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24. april 2018

Meddelelse nr. 13 2018

Delårsrapport for Q1 2018

Omsætning og EBITA for Q1 var på niveau med forventningerne. Vi fastholder vores forventninger til 2018.

CEO Jens Andersen udtaler:

“Forretningen udvikler sig inden for vores strategiske fokusområder. Vi gør fortsat fremskridt i forhold til at afstemme vores koncepter på tværs af lande med henblik på at udvide vores konceptsalg, omend det er en ressourcekrævende proces. Derudover ser vi, at vores intensiverede fokus på industrisegmentet bærer frugt. Vi tiltrækker nye industrikunder samt fornyer aftaler. Ud fra en Total Cost of Ownership-tankegang vil vi fortsat henvende os til vores kunder med tværnationale løsninger for at kunne identificere individuelle løsninger, som kan optimere deres forretning.”

Udvalgte hovedtal (DKK mio.)*	Q1 2018	Q1 2017	2017
Omsætning	2.828	2.838	11.105
EBITA	66	67	295
Resultat før skat	99	145	126
Pengestrømme fra driftsaktivitet	-39	-86	12
Udvalgte nøgletal (%)			
Organisk vækst justeret for antal arbejdsdage	4,4	4,5	6,9
EBITA-margin	2,3	2,4	2,7
Nettoarbejdskapital, ultimo/omsætning (LTM)	10,3	9,3	9,7
Nettoarbejdskapital, gns./omsætning (LTM)**	10,5	9,6	10,2
Gearing (NIBD/EBITDA), antal gange	1,8	1,2	1,4
Afkast af investeret kapital (ROIC)	3,9	10,1	3,8

* Grundet frasalget af vores østrigske og belgiske forretningsaktiviteter, GFI GmbH og Claessen ELGB NV, relaterer tallene for 2017 og 2018 i denne meddelelse sig til vores fortsættende aktiviteter.

** Beregnet som et gennemsnit af de seneste fire kvartalers lagre, debitorer og kreditorer.

Omsætning i Q1 2018

- Justeret organisk vækst udgjorde 4,4% mod 4,5% i Q1 2017. Vores relaterede forretning oplevede en vækst på 28%, mens kerneforretningen oplevede en vækst på 3,5%.

EBITA i Q1 2018

- Vores bruttomargin udgjorde 20,7%, ned fra 21,4% i Q1 2017. Marginen var negativt påvirket af en ændring i det geografiske miks beløbende til ca. 0,2 procentpoint.
- På trods af væksten faldt vores omkostninger fra DKK 524 mio. til DKK 505 mio. Dog kan ca. halvdelen af faldet henføres til valutaeffekt.
- Sammenlignet med Q1 2017 udgjorde EBITA fra kerneforretningen uændret DKK 74 mio. Den relaterede forretning udvandede EBITA med DKK -8 mio. i Q1 2018 mod DKK -7 mio. i Q1 2017.

Forventninger til 2018

- Vi forventer en omsætning på ca. DKK 11,4 mia., svarende til en organisk vækst på ca. 4%. For kerneforretningen forventer vi en vækst på ca. 3%, hvilket er på niveau med eller over den forventede markedsvækst. Den relaterede forretning forventes at udvise vækst på ca. 25%.
- Vi forventer EBITA på ca. DKK 345 mio., hvoraf DKK 365 mio. forventes at komme fra kerneforretningen og DKK -20 mio. fra den relaterede forretning.

EBITA, DKK mio.	Kerneforretning	Relateret forretning	Solar-koncernen
2017, faktisk, offentliggjort 12.01.2018	309	-45	264
Frasalg af østrigske og belgiske forretninger	31	-	31
2017, faktisk fortsættende aktiviteter	340	-45	295
Overhead-omkostninger*	-10	-	-10
Planlagte forbedringer	35	25	60
2018 guidance	365	-20	345

* De østrigske og belgiske forretninger bærer ca. DKK 10 mio. i overhead-omkostninger, som nu vil blive placeret i de fortsættende aktiviteter inden for kerneforretningen.

Audio webcast og telekonference i dag

Præsentationen af Delårsrapport Q1 2018 foregår på engelsk den 24. april 2018 kl. 11.00. Præsentationen bliver transmitteret som en audio webcast og kan følges på 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 Q1 2018 (på engelsk), side 1-27.

Fakta om Solar

Solar-koncernen er en førende sourcing- og servicevirksomhed.
Vores kerneforretning centrerer sig om sourcing af produkter,
værdiskabende services og optimering af vores kunders forretning.

Som sourcing- og servicevirksomhed fokuserer vi på den enkelte kunde. Vi bestræber os altid på at forstå vores kunders unikke og reelle behov, så vi kan yde en vedkommende, personlig og værdiskabende service og dermed gøre vores kunder til vindere.

Solar-koncernen har hovedsæde i Danmark, havde i 2017 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.

Ansvarsfraskrivelse

Denne meddelelse er offentliggjort dags dato på dansk og engelsk via Nasdaq Copenhagen. I tilfælde af uoverensstemmelse mellem de to versioner er det den danske version, der er gældende.



Solar A/S

CVR NO.: 15 90 84 16

Quarterly Report

Q1 2018

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Financial highlights

Consolidated (DKK million)	Q1		Year
	2018	2017	2017
Revenue	2,828	2,838	11,105
Earnings before interest, tax, depreciation and amortisation (EBITDA)	79	80	347
Earnings before interest, tax and amortisation (EBITA)	66	67	295
Earnings before interest and tax (EBIT)	46	50	126
Earnings before tax (EBT)	99	145	126
Net profit for the period	81	123	19
Balance sheet total	4,834	4,915	4,717
Equity	1,594	1,723	1,591
Interest-bearing liabilities, net	632	458	489
Cash flow from operating activities	-39	-86	12
Net investments in property, plant and equipment	-16	-14	-15

Employees

Number of employees (FTEs), end of the period	2,994	2,864	2,959
Average number of employees (FTEs), LTM	2,939	2,843	2,901

Financial ratios (% unless otherwise stated)	Q1		Year
	2018	2017	2017
Organic growth adjusted for number of working days	4.4	4.5	6.9
Gross profit margin	20.7	21.4	21.0
EBITDA margin	2.8	2.8	3.1
EBITA margin	2.3	2.4	2.7
Net working capital (NWC at end of period)/ revenue (LTM)	10.3	9.3	9.7
Gearing (net interest-bearing liabilities/EBITDA), no. of times	1.8	1.2	1.4
Return on equity (ROE)	-1.4	13.3	1.2
Return on invested capital (ROIC)	3.9	10.1	3.8
Equity ratio	33.0	35.1	33.7

Share ratios (DKK unless otherwise stated)

Earnings per share outstanding (EPS)	11.10	16.85	2.60
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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 flows and key ratios for the discontinued operations in Claessen ELGB N.V. and GFI GmbH for 2017. In accordance with IFRS, the balance sheet has not been restated.



Business update

We are developing the business within our three strategic focus areas

We will achieve the expected EBITA improvements within our core business by prioritising our three strategic focus areas: Strategic suppliers, industry focus and operational excellence.

Strategic suppliers

We are building on long-term co-operation with our suppliers, and by consolidating our customers' sourcing needs, we are strengthening the margins throughout the supply chain. We are seeing an upside potential through expanding our product categories and our concept offerings.

We are pursuing growth opportunities in concept sales. Solar offers the market a number of concepts that address different customer needs. We are offering these concepts with a mixture of high quality, value-adding services and market-oriented pricing.

Solar Netto Light was recently introduced in Sweden and Norway, and as in Denmark, the concept has got off to a good start. Solar Netto Light will soon be launched in the Netherlands.

In addition, we are about to launch a new concept known as Solar Project in our key markets, targeted at the highly competitive project market. The product categories within Solar Project will be presented in 3D drawings and with BIM requirements.

Industry

Our intensified focus on the industry segment is paying off. We are attracting new industry customers and renewing agreements.

In Norway, Solar recently signed a contract with Glencore Nikkelverk in Kristiansand including a 2-box solution for the customer's local warehouse. Glencore Nikkelverk produces high quality nickel, cobalt, copper and sulphuric acid and is part of the Glencore Group, which operates in more than 50 countries.

In Denmark, we have extended our contract with Mærsk Olie og Gas – a company of Total, to supply electrical equipment and cables. Total is the second-largest operator in the North Sea.

With a Total Cost of Ownership (TCO) mindset we will continue to approach our customers with cross-national solutions in order to identify individual solutions for optimising their businesses.

Operational excellence

We retain our focus on productivity improvements in order to grow the business and expand our services to our customers.

Our aim is to become more efficient, create synergies and be as close to our customers as possible. In order to leverage our expertise across teams, we merge departments wherever it is expedient to do so. In Poland, we have completed the establishment of our global master data organisation.

In order to improve cost containment we have introduced a new governance structure including monthly follow-up meetings in order to rigorously manage costs.



Financial review

Q1 result was on par with expectations

Solar's continuing operations generated organic growth of 4.4% adjusted for the number of working days, while EBITA amounted to DKK 66m against DKK 67m in Q1 2017. Revenue and results for the quarter were negatively affected by the early timing of Easter compared to Q1 2017.

Revenue and EBITA were on par with our expectations.

Core business showed 3.5% in adjusted organic growth and, compared to Q1 2017, an unchanged EBITA of DKK 74m. Related business diluted earnings by delivering EBITA of DKK -8m but showed adjusted organic growth of 28%.

At the end of January 2018, Solar entered into an agreement with Sonepar concerning divestments of activities in the loss-making subsidiaries, GFI GmbH, Austria, and Claessen ELGB NV, Belgium, cf. company announcement no. 3 2018.

Following the divestments, GFI GmbH, Austria, and the activities in Claessen ELGB NV, Belgium, are presented as discontinued operations, similar to their treatment in the 2017 Annual Report. Unless otherwise stated, this report recognises Solar's continuing operations only.

Revenue

In Q1 2018, adjusted organic growth amounted to 4.4% against 4.5% in Q1 2017. Related business saw growth of 28%, while growth in core business amounted to 3.5%. As in Q1 2017, revenue amounted to DKK 2.8bn.

Gross profit margin

The gross profit margin amounted to 20.7%, down from 21.4% in Q1 2017.

- The margin was negatively affected by a change in geographical mix amounting to approx. 0.2 percentage points.
- Compared to Q1 2017, core business saw an extraordinary increase in write-down on inventories corresponding to a negative impact on the gross profit margin of approx. 0.3 percentage points. We have started several initiatives to normalise the write-down level in the coming quarters.
- Related business also negatively impacted margins. MAG45 saw an unexpected decline in margin during the first months of Q1 leading to a decline for the quarter of more than 2 percentage points, corresponding to approx. -0.1 percentage points in margin at group level. MAG45 is currently focusing on regaining the margin. We do see progress albeit slow.

Q1	Revenue		EBITA		Invested capital	
DKK million	2018	2017	2018	2017	2018	2017
Core business	2,677	2,725	74	74	1,762	1,729
Related business	151	113	-8	-7	133	170
Digital, construction & services	-	-	-	-	292	300
Eliminations	-	-	-	-	-292	-300
Total	2,828	2,838	66	67	1,895	1,899

Q1	Adj.organic growth		EBITA margin		ROIC	
%	2018	2017	2018	2017	2018	2017
Core business	3.5	4.5	2.8	2.7	11.2	12.9
Related business	28.0	-	-5.3	-6.2	N/A	N/A
Total	4.4	4.5	2.3	2.4	3.9	10.1

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

Related business includes MAG45, Scandinavian Technology Institute and Solar Polaris.

Digital, construction & services includes all associated businesses BIMobject, GenieBelt, Minuba, Viva Labs, Monterra, and HomeBob.



EBITA

Despite the growth, costs were down from DKK 524m to DKK 505m, of which approx. half of the decline can be ascribed to exchange rate adjustments. EBITA amounted to 2.3% of revenue or DKK 66m, compared to 2.4% of revenue or DKK 67m in Q1 2017.

Compared to Q1 2017, EBITA from core business came to an unchanged DKK 74m. Related business diluted EBITA by DKK -8m in Q1 2018 against DKK -7m in Q1 2017.

Amortisation

As part of our focus on digital improvement projects, our investments in software led to increased amortisation. Amortisation totalled DKK 20m against DKK 17m in Q1 2017.

Share of net profit from associates

In Q1 2018, DKK -1m was included as our share of earnings from our digital, construction and services associates.

Impairment on associates

At year-end 2017, Solar identified a need for write-down of DKK 59m on BIMObject AB based on the share price. However, by the end of Q1 2018, the BIMObject share price increased and we therefore reversed the write-down of DKK 59m.

Financials

Net financials totalled DKK -5m against DKK 95m in Q1 2017 when considering the DKK 103m fair value adjustment of associated businesses relating to BIMObject. In Q1 2017, Solar's equity interest in BIMObject was less than 20% and for that reason the fair value adjustment was recognised in the income statement as financial income.

Earnings before tax

Earnings before tax were down at DKK 99m from DKK 145m in Q1 2017. However, if adjusted for the impact from associates in terms of share of net profit, impairment, and fair value adjustment, earnings before tax amounted to DKK 41m in Q1 2018 against DKK 42m in Q1 2017.

DKK million	Q1 2018	Q1 2017	FY 2017
Earnings before tax	99	145	126
Share of net profit from associates	1		11
<i>Impact due to market value changes in BIMObject:</i>			
Impairment on associates	-59		59
Fair value adjustment, recognised under financials		-103	-79
Earnings before tax, adjusted for associates	41	42	117
Impairment loss, other intangible assets			10
Impairment loss, goodwill			65
Impairment loss, customer-related assets			22
Earn-out provision reversed			-15
Adjusted earnings before tax	41	42	199

Net profit

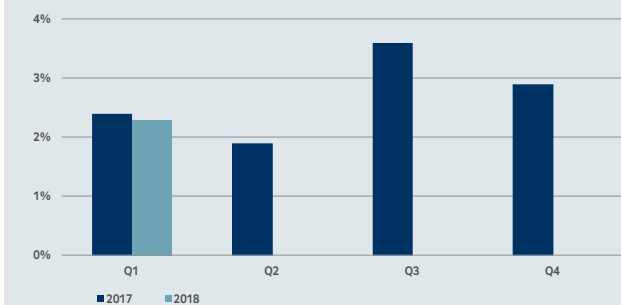
Profit from continuing operations came to DKK 91m against DKK 133m in Q1 2017. Compared to Q1 2017, loss from discontinued operations amounted to an unchanged DKK 10m. Net profit for the Solar Group thus totalled DKK 81m in Q1 2018 against DKK 123m in Q1 2017.

Organic growth in %

(adjusted for the number of working days)



EBITA margin in %





Investments in associates

In 2017, we increased our investments in BIMobject and other associates. Thus at the end of Q1 2018, investments in associates came to DKK 262m, of which DKK 247m related to BIMobject. As at 31 March 2018, Solar's part of the market value of BIMobject amounted to DKK 268m. In 2017, Solar acquired the shares at a price of DKK 171m.

Cash flows

Compared to Q1 2017, net working capital calculated as an average of the last four quarters amounted to 10.5% of revenue up from 9.6%. Net working capital at the end of Q1 2018 amounted to 10.3% of revenue up from 9.3% at the end of Q1 2017. However, the fact that the last day of Q1 2018 was a non-working day affected net working capital negatively by approx. 0.6 percentage points.

Cash flow from operating activities totalled DKK -39m against DKK -86m in Q1 2017. In Q1 2018, changes to inventories had a DKK 8m impact on cash flow from operating activities, while changes to receivables had an impact of DKK -140m. The negative changes to receivables were due to the usual seasonal fluctuations, albeit less significant than last year due to the impact of Easter.

Total cash flow from investing activities came to DKK -41m against DKK -231m in Q1 2017. In Q1 2017, cash flow from investing activities saw a DKK 189m negative impact from the investment in activities and associated businesses.

Cash flow from financing activities was affected by dividend distributions of DKK 73m against DKK 88m in Q1 2017.

Cash flow from discontinued operations amounted to DKK 5m against DKK -10m in Q1 2017.

Consequently, total cash flow in Q1 2018 amounted to DKK -150m against DKK -420m in Q1 2017.

Compared to Q1 2017, net interest-bearing liabilities increased by DKK 174m to DKK 632m. During the last 12 months, we invested DKK 107m in digital improvements, an additional DKK 33m in subsidiaries and associated businesses and paid dividend of DKK 73m. By the end of Q1 2018, gearing had increased to 1.8 times EBITDA from 1.2. Our gearing target is 1.5-2.5 times EBITDA.

As at 31 March 2018, Solar had undrawn credit facilities of DKK 423m.

End Q1 2018, ROIC was negatively impacted by the impairment loss on related business in Q4 2017 and amounted to 3.9% against 10.1% in Q1 2017. ROIC on core business ended at 11.2% down from 12.9%, negatively impacted by impairment loss on other intangible assets in Q4 2017.

Invested capital for the Solar Group totalled DKK 1,895m against DKK 1,899m at the end of Q1 2017.

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

Remuneration of Executive Board and management team

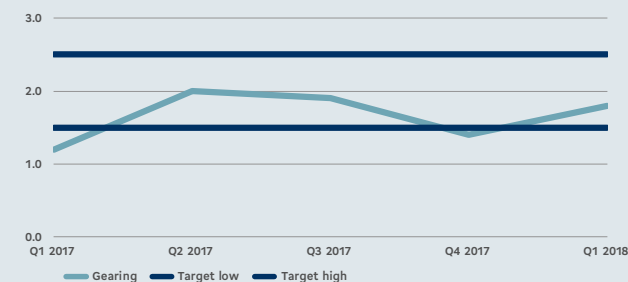
In accordance with Solar's remuneration policy and general guidelines for incentive-based remuneration, the Board of Directors granted restricted shares to the Executive Board and management team in 2018. Overall, the grant of shares is covered by the same terms as the previous grants of share options. A total amount of 3,423 restricted shares was granted amounting to a fair value of DKK 1.3m. The restricted shares vest three years after the time of granting, i.e. this grant of shares vests in 2021.

EBITA margin LTM , core business



Gearing, no. of times

(interest-bearing liabilities, net / EBITDA)





In February 2018, Solar's Executive Board and management team exercised 19,786 and 17,875 share options from the granting in 2014 and 2015, respectively.

General information on Solar's incentive scheme is available on our website: www.solar.eu/investor/policies/.

Events after the end of the period under review

At the beginning of April 2018, Solar stated that the transaction regarding the divestment of 100% of the shares of GFI GmbH, Austria, to the French Sonepar Group has now been completed on the previously announced terms, cf. company announcement no. 12 2018 dated 5 April 2018 and announcement no. 3 dated 31 January 2018. As previously announced, we still expect to announce the closing of the divestment of the activities in Claessen ELGB NV, Belgium, during Q2.

Key risks

Solar's Annual Report 2017 details the commercial and financial risks related to our activities. The key risks remain that Solar, like other international companies, is affected by both global trends and local conditions in the markets where we operate.





Segments

Trends in Installation and Industry

In Q1 2018, organic growth* amounted to 4.4%.

The installation sector

The slowdown seen in Q4 2017 in Scandinavia continued in Q1 when we saw slightly negative growth, particularly in Norway where project deliveries are being postponed. We expect this to be a phasing issue.

However, the strong growth in the Netherlands and Poland was sufficient to offset the negative growth in Scandinavia.

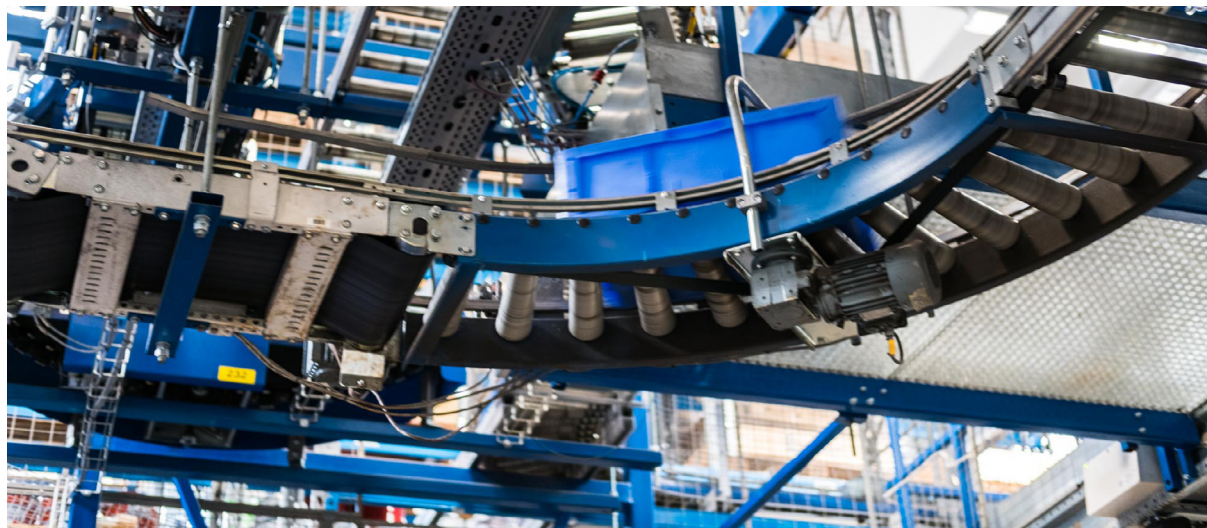
In general, the growth we are experiencing primarily relates to large and medium-sized customers.

Solar's overall organic growth for Installation was slightly above 0% for Q1 2018.

The industry sector

In Q1, we saw continued industrial growth in our markets, resulting in organic growth of around 11%.

This was especially the case in Denmark and the Netherlands, where we continue to see double-digit growth.



Sweden and Norway both saw negative growth in Q1. In Norway, the North Sea offshore industry and related industries continue to improve but not sufficiently to offset the decline within Utility.

Compared to Q1 2017, the segment margin was down mainly due to a decline in the gross margin. Approx. 50% of the decline in gross margin can be explained by the fact that MAG45 saw an unexpected decline in margin of more than 2 percentage points combined with high growth in revenue during the first months of Q1.

Other

Our segment Other covers smaller areas within core business along with Scandinavian Technology Institute (STI) and Solar Polaris. In Q1, STI and Solar Polaris delivered revenue of DKK 18m, corresponding to approx. 7% of the segment revenue.

DKK million	Revenue		Segment profit		Segment margin in %	
	Q1 2018	Q1 2017	Q1 2018	Q1 2017	Q1 2018	Q1 2017
Installation	1,723	1,807	151	159	8.8	8.8
Industry	856	808	125	124	14.6	15.3
Other	249	223	14	33	5.6	14.8
Total	2,828	2,838	290	316	10.3	11.1

DKK million	Revenue		Adjusted organic growth in %	
	Q1 2018	Q1 2017	Q1 2018	Q1 2017
Denmark	834	838	3.7	9.4
Sweden	619	662	-0.4	3.9
Norway	451	527	-3.9	9.3
The Netherlands	724	657	11.8	-0.8
Other markets	222	176	23.1	-8.5
Eliminations	-22	-22	-	-
Total	2,828	2,838	4.4	4.5

* Organic growth adjusted for the number of working days.



Outlook 2018

We reconfirm our guidance

Outlook for Solar's business areas

Installation

As mentioned in the 2017 Annual Report, we expect growth in the Installation market in 2018 to match, or slightly exceed, the level for 2017.

New construction and renovation activities in the Danish market are expected to improve compared to 2017, particularly in H2.

In Sweden, we saw an unexpected decline in the number of building permits in late 2017. This, however, now seems to have stabilised at the same level as in 2016. We continue to expect to see growth in H1, whereas there is more uncertainty relating to developments in H2. Currently, however, we maintain our overall expectations for 2018 with market growth on par with, or slightly above, 2017.

Despite a weak start in Norway, we still expect the installation segment to generate modest growth.

The positive trends in the Dutch market are expected to continue. Therefore, we expect to see continuous but modest improvement compared to 2017.

The improvement that we are seeing in the Polish market is expected to continue for the remaining part of the year. Overall, we expect substantial growth.

In general, our outlook for 2018 is for moderate, positive market growth.

Industry

As mentioned in the 2017 Annual Report, our outlook for Industry is for positive growth.

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

Other

We expect growth within the Other segment.

Financial outlook

We reconfirm our 2018 outlook. We expect revenue of approx. DKK 11.4bn corresponding to organic growth of approx. 4%. Within core business we expect growth of approx. 3%, which is on par with or above the expected market growth. Related business is expected to show growth of approx. 25%.

For 2018, we expect EBITA of approx. DKK 345m, of which DKK 365m is expected from core business and DKK -20m from related business.

Guidance 2018, DKK million	Core business	Related business	Solar Group
Revenue	10,800	600	11,400
EBITA	365	-20	345

The table below links the 2017 results to our 2018 guidance. The divestment of the Austrian and Belgian loss-making businesses adds DKK 31m in EBITA to our core business.

The Austrian and Belgian businesses carried approx. DKK 10m in overhead costs, which will now be assigned to the continuing operations within the core business.

EBITA, DKK million	Core business	Related business	Solar Group
2017, actual, published 12.01.2018	309	-45	264
Divestment of Austrian & Belgian businesses	31	-	31
2017, actual, continuing operations	340	-45	295
Overhead costs	-10	-	-10
Planned improvements	35	25	60
2018 guidance	365	-20	345

To achieve the expected EBITA improvements within our core business we have three strategic focus areas: strategic suppliers, industry focus and operational excellence. For a business update on these areas, see page 4.

Focus on improving asset productivity by reducing investments in net working capital will continue in 2018. However, it should be noted that in 2018, all quarters end in a weekend.



Shareholder information

Share and webcast information

Solar shares

Solar's share capital is divided into nominal value DKK 90 million A shares and nominal value DKK 685 million B shares.

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

The share capital includes 900,000 A shares and 6,845,625 B shares. Solar's portfolio of treasury shares totalled 447,333 B shares or 5.8% of share capital as at 31 March 2018.

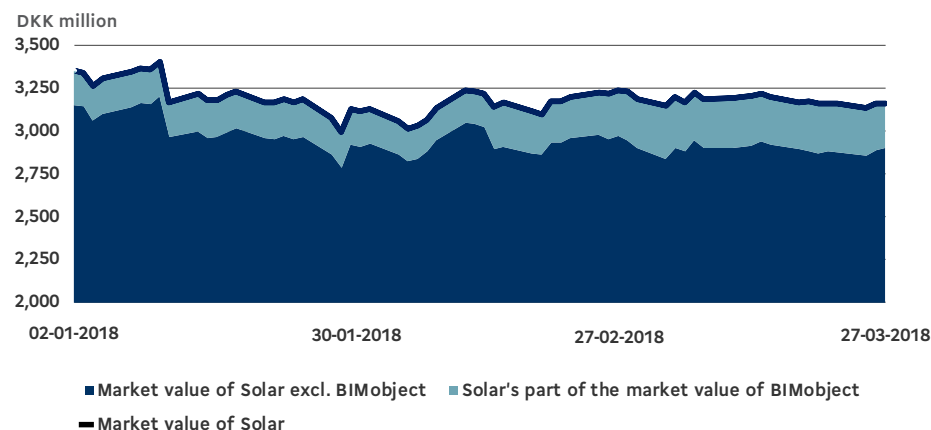
A shares have 10 votes per share amount of DKK 100, while B shares have 1 vote per share amount of DKK 100.

Audio webcast

The presentation of the Quarterly Report Q1 2018 will be conducted in English on 24 April 2018 at 11:00 CET. The presentation will be transmitted as an audio webcast and will be available at www.solar.eu.

Solar's market value

Solar holds a 20.01% equity interest in BIMObject AB, which is a listed company on First North. This is an illustration of the impact of BIMObject's market value on Solar's market value.



Distribution of share capital and votes as at 31 March 2018 in %

Holdings of 5% or more of share capital	Share capital	Votes
The Fund of 20 th December, Vejen, Denmark	16.0%	58.1%
RWC Asset Management LLP, London, England	11.8%	5.8%
Chr. Augustinus Fabrikker A/S, Copenhagen, Denmark	10.6%	5.2%
Nordea Funds Oy, Danish Branch, Copenhagen, Denmark ¹	10.4%	5.1%
Solar A/S, Vejen, Denmark	5.8%	2.8%

¹ Cf. company announcement no. 1 2018, dated 12 January 2018, which is the latest public information.

Financial calendar 2018

10 July - 9 August	IR quiet period
9 August	Quarterly Report Q2 2018
10 October - 1 November	IR quiet period
1 November	Quarterly Report Q3 2018



Consolidated financial statements



Statement of comprehensive income

Income statement

DKK million	Q1		Year
	2018	2017	2017
Revenue	2,828	2,838	11,105
Cost of sales	-2,242	-2,230	-8,776
Gross profit	586	608	2,329
External operating costs	-135	-143	-482
Staff costs	-370	-381	-1,484
Loss on trade receivables	-2	-4	-16
Earnings before interest, tax, depreciation and amortisation (EBITDA)	79	80	347
Depreciation and write-down on property, plant and equipment	-13	-13	-52
Earnings before interest, tax and amortisation (EBITA)	66	67	295
Amortisation and impairment of intangible assets	-20	-17	-169
Earnings before interest and tax (EBIT)	46	50	126
Share of net profit from associates	-1	0	-11
Impairment on associates	59	0	-59
Financial income	5	106	110
Financial costs	-10	-11	-40
Earnings before tax (EBT)	99	145	126
Income tax	-8	-12	-25
Net profit from continuing operations	91	133	101
Loss from discontinued operations	-10	-10	-82
Net profit for the period	81	123	19
Earnings in DKK per share outstanding (EPS)	11.10	16.85	2.60
Diluted earnings in DKK per share outstanding (EPS-D)	11.08	16.83	2.60
Earnings in DKK per share outstanding (EPS) of continuing operations	12.47	18.22	13.84
Diluted earnings in DKK per share outstanding (EPS-D) of continuing operations	12.45	18.20	13.82

Other comprehensive income

DKK million	Q1		Year
	2018	2017	2017
Net profit for the period	81	123	19
Other income and costs recognised:			
Items that can be reclassified for the income statement			
Foreign currency translation adjustments of foreign subsidiaries	-7	-1	-35
Value adjustments of hedging instruments before tax	3	8	16
Tax on value adjustments of hedging instruments	-1	-2	-4
Other income and costs recognised after tax	-5	5	-23
Total comprehensive income for the period	76	128	-4



Balance sheet

as at 31 March

Consolidated (DKK million)	31.03		31.12
	2018	2017	2017
ASSETS			
Intangible assets	425	493	427
Property, plant and equipment	815	867	814
Deferred tax assets	18	10	18
Investments in associates	262	0	203
Other non-current assets	60	328	60
Non-current assets	1,580	1,698	1,522
Inventories	1,421	1,401	1,437
Trade receivables	1,612	1,685	1,492
Income tax receivable	7	14	5
Receivables from construction contracts	3	1	1
Other receivables	10	12	13
Prepayments	61	49	45
Cash at bank and in hand	23	55	77
Assets held for sale	117	0	125
Current assets	3,254	3,217	3,195
Total assets	4,834	4,915	4,717

DKK million	31.03		31.12
	2018	2017	2017
EQUITY AND LIABILITIES			
Share capital	775	792	775
Reserves	-163	-130	-158
Retained earnings	982	1,061	901
Proposed dividend for the year	0	0	73
Equity	1,594	1,723	1,591
Interest-bearing liabilities	416	189	423
Provision for pension obligations	3	18	3
Provision for deferred tax	104	124	107
Other provisions	23	40	24
Non-current liabilities	546	371	557
Interest-bearing liabilities	239	324	143
Trade payables	1,888	1,954	1,848
Income tax payable	9	16	19
Payables from construction contracts	0	0	1
Other payables	474	506	482
Prepayments	2	2	1
Other provisions	7	19	7
Liabilities held for sale	75	0	68
Current liabilities	2,694	2,821	2,569
Liabilities	3,240	3,192	3,126
Total equity and liabilities	4,834	4,915	4,717



Cash flow statement

DKK million	Q1		Year
	2018	2017	2017
Net profit from continuing operations for the period	91	133	101
Write-down, depreciation and amortisation	33	30	221
Impairment on associates	-59	0	59
Changes to provisions and other adjustments	0	-4	-9
Share of net profit from associates	1	0	11
Financials, net	5	-95	-70
Income tax	8	11	25
Financial income, received	2	2	6
Financial expenses, settled	-6	-8	-28
Income tax, settled	-21	-19	-49
Cash flow before working capital changes	54	50	267
Working capital changes			
Inventory changes	8	-82	-226
Receivables changes	-140	-295	-226
Non-interest-bearing liabilities changes	39	241	197
Cash flow from operating activities, continuing operations	-39	-86	12
Cash flow from operating activities, discontinued operations	5	-10	-13
Cash flow from operating activities	-34	-96	-1
Investing activities			
Purchase of intangible assets	-25	-28	-110
Purchase of property, plant and equipment	-16	-14	-37
Disposal of property, plant and equipment	0	0	22
Acquisition of subsidiaries and activities	0	-10	-16
Acquisition of associates	0	0	-16
Other financial investments ¹	0	-179	-190
Cash flow from investing activities, continuing operations	-41	-231	-347
Cash flow from investing activities, discontinued operations	0	0	0
Cash flow from investing activities	-41	-231	-347

DKK million	Q1		Year
	2018	2017	2017
Financing activities			
Repayment of non-current interest-bearing debt	-2	-5	-69
Raising of non-current interest-bearing liabilities	0	0	135
Dividends distributed	-73	-88	-88
Cash flow from financing activities, continuing operations	-75	-93	-22
Cash flow from financing activities, discontinued operations	0	0	0
Cash flow from financing activities	-75	-93	-22
Total cash flow	-150	-420	-370
Cash at bank and in hand at the beginning of the period	-66	321	321
Foreign currency translation adjustments	0	0	-17
Cash at bank and in hand at the end of the period	-216	-99	-66
Cash at bank and in hand at the end of the period			
Cash at bank and in hand	23	55	77
Current interest-bearing liabilities ²	-239	-154	-143
Cash at bank and in hand at the end of the period	-216	-99	-66

1. Investment in BIMobject in 2017 amounts to DKK 171m.

2. Amount for Q1-Q3 2017 does not include the short-term part of long-term liabilities that fell due in 2017.



Statement of changes in equity

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



Statement of changes in equity

– continued

DKK million	Share capital	Reserves for hedging transactions	Reserves for foreign currency translation adjustments	Retained earnings	Proposed dividends	Total
2017						
Equity as at 1 January	792	-73	-62	938	88	1,683
Foreign currency translation adjustments of foreign subsidiaries			-1			-1
Fair value adjustments of hedging instruments before tax		8				8
Tax on value adjustments		-2				-2
Net income recognised in equity via other comprehensive income in the statement of comprehensive income	0	6	-1	0	0	5
Net profit for the period				123		123
Comprehensive income	0	6	-1	123	0	128
Distribution of dividends (DKK 12.00 per share)					-88	-88
Transactions with the owners	0	0	0	0	-88	-88
Equity as at 31 March	792	-67	-63	1,061	0	1,723



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
Q1 2018				
Revenue	1,723	856	249	2,828
Cost of sales	-1,371	-658	-213	-2,242
Gross profit	352	198	36	586
Direct costs	-66	-27	-8	-101
Earnings before indirect costs	286	171	28	485
Indirect costs	-135	-46	-14	-195
Segment profit	151	125	14	290
Non-allocated costs				-211
Earnings before interest, tax, depreciation and amortisation (EBITDA)				79
Depreciation and amortisation				-33
Earnings before interest and tax (EBIT)				46
Financials, net				53
Earnings before tax (EBT)				99

DKK million	Installation	Industry	Other	Total
Q1 2017				
Revenue	1,807	808	223	2,838
Cost of sales	-1,448	-615	-167	-2,230
Gross profit	359	193	56	608
Direct costs	-65	-24	-9	-98
Earnings before indirect costs	294	169	47	510
Indirect costs	-135	-45	-14	-194
Segment profit	159	124	33	316
Non-allocated costs				-236
Earnings before interest, tax, depreciation and amortisation (EBITDA)				80
Depreciation and amortisation				-30
Earnings before interest and tax (EBIT)				50
Financials, net				95
Earnings before tax (EBT)				145



Notes

Segment information - continued

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

Related business includes MAG45, Scandinavian Technology Institute and Solar Polaris.

Digital, construction & services includes all associated businesses BIMobject, GenieBelt, Minuba, Viva Labs, Monterra, and HomeBob.

DKK million (unless otherwise stated)	Core business	Related business	Digital, Construction & Services	Eliminations	Total
Q1 2018					
Revenue	2,677	151	-	-	2,828
Gross profit	545	41	-	-	586
EBITA	74	-8	-	-	66
Invested capital	1,762	133	292	-292	1,895
Adj. organic growth	3.5%	28.0%	-	-	4.4%
Gross profit margin	20.4%	27.2%	-	-	20.7%
EBITA margin	2.8%	-5.3%	-	-	2.3%
ROIC	11.2%	N/A	-	-	3.9%
Q1 2017					
Revenue	2,725	113	-	-	2,838
Gross profit	574	34	-	-	608
EBITA	74	-7	-	-	67
Invested capital	1,729	170	300	-300	1,899
Adj. organic growth	4.5%	N/A	-	-	4.5%
Gross profit margin	21.1%	30.1%	-	-	21.4%
EBITA margin	2.7%	-6.2%	-	-	2.4%
ROIC	12.9%	N/A	-	-	10.1%

Geographical information

Solar A/S primarily operates on the Danish, Swedish, Norwegian and Dutch markets. In the table below, 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.

DKK million (unless otherwise stated)	Revenue	Adjusted organic growth	Non-current assets
Q1 2018			
Denmark	834	3.7%	1,937
Sweden	619	-0.4%	245
Norway	451	-3.9%	155
The Netherlands	724	11.8%	293
Other markets	222	23.1%	67
Eliminations	-22	-	-1,117
Total	2,828	4.4%	1,580
Q1 2017			
Denmark	838	9.4%	2,110
Sweden	662	3.9%	288
Norway	527	9.3%	205
The Netherlands	657	-0.8%	286
Other markets	176	-8.5%	105
Eliminations	-22	-	-1,296
Total	2,838	4.5%	1,698



Notes

Discontinued operations

On 31 January 2018, Solar A/S announced 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.

The discontinued operation impacted the income statement as follows:

DKK million	Q1		Year 2017
	2018	2017	
Revenue	141	158	664
Cost of sales	-117	-134	-566
Gross profit	24	24	98
Costs	-33	-35	-129
Earnings before interest and tax (EBIT)	-9	-11	-31
Financials	-1	0	-2
Earnings before tax (EBT)	-10	-11	-33
Tax on net profit or loss for the period	0	1	-2
Net profit or loss for the period	-10	-10	-35
Write-down to fair value less costs to sell	0	0	-47
Net profit or loss for discontinued operations	-10	-10	-82
Earnings from discontinued operations in DKK per share outstanding (EPS)	-1.37	-1.37	-11.24
Diluted earnings from discontinued operations in DKK per share outstanding (EPS-D)	-1.37	-1.37	-11.24

DKK million	Q1 2018
Property, plant and equipment	0
Other non-current assets	2
Non-current assets	2
Inventories	57
Trade receivables	56
Other current assets	2
Current assets	115
Assets held for sale	117
Other non-current liabilities	14
Non-current liabilities	14
Interest-bearing liabilities	0
Trade payables	42
Other current liabilities	19
Current liabilities	61
Liabilities held for sale	75



Notes

Grant of restricted shares option plans

In accordance with Solar's remuneration policy and general guidelines for incentive-based remuneration, the Board of Directors decided to grant restricted shares to the Executive Board and management team in 2018. Overall, the grant of shares is covered by the same terms as the previous grants of share options.

Restricted shares are granted for no consideration and provide the holder with a right and an obligation to receive B shares at a nominal value of DKK 100. The price at the time of granting is fixed at DKK 399.19 based on the average price on Nasdaq Copenhagen the first 10 business days after publication of Annual Report 2017. A total amount of 3,423 restricted shares was granted amounting to a fair value of DKK 1.3m.

The restricted shares vest three years after the time of granting, meaning that this grant of shares vests in 2021. At this point, the holder may exercise the restricted share granting.

General information on Solar's incentive scheme is available on our website: <https://www.solar.eu/investor/policies>.

Share option plans

In February 2018, 19,786 share options from the 2014 granting and 17,875 share options from the 2015 granting were, respectively, exercised. In addition, Solar granted 2,322 additional share options to a senior management employee. So, outstanding share options now total 74,935.

Description and specification of Solar's share option plans are found in Annual Report 2017 and on our website: <https://www.solar.eu/investor/policies>.



Notes

Accounting policies

The quarterly report for Solar A/S has been prepared in accordance with IAS 34 "Presentation of interim reports" 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 the Annual Report 2017, which contains a full description of these on pages 53-55 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 2018 Solar implemented IFRS 9 on financial instruments and IFRS 15 on revenue from contracts with customers. Also, we have implemented new interpretations on existing standards. These changes have no impact on Solar. As a consequence of the IFRS implementations the following accounting policies have been updated:

Revenue

Revenue includes goods for resale recognised in the income statement if the passing of the risk to the customer takes place before the end of the year and if revenue can be determined reliably. Revenue is measured exclusive VAT and duties charged on behalf of a third party. All types of discounts allowed are recognised in revenue. Revenue from delivery of services, which are consumed by the customer simultaneously with delivery such as training is recognised along with delivery.

Trade receivables

Trade receivables are measured at fair value at acquisition and at amortised cost subsequently. A write down for expected credit losses over the life of the receivables is made, based on a combination of a portfolio assessment and an individual assessment taking into account payment defaults etc. When assessing the write down, security provided and other credit enhancements are taken into account.

New accounting standards to be implemented in coming accounting periods

For information on new accounting standards, reference is made to note 28 on page 96 in the Annual Report 2017. No new or amended standards have been issued in 2018 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)	2018	2017	2017	2016	2017	2016	2017	2016
Revenue	2,828	2,838	2,684	2,642	2,604	2,427	2,979	2,851
Earnings before interest, tax, depreciation and amortisation (EBITDA)	79	80	63	78	106	77	98	139
Earnings before interest, tax and amortisation (EBITA)	66	67	50	64	93	64	85	125
Earnings before interest and tax (EBIT)	46	50	32	50	74	49	-30	110
Financials, net	-5	95	-30	-7	-4	-7	9	-8
Earnings before tax (EBT)	99	145	2	43	69	42	-90	102
Net profit or loss for the quarter	81	123	-12	27	42	29	-134	48

Balance sheet (DKK million)								
Non-current assets	1,580	1,698	1,681	1,316	1,675	1,399	1,522	1,397
Current assets	3,254	3,217	3,222	3,221	3,339	3,172	3,195	3,109
Balance sheet total	4,834	4,915	4,903	4,537	5,014	4,571	4,717	4,506
Equity	1,594	1,723	1,696	1,740	1,745	1,631	1,591	1,683
Non-current liabilities	546	371	366	387	362	407	557	375
Current liabilities	2,694	2,821	2,841	2,410	2,907	2,533	2,569	2,448
Interest-bearing liabilities, net	632	458	712	231	728	476	489	43
Invested capital	1,895	1,899	2,129	1,986	2,190	2,122	1,790	1,744
Net working capital, end of period	1,145	1,132	1,309	1,196	1,398	1,323	1,081	998
Net working capital, average	1,168	1,162	1,191	1,205	1,209	1,185	1,133	1,187



Quarterly figures

- continued

	Q1		Q2		Q3		Q4	
Cash flows (DKK million)	2018	2017	2017	2016	2017	2016	2017	2016
Cash flow from operating activities	-39	-86	-180	43	-4	2	282	415
Cash flow from investing activities	-41	-231	-50	-27	-25	-89	-41	-4
Cash flow from financing activities	-75	-93	-7	-137	-6	-159	84	-12
Net investments in intangible assets	-25	-28	-27	-18	-27	-22	-28	-36
Net investments in property, plant and equipment	-16	-14	-3	-8	7	-11	-5	37
Acquisition and disposal of subsidiaries, net	0	-10	0	0	0	-44	-6	0

Financial ratios (% unless otherwise stated)

Revenue growth	-0.4	13.5	1.6	5.8	7.3	6.4	4.5	8.1
Organic growth	1.3	11.0	2.1	4.3	7.3	3.3	5.3	5.5
Organic growth adjusted for number of working days	4.4	4.5	7.4	-1.2	8.8	3.6	7.0	5.4
Gross profit margin	20.7	21.4	20.9	20.7	20.9	21.0	20.6	21.4
EBITDA margin	2.8	2.8	2.3	3.0	4.1	3.2	3.3	4.9
EBITA margin	2.3	2.4	1.9	2.4	3.6	2.6	2.9	4.4
EBIT margin	1.6	1.8	1.2	1.9	2.8	2.0	-1.0	3.9
Net working capital (NWC end of period)/revenue (LTM)	10.3	9.3	10.9	10.5	11.6	11.6	9.7	8.4
Net working capital (NWC average)/revenue (LTM)	10.5	9.6	9.8	10.7	9.8	10.3	10.2	10.1
Gearing (interest-bearing liabilities, net/EBITDA), no. of times	1.8	1.2	2.0	0.6	1.9	1.3	1.4	0.1
Return on equity (ROE)	-1.4	13.3	11.0	7.3	11.7	6.6	1.1	7.5
Return on invested capital (ROIC)	3.9	10.1	9.2	10.4	10.1	9.1	3.8	10.0
Adjusted enterprise value/earnings before interest, tax and amortisation (EV/EBITA)	10.9	9.1	10.2	8.1	9.5	11.4	11.0	8.8
Equity ratio	33.0	35.1	34.6	38.4	34.8	35.7	33.7	37.4



Quarterly figures

- continued

	Q1		Q2		Q3		Q4	
	2018	2017	2017	2016	2017	2016	2017	2016
Share ratios (DKK)								
Earnings in DKK per share outstanding (EPS)	11.10	16.85	-1.64	3.51	5.75	3.84	-18.36	6.58
Intrinsic value in DKK per share outstanding	218.41	236.08	232.38	225.93	239.10	216.10	218.00	230.60
Share price in DKK	398.53	382.88	376.73	307.22	381.25	373.66	414.52	361.80
Share price/intrinsic value	1.82	1.62	1.62	1.36	1.59	1.73	1.90	1.57

Employees

Number of employees (FTEs), end of the period	2,994	2,864	2,882	2,812	2,920	2,863	2,959	2,834
Average number of employees (FTEs), LTM	2,939	2,843	2,861	2,731	2,875	2,783	2,901	2,814

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. Activities where our equity interest is <50% are not included in the ROIC calculation. The invested capital only includes operating assets and liabilities.

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



Statement by the Executive Board and the Board of Directors

Today, the group's Board of Directors and Executive Board have discussed and approved the Q1 2018 quarterly report of Solar A/S.

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

In our opinion, the quarterly report gives a fair presentation of the group's assets, equity and liabilities and financial position as at 31 March 2018 as well as of the results of the group's activities and cash flow for Q1 2018.

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, 24 April 2018

EXECUTIVE BOARD

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CEO

Hugo Dorph
CCO

Michael H. Jeppesen
CFO

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Ulf Gundemark
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Lars Lange Andersen

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