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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 primary products are building blocks used for wall building, mainly in the residential new-building segment, but 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 leading position in most of its markets, with 31 factories in Northern and Central Europe (plus one factory currently under construction) producing a total annual output of approximately four million cubic metres of wall-building materials. The Group has more than 1,600 employees working in eight countries in Central Europe.

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

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Market update: fundamentals are strong and demand is high, but we will remain watchful of continued inflation and lack of installation capacity

Central Western Europe

Germany:

- The newly elected German government recently increased the targeted number of annual dwellings to 400,000.
- A lack of skilled labour continues to impact the construction industry with the order backlog estimated to be around 780,000⁽¹⁾ dwellings.
- Generally, customers seem to accept sales-price increases. These are typically phased in during H1.
- The integration of the recently acquired Feuchtwangen factory is well underway and the factory has now started producing products for H+H
- Acquisition of DOMAPOR closed in end-December 2021. The factory is now being integrated into H+H's German factory network. H+H plans to temporarily keep the brand.

Other markets:

 Construction industries are showing positive signs with continued high activity and strong demand, particularly in the Nordic region.

United Kingdom

- The British government remain committed to addressing the country's housing crisis.
- Despite the full removal of the stamp duty holiday in September, homes are not coming to the market quickly enough to satisfy demand, indicating a continued need to increase the UK housing stock through the construction of new homes.
- The government's dwellings target may form part of the solution but certain barriers, including a lack of skilled labour and a shortage of available land, may need to be addressed before the target can be met.
- Several challenges are forcing the industry to modernise and the government is therefore pushing for the implementation of Modern Methods of Construction ("MMC").
- H+H is marketing certain products to the UK market which target the MMC programme and is seeing strong customer interest in these products.
- Customers are generally responding positively to sales-price increases and the rationale behind these. Higher sales prices are to be phased in during H1.
- Underlying demand for H+H's products and the long-term prospects for the British housing market may provide opportunity to increase UK capacity. However, H+H maintains its view that concrete plans and roadmaps from the government are needed.

Poland

- Demand has remained high throughout 2021, and Poland is the main driver behind the updated financial outlook, as both pricing and volume have exceeded expectations.
- CSU prices have steadily increased throughout 2021 and are now back to the levels seen before Sil-Pro opened its new CSU factory near Warsaw.
- Due to a strong rebound towards the end of the year, CSU prices are now level with the less competitive AAC segment.
- However, H+H will continue to monitor the situation as the highlycompetitive factory includes another production line which has not yet been taken into use.
- AAC pricing continues its positive trajectory due to the strong demand and the moderately-less competitively sensitive environment compared to that of the CSU market.
- The number of building permits issued increased by 23% in 2021 compared to 2020, with the number of permits issued for individual investors increasing by 21% and 24%, respectively, providing a solid near-to-mid-term outlook.

(1) As of 31 December 2020. The compound annual growth rate ("CAGR") for the annual number of uncompleted dwellings has been 6.9% over the 2015-2020 period, while the CAGR for the number of completions has been 3.6% over the same period Sources: Statistisches Bundesamt (Destatis) 2021, Royal Institution of Chartered Surveyors, Statistics Poland, SPECTIS



021 Annual Report pre-close meetings

Financial outlook for the full year 2021

Organic growth

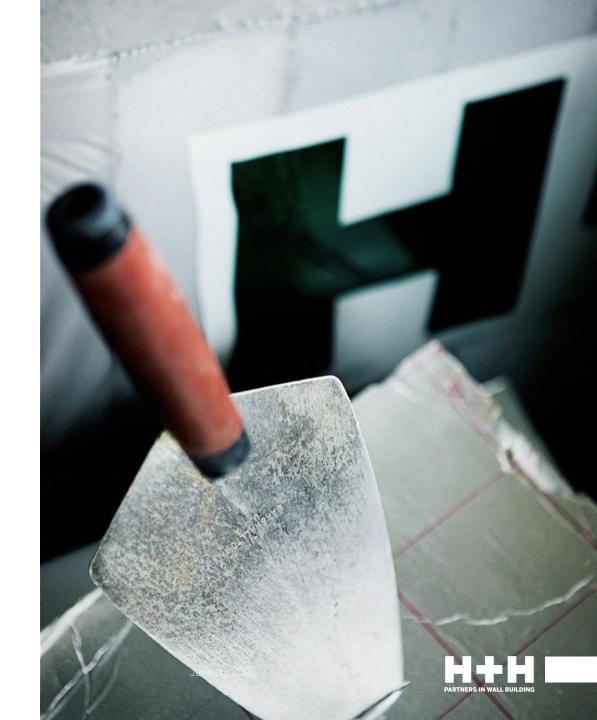
~13%

Previously ~11%

EBIT before special items

~405

Previously 375 to 400 (DKKm)





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