Investor presentation
Q3 2018

14 November 2018

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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All presented numbers includes special items unless otherwise stated.

Agenda

- Highlights
- Financial performance
- Outlook and long-term financial targets
- Segments and market development
- Q&A

ABOUT H+H

H+H's core activity is the manufacture and sale of wall building materials, with a revenue in 2017 of DKK 1.6 billion before acquisition of the calcium silicate product line. The main product lines are aircrete blocks and since 2018 calcium silicate units used for the residential new building segment. H+H has 28 factories in Northern and Central Europe and Northwest Russia with a total output of more than 4 million cubic metres of products annually and has a leading position in most of its markets. H+H has around 1,600 employees and is listed on Nasdaq Copenhagen.

Highlights

Organic growth

- Organic growth of 21% in the third quarter of 2018
- Organic growth of 15% year-to-date

EBITDA before special items

- DKK 143 million in the third quarter of 2018 against DKK 71 million last year
- DKK 300 million year-to-date against DKK 181 million last year

Acquired businesses

- Integration of acquired businesses in Germany, Switzerland and Poland is running to schedule
- Purchase price reduction achieved on HDKS

Factory upgrades

- Borough Green is now getting close to full capacity utilisation
- The renovation the Kavelstorf factory in Germany was completed during the quarter

Financial performance

DKK million		Q3 2018	Q3 2017	Q3 Variance	Q1-Q3 2018	Q1-Q3 2017	Q1-Q3 Variance
Revenue	Actual	720	430	67%	1 863	1 252	49%
	Organic	520	430	21%	1 434	1 252	15%
Gross margin*		28%	27%	1%	26%	26%	0%
EBITDA	Before special items	143	71	72	300	181	119
	After special items	127	66	61	261	162	99
EBIT margin	Before special items	14%	12%	2%	10%	10%	0%
	After special items	12%	11%	1%	8%	8%	0%
Return on invested capital					13%	16%	(3%)
Investments**		23	8	15	84	38	46
Free cash flow**		131	45	86	156	(8)	164
Net interest-bearing debt	DKK million				598	435	163
	Financial gearing				1.9x	2.0x	
Equity					978	355	623

- *adjusted for special items and the planned standstill of the Borough Green factory the gross margin was 29% for Q3 2018 vs. 27% last year and 28% year-to-date vs. 27% last year*

** *excluding acquisition of enterprises and related land, property and related deferred payments related hereto*

Outlook 2018

– updated for organic growth, EBITDA and investments

Outlook 2018

- Growth before acquisitions and measured in local currencies is expected to be around 15% (previously around 11%)
- EBITDA before special items is expected to be DKK 390-410 million (previously DKK 370-410 million)
- Approximately DKK 25-30 million cost are expected to be incurred as a result of the Borough Green factory upgrade and resulting need to import products from sister companies (unchanged)
- Approximately DKK 40 million for transaction and integration costs for HDKS and Grupa Silikaty will be expensed as special items (unchanged)
- Investments excluding the acquisition of enterprises and related land, property and related deferred payments are expected to be in the region of DKK 135 million (previously DKK 150 million) of which approximately DKK 35 million relates to an investment required at one of the HDKS plants damaged by fire during the acquisition process

Specific assumptions for outlook 2018

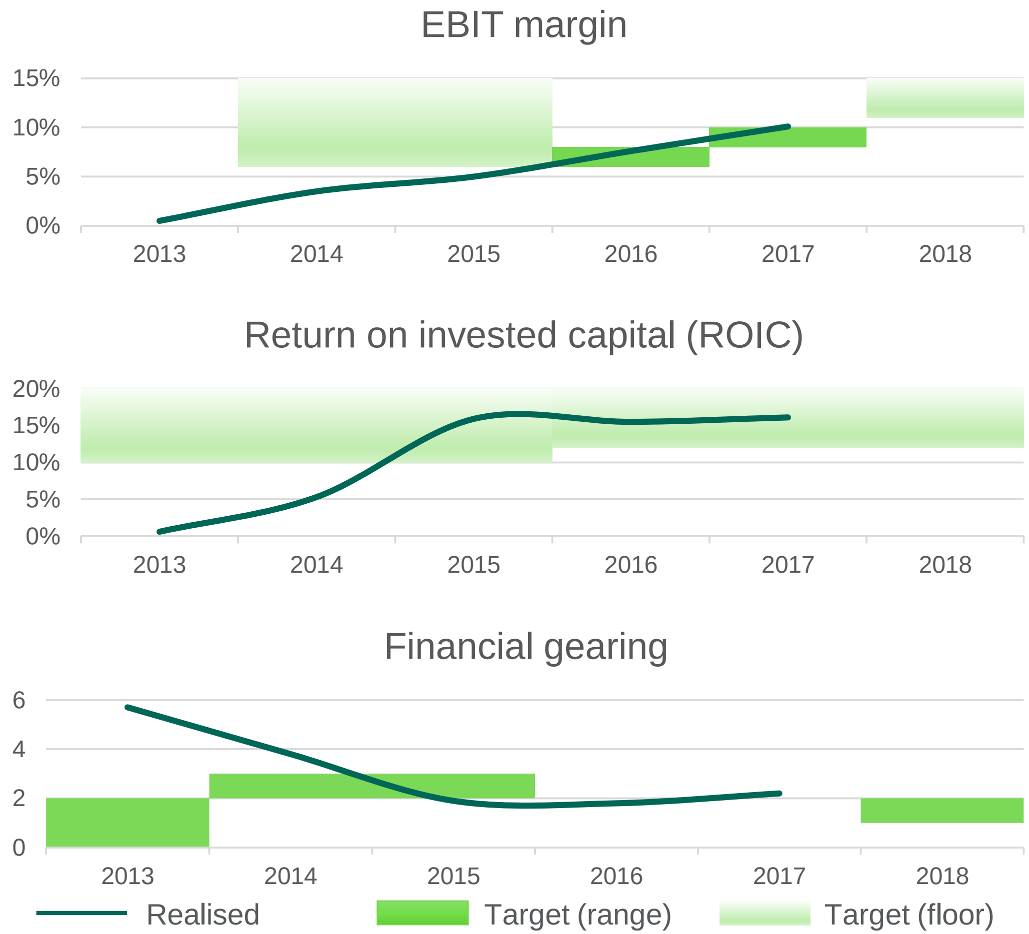
- Continuous economic growth in our geographical footprint
- The commercial and operational excellence programmes continue to deliver improvements
- Exchange rates, primarily for GBP, EUR, CHF, PLN and RUB, hold at their mid-November 2018 levels
- Energy and raw material prices rise only in line with current expectations based on inflation and current agreements from their mid-November 2018 levels
- The geopolitical situation does not result in changed market conditions

Long-term trends

Long-term financial targets

EBIT MARGIN (Operating margin before special items)	Min. 11%
ROIC (Return on invested capital)	Min. 12%
FINANCIAL GEARING (Net interest-bearing debt / EBITDA before special items)	1-2

Long-term financial performance



External business drivers

Labour force

- One of the biggest barriers in the industry is lack of skilled workers capping building capacity and impacting salary levels for blue collar workers

Brexit

- Negotiation is in process
- Formal deadline is 29 March 2019

Subsidy programs

- Help to buy in the UK to be prolonged to 2023 in amended version from 2021
- Programs in place in Germany, but low market impact expected

M&A

- Companies with low capacity utilisation
- Family owned businesses with succession issues
- Non-core in a group

Western European segment

DKK million		Q3			Q1-Q3		
		2018	2017	Variance	2018	2017	Variance
Revenue	Actual	511	319	60%	1 335	943	42%
	Organic	368	319	16%	1 015	943	8%
EBITDA	Before special items	96	60	36	210	167	43
	After special items	84	56	28	179	152	27
Investments		19	5	14	77	28	49

- Organic growth in the quarter is predominantly driven by higher sales volume
- Prices are higher than same period last year in all markets
- EBITDA improvement is a combination of contribution from acqusitions and the aircrete business
- Increasing cost pressure, partly due to internal transfer of products
- Integration of the HDKS business running to schedule
- Kavelstorf (CSU) factory back in operation following the fire incident in Q4 2017

Eastern European segment

DKK million		Q3 2018	Q3 2017	Q3 Variance	Q1-Q3 2018	Q1-Q3 2017	Q1-Q3 Variance
Revenue	Actual	209	111	88%	528	309	71%
	Organic	151	111	36%	420	309	36%
EBITDA	Before special items	56	21	35	119	45	74
	After special items	55	20	35	125	40	85
Investments		4	3	1	7	10	(3)

- Continued strong market demand leading to higher sales volumes and higher prices
- Sales volumes capped by production output
- Implementation of excellence processes in the CSU factories has led to an increase in production volumes
- Additional capacity expected from competition
- Declining growth anticipated in the low-rise segment based on issued building permits
- Q1-Q3 2018 and 2017 positively impacted by manufacturing of products exported to the UK

Q & A

Thank you

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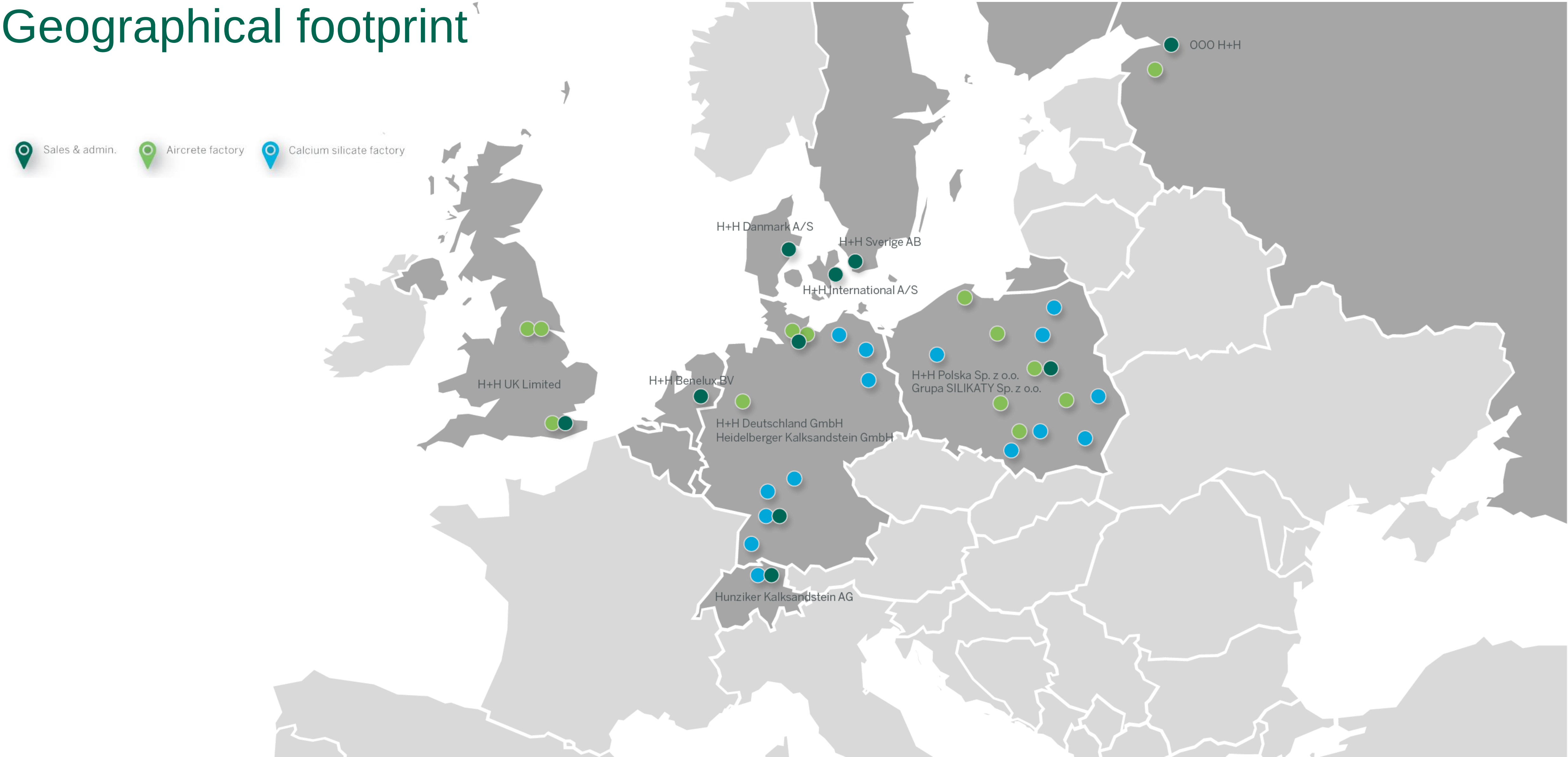
Appendices

Geographical footprint



External growth drivers

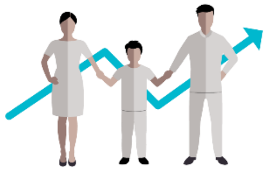
- GDP growth
- Inflation
- Governmental stimuli of housebuilding

MACROECONOMIC DEVELOPMENT

- Capacity utilisation in the aircrete industry
- Capacity utilisation in the building materials industry
- High entry barriers

CAPACITY UTILISATION

- Urbanisation
- Housing stock
- Demand for high-rise/low-rise

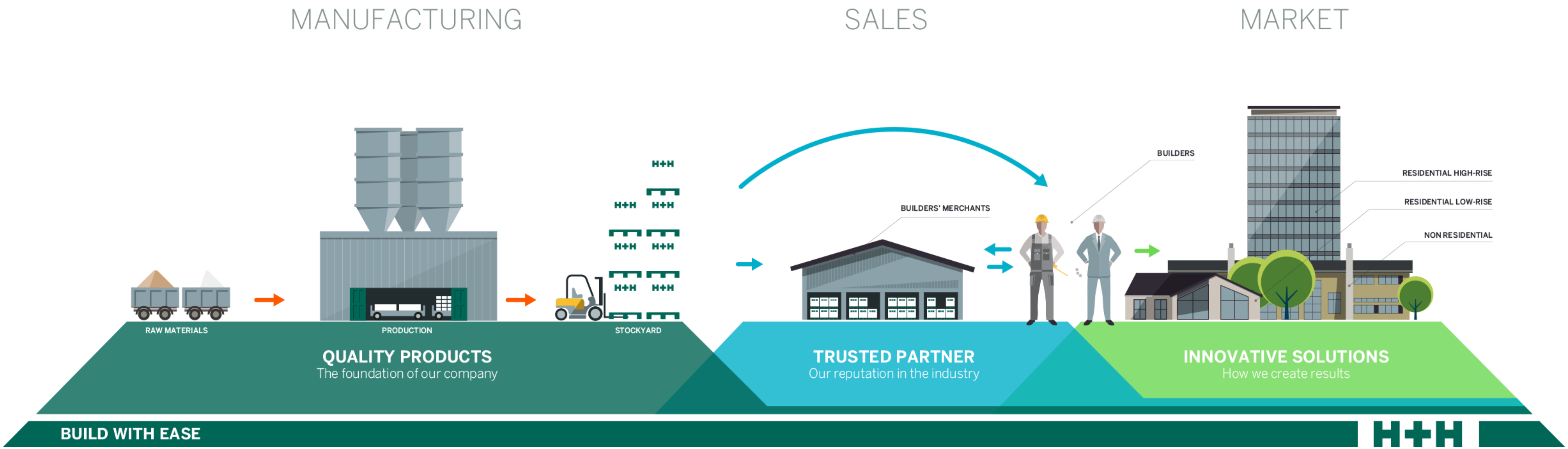


DEMOGRAPHY

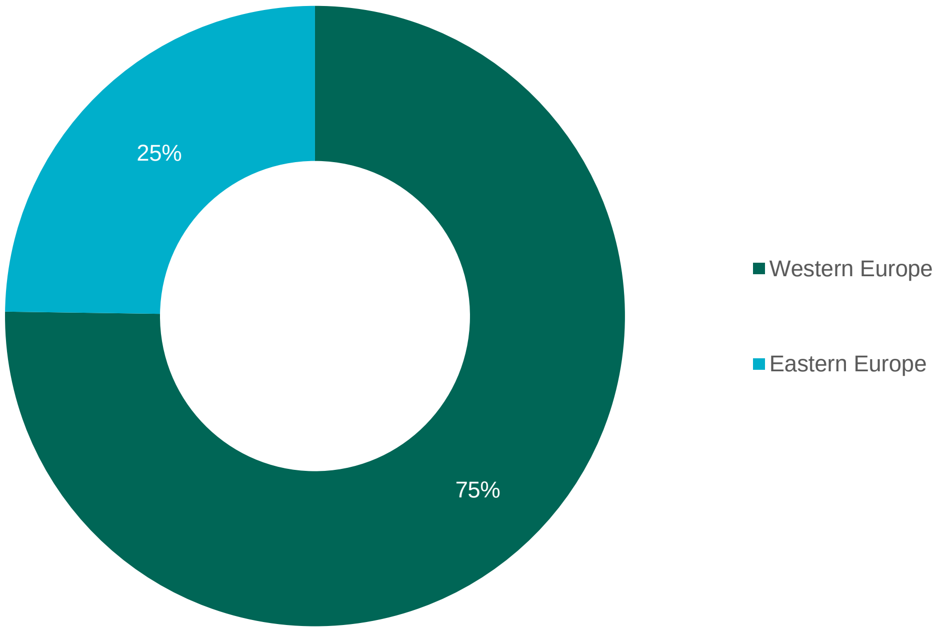
Risk factors

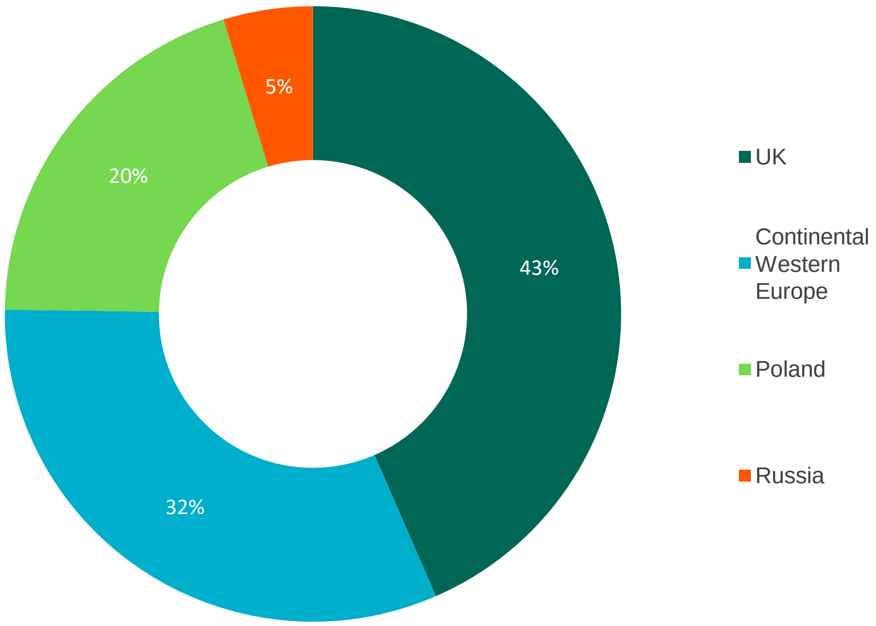
Risk	Scenario
Market	With significant operational gearing and fixed costs, demand has a noticeable effect on H+H's financial performance. Developments in the global economy and especially the construction sector, as well as political risks such as Brexit, initiatives such as taxes or tax deductions targeting the building industry or home owners, or changes to the mortgage system, have a significant direct and indirect impact on H+H.
Production	A major production breakdown or fire in a factory could cause a long-term loss of production. This shortfall would have an effect on sales unless made up by other H+H factories.
Raw materials & energy	Production is dependent on the supply of raw materials. Production costs are exposed to the effects of higher energy prices on the cost of transportation and price changes for cement, sand and lime.
Competition and pricing	H+H is the second-largest player in the European aircrete market. This market position could be endangered by mergers between competitors. Excess production capacity in some markets could result in a price war.
Foreign exchange rates	H+H's earnings are primarily in GBP and EUR, while its borrowings are primarily in DKK, PLN and EUR. Any developments in the financial markets, especially in GBP, could have a significant impact on H+H.
Capital structure & cash flow	Net interest-bearing debt amounted to DKK 459 million at the end of 2017 and H+H will remain dependent on external financing in the future.
UK pensions	The UK defined-benefit pension scheme is closed but has accrued benefits and a pension deficit. Each year the pension assets and liability are revalued. A change in the discount rate of 0.1 percentage point would change the obligations by approx. DKK 13 million. A change in the rate of inflation would change the obligation by approx. DKK 7 million, both affecting equity.

The business model

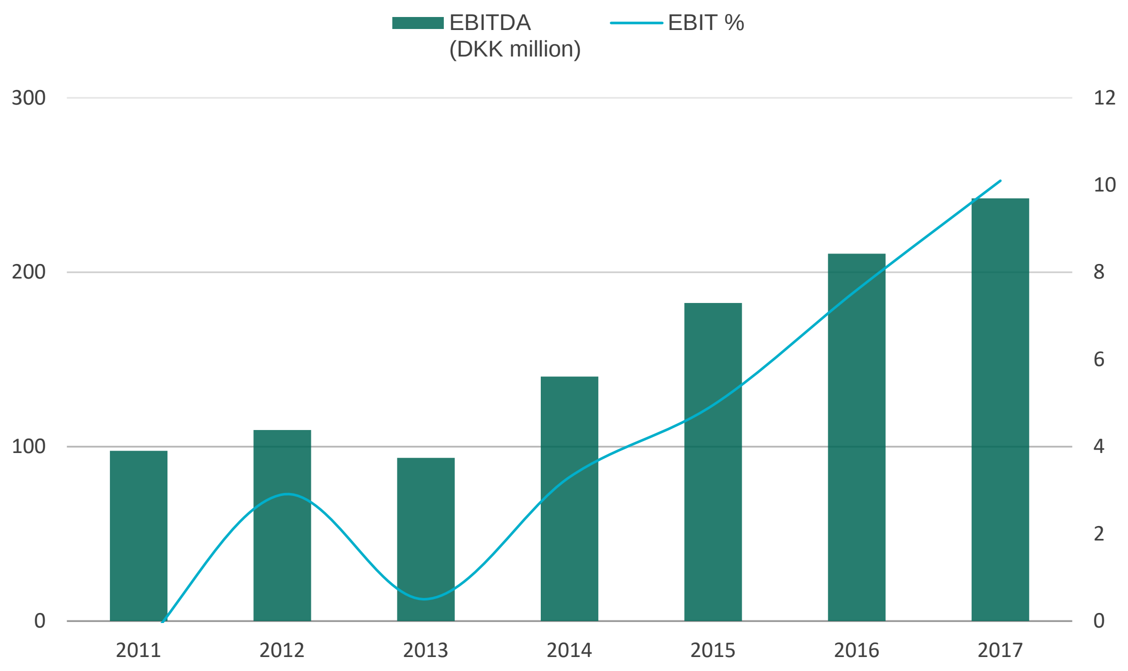


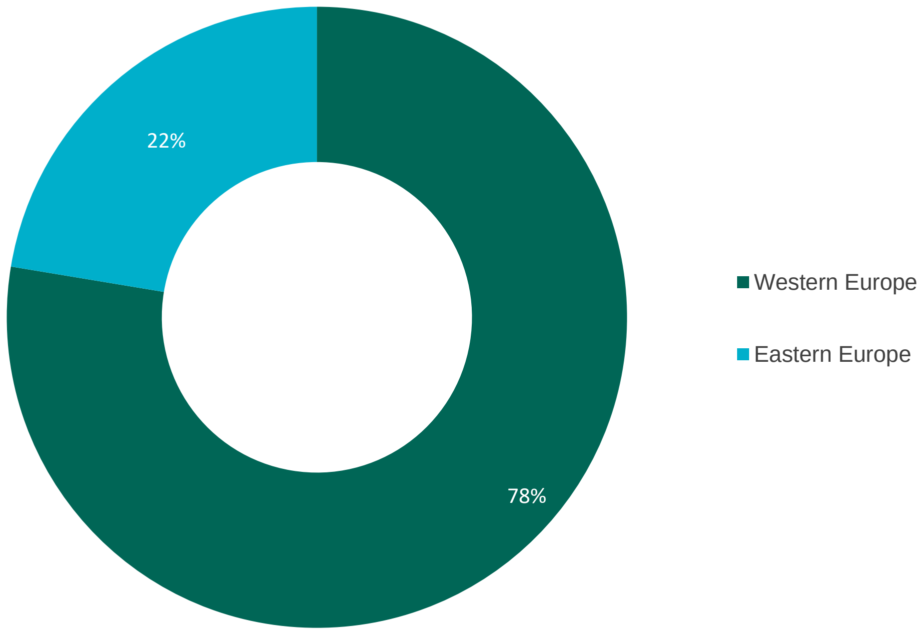
Revenue allocation 2017



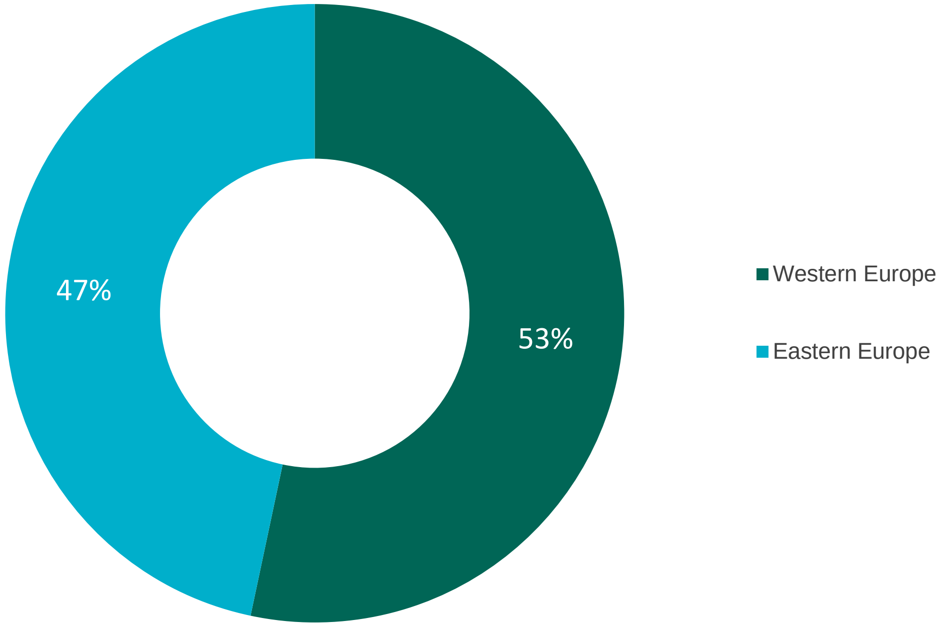


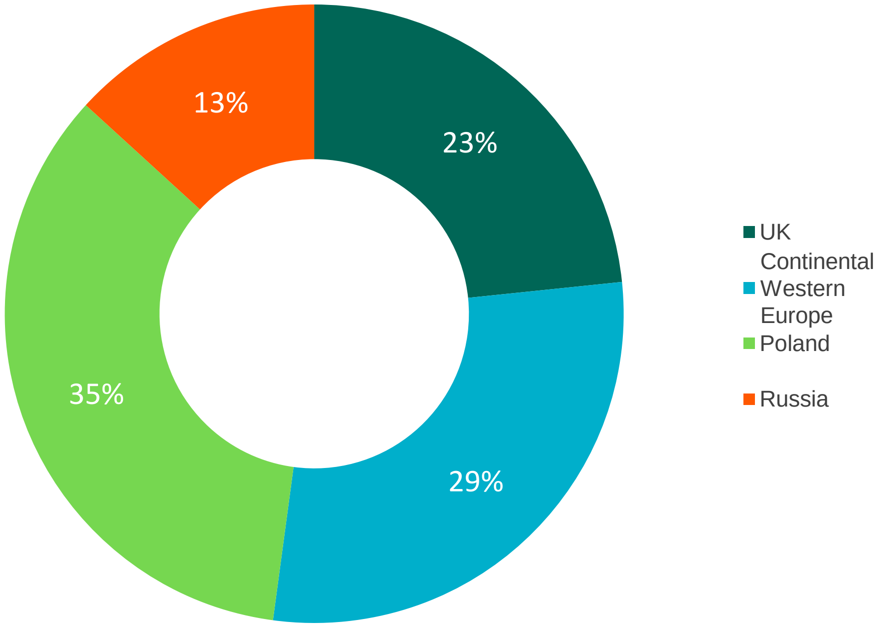
EBITDA and EBIT margin development and EBITDA allocation 2017



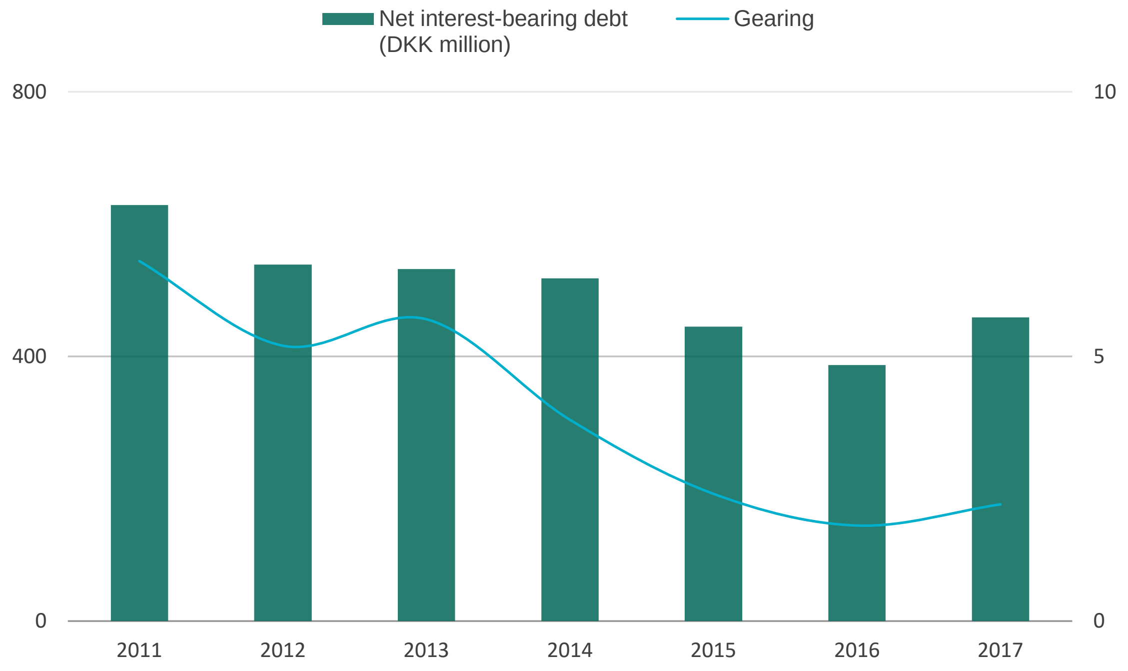


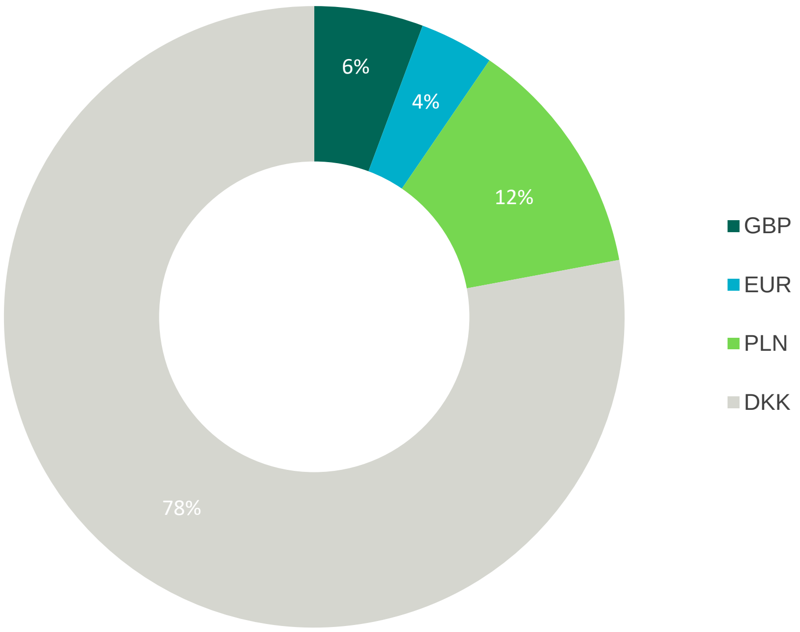
Non-current asset allocation as of 31 December 2017





Net interest-bearing debt development and allocation as of 31 December 2017



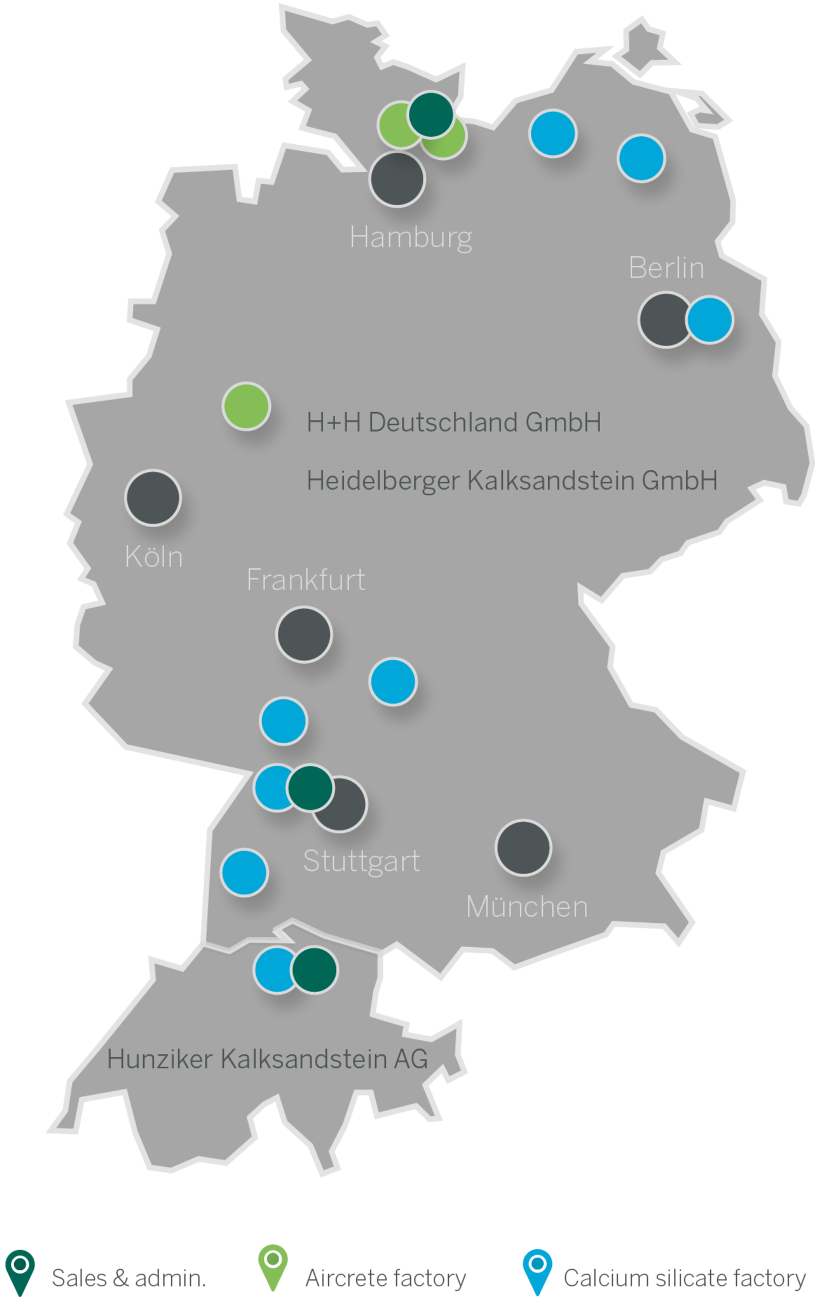


Strategic rationale for the CSU acquisitions

- Create a more balanced geographical footprint
- Expand the product offering, mainly within residential high-rise, becoming the second largest European player within CSU
- Harvest synergies with the aircrete business, create scale and operational improvements
- Benefit from best practice sharing across the German/Polish operations of the CSU businesses
- Platform for further market consolidation

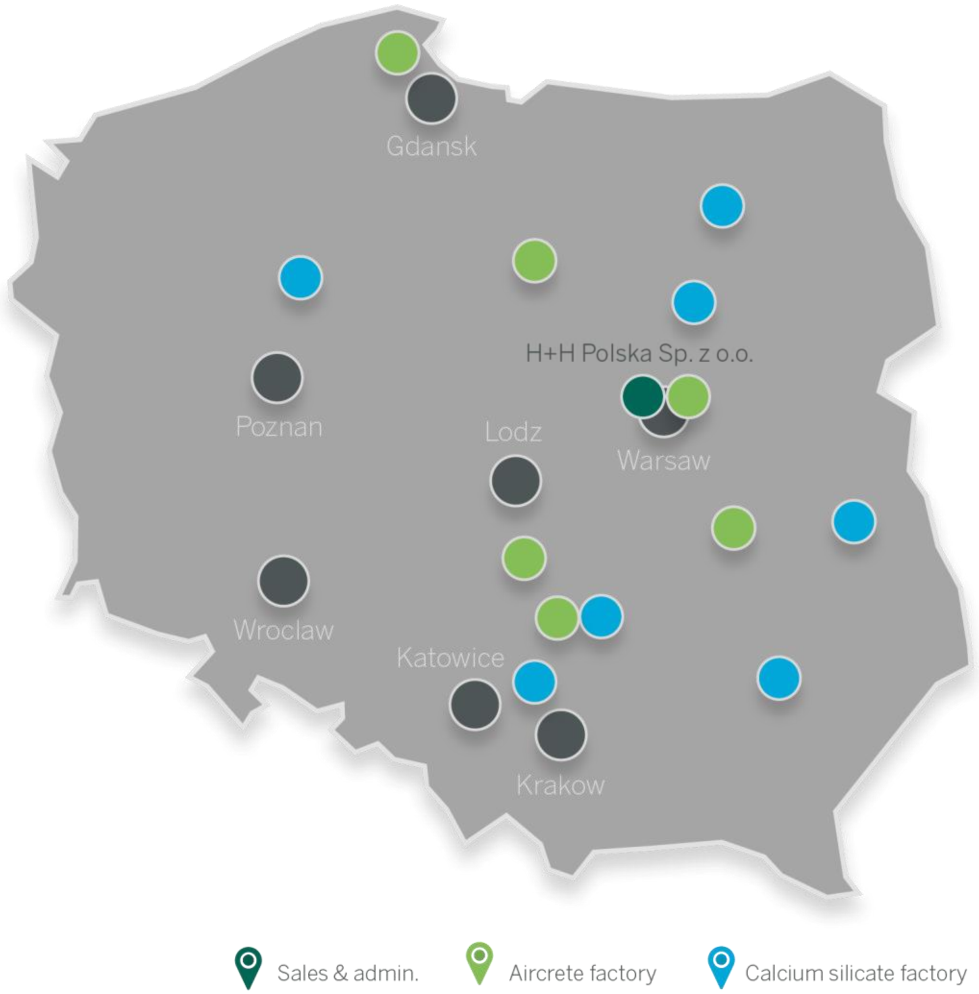
Acquisition of HDKS

- HDKS is the second largest producer of CSU in Germany and operates seven factories. Further, HDKS is present on the Swiss market and has one factory in Switzerland.
- The acquisition was closed 28 February 2018.
- HDKS had revenue in 2017 of around DKK 500 million and EBITDA of around DKK 100 million.
- The market share in the CSU market is around 14% and the company has around 200 employees.



Acquisition of Grupa Silikaty

- Grupa Silikaty is the second largest producer of CSU in Poland and operates seven factories.
- The acquisition was closed 4 April 2018.
- Grupa Silikaty had estimated revenue in 2016 of DKK 157 million and EBITDA of DKK 11 million.
- The market share in the CSU market is around 30% and the company has around 300 employees.



Unique opportunity to participate in market restructuring

H+H is in a unique situation

- Overcapacity in the German aircrete market
- Proven track record in successful restructuring
- Target list includes
  - Companies suffering from over capacity
  - Family-owned businesses with succession issues
  - Businesses that are subsidiaries in groups where wall-building materials is non-core
- Limited impact from anti-trust regulation in Germany

Geographical focus