



# H+H International A/S SEB Efterårsseminar

27 September 2023

**H+H**  
PARTNERS IN WALL BUILDING

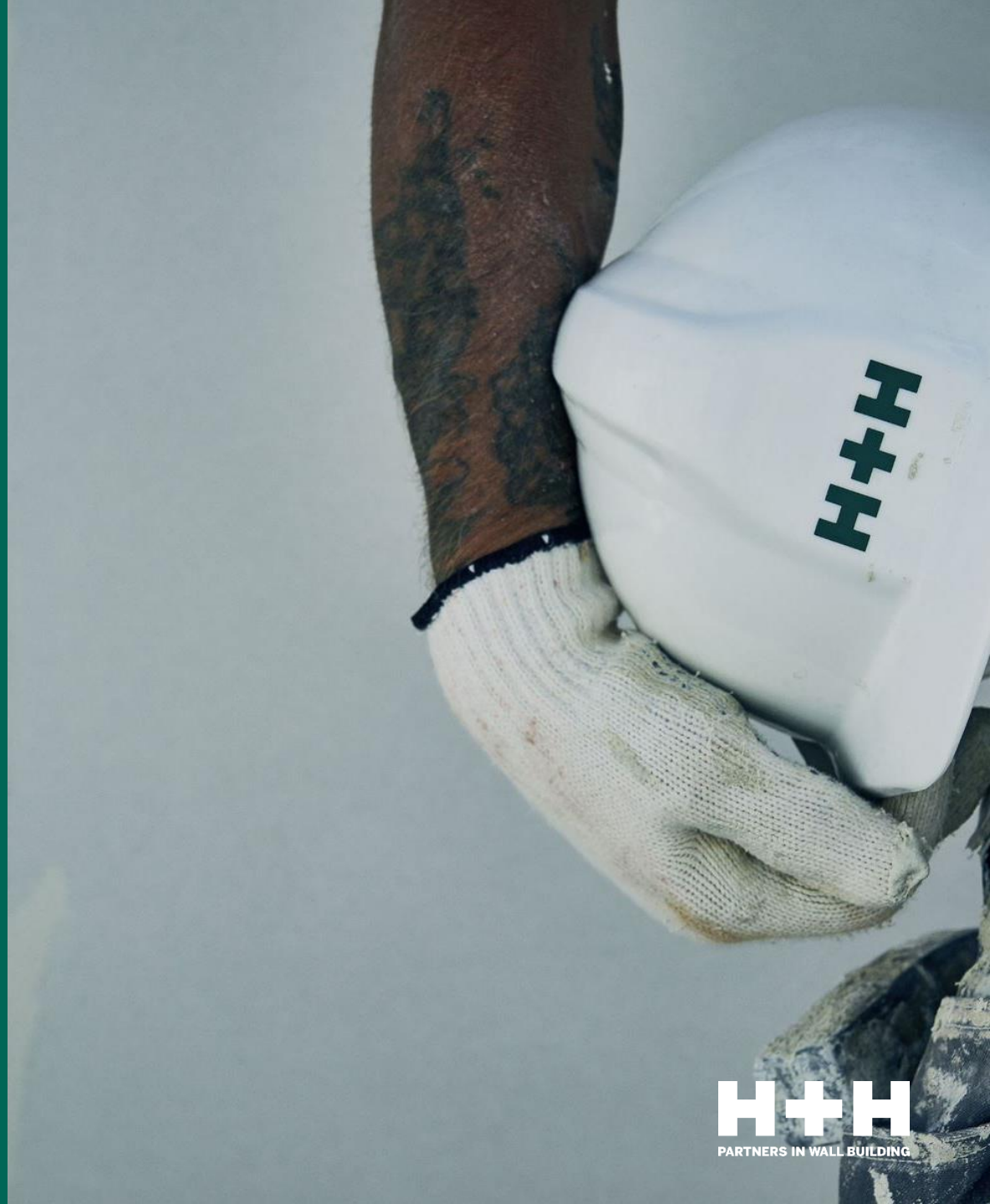


# Forward-looking statements

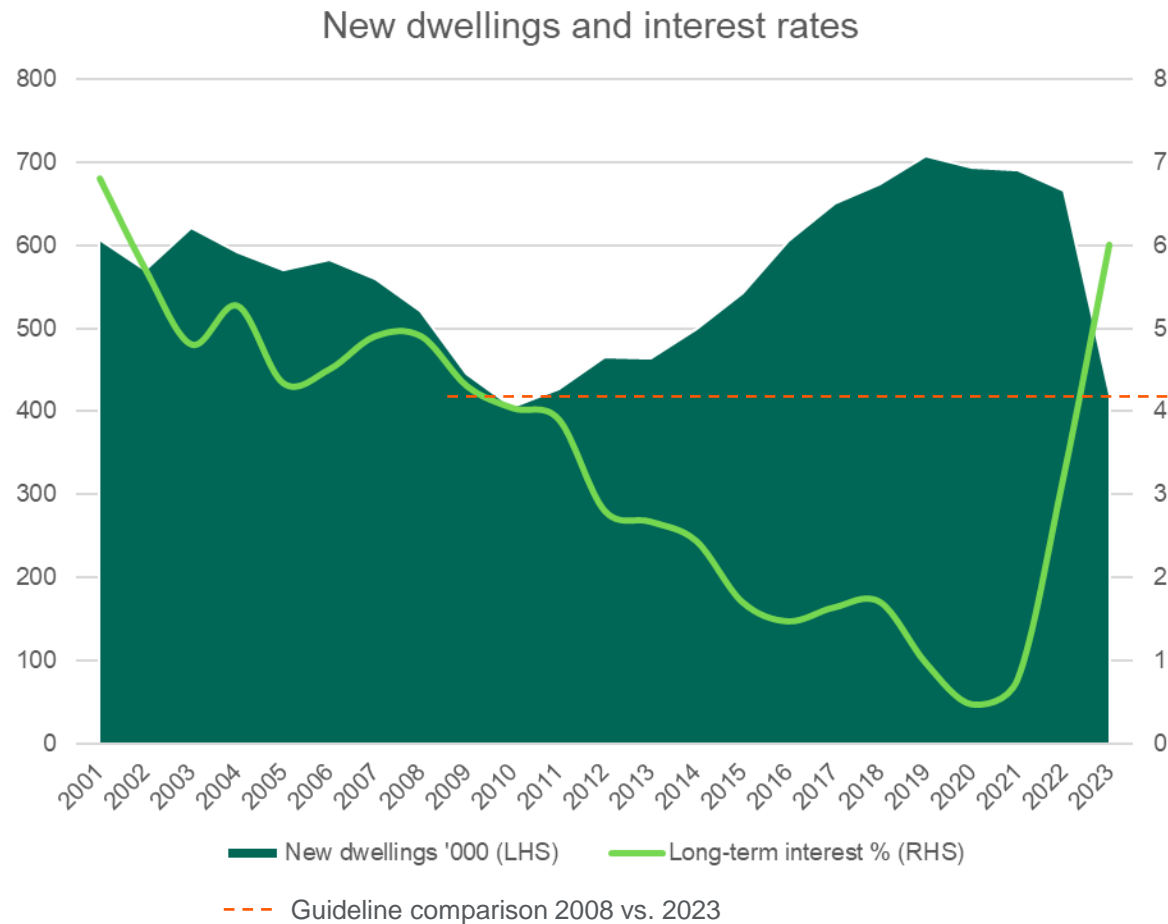
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# Speed of interest rate increase heavily impacting newbuild sector in Europe



- Speed of interest rate change forces homeowners and investors to stop their decision to invest in real estate. Everyone needs a new business plan
- Volume decline larger than the one seen during the financial crisis in 2007-2010
- Current market activity in line with the low-point from 2009/2010
- No track record in modern times of such rapid interest rates increases
- Limited government support so far:
  - In Poland "Safe Credit" has been introduced
  - New depreciation pattern for newbuild in Germany

# 12% EBITDA margin at 40% lower volumes in H1

## Selected financial figures

Figures in DKKm unless otherwise stated.

Organic growth

-26%

Sales volume

-40%

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

24%

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

12%

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

4%

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

2.0x

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

## H1 2023 takeaways

- 1) 40% volume drop
- 2) Double digit price increases
- 3) First effects from efficiency program
- 4) EBITDA margin of 12% bsi

## Focus going forward

- 1) Managing working capital and cash
- 2) Improving the business for a better tomorrow

# Group business improvement program to drive efficiency of our operations

## Procurement savings

- Utilising market opportunities and lower demand situation for better input cost
- Guiding principle to defend contribution margin
- Strengthened group procurement function

## Plant network efficiency

- In general: enhancing efficiency through lean manufacturing principles
- Permanently closed 5 plants and redirecting volumes to bigger and more efficient plants. Example: Delivering Warsaw market at lower landed cost
- Adjusted shifts and our operations workforce by around 20%
- Further improving de-bottlenecking in our factories. Example: De-bottlenecking investment in Borough Green enabling 20% higher output

## SG&A cost savings

- Implementing SG&A cost savings supported by standardized business processes and digital tools
- Main focus on finally integrating CWE into ONE company after acquisitions in last 5 years
- Expected payback within a year





# Summary

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- 1 Historical sharp interest rate increase leading to ~40% drop in newbuild activity across Europe and directly impacting our volumes
- 2 We are driving a group business improvement program to participate from procurement savings, build a more efficient network of plants and take SG&A cost out in CWE
- 3 Carefully managing working capital and cash
- 4 We are in a cyclical industry with supportive long-term fundamentals for more residential newbuild in all our markets



A photograph of two construction workers on a scaffolding at a building site. One worker is standing on the scaffolding, wearing a white hard hat and a dark jacket, holding a large white blueprint. The other worker is standing on the ground, wearing a white hard hat and a white jacket, looking up at the worker on the scaffolding. The background shows a concrete structure under construction with a level tool visible. The entire image has a teal color overlay.

# Questions and answers



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