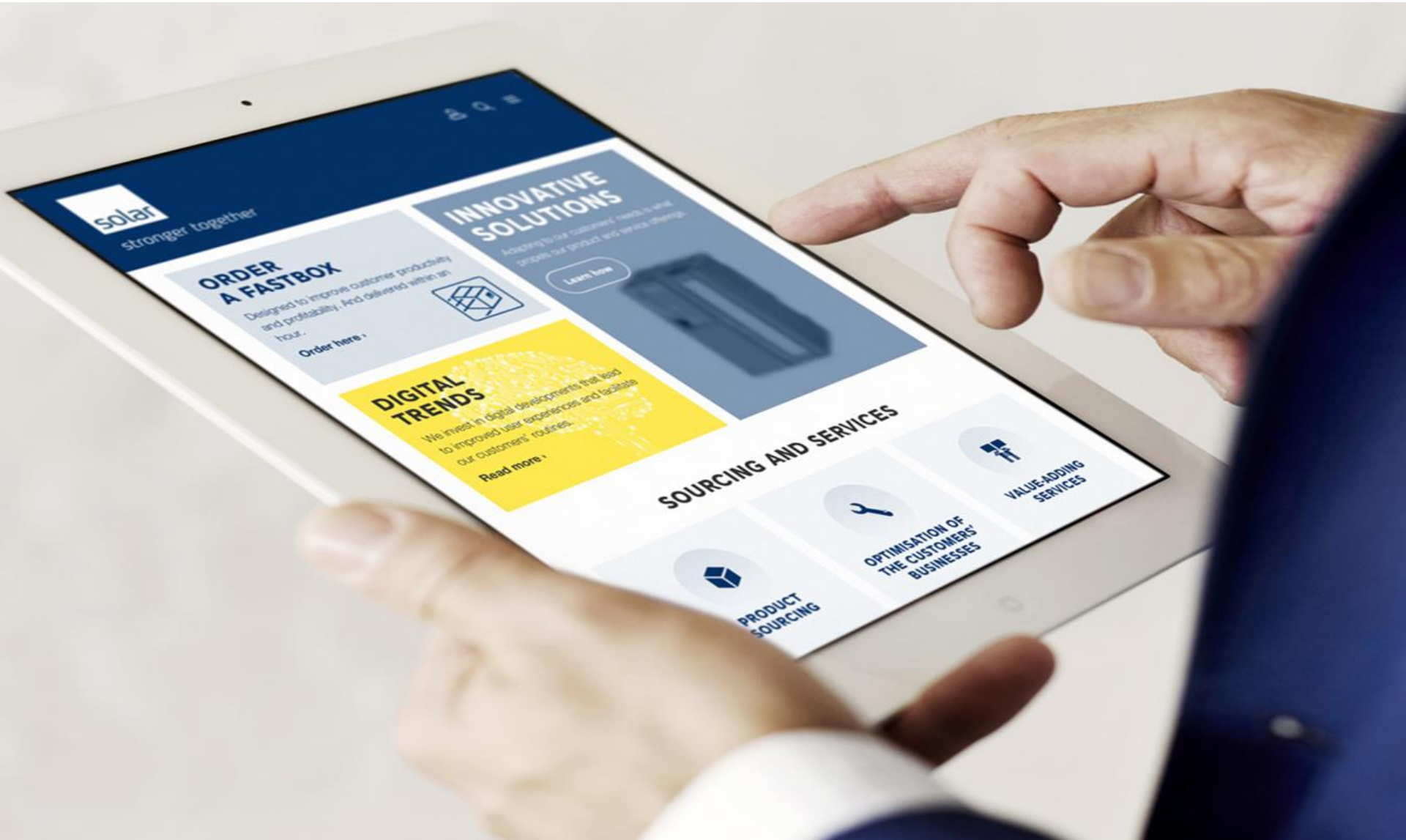


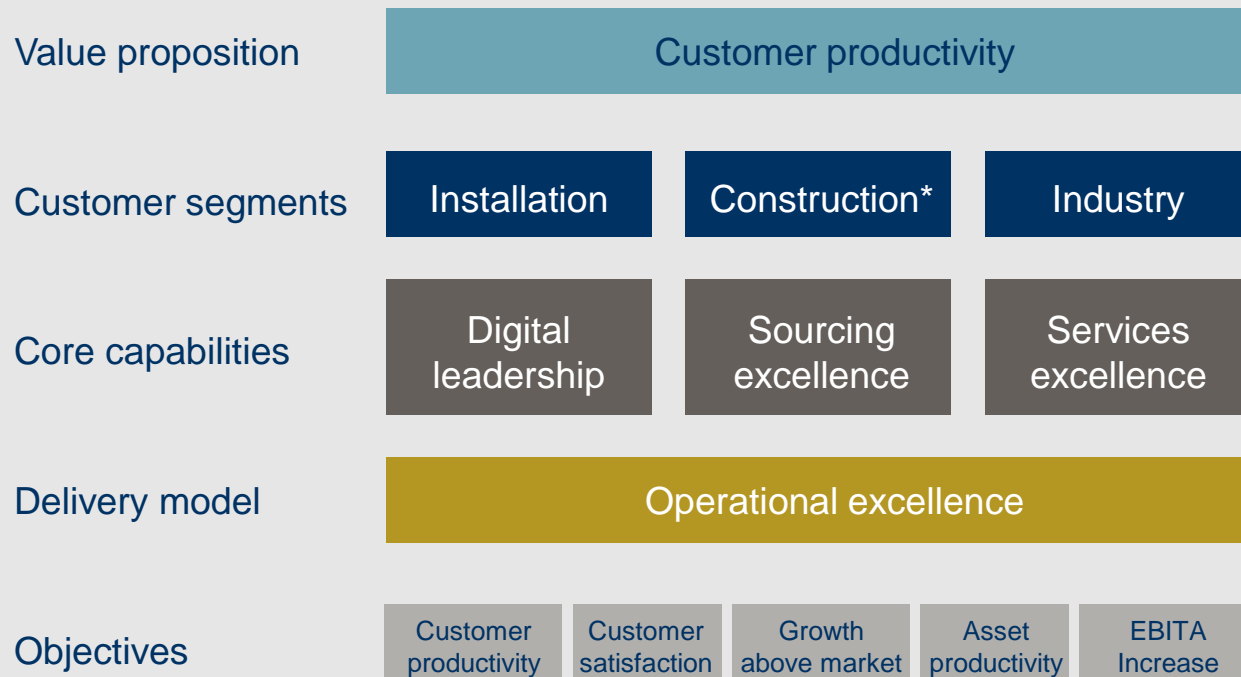
# Solar Equity Story

Our three value drivers are growth, EBITA margin and net working capital

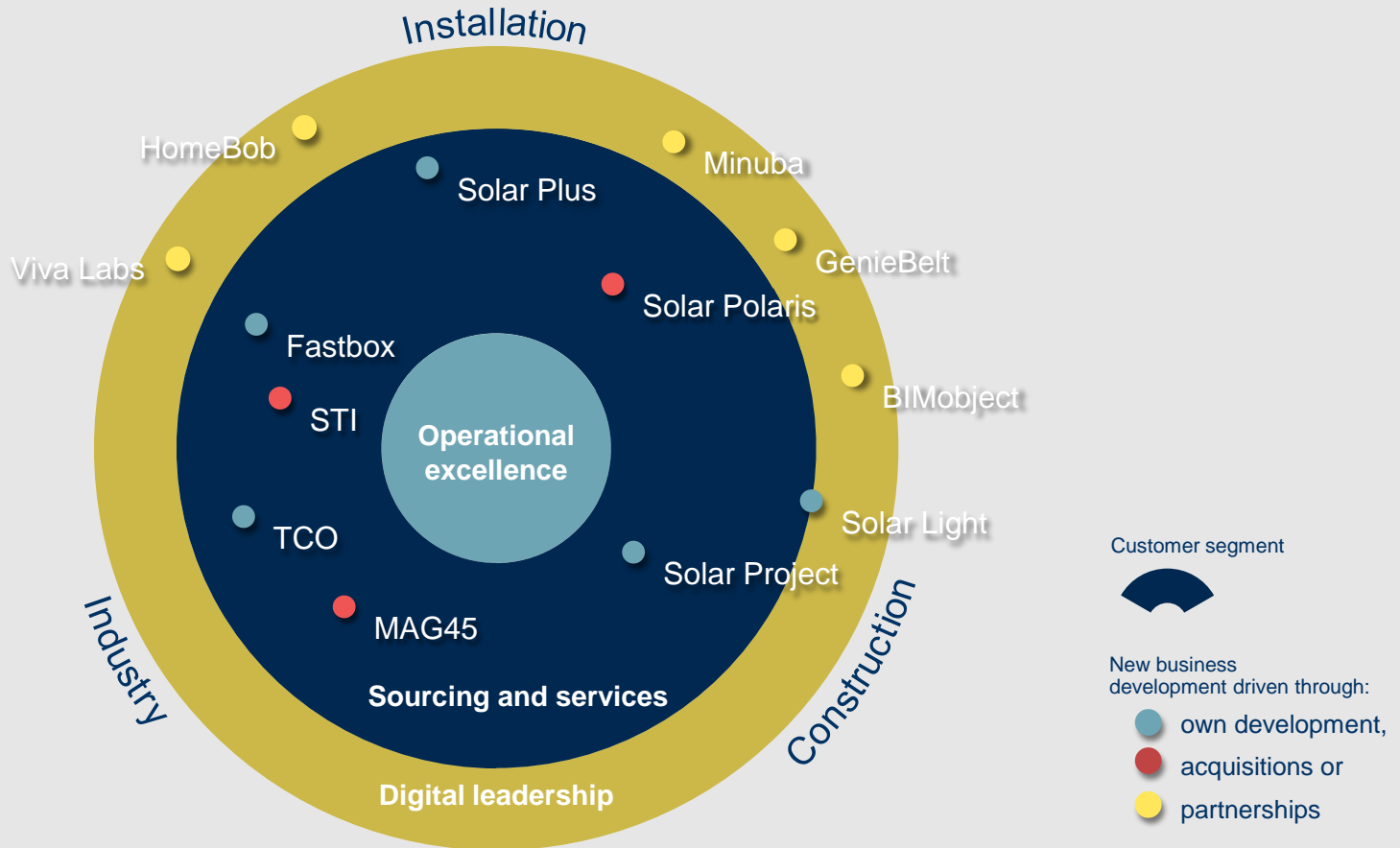




- 1. Value proposition and business development**
- 2. Financial targets and strategic focus areas**
- 3. Business update**
- 4. The results we achieved in Q1 2018**
- 5. Outlook 2018**
- 6. Appendix – facts about Solar**



\* In our financial reporting "Construction" is a subsegment of "Installation", covering medium to large renovation and construction installation projects.





## Following our strategy review we have changed our long-term financial targets

Financial ratios	Financial targets*
Growth Core business	We aim to generate profitable growth above market levels
Growth Related business	Organic growth of minimum 15% per year
EBITA margin Core business	Minimum 4% by 2020, corresponding to a ROIC of minimum 15% after tax
Equity ratio	35-40%
Gearing (NIBD/EBITDA)	1.5-2.5
Payout ratio	35-45%

### Our three major strategic focus areas

- **Strategic suppliers:**  
We pursue growth opportunities in concept sales.
- **Industry focus:**  
With industry sales being the most profitable of our main segments, we will continue to strengthen our focus on this business area.
- **Operational excellence:**  
We will continue to invest in productivity improvement in order to continuously grow the business and expand the services to our customers.

\* If the implementation of new accounting standards entails changes, the target will be recalculated.

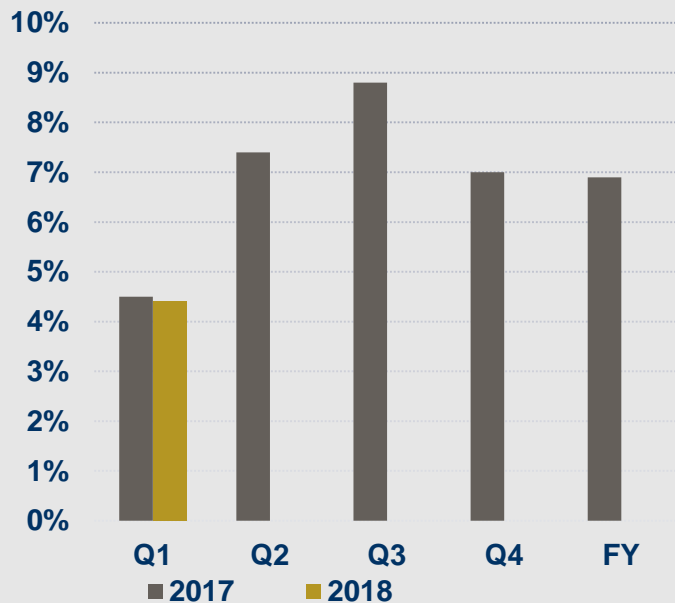
## Business update

We see business development within our strategic focus areas:

- **Strategic suppliers:**  
We pursue growth opportunities in concept sales – our current focus is on Solar Project and Solar Netto Light.
- **Industry focus:**  
Our intensified focus on the industry segment is paying off – new customers and renewal of agreements.
- **Operational excellence:**  
We improve cost containment and work to become more efficient, create synergies and be as close to our customers as possible.
- Divestment of the Austrian business activities completed. We still expect to announce the closing of the divestment of our Belgian business activities during Q2.

## Organic growth of 4.4% adjusted for number of working days

Organic growth, adjusted for number of working days



	Q1 2018	Q1 2017
Revenue, DKK million	2,828	2,838
Revenue growth, %	-0.4	13.5
Adj. organic growth, %	4.4	4.5



## Positive growth in Denmark and the Netherlands

### Update on the installation segment:

- Last quarter's slowdown 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.

### Update on the industry segment:

- We saw continued industrial growth in our markets, resulting in organic growth - especially in Denmark and the Netherlands with double-digit growth.
- Sweden and Norway saw negative growth. In Norway, the North Sea offshore industry and related industries continue to improve but not sufficiently to offset the decline within Utility.

### Update on the others segment:

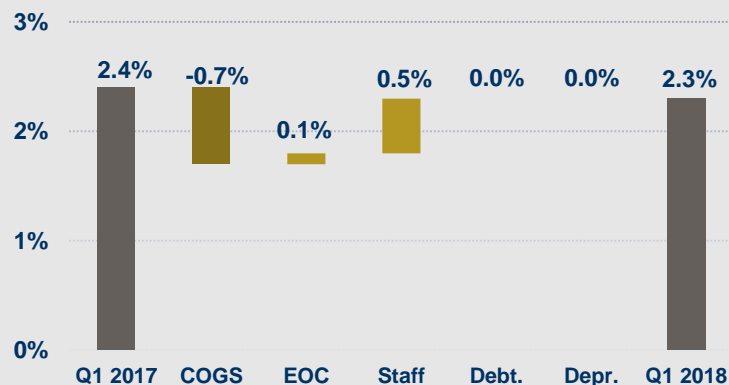
- Scandinavian Technology Institute (STI) and Solar Polaris delivered approx. 7% of the segment revenue.

DKK million	Q1 2018 Revenue	Q1 2018 Adj. org. growth
Installation	1,723	Approx. 0%
Industry	856	Approx. 11%
Other	249	
<b>Total</b>	<b>2,828</b>	<b>4.4%</b>
Denmark	834	3.7%
Sweden	619	-0.4%
Norway	451	-3.9%
The Netherlands	724	11.8%
Other markets	222	23.1%
Eliminations	-22	
<b>Group</b>	<b>2,828</b>	<b>4.4%</b>



## EBITA amounted to DKK 66m and was on par with expectations

### EBITA margin



- Negative impact on gross profit margin due to change in geographical mix, extraordinary write-down on inventories and margin dilution in MAG45.
- Half of the decline in costs can be ascribed to FX effect.

	Q1 2018	Q1 2017
Revenue, DKK million	2,828	2,838
Revenue growth, %	-0.4	13.5
Adj. organic growth, %	4.4	4.5
Gross profit, DKK million	586	608
Gross profit margin	20.7	21.4
EBITA, DKK million	66	67
EBITA margin	2.3	2.4



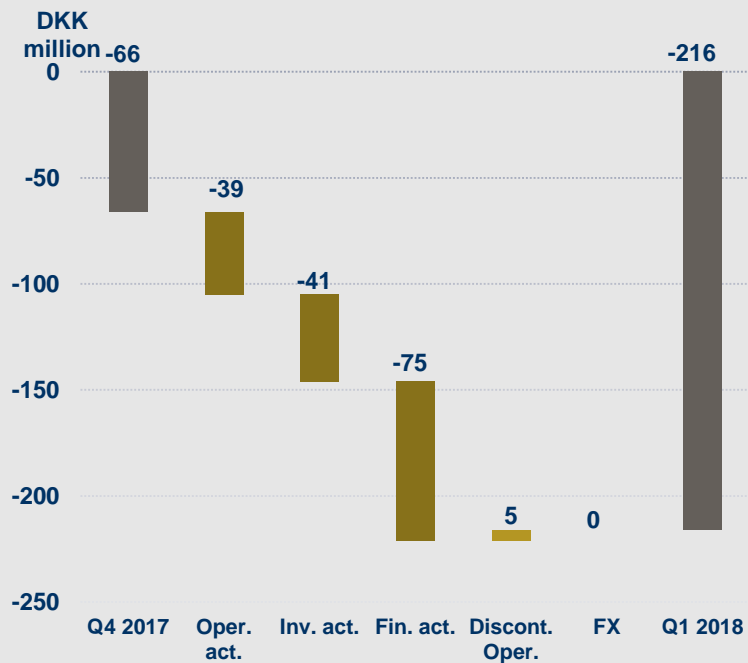
## Revenue and results were negatively affected by the early timing of Easter compared to Q1 2017

DKK million	Revenue		EBITA		Invested capital	
	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
<b>Total</b>	<b>2,828</b>	<b>2,838</b>	<b>66</b>	<b>67</b>	<b>1,895</b>	<b>1,899</b>

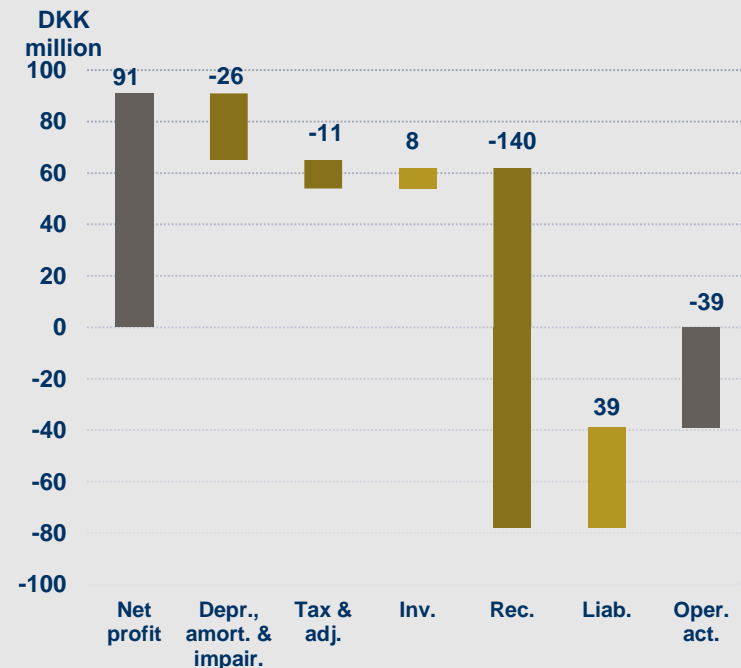
Q1	Adj. organic growth		EBITA margin		ROIC	
	2018	2017	2018	2017	2018	2017
Core business	3.5%	4.5%	2.8%	2.7%	11.2%	12.9%
Related business	28.0%	-	-5.3%	-6.2%	N/A	N/A
<b>Total</b>	<b>4.4%</b>	<b>4.5%</b>	<b>2.3%</b>	<b>2.4%</b>	<b>3.9%</b>	<b>10.1%</b>

## Usual seasonal fluctuations impacted net working capital

### Cash flow

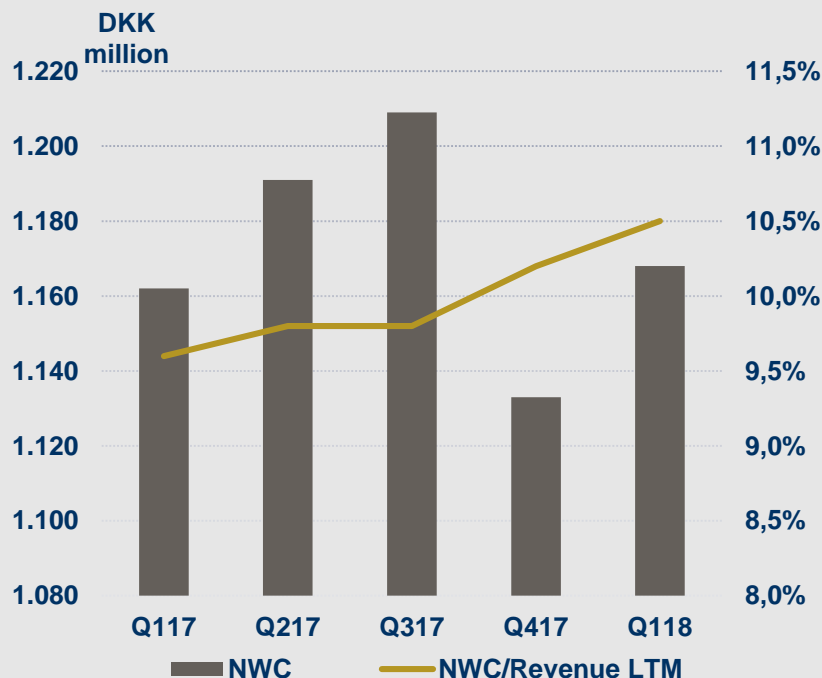


### Cash flow, operating activities

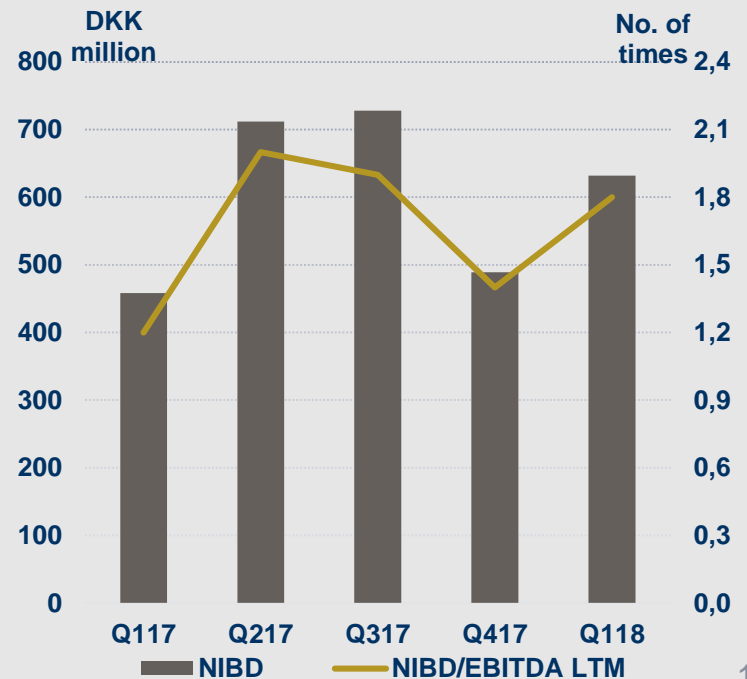


# Net working capital percentage increased compared to Q1 2017 - gearing at 1.8 primarily impacted by investment in digital improvements

Net working capital average (NWC)



Net interest-bearing debt (NIBD)





## Guidance reconfirmed: Revenue approx. DKK 11.4bn and EBITA of approx. DKK 345m Planned EBITA improvements of DKK 60m

- For 2018, 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 or above the expected market growth. Related business is expected to show growth of approx. 25%.
- For 2018, we expect an EBITA of approx. DKK 345m, of which DKK 365m is expected from core business and DKK -20m from related business.
- 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 placed in the continuing operations within core business.

DKK million	Core	Related	Group
<b>2017 publ. 12.01.2018</b>	<b>309</b>	<b>-45</b>	<b>264</b>
Divestments AT & BE	31	-	31
<b>2017, continuing op.</b>	<b>340</b>	<b>-45</b>	<b>295</b>
Overhead costs	-10	-	-10
Planned improvements	35	25	60
<b>2018 guidance</b>	<b>365</b>	<b>-20</b>	<b>345</b>

# Appendix

## Facts about Solar



# Solar Group at a glance

We draw on nearly 100 years of experience and knowhow



**1919**

Founded in 1919

**1953**

Listed on the stock exchange since 1953

**DKK 11.1bn**

DKK 11.1bn in revenue and EBITA of DKK 295m in 2017

**Customers**

A lot of close customer relationships in our markets



**>50%**

E-business share

**Warehouses**

Strategically placed central warehouses

**215,000**

Approximately 215,000 articles in stock

**3,000**

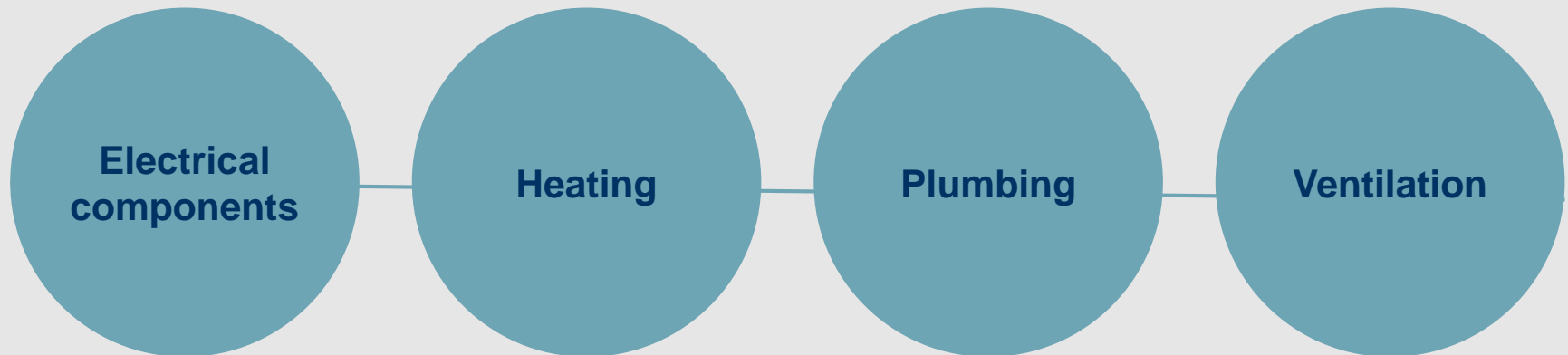
Approx. 3,000 people

Our identity

**We strive to improve our customers' businesses**



**A leading sourcing and services company mainly within:**





Solar's core business areas:

**Electrical, heating and plumbing, and ventilation technologies**



**Installation**



**Cables**



**Marine & Offshore**



**Lighting**



**Industry**



**Communication**



**Security**



**Ventilation**



**Heating, Water & Sanitation**



**Renewable energy**

Solar's core business  
delivers products and solutions within:



**Residential and  
Commercial buildings**



**Industry**



**Marine &  
Offshore**



**Utility  
and  
infrastructure**



**Public sector**

Solar's core business

**Optimal supply to our customers**



## We offer a flexible distribution setup

- Day delivery
- Night delivery
- Delivery on worksite
- Delivery at company address
- Pick-up
- Fastbox\*

## We work while you sleep

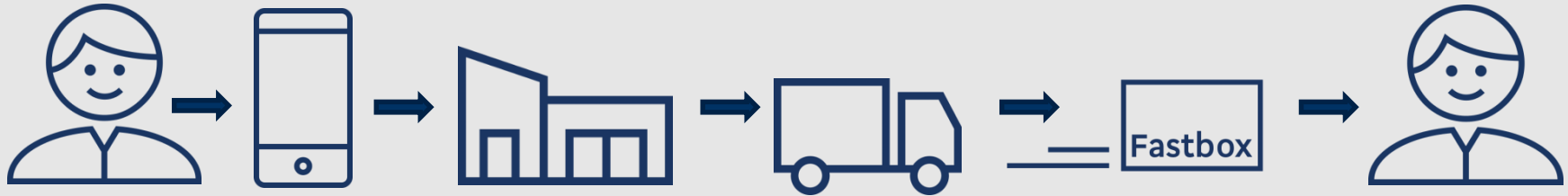
- Order via e-business before 6 PM and receive before 7 AM\*
- We have a 97% delivery success rate
- We perform extensive quality control in our operation



\* Electrical, heating and plumbing components

# Solar Fastbox concept

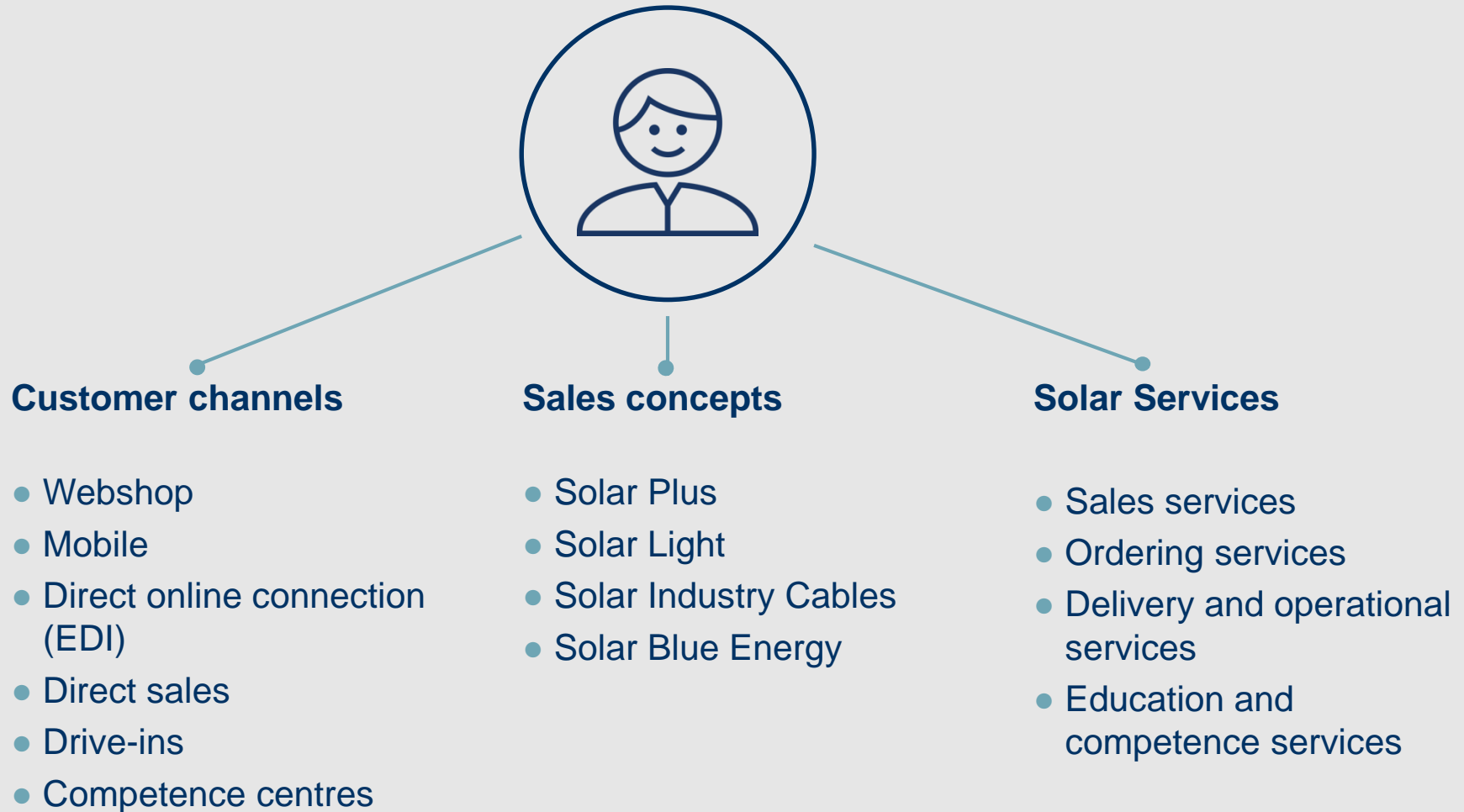
## At work site within an hour



- With Solar Fastbox
  - We make life easier for our customers
  - Increase productivity
  - Save time and transportation costs
  - Solar Fastbox at customer work site within an hour

How we serve our customers

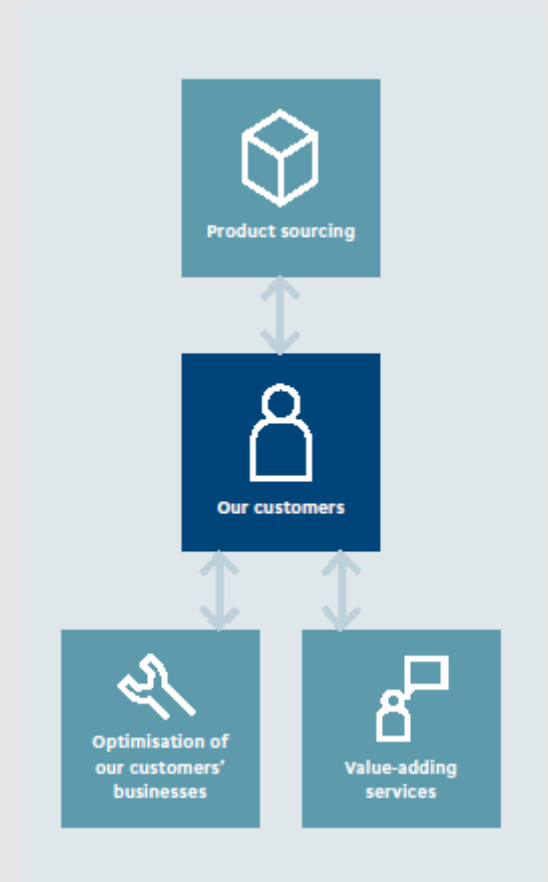
**Everything starts with the customer**





## We work with our customers

- to support them in running their businesses more efficiently.
- to bundle their spend and improve their sourcing.
- to create the best offer and to proactively develop alternatives.
- to raise their productivity, optimise transportation and minimise required inventory.
- to improve their employees' skills and efficiency.



MAG45's value proposition - TCO reduction

**Integrated supply is an integral approach to optimising the TCO of tail supply chain in the sourcing, logistics and processes areas**

**MAG45**

■ industrial supply solutions  
a solar group company



Supplier management and consolidation

Item cost reduction

Technical engineering support

Improve production uptime

Increase item availability

Reduction of inventory value

Supporting process excellence

Reduce process complexity

Single point of contact (on-site)

**Solar is listed on Nasdaq Copenhagen  
and has a majority of long term investors**



## **Distribution of share capital and votes as at 31 March 2018 in percent**

Holdings of 5% or more of share capital	Share capital	Votes
The Fund of 20 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	10.4%	5.1%
Solar A/S, Vejen, Denmark	5.8%	2.8%

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