



**H+H International A/S
Danske Bank Markets
Copenhagen Winter Seminar**

5 December 2013

build with ease

H+H

Forward-looking statement

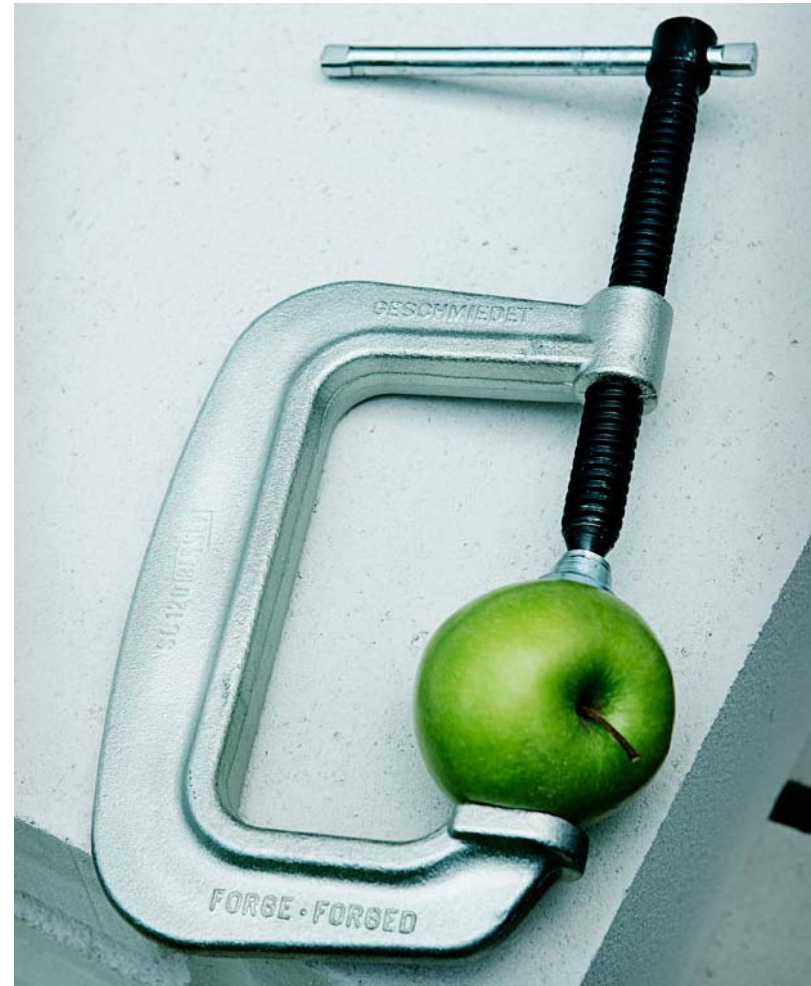
The forward-looking statements in this presentation reflect management's current expectations for certain future events and financial results.

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

- About H+H
- Highlights of Q1-Q3 2013
- Financial performance
- Segments
- 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.
- 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 2012, the Group generated a revenue of DKK 1,325 million and had on average 1,000 employees in 10 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



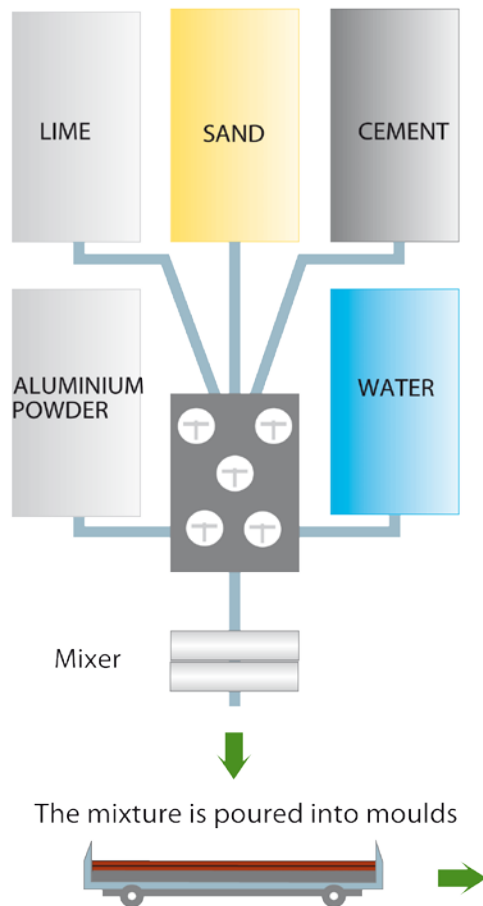
Multi-storey housing projects



Industrial hall



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



H+H markets



Highlights of Q1-Q3 2013



Financial key figures Q3 and first nine month

- Third-quarter revenue was DKK 377 million (2012: DKK 350 million). Revenue for the first three quarters was DKK 978 million (2012: DKK 962 million).
- Third-quarter EBITDA was DKK 42 million (2012: DKK 39 million). EBITDA for the first three quarters was DKK 74 million (2012: DKK 80 million).
- H+H made a profit before tax from continuing operations in the third quarter of DKK 8 million (2012: loss of DKK 45 million) and a loss before tax from continuing operations for the first three quarters of DKK 22 million (2012: DKK 72 million). The 2012 figures include write-downs of assets in the Czech Republic of DKK 46 million.
- Equity at 30 September 2013 was DKK 320 million.
- Net interest-bearing debt at 30 September 2013 was DKK 528 million.



Some overall market developments in Q3

- Third-quarter sales were up 8% on 2012, and there was organic growth of 12.5%.
- The improvement was due primarily to a substantial rise in sales in the UK, along with healthy growth in Russia and Germany, while sales fell in Scandinavia.
- Government initiatives in particular stimulated 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.
- There has been a sharp fall in construction activity in Sweden relative to last year, mainly in the industrial segment.
- The third quarter saw healthy growth in both sales volumes and revenue in Russia. The slowdown in the second quarter seems to be only temporary, but visibility in the market remains very poor. In Poland, sales volumes increased but prices remain under pressure.



Some overall market developments in Q3

Temporary shutdown of factory in Poland

- To improve earnings, H+H has decided to shut down production temporarily at the factory in Skawina.
- There has been excess capacity in the Polish market in recent years, resulting in stiff price competition and low capacity utilisation at Polish production facilities. With this shutdown, H+H aims to help reduce the excess capacity in Poland and increase capacity utilisation at the company's other Polish production facilities. The shutdown is expected to boost earnings by DKK 3-5 million on an annual basis from 2014.
- New management in place in Poland from 1 November 2013.



Interest in taking over H+H International A/S

- Xella has shown interest in taking over H+H International A/S and therefore submitted pre-merger notifications to relevant competition authorities. The German competition authority (“Bundeskartellamt”) decided to prohibit a possible merger between Xella and H+H in the German market.
- Xella subsequently appealed this decision to the Düsseldorf Higher Regional Court (“Oberlandesgericht Düsseldorf”). On 25 September 2013 the court rejected Xella’s objections to the Bundeskartellamt’s decision and furthermore denied Xella access to appeal the court’s judgement. Xella has petitioned for leave to appeal the Oberlandesgericht Düsseldorf’s judgement.
- It is estimated that the current appeal will be decided upon within 6-18 months. In case Xella wins the appeal and is granted access to appeal the Oberlandesgericht Düsseldorf’s rejection of Xella’s objections to the Bundeskartellamt’s prohibition decision, a judgement in the subsequent appeal case is expected within an additional 12-24 months.
- Regardless of the appeal, H+H will continue to execute its existing strategy, which includes pursuing structural opportunities that may arise in the markets.



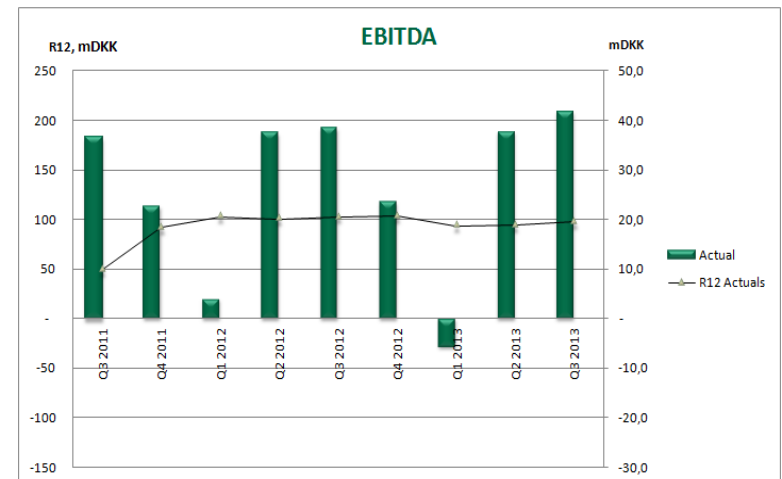
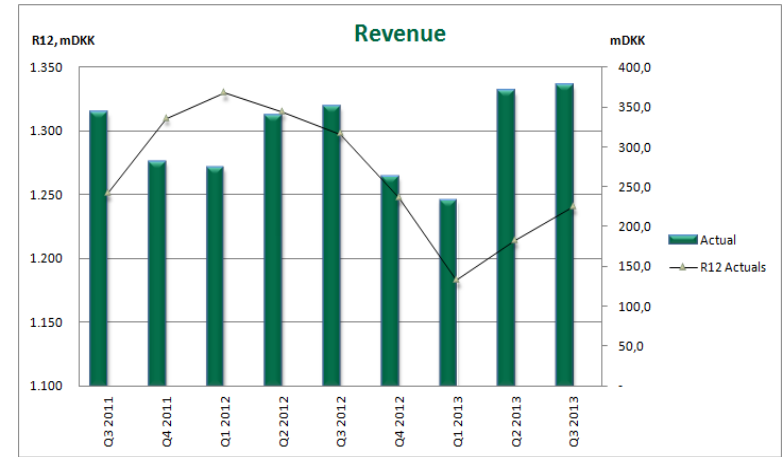
Financial performance



Group performance

Q3 2013

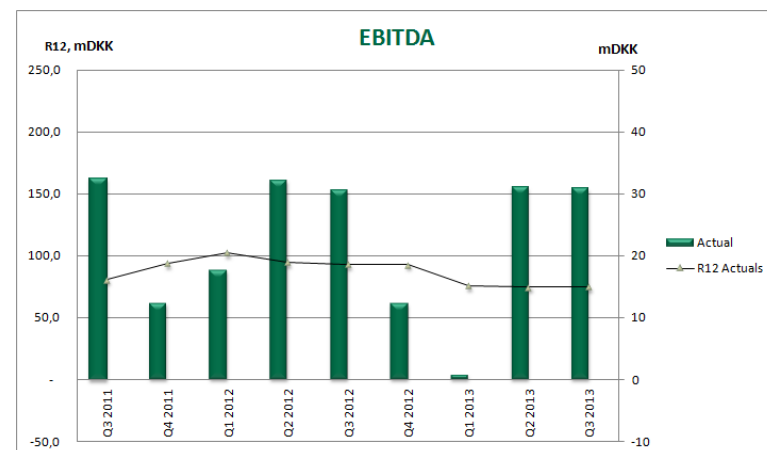
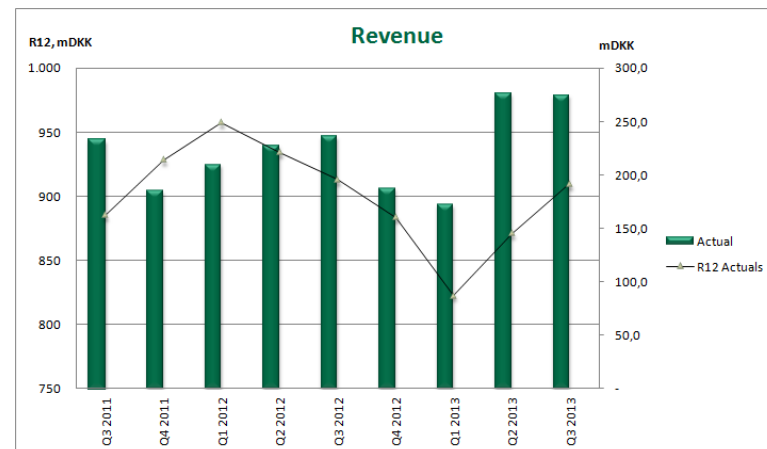
- Third-quarter sales were up 8% on 2012, and there was organic growth of 12.5%.
- EBITDA of DKK 42 million, against DKK 39 million in 2012.
- Profit before tax of DKK 8 million, against a loss of DKK 45 million in 2012.
- The overall gross margin in the third quarter was 21.9% in 2013, against 22.0% in 2012.
- Sales volumes were markedly higher in the UK and also up in Germany, Russia and the Benelux countries, but lower in Denmark and Sweden.



Segments - Western Europe

Q3 2013

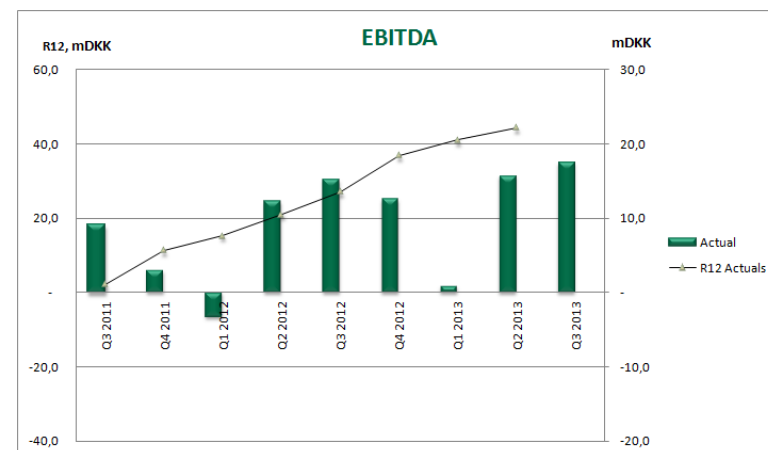
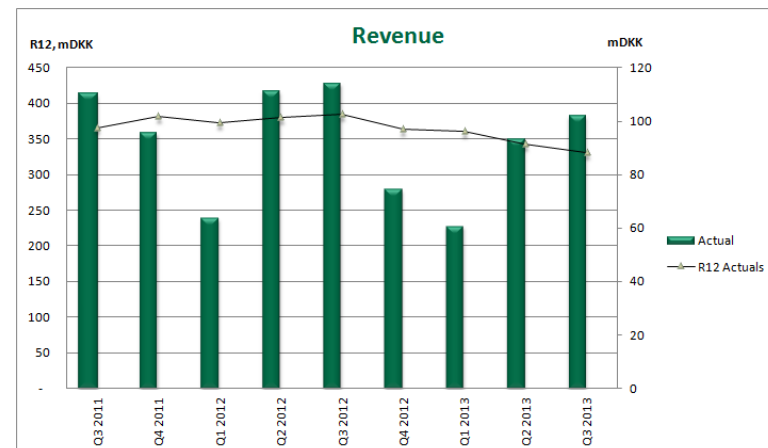
- Revenue up 17% in DKK and up 19% in local currencies on Q3 2012.
- EBITDA of DKK 30.8 million, against DKK 29.6 million in 2012.
- Profit before tax of DKK 14.3 million, against DKK 10.0 million in 2012.
- Sales volumes were affected by much higher sales in the UK.
- There has been a sharp fall in the construction activities in Sweden compared with last year.



Segments - Eastern Europe

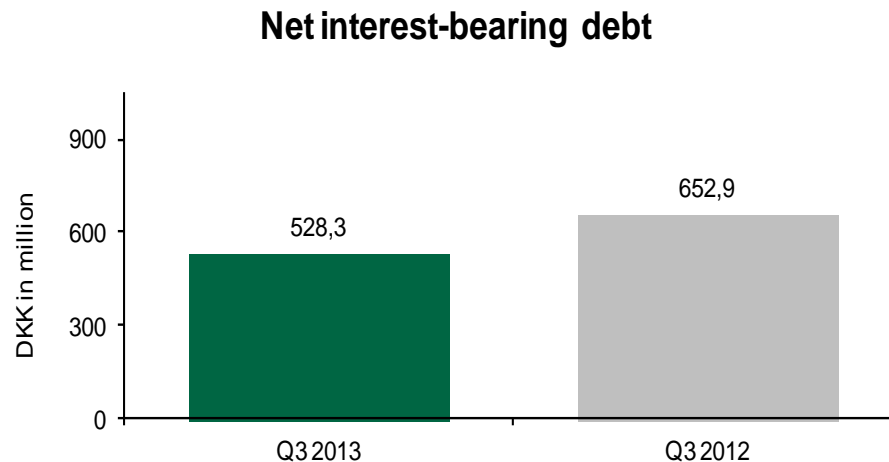
Q3 2013

- Revenue down 11% in DKK. Expressed in local currency and excluding the sale of H+H Česká, there was organic growth of 3%.
- EBITDA of DKK 17.5 million, against DKK 15.2 million in 2012.
- Profit before tax was a profit of DKK 6.0 million, against a loss of DKK 46.7 million in 2012 (including a write-downs of assets of DKK 46 million).
- The drop in revenue was due mainly to the sale of H+H Česká, which reduced revenue by DKK 15.1 million relative to the third quarter of 2012.



Net interest-bearing debt

- Net interest-bearing debt totalled DKK 528 million on 30 September 2013, down DKK 10 million since the beginning of the year and down DKK 125 million on 30 September 2012. The decrease relative to last year is due to the sale of H+H Česká for DKK 112 million and further improvements in working capital.
- Net working capital to sales improved from 9.8% on 30 September 2012 to 7.0% on 30 September 2013.
- Third-quarter financing costs totalled DKK 10.6 million in 2013, against DKK 12.3 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.
- H+H upgrades its outlook for free cash flow in 2013, which is expected to be positive in the region of DKK 20 million before disposals of assets, against DKK 0-15 million as previously announced.
- Total investments are still expected to be in the region of DKK 50 million.

Q&A

