Q2 2019
Quarterly Report

Presentation by
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8 August 2019

AGENDA

1. Business update and strategic focus areas
2. The results we achieved in Q2 & H1 2019
3. Outlook 2019
4. Q & A

BUSINESS UPDATE ON THE DEVELOPMENT IN SOLAR SVERIGE

Successful and swift integration of acquired activities

- We strengthened our position within heating and plumbing, and climate and energy in the Swedish market by integrating the business activities we recently acquired from Onninen.
- We announced that we would close a total of eight branches and we reduced the total headcount by 45 FTEs. We are implementing further initiatives to improve earnings.
- Solar Sverige delivered organic growth of 3.2%.

BUSINESS UPDATE ON
OUR STRATEGIC FOCUS AREAS

We combine global outlook with local strength

- **Strategic suppliers:**
  We continue to pursue growth opportunities within concept sales and to harvest synergies across our markets.

- **Industry focus:**
  Our entire outdoor industry sales team have completed sales training in line with our TCO approach.
  We recently added 30,000 new products within Mechanics to match our industry customers' purchasing patterns.

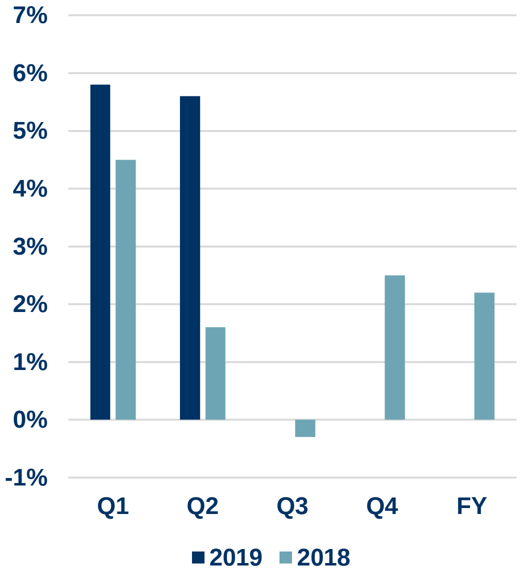
- **Operational excellence:**
  We have established a centrally led market and sourcing organisation.
  Since mid-June, our automated storage and retrieval system, AutoStore, has been fully operational at our central warehouse in Norway. As expected we are now starting to see the benefits.

IN Q2, SOLAR SAW SOLID GROWTH

Acquired Swedish business activities impacted revenue

- The acquisition of Swedish business activities in May 2019 impacted revenue by approx. DKK 40m.
- Positive adjusted organic growth across all markets.
- Double-digit adjusted organic growth in Solar Norge was mainly related to direct deliveries with low margin.
- Solar Sverige delivered organic growth of 3.2.

Organic growth, adjusted for no. of working days



Solar Group

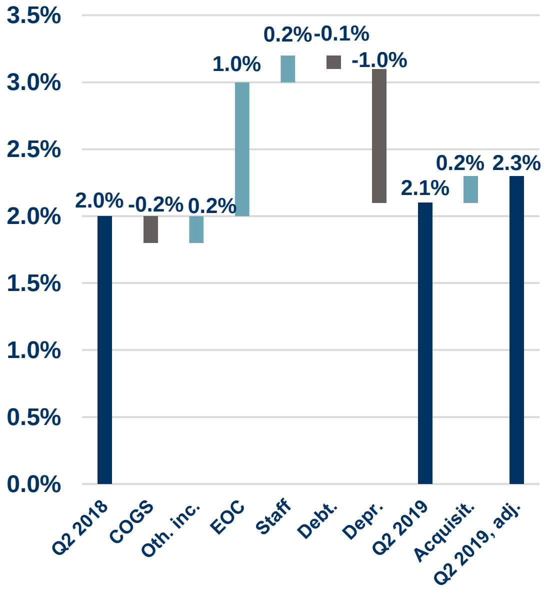
	Q2 2019	Q2 2018
Revenue, DKK m	2,868	2,733
Revenue growth, %	4.9	2.2
Adj. organic growth, %	5.6	1.6

IN Q2, EBITA MARGIN INCREASED DESPITE HEADWIND FROM FREIGHT COSTS AND GROWTH RELATED TO LOW MARGIN AREAS

Adjusted Q2 EBITA margin increased to 2.3%

- The acquisition of Swedish business activities in May 2019 impacted EBITA margin by -0.2 percentage points.
- Increased freight costs and low margin revenue from direct deliveries in Solar Norge impacted gross profit margin.
- Implementation of IFRS 16, Leases had insignificant impact on EBITA level but impacted development in EOC and depreciation compared to Q2 2018.

Q2 EBITA margin development, separating acquisition impact

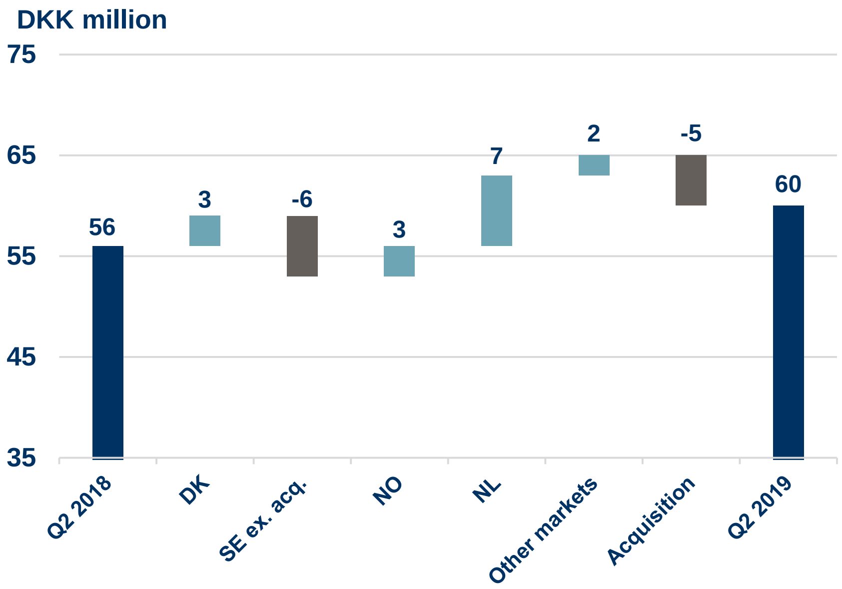


Solar Group

	Q2 2019	Q2 2018
Revenue, DKK m	2,868	2,733
Revenue growth, %	4.9	2.2
Adj. organic growth, %	5.6	1.6
Gross profit, DKK m	580	557
Gross profit margin	20.2	20.4
EBITA, DKK m	60	56
EBITA margin	2.1	2.0

IN Q2, CORE BUSINESS INCREASED EBITA TO DKK 66M

Strong development in EBITA, especially in Solar Nederland



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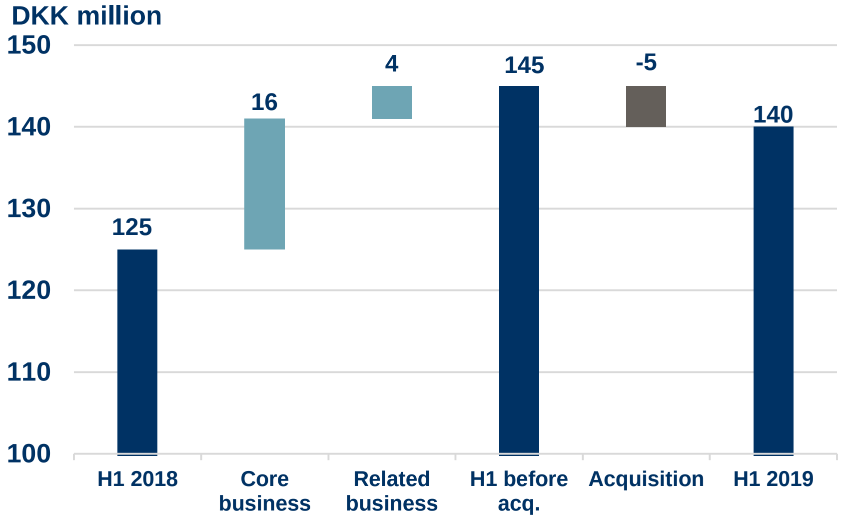
	Core business		Related business	
	Q2 2019	Q2 2018	Q2 2019	Q2 2018
Revenue, DKK m	2,722	2,599	146	134
EBITA, DKK m	66	62	-6	-6
Adj. organic growth, %	5.6	0.6	6.3	31.1
EBITA margin	2.4	2.4	-4.1	-4.5

IN H1, CORE BUSINESS INCREASED EBITA TO DKK 147M

Improved EBITA in H1 both for core and related business



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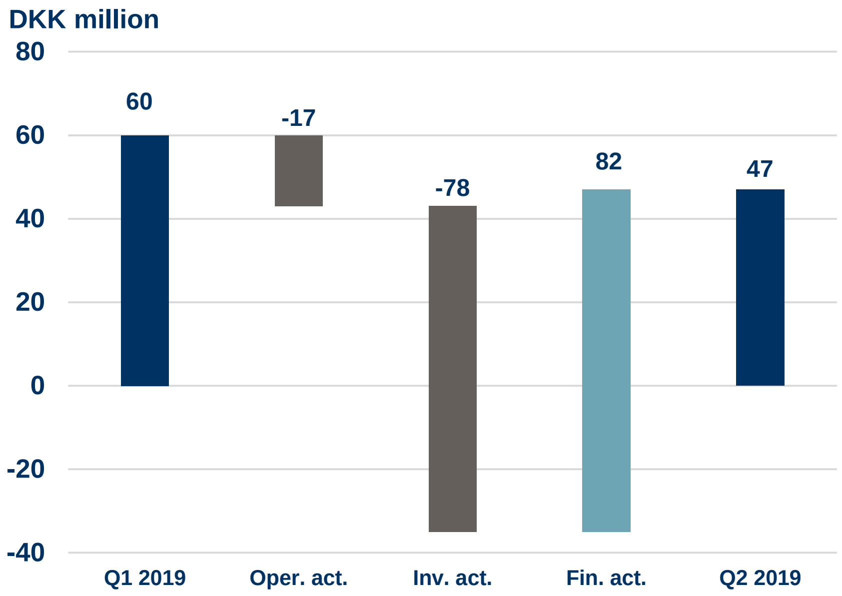
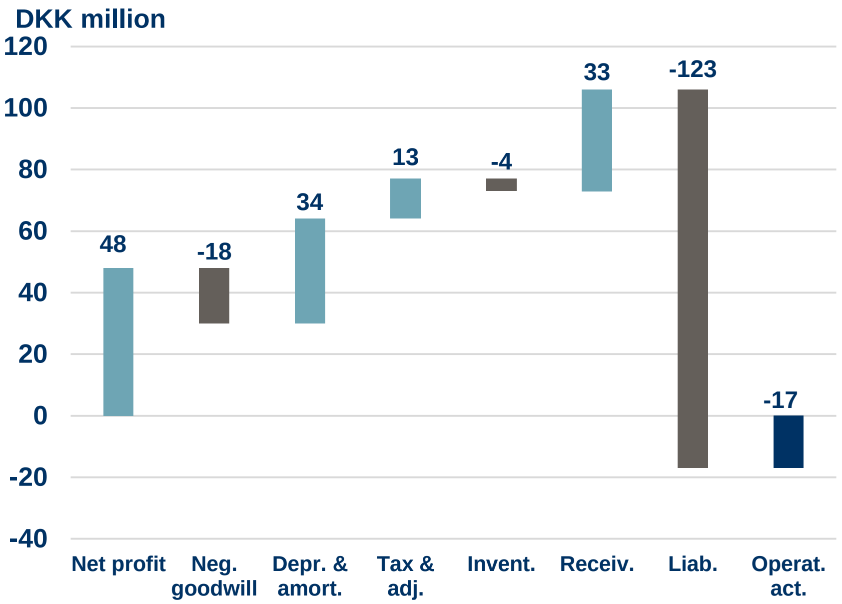
	Core business		Related business	
	H1 2019	H1 2018	H1 2019	H1 2018
Revenue, DKK m	5,530	5,276	295	274
EBITA, DKK m	147	136	-7	-11
Adj. organic growth, %	5.6	2.1	6.4	33.0
EBITA margin	2.7	2.6	-2.4	-4.0

IN Q2, TOTAL CASH FLOW AT DKK -13M

Cash flow impacted by the acquisition of Swedish business activities

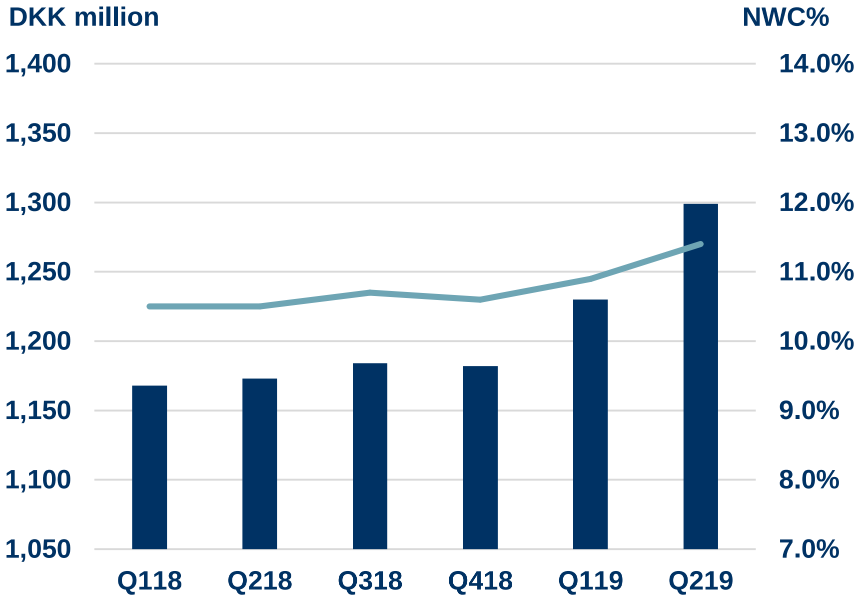


Cash flow, operating activities

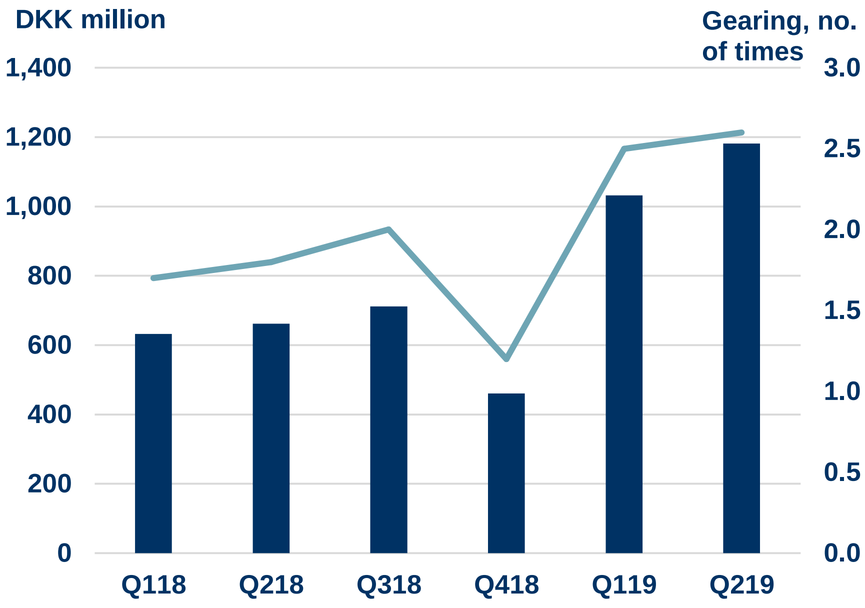


DEVELOPMENT IN NET WORKING CAPITAL (NWC) AND NET INTEREST-BEARING DEBT (NIBD)

The acquisition of business activities impacted NWC negatively by approx. 0.6%



NIBD and gearing impacted by the implementation of IFRS 16, Leases



GUIDANCE 2019

Reconfirmation of 2019 EBITA of DKK 365m

- We reconfirm our market outlook for 2019.
- For core business, we expect revenue of at least DKK 10.950bn corresponding to organic growth of at least 1.5%.
- During 2019, we will continue the roll-out of our eWM solution in Sweden and subsequently in Norway. In addition, we have invested in optimising the central warehouse in Norway by implementing AutoStore, an automated storage and retrieval system. We expect the roll out costs and temporary loss of efficiency to have a negative impact of approx. 0.1% on EBITA in 2019.
- We expect Solar Sverige to gradually improve compared to the performance in H2 2018, but to remain below the level of 2017.
- The acquisition of the Swedish heating, plumbing and air conditioning business activities is now expected to have a minor negative EBITA impact of approx. DKK 10m (previously DKK 0m), due to integration and restructuring costs.

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DKK million	Core	Related	Group
2017 publ. 12.01.2018	**309**	**-45**	**264**
Divestments AT & BE	31	-	31
2017, continuing op.	**340**	**-45**	**295**
Overhead costs	-10	-	-10
EBITA loss SE & NO	-50	-	-50
Improvements	68	12	80
Divestment STI	-	12	12
2018, continuing op.	**348**	**-21**	**327**
eWM roll-out costs	-10	-	-10
Acquisition SE, net	-10	-	-10
Expect. improvements	42	16	58
2019, guidance	**370**	**-5**	**365**

TIME FOR Q&A

Solar is a leading sourcing and services company

Our core business centres on product sourcing, value-adding services and optimisation of our customers’ businesses