



H+H International A/S

H1 2024 Financial Results

Copenhagen roadshow with Danske Bank

27 August 2024



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

8%

(-39%)

Gross margin⁽¹⁾

18%

(24%)

EBIT margin⁽¹⁾

-1%

(5%)

EBITDA margin⁽¹⁾

6%

(12%)

Free cash flow

22

(-161)

Financial gearing⁽¹⁾

6.5x

(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.

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:

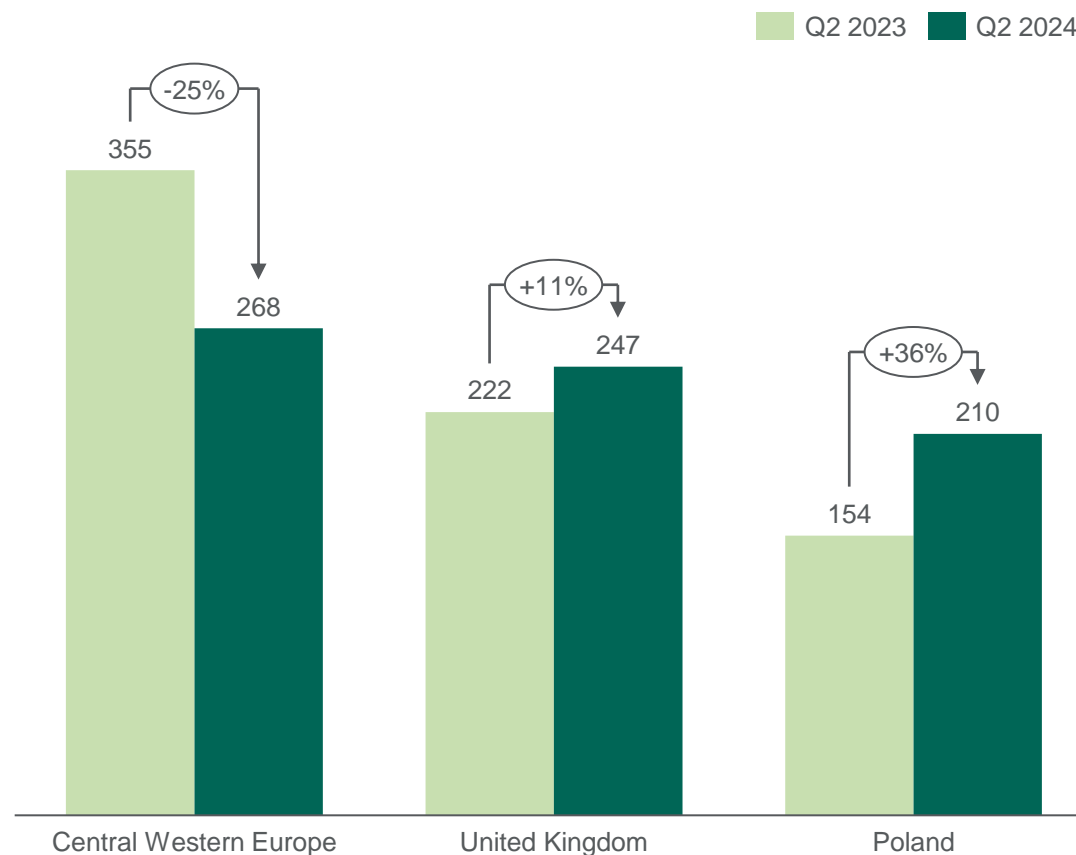
- Strong Polish market from 2% loan program and stable underlying mortgage approvals.
- The successor program "Kredyt na Start / Loan for Start" is set to launch at the beginning of 2025.
- Prices increased in the second quarter vs. first quarter this year.



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.



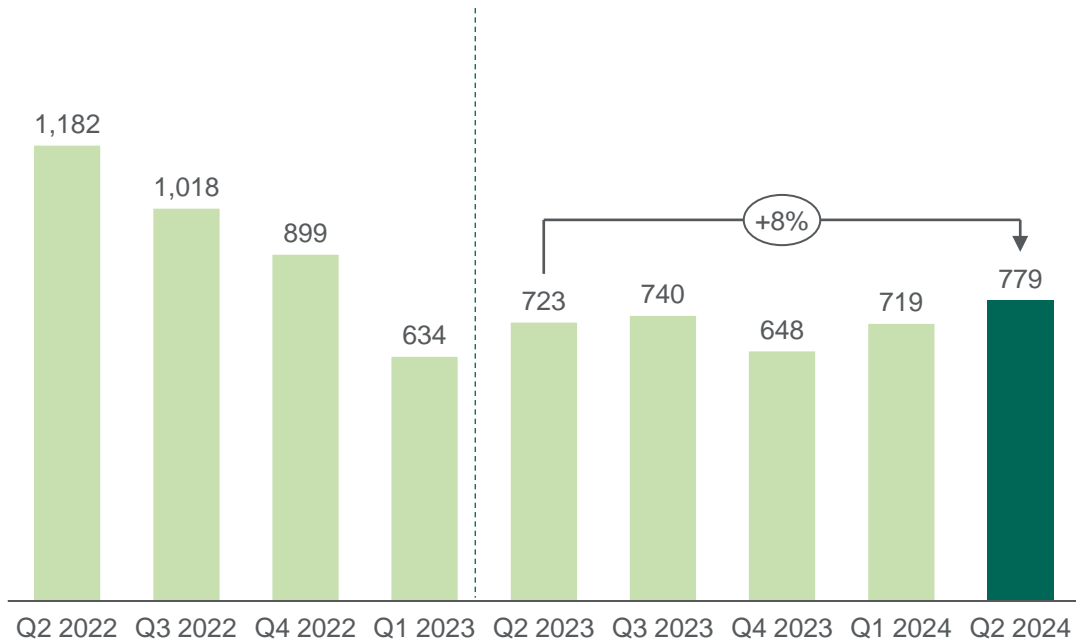
Business improvement program delivering

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



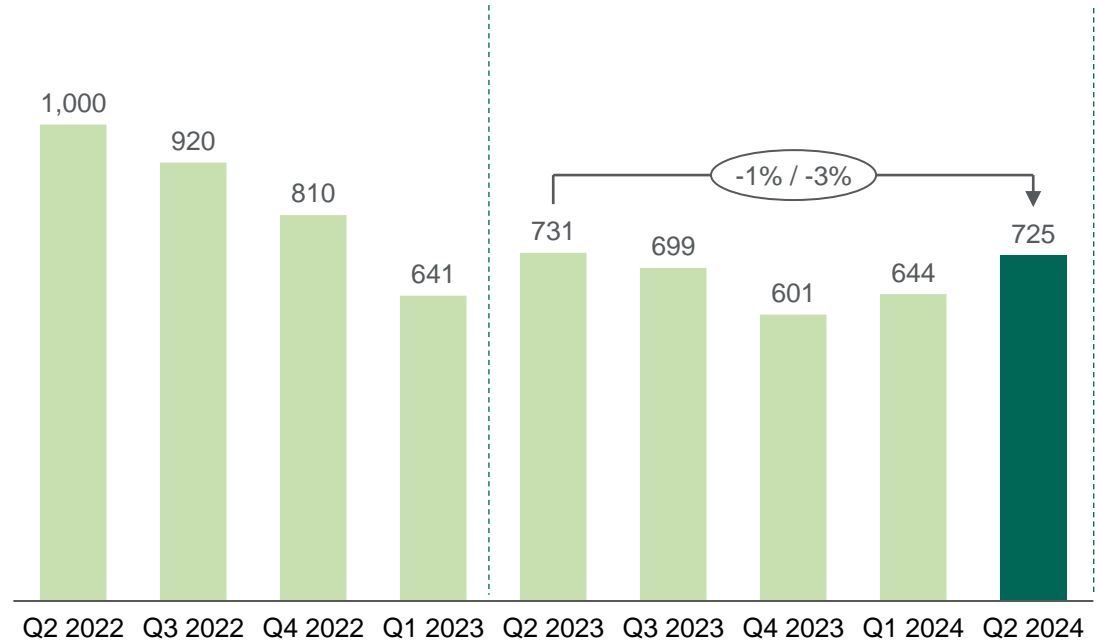
Volume growth with country mix affecting organic growth

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.

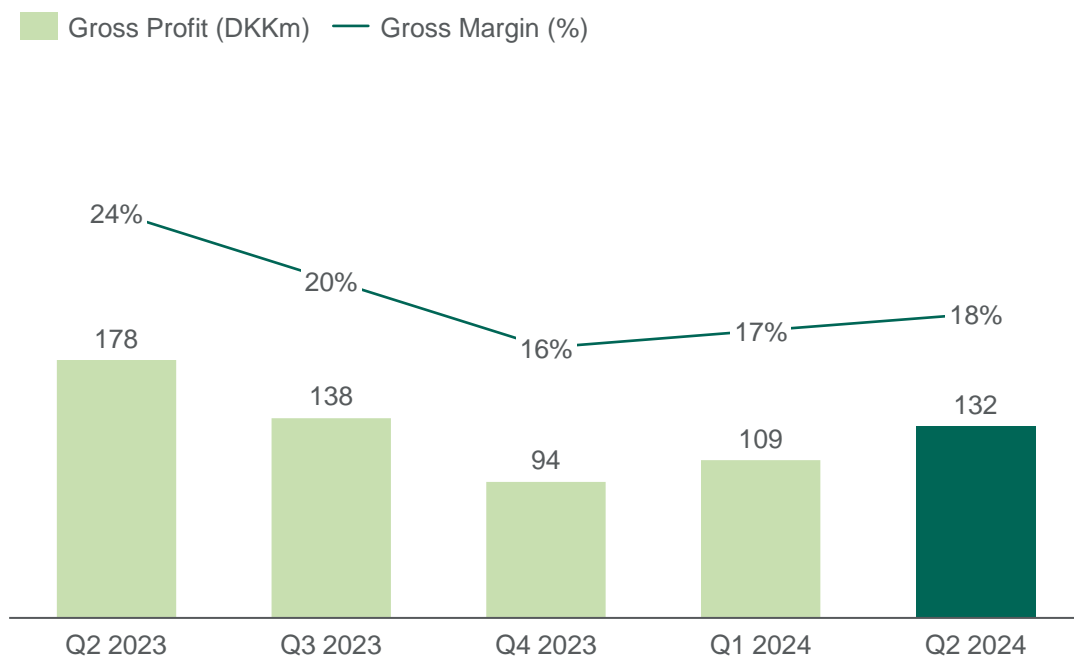
Revenue by quarter DKKm. Revenue growth / organic growth



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

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.

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

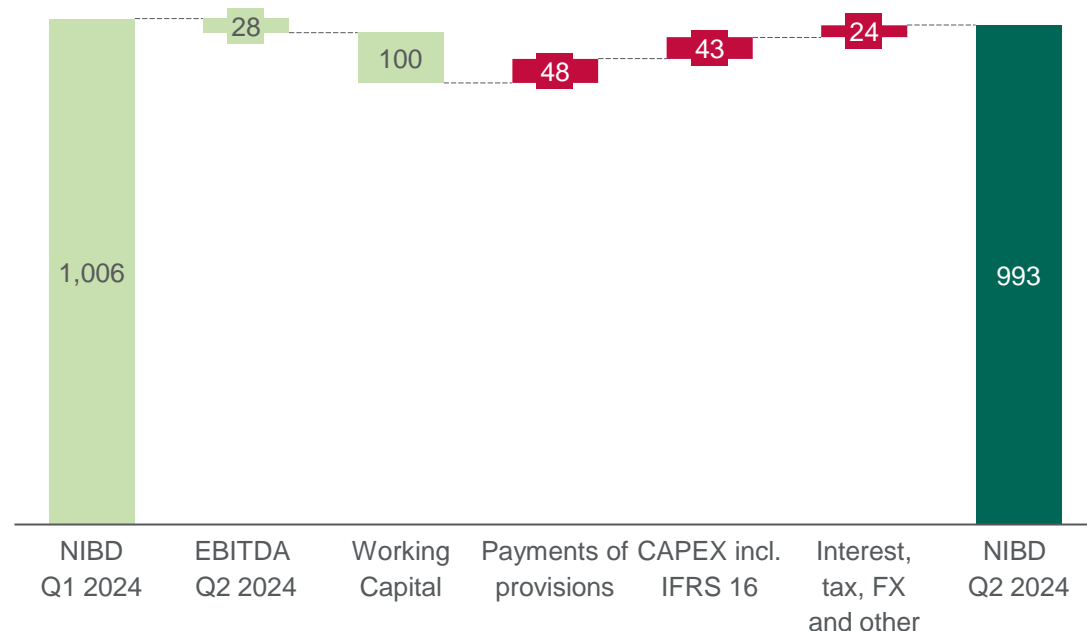
- H+H has agreed to a conditional sale of land and buildings from its closed factory in Warsaw for a price of PLN 110 million (approximately DKK 190 million).
- Completion is expected to take place no later than November 2024. Payment to H+H for land and related buildings will be made in cash and be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



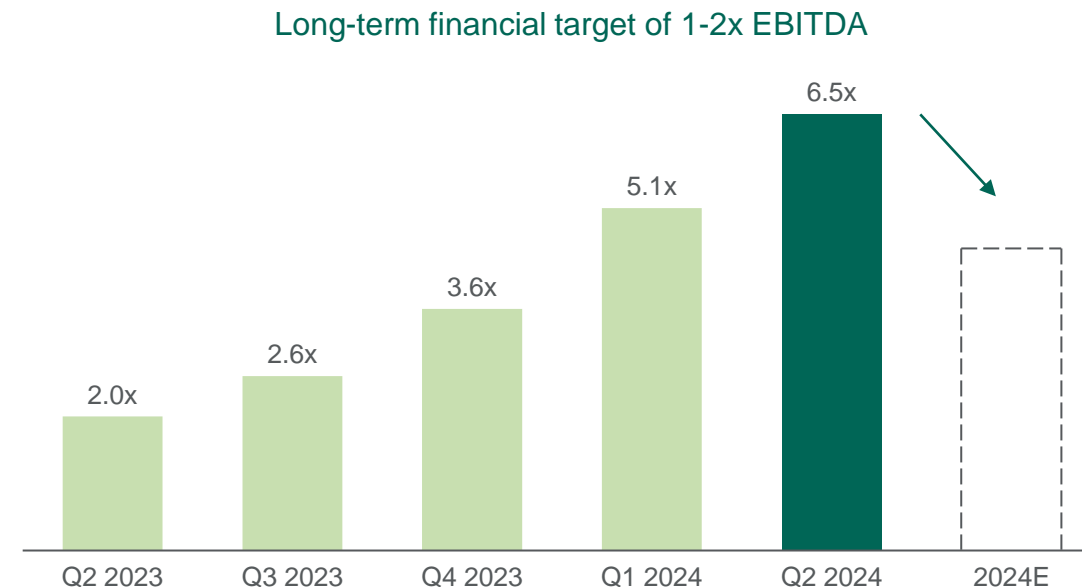
Decreasing NIBD in line with plan driven by de-stocking

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.

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”)

Around 0%

(from -5% to +5%)

EBIT before special items is expected to be (DKKm)

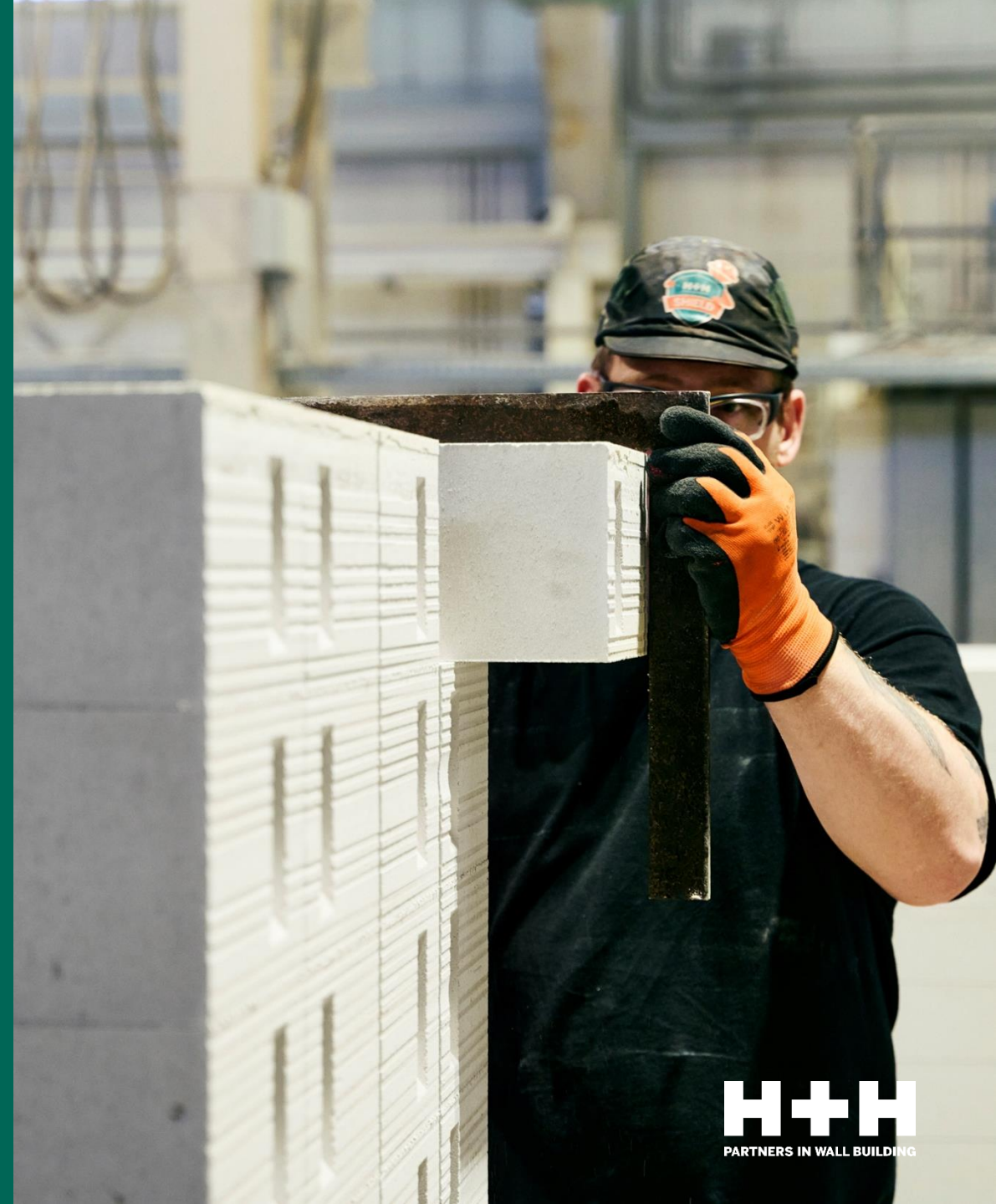
50 to 100

(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

12

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Appendix

Five-year summary

Income statement (DKK million)	2023	2022	2021	2020	2019
Revenue	2,672	3,604	3,020	2,654	2,840
Gross profit before special items	564	1,020	905	836	877
EBITDA before special items	244	657	591	521	539
EBITDA	58	615	567	521	531
EBIT before special items	57	455	408	332	366
EBIT	(230)	413	377	332	358
Profit before tax	(283)	398	356	307	205
Profit after tax for the period	(246)	317	321	251	150

Balance sheet (DKK million)	2023	2022	2021	2020	2019
Assets ¹	3,454	3,572	3,400	2,909	2,716
Invested capital	2,435	2,142	1,852	1,865	1,809
Investments in property, plant, and equipment ²	165	266	197	134	126
Aquisition and divestment of enterprises	-	-	238	72	(20)
Net working capital	359	242	65	55	48
Equity	1,678	1,938	1,814	1,509	1,371
Net interest-bearing debt (NIBD)	887	492	350	230	407

Cash flow (DKK million)	2023	2022	2021	2020	2019
Cash flow from operating activities	(209)	316	454	425	369
Cash flow from investing activities	(137)	(255)	(427)	(206)	(105)
Cash flow from financing activities ¹	131	(80)	(25)	6	(131)
Free cash flow	(346)	61	27	219	264

¹ 2019 - 2021 numbers have not been adjusted to the change in accounting policy for presenting cash pool. For more details see general accounting policies page 87.

² Investment in property, plant, and equipment excludes effects from IFRS 16.

³ Due to the acquisitions the method for calculating Return on invested capital (ROIC) has changed to better reflect a true and fair view.

ROIC for the period 2019-2021 has been calculated as Operating profit (EBIT) relative to average invested capital (excluding goodwill) on a twelve-month basis.

⁴ ESG figures for 2023 subject to limited assurance.

Note: Financial ratios and ESG measures have been calculated in accordance with recommendations from the Danish Society of Financial Analysts. See page 77 and 119.

Financial ratios and others	2023	2022	2021	2020	2019
Sales volume (thousand m ³)	2,745	4,187	4,326	4,022	4,494
Organic growth	(25%)	14%	13%	(6%)	6%
Gross margin before special items	21%	28%	30%	31%	31%
EBITDA margin before special items	9%	18%	20%	20%	19%
EBITDA margin	2%	17%	19%	20%	19%
EBIT margin before special items	2%	13%	14%	13%	13%
EBIT margin	(9%)	11%	12%	13%	13%
Return on invested capital (ROIC) (excl. goodwill) ³	(9%)	19%	20%	18%	20%
Solvency ratio	46%	52%	50%	50%	49%
Financial gearing before special items	3.6x	0.7x	0.6x	0.4x	0.8x

ESG data	2023	2022	2021	2020	2019
Social					
Average number of FTEs	1,500	1,738	1,572	1,619	1,685
FTE's, end of reporting period	1,261	1,739	1,663	1,571	1,636
Lost-time incident frequency (LTIF) ⁴	3.4	3.6	5.5	5.7	5.6
Sickness absence, short-term (days per FTE)	10	11	10	11	11
Environmental					
Total energy per m ³ (MJ)	575	567	554	551	565
Scope 1+2 intensity (kg/m ³)	36	40	45	46	46
Scope 1+2 emissions (tonnes) ⁴	108,800	176,250	191,806	178,363	199,209
Scope 3 intensity (kg/m ³)	146	157	157	157	162
Total GHG emissions per net revenue (tonnes/DKKm)	206	240	287	302	315