



# H+H International A/S

## Q3 2022 Digital Roadshow

Q3 2022 Investor Roadshow, Copenhagen | Hosted by SEB | Digital Roadshow | 23 November 2022



# Introduction

## Contents

### H+H at a glance

### Equity story

### Geographical footprint

### Strategic position

### Financial position

### Q&A

## 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 32 factories in Northern and Central Europe 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 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**

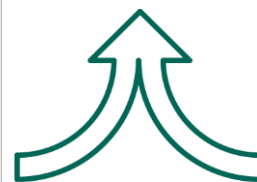
In 2021, we generated a total revenue of DKK 3,020 million and an organic growth of 13%. AAC and CSU accounted for 71% and 29% of the total revenue, respectively.



Factories

**32**

We have 32 factories across Northern and Central Europe with a total annual output of close to 4.5 million cubic metres of wall-building materials.



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.

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

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.

## 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.



### 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.

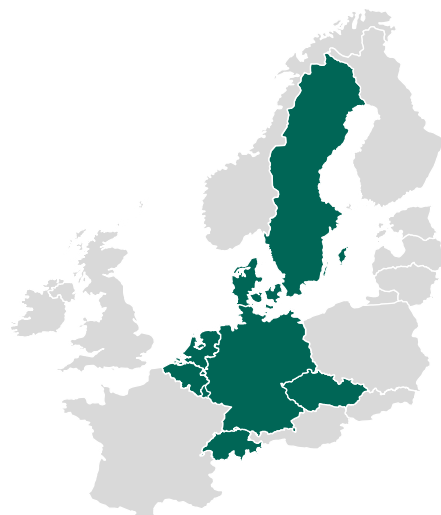
**Geographical**  
**footprint**

**H+H**

## 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%**

AAC market share<sup>(1)</sup>

**~20%**

CSU Market share<sup>(1)</sup>

**~13%**



### The United Kingdom

Share of Group revenue in 2021

**29%**

AAC market share

**>40%**



### Poland

Share of Group revenue in 2021

**25%**

AAC market share

**20-25%**

CSU market share

**20-25%**

(1) Germany only



Strategic  
position



# 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...

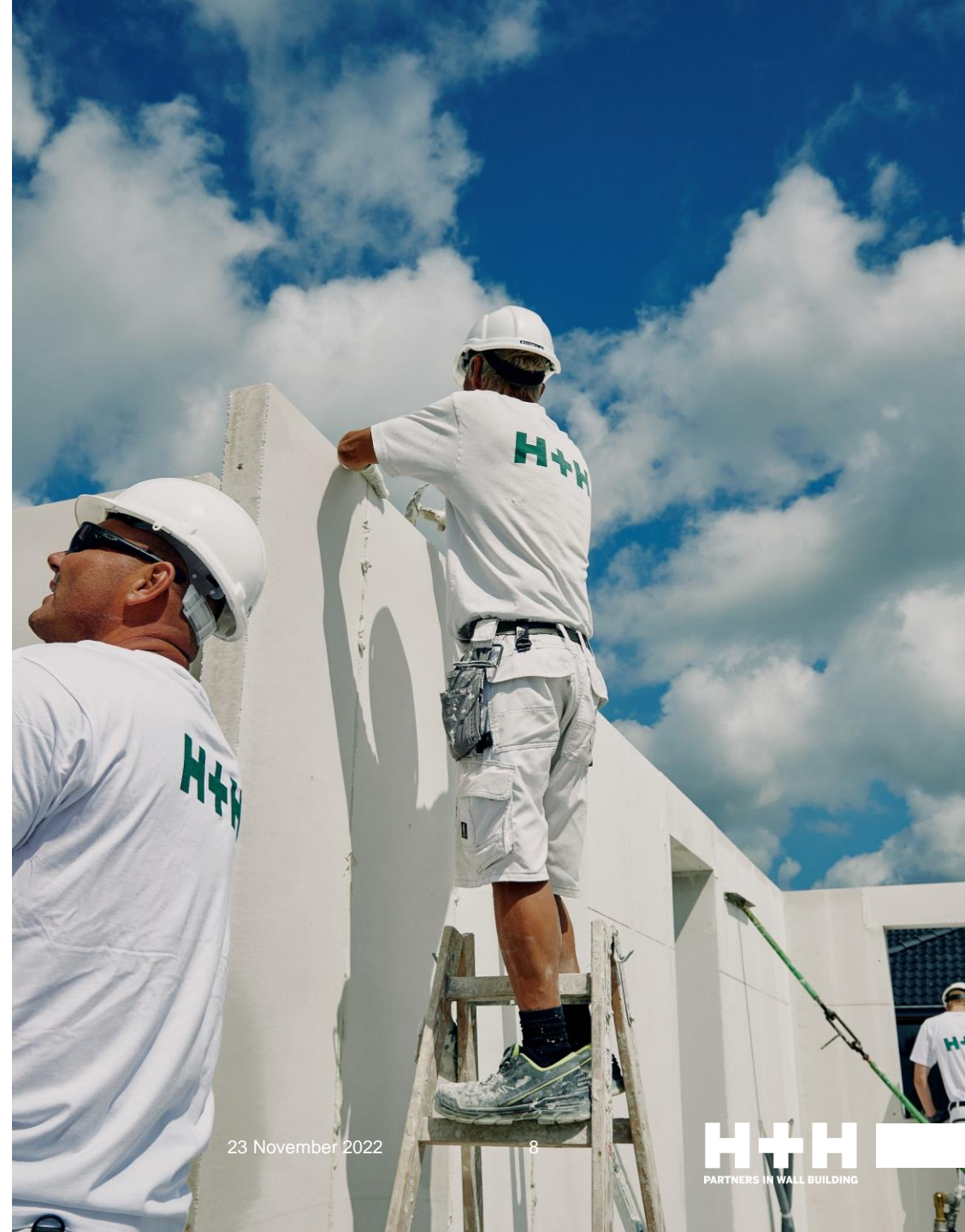
H+H products offer an improved indoor climate and energy savings due to better thermal insulation, fire-resistance and increased safety, as well as better acoustic insulation between rooms. Further, as the first manufacturer of AAC and CSU products, H+H committed to an ambitious 1.5°C climate target 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

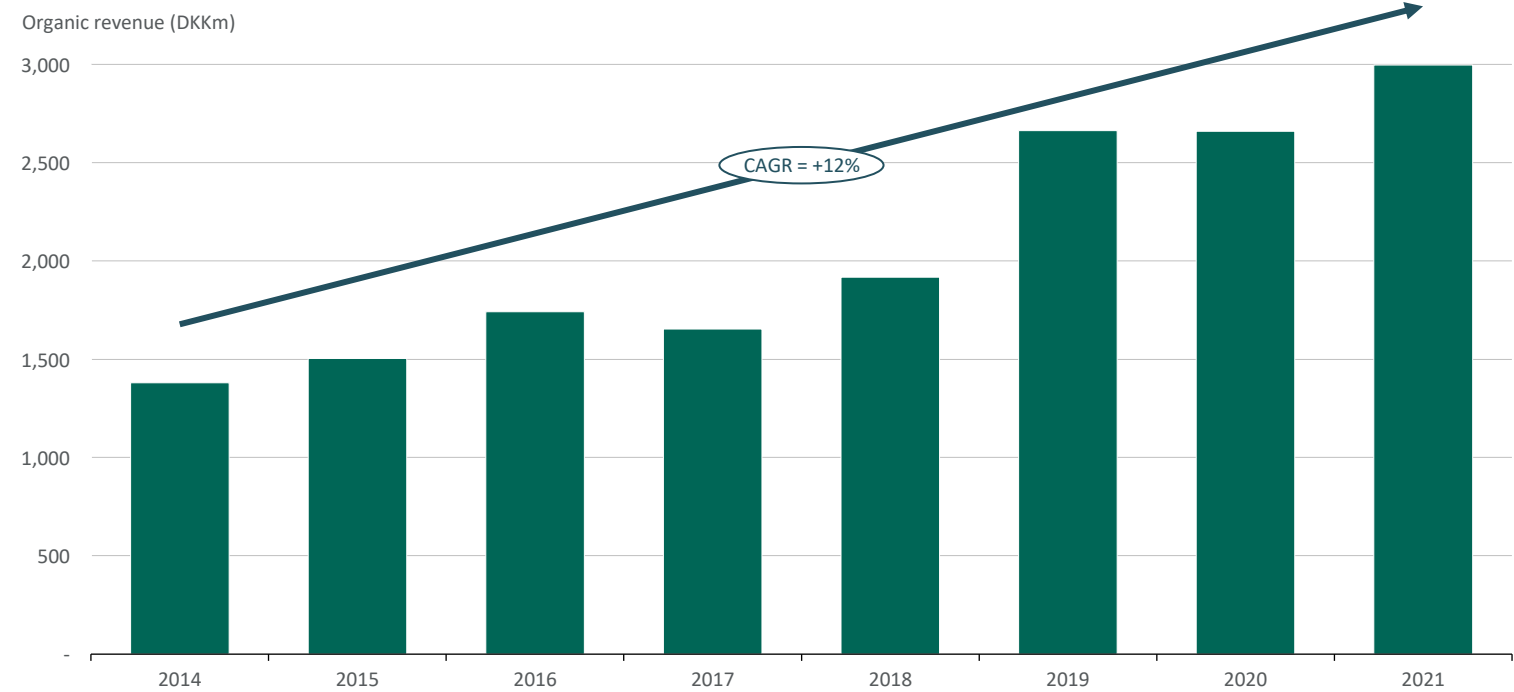






# The business has shown solid organic-growth rates over recent years

## Organic revenue Revenue in local currencies, excluding acquired and divested businesses, DKKm

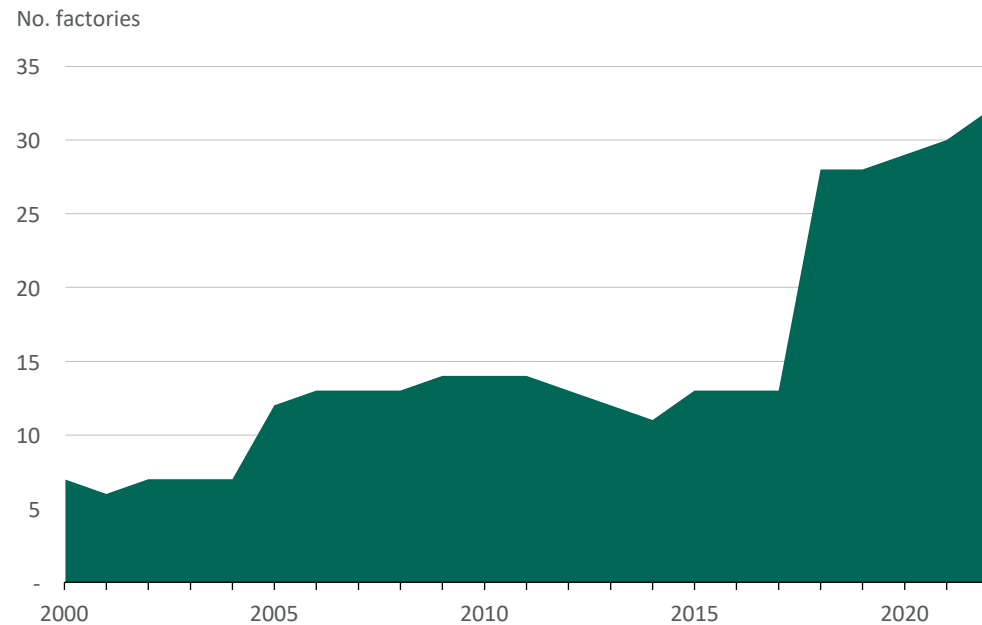


(1) Revenue in 2020 was negatively impacted by the global COVID-19 pandemic and the three-month National lockdown imposed by the British Government as a response to the pandemic

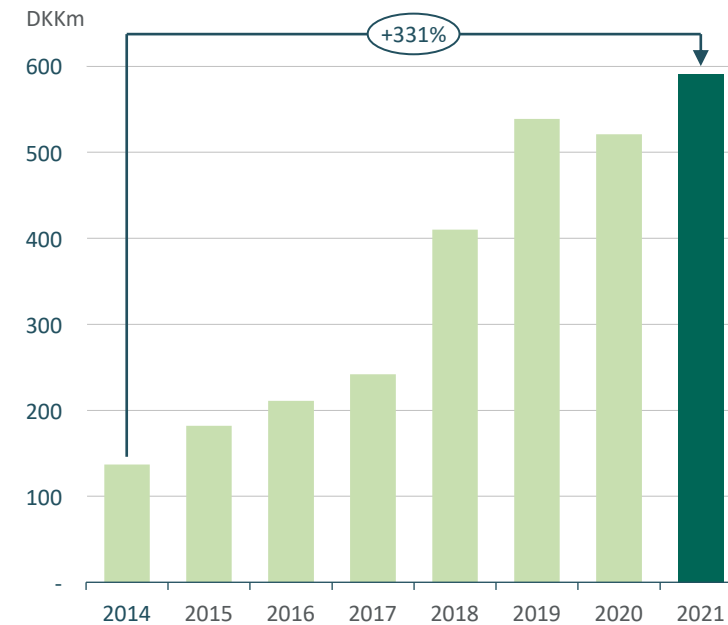
# Since 2014, H+H has grown considerably through several profitable acquisitions

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 (DKKm)

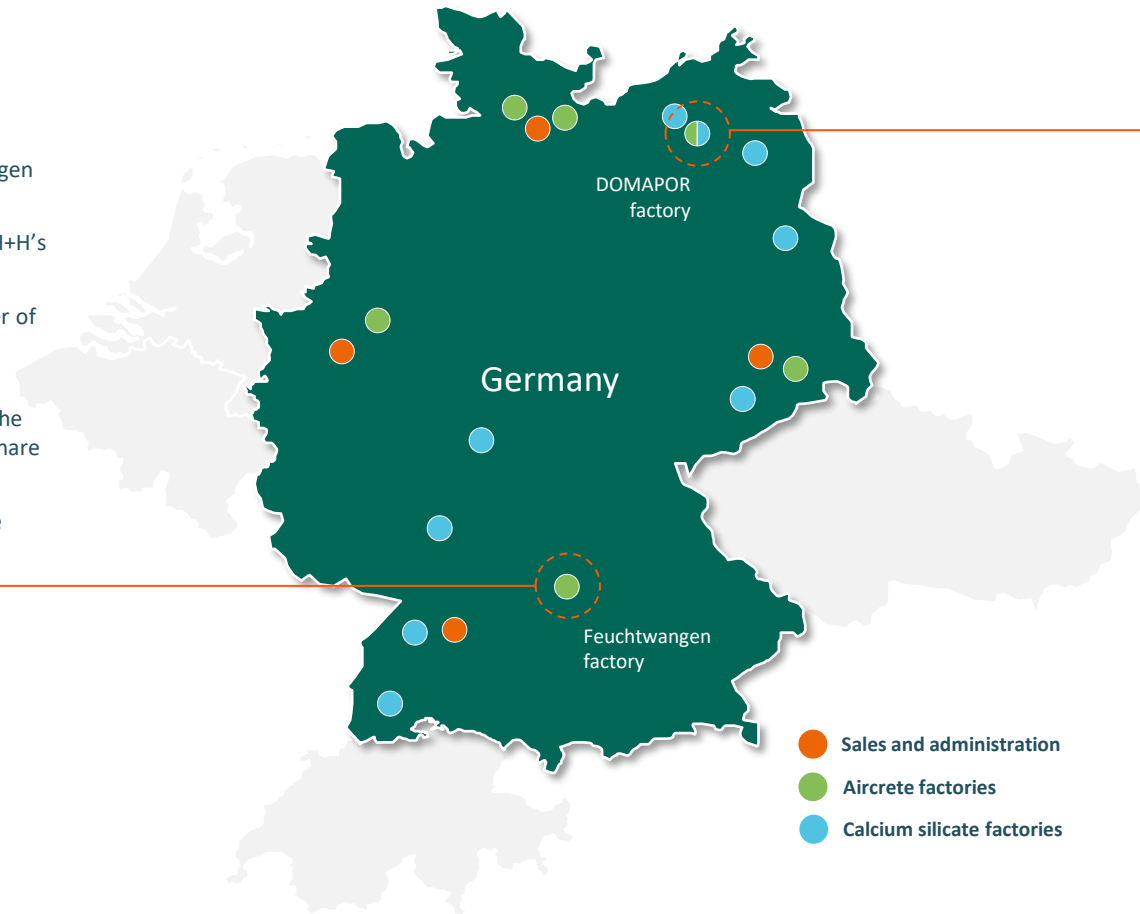
**1.400**

Total M&A investments (DKKm)

# Two most recent acquisitions provide important expansion of H+H's Germany 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 pts. 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



# 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**

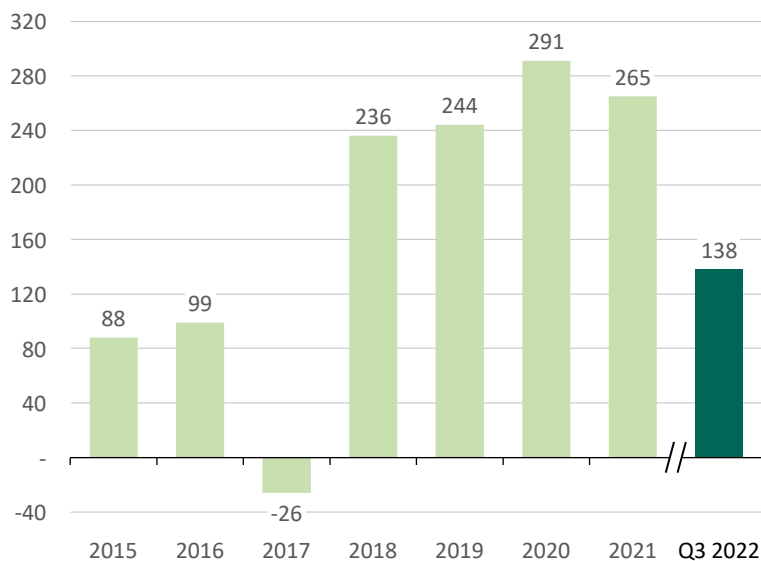


# Financial position

# H+H has managed to grow its business significantly without over-leveraging the company

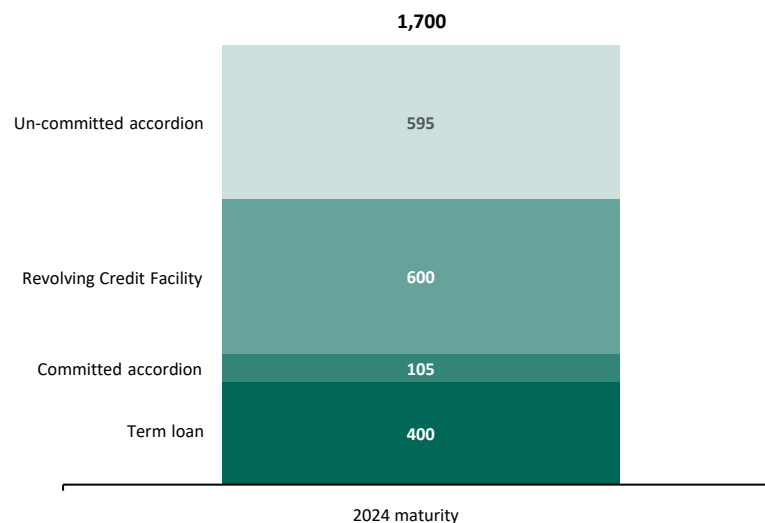
## Free cash flow

Before acquisitions and divestments (DKKm)



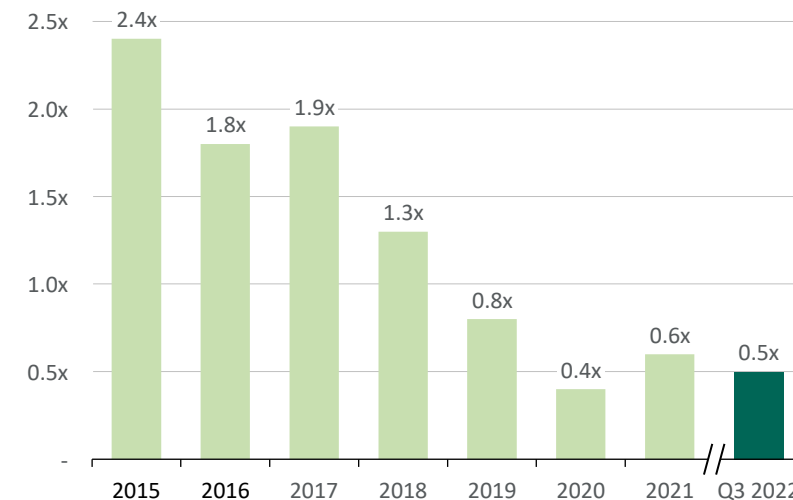
## Financing structure

(DKKm)



## Financial gearing

Net interest-bearing debt to EBITDA before special items ratio





# Financial outlook for the full year 2022 narrowed

## Organic growth

~15%

(Previously 15% to 20%)

## EBIT before special items

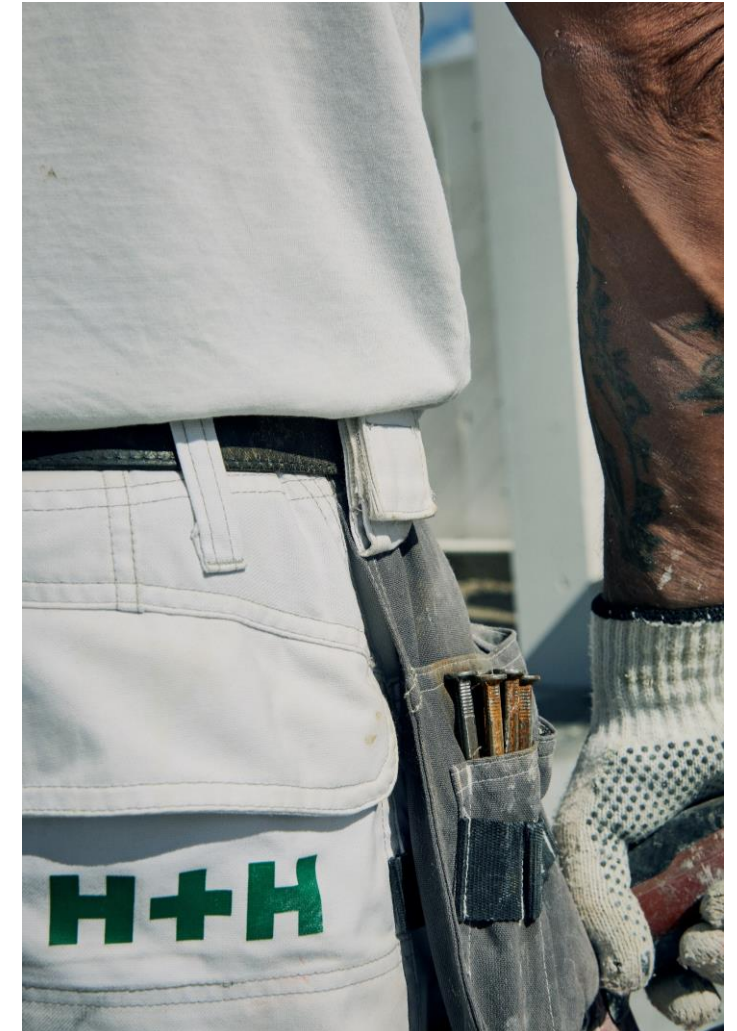
440 to 470

(Previously 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 November 2022 levels.
- Costs of energy costs and raw materials are expected to remain at current levels.



# 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

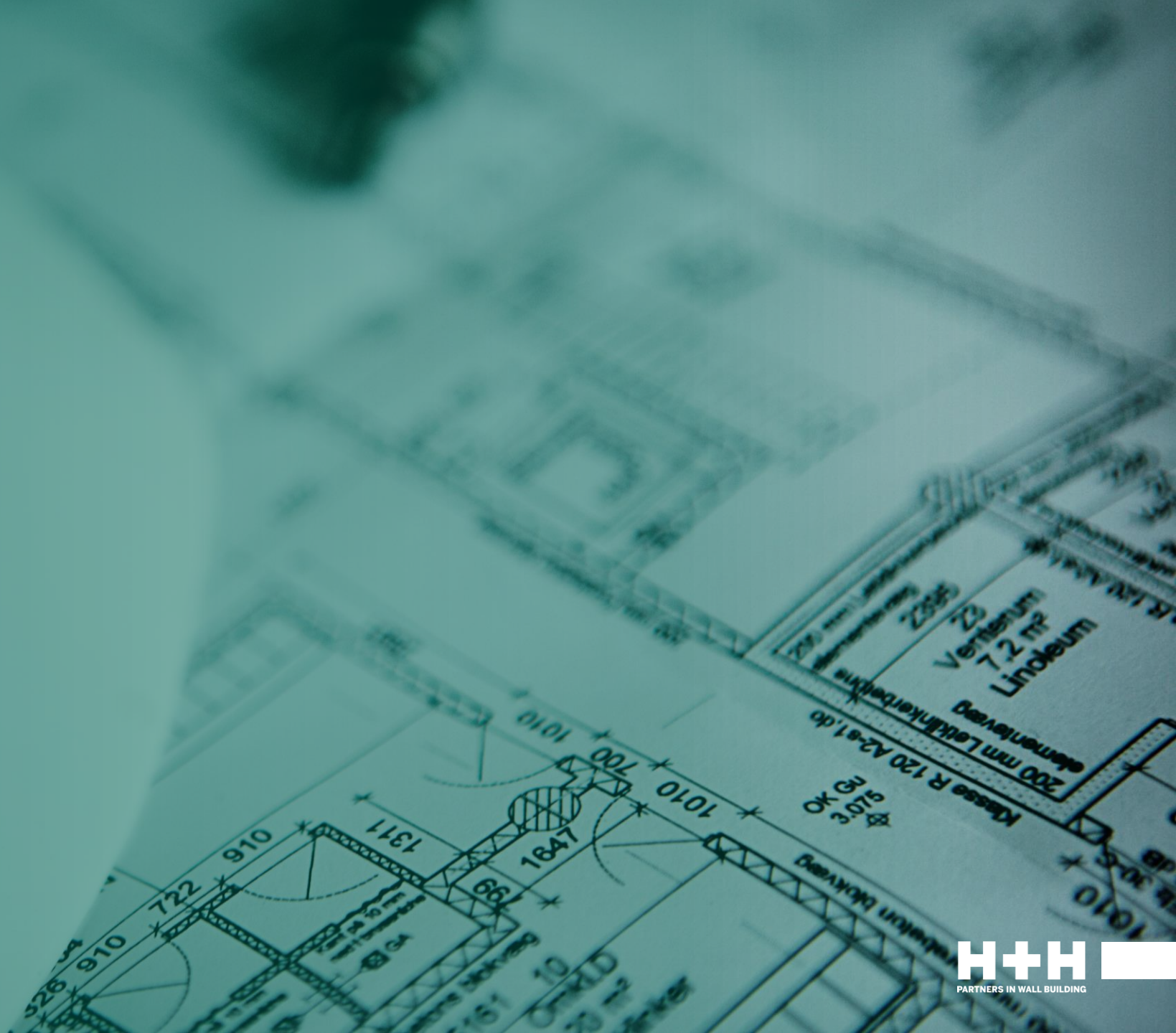


## Proven track record of strategy execution

- 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



# Questions and answers





# Thank you

## For further information, please contact

Peter Klovgaard-Jørgensen  
Chief Financial Officer  
+45 35 27 02 00  
shareholder@HplusH.com

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

+45 35 27 02 00

info@hplush.com  
www.hplush.com

Q3 2022 Roadshow | Hosted by SEB | Digital Roadshow

23 November 2022

18

**H+H**  
PARTNERS IN WALL BUILDING



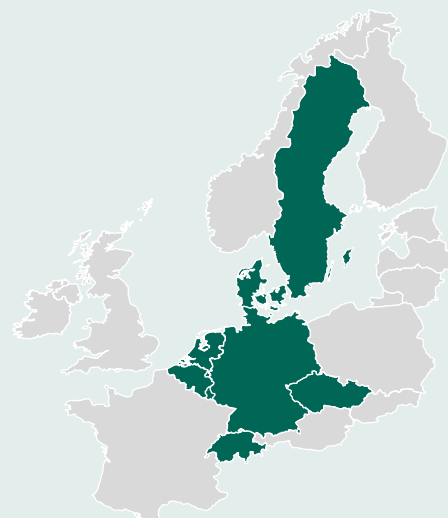


Supplementary **H+H**  
information

# 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>(1)

White-stone market penetration: 33%(1)

Key competitors: Xella

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

1,399

2021 revenue, DKKm

15

Factories

~13%

CSU market share(1)

6%

2021 organic growth

644

Employees

~20%

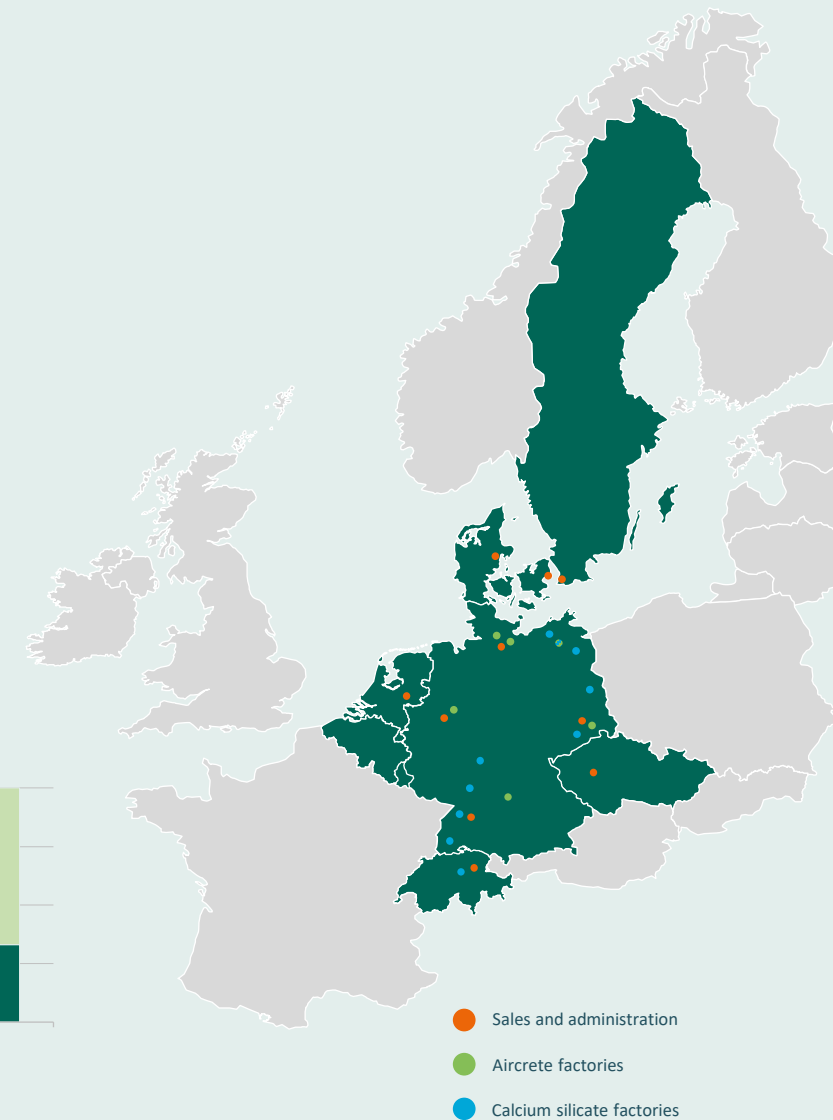
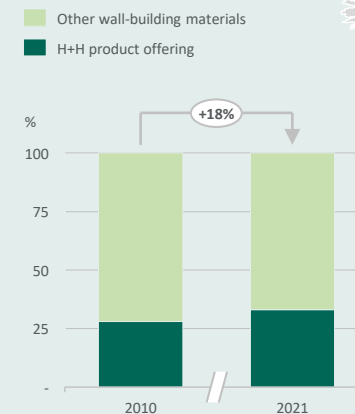
AAC market share(1)

(1) 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

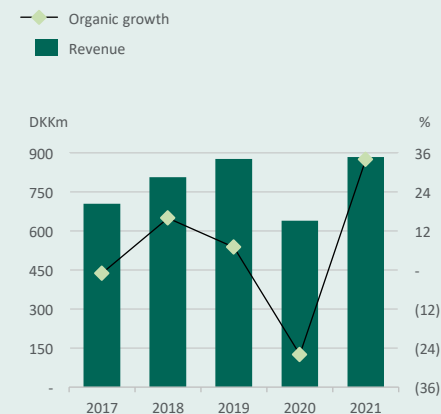
**3**  
Factories

**>40%**  
AAC market share

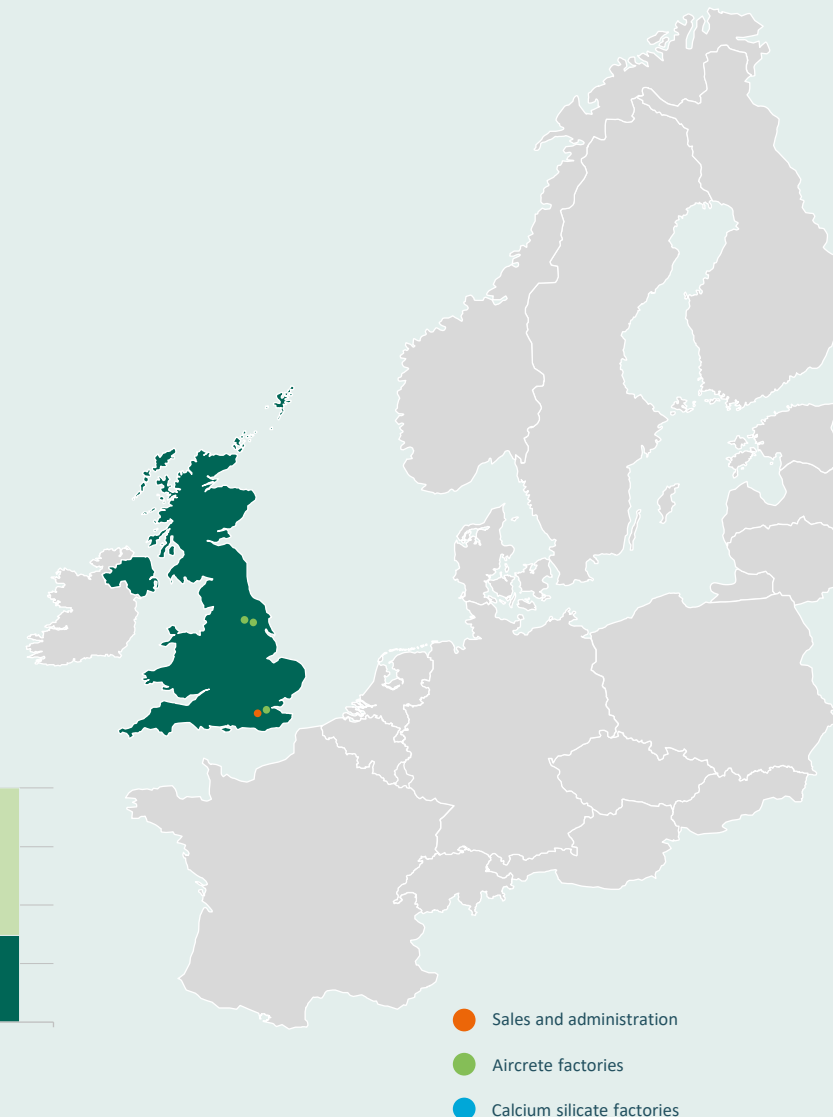
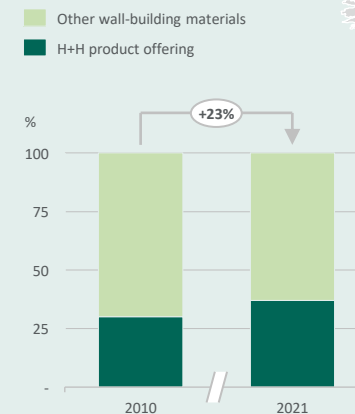
**34%**  
2021 organic growth

**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

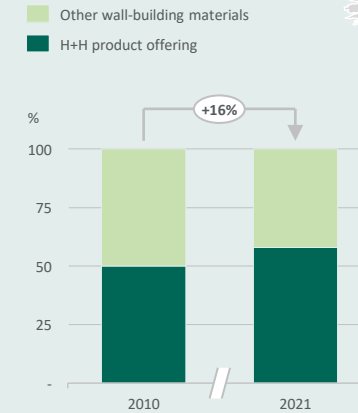
20-25%

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

