


The logo for Solar A/S, consisting of the word "solar" in a lowercase, sans-serif font, positioned in the top right corner of the image.

solar

The background image shows a row of industrial loading docks, numbered 6, 7, 8, and 9. Docks 7 and 8 are open, revealing the interior of the trucks. A person on a motorcycle is blurred in motion, riding past dock 8. The scene is lit with a cool, blue-toned light, suggesting an evening or night setting. A large, light blue diamond shape is overlaid on the left side of the image, containing the text.

# Solar A/S Annual General Meeting

19 March 2021

# AGENDA

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. Approval of Remuneration Report
7. Proposal for the Board of Directors' remuneration
8. Election of members to the Board of Directors
9. Election of auditor
10. Authorisation to the chair of the meeting
11. Any other business



# The Board of Directors' report

JENS BORUM, CHAIRMAN OF THE BOARD





# The Board of Directors' report

## Strong EBITA performance – EBITA margin increased to 4.0%

### 2020

Revenue  
DKK million

**11,465**

EBITA  
DKK million

**455**

EBITA  
Margin

**4.0**

### 2019

Revenue  
DKK million

**11,679**

EBITA  
DKK million

**360**

EBITA  
Margin

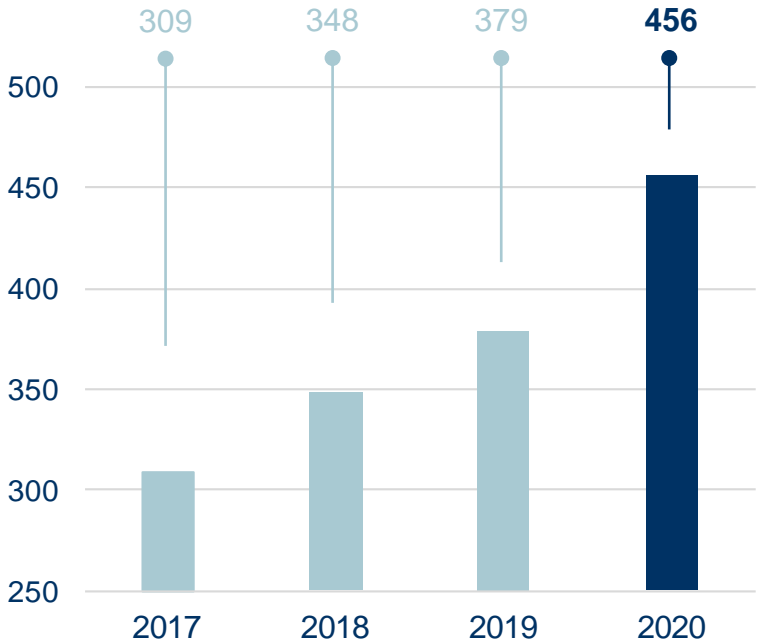
**3.1**

# THE BOARD OF DIRECTORS' REPORT

## FROM 2017-2020, EBITA FROM CORE BUSINESS INCREASED BY DKK 147M

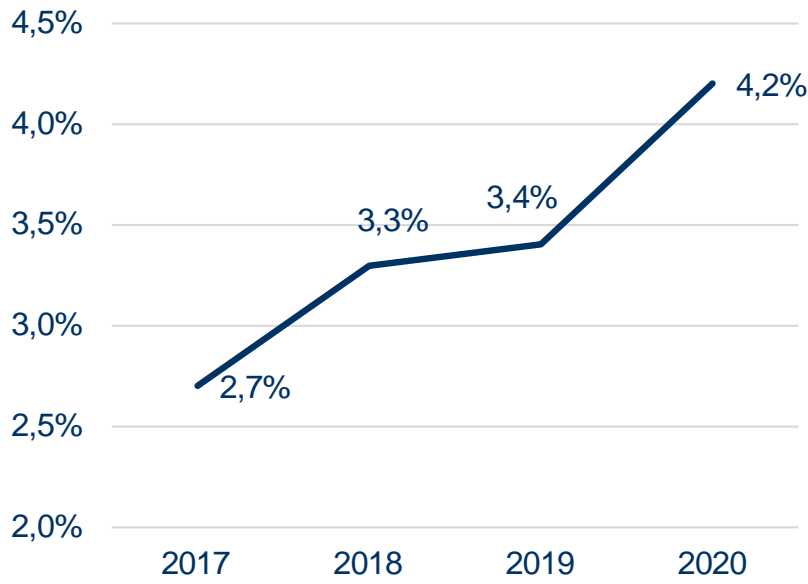
### CORE BUSINESS, EBITA 2017-2020

DKK million



### CORE BUSINESS, EBITA margin 2017-2020

DKK million



# THE BOARD OF DIRECTORS' REPORT

## FOLLOW-UP ON 2020



### BIMObject sold

- The shareholding in BIMObject was sold for DKK 237m.
- Solar acquired the shares for DKK 172m in H1 2017.

### Digital excellence

At the Danish Digital Awards, our mobile app was awarded:

- Gold for Commerce
- Silver for Customer experience



### Better than expected

- Increase in concept sales
- Effect of Better Business initiatives
- Extraordinary price increases in Norway
- Reduced costs

### As expected

- Implementation of AutoStore in the Netherlands
- SAP eWM implementations in Denmark, Norway and the Netherlands

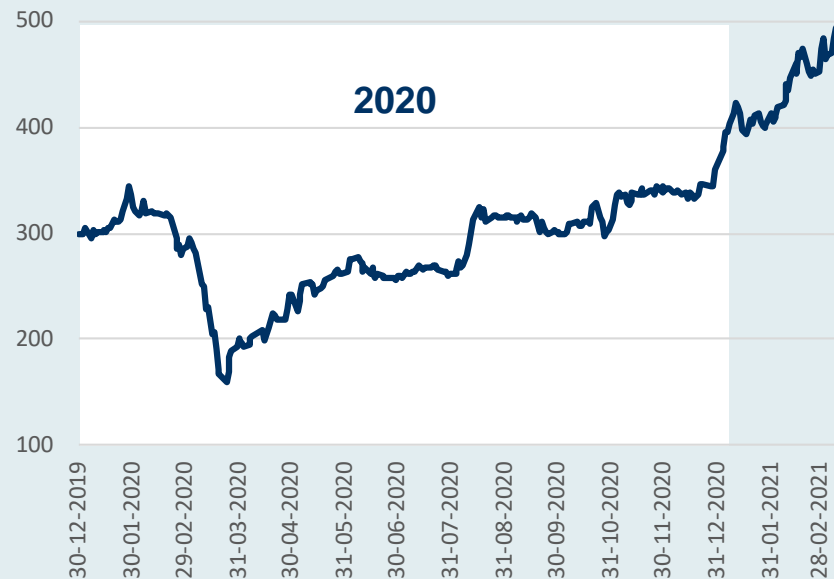
### Weaker than expected

- Revenue in parts of core business
- Lower revenue in parts of the industry segment (especially Marine & Offshore)

## THE BOARD OF DIRECTORS' REPORT RETURN ON SHARES OF APPROX. 20%

- In 2020, we distributed dividends of DKK 14.00 per share, corresponding to a total of DKK 102m.
- In 2020, Solar delivered a total return on shares incl. dividends of approx. 25%
- In 2021, a dividend distribution of DKK 28.00 per share, corresponding to a total of DKK 204m, is recommended to the Annual General Meeting.
- Solar's ambition is to distribute an attractive dividend to our shareholders.

**Solar's share price increased from 299 to 360 in 2020.**



# THE BOARD OF DIRECTORS' REPORT FOCUSES 2021

## Core+

- Increase concept sales
- Climate & Energy - Green business opportunities
- Increase industry sales
- Grow trade

## Follow-up

- Project Better Business – pruning of products
- Strict cost management
- Digitalisation

## Investment

- Expansion of warehouse Vejen

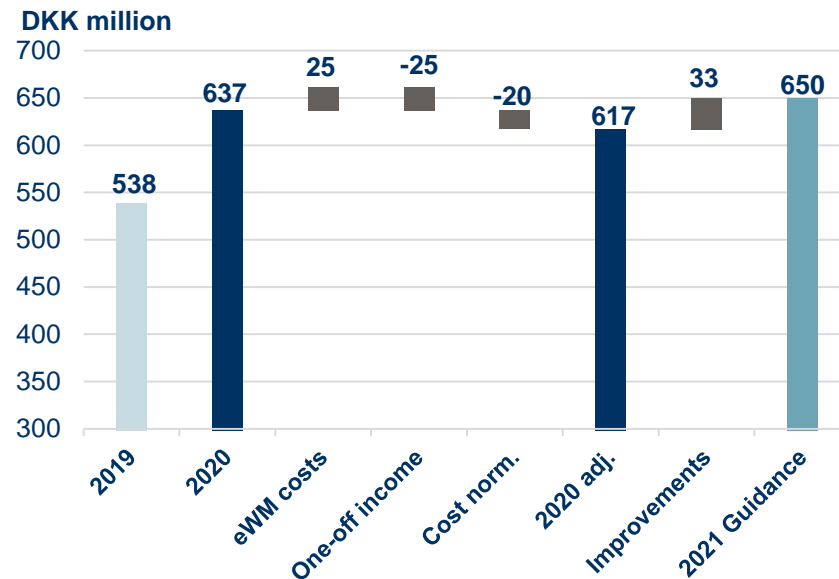


# THE BOARD OF DIRECTORS' REPORT

## EBITDA OF DKK 650M IN TOTAL AND REVENUE OF DKK 11,550M

### EBITDA guidance of DKK 650m, corresponding to an EBITA guidance of DKK 465m

- Revenue guidance of approx. DKK 11.55bn, corresponding to an organic growth of approx. 0%.
- The Better Business project is expected to reduce revenue by approx. DKK 200m. Adjusted for this, we expect an underlying organic growth of approx. 2%.
- EBITDA guidance of approx. DKK 650m, corresponding to EBITA of DKK 465m.
- Real EBITDA improvement of DKK 33m when adjusted for eWM costs, cost normalisation and one-off income.



# Expansion of Warehouse Vejen

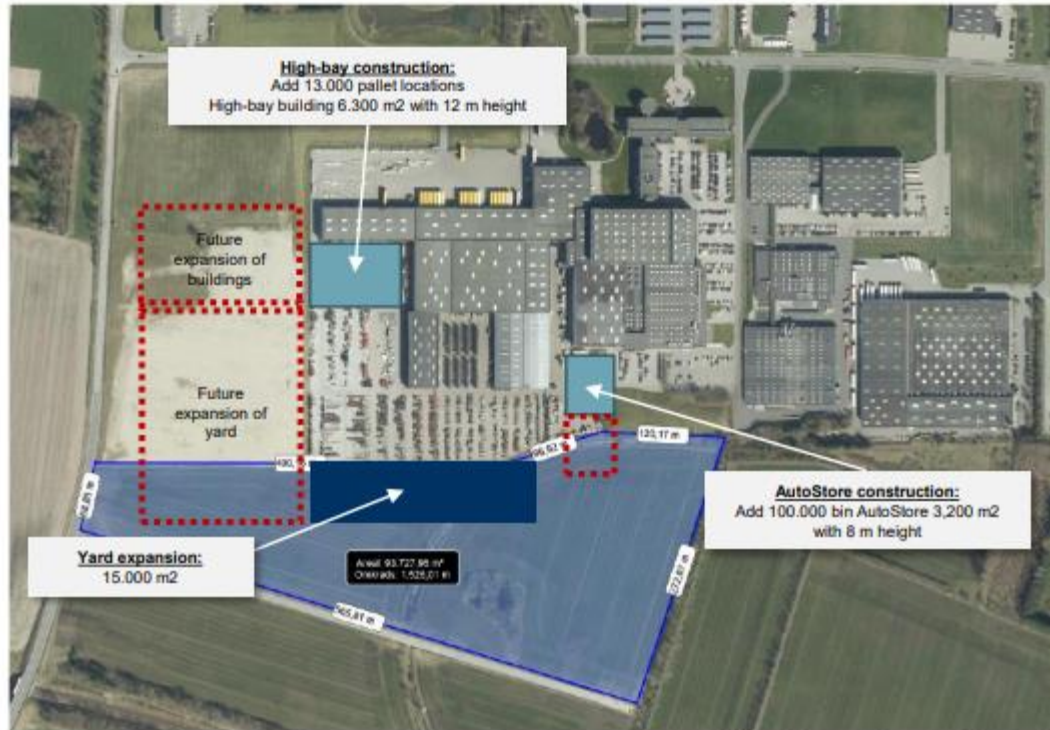
JENS ANDERSEN, CEO



# THE BOARD OF DIRECTORS' REPORT

## EXPANSION OF WAREHOUSE VEJEN

### Overview of Warehouse Vejen



### The expansion includes

- **3,500 new pallet spaces** in the existing warehouse
- **13,000 pallet spaces**, which are controlled though a semi-automatic solution in a new high bay warehouse.
- **Handling of long goods** in a new high bay warehouse.
- **100,000 bins and 125 robots** in an AutoStore system with 38,000 SKUs (stock keeping units).
- **26 new picking stations and 8 packaging machines** – 4 box folders and 4 box closers.
- **15,000 m<sup>2</sup> of extra outdoor area.**
- **Up to 91,000 m<sup>2</sup> of extra subdivision.**
- **Working environment** – Less heavy lifts / noise
- **Sustainability** – Reduced consumption / own production
- **Biodiversity** – Project with Vejen municipality

# THE BOARD OF DIRECTORS' REPORT

## THE FUTURE TECHNOLOGY OF WAREHOUSE VEJEN

### AutoStore and the packaging machines



# The beginning of a new strategy

JENS ANDERSEN, CEO





## Four strategic areas



### 1. CONCEPTS

Grow Concept share across all customer segments

### 2. CLIMATE & ENERGY

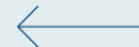
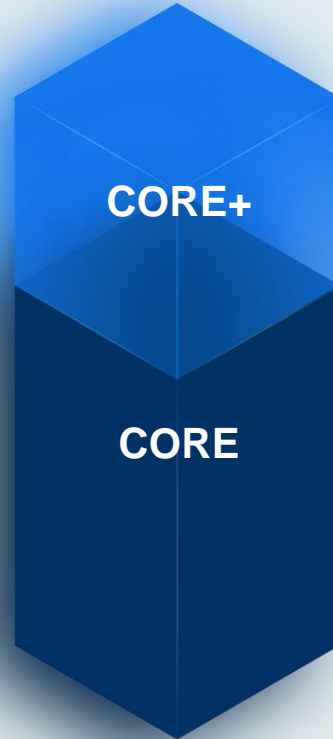
Focus on Climate & Energy solutions in all segments

### 3. INDUSTRY

Become the preferred supplier to four selected Industry segments

### 4. TRADE

Grow Trade with focus on retail, e-trading customers



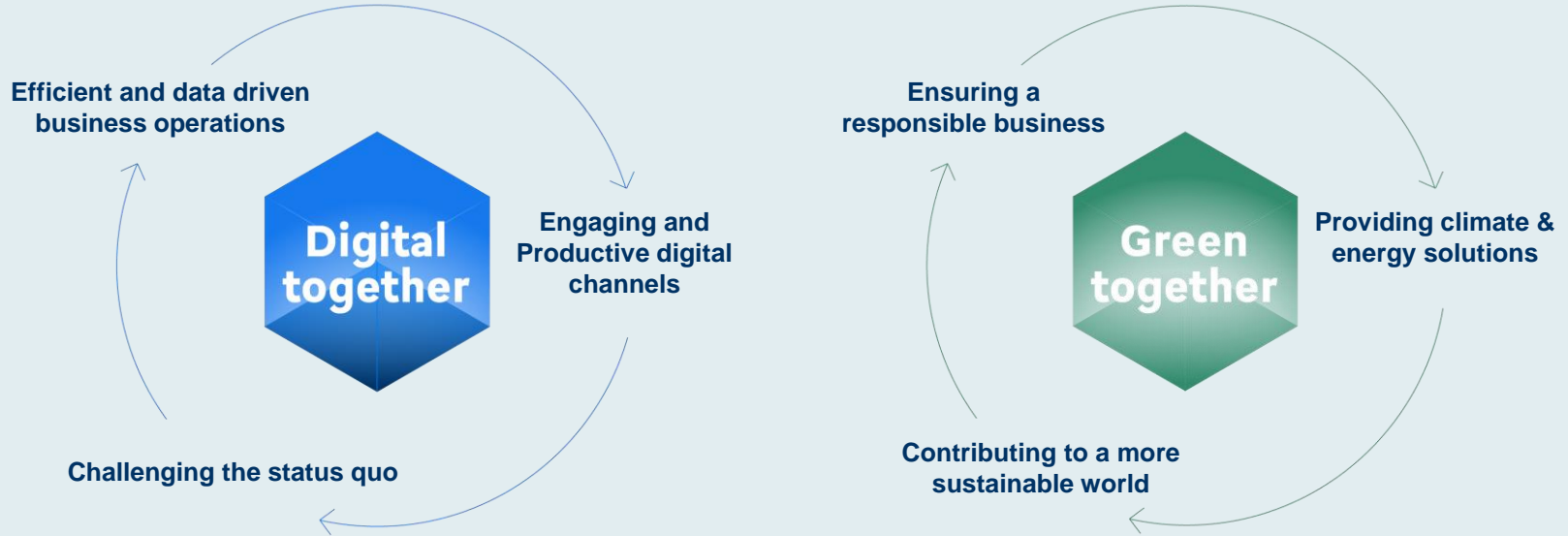
## Two megatrends

DIGITAL

GREEN

**Solar in 2023: a *Digital and Green* sourcing and services company which increases our customers' productivity**

# THE DIGITAL TRANSFORMATION AND THE GREEN TRANSITION



***Digital and Green go hand in hand with productivity and cost efficiency – which makes us stronger together!***



## CORE+ CONCEPTS

solar

Our concepts embody our deepest insights into customer needs within Installation, Industry and Trade. Every segment in which we want to play a significant role is supported by a Solar concept. They power our sourcing as well as the service-led sales of products from strategic suppliers.

### **From Core ...**

We have already broadened and proved the concept portfolio.

### **...to Core+**

Now, we will expand the concept share across all markets with an emphasis on digital and green, such as digital concept sales and sustainability documentation.



## CORE+ CLIMATE & ENERGY

Solar is already well-established within sales of sustainable solutions and we aim to grow substantially within the coming years. Especially within the field of heat pumps, EV charging, photovoltaic and energy storage and by training future contractors at Solar School.

### **From Core ...**

We already focusing on product sales and building expertise in solution selling.

### **...to Core+**

Now, we want to establish Solar as a value-added reseller and sourcing partner within selected green markets and sustainable solutions. In parallel, we invest in sustainable operations, energy efficiency, and the reduction of packaging and waste.





**CORE+**  
**INDUSTRY**

solar

We know the industry segment. We have long served selected sub-segments with an industry-deep approach. Industry customers appreciate the breadth and depth of our product assortment as well as our strategic consultancy and integrated digital services, which leads to long-term contract relationships. These strategic partnerships are based on our shared ability to make continuous improvements and create productivity gains.

#### **From Core...**

We have already taken the first steps in a regional sales setup and a value proposition around total-cost of ownership.

#### **...to Core+**

Now, we will drive the regional sales approach deeper into Infrastructure, MRO, OEM and Offshore & Marine, each with unique value propositions and an emphasis on digital and green.



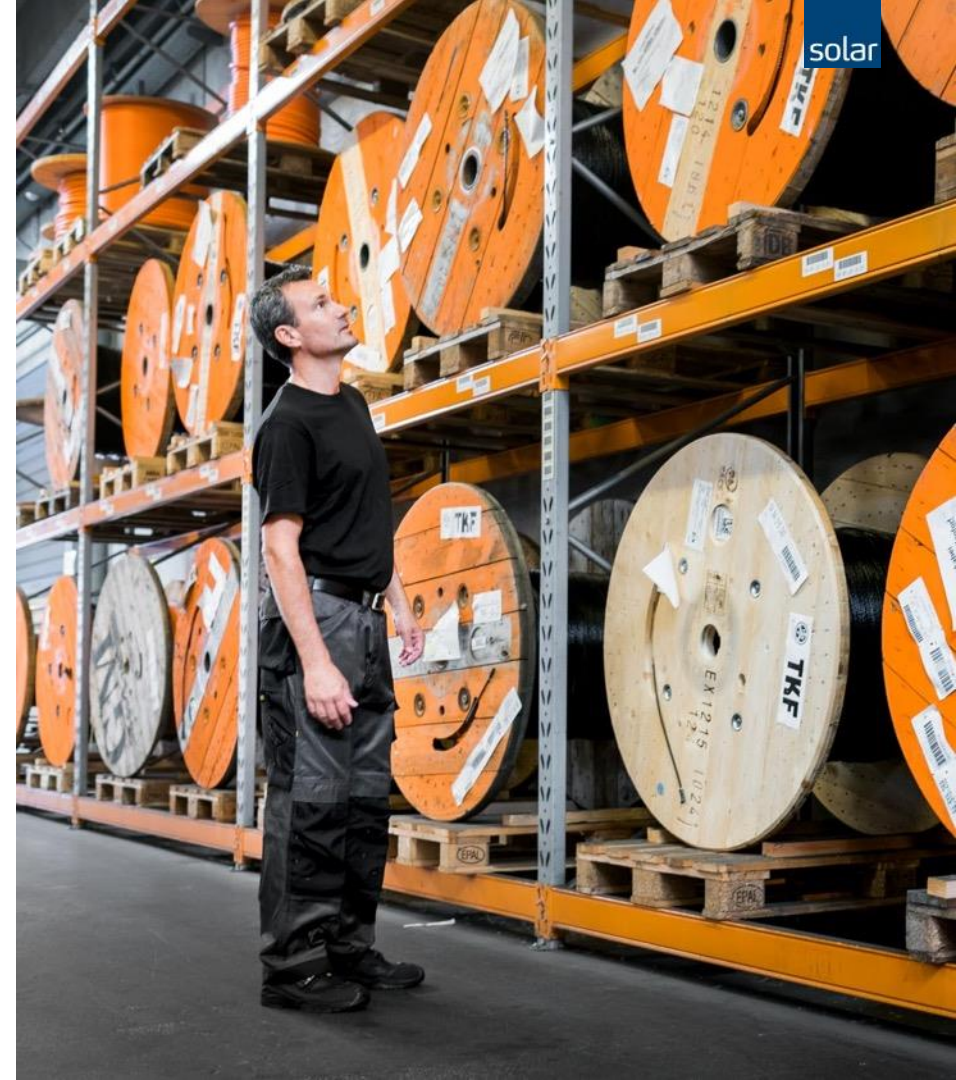
A large and growing customer segment, including DIY stores and e-tailers, no longer source their materials from traditional wholesalers. With our digital business model and broad and specialised assortments, particularly within energy efficiency and sustainability, we can attract these customers through a proactive sales approach.

**From Core...**

We have focused on a local approach and local initiatives in the individual markets and in that way served our customers in the best way possible.

**...to Core+**

Now, we want to apply best practice across our markets with an emphasis on outreach sales as well as digital self-service and green solutions.





## CONCEPTS

**25%**

SHARE OF REVENUE



## CLIMATE & ENERGY

**5%**

CAGR FOR OUR STRATEGIC PERIOD



## INDUSTRY

**30%**

SHARE OF REVENUE



## TRADE

**5%**

CAGR FOR OUR STRATEGIC PERIOD

## FINANCIAL & NON-FINANCIAL TARGETS

**≥6%**

EBITDA MARGIN

**≥17%**

ROIC AFTER TAX

**1.5-3.0x**

GEARING  
(NIBD/EBITDA)

**70%**

E-BUSINES SHARE  
CORRESPONDING TO ≈  
DKK 8bn

## ENVIRONMENT, SOCIAL & GOVERNANCE

- Increase gender diversity at management level
- All electricity for Solar's own buildings will be from renewable sources
- Install PV equipment at all Solar-owned sites and EV chargers at all major Solar sites
- Complete the training of 2,000 participants in renewable solutions at our Solar School
- Further ESG targets will be launched during 2021

# Financial statements 2020

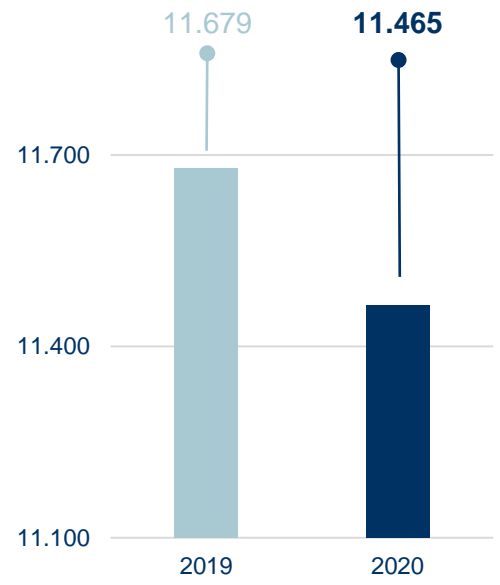
MICHAEL H. JEPPESEN, CFO

# FINANCIAL STATEMENTS 2020

## EBITA INCREASE. EBT AFFECTED BY SALE OF BIMOBJECT

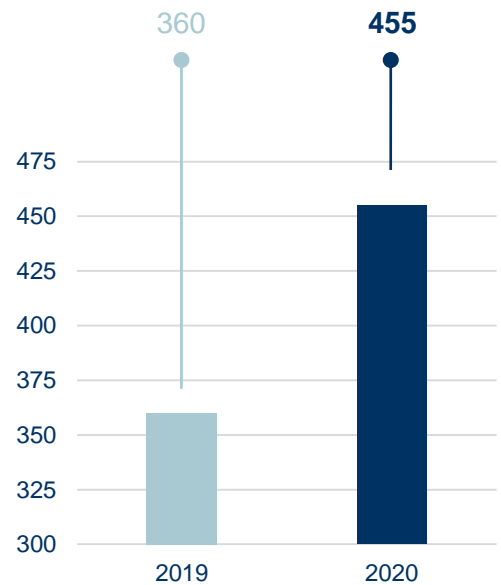
### Revenue

DKK million



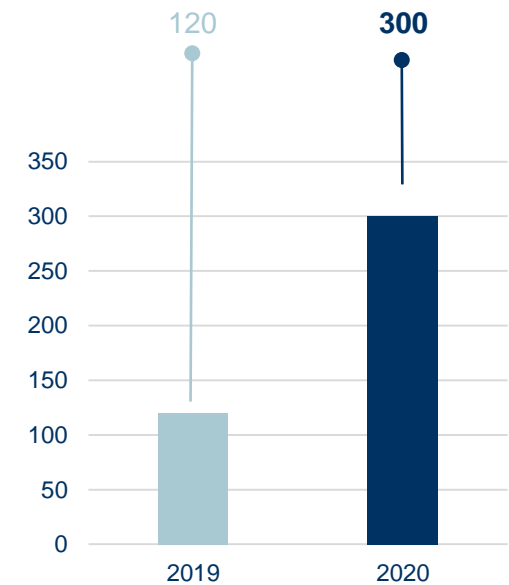
### EBITA

DKK million



### EBT

DKK million





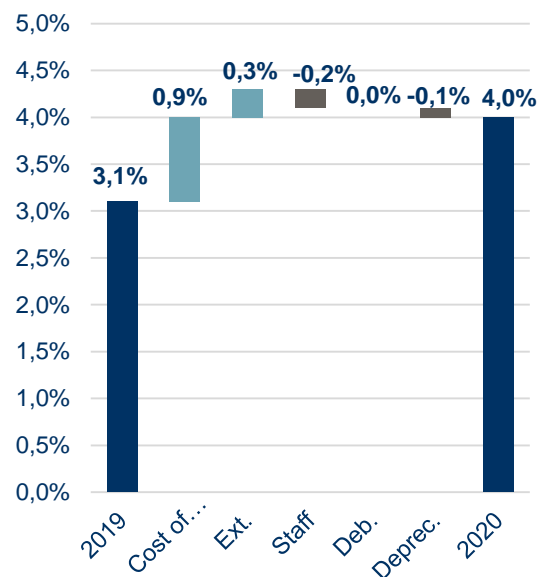
# FINANCIAL STATEMENTS 2020

## MORE THAN 25% INCREASE IN EBITA CORRESPONDING TO DKK 95M

### EBITA margin increased to 4.0%

- Negative organic growth due to pruning of revenue with a low gross profit and decreasing demand due to COVID-19.
- Increase in gross profit as a result of our Better Business project, increased concept sales and extraordinary price increases.
- EBITA was affected by one-off income of DKK 25m in relation to extraordinary price increases, additional compensation from suppliers and a settlement with the former shareholder of MAG45.

### EBITA margin development



### Solar Group

	2020	2019
Revenue, DKK million	11,465	11,679
Revenue growth, %	-1.8	5.2
Adj. organic growth, %	-2.0	4.9
Gross profit, DKK million	2,405	2,353
Gross profit	21.0	20.1
EBITA, DKK million	455	360
EBITA margin	4.0	3.1



# FINANCIAL STATEMENTS 2020

## SPECIAL CIRCUMSTANCES AFFECTING THE FINANCIAL STATEMENTS

### The sale of Solar's shares in BIMobject

- In Q4, Solar sold its shareholding in BIMobject for a total of SEK 333m (DKK 237m).
- Profit from the sale amounted to DKK 23m based on a book value of DKK 214m as at 30 September 2020.
- Furthermore, a previously performed BIMobject write-down of DKK 86m was reversed.

### Earnings before tax (EBT) affected by special items

- EBT was affected by special items in both 2020 and 2019.
- Fair value adjustment of associated businesses, primarily in relation to BIMobject.
- Impairment:
  - Goodwill & customer lists
  - Software

### EBT adjusted for special items increased by DKK 104 million

	2020	2019
<b>EBT</b>	<b>300</b>	<b>120</b>
Fair value adj. associates	-104	86
<b>EBT adj. for effect of associates</b>	<b>196</b>	<b>206</b>
Impairment other intangible assets	10	21
Impairment goodwill and customer lists	129	4
<b>EBT adjusted</b>	<b>335</b>	<b>231</b>

# FINANCIAL STATEMENTS 2020

## BALANCE SHEET REDUCED E.G. DUE TO CASH FLOWS FROM OPER. ACT.

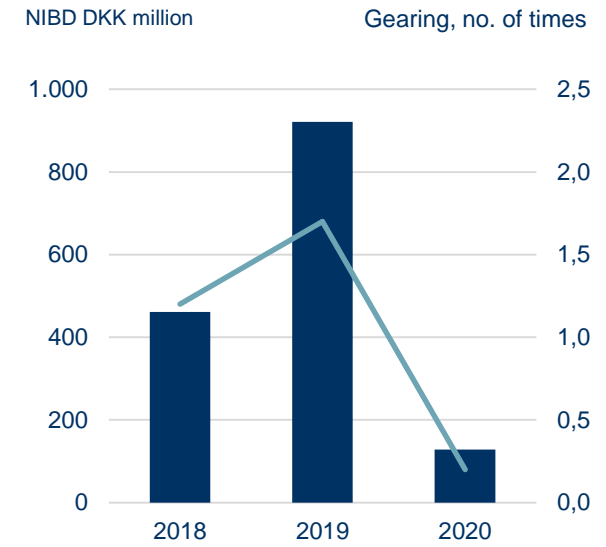
### Balance sheet total reduced by DKK 383m



### Balance sheet total and gearing reduced

- The balance sheet total amounted to DKK 4.6bn
- Equity ratio of 37%
- At the end of 2020, net interest-bearing debt amounted to DKK 128m
- At the end of 2020, net working capital was reduced to 9.7% from 11.0%
- Sale of BIMobject
- Gearing of 0.2 times EBITDA

### Gearing reduced by 1.5 times EBITDA

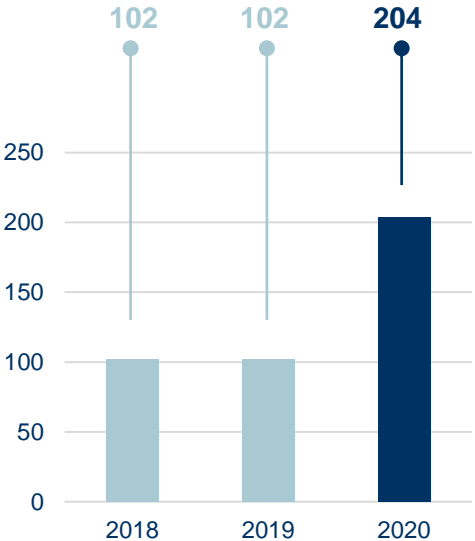


# FINANCIAL STATEMENTS 2020

## ALLOCATION OF PROFITS. PROPOSED DIVIDEND OF DKK 204M

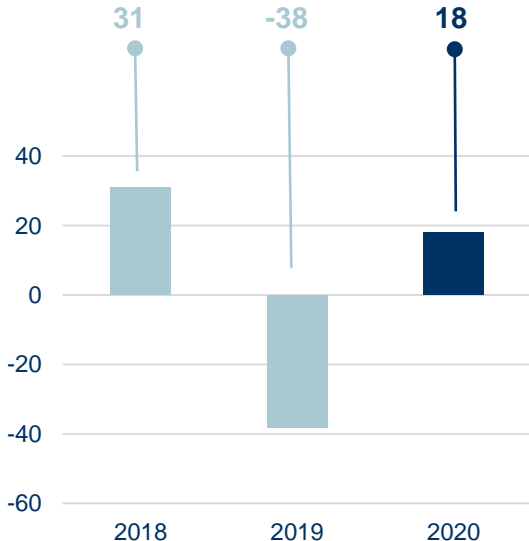
### Dividend

DKK million



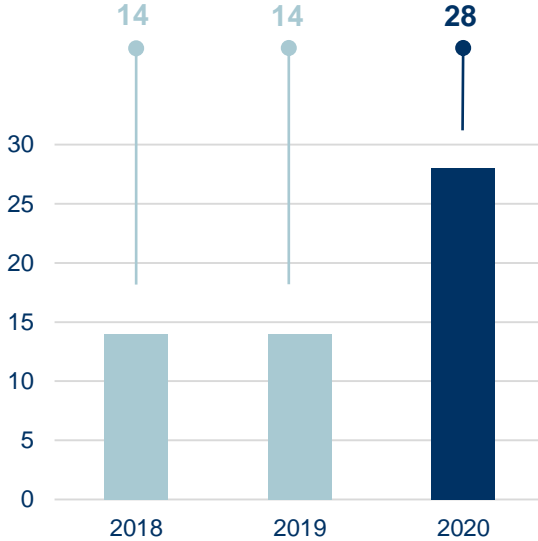
### Retained earnings

DKK million



### Dividend per share

DKK



# Proposals from the Board of Directors

BO HOLSE, CHAIR OF THE MEETING

# PROPOSALS FROM THE BOARD OF DIRECTORS

## AUTHORISATIONS TO THE BOARD OF DIRECTORS

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### 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 decide to distribute extraordinary dividend of up to DKK 15.00 per share.

### Acquire own shares

- Furthermore, 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 to acquire up to 10% of the share capital, and so that the consideration must be the current market price plus/minus 10%.



# APPROVAL OF REMUNERATION REPORT

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## Approval of the company's Remuneration Report 2020

- Indicative vote on the Remuneration Report regarding remuneration of the Board of Directors and the Executive Board in 2020.



# PROPOSAL FOR THE BOARD OF DIRECTORS' REMUNERATION

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## Proposal for the Board of Directors' remuneration

- The Board of Directors proposes that the fee for members of the Board of Directors in 2021 be unchanged DKK 200,000.
- 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 to cover their extended duties.

# ELECTION OF MEMBERS TO THE BOARD OF DIRECTORS

## THE NOMINATION COMMITTEE PROPOSES

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### New election of Michael Troensegaard Andersen (born 1961)

- CEO of H+H International A/S since April 2011. Former senior executive positions at Trelleborg AB, Alto (now part of Nilfisk), Incentive A/S and Lundbeck A/S.
- Has headed successful strategic, structural and organisational transformations. Had extensive experience from executive positions within various subject and business areas. Through his position in H+H International A/S, he has acquired in-depth knowledge of the European construction industry and construction material industry.
- M.Sc. in Mechanical Engineering from DTU (1987) and HD in accounting from CBS (1988).



# ELECTION OF MEMBERS TO THE BOARD OF DIRECTORS

## THE NOMINATION COMMITTEE PROPOSES

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re-election of the current members  
of the Board of Directors



Morten Chrono



Peter Bang



Louise Knauer



Jesper Dalsgaard



Jens Borum

# ELECTION OF AUDITOR

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## **The Board of Directors proposes election of Deloitte, Statsautoriseret Revisionspartnerselskab as new auditor for the company in accordance with the recommendation from the audit committee.**

- Pursuant to article 18.1 of the Articles of Association a state-authorized public accountant must be elected as auditor, and this auditor remains in office until the general meeting elects a new auditor.
- During the summer of 2020, Solar completed a tender process for audit services. The tender process was handled by the audit committee and carried out in accordance with applicable law. Three audit firms have bid for the task.
- Based on a thorough evaluation of the proposals received and meetings with the three bidding audit firms, the audit committee decided to recommend that Deloitte, Statsautoriseret Revisionspartnerselskab, be elected as the new auditor.
- The audit committee has found that Deloitte is the candidate that best complies with and meets the selection criteria set out in the tender documents, and at the same time, possesses the necessary and sufficient qualifications and competencies to fill the role as auditor for the company.
- 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 certain auditors or audit firms.



# PROPOSALS FROM THE BOARD OF DIRECTORS

## CHAIR OF THE MEETING

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### Authorisation to the chair of the meeting

- The Board of Directors proposes that the general meeting authorises the chair of the general meeting (with a right of substitution) 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 BOARD MEMBER RESIGNS

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## Jens Peter Toft

- 2009 – Member of the Board of Directors
- 2012 – Member of the Audit Committee
- 2014 – Chairman of the Audit Committee

