H+H International A/S
Deep dive into the Polish business

Carnegie, December 2022

WE SUPPORT

H+H
PARTNERS IN WALL BUILDING

H+H Polska: Key Milestones

- 2006 – **H+H starts its activity in Poland (5 AAC plants)**
- During 2010 till 2015 **EBIT loss of PLN 98m**
- 2015 – **acquisition of AAC Grupa Prefabet** (CRH) and restructuring (5+5 = **6 AAC plants**)
- 2018 – **acquisition of CSU Grupa SILIKATY** (CRH) (**7 CSU plants**)
- 2022 September – **Reda CSU plant in operation since Sep 2022 (8th CSU and 14th in Total)**
- We have built a **strong market position** with 20-25% market share AAC / CSU = **every 6th wall built in Poland is H+H brand**
- Since 2016 (EBIT break-even) till 2022Q3E we have delivered **EBIT of PLN 522m** (last four years EBIT over PLN 100m annually)

PARTNERS IN WALL BUILDING

Wall Blocks – the three leading technologies in Poland

Aircrete blocks ✓

Ceramic blocks

Calcium silicate blocks ✓

Thermal insulation

Low wall load of 1m²

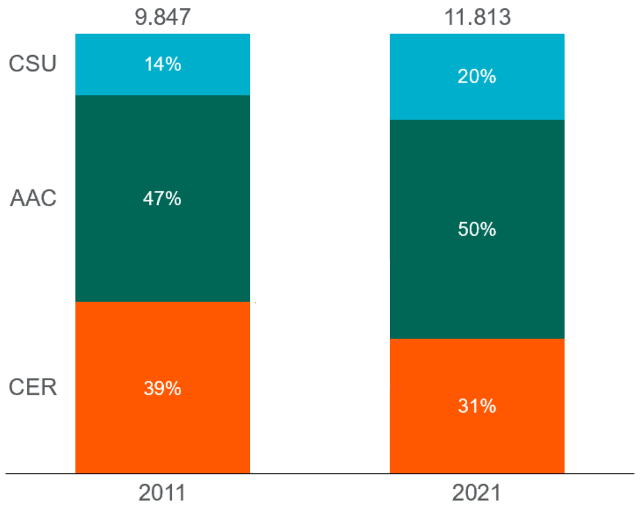
High density of the wall-block

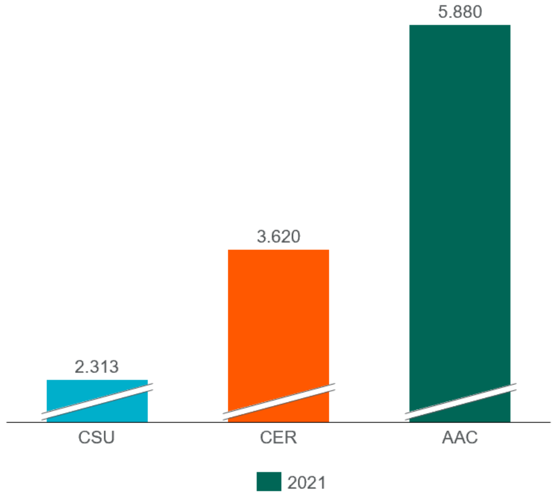
Compressive strength

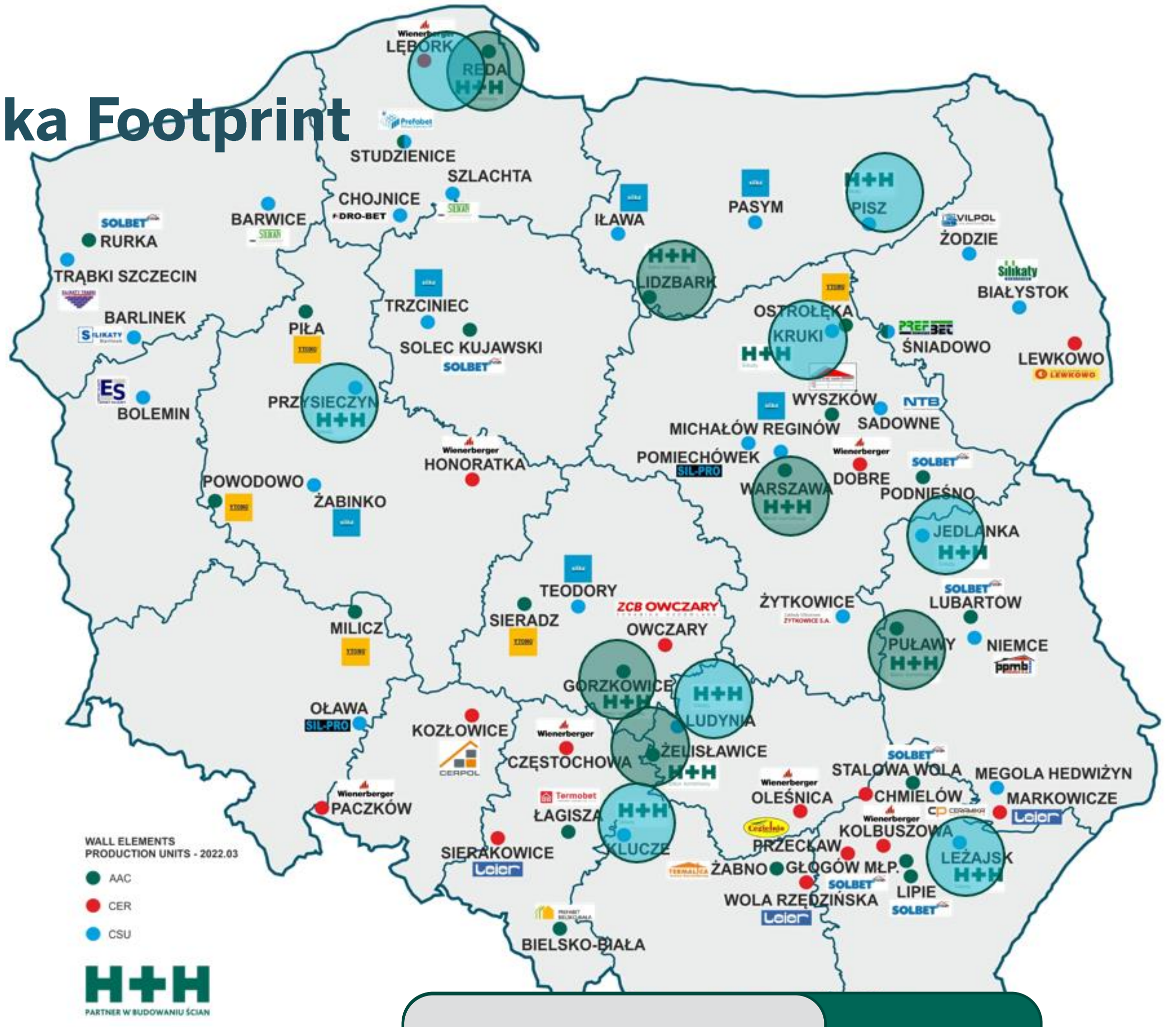
Acoustic insulation

H+H PARTNERS IN WALL BUILDING

Block Wall Market in Poland and H+H Polska Footprint







H+H's production potential is ca. **15% of the total production capacity** of wall materials in Poland

AAC – 24 plants (6 H+H)
CER – 15 plants
CSU – 33 plants (8 H+H)

Total
72 plants
(14 H+H)

H+H PARTNERS IN WALL BUILDING

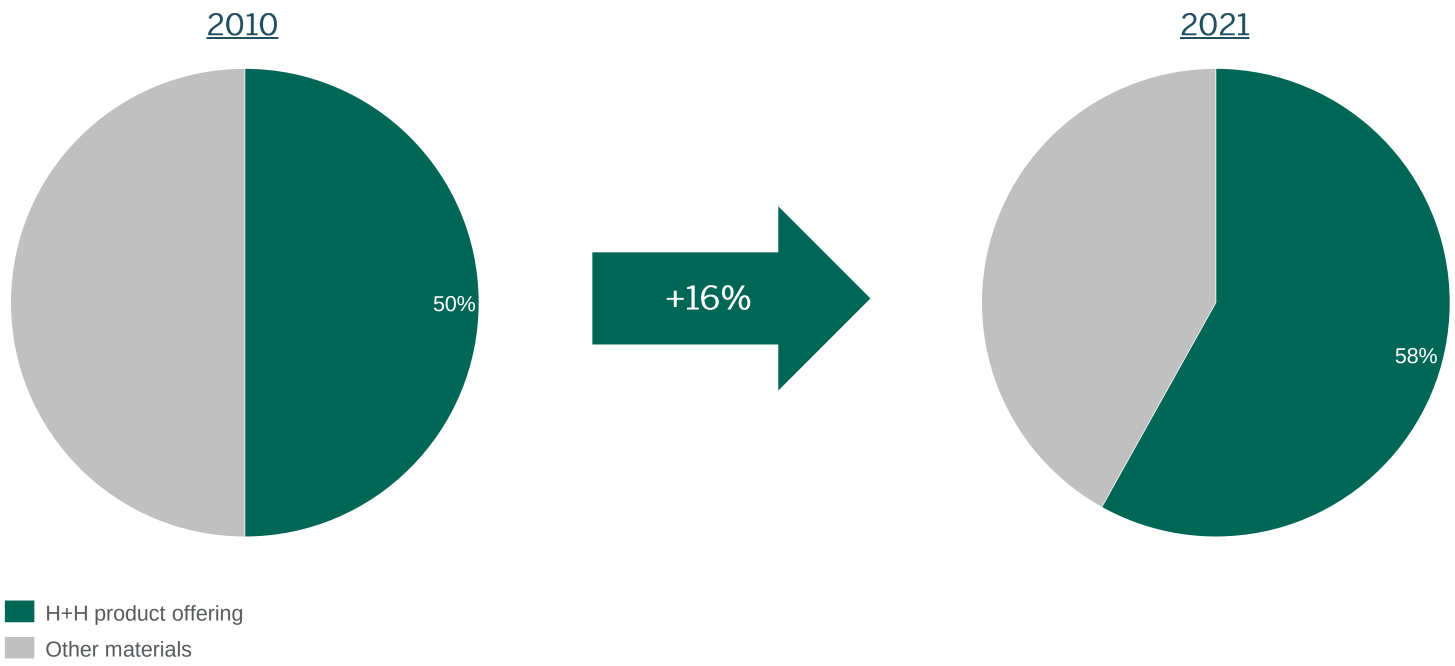
Reda CSU plant in operation since Sep 2022

- The original AAC factory located on the site was **the first AAC production plant in Poland** in 1949
- In **February 2015 , H+H acquired the existing AAC plant from CRH**, and in early-2019, H+H decided to expand the factory with a new CSU production line
- Construction was postponed during 2020 due to the global COVID-19 pandemic
- The factory is **the first "hybrid" factory in Poland and H+H Group** (i.e., capable of producing both AAC and CSU)
- The location of the factory is attractive, as the competitive environment is in close proximity of the Tri-City (Gdańsk-Sopot-Gdynia) and less fierce than in central Poland
- **Project completed on time and within budget. Production since September 2022**. The factory has capacity of 60,000 m^3 annually in the phase one, corresponding to approximately 3% of the current CSU market. Construction structure, foundations ready for the phase two.

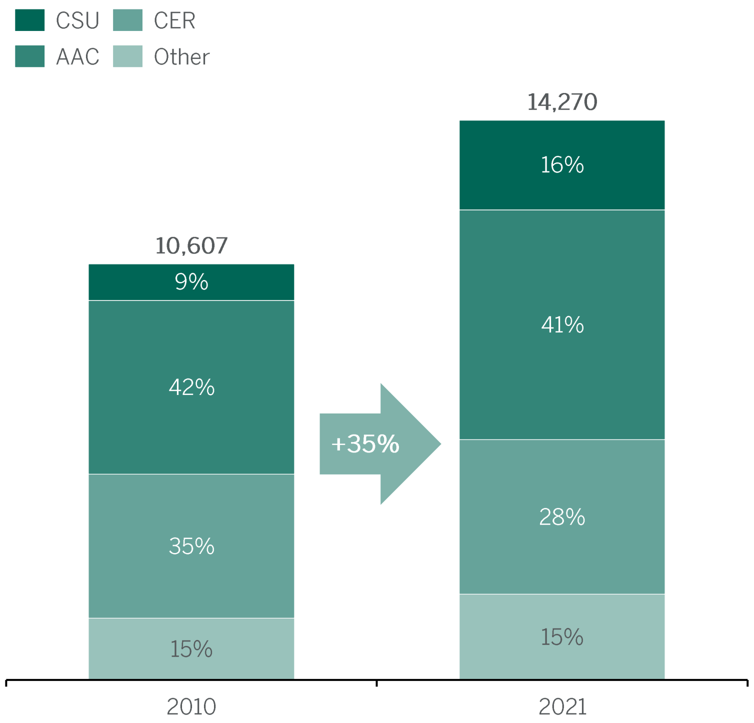
H+H
PARTNERS IN WALL BUILDING

Polish wall-block market – technology-mix development

Predominantly used wall-building material
Share of total market in new buildings



Breakdown of market shares
Share of total market in new buildings



Note: Charts show thousand cubic metres (th. m3) of wall-building materials
Source: „Materiały Budowlane" – annual April publication since 2004 – Lech Misiewicz

Polish wall-block market – the main players

General market statistics

Number of production plants:

- AAC - Aircrete: 24 operating plants
- CSU - Calcium Silicate: 33 operating plants
- Ceramics: 15 operating plants
- All blocks: 72

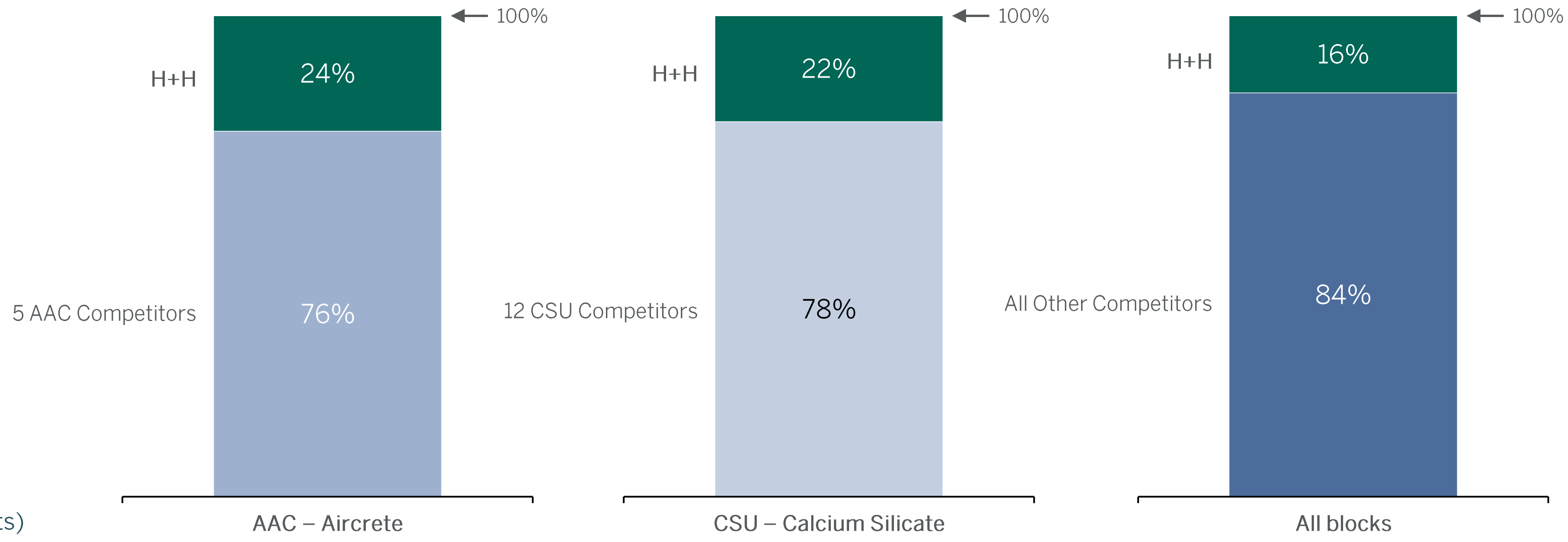
H+H Polska footprint (14 plants):

- 6 AAC - aircrete plants
- 8 CSU - calcium silicate plants
- #2 in AAC (20-25% market share)
- #2 in CSU (20-25% market share)

Competition:

1. Solbet (7 aircrete plants)
2. Wienerberger (7 ceramics plants)
3. Xella (12 aircrete/calcium silicate plants)
4. Leier (3 ceramics plants)
5. Sil-Pro (2 calcium silicate plants)

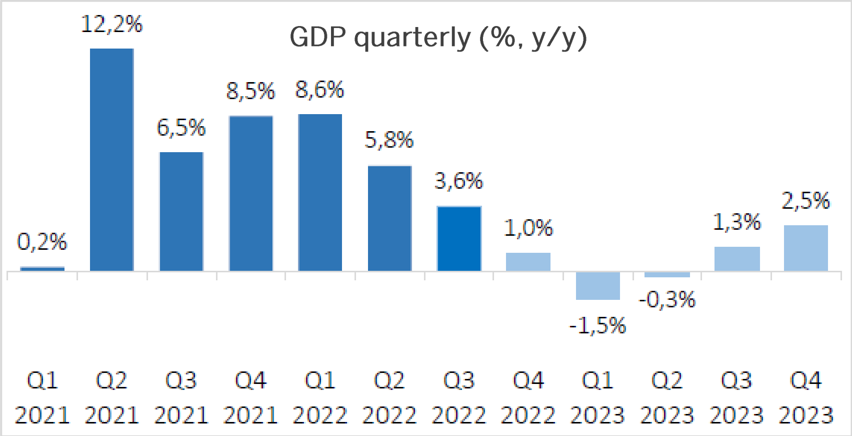
Market shares
Share of total production volumes

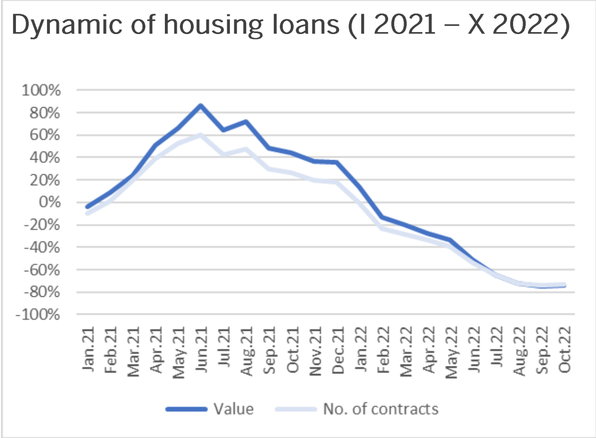


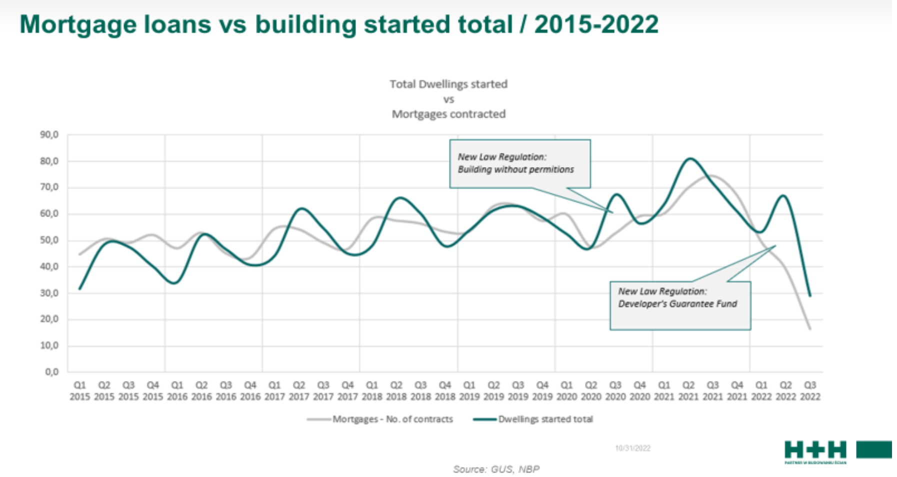
Source: H+H Polska Market Intelligence analysis

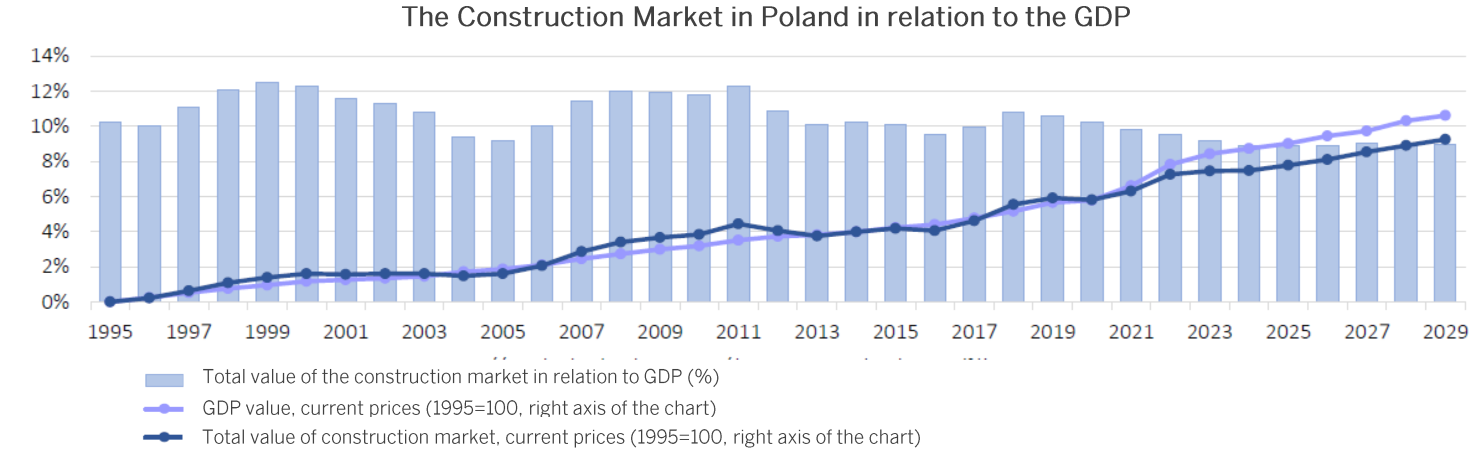
PARTNERS IN WALL BUILDING

Polish macroeconomic environment shows low visibility in 2023





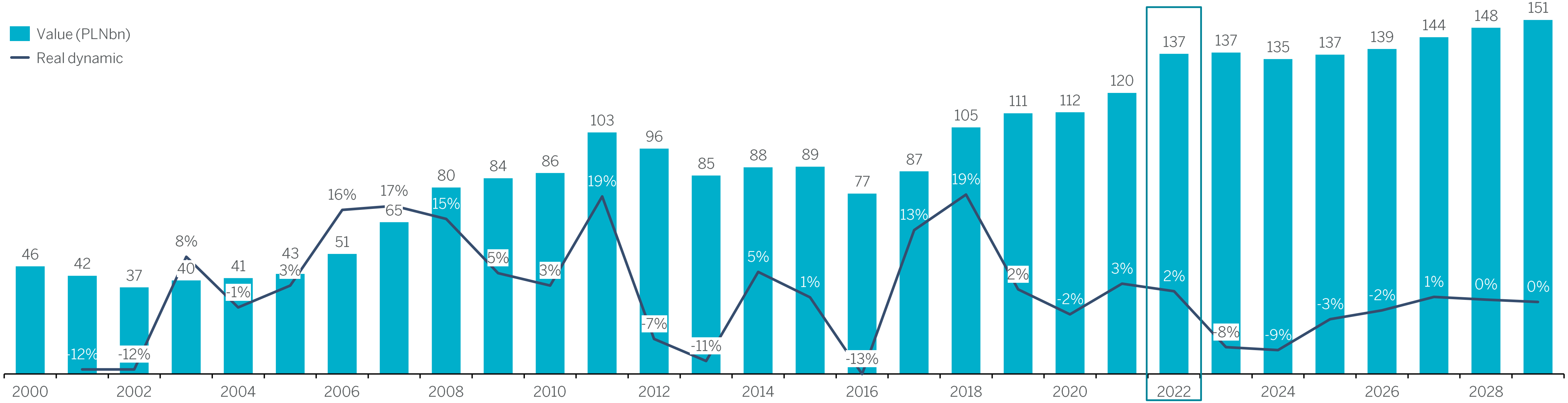




Sources: GUS (Polish National Statistical Office), SPECTIS

Construction and assembly output – Forecast

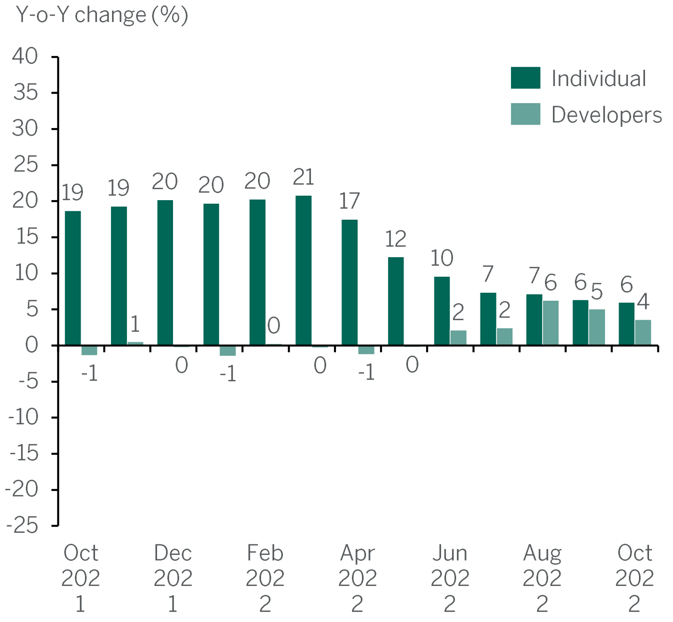
Following an increase of 3 % in 2021, construction and assembly output is expected to increase by 2 % in 2022 (CPI 2022 October is 17,5%) and drop by -8% in 2023. While declines are expected for the period 2024-2026, the absolute levels is still expected to remain high relative to historical figures



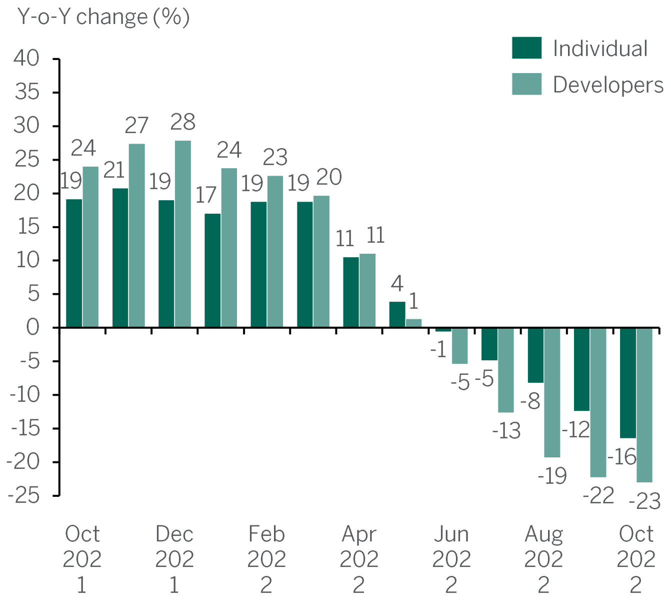
Note: Data for construction companies with more than 9 employees
Source: GUS (Polish National Statistical Office)

Residential construction statistics

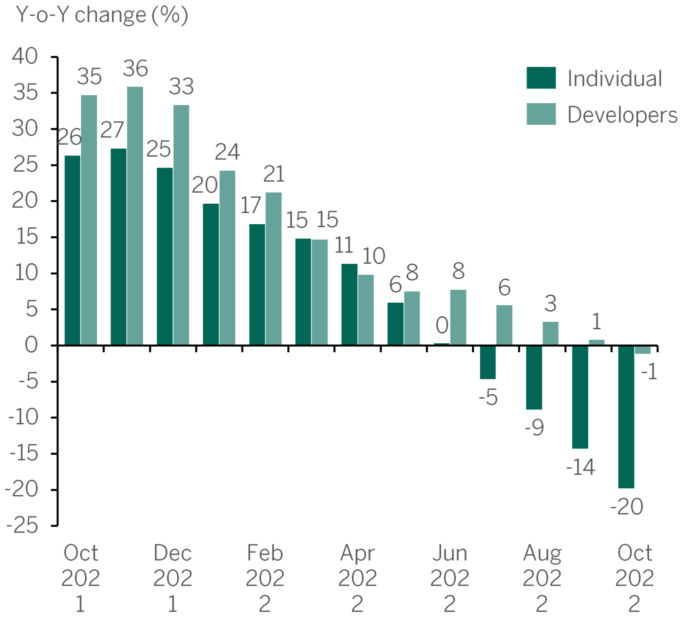
Dwellings completed – 234 th. all [Oct-2022]
Year-on-year change



Dwellings started – 213 th. all [Oct-2022]
12-month rolling



Dwelling permits – 309 th. all [Oct-2022]
12-month rolling



Source: GUS (Polish National Statistical Office)

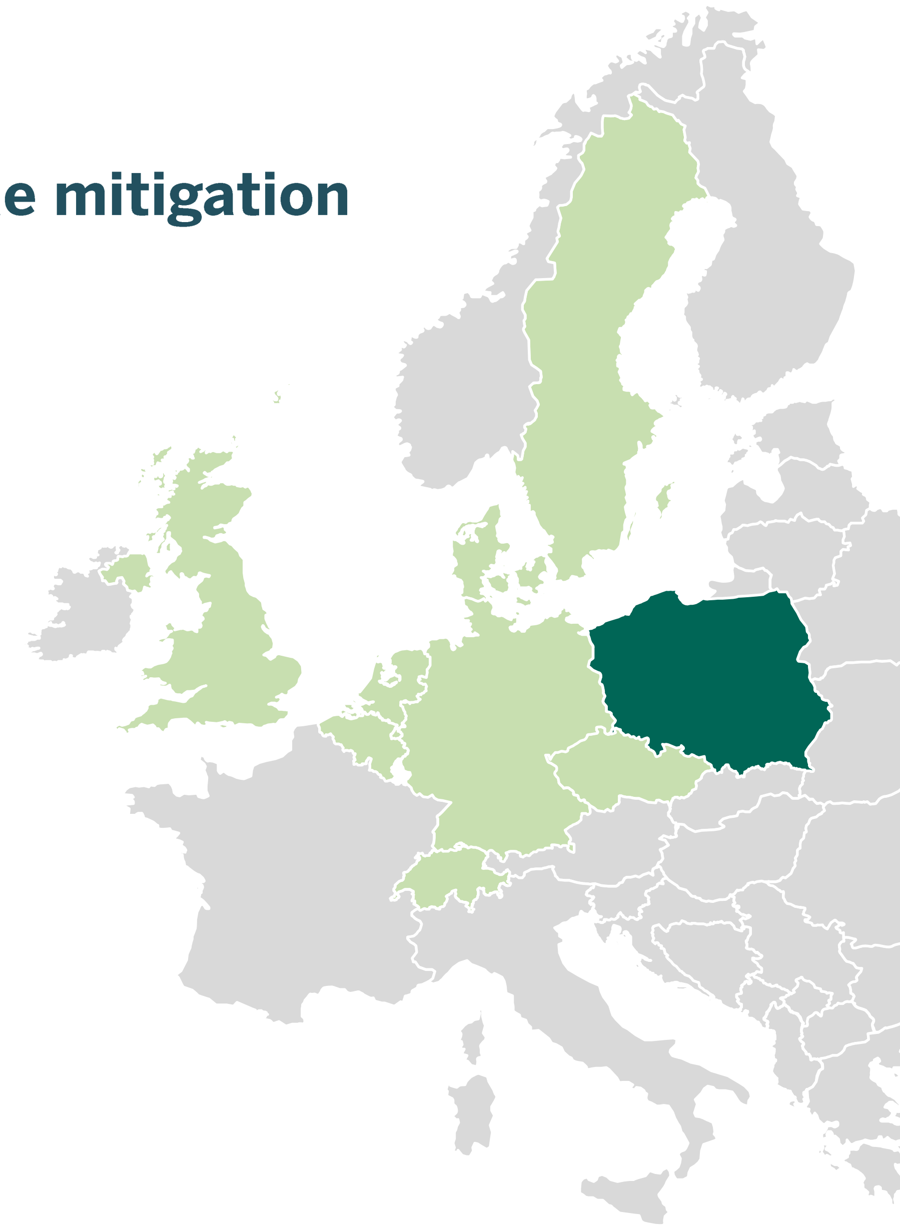
Headwinds in front of us leading into 2023 – downside mitigation

- **Further cost transfer through sales prices** towards the market (customers)

- **When it comes to raw materials and energy – on spot reactions** when it will be relevant/possible

- **Adjusting factory capacity to the market demand**
    1. Reducing overtime and weekend shifts
    2. Build up stock
    3. Reducing staff pattern by taking shifts out
    4. Mothball selected factories if needed

- **Overall cost saving plan**



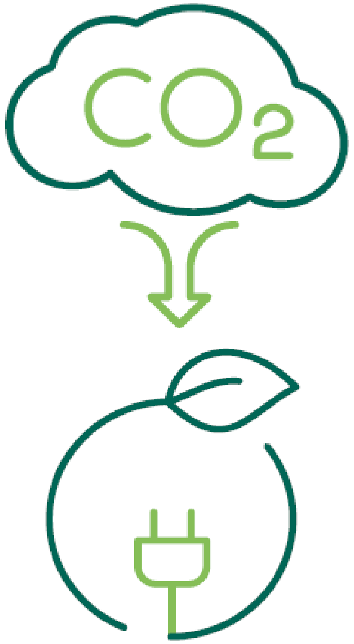
H+H Polska CO_2 emissions

Carbon strategy

- Increase renewable share of electricity to 100% by 2024
- Converting energy source from coal to natural gas
  Natural gas emits less than half the carbon compared to coal
  - One plant converted in 2022 (Warsaw)
  - Gorzkowice plant to be converted in 2023
  - More planned conversion in the mid term
- More than 20 projects completed or started in in the factories for reducing CO_2
- We are in continuous dialogue with cement and lime suppliers for the possibility of purchasing products with lower emissions

H+H has carbon reduction targets verified and approved by the Science Based Targets initiative ("SBTi")

1.5°C



Net-Zero

Questions?

H+H
PARTNERS IN WALL BUILDING

For further information please contact:

Niclas Bo Kristensen
Head of Investor Relations & Treasury
+45 24 48 03 67
nbk@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