



**Company Announcement No. 328, 2015**

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**Highlights for the period 1 January to 30 September 2015**

- Third-quarter revenue was DKK 460 million (2014: DKK 405 million). Organic revenue growth was 6% (adjusted for acquisitions and measured in local currency). Revenue for the first three quarters was DKK 1,246 million (2014: DKK 1,055 million). Organic revenue growth for the first three quarters was 9%.
- Third-quarter EBITDA was DKK 62.7 million before special items (2014: DKK 52.2 million). EBITDA for the first three quarters was DKK 141.0 million before special items (2014: DKK 110.1 million).
- EBIT for the third quarter was DKK 37.2 million (2014: DKK 29.9 million). The EBIT margin before special items was 8.2%. EBIT for the first three quarters was DKK 96.8 million (2014: DKK 43.2 million). The EBIT margin before special items for the first three quarters was 5.5%.
- The third quarter brought a net profit of DKK 4.3 million (2014: DKK 7.8 million), and the first three quarters a net profit of DKK 30.0 million (2014: loss of DKK 15.0 million).
- Investments of DKK 14.2 million were made in the third quarter (2014: DKK 5.4 million), and DKK 39.9 million in the first three quarters (2014: DKK 27.2 million).
- The integration of Grupa Prefabet is running to schedule.
- Net interest-bearing debt at 30 September 2015 was DKK 476 million (30 September 2014: DKK 523 million).
- H+H updates its outlook for 2015:
  - Organic revenue growth is expected to be in the region of 10%, as previously announced.
  - EBITDA before special items is expected to be DKK 170-180 million, against the previously announced DKK 160-180 million.
  - EBIT margin is expected to be in the region of 5%, against the previously announced 4-5%.
  - Investments excluding acquisitions and divestments are expected to be DKK 60 million, including DKK 20 million to support the restructuring in Poland, as previously announced.

*Quote:*

*"Our market performance has been positive in all markets except Russia," says Michael T Andersen, CEO. "We are improving the business, and the balance sheet reflects this. We have been able to deliver free cash flow of almost DKK 100 million, and our debt is at its lowest level since 2007."*

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*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

	Q3	Q3	Q1-Q3	Q1-Q3	Full-year
Amounts in DKK million	2015	2014	2015	2014	2014
<b>Income statement</b>					
Revenue	460.0	404.6	1,245.9	1,055.2	1,379.9
Gross profit	111.8	101.7	294.3	249.3	340.5
Operating profit before depreciation, amortisation and financial items before special items (EBITDA before special items)	62.7	52.2	141.0	110.1	140.1
Operating profit before depreciation, amortisation and financial items (EBITDA)	62.3	51.1	169.0	108.1	137.4
Operating profit (EBIT)	37.2	29.9	96.8	43.2	45.0
Net financials	(9.5)	(11.6)	(28.6)	(33.7)	(44.3)
Profit before tax from continuing operations	27.7	18.3	68.2	9.5	0.7
Profit from continuing operations	10.2	11.6	38.0	(5.2)	(6.8)
Profit from discontinued operations	(5.9)	(3.8)	(8.0)	(9.8)	(16.3)
Profit for the period	4.3	7.8	30.0	(15.0)	(23.1)
<b>Balance sheet</b>					
Non-current assets	940.5	933.8	940.5	933.8	864.7
Current assets	297.4	311.2	297.4	311.2	352.0
Share capital	107.9	490.5	107.9	490.5	98.1
Equity	208.7	244.6	208.7	244.6	151.7
Non-current liabilities	724.5	736.7	724.5	736.7	789.8
Current liabilities	304.7	263.7	304.7	263.7	275.2
Total equity and liabilities	1,237.9	1,245.0	1,237.9	1,245.0	1,216.7
Investments in property, plant and equipment	14.2	5.4	39.9	27.2	42.6
Acquisition	0.0	0.0	30.4	0.0	0.0
Interest-bearing debt (net)	476.0	522.8	476.0	522.8	517.3
<b>Cash flow</b>					
Cash flow from operating activities	97.8	80.6	83.1	56.4	92.9
Cash flow from investing activities	(13.4)	(5.2)	(69.1)	(17.5)	(32.6)
Free cash flow	84.4	75.4	14.0	38.9	60.3
Cash flow from discontinued operations	(2.1)	(3.2)	(14.4)	(6.8)	(14.3)
<b>Financial ratios</b>					
Gross margin	24.3%	25.1%	23.6%	23.6%	24.7%
Operating margin (EBIT margin)	8.1%	7.4%	7.8%	4.1%	3.3%
Return on invested capital (ROIC)	14.9%	5.6%	14.9%	5.6%	6.7%
Return on equity	9.7%	(12.2%)	9.7%	(12.2%)	(10.4%)
Solvency ratio	16.9%	19.6%	16.9%	19.6%	12.5%
Net interest-bearing debt/EBITDA	2.4	4.1	2.4	4.1	3.8
<b>Share data</b>					
Share price, end of period (DKK)	56.0	42.5	56.0	42.5	35.3
Book value per share, end of period (DKK)	19.3	25.0	19.3	25.0	15.5
Earnings per share (adjusted)	0.4	0.8	2.9	(1.5)	(2.4)
Diluted earnings per share (adjusted)	0.4	0.8	2.9	(1.5)	(2.4)

## MANAGEMENT'S REVIEW

### Revenue

Revenue for the third quarter was DKK 460 million, against DKK 405 million in 2014, an increase of DKK 55 million or 14%. Organic growth was 6% 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 10.4 million, mainly arising from GBP and partly offset by RUB. Other currencies were virtually unchanged from last year.

### Gross profit

Gross profit for the third quarter was DKK 111.8 million, against DKK 101.7 million in 2014, an increase of DKK 10.1 million. The overall gross margin in the third quarter was 24.3%, against 25.1% in 2014. Average selling prices were up on last year. The decline in the gross margin was mainly a result of an unfavourable geographical sales mix.

### Special items

The third-quarter results include special items of DKK 0.4 million.

### EBITDA

EBITDA in the third quarter was DKK 62.7 million before special items and DKK 62.3 million after special items (2014: DKK 52.2 million before special items and DKK 51.1 million after special items).

The increase in EBITDA was at the same level as the increase in gross profit.

### Operating profit (EBIT)

Operating profit for the third quarter was DKK 37.2 million in 2015, against DKK 29.9 million in 2014, an improvement of DKK 7.3 million.

The EBIT margin was 8.1% for the third quarter and 7.8% for the first three quarters of 2015. Adjusted for special items the EBIT margin for the first three quarters was 5.5%.

### Profit before tax from continuing operations

Third-quarter profit before tax was DKK 27.7 million, against a profit of DKK 18.3 million in 2014, an improvement of DKK 9.4 million.

### Profit before tax from continuing operations

Amounts in DKK million	Q3		Q1-Q3	
	2015	2014	2015	2014
Western Europe	41.1	25.0	88.0	44.7
Eastern Europe	(5.0)	5.9	11.1	(8.7)
Eliminations and unallocated items	(8.4)	(12.6)	(30.9)	(26.5)
<b>Total</b>	<b>27.7</b>	<b>18.3</b>	<b>68.2</b>	<b>9.5</b>

### Taxation

Tax for the third quarter of 2015 was DKK 17.5 million primarily due to impairment of tax asset of DKK 10.0 million, against DKK 6.7 million in 2014.

### Discontinued operations

Discontinued operations generated a loss of DKK 5.9 million before tax in the third quarter of 2015, against a loss of DKK 3.8 million in the same period last year. The loss is primarily related to an impairment of the closed factory in Ikaalinen, Finland.

### Cash flow

Cash flow from operating activities in the third quarter was a positive DKK 97.8 million, an increase of DKK 17.2 million on last year, due to a combination of higher operating profit and lower net working capital.

Third-quarter free cash flow was a positive DKK 84.4 million, against a positive DKK 75.4 million in the same period of 2014.

### Investments

Investments of DKK 14.2 million were made during the third quarter. In the third quarter of 2014 investments totalled DKK 5.4 million.

### Investments

Amounts in DKK million	Q3		Q1-Q3	
	2015	2014	2015	2014
Western Europe	9.7	3.9	30.5	20.9
Eastern Europe	4.5	1.4	9.4	5.7
Unallocated items	0.0	0.1	0.0	0.6
<b>Total</b>	<b>14.2</b>	<b>5.4</b>	<b>39.9</b>	<b>27.2</b>

### Financing

Net interest-bearing debt totalled DKK 476 million on 30 September 2015, down DKK 41 million since the beginning of the year and down DKK 47 million on 30 September 2014.

Net interest-bearing debt to EBITDA was 2.4, or 2.8 adjusted for special items.

Third-quarter net financials totalled DKK 9.5 million in 2015, against DKK 11.6 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 57 million in the first three quarters of 2015. The profit for the period increased equity by DKK 30.0 million, while foreign exchange adjustments of investments in subsidiaries decreased equity by DKK 16.1 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	Q1-Q3	Q1-Q3
Amounts in DKK million	2015	2014
1 January	151.7	293.9
Profit for the period	30.0	(15.0)
Foreign exchange adjustments	(16.1)	(35.0)
Capital increase - net	42.0	0.0
Other adjustments	0.7	0.7
30 September	208.3	244.6

ROIC was 14.9%, or 10.8% adjusted for special items.

### Eliminations and unallocated items

Unallocated net expenses amounted to DKK 8.4 million in the third quarter of 2015, down DKK 4.2 million on the same period in 2014.

## SEGMENTS

Revenue	Q3		Q1-Q3	
Amounts in DKK million	2015	2014	2015	2014
Western Europe	357.0	302.5	966.3	812.5
Eastern Europe	103.0	102.1	279.6	242.7
Total	460.0	404.6	1,245.9	1,055.2

### Western Europe

Third-quarter revenue in Western Europe was DKK 357.0 million, an increase of DKK 54.5 million or 18% on 2014. Expressed in local currency, revenue was up 11% on 2014.

All markets contributed to the growth in revenue in Western Europe in the third quarter. The UK market made a particularly strong contribution.

Third-quarter EBITDA was DKK 57.9 million, against DKK 43.8 million in 2014. The increase was due to higher volumes and better average selling prices, but partly offset by higher production costs in the UK. Favourable exchange rate developments also improved EBITDA.

Third-quarter profit before tax was DKK 41.1 million, against DKK 25.0 million in 2014, an improvement of DKK 16.1 million.

### Eastern Europe

Third-quarter revenue in Eastern Europe was DKK 103.0 million, an increase of DKK 0.9 million or 1% on 2014. Revenue grew in Poland, mainly due to the acquisition of Grupa Prefabet, but there was a decline in revenue in Russia. Expressed in local currency and adjusted for the acquisition of Grupa Prefabet, revenue in Eastern Europe was down 5% on last year for the Eastern Europe segment.

After a strong start to the year, activity in Russia has decreased significantly, and there are no signs of improvement.

In Poland, sales volumes and revenue in the third 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 and we have started to see lower production costs due to the anticipated synergies.

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.

Third-quarter EBITDA was a positive DKK 11.8 million, against DKK 18.6 million in 2014, a decrease of DKK 6.8 million. The market conditions in Russia and an unfavourable exchange rate for RUB had a negative impact on EBITDA.

The third quarter brought a loss before tax of DKK 5.0 million, against a profit of DKK 5.9 million in 2014, a decrease of DKK 10.9 million.

## OUTLOOK FOR 2015

H+H updates its outlook for 2015:

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

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-November 2015 levels.
- Energy and raw material prices rise only in line with inflation from their mid-November 2015 levels.
- Lower sales volumes and lower margins in Russia due to the uncertainty about the economy and expectations of increasing inflation.
- 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 2016

2015 Annual Report ..... 17 Mar. 2016

Annual general meeting including adoption of the annual report for 2015\* .... 14 Apr. 2016

Interim financial report Q1 2016 ..... 19 May 2016

Interim financial report H1 2016 ..... 18 Aug. 2016

Interim financial report Q1-Q3 2016 ..... 18 Nov. 2016

\*Items for the agenda must be submitted at least six weeks before the meeting (i.e. before 3 March 2016).

## DISCLAIMER

This interim financial report contains forward-looking statements.

Such statements are subject to risks and uncertainties, as various factors, many of which are beyond the control of H+H International A/S, may cause actual developments and results to differ materially from the expectations expressed in this report.

## 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 nine 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 September 2015 and of the results of H+H's operations and its cash flows for the period 1 January to 30 September 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, 18 November 2015

## EXECUTIVE BOARD

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**Michael T Andersen**  
CEO

## BOARD OF DIRECTORS

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**Kent Arentoft**  
Chairman

**Stewart A Baseley**

**Pierre-Yves Jullien**

**Henriette Schütze**

**Søren Østergaard Sørensen**

## CONDENSED INCOME STATEMENT

	Group				
	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full-year 2014
Amounts in DKK million					
Revenue	460.0	404.6	1,245.9	1,055.2	1,379.9
Production costs	(348.2)	(302.9)	(951.6)	(805.9)	(1,039.4)
<b>Gross profit</b>	<b>111.8</b>	<b>101.7</b>	<b>294.3</b>	<b>249.3</b>	<b>340.5</b>
Other external expenses	(49.1)	(49.2)	(154.0)	(141.9)	(198.2)
Other operating income and expenses	(0.4)	(1.4)	28.7	0.7	(4.9)
<b>Profit/loss before depreciation, amortisation and financial items (EBITDA)</b>	<b>62.3</b>	<b>51.1</b>	<b>169.0</b>	<b>108.1</b>	<b>137.4</b>
Depreciation	(22.9)	(21.2)	(70.0)	(63.6)	(85.1)
Impairment losses	(2.2)	0.0	(2.2)	(1.3)	(7.3)
<b>Operating profit/loss (EBIT)</b>	<b>37.2</b>	<b>29.9</b>	<b>96.8</b>	<b>43.2</b>	<b>45.0</b>
Net financials	(9.5)	(11.6)	(28.6)	(33.7)	(44.3)
<b>Profit before tax from continuing operations</b>	<b>27.7</b>	<b>18.3</b>	<b>68.2</b>	<b>9.5</b>	<b>0.7</b>
Tax on profit from continuing operations	(17.5)	(6.7)	(30.2)	(14.7)	(7.5)
<b>Profit from continuing operations</b>	<b>10.2</b>	<b>11.6</b>	<b>38.0</b>	<b>(5.2)</b>	<b>(6.8)</b>
Profit from discontinued operations	(5.9)	(3.8)	(8.0)	(9.8)	(16.3)
<b>Profit for the period</b>	<b>4.3</b>	<b>7.8</b>	<b>30.0</b>	<b>(15.0)</b>	<b>(23.1)</b>
Earnings per share (EPS-Basic)	0.4	0.8	2.9	(1.5)	(2.4)
Diluted earnings per share (EPS-D)	0.4	0.8	2.9	(1.5)	(2.4)

## STATEMENT OF COMPREHENSIVE INCOME

	Group				
	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full-year 2014
Amounts in DKK million					
Profit for the period	4.3	7.8	30.0	(15.0)	(23.1)
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Foreign exchange adjustments, foreign companies	(17.5)	(18.0)	(16.1)	(35.0)	(105.6)
Tax on foreign exchange adjustments, foreign companies	0.0	0.0	0.0	0.0	14.1
	<b>(17.5)</b>	<b>(18.0)</b>	<b>(16.1)</b>	<b>(35.0)</b>	<b>(91.5)</b>
<b>Items that will not be reclassified subsequently to profit or loss:</b>					
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
	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(28.6)</b>
<b>Other comprehensive income after tax</b>	<b>(17.5)</b>	<b>(18.0)</b>	<b>(16.1)</b>	<b>(35.0)</b>	<b>(120.1)</b>
<b>Total comprehensive income</b>	<b>(13.2)</b>	<b>(10.2)</b>	<b>13.9</b>	<b>(50.0)</b>	<b>(143.2)</b>

## BALANCE SHEET

	Group			
	30 Sep. 2015	31 Dec. 2014	30 Sep. 2014	31 Dec. 2013
Amounts in DKK million				
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	56.0	55.4	62.9	63.2
Property, plant and equipment	846.5	769.1	837.7	882.9
Other non-current assets	38.0	40.2	33.2	16.3
<b>Total non-current assets</b>	<b>940.5</b>	<b>864.7</b>	<b>933.8</b>	<b>962.4</b>
<b>Current assets</b>				
Inventories	161.8	180.6	173.8	166.2
Receivables	66.8	61.5	87.3	59.7
Cash and cash equivalents	5.2	72.2	9.0	40.1
	<b>233.8</b>	<b>314.3</b>	<b>270.1</b>	<b>266.0</b>
Assets held for sale	63.6	37.7	41.1	64.5
<b>Total current assets</b>	<b>297.4</b>	<b>352.0</b>	<b>311.2</b>	<b>330.5</b>
<b>TOTAL ASSETS</b>	<b>1,237.9</b>	<b>1,216.7</b>	<b>1,245.0</b>	<b>1,292.9</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	107.9	98.1	490.5	490.5
Retained earnings/losses	323.2	259.9	(96.1)	(81.8)
Other reserves	(222.4)	(206.3)	(149.8)	(114.8)
<b>Total equity</b>	<b>208.7</b>	<b>151.7</b>	<b>244.6</b>	<b>293.9</b>
<b>Liabilities</b>				
<b>Total non-current liabilities</b>	<b>724.5</b>	<b>789.8</b>	<b>736.7</b>	<b>750.1</b>
<b>Current liabilities</b>				
Trade payables	139.7	165.0	132.5	119.5
Other current liabilities	159.6	86.3	100.2	79.7
Liabilities relating to assets held for sale	5.4	23.9	31.0	49.7
<b>Total current liabilities</b>	<b>304.7</b>	<b>275.2</b>	<b>263.7</b>	<b>248.9</b>
<b>Total liabilities</b>	<b>1,029.2</b>	<b>1,065.0</b>	<b>1,000.4</b>	<b>999.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,237.9</b>	<b>1,216.7</b>	<b>1,245.0</b>	<b>1,292.9</b>
Net interest-bearing debt	476.0	517.3	522.8	531.6



## CASH FLOW STATEMENT

	Q3	Q3	Q1-Q3	Q1-Q3
Amounts in DKK million	2015	2014	2015	2014
Operating activities	97.8	80.6	83.1	56.4
Investing activities	(13.4)	(5.2)	(69.1)	(17.5)
Financing activities	(87.0)	(71.3)	(66.5)	(63.2)
Cash flow from discontinued operations	(2.1)	(3.2)	(14.4)	(6.8)
<b>Total cash flow</b>	<b>(4.7)</b>	<b>0.9</b>	<b>(66.9)</b>	<b>(31.1)</b>
Cash and cash equivalents, opening	10.0	8.1	72.2	40.1
Foreign exchange adjustments of cash and cash equivalents	0.0	0.0	0.0	0.0
<b>Cash and cash equivalents at 30 September</b>	<b>5.3</b>	<b>9.0</b>	<b>5.3</b>	<b>9.0</b>

## STATEMENT OF CHANGES IN EQUITY

Amounts in DKK million	Share capital	Translation reserve	Hedging reserve	Retained earnings	Proposed dividend	Total
<b>Equity at 1 January 2015</b>	<b>98.1</b>	<b>(206.3)</b>	<b>0.0</b>	<b>259.9</b>	<b>0.0</b>	<b>151.7</b>
<b>Total changes in equity in 2015</b>						
Profit for the period	0.0	0.0	0.0	30.0	0.0	30.0
Other comprehensive income	0.0	(16.1)	0.0	0.0	0.0	(16.1)
<b>Total comprehensive income</b>	<b>0.0</b>	<b>(16.1)</b>	<b>0.0</b>	<b>30.0</b>	<b>0.0</b>	<b>13.9</b>
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	1.1	0.0	1.1
<b>Total changes in equity in 2015</b>	<b>9.8</b>	<b>(16.1)</b>	<b>0.0</b>	<b>63.3</b>	<b>0.0</b>	<b>57.0</b>
<b>Equity at 30 September 2015</b>	<b>107.9</b>	<b>(222.4)</b>	<b>0.0</b>	<b>323.2</b>	<b>0.0</b>	<b>208.7</b>
<b>Equity at 1 January 2014</b>	<b>490.5</b>	<b>(114.8)</b>	<b>0.0</b>	<b>(81.8)</b>	<b>0.0</b>	<b>293.9</b>
<b>Total changes in equity 2014</b>						
Profit for the period	0.0	0.0	0.0	(15.0)	0.0	(15.0)
Other comprehensive income	0.0	(35.0)	0.0	0.0	0.0	(35.0)
<b>Total comprehensive income</b>	<b>0.0</b>	<b>(35.0)</b>	<b>0.0</b>	<b>(15.0)</b>	<b>0.0</b>	<b>(50.0)</b>
Share-based payment	0.0	0.0	0.0	0.7	0.0	0.7
<b>Total changes in equity in 2014</b>	<b>0.0</b>	<b>(35.0)</b>	<b>0.0</b>	<b>(14.3)</b>	<b>0.0</b>	<b>(49.3)</b>
<b>Equity at 30 September 2014</b>	<b>490.5</b>	<b>(149.8)</b>	<b>0.0</b>	<b>(96.1)</b>	<b>0.0</b>	<b>244.6</b>

## NOTES

### 1. Accounting policies

The interim financial report for the period 1 January to 30 September 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		Q1-Q3 2015					
	Western Europe			Eastern Europe			
	Production companies	Sales companies	Western Europe, total	Production companies	Sales companies	Eastern Europe, total	Reportable segments, total
Revenue, external	809.0	157.3	966.3	278.7	0.9	279.6	1,245.9
Revenue, internal	68.1	0.0	68.1	47.4	0.0	47.4	115.5
EBITDA	134.5	7.1	141.6	55.1	(0.3)	54.8	196.4
Depreciation and amortisation	(39.5)	(0.7)	(40.2)	(28.6)	0.0	(28.6)	(68.8)
EBIT before impairment	95.0	6.4	101.4	26.5	(0.3)	26.2	127.6
Impairment losses	0.0	0.0	0.0	(2.2)	0.0	(2.2)	(2.2)
Operating profit (loss) (EBIT)	95.0	6.4	101.4	24.3	(0.3)	24.0	125.4
Net financials	(12.8)	(0.6)	(13.4)	(11.8)	(1.1)	(12.9)	(26.3)
Profit (loss) before tax	82.2	5.8	88.0	12.5	(1.4)	11.1	99.1
Non-current assets	478.1	3.7	481.8	428.8	8.1	436.9	918.7
Investments in non-current assets	29.8	0.7	30.5	9.4	0.0	9.4	39.9
Investments in subsidiaries	0.0	0.0	0.0	30.4	0.0	30.4	30.4
Assets	595.3	353.8	949.1	679.4	8.2	687.6	1,636.7
Equity	507.6	(35.7)	471.9	277.3	(49.8)	227.5	699.4
Liabilities	87.7	389.5	477.2	402.1	58.0	460.1	937.3

Amounts in DKK million		Q1-Q3 2014					
	Western Europe			Eastern Europe			
	Production companies	Sales companies	Western Europe, total	Production companies	Sales companies	Eastern Europe, total	Reportable segments, total
Revenue, external	675.6	136.9	812.5	241.7	1.0	242.7	1,055.2
Revenue, internal	60.0	0.0	60.0	3.3	0.0	3.3	63.3
EBITDA	99.1	3.9	103.0	29.3	(0.6)	28.7	131.7
Depreciation and amortisation	(38.8)	(0.6)	(39.4)	(22.6)	(0.5)	(23.1)	(62.5)
EBIT before impairment	60.3	3.3	63.6	6.7	(1.1)	5.6	69.2
Impairment losses	(1.3)	0.0	(1.3)	0.0	0.0	0.0	(1.3)
Operating profit (loss) (EBIT)	59.0	3.3	62.3	6.7	(1.1)	5.6	67.9
Net financials	(16.5)	(1.1)	(17.6)	(13.1)	(1.2)	(14.3)	(31.9)
Profit (loss) before tax	42.5	2.2	44.7	(6.4)	(2.3)	(8.7)	36.0
Non-current assets	472.5	3.0	475.5	432.3	0.8	433.1	908.6
Investments in non-current assets	20.6	0.3	20.9	5.7	0.0	5.7	26.6
Investments in subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assets	623.1	332.8	955.9	522.6	12.1	534.7	1,490.6
Equity	441.5	(25.4)	416.1	170.1	(44.8)	125.3	541.4
Liabilities	181.6	358.2	539.8	352.5	56.9	409.4	949.2

### Reconciliation of reportable segments' earnings before tax

	Q1-Q3	Q1-Q3
Amounts in DKK million	2015	2014
Segment profit (loss) before tax for reportable segments	99.1	36.0
Unallocated group costs, corporate functions	(30.9)	(26.5)
Impairment losses, non-reportable segment	0.0	0.0
Total	68.2	9.5

Amounts in DKK million		Q3 2015					
	Western Europe			Eastern Europe			
	Production companies	Sales companies	Western Europe, total	Production companies	Sales companies	Eastern Europe, total	Reportable segments, total
Revenue, external	304.8	52.2	357.0	102.4	0.6	103.0	460.0
Revenue, internal	24.4	0.0	24.4	20.7	0.0	20.7	45.1
EBITDA	54.8	3.1	57.9	11.9	(0.1)	11.8	69.7
Depreciation	(12.3)	(0.2)	(12.5)	(10.0)	0.0	(10.0)	(22.5)
Impairment losses	0.0	0.0	0.0	(2.2)	0.0	(2.2)	(2.2)
Operating profit (EBIT)	42.5	2.9	45.4	(0.3)	(0.1)	(0.4)	45.0
Net financials	(4.0)	(0.3)	(4.3)	(4.1)	(0.5)	(4.6)	(8.9)
Profit before tax	38.5	2.6	41.1	(4.4)	(0.6)	(5.0)	36.1
Non-current assets	478.1	3.7	481.8	428.8	8.1	436.9	918.7
Investments in non-current assets	9.6	0.1	9.7	4.5	0.0	4.5	14.2
Investments in subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assets	595.3	353.8	949.1	679.4	8.2	687.6	1,636.7
Equity	507.6	(35.7)	471.9	277.3	(49.8)	227.5	699.4
Liabilities	87.7	389.5	477.2	402.1	58.0	460.1	937.3

Amounts in DKK million		Q3 2014					
	Western Europe			Eastern Europe			
	Production companies	Sales companies	Western Europe, total	Production companies	Sales companies	Eastern Europe, total	Reportable segments, total
Revenue, external	255.0	47.5	302.5	101.7	0.4	102.1	404.6
Revenue, internal	21.7	0.0	21.7	2.9	0.0	2.9	24.6
EBITDA	41.6	2.2	43.8	18.7	(0.1)	18.6	62.4
Depreciation	(13.0)	(0.2)	(13.2)	(7.5)	(0.1)	(7.6)	(20.8)
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit (EBIT)	28.6	2.0	30.6	11.2	(0.2)	11.0	41.6
Net financials	(5.4)	(0.2)	(5.6)	(4.8)	(0.3)	(5.1)	(10.7)
Profit before tax	23.2	1.8	25.0	6.4	(0.5)	5.9	30.9
Non-current assets	472.5	3.0	475.5	432.3	0.8	433.1	908.6
Investments in non-current assets	3.8	0.1	3.9	1.4	0.0	1.4	5.3
Investments in subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assets	623.1	332.8	955.9	522.6	12.1	534.7	1,490.6
Equity	441.5	(25.4)	416.1	170.1	(44.8)	125.3	541.4
Liabilities	181.6	358.2	539.8	352.5	56.9	409.4	949.2

### Reconciliation of reportable segments' earnings before tax

	Q3	Q3
Amounts in DKK million	2015	2014
Segment profit before tax for reportable segments	36.1	30.9
Unallocated group costs, corporate functions	(8.4)	(12.6)
Impairment losses, non-reportable segment	0.0	0.0
Total	27.7	18.3

### 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 476 million on 30 September 2015, down DKK 41 million since the beginning of the year and down DKK 47 million on 30 September 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 70 million and result in an expected accounting gain before tax of around DKK 12 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.

The assets related to the closed factory in Ikaalinen, Finland have been impaired by DKK 5 million. Furthermore the plot of land and buildings in the Czech Republic have been impaired by DKK 2 million.

### Key figures for discontinued operations

Amounts in DKK million	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014
Revenue	0.2	4.5	2.6	12.1
Expenses	(6.1)	(8.3)	(10.6)	(21.9)
<b>Profit before tax</b>	<b>(5.9)</b>	<b>(3.8)</b>	<b>(8.0)</b>	<b>(9.8)</b>
Tax	0.0	0.0	0.0	0.0
<b>Profit for the period</b>	<b>(5.9)</b>	<b>(3.8)</b>	<b>(8.0)</b>	<b>(9.8)</b>
<b>Profit from discontinued operations</b>	<b>(5.9)</b>	<b>(3.8)</b>	<b>(8.0)</b>	<b>(9.8)</b>
Cash flow from operating activities	(2.3)	(3.2)	(16.3)	(6.8)
Cash flow from investing activities	0.2	0.0	1.9	0.0
Cash flow from financing activities	0.0	0.0	0.0	0.0
<b>Total cash flow</b>	<b>(2.1)</b>	<b>(3.2)</b>	<b>(14.4)</b>	<b>(6.8)</b>
<b>Assets held for sale</b>				
Intangible assets	30.2			
Property, plant and equipment	30.3			
Inventories	0.1			
Receivables	3.0			
<b>Assets held for sale, total</b>	<b>63.6</b>			
<b>Liabilities relating to assets held for sale</b>				
Trade payables	0.3			
Other liabilities	5.1			
<b>Liabilities relating to assets held for sale</b>	<b>5.4</b>			

## 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. The programmes for 2011-2014 are presented in the consolidated financial statements and annual report for 2014. An amount of DKK 0.4 million was recognised under staff costs in the third quarter of 2015 in respect of the four programmes for 2012-2015, against DKK 0.2 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 programme in the third 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 goodwill, has been calculated at DKK 56.3 million. In accordance with IFRS 3, the goodwill 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.

	<b>Group</b>
	<b>5 February</b>
<b>Amounts in DKK million</b>	<b>2015</b>
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
<b>Acquired assets</b>	<b>177.3</b>
Non-current liabilities	2.8
Payables	18.3
Other current liabilities	4.4
Deferred tax	4.7
<b>Assumed liabilities</b>	<b>30.2</b>
Total identifiable acquired net assets	147.1
Negative goodwill in connection with the acquisition	(56.3)
<b>Purchase price</b>	<b>90.8</b>
Movements in cash flow in connection with the acquisition:	
Purchase price	90.8
Deferred payment	(60.4)
<b>Net cash flow in connection with the acquisition of Grupa Prefabet S.A.</b>	<b>30.4</b>

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 third quarter is a profit of DKK 1.1 million attributable to Grupa Prefabet excluding restructuring costs. Revenue includes DKK 22.3 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 nine months to 30 September 2015 would have been DKK 1,251 million, and the profit from continuing operations would have been DKK 40.9 million. The Executive Board considers these pro-forma numbers to represent an approximate measure of the performance of the combined Group on a nine-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 nine months 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 goodwill 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.