

25 November 2020

Q3 net sales recover well with strong profitability



“While still slightly down year-on-year, Q3 sales bounced back well, up 17 percent from Q2. Our ability to quickly adapt to dynamic market conditions and keep costs under control continues to be key in maintaining robust profitability, as Q3 EBIT margin improved almost one percentage point compared to last year”.

CEO Jens Birgersson

Highlights

- Sales in the year’s first nine months reached EUR 1,902 million, a decrease of 5.6 percent in local currencies including a 0.6 percent positive impact from the acquisitions of Parafon in Sweden and Bestofire in Singapore.
- In Q3 2020, sales reached EUR 670 million, a decrease of 2.3 percent in local currencies including a 0.6 percent positive impact from acquisitions. The decrease in reported figures was 5.1 percent.
- EBITDA margin for Q3 2020 at 21.7 percent, up 1.6 percentage points from last year due to positive pricing, lower raw material costs and cost reductions.
- EBIT in the first nine months was EUR 238 million, a decrease of 14.5 percent. At 12.5 percent, EBIT margin was down 1.1 percentage points from last year.
- EBIT in Q3 2020 was EUR 100 million, same level as last year, equal to 14.9 percent EBIT margin, up 0.8 percentage points compared to same period last year.
- Investments in the first nine months of 2020 excluding acquisitions reached EUR 243 million, down EUR 49 million compared to last year, primarily due to COVID-19 related delays in investment activities.
- Annualised return on invested capital ended at 17.7 percent compared to 21.8 percent last year, a decrease of 4.1 percentage points due to lower earnings and higher invested capital.

Outlook 2020

- Mid-single digit sales decline in local currencies.
- EBIT margin is now expected to be between 12 and 13 percent.
- Investment level is now expected to be below EUR 400 million excluding acquisitions.

Conference call

ROCKWOOL Group will host an earnings call on 26 November 2020 at 11.00 CET. To attend the conference call dial +45 35445577, +44 3333000804 or +1 6319131422. Passcode 22134854#. The conference call will be transmitted live on www.rockwoolgroup.com.

Main figures / key figures for the Group

	Unaudited			Audited	
	Q3 2020	Q3 2019	YTD Q3 2020	YTD Q3 2019	FY 2019
Income statement (EURm)					
Net sales	670	706	1,902	2,042	2,757
EBITDA	145	142	374	406	548
Depreciation, amortisation and write-downs	45	42	136	128	176
EBIT	100	100	238	278	372
Profit before tax	98	98	231	270	367
Profit for the period	77	77	178	213	285
Balance sheet (EURm)					
Non-current assets			1,901	1,701	1,825
Current assets			895	934	869
Total assets			2,796	2,635	2,694
Equity			2,031	2,057	2,118
Non-current liabilities			168	157	160
Current liabilities			597	421	416
Net interest-bearing cash/(debt)			62	244	212
Net working capital			249	258	247
Invested capital			1,950	1,793	1,889
Cash flow (EURm)					
Cash flow from operating activities	161	193	300	293	402
Investments including grants and acquisitions	72	120	262	292	400
Free cash flow	89	73	38	1	2
Others					
Number of employees at end of period			11,546	11,696	11,691
Ratios					
EBITDA margin	21.7%	20.1%	19.7%	19.9%	19.9%
EBIT margin	14.9%	14.1%	12.5%	13.6%	13.5%
Return on invested capital (rolling 4 quarters)			17.7%	21.8%	21.7%
Return on equity (rolling 4 quarters)			12.2%	14.4%	14.3%
Equity ratio			72.5%	77.9%	78.5%
Share information (DKK)					
Earnings per share	26	26	60	72	97
Cash flow per share	55	66	103	100	136
Book value per share			687	698	720
Share capital (million)			220	220	220
Price per A share			2,159	1,319	1,439
Price per B share			2,447	1,376	1,585
Market cap (million)			49,626	29,503	33,072
Number of own shares			383,052	72,894	72,894

For definition of key figures and ratios see pg. 114 in the ROCKWOOL International A/S Annual Report 2019 available on our website: www.rockwoolgroup.com.

Management report for the period 1 January to 30 September 2020

Global sales development

In general, construction activities have recovered in most markets, consistent with a recognition that keeping construction sites open during the pandemic is an economic priority and supported by government incentives to promote home and building renovations. The residential segment has recovered more quickly in the quarter than the commercial segment.

Although we recovered in activity, we also see an increase in competition due to new capacity being added, resulting in regional price pressure. We will react to this appropriately. For the year and during the quarter we have maintained a low positive pricing impact in the aggregate. All factories were in operation during third quarter and local outbreaks of COVID-19 were handled effectively and with focus on employee safety and continued uninterrupted customer deliveries.

In the first nine months of 2020, the Group generated net sales of EUR 1,902 million, a decrease of 5.6 percent in local currencies including a positive impact of 0.6 percent from the Parafon and Bestofire acquisitions. Exchange rates had a negative impact of 1.2 percent and net sales decreased 6.8 percent in reported figures.

Group sales
-5.6%

In Q3 2020, net sales increased 17 percent relative to Q2, and amounted to EUR 670 million, corresponding to year-on-year Q3 decline of 2.3 percent in local currencies including a positive impact of 0.6 percent from the acquisitions. Exchange rates had a negative impact of 2.8 percent, and sales decreased 5.1 percent in reported figures.

Regional sales development

In the first nine months of the year, sales in Western Europe reached EUR 1,155 million, a decrease of 6.4 percent in local currencies and 6.6 percent in reported figures, including a 1.0 percent positive impact from the Parafon acquisition. Sales in most countries decreased compared to last year, although Nordic and the Netherlands showed good growth. In Q3 2020, sales recovered in Western Europe to EUR 411 million, almost at level with Q3 last year. In the third quarter many countries recovered and delivered positive growth compared to same quarter last year with the exception of Central Western Europe where we experience challenging market conditions.

Sales in Western Europe
-6.4%

In Eastern Europe, sales reached EUR 330 million in the first nine months, a decrease of 3.9 percent in local currencies and 9.2 percent in reported figures as sales in the main countries decreased. In Q3 2020, sales in Eastern Europe amounted to EUR 120 million, a decrease of 3.5 percent in local currencies and 12.3 percent in reported figures. Primarily Hungary and Romania bounced back from the COVID-19 pandemic with sales growth in the quarter, with Russia on the way back as well.

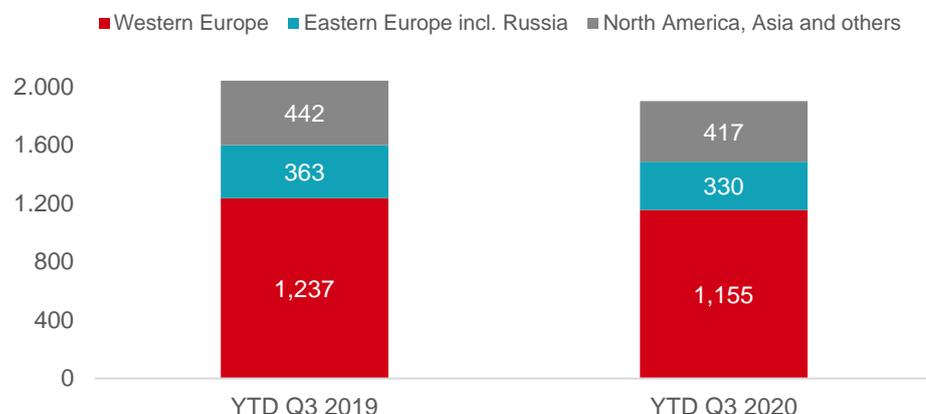
Sales in Eastern Europe
-3.9%

In the rest of the world, sales in the first nine months of the year reached EUR 417 million, a decrease of 4.8 percent in local currencies and 5.7 percent in reported figures. The COVID-19 pandemic impacted sales in some markets harder than others, especially in Asia. In Q3 2020, sales amounted to EUR 139 million, down 3.8 percent in local currencies and 8.6 percent in reported figures. Sales in North America were flat compared to same quarter last year while Asia continued to decrease.

Sales in rest of the world
-4.8%

Regional sales

EURm



Group profitability

During the first nine months of the year, raw material prices and operational cost savings developed favourably, as did sales prices in certain markets and businesses, leading to third quarter profitability increasing almost one percentage point compared to Q3 2019.

Since the second wave of the COVID-19 pandemic is becoming more visible, measures to reduce costs have been taken, including organisational initiatives to preserve productivity. The main part of the costs related to the initiatives has already been recognised in the third quarter result.

EBITDA for the first nine months of the year decreased by 7.8 percent to EUR 374 million resulting in an EBITDA margin of 19.7 percent, which is on par with the level last year.

In Q3 2020, EBITDA amounted to EUR 145 million, up 2.6 percent, with an EBITDA margin of 21.7 percent, compared to 20.1 percent last year.

EBIT for the first nine months of 2020 decreased by 14.5 percent and reached EUR 238 million, corresponding to a 12.5 percent EBIT margin – a decrease of 1.1 percentage points.

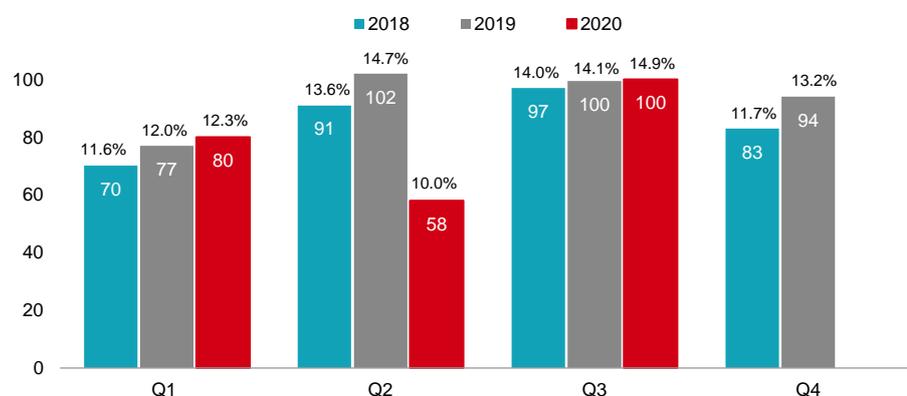
EBIT for Q3 2020 was EUR 100 million, on the same level as last year, yielding an EBIT margin of 14.9 percent for the period, up 0.8 percentage points from Q3 last year, including a negative impact from exchange rates of 0.2 percentage points. EBIT was impacted by higher depreciation primarily from the new factory in Romania, upgrades in Poland and the UK as well as new digital solutions, while benefitting from the lower raw material costs and lower marketing and travel activities.

Q3 EBITDA margin
21.7%
up 1.6 %-points

Q3 EBIT margin
14.9%
up 0.8 %-points

EBIT & EBIT margin

EURm



The effective tax rate was 22.8 percent for the first nine months, up 1.8 percentage points compared to the same period last year and up 0.4 percentage points from full year 2019. The rate reflects a changed country mix and tax rates.

Net profit for the first nine months of 2020 amounted to EUR 178 million, which is EUR 35 million below last year. The net profit for Q3 2020 amounted to EUR 77 million, at level with Q3 2019.

Balance sheet

Net working capital ended the first nine months of 2020 at EUR 249 million, a decrease of EUR 9 million compared to same period last year, primarily due to a low level of trade receivables. As a percentage of annualised net sales, net working capital was 9.5 percent, compared to 9.4 percent last year.

NWC
9.5% of net sales
up 0.1%

Annualised return on invested capital was 17.7 percent compared to 21.8 percent for the same period last year, a decrease of 4.1 percentage points due to lower earnings impacted by the COVID-19 pandemic and higher invested capital.

ROIC
-4.1 %-points

Total assets at the end of the first nine months of 2020 amounted to EUR 2,796 million, an increase of EUR 161 million compared to last year mainly from ongoing investments. The equity ratio at the end of the period was 72.5 percent, down 5.4 percentage points compared to same period last year.

Cash flow

Despite lower earnings and a continued high level of investments, free cash flow improved compared to the same period last year.

Cash flow from operations before financial items and tax in the first nine months of 2020 was EUR 368 million, down EUR 4 million from same period last year, as lower earnings were offset by less cash tied up in working capital. The change in net working capital had a positive impact on cash of EUR 26 million compared to same period last year.

Operational cash flow before financial items and tax
-4 EURm

Capital expenditure excluding acquisitions and prepayments during the first nine months of 2020 was EUR 262 million compared to EUR 292 million last year, due to investment delays related to the COVID-19 pandemic. The largest individual investments in 2020 relate to the new production line in one of the German factories and the ongoing factory project in the United States (West Virginia).

In the first nine months of 2020, free cash flow of EUR 38 million is up EUR 37 million from last year primarily due to lower investments and less cash being tied up in net working capital.

Free cash flow
+37 EURm

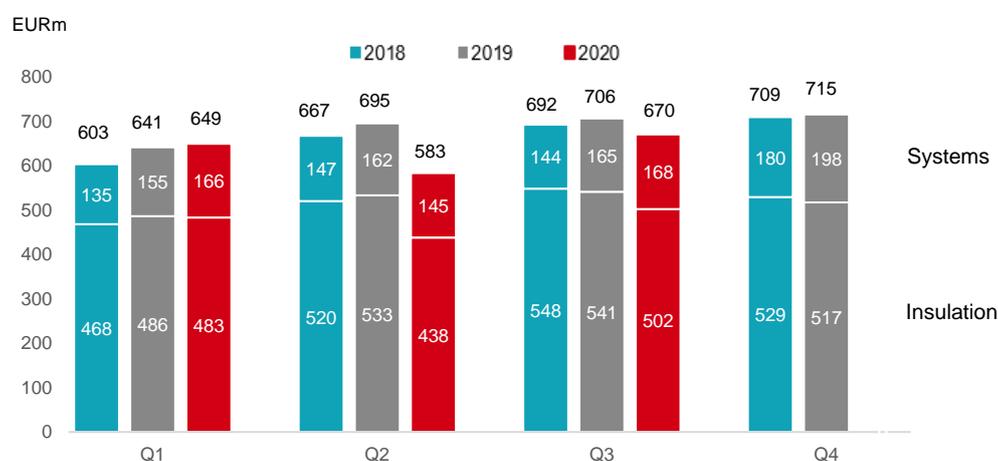
Cash flow from financing activities was EUR -29 million in the first nine months of 2020 compared to EUR -93 million last year as dividend payments and purchase of own shares in the share buy-back programme were offset by EUR 150 million of drawings on our credit facilities. Our remaining credit facilities exceed EUR 600 million.

On 1 September 2020, ROCKWOOL acquired at a price of EUR 5 million the assets of BESTOFIRE & THERMAL PTE LTD, Singapore, a company specialising in the supply of fire protection and thermal insulation in both the marine and building sectors in Singapore. The Q3 impact on the Group sales and result is insignificant.

The Group was net debt-free at the end of third quarter, with a net cash position of EUR 62 million.

Business segments

Sales per business



Key figures Insulation segment

EURm	Q3 2020	Q3 2019	YTD Q3 2020	YTD Q3 2019
External net sales	502	541	1,423	1,560
EBIT	76	77	172	199
EBIT margin	13.2%	12.4%	10.5%	11.2%

Insulation segment sales for the first nine months of 2020 reached EUR 1,423 million, a decrease of 7.4 percent in local currencies and 8.8 percent in reported figures. In Q3 2020, sales amounted to EUR 502 million, a decrease of 4.4 percent in local currencies

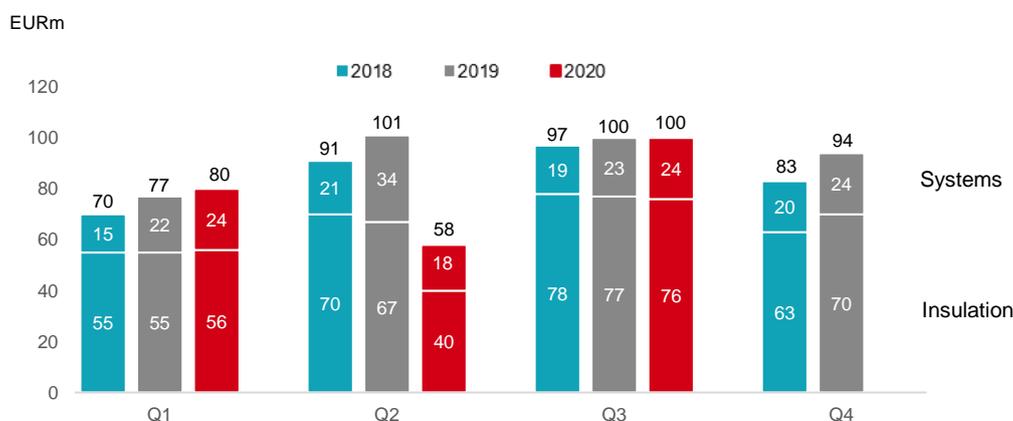
Insulation sales
-7.4%

and 7.3 percent in reported figures. As markets recovered, sales increased compared to same quarter last year in the Insulation business in Nordic, South West Europe and part of South East Europe while Russia ended at level with last year. Other Insulation segment businesses continued to be challenged, especially technical insulation.

Notwithstanding the lower sales activity levels, Insulation segment profitability has substantially recovered from pandemic-related declines. EBIT for the first nine months of 2020 reached EUR 172 million with an EBIT margin of 10.5 percent, a decrease of 0.7 percentage points compared to the same period last year, due to COVID-19 impact in Q2. EBIT for Q3 2020 was EUR 76 million with an EBIT margin of 13.2 percent, up 0.8 percentage points from last year, with most businesses contributing positively.

Insulation EBIT margin
10.5%
down 0.7 %-points

EBIT per business segment



Key figures Systems segment

EURm	Q3 2020	Q3 2019	YTD Q3 2020	YTD Q3 2019
External net sales	168	165	479	482
EBIT	24	23	66	79
EBIT margin	14.3%	14.0%	13.8%	16.4%

Systems segment sales for the first nine months of 2020 reached EUR 479 million, on the same level as last year. There was a positive impact of 2.5 percent from the Parafon acquisition. In reported figures sales decreased 0.6 percent. In Q3 2020, sales amounted to EUR 168 million, up 4.6 percent in local currencies including a positive impact of 2.5 percent from the Parafon acquisition, and up 2.2 percent in reported figures. Grodan, Rockpanel and the European part of Rockfon performed particularly well.

Systems sales
+0.1%

Third quarter Systems segment profitability recovered from pandemic-related declines, with a five percent increase in EBIT relative to last year. In the first nine months of 2020, Systems segment generated an EBIT of EUR 66 million, with an EBIT margin of 13.8 percent, down 0.6 percentage points compared to last year, adjusted for the 2019 legal settlement. Including the positive impact from the legal case settlement, EBIT margin was down 2.6 percentage points. In Q3 2020, EBIT amounted to EUR 24 million with an EBIT margin of 14.3 percent, an increase of 0.3 percentage points with Grodan and Rockpanel continuing to increase profitability.

Systems EBIT margin
13.8%
down 2.6 %-points

Outlook for the full year 2020

We retain our guidance from August for net sales for the full year of a mid-single digit sales decline in local currencies.

EBIT margin is now expected to be between 12 and 13 percent versus the previous outlook of an EBIT margin of around 12 percent.

We now expect that investment level excluding acquisitions for the full year will be below EUR 400 million, previously around EUR 400 million.

2020 outlook overview

	5 February 2020	24 March 2020	13 May 2020	20 August 2020	25 November 2020
Net sales	Low single-digit sales growth in local currencies	Low single-digit sales growth in local currencies	Low single-digit sales growth in local currencies	Mid-single digit sales decline in local currencies	Mid-single digit sales decline in local currencies
EBIT margin	Around 12 percent	Around 12 percent	Around 12 percent	Around 12 percent	Between 12 and 13 percent
Investments excluding acquisitions	Around EUR 400 million	Below EUR 400 million			

Further information:

Kim Junge Andersen, Chief Financial Officer
 ROCKWOOL International A/S
 +45 46 56 03 00

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 11,500 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 2020.

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 2020 and the result from the Group’s operations and cash flow for the period 1 January to 30 September 2020.

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 2019.

25 November 2020

Registered Directors

Jens Birgersson
CEO

Kim Junge Andersen
CFO

Board of Directors

Thomas Kähler
Chairman

Carsten Bjerg
Deputy Chairman

Rebekka Glasser Herlofsen

Søren Kähler

Andreas Ronken

Jørgen Tang-Jensen

René Binder Rasmussen

Connie Enghus Theisen

Christian Westerberg

Income statement

EURm	Unaudited			Audited	
	Q3 2020	Q3 2019	YTD Q3 2020	YTD Q3 2019	FY 2019
Net sales	670	706	1,902	2,042	2,757
Other operating income	2	1	4	15	16
Operating income	672	707	1,906	2,057	2,773
Raw material costs and production material costs	215	240	608	687	929
Delivery costs and indirect costs	93	95	266	287	381
Other external costs	47	55	141	164	218
Personnel costs	172	175	517	513	697
Operating costs	527	565	1,532	1,651	2,225
EBITDA	145	142	374	406	548
Depreciation, amortisation and write-downs	45	42	136	128	176
EBIT	100	100	238	278	372
Income from investments in associated companies	0	0	0	0	0
Financial items	-2	-2	-7	-8	-5
Profit before tax	98	98	231	270	367
Tax on profit for the period	21	21	53	57	82
Profit for the period	77	77	178	213	285
Attributable to:					
Non-controlling interests	0	0	0	0	0
Shareholders of ROCKWOOL International A/S	77	77	178	213	285
	77	77	178	213	285
Earnings per share of DKK 10 (EUR 1.3)	3.5	3.5	8.1	9.7	13.0
Earnings per share of DKK 10 (EUR 1.3), diluted	3.5	3.5	8.1	9.7	13.0

Statement of comprehensive income

EURm	Unaudited			Audited	
	Q3 2020	Q3 2019	YTD Q3 2020	YTD Q3 2019	FY 2019
Profit for the period	77	77	178	213	285
Items that will not be reclassified to the income statement:					
Actuarial gains and losses of pension obligations	0	0	0	0	-10
Tax on other comprehensive income	0	0	0	0	3
Items that may be subsequently reclassified to the income statement:					
Exchange rate adjustments of foreign subsidiaries	-48	20	-104	54	53
Hedging instruments, value adjustments	0	0	2	0	-3
Tax on other comprehensive income	0	0	0	0	1
Other comprehensive income	-48	20	-102	54	44
Comprehensive income for the period	29	97	76	267	329
Attributable to:					
Non-controlling interests	0	0	0	0	0
Shareholders of ROCKWOOL International A/S	29	97	76	267	329
	29	97	76	267	329

Segment and sales reporting

YTD Q3	Unaudited						The ROCKWOOL Group	
	Insulation segment		Systems segment		Eliminations		2020	2019
EURm	2020	2019	2020	2019	2020	2019	2020	2019
External net sales	1,423	1,560	479	482	-	-	1,902	2,042
Internal net sales	208	212	-	-	-208	-212	-	-
Total net sales	1,631	1,772	479	482	-208	-212	1,902	2,042
EBIT	172	199	66	79	-	-	238	278
<i>EBIT margin</i>	10.5%	11.2%	13.8%	16.4%	-	-	12.5%	13.6%
Goods transferred at a point in time	1,423	1,560	479	482	-	-	1,902	2,042

Geographical split of external net sales

EURm	Q3 2020	Q3 2019	YTD Q3 2020	YTD Q3 2019	FY 2019
Western Europe	411	417	1,155	1,237	1,659
Eastern Europe including Russia	120	137	330	363	494
North America, Asia and others	139	152	417	442	604
Total external net sales	670	706	1,902	2,042	2,757

Balance sheet

(condensed)	Unaudited		Audited
EURm	Q3 2020	Q3 2019	FY 2019
Assets			
Intangible assets	188	189	192
Tangible assets	1,591	1,418	1,506
Right of use assets	44	40	52
Other financial assets	21	10	21
Deferred tax assets	57	44	54
Total non-current assets	1,901	1,701	1,825
Inventories	244	248	236
Receivables	389	393	358
Cash	262	293	275
Total current assets	895	934	869
Total assets	2,796	2,635	2,694
Equity and liabilities			
Share capital	29	29	29
Foreign currency translation	-207	-103	-104
Proposed dividend	0	0	94
Retained earnings	2,204	2,126	2,096
Hedging	1	1	-1
Non-controlling interests	4	4	4
Total equity	2,031	2,057	2,118
Non-current liabilities	168	157	160
Current liabilities	597	421	416
Total liabilities	765	578	576
Total equity and liabilities	2,796	2,635	2,694

Cash flow statement

(condensed)	Unaudited				Audited
EURm	Q3 2020	Q3 2019	YTD Q3 2020	YTD Q3 2019	FY 2019
EBIT	100	100	238	278	372
Adjustments for depreciation, amortisation and write-downs	45	42	136	128	176
Other adjustments	6	3	6	4	6
Change in net working capital	27	72	-12	-38	-39
Cash flow from operations before financial items and tax	178	217	368	372	515
Cash flow from operating activities	161	193	300	293	402
Cash flow from investing activities	-67	-120	-262	-292	-400
Proceeds from prepaid grant	0	0	19	0	0
Cash flow from acquisitions	-5	0	-19	0	0
Cash flow from operating and investing activities (free cash flow)	89	73	38	1	2
Cash flow from financing activities	-30	3	-29	-93	-120
Change in cash available	59	76	9	-92	-118
Cash available – beginning of period	207	216	269	380	380
Exchange rate adjustments	-4	-4	-16	0	7
Cash available – end of period	262	288	262	288	269
Unutilised, committed credit facilities			630	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 2020	29	-104	94	2,096	-1	2,114	4	2,118
Profit for the period				178		178		178
Other comprehensive income		-104			2	-102		-102
Comprehensive income for the period	0	-104	0	178	2	76	0	76
Sale and purchase of own shares				-71		-71		-71
Expensed value of options/RSUs issued				1		1		1
Dividend paid to the shareholders		1	-94			-93		-93
Equity Q3 2020	29	-207	0	2,204	1	2,027	4	2,031
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

Main figures in DKK million

	Unaudited			Audited	
	Q3 2020	Q3 2019	YTD Q3 2020	YTD Q3 2019	FY 2019
Net sales	4,968	5,268	14,162	15,239	20,705
Depreciation, amortisation and write-downs	341	314	1,016	954	1,311
EBIT	741	746	1,771	2,077	2,779
Profit before tax	726	733	1,717	2,018	2,740
Profit for the period	573	579	1,325	1,594	2,125
Total assets			20,819	19,678	20,128
Equity			15,123	15,360	15,825
Cash flow from operating activities	1,201	1,445	2,236	2,190	3,001
Investments and acquisitions	533	896	1,948	2,180	2,984
Exchange rate	7.44	7.47	7.45	7.47	7.46

Accounting policies

This unaudited interim report has been prepared in accordance with IAS 34 and additional Danish regulations for the presentation of quarterly interim reports by listed companies. The interim report has been prepared in accordance with the accounting policies set out in the Annual Report for 2019 with no significant changes.

Significant accounting estimates and assumptions

In preparing this interim report, Management has made various accounting estimates and assumptions that may significantly influence the amounts recognised in the Consolidated Financial Statement and related information at the reporting date. The accounting estimates and assumptions which Management considers to be material for the preparation and understanding of the interim report are stated in Note 5.7 in the Annual Report 2019 and primarily relates to impairment testing, expected lifetime for tangible assets, deferred tax assets and uncertain tax positions and pension obligations.

Due to the COVID-19 pandemic we have evaluated the risk of an impairment write-down of goodwill and tangible assets with focus on the markets where we earlier in the year saw a significant reduction in demand or where the factory were closed due to local governmental requirements. As we still expect the focus on energy efficiency and fire-safety to drive long-term demand for our products, we see no immediate need for an impairment write-down in our markets, also in the businesses where the headroom is minor. The market development and the impairment impact, if any, will be monitored closely during the last quarter of the year and in case we see a turn for the worse a write-down will be recognised.

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.