

# Update on the UK

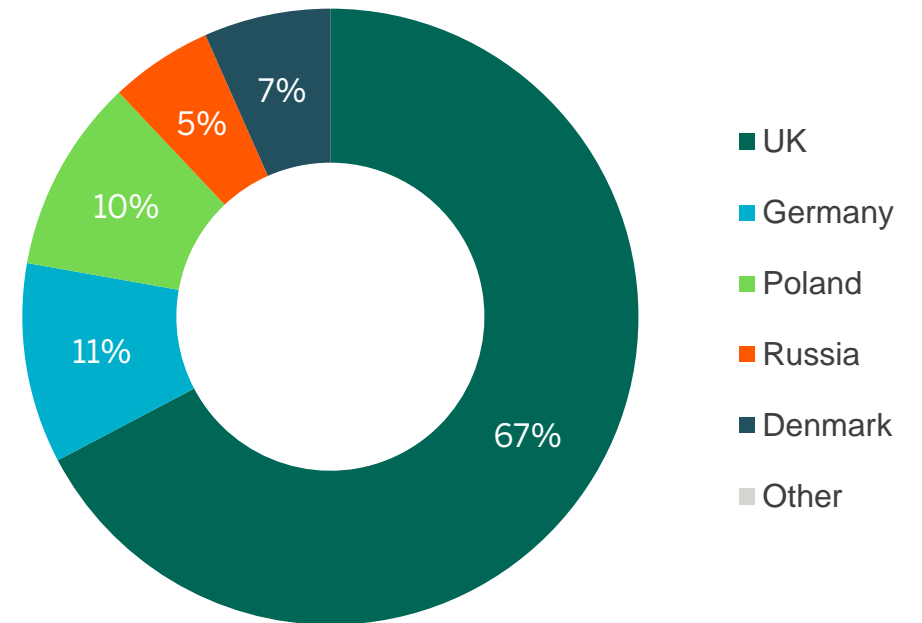
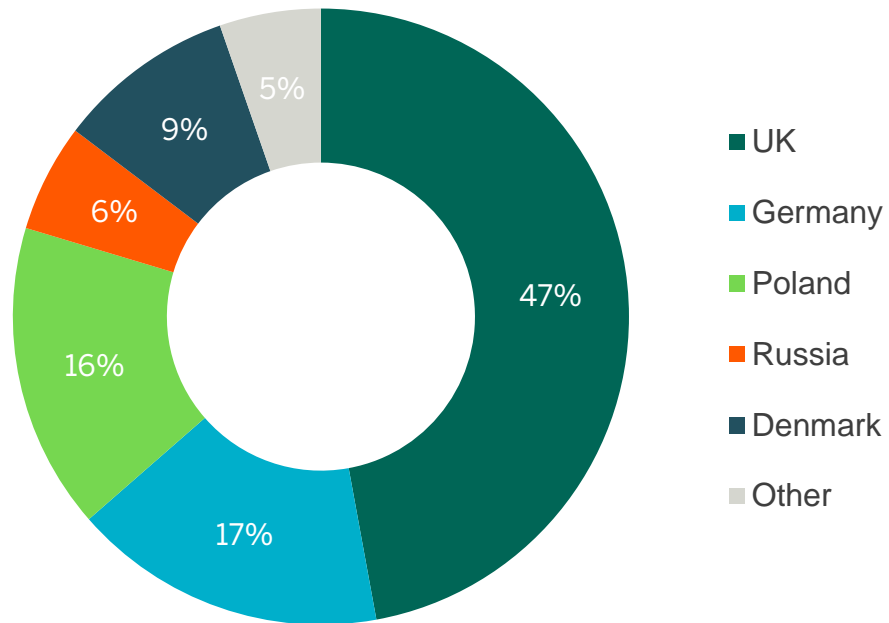
Danske Bank, London  
12 September 2017



**H+H**



# Revenue and EBITDA allocation 2016



## Borough Green factory upgrade

- The Borough Green factory upgrade is running to schedule.
- We are planning the upgrade to be completed in the first half of 2018.
- Special items of approximately DKK 25 million cost are expected to be incurred in 2017 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.
- Special items is DKK 4.7 million in Q2 2017 and DKK 10.3 million for the first half.

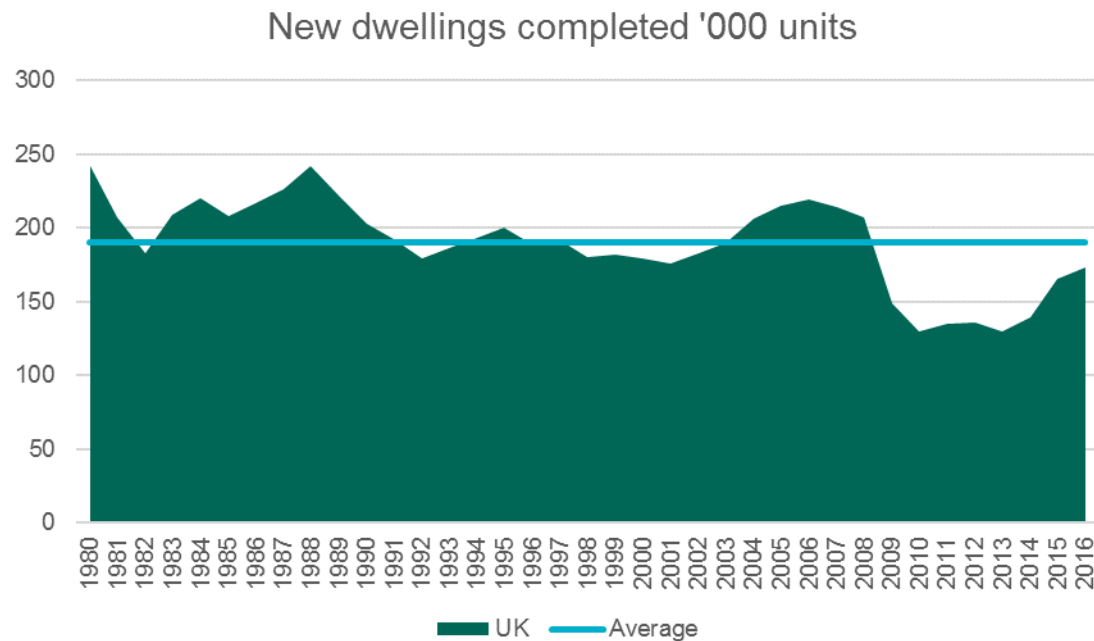
# Introduction



- Calum Forsyth, MD H+H UK Ltd.
- Joined H+H May 2016
- Former positions
  - CEO IAC Acoustics Ltd
  - Managing Director South West Europe – Wavin Group
  - Managing Director UK & Ireland - Wavin Plastics Ltd

# Historical building levels and government support

## Historical building levels



## Help to Buy

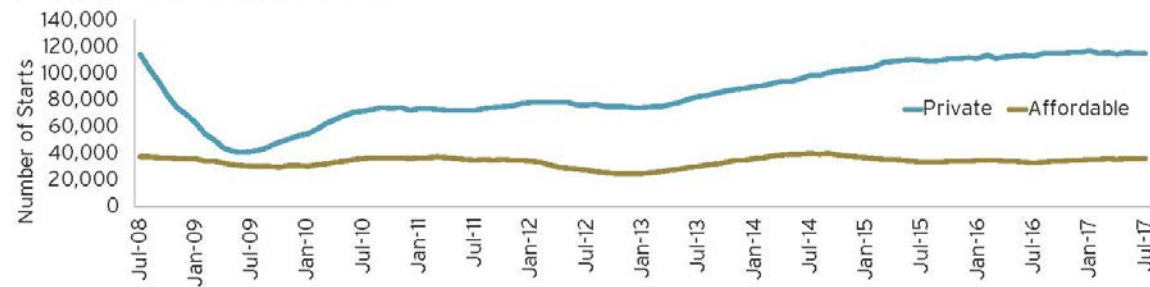


- Allocated amount until 2021 GBP 12 billion
- Committed as of August 2017: GBP 4.6 billion

# NHBC starts (UK)

**CHART 1.1 NHBC STARTS (UK)**

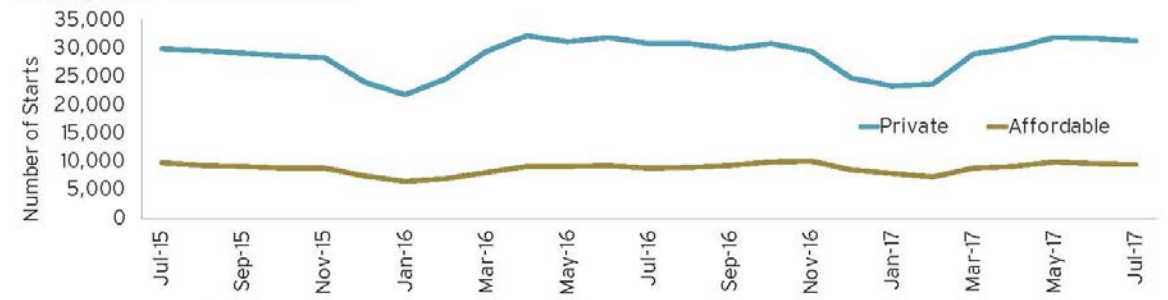
Rolling 12 month volumes Source: NHBC



<p><b>115,300</b> 113,400 <b>+1.7%</b></p> <p>Private sector starts in rolling 12 months - July 2017 compared to July 2016</p>	<p><b>36,200</b> 33,200 <b>+9.0%</b></p> <p>Affordable sector starts in rolling 12 months - July 2017 compared to July 2016</p>	<p><b>151,500</b> 146,600 <b>+3.3%</b></p> <p>Combined sector starts in rolling 12 months - July 2017 compared to July 2016</p>
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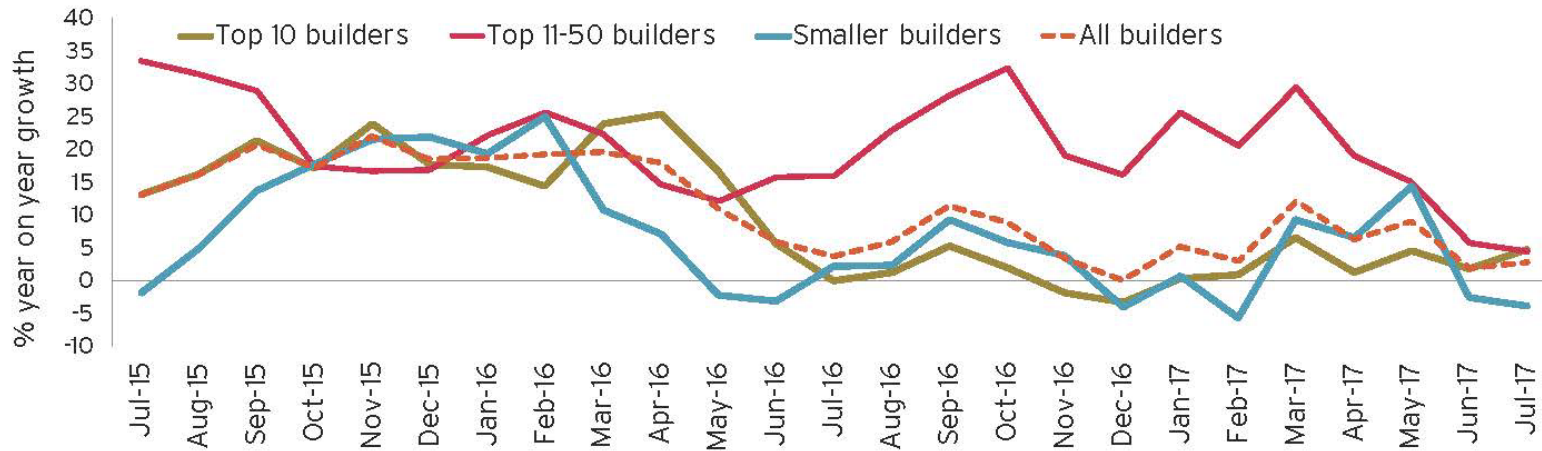
**CHART 1.2 NHBC STARTS (UK)**

Rolling three months Source: NHBC



<p><b>31,250</b> 30,850 <b>+1.3%</b></p> <p>Private sector starts in rolling three months - July 2017 compared to July 2016</p>	<p><b>9,450</b> 8,800 <b>+7.4%</b></p> <p>Affordable sector starts in rolling three months - July 2017 compared to July 2016</p>	<p><b>40,700</b> 39,650 <b>+2.6%</b></p> <p>Combined sector starts in rolling three months - July 2017 compared to July 2016</p>
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# NHBC under construction (UK)



**174,000**  
 169,400  
**+2.7%**

Total number of plots under construction compared to July 2016

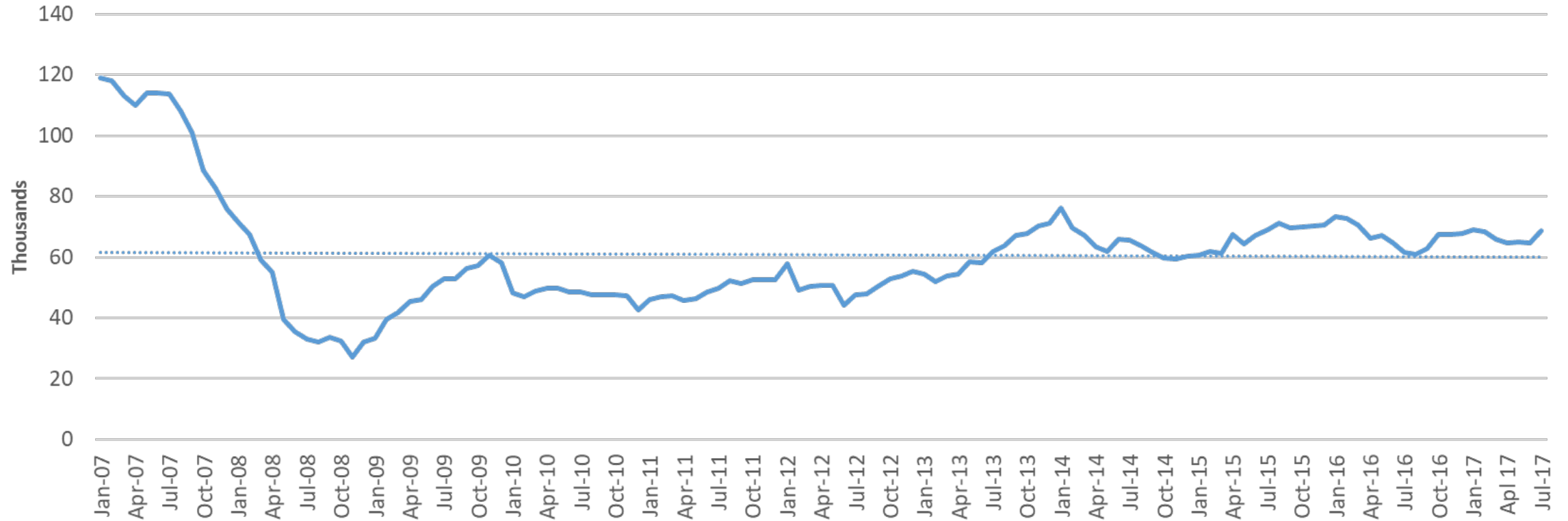
**174,000**  
 171,700  
**+1.3%**

Total number of plots under construction compared to last month

**174,000**  
 Total number of plots under construction by the end of July 2017



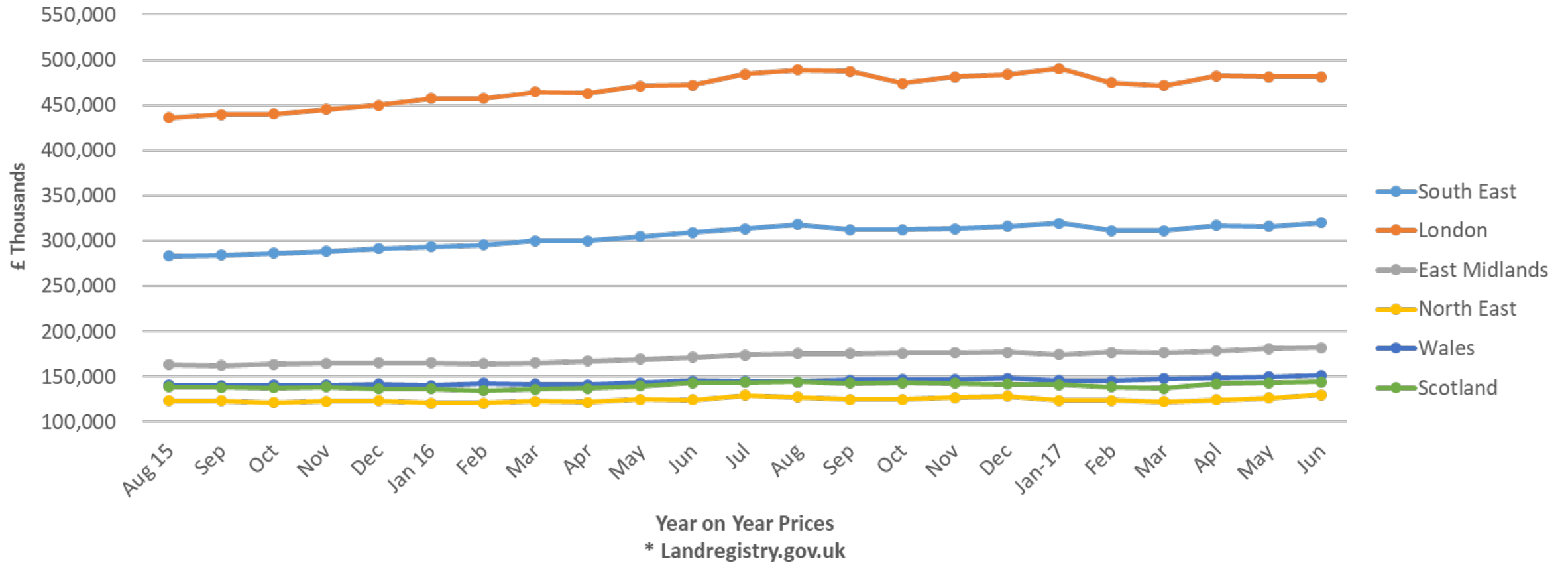
# Mortgage approvals (UK)



Source: Trading Economics.com



# Average house prices



# Forterra, 2017 first half results, 1 August 2017

## H1

- Organic growth of 11%
  - Construction products 3.7% organic growth
  - Building materials 3.2% organic growth
- Price increases offsets increases in raw materials and energy
- New build residential driving the business
- Weaker volume due to merchants destocking

## Full year outlook

- Current levels of activity from our housebuilder customers and our **order book growth continue to be positive**, but...
- watchful over any negative impact from a weakening of consumer confidence on the housing and RMI markets
- Expectations for the full year unchanged

## Barrat trading update 12 July 2017

The UK's largest housebuilder with total completions including joint ventures ('JVs') at 17,395 (2016: 17,319), the highest level of completions in nine years

### **Forward Sales at 30 June 2017** at a

- value of £2,144.4m (2016: £1,762.0m),
- equating 9,762 plots (2016: 8,724 plots).

### **Outlook**

- In FY18 we expect to deliver **modest growth** in wholly owned completions year on year.
- We will update on current trading and our guidance for FY18, alongside our full year results announcement on 6 September 2017.

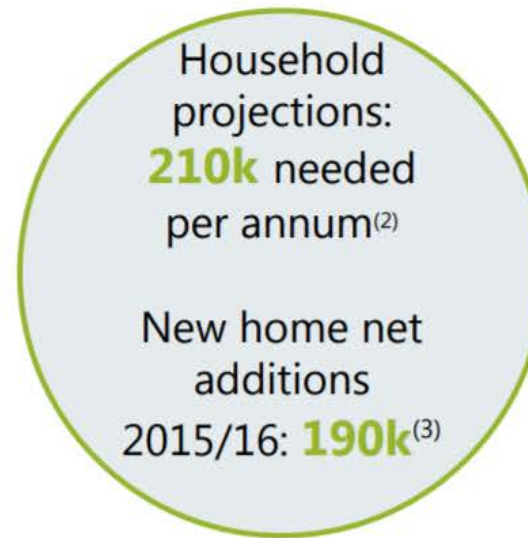
# Barrat re-confirming the positive fundamental drivers 6 September



Positive lending  
environment



Strong Government  
support



Demand continues  
to exceed supply



Attractive land market

(1) Source: Bank of England monthly interest rate of UK monetary financial institutions at July 2017  
(2) Source: Department for Communities and Local Government (DCLG) household projections for England  
(3) Source: DCLG English net additional dwellings

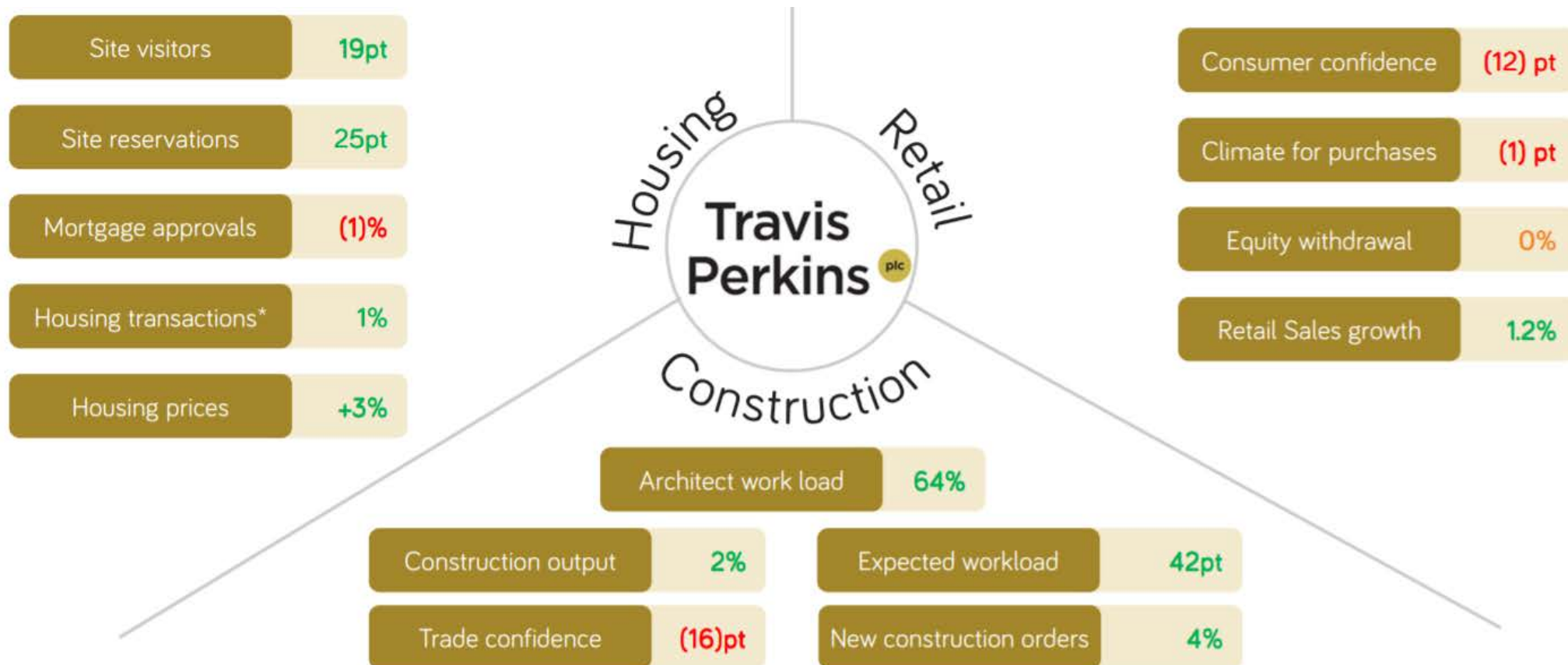
## Persimmons trading update 5 July 2017

The Group has **strong momentum** moving into the second half of the year, with total **forward sales** value at 30 June 2017 of £1.60bn, **18% higher than last year** (2016: £1.36bn) and a network of 375 active outlets.

In addition, sales through the second half of 2017 will be supported by **opening a further c. 100 new sales outlets** despite the frustration of continued delays to site starts due to planning inefficiencies.

<b>Current Forward Sales</b> (inc. 7 weeks post half year)	<b>Units</b>	<b>ASP</b>	<b>Revenue</b>
<b>August 2017</b>	<b>10,782</b>	<b>£185,925</b>	<b>£2,004.6m</b>
<b>August 2016</b>	<b>9,883</b>	<b>£176,759</b>	<b>£1,746.9m</b>
<b>Movement</b>	<b>+9%</b>	<b>+5%</b>	<b>+15%</b>

# Travis Perkins, lead indicators, 2 August 2017



## Brexit – what is next?

- Ongoing negotiations
- Labor force issue on building sites
- Movement of financial institutions
- Consumer sentiment

Storbritannien (GBP) (DKNBGBP)  
07-09-2017 06:56:05



# Conclusions

## The fundamental drivers are still in place

- Structural undersupply of houses
- Government support
- Availability of financing

## Customers and competitors are still confident on the future

## But Brexit gives uncertainty





# Q & A