



Q1 2021 Interim Financial Report Webcast presentation

17 May 2021



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H+H is a partner in wall building across Europe

H+H is a wall-building materials provider. The core activity is the 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 1,500 employees.

The business is cyclical and H+H is always pursuing organic growth and margin improvements. In addition, restructuring and consolidation 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 the Nasdaq Copenhagen stock exchange under the ticker symbol, HH.

FORWARD-LOOKING STATEMENTS

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.

Q1 2021: solid UK activity offset by strongest weather impact in a decade

Q1 2021 selected financial figures

Figures in DKKm unless otherwise stated. Q1 2020 figures in brackets

Organic growth

-9%

(2%)

EBITDA⁽¹⁾

109

(131)

EBIT⁽¹⁾

64

(85)

Free cash flow

-32

(-78)

Return on Invested Capital

16%

(21%)

Financial gearing⁽²⁾

0.6x

(0.9x)

(1) Before special items (2) Net interest-bearing debt to EBITDA before special items ratio



Harsh winter weather cause 11% decline in sales volumes

Sales volumes were lower due to the strongest weather impact in a decade—especially in Poland and Germany. The year-on-year decline was partly offset by higher sales volumes in the UK, driven by strong market activity supported by Government stimuli programmes, as well as a significant catch-up in demand leading very strong sales volumes in March 2021.

Key revenue drivers	Unit	Q1 2021	Q1 2020	Difference
Sales volume	Thousand m ³	960	1,073	(11%)
Organic growth	%	(9%)	2%	(11 pts.)
Revenue	DKKm	642	704	(9%)

Central Western Europe: markets quickly recovering from Q1 slow-down with good activity in Germany and the Nordics

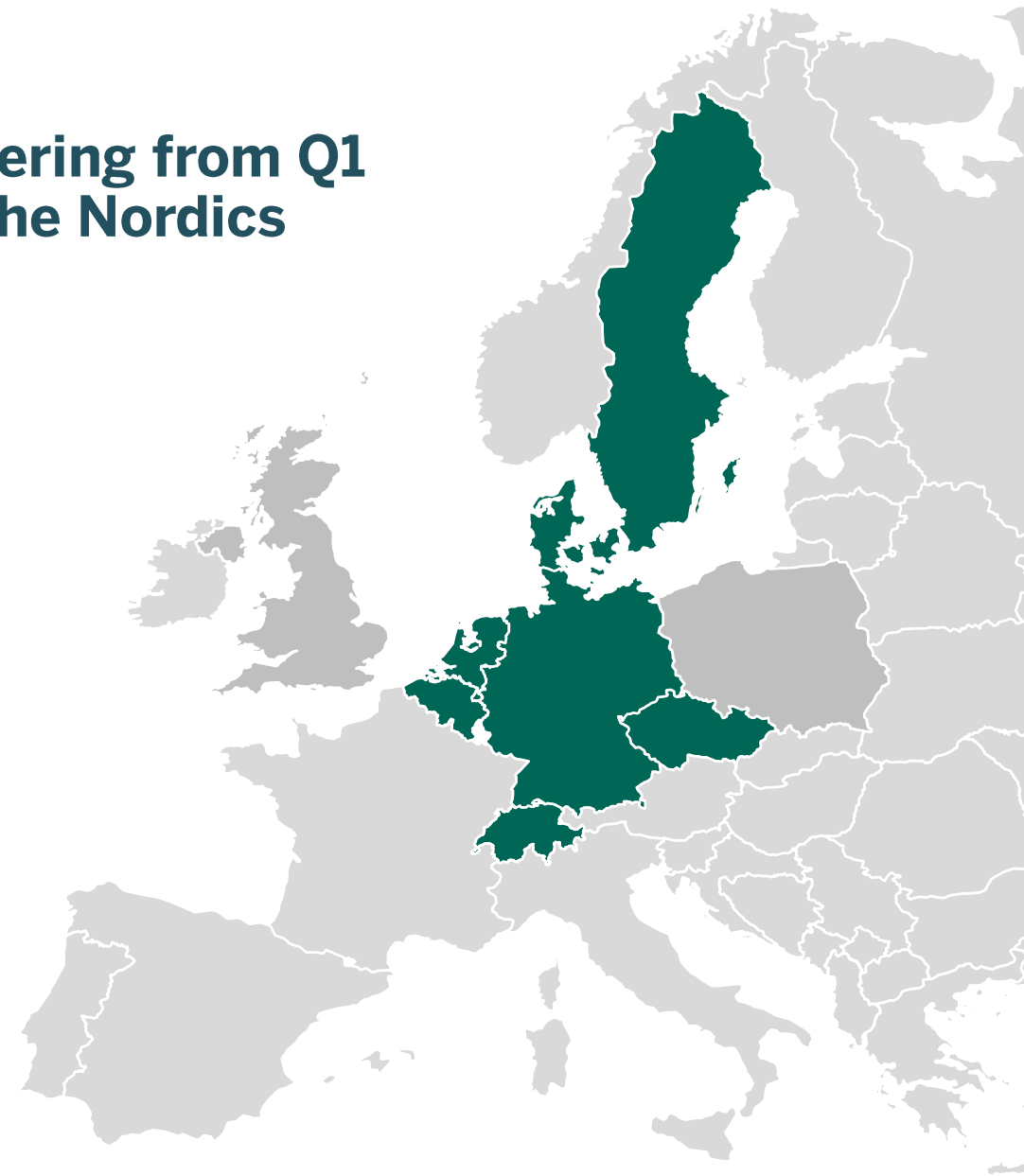
Market conditions and trends

Germany:

- Construction market remains relatively unaffected by COVID-19
- Significant lack of housing space from a growing number of smaller households and a considerable number of immigrants seeking accommodation provides solid demand outlook
- Large number of permitted buildings awaiting realisation causing the order backlog among housebuilders to grow considerably
- Stimuli programmes in place to cope with continued undersupply of housing, but effect appears insufficient to convince builders to invest in overcoming labour challenges

Other markets:

- In Denmark, increasing demand for housing and holiday homes has led to further growth—especially in the segment for family housing
- Continued positive developments in the Swiss and Benelux markets

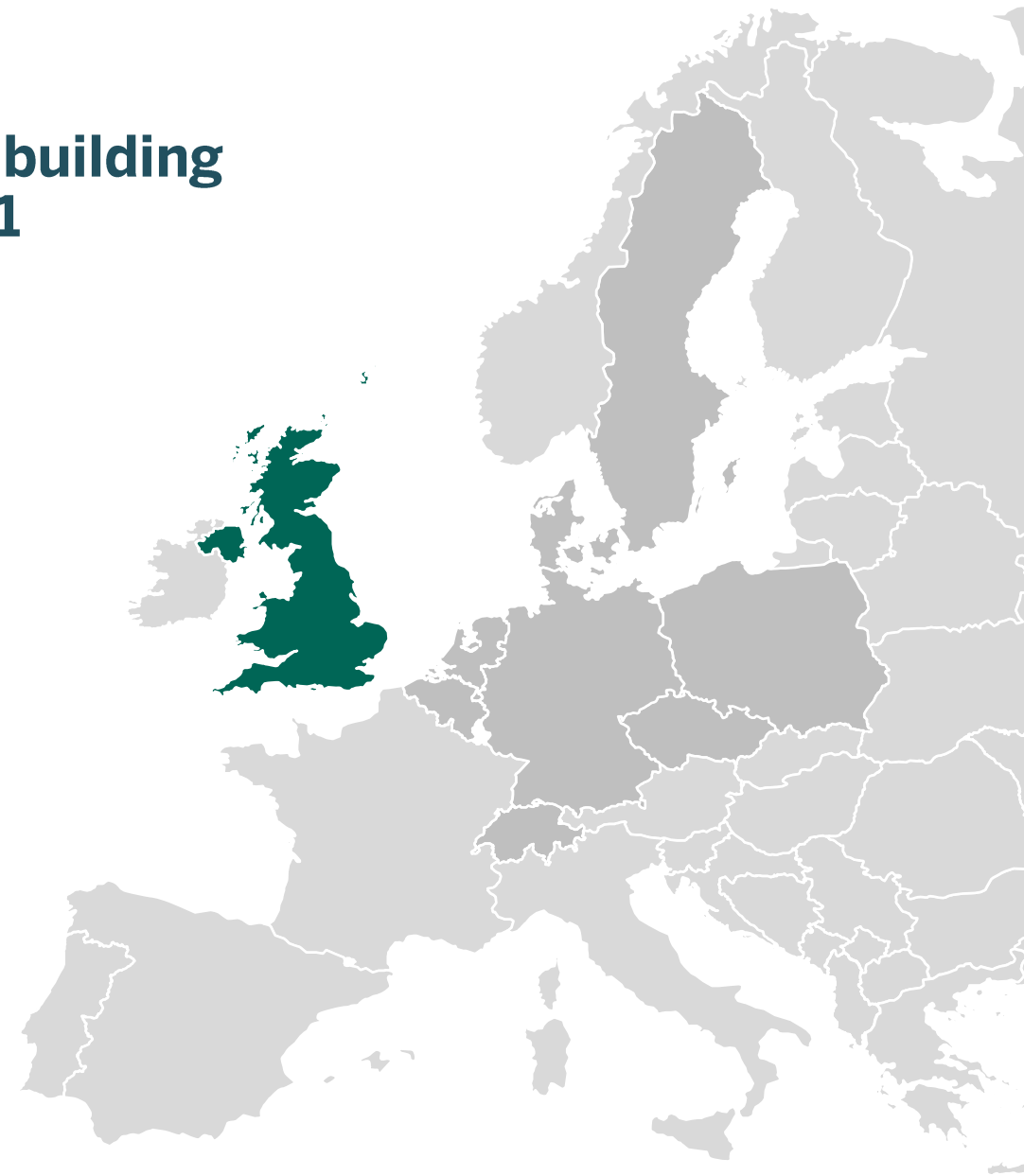


United Kingdom: strong forward sales indicate building activity returning to 2019-levels already in 2021

Market conditions and trends

- The British Government remains committed to increasing the housing output to 300,000 dwellings annually, but roadmap remains unclear
- Housebuilders responding well to stimuli programmes with strong forward sales reported in recent trading updates⁽¹⁾:
 - Barratt Homes 100% to end of 2021 and “substantially more forward sold for 2022 than at the same point in 2019 for planned 2020 home completions”
 - Miller Homes 100 % sold out to end of 2021 and 86% sold out for Q1 2022. Will build 11% more homes than in 2019
- Private housing market also showing high activity levels, driven by general shortage of housing and relocations due to COVID-19, with buyers increasingly willing to move to larger properties outside the big cities
- In combination, these trends are pointing to a recovery in the UK housing market, which is expected to proceed faster than previously expected with a potential return to the historic high levels of 2019 already in 2021.

(1) Sources: Company updates

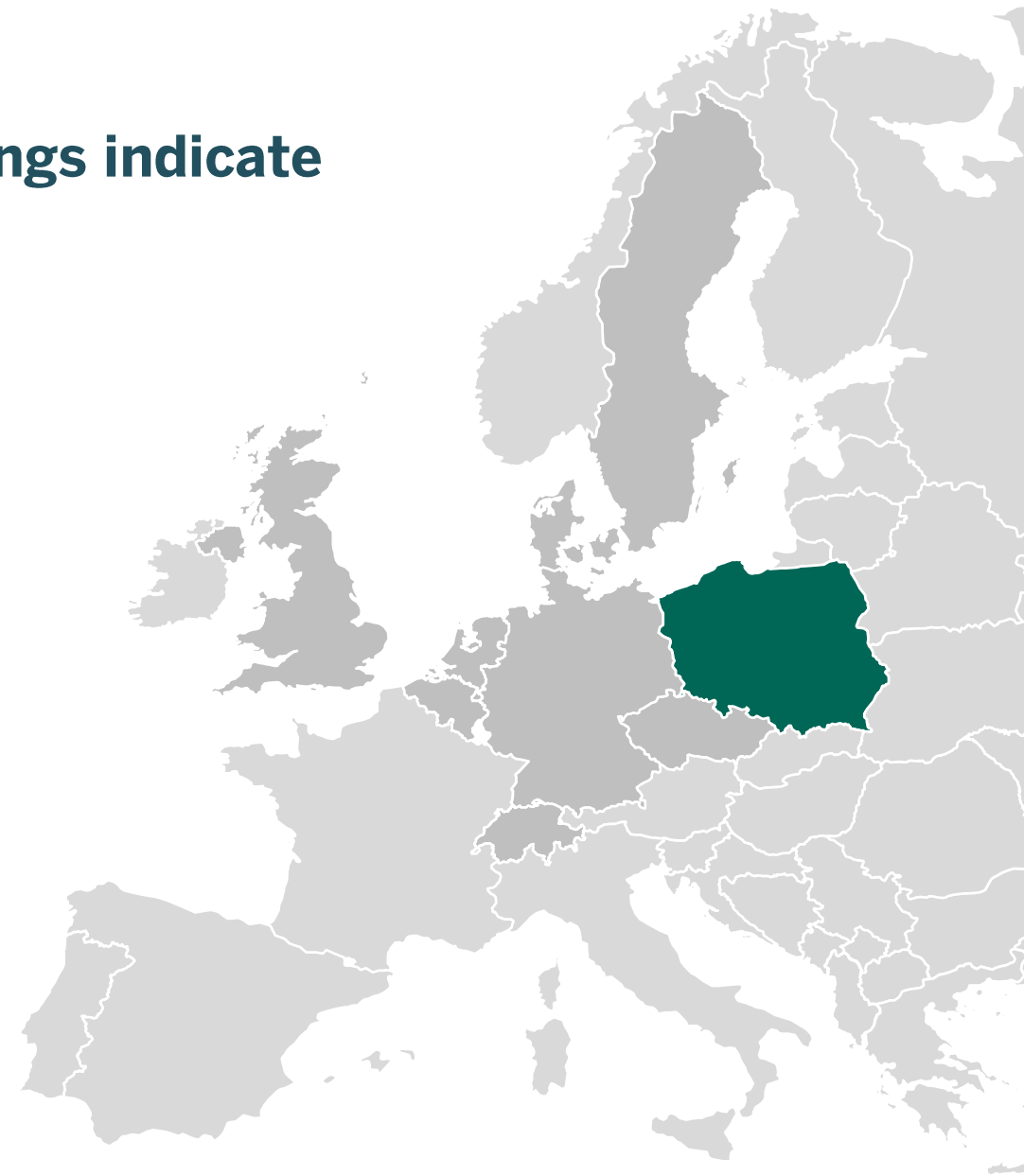


Poland: increases in permits and started buildings indicate good medium-term demand outlook

Market conditions and trends

- Q1 2021 weather impact considered a phasing effect, with activity picking up significantly as weather conditions improve
- The number of permits increased 42% in Q1 2021 relative to Q1 2020⁽¹⁾ indicating a positive demand outlook in the medium term
- Due to lead time from permit to wall building, the increase is expected to have a limited impact in 2021
- The Polish CSU market remains characterised by competition and price pressure due to the addition of capacity in 2020
- In the AAC market, pricing is following a positive trend due to the overall positive development in demand and the moderate competitive environment

(1) Source: Polish Statistics



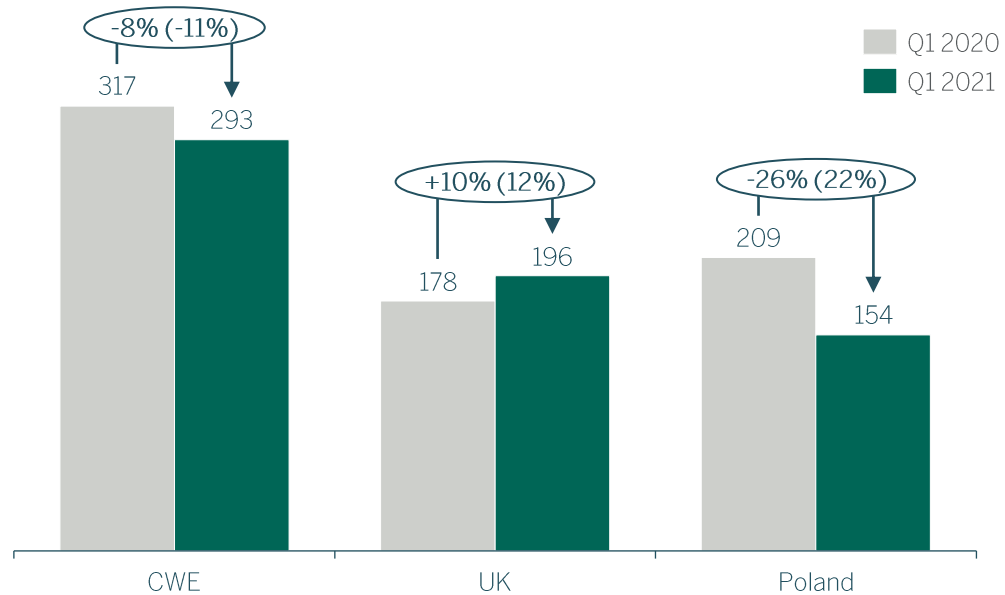
Lower earnings year-on-year a reflection of strong Q1 2020 performance

Line item	Q1 2021	Q1 2020	Difference
Revenue	642	704	(9%)
Cost of goods sold	(454)	(482)	(6%)
Gross profit before special items	188	222	(15%)
SG&A and other operating income, net	(79)	(92)	(14%)
EBITDA before special items	109	130	(16%)
Depreciation, amortisations and impairment losses	(45)	(45)	-
EBIT before special items	64	85	(25%)
Special items, net	-	-	-
EBIT	64	85	(25%)
Profit before tax	59	80	(26%)
Profit after tax	49	64	(23%)
Cash flow from operating activities	(5)	17	(129%)
Cash flow from investing activities	(27)	(95)	(72%)
Free cash flow	(32)	(78)	59%
EBIT margin before special items	10%	12%	(2 pts.)
Return on invested capital ("ROIC")	16%	21%	(5 pts.)
Financial gearing	0.6x	0.8x	(25%)

A solid quarter in the UK outweighed by negative impact from harsh winter weather in Germany and Poland

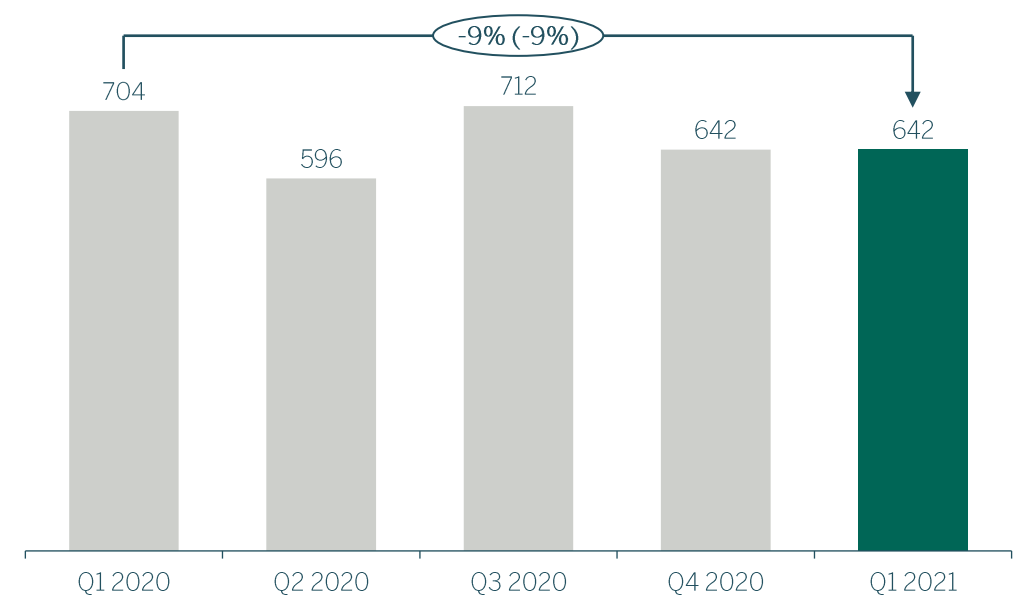
Revenue growth by market

DKKm. Bubbles show revenue growth (organic growth)



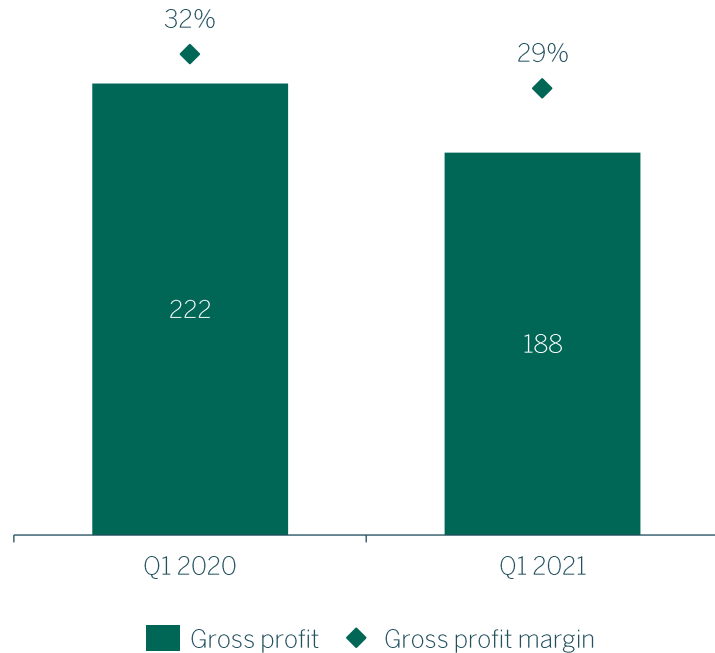
Consolidated revenue by quarter

DKKm

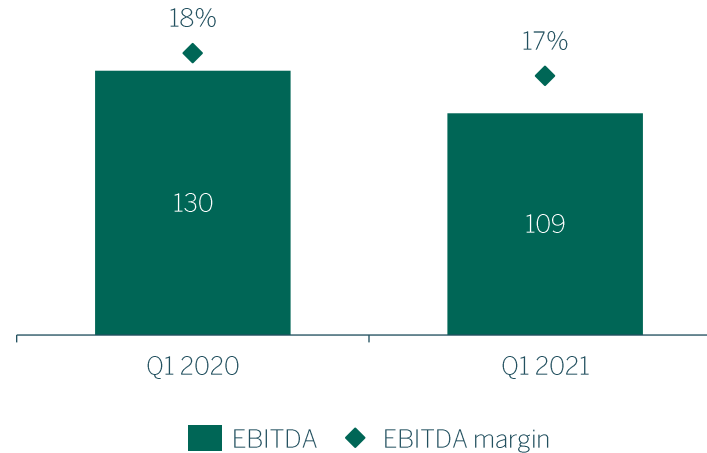


Higher input costs and lower volumes from production stand-stills impacted Q1 2021 earnings

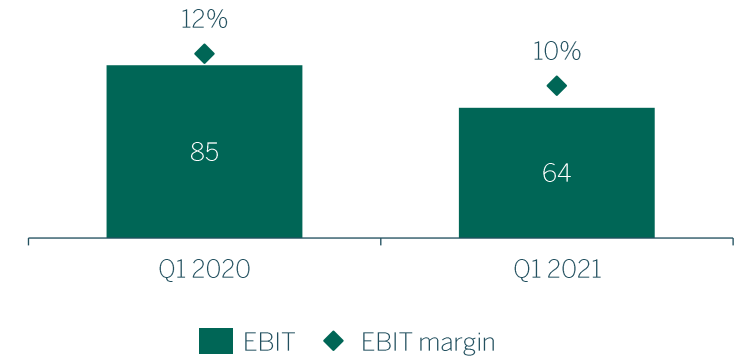
Gross profit and gross profit margin DKKm



EBITDA and EBITDA margin DKKm



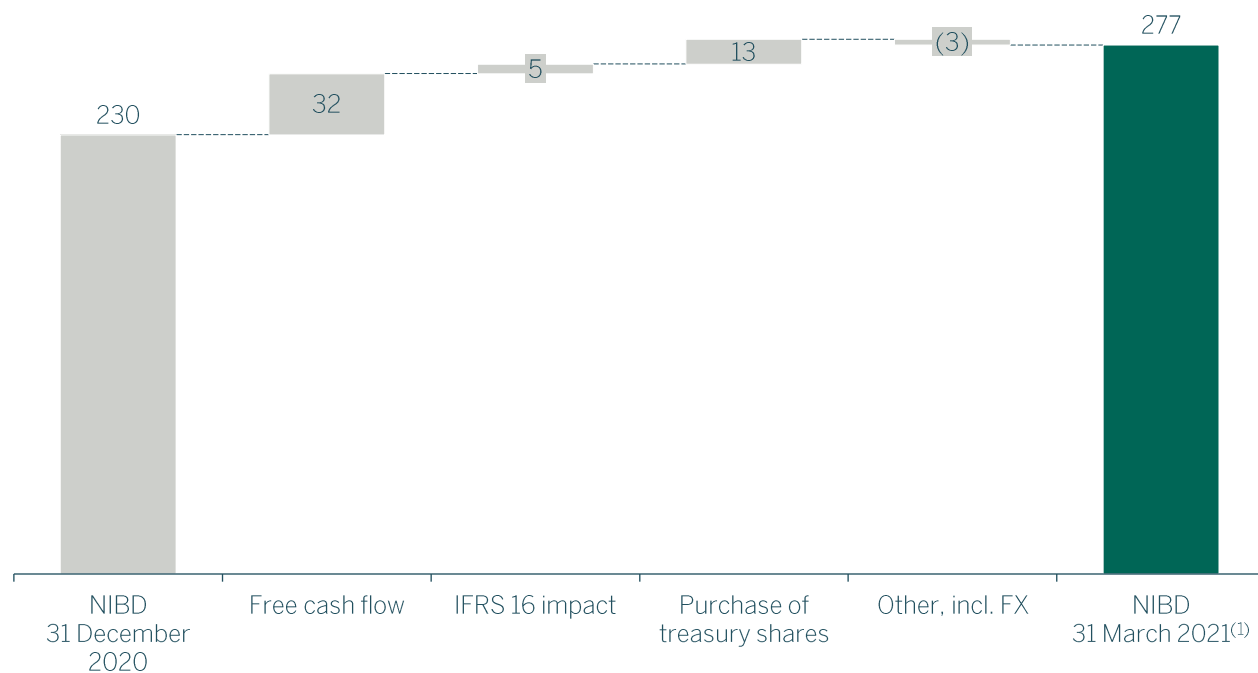
EBIT and EBIT margin DKKm



Note: All figures are before special items

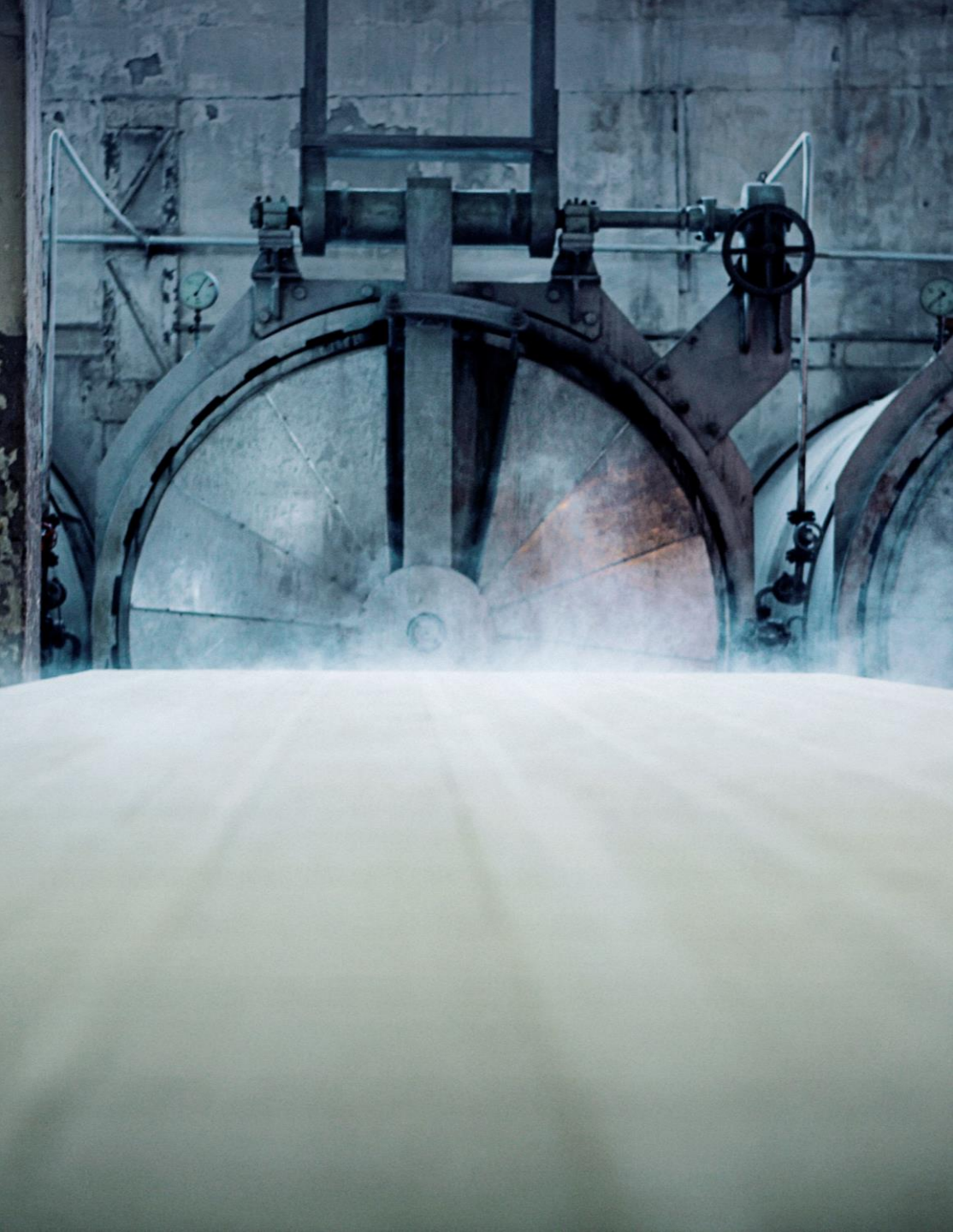
Net interest-bearing debt increases in Q1 due to seasonal NWC-movements and share buy-back

Net interest-bearing debt (“NIBD”)



(1) Of the total net interest-bearing debt, lease liabilities amounted to DKK 99 million as of 31 March 2021

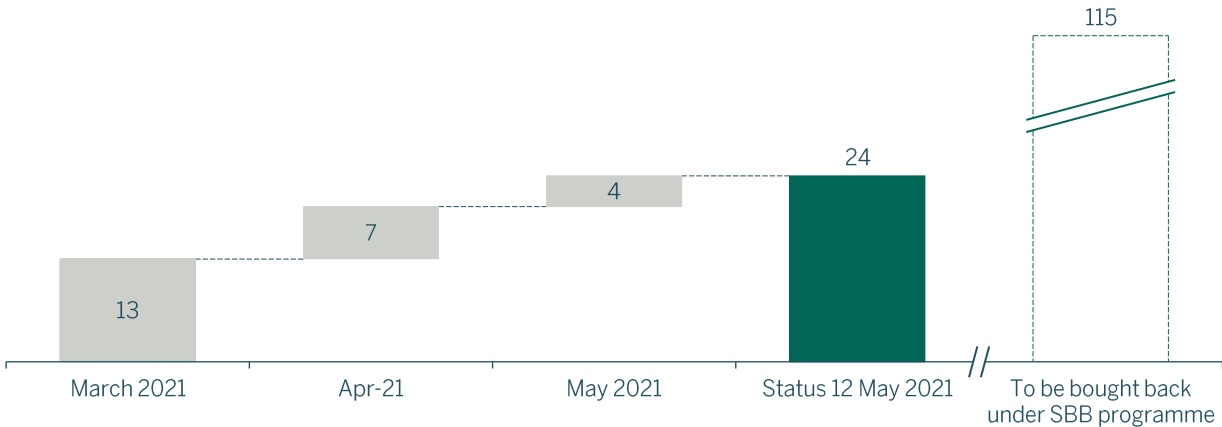




Update on share buy-back programme

- As of 31 March 2021, a total of 85,300 shares, corresponding to 0.47% on the total share capital in H+H, had been bought back under the programme for a total purchase price of DKK 13 million.
- Acquisitive growth remains the key strategic focus for H+H, but given the headroom to the long-term target for financial gearing, there is an opportunity to return capital while still maintaining the ambition to pursue attractive growth opportunities

Total price for repurchased shares, monthly
DKKm



17 May 2021

12

Financial outlook for 2021 upgraded based on solid market conditions

Organic growth

2% to 7%

(Previously 0% to 5%)

EBIT before special items

330 to 390

DKKm

(Previously DKK 310-370m)

Specific assumptions:

- The COVID-19 pandemic is not expected to have any material impact on construction activity levels or supply chains
- Exchange rates, primarily GBP, EUR, and PLN remain at mid-May 2021 levels
- Energy and raw material prices increase at greater levels than the current inflation





H+H joins UN Global Compact

Sustainability update

- In line with previous communication, H+H has now joined the UN Global Compact initiative
- In addition, H+H has now commenced the process of having its net-zero emissions target verified under the Science Based Target initiative
- On target to deliver planned ESG-investment target for 2021 of DKK 15 million

Summary: 2021 financial guidance upgraded based on solid market conditions

Q1 2021 key take-aways

- Strong result by the UK and Nordic businesses, but more than offset by particularly harsh winter weather in Central Western Europe and Poland
- Solid demand outlook across all three markets, especially in the UK with strong forward sales reported in recent trading updates indicating a potential return to 2019 activity levels already in 2021
- Full-year 2021 financial guidance raised. Organic growth now expected to be in the range of 2% to 7% and EBIT is expected to be in the range of DKK 330-390 million
- H+H has joined the UN Global Compact initiative and commenced the process for having its net-zero emissions target verified under the Science Based Target initiative



Q&A



Thank you

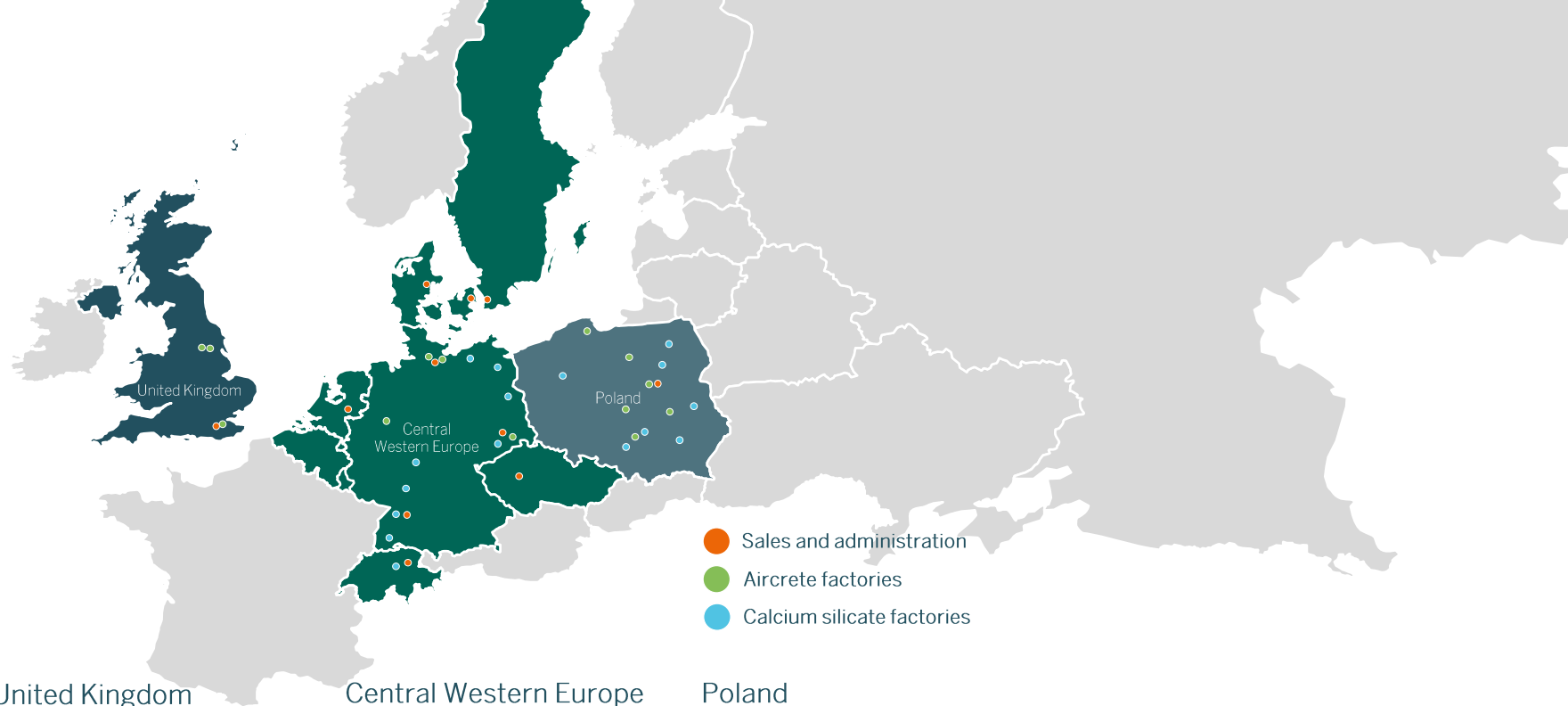


Supplementary information



H+H at a glance

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. The Group has a leading position in most of its markets.



2020 financial highlights

Revenue in DKK million

2,654

EBIT in DKK million

332

Profit after tax in DKK million

251

Financial gearing

0.4x

United Kingdom

Market position

#1

Market share

>40%

Central Western Europe

Market position

#2

Market share AAC

>15%

Market share CSU

~12%

Poland

Market position

#2

Market share AAC

20-25%

Market share CSU

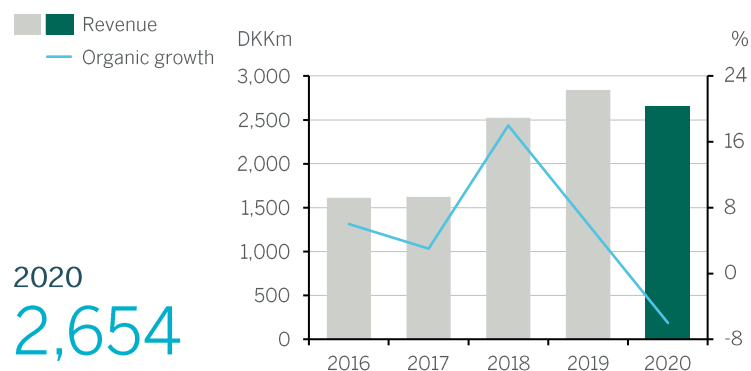
20-25%

Revenue split by product line

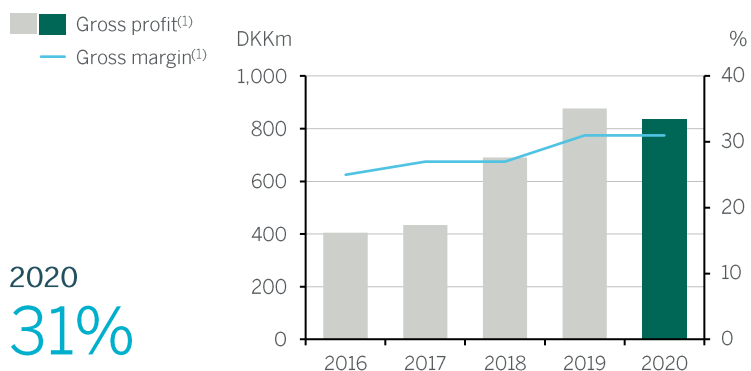


Five-year financial summary

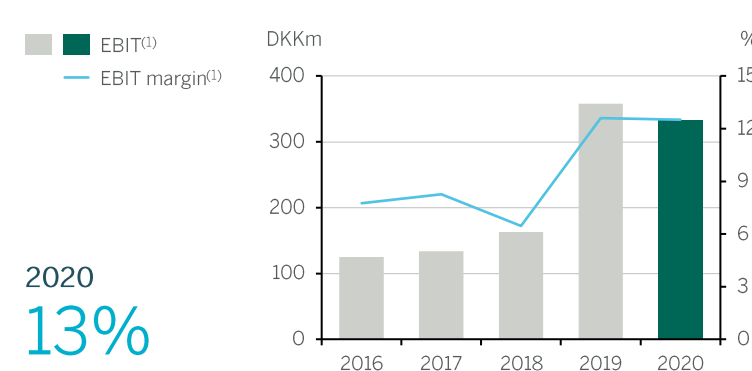
Revenue and organic growth



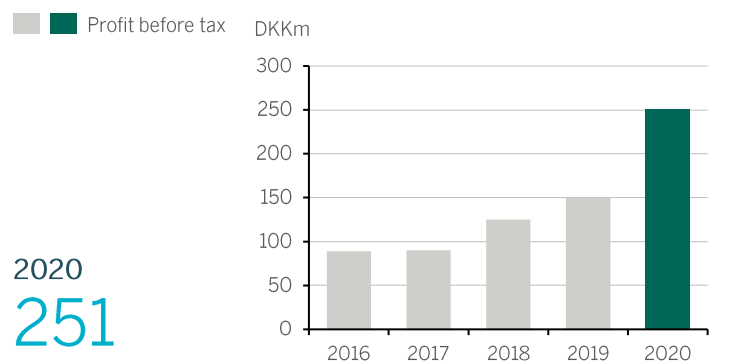
Gross profit and gross margin



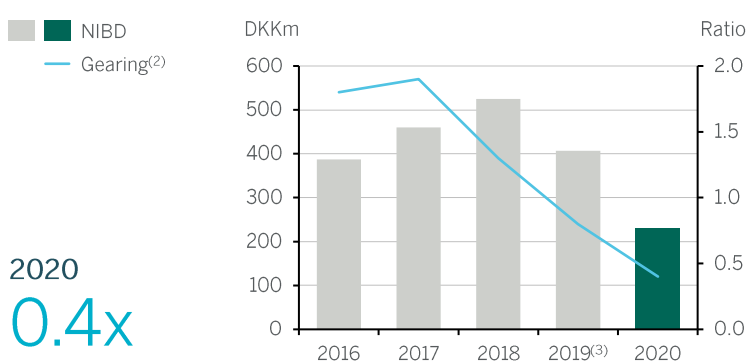
EBIT and EBIT margin



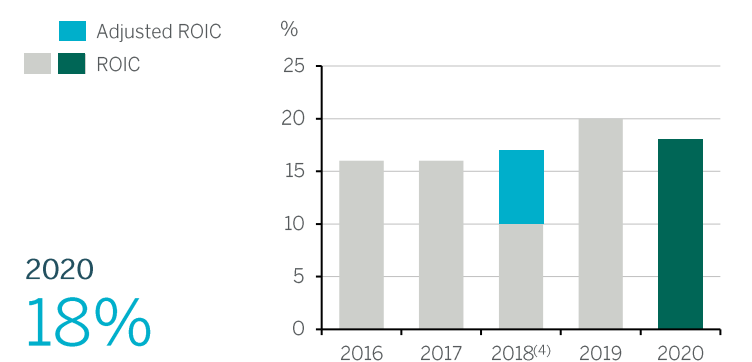
Profit before tax



NIBD and Financial Gearing



Return on Invested Capital (ROIC)



(1) Before special items (2) Net interest-bearing debt ("NIBD") to EBITDA before special items ratio (3) NIBD from 2019 onwards includes impact from IFRS 16 (4) In 2018, ROIC 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 these items, ROIC would have been 17%

Business model—we focus on adding value to our customers throughout the entire wall-building process

Quality Manufacturing

Modern and carbon-friendly products

Value-added Sales

Trusted partners in wall building

Diversified Market

Innovative product solutions for high-rise and low-rise



Key raw materials

- Sand, water, and lime
- Cement and aluminium added for AAC

Quality products

- Autoclaved aerated concrete and calcium silicate units
- Quality products with sustainable features
- Carbon-friendly products
- 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, distributors, and builders

Quality products

Building site (75-80%)
Builder's 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
- One-site support
- Improved workflows and processes
- Technical support and material expertise
- Mixed product sales

Equity story

H+H remains in a unique position for continued growth due to attractive market fundamentals, a differentiated market approach, sustainable products, and a proven track record of strategy execution



Unique market conditions for growth

- Structural under-supply of housing
- Governmental stimuli of housebuilding
- Demographic growth and changing housing needs
- Fragmented markets with room for consolidation through acquisitions
- High entry barriers for new competitors



Differentiated market approach: Partners in Wall Building

- Value-added customer relationships and assistance through entire building process
- Supplying sophisticated and sustainable solutions
- High degree of market adaption
- High customer retention rate



Sustainable solutions—net-zero emissions by 2050

- Long-lasting and reusable products
- Carbon-friendly products with increasing market penetration
- Insulating properties leading to energy savings and more sustainable buildings
- Excellent indoor climate and acoustic comfort
- Fire resistant products



Proven track record of strategy execution

- European market-leading position in AAC and CSU products established through M&A
- Consolidation of fragmented markets has led to the realisation of synergies
- Efficient integration process and agile organisation
- ROIC consistently above WACC
- Strong cash-flow generation to fund bolt-on acquisitions

Consolidated income statement and statement of comprehensive income

Income statement (DKK million)	Q1 2021	Q1 2020	FY 2020
Revenue	642	704	2,654
Cost of goods sold	(454)	(482)	(1,818)
Gross profit before special items	188	222	836
Sales costs	(36)	(39)	(151)
Administrative costs	(46)	(54)	(168)
Other operating income and costs, net	3	1	4
EBITDA before special items	109	130	521
Depreciation, amortisation and impairment losses	(45)	(45)	(189)
EBIT before special items	64	85	332
Special items, net	-	-	-
EBIT	64	85	332
Financial income	1	1	2
Financial expenses	(6)	(6)	(27)
Profit before tax	59	80	307
Tax on profit	(10)	(16)	(56)
Profit for the year	49	64	251
Profit for the year attributable to:			
H+H International A/S' shareholders	49	63	241
Non-controlling interests	0	1	10
Profit for the year	49	64	251
Earnings per share (EPS-basic) (DKK)	2.7	3.5	13.5
Diluted earnings per share (EPS-D) (DKK)	2.7	3.5	13.5

Statement of comprehensive income (DKK million)	Q1 2021	Q1 2020	FY 2020
Profit for the period	49	64	251
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange adjustments, foreign entities	(6)	(39)	(48)
	(6)	(39)	(48)
Items that will not be reclassified subsequently to profit:			
Actuarial gains and losses	17	32	(110)
Tax on actuarial gains and losses	(4)	(7)	21
	13	25	(89)
Other comprehensive income after tax	7	(14)	(137)
Total comprehensive income for the period	56	50	114

Consolidated balance sheet

Assets (DKK million)	Q1 2021	FY 2020	Q1 2020
Non-current assets			
Goodwill	211	211	202
Other intangible assets	252	258	289
Property, plant and equipment	1,534	1,538	1,572
Deferred tax assets	13	18	11
Financial assets	7	6	8
Total non-current assets	2,017	2,031	2,082
Current assets			
Inventories	297	282	311
Receivables	234	115	239
Cash	497	481	315
Total current assets	1,028	878	865
Total assets	3,045	2,909	2,947

Equity and liabilities (DKK million)	Q1 2021	FY 2020	Q1 2020
Equity			
Share capital	180	180	180
Retained earnings	1455	1405	1341
Other reserves	-153	-147	-138
Equity attributable to H+H International A/S's shareholders	1,482	1,438	1,383
Equity attributable to non-controlling interests	71	71	78
Total equity	1,553	1,509	1,461
Non-current liabilities			
Pension obligations	134	147	29
Provisions	32	34	31
Deferred tax liabilities	127	130	165
Credit institutions	675	609	715
Lease liabilities	79	84	91
Total non-current liabilities	1,047	1,004	1,031
Current liabilities			
Lease liabilities	20	18	13
Trade payables	221	180	227
Income tax	34	30	29
Provisions	6	6	11
Other payables	164	162	175
Total current liabilities	445	396	455
Total liabilities	1,492	1,400	1,486
Total equity and liabilities	3,045	2,909	2,947
Net interest-bearing debt	277	230	504

Consolidated cash flow statement

Cash flow statement (DKK million)	Q1 2021	Q1 2020	FY 2020
Operating profit (loss)	64	85	332
Financial income received	1	1	3
Financial items, paid	(6)	(6)	(23)
Depreciation, amortisation and impairment losses	45	45	189
Change in working capital and other	(92)	(100)	8
Change in provisions and pension contribution	(6)	(7)	(28)
Income tax paid	(11)	(1)	(56)
Operating activities	(5)	17	425
Acquisition of enterprises	-	(74)	(72)
Acquisition of property, plant and equipment and intangible assets	(27)	(21)	(134)
Investing activities	(27)	(95)	(206)
Free cash flow	(32)	(78)	219
Change in borrowings	66	142	51
Change in lease liabilities	(7)	(6)	(21)
Purchase of treasury shares	(13)	-	-
Other	-	-	(24)
Financing activities	46	136	6
Cash flow for the period	14	58	225
Cash and cash equivalents, opening	481	262	262
Cash related to the acquired and divested enterprises	-	8	8
Foreign exchange adjustments of cash and cash equivalents	2	(13)	(14)
Cash and cash equivalents, closing	497	315	481

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