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Announcement Solar A/S
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Solar Nederland B.V. acquires the Dutch HWS wholesaler Vegro B.V.

15 October 2008

In announcement no. 42 dated 30 July 2008, Solar A/S announced that its subsidiary Solar Nederland B.V. had entered into negotiations for the acquisition of the shares of the Dutch HWS wholesaler Vegro B.V.

Due diligence has been carried out and official approvals by relevant authorities have been obtained, and an agreement has been made for the transfer of the shares of the above enterprise.

Financial implications

- The price of the acquisition of 100% of the shares of the enterprise is € 56.0m. The enterprise value amounts to € 93.0m at normalised net working capital.
- The acquisition is financed by raising a loan from the current main bank connection of the Solar Group.
- The acquisition of Vegro B.V. is expected to increase the Solar Group's revenue by approx. € 55.0m and EBITA by approx. € 2.5m, including restructuring costs, in 2008.
- Restructuring costs are expected to amount to something in the order of € 5-6m, of which the main part is expected to be realised in the period 2009-2010.
- Annualised total cost synergies are expected to amount to € 3-4m by the end of 2010. In addition, sales synergies are expected from 2009.
- The Solar Group's previously announced full year forecast for 2008, including the effect of the acquisition of Vegro B.V., amounts to total revenue of € 1,530m and total EBITA of € 75m.

Strategy

Solar's company programme New Solar 2010 focuses on People, Efficiency and Growth. The latter includes strategic initiatives that optimise organic growth and acquisitions that focus on geographic expansion and/or expansion of the product range. With the acquisition of Vegro, Solar achieves both increased geographic coverage as well as an expansion of the product range.

Solar's acquisition strategy, which describes the factors that form part of the assessment of a possible acquisition, is available at www.solar.eu under Investor/Financial targets.

Over the period 1998-2007 Solar acquired 25 enterprises and sold off 10 enterprises outside the group's primary business area. All acquired enterprises have been integrated into the local Solar subsidiary subsequently.

Vegro B.V.

Vegro was established in 1959 as a wholesaler within products for heating installations. In 1973 the business area was expanded to include sanitary products as well.

From 2000 to 2004 Vegro restructured its logistics concept and introduced central distribution from a newly built warehouse in Alkmaar. The central warehouse covers 37,000 m² and stocks more than 19,000 products.

Today, Vegro has 15 branches and a network of showrooms throughout the Netherlands. The enterprise employs 370 people and had revenue of €210m in 2007. As the central warehouse, its headquarters are located in Alkmaar. The enterprise has had stable financial performance over the past 7 years.

Before the acquisition, Vegro was owned by the private equity funds NPM Capital and Cobepa and a foundation controlled by former and current Vegro employees.

Solar Nederland B.V.

Solar established itself in the Netherlands in 1996 by acquiring the electrical wholesaler Brinkman & Germeraad B.V., the current Solar Nederland B.V. Solar Nederland has made two major acquisitions since; the purchase of the electrical wholesaler Electro Automatisering Smelt B.V. in 2002, and, most recently, the purchase of the HWS wholesaler Sanicentra B.V. in 2006. Both enterprises have been fully integrated into Solar Nederland.

Today, Solar Nederland has 22 branches throughout the Netherlands and two central warehouses located in Duiven and Ede, respectively. The enterprise has 437 employees, and revenue amounted to €218m in 2007.

Since the acquisition of Vegro is now a reality, activities concerning the appointment of specialists for build-up of the geographic expansion within the HWS area have been suspended. This results in reduced HWS revenue this year compared with the previously announced expectations for 2008.

The previously announced investment in a new head office and central warehouse in Zevenaar will not be made. This was an expected net investment of €40m. All costs incurred in this connection have been charged to the income statement.

Solar Nederland B.V. is a wholly-owned subsidiary of the Solar Group.

Financial highlights for the Solar Group and Vegro B.V.

	<i>2007 FY</i>		<i>2008 H1</i>	
	<i>Solar Group</i>	<i>Vegro B.V.</i>	<i>Solar Group</i>	<i>Vegro B.V.</i>
<i>€ million</i>				
<i>Organic growth</i>	<i>15.3%</i>	<i>1.9%</i>	<i>8.7%</i>	<i>10.2%</i>
<i>Revenue</i>	<i>1,367.2</i>	<i>209.5</i>	<i>738.3</i>	<i>114.9</i>
<i>EBITA</i>	<i>77.3</i>	<i>7.0</i>	<i>30.2</i>	<i>3.2</i>
<i>EBITA % of revenue</i>	<i>5.7%</i>	<i>3.3%</i>	<i>4.1%</i>	<i>2.8%</i>
<i>Interest-bearing debt, net</i>	<i>147.0</i>	<i>39.8</i>	<i>166.4*</i>	<i>31.1</i>

* In H1 2008, dividend distribution to shareholders amounted to €17.6m and buy-back of treasury shares amounted to €10.0m.

Strategic rationale

The Dutch market is unique as it is characterised by more than half of the installation enterprises being technical enterprises with know-how within both the electrical and HWS areas.

As a result of the acquisition of Vegro, Solar Nederland will become established as one of only two nationwide technical wholesalers within electrical, heating and sanitary components as well as integrated installation solutions.

As was the case with other acquisitions, Solar has also prepared a Post Merger Integration Plan (PMI) for Vegro parallel to the acquisition process. This plan covers the period until the end of 2010. The PMI includes action plans for each of the focus areas Growth, Efficiency and People.

For a short period of time, Vegro will be a subsidiary and then a division of Solar Nederland and it is expected to be fully integrated by the end of 2010. Management of the combined activities will be handled by the current CED of Solar Nederland, Frans A. Soulier.

Solar expects procurement synergies at group level as from 2009 while synergies related to more efficient distribution, integration of back office functions and optimisation of net working capital are expected from 2010. Total annualised cost synergies are expected to amount to €3-4m by the end of 2010. In addition, sales synergies are expected from 2009.

Risks

General economic slowdown, the financial crisis and the combination of rising inflation and rising interest rates mean that the expected effect of the acquisition of Vegro involves a certain level of uncertainty.

From previous acquisitions, Solar has experience of the measures that may contribute to maintaining customers and employees. However, there is a certain risk that some customers and employees choose to leave Solar which may have a negative impact on future earnings.

Invitation to investor meeting

Solar invites professional investors, analysts and the press to an investor meeting today 15 October at 11.00 at Solar Danmark A/S, Gammelager 14, Brøndby.

At the meeting, which will be held in English, Solar will present the consequences of the acquisition of Vegro and Vegro's expectations for the remainder of 2008. Vegro will be presented as will the market possibilities for Solar following the acquisition of Vegro.

Present at the investor meeting from Solar A/S will be CEO Flemming H. Tomdrup, CFO Michael H. Jeppesen and Corporate Communication Coordinator Merete Irner. Present will also be CED of Solar Nederland B.V. Frans A. Soulier.

The investor meeting will be webcast and will be available live at the Solar Group's website www.solar.eu. It will be possible to ask questions via live mail.

Yours faithfully,
Solar A/S

Flemming H. Tomdrup