



ABG Sundal Collier Small & Mid Cap Seminar

27 September 2013

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.

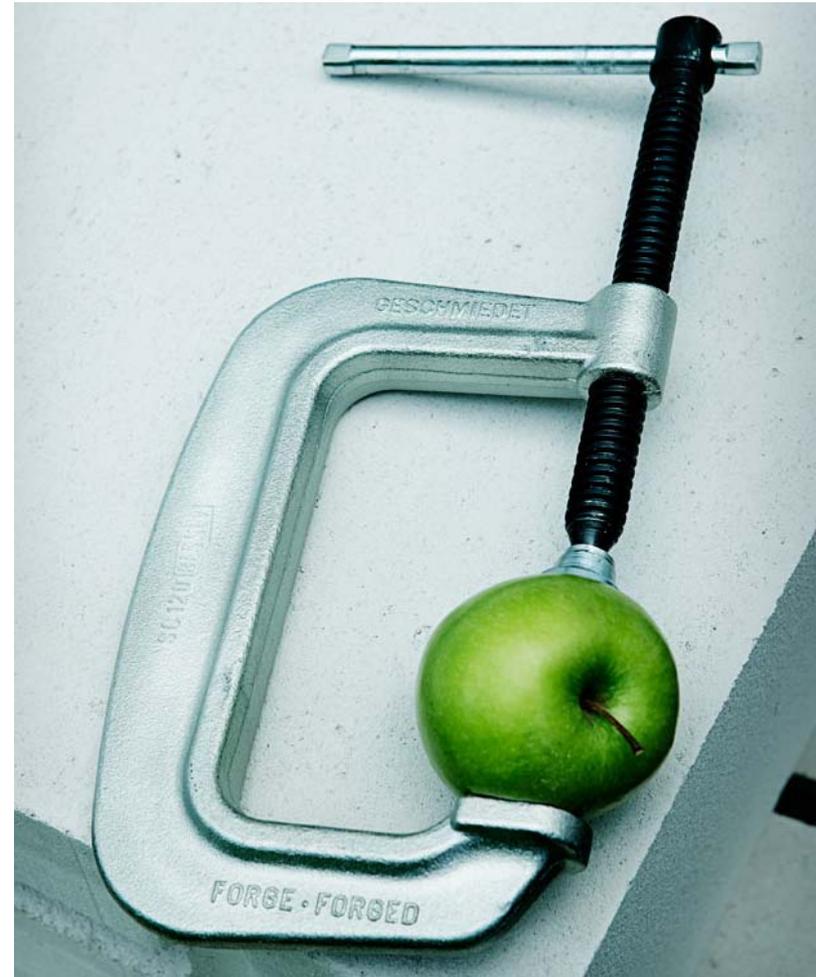
Statements regarding the future are, of course, subject to risks and uncertainties which may result in material deviations from expectations.

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

- Brief introduction of H+H
- Highlights of Q2 2013
- Financial performance
- Outlook for 2013
- 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.
- 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 2012, the Group generated a revenue of DKK 1,322 million and had on average 1,000 employees in 9 countries.



Aircrete – the product

Applications

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

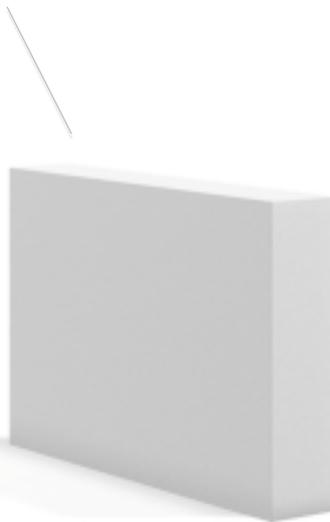
Thermo-block

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



Interest in taking over H+H International A/S



Interest in taking over H+H International A/S

- The Oberlandesgericht Düsseldorf delivered its judgement on 25 September 2013, and the outcome was that Xella's appeal was rejected and Xella was refused a right to appeal the judgement.
- In consequence, the prohibition decision by the Bundeskartellamt will stand and a potential merger between Xella and H+H in the German market will be prohibited provided the court's decision to refuse appeal is not appealed by Xella within one month from service of the judgement.
- H+H will continue to execute its existing strategy, which includes pursuing structural opportunities that may arise in the markets.

Highlights of Q2 2013



Some overall market developments in Q2

- The second quarter of 2013 brought an increase in sales volumes of more than 5%, average selling prices more or less on a par with the same period in 2012.
- The rise in revenue in the second quarter was driven by significantly higher sales in UK, and higher sales in Germany and the Benelux countries. The increase was due partly to sales being postponed from the first to the second quarter as a result of the cold winter, and partly to construction activity starting to pick up in the UK.
- It was mainly government initiatives that stimulated the UK market, leading to a 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.



Some overall market developments in Q2

- Second-quarter revenue in Russia was slightly down on last year, partly because many projects were postponed due to the cold winter, and partly because the economy has slowed in the wake of falling oil prices and larger public deficits.
- Second-quarter revenue in Poland was almost on a par with last year. Sales volumes were higher, but prices were lower, leading to a slight decrease in revenue.

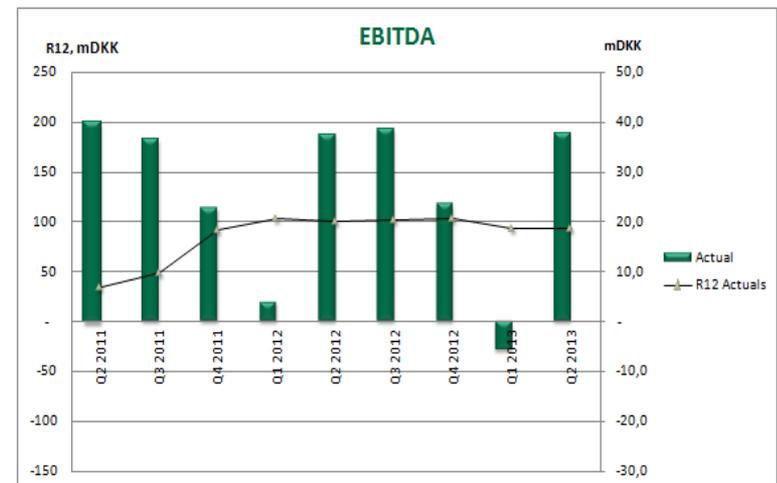
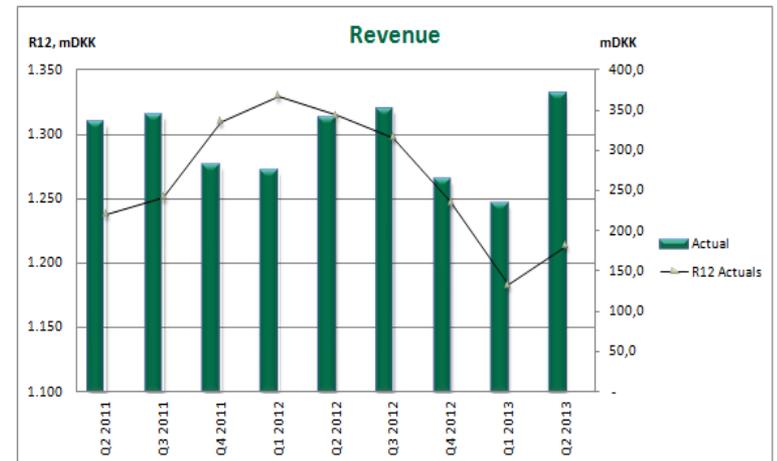
Financial performance



Group performance

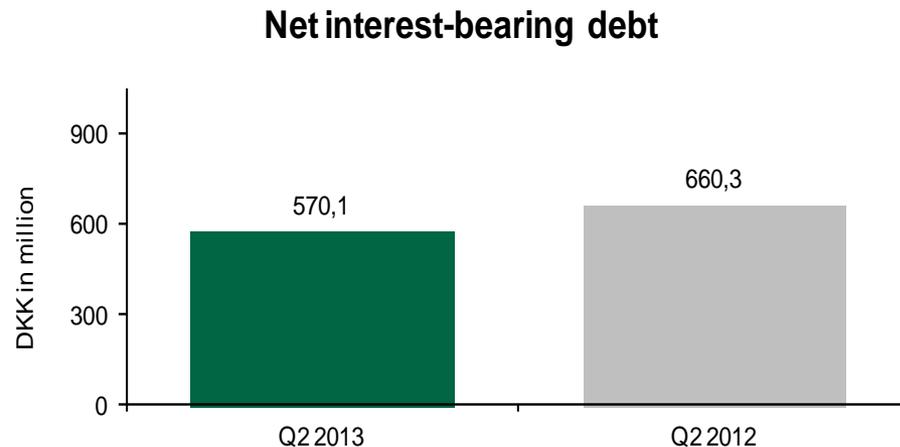
Q2 2013

- Revenue up 9.0% in DKK and up 10.5% in local currencies on 2012.
- EBITDA of DKK 38 million, against DKK 38 million in 2012.
- Profit before tax of DKK 6 million, against DKK 4 million in 2012.
- The overall gross margin in the second quarter was 21.4% in 2013, against 24.2% in 2012.
- Sales volumes were markedly higher in the UK and also up in Germany and the Benelux countries, but lower in Russia, Denmark and Sweden.



Net interest-bearing debt

- Net interest-bearing debt totalled DKK 570 million on 30 June 2013, an increase of DKK 31 million from the beginning of the year but a decrease of DKK 90 million since 30 June 2012.
- Debt tends to increase during the course of the year, but the rise since the beginning of this year has been smaller than previously due to the sale of H+H Česká for DKK 112 million and improvements in working capital.
- NWC has been improved from NWC/sales end of June 2012 of 15.8% to 11.4% end of June 2013.
- Second-quarter financing costs totalled DKK 11.0 million in 2013, against DKK 9.7 million in 2012.



Outlook for 2013

- H+H reiterates its outlook for EBITDA before special items for the 2013 financial year of around DKK 90 million for continuing operations.
 - The RUB and GBP have fallen 8% and 3% respectively against the DKK since the publication of H+H's interim financial report for the first quarter. The updated mid-August 2013 exchange rate levels will reduce EBITDA by DKK 4-5 million from mid May.
 - The negative effects from falling exchange rates are largely offset by the positive effect on EBITDA of DKK 3.5 million from the agreement with CEMEX.
- H+H also reiterates its outlook for free cash flow in 2013, which is expected to be positive in the region of DKK 0-15 million before disposals of assets.
- Total investments are still expected to be in the region of DKK 50 million.



Q&A

