



Investor presentation Q1 2016

19 May 2016

H+H

Introduction

Forward-looking statement

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All presented numbers are after special items unless otherwise stated.

Agenda

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

Highlights

Organic growth

- 12% organic growth
- Forward buying due to announced price increases and volume allocation in the UK

Gross margin

- 23.6% which is abnormally high for a first quarter, mainly driven by sales volume and input costs

EBITDA*

- DKK 37 million in the quarter
- DKK 19 million same period last year

Net interest-bearing debt

- Net interest-bearing debt at 31 March 2016 was DKK 490 million (31 March 2015: DKK 643 million)

* Before special items

Financial performance

DKK million		Q1			Year-to-date		
		2016	2015	Variance	2016	2015	Variance
Revenue	Actual	368	343	7%	368	343	7%
	Organic	384	343	12%	384	343	12%
Gross margin		24%	21%	3%	24%	21%	3%
EBITDA	Before special items	37	19	18	37	19	18
	After special items	35	50	(15)	35	50	(15)
EBIT margin		4%	8%	(4%)	4%	8%	(4%)
Return on invested capital					13%	11%	2%
Investments		11	16	(5)	11	16	(5)
Free cash flow		(41)	(155)	114	(41)	(155)	114
Net interest-bearing debt	DKK million				490	643	(153)
	Debt gearing				2.2x	3.6x	
Equity					259	216	43



Outlook 2016 and long-term financial targets reiterated

DKK million	Outlook	Long-term financial targets
Organic growth	3-4%	
EBITDA *	190-210	
Investments	~ 80	
EBIT margin		Min. 6-8%
Return on invested capital		Min. 12%



* Before special items

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-May 2016 levels



- Energy and raw material prices rise higher than inflation from their mid-May 2016 levels



- The geopolitical situation does not result in changed market conditions

Other selected items

CAPEX

- DKK 11 million in the quarter
- DKK 16 million last year

Free cash flow

- Negative DKK 41 million in the quarter which is an improvement compared to last year

Credit facility

- Committed facility in Danske Bank until 2018

Asset sales

- Sales of DKK 4 million in the quarter, total sales now DKK 42 million
- Target is DKK 70 million by 2017

Debt gearing

- 2.2x EBITDA, net interest-bearing debt DKK 490 million at 31 March 2016

Solvency

- Equity at DKK 259 million
- 22% solvency ratio

Western European segment

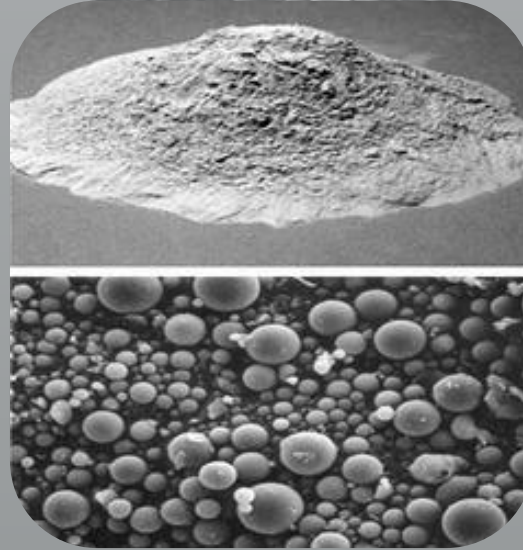
DKK million		Q1			Year-to-date		
		2016	2015	Variance	2016	2015	Variance
Revenue	Actual	293	265	10%	293	265	10%
	Organic	304	265	15%	304	265	15%
EBITDA	Before special items	45	32	13	45	32	13
	After special items	40	30	10	40	30	10
Investments		7	13	(6)	7	13	(6)

- Revenue and volume up in all markets.
- Allocation of volumes in the UK has changed normal seasonality pattern, i.e. 2016 being relatively front-loaded compared to last year.
- Adverse FX impact from the GBP.
- Price increases in the UK and Germany.
- Production output issues due to the PFA situation in the UK.
- Investments in line with expectations.



Pulverised fuel ash (PFA)

- The product can be used as raw material in aircrete production and for H+H this is relevant in the UK.
- New environmental regulation and use of alternative fuel sources lead to fewer coal-fired power plants in the UK and less production of PFA.
- PFA prices are increasing significantly and will continue to do so.



Generated by coal combustion.

Composed of fine particles that are driven out of the boiler with the gases.

- Sourcing of PFA has been reviewed and optimised.
- Use of stockpiled PFA leads to lower consistency in manufacturing output.
- Replacing PFA with sand leads to longer cycle times.
- BG upgrade project is future proof if a transition to sand should be needed.
- Supply chain optimisation in progress for specific products.

Eastern European segment

DKK million		Q1			Year-to-date		
		2016	2015	Variance	2016	2015	Variance
Revenue	Actual	75	78	(3%)	75	78	(3%)
	Organic	81	78	4%	81	78	4%
EBITDA	Before special items	(1)	(4)	3	(1)	(4)	3
	After special items	(2)	32	(34)	(2)	32	(34)
Investments		4	3	1	4	3	1





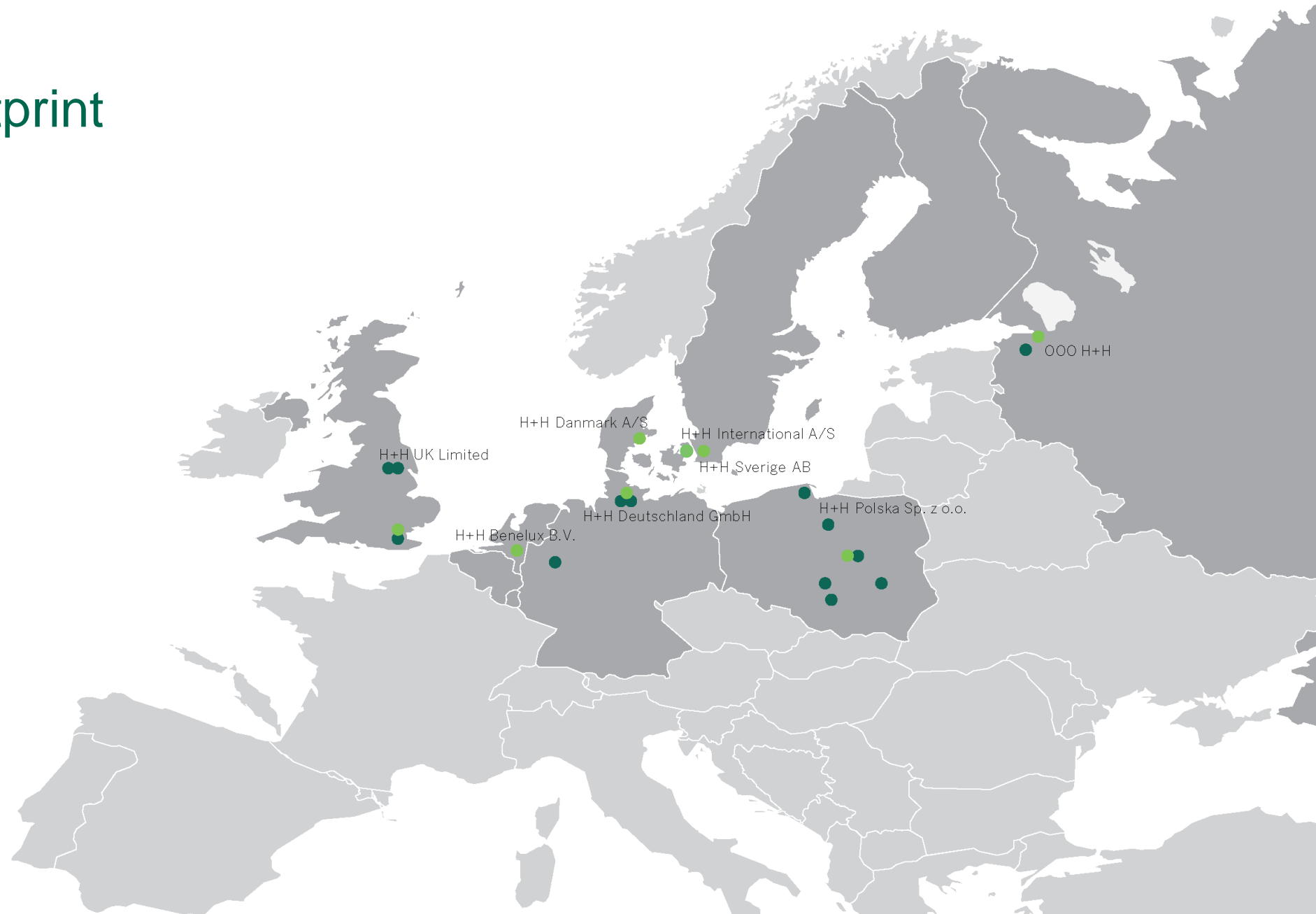
- Volumes higher than last year due to forward buying.
- Adverse selling price development.
- Price increases implemented in the latter part of the quarter accepted by the market.
- Synergies in production are the main driver of the result improvement.
- Russia is negative on all parameters.

Q & A

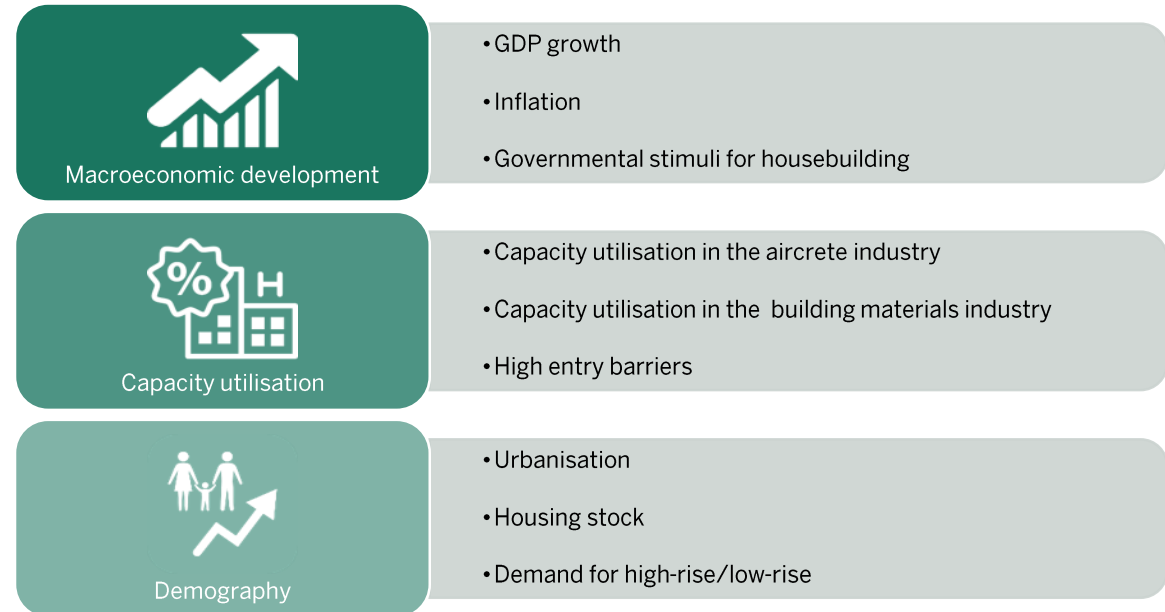
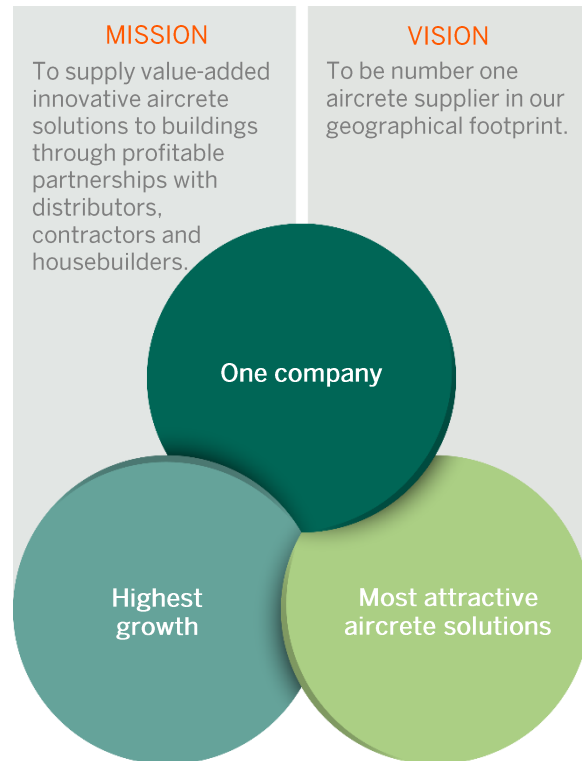
Appendices

Geographical footprint

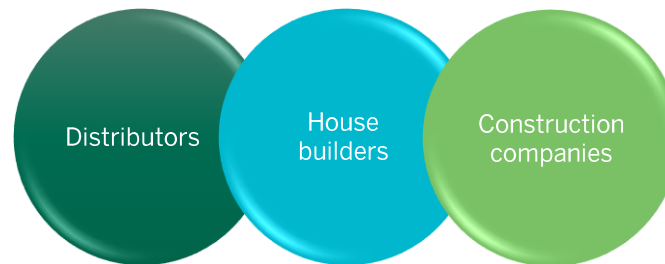
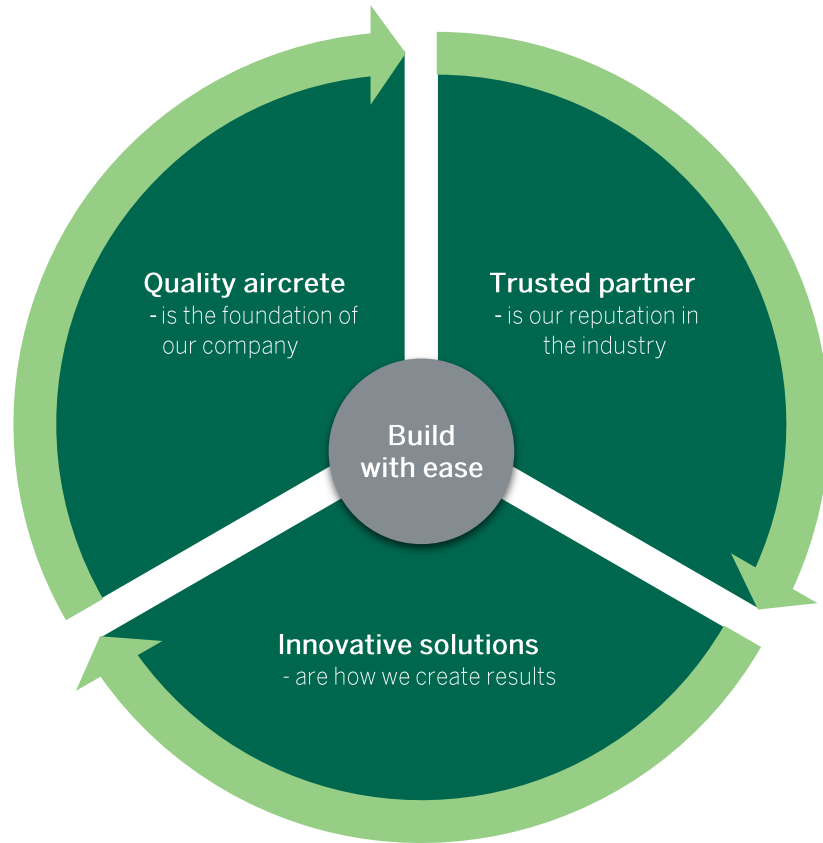
-  Production facility
-  Sales and administration



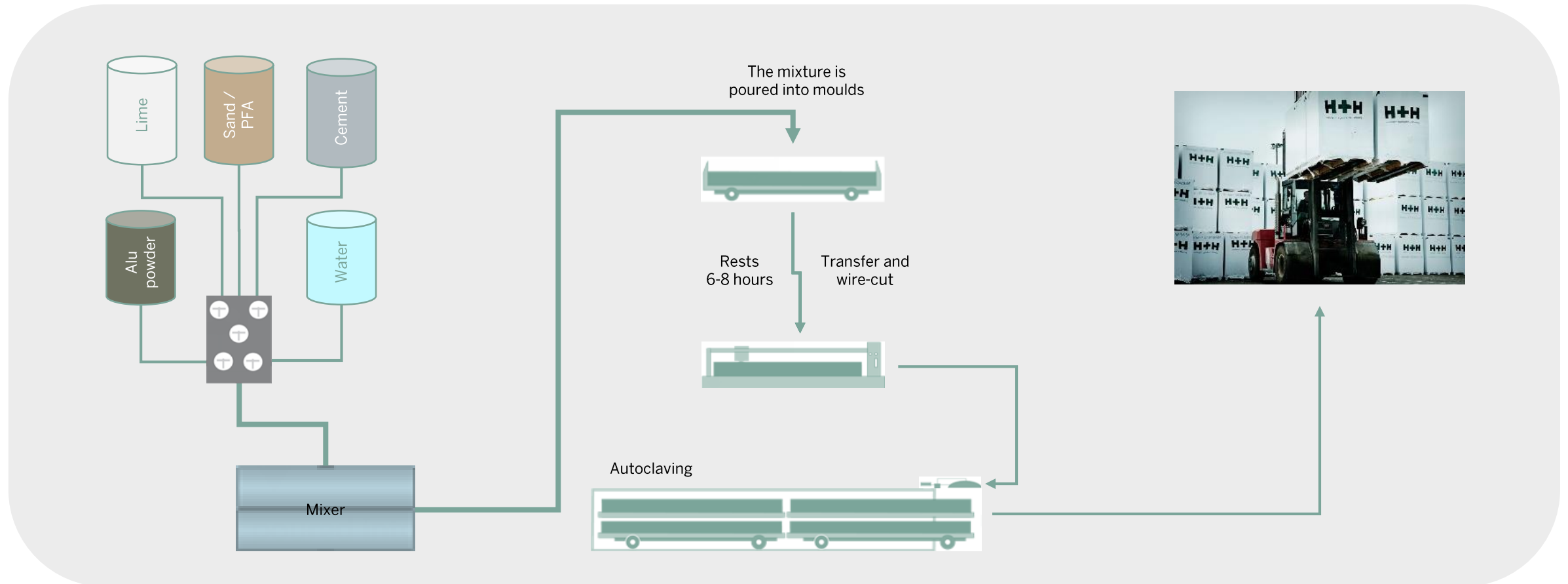
Strategy and external growth drivers



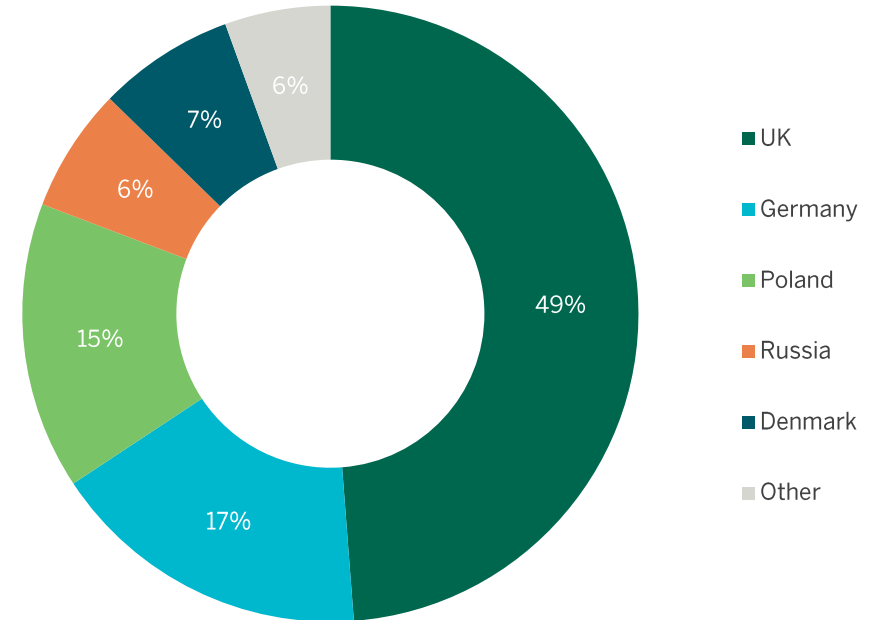
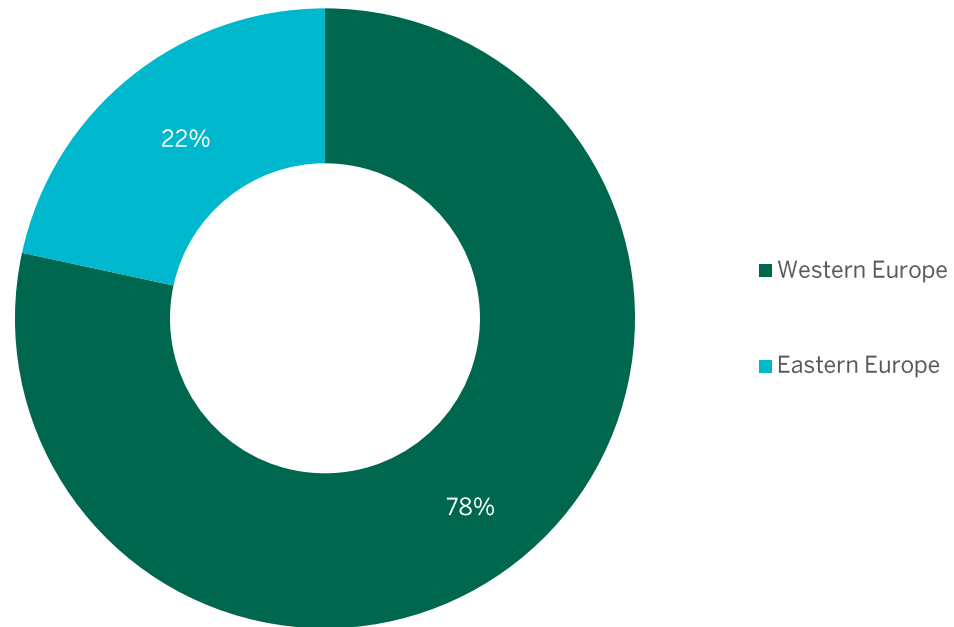
Commercial approach



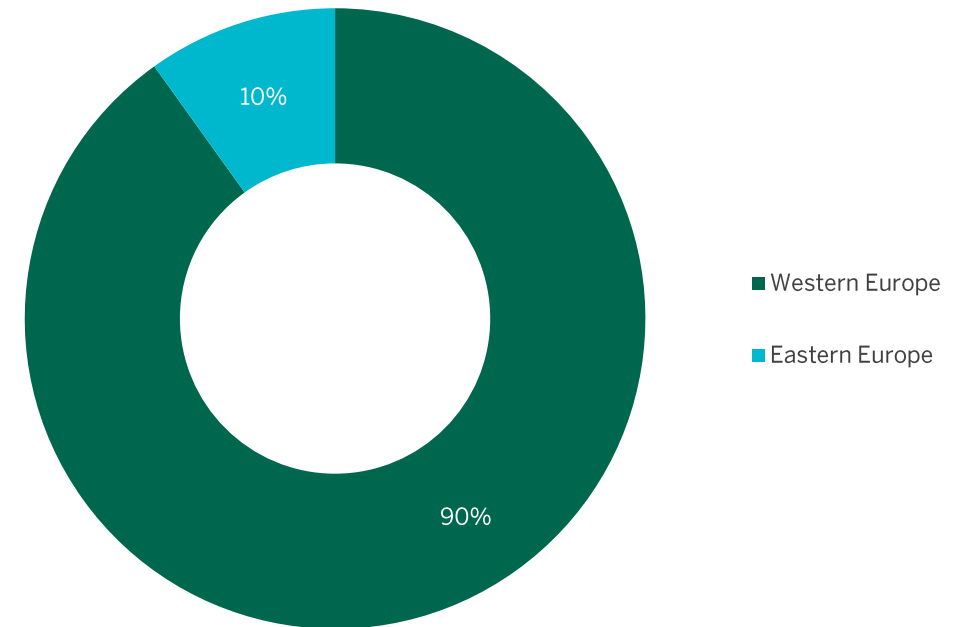
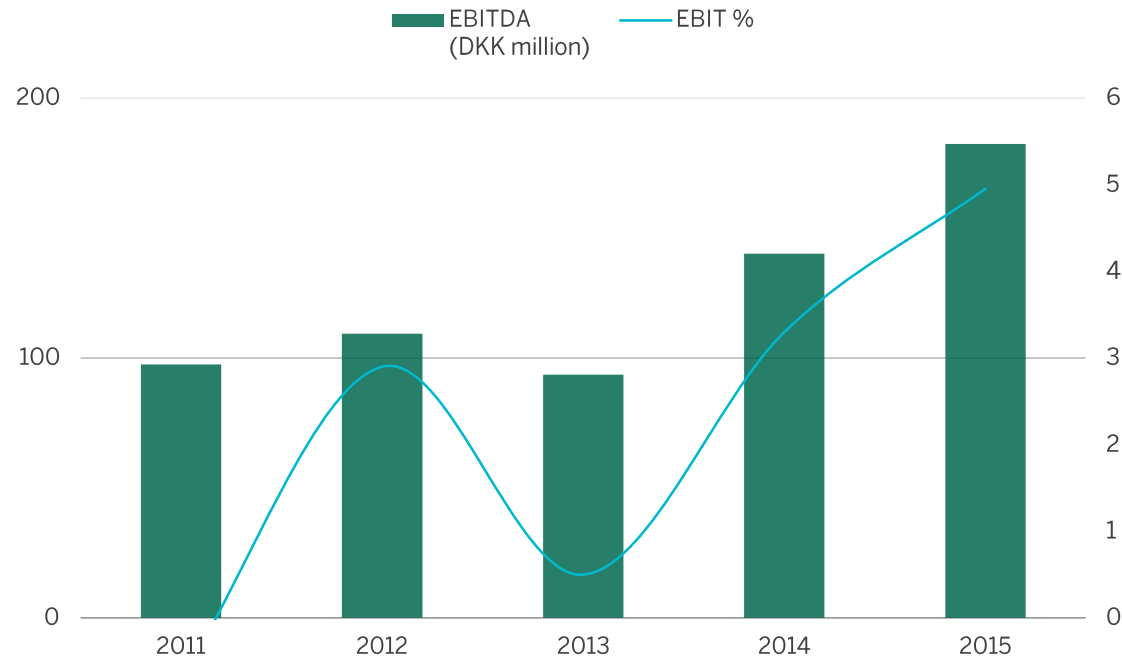
Manufacturing process



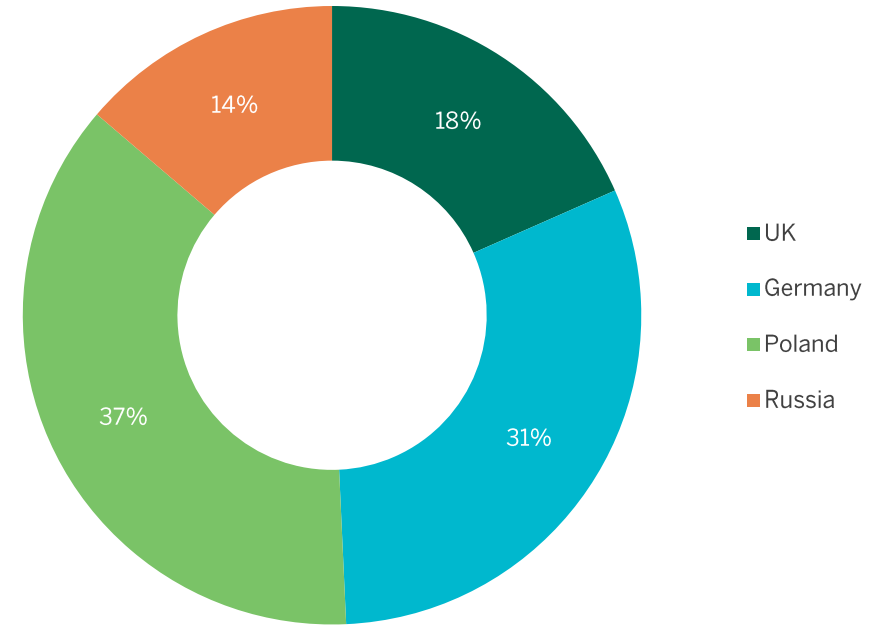
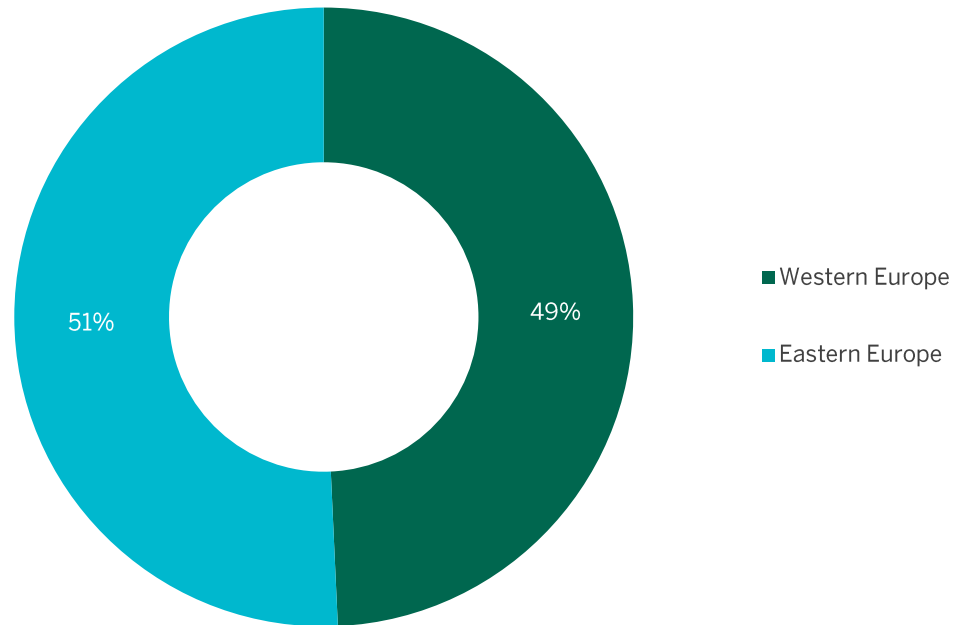
Revenue allocation 2015



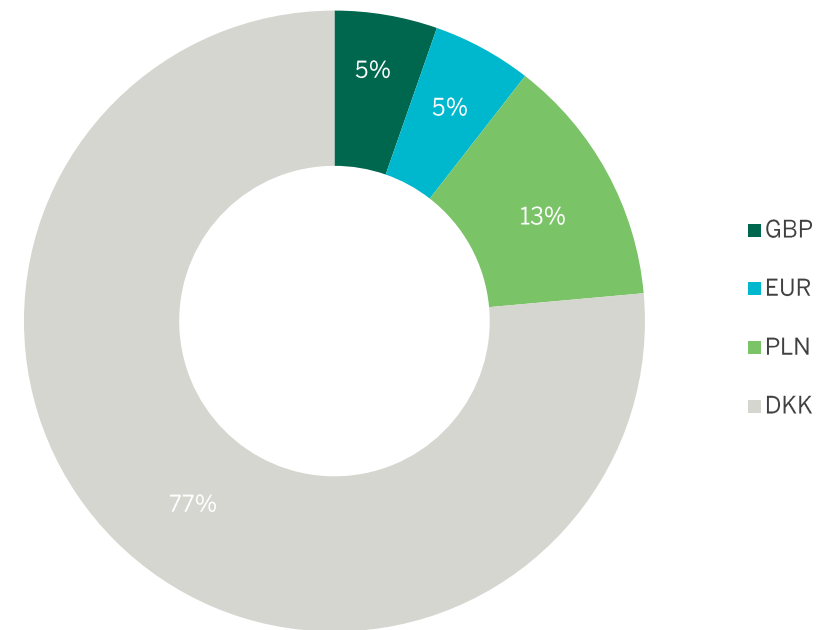
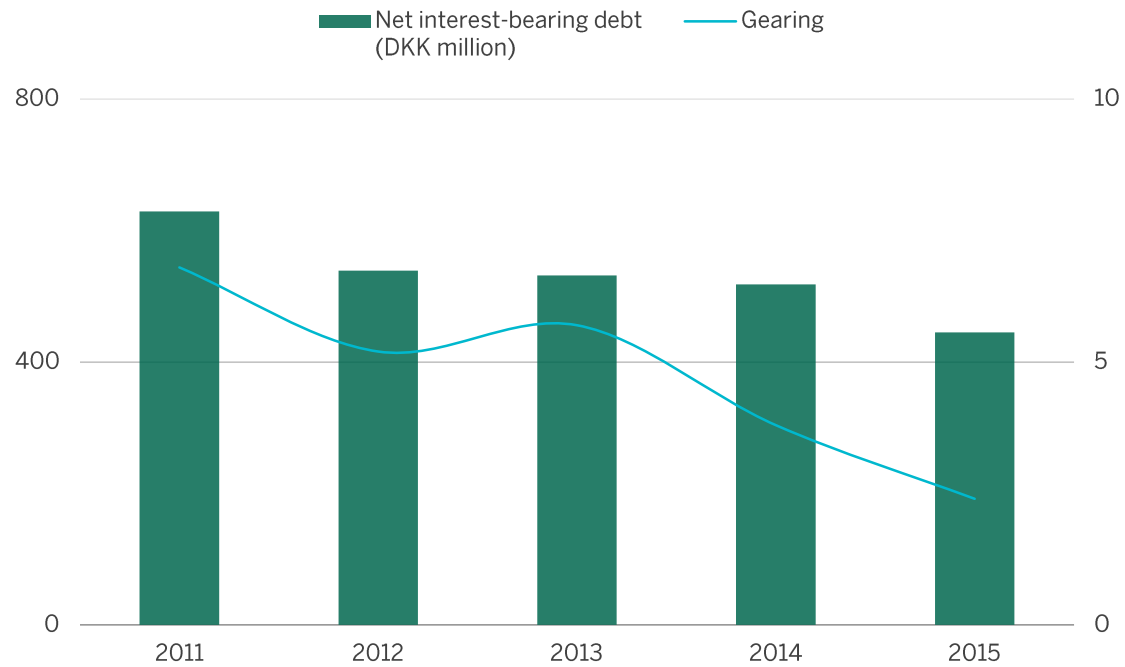
EBITDA and EBIT margin development and EBITDA allocation 2015



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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