



Q1 2014

Investor presentation

22 May 2014

build with ease

H+H

Forward-looking statement

The forward-looking statements in this presentations reflect management's current expectations for certain future events and financial results.

Statements regarding the future are, of course, subject to risks and uncertainties which may result in material deviations from expectations.

Factors that may cause the actual results to deviate materially from expectations are: aircrete products, the market's acceptance of new products, the introduction of competing products etc.

Agenda

- Highlights of Q1 2014
- Market development
- Financial performance
- Segments
- Outlook for 2014
- Q&A

Highlights Q1 2014

- First-quarter revenue was DKK 289 million (2013: DKK 233 million).
- EBITDA was DKK 8 million (2013: loss of DKK 6 million).
- The quarter brought a loss for the period of DKK 30 million (2013: loss of DKK 77 million).
- Equity at 31 March 2014 was DKK 246 million.
- Net interest-bearing debt at 31 March 2014 was DKK 629 million (31 March 2013: DKK 615 million).
- On 22 May 2014, a new committed credit facility running from 30 June 2014 to 15 February 2018 was agreed with Danske Bank A/S subject to H+H's fulfilment of certain formal requirements concerning the execution of the loan agreement by all relevant H+H Group entities and establishment of certain security.



Market development

The first quarter of 2014 came in above expectations. Revenue was up 24% on 2013. Sales were positively impacted by the mild weather in Europe, which has moved construction activity forward, but we also benefited from improved market conditions in the UK.

Western Europe

- Revenue was markedly higher in all markets due to mainly mild weather. There are clear signs of a strong recovery in construction activity in the UK.
- Government initiatives continue to stimulate the UK market, contributing to a more general improvement. H+H's market share in the UK increased, due primarily to consolidation in the homebuilder market, where H+H's customers improved their market share.
- Construction activity in the other Western European markets benefited from mainly mild weather conditions during the quarter, but it is too early to conclude that these markets will improve in 2014.



Market development - continued

Eastern Europe

The first quarter saw healthy growth in both sales volumes and revenue in Poland, but although prices were slightly higher than last year they remained under pressure. In Russia, revenue in local currency was slightly higher than in 2013.

Special situation in Russia

The situation in Ukraine with Russia`s annexation of Crimea and further escalation of the conflict has a negative impact on the Russian economy. According to official Russian statistics, the development of GDP in Russia was negative versus Q4 2013 minus 0.5% and the GDP development in Q2 is expected to be negative as well, which indicates that the Russian economy is in recession.

Already applied sanctions and possible further sanctions from the US and the EU challenge a positive development of the Russian economy.

Since 1 January 2014 the RUB exchange rate has decreased by 5% and more than 15% since 31 March 2013.



Merger of sales organisations in Scandinavia

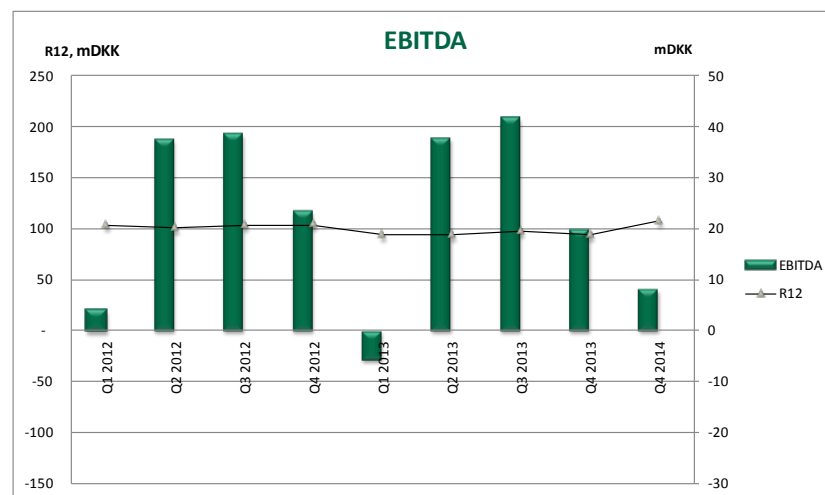
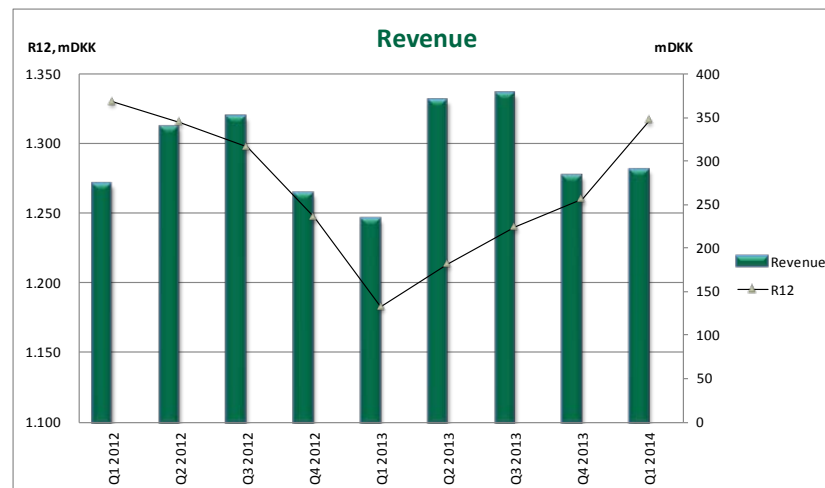
- As part of the new strategic plan for 2014-2016 it has been decided to merge the sales organisations in Scandinavia into one to strengthen the sales approach in the region and to reduce costs.

Going forward the new sales organisation in Scandinavia will be referred to as H+H Nordic.

Group financial performance

Q1 2014

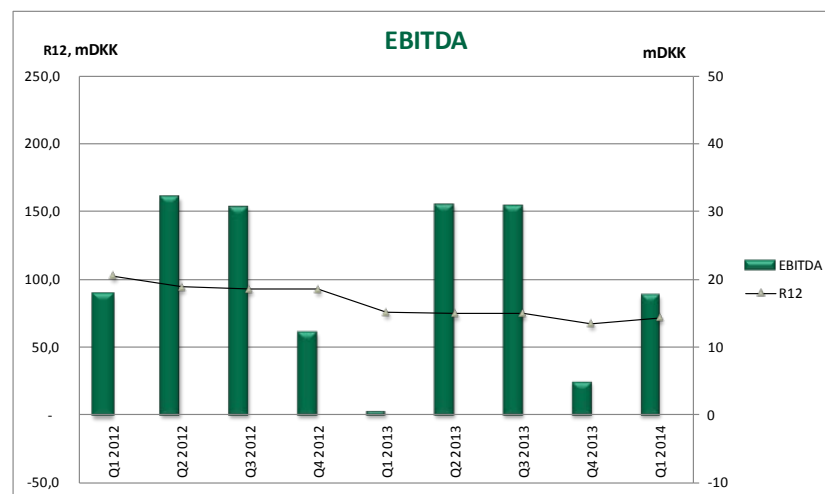
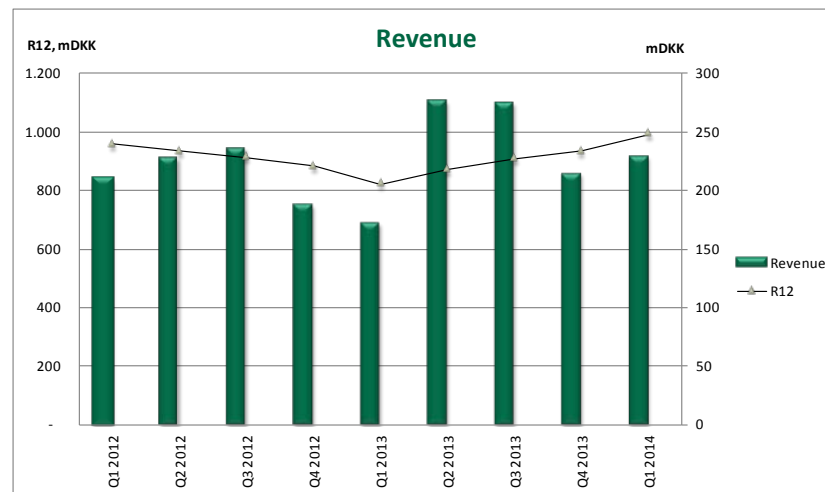
- Revenue up 24.4% in DKK and up 24.9% in local currencies on Q1 2013.
- Gross margin in first quarter was 18.9%, against 16.8% in Q1 2013. Average selling prices were slightly higher than last year, but better capacity utilisation due to higher production volumes also raised to the gross margin.
- EBITDA was a profit of DKK 8 million compared with a loss of DKK 6 million in Q1 2013.
- Loss for the period DKK 30 million against loss of DKK 77 million in Q1 2013.



Segments - Western Europe

Q1 2014

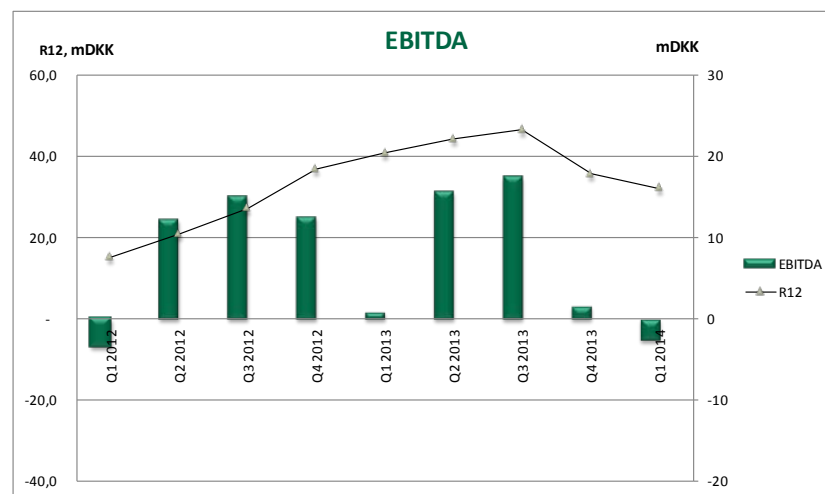
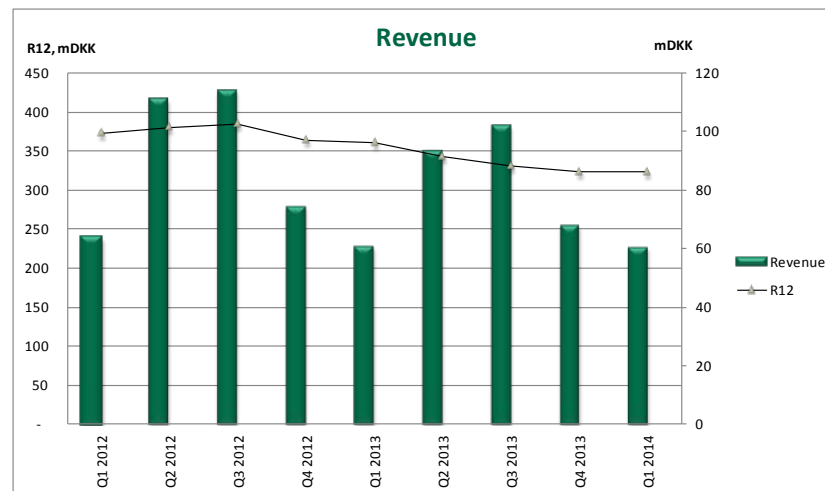
- Revenue up 33.1% in DKK, up 30.6% in local currencies on Q1 2013.
- EBITDA DKK 17.7 million against DKK 0.7 million in Q1 2013.
- Loss before tax of DKK 2.3 million against loss of DKK 17.4 million in Q1 2013.
- Sales volumes were higher in all markets due to the mild winter in Europe. Especially in the UK, sales benefited significantly from the improved market conditions.



Segments - Eastern Europe

Q1 2014

- Revenue down 0.3%, up 8.8% in local currencies on Q1 2013.
- EBITDA a negative DKK 2.6 million against a positive DKK 0.9 million in Q1 2013.
- Loss before tax of DKK 14.9 million, against a loss of DKK 18.6 million in Q1 2013.
- Sales volumes higher in Poland but a small decrease in volumes in Russia. However, higher prices in local currency in Russia while prices remained under pressure in Poland.



Investments

- Investments of DKK 13 million were made during the first quarter of 2014, against DKK 6 million in 2013.
- The investments in the first quarter of 2014 were primarily related to maximise production output in the UK and improve plant reliability in Germany.

Investments		
DKK in million	Q1 2014	Q1 2013
Westen Europe	9.7	4.4
Eastern Europe	2.9	1.6
Unallocated items	0.0	0.2
Total	12.6	6.2

Net interest-bearing debt

- Net interest-bearing debt was DKK 629 million at 31 March 2014, an increase of DKK 97 million since the beginning of the year.
- As previously mentioned, on 22 May 2014 a new committed credit facility running from 30 June 2014 to 15 February 2018 was agreed with Danske Bank A/S subject to H+H's fulfilment of certain formal requirements concerning the execution of the loan agreement by all relevant H+H Group entities and establishment of certain security.
- Net working capital to sales improved from 10.4% on 31 March 2013 to 9.6% on 31 March 2014.
- Financing costs totalled DKK 10.9 million in Q1 2014, against DKK 9.8 million in Q1 2013.

Outlook for 2014



Coming out of the autoclave the aircrete products are cooled and are packed ready for transport.

Outlook for 2014

H+H reiterates its outlook for 2014:

- Organic revenue growth is expected to be in the of 3-6%.
- EBITDA is expected to be in the region of DKK 110-130 million.
- Total investments are expected to be in the region of DKK 60 million.



Comments to outlook for 2014

The expectations for H+H's financial performance in 2014 are based partly on the following specific assumptions:

- Economic growth of around 2% in our geographical footprint.
- The operational excellence programme continues and reduces production costs further.
- Exchange rates, primarily for GBP, EUR, PLN and RUB, hold at their mid-May 2014 levels, which in the case of RUB is a lower level than in 2013.
- Energy and raw material prices rise only in line with inflation from their mid-May 2014 levels.
- The current political situation in Russia and Ukraine does not result in changed market conditions in Russia.



Q&A

