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# Solar A/S Annual General Meeting 2023

17 March 2023



# Agenda

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1. Election of chair of the meeting
2. The Board of Directors' report
3. Approval of the Annual Report
4. Allocation of profits
5. Proposals from the Board of Directors
6. Indicative vote for approval of the remuneration report
7. Proposal for the Board of Directors' remuneration
8. Election of members to the Board of Directors
9. Appointment of auditor
10. Authorisation to the chair of the meeting
11. Any other business



# The Board of Directors' report

Michael Troensegaard Andersen  
Chair of the Board of Directors



# Strong EBITDA performance

## EBITDA margin increased to 8.5%

### 2022

Revenue  
DKK million.

**13,863**

EBITDA  
DKK million

**1,175**

EBITDA  
Margin

**8.5**

### 2021

Revenue  
DKK million

**12,354**

EBITDA  
DKK million

**911**

EBITDA  
Margin

**7.4**

# Follow-up on 2022

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## Better than expected

- Strong growth rates in Installation, Industry and Trade, but especially in Climate & Energy
- Increased concept sale
- One-off price increases of approx. DKK 215m

## As expected

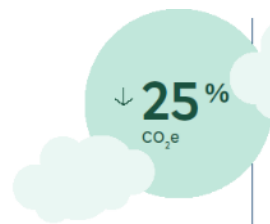
- Better Business effects
- Expansion and automation of Warehouse Vejen

## Less than expected

- Cost inflation

## Warehouse Vejen expansion completed

- 11,000 sqm expansion
- AutoStore, 125 robots and 108,000 boxes
- Heat pumps and solar panels contributed to 23% CO<sub>2</sub> emission reduction in 2022



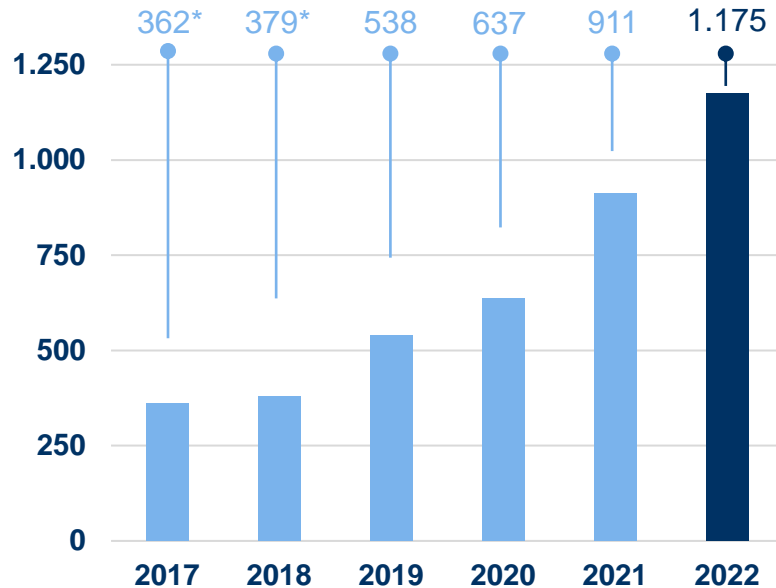
## From blue to green

- CO<sub>2</sub> target in scope 1 & 2: Net-Zero in 2030
- CO<sub>2</sub> target in scope 3: 25% reduction in 2030 compared to 2020
- Emission targets sent to SBTi for validation

# From 2017 to 2022, EBITDA increased by DKK 813m solar

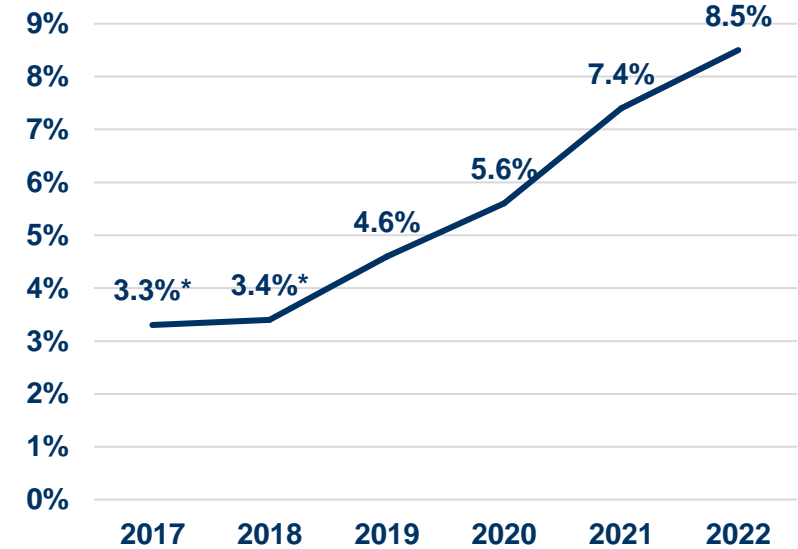
## EBITDA 2017-2022

DKK million



\* Not adjusted for IFRS16 impact

## EBITDA margin 2017-2022

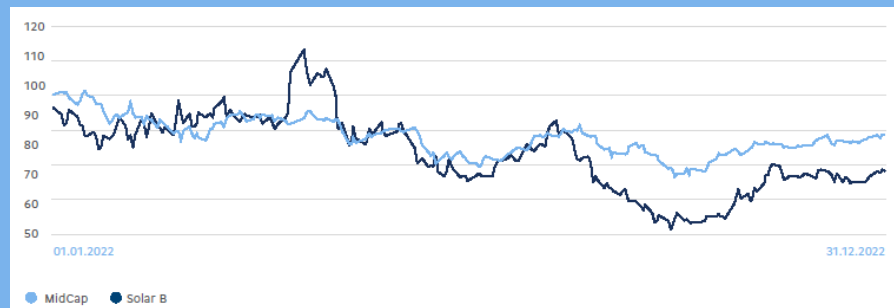


\* Not adjusted for IFRS16 impact

## 2022: Payment of dividend of DKK 658m to the shareholders corresponding to DKK 90 per share

- In 2022, we paid DKK 45.00 in ordinary dividend and DKK 45.00 in extraordinary dividend per share, respectively, corresponding to a total of DKK 658m. The total dividend percentage then amounted to 124%.
- In 2023 it is proposed to the annual general meeting to pay DKK 45.00 in dividend per share corresponding to a total of DKK 329m.
- Solar's ambition is to pay an attractive dividend to our shareholders.
- Over a five-year period, Solar's B share has generated a total shareholder return of 95%.

### Share price development 2022



# Report

Jens E. Andersen  
CEO





# Solar has acquired 51% of ThermoNova A/S

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- ThermoNova is manufacturer of industrial air/water and air/air heat pumps and will contribute to further strengthen Solar's focus area Climate & Energy.
- Solar enters a market with significant potential within the industry segment as well as our many installation customers specialised in green solutions.
- Solar has ThermoNova heat pumps installed on the roof of Warehouse Vejen. In combination with solar panels they provide heating for 60,000 sqm.
- The total expected price for 51% of the shares including a variable amount and newly issued shares is DKK 174m. The acquisition is financed via withdrawals from Solar's cash resources.

# Expansion and automation of Warehouse Vejen

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Our strategic focus areas continue their strong performance. Thus, we increase our targets once again. solar



## Concepts



2023 Ambitions  
**>25%**  
Revenue



## Industry



2023 Ambitions  
**>35%**  
Revenue



## Climate & Energy



Previous Ambitions  
**>5%**  
CAGR

2023 Ambitions  
**>40%**  
Revenue



## Trade



Previous Ambitions  
**>7.5%**  
CAGR

2023 Ambitions  
**>15%**  
Revenue

**Our financial targets for  
2023 are unchanged**

**EBITDA margin**

**>6.5%**

**ROIC after skat**

**>20%**

**Gearing**

**1.5-3.0x**

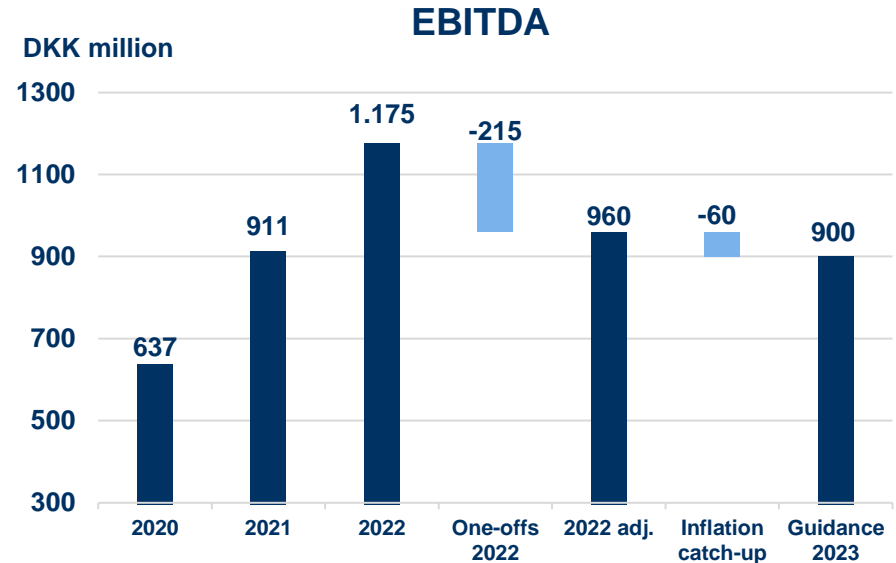
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# 2023 guidance: Revenue of DKK 13,700m and EBITDA of DKK 900m

## Assumptions for guidance 2023

- Due to the increased geopolitical and macroeconomic uncertainty, our market outlook is characterised by greater uncertainty, particularly for H2 2023.
- Cost and wage inflation started to rise during the latter part of 2022, and we expect this to continue well into 2023. We have implemented, and will continue to implement, mitigating measures, which will bring the expected impact from cost and wage inflation well below the general price increases.
- We expect the global supply chain to continue to normalise in 2023. Climate & Energy is a strategic focus for Solar and a growing market. However, we still see challenges on the supply side in relation to climate and energy products.
- During the last years, we have seen substantial price increases from our suppliers. We expect this to normalise in 2023. However, Solar has a proven track record of strong price management.
- Our 2023 guidance does not include any significant restructuring costs.



# Financial statements 2022

Michael H. Jeppesen  
CFO

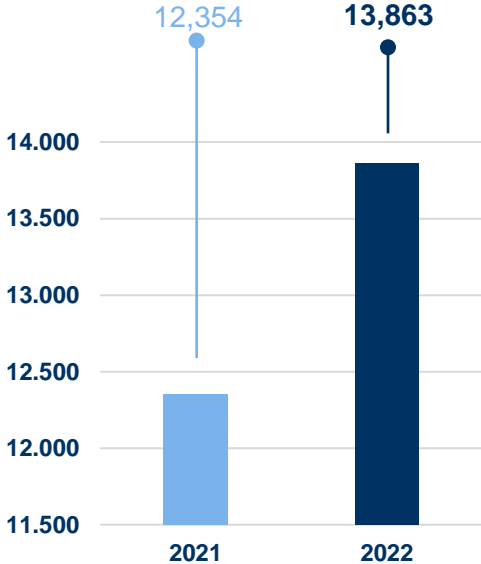


# EBITDA increased by DKK 264m corresponding to 29%

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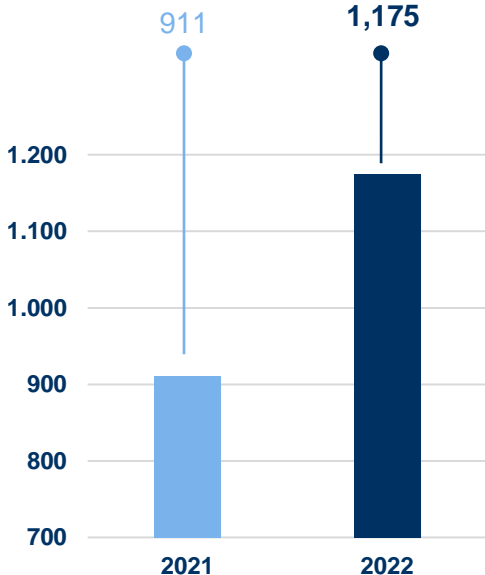
## Revenue

DKK million



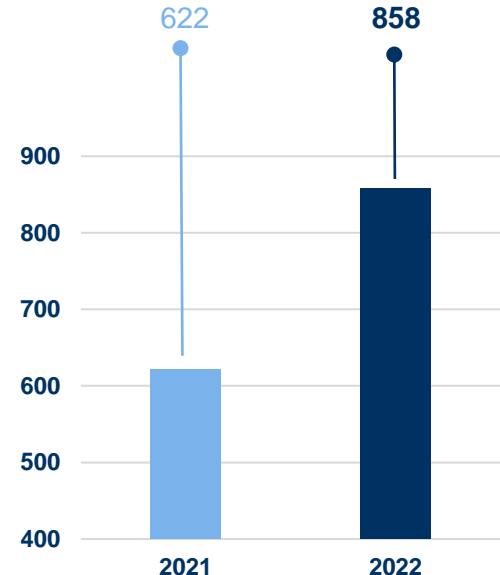
## EBITDA

DKK million



## EBT

DKK million

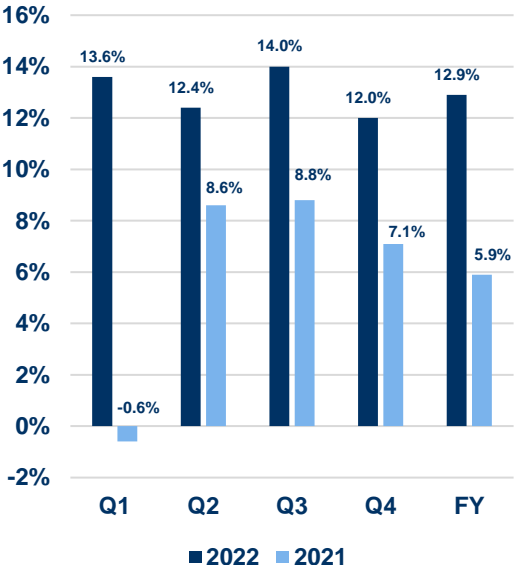


# Revenue amounted to DKK 13.9bn - an increase of DKK 1.5bn

## Adjusted organic growth increased to 12.9%

- All our markets saw growth in 2022. Climate & Energy delivered adj. organic growth of 81% corresponding to a total revenue of DKK 1.3bn.
- **Installation:** Adjusted organic growth of approx. 10% (3%), and the growth was primarily driven by the electrical segment. All markets saw growth in Installation.
- **Industri:** Adjusted organic growth amounted to 17% (9%) primarily related to Marine & Offshore and OEM.
- **Trade:** Adj. organic growth amounted to approx. 23% (17%).

## Organic growth adjusted for working days



## Solar Group

	2022	2021
Revenue, DKK m	13,863	12,354
Revenue growth, %	12.2	7.8
Adj. organic growth, %	12.9	5.9



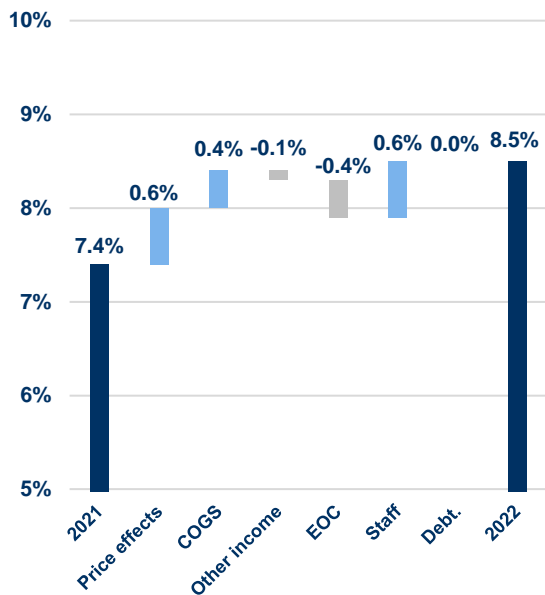
# Record high EBITDA of DKK 1,175m in 2022

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## 2022 EBITDA increased by 29%

- All markets improved EBITDA in 2022.
- The EBITDA increase was supported by our four strategic focus areas Concepts, Industry, Climate & Energy and Trade, and of positive one-off price effects combined with a solid growth level.
- One-off price effects affected gross profit positively by approx. DKK 215m against approx. DKK 115m in 2021.
- Rising prices, including energy prices, had a negative effect on cost development. Increased costs were also driven by strong performance.

## Development in EBITDA margin



## Solar Group

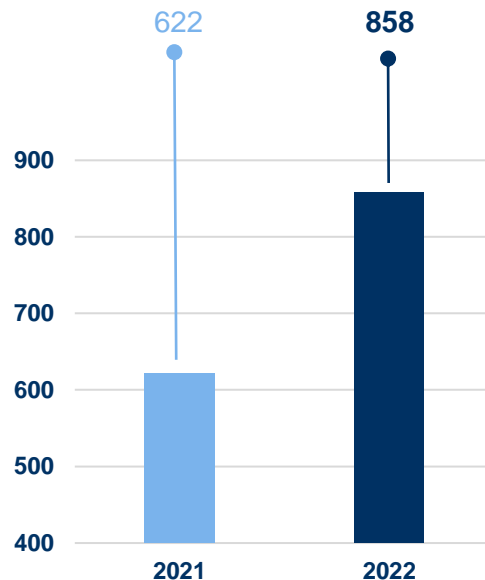
	2022	2021
Revenue, DKK m	13,863	12,354
Revenue growth, %	12.2	7.8
Adj. organic growth, %	12.9	5.9
Gross profit, DKK m	3,245	2,773
Gross profit, %	23.4	22.4
EBITDA, DKK m	1,175	911
EBITDA margin	8.5	7.4

# Earnings before tax (EBT) increased by DKK 236m solar

## Earnings before tax (EBT)

- EBT increased by DKK 236m.
- As ratio of revenue, EBT amounted to 6.2% against 5.0% in 2021.

## EBT



## Solar Group

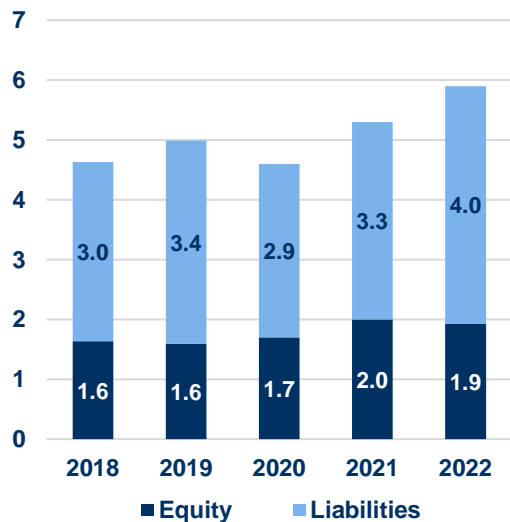
	2022	2021
EBITDA, DKK m	1,175	911
EBITDA margin	8.5	7.4
EBIT, DKK m	909	672
EBIT margin	6.6	5.4
EBT, DKK m	858	622
EBT margin	6.2	5.0
PAT, DKK m	660	531
PAT margin	4.8	4.3

# The balance sheet total increased among others due to large investments

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## The balance sheet total increased by DKK 596m

DKK billion



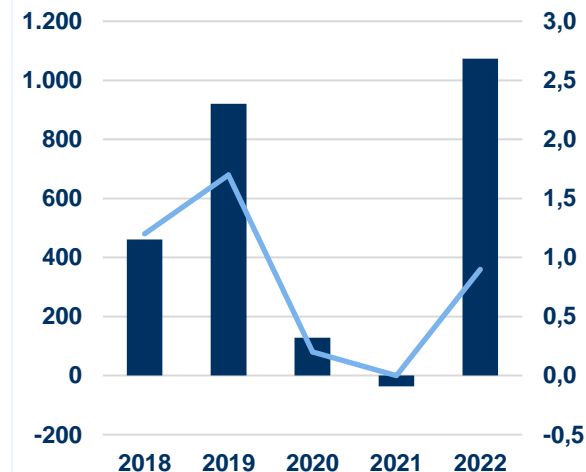
## Balance sheet total and gearing increased

- The balance sheet total amounted to DKK 5.9bn.
- Equity ratio of 33%.
- At the end of 2022, NIBD amounted to DKK 1,074m.
- At the end of 2022, NWC increased to 15.9% from 10.2%.
- Inventory increased as response to goods shortage.
- Trade debtors increased due to revenue growth.
- Gearing at 0.9 times EBITDA.

## Gearing increased to 0.9 times EBITDA

NIBD DKK million

Gearing, no. of times



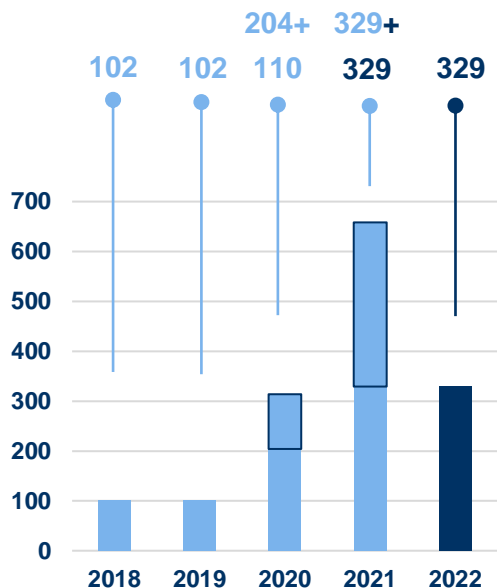
# Allocation of profit.

## Proposed dividend of DKK 329m.

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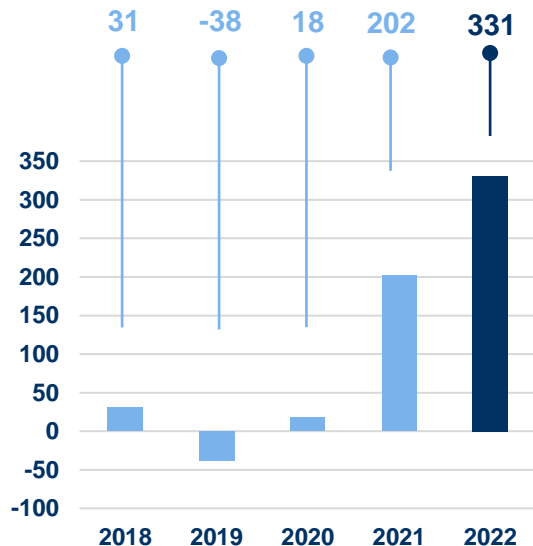
### Dividend

DKK million



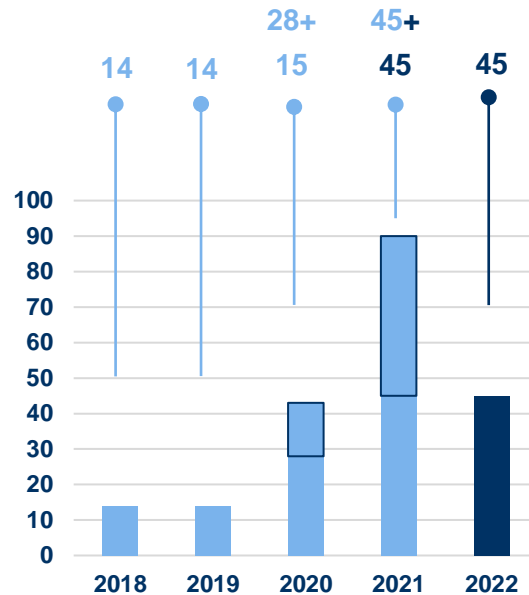
### Retained earnings

DKK million



### Dividend per share

DKK



# Proposals from the Board of Directors

**Bo Holse**

**Chair of the meeting**

# Authorisations to the Board of Directors

## Distribution of extraordinary dividend

- The Board of Directors proposes that the company's Board of Directors be authorised in the period up until the next annual general meeting to distribute extraordinary dividend of up to DKK 50.00 per share.

## Acquisition of own 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 own shares for consideration. It is proposed that the authorisation be granted for the acquisition of up to 10% of the share capital, and in such a manner that the consideration does not deviate by more than 10% from the latest quoted market price for the company's class B shares at the time of acquisition.

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## Proposed amendments to the articles of association

- The Board of Directors proposes that articles 7.1, 9.1, 9.2, 10.4 - 10.6, 11.1, 11.2, 12, 13.1, 13.3, 13.5 and 17.1 of the company's articles of association be amended.

The amendments comprise, among other things, an extension of the Board of Directors' authorisation to carry out capital increases, an update of the agenda for the annual general meeting as well as clarification and simplification of various provisions. All proposed amendments are highlighted in Appendix 1.

# Remuneration policy

## Approval of the company's remuneration policy for the Board of Directors and the Executive Board.

- The Board of Directors proposes that the company's remuneration policy be amended in accordance with the attached Appendix 2 in which the proposed amendments are highlighted.

The amendments are mainly clarifications. In addition, it is also proposed that the current system under which members of the Board of Directors may obtain compensation for lost income be amended so that the members of the Board of Directors can be paid a fixed fee for each board meeting or committee meeting they attend.





# Remuneration Report 2022

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## Indicative vote for approval of the remuneration report

- Indicative vote on the remuneration report prepared by the Board of Directors concerning remuneration to members of the Board of Directors and the Executive Board in 2022.





## Proposal for the Board of Directors' remuneration

- The Board of Directors proposes that the fixed fee for members of the Board of Directors in 2023 remains at DKK 200,000.

The chair of the Board of Directors will receive triple remuneration, and the vice chair of the Board of Directors and the chair of the Audit Committee will receive 1½ times the remuneration to cover their extended duties.

With reference to item 5.4, it is proposed that members of the Board of Directors, in addition to the fixed remuneration stipulated above, also receive DKK 15,000 for each physical board meeting or committee meeting that they attend, and DKK 7,500 for each virtual board meeting or committee meeting that they attend.

# The nomination committee proposes

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## Re-election of the current members of the Board of Directors



Michael T. Andersen



Jesper Dalsgaard



Louise Knauer



Peter Bang



Morten Chrono



Katrine Borum

# Appointment of auditor

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**In line with the Audit Committee's recommendation, the Board of Directors proposes that Deloitte, Statsautoriseret Revisionspartnerselskab, be re-elected as the company's auditor.**

The Audit Committee has not been influenced by third parties and is not subject to any contractual terms limiting the election by the general meeting to certain auditors or audit firms.

The Deloitte logo is displayed in white text on a black rectangular background. The word "Deloitte" is written in a bold, sans-serif font, followed by a small green dot.

# Authorisation to the chair of the meeting

- The Board of Directors proposes that the general meeting authorises the chair (with a right of substitution) to register with the Danish Business Authority the reportable resolutions adopted by the general meeting and to make such amendments to the documents prepared in connection with these resolutions as may be required by the Danish Business Authority in order to register these resolutions.

**Any other business**

