

19 May 2021

Solid first quarter performance, double-digit growth outlook for 2021

Highlights

- Sales in Q1 2021 reached 671 MEUR, a growth of 6.0 percent in local currencies compared to Q1 2020. With a negative currency translation impact of 2.7 percentage points, sales growth in reported figures totalled 3.3 percent.
- EBITDA in Q1 2021 reached 139 MEUR, with a 20.7 percent EBITDA margin, up 1.5 percentage points from Q1 2020.
- EBIT in Q1 2021 increased 12 percent to 90 MEUR, with a 13.3 percent EBIT margin, up 1.0 percentage point from Q1 2020.
- Investments excluding acquisitions and grants reached 82 MEUR in the quarter, down 33 MEUR compared to last year.
- Annualised return on invested capital reached 16.9 percent compared to 20.2 percent last year, a decrease due to an increase in factory investments.

Outlook 2021

- Growth in net sales of 10-12 percent in local currencies.
- EBIT margin around 12 percent.
- Investment level around 370 MEUR excluding acquisitions.



“Construction activity in most markets has recovered, and we expect double-digit top-line growth for 2021. Overall, we are satisfied with the solid sales and profitability growth we achieved in the first quarter. The top- and bottom-lines are above first quarter results from both 2020 and 2019. Sales grew well in North America, Russia, China, and most of Western Europe. A clear focus on operational efficiency combined with a manageable impact of higher input costs contributed to the good profitability in both segments, with the Systems segment performing especially well”.

CEO Jens Birgersson

Conference call

ROCKWOOL Group will host an earnings call on 20 May 2021 at 11.00 CEST. To attend the conference call dial +45 35445577, +44 3333000804 or +1 6319131422. Passcode 56078017#. The call will be transmitted live on www.rockwool.com/group/

Main figures / key figures for the Group

	Unaudited		Audited
	Q1 2021	Q1 2020	FY 2020
Income statement items in MEUR			
Net sales	671	649	2 602
EBITDA	139	125	522
Amortisation, depreciation and write-downs	49	45	184
EBIT	90	80	338
Profit before tax	88	80	325
Profit for the period	68	61	251
Balance sheet items in MEUR			
Non-current assets	1 994	1 875	1 927
Current assets	872	880	817
Total assets	2 866	2 755	2 744
Equity	2 185	2 085	2 092
Non-current liabilities	172	177	158
Current liabilities	509	493	494
Net interest-bearing cash / (debt)	26	74	95
Net working capital	319	316	213
Invested capital	2 129	1 984	1 961
Cash flow items in MEUR			
Cash flow from operating activities	29	13	438
Cash flow from investing activities	83	110	362
Free cash flow	-54	-97	76
Others			
Number of full-time employees (end of period)	11 470	11 731	11 448
Ratios			
EBITDA margin	20.7%	19.2%	20.1%
EBIT margin	13.3%	12.3%	13.0%
ROIC (rolling 4 quarters)	16.9%	20.2%	17.6%
Return on equity (rolling 4 quarters)	12.1%	14.3%	11.9%
Equity ratio	76.1%	75.5%	76.1%
Stock market information (DKK)			
Earnings per share	23	21	86
Cash flow per share	10	4	150
Book value per share	738	707	707
Share capital (million)	220	220	220
Price per A share	2 385	1 253	2 075
Price per B share	2 685	1 254	2 296
Market cap (million)	54 519	27 271	47 062
Number of own shares	422 542	225 116	403 912

For definition of key figures and ratios see pg. 107 in the ROCKWOOL International A/S Annual Report 2020 available on our website: www.rockwool.com/group/

Management report for the period 1 January to 31 March 2021

Global sales development

Despite the continued COVID-19 pandemic, construction activity in most countries has recovered especially during the last month of the quarter. Sales in most business areas grew to pre-pandemic levels and in some cases even further.

In the first quarter of 2021, ROCKWOOL Group generated net sales of 671 MEUR, an increase of 6.0 percent in local currencies. Currency translation had a negative impact of 2.7 percent, which resulted in a sales growth of 3.3 percent in reported figures.

During the quarter, sales prices remained stable and growing pressure on gas, electricity and logistic costs were offset by good operational efficiency in the factories. A relatively low level of marketing and travel activities together with efficiency gains improved operational margins.

Regional sales development

In the first quarter, sales in Western Europe increased by 5.4 percent in local currencies, and 5.6 percent in reported figures. Sales in most markets increased compared to same period last year. The business in Germany had a slow start of the year, partly caused by a severe winter, however sales took off in the end of the quarter.

First quarter sales in Eastern Europe increased 8.4 percent in local currencies. Sales decreased 0.1 percent in reported figures due to a significant currency translation impact, primarily caused by a depreciation in the Russian rouble. Sales in many countries performed well, and especially Russia contributed with good sales growth in local currencies.

In the rest of the world, first quarter sales increased 5.8 percent in local currencies, however decreased 0.3 percent in reported figures, with the U.S. and Canadian dollars weakening against the euro. Especially North America experienced good growth while sales in most of South East Asia decreased.

Group sales
+6.0%

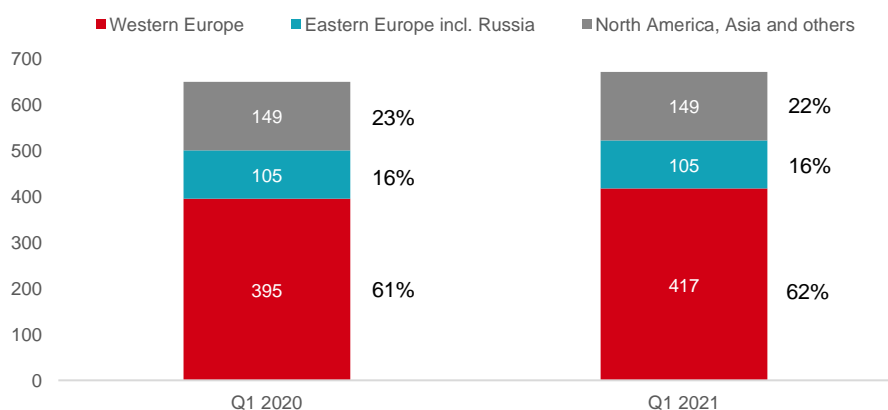
Sales in Western Europe
+5.4%

Sales in Eastern Europe
+8.4%

Sales in rest of the world
+5.8%

Regional sales

MEUR



Group profitability

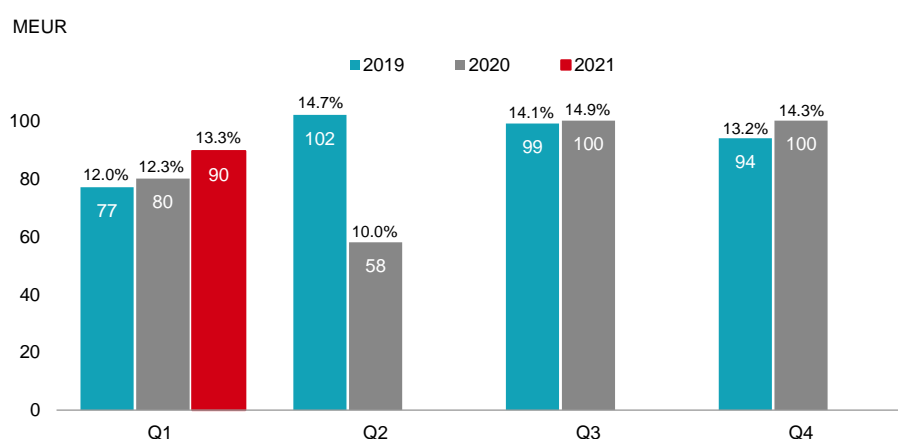
First quarter EBITDA increased by 11 percent to 139 MEUR resulting in an EBITDA margin of 20.7 percent compared to 19.2 percent for same period last year. The improvement in EBITDA primarily relates to higher volume combined with reduced travel costs and labour productivity improvements.

**EBITDA margin
+1.5%-points**

First quarter EBIT increased by 12 percent and reached 90 MEUR, corresponding to a 13.3 percent EBIT margin – an increase of 1.0 percentage point with only limited currency translation impact. EBIT was impacted by higher depreciation primarily from the new production line in Germany and the new factory in Romania.

**EBIT margin
+1.0%-points**

EBIT & EBIT MARGIN



The effective tax rate was 22.8 percent for the first quarter, down 1.2 percentage points compared to the same period last year and unchanged from full year 2020.

Net profit for the first quarter of 2021 amounted to 68 MEUR, an improvement of 7 MEUR compared to last year.

Balance sheet

Net working capital ended the first quarter at 319 MEUR, almost at level with last year. The net working capital ratio ended at 12.2 percent, which was 0.8 percentage points higher than last year, due to lower rolling-12-month sales and higher trade receivables reflecting the sales growth trend seen towards the end of the quarter. The higher trade receivables were partially offset by lower inventory levels.

Annualised return on invested capital was 16.9 percent compared to 20.2 percent for the same period last year, with the decrease primarily linked to higher factory investments.

**ROIC
-3.3%-points**

Total assets at the end of first quarter 2021 amounted to 2 866 MEUR, an increase of 111 MEUR compared to last year mainly from the ongoing investments. The equity ratio at the end of the period was 76.1 percent, an increase of 0.6 percentage points compared to same period last year.

Cash Flow

Cash flow from operations before financial items and tax in the first quarter of 2021 was 43 MEUR, down 4 MEUR from the same period last year.

Change in net working capital had a negative cash flow impact of 18 MEUR compared to same period last year, as trade receivables were higher due to the increased sales.

Capital expenditure excluding acquisitions and grants during the first quarter of 2021 was 82 MEUR compared to 115 MEUR last year. The greenfield factory in the United States, the electrical melter in Moss, the new Rockfon line in Poland and the relocation of one of the factories in China were the largest single projects.

Free cash flow for the period was -54 MEUR, an improvement of 43 MEUR compared to the same period last year. This follows the normal seasonal pattern.

Cash flow from financing was 2 MEUR, a decrease of 66 MEUR primarily due to an increase in short term loans last year.

The Group remains cash positive with a net interest-bearing cash position of 26 MEUR, and unused credit facilities of 525 MEUR.

Operational cash flow before financial items and tax

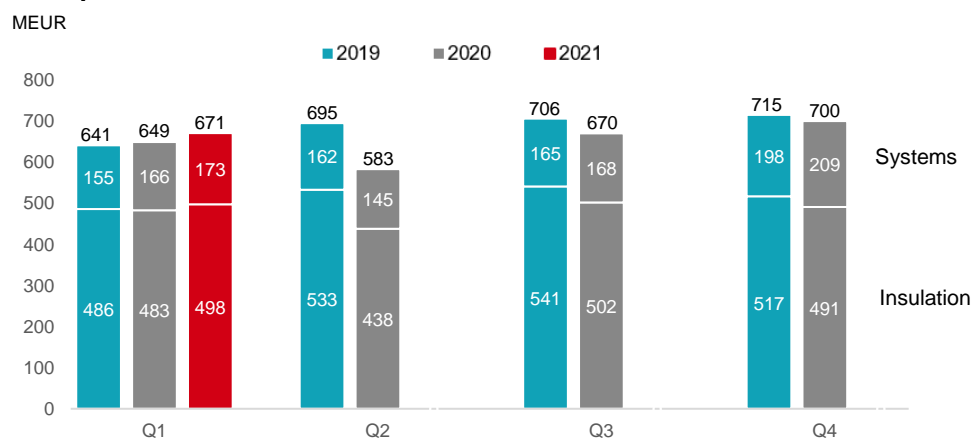
-4 MEUR

Free cash flow

+43 MEUR

Business segments

Sales per business



Key figures Insulation segment

MEUR	Q1 2021	Q1 2020
External net sales	498	483
EBIT, segment profit	59	56
EBIT margin	10.3%	10.0%

Sales in the Insulation segment reached 498 MEUR in the first quarter, which is an increase of 5.6 percent in local currencies. In reported figures, the increase was 2.9 percent. All businesses contributed positively except the Technical Insulation business, which is still challenged owing to sector performance.

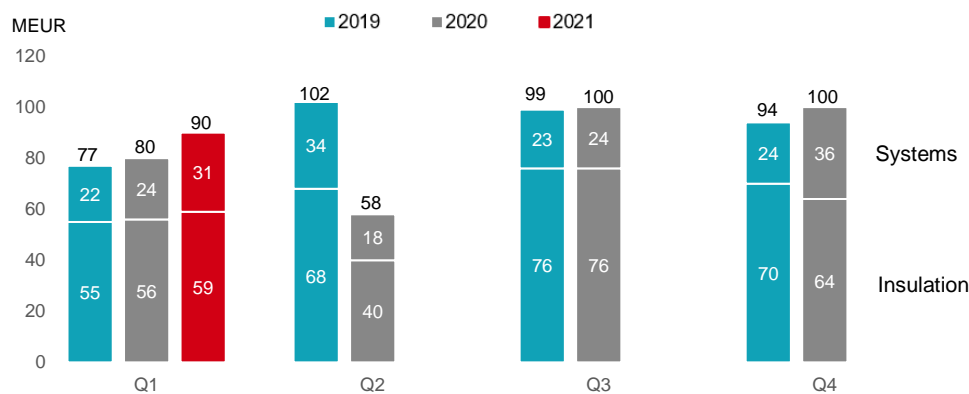
Insulation sales

+5.6%

The Insulation segment EBIT for the first quarter of 2021 reached 59 MEUR with an EBIT margin of 10.3 percent, stable compared to the same period last year.

Insulation EBIT margin
Stable

EBIT per business



Key figures Systems segment

MEUR	Q1 2021	Q1 2020
External net sales	173	166
EBIT, segment profit	31	24
EBIT margin	17.6%	14.6%

Sales in the Systems segment in the first quarter of 2021 amounted to 173 MEUR, which is an increase of 7.1 percent in local currencies. Exchange rates impacted negatively by -2.6 percentage points, resulting in a growth of 4.5 percent in reported figures. All businesses contributed to the growth.

Systems sales
+7.1%

The Systems segment generated an EBIT of 31 MEUR, an increase of 26 percent and an EBIT margin of 17.6 percent. Especially Grodan, Rockpanel and Rockfon in Europe performed well.

Systems EBIT margin
+3.0%-points

Outlook for the full year 2021

ROCKWOOL Group has had a good start to 2021, with accelerated sales growth in the last part of the first quarter and a healthy growth in earnings. The positive sales development has been driven by increased construction activities, strong demand for non-combustible insulation products and good sales performance in the Systems segment.

Market conditions for the full year look strong. We see a broad-based improvement including in our larger European stone wool markets such as Germany, Poland, France, and the United Kingdom as well as North America. The good growth in Systems segment sales is also expected to continue throughout the year.

We see a continued increase in input costs that we expect to offset with moderate price increases and productivity improvements. We anticipate pressure on production capacity in the coming high season quarters, which will result in some higher logistic costs of servicing our customers.

Based on these assumptions, our full year 2021 estimate for growth in net sales is 10-12 percent in local currencies, and we expect an EBIT margin of around 12 percent. The investment level is expected around 370 MEUR excluding acquisitions.

2021 outlook overview

	10 February 2021	6 May 2021	19 May 2021
Net sales in local currencies	Sales growth of 3-5 percent	Sales growth of 10-12 percent	Sales growth of 10-12 percent
EBIT margin	Around 11 percent	Around 12 percent	Around 12 percent
Investments excluding acquisitions	Around 370 MEUR	Around 370 MEUR	Around 370 MEUR

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 close to 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 quarter of 2021.

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 Group’s financial position at 31 March 2021 and of the result from Group’s operations and cash flow for the period 1 January to 31 March 2021.

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 2020.

19 May 2021

Registered Directors

Jens Birgersson
CEO

Kim Junge Andersen
CFO

Board of Directors

Thomas Kähler
Chairman

Carsten Bjerg
Deputy Chairman

Rebekka Glasser Herlofsen

Carsten Kähler

Andreas Ronken

Jørgen Tang-Jensen

René Binder Rasmussen

Connie Enghus Theisen

Christian Westerberg

Income statement

MEUR	Unaudited		Audited
	Q1 2021	Q1 2020	FY 2020
Net sales	671	649	2 602
Other operating income	1	2	6
Operating income	672	651	2 608
Raw material costs and production material costs	222	206	845
Delivery costs and indirect costs	91	92	363
Other external costs	48	55	184
Personnel costs	172	173	694
Operating costs	533	526	2 086
EBITDA	139	125	522
Amortisation, depreciation and write-downs	49	45	184
EBIT	90	80	338
Income from investments in associated companies	0	0	1
Financial items	-2	0	-14
Profit before tax	88	80	325
Tax on profit for the period	20	19	74
Profit for the period	68	61	251
<i>Profit for the period attributable to:</i>			
Non-controlling interests	0	0	0
Shareholders of ROCKWOOL International A/S	68	61	251
Earnings per share of DKK 10 (EUR 1.3)	3.1	2.8	11.5
Diluted earnings per share of DKK 10 (EUR 1.3)	3.1	2.8	11.5

Statement of comprehensive income

MEUR	Unaudited		Audited
	Q1 2021	Q1 2020	FY 2020
Profit for the period	68	61	251
<i>Items that will not be reclassified to income statement:</i>			
Actuarial gains and losses of pension obligations	0	0	-3
Tax on other comprehensive income	0	0	4
<i>Items that may be subsequently reclassified to income statement:</i>			
Currency adjustment from translation of entities	32	-68	-108
Hedging instruments, value adjustments	0	2	2
Tax on other comprehensive income	0	0	-2
Other comprehensive income	32	-66	-107
Comprehensive income for the period	100	-5	144
<i>Comprehensive income for the period attributable to:</i>			
Non-controlling interests	0	0	0
Shareholders of ROCKWOOL International A/S	100	-5	144

Business segments and sales reporting

Unaudited								
Q1	Insulation segment		Systems segment		Eliminations		ROCKWOOL Group	
MEUR	2021	2020	2021	2020	2021	2020	2021	2020
External net sales	498	483	173	166	-	-	671	649
Internal net sales	74	73	-	-	-74	-73	-	-
EBIT	59	56	31	24	-	-	90	80
<i>EBIT margin</i>	<i>10.3%</i>	<i>10.0%</i>	<i>17.6%</i>	<i>14.6%</i>			<i>13.3%</i>	<i>12.3%</i>
Goods transferred at a point in time	498	483	173	166			671	649

Geographical split of net sales

MEUR	Q1 2021	Q1 2020	FY 2020
Western Europe	417	395	1 575
Eastern Europe and Russia	105	105	449
North America, Asia and others	149	149	578
Total net sales	671	649	2 602

Balance sheet

(condensed)	Unaudited		Audited
MEUR	Q1 2021	Q1 2020	FY 2020
Assets			
Intangible assets	175	202	181
Tangible assets	1 698	1 550	1 632
Right-of-use assets	45	47	44
Other financial assets	17	21	16
Deferred tax assets	59	55	54
Non-current assets	1 994	1 875	1 927
Inventories	224	243	216
Receivables	460	408	360
Cash	188	229	241
Current assets	872	880	817
Total assets	2 866	2 755	2 744
Equity and liabilities			
Share capital	29	29	29
Currency translation adjustments	-180	-172	-212
Proposed dividend	94	94	94
Retained earnings	2 239	2 129	2 178
Hedging	-1	1	-1
Non-controlling interests	4	4	4
Total equity	2 185	2 085	2 092
Non-current liabilities	172	177	158
Current liabilities	509	493	494
Total liabilities	681	670	652
Total equity and liabilities	2 866	2 755	2 744

Cash flow statement

(condensed)	Unaudited		Audited
MEUR	Q1 2021	Q1 2020	FY 2020
EBIT	90	80	338
Adjustments for amortisation, depreciation and write-downs	49	45	184
Adjustments of non-cash operating items	1	1	7
Changes in net working capital	-97	-79	27
Cash flow from operations before financial items and tax	43	47	556
Cash flow from operating activities	29	13	438
Cash flow from investing activities	-82	-115	-362
Received investment grants	0	19	19
Business acquisitions, net of cash	-1	-14	-19
Free cash flow	-54	-97	76
Cash flow from financing activities	2	68	-92
Net cash flow	-52	-29	-16
Cash available – beginning of period	240	269	269
Exchange rate adjustments on cash available	-2	-13	-13
Cash available – end of period	186	227	240
Unutilised, committed credit facilities	525	429	630

Statement of changes in the equity

	Unaudited								
	Shareholder of ROCKWOOL International A/S							Non-	Total
MEUR	Share capital	Currency translation adjustments	Proposed dividend	Retained earnings	Hedging	Total	controlling interests	equity	
Equity 1 January 2021	29	-212	94	2 178	-1	2 088	4	2 092	
Profit for the period				68		68	-	68	
Other comprehensive income		32			-	32	-	32	
Comprehensive income for the period	-	32	-	68	-	100	-	100	
Share buy-back programme				-3		-3		-3	
Purchase of own shares				-4		-4		-4	
Sale of own shares				0		0		0	
Expensed value of Restricted Share Units issued				0		0		0	
Equity 31 March 2021	29	-180	94	2 239	-1	2 181	4	2 185	
Equity 1 January 2020	29	-104	94	2 096	-1	2 114	4	2 118	
Profit for the period				61		61	-	61	
Other comprehensive income		-68			2	-66	-	-66	
Comprehensive income for the period	-	-68	-	61	2	-5	-	-5	
Share buy-back programme				-27		-27		-27	
Purchase of own shares				-2		-2		-2	
Sale of own shares				1		1		1	
Expensed value of Restricted Share Units issued				0		0		0	
Equity 31 March 2020	29	-172	94	2 129	1	2 081	4	2 085	

Main figures in DKK million

	Unaudited		Audited
	Q1 2021	Q1 2020	FY 2020
Net sales	4 988	4 851	19 397
Amortisation, depreciation and write-downs	366	334	1 371
EBIT	666	598	2 519
Profit before tax	654	597	2 422
Profit for the period	505	454	1 871
Total assets	21 310	20 574	20 410
Equity	16 248	15 569	15 566
Cash flow from operating activities	216	94	3 261
Cash flow from investing activities	616	819	2 690
Exchange rate	7.44	7.47	7.45

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 2020 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 5.5 in the Annual Report 2020 and primarily relates to impairment testing, expected lifetime for tangible assets, deferred tax assets and uncertain tax positions and pension obligations.

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.