



Nordnet webinar – virksomhedspræsentation af H+H International A/S

10 April 2017

H+H

Content

Agenda (est. tider)

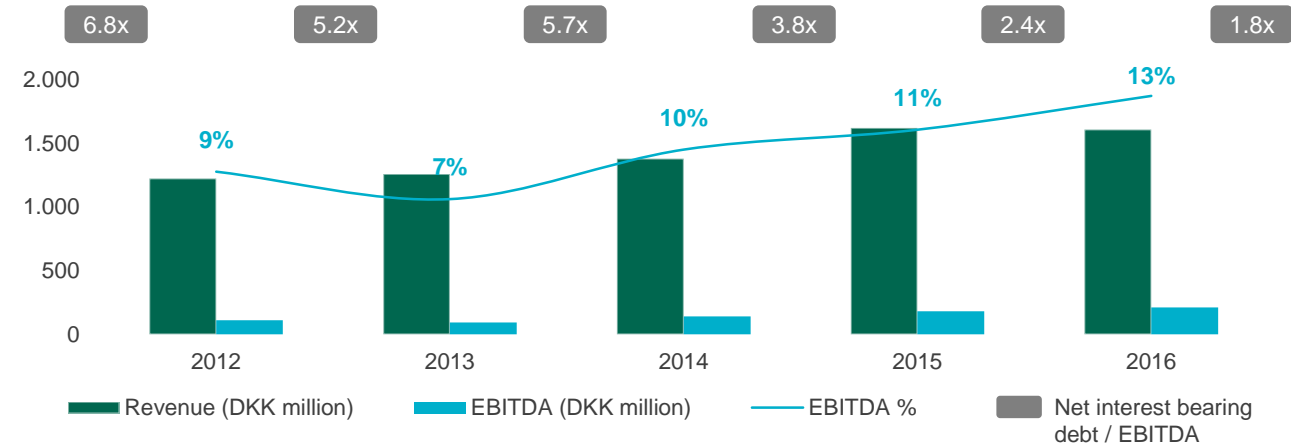
- Historien og kerneforretningen 17:05-17:15
- Resultater fra 2016 17:15-17:25
- Et blik på 2017 17:25-17:35
- Spørgsmål 17:35



H+H is one of the leading aircrete manufacturer

- Modern production facilities across Europe with a cost efficient production and logistical setup
- 10 countries and approx. 1,000 employees
- Sells products to builders through own sales offices. H+H does not act as a contractor itself
- Leading market position in all of our markets (#1 or #2)
- Ways of building vary from country to country, but the H+H expertise does not!
- The largest shareholders comprise ATP (>10%), Handelsbanken Fonder (>5%) and Nordea Fund Management (>5%).

Strong financial development



#1 or #2 in all markets

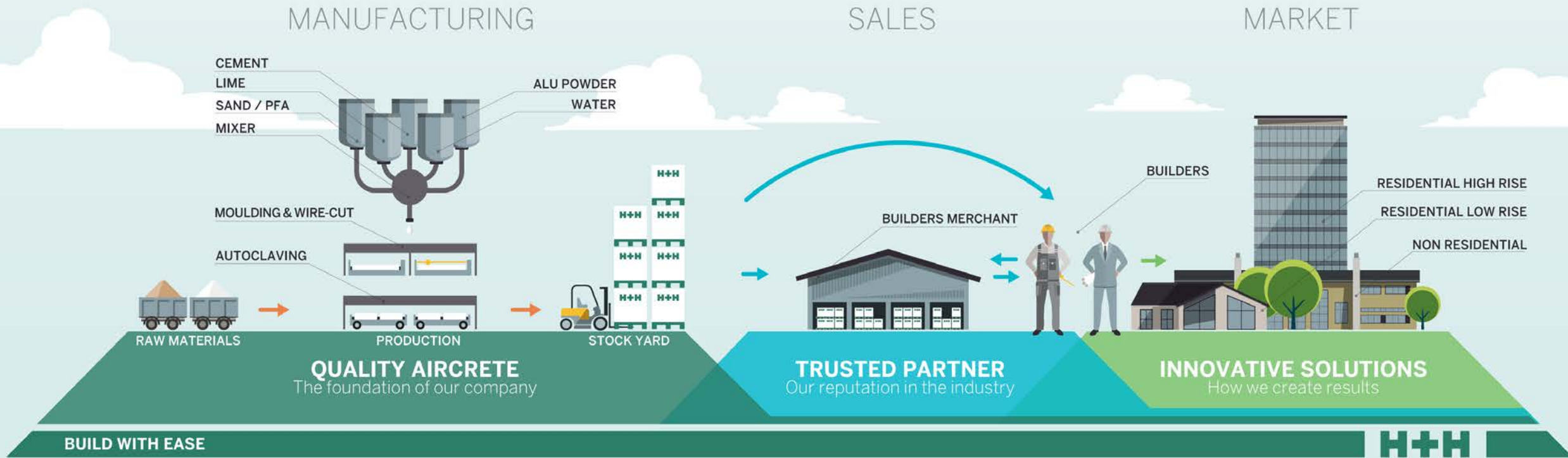
- 📍 Production facility
- 📍 Sales and administration
- 📍 Headquarter

Market share:

- The UK >45%
- The Nordics >45%
- East and Central Poland >30%
- Northern part of Germany >30%
- North-West Russia >30%



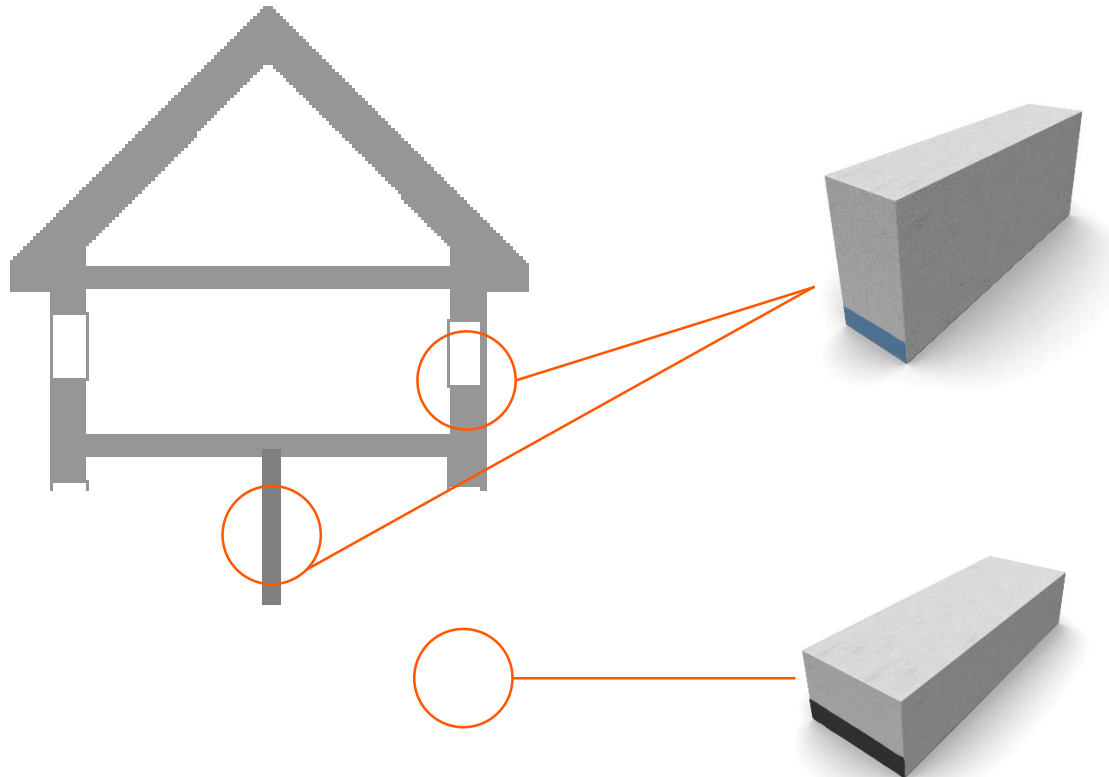
Business model



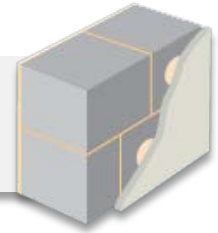
Structural design – residential low rise

Example:

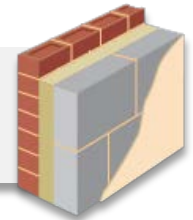
- Two and a half storey, single-family detached home



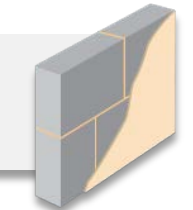
- External walls: Solid walls (render finish)



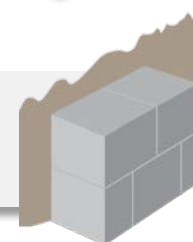
- External walls: Cavity walls (brick outer leaf)



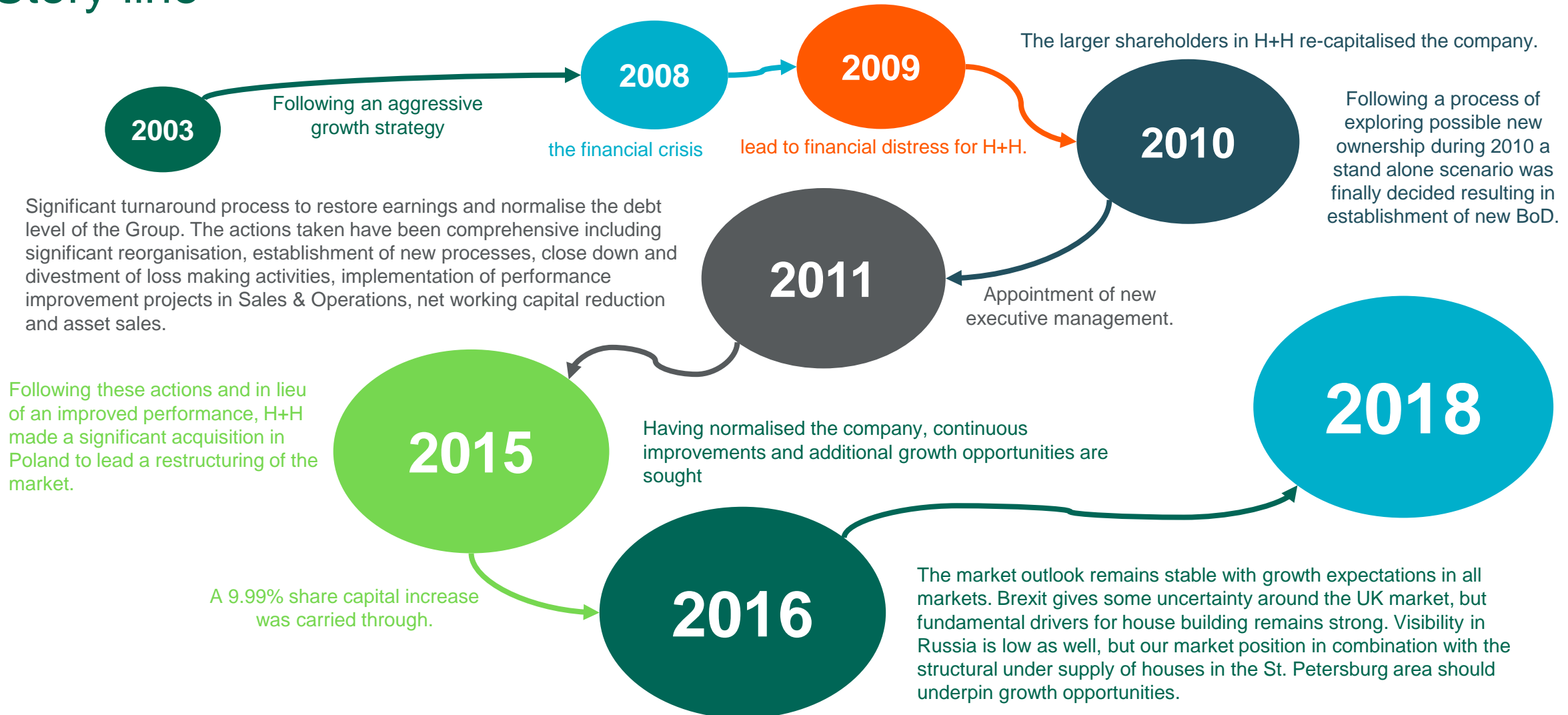
- Internal partition walls, any internal finish



- Solid foundations



Story line



Highlights 2016

Organic growth

- 6.4% organic growth full year vs. guidance of 5-6%.

EBITDA*

- DKK 211 million full year against DKK 182 million last year. Guidance was DKK 190-210 million.

Investments

- DKK 83.3 million full year vs. guidance in the region of DKK 80 million.
- Borough Green project running to schedule.

Long-term targets

- EBIT-margin before special items for 2016 7.6% vs. target of min. 6-8%.
- ROIC for 2016 15.5% vs. target of min. 12%.

* Before special items

Update on the UK

- We expect continuous growth from the UK, despite Brexit for following reasons;
 - Structural undersupply of houses
 - Government support
 - Availability of financing
- House builders report activity on par or higher than last year.
- As a result, Brexit has not changed our upgrade of the Borough Green factory.
- The Borough Green factory upgrade will make it the most advanced aircrete facility in the UK.
- We are planning the upgrade to be completed in the first half of 2018.
- Production output will be lower in 2018.
- In 2017 we will substitute production of products with higher complexity in the UK with Polish products in order to produce standard product to stock to supply the market during the first half of 2018.

Other selected items

Investments

- Investments in 2017 is expected to be the highest since 2008 of around DKK 120 million. The main part is allocated to the Borough Green.

Asset sales

- Total asset sales DKK 77 million.
- Target was DKK 70 million until the end of 2017 – programme completed!

Free cash flow

- 2016 positively impacted by asset sale less installments for Grupa Prefabet.
- Final installment for acquisition of Grupa Prefabet due mid-2017.

Credit facility

- New three year credit facility in place until March 2020.

Pension obligation

- Defined contribution obligation increased approx. DKK 60 million in 2016.
- Cash flow impact approx. DKK 20 million per annum in 2016 and 2017.

Solvency

- Equity increased slightly due to profit for the year offset by the increase in the pension obligation.
- Solvency ratio 23%.

Outlook 2017

DKK million	Outlook
Organic growth	5-7%
EBITDA before special items	220-240
Investments excluding mergers, acquisitions and divestments	~ 120

- Special items of approximately DKK 25 million cost are expected to be incurred as a result of the Borough Green factory upgrade and resulting need to import products from Poland.
- The increased transportation cost will be expensed at the point of sale and treated as a special item.

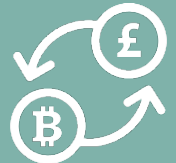
Specific assumptions for outlook for 2017



- Economic growth of around 1-3% 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 2017 levels.

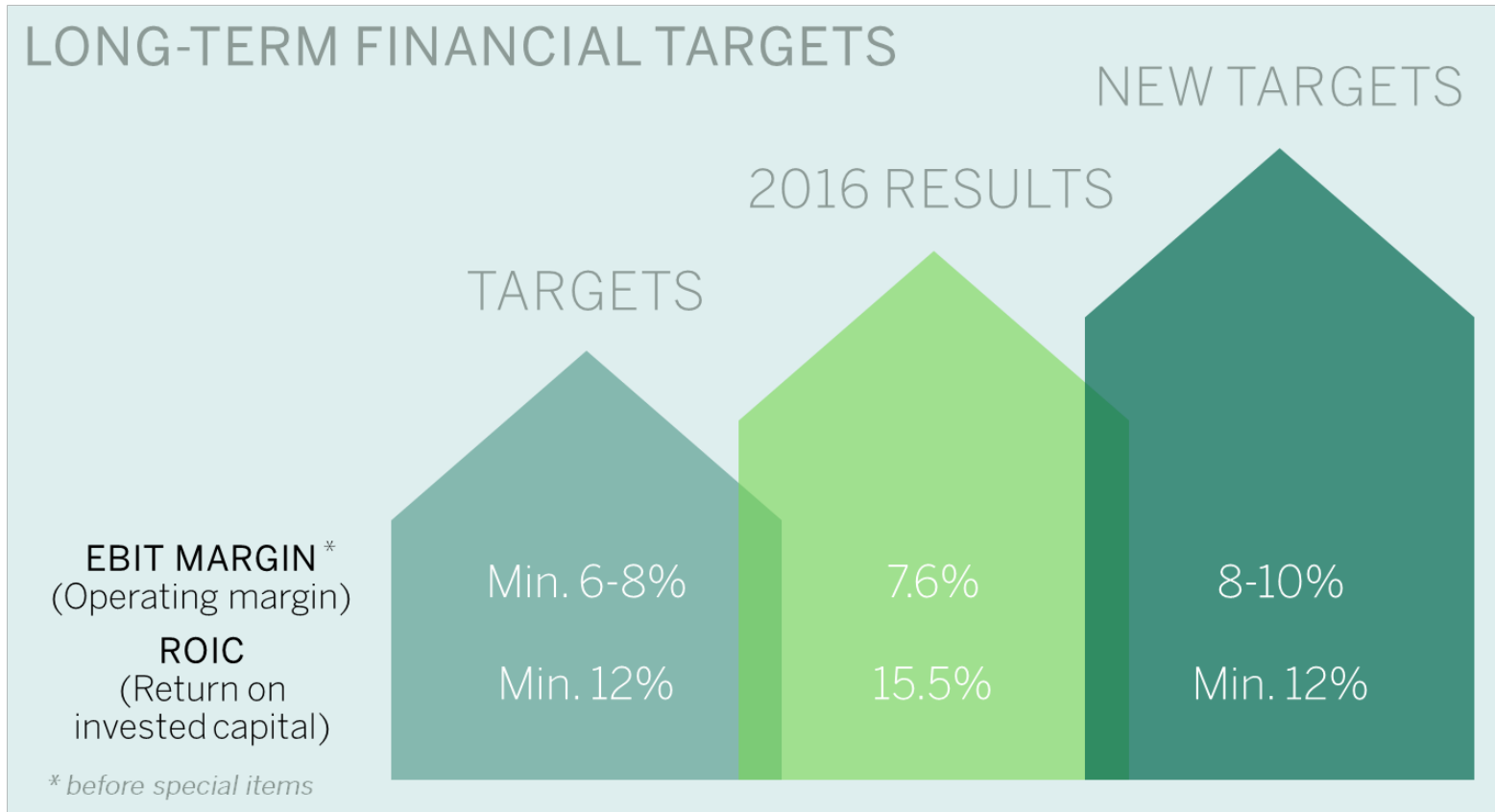


- Energy and raw material prices rise only in line with inflation from their March 2017 levels.

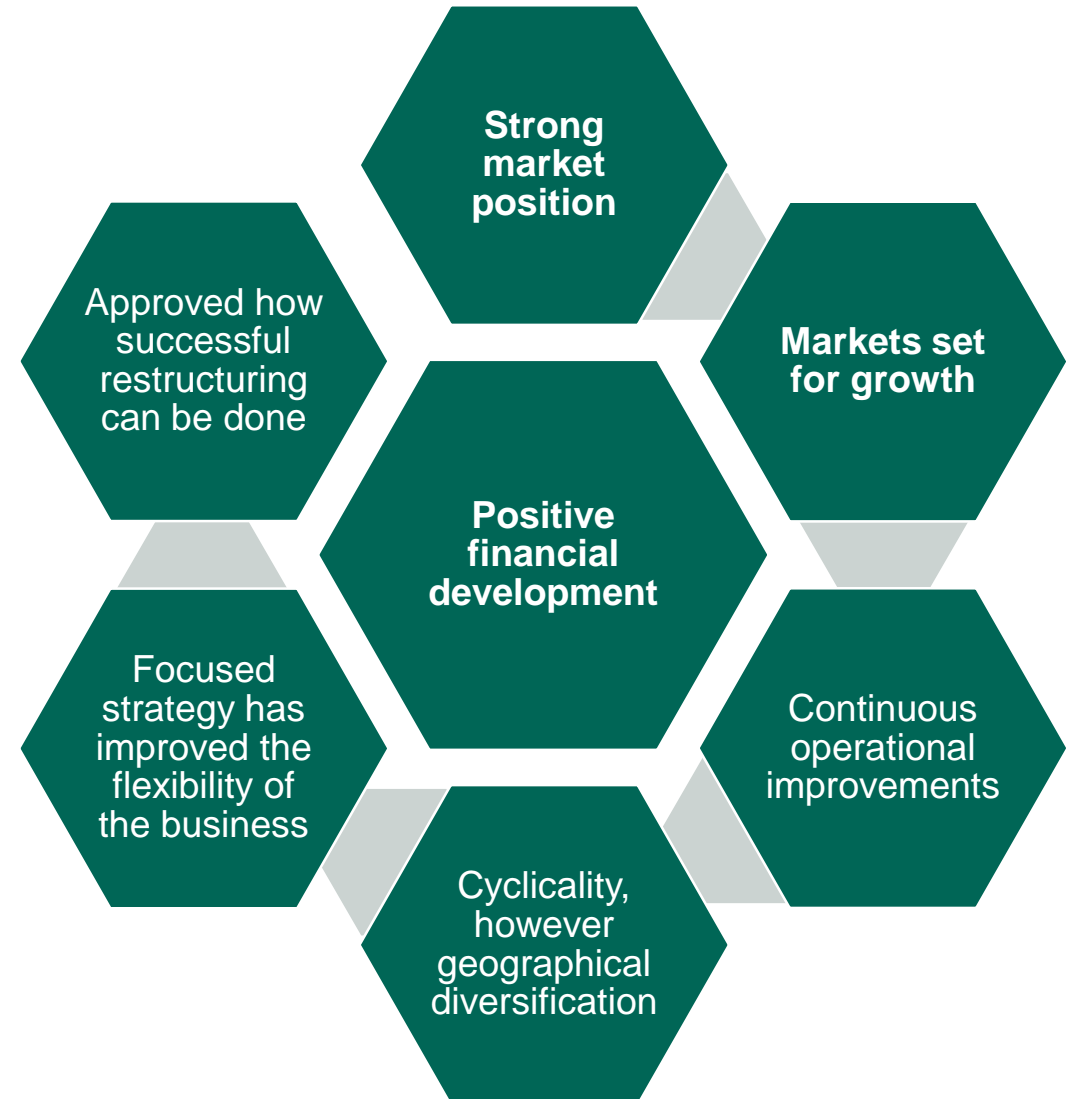


- The geopolitical situation does not result in changed market conditions.

Long-term financial targets



A powerful platform for continuing the strong development

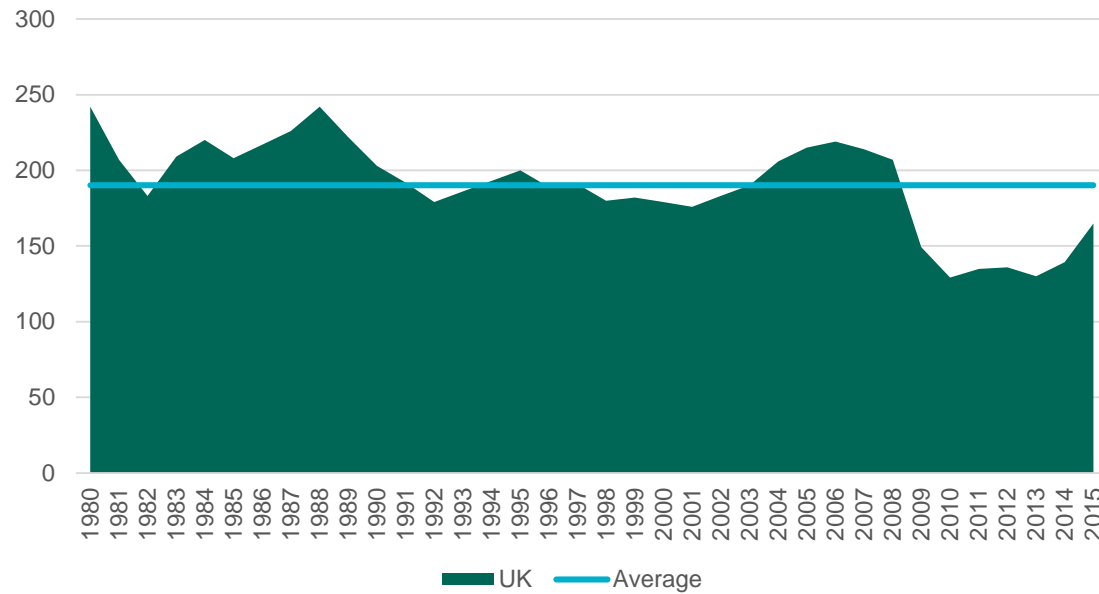


Q & A

Current build rates are below average in two of our core market

The UK

New dwellings completed '000 units



Germany

New dwellings completed '000 units

