

SOLAR GROUP

SEB ENSKILDA NORDIC SEMINAR

UPDATE ON OUR STRATEGY AND VALUE DRIVERS

Flemming H. Tomdrup, Group CEO
Michael H. Jeppesen, Group CFO
Copenhagen, 10 January 2012



stronger together

AGENDA

- ⊗ Update on Solar's value drivers
- ⊗ Refreshed group strategy #1 in Technical Wholesale
- ⊗ Solar Mobile App
- ⊗ Status on Solar 8000 (SAP)
- ⊗ Update on acquisitions
- ⊗ The results we expect in FY 2011 and in 2012

UPDATE ON SOLAR'S VALUE DRIVERS

Organic growth in all key markets and earnings as expected in Q3

	Objectives 2010-2012	Actual Q1-Q3 2011	Management agenda
Organic growth		4.2%	New growth initiatives launched
EBITA margin		1.9%	Margin diluted by operational loss in Norway and restructuring costs
Net working capital	13-14%	14.7%	Adjusted for acquisitions as of 30.09.2011
ROIC		4.6%	
Equity ratio	35-40%	36.4%	
Gearing (NIBD/EBITDA)	1.5-2.5	1.9	Adjusted for acquisitions as of 30.09.2011
Dividend (payout ratio)	35-45%		
Value creation index*	>680		
Leadership index**	>67		

* Our internal KPI, measuring our ability to create value for our customers. Measured every 18 months.

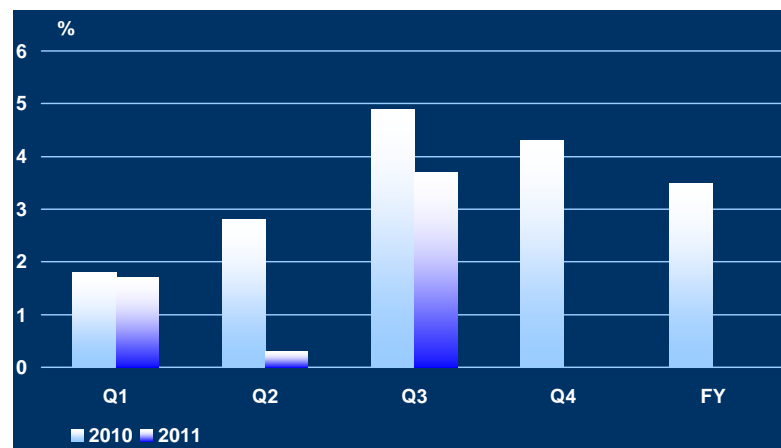
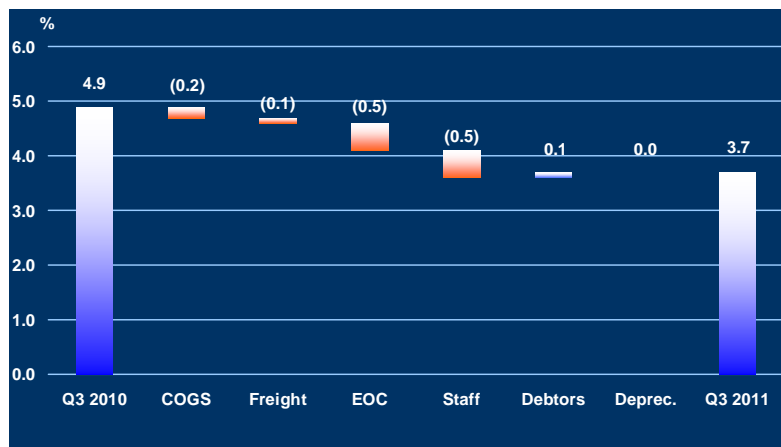
** Our internal KPI, measuring leadership capabilities in Solar. >70 is considered excellent. Measured every 18 months.



EBITA MARGIN UP IN Q3 COMPARED TO Q2

EBITA matches expectations

EBITA margin



	Q3 2011	Q3 2010
Revenue €m	353.3	336.3
Revenue growth	5.1%	0.8%
Organic growth	3.2%	(1.8%)
Gross profit €m	74.4	71.9
Gross profit margin	21.1%	21.4%
EBITA €m	12.9	16.5
EBITA margin	3.7%	4.9%

- Loss on copper and restructuring in Germany had a €1.1m negative impact on EBITA.
- Solar 8000 costs of €1.3m and operational loss in Norway of €1.5m.



REFRESHED GROUP STRATEGY 2010-2015

Strong focus on execution of company programmes



Group Company Programmes 2010-2012

- To reach its financial objectives, Solar is continuing its Company Programmes to ensure execution through organisational commitment.
- 10 strategic initiatives have been selected as medium-term key drivers to reach the group's objectives.
- Group Company Programmes for 2013-2015 will be determined in 2012.

Growth

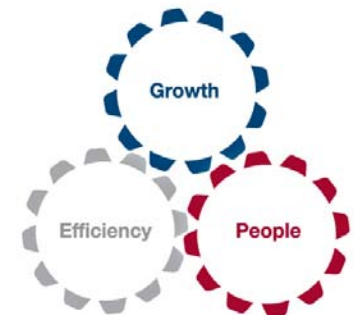
- Technical wholesaler
- Climate & energy / Blue Energy
- Utility & infrastructure
- Facility management / maintenance, repair & operation (MRO)
- Solar Consulting

Efficiency

- Solar 8000
- Value realisation
- E-business

People

- Employer branding
- Competence communities



With our Integrated Workflow System (IWS) we interact with customers

Service concepts

Touch points

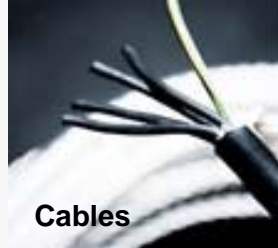


The IWS model is a mindset and communication tool. By using the model, we:

- Learn, listen and understand our customers' needs,
- offer the best solutions to our customers and,
- work together with our customers to find the right integrated workflow solution.

Solar's business areas are within:

Electrical - HVAC&R - Plumbing - Renewable Energy



Solar delivers products and solutions to customers within:

**Residential
and
Commercial
Buildings**



Industry



**Marine
and
Offshore**



**Utility
and
Infrastructure**



Public Sector



Solar Blue Energy

- making energy efficiency a better business



- A strategic focus area
- A sales, marketing and training concept
- One energy-efficient product is good – an intelligent solution is better
- Focus on renovation projects through cases and cost-savings potential
- Cooperation between strategic suppliers and Solar

Solar Mobile

Now Solar is always handy!

>> [Click here and read more/download our app on your smartphone](#)



STATUS ON SOLAR 8000 (SAP)

Quality is key to achieving long-term efficiency targets

- **As the Norwegian pilot highlighted a need for a review of the group template, this work is now generally speaking underway and on schedule.**
- **To minimise related risks, roll-out in the next countries will continue only when**
 - **the group template has been revised**
 - **required local adjustments have been made**
 - **master data has been settled**
 - **necessary competences have been secured in the individual enterprises**
- **We expect to roll out Solar 8000 in the Netherlands, Denmark and Sweden in 2012, followed by Germany in 2013.**
- **We still expect the overall investment to total €55m.**
- **Our roll-out plan does not cover the four recently acquired electrical wholesalers.**

SOLAR

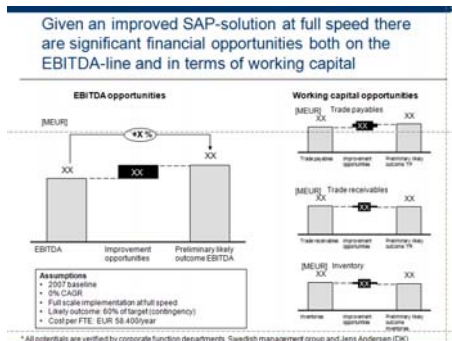
Before and after the SAP implementation

Before

- Approx. 200 IT systems which required separate support and updates
- Many separate systems = lack of transparency
- Country-specific incoherent work flows
- Decentralised
- Functions
- Maintain local master data ex. app. 13,000 suppliers

After

- One SAP IT platform which supports our group and acquisition strategies
- Immediate access to accurate key figures = transparency
- Standardised and streamlined work processes
- Centralised
- Processes
- Maintain group master data ex. app. 4,000 suppliers



How should SOLAR realize the stretch target potentials for sales work stream tracks?

- 1 How can SOLAR reduce account receivables?
- 2 How can SOLAR realize benefits by improved pricing and profit management?
- 3 How can SOLAR increase revenues through sales performance focus?
- 4 How can SOLAR increase efficiency in sales business functions?



UPDATE ON ACQUISITIONS

Solar buys four electrical wholesalers and gains access to new markets

An agreement has been made for the transfer of the shares of the enterprises

- ◉ **Conelgro B.V. in the Netherlands**
- ◉ **Claessen ELGB in Belgium**
- ◉ **GFI Gesellschaft für Installationstechnik mbH in Germany**
- ◉ **GFI GmbH in Austria**

all of which are electrical wholesalers. All four enterprises are profitable.

The acquisition is expected to increase the Solar Group's 2011 revenue by approx. €54m and EBITA by approx. €1.8m.

As a result of this acquisition, guidance for 2011 is increased from revenue of €1,465-1,505m and EBITA of €35-43m to revenue of €1,519-1,559m and EBITA of €37-45m.

Procurement synergies are expected to contribute with €3-4m as of 2012 and with minimum €4m annually in subsequent years.



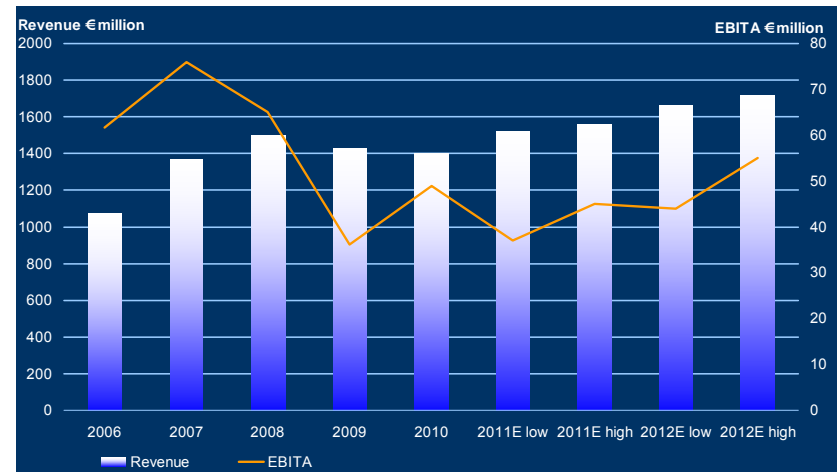
GUIDANCE FOR 2011 AND FOR 2012

New initiatives launched to increase earnings

- **2011 guidance maintained.**
- **If the slowdown seen in Q2 and Q3 continues, EBITA is expected to be at the lower end of the interval.**
- **Net working capital expected at approximately 13% excluding acquisitions.**

2012 guidance:

- **Revenue €1,660-1,720m.**
- **EBITA €44-55m.**
- **Net working capital below 13%.**
- **The financial unrest, intensifying in Q3, has increased the risk of a further drop in market growth.**



	2011E Low	2011E High	2012E Low	2012E High
Revenue €m	1,519	1,559	1,660	1,720
EBITA €m	37	45	44	55

