



# H+H International A/S Investor presentation

August 2022



# Introduction

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H+H at a glance

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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 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 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.

# 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 Omd'.



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.

# We remain in a unique position for continued growth due to unique market conditions, a differentiated market approach, sustainable products and solid strategy execution



## 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

**Strategic  
position**

# Our business is impacted by certain structural growth drivers that transcend industries, markets and geographies



36%

The share of the European Union's total CO<sub>2</sub> emissions coming from buildings.

## Climate change

Buildings are a significant source of energy consumption and are responsible for large share of the European Union's greenhouse-gas emissions, thereby representing a large and cost-effective opportunity to reduce emissions.

90%

The average amount of time that citizens in the European Union spend indoors.

## Health and well-being

The global Covid-19 pandemic has further highlighted the need for buildings with better indoor climate, fire resistance and increased safety, as well as better acoustics and sound insulation.

48%

The share of the population in the European Union projected to be living in urban areas by 2050.

## Demographics & urbanisation

The world's population is growing and so are cities. Sustainable urbanisation will require buildings made with non-combustible, durable and sustainable materials that are energy efficient and comfortable to be in.

1 million

The unmet housing need in Germany in 2021.

## Undersupply of housing

Housing supply in Europe is showing a consistent shortfall in new construction compared to the underlying demand, and it appears that this unmet housing need will only grow in the coming years.

Sources: The European Commission, Housing Europe – The State of Housing in Europe 2021, The United Nations World Urbanization Prospects 2018, World Health Organization

# 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.

# Our products and wall-building solutions can be used for a variety of projects

Our product range is diverse, and its flexibility allows for various applications. As a result, the customer segments are also diverse and provide a differentiated risk profile.

## Our products

H+H is a provider of building materials. Our core activities are the production and sale of autoclaved aerated concrete (“AAC” or “aircrete”) and calcium silicate (“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.

## A strong solution in sustainable building



**Foundations**  
H+H Foundations Blocks are quick to install and can be used to support solid or cavity wall constructions as well as timber frame structures.



**External walls**  
H+H wall elements can also be used for solid external walls. They offer the fastest building method as well as an unparalleled air tightness and insulation.



**Internal walls**  
Partition walls built with H+H wall materials meet any sound-insulation requirements and are quick and easy to install.

## Applicable across segments and purposes



**Private low-rise houses**  
H+H has a strong track record and expertise in construction of walls for private low-rise houses.



**Volume housebuilders**  
H+H is a trusted partner to builders of large construction projects ensuring cost-efficient and high-quality solutions.



**Public sector housing**  
H+H is committed to supporting public sector housing providers with high quality, long-lasting, and energy-efficient housing.



**Commercial and industry**  
H+H's solutions are immensely versatile and can be used in many types of commercial and industrial buildings, low as well as high-rise.



**Residential high-rise**  
H+H wall-building solutions also include solid and partition wall products used in residential high-rise buildings.



**Self-build**  
H+H wall solutions also support self-build and DIY projects of any kind. An eco-friendly and easy-to-handle material for any wall.

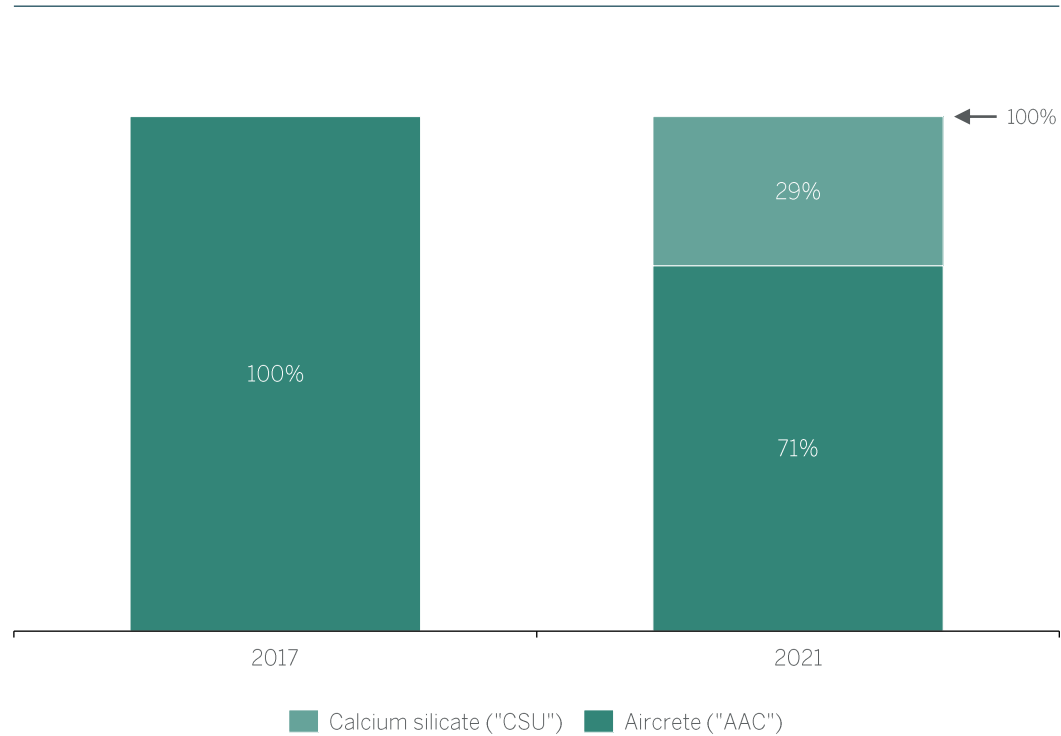


**Renovation**  
H+H wall-building solutions are a popular choice for domestic renovations, extensions, and small building projects, including energy-efficient improvements.

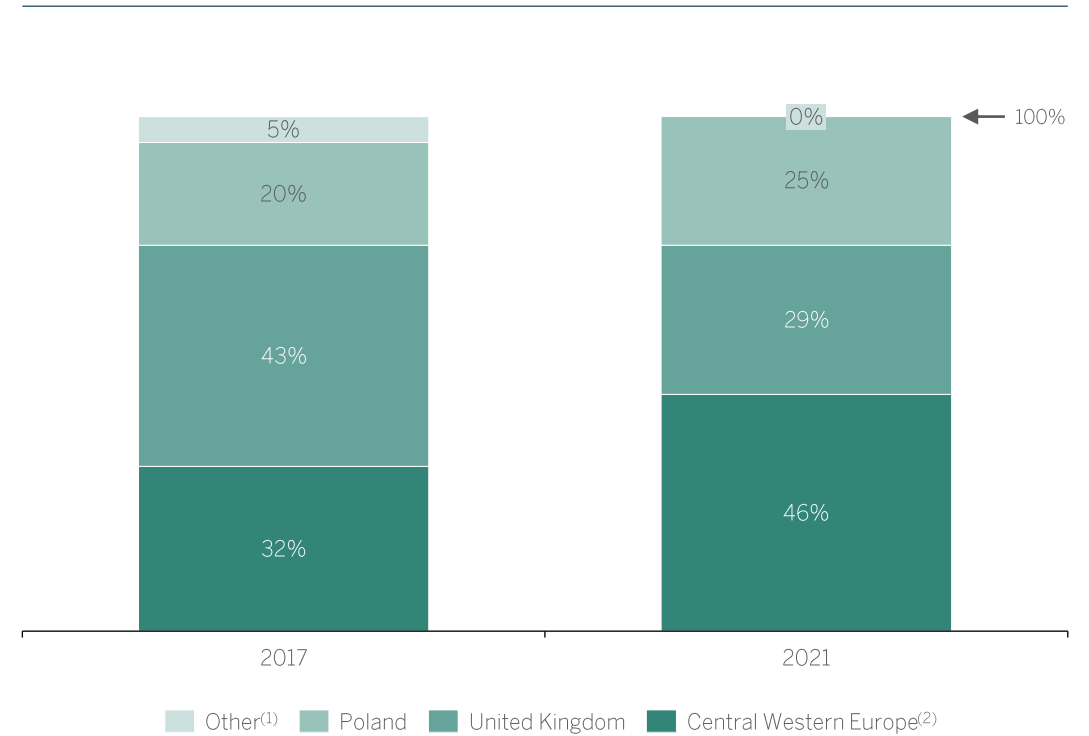


# Aircrete constitutes largest share of revenue, but consolidation efforts have provided a more balanced geographical footprint

**Revenue by product line**  
Share of total revenue, 2021



**Revenue by region**  
Share of total revenue, 2020



(1) 'Other' comprises the now divested Russian activities (2) Comprises Germany, Denmark, Sweden, Switzerland, the Netherlands and the Czech Republic

# Partnership is key to managing increasing industry complexity

Building projects are complex undertakings, involving many different stakeholders with equally different needs and demands. From architects to planners to distributors and contractors—everyone is under pressure to work faster, smarter and more efficiently.

Combined with major trends and challenges like increasing material costs, qualified labour shortages, rising demands for greater energy efficiency, and sustainability, completing construction projects today requires great effort.



Increasing material costs



Lack of qualified labour



Rising demand for energy efficiency



Increasing focus on sustainability

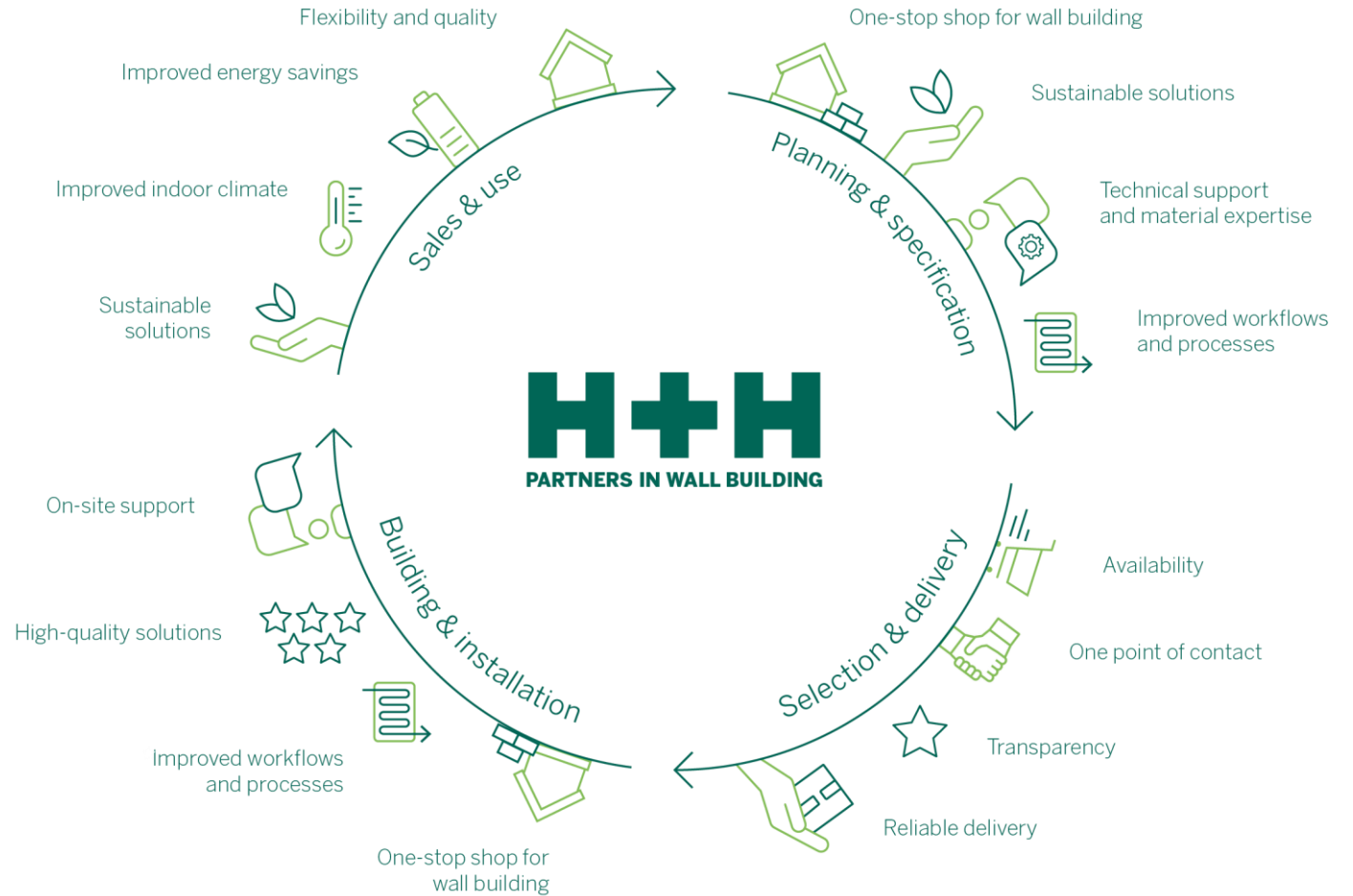


# We are Partners in Wall Building

Our homes, flats, offices, and other buildings need to be comfortable, safe and sustainable. Our wall-building solutions have been specifically developed to deliver high-quality and sustainable results.

An improved indoor climate, 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 that people who live and spent time in buildings featuring H+H solutions will enjoy.

Our value proposition is to be a trusted partner to builders and developers across our markets and we are constantly striving for added value across every stage of the wall-building process. We aim to find new ways to improve our products and building concepts to make building better, easier and more efficient to everyone involved—from sourcing and production to distribution and building sites, we are **Partners in Wall Building**.

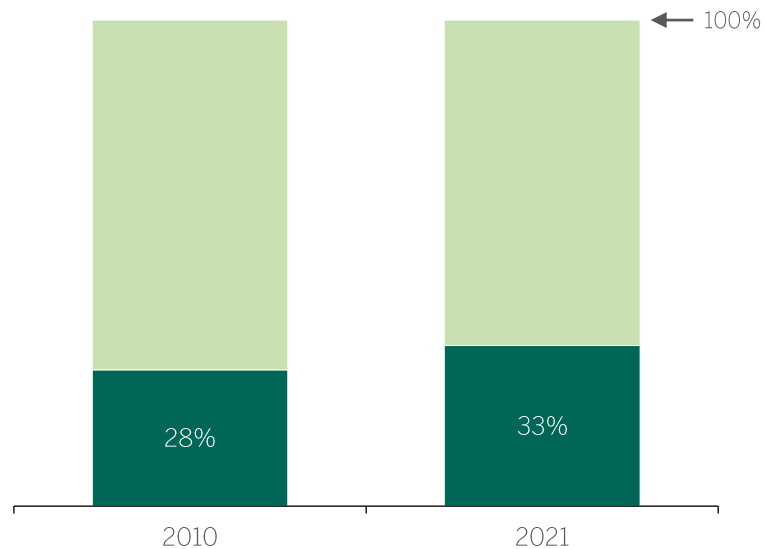


# H+H's product offering is enjoying increasing market penetration in all of H+H's core markets

## Germany

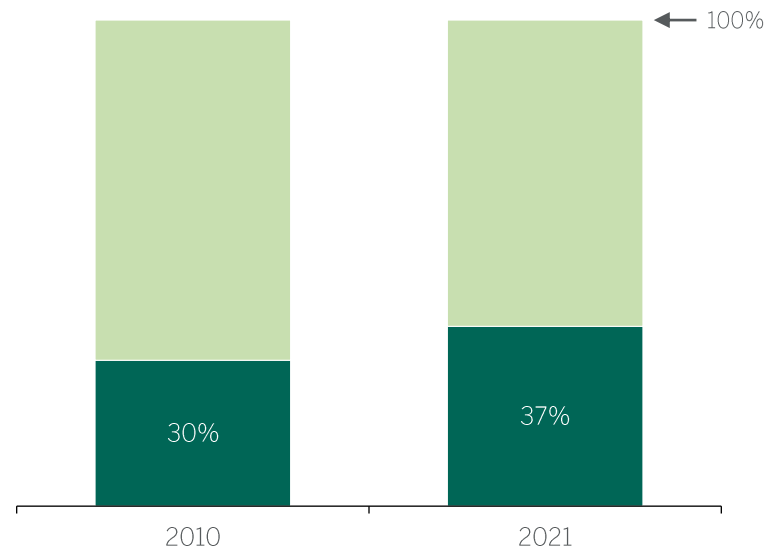
Predominantly used wall-building material

■ H+H product offering<sup>(1)</sup> ■ Other wall-building materials



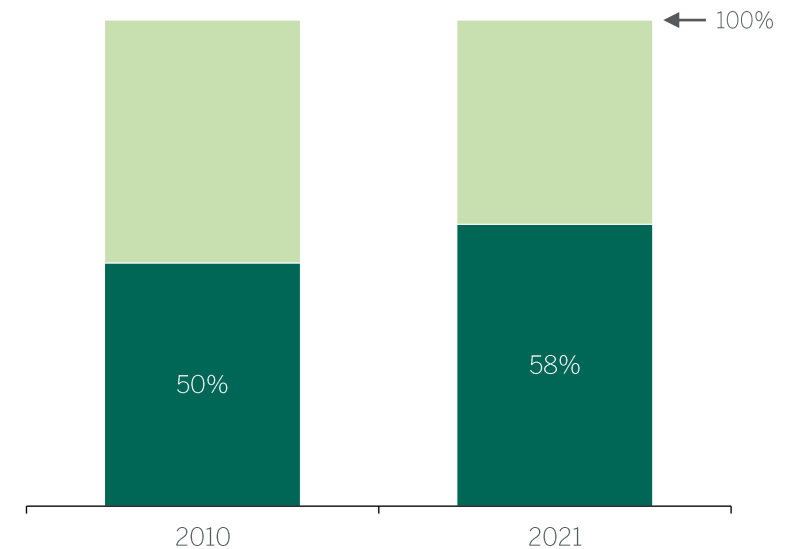
## United Kingdom

Predominantly used wall-building material



## Poland

Predominantly used wall-building material



(1) Please note that H+H's UK product offering only comprises aircrete

# Modern and carbon-friendly products with increasing market penetration



## Modern and long-lasting products...

Aircrete was invented in the early-1930's, decades or even centuries later than timber, concrete, clay, and bricks. H+H's products have an expected lifetime of 100-150 years.



## ...with sustainable properties...

H+H products offer 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. Further, as the first manufacturer of AAC and CSU products, H+H committed to an ambitious 1.5°C climate target and had its plan verified by the Science Based Target initiative.



## ...enjoying increasing market penetration

H+H's product offering is seeing increasing market penetration in all of the Company's core markets of Germany, the UK, and Poland. The average increase in market penetration over the past ten years across the three markets is above 20%<sup>(1)</sup>.

(1) Over the 2010 to 2021 period

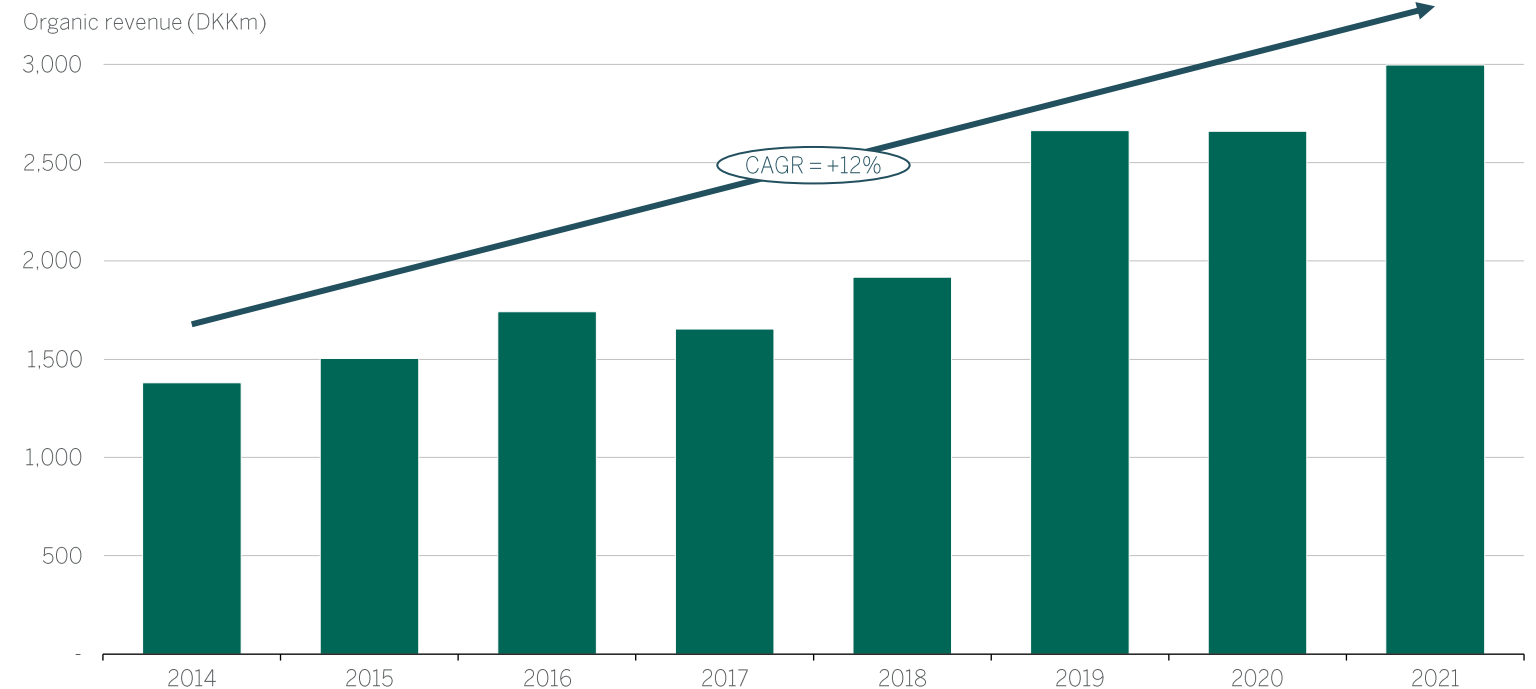




## The business has shown solid organic-growth rates over recent years

### Organic revenue

Revenue in local currencies, excluding acquired and divested businesses, DKKm

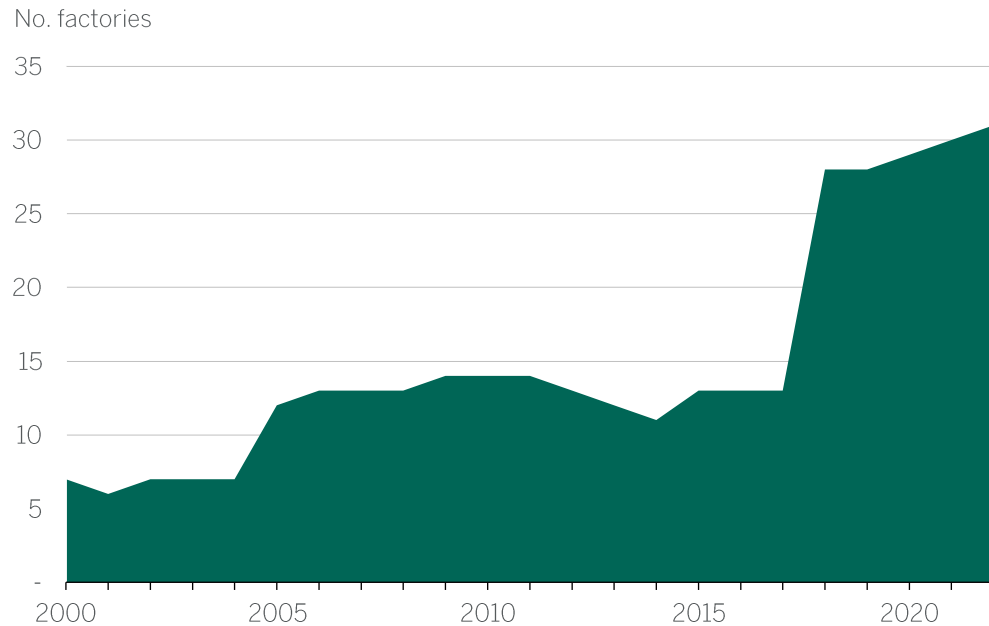


(1) Revenue in 2020 was negatively impacted by the global COVID-19 pandemic and the three-month National lockdown imposed by the British Government as a response to the pandemic

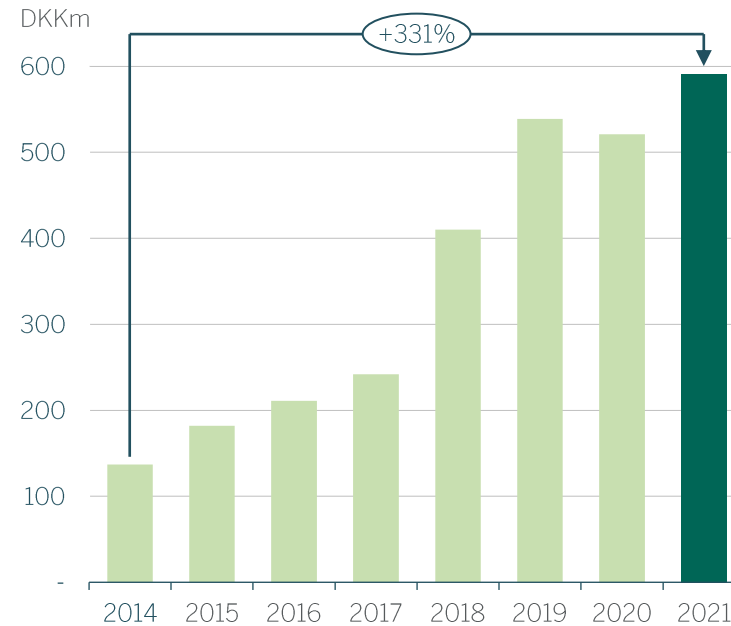
# Since 2014, H+H has grown its business considerably through several profitable acquisitions...

H+H has a strong track record as a market consolidator. Since 2014, the strategy has been focused on consolidating the European whitestone market with a primary focus on Germany and Poland.

## Number of factories in H+H portfolio



## EBITDA before special items



450

Annual EBITDA added (DKKkm)

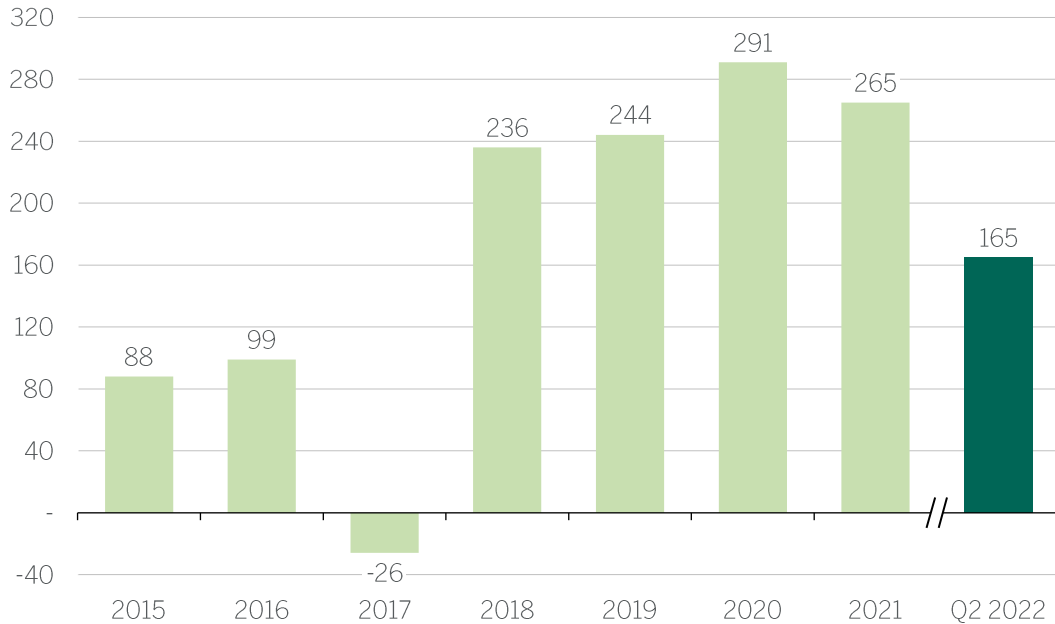
1.400

Total M&A investments (DKKkm)

# ...And has done so without over-leveraging the company

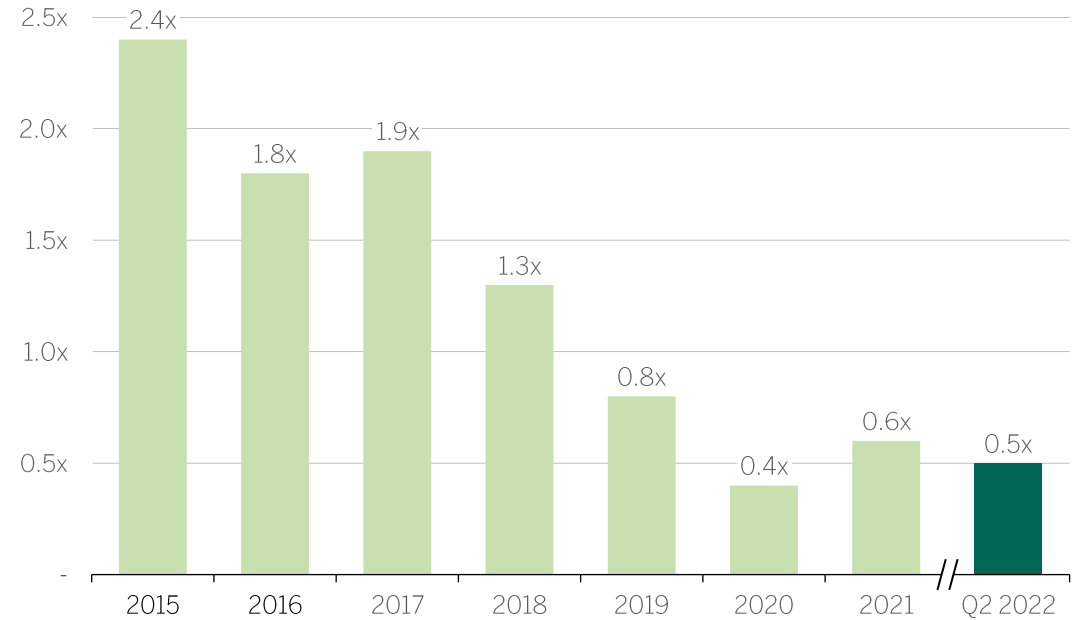
## Free cash flow

Before acquisitions and divestments (DKKm)



## Financial gearing

Net interest-bearing debt to EBITDA before special items ratio





# Strong results from consolidation efforts, with positive impact on margins



## Improved capacity utilisation in the acquired plants

Through effective integration and organisation development, H+H has managed to improve capacity utilisation in the acquired factories. H+H follows a lean manufacturing approach to improve manufacturing efficiency and effectiveness.



## Synergies related to sourcing

Following a strengthening of the procurement function in recent years, H+H has benefitted from the impact of consolidated buying positions in Poland and Germany and improved procurement processes in all regions.



## Synergies related to sales channels

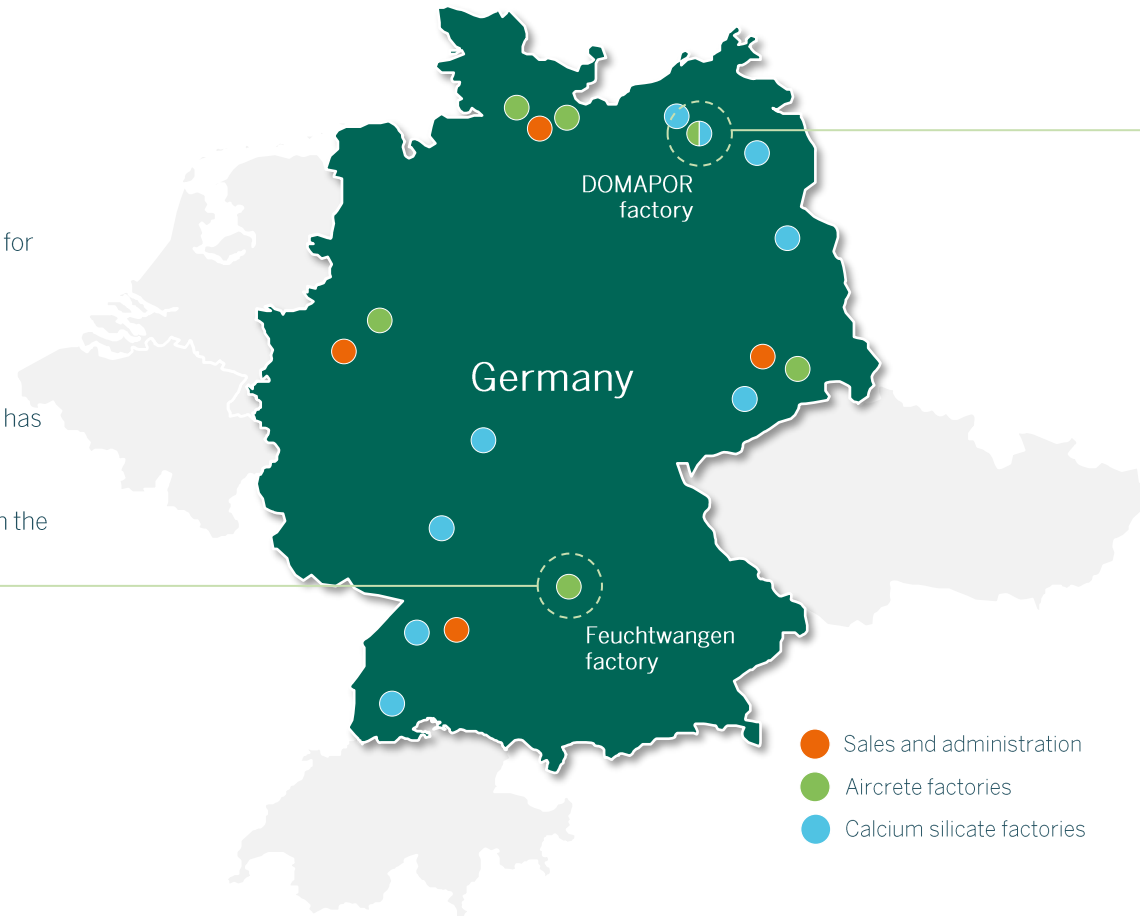
H+H has a firm discipline in sales pricing, utilising the demand situation and synergies achieved through acquisitions. H+H sees additional synergies from duo-product selling and efforts to maintain reasonable and fair prices will continue to be of key importance.



# Acquisitions completed in 2021 provide important expansion of German factory network...

## Feuchtwangen acquisition

- Acquisition of one AAC factory located in Feuchtwangen in Bavaria, Germany
- The acquisition provides true national coverage for H+H's aircrete business
- Through the acquisition, H+H will be the only supplier of both AAC and CSU products in the southern part of Germany
- Based on legacy production figures, the factory has the potential to add approximately 2-3 ppts. of market share to the German AAC business
- In addition, the factory could further supply both the Benelux and Czech markets

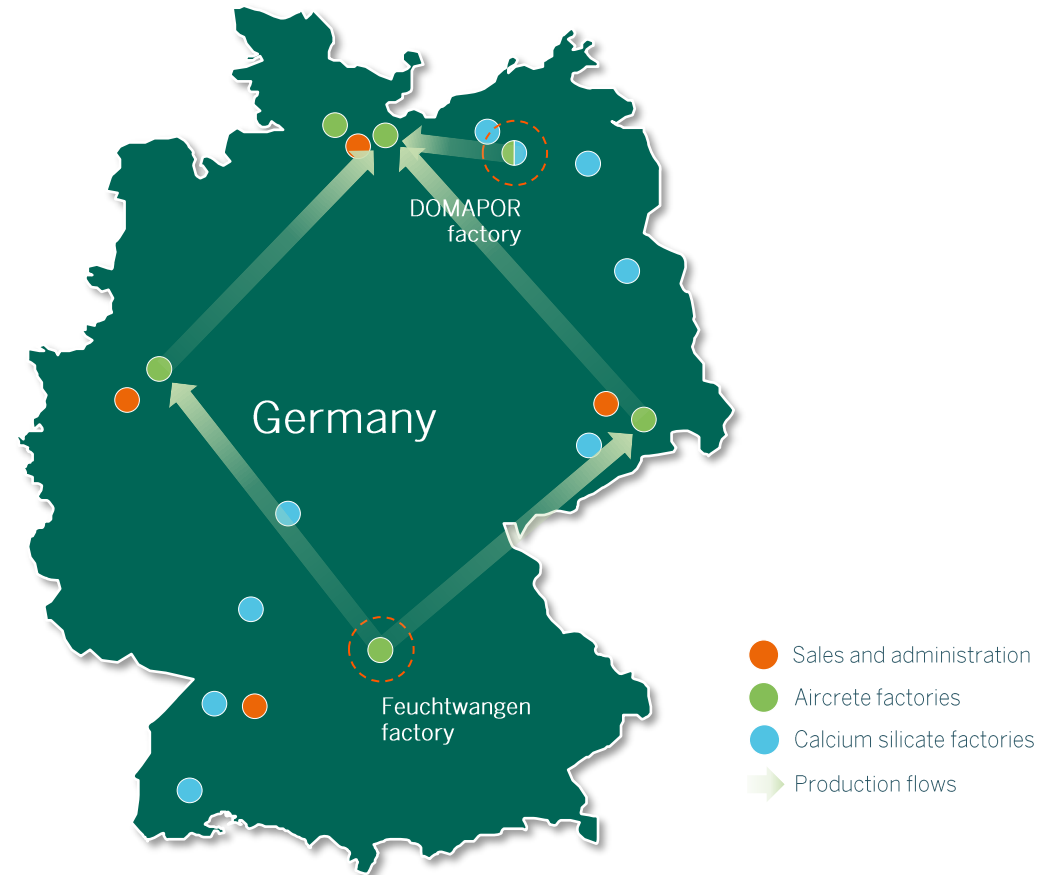


## DOMAPOR acquisition

- H+H has signed an agreement to acquire 52.5% of the shares in DOMAPOR GmbH & Co. KG ("DOMAPOR")
- The factory has two production lines and is producing both AAC and CSU products
- It is estimated that the factory has capacity for an annual output equal to approximately 4.0% of the German AAC market and between 1.0% and 1.5% of the German CSU market.
- Acquisition is a strong addition to H+H's German factory network
- Expected close in early-January 2022

## ...and they provide the opportunity to upgrade the Wittenborn factory, as expanded factory network minimise impact on production

- H+H plans to perform certain upgrades and maintenance on the Wittenborn factory in the Northern part of Germany
- As a consequence of the upgrades, the Wittenborn factory will be temporarily closed for a period in 2022
- H+H will utilise the expanded factory network from the DOMAPOR and Feuchtwangen acquisitions to support the Wittenborn factory and minimise impact on production
- The Wittenborn factory will be supported by the Laussnitz and Hamm factories, as well as the newly acquired DOMAPOR factory
- Further, the Laussnitz and Hamm factories will in turn be supported by the recently acquired Feuchtwangen factory
- Upgrades are considered strategically important and will add long-term value for H+H





# Meeting the strong demand while consolidating our platform

	Current product portfolio		Other wall-building materials
	Aircrete	Calcium silicate	
Central Western Europe	Optimise and build on current market position through continued optimisation of production platform via investments in organic growth and/or further acquisitions		Explore acquisitive growth opportunities within new product segments through acquisitions and/or continued focus on innovation to further complement the value proposition. Feasible roadmap to market-leading position must be available
The United Kingdom	Maintain market-leading position through continued optimisation of production platform and investments in organic growth		
Poland	Continue to harvest synergies from the recent years' acquisitions to further optimise and build on market position and strengthen resilience of Polish white-stone business. This is to be combined with investments into organic growth and/or further acquisitions.		
Other geographies	Explore acquisitive growth opportunities in countries adjacent to current geographical footprint to further complement the value proposition. Feasible roadmap to market-leading position must be available		

# Important strides made on our journey towards net-zero emissions

2022

As the first manufacturer of AAC and CSU products, H+H committed to an ambitious

 1.5°C

climate target and had its plan verified by the Science Based Target initiative

2030

We commit to reducing absolute scope 1 and 2 greenhouse-gas emissions by

46%

by 2030 compared with 2019

We commit to reducing scope 3 greenhouse-gas emissions by

22%

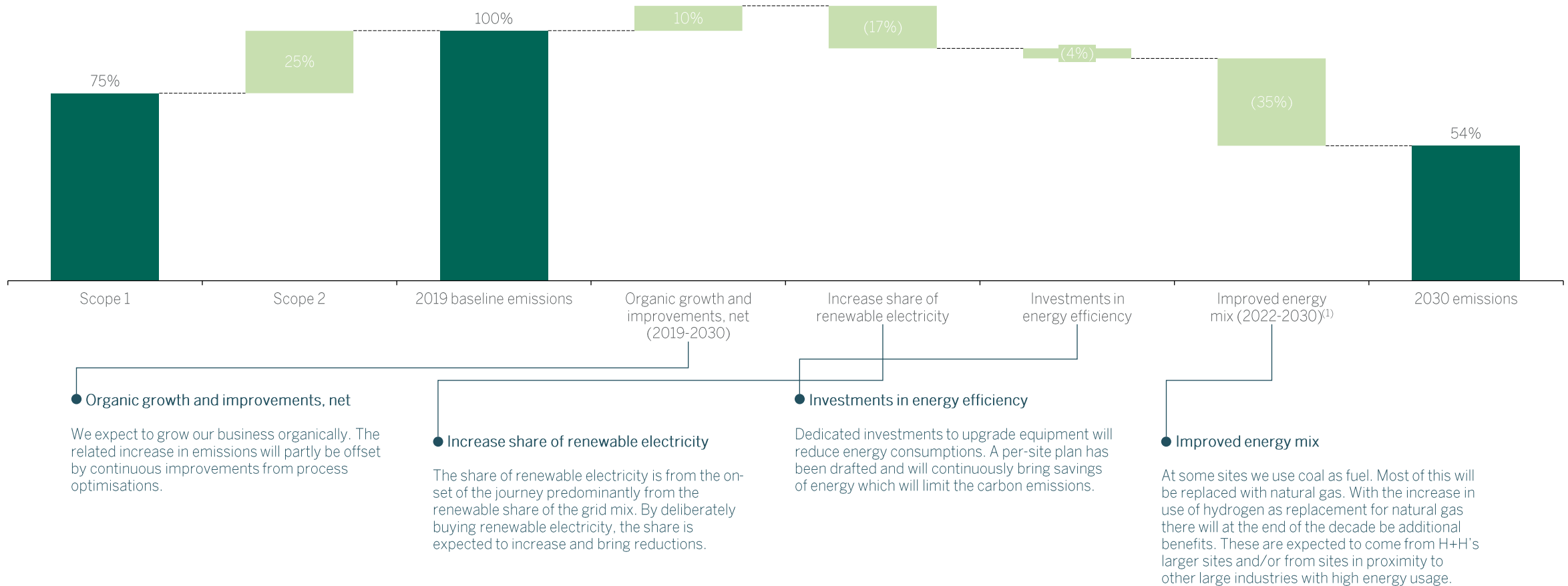
per kg CO<sub>2</sub>e/m<sub>3</sub> by 2030 compared with 2019

2050

We commit to achieving net-zero emissions in our operations and products by

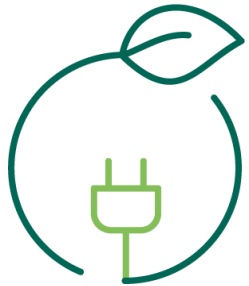
2050

# Roadmap to achieve carbon reductions in line with the Paris Agreement



# 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 CO<sub>2</sub>e/m<sup>3</sup> 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 m<sup>3</sup> by 7% versus 2019 base line of 565 MJ per m<sup>3</sup> by 2024
- We commit to reducing water usage by 5% versus 2019 base line of 382 litres per m<sup>3</sup> 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



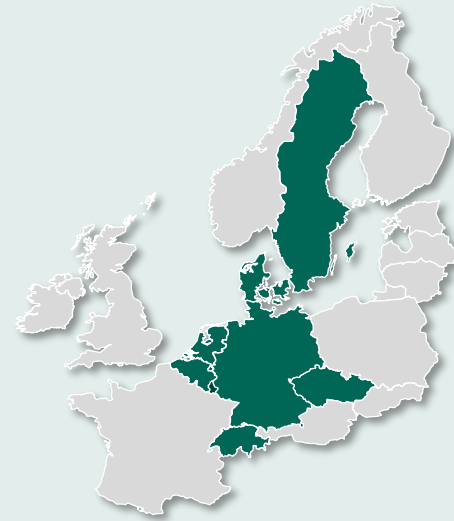
**Geographical** **H+H**  
**footprint**



# Our geographical footprint

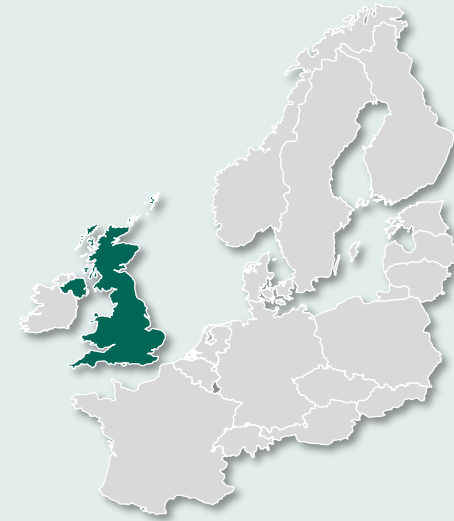
We have a diversified geographical footprint with our activities spread across three core regions, namely the Central Western Europe region (comprising Germany, the Nordics, the Benelux countries, the Czech Republic and Switzerland), the United Kingdom and Poland.

We have a leading position in most of our markets with solid market shares and strong customer relationships.



Central Western Europe  
Share of Group revenue in 2021

46%



The United Kingdom  
Share of Group revenue in 2021

29%



Poland  
Share of Group revenue in 2021

25%

# Central Western Europe

2021 was another solid year for the Central Western Europe in which we continued to see the benefits from our efforts to consolidate the German whitestone markets. These efforts continued in 2021 with the acquisitions of two additional factories which will serve as an important expansion of our German factory network.

## Key market characteristics

Estimated market size: 7 million m<sup>3</sup>(<sup>1</sup>)

White-stone market penetration: 33%(<sup>1</sup>)

Key competitors: Xella

Alternative products: Clay blocks, concrete blocks, wood-frame solutions

1,399  
2021 revenue, DKKm

15  
Factories

~13%  
CSU market share(<sup>1</sup>)

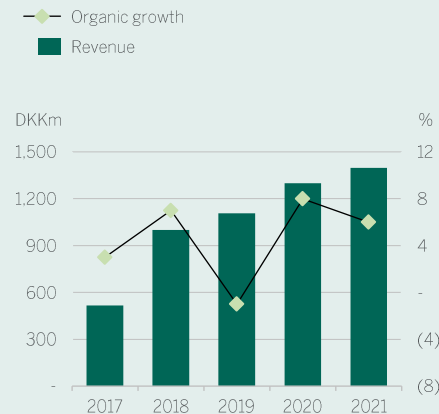
6%  
2021 organic growth

644  
Employees

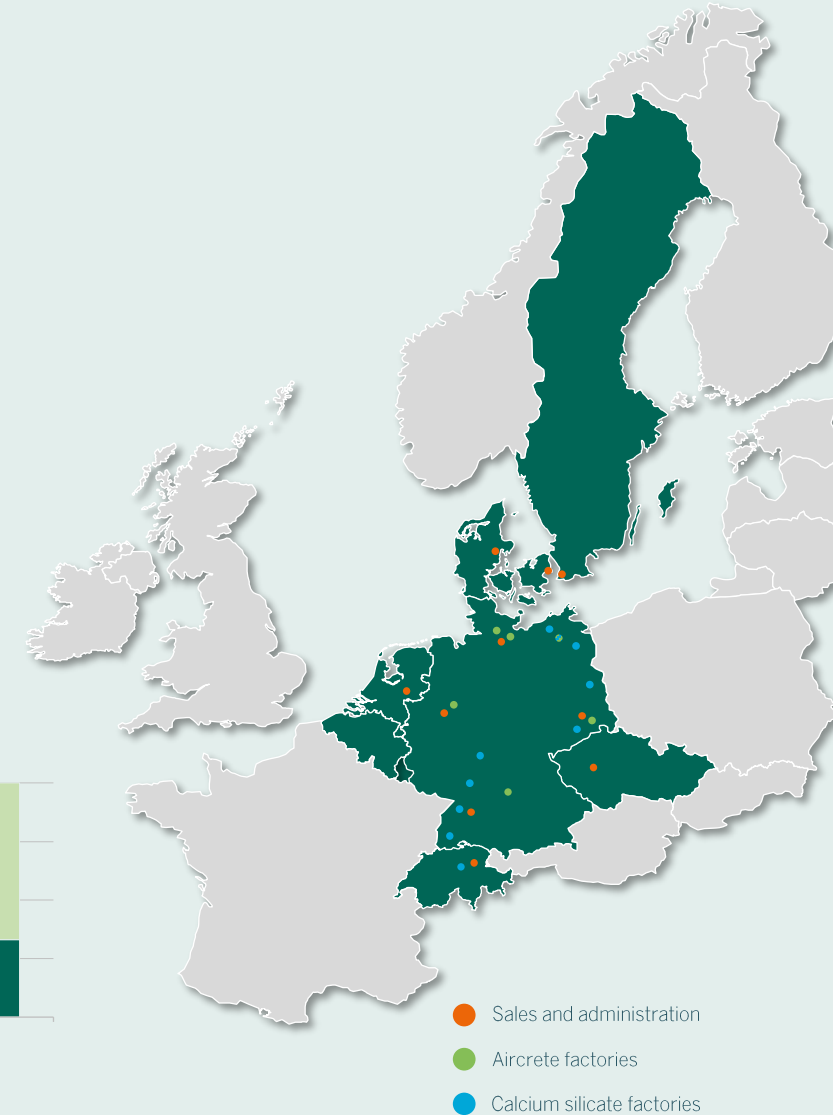
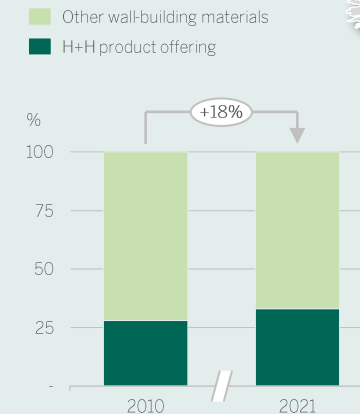
~20%  
AAC market share(<sup>1</sup>)

(<sup>1</sup>) Germany only

Revenue and organic growth



Market penetration



# The United Kingdom

2021 was a very strong year for the British construction industry with activity levels exceeding those of the record year of 2019. The high activity was in part driven by the shorter-term government stimuli programmes, but the longer-term prospects for the industry are strong.

## Key market characteristics

Estimated market size: 3 million m<sup>3</sup>

White-stone market penetration: 37%

Key competitors: Tarmac, Forterra

Alternative products: Concrete blocks, wood-frame solutions

884  
2021 revenue, DKKm

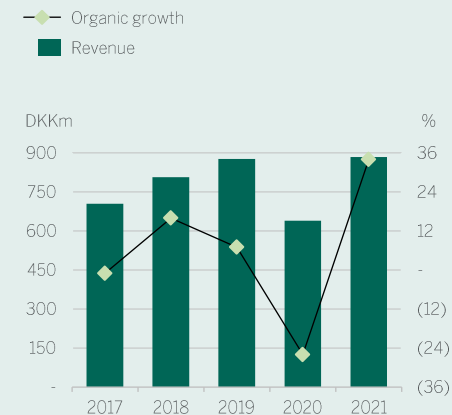
3  
Factories

>40%  
AAC market share

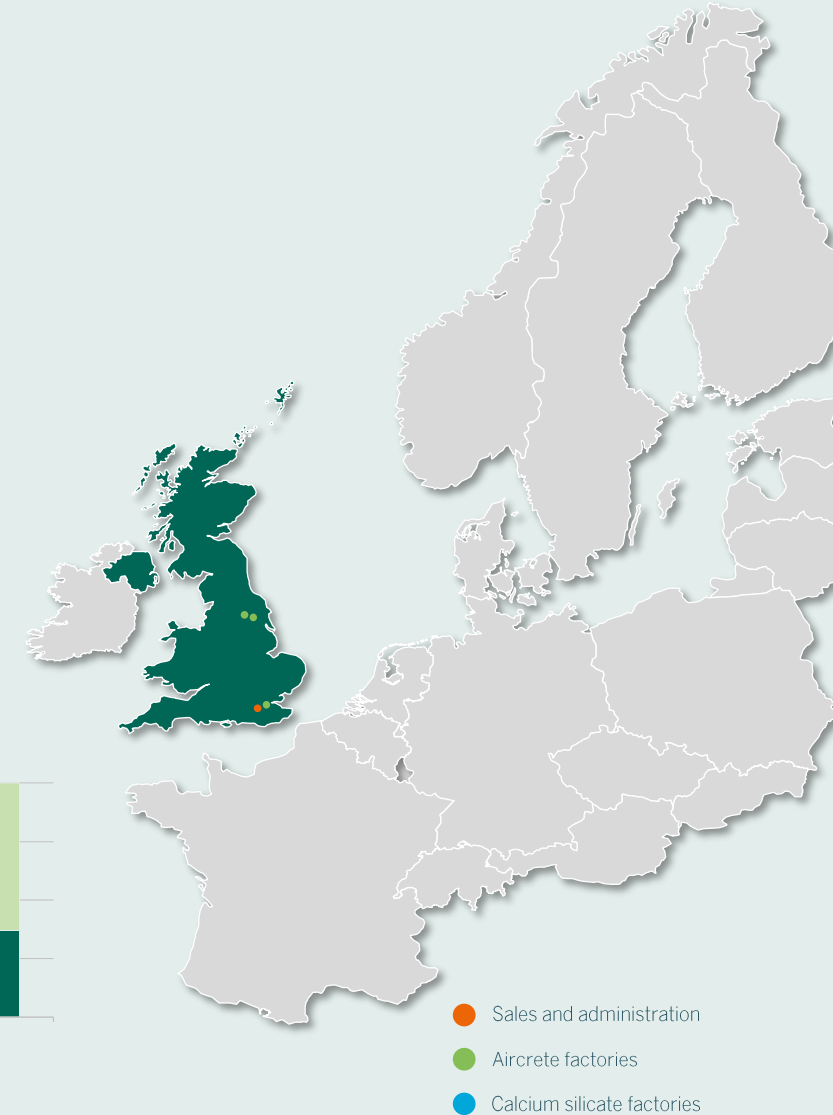
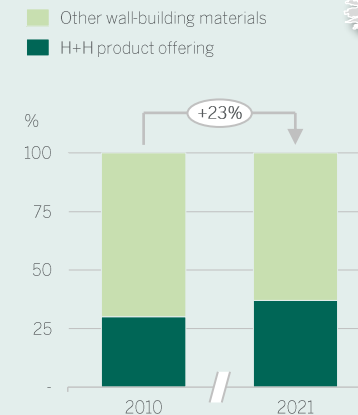
34%  
2021 organic growth

243  
Employees

Revenue and organic growth



Market penetration



# Poland

2021 showed very high activity in the Polish construction markets which translated into strong demand for our AAC and CSU products. We continue to benefit from the market consolidation achieved in 2018 with positive impact on both pricing and sourcing of materials.

## Key market characteristics

Estimated market size: 7 million m<sup>3</sup>

White-stone market penetration: 58%

Key competitors: Xella, Solbet

Alternative products: Clay blocks, ceramic blocks

737  
2021 revenue, DKKm

13  
Factories

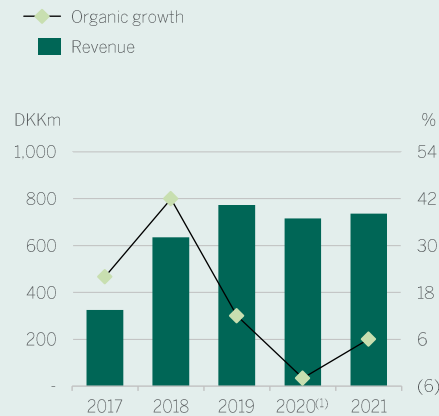
20-25%  
CSU market share

6%  
2021 organic growth

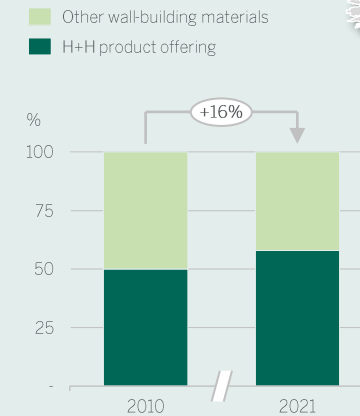
776  
Employees

20-25%  
AAC market share

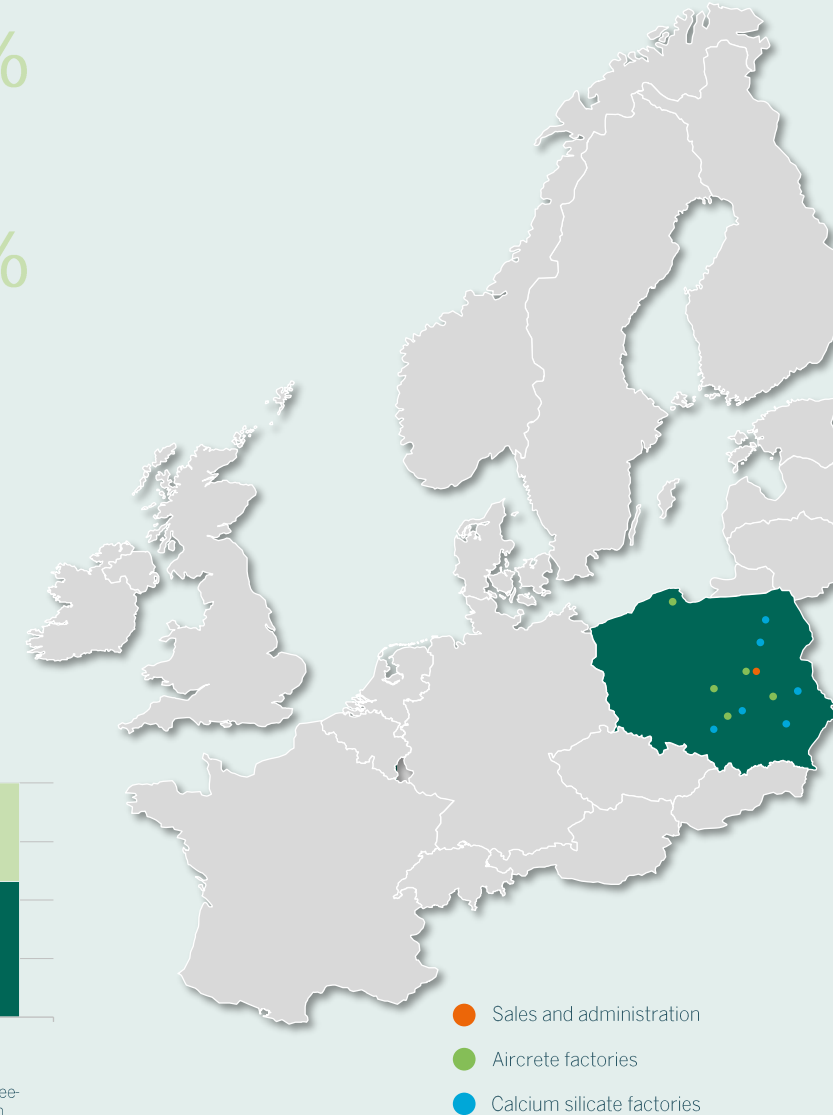
Revenue and organic growth



Market penetration



(1) In 2020, revenue in the UK was significantly impacted by the COVID-19 pandemic, which caused a three-month lockdown of the entire UK construction sector. Revenue in the UK in 2019 amounted to DKK 877m, corresponding to 31% of total revenue for the year





**H1 2022**

**Financial review**

# Q2 2022: strong activity and sales price increases drove solid earnings in high-inflation environment

## Selected financial figures for Q2 2022

Figures in DKKm unless otherwise stated. Q2 2021 figures in brackets

Organic growth

**13%**

(39%)

Gross margin<sup>(1)</sup>

**32%**

(30%)

EBIT margin<sup>(1)</sup>

**18%**

(15%)

Return on Invested Capital

**26%**

(21%)

Free cash flow

**165**

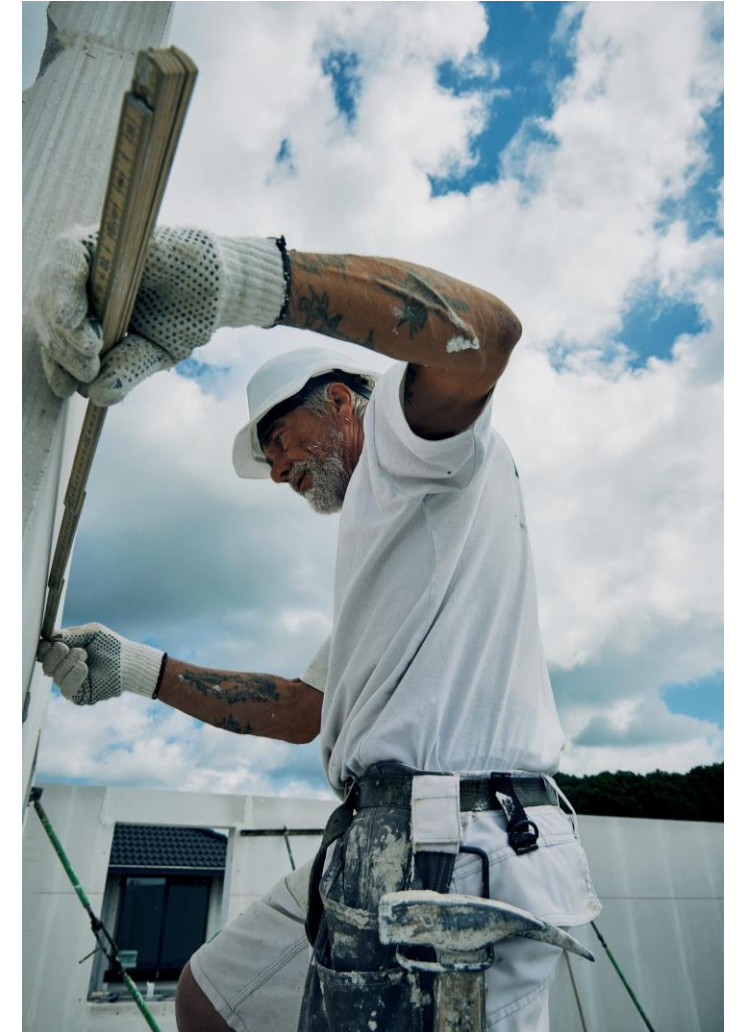
(172)

Financial gearing<sup>(2)</sup>

**0.5x**

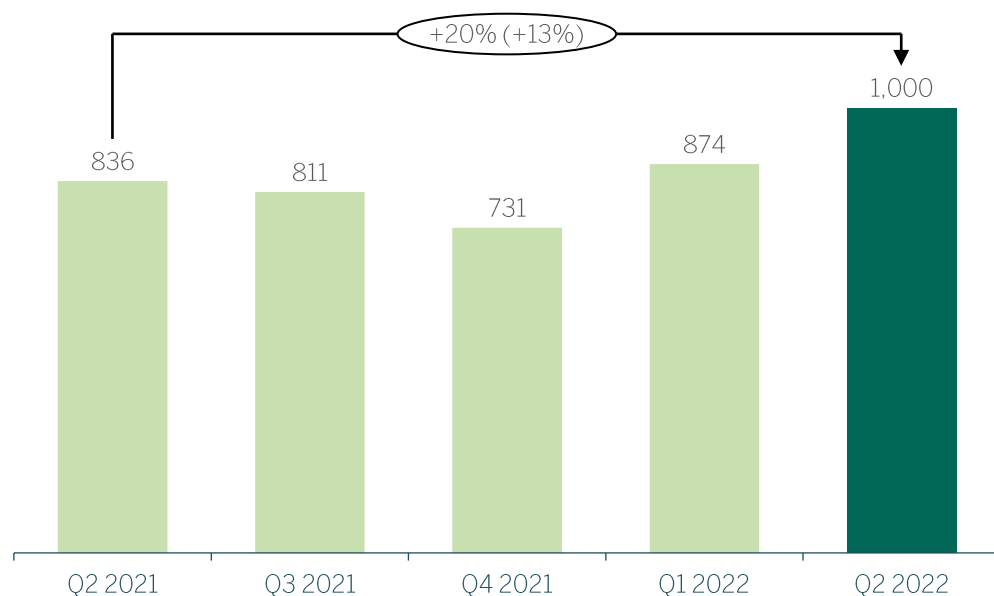
(0.3x)

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

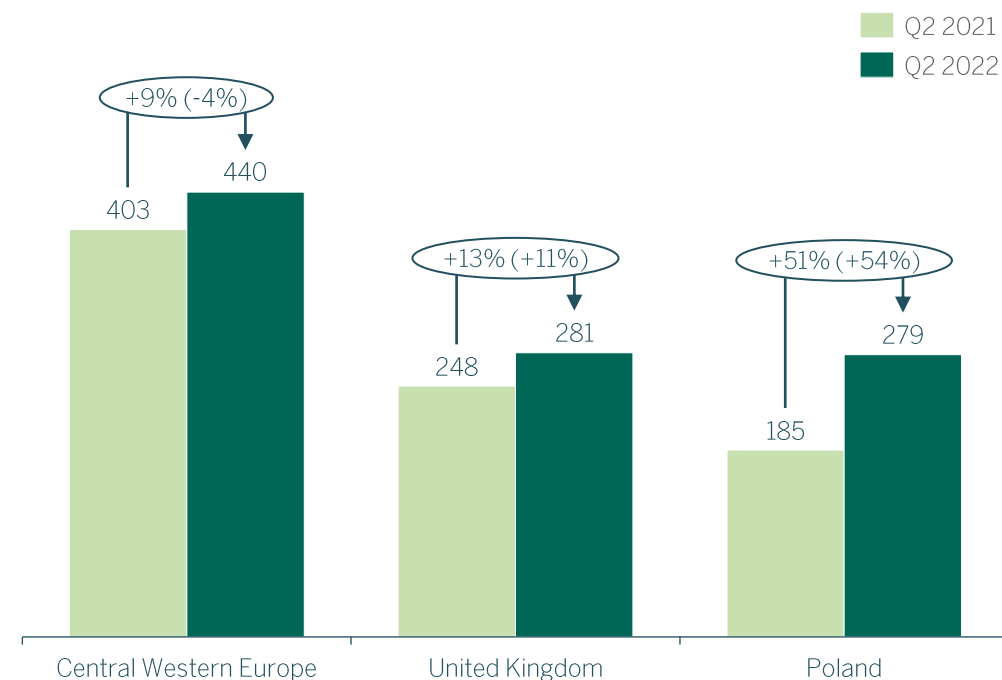


# Highest-ever quarterly revenue driven by the continued implementation of sales price increases and strong customer demand

**Consolidated revenue by quarter**  
DKKm. Bubbles show revenue growth (organic growth)



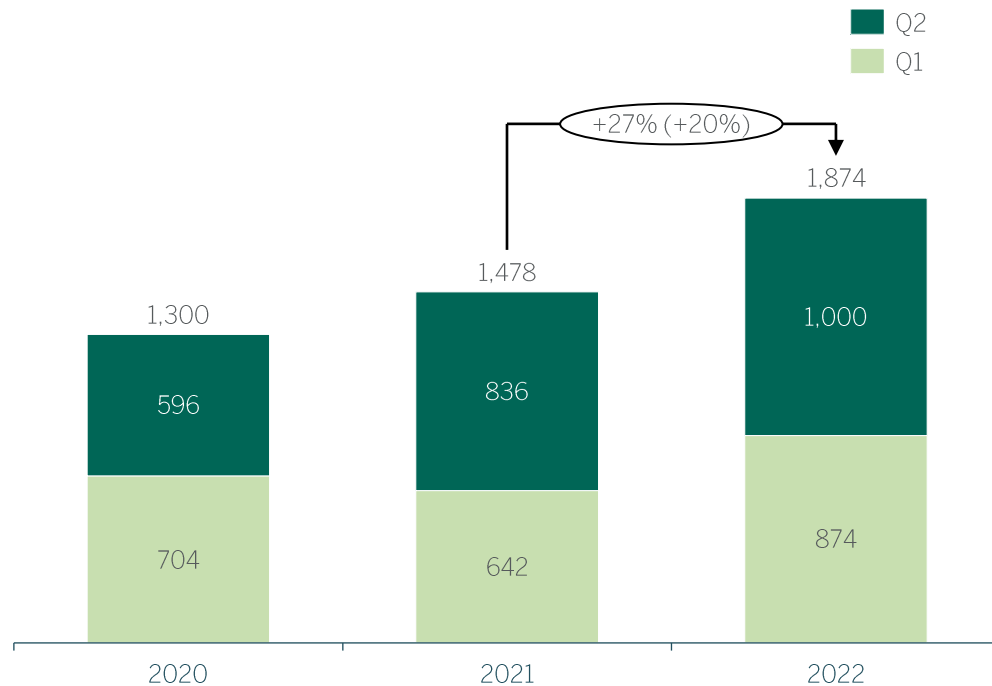
**Quarterly revenue by region**  
DKKm. Bubbles show revenue growth (organic growth)



# Highest-ever quarterly revenue driven by the continued implementation of sales price increases and strong customer demand

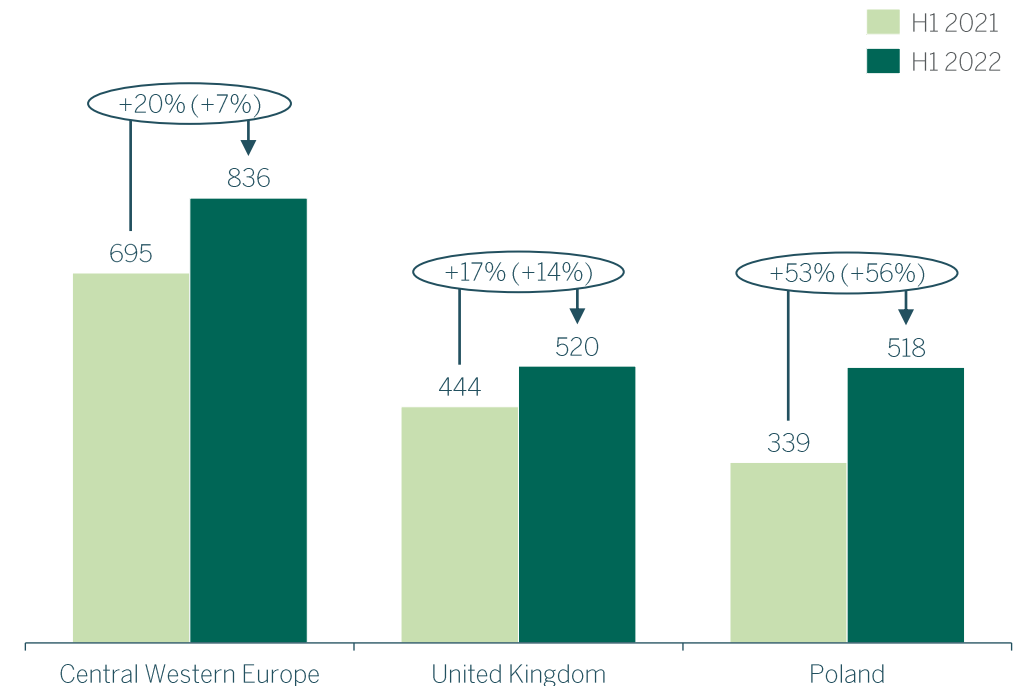
## Consolidated H1 revenue

DKKm. Bubbles show revenue growth (organic growth)



## H1 revenue by region

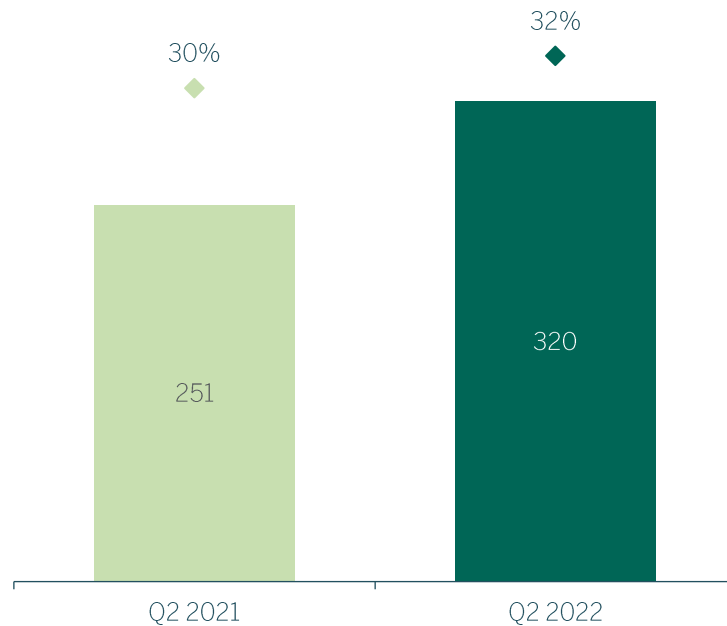
DKKm. Bubbles show revenue growth (organic growth)



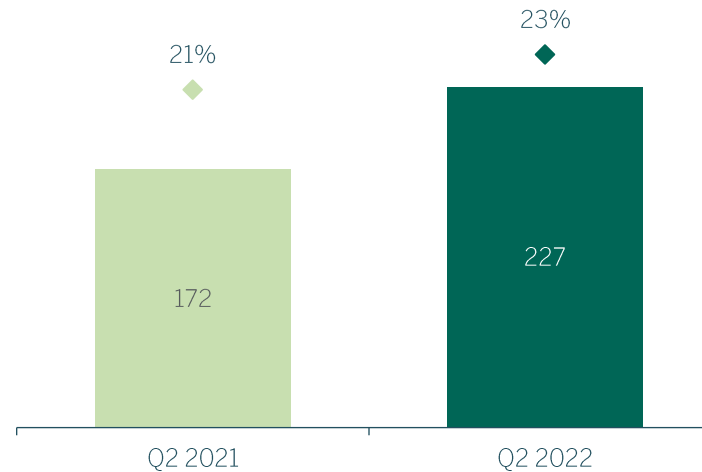


# Strong earnings margins in Q2 2022 fuelled by sales price increases to counter the inflationary pressure

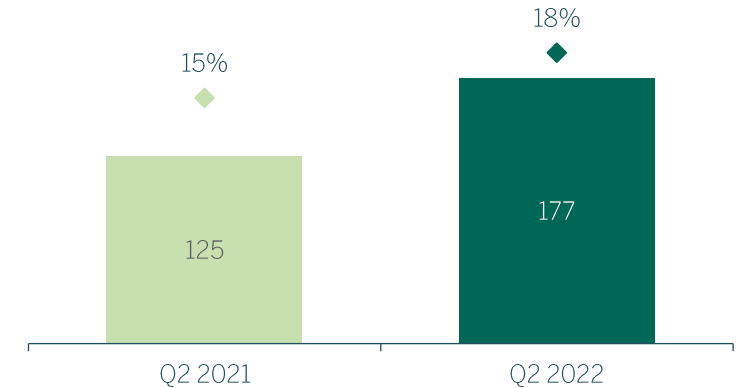
**Gross profit and gross profit margin**  
DKKm and percent, respectively



**EBITDA and EBITDA margin**  
DKKm and percent, respectively



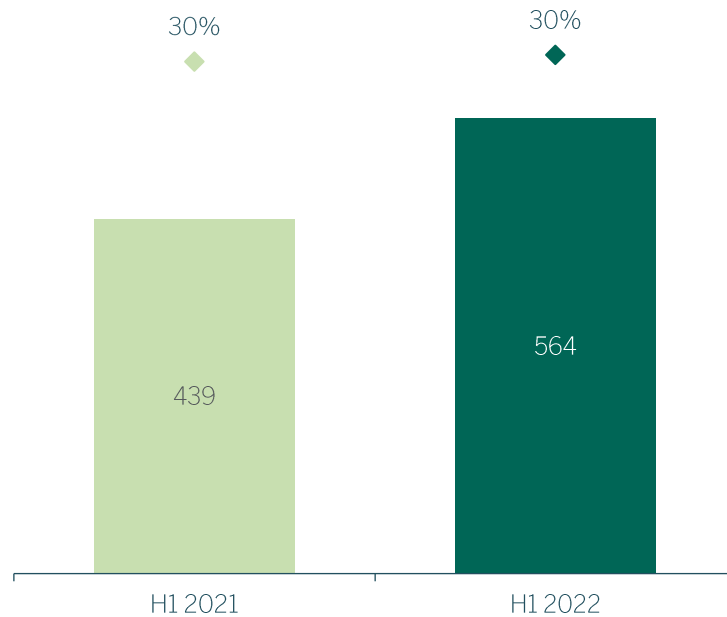
**EBIT and EBIT margin**  
DKKm and percent, respectively



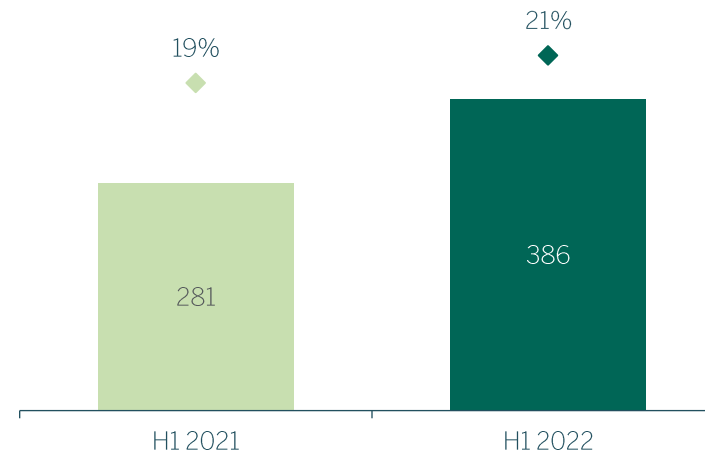
Note: All figures are before special items

# Solid H1 2022 gross margin and leverage of SG&A drives strong EBITDA and EBIT margins

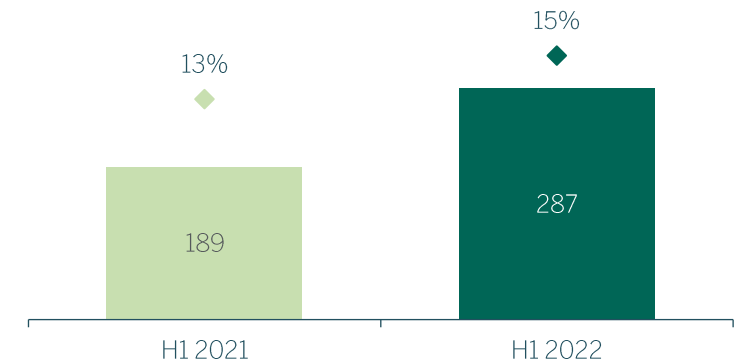
**Gross profit and gross profit margin**  
DKKk and percent, respectively



**EBITDA and EBITDA margin**  
DKKk and percent, respectively



**EBIT and EBIT margin**  
DKKk and percent, respectively

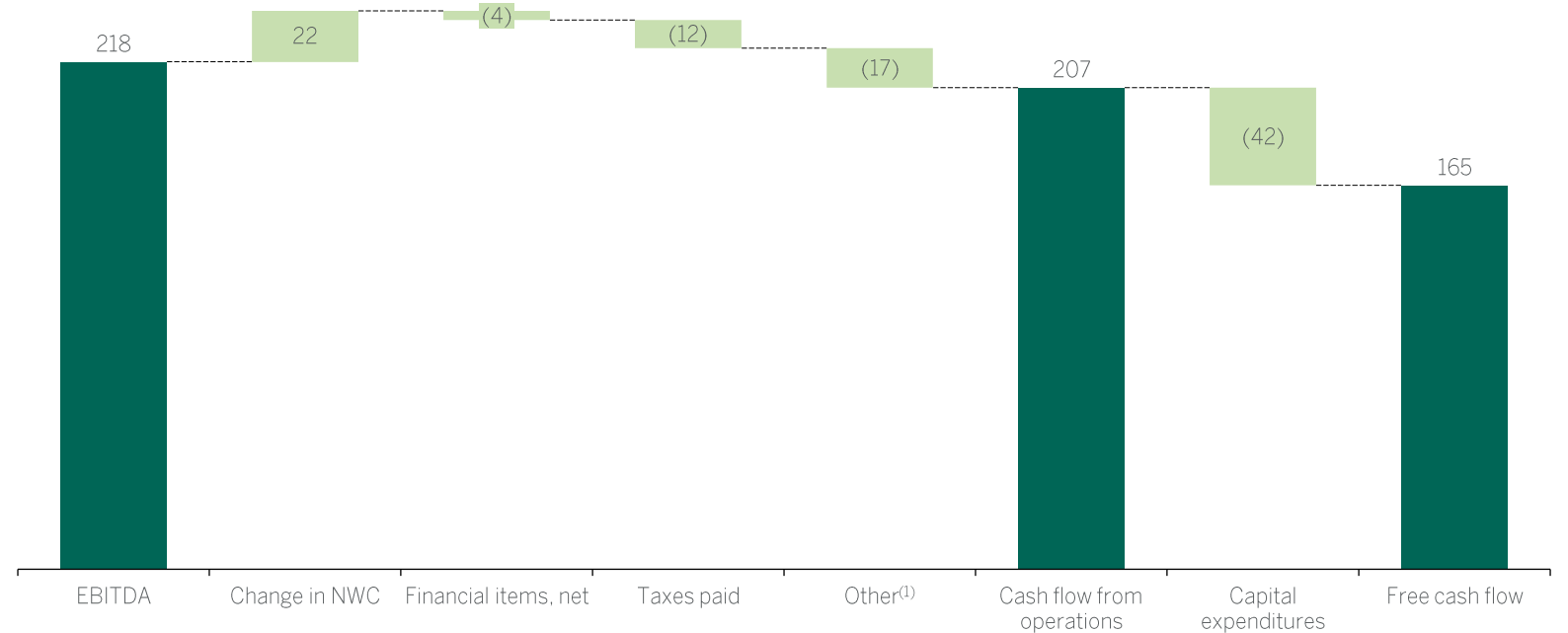


Note: All figures are before special items



## Quarterly earnings drove strong free cash-flow generation...

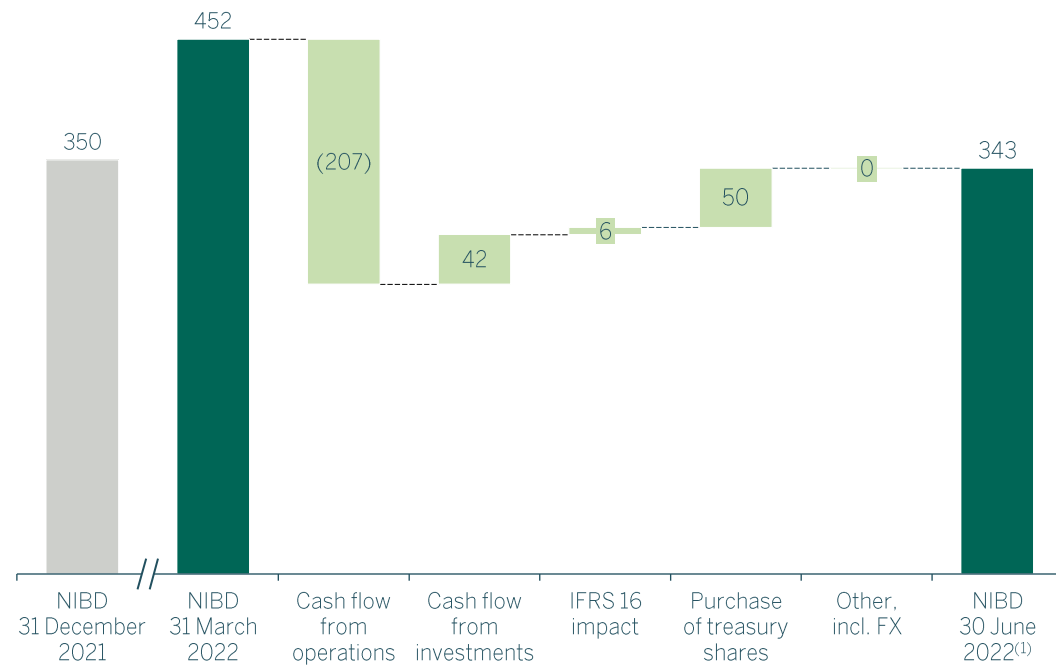
### Development of free cash flow DKKm



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

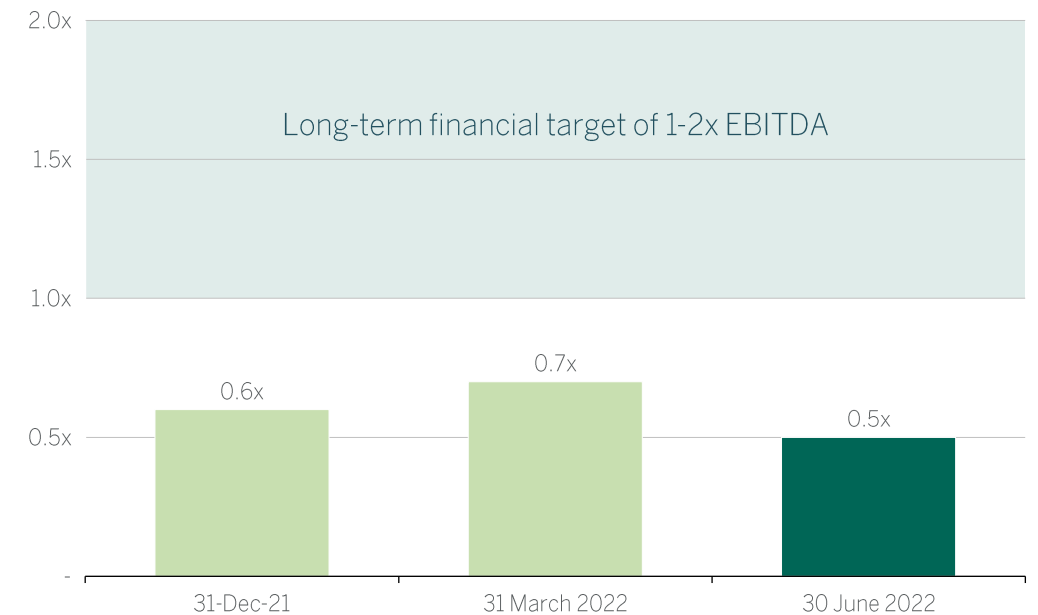
# ...which in turn drove a decline in net interest-bearing debt and a lower financial gearing

## Net interest-bearing debt ("NIBD") DKKm



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

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



# Financial policy and capital allocation

## Capital structure

---

The overall objective of H+H's financial policy is to ensure sufficient financial flexibility to meet the Group's strategic objectives and a robust capital structure to maximise the return for H+H's shareholders.

The long-term target (i.e., through a business cycle) for the financial gearing ratio is 1-2 times EBITDA before special items. The ratio may exceed this level following certain significant acquisitions.

## Capital allocation priorities

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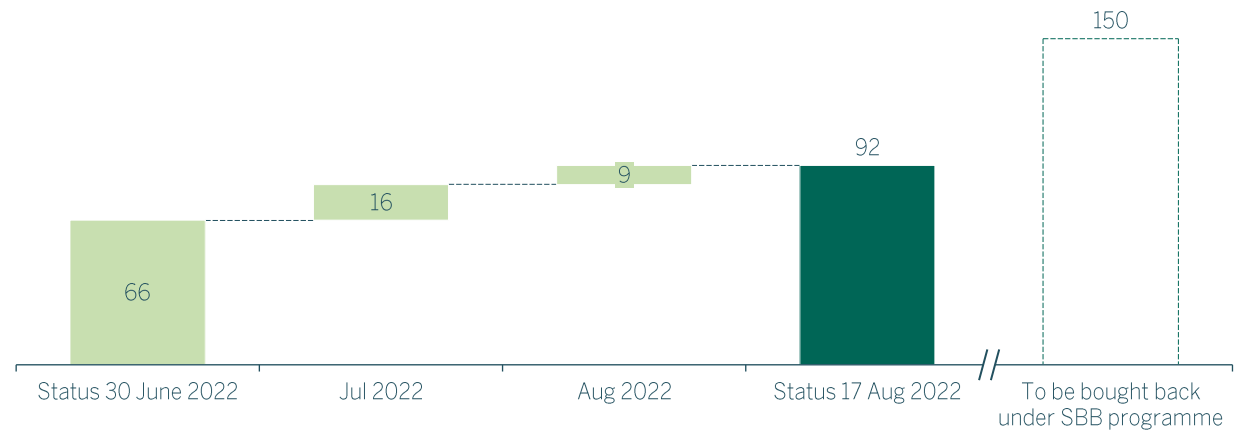
1. Repayment of net interest-bearing debt in periods when the financial gearing ratio is above the long-term target range;
2. Pursue value-adding investments in the form of bolt-on acquisitions or development of the existing business; and
3. Distribution of capital to the shareholders by means of share buy-backs and/or dividends.



## Status on DKK 150 million share buy-back programme

- As of 30 June 2022, a total of 403,100 shares, corresponding to 2.3% of the total share capital in H+H, had been bought back under the programme for a total purchase price of DKK 66 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



# Financial outlook for the full year 2022 maintained

Organic growth

15% to 20%

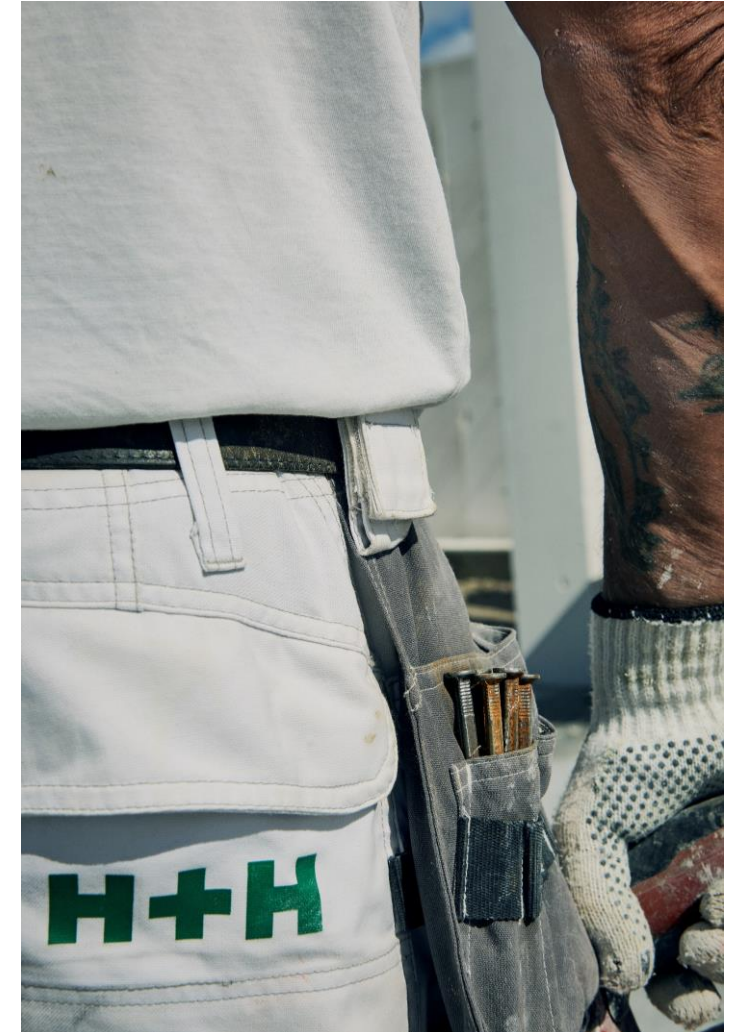
EBIT before special items

440 to 520

DKKm

Specific assumptions:

- Exchange rates, primarily the British pound ("GBP"), the euro ("EUR") and the Polish zloty ("PLN"), are expected to remain at mid-August 2022 levels.
- Costs of energy costs and raw materials are expected to remain at current levels.



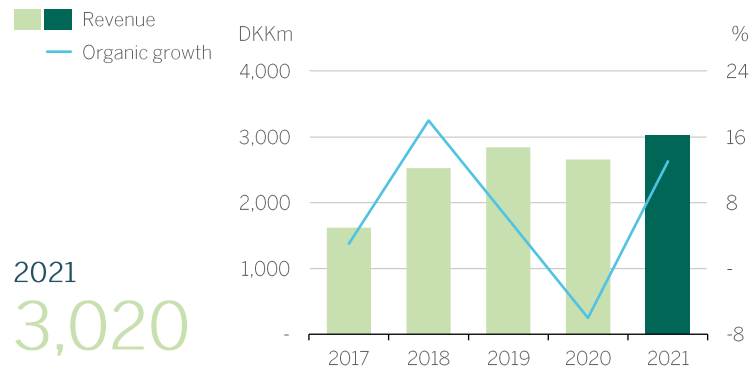


**Supplementary  
information**

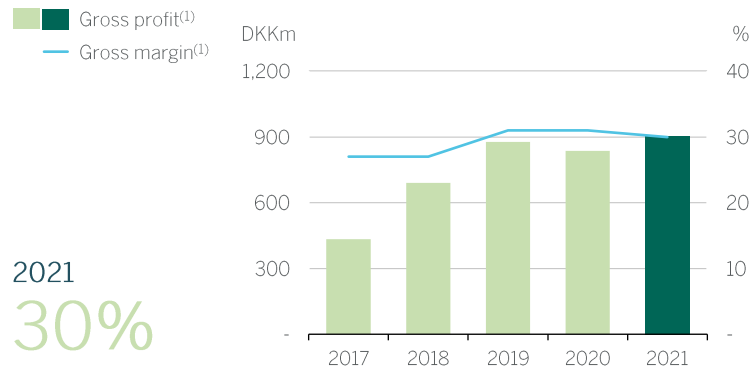


# Performance highlights

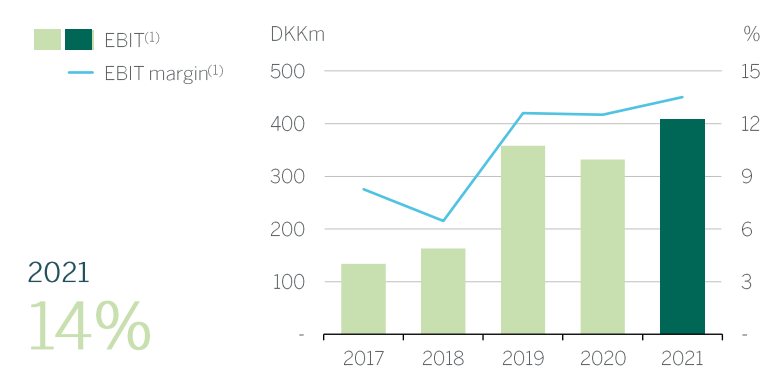
## Revenue and organic growth



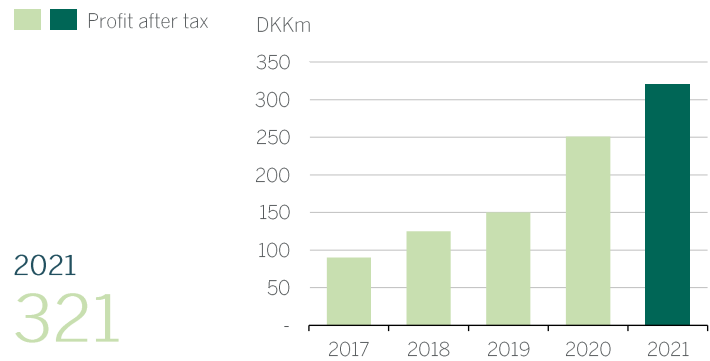
## Gross profit and gross margin before special items



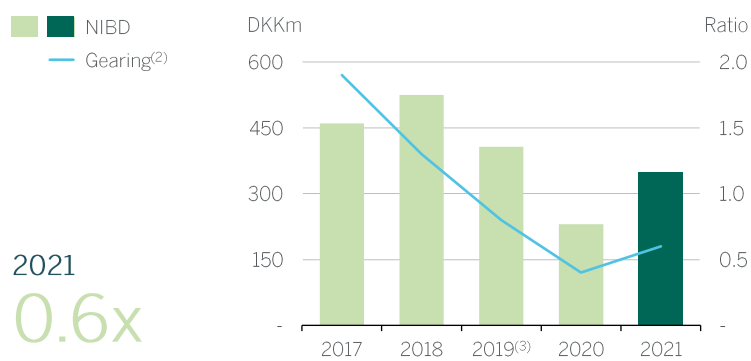
## EBIT and EBIT margin before special items



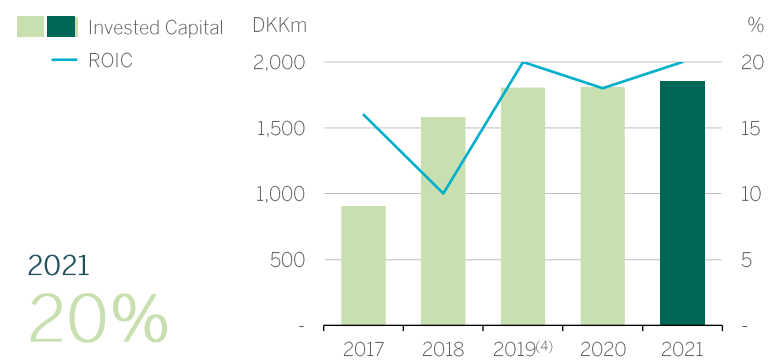
## Profit after tax



## Net interest-bearing debt and financial gearing



## Invested capital and ROIC excluding goodwill



(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%

# 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 <sup>(1)</sup>	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 <sup>(2)</sup>	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 <sup>3</sup> (MJ)	553	548	565	593	551
Water consumption per m <sup>3</sup> (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

# Board of Directors

## Members of the Board of Directors



**Kent Arentoft, Chairman**

Chairman of DSVM Invest A/S and subsidiaries (Denmark)

Danish  
Born 1962

Independent



**Stewart A. Baseley**

Executive Chairman, Home Builders Federation and Board of Directors of four subsidiaries (UK)

British  
Born 1958

Non-independent



**Volker Christmann**

Senior Vice President and member of Group Management Rockwool International A/S

German  
Born 1957

Independent



**Miguel Kohlmann**

Professional board member and advisor

German and Brazilian  
Born 1962

Independent



**Helen MacPhee**

Vice President Finance, Global Finance Service, AstraZeneca plc (UK)

British  
Born 1962

Independent



**Kajsa von Geijer**

Senior Vice President HR & Sustainability and member of Group Management, Thule Group AB (Sweden)

Swedish  
Born 1964

Independent

Note: Please see the Annual Report for 2021 for a more elaborate description of the board members' individual competencies, experience, shareholdings, etc.

# Executive Management Team

## Executive Board



**Michael Troensegaard Andersen**

Chief Executive Officer since 2011

Danish. Born 1961

2008-2011: President of global business unit in Trelleborg Group with 10 subsidiaries in Europe, USA and Asia

2004-2008: Managing Director of Trelleborg Sealing Solutions Helsingør A/S (Denmark)

1997-2004: Alto International A/S (now part of Nilfisk Group). Executive positions within sales, marketing and general management

MSc. (Engineering) and a B.Comm. (Accounting)

Board member of Solar A/S and Hansen Group A/S



**Peter Klovgaard-Jørgensen**

Chief Financial Officer since 2019

Danish. Born 1978

2016-2019: CFO in ISS Denmark A/S (Denmark)

2014-2016: Head of Finance in ISS Denmark A/S (Denmark)

2010-2014: Treasury Vice President in ISS Group

Prior: Auditor in EY

MSc. (Business Economics and Auditing)

## Senior Executives



**Peter Lidstone**

Chief Operating Officer since 2016

British. Born 1964

2015-2016: Director of Manufacturing and Logistics in NHS Blood and Transplant

2014-2015: Associate Director in A.T. Kearney

2013-2014: Global Supply Chain Director for Akzo Nobel Decorative Paints

2009-2013: EMEA Supply Chain Director for Akzo Nobel Decorative Paints

Prior: Several positions within Supply Chain in ICI Paints and Unilever

BSc. (Hons) (Industrial Chemistry), Chartered Chemist



**Bjarne Pedersen**

Chief Strategy Officer since 2019

Danish. Born 1977

2014-2019: Vice President, Business Development and Investor Relations in H+H

2013-2014: Head of Business Controlling in H+H

2008-2013: Other positions within Finance and IT in H+H

Prior: Accountant in PwC (1998-2000) and Global Cash Manager in Danske Bank from (2006-2008)

MSc. (Business Economics and Auditing)

Note: Please see the Annual Report for 2021 for a more elaborate description of the Executive Board, including remuneration and current shareholdings

# Shareholder information

H+H International A/S is listed on the Nasdaq Copenhagen stock exchange and is trading under the ticker symbol, HH. Inquiries concerning investor relations issues should be addressed to the Head of Investor Relations and Treasury via email to [Shareholder@HplusH.com](mailto:Shareholder@HplusH.com)

## Share information

Exchange	Nasdaq Copenhagen
ISIN code	DK0015202451
Ticker symbol	HH
Number of shares	17,500,000
Denomination	DKK 10 per share
Share capital	175,000,000
Voting rights	One vote per share

## Major shareholders

Arbejdsmarkedet Tillægspension	>10%
Nordea Funds Ltd.	>5%
Handelsbanken Fonder AB	>5%

At the end of 2021, H+H had more than 5,300 registered shareholders. Major shareholders owning more than 5% of the share capital and votes were Arbejdsmarkedets Tillægspension (more than 10.0%), Nordea Funds Ltd. (more than 5.0%) and Handelsbanken Fonder AB (more than 5.0%). When excluding major shareholders and certain other related shareholdings, the free float of H+H's outstanding shares is estimated to be around 70%.

The majority of the share capital (70%) is held by Danish Investors. Other key markets are the United Kingdom, the United States and Sweden, with 7%, 6% and 6% of the share capital, respectively

## Financial calendar for 2022

Interim Financial Report for Q1-Q3 2022	10 November 2022
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## Investor Relations contact

### Peter Klovgaard-Jørgensen

Chief Financial Officer

+45 35 27 02 00

[Shareholder@HplusH.com](mailto:Shareholder@HplusH.com)

# Condensed consolidated income statement

Income statement (DKK million)	Q2 2022	Q2 2021	H1 2022	H1 2021	Full year 2021
Revenue	1,000	836	1,874	1,478	3,020
Cost of goods sold	(680)	(585)	(1,310)	(1,039)	(2,115)
<b>Gross profit before special items</b>	<b>320</b>	<b>251</b>	<b>564</b>	<b>439</b>	<b>905</b>
Sales costs	(46)	(36)	(84)	(72)	(143)
Administrative costs	(55)	(43)	(104)	(89)	(186)
Other operating income and costs, net	8	-	10	3	15
<b>EBITDA before special items</b>	<b>227</b>	<b>172</b>	<b>386</b>	<b>281</b>	<b>591</b>
Depreciation, amortisation and impairment losses	(50)	(47)	(99)	(92)	(183)
<b>EBIT before special items</b>	<b>177</b>	<b>125</b>	<b>287</b>	<b>189</b>	<b>408</b>
Special items, net	(9)	-	(19)	-	(31)
<b>EBIT</b>	<b>168</b>	<b>125</b>	<b>268</b>	<b>189</b>	<b>377</b>
Financial income	1	-	2	1	4
Financial expenses	(5)	(5)	(11)	(11)	(25)
<b>Profit before tax</b>	<b>164</b>	<b>120</b>	<b>259</b>	<b>179</b>	<b>356</b>
Tax on profit	(35)	(27)	(58)	(37)	(35)
<b>Profit for the period</b>	<b>129</b>	<b>93</b>	<b>201</b>	<b>142</b>	<b>321</b>
<b>Profit for the year attributable to:</b>					
H+H International A/S' shareholders	120	93	188	142	310
Non-controlling interests	9	-	13	-	11
<b>Profit for the period</b>	<b>129</b>	<b>93</b>	<b>201</b>	<b>142</b>	<b>321</b>
Earnings per share (EPS-basic) (DKK)	7.4	5.2	10.7	7.9	17.5
Diluted earnings per share (EPS-D) (DKK)	7.4	5.2	10.7	7.9	17.5

# Condensed consolidated statement of comprehensive income

Statement of comprehensive income (DKK million)	Q2 2022	Q2 2021	H1 2022	H1 2021	Full year 2021
Profit for the period	129	93	201	142	321
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange adjustments, foreign entities	(7)	16	(15)	10	9
	(7)	16	(15)	10	9
Items that will not be reclassified subsequently to profit:					
Actuarial gains and losses	1	16	(40)	33	47
Tax on actuarial gains and losses	(2)	(2)	4	(6)	(11)
	(1)	14	(36)	27	36
Other comprehensive income after tax	(8)	30	(51)	37	45
Total comprehensive income for the period	121	123	150	179	366

# Condensed consolidated balance sheet

Assets (DKK million)	30 Jun. 2022	31 Dec. 2021	30 Jun. 2021
<b>Non-current assets</b>			
Goodwill	453	364	211
Other intangible assets	265	296	248
Property, plant and equipment	1,727	1,707	1,552
Deferred tax assets	14	17	13
Financial assets	6	6	7
<b>Total non-current assets</b>	<b>2,465</b>	<b>2,390</b>	<b>2,031</b>
<b>Current assets</b>			
Inventories	365	321	247
Receivables	317	190	251
Cash	526	499	657
<b>Total current assets</b>	<b>1,208</b>	<b>1,010</b>	<b>1,155</b>
<b>Total assets</b>	<b>3,673</b>	<b>3,400</b>	<b>3,186</b>

Equity and liabilities (DKK million)	30 Jun. 2022	31 Dec. 2021	30 Jun. 2021
<b>Equity</b>			
Share capital	175	180	180
Retained earnings	1,745	1,662	1,540
Other reserves	(153)	(138)	(137)
Equity attributable to H+H International A/S's shareholders	1,767	1,704	1,583
Equity attributable to non-controlling interests	92	110	61
<b>Total equity</b>	<b>1,859</b>	<b>1,814</b>	<b>1,644</b>
<b>Non-current liabilities</b>			
Pension obligations	101	85	112
Provisions	41	41	32
Deferred tax assets	125	137	135
Credit institutions	771	743	696
Deferred payments, acquisition of subsidiary	105	-	-
Lease liabilities	78	85	90
<b>Total non-current liabilities</b>	<b>1,221</b>	<b>1,091</b>	<b>1,065</b>
<b>Current liabilities</b>			
Lease liabilities	20	21	20
Trade payables	300	251	241
Income tax	57	23	35
Deferred payments, acquisition of subsidiary	7	-	-
Provisions	5	5	6
Other payables	204	195	175
<b>Total current liabilities</b>	<b>593</b>	<b>495</b>	<b>477</b>
<b>Total liabilities</b>	<b>1,814</b>	<b>1,586</b>	<b>1,542</b>
<b>Total equity and liabilities</b>	<b>3,673</b>	<b>3,400</b>	<b>3,186</b>
Net interest-bearing debt	343	350	149



# Condensed consolidated cash flow statement

Cash flow statement (DKK million)	Q2 2022	Q2 2021	H1 2022	H1 2021
Operating profit (loss)	168	125	268	189
Financial income, received	1	-	2	1
Financial items, paid	(5)	(5)	(11)	(11)
Depreciation and amortisation	50	47	99	92
Gain and losses on sale of assets and other non-cash effects	(8)	-	(7)	-
Change in working capital	22	63	(111)	(29)
Change in provisions and pension contribution	(9)	(8)	(27)	(14)
Income tax paid	(12)	(16)	(27)	(27)
<b>Operating activities</b>	<b>207</b>	<b>206</b>	<b>186</b>	<b>201</b>
Acquisition of property, plant and equipment and intangible assets	(42)	(34)	(84)	(61)
<b>Investing activities</b>	<b>(42)</b>	<b>(34)</b>	<b>(84)</b>	<b>(61)</b>
Free cash flow	165	172	102	140
Change in borrowings <sup>(1)</sup>	(14)	21	28	87
Change in lease liabilities	(6)	(7)	(13)	(14)
Purchase of treasury shares	(50)	(23)	(85)	(36)
Other	(7)	(7)	(7)	(7)
<b>Financing activities</b>	<b>(70)</b>	<b>(16)</b>	<b>(70)</b>	<b>30</b>
<b>Cash flow for the period</b>	<b>95</b>	<b>156</b>	<b>32</b>	<b>170</b>
Cash, opening	433	497	499	481
Foreign exchange adjustments of cash	(2)	4	(5)	6
<b>Cash and cash equivalents, closing</b>	<b>526</b>	<b>657</b>	<b>526</b>	<b>657</b>

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

For further information, please contact

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