H+H International A/S
Interim financial report
Q1 2013

Company Announcement No. 285, 2013

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Date:
22 May 2013

Key figures for the period 1 January to 31 March 2013

- First-quarter revenue was DKK 233 million (2012: DKK 273 million).
- First-quarter EBITDA was a negative DKK 6 million (2012: a positive DKK 4 million).
- The quarter brought a loss before tax of DKK 36 million (2012: loss of DKK 31 million).
- Equity at 31 March 2013 was DKK 346 million.
- Net interest-bearing debt at 31 March 2013 was DKK 615 million.
- Following the conclusion of negotiations with the unions, it has been decided to close H+H Finland Oy's factory in Ikaalinen in order to boost overall competitiveness and optimise the capacity utilisation of H+H's other factories. The Finnish operation has therefore been reclassified as discontinued in H+H's financial reporting.
- H+H reiterates its outlook for continuing operations for the 2013 financial year:
    - EBITDA before special items of around DKK 90 million.
    - Free cash flow to be positive in the region of DKK 0-15 million before disposals of assets.
    - Investments in the region of DKK 50 million.

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This is a translation of the company's announcement in Danish. In case of inconsistency between the Danish text and this English translation, the Danish text will take precedence.

Key figures – H+H Group

Amounts in DKK million	Q1 2013	Q1 2012	Full-year 2012
Income statement			
Revenue	232.6	273.2	1,223.7
EBITDA	(5.7)	3.9	103.4
Operating profit (EBIT)	(26.6)	(20.3)	35.6
Profit before tax from continuing operations	(36.4)	(31.2)	(7.3)
Profit from continuing operations	(37.4)	(30.8)	(36.9)
Profit from discontinued operations	(39.7)	(8.7)	(45.5)
Profit for the period	(77.1)	(39.5)	(82.4)
Balance sheet			
Non-current assets	1,033.1	1,193.1	1,049.0
Current assets	371.5	471.4	343.8
Total assets	1,404.6	1,664.5	1,392.8
Equity	346.4	472.6	417.9
Non-current liabilities	814.9	935.3	749.9
Current liabilities	243.3	256.5	225.0
Total equity and liabilities	1,404.6	1,664.4	1,392.8
Investments and debt			
Investments in non-current assets	6.2	8.6	27.0
Interest-bearing debt (net)	614.5	742.6	538.6
Cash flow			
Cash flow from operating activities	(53.4)	(91.7)	44.4
Cash flow from investing activities	(6.1)	(8.0)	104.1
Free cash flow	(59.5)	(99.7)	148.5
Cash flow from discontinued operations	(21.3)	(23.2)	(55.6)
Financial ratios			
Gross margin	16.8%	19.2%	22.3%
EBITDA margin	(2.5%)	1.4%	8.4%
Return on invested capital (ROIC)	2.6%	3.0%	0.5%
Net interest-bearing debt/EBITDA	6.4	7.1	5.2
Earnings per share (adjusted)	(7.9)	(4.0)	(8.4)
Diluted earnings per share (adjusted)	(7.9)	(4.0)	(8.4)
Return on equity	(13.2%)	(9.0%)	(17.0%)
Share price, end of period (DKK)	29.5	44.3	26.0
Book value per share, end of period (DKK)	35.3	48.2	42.6
Solvency ratio	24.7%	28.4%	30.0%

MANAGEMENT'S REVIEW

The first quarter of 2013 was characterised by an unusually long and cold winter, which resulted in a substantial fall in sales volumes and consequently a 14.9% decrease in revenue.

Earnings were slightly down on last year due to lower sales volumes and production levels. It should be noticed, however, that the first quarter of 2012 was a strong quarter, when the growing financial turmoil that hit markets in 2012 had yet to impact.

The first quarter of 2013 brought a substantial fall in sales volumes due to the cold winter, which affected all of H+H's markets, and due to there being fewer working days than in 2012. The decline in revenue was also attributable to the sale of H+H Česká republika s.r.o., which contributed revenue of DKK 10.5 million in the first quarter of 2012.

The cold winter weather meant that it was generally not possible to lay foundations throughout the period, leading to substantial delays in the construction of new buildings.

The first quarter saw further sales of reinforced products to Africa. These are low-margin sales but help improve capacity utilisation at factories producing reinforced products where capacity utilisation has been low in recent years.

Selling prices were generally higher than in the same period last year. In particular, there were price increases in Russia, while prices came under pressure in Poland, Sweden and Denmark.

H+H maintained or increased its market share in all markets other than Sweden, where competition remains fierce.

Price rises for raw materials, especially energy, and transport were as expected. The Excellence programme is running to schedule.

H+H closes Finnish factory to increase efficiency and profitability

Following the conclusion of negotiations with the unions, it has been decided to close H+H Finland Oy's factory in Ikaalinen in order to boost overall competitiveness and optimise the capacity utilisation of H+H's other factories.

The closure will take place in the second quarter of 2013 and is not expected to affect sales volumes in H+H's European markets, but exports to Africa will be substantially reduced. The closure entails 66 redundancies at H+H Finland Oy and is expected to have a positive effect on operating profit in the region of DKK 10 million per year from 2014.

The Finnish operation has been reclassified as discontinued in H+H International A/S's financial reporting, so the closure will not result in the reporting of special items. The total effect of closing down the factory has been booked under discontinued operations, which contributed an overall loss of almost DKK 40 million in the first quarter.

Revenue

First-quarter revenue was DKK 232.6 million for continuing operations, against DKK 273.3 million in 2012, a decrease of DKK 40.7 million or 14.9%. Expressed in local currency, revenue was down 14.6% on the first quarter of 2012.

The development of the GBP, PLN and RUB exchange rates had a slight negative effect on revenue of DKK 1.5 million, while EUR and SEK exchange rates had a positive effect of DKK 0.6 million.

In the Western European segment, first-quarter revenue was lower than in 2012 in all countries. The decrease was due to the combination of a very cold winter and fewer working days than in 2012. Overall, revenue in Western Europe came to DKK 171.9 million, against DKK 209.7 million in 2012, a decrease of DKK 37.8 million or 18.0%. Expressed in local currency, revenue was down 17.8% on the first quarter of 2012.

Revenue		
	Q1	Q1
Amounts in DKK million	2013	2012
Western Europe	171.9	209.7
Eastern Europe	60.7	63.5
Total	232.6	273.2

In the Eastern European segment, first-quarter revenue was lower than in 2012 due to the sale of H+H Česká, which reduced revenue by DKK 10.5 million relative to the first quarter of 2012.

Activity levels in Russia have been so positive over the past year that production has reached maximum capacity. H+H therefore plans to increase capacity there by around 100,000 m^3 or 25% over the next two years. The extension is expected to be ready to be taken into use in 2015 and the investment is expected to amount to around DKK 40 million.

Overall, revenue in Eastern Europe came to DKK 60.7 million, against DKK 63.6 million in 2012, a decrease of DKK 2.9 million or 4.6%. Expressed in local currency, revenue was down 4.1% on the first quarter of 2012.

Gross profit
The overall gross margin in the first quarter was 16.8% in 2013, against 19.2% in 2012. Sales prices were markedly higher in Russia and slightly higher in all other countries except Poland, Sweden and Denmark. The gross margin was pulled down mainly by much lower sales volumes, but low production levels also played a role. Higher raw material costs impacted negatively on earnings, due primarily to higher gas prices as a result of the cold winter.

Operating profit (EBIT)
H+H made a first-quarter operating loss of DKK 26.6 million in 2013, against a loss of DKK 20.3 million in 2012.

The 2013 figure includes net negative special items of DKK 0.5 million.

Profit before tax
H+H recorded a first-quarter loss before tax of DKK 36.4 million, against a loss of DKK 31.2 million in 2012, an increase of DKK 5.2 million.

Profit before tax		
	Q1	Q1
Amounts in DKK million	2013	2012
Western Europe	(17.4)	(0.1)
Eastern Europe	(11.8)	(18.6)
Eliminations and unallocated items	(7.2)	(12.5)
Total	(36.4)	(31.2)

Special items
The first-quarter results for 2013 include net negative special items of DKK 0.5 million in the form of legal fees.

The same period in 2012 brought net negative special items of DKK 3.4 million, mainly severance costs relating to the implementation of the new strategy.

Investments
Investments of DKK 6.2 million were made during the first quarter, against DKK 8.6 million in 2012. Total investments for the year are still expected to be in the region of DKK 50 million.

An agreement was signed in January 2013 on the sale of unused production equipment in the UK for around DKK 5 million. The sale will impact earnings by around DKK 2 million and is expected to be recognised in the second and third quarters of 2013.

Investments		
	Q1	Q1
Amounts in DKK million	2013	2012
Western Europe	4.4	5.2
Eastern Europe	1.6	3.4
Unallocated items	0.2	0.0
Total	6.2	8.6

Financing
Net interest-bearing debt totalled DKK 615 million on 31 March 2013, an increase of DKK 76 million since the beginning of the year but a decrease of DKK 128 million on the same period last year. The increase in debt during the quarter is consistent with the normal seasonal pattern.

Financing costs totalled DKK 9.8 million, against DKK 10.9 million in 2012. Besides interest expenses and foreign exchange adjustments, the 2013 figure includes amortisation of borrowing costs and payments for an unused committed credit facility.

Taxation
The tax figure for the first quarter of 2013 is a negative DKK 1.0 million, against a positive DKK 0.4 million in 2012.

Equity
H+H's equity fell by DKK 71.5 million in the first quarter of 2013. The loss for the period reduced equity by DKK 50.3 million, while foreign exchange adjustments of investments in subsidiaries increased equity by DKK 5.6 million.

Equity		
	Q1	Q1
Amounts in DKK million	2013	2012
1 January	417.9	472.7
Profit for the period	(77.1)	(39.5)
Foreign exchange adjustments	5.6	38.5
Other adjustments	0.0	0.9
31 March	346.4	472.6

SEGMENTS

Western Europe
First-quarter revenue in Western Europe was DKK 171.9 million, a decrease of DKK 37.8 million or 18.0% on 2012. Expressed in local currency, revenue was down 17.8%.

Activity in the Western European markets was lower than expected in the first quarter. Sales volumes were affected by low temperatures throughout the quarter which complicated all construction work.

H+H believes that the reduction in sales volumes in the first quarter brought on mainly by the cold winter weather reflects only a postponement of activity, and that projects will instead start up later in 2013. However, visibility in the various markets remains very poor.

There has been a sharp fall in the construction of new single-family homes in Sweden compared with last year.

First-quarter EBITDA was DKK 0.7 million, against DKK 17.6 million in 2012. The decrease was due primarily to lower sales volumes.

The quarter brought a loss before tax of DKK 17.4 million, against a loss of DKK 0.1 million in 2012, an increase of DKK 17.3 million.

Eastern Europe
First-quarter revenue in Eastern Europe was DKK 60.7 million, a decrease of DKK 2.9 million or 4.6% on 2012. Expressed in local currency, revenue was down 4.1%.

The drop in revenue was due to the sale of H+H Česká, which reduced revenue by DKK 10.5 million relative to the first quarter of 2012. Revenue rose in Russia but was unchanged in Poland.

First-quarter EBITDA was DKK 0.9 million, against a negative DKK 3.3 million in 2012. The improvement was due primarily to better earnings in Russia, while earnings in Poland were largely unchanged.

The first quarter brought a loss before tax of DKK 11.8 million, against a loss of DKK 18.6 million in 2012, an improvement of DKK 6.8 million.

Eliminations and unallocated items
Unallocated net expenses amounted to DKK 7.2 million in the first quarter of 2013, down DKK 5.1 million on the same period in 2012.

Interest in taking over H+H International A/S
The Bundeskartellamt (German competition authority) 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 Oberlandesgericht Düsseldorf (Düsseldorf Higher Regional Court). The appeal case is still being prepared, and the first oral hearing has been postponed several times and is currently due to be held in August 2013. H+H's legal adviser does not therefore expect a decision on the appeal until the first half of 2014.

The decision by the Oberlandesgericht Düsseldorf can be appealed to the Bundesgerichtshof (Federal Supreme Court). Such an appeal could take at least another one to two years.

Regardless of the appeal case, 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.

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 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.

These expectations for H+H's financial performance in 2013 are based partly on the following specific assumptions:

- Much of the decrease in revenue in the first quarter of 2013 due to cold winter weather is made up in the coming quarters.
- The market situation remains stressed in 2013 except in Russia. Sales to Africa continue in 2013 but at lower levels.
- The Excellence programme continues and reduces production costs further.

- Exchange rates, primarily for GBP, EUR, PLN and RUB, hold around their mid-May 2013 levels, which in the case of GBP is lower than in 2012.

- Energy and raw material prices rise only in line with inflation from their mid-May 2013 levels.

ABOUT THE OUTLOOK FOR 2013

The expectations for H+H's financial performance are based on a number of general assumptions.

Management believes that the most significant assumptions underlying H+H's expectations relate to:

- Sales volumes and product mix
- Price competition in many of H+H's markets
- General economic developments
- Developments in the market for building materials
- Exchange rates
- Distribution factors
- Weather conditions

Management's expectations are associated with considerable uncertainty. No assurance can therefore be given that the assumptions on which the financial expectations are based will hold.

STATEMENT BY THE EXECUTIVE BOARD AND THE BOARD OF DIRECTORS

The Executive Board and the Board of Directors have today discussed and approved the interim financial report for H+H International A/S for the first quarter of 2013.

The interim financial statements, which have not been audited or reviewed by the company's auditors, have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and Danish disclosure requirements for the interim financial reports of listed companies.

It is our opinion that the interim financial report gives a true and fair view of H+H's assets, liabilities and financial position at 31 March 2013 and of the results of H+H's operations and its cash flows for the period 1 January to 31 March 2013.

Further, it is our opinion that management's review provides a fair account of developments in H+H's operations and financial conditions, the results for the period and H+H's overall financial position, as well as a description of the most significant risks and uncertainties that H+H faces.

Copenhagen, 22 May 2013

Executive Board

Michael T. Andersen CEO	Niels Eldrup Meidahl CFO

Board of Directors

Kent Arentoft Chairman	Stewart A Baseley	Asbjørn Berge
Pierre-Yves Jullien	Henriette Schütze	

Forward-looking statements

The forward-looking statements in this interim financial report reflect management's current expectations of certain future events and financial results. Statements regarding the future are by their very nature associated with uncertainty, and actual results may therefore depart materially from expectations. Factors that may cause actual results to depart materially from expectations include, but are not limited to, developments in business conditions and financial markets, changes in the pricing of aircrete products, market acceptance of new products, the launch of competing products and the integration of acquisitions.

H+H International A/S is only obliged to update and adjust the expectations presented where so required by Danish legislation, including the Danish Securities Trading Act, or the rules for issuers on NASDAQ OMX Copenhagen.

INCOME STATEMENT

	Group		
	Q1	Q1	Full-year
Amounts in DKK million	2013	2012	2012
Revenue	232.6	273.2	1,223.7
Production costs	(193.5)	(220.8)	(951.4)
Gross profit	**39.1**	**52.4**	**272.3**
Other external expenses	(44.3)	(46.7)	(182.2)
Other operating income and expenses	(0.5)	(1.8)	13.3
EBITDA	**(5.7)**	**3.9**	**103.4**
Depreciation	(20.9)	(24.2)	(100.1)
Impairment losses	0.0	0.0	32.3
EBIT	**(26.6)**	**(20.3)**	**35.6**
Net financing costs	(9.8)	(10.9)	(42.9)
Profit before tax from continuing operations	**(36.4)**	**(31.2)**	**(7.3)**
Tax on profit from continuing operations	(1.0)	0.4	(29.6)
Profit from continuing operations	**(37.4)**	**(30.8)**	**(36.9)**
Profit from discontinuing operations	(39.7)	(8.7)	(45.5)
Profit for the period	**(77.1)**	**(39.5)**	**(82.4)**
Earnings per share (EPS-Basic)	(7.9)	(4.0)	(8.4)
Diluted earnings per share (EPS-D)	(7.9)	(4.0)	(8.4)

STATEMENT OF COMPREHENSIVE INCOME

	Group		
	Q1	Q1	Full-year
Amounts in DKK million	2013	2012	2012
Profit for the period	(77.1)	(39.5)	(82.4)
Other comprehensive income			
Foreign exchange adjustments, foreign companies	5.6	38.5	39.2
Actuarial gains/losses on pension plans	0.0	0.9	(14.2)
Tax on other comprehensive income	0.0	(0.2)	2.4
Other comprehensive income after tax	**5.6**	**39.2**	**27.4**
Total comprehensive income	**(71.5)**	**(0.3)**	**(55.0)**

Foreign exchange adjustments in respect of foreign companies may be reclassified into profit/loss but actuarial gains/losses and the associated tax may not.

BALANCE SHEET

	Group			
Amounts in DKK million	31 March 2013	31 Dec. 2012	31 March 2012	31 Dec. 2011
ASSETS				
Non-current assets				
Intangible assets	67.8	70.9	98.9	95.1
Property, plant and equipment	923.3	961.0	1,058.7	1,037.7
Other non-current assets	42.0	17.1	35.5	43.6
Total non-current assets	**1,033.1**	**1,049.0**	**1,193.1**	**1,176.4**
Current assets				
Inventories	189.0	194.2	219.9	191.0
Receivables	61.6	46.4	165.9	105.1
Cash and cash equivalents	6.3	15.5	11.6	19.9
	256.9	**256.1**	**397.4**	**316.0**
Assets held for sale	114.6	87.7	74.0	91.5
Total current assets	**371.5**	**343.8**	**471.4**	**407.5**
TOTAL ASSETS	**1,404.6**	**1,392.8**	**1,664.5**	**1,583.9**
EQUITY AND LIABILITIES				
Equity				
Share capital	490.5	490.5	490.5	490.5
Retained earnings	(62.0)	15.1	68.8	107.4
Other reserves	(82.1)	(87.7)	(86.7)	(125.2)
Total equity	**346.4**	**417.9**	**472.6**	**472.7**
Liabilities				
Total non-current liabilities	**814.9**	**749.9**	**935.3**	**839.9**
Current liabilities				
Trade payables	103.0	107.1	121.8	130.9
Other current liabilities	67.9	65.7	86.2	74.9
Liabilities relating to assets held for sale	72.4	52.2	48.5	65.5
Total current liabilities	**243.3**	**225.0**	**256.5**	**271.3**
Total liabilities	**1,058.2**	**974.9**	**1,191.8**	**1,111.2**
TOTAL EQUITY AND LIABILITIES	**1,404.6**	**1,392.8**	**1,664.4**	**1,583.9**
Net interest-bearing debt	614.5	538.6	742.6	628.5

CASH FLOW STATEMENT

Amounts in DKK million	Q1 2013	Q1 2012
Operating activities	(53.4)	(91.7)
Investing activities	(6.1)	(8.0)
Financing activities	71.6	110.4
Cash flow from discontinued operations	(21.3)	(23.2)
Total cash flow	**(9.2)**	**(12.5)**
Cash and cash equivalents, opening	15.5	22.5
Foreign exchange adjustments of cash and cash equivalents	0.0	1.6
Cash and cash equivalents at 31 March	**6.3**	**11.6**

STATEMENT OF CHANGES IN EQUITY

Amounts in DKK million	Share capital	Translation reserve	Hedging reserve	Retained earnings	Proposed dividend	Total
Equity at 1 January 2013	**490.5**	**(87.7)**	**0.0**	**15.1**	**0.0**	**417.9**
Total changes in equity in 2013						
Profit for the period	0.0	0.0	0.0	(77.1)	0.0	(77.1)
Other comprehensive income	0.0	5.6	0.0	0.0	0.0	5.6
Total comprehensive income	**0.0**	**5.6**	**0.0**	**(77.1)**	**0.0**	**(71.5)**
Share-based payment	0.0	0.0	0.0	0.0	0.0	0.0
Total changes in equity in 2013	**0.0**	**5.6**	**0.0**	**(77.1)**	**0.0**	**(71.5)**
Equity at 31 March 2013	**490.5**	**(82.1)**	**0.0**	**(62.0)**	**0.0**	**346.4**
Equity at 1 January 2012	**490.5**	**(125.2)**	**0.0**	**107.4**	**0.0**	**472.7**
Total changes in equity 2012						
Profit for the period	0.0	0.0	0.0	(39.5)	0.0	(39.5)
Other comprehensive income	0.0	38.5	0.0	0.7	0.0	39.2
Total comprehensive income	**0.0**	**38.5**	**0.0**	**(38.8)**	**0.0**	**(0.3)**
Share-based payment	0.0	0.0	0.0	0.2	0.0	0.2
Total changes in equity in 2012	**0.0**	**38.5**	**0.0**	**(38.6)**	**0.0**	**(0.1)**
Equity at 31 March 2012	**490.5**	**(86.7)**	**0.0**	**68.8**	**0.0**	**472.6**

NOTES

1. Accounting policies

The interim financial report for the period 1 January to 31 March 2013 has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and additional Danish disclosure requirements for the interim financial reports of listed companies. The application of IAS 34 means that the disclosures are more limited than in a complete annual report, but that the recognition and measurement principles in International Financial Reporting Standards (IFRS) have been complied with. This interim financial report has not been audited or reviewed by the company's auditors.

The accounting policies are consistent with those applied in the 2012 annual report, which includes a full description of the accounting policies applied.

As a result of H+H International A/S implementing IAS 19R (2011) in the preparation of the 2012 annual report, the accounting policies applied have changed since the interim report for the first quarter of 2012. H+H International A/S has ceased using the corridor approach for actuarial gains and losses. All changes in expected pension obligations and plan assets are now recognised immediately in other comprehensive income. This new approach results in equity of DKK 472.7 million on 31 December 2011 and DKK 417.9 million on 31 December 2012, against DKK 553.5 million and DKK 508.9 million respectively using the previous approach.

The impact of the new approach on the income statement for the first quarter of 2012 consists of a reduction in staff costs of DKK 1.0 million and an increase in financial expenses of DKK 1.9 million. The tax effect of these changes is DKK 0.2 million. Other comprehensive income in the first quarter of 2012 has also increased by DKK 0.7 million.

2. Segment information

Amounts in DKK million	Q1 2013						
	Western Europe			Eastern Europe			
	Production companies	Sales companies	Western Europe, total	Production companies	Sales companies	Eastern Europe, total	Reportable segments total
Revenue, external	138.9	33.0	171.9	60.7	0.0	60.7	232.6
Revenue, internal	12.4	0.0	12.4	0.0	0.0	0.0	12.4
EBITDA	2.1	(1.4)	0.7	1.2	(0.3)	0.9	1.6
Depreciation	(12.1)	(0.2)	(12.3)	(8.3)	0.0	(8.3)	(20.6)
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit (EBIT)	(10.0)	(1.6)	(11.6)	(7.1)	(0.3)	(7.4)	(19.0)
Net financing costs	(5.4)	(0.4)	(5.8)	(4.1)	(0.3)	(4.4)	(10.2)
Profit before tax	(15.4)	(2.0)	(17.4)	(11.2)	(0.6)	(11.8)	(29.2)
Non-current assets	471.7	3.8	475.5	523.6	1.2	524.8	1,000.3
Investments in non-current assets	4.3	0.1	4.4	1.6	0.0	1.6	6.0
Assets	663.7	302.2	965.9	606.2	12.8	619.0	1,584.9
Equity	365.0	4.5	369.6	233.5	(38.3)	195.2	564.7
Liabilities	298.6	297.7	596.3	372.8	51.1	423.9	1,020.2

Amounts in DKK million	Q1 2012						
	Western Europe			Eastern Europe			
	Production companies	Sales companies	Western Europe, total	Production companies	Sales companies	Eastern Europe, total	Reportable segments total
Revenue, external	159.9	49.8	209.7	62.7	0.8	63.5	273.2
Revenue, internal	23.3	0.0	23.3	1.4	0.0	1.4	24.7
EBITDA	16.5	1.1	17.6	(3.1)	(0.2)	(3.3)	14.3
Depreciation	(13.4)	(0.3)	(13.7)	(10.1)	0.0	(10.1)	(23.8)
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit (EBIT)	3.1	0.8	3.9	(13.2)	(0.2)	(13.4)	(9.5)
Net financing costs	(3.5)	(0.5)	(4.0)	(4.9)	(0.3)	(5.2)	(9.2)
Profit before tax	(0.4)	0.3	(0.1)	(18.1)	(0.5)	(18.6)	(18.7)
Non-current assets	532.5	2.2	534.7	658.3	1.1	659.4	1,194.1
Investments in non-current assets	5.2	0.0	5.2	3.4	0.0	3.4	8.6
Assets	806.7	50.3	857.0	757.8	1.5	759.3	1,616.3
Equity	192.1	9.1	201.2	315.2	(34.3)	280.9	482.1
Liabilities	614.6	41.2	655.8	442.6	35.8	478.4	1,134.2

Reconciliation of reportable segments' earnings before tax

	Q1	Q1
Amounts in DKK million	2013	2012
Segment profit before tax for reportable segments	(29.2)	(18.7)
Unallocated group costs, corporate functions	(7.2)	(12.3)
Impairment losses, non-reportable segment	0.0	0.0
Total	(36.4)	(31.0)

3. Significant accounting estimates and judgements

The preparation of the consolidated financial statements requires management to make a number of estimates and judgements concerning future events that have a material effect on the carrying amounts of assets and liabilities.

In the case of the H+H Group, significant changes in the estimates and assumptions on which values are based may have a material effect on the measurement of assets, including impairment testing of goodwill and non-current assets.

The estimates and judgements made are based on assumptions that are believed by management to be sound, but that, by their nature, are uncertain and unpredictable. The assumptions may be incomplete, and unforeseen future events or circumstances may occur.

Further details of H+H's principal risks and the external factors that may affect H+H are provided in the 2012 annual report.

4. Seasonal and cyclical fluctuations

Seasonal fluctuations
The sales pattern for H+H's products is seasonal. Sales in the second and third quarters are traditionally significantly higher than during the rest of the year. As a large part of H+H's cost base is not directly variable with revenue, deviations from projected sales may result in considerable fluctuations in H+H's earnings.

Furthermore, because H+H's sales are predominantly based on short-term orders, the Group is unable, or only to a very limited extent able, to align its cost base to actual customer demand. Historically, revenue and earnings generated by H+H's operations have fluctuated significantly during the financial year, and management expects this to remain the case.

Cyclical fluctuations
Activity levels in the countries and markets in which H+H's products are sold have a major impact on demand for these products. H+H's sales go predominantly to new dense low-rise housing, making H+H particularly vulnerable to fluctuations in the level of activity in this building segment. H+H's products are mainly sold in geographical markets that are situated relatively close to its factories – the specific geographical market for each factory depends on local transport prices, the state of the infrastructure and the competitive situation, including price levels.

5. Pension obligations

H+H has defined-benefit pension plans in the UK and Germany. The UK pension plans are managed by a pension fund to which payments are made, whereas the German pension plans are unfunded. H+H's pension obligations relate predominantly to the plans in the UK, for which an updated actuarial calculation as at 31 December 2012 shows a shortfall of DKK 157.7 million net (the present value of the obligations exceeds the fair value of the plan assets). The whole of this shortfall has been recognised in the balance sheet.

H+H International A/S has implemented IAS 19R (2011) 'Employee benefits' with effect from 1 January 2012, ahead of the revision's effective date, which means that it no longer uses the corridor approach for actuarial gains and losses.

All changes in expected pension obligations and plan assets are now recognised immediately in other comprehensive income. Previously the corridor approach made it possible to defer recognition of certain actuarial gains and losses. The comparative figures for 2012 have been restated accordingly, and accumulated actuarial gains and losses to 31 December 2010 were recognised directly in equity at 1 January 2011.

The Group's pension obligations and the changes in its accounting policies are described in more detail in the 2012 annual report.

6. Financial resources and cash flow

Net interest-bearing debt totalled DKK 615 million on 31 March 2013, an increase of DKK 76 million since the beginning of the year. The increase reflects the financial results for the period and seasonal variations in working capital.

H+H has a committed loan agreement with Danske Bank A/S corresponding to around DKK 700 million, which is committed until 15 February 2015.

H+H will continue to be dependent on debt financing in the coming years. Maintenance of the committed credit facility is conditional upon compliance with a number of financial covenants. The loan agreement can also be terminated by Danske Bank A/S without notice if investors other than Scandinavian institutional investors (defined in the agreement as Danish, Swedish, Norwegian and Finnish financial institutions operating in financial markets and subject to public supervision) individually or through coordinated collaboration gain control of more than one-third of the shares or more than one-third of the total number of voting rights carried by the shares in H+H International A/S.

7. Discontinued operations and 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 in the course of 2013. Various plots of land in Poland, a sand pit in Germany, a plot of land in the UK and unused production equipment have therefore been readied for sale 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 80-120 million and result in an expected accounting gain before tax of around DKK 25-35 million. The transactions are expected to be completed within 12 months and are not included in the outlook for 2013.

As part of H+H's continued focus on core business, the Board of Directors decided in the third quarter of 2011 to divest the Finnish subsidiary Jämerä-kivitalot Oy, which designs, builds and sells aircrete houses for private individuals. In 2009 the company changed its strategy to concentrate more on supplying turnkey solutions to customers. This strategy proved unviable, as the processes for managing the construction phases were not fully implemented. The divestment was carried out in 2012 through the disposal of the bulk of the company's activities. All that is left in the company, subsequently renamed Stone Kivitalot Oy, is a few projects due to be completed in the second quarter of 2013. Stone Kivitalot Oy has therefore been classified as a discontinued operation. As the company has been loss-making for a number of years, the reclassification and divestment in 2012 will have a positive effect on H+H's earnings from continuing operations.

H+H closes Finnish factory to increase efficiency and profitability
Following the conclusion of negotiations with the unions, it has been decided to close H+H Finland Oy's factory in Ikaalinen in order to boost overall competitiveness and optimise the capacity utilisation of H+H's other factories.

The closure will take place in the second quarter and is not expected to affect sales volumes in H+H's European markets, but exports to Africa will be substantially reduced. The closure entails 66 redundancies at H+H Finland Oy and is expected to have a positive effect on operating profit in the region of DKK 10 million per year from 2014. H+H will continue to sell aircrete products in the Finnish market from its factories outside Finland, and sales activities will be handled by H+H Sverige AB.

The Finnish operation has therefore been reclassified as discontinued in H+H International A/S's financial reporting.

Key figures for discontinued operations

Amounts in DKK million	Q1 2013	Q1 2012
Revenue	23.8	57.2
Expenses	(63.5)	(65.9)
Profit before tax	**(39.7)**	**(8.7)**
Income tax expense	0.0	0.0
Profit for the period	**(39.7)**	**(8.7)**
Profit from discontinued operations	**(39.7)**	**(8.7)**
Cash flow from operating activities	(21.2)	(22.4)
Cash flow from investing activities	(0.1)	(0.8)
Cash flow from financing activities	0.0	0.0
Total cash flow	**(21.3)**	**(23.2)**
Assets held for sale		
Intangible assets	16.1	
Property, plant and equipment	61.1	
Deferred tax	0.0	
Inventories	26.1	
Receivables	11.3	
Assets held for sale, total	**114.6**	
Liabilities relating to assets held for sale		
Credit institutions	13.1	
Trade payables	3.5	
Other liabilities	55.8	
Liabilities relating to assets held for sale	**72.4**	

8. Share-based payment

The H+H Group introduced a share option plan for the Executive Board and other senior executives in 2007. Matching share programmes for the Executive Board and other key employees were also implemented in 2011 and 2012. These schemes are presented in the consolidated financial statements and annual report for 2012. An amount of DKK 0 million was recognised under staff costs in the first quarter of 2013 in respect of these schemes, against DKK 0.2 million in the same period in 2012.

A third matching share programme for the Executive Board and other key employees will be implemented in the second quarter of 2013. It will be largely identical to the previous programmes in terms of vesting criteria, etc.

9. Events after the balance sheet date

No events have occurred after the balance sheet date that will have a material effect on the company's financial position.