



EXPECTATIONS FOR 2024 AND PRELIMINARY RESULTS FOR 2023

In Q4 2023 and in the beginning of 2024, we saw a market slowdown. The slowdown is reflected in our 2024 guidance of a revenue of DKK 12.5bn and an EBITDA of DKK 600m.

Assumptions

Our 2024 guidance is impacted by a more unpredictable market outlook due to heightened geopolitical and macroeconomic tension. However, we expect a global recovery in the macroeconomic situation at the end of the year.

Revenue

We expect markets to be negative in all countries in 2024. In general, we also expect all segments to show negative growth in 2024, but that they will start to recover at the end of the year.

Installation

We expect negative growth for the new construction sector in 2024. The green transition is expected to deliver slightly better growth rates despite disappointing developments in 2023. We expect the installation market to be negative.

Industry

The guidance assumes stagnant sales to Marine/Offshore, whereas we expect all other sub-segments to be negative. Overall, we expect the industry market to be negative.

Trade

We expect negative growth in special sales in 2024, which is the Trade segment's primary activity.

Gross profit margin

During the latter part of 2023, we saw a loss in gross profit margin in several product categories despite a positive impact from Concepts. We expect this development to continue for the remainder of 2024. In addition, we elevate our delivery service level which leads to an increase in freight costs. Consequently, we expect a lower gross profit margin for 2024.

Costs

As expected, cost and wage inflation increased during 2023. We anticipate this trend to persist throughout H1 2024.

We have implemented, and will continue to implement, mitigating measures, including cost containment, process improvements and the necessary staff reductions.

Our 2024 guidance includes restructuring costs of approx. DKK 35m, mainly in Q1.

In 2022, Solar Nederland entered into an agreement on the sale of the warehouse in Duiven. Finalisation of the transaction and transfer of the property to the purchaser is expected before the end of 2024. The financial impact of the sale is an expected capital gain of approx. DKK 30m, which is included in the guidance.



Financial outlook 2024

Revenue guidance

We expect revenue of DKK 12.5bn, corresponding to an organic growth of -5%.

EBITDA guidance

We expect EBITDA of DKK 600m.

The guidance includes non-recurring income of around DKK 30m due to the sale of our warehouse in Duiven and restructuring costs of approx. DKK 35m.

In addition, we expect to invest DKK 20m in our new strategic focus areas.

Preliminary results for 2023

In 2023, we reached a revenue of DKK 13.0bn and EBITDA of DKK 0.9bn. EBITDA was in line with our guidance, whereas revenue came in below. At the Annual General Meeting, the Board of Directors will propose a dividend distribution of DKK 30 per share.

Financial highlights (DKK million)	Q4 2023	Q4 2022	2023	2022
Revenue	3,160	3,684	13,031	13,863
EBITDA	190	326	871	1,175
EBITA	131	274	648	978
Earnings before tax	85	223	468	858
Cash flow from operating activities	486	242	855	16
Financial ratios (%)				
Organic growth adj. for number of working days	-11.1	12.0	-2.6	12.9
EBITDA margin	6.0	8.8	6.7	8.5
EBITA margin	4.1	7.4	5.0	7.1
Net working capital, end of period/revenue (LTM)	14.6	15.9	14.6	15.9
Gearing (NIBD/EBITDA), no. of times	1.3	0.9	1.3	0.9
Return on invested capital (ROIC)	13.2	25.5	13.2	25.5

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

Solar Group is headquartered in Denmark, generated revenue of approx. DKK 13.0bn in 2023 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.

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