



**Solar A/S  
Annual General Meeting  
15 March 2019**

1. Election of chairman of the general meeting
2. The Board of Directors' report
3. Approval of the annual report
4. Allocation of profits
5. Proposals of the Board of Directors
6. Proposed remuneration of the Board of Directors
7. Election of members to the Board of Directors
8. Election of auditor
9. Authorisation to the chairman of the general meeting
10. Any other business

On 17 May 2019 Solar turns 100. On the 17th of each month, an article is published on [www.solar.eu](http://www.solar.eu) and [www.solar.dk](http://www.solar.dk), describing events in Solar's history.

Jacob Jørgensen was a merchant with a distinctly good business acumen, innovative and entrepreneurial

### The business adventure begins

Chapter 1 - 1912-1919:

An ambitious entrepreneur moves to Kolding  
At 21, Jacob Jørgensen moves to Kolding in February 1912 to become an independent merchant. He is determined, has seen the potentially huge market for metres, and aims to become a Nordic importer of semi-manufactured metre parts from the English company Solar Works.

READ CHAPTER 1

100-YEAR ANNIVERSARY

## 1919 - 2019

On 17 May 2019, Solar will turn 100 years.

We will mark this special occasion by publishing an article on the 17th of each month marking different events in our history.

We hope you will join us on the journey!

READ MORE

Jacob Jørgensen's ambition: "I want to make my first million before I turn 30."

### Nordisk Solar Company

Chapter 2 - 1919-1925:  
Kolding

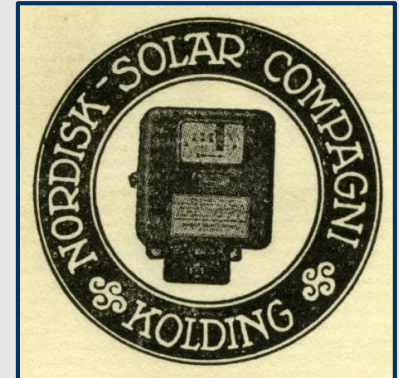
Jacob Jørgensen is not in doubt about his role. He continually wants to run a business and invest in becoming a significant value-creating player in the changeable electrical trade. He is aware that it will require more operational and working capital to accommodate the wider group of customers with a wider assortment of products, and he is determined to find a financial partner.

To be published...

17 April 2019

## Jacob L. Jørgensen

- Born in Sønderborg in 1890
- Established a company in Kolding in 1912
- Sold the company and founded Solar on 17 May 1919



## Public limited company in 1930 – General meeting in 1932



**Jacob L. Jørgensen passes away in 1967  
– new executive board consisting of  
Claes Ørssløff, Harald Jørgensen and Jørgen Borum.**



**Solar develops into Denmark's largest electrical wholesaler  
and exceeds one billion DKK in revenue in 1984.**

**In 1987, Carsten Ørssleff, Knud-Erik Hansen and Thorkild Thage-Jørgensen take over the executive board responsibilities and Solar makes acquisitions and becomes an international wholesaler.**



**Step down in 2006 but lay the foundation for Solar accomplishing DKK 10bn in revenue in 2007 and achieving the best result in the history of the company.**

## **Family affiliations**

**Seat on the executive board from 1919-1997.**

**Bought out a family branch in 2005.**

**The Borum family is still in.**

**Today, fourth generation sits on  
The Fund of 20th December, who in terms of votes  
is the majority shareholder in Solar.**



## Continuing activities, minus our activities in STI, Austria and Belgium

2018
Revenue DKK million
<b>11,098</b>
Organic growth (adj.)
<b>2.2%</b>
EBITA DKK million
<b>327</b>

2017
Revenue DKK million
<b>11,061</b>
Organic growth (adj.)
<b>7.0%</b>
EBITA DKK million
<b>310</b>

## CORE BUSINESS

2018

2017

Revenue  
DKK million

Revenue  
DKK million

10,538

10,649

Organic growth  
(adj.)

Organic growth  
(adj.)

1.1%

6.5%

EBITA  
DKK million

EBITA  
DKK million

348

340

## RELATED BUSINESS

2018

2017

Revenue  
DKK million

Revenue  
DKK million

560

412

Organic growth  
(adj.)

Organic growth  
(adj.)

28.9%

22.8%

EBITA  
DKK million

EBITA  
DKK million

-21

-30

## Follow-up on 2018

### Better than expected:

- **Operational excellence:**

Cost containment programme; within core business, total costs were reduced by DKK 45m.

### As expected:

- **Strategic suppliers and concept sales:**

Focus on strengthening each concept in order to gain both increased sales and strategic market positioning in each country as well as concept alignment and supplier consolidation across countries.

- Successful implementation of eWM at our central warehouse in Halmstad, Sweden.

### Weaker than expected:

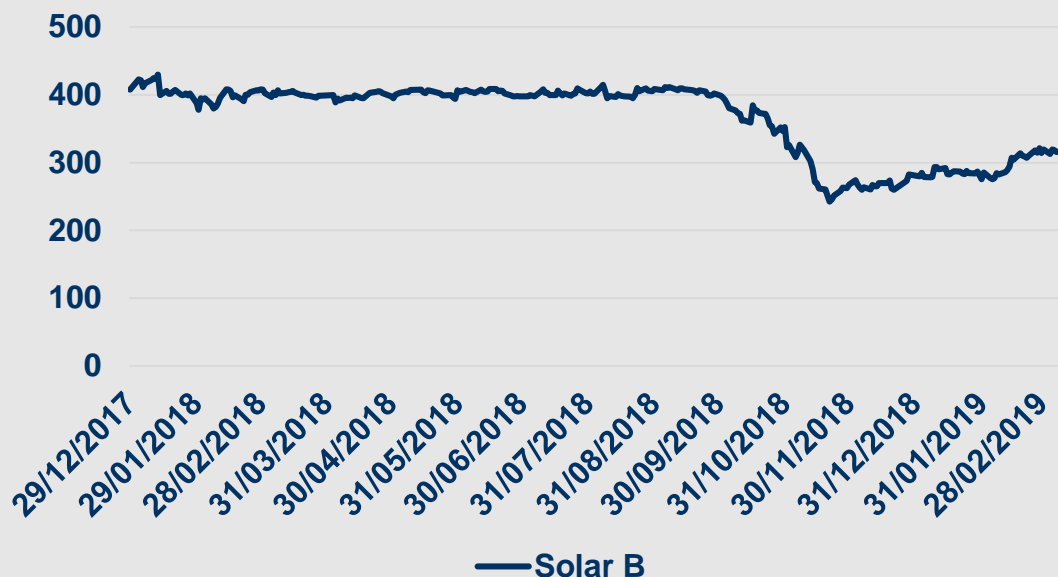
- **Industry focus:**

Slower development than expected, but also wins.

- Sales development in Solar Sverige and Solar Norge.



As many listed companies involved in construction, Solar saw a drop in the share price in 2018 despite core business delivering the best result since 2010



Since the end of 2018, the share price has slowly started to rise and is now at DKK 336.

## Possible reasons for the drop:

- Tainted history since the financial crisis
- General drop in construction-related shares in 2018
- Downward adjustment after Q3 due to Norway and Sweden

Solar's task is to perform and deliver results in order to get the share price to develop in the right direction.

## CORE BUSINESS

2019E	2018
Revenue DKK million	Revenue DKK million
<b>10,700</b>	<b>10,538</b>
Organic growth (adj.)	Organic growth (adj.)
<b>1.5%</b>	<b>1.1%</b>
EBITA DKK million	EBITA DKK million
<b>370</b>	<b>348</b>

## RELATED BUSINESS

2019E	2018
Revenue DKK million	Revenue DKK million
<b>650</b>	<b>560</b>
Organic growth (adj.)	Organic growth (adj.)
<b>15%</b>	<b>28.9%</b>
EBITA DKK million	EBITA DKK million
<b>-5</b>	<b>-21</b>

## Continuing activities, minus our activities in STI

**2019E**

Revenue  
DKK million

**11,350**

Organic growth  
(adj.)

**2%**

EBITA  
DKK million

**365**

**2018**

Revenue  
DKK million

**11,098**

Organic growth  
(adj.)

**2.2%**

EBITA  
DKK million

**327**

## Recalculation of our 2020 financial targets due to implementation of IFRS 16, leasing – target for dividends is also changed

2020 financial targets	Current	Adjusted 2020 targets
Growth, core business	Profitable growth above market level	Unchanged
Growth, related business	Organic growth of at least 15% per year	Unchanged
EBITA margin, core business	≥ 4% 2020 at latest, corresponding to ROIC of at least 15% after tax	≥ 4% in 2020 at latest, Corresponding to ROIC of at least 12% after tax
Equity interest	35-40%	Unchanged
Gearing (NIBD/EBITDA)	1.5-2.5	1.5*-3.0
Pay-out ratio	35-45%	At least 35%**

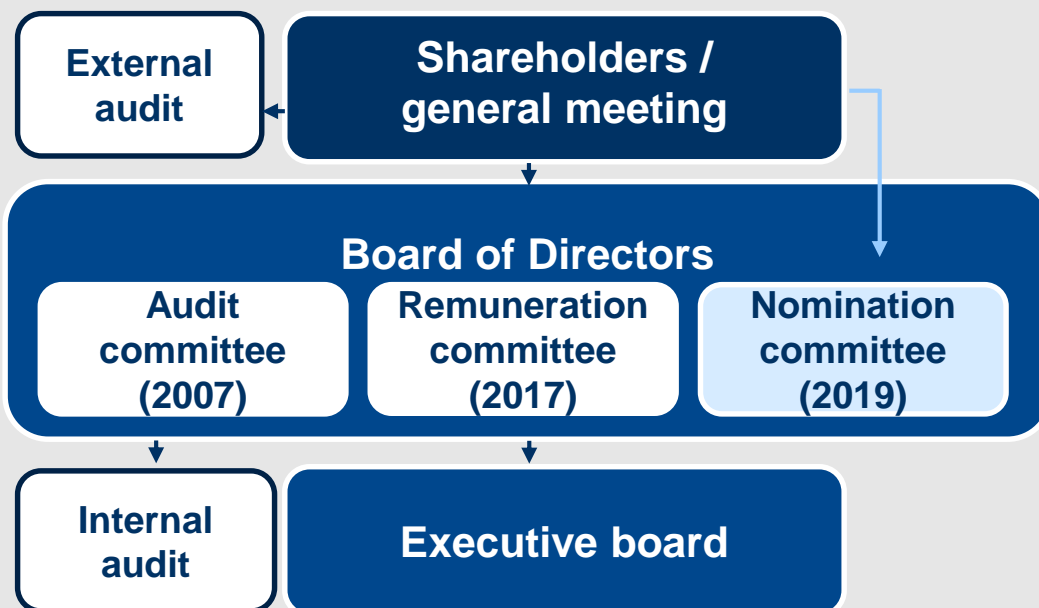
\* We maintain the lower part of the range as we want a higher degree of freedom in order to have sufficient capital in the company for continued development of the business.

\*\*\* Changed due to our historical pay-out ratios.



The Board of Directors has decided to **establish a nomination committee for proposing candidates to be elected to the board with participation of large shareholders.**

### Corporate governance structure

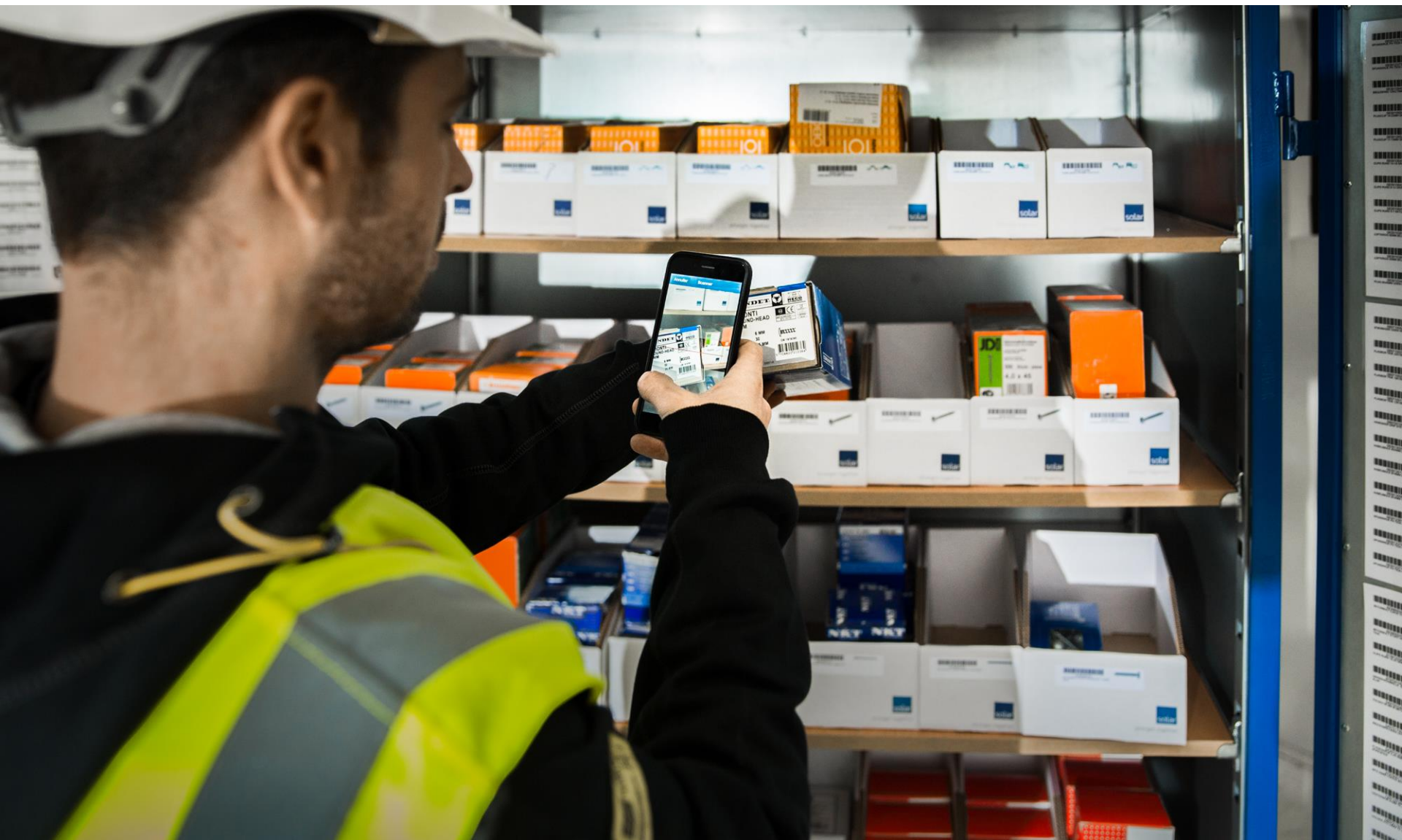


### Nomination committee

- To be established in 2019
- Shareholders are represented
- Terms of reference to be prepared and uploaded to solar.eu
- Overall description to be incorporated in Solar's corporate governance practice

# Focus on Solar's business

*Jens Andersen, CEO*



## Solar's strategic focus

### Financial targets and strategic focus areas



## To reach our financial 2020 targets, we have three strategic focus areas

Financial ratios	Financial 2020 targets*
Growth, core business	Profitable growth above market level
Growth, related business	Organic growth of at least 15% per year
EBITA margin, core business	At least 4% in 2020 at the latest, Corresponding to ROIC of at least 12% after tax
Equity interest	35-40%
Gearing (NIBD/EBITDA)	1.5**-3.0
Pay-out ratio	At least 35%***

### Our three strategic focus areas

#### Strategic suppliers:

We pursue opportunities for growth within concept sales.

#### Industry focus:

As industry sales is the most profitable of our key segments we will continue to focus on this business area.

#### Operational excellence:

We will continue to invest in improved productivity in order to continuously grow the company and expand the services we offer to our customers.














\* Technical recalculation due to implementation of IFRS 16, leasing.

\*\* We maintain the lower part of the range as we want a higher degree of freedom in order to have sufficient capital in the company for continued development of the business.

\*\*\* Changed due to our historical pay-out ratios.

# In year 1 of the next 100 years, we have increased our concept offer in all markets by:

- expanding the number of products and product categories within all concepts.
- consolidating strategic suppliers across concepts and markets.
- offering well-known and thoroughly tested concepts to other segments.
- expanding with 5 new concepts in all markets.

Solar	First 100 years		Year 1 of the next 100 years						
			solar plus <sup>®</sup>	solar light	solar netto <sup>®</sup>	solar project <sup>®</sup>	solar cable	solar heat	solar tools
			solar plus <sup>®</sup>	solar light	solar netto <sup>®</sup>	solar project <sup>®</sup>	solar cable	solar heat	solar tools
			solar plus <sup>®</sup>	solar light	solar netto <sup>®</sup>	solar project <sup>®</sup>	solar cable	solar heat	solar tools
			solar plus <sup>®</sup>	solar light	solar netto <sup>®</sup>	solar project <sup>®</sup>	solar cable	solar heat	solar tools
			solar plus <sup>®</sup>	solar light	solar netto <sup>®</sup>	solar project <sup>®</sup>	solar cable	solar heat	solar tools
Segments	Electrical + H&P Industry (only DK)	Electrical Industry	Electrical + H&P Industry	Electrical Industry	Electrical	Electrical + H&P	Industry	Electrical + H&P	Electrical + H&P Industry

## Concepts

*Year 1 of the next 100 years*

# With Solar's concepts we create a **durable competitive advantage**

solar|plus<sup>+</sup>

solar|netto<sup>®</sup>

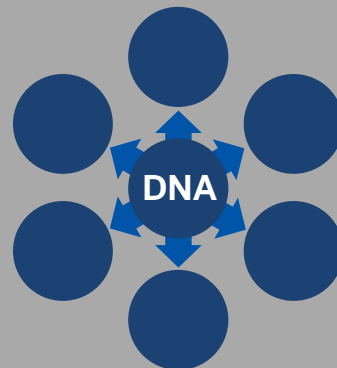
solar|project<sup>®</sup>

solar|light

solar|cable

solar|heat

solar|tools



## Concept DNA

A specific and competitive DNA has been defined for each of our concepts, fitted to specific target groups and introduced on all of our key markets

**We are starting to see clear results of our concept roll-out. Solar Netto is in index 137 across our four key markets .**



**DENMARK  
INDEX  
124**



**NORWAY  
INDEX  
139**



**SWEDEN  
INDEX  
199**



**HOLLAND  
INDEX  
132**



## Industry focus – development in the industry segment

### **The first 100 years**

- During the 70s, Solar develops its internal technical competences and establishes an actual technical industry department in 1976.
- The development continues in connection with the oil activities in the North Sea, as Solar establishes an Offshore/Marine department in 1981.

### **The last of the first 100 years**

- Establishment of a Scandinavian industry sales division.
- Wide and deep product assortment across key markets.
- Solar Plus Industry implemented in Scandinavia.
- Utilisation of logistical strengths and technical competences.
- Focus on select industries.

### **Year 1 of the next 100 years**

- Our Total Cost of Ownership (TCO) approach positions Solar as a strong sourcing and services partner towards industry customers.
- Raise Category Offer (RCO) supports this, as RCO is about expanding our product assortment with new product categories targeted at industry customers.



# Industry focus – we expand by more than 200,000 new products

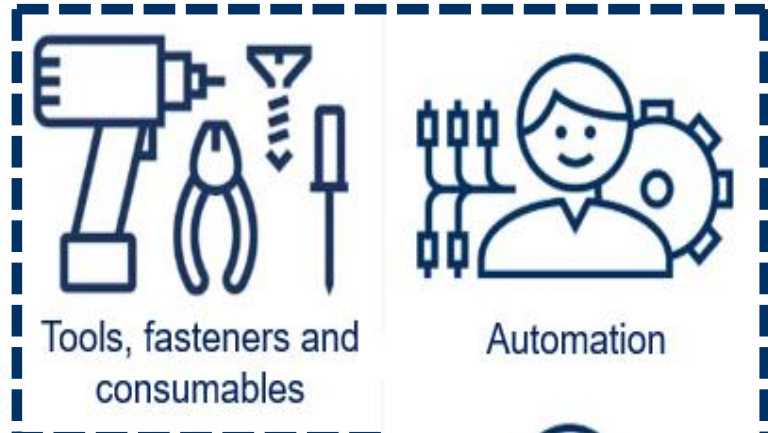
To be expanded by more than 200,000 new products



Installation, Cable & Cable management



Sanitation, heating and plumbing material



Tools, fasteners and consumables

Automation



Lighting



Renewable, Climate & Energy



Communication & Security



Engineering and Mechanics



## We have more than 100 employees at our **Polish Shared Services Centre**. They provide services within Master Data, Material Planning and technical support, etc.

### The first 100 years

- The Master Data and Material Planning functions were placed in five different countries with limited options to utilise synergies and delivered services of different and varying qualities.
- The tasks were handled five times, also when they related to the same suppliers and the same product categories.

### Year 1 of the next 100 years



# Operational excellence – AutoStore

*Year 1 of the next 100 years*

**AutoStore - We are expanding our inventory capacity without adding more warehouse space. We increase our capacity without hiring more employees.**

**The first 100 years**



**Year 1 of the next 100 years**



# We hold a strong position in terms of the digital transformation of the industry

## The first 100 years

- Digital frontrunner - e-commerce since 1988.

## Year 1 of the next 100 years

- More than DKK 6 billion in yearly digital revenue.
- Up to 80% of the sales in Denmark take place via webshop, mobile and EDI.
- Supported by our investments in digital start-ups.



# Solar panel parking space was recently opened by the Danish Minister of Energy, Utilities and Climate

## The first 100 years

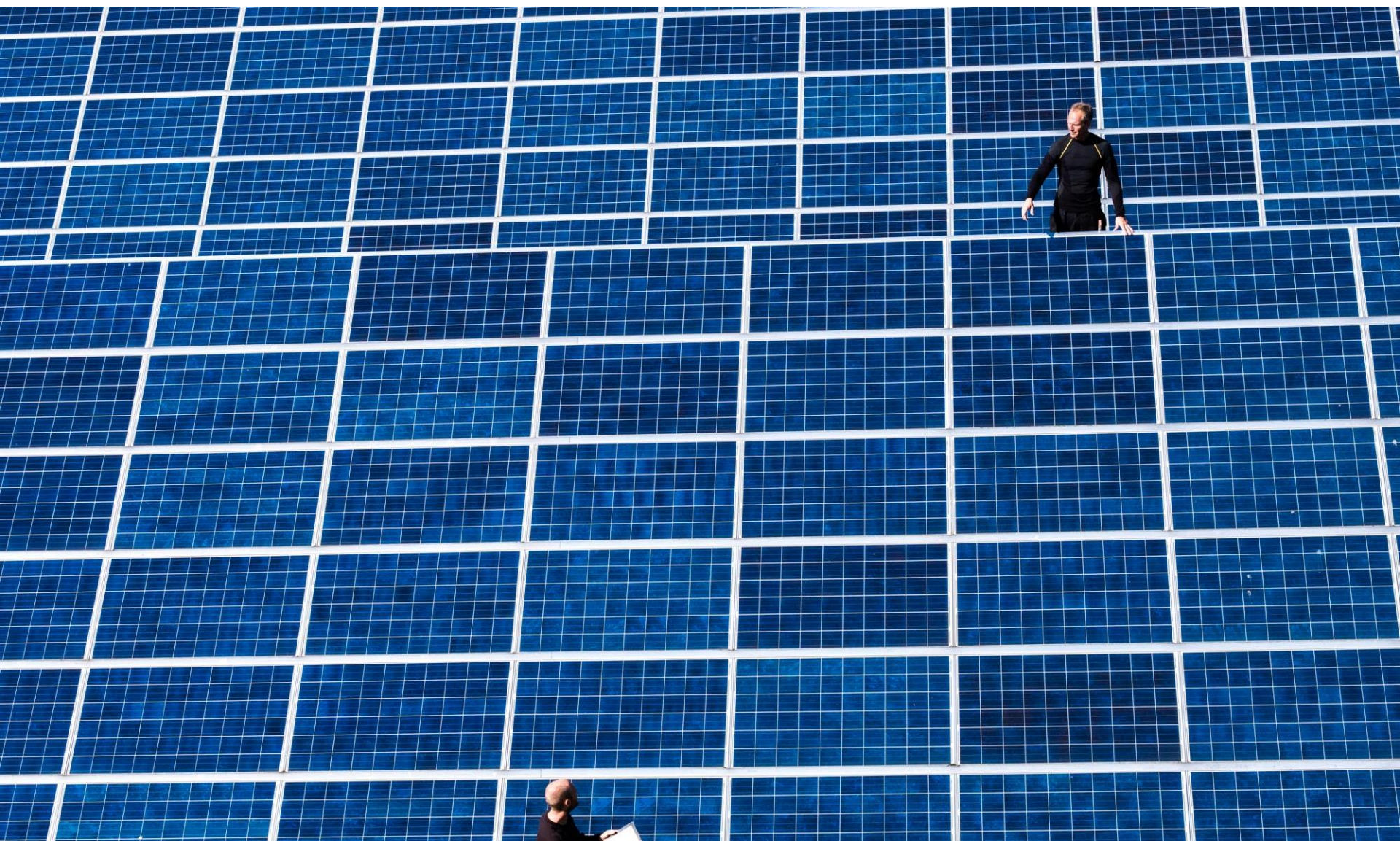
- Frontrunner on energy-efficient solutions.

## Year 1 of the next 100 years

- Unique solar panel parking space opened on 7 March 2019 by the Danish Minister of Energy, Utilities and Climate Lars Chr. Lilleholt.
- Sustainability, sound operational economy and comfort.
- The system consists of 510 solar panels, produces 150,000 kWh per year and supplies our data centre with power.
- It includes chargers for electric cars, as the concept is consistent with the increasing electrification and driving of electric cars.
- The complete construction was delivered by our subsidiary Solar Polaris.



**Financial statement 2018**  
*Michael H. Jeppesen, CFO*



## EBITA increased to DKK 327m from 310m despite a flat revenue development

### Revenue DKK million

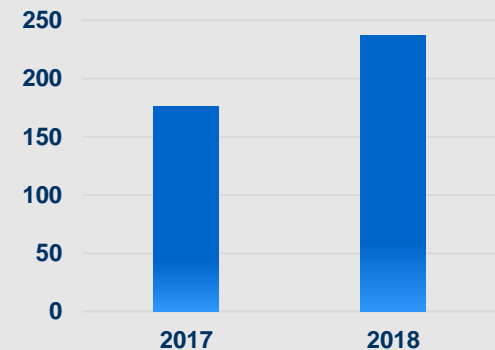
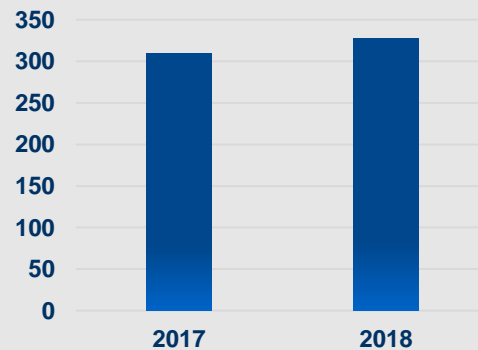
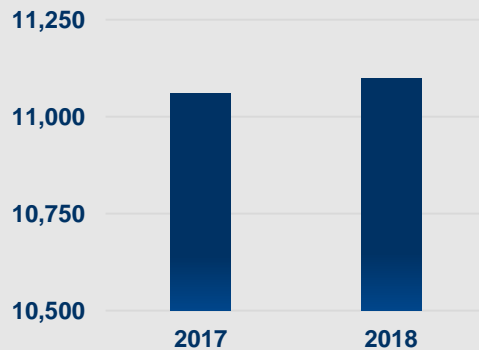
- 2018: 11,098
- 2017: 11,061

### EBITA DKK million

- 2018: 327
- 2017: 310

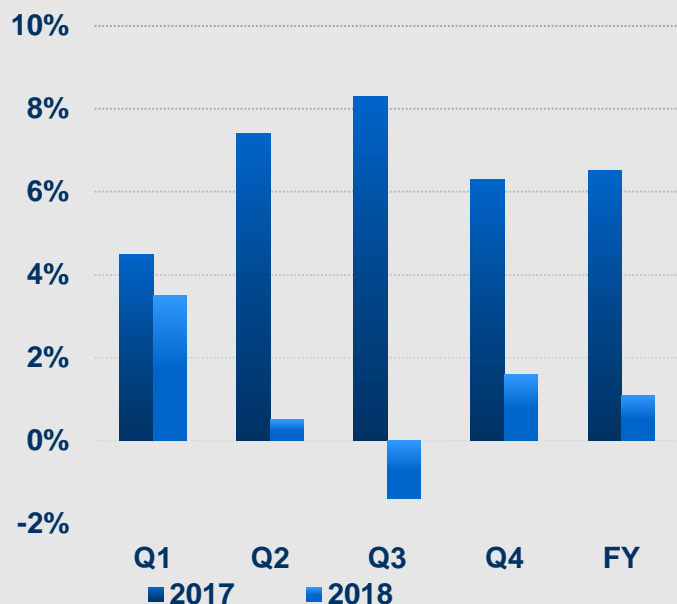
### EBT DKK million

- 2018: 237
- 2017: 176



## Adj. organic growth amounted to 2.2% in 2018, when MAG45 once again delivered strong growth

### Revenue

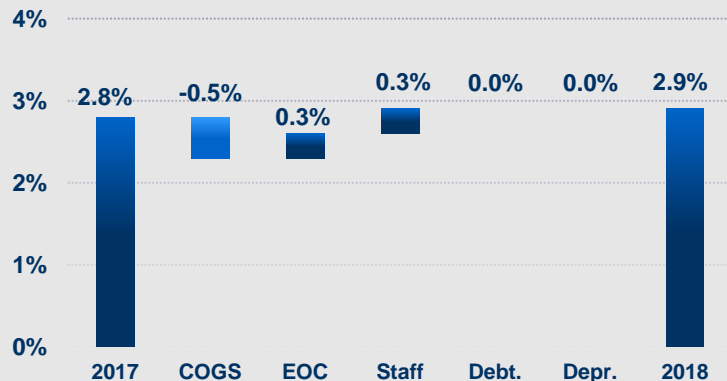


Adj. organic growth	2018	2017
Core business	1.1%	6.5%
Related business	28.9%	22.0%
Solar Group	2.2%	7.0%

- Core business;  
Negative growth in Sweden due to changes in the sales organisation and in Norway due to loss of a contract.
- Related business;  
MAG45 continued to deliver double-digit growth rates.

## Our cost-containment programme contributed to a strengthened EBITA margin

### EBITA margin



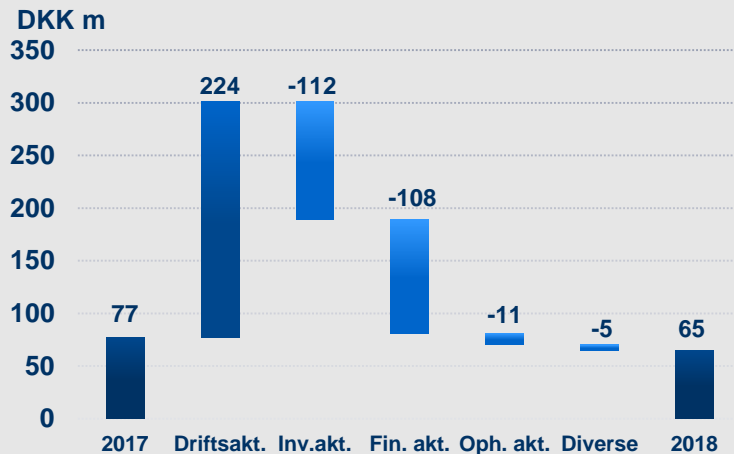
- Despite salary inflation, total costs were reduced by DKK 53m. Of this, approx. DKK 33m are attributable to exchange rate movements.
- MAG45 increased costs by a total of DKK 25m in order to support growth.
- Our cost containment programme thereby delivered savings of DKK 45m.
- Changes in geographical mix and product mix and increased freight costs affected gross profit.

	2018	2017
Revenue, DKK million	11,098	11,061
Revenue growth, %	0.3	6.4
Adj. organic growth, %	2.2	7.0
Gross profit, DKK million	2,247	2,285
Gross profit margin	20.2	20.7
EBITA, DKK million	327	310
EBITA margin	2.9	2.8

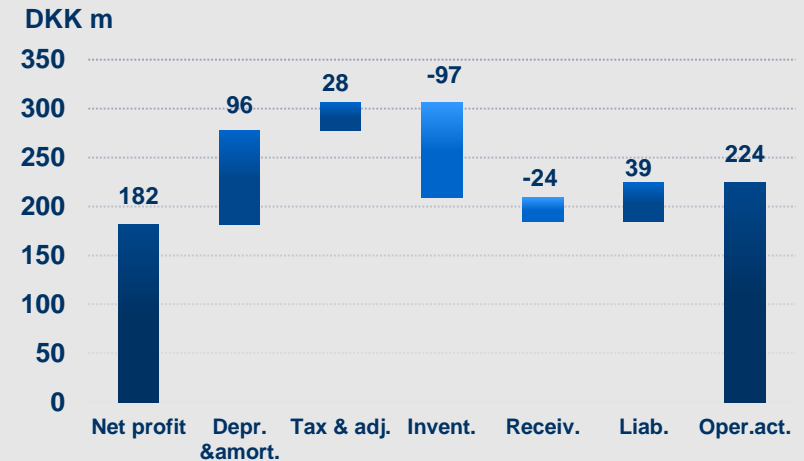


## Cash flow affected by investments in digital improvements

### Cash flow



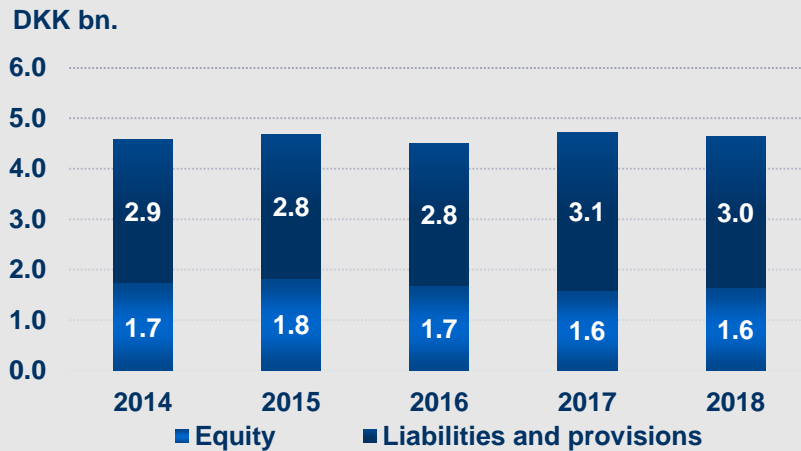
### Cash flow from operating activities



- Invested DKK 88m in digital improvements.
- Investments were positively affected by DKK 60m from the divestment of Austrian and Belgian activities.
- Paid out DKK 73m to shareholders.

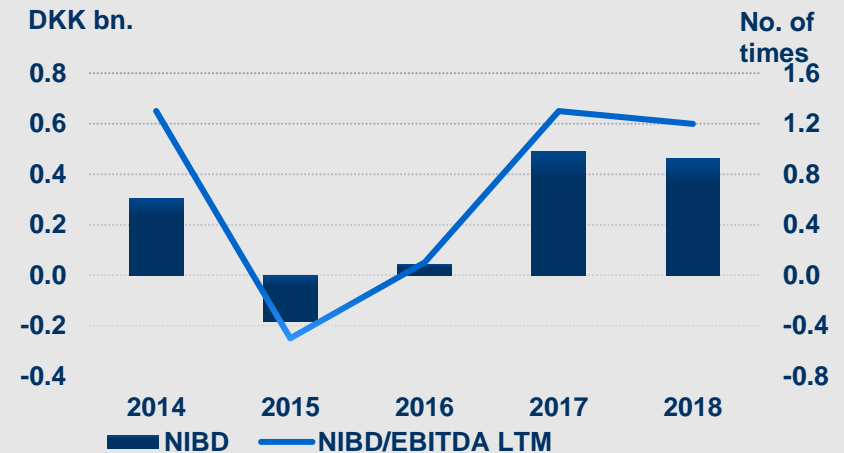
The balance sheet total is **basically unchanged**. The proceeds from the divestment of Austrian and Belgian activities contributed to a reduced gearing.

### Balance sheet total



- The balance sheet total amounted to DKK 4.6bn.
- Equity ratio of 35%.

### Gearing and interest-bearing debt, net



- At the end of 2018, interest-bearing debt, net amounted to DKK 461m.
- Average working capital of 10.6%.
- Gearing of 1.2 times EBITDA.

## Revenue of DKK 11,350m and EBITA of DKK 365m. Planned EBITA improvements of DKK 48m.

- For core business, we expect revenue of approx. DKK 10.7bn, corresponding to an organic growth of approx. 1.5%.
- During 2019, we will continue the roll-out of our eWM solution in Sweden and Norway. Furthermore, we are investing in optimisation of the central warehouse in Norway by implementing AutoStore, a robot storing and picking system. We expect the roll-out costs and temporary loss of efficiency to have a negative impact on EBITA of 0.1% in 2019.
- We expect gradual improvement in both Solar Sverige and Solar Norge, but earnings will remain below 2017 level.
- For related business, we expect revenue of approx. DKK 650m, corresponding to organic growth of approx. 15%.

DKK million	Core	Related	Group
<b>2017 publ. 12.01.2018</b>	<b>309</b>	<b>-45</b>	<b>264</b>
Divestment AT & BE	31	-	31
<b>2017, cont. act.</b>	<b>340</b>	<b>-45</b>	<b>295</b>
Indirect costs	-10	-	-10
EBITA loss SE & NO	-50	-	-50
Improvements	68	12	80
Divestment STI	-	12	12
<b>2018, cont. act.</b>	<b>348</b>	<b>-21</b>	<b>327</b>
eWM roll-out costs	-10	-	-10
Planned improvements	32	16	48
<b>2019, guidance</b>	<b>370</b>	<b>-5</b>	<b>365</b>

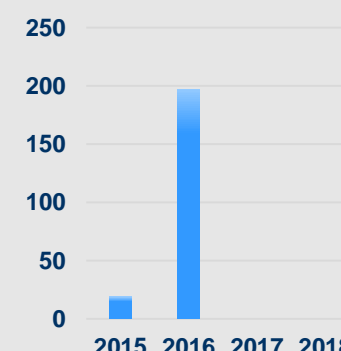
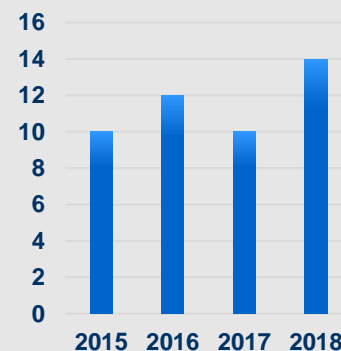
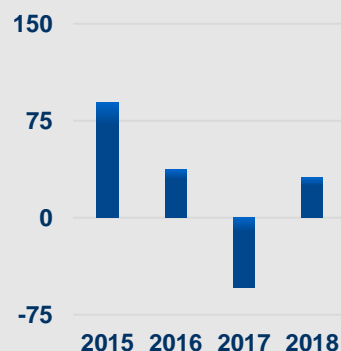
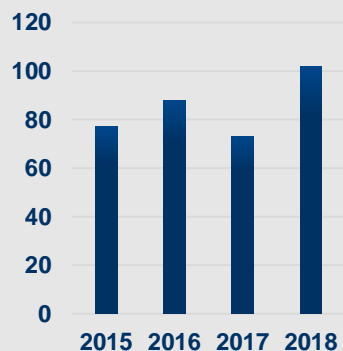
# Paid out DKK 73m to the shareholders in 2018. Proposal to pay out DKK 102m as dividends in 2019.

Dividends to shareholders DKK million
• 2018: 102
• 2017: 73
• 2016: 88
• 2015: 77

Retained earnings DKK million
• 2018: 31
• 2017: -54
• 2016: 37
• 2015: 89

Dividends per share DKK
• 2018: 14.00
• 2017: 10.00
• 2016: 12.00
• 2015: 10.00

Share buy-back DKK million
• 2018: -
• 2017: -
• 2016: 197
• 2015: 19



**Proposals from the Board of Directors**  
*Bo Hulse, chairman of the general meeting*



## Authorisation to distribute extraordinary dividend

- The board of directors proposes that the company's board of directors be authorised in the period until the next annual general meeting to pass a resolution to distribute extraordinary dividend of up to DKK 15.00 for each share.

## Authorisation to acquire treasury shares

- The board of directors proposes that the company's board of directors be authorised in the period until the next annual general meeting to allow the company to acquire treasury shares for a consideration. It is proposed that authorisation be granted to acquire up to 10% of the company's share capital and that the price be at the current market price plus/minus 10%.

## **Reduction of the share capital**

- The board of directors proposes a reduction of the company's share capital by DKK 38,562,500, nominal value, by cancelling part of the company's holding of treasury shares and consequently amending articles 3.1 and 3.2 in the company's articles of association.
- If the capital reduction is adopted and carried through, the total share capital in article 3.1 of the articles of association will be amended from "DKK 774,562,500" to "DKK 736,000,000", and in article 3.2, B shares will be amended from "DKK 684,562,500" to "DKK 646,000,000".



## Authorisation to carry through a capital increase

- The board of directors' authorisation to carry through a capital increase expires on 1 April 2019; cf. articles 9.1 and 9.2 of the articles of association. As a result hereof and in light of the proposal to reduce the company's share capital by cancelling treasury shares, the board of directors proposes to renew the authorisation, so that the board of directors be authorised until 1 April 2023 to increase the company's share capital in one or more issues by new subscriptions of B shares by up to DKK 64,600,000 with and without pre-emptive rights for the present shareholders.
- This implies an amendment of articles 9.1, 9.2 and 9.4 of the company's articles of association. In all three articles, "DKK 68,456,000" is amended to "DKK 64,600,000". In articles 9.1 and 9.2, "1 April 2019" is amended to "1 April 2023".

## **Proposal for the board of directors' remuneration in 2019**

- The board of directors proposes that the members of the board of directors in 2019 receive unchanged remuneration of DKK 175,000.
- The chairman of the board of directors will receive triple remuneration, and the vice chairman of the board of directors and the chairman of the audit committee will receive one and a half times the remuneration covering their extended duties.

## **The Fund of 20th December proposes new election of:**

### **Morten Chrono (born 1966)**

- MBA from Cranfield School of Management (2001) and Civil and Constructional Engineer from the Engineering College of Aarhus (1994). Has subsequently supplemented those with professional development at IMD and Stanford Graduate School of Business, most recently The Corporate Entrepreneur (2015) and Stanford Executive Program (2011).
- Dep. Group CEO HusCompagniet, previously group managing director at NCC Construction A/S (2005-2009), Group CCO at Brdr. A&O Johansen A/S (2009-2013) and managing director at Spæncom (2013-2017). Has managed business units in Denmark, Sweden, Norway, Germany and England.
- Has held management positions within the construction industry/wholesale business in Denmark and abroad for the past 25 years and has significant knowledge of Solar's core business and the markets we operate in.

## **The Fund of 20th December proposes re-election of the current board members elected by the general meeting:**

- Jens Peter Toft
- Louise Knauer
- Peter Bang
- Jesper Dalgaard
- Jens Borum

## The board of directors proposes re-election of auditor

- The board of directors proposes re-election of PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab in accordance with the recommendation of the audit committee.
- The audit committee has not been influenced by third parties and is not subject to any agreements with third parties that restrict the general meeting's election of specific auditors or audit firms.

## **Authorisation to the chairman of the meeting**

- The board of directors proposes that the chairperson of the general meeting (with a right of substitution) be authorised to file and register the adopted resolutions with the Danish Business Authority and to make such amendments to the documents filed with the Danish Business Authority, as the Danish Business Authority may request or find appropriate in connection with the registration of the adopted resolutions.

Any other business



Any other business