

Company announcement No. 401, 2021

**H+H International A/S Annual Report 2020: highest-ever profit after tax a testament to strong execution**



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Today, the Board of Directors of H+H International A/S (hereinafter referred to as “H+H” or “the Group”) has adopted the Annual Report for 2020.

**Selected financial highlights for 2020**

<i>DKKm</i>	<b>2020</b>	<b>2019</b>	<b>Q4 2020</b>	<b>Q4 2019</b>
Revenue	2,654	2,840	642	625
Gross profit before special items	836	877	196	191
EBITDA before special items	521	539	125	104
EBIT before special items	332	366	74	60
Profit after tax	251	150	66	(75)
Cash flow from operating activities	425	369	120	56
Cash flow from investing activities	(206)	(105)	(67)	33
Free cash flow	219	264	53	89
Organic growth	(6%)	6%	4%	(7%)
Gross margin before special items	31%	31%	31%	31%
EBITDA margin before special items	20%	19%	19%	17%
EBIT margin before special items	13%	13%	12%	10%

**CEO Michael T. Andersen quote**

“Delivering the second-best EBIT and the highest-ever profit after tax in the history of H+H in a year characterised by lockdowns following the global pandemic is a remarkable achievement. This is a testament to our continued strong strategy execution as well as all the dedication and hard work from the employees in H+H. Further, we have reached an important milestone on our sustainability journey with the release of our first stand-alone Sustainability Report for 2020, marking our target of achieving net-zero—and possibly net-negative—emissions from our products and operations by 2050.”

**Financial review (2019-figures in brackets)**

Total revenue, including the acquired and divested business decreased by 7% to DKK 2,654 million (DKK 2,840 million). Revenue in local currencies, excluding the acquired and divested businesses (organic growth) decreased by 6%.

The negative organic growth was primarily a result of the national lockdown in the UK as well as a general softening of the market in Poland, but partly offset by a strong Q1 2020 where weather conditions for wall building were very good.

AAC accounted for 68% (71%) of the total revenue, while CSU accounted for 32% (29%).

The gross margin before special items was 31% (31%), negatively impacted by lower volumes and higher input costs, but offset by lower transport costs, efficiency improvements, and price increases.

EBITDA before special items declined by 3% to DKK 521 million (DKK 539 million), corresponding to an EBITDA margin before special items of 20% (19%). The relatively higher EBITDA margin was primarily a result of higher prices and the effects from resilience plans across the Group, partly offset by lower volumes.

EBIT before special items was DKK 332 million (DKK 366 million), which corresponds to an EBIT margin before special items of 13% (13%).

Profit after tax amounted to DKK 251 million (DKK 150 million).

Capital expenditures totalled DKK 134 million (DKK 126 million). Initially, a higher capex level was expected for 2020, but the Group re-evaluated its capex plans as part of the resilience plans introduced in the wake of the COVID-19 pandemic. These plans included a postponement of the construction of the Polish CSU factory in Reda, near Gdansk, to 2021.

For directional guidance, the annual run-rate capex level over the coming years is expected to be around DKK 200 million.

Free cash flow amounted to DKK 219 million (DKK 264 million), driven by strong EBITDA and positive working-capital movements.

Return on invested capital (ROIC) was 18% (20%).

### **Financial outlook for 2021**

- Revenue growth before acquisitions and divestments measured in local currencies (organic growth) is expected to be in the range of 0-5%
- EBIT before special items is expected to be in the range of DKK 310-370 million

The expectations for H+H's financial performance in 2021 are based on the following specific assumptions:

- The COVID-19 pandemic is not expected to have any material impact on construction activity levels or supply chains
- Exchange rates, primarily GBP, EUR, and PLN remain at end-February levels
- Energy and raw material prices increase at greater levels than the current inflation

### **Share buy-back programme**

The Board of Directors of H+H has decided to initiate a share buy-back programme of up to DKK 100 million. More information about the share buy-back programme can be found in a separate Company Announcement.

**Full year 2020 conference call**

In connection with the release of the Annual Report for 2020, a conference call for investors and analysts is scheduled for today, 4 March 2021, at 10:00 a.m. CET. On the call, CEO Michael T. Andersen and CFO Peter Klovgaard-Jørgensen will present the annual report. The presentation will be followed by a Q&A session.

The conference call can be followed via live webcast [here](#).

The presentation slides for the conference call will be made available beforehand [here](#).

A replay of the conference call will be available afterwards on H+H's Investor Relations website [here](#).

**Other annual publications**

In addition to the Annual Report for 2020, H+H has today published its first stand-alone Sustainability Report for 2020. The Sustainability Report for 2020 is available [here](#).

In addition, the following documents have today been released and made available on the Group's website:

- Annual Remuneration Report
- Corporate Governance Statement

**Kent Arentoft**

Chairman of the Board of Directors

**Michael T. Andersen**

Chief Executive Officer

**Peter Klovgaard-Jørgensen**

Chief Financial Officer

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*H+H International A/S's core activity is the manufacture and sale of wall building materials, with a revenue in 2020 of DKK 2,654 million. The main product lines are aircrete blocks and calcium silicate units used for the residential new building segment. H+H has 29 factories in Northern and Central Europe with a total output of more than 4 million cubic metres of products annually and has a leading position in most of its markets. H+H has more than 1,500 employees and is listed on Nasdaq Copenhagen.*