

Announcement no. 12 2019

8 May 2019

## Quarterly Report Q1 2019

*Q1 revenue above expectations and EBITA as expected. Our outlook for 2019 revenue is now at least DKK 11.35bn and we confirm our outlook for 2019 EBITA of DKK 365m.*

### CEO Jens Andersen says:

"We are pleased to see growth across our markets and we continue to improve our earnings. Furthermore, we execute on acquisitions and divestments in line with our strategy to shape a business based on profitable growth. We work dedicatedly on our three strategic focus areas in order to achieve our 2020 financial targets, and at the same time, we are driving the green transition to deliver new business opportunities."

<b>Financial highlights (DKK million)*</b>	<b>Q1 2019</b>	<b>Q1 2018</b>	<b>2018</b>
<b>Revenue</b>	2,957	2,817	11,098
<b>EBITA</b>	80	69	327
<b>Cash flow from operating activities</b>	-132	-39	224
<b>Financial ratios (%)</b>			
<b>Organic growth adj. for number of working days</b>	5.8	4.5	2.2
<b>EBITA margin</b>	2.7	2.4	2.9
<b>Net working capital, period-end/revenue (LTM)</b>	11.8	10.3	9.8
<b>Gearing (NIBD/EBITDA), no. of times</b>	2.5	1.7	1.2
* Due to the divestments of our Austrian and Belgian business activities, GFI GmbH and Claessen ELGB NV, in 2018, and the divestment of our Norwegian training business, STI, in Q1 2019, 2018 and 2019 figures in this announcement relate to our continuing operations.			

### Q1 2019 Revenue

- Revenue was above our expectations.
- Adjusted organic growth amounted to 5.8% (4.5%).

### Q1 2019 EBITA

- EBITA was on par with our expectations.
- EBITA from core business was up at DKK 81m (DKK 74m) even though Solar Sverige's performance was below Q1 2018 level and thus remained unchanged compared to Q2-Q4 2018.
- EBITA from related business was up at DKK -1m (DKK -5m).

### BIMObject valuation

- Based on the share price on 31 March, the value of BIMObject amounted to DKK 178m. Therefore, Solar identified a need for write-down of DKK 57m. In Q1 2018, we reversed a write-down on BIMObject AB of DKK 59m, which was originally recognised in Q4 2017.

### 2019 outlook

- We expect total revenue of at least (previously approx.) DKK 11.35bn corresponding to organic growth of at least (previously approx.) 2% and EBITA of approx. DKK 365m.
- For core business, we expect revenue of at least (previously approx.) DKK 10.7bn corresponding to an organic growth of at least (previously approx.) 1.5% and EBITA of approx. DKK 370m.
- For the related business, we expect revenue of approx. DKK 650m corresponding to an organic growth of approx. 15% and EBITA of approx. DKK -5m.

Guidance 2019 DKK million	Core business	Related business	Solar Group
Revenue	At least 10,700	650	At least 11,350
EBITA	370	-5	365

### Audio webcast and teleconference today

The presentation of Quarterly Report Q1 2019 will be made in English on 8 May 2019 at 11:00 CET. The presentation will be transmitted as an audio webcast and will be available at [www.solar.eu](http://www.solar.eu). Participation will be possible via a teleconference.

Teleconference call-in numbers:

DK: tel. +45 354 455 83  
UK: tel. +44 203 194 0544  
US: tel. +1 855 269 2604

Yours faithfully,  
Solar A/S

Jens Andersen

### Contacts

CEO Jens Andersen - tel. +45 79 30 02 01

CFO Michael H. Jeppesen - tel. +45 79 30 02 62

Director, Stakeholder Relations Charlotte Risskov Kræfting –  
tel. +45 40 34 29 08

Enclosure: Quarterly Report Q1 2019, pages 1-28.

## **Solar A/S**

LEI: 21380031XTLI9X5MTY92

Industrivej Vest 43 ■ DK-6600 Vejen ■ Denmark

Tel. +45 79 30 00 00 ■ CVR no. 15 90 84 16 ■ Web: [www.solar.eu](http://www.solar.eu)

### **Facts about Solar**

Solar Group is a leading sourcing and services company. Our core business centres on product sourcing, value-adding services and optimisation of our customers' businesses.

Being a sourcing and services company, we focus on each individual customer. We always strive to understand our customers' unique and genuine needs in order to provide relevant, personal and value-adding services, turning our customers into winners.

Solar Group is headquartered in Denmark, generated revenue of more than DKK 11bn in 2018 and has approx. 3,000 employees.

Solar is listed on Nasdaq Copenhagen and operates under the short designation SOLAR B. For more information, please visit

[www.solar.eu](http://www.solar.eu).

### **Disclaimer**

This announcement was published in Danish and English today via Nasdaq Copenhagen. In the event of any inconsistency between the two versions, the Danish version shall prevail.

# Q1 2019

Solar A/S  
Cvr nr. 15 90 84 16

An aerial photograph of a construction site. Two workers wearing hard hats and dark clothing are standing in a muddy, rutted field. The field is covered in deep, parallel tire tracks. The worker in the foreground is looking down at something in their hands, while the worker in the background is walking towards the right. The image is split diagonally by a dark blue band that contains the text 'Q1 2019' on the left and the 'solar' logo and tagline on the right.

**solar**

*stronger together*



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# Financial highlights

Consolidated (DKK million)	Q1		Year
	2019	2018	2018
Revenue	2,957	2,817	11,098
Earnings before interest, tax, depreciation and amortisation (EBITDA)	121	82	379
Earnings before interest, tax and amortisation (EBITA)	80	69	327
Earnings before interest and tax (EBIT)	62	50	224
Earnings before tax (EBT)	-7	103	237
Net profit for the period	-20	81	133
Balance sheet total	5,164	4,834	4,633
Equity	1,515	1,594	1,638
Interest-bearing liabilities, net	1,032	632	461
Cash flow from operating activities, continuing operations	-132	-39	224
Net investments in property, plant and equipment	-21	-16	-59

## Employees

Average number of employees (FTE), LTM, continuing operations	2,951	2,894	2,941
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## Financial ratios (% , unless otherwise stated)

Organic growth adjusted for number of working days	5.8	4.5	2.2
Gross profit margin	20.1	20.4	20.2
EBITDA margin	4.1	2.9	3.4
EBITA margin	2.7	2.4	2.9
Net working capital (NWC at end of period)/revenue (LTM)	11.8	10.3	9.8
Gearing (net interest-bearing liabilities/EBITDA), no. of times	2.5	1.7	1.2
Return on equity (ROE)	2.0	-1.4	8.2
Equity ratio	29.3	33.0	35.4

## Share ratios (DKK)

Earnings per share outstanding (EPS)	-2.74	11.10	18.22
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Overall, financial ratios are calculated in accordance with the Danish Finance Society's "Recommendations & Financial Ratios 2015".

As at 1 January 2019, Solar implemented IFRS 16, Leases, by applying the modified retrospective approach. Comparative figures are not restated. This especially affects EBITDA, interest-bearing liabilities, EBITDA margin, gearing and equity ratio.

## Q1 FINANCIAL MESSAGES

- Solid organic growth of 5.8% (adjusted).
- Revenue increased to DKK 3bn (DKK 2.8bn) and was above expectations.
- EBITA increased to DKK 80m (DKK 69m) and was on par with expectations.
- We expect unchanged 2019 EBITA of DKK 365m.
- Impairment loss on BIMobject of DKK 57m.

DKK million	Q1 2019	Q1 2018
Earnings before tax	-7	103
<i>Impact due to market value changes in BIMobject:</i>		
Impairment on associates	57	-59
Adjusted earnings before tax	50	44

## DIVESTMENTS AND ACQUISITIONS

- The Norwegian training business STI divested in March 2019.
- Solar entered into an agreement on acquiring selected parts of Onninen AB's Swedish business activities.

## Business update

# Developing new concepts and services to support our customers

We work dedicatedly on our three strategic focus areas; strategic suppliers, industry focus and operational excellence in order to achieve our 2020 financial targets.

## STRATEGIC SUPPLIERS

We continue to pursue growth opportunities and align our approach to concept sales across all our markets.

To raise our share of concept sales, we are increasing our concept offerings in all markets by

- expanding the number of products and product categories within all concepts;
- consolidating strategic suppliers across concepts and markets;
- offering well-known and thoroughly tested concepts to other segments;
- expanding through the launch of new concepts in all markets.

Our concept assortment covers multiple areas and we now provide seven different concepts:

Solar Plus, Solar Netto, Solar Project, Solar Light, Solar Cable, Solar Heat and Solar Tools.

## INDUSTRY FOCUS

Through our Total Cost of Ownership (TCO) approach, we provide customers with a full and documented overview of total costs, allowing them to focus on their core business.

We target industry customers who seek to optimise their businesses and costs by offering their long-tail spend to relevant suppliers.

A prerequisite for these customers is that the supplier can offer a wide range of products, which are not strategically managed by the customers themselves. To match our industry customers' purchasing patterns, we are expanding our product assortment through the addition of new product categories and more than 200,000 new products.

Moreover, we continue to develop our services to position Solar as a strong sourcing and logistics partner for our industry customers. Solar Kitbox is one of the services we offer to improve efficiency.

The Kitbox is an assembly kit comprising a complete set of products for a specific job. It is a fast and cost-effective way to reduce ordering, delivery, handling and tied-up capital, especially for OEMs, (Original Equipment Manufacturers) with recurring production tasks.

SCADA International, for example, has enhanced its competitiveness by making use of Solar's Kitbox service.

SCADA International is a Danish company that offers consulting, engineering and project solutions, as well as the application of SCADA systems within the renewable energy sector

In pursuit of the lowest possible kilowatt prices, a total cost of ownership approach to the sourcing setup has become a key driver at SCADA International. One solution is the supply of materials in kits, which has significantly boosted purchasing, production, and accounting efficiencies.

Read more about SCADA International's deployment of kits at: [www.solar.eu/products-solutions/logistics/smart-handling/scada-kitbox/](http://www.solar.eu/products-solutions/logistics/smart-handling/scada-kitbox/)





## Business update

### OPERATIONAL EXCELLENCE

We have a keen focus on optimising systems and processes that support and facilitate changing business requirements.

To optimise the handling of small and medium-sized goods and provide logistics with a competitive advantage, we have implemented AutoStore, an automated storage and retrieval system, at our central warehouse in Norway.

With AutoStore we are expanding our inventory capacity without adding more warehouse space or hiring more employees. The investment is expected to generate an annual return of approx. 20%.

The solution includes 40 robots with access to 35,000 bins, servicing eight outbound and three inbound workstations 24 hours a day.

The new AutoStore system will improve warehouse efficiency and take up less than 1,200 m<sup>2</sup> of floor space. This gives us 2,000 m<sup>2</sup> of extra space, offering us the flexibility to handle fluctuations in volume much more efficiently than is currently the case.

Moreover, as the noise level of the new system is very low, the working environment in the warehouse will be improved significantly. The system is energy-efficient. One robot uses one tenth of the energy of a vacuum cleaner and the robots do not require light to function.



## Business update

# We are driving the green transition to deliver new business opportunities

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At group headquarters we have mounted solar cell panels on the roof of a car park to ensure our own electricity supply and to demonstrate an obvious solution to potential customers. The project was headed up by our solar power subsidiary, Solar Polaris, and became operational in Q1.

The photovoltaic power station generates power to run our data centre, provides shelter for cars and is equipped with charging stations for electric cars.

We are promoting the concept under the name SunDryve. Sun because of the obvious association with solar panels while Dryve combines the word “dry” with “drive”.

We believe the future is all about prudent, green investment and many similar parking areas could be used to support the green transition.



## Financial review

(Figures in brackets are corresponding figures from Q1 2018)

# In Q1, EBITA ended at DKK 80m (DKK 69m)

With adjusted organic growth of 5.8%, revenue from continuing operations reached DKK 3.0bn (DKK 2.8bn), while EBITA from continuing operations was up at DKK 80m (DKK 69m), showing an EBITA margin of 2.7% (2.4%) in Q1. Revenue was above expectations, while EBITA was on par with our expectations.

Our comments on core and related business and disclosures in the note segment information are to be considered supplementary information. Information on the segments installation, industry and other is included in the note segment information.

### REVENUE

Both the Installation market and the Industry market saw growth in all our markets in Q1, notably the Swedish market.

Solar's overall adjusted organic growth for Installation and Industry was around 4% and 10% respectively.

In Q1 2019, adjusted organic growth at group level amounted to 5.8% (4.5%). Revenue reached DKK 3.0bn (DKK 2.8bn).

Core business delivered adjusted organic growth of 5.7% (3.5%), and we saw positive adjusted organic growth in all entities.

Adjusted organic growth in related business amounted to 6.7% (34.7%). Revenue in MAG45 was slightly below expectations but the company is focusing on achieving additional profitable revenue.

In total, revenue was above our expectations.

### DIVESTMENTS AND ACQUISITIONS

#### Divestment of Norwegian training business

In March 2019, Solar concluded the process, initiated in December 2018, of a management buyout of our Norwegian training business, Scandinavian Technology Institute (STI), part of our related business, cf. company announcements nos. 7 2019 and 21 2018.

The divestment constituted a loss of DKK 17m, which was recognised in the Solar Group's income statement as part of the loss from discontinued operations in Q4 2018.

#### Acquisition of Swedish business activities

In March 2019, Solar A/S signed an agreement with the Finnish Kesko Corporation concerning the acquisition of selected parts of Onninen AB's Swedish business activities, including 12 branches, corresponding to annual revenue of approx. DKK 400m. We do not anticipate any significant effect on EBITA for 2019. Closing is expected to take place on 15 May 2019.

#### Divestment of Austrian and Belgian business activities

At the end of January 2018, Solar entered into an agreement with Sonepar concerning the divestment of activities in the loss-making subsidiaries GFI GmbH, Austria, and Claessen ELGB NV, Belgium, cf. company announcements nos. 3, 12 and 14 2018. The divestment constituted a loss of DKK 47m, which was recognised in the Solar Group's income statement as part of the loss from discontinued operations in Q4 2017.

Consequently, in this report GFI GmbH, Austria and Claessen ELGB NV, Belgium, are presented as discontinued operations in 2018 while STI, Norway, is presented as discontinued operations for both 2018 and 2019. Unless otherwise stated, this report solely recognises Solar's continuing operations.

## Financial review

### GROSS PROFIT MARGIN

Gross profit margin decreased to 20.1% (20.4%) in Q1 2019.

Freight costs increased and negatively affected gross profit margin at group level by 0.2 percentage points due to increased fuel costs and lack of capacity. We continue our renegotiations of several freight contracts and to optimise the freight setup.

In addition, with the exception of Solar Nederland, all entities in core business experienced a decrease in gross profit margin. Customer and product mixes for these entities differed from our expectations as the additional growth was mainly related to low margin customers and/or low margin products.

### EXTERNAL OPERATING COSTS AND DEPRECIATION

Due to the implementation of IFRS 16, Leases, external operating costs were down by DKK 29m while correspondingly, depreciation was up by DKK 28m and net financials by DKK 1m. Were this change to be reversed, external operating costs would amount to DKK 122m (DKK 132m) and depreciation to DKK 13m (DKK 13m).

### EBITA

EBITA increased to DKK 80m (DKK 69m) corresponding to an EBITA margin of 2.7% (2.4%) of revenue.

EBITA from core business was up at DKK 81m (DKK 74m) even though Solar Sverige's per-

formance was below Q1 2018 level and thus remained unchanged compared to Q2-Q4 2018. The results of the individual countries are disclosed on page 21.

EBITA from related business was up at DKK -1m (DKK -5m).

EBITA was on par with our expectations.

### SHARE OF NET PROFIT FROM ASSOCIATES

Our share of earnings from our digital, construction and services associates amounted to DKK -5m (DKK -1m) primarily due to the earnings development in BIMobject.

### IMPAIRMENT ON ASSOCIATES

Based on the share price on 31 March, the BIMobject value amounted to DKK 178m. Therefore, Solar identified a need for write-down of DKK 57m. In Q1 2018, we reversed a write-down on BIMobject AB of DKK 59m, which was originally recognised in Q4 2017.

### FINANCIALS

Net financials totalled DKK -7m (DKK -5m) affected by the implementation of IFRS 16, Leases, of DKK -1m.

### EARNINGS BEFORE TAX

Earnings before tax amounted to DKK -7m (DKK 103m). However, when adjusted for the impact from impairment on associates, earnings before tax were up at DKK 50m (DKK 44m).

DKK million	Q1 2019	Q1 2018	FY 2018
<b>Earnings before tax</b>	<b>-7</b>	<b>103</b>	<b>237</b>
Fair value adjustment, recognised under financials	0	0	-11
<i>Impact due to market value changes in BIMobject:</i>			
Impairment on associates	57	-59	-59
<b>Earnings before tax, adjusted for impact from associates</b>	<b>50</b>	<b>44</b>	<b>167</b>
Impairment loss, other intangible assets	0	0	9
Impairment loss, goodwill	0	0	8
Earn-out receivable reversed	0	0	22
<b>Adjusted earnings before tax</b>	<b>50</b>	<b>44</b>	<b>206</b>

### NET PROFIT

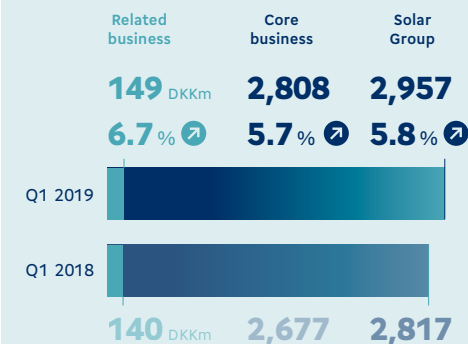
Profit from continuing operations came to DKK -18m (DKK 94m). Losses from discontinued operations amounted to DKK -2m (DKK -13m). Net profit for the Solar Group thus totalled DKK -20m (DKK 81m).

### CASH FLOWS

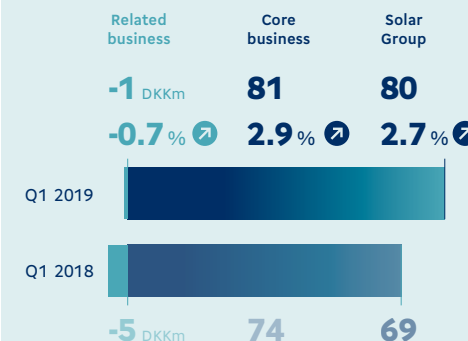
Net working capital calculated as an average of the previous four quarters amounted to 10.9% (10.5%) of revenue. Net working capital at the end of Q1 2019 amounted to 11.8% (10.3%).

Cash flow from operating activities totalled DKK -132m (DKK -39m) impacted by inventory changes of DKK -47m (DKK 8m) and changes to receivables of DKK -279m (DKK -138m). Receivables are affected by the higher revenue growth in March 2019 compared to March 2018 and by normal seasonal fluctuations.

### Revenue and adj. organic growth



### EBITA and EBITA margin



Core business includes Solar Danmark, Solar Sverige, Solar Norge, Solar Nederland, Solar Polska, and P/F Solar Føroyar.

Related business includes MAG45 and Solar Polaris.



## Financial review

Total cash flow from investing activities amounted to DKK -28m (DKK -40m) where the divestment of STI had a positive impact of DKK 5m. Furthermore, Solar Norge proceeded with the implementation of AutoStore, an automated storage and retrieval system. This affected the purchase of property, plant and equipment, which amounted to DKK 21m (DKK 16m).

Cash flow from financing activities was affected by dividend distributions of DKK 102m (DKK 73m) and the implementation of IFRS 16, Leases, as instalment on lease liabilities of DKK 28m is now included here. A change in the presentation of the cash flow statement means that raising or repayment of current interest-bearing debt is presented as part of the financing activities in 2018 and 2019. Cash flow from financing activities totalled DKK 160m (DKK 21m).

Cash flow from discontinued operations amounted to DKK -2m (DKK 4m). Consequently, total cash flow amounted to DKK -2m (DKK -54m).

Net interest-bearing liabilities amounted to DKK 1,032m (DKK 632m). The implementation of IFRS 16, Leases, increased the interest-bearing liabilities by DKK 278m. Furthermore, over the past 12 months, we have

- invested DKK 74m in digital improvements;
- invested DKK 64m in optimising our operations e.g. AutoStore;
- invested DKK 17m in associated businesses;
- paid dividend of DKK 102m;
- received DKK 65m from divestments.

As at 31 March 2019 gearing was 2.5 (1.7) times EBITDA, however, a 0.6 impact was seen from implementing IFRS 16, Leases, as at 1 January 2019. Calculated as an average our gearing was 1.7 times EBITDA. Our gearing target is 1.5-3.0 times EBITDA.

As at 31 March 2019, Solar had undrawn credit facilities of DKK 208m.

Invested capital for the Solar Group totalled DKK 2,302m (DKK 1,895m) impacted by the implementation of IFRS 16, Leases, of DKK 278m. ROIC amounted to 8.1% (6.4%). However, a -0.3 impact was seen from implementing IFRS 16, Leases, as at 1 January 2019.

Activities with a Solar equity interest of less than 50% and discontinued activities are not included in the ROIC calculation. Invested capital only includes operating assets and liabilities.

### EVENTS AFTER THE PERIOD UNDER REVIEW

Following approval at the Annual General Meeting on 15 March 2019, Solar has reduced the B share capital by the end of April 2019 by nominally DKK 38,562,500 from nominally DKK 774,562,500 to nominally DKK 736,000,000, corresponding to a reduction of the B share capital of 385,625 B shares of DKK 100 by cancelling treasury B shares.

### KEY RISKS

Solar's Annual Report 2018 details the commercial and financial risks related to our activities. The key risks remain that Solar, like other international companies, is affected by both global trends and local conditions in the markets where we operate.

### CHANGE IN ACCOUNTING POLICIES

On 1 January 2019, Solar implemented IFRS 16, Leases, by applying the modified retrospective approach. The cumulative effect is recognised at the date of initial application, 1 January 2019, and the right-of-use assets are recognised at the same value as the lease obligations. Comparative figures are not restated.

Leased assets are depreciated over the lease term, and payments are allocated between instalments on the lease liability and interest expense, classified as financial expenses.

The impact on EBITA in Solar is insignificant while EBITDA in Q1 was impacted positively by DKK 29m corresponding to an impact on

EBITDA margin of 1.0 percentage points. For further information, see page 23 on accounting policies.

The change in accounting policies has an insignificant impact on the basis for the incentive-based remuneration scheme for the Executive Board and management team.

General information on Solar's incentive scheme is available at our website: [www.solar.eu/investor/policies/](http://www.solar.eu/investor/policies/).



## Outlook

# Guidance 2019 - we confirm our expectations for an EBITA of DKK 365m

Core business		Related business		Solar Group	
REVENUE DKKm at least	10,700	REVENUE DKKm	650	REVENUE DKKm at least	11,350
ORGANIC GROWTH % at least	1.5	ORGANIC GROWTH %	15	ORGANIC GROWTH % at least	2
EBITA DKKm	370	EBITA DKKm	-5	EBITA DKKm	365
EBITA MARGIN %	3.5	EBITA MARGIN %	-0.8	EBITA MARGIN %	3.2

## MARKET OUTLOOK FOR SOLAR'S BUSINESS AREAS

We confirm our market outlook for 2019.

### Installation

Overall, we expect the installation market to grow in 2019 albeit at a slower pace than in 2018.

Compared to 2018, we expect new construction and renovation activities in the Danish market to grow, mainly in H1 whereas we are more uncertain about the development in H2.

In Sweden, we have seen a decline in the number of building permits in several quarters. However, this trend seems to have stabilised at the 2016 level.

We do not expect to see growth rates at the same level as in 2018. There is a risk of a slow-down in the Swedish market, but should this happen, we expect a soft landing.

In Norway, we continue to expect the installation segment to generate modest growth, partly driven by ongoing electrification.

We expect the positive trends in the Dutch market to continue. Consequently, we expect stable growth in 2019.

In general, our outlook for 2019 is for moderate, positive market growth.

### Industry

For 2019, we maintain our outlook for a slightly positive trend in all major markets, including MAG45's global market niche.

### Other

We expect growth within the Other segment.

## Outlook

### FINANCIAL OUTLOOK 2019

#### Core business, revenue guidance

For core business, we expect revenue of at least (previously approx.) DKK 10.7bn corresponding to organic growth of at least (previously approx.) 1.5%.

#### Core business, EBITA guidance

During 2019, we will continue the roll out of our eWM solution in Sweden and subsequently in Norway. In addition, we have invested in optimising the central warehouse in Norway by implementing AutoStore, an automated storage and retrieval system. We expect the roll out costs and temporary loss of efficiency to have a negative impact of approx. 0.1% on EBITA in 2019.

We expect both Solar Sverige and Solar Norge to gradually improve compared to the performance in H2 2018, but to remain below the level of 2017. For core business, we expect an EBITA of approx. DKK 370m.

#### Related business, guidance

For the related business, we expect revenue of approx. DKK 650m corresponding to organic growth of approx. 15% and an EBITA of approx. DKK -5m.

#### Solar Group, guidance

Our total revenue guidance is at least (previously approx.) DKK 11.35bn corresponding to organic growth of at least (previously approx.) 2%.

Total EBITA guidance is approx. DKK 365m.

The table below bridges our 2017 result to our result for 2018 and our guidance for 2019.

EBITA (DKK million)	Core business	Related business	Solar Group
<b>2017, actual, published 12.01.2018</b>	<b>309</b>	<b>-45</b>	<b>264</b>
Divestment of Austrian and Belgian businesses	31	-	31
<b>2017, actual, continuing activities</b>	<b>340</b>	<b>-45</b>	<b>295</b>
Overhead costs*	-10	-	-10
EBITA loss Solar Sverige & Solar Norge	-50	-	-50
Improvements	68	12	80
Divestment of Norwegian training business	-	12	12
<b>2018, actual, continuing activities</b>	<b>348</b>	<b>-21</b>	<b>327</b>
eWM roll out costs	-10	-	-10
Expected improvements	32	16	48
<b>2019, guidance</b>	<b>370</b>	<b>-5</b>	<b>365</b>

\* The Austrian and Belgian businesses carried approx. DKK 10m in overhead costs, which have now been placed in the continuing operations within core business.





## Shareholder information

# Share and webcast information

## SOLAR'S SHARES

Following approval at the Annual General Meeting on 15 March 2019, Solar has reduced the B share capital by cancelling 385,625 treasury B shares, cf. company announcement nos. 9 and 11.

Solar's current share capital is divided into nominal value DKK 90 million A shares and nominal value DKK 646 million B shares.

The A shares are not listed. The B shares are listed on Nasdaq Copenhagen under the ID code DK0010274844, with the short designation SOLAR B, and form part of the MidCap index and MidCap on Nasdaq Nordic.

The share capital includes 900,000 A shares and 6,460,000 B shares. Solar's current portfolio of treasury shares totals 61,708 B shares or 0.8% of share capital.

A shares have 10 votes per share amount of DKK 100, while B shares have 1 vote per share amount of DKK 100.

## AUDIO WEBCAST

The presentation of the Quarterly Report Q1 2019 will be conducted in English on 8 May 2019 at 11:00 CET. The presentation will be transmitted as an audio webcast and will be available at [www.solar.eu](http://www.solar.eu).

## SOLAR'S MARKET VALUE

Solar holds a 17% equity interest in BIMObject AB, which is a listed company on First North. This is an illustration of the impact of BIMObject's market value on Solar's market value.

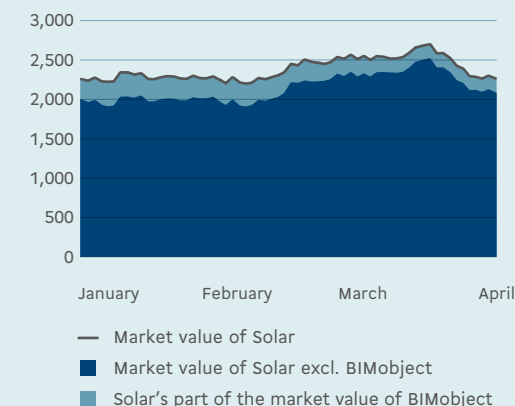
### Financial calendar 2019

4 July - 8 August	IR quiet period
8 August	Quarterly Report Q2 2019
4 October - 31 October	IR quiet period
31 October	Quarterly Report Q3 2019

### Distribution of share capital and votes based on the latest public information and after cancelling treasury shares

Holdings of 5% or more of share capital	Share capital in %	Votes in %
The Fund of 20th December, Vejen, Denmark	16.8%	59.6%
RWC Asset Management LLP, London, England	15.8%	7.5%
Chr. Augustinus Fabrikker A/S, Copenhagen, Denmark	10.8%	5.1%
Nordea Funds Oy, Danish Branch, Copenhagen, Denmark	10.7%	5.1%
FIL Limited, Pembroke, Bermuda	5.3%	2.5%

### Solar's market value



100<sup>th</sup> anniversary

# Solar celebrates its 100<sup>th</sup> anniversary in 2019

## FOLLOW OUR STORY

Follow the next legs of our story on [www.solar.eu](http://www.solar.eu)

On 17 May 2019, Solar will turn 100 years, and during those years, we have changed our role in the value chain several times. Through all the years, Solar has had distinct courage to seek out uncharted territory and never been afraid to challenge our customers to create new markets.

We will be commemorating the anniversary throughout 2019 by telling the story of Solar and our role as a creator of change. More specifically, we will publish an article on the 17<sup>th</sup> of each month marking different points of impact.

## CHAPTER 1 - 1912-1919:

An ambitious entrepreneur moves to Kolding

At 21, Jacob Jørgensen moves to Kolding in February 1912 to become an independent merchant. He is determined, has seen the potential of a huge market for metres, and aims to become a Nordic importer of semi-manufactured metre parts from the English company Solar Works.



## CHAPTER 2 - 1919-1925:

Financially strong and visionary businessmen establish new company in Kolding

Jacob Jørgensen is not in doubt about his role. He continually wants to run a business and invest in becoming a significant value-creating player in the changeable electrical trade. He is aware that it will require more operational and working capital to accommodate the wider group of customers with a wider assortment of products, and he is determined to find a financial partner.



## CHAPTER 3 - 1925-1930:

Danish radio production established in Kolding

With keen interest, Jacob Jørgensen observes how the people's interest in radio reception has increased since the first tests in 1923. When several radio stations like the British BBC are established, the visionary merchant has no doubt that broadcasting is going to become a mass media. Jacob Jørgensen is sure that the radio will quickly become widespread and a common household item, just like electricity.



# Consolidated financial statements

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# Statement of comprehensive income

## Income statement

	Q1		Year
DKK million	2019	2018	2018
Revenue	2,957	2,817	11,098
Cost of sales	-2,364	-2,242	-8,851
<b>Gross profit</b>	<b>593</b>	<b>575</b>	<b>2,247</b>
External operating costs	-93	-132	-448
Staff costs	-374	-359	-1,406
Loss on trade receivables	-5	-2	-14
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>121</b>	<b>82</b>	<b>379</b>
Depreciation and write-down on property, plant and equipment	-41	-13	-52
<b>Earnings before interest, tax and amortisation (EBITA)</b>	<b>80</b>	<b>69</b>	<b>327</b>
Amortisation of intangible assets	-18	-19	-103
<b>Earnings before interest and tax (EBIT)</b>	<b>62</b>	<b>50</b>	<b>224</b>
Share of net profit from associates	-5	-1	-11
Impairment on associates	-57	59	59
Financial income	4	5	28
Financial expenses	-11	-10	-63
<b>Earnings before tax (EBT)</b>	<b>-7</b>	<b>103</b>	<b>237</b>
Income tax	-11	-9	-55
<b>Profit of continuing operations</b>	<b>-18</b>	<b>94</b>	<b>182</b>
Loss of discontinued operations	-2	-13	-49
<b>Net profit for the period</b>	<b>-20</b>	<b>81</b>	<b>133</b>
Earnings in DKK per share outstanding (EPS)	-2.74	11.10	18.22
Diluted earnings in DKK per share outstanding (EPS-D)	-2.74	11.08	18.21
Earnings in DKK per share outstanding (EPS), continuing operations	-2.47	12.88	24.94
Diluted earnings in DKK per share outstanding (EPS-D), continuing operations	-2.47	12.86	24.92

## Other comprehensive income

	Q1		Year
DKK million	2019	2018	2018
<b>Net profit for the period</b>	<b>-20</b>	<b>81</b>	<b>133</b>
<b>Other income and costs recognised:</b>			
<b>Items that can be reclassified for the income statement</b>			
Foreign currency translation adjustments of foreign subsidiaries	3	-7	-16
Fair value adjustments of hedging instruments before tax	-6	3	4
Tax on fair value adjustments of hedging instruments	2	-1	-1
<b>Other income and costs recognised after tax</b>	<b>-1</b>	<b>-5</b>	<b>-13</b>
<b>Total comprehensive income for the period</b>	<b>-21</b>	<b>76</b>	<b>120</b>

# Balance sheet

	31.03		31.12
DKK million	2019	2018	2018
<b>ASSETS</b>			
Intangible assets	373	425	382
Property, plant and equipment	823	815	812
Right-of-use assets	278	-	-
Deferred tax asset	10	18	10
Investments in associates	194	262	251
Other non-current assets	61	60	61
<b>Non-current assets</b>	<b>1,739</b>	<b>1,580</b>	<b>1,516</b>
Inventories	1,570	1,421	1,521
Trade receivables	1,732	1,612	1,452
Income tax receivable	11	7	7
Other receivables	13	13	12
Prepayments	39	61	45
Cash at bank and in hand	60	23	65
Assets held for sale	0	117	15
<b>Current assets</b>	<b>3,425</b>	<b>3,254</b>	<b>3,117</b>
<b>Total assets</b>	<b>5,164</b>	<b>4,834</b>	<b>4,633</b>

	31.03		31.12
DKK million	2019	2018	2018
<b>EQUITY AND LIABILITIES</b>			
Share capital	775	775	775
Reserves	-172	-163	-171
Retained earnings	912	982	932
Proposed dividends for the financial year	0	0	102
<b>Equity</b>	<b>1,515</b>	<b>1,594</b>	<b>1,638</b>
Interest-bearing liabilities	405	416	409
Lease liabilities	176	-	-
Provision for pension obligations	2	3	2
Provision for deferred tax	110	104	113
Other provisions	20	23	19
<b>Non-current liabilities</b>	<b>713</b>	<b>546</b>	<b>543</b>
Interest-bearing liabilities	409	239	117
Lease liabilities	102	-	-
Trade payables	1,971	1,888	1,883
Income tax payable	1	9	3
Other payables	448	474	428
Prepayments	4	2	5
Other provisions	1	7	2
Liabilities held for sale	0	75	14
<b>Current liabilities</b>	<b>2,936</b>	<b>2,694</b>	<b>2,452</b>
<b>Liabilities</b>	<b>3,649</b>	<b>3,240</b>	<b>2,995</b>
<b>Total equity and liabilities</b>	<b>5,164</b>	<b>4,834</b>	<b>4,633</b>

# Cash flow statement

## Consolidated

	Q1		Year
DKK million	2019	2018	2018
<b>Net profit of continuing operations for the period</b>	-18	94	182
Depreciation, write-down and amortisation	59	32	155
Impairment on associates	57	-59	-59
Changes to provisions and other adjustments	-3	1	0
Share of net profit from associates	5	1	11
Financials, net	7	5	35
Income tax	11	9	55
Financial income, received	2	2	8
Financial expenses, settled	-8	-6	-29
Income tax, settled	-12	-22	-52
<b>Cash flow before working capital changes</b>	<b>100</b>	<b>57</b>	<b>306</b>
<b>Working capital changes</b>			
Inventory changes	-47	8	-97
Receivables changes	-279	-138	-24
Non-interest-bearing liabilities changes	94	34	39
<b>Cash flow from operating activities, continuing operations</b>	<b>-132</b>	<b>-39</b>	<b>224</b>
Cash flow from operating activities, discontinued operations	-2	5	-11
<b>Cash flow from operating activities</b>	<b>-134</b>	<b>-34</b>	<b>213</b>
<b>Investing activities</b>			
Purchase of intangible assets	-10	-24	-88
Purchase of property, plant and equipment	-21	-16	-59
Acquisition of subsidiaries and activities	0	0	-10
Divestment of subsidiaries and activities	5	0	60
Other financial investments	-2	0	-15
<b>Cash flow from investing activities, continuing operations</b>	<b>-28</b>	<b>-40</b>	<b>-112</b>
Cash flow from investing activities, discontinued operations	0	-1	0
<b>Cash flow from investing activities</b>	<b>-28</b>	<b>-41</b>	<b>-112</b>

	Q1		Year
DKK million	2019	2018	2018
<b>Financing activities</b>			
Repayment of non-current interest-bearing debt	-2	-2	-20
Change in current interest-bearing debt <sup>1</sup>	292	96	-15
Instalment on lease liabilities	-28	0	0
Dividends distributed	-102	-73	-73
<b>Cash flow from financing activities, continuing operations</b>	<b>160</b>	<b>21</b>	<b>-108</b>
Cash flow from financing activities, discontinued operations	0	0	0
<b>Cash flow from financing activities</b>	<b>160</b>	<b>21</b>	<b>-108</b>
<b>Total cash flow</b>	<b>-2</b>	<b>-54</b>	<b>-7</b>
Cash at bank and in hand at the beginning of the period	65	77	77
Assumed on divestment of subsidiaries	-3	0	-5
Foreign currency translation adjustments	0	0	0
<b>Cash at bank and in hand at the end of the period</b>	<b>60</b>	<b>23</b>	<b>65</b>
<b>Cash at bank and in hand at the end of the period</b>			
Cash at bank and in hand	60	23	65
<b>Cash at bank and in hand at the end of the period</b>	<b>60</b>	<b>23</b>	<b>65</b>

1. A change in presentation of the cash flow statement implies that raising or repayment of current interest-bearing debt is now presented as part of financing activities.



# Statement of changes in equity

DKK million	Share capital	Reserves for hedging transactions <sup>1</sup>	Reserves for foreign currency translation adjustments <sup>1</sup>	Retained earnings	Proposed dividends	Total
<b>2019</b>						
<b>Equity as at 1 January</b>	<b>775</b>	<b>-58</b>	<b>-113</b>	<b>932</b>	<b>102</b>	<b>1,638</b>
Foreign currency translation adjustments of foreign subsidiaries			3			3
Fair value adjustments of hedging instruments before tax		-6				-6
Tax on fair value adjustments		2				2
Net income recognised in equity via other comprehensive income in the statement of comprehensive income	0	-4	3	0	0	-1
Net loss for the period				-20		-20
<b>Comprehensive income</b>	<b>0</b>	<b>-4</b>	<b>3</b>	<b>-20</b>	<b>0</b>	<b>-21</b>
Distribution of dividends (DKK 14.00 per share)					-102	-102
<b>Transactions with the owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-102</b>	<b>-102</b>
<b>Equity as at 31 March</b>	<b>775</b>	<b>-62</b>	<b>-110</b>	<b>912</b>	<b>0</b>	<b>1,515</b>

1. Reserves for hedging transactions and reserves for foreign currency translation adjustments are recognised in the balance sheet as a total amount under reserves.

# Statement of changes in equity

– continued

DKK million	Share capital	Reserves for hedging transactions <sup>1</sup>	Reserves for foreign currency translation adjustments <sup>1</sup>	Retained earnings	Proposed dividends	Total
<b>2018</b>						
<b>Equity as at 1 January</b>	<b>775</b>	<b>-61</b>	<b>-97</b>	<b>901</b>	<b>73</b>	<b>1,591</b>
Foreign currency translation adjustments of foreign subsidiaries			-7			-7
Fair value adjustments of hedging instruments before tax		3				3
Tax on fair value adjustments		-1				-1
Net income recognised in equity via other comprehensive income in the statement of comprehensive income	0	2	-7	0	0	-5
Net profit for the period				81		81
<b>Comprehensive income</b>	<b>0</b>	<b>2</b>	<b>-7</b>	<b>81</b>	<b>0</b>	<b>76</b>
Distribution of dividends (DKK 10.00 per share)					-73	-73
<b>Transactions with the owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-73</b>	<b>-73</b>
<b>Equity as at 31 March</b>	<b>775</b>	<b>-59</b>	<b>-104</b>	<b>982</b>	<b>0</b>	<b>1,594</b>

1. Reserves for hedging transactions and reserves for foreign currency translation adjustments are recognised in the balance sheet as a total amount under reserves.

# Notes

## Segment information

Solar's business segments are Installation, Industry and Other and are based on the customers' affiliation with the segments. Installation covers installation of electrical, and heating and plumbing products, while Industry covers industry, offshore and marine, and utility and infrastructure. Other covers other small areas. The three main segments have been identified without aggregation of operating segments. Segment income and costs include any items that are directly attributable to the individual segment and any items that can be reliably allocated to the individual segment. Non-allocated costs refer to income and costs related to joint group functions. Assets and liabilities are not included in segment reporting.

DKK million	Installation	Industry	Other	Total
<b>Q1 2019</b>				
Revenue	1,774	937	246	2,957
Cost of sales	-1,444	-728	-192	-2,364
<b>Gross profit</b>	<b>330</b>	<b>209</b>	<b>54</b>	<b>593</b>
Direct costs	-64	-27	-5	-96
<b>Earnings before indirect costs</b>	<b>266</b>	<b>182</b>	<b>49</b>	<b>497</b>
Indirect costs	-146	-43	-11	-200
<b>Segment profit</b>	<b>120</b>	<b>139</b>	<b>38</b>	<b>297</b>
Non-allocated costs				-176
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>				<b>121</b>
Depreciation and amortisation				-59
<b>Earnings before interest and tax (EBIT)</b>				<b>62</b>
Financials, net, and impact from associates				-69
<b>Earnings before tax (EBT)</b>				<b>-7</b>

DKK million	Installation	Industry	Other	Total
<b>Q1 2018</b>				
Revenue	1,723	856	238	2,817
Cost of sales	-1,371	-658	-213	-2,242
<b>Gross profit</b>	<b>352</b>	<b>198</b>	<b>25</b>	<b>575</b>
Direct costs	-66	-27	-8	-101
<b>Earnings before indirect costs</b>	<b>286</b>	<b>171</b>	<b>17</b>	<b>474</b>
Indirect costs	-135	-46	-14	-195
<b>Segment profit</b>	<b>151</b>	<b>125</b>	<b>3</b>	<b>279</b>
Non-allocated costs				-197
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>				<b>82</b>
Depreciation and amortisation				-32
<b>Earnings before interest and tax (EBIT)</b>				<b>50</b>
Financials, net, and impact from associates				53
<b>Earnings before tax (EBT)</b>				<b>103</b>

# Notes

## Segment information – continued

### Geographical information

Solar A/S primarily operates on the Danish, Swedish, Norwegian and Dutch markets. In the below table, Other markets covers the remaining markets, which can be seen in the group companies overview available on page 129 of Annual Report 2018 or on [www.solar.eu](http://www.solar.eu). The below allocation has been made based on the products' place of sale.

DKK million	Revenue	Adjusted organic growth <sup>2</sup>	EBITA	EBITA margin	Non-current assets
<b>Q1 2019</b>					
Denmark	892	5.3	44	4.9	2,067
Sweden	600	0.1	9	1.5	314
Norway	502	12.7	11	2.2	208
The Netherlands	767	7.3	18	2.3	316
Poland <sup>1</sup>	88	0.3	-1	-1.1	34
Other markets	8	8.9	0	0.0	10
Eliminations	-49	-	0	0.0	-1,283
<b>Core business</b>	<b>2,808</b>	<b>5.7</b>	<b>81</b>	<b>2.9</b>	<b>1,666</b>
Several markets (MAG45) <sup>1</sup>	144	9.7	-1	-0.7	72
Other markets	5	-	0	0.0	1
<b>Related business</b>	<b>149</b>	<b>6.7</b>	<b>-1</b>	<b>-0.7</b>	<b>73</b>
<b>Solar Group</b>	<b>2,957</b>	<b>5.8</b>	<b>80</b>	<b>2.7</b>	<b>1,739</b>

<sup>1</sup> Previously part of other markets

<sup>2</sup> Adjustment for intercompany revenue has been made

DKK million	Revenue	Adjusted organic growth	EBITA	EBITA margin	Non-current assets
<b>Q1 2018</b>					
Denmark	834	3.7	33	4.0	1,937
Sweden	619	-0.4	21	3.4	245
Norway	440	-3.7	7	1.6	155
The Netherlands	724	11.8	14	1.9	293
Poland <sup>1</sup>	82	10.6	-1	-1.2	30
Other markets	0	-	0	-	3
Eliminations	-22	-	0	0.0	-1,117
<b>Core business</b>	<b>2,677</b>	<b>3.5</b>	<b>74</b>	<b>2.8</b>	<b>1,546</b>
Several markets (MAG45) <sup>1</sup>	133	33.7	-4	-3.0	34
Other markets	7	-	-1	-14.3	0
<b>Related business</b>	<b>140</b>	<b>34.7</b>	<b>-5</b>	<b>-3.6</b>	<b>34</b>
<b>Solar Group</b>	<b>2,817</b>	<b>4.5</b>	<b>69</b>	<b>2.4</b>	<b>1,580</b>

<sup>1</sup> Previously part of other markets



# Notes

## Discontinued operations

On 25 March 2019, Solar closed the process initiated in December 2018 of a management buyout of our Norwegian training business Scandinavian Technology Institute (STI), a part of our related business. The divestment constituted an accounting loss of DKK 17m included in the financial statement for 2018.

On 31 January 2018, Solar A/S finalised the divestment of all shares of GFI GmbH and assets in Claessen ELGB N.V. to Sonepar Group with an accounting loss of DKK 47m, which was included in the financial statement for 2017.

The discontinued operations impacted the income statement as follows:

DKK million	Q1		Year
	2019	2018	2018
Revenue	12	152	197
Cost of sales	-1	-117	-132
<b>Gross profit</b>	<b>11</b>	<b>35</b>	<b>65</b>
Costs	-13	-48	-97
<b>Earnings before interest and tax (EBIT)</b>	<b>-2</b>	<b>-13</b>	<b>-32</b>
Financials	0	-1	-2
<b>Earnings before tax (EBT)</b>	<b>-2</b>	<b>-14</b>	<b>-34</b>
Tax on net loss for the period	0	1	2
<b>Net loss for the period</b>	<b>-2</b>	<b>-13</b>	<b>-32</b>
Write-down to fair value less costs to sell	0	0	-17
<b>Net profit or loss of discontinued operations</b>	<b>-2</b>	<b>-13</b>	<b>-49</b>
Earnings from discontinued operations in DKK per share outstanding (EPS)	-0.27	-1.78	-6.71
Diluted earnings from discontinued operations in DKK per share outstanding (EPS-D)	-0.27	-1.78	-6.71

# Notes

## Accounting policies

The quarterly report for Solar A/S has been prepared in accordance with IAS 34 “Interim Financial reporting” as approved by the EU and additional Danish disclosure requirements for quarterly reports of listed companies.

Apart from the effect of new IAS/IFRS standards implemented during the period and the additional accounting policies mentioned below, the accounting policies remain unchanged from Annual Report 2018, which contains a full description of these on pages 52-54 as well as of relevant, supplementary notes.

Key items in the accounts are based on annual contracts etc. A prudent assessment of the current year’s activities was undertaken during the preparation of this quarterly report.

In the quarterly report, income tax has been calculated on the basis of pre-tax profits at the expected average tax rate. No calculations of taxable income for the period have been made.

### New accounting standards implemented during the period

On 1 January 2019, Solar implemented IFRS 16, Leases by applying the modified retrospective approach. The cumulative effect is recognised at the date of initial application, 1 January 2019, and the right-of-use assets are recognised at the same value as the lease obligations. Comparative figures are not restated.

### DKK million

<b>Operating lease commitments disclosed as at 31 December 2018</b>	<b>298</b>
Discounted using the group’s incremental borrowing rate of 0.6-3.66%	-8
Contracts reassessed as service agreements	-19
Adjustments as a result of a different treatment of extension and termination options	18
<b>Lease liability recognised as at 1 January 2019</b>	<b>289</b>

All leases have been recognised in the balance sheet with a corresponding lease liability except for short-term leases and leases for low value assets. Lease contracts with remaining life of less than 1 year as at 1 January 2019 are not included. Post-rationalisation has been applied when determining the lease terms. Leased assets are depreciated over the lease term, and payments are allocated between instalments on the lease liability and interest expense, classified as financial expenses. The lease term used for the lease contracts is the non-cancellable period with addition of periods covered by an option to extend the lease if exercise of the option is considered reasonably certain on inception of the lease.

The impact of IFRS 16 is shown in the table below.

DKK million	Q1 2019		
	Previous practice	IFRS 16 impact	New practice
<b>Income statement</b>			
Revenue	2,957	-	2,957
Cost of sales	-2,364	-	-2,364
<b>Gross profit</b>	<b>593</b>	<b>-</b>	<b>593</b>
External operating costs	-122	29	-93
Staff costs	-374	-	-374
Loss on trade receivables	-5	-	-5
<b>EBITDA</b>	<b>92</b>	<b>29</b>	<b>121</b>
Depreciation and write-down on property, plant and equipment	-13	-28	-41
<b>EBITA</b>	<b>79</b>	<b>1</b>	<b>80</b>
Amortisation and impairment of intangible assets	-18	-	-18
<b>EBIT</b>	<b>61</b>	<b>1</b>	<b>62</b>
Share of net profit of associates	-5	-	-5
Impairment on associates	-57	-	-57
Financial income	4	-	4
Financial expenses	-10	-1	-11
<b>EBT</b>	<b>-7</b>	<b>0</b>	<b>-7</b>
<b>Balance sheet</b>			
Right-of-use assets	-	278	278
Non-current lease liabilities	-	176	176
Current lease liabilities	-	102	102
<b>Cash flow statement</b>			
Cash flow from operating activities, continuing operations	-160	28	-132
Cash flow from financing activities, continuing operations	188	-28	160

# Notes

## Accounting policies – continued

Also, we have implemented new amendments and interpretations on existing IFRS standards. These changes have no impact on Solar.

As a consequence of implementation of IFRS 16, Leases, the following accounting policies are added:

### *Right-of-use assets*

Right-of-use assets are lease assets arising from a lease agreement. Lease assets are initially measured at cost consisting of the amount of the initial measurement of the leases liability with addition of lease payments made to the lessor at or before the commencement date less any lease incentives received. Five different types of leases have been identified:

- Rental of premises
- IT equipment
- Cars
- Technical equipment
- Other

The lease assets are depreciated on a straight-line basis over the lease term. The carrying amount of the right-of-use asset can be adjusted due to modifications to the lease agreement or in special cases reassessment of the lease term.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture with a value below DKK 37,000.

### *Lease liabilities*

Lease liabilities arise from a lease agreement. Lease liabilities are initially measured at the present value of the lease payments during the non-cancellable lease period with addition of periods covered by an option to extend the lease if exercise of the option is considered reasonably certain on inception of the lease.

At initial recognition, each contract is assessed individually to assess the likelihood of exercising a potential extension option in the contract. The option to extend the contract period will be included in measuring the lease liability if it is reasonably certain that Solar will exercise the option.

When calculating the net present value, a discount rate corresponding to Solar's incremental borrowing rate has been used. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 are between 0.6% and 3.66% depending among other things on the term and the currency in which the contracts are denominated.

The lease liability will be remeasured when changes occur due to modifications to the contract (extension, termination etc.), indexation or in special cases reassessment of the lease term.

### **New accounting standards to be implemented in coming accounting periods**

For information on new accounting standards, reference is made to note 28 on page 92 in Annual Report 2018. No new or amended standards have been issued in 2019 other than those stated in the annual report.

### **On audit**

This quarterly report has not been audited or reviewed.

# Quarterly figures

	Q1		Q2		Q3		Q4	
Income statement (DKK million)	2019	2018	2018	2017	2018	2017	2018	2017
Revenue	2,957	2,817	2,733	2,673	2,539	2,596	3,009	2,967
Earnings before interest, tax, depreciation and amortisation (EBITDA)	121	82	70	67	106	110	121	103
Earnings before interest, tax and amortisation (EBITA)	80	69	56	54	93	97	109	90
Earnings before interest and tax (EBIT)	62	50	36	36	64	78	74	10
Financials, net	-7	-5	-7	-30	-7	-4	-16	9
Earnings before tax (EBT)	-7	103	10	6	70	73	54	-50
Net profit or loss for the quarter	-20	81	-7	-12	49	42	10	-134
Balance sheet (DKK million)								
Non-current assets	1,739	1,580	1,561	1,681	1,572	1,675	1,516	1,522
Current assets	3,425	3,254	3,027	3,222	3,121	3,339	3,117	3,195
Balance sheet total	5,164	4,834	4,588	4,903	4,693	5,014	4,633	4,717
Equity	1,515	1,594	1,584	1,696	1,645	1,745	1,638	1,591
Non-current liabilities	713	546	540	366	536	362	543	557
Current liabilities	2,936	2,694	2,464	2,841	2,512	2,907	2,452	2,569
Interest-bearing liabilities, net	1,032	632	662	712	712	728	461	489
Invested capital	2,302	1,895	1,972	2,129	2,055	2,190	1,797	1,790
Net working capital, end of period	1,331	1,145	1,196	1,309	1,312	1,398	1,090	1,081
Net working capital, average	1,230	1,168	1,173	1,191	1,184	1,209	1,182	1,133
Cash flows (DKK million)								
Cash flow from operating activities	-132	-39	-41	-183	-23	-2	327	279
Cash flow from investing activities	-28	-40	26	-49	-30	-25	-68	-39
Cash flow from financing activities	160	21	35	221	35	14	-199	-175
Net investments in intangible assets	-10	-24	-27	-26	-20	-27	-17	-26
Net investments in property, plant and equipment	-21	-16	-7	-3	-10	7	-26	-5
Acquisition and disposal of subsidiaries, net	5	0	60	0	0	0	-10	-6

Overall, financial ratios are calculated in accordance with the Danish Finance Society's "Recommendations & Financial Ratios 2015".

In general, restatements have been made of income statements, cash flow and key ratios for the discontinued operations in STI, Claessen ELGB N.V. and GFI GmbH for 2017 and 2018. In accordance with IFRS, the balance sheet has not been restated.

As at 1 January 2019, Solar implemented IFRS 16, Leases, by applying the modified retrospective approach. Comparative figures are not restated. This especially affects EBITDA, interest-bearing liabilities, EBITDA margin, gearing and equity ratio.



# Quarterly figures

– continued

	Q1		Q2		Q3		Q4	
Financial ratios (% unless otherwise stated)	2019	2018	2018	2017	2018	2017	2018	2017
Revenue growth	5.0	-0.3	2.2	1.2	-2.2	7.3	1.4	4.6
Organic growth	6.0	1.4	3.6	2.1	-0.3	7.3	2.3	5.4
Organic growth adjusted for number of working days	5.8	4.5	1.6	7.4	-0.3	9.0	2.5	7.1
Gross profit margin	20.1	20.4	20.4	20.6	20.2	20.7	20.0	20.3
EBITDA margin	4.1	2.9	2.6	2.5	4.2	4.2	4.0	3.5
EBITA margin	2.7	2.4	2.0	2.0	3.7	3.7	3.6	3.0
EBIT margin	2.1	1.8	1.3	1.3	2.5	3.0	2.5	0.3
Net working capital (NWC end of period)/revenue (LTM)	11.8	10.3	10.7	10.9	11.8	11.5	9.8	9.7
Net working capital (NWC average)/revenue (LTM)	10.9	10.5	10.5	9.8	10.7	9.8	10.6	10.2
Gearing (interest-bearing liabilities,net/EBITDA), no. of times	2.5	1.7	1.8	1.9	2.0	1.8	1.2	1.3
Return on equity (ROE)	2.0	-1.4	-1.1	11.0	-0.7	11.7	8.1	1.1
Return on invested capital (ROIC)	8.1	6.4	6.2	9.6	5.6	10.6	8.1	6.3
Adjusted enterprise value/earnings before interest, tax and amortisation (EV/EBITA)	8.5	10.3	10.4	10.2	10.7	9.3	6.8	10.4
Equity ratio	29.3	33.0	34.5	34.6	35.1	34.8	35.4	33.7

## Share ratios (DKK)

Earnings in DKK per share outstanding (EPS)	-2.74	11.10	-0.96	-1.64	6.71	5.75	1.37	-18.36
Intrinsic value in DKK per share outstanding	207.58	218.41	217.04	232.38	225.40	239.10	224.44	218.00
Share price in DKK	286.68	398.53	398.72	376.73	401.55	381.25	284.12	414.52
Share price/intrinsic value	1.38	1.82	1.84	1.62	1.78	1.59	1.27	1.90

## Employees

Number of employees (FTE), end of period	2,982	2,944	2,948	2,863	2,918	2,865	2,955	2,905
Average number of employees (FTE), LTM	2,951	2,894	2,915	2,829	2,929	2,841	2,941	2,870

## Definitions

Organic growth	Revenue growth adjusted for enterprises acquired and sold off and any exchange rate changes. No adjustments have been made for number of working days.
Net working capital	Inventories and trade receivables less trade payables.
ROIC	Return on invested capital calculated on the basis of operating profit or loss less tax calculated using the effective tax rate.

# Statement by the Executive Board and the Board of Directors

Today, the group's Board of Directors and Executive Board discussed and approved the Q1 2019 quarterly report of Solar A/S.

The quarterly report, which has not been audited or reviewed by the company's auditor, is presented in accordance with IAS 34 "Interim Financial Reporting" as approved by the EU and additional Danish disclosure requirements for quarterly reports of listed companies.

In our opinion, the quarterly report gives a fair presentation of the group's assets, equity and liabilities and financial position as at 31 March 2019 as well as of the results of the group's activities and cash flow for Q1 2019.

Further, in our opinion, the management's review gives a true and fair statement of the development of the group's activities and financial situation, net profit or loss for the period and of the group's overall financial position and describes the most significant risks and uncertainties that the group faces.

Vejen, 8 May 2019

## EXECUTIVE BOARD

**Jens E. Andersen**  
CEO

**Hugo Dorph**  
CCO

**Michael H. Jeppesen**  
CFO

## BOARD OF DIRECTORS

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Chairman

**Jesper Dalsgaard**  
Vice-chairman

**Lars Lange Andersen**

**Peter Bang**

**Morten Chronne**

**Ulrik Damgaard**

**Bent H. Frisk**

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**Jens Peter Toft**

Solar A/S  
Industrivej Vest 43  
DK-6600 Vejen  
Tel. +45 79 30 00 00  
CVR no. 15908416

[www.solar.eu](http://www.solar.eu)  
<http://www.linkedin.com/company/solar-as>



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