

Q3 2020 Financial Results



Forward-looking statement

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Q3 YTD highlights

Sales

EUR 1,902 million

down 6.8% in reported figures

Sales decrease in local currencies

↓ 5.6%

incl. +0.6% from Parafon and Bestofire

EBIT

EUR 238 million

down 14.5% over last year

EBIT margin

12.5%

down 1.1 percentage points, down 0.6 pp excl. legal settlement in Q2 2019

Free cash flow

EUR 38 million

up from EUR 1 million last year

Net profit

EUR 178 million

decrease of EUR 35 million



Q3 highlights

Sales

EUR 670 million

down 5.1% in reported figures

EBIT

EUR 100 million

on par with last year

Free cash flow

EUR 89 million

up from EUR 73 million last year

Sales decrease in local currencies

↓ 2.3%

incl. +0.6% from acquisitions;
though Q3 up 17% from Q2

EBIT margin

14.9%

up 0.8 percentage points

Net profit

EUR 77 million

at level with last year



Q3 YTD sales down 5.6 percent

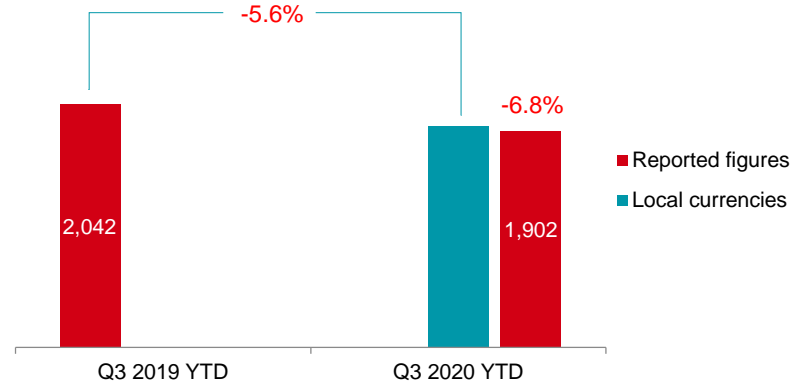
Sales declined 5.6 percent in local currencies including a +0.6 percent impact from the Parafon and Bestofire acquisitions and reached EUR 1,902 million.

Sales decreased 6.8 percent in reported figures with a negative currency impact of 1.2 percent.

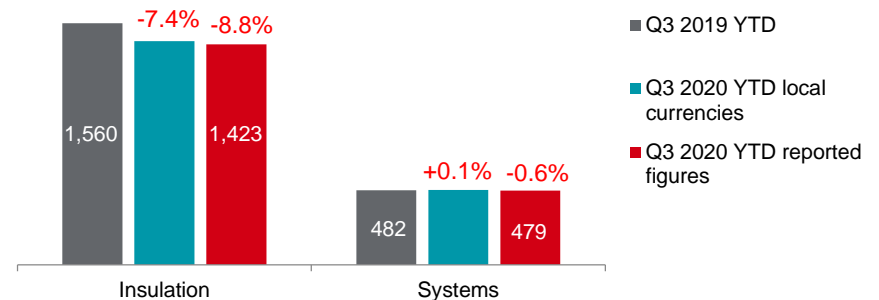
Insulation segment sales down 7.4 percent in local currencies and 8.8 percent in reported figures.

Systems segment sales on par with last year in local currencies including a +2.5 percent impact from the Parafon acquisition, and down 0.6 percent in reported figures.

NET SALES
EURm



NET SALES PER BUSINESS SEGMENTS
EURm

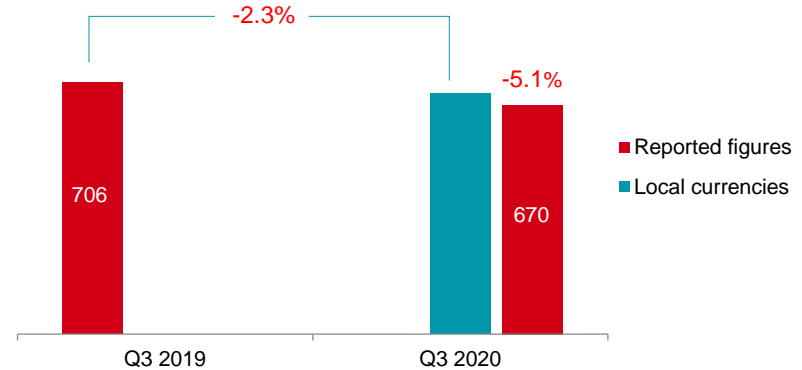


Q3 sales down 2.3 percent

Sales reached EUR 670 million – up 17 percent relative to Q2, with a year-on-year decline of 2.3 percent in local currencies including a +0.6 percent impact from the Parafon and Bestofire acquisitions.

Sales decreased 5.1 percent in reported figures with a negative currency impact of 2.8 percent.

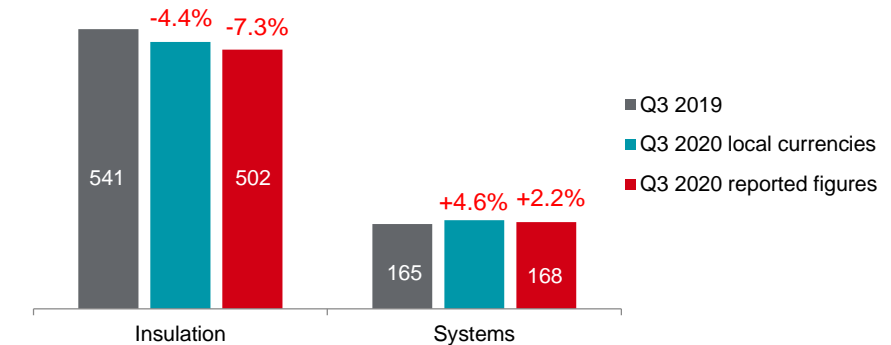
NET SALES
EURm



Insulation segment sales down 4.4 percent in local currencies and 7.3 percent in reported figures.

Systems segment sales up 4.6 percent in local currencies including a +2.5 percentage points impact from the Parafon acquisition, and up 2.2 percent in reported figures.

NET SALES PER BUSINESS SEGMENTS
EURm



Q3 regional sales development

Growth in local currencies

Western Europe

-1.4% ↓ incl. Parafon

-1.5 percent incl. FX effect

CEE incl. Russia

-3.5% ↓

-12.3 percent incl. FX effect

North America, Asia and others

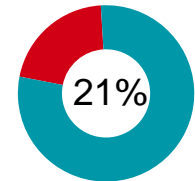
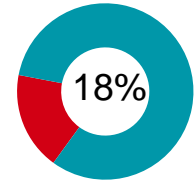
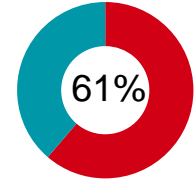
-3.8% ↓

-8.6 percent incl. FX effect

Key developments

- Positive impact of +1.0 percent from the Parafon acquisition.
 - Many countries recovered – growth in the Nordic region.
 - Challenging market conditions in Germany.
 - Italian government quick to initiate renovation support.
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- Hungary and Romania bounced back with double-digit sales growth.
 - Poland and Czech Republic were still impacted and sales in Q3 did not recover.
 - Negative currency effect of 8.8 percent.
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- Markets in Asia continued to be affected by COVID-19.
 - The U.S. businesses increased sales in local currencies.
 - Negative currency effect of 4.8 percent.

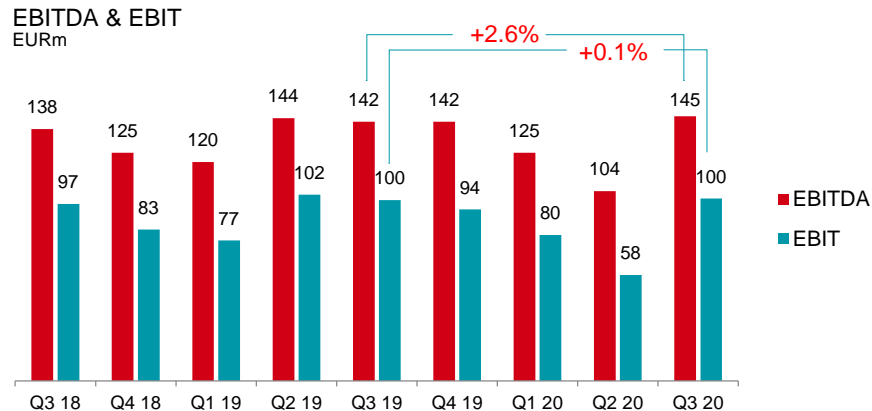
Geographic share of sales*



Q3 strong profitability

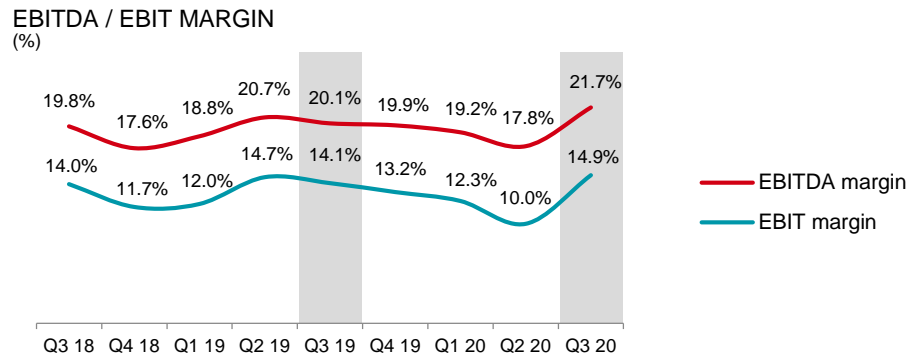
EBITDA reached EUR 145 million, up **2.6 percent**.

- EBITDA margin of 21.7 percent compared to 20.1 percent in Q3 2019.



EBIT reached EUR 100 million, up **0.1 percent**.

- Corresponding to a 14.9 percent EBIT margin.
- This is an increase of 0.8 percentage points, including a negative exchange rate impact of 0.2 percentage points.



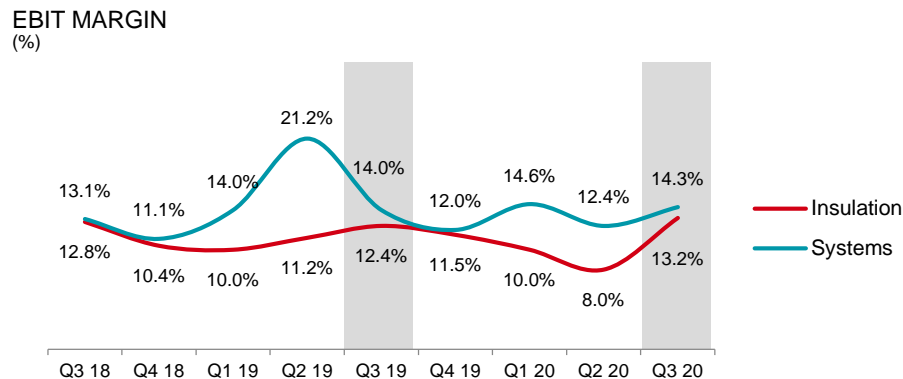
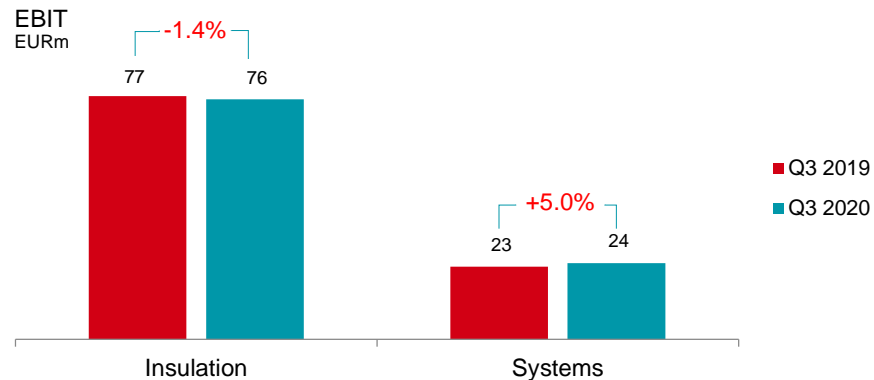
Q3 profitability – both segments rebounded

Insulation EBIT at EUR 76 million in Q3 2020, almost at level with last year.

- EBIT margin was 13.2 percent, up 0.8 percentage points compared to Q3 2019.

Systems EBIT increased 5.0 percent to EUR 24 million in Q3 2020.

- EBIT margin was 14.3 percent, up 0.3 percentage points compared to Q3 2019.

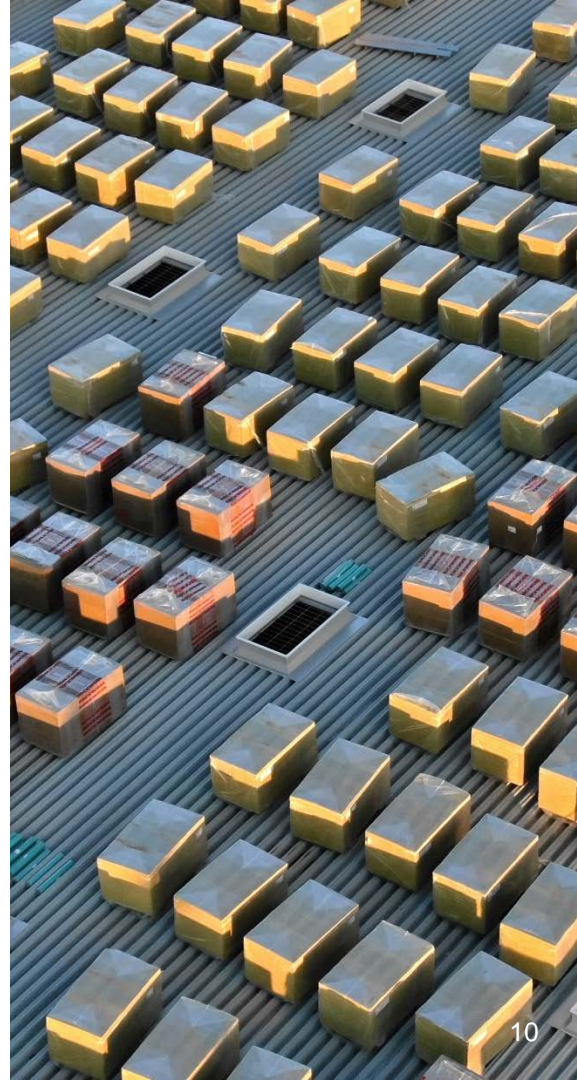
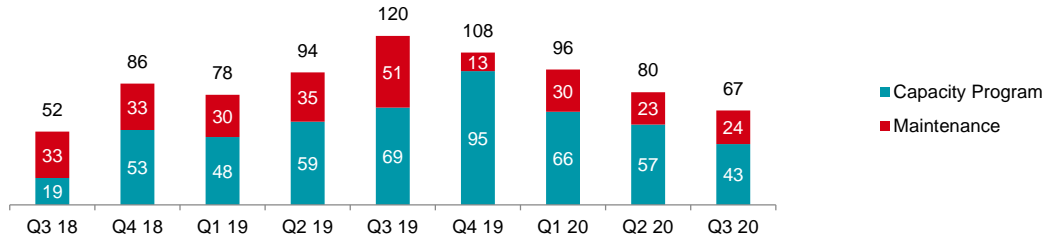


Q3 investment activities

Investments excluding acquisitions totalled **EUR 67 million in Q3 2020** (Q3 2019: EUR 120 million).

- Capacity investments mainly relate to the factory project in the United States (West Virginia) and the expansion in Germany.
- COVID-19 both a cost and schedule challenge.
- Sustainability investments are in line with last year.

INVESTMENTS excl. acquisitions
EURm



Q3 free cash flow up

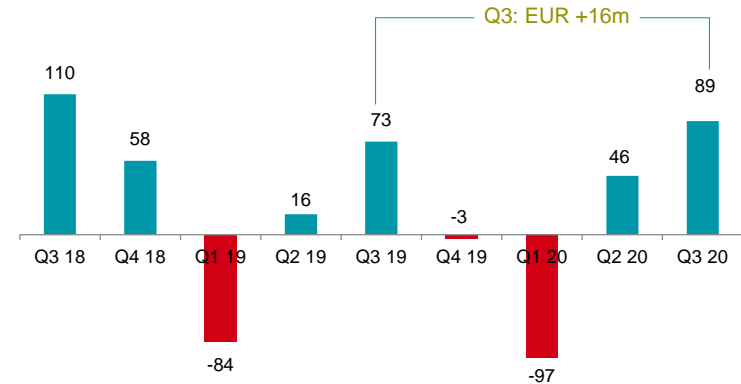
Q3 free cash flow ended at EUR 89 million, up EUR 16 million compared to Q3 2019, with a positive impact from net working capital and lower investments.

Net working capital was 9.5 percent (2019: 9.4 percent) of net sales, and ended at EUR 249 million, EUR 9 million better than Q3 2019.

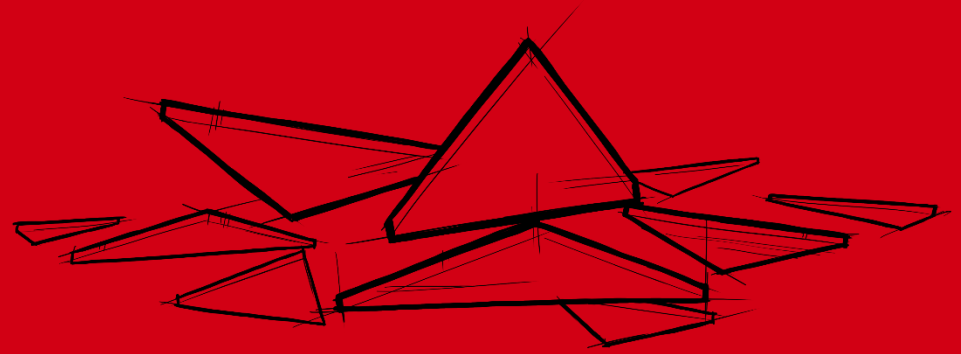
Purchase of own shares in the **share buy-back programme** of EUR 27 million in Q3 2020, hereof EUR 16 million purchased from the ROCKWOOL Foundation.

Net debt free with a net cash position of EUR 62 million end Q3 2020.

FREE CASH FLOW
EURm



Outlook 2020



Outlook full year 2020

1. Sales

Mid-single digit sales decline in local currencies, unchanged from previous outlook

2. EBIT

EBIT margin **between 12 and 13 percent**, changed from previously around 12 percent.

3. Investment

Investment level below **EUR 400 million** excluding acquisitions, changed from 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 in local currencies	Low single-digit sales growth	Low single-digit sales growth	Low single-digit sales growth	Mid-single digit sales decline	Mid-single digit sales decline
EBIT margin	Around 12%	Around 12%	Around 12%	Around 12%	Between 12 and 13%
Investments excl. acquisitions	Around EUR 400 million	Around EUR 400 million	Around EUR 400 million	Around EUR 400 million	Below EUR 400 million

Key figures for the Group

EURm	Q3 2020	Q3 2019	YoY (%)	YTD Q3 2020	YTD Q3 2019	YoY (%)	FY 2019
Income statement							
Net Sales	670	706	-5.1%	1,902	2,042	-6.8%	2,757
EBITDA	145	142	2.6%	374	406	-7.8%	548
EBIT	100	100	0.1%	238	278	-14.5%	372
Profit before tax	98	98	-0.5%	231	270	-14.7%	367
Profit for the period	77	77	-0.7%	178	213	-16.7%	285
Balance sheet							
Total Assets				2,796	2,635	6.1%	2,694
Equity				2,031	2,057	-1.3%	2,118
Equity ratio				72.5%	77.9%	-5.4pp	78.5%

Questions?

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