

21 November 2019

Solid profitability amid mixed market conditions



“As expected, we experienced mixed market conditions in the third quarter. The Insulation business performed well in important markets such as France, the UK, Russia and North America, while experiencing a continued slowdown in Germany, Eastern Europe and Asia. We have adapted capacity in these areas accordingly. Systems segment delivered solid results in all business areas and geographies, with strong sales and profitability.”

CEO Jens BirgerSSon

Highlights

- Sales in the year's first nine months reached EUR 2,042 million, a growth of 3.2 percent in local currencies
- In Q3 2019, sales increased 0.9 percent in local currencies and reached EUR 706 million.
- EBIT in the first nine months ended at EUR 278 million, an increase of 7.8 percent, with a 13.6 percent EBIT margin, up 0.4 percentage points from last year.
- EBIT in Q3 2019 reached EUR 100 million, an increase of 2.8 percent, with an EBIT margin of 14.1 percent, up 0.1 percentage points from Q3 last year.
- Investments in the first nine months of 2019 reached EUR 292 million, up EUR 151 million compared to last year. The increase is primarily due to ongoing capacity expansions in Germany, Romania and the United States.
- Annualised return on invested capital reached 21.8 percent compared to 22.8 percent last year, a decrease of one percentage point due to higher invested capital.

Outlook

- Growth in full-year net sales is expected to be at the lower end of the guidance of 2-5 percent in local currencies.
- EBIT margin is still expected at around the same level as last year (12.8 percent), including the one-off positive EBIT impact from the Rockfon North America legal case settlement.
- Investment level is still expected around EUR 390 million excluding acquisitions.

Conference call

ROCKWOOL Group will host an earning call on 22 November 2019 at 11.00 CET. To attend the conference call dial +45 35445577, +44 3333000804 or +1 6319131422. Passcode 44785339#. The conference call will be transmitted live on www.rockwoolgroup.com.

Main figures / key figures for the Group

| | Unaudited | | | Audited | |
|---|-----------|---------|----------------|----------------|---------|
| | Q3 2019 | Q3 2018 | YTD Q3 2019 | YTD Q3 2018 | FY 2018 |
| Income statement (EURm) | | | | | |
| Net sales | 706 | 692 | 2,042 | 1,962 | 2,671 |
| EBITDA | 142 | 137 | 406 | 382 | 507 |
| Depreciation, amortisation and write-downs | 42 | 40 | 128 | 124 | 166 |
| EBIT | 100 | 97 | 278 | 258 | 341 |
| Profit before tax | 98 | 95 | 270 | 250 | 335 |
| Profit for the period | 77 | 76 | 213 | 199 | 265 |
| Balance sheet (EURm) | | | | | |
| Non-current assets | | | 1,701 | 1,392 | 1,468 |
| Current assets | | | 934 | 955 | 963 |
| Total assets | | | 2,635 | 2,347 | 2,431 |
| Equity | | | 2,057 | 1,821 | 1,877 |
| Non-current liabilities | | | 157 | 135 | 121 |
| Current liabilities | | | 421 | 391 | 433 |
| Net interest-bearing cash/(debt) | | | 244 | 316 | 375 |
| Net working capital | | | 258 | 250 | 198 |
| Invested capital | | | 1,793 | 1,526 | 1,542 |
| Cash flow (EURm) | | | | | |
| Cash flow from operating activities | 193 | 162 | 293 | 261 | 408 |
| Investments and acquisitions | 120 | 52 | 292 | 123 | 212 |
| Free cash flow | 73 | 110 | 1 | 138 | 196 |
| Others | | | | | |
| Number of employees at end of period | | | 11,696 | 11,330 | 11,511 |
| Ratios | | | | | |
| EBITDA margin | 20.1% | 19.8% | 19.9% | 19.5% | 19.0% |
| EBIT margin | 14.1% | 14.0% | 13.6% | 13.2% | 12.8% |
| Return on invested capital (rolling 4 quarters) | | | 21.8% | 22.8% | 22.8% |
| Return on equity (rolling 4 quarters) | | | 14.4% | 16.5% | 14.9% |
| Equity ratio | | | 77.9% | 77.4% | 77.2% |
| Share information (DKK) | | | | | |
| Earnings per share | 26 | 26 | 72 | 67 | 91 |
| Cash flow per share | 66 | 55 | 100 | 89 | 140 |
| Book value per share | | | 698 | 617 | 638 |
| Share capital (million) | | | 220 | 220 | 220 |
| Price per A share | | | 1,319 | 2,292 | 1,430 |
| Price per B share | | | 1,376 | 2,751 | 1,697 |
| Market cap (million) | | | 29,503 | 55,053 | 34,168 |
| Number of own shares | | | 72,894 | 85,465 | 75,865 |

For definition of key figures and ratios see pg. 112 in the ROCKWOOL International A/S Annual Report 2018 available on our website: www.rockwoolgroup.com.

Management report for the period 1 January to 30 September 2019

Global sales development

ROCKWOOL Group has secured a good first nine months of 2019, with positive development in both sales and earnings - especially in Systems segment. In the Insulation segment, we experienced continued mixed market conditions across countries and businesses.

In the first nine months of 2019, the Group generated net sales of EUR 2,042 million, an increase of 3.2 percent in local currencies. Foreign exchange rates had a positive impact of 0.9 percentage points on the increase in net sales, primarily due to the U.S. dollar and Russian rouble, resulting in sales growth of 4.1 percent in reported figures.

Group sales
+3.2%

In Q3 2019, net sales amounted to EUR 706 million, an increase of 0.9 percent in local currencies compared to same period last year. Sales growth in reported figures was 2.1 percent; foreign exchange rates had a positive impact of 1.2 percentage points. We have seen increasingly unfavourable conditions particularly for Insulation in certain markets.

During the first nine months, both sales price development and product mix were favourable. We continuously work on improving productivity in our factories, including timely adjustment of capacity to match business demands.

Regional sales development

In the first nine months of the year, sales in Western Europe reached EUR 1,237 million, an increase of 6.0 percent in local currencies and 6.1 percent in reported figures. Growth was seen in most key markets, with especially France and UK performing well while net sales in Germany declined. In Q3 2019, sales in Western Europe increased 3.8 percent in local currencies and reached EUR 417 million (3.7 percent in reported figures).

Sales in Western Europe
+6.0%

In Eastern Europe, sales reached EUR 363 million in the first nine months, down 3.7 percent in local currencies and down 3.2 percent in reported figures. The key positive driver was the growth in Russia, while sales in most other countries in the region decreased. In Q3 2019, sales in Eastern Europe decreased 9.9 percent in local currencies and reached EUR 137 million (-7.5 percent in reported figures) as most key markets delivered below last year, except Russia.

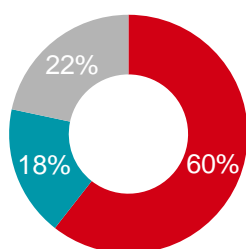
Sales in Eastern Europe
-3.7%

In the rest of the world, sales in the first nine months of the year were affected by negative markets in Asia in the first half of the year, and reached EUR 442 million, an increase of 1.4 percent in local currencies. In reported figures the increase was 5.1 percent due to positive currency impact from the U.S. dollar. North America contributed positively, while the remaining key markets in Asia declined. In Q3 2019, the sales amounted to EUR 152 million, up 3.9 percent in local currencies (7.6 percent in reported figures).

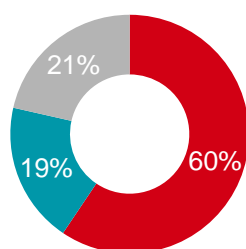
Sales in rest of the world
+1.4%

Regional sales

YTD Q3 2019



YTD Q3 2018



■ Western Europe
 ■ Eastern Europe including Russia
 ■ North America, Asia and others

Group profitability

EBITDA for the first nine months of the year increased by 6.4 percent to EUR 406 million resulting in an EBITDA margin of 19.9 percent, up 0.4 percentage points compared to last year. EBITDA was positively impacted by a settlement of a legal case in Rockfon North America of EUR 10 million in April 2019 and by the accounting reclassification from the new IFRS 16 leasing standard of EUR 12.6 million. Like-for-like the EBITDA margin decreased 0.7 percentage points mainly due to pre-start-up costs for the new factories in Germany, Romania and the United States.

EBITDA margin
+0.4 %-points

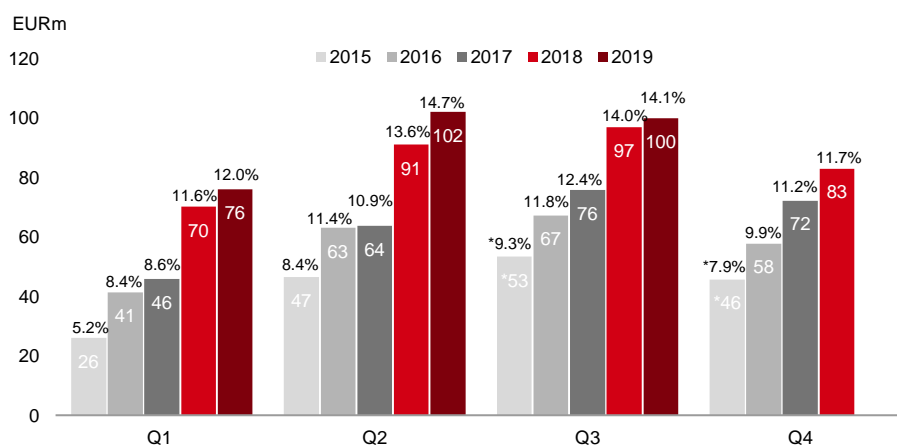
In Q3 2019, EBITDA amounted to EUR 142 million, up 3.5 percent, with an EBITDA margin of 20.1 percent, compared to 19.8 percent last year. Adjusted for the IFRS 16 reclassification, the EBITDA margin for Q3 2019 decreased 0.4 percentage points compared to last year, driven by the above-mentioned pre-start-up costs.

EBIT for the first nine months of 2019 increased by 7.8 percent and reached EUR 278 million, corresponding to a 13.6 percent EBIT margin – an increase of 0.4 percentage points.

EBIT margin
+0.4 %-points

EBIT for Q3 2019 was EUR 100 million equal to an EBIT margin of 14.1 percent for the period, up 0.1 percentage points from Q3 last year.

EBIT & EBIT MARGIN



*) 2015 figures corrected for redundancy costs and write-downs in Asia

The effective tax rate was 21 percent for the first nine months, in line with year-end 2018.

Net profit for the first nine months of 2019 amounted to EUR 213 million, which is an improvement of EUR 14 million compared to last year. The net profit for Q3 2019 amounted to EUR 77 million.

Cash flow and balance sheet

Cash flow from operations before financial items and tax in the first nine months of 2019 was EUR 372 million, which is EUR 46 million higher than the same period last year. The increase was mainly driven by higher adjusted earnings and less funds used for net working capital.

Net working capital over annualised net sales was 9.4 percent, roughly unchanged from last year (9.6 percent). Net working capital amounted to EUR 258 million, an increase of EUR 8 million from the first nine months of 2018 primarily due to higher inventories.

Capital expenditure during the first nine months of 2019 was EUR 292 million compared to EUR 141 million last year, excluding last year's sales of listed securities in Flumroc amounting to EUR 18 million. The largest individual investments in 2019 relate to ongoing factory projects in the United States (West Virginia) and Romania as well as the expansion in Germany. The new Romanian factory produced its first stone wool in September and is expected to deliver the first products to the markets in November.

Free cash flow of EUR 1 million, is EUR 137 million lower than last year due to the higher investment level.

Annualised return on invested capital was 21.8 percent compared to 22.8 percent for the same period last year, a decrease of one percentage point due to higher invested capital.

Total assets at the end of the first nine months of 2019 amounted to EUR 2,635 million. The equity ratio at the end of the period was 77.9 percent, up 0.5 percentage points compared to same period last year.

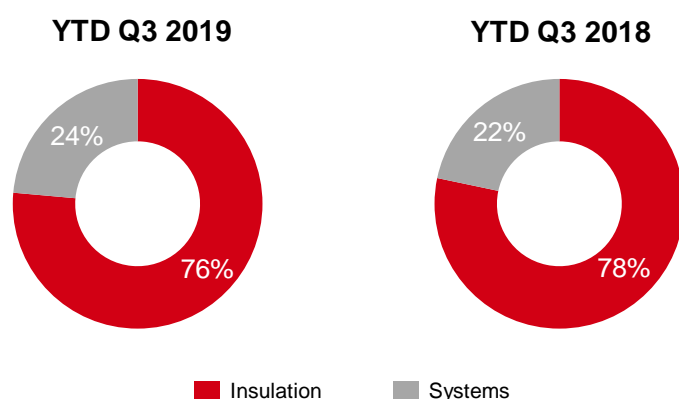
Operational cash flow before financial items and tax
372 EURm

Free cash flow
1 EURm

ROIC
-1.0 %-points

Business segments

Sales per business



Key figures Insulation segment

| EURm | | | YTD | YTD |
|--------------------|---------|---------|---------|---------|
| | Q3 2019 | Q3 2018 | Q3 2019 | Q3 2018 |
| External net sales | 541 | 548 | 1,560 | 1,536 |
| EBIT | 77 | 78 | 199 | 203 |
| EBIT margin | 12.4% | 12.8% | 11.2% | 11.8% |

Insulation segment sales for the first nine months of 2019 reached EUR 1,560 million, an increase of 0.8 percent in local currencies. In reported figures, the total growth was 1.6 percent, which was mainly supported by the building Insulation segment in key markets in Western Europe. In Q3 2019, sales decreased 2.3 percent in local currencies, and ended at EUR 541 million.

Insulation sales
+0.8%

The Insulation segment EBIT for the first nine months of 2019 reached EUR 199 million with an EBIT margin of 11.2 percent, a decrease of 0.6 percentage points compared to the same period last year, due to pre-start-up costs for the new factories in Germany, Romania and the United States. In Q3 2019, EBIT reached EUR 77 million and an EBIT margin of 12.4 percent, down 0.4 percentage points from last year.

Insulation EBIT margin
-0.6 %-points

Key figures Systems segment

| EURm | | | YTD | YTD |
|--------------------|---------|---------|---------|---------|
| | Q3 2019 | Q3 2018 | Q3 2019 | Q3 2018 |
| External net sales | 165 | 144 | 482 | 426 |
| EBIT | 23 | 19 | 79 | 55 |
| EBIT margin | 14.0% | 13.1% | 16.4% | 12.9% |

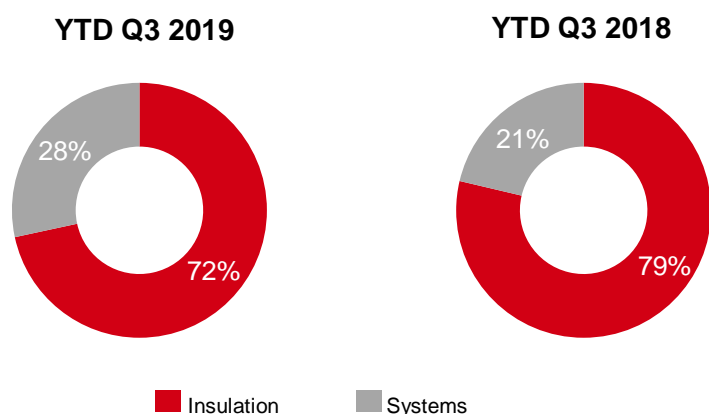
The Systems segment's sales in the first nine months of 2019 amounted to EUR 482 million, an increase of 11.6 percent in local currencies and 13.2 percent in reported figures. This growth was driven by all business areas within Systems segment. In Q3 2019, sales amounted to EUR 165 million, up 13.1 percent in local currencies.

Systems sales
+11.6%

The Systems segment generated an EBIT of EUR 79 million with an EBIT margin of 16.4 percent up 3.5 percentage points compared to last year. Excluding the positive impact from the Rockfon North America legal case settlement, EBIT margin was 14.3 percent, up 1.4 percentage points, with all business units contributing positively. In Q3 2019, EBIT amounted to EUR 23 million with an EBIT margin of 14.0 percent.

Systems EBIT margin
+3.5 %-points

EBIT per business



Outlook for the full year 2019

Growth in full-year net sales is expected to be at the lower end of the guidance of 2-5 percent in local currencies.

EBIT margin is still expected at around the same level as last year (12.8 percent), including the one-off positive EBIT impact from the Rockfon North America legal case settlement (EUR 10 million).

Investment level this year is still expected around EUR 390 million excluding acquisitions.

2019 outlook overview

| | 8 February 2019 | 16 May 2019 | 23 August 2019 | 21 November 2019 |
|------------------------------------|---|---|--|--|
| Net sales | Growth in net sales to be 4-8 percent in local currencies | Growth in net sales to be 4-8 percent in local currencies | Growth in net sales to be 2-5 percent in local currencies | Growth in net sales to be at the lower end of the guidance of 2-5 percent in local currencies |
| EBIT margin | Around 12 percent | Around the same level as 2018 (12.8 percent) | Around the same level as 2018 (12.8 percent), including the one-off positive EBIT impact from the Rockfon North America legal case settlement. | Around the same level as 2018 (12.8 percent), including the one-off positive EBIT impact from the Rockfon North America legal case settlement. |
| Investments excluding acquisitions | Around EUR 330 million | Around EUR 330 million | Around EUR 390 million | Around EUR 390 million |

Further information:

Kim Junge Andersen, Chief Financial Officer
 ROCKWOOL International A/S
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At 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 11,600 passionate colleagues in 39 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 the interim report of ROCKWOOL International A/S for the first nine months of 2019.

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.

In our opinion, the interim report presents a true and fair view of the Group's assets and liabilities, and the financial position at 30 September 2019 and the result from the Group's operations and cash flow for the period 1 January to 30 September 2019.

Furthermore, we believe that the management report includes a true and fair presentation about the development in the Group's operations and financial matters, the result for the period and the Group's financial position overall as well as a description of the most significant risks and uncertainties faced by the Group.

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 2018.

21 November 2019

Registered Directors

Jens Birgersson
CEO

Kim Junge Andersen
CFO

Board of Directors

Henrik Brandt
Chairman

Carsten Bjerg
First Deputy Chairman

Søren Kähler
Second Deputy Chairman

Thomas Kähler

Andreas Ronken

Jørgen Tang-Jensen

René Binder Rasmussen

Connie Enghus Theisen

Christian Westerberg

Income statement

| EURm | Unaudited | | | Audited | |
|--|------------|------------|----------------|----------------|--------------|
| | Q3 2019 | Q3 2018 | YTD Q3 2019 | YTD Q3 2018 | FY 2018 |
| Net sales | 706 | 692 | 2,042 | 1,962 | 2,671 |
| Other operating income | 1 | 1 | 15 | 3 | 11 |
| Operating income | 707 | 693 | 2,057 | 1,965 | 2,682 |
| Raw material costs and production material costs | 240 | 236 | 687 | 658 | 909 |
| Delivery costs and indirect costs | 95 | 99 | 287 | 275 | 385 |
| Other external costs | 55 | 59 | 164 | 172 | 232 |
| Personnel costs | 175 | 162 | 513 | 478 | 649 |
| Operating costs | 565 | 556 | 1,651 | 1,583 | 2,175 |
| EBITDA | 142 | 137 | 406 | 382 | 507 |
| Depreciation, amortisation and write-downs | 42 | 40 | 128 | 124 | 166 |
| EBIT | 100 | 97 | 278 | 258 | 341 |
| Income from investments in associated companies | 0 | 0 | 0 | 0 | 1 |
| Financial items | -2 | -2 | -8 | -8 | -7 |
| Profit before tax | 98 | 95 | 270 | 250 | 335 |
| Tax on profit for the period | 21 | 19 | 57 | 51 | 70 |
| Profit for the period | 77 | 76 | 213 | 199 | 265 |
| Attributable to: | | | | | |
| Non-controlling interests | 0 | 0 | 0 | 0 | 0 |
| Shareholders of ROCKWOOL International A/S | 77 | 76 | 213 | 199 | 265 |
| | 77 | 76 | 213 | 199 | 265 |
| Earnings per share of DKK 10 (EUR 1.3) | 3.5 | 3.4 | 9.7 | 9.0 | 12.1 |
| Earnings per share of DKK 10 (EUR 1.3), diluted | 3.5 | 3.4 | 9.7 | 9.0 | 12.1 |

Statement of comprehensive income

| EURm | Unaudited | | | Audited | |
|---|-----------|-----------|----------------|----------------|------------|
| | Q3 2019 | Q3 2018 | YTD Q3 2019 | YTD Q3 2018 | FY 2018 |
| Profit for the period | 77 | 76 | 213 | 199 | 265 |
| Items that will not be reclassified to the income statement: | | | | | |
| Actuarial gains and losses of pension obligations | 0 | 0 | 0 | 0 | 1 |
| Tax on other comprehensive income | 0 | 0 | 0 | 0 | 1 |
| Items that may be subsequently reclassified to the income statement: | | | | | |
| Exchange rate adjustments of foreign subsidiaries | 20 | 2 | 54 | -10 | -22 |
| Hedging instruments, value adjustments | 0 | 0 | 0 | 1 | 0 |
| Tax on other comprehensive income | 0 | 0 | 0 | 0 | 0 |
| Other comprehensive income | 20 | 2 | 54 | -9 | -20 |
| Comprehensive income for the period | 97 | 78 | 267 | 190 | 245 |
| Attributable to: | | | | | |
| Non-controlling interests | 0 | 0 | 0 | 0 | 0 |
| Shareholders of ROCKWOOL International A/S | 97 | 78 | 267 | 190 | 245 |
| | 97 | 78 | 267 | 190 | 245 |

Segment and sales reporting

| YTD Q3 | Unaudited | | | | | | The ROCKWOOL Group | |
|--------------------------------------|--------------------|--------------|-----------------|------------|--------------|-------------|--------------------|--------------|
| | Insulation segment | | Systems segment | | Eliminations | | 2019 | 2018 |
| EURm | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| External net sales | 1,560 | 1,536 | 482 | 426 | - | - | 2,042 | 1,962 |
| Internal net sales | 212 | 178 | - | - | -212 | -178 | - | - |
| Total net sales | 1,772 | 1,714 | 482 | 426 | -212 | -178 | 2,042 | 1,962 |
| EBIT | 199 | 203 | 79 | 55 | - | - | 278 | 258 |
| <i>EBIT margin</i> | 11.2% | 11.8% | 16.4% | 12.9% | | | 13.6% | 13.2% |
| Goods transferred at a point in time | 1,560 | 1,536 | 482 | 426 | | | 2,042 | 1,962 |

Geographical split of external net sales

| EURm | Q3 2019 | Q3 2018 | YTD Q3 2019 | YTD Q3 2018 | FY 2018 |
|---------------------------------|------------|------------|--------------|--------------|--------------|
| Western Europe | 417 | 403 | 1,237 | 1,166 | 1,586 |
| Eastern Europe including Russia | 137 | 148 | 363 | 375 | 514 |
| North America, Asia and others | 152 | 141 | 442 | 421 | 571 |
| Total external net sales | 706 | 692 | 2,042 | 1,962 | 2,671 |

Balance sheet

| (condensed) | Unaudited | | Audited |
|-------------------------------------|--------------|--------------|--------------|
| EURm | Q3 2019 | Q3 2018 | FY 2018 |
| Assets | | | |
| Intangible assets | 189 | 183 | 189 |
| Tangible assets | 1,418 | 1,171 | 1,227 |
| Right of use assets | 40 | - | - |
| Other financial assets | 10 | 7 | 6 |
| Deferred tax assets | 44 | 31 | 46 |
| Total non-current assets | 1,701 | 1,392 | 1,468 |
| Inventories | 248 | 235 | 238 |
| Receivables | 393 | 400 | 339 |
| Cash | 293 | 320 | 386 |
| Total current assets | 934 | 955 | 963 |
| Total assets | 2,635 | 2,347 | 2,431 |
| Equity and liabilities | | | |
| Share capital | 29 | 29 | 29 |
| Foreign currency translation | -103 | -145 | -157 |
| Proposed dividend | 0 | 0 | 88 |
| Retained earnings | 2,126 | 1,931 | 1,912 |
| Hedging | 1 | 3 | 1 |
| Non-controlling interests | 4 | 3 | 4 |
| Total equity | 2,057 | 1,821 | 1,877 |
| Non-current liabilities | 157 | 135 | 121 |
| Current liabilities | 421 | 391 | 433 |
| Total liabilities | 578 | 526 | 554 |
| Total equity and liabilities | 2,635 | 2,347 | 2,431 |

Cash flow statement

| (condensed) | Unaudited | | | | Audited |
|---|-------------|------------|----------------|----------------|-------------|
| EURm | Q3 2019 | Q3 2018 | YTD Q3 2019 | YTD Q3 2018 | FY 2018 |
| EBIT | 100 | 97 | 278 | 258 | 341 |
| Adjustments for depreciation, amortisation and write-downs | 42 | 40 | 128 | 124 | 166 |
| Other adjustments | 3 | 2 | 4 | 9 | -7 |
| Change in net working capital | 72 | 40 | -38 | -65 | -22 |
| Cash flow from operations before financial items and tax | 217 | 179 | 372 | 326 | 478 |
| Cash flow from operating activities | 193 | 162 | 293 | 261 | 408 |
| Cash flow from investing activities | -120 | -52 | -292 | -123 | -204 |
| Cash flow from acquisitions | 0 | 0 | 0 | 0 | -8 |
| Cash flow from operating and investing activities (free cash flow) | 73 | 110 | 1 | 138 | 196 |
| Cash flow from financing activities | 3 | 4 | -93 | -61 | -54 |
| Change in cash available | 76 | 114 | -92 | 77 | 142 |
| Cash available – beginning of period | 216 | 203 | 380 | 243 | 243 |
| Exchange rate adjustments | -4 | 0 | 0 | -3 | -5 |
| Cash available – end of period | 288 | 317 | 288 | 317 | 380 |
| Unutilised, committed credit facilities | | | 429 | 429 | 428 |

Statement of changes in the equity

| | Unaudited | | | | | | | |
|--|---------------|------------------------------|-------------------|-------------------|----------|---|---------------------------|--------------|
| EURm | Share capital | Foreign currency translation | Proposed dividend | Retained earnings | Hedging | Equity before non-controlling interests | Non-controlling interests | Total |
| Equity 1/1 2019 | 29 | -157 | 88 | 1,912 | 1 | 1,873 | 4 | 1,877 |
| Profit for the period | | | | 213 | | 213 | | 213 |
| Other comprehensive income | | 54 | | | | 54 | | 54 |
| Comprehensive income for the period | 0 | 54 | 0 | 213 | 0 | 267 | 0 | 267 |
| Sale and purchase of own shares | | | | -1 | | -1 | | -1 |
| Expensed value of options/RsUs issued | | | | 2 | | 2 | | 2 |
| Dividend paid to the shareholders | | | -88 | | | -88 | | -88 |
| Equity Q3 2019 | 29 | -103 | 0 | 2,126 | 1 | 2,053 | 4 | 2,057 |
| Equity 1/1 2018 | 29 | -135 | 71 | 1,711 | 1 | 1,677 | 7 | 1,684 |
| Profit for the period | | | | 199 | | 199 | | 199 |
| Other comprehensive income | | -10 | | | 1 | -9 | | -9 |
| Comprehensive income for the period | 0 | -10 | 0 | 199 | 1 | 190 | 0 | 190 |
| Sale and purchase of own shares | | | | 19 | | 19 | | 19 |
| Expensed value of options/RsUs issued | | | | 1 | | 1 | | 1 |
| Transactions non-controlling interests | | | | | | 0 | -3 | -3 |
| Dividend paid to the shareholders | | | -71 | 1 | | -70 | | -70 |
| Equity Q3 2018 | 29 | -145 | 0 | 1,931 | 2 | 1,817 | 4 | 1,821 |

Main figures in DKK million

| | Unaudited | | | Audited | |
|--|-----------|---------|----------------|----------------|---------|
| | Q3 2019 | Q3 2018 | YTD Q3 2019 | YTD Q3 2018 | FY 2018 |
| Net sales | 5,268 | 5,159 | 15,239 | 14,631 | 19,911 |
| Depreciation, amortisation and write-downs | 314 | 300 | 954 | 922 | 1,233 |
| EBIT | 746 | 724 | 2,077 | 1,925 | 2,543 |
| Profit before tax | 733 | 709 | 2,018 | 1,863 | 2,500 |
| Profit for the period | 579 | 563 | 1,594 | 1,481 | 1,975 |
| Total assets | | | 19,678 | 17,501 | 18,153 |
| Equity | | | 15,360 | 13,579 | 14,012 |
| Cash flow from operating activities | 1,445 | 1,204 | 2,190 | 1,944 | 3,044 |
| Investments and acquisitions | 896 | 385 | 2,180 | 918 | 1,577 |
| Exchange rate | 7.47 | 7.46 | 7.47 | 7.46 | 7.45 |

Accounting policies

The interim report for the first nine months of 2019 has been prepared in accordance with IAS 34 and the additional Danish regulations for the presentation of quarterly interim reports by listed companies.

The interim report for the first nine months of 2019 follows the same accounting policies as the Annual report for 2018, except for the latest International Financial Reporting Standards (IFRS) and amendments effective as of 1 January 2019 as adopted by the European Union.

Updated accounting policies for leases

For contracts containing a lease, a Right-of-use (ROU) asset and a lease liability are recognised at commencement of the lease. The ROU asset is initially measured at the present value of future lease payments, plus the cost of obligations to refurbish the asset. The ROU assets are depreciated on a straight-line basis over the shorter of the expected lease term or the useful life of the underlying asset. ROU assets are tested for impairment whenever there is an indication that the assets may be impaired.

Lease payments include fixed payments and variable payments that depend on a rate or an index, such as an inflation index. If the lease contains an extension or purchase option that the Group considers reasonably certain to be exercised, these are included in the lease payments.

ROU assets and the lease liability are presented separately in the balance sheet.

The Group's portfolio of leases covers leases of office buildings, warehouses and other equipment such as cars and forklifts. For building leases, lease terms are based on contract terms as well as taking its strategic importance into consideration.

Impact from IFRS 16 "Leases"

The standard replaces IAS 17, and requires that leases previously classified as operating leases are recognised in the balance sheet as a right-of-use (ROU) asset with the corresponding lease liability. In the income statement, the lease cost under operating cost is replaced by depreciation of the leased asset and an interest expense for the financial liability. In addition, the cash flow will be impacted as part of the current lease payments will be moved from operating activities to cash flow from financing activities (instalments).

The standard was implemented on 1 January 2019 using the modified retrospective approach, and comparative figures have not been restated. At initial recognition in the opening balance of 1 January 2019, ROU assets are measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. Lease liabilities are measured at the present value of future lease payments. The Group has chosen not to include payments related to service components in the lease liability for ROU assets, except for cars. Variable service components invoiced separately are expensed as operational costs.

The Group will not apply IFRS 16 to short-term leases or low-value leases (e.g. computers, printing and photocopying machines).

On adoption, the lease liabilities related to leases previously classified as operating leases are measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as of 1 January 2019.

The incremental borrowing rate (IBR) is calculated per main country/region per asset type. The IBR level in Europe is 3-7 percent, in Russia around 12 percent, in North America 5-6 percent while the level in Asia is 5-15 percent. The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Right-of-use assets - increase by EUR 37 million
- Lease liabilities - increase by EUR 37 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.