H+H International A/S
Interim financial report
H1 2017

H+H International A/S
Lautrupsgade 7, 6th Floor
2100 Copenhagen Ø
Denmark

Tel. +45 35 27 02 00

info@HplusH.com
www.HplusH.com

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Highlights for the period 1 January to 30 June 2017

- Revenue for the second quarter remained stable in local currencies (organic growth) and decreased by 3% in DKK to DKK 445.0 million (2016: DKK 457.5 million). First-half revenue increased by 3% in local currencies (organic growth) and remained stable in DKK to DKK 821.5 million (2016: DKK 825.4 million).

- EBITDA before special items for the second quarter was DKK 73.6 million (2016: DKK 65.9 million) and DKK 110.5 million (2016: DKK 102.5 million) for the first half year.

- EBIT before special items for the second quarter was DKK 54.5 million (2016: DKK 44.0 million) and DKK 72.5 million (2016: DKK 59.9 million) for the first-half. EBIT margin before special items for the second quarter was 12.2% (2016: 9.6%) and 8.8% (2016: 7.3%) for the first half year.

- Special items for the second quarter was DKK 8.7 million (2016: DKK 1.4 million), of which DKK 4.7 million is related to import of products to the UK from Poland and DKK 4.0 million is related to the acquisition of the Grupa Silikaty. Special items for the first-half was DKK 14.3 million, (2016: DKK 2.7 million) of which DKK 10.3 million is related to import of products to the UK from Poland.

- Net profit for the second quarter was DKK 36.5 million (2016: DKK 29.0 million) and DKK 38.2 million (2016: DKK 30.1 million) for the first half year.

- Investments for the second quarter was DKK 7.1 million (2016: DKK 5.9 million) and DKK 30.1 million for the first half year (2016: DKK 16.5 million).

- Free cash flow for the second quarter was DKK 6.6 million (2016: 65.8 million) and DKK (88.0) million for the first half year (2016: DKK 24.5 million). The free cash flow has been negatively affected by the planned building of stocks in the UK and increasing net investments.

- Net interest-bearing debt at 30 June 2017 was DKK 476.8 million (30 June 2016: DKK 432.4 million).

- On 7 July 2017 H+H International A/S's subsidiary H+H Polska Sp. z o.o. signed an agreement with Grupa Ozarow S.A. to acquire 99.19% of the shares in its Polish calcium silicate company Grupa Silikaty Sp. z o.o. for a total consideration of PLN 36 million (DKK 64 million) (enterprise value), of which DKK 14 million will be paid at closing. Closing of the transaction is subject to customary approvals by the Polish authorities.

- H+H reiterates its outlook for 2017: Revenue growth is expected to be 5-7% (measured in local currencies), and EBITDA before special items is expected to be DKK 220-240 million. Special items of approximately DKK 25 million cost are expected to be incurred as a result of the Borough Green factory upgrade and resulting need to import products from Poland. The increased transportation costs are expensed in production costs at the

For further information please contact:
Michael T Andersen, CEO, or Bjarne Pedersen, Vice President, Business Development & IR, on telephone +45 35 27 02 00.

point of sale and treated as a special item. Investments excluding acquisitions and divestments are expected to be in the region of DKK 120 million.

Quote:
“Our strong focus on bringing value added solutions to our customers has been successful, as all markets have higher prices than last year” says CEO Michael T. Andersen. “Despite the adverse volume developments, we are pleased to report increased earnings, and we see all markets except Russia continue to grow.
The Polish market is the most buoyant market in our footprint, both currently and in estimated going forward. Hence, the announced entrance (await customary approval by the Polish authorities) into the calcium-silicate business should bolster our market position in Poland.”

Key figures – H+H Group

Amounts in DKK million	Q2 2017	Q2 2016	H1 2017	H1 2016	Full-year 2016
Income statement					
Revenue	445.0	457.5	821.5	825.4	1,610.6
Gross profit	125.0	118.3	210.1	205.2	404.8
EBITDA before special items	73.6	65.9	110.5	102.5	210.6
EBITDA	64.9	64.5	96.2	99.8	213.6
EBIT before special items	54.5	44.0	72.5	59.9	122.3
EBIT	45.8	42.6	58.2	57.2	125.4
Net financing costs	(3.6)	(5.2)	(8.7)	(10.7)	(21.5)
Profit before tax from continuing operations	42.2	37.4	49.4	46.5	103.9
Profit from continuing operations	37.0	29.7	39.1	31.5	95.9
Profit/loss from discontinued operations	(0.5)	(0.7)	(0.9)	(1.4)	(6.7)
Profit for the period	36.5	29.0	38.2	30.1	89.2
Balance sheet					
Non-current assets	887.7	881.2	887.7	881.2	901.3
Current assets	428.6	338.8	428.6	338.8	309.3
Share capital	107.9	107.9	107.9	107.9	107.9
Equity	343.3	215.5	343.3	215.5	277.5
Non-current liabilities	641.6	648.5	641.6	648.5	590.2
Current liabilities	331.4	356.0	331.4	356.0	342.9
Total equity and liabilities	1,316.3	1,220.0	1,316.3	1,220.0	1,210.6
Investments in property, plant and equipment	7.1	5.9	30.1	16.5	83.3
Net Interest-bearing debt (NIBD)	476.8	432.4	476.8	432.4	386.6
Cash flow					
Cash flow from operating activities	48.4	86.7	(23.3)	51.5	143.1
Cash flow from investing activities	(41.8)	(20.9)	(64.7)	(27.0)	(75.0)
Free cash flow	6.6	65.8	(88.0)	24.5	68.1
Cash flow from discontinued operations	(0.5)	(4.2)	(3.0)	(6.6)	(4.6)
Financial ratios					
Gross margin	28.1%	25.9%	25.6%	24.9%	25.1%
EBIT margin before special items	12.2%	9.6%	8.8%	7.3%	7.6%
EBIT margin	10.3%	9.3%	7.1%	6.9%	7.8%
Return on invested capital before special items	16.5%	13.8%	16.5%	13.8%	15.1%
Return on invested capital (ROIC)	15.4%	16.2%	15.4%	16.2%	15.5%
Return on equity	34.8%	17.4%	34.8%	17.4%	33.5%
Solvency ratio	26.1%	17.7%	26.1%	17.7%	22.9%
Net interest-bearing debt/EBITDA	2.3	1.9	2.3	1.9	1.8
Share data					
Share price, end of period (DKK)	108,50	67.5	108,50	67.5	75.5
Book value per share, end of period (DKK)	32.0	26.2	32.0	26.2	25.8
Earnings per share (adjusted)	3.4	2.7	3.5	2.8	8.3
Diluted earnings per share (adjusted)	3.4	2.7	3.5	2.8	8.3

*The solvency ratio for H1 2016 is adjusted reflecting a reclassification in the balance sheet of payable customer rebates and bonuses as well as recognition of actuarial loss related to the UK pension obligation.

MANAGEMENT'S REVIEW

Revenue

Revenue for the second quarter of 2017 remained stable in local currencies (organic growth) and decreased by 3% in DKK to DKK 445.0 million. First-half revenue increased by 3% in local currencies (organic growth) and remained stable in DKK to DKK 821.5 million. Sales price increases in all markets and has more than offset an adverse volume development.

Gross margin

The gross margin in the second quarter was 28.1%, against 25.9% in 2016. The higher sales prices were partly offset by higher unit costs, partly because of additional transport costs incurred in the UK due to import of products from Poland. Adjusted for the special items gross margin would have been 29.1%.

Special items

Special items for the second quarter was DKK 8.7 million (2016: DKK 1.4 million), of which DKK 4.7 million is related to import of products to the UK from Poland and DKK 4.0 million is related to the acquisition of the Grupa Silikaty. Special items for the first-half was DKK 14.3 million, (2016: DKK 2.7 million) of which DKK 10.3 million is related to import of products to the UK from Poland.

EBITDA

EBITDA before special items for the second quarter was DKK 73.6 million and DKK 64.9 million after special items (2016: EBITDA before special items was DKK 65.9 million and DKK 64.5 million after special items).

Higher sales prices compensate for the volume drop and the approx. DKK (3.5) million impact from currency development.

Operating profit (EBIT)

Operating profit before special items for the second quarter was DKK 54.5 million, against DKK 44.0 million in 2016, a change of DKK 10.5 million.

Operating profit for the second quarter was DKK 45.8 million, against DKK 42.6 million in 2016, a change of DKK 3.2 million.

Profit before tax from continuing operations

Second-quarter profit before tax from continuing operations was DKK 42.2 million, against a profit of DKK 37.4 million in 2016, a change of DKK 4.8 million.

Profit before tax from continuing operations

	Q2		H1	
Amounts in DKK million	2017	2016	2017	2016
Western Europe	49.2	51.5	70.3	77.4
Eastern Europe	3.5	(3.6)	(0.1)	(17.9)
Eliminations and unallocated items	(10.5)	(10.5)	(20.8)	(13.0)
Total	42.2	37.4	49.4	46.5

Eliminations and unallocated items

Unallocated items in the second quarter amounted to DKK (10.5) million, on par with 2016. Unallocated items for first-half amounted to DKK (20.8) million, a change of DKK (7.8) million against 2016, mainly due to gain on sale of assets in 2016.

Comprehensive income

The total comprehensive income for the second quarter of 2017 of DKK 21.4 million comprises the profit for the period of DKK 36.5 million, foreign exchange adjustments of DKK (12.3) million and actuarial losses less deferred tax of DKK (2.9) million.

Please refer to note 6" Pension obligations" for further comments on the adjustment of the UK pension obligation.

Taxation

Tax for the second quarter was DKK (5.2) million, against DKK (7.7) million in 2016, a change of DKK 2.5 million. The lower tax expenses are due to the decline in the GBP exchange rate.

Discontinued operations and assets held for sale

Discontinued operations generated a loss of DKK (0.5) million in the second quarter, against a loss of DKK (0.7) million in 2016.

Please refer to note 11 "Discontinued operations and assets held for sale" for further comments.

Cash flow
Cash flow from operating activities in the second quarter of 2017 was DKK 48.4 million, against DKK 86.7 million in 2016, a change of DKK (38.3) million. This is mainly due to an adverse impact from planned stock building in the UK as a result of the Borough Green factory upgrade. This is expected to continue throughout the year.

Second-quarter free cash flow was DKK 6.6 million, against DKK 65.8 million in 2016.

Investments
Investments of DKK 7.1 million were made during the second quarter, against DKK 5.9 million in 2016. Adjusted for asset sale the net investment during the second quarter was DKK 6.8 million, against a net asset sale of DKK 10.7 in 2016.

Investments

	Q2		H1	
Amounts in DKK million	2017	2016	2017	2016
Western Europe	3.7	4.0	22.9	10.5
Eastern Europe	3.1	1.9	6.9	6.0
Unallocated items	0.3	0.0	0.3	0.0
Total	7.1	5.9	30.1	16.5

The investment programme is running to schedule and consists mainly of the Borough Green factory upgrade programme in the UK.

Financing
Net interest-bearing debt totalled DKK 476.8 million at 30 June 2017, up DKK 90.2 million since the beginning of the year and up DKK 44.4 million on 30 June 2016.

Second-quarter net financials totalled DKK 3.6 million in 2017, against DKK 5.2 million in 2016. Besides interest expenses and foreign exchange adjustments, the figure includes amortisation of borrowing costs, payments for the committed credit facility, realised and unrealised gain/losses on foreign exchange hedges and expenses for the pension scheme in the UK.

Equity
H+H’s equity increased by DKK 65.8 million in the first-half of which profit for the period contributed DKK 38.2 million, foreign exchange adjustments of investments in subsidiaries DKK 5.5 million, value adjustment of UK pension DKK 21.2 million less deferred tax and other adjustments of DKK 0.8 million.

Equity

	H1	H1
Amounts in DKK million	2017	2016
1 January	277.5	255.0
Profit for the period	38.2	30.1
Actuarial gains/losses on pension plans	21.2	(66.3)
Foreign exchange adjustments	5.5	3.4
Other adjustments	0.8	(6.7)
30 June	343.3	215.5

SEGMENTS

Revenue

	Q2		H1	
Amounts in DKK million	2017	2016	2017	2016
Western Europe	336.0	361.8	623.7	654.4
Eastern Europe	108.9	95.7	197.8	171.0
Total	445.0	457.5	821.5	825.4

Western Europe
Second-quarter revenue in Western Europe decreased by (1.8%) in local currencies (organic growth) and by (7.1%) in DKK to DKK 336.0 million.

The decrease in revenue in the second quarter was primarily driven by the UK due to the forthcoming Borough Green factory upgrade which has led to limitations in sales volumes. This has had a noticeable impact on the quarter compared to the strong quarter last year. The decrease in the GBP exchange rate also had a negative impact.

Revenue in the second quarter increased in the Nordic region and the Benelux countries which largely has been offset by decreased revenue in Germany compared to the second quarter of 2016.

Second-quarter EBITDA was DKK 61.4 million, against DKK 65.4 million in 2016, a change of DKK (4.0) million. The underlying profit growth is favourable in local currencies but has been adverse impacted by exchange rates; DKK (4.4) million and special items DKK (4.7) million.

Second-quarter profit before tax was DKK 49.2 million, against DKK 51.5 million in 2016, a change of DKK (2.3) million.

Eastern Europe
Second-quarter revenue in Eastern Europe increased by 7.5% in local currencies (organic growth) and by 13.8% in DKK to DKK 108.9 million.

In Poland, sales volumes and prices in the second quarter were higher than in the same period last year. In Russia, the market conditions did not meet expectations. We have increased prices over the second quarter last year and, consequently, lost volume. There are no indications of a market recovery in the short term.

Second-quarter EBITDA was a DKK 14.3 million, against DKK 9.4 million in 2016, a change of DKK 4.9 million.

The second quarter brought a profit before tax of DKK 3.5 million, against a loss of DKK 3.6 million in 2016, a change of DKK 7.1 million.

Most material risk and uncertainties and subsequent events

Please refer to note 4 "Significant accounting estimates and judgements".

On 7 July 2017 H+H Polska signed an agreement to acquire 99.19% of the shares in Grupa Silikaty Sp. z o.o. for a total consideration of PLN 36 million (DKK 64 million). Closing of the transaction is subject to customary approvals by the Polish authorities.

Please also refer to note 12 "Events after the balance sheet date" for further comments.

OUTLOOK FOR 2017

H+H reiterates its outlook:

- Revenue growth in local currencies (organic growth) is expected to be 5-7%.
- EBITDA before special items is expected to be DKK 220-240 million.
- Special items of approximately DKK 25 million cost are expected to be incurred as a result of the Borough Green factory upgrade and resulting need to import products from Poland. The increased transportation costs are expensed in production costs at the point of sale and treated as a special item.
- Investments excluding mergers, acquisitions and divestments are expected to be in the region of DKK 120 million.

The expectations for H+H's financial performance in 2017 are based partly on the following *specific* assumptions:

- Economic growth of around 1-3% in our geographical footprint.
- The commercial and operational excellence programmes continue to deliver improvements.
- Exchange rates, primarily for GBP, EUR, PLN and RUB, hold at their mid-August 2017 levels.
- Energy and raw material prices rise only in line with inflation from their mid-August 2017 levels.
- The geopolitical situation does not result in changed market conditions.

ABOUT THE OUTLOOK FOR 2017

The expectations for H+H's financial performance are also based on a number of general assumptions.

Management believes that the most significant assumptions underlying H+H's expectations relate to:

- Sales volumes and product mix
- Price competition in many of H+H's geographical markets
- Developments in the market for building materials
- Distribution factors
- Weather conditions
- Geopolitical developments

H+H International A/S will update and adjust the expectations presented where so required by legislation and relevant rules, including the Market Abuse Regulation and Rules for Issuers on Nasdaq Copenhagen.

FINANCIAL CALENDAR FOR 2017

Interim financial report Q1-Q3 2017 ....15 Nov. 2017

STATEMENT BY THE EXECUTIVE BOARD AND THE BOARD OF DIRECTORS

The Executive Board and the Board of Directors have today discussed and approved the interim financial report for H+H International A/S for the first-half of 2017.

The interim financial report, which has not been audited or reviewed by the company's auditors, has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and Danish disclosure requirements for the interim financial reports of listed companies.

It is our opinion that the interim financial report gives a true and fair view of H+H's assets, liabilities and financial position at 30 June 2017 and of the results of H+H's operations and its cash flows for the period 1 January to 30 June 2017.

Furthermore, it is our opinion that management's review provides a fair account of developments in H+H's operations and financial conditions, the results for the period and H+H's overall financial position, as well as a description of the most significant risks and uncertainties that H+H faces.

Copenhagen, 17 August 2017

EXECUTIVE BOARD

Michael Troensegaard Andersen
CEO

Ian Lea Perkins
CFO

BOARD OF DIRECTORS

Kent Arentoft
Chairman

Stewart Antony Baseley

Volker Christmann

Pierre-Yves Jullien

Henriette Schütze

Søren Østergaard Sørensen

CONDENSED INCOME STATEMENT

	Group				
Amounts in DKK million	Q2 2017	Q2 2016	H1 2017	H1 2016	Full-year 2016
Revenue	445.0	457.5	821.5	825.4	1,610.6
Production costs	(320.0)	(339.2)	(611.4)	(620.2)	(1,205.8)
Gross profit	**125.0**	**118.3**	**210.1**	**205.2**	**404.8**
Sales and distribution costs	(26.2)	(25.0)	(51.9)	(48.5)	(104.2)
Administrative costs	(29.9)	(28.5)	(58.0)	(57.2)	(100.6)
Other operating income and expenses	(4.0)	(0.3)	(4.0)	0.3	13.6
Profit/loss before depreciation, amortisation and financial items (EBITDA)	**64.9**	**64.5**	**96.2**	**99.8**	**213.6**
Depreciation	(19.1)	(21.9)	(38.1)	(42.6)	(82.6)
Impairment losses	0.0	0.0	0.0	0.0	(5.6)
Operating profit/loss (EBIT)	**45.8**	**42.6**	**58.2**	**57.2**	**125.4**
Financial income	1.1	0.0	2.1	0.0	2.6
Financial expenses	(4.7)	(5.2)	(10.8)	(10.7)	(24.1)
Profit before tax from continuing operations	**42.2**	**37.4**	**49.4**	**46.5**	**103.9**
Tax on profit from continuing operations	(5.2)	(7.7)	(10.3)	(15.0)	(8.0)
Profit from continuing operations	**37.0**	**29.7**	**39.1**	**31.5**	**95.9**
Loss from discontinued operations	(0.5)	(0.7)	(0.9)	(1.4)	(6.7)
Profit for the period	**36.5**	**29.0**	**38.2**	**30.1**	**89.2**
Earnings per share (EPS-Basic)	3.4	2.7	3.5	2.8	8.3
Diluted earnings per share (EPS-D)	3.4	2.7	3.5	2.8	8.3

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Group				
Amounts in DKK million	Q2 2017	Q2 2016	H1 2017	H1 2016	Full-year 2016
Profit for the period	36.5	29.0	38.2	30.1	89.2
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange adjustments, foreign companies	(12.3)	(0.5)	7.5	3.4	25.4
Tax on foreign exchange adjustments, foreign companies	0.0	0.0	(2.0)	0.0	(8.5)
	(12.3)	**(0.5)**	**5.5**	**3.4**	**16.9**
Items that will not be reclassified subsequently to profit or loss:					
Actuarial losses and gains	(2.7)	(82.9)	27.1	(82.9)	(93.3)
Tax on actuarial losses and gains	(0.2)	16.6	(5.9)	16.6	15.6
	(2.9)	**(66.3)**	**21.2**	**(66.3)**	**(77.7)**
Other comprehensive income after tax	**(15.1)**	**(66.8)**	**26.8**	**(62.9)**	**(60.8)**
Total comprehensive income	**21.4**	**(37.8)**	**65.0**	**(32.8)**	**28.4**

CONDENSED BALANCE SHEET

	Group			
	30 June	31 Dec.	30 June	31 Dec.
Amounts in DKK million	2017	2016	2016	2015
ASSETS				
Non-current assets				
Intangible assets	57.2	55.0	53.2	54.6
Property, plant and equipment	805.3	819.4	795.0	842.0
Deferred tax assets	25.2	26.9	33.0	11.4
Total non-current assets	**887.7**	**901.3**	**881.2**	**908.0**
Current assets				
Inventories	216.0	182.4	135.3	172.9
Receivables	200.6	118.6	184.0	108.4
Cash and cash equivalents	12.0	8.3	8.9	51.5
	428.6	**309.3**	**328.2**	**332.8**
Assets held for sale	0.0	0.0	10.6	24.4
Total current assets	**428.6**	**309.3**	**338.8**	**357.2**
TOTAL ASSETS	**1,316.3**	**1,210.6**	**1,220.0**	**1,265.2**
EQUITY AND LIABILITIES				
Equity				
Share capital	107.9	107.9	107.9	107.9
Retained earnings/losses	457.1	396.8	348.3	391.2
Other reserves	(221.7)	(227.2)	(240.7)	(244.1)
Total equity	**343.3**	**277.5**	**215.5**	**255.0**
Liabilities				
Pension obligations	133.8	171.3	174.3	112.7
Provisions	19.0	24.0	20.0	24.8
Deferred tax liability	0.0	0.0	12.9	5.4
Deferred payment, acquisition of subsidiary	0.0	0.0	0.0	32.5
Credit institutions	488.8	394.9	441.3	496.6
Total non-current liabilities	**641.6**	**590.2**	**648.5**	**672.0**
Current liabilities				
Trade payables	230.9	210.3	217.8	206.5
Income tax	10.7	9.3	14.8	11.2
Deferred payment, acquisition of subsidiary	0.0	33.5	31.2	27.9
Provisions	7.5	10.0	16.9	16.0
Other current liabilities	82.3	79.8	75.3	76.6
Liabilities relating to assets held for sale	0.0	0.0	0.0	0.0
Total current liabilities	**331.4**	**342.9**	**356.0**	**338.2**
Total liabilities	**973.0**	**933.1**	**1,004.5**	**1,010.2**
TOTAL EQUITY AND LIABILITIES	**1,316.3**	**1,210.6**	**1,220.0**	**1,265.2**
Net interest-bearing debt	476.8	386.6	432.4	445.1

CONDENSED CASH FLOW STATEMENT

Amounts in DKK million	Q2 2017	Q2 2016	H1 2017	H1 2016
Operating profit/loss (EBIT)	45.8	42.6	58.2	57.2
Financial income received	0.0	0.0	0.0	0.0
Financial expenses paid	(4.0)	(5.2)	(9.2)	(10.7)
Depreciation, amortisation and impairment losses	19.1	21.9	38.1	42.6
Change in working capital	(2.5)	37.9	(93.6)	(18.7)
Change in provisions	(3.6)	(4.9)	(5.9)	(8.1)
Income tax paid	(6.4)	(5.6)	(10.8)	(10.8)
Operating activities	**48.4**	**86.7**	**(23.3)**	**51.5**
Sale of property, plant and equipment	0.3	16.6	0.4	21.1
Acquisition of subsidiaries	(35.0)	(31.6)	(35.0)	(31.6)
Investments in property, plant and equipment and intangible assets	(7.1)	(5.9)	(30.1)	(16.5)
Investing activities	**(41.8)**	**(20.9)**	**(64.7)**	**(27.0)**
Proceeds from / repayment of long-term debt	(6.1)	(52.2)	93.9	(53.7)
Other financial activities	0.4	(6.8)	0.8	(6.8)
Financing activities	**(5.7)**	**(59.0)**	**94.7**	**(60.5)**
Cash flow from discontinued operations	(0.5)	(4.2)	(3.0)	(6.6)
Total cash flow	**0.4**	**2.6**	**3.7**	**(42.6)**
Cash and cash equivalents, opening	11.6	6.3	8.3	51.5
Foreign exchange adjustments of cash and cash equivalents	0.0	0.0	0.0	0.0
Cash and cash equivalents at 30 June	**12.0**	**8.9**	**12.0**	**8.9**

CONDENSED STATEMENT OF CHANGES IN EQUITY

Amounts in DKK million	Share capital	Translation reserve	Other reserves	Retained earnings	Proposed dividend	Total
Equity at 1 January 2017	**107.9**	**(227.2)**	**0.0**	**396.8**	**0.0**	**277.5**
Total changes in equity in 2017						
Profit for the period	0.0	0.0	0.0	38.2	0.0	38.2
Other comprehensive income	0.0	5.5	0.0	21.2	0.0	26.8
Total comprehensive income	**0.0**	**5.5**	**0.0**	**59.4**	**0.0**	**65.0**
Share-based payment	0.0	0.0	0.0	0.8	0.0	0.8
Acquisition of treasury shares	0.0	0.0	0.0	0.0	0.0	0.0
Total changes in equity in 2017	**0.0**	**5.5**	**0.0**	**60.3**	**0.0**	**65.8**
Equity at 30 June 2017	**107.9**	**(221.7)**	**0.0**	**457.1**	**0.0**	**343.3**
Equity at 1 January 2016	**107.9**	**(244.1)**	**0.0**	**391.2**	**0.0**	**255.0**
Total changes in equity 2016						
Profit for the period	0.0	0.0	0.0	30.1	0.0	30.1
Other comprehensive income	0.0	3.4	0.0	(66.3)	0.0	(62.9)
Total comprehensive income	**0.0**	**3.4**	**0.0**	**(36.2)**	**0.0**	**(32.8)**
Share-based payment	0.0	0.0	0.0	(1.2)	0.0	(1.2)
Acquisition of treasury shares	0.0	0.0	0.0	(5.5)	0.0	(5.5)
Total changes in equity in 2016	**0.0**	**3.4**	**0.0**	**(42.9)**	**0.0**	**(39.5)**
Equity at 30 June 2016	**107.9**	**(240.7)**	**0.0**	**348.3**	**0.0**	**215.5**

NOTES

1. Accounting policies

The interim financial report for the period 1 January to 30 June 2017 has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for the interim financial reports of listed companies. The application of IAS 34 means that the disclosures are more limited than in a complete annual report, but that the recognition and measurement principles in International Financial Reporting Standards (IFRS) have been complied with. This interim financial report has not been audited or reviewed by the company's auditors.

The accounting policies are consistent with those applied in the 2016 annual report, which includes a full description of the accounting policies applied.

Due to a subsequently updated actuarial calculation as of 30 June 2016, the pension obligations has been corrected with retrospective effect for the comparative period by DKK 82.9 million from DKK 91.4 million to DKK 174.3 million, deferred tax assets by DKK 16.6 million from DKK 16.4 million to DKK 33.0 million, other comprehensive income by DKK -66.3 million from DKK 3.4 million to DKK -62.9 million and equity by DKK -66.3 million from DKK 281.8 million to DKK 215.5 million. Key figures have been corrected accordingly.

2. New IFRSs which have been issued but not yet become effective

IASB has issued a number of new or amended standards and interpretations (IFRSs), some of which have been endorsed by the EU but not yet come into effect. H+H International A/S has assessed the impact of these IFRSs that are not yet effective. None of the new standards or interpretations are expected to have a material impact on the consolidated financial statements for H+H International A/S.

3. Segment information

Amounts in DKK million	H1 2017						
	Western Europe			Eastern Europe			
	Production companies	Sales companies	Western Europe, total	Production companies	Sales companies	Eastern Europe, total	Reportable segments, total
Revenue, external	494.9	128.8	623.7	197.8	0.0	197.8	821.5
Revenue, internal	63.7	0.0	63.7	17.7	0.0	17.7	81.4
EBITDA	84.3	11.9	96.2	20.6	(0.2)	20.4	116.6
Depreciation and amortisation	(23.0)	(0.4)	(23.4)	(14.7)	0.0	(14.7)	(38.1)
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit (loss) (EBIT)	61.6	11.5	73.1	5.9	(0.2)	5.7	78.8
Net financials	3.1	(6.7)	(3.6)	(5.2)	(0.6)	(5.8)	(9.4)
Profit (loss) before tax	65.4	4.9	70.3	0.7	(0.8)	(0.1)	70.2
Non-current assets	423.0	2.3	425.3	436.4	0.4	436.8	862.1
Investments in non-current assets	22.9	0.0	22.9	6.9	0.0	6.9	29.8
Investments in subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assets	690.9	66.0	756.9	536.6	0.5	537.1	1,294.0
Equity	531.6	(19.0)	512.6	187.6	(55.4)	132.2	644.8
Liabilities	159.3	85.0	244.3	349.0	55.9	404.9	649.2

Amounts in DKK million	H1 2016						
	Western Europe			Eastern Europe			
	Production companies	Sales companies	Western Europe, total	Production companies	Sales companies	Eastern Europe, total	Reportable segments, total
Revenue, external	544.2	110.2	654.4	170.7	0.3	171.0	825.4
Revenue, internal	45.2	0.0	45.2	6.0	0.0	6.0	51.2
EBITDA	97.5	8.0	105.5	8.3	(0.7)	7.6	113.1
Depreciation and amortisation	(23.6)	(0.4)	(24.0)	(17.4)	(0.3)	(17.7)	(41.7)
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit (loss) (EBIT)	73.9	7.6	81.5	(9.1)	(1.0)	(10.1)	71.4
Net financials	3.1	(7.2)	(4.1)	(6.8)	(1.0)	(7.8)	(11.9)
Profit (loss) before tax	77.0	0.4	77.4	(15.9)	(2.0)	(17.9)	59.5
Non-current assets	412.4	2.4	414.8	442.5	0.5	443.0	857.8
Investments in non-current assets	10.2	0.3	10.5	6.0	0.0	6.0	16.5
Investments in subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assets	552.6	53.5	606.1	528.1	0.9	529.0	1,135.1
Equity	559.6	(6.2)	553.4	158.2	(52.6)	105.6	659.0
Liabilities	(7.0)	59.7	52.7	369.9	53.5	423.4	476.1

Reconciliation of reportable segments' earnings before tax

Amounts in DKK million	H1 2017	H1 2016
Segment profit (loss) before tax for reportable segments	70.2	59.5
Unallocated group costs, corporate functions	(20.8)	(13.0)
Impairment losses, non-reportable segment	0.0	0.0
Total	49.4	46.5

Amounts in DKK million	Q2 2017						
	Western Europe			Eastern Europe			
	Production companies	Sales companies	Western Europe, total	Production companies	Sales companies	Eastern Europe, total	Reportable segments, total
Revenue, external	266.9	69.1	336.0	108.9	0.0	108.9	445.0
Revenue, internal	34.7	0.0	34.7	9.9	0.0	9.9	44.6
EBITDA	53.9	7.5	61.4	14.4	(0.1)	14.3	75.7
Depreciation	(11.5)	(0.2)	(11.6)	(7.4)	0.0	(7.4)	(19.1)
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit (EBIT)	42.5	7.3	49.7	6.9	(0.1)	6.9	56.6
Net financials	1.8	(3.3)	(1.5)	(3.0)	(0.3)	(3.3)	(4.8)
Profit before tax	45.2	4.0	49.2	3.9	(0.4)	3.5	52.7
Non-current assets	423.0	2.3	425.3	436.4	0.4	436.8	862.1
Investments in non-current assets	3.7	0.0	3.7	3.1	0.0	3.1	6.8
Investments in subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assets	690.9	66.0	756.9	536.6	0.5	537.1	1,294.0
Equity	531.6	(19.0)	512.6	187.6	(55.4)	132.2	644.8
Liabilities	159.3	85.0	244.3	349.0	55.9	404.9	649.2

Amounts in DKK million	Q2 2016						
	Western Europe			Eastern Europe			
	Production companies	Sales companies	Western Europe, total	Production companies	Sales companies	Eastern Europe, total	Reportable segments, total
Revenue, external	300.1	61.7	361.8	95.6	0.1	95.7	457.5
Revenue, internal	24.4	0.0	24.4	4.4	0.0	4.4	28.8
EBITDA	59.9	5.5	65.4	10.0	(0.6)	9.4	74.8
Depreciation	(11.9)	(0.2)	(12.1)	(9.0)	(0.3)	(9.3)	(21.4)
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit (EBIT)	48.0	5.3	53.3	1.0	(0.9)	0.1	53.4
Net financials	5.4	(7.2)	(1.8)	(3.0)	(0.7)	(3.7)	(5.5)
Profit before tax	53.4	(1.9)	51.5	(2.0)	(1.6)	(3.6)	47.9
Non-current assets	412.4	2.4	414.8	442.5	0.5	443.0	857.8
Investments in non-current assets	3.8	0.2	4.0	1.9	0.0	1.9	5.9
Investments in subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assets	552.6	53.5	606.1	528.1	0.9	529.0	1,135.1
Equity	559.6	(6.2)	553.4	158.2	(52.6)	105.6	659.0
Liabilities	(7.0)	59.7	52.7	369.9	53.5	423.4	476.1

Reconciliation of reportable segments' earnings before tax

	Q2	Q2
Amounts in DKK million	2017	2016
Segment profit before tax for reportable segments	52.7	47.9
Unallocated group costs, corporate functions	(10.5)	(10.5)
Impairment losses, non-reportable segment	0.0	0.0
Total	42.2	37.4

4. Significant accounting estimates and judgements

The preparation of the consolidated financial statements requires management to make a number of estimates and judgements concerning future events that have a material effect on the carrying amounts of assets and liabilities.

In the case of the H+H Group, significant changes in the estimates and assumptions on which values are based may have a material effect on the measurement of assets and liabilities, including impairment testing of goodwill and non-current assets and net defined-benefit obligations. With reference to note 6, significant accounting estimates and judgements have been made in connection to the adjustment of the net defined-benefit pension obligation in the UK.

The estimates and judgements made are based on assumptions that are believed by management to be sound, but that, by their nature, are uncertain and unpredictable. The assumptions may be incomplete, and unforeseen future events or circumstances may occur.

Further details of H+H's principal risks and the external factors that may affect H+H are provided in the 2016 annual report.

5. Seasonal and cyclical fluctuations

Seasonal fluctuations
The sales pattern for H+H's products is seasonal. Sales in the second and third quarters are traditionally significantly higher than during the rest of the year. As a large part of H+H's cost base is not directly variable with revenue, deviations from projected sales may result in considerable fluctuations in H+H's earnings.

Furthermore, because H+H's sales are predominantly based on short-term orders, the Group is unable, or only to a very limited extent able, to align its cost base to actual customer demand. Historically, revenue and earnings generated by H+H's operations have fluctuated significantly during the financial year, and management expects this to remain the case.

Cyclical fluctuations
Activity levels in the countries and markets in which H+H's products are sold have a major impact on demand for these products. H+H's sales go predominantly to new dense low-rise housing, making H+H particularly vulnerable to fluctuations in the level of activity in this building segment. H+H's products are mainly sold in geographical markets that are situated relatively close to its factories – the specific geographical market for each factory depends on local transport prices, the state of the infrastructure and the competitive situation, including price levels.

6. Pension obligations

H+H has defined-benefit pension plans in the UK and Germany. The UK pension plans are managed by a pension fund to which payments are made, whereas the German pension plans are unfunded. H+H's pension obligations relate predominantly to the plans in the UK.

For interim periods, the H+H's defined-benefit pension obligations are based on valuations from external actuaries carried out at the end of prior financial year taking into account any subsequent movements in the obligation due to pension costs, contributions etc. up until the reporting date. Actuarial calculations are updated or extrapolated, this to the extent of significant changes in applied assumptions.

Due to changes in the key assumption inflation rate, leading to a lower valuation of liabilities, and an increased asset value, a value adjustment has been made affecting total comprehensive income for the first half of 2017. An updated extrapolation of the actuarial calculations carried out in connection to the interim period shows a reduction in underfunding of DKK 27.1 million net (the present value of the obligations exceeds the fair value of the plan assets) which less deferred tax amounts to DKK 21.2 million. The total pension obligation as at 30 June

2017 amounts to DKK 133.8 million, compared to DKK 171.3 million as at 31 December 2016. This has been recognised in the balance sheet.

7. Financial resources and cash flow

Net interest-bearing debt totalled DKK 476.8 million at 30 June 2017, up DKK 90.2 million since the beginning of the year and up DKK 44.4 million on 31 March 2017.

The company and those of its subsidiaries that are participating in the loan agreements provide cross-guarantees for one another's obligations under the loan agreement.

8. Share-based payment

Matching share programmes for the Executive Board and other key employees were implemented in 2012-2017, where the schemes 2015-2017 are active. The schemes are presented in the consolidated financial statements and annual report for 2016. An amount of DKK 0.4 million was recognised under staff costs in the second quarter of 2017 in respect of the three schemes for 2015-2017, against DKK 0.5 million in the same period in 2016.

A new matching share programme for the Executive Board and other key employees has been implemented in the second quarter of 2017. It is largely identical to the previous programmes.

9. Financial risks and derivative financial instruments

H+H's overall risk exposure and financial risks, including risks related to commodity prices, foreign currency, credit, liquidity and interest rate, are unchanged compared with the disclosures in note 26 in the consolidated financial statement in the Annual Report 2016.

Derivative financial instruments are measured at fair value and in accordance with level 2 in the air value hierarchy (IFRS 7). The fair value of the contracts amounts to DKK 1.4 million at 30 June 2017. The contracts concern future purchases of EUR and PLN paid in GBP for the period July 2017 - September 2018.

10. Related parties

Related parties of H+H with significant influence include the Board of Directors or the Executive Board of this company and their close family members. Related parties also include companies in which the aforementioned persons have control or significant interests.

Transactions with related parties
H+H did not enter into any significant transactions with members of the Board of Directors or the Executive Board, except for compensation and benefits received as a result of their membership of the Board of Directors, employment with H+H or shareholdings in H+H.

11. Discontinued operations and assets held for sale

A number of assets are for sale, including land and buildings. Some land is located close to residential areas or on areas that could be further developed. The company regularly review whether land or other assets is to be sold or maintained. No assets are classified as assets held for sale because it is unlikely they will be sold within the next 12 months.

The Finnish subsidiary Stone Kivitalot Oy is classified as a discontinued operation. All projects have been delivered to customers, and the operating loss from the activities of Stone Kivitalot OY relates only to the resolution of the uncertainties arising from and directly connected to claims handling on completed projects. H+H Finland Oy is also classified as a discontinued operation and preparations for a voluntary liquidation process was started in autumn 2016.

Key figures for discontinued operations

Amounts in DKK million	Q2 2017	Q2 2016	H1 2017	H1 2016
Revenue	0.0	0.0	0.0	0.0
Expenses	(0.5)	(0.7)	(0.9)	(1.4)
Profit before tax	**(0.5)**	**(0.7)**	(0.9)	(1.4)
Tax	0.0	0.0	0.0	0.0
Profit for the period	**(0.5)**	**(0.7)**	(0.9)	(1.4)
Profit from discontinued operations	**(0.5)**	**(0.7)**	**(0.9)**	**(1.4)**
Cash flow from operating activities	(0.5)	(4.2)	(0.9)	(6.6)
Cash flow from investing activities	0.0	(0.2)	0.0	0.0
Cash flow from financing activities	0.0	0.0	0.0	0.0
Total cash flow	**(0.5)**	**(4.4)**	**(0.9)**	**(6.6)**

Assets held for sale	
Intangible assets	0.0
Property, plant and equipment	0.0
Inventories	0.0
Receivables	0.0
Assets held for sale, total	**0.0**
Liabilities relating to assets held for sale	
Trade payables	0.0
Other liabilities	0.0
Liabilities relating to assets held for sale	**0.0**

12. Events after the balance sheet date

H+H International A/S's subsidiary H+H Polska Sp. z o.o. signed a conditional agreement with Grupa Ożarów S.A. to acquire 99.19% of the shares in its Polish calcium silicate subsidiary, Grupa Silikaty Sp. z o.o. for a total consideration of PLN 36 million (approx. DKK 64 million) (enterprise value). The closing of the transaction is subject to customary approval by the Polish authorities and is expected to occur at the end of 2017. The purchase price will be paid according to a deferred payment schedule with instalments being paid at closing (approx. DKK 14 million) and by end of January 2019 and 2020, respectively (each approx. DKK 25 million).

Other than the above, no events have occurred after the balance sheet date that will have a material effect on the company's financial position.