Solar A/S

CVR NO.: 15 90 84 16

Q4 2017
Quarterly information

The quarterly information has neither been audited nor reviewed

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Quarterly figures

Consolidated

	Q1		Q2		Q3		Q4	
Income statement (DKK million)	2017	2016	2017	2016	2017	2016	2017	2016
Revenue	2,838	2,500	2,684	2,642	2,604	2,427	2,979	2,851
Earnings before interest, tax, depreciation and amortisation (EBITDA)	80	74	63	78	106	77	98	139
Earnings before interest, tax and amortisation (EBITA)	67	59	50	64	93	64	85	125
Earnings before interest and tax (EBIT)	50	47	32	50	74	49	-30	110
Financials, net	95	-11	-30	-7	-4	-7	9	-8
Earnings before tax (EBT)	145	36	2	43	69	42	-90	102
Net profit or loss for the period	123	21	-12	27	42	29	-134	48

Balance sheet (DKK million)								
Non-current assets	1,698	1,324	1,681	1,316	1,675	1,399	1,522	1,397
Current assets	3,217	3,285	3,222	3,221	3,339	3,172	3,195	3,109
Balance sheet total	4,915	4,609	4,903	4,537	5,014	4,571	4,717	4,506
Equity	1,723	1,813	1,696	1,740	1,745	1,631	1,591	1,683
Non-current liabilities	371	394	366	387	362	407	557	375
Current liabilities	2,821	2,402	2,841	2,410	2,907	2,533	2,569	2,448
Interest-bearing liabilities, net	458	156	712	231	728	476	489	43
Invested capital	1,899	1,984	2,129	1,986	2,190	2,122	1,790	1,744
Net working capital, end of period	1,132	1,232	1,309	1,196	1,398	1,323	1,081	998
Net working capital, average	1,162	1,233	1,191	1,205	1,209	1,185	1,133	1,187

Quarterly figures

Consolidated - continued

	Q1		Q2		Q3		Q4	
Cash flow (DKK million)	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Cash flow from operating activities, continuing operations	-86	-257	-180	43	-4	2	282	415
Cash flow from investing activities, continuing operations	-231	-32	-50	-27	-25	-89	-41	-4
Cash flow from financing activities, continuing operations	-93	-80	-7	-137	-6	-159	84	-12
Net investments in intangible assets	-28	-12	-27	-18	-27	-22	-28	-36
Net investments in property, plant and equipment	-14	33	-3	-8	7	-11	-5	37
Acquisition and disposal of subsidiaries, net	-10	-53	0	0	0	-44	-6	0

Financial ratios (% unless otherwise stated)								
Revenue growth	13.5	0.3	1.6	5.8	7.3	6.4	4.5	8.1
Organic growth	11.0	-0.4	2.1	4.3	7.3	3.3	5.3	5.5
Organic growth adjusted for number of working days	4.5	1.2	7.4	-1.2	8.8	3.6	7.0	5.4
Gross profit margin	21.4	21.1	20.9	20.7	20.9	21.0	20.6	21.4
EBITDA margin	2.8	3.0	2.3	3.0	4.1	3.2	3.3	4.9
EBITA margin	2.4	2.4	1.9	2.4	3.6	2.6	2.9	4.4
EBIT margin	1.8	1.9	1.2	1.9	2.8	2.0	-1.0	3.9
Net working capital (end of period NWC)/revenue (LTM)	9.3	11.2	10.9	10.5	11.6	11.6	9.7	8.4
Net working capital (average NWC)/revenue (LTM)	9.6	11.2	9.8	10.7	9.8	10.3	10.2	10.1
Gearing (interest-bearing liabilities, net/EBITDA), no. of times	1.2	0.4	2.0	0.6	1.9	1.3	1.4	0.1
Return on equity (ROE)	13.3	6.9	11.0	7.3	11.7	6.6	1.1	7.5
Return on invested capital (ROIC)	10.1	9.9	9.2	10.4	10.1	9.1	3.8	10.0
Adjusted enterprise value/earnings before interest, tax and amortisation (EV/EBITA)	9.1	8.9	10.2	8.1	9.5	11.4	11.0	8.8
Equity ratio	35.1	39.3	34.6	38.4	34.8	35.7	33.7	37.4

Quarterly figures

Consolidated - continued

	Q1		Q2		Q3		Q4	
Share ratios (DKK unless otherwise stated)	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Earnings per share outstanding (EPS)	16.85	2.71	-1.64	3.51	5.75	3.84	-18.36	6.58
Intrinsic value per share outstanding	236.08	233.91	232.38	225.93	239.10	216.10	218.00	230.60
Share price	382.88	329.12	376.73	307.22	381.25	373.66	414.52	361.80
Share price/intrinsic value	1.62	1.41	1.62	1.36	1.59	1.73	1.90	1.57
Employees								
Average number of employees (FTEs), continuing operations	2,861	2,756	2,884	2,807	2,915	2,832	2,945	2,860

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.

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 Claessen ELGB N.V. and GFI GmbH for 2016 and 2017, whereas these are not adjusted for previous years. In accordance with IFRS, the balance sheet has not been restated.

Statement of comprehensive income

Income statement

DKK million	Q4 2017	Q4 2016
Revenue	**2,979**	**2,851**
Cost of sales	-2,364	-2,241
Gross profit	**615**	**610**
External operating costs	-110	-109
Staff costs	-404	-358
Loss on trade receivables	-3	-4
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**98**	**139**
Depreciation and write-down on property, plant and equipment	-13	-14
Earnings before interest, tax and amortisation (EBITA)	**85**	**125**
Amortisation of intangible assets	-115	-15
Earnings before interest and tax (EBIT)	**-30**	**110**
Share of net profit from associates	-10	0
Impairment associates	-59	0
Financial income	20	6
Financial costs	-11	-14
Earnings before tax (EBT)	**-90**	**102**
Income tax	13	-31
Profit or loss of continuing operations	**-77**	**71**
Profit or loss of discontinued operations	-57	-23
Net profit for the period	**-134**	**48**
Earnings in DKK per share outstanding (EPS)	-18.36	6.58
Diluted earnings in DKK per share outstanding (EPS-D)	-18.36	6.57
Earnings in DKK per share outstanding (EPS) of continuing operations	-10.55	9.73
Diluted earnings in DKK per share outstanding (EPS-D) of continuing operations	-10.55	9.72

Other comprehensive income

DKK million	Q4 2017	Q4 2016
Net profit for the period	**-134**	**48**
Other income and costs recognised:		
Items that cannot be reclassified for the income statement		
Actuarial gains/losses on defined benefit plans	0	-9
Tax	0	2
Items that can be reclassified for the income statement		
Foreign currency translation adjustments of foreign subsidiaries	-20	-4
Value adjustments of hedging instruments before tax	1	19
Tax on value adjustments of hedging instruments	-1	-4
Other income and costs recognised after tax	**-20**	**4**
Total comprehensive income for the period	**-154**	**52**

Balance sheet

Consolidated

DKK million	31.12 2017	31.12 2016
ASSETS		
Intangible assets	427	475
Property, plant and equipment	814	865
Deferred tax assets	18	10
Investments in associates	203	0
Other non-current assets	60	47
Non-current assets	**1,522**	**1,397**
Inventories	1,437	1,321
Trade receivables	1,492	1,404
Income tax receivable	5	5
Receivables from construction contracts	1	0
Other receivables	13	10
Prepayments	45	26
Cash at bank and in hand	77	343
Assets held for sale	125	0
Current assets	**3,195**	**3,109**
Total assets	**4,717**	**4,506**

DKK million	31.12 2017	31.12 2016
EQUITY AND LIABILITIES		
Share capital	775	792
Reserves	-158	-135
Retained earnings	901	938
Proposed dividend for the year	73	88
Equity	**1,591**	**1,683**
Interest-bearing liabilities	423	194
Provision for pension obligations	3	18
Provision for deferred tax	107	122
Other provisions	24	41
Non-current liabilities	**557**	**375**
Interest-bearing liabilities	143	192
Trade payables	1,848	1,727
Income tax payable	19	16
Payables from construction contracts	1	0
Other payables	482	495
Prepayments	1	0
Other provisions	7	18
Liabilities held for sale	68	0
Current liabilities	**2,569**	**2,448**
Liabilities	**3,126**	**2,823**
Total equity and liabilities	**4,717**	**4,506**

Cash flow statement

Consolidated

DKK million	Q4 2017	Q4 2016
Net profit or loss of continuing operations for the period	**-77**	**71**
Depreciation, write-down and amortisation	128	29
Impairment on associates	59	-
Changes to provisions and other adjustments	-6	0
Share of net profit of associates	10	0
Financials, net	-9	8
Income tax	-13	31
Financial income, received	1	2
Financial expenses, settled	-6	-8
Income tax, settled	-15	-25
Cash flow before working capital changes	**72**	**108**
Working capital changes		
Inventory changes	-23	39
Receivables changes	137	219
Non-interest-bearing liabilities changes	96	49
Cash flow from operating activities, continuing operations	**282**	**415**
Cash flow from operating activities, discontinued operations	1	23
Cash flow from operating activities	**283**	**438**
Investing activities		
Purchase of intangible assets	-28	-36
Purchase of property, plant and equipment	-8	-16
Disposal of property, plant and equipment	3	53
Acquisition of subsidaries and activities	-6	0
Other financial investments	-2	-5
Cash flow from investing activities, continuing operations	**-41**	**-4**
Cash flow from investing activities, discontinued operations	0	0
Cash flow from investing activities	**-41**	**-4**

DKK million	Q4 2017	Q4 2016
Financing activities		
Repayment of non-current, interest-bearing debt	-51	-12
Raising of non-current interest-bearing liabilities	135	0
Cash flow from financing activities, continuing operations	**84**	**-12**
Cash flow from financing activities, discontinued operations	0	0
Cash flow from financing activities	**84**	**-12**
Total cash flow	**326**	**422**
Cash at bank and in hand at the beginning of the period	-385	-100
Foreign currency translation adjustments	-7	-1
Cash at bank and in hand at the end of the period	**-66**	**321**
Cash at bank and in hand at the end of the period		
Cash at bank and in hand	77	343
Current interest-bearing liabilities[1]	-143	-22
Cash at bank and in hand at the end of the period	**-66**	**321**

1. Amount for 2016 does not include the short-term part of long-term liabilities that fell due in 2017.

Segment information

Solar's business segments are Installation, Industry and Others 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. Others 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
Q4 2017				
Revenue	1,861	831	287	2,979
Cost of sales	-1,511	-642	-211	-2,364
Gross profit	**350**	**189**	**76**	**615**
Direct costs	-67	-25	-6	-98
Earnings before indirect costs	**283**	**164**	**70**	**517**
Indirect costs	-139	-45	-12	-196
Segment profit	**144**	**119**	**58**	**321**
Non-allocated costs				-223
Earnings before interest, tax, depreciation and amortisation (EBITDA)				**98**
Depreciation and amortisation				-128
Earnings before interest and tax (EBIT)				**-30**
Financials, net				-60
Earnings before tax (EBT)				**-90**

DKK million	Installation	Industry	Other	Total
Q4 2016				
Revenue	1,852	789	210	2,851
Cost of sales	-1,493	-604	-144	-2,241
Gross profit	**359**	**185**	**66**	**610**
Direct costs	-67	-25	-6	-98
Earnings before indirect costs	**292**	**160**	**60**	**512**
Indirect costs	-132	-43	-11	-186
Segment profit	**160**	**117**	**49**	**326**
Non-allocated costs				-187
Earnings before interest, tax, depreciation and amortisation (EBITDA)				**139**
Depreciation and amortisation				-29
Earnings before interest and tax (EBIT)				**110**
Financials, net				-8
Earnings before tax (EBT)				**102**

Segment information

Continued

DKK million - unless otherwise stated	Core business	Related business	Digital, Construction & Services	Eliminations	Total
Q4 2017					
Revenue	2,855	124	-	-	2,979
Gross profit	582	33	-	-	615
EBITA	101	-16	-	-	85
Invested capital	1,682	108	236	-236	1,790
Adj. organic growth	6.3%	29.2%	-	-	7.0%
Gross profit margin	20.4%	26.7%	-	-	20.6%
EBITA margin	3.5%	-12.7%	-	-	2.9%
ROIC	11.4%	N/A	-	-	3.8%

DKK million - unless otherwise stated	Core business	Related business	Digital, Construction & Services	Eliminations	Total
Q4 2016					
Revenue	2,757	94	-	-	2,851
Gross profit	579	31	-	-	610
EBITA	130	-5	-	-	125
Invested capital	1,590	154	18	-18	1,744
Adj. organic growth	5.4%	N/A	-	-	5.4%
Gross profit margin	21.0%	33.4%	-	-	21.4%
EBITA margin	4.7%	-5.5%	-	-	4.4%
ROIC	12.1%	N/A	-	-	10.0%

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 structure available on page 18 of Annual Report 2017 or on www.solar.eu. The below allocation has been made based on the products' place of sale.

		Q4	
DKK million	Revenue	Adjusted organic growth	Non-current assets
2017			
Denmark	889	8.8	1,987
Sweden	688	3.5	256
Norway	493	1.1	156
The Netherlands	730	11.5	293
Other markets	204	16.1	71
Eliminations	-25	-	-1,241
I alt	**2,979**	**7.0**	**1,522**
2016			
Denmark	822	10.6	1,811
Sweden	677	1.9	281
Norway	532	9.3	208
The Netherlands	665	1.3	287
Other markets	176	2.2	104
Eliminations	-21	-	-1,294
I alt	**2,851**	**5.4**	**1,397**

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