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**Announcement**                      Solar A/S  
**No. 21 2010**                         Tel. +45 79 30 00 00

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Ref.:    FHT/mje  
CVR no.: 15 90 84 16

19 August 2010

**Quarterly report Q2 2010**  
(2009 figures in brackets)

In Q2, revenue and results met expectations. Once again, Solar turned out positive cash flow from operating activities, and gross profit still developed positively. Expectations for 2010 revenue and EBITA are maintained.

Q2 2010 highlights:

- Revenue amounted to € 338.2m (344.6).
- Gross profit amounted to 21.4% (21.0).
- Organic growth amounted to -5.2% (-17.2).
- EBITA amounted to € 9.4m (7.5).

H1 2010 highlights:

- Revenue amounted to € 667.5m (717.8).
- Gross profit amounted to 21.5% (20.8).
- Organic growth amounted to -9.9% (-12.3).
- EBITA amounted to € 15.4m (15.1).
- Earnings before tax amounted to € 8.4m (9.6).
- Cash flow from operating activities amounted to € 18.4m (61.9).
- Net interest-bearing debt was reduced to € 105.4m (191.4).

Results include restructuring costs pertaining to staff reductions, totalling € 0.1m for Q2 and € 1.4m for H1, which did not originally figure in expectations for 2010.

During Q2, the group saw considerable improvement of market conditions in most markets. As this upward trend continues, we expect H2 to produce positive organic growth for the first time since late 2008.

Solar will maintain its expectations for revenue between € 1,360m and € 1,400m and EBITA between € 46m and € 53m.

Best regards,

Solar A/S

Flemming H. Tomdrup

Enclosure: Quarterly report Q2 2010 pages 1-19 + cover

Q2 / 2010

*stronger together*

The quarterly report of Solar A/S, CVR no. 15 90 84 16, was published in Danish and English on 19 August 2010 via NASDAQ OMX Copenhagen. In the event of any discrepancy between the Danish and English versions, the Danish version shall prevail.

Design and layout: Bysted A/S  
Text: Solar A/S

# FINANCIAL HIGHLIGHTS\*

## Consolidated

€ million	Q2		H1		Year
	2010	2009	2010	2009	2009
<b>Financial and operating data of income statement (€ million)</b>					
Revenue	338.2	344.6	667.5	717.8	1,431.4
Earnings before interest, tax and amortisation (EBITA)	9.4	7.5	15.4	15.1	36.2
Operating profit before special items	7.6	5.9	11.9	11.9	29.4
Earnings before interest and tax (EBIT)	7.6	5.9	11.9	11.9	22.4
Financials, net	(1.4)	(1.4)	(3.5)	(2.3)	(5.0)
Earnings before tax (EBT)	6.2	4.5	8.4	9.6	17.4
Net profit for the period	3.9	2.5	4.9	5.4	10.1
Earnings per share in € per share outstanding (EPS)	0.50	0.37	0.62	0.80	1.48
Earnings per share excluding amortisation in € per share outstanding	0.73	0.61	1.07	1.28	2.50
<b>Financial and operating data of balance sheet (€ million)</b>					
Total assets	646.4	600.9	646.4	600.9	620.5
Net investments in intangible assets	5.1	3.1	10.0	4.1	12.4
Net investments in property, plant and equipment	2.2	2.7	6.0	4.9	7.8
Share capital outstanding	105.4	90.1	105.4	90.1	105.5
Total equity	257.9	200.1	257.9	200.1	257.3
Interest-bearing liabilities	153.9	198.9	153.9	198.9	150.7
Interest-bearing liabilities, net	105.4	191.4	105.4	191.4	102.8
<b>Financial and operating data for cash flow (€ million)</b>					
Cash flow from operating activities	7.7	22.4	18.4	61.9	118.2
Cash flow from investing activities	(7.3)	(5.8)	(13.3)	(9.2)	(20.4)
Cash flow from financing activities	(7.7)	(16.1)	(11.0)	(18.8)	23.0
<b>Financial ratios (% unless otherwise stated)</b>					
Revenue growth	(1.9)	(8.7)	(7.0)	(2.8)	(4.6)
Organic growth	(5.2)	(17.2)	(9.9)	(12.3)	(12.1)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	3.6	3.0	3.2	2.9	3.4
Earnings before interest, tax and amortisation (EBITA)	2.8	2.2	2.3	2.1	2.5
Earnings before interest and tax (EBIT)	2.2	1.7	1.8	1.7	1.6
Operating margin	1.2	0.7	0.7	0.8	0.7
Net working capital (NWC)/revenue (LTM)**	15.3	16.3	15.3	16.3	15.0
Gearing (net interest-bearing liabilities/EBITDA (LTM)), no. of times	2.2	3.1	2.2	3.1	2.1
Return on equity (ROE)	6.0	4.9	3.8	5.4	4.4
Return on equity (ROE) excl. amortisation	8.8	8.0	6.5	8.5	7.3
Return on invested capital (ROIC)***	4.9	3.2	3.5	3.2	4.4
Return on invested capital (ROIC) excl. amortisation***	6.8	4.9	5.6	4.9	6.5
Adjusted market capitalisation/operating profit or loss (EV/EBITA)	13.0	12.7	15.9	12.6	11.5
Equity ratio	39.9	33.3	39.9	33.3	41.5
Intrinsic value in € per share outstanding	32.8	29.8	32.8	29.8	32.8
Share price in €	49.1	28.2	49.1	28.2	46.0
Share price/intrinsic value	1.50	0.95	1.50	0.95	1.40
Share price in DKK	366	210	366	210	343
<b>Employees</b>					
Average number of employees (FTE)	2,917	3,184	2,945	3,268	3,175

\* Changes have been made in the comparative figures due to errors resulting from non-compliance with the group's internal accounting policies in Solar Deutschland GmbH, see the group report on page 6.

\*\* Calculated as inventories and trade receivables excl. trade payables at the end of the period in proportion to revenue for the last 12 months.

\*\*\* Calculated on the basis of operating profit before special items.

# OUTLINE

## Q2 and H1 2010

Q2 revenue amounted to € 338.2m against € 344.6m in Q2 2009, equalling revenue growth of -1.9%. Total H1 revenue was € 667.5m against € 717.8m for H1 2009, equalling revenue growth of -7.0%. Organic growth came to -5.2% for Q2 and -9.9% for H1.

Gross profit was still developing positively and increased to 21.4% in Q2, up from 21.0% in Q2 2009. H1 gross profit increased to 21.5% against 20.8% in H1 2009.

EBITA increased to € 9.4m in Q2, up from € 7.5m in Q2 2009. EBITA totalled € 15.4m for H1 against € 15.1m for H1 2009.

EBT amounted to € 6.2m while net profit for the period amounted to € 3.9m for Q2. H1 EBT amounted to € 8.4m and net profit for the period € 4.9m.

Results include restructuring costs pertaining to staff reductions, totalling € 0.1m for Q2 and € 1.4m for H1, which did not originally figure in expectations for 2010. Results for 2009 were negatively affected by restructuring costs of € 1.6m in Q2 and € 2.8m in H1.

Revenue and results met expectations.

Solar once again overcame low market activity levels by turning out positive cash flow from operating activities of € 7.7m for Q2 and € 18.4m for H1.

## Expectations for 2010

During Q2, the group saw marked improvement of market conditions in most markets. As this upward trend continues, we expect H2 to produce positive organic growth for the first time since late 2008.

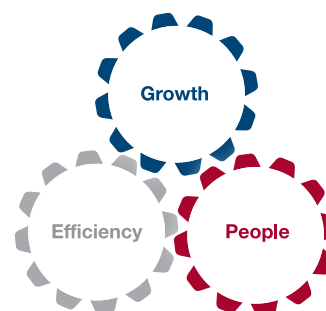
Solar will maintain its expectations for revenue between € 1,360m and € 1,400m and EBITA between € 46m and € 53m.

## In 2010, increased earnings and cash flows take centre stage, achievable through

- profit management
- supplier consolidation
- increased efficiency (including implementation of the Solar 8000 programme Value Realisation)
- reduced net working capital and interest-bearing debt
- implementation of our new strategic initiatives
- acquisitions and business development

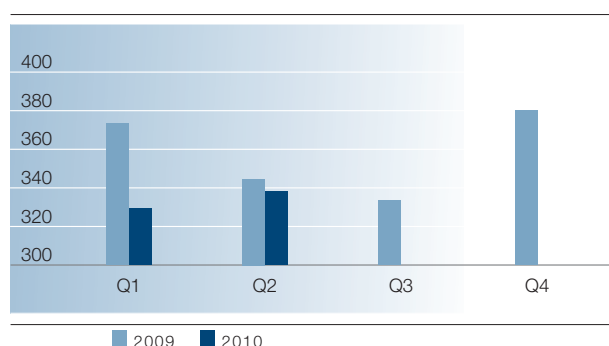
## Strategic measures

In connection with Annual Report 2009, the Solar Group published its updated strategy " #1 in Technical Wholesale" for the period 2010-2015. The purpose of this strategy is to strengthen earnings and ensure the group's position as the leading technical wholesaler within electrical, plumbing and ventilation components.

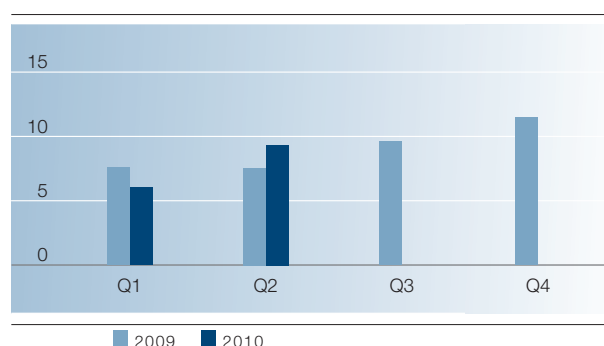


A total of ten strategic initiatives, company programmes, designed to help the group reach its financial objectives have been singled out within the focus areas Growth, Efficiency and People.

Revenue in € million



EBITA in € million



# GROUP REPORT

## Q2 2010

### Revenue

In Q2, revenue was down € 6.4m at € 338.2m compared with Q2 2009, equalling revenue growth of -1.9%. Organic growth was -5.2%.

During Q2, market conditions markedly improved in most markets, with particularly revenue relating to industry being positively affected by these increasing activity levels. We saw increasing activity within construction projects offered. In a few quarters, this will entail increasing activity, however, up from a very low level. We continue to focus heavily on energy efficiency, and the industry finds itself in a competence-building phase, preparing to exploit related market opportunities. Solar's Blue Energy concept provides solutions, marketing tools and training offers for the industry.

Revenue met expectations.

### Earnings before interest, tax and amortisation (EBITA)

EBITA increased to € 9.4m, which equals 2.8% of revenue.

Compared with Q2 2009, gross profit increased to 21.4% from 21.0%.

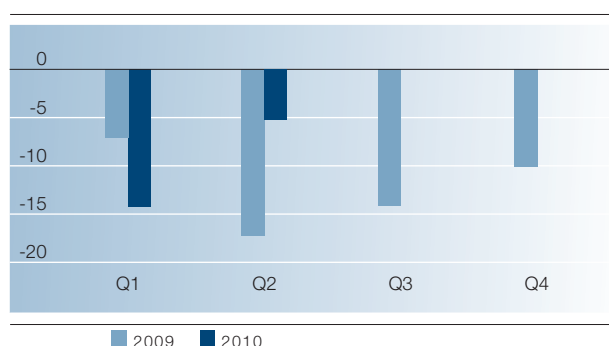
EBITA was negatively affected by restructuring costs relating to staff reductions of € 0.1m against € 1.6m in Q2 2009.

### Earnings before tax (EBT) and net profit

EBT increased to € 6.2m in Q2 against € 4.5m in the corresponding period last year. Q2 net profit increased to € 3.9m against € 2.5m in Q2 2009.

Net profit was at the level expected.

Organic growth in %



## H1 2010

### Revenue

H1 revenue was down € 50.3m at € 667.5m, equalling revenue growth of -7.0%. Organic growth was -9.9%.

### Earnings before interest, tax and amortisation (EBITA)

EBITA increased to € 15.4m, which equals 2.3% of revenue.

Gross profit increased to 21.5% against 20.8% in H1 2009.

Restructuring costs relating to staff reductions impacted EBITA negatively by € 1.4m against € 2.8m in H1 2009.

### Financials

Financials, net, amounted to € -3.5m against € -2.3m in H1 2009. In H1 2009, financials were positively impacted by foreign exchange gains, on NOK in particular, of € 1.9m.

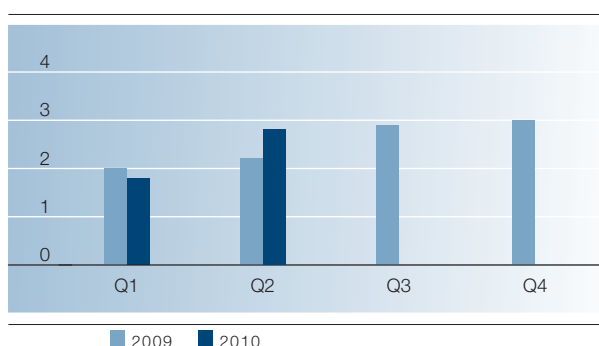
### Earnings before tax (EBT) and net profit

EBT amounted to € 8.4m against € 9.6m in the same period last year. Net profit amounted to € 4.9m against € 5.4m in H1 2009.

### Earnings per share

Earnings per share outstanding totalled € 0.62.

EBITA in % of revenue



# GROUP REPORT

## Investments

With the objective of ensuring stable operations and further efficiency improvements at Solar Danmark A/S' central warehouse in Vejle, the process of fitting eight new miniload systems began in Q4 2009. The systems were made operational in Q2 2010 with total investments amounting to € 5.1m.

Solar's IT strategy was redefined in 2008 when a decision was made to implement group standardised processes and move part of the group's in house-developed ERP system to SAP (Solar 8000) over the following three years. Investments in H1 2010 amounted to € 9.5m, bringing total investments so far to € 27.2m, of which € 26.5m have been capitalised. Overall investments in this project are still expected to total some € 40m.

## Cash flow

We will continue to focus on reducing net working capital and interest-bearing debt in 2010. Therefore, we are pleased that H1 cash flow from operating activities defied very low market activity levels, totalling € 18.4m against € 61.9m for H1 2009. Compared to H1 2009, net working capital was down € 29.6m at € 211.1m.

Cash flow from investing activities amounted to € -13.3m against € -9.2m for H1 2009. The divestment of business activities in Solar Suomi Oy in Q1 2010 impacted cash flow from investing activities positively by € 2.7m.

Cash flow from financing activities was € -11.0m against € -18.8m for H1 2009. Of this, dividends paid to the company's shareholders totalled € 4.5m against € 13.5m in H1 2009.

Gearing calculated on the basis of EBITDA for the last 12 months was 2.2 times at the end of H1 against 3.1 times at the end of H1 2009.

In all, interest-bearing debt, net, increased from € 102.8m at year-end 2009 to € 105.4m.

Solar's unutilised credit facilities totalled € 179.3m as at 30 June 2010.

## Events after the balance sheet date

In July, Solar Suomi Oy divested the company's property at its carrying amount.

Anders Gårdström has decided to resign from his position as CED in Solar Sverige AB with immediate effect. Former CED in the company, Kjell Svensson has taken on the role as temporarily appointed CED, until a new CED can take up the position, cf. announcement no. 19.

In August, Solar entered into an agreement for the acquisition of part of the activities of Otra Danmark A/S, cf. announcement no. 20.

## Key risks

Solar's Annual Report 2009 describes the commercial and financial risks related to Solar's activities. The key risk remains that the group, like other international companies, is affected by both global trends and local conditions in the markets where it operates.

## STRATEGIC MEASURES

Annual Report 2009 signalled the introduction of the Solar Group's refreshed strategy "#1 in Technical Wholesale" for the period 2010-2015. The purpose of this strategy is to strengthen earnings and ensure the group's position as the leading technical wholesaler within electrical, plumbing and ventilation components in selected markets. For further information, go to [www.solar.eu](http://www.solar.eu).

Work on establishing the group's position as "#1 in Technical Wholesale" has been launched and encompasses a broadening of Solar's sales concepts, including Solar Light. The significant focus on energy efficiency, which also includes recently introduced EU and local regulations, provides the group with a potential basis for increasing the sale of energy-efficient lighting solutions.

The group has decided to expand our Solar Light activities in all markets. This requires significant capacity and competence building in the product and sales departments. The combination of the Solar Light and Blue Energy concepts leaves us very well-equipped for growth in this business area in years to come.

To increase the incentive to invest in energy optimisation, Solar has created a new financing model aimed mainly at public enterprises wanting to fund projects in relation to the repayment period of the project.

Work on optimising sales, product and logistics processes is ongoing through the group-wide roll-out of our strategic initiative Value Realisation, a project launched in early 2010.

Preparations for the implementation of SAP (Solar 8000) are progressing at a very high pace, and Norway will be the first country moving to the new system by the end of Q3.

The extensive reorganisation of transport scheduled in a number of countries is proceeding according to plan and has already manifested itself in reduced freight costs in spite of the current low volume.

## **DEVELOPMENT IN THE INDIVIDUAL GROUP ENTERPRISES**

### **Solar Danmark A/S**

Activity levels remained low among our contractor customers within new construction, and short-term order horizons still dominated this sector. Compared with Q1, contractor customers are now experiencing slightly increasing activity levels, however, up from a very low level. Currently, more construction projects are launched, including public construction, and these are expected to show a positive effect from the year-end.

Sales to industry now show markedly positive growth. Investments are still at a very low level but we are seeing increased MRO activity (maintenance, repair and operations). Both investments and MRO activities are expected to increase further over the year.

A number of business development activities have been implemented over the past years, and some of these focus on areas not related to activities within new construction. Development within these areas is still satisfactory, and several of these continue to contribute positively to growth.

Customers, consultants and developers still show great interest in visiting Solar Explorium to learn about energy-efficient solutions.

### **Solar Sverige AB**

The activity level of contractor customers within new construction is stable. Now, we see increasing activity, not only in the important Stockholm region, but also in other Swedish regions.

In Q2, we also managed to improve our market position within the electrical field.

Due to the state of the market, no further setting-up of new branches is planned at the moment, but we will assess the possibilities for geographical expansion on a continuous basis.

Industry activity levels appeared to be slightly higher than in Q1.

Efforts aimed at boosting plumbing article earnings are on schedule.

Our switch of transport supplier in the Stockholm region is now complete. In connection with the switch, a few customers have experienced a deterioration of service in the start-up phase. These start-up problems have now been eliminated.

### **Solar Norge AS**

Activity levels of contractor customers within both housing and industrial construction are increasing slightly. The telecommunications sector is also developing positively compared with Q1.

Work on optimising logistics concepts to reduce high freight costs is progressing according to plan.

Solar Norge AS and Bravida Norge AS have made a cooperation agreement, meaning that Solar has been appointed the preferred supplier of all electrical material for the next two years.

In Q3, Solar Norge will be the first group enterprise to move to SAP (Solar 8000). Consequently, considerable efforts, aimed at preparing the Norwegian organisation for this new way of working, currently take centre stage while focus is also maintained on daily operations.

# GROUP REPORT

## Solar Nederland B.V.

Activity levels within industry continue the slightly upward trend, even if up from a very low level. Still, we see no signs of our sales to large investment projects increasing yet, but we expect this to change during 2010.

The construction market was further weakened in Q2.

The market is characterised by fierce price pressure on the relatively few projects offered. Nevertheless, initiatives implemented have increased gross profit.

In addition to the last parts of the integration process, efforts centre on making the necessary adjustments to match current market levels and on reducing net working capital. Particularly in the plumbing part of the enterprise, net working capital is too high compared with group targets.

By and large, the restructuring of the sales organisation was completed in accordance with the integration plan.

In spite of the difficult state of the market, we expect improved earnings in 2010 compared with 2009.

## Solar Deutschland GmbH

The increase in activity levels noted at the beginning of Q2 is expected to continue in the quarters ahead. Industry is developing positively, but development within new construction is still weak, however, positive.

Growth in Germany is affected positively by the possibility of obtaining grants for solar cells.

Branches in Magdeburg, Hameln and Uelzen, opened in H2 2008, continue to grow. Earnings are developing positively and are now balanced.

H1 earnings were affected negatively by restructuring costs of € 1.2m.

As mentioned in announcement no. 18, work on preparing the quarterly report for Q2 2010 revealed that the enterprise's accounts have not been submitted in accordance with the Solar Group's accounting policies.

## Financial highlights for the group's subsidiaries

€ million	Solar A/S parent company*	Solar Sverige AB	Solar Norge AS	Solar Nederland B.V.	Solar Deutschland GmbH**
<b>H1 2010</b>					
Revenue	159.2	136.8	105.4	162.8	69.7
EBITA	7.7	4.9	3.5	1.8	(2.7)
Non-current assets	297.7	23.3	25.5	58.8	21.2
Equity	306.3	33.6	39.6	49.6	40.0
Total assets	467.7	126.8	85.1	150.1	58.6
Organic growth	(14.6%)	(1.9%)	(8.6%)	(15.6%)	(2.3%)
EBITA %	4.8%	3.6%	3.3%	1.1%	(3.9%)
<b>H1 2009</b>					
Revenue	186.2	125.4	103.8	193.0	71.4
EBITA	11.8	3.8	4.5	0.3	(2.7)
Non-current assets	273.6	47.5	24.0	70.1	22.3
Equity	245.1	27.1	35.9	57.1	43.8
Total assets	423.5	110.1	84.9	162.4	60.1
Organic growth	(18.2%)	(5.6%)	(5.7%)	(22.6%)	(0.2%)
EBITA %	6.3%	3.0%	4.3%	0.2%	(3.8%)

\* Under the cost method.

\*\* Prior year adjustments have been made due to errors resulting from non-compliance with the group's internal accounting policies in Solar Deutschland GmbH, see the group report on page 6.

The resulting errors in the accounts for previous years affect equity negatively by € 1.4m and increase trade payables by a similar amount.

Jens Andersen, temporarily appointed CED, has now appointed his new management team, and the strategic plan for the period 2010-2012, in which activities are aimed at strengthening processes and earnings in the enterprise, is in the process of implementation.

#### Solar Polska Sp. z o.o.

Industry continues to see progress. Now, as expected, the progress has also affected Solar Polska positively.

Activity levels within new construction are also developing positively.

Furthermore, Poland's continued work on improving facilities and infrastructure in preparation for EURO 2012 (Poland and Ukraine will host the 2012 European football championship) will mean elevated activity levels over the next few years.

#### P/F Solar Føroyar

Solar Føroyar also saw markedly decreasing activity levels in Q2, and this situation is not expected to change in 2010.

#### Aurora Group

The Danish and, in part, the Norwegian markets are still at low activity levels, whereas both the Swedish and the Finnish markets are now seeing positive growth.

Work on building strong brand positions for a number of leading international manufacturers continues, strengthening Aurora's market position.

The upgrade of the enterprise's standard IT platform from Concorde to Microsoft Dynamics AX2009 proceeds. This is the last major step of the enterprise's extensive restructuring programme, implemented over the past two years.

#### Solar Suomi Oy

Winding up of the final activities in the enterprise is proceeding as planned. The property was divested in July at its carrying amount.

### Financial highlights for the group's subsidiaries

€ million	Solar Suomi Oy***	Solar Polska Sp. z o.o.	P/F Solar Føroyar	Aurora Group	Eliminations****	Solar Group
<b>H1 2010</b>						
Revenue	0.4	11.8	1.8	23.1	(3.5)	667.5
EBITA	0.0	(0.4)	0.2	0.4		15.4
Non-current assets	0.0	3.3	0.7	37.4	(226.4)	241.5
Equity	0.5	8.4	1.8	4.5	(226.4)	257.9
Total assets	2.5	14.3	2.5	22.0	(283.2)	646.4
Organic growth	N/A	4.7%	(9.1%)	(5.0%)		(9.9%)
EBITA %	0.0%	(3.4%)	11.1%	1.7%		2.3%
<b>H1 2009</b>						
Revenue	7.5	10.0	2.0	22.7	(4.2)	717.8
EBITA	(1.1)	(0.6)	0.2	(1.1)		15.1
Non-current assets	1.5	4.6	0.7	2.8	(223.5)	223.6
Equity	1.9	7.2	1.9	3.6	(223.5)	200.1
Total assets	6.5	12.9	2.9	25.9	(288.3)	600.9
Organic growth	(23.2%)	(19.2%)	(41.2%)	(7.5%)		(12.3%)
EBITA %	(14.7%)	(6.0%)	10.0%	(4.8%)		2.1%

\*\*\* The business activity in Solar Suomi Oy was divested on 18 January 2010 to Ahlsell Oy.

\*\*\*\* Internal revenue constituted € 3.5m (€ 4.2m in H1 2009). Regulation as a consequence of recalculation from the cost method to the equity method is included under eliminations.

# GROUP REPORT

## EXPECTATIONS 2010

In Q2, the group saw a clear improvement of market conditions in most markets. As this trend continues, we expect to realise positive organic growth in H2 for the first time since year-end 2008.

In 2010, the Solar Group will maintain its expectations for revenue between € 1,360m and € 1,400m as well as EBITA between € 46m and € 53m.

EBITA expectations include expected Solar 8000 implementation costs of € 3m.

Work on reducing net working capital will continue in 2010. The target remains a reduction of net working capital from 15% to maximum 14% of revenue by year-end 2010.

In 2010, increased earnings and cash flows take centre stage, achievable through

- profit management
- supplier consolidation
- increased efficiency (including implementation of the Solar 8000 programme Value Realisation)
- reduced net working capital and interest-bearing debt
- implementation of our new strategic initiatives
- acquisitions and business development

## SOLAR'S SHARES

Solar's share capital is composed of nominally € 12.1m A shares and nominally € 94.2m B shares.

As at 30 June 2010, the following shareholders had registered ownership shares or voting rights of 5% or more of the total share capital:

	Shares	Votes
The Fund of 20th December, Kolding	15.6%	57.5%
Chr. Augustinus Fabrikker A/S, Copenhagen	10.3%	5.1%
Arbejdsmarkedets Tillægspension, Hillerød	8.1%	4.0%

## Share price development

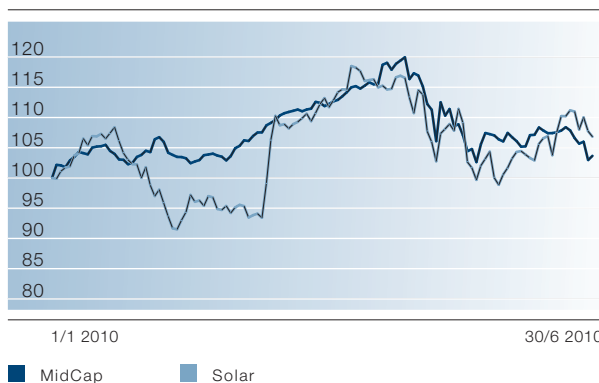
On 30 June 2010, the price of Solar's B share was DKK 366 against DKK 343 at the beginning of the year.

## Financial calendar 2010

19 August	Quarterly report Q2 2010
15 October - 12 November	IR quiet period
12 November	Quarterly report Q3 2010

The presentation of Quarterly report Q2 2010 will be transmitted online from NASDAQ OMX Copenhagen A/S on 19 August 2010 at 11:00 CET and will be available at [www.solar.eu](http://www.solar.eu).

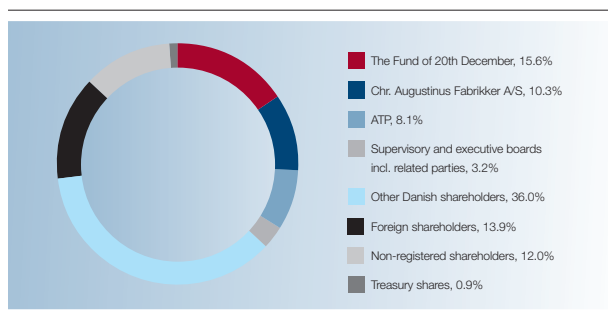
## Share price development (index)



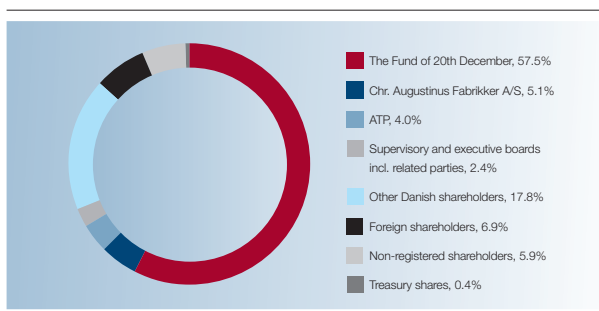
## Announcements 2010 excl. insider announcements

Date	No.	Announcement
16.08	20	Solar A/S acquires activities in Otra Danmark A/S
12.08	19	Change in management in Solar Sverige AB
04.08	18	The result of closer investigations in Solar Deutschland GmbH
08.07	17	Solar Norge and Bravida Norge conclude strategic cooperation agreement
17.06	15	Solar A/S intensifies the effort in lighting
20.05	12	Quarterly report Q1 2010
16.04	11	Articles of Association
16.04	10	Course of annual general meeting (AGM) of Solar A/S
13.04	9	Election of employee representatives for the Supervisory Board
25.03	8	Change in management in Solar Deutschland GmbH
25.03	7	Issue of options to the Executive Board and Management Team
24.03	6	Notice of annual general meeting
10.03	5	Issue of options to the Executive Board and Management Team in Solar A/S
10.03	4	Annual Report 2009 and Strategy "#1 in Technical Wholesale"
01.02	3	Appointment of new IR & Communications Manager
18.01	2	Business activities in Solar Suomi Oy have now been divested
06.01	1	Shareholder composition as at 31 December 2009

## Distribution of share capital as at 30 June 2010



## Distribution of votes as at 30 June 2010



# INCOME STATEMENT

## Consolidated

€ million	Q2		H1		Year
	2010	2009	2010	2009	2009
<b>Revenue</b>	<b>338.2</b>	<b>344.6</b>	<b>667.5</b>	<b>717.8</b>	<b>1,431.4</b>
Cost of sales	(265.8)	(272.2)	(523.8)	(568.3)	(1,135.5)
<b>Gross profit</b>	<b>72.4</b>	<b>72.4</b>	<b>143.7</b>	<b>149.5</b>	<b>295.9</b>
External operating costs	(14.1)	(14.5)	(30.2)	(33.0)	(64.3)
Staff costs	(45.5)	(46.1)	(91.0)	(93.1)	(179.3)
Loss on trade receivables	(0.5)	(1.3)	(1.3)	(2.3)	(4.3)
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>12.3</b>	<b>10.5</b>	<b>21.2</b>	<b>21.1</b>	<b>48.0</b>
Depreciation on property, plant and equipment	(2.9)	(3.0)	(5.8)	(6.0)	(11.8)
<b>Earnings before interest, tax and amortisation (EBITA)</b>	<b>9.4</b>	<b>7.5</b>	<b>15.4</b>	<b>15.1</b>	<b>36.2</b>
Amortisation of intangible assets	(1.8)	(1.6)	(3.5)	(3.2)	(6.8)
<b>Operating profit or loss before special items</b>	<b>7.6</b>	<b>5.9</b>	<b>11.9</b>	<b>11.9</b>	<b>29.4</b>
Special items, net	0.0	0.0	0.0	0.0	(7.0)
<b>Earnings before interest and tax (EBIT)</b>	<b>7.6</b>	<b>5.9</b>	<b>11.9</b>	<b>11.9</b>	<b>22.4</b>
Financial income	1.1	2.2	2.3	5.1	7.6
Financial costs	(2.5)	(3.6)	(5.8)	(7.4)	(12.6)
<b>Earnings before tax (EBT)</b>	<b>6.2</b>	<b>4.5</b>	<b>8.4</b>	<b>9.6</b>	<b>17.4</b>
Corporation tax	(2.3)	(2.0)	(3.5)	(4.2)	(7.3)
<b>Net profit for the period</b>	<b>3.9</b>	<b>2.5</b>	<b>4.9</b>	<b>5.4</b>	<b>10.1</b>
Earnings per share in € per share outstanding (EPS)	0.50	0.37	0.62	0.80	1.48
Diluted earnings per share in € per share outstanding (EPS-D)	0.50	0.37	0.62	0.80	1.48

# STATEMENT OF COMPREHENSIVE INCOME

## Consolidated

€ million	Q2		H1		Year
	2010	2009	2010	2009	2009
<b>Net profit for the period</b>	<b>3.9</b>	<b>2.5</b>	<b>4.9</b>	<b>5.4</b>	<b>10.1</b>
<b>Other income and costs recognised</b>					
Foreign currency translation adjustment at the beginning of the year	(0.2)	0.1	(0.3)	0.1	0.1
Foreign currency translation adjustment of foreign subsidiaries	0.6	0.0	4.6	2.5	8.1
Value adjustment of hedging instruments before tax	(2.6)	3.0	(5.5)	1.4	0.9
Tax on value adjustments	0.7	(0.8)	1.4	0.6	0.8
<b>Other income and costs recognised after tax</b>	<b>(1.5)</b>	<b>2.3</b>	<b>0.2</b>	<b>4.6</b>	<b>9.9</b>
<b>Total comprehensive income for the period</b>	<b>2.4</b>	<b>4.8</b>	<b>5.1</b>	<b>10.0</b>	<b>20.0</b>

# BALANCE SHEET

## Consolidated

€ million	As at 30 June		Year-end
	2010	2009	2009
<b>ASSETS</b>			
Intangible assets	62.5	47.1	53.7
Property, plant and equipment	177.4	175.5	175.7
Investments	1.6	1.0	1.1
<b>Non-current assets</b>	<b>241.5</b>	<b>223.6</b>	<b>230.5</b>
Inventories	138.5	148.5	142.3
Trade receivables	200.4	205.5	180.7
Corporation tax receivable	9.8	8.3	7.9
Other receivables	3.7	3.9	6.3
Prepayments	2.6	3.6	2.8
Cash and cash equivalents	48.5	7.5	47.9
Assets held for sale	1.4	0.0	2.1
<b>Current assets</b>	<b>404.9</b>	<b>377.3</b>	<b>390.0</b>
<b>Total assets</b>	<b>646.4</b>	<b>600.9</b>	<b>620.5</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	106.3	97.8	106.4
Reserves	(13.6)	(19.3)	(14.1)
Retained earnings	165.2	121.6	160.5
Proposed dividends	0.0	0.0	4.5
<b>Equity</b>	<b>257.9</b>	<b>200.1</b>	<b>257.3</b>
Interest-bearing liabilities	130.9	137.1	134.3
Other liabilities	0.1	0.2	0.0
Provision for pension obligations	4.1	3.8	3.9
Provision for deferred tax	20.6	20.1	21.5
Other provisions	5.2	1.0	4.0
<b>Non-current liabilities</b>	<b>160.9</b>	<b>162.2</b>	<b>163.7</b>
Interest-bearing liabilities	23.0	61.8	16.4
Trade payables	127.8	113.2	108.1
Corporation tax payable	7.7	4.7	4.4
Other payables	63.7	58.5	63.8
Prepayments	1.1	0.4	0.6
Other provisions	4.3	0.0	6.2
<b>Current liabilities</b>	<b>227.6</b>	<b>238.6</b>	<b>199.5</b>
<b>Liabilities</b>	<b>388.5</b>	<b>400.8</b>	<b>363.2</b>
<b>Total equity and liabilities</b>	<b>646.4</b>	<b>600.9</b>	<b>620.5</b>

# CASH FLOW STATEMENT

## Consolidated

€ million	Q2		H1		Year
	2010	2009	2010	2009	2009
<b>Net profit for the period</b>	<b>3.9</b>	<b>2.5</b>	<b>4.9</b>	<b>5.4</b>	<b>10.1</b>
Depreciation and amortisation	4.7	4.6	9.3	9.2	18.6
Changes in provisions and other adjustments	(0.1)	(0.2)	(1.0)	(0.7)	8.4
Financials, net	1.4	1.4	3.5	2.3	5.0
Corporation tax	2.3	2.0	3.5	4.2	7.3
Financials, net, paid	(1.6)	(1.9)	(3.6)	(4.3)	(8.0)
Corporation tax paid	(0.9)	1.3	(3.0)	(2.6)	(4.8)
<b>Cash flow before change in working capital</b>	<b>9.7</b>	<b>9.7</b>	<b>13.6</b>	<b>13.5</b>	<b>36.6</b>
Change in inventories	6.8	9.2	6.9	15.5	25.3
Change in receivables	(10.6)	12.7	(13.2)	1.6	28.2
Change in non-interest bearing liabilities	1.8	(9.2)	11.1	31.3	28.1
<b>Cash flow from operating activities</b>	<b>7.7</b>	<b>22.4</b>	<b>18.4</b>	<b>61.9</b>	<b>118.2</b>
Net investments in intangible assets	(5.1)	(3.1)	(10.0)	(4.1)	(12.4)
Net investments in property, plant and equipment	(2.2)	(2.7)	(6.0)	(4.9)	(7.8)
Net investments in other investments	0.0	0.0	0.0	(0.2)	(0.2)
Acquisition of subsidiaries	0.0	0.0	2.7	0.0	0.0
<b>Cash flow from investing activities</b>	<b>(7.3)</b>	<b>(5.8)</b>	<b>(13.3)</b>	<b>(9.2)</b>	<b>(20.4)</b>
Raising of non-current interest-bearing liabilities	0.0	0.0	0.0	0.0	0.8
Repayment on non-current interest-bearing liabilities	(3.2)	(2.6)	(6.5)	(5.3)	(11.5)
Dividends paid	(4.5)	(13.5)	(4.5)	(13.5)	(13.5)
Capital increase	0.0	0.0	0.0	0.0	26.5
Purchase and sale of treasury shares	0.0	0.0	0.0	0.0	20.7
<b>Cash flow from financing activities</b>	<b>(7.7)</b>	<b>(16.1)</b>	<b>(11.0)</b>	<b>(18.8)</b>	<b>23.0</b>
<b>Total cash flow</b>	<b>(7.3)</b>	<b>0.5</b>	<b>(5.9)</b>	<b>33.9</b>	<b>120.8</b>
Cash at the beginning of the period	32.9	(54.7)	31.5	(87.6)	(87.6)
Foreign currency translation adjustment	(0.1)	(0.1)	(0.1)	(0.6)	(1.7)
<b>Cash at the end of the period</b>	<b>25.5</b>	<b>(54.3)</b>	<b>25.5</b>	<b>(54.3)</b>	<b>31.5</b>
<b>Cash at the end of the period</b>					
Cash and cash equivalents	48.5	7.5	48.5	7.5	47.9
Current interest-bearing liabilities	(23.0)	(61.8)	(23.0)	(61.8)	(16.4)
<b>Cash at the end of the period</b>	<b>25.5</b>	<b>(54.3)</b>	<b>25.5</b>	<b>(54.3)</b>	<b>31.5</b>

# STATEMENT OF CHANGES IN EQUITY

## Consolidated

€ million	Share capital	Reserves for hedging instruments	Reserves for foreign currency adjustment	Retained earnings	Proposed dividends	Total
<b>Equity as at 1 January 2010</b>	<b>106.4</b>	<b>(6.7)</b>	<b>(7.4)</b>	<b>161.9</b>	<b>4.5</b>	<b>258.7</b>
Prior year adjustment*				(1.4)		(1.4)
<b>Adjusted equity as at 1 January 2010</b>	<b>106.4</b>	<b>(6.7)</b>	<b>(7.4)</b>	<b>160.5</b>	<b>4.5</b>	<b>257.3</b>
Foreign currency translation adjustment at the beginning of the period	(0.1)			(0.2)		(0.3)
Foreign currency translation adjustment of foreign subsidiaries			4.6			4.6
Value adjustment of hedging instruments before tax		(5.5)				(5.5)
Tax on value adjustments		1.4				1.4
Net income recognised directly in equity	(0.1)	(4.1)	4.6	(0.2)	0.0	0.2
Net profit for the period				4.9		4.9
<b>Comprehensive income for the period</b>	<b>(0.1)</b>	<b>(4.1)</b>	<b>4.6</b>	<b>4.7</b>	<b>0.0</b>	<b>5.1</b>
Distribution of dividend					(4.5)	(4.5)
Capital increase						0.0
Sale of treasury shares						0.0
<b>Other movements</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(4.5)</b>	<b>(4.5)</b>
<b>Equity as at 30 June 2010</b>	<b>106.3</b>	<b>(10.8)</b>	<b>(2.8)</b>	<b>165.2</b>	<b>0.0</b>	<b>257.9</b>
<b>Equity as at 1 January 2009</b>	<b>97.8</b>	<b>(8.4)</b>	<b>(15.5)</b>	<b>117.6</b>	<b>13.5</b>	<b>205.0</b>
Prior year adjustment*				(1.4)		(1.4)
<b>Adjusted equity as at 1 January 2009</b>	<b>97.8</b>	<b>(8.4)</b>	<b>(15.5)</b>	<b>116.2</b>	<b>13.5</b>	<b>203.6</b>
Foreign currency translation adjustment at the beginning of the period			0.1			0.1
Foreign currency translation adjustment of foreign subsidiaries			2.5			2.5
Value adjustment of hedging instruments before tax		1.4				1.4
Tax on value adjustments		0.6				0.6
Net income recognised directly in equity	0.0	2.0	2.6	0.0	0.0	4.6
Net profit for the period				5.4		5.4
<b>Comprehensive income for the period</b>	<b>0.0</b>	<b>2.0</b>	<b>2.6</b>	<b>5.4</b>	<b>0.0</b>	<b>10.0</b>
Distribution of dividend					(13.5)	(13.5)
Capital increase						0.0
Sale of treasury shares						0.0
<b>Other movements</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(13.5)</b>	<b>(13.5)</b>
<b>Equity as at 30 June 2009</b>	<b>97.8</b>	<b>(6.4)</b>	<b>(12.9)</b>	<b>121.6</b>	<b>0.0</b>	<b>200.1</b>

\* Prior year adjustments have been made due to errors resulting from non-compliance with the group's internal accounting policies in Solar Deutschland GmbH, see the group report on page 6.

# NOTES

## Consolidated

Treasury Shares	Q2		H1		Year
€ million	2010	2009	2010	2009	2009
Holding at the beginning of the period, number of shares	68,220	568,220	68,220	568,220	568,220
Purchases in the period	0	0	0	0	0
Sales in the period	0	0	0	0	(500,000)
<b>Holding at the end of the period in number of shares</b>	<b>68,220</b>	<b>568,220</b>	<b>68,220</b>	<b>568,220</b>	<b>68,220</b>
<b>Holding at the end of the period in %</b>	<b>0.9</b>	<b>7.8</b>	<b>0.9</b>	<b>7.8</b>	<b>0.9</b>
Acquisition cost at the beginning of the period	3.6	30.1	3.6	30.1	30.1
Purchases in the period	0.0	0.0	0.0	0.0	0.0
Sales in the period	0.0	0.0	0.0	0.0	(26.5)
Foreign currency translation adjustment in the period	0.0	0.0	0.0	0.0	0.1
<b>Acquisition cost at the end of the period</b>	<b>3.6</b>	<b>30.1</b>	<b>3.6</b>	<b>30.1</b>	<b>3.7</b>
<b>Nominal value at the end of the period</b>	<b>0.9</b>	<b>7.7</b>	<b>0.9</b>	<b>7.7</b>	<b>0.9</b>
<b>Market value at the end of the period</b>	<b>3.4</b>	<b>16.0</b>	<b>3.4</b>	<b>16.0</b>	<b>3.1</b>

The holding of treasury shares is maintained as cash reserve for hedging of the company's share option plan.

All treasury shares are held by the parent company.

# NOTES

## Consolidated

### Divestment of business activities

H1 2010

€ million	Fair value at the time of divestment
Intangibles	0.5
Property, plant and equipment	0.1
Inventories	2.1
<b>Total</b>	<b>2.7</b>

Solar Suomi Oy was established in the year 2000 after the acquisition of a small cable wholesaler Viikinkie Kaapeli Oy. The Finnish electronic material market is strongly consolidated, and since then it has not been possible to strengthen the market position through further acquisitions. In the autumn of 2007, Solar employed a new country manager, who has implemented a comprehensive restructuring of the company together with the management and the employees without having created the critical breakthrough in the market, which could form the basis of future profitable operation of the Finnish company.

The effect of the financial crisis and the subsequent recession reduced the volume in the Finnish electrical material market significantly. In the years to come, very difficult market conditions are also predicted, and Solar Suomi Oy is not expected to be able to present results that meet the group's financial targets for the enterprise. Consequently, it was decided to divest the business activity of the Finnish enterprise. Completion of the trade entailed that Solar Suomi's total activities in the Finnish market were divested.

On 18 January 2010, Solar Suomi Oy made an agreement for the divestment of its business activities to Ahlsell Oy, which also took over inventories, a number of non-current assets and customer-related assets, corresponding to a total value of € 2.7m. The agreement resulted in costs of € 1.6m, which were entered under special items in the 2009 accounts of the Solar Group.

# QUARTERLY FIGURES\*

## Consolidated

€ million (unless otherwise stated)	Q1		Q2		Q3		Q4	
	2010	2009	2010	2009	2009	2008	2009	2008
<b>Financial and operating data of income statement</b>								
Revenue	329.3	373.2	338.2	344.6	333.7	349.4	379.9	412.6
Earnings before interest, tax and amortisation (EBITA)	6.0	7.6	9.4	7.5	9.6	18.4	11.5	16.4
Earnings before special items	4.3	6.0	7.6	5.9	7.8	16.7	9.7	14.8
Special items	0.0	0.0	0.0	0.0	0.0	0.0	(7.0)	0.0
Earnings before interest and tax (EBIT)	4.3	6.0	7.6	5.9	7.8	16.7	2.7	14.8
Financials, net	(2.1)	(0.9)	(1.4)	(1.4)	(1.3)	(2.4)	(1.4)	(7.0)
Earnings before tax (EBT)	2.2	5.1	6.2	4.5	6.5	14.3	1.3	7.8
Net profit for the period	1.0	2.9	3.9	2.5	4.5	10.0	0.2	4.5
Earnings per share in € per share outstanding (EPS)	0.13	0.43	0.50	0.37	0.67	1.48	0.03	0.67
Earnings per share excl. amortisation in € per share outstanding	0.34	0.67	0.73	0.61	0.94	1.73	0.28	0.91
<b>Financial and operating data of balance sheet</b>								
Total assets	639.2	617.1	646.4	600.9	600.7	564.1	620.5	604.1
Net investments in intangible assets	4.9	1.0	5.1	3.1	3.1	0.0	5.2	4.7
Net investments in property, plant and equipment	3.8	2.2	2.2	2.7	1.2	0.4	1.7	4.8
Share capital outstanding	105.5	90.1	105.4	90.1	90.2	90.0	105.5	90.1
Equity	260.0	208.8	257.9	200.1	208.6	219.8	257.3	203.6
Interest-bearing liabilities	150.9	196.9	153.9	198.9	168.8	161.6	150.7	232.3
Interest-bearing liabilities, net	100.5	194.1	105.4	191.4	167.3	157.0	102.8	229.0
<b>Financial and operating data for cash flow</b>								
Cash flow from operating activities	10.7	39.5	7.7	22.4	32.0	19.1	24.3	12.9
Cash flow from investing activities	(6.0)	(3.4)	(7.3)	(5.8)	(4.3)	(0.6)	(6.9)	(68.1)
Cash flow from financing activities	(3.3)	(2.7)	(7.7)	(16.1)	(3.0)	(9.0)	44.8	50.6
<b>Financial ratios (% unless otherwise stated)</b>								
Revenue growth	(11.8)	3.4	(1.9)	(8.7)	(4.5)	4.0	(7.9)	9.1
Organic growth	(14.3)	(7.1)	(5.2)	(17.2)	(14.1)	4.7	(10.1)	(1.3)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	2.7	2.8	3.6	3.0	3.7	5.9	3.8	4.7
Earnings before interest, tax and amortisation (EBITA)	1.8	2.0	2.8	2.2	2.9	5.3	3.0	4.0
Earnings before interest and tax (EBIT)	1.3	1.6	2.2	1.7	2.3	4.8	0.7	3.6
Operating margin	0.3	0.8	1.2	0.7	1.3	2.9	0.1	1.1
Net working capital (NWC)/revenue (LTM)**	15.3	17.3	15.3	16.3	15.4	18.0	15.0	18.7
Gearing (net interest-bearing liabilities/EBITDA (LTM)), no. of times	2.2	2.9	2.2	3.1	3.2	2.0	2.1	3.1
Return on equity (ROE)	1.5	5.6	6.0	4.9	8.8	18.2	0.3	8.5
Return on equity (ROE) excl. amortisation	4.2	8.7	8.8	8.0	12.3	21.3	3.4	11.5
Return on invested capital (ROIC)***	2.0	3.2	4.9	3.2	5.4	11.9	1.5	7.5
Return on invested capital (ROIC) excl. amortisation***	4.3	4.8	6.8	4.9	7.3	13.7	7.6	9.3
Adjusted market capitalisation/operating profit or loss (EV/EBITDA)	21.1	11.3	13.0	12.7	10.8	6.4	9.4	6.1
Equity ratio	40.7	33.8	39.9	33.3	34.7	39.0	41.5	33.7
Intrinsic value in € per share outstanding	33.1	31.1	32.8	29.8	31.1	32.7	32.8	30.3
Share price in €	51.9	22.2	49.1	28.2	36.9	46.4	46.0	25.6
Share price/intrinsic value	1.57	0.71	1.50	0.95	1.19	1.42	1.40	0.85
Share price in DKK	387	166	366	210	274	346	343	191
<b>Employees</b>								
Average number of employees (FTE)	2,973	3,352	2,917	3,184	3,109	2,942	3,055	3,461

\* Changes have been made in the figures of comparison due to errors resulting from non-compliance with the group's internal accounting policies in Solar Deutschland GmbH, see the group report on page 6.

\*\* Calculated as inventories and trade receivables excl. trade payables at the end of the period in proportion to revenue for the last 12 months.

\*\*\* Calculated on the basis of operating profit before special items.

# ACCOUNTING POLICIES

## **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.

The accounting policies remain unchanged from Annual Report 2009, which contains a full description of the accounting policies on pages 40 to 44

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 the quarterly report.

In the quarterly report, corporation tax has been calculated on the basis of pre-tax profits at the expected average tax rate. No assessment of the taxable income for the period has been made.

Changes have been made in the comparative figures due to errors resulting from non-compliance with the group's internal accounting policies in Solar Deutschland GmbH, cf. announcement no. 18 2010.

No audit or review of the quarterly report has been conducted.

# MANAGEMENT'S STATEMENT

Today, the supervisory and executive boards discussed and approved Solar A/S' Q2 2010 quarterly report.

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

It is our opinion that the quarterly report gives a true and fair view of the group's assets, equity and liabilities and financial position as at 30 June 2010 and of the result of the group's activities and cash flow for H1 2010.

Furthermore, it is our opinion that the group report contains a true statement of the development in the group's activities and financial situation, the result for the period and of the group's financial position as a whole and a description of the most significant risks and uncertainties the group is faced with.

Kolding, 19 August 2010

Executive Board

Flemming H. Tomdrup  
CEO

Supervisory Board

Jens Borum  
(Chairman)

Peter Falkenham  
(Vice chairman)

Lars Lange Andersen

Kent Arentoft

Niels Borum

Remy Cramer

Bent H. Frisk

Preben Jessen

Jens Peter Toft

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