H+H International A/S
H1 2024 Financial Results

Conference Call

14 August 2024

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Forward-looking statements

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Positive market trends in Poland and UK but no recovery in Germany

Selected financial figures

Figures in DKKm unless otherwise stated. Q2 2023 figures in brackets

Sales volume	Gross margin[1]	EBIT margin[1]
8%	18%	-1%
(-39%)	(24%)	(5%)

EBITDA margin[1]	Free cash flow	Financial gearing[1]
6%	22	6.5x
(12%)	(-161)	(2.0x)

Q2 2024 key takeaways

(1) The UK and Polish markets continue positive trends from Q1. Adversely, the German market outlook below expectations.

(2) We have started to reinstall capacity and will reopen our mothballed plant in Pollington (UK) to be prepared for future market growth.

(3) In Germany we are not seeing a recovery and new build activity is again significantly below last year. Consequently, we are not seeing the full potential of our business improvement results yet.

(4) The likely sale of land in Warsaw will bring our financial gearing closer to our long-term financial target.

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(1) Before special items

Double digit growth in the UK and Poland, Germany trending behind

The United Kingdom:.

- Number of mortgage approvals and building registrations has been improving since the start of 2024.
- Optimism about Labour's flagship policy, "Get Britain Building Again," which aims to construct over 1.5 million homes over 5 years.
- Stable pricing based on fixed annual contracts.
- We will re-open the mothballed plant in Pollington in Q4 to secure future supply.

Poland:

- Strong Polish market from 2% loan program and stable underlying mortgage approvals.
- The successor program "Kredyt na Start / Loan for Start" is set to launch at the beginning of 2025.
- Prices increased in the second quarter vs. first quarter this year.

Germany:

- Opposite UK and PL, building activity and permits are further declining.
- High interest rates, high construction costs resulting from regulation, and the lack of efficient government support programs have worsened the investment climate into newbuild.
- No signs of recovery short to mid-term.
- Stable price development in 2024 with further increases announced as of 1st September.

Revenue by region in DKKm.

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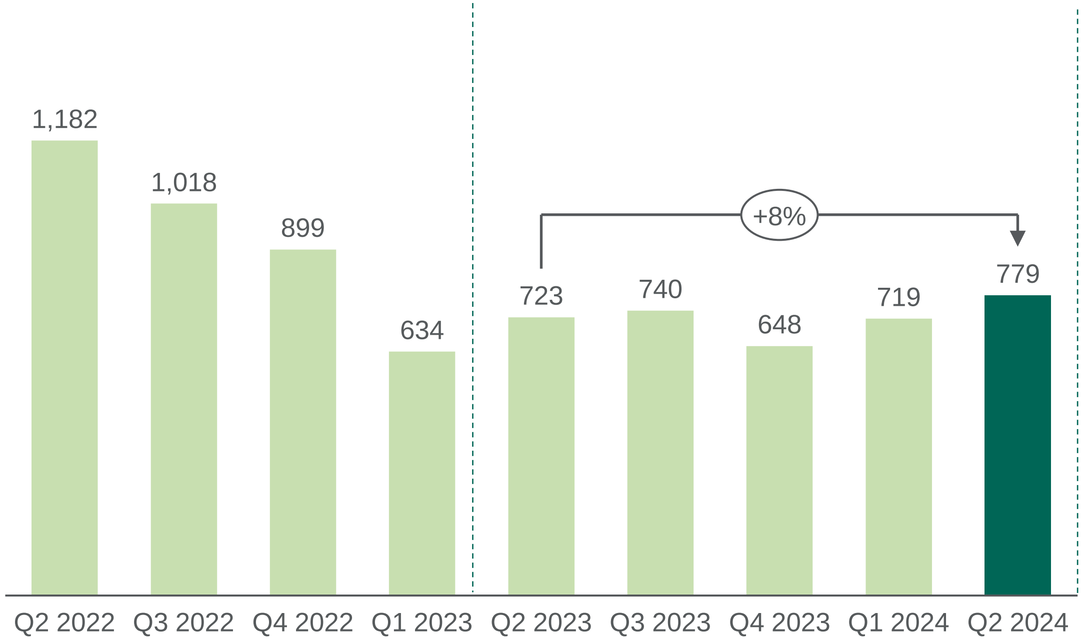
Business improvement program delivering

From Q1-2023…	…to Q2-2024
32 operating **plants**	23 operating **plants** (plus 4 mothballed)
Stock with around 3.5 months reach	**Stock** with around 1.5 months reach
250m DKK **fixed costs** in operations	200m DKK **fixed costs** in operations
Around 1700 employees	Around 1300 employees
Individual plants	**Network** of plants

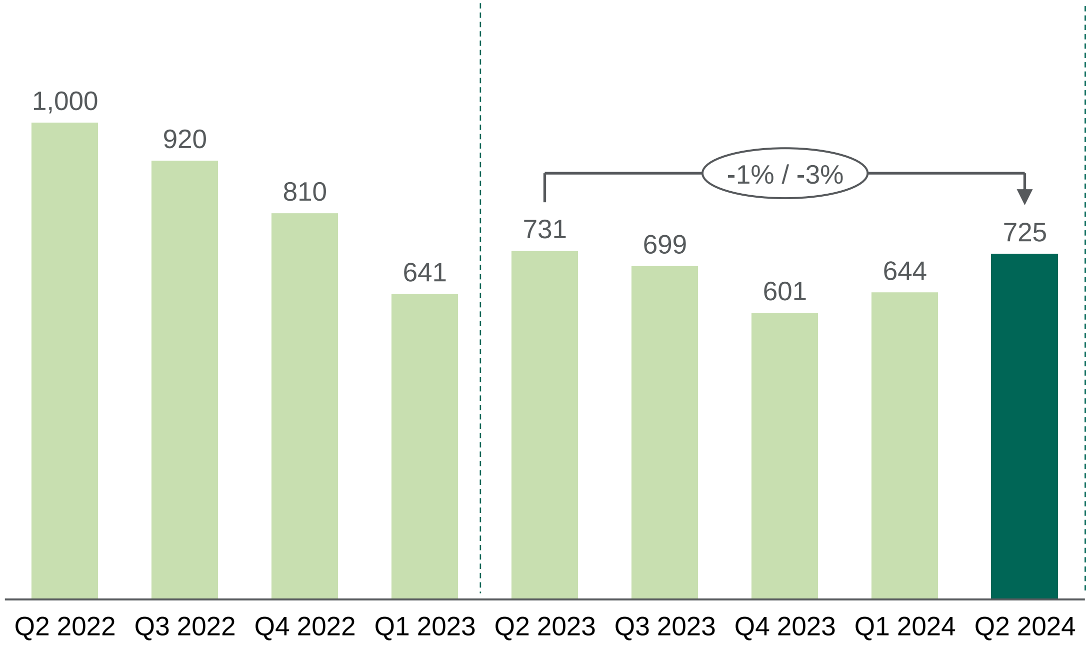
Volume growth with country mix affecting organic growth

Volumes by quarter (Thousand m³)



- Positive overall volume development despite weakness in CWE.
- Volume up 8% in Q2-24 vs. last year and 20% up since Q4-23.

Revenue by quarter DKKm. Revenue growth / organic growth



- Country mix impact was negative 5%.
- Negative price growth of 5% compared to Q2 2023 as expected.
- Overall price in line with expectations.

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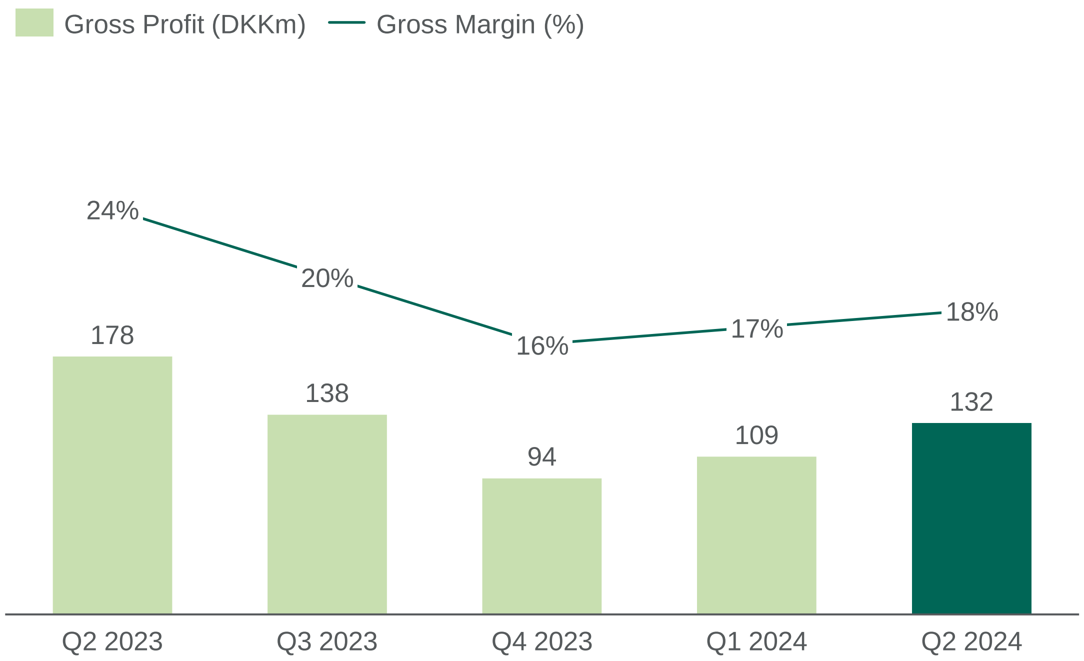
Gross margin in Q2 still impacted by gas and significant de-stocking

Gross Profit and Gross Margin



- Gross profit in Q2 2024 was DKK 132 million compared to DKK 178 million corresponding to gross margins of 18% and 24%, respectively.

Gross margin development

- Gross profit in Q2 2024 was influenced by de-stocking. In contrast, there was a stock build-up in Q2 2023.
- In the second quarter of 2024, there was a negative impact of DKK 15 million from unfavourable gas contracts.
- We anticipate an improvement in the gross margin during the latter part of the year as there are no more stock with excess gas costs.

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Restructuring and special items

Special items

Restructuring cost:

- In Q2 2024, DKK 13 million in restructuring costs were recognised which mainly relates to CWE.
- Further restructuring costs in H2 to support the current business environment.

Gas settlement:

- In Q1 H+H decided to settle unfavourable gas contracts, resulting in a one-off loss of DKK 93 million, classified as special items.
- Additionally, the sale of unused hedged gas in Q1 led to a further loss of DKK 17 million. Thus, the total gas-related costs classified as special items in Q1 2024 amounted to DKK 110 million.

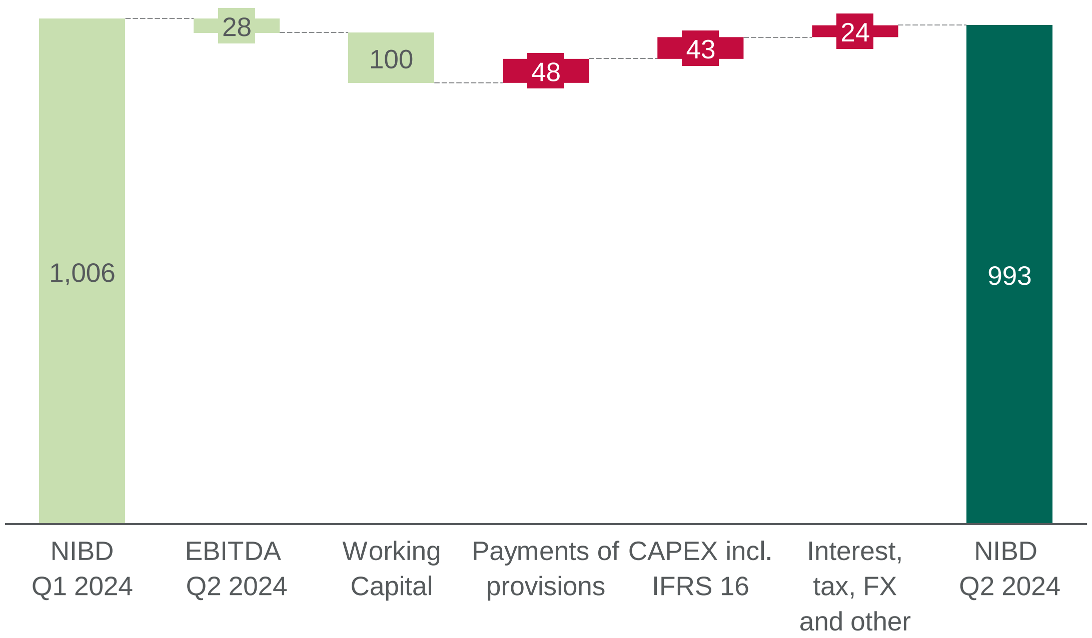
Conditional sale of land in Poland

- H+H has agreed to a conditional sale of land and buildings from its closed factory in Warsaw for a price of PLN 110 million (approximately DKK 190 million).
- Completion is expected to take place no later than November 2024. Payment to H+H for land and related buildings will be made in cash and be treated as a special item.

Special items, net Amounts in DKK million	2024 Q2	2024 YTD
Restructuring costs	13	32
Unused part of gas hedges, incl. settlement cost	-	110
Total	**13**	**142**

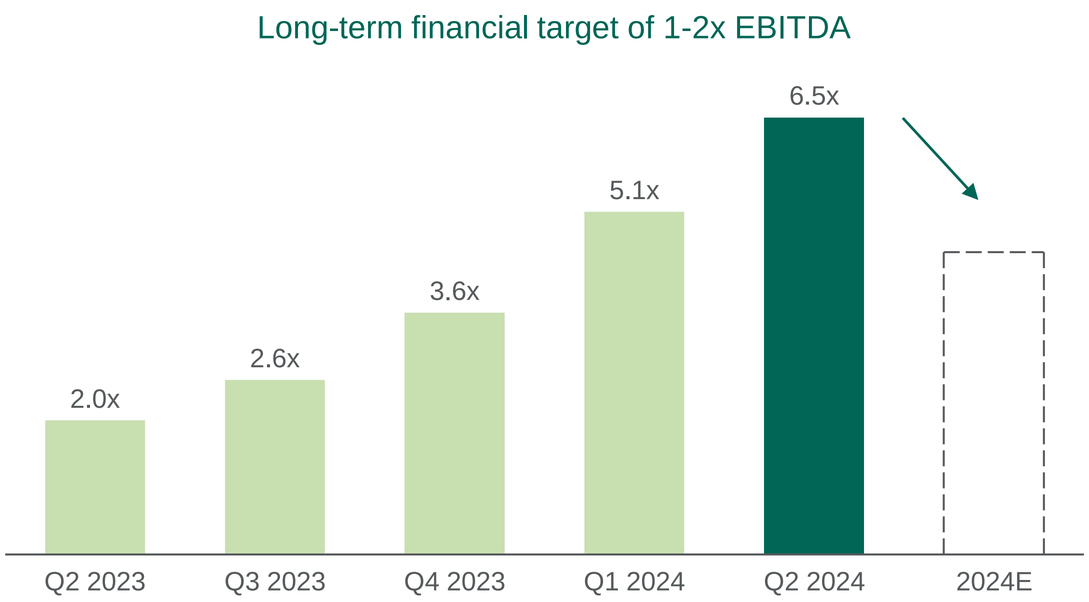
Decreasing NIBD in line with plan driven by de-stocking

Net interest-bearing debt
DKKm.



- NIBD decrease of DKK 13 million since Q1 2024 primarily driven by positive net working capital.
- Cash flow from operating activities amounted to DKK 56 million in Q2 2024 compared to DKK negative 116 million in Q2 2023 primarily resulting from de-stocking.

Financial gearing
NIBD to EBITDA before special items



- Current financial gearing is increasing. However, we have adequate headroom within the terms of our banking agreement.
- We anticipate a decrease in the gearing ratio in the latter half of the year.
- Under stable conditions, we will get back to the long-term financial targets by organic measures.

(1) Before financial items

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Outlook for 2024 narrowed

The German market situation and the temporary closure of the Borough Green plant in the UK during July are leading us to narrow our guidance. The likely sale in Warsaw will be made in cash and be treated as a special item, having no impact on full-year guidance expectations but will reduce net debt by approximately DKK 190 million.

Revenue growth measured in local currencies ("organic growth")	EBIT before special items is expected to be (DKKm)
Around 0%	**50 to 100**
(from -5% to +5%)	(from 50 to 150)

Key takeaways

1. The UK and Polish markets continues positive trends from Q1. Adversely, the German market outlook below expectations.
2. We have started to reinstall capacity and will reopen our mothballed plant in Pollington (UK) to be prepared for future market growth.
3. In Germany we are not seeing a recovery and new build activity is again significantly below last year. Consequently, we are not seeing the full potential of our business improvement results yet.
4. The likely sale of land in Warsaw will bring our financial gearing closer to our long-term financial target.

Questions and answers

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