H+H International A/S
Q1 2022 Interim Financial Report

Conference call, 9 May 2022

PARTNERS IN WALL BUILDING

Introduction

Contents

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 close to 4.5 million cubic metres of wall-building materials. The Group has more than 1,600 employees working in eight countries in Central and Northern 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
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 2022: record start to the year in challenging market drives guidance upgrade

Selected financial figures

Figures in DKKm unless otherwise stated. Q1 2021 figures in brackets

Organic growth	Gross margin(1)	EBIT margin(1)
29%	28%	13%
(-9%)	(29%)	(10%)

Return on Invested Capital	Free cash flow	Financial gearing(2)
21%	-63	0.7x
(16%)	(-32)	(0.6x)

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

Central Western Europe: backlog remains significant, but inflation and geopolitical events adversely impact visibility

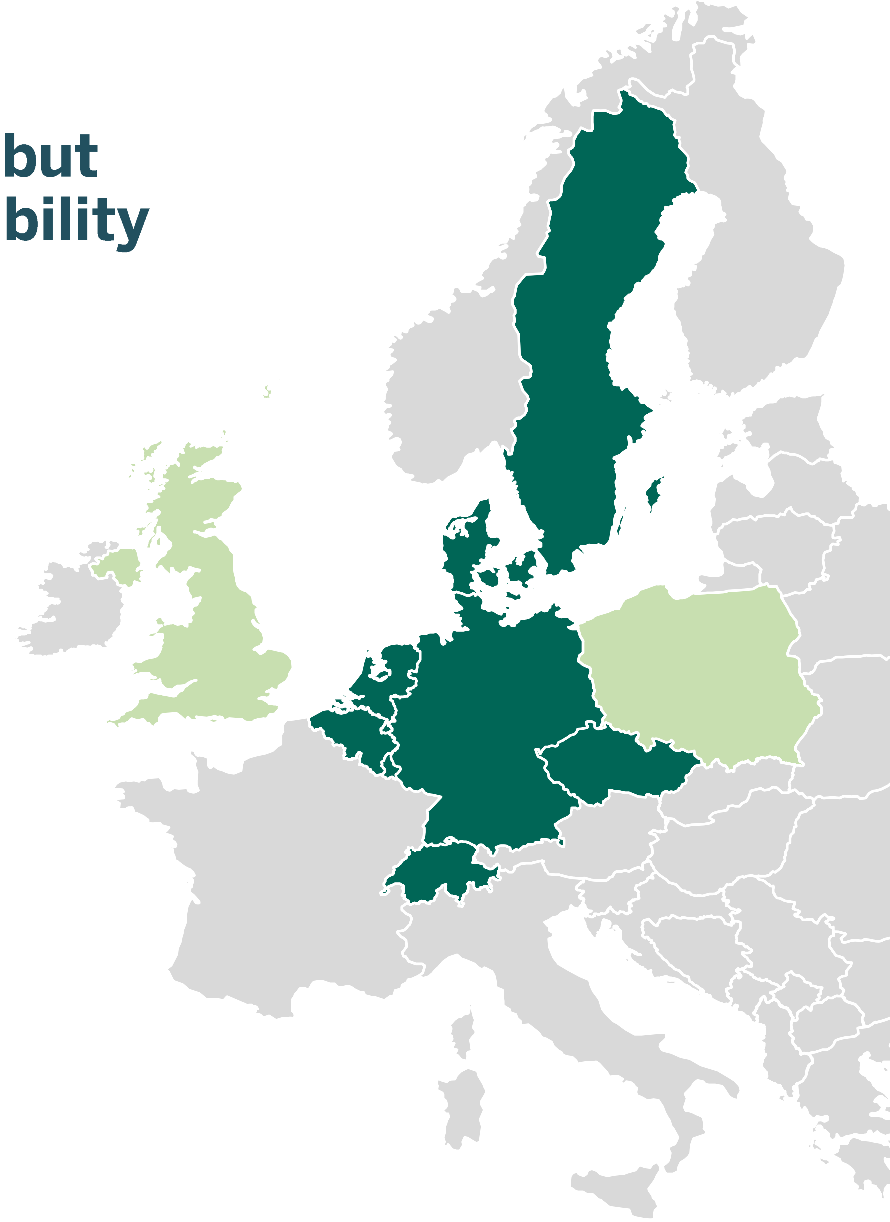
Market conditions and trends

Germany:

- Housing demand remains high due to the continued undersupply of housing, especially in larger cities, but current geopolitical events have caused increased uncertainties in the German markets for the remainder of 2022.
- Due to the continued high inflationary pressure, H+H has announced further sales price increases to its customers which will come into effect during late-Q2 2022.
- The upgrade of the Feuchtwangen factory and preparations for the upgrade of the Wittenborn factory caused certain production inefficiencies which led to a relatively higher usage of raw materials and relatively lower production in Q1 2022.

Other markets:

- In the Nordic region, economic outlooks and expectations for the construction industry are relatively more negative due to high inflation and shortages of labour and materials. However, the largest housebuilders report strong forward sales for the remainder of 2022.
- In both Switzerland and the Benelux countries, uncertainties from current geopolitical events have resulted in relatively softer outlook for economic growth in 2022.



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The United Kingdom: inflationary pressure mitigated well with further sales price increases announced to customers

Market conditions and trends

- Leading market indicators point to a continued strong demand and price growth, but the sharp rises in energy costs and general inflation have caused a slow-down in economic growth.
- Construction activity remains high, and customers are reporting strong forward sales for the remainder of the year.
- The continued strong demand has supported the implementation of significant sales price increases in the UK AAC market to counter the growing inflation.
- As the prices for raw materials and energy continue to rise, H+H has notified customers of further sales price increases with effect from May 2022.
- In line with the increasing focus on Modern Methods of Construction, H+H sees growing interest in and demand for element-based products.
- The nature of the demand for element-based products does however remain project related, but H+H will continue to closely monitor this trend.

Poland: strong demand supports significant sales price increases with further upsides in sight

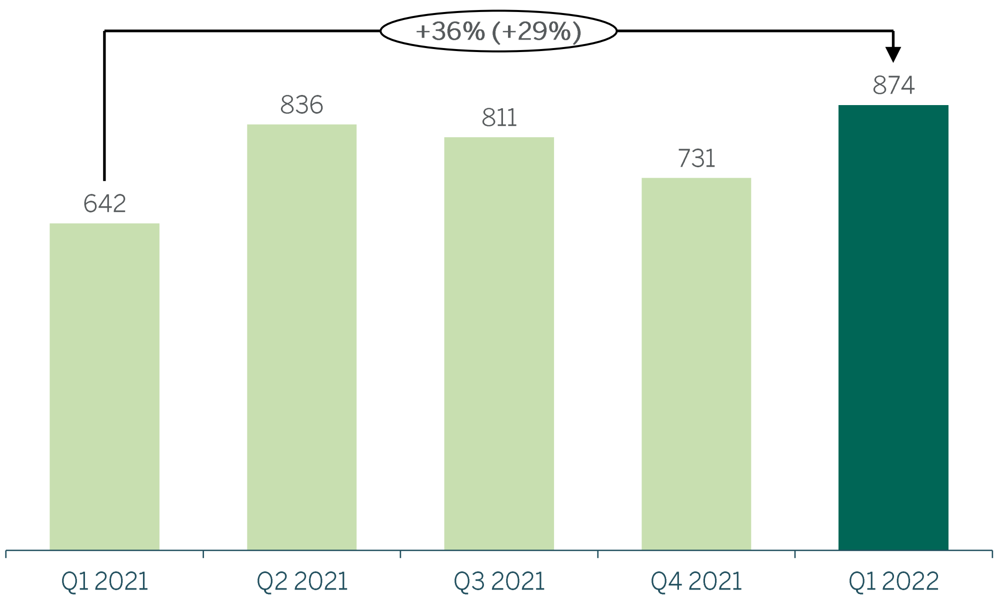
Market conditions and trends

- Demand remains high which has supported the trend of significant sales-price increases for both AAC and CSU products seen over the past twelve months.
- It is expected that AAC sales prices and volumes will stabilise in line with market demand over the coming months due to lower activity among individual investors.
- In the CSU business, further price increases are expected due to newly negotiated contracts coming into effect later in the year.
- In addition, potential market-driven price upsides may be seen towards the end of the year.
- CSU volumes remain supported by H+H's order backlog and a current undersupply of rental housing.
- Additional capacity was added to the Polish CSU market during the first quarter, but there are currently no indications that this will impact on market pricing.

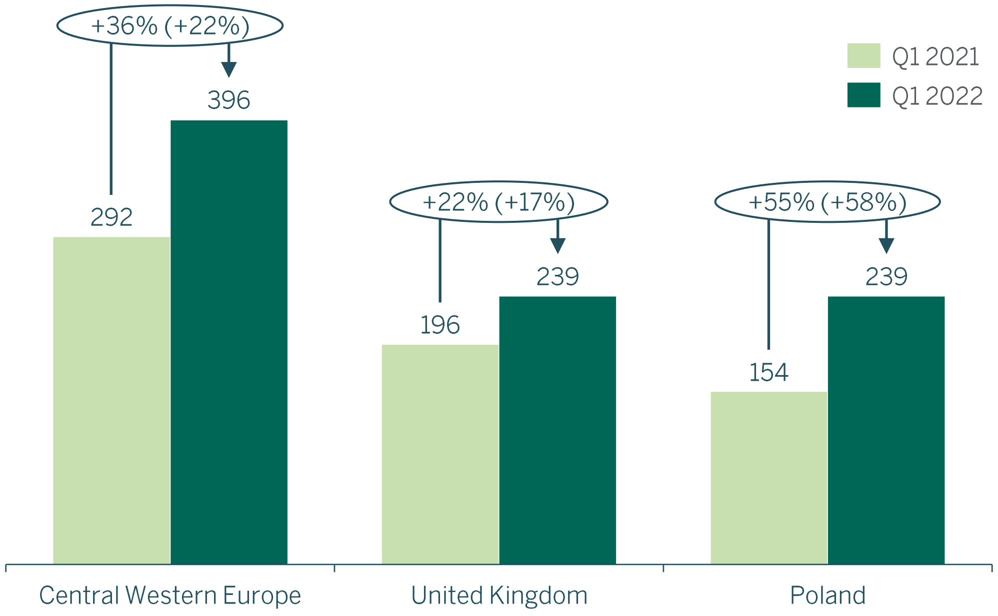
H+H PARTNERS IN WALL BUILDING

First-quarter revenue showed solid growth rates as higher sales prices are implemented to counter growing inflation

Consolidated revenue by quarter
DKKm



Quarterly revenue by region
DKKm. Bubbles show revenue growth (organic growth)



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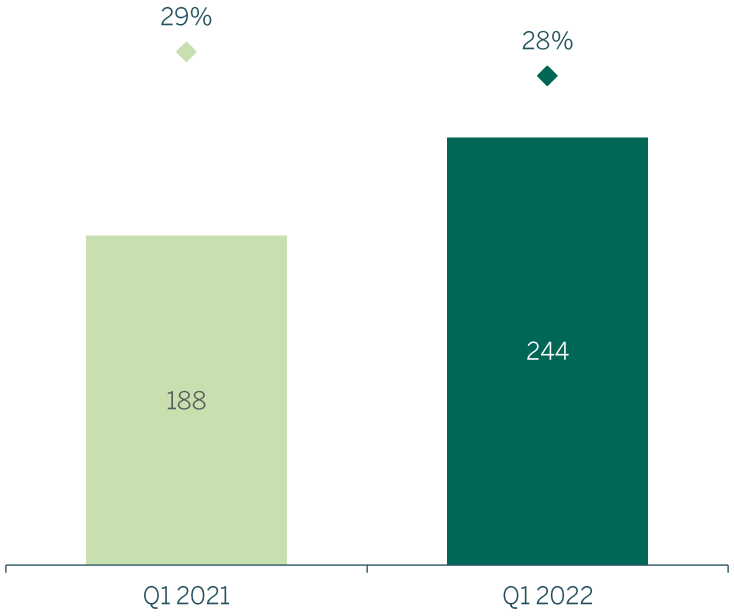
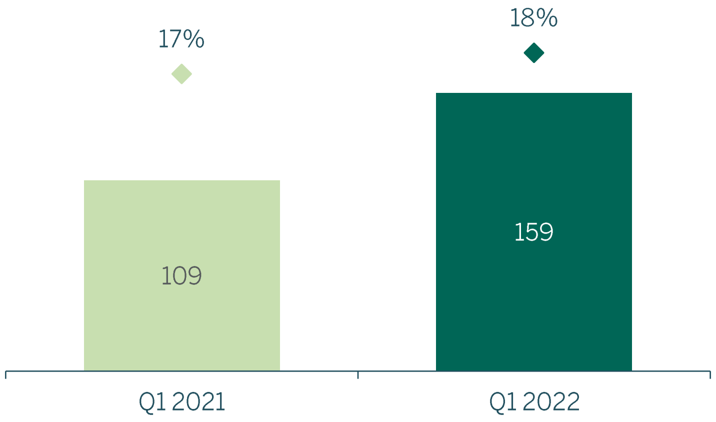
While inflationary pressure adversely impacted Q1 gross margin, EBITDA and EBIT margins remained strong

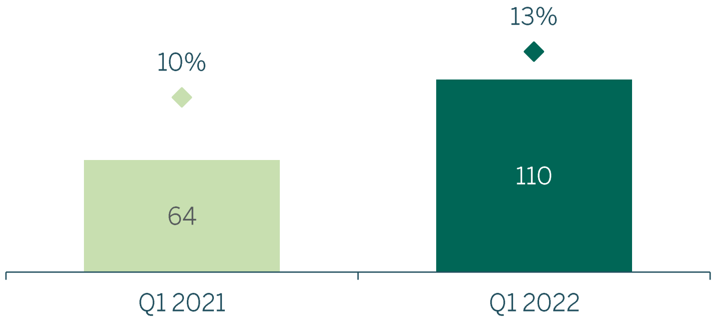
Gross profit and gross margin
DKKm and percent, respectively



EBITDA and EBITDA margin
DKKm and percent, respectively



EBIT and EBIT margin
DKKm and percent, respectively



Note: All figures are before special items

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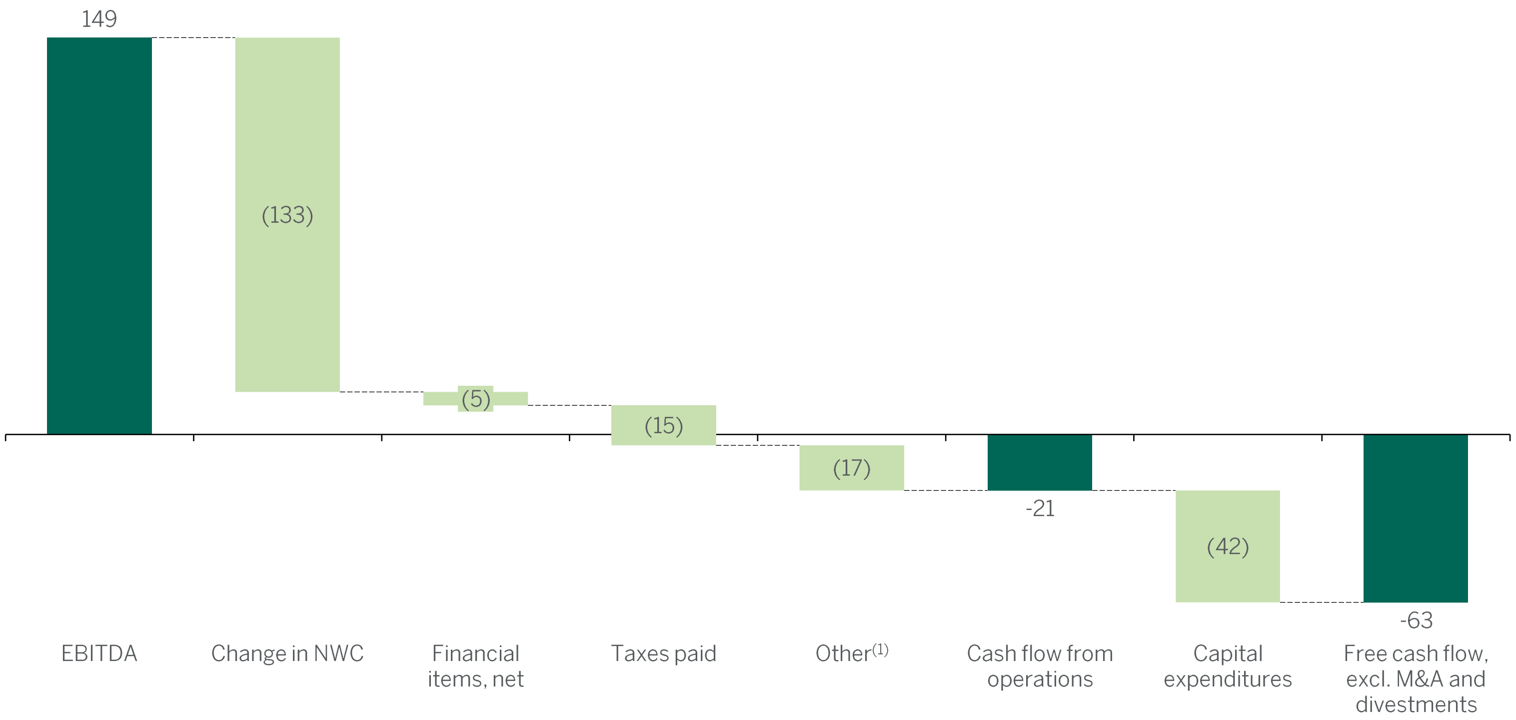
Seasonal NWC developments main driver of negative free cash flow

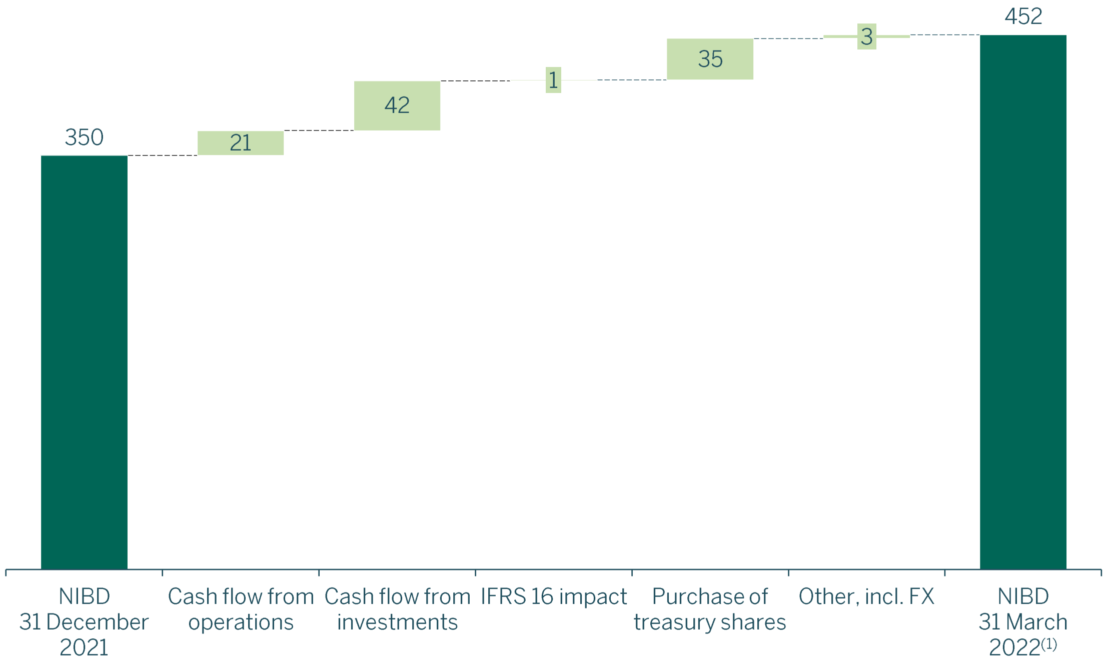
Free cash flow development
DKKm



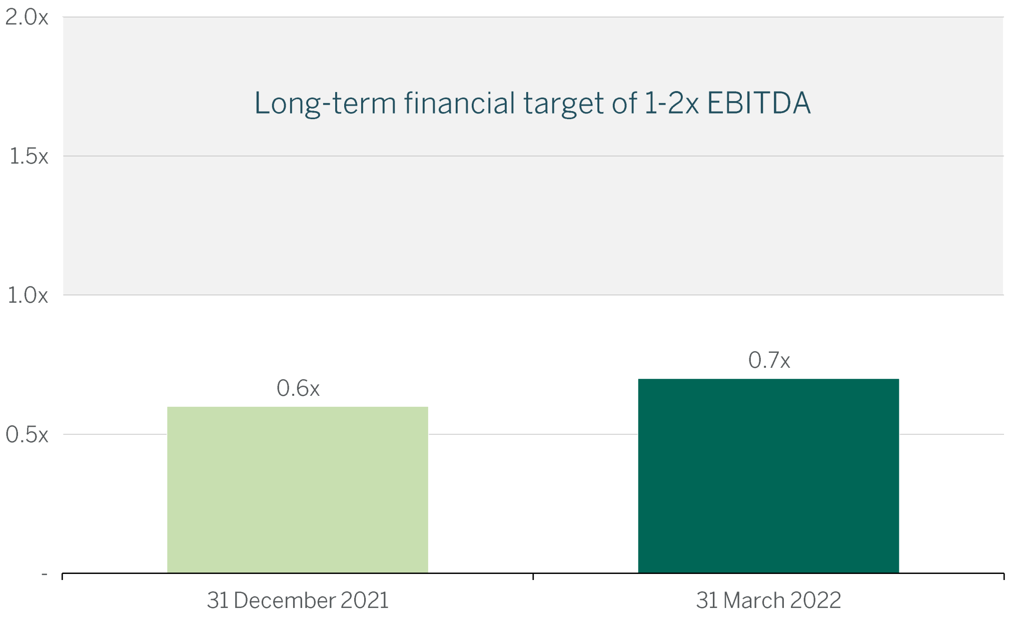
(1) 'Other' comprises change in provisions and pension contribution and other adjustments with non-cash effects

Net interest-bearing debt increased in Q1 2022 but financial gearing remained comfortably below long-term target

Net interest-bearing debt (“NIBD”)
DKKm



Financial gearing
Net interest-bearing debt to EBITDA before special items

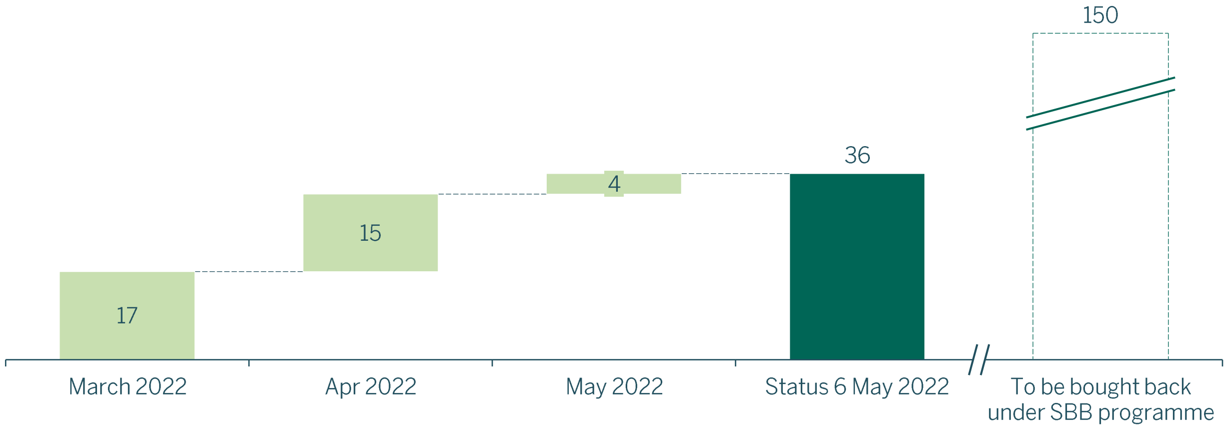


(1) Of the total net interest-bearing debt, lease liabilities amounted to DKK 100 million as of 31 March 2022

Status on DKK 150 million share buy-back programme

- As of 31 March 2022, a total of 91,500 shares, corresponding to 0.5% of the total share capital in H+H, had been bought back under the programme for a total purchase price of DKK 17 million.
- Further investments in profitable growth remains the key strategic focus for H+H.
- The decision to initiate the share buy-back programme is supported by strong earnings and free cash-flow generation, which have resulted in a financial gearing comfortably below the Group's long-term financial target.

Total price for repurchased shares, monthly
DKKm



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Upgraded financial outlook for the full year 2022

Organic growth

15% to 20%

(Previously 10% to 15%)

EBIT before special items

440 to 520

(Previously 420 to 500)

DKKm

Specific assumptions:

- Exchange rates, primarily the GBP, the EUR and the PLN, to remain at end-April 2022 levels.
- Energy costs are expected to remain at end-April 2022 levels.
- Raw material costs continue to be impacted by modest inflation from end-April levels.

Strong start to the year positions H+H well to navigate short-term challenges

- Strong start to the year with solid organic growth and a record-high EBIT before special items for the first quarter
- Integration of the factory in Feuchtwangen into the German production network continues and the upgrade of the Wittenborn factory has started
- The continued high inflation remains a key focus. Significant sales price increases have been successfully implemented in the first quarter and H+H is ready to announce further increases to protect earnings margins
- Underlying demand remains strong, and while the increased uncertainties caused by current geopolitical events remains, the full-year financial expectations are upgraded

Questions and answers

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Supplementary information

H+H at a glance

H+H is a leading provider of solutions and materials for wall building. Over the recent years, H+H has grown significantly through acquisitions and now has a strong and diversified market position across its geographies, serving as a solid foundation for continued growth.

Founded in
1909

H+H was established in 1909 when Henrik Johan Henriksen and Waldemar Kähler established the joint stone and gravel-pit enterprise, '*Singelsforretningen Omø*'.

Employees
1,663

We have more than 1,600 employees working across eight different countries in Northern and Central Europe, of which approximately two thirds work in our factories.

Revenue (DKKm)
3,020

In 2021, we generated a total revenue of DKK 3,020 million and an organic growth of 13%. AAC and CSU accounted for 71% and 29% of the total revenue, respectively.

Factories
31

We have 31 factories across Northern and Central Europe with a total annual output of close to 4.5 million cubic metres of wall-building materials. In addition, we are currently expanding one of our AAC factories in the northern part of Poland with a new CSU production line.

Acquisitions
24

Since 2014, we have acquired 24 factories. These have contributed to a significant expansion of our factory network and have more than tripled our white-stone businesses in both Germany and Poland.

Revenue split by product line (FY 2021)
71% 29%

Both products are key components for energy-efficient wall systems

Aircrete ("AAC") combines strength and durability with fire resistance, low weight and excellent thermal insulation making it the ideal material for the residential low-rise housing market.

Calcium silicate ("CSU") is a heavy and dense wall-building material primarily used for residential high-rise buildings. The product is fire resistant and has a very high degree of sound insulation.

H+H PARTNERS IN WALL BUILDING

Summary of strategic targets

Long-term targets

H+H commits to achieving net-zero emissions in our operations and products by

2050

EBIT margin before special items

12%

Increased from 11%
14% in 2021

Return on Invested Capital

16%

Increased from 14%
20% in 2021

Financial gearing

1-2x

Unchanged
0.6x in 2021

Mid-term targets

H+H commits to reducing absolute Scope 1 and 2 greenhouse-gas emissions by

46%

by 2030 compared with 2019

H+H commits to reducing Scope 3 greenhouse-gas emissions by

22%

per kg CO2e/m3 by 2030 compared with 2019

Short-term targets

Organic growth

15% to 20%

13% in 2021

EBIT before special items

DKK 440m to 520m

DKK 408m in 2021

- We commit to reducing energy consumption per m3 by 7% versus 2019 base line of 565 MJ per m3 by 2024
- We commit to reducing water usage by 5% versus 2019 base line of 382 litres per m3 by 2024
- We commit to achieving zero waste to landfill by 2024
- We commit to reducing lost-time-incidents frequency ("LTIF") to 3 by 2024
- We commit to reducing absenteeism through sickness to 9 days per annum by 2024
- We commit to improving gender diversity within the Board of Directors to minimum 25-40% of the under-represented gender by no later than the annual general meeting in 2023

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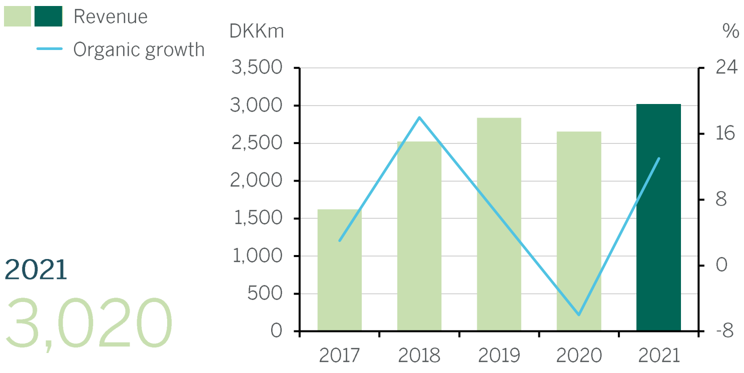
Performance highlights

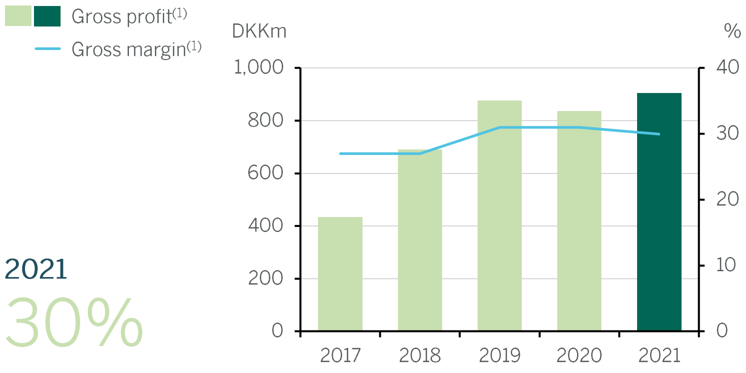
Revenue and organic growth



2021

3,020

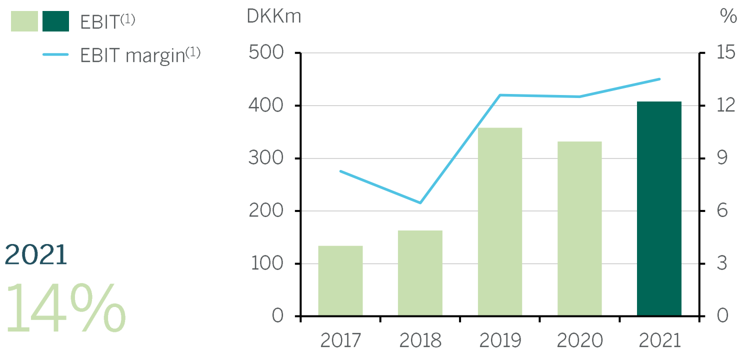
Gross profit and gross margin before special items



2021

30%

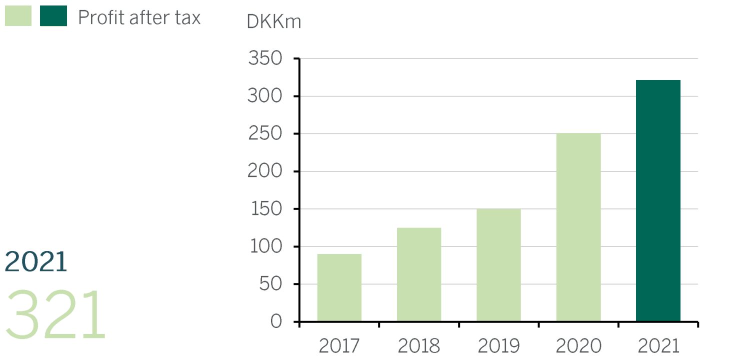
EBIT and EBIT margin before special items



2021

14%

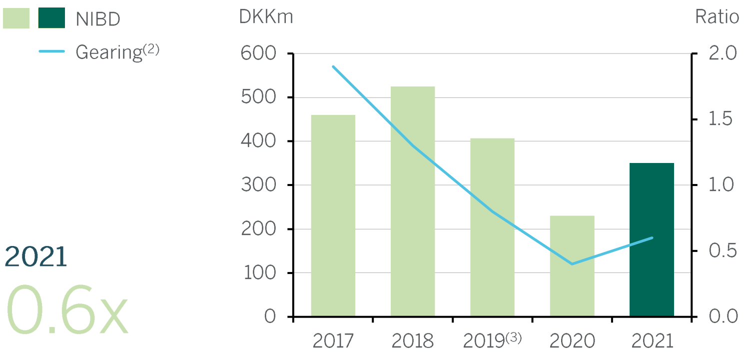
Profit after tax



2021

321

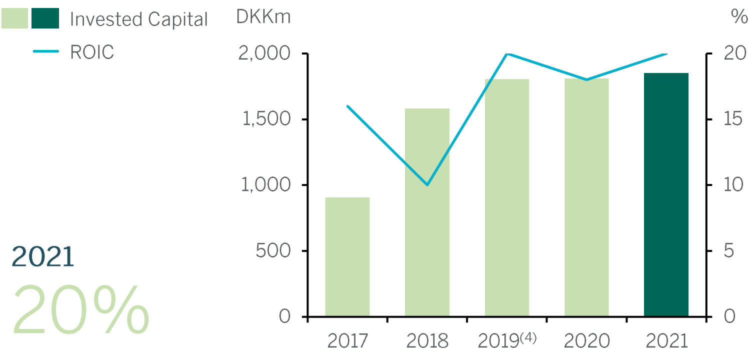
Net interest-bearing debt and financial gearing



2021

0.6x

Invested capital and ROIC excluding goodwill



2021

20%

(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%

PARTNERS IN WALL BUILDING

Five-year financial summary

Income statement (DKK million)	2021	2020	2019	2018	2017
Revenue	3,020	2,654	2,840	2,523	1,622
Gross profit before special items	905	836	877	690	452
EBITDA before special items	591	521	539	410	242
EBITDA	567	521	531	345	212
EBIT before special items	408	332	366	228	165
EBIT	377	332	358	163	134
Profit before tax	356	307	205	125	116
Profit after tax for the period	321	251	150	125	90

Balance sheet (DKK million)	2021	2020	2019	2018	2017
Assets	3,400	2,909	2,716	2,421	1,327
Invested capital	1,852	1,811	1,805	1,582	907
Investments in property, plant, and equipment(1)	197	134	126	138	110
Aquisition and divestment of enterprises	238	72	(20)	839	35
Net Working Capital	65	55	48	8	58
Equity	1,814	1,509	1,371	1,000	377
Net interest-bearing debt ("NIBD")	350	230	407	525	460

Cash flow (DKK million)	2021	2020	2019	2018	2017
Cash flow from operating activities	454	425	369	370	83
Cash flow from investing activities	(427)	(206)	(105)	(973)	(144)
Cash flow from financing activities	(25)	6	(131)	679	66
Free cash flow	27	219	264	(603)	(61)

Financial ratios	2021	2020	2019	2018	2017
Organic growth	13%	(6%)	6%	18%	3%
Gross margin before special items	30%	31%	31%	27%	27%
EBITDA margin before special items	20%	20%	19%	16%	15%
EBITDA margin	19%	20%	19%	14%	13%
EBIT margin before special items	14%	13%	13%	9%	10%
EBIT margin	12%	13%	13%	6%	8%
Return on Invested Capital, excluding goodwill(2)	20%	18%	20%	10%	16%
Solvency ratio	50%	50%	49%	41%	28%
Financial gearing	0.6x	0.4x	0.8x	1.3x	1.9x

ESG measures	2021	2020	2019	2018	2017
Average number of FTEs	1,572	1,619	1,685	1,651	1,062
FTEs end of period (excluding divestments)	1,663	1,571	1,636	1,608	1,022
Lost-Time Incident frequency (LTIF)	5	6	6	9	11
Sickness absence (days per FTE)	12	13	13	11	10
Total energy per m^3 (MJ)	553	548	565	593	551
Water consumption per m3 (litres)	351	353	382	387	394

(1) Investment in property, plant, and equipment excludes effects from IFRS 16 (2) Due to the acquisitions, the method for calculating Return on Invested Capital ("ROIC") has changed to better reflect a true and fair view. ROIC for the period 2018-2021 has been calculated as Operating Profit (EBIT) relative to the average invested capital (excluding goodwill) on a twelve-month basis

Note: Financial ratios and ESG measures have been calculated in accordance with recommendations from the Danish Society of Financial Analysts

PARTNERS IN WALL BUILDING

Business model

Resources

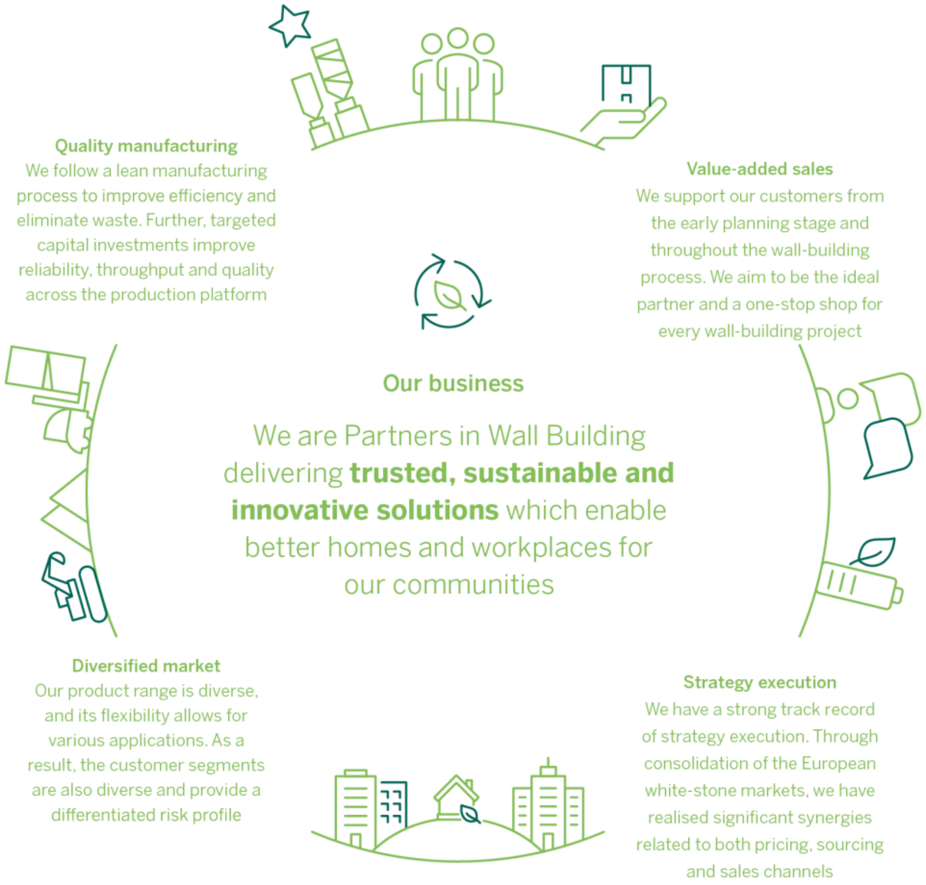
People
We value our workforce, recognise the advantages of diversity and believe in the equality of people

Raw materials
Our products are made of sand, water and lime, with cement and aluminium added for aircrete

Factory network
We have created a strong network of factories and sales offices with national reach within the countries in which we operate

Unique market conditions for growth
Structural undersupply of housing, demographic growth, urbanisation and changing housing needs provide a solid growth platform

Solid capital structure
Our strong and flexible capital structure supports our continued growth journey and sustainable shareholder value-creation



Added value

Customer value
By understanding our customers, their local needs and the industry trends, we help overcome challenges, eliminate waste and manage complexities throughout the wall-building process

Modern and carbon-friendly products
Our products offer improved indoor climate and energy savings as well as fire resistance and better acoustic insulation between rooms. In addition, the products are long-lasting and can be integrated into a circular economy

Safe and attractive work environment
Employment and working conditions must be safe, fair and non-discriminatory to attract top talents and support the development and career ambitions of our employees

Shareholder value
We will continue to pursue profitable growth through acquisitions and investments in the existing production platform to generate robust, long-term value for our shareholders. Further, we may return excess capital to shareholders by means of dividends and/or share buy-back programmes.

Equity story

Unique market conditions for growth

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

Differentiated market approach

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

Sustainable solutions —net-zero emissions by 2050

- Long-lasting and recyclable products
- Carbon-friendly products with increasing market penetration
- Insulating properties leading to energy savings and more sustainable buildings
- Excellent indoor climate, fire resistance and acoustic comfort
- Commitment to ambitious 1.5-degree emissions-reduction target

Proven track record of strategy execution

- European market-leading position in AAC and CSU products established through M&A
- Consolidation of fragmented markets continues to provide attractive synergies
- Efficient integration process and agile organisation
- Return on Invested Capital ("ROIC") consistently above WACC
- Strong cash-flow generation to fund continued growth

Condensed consolidated income statement

Income statement (DKK million)	Q1 2022	Q1 2021	Full year 2021
Revenue	874	642	3,020
Cost of goods sold	(630)	(454)	(2,115)
Gross profit before special items	**244**	**188**	**905**
Sales costs	(38)	(36)	(143)
Administrative costs	(49)	(46)	(186)
Other operating income and costs, net	2	3	15
EBITDA before special items	**159**	**109**	**591**
Depreciation, amortisation and impairment losses	(49)	(45)	(183)
EBIT before special items	**110**	**64**	**408**
Special items, net	(10)	-	(31)
EBIT	**100**	**64**	**377**
Financial imcome	1	1	4
Financial expenses	(6)	(6)	(25)
Profit before tax	**95**	**59**	**356**
Tax on profit	(23)	(10)	(35)
Profit for the period	**72**	**49**	**321**
Profit for the year attributable to:			
H+H International A/S' shareholders	68	49	310
Non-controlling interests	4	0	11
Profit for the period	**72**	**49**	**321**
Earnings per share (EPS-basic) (DKK)	3.8	2.7	17.5
Diluted earnings per share (EPS-D) (DKK)	3.8	2.7	17.5

Condensed consolidated statement of comprehensive income

Statement of comprehensive income (DKK million)	Q1 2022	Q1 2021	Full year 2021
Profit for the period	72	49	321
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange adjustments, foreign entities	(8)	(6)	9
	(8)	(6)	9
Items that will not be reclassified subsequently to profit:			
Actuarial gains and losses	(41)	17	47
Tax on actuarial gains and losses	6	(4)	(11)
	(35)	13	36
Other comprehensive income after tax	(43)	7	45
Total comprehensive income for the period	29	56	366

Condensed consolidated balance sheet

Assets (DKK million)	31 Mar. 2022	31 Dec. 2021	31 Mar. 2021
Non-current assets			
Goodwill	363	364	211
Other intangible assets	276	296	252
Property, plant and equipment	1,717	1,707	1,534
Deferred tax assets	15	17	13
Financial assets	6	6	7
Total non-current assets	2,377	2,390	2,017
Current assets			
Inventories	335	321	297
Receivables	316	190	234
Cash	433	499	497
Total current assets	1,084	1,010	1,028
Total assets	3,461	3,400	3,045

Equity and liabilities (DKK million)	31 Mar. 2022	31 Dec. 2021	31 Mar. 2021
Equity			
Share capital	180	180	180
Retained earnings	1,660	1,662	1,455
Other reserves	(146)	(138)	(153)
Equity attributable to H+H International A/S's shareholders	1,694	1,704	1,482
Equity attributable to non-controlling interests	114	110	71
Total equity	1,808	1,814	1,553
Non-current liabilities			
Pension obligations	112	85	134
Provisions	42	41	32
Deferred tax assets	127	137	127
Credit institutions	785	743	675
Lease liabilities	79	85	79
Total non-current liabilities	1,145	1,091	1,047
Current liabilities			
Lease liabilities	21	21	20
Trade payables	282	251	221
Income tax	32	23	34
Provisions	2	5	6
Other payables	171	195	164
Total current liabilities	508	495	445
Total liabilities	1,653	1,586	1,492
Total equity and liabilities	3,461	3,400	3,045
Net interest-bearing debt	*452*	*350*	*277*

Condensed consolidated cash flow statement

Cash flow statement (DKK million)	Q1 2022	Q1 2021
Operating profit (loss)	100	64
Financial income, received	1	1
Financial items, paid	(6)	(6)
Depreciation and amortisation	49	45
Gain and losses on sale of assets and other non-cash effects	1	-
Change in working capital	(133)	(92)
Change in provisions and pension contribution	(18)	(6)
Income tax paid	(15)	(11)
Operating activities	**(21)**	**(5)**
Acquisition of property, plant and equipment and intangible assets	(42)	(27)
Investing activities	**(42)**	**(27)**
Free cash flow	*(63)*	*(32)*
Change in borrowings(1)	42	66
Change in lease liabilities	(7)	(7)
Purchase of treasury shares	(35)	(13)
Financing activities	**-**	**46**
Cash flow for the period	**(63)**	**14**
Cash, opening	499	481
Foreign exchange adjustments of cash	(3)	2
Cash and cash equivalents, closing	**433**	**497**

(1) Change in borrowings is driven by movements of positions within the Global Cash Pool arrangement

H+H PARTNERS IN WALL BUILDING

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