



SOLAR INCREASES 2021 EBITDA WITH DKK 75M

Based on preliminary reporting, Solar increases guidance for 2021 EBITDA to DKK 725m from DKK 650m.

Moreover, we are increasing revenue guidance by DKK 200m to DKK 11,750m compared to our previous guidance of DKK 11,550m as presented in announcement no. 2 Annual Report 2020 from 11 February 2021.

CEO Jens Andersen says:

"The introduction of the CORE+ strategy has already had an effect on our product mix. Our concept share has continued its growth at a stronger pace than anticipated, resulting in a stronger EBITDA margin in Q1.

Furthermore, our Better Business project and general cost containment continued to show good results throughout Q1 – costs are, however, expected to partly normalise to pre-COVID-19 levels as we are progressing into 2021, albeit at a lower level than originally anticipated.

During 2021, we expect to see extraordinary price increases on certain products due to increasing commodity prices. These price increases will result in a one-off impact, which to a lesser extent will impact our margins positively."

Q1 key financial messages

- Supported by strong growth rates in the Installation segment in Solar Denmark, revenue amounted to DKK 3,004m and exceeded expectations.
- Project Better Business and ongoing developments in concept sales contributed to a gross profit margin of 21.9%. The gross profit margin increase attributes to all markets.
- Costs were reduced by DKK 27m to DKK 454m, despite a negative FX impact of DKK 4m.

Financial highlights (DKK million)	Q1 2021	Q1 2020
Revenue	3,004	3,045
Gross profit	658	623
EBITDA	204	142
EBITA	157	97
EBIT	143	82
Financial ratios (%)		
Organic growth adj.	-0.6	1.4
Gross profit margin	21.9	20.5
EBITDA margin	6.8	4.7



Guidance 2021

Guidance overview (DKK million)	Updated guidance	Original guidance
Revenue	11,750	11,550
EBITDA	725	650

General guidance assumptions

Due to the COVID-19 pandemic, our market outlook reflects increased risk. The updated guidance is based on several assumptions:

- COVID-19 will not result in new significant lockdowns in our business segments or other COVID-19 related knock-on effects.
- The CORE+ strategy is expected to continue to affect gross profit positively.
- The cost containment measures are expected to continue. Despite these measures, costs are expected to partly normalise to pre-COVID-19 levels albeit at a lower level than originally anticipated.
- No significant restructuring costs are required.
- Loss on trade receivables remain at 2020 level.

Revenue guidance

We now expect revenue at DKK 11,750m, corresponding to an organic growth of approx. 1%. The Better Business project is an integral part of our strategic focuses in the CORE+ strategy, and is expected to reduce revenue by DKK 200m compared to 2020. Adjusted for this, we expect organic growth of approx. 3%.

DKK 600m of the expected revenue can be accounted for by related business.

EBITDA guidance

We expect the strategic focuses to deliver continuous improvements in earnings, delivering an EBITDA of DKK 725m. Approx. DKK 15m of the expected EBITDA can be accounted for by related business.

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FACTS ABOUT SOLAR

Solar is a leading European sourcing and services company mainly within electrical, Introduction heating and plumbing, ventilation and climate and energy solutions. Our core business centres on product sourcing, value-adding services and optimisation of our customers' businesses.

We facilitate efficiency improvement and provide digital tools that turn our customers into winners. We drive the green transition and provide best in class solutions to ensure sustainable use of resources.

Solar Group is headquartered in Denmark, generated revenue of more than DKK 11.5bn in 2020 and has approx. 2,900 employees. Solar is listed on Nasdaq Copenhagen and operates under the short designation SOLAR B. For more information, please visit www.solar.eu.

Disclaimer

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