

Meddelelse nr. 18 2019

31. oktober 2019

## Delårsrapport for Q3 2019

*Omsætningen i Q3 oversteg vores forventninger, og EBITA i Q3 var på niveau med vores forventninger. Vi genbekræfter vores forventninger til EBITA i 2019.*

### CEO Jens Andersen udtaler:

"I Q3 oversteg kerneforretningen vores forventninger og leverede en justeret organisk vækst på 6,8%. Alle enheder leverede en positiv justeret organisk vækst. EBITA fra kerneforretningen steg med mere end 12% drevet af forbedringer i Solar Norge og Solar Nederland. Som følge heraf øger vi vores forventninger til EBITA for kerneforretningen med DKK 10 mio. til DKK 380 mio.

Vi fastholder vores fokus på energieffektive løsninger for at drive den grønne omstilling. Kombinationen af vores grønne og digitale tilgang samt vores TCO-tankegang understøtter ansvarlig udnyttelse af ressourcer i alle aspekter.

I vores relaterede forretning leverede MAG45 et utilfredsstillende resultat, og vi har igangsat en strategisk gennemgang af MAG45."

<b>Udvalgte hovedtal (DKK mio.)*</b>	<b>Q3 2019</b>	<b>Q3 2018</b>	<b>Q1-Q3 2019</b>	<b>Q1-Q3 2018</b>
Omsætning	2.777	2.539	8.602	8.089
EBITA	105	93	245	218
Indtjening før skat	-2	70	47	183
Pengestrømme fra driftsaktivitet	144	-23	-5	-103
<b>Udvalgte nøgletal (%)</b>				
Organisk vækst justeret for antal arbejdsdage	6,3	-0,3	5,8	2,0
EBITA-margin	3,8	3,7	2,8	2,7
Netto arbejdskapital, ultimo/omsætning (LTM)	12,6	11,8	12,6	11,8
Gearing (NIBD/EBITDA), antal gange	2,2	2,0	2,2	2,0

\* Grundet frasalget af vores østrigske og belgiske forretningsaktiviteter, GFI GmbH og Claessen ELGB NV, i 2018 samt frasalget af vores norske træningsvirksomhed, STI, i Q1 2019 relaterer tallene for 2018 og 2019 i denne meddelelse sig til vores fortsættende aktiviteter.

### Omsætning i Q3 2019

- Omsætningen oversteg vores forventninger.
- Justeret organisk vækst udgjorde 6,3% (-0,3%).

### EBITA i Q3 2019

- EBITA var på niveau med vores forventninger.
- EBITA fra kerneforretningen steg til DKK 111 mio. (DKK 99 mio.) drevet af forbedringer i Solar Norge og Solar Nederland.
- EBITA fra den relaterede forretning udgjorde uændret DKK -6 mio. (DKK -6 mio.). Resultatet i MAG45 var utilfredsstillende i Q3 på grund af lavere omsætning end forventet. Resultatet i Q3 er påvirket af omstrukturingsomkostninger på ca. DKK 2 mio.

### Værdiansættelse af BIMobject AB

- Baseret på aktiekursen den 30. september 2019 udgjorde værdien af BIMobject DKK 129 mio. Derfor så Solar et behov for en nedskrivning på DKK 70 mio. i Q3 2019. I Q3 2018 tilbageførte vi en nedskrivning på DKK 15 mio. på BIMobject, som oprindeligt blev indregnet i Q2 2018.

### Forventninger til 2019

- Vores forventninger til koncernomsætningen er ændret fra mindst DKK 11,6 mia. til ca. DKK 11,75 mia. med en organisk vækst på ca. 5%, og vi bekræfter vores forventninger til EBITA for koncernen på DKK 365 mio.
- For kerneforretningen øger vi vores forventninger til omsætningen fra mindst DKK 10,95 mia. til ca. DKK 11,2 mia, svarende til en organisk vækst på ca. 5%, og vi øger forventningerne til EBITA fra ca. DKK 370 mio. til ca. DKK 380 mio. Stigningen er hovedsageligt drevet af en anelse højere vækst end forventet.

- For den relaterede forretning har vi ændret vores forventninger til omsætningen fra DKK 650 mio. til ca. DKK 550 mio. og en organisk vækst omkring 0%, og vi har ændret vores forventninger til EBITA fra DKK -5 mio. til ca. DKK -15 mio. grundet aftagende vækst.

Forventninger til 2019 DKK mio.	Kerne- forretning	Relateret forretning	Solar Group
<b>Omsætning</b>			
Tidligere forventet omsætning	10.950	650	11.600
Ændring	250	-100	150
Ny forventet omsætning	11.200	550	11.750
<b>EBITA</b>			
Tidligere forventet EBITA	370	-5	365
Ændring	10	-10	0
Ny forventet EBITA	380	-15	365

### Audio webcast og telekonference i dag

Præsentationen af Delårsrapport Q3 2019 foregår på engelsk den 31. oktober 2019 kl. 11.00. Præsentationen bliver transmitteret som en audio webcast og kan følges på [www.solar.eu](http://www.solar.eu). Deltagelse er mulig via den tilknyttede telekonference.

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Med venlig hilsen  
Solar A/S

Jens Andersen

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Bilag: Delårsrapport Q3 2019, side 1-33.

**Fakta om Solar**

Solar-koncernen er en førende europæisk sourcing- og servicevirksomhed, der leverer løsninger primært inden for el, vvs, ventilation samt klima og energi. Vores kerneforretning centrerer sig om sourcing af produkter, værdiskabende services og optimering af vores kunders forretning.

Vi fremmer effektivitetsforbedringer og tilbyder digitale værktøjer, der gør vores kunder til vindere. Vi driver den grønne omstilling og leverer de bedste løsninger, der sikrer bæredygtig brug af ressourcer.

Solar-koncernen har hovedsæde i Danmark, havde i 2018 en omsætning over 11 mia. kroner og beskæftiger ca. 3.000 medarbejdere. Solar er noteret på Nasdaq Copenhagen med kortnavn SOLAR B. Flere oplysninger kan findes på: [www.solar.eu](http://www.solar.eu).

**Ansvarsfraskrivelse**

Selskabsmeddelelsen er offentliggjort dags dato på engelsk og dansk via Nasdaq Copenhagen. I tilfælde af uoverensstemmelse mellem den engelske og danske version er det den danske version, der er gældende.

# Q3 2019

Solar A/S  
Cvr nr. 15 90 84 16



solar

*stronger together*



# Contents

## MANAGEMENT'S REVIEW

- 3 Financial highlights
- 4 Business update
- 6 Financial review
- 11 Outlook
- 13 Shareholder information
- 14 100<sup>th</sup> anniversary

## FINANCIAL STATEMENTS

- 16 Statement of comprehensive income
- 17 Balance sheet
- 18 Cash flow statement
- 19 Statement of changes in equity
- 21 Notes
- 30 Quarterly figures
- 32 Statement by the Executive Board and the Board of Directors

# Financial highlights

Consolidated (DKK million)	Q3		Q1-Q3		Year
	2019	2018	2019	2018	2018
Revenue	2,777	2,539	8,602	8,089	11,098
Earnings before interest, tax, depreciation and amortisation (EBITDA)	152	106	377	258	379
Earnings before interest, tax and amortisation (EBITA)	105	93	245	218	327
Earnings before interest and tax (EBIT)	82	64	185	150	224
Earnings before tax (EBT)	-2	70	47	183	237
Net profit for the period	-22	49	6	123	133
Balance sheet total	5,151	4,693	5,151	4,693	4,633
Equity	1,512	1,645	1,512	1,645	1,638
Interest-bearing liabilities, net	1,089	712	1,089	712	461
Cash flow from operating activities, continuing operations	144	-23	-5	-103	224
Net investments in property, plant and equipment	-25	-10	-71	-33	-59

## Employees

Number of employees (FTE), end of period, continuing operations	3,070	2,918	3,070	2,918	2,955
Average number of employees (FTE), LTM, continuing operations	3,018	2,929	3,018	2,929	2,941

## Financial ratios (% , unless otherwise stated)

Organic growth adjusted for number of working days	6.3	-0.3	5.8	2.0	2.2
Gross profit margin	19.7	20.2	20.0	20.3	20.2
EBITDA margin	5.5	4.2	4.4	3.2	3.4
EBITA margin	3.8	3.7	2.8	2.7	2.9
Net working capital (NWC at end of period)/revenue (LTM)	12.6	11.8	12.6	11.8	9.8
Gearing (net interest-bearing liabilities/EBITDA), no. of times	2.2	2.0	2.2	2.0	1.2
Return on equity (ROE)	1.0	-0.7	1.0	-0.7	8.2
Equity ratio	29.4	35.1	29.4	35.1	35.4

## Share ratios (DKK)

Earnings per share outstanding (EPS)	-3.18	6.71	0.85	16.85	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.

## Q3 FINANCIAL MESSAGES

- Solid organic growth of 6.3% (adjusted).
- Revenue increased to DKK 2.8bn (DKK 2.5bn) and exceeded expectations.
- EBITA increased to DKK 105m (DKK 93m) and was on par with expectations.
- Impairment on BIMobject amounted to a loss of DKK 70m.
- We reconfirm our group EBITA guidance of DKK 365m.
- We have initiated a strategic review of MAG45.

DKK million	Q3 2019	Q3 2018
<b>Earnings before tax</b>	<b>-2</b>	<b>70</b>
Fair value adjustment, recognised under financials	0	-11
Impairment on associates	70	-15
<b>Earnings before tax, adjusted for impact from associates</b>	<b>68</b>	<b>44</b>
Impairment loss, other intangible assets	0	7
Impairment loss, goodwill and customer lists	4	0
Earn-out receivable reversed	0	11
<b>Adjusted earnings before tax</b>	<b>72</b>	<b>62</b>

## Business update

# We keep focusing on energy-efficient solutions to drive the green transition

Our green and digital approach combined with our TCO mindset underpin a responsible use of resources in all aspects.

### ENERGY-EFFICIENT SOLUTIONS AND SUSTAINABLE BUSINESS

We are driving a green transition and provide best-in-class solutions to ensure sustainable use of resources.

In Norway, our focus on electrification and renewable energy has intensified over the past years and the solar power market is growing rapidly. Solar Norge has therefore launched a partner programme, known as Sun Partner, to address our installation customers. The programme, which has been well received, offers our customers a range of benefits, including practical courses on PV installations and access to webinars.

Solar is a strong and reliable partner with a knowledge of engineering, solution sales and effective logistics. We support our customers in terms of providing engineering solutions, sourcing material and project logistics.

Our successful Sun Partner programme has encouraged Solar Norge to expand into a Climate and Energy Partner programme with a broader assortment.

In Denmark, we have established a new customer centre in the heart of Copenhagen, which is focused on sustainable solutions for delivery, transport and packaging. For example, we are testing bicycles as a means of delivery, and we are using paper bags instead of cardboard boxes for our Fastbox deliveries.

The centre serves the growing demand for our Fastbox delivery service, which increases our customers' productivity. This offers contractors and fitters a faster delivery service and access to more than 10,000 products.

Our customers can also rent a workstation at the centre. Many Copenhagen-based installers currently use their company vehicle as a workstation. Our new initiative, therefore, gives them the opportunity to book a desk or use our meeting facilities instead. With the aim of making daily life easier, digital tools are available for use, and our experts are at hand to advise and answer any questions.

As part of Nasdaq's commitment to more sustainable markets and to support its listed companies, Nasdaq has implemented an ESG Data Portal to provide a central database for listed

companies and investors who wish to access ESG data and performance metrics.

The portal covers a number of environmental, social and governance metrics, which reflect best practice across these impact areas.

As a responsible and transparent company, Solar is committed to supporting the portal, and thereby its investors, by submitting all relevant ESG data.

### STRATEGIC SUPPLIERS

Without increasing the number of stock-keeping units, we are constantly expanding the number of products we have available, i.e. from our current 215,000 to an anticipated 500,000 over the next one to two years.

Thereby, we provide our suppliers with access to extended market opportunities and ensure our customers access to our enlarged product offerings and services, whilst maintaining our inventory levels and reducing our environmental footprint.

### INDUSTRY FOCUS

Our Scandinavian industry business is making





## Business update

good progress. Our industry customers have welcomed our Total Cost of Ownership (TCO) approach and the way in which we provide them with cross-border solutions for strategic sourcing, supplier consolidation, etc.

We prioritise selected key industry verticals and continue to establish new business agreements and attract new customers who appreciate that we are able to serve them in a cross-border context.

To strengthen our market position within infrastructure, we recently hired a VP Infrastructure Scandinavia with a strong track record from the industry and vast market and product knowledge.

We have already established significant infrastructure positions in both the Danish and Norwegian markets and by concentrating our Scandinavian infrastructure activities under joint leadership we will further develop our infrastructure/utility businesses.

### **OPERATIONAL EXCELLENCE**

Over the weekend of 28 - 29 September, we launched SAP eWM - Extended Warehouse Management system - at our central warehouse in Örebro in Sweden to replace our in-house developed warehouse management system.

Overall, the go-live was very successful with only minor disruptions. In fact, the implementation was so well executed, that we were able to end the hypercare period earlier than expected.

With two successful implementations at our central warehouses in Sweden and a mature template, we are ready to focus on our central warehouse in Denmark for the next implementation.

Moreover, based on our positive experience with the automated storage and retrieval system, AutoStore, in Solar Norge, we have now begun the implementation of AutoStore in Solar Nederland.

We have also embarked on the next steps in our journey to create a centrally led organisational structure.

Our aim is to work with the entire value chain, respond faster to customer demands and optimise the use of our warehouses. We are therefore following a general trend and changing from a supply chain configuration to an operations setup. To serve our customers even more efficiently, we have established Solar Operations to cover Material Planning, Warehouse Operations & Transport, and Services & Solutions.

Also, within our joint market and sourcing organisation we have established a Global Category Management setup covering 10 defined product categories. Hence, we will maintain and develop our categories across borders in Denmark, Sweden, Norway, the Netherlands and Poland.



## Financial review

(Figures in brackets are corresponding figures from Q3 or Q1-Q3 2018)

# In Q3, group EBITA was up by DKK 12m achieving a DKK 27m increase for Q1-Q3

Group revenue exceeded expectations, while EBITA was on par with expectations.

Core business saw solid adjusted organic growth of 6.8% in Q3 and reached revenue of DKK 2.6bn (DKK 2.4bn). EBITA for core business increased by DKK 12m to DKK 111m, corresponding to an EBITA margin of 4.2% (4.1%).

Our comments on core and related business and disclosures in the note segment information should be regarded as supplementary information. Information on the following segments - Installation, Industry and Other - is included in the note segment information.

### Q3 2019 REVENUE

Group revenue exceeded our expectations.

The Installation and Industry segments continued to see growth in all our markets in Q3, and growth in our Norwegian and Dutch businesses was particularly notable. Solar Sverige delivered organic growth of 4.6% thereby continuing the positive trend from Q2.

Solar's overall adjusted organic growth for Installation and Industry was around 9% and 8% respectively. The growth has been adjusted for the estimated impact of the acquired business activities in Sweden.

In Q3 2019, adjusted organic growth at group level amounted to 6.3% (-0.3%). Revenue totalled DKK 2.8bn (DKK 2.5bn).

Core business delivered adjusted organic growth of 6.8% (-1.4%), and we saw positive adjusted organic growth in all entities.

### GROSS PROFIT MARGIN

Gross profit margin decreased to 19.7% (20.2%) in Q3 2019.

Solar Nederland saw adjusted organic growth of more than 8% in Q3. However, a significant part of the growth related to low margin products and customers. This change in product and customer mix negatively affected the gross profit margin at group level by approx. 0.4 percentage points.

In addition, freight costs increased and negatively affected the gross profit margin at group level by 0.1 percentage points due to a general increase in fuel costs and lack of capacity.

### OTHER INCOME

Other income amounted to DKK 4m (DKK 0m). This primarily relates to the impact from Solar Polska winning a court case regarding a VAT refund relating to previous years.

### EXTERNAL OPERATING COSTS AND DEPRECIATION

Due to the implementation of IFRS 16, Leases, external operating costs were down by DKK 33m while correspondingly, depreciation was up by DKK 32m and net financials by DKK 2m. Were this change to be reversed, external operating costs would amount to DKK 101m (DKK 95m) and depreciation to DKK 15m (DKK 13m). In general, costs have been

### RELATED BUSINESS\*

Revenue in related business amounts to approx. 5% of our total revenue.

Since acquiring MAG45 in 2016, we have grown revenue by approx. 60%. However, despite the growth we have not achieved the expected positive earnings. Our policy for related business requires a positive EBITA within a timeframe of no more than three years. Therefore, we have initiated a strategic review of MAG45.

Related business showed adjusted organic growth of -2.9% (23.7%) in Q3 and 3.3% (27.4%) in Q1-Q3. EBITA was unchanged at DKK -6m (DKK -6m) in Q3, but EBITA was up at DKK -13m (DKK -17m) in Q1-Q3.

Revenue and EBITA performance for MAG45 were disappointing and below expectations. The result in Q3 is affected by restructuring costs of approx. DKK 2m. On a full year basis, cost savings of approx. DKK 7m are expected. Additional restructuring initiatives are being initiated.

\*Besides MAG45 our related business also includes Solar Polaris.

## Financial review

affected by the acquisition of Swedish business activities in May 2019.

### EBITA

Group EBITA was on par with expectations.

EBITA increased to DKK 105m (DKK 93m) corresponding to an EBITA margin of 3.8% (3.7%) of revenue.

EBITA from core business exceeded expectations and was up at DKK 111m (DKK 99m) corresponding to an EBITA margin 4.2% (4.1%). This was driven by improvements in Solar Norge and Solar Nederland. Solar Sverige's performance was, as expected, below the level of Q3 2018. Earlier this year, Solar Sverige implemented structural changes to improve earnings. In Q3, Solar Sverige implemented further initiatives to continue to increase earnings.

The results of the individual countries are disclosed on page 23.

### AMORTISATION

Amortisation totalled DKK 23m (DKK 29m).

In Q3, a review of intangible assets resulted in an impairment loss of DKK 4m. This related to customer lists obtained when MAG45 acquired

the industrial business activities from Savone, Italy, in 2017.

In Q3 2018, Solar Danmark shut down a loss-making activity, which led to an impairment on software of DKK 7m.

### SHARE OF NET PROFIT FROM ASSOCIATES

Our share of earnings from our digital, construction and services associates amounted to DKK -5m (DKK -2m) of which DKK -4m is related to BIMobject.

### IMPAIRMENT ON ASSOCIATES

Based on the share price on 30 September 2019, the BIMobject value amounted to DKK 129m. Solar thus identified a need for write-down of DKK 70m in Q3 2019. In Q3 2018, we reversed the write-down of DKK 15m on BIMobject originally recognised in Q2 2018.

### FINANCIALS

Net financials totalled DKK -9m (DKK -7m) affected by the implementation of IFRS 16, Leases, of DKK -2m.

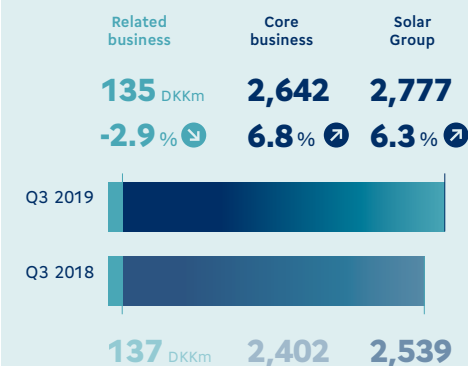
In Q3 2018, a fair value adjustment of the investment in LetsBuild (former Geniebelt) of DKK 11m was included as financial income and an adjustment of an earn-out of DKK -11m was included as financial costs.

### EARNINGS BEFORE TAX

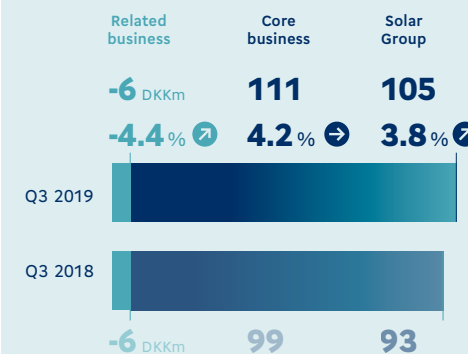
Earnings before tax amounted to DKK -2m (DKK 70m). However, when adjusted as illustrated in the table below, earnings before tax were up at DKK 72m (DKK 62m).

DKK million	Q3 2019	Q3 2018	FY 2018
Earnings before tax	-2	70	237
Fair value adjustment, recognised under financials	0	-11	-11
<i>Impact due to market value changes in BIMobject:</i>			
Impairment on associates	70	-15	-59
<b>Earnings before tax, adjusted for impact from associates</b>	<b>68</b>	<b>44</b>	<b>167</b>
Impairment loss, other intangible assets	0	7	9
Impairment loss, goodwill and customer lists	4	0	8
Earn-out receivable reversed	0	11	22
<b>Adjusted earnings before tax</b>	<b>72</b>	<b>62</b>	<b>206</b>

## 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

### Q1-Q3 REVENUE

In Q1-Q3 2019, adjusted organic growth at group level amounted to 5.8% (2.0%). Revenue totalled DKK 8.6bn (DKK 8.1bn).

Core business delivered adjusted organic growth of 5.9% (0.9%), and we saw positive adjusted organic growth in all entities.

### GROSS PROFIT MARGIN

Gross profit margin decreased to 20.0% (20.3%) in Q1-Q3 2019.

Freight costs increased and negatively affected gross profit margin at group level by 0.1 percentage points due to a general increase in fuel costs and lack of capacity.

In addition, a major part of the growth in Solar Nederland and Solar Norge has been within areas with low gross profit margin.

### OTHER INCOME

Other income amounted to DKK 9m (DKK 0m). DKK 3m relates to the impact from Solar Polska winning a court case regarding a VAT refund relating to previous years.

As other income is also recognised, the net impact of the acquisition of the Swedish business activities where negative goodwill of DKK 18m was recognised as income and DKK 16m in provisions for restructuring etc. was recognised as costs.

### EXTERNAL OPERATING COSTS AND DEPRECIATION

Due to the implementation of IFRS 16, Leases, external operating costs were down by DKK 91m

while correspondingly, depreciation was up by DKK 89m and net financials by DKK 4m. Were this change to be reversed, external operating costs would amount to DKK 340m (DKK 337m) and depreciation to DKK 43m (DKK 40m).

### LOSS ON TRADE RECEIVABLES

Loss on trade receivables amounted to 0.2 percentage points (0.1 percentage points) affected by a general increase in provisions for loss.

### EBITA

EBITA was up by DKK 27m to DKK 245m, corresponding to an EBITA margin of 2.8% (2.7%) of revenue despite the weak performance of Solar Sverige.

EBITA from core business increased by DKK 23m to DKK 258m even though Solar Sverige's performance was DKK 26m below the Q1-Q3 2018 level. The results of the individual countries are disclosed on page 23.

### AMORTISATION

Amortisation totalled DKK 60m (DKK 68m).

In Q3, a review of intangible assets resulted in an impairment loss of DKK 4m. This related to customer lists obtained when MAG45 acquired the industrial business activities in Savone, Italy, in 2017.

In Q3 2018, Solar Danmark shut down a loss-making activity, which led to an impairment on software of DKK 7m.

### SHARE OF NET PROFIT FROM ASSOCIATES

Our share of earnings from our digital, construction, and services associates amounted

### 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 Q3 and Q1-Q3 was impacted

positively by DKK 33m and DKK 91m respectively and corresponds to an impact on EBITDA margin of 1.2 and 1.1 percentage points respectively. For further information, see page 28 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/).

to DKK -15m (DKK -7m) of which DKK -12m is related to BIMobject and DKK -2m to write-down of the HomeBob app.

### IMPAIRMENT ON ASSOCIATES

Based on the share price on 30 September, the BIMobject value amounted to DKK 129m. In Q1-Q3 2019, Solar thus identified a need for write-down of DKK 98m. In Q1-Q3 2018, we reversed the write-down of DKK 59m on BIMobject originally recognised in 2017.

### FINANCIALS

Net financials totalled DKK -25m (DKK -19m) affected by the implementation of IFRS 16, Leases, of DKK -4m. In Q3 2018, a fair value adjustment of the investment in LetsBuild (former Geniebelt) of DKK 11m was included as financial income and an adjustment of an earn-out of DKK -11m was included as financial costs.

### EARNINGS BEFORE TAX

Earnings before tax amounted to DKK 47m (DKK 183m). However, when adjusted as illustrated in the below table, earnings before tax were up at DKK 149m (DKK 131m).

DKK million	Q1-Q3 2019	Q1-Q3 2018	FY 2018
Earnings before tax	47	183	237
Fair value adjustment, recognised under financials	0	-11	-11
<i>Impact due to market value changes in BIMobject:</i>	0	0	
Impairment on associates	98	-59	-59
<b>Earnings before tax, adjusted for impact from associates</b>	<b>145</b>	<b>113</b>	<b>167</b>
Impairment loss, other intangible assets	0	7	9
Impairment loss, goodwill and customers lists	4	0	8
Earn-out receivable reversed	0	11	22
<b>Adjusted earnings before tax</b>	<b>149</b>	<b>131</b>	<b>206</b>

## Financial review

### NET PROFIT

Profit from continuing operations came to DKK 8m (DKK 150m). Losses from discontinued operations amounted to DKK -2m (DKK -27m). Net profit for the Solar Group thus totalled DKK 6m (DKK 123m).

### SHARE CAPITAL

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

### CASH FLOWS

Net working capital calculated as an average of the previous four quarters amounted to 11.5% (10.7%) of revenue. Net working capital at the end of Q3 2019 amounted to 12.6% (11.8%). The acquisition of the Swedish business activities has had a negative impact of approx. 0.2%.

Cash flow from operating activities totalled DKK -5m (DKK -103m) impacted by inventory changes of DKK -59m (DKK -11m) and changes to receivables of DKK -248m (DKK -166m). Receivables are affected by normal seasonal fluctuations in combination with higher revenue growth in September 2019 compared to September 2018.

Total cash flow from investing activities amounted to DKK -146m (DKK -44m) where the divestment of STI had a positive impact of DKK 5m, the acquisition of the Swedish business

activities had a negative impact of DKK 40m, and further investments in our existing financial portfolio impacted negatively by DKK 14m.

Purchase of property, plant and equipment amounted to DKK 71m (DKK 33m) affected by the finalisation of Solar Norge's investment in AutoStore and the start-up of Solar Nederland's investment in AutoStore.

Cash flow from financing activities was affected by dividend distribution of DKK 102m (DKK 73m) and the implementation of IFRS 16, Leases, as an instalment on lease liabilities of DKK 87m 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 154m (DKK 91m).

Cash flow from discontinued operations amounted to DKK -2m (DKK -5m). Consequently, total cash flow amounted to DKK 1m (DKK -61m). Net interest-bearing liabilities amounted to DKK 1,089m (DKK 712m). The implementation of IFRS 16, Leases, increased interest-bearing liabilities by DKK 286m. Furthermore, over the past 12 months, we have

- invested DKK 43m in digital improvements;
- invested DKK 96m in optimising our operations e.g. AutoStore;
- invested DKK 50m in business activities and
- paid dividend of DKK 102m.

As at 30 September 2019, gearing was 2.2 (2.0) times EBITDA. However, a 0.2 impact was seen

from implementing IFRS 16, Leases, as at 1 January 2019. Calculated as an average, our gearing was 1.9 times EBITDA. Our gearing target is 1.5-3.0 times EBITDA.

As at 30 September 2019, Solar had undrawn credit facilities of DKK 321m.

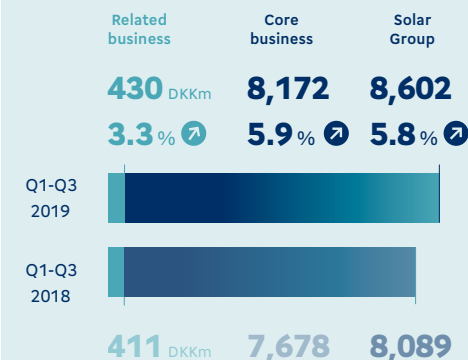
Invested capital for the Solar Group totalled DKK 2,395m (DKK 2,055m) affected by the implementation of IFRS 16, Leases, of DKK 284m. ROIC amounted to 8.3% (5.6%). However, a -0.9% impact was seen from implementing IFRS 16, Leases, as at 1 January 2019.

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.

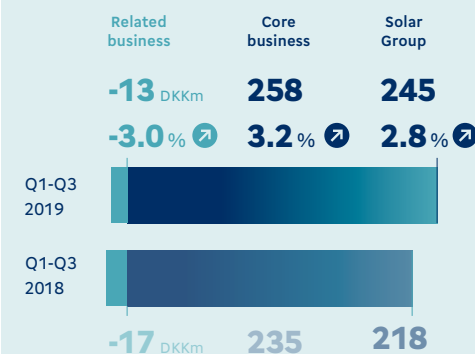
### KEY RISKS

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

### 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

### DIVESTMENTS AND ACQUISITIONS

#### Acquisition of Swedish business activities

On 15 May 2019, Solar acquired selected parts of Onninen AB's Swedish business activities from the Finnish Kesko Corporation. Solar acquired the heating, plumbing and air-conditioning business segment, which mainly serves small and medium-sized contractors in Sweden. The acquisition includes 12 branches, corresponding to full year revenue of approx. DKK 400m. We expect our acquired business activities to have a positive effect on our 2019 revenue of approx. DKK 250m but a negative EBITA impact of approx. DKK 10m due to integration and restructuring costs. In the long-term, we expect the Onninen activities to support our target of 4% EBITA margin for core business in 2020.

#### 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.

#### 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.



## Outlook

# We reconfirm our EBITA guidance

Core business		Related business		Solar Group	
REVENUE DKKm	<b>11,200</b>	REVENUE DKKm	<b>550</b>	REVENUE DKKm	<b>11,750</b>
ORGANIC GROWTH %	<b>5</b>	ORGANIC GROWTH %	<b>0</b>	ORGANIC GROWTH %	<b>5</b>
EBITA DKKm	<b>380</b>	EBITA DKKm	<b>-15</b>	EBITA DKKm	<b>365</b>
EBITA MARGIN %	<b>3.4</b>	EBITA MARGIN %	<b>-2.7</b>	EBITA MARGIN %	<b>3.1</b>

### MARKET OUTLOOK FOR SOLAR'S BUSINESS AREAS

We reconfirm our market outlook for 2019.

#### Installation

Overall, we expect the installation market to grow in 2019. Compared to 2018, we expect new construction and renovation activities in the Danish market to decrease in H2 compared to H1.

In Sweden, we have seen a decline in the number of building permits during several quarters.

However, this trend seems to have stabilised at the 2016 level. In Q3, we saw continued market growth albeit at a lower level than in H1 2019. We expect this trend to continue in Q4.

In Norway, we continue to expect the installa-

tion 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, excluding MAG45. The global market niche in which MAG45 operates seems stagnant for the coming quarters.

#### Other

We expect growth within the Other segment.

## Outlook

### FINANCIAL OUTLOOK 2019

#### Core business, revenue guidance

For core business, we increase the revenue guidance from at least DKK 10.950bn to approx. DKK 11.2bn corresponding to organic growth of approx. 5%.

#### Core business, EBITA guidance

For core business, we increase the EBITA guidance from approx. DKK 370m to approx. DKK 380m. The increase is mainly driven by a slightly higher growth than originally expected.

During 2019, we have succeeded in rolling out our eWM solution in Solar Sverige and AutoStore in Solar Norge. We have embarked on the implementation of AutoStore in Solar Nederland and expect this to be fully operational during Q1 2020. We expect the related roll-out costs and temporary loss of efficiency to have an overall negative impact of approx. 0.1% on EBITA in 2019.

We expect Solar Sverige to continue to improve earnings. The acquisition of the Swedish heating, plumbing and air conditioning business activities is expected to have a minor negative EBITA impact of approx. DKK 10m due to integration and restructuring costs.

#### Related business, guidance

In 2019, MAG45 has seen decreasing growth and we now expect this trend to continue in Q4 2019.

Therefore, for related business, we have revised our revenue guidance from DKK 650m and organic growth of 15% to approx. DKK 550m and organic growth around 0%.

The revised expectations to revenue in combination with required restructuring costs is expected to have a negative impact on earnings of DKK 10m. Thus, we have revised our EBITA

guidance from DKK -5m to approx. DKK -15m.

We have initiated a strategic review of MAG45, cf. page 6.

#### Solar Group, guidance

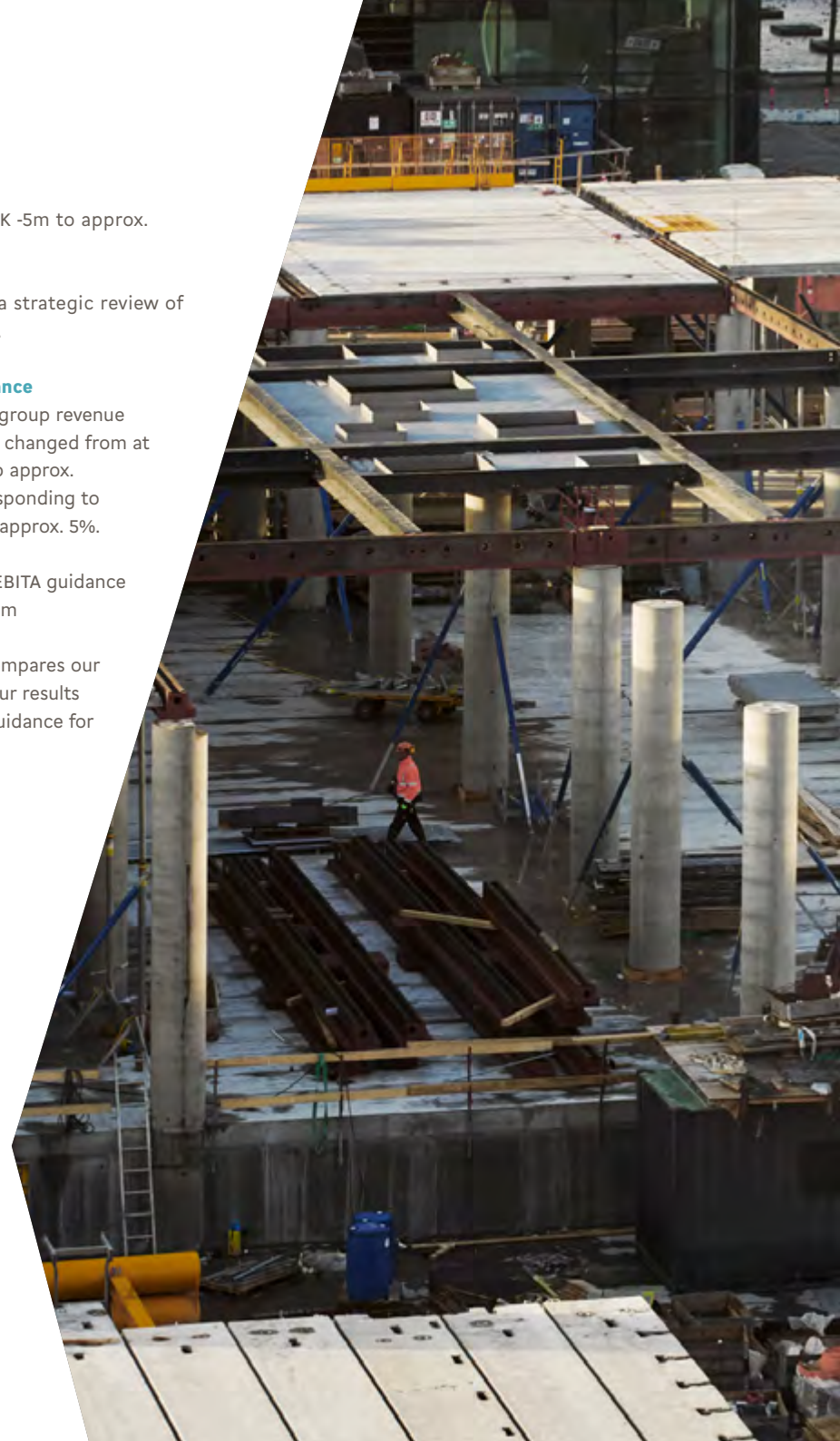
Consequently, our group revenue guidance has been changed from at least DKK 11.6bn to approx. DKK 11.75bn corresponding to organic growth of approx. 5%.

We reconfirm our EBITA guidance of approx. DKK 365m

The table below compares our 2017 results with our results 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
Acquisition of Swedish business activities, net	-10	-	-10
Expected improvements	52	6	58
<b>2019, guidance</b>	<b>380</b>	<b>-15</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

Solar's 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, and are designated 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 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.

## TOTAL SHAREHOLDER RETURN

The total shareholder return of the Solar B share during the holding period 1 January 2019 - 30 September 2019 was DKK 19.29 as DKK 14.00 was paid out in dividend and the share price increase amounted to DKK 5.29 in Q1-Q3 2019.

## AUDIO WEBCAST

The presentation of the Quarterly Report Q3 2019 will be conducted in English on 31 October

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.

Below is an illustration of the impact of BIMObject's market value on Solar's market value.

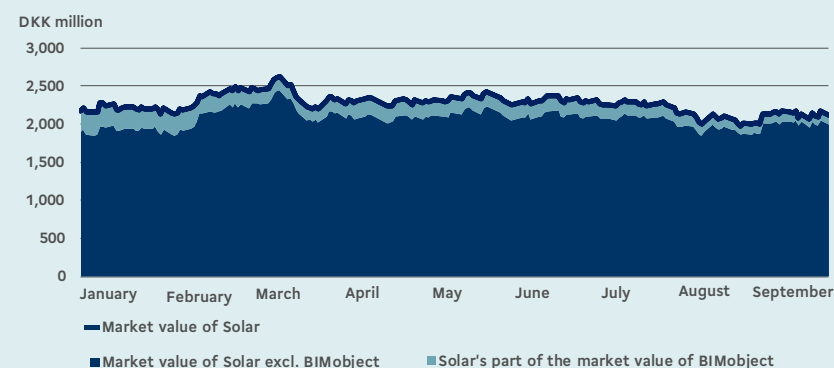
### Financial calendar 2020

4 January - 6 February	IR quiet period
6 February	Annual Report 2019
13 March	Annual General meeting
4 April - 6 May	IR quiet period
6 May	Quarterly Report Q1 2020
4 July - 12 August	IR quiet period
12 August	Quarterly Report Q2 2020
4 October - 4 November	IR quiet period
4 November	Quarterly Report Q3 2020

### Distribution of share capital and votes based on the latest public information

Holdings of 5% or more of share capital	Share capital in %	Votes in %
The Fund of 20th December, Vejen, Denmark	16.9%	60.0%
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

Solar turned 100 years on 17 May and will commemorate the anniversary throughout 2019.

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

On 17 May 2019, Solar turned 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 17th of each month marking different points of impact.

## CHAPTER 7 - 1961 - 1980:

A generational shift is closing in

In a timely matter, Jacob Jørgensen positions his son, Harald Jørgensen, by his side in the executive management. Furthermore, he is flanked by his son in law, Jørgen Borum as well as C P Ørssløff.

The slogan for the new members of the executive management is clear and nambiguous; Solar should fasten and expand its position as being:

- Denmark's leading electrical wholesaler
- Nationwide with a net of branch offices close to the customer
- Manufacturer of lighting and electricity materials



Jacob Jørgensen dies at age 75 in 1967.

Image of Harald Jørgensen

## CHAPTER 8 - 1978 - 1989:

The digital age is born

Since 1976, Solar has focused on new business areas within industrial automation and energy control. As new product ranges of a more technical character enter the assortment, it is clear that it is no longer just a matter of delivering the right amount, at the right time to the right price. Now, you also need to be able to supply the right technical and promotional support.

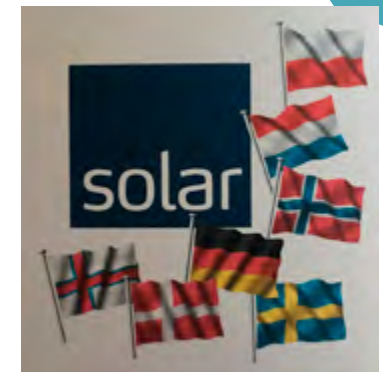
Sales director Carsten Ørssløff, who follows his father's footsteps, soon makes it clear what is crucial, in order for Solar as a value-adding actor, to continue its journey in the yellow jersey and strengthen its market position, at the same time.



## CHAPTER 9 - 1989 - 2004:

Expanding through Europe

Since the beginning in 1919, Solar has grown into being Denmark's leading wholesaler. For the first 70 years of the company's history, it only focused its business on Denmark, Greenland and The Faroe Islands. But now, Solar looks at expanding its business and distribution concepts to the neighbouring markets by acquiring local companies. The increased area of operations is going to ensure Solar future growth. At the same time, the bigger volume will also strengthen the company in a world with increasing competition from international wholesalers.



# Consolidated financial statements

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# Statement of comprehensive income

## Income statement

DKK million	Q3		Q1-Q3		Year
	2019	2018	2019	2018	2018
Revenue	2,777	2,539	8,602	8,089	11,098
Cost of sales	-2,229	-2,026	-6,881	-6,444	-8,851
<b>Gross profit</b>	<b>548</b>	<b>513</b>	<b>1,721</b>	<b>1,645</b>	<b>2,247</b>
Other income	4	0	9	0	0
External operating costs	-68	-95	-249	-337	-448
Staff costs	-326	-308	-1,087	-1,040	-1,406
Loss on trade receivables	-6	-4	-17	-10	-14
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>152</b>	<b>106</b>	<b>377</b>	<b>258</b>	<b>379</b>
Depreciation and write-down on property, plant and equipment	-47	-13	-132	-40	-52
<b>Earnings before interest, tax and amortisation (EBITA)</b>	<b>105</b>	<b>93</b>	<b>245</b>	<b>218</b>	<b>327</b>
Amortisation and impairment of intangible assets	-23	-29	-60	-68	-103
<b>Earnings before interest and tax (EBIT)</b>	<b>82</b>	<b>64</b>	<b>185</b>	<b>150</b>	<b>224</b>
Share of net profit from associates	-5	-2	-15	-7	-11
Impairment on associates	-70	15	-98	59	59
Financial income	5	15	13	25	28
Financial expenses	-14	-22	-38	-44	-63
<b>Earnings before tax (EBT)</b>	<b>-2</b>	<b>70</b>	<b>47</b>	<b>183</b>	<b>237</b>
Income tax	-20	-15	-39	-33	-55
<b>Profit of continuing operations</b>	<b>-22</b>	<b>55</b>	<b>8</b>	<b>150</b>	<b>182</b>
Loss of discontinued operations	0	-6	-2	-27	-49
<b>Net profit for the period</b>	<b>-22</b>	<b>49</b>	<b>6</b>	<b>123</b>	<b>133</b>
Earnings in DKK per share outstanding (EPS)	-3.18	6.71	0.85	16.85	18.22
Diluted earnings in DKK per share outstanding (EPS-D)	-3.18	6.70	0.85	16.83	18.21
Earnings in DKK per share outstanding (EPS), continuing operations	-3.18	7.54	1.13	20.55	24.94
Diluted earnings in DKK per share outstanding (EPS-D), continuing operations	-3.18	7.52	1.13	20.52	24.92

## Other comprehensive income

DKK million	Q3		Q1-Q3		Year
	2019	2018	2019	2018	2018
<b>Net profit for the period</b>	<b>-22</b>	<b>49</b>	<b>6</b>	<b>123</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	-13	9	-14	-1	-16
Fair value adjustments of hedging instruments before tax	-7	4	-21	6	4
Tax on fair value adjustments of hedging instruments	2	-1	5	-1	-1
<b>Other income and costs recognised after tax</b>	<b>-18</b>	<b>12</b>	<b>-30</b>	<b>4</b>	<b>-13</b>
<b>Total comprehensive income for the period</b>	<b>-40</b>	<b>61</b>	<b>-24</b>	<b>127</b>	<b>120</b>

# Balance sheet

DKK million	30.09		31.12
	2019	2018	2018
<b>ASSETS</b>			
Intangible assets	342	423	382
Property, plant and equipment	838	810	812
Right-of-use assets	284	-	-
Deferred tax asset	10	16	10
Investments in associates	143	258	251
Other non-current assets	74	65	61
<b>Non-current assets</b>	<b>1,691</b>	<b>1,572</b>	<b>1,516</b>
Inventories	1,634	1,441	1,521
Trade receivables	1,684	1,610	1,452
Income tax receivable	19	0	7
Other receivables	15	13	12
Prepayments	47	44	45
Cash at bank and in hand	61	13	65
Assets held for sale	0	0	15
<b>Current assets</b>	<b>3,460</b>	<b>3,121</b>	<b>3,117</b>
<b>Total assets</b>	<b>5,151</b>	<b>4,693</b>	<b>4,633</b>

DKK million	30.09		31.12
	2019	2018	2018
<b>EQUITY AND LIABILITIES</b>			
Share capital	736	775	775
Reserves	-201	-154	-171
Retained earnings	977	1,024	932
Proposed dividends for the financial year	0	0	102
<b>Equity</b>	<b>1,512</b>	<b>1,645</b>	<b>1,638</b>
Interest-bearing liabilities	398	411	409
Lease liabilities	180	-	-
Provision for pension obligations	2	3	2
Provision for deferred tax	108	98	113
Other provisions	19	24	19
<b>Non-current liabilities</b>	<b>707</b>	<b>536</b>	<b>543</b>
Interest-bearing liabilities	466	314	117
Lease liabilities	106	-	-
Trade payables	1,851	1,739	1,883
Income tax payable	29	20	3
Other payables	464	432	428
Prepayments	4	3	5
Other provisions	12	4	2
Liabilities held for sale	0	0	14
<b>Current liabilities</b>	<b>2,932</b>	<b>2,512</b>	<b>2,452</b>
<b>Liabilities</b>	<b>3,639</b>	<b>3,048</b>	<b>2,995</b>
<b>Total equity and liabilities</b>	<b>5,151</b>	<b>4,693</b>	<b>4,633</b>

# Cash flow statement

## Consolidated

DKK million	Q3		Q1-Q3		Year
	2019	2018	2019	2018	2018
Net profit of continuing operations for the period	-22	55	8	150	182
Write-down negative goodwill	0	0	-18	0	0
Depreciation, write-down and amortisation	70	42	192	108	155
Impairment on associates	70	-15	98	-59	-59
Changes to provisions and other adjustments	-1	-5	10	0	0
Share of net profit from associates	5	2	15	7	11
Financials, net	9	7	25	19	35
Income tax	20	15	39	33	55
Financial income, received	2	2	6	6	8
Financial expenses, settled	-10	-9	-28	-24	-29
Income tax, settled	-4	-4	-31	-35	-52
<b>Cash flow before working capital changes</b>	<b>139</b>	<b>90</b>	<b>316</b>	<b>205</b>	<b>306</b>
<b>Working capital changes</b>					
Inventory changes	-8	-9	-59	-11	-97
Receivables changes	-2	-99	-248	-166	-24
Non-interest-bearing liabilities changes	15	-5	-14	-131	39
<b>Cash flow from operating activities, continuing operations</b>	<b>144</b>	<b>-23</b>	<b>-5</b>	<b>-103</b>	<b>224</b>
Cash flow from operating activities, discontinued operations	0	3	-2	-3	-11
<b>Cash flow from operating activities</b>	<b>144</b>	<b>-20</b>	<b>-7</b>	<b>-106</b>	<b>213</b>
<b>Investing activities</b>					
Purchase of intangible assets	-8	-20	-26	-71	-88
Purchase of property, plant and equipment	-25	-10	-71	-33	-59
Acquisition of subsidiaries and activities	0	0	-40	0	-10
Divestment of subsidiaries and activities	0	0	5	60	60
Other financial investments	-7	0	-14	0	-15
<b>Cash flow from investing activities, continuing operations</b>	<b>-40</b>	<b>-30</b>	<b>-146</b>	<b>-44</b>	<b>-112</b>
Cash flow from investing activities, discontinued operations	0	0	0	-2	0
<b>Cash flow from investing activities</b>	<b>-40</b>	<b>-30</b>	<b>-146</b>	<b>-46</b>	<b>-112</b>

DKK million	Q3		Q1-Q3		Year
	2019	2018	2019	2018	2018
<b>Financing activities</b>					
Repayment of non-current interest-bearing debt	-2	-2	-7	-7	-20
Change in current interest-bearing debt <sup>1</sup>	-55	37	350	171	-15
Instalment on lease liabilities	-31	0	-87	0	0
Dividends distributed	0	0	-102	-73	-73
<b>Cash flow from financing activities, continuing operations</b>	<b>-88</b>	<b>35</b>	<b>154</b>	<b>91</b>	<b>-108</b>
Cash flow from financing activities, discontinued operations	0	0	0	0	0
<b>Cash flow from financing activities</b>	<b>-88</b>	<b>35</b>	<b>154</b>	<b>91</b>	<b>-108</b>
<b>Total cash flow</b>	<b>16</b>	<b>-15</b>	<b>1</b>	<b>-61</b>	<b>-7</b>
Cash at bank and in hand at the beginning of the period	47	27	65	77	77
Assumed on divestment of subsidiaries	0	0	-3	-5	-5
Foreign currency translation adjustments	-2	1	-2	2	0
<b>Cash at bank and in hand at the end of the period</b>	<b>61</b>	<b>13</b>	<b>61</b>	<b>13</b>	<b>65</b>
<b>Cash at bank and in hand at the end of the period</b>					
Cash at bank and in hand	61	13	61	13	65
<b>Cash at bank and in hand at the end of the period</b>	<b>61</b>	<b>13</b>	<b>61</b>	<b>13</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			-14			-14
Fair value adjustments of hedging instruments before tax		-21				-21
Tax on fair value adjustments		5				5
Net income recognised in equity via other comprehensive income in the statement of comprehensive income	0	-16	-14	0	0	-30
Net profit for the period				6		6
<b>Comprehensive income</b>	<b>0</b>	<b>-16</b>	<b>-14</b>	<b>6</b>	<b>0</b>	<b>-24</b>
Distribution of dividends (DKK 14.00 per share)					-102	-102
Reduction in share capital	-39			39		0
<b>Transactions with the owners</b>	<b>-39</b>	<b>0</b>	<b>0</b>	<b>39</b>	<b>-102</b>	<b>-102</b>
<b>Equity as at 30 September</b>	<b>736</b>	<b>-74</b>	<b>-127</b>	<b>977</b>	<b>0</b>	<b>1,512</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>	775	-61	-97	901	73	1,591
Foreign currency translation adjustments of foreign subsidiaries			-1			-1
Fair value adjustments of hedging instruments before tax		6				6
Tax on fair value adjustments		-1				-1
Net income recognised in equity via other comprehensive income in the statement of comprehensive income	0	5	-1	0	0	4
Net profit for the period				123		123
<b>Comprehensive income</b>	<b>0</b>	<b>5</b>	<b>-1</b>	<b>123</b>	<b>0</b>	<b>127</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 30 September</b>	<b>775</b>	<b>-56</b>	<b>-98</b>	<b>1,024</b>	<b>0</b>	<b>1,645</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>Q3 2019</b>				
Revenue <sup>1</sup>	1,712	915	150	2,777
Cost of sales	-1,404	-711	-114	-2,229
<b>Gross profit</b>	<b>308</b>	<b>204</b>	<b>36</b>	<b>548</b>
Direct costs	-57	-24	-5	-86
<b>Earnings before indirect costs</b>	<b>251</b>	<b>180</b>	<b>31</b>	<b>462</b>
Indirect costs	-117	-37	-10	-164
<b>Segment profit</b>	<b>134</b>	<b>143</b>	<b>21</b>	<b>298</b>
Non-allocated costs				-146
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>				<b>152</b>
Depreciation and amortisation				-70
<b>Earnings before interest and tax (EBIT)</b>				<b>82</b>
Financials, net, and impact from associates				-84
<b>Earnings before tax (EBT)</b>				<b>-2</b>

<sup>1</sup> In Q3, we have reclassified customers with revenue of approx. DKK 10m from Other to Industry.

DKK million	Installation	Industry	Other	Total
<b>Q3 2018</b>				
Revenue	1,482	829	228	2,539
Cost of sales	-1,197	-642	-187	-2,026
<b>Gross profit</b>	<b>285</b>	<b>187</b>	<b>41</b>	<b>513</b>
Direct costs	-59	-23	-5	-87
<b>Earnings before indirect costs</b>	<b>226</b>	<b>164</b>	<b>36</b>	<b>426</b>
Indirect costs	-110	-41	-13	-164
<b>Segment profit</b>	<b>116</b>	<b>123</b>	<b>23</b>	<b>262</b>
Non-allocated costs				-156
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>				<b>106</b>
Depreciation and amortisation				-42
<b>Earnings before interest and tax (EBIT)</b>				<b>64</b>
Financials, net, and impact from associates				6
<b>Earnings before tax (EBT)</b>				<b>70</b>



# Notes

## Segment information - continued

DKK million	Installation	Industry	Other	Total
<b>Q1-Q3 2019</b>				
Revenue <sup>1</sup>	5,303	2,733	566	8,602
Cost of sales	-4,330	-2,114	-437	-6,881
<b>Gross profit</b>	<b>973</b>	<b>619</b>	<b>129</b>	<b>1,721</b>
Direct costs	-187	-79	-15	-281
<b>Earnings before indirect costs</b>	<b>786</b>	<b>540</b>	<b>114</b>	<b>1,440</b>
Indirect costs	-417	-125	-33	-575
<b>Segment profit</b>	<b>369</b>	<b>415</b>	<b>81</b>	<b>865</b>
Non-allocated costs				-488
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>				<b>377</b>
Depreciation and amortisation				-192
<b>Earnings before interest and tax (EBIT)</b>				<b>185</b>
Financials, net, and impact from associates				-138
<b>Earnings before tax (EBT)</b>				<b>47</b>

<sup>1</sup> In Q3, we have reclassified customers with revenue of approx. DKK 10m from Other to Industry.

DKK million	Installation	Industry	Other	Total
<b>Q1-Q3 2018</b>				
Revenue	4,912	2,556	621	8,089
Cost of sales	-3,949	-1,973	-522	-6,444
<b>Gross profit</b>	<b>963</b>	<b>583</b>	<b>99</b>	<b>1,645</b>
Direct costs	-188	-76	-21	-285
<b>Earnings before indirect costs</b>	<b>775</b>	<b>507</b>	<b>78</b>	<b>1,360</b>
Indirect costs	-379	-132	-40	-551
<b>Segment profit</b>	<b>396</b>	<b>375</b>	<b>38</b>	<b>809</b>
Non-allocated costs				-551
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>				<b>258</b>
Depreciation and amortisation				-108
<b>Earnings before interest and tax (EBIT)</b>				<b>150</b>
Financials, net, and impact from associates				33
<b>Earnings before tax (EBT)</b>				<b>183</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>Q3 2019</b>					
Denmark	852	3.6	74	8.7	2,032
Sweden	602	4.6	8	1.3	318
Norway	474	12.5	17	3.6	202
The Netherlands	661	8.5	8	1.2	325
Poland <sup>1</sup>	104	7.7	4	3.8	33
Other markets	8	22.0	0	0.0	5
Eliminations	-59	-	0	0.0	-1,289
<b>Core business</b>	<b>2,642</b>	<b>6.8</b>	<b>111</b>	<b>4.2</b>	<b>1,626</b>
Several markets (MAG45) <sup>1</sup>	132	-1.6	-6	-4.5	64
Other markets	3	-31.9	0	0.0	1
<b>Related business</b>	<b>135</b>	<b>-2.9</b>	<b>-6</b>	<b>-4.4</b>	<b>65</b>
<b>Solar Group</b>	<b>2,777</b>	<b>6.3</b>	<b>105</b>	<b>3.8</b>	<b>1,691</b>

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

<sup>2</sup> Adjustment for intercompany revenue has been made. The organic growth in Solar Sverige has been adjusted for the estimated impact of the acquisition of business activities.

DKK million	Revenue	Adjusted organic growth	EBITA	EBITA margin	Non-current assets
<b>Q3 2018</b>					
Denmark	802	-2.0	74	9.2	2,069
Sweden	506	-5.8	12	2.4	241
Norway	423	-0.7	7	1.7	165
The Netherlands	594	0.4	5	0.8	289
Poland <sup>1</sup>	88	12.1	1	1.1	30
Other markets	6	2.3	0	0.0	4
Eliminations	-17	-	0	0.0	-1,293
<b>Core business</b>	<b>2,402</b>	<b>-1.4</b>	<b>99</b>	<b>4.1</b>	<b>1,505</b>
Several markets (MAG45) <sup>1</sup>	131	27.6	-6	-4.6	42
Other markets	6	4.4	0	0.0	25
<b>Related business</b>	<b>137</b>	<b>23.7</b>	<b>-6</b>	<b>-4.4</b>	<b>67</b>
<b>Solar Group</b>	<b>2,539</b>	<b>-0.3</b>	<b>93</b>	<b>3.7</b>	<b>1,572</b>

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

# Notes

## Segment information – continued

DKK million	Revenue	Adjusted organic growth <sup>2</sup>	EBITA	EBITA margin	Non-current assets
<b>Q1-Q3 2019</b>					
Denmark	2,588	4.2	160	6.2	2,032
Sweden	1,835	2.4	13	0.7	318
Norway	1,460	13.1	37	2.5	202
The Netherlands	2,141	6.6	43	2.0	325
Poland <sup>1</sup>	286	3.2	4	1.4	33
Other markets	23	14.2	1	4.3	5
Eliminations	-161	-	0	0.0	-1,289
<b>Core business</b>	<b>8,172</b>	<b>5.9</b>	<b>258</b>	<b>3.2</b>	<b>1,626</b>
Several markets (MAG45) <sup>1</sup>	416	4.2	-12	-2.9	64
Other markets	14	-19.6	-1	-7.1	1
<b>Related business</b>	<b>430</b>	<b>3.3</b>	<b>-13</b>	<b>-3.0</b>	<b>65</b>
<b>Solar Group</b>	<b>8,602</b>	<b>5.8</b>	<b>245</b>	<b>2.8</b>	<b>1,691</b>

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

<sup>2</sup> Adjustment for intercompany revenue has been made. The organic growth in Solar Sverige has been adjusted for the estimated impact of the acquisition of business activities.

DKK million	Revenue	Adjusted organic growth	EBITA	EBITA margin	Non-current assets
<b>Q1-Q3 2018</b>					
Denmark	2,467	2.3	146	5.9	2,069
Sweden	1,709	-3.7	39	2.3	241
Norway	1,304	-2.7	20	1.5	165
The Netherlands	1,986	5.3	29	1.5	289
Poland <sup>1</sup>	255	9.4	-1	-0.4	30
Other markets	20	3.8	2	10.0	4
Eliminations	-63	-	0	0.0	-1,293
<b>Core business</b>	<b>7,678</b>	<b>0.9</b>	<b>235</b>	<b>3.1</b>	<b>1,505</b>
Several markets (MAG45) <sup>1</sup>	396	31.4	-14	-3.5	42
Other markets	15	10.4	-3	-20.0	25
<b>Related business</b>	<b>411</b>	<b>27.4</b>	<b>-17</b>	<b>-4.1</b>	<b>67</b>
<b>Solar Group</b>	<b>8,089</b>	<b>2.0</b>	<b>218</b>	<b>2.7</b>	<b>1,572</b>

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

# Notes

## Discontinued operation

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, which was included in the financial statement for 2018.

On 31 January 2018, Solar 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	Q3		Q1-Q3		Year
	2019	2018	2019	2018	2018
Revenue	-	7	12	186	197
Cost of sales	-	-2	-1	-132	-132
<b>Gross profit</b>	-	5	11	54	65
Costs	-	-10	-13	-79	-97
<b>Earnings before interest and tax (EBIT)</b>	-	-5	-2	-25	-32
Financials	-	0	0	-1	-2
<b>Earnings before tax (EBT)</b>	-	-5	-2	-26	-34
Tax on net loss for the period	-	-1	0	-1	2
<b>Net loss for the period</b>	-	-6	-2	-27	-32
Write-down to fair value less costs to sell	-	0	0	0	-17
<b>Net loss of discontinued operations</b>	-	-6	-2	-27	-49
Earnings from discontinued operations in DKK per share outstanding (EPS)	-	-0.82	-0.28	-3.70	-6.71
Diluted earnings from discontinued operations in DKK per share outstanding (EPS-D)	-	-0.82	-0.28	-3.69	-6.71

# Notes

## Acquisition of business activities

On 15 May 2019, Solar acquired selected parts of Onninen AB's Swedish business activities from the Finnish Kesko Corporation. Solar acquired the heating, plumbing and air conditioning business segment, which serves mostly small and medium-sized contractors in Sweden. The acquisition includes 12 branches corresponding to a yearly revenue of approx. DKK 400m.

The acquisition price for net assets is DKK 45m. The assets mainly consist of inventories and employee-related liabilities.

The acquisition is financed via withdrawals from the Solar Group's cash resources.

We expect the acquired business activities to have a positive effect on our 2019 revenue of approx. DKK 200-250m and a negative EBITA impact of DKK 5-10m due to higher integration costs than originally expected.

Transaction costs related to the acquisition totalled DKK 2m.

Negative goodwill has been identified with DKK 18m and is attributable to assumed restructuring costs related to staff and rent. The amount is recognised in the income statement under other income minus the assumed restructuring costs, leading to a net profit of DKK 2m.

The key rationale behind the acquisition is to strengthen our market position within heating and plumbing, and climate and energy in Sweden.

### Fair value at the date of acquisition: (DKK million)

Property, plant and equipment	1
Inventories	55
Prepayments	3
Other payables	-6
Other provisions	-6
<b>Net assets acquired</b>	<b>47</b>
Negative goodwill	-18
<b>Final acquisition price</b>	<b>29</b>
Cash paid at closing	40
Withheld acquisition price	4
Acquisition price	44
Adjustment acquisition price <sup>1</sup>	-15
<b>Final acquisition price</b>	<b>29</b>

<sup>1</sup> At closing, the actual inventory was lower than estimated which triggers a similar adjustment of the acquisition price. The amount is recognised under other receivables.

# Notes

## Contingent liabilities

### Litigation

In our Annual Report 2018, page 90, we stated that in July 2018, Solar received a writ of summons from the main former shareholder of MAG45 B.V. (the company that Solar acquired in February 2016) claiming payment of the maximum amount of the earn-out agreed in the share purchase agreement with the sellers totalling DKK 120m.

Prior to the initiation of the proceedings, Solar notified the sellers that it had a claim under the same earn-out provisions as well as a warranty claim jointly totalling DKK 26m.

The 5<sup>th</sup> of September 2019, the court of Amsterdam ruled in favour of Solar cf. announcement no. 17 2019. The deadline for appealing the ruling is 3 months. It is unclear whether the counterpart is going to appeal. Even if the counterpart decides to appeal the ruling, it is our assessment that the claim against Solar has no merit.

The ruling has no effect on Solar's financial position or future earnings.

# 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	Q3 2019			Q1-Q3 2019		
	Previous practice	IFRS 16 impact	New practice	Previous practice	IFRS 16 impact	New practice
<b>Income statement</b>						
Revenue	2,777	-	2,777	8,602	-	8,602
Cost of sales	-2,229	-	-2,229	-6,881	-	-6,881
<b>Gross profit</b>	<b>548</b>	<b>-</b>	<b>548</b>	<b>1,721</b>	<b>-</b>	<b>1,721</b>
Other income	4	-	4	9	-	9
External operating costs	-101	33	-68	-340	91	-249
Staff costs	-326	-	-326	-1,087	-	-1,087
Loss on trade receivables	-6	-	-6	-17	-	-17
<b>EBITDA</b>	<b>119</b>	<b>33</b>	<b>152</b>	<b>286</b>	<b>91</b>	<b>377</b>
Depreciation and write-down on property, plant and equipment	-15	-32	-47	-43	-89	-132
<b>EBITA</b>	<b>104</b>	<b>1</b>	<b>105</b>	<b>243</b>	<b>2</b>	<b>245</b>
Amortisation and impairment of intangible assets	-23	-	-23	-60	-	-60
<b>EBIT</b>	<b>81</b>	<b>1</b>	<b>82</b>	<b>183</b>	<b>2</b>	<b>185</b>
Share of net profit of associates	-5	-	-5	-15	-	-15
Impairment on associates	-70	-	-70	-98	-	-98
Financial income	5	-	5	13	-	13
Financial expenses	-12	-2	-14	-34	-4	-38
<b>EBT</b>	<b>-1</b>	<b>-1</b>	<b>-2</b>	<b>49</b>	<b>-2</b>	<b>47</b>
<b>Balance sheet</b>						
Right-of-use assets	-	284	284	-	284	284
Non-current lease liabilities	-	180	180	-	180	180
Current lease liabilities	-	106	106	-	106	106
<b>Cash flow statement</b>						
Cash flow from operating activities, continuing operations	113	31	144	-92	87	-5
Cash flow from financing activities, continuing operations	-57	-31	-88	241	-87	154

# 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 lease 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 of 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	2019	2018	2019	2018	2018	2017
Revenue	2,957	2,817	2,868	2,733	2,777	2,539	3,009	2,967
Earnings before interest, tax, depreciation and amortisation (EBITDA)	121	82	104	70	152	106	121	103
Earnings before interest, tax and amortisation (EBITA)	80	69	60	56	105	93	109	90
Earnings before interest and tax (EBIT)	62	50	41	36	82	64	74	10
Financials, net	-7	-5	-9	-7	-9	-7	-16	9
Earnings before tax (EBT)	-7	103	56	10	-2	70	54	-50
Net profit or loss for the quarter	-20	81	48	-7	-22	49	10	-134
<b>Balance sheet (DKK million)</b>								
Non-current assets	1,739	1,580	1,792	1,561	1,691	1,572	1,516	1,522
Current assets	3,425	3,254	3,451	3,027	3,460	3,121	3,117	3,195
Balance sheet total	5,164	4,834	5,243	4,588	5,151	4,693	4,633	4,717
Equity	1,515	1,594	1,552	1,584	1,512	1,645	1,638	1,591
Non-current liabilities	713	546	713	540	707	536	543	557
Current liabilities	2,936	2,694	2,978	2,464	2,932	2,512	2,452	2,569
Interest-bearing liabilities, net	1,032	632	1,182	662	1,089	712	461	489
Invested capital	2,302	1,895	2,461	1,972	2,395	2,055	1,797	1,790
Net working capital, end of period	1,331	1,145	1,466	1,196	1,467	1,312	1,090	1,081
Net working capital, average	1,230	1,168	1,299	1,173	1,339	1,184	1,182	1,133
<b>Cash flows (DKK million)</b>								
Cash flow from operating activities	-132	-39	-17	-41	144	-23	327	279
Cash flow from investing activities	-28	-40	-78	26	-40	-30	-68	-39
Cash flow from financing activities	160	21	82	35	-88	35	-199	-175
Net investments in intangible assets	-10	-24	-8	-27	-8	-20	-17	-26
Net investments in property, plant and equipment	-21	-16	-25	-7	-25	-10	-26	-5
Acquisition and disposal of subsidiaries and activities, net	5	0	-40	60	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

Financial ratios (% unless otherwise stated)	Q1		Q2		Q3		Q4		2017
	2019	2018	2019	2018	2019	2018	2018	2018	
Revenue growth	5.0	-0.3	4.9	2.2	9.4	-2.2	1.4	4.6	
Organic growth	6.0	1.4	4.2	3.6	7.9	-0.3	2.3	5.4	
Organic growth adjusted for number of working days	5.8	4.5	5.6	1.6	6.3	-0.3	2.5	7.1	
Gross profit margin	20.1	20.4	20.2	20.4	19.7	20.2	20.0	20.3	
EBITDA margin	4.1	2.9	3.6	2.6	5.5	4.2	4.0	3.5	
EBITA margin	2.7	2.4	2.1	2.0	3.8	3.7	3.6	3.0	
EBIT margin	2.1	1.8	1.4	1.3	3.0	2.5	2.5	0.3	
Net working capital (NWC end of period)/revenue (LTM)	11.8	10.3	12.9	10.7	12.6	11.8	9.8	9.7	
Net working capital (NWC average)/revenue (LTM)	10.9	10.5	11.4	10.5	11.5	10.7	10.6	10.2	
Gearing (interest-bearing liabilities,net/EBITDA), no. of times	2.5	1.7	2.6	1.8	2.2	2.0	1.2	1.3	
Return on equity (ROE)	2.0	-1.4	5.7	-1.1	1.0	-0.7	8.1	1.1	
Return on invested capital (ROIC)	8.1	6.4	7.9	6.2	8.3	5.6	8.1	6.3	
Adjusted enterprise value/earnings before interest, tax and amortisation (EV/EBITA)	8.5	10.3	8.9	10.4	8.1	10.7	6.8	10.4	
Equity ratio	29.3	33.0	29.6	34.5	29.4	35.1	35.4	33.7	

## Share ratios (DKK)

Earnings in DKK per share outstanding (EPS)	-2.74	11.10	6.82	-0.96	-3.18	6.71	1.37	-18.36
Intrinsic value in DKK per share outstanding	207.58	218.41	224.52	217.04	218.73	225.40	224.44	218.00
Share price in DKK	286.68	398.53	312.60	398.72	289.41	401.55	284.12	414.52
Share price/intrinsic value	1.38	1.82	1.39	1.84	1.32	1.78	1.27	1.90

## Employees

Number of employees (FTE), end of period	2,982	2,944	3,079	2,948	3,070	2,918	2,955	2,905
Average number of employees (FTE), LTM	2,951	2,894	2,984	2,915	3,018	2,929	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 Q3 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 30 September 2019 as well as of the results of the group's activities and cash flow for Q3 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, 31 October 2019

## EXECUTIVE BOARD

**Jens E. Andersen**  
CEO

**Hugo Dorph**  
CCO

**Michael H. Jeppesen**  
CFO

## BOARD OF DIRECTORS

**Jens Borum**  
Chairman

**Jesper Dalsgaard**  
Vice chairman

**Lars Lange Andersen**

**Peter Bang**

**Morten Chrone**

**Ulrik Damgaard**

**Bent H. Frisk**

**Louise Knauer**

**Jens Peter Toft**

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