



Company Announcement No. 341, 2016

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Date:
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Highlights for the period 1 January to 30 June 2016

- Second-quarter revenue increased by 10% measured in local currencies (organic growth) and by 3% in Danish kroner to DKK 457.5 million. First-half revenue increased by 11% in local currencies (organic growth) and by 5% in Danish kroner to DKK 825.4 million.
- Second-quarter EBITDA was DKK 65.9 million before special items (2015: DKK 59.2 million). First-half EBITDA was DKK 102.5 million before special items (2015: DKK 78.3 million).
- Second-quarter EBIT was DKK 44.0 million before special items (2015: DKK 34.8 million). First-half EBITDA was DKK 59.9 million before special items (2015: DKK 31.2 million). Before special items the EBIT margin for the second quarter was 10% (2015: 8%) and first-half EBIT margin was 7% (2015: 4%).
- The second quarter brought a net profit of DKK 29.0 million (2015: DKK 14.4 million) and the first half year a net profit of DKK 30.1 million (2015: 25.7 million).
- Investments of DKK 4.6 million were made in the second quarter (2015: DKK 10.0 million) and DKK 15.2 million in the first half of the year (2015: DKK 25.7 million).
- Free cash flow for the second quarter was DKK 65.9 million (2015: DKK 84.7 million). Free cash flow for the first half year was DKK 24.6 million (2015: DKK (70.4) million).
- Net interest-bearing debt at 30 June 2016 was DKK 432 million (30 June 2015: DKK 560 million).
- H+H updates its outlook for 2016: Organic revenue growth is expected to be 5-6% (measured in local currency), against the previously announced 3-4%. EBITDA before special items is expected to be DKK 190-210 million, as previously announced. Investments excluding acquisitions and divestments are expected to be in the region of DKK 80 million, as previously announced.

Quote:

"We are satisfied with the strong earnings improvement and that we are able to maintain our full year earnings guidance despite the negative impact from the GBP", says Michael T Andersen, CEO. "The improvements arise from more volume, better prices and cost containment. Furthermore, our restructuring in the Polish market has proven to be successful. The referendum in the UK to leave the EU leads to uncertainty for the UK housing market, but the fundamental drivers remain strong."

For further information, please contact:

Michael T Andersen, CEO, or Bjarne Pedersen, Vice President, Business Development & IR, on telephone +45 35 27 02 00.

Key figures – H+H Group

Amounts in DKK million	Q2 2016	Q2 2015	H1 2016	H1 2015	Full-year 2015
Income statement					
Revenue	457.5	443.0	825.4	785.9	1,621.0
Gross profit	118.3	111.0	205.2	182.5	410.2
Operating profit before depreciation, amortisation and financial items before special items (EBITDA before special items)	65.9	59.2	102.5	78.3	182.3
Operating profit before depreciation, amortisation and financial items (EBITDA)	64.5	56.7	99.8	106.7	232.4
Operating profit before special items (EBIT before special items)	44.0	34.8	59.9	31.2	80.3
Operating profit (EBIT)	42.6	32.3	57.2	59.6	130.4
Net financing costs	(5.2)	(9.5)	(10.7)	(19.1)	(36.9)
Profit before tax from continuing operations	37.4	22.8	46.5	40.5	93.5
Profit from continuing operations	29.7	16.1	31.5	27.8	58.4
Profit/loss from discontinued operations	(0.7)	(1.7)	(1.4)	(2.1)	(19.1)
Profit for the period	29.0	14.4	30.1	25.7	39.3
Balance sheet					
Non-current assets	864.6	980.5	864.6	980.5	908.0
Current assets	261.0	372.4	261.0	372.4	337.9
Share capital	107.9	107.9	107.9	107.9	107.9
Equity	281.8	221.5	281.8	221.5	255.0
Non-current liabilities	547.9	816.2	547.9	816.2	651.2
Current liabilities	295.9	315.2	295.9	315.2	339.7
Total equity and liabilities	1,125.6	1,352.9	1,125.6	1,352.9	1,245.9
Investments in property, plant and equipment	4.6	10.0	15.2	25.7	60.7
Acquisition	0.0	0.0	0.0	30.4	0.0
Interest-bearing debt (net)	432.4	559.7	432.4	559.7	445.1
Cash flow					
Cash flow from operating activities	59.7	94.1	24.5	(14.7)	112.1
Cash flow from investing activities	6.2	(9.4)	0.1	(55.7)	(53.9)
Free cash flow	65.9	84.7	24.6	(70.4)	58.2
Cash flow from discontinued operations	(4.2)	(4.2)	(6.6)	(12.3)	(12.1)
Financial ratios					
Gross margin	25.9%	25.1%	24.9%	23.2%	25.3%
Operating margin (EBIT margin)	9.3%	7.3%	6.9%	7.6%	8.0%
Return on invested capital (ROIC)	15.8%	10.2%	15.8%	10.2%	16.7%
Return on equity	17.7%	10.7%	17.7%	10.7%	19.3%
Solvency ratio	25.0%	16.4%	25.0%	16.4%	20.5%
Net interest-bearing debt/EBITDA	1.9	3.0	1.9	3.0	1.9
Share data					
Share price, end of period (DKK)	67.5	58.0	67.5	58.0	86.5
Book value per share, end of period (DKK)	26.2	20.5	26.2	20.5	24.1
Earnings per share (adjusted)	2.7	1.3	2.8	2.6	3.7
Diluted earnings per share (adjusted)	2.7	1.3	2.8	2.6	3.7

MANAGEMENT'S REVIEW

Revenue

Second-quarter revenue increased by 10% in local currencies and by 3% in Danish kroner to DKK 457.5 million. First-half revenue increased by 11% in local currencies and by 5% in Danish kroner to DKK 825.4 million. The increase in sales compared to the same period last year was driven mostly by volume growth, but also, to a lesser extent, by higher prices.

Gross profit

The overall gross margin in the second quarter was 25.9%, against 25.1% in 2015. The increase was driven by a combination of higher prices, higher sales and production volumes leading to lower production cost per unit, offset in part by an increase in raw material costs and adverse exchange rates from both GBP and PLN.

Special items

The second-quarter results include negative special items of DKK 1.4 million (2015: a negative DKK 2.5 million).

EBITDA

EBITDA in the second quarter was DKK 65.9 million before special items and DKK 64.5 million after special items (2015: DKK 59.2 million before special items and DKK 56.7 million after special items).

The increase in EBITDA was mainly due to the continued improvement in the Western European segment.

Operating profit (EBIT)

Operating profit for the second quarter was DKK 42.6 million in 2016, against DKK 32.3 million in 2015, an improvement of DKK 10.3 million.

Operating profit before special items for the second quarter was DKK 44.0 million in 2016, against DKK 34.8 million in 2015, an improvement of DKK 9.2 million.

Profit before tax from continuing operations

Second-quarter profit before tax was DKK 37.4 million, against DKK 22.8 million in 2015, an improvement of DKK 14.6 million.

Profit before tax from continuing operations

Amounts in DKK million	Q2		H1	
	2016	2015	2016	2015
Western Europe	51.5	34.9	77.4	46.9
Eastern Europe	(3.6)	(3.0)	(17.9)	16.1
Eliminations and unallocated items	(10.5)	(9.1)	(13.0)	(22.5)
Total	37.4	22.8	46.5	40.5

H1 profit in 2015 was impacted positively from the acquisition of Grupa Prefabet, contributing DKK 36 million in the Eastern Europe segment.

Taxation

Tax for the second quarter of 2016 was DKK 7.7 million, against DKK 6.7 million in 2015. The higher tax expenses are due to higher income in the UK.

Discontinued operations

Discontinued operations generated a loss of DKK 0.7 million in the second quarter of 2016, against a loss of DKK 1.7 million in the same period last year.

Cash flow

Second-quarter free cash flow was a positive DKK 65.9 million, against a positive DKK 84.7 million in the same period of 2015.

Cash flow from operating activities in the second quarter was a positive DKK 59.7 million, due primarily to lower working capital.

The asset sales programme contributed DKK 16.9 million in the second quarter, totalling DKK 58.5 million since the programme was launched in 2015 and is on target to reach the announced minimum of DKK 70 million before the end of 2017.

Investments

Investments of DKK 4.6 million were made during the second quarter. In the second quarter of 2015, investments totalled DKK 10.0 million.

Amounts in DKK million	Q2		H1	
	2016	2015	2016	2015
Western Europe	3.3	7.7	9.8	20.8
Eastern Europe	1.3	2.3	5.4	4.9
Unallocated items	0.0	0.0	0.0	0.0
Total	4.6	10.0	15.2	25.7

The investment programme is running to schedule.

Financing

Net interest-bearing debt totalled DKK 432 million at 30 June 2016, down DKK 13 million since the beginning of the year and down DKK 127 million on 30 June 2015.

Net working capital to sales decreased from 7.4% at 30 June 2015 to 3.3% at 30 June 2016 as expected, mainly driven by lower inventories and higher sales.

Second-quarter net financials totalled DKK (5.2) million in 2016, against DKK (9.5) million in 2015. 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 26.8 million in the first half of 2016. The profit for the period increased equity by DKK 30.1 million, and foreign exchange adjustments of investments in subsidiaries increased equity by DKK 3.4 million. Other adjustments consist of the acquisition of treasury shares and cash payments made in lieu of shares earned under the 2013 matching share programme.

Equity	H1	
	2016	2015
1 January	255.0	151.7
Profit for the period	30.1	25.7
Foreign exchange adjustments	3.4	1.4
Capital increase - net	0.0	42.0
Other adjustments	(6.7)	0.7
30 June	281.8	221.5

Eliminations and unallocated items

Unallocated net expenses amounted to DKK 10.4 million in the second quarter of 2016, up DKK 1.3 million on the same period in 2015.

SEGMENTS

Revenue	Q2		H1	
	2016	2015	2016	2015
Western Europe	361.9	343.9	654.4	609.3
Eastern Europe	95.7	99.1	171.0	176.6
Total	457.6	443.0	825.4	785.9

Western Europe

Second-quarter revenue in Western Europe was DKK 361.9 million, an increase of DKK 18 million or 5.2% on

2015. Excluding the impact of exchange rates, revenue was up 11% on 2015.

Revenue growth in the second quarter in Western Europe was driven primarily by higher revenue in the UK, where mainly volume, but also price, were higher than last year.

Revenue in the second quarter also increased in the Nordic region, Germany and the Benelux countries.

Second-quarter EBITDA was DKK 65.4 million, against DKK 53.6 million in 2015. The increase was due to higher sales prices and volumes, partly offset by a less favourable GBP exchange rate and higher raw material costs due to increasing PFA (pulverised fuel ash) costs.

Second-quarter profit before tax was DKK 51.5 million, against DKK 34.9 million in 2015, an improvement of DKK 16.6 million.

Eastern Europe

Second-quarter revenue in Eastern Europe was DKK 95.7 million against DKK 99.1 million in 2015, a decrease of DKK 3.4 million or 3.4% on 2015. Excluding the impact of exchange rates, revenue was up 6% on last year.

In Russia, the market conditions appear to have stabilised but the outlook remains uncertain. Both prices and sales volumes are lower than last year.

In Poland, sales volumes in the second quarter were higher than last year. Price increases implemented in the second quarter were accepted by the market.

Second-quarter EBITDA was DKK 9.4 million, against DKK 11.2 million in 2015, a decrease of DKK 1.8 million. A strong performance in Poland was offset by the deterioration in Russia compared to last year. The deterioration in Russia was partly influenced by a planned production stop to replace a mill.

The second quarter brought a loss before tax of DKK 3.6 million, against a DKK 3.0 million loss in 2015, a decrease of DKK 0.6 million.

OUTLOOK FOR 2016

H+H updates its outlook:

- Organic revenue growth is expected to be 5-6% (measured in local currencies), against the previously announced 3-4%.
- EBITDA before special items is expected to be DKK 190-210 million, as previously announced.
- Investments excluding acquisitions and divestments are expected to be in the region of DKK 80 million, as previously announced.

These expectations for H+H's financial performance in 2016 are based partly on the following specific assumptions:

- Economic growth of around a negative 2% to a positive 3.5% in our geographical footprint.
- The commercial and operational excellence programmes continue to deliver improvements.
- Exchange rates, primarily for GBP, EUR, PLN and RUB, hold at their mid-August 2016 levels.
- Energy and raw material prices rise higher than inflation from their mid-August 2016 levels.
- The geopolitical situation does not result in changed market conditions.

ABOUT THE OUTLOOK FOR 2016

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 in many of H+H's geographical markets
- 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

Interim financial report Q1-Q3 2016 18 Nov. 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 six months of 2016.

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 2016 and of the results of H+H's operations and its cash flows for the period 1 January to 30 June 2016.

Furthermore, 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 August 2016

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 2016	Q2 2015	H1 2016	H1 2015	Full-year 2015
Amounts in DKK million					
Revenue	457.5	443.0	825.4	785.9	1,621.0
Production costs	(339.2)	(332.0)	(620.2)	(603.4)	(1,210.8)
Gross profit	118.3	111.0	205.2	182.5	410.2
Other external expenses	(53.5)	(53.7)	(105.7)	(104.9)	(231.9)
Other operating income and expenses	(0.3)	(0.6)	0.3	29.1	54.1
Profit/loss before depreciation, amortisation and financial items (EBITDA)	64.5	56.7	99.8	106.7	232.4
Depreciation	(21.9)	(24.4)	(42.6)	(47.1)	(93.3)
Impairment losses	0.0	0.0	0.0	0.0	(8.7)
Operating profit/loss (EBIT)	42.6	32.3	57.2	59.6	130.4
Net financials	(5.2)	(9.5)	(10.7)	(19.1)	(36.9)
Profit before tax from continuing operations	37.4	22.8	46.5	40.5	93.5
Tax on profit from continuing operations	(7.7)	(6.7)	(15.0)	(12.7)	(35.1)
Profit from continuing operations	29.7	16.1	31.5	27.8	58.4
Profit from discontinued operations	(0.7)	(1.7)	(1.4)	(2.1)	(19.1)
Profit for the period	29.0	14.4	30.1	25.7	39.3
Earnings per share (EPS-Basic)	2.7	1.3	2.8	2.6	3.7
Diluted earnings per share (EPS-D)	2.7	1.3	2.8	2.6	3.7

STATEMENT OF COMPREHENSIVE INCOME

	Group				
	Q2 2016	Q2 2015	H1 2016	H1 2015	Full-year 2015
Amounts in DKK million					
Profit for the period	29.0	14.4	30.1	25.7	39.3
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange adjustments, foreign companies	(0.5)	(8.9)	3.4	1.4	(45.9)
Tax on foreign exchange adjustments, foreign companies	0.0	0.0	0.0	0.0	8.1
	(0.5)	(8.9)	3.4	1.4	(37.8)
Items that will not be reclassified subsequently to profit or loss:					
Actuarial losses and gains	0.0	0.0	0.0	0.0	73.4
Tax on actuarial losses and gains	0.0	0.0	0.0	0.0	(13.2)
	0.0	0.0	0.0	0.0	60.2
Other comprehensive income after tax	(0.5)	(8.9)	3.4	1.4	22.4
Total comprehensive income	28.5	5.5	33.5	27.1	61.7

BALANCE SHEET

	Group			
	30 June 2016	31 Dec. 2015	30 June 2015	31 Dec. 2014
Amounts in DKK million				
ASSETS				
Non-current assets				
Intangible assets	53.2	54.6	56.6	55.4
Property, plant and equipment	795.0	842.0	884.5	769.1
Other non-current assets	16.4	11.4	39.4	40.2
Total non-current assets	864.6	908.0	980.5	864.7
Current assets				
Inventories	135.3	172.9	200.2	180.6
Receivables	106.2	89.1	87.0	61.5
Cash and cash equivalents	8.9	51.5	10.0	72.2
	250.4	313.5	297.2	314.3
Assets held for sale	10.6	24.4	75.2	37.7
Total current assets	261.0	337.9	372.4	352.0
TOTAL ASSETS	1,125.6	1,245.9	1,352.9	1,216.7
EQUITY AND LIABILITIES				
Equity				
Share capital	107.9	107.9	107.9	98.1
Retained earnings/losses	414.6	391.2	318.5	259.9
Other reserves	(240.7)	(244.1)	(204.9)	(206.3)
Total equity	281.8	255.0	221.5	151.7
Liabilities				
Total non-current liabilities	547.9	651.2	816.2	789.8
Current liabilities				
Trade payables	140.0	187.2	146.6	165.0
Other current liabilities	155.9	152.5	160.2	86.3
Liabilities relating to assets held for sale	0.0	0.0	8.4	23.9
Total current liabilities	295.9	339.7	315.2	275.2
Total liabilities	843.8	990.9	1,131.4	1,065.0
TOTAL EQUITY AND LIABILITIES	1,125.6	1,245.9	1,352.9	1,216.7
Net interest-bearing debt	432.4	445.1	559.7	517.3

CASH FLOW STATEMENT

Amounts in DKK million	Q2	Q2	H1	H1
	2016	2015	2016	2015
Operating activities	59.7	94.1	24.5	(14.7)
Investing activities	6.2	(9.4)	0.1	(55.7)
Financing activities	(59.0)	(81.1)	(60.5)	20.5
Cash flow from discontinued operations	(4.2)	(4.2)	(6.6)	(12.3)
Total cash flow	2.6	(0.6)	(42.6)	(62.2)
Cash and cash equivalents, opening	6.3	10.6	51.5	72.2
Foreign exchange adjustments of cash and cash equivalents	0.0	0.0	0.0	0.0
Cash and cash equivalents at 30 June	8.9	10.0	8.9	10.0

STATEMENT OF CHANGES IN EQUITY

Amounts in DKK million	Share capital	Translation reserve	Hedging reserve	Retained earnings	Proposed dividend	Total
Equity at 1 January 2016	107.9	(244.1)	0.0	391.2	0.0	255.0
Total changes in equity in 2016						
Profit for the period	0.0	0.0	0.0	30.1	0.0	30.1
Other comprehensive income	0.0	3.4	0.0	0.0	0.0	3.4
Total comprehensive income	0.0	3.4	0.0	30.1	0.0	33.5
Share-based payment	0.0	0.0	0.0	(1.2)	0.0	(1.2)
Investments in treasury shares	0.0	0.0	0.0	(5.5)	0.0	(5.5)
Total changes in equity in 2016	0.0	3.4	0.0	23.4	0.0	26.8
Equity at 30 June 2016	107.9	(240.7)	0.0	414.6	0.0	281.8
Equity at 1 January 2015	98.1	(206.3)	0.0	259.9	0.0	151.7
Total changes in equity 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

NOTES

1. Accounting policies

The interim financial report for the period 1 January to 30 June 2016 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 2015 annual report, which includes a full description of the accounting policies applied.

2. Segment information

Amounts in DKK million		H1 2016					
	Western Europe			Eastern Europe			
	Production companies	Sales companies	Western Europe, total	Production companies	Sales companies	Eastern Europe, total	Reportable segments, total
Revenue, external	544.2	110.2	654.4	170.7	0.3	171.0	825.4
Revenue, internal	45.2	0.0	45.2	6.0	0.0	6.0	51.2
EBITDA	97.5	8.0	105.5	8.3	(0.7)	7.6	113.1
Depreciation and amortisation	(23.6)	(0.4)	(24.0)	(17.4)	(0.3)	(17.7)	(41.7)
EBIT before impairment	73.9	7.6	81.5	(9.1)	(1.0)	(10.1)	71.4
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit (loss) (EBIT)	73.9	7.6	81.5	(9.1)	(1.0)	(10.1)	71.4
Net financials	3.1	(7.2)	(4.1)	(6.8)	(1.0)	(7.8)	(11.9)
Profit (loss) before tax	77.0	0.4	77.4	(15.9)	(2.0)	(17.9)	59.5
Non-current assets	412.4	2.4	414.8	442.5	0.5	443.0	857.8
Investments in non-current assets	9.5	0.3	9.8	5.4	0.0	5.4	15.2
Investments in subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assets	552.6	53.5	606.1	528.1	0.9	529.0	1,135.1
Equity	559.6	(6.2)	553.4	158.2	(52.6)	105.6	659.0
Liabilities	(7.0)	59.7	52.7	369.9	53.5	423.4	476.1
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
						H1	H1
Amounts in DKK million						2016	2015
Segment profit (loss) before tax for reportable segments						59.5	63.0
Unallocated group costs, corporate functions						(13.0)	(22.5)
Impairment losses, non-reportable segment						0.0	0.0
Total						46.5	40.5

Amounts in DKK million	Q2 2016						
	Western Europe			Eastern Europe			Reportable segments, total
	Production companies	Sales companies	Western Europe, total	Production companies	Sales companies	Eastern Europe, total	
Revenue, external	300.1	61.7	361.8	95.6	0.1	95.7	457.5
Revenue, internal	24.4	0.0	24.4	4.4	0.0	4.4	28.8
EBITDA	59.9	5.5	65.4	10.0	(0.6)	9.4	74.8
Depreciation	(11.9)	(0.2)	(12.1)	(9.0)	(0.3)	(9.3)	(21.4)
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit (EBIT)	48.0	5.3	53.3	1.0	(0.9)	0.1	53.4
Net financials	5.4	(7.2)	(1.8)	(3.0)	(0.7)	(3.7)	(5.5)
Profit before tax	53.4	(1.9)	51.5	(2.0)	(1.6)	(3.6)	47.9
Non-current assets	412.4	2.4	414.8	442.5	0.5	443.0	857.8
Investments in non-current assets	3.1	0.2	3.3	1.3	0.0	1.3	4.6
Investments in subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assets	552.6	53.5	606.1	528.1	0.9	529.0	1,135.1
Equity	559.6	(6.2)	553.4	158.2	(52.6)	105.6	659.0
Liabilities	(7.0)	59.7	52.7	369.9	53.5	423.4	476.1

Amounts in DKK million	Q2 2015						
	Western Europe			Eastern Europe			Reportable segments, total
	Production companies	Sales companies	Western Europe, total	Production companies	Sales companies	Eastern Europe, 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

Reconciliation of reportable segments' earnings before tax

Amounts in DKK million	Q2	Q2
	2016	2015
Segment profit before tax for reportable segments	47.9	31.9
Unallocated group costs, corporate functions	(10.4)	(9.1)
Impairment losses, non-reportable segment	0.0	0.0
Total	37.5	22.8

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 2015 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 2015 shows a shortfall of DKK 102.1 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 432 million at 30 June 2016, down DKK 13 million since the beginning of the year and down DKK 127 million on 30 June 2015.

H+H has a committed loan agreement with Danske Bank A/S corresponding to around DKK 687 million, which is committed until 15 February 2018. The commitment will be reduced by DKK 25 million on 31 December 2016, 30 June 2017 and 31 December 2017 respectively.

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 and 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 11 million and result in an expected accounting gain before tax of around DKK 0 million.

The Finnish subsidiary Stone Kivitalot Oy is classified as a discontinued operation. All projects have been delivered to customers, and the operating loss from the activities of Stone Kivitalot OY relates only to the resolution of the uncertainties arising from and directly connected to claims handling on completed projects. H+H Finland is also classified as a discontinued operation.

Key figures for discontinued operations

	Q2 2016	Q2 2015	H1 2016	H1 2015
Amounts in DKK million				
Revenue	0.0	0.9	0.0	2.4
Expenses	(0.7)	(2.6)	(1.4)	(4.5)
Profit before tax	(0.7)	(1.7)	(1.4)	(2.1)
Tax	0.0	0.0	0.0	0.0
Profit for the period	(0.7)	(1.7)	(1.4)	(2.1)
Profit from discontinued operations	(0.7)	(1.7)	(1.4)	(2.1)
Cash flow from operating activities	(4.2)	(4.4)	(6.6)	(14.0)
Cash flow from investing activities	(0.2)	0.2	0.0	1.7
Cash flow from financing activities	0.0	0.0	0.0	0.0
Total cash flow	(4.4)	(4.2)	(6.6)	(12.3)
Assets held for sale				
Intangible assets	0.0			
Property, plant and equipment	10.6			
Inventories	0.0			
Receivables	0.0			
Assets held for sale, total	10.6			
Liabilities relating to assets held for sale				
Trade payables	0.0			
Other liabilities	0.0			
Liabilities relating to assets held for sale	0.0			

8. Share-based payment

Matching share programmes for the Executive Board and other key employees were implemented in 2012, 2013, 2014 and 2015. These schemes are presented in the consolidated financial statements and annual report for 2015. An amount of DKK 0.2 million was recognised under staff costs in the second quarter of 2016 in respect of the four schemes for 2012-2015, against DKK 0.5 million in the same period in 2015. Further, cash payments have been made totalling DKK 1.5 million for shares earned under the 2013 matching share programme partly offset by the release of accruals for two leavers of the scheme.

A new matching share programme for the Executive Board and other key employees was implemented in the second quarter of 2016. It is similar to the previous programmes.

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.