



Investor presentation H1 2016

18 August 2016

H+H

Introduction

Forward-looking statement

The statements on the future in this presentation, including expected sales and earnings, are associated with risks and uncertainties and may be affected by factors influencing the activities of the Group, e.g. the global economic environment, including interest and exchange rate developments, the raw material situation, production and distribution related issues, breach of contract or unexpected termination of contract, price reductions due to market driven price reductions, launches of competitive products and other unforeseen factors.

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All presented numbers are after special items unless otherwise stated.

Agenda

- Highlights H1 2016
- Financial performance
- Outlook
- Segments and market development
- Q&A

Highlights H1 2016

Organic growth

- 10% organic growth in the second quarter.
- 11% organic growth YTD.

EBITDA*

- DKK 66 million in the second quarter against DKK 59 million in Q2 2015.
- DKK 103 million for first-half against DKK 78 million last year.

Brexit

- So far no significant market impact.
- Adverse exchange rate impact.
- The situation is monitored very closely.

PFA situation

- Adverse impact on production costs.
- Sourcing of PFA (pulverised fuel ash) has been reviewed and optimised.

* Before special items

Financial performance

DKK million		Q2			Year-to-date		
		2016	2015	Variance	2016	2015	Variance
Revenue	Actual	458	443	3%	825	786	5%
	Organic	487	443	10%	874	786	11%
Gross margin		26%	25%	1%	25%	23%	2%
EBITDA	Before special items	66	59	7	103	78	25
	After special items	65	57	8	100	107	(7)
EBIT margin	Before special items	10%	8%	2%	7%	4%	3%
	After special items	9%	7%	2%	7%	8%	(1%)
Return on invested capital					16%	10%	6%
Investments		5	10	(5)	15	26	(11)



Outlook 2016 and long-term financial targets

DKK million	Outlook		Long-term financial targets
	Updated	Previous	
Organic growth	5-6%	3-4%	
EBITDA *	190-210	190-210	
Investments	~ 80	~ 80	
EBIT margin			Min. 6-8%
Return on invested capital			Min. 12%



* Before special items

Specific assumptions for outlook for 2016



- Economic growth of around a negative 2% to a positive 3.5% in our geographical footprint.



- The commercial and operational excellence programmes continue to deliver improvements.



- Exchange rates, primarily for GBP, EUR, PLN and RUB, hold at their mid-August 2016 levels.



- Energy and raw material prices rise higher than inflation from their mid-August 2016 levels.



- The geopolitical situation does not result in changed market conditions.

Other selected items

CAPEX

- DKK 5 million in the second quarter against DKK 10 million last year.
- DKK 15 million for first half against DKK 26 million last year.

Asset sales

- DKK 17 million in the second quarter.
- Total asset sales now DKK 59 million.
- Target is minimum DKK 70 million.

Free cash flow

- DKK 66 million in the second quarter against DKK 85 million last year.
- DKK 25 million for first half against DKK (70) million last year.

Credit facility

- Committed facility in Danske Bank until 2018.

Debt gearing

- 1.9x EBITDA at 30 June 2016.
- Net interest-bearing debt DKK 432 million at 30 June 2016 against DKK 560 million at 30 June 2015.

Solvency

- Equity at DKK 282 million at 30 June 2016.
- 25% solvency ratio.

Western European segment

DKK million		Q2			Year-to-date		
		2016	2015	Variance	2016	2015	Variance
Revenue	Actual	362	344	5%	654	609	7%
	Organic	382	344	11%	688	609	13%
EBITDA	Before special items	65	57	8	110	87	23
	After special items	65	54	11	106	84	22
Investments		3	8	(5)	10	21	(11)

- Revenue and volume are up in all markets.
- Price increases in the UK and Nordic.
- Top line growth in Germany primarily driven by volume.
- Adverse exchange rate impact from the GBP.
- Cost and production output issues due to the PFA situation in the UK.
- Our investments are in line with expectations.



Update on the UK situation

- Sales of aircrete not impacted by the result of referendum to leave the EU.
- The new prime minister has restated the governmental support for housebuilding.
- Bank of England has cut interest rates to support the economy.
- Two major M&A transactions since the referendum.

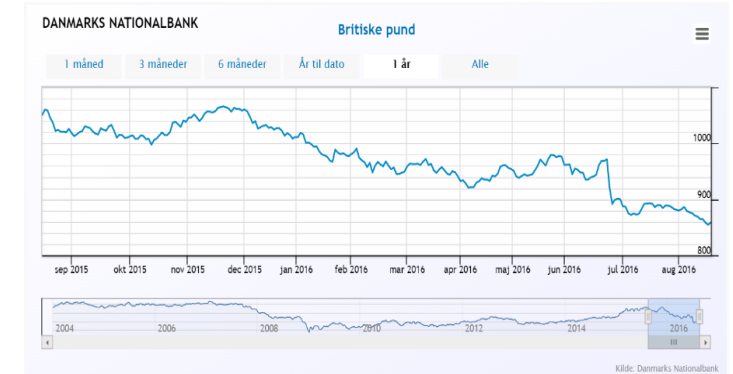
There is both positive and negative lead indicators in the latest public data and the public opinion.

Consensus is that it is too early to make any conclusions on the impact from the referendum to leave the EU.

Announced upgrade of Borough Green continues on schedule.

Negative impact from PFA situation mitigated to the extend possible.

GBP/DKK currency chart



FTSE250 index chart



Eastern European segment

DKK million		Q2			Year-to-date		
		2016	2015	Variance	2016	2015	Variance
Revenue	Actual	96	99	(3%)	171	177	(3%)
	Organic	105	99	6%	186	177	5%
EBITDA	Before special items	11	11	0	11	7	4
	After special items	9	11	(2)	8	43	(35)
Investments		1	2	(1)	5	5	0



- Strong development in Poland offset by adverse development in Russia.
- Volume higher than last year.
- Negative price variance year-to-date.
- Positive sales price development in Poland in the second quarter.
- Better production performance is the main driver of the year-to-date result improvement.

Q & A

Thank you



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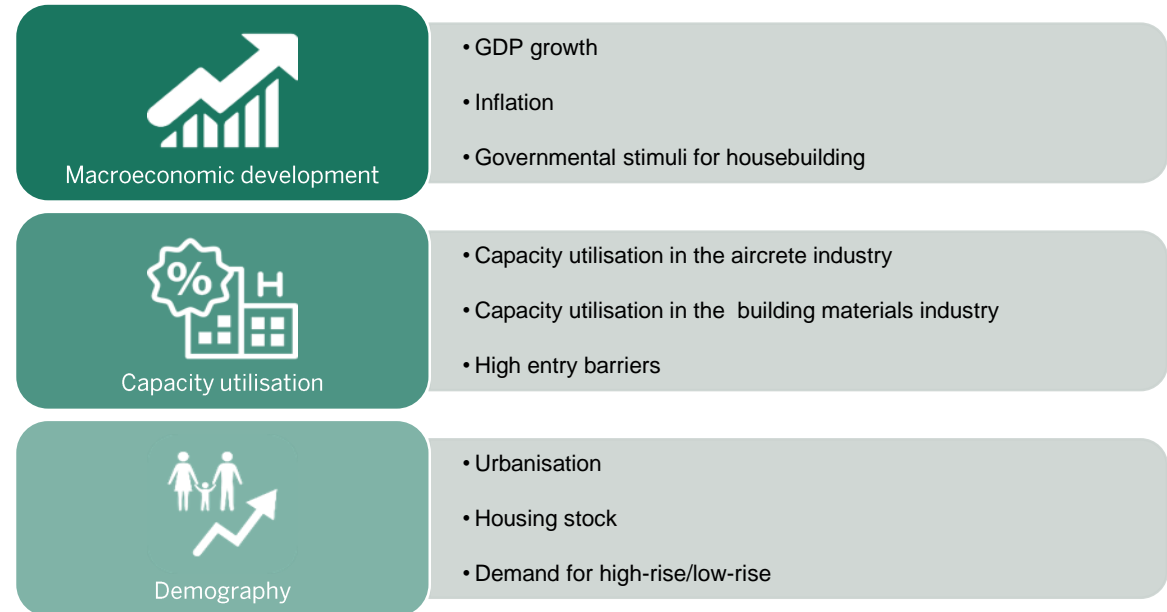
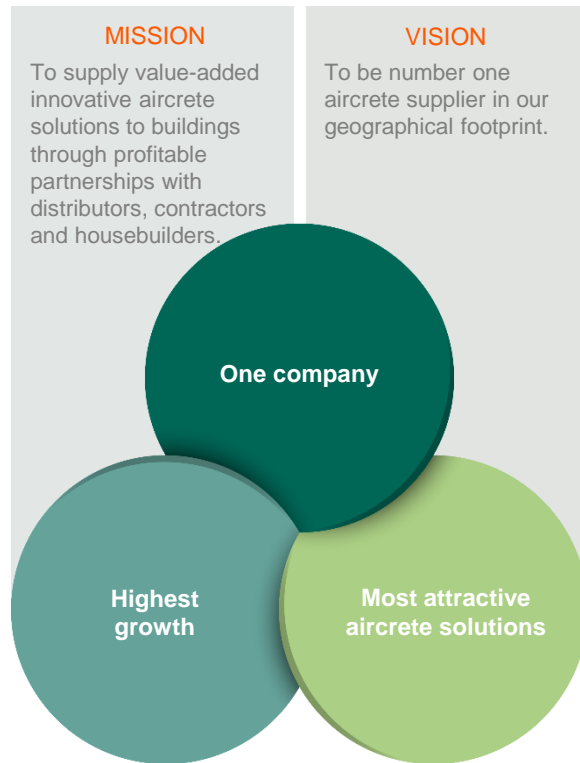
Appendices

Geographical footprint

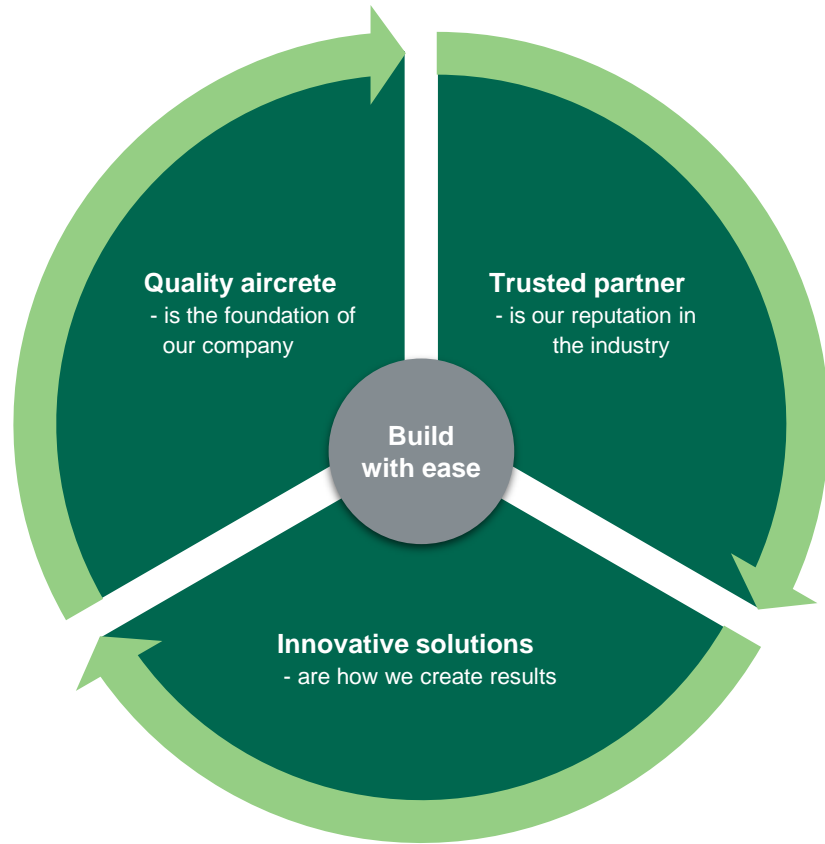
-  Production facility
-  Sales and administration



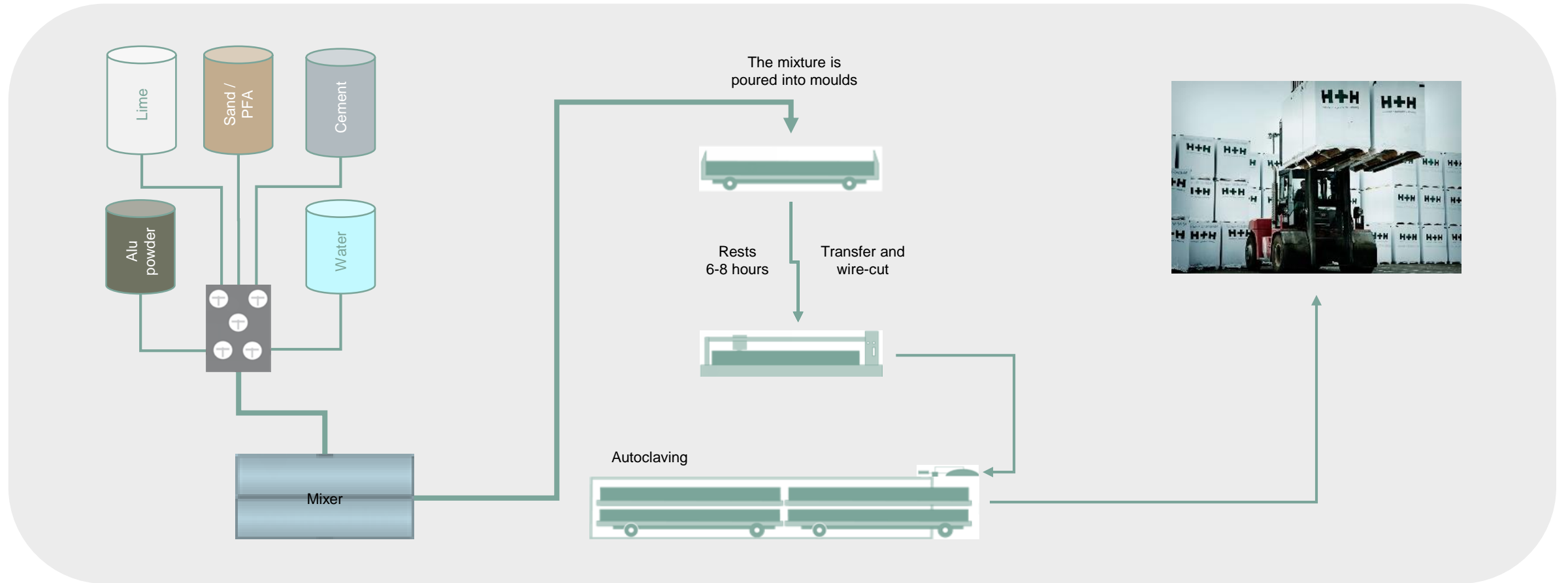
Strategy and external growth drivers



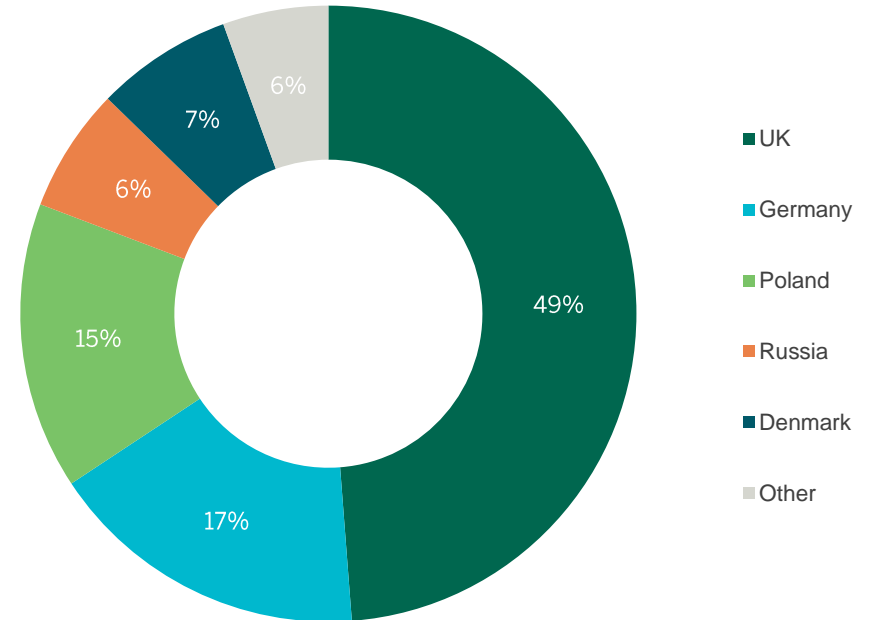
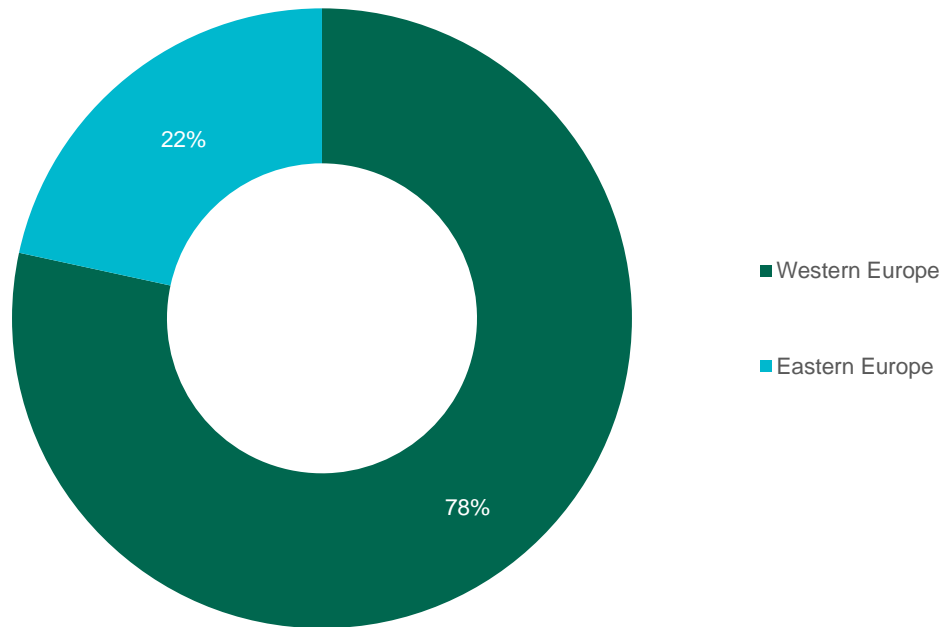
Commercial approach



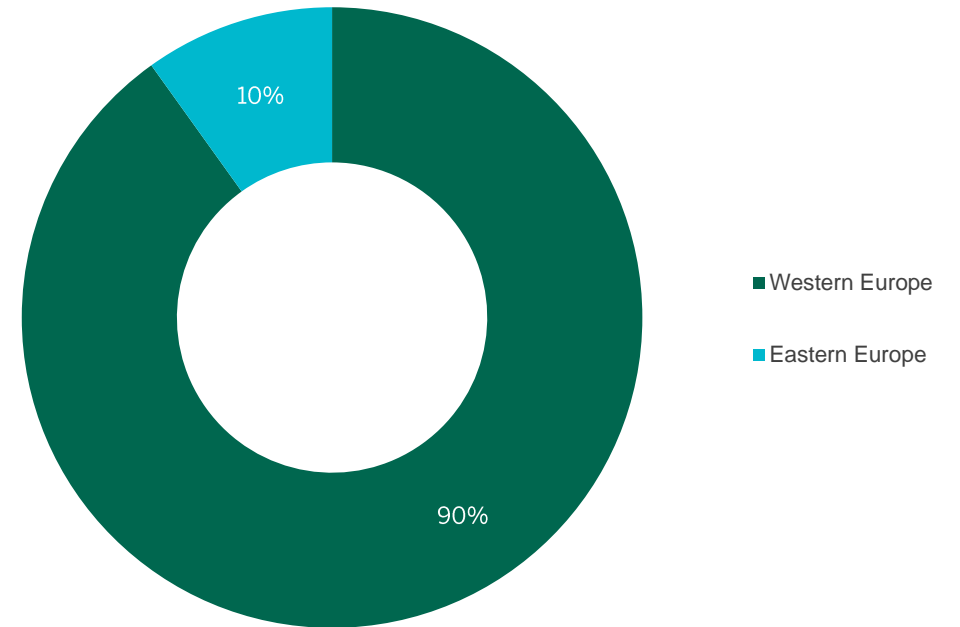
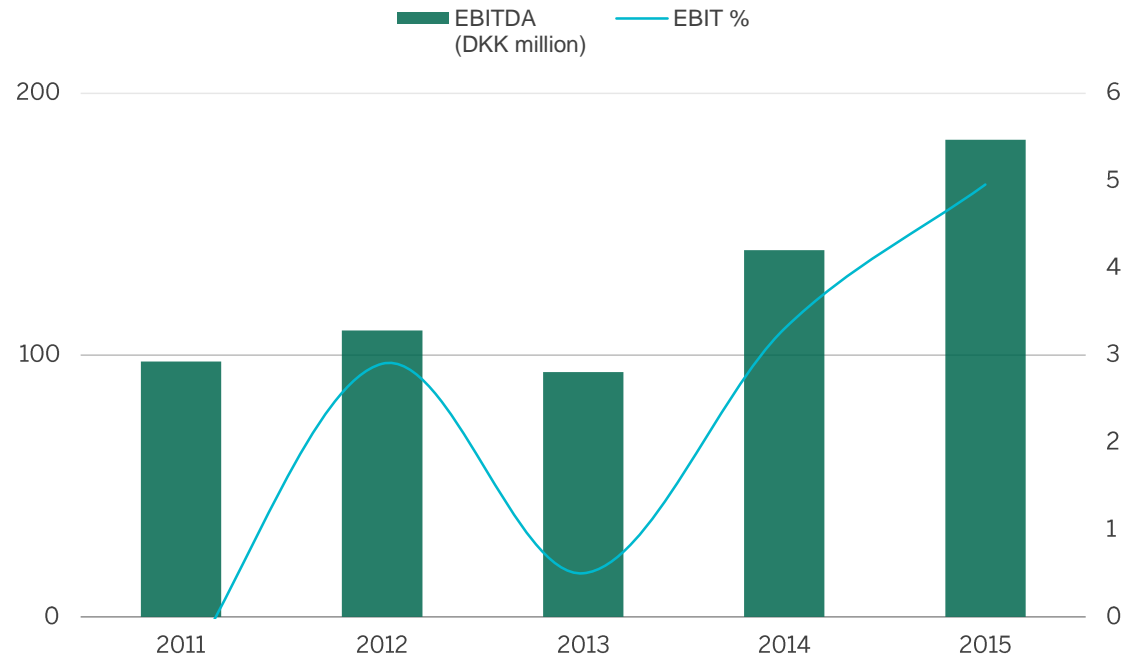
Manufacturing process



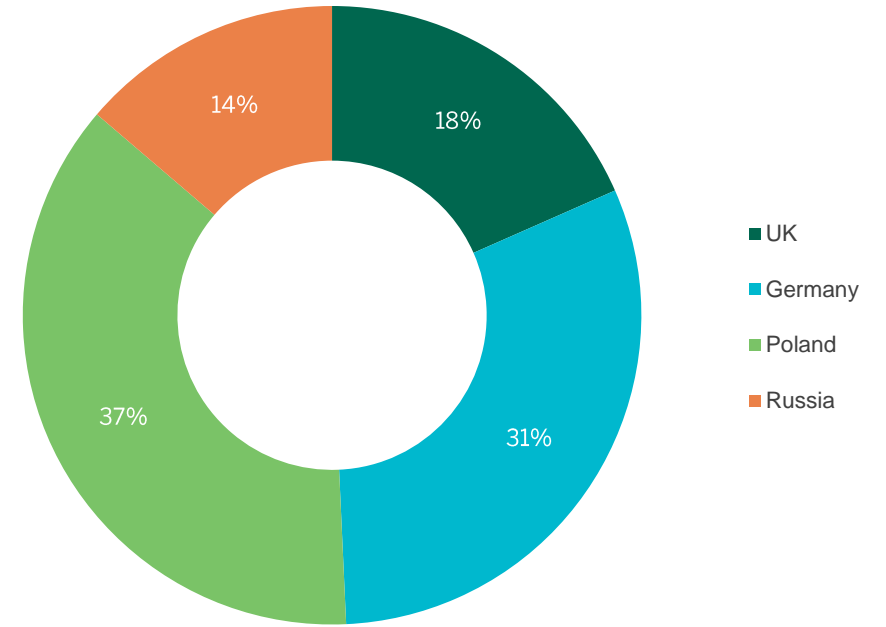
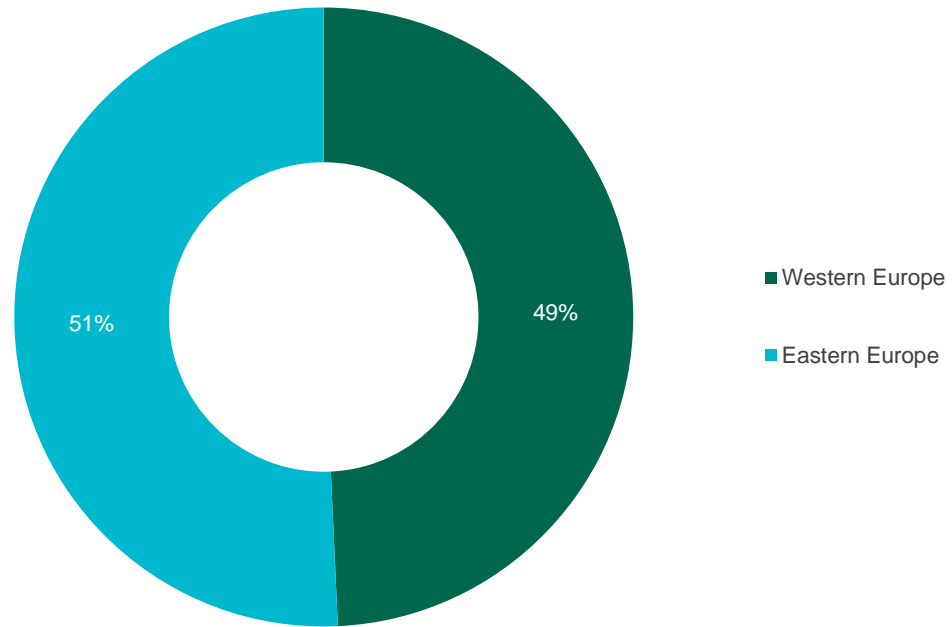
Revenue allocation 2015



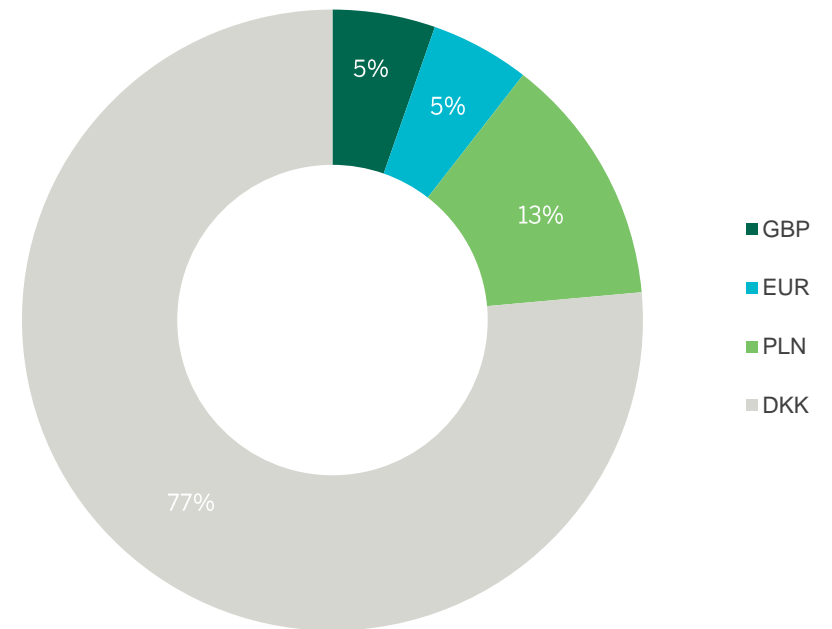
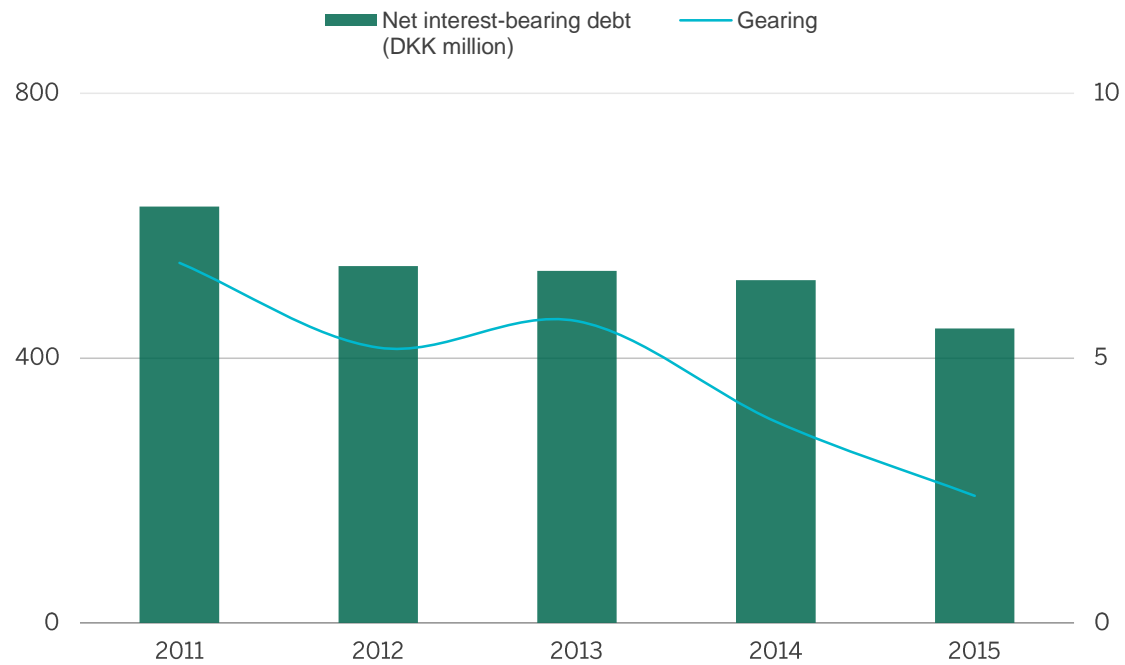
EBITDA and EBIT margin development and EBITDA allocation 2015



Non-current asset allocation as of 31 December 2015

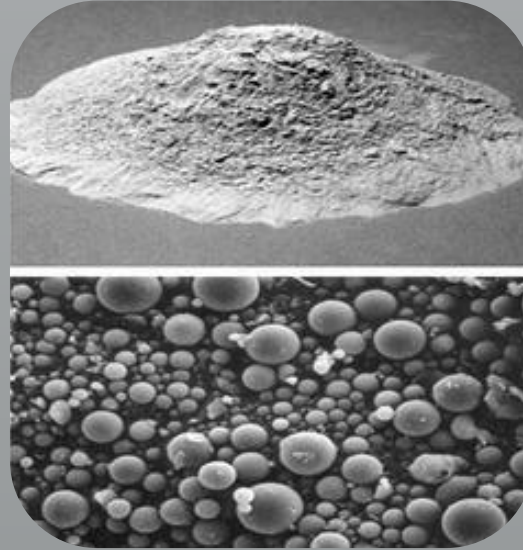


Net interest-bearing debt development and allocation as of 31 December 2015



Pulverised fuel ash (PFA)

- The product can be used as raw material in aircrete production and for H+H this is relevant in the UK.
- Environmental regulation and use of alternative fuel sources lead to fewer coal-fired power plants in the UK and less production of PFA.
- PFA prices have increased significantly and will continue to in the remaining part of the year.



Generated by coal combustion.

Composed of fine particles that are driven out of the boiler with the gases.

- Sourcing of PFA has been reviewed and optimised.
- Use of stockpiled PFA leads to lower consistency in manufacturing output.
- Replacing PFA with sand leads to longer cycle times.
- BG upgrade project is future-proof if a transition to sand should be needed.
- Supply chain optimisation in progress for specific products.