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Solar A/S enters into agreement concerning the divestment of assets in Solar Deutschland GmbH

- *Solar A/S has entered into an agreement concerning the divestment of the assets in Solar Deutschland GmbH. An accounting gain of approximately DKK 50 million.*
- *The preliminary result for 2014 is as expected.*
- *Preliminary expectations for 2015 are strengthened from the divestment, but it will not result in any major changes for the continuing activities.*
- *Teleconference at 11:00 CET today.*

Divestment of Solar Deutschland GmbH

The Solar Group has entered into an agreement with the French Sonepar Group concerning the divestment of the assets in Solar Deutschland GmbH. This means that Sonepar will acquire all employees, buildings, inventories and debtors.

Finalisation of the transaction is subject to usual conditions, including approval by relevant authorities. A clarification of this is expected before the end of April 2015.

Financial situation

Solar Deutschland GmbH, which includes all of Solar's German business activities, realised revenue of DKK 932 million and EBITA of DKK -50 million in 2014. Please notice that these are preliminary and, thus, unaudited figures. See the other financial highlights in the table below.

If the transaction is finalised as expected it will entail an accounting gain of approximately DKK 50 million and free up capital worth approximately DKK 250 million calculated on a normalised basis.

CEO Anders Wilhjelm about the reasons behind the divestment:

"Our German business has been loss-making for several years. We have carried out a thorough analysis during 2014 and considered different strategic alternatives. We concluded that a divestment is one of the best solutions. Subsequently, we have received an offer that includes a reasonable price for the business, makes sure that all employees can keep their job and that still ensures the customers great service. The divestment is fully in line with our strategy on profitable growth. It is about growing, but only growing profitably. Thus, profitability is our main priority, and the divestment of our German business will strengthen this."

Preliminary result for 2014 and preliminary expectations for 2015

As a consequence of the expected divestment we have already now decided to disclose Solar's unaudited result for 2014 and our preliminary expectations for the financial development in 2015.

Preliminary result for 2014

The Solar Group's total revenue and result are in line with the most recently announced expectations. Realised revenue amounted to DKK 11.2 billion (€ 1,500 million) and EBITA amounted to DKK 67 million (€ 9 million).

The result was affected by restructuring costs of DKK 92 million and write-down of assets at a fair value of DKK 31 million. Furthermore, the result was affected by Solar 8000 costs of DKK 13 million and an adjustment of the variable part of the selling price of Aurora Group of DKK 3 million. Adjusted for this, normalised EBITA for the whole group amounted to DKK 206 million.

The result for Solar Deutschland will be presented in the group accounts under discontinuing activities.

Financial highlights for the Solar Group (continuing activities), Solar Deutschland GmbH (discontinuing activities) and the Solar Group (consolidated), 2014*

Select financial highlights (DKK million)	Solar Group continuing activities	Solar Deutschland discontinuing activities	Solar Group consolidated
Revenue	10,252	932	11,184
EBITA	117	-50	67
Balance sheet total	N/A	N/A	4,574
Equity	N/A	N/A	1,732
NIBD	N/A	N/A	302
Cash flow from			
Operational activities	187	-29	158
Investing activities	-58	-1	-59
Financing activities	-151	0	-151
Select key figures (%)			
Organic growth	0.4	-2.5	0.2
EBITA margin	1.1	-5.4	0.6
NWC**/revenue (LTM)	10.8	18.4	11.5
Employees			
Average number (FTE)	2,898	362	3,260

* The figures listed are subject to finalisation of the audit. Annual Report for 2014 will be published on 25 February 2015.

**NWC at the end of 2014.

Preliminary expectations for 2015

In general, we do not see any major changes in the market conditions from what was communicated in connection with Quarterly Report Q3 2014.

The preliminary expectations for the continuing activities are revenue around DKK 10.0-10.3 billion and EBITA around DKK 200-250 million against DKK 10.3 billion and DKK 117 million, respectively, in 2014.

Given that Solar Deutschland will be transferred to Sonepar at the end of April 2015, EBITA for Solar Deutschland for the first four months of the year is expected at approximately DKK 30 million, including the profit of DKK 50 million.

DKK million	2014	Guidance 2015
Continuing activities		
Revenue	10,252	10,000-10,300
EBITA	117	200-250
Normalised EBITA	250	200-250
Organic growth in percent, approx.	0.4	0-2.5
Discontinuing activities		
EBITA	-50	30
Total		
EBITA	67	230-280

Revenue and EBITA from the continuing activities are negatively affected by decreasing exchange rates of NOK and SEK. The effect amounts to approximately DKK 250 million on revenue and approximately DKK 10 million on EBITA compared to 2014.

The final expectations for Solar's financial development are still to be announced on 25 February 2015 in connection with the publication of the Annual Report.

Teleconference on 3 February 2015 at 11:00 CET

We will hold a teleconference on Tuesday 3 February 2015 at 11:00 CET where CEO Anders Wilhjelm and CFO Michael H. Jeppesen will answer questions directly related to the outlined divestment. Comments on and details about the financial results for 2014 and expectations for 2015, respectively, will not be provided before the publication of Annual Report 2014 on 25 February 2015.

Teleconference numbers:

DK: tel. +45 354 455 83
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Yours faithfully
 Solar A/S

Anders Wilhjelm

Facts about Solar

Solar A/S is a listed company and one of Northern Europe's leading sourcing and services companies, mainly within electrical, heating, plumbing and ventilation technologies. Solar offers products, knowledge and solutions.

The Solar Group, which is based in Denmark, employs around 3,000 employees. Solar is listed on Nasdaq Copenhagen with the short designation SOLAR B and has been listed since 1953.

For more information, please visit: www.solar.eu

Disclaimer

This announcement was published in Danish and English today via Nasdaq Copenhagen. In case of any discrepancy between the two versions, the Danish version shall prevail.