

**Release no. 6 – 2016**  
**Report on the first quarter of 2016**  
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19 May 2016

**Report on the first quarter of 2016 for ROCKWOOL International A/S****Highlights:**

- Sales in local currencies developed in line with expectations increasing by 1.4% compared to the same period in 2015.
- EBIT increased by 59% to EUR 41.4 million equal to 8.4% EBIT margin. The Insulation Business EBIT margin more than doubled in spite of challenges in the Industrial and Technical insulation markets.
- The Group's business transformation program progressed well and contributed with EUR 7 million included in the EBIT result of the quarter.
- Free cash flow improved by EUR 28 million.
- Net profit reached EUR 28 million, an improvement of EUR 11 million.

**Outlook for the Full Year 2016**

- For the full year, the Group's net sales are still expected to show a small positive growth in local currencies.
- With the improvements during the first months, we raise the expectation for the EBIT margin to above 9% before redundancy costs related to the Business Transformation Programme.
- Investment expenditure expectation for 2016 remains unchanged at around EUR 130 million excluding acquisitions.

Commenting on the Group's performance, CEO Jens Birgersson says:

*"We continue to improve the overall health of the business. I am especially pleased to see that our business transformation programme is contributing so significantly to the strong Q1 result. The growth in North America continues and in Europe we see good developments in both Northern and Southern Europe, a trend we would like to see spreading to the core markets of Germany and France. Russia is the main challenge at the moment, but even with this important market at a low level, we made solid progress in Group profitability"*

Further information:

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

	1st qtr. 2016	1st qtr. 2015	Full year 2015
	Unaudited		Audited
<b>Income statement items in EUR million</b>			
Net sales	494	499	2.208
EBITDA	83	66	*337
Depreciation, amortisation and write-downs	42	40	187
EBIT	41	26	*172
Financial items	-2	-2	-4
Profit before tax	40	25	133
Profit for the period	28	18	91
<b>Balance sheet items in EUR million</b>			
Non-current assets	1,432	1,512	1,446
Current assets	554	633	559
Total assets	1,986	2,144	2,005
Equity	1,400	1,378	1,367
Non-current liabilities	136	123	119
Current liabilities	450	644	519
Net interest-bearing debt	123	262	93
Net working capital	238	239	162
Invested capital	1,504	1,567	1,448
<b>Cash flow in EUR million</b>			
Cash flow from operating activities	6	-4	297
Investments and acquisitions	42	60	201
Free cash flow	-36	-65	97
<b>Other items</b>			
Number of employees at end of period	10,515	11,034	10,601
<b>Ratios</b>			
EBITDA margin	16.8%	13.3%	*15.3%
EBIT margin	8.4%	5.2%	*7.8%
Return on invested capital (rolling 4 quarters)	*12.2%	10.8%	*11.8%
Return on equity (rolling 4 quarters)	7.3%	8.4%	6.8%
Equity ratio	70.5%	64.3%	68.2%
Financial gearing	0.09	0.19	0.07
<b>Stock market information (DKK)</b>			
Earnings per share	9.6	6.0	31.3
Cash flow per share	2.0	-1.5	103
Book value per share	475	427	463
Share capital (million)	220	220	220
Price per A share	1,020	853	944
Price per B share	1,036	852	963
Market cap (million)	22,204	18,349	20,580
Number of own shares	370,405	452,020	391,835
Number of A shares of DKK 10 (10 votes)	11,231,627	11,231,627	11,231,627
Number of B shares of DKK 10 (1 vote)	10,743,296	10,743,296	10,743,296

\*) Excluding redundancy costs from the Business Transformation Programme and write-downs in Asia.

The ratios have been calculated in accordance with recommendations issued by the Danish Society of Financial Analysts (2015 edition).

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**Management report for the period 1 January to 31 March 2016**Sales development

The slight global market growth experienced in 2015 continued into the beginning of 2016 with the main exception being Russia, where the market still declined, although at a slower pace.

The ROCKWOOL Group generated sales in the first quarter of 2016 of EUR 494 million, an increase of 1.4% measured in local currencies. The effect from exchange rates is negative by 2.4% primarily due to the Russian Rouble devaluation, resulting in a slight decline of 1% in reported net sales in the first quarter.

Sales prices have seen a slightly improving trend with most upside in North America.

On a regional level, sales in Western Europe decreased by 1.9% compared to the same period last year in local currencies. Most counties showed stable development while Scandinavia performed especially well. Sales volumes in France were affected by a planned price increase earlier in the year while the market in Germany seems to be at the cusp of starting to improve.

Eastern European insulation sales in the first quarter increased 1.9% in local currencies. The growth in Poland levelled off while the sales decrease in Russia compared to Q1 2015 was as expected under the present difficult market conditions.

In North America and Asia, sales in the first quarter continued to show positive development with an increase of close to 10% in local currencies. The growth mainly came from North America but Asia is also improving.

Business segments

Sales in the Insulation Segment reached EUR 368 million in the first quarter, which is an increase of 1.0% in local currencies. The increase was mainly carried by the Building insulation segment whereas the Industrial & Technical insulation area was challenged by the low investment levels in the Oil & Gas related industries.

**Key figures Insulation segment**

EUR million	Q1 2015	Q1 2016
External net sales	375	368
EBIT, segment profit	8.7	21.8
EBIT margin	2.0%	5.1%

The Insulation Segment EBIT for the first quarter of 2016 reached EUR 21.8 million with an EBIT margin of 5.1%, an increase of 3.1%-points compared to the same period last year. Only Russia has a lower profitability than last year.

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The Systems Segment's sales in the first quarter amounted to EUR 127 million which is an increase by 2.5% in local currencies. The main contributor to this increase was the GRODAN horticultural business which continues to register solid growth in both North America and Europe. Also the ROCKPANEL cladding board business and the LAPINUS Fibres reinforcement business experienced solid growth. ROCKFON ceiling systems had a weak quarter compared to a strong Q1 2015, but expects to recover later in the year.

**Key figures Systems segment**

EUR million	Q1 2015	Q1 2016
External net sales	124	127
EBIT, segment profit	17.4	19.6
EBIT margin	14.0%	15.5%

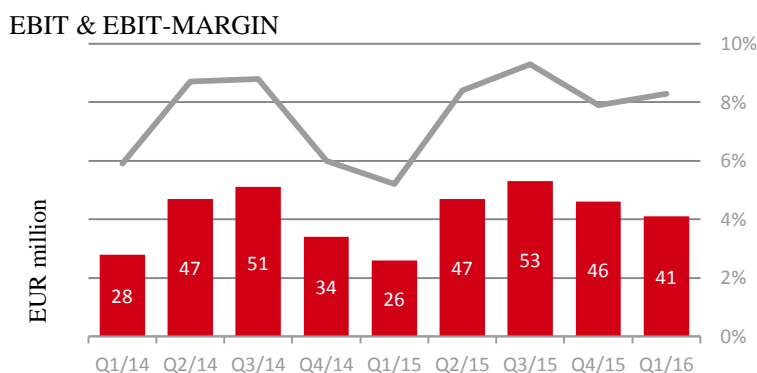
The Systems Segment performed well and generated an EBIT of EUR 19.6 million with an EBIT margin of 15.5%, this is 1.5 %-points higher than the same period in 2015.

Group profitability

Strong increase in EBITDA for the first quarter, which reached EUR 83 million corresponding to a margin of 16.8% - an improvement of 3.6 %-points compared to last year. A significant contributor to this was good factory efficiency especially in North America and lower input costs throughout most markets.

The business transformation program continues to progress as planned. The directly measurable EBIT impact in 2015 was EUR 4 million, and in the first quarter of 2016 it amounted to EUR 7 million.

We had no business transformation related restructuring costs during the first quarter.



The 59% growth in EBIT for the first quarter was driven by favourable product mix including a reduced sales of less profitable products; cost savings in production with a better efficiency of the new manufacturing line in the US; and the positive impact from the Group's business

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transformation program. EBIT reached EUR 41.4 million, or 8.4% EBIT margin compared to EUR 26.1 million last year (5.2% EBIT margin) – an increase of 3.2 %-point with no significant exchange rate effect.

Net financial costs for the first quarter of 2016 ended at EUR 2.0 million, an increase of EUR 0.2 million compared to the same period last year.

Net profit for the first quarter of 2016 amounted to EUR 28 million, which is EUR 11 million better than last year.

Cash flow

The strong development in earning reflected positively in cash generation during the first quarter.

The net working capital saw the usual seasonal build-up and increased EUR 54 million during the first quarter of 2016, which is EUR 7 million less than the increase over the same period last year. Total net working capital amounted to EUR 238 million compared to EUR 239 million end of the same period last year.

Cash flow from operating activities at the end of the first quarter of 2016 was EUR 6 million, which is EUR 10 million better than same period last year. The improvement mainly comes from a combination of higher EBITDA result (+17 million) and improved net working capital (+7 million) while higher tax payments (-11 million) pulled in the other direction.

Capital expenditure during the first quarter of 2016 was EUR 42 million. The biggest individual investment relates to the factory re-engineering project in Poland.

Balance sheet

Total assets at the end of the 2016 first quarter amounted to EUR 1,986 million. The equity ratio at the end of the period was 70.5%.

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Outlook for the Full Year 2016

- For the full year, the Group's net sales are still expected to show a small positive growth in local currencies.
- With the improvements during the first months, we raise the expectation for the EBIT margin to above 9% before redundancy costs related to the Business Transformation Programme.
- Investment expenditure expectation for 2016 remains unchanged around EUR 130 million excluding acquisitions.

**2016 outlook overview**

	<b>26 February 2016</b>	<b>19 May 2016</b>
Net sales	Slight organic growth in local currencies	Slight organic growth in local currencies
EBIT margin excl. redundancy costs related to the business transformation programme	Above 8.5%	Above 9.0%
Investments excl. acquisitions	Around EUR 130 million	Around EUR 130 million

Disclaimer

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

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Management statement

The Board of Directors and the Registered Directors have today considered and approved this interim report of ROCKWOOL International A/S for the first quarter of 2016.

This interim report, which has not been audited or reviewed by the ROCKWOOL Group 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 of the 2015 annual report - are appropriate and that the accounting estimates made are reasonable. In our opinion, this interim report presents a true and fair view of Group's assets and liabilities, and the financial position at 31 March 2016 and the result from Group's operations and cash flow for the period 1 January to 31 March 2016.

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 interim 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 2015.

19 May 2016

**The Registered Directors**

Jens Birgersson

Kim Junge Andersen

**Board of Directors**

Bjørn Høi Jensen

Carsten Bjerg

Søren Kähler

Lars Frederiksen

Thomas Kähler

Andreas Ronken

Lars Elmekilde Hansen

Dorte Hanne Page Larsen

Connie Enghus Theisen

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<b>Income statement</b>			
<b>EUR million</b>	<b>1st qtr. 2016</b>	<b>1st qtr. 2015</b>	<b>Full year 2015</b>
	Unaudited		Audited
Net sales	494.3	499.3	2,207.9
Operating income	496.1	501.8	2,220.6
Operating costs	413.1	435.6	1,898.9
<b>EBITDA</b>	<b>83.0</b>	<b>66.2</b>	<b>321.7</b>
Adjustments for depreciation, amortisation and write-downs	41.6	40.1	186.8
<b>EBIT</b>	<b>41.4</b>	<b>26.1</b>	<b>134.9</b>
Income from investments in associated companies	0.2	0.3	2.3
Financial items	-2.0	-1.8	-3.8
<b>Profit before tax</b>	<b>39.6</b>	<b>24.6</b>	<b>133.4</b>
Tax on profit for the period	11.3	7.0	42.7
<b>Profit for the period</b>	<b>28.3</b>	<b>17.6</b>	<b>90.7</b>
Attributable to:			
Non-controlling interests	0.0	0.0	-0.5
Shareholders in the parent company	28.3	17.6	91.2
	<b>28.3</b>	<b>17.6</b>	<b>90.7</b>
Earnings per share of DKK 10 (EUR 1.3)	1.3	0.8	4.2
Earnings per share of DKK 10 (EUR 1.3), diluted	1.3	0.8	4.2
<b>Statement of comprehensive income</b>			
<b>Profit for the period</b>	<b>28.3</b>	<b>17.6</b>	<b>90.7</b>
<b>Items that will not be reclassified to the income statement:</b>			
Actuarial gains and losses of pension obligations	0.0	0.0	-1.0
Tax on other comprehensive income	0.0	0.0	-0.2
<b>Items that may be subsequently reclassified to the income statement:</b>			
Exchange rate adjustments of foreign subsidiaries	1.6	69.2	12.2
Hedging instruments, value adjustments	1.4	-3.6	0.7
Tax on other comprehensive income	-0.3	0.9	-2.4
<b>Other comprehensive income</b>	<b>2.7</b>	<b>66.5</b>	<b>9.3</b>
<b>Comprehensive income for the period</b>	<b>31.0</b>	<b>84.1</b>	<b>100.0</b>
Attributable to:			
Non-controlling interests	0.0	0.1	-1.1
Shareholders in the parent company	31.0	84.0	101.1
	<b>31.0</b>	<b>84.1</b>	<b>100.0</b>



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**Segment reporting**

Unaudited								
1st qtr.	Insulation segment		Systems segment		Eliminations		The ROCKWOOL Group	
EUR million	2016	2015	2016	2015	2016	2015	2016	2015
External net sales	367.6	374.9	126.7	124.4	0.0	0.0	494.3	499.3
Internal net sales	56.6	51.2	0.0	0.0	-56.6	-51.2	0.0	0.0
Total net sales	424.2	426.1	126.7	124.4	-56.6	-51.2	494.3	499.3
EBIT, segment profit	21.8	8.7	19.6	17.4	0.0	0.0	41.4	26.1
EBIT margin	5.1%	2.0%	15.5%	14.0%			8.4%	5.2%

**Geographical split of external net sales**

EUR million	1st qtr. 2016	1st qtr. 2015	Full year 2015
Western Europe	299.3	307.6	1,290.0
Eastern Europe including Russia	72.5	76.1	408.1
North America, Asia and others	122.5	115.6	509.8
Total external net sales	494.3	499.3	2,207.9

**Balance sheet**

EUR million	1st qtr. 2016	1st qtr. 2015	Full year 2015
<b>Assets</b>	<b>Unaudited</b>		<b>Audited</b>
Intangible assets	144.8	158.4	139.5
Tangible assets	1,187.7	1,265.9	1,192.6
Other financial assets	54.6	49.9	53.3
Deferred tax assets	44.5	37.3	60.9
<b>Total non-current assets</b>	<b>1,431.6</b>	<b>1,511.5</b>	<b>1,446.3</b>
Inventories	179.2	198.8	168.4
Receivables	301.1	349.1	302.6
Cash	73.8	85.0	87.5
<b>Total current assets</b>	<b>554.1</b>	<b>632.9</b>	<b>558.5</b>
<b>Total assets</b>	<b>1,985.7</b>	<b>2,144.4</b>	<b>2,004.8</b>
<b>Equity and liabilities</b>			
Share capital	29.5	29.5	29.5
Foreign currency translation	-137.1	-80.1	-138.7
Proposed dividend	33.9	33.4	33.9
Retained earnings	1,472.2	1,396.8	1,442.1
Hedging	-1.3	-5.7	-2.4
Non-controlling interests	2.6	3.8	2.6
<b>Total equity</b>	<b>1,399.8</b>	<b>1,377.7</b>	<b>1,367.0</b>
Non-current liabilities	136.2	122.9	119.0
Current liabilities	449.7	643.8	518.8
<b>Total liabilities</b>	<b>585.9</b>	<b>766.7</b>	<b>637.8</b>
<b>Total equity and liabilities</b>	<b>1,985.7</b>	<b>2,144.4</b>	<b>2,004.8</b>

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<b>Cash flow statement</b>			
<b>EUR million</b>	<b>1st qtr. 2016</b>	<b>1st qtr. 2015</b>	<b>Full year 2015</b>
	<b>Unaudited</b>		<b>Audited</b>
EBIT	41.4	26.1	134.9
Adjustments for depreciation, amortisation and write-downs	41.6	40.1	186.8
Other adjustments	-1.1	1.3	7.8
Change in net working capital	-53.5	-60.6	12.2
<b>Cash flow from operations before financial items and tax</b>	<b>28.4</b>	<b>6.9</b>	<b>341.7</b>
<b>Cash flow from operating activities</b>	<b>5.7</b>	<b>-4.4</b>	<b>297.3</b>
<b>Cash flow from investing activities</b>	<b>-41.8</b>	<b>-60.1</b>	<b>-170.0</b>
<b>Cash flow from acquisitions</b>	<b>0.0</b>	<b>0.0</b>	<b>-30.7</b>
<b>Cash flow from operating and investing activities (free cash flow)</b>	<b>-36.1</b>	<b>-64.5</b>	<b>96.6</b>
Cash flow from financing activities	1.0	-5.3	-35.4
<b>Change in cash available</b>	<b>-35.1</b>	<b>-69.8</b>	<b>61.2</b>
Cash available – beginning of period	-88.2	-139.7	-139.7
Exchange rate adjustments	4.7	-5.1	-9.7
<b>Cash available – end of period</b>	<b>-118.6</b>	<b>-214.6</b>	<b>-88.2</b>
<b>Unutilised, committed credit facilities</b>	<b>331.6</b>	<b>286.3</b>	<b>350.8</b>

**Statement of changes in the equity**

<b>Unaudited</b>							
<b>EUR million</b>	<b>Share capital</b>	<b>Foreign currency translation</b>	<b>Proposed dividend</b>	<b>Retained earnings</b>	<b>Hedging</b>	<b>Non-controlling interests</b>	<b>Total</b>
<b>Equity 1/1 2016</b>	<b>29.5</b>	<b>-138.7</b>	<b>33.9</b>	<b>1,442.1</b>	<b>-2.4</b>	<b>2.6</b>	<b>1,367.0</b>
Profit for the period				28.3			28.3
Other comprehensive income		1.6			1.1		2.7
<b>Comprehensive income for the period</b>		<b>1.6</b>	<b>0.0</b>	<b>28.3</b>	<b>1.1</b>	<b>0.0</b>	<b>31.0</b>
Sale and purchase of own shares				1.4			1.4
Expensed value of options issued				0.4			0.4
<b>Equity 1<sup>st</sup> qtr. 2016</b>	<b>29.5</b>	<b>-137.1</b>	<b>33.9</b>	<b>1,472.2</b>	<b>-1.3</b>	<b>2.6</b>	<b>1,399.8</b>
<b>Equity 1/1 2015</b>	<b>29.5</b>	<b>-149.2</b>	<b>33.4</b>	<b>1,388.7</b>	<b>-3.0</b>	<b>3.7</b>	<b>1,303.1</b>
Profit for the period				17.6			17.6
Other comprehensive income		69.1			-2.7	0.1	66.5
<b>Comprehensive income for the period</b>	<b>0.0</b>	<b>69.1</b>	<b>0.0</b>	<b>17.6</b>	<b>-2.7</b>	<b>0.1</b>	<b>84.1</b>
Sale and purchase of own shares				-9.8			-9.8
Expensed value of options issued				0.3			0.3
<b>Equity 1<sup>st</sup> qtr. 2015</b>	<b>29.5</b>	<b>-80.1</b>	<b>33.4</b>	<b>1,396.8</b>	<b>-5.7</b>	<b>3.8</b>	<b>1,377.7</b>

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<b>Main figures in DKK million:</b>	<b>1st qtr.</b>	<b>1st qtr.</b>	<b>Full year</b>
	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>Unaudited</b>		<b>Audited</b>
Net sales	3,687	3,720	16,468
Depreciation, amortisation and write-downs	311	299	1,393
EBIT	308	194	*1,281
Profit before tax	295	183	995
Profit for the period	211	131	677
Total assets	14,819	16,019	14,961
Equity	10,447	10,291	10,201
Cash flow (from operating activities)	43	-33	2,217
Investments and acquisitions	312	449	1,497
Exchange rate	7.46	7.47	7.46

\*) Excluding redundancy costs from the Business Transformation Programme and write-downs in Asia.