



**Company Announcement No. 343, 2016**

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**Highlights for the period 1 January to 30 September 2016**

- Revenue for the third quarter increased by 4% in local currencies (organic growth) and decreased by 5% in Danish kroner to DKK 438.7 million. Revenue for the first three quarters increased by 8% in local currencies (organic growth) and by 1% in Danish kroner to DKK 1,264.1 million.
- EBITDA before special items for the third quarter was DKK 63.7 million (2015: DKK 62.7 million). EBITDA for the first three quarters was DKK 166.1 million before special items (2015: DKK 141.0 million).
- EBIT before special items for the third quarter was DKK 44.9 million (2015: DKK 37.6 million). The EBIT was DKK 104.8 million before special items for the first three quarters (2015: DKK 68.8 million). EBIT margin before special items for the third quarter was 10.2% (2015: 8.2%), and EBIT margin before special items for the first three quarters was 8.3% (2015: 5.5%).
- The third quarter brought a net profit of DKK 31.6 million (2015: DKK 4.3 million). Net profit for the first three quarters reached DKK 61.7 million (2015: 30.0 million).
- Investments of DKK 23.0 million were made in the third quarter (2015: DKK 14.2 million) and DKK 38.2 million in the first three quarters of the year (2015: DKK 39.9 million).
- Free cash flow for the third quarter was DKK 50.9 million (2015: DKK 84.4 million), and for the first three quarters DKK 75.5 million (2015: DKK 14.0 million).
- Net interest-bearing debt at 30 September 2016 was DKK 385.0 million (30 September 2015: DKK 476 million).
- H+H reiterates its outlook for 2016. Organic revenue growth is expected to be 5-6% (measured in local currencies), and EBITDA before special items is expected to be DKK 190-210 million. Investments excluding acquisitions and divestments are expected to be in the region of DKK 80 million.

*Quote:*

*"We continue to see progress across our markets, and despite the headwind from the decline in the GBP, our earnings have improved over last year", says Michael T Andersen, CEO. "The positive market development supports our pricing strategy, and in combination with cost containment, we have mitigated the external negative factors from adverse currency effect and increase in raw material costs in the UK."*

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*For further information, please contact:  
Michael T Andersen, CEO, or Bjarne Pedersen, Vice President, Business Development & IR, on telephone +45 35 27 02 00.*

## Key figures – H+H Group

	Q3	Q3	Q1-Q3	Q1-Q3	Full-year
Amounts in DKK million	2016	2015	2016	2015	2015
<b>Income statement</b>					
Revenue	438.7	460.0	1,264.1	1,245.9	1,621.0
Gross profit	115.6	111.8	320.7	294.3	410.2
EBITDA before special items	63.7	62.7	166.1	141.0	182.3
EBITDA	63.2	62.3	163.0	169.0	232.4
EBIT before special items	44.9	37.6	104.8	68.8	80.3
EBIT	44.5	37.2	101.7	96.8	130.4
Net financing costs	(4.6)	(9.5)	(15.3)	(28.6)	(36.9)
Profit before tax from continuing operations	39.8	27.7	86.3	68.2	93.5
Profit from continuing operations	32.3	10.2	63.7	38.0	58.4
Profit/loss from discontinued operations	(0.7)	(5.9)	(2.1)	(8.0)	(19.1)
Profit for the period	31.6	4.3	61.7	30.0	39.3
<b>Balance sheet</b>					
Non-current assets	883.8	940.5	883.8	940.5	908.0
Current assets	243.2	297.4	243.2	297.4	337.9
Share capital	107.9	107.9	107.9	107.9	107.9
Equity	232.4	208.7	232.4	208.7	255.0
Non-current liabilities	597.9	724.5	597.9	724.5	651.2
Current liabilities	296.8	304.7	296.8	304.7	339.7
Total equity and liabilities	1,127.0	1,237.9	1,127.0	1,237.9	1,245.9
Investments in property, plant and equipment	23.0	14.2	38.2	39.9	60.7
Acquisition	0.0	0.0	0.0	30.4	0.0
Net Interest-bearing debt (NIBD)	385.0	476.0	385.0	476.0	445.1
<b>Cash flow</b>					
Cash flow from operating activities	72.9	97.8	97.4	83.1	112.1
Cash flow from investing activities	(21.9)	(13.4)	(21.8)	(69.1)	(53.9)
Free cash flow	50.9	84.4	75.5	14.0	58.2
Cash flow from discontinued operations	(1.8)	(2.1)	(8.5)	(14.4)	(12.1)
<b>Financial ratios</b>					
Gross margin	26.3%	24.3%	25.4%	23.6%	25.3%
EBIT margin before special items	10.2%	8.2%	8.3%	5.5%	5.0%
EBIT margin	10.1%	8.1%	8.0%	7.8%	8.0%
Return on invested capital (ROIC)	17.9%	14.9%	17.9%	14.9%	16.7%
Return on equity	32.2%	9.7%	32.2%	9.7%	19.3%
Solvency ratio	20.6%	16.9%	20.6%	16.9%	20.5%
Net interest-bearing debt/EBITDA	1.7	2.4	1.7	2.4	1.9
<b>Share data</b>					
Share price, end of period (DKK)	73.5	56.0	73.5	56.0	86.5
Book value per share, end of period (DKK)	21.6	19.3	21.6	19.3	24.1
Earnings per share (adjusted)	2.9	0.4	5.7	2.9	3.7
Diluted earnings per share (adjusted)	2.9	0.4	5.7	2.9	3.7

## MANAGEMENT'S REVIEW

### Revenue

Third-quarter revenue increased by 4% in local currencies (organic growth) and decreased by 5% in Danish kroner to DKK 438.7 million. Revenue for the first three quarters increased by 8% in local currencies (organic growth) and by 1% in Danish kroner to DKK 1,264.1 million. The increase in sales compared to the same period last year was mainly driven by higher prices and, to a lesser extent, higher volume.

### Gross margin

The overall gross margin in the third quarter was 26.3%, against 24.3% in 2015. The increase was driven by a combination of higher prices and higher sales and production volumes leading to lower production cost per unit, offset in part by an increase in raw material costs.

### EBITDA

EBITDA in the third quarter was DKK 63.7 million before special items and DKK 63.2 million after special items (2015: DKK 62.7 million before special items and DKK 62.3 million after special items).

The increase in EBITDA was mainly due to improvements in the Eastern European segment.

### Operating profit (EBIT)

Operating profit for the third quarter was DKK 44.5 million in 2016, against DKK 37.2 million in 2015, an improvement of DKK 7.3 million.

Operating profit before special items for the third quarter was DKK 44.9 million in 2016, against DKK 37.6 million in 2015, an improvement of DKK 7.3 million.

### Profit before tax from continuing operations

Profit before tax for the third quarter was DKK 39.8 million, against DKK 27.7 million in 2015, an improvement of DKK 12.1 million.

Profit before tax from continuing operations				
	Q3		Q1-Q3	
Amounts in DKK million	2016	2015	2016	2015
Western Europe	40.8	41.1	118.2	88.0
Eastern Europe (*)	8.8	(5.0)	(9.1)	11.1
Eliminations and unallocated items	(9.8)	(8.4)	(22.8)	(30.9)
<b>Total</b>	<b>39.8</b>	<b>27.7</b>	<b>86.3</b>	<b>68.2</b>

(\*) The profit of DKK 11.1 million in the first three quarters of 2015 was positively impacted from the acquisition of Grupa Prefabet, where asset sale and

negative goodwill less restructuring costs contributed DKK 36 million in the Eastern Europe segment.

### Comprehensive income

Due to a large change in the corporate bond yield rate, an updated actuarial calculation has been made for the UK pension plan as at 30 September 2016 and as at 30 June 2016. As a result of this a value adjustment of the UK pension affects total comprehensive income for the third quarter by DKK (36.1) million and by DKK (119.0) million for the first three quarters.

Total comprehensive income for the third quarter of DKK 17.4 million comprises the profit for the period of DKK 31.6 million, foreign exchange adjustments of DKK 14.7 million and actuarial losses less deferred tax of DKK (28.9) million.

Total comprehensive income for the first three quarters of DKK (15.4) million comprises profit for the period of DKK 61.7 million, foreign exchange adjustments of DKK 18.1 million and actuarial losses less deferred tax of DKK (95.2) million.

Equity as of 30 September 2016 amounts to DKK 232.4. Equity as of 30 June 2016 amounts to DKK 215.5 million when adjusted for actuarial losses less deferred tax DKK (66.3) million.

Please refer to note 6 "Pension obligations" for further comments on the adjustment of the UK pension obligation.

### Taxation

Tax for the third quarter of 2016 was DKK 7.6 million, against DKK 17.5 million in 2015.

### Discontinued operations

Discontinued operations generated a result of DKK (0.7) million in the third quarter of 2016, against a result of DKK (5.9) million in the same period last year.

### Cash flow

Third-quarter free cash flow was DKK 50.9 million, against DKK 84.4 million in the same period of 2015.

Cash flow from operating activities in the first three quarters were DKK 75.5 million, primarily due to cash from operations.

The asset sales programme contributed DKK 1.8 million in the third quarter, totalling DKK 60.3 million since the programme was launched in 2015 and is on target to reach the announced minimum of DKK 70 million before the end of 2017.

## Investments

Investments of DKK 23.0 million were made during the third quarter. In the third quarter of 2015, investments totalled DKK 14.2 million.

Investments	Q3		Q1-Q3	
	2016	2015	2016	2015
Amounts in DKK million				
Western Europe	20.1	9.7	29.9	30.5
Eastern Europe	3.0	4.5	8.4	9.4
Unallocated items	0.0	0.0	0.0	0.0
Total	23.0	14.2	38.2	39.9

The investment programme is running to schedule.

## Financing

Net interest-bearing debt totalled DKK 385.0 million at 30 September 2016, a change of DKK (60.1) million since the beginning of the year, and DKK (91.0) million since 30 September 2015.

Net working capital to sales decreased from 4.2% at 30 September 2015 to 3.1% at 30 September 2016, mainly driven by static working capital and higher sales.

Third-quarter net financing costs totalled DKK (4.6) million in 2016, against DKK (9.5) million in 2015. Besides interest expenses and foreign exchange adjustments, the figure includes amortisation of borrowing costs, payments for an unused committed credit facility and expenses for the pension scheme in the UK.

## Equity

H+H's equity decreased by DKK (22.6) million in the first three quarters of 2016 of which profit for the period contributed DKK 61.7 million, foreign exchange adjustments of investments in subsidiaries DKK 18.1 million and value adjustment of UK pension DKK (95.2) million less deferred tax. UK pension is adjusted due to the recent reduction in the corporate bond yield rate, leading to a material higher valuation of liabilities. Other adjustments of DKK (7.1) million consist of the acquisition of treasury shares and cash payments made in connection with the 2013 matching share programme.

Equity	Q1-Q3	
	2016	2015
Amounts in DKK million		
1 January	255.0	151.7
Profit for the period	61.7	30.0
Actuarial gains/losses on pension plans	(95.2)	0.0
Foreign exchange adjustments	18.1	(16.1)
Capital increase - net	0.0	42.0
Other adjustments	(7.1)	0.7
30 Sep.	232.4	208.3

## Eliminations and unallocated items

Unallocated net expenses amounted to DKK (9.8) million in the third quarter of 2016, compared to DKK (8.4) in the same period last year.

## SEGMENTS

Revenue	Q3		Q1-Q3	
	2016	2015	2016	2015
Amounts in DKK million				
Western Europe	325.4	357.0	979.8	966.3
Eastern Europe	113.2	103.0	284.3	279.6
Total	438.7	460.0	1,264.1	1,245.9

## Western Europe

Third-quarter revenue in Western Europe increased by 0.7% in local currencies (organic growth) and decreased by (8.8)% in Danish kroner to DKK 325.4 million. Revenue in Western Europe for the first three quarters increased by 8.3% in local currencies (organic growth) and by 1.4% in Danish kroner to DKK 979.8 million.

H+H achieved higher sales prices in local currencies during the period, which, however, was offset by lower volumes. Production costs were favourable despite continuing increase in PFA costs. Further, adverse exchange rates negatively impacted EBITDA. The market in the UK is in a situation where demand outstrips supply. The referendum in the UK to leave the EU leads to uncertainty for the UK housing market, but we have not seen any negative market impact and the fundamental drivers remain strong.

Third-quarter EBITDA was DKK 53.5 million, against DKK 57.9 million in 2015, a decrease of DKK (4.4). EBITDA measured in local currency was slightly higher than last year.

Third-quarter profit before tax was DKK 40.8 million, against DKK 41.1 million in 2015, a decrease of DKK (0.3) million.

## Eastern Europe

Third-quarter revenue in Eastern Europe increased by 15.8% in local currencies (organic growth) and by 9.9% in Danish kroner to DKK 113.2 million. Revenue in Eastern Europe for the first three quarters increased by 8.9% in local currencies (organic growth) and by 1.7% in Danish kroner to DKK 284.3 million.

Both sales volumes and prices are up on last year, and we continue to harvest synergies from last year's restructuring in Poland. We remain cautious about Russia's outlook, although the performance in the quarter exceeded our expectations.

Third-quarter EBITDA was DKK 19.3 million, against DKK 11.8 million in 2015, an increase of DKK 7.5 million due to a strong performance from both Poland and Russia.

The third quarter brought a profit before tax of DKK 8.8 million, against a DKK (5.0) million loss in 2015, an increase of DKK 13.8 million.

## OUTLOOK FOR 2016

H+H reiterates its outlook:

- Organic revenue growth is expected to be 5-6% (measured in local currencies).
- EBITDA before special items is expected to be DKK 190-210 million.
- Investments excluding acquisitions and divestments are expected to be in the region of DKK 80 million.

These expectations for H+H's financial performance in 2016 are based partly on the following specific assumptions:

- Economic growth of around a negative 2% to a positive 3.5% in our geographical footprint.
- The commercial and operational excellence programmes continue to deliver improvements.
- Exchange rates, primarily for GBP, EUR, PLN and RUB hold at their mid-November 2016 levels.
- Energy and raw material prices rise higher than inflation from their mid-November 2016 levels.
- The geopolitical situation does not result in changed market conditions.

## ABOUT THE OUTLOOK FOR 2016

The expectations for H+H's financial performance are also based on a number of general assumptions.

Management believes that the most significant assumptions underlying H+H's expectations relate to:

- Sales volumes and product mix
- Price competition in many of H+H's geographical markets
- Developments in the market for building materials
- Distribution factors
- Weather conditions
- Geopolitical developments

H+H International A/S will update and adjust the expectations presented where so required by Danish legislation, including e.g. the Market Abuse Regulation and Rules for Issuers on Nasdaq Copenhagen.

## FINANCIAL CALENDAR FOR 2017

2016 Annual Report ..... 17 Mar. 2017

Annual general meeting including adoption of the annual report for 2016\* ..... 26 Apr. 2017

Interim financial report Q1 2017 ..... 18 May 2017

Interim financial report H1 2017 ..... 17 Aug. 2017

Interim financial report Q1-Q3 2017 ..... 15 Nov. 2017

\* Items for the agenda must be submitted at least six weeks before the meeting (i.e. before 15 March 2017).

## DISCLAIMER

This interim financial report contains forward-looking statements.

Such statements are subject to risks and uncertainties, as various factors, many of which are beyond the control of H+H International A/S, may cause actual developments and results to differ materially from the expectations expressed in this report.

## STATEMENT BY THE EXECUTIVE BOARD AND THE BOARD OF DIRECTORS

The Executive Board and the Board of Directors have today discussed and approved the interim financial report for H+H International A/S for the first nine months of 2016.

The interim financial report, which has not been audited or reviewed by the company's auditors, has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and Danish disclosure requirements for the interim financial reports of listed companies.

It is our opinion that the interim financial report gives a true and fair view of H+H's assets, liabilities and financial position at 30 September 2016 and of the results of H+H's operations and its cash flows for the period 1 January to 30 September 2016.

Furthermore, it is our opinion that management's review provides a fair account of developments in H+H's operations and financial conditions, the results for the period and H+H's overall financial position, as well as a description of the most significant risks and uncertainties that H+H faces.

Copenhagen, 18 November 2016

## EXECUTIVE BOARD

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**Michael T Andersen**  
CEO

**Ian L Perkins**  
CFO

## BOARD OF DIRECTORS

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**Kent Arentoft**  
Chairman

**Stewart A Baseley**

**Pierre-Yves Jullien**

**Henriette Schütze**

**Søren Østergaard Sørensen**

## CONDENSED INCOME STATEMENT

	Group				
	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full-year 2015
Amounts in DKK million					
Revenue	438.7	460.0	1,264.1	1,245.9	1,621.0
Production costs	(323.1)	(348.2)	(943.3)	(951.6)	(1,210.8)
<b>Gross profit</b>	<b>115.6</b>	<b>111.8</b>	<b>320.7</b>	<b>294.3</b>	<b>410.2</b>
Other external expenses	(50.9)	(49.1)	(156.6)	(154.0)	(231.9)
Other operating income and expenses	(1.4)	(0.4)	(1.1)	28.7	54.1
<b>Profit/loss before depreciation, amortisation and financial items (EBITDA)</b>	<b>63.2</b>	<b>62.3</b>	<b>163.0</b>	<b>169.0</b>	<b>232.4</b>
Depreciation	(18.8)	(22.9)	(61.4)	(70.0)	(93.3)
Impairment losses	0.0	(2.2)	0.0	(2.2)	(8.7)
<b>Operating profit/loss (EBIT)</b>	<b>44.5</b>	<b>37.2</b>	<b>101.7</b>	<b>96.8</b>	<b>130.4</b>
Net financials	(4.6)	(9.5)	(15.3)	(28.6)	(36.9)
<b>Profit before tax from continuing operations</b>	<b>39.8</b>	<b>27.7</b>	<b>86.3</b>	<b>68.2</b>	<b>93.5</b>
Tax on profit from continuing operations	(7.6)	(17.5)	(22.6)	(30.2)	(35.1)
<b>Profit from continuing operations</b>	<b>32.3</b>	<b>10.2</b>	<b>63.7</b>	<b>38.0</b>	<b>58.4</b>
Profit from discontinued operations	(0.7)	(5.9)	(2.1)	(8.0)	(19.1)
<b>Profit for the period</b>	<b>31.6</b>	<b>4.3</b>	<b>61.7</b>	<b>30.0</b>	<b>39.3</b>
Earnings per share (EPS-Basic)	2.9	0.4	5.7	2.9	3.7
Diluted earnings per share (EPS-D)	2.9	0.4	5.7	2.9	3.7

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Group				
	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full-year 2015
Amounts in DKK million					
Profit for the period	31.6	4.3	61.7	30.0	39.3
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Foreign exchange adjustments, foreign companies	14.7	(17.5)	18.1	(16.1)	(45.9)
Tax on foreign exchange adjustments, foreign companies	0.0	0.0	0.0	0.0	8.1
	<b>14.7</b>	<b>(17.5)</b>	<b>18.1</b>	<b>(16.1)</b>	<b>(37.8)</b>
<b>Items that will not be reclassified subsequently to profit or loss:</b>					
Actuarial losses and gains	(36.1)	0.0	(119.0)	0.0	73.4
Tax on actuarial losses and gains	7.2	0.0	23.8	0.0	(13.2)
	<b>(28.9)</b>	<b>0.0</b>	<b>(95.2)</b>	<b>0.0</b>	<b>60.2</b>
<b>Other comprehensive income after tax</b>	<b>(14.2)</b>	<b>(17.5)</b>	<b>(77.1)</b>	<b>(16.1)</b>	<b>22.4</b>
<b>Total comprehensive income</b>	<b>17.4</b>	<b>(13.2)</b>	<b>(15.4)</b>	<b>13.9</b>	<b>61.7</b>

## CONDENSED BALANCE SHEET

Amounts in DKK million	Group			
	30 Sep. 2016	31 Dec. 2015	30 Sep. 2015	31 Dec. 2014
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	53.3	54.6	56.0	55.4
Property, plant and equipment	799.9	842.0	846.5	769.1
Other non-current assets	30.5	11.4	38.0	40.2
<b>Total non-current assets</b>	<b>883.8</b>	<b>908.0</b>	<b>940.5</b>	<b>864.7</b>
<b>Current assets</b>				
Inventories	139.9	172.9	161.8	180.6
Receivables	86.2	89.1	66.8	61.5
Cash and cash equivalents	6.2	51.5	5.2	72.2
	<b>232.2</b>	<b>313.5</b>	<b>233.8</b>	<b>314.3</b>
Assets held for sale	11.0	24.4	63.6	37.7
<b>Total current assets</b>	<b>243.2</b>	<b>337.9</b>	<b>297.4</b>	<b>352.0</b>
<b>TOTAL ASSETS</b>	<b>1,127.0</b>	<b>1,245.9</b>	<b>1,237.9</b>	<b>1,216.7</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	107.9	107.9	107.9	98.1
Retained earnings/losses	445.7	391.2	323.2	259.9
Other reserves	(321.2)	(244.1)	(222.4)	(206.3)
<b>Total equity</b>	<b>232.4</b>	<b>255.0</b>	<b>208.7</b>	<b>151.7</b>
<b>Liabilities</b>				
<b>Total non-current liabilities</b>	<b>597.9</b>	<b>651.2</b>	<b>724.5</b>	<b>789.8</b>
<b>Current liabilities</b>				
Trade payables	136.1	187.2	139.7	165.0
Other current liabilities	160.6	152.5	159.6	86.3
Liabilities relating to assets held for sale	0.0	0.0	5.4	23.9
<b>Total current liabilities</b>	<b>296.8</b>	<b>339.7</b>	<b>304.7</b>	<b>275.2</b>
<b>Total liabilities</b>	<b>894.6</b>	<b>990.9</b>	<b>1,029.2</b>	<b>1,065.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,127.0</b>	<b>1,245.9</b>	<b>1,237.9</b>	<b>1,216.7</b>
Net interest-bearing debt	385.0	445.1	476.0	517.3

## CONDENSED CASH FLOW STATEMENT

	Q3	Q3	Q1-Q3	Q1-Q3
Amounts in DKK million	2016	2015	2016	2015
Profit before tax from continued operations	39.8	27.7	86.3	68.2
Depreciation, amortisation and impairment losses	18.8	20.7	61.4	67.8
Negative goodwill - non-cash effect	0.0	4.4	0.0	(50.6)
Change in working capital	19.4	54.1	3.6	(7.6)
Change in provisions	0.1	(4.1)	(38.0)	19.7
Income tax paid	(5.2)	(5.0)	(15.9)	(14.4)
<b>Operating activities</b>	<b>72.9</b>	<b>97.8</b>	<b>97.4</b>	<b>83.1</b>
Sale of property, plant and equipment	1.4	0.6	18.0	1.0
Acquisition of subsidiaries	0.0	0.5	0.0	(31.4)
Acquisition of property, plant and equipment and intangible assets	(23.3)	(14.5)	(39.8)	(38.7)
<b>Investing activities</b>	<b>(21.9)</b>	<b>(13.4)</b>	<b>(21.8)</b>	<b>(69.1)</b>
Reduction of long-term debt	(51.8)	(87.0)	(106.7)	(63.4)
Other financial activities	0.0	0.0	(5.6)	(3.1)
<b>Financing activities</b>	<b>(51.8)</b>	<b>(87.0)</b>	<b>(112.3)</b>	<b>(66.5)</b>
Cash flow from discontinued operations	(1.8)	(2.1)	(8.5)	(14.4)
<b>Total cash flow</b>	<b>(2.7)</b>	<b>(4.7)</b>	<b>(45.3)</b>	<b>(66.9)</b>
Cash and cash equivalents, opening	8.9	10.0	51.5	72.2
Foreign exchange adjustments of cash and cash equivalents	0.0	0.0	0.0	0.0
<b>Cash and cash equivalents at 30 Sep.</b>	<b>6.2</b>	<b>5.3</b>	<b>6.2</b>	<b>5.3</b>

## STATEMENT OF CHANGES IN EQUITY

Amounts in DKK million	Share capital	Translation reserve	Hedging reserve	Retained earnings	Proposed dividend	Total
<b>Equity at 1 January 2016</b>	<b>107.9</b>	<b>(244.1)</b>	<b>0.0</b>	<b>391.2</b>	<b>0.0</b>	<b>255.0</b>
<b>Total changes in equity in 2016</b>						
Profit for the period	0.0	0.0	0.0	61.7	0.0	61.7
Other comprehensive income	0.0	18.1	0.0	(95.2)	0.0	(77.1)
<b>Total comprehensive income</b>	<b>0.0</b>	<b>18.1</b>	<b>0.0</b>	<b>(33.5)</b>	<b>0.0</b>	<b>(15.4)</b>
Share-based payment	0.0	0.0	0.0	(1.6)	0.0	(1.6)
Investments in treasury shares	0.0	0.0	0.0	(5.5)	0.0	(5.5)
<b>Total changes in equity in 2016</b>	<b>0.0</b>	<b>18.1</b>	<b>0.0</b>	<b>(40.7)</b>	<b>0.0</b>	<b>(22.6)</b>
<b>Equity at 30 Sep. 2016</b>	<b>107.9</b>	<b>(226.0)</b>	<b>0.0</b>	<b>350.5</b>	<b>0.0</b>	<b>232.4</b>
<b>Equity at 1 January 2015</b>	<b>98.1</b>	<b>(206.3)</b>	<b>0.0</b>	<b>259.9</b>	<b>0.0</b>	<b>151.7</b>
<b>Total changes in equity 2015</b>						
Profit for the period	0.0	0.0	0.0	30.0	0.0	30.0
Other comprehensive income	0.0	(16.1)	0.0	0.0	0.0	(16.1)
<b>Total comprehensive income</b>	<b>0.0</b>	<b>(16.1)</b>	<b>0.0</b>	<b>30.0</b>	<b>0.0</b>	<b>13.9</b>
Issue of ordinary shares (980,019 shares)	9.8	0.0	0.0	35.3	0.0	45.1
Expenses in connection with share issue	0.0	0.0	0.0	(3.1)	0.0	(3.1)
Share-based payment	0.0	0.0	0.0	1.1	0.0	1.1
<b>Total changes in equity in 2015</b>	<b>9.8</b>	<b>(16.1)</b>	<b>0.0</b>	<b>63.3</b>	<b>0.0</b>	<b>57.0</b>
<b>Equity at 30 Sep. 2015</b>	<b>107.9</b>	<b>(222.4)</b>	<b>0.0</b>	<b>323.2</b>	<b>0.0</b>	<b>208.7</b>

## NOTES

### 1. Accounting policies

The interim financial report for the period 1 January to 30 September 2016 has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for the interim financial reports of listed companies. The application of IAS 34 means that the disclosures are more limited than in a complete annual report, but that the recognition and measurement principles in International Financial Reporting Standards (IFRS) have been complied with. This interim financial report has not been audited or reviewed by the company's auditors.

The accounting policies are consistent with those applied in the 2015 annual report, which includes a full description of the accounting policies applied.

### 2. New IFRSs which have been issued but not yet become effective

IASB has issued a number of new or amended standards and interpretations (IFRSs), some of which have been endorsed by the EU but not yet come into effect. H+H International A/S has assessed the impact of these IFRSs that are not yet effective. None of the new standards or interpretations are expected to have a material impact on H+H International A/S, except for IFRS 16 "Leases", which was issued in January 2016.

The view on the expected impact on H+H International A/S is unchanged compared to what has been stated in the 2015 annual report.

### 3. Segment information

Amounts in DKK million	Q1-Q3 2016						
	Western Europe			Eastern Europe			Reportable segments, total
	Production companies	Sales companies	Western Europe, total	Production companies	Sales companies	Eastern Europe, total	
Revenue, external	807.7	172.1	979.8	284.0	0.3	284.3	1,264.1
Revenue, internal	71.2	0.0	71.2	13.7	0.0	13.7	85.0
EBITDA	144.8	14.2	159.1	27.8	(0.8)	27.0	186.1
Depreciation and amortisation	(34.6)	(0.6)	(35.2)	(24.6)	(0.3)	(24.9)	(60.1)
EBIT before impairment	110.2	13.7	123.8	3.2	(1.1)	2.1	125.9
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit (loss) (EBIT)	110.2	13.7	123.8	3.2	(1.1)	2.1	125.9
Net financials	5.0	(10.6)	(5.6)	(9.6)	(1.5)	(11.2)	(16.8)
Profit (loss) before tax	115.2	3.0	118.2	(6.5)	(2.6)	(9.1)	109.1
Non-current assets	414.8	2.7	417.5	445.7	0.4	446.1	863.7
Investments in non-current assets	29.3	0.6	29.9	8.4	0.0	8.4	38.2
Investments in subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assets	609.7	57.3	667.0	520.8	0.5	521.2	1,188.2
Equity	473.2	24.2	497.3	173.2	(54.1)	119.1	616.4
Liabilities	609.7	57.3	667.0	520.8	0.5	521.2	1,188.2

Amounts in DKK million	Q1-Q3 2015						
	Western Europe			Eastern Europe			Reportable segments, total
	Production companies	Sales companies	Western Europe, total	Production companies	Sales companies	Eastern Europe, total	
Revenue, external	809.0	157.3	966.3	278.7	0.9	279.6	1,245.9
Revenue, internal	68.1	0.0	68.1	47.4	0.0	47.4	115.5
EBITDA	134.5	7.1	141.6	55.1	(0.3)	54.8	196.4
Depreciation and amortisation	(39.5)	(0.7)	(40.2)	(28.6)	0.0	(28.6)	(68.8)
EBIT before impairment	95.0	6.4	101.4	26.5	(0.3)	26.2	127.6
Impairment losses	0.0	0.0	0.0	(2.2)	0.0	(2.2)	(2.2)
Operating profit (loss) (EBIT)	95.0	6.4	101.4	24.3	(0.3)	24.0	125.4
Net financials	(12.8)	(0.6)	(13.4)	(11.8)	(1.1)	(12.9)	(26.3)
Profit (loss) before tax	82.2	5.8	88.0	12.5	(1.4)	11.1	99.1
Non-current assets	478.1	3.7	481.8	428.8	8.1	436.9	918.7
Investments in non-current assets	29.8	0.7	30.5	9.4	0.0	9.4	39.9
Investments in subsidiaries	0.0	0.0	0.0	30.4	0.0	30.4	30.4
Assets	595.3	353.8	949.1	679.4	8.2	687.6	1,636.7
Equity	507.6	(35.7)	471.9	277.3	(49.8)	227.5	699.4
Liabilities	87.7	389.5	477.2	402.1	58.0	460.1	937.3

#### Reconciliation of reportable segments' earnings before tax

Amounts in DKK million	Q1-Q3	Q1-Q3
	2016	2015
Segment profit (loss) before tax for reportable segments	109.1	99.1
Unallocated group costs, corporate functions	(22.8)	(30.9)
Impairment losses, non-reportable segment	0.0	0.0
<b>Total</b>	<b>86.3</b>	<b>68.2</b>

Amounts in DKK million		Q3 2016					
	Western Europe			Eastern Europe			
	Production companies	Sales companies	Western Europe, total	Production companies	Sales companies	Eastern Europe, total	Reportable segments, total
Revenue, external	263.5	61.9	325.4	113.2	0.0	113.2	438.7
Revenue, internal	26.1	0.0	26.1	7.7	0.0	7.7	33.8
EBITDA	47.2	6.3	53.5	19.4	(0.1)	19.3	72.8
Depreciation	(11.0)	(0.2)	(11.2)	(7.2)	0.0	(7.2)	(18.4)
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit (EBIT)	36.2	6.1	42.3	12.3	(0.1)	12.1	54.5
Net financials	1.8	(3.4)	(1.6)	(2.9)	(0.5)	(3.3)	(4.9)
Profit before tax	38.1	2.7	40.8	9.4	(0.6)	8.8	49.6
Non-current assets	437.4	4.2	441.6	433.2	7.8	441.0	882.7
Investments in non-current assets	19.8	0.3	20.1	3.0	0.0	3.0	23.0
Investments in subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assets	519.3	86.7	606.1	528.1	0.9	529.0	1,135.0
Equity	559.6	(6.2)	553.4	158.2	(52.6)	105.6	659.0
Liabilities	519.3	86.7	606.1	528.1	0.9	529.0	1,135.0

Amounts in DKK million		Q3 2015					
	Western Europe			Eastern Europe			
	Production companies	Sales companies	Western Europe, total	Production companies	Sales companies	Eastern Europe, total	Reportable segments, total
Revenue, external	304.8	52.2	357.0	102.4	0.6	103.0	460.0
Revenue, internal	24.4	0.0	24.4	20.7	0.0	20.7	45.1
EBITDA	54.8	3.1	57.9	11.9	(0.1)	11.8	69.7
Depreciation	(12.3)	(0.2)	(12.5)	(10.0)	0.0	(10.0)	(22.5)
Impairment losses	0.0	0.0	0.0	(2.2)	0.0	(2.2)	(2.2)
Operating profit (EBIT)	42.5	2.9	45.4	(0.3)	(0.1)	(0.4)	45.0
Net financials	(4.0)	(0.3)	(4.3)	(4.1)	(0.5)	(4.6)	(8.9)
Profit before tax	38.5	2.6	41.1	(4.4)	(0.6)	(5.0)	36.1
Non-current assets	478.1	3.7	481.8	428.8	8.1	436.9	918.7
Investments in non-current assets	9.6	0.1	9.7	4.5	0.0	4.5	14.2
Investments in subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assets	595.3	353.8	949.1	679.4	8.2	687.6	1,636.7
Equity	507.6	(35.7)	471.9	277.3	(49.8)	227.5	699.4
Liabilities	87.7	389.5	477.2	402.1	58.0	460.1	937.3

### Reconciliation of reportable segments' earnings before tax

	Q3 2016	Q3 2015
Amounts in DKK million		
Segment profit before tax for reportable segments	49.6	36.1
Unallocated group costs, corporate functions	(9.8)	(8.4)
Impairment losses, non-reportable segment	0.0	0.0
<b>Total</b>	<b>39.8</b>	<b>27.7</b>

#### 4. Significant accounting estimates and judgements

The preparation of the consolidated financial statements requires management to make a number of estimates and judgements concerning future events that have a material effect on the carrying amounts of assets and liabilities.

In the case of the H+H Group, significant changes in the estimates and assumptions on which values are based may have a material effect on the measurement of assets and liabilities, including impairment testing of goodwill and non-current assets and net defined-benefit obligations. With reference to note 6, significant accounting estimates and judgements have been made in connection to adjusting the net defined-benefit pension obligation in the UK.

The estimates and judgements made are based on assumptions that are believed by management to be sound, but that, by their nature, are uncertain and unpredictable. The assumptions may be incomplete, and unforeseen future events or circumstances may occur.

Further details of H+H's principal risks and the external factors that may affect H+H are provided in the 2015 annual report.

#### 5. Seasonal and cyclical fluctuations

##### Seasonal fluctuations

The sales pattern for H+H's products is seasonal. Sales in the second and third quarters are traditionally significantly higher than during the rest of the year. As a large part of H+H's cost base is not directly variable with revenue, deviations from projected sales may result in considerable fluctuations in H+H's earnings.

Furthermore, because H+H's sales are predominantly based on short-term orders, the Group is unable, or only to a very limited extent able, to align its cost base to actual customer demand. Historically, revenue and earnings generated by H+H's operations have fluctuated significantly during the financial year, and management expects this to remain the case.

##### Cyclical fluctuations

Activity levels in the countries and markets in which H+H's products are sold have a major impact on demand for these products. H+H's sales go predominantly to new dense low-rise housing, making H+H particularly vulnerable to fluctuations in the level of activity in this building segment. H+H's products are mainly sold in geographical markets that are situated relatively close to its factories – the specific geographical market for each factory depends on local transport prices, the state of the infrastructure and the competitive situation, including price levels.

#### 6. Pension obligations

H+H has defined-benefit pension plans in the UK and Germany. The UK pension plans are managed by a pension fund to which payments are made, whereas the German pension plans are unfunded. H+H's pension obligations relate predominantly to the plans in the UK.

For interim periods the H+H's defined-benefit pension obligations are based on valuations from external actuaries carried out at the end of prior financial year taking into account any subsequent movements in the obligation due to pension costs, contributions etc. up until the reporting date. For interim periods actuarial calculations are updated to the extent of significant changes in applied assumptions.

Due to recent change in the corporate bond yield rate leading to a material higher valuation of liabilities, an updated actuarial calculation has been made for the UK pension plan as at 30 September 2016 and as at 30 June 2016. The update shows an increase as at 30 September 2016 of the underfunding of DKK 119.0 million net (the present value of the obligations exceeds the fair value of the plan assets) which less deferred tax amounts to DKK 95.2 million. The updated calculation as at 30 June 2016 shows an underfunding of DKK 82.9 million which less deferred tax amounts to DKK 66.3 million. The total pension obligation as at 30 September 2016 amounts to DKK

198.0 million. This has been recognised in the balance sheet. The total pension obligation as at 30 June 2016 amounted to DKK 174.3 million.

As at 31 March 2016, the overall analysis did not lead to the conclusion that updated actuarial calculations should be obtained.

#### **7. Financial resources and cash flow**

Net interest-bearing debt totalled DKK 385.0 million at 30 September 2016, down DKK 60.0 million since the beginning of the year and down DKK 91.0 million on 30 September 2015.

H+H has a committed loan agreement with Danske Bank A/S corresponding to around DKK 687 million, which is committed until 15 February 2018. The commitment will be reduced by DKK 25 million on 31 December 2016, 30 June 2017 and 31 December 2017 respectively.

H+H will continue to be dependent on debt financing in the coming years. Maintenance of the committed credit facility is conditional upon compliance with a number of financial covenants. The loan agreement can also be terminated by Danske Bank A/S without notice if investors other than Scandinavian institutional investors (defined in the agreement as Danish, Swedish, Norwegian and Finnish financial institutions operating in financial markets and subject to public supervision) individually or through coordinated collaboration gain control of more than one-third of the shares or more than one-third of the total number of voting rights carried by the shares in H+H International A/S.

#### **8. Discontinued operations and assets held for sale**

H+H aims to sell some of its non-strategic assets and assets from the acquisition of Grupa Prefabet. Various plots of land, perpetual usufruct rights and unused production equipment have therefore been readied for sale and classified as assets held for sale. If all of these assets are sold at their expected value, the sale proceeds will be around DKK 12 million and result in an expected accounting gain before tax of around DKK 1 million.

The Finnish subsidiary Stone Kivitalot Oy is classified as a discontinued operation. All projects have been delivered to customers, and the operating loss from the activities of Stone Kivitalot OY relates only to the resolution of the uncertainties arising from and directly connected to claims handling on completed projects. H+H Finland Oy is also classified as a discontinued operation.

**Key figures for discontinued operations**

	Q3	Q3	Q1-Q3	Q1-Q3
Amounts in DKK million	2016	2015	2016	2015
Revenue	0.0	0.2	0.0	2.6
Expenses	0.7	(6.1)	(0.8)	(10.6)
<b>Profit before tax</b>	<b>0.7</b>	<b>(5.9)</b>	<b>(0.8)</b>	<b>(8.0)</b>
Tax	0.0	0.0	0.0	0.0
<b>Profit for the period</b>	<b>0.7</b>	<b>(5.9)</b>	<b>(0.8)</b>	<b>(8.0)</b>
<b>Profit from discontinued operations</b>	<b>0.7</b>	<b>(5.9)</b>	<b>(0.8)</b>	<b>(8.0)</b>
Cash flow from operating activities	(1.8)	(2.3)	(8.4)	(16.3)
Cash flow from investing activities	0.0	0.2	0.0	1.9
Cash flow from financing activities	0.0	0.0	0.0	0.0
<b>Total cash flow</b>	<b>(1.8)</b>	<b>(2.1)</b>	<b>(8.4)</b>	<b>(14.4)</b>
<b>Assets held for sale</b>				
Intangible assets	0.0			
Property, plant and equipment	11.0			
Inventories	0.0			
Receivables	0.0			
<b>Assets held for sale, total</b>	<b>11.0</b>			
<b>Liabilities relating to assets held for sale</b>				
Trade payables	0.0			
Other liabilities	0.0			
<b>Liabilities relating to assets held for sale</b>	<b>0.0</b>			

## 9. Share-based payment

Matching share programmes for the Executive Board and other key employees were implemented in 2012, 2013, 2014 and 2015. These schemes are presented in the consolidated financial statements and annual report for 2015. An amount of DKK 0.4 million was recognised under staff costs in the third quarter of 2016 in respect of the four schemes for 2012-2015, against DKK 0.4 million in the same period in 2015. Further, cash payments have been made totalling DKK 1.5 million for shares earned under the 2013 matching share programme partly offset by the release of accruals for two leavers of the scheme.

A new matching share programme for the Executive Board and other key employees was implemented in the second quarter of 2016. It is similar to the previous programmes.

## 10. Events after the balance sheet date

No events have occurred after the balance sheet date that will have a material effect on the company's financial position.