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Interim Financial Report Q1-Q3 2021: best-ever nine-month results with strong organic growth and solid earnings margins



H+H International A/S
Lautrupsgade 7, 5.
2100 Copenhagen Ø
Denmark

Telephone +45 35 27 02 00
info@HplusH.com
www.HplusH.com

CVR No. 49 61 98 12
LEI: 3800GJODT6FV8QM841

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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 Interim Financial Report for the first three quarters of 2021 (“Q1-Q3 2021”).

CEO Michael T. Andersen quote

“I am pleased with the continued strong organic growth and the solid earnings margins reported for the third quarter, marking the best-ever nine-month results for H+H. I am also very pleased with the two acquisitions announced since the last earnings report. These will further strengthen our German footprint and add important capacity to our German production network, as we plan to perform certain upgrades in 2022. While activity across all markets remains high, we are faced with continued inflation on input prices and higher transport costs, which in combination are putting pressure on our earnings margins, but we will aim to offset this negative impact through sales-price increases.”

Performance highlights for Q3 2021

- Revenue increased by 14% to DKK 811 million (DKK 712 million in Q3 2020 and DKK 779 in Q3 2019). Revenue in local currencies (organic growth) increased by 13% (negative 7% in Q3 2020 and 5% in Q3 2019).
- Gross profit was DKK 250 million (DKK 241 million in Q3 2020 and DKK 263 in Q3 2019), corresponding to a gross margin of 31% (34% in Q3 2020 and 34% in Q3 2019).
- EBIT before special items¹ was DKK 125 million (DKK 116 million in Q3 2020 and DKK 137 million in Q3 2019), corresponding to an EBIT margin before special items of 15% (16% in Q3 2020 and 18% in Q3 2019).
- Net profit was DKK 88 million (DKK 83 million in Q3 2020 and DKK 97 million in Q3 2019).
- Cash flow from investing activities, including cash flow related to the acquisition of one aircrete factory in Germany, amounted to DKK 171 million (DKK 22 million in Q3 2020 and DKK 29 million in Q3 2019).
- Free cash flow was DKK 5 million (DKK 136 million in Q3 2020 and DKK 136 million in Q3 2019).
- Financial gearing was 0.3 times EBITDA at the end of the quarter compared to 0.5 times at the end of Q3 2020 and 0.9 times at the end of Q3 2019.
- The acquisition of one aircrete factory in Feuchtwangen in Bavaria, Germany, was completed on 15 September 2021.
- After the end of the quarter, H+H signed an agreement to acquire 52.5% of the shares in DOMAPOR GmbH & Co. KG, a German manufacturer of aircrete and calcium silicate blocks.

¹ No special items in 2020 or 2019

Financial highlights for the period 1 January 2021 to 30 September 2021

DKK million	Q3 2021	Q3 2020	Q3 2019	Q1-Q3 2021	Q1-Q3 2020	Q1-Q3 2019
Sales volume (thousand cubic metres)	1,176	1,055	1,232	3,328	3,035	3,544
Organic growth	13%	(7)%	5%	14%	(9)%	10%
Revenue	811	712	779	2,289	2,012	2,215
Gross margin before special items	31%	34%	34%	30%	32%	31%
EBITDA before special items	171	162	182	452	396	435
EBIT before special items	125	116	137	314	258	306
EBIT margin before special items	15%	16%	18%	14%	13%	14%
Special items	(4)	-	-	(4)	-	-
Return on Invested Capital (ROIC)	21%	18%	19%	21%	18%	19%
NIBD/EBITDA before special items ratio	0.3x	0.5x	0.9x	0.3x	0.5x	0.9x
Free cash flow	5	136	136	145	166	175

*no special items Q1 2021 or Q1 2020

Outlook for 2021

H+H narrows the previously communicated guidance intervals:

- Revenue growth before acquisitions and divestments measured in local currencies (organic growth) is expected to be around 11% (previously 8% to 11%).
- EBIT before special items is expected to be in the range of DKK 375 million to DKK 400 million (previously DKK 360 million to DKK 400 million).

The financial outlook for 2021 is 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-October 2021 levels.
- Energy and raw material prices remain at end-October 2021 levels.

Q1-Q3 2021 Interim Financial Report conference call

In connection with the release of the Q1-Q3 2021 Interim Financial Report, a conference call for investors and analysts is scheduled for Wednesday 10 November 2021, at 10:00 a.m. CET. On the call, CEO Michael T. Andersen and CFO Peter Klovgaard-Jørgensen will present the interim financial report. The presentation will be followed by a Q&A session. Investors and analysts are invited to participate via phone:

DK: +45 78150107

UK: +44 3333009274

US: +1 6319131422 PIN: 54243229#

- Other participants can follow the conference call 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](#).

Kent Arentoft

Chairman of the Board of Directors

Michael T. Andersen

Chief Executive Officer

For further information please contact:

Andreas Holkjær

Investor Relations and Treasury Manager

+45 24 48 03 67

aho@HplusH.com