



Investor presentation Q4 2015 / Annual report 2015

17 March 2016

H+H

Introduction

Forward-looking statement

The statements on the future in this presentation, including expected sales and earnings, are associated with risks and uncertainties and may be affected by factors influencing the activities of the Group, e.g. the global economic environment, including interest and exchange rate developments, the raw material situation, production and distribution related issues, breach of contract or unexpected termination of contract, price reductions due to market driven price reductions, launches of competitive products and other unforeseen factors.

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Agenda

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

Highlights

Organic growth

- 8% in the quarter
- 9% year-to-date

EBITDA*

- DKK 41 million in the quarter
- DKK 182 million year-to-date

Grupa Prefabet integration

- Integration running to schedule
- Sale of assets DKK 37 million year-to-date

Long-term financial targets*

- EBIT margin 5.0% (target min. 6%)
- ROIC 10.3% (target min. 10%)
- Gearing 2.4x EBITDA (target 2-3x)

New long-term financial targets*

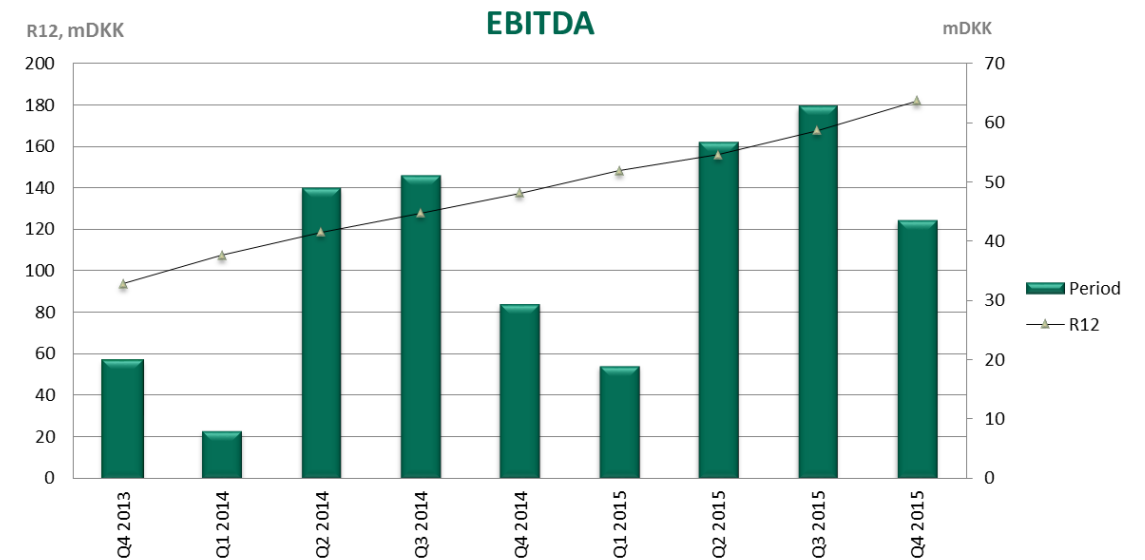
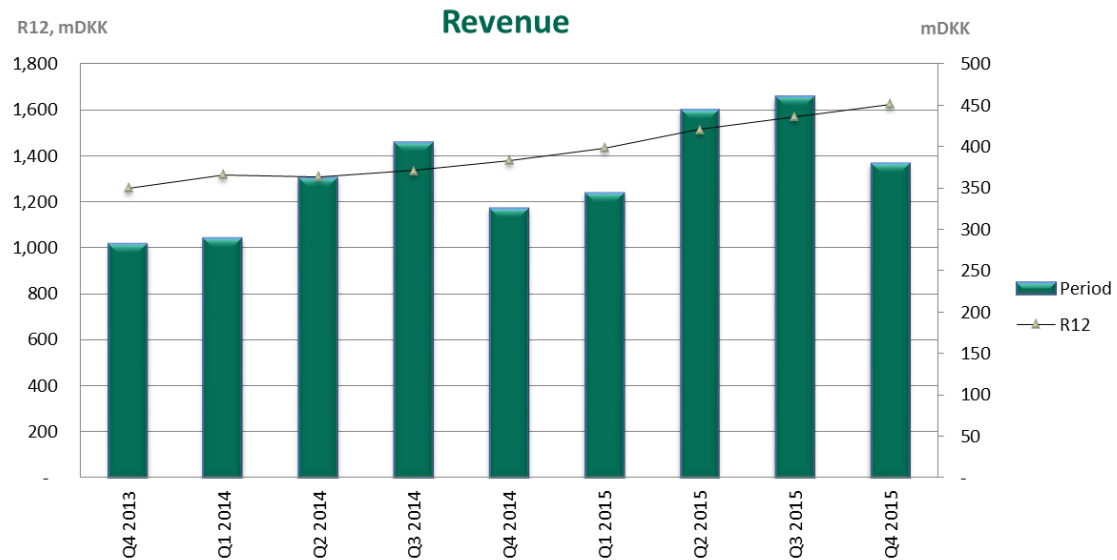
- EBIT margin 6-8%
- ROIC min. 12%

Outlook 2016

- Organic growth of around 3-4%
- EBITDA of DKK 190-210 million
- Investments of around DKK 80 million

* Before special items

Financial performance



- 9 quarters of consecutive growth in both revenue and EBITDA on a R12 basis.
- Turnaround phase completed, we are now in the phase of normalising the business.

Financial performance

DKK million <i>(before special items)</i>		Q4			Year-to-date		
		2015	2014	Variance	2015	2014	Variance
Revenue	Actual	375	325	16%	1,621	1,380	17%
	Organic	349	325	8%	1,498	1,380	9%
Gross margin		31%	28%	3%	25%	25%	0%
EBITDA	Before special items	42	30	12	182	140	42
	After special items	63	29	34	232	137	95
EBIT margin		3%	1%	2%	5%	3%	2%
Return on invested capital					10%	5%	5%
Investments		21	15	6	61	43	18
Free cash flow		44	21	23	58	60	(2)
Net interest-bearing debt	DKK million				445	517	(72)
	Debt gearing				2.4x	3.7x	



Outlook 2016 and long-term financial targets

DKK million <i>(before special items)</i>	Outlook	Long-term financial targets	
		New	Previous
Organic growth	3-4%		
EBITDA	190-210		
Investments	~ 80		
EBIT margin		6-8%	Min. 6%
Return on invested capital		Min. 12%	Min. 10%
Debt gearing		2-3x EBITDA	



Specific assumptions for outlook for 2016



- Economic growth of around a negative 2% to a positive 3,5% in our geographical footprint



- The commercial and operational excellence programmes continue to deliver improvements



- Exchange rates, primarily for GBP, EUR, PLN and RUB, hold at their mid-March 2016 levels



- Energy and raw material prices rise only in line with inflation from their mid-March 2016 levels



- The geopolitical situation does not result in changed market conditions

Balance sheet items

CAPEX

- DKK 21 million in the quarter
- DKK 61 million year-to-date

Free cash flow

- DKK 44 million in the quarter
- DKK 58 million year-to-date

Credit facility

- Committed facility in Danske Bank until 2018

Asset sales

- Programme with targeted sales of DKK 70 million in 2015-2017
- DKK 37 million realised in 2015

Gearing

- 2.4x EBITDA before special items
- 1.9x EBITDA after special items

Solvency

- Equity at DKK 255 million
- 20.5% solvency ratio

Western European segment

DKK million		Q4			Year-to-date		
		2015	2014	Variance	2015	2014	Variance
Revenue	Actual	306	260	18%	1,272	1,073	19%
	Organic	285	260	10%	1,191	1,073	11%
EBITDA	Before special items	28	20	8	173	123	50
	After special items	28	20	8	169	123	46
Investments		12	14	(2)	43	35	8

- Positive price development mainly driven by the UK both in the quarter and full-year.
- Full-year volumes up in all markets except Benelux. In the quarter the UK had lower sales volume than last year.
- Positive FX impact.
- Close to full capacity in the UK whereas mainland Europe had significant over-capacity in Germany and the Netherlands.
- Production unit costs slightly up, and the increase is less than the price increase.
- Investments in line with expectations.



Eastern European segment

DKK million		Q4			Year-to-date		
		2015	2014	Variance	2015	2014	Variance
Revenue	Actual	71	64	11%	351	307	14%
	Organic	64	64	0%	308	307	0%
EBITDA	Before special items	0	(6)	6	19	23	(4)
	After special items	17	(6)	23	72	23	49
Investments		9	2	7	18	8	10



- Negative price development in Russia offset by increase in Poland.
- Volumes satisfactory under the given circumstances.
- Negative FX impact.
- Grupa Prefabet integration running to schedule.
- Low capacity utilisation.
- Production costs increased overall, but lower unit costs due to higher volumes.
- Asset sales programme generated gross proceeds of DKK 37 million.
- Special items mainly from negative goodwill, restructuring costs and asset sales.

H+H is the market leader in the UK

- To ensure our market position, it has been decided to upgrade one of our factories.
- The upgrade will make it the most advanced aircrete facility in the UK.

	Housing Starts and Completions				000s	Est.	Forecasts		
	2011	2012	2013	2014			2015	2016	2017
Private Housing									
Starts	103.2	96.5	115.5	129.2		140	148	158	162
Completions	100.5	103.8	102.3	110.4		125	140	150	155

Source: Experian, UK construction forecast, Winter 2015/2016 – Volume 22 – Issue 1


- Going forward we expect the investment level to be closer to our depreciation level.

Q & A

Appendices

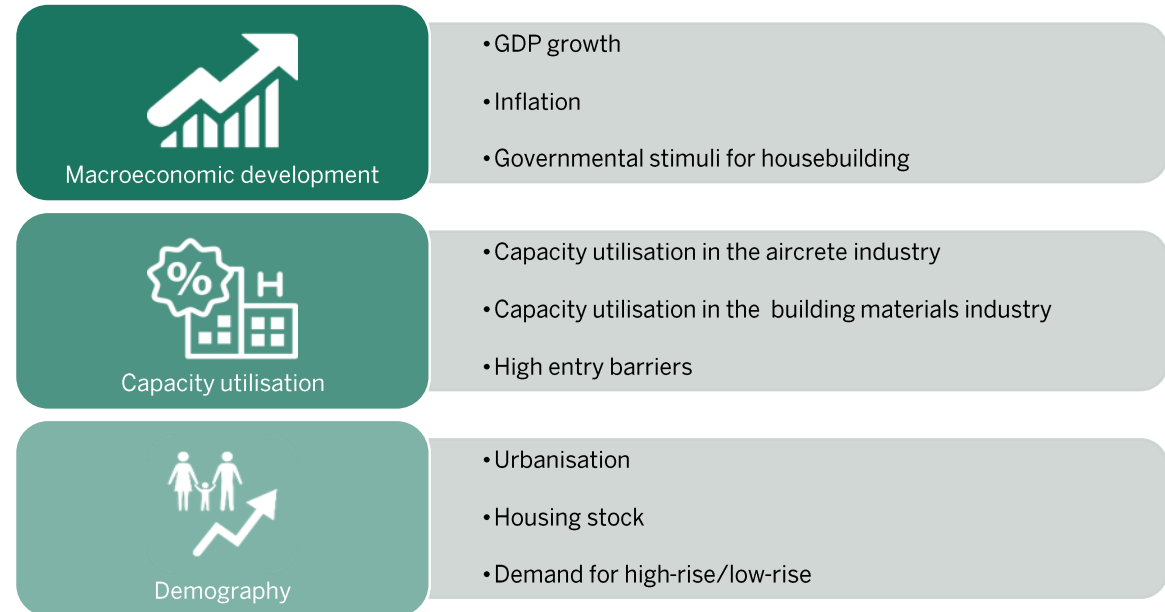
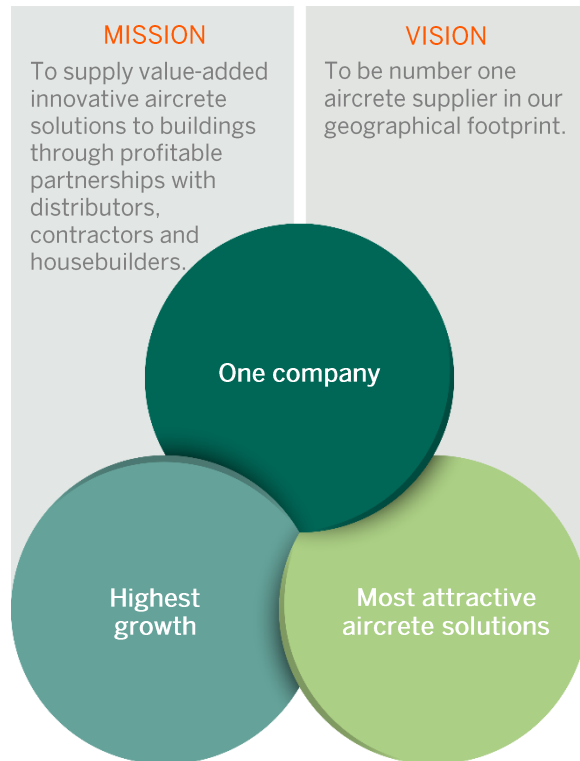
Geographical footprint

 Production facility

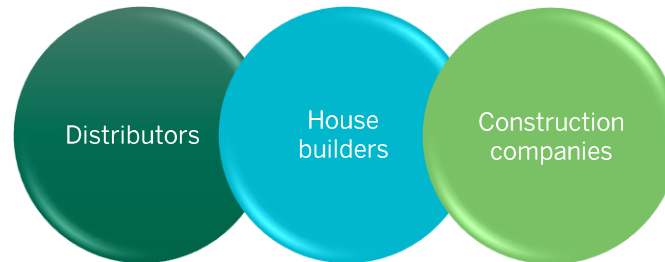
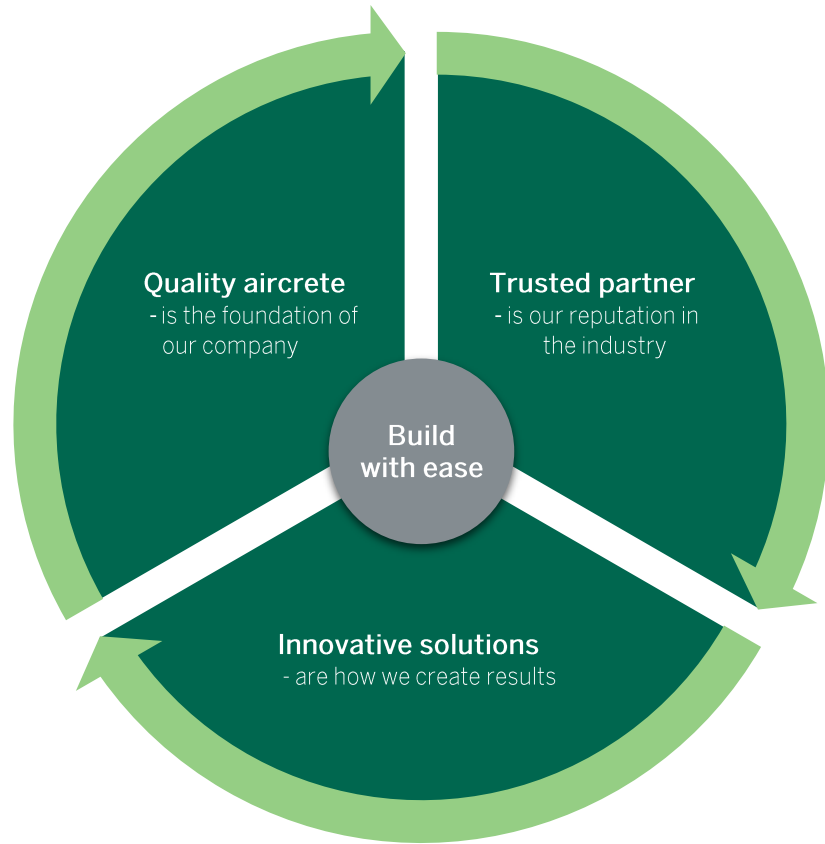
 Sales and administration



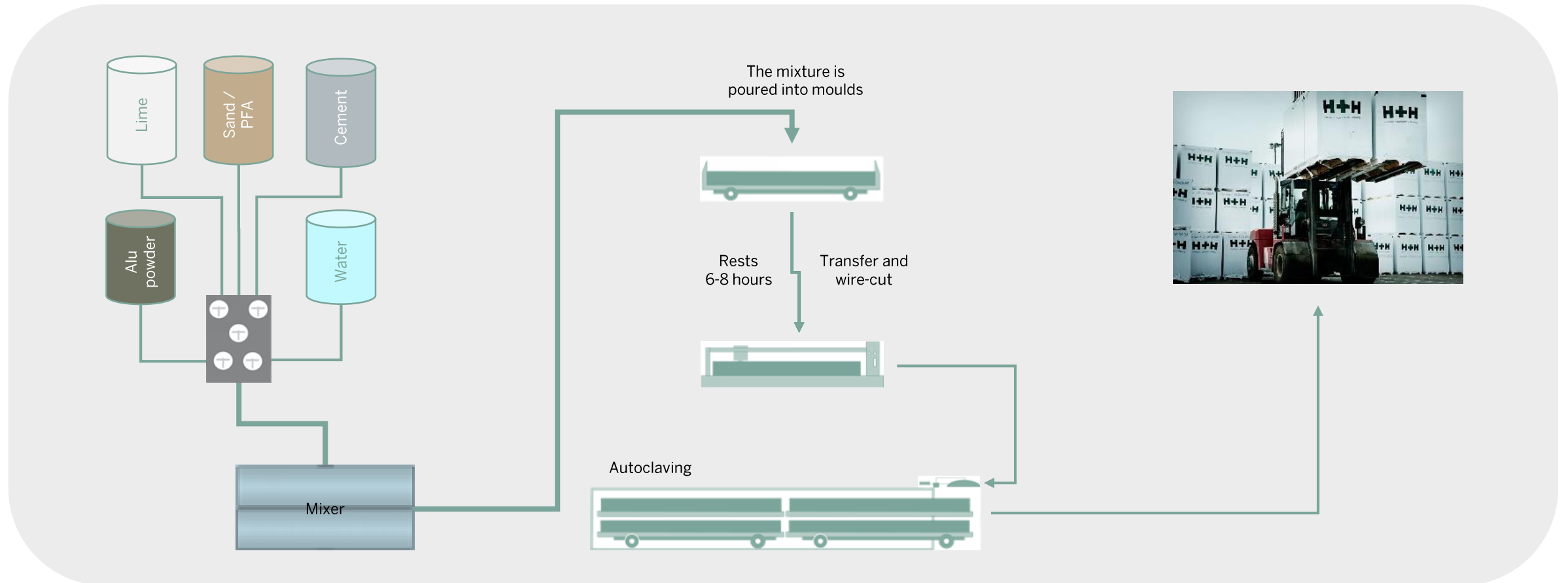
Strategy and external growth drivers



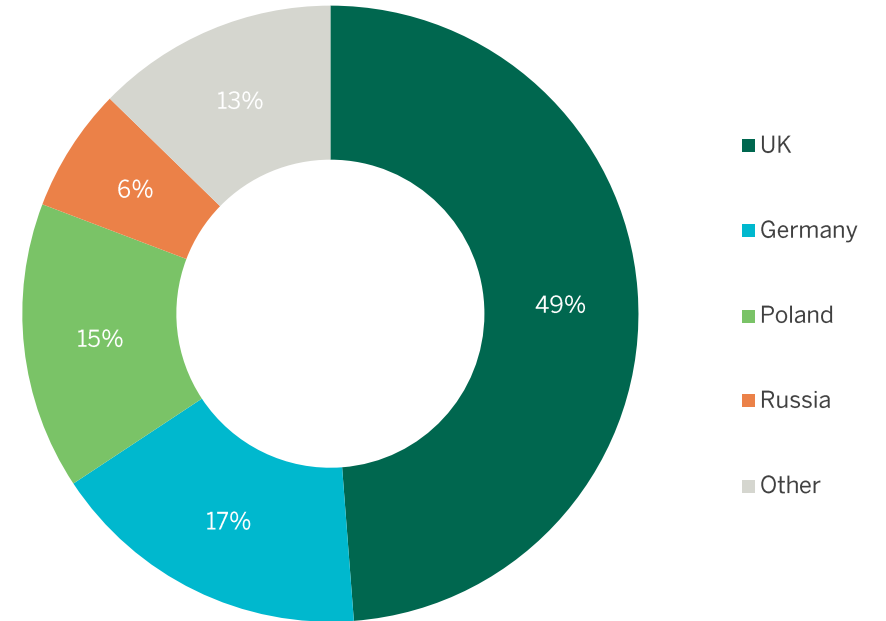
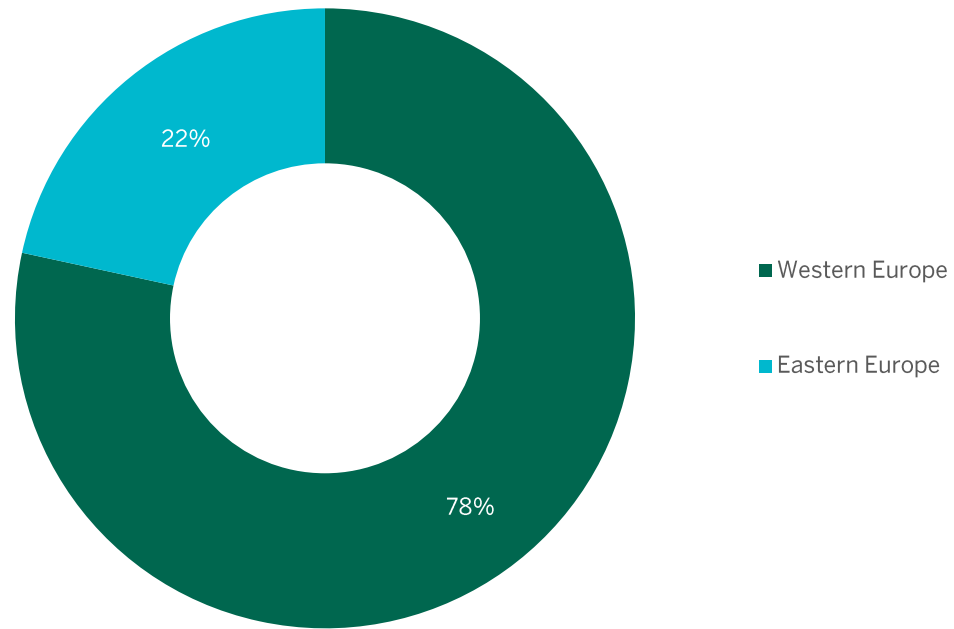
Commercial approach



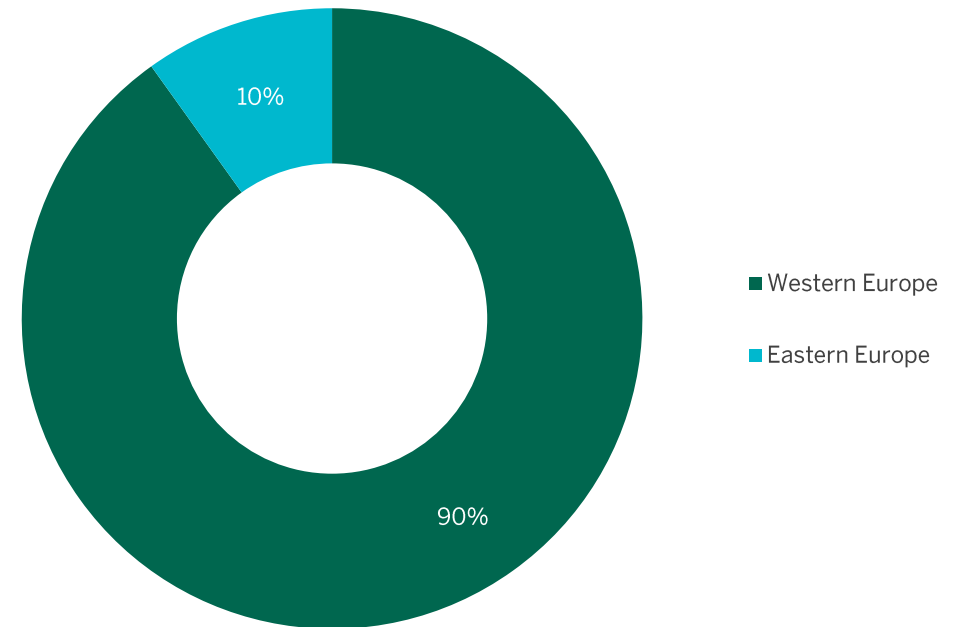
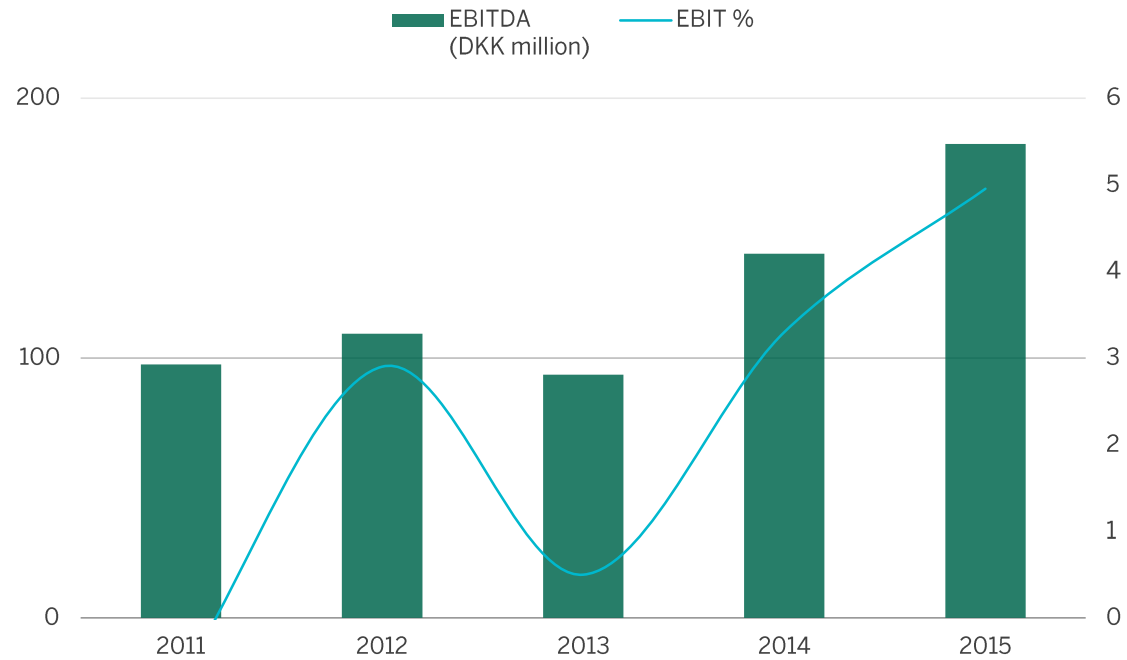
Manufacturing process



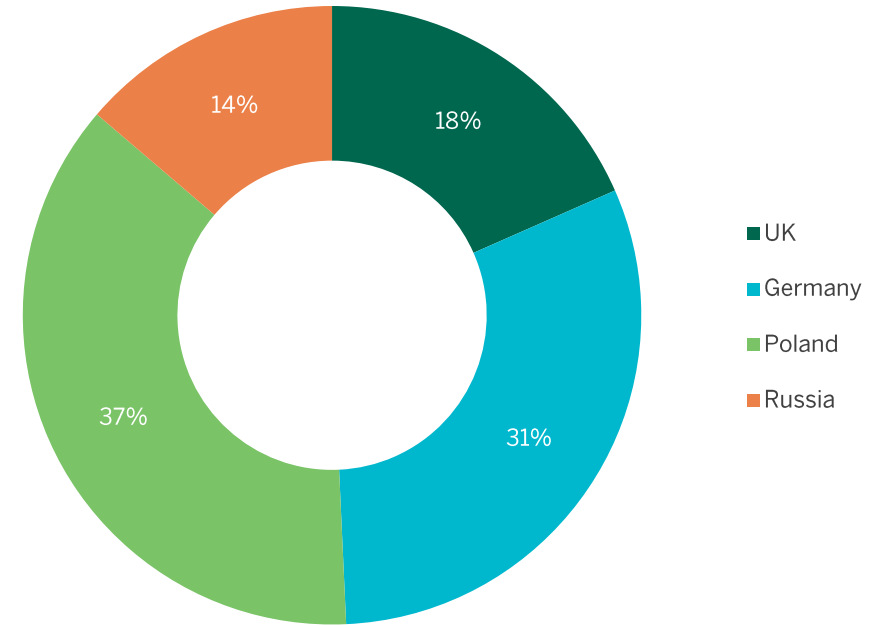
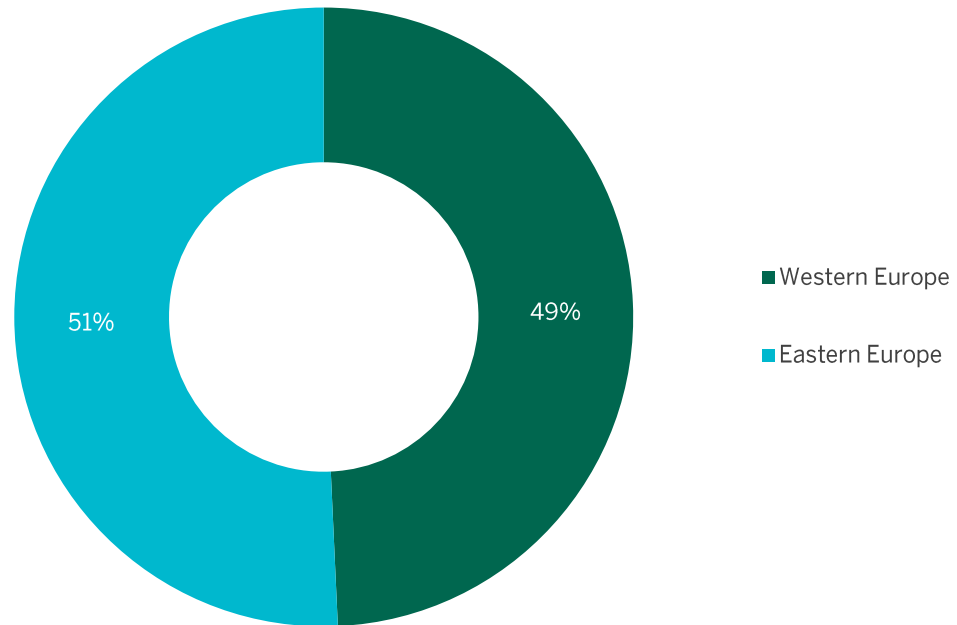
Revenue allocation 2015



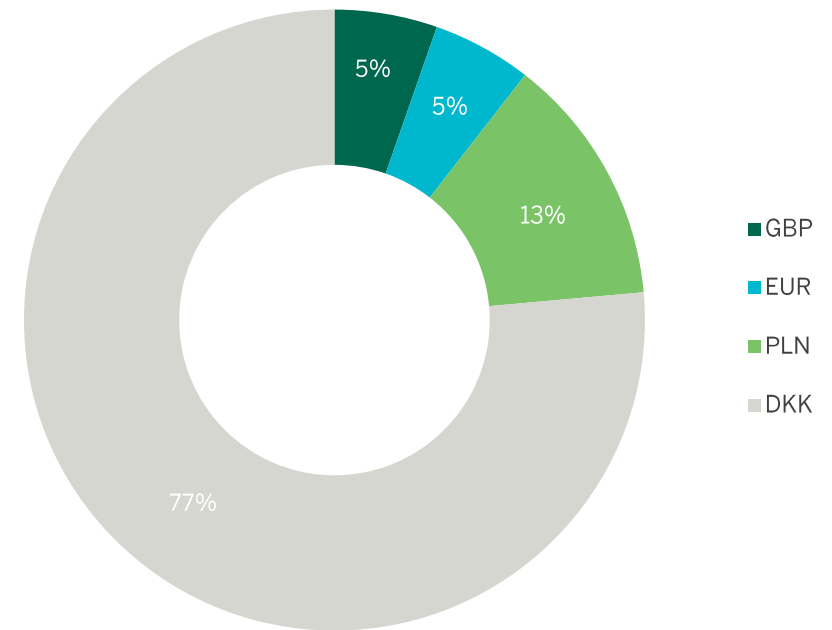
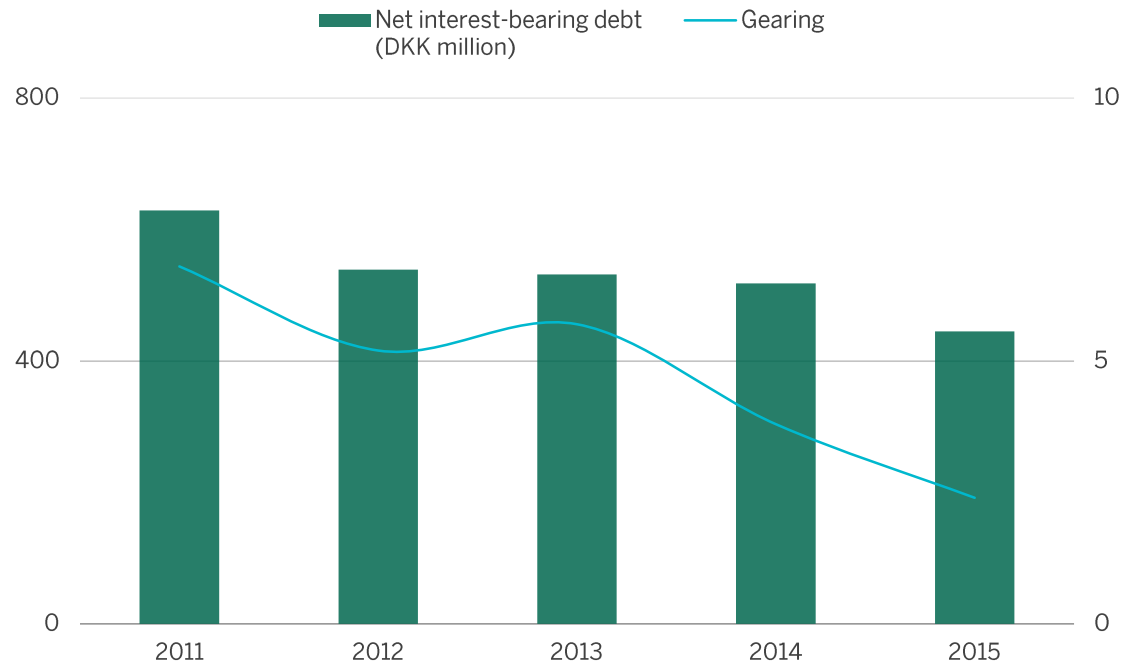
EBITDA and EBIT margin development and EBITDA allocation 2015



Non-current asset allocation as of 31 December 2015



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



Thank you

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