

Release no. 10 – 2009
Report on the first half of 2009
To NASDAQ OMX Nordic Exchange
Copenhagen A/S

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27 August 2009

Report on the first half of 2009**for Rockwool International A/S**

Today the Board of Directors of Rockwool International A/S has approved the following report on the first half of 2009.

Highlights

- Sales in the first half year decreased by 21% compared to the same period in 2008 or 17% based on comparable exchange rates.
- EBIT in the first half of 2009 amounts to DKK 177 million which is a decrease of DKK 596 million compared to the same period in 2008.
- An additional cost reduction programme has been initiated which will generate DKK 250 million savings when fully executed mid 2010. Restructuring and reorganisation costs are expected to reduce the net result by DKK 85 million in 2009.
- As the market is deteriorating more than anticipated, the total net sales for the year 2009 are now expected to decrease by 22% (or 18% based on comparable exchange rates).
- The net result after minority interests for 2009 is now expected to be DKK 200 million including restructuring and reorganisation costs.
- Capital expenditure is now expected to reach DKK 1,000 million excluding acquisitions.

Further information: Gilles Maria, Chief Financial Officer

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Main figures / key figures for the Group

	2 nd qtr. 2009	2 nd qtr. 2008	Acc. 2 nd qtr. 2009	Acc. 2 nd qtr. 2008	Full year 2008
	Unaudited				Audited
Income statement items in DKK million:					
Net sales	2,664	3,479	5,203	6,577	13,700
EBITDA	324	629	598	1,156	2,373
Operating profit before financial items (EBIT)	109	435	177	773	1,502
Financial items	-14	-3	-24	4	8
Profit before tax	98	440	158	789	1,545
Profit for the period after minority interests	51	296	90	538	1,004
Cash flow (from operating activities)	536	520	613	663	1,507
Balance sheet items in DKK million:					
Non-current assets			7,996	7,365	7,755
Current assets			3,337	4,333	3,888
Total assets			11,333	11,698	11,643
Equity including minority interests			7,808	8,010	7,964
Non-current liabilities			1,717	1,466	1,626
Current liabilities			1,808	2,222	2,053
Other items in DKK million:					
Investments and acquisitions			750	1,392	2,642
Depreciation			421	383	871
Number of employees:					
Number of employees			8,067	8,769	8,552
Ratios:					
EBIT ratio (%)			3	12	11
Profit per share of DKK 10			4	25	46
Diluted profit per share of DKK 10			4	25	46
Book value per share of DKK 10			348	371	351
Equity ratio (%)			69	68	68
Financial gearing			0.10	0.00	0.06
Main figures in EUR million:					
Net sales	358	466	698	882	1,837
Operating profit before financial items (EBIT)	15	58	24	104	201
Profit before tax	13	59	21	106	207
Profit for the period after minority interests	7	40	12	72	134
Cash flow (from operating activities)	72	70	82	89	202
Total assets			1,522	1,569	1,563
Equity including minority interests			1,049	1,074	1,068
Investments and acquisitions			101	187	355
Depreciation			57	51	117
Exchange rate DKK	7.45	7.46	7.45	7.46	7.45

The ratios have been calculated in accordance with recommendations issued by the Danish Association of Financial Analysts (2005 edition).

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Management report for the period from 1 January to 30 June 2009Income statement

The Rockwool Group generated sales in the first half of 2009 of DKK 5,203 million corresponding to a decrease of 21% compared to same period last year and a decrease of 17% based on comparable exchange rates.

External sales in the Insulation Division decreased by 23% to DKK 4,286 million and Systems Division's external sales decreased by 9% to DKK 917 million. Market conditions during the second quarter have been more difficult than in first quarter both in residential and non-residential segments resulting in a sales decrease by 23%. Sales prices have continued to decrease in Eastern Europe while being resilient in Western Europe with few exceptions.

The cost reduction program is progressing as expected giving DKK 100 million of savings in the first half of 2009. Total number of persons working for the Group directly or through external contracts has decreased by 10% compared to the same period last year.

EBITDA for the Group decreased 48% compared to same period last year and reached DKK 598 million resulting in an EBITDA ratio of 11% for the first half of 2009.

EBIT ended at DKK 177 million – a decrease of DKK 596 million. EBIT in the Insulation Division decreased by 76% to DKK 160 million. Systems Division generated an EBIT of DKK 53 million which is a decrease of 49% compared to the first half of 2008.

Net financial costs ended up at DKK 24 million which is DKK 27 million more than in first half of 2008.

Profit after minority interests for the first half of 2009 amounted to DKK 90 million which is DKK 448 million lower than last year.

Cash flow

Cash flow from operations for the period is DKK 613 million which is only DKK 50 million less than last year despite the large decrease in profit. Amongst others, this is due to improvement of the working capital and reduced payment of taxes.

The working capital has had a positive effect on the cash flow of DKK 162 million in first half of 2009 compared to the same period last year which is primarily due to a decrease in stocks.

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Investment expenditure in the first half year was DKK 750 million which is a decrease of DKK 642 million compared to the same period of 2008. Most of the expenditure is related to finalisation of the new production lines in Canada and in the UK while the recurring investment expenditure of about DKK 300 million is in line with the yearly expectations.

Since the end of second quarter, the Group has enhanced its – already strong – financial position by adding further committed credit facilities of DKK 1,080 million.

Balance sheet

Total assets end of the first half of 2009 amounted to DKK 11,333 million. The equity ratio at the end of the period was 69%.

Expectations for 2009

As the market is deteriorating more than anticipated, the net sales are now expected to decrease by 22% (or 18% based on comparable exchange rates).

An additional cost reduction programme has been initiated which will generate DKK 250 million savings when fully executed mid 2010. Restructuring and reorganisation costs are expected to reduce the net result by DKK 85 million in 2009. Tax rate has been increased to 35% to take into account extraordinary tax consequences of restructuring and less favourable country mix.

The 2009 expectations for the net result after minority interests now amount to DKK 200 million, including restructuring and reorganisation costs.

Capital expenditure is now expected to be DKK 1,000 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 of Directors and Group Management have today approved this interim report for the first half year of 2009.

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 requirements for financial reporting by listed companies.

We believe that the accounting policies applied – which are unchanged from those applied in the annual report for 2008 – are appropriate and that the accounting estimates made are reasonable. The implementation of new and amended IFRS's have only resulted in additional disclosures. In our opinion this interim report presents a true and fair view of the Group's assets, liabilities and financial position on 30 June 2009 and of earnings and cash flows during the period.

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

*27 August 2009***Group Management**

Eelco van Heel

Gilles Maria

Carsten B. Winther

Board of Directors

Tom Kähler

Henrik Nyegaard

Steen Riisgaard

Michael Emborg

Lars Elmekilde Hansen

Jan W. Hillege

Bjørn Høi Jensen

Thomas Kähler

Connie Enghus Theisen

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Income statement

DKK million	2 nd qtr. 2009	2 nd qtr. 2008	Acc. 2 nd qtr. 2009	Acc. 2 nd qtr. 2008	Full year 2008
	Unaudited				Audited
Net sales	2,664	3,479	5,203	6,577	13,700
Operating income	2,709	3,550	5,275	6,703	13,951
Operating costs	2,600	3,115	5,098	5,930	12,449
EBITDA	324	629	598	1,156	2,373
Operating profit before financial items (EBIT)	109	435	177	773	1,502
Income from associated companies after tax	3	7	5	13	35
Financial items	-14	-2	-24	3	8
Profit before tax	98	440	158	789	1,545
Tax on profit for the period	38	124	55	216	465
Profit for the period	60	316	103	573	1,080
Minority interests	9	20	13	35	76
Profit for the period after minority interests	51	296	90	538	1,004
Profit per share of DKK 10			4	25	46
Diluted profit per share of DKK 10			4	25	46

Statement of recognised income and expenses

Profit for the period	60	316	103	573	1,080
Exchange rate adjustments of foreign subsidiaries	116	130	-42	35	-590
Hedging instruments, value adjustments	-17	0	-29	10	26
Total income	159	446	32	618	516
Minority interests	14	21	-2	34	38
Total income for the period after minority interests	145	425	34	584	478

Segment reporting

Unaudited								
Acc. 2nd qtr.	Insulation		Systems Division		Group eliminations and holding companies		The Rockwool Group	
DKK million	2009	2008	2009	2008	2009	2008	2009	2008
External net sales	4,286	5,558	917	1,012	0	7	5,203	6,577
Internal net sales	501	512	34	30	-535	-542	0	0
Total net sales	4,787	6,070	951	1,042	-535	-535	5,203	6,577
EBIT	160	662	53	104	-36	7	177	773

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Cash flow statement

DKK million	2 nd qtr. 2009	2 nd qtr. 2008	Acc. 2 nd qtr. 2009	Acc. 2 nd qtr. 2008	Full year 2008
	Unaudited				Audited
Profit for the period	60	316	103	573	1,080
Adjustments	255	331	489	565	1,270
Change in net working capital	248	65	164	2	-138
Cash flow from operations before financial items and tax	563	712	756	1,140	2,212
Cash flow from operations activity	536	520	613	663	1,507
Cash flow from investments activities	-400	-777	-750	-1,392	-2,642
Cash flow from operating and investments activities (free cash flow)	136	-257	-137	-729	-1,135
Cash flow from finance activities	155	108	-35	150	381
Change in cash available	291	-149	-172	-579	-754
Cash available – beginning of period	-99	743	368	1,188	1,188
Adjustments to exchange rates	4	7	0	-8	-66
Cash available – end of period	196	601	196	601	368
Unutilised committed credit facilities			1,692	950	726

Individual items in the statement of funds cannot be directly deduced from the consolidated balance sheet, as balance sheet items of the foreign companies at the beginning of the year have been converted at the rates of exchange on 30 June.

Balance sheet

DKK million	2 nd qtr. 2009	2 nd qtr. 2008	Full year 2008
	Unaudited		Audited
Assets			
Intangible fixed assets	324	188	323
Tangible fixed assets	7,259	6,777	6,989
Other financial fixed assets	231	167	195
Deferred tax assets	182	233	248
Total non-current assets	7,996	7,365	7,755
Stocks	1,168	1,345	1,323
Receivables	1,851	2,335	2,121
Cash	318	653	444
Total current assets	3,337	4,333	3,888
Total assets	11,333	11,698	11,643
Liabilities and equity			
Share capital	220	220	220
Foreign currency translation	-553	60	-527
Retained earnings	7,897	7,508	8,025
Minority interests	244	222	246
Total equity	7,808	8,010	7,964
Non-current liabilities	1,717	1,466	1,626
Current liabilities	1,808	2,222	2,053
Total liabilities	3,525	3,688	3,679
Total liabilities and equity	11,333	11,698	11,643

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Statement of equity

DKK million	Unaudited				
	Share capital	Foreign currency translation	Retained earnings	Minority interests	Total
Equity 1/1 2009	220	-527	8,025	246	7,964
Total income		-26	60	-2	32
Sale and purchase of own shares			0		0
Expensed value of options issued			19		19
Dividend paid to the shareholders			-207		-207
Addition/disposal of minority interests			0		0
Equity 2nd qtr. 2009	220	-553	7,897	244	7,808
Equity 1/1 2008	220	25	7,344	188	7,777
Total income		35	549	34	618
Sale and purchase of own shares			-77		-77
Expensed value of options issued			5		5
Dividend paid to the shareholders			-313		-313
Addition/disposal of minority interests			0		0
Equity 2nd qtr. 2008	220	60	7,508	222	8,010