



ABG Sundal Collier

Investor presentation
Small & Mid Cap Seminar
25 September 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

- H+H in short
- Highlights of H1 2014
- Market development
- Financial performance
- Outlook for 2014
- Q&A



Brief introduction

- H+H develops, manufactures and sells aircrete in standard blocks and reinforced products for the building industry in northern and eastern Europe and in the UK.
- Customers are mainly contractors, developers and builders' merchants.
- H+H is Europe's second-largest manufacturer of aircrete and holds a substantial market position relative to the size of the overall market for aircrete.
- In the financial year 2013, the Group generated a revenue of DKK 1,260 million and had on average 885 employees in 9 countries.



H+H

Aircrete – the product

Applications

- Examples of products which are handled manually without any use of lifting gear

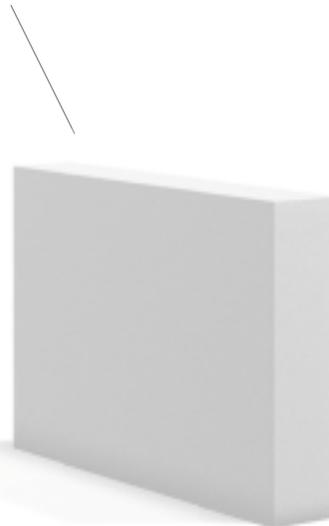
Thermo-block

Block product with integrated insulation used in the construction of external solid walls



Multi plates

Mainly used in the construction of non-loadbearing internal partition walls



Tempoblock

Used in the construction of both inner and outer leaves of cavity walls



Aircrete – the product (examples)

Terraced housing projects



Partition walls in block of flats



Multi-storey housing projects



Industrial hall



H+H markets



Highlights H1 2014

- Second-quarter revenue was DKK 361 million (2013: DKK 369 million). First-half revenue was DKK 651 million (2013: DKK 602 million). First-half organic revenue growth was 8.1%.
- Second-quarter EBITDA was DKK 49 million (2013: DKK 38 million). First-half EBITDA was DKK 57 million (2013: DKK 32 million).
- The second quarter brought a profit of DKK 7 million (2013: loss of DKK 2 million) and the first half a loss of DKK 23 million (2013: loss of DKK 79 million).
- Equity at 30 June 2014 was DKK 255 million.
- Second-quarter investments were DKK 9 million (2013: DKK 4 million). First-half investments were DKK 22 million (2013: DKK 10 million).
- Net interest-bearing debt at 30 June 2014 was DKK 595 million (30 June 2013: DKK 570 million).



Market development

In the second quarter revenue was down 2.1% on 2013. The decline in sales compared to the same period last year was due to seasonality. Revenue for the first half of 2014 was up 8.1% on 2013.

Gross margin improved vs last year both in the second quarter and in the first half of the year. This is due to higher average selling prices and better capacity utilisation. Higher raw material prices partially offset the improvement in production and selling prices.

Western Europe

- Strong recovery in construction activity in the UK, partly driven by government initiatives continues to stimulate the UK market.
- Sales volume and revenue increased in the Nordic countries but were much lower in Germany due to seasonality effects and lack of sales to Africa in the second quarter. In the UK, sales benefited significantly from the improved market conditions. Revenue for all markets was up in the first half of the year.



Market development - continued

Eastern Europe

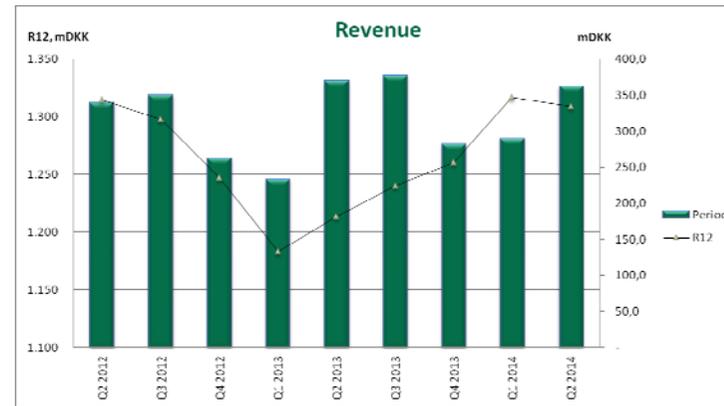
- H+H has increased selling prices in Poland in second quarter which has had a negative effect on volumes. EBITDA, however, was higher than last year.
- There is still a need for restructuring in the Polish market, since overcapacity remains high and therefore selling prices are low.
- In Russia, the second quarter saw growth in both sales volumes and revenue in local currency, but average prices were lower than last year.
- No dramatic changes in market conditions in Russia as yet.



Group financial performance

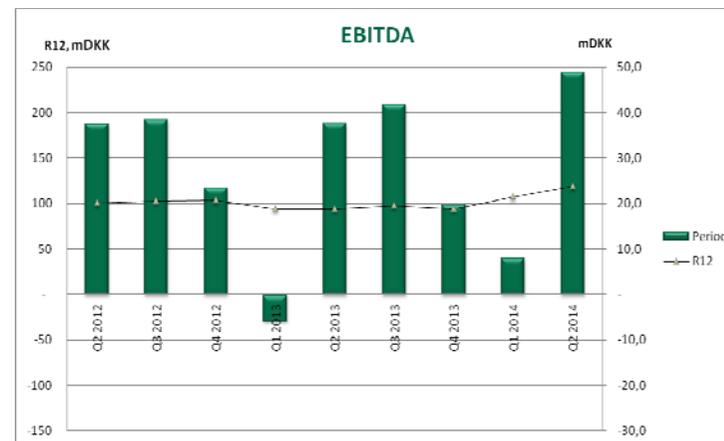
Q2 2014

- Revenue down 2.1% in DKK and down 1.9% in local currencies on Q2 2013.
- EBITDA was DKK 48.9 million, against DKK 37.7 million in Q2 2013.
- Profit for the period of DKK 6.9 million, against loss of DKK 1.8 million in Q2 2013.



H1 2014

- Revenue up 8.1% in DKK and up 8.1% in local currencies on H1 2013.
- EBITDA was DKK 57.0 million, against DKK 32.0 million in H1 2013.
- Loss for the period of DKK 22.8 million, against loss of DKK 78.9 million in H1 2013.



Net interest-bearing debt

- Net interest-bearing debt at 30 June 2014 was DKK 595 million (30 June 2013: DKK 570 million), an increase of DKK 63 million since the beginning of the year.
- Net working capital to sales weakened from 9.5% on 30 June 2013 to 9.8% on 30 June 2014, mainly driven by higher inventories.
- H+H has a committed loan agreement with Danske Bank A/S corresponding to around DKK 712 million, which is committed until 15 February 2018.

Outlook for 2014



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

Outlook for 2014

- Organic revenue growth is expected to be in the region of 4-8%, against the previously announced 3-6%.
- EBITDA before special items is expected to be in the region of DKK 120-135 million for continuing operations, against the previously announced DKK 110-130 million.
- 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-August 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-August 2014 levels.
- The current political situation in Russia and Ukraine does not result in changed market conditions in Russia.



Q&A

