

First half sales growth and positive market conditions give confidence for an upgraded outlook for the year

23 August 2017

Highlights

- H1 2017 net sales increased 5.0% (H1 2016: 2.6%) in local currencies, driven by favourable market conditions. Q2 net sales grew 4.2% (Q2 2016: 3.7%) in local currencies, which in light of seasonal impact is a satisfactory development. In reported figures, net sales grew by 6.6% in H1 2017 (H1 2016: -0.7%).
- Full-year 2017 Outlook for net sales growth upgraded to 5-7% in local currencies.
- Continued strong focus on increasing sales prices to offset significant increase in input cost, though with a time lag.
- H1 2017 EBIT increased by 5% to EUR 110 million (H1 2016: EUR 104 million) equal to a 9.8% EBIT margin (H1 2016: 10.0%). Q2 EBIT was EUR 64 million (Q2 2016: EUR 63 million), with the EBIT margin reaching 10.9% (Q2 2016: 11.4%).
- H1 2017 investment expenditure was EUR 63 million (H1 2016: EUR 70 million).
- Free cash flow at level with last year amounting to EUR 13 million (H1 2016: EUR 13 million).
- Net profit for H1 2017 reached EUR 79 million (H1 2016: EUR 73 million), an improvement of EUR 6 million.



Full year Outlook 2017 upgraded

- The Group's net sales are now expected to reach a growth of 5-7% in local currencies (previously announced 2-4%).
- EBIT margin is still expected to be slightly above 10%.
- Investment expenditure is now expected at around EUR 150 million excluding acquisitions (previously announced EUR 130 million).

“Overall, we’re pleased with our H1 and Q2 2017 results. For the half-year, net sales increased 5.0% and EBIT margin reached almost 10%. As expected, the sales price increases we’re implementing are beginning to show. Pricing will continue to be a major focus going forward, and we see positive market developments in the second half of the year, including an increasing interest for fire safe stone wool products. With better visibility for the remainder of the year, we are also increasing our guidance for sales growth.”

CEO Jens Birgersson

Conference call

The ROCKWOOL Group will host an earnings call on 23 August 2017 at 11.00 CET. To attend the conference call dial +4570223500, +44(0)2075721187 or +1 6467224972. Passcode 46681281#. The conference call will be transmitted live on www.rockwool.com.

Main figures / key figures for the Group

	Unaudited				Audited
	Q2 2017	Q2 2016	YTD Q2 2017	YTD Q2 2016	FY 2016
Income statement items in EUR million					
Net sales	584	555	1,118	1,049	2,202
EBITDA	103	108	189	191	389
Depreciation, amortisation and write-downs	40	45	80	86	160
EBIT	64	63	110	104	229
Profit before tax	63	61	106	100	225
Profit for the period	47	45	79	73	166
Balance sheet items in EUR million					
Non-current assets			1,358	1,420	1,409
Current assets			626	612	591
Total assets			1,984	2,032	1,999
Equity			1,533	1,421	1,536
Non-current liabilities			140	137	128
Current liabilities			311	474	336
Net interest-bearing debt			-85	109	-116
Net working capital			241	247	175
Invested capital			1,457	1,523	1,433
Cash flow in EUR million					
Cash flow from operating activities	92	78	76	83	326
Investments and acquisitions	28	28	63	70	89
Free cash flow	64	50	13	13	237
Other items					
Number of employees at end of period			10,626	10,440	10,414
Ratios					
EBITDA margin	17.7%	19.4%	16.9%	18.2%	17.7%
EBIT margin	10.9%	11.4%	9.8%	10.0%	10.4%
Return on invested capital (rolling 4 quarters)			16.3%	13.1%	15.8%
Return on equity (rolling 4 quarters)			11.7%	8.2%	11.5%
Equity ratio			77.3%	69.9%	76.8%
Share information (DKK)					
Earnings per share	15.7	15.7	26.7	25.3	57.2
Cash flow per share	31.0	26.3	26.2	28.7	112
Book value per share			518	480	518
Share capital (million)			220	220	220
Price per A share			1,370	1,185	1,192
Price per B share			1,437	1,197	1,247
Market cap (million)			30,493	25,731	26,449
Number of own shares			230,560	327,780	275,855

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

Management report for the period 1 January to 30 June 2017

Global sales development

We experienced positive sales growth in all regions globally, with the exception of Southeast Asia. Sales growth in the first half of 2017 was 5% in local currencies mainly stemming from the flat roof insulation sector in Eastern Europe; general building insulation in North America; and Grodan in the Systems segment.

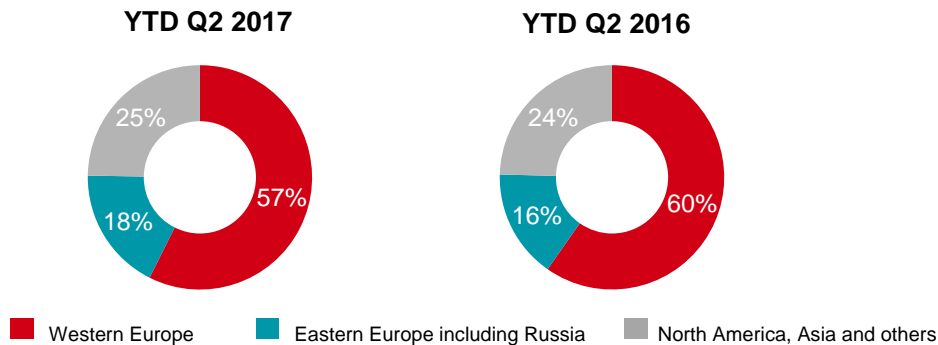
In the first half year of 2017, the ROCKWOOL Group generated net sales of EUR 1,118 million, bringing sales growth to 6.6% in reported figures. The positive effect from exchange rates accounted for 1.6 percentage points, primarily due to a stronger Russian rouble compared to Q2 2016 and to a lesser extent, the US dollar. In Q2 sales grew with 4.2% in local currencies, which taking into account the seasonal impact from the timing of the Easter holiday is a satisfactory development.

Group sales
+5.0%

Focus on increasing sales prices continued during Q2. The impact of increased sales prices in the first half of 2017 developed positively, however as expected, we experienced a time lag between the significant input cost increases and sales price increases. We expect this gap to gradually narrow over the coming periods.

Regional sales development

Sales per region



In first half year, sales in Western Europe improved by 3.2% in local currencies and 2.5% in reported figures. Growth materialised in most significant markets where especially France, UK and Sweden performed well. In Q2 sales grew with 1.1% in local currencies as Germany and the Nordic countries in particular were negatively affected by the fewer sales days.

Sales in Western Europe
+3.2%

Sales in Eastern Europe in the first half year increased 11.2% (12.2% growth in Q2) in local currencies where Poland, Czech Republic, Hungary and Romania among others delivered a strong performance. Russia experienced a satisfactory sales growth in the second quarter.

Sales in Eastern Europe
+11.2%

In the rest of the world, U.S. sales continued to show positive development with double-digit growth. Sales in Canada recovered from a slow Q1 and ended at level with last year for H1. Southeast Asia experienced negative sales growth.

Sales in rest of the world
+5.2%

In H1, rest of world sales grew 5.2%, while in Q2 the sales grew 5.7% in local currencies.

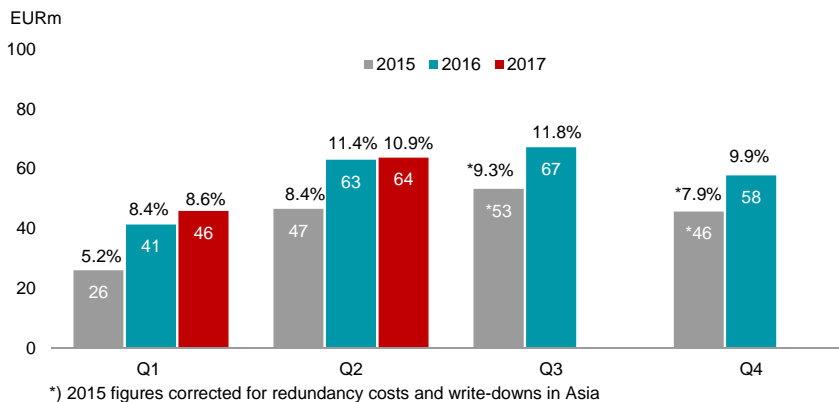
Group profitability

EBITDA for first half year ended at EUR 189 million (EBITDA margin of 16.9%), which was at the same level as last year despite the effect of the time lag between the higher inflation on costs and sales price increases. In addition, we have start-up costs in connection with the opening of the Rockfon factory in the United States. In Q2, EBITDA amounted to EUR 103 million and an EBITDA margin of 17.7%.

EBIT for the first half year increased by 5% and reached EUR 110 million, corresponding to a 9.8% EBIT margin, only a slight decrease of 0.2 %-points compared to last year. EBIT for Q2 was EUR 64 million equal to an EBIT margin 10.9%. With the full impact of increased input cost, this is 0.5 %- points below same quarter last year, a gap we expect will be narrowed over the coming periods mainly by sales price increases.

EBIT margin
-0.2 %-points

EBIT & EBIT MARGIN



The effective tax rate was realised at 26%.

Net profit for the first half year of 2017 amounted to EUR 79 million, which is an improvement of EUR 6 million compared to last year.

Cash flow and balance sheet

Cash flow from operations before financial items and tax in the first half year of 2017 was EUR 103 million in line with last year with only minor seasonal variations on working capital.

Operational cash flow before
financial items and tax
stable

Net working capital as a percentage of annualised net sales was 10.6% compared to 11.3% last year. In absolute terms, net working capital was at the same level as last year, amounting to EUR 241 million.

Capital expenditure during the first half year of 2017 was EUR 63 million compared to EUR 70 million last year. The largest individual investments in 2017 relate to the new Rockfon production facility in the United States, which began production in July 2017 as planned.

Free cash flow was at level with last year and reached EUR 13 million.

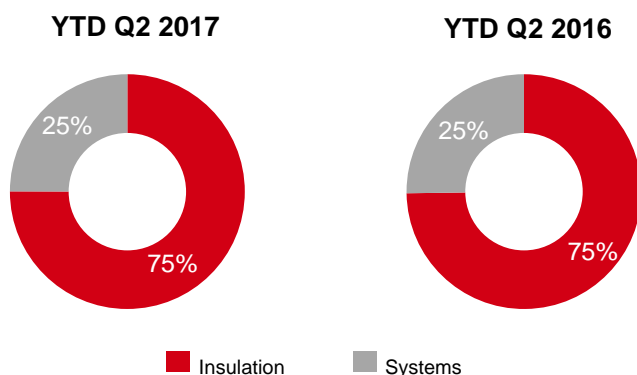
Free cash flow
stable

Annualised return on invested capital reached 16.3% compared to 13.1% for the same period last year, driven by higher operational earnings and lower invested capital.

Total assets at the end of the first half year 2017 amounted to EUR 1,984 million. The equity ratio at the end of the period was 77%, up from 70% after the first half year of 2016.

Business segments

Sales per business



Key figures Insulation segment

EURm			YTD	YTD
	Q2 2017	Q2 2016	Q2 2017	Q2 2016
External net sales	440	417	839	784
EBIT, segment profit	43	42	70	64
EBIT margin	8.5%	8.8%	7.3%	7.1%

Sales in the Insulation segment reached EUR 839 million in the first half year, which is an increase of 5.2% in local currencies and 7.0% in reported currencies. The increase was mainly carried by the building insulation segment in Western and Eastern Europe and North America. In Q2 sales increased 4.2% in local currencies and reached EUR 440 million.

**Insulation sales
+5.2%**

The Insulation segment EBIT for the first half year of 2017 reached EUR 70 million with an EBIT margin of 7.3%, an increase of 0.2%-points compared to the same period last year. Especially North America continues to show a higher earnings level driven by sales growth, improved pricing quality, and a better utilisation of the US factory. In Q2 EBIT margin was 8.5%, a decrease of 0.3 %-points compared to last year primarily due to high input cost increase.

**Insulation EBIT margin
+0.2 %-points**

Key figures System segment

EURm			YTD	YTD
	Q2 2017	Q2 2016	Q2 2017	Q2 2016
External net sales	144	138	279	265
EBIT, segment profit	21	21	39	40
EBIT margin	14.5%	15.1%	14.0%	15.3%

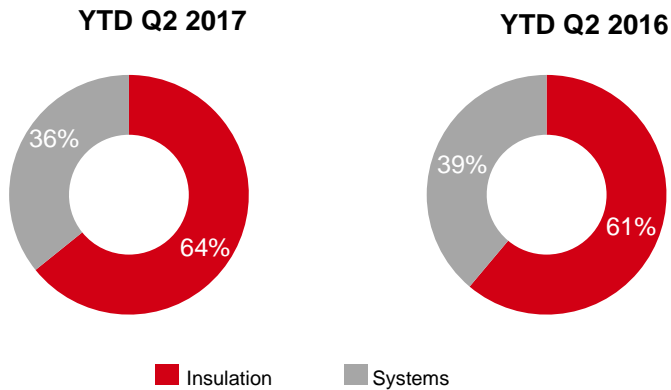
The Systems segment's sales in the first half year of 2017 amounted to EUR 279 million, which is an increase by 4.7% in local currencies and 5.6% in reported figures. The main contributor was Grodan benefitting from solid growth in both North America and Europe. In Q2 sales grew 3.9% in local currencies, with a slow quarter in the Rockfon business.

The Systems segment performed well and generated an EBIT of EUR 39 million and an EBIT margin of 14.0%. This is 1.3%-points lower than the same period in 2016 and relates to one-off costs in connection with the factory and IT projects for Rockfon North America.

Systems sales
+4.7%

Systems EBIT margin
-1.3 %-points

EBIT per business



Outlook for the Full Year 2017 upgraded

- For the full year, the Group's net sales are now expected to grow 5-7% in local currencies with a positive sales development in Q2 and positive market conditions for the second half of the year.
- EBIT margin is still expected to be slightly above 10%.
- With some acceleration of investments in digitalisation, capacity expansion in Eastern Europe, and overall productivity improvements, investment expenditure is now expected to be around EUR 150 million excluding acquisitions.

2017 outlook overview

	24 February 2017	18 May 2017	23 August 2017
Net sales	Growth of 2-4% in local currencies	Growth of 2-4% in local currencies	Growth of 5-7% in local currencies
EBIT margin	Slightly above 10%	Slightly above 10%	Slightly above 10%
Investments excluding acquisitions	Around EUR 130 million	Around EUR 130 million	Around EUR 150 million

Further information:

Kim Junge Andersen, Chief Financial Officer
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At the ROCKWOOL Group, we are committed to enriching the lives of everyone who experiences our products. Our expertise is perfectly suited to tackle many of today's biggest sustainability and development challenges, from energy consumption to noise pollution and water scarcity to flooding. Our range of products reflects the diversity of the world's needs, supporting our stakeholders in reducing their own carbon footprint along the way.

Stone wool is a versatile material and forms the basis of all our businesses. With more than 10,500 passionate colleagues in more than 35 countries, we are the world leader in stone wool solutions, from building insulation to acoustic ceilings, external cladding systems to horticultural solutions, engineered fibres for industrial use to insulation for the process industry and marine & offshore.

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 half year of 2017.

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 2016 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 30 June 2017 and the result from Group's operations and cash flow for the period 1 January to 30 June 2017.

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 and other interim reports in 2017, no changes in the Group's most significant risks and uncertainties have occurred relative to what was disclosed in the consolidated annual report for 2016.

23 August 2017

The Registered Directors

Jens Birgersson

Kim Junge Andersen

Board of Directors

Henrik Brandt

Carsten Bjerg

Søren Kähler

Thomas Kähler

Andreas Ronken

Jørgen Tang-Jensen

Lars Elmekilde Hansen

Dorte Hanne Page Larsen

Connie Enghus Theisen

Income statement

EURm	Unaudited				Audited
	Q2 2017	Q2 2016	YTD Q2 2017	YTD Q2 2016	FY 2016
Net sales	584.2	554.6	1,118.4	1,048.9	2,201.8
Other operating income	1.1	2.2	3.9	4.0	12.7
Operating income	585.3	556.8	1,122.3	1,052.9	2,214.5
Raw material costs and Production material costs	204.9	179.3	388.5	338.8	736.8
Delivery costs and indirect costs	79.2	77.6	155.5	148.1	310.1
Other external costs	61.4	57.3	115.4	108.3	225.1
Personnel costs	136.6	134.8	273.4	266.9	553.3
Operating costs	482.1	449.0	932.8	862.1	1,825.3
EBITDA	103.2	107.8	189.5	190.8	389.2
Depreciation, amortisation and write-downs	39.5	44.8	79.9	86.4	159.8
EBIT	63.7	63.0	109.6	104.4	229.4
Income from investments in associated companies	0.2	0.6	0.5	0.8	2.0
Financial items	-1.2	-3.0	-3.7	-5.0	-6.8
Profit before tax	62.7	60.6	106.4	100.2	224.6
Tax on profit for the period	16.2	15.7	27.6	27.0	58.2
Profit for the period	46.5	44.9	78.8	73.2	166.4
Attributable to:					
Non-controlling interests	0.0	0.1	0.0	0.1	0.2
Shareholders in the parent company	46.5	44.8	78.8	73.1	166.2
	46.5	44.9	78.8	73.2	166.4
Earnings per share of DKK 10 (EUR 1.3)	2.1	2.1	3.6	3.4	7.7
Earnings per share of DKK 10 (EUR 1.3), diluted	2.1	2.1	3.6	3.4	7.6

Statement of comprehensive income

EURm	Unaudited				Audited
	Q2 2017	Q2 2016	YTD Q2 2017	YTD Q2 2016	FY 2016
Profit for the period	46.5	44.9	78.8	73.2	166.4
Items that will not be reclassified to the income statement:					
Actuarial gains and losses of pension obligations	0.0	0.0	0.0	0.0	-15.3
Tax on other comprehensive income	0.0	0.0	0.0	0.0	1.1
Items that may be subsequently reclassified to the income statement:					
Exchange rate adjustments of foreign subsidiaries	-44.6	4.9	-31.1	6.5	35.2
Hedging instruments, value adjustments	0.2	1.5	-0.4	2.9	1.1
Tax on other comprehensive income	0.0	-0.4	0.1	-0.7	2.0
Other comprehensive income	-44.4	6.0	-31.4	8.7	24.1
Comprehensive income for the period	2.1	50.9	47.4	81.9	190.5
Attributable to:					
Non-controlling interests	0.0	0.1	0.0	0.1	0.2
Shareholders in the parent company	2.1	50.8	47.4	81.8	190.3
	2.1	50.9	47.4	81.9	190.5

Segment reporting

YTD Q2	Unaudited						The ROCKWOOL Group	
	Insulation segment		Systems segment		Eliminations		2017	2016
EURm	2017	2016	2017	2016	2017	2016	2017	2016
External net sales	839.2	784.4	279.2	264.5	0.0	0.0	1,118.4	1,048.9
Internal net sales	123.5	117.7	0.0	0.0	-123.5	-117.7	0.0	0.0
Total net sales	962.7	902.1	279.2	264.5	-123.5	-117.7	1,118.4	1,048.9
EBIT, segment profit	70.4	64.0	39.2	40.4	0.0	0.0	109.6	104.4
EBIT margin	7.3%	7.1%	14.0%	15.3%			9.8%	10.0%

Geographical split of external net sales

EURm	Q2		YTD		FY 2016
	2017	2016	Q2 2017	Q2 2016	
Western Europe	330.6	329.7	642.0	626.4	1,292.2
Eastern Europe including Russia	113.4	93.1	199.5	164.5	377.2
North America, Asia and others	140.2	131.8	276.9	258.0	532.4
Total external net sales	584.2	554.6	1,118.4	1,048.9	2,201.8

Balance sheet

EURm	Unaudited		Audited
	Q2 2017	Q2 2016	FY 2016
Assets			
Intangible assets	139.6	129.8	149.4
Tangible assets	1,118.1	1,179.2	1,156.6
Other financial assets	50.7	53.2	53.4
Deferred tax assets	49.9	57.8	49.2
Total non-current assets	1,358.3	1,420.0	1,408.6
Inventories	198.2	185.0	176.0
Receivables	338.7	354.2	294.4
Cash	89.1	72.3	120.3
Total current assets	626.0	611.5	590.7
Total assets	1,984.3	2,031.5	1,999.3
Equity and liabilities			
Share capital	29.5	29.5	29.5
Foreign currency translation	-134.6	-132.2	-103.5
Proposed dividend	0.0	0.0	55.6
Retained earnings	1,634.0	1,520.9	1,549.8
Hedging	0.4	-0.2	0.7
Non-controlling interests	3.8	2.7	3.8
Total equity	1,533.1	1,420.7	1,535.9
Non-current liabilities	139.8	136.7	127.8
Current liabilities	311.4	474.1	335.6
Total liabilities	451.2	610.8	463.4
Total equity and liabilities	1,984.3	2,031.5	1,999.3

Cash flow statement

EURm	Unaudited				Audited
	Q2 2017	Q2 2016	YTD Q2 2017	YTD Q2 2016	FY 2016
EBIT	63.7	63.0	109.6	104.4	229.4
Adjustments for depreciation, amortisation and write-downs	39.5	44.8	79.9	86.4	159.8
Other adjustments	-0.3	-0.3	-3.7	-1.4	-7.0
Change in net working capital	-5.9	-24.6	-82.5	-78.2	-0.7
Cash flow from operations before financial items and tax	97.0	82.9	103.3	111.2	381.5
Cash flow from operating activities	91.6	77.6	76.4	83.3	326.0
Cash flow from investing activities	-27.8	-28.1	-63.0	-69.9	-89.1
Cash flow from acquisitions	0.0	0.0	0.0	0.0	0.0
Cash flow from operating and investing activities (free cash flow)	63.8	49.5	13.4	13.4	236.9
Cash flow from financing activities	-50.6	-29.6	-51.2	-28.6	-24.1
Change in cash available	13.2	19.9	-37.8	-15.2	212.8
Cash available – beginning of period	71.1	-118.6	119.1	-88.2	-88.2
Exchange rate adjustments	3.4	-5.6	6.4	-0.9	-5.5
Cash available – end of period	87.7	-104.3	87.7	-104.3	119.1
Unutilised, committed credit facilities			430.3	357.4	497.7

Statement of changes in the equity

EURm	Unaudited						Total
	Share capital	Foreign currency translation	Proposed dividend	Retained earnings	Hedging	Non-controlling interests	
Equity 1/1 2017	29.5	-103.5	55.6	1,549.8	0.7	3.8	1,535.9
Profit for the period				78.8		0.0	78.8
Other comprehensive income		-31.1			-0.3		-31.4
Comprehensive income for the period	0.0	-31.1	0.0	78.8	-0.3	0.0	47.4
Sale and purchase of own shares				3.9			3.9
Expensed value of options issued				0.8			0.8
Dividend paid to the shareholders			-55.6	0.7			-54.9
Equity Q2 2017	29.5	-134.6	0.0	1,634.0	0.4	3.8	1,533.1
Equity 1/1 2016	29.5	-138.7	33.9	1,442.1	-2.4	2.6	1,367.0
Profit for the period				73.1		0.1	73.2
Other comprehensive income		6.5			2.2		8.7
Comprehensive income for the period		6.5		73.1	2.2	0.1	81.9
Sale and purchase of own shares				4.4			4.4
Expensed value of options issued				0.7			0.7
Dividend paid to the shareholders			-33.9	0.6			-33.3
Equity Q2 2016	29.5	-132.2	0.0	1,520.9	-0.2	2.7	1,420.7

Main figures in DKK million

DKKm	Unaudited				Audited
	Q2 2017	Q2 2016	YTD Q2 2017	YTD Q2 2016	FY 2016
Net sales	4,344	4,131	8,317	7,814	16,394
Depreciation, amortisation and write-downs	294	333	594	644	1,190
EBIT	474	470	815	778	1,708
Profit before tax	466	452	791	747	1,672
Profit for the period	346	334	586	545	1,237
Total assets			14,756	15,113	14,864
Equity			11,401	10,569	11,418
Cash flow (from operating activities)	681	578	568	621	2,427
Investments and acquisitions	207	209	469	521	663
Exchange rate	7.44	7.44	7.44	7.44	7.45

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.