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H+H signs agreement to acquire Grupa Ożarów SA's calcium silicate business in Poland

The transaction will create a strong aircrete and calcium silicate business in Poland and is expected to capture significant sales synergies. In Central Europe calcium silicate has a strong market penetration in the important segment for high rise buildings.

Today, H+H International A/S's subsidiary H+H Polska Sp. z o.o. signed a conditional agreement with Grupa Ożarów S.A. to acquire 99.19% of the shares in its Polish calcium silicate subsidiary, Grupa Silikaty Sp. z o.o. for a total consideration of PLN 36 million (approx. DKK 64 million) (enterprise value). The closing of the transaction is subject to customary approval by the Polish authorities and is expected to occur at the end of 2017. The purchase price will be paid according to a deferred payment schedule with instalments being paid at closing (approx. DKK 14 million) and by end of January 2019 and 2020, respectively (each approx. DKK 25 million).

Grupa Silikaty is the second largest producer of calcium silicate units in Poland with seven production plants. Calcium silicate units are used as building blocks in residential buildings and are predominantly made from sand and lime. Revenue in 2016 was around DKK 157 million and EBITDA was around DKK 11 million. The company employs approximately 300 persons.

Michael T. Andersen, CEO of H+H International A/S says:

“Adding complementary products is in line with the announced strategy of increasing our presence in the important high-rise segment. H+H has a strong no. 2 position in Poland within aircrete, and with this acquisition we will be in top 3 in the Polish wall building materials market.

It is expected that the combined Polish aircrete and calcium silicate activities will be able to capture significant sales synergies due to cross selling and brand value. Hence, the rationale behind the deal differs significantly from H+H Polska's acquisition of the aircrete producer Grupa Prefabet two years ago. Further, we see this as an excellent opportunity for H+H to gain knowledge in a complementary product area,

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which also has strong penetration in the high-rise segment, including in other of our Central European Markets.”

Outlook for H+H

As the transaction is expected to be closed end of 2017, the financial impact on the P&L for the year is insignificant. Transaction costs will be recognised as special items. The previously announced guidance for the year is unchanged.

Further, there are no changes to the long-term financial targets, although the acquisition will support the efforts to reach these targets.

Integration costs, recognised as special items, are expected to be approximately DKK 5 million.

Kent Arentoft
Chairman of the Board of Directors

Michael T Andersen
CEO

H+H's core activity is the manufacture and sale of autoclaved aerated concrete or aircrete, with a revenue in 2016 of DKK 1.6 billion. The main product is blocks used for building new houses, mainly in the low-rise segment. H+H has 13 aircrete factories in Northern and Central Europe and Northwest Russia with a total output of more than 3 million cubic metres of aircrete a year and has a leading position in most of its markets. H+H has around 1,000 employees and is listed on Nasdaq Copenhagen.