



Investor presentation Q1-Q3 2016

18 November 2016

H+H

Introduction

Forward-looking statement

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All presented numbers are after special items unless otherwise stated.

Agenda

- Highlights Q3 2016
- Financial performance
- Outlook
- Segments and market development
- Q&A

Highlights Q3 2016

Organic growth

- 4% organic growth in the third quarter.
- 8% organic growth YTD.

EBITDA*

- DKK 64 million in the third quarter against DKK 63 million in Q3 2015.
- DKK 166 million year-to-date against DKK 141 million last year.

Price increase

- Higher prices in all markets vs. last year.
- Loss of volume in Germany as a consequence hereof

UK update

- No market impact from Brexit.
- Adverse GBP development.
- Cost increases as previously announced.

* Before special items

Financial performance

DKK million		Q3			Q1 - Q3		
		2016	2015	Variance	2016	2015	Variance
Revenue	Actual	439	460	(5%)	1.264	1.246	1%
	Organic	478	460	4%	1.351	1.246	8%
Gross margin		26%	24%	2%	25%	24%	1%
EBITDA	Before special items	64	63	1	166	141	25
	After special items	63	62	1	163	169	(6)
EBIT margin	Before special items	10%	8%	2%	8%	6%	2%
	After special items	10%	8%	2%	8%	8%	0%
Return on invested capital					18%	15%	3%
Investments		23	14	9	38	40	(2)
Free cash flow		51	84	(33)	76	14	62
Net interest-bearing debt	DKK million				385	476	(91)
	Debt gearing				1,7x	2,4x	
Equity					232	209	23



Outlook 2016 and long-term financial targets

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



* Before special items

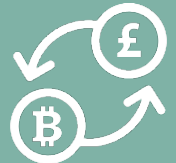
Specific assumptions for outlook for 2016



- 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-November 2016 levels.



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



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

Other selected items

CAPEX

- DKK 23 million in the third quarter against DKK 14 million last year.
- DKK 38 million for first three quarters against DKK 40 million last year.

Asset sales

- DKK 2 million in the third quarter.
- Total asset sales now DKK 60 million.
- Target is DKK 70 million end of 2017.

Free cash flow

- DKK 51 million in the third quarter against DKK 84 million last year.
- DKK 76 million for first three quarters against DKK 14 million last year.

Credit facility

- Committed facility in Danske Bank until 2018.

Debt gearing

- 1.7x EBITDA at 30 September 2016.
- Net interest-bearing debt DKK 385 million against DKK 476 million last year.

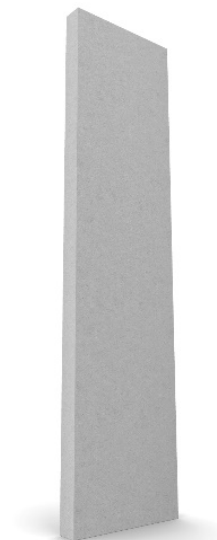
Solvency

- Equity at DKK 232 million at 30 September 2016.
- Solvency ratio 21%.

Western European segment

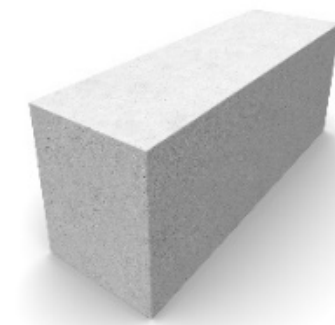
DKK million		Q3			Q1 - Q3		
		2016	2015	Variance	2016	2015	Variance
Revenue	Actual	325	357	(9%)	980	966	1%
	Organic	360	357	1%	1.047	966	8%
EBITDA	Before special items	54	58	(4)	160	147	13
	After special items	54	58	(4)	160	142	18
Investments		20	10	10	30	31	(1)

- Low organic growth in the quarter.
- More balanced Q2 and Q3 vs. previous years due to UK volume allocation.
- Loss of volume in Germany due to firm execution of price increases over the summer.
- Adverse exchange rate impact from the GBP.
- Cost and production output issues due to the PFA situation in the UK as previously announced.
- Our investments are in line with expectations.



Eastern European segment

DKK million		Q3			Q1 - Q3		
		2016	2015	Variance	2016	2015	Variance
Revenue	Actual	113	103	10%	284	280	2%
	Organic	118	103	16%	305	280	9%
EBITDA	Before special items	20	12	8	30	19	11
	After special items	19	12	7	27	55	(28)
Investments		3	5	(2)	8	9	(1)



- Strong development with higher volumes and sales prices both in Poland and Russia for the quarter.
- Still adverse price variance year-to-date for Russia.
- Continuous positive price trend in Poland.
- Better production performance is another key contributor the year-to-date result improvement.

Q & A

Thank you



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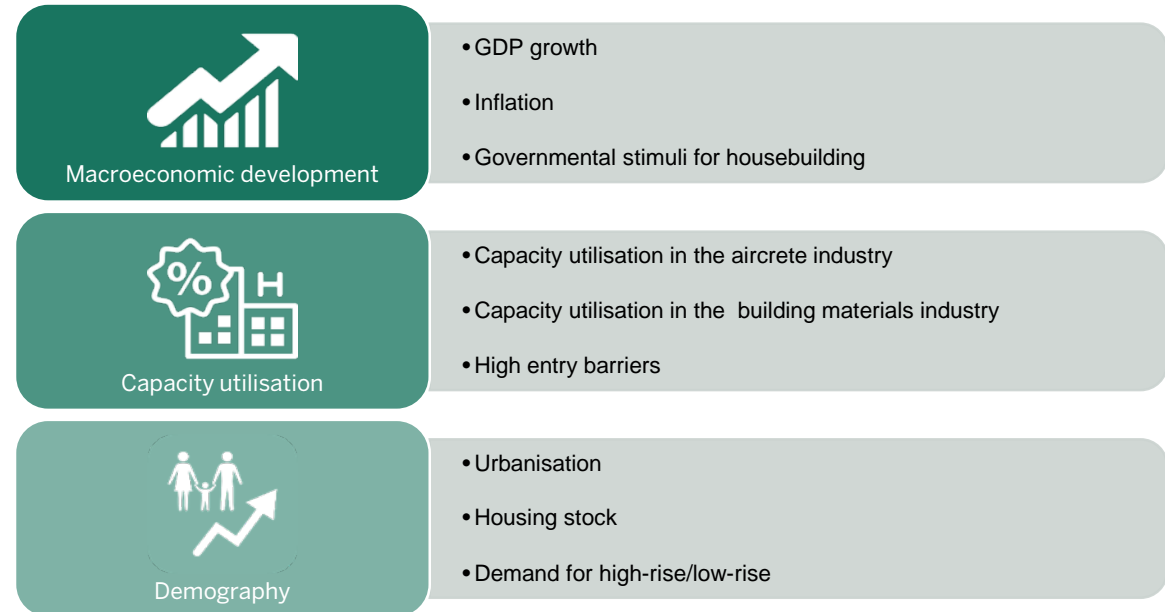
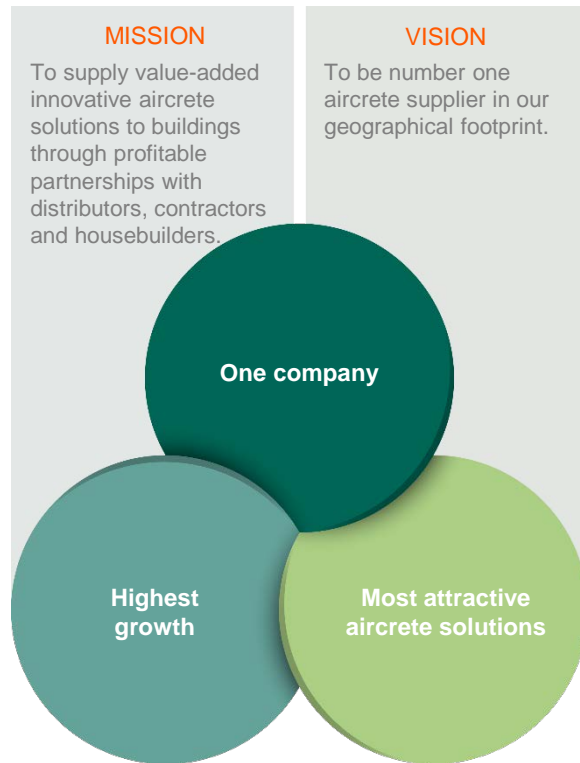
Appendices

Geographical footprint

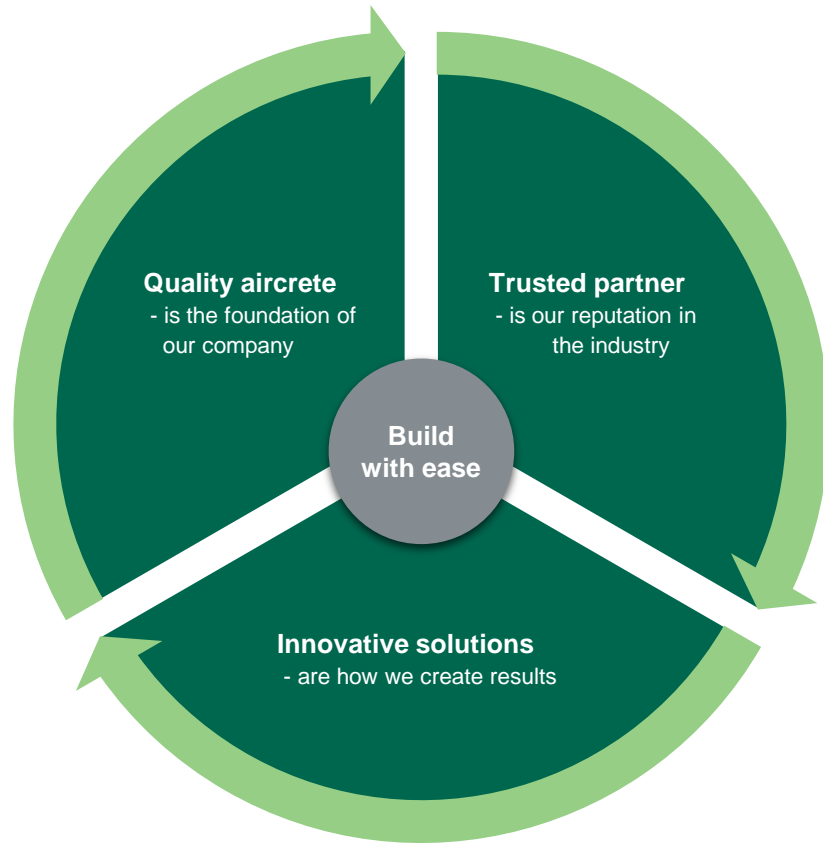
-  Production facility
-  Sales and administration



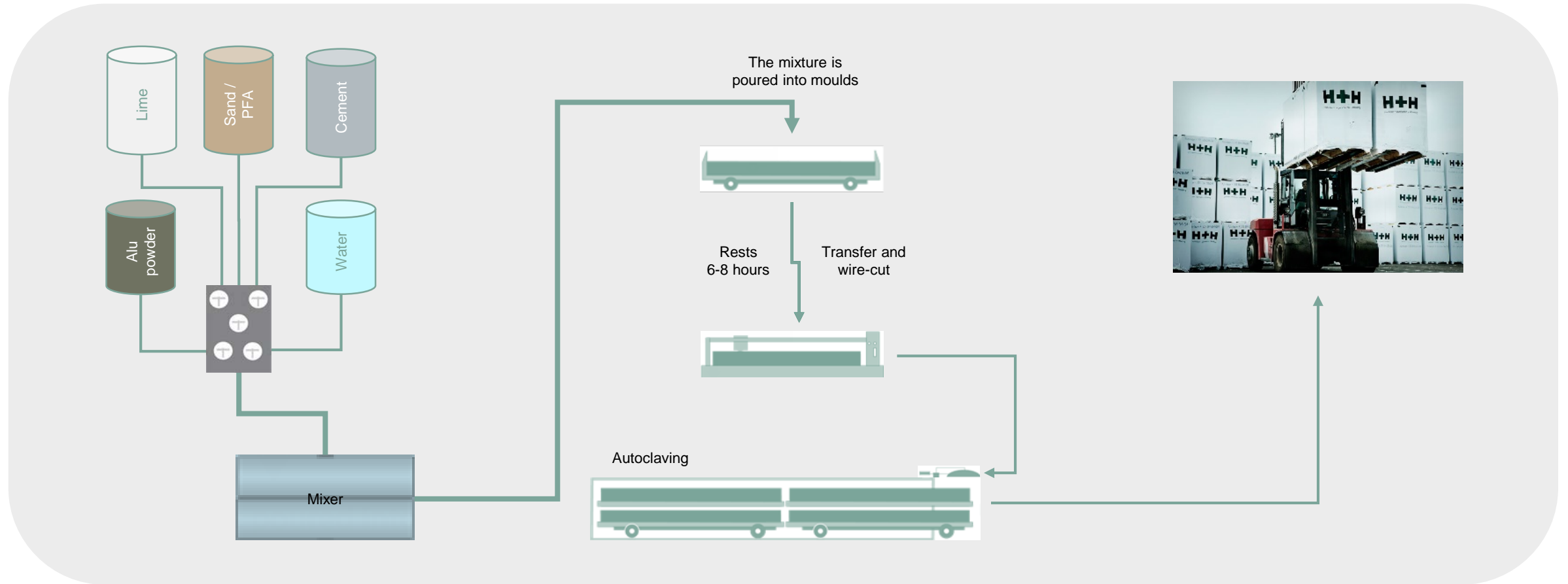
Strategy and external growth drivers



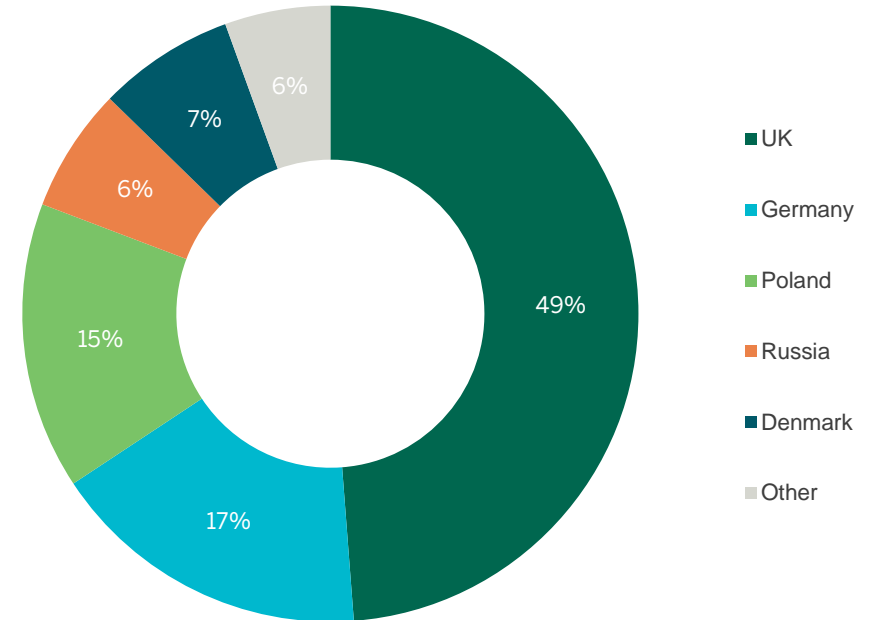
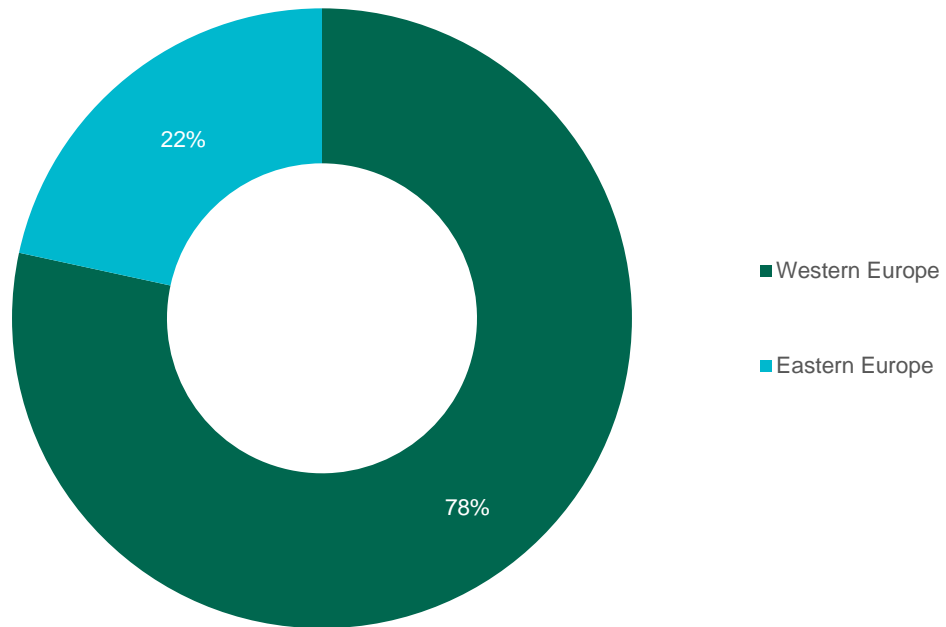
Commercial approach



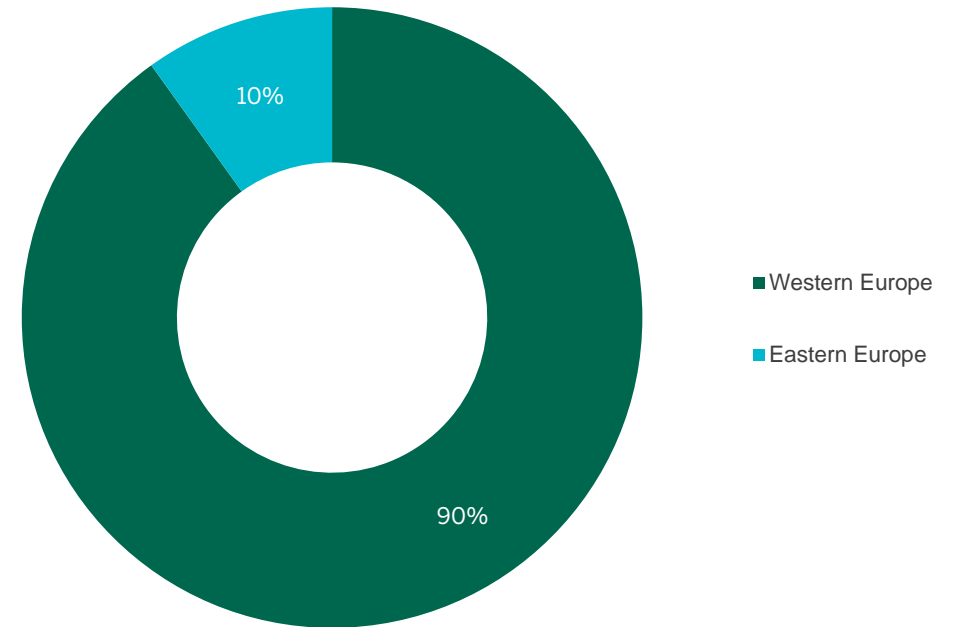
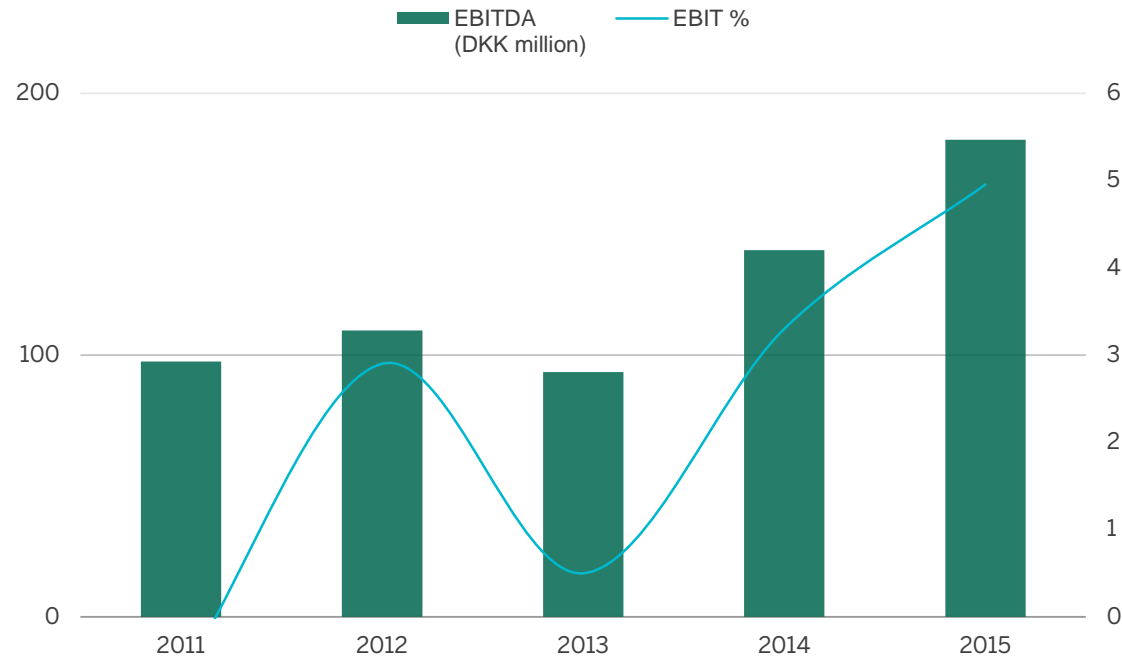
Manufacturing process



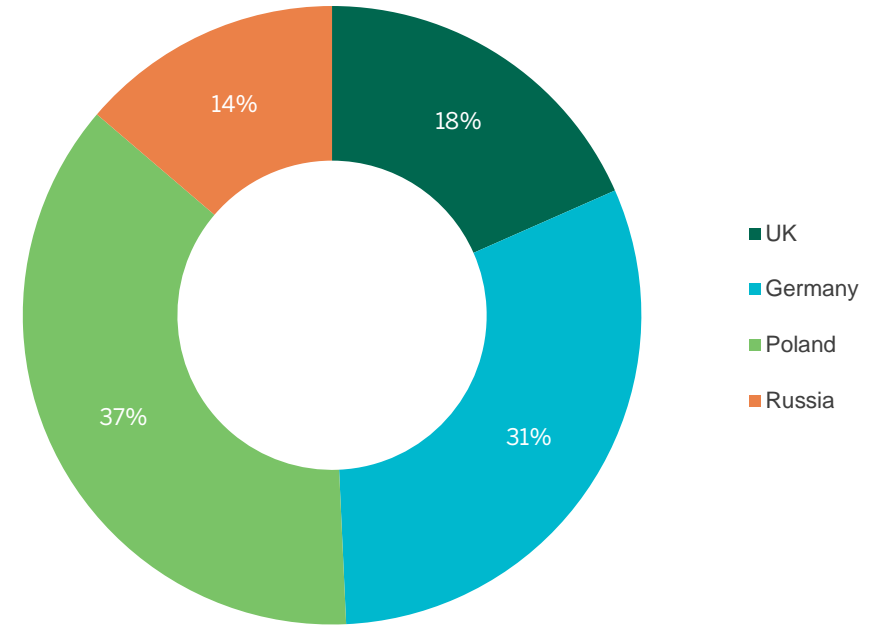
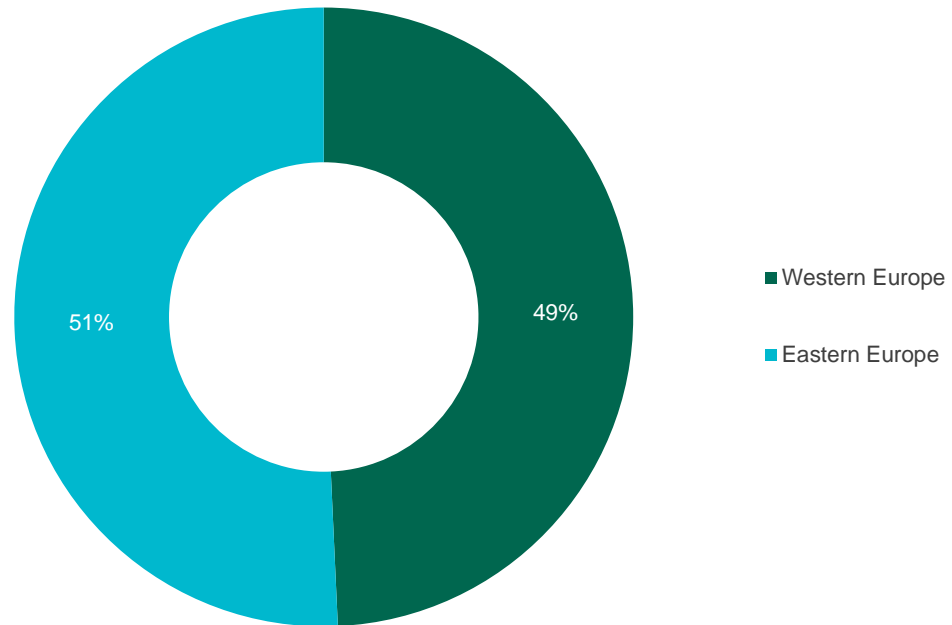
Revenue allocation 2015



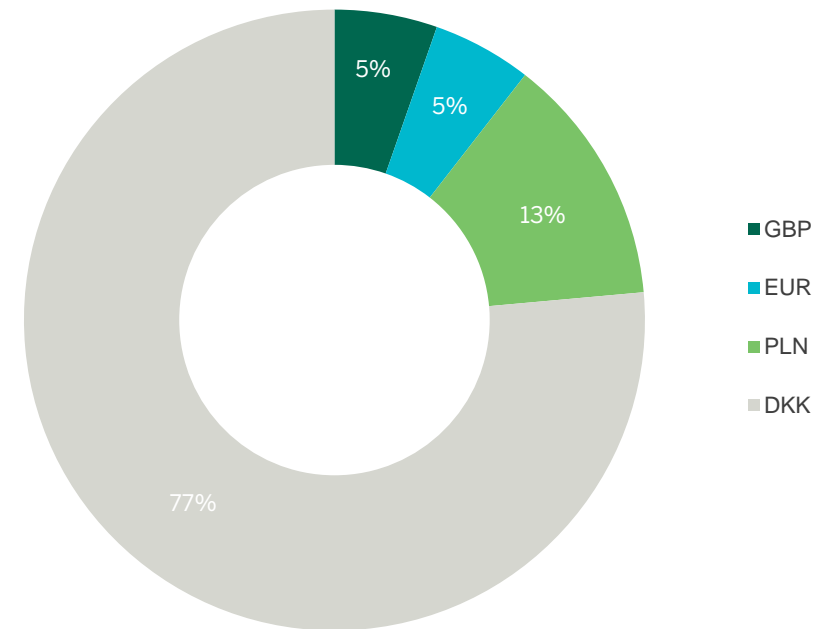
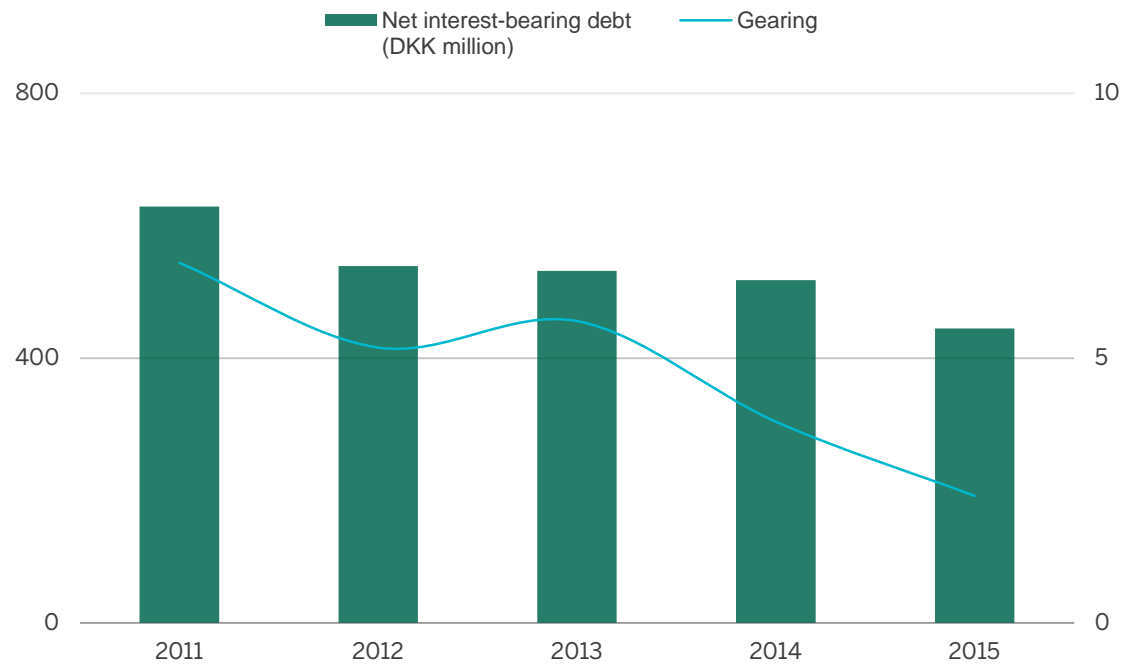
EBITDA and EBIT margin development and EBITDA allocation 2015



Non-current asset allocation as of 31 December 2015



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



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.

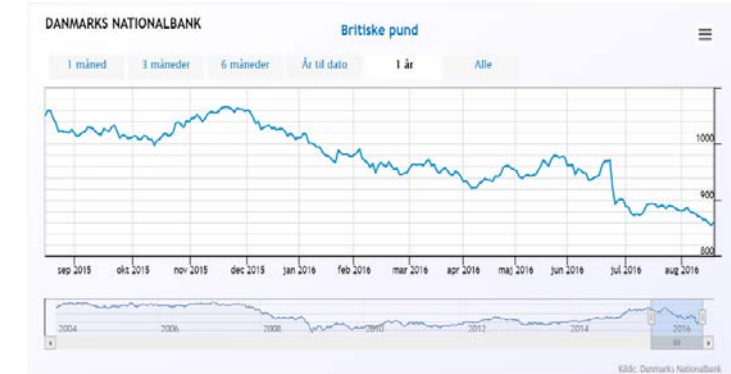
There is both positive and negative lead indicators in the latest public data and the public opinion.

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

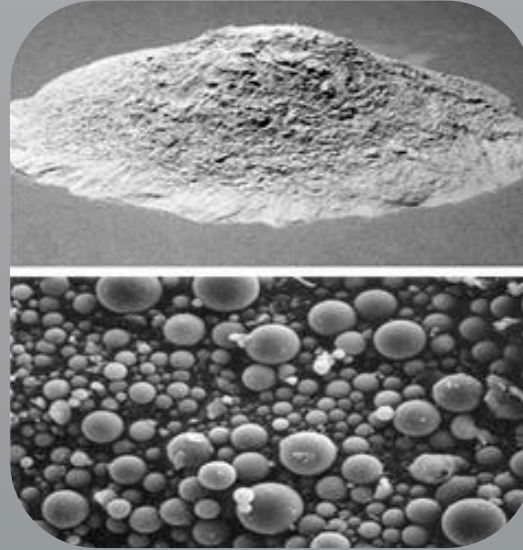


FTSE250 index chart



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.