Investor presentation
Q3 2020

13 November 2020

H+H
PARTNERS IN WALL BUILDING

Introduction

Agenda

H+H is partner in wall building across Europe

H+H is a wall building materials provider. The core activity is production and sale of autoclaved aerated concrete (AAC or aircrete) and calcium silicate units (CSU or sand lime bricks). The products are building blocks used for wall building primarily in the residential new building segment.

The product range also includes more advanced products such as high-insulating blocks, larger elements and a range of traded goods used for wall building.

H+H has 29 factories in Northern and Central Europe with a total annual output of approximately four million cubic metres of wall building materials and a leading position in most of its markets. The Group has more than 1,600 employees.

The business is cyclical and H+H is always pursuing organic growth and margin improvements. In addition, restructuring of the markets in Central Europe is on the strategic agenda.

The parent company H+H International A/S is headquartered in Copenhagen, Denmark and the company is listed on Nasdaq Copenhagen.

FORWARD-LOOKING STATEMENT
This presentation contains forward-looking statements. Such statements are subject to risks and uncertainties, as various factors, many of which are beyond the control of H+H International A/S, may cause actual developments and results to differ materially from the expectations expressed in this presentation. In no event shall H+H International A/S be liable for any direct, indirect or consequential damages or any other damages whatsoever resulting from loss of use, data or profits, whether in an action of contract, negligence or other action, arising out of or in connection with the use of information in this presentation.

Keeping margins levels in challenging market

Q3 key highlights

- After lockdown, the UK market has rebounded
- Good performance in other markets despite Covid-19
- Softening of the Polish CSU market as expected

2020 market outlook

- Recovery of the UK market, supported by Governmental stimuli
- Softening of the Polish market
- Any resurgence of Covid-19 are not expected to have nationwide impact on our markets

Financial outlook for 2020 updated

- Due to a quicker than expected recovery of the UK market, H+H upgraded its financial outlook for 2020 on 29th October

H+H PARTNERS IN WALL BUILDING

The market situation

The UK market

- After three months closure of the construction industry most building construction sites were open beginning of July and productivity levels increased as distancing rules softened. August and September showed strong recovery in activity levels being above last year level.
- End of June, H+H started production again to facilitate the increasing demand. Early August all three UK factories were running
- The UK is still affected by lockdowns, but construction and building activity is so far not impacted

The German market

- Lockdowns have not impacted building sites or distribution centres and the market situation have not changed in the recent quarter
- High order backlog in construction companies supports mid-term demand

The Polish Market

- Lockdowns have not impacted building sites or distribution centres
- Expected softening of the market is showing fuelled by covid-19 and expected to continue in Q4
- Competition in the CSU market has increased

PARTNERS IN WALL BUILDING

Key figures

Q3 Figures

Revenue

712 DKK million

779 last year

Organic growth of

(7)%

(7)% excl. UK

EBIT(bsi)

116 DKK million

137 last year

Free cash flow

136 DKK million

136 last year

Q1-Q3 figures

Revenue

2,012 DKK million

EBIT(bsi)

258 DKK million

Capital expenditure of

65 DKK million

Excl. DKK 11m IFRS16 impact

EBIT margin (bsi)

13% 14% last year

ROIC

18% 19% last year

Financial gearing

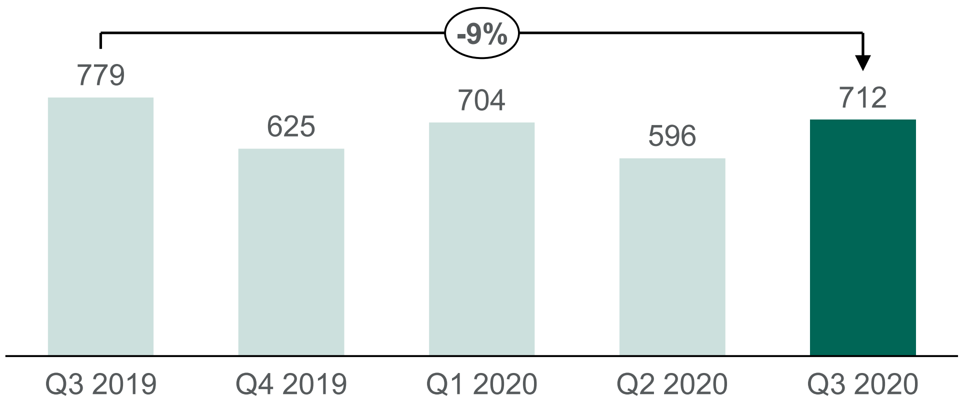
0.5x NIBD/EBITDA (bsi)

NIBD at 30 September 2020: DKK 273m

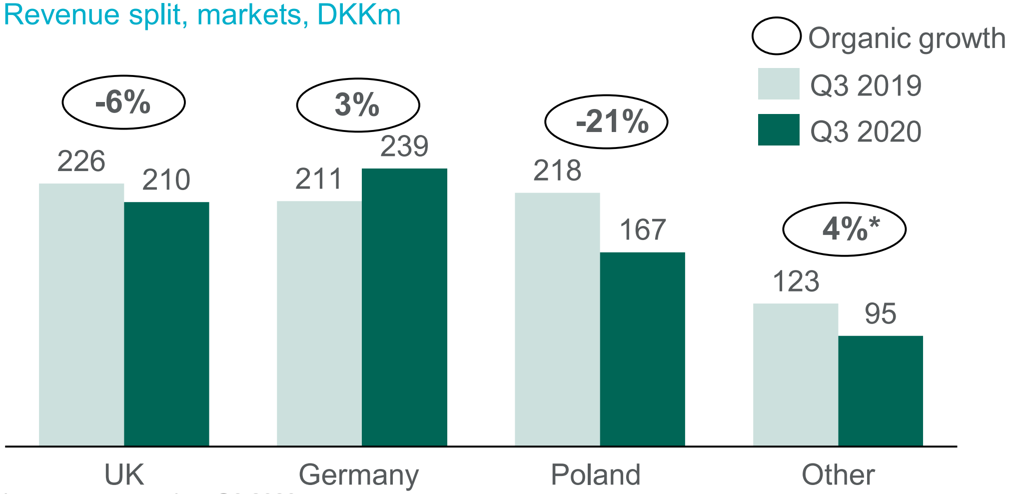
PARTNERS IN WALL BUILDING

Underlying growth despite Covid-19

Total revenue, DKKm



Revenue split, markets, DKKm



Organic growth of negative 7%

- Organic growth down 7% predominately due to expected market slowdown in Poland, affecting both AAC and CSU and a UK market in recovery
- Positive effects from Germany the others markets

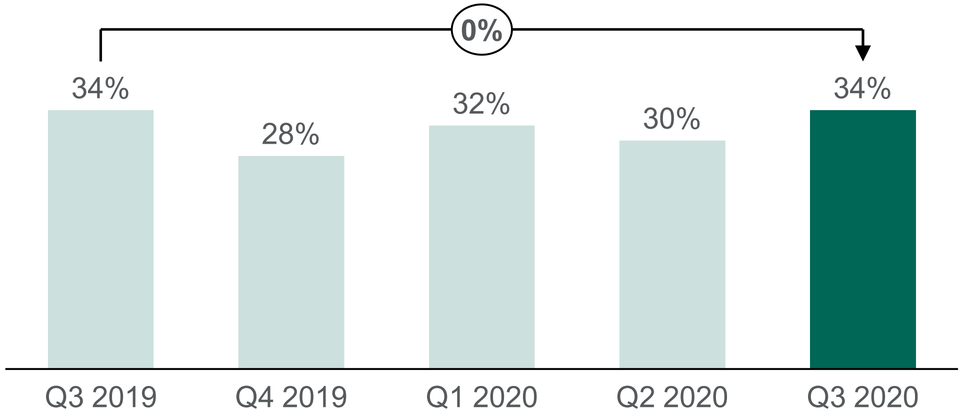
Good market development in several markets despite Covid-19

- UK organic growth down 6% due to lower volumes in July. For August and September both volumes and prices were higher than 2019.
- Germany had organic growth of 3% due to higher prices and stable volumes
- Poland had organic growth of negative 21% against an extraordinary high activity level in 2019
- Other markets grew 4% adjusted for Russia, divested in Q4 2019. The Nordics, Benelux and Switzerland contributed to the organic growth with positive price development

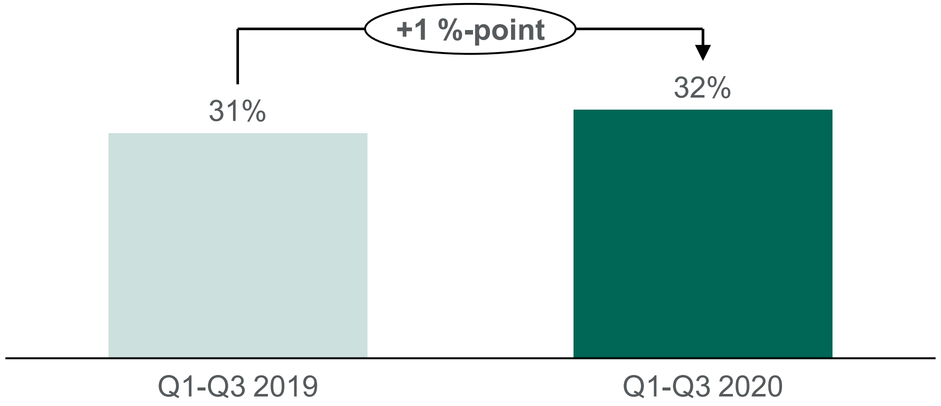
*Excluding Russia, divested in Q4 2019

Gross margin kept at high level despite UK market in lockdown

Gross margin quarters, percentage



Gross margin YTD, percentage



Q3 gross margin of 34%, Q3 2019 level kept

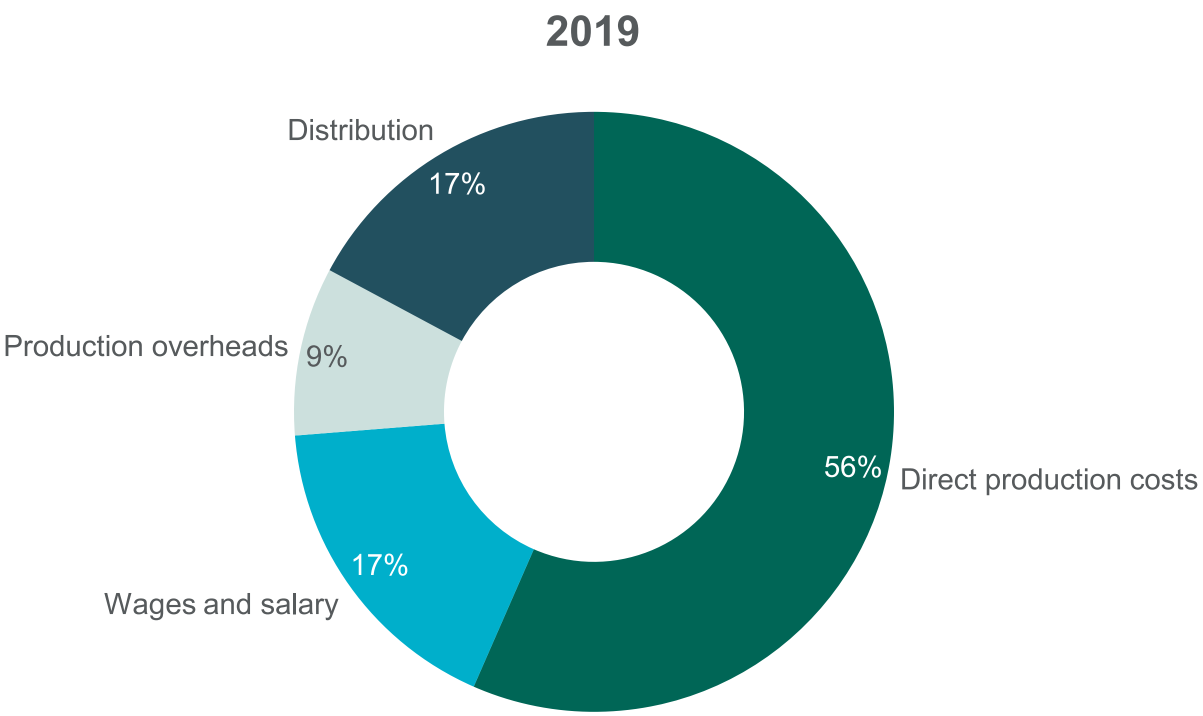
- Lower volumes and higher input costs, offset by lower transport costs, efficiency improvements as well as overall price increases

Gross margin improved 1%-points against Q1-Q3 2019

- Mainly due to efficiency improvements, higher prices and government grants
- Government grant received totalled DKK 13m YTD of which DKK 11m impacted production cost.

Cost structure resilient to volume drop

Gross profit level kept above 30% during the pandemic



Total production cost: DKK 1,963 million in 2019

Production cost

- Raw material consist of approx. two thirds of the direct production costs.
- Fixed cost base relates to fixed share of energy, salaries and production overheads, such as rent, taxes etc. – approx. 20 % of the cost base

Short term adjustments

- Adjust production accordingly
- Overtime savings

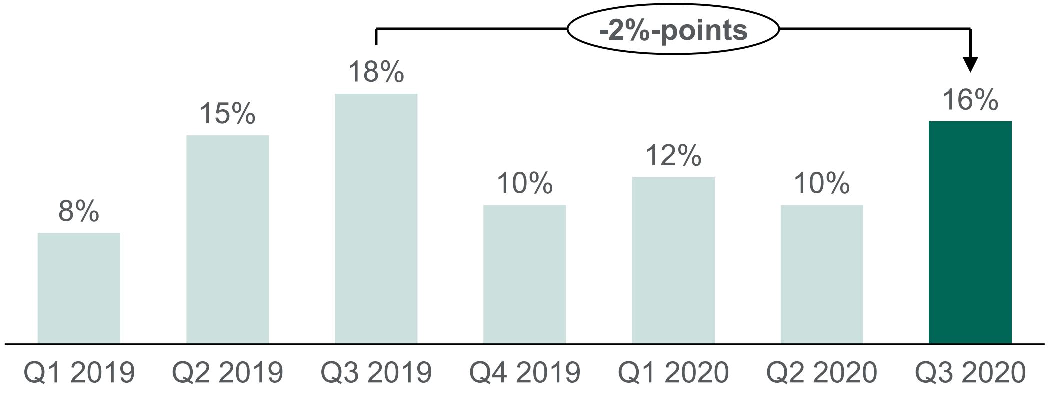
Long term adjustments

- Staff reductions
- Investment in productivity improvements

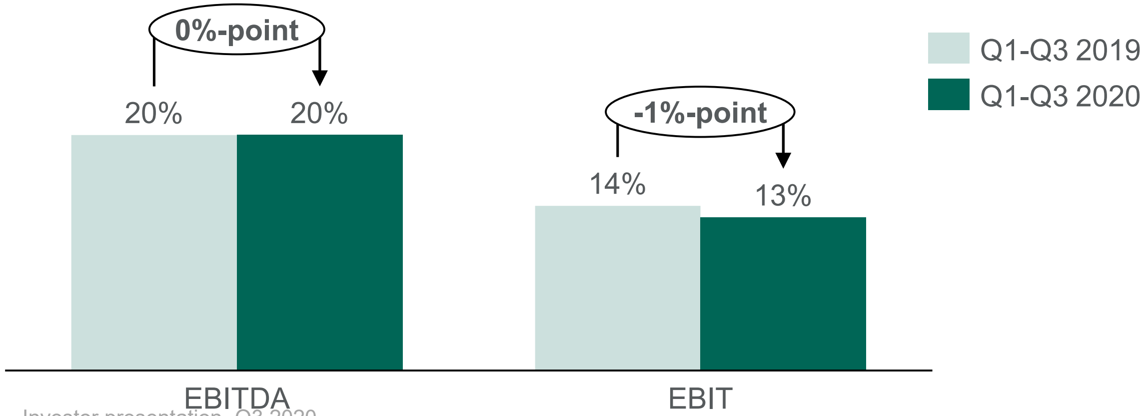
H+H PARTNERS IN WALL BUILDING

Defending margin levels despite market challenges

EBIT margin (bsi), percentage



EBIT (bsi), DKK millions



Q3 2020 EBIT (bsi) impacted by recovery in the UK

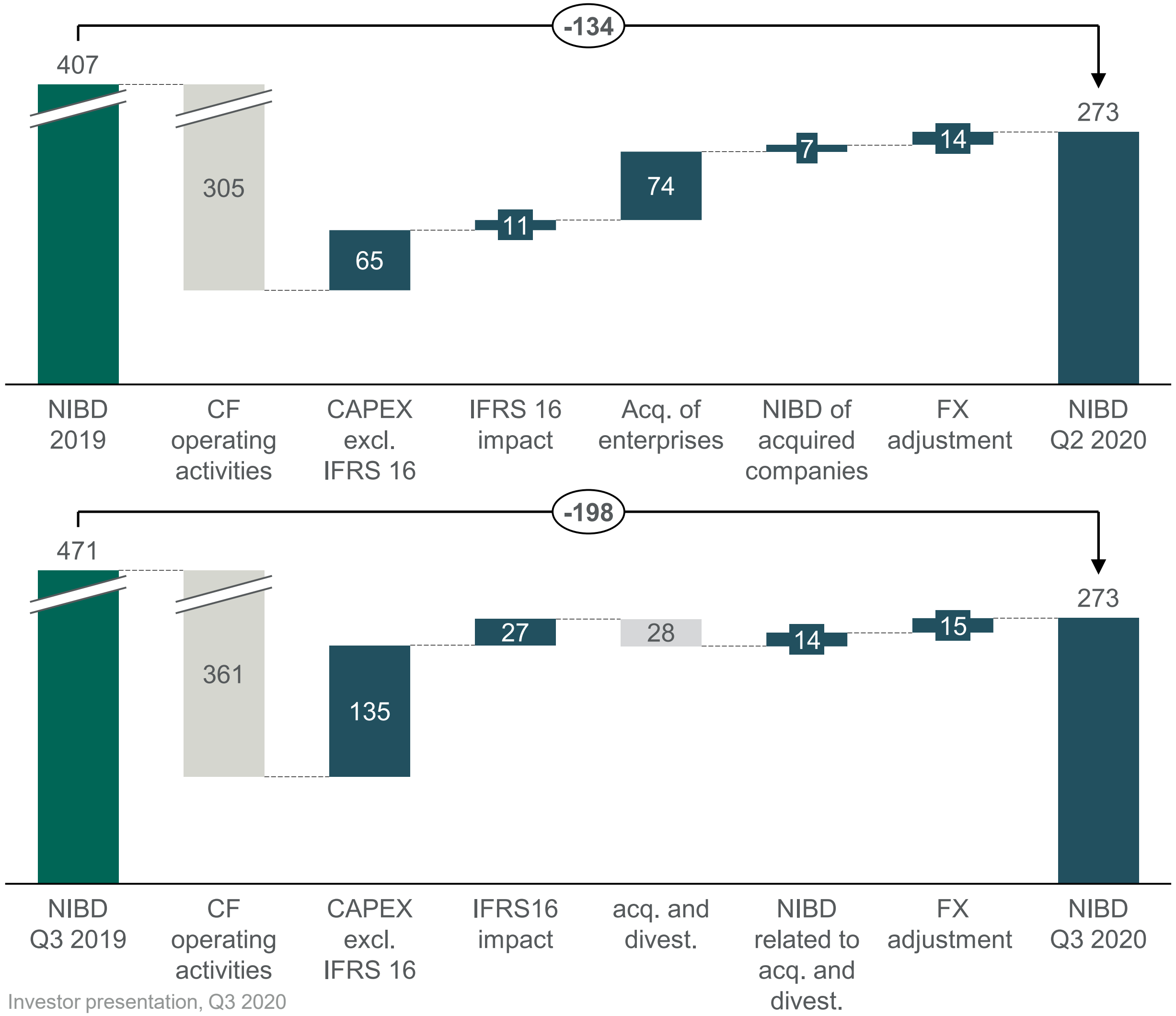
- Negatively affected by volume drop and increased input cost, partly offset by higher prices
- Q3 2019 impacted by a strong quarter for the divested business in Russia

Q1- Q3 2020 EBIT (bsi) impacted recovery in the UK

- Halted production in Q2 in the UK offset by strict pricing strategy
- Strong operational excellence across markets incl. continuous improvements, purchasing initiatives and synergies from acquired companies

PARTNERS IN WALL BUILDING

NIBD and financial gearing at low levels



NIBD development

- Q1-Q3 2020 CAPEX related to maintenance and upgrade projects. Kept at a low level
- Paid for acquired German AAC factory in January and last preferred payment for Grupa Silicaty in Poland
- Extension of bank credit facility and increase of committed facility
- Financial gearing of 0.5x at end of September 2020
- NIBD excluding lease liabilities amounted to DKK 273m
- Unused committed bank facility of DKK 0.9 bn at 30 September 2020, an increase of DKK 0.1 bn in the quarter
- Reduction in debt of DKK 198m since 30 September 2019

Financial overview

		Q3			Q1-Q3		
DKK million		**2020**	**2019**	**Variance**	**2020**	**2019**	**Variance**
Revenue	Actual	712	779	(9%)	2.012	2.215	(9%)
	Organic	725	779	(7%)	2.010	2.215	(9%)
Gross margin*		34%	34%	0%	32%	31%	1%
EBITDA*		162	182	(20)	396	435	(39)
EBIT*		116	137	(21)	258	306	(48)
EBIT margin*		16%	18%	(1%)	13%	14%	(1%)
Special items		0	0	0	0	0	0
Profit/loss before tax		107	128	(21)	240	285	(45)
Profit/loss after tax		83	97	(14)	185	225	(40)
Return on invested capital					18%	19%	(1%)
Investments in property, plant & equipment**		22	29	(7)	65	56	9
Free cash flow		136	136	0	166	175	(9)
Net interest-bearing debt	DKK million				273	471	(198)
	Financial gearing				0,5x	0,9x	
Equity					1.477	1.258	219

* Before special items

** Excluding effect from implementation of IFRS 16 of DKK 5m.

H+H PARTNERS IN WALL BUILDING

2020 market outlook

Q4 2020 market outlook

- Although volumes have returned in the UK market during Q3, the volumes for Q4 2020 remains uncertain
- The group foresees softening of Poland in Q4 compared to last year and a stable to slight decline in Germany
- Any resurgence of Covid-19 is not expected to have nationwide impact on our markets

UK drivers for 2020

- Help to Buy: Completion requirement extended to end of February 2021
- Stamp duty holiday – Threshold raised from £125,000 to £500,000 until end of March 2021
- Improved productivity levels in construction
- Fundamentals remain attractive

Help to Buy

Financial outlook updated

Upgrade due to higher than expected demand in the UK market for the remaining part of 2020

H+H Group	Initial financial outlook 2020	Financial outlook 2020 24 March 2020	Financial outlook 2020 reintroduced	Realised in YTD 2020	Updated financial outlook 2020
Org. growth	-2 to 2%	Suspended	-16 to -8 %	-9 %	-12 to -8%
EBIT	DKK 300-360m	Suspended	DKK 250-300m	DKK 258m	DKK 290-320m
CAPEX	DKK 140-180m	Suspended	DKK 100-130m	DKK 65m	DKK 120-130m

Assumptions for the outlook

- Any resurgence of covid-19 will not have severe impact in our markets
- No severe impact from disruption in supply chains and constructions sites due to the pandemic
- Financial liquidity is available in the markets to support housebuilding

Q & A

Thank you

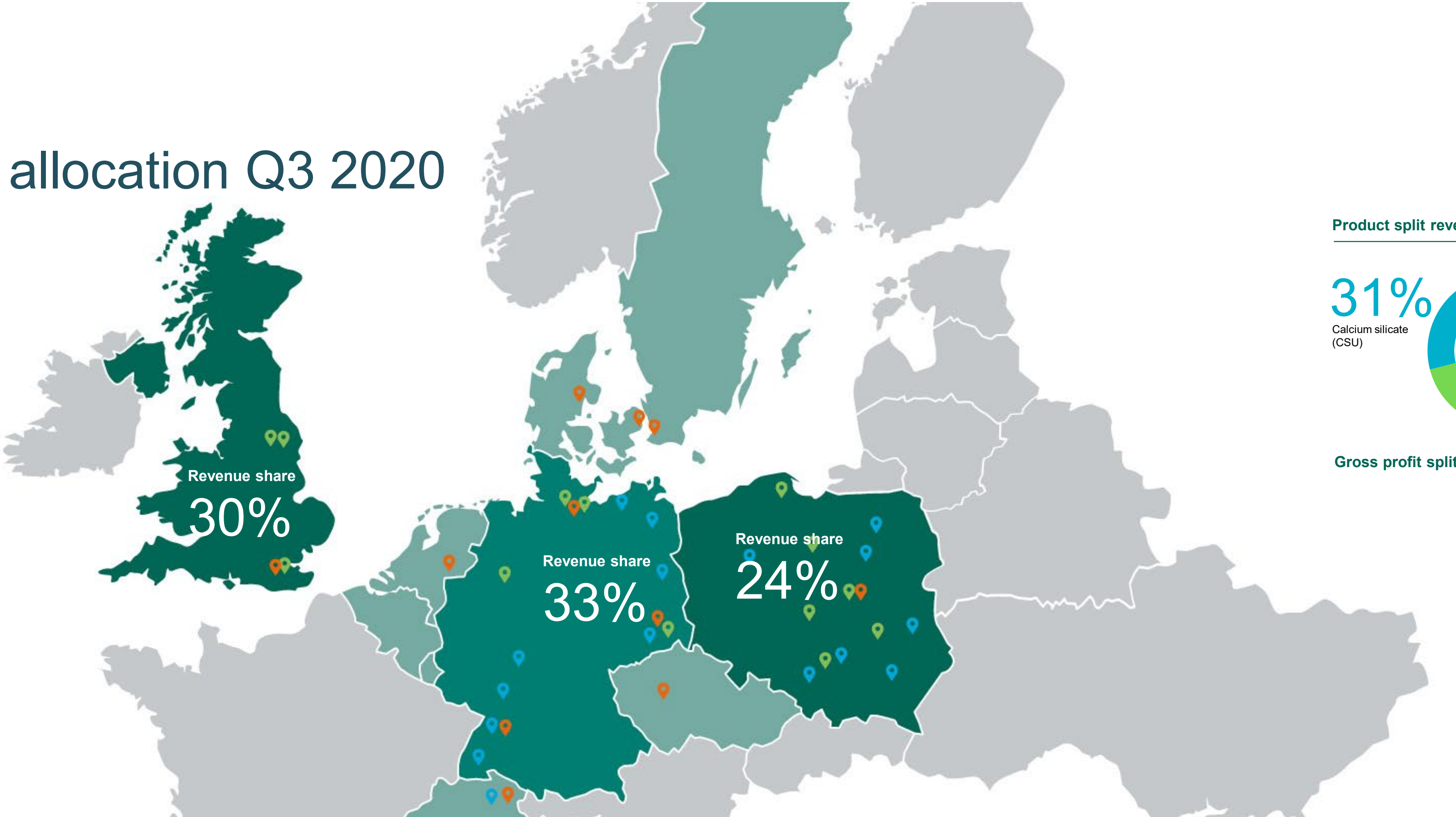
H+H International A/S
Lautrupsgade 7, 5th Floor
2100 Copenhagen Ø
Denmark

+45 35 27 02 00

info@hplush.com
www.hplush.com

Appendices

Revenue allocation Q3 2020



Product split revenue

Gross profit split: CSU 30% / AAC 03%

Sales and Administration
Aircrete factories
Calcium silicate factories

Strong market positions

United Kingdom (30%)

#1

Marketshare **>40%**

Germany (33%)

#2

Marketshare **AAC >15%****

Marketshare **CSU ~12%**

Poland (24%)

#2

Marketshare **AAC 20-25%**

Marketshare **CSU 20-25%**

Other markets (13%)

#1 or #2

Marketshare **15-20%**

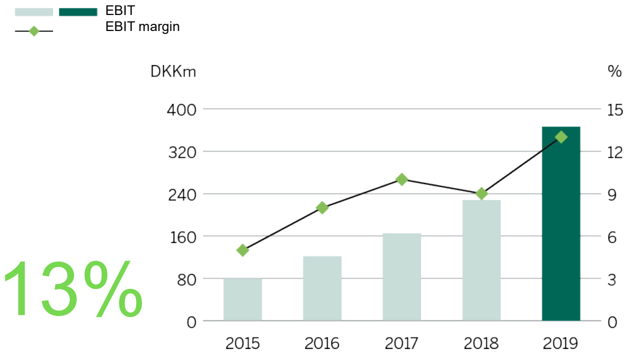
** Incl acquired AAC factory in Dresden on 14 January 2020

PARTNERS IN WALL BUILDING

Long term financial targets

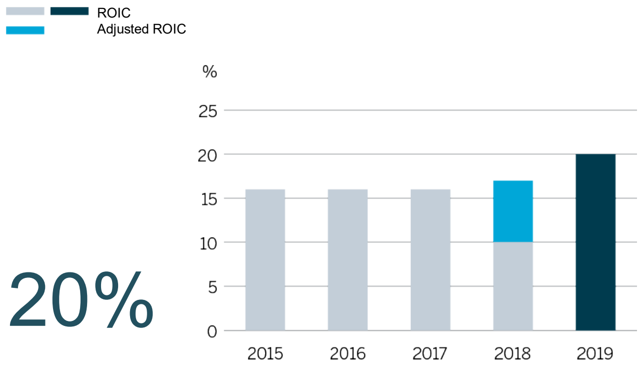
H+H expects to use free cash flow to develop the existing business and execute on the pipeline of strategic growth initiatives.

EBIT



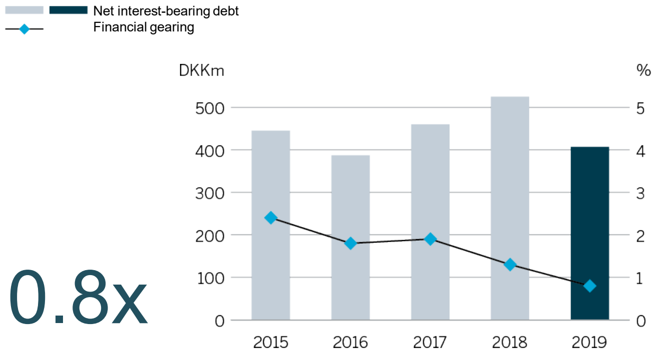
13%

Return on invested capital (ROIC)



20%

Financial gearing



0.8x

Long-term financial targets

EBIT margin
(Operating margin before special items)

11%

ROIC
(Return on invested capital)

12%

Financial gearing
(Net interest-bearing debt / EBITDA before special items)

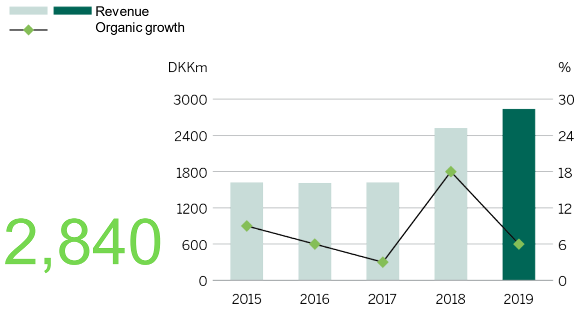
1-2x

In the annual report 2017 we laid out the current long-term targets. While exceeding the targets in high profitable years, the targets also reflect the ambition to keep average minimum levels through a full business cycle

Performance Highlights

Revenue and Profit

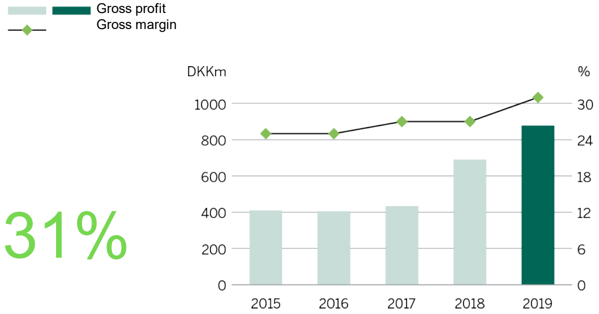
Revenue



2,840

Revenue in DKKm

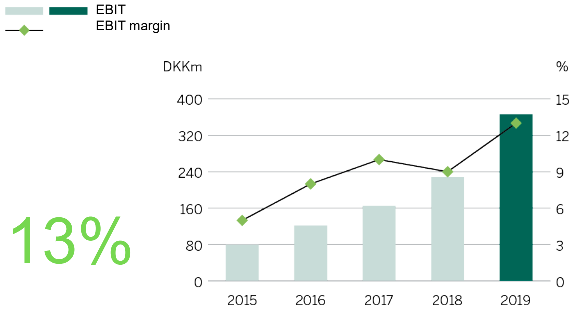
Gross profit and gross margin



31%

Gross margin before special items

EBIT and EBIT margin

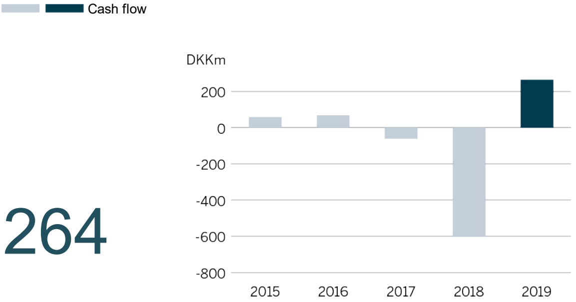


13%

EBIT margin before special items
EBIT in 2018 was affected by a one-off effect related to the acquisition of the German CSU plants

Cash flow and balance sheet

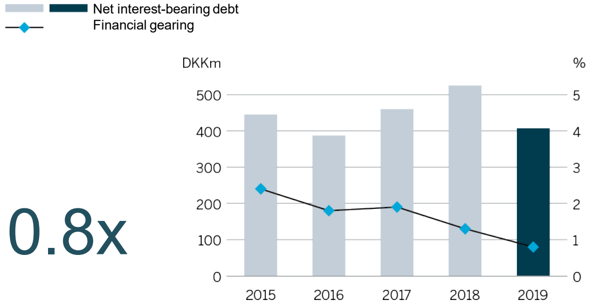
Free cash flow



264

Free cash flow in DKKm

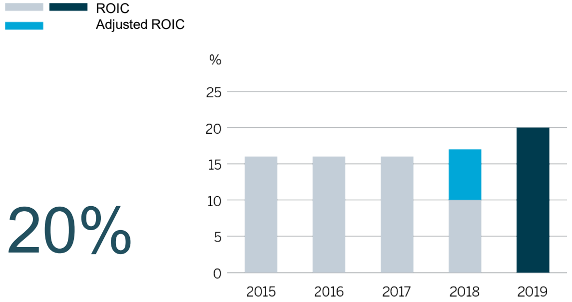
Financial gearing



0.8x

NIBD/EBITDA (before special items) ratio. NIBD for 2019 incl. impact from IFRS 16

Return on invested capital (ROIC)



20%

ROIC in 2018 was negatively impacted by a one-off related to the acquisition and integration of the German and Polish businesses and impairment of fixed assets in Russia. Adjusted for this, ROIC would have been 17%.

PARTNERS IN WALL BUILDING

Business model – We focus on adding value to our customers throughout the entire wall building process

Quality Manufacturing
Quality products of nature's own material

Value-added Sales
Trusted partners in wall building

Diversified Market
Innovative product solutions for high-rise and low-rise

Key raw materials

- Nature's own sand, water and lime
- Cement and aluminium added for AAC

Quality products

- Autoclaved aerated concrete (Aircrete or AAC)
- Calsium silicate units (CSR)
- Quality products with sustainable features
- Eco friendly
- Improved energy savings

Partnerships

Partnerships with the customers
Solution selling

- Early involvement
- Supports customers in early planning stage
- Optimising building process
- Cooperation with planners, architects, distributers and builders

Delivery

Building site (75-80%)
Builders' merchant

- Premium brand
- Availability
- One-point of contact
- One-stop shop for wall building
- Transparency
- Reliable and timely delivery

Foundation
Inner & Exterior walls

High-rise (primarily CSU)

Residential low-rise (primarily AAC)

Non residential (primarily AAC)

- Sustainable building products
- High quality solutions
- On-site support
- Improved workflows and processes
- Technical support and material expertise
- Mixed product sales

PARTNERS IN WALL BUILDING

Equity story

1. European market leading position in AAC and CSU products

- Top 2 positions in all key markets
- Geographic balanced market position
- Balanced product portfolio for low-rise and high-rise buildings

2. Unique market conditions for growth

- Structural under-supply of housing
- Governmental stimuli of housebuilding
- Demographic growth and urbanisation (megatrend)
- High entry investment barriers

3. M&A – Proven track record of strategy execution

- Fragmented markets with room for market share gains and consolidation through acquisitions
- Efficient integration process and agile organisation
- Scale – realisation of synergies

4. Sustainable solutions

- Long-lasting eco friendly products
- Energy saving products
- Excellent indoor climate
- Fire resistance
- Acoustic comfort

PARTNERS IN WALL BUILDING

5. Unique market approach

- Value added customer relationship and assistance through entire building process
- Supplying sophisticated solutions
- Focusing on pull sale – knowing the customer
- High customer retention rate
- High degree of market adaptation

6. Strong financial performance and capital structure

- Earnings more than quadrupled since 2015
- EBIT from DKK 80 m to DKK 366 m in 2019 before special items
- NIBD/EBITDA before special items ratio of 0.8x
- ROIC of 20%
- Strong cash flow generation

Top six risks

	1. Market	2. Production	3. Financial
Probability/Impact			
Risk Description	Risk of a worsened global economy and especially in the sector for new residential and non-residential construction, could have a significant impact on H+H. The markets in which H+H operate tend to be cyclical and with some degree of correlation, which could cause a risk of imbalanced earnings. Risk related to EU or UK regulation is also present. Finally, risk related to competition could occur in case of excess production capacity or changes to our competitors' pricing strategies.	A major breakdown in a production facility could cause a long-term loss of production. Such a shortfall could impact overhead recovery and potentially sales. Risk also exists in relation to unplanned production stops due to lack of maintenance or availability of spare parts. Finally, production could be vulnerable to shortage of supply and raw materials.	Risk of insufficient cash or financing to execute the growth strategy and to comply with financial covenants. Also, volatility in foreign exchange rates could result in a risk of losses when funds are retrieved to the Group.
Risk Mitigation	At H+H, we continuously monitor our geographical footprint and have a good understanding of our core markets and demographic developments. A structured process for continuously updating mitigation plans exists, and H+H conducts weekly sales monitoring including key leading indicators for signs of a recession or price changes in order to anticipate potential impact and execute mitigating plans. Furthermore, H+H closely monitors economic, political and competition developments in and outside our footprint and participate in European interest organisations for AAC and CSU to impact the political environment. In addition, we have exited our activites in the Russian market.	H+H regularly conducts preventive maintenance checks as well as spare parts stock analysis to limit the down time of unplanned production stops. Also, H+H dual sources key raw materials to ensure steady supply. Should an unplanned production stop occur, other plants could mitigate as a short-term option. Finally, H+H is insured for breakdowns and business interruptions, so the isolated financial impact is considered low.	H+H entered into a committed credit facility with Nordea effective in March 2019, securing funding of daily operations and the growth strategy. The agreement was originally to mature in 2022, but in early 2020 it was extended to 2023. Financial covenants are monitored monthly and reported quarterly. Reports show significant headroom. The translation risk is reduced by FX hedging on a transactional basis.
Risk assesment	Operating in the construction sector, H+H is exposed to economic developments, but we believe that we have reduced the risk to an acceptable level through mitigating actions. Similarly, as we are market leading in most of our markets, we are able to reduce competition risk to an acceptable level.	Considering the mitigating plans and factory footprint, we believe the risk is medium but acceptable. However, H+H is continuously focusing on improving mitigating actions to production risk. Our aim is to reduce the risk by further initiatives including an updated approach to Enterprise Risk Management.	With the current financing agreement, H+H has low finance risk as credit facilities provides sufficient funding, long term maturities and excess covenant headroom.

PARTNERS IN WALL BUILDING

Top six risks

	4. Law and compliance	5. People	6. IT
Probability/Impact			
Risk Description	Risk of a lack of compliance with law and regulation, e.g. competition law, GDPR, transfer pricing etc. could result in loss of reputation and/or fines resulting in financial impact.	The main people risks are risk of scarcity of qualified labour as well as incidents and fatalities at our production facilities as they are inherently dangerous workplaces.	The growing dependence of the business on technology increases the IT risk. Therefore, ensuring an effective IT platform and mitigation of threats from cyber security, data leakage and data security are key focus areas for H+H. An extended period of down-time or lack of integration of acquired entities could result in delays and additional costs.
Risk Mitigation	H+H continuously monitors new regulations within all our markets. Where relevant, H+H will consult specialists before decisions are executed. Code of Conduct policies are deployed and the Management of H+H communicates the importance of compliance and regulation regularly. Also, whistle-blower policies are deployed and communicated across the organisation. H+H has established an ESG committee consisting of officers representing each related topic and regional compliance officers.	Heatlh & Safety are a key management area including KPI monitoring and part of Management renumeration programmes. Internal and external Health & Safety audits are conducted annually in rotation and actions are prioritised and carried out by skilled Heatlh & Safety Managers. Also, HR processes including retaining and recruiting talent are increasingly important to H+H. Therefore, HR resources have been added to the organisation.	H+H has defined its new information security framework, which includes updated policies, guidelines and tools which will take H+H to the desired information security level. Over the last year, H+H has taken several initiatives to improve the IT platform and the embedded security framework.
Risk assesment	Risk of a lack of compliance with law and regulations is considered low including mitigating actions taken.	The risk of incidents and fatalities does exist, but it is our assessment that considering the mitigating actions taken, the risk is reduced to an acceptable level. Also, improved HR processes contribute to a low people risk.	IT related risk is considered low but the likelihood of occurrence will be further reduced once the above mitigating actions are fully implemented.

H+H PARTNERS IN WALL BUILDING

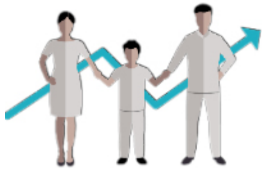
External growth drivers

Macroeconomic

- GDP growth
- Inflation
- Governmental stimuli of housebuilding

Capacity utilisation

- Capacity utilisation in the aircrete and calcium-silicate industry
- Capacity utilisation in the wall building materials industry
- High entry barriers



Demography

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

We partner to develop **sustainable end-products**

At the end of the day, homes, flats, offices and other buildings need to be comfortable, safe and sustainable. Our wall building solutions have been specially developed to deliver futureproof results. An improved indoor climate and energy savings due to better thermal insulation, fire-resistance and increased safety, as well as better acoustic insulation between rooms – these are just some of the many benefits people who use and live in buildings featuring H+H solutions will enjoy.

Flexibility and quality
A wall solution that can be designed in limitless ways and built to last for generations

Improved energy savings
Better insulation of external walls ensures improved energy savings

Improved indoor climate
Improved thermal and acoustic insulation increases comfort and indoor climate

Sustainable solutions
Responsible sourcing of raw materials for all our solutions and products across markets

H+H PARTNERS IN WALL BUILDING

More than 100 years of experience

H+H as a conglomerate

European wall building provider as consolidator

Turnaround

Normalisation and expansion

1909 1937 1958 1962 1985 1998 2000 2003 2005 2008 2009 2010 2011 2015 2017 2018 2019

- **Henriksen & W. Kähler** – established joint gravel pit enterprise
- **Business expanded** – with Danish Aircrete and Rockwool Partnership
- **H+H enter the UK** – joint venture with Celcon
- **Henriksen & W. Kähler** divided rockwool activities from the other activities
- **H+H's B shares listed** – on the Copenhagen Stock Exchange
- **Focus on aircrete** – expansion to Finland and Germany
- **Eastern Europe** – expansion to Poland
- **The H+H share** – share capital increase DKK 436 million and merger of share classes
- **Eastern Europe** – opening of factory near St. Petersburg, Russia
- **Eastern Europe** – restructuring of the Polish aircrete market
- **CSU business** – acquisitions into the CSU business in Germany, Switzerland and Poland
- **The H+H share** – share capital increase DKK 504 million
- **Divestment of the Russian business**
- **Acquisition of one CSU and one AAC factory in Germany***

Conglomerate (aircrete, sand lime bricks, prestressed concrete, paving stones, reuse of building materials and asphalt, kitchens and furnitures)

 * Closed 14 January 2020

PARTNERS IN WALL BUILDING

H+H supports customers from the very early planning stages with a complete range of sustainable wall building solutions, process expertise and guidance on how to optimize the wall building process.

PARTNERS IN WALL BUILDING

The new brand claim opens for further opportunities to expand the product portfolio into other wall building materials. For the time being, restructuring within our existing products in Central Europe is top of the agenda.