

Announcement no. 17 2020

21 October 2020

## Solar increases its guidance for 2020 EBITA to DKK 435m

*Based on preliminary reporting, Solar increases its guidance for 2020 EBITA to DKK 435m from DKK 400m, including one-off costs of DKK 25m – previously DKK 30m – relating to SAP eWM implementation.*

*Moreover, we are adjusting revenue guidance to DKK 11,300m, a decline of DKK 100m compared to our previous guidance of DKK 11,400m.*

### CEO Jens Andersen says:

"Our digital business model has excelled during this period of uncertainty and we have been able to continue to support and create value for our customers.

We have continued our journey towards improved profitability, delivering a 25% EBITA increase in Q3 despite lower revenue.

We are very pleased to report that the Better Business project initiatives we launched earlier in 2020 and the increase in sales of Solar Concepts have more than met our expectations. These two factors have provided the foundation for our better-than-expected Q3 numbers and our updated guidance."

## Key financial messages

- In Q3, EBITA increased to DKK 132m (DKK 105m) despite adjusted organic revenue growth of -4.8% (6.3%). The EBITA increase of DKK 27m was mainly driven by an improved gross profit margin combined with efficiency gains and cost containment.
- One-off income relating to extraordinary price increases positively affected the gross profit margin by approx. DKK 10m.

<b>Financial highlights (DKK million)</b>	<b>Q3 2020</b>	<b>Q3 2019</b>	<b>Q1-Q3 2020</b>	<b>Q1-Q3 2019</b>
Revenue	2,618	2,777	8,408	8,602
Gross Profit	563	548	1,748	1,721
EBITA	132	105	310	245
<b>Financial ratios (%)</b>				
Organic growth adj.	-4.8	6,3	-0,8	5,8
Gross margin	21.5	19.7	20.8	20.0
EBITA margin	5.0	3.8	3.7	2.8

## Guidance

<b>Guidance 2020 overview DKK million</b>	<b>Updated guidance</b>	<b>August guidance</b>
Core business, revenue	10,750	10,850
Core business, EBITA	435	400
Related business, revenue	550	550
Related business, EBITA	0	0
<b>Solar Group, revenue</b>	<b>11,300</b>	11,400
<b>Solar Group, EBITA</b>	<b>435</b>	400

## General guidance assumptions

Due to the resurgence of the COVID-19 pandemic, we see an increased risk in our market outlook. The new guidance is based on several assumptions:

- That the resurgence of COVID-19 will not result in new significant lockdowns in our markets.
- That the outcome from our Better Business project initiatives and increased sales of Solar Concepts continue to strengthen our gross profit margin alongside cost containment measures.
- That no significant restructuring costs are required.

## Contacts

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

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

IR Director Dennis Callesen – tel. +45 29 92 18 11

**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 is a leading European sourcing and services company mainly within electrical, 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 improvements and provide digital tools which transform 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 approx. DKK 11.7bn in 2019 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.