

The Solar logo consists of the word "solar" in a white, lowercase, sans-serif font, centered within a dark blue square.

stronger together

2014

Annual general meeting

Jens Borum, Chairman of the Board of Directors

Flemming H. Tomdrup, Group CEO

Michael H. Jeppesen, Group CFO

11 April 2014,
Solar A/S, Vejen

Agenda



- 1** **The Board of Directors' report**

- 2** **Presentation of audited annual report for approval**

- 3** **Resolution concerning allocation of profit as per the adopted annual report**

- 4** **Proposals of the Board of Directors**

- 5** **Proposed remuneration of the Board of Directors**

- 6** **Election of members to the Board of Directors**

- 7** **Election of auditor**

- 8** **Any other business**

Report of the Board of Directors

Jens Borum, Chairman of the Board of Directors



2013

**Once again a challenging year
and unsatisfactory results**

Difficult market conditions impacted revenue development



€ million	2013		2012		Change	
 Revenue	1,531.5	100.0%	1,638.9	100.0%	-107.4	-6.6%
EBITA	21.7	1.4%	35.3	2.2%	-13.6	-38.5%
Earnings before tax	5.5	0.4%	21.0	1.3%	-15.5	-73.8%
Earnings after tax	3.0	0.2%	15.7	1.0%	-12.7	-80.9%
Organic growth	-5.9%		-0.1%			

From positive organic growth in Q1 2012 to negative organic growth in Q2 2012 – Q4 2013



Organic growth



Normalised EBITA constituted € 32.2m in 2013 when adjusted for profit from the sale of Aurora, write-down on property, and Solar 8000 and restructuring costs



€ million	2013		2012		Change	
Revenue	1,531.5	100.0%	1,638.9	100.0%	-107.4	-6.6%
EBITA	21.7	1.4%	35.3	2.2%	-13.6	-38.5%
Earnings before tax	5.5	0.4%	21.0	1.3%	-15.5	-73.8%
Earnings after tax	3.0	0.2%	15.7	1.0%	-12.7	-80.9%
Organic growth	-5.9%		-0.1%			

Solar Nederland incl. Conelgro

Difficult market conditions and restructuring impacted results



- Difficult market conditions
- Restructuring impacted results negatively by € 4.8m.
- New CED Martin Trampe joined us in May and took over in June
- Focus on break-even result at EBITA level in 2014
- Positive result from operations in Q4

	2013	2012
Revenue, € million	327.2	366.1
Organic growth	-10.2%	-11.1%
EBITA	-3.5%	-2.5%

Solar Sverige

Affected by Solar 8000 preparations



- Focus on strengthening gross profit
- Revenue consequently below market development
- Increased sales to small and medium-sized customers
- Costs of Solar 8000 preparations
- Solar 8000 in Q2 2014
- New CED Anders Koppel joined us in April 2014 and will take over as of 1 May 2014.

	2013	2012
Revenue, € million	323.7	332.0
Organic growth	-3.1%	1.7%
EBITA	2.7%	2.5%

Solar Norge

Earnings were strengthened in 2013



- Declining market growth over the year
- Loss on single debtor of € 1.0m
- Earnings improvement
- New contracts in 2013 that take full effect in 2014
- Market growth expected to ease off in 2014

	2013	2012
Revenue, € million	273.0	263.5
Organic growth	8.1%	4.3%
EBITA	4.4%	3.4%

Solar Danmark

Limited sales of Solar panels in 2013 impacted growth



- Solar panel sales very limited
- Low construction activity
- Bankruptcies in contracting companies led to postponement of projects
- Many resources dedicated to preparation for the Solar 8000 roll-out in Q4 2013
- Satisfactory result when taking market development and Solar 8000 into account

	2013	2012
Revenue, € million	365.7	411.5
Organic growth	-11.0%	10.7%
EBITA*	5.6%	8.9%

* Loss on sale of Aurora in 2013 impacted EBITA negatively by 1.0%.

Roll-out of Solar 8000 in Sweden

Stabilisation of revenue and improvement of earnings in the Dutch enterprise

General focus on improving gross profit in the group's enterprises

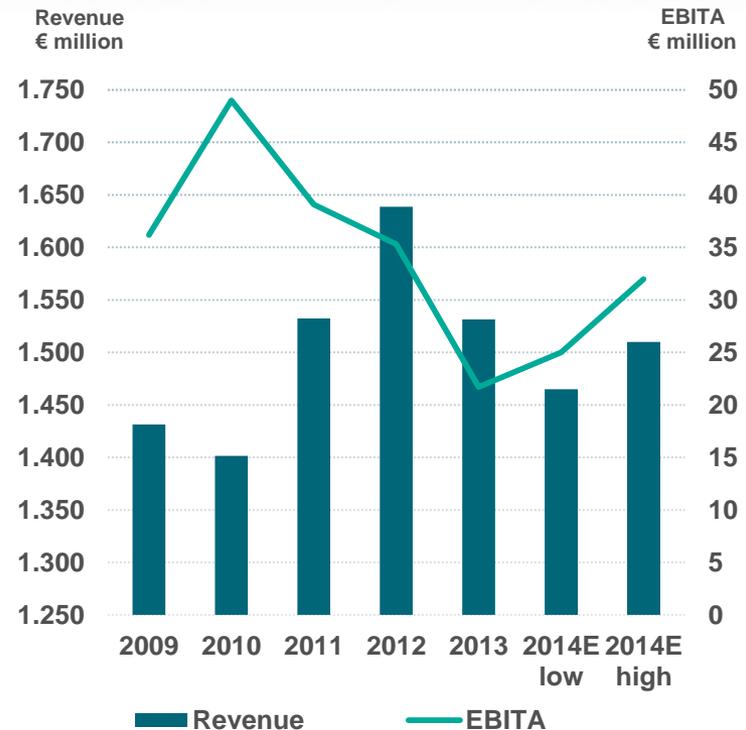
New CEO – a new pair of eyes and new analyses

Guidance 2014: Revenue € 1,465-1,510m, EBITA € 25-32m



2014 expectations:

- Expected Solar 8000 implementation and restructuring costs of approx. € 3m.
- The lower expectation levels equal negative growth of approximately 2.5%, while the upper levels equal positive growth of approximately 0.5%.
- Our target is to get net working capital stated as an average of four quarters to 13% and to 11% of revenue at year-end 2014.



Solar A/S divested Aurora Group Danmark A/S as of 24 April 2013. In the above chart, 2012 and 2013 figures only relate to continuing operations.

Solar Group Strategy 2013-15

Flemming H. Tomdrup, Group CEO



Solar Group Strategy 2013-2015

Increasing profit is our number one priority



Foundation

Values
Glow, SmartFun & Courage

Mission
We understand our customers' needs and provide value adding services and products. We call it stronger together.

Vision
#1 in Technical Wholesale

Ambition

To become one of the most profitable technical wholesalers in our markets

To excel in Business Acumen, Operation & People

Strategies

- Focus on Northern Europe
- Increase productivity
- Excel in sales
- Grow in the climate and energy area
- Develop our people

Operations

Daily operations

Continuous improvement

- **SIMPLIFICATION**
- **STANDARDISATION**
- **DIGITALISATION**

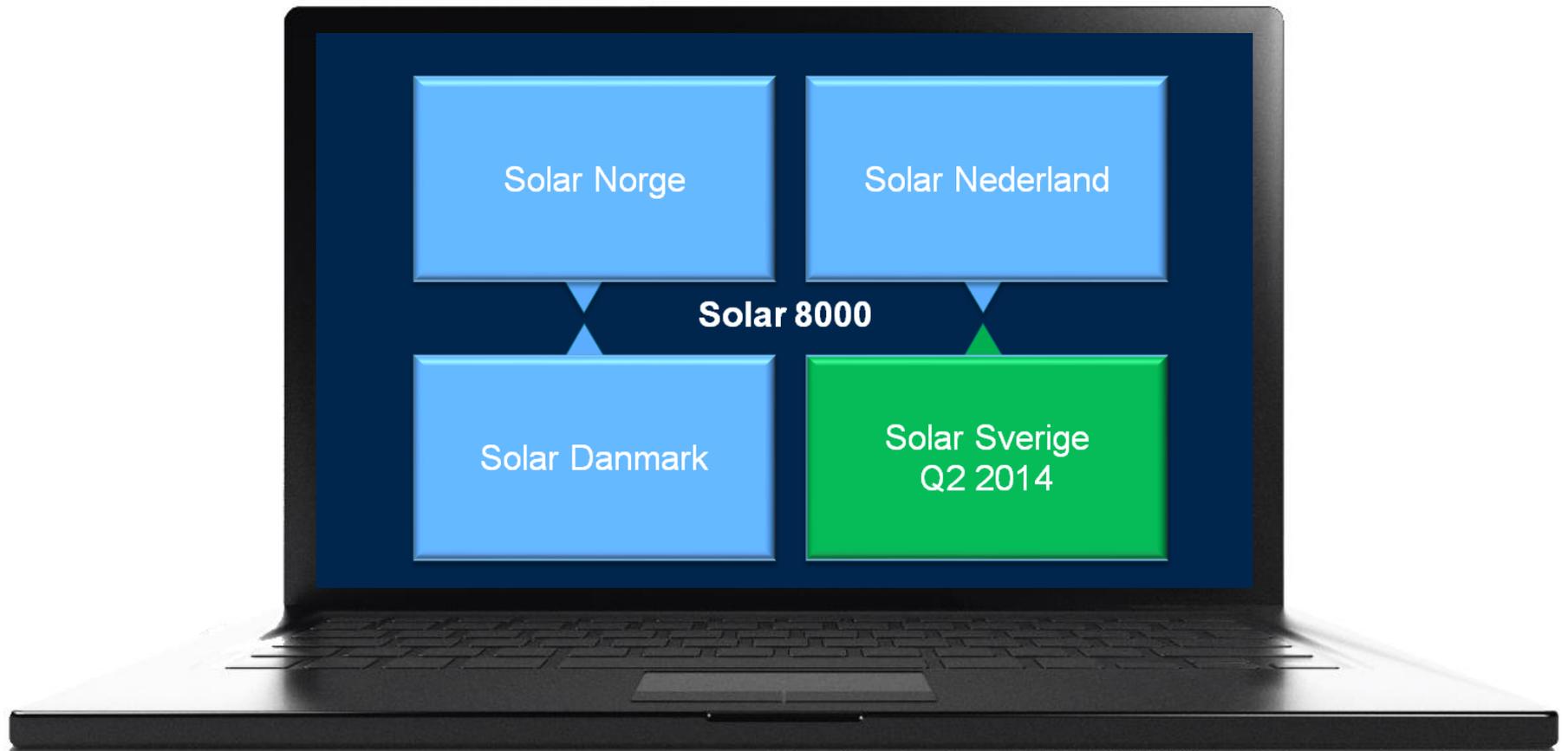
Performance management

Increased profit

Solar 8000

Roll-out of new business model / SAP

SIMPLIFICATION
STANDARDISATION
DIGITALISATION



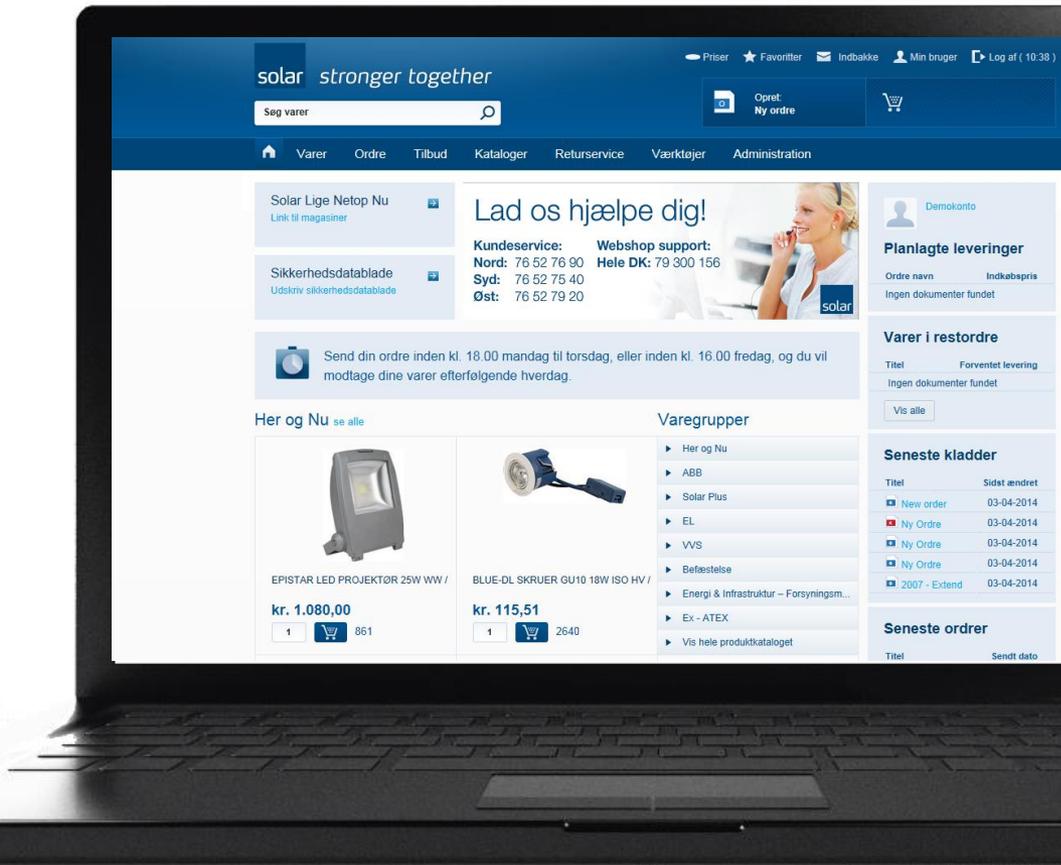
Online ordering >43% share of Solar's revenue

**SIMPLIFICATION
STANDARDISATION
DIGITALISATION**



Solar WebShop
6 million visits annually

Solar Mobile app
45,000 downloads



Solar Blue Energy

Energy optimisation for customers and end-users

**SIMPLIFICATION
STANDARDISATION
DIGITALISATION**



Solar sales process

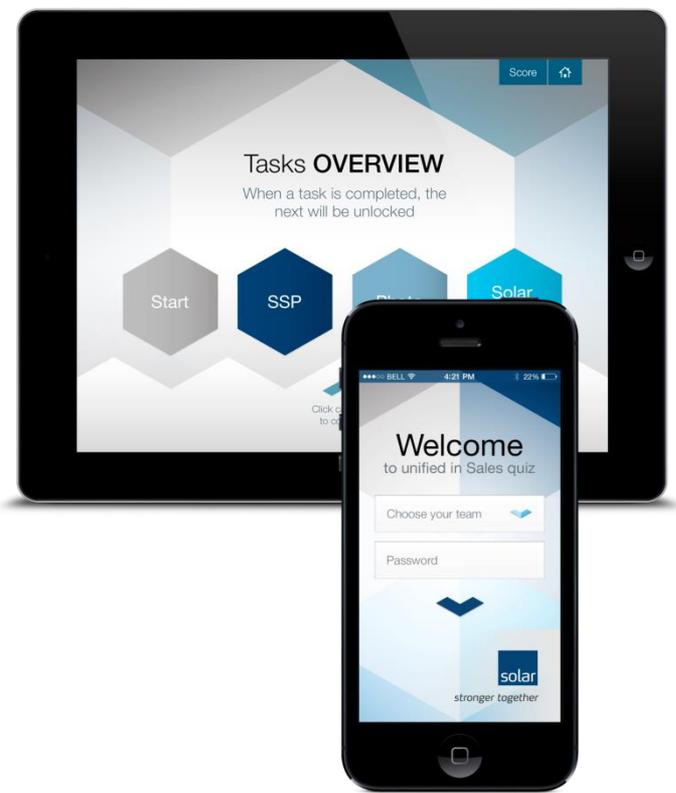
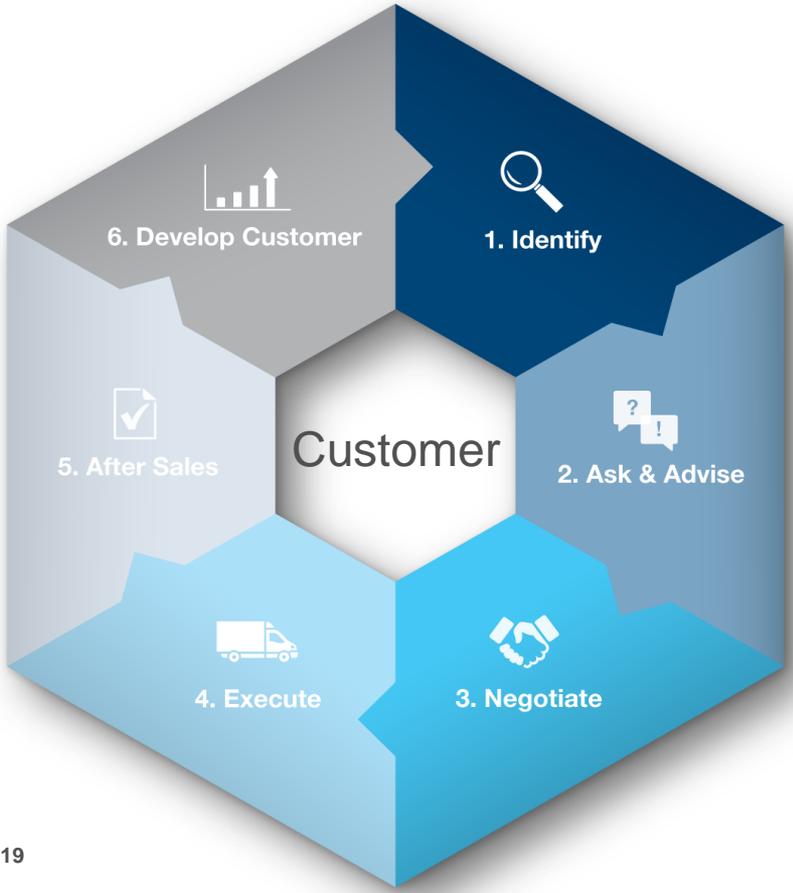
6 steps that ensure customer focus

**SIMPLIFICATION
STANDARDISATION
DIGITALISATION**



A targeted approach where customers' needs take centre stage

Online employee training



Solar Employer Branding

Attract and retain employees

**SIMPLIFICATION
STANDARDISATION
DIGITALISATION**



We're hiring
it can only go too slow
account managers

We're recruiting
no-it's-not-a-bad-time-at-all
sales people

At Solar, we're not hiring without fast-thinking employees who know that success is a matter of the right solution at the right time. As an employee in Solar, you'll be in company with 3,000 capable people who believe in the power of yes. Together, we're one of Northern Europe's leading technical wholesalers, marketing 215,000 only one-of-a-kind solutions. For more people to improve our customers. If you are the kind of customer what they need, ask for, you can join an

23. 19578. 765021
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At Solar, we have our success in service-minded employees who have to learn opportunities in a company with 3,000 capable people who believe in the power of yes. Together, we're one of Northern Europe's leading technical wholesalers, marketing 215,000 products but selling only one-of-a-kind solutions. Right now, we need more people to improve our customers. If you are the kind of person who gives customers what they need, ask for, you can join an

stronger together

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solar *stronger together*

Koncepter	Produkter	Solar Skolen	Nyheder & Presse	Job & karriere
Personlig udvikling	Hvem er vi?	Har du det, der skal til?	Solar Business Academy	Jobs

Hos Solar har vi
jeg-kan-organisere-
hvad-som-helst
lagermedarbejdere

Udforsk din fremtid
Tjek filmen og find ud af, hvad en karriere i Solar handler om.

Velkommen til en verden af can-do
Lad dine fremtidige kolleger fortælle om din fremtidige arbejdsplads.

Solar's mission

The strongest link in the value chain



Mission

We understand our customers' needs and supply value-adding products and services.
We call it – *stronger together*

Stronger together



solar

stronger together

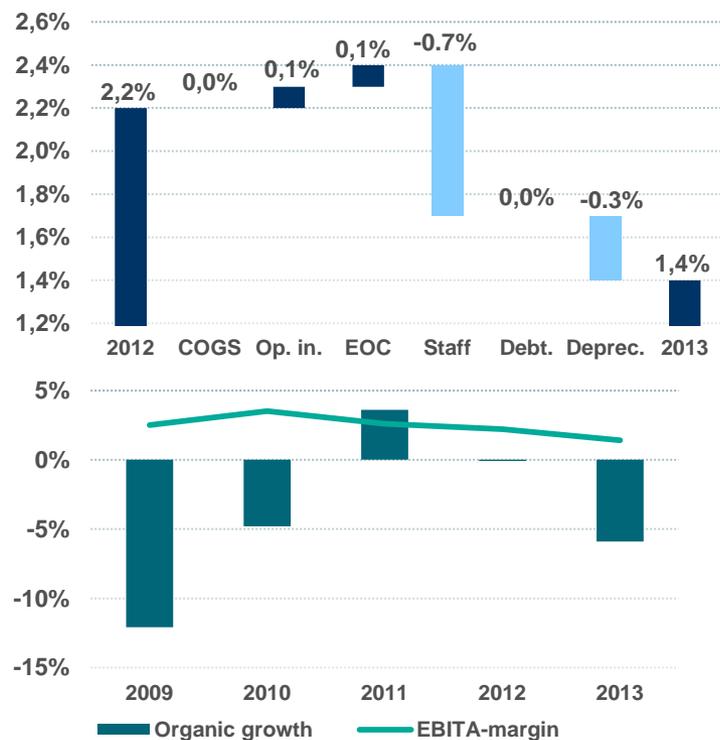
Financial statements 2013

Michael H. Jeppesen, Group CFO



Normalised EBITA at € 32.2m in 2013

EBITA margin

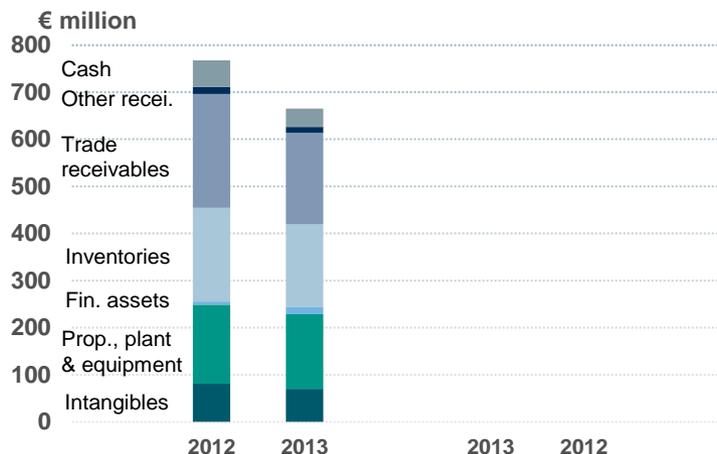


	2013	2012
Revenue, € million	1,531.5	1,638.9
Revenue growth	-6.6	11.1
Organic growth	-5.9	-0.1
Gross profit, € million	324.7	346.6
Gross profit	21.2	21.2
EBITA, € million	21.7	35.3
EBITA margin	1.4	2.2

- Profit on sale of Aurora of € 1.5m in 2013
- Write-down of € 2.8m on property in Germany in 2013.
- Solar 8000 costs and restructuring costs of € 3.6m and € 5.6m, respectively, in 2013 and € 6.4m and € 2.6m, respectively, in 2012.

Continuous improvement of net working capital

Balance sheet

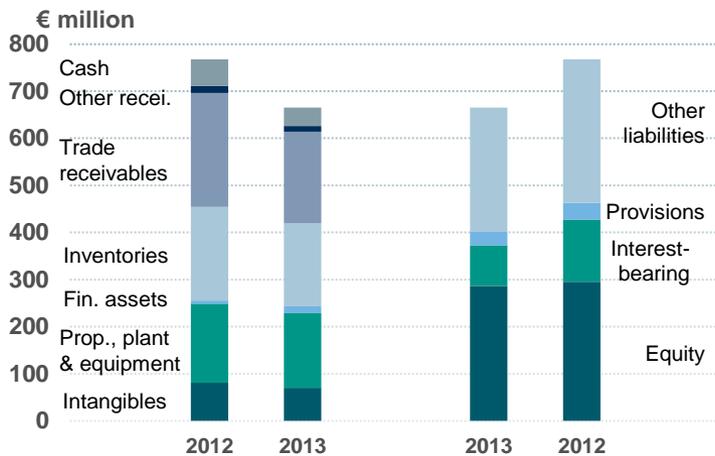


- Non-current assets constitute 37% of the balance sheet total.
- Intangibles constitute 11% of the balance sheet total.

€ million	2013	2012
Intangibles	70.2	80.7
Property, plant & equipment	158.3	168.1
Investments	14.7	6.8
Non-current assets	243.2	255.6
Inventories	175.9	198.4
Trade receivables	194.9	242.1
Other receivables	11.6	14.5
Cash and cash equivalents	39.4	56.6
Current assets	421.8	511.6
Assets, total	665.0	767.2

Interest-bearing liabilities, net, was reduced

Balance sheet



€ million	2013	2012
Equity	286.6	295.3
Interest-bearing liabilities	86.1	131.5
Provisions	29.4	35.9
Other liabilities	262.9	304.5
Liabilities	378.4	471.9
Equity and liabilities, total	665.0	767.2

- Equity ratio at 43%.

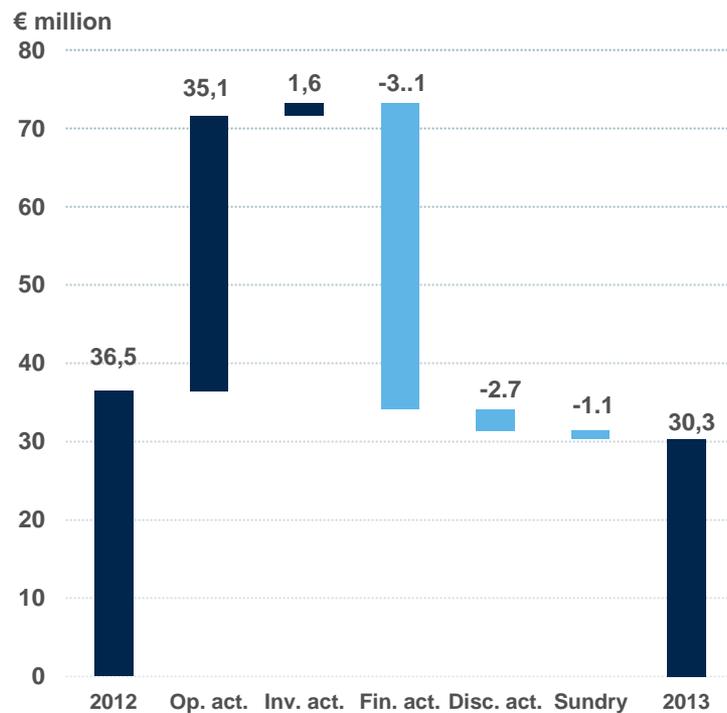
- Gearing at 1.2

Exceed our strategic targets.

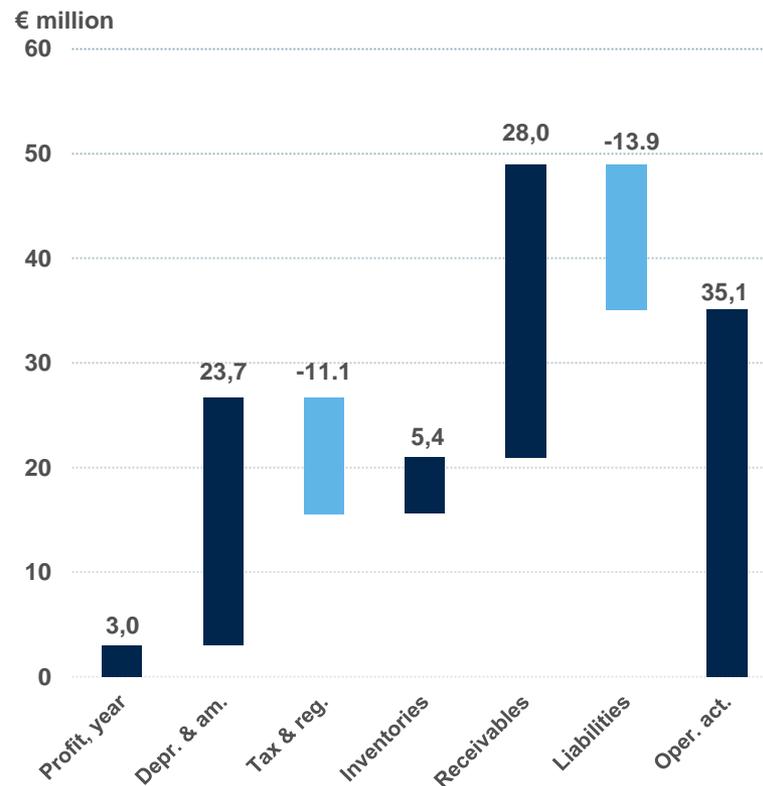
Cash flow from operating activities contributed with € 35.1m in 2013



Cash flows



Cash flow from operating activities



Distribution of net profit



	2013	2012
Dividends to shareholders, € million	12.6	7.0
Retained earnings, € million	-9.6	8.7
Dividends per share DKK	12.00	6.65

Proposals of the Board

Michael R. Skovgaard, chairman



Authority to distribute extraordinary dividends



- The Board of Directors proposes that it be granted the authority to make the decision to distribute extraordinary dividends of up to DKK 15.00 (€ 2.01) per share for the period until the next annual general meeting.

Authority to acquire treasury shares



- Furthermore, the Board of Directors proposes that it be granted the authority to acquire treasury shares against payment for the period until the next annual general meeting. The Board of Directors proposes that it be given the authority to acquire treasury shares at up to 10% of the share capital and so that payment is the applicable share price plus/minus 10%.

Proposed remuneration of the Board of Directors



- The Board of Directors proposes that the Board of Directors' fee for 2014 remains unchanged at DKK 150.000. The chairman of the Board of Directors is paid three times this fee, while the vice chairman of the Board of Directors and the chairman of the Audit Committee are each paid one and a half times this fee to reflect their extended board duties.

Proposals of the Fund of 20th December Election of members to the Board of Directors



The Fund of 20th December proposes new election of:

Ulf Gundemark

Engineer 1975

Chairman of the board of directors of Ripasso Energy AB and board member in Papyrus AB, Constructor Group AS, Lantmännen Ekonomisk Förening, Scandi Standard Group AB and AQ Group AB.

20 years of experience managing global and local businesses, giving in-depth knowledge of the business and countries that Solar operates within and of the markets in Eastern Europe, Russia and China.

Proposals of the Fund of 20th December

Election of members to the Board of Directors



Re-election of

- Jens Borum
- Niels Borum
- Agnete Raaschou-Nielsen
- Jens Peter Toft
- Steen Weirsøe

Election of auditor



The Board of Directors proposes re-election of

- PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab.

Any other business



Everything can be discussed – nothing decided

Changes to the Board of Directors



Incoming members

- Ulrik Damgaard (employee-elected), Sales Manager, heating and plumbing
- Ulf Gundemark (AGM-elected)

Outgoing members

- Peter Falkenham (AGM-elected) 2003 - 2014
- Preben Jessen (employee-elected) 2002 - 2014

Changes to the Executive Board



Outgoing CEO on 30 April 2014

- Flemming H. Tomdrup 2006-2014

Incoming CEO

- Anders Wilhelm (47 years old)
 - Master of Forestry degree (1992)
 - Carlsberg (1993-1995)
 - MBA from MIT (1997)
 - McKinsey & Company London (1997-1998)
 - Danisco (1998-2008)
 - Gea Process Engineering (2008-2013)