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22 May 2014

**Report on first quarter 2014**  
**for ROCKWOOL International A/S**

Today the Board of ROCKWOOL International A/S has discussed and approved the following report on first quarter 2014.

**Highlights**

- Sales in first quarter 2014 at actual exchange rates increased 15% compared to the same period in 2013 or 11% like-for-like.
- EBIT in first quarter 2014 amounts to EUR 28.4 million which is an increase of 39% compared to the same period in 2013. Excluding acquisitions, EBIT is EUR 31.5 million.
- The Group confirms its expectations for 2014 net sales at comparable exchange rates to increase by 12% compared to last year and by 5% like-for-like.
- The Group still expects a net profit for the year around EUR 127 million.
- The green field factory project in China (Tianjin) has been discontinued.
- Capital expenditure excluding acquisitions is still expected to be around EUR 188 million.

Further information: Gilles Maria, Chief Financial Officer

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**Main figures / key figures for the Group**

	1 <sup>st</sup> qtr. 2014	1 <sup>st</sup> qtr. 2013	Full year 2013
	Unaudited		
<b>Income statement items in EUR million</b>			
Net sales	484.5	422.6	2,002.8
EBITDA	68.7	55.5	313.2
Depreciation, amortisation and write-downs	40.3	35.0	144.3
EBIT	28.4	20.5	168.9
Financial items	-1.6	-2.1	-6.2
Profit before tax	27.1	18.8	164.2
Profit for the period	19.1	13.3	115.7
<b>Balance sheet items in EUR million</b>			
Non-current assets	1,329.9	1,273.9	1,371.2
Current assets	494.9	547.1	485.7
Total assets	1,824.8	1,821.0	1,856.9
Equity	1,271.4	1,274.5	1,283.8
Non-current liabilities	166.6	150.4	134.1
Current liabilities	386.8	396.1	439.0
<b>Other items in EUR million</b>			
Cash flow from operating activities	-10.6	-4.2	252.8
Investments and acquisitions	60.4	33.6	216.8
Free cash flow	-71.0	-37.8	-12.5
Net interest-bearing debt	79.4	48.8	100.3
<b>Number of employees</b>			
Number of employees at end of period	10,734	9,806	10,562
<b>Ratios</b>			
Profit ratio	6%	5%	8%
Earnings per share of DKK 10 (EUR 1.3)	0.9	0.6	4.8
Earnings per share of DKK 10 (EUR 1.3), diluted	0.9	0.6	4.8
Cash earnings per share of DKK 10 (EUR 1.3)	-0.7	-0.2	11.0
Book value per share of DKK 10 (EUR 1.3)	57.7	57.9	57.4
Return on invested capital	2%	2%	13%
Return on equity	2%	1%	9%
Equity ratio	70%	70%	69%
Financial gearing	0.06	0.04	0.08
<b>Stock market information</b>			
Share capital (EUR million)	29.5	29.5	29.5
Price per A share (EUR)	140.5	93.0	128.2
Price per B share (EUR)	140.8	94.0	128.2
Number of A shares (10 votes)	11,231,627	11,231,627	11,231,627
Number of B shares (1 vote)	10,743,296	10,743,296	10,743,296

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

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**Management report for the period 1 January to 31 March 2014**Income statement

The ROCKWOOL Group generated sales in first quarter 2014 of EUR 484.5 million which is an increase of 15% compared to the same period last year. Included is a negative exchange rate effect of 4%.

External sales in the Insulation Segment reached EUR 374.3 million in the first quarter which is an increase of 9% compared to last year (or 6% excluding the acquisition effect) while Systems Segment's external sales increased by 38% to EUR 110.2 million or 9% excluding the acquisition effect.

During first quarter, the good weather conditions benefitted our Western European insulation sales where an increase of 12% (6% excluding the acquisition effect) compared to first quarter 2013 was reached. With the exception of a few countries, trading conditions have improved compared to last year.

The Eastern European insulation sales increased 20% compared to last year primarily due to a continued positive development in Russia and a good market recovery in Poland.

Sales in North America were in first quarter growing at a slower pace affected by limited available local production capacity and unfavourable weather conditions. The South East Asian region performed well whilst sales in China continued to be disappointing. As the Group does not see progress in the near future on the previously anticipated Chinese legislation regarding the use of non-combustible insulation, it was decided to discontinue the green field factory project in Tianjin in northern China and explore other options for strengthening our Chinese operation.

The integration of the two in 2013 acquired businesses, Chicago Metallic and HECK Wall Systems is progressing well and is expected to be concluded by year-end. Sales in first quarter were in line with the plans considering the specific seasonality of these activities.

Sales prices were stable in most countries where the Group operates. Overall, input prices were slightly lower compared to the same period last year. This was primarily driven by lower foundry coke prices while binder chemicals and plastic foils prices have increased.

EBITDA for first quarter 2014 reached EUR 68.7 million corresponding to a ratio of 14.2% which represents a 1.1 %-points' improvement.

The depreciation for the Group has increased mainly due to increased depreciation from the newly acquired businesses and the related purchase price allocation. As a consequence of the decision to stop the project for the green field factory in China, the Group has decided to write-off the preparation work which was partly offset by previous write-down reversal for

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some of the European factories due to improved conditions. Net write-off is amounting to EUR 3 million.

EBIT was recorded at EUR 28.4 million – an increase of 39% compared to same period last year. Insulation segment EBIT for the first quarter reached EUR 7.4 million which is an increase of EUR 4.9 million compared to first quarter 2013. Systems Segment generated an EBIT of EUR 9.2 million which is EUR 1.3 million higher than the same period in 2013. EBIT in the Group holding companies and shared functions reached EUR 11.8 million, an increase of EUR 1.7 million compared to same period last year based on the same service level principles as used in 2014.

Net financial costs ended at EUR 1.6 million which is EUR 0.5 million lower than last year.

Net profit for first quarter 2014 amounted to EUR 19.1 million which is EUR 5.8 million better than last year.

#### Cash flow

Cash flow from operations for first quarter 2014 was recorded at EUR -10.6 million which is EUR 6.4 million below same period last year.

Working capital increased by EUR 66.6 million in first quarter 2014 (versus end of 2013) as a consequence of increased sales resulting in higher debtor level and normal seasonal effects on stock.

Capital expenditure in first quarter 2014 was EUR 60.4 million of which EUR 25.6 million were related to capacity expansion projects; primarily for the new green field insulation factory in the USA and the reengineering projects in Poland, Denmark and the Czech Republic.

#### Balance sheet

Total assets end of first quarter 2014 amounted to EUR 1,824.8 million. The equity ratio at the end of the period was 70%.

#### Expectations for 2014

The good sales development recorded in first quarter, corrected for the favourable weather conditions, confirmed the signs of moderate recovery in Europe and already observed during the last part of 2013. The Group expects this trend to continue during the remainder of 2014 supported by increased focus on energy savings in existing buildings in Europe. The Ukrainian crisis and its political as well as economic consequences might affect the positive market development observed in Russia over the last quarters while the Polish market is expected to continue its solid growth.

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In North America, market conditions are expected to remain buoyant, and the new green field factory in Mississippi, US, which will be commissioned in June 2014, will strongly support our sales growth. Sales development in South Asia is expected to remain positive while limited progress is seen for China.

Sales from the acquired business are expected to develop as planned.

Sales prices are expected to remain stable, however with different trends per country.

The Group confirms its expectation for 2014 of net sales at comparable exchange rates to increase by 12% compared to last year and by 5% excluding the acquisitions. It is likely that the currency situation will continue to affect the net sale development in the coming quarters.

Raw material and energy prices are expected to stabilise around their current level. The Group will benefit from a better utilisation of its production platform in 2014.

Expectation for net profit for the year 2014 is unchanged around EUR 127 million. Investment expenditure is still assumed at EUR 188 million excluding acquisitions.

Disclaimer

The statements on the future in this report, including expected sales and earnings, are associated with risks and uncertainties and may be affected by factors influencing the activities of the group, e.g. the global economic environment, including interest and exchange rate developments, the raw material situation, production and distribution-related issues, breach of contract or unexpected termination of contract, price reductions due to market-driven price reductions, market acceptance of new products, launches of competitive products and other unforeseen factors.

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Management statement

The Board and Management Board have today discussed and approved this interim report of ROCKWOOL International A/S for first quarter 2014.

This interim report, which has not been audited or reviewed by the Group's auditor, has been prepared in accordance with IAS 34 Interim Financial Reporting, as approved by the EU and additional Danish interim reporting requirements for listed companies.

We believe that the accounting policies applied – which are unchanged from those applied in the annual report for 2013 are appropriate and that the accounting estimates made are reasonable. In our opinion this interim report presents a true and fair view of the Group's assets, liabilities and financial position at 31 March 2014 and of the result of the Group's operations and cash flow for the period 1 January - 31 March 2014.

Furthermore we believe that the management report gives a true and fair review of the development of the Group's activities and financial matters, the result for the period and the Group's financial position as a whole as well as a description of the most significant risks and uncertainties which the Group is facing.

Besides what has been disclosed in this quarterly financial report, no changes in the Group's most significant risks and uncertainties have occurred relative to what was disclosed in the consolidated annual report for 2013.

22 May 2014

**Management Board**

Eelco van Heel

Gilles Maria

**Board**

Bjørn Høi Jensen

Carsten Bjerg

Thomas Kähler

Heinz-Jürgen Bertram

Lars Frederiksen

Lars Elmekilde Hansen

Søren Kähler

Dorte Page

Connie Enghus Theisen

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<b>Income statement</b>			
EUR million	1 <sup>st</sup> qtr. 2014	1 <sup>st</sup> qtr. 2013	Full year 2013
	Unaudited		Audited
Net sales	484.5	422.6	2,002.8
<b>Operating income</b>	<b>485.8</b>	<b>429.1</b>	<b>2,028.4</b>
<b>Operating costs</b>	<b>457.4</b>	<b>408.6</b>	<b>1,859.5</b>
EBITDA	68.7	55.5	313.2
<b>Operating profit before financial items (EBIT)</b>	<b>28.4</b>	<b>20.5</b>	<b>168.9</b>
Income from investments associated companies after tax	0.3	0.4	1.5
Financial items	-1.6	-2.1	-6.2
<b>Profit before tax</b>	<b>27.1</b>	<b>18.8</b>	<b>164.2</b>
Tax on profit for the period	8.0	5.5	48.5
<b>Profit for the period</b>	<b>19.1</b>	<b>13.3</b>	<b>115.7</b>
Attributable to:			
Minority interests	0.0	0.0	0.1
Shareholders in the parent company	19.1	13.3	115.6
<b>Profit for the period after minority interests</b>	<b>19.1</b>	<b>13.3</b>	<b>115.7</b>
Earnings per share of DKK 10 (EUR 1.3)	0.9	0.6	4.8
Earnings per share of DKK 10 (EUR 1.3), diluted	0.9	0.6	4.8
<b>Statement of comprehensive income</b>			
<b>Profit for the period</b>	<b>19.1</b>	<b>13.3</b>	<b>115.7</b>
<b>Items that may not be reclassified to the income statement</b>			
Actuarial gains and losses of pension obligations	0.0	0.0	2.1
Tax on actuarial gains and losses of pension obligations	0.0	0.0	-0.8
<b>Items that may be reclassified to the income statement</b>			
Exchange rate adjustments of foreign subsidiaries	-35.6	-3.4	-68.4
Hedging instruments, value adjustments	-0.4	1.3	2.7
Tax on other comprehensive income	0.0	-0.3	-0.8
<b>Other comprehensive income</b>	<b>-36.0</b>	<b>-2.4</b>	<b>-65.2</b>
<b>Comprehensive income for the period</b>	<b>-16.9</b>	<b>10.9</b>	<b>50.5</b>
Attributable to:			
Minority interests	0.3	0.0	-0.1
Shareholders in the parent company	-17.2	10.9	50.6
	<b>-16.9</b>	<b>10.9</b>	<b>50.5</b>

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**Segment reporting**

Unaudited								
1 <sup>st</sup> qtr.	Insulation segment		Systems segment		Eliminations, shared functions and holding comp.		The ROCKWOOL Group	
EUR million	2014	2013	2014	2013	2014	2013	2014	2013
External net sales	374.3	342.7	110.2	79.9	0.0	0.0	484.5	422.6
Internal net sales	46.9	45.2	1.2	0.0	-48.1	-45.2	0.0	0.0
Total net sales	421.2	387.9	111.4	79.9	-48.1	-45.2	484.5	422.6
EBIT	7.4	2.5	9.2	7.9	11.8	10.1	28.4	20.5
EBIT ratio	1.8%	0.6%	8.3%	9.9%			5.9%	4.9%

**Geographical split of external net sales**

EUR million	1 <sup>st</sup> qtr. 2014	1 <sup>st</sup> qtr. 2013	Full year 2013
Western Europe	296.6	265.4	1,187.7
Eastern Europe including Russia	93.8	78.0	475.1
North America, Asia and others	94.1	79.2	340.0
Total external net sales	484.5	422.6	2,002.8

**Balance sheet**

EUR million	1 <sup>st</sup> qtr. 2014	1 <sup>st</sup> qtr. 2013	Full year 2013
	Unaudited		Audited
<b>Assets</b>			
Intangible assets	119.8	76.6	120.3
Tangible assets	1,148.3	1,109.7	1,131.6
Other financial assets	50.5	51.3	83.9
Deferred tax assets	11.3	36.3	35.4
<b>Total non-current assets</b>	<b>1,329.9</b>	<b>1,273.9</b>	<b>1,371.2</b>
Inventories	183.0	181.0	161.7
Receivables	306.3	266.4	256.7
Cash	5.6	99.7	67.3
<b>Total current assets</b>	<b>494.9</b>	<b>547.1</b>	<b>485.7</b>
<b>Total assets</b>	<b>1,824.8</b>	<b>1,821.0</b>	<b>1,856.9</b>
<b>Equity and liabilities</b>			
Share capital	29.5	29.5	29.5
Hedging	-1.7	-2.1	-1.3
Foreign currency translation	-121.8	-21.0	-85.9
Proposed dividend	30.0	29.5	30.0
Retained earnings	1,331.9	1,235.4	1,308.3
Minority interests	3.5	3.2	3.2
<b>Total equity</b>	<b>1,271.4</b>	<b>1,274.5</b>	<b>1,283.8</b>
Non-current liabilities	166.6	150.4	134.1
Current liabilities	386.8	396.1	439.0
<b>Total liabilities</b>	<b>553.4</b>	<b>546.5</b>	<b>573.1</b>
<b>Total equity and liabilities</b>	<b>1,824.8</b>	<b>1,821.0</b>	<b>1,856.9</b>

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<b>Cash flow statement</b>			
EUR million	1 <sup>st</sup> qtr.	1 <sup>st</sup> qtr.	Full year
	2014	2013	2013
	Unaudited		Audited
Operating profit before financial items	28.4	20.5	168.9
Adjustments for depreciation, amortisation and write-downs	40.3	35.0	144.3
Other adjustments	-0.6	0.8	3.2
Change in net working capital	-66.6	-53.0	-1.6
<b>Cash flow from operations before financial items and tax</b>	<b>1.5</b>	<b>3.3</b>	<b>314.8</b>
<b>Cash flow from operating activities</b>	<b>-10.6</b>	<b>-4.2</b>	<b>252.8</b>
<b>Cash flow from investing activities</b>	<b>-60.4</b>	<b>-33.6</b>	<b>-216.8</b>
<b>Cash flow from acquisitions</b>	<b>0.0</b>	<b>0.0</b>	<b>-48.5</b>
<b>Cash flow from operating and investing activities (free cash flow)</b>	<b>-71.0</b>	<b>-37.8</b>	<b>-12.5</b>
Cash flow from financing activities	0.5	-10.6	-49.6
<b>Change in cash available</b>	<b>-70.5</b>	<b>-48.4</b>	<b>-62.1</b>
Cash available – beginning of period	-35.7	25.3	25.3
Business combinations		0.0	0.0
Exchange rate adjustments	1.5	-1.3	1.1
<b>Cash available – end of period</b>	<b>-104.7</b>	<b>-24.4</b>	<b>-35.7</b>
<b>Unutilised, committed credit facilities</b>	<b>362.5</b>	<b>443.2</b>	<b>417.1</b>

**Statement of changes in equity**

EUR million	Unaudited						Total
	Share capital	Hedging	Proposed dividend	Foreign currency translation	Retained earnings	Minority interests	
<b>Equity 1/1 2014</b>	<b>29.5</b>	<b>-1.3</b>	<b>30.0</b>	<b>-85.9</b>	<b>1,308.3</b>	<b>3.2</b>	<b>1,283.8</b>
Profit for the period					19.1		19.1
Other comprehensive income		-0.4		-35.9		0.3	-36.0
<b>Comprehensive income for the period</b>	<b>0.0</b>	<b>-0.4</b>	<b>0.0</b>	<b>-35.9</b>	<b>19.1</b>	<b>0.3</b>	<b>-16.9</b>
Sale and purchase of own shares					4.0		4.0
Expensed value of options issued					0.5		0.5
Dividend paid to the shareholders							0.0
<b>Equity 1<sup>st</sup> qtr. 2014</b>	<b>29.5</b>	<b>-1.7</b>	<b>30.0</b>	<b>-121.8</b>	<b>1,331.9</b>	<b>3.5</b>	<b>1,271.4</b>
<b>Equity 1/1 2013</b>	<b>29.5</b>	<b>-3.2</b>	<b>29.5</b>	<b>-17.6</b>	<b>1,221.9</b>	<b>3.2</b>	<b>1,263.3</b>
Profit for the period					13.2	0.0	13.2
Other comprehensive income		1.1		-3.4			-2.4
<b>Comprehensive income for the period</b>	<b>0.0</b>	<b>1.1</b>	<b>0.0</b>	<b>-3.4</b>	<b>13.2</b>	<b>0.0</b>	<b>10.9</b>
Sale and purchase of own shares							0.0
Expensed value of options issued					0.3		0.3
Dividend paid to the shareholders							0.0
<b>Equity 1<sup>st</sup> qtr. 2013</b>	<b>29.5</b>	<b>-2.1</b>	<b>29.5</b>	<b>-21.0</b>	<b>1,235.4</b>	<b>3.2</b>	<b>1,274.5</b>

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<b>Main figures in DKK million:</b>	<b>1<sup>st</sup> qtr.</b>	<b>1<sup>st</sup> qtr.</b>	<b>Full year</b>
	<b>2014</b>	<b>2013</b>	<b>2013</b>
	Unaudited		Audited
Net sales	3,616	3,152	14,903
Depreciation, amortisation and write-downs	300	261	1,076
EBIT	212	153	1,260
Profit before tax	203	140	1,225
Profit for the period	143	99	863
Total assets	13,624	13,586	13,851
Equity	9,492	9,511	9,576
Cash flow (from operating activities)	-80	-31	1,885
Investments and acquisitions	450	251	1,979
Exchange rate	7.47	7.46	7.46

**Business combinations**

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 EUR 38.5 million.

The ROCKWOOL Group has made the following preliminary determination of fair value at the acquisition date of the acquired net assets and goodwill:

<b>EUR million</b>	<b>Unaudited</b>
	Fair value at the acquisition date
	<b>HECK</b>
Intangible assets	23.6
Other non-current assets	15.4
Current assets	7.8
Deferred tax	-7.2
Other non-current liabilities	-3.4
Current liabilities	-5.7
<b>Net assets</b>	<b>30.5</b>
Goodwill	5.0
<b>Cash consideration for the company</b>	<b>35.5</b>
Cash less interest-bearing debt	3.0
<b>Total consideration</b>	<b>38.5</b>

Goodwill related to synergies and potential for development of the acquired operations is not tax deductible.