

A close-up photograph showing two hands placing a light-colored concrete block onto a wall made of similar blocks. The hands are positioned at the top of the block, with fingers gripping the top edge. The background is a blurred view of the wall and other blocks.

Danske Markets Equities Copenhagen Winter Seminar

29 November 2012

build with ease

H+H

Forward-looking statement

- The forward-looking statements in this presentation 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 brief introduction
- Highlights of Q3 2012
- Sale of H+H Česká republika s.r.o.
- Financial performance
- Interest in taking over H+H International A/S



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 2011, the Group generated a revenue of DKK 1,310 million and had on average 1,084 employees in 11 countries.

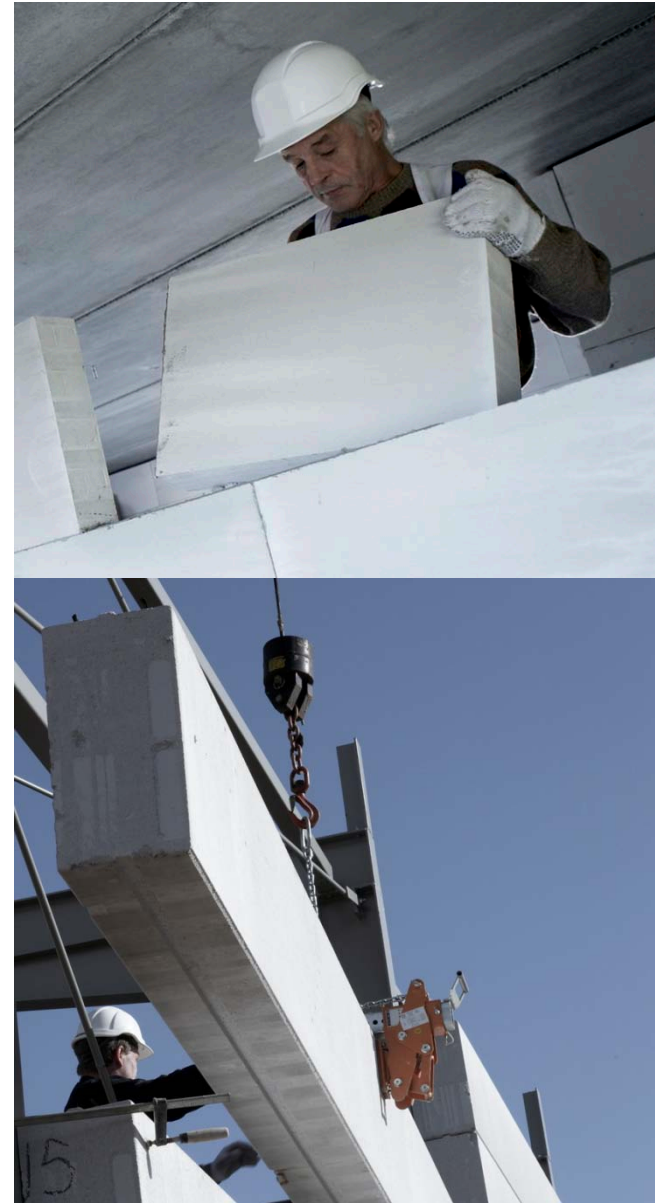


Aircrete – the product

Product groups

Our products may be divided into two overall categories:

- Products which are handled manually without the use any of lifting gear
- Products which are handled using a mini crane or larger mobile cranes



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

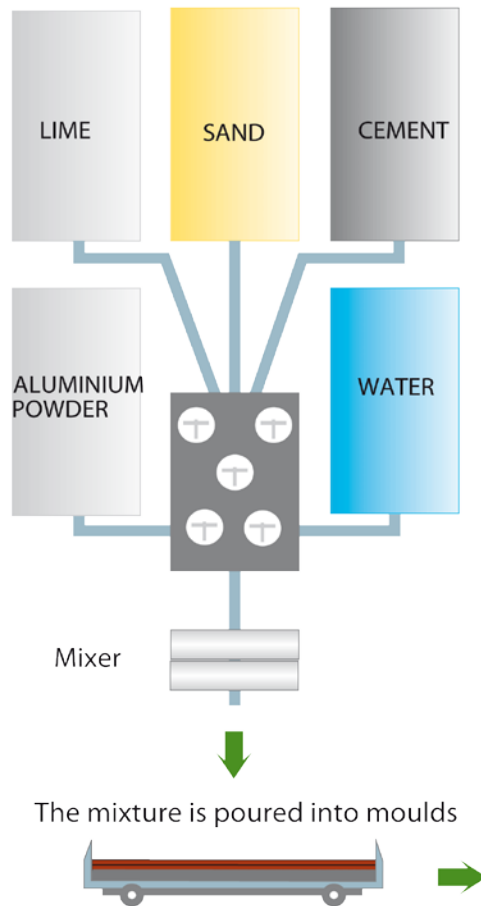


Industrial hall



H+H

Production of aircrete – the process



The mixture rests for 6-8 hours in the moulds



The resultant 'cakes' are wire-cut

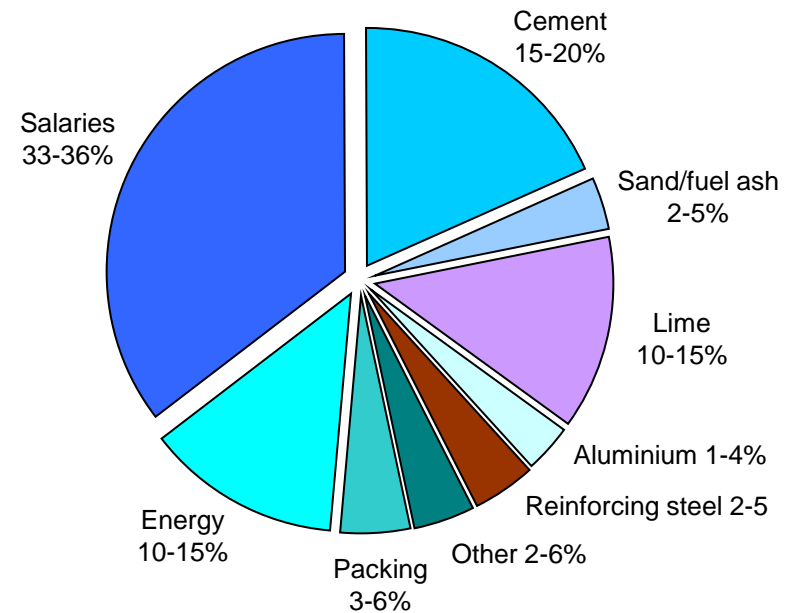


The 'cakes' are transferred to autoclaves for high pressure steam curing



Production of aircrete – raw materials and supply

- Raw materials used to produce aircrete are all standard
- Majority of raw material costs related to lime, cement and energy
- The costs of raw materials vary considerably for the factories
- Replacing a supplier is relatively easy as a number of competing suppliers are available
- Accordingly, H+H relies only to a slight extent on individual suppliers with the exception of energy



Highlights of Q3 2012



Financial key figures Q3 and first three quarters

- Third-quarter revenue was DKK 369 million (2011: DKK 367 million). Revenue for the first three quarters was DKK 1,033 million (2011: DKK 998 million).
- Third-quarter EBITDA was DKK 34 million (2011: DKK 37 million). EBITDA for the first three quarters was DKK 66 million (2011: DKK 71 million).
- The third quarter brought a loss before tax from continuing operations of DKK 49 million (2011: profit of DKK 1 million), and the first three quarters a loss of DKK 84 million (2011: loss of DKK 38 million). The result was adversely affected by impairments in Eastern Europe of DKK 46.4 million in connection with the sale of the shares in H+H Česká republika s.r.o.
- Equity at 30 September 2012 was DKK 483 million.
- Net interest-bearing debt at 30 September 2012 was DKK 653 million.



Update

- The economic environment in Europe continued to deteriorate throughout the third quarter and the growing uncertainty in financial markets has made customers very cautious. Since the H+H Group generates roughly 90% of its revenue in the EU countries, it is impossible to disengage from such a development.
- The trend line for new residential construction pointed downward in many European countries, above all in the single- and two-family housing segment, which naturally had a negative effect on the aircrete business.
- In a number of markets, the number of single- and two-family homes completed this year will be substantially lower than in 2009.
- H+H has already addressed and will continue to address these developments by reviewing the cost structures and production capacity. And Jämerä-kivitalot Oy and H+H Česká republika s.r.o. have been sold off.
- H+H will continue to pursue its strategy, which includes pursuing any further structural opportunities that may arise in the markets.



Some overall market developments in Q3

- The third quarter of 2012 brought a decrease in sales volumes, rising prices and changes in the product mix, which together resulted in a slight increase in revenue relative to the same period in 2011.
- The fall in sales volumes in the third quarter was caused by significantly lower sales in Poland, Germany, the Czech Republic and the UK. Despite depressed markets with falling sales volumes, H+H largely maintained its market share.
- Sales volumes in Russia were on a par with last year. Demand in the Russian market is still very strong, but sales have been limited by production capacity.
- The third quarter saw further sales of reinforced products to Africa. These are low-margin sales but helped offset decline in volumes and improved capacity utilisation at factories producing reinforced products.



Sale of H+H Česká republika s.r.o.



Sale of H+H Česká republika s.r.o.

H+H International A/S has entered into an agreement to sell all the shares in H+H Česká republika s.r.o. to Xella CZ s.r.o. for a total consideration of DKK 112 million (€ 15 million) (enterprise value), excluding real estate which will be leased to Xella.

Overall, H+H has three strategic goals:

- To become or remain number 1 or 2 in all its geographical markets.
- To achieve capacity utilisation above 75% at each factory in order to generate reasonable profitability.
- To be financially independent.

We assess that H+H Česká would not be able to achieve the strategic goals of market position and capacity utilisation within a reasonable time frame. This means that we are supporting our strategic goal of increased financial independence.



Financial performance



Group performance

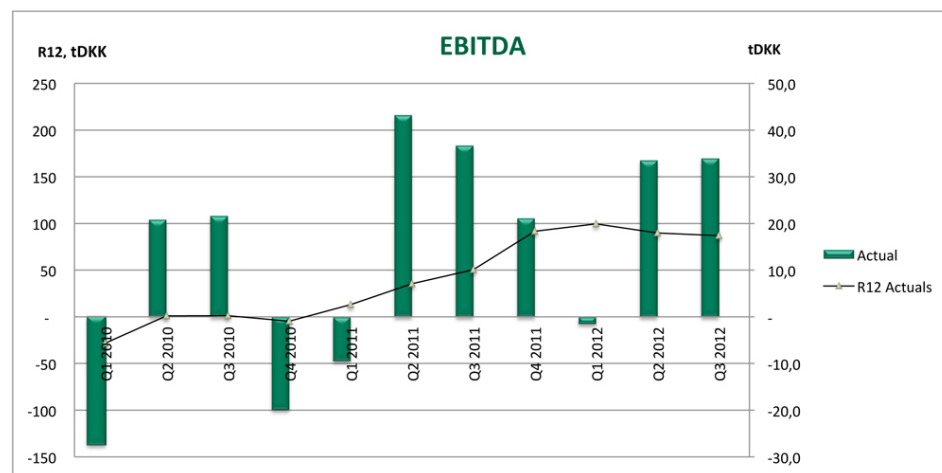
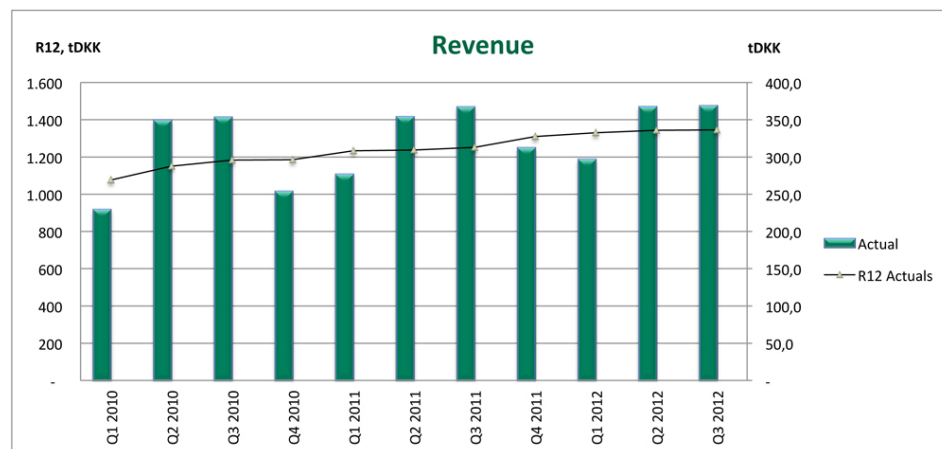
Revenue and profit before tax

Q3 2012

- Revenue is up 0.4% in DKK (down 1.3% in local currencies) on Q3 2011.
- EBITDA of DKK 34 million compared with DKK 37 million in 2011.
- Profit before tax loss of DKK 49 million compared with profit of DKK 1 million in 2011. Adversely affected by impairments of DKK 46.4 million due to sale of the shares in H+H Česká republika s.r.o.

YTD 2012

- Revenue of DKK 1,033 million compared with DKK 998 million in 2011.
- EBITDA of DKK 66 million compared with DKK 71 million in 2011. For the first three quarters as a whole, there were net negative special items of DKK 6.5 million, against DKK 3.5 million in 2011.



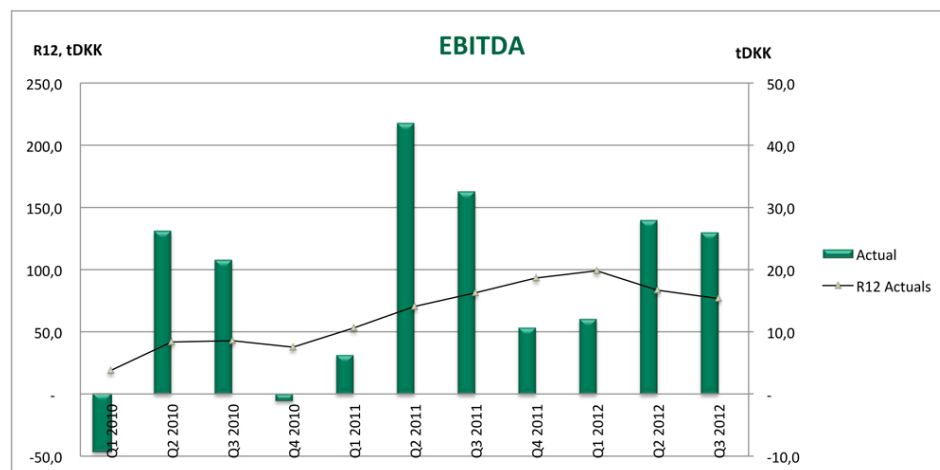
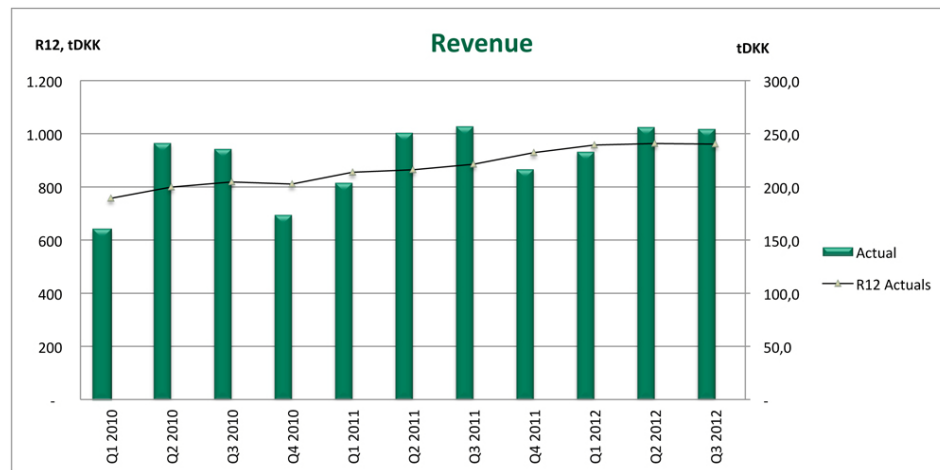
Segments - Western Europe

Q3 2012

- Revenue down 1.0% in DKK, and down 4.2% in local currencies on Q3 2011.
- EBITDA DKK 26 million compared with DKK 33 million in Q3 2010.
- Profit before tax of DKK 7 million compared with a profit of DKK 14 million in Q3 2011.
- Activity in the Western European markets did not meet expectations during the third quarter. Sales volumes were adversely impacted by growing uncertainty in financial markets, which delayed the start-up of many construction projects and made it hard to find financing for others.

YTD 2012

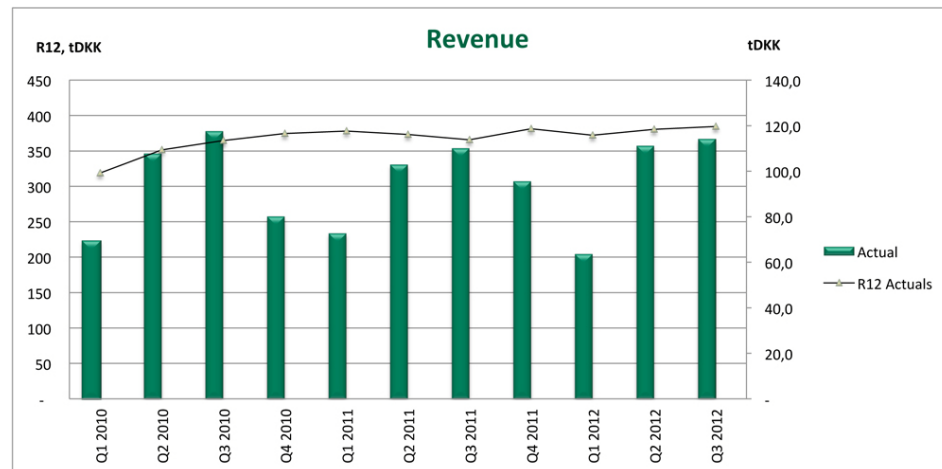
- Revenue of DKK 744 million compared with DKK 712 million in 2011.
- EBITDA of DKK 66 million compared with DKK 83 million in 2011.



Segments - Eastern Europe

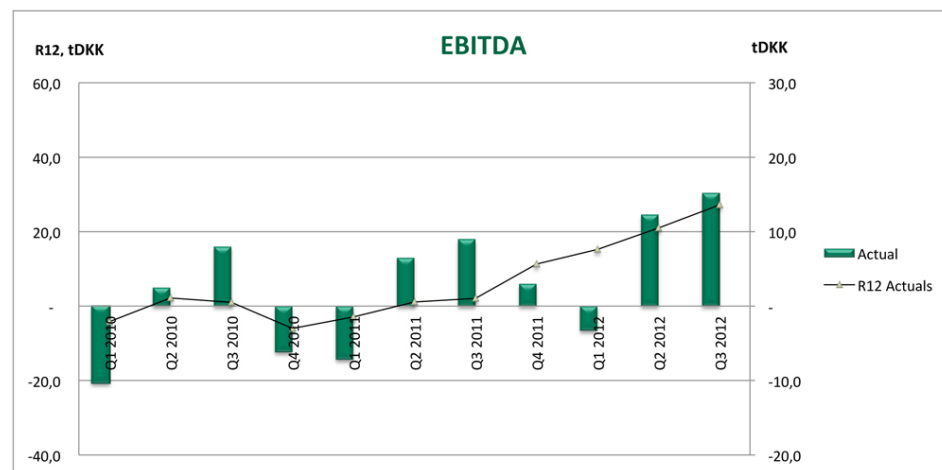
Q3 2012

- Revenue up 3.7% in DKK and 5.4% in local currencies on Q3 2011.
- EBITDA of DKK 15 million compared with DKK 9 million in Q3 2011.
- Loss before tax of DKK 46 million compared with loss of DKK 10 million in Q3 2011. Adversely affected by impairments of DKK 46.4 million due to sale of the shares in H+H Česká republika s.r.o.



YTD 2012

- Revenue of DKK 289 million compared with DKK 286 million in 2011.
- EBITDA of DKK 24 million compared with DKK 8 million in 2011.



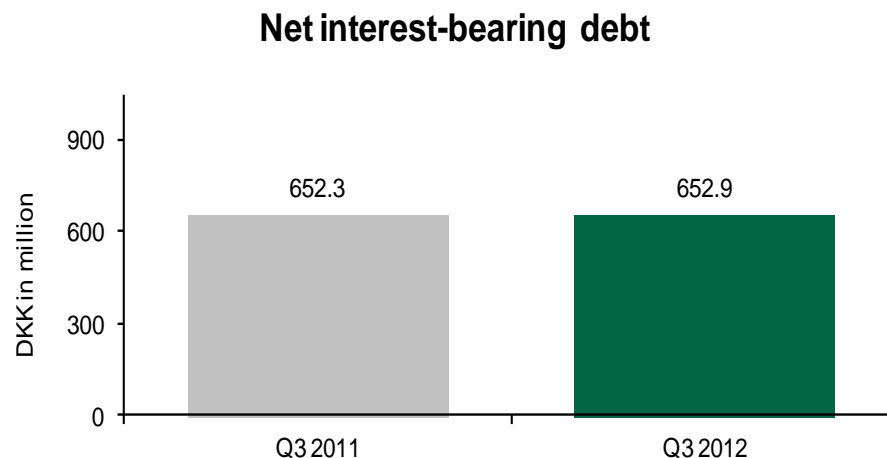
Investments

- Investments of DKK 5.4 million were made during the third quarter, against DKK 6.1 million in 2011. YTD 2012 total investments of DKK 21.2 million against DKK 22.3 million in 2011.
- The investments in Q3 2012 were primarily related to smaller investments related to ongoing maintenance.
- Total investments for the year are expected to be in the region of DKK 40 million.

	Q3		Q1-Q3	
DKK in million	2012	2011	2012	2011
Western Europe	4.2	4.7	15.2	13.8
Eastern Europe	1.2	1.0	5.9	6.8
Non-allocated items	-	0.4	0.1	1.7
Total	5.4	6.1	21.2	22.3

Net interest-bearing debt

- Net interest-bearing debt totalled DKK 653 million on 30 September 2012, an increase of DKK 24 million since the beginning of the year. Interest-bearing debt has moved largely as expected since the beginning of the year. Working capital has normalised, and inventories were reduced during the quarter.
- Third-quarter financing costs totalled DKK 10.9 million in 2012, the same as in 2011.
- Net interest-bearing debt is expected to decrease largely in the fourth quarter of 2012. Including the proceeds of the sale of H+H Česká republika s.r.o., free cash flow is expected to be positive in the region of DKK 90-105 million for the full year.



Assets held for sale

- As part of its continued focus on core business and a desire to reduce interest-bearing debt, H+H aims to sell some of its non-strategic assets by the end of 2012.
- Various plots of land in Poland, a sand pit in Germany, a plot of land in the UK and unused production equipment were therefore readied for sale during the second quarter of 2011 and classified as assets held for sale. If all of these assets are sold at their expected value, the sale proceeds will be around DKK 80 million and result in an expected accounting gain before tax of around DKK 25-35 million.
- The transactions are expected to be completed within a 12-month period and are not included in the expectations for 2012.

Outlook for 2012

- H+H reiterates its outlook for EBITDA before special items for the 2012 financial year of around DKK 90-110 million for continuing operations as announced in the first-half report.
- H+H reiterates its outlook for free cash flow in 2012, which is expected to be negative in the region of DKK 0-15 million before disposals of assets, as announced in the first-half report. Including the proceeds of the sale of H+H Česká republika s.r.o., free cash flow is expected to be positive in the region of DKK 90-105 million.
- H+H reiterates its outlook for total investments in 2012 of around DKK 40 million as announced in the first-half report.



Interest in taking over H+H International A/S



H+H

Update on interest in taking over H+H International A/S

- The German competition authority (“Bundeskartellamt”) decided on 14 March 2012 to prohibit a possible merger between Xella International Holdings S.à.r.l and H+H International A/S in the German market.
- Xella has subsequently lodged an appeal against the decision at the Düsseldorf Higher Regional Court (“Oberlandesgericht Düsseldorf”).
- H+H has been advised by its legal adviser that the proceedings before the Oberlandesgericht Düsseldorf are likely to last at least a year. The decision by the Oberlandesgericht Düsseldorf can be appealed to the Federal Supreme Court (“Bundesgerichtshof”). Such an appeal could take at least another one to two years.
- As described in the annual report for 2011, regardless of Xella’s appeal, H+H will continue to pursue its strategy on a stand-alone basis, which includes pursuing any further structural opportunities that may arise in the markets.

