H+H International A/S
Q1 2023 Roadshow SEB

11 May 2023

PARTNERS IN WALL BUILDING

Forward-looking statements

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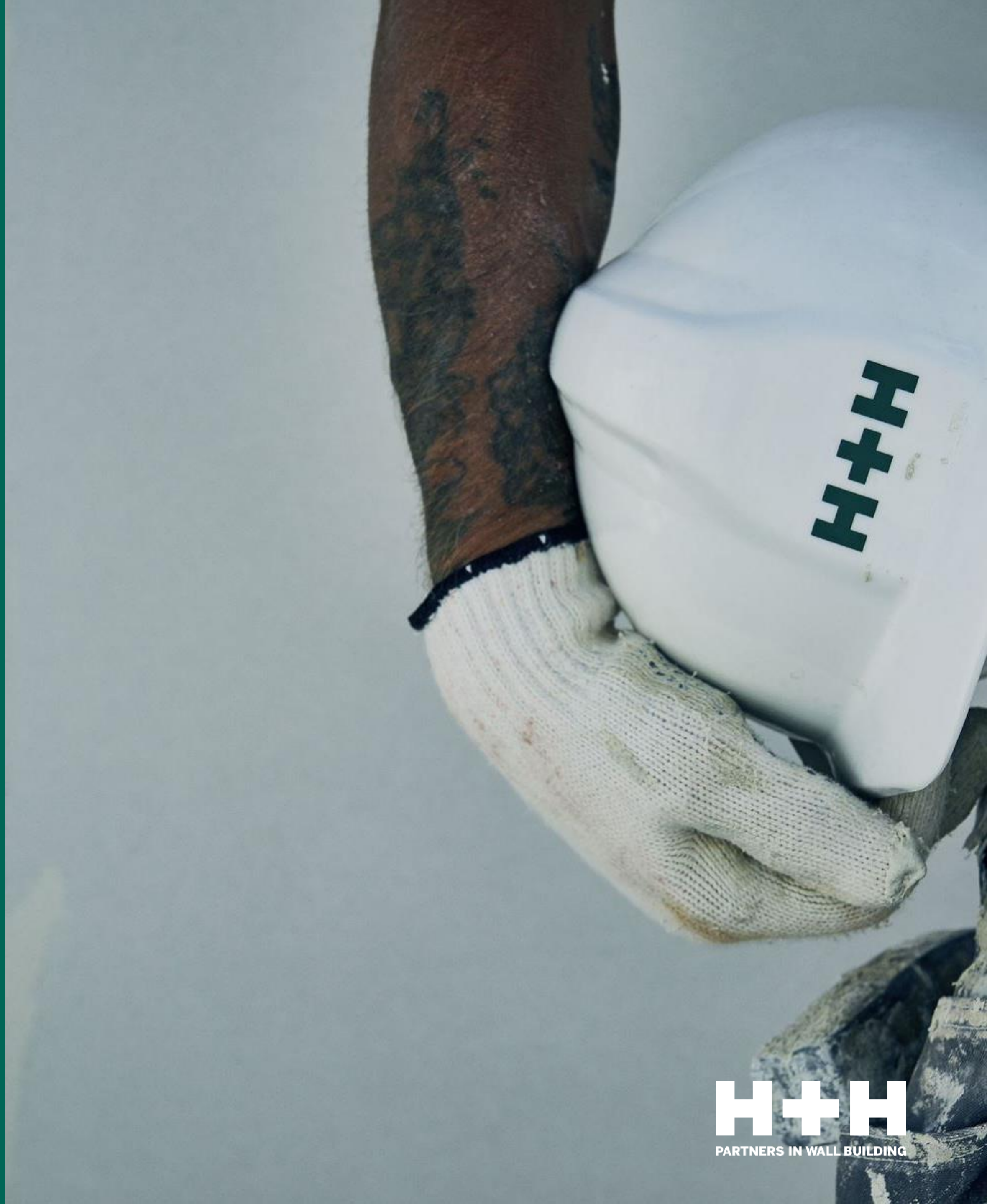

Introduction

Challenging start to the year reflecting the tough market conditions

Selected financial figures

Figures in DKKm unless otherwise stated. Q1 2022 figures in brackets

Organic growth	Gross margin(1)	EBIT margin(1)
-25%	24%	3%
(29%)	(28%)	(13%)

Return on Invested Capital	Free cash flow	Financial gearing(2)
15%	-309	1.4x
(21%)	(-63)	(0.7x)

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

Central Western Europe:
Building a stronger organisation

Germany:

- Permissions for new buildings for January 2023 decreased 25% compared to last year
- Number of building permits issued continues to exceed the number of completions, adding further to the construction backlog
- The German Association of Building Companies expect 245.000 completions of dwellings in 2023 equal to a 13% decrease compared to last year

Nordics:

- Newbuild activity also down. However slight optimism from Danish volume house builders

H+H CWE:

- Organic growth in Q1 was -12%
- Positive impact coming from our acquired AAC factory in Feuchtwangen (South Germany) and recently upgraded AAC factory in Wittenborn (North Germany)
- Adjusting shifts patterns at our factories using Kurzarbeit
- Price increases implemented during Q1 as planned
- New Leadership Team making good progress on building a stronger CWE

The United Kingdom:
Gaining market share despite low activity

The United Kingdom:

- Activity levels for housing construction was very low in Q1 2023 driven by the high level of uncertainty, high interest rates and poor weather conditions
- Slight recovery in consumer confidence, albeit from a low point
- There are some indications of improvement from volume housebuilders in recent announcements, who have reported better reservation rates

H+H United Kingdom:

- Organic growth in Q1 was -36%
- However, we continue to make progress in increasing market share through foundation blocks and new customers
- Price increases successfully implemented during Q1 as planned
- After stock build in Q1 we are now adjusting shift patterns to lower demand
- As we remain positive on the long-term, we continue our capacity initiative in the Borough Green plant, adding 10% more volume in total UK capacity starting from 2024

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Poland:
High uncertainty resulting in very low activity

Poland:

- The number of building permits declined by 36% year-on year (February). The number of starts are decreasing by approx. 40% in the same period
- Uncertainty around the economic situation are the main limiting factors for the industry
- Number of building permits issued continues to exceed the number of completions, adding further to the construction backlog

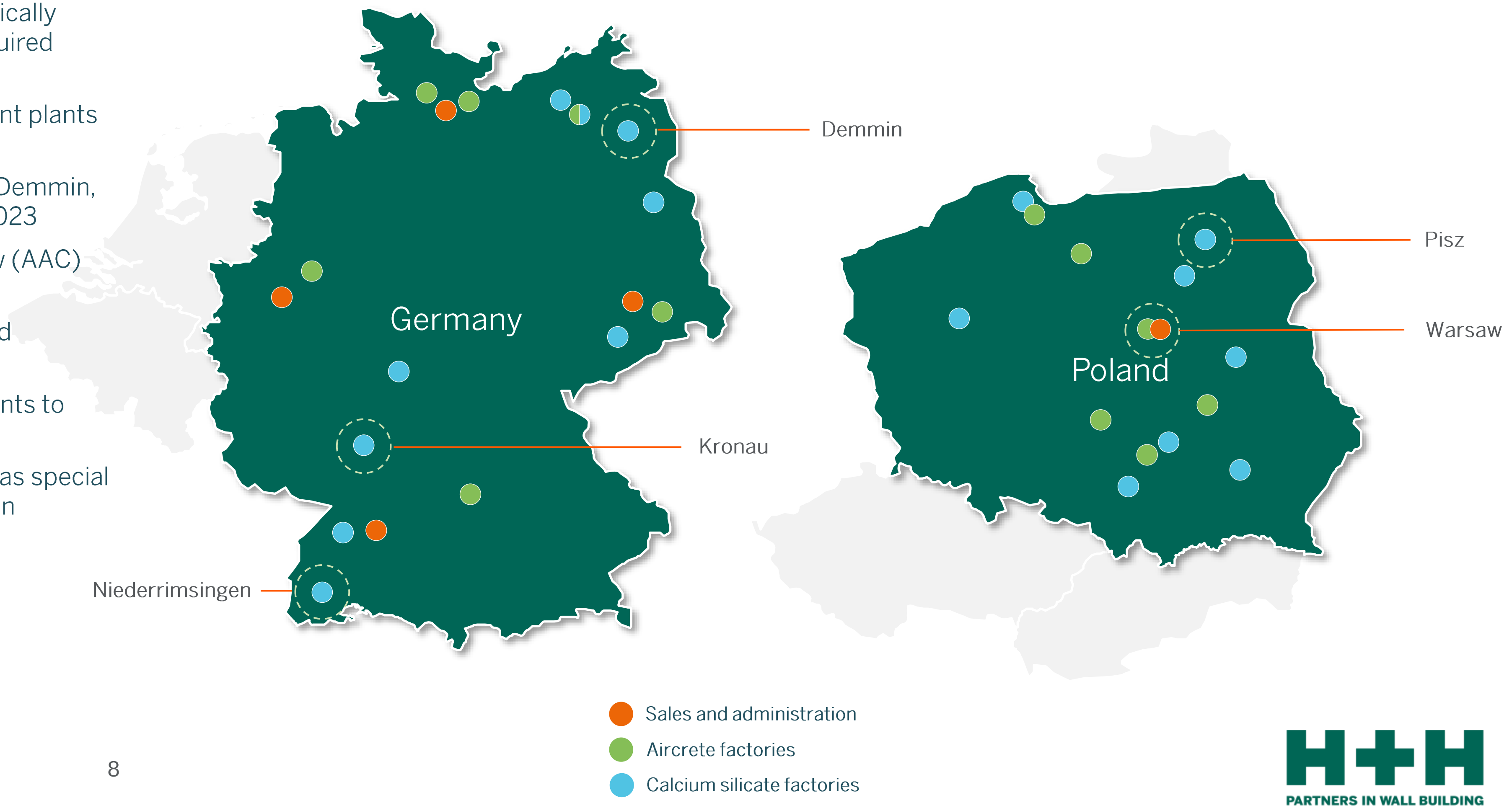
H+H Poland:

- Organic growth in Q1 was -36%
- Further shift reductions to meet lower volume are being prepared
- Price increases in Q1 implemented as planned
- Current market situation leads to highly competitive environment

Accelerate factory network optimisation

From 32 to 27 factories

- Using current market conditions to strategically improve our factory network originally acquired back in 2018
- Better utilization of bigger and more efficient plants to service our regional markets
- Stop German CSU production activities in Demmin, Kronau, Niederrimsingen effective July 1 2023
- Stop Polish production activities in Warsaw (AAC) and Pisz (CSU) effective July 1 2023
- Transfer production to nearby factories and maintain regional commercial presence
- Focus future investments on remaining plants to even build further capacity in the regions
- We anticipate restructuring cost classified as special items excl. impairment of DKK 70-80 million



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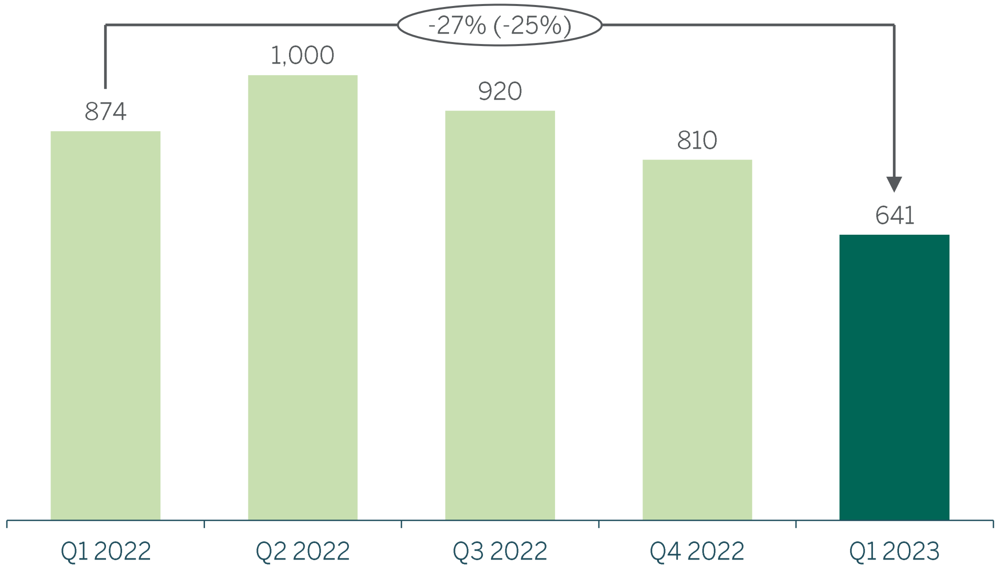
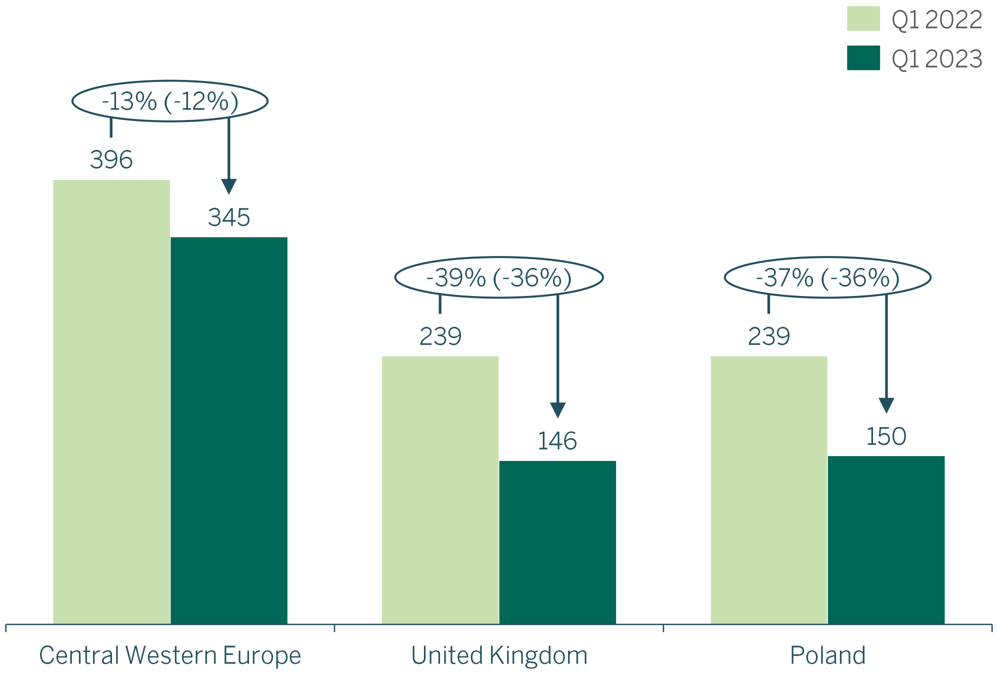
Lower sales volumes across our regions

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



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



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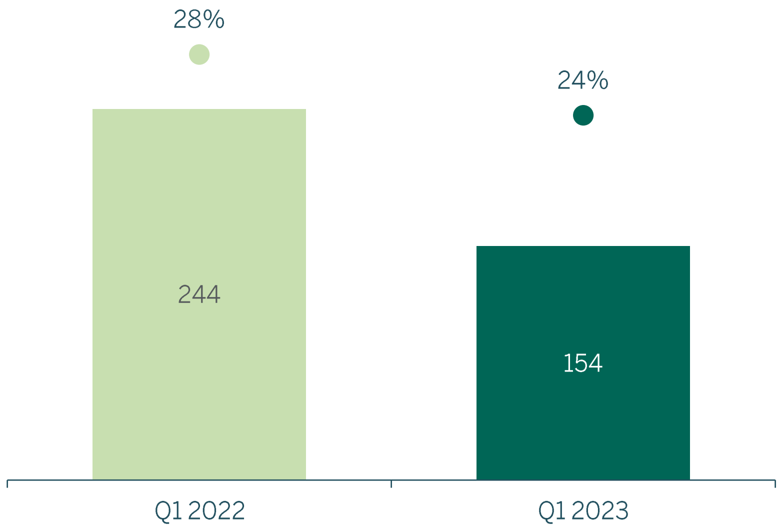
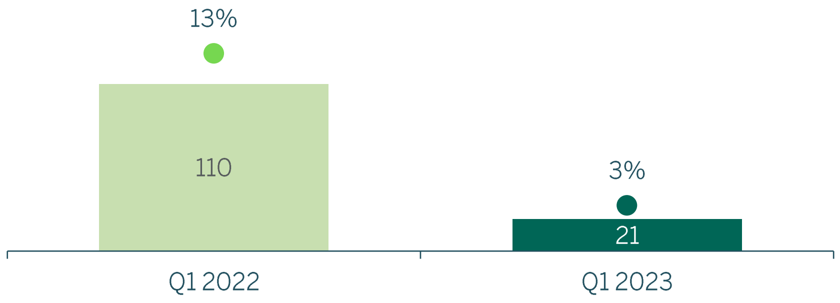
Profitability under pressure in Q1 2023 as a result of lower activity levels

Gross profit and gross margin
DKKm and percent, respectively



- Gross profit amounted to DKK 154 million compared to DKK 244 million in Q1 2022, corresponding to gross margins of 24% and 28%, respectively
- Significant drop in sales volumes across our footprint

EBIT and EBIT margin
DKKm and percent, respectively



- EBIT before special items amounted to DKK 21 million in Q1 2023, compared to DKK 110 million in Q1 2022, corresponding to EBIT margins before special items of 3% and 13%, respectively
- The decrease is driven by the lower gross margin combined with inflationary impacts on SG&A, partly mitigated by continued focus on cost savings

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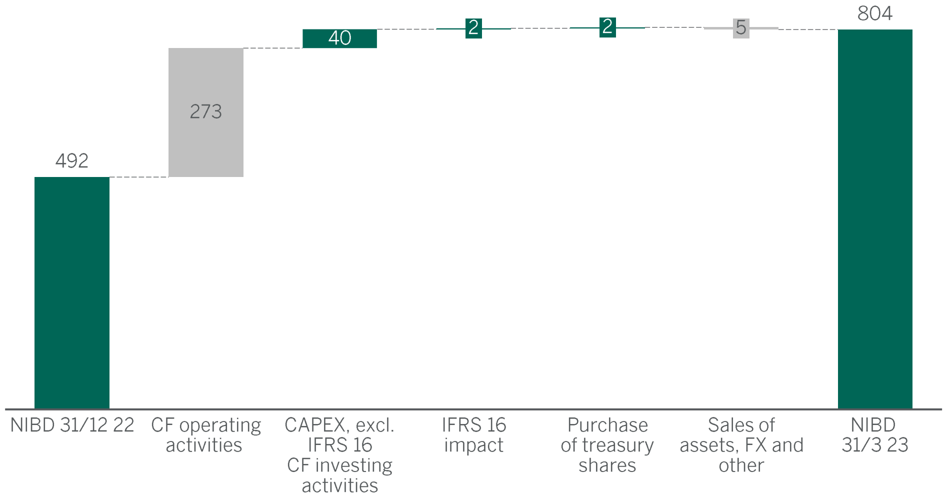
(1) Of the total net interest-bearing debt, lease liabilities amounted to DKK 103 million as of 31 March 2023

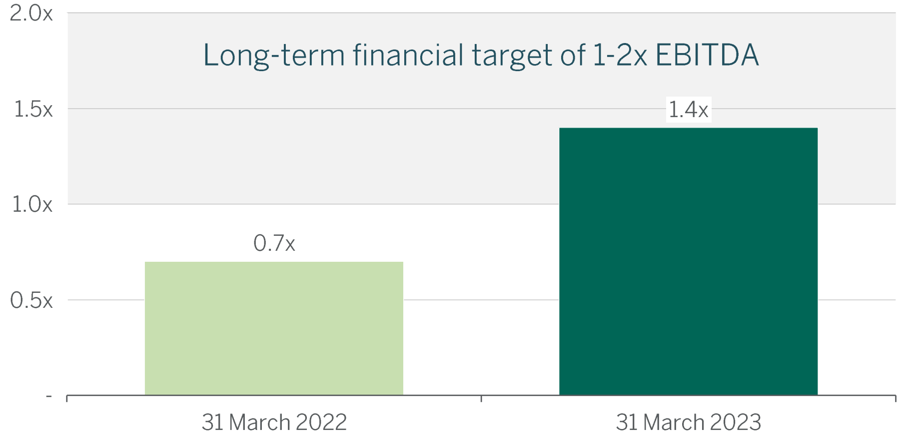
Financial gearing remains within H+H´s long-term target

Net interest-bearing debt (NIBD)
DKKm.



- Cash flow from operating activities was primarily driven by lower earnings due to a lower activity level as well as a negative working capital development led by planned stock build and inflation
- In the quarter, inventories increased by DKK 163 million to DKK 686 million on 31 March 2023

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



- Net interest-bearing debt excluding leasing totalled DKK 701 million on 31 March 2023, corresponding to an unused committed bank facility of DKK 0.3 billion
- The increase in net interest-bearing debt since the beginning of the year was primary driven by planned stock build and inflationary impact on working capital for the period

(1) Of the total net interest-bearing debt, lease liabilities amounted to DKK 103 million as of 31 March 2023

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Financial outlook for the full year 2023

Despite uncertain market conditions and a challenging start to the year, we maintain the financial outlook for the full year, as we still expect the market to continue to improve during the year

Revenue growth	EBIT before special items
~0%	330 to 400m

Specific assumptions:

- Sales volumes expected to decrease around **10-15%** in aggregate mainly driven by Poland
- Exchange rates, primarily GBP, EUR and PLN remain at end-April 2023 levels

Clear focus in tough market conditions

1. Low newbuild activities during Q1 in line with our expectations
2. We maintain our financial guidance as we expect the market to improve during the year
3. We are using the downturn to strategically optimize our factory network
4. We have successfully implemented price increases during Q1 and are passing on inflation

Questions and answers

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Financial statements

Condensed consolidated income statement

Income statement (DKK million)	Q1 2023	Q1 2022	Full year 2022
Revenue	641	874	3,604
Cost of goods sold	(487)	(630)	(2,584)
Gross profit before special items	154	244	1,020
Sales costs	(37)	(38)	(170)
Administrative costs	(46)	(49)	(222)
Other operating income and costs, net	1	2	29
EBITDA before special items	72	159	657
Depreciation, amortisation and impairment losses	(51)	(49)	(202)
EBIT before special items	21	110	455
Special items, net	(9)	(10)	(42)
EBIT	12	100	413
Financial imcome	2	1	6
Financial expenses	(12)	(6)	(21)
Profit before tax	2	95	398
Tax on profit	(9)	(23)	(81)
Profit for the period	(7)	72	317
Profit for the year attributable to:			
H+H International A/S' shareholders	(5)	68	303
Non-controlling interests	(2)	4	14
Profit for the period	(7)	72	317
Earnings per share (EPS-basic) (DKK)	(0.3)	3.8	17.1
Diluted earnings per share (EPS-D) (DKK)	(0.3)	3.8	17.0

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Condensed consolidated statement of comprehensive income

Statement of comprehensive income (DKK million)	Q1 2023	Q1 2022	Full year 2022
Profit for the period	(7)	72	317
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange adjustments, foreign entities	7	(8)	(17)
	7	(8)	(17)
Items that will not be reclassified subsequently to profit:			
Actuarial gains and losses	(45)	(41)	18
Tax on actuarial gains and losses	9	6	(1)
	(36)	(35)	17
Other comprehensive income after tax	(29)	(43)	-
Total comprehensive income for the period	(36)	29	317

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Condensed consolidated balance sheet

Assets (DKK million)	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Non-current assets			
Goodwill	420	419	363
Other intangible assets	259	253	276
Property, plant and equipment	1,814	1,822	1,717
Deferred tax assets	11	17	15
Financial assets	5	6	6
Total non-current assets	2,509	2,517	2,377
Current assets			
Inventories	686	523	335
Receivables	242	174	316
Cash	436	536	433
Total current assets	1,364	1,233	1,084
Total assets	3,873	3,750	3,461

Equity and liabilities (DKK million)	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Equity			
Share capital	175	175	180
Retained earnings	1,780	1,822	1,660
Other reserves	(148)	(155)	(146)
Equity attributable to H+H International A/S's shareholders	1,807	1,842	1,694
Equity attributable to non-controlling interests	94	96	114
Total equity	1,901	1,938	1,808
Non-current liabilities			
Pension obligations	60	23	112
Provisions	37	38	42
Deferred tax assets	95	110	127
Credit institutions	1,137	920	785
Lease liabilities	79	81	79
Total non-current liabilities	1,513	1,277	1,145
Current liabilities			
Lease liabilities	24	27	21
Trade payables	266	278	282
Income tax	34	37	32
Provisions	6	9	2
Other payables	122	177	171
Total current liabilities	459	535	508
Total liabilities	1,972	1,812	1,653
Total equity and liabilities	3,873	3,750	3,461
Net interest-bearing debt	804	492	*452*

Condensed consolidated cash flow statement

Cash flow statement (DKK million)	Q1 2023	Q1 2022
Operating profit (loss)	12	100
Financial income, received	2	1
Financial items, paid	(12)	(6)
Depreciation and amortisation	51	49
Gain and losses on sale of assets and other non-cash effects	(2)	1
Change in working capital	(301)	(133)
Change in provisions and pension contribution	(8)	(18)
Income tax paid	(14)	(15)
Operating activities	**(272)**	**(21)**
Acquisition of property, plant and equipment and intangible assets	(37)	(42)
Investing activities	**(37)**	**(42)**
	(8)	
Change in borrowings	217	42
Change in lease liabilities	(8)	(7)
Purchase of treasury shares	(2)	(35)
Financing activities	**207**	**-**
Cash flow for the period	**(102)**	**(63)**
Cash, opening	536	499
Foreign exchange adjustments of cash	2	(3)
Cash and cash equivalents, closing	**436**	**433**

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