H+H acquires HeidelbergCement's calcium silicate unit business in Germany and Switzerland

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- H+H International A/S and H+H Deutschland GmbH buys HeidelbergCement's German and Swiss CSU business
- Purchase price (EV) is DKK 818 million, equivalent to a transaction multiple of approximately 8 x EBITDA based on 2017E
- The transaction does not require antitrust approval
- Closing is expected in the first quarter of 2018

Financing of the deal

- The purchase price will be settled in cash at closing
- Long-term supply agreement of sand in place
- Danske Bank A/S has committed to finance the transaction
- During the next 12 months, H+H will evaluate different funding sources to maintain a prudent capital structure

Strategic rationale

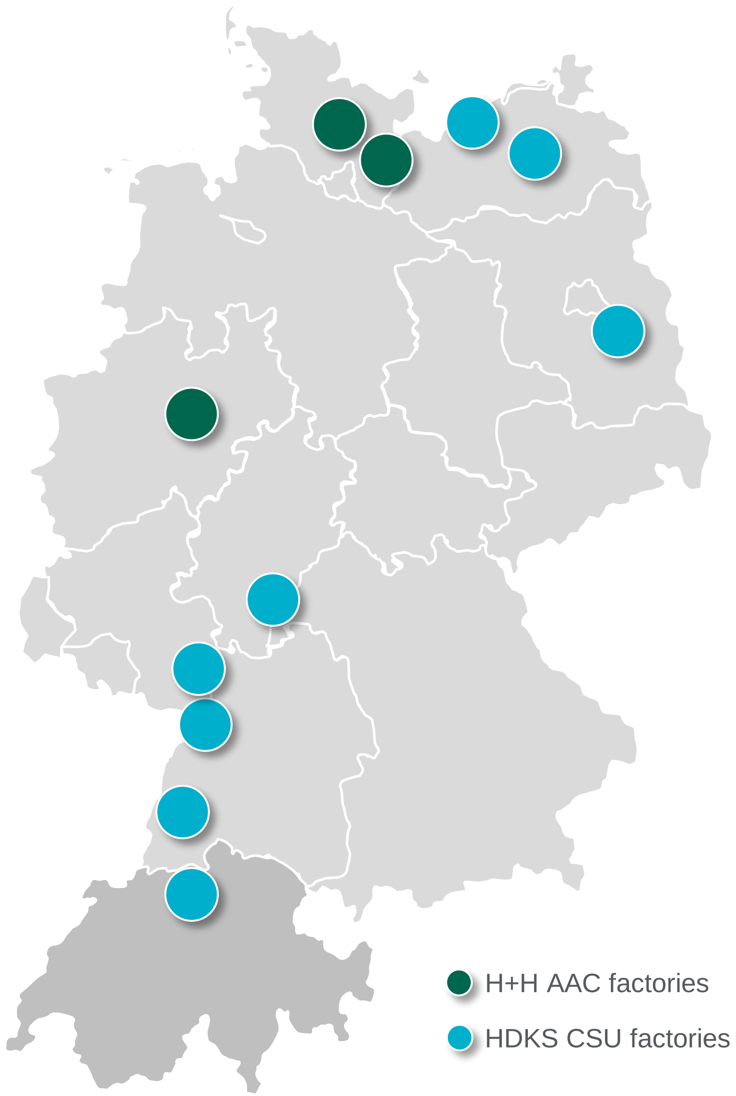
- Create a more balanced geographical footprint
- Expand the product offering, mainly within residential high-rise, becoming the second largest European player within CSU
- Harvest synergies with the aircrete business in Germany, create scale and critical mass in the German operations, savings DKK 10 million when fully integrated
- Benefit from best practice sharing with the Polish operation of Grupa Silikaty (pending anti-trust approval)
- Platform for further market consolidation

Product

- Calcium silicate units (CSU) is a building block / element made of sand, lime and water
- The blocks are pressed together and then autoclaved for 8 hours at around 200 °C
- Sound insulation and the load bearing ability are the predominant attributes of the product
- The product is more heavy than aircrete (AAC), i.e. distribution range from the factories is shorter

Market

- The market in Germany is approx. 3,600 tm^3 distributed over approximately 60 factories
- Top three players hold approx. 50% of the market
- Main competitors are Silka (Xella) and Unika
- Most factories running on a high capacity utilisation
- Limited distribution range from the factories
- Predominantly pull sales



HDKS

- HDKS is a carve-out of HeidelbergCement AG of their fully-owned subsidiaries within the CSU business
- HDKS is the second largest producer of CSU in Germany and operates eight factories including one in Switzerland, partly exporting to Germany
- Estimated revenue in 2017 of DKK 500 million
- Estimated EBITDA in 2017 of DKK 100 million
- Market share of around 14%
- Around 200 employees

Financial impact

- No changes to outlook 2017
- Limited investments needed to support the acquisition
- Transaction costs – including a special transfer tax on real estate – of approx. DKK 25 million will be recognized as a special item, estimated 30% due in 2017 and the rest in 2018.
- Synergies to be harvested from 2018