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NASDAQ OMX Copenhagen A/S
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Taastrup, 11 March 2010
Announcement no. 2 / 2010

2009 Annual Report - Back to core business

Changed business model and positive earnings generated in a streamlined, united and market-oriented DLH

As a result of the global economic slowdown in 2009, DLH reports a 27% revenue decline and an after-tax loss of DKK 752 million. The loss incurred is primarily attributable to impairment losses and restructuring costs as a result of difficult market conditions and the implementation of a new business strategy. Under its new 'Back to Black' strategy, the group will re-establish itself as a focused and profitable international timber wholesaler over the next three years.

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The supervisory board of Dalhoff Larsen & Horneman A/S considered the 2009 annual report today and will recommend it for adoption at the annual general meeting. Highlights from the attached annual report follow below:

Back to Black: New strategy for 2010-2012

The objective of the 'Back to Black' strategy is to consolidate DLH's position as a leading wholesaler of timber and wood products for the building and construction industry. The strategy consists of the following four elements:

1. Focus

DLH's business model will concentrate on sales, purchasing and logistics; all forestry and manufacturing activities will be phased out with a view to simplifying the business and thus reducing operational risk and releasing funds.

During the first stage of the strategy period, DLH will dispose of its activities in Malaysia, the USA, the Netherlands, Congo-Brazzaville and Gabon which represent a total carrying amount of about DKK 300 million. The divestment of the above activities will not change DLH's general focus on CSR or alter our ambition to be a leader in the global trade in certified tropical hardwood.

2. Market orientation and optimisation

During the strategy period, DLH will implement market-oriented management of all business activities and optimise the group's effectiveness in sales, supply chain and working capital.

3. Organisational changes

DLH will build a transparent, effective and collaborative organisation, using industrialised business routines and uniform work methods.

4. Greater financial strength

In addition to the divestment planned, DLH will reduce its debt through an extensive financial programme intended to reduce the ratio between working capital and revenue by at least three percentage points.

These initiatives will enable DLH to become a focused, market-oriented wholesale business experiencing growth and taking a clear leading position in selected principal markets in the Nordic countries and the remainder of Europe. The group also has untapped business potential in the USA and Russia as well as the potential represented by the group's Global Trading unit, which handles back-to-back trading without maintaining permanent inventories.

The strategic objective is to achieve revenues in the region of DKK 4.2 billion and an EBIT margin in the region of 3%.

More information on the 'Back to Black' strategy may be found in the attached leaflet.

2009 Financial highlights for the DLH Group

(in million DKK)	2009	2008
Income statement		
Revenue	3,648	5,013
Operating profit(loss) before depreciation and amortisation(EBITDA)	(352)	(144)
Operating profit(loss) (EBIT)	(608)	(315)
Profit(loss) before tax from continuing operations before tax (EBT)	(714)	(422)
Profit(loss) for the year for discontinued operations	0	580
Profit(loss) for the year	(752)	227
Balance sheet details		
Total assets	2,108	3,043
Equity	533	1,240
Average invested capital	2,188	2,913
Interest-bearing debt, end of reporting period	1,620	2,497
Average interest-bearing debt	1,030	1,251
Performance ratios		
Operating margin (EBIT margin)	(16.7%)	(6.3%)
Return on invested capital including goodwill (ROIC)	(27.0%)	(8.2%)
Equity ratio	25.3%	40.8%
Equity ratio including subordinated loan	30.6%	44.4%
Average number of employees	3,064	3,688

Financial developments in 2009

- The global economic slowdown in 2009 had a dramatic impact on DLH's markets, and the group's revenue and gross profit levels declined accordingly. Group revenue declined by DKK 27% to DKK 3.6 billion in 2009.
- Looking at a potentially weak 2010, DLH has implemented extensive adjustments and cut back on its activities, which resulted in considerable restructuring costs and impairment losses. There will be additional write-downs in connection with business restructuring efforts in line with the group's new 'Back to Black' strategy. Adjustment and restructuring costs to the tune of DKK 450 million had an impact on the group's financial results.
- For this reason, the group suffered a loss after tax of DKK 752 million. Of this figure, DKK 270 million is attributable to continuing operations, in other words, operations that form the basis of DLH's new strategy and DKK 482 million is attributable to discontinued operations.
- Despite the loss, DLH generated operating cash inflows after investments and reduced its interest-bearing debt by DKK 240 million during the year.
- The group's balance sheet total was DKK 2,108 million at year-end, a 31% decline on year-end 2008. 8 percentage points of this decline are attributable to impairment losses on assets.
- Invested capital declined by 35% to DKK 1,620 million, with 10 percentage points attributable to impairment losses and the remaining 25 percentage points attributable to a decline in the group's working capital, primarily due to reduced inventories and debtors.

Capital structure

DLH has concluded a new financing agreement for 2010-2012 with the current bank consortium that has provided the group's financing previously.

An agreement has also been made with the group's two major shareholders, DLH Fonden and Ellen & Knud Dalhoff Larsens Fond, to grant the group a subordinated loan of DKK 50 million. We will regularly review the need for injecting additional capital to consolidate the basis for the group's future growth.

Dividend

The supervisory board will recommend to the company in general meeting on 9 April 2010 that no dividends be distributed for 2009.

2010 Forecast

For 2010, the group expects revenue of DKK 3.6-3.8 billion, unchanged from 2009. The group expects EBITDA close to zero, which will at the same time improve EBIT by DKK 500-525 million.

Please direct any inquiries relating to the announcement to the President and CEO of the company, Kent Arentoft, on telephone no. +45 4350 0101.

Yours sincerely

DALHOFF LARSEN & HORNEMAN A/S

Asbjørn Børsting
Chairman of the Supervisory Board

Kent Arentoft
President & CEO

ANNEXES

2009 Annual report
Presentation of DLH's strategy for 2010-2012, 'Back to Black'