H+H International A/S
Interim financial report
H1 2015

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Date:
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Highlights for the period 1 January to 30 June 2015

- Second-quarter revenue was DKK 443 million (2014: DKK 361 million). Organic revenue growth was 11.2% (adjusted for acquisitions and measured in local currency). First-half revenue was DKK 786 million (2014: DKK 651 million).

- Second-quarter EBITDA was DKK 59.2 million before special items (2014: DKK 49.3 million). First-half EBITDA was DKK 78.3 million before special items (2014: DKK 57.9 million).

- EBIT for the second quarter was DKK 32.3 million (2014: DKK 27.5 million). The EBIT margin before special items was 7.3%. First-half EBIT was DKK 59.6 million (2014: DKK 13.3 million).

- The second quarter brought a net profit of DKK 14.4 million (2014: DKK 6.9 million), and the first half a net profit of DKK 25.7 million (2014: loss of DKK 22.8 million).

- Investments of DKK 10.0 million were made in the second quarter (2014: DKK 9.2 million), and DKK 25.7 million in the first half (2014: DKK 21.8 million).

- The integration of Grupa Prefabet is running to schedule.

- Net interest-bearing debt at 30 June 2015 was DKK 560 million (30 June 2014: DKK 595 million).

- H+H updates its outlook for 2015:
    - Organic revenue growth is expected to be in the region of 10%, against the previously announced 6-8%.
    - EBITDA before special items is expected to be DKK 160-180 million, against the previously announced DKK 150-170 million.
    - EBIT margin is expected to be 4-5%, against the previously announced 3-4%.
    - Investments excluding acquisitions and divestments are expected to be DKK 60 million, including DKK 20 million to support the restructuring in Poland.

Quote:
"Market developments have been positive in all markets except Russia," says Michael T Andersen, CEO. *"In combination with a stable performance in our production, we see earnings being higher than expected, and the trend looks set to continue throughout the year. This gives grounds for an improved outlook for the full year."*

For further information please contact:
Michael T Andersen, CEO, or Bjarne Pedersen, Vice President, Business Development & IR, tel.: +45 35 27 02 00.

Key figures – H+H Group

Amounts in DKK million	Q2 2015	Q2 2014	H1 2015	H1 2014	Full-year 2014
Income statement					
Revenue	443.0	361.3	785.9	650.6	1,379.9
Gross profit	111.0	92.8	182.5	147.6	340.5
Operating profit before depreciation, amortisation and financial items before special items (EBITDA before special items)	59.2	49.3	78.3	57.9	140.1
Operating profit before depreciation, amortisation and financial items (EBITDA)	56.7	48.9	106.7	57.0	137.4
Operating profit (EBIT)	32.3	27.5	59.6	13.3	45.0
Net financials	(9.5)	(11.2)	(19.1)	(22.1)	(44.3)
Profit before tax from continuing operations	22.8	16.3	40.5	(8.8)	0.7
Profit from continuing operations	16.1	10.5	27.8	(16.8)	(6.8)
Profit from discontinued operations	(1.7)	(3.6)	(2.1)	(6.0)	(16.3)
Profit for the period	14.4	6.9	25.7	(22.8)	(23.1)
Balance sheet					
Non-current assets	980.5	929.0	980.5	929.0	864.7
Current assets	372.4	347.5	372.4	347.5	352.0
Share capital	107.9	490.5	107.9	490.5	98.1
Equity	221.5	254.6	221.5	254.6	151.7
Non-current liabilities	816.2	755.0	816.2	755.0	789.8
Current liabilities	315.2	266.9	315.2	266.9	275.2
Total equity and liabilities	1,352.9	1,276.5	1,352.9	1,276.5	1,216.7
Investments in property, plant and equipment	10.0	9.2	25.7	21.8	42.6
Acquisition	0.0	0.0	30.4	0.0	0.0
Interest-bearing debt (net)	559.7	594.9	559.7	594.9	517.3
Cash flow					
Cash flow from operating activities	94.1	47.1	(14.7)	(24.2)	92.9
Cash flow from investing activities	(9.4)	(9.0)	(55.7)	(12.3)	(32.6)
Free cash flow	84.7	38.1	(70.4)	(36.5)	60.3
Cash flow from discontinued operations	(4.2)	(2.9)	(12.3)	(3.6)	(14.3)
Financial ratios					
Gross margin	25.1%	25.7%	23.2%	22.7%	24.7%
Operating margin (EBIT margin)	7.3%	7.6%	7.6%	2.0%	3.3%
Return on invested capital (ROIC)	12.6%	3.7%	12.6%	3.7%	6.7%
Return on equity	10.7%	(12.7%)	10.7%	(12.7%)	(10.4%)
Solvency ratio	16.4%	19.9%	16.4%	19.9%	12.5%
Net interest-bearing debt/EBITDA	3.0	5.0	3.0	5.0	3.8
Share data					
Share price, end of period (DKK)	58.0	42.9	58.0	42.9	35.3
Book value per share, end of period (DKK)	20.5	26.0	20.5	26.0	15.5
Earnings per share (adjusted)	1.3	0.7	2.6	(2.3)	(2.4)
Diluted earnings per share (adjusted)	1.3	0.7	2.6	(2.3)	(2.4)

MANAGEMENT'S REVIEW

Revenue
Revenue for the second quarter was DKK 443 million, against DKK 361 million in 2014, an increase of DKK 82 million or 22.6%. Organic growth was 11.2% for the period. The increase in sales compared to last year was driven by growth in all markets except for Russia.

Average selling prices were up on last year, driven by the Western European segment. Currency movements had a net positive impact on revenue of DKK 14 million, mainly arising from GBP and partly offset by RUB. Other currencies were virtually unchanged from last year.

Gross profit
The overall gross margin in the second quarter was 25.1%, against 25.7% in 2014. Average selling prices were up on last year; the reduction in the gross margin was a result of an unfavourable geographical sales mix. Production costs have been stable measured in local currency.

Special items
The second-quarter results include special items of DKK 2.5 million related to restructuring of the sales organisations in Scandinavia.

EBITDA
EBITDA in the second quarter was DKK 59.2 million before special items and DKK 56.7 million after special items (2014: DKK 48.9 million before special items and DKK 48.0 million after special items).

The increase in EBITDA was due to the improvement in gross profit but partly offset by an increase in other external expenses, including losses on foreign exchange.

Operating profit (EBIT)
Operating profit for the second quarter was DKK 32.3 million in 2015, against DKK 27.5 million in 2014, an improvement of DKK 4.8 million.

The EBIT margin was 7.3% for the second quarter and 7.6% for the first half of 2015. Adjusted for special items the first half EBIT margin was 4.1%.

Profit before tax from continuing operations
Second-quarter profit before tax was DKK 22.8 million, against a profit of DKK 16.3 million in 2014, an improvement of DKK 6.5 million.

Profit before tax from continuing operations

	Q2		H1	
Amounts in DKK million	2015	2014	2015	2014
Western Europe	34.9	22.1	46.9	19.7
Eastern Europe	(3.0)	0.1	16.1	(14.6)
Eliminations and unallocated items	(9.1)	(5.9)	(22.5)	(13.9)
Total	22.8	16.3	40.5	(8.8)

Taxation
Tax for the second quarter of 2015 was DKK 6.7 million, against DKK 5.8 million in 2014.

Discontinued operations
Discontinued operations generated a loss of DKK 1.7 million before tax in the second quarter of 2015, against a loss of DKK 3.6 million in the same period last year.

Cash flow
Second-quarter free cash flow was a positive DKK 84.7 million, against a positive DKK 38.1 million in the same period of 2014.

Cash flow from operating activities in the second quarter was a positive DKK 94.1 million, mainly due to better net working capital position.

Investments
Investments of DKK 10.0 million were made during the second quarter. In the second quarter of 2014 investments totalled DKK 9.2 million.

Investments

	Q2		H1	
Amounts in DKK million	2015	2014	2015	2014
Western Europe	7.7	7.3	20.8	17.0
Eastern Europe	2.3	1.4	4.9	4.3
Unallocated items	0.0	0.5	0.0	0.5
Total	10.0	9.2	25.7	21.8

Financing
Net interest-bearing debt totalled DKK 560 million on 30 June 2015, up DKK 42 million since the beginning of the year and down DKK 35 million on 30 June 2014.

Net interest-bearing debt to EBITDA was 3.0, or 3.5 once adjusted for special items.

Second-quarter net financials totalled DKK 9.5 million in 2015, against DKK 11.2 million in 2014. Besides interest expenses and foreign exchange adjustments, the figure includes amortisation of borrowing costs, payments for an unused committed credit facility and expenses for the pension scheme in the UK.

Equity
H+H's equity increased by DKK 70 million in the first half of 2015. The profit for the period increased equity by DKK 25.7 million, and foreign exchange adjustments of investments in subsidiaries increased equity by DKK 1.4 million. Furthermore, a new issue of shares with a nominal value of DKK 9.8 million increased equity by DKK 42.0 million net.

Equity		
	H1	H1
Amounts in DKK million	2015	2014
1 January	151.7	293.9
Profit for the period	25.7	(22.8)
Foreign exchange adjustments	1.4	(17.0)
Capital increase - net	42.0	0.0
Other adjustments	0.7	0.5
30 June	221.5	254.6

ROIC was 12.6%, or 8.9% once adjusted for special items.

Eliminations and unallocated items
Unallocated net expenses amounted to DKK 9.1 million in the second quarter of 2015, up DKK 3.2 million on the same period in 2014, mainly due to the sale of scrap in the second quarter of 2014.

SEGMENTS

Revenue				
	Q2		H1	
Amounts in DKK million	2015	2014	2015	2014
Western Europe	343.9	281.2	609.3	510.0
Eastern Europe	99.1	80.1	176.6	140.6
Total	443.0	361.3	785.9	650.6

Western Europe
Second-quarter revenue in Western Europe was DKK 343.9 million, an increase of DKK 62.7 million or 22.3% on 2014. Expressed in local currency, revenue was up 14.2% on 2014.

All markets contributed to the growth in revenue and EBITDA in Western Europe in the second quarter.

Second-quarter EBITDA was DKK 53.6 million, against DKK 41.5 million in 2014. The increase was due to higher volumes, better average selling prices and better utilisation of the factories. Favourable exchange rate developments also improved EBITDA.

Second-quarter profit before tax was DKK 34.9 million, against DKK 22.1 million in 2014, an improvement of DKK 12.8 million.

Eastern Europe
Second-quarter revenue in Eastern Europe was DKK 99.1 million, an increase of DKK 19.0 million or 23.7% on 2014, mainly due to the acquisition of Grupa Prefabet. Expressed in local currency and adjusted for the acquisition of Grupa Prefabet, revenue was up 0.5% on last year.

In Russia, the second quarter saw decreases in both sales volumes and revenue. Market conditions seem to be stressed and there is no indication of improvement in the short term.

In Poland, sales volumes and revenue in the second quarter excluding the acquisition were higher than last year. Prices were still at an unsatisfactory level.

The integration of Grupa Prefabet is running to schedule.

The asset sale programme initiated as part of the restructuring plan following the acquisition of Grupa Prefabet resulted in sales of assets with gross proceeds of DKK 25 million from a conditional sale of a plot of land. The conditional transaction is expected to be finalised in Q4 2015.

Net working capital for the combined businesses has been improved by DKK 22 million since the acquisition.

Second-quarter EBITDA was a positive DKK 11.2 million, against DKK 12.6 million in 2014, a decrease of DKK 1.4 million. Unfavourable exchange rate developments had a negative impact on EBITDA.

The second quarter brought a loss before tax of DKK 3.0 million, against a profit of DKK 0.1 million in 2014, a decrease of DKK 3.1 million.

OUTLOOK FOR 2015

H+H updates its outlook for 2015:

- Organic revenue growth is expected to be in the region of 10%, against the previously announced 6-8%.
- EBITDA before special items is expected to be DKK 160-180, against the previously announced DKK 150-170 million.
- EBIT margin is expected to be 4-5%, against the previously announced 3-4%.
- Investments excluding acquisitions and divestments are expected to be DKK 60 million, including DKK 20 million to support the restructuring in Poland.

These expectations for H+H's financial performance in 2015 are based partly on the following specific assumptions:

- Economic growth of around 0-3% in our geographical footprint.
- The operational excellence programme continues and reduces production costs further.
- Exchange rates, primarily for GBP, EUR, PLN and RUB, hold at their mid-August 2015 levels.
- Energy and raw material prices rise only in line with inflation from their mid-August 2015 levels.
- Lower sales volumes and lower margins in Russia due to the uncertainty about the economy and expectations of increasing inflation, but with a profit before tax.
- Market conditions in Poland improve.
- For other markets, the geopolitical situation does not result in changed market conditions.

ABOUT THE OUTLOOK FOR 2015

The expectations for H+H's financial performance are also 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
- Developments in the market for building materials
- Distribution factors
- Weather conditions
- Geopolitical developments

H+H International A/S will 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 Copenhagen.

FINANCIAL CALENDAR FOR 2015

Interim financial report Q1-Q3 2015 ....18 Nov. 2015

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 six months of 2015.

The interim financial report, which has not been audited or reviewed by the company's auditors, has 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 30 June 2015 and of the results of H+H's operations and its cash flows for the period 1 January to 30 June 2015.

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, 19 August 2015

EXECUTIVE BOARD

Michael T Andersen
CEO

BOARD OF DIRECTORS

Kent Arentoft
Chairman

Stewart A Baseley

Pierre-Yves Jullien

Henriette Schütze

Søren Østergaard Sørensen

CONDENSED INCOME STATEMENT

	Group				
	Q2	Q2	H1	H1	Full-year
Amounts in DKK million	2015	2014	2015	2014	2014
Revenue	443.0	361.3	785.9	650.6	1,379.9
Production costs	(332.0)	(268.5)	(603.4)	(503.0)	(1,039.4)
Gross profit	**111.0**	**92.8**	**182.5**	**147.6**	**340.5**
Other external expenses	(53.7)	(44.6)	(104.9)	(92.7)	(198.2)
Other operating income and expenses	(0.6)	0.7	29.1	2.1	(4.9)
Profit/loss before depreciation, amortisation and financial items (EBITDA)	**56.7**	**48.9**	**106.7**	**57.0**	**137.4**
Depreciation	(24.4)	(21.4)	(47.1)	(42.4)	(85.1)
Impairment losses	0.0	0.0	0.0	(1.3)	(7.3)
Operating profit/loss (EBIT)	**32.3**	**27.5**	**59.6**	**13.3**	**45.0**
Net financials	(9.5)	(11.2)	(19.1)	(22.1)	(44.3)
Profit before tax from continuing operations	**22.8**	**16.3**	**40.5**	**(8.8)**	**0.7**
Tax on profit from continuing operations	(6.7)	(5.8)	(12.7)	(8.0)	(7.5)
Profit from continuing operations	**16.1**	**10.5**	**27.8**	**(16.8)**	**(6.8)**
Profit from discontinued operations	(1.7)	(3.6)	(2.1)	(6.0)	(16.3)
Profit for the period	**14.4**	**6.9**	**25.7**	**(22.8)**	**(23.1)**
Earnings per share (EPS-Basic)	1.3	0.7	2.6	(2.3)	(2.4)
Diluted earnings per share (EPS-D)	1.3	0.7	2.6	(2.3)	(2.4)

STATEMENT OF COMPREHENSIVE INCOME

	Group				
	Q2	Q2	H1	H1	Full-year
Amounts in DKK million	2015	2014	2015	2014	2014
Profit for the period	14.4	6.9	25.7	(22.8)	(23.1)
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange adjustments, foreign companies	(8.9)	1.8	1.4	(17.0)	(105.6)
Tax on foreign exchange adjustments, foreign companies	0.0	0.0	0.0	0.0	14.1
	(8.9)	**1.8**	**1.4**	**(17.0)**	**(91.5)**
Items that will not be reclassified subsequently to profit or loss:					
Actuarial losses and gains	0.0	0.0	0.0	0.0	(36.1)
Tax on actuarial losses and gains	0.0	0.0	0.0	0.0	7.5
	0.0	**0.0**	**0.0**	**0.0**	**(28.6)**
Other comprehensive income after tax	**(8.9)**	**1.8**	**1.4**	**(17.0)**	**(120.1)**
Total comprehensive income	**5.5**	**8.7**	**27.1**	**(39.8)**	**(143.2)**

BALANCE SHEET

	Group			
Amounts in DKK million	30 June 2015	31 Dec. 2014	30 June 2014	31 Dec. 2013
ASSETS				
Non-current assets				
Intangible assets	56.6	55.4	63.9	63.2
Property, plant and equipment	884.5	769.1	832.8	882.9
Other non-current assets	39.4	40.2	32.3	16.3
Total non-current assets	**980.5**	**864.7**	**929.0**	**962.4**
Current assets				
Inventories	200.2	180.6	188.0	166.2
Receivables	87.0	61.5	108.9	59.7
Cash and cash equivalents	10.0	72.2	8.0	40.1
	297.2	**314.3**	**304.9**	**266.0**
Assets held for sale	75.2	37.7	42.6	64.5
Total current assets	**372.4**	**352.0**	**347.5**	**330.5**
TOTAL ASSETS	**1,352.9**	**1,216.7**	**1,276.5**	**1,292.9**
EQUITY AND LIABILITIES				
Equity				
Share capital	107.9	98.1	490.5	490.5
Retained earnings/losses	318.5	259.9	(104.1)	(81.8)
Other reserves	(204.9)	(206.3)	(131.8)	(114.8)
Total equity	**221.5**	**151.7**	**254.6**	**293.9**
Liabilities				
Total non-current liabilities	**816.2**	**789.8**	**755.0**	**750.1**
Current liabilities				
Trade payables	146.6	165.0	151.2	119.5
Other current liabilities	160.2	86.3	63.0	79.7
Liabilities relating to assets held for sale	8.4	23.9	52.7	49.7
Total current liabilities	**315.2**	**275.2**	**266.9**	**248.9**
Total liabilities	**1,131.4**	**1,065.0**	**1,021.9**	**999.0**
TOTAL EQUITY AND LIABILITIES	**1,352.9**	**1,216.7**	**1,276.5**	**1,292.9**
Net interest-bearing debt	559.7	517.3	594.9	531.6

CASH FLOW STATEMENT

Amounts in DKK million	Q2 2015	Q2 2014	H1 2015	H1 2014
Operating activities	94.1	47.1	(14.7)	(24.2)
Investing activities	(9.4)	(9.0)	(55.7)	(12.3)
Financing activities	(81.1)	(34.9)	20.5	8.1
Cash flow from discontinued operations	(4.2)	(2.9)	(12.3)	(3.6)
Total cash flow	**(0.6)**	**0.3**	**(62.2)**	**(32.0)**
Cash and cash equivalents, opening	10.6	7.8	72.2	40.1
Foreign exchange adjustments of cash and cash equivalents	0.0	0.0	0.0	0.0
Cash and cash equivalents at 30 June	**10.0**	**8.1**	**10.0**	**8.1**

STATEMENT OF CHANGES IN EQUITY

Amounts in DKK million	Share capital	Translation reserve	Hedging reserve	Retained earnings	Proposed dividend	Total
Equity at 1 January 2015	**98.1**	**(206.3)**	**0.0**	**259.9**	**0.0**	**151.7**
Total changes in equity in 2015						
Profit for the period	0.0	0.0	0.0	25.7	0.0	25.7
Other comprehensive income	0.0	1.4	0.0	0.0	0.0	1.4
Total comprehensive income	**0.0**	**1.4**	**0.0**	**25.7**	**0.0**	**27.1**
Issue of ordinary shares (980,019 shares)	9.8	0.0	0.0	35.3	0.0	45.1
Expenses in connection with share issue	0.0	0.0	0.0	(3.1)	0.0	(3.1)
Share-based payment	0.0	0.0	0.0	0.7	0.0	0.7
Total changes in equity in 2015	**9.8**	**1.4**	**0.0**	**58.6**	**0.0**	**69.8**
Equity at 30 June 2015	**107.9**	**(204.9)**	**0.0**	**318.5**	**0.0**	**221.5**
Equity at 1 January 2014	**490.5**	**(114.8)**	**0.0**	**(81.8)**	**0.0**	**293.9**
Total changes in equity 2014						
Profit for the period	0.0	0.0	0.0	(22.8)	0.0	(22.8)
Other comprehensive income	0.0	(17.0)	0.0	0.0	0.0	(17.0)
Total comprehensive income	**0.0**	**(17.0)**	**0.0**	**(22.8)**	**0.0**	**(39.8)**
Share-based payment	0.0	0.0	0.0	0.5	0.0	0.5
Total changes in equity in 2014	**0.0**	**(17.0)**	**0.0**	**(22.3)**	**0.0**	**(39.3)**
Equity at 30 June 2014	**490.5**	**(131.8)**	**0.0**	**(104.1)**	**0.0**	**254.6**

NOTES

1. Accounting policies

The interim financial report for the period 1 January to 30 June 2015 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 2014 annual report, which includes a full description of the accounting policies applied.

2. Segment information

Amounts in DKK million	H1 2015						
	Western Europe			Eastern Europe			
	Production companies	Sales companies	Western Europe, total	Production companies	Sales companies	Eastern Europe, total	Reportable segments, total
Revenue, external	504.2	105.1	609.3	176.3	0.3	176.6	785.9
Revenue, internal	43.7	0.0	43.7	26.7	0.0	26.7	70.4
EBITDA	79.7	4.0	83.7	43.2	(0.2)	43.0	126.7
Depreciation and amortisation	(27.2)	(0.5)	(27.7)	(18.6)	0.0	(18.6)	(46.3)
EBIT before impairment	52.5	3.5	56.0	24.6	(0.2)	24.4	80.4
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit (loss) (EBIT)	52.5	3.5	56.0	24.6	(0.2)	24.4	80.4
Net financials	(8.8)	(0.3)	(9.1)	(7.7)	(0.6)	(8.3)	(17.4)
Profit (loss) before tax	43.7	3.2	46.9	16.9	(0.8)	16.1	63.0
Non-current assets	488.6	3.9	492.5	498.5	11.2	509.7	1,002.2
Investments in non-current assets	20.2	0.6	20.8	4.9	0.0	4.9	25.7
Investments in subsidiaries	0.0	0.0	0.0	30.4	0.0	30.4	30.4
Assets	650.2	364.9	1,015.1	719.7	11.2	730.9	1,746.0
Equity	491.3	(35.6)	455.7	301.1	(45.9)	255.2	710.9
Liabilities	158.9	400.5	559.4	418.6	57.1	475.7	1,035.1

Amounts in DKK million	H1 2014						
	Western Europe			Eastern Europe			
	Production companies	Sales companies	Western Europe, total	Production companies	Sales companies	Eastern Europe, total	Reportable segments, total
Revenue, external	420.6	89.4	510.0	140.0	0.6	140.6	650.6
Revenue, internal	38.3	0.0	38.3	0.4	0.0	0.4	38.7
EBITDA	57.5	1.7	59.2	10.6	(0.5)	10.1	69.3
Depreciation and amortisation	(25.8)	(0.4)	(26.2)	(15.1)	(0.4)	(15.5)	(41.7)
EBIT before impairment	31.7	1.3	33.0	(4.5)	(0.9)	(5.4)	27.6
Impairment losses	(1.3)	0.0	(1.3)	0.0	0.0	0.0	(1.3)
Operating profit (loss) (EBIT)	30.4	1.3	31.7	(4.5)	(0.9)	(5.4)	26.3
Net financials	(7.1)	(4.9)	(12.0)	(8.3)	(0.9)	(9.2)	(21.2)
Profit (loss) before tax	23.3	(3.6)	19.7	(12.8)	(1.8)	(14.6)	5.1
Non-current assets	476.4	11.7	488.1	455.5	0.6	456.1	944.2
Investments in non-current assets	16.8	0.2	17.0	4.3	0.0	4.3	21.3
Investments in subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assets	658.1	315.6	973.7	561.0	12.4	573.4	1,547.1
Equity	414.5	(22.1)	392.4	180.3	(43.7)	136.6	529.0
Liabilities	243.6	337.7	581.3	380.7	56.1	436.8	1,018.1

Reconciliation of reportable segments' earnings before tax

Amounts in DKK million	H1 2015	H1 2014
Segment profit (loss) before tax for reportable segments	63.0	5.1
Unallocated group costs, corporate functions	(22.5)	(13.9)
Impairment losses, non-reportable segment	0.0	0.0
Total	40.5	(8.8)

Amounts in DKK million	Q2 2015						
	Western Europe			Eastern Europe			
	Production companies	Sales companies	Western Europe, total	Production companies	Sales companies	Eastern Europe, total	Reportable segments, total
Revenue, external	286.0	57.9	343.9	99.0	0.1	99.1	443.0
Revenue, internal	23.9	0.0	23.9	20.3	0.0	20.3	44.2
EBITDA	51.8	1.8	53.6	11.3	(0.1)	11.2	64.8
Depreciation	(13.8)	(0.3)	(14.1)	(9.9)	0.0	(9.9)	(24.0)
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit (EBIT)	38.0	1.5	39.5	1.4	(0.1)	1.3	40.8
Net financials	(4.3)	(0.3)	(4.6)	(3.9)	(0.4)	(4.3)	(8.9)
Profit before tax	33.7	1.2	34.9	(2.5)	(0.5)	(3.0)	31.9
Non-current assets	488.6	3.9	492.5	498.5	11.2	509.7	1,002.2
Investments in non-current assets	7.3	0.4	7.7	2.3	0.0	2.3	10.0
Investments in subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assets	650.2	364.9	1,015.1	719.7	11.2	730.9	1,746.0
Equity	491.3	(35.6)	455.7	301.1	(45.9)	255.2	710.9
Liabilities	158.9	400.5	559.4	418.6	57.1	475.7	1,035.1

Amounts in DKK million	Q2 2014						
	Western Europe			Eastern Europe			
	Production companies	Sales companies	Western Europe, total	Production companies	Sales companies	Eastern Europe, total	Reportable segments, total
Revenue, external	231.5	49.7	281.2	79.9	0.2	80.1	361.3
Revenue, internal	21.3	0.0	21.3	0.4	0.0	0.4	21.7
EBITDA	39.9	1.6	41.5	12.8	(0.2)	12.6	54.1
Depreciation	(13.0)	(0.2)	(13.2)	(7.6)	(0.2)	(7.8)	(21.0)
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit (EBIT)	26.9	1.4	28.3	5.2	(0.4)	4.8	33.1
Net financials	(1.7)	(4.5)	(6.2)	(4.2)	(0.5)	(4.7)	(10.9)
Profit before tax	25.2	(3.1)	22.1	1.0	(0.9)	0.1	22.2
Non-current assets	476.4	11.7	488.1	455.5	0.6	456.1	944.2
Investments in non-current assets	7.2	0.1	7.3	1.4	0.0	1.4	8.7
Investments in subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assets	658.1	315.6	973.7	561.0	12.4	573.4	1,547.1
Equity	414.5	(22.1)	392.4	180.3	(43.7)	136.6	529.0
Liabilities	243.6	337.7	581.3	380.7	56.1	436.8	1,018.1

Reconciliation of reportable segments' earnings before tax

Amounts in DKK million	Q2 2015	Q2 2014
Segment profit before tax for reportable segments	31.9	22.2
Unallocated group costs, corporate functions	(9.1)	(5.9)
Impairment losses, non-reportable segment	0.0	0.0
Total	22.8	16.3

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 2014 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 2014 shows a shortfall of DKK 178.8 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.

6. Financial resources and cash flow

Net interest-bearing debt totalled DKK 560 million on 30 June 2015, up DKK 42 million since the beginning of the year and down DKK 35 million on 30 June 2014.

H+H has a committed loan agreement with Danske Bank A/S corresponding to around DKK 712 million, which is committed until 15 February 2018.

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

H+H aims to sell some of its non-strategic assets in addition to assets from the acquisition of Grupa Prefabet. Various plots of land, perpetual usufruct rights 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 million and result in an expected accounting gain before tax of around DKK 8 million.

The Finnish subsidiary Stone Kivitalot Oy is classified as a discontinued operation and has a few projects still to be completed in 2015. H+H Finland is also classified as a discontinued operation.

Key figures for discontinued operations

Amounts in DKK million	Q2 2015	Q2 2014	H1 2015	H1 2014
Revenue	0.9	3.8	2.4	7.6
Expenses	(2.6)	(7.4)	(4.5)	(13.6)
Profit before tax	**(1.7)**	**(3.6)**	(2.1)	(6.0)
Tax	0.0	0.0	0.0	0.0
Profit for the period	**(1.7)**	**(3.6)**	(2.1)	(6.0)
Profit from discontinued operations	**(1.7)**	**(3.6)**	**(2.1)**	**(6.0)**
Cash flow from operating activities	(4.4)	(2.9)	(14.0)	(3.6)
Cash flow from investing activities	0.2	0.0	1.7	0.0
Cash flow from financing activities	0.0	0.0	0.0	0.0
Total cash flow	**(4.2)**	**(2.9)**	**(12.3)**	**(3.6)**

Assets held for sale	
Intangible assets	31.4
Property, plant and equipment	39.7
Inventories	0.2
Receivables	3.9
Assets held for sale, total	**75.2**
Liabilities relating to assets held for sale	
Trade payables	0.9
Other liabilities	7.5
Liabilities relating to assets held for sale	**8.4**

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, 2012, 2013, 2014 and 2015. These schemes are presented in the consolidated financial statements and annual report for 2014. An amount of DKK 0.5 million was recognised under staff costs in the second quarter of 2015 in respect of the four schemes for 2012-2015, against DKK 0 million in the same period in 2014.

A fifth matching share programme for the Executive Board and other key employees was introduced in the second quarter of 2015. It is largely identical to the previous programmes. The value of the programme at inception in April 2015 is estimated at DKK 2.5 million and will be recognised over the next three years. An amount of DKK 0.2 million was recognised in respect of this scheme in the second quarter of 2015.

9. Acquisition

H+H acquired 100% of the shares in the Polish aircrete company Grupa Prefabet S.A. on 5 February 2015 for a total consideration of PLN 60 million (DKK 108 million) (enterprise value). The purchase price will be paid in accordance with a detailed deferred payment plan.

Grupa Prefabet is one of the largest aircrete manufacturers in Poland, with five production sites and around 325 employees. Poland is the largest aircrete market in Europe but the level of activity has fallen significantly in recent years as a result of the economic slowdown, which has brought considerable excess capacity and a lack of profitability among manufacturers. H+H anticipates that the acquisition of Grupa Prefabet will enable it to take part in the required restructuring of the Polish market, and expects to be able to realise savings through economies of scale.

The fair value of the acquired assets, liabilities and contingent liabilities exceeded the purchase price. The difference, termed badwill, has been calculated at DKK 56.3 million. In accordance with IFRS 3, the badwill has been recognised as income under other operating income.

Due to the tough market situation in Poland, the purchase price of Grupa Prefabet was significantly lower than the fair value of the assets, as utilisation of the acquired assets in combination with the existing H+H assets gives significant synergies that could not have been achieved on a stand-alone basis.

The table below provides a summary of the purchase price for Grupa Prefabet and the preliminary calculation of the fair value of acquired assets and liabilities on the acquisition date.

	Group
	5 February
Amounts in DKK million	**2015**
Other intangible assets	1.6
Property, plant and equipment	111.8
Receivables	10.8
Inventories	20.5
Assets held for sale	30.5
Other current assets	2.1
Acquired assets	**177.3**
Non-current liabilities	2.8
Payables	18.3
Other current liabilities	4.4
Deferred tax	4.7
Assumed liabilities	**30.2**
Total identifiable acquired net assets	147.1
Negative goodwill in connection with the acquisition	(56.3)
Purchase price	**90.8**
Movements in cash flow in connection with the acquisition:	
Purchase price	90.8
Deferred payment	(60.4)
Net cash flow in connection with the acquisition of Grupa Prefabet S.A.	**30.4**

The receivables acquired (which principally comprised trade receivables) with a fair value of DKK 10.8 million had gross contractual amounts of DKK 11.4 million. The best estimate at the acquisition date of the contractual cash flows not expected to be collected is DKK 0.6 million.

The purchase price was PLN 60 million (DKK 108 million) before any adjustments related to net working capital, PLN 37.5 million of which is deferred. The deferred amount falls due in June 2016 and June 2017. Payment of the deferred amount is not subject to any other conditions.

Grupa Ozorow S.A., the seller, has a charge on the acquired assets of Grupa Prefabet S.A.

Included in the profit for the second quarter is a loss of DKK 1.4 million attributable to Grupa Prefabet excluding restructuring costs. Revenue includes DKK 27.1 million in respect of Grupa Prefabet.

Had the acquisition of Grupa Prefabet been effective 1 January 2015, H+H's revenue from continuing operations for the six months to 30 June 2015 would have been DKK 791 million, and the profit from continuing operations would have been DKK 26.6 million. The Executive Board considers these pro-forma numbers to represent an approximate measure of the performance of the combined Group on a six-month basis and to provide a reference point for comparison in future periods. Restructuring costs at Grupa Prefabet are excluded in the figures above.

Acquisition-related costs of DKK 3.4 million have been recognised under other operating costs in the Group's income statement for the first half of 2015. In 2014, acquisition-related costs of DKK 2.7 million were recognised under other operating costs.

For 2015, the Group's EBITDA is expected to be increased by DKK 10 million before restructuring costs and recognition of badwill as included in the outlook.

10. 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.