DKK 680 million compared to 2012 primarily due to payments for the acquisitions.

Expectations

The gradual recovery observed in the Western European markets during the last quarter of 2013 is expected to continue during 2014. We believe that the number of government incentive programmes to support the energy renovation of existing buildings will increase, such as those already operating in Germany and France for quite some time now. The recent decision of the European Commission to go for a CO_2 reduction target of 40% by 2030 is seen as a positive sign supporting insulation markets in the long term. In the eastern part of Europe, trading conditions are expected to keep improving and in Russia energy refurbishment initiatives should remain at a high level. However, new build activities in Europe are not expected to recover in the foreseeable future.

In North America, the Group sales are expected to continue developing at the same pace as in previous years, well supported by our increased commercial presence and by the new green field factory in Mississippi, US, due to be commissioned in May 2014. Additionally the overall recovery of the US economy will support better market conditions for insulation.

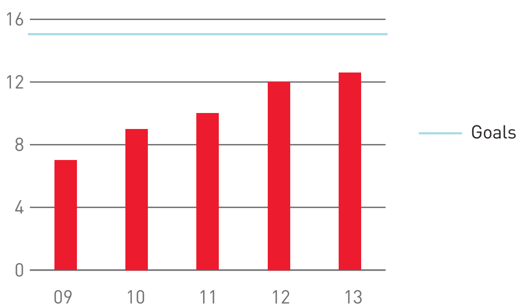
In South East Asia, market conditions are expected to remain positive, especially in the core industrial and technical insulation segment. In China, where the Group is reinforcing its commercial base, we expect to see a gradual movement towards stricter fire safety regulations. However, these changes may be disappointingly slower than was previously forecasted.

Overall sales prices are expected to remain stable. Including acquisitions of Chicago Metallic and HECK Wall Systems, we expect Group sales in 2014 to increase by about 12% compared to 2013. Like-for-like, our expectation for sales growth is 5%.

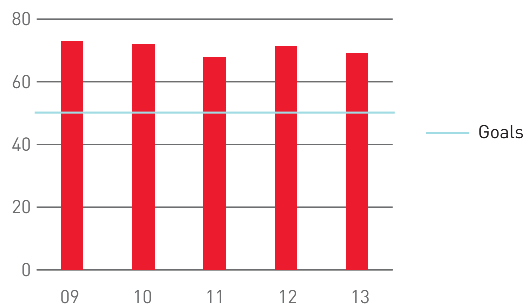
Raw materials and energy prices are expected to remain at their present level. The Group will continue the re-engineering of its European production platform in order to offer customers the highest quality products and to improve competitiveness through increased production efficiencies. On a like-for-like basis, the Group EBIT ratio is expected to remain at the same level as in 2013.

Profit for the year 2014 is forecasted to be around DKK 950 million. Investment expenditure, excluding acquisitions, is expected to be DKK 1,400 million. The US capacity increase and major re-engineering projects in Poland and Denmark represent DKK 800 million. Cash outbound in 2014 for the second instalment of the Chicago Metallic acquisition will be approximately DKK 200 million. A similar amount remains to be paid in 2015.

Return on invested capital of 15%



Equity ratio of min. 50% of the assets



Risk Management

Risk management is a central part of the ROCKWOOL Group's business operations. It is fundamental to the way we conduct our business, taking a long-term perspective while minimising avoidable risks. The aim is to ensure that these risks are addressed in a proactive and efficient manner and that appropriate control systems are in place considering the company's current activities and operations. The Group is working systematically to identify and control risks with proper procedures which involve all relevant parts of the organisation, from subsidiaries to Group functions, and at Group management and Board level.

System and process

Risk management is organised under the CFO function and reports are made to the Board's audit committee. Based on a risk management system introduced in 2012, schematic overview of the Group's risk portfolio is established. All managing directors of the subsidiaries and Group functions are asked to ensure that risks within their areas of responsibility are described, scored for severity and likelihood, and quantified in terms of actual financial impact. The review includes, but is not limited to, 16 pre-defined categories. Appropriate mitigation actions to control the risks are part of the information described by the subsidiaries and these mitigation actions will be evaluated to ensure appropriate risk management at Group level.

Special focus areas

A number of areas have been singled out as being particularly important from a risk management perspective.

Political risk

The ROCKWOOL Group is exposed to legal frameworks which can be changed by the political system. This can pose a risk at several levels.

Public energy efficiency programmes:

In a number of countries, the insulation market is stimulated through various incentive systems which support the demand for energy efficient buildings. However, the likelihood of these support programmes being rolled back in many jurisdictions at the same time – leading to a significantly lower demand for insulation - is not very high.

Nationalisation of assets and lack of convertibility of local currency:

In a number of countries where the Group has established production facilities, the democratic tradition is less established and the rule of law less developed. However, the risk is considered low and assets in each identified country are below 20% of Group assets. The political climate in these countries is monitored closely.

Uneven competitive field:

Politically determined production costs imposed on e.g., raw materials or emissions pose a risk - especially with regard to the cost of energy and CO_2 emissions. The Group is working actively to help legislators establish programmes which will not counteract the competitiveness of stone wool insulation or encourage producers to allocate production facilities outside the taxation area. Furthermore, the challenge is addressed by the development of new process technologies with lower energy and CO_2 impact.

Violation of property rights

One of the Group's strengths, compared to its competitors, is the proprietary technology which secures lower production costs and a strong product portfolio. Therefore, considerable attention is focused on protecting access to our production facilities, especially those factories which are equipped with our latest and most sensitive equipment, likewise the handling of secret information outside our facilities.

IT Systems

IT systems are increasingly central to the running of our operations, and major break-downs are to be avoided through proper risk management. Over the last few years, both to enhance security and avoid system failures, the Group has consolidated many local IT platforms into one integrated and centrally organised system which can be better protected. This process is on-going.

Production risks

The ROCKWOOL Group production facilities are of significant size and, as with other heavy industries, are subject to strict environmental supervision by local authorities and stakeholders. This is especially a concern in densely populated areas. When new factories are constructed, these will normally be located in industrial zones or well separated from major residential areas. However, for a number of our older plants, increasing urbanisation has brought residential areas closer. The Group invests heavily in cleaner technologies and advanced solutions to address potential nuisances and ensure – as a minimum – that compliance with local regulations is assured. Furthermore, we undertake a determined process of understanding and communicating with local stakeholders.

The stone wool production process relies on substantial amounts of energy to melt the volcanic rock and recycled materials - and in most factories this is done via a coke-fired cupola oven. The price of coke – which has highly fluctuated over the years - is thus an essential element behind the cost levels and profitability of the Group. To limit this risk factor, the Group has focused on researching alternative energy sources for the cupola oven, as well as developing new melting technology using other energy sources than coke.

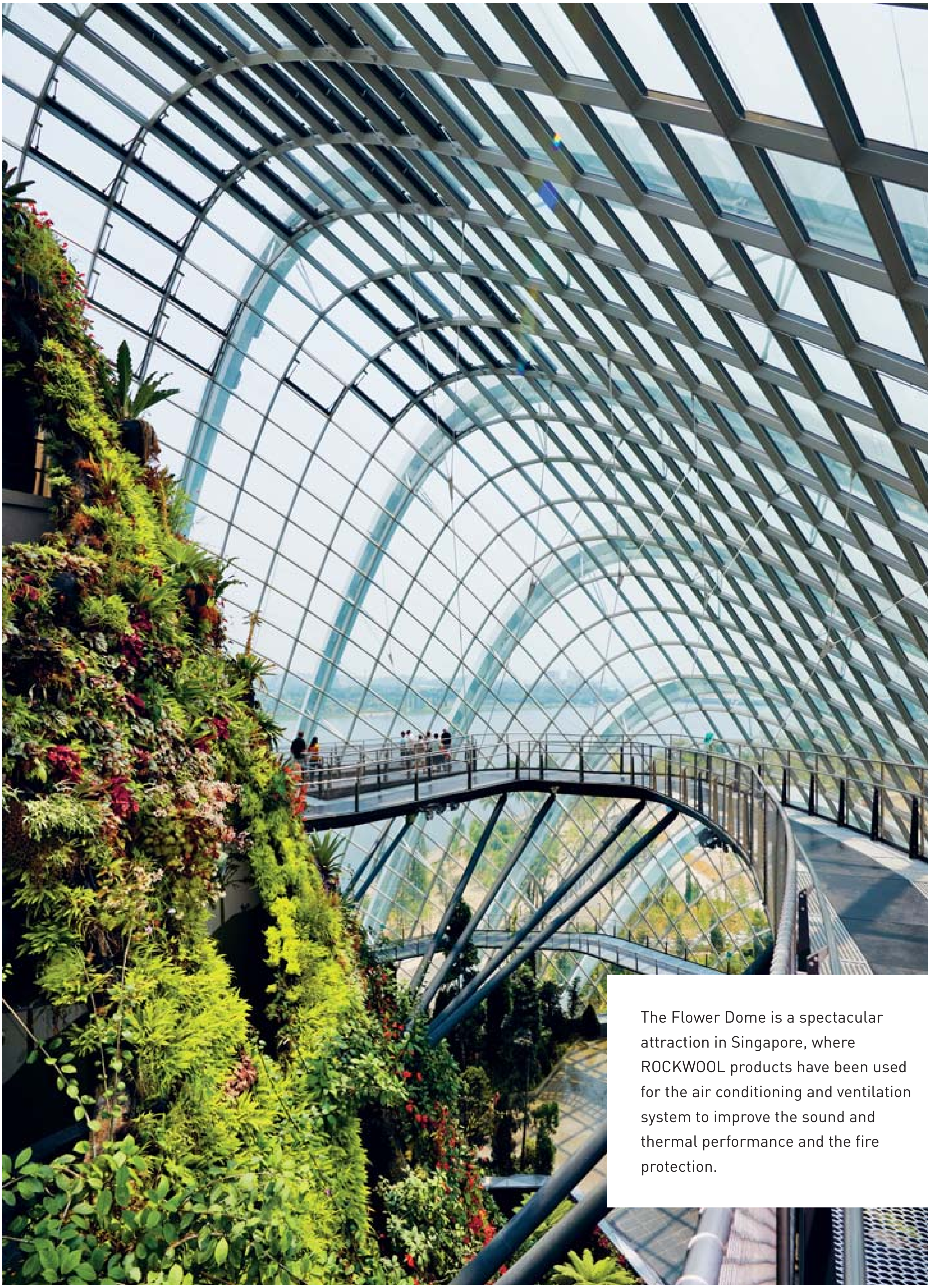
Business ethics

The ROCKWOOL Group has a strong company culture closely related to the principles put forward by the founding Kähler family over many years. Our culture encompasses values such as honesty and responsibility which help secure the ethical running of our business according to the expectations of society, authorities and ourselves.

To enhance the Group's proper business conduct further, a business ethics policy guides the employees. Measures such as awareness seminars and 'dawn raid' exercises are conducted at regular intervals. Furthermore, it has been decided to increase the efforts on training and to inform our employees about appropriate business ethics through an e-learning training. This will be rolled out in 2014.

Financial risks

Identification, evaluation and mitigation of financial risks are described in more detail in note 26.



The Flower Dome is a spectacular attraction in Singapore, where ROCKWOOL products have been used for the air conditioning and ventilation system to improve the sound and thermal performance and the fire protection.

CSR - acting as a good citizen

The ROCKWOOL Group's efforts within Corporate Social Responsibility build on the wish to act as a good citizen and to contribute to positive social development as stated in our Social Charter. The essence of our business activities – using the important characteristics of stone wool to create safer and better buildings – is inherently beneficial to society yet our responsibilities go beyond this.

Our CSR approach aims to manage the environmental, social and business ethics aspects of our operations beyond reproach. By keeping our full focus on these areas and reporting regularly to demonstrate transparency, we will continue to develop our business in a profitable, honest and responsible way. Some of the key focus areas in 2013 were as follows.

Environmental performance

Work continued towards meeting the ambitious 2015 goal of improving the energy and CO_2 efficiency in our factories by 15% compared to 2009. The key measures for reaching this goal have been determined and include improvements to the existing cupola-oven based melting process, the development of new melting technologies, and the best practice use of recycled materials and other alternative materials.

Improved transparency

In 2013, the Group issued its first Sustainability Report based on the framework of the Global Reporting Initiative which has increasingly become the recognised standard for reporting on the environmental, social and business ethics performance of major companies. For a number of years, the Group has also been reporting in accord with the Carbon Disclosure Project (CDP). The CDP provides transparency for international investors and analysts trying to understand the CO_2 profile of listed companies. In 2013, CDP ranked the ROCKWOOL Group as the 5th best climate reporter in Denmark.

Supplier control

An improved code of conduct for our key suppliers was introduced in 2013. The code introduces a number of new obligations on suppliers regarding good business ethics. It also increases the rights of the ROCKWOOL Group to conduct more thorough audits.

Business ethics

In 2013, our business ethics policy was updated and improved. Among the changes were restrictions for the use of third party commercial partners.

Our CSR performance and actions are described in more detail on our website where it is also possible to access the annual Sustainability Report. See more at:

The Sustainability Report

> www.rockwool.com/sustainability+reports

Progress report according to Danish Financial Statements Act, art. 99a + 99b

> www.rockwool.com/csr+reports

Social charter of the ROCKWOOL Group

> www.rockwool.com/social+charter

The complete CDP report

> www.rockwool.com/cdp

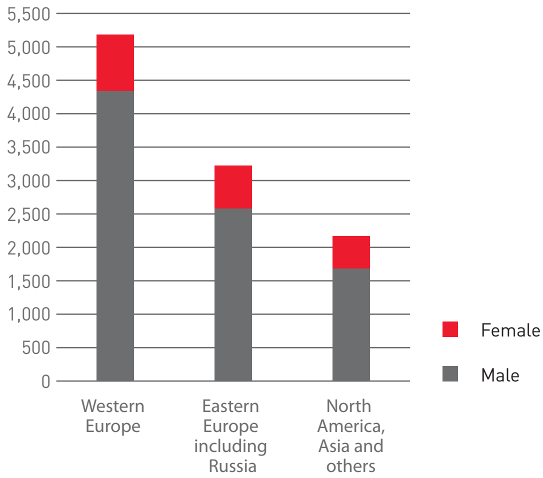
Our people agenda

Throughout 2013, 'the ROCKWOOL Way' has been the solid foundation for the Group's employees and the bar has been set high when it comes to strengthening our global people agenda. Performance Management and Succession Management processes are at the core of these efforts. The importance of securing our shared value base and culture, as well as promoting a unified way of working, has increased as the ROCKWOOL Group expands its businesses in America, Asia and Europe - both through organic growth and by acquisitions. Strengthening cross-cultural understanding is an important area for key managers and functional leaders who are charged with supporting the development of our operations.

Nurturing talent to secure capabilities for the future growth
In order to meet future business challenges successfully, it is key that we find the optimal balance between complementing internal capabilities with external talent versus developing internal skills and competencies, especially in our rapidly growing markets. The ROCKWOOL Group is working towards a systematic development of people, providing a healthy pipeline of internal successors for key future roles.

Employee engagement
In 2013 we deployed our renewed global employee survey, RockPulse with a focus on developing an engaging, high-performance work environment. The survey measures the ROCKWOOL Group's employee engagement, their views on strategic direction, development opportunities, organisational effectiveness and, not least, our ability to live up to Trust and Empowerment at the core of the ROCKWOOL Way. The process is owned and actively driven by the business and will be an integral part of the Group's annual cycle. The survey allows for valuable, externally-focused benchmark comparisons, which will enable the business to focus on improvement efforts with high impact.

Gender by region 2013



The Russian success story

In ROCKWOOL Russia the systematic talent development has proven a success on more than one level. For the new factory near Kazan, 8 out of 10 new functional head positions in Production, Logistics and Finance have successfully been filled with internal candidates.

Similarly, the recent appointment of Marina Potoker as the new head of ROCKWOOL Russia continues to set a good example of living 'the ROCKWOOL Way'. Such success rests on offering our capable and committed people further growth by challenging and supporting them to broaden their knowledge and skills beyond their core areas of expertise. As a final step in preparation for her role of Managing Director, Marina Potoker left her position early as Technical Director to instead 'step down in the hierarchy' to Deputy Sales Director in order to gain experience in sales. On 1 January 2014, the reporting lines reverse as she steps into the role of Managing Director. It is testament to the strength of trust and respect between management team members that they are able to work together in such a constructive way to reach our business goals.

The RockPulse 2013 survey was completed with a very good response rate at 91% and overall very positive results confirming our strong culture and our solid platform to build on. The categories with highest impact on driving employee engagement in the ROCKWOOL Group are Organisational Effectiveness, Performance Management and the intrinsic Trust and Empowerment.

Safety and operational excellence

In 2013, the ROCKWOOL Group continued the low frequency rate of accidents across the entire business from previous years. This is the result of dedicated efforts by all concerned. To complement local initiatives, the ROCKWOOL Group has initiated activities linked to safety throughout 2013 such as best practise sharing, training and our preventive reporting system.

Our management approach and working culture is further enhanced by driving production efficiencies based on the LEAN methodology. This involves analysing business processes and continuously optimising them in order to avoid unnecessary steps while, at the same time, ensuring quality. This development initiative is all about people and development of their skills in order to be able to see the problem, understand it, offer solutions and make decisions. All this is necessary for optimisation and continuous improvement of our operations; and simultaneously incorporating Trust & Empowerment in our way of working at all levels.

Key indicators

	2013	2012	2011	2010	2009
Turnover rate, office staff	4.5%	5.1%	4.4%	4.2%	3.5%
Training days per employee, office staff	3.1	3.9	3.2	3.3	2.2
Training days per employee, production staff	2.4	3.2	3.1	2.4	2.6
Patents granted in the year	161	218	121	66	133
Frequency of accidents, production staff (per million working hours)	4.4*	3.8	4.2	8.2	10.8

* including contractors

The "One Group – One Safety" campaign was rolled out in 2013 to contribute to an even safer working environment.

The ROCKWOOL Foundation

Part of the ROCKWOOL International A/S dividend is spent on social research and interventions

The ROCKWOOL Foundation is the largest single shareholder of ROCKWOOL International A/S with approximately 23% of the shares. It is a charitable Foundation which was established by six members of the Kähler family in 1981 to support socio-economic research and deliver practical interventions.

The socio-economic studies are conducted by the Foundation's Research Unit and by external researchers. Currently the research is primarily focused around migration and integration, undeclared work, work and the welfare state, as well as families, children and health.

The practical interventions address societal challenges within the four programme areas of food security and poverty alleviation, social capacity building, improved health for children and international peace building. The interventions both benefit developing and developed countries.

Read more about the ROCKWOOL Foundation (in English) at
> www.rockwoolfonden.dk

Integration of immigrants with non-western backgrounds

In 2013 the ROCKWOOL Foundation's Research Unit published a study on the integration of immigrant families with non-western backgrounds living in Denmark. The study examines their living conditions, their work situation and their patterns of consumption. The study also covers immigrant participation in clubs and societies in Denmark – a topic of which, prior to the study, knowledge was very limited.

The results of the study were presented at a press conference in September 2013. In the commenting panel the government was represented by the then Minister for Social Affairs, Children and Integration, Annette Vilhelmsen from the Socialist People's Party, and the opposition by the spokesperson for Immigration and Integration, Inger Støjberg from The Liberal Party of Denmark.

A new approach to agricultural development

Sub-Saharan Africa remains the world's most challenged region with regard to food security despite its abundant agricultural potential. Since 2006, in an attempt to contribute to a solution to this problem, the ROCKWOOL Foundation in collaboration with the Tanzanian NGO, RECODA, have developed a flexible agricultural extension programme known as RIPAT (Rural Initiatives for Participatory Agricultural Transformation) involving a series of projects in northern Tanzania. RIPAT aims to close the agricultural technology gap between small-scale farmers and research stations as a means of improving the farmers' livelihoods and their ability to support themselves. So far RIPAT has been implemented in 42 villages involving nearly 3,000 farmers.

In 2013, an evaluation of the RIPAT programme was published in the book 'Farmer's Choice'. Among the findings, was the fact that the RIPAT implementation had a significant effect on the food security of the families involved. On average, the reduction in prevalence of hunger was benchmarked at 25% and, among the young children, the risk of their growth being stunted dropped by 27%. At the time of data collection it was not possible to establish a statistically significant impact on poverty alleviation. Nevertheless there were indications that the structure of labour supply and demand had been positively affected. The RIPAT families were less likely to take on casual labour and more likely to hire people to work for them. The RIPAT model has now become part of the curriculum at the Agricultural University in Tanzania.

Learn more about RIPAT > www.ripat.org

Board

From left:

Thomas Kähler, Second Deputy Chairman
Born in 1970. Nationality: Danish
Managing Director of ROCKWOOL Scandinavia.
Other positions related to the company:
Member of the Chairmanship.
Member of the Audit Committee.
Member of the Kähler Family Meeting.

Bjørn Høi Jensen
Born in 1961. Nationality: Danish
CEO of Zeno ApS.
Other positions related to the company:
Chairman of the Audit committee.
In accordance with legislation for audit committees in Denmark, Bjørn Høi Jensen is the member of the Audit Committee who is independent and possesses the required insight concerning auditing and accounting.
Positions in other Danish public limited companies:
Deputy Chairman of the Board of Erhvervsinvest Management A/S.
Other positions:
Chairman of the Board of CEPOS.
Member of the Board of the Bevica Foundation.

Dorthe Lybye
Born in 1972. Nationality: Danish
Elected by employees
Programme Manager, Group R&D, ROCKWOOL International A/S.
Other positions related to the company:
Member of the Board of the ROCKWOOL Foundation.

Søren Kähler
Born in 1950. Nationality: Danish
Other positions related to the company:
Member of the Remuneration Committee.
Member of the Board of the ROCKWOOL Foundation.
Member of the Kähler Family Meeting.
Positions in other Danish public limited companies:
Member of the Board of A/S Saltbækvig.
Other positions:
Member of the Board of the Foundation Sagnlandet Lejre.

Steen Riisgaard, Chairman
Born in 1951. Nationality: Danish
Other positions related to the company:
Member of the Chairmanship.
Member of the Remuneration Committee.
Positions in other Danish public limited companies:
Chairman of the Boards of ALK-Abelló A/S and Cowi Holding A/S. Member of the Boards of CAT Science Park A/S and Novo A/S.
Other positions:
Chairman of the Board of WWF (World Wildlife Fund) Denmark. Vice Chairman of the Board of the Egmont Foundation. Member of the Boards of the Novo Nordisk Foundation, the Villum Foundation and the University of Aarhus.

Claus Bugge Garn
Born in 1962. Nationality: Danish
Elected by employees
Vice President, Group Public Affairs, ROCKWOOL International A/S.
Other positions:
Vice Chairman of the Board of EURIMA (European Insulation Manufacturers' Association). Member of the Board of The Alliance for a Fire Safe Europe. Member of the FM Approvals Advisory Council.

Heinz-Jürgen Bertram
Born in 1958. Nationality: German
CEO of Symrise AG.
Other positions related to the company:
Member of the Audit Committee.
Other positions:
Member of the Boards of Nord/LB - Region Holzminden, Deutsche Bank - Region Hannover, and Indevex AB – Stockholm.

Carsten Bjerg, First Deputy Chairman
Born in 1959. Nationality: Danish
Other positions related to the company:
Member of the Chairmanship.
Member of the Remuneration Committee.
Positions in other Danish public limited companies:
Member of the Board of Vestas Wind Systems A/S.
Other positions:
Chairman of the Board of the Market Maturation Fund. Member of the General Council of the Confederation of Danish Industries. Member of the Board of the Federation of Employers in the Provincial Industry.

Connie Enghus Theisen
Born in 1960. Nationality: Danish
Elected by employees
International Market Intelligence Manager Residential, ROCKWOOL International A/S.

Further information is available at

> www.rockwool.com/board

Group Management

From left:

Theo Kooij
Division Managing Director, East Division
Born in 1960. Nationality: Dutch

Herman Voortman
Division Managing Director, Systems Division
Born in 1962. Nationality: Dutch

Camilla Grönholm
Senior Vice President,
HR, Legal and Communication & PR
Born in 1964. Nationality: Finnish

Eelco Dudok van Heel
President and CEO
Born in 1955. Nationality: Danish

Gilles Maria
Senior Vice President and CFO,
Group Finance & Corporate Affairs
Born in 1958. Nationality: French

Henrik Frank Nielsen
Division Managing Director, Europe Division
Born in 1961. Nationality: Danish

Further information is available at

> www.rockwool.com/group+management

Corporate Governance

The aim of our Corporate Governance efforts is to secure that the structure and function of our decision making bodies are optimal for our business and our stakeholders.

ROCKWOOL International A/S' corporate governance framework is based on various principles and rules. This includes mandatory regulation from Danish authorities and recommendations from the Danish committee on Corporate Governance, as well as our internal instructions such as the Articles of Association, the Business Procedure for the Board and the Management Instructions for the Management Board, and is in accordance with our value base and 'Principles of Leadership' and business rules applied in the ROCKWOOL Group.

Governance bodies

Pursuant to the provisions of the Danish Companies Act and ROCKWOOL International A/S' Articles of Association, the supervision and management of the ROCKWOOL Group is divided among Group Management, the Board (with well-defined functional committees) and the General Meeting of shareholders.

Group Management

Group Management is responsible for the management of the company and the compliance with the guidelines and recommendations set forth by the Board. The responsibility of Group Management covers organisation of the company as well as allocation of resources, producing and implementing strategies and policies and ensuring timely reporting to the Board. Group Management consists of the President and CEO and five other executives. In total two Dutchmen, two Danes, one Frenchman and one Finn. See more info on page 27.

The CEO and CFO are registered as the Management Board according to Danish law.

The Board

The Board decides on matters of strategic importance to the Group. These include decisions on strategic guidelines, approval of periodic plans and major acquisitions or divestments. An important part is also monitoring the risk factors associated with the company's operations.

The Board currently consists of nine members, six of which are elected by the shareholders at general meetings for a period of one year and may be re-elected. Of these, four members, including the chairman, are deemed independent according to the recommendations issued by the Danish Committee on Corporate Governance. The remaining three members are elected by the employees pursuant to the Danish Companies Act. See more details on the Board members on page 26.

The Board evaluates its performance every year. Further, the Board annually evaluates the work and performance of Group Management.

The Board has established a Chairmanship consisting of the Chairman and two vice-chairmen. The Chairmanship prepares the board meetings and serves as a nomination committee for the composition of the board as well as the Management Board of the company.

The Board has set up an audit committee and a remuneration committee. The committees report to the Board. The majority of the members of the committees are independent members of the Board. Details about committee members are available on the corporate website.

Audit committee

The Audit Committee monitors accounting and audit policies and conditions, which, if determined by the Board or the Audit Committee, should be subject to a thorough evaluation. Further, the Audit Committee evaluates the company's internal control and risk systems.

Remuneration Committee

The Remuneration Committee ensures that the company maintains a remuneration policy for the members of the Board and Group Management and that the guidelines for Group pay schemes support the strategy. The remuneration policy and the long-term incentive schemes and all changes hereto are all approved by the Board as well as the General Meeting. The Remuneration Committee evaluates and brings forward recommendations for the remuneration of the Board. The Remuneration Committee is also authorised to approve remuneration for senior executives.

General Meeting and shareholders

The General Meeting is the supreme body of ROCKWOOL International A/S and convenes the shareholders of the company. The ordinary general meeting is held once a year - and the meeting is broadcasted live in Danish and English on our corporate website.

The company's shareholders can own 2 types of ROCKWOOL shares: A shares (51.1% of the capital) carrying ten votes each, and B shares (48.9% of the capital) carrying one vote each.

The current share structure is deemed well-functioning to secure strategic room for developing the company and creating long-term value. Together with the high equity ratio – currently 69% - it provides independency of lenders and a good stability which can counterbalance the highly fluctuating market conditions in the building sector as well as the high operational leverage of our production model. The high operational leverage is linked to the capital intensive nature of our plants – one new plant will often cost more than EUR 100 million and must operate with sufficiently high capacity utilisation to pay back the investment.

The ROCKWOOL Foundation – the company's biggest shareholder with approximately 23% of the share capital – works for the benefit of society, but also duly considers the long-term interests of the company. ROCKWOOL International A/S Board member Søren Kähler and one of the three employee-elected members, Dorthe Lybye, are also members of the Board of the ROCKWOOL Foundation.

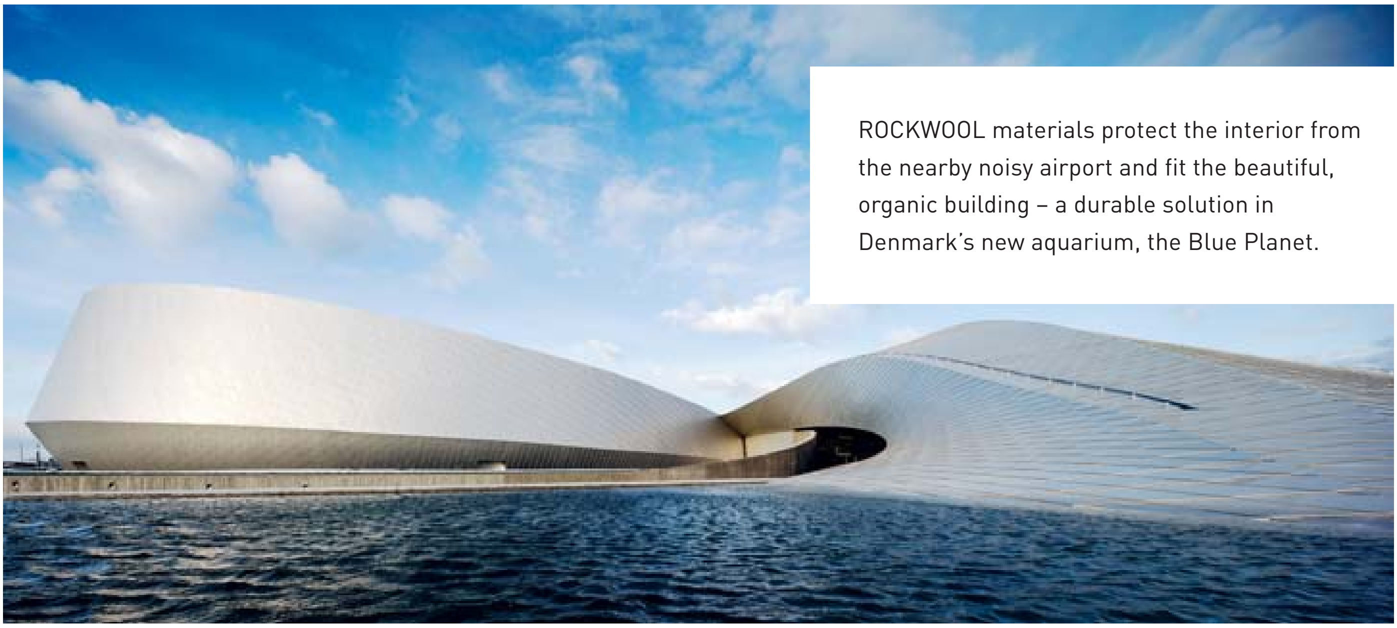
An agreement exists between certain members of the Kähler family to the effect that they meet regularly to coordinate the family's interests in the company, including their voting strategy at the company's General Meetings, although the agreement in no way requires them to vote jointly. Søren Kähler and Thomas Kähler – both members of the Board – participate in these meetings.

The company's Board and Group Management are not aware of the existence of any shareholders' agreements containing pre-emption rights or restrictions in voting rights.

For a detailed 2013 review of the ROCKWOOL Group's compliance with the recommendations for corporate governance issued by the Danish Committee on Corporate Governance, visit
> www.rockwool.com/corporate+governance+recommendations

For 2013, the ROCKWOOL Group publishes a mandatory statement on management governance according to the Danish Financial Statements Act, Art. 107b.

The statement is available at
> www.rockwool.com/management+governance



ROCKWOOL materials protect the interior from the nearby noisy airport and fit the beautiful, organic building – a durable solution in Denmark's new aquarium, the Blue Planet.

Management's report

Today the Board and Management Board have discussed and approved the Annual Report of ROCKWOOL International A/S for the financial year ended 31 December 2013.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2013 and of the results of the Group's and the parent company's operations and cash flows for the financial year then ended.

In our opinion the Management's review includes a true and fair review about the development in the parent company's and the Group's operations and financial matters, the results for the year and the Group's and the parent company's financial position and the position as a whole for the entities included in the consolidated financial statements, as well as a review of the more significant risks and uncertainties faced by the Group and the parent company.

We recommend that the Annual Report be approved at the Annual General Meeting.

Hedehusene, 21 February 2014

Management Board

Eelco van Heel

Gilles Maria

Board

Steen Riisgaard

Carsten Bjerg

Thomas Kähler

Heinz-Jürgen Bertram

Claus Bugge Garn

Bjørn Høi Jensen

Søren Kähler

Dorthe Lybye

Connie Enghus Theisen

Independent auditors' report

To the Shareholders of ROCKWOOL International A/S

Report on consolidated financial statements and parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of ROCKWOOL International A/S for the financial year 1 January – 31 December 2013, which comprise an income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes, including a summary of significant accounting policies for the group as well as the parent company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Management's responsibility for the consolidated financial statements and parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies. Further, management is responsible for such internal control as it determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with international standards on auditing and additional requirements according to Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent company financial statements that give a true and fair view. The purpose is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by management as well as the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the group's and the company's financial position at 31 December 2013 and of the results of the group's and the company's operations and cash flows for the financial year 1 January – 31 December 2013 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Statement on the management's review

In accordance with the Danish Financial Statements Act, we have read the management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 21 February 2014

Ernst & Young
Godkendt Revisionspartnerselskab

Eskild Jakobsen
State Authorised Public Accountant

Jan C. Olsen
State Authorised Public Accountant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Income statement & statement of comprehensive income

1 January - 31 December

		Group		Parent Company	
DKK million	Note	2013	2012	2013	2012
Net sales		14,903	14,664	678	420
Other operating income	3	191	189	857	704
Operating income		**15,094**	**14,853**	**1,535**	**1,124**
Raw material costs and production material costs		5,502	5,521	591	293
Delivery costs and indirect costs		2,039	2,083	70	71
Other external costs		1,554	1,449	403	369
Personnel costs	4	3,663	3,547	286	272
Depreciation, amortisation and write-downs	5	1,076	1,112	90	52
Operating costs		**13,834**	**13,712**	**1,440**	**1,057**
Operating profit before financial items (EBIT)		**1,260**	**1,141**	**95**	**67**
Income from investments in subsidiaries	6	0	0	-236	603
Income from investments in associated companies		11	12	9	13
Financial income	7	103	115	90	84
Financial expenses	8	149	170	152	82
Profit before tax		**1,225**	**1,098**	**-194**	**685**
Tax on profit for the year	9	362	324	31	18
Profit for the year		**863**	**774**	**-225**	**667**
Attributable to:					
Minority interests		1	2		
Shareholders in the parent company		862	772		
		863	**774**		
Dividend per share of DKK 10				10.4	10.2
Earnings per share of DKK 10	10	40.1	35.8		
Earnings per share of DKK 10, diluted	10	39.9	35.7		
Statement of comprehensive income					
Profit for the year		**863**	**774**	**-225**	**667**
Items that may not be reclassified to the income statement:					
Actuarial gains and losses of pension obligations		16	10	0	0
Tax on other comprehensive income	9	-6	12	0	0
Items that may be reclassified to the income statement:					
Exchange rate adjustments of foreign subsidiaries		-510	223	0	0
Hedging instruments, value adjustments		20	-7	0	0
Tax on other comprehensive income	9	-6	2	0	0
Total other comprehensive income		**-486**	**240**	**0**	**0**
Comprehensive income for the year		**377**	**1,014**	**-225**	**667**
Attributable to:					
Minority interests		-1	3		
Shareholders in the parent company		378	1,011		
		377	**1,014**		

Balance sheet - Assets

As at 31 December

		Group		Parent Company	
DKK million	Note	2013	2012	2013	2012
Goodwill	11	251	136	0	0
Software	11	160	180	165	178
Customer relationships	11	237	162	0	0
Other intangible assets	11	249	110	167	188
Total intangible assets		**897**	**588**	**332**	**366**
Buildings and sites	12	3,624	3,653	110	81
Plant and machinery	12	3,660	3,990	0	0
Other operating equipment	12	135	95	11	10
Prepayments and assets in course of construction	12	1,022	507	0	0
Total tangible assets		**8,441**	**8,245**	**121**	**91**
Shares in subsidiaries	13	0	0	6,518	7,645
Shares in associated companies	13	329	334	35	35
Loans to subsidiaries	13, 28	0	0	1,715	1,523
Long term deposits and debtors		297	47	0	0
Deferred tax assets	18	264	270	0	0
Total financial assets		**890**	**651**	**8,268**	**9,203**
Total non-current assets		**10,228**	**9,484**	**8,721**	**9,660**
Inventories	15	1,206	1,175	18	3
Work in progress		0	0	40	0
Trade receivables	16	1,575	1,509	0	0
Receivables from subsidiaries and associated companies	28	12	11	870	665
Other receivables		250	249	93	59
Prepayments		77	69	18	14
Company tax	22	1	8	9	4
Cash	25	502	484	0	0
Total current assets		**3,623**	**3,505**	**1,048**	**745**
Total assets		**13,851**	**12,989**	**9,769**	**10,405**

Balance sheet - Equity and liabilities

As at 31 December

		Group		Parent Company	
DKK million	Note	2013	2012	2013	2012
Share capital	17	220	220	220	220
Foreign currency translation		-641	-131	0	0
Proposed dividend		224	220	224	220
Retained earnings		9,759	9,119	6,797	7,260
Hedging		-10	-24	0	0
Equity before minority interests		**9,552**	**9,404**	**7,241**	**7,700**
Minority interests		24	24	0	0
Total equity		**9,576**	**9,428**	**7,241**	**7,700**
Deferred tax liabilities	18	360	447	124	151
Pension obligations	19	205	224	0	0
Other provisions	20	194	158	3	2
Loans from subsidiaries	21	0	0	93	875
Bank loans and other loans	21	241	204	188	108
Total non-current liabilities		**1,000**	**1,033**	**408**	**1,136**
Short-term portion of long-term debt	21	341	153	297	3
Bank debt	21,25	768	295	350	117
Work in progress		0	0	0	15
Trade payables	21	1,166	1,044	65	83
Payables to subsidiaries and associated companies	21	0	0	1,350	1,241
Other provisions	20	83	98	0	0
Other payables	21	917	938	58	110
Total current liabilities		**3,275**	**2,528**	**2,120**	**1,569**
Total liabilities		**4,275**	**3,561**	**2,528**	**2,705**
Total equity and liabilities		**13,851**	**12,989**	**9,769**	**10,405**

Cash flow statement

		Group		Parent Company	
DKK million	Note	2013	2012	2013	2012
Operating profit before financial items		1,260	1,141	95	67
Adjustments for depreciation, amortisation and write-downs		1,076	1,112	90	52
Other adjustments	23	24	-7	542	612
Change in net working capital	24	-12	-159	-274	341
Cash flow from operations before financial items and tax		**2,348**	**2,087**	**453**	**1,072**
Finance income etc. received		111	128	90	84
Finance costs etc. paid		-149	-170	-152	-82
Taxes paid		-425	-260	-57	18
Cash flow from operating activities		**1,885**	**1,785**	**334**	**1,092**
Purchase of tangible assets		-1,284	-929	-37	-37
Purchase of intangible assets		-69	-66	-49	-74
Acquisition of new activities	30	-362	0	0	0
Additions of subsidiaries and associated companies		0	0	-688	-639
Dividend and capital decrease in subsidiaries and associated companies		0	0	1,052	312
Prepayments	30	-264	0	0	0
Cash flow from investing activities		**-1,979**	**-995**	**278**	**-438**
Cash flow from operating and investing activities (free cash flow)		**-94**	**790**	**612**	**654**
Dividend paid		-217	-207	-217	-207
Purchase of own shares		-74	-25	-74	-25
Sale of own shares		52	0	52	0
Purchase of minority interests		0	-2	0	0
Change in non-current debtors		12	25	-192	0
Installments of non-current debt		-152	-258	-738	-103
Increase in non-current debt		10	2	324	0
Cash flow from financing activities		**-369**	**-465**	**-845**	**-335**
Changes in cash available		-463	325	-233	319
Cash available 1/1		189	-128	-117	-436
Exchange rate adjustments		8	-8	0	0
Cash available 31/12	25	**-266**	**189**	**-350**	**-117**
Unutilised, committed credit facilities 31/12		**3,111**	**3,442**	**3,111**	**3,442**

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 average exchange rates for the year.

Statement of changes in equity

Group

DKK million	Share capital	Foreign currency translation	Proposed dividend	Retained earnings	Hedging	Equity before minority interests	Minority interests	Total equity
Equity 1/1 2013	**220**	**-131**	**220**	**9,119**	**-24**	**9,404**	**24**	**9,428**
Profit for the year	0	0	224	638	0	862	1	863
Other comprehensive income	0	-510	0	11	14	-485	-1	-486
Comprehensive income for the year	0	-510	224	649	14	377	0	377
Sale and purchase of own shares	0	0	0	-22	0	-22	0	-22
Expensed value of options issued	0	0	0	10	0	10	0	10
Dividend paid to the shareholders	0	0	-220	3	0	-217	0	-217
Equity 31/12 2013	**220**	**-641**	**224**	**9,759**	**-10**	**9,552**	**24**	**9,576**
Equity 1/1 2012	**220**	**-354**	**207**	**8,569**	**-19**	**8,623**	**12**	**8,635**
Profit for the year	0	0	220	552	0	772	2	774
Other comprehensive income	0	223	0	21	-5	239	1	240
Comprehensive income for the year	0	223	220	573	-5	1,011	3	1,014
Sale and purchase of own shares	0	0	0	-24	0	-24	0	-24
Expensed value of options issued	0	0	0	10	0	10	0	10
Dividend paid to the shareholders	0	0	-207	0	0	-207	0	-207
Addition/disposal of minority interests	0	0	0	-9	0	-9	9	0
Equity 31/12 2012	**220**	**-131**	**220**	**9,119**	**-24**	**9,404**	**24**	**9,428**

ROCKWOOL International A/S aims to pay a stable dividend taking into consideration the Group's profitability and development in equity. In 2012 a dividend of DKK 10.20 per share was decided. At the Annual General Meeting on 9th April 2014, the Board will propose a dividend of DKK 10.40 per share for the financial year 2013.

The Management assesses the Groups capital requirements on an ongoing basis. At the end of 2013 the equity ratio was 69% (2012: 73%). The Group aims at having an equity ratio of at least 50%.

Parent Company

DKK million	Share capital	Foreign currency translation	Proposed dividend	Retained earnings	Hedging	Total equity
Equity 1/1 2013	**220**	**0**	**220**	**7,260**	**0**	**7,700**
Profit for the year	0	0	224	-449	0	-225
Other comprehensive income	0	0	0	0	0	0
Comprehensive income for the year	0	0	224	-449	0	-225
Sale and purchase of own shares	0	0	0	-22	0	-22
Expensed value of options issued	0	0	0	5	0	5
Dividend paid to the shareholders	0	0	-220	3	0	-217
Equity 31/12 2013	**220**	**0**	**224**	**6,797**	**0**	**7,241**
Equity 1/1 2012	**220**	**0**	**207**	**6,834**	**0**	**7,261**
Profit for the year	0	0	220	447	0	667
Other comprehensive income	0	0	0	0	0	0
Comprehensive income for the year	0	0	220	447	0	667
Sale and purchase of own shares	0	0	0	-25	0	-25
Expensed value of options issued	0	0	0	4	0	4
Dividend paid to the shareholders	0	0	-207	0	0	-207
Equity 31/12 2012	**220**	**0**	**220**	**7,260**	**0**	**7,700**

Notes

1. Accounting estimates and assumptions

In connection with the practical application of the accounting policies described, management must carry out estimates and set out assumptions concerning future events affecting assets and liabilities as well as contingent liabilities. Management bases its estimates on historical experience and a number of other assumptions deemed reasonable under the given circumstances.

Estimates of importance for the financial reporting are made in the following:
Impairment testing. When there is an indication of a reduction in the profitability of an asset an impairment test is performed for the assets in question and write-downs are made if necessary. For goodwill annual impairment tests are made. In performing the impairment test the value is based on budgets, business plans and projections for 5 years and takes into account previous experiences and represent Management's best estimate of future developments. Key parameters are growth in sales, margin, future investments and capacity utilisation. Please refer to note 5/6.

Expected lifetime for assets. The expected lifetime for intangible and tangible assets is determined based on past experience and expectations for future use of the assets. Reassessments of the expected future lifetime are also made in connection with changes in production structures. Please refer to note 32.

Deferred tax assets. A tax asset is recognised if it is assessed that the asset can be utilised in a foreseeable future. The judgment is made annually and is based on budgets and Management's expectations for the coming 3-5 years taxable income and whether this is sufficient to utilise the temporary differences and cover unused tax losses including the Group's future tax planning. Please refer to note 18.

Trade receivables. Trade receivables are valued including write-down for non-collectable debtors. The write-downs reflect Managements judgement and review of the individual receivables based on individual customer knowledge, the historical payments, the compliance to previous agreements and current economic trends. Please refer to note 16.

Business Combinations. Management makes estimates of the fair value of acquired assets, liabilities and contingent liabilities. The determined fair value of an item may be associated with uncertainty and adjusted subsequently. The unallocated purchase price is recognised in the balance sheet as goodwill, which is allocated to the Group's cash-generating units. Management makes estimates of the acquired cash-generating units and the allocation of goodwill. Please refer to note 30.

There are not any identified special areas in the accounting principles applied for the Group where the Management has made judgements when applying policies.

2. Segmented accounts

Business segments

Group	Insulation segment		Systems segment		Group eliminations and holding companies		The ROCKWOOL Group	
DKK million	2013	2012	2013	2012	2013	2012	2013	2012
Income statement								
External net sales	11,966	11,991	2,937	2,673	0	0	14,903	14,664
Internal net sales	1,601	1,560	2	0	-1,603	-1,560	0	0
EBITDA	1,824	1,835	319	301	193	117	2,336	2,253
Depreciation, amortisation and write-downs	981	1,069	14	2	81	41	1,076	1,112
EBIT, segment profit	**843**	**766**	**305**	**299**	**112**	**76**	**1,260**	**1,141**
Non-current asset investments	**1,060**	**662**	**948**	**191**	**72**	**111**	**2,080**	**964**

Geographical segments

Group	Intangible and tangible assets		Net sales	
DKK million	2013	2012	2013	2012
Western Europe	3,633	3,604	8,858	8,970
Eastern Europe and Russia	2,932	3,169	3,543	3,380
North America, Asia and others	2,773	2,060	2,502	2,314
Total	**9,338**	**8,833**	**14,903**	**14,664**
The net sales information above is based on the location of the customers.				
Hereof ROCKWOOL International A/S and ROCKWOOL Denmark A/S	733	732	867	882

No customers exceed 10% of the Group's net sales neither this year nor last year.

3. Other operating income	Group		Parent Company	
DKK million	2013	2012	2013	2012
Plant and machinery produced by the Group	149	132	0	0
Royalties and other income	48	47	857	704
Net profit and loss on sale/scrapping of assets	-6	10	0	0
Total	**191**	**189**	**857**	**704**

4. Personnel costs	Group		Parent Company	
DKK million	2013	2012	2013	2012
Wages and salaries	3,073	2,955	252	245
Expensed value of options issued	11	10	7	4
Pension contributions	149	151	25	21
Other social security costs	430	431	2	2
Total	**3,663**	**3,547**	**286**	**272**
Average number of employees	10,066	9,411	318	298
The above items include to Board and Management:				
Remuneration to Group Management	29.6	24.9	29.6	24.9
Pension contribution	3.0	2.7	3.0	2.7
Expensed value of options issued	6.9	3.3	6.9	3.3
Board's remuneration	5.1	4.6	5.1	4.6
Total	**44.6**	**35.5**	**44.6**	**35.5**
Hereof remuneration to Management Board	13.1	9.9	13.1	9.9
Hereof expensed value of options issued to Management Board	2.8	1.4	2.8	1.4
Hereof pension to Management Board	1.2	1.2	1.2	1.2
Total to Management Board	**17.1**	**12.5**	**17.1**	**12.5**

Share options programme

Management and senior managers receive share options to retain them in the ROCKWOOL Group. The share option schemes for retaining executives fulfil the criteria provided for in the Corporate Governance recommendations. The share options are exercisable 3 years after the issue date and will expire between 6 and 8 years after the issue date. The exercise price is based on the market price of the ROCKWOOL International share at the date of grant corrected for the estimated future dividend and interest costs.

The vesting conditions for the share option programme are a minimum of 12 months service with the ROCKWOOL Group at senior management level. There are no cash settlement alternatives and the Group does not have a past practice of cash settlements for these.

2013

Year	Agreements	Number of shares	Price	Exercise period
2008	65	53,250	827-844-862	1/8 2011-31/7 2014*
2009	79	64,650	421	1/11 2013-31/10 2016
2011	147	101,400	642-644-646	1/9 2014 - 31/8 2017*
2012	92	107,000	515	1/9 2015 - 31/8 2020
2013	60	102,700	900	23/9 2016 - 22/9 2021
	443	**429,000**		

* Share options can be exercised by employees in the Group at the lower value in the beginning of the period and at the higher value at the end of the period.

Of the number of shares 51,850 belongs to Management Board and 377,150 to senior managers.

4. Personnel costs (continued)

Share options programme

2012

Year	Agreements	Number of shares	Price	Exercise period
2007	99	102,200	1,997-2,071	1/11 2010 - 31/10 2013*
2008	118	105,700	827-844-862	1/8 2011-31/7 2014*
2009	133	106,400	421	1/11 2013-31/10 2016
2011	153	104,610	642-644-646	1/9 2014-31/8 2017*
2012	94	108,500	515	1/9 2015-31/8 2020
	597	**527,410**		

* Share options can be exercised by employees in the Group at the lower value in the beginning of the period and at the higher value at the end of the period.

Of the number of shares 58,756 belongs to Management Board and 468,660 to senior managers.

	2013		2012	
Share options	Number of shares	Average price	Number of shares	Average price
Options outstanding 1/1	527,410	889	420,160	971
Issued during the year	102,700	900	108,500	515
Exercised during the year	85,500	650	0	0
Expired/cancelled during the year	115,610	1,903	1,250	539
Options outstanding 31/12	**429,000**	**666**	**527,410**	**889**

Share options issued during 2013 were, at the time they were issued, valued at DKK 20 million (2012: DKK 16 million). The market value of the share options has been calculated using the Black-Scholes option pricing model with assumptions as shown below, where the volatility is based on a 3 year historical average of volatility of the ROCKWOOL International A/S B-share:

	2013	2012
Expected life of the option in years (average)	5	5
Expected volatility	29.7%	37.2%
Expected dividend per share	1.13%	1.86%
Risk-free interest rate	1.14%	0.68%
ROCKWOOL B share price at the date of grant (DKK)	904	525

5. Depreciation, amortisation and write-downs	Group		Parent Company	
DKK million	2013	2012	2013	2012
Amortisation of intangible assets	112	80	83	66
Reversal of previous write-down of intangible assets	0	-23	0	-23
Depreciation of tangible assets	921	957	7	9
Write-down of tangible assets	43	98	0	0
Total	**1,076**	**1,112**	**90**	**52**

The impairment tests for goodwill are based on value in use and calculated using the expected future cash flows. The assessment of future cash flows is based on 5-year management approved budgets and business plans where the last year is used as a normalized terminal year. The discount rates in the insulation segment range from 7%-11% (2012: 7%-12%%) and in the System segment from 10%-11% (in 2012 no impairment test was made for the System segment). The average growth rate in the terminal period has been set at zero both this year and last year in both the insulation and System segment. The impairment test for goodwill did not lead to any impairment write-downs of goodwill.

Key assumptions used in impairment testing for both segments are growth in sales, gross margin, future investments, capacity utilisation and discount rates. Growth in sales is estimated to be between 2%-8% depending on the businesses. Gross margins are based on average values the last 3 years and adjusted over the budget period for efficiency improvements and expected raw material inflation based on past actual price movements. Future investment is derived from the management approved investment budget and the capacity utilization are based on the current situation including investment plans. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC).

2012

As a consequence of impairment tests and other assets evaluations in 2012 the Group made write-downs of the booked value of some of the tangible assets in the Insulation segment, at an amount of DKK 98 million. The discount rate used in the impairment test was set at 10% (2011: 10%). Furthermore some of the previous write-downs of development projects have been reversed at an amount of DKK 23 million due to improvement of performance in the specific projects.

2013

In 2013 the value of the Group businesses in Western Europe was assessed considering the difficulties in some markets as well as the low capacity utilization of some Western European factories in the Insulation segment. Consequently, the impairment calculation shows the need for a write-down of tangible assets by DKK 43 million. The recoverable amount of the businesses amounts to DKK 480 million (2012: DKK 1,163 million) and was calculated as the value in use. The discount rate used in the impairment test was set at 10% (2012: 10%).

6. Income from investments in subsidiaries	Parent Company	
DKK million	2013	2012
Dividends received from subsidiaries	532	603
Write-down of shares in subsidiaries	-768	0
Total	**-236**	**603**

In the parent company an impairment test of subsidiaries has been made, which has led to a write-down of DKK 768 million due to difficult Western European market conditions . The recoverable amount of the subsidiaries amounts to DKK 480 million (2012: DKK 1,183 million) and was calculated as the value in use. The discount rate used in the impairment test was set at 10% (2012: 10%).

7. Financial income	Group		Parent Company	
DKK million	2013	2012	2013	2012
Interest income	20	36	4	3
Interest income from subsidiaries	0	0	43	55
Exchange gains	83	79	43	26
Total	**103**	**115**	**90**	**84**
Financial income on financial assets at amortised cost	45	40	4	2

Notes

8. Financial expenses	Group		Parent Company	
DKK million	2013	2012	2013	2012
Interest expenses etc.	42	67	42	28
Interest expenses to subsidiaries	0	0	5	1
Exchange losses	107	103	105	53
Total	**149**	**170**	**152**	**82**
Financial expenses on financial liabilities at amortised cost	73	74	42	28

9. Tax on profit for the year	Group		Parent Company	
DKK million	2013	2012	2013	2012
Current tax	448	299	57	4
Adjustments to previous years	-11	-9	0	0
Change in deferred tax	-63	48	-26	14
Other taxes	0	0	0	0
Total	**374**	**338**	**31**	**18**
Distributed between:				
Tax on profit for the year	362	324	31	18
Tax on comprehensive income	12	14	0	0

Reconciliation of tax percentage	Group	
	2013	2012
Danish tax percentage	25.0%	25.0%
Deviation in non-Danish subsidiaries' tax compared to Danish tax percentage	3.3%	5.0%
Associated companies included after tax	-0.2%	-0.2%
Adjustment to valuation of tax assets	-0.4%	-1.1%
Other deviations	1.8%	0.8%
Effective tax percentage	29.5%	29.5%

10. Earnings per share	Group	
DKK million	2013	2012
Profit for the year excluding minority interests	**862**	**772**
Average number of shares (million)	22.0	22.0
Average number of own shares (million)	0.5	0.4
Average number of shares outstanding (million)	**21.5**	**21.6**
Dilution effect of share options	0.1	0.0
Diluted average number of outstanding shares (million)	**21.6**	**21.6**
Earnings per share of DKK 10	40.1	35.8
Earnings per share of DKK 10, diluted	39.9	35.7

Notes

11. Intangible assets

DKK million	Group					Parent Company		
2013	Goodwill	Software	Customer relation-ships	Other	Total	Software	Other	Total
Cost:								
Accumulated 1/1 2013	295	431	198	147	1,071	394	232	626
Exchange rate adjustment	-8	-1	-9	-5	-23	0	0	0
Additions for the year	0	52	0	3	55	49	0	49
Business combinations	123	1	100	164	388	0	0	0
Disposals for the year	0	-1	0	-2	-3	0	0	0
Accumulated 31/12 2013	**410**	**482**	**289**	**307**	**1,488**	**443**	**232**	**675**
The above costs include:								
Intangible assets under construction	0	37	0	0	37	37	0	37
Amortisation and write-downs:								
Accumulated 1/1 2013	159	251	36	37	483	216	44	260
Exchange rate adjustment	0	0	-2	-1	-3	0	0	0
Amortisation for the year	0	71	18	23	112	62	21	83
Disposals for the year	0	0	0	-1	-1	0	0	0
Accumulated 31/12 2013	**159**	**322**	**52**	**58**	**591**	**278**	**65**	**343**
Net book value 31/12 2013	**251**	**160**	**237**	**249**	**897**	**165**	**167**	**332**

2012	Goodwill	Software	Customer relation-ships	Other	Total	Software	Other	Total
Cost:								
Accumulated 1/1 2012	291	358	189	174	1,012	322	232	554
Exchange rate adjustment	4	1	9	0	14	0	0	0
Additions for the year	0	74	0	0	74	74	0	74
Disposals for the year	0	-2	0	-27	-29	-2	0	-2
Accumulated 31/12 2012	**295**	**431**	**198**	**147**	**1,071**	**394**	**232**	**626**
The above costs include:								
Intangible assets under construction	0	65	0	0	65	65	0	65
Amortisation and write-downs:								
Accumulated 1/1 2012	158	204	15	76	453	170	49	219
Exchange rate adjustment	1	0	1	0	2	0	0	0
Amortisation for the year	0	49	20	11	80	48	18	66
Reversal of write-downs for the year	0	0	0	-23	-23	0	-23	-23
Disposals for the year	0	-2	0	-27	-29	-2	0	-2
Accumulated 31/12 2012	**159**	**251**	**36**	**37**	**483**	**216**	**44**	**260**
Net book value 31/12 2012	**136**	**180**	**162**	**110**	**588**	**178**	**188**	**366**

Goodwill is allocated to the business segment Insulation at an amount of DKK 128 million (2012: DKK 136 million) and to the System segment at an amount of DKK 123 million (2012: DKK 0 million). Goodwill has been impairment tested in 2013 and 2012, which did not lead to any impairment write-downs.

The impairment test of goodwill is based on current and future results for the segments to where allocated. Most of the goodwill in the Group is related to the acquisition of CMC in 2013 and CSR in 2010 and this part of the Group is performing according to plan. For a description of impairment test on intangible assets please refer to note 5.

The net book value of other intangible assets includes development projects amounting to DKK 67 million (2012: DKK 76 million) and brands amounting to DKK 167 million (2012: DKK 14 million).

Notes

12. Tangible assets

DKK million	Group					
2013	Buildings and sites	Plant and machinery	Other operating equipment	Prepayments and tangible assets under construction	Investment grants	Total
Cost:						
Accumulated 1/1 2013	6,188	13,437	692	509	-590	20,236
Exchange rate adjustment	-271	-440	-22	-36	3	-766
Additions for the year	45	84	14	1,240	-21	1,362
Business combinations	103	136	27	9	0	275
Transfer of assets under construction	215	446	39	-700	0	0
Disposals for the year	-123	-545	-82	0	21	-729
Accumulated 31/12 2013	**6,157**	**13,118**	**668**	**1,022**	**-587**	**20,378**
Depreciation and write-downs:						
Accumulated 1/1 2013	2,457	9,376	597	2	-441	11,991
Exchange rate adjustment	-60	-239	-14	0	2	-311
Depreciation for the year	166	740	30	0	-15	921
Write-downs for the year	0	43	0	0	0	43
Disposals for the year	-112	-527	-80	-2	14	-707
Accumulated 31/12 2013	**2,451**	**9,393**	**533**	**0**	**-440**	**11,937**
Net book value 31/12 2013	**3,706**	**3,725**	**135**	**1,022**	**-147**	**8,441**
Investment grants	**-82**	**-65**	**0**	**0**	**147**	**0**
Net book value after investment grants 31/12 2013	**3,624**	**3,660**	**135**	**1,022**	**0**	**8,441**
2012						
Cost:						
Accumulated 1/1 2012	5,630	12,456	746	954	-609	19,177
Exchange rate adjustment	111	226	13	45	-10	385
Additions for the year	18	110	14	794	-2	934
Transfer of assets under construction	446	828	5	-1,279	0	0
Disposals for the year	-17	-183	-86	-5	31	-260
Accumulated 31/12 2012	**6,188**	**13,437**	**692**	**509**	**-590**	**20,236**
Depreciation and write-downs:						
Accumulated 1/1 2012	2,248	8,546	639	2	-434	11,001
Exchange rate adjustment	38	150	10	0	-3	195
Depreciation for the year	181	761	33	0	-18	957
Write-downs for the year	0	98	0	0	0	98
Disposals for the year	-10	-179	-85	0	14	-260
Accumulated 31/12 2012	**2,457**	**9,376**	**597**	**2**	**-441**	**11,991**
Net book value 31/12 2012	**3,731**	**4,061**	**95**	**507**	**-149**	**8,245**
Investment grants	**-78**	**-71**	**0**	**0**	**149**	**0**
Net book value after investment grants 31/12 2012	**3,653**	**3,990**	**95**	**507**	**0**	**8,245**

12. Tangible assets (continued)

Of the total net book value of buildings and sites, DKK 522 million (2012: DKK 512 million) represents sites not subject to depreciation.
Costs for building and machinery acquired as finance lease at DKK 49 million (2012: DKK 45 million) represents a net book value of DKK 6 million (2012: DKK 11 million).

Accumulated capitalised interests amounting to DKK 46 million (2012: DKK 48 million) are included in the cost of tangible assets.
The range of interests rates used is 1%-10% (2012: 2%-9%).

For the recognised investment grants the attached conditions are fulfilled or are expected to be fulfilled. Some of the received investment grants are subject to repayment obligations provided that the attached conditions are not fulfilled within a number of years. The Group's investment grants are for the main part received in Poland, Spain, the UK and Germany. The investment grants are in most cases linked to expansion of the Group including the amount of investment in tangible assets and the creation of jobs - and is given as cash, tax holiday or loans. Only limited contingent liabilities exists.

For a description of impairment tests on tangible assets please see note 5.

Contractual obligations for the purchase of tangible assets amounts to DKK 131 million (2012: DKK 74 million).

DKK million	Parent Company					
2013	Buildings and sites	Plant and machinery	Other operating equipment	Prepayments and tangible assets under construction	Investment grants	Total
Cost:						
Accumulated 1/1 2013	171	0	88	0	0	259
Additions for the year	33	0	4	0	0	37
Disposals for the year	0	0	0	0	0	0
Accumulated 31/12 2013	**204**	**0**	**92**	**0**	**0**	**296**
Depreciation and write-downs:						
Accumulated 1/1 2013	90	0	78	0	0	168
Depreciation for the year	4	0	3	0	0	7
Disposals for the year	0	0	0	0	0	0
Accumulated 31/12 2013	**94**	**0**	**81**	**0**	**0**	**175**
Net book value 31/12 2013	**110**	**0**	**11**	**0**	**0**	**121**
Investment grants	**0**	**0**	**0**	**0**	**0**	**0**
Net book value after investment grants 31/12 2013	**110**	**0**	**11**	**0**	**0**	**121**
2012						
Cost:						
Accumulated 1/1 2012	134	0	99	0	0	233
Additions for the year	37	0	0	0	0	37
Disposals for the year	0	0	-11	0	0	-11
Accumulated 31/12 2012	**171**	**0**	**88**	**0**	**0**	**259**
Depreciation and write-downs:						
Accumulated 1/1 2012	87	0	83	0	0	170
Depreciation for the year	3	0	6	0	0	9
Disposals for the year	0	0	-11	0	0	-11
Accumulated 31/12 2012	**90**	**0**	**78**	**0**	**0**	**168**
Net book value 31/12 2012	**81**	**0**	**10**	**0**	**0**	**91**
Investment grants	**0**	**0**	**0**	**0**	**0**	**0**
Net book value after investment grants 31/12 2012	**81**	**0**	**10**	**0**	**0**	**91**

Notes

13. Financial assets

DKK million	Group	Parent Company			
2013	Shares in associated companies	Shares in subsidiaries	Loans to subsidiaries	Shares in associated companies	Total
Cost:					
Accumulated 1/1 2013	66	8,536	1,560	35	10,131
Exchange rate adjustment	0	0	0	0	0
Additions for the year	0	688	758	0	1,446
Reductions for the year	0	-1,052	-566	0	-1,618
Accumulated 31/12 2013	**66**	**8,172**	**1,752**	**35**	**9,959**
Adjustments:					
Accumulated 1/1 2013	268	-891	-37	0	-928
Exchange rate adjustment	-5	0	0	0	0
Profit for the year	8	0	0	0	0
Write-down for the year	0	-763	0	0	-763
Dividend	-8	0	0	0	0
Accumulated 31/12 2013	**263**	**-1,654**	**-37**	**0**	**-1,691**
Net book value 31/12 2013	**329**	**6,518**	**1,715**	**35**	**8,268**
2012					
Cost:					
Accumulated 1/1 2012	66	7,897	1,860	35	9,792
Exchange rate adjustment	0	0	0	0	0
Additions for the year	0	639	519	0	1,158
Reductions for the year	0	0	-819	0	-819
Accumulated 31/12 2012	**66**	**8,536**	**1,560**	**35**	**10,131**
Adjustments:					
Accumulated 1/1 2012	268	-891	-37	0	-928
Exchange rate adjustment	3	0	0	0	0
Profit for the year after tax	12	0	0	0	0
Dividend	-15	0	0	0	0
Accumulated 31/12 2012	**268**	**-891**	**-37**	**0**	**-928**
Net book value 31/12 2012	**334**	**7,645**	**1,523**	**35**	**9,203**

Associated companies, main figures (100%)	Transys		RESO SA		Flumroc AG	
Shares owned in the Group	**30%**		**20%**		**42.3%**	
DKK million	2012	2011	2013	2012	2012	2011
Net sales	27	26	791	798	500	518
Profit for the year	2	1	19	19	4	22
Total assets	15	11	329	332	857	895
Liabilities	8	7	243	249	151	160

In 'Loans to subsidiaries' an amount of DKK 490 million (2012: DKK 532 million) is recognised as an addition to the share investment. Reference is made to the list of Group companies page 63.

In the parent company impairment tests have been made of the value of the shares in subsidiaries and the loans to subsidiaries. Please refer to note 6.

In connection with the raising of loans and credit facilities, the parent company has accepted restrictions of its rights of disposal of the shares in subsidiaries representing a book value of DKK 1,494 million (2012: DKK 2,283 million).

Notes

14. Own shares (A and B shares)	Group					
	2013			2012		
	Number of shares	Average purchase/ sales price	% of share capital	Number of shares	Average purchase/ sales price	% of share capital
Own shares 1/1	427,310		1.9	379,702		1.7
Purchase	93,925	790	0.4	47,608	514	0.2
Sale	83,989	651	0.3	0	0	0
Own shares 31/12	**437,246**		**2.0**	**427,310**		**1.9**

Own shares are acquired and sold in connection with hedging of the Group's options programme, etc. Own shares are purchased based on authorisation from the Generel Assembly.

15. Inventories	Group		Parent Company	
DKK million	2013	2012	2013	2012
Inventory before write-downs	1,331	1,233	18	3
Write-downs 1/1	-58	-35	0	0
Change in the year	-67	-23	0	0
Write-downs 31/12	-125	-58	0	0
Inventories 31/12	**1,206**	**1,175**	**18**	**3**

In 2013 the Group has made a write-down to a lower net realisable value of a specific inventory in the Insulation segment which amounts to DKK 67 million.

Specification of inventories	Group		Parent Company	
DKK million	2013	2012	2013	2012
Raw material and consumables	575	590	18	3
Work in progress	65	61	0	0
Finished goods	566	524	0	0
Inventories 31/12	**1,206**	**1,175**	**18**	**3**

16. Trade receivables	Group	
DKK million	2013	2012
Trade receivables before write-downs (maximum credit risk)	1,663	1,601
Write-downs 1/1	-92	-89
Movements during the year	-14	-14
Realised losses during the year	18	11
Write-downs 31/12	-88	-92
Trade receivables 31/12	**1,575**	**1,509**

Trade receivables (gross) can be specified as follows:	Group	
DKK million	2013	2012
Not due	1,347	1,233
Overdue by:		
1-60 days	226	282
60-360 days	52	42
Older	38	44
Trade receivables before write-downs	**1,663**	**1,601**

Primarily trade receivables overdue more than 90 days are written off.

17. Share capital	Parent Company	
DKK million	2013	2012
A shares - 11,231,627 shares of DKK 10 each	112	112
B shares - 10,743,296, shares of DKK 10 each	108	108
Total	**220**	**220**

Each A share of a nominal value of DKK 10 carries 10 votes, and each B share of a nominal value of DKK 10 carries 1 vote. The total share capital has been unchanged for the last 15 years.

18. Specification of tax assets and deferred tax	Group			
DKK million	2013		2012	
	Assets	Liabilities	Assets	Liabilities
Non-current assets	208	391	135	414
Current assets	75	2	86	6
Non-current liabilities	94	0	125	0
Current liabilities	44	22	35	43
Tax loss carried forward	57	0	90	0
Retaxable amounts	0	159	0	185
Total	**478**	**574**	**471**	**648**
Set-off within legal tax entities and jurisdictions	-214	-214	-201	-201
Deferred tax 31/12	**264**	**360**	**270**	**447**
The tax assets expire as follows:				
	Recognised assets	Unrecognised assets	Recognised assets	Unrecognised assets
Within 1 year of balance sheet date	2	0	3	0
Within 1-5 years of balance sheet date	32	35	52	18
After 5 years of balance sheet date	35	15	38	24
Do not expire	195	164	177	177
Total	**264**	**214**	**270**	**219**

Tax assets not recognised amount to DKK 214 million (2012: DKK 219 million). The tax assets have not been recognised as they have arisen in subsidiaries that have been loss-making for some time and there is no evidence of recoverability in the near future.

Deferred tax assets and liabilities are offset in the consolidated balance sheet if the Group has a legally enforceable right to set off and the deferred tax assets and liabilities relate to the same legal tax entity/consolidation. Of the total deferred tax assets recognised, DKK 57 million (2012: DKK 90 million) relate to tax loss carry forwards. The valuation of tax assets is done on a yearly basis and is based on expected positive taxable income within the next 3-5 years.

Notes

19. Pension obligations

A number of the Group's employees and former employees participate in pension schemes. The pension schemes are primarily defined contribution plans. However, defined benefit plans are used for Belgium and for past services only in UK and for small groups of employees in Norway, Switzerland and Germany.

Under a defined benefit plan the Group carries the risk associated with the future development in e.g. interest rates, inflation, salaries, mortality and disability. Defined benefit plan typically guarantee the employees a retirement benefit based on the final salary at retirement.

The retirement benefit plans in the UK and Belgium have assets placed in independent pension funds. A number of plans in Germany and Norway are unfunded. For these plans the retirement benefit obligations amount to approximately 24% (2012: 25%) of the total gross liability. Except for the UK plan, the mentioned defined benefit plans are not subject to regulatory requirements regarding minimum funding.

The granted retirement payments of the mentioned defined benefit plans are based upon the salary of the participating employees during the period of employment. The Groups contributions are derived from the split of the pension premium between the employee and employer.

	Group	
DKK million	2013	2012
Defined contribution plans		
Pension costs for the year, total	**140**	**135**
Defined benefit plans		
Pension costs	4	3
Interest costs	31	35
Interest income	-24	-24
Pension costs for the year, total	**11**	**14**

Net value of pension plans			Group		
DKK million	2013	2012	2011	2010	2009
Present value of pension liabilities	794	773	727	700	669
Fair value of plan assets	-589	-549	-493	-488	-457
Net value of pension plans 31/12	**205**	**224**	**234**	**212**	**212**

The actuarial assessment of the pension obligation is based on assumptions specific to each country. The lastest actuarial calculation is prepared by authorised experts. The valuation of the assets are based on the composition and the expectations to the economical development. The assumptions used are weighted averages:

	Group	
	2013	2012
Increase in salaries and wages	2.9%	2.4%
Discount rate	4.2%	4.3%
Remaining life expectancy (years)	40.1	39.7

Development in the present value of the defined benefit obligation	Group	
DKK million	2013	2012
Balance 1/1	773	727
Exchange rate adjustments	-11	15
Pension costs	4	3
Interests costs	31	35
Actuarial gains/losses from changes in demographic assumptions	-21	0
Actuarial gains/losses from changes in financial assumptions	51	22
Benefits paid	-33	-29
Total 31/12	**794**	**773**

19. Pension obligations (continued)

Sensitivity analysis:
A sensitivity analysis for significant assumptions as at 31 December 2013 is shown below:

	Group					
Assumptions	Discount rate		Salary increase		Life expectancy	
	-0,5%	+0,5%	-0,25%	+0,25%	-1 year	+ 1 year
Impact on obligation	75	-67	-1	1	-15	19

The sensitivity analysis above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions.

The following payments are expected contributions to the defined benefit plan obligation:

	Group	
DKK million	2013	2012
0-1 year	13	14
1-5 years	57	53
Falling due after 5 years	89	55
Total	**159**	**122**

The expected duration of the defined benefit plan obligation is 18 years (2012: 20 years) as at year end.

Development in the fair value of the plan assets:	Group	
DKK million	2013	2012
Balance 1/1	549	493
Exchange rate adjustments	-11	13
Interest income	24	24
Actuarial gains/losses	46	32
Employer's contribution	5	5
Benefits paid	-24	-18
Total 31/12	**589**	**549**

Plan assets in major categories held as a percentage of total plan assets	Group	
	2013	2012
Assets quoted in active markets:		
Equities in European markets	59%	58%
Bonds in European markets	41%	39%
Assets unquoted:		
Cash	0%	3%

20. Other provisions	Group		Parent Company	
DKK million	2013	2012	2013	2012
Provision for employees 1/1	119	132	2	2
Exchange rate adjustments	-2	2	0	0
Additions for the year	16	15	1	0
Used during the year	-5	-29	0	0
Reversed during the year	0	-1	0	0
Total 31/12	**128**	**119**	**3**	**2**
Provisions for claims and legal proceedings 1/1	30	25	0	0
Exchange rate adjustments	0	0	0	0
Additions for the year	21	16	0	0
Used during the year	-9	-4	0	0
Reversed during the year	-10	-7	0	0
Total 31/12	**32**	**30**	**0**	**0**
Other provisions 1/1	107	103	0	8
Exchange rate adjustments	-2	1	0	0
Additions for the year	51	60	0	0
Used during the year	-27	-45	0	-8
Reversed during the year	-12	-12	0	0
Total 31/12	**117**	**107**	**0**	**0**
Total provisions	**277**	**256**	**3**	**2**
Specification of provisions:				
Non-current liabilities	194	158	3	2
Current liabilities	83	98	0	0
Total provisions	**277**	**256**	**3**	**2**

Provisions relate primarily to jubilee obligations and retirement benefits and ongoing disputes, lawsuits etc.
As at 31 December 2013 other provisions include a provision of DKK 71 million (2012: DKK 66 million) for restructuring measures. This provision is expected to be utilized within 1-3 years.

Notes

21. Bank loans and other financial liabilities	Group		Parent Company	
DKK million	2013	2012	2013	2012
Redemption				
Redemption within 1 year	**3,192**	**2,430**	**2,120**	**1,569**
Redemption between 1 and 3 years	210	174	281	983
Redemption between 3 and 5 years	22	20	0	0
Falling due after 5 years	9	10	0	0
Total non-current	**241**	**204**	**281**	**983**
Interest assessment time				
Reassessed less than 12 months	49	49	93	875
Reassessed after more than 12 months or is fixed-interest	192	155	188	108
Total	**241**	**204**	**281**	**983**
Yield				
Non-interests bearing	0	100	0	100
Below 4%	189	5	281	875
Between 4% and 6%	52	99	0	8
Between 6% and 8%	0	0	0	0
Total	**241**	**204**	**281**	**983**

Of the total debt DKK 1 million (2012: DKK 2 million) comprise capitalised finance lease commitments.

22. Company tax	Group		Parent Company	
DKK million	2013	2012	2013	2012
Balance 1/1	-8	-27	-4	-83
Exchange rate adjustment	0	-3	0	0
Adjustment of deferred tax previous years	0	0	0	58
Tax paid during the year	-408	-260	-57	18
Current tax provided in the year	425	289	52	4
Other taxes provided in the year	-10	-7	0	-1
Total 31/12	**-1**	**-8**	**-9**	**-4**

23. Adjustments	Group		Parent Company	
DKK million	2013	2012	2013	2012
Provisions	20	-7	1	-8
Expensed value of options issued	10	10	5	4
Gain/loss on sale of intangible and tangible assets	-6	-10	0	0
Income from subsidiaires and associated companies	0	0	536	616
Total adjustments	**24**	**-7**	**542**	**612**

24. Change in net working capital	Group		Parent Company	
DKK million	2013	2012	2013	2012
Change in inventories	-15	-117	-70	104
Change in trade receivables	41	61	0	0
Change in other receivables	-17	-44	-243	111
Change in trade payables	41	-92	-18	43
Change in other debt	-62	33	57	83
Change in net working capital	**-12**	**-159**	**-274**	**341**

25. Cash available	Group		Parent Company	
DKK million	2013	2012	2013	2012
Cash	502	484	0	0
Bank debts	-768	-295	-350	-117
Cash available 31/12	**-266**	**189**	**-350**	**-117**

26. Financial risks and instruments

As a consequence of the ROCKWOOL Group's extensive international activities the Group's income statement and equity are subject to a number of financial risks. The Group manages these risks in the following categories:

- Exchange-rate risk
- Interest-rate risk
- Liquidity risk
- Credit risk

The Group's policy is to identify and hedge significant financial risks on an ongoing basis. This is the responsibility of the individual companies in which financial risks might arise. The parent company continuously monitors the Group's financial risks in accordance with a framework determined by Group Management.

Exchange-rate risk

As a consequence of the Group's structure, net sales and expenditure in foreign currency are to a significant degree set off against each other, so that the Group is not exposed to major exchange-rate risks.

Commercial exchange-rate risks in the companies which cannot be set off are hedged on a continuous basis, to the extent that they may significantly affect the results of the individual company in a negative direction, using currency loans, currency deposits and/or financial derivatives. Exchange-rate risks are hedged in the individual companies.

The Group's net sales and expenditures will be subject to exchange-rate fluctuations on translation into to Danish Kroner; however, the risk is assessed to be limited. A sensitivity analysis showing the exchange rate effect on the result and equity has been made. The sensitivity analysis shows the impact of a 1% change in the exchange rates on the net result and the equity without taking any hedging activity into consideration:

Sensitivity analysis based on a 1% change in the exchange rates	Effect on Result	Effect on Equity	Effect on Result	Effect on Equity
DKK million	2013	2013	2012	2012
CAD	+/-1.1	+/-4.6	+/-2.1	+/-5.0
RUB	+/-15.8	+/-20.5	+/- 4.2	+/-20.3
USD	+/-3.3	+/-11.2	+/-4.0	+/-1.0
PLN	+/-0.7	+/-13.6	+/-0.7	+/-23.6

26. Financial risks and instruments (continued)

The impact on the net sales of the difference between average rate and year-end rate amounts to DKK -210 million (2012: DKK -21 million) for the 4 largest currencies except for Euro, which is a change of 1.5%.

Parent company:
The Group's policy is not to hedge exchange rate risks in long-term investments in subsidiaries.

When relevant external investment loans and Group loans are, as a general rule, established in the local currency of the company involved, while cash at bank and in hand are placed in the local currency. In the few countries with ineffective financial markets loans can be raised and surplus liquidity placed in DKK, EUR or USD, subject to the approval of the parent company's finance function.

Group loans that are not established in DKK or EUR are hedged in the parent company via forward agreements, currency loans and cash pools or via the SWAP market.

Interest-rate risk
The Group's interest-rate risk primarily comprises interest-bearing debt since the Group does not currently have significant interest-bearing assets of longer duration. The Group's policy is that necessary financing of investments should primarily be affected by raising 5 to 7 year loans at fixed or variable interest rates.

Drawings on credit facilities at variable interest rates generally match the liquid assets, and all Group loans are symmetrical in terms of interest rates. As a consequence, changes in interest rates will not have a significant effect on the result of the Group.

Liquidity risk
The current surplus and deficit liquidity in the Group's companies is set off, to the extent that this is profitable, via the parent company acting as intra-Group bank and via cash pool systems. When considered appropriate, underlying cash pool systems are established in foreign companies. To the extent that the financial reserves are of an appropriate size, the parent company also acts as lender to the companies in the Group.

Parent company:
In order to ensure financial reserves of an acceptable size, investment loans can be raised on a continuous basis to partly cover new investments and to refinance existing loans. The parent company has guaranteed for some credit facilities and loans. Please refer to note 13 for further specification of the loans.

The parent company has issued ownership clauses and/or deed of postponements in connection with intercompany loans.

The parent company ensures on an ongoing basis that flexible, unutilised committed credit facilities of an adequate size are established with major solid banks. The Group's financial reserves also consist of cash at bank and in hand, and unused overdraft facilities.

Credit risk
As a consequence of the considerable customer spread in terms of geographical location and numbers the credit risk is fundamentally limited. To a minor degree, when considered necessary, insurance or bank guarantees are used to hedge outstanding debtors.

As a consequence of the international diversification of the Group's activities there are business relations with a number of different banks in Europe, North America and Asia. In order to minimise the credit risk on placement of liquid funds and on entering into agreements on derived financial instruments, only major sound financial institutions are used.

No customers exceed 10% of the Group's net sales neither this year nor last year.

Categories of financial instruments
Financial assets and liabilities at fair value are related to foreign exchange rate forward contracts, foreign exchange rate swaps or interest rates swaps all of which has been valued using a valuation technique with market observable inputs (level 2).

The Group enters into derivative financial instruments with financial institutions. Derivatives valued using valuation techniques with market observable inputs are mainly foreign exchange forward contracts. The most frequently applied valuation techniques include forward pricing models using present value calculations. The models incorporate various inputs including the credit quality of counterparties and foreign exchange spot rates. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty and the Group's own non-performance risk.

26. Financial risks and instruments (continued)

	Group		Parent Company	
DKK million	2013	2012	2013	2012
Financial instruments for hedging of future cash flows	8	10	0	0
Fair value hedges	0	0	0	0
Financial assets at fair value	**8**	**10**	**0**	**0**
Trade receivables	1,575	1,509	0	0
Other receivables	250	249	2,678	2,247
Cash	502	484	0	0
Receivables at amortised costs	**2,327**	**2,242**	**2,678**	**2,247**
Financial instruments for hedging of future cash flows	6	14	0	0
Fair value hedges	0	0	0	0
Financial liabilities at fair value	**6**	**14**	**0**	**0**
Bank loans incl. short term	582	357	485	111
Bank debt	768	295	350	117
Trade payables	1,166	1,044	65	83
Other payables	917	938	1,501	2,226
Financial liabilities at amortised costs	**3,433**	**2,634**	**2,401**	**2,537**

The carrying value of the Group's and the parent company's financial assets and liabilities measured at amortised costs are assessed to be a reasonable approximation of fair value.

27. Auditors fee

Fees to auditors elected at the Annual General Meeting consist of:

	Group		Parent Company	
DKK million	2013	2012	2013	2012
Statutory audit	8	9	2	2
Other opinions	0	0	0	0
Tax consultancy	2	2	1	1
Other services	2	2	1	0
Total	**12**	**13**	**4**	**3**

28. Commitments and contingent liabilities

For the Group, commitments comprise DKK 3 million (2012: DKK 95 million). Contingent liabilities amounts to DKK 11 million (2012: DKK 11 million). Contractual obligations for purchase of tangible assets are mentioned in note 12. The Group is engaged in a few legal proceedings. It is expected that the outcome of these legal proceedings will not impact the Group's financial position in excess of what has been provided for in the balance sheet as at 31 December 2013 (as well as at 31 December 2012).

Operational lease commitments expiring within the following periods as from the balance sheet date:

	Group		Parent Company	
DKK million	2013	2012	2013	2012
Within 1 year	106	102	2	2
Between 1 and 5 years	106	123	3	1
After 5 years	0	1	0	0
Total	**212**	**226**	**5**	**3**

Lease costs amounting to DKK 123 million (2012: DKK 102 million) are included in the income statement.

For certain loans provided by the parent company amounting to DKK 1,318 million (2012: DKK 642 million) deeds of postponement have been given.

Notes

29. Related parties

Shareholders holding more than 5% of the share capital or the votes

ROCKWOOL International A/S has registered the following shareholders holding more than 5% of the share capital or the votes

	2013		2012	
	Share capital	Votes	Share capital	Votes
ROCKWOOL Foundation, DK-1360 Copenhagen K	23%	25%	23%	25%
15th June Foundation, DK-1553 Copenhagen K	6%	10%	6%	10%
Gustav Kähler, DK-2942 Skodsborg	6%	9%	7%	9%
Dorrit Eegholm Kähler, DK-2830 Virum	4%	6%	4%	6%
Jan Kähler, DK-2630 Taastrup	4%	6%	4%	6%
Tom Kähler, DK-3540 Lynge	3%	5%	3%	5%

The Company has no related parties with controlling interests.

The Group's related parties comprise the Company's shareholder the ROCKWOOL Foundation, the Company's Board and Management and associated companies. Apart from dividends no transactions were carried out with the shareholders during the year. For transactions with the Board and Management please refer to note 4.

Parent company:
The parent company's related parties also include the subsidiaries and associated companies listed as Group companies on page 63. Transactions with these companies include consultancy work - including support on establishing and expanding production capacity, use of know-how, use of central IT and procurement resources etc. - and financing.

As a management company, the parent company is jointly taxed with other Danish group entities and is jointly and severally liable for payment of corporate income taxes as from the fiscal year 2013 as well as for payments of withholding taxes on dividend, interests, royalties etc. falling due for payment on or after 1 July 2012.

The income statement and balance sheet include the following transactions with other companies in the Group:

	Group		Parent Company	
DKK million	2013	2012	2013	2012
Transactions with subsidiaries:				
Income from the engineering business			149	132
Royalty and services			509	441
Dividend from subsidiaries			532	603
Loans to subsidiaries			1,715	1,523
Receivables from subsidiaries			870	665
Loans from subsidiaries			93	875
Payables to subsidiaries			1,339	1,230
Transactions with associated companies:				
Dividend from associated companies	11	12	9	12
Receivable from associated companies	11	11	11	11

30. Acquisition of subsidiaries and activities

2012

The Group has in 2012 not acquired any significant businesses.

2013

On 1 October 2013 the ROCKWOOL Group took over 100% control of Chicago Metallic (CMC). CMC is a global provider of architectural building products and services - including metal panels and ceiling systems, suspended grid systems, and acoustical and sustainable ceiling panels. It has a network of sales and distribution channels throughout North America, Europe and Asia supported by production facilities in China, Malaysia, Belgium and the US. The acquisition is part of the ROCKWOOL Group's strategy to globalise and develop its ceiling business which today accounts for approx. 10% of Group revenues.

The total consideration was DKK 823 million, of which DKK 439 million was paid in cash in 2013. The remainder around DKK 383 million will be equally paid in 2014 and 2015.

30. Acquisition of subsidiaries and activities (continued)

Net assets at fair value amount to DKK 623 million. The assessment of the fair value of sites and buildings is based on an independent valuation by external appraisers. The fair value of plant and machinery is based on an internal valuation and the fair value of customer relationships is based on an excess earnings model with estimates for future cash flows and customer attrition rates etc. After recognition of identifiable assets and liabilities at fair value, goodwill was recognized with a fair value of DKK 123 million. Goodwill represents the value of employees and knowhow and expected synergies from the merger with ROCKWOOL International A/S. The goodwill recognized is partly tax deductible. The tax deductible part of goodwill amounts to approximately DKK 75 million.

The fair value of the trade receivables amounts to DKK 97 million. The gross amount of trade receivables is DKK 99 million. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected. Cash flow on acquisition amounts to DKK 362 million, comprised of consideration paid cash of DKK 439 million and cash acquired in subsidiaries of DKK 77 million. In addition transaction costs amounting to DKK 8 million are paid.

From the date of acquisition, CMC has contributed DKK 168 million of net sales and DKK 4 million to the profit before tax of the Group. If the combination had taken place at the beginning of the year, net sales for the Group would have been approx. DKK 15,800 million and the profit before tax for the Group would have been approx. DKK 1,275 million.

2014
After the financial year has ended the Group has acquired 100% of HECK Wall Systems, a leading German system holder for external facade insulation (ETICS). The acquisition covers 100% of HECK Wall Systems including the state of art render production facility in Marktredwitz and the well-established brands HECK and RAJASIL. The acquired business complements very well the existing ROCKWOOL ETICS strategy in Europe - primarily in Germany - where we have seen good growth in the facade insulation markets in recent years. The acquisition date is 1 January 2014.

The total consideration paid was DKK 286 million and is included in the 2013 cash flow as prepayments. Transactions cost amounts to DKK 4 million.

At the time the financial statements are authorized for issue, the initial accounting for the business combination is incomplete as the fair value of assets and liabilities acquired has not yet been determined. The disclosed amounts of fair value of acquired assets and liabilities are therefore only determined provisionally due to the timing of the business combination.

The provisional fair values of the acquired assets and liabilities at the acquisition date are:

	2014	2013
	HECK Wall systems	CMC Group
DKK million	Fair value at the acquisition date	Fair value at the acquisition date
Intangible assets	176	265
Tangible assets	115	275
Deferred tax	-54	36
Inventories	18	81
Receivables	32	97
Other current assets	8	12
Non-current liabilities	-25	-1
Current liabilities	-43	-142
Net assets	**227**	**623**
Goodwill	37	123
Cash consideration for the company	**264**	**746**
Cash less interest-bearing debt	**22**	**77**
Total consideration	**286**	**823**

31. Main figures in EUR

Main figures in EUR million	2013	2012	2011	2010	2009
Net sales	1,998	1,969	1,845	1,575	1,501
Profit before tax	164	147	121	109	75
Profit for the year	116	104	83	72	47
Total assets	1,857	1,741	1,705	1,642	1,522
Equity	1,284	1,263	1,162	1,176	1,103
Investments and acquisitions	265	133	163	192	162
Depreciation, amortisation and write-down	144	149	123	134	131
Exchange rate (year end rates)	7.46	7.46	7.43	7.45	7.44

32. Accounting policies applied

The Annual Report for ROCKWOOL International A/S has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for listed companies. Danish disclosure requirements for listed companies are those laid down by the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act and the reporting requirements of NASDAQ OMX Copenhagen A/S for listed companies.

The fiscal year for the Group is 1 January – 31 December 2013.

The accounting policies are unchanged compared to last year except for the changes in the IFRS standards and interpretations as described below:

New and changed standards and interpretations
The following EU adopted IFRS standards and interpretations with relevance for the Group were implemented with effect from 1 January 2013:

- Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"
- IFRS 13 "Fair value Measurement"
- Annual improvements to IFRSs (2009-2011)

The new and changed standards and interpretations have not impacted the recognition and measurement, besides the change in the classification of service materials, and have only lead to additional information.

Change in accounting policy
Due to implementation of amendment of IAS16, the classification of spare parts and servicing equipment have been reclassified to tangible assets instead of included in inventories. Changes have been applied retrospectively, resulting in the restatement of prior year financial information.

The change is a reclassification and has no effect on EBIT, profit for the year, free cash flow and equity. EBITDA in 2013 is positively impacted by DKK 12 million (2012: DKK 13 million). Inventories are reduced by DKK 95 million (2012: DKK 93 million) and tangible assets are increased with a corresponding amount

Due to immateriality a third balance is not presented.

There have been no other changes to accounting policies applied.

New and changed standards and interpretations not yet entered in to force
Standards and amendments issued by IASB with effective date after 31 December 2013, or not adopted by the EU and therefore not implemented, comprise:

- IFRS 9 "Financial Instruments"
- IFRS 10 "Consolidated Financial Statements"
- IFRS 12 "Disclosures of Interests in Other Entities"
- Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"
- Revised IAS 28 "Investments in Associates and Joint Ventures"

Implementation of these will lead to further specifications in the Notes and reclassifications but no material changes in recognition and measurement.

Group Accounts
The consolidated financial statements comprise ROCKWOOL International A/S and the enterprises in which this company and its subsidiaries hold the majority of the voting rights.

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, determined according to the Group's accounting policies, and with elimination of dividends, internal revenue and expenditure items, internal profits as well as intercompany balances and intercompany shareholdings.

Besides shares, capital investments in subsidiaries include long-term loans to subsidiaries if such loans constitute an addition to the shareholding.

Business combinations
Newly acquired or newly established enterprises are recognised in the consolidated financial statements at the time such enterprises are taken over. Divested or terminated enterprises are recognised in the consolidated income statement until the time of disposal. No adjustments are made to the comparative figures for newly acquired or divested enterprises.

On acquisitions of new enterprises the acquisition method is used. The newly acquired enterprises' identifiable assets and liabilities are recognised in the balance sheet at fair values at the date of acquisition. Identifiable intangible assets are recognised if they are separable or arise from a contractual right, and the fair value can be reliably measured. Deferred tax on revaluations is recognised.

The acquisition date is the date when the ROCKWOOL Group effectively obtains control of the acquired subsidiary, enters the management of the joint venture or obtains significant influence over the associate. Acquisition costs are included in operating costs.

Minority interests are recognised as a relative share of the acquired enterprises identifiable assets and liabilities.

Any outstanding positive difference between the cost of the enterprise and the Group's share of the fair value of the identifiable assets and liabilities is goodwill and is recognised in the balance sheet. Goodwill is not amortised but is tested annually for impairment. The first impairment test is performed before the end of the acquisition year. Goodwill is allocated to the cash-generating units upon acquisition, which subsequently form the basis for the impairment test.

In case of any uncertainties regarding measurement of acquired identifiable assets, liabilities and contingent liabilities at the acquisition date, initial recognition will take place on the basis of preliminary fair values. In case identifiable assets, liabilities and contingent liabilities subsequently are determined to have a different fair value at the acquisition date than that first assumed, goodwill is adjusted up until 12 months after the acquisition. The effect of the adjustments is recognised in the opening balance of equity and comparative figures are restated accordingly.

Minority interests
Minority interests are recognised at the minority's share of the net assets.

32. Accounting policies applied (continued)

On acquisition of minority interests acquired net assets are not remeasured at fair value. The difference between the costs and the minority interests' share of the total carrying amount including goodwill is transferred from the minority interests' share of the equity to the equity belonging to the shareholders of ROCKWOOL International A/S.

Translation of foreign currency
The Annual Report has been presented in Danish kroner (DKK), which is the parent company's functional currency. Each company in the Group determines its own functional currency.

Transactions in foreign currency are translated using the exchange rate at the transaction date or a hedged rate. Monetary items in foreign currency are translated using the exchange rates at the balance sheet date. Accounts of foreign subsidiaries are translated using the exchange rates at the balance sheet date for balance sheet items, and average exchange rates for items of the income statement.

All exchange rate adjustments are recognised in the income statement under financial items, apart from the exchange rate differences arising on:

- conversion of equity in subsidiaries at the beginning of the financial year using the exchange rates at the balance sheet date
- conversion of the profit for the year from average exchange rates to exchange rates at the balance sheet date
- conversion of long-term intercompany balances that constitute an addition to the holding of shares in subsidiaries
- conversion of the forward hedging of capital investments in subsidiaries
- conversion of capital investments in associated and other companies
- profit and loss on effective derivative financial instruments used to hedge expected future transactions.

These value adjustments are recognised directly under other comprehensive income.

Derivative financial instruments
Derivative financial instruments are initially recognised in the balance sheet at cost price and are subsequently measured at fair value. Derivative financial instruments are recognised in other receivables and other debt.

Changes to the fair value of derivative financial instruments, which meet the conditions for hedging the fair value of a recognised asset or liability, are recognised in the income statement together with any changes in the fair value of the hedged asset or liability.

Changes to the fair value of derivative financial instruments, which meet the conditions for hedging future cash flow, are recognised in other comprehensive income provided the hedge has been effective. The accumulated value adjustment related to these hedge transactions is transferred from other comprehensive income when the position is realised, and is included in the value of the hedged position e.g. the adjustment follows the cash flow.

For derivative financial instruments, which do not qualify as hedging instruments, changes to the fair value are recognised on an ongoing basis in the income statement as financial income or financial expenses.

INCOME STATEMENT

Net sales
Net sales are recognised in the income statement provided that delivery and risk transition has taken place before year-end. Net sales are calculated excluding VAT, duties and sales discounts. Royalty and licence fees are recognised when earned according to the terms of the agreements.

Investment grants
Investment grants are recognised as income in step with the write-down against the equivalent tangible assets. Investment grants not yet recognised as income are set off against the assets to which the grant is related.

Research and development activities
The costs of research activities are carried as expenditure in the year in which they are incurred. The costs of development projects which are clearly defined and identifiable, and of which the potential technical and commercial exploitation is demonstrated, are capitalised to the extent that they are expected to generate future revenue. Other development costs are recognised on an ongoing basis in the income statement under operating costs.

Financial items
Financial income and expenses include interest, financial expenditure on finance lease, fair value adjustments and realised and unrealised foreign exchange gains and losses.
Dividends on capital investments in subsidiaries and associated enterprises are recognised as income in the parent company's income statement in the financial year in which the dividends are declared.

Tax
The parent company is taxed jointly with all Danish subsidiaries. Income subject to joint taxation is fully distributed.

Tax on the profit for the year, which includes current tax on the profit for the year as well as changes to deferred tax, is recognised in the income statement. Tax on changes in other comprehensive income is recognised directly under equity.

BALANCE

Intangible assets
Intangible assets, apart from goodwill, are stated at cost less accumulated amortisation and write-downs. Amortisation of the following intangible assets is made on a straight-line basis over the expected future lifetime of the assets, which is:

Development projects	2-10 years
Patents	up to 20 years
Software	2-4 years
Trademarks	up to 20 years
Customer relationships	15 years

Goodwill arisen from acquisition of enterprises and activities are stated at cost. The carrying amount of goodwill is allocated to the Group's cash-generating units at the acquisition date. Identification of cash-generating units is based on the management structure and internal financial control.

32. Accounting policies applied (continued)

Acquired CO_2 rights are capitalised under intangible assets. Granted CO_2 rights are not capitalised.

Tangible assets
Tangible assets are stated at cost less accumulated depreciation and impairment losses.

The cost of technical plant and machinery manufactured by the Group comprises the acquisition cost, expenditure directly related to the acquisition, engineering hours, including indirect production costs and borrowing costs.

Financial leased assets are recognised in the balance sheet at market value at the date of acquisition, and are written off at depreciation rates equivalent to those for the same category of owned assets.

Depreciation is carried out on a straight-line basis, based on current assessment of their useful lives and scrap value. The expected lifetimes are:

Buildings	20-40 years
Technical plant and machinery	5-15 years
Operating equipment and fixtures and fittings	3-10 years

On sale or scrapping of assets, any losses or gains are included under other operating income for the year.

Capital investments in subsidiaries and associated enterprises
The parent company's shares in subsidiaries and associated enterprises are measured at cost less write-downs as a result of permanent decreases in the earning capacity of the enterprises in question.

Investments in associates are measured in the balance sheet of the Group at equity value in accordance with the Group's accounting principles applied after proportional elimination of intra group profit and losses.

The relative share of the associated enterprises' profit after tax is recognised in the Group income statement.

Impairment of assets
Goodwill is tested annually for impairment and the book value of other assets is reviewed on indications of impairment. When testing for impairment, the value is written down to the estimated net sales price or the useful value, if greater. Other assets are tested for impairment when there are indications of change in the structural profitability.

Inventories
Inventories are valued at the lowest value of historical cost calculated as a weighted average or the net realisation value. The cost of finished goods and work in progress include the direct costs of production materials and wages, as well as indirect production costs.

Receivables
Receivables are measured after deduction for write-downs to meet losses on the basis of an individual assessment.

Equity
Dividend is included as a liability at the time of adoption by the Annual General Meeting. Dividend that is expected to be paid for the year is shown separately in the equity.

Acquisition and sales prices as well as dividends on own shares are recognised under retained earnings in the equity.

The reserve for foreign currency translation consists of exchange rate differences that occur when translating the foreign subsidiaries' financial statements from their functional currency into DKK.

Hedging adjustments comprise changes in the fair value of hedging transactions that qualify for recognition as cash flow hedges and where the hedged transaction has not yet been realised.

Pension
Pension payments concerning defined contribution plans are recognised on an ongoing basis in the income statement. Defined benefit plans are stated at the net present value at the balance sheet date and included in the consolidated financial statements. Adjustments of the plans are carried out on a regular basis in accordance with underlying actuarial assessments. Actuarial gains or losses for defined benefit plans are recognized in full in the period in which they occur in other comprehensive income. The actuarial assessment is carried out every year.

For certain defined benefit plans the related assets are placed in pension funds not included in the consolidated financial statements. The payments to the pension funds are based on the usual actuarial assessments and are recognised in the income statement after maturity. Provided that the actuarial assessments of pension obligations show noticeable excess solvency or insolvency in relation to the pension fund's assets, the difference is entered to the balance sheet and the future payments are adjusted accordingly. With regard to these schemes, the actuarial assessment is also carried out every year.

Share option programme
An equity-based share option programme has been established, which is offered to Management and senior managers. The share option programme is not considered as part of remuneration, as the Board of ROCKWOOL International A/S will, from time to time, decide whether share options are to be offered.

On issuing of share options, the value of the allotted options is estimated in compliance with the formula of Black & Scholes at the time of allotment and is expensed under staff costs over the expected life of the option. The amount charged is set off against equity.

The effect of void options is adjusted continuously over the income statement and set off against equity, respectively.

32. Accounting policies applied (continued)

Deferred tax
Provisions for deferred tax are calculated on all temporary differences between accounting and taxable values, calculated using the balance-sheet liability method. Deferred tax provisions are also made to cover the retaxation of losses in jointly taxed foreign companies previously included in the Danish joint taxation. Deferred tax assets are recognised when it is probable that the assets will reduce tax payments in coming years and they are assessed at the expected net realisable value.

Deferred tax is stated according to current tax regulations. Changes in deferred tax as a consequence of changes in tax rates are recognised in the income statement

Provisions
Liabilities are recognised if they are certain or probable at the balance sheet date, and if the size of the liability can be measured on a reliable basis. The liability is calculated as the amount expected to be paid.

Financial liabilities
Interest-bearing debt is valued at amortised cost measured on the basis of the effective interest rate at the time of borrowing. The proceeds from the loan are compiled less transaction costs.

Lease commitments
Lease commitments concerning finance lease are assessed at the current value of the remaining lease instalments, including any possible guaranteed residual value based on the internal interest rate of each lease agreement.

CASH FLOW STATEMENT

Cash flow statement
The cash flow statement is presented using the indirect method on the basis of operating profit before financial items. The cash flow statement shows cash flows for the year, as well as cash and cash equivalents at the beginning and at the end of the financial year. Cash flows from operating activities are calculated as operating profit before financial items adjusted for non-cash operating items and working capital changes. Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises and other asset investments. Cash flows from financing activities comprise the raising of loans, instalments on loans, payment of dividends and increases of the share capital.

Cash and cash equivalents include cash and bonds less short-term bank debt.

SEGMENT ACCOUNTS

Segmental data
Segmental data is stated for business areas and geographical areas. The division by business areas is in accordance with the Group's internal reporting. The segmental data is presented according to the same principle as the consolidated financial statements. The segmental EBIT includes Net Sales and expenditure operationally related to the segment.

Systems Segment is primarily defined as non-thermal insulation products.

Ratios
The ratios have been calculated in accordance with "Anbefalinger & Nøgletal 2010" (Recommendations & Ratios 2010) issued by the Danish Society of Financial Analysts. The ratios mentioned in the five-year summary are calculated as described in the notes.

Definitions of key figures and ratios

EBIT	Profit before financial items and tax
EBITDA	Profit before depreciation, write-downs, amortisations, financial items and tax
Profit ratio (%)	$\frac{\text{Operating profit}}{\text{Net sales}} \times 100$
Earnings per share of DKK 10	$\frac{\text{Profit for the year after minority interests}}{\text{Average number of outstanding shares}}$
Diluted earnings per share of DKK 10	$\frac{\text{Profit for the year after minority interests}}{\text{Diluted average number of outstanding shares}}$
Cash earnings per share of DKK 10	$\frac{\text{Cash flows from operating activities}}{\text{Average number of outstanding shares}}$
Dividend per share of DKK 10	$\frac{\text{Dividend percentage} \times \text{nominal value of the share}}{100}$
Book value per share of DKK 10	$\frac{\text{Equity end of the year before minority interests}}{\text{Number of shares at the end of the year}}$
Return on invested capital (ROIC)	$\frac{\text{Operating profit}}{\text{Average invested assets}} \times 100$
Return on equity (%)	$\frac{\text{Profit for the year after minority interests}}{\text{Average equity excluding minority interests}} \times 100$
Equity ratio (%)	$\frac{\text{Equity end of the year}}{\text{Total equity and liabilities at the end of the year}} \times 100$
Financial gearing	$\frac{\text{Net interest-bearing debt}}{\text{Equity end of the year}} \times 100$
Payout ratio (%)	$\frac{\text{Dividend for the year}}{\text{Profit for the year after minority interests}} \times 100$

Group companies

	Country	Shares owned %
Parent company		
ROCKWOOL International A/S	Denmark	
Subsidiaries		
Insulation		
ROCKWOOL Handelsgesellschaft m.b.H.	Austria	100
ROCKWOOL N.V.	Belgium	100
s.a. Etablissements N.V. Charles Wille & Co	Belgium	100
ROXUL Brazil Parts Ltda.	Brazil	100
ROCKWOOL Bulgaria Ltd.	Bulgaria	100
ROXUL Inc.	Canada	100
ROCKWOOL Building Materials (Tianjin) Co. Ltd.	China	100
ROCKWOOL Firesafe Insulation (Guangzhou) Co. Ltd.	China	94.84
ROCKWOOL Firesafe Insulation (Shanghai) Co. Ltd.	China	100
ROCKWOOL Adriatic d.o.o.	Croatia	100
ROCKWOOL a.s.	Czech Republic	100
ROCKWOOL A/S	Denmark	100
ROXUL ROCKWOOL Technical Insulation Middle East FZE	Dubai	100
ROCKWOOL EE Oü	Estonia	100
ROCKWOOL Finland OY	Finland	100
ROCKWOOL France S.A.S	France	100
Deutsche ROCKWOOL Mineralwoll GmbH & Co. OHG	Germany	100
ROCKWOOL Mineralwolle GmbH Flechtingen	Germany	100
ROCKWOOL Limited	Great Britain	100
ROCKWOOL Building Materials Ltd.	Hong Kong	100
ROCKWOOL Hungary Kft.	Hungary	100
ROXUL ROCKWOOL Insulation India Ltd.	India	100
ROXUL ROCKWOOL Technical Insulation India Pvt. Ltd.	India	100
ROCKWOOL Ltd.	Ireland	100
ROCKWOOL Italia S.p.A.	Italy	100
SIA ROCKWOOL	Latvia	100
ROCKWOOL UAB	Lithuania	100
ROCKWOOL Malaysia Sdn. Bhd.	Malaysia	94.84
ROCKWOOL Insulation Sdn. Bhd.	Malaysia	100
Breda Confectie B.V.	Netherlands	100
ROCKWOOL B.V.	Netherlands	100
A/S ROCKWOOL	Norway	100
Malkinia Sp. z o.o.	Poland	100
ROCKWOOL Polska Asset Management Sp. z o.o.	Poland	100
ROCKWOOL Polska Sp. z o.o.	Poland	100
FAST Sp. z o.o.	Poland	100
ROCKWOOL Romania s.r.l.	Romania	100
CSJC Mineralnaya Vata	Russia	100
LLC ROCKWOOL North	Russia	100
LLC ROCKWOOL Ural	Russia	100
LLC ROCKWOOL Volga	Russia	100
ROCKWOOL Building Materials (Singapore) Pte Ltd.	Singapore	100
ROCKWOOL Slovensko s.r.o.	Slovakia	100
ROCKWOOL Peninsular S.A.	Spain	100
ROCKWOOL AB	Sweden	100
ROCKWOOL GmbH	Switzerland	100
ROCKWOOL Limited	Thailand	94.84
ROCKWOOL Insaat ve Yelitim Sistemleri San. Ve Tic. Ltd. Sti.	Turkey	100
LLC ROCKWOOL Ukraine	Ukraine	100
ROXUL USA Inc.	USA	100
Systems Division		
Chicago Metallic Continental BVBA	Belgium	100
Chicago Metallic Canada ULC	Canada	100
Chicago Metallic (Shenzhen) Co., Ltd.	China	100
Chicago Metallic Continental (Deutschland) GmbH	Germany	100
ROCKWOOL ROCKFON GmbH	Germany	100
Chicago Metallic Limited	Great Britain	100
Chicago Metallic (Asia Pacific) Ltd.	Hong Kong	100
Chicago Metallic (Malaysia) Sdn. Bhd.	Malaysia	100
GRODAN S. de R.L de C.V.	Mexico	100
Chicago Metallic B.V.	Netherlands	100
Consmat Metallic Pte. Ltd.	Singapore	100
Fortalan Asesores S.L. in liquidation	Spain	55
GRODAN MED S.A.	Spain	100
CMC Equipment LLC	USA	100
Other subsidiaries		
BuildDesk A/S	Denmark	100
ROCKWOOL LAT S.A.S.	France	100
ROCKWOOL Beteiligungs GmbH	Germany	100
ROCKWOOL Solutions GmbH	Germany	100
Rockwool.com GmbH	Germany	100
ROCKWOOL Benelux Holding B.V.	Netherlands	100
BuildDesk Polska Sp. z o.o.	Poland	100
Chicago Metallic Company LLC	USA	100
ROXUL Holding USA, Inc.	USA	100
Associated companies		
Transys spol. s r. o.	Czech Republic	30
RESO SA	France	20
Flumroc AG	Switzerland	42.3

Contact information can be found at
www.rockwool.com/near+you

Quarterly follow-up

DKK million	2013 1st qtr.	2013 2nd qtr.	2013 3rd qtr.	2013 4th qtr.	2012 1st qtr.	2012 2nd qtr.	2012 3rd qtr.	2012 4th qtr.
				Unaudited				
Income statement								
Net sales	3,145	3,686	3,937	4,135	3,249	3,603	3,875	3,937
Operating income	3,194	3,725	3,987	4,188	3,295	3,633	3,909	4,016
Operating costs	3,041	3,438	3,541	3,814	3,141	3,356	3,525	3,690
EBITDA	414	564	711	647	411	540	691	611
Operating profit before financial items (EBIT)	153	287	446	374	154	277	384	326
Income from investments associated companies	3	3	1	4	4	2	2	4
Financial items	-16	-15	-6	-9	-16	-18	-14	-7
Profit before tax	140	275	441	369	142	261	372	323
Tax on profit for the period	41	81	132	108	42	81	115	86
Profit for the period	**99**	**194**	**309**	**261**	**100**	**180**	**257**	**237**
EBITDA ratio	*13.2%*	*15.3%*	*18.1%*	*15.7%*	*12.6%*	*15.0%*	*17.8%*	*15.5%*
EBIT ratio	*4.9%*	*7.8%*	*11.3%*	*9.0%*	*4.7%*	*7.7%*	*9.9%*	*8.3%*
Statement of comprehensive income								
Profit for the period	99	194	309	261	100	180	257	237
Exchange rate adjustments of foreign subsidiaries	-26	-215	-117	-152	176	-50	117	-20
Change in pension obligation	0	0	0	16	0	0	0	10
Hedging instruments, value adjustments	10	-7	4	13	6	-3	5	-15
Tax on comprehensive income	-2	2	-1	-11	-1	0	-1	16
Total comprehensive income	**81**	**-26**	**195**	**127**	**281**	**127**	**378**	**228**
Cash flow statement								
Operating profit before financial items	153	287	446	374	154	277	384	326
Adjustments for depreciation, amortisation and write-downs	261	277	265	273	257	263	307	285
Other adjustments	6	6	2	10	-19	5	23	-16
Change in net working capital	-395	-48	115	316	-242	-168	248	3
Cash flow from operations before financial items and tax	25	522	828	973	150	377	962	598
Cash flow from operating activities	**-31**	**387**	**703**	**826**	**56**	**295**	**895**	**539**
Cash flow from investing activities	-251	-341	-777	-610	-265	-160	-298	-272
Cash flow from operating and investing activities (free cash flow)	**-282**	**46**	**-74**	**216**	**-209**	**135**	**597**	**267**
Cash flow from financing activities	-79	-302	22	-10	-60	-305	-28	-72
Change in cash available	-361	-256	-52	206	-269	-170	569	195
Segment reporting								
Insulation segment:								
External net sales	2,548	3,044	3,279	3,095	2,660	2,986	3,236	3,109
Internal net sales	337	358	397	509	335	364	385	476
EBIT	64	215	347	217	67	195	294	210
EBIT ratio	*2.2%*	*6.3%*	*9.4%*	*6.0%*	*2.2%*	*5.8%*	*8.1%*	*5.9%*
Systems segment:								
External net sales	597	642	658	1,040	589	617	639	828
Internal net sales	0	0	0	2	0	0	0	0
EBIT	68	77	84	76	63	66	72	98
EBIT ratio	*11.4%*	*12.0%*	*12.8%*	*7.3%*	*10.7%*	*10.7%*	*11.3%*	*11.8%*
Geographical split of external net sales:								
Western Europe	1,979	2,235	2,304	2,340	2,164	2,229	2,290	2,287
Eastern Europe including Russia	582	877	1,038	1,046	565	827	1,008	980
North America, Asia and others	584	574	595	749	520	547	577	670
Total external net sales	**3,145**	**3,686**	**3,937**	**4,135**	**3,249**	**3,603**	**3,875**	**3,937**

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