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# 2015

## Annual General Meeting

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**Jens Borum, Chairman of the Board of Directors**

**Anders Wilhelm, CEO**

**Michael H. Jeppesen, CFO**

27 March 2015

Solar A/S, Vejen



# Agenda



- 1 Report of the Board of Directors**

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- 2 Presentation of annual report for adoption**

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- 3 Resolution concerning covering of loss as per the adopted annual report**

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- 4 Proposal of the Board of Directors**

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- 5 Proposed remuneration of the Board of Directors**

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

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- 7 Election of auditor**

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- 8 Any other business**

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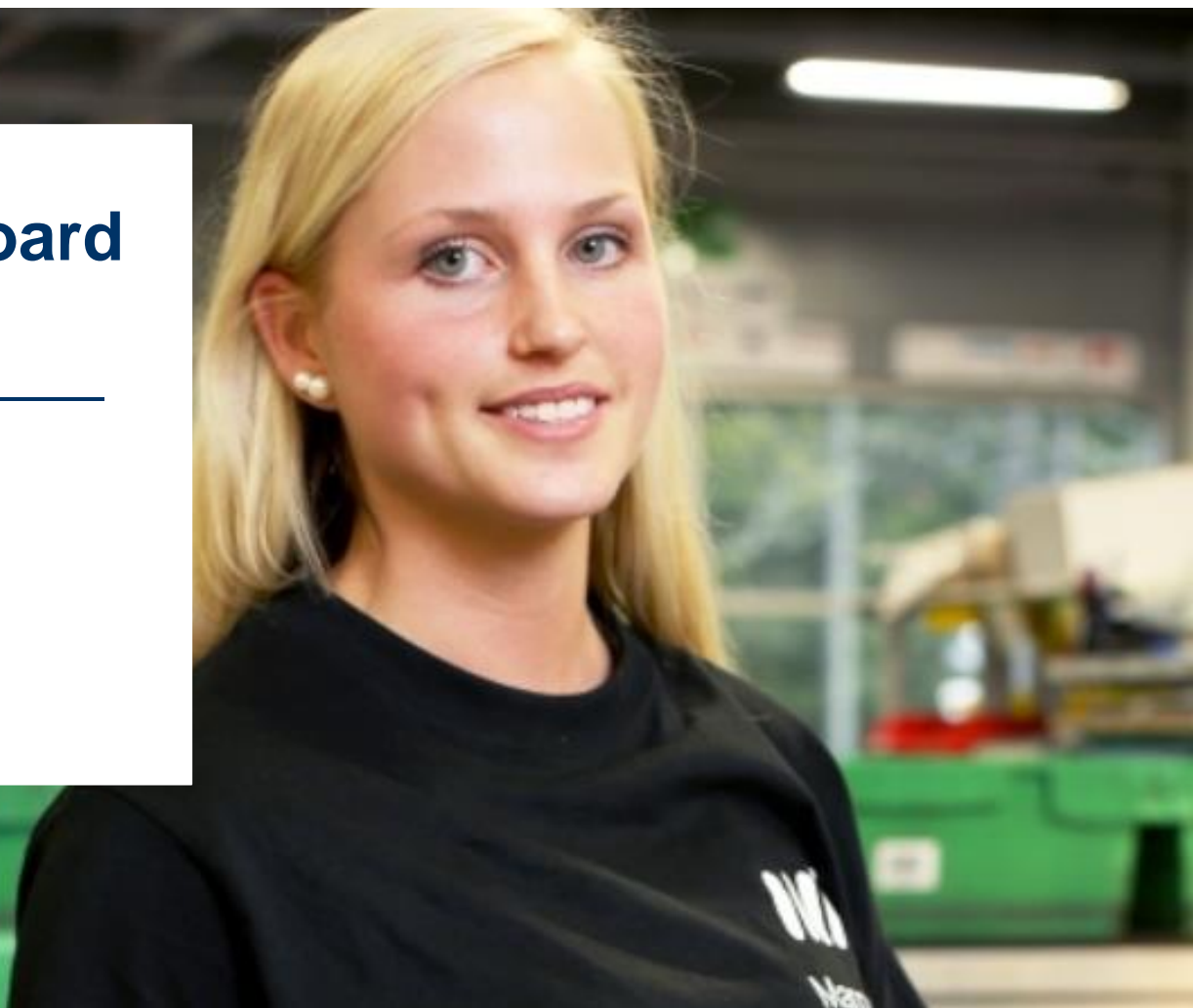


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# Report of the Board of Directors

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Jens Borum,  
Chairman of the Board of Directors



## 2014 in general figures



DKK million	2014	2013
Revenue	10,252	10,463
EBITA	117	225
Effect from divestment of Aurora Group	3	-11
Restructuring costs	86	38
Solar 8000 costs	13	27
Write-downs at fair value	31	-
Normalised EBITA	250	279

## Unsatisfactory financial result in 2014



- Unsatisfactory financial result in 2014 – among other things due to weak market development in Denmark and the Netherlands
- The result is affected by high non-recurring costs for restructurings and write-downs
- Huge changes in the Netherlands in order to be able to service the customers more efficiently and to reduce the cost level

# New CEO – new identity: Solar – a sourcing and services company



- Analysis with a fresh pair of eyes
- Changes in Solar Management Team
- Today, we define ourselves as a sourcing and services company where focus is on the customers' needs and behaviour instead of the traditional wholesaler's very strong focus on the supplier

# Divestment of our German activities

## Solar Deutschland

- Divestment of German activities
- Our German business has been loss-making for several years
- In-depth analysis during 2014
- Different strategic alternatives have been analysed, including divestment
- Proposal from Sonepar comprised a reasonable price and the jobs of all employees were ensured
- The best decision for Solar and in line with our strategy of profitable growth

# Integration and optimisation in the Netherlands and Belgium



## Integration and optimisation

- Integration of Conelgro, the Netherlands, and Claessen, Belgium, into Solar Nederland in order to consider the customers of Conelgro and Claessen and to give them full access to all of Solar's products and services
- Solar Nederland's customers will be given access to an extended network of branches
- Gathering and optimisation of all back-office functions in Alkmaar and merger of branches
- Optimisation of Solar Nederland's supply chain set-up, including closing down of the central warehouse in Zwolle
- The integration is expected to be finalised before the end of 2015
- The overall business activities in the Netherlands and Belgium is gathered under the management of Martin Trampe, MD Benelux



## Other important initiatives

- With the SAP implementation in Solar Sverige in June 2014, we have now completed the SAP project and can utilise the mutual IT platform on our main markets
- Relocation of the headquarters from Kolding to Vejen

- Dividends of DKK 7.00 per share
- Keep opportunities open for acquisitions for business development and business expansion
- Authorisation to payment of extraordinary dividend and purchase of own shares is a standard authorisation in order to avoid having to invite for an extraordinary annual general meeting

## Focus

- Improved earnings - optimisation
- Expansion of platform - acquisition
- Sourcing and services company – a journey

## Guidance 2015

- Revenue                      DKK 10.0–10.3 billion
- EBITA                         DKK 200-250 million

solar

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# Change

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Anders Wilhjelm, CEO



# Acceleration of change



From



**YESTERDAY**

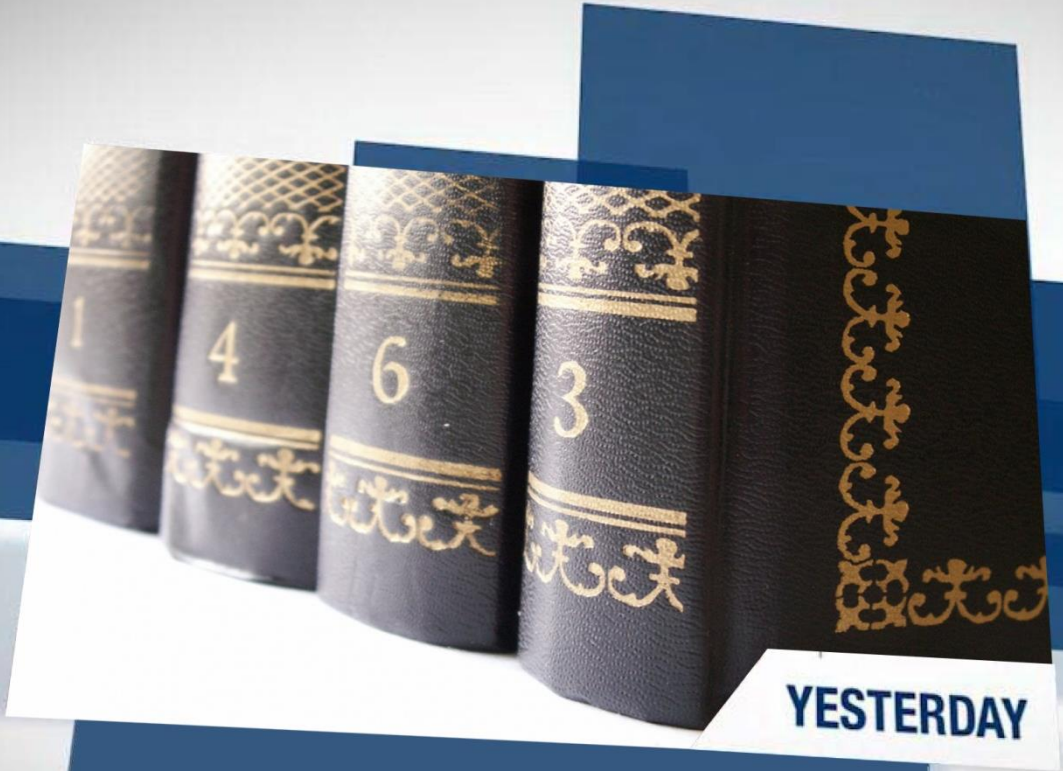
**COMMUNICATION**

...to



# COMMUNICATION

From



**INFORMATION**



...to



**TODAY**

**INFORMATION**

From



...to



**TODAY**

**TRANSACTION**

From



**SHOPPING**

...to

solar



**SHOPPING**

# Solar's customer... is a consumer at work



## Requirements:

- Transparency
- Relevance
- Convenience
- Productivity/efficiency

# Solar – a sourcing and services company

## What does this mean?



We work with our customers:

- to bundle their spend and improve their sourcing.
- to create the best offer and to proactively develop alternatives.
- to optimise their productivity, to optimise transportation costs and to minimise required inventory.
- to improve their employees' skills and efficiency.



\* Professionals in technical installation

\*\* Professionals within the industry sector

# Changes in Solar



- Business transformation – a consequence
- Cultural change – a requirement
- Innovation – a pre-condition
- Development and expansion – a necessity
- Profitable growth – a simple strategy





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# Financial statements 2014

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Michael H. Jeppesen, CFO



## Effective from presentation of the annual report, Solar changed its presentation currency to DKK



<b>Guidance 2014 incl. Solar Deutschland</b>	<b>€ million</b>	<b>DKK million</b>
Revenue	1,500	11,188
EBITA	9	67
Normalised EBITA	27	201

## EBITA incl. Solar Deutschland on level with expectations for 2014



DKK million	Expectations incl. DE	2014 incl. DE
Revenue	11.188	11.184
EBITA	67	67
Normalised EBITA	201	206

## The divestment of Solar Deutschland in 2015 was announced as discontinuing activity in Annual Report 2014



- In February 2015, Solar signed an agreement with Sonepar on sale of the assets of Solar Deutschland GmbH
- The sale was finally executed on 16 March 2015
- Solar Deutschland is, consequently, presented as a discontinuing activity in Annual Report 2014
- In general, restatements have been made of the income statement, cash flow and key ratios concerning the discontinuing activities in Solar Deutschland

## Coherence with the published result



<b>DKK million</b>	<b>2014 incl. DE</b>	<b>2014 DE</b>	<b>2014 excl. DE</b>
Revenue	11,184	932	10,252
EBITA	67	-50	117
Normalised EBITA	206	-44	250

## The result of continuing activities was affected by change initiatives



<b>DKK million</b>	<b>2014</b>	<b>2013</b>
Revenue	10,252	10,463
<b>Gross profit</b>	<b>2,169</b>	<b>2,282</b>
Costs	-1,942	-1,975
<b>EBITDA</b>	<b>227</b>	<b>307</b>
Depreciations and write-downs	-110	-82
<b>EBITA</b>	<b>117</b>	<b>225</b>
Amortisations	-190	-65
<b>EBIT</b>	<b>-73</b>	<b>160</b>
<b>EBT, continuing activities</b>	<b>-122</b>	<b>106</b>
<b>Net profit for the year</b>	<b>-234</b>	<b>21</b>

## Total one-off costs and write-downs of DKK 268 million in 2014

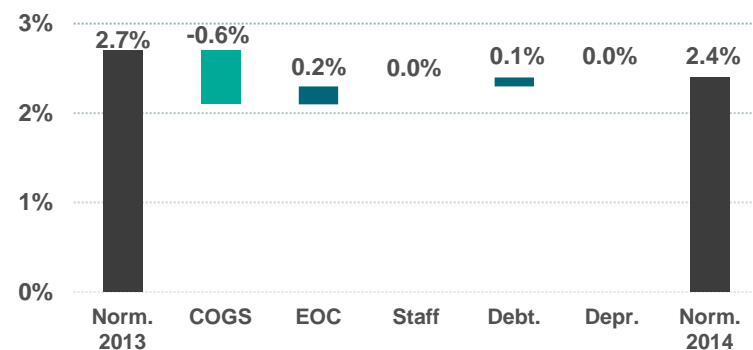


<b>DKK million</b>	<b>2014</b>	<b>2013</b>
<b>EBITA</b>	<b>117</b>	<b>225</b>
Effect of divestment of Aurora	3	-11
Restructuring costs	86	38
Solar 8000	13	27
Write-down on properties	31	-
<b>Normalised EBITA</b>	<b>250</b>	<b>279</b>
<b>Normalised EBITA margin</b>	<b>2.4</b>	<b>2.7</b>
Write-down intangible assets	135	0

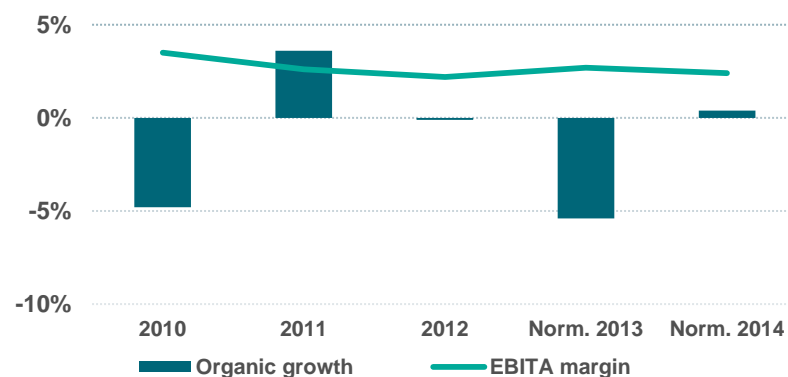
# Normalised EBITA at DKK 250 million in 2014



## EBITA margin, continuing activities



## Organic growth and EBITA margin



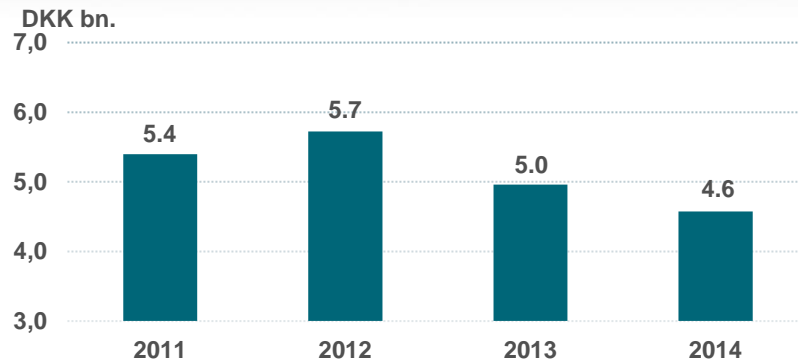
	2014	2013
Revenue, DKK million	10,252	10,463
Revenue growth, %	-2.0	-5.9
Organic growth %	0.4	-5.4
Gross profit, DKK million	2,169	2,282
Gross margin	21.2	21.8
EBITA, DKK million	117	225
EBITA margin	1.1	2.2
Norm. EBITA, DKK million	250	279
Norm. EBITA margin	2.4	2.7



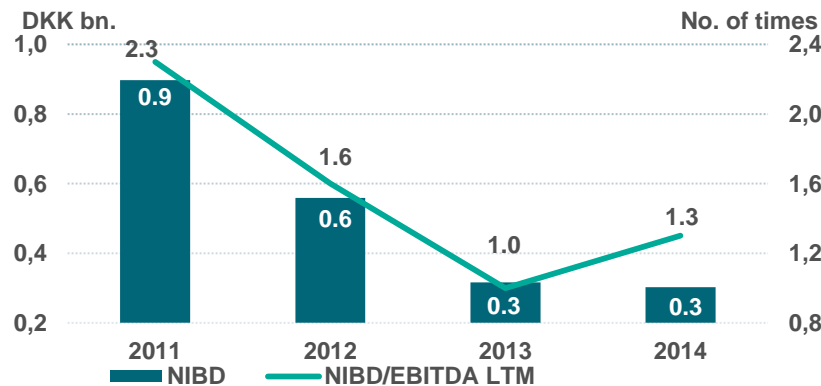
# Over 4 years the balance sheet total has been reduced by DKK 824 million and net interest-bearing debt by DKK 595 million



## Balance sheet total



## Gearing and interest-bearing debt, net

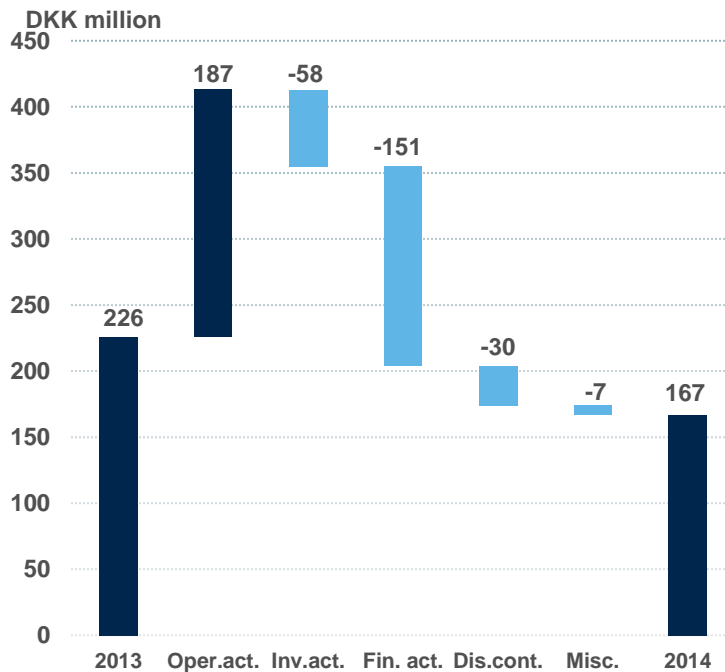


- The balance sheet total is reduced to DKK 4.6bn from DKK 5.0bn in 2013
- Equity ratio of 38% remains within the Group target of 35-40%
- Average net working capital (excl. DE) is reduced from 13.2% in 2013 to 12.4%
- End of 2014 net interest-bearing debt amounted to DKK 302 million
- Gearing at 1.3 times EBITDA

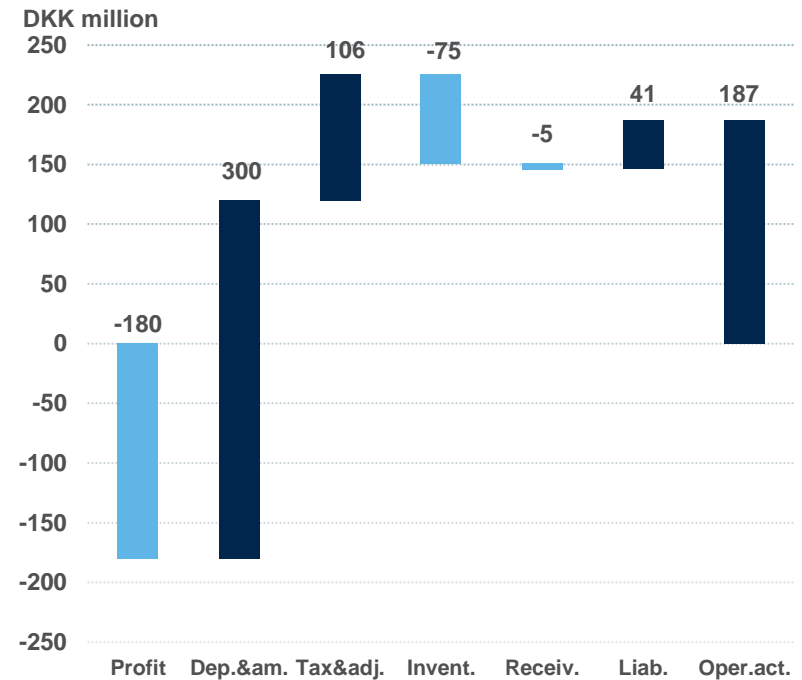
# Cash flow from operating activities, continuing activities provided DKK 187 million in 2014



## Cash flow



## Cash flow from operating activities



# Distribution of net profit



	2014	2013
Dividends to shareholders DKK million	55	94
Retained earnings, DKK million	-289	-73
Dividends per share DKK	7.00	12.00



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# Proposal of the Board of Directors

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Niels Bo Andersen, chairman



## Authority to distribute extraordinary dividends



- The Board of Directors proposes that it be granted the authority to make the decision to potentially distribute extraordinary dividends of up to DKK 15.00 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 potentially 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 thus the payment is the applicable share price plus/minus 10%

# Alterations to the Articles of Association



- The Board of Directors proposes:
  - that the present provision in section 1.2 of the Articles of Association regarding registered office is taken out
  - that section 10.1, schedule 1, on agenda for the ordinary annual general meeting regarding annual report and financial accounting is specified
  - that the provision in section 12.5 of the present Articles of Association referring to section 107 of the Companies Act be removed
  - that the wording of section 17.1 of the Articles of Association is adjusted corresponding to the proposed adjustment of section 10.1, schedule 1

# Proposed remuneration of the Board of Directors



- The Board of Directors proposes that the Board of Directors' fee for 2015 amounts to DKK 175,000. 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.



# Proposal of the Fund of 20<sup>th</sup> December

## Election of members to the Board of Directors



### Re-election of

- Jens Borum
- Niels Borum
- Ulf Gundemark
- 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

