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Quarterly Report Q3 2015

Solar Group's revenue and EBITA for Q3 2015 met our expectations. We will maintain our full-year outlook for both revenue and EBITA but now expect revenue and EBITA to land in the upper part of the announced ranges.

CEO Anders Wilhjelm says:

"For Solar, Q3 proved another positive quarter with growth in all markets, and the quarter went as expected. We're always working to improve our customers' productivity so that they can increase their profitability in return. This is one reason why we're pleased to see the spread of our Fastbox concept that we've now begun to introduce in other markets as well. This concept originated in Denmark and is now also running in Sweden where customers have taken to the idea.

Our Fastbox concept is a core service for us as a sourcing and services company. With it, we meet urgent product requests more efficiently. More specifically, Solar delivers within one hour wherever the customer needs it, rather than the customer spending costly time picking up materials or holding an unnecessarily large stock. That's just common sense for everyone involved."

Financial highlights (DKK million)*	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014
Revenue	2,449	2,418	7,768	7,479
EBITA	89	82	197	120
Earnings before tax	65	57	135	44
Cash flow from operating activities	-68	128	-193	-119
Key financial ratios (%)				
Organic growth	3.8	-0.8	5.9	-0.2
EBITA margin	3.6	3.4	2.5	1.6
Net working capital at end of period/revenue (LTM)	13.3	12.7	13.3	12.7
Net working capital, average/revenue (LTM)**	12.2	12.4	12.2	12.4

* Divestment of the assets in Solar Deutschland GmbH means that figures for 2014 and 2015 listed in this announcement only relate to continuing operations.

** Calculated as an average of the last four quarters' inventories, trade receivables and trade payables.

Revenue in Q3 2015

- Group revenue matched our expectations.
- Organic growth was 3.8%, up from -0.8% in Q3 2014.

EBITA in Q3 2015

- Group EBITA also met our expectations.
- In Q3 2014, EBITA was impacted by restructuring costs of DKK 2m.

2015 outlook

- We maintain our 2015 outlook of revenue of DKK 10.5-10.8bn and EBITA of DKK 240-290m, but we now expect both to land in the upper part of these ranges.
- Overall for Solar, we expect organic growth in 2015 in the 4% to 7% range.

Solar launches share buy-back programme

- A separate announcement detailing the launch of a share buy-back programme with an upper limit of DKK 70m will be issued today.

Q3 presentation – audio webcast and teleconference today

A presentation of Quarterly Report Q3 2015 will be made in English on Thursday 5 November 2015 at 11:00 am. This presentation will be in the form of an audio webcast and will be accessible from www.solar.eu. A teleconference option is also available.

Call-in numbers for the teleconference:

DK: tel. +45 354 455 83
UK: tel. +44 203 194 0544
US: tel. +1 855 269 2604

Yours faithfully
Solar A/S

Anders Wilhjelm

Enclosures: Quarterly report Q3 2015 pages 1-24 + Specification of segment classification changes for customers for 2014 and H1 2015

Facts about Solar

Solar Group is a leading European sourcing and services company, operating primarily within the electrical, heating and plumbing, and ventilation technology sectors. Our core business centres on product sourcing, value-adding services and optimisation of our customers' businesses.

Being a sourcing and services company, we focus on each individual customer. We always strive to understand our customers' unique and genuine needs in order to provide relevant, personal and value-adding services, turning our customers into winners.

Solar Group is headquartered in Denmark, generated revenue of approximately DKK 10.3bn in 2014 and has some 3,000 employees. Solar has been listed on Nasdaq Copenhagen since 1953, and operates under the short designation SOLAR B. For more information, please visit www.solar.eu.

Disclaimer

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

Solar A/S Quarterly Report Q3 2015

CVR no. 15908416



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Statement on the future

This quarterly report holds statements about the future, including financial expectations for 2015. By nature, risks and uncertainties beyond Solar's control can impact these statements. These uncertainties may entail that the actual development and realised results vary from the outlook described in this quarterly report.

The present quarterly report was published in Danish and English on 5 November 2015 via Nasdaq Copenhagen. In the event of any inconsistency between the Danish and English versions, the former shall prevail.

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Financial highlights

Consolidated

Financial and operating data (DKK million)	Q3		Q1-Q3		Year
	2015	2014	2015	2014	2014
Revenue	2,449	2,418	7,768	7,479	10,252
Earnings before interest, tax, depreciation and amortisation (EBITDA)	104	103	245	181	227
Earnings before interest, tax and amortisation (EBITA)	89	82	197	120	117
Earnings before interest and tax (EBIT)	77	69	162	77	-73
Earnings before tax (EBT)	65	57	135	44	-122
Net profit or loss for the period	48	35	133	-11	-234
Balance sheet total	4,482	5,041	4,482	5,041	4,574
Equity	1,812	2,012	1,812	2,012	1,732
Interest-bearing liabilities, net	294	604	294	604	302
Cash flow from operating activities, continuing operations	-68	128	-193	-119	187
Net investments in property, plant and equipment	-7	-8	-16	-39	-41
Financial ratios (% unless otherwise stated)					
Organic growth	3.8	-0.8	5.9	-0.2	0.4
Organic growth adjusted for number of working days	3.8	-0.8	6.6	-0.4	0.1
Gross profit	20.8	20.9	20.9	21.2	21.2
EBITDA margin	4.2	4.3	3.2	2.4	2.2
EBITA margin	3.6	3.4	2.5	1.6	1.1
Net working capital (NWC at end of period)/revenue (LTM)	13.3	12.7	13.3	12.7	10.8
Gearing (net interest-bearing liabilities/EBITDA), no. of times	1.0	1.4	1.0	1.4	1.3
Return on equity (ROE) excl. amortisation	5.1	5.0	5.2	5.0	-2.3
Return on invested capital (ROIC) excl. amortisation	4.1	7.5	4.1	7.5	0.7
Equity ratio	40.4	39.9	40.4	39.9	37.9
Share ratios (DKK million)					
Earnings per share outstanding (EPS)	6.11	4.46	16.93	-1.40	-29.79
Earnings excl. amortisation per share outstanding (EPS)	7.64	6.11	21.39	4.07	-5.60
Employees					
Average number of employees (FTE), continuing operations	2,840	2,885	2,874	2,904	2,898

In general, financial ratios are calculated in accordance with the Danish Society of Financial Analysts' "Recommendations & Financial Ratios 2015". In general, when EBITDA is included in the calculation of financial ratios, figures for the last 12 months is included.

In general, restatements have been made of income statements, cash flows and key ratios for the discontinued operations in Solar Deutschland GmbH for 2014. In accordance with IFRS, the balance sheet has not been restated. The key ratio interest-bearing liabilities, net, has been adjusted for interest-bearing receivables relating to the divestment of Aurora Group Danmark A/S up until the settlement in Q1 2015.

Effective from the presentation of the annual report for 2014, Solar changed its presentation currency from EUR to DKK. Balance sheet items were translated as at 1 January 2014 at a price of 746.030, while the 2014 income statement was translated at a price of 745.879. Apart from this, the change does not affect earnings before tax, net profit or loss for the period or earnings per share.

Segments

Market trends – Installation and Industry

Segment reporting

Our segment reporting is split into three business segments: Installation, Industry and Others.

These business segments are based on our customers' trade affiliations. Installation includes fitting of electrical, heating and plumbing solutions. Industry is primarily made up of the industry, marine and offshore, utilities and infrastructure sectors. Others covers a number of small business fields.

The Installation and Industry segments have differing delivery requirements and diverse dynamics.

Where Installation is highly dependent on construction activity levels, Industry relies more on the general financial growth, exports, and oil and energy trends.

When looking at the segments in detail, customers in a particular segment are more alike across borders than installation and industry customers from the same country. Generally speaking, installation customers are local customers, while industry customers often operate internationally.

Trends in Installation in Q3

The Installation segment saw a negative trend from the low construction activity levels that still characterised several of our markets.

Overall, all of Solar's key markets showed growth trends with organic growth totalling around 5% within Installation.

This is, however, a dip in growth when compared with Q2 and past quarters - a dip that we saw in the Danish market as well.

Trends in Industry in Q3

Industry showed a slowdown in growth in the markets where Solar operates.

One major contributor is the challenges faced by the North Sea offshore industry in the shape of price falls on energy which naturally impact activity levels in this sector negatively.

So, even though we saw a distinctive downturn in the offshore market in Norway, this was offset by positive trends in Solar's remaining markets. Moreover, Solar managed to produce organic growth within Industry of approx. 2% in Q3.

We estimate that overall, our market share within the above business segments match previous levels.



When looking at the segments in detail, customers in a particular segment are more alike across borders than installation and industry customers from the same country.

Outlook 2015

Our outlook remains unchanged - in upper part of range

Outlook for Solar's business areas

Q3 went as expected for Solar. However, we are currently still seeing some uncertainty as to market trends, especially in Norway and partly also in Denmark.

Installation

Overall, we expect positive growth within the Installation segment for the remainder of the year.

In the **Danish** market, new construction and renovation levels have kept low, and we do not see any notable medium-term improvement in this area.

The 2015 outlook for the **Swedish** market for installation is still positive.

We expect the **Norwegian** installation sector to produce modest positive growth despite the risk of a derived negative effect from a drop in investments in the offshore business.

The **Dutch** market for installation remains unsteady. While we still see a lot of available commercial leases, there has been a modest increase in the number of planning permissions for commercial construction. On the other hand, less planning permissions have been issued for house building. Yet overall, our outlook is for low but positive growth.

We expect the **Polish** market to produce positive growth, while the general outlook for our **remaining** markets is growth around zero.

Industry

Industry is also expected to produce positive results, not including offshore.

In the **Danish** market, we expect the slight positive trend seen in these non-construction business areas, excluding offshore, to persist, while we expect overall positive growth in the **Swedish** market.

Norwegian market trends still show an unusual degree of uncertainty. Especially investments in the offshore sector continue to fall – with a resulting negative spill-over to other business areas due to the importance of the offshore industry to the Norwegian economy.

We expect the **Polish** market to produce positive growth, while the general outlook for our **remaining** markets is growth around zero.

Financial outlook

Our outlook for 2015 remains unchanged at revenue of DKK 10.5-10.8bn and EBITA of DKK 240-290m, but we now expect both to land in the upper part of these ranges.

Overall for Solar, we expect organic growth in 2015 in the 4% to 7% range.

Financial review

Q3 results met expectations

Solar achieved organic growth of 5.9% in the first nine months of the year and improved EBITA by DKK 77m at DKK 197m. Revenue and EBITA matched our expectations.

The divestment of Solar Deutschland's assets was realised in Q1 as stated in company announcement no. 6 2015, and the DKK 50m gain on the sale is recognised under profit or loss from discontinued operations.

As was the case in Annual Report 2014, Solar Deutschland is presented as a discontinued operation and, unless otherwise stated, this report is about the continuing operations.

Q3 2015

Revenue

With Q3, Solar once again saw growth in all our markets. Revenue was up at DKK 2,449m from DKK 2,418m in Q3 2014, and organic growth totalled 3.8% against -0.8% in Q3 2014.

Q3 revenue was on a par with expectations.

EBITA

EBITA rose to DKK 89m or 3.6% of revenue against DKK 82m or 3.4% in Q3 2014, while gross profit totalled 20.8% against 20.9% in Q3 2014. Both gross profit and earnings saw negative impacts - primarily due to trends in the geographic mix.

Loss on trade receivables was up at 0.3% against 0.1% in Q3 2014, when payment of already written-down receivables was collected.

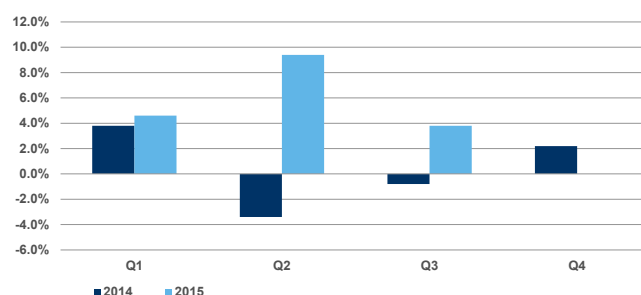
In Q3 2014, EBITA was negatively impacted by restructuring costs of DKK 2m.

Q3 EBITA met our expectations.

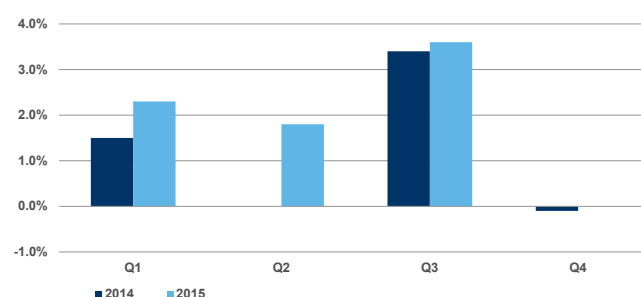
Net profit or loss for the period

Total profit for the period was up at DKK 48m from DKK 35m in Q3 2014. Profit from continuing operations made up DKK 45m of this, up from DKK 43m in Q3 2014.

Organic growth in %



EBITA in % of revenue



Normalised EBITA

DKK million	Q3		Q1-Q3	
	2015	2014	2015	2014
EBITA	89	82	197	120
Effect of divestment of Aurora	-	-	-2	3
Restructuring costs	-	2	-	12
Solar 8000 costs	-	-	-	13
Normalised EBITA	89	84	195	148
Normalised EBITA margin in %	3.6	3.5	2.5	2.0

Q1-Q3 2015

Revenue

Revenue was up at DKK 7,768m from DKK 7,479m in Q1-Q3 2014, and organic growth was 5.9%, up from -0.2% in Q1-Q3 2014. Organic growth totalled 6.6% against -0.4% in Q1-Q3 2014 when adjusted for the number of working days.

EBITA

EBITA rose to DKK 197m or 2.5% of revenue, up from DKK 120m or 1.6% of revenue in Q1-Q3 2014.

Gross profit was down at 20.9% from 21.2% in Q1-Q3 2014. More specifically, this decrease was caused by one-off sales of low-profit products in Solar Sverige and Solar Danmark, our geographic mix and the competitive situation in the markets where we operate.

Part of the selling price for Aurora Group in 2013 was variable, and this part was adjusted by DKK 2m in Q1-Q3 2015, while a DKK -3m adjustment was made in Q1-Q3 2014. These amounts are recognised as other operating income and costs. Moreover, EBITA in Q1-Q3 2014 was impacted by restructuring costs of DKK 12m and Solar 8000 costs of DKK 13m.

Net profit or loss for the period

In total, net profit for the period was DKK 133m, up from DKK -11m in Q1-Q3 2014. To clarify further, profit from continuing operations made up DKK 97m of this result, up from DKK 31m in Q1-Q3 2014, while profit from discontinued operations totalled DKK 36m in Q1-Q3 2015. The latter includes a DKK 50m profit from the divestment of Solar Deutschland's assets.

Cash flow

Net working capital dropped to 12.2% of revenue, when stated as an average of four quarters, from 12.4% in Q1-Q3 2014. Total Q3 net working capital climbed to 13.3% of revenue from 12.7% in Q1-Q3 2014.

Cash flow from operating activities amounted to DKK -193m against DKK -119m in Q1-Q3 2014. In Q1-Q3 2015 Solar received the final instalments of the fixed and variable parts of the selling price from the divestment of Aurora Group in 2013. This totalled DKK 37m, which naturally had a positive impact on cash flow from investing activities. This brought total cash flow from investing ac-

tivities to DKK -5m compared with the DKK -51m result in Q1-Q3 2014.

Cash flow from financing activities amounted to DKK -95m against DKK -139m in Q1-Q3 2014. Dividend paid to the group's shareholders made up DKK 55m compared with DKK 94m in Q1-Q3 2014.

When we divested the assets in Solar Deutschland, the group paid any trade payables in full. Obviously, this had a notable negative impact on cash flow from operating activities for discontinued operations of DKK -50m against DKK -25m in Q1-Q3 2014. The total consideration from the sale of these assets is included under cash flow from investing activities for discontinued operations, which amounted to DKK 345m compared with DKK -1m in Q1-Q3 2014.

In conclusion, total cash flow was DKK 2m against DKK -335m in Q1-Q3 2014.

Interest-bearing debt, net, was brought down DKK 310m to DKK 294m in Q1-Q3 2015. Gearing was down at 1.0 compared with 1.4 times EBITDA in Q1-Q3 2014.

As at 30 September 2015, Solar had unutilised credit facilities of DKK 820m. Solar's agreement with its main banker is not subject to any covenants.

Remuneration of Executive Board and management team

In March 2015, Solar's Executive Board and management team were granted 38,372 share options to be exercised 10 banking days after the publication of the annual reports in 2018 or 2019 - see company announcement no. 5 2015 and the note concerning share option plans in this report.

The share option plans are in line with Solar's overall guidelines for incentive programmes adopted by the annual general meeting on 5 April 2013. The guidelines are available on Solar's website under www.solar.eu/menu/investor/downloads/policies.

Key risks

Solar's Annual Report 2014 details the commercial and financial risks related to our activities. The key risks remain that Solar, like other international companies, is affected by both global trends and local conditions in the markets where the group operates.

Strategy at work



Business model development

We continuously work on any opportunities complimentary to our existing activities that will expand our business and allow us to exploit synergies wherever possible. We focus on expansion where this makes sense business-wise.

Further roll-out of the Fastbox concept - for improved customer productivity

Our Fastbox concept is a core service for us as a sourcing and services company. With Fastbox, we supply products urgently needed. More specifically, Solar will deliver within one hour wherever the customer needs it, rather than the customer spending costly time picking up materials or holding an unnecessarily large stock.

In Denmark, where we introduced the Fastbox concept back in 2012, we opened a new Fastbox centre in Brøndby near Copenhagen in August of this year. This new centre carries an extensive product range and has long opening hours to ensure quick and efficient deliveries to customers in the metropolitan area of Copenhagen. At the same time, the centre also services the rest of Sealand, letting the most customers possible benefit from our increased presence.

A natural step in the wake of the success of Fastbox in Denmark is its introduction in other markets as well. So, we recently launched Fastbox in four Swedish cities - Stockholm, Gothenburg, Malmö and Uppsala - exploiting our competences and knowledge across markets. We continue to see growth in the number of Fastbox deliveries in Denmark, and customers in Sweden have also taken to the idea.

Moreover, we have developed a matching digital Fastbox that gives customers a simplified gateway to order products urgently needed; just a few taps on their mobile, tablet or computer and the items are on their way.

More and more of Solar's customers are seeing the upside to using Fastbox. The concept's easy ordering, quick and accurate delivery at a price equalling only some 15 minutes work lets them increase their productivity and profitability. Fastbox is definitely part of Solar's future and one of the building blocks when we strive to turn our customers into winners.

Shareholder information

Solar launches share buy-back programme

Solar's Board of Directors have assessed the company's capital structure and, as a result, have decided to launch a buy-back of shares with an upper limit of DKK 70m. This buy-back of shares will run from 23 November to 30 June 2016. Naturally, the share buy-back programme will end sooner if the Board of Directors' authority to acquire treasury shares is not renewed at the company's annual general meeting on 1 April 2016.

Moreover, this share buy-back programme will run with due consideration of our continuous expansion option interests.

The share buy-back programme will be structured by the provisions in EU's regulation no. 2273/2003 dated 22 December 2003, the so-called Safe Harbour method that protects listed companies from violations of insider legislation when performing share buy-backs.

Solar has appointed Carnegie financial advisor and lead manager for share buy-backs. Carnegie will buy back shares on behalf of Solar A/S and make trade decisions independent from and without the influence of Solar.

A separate announcement detailing the share buy-back programme will be issued today.

Solar's shares

Solar's share capital is divided into nominally DKK 90 million A shares and nominally DKK 702 million B shares.

The A shares are not listed. The B shares are listed on Nasdaq Copenhagen under the ID code DK0010274844 with the short designation SOLAR B and form part of the MidCap index and MidCap on Nasdaq Nordic.

Share capital includes 900,000 A shares and 7,020,607 B shares. Solar's portfolio of treasury shares totals 65,173 B shares.

A shares have 10 votes per share amount of DKK 100, while B shares have 1 vote for each share amount of DKK 100.

Shareholders with 5% or more of share capital

As at 30 September 2015	Share capital in %	Votes in %
The Fund of 20th December, Kolding, Denmark	15.6	57.5
Nordea Funds Oy, Danish Branch, Copenhagen, Denmark	11.9	5.9
Chr. Augustinus Fabrikker A/S, Copenhagen, Denmark	10.3	5.1
RWC Asset Management LLP, London, England	8.6	4.2

Financial calendar 2016

10 January - 24 February	IR quiet period
24 February	Annual Report 2015
1 April	Annual general meeting
10 April - 27 April	IR quiet period
27 April	Quarterly Report Q1 2016
10 July - 11 August	IR quiet period
11 August	Quarterly Report Q2 2016
10 October - 28 October	IR quiet period
28 October	Quarterly Report Q3 2016



Financial statements Q3 2015



Quarterly figures

Consolidated

	Q1		Q2		Q3		Q4	
	2015	2014	2015	2014	2015	2014	2014	2013
Income statement (DKK million)								
Revenue	2,645	2,585	2,674	2,476	2,449	2,418	2,773	2,766
Earnings before interest, tax, depreciation and amortisation (EBITDA)	77	59	64	19	104	103	46	136
Earnings before interest, tax and amortisation (EBITA)	60	38	48	0	89	82	-3	116
Earnings before interest and tax (EBIT)	48	21	37	-13	77	69	-150	100
Financials, net	-8	-10	-7	-11	-12	-12	-16	-13
Earnings before tax (EBT)	40	11	30	-24	65	57	-166	87
Net profit or loss for the quarter	62	-11	23	-35	48	35	-223	52
Balance sheet (DKK million)								
Non-current assets	1,322	1,792	1,310	1,734	1,281	1,724	1,324	1,814
Current assets	3,365	3,279	3,358	3,107	3,201	3,317	3,250	3,147
Balance sheet total	4,687	5,071	4,668	4,841	4,482	5,041	4,574	4,961
Equity	1,754	2,120	1,798	1,974	1,812	2,012	1,732	2,138
Non-current liabilities	649	749	644	729	623	717	655	771
Current liabilities	2,284	2,202	2,226	2,138	2,047	2,312	2,187	2,052
Interest-bearing liabilities, net	240	495	221	700	294	604	302	316
Invested capital	2,101	2,732	2,133	2,823	2,219	2,760	2,172	2,637
Net working capital, end of period	1,308	1,450	1,307	1,547	1,403	1,482	1,111	1,318
Net working capital, average	1,362	1,490	1,302	1,461	1,282	1,448	1,267	1,538
Cash flows (DKK million)								
Cash flow from operating activities, continuing operations	-183	-172	58	-75	-68	128	306	278
Cash flow from investing activities, continuing operations	22	-20	-10	-21	-17	-11	-6	-23
Cash flow from financing activities, continuing operations	-14	-18	-69	-108	-12	-13	-12	-16
Net investments in intangible assets	-6	-4	-10	-6	-10	-4	-4	-4
Net investments in property, plant and equipment	-4	-16	-5	-15	-7	-8	-2	-19
Acquisition and disposal of subsidiaries, net	32	0	5	0	0	1	0	0
Financial ratios (% unless otherwise stated)								
Revenue growth	2.3	0.4	8.0	-6.0	1.3	-2.8	0.3	-7.5
Organic growth	4.6	3.8	9.4	-3.4	3.8	-0.8	2.2	-5.2
Organic growth adjusted for number of working days	5.8	2.1	10.1	-2.3	3.8	-0.8	1.2	-4.9
Gross profit margin	21.2	21.5	20.5	21.1	20.8	20.9	21.1	22.3
EBITDA margin	2.9	2.3	2.4	0.8	4.2	4.3	1.7	4.9
EBITA margin	2.3	1.5	1.8	0.0	3.6	3.4	-0.1	4.2
EBIT margin	1.8	0.8	1.4	-0.5	3.1	2.9	-5.4	3.6
Net working capital (NWC end of period)/revenue (LTM)	12.7	12.2	12.4	13.3	13.3	12.7	10.8	10.7
Net working capital (NWC average)/revenue (LTM)	12.4	12.5	12.0	12.4	12.2	12.4	12.4	13.2
Gearing (net interest-bearing liabilities/EBITDA), no. of times	1.0	1.0	0.8	1.7	1.0	1.4	1.3	1.0
Return on equity (ROE)	-9.2	2.9	-5.8	1.8	-5.0	2.1	-12.5	1.0
Return on equity (ROE) excl. amortisation	1.4	6.0	4.5	4.8	5.1	5.0	-2.3	4.1
Return on invested capital (ROIC)	-3.3	6.0	0.5	4.9	2.0	5.1	-4.3	4.5
Return on invested capital (ROIC) excl. amortisation	1.7	8.5	3.9	7.4	4.1	7.5	0.7	6.9
Adjusted market capitalisation/earnings before interest, tax and amortisation (EV/EBITA)	19.4	12.7	16.2	16.4	17.8	11.4	21.7	12.8
Equity ratio	37.4	41.8	38.5	40.8	40.4	39.9	37.9	43.1

Quarterly figures - continued

Consolidated

	Q1		Q2		Q3		Q4	
	2015	2014	2015	2014	2015	2014	2014	2013
Share ratios (%. unless otherwise stated)								
Earnings in DKK per share outstanding (EPS)	7.89	-1.40	2.93	-4.46	6.11	4.46	-28.39	6.62
Earnings excl. amortisation in DKK per share outstanding (EPS)	9.42	0.76	4.33	-2.80	7.64	6.11	-9.67	8.67
Intrinsic value in DKK per share outstanding	223.28	269.88	229.03	251.45	230.81	256.29	220.62	272.34
Share price in DKK	318	405	363	429	409	293	288	336
Share price/intrinsic value	1.43	1.49	1.59	1.70	1.77	1.14	1.30	1.23

Employees

Average number of employees, continuing operations (FTE)	2,892	2,912	2,886	2,910	2,840	2,885	2,893	2,902
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Definitions

Organic growth	Revenue growth adjusted for enterprises acquired and disposed of and any exchange rate changes. No adjustments have been made for number of working days.
Net working capital	Inventories and trade receivables less trade payables.
Gearing	Interest-bearing liabilities, net, relative to EBITDA.
ROIC	Return on invested capital calculated on the basis of operating profit or loss before special items less calculated tax.

In general, financial ratios are calculated in accordance with the Danish Society of Financial Analysts' "Recommendations & Financial Ratios 2015". In general, when EBITDA is included in the calculation of financial ratios, EBITDA for the last 12 months is included.

In general, restatements have been made of income statements, cash flows and key ratios for the discontinued operations in Solar Deutschland GmbH for 2013 and 2014 and for the divestment of Aurora Group Danmark A/S for 2013. In accordance with IFRS, the balance sheet has not been restated. The key ratio interest-bearing liabilities, net, has been adjusted for interest-bearing receivables relating to the divestment of Aurora Group Danmark A/S up until the settlement in Q1 2015.

Effective from the presentation of the annual report for 2014, Solar changed its presentation currency from EUR to DKK. Balance sheet items as at 1 January 2013 were translated at a price of 746.040, while the 2013 income statement was translated at a price of 745.794. Similarly, balance sheet items as at 1 January 2014 were translated at a price of 746.030, while the 2014 income statement was translated at a price of 745.879. Apart from this, the change does not affect earnings before tax, net profit or loss for the period or earnings per share.

Statement of comprehensive income

Consolidated

Income statement

DKK million	Q3		Q1-Q3		Year
	2015	2014	2015	2014	2014
Revenue	2,449	2,418	7,768	7,479	10,252
Cost of sales	-1,939	-1,912	-6,148	-5,895	-8,083
Gross profit	510	506	1,620	1,584	2,169
Other operating income and costs	0	0	2	-3	-3
External operating costs	-94	-97	-322	-331	-446
Staff costs	-305	-304	-1,034	-1,053	-1,470
Loss on trade receivables	-7	-2	-21	-16	-23
Earnings before interest, tax, depreciation and amortisation (EBITDA)	104	103	245	181	227
Write-down and depreciation on property, plant and equipment	-15	-21	-48	-61	-110
Earnings before interest, tax and amortisation (EBITA)	89	82	197	120	117
Amortisation of intangible assets	-12	-13	-35	-43	-190
Earnings before interest and tax (EBIT)	77	69	162	77	-73
Financial income	2	6	18	15	29
Financial costs	-14	-18	-45	-48	-78
Earnings before tax (EBT)	65	57	135	44	-122
Income tax	-20	-14	-38	-13	-58
Profit or loss from continuing operations	45	43	97	31	-180
Profit or loss from discontinued operations	3	-8	36	-42	-54
Net profit or loss for the period	48	35	133	-11	-234
Earnings in DKK per share outstanding (EPS)	6.11	4.46	16.93	-1.40	-29.79
Diluted earnings in DKK per share outstanding (EPS-D)	6.10	4.45	16.90	-1.40	-29.79
Earnings in DKK per share outstanding (EPS) from continuing operations	5.73	5.47	12.35	3.95	-22.91
Diluted earnings in DKK per share outstanding (EPS-D) from continuing operations	5.72	5.46	12.33	3.94	-22.91

Other comprehensive income

Net profit or loss for the period	48	35	133	-11	-234
Other income and costs recognised:					
Items that cannot be reclassified for the income statement					
Actuarial gains / losses on defined benefit plans	0	0	0	0	-8
Tax	0	0	0	0	-1
Items that can be reclassified for the income statement					
Foreign currency translation adjustments of foreign subsidiaries	-32	12	-12	0	-36
Value adjustment of hedging instruments before tax	-3	-12	19	-28	-43
Tax on value adjustments of hedging instruments	1	3	-5	7	10
Other income and costs recognised after tax	-34	3	2	-21	-78
Total comprehensive income for the period	14	38	135	-32	-312

Balance sheet

Consolidated

DKK million	30.09		31.12
	2015	2014	2014
Assets			
Intangible assets	333	486	339
Property, plant and equipment	899	1,158	937
Deferred tax asset	43	73	43
Other non-current assets	6	7	5
Non-current assets	1,281	1,724	1,324
Inventories	1,290	1,410	1,240
Trade receivables	1,512	1,701	1,303
Income tax receivable	33	41	10
Other receivables	14	52	49
Prepayments	28	42	25
Cash at bank and in hand	247	71	248
Assets held for sale	77	0	375
Current assets	3,201	3,317	3,250
Total assets	4,482	5,041	4,574
Equity and liabilities			
Share capital	792	792	792
Reserves	-160	-114	-162
Retained earnings	1,180	1,334	1,047
Proposed dividend for the year	0	0	55
Equity	1,812	2,012	1,732
Interest-bearing liabilities	461	525	501
Provision for pension obligations	18	20	19
Provision for deferred tax	127	147	122
Other provisions	17	25	13
Non-current liabilities	623	717	655
Interest-bearing liabilities	80	182	81
Trade payables	1,399	1,629	1,432
Income tax payable	49	33	18
Other payables	475	449	503
Prepayments	3	3	4
Other provisions	41	16	77
Liabilities held for sale	0	0	72
Current liabilities	2,047	2,312	2,187
Liabilities	2,670	3,029	2,842
Total equity and liabilities	4,482	5,041	4,574

Cash flow statement

Consolidated

DKK million	Q3		Q1-Q3		Year
	2015	2014	2015	2014	2014
Net profit or loss for the period from continuing operations	45	43	97	31	-180
Write-down, depreciation and amortisation	27	34	83	104	300
Changes to provisions and other adjustments	-20	-2	-37	-7	67
Financials, net	12	12	27	33	49
Income tax	20	14	38	13	58
Financial income, received	0	2	4	5	10
Financial expenses, paid	-9	-13	-30	-36	-47
Income tax, settled	-6	20	-32	-9	-31
Cash flow before change in working capital	69	110	150	134	226
Change in inventories	-55	-110	-54	-112	-75
Change in receivables	66	-48	-257	-228	-5
Change in non-interest-bearing liabilities	-148	176	-32	87	41
Cash flow from operating activities, continuing operations	-68	128	-193	-119	187
Cash flow from operating activities, discontinued operations	3	-19	-50	-25	-29
Cash flow from operating activities	-65	109	-243	-144	158
Purchase of intangible assets	-10	-4	-26	-14	-18
Purchase of property, plant and equipment	-8	-7	-17	-39	-47
Disposal of property, plant and equipment	1	0	1	1	6
Divestment of subsidiaries ¹	0	1	37	1	1
Cash flow from investing activities, continuing operations	-17	-10	-5	-51	-58
Cash flow from investing activities, discontinued operations	5	-1	345	-1	-1
Cash flow from investing activities	-12	-11	340	-52	-59
Repayment of non-current, interest-bearing debt	-12	-13	-40	-45	-57
Dividend distributed	0	0	-55	-94	-94
Cash flow from financing activities, continuing operations	-12	-13	-95	-139	-151
Cash flow from financing activities, discontinued operations	0	0	0	0	0
Cash flow from financing activities	-12	-13	-95	-139	-151
Total cash flow	-89	85	2	-335	-52
Cash at bank and in hand at the beginning of period	260	-196	167	226	226
Foreign currency translation adjustments	-4	0	-2	-2	-7
Cash at bank and in hand at the end of period	167	-111	167	-111	167
Cash at bank and in hand at the end of period					
Cash at bank and in hand	247	71	247	71	248
Current interest-bearing liabilities	-80	-182	-80	-182	-81
Cash at bank and in hand at the end of period	167	-111	167	-111	167

¹ Instalments of the variable and fixed part of the selling price of Aurora Group Danmark A/S.

Statement of changes in equity

Consolidated

DKK million	Share capital	Reserves for hedging transactions	Reserves for foreign currency translation adjustments	Retained earnings	Proposed dividend	Total
2015						
Equity as at 01.01	792	-105	-57	1,047	55	1,732
Foreign currency translation adjustments of foreign subsidiaries			-12			-12
Value adjustment of hedging instruments before tax		19				19
Tax on value adjustments		-5				-5
Net income recognised in equity via other comprehensive income in the statement of comprehensive income	0	14	-12	0	0	2
Net profit or loss for the period				133		133
Comprehensive income	0	14	-12	133	0	135
Dividend distribution					-55	-55
Other movements	0	0	0	0	-55	-55
Equity as at 30.09	792	-91	-69	1,180	0	1,812
2014						
Equity as at 01.01	792	-72	-21	1,345	94	2,138
Foreign currency translation adjustments of foreign subsidiaries						0
Value adjustment of hedging instruments before tax		-28				-28
Tax on value adjustments		7				7
Net income recognised in equity via other comprehensive income in the statement of comprehensive income	0	-21	0	0	0	-21
Net profit or loss for the period				-11		-11
Comprehensive income	0	-21	0	-11	0	-32
Dividend distribution					-94	-94
Other movements	0	0	0	0	-94	-94
Equity as at 30.09	792	-93	-21	1,334	0	2,012

Notes

Segment information

In Q4 2014, Solar implemented a change in segment reporting from geographical segmentation to business segmentation. The business segments are Installation, Industry and Others and are based on the customers' sectorial affiliation. Installation covers installation of electrical and heating and plumbing products, while Industry covers industry, marine and offshore as well as utility and infrastructure. Others covers a number of small business fields.

We have now implemented more detailed classification of all customers into our defined business segments. This has caused some shifting between the segments, and effects are described in the appendix to this quarterly report. This appendix includes previously published data, any changes to this data and updated data per quarter for 2014 and the first half of 2015.

DKK million	Installation	Industry	Others	Total
Q3 2015				
Revenue	1,656	623	170	2,449
Cost of sales	-1,323	-480	-136	-1,939
Gross profit	333	143	34	510
Direct costs	-67	-20	-3	-90
Earnings before indirect costs	266	123	31	420
Indirect costs	-130	-32	-14	-176
Segment earnings	136	91	17	244
Non-allocated costs ¹				-140
Earnings before interest, tax, depreciation and amortisation (EBITDA)				104
Depreciation and amortisation				-27
Earnings before interest and tax (EBIT)				77
Financials, net				-12
Earnings before tax (EBT)				65

DKK million	Installation	Industry	Others	Total
Q3 2014				
Revenue	1,627	634	157	2,418
Cost of sales	-1,297	-481	-134	-1,912
Gross profit	330	153	23	506
Direct costs	-70	-20	-4	-94
Earnings before indirect costs	260	133	19	412
Indirect costs	-126	-33	-12	-171
Segment earnings	134	100	7	241
Non-allocated costs ¹				-138
Earnings before interest, tax, depreciation and amortisation (EBITDA)				103
Depreciation and amortisation				-34
Earnings before interest and tax (EBIT)				69
Financials, net				-12
Earnings before tax (EBT)				57

¹ Non-allocated costs covers costs for administrative staff and various costs of shared expenses.

Notes

Segment information - continued

DKK million	Installation	Industry	Others	Total
Q1-Q3 2015				
Revenue	5,286	1,987	495	7,768
Cost of sales	-4,231	-1,526	-391	-6,148
Gross profit	1,055	461	104	1,620
Direct costs	-217	-66	-9	-292
Earnings before indirect costs	838	395	95	1,328
Indirect costs	-417	-104	-44	-565
Segment earnings	421	291	51	763
Non-allocated costs ¹				-518
Earnings before interest, tax, depreciation and amortisation (EBITDA)				245
Depreciation and amortisation				-83
Earnings before interest and tax (EBIT)				162
Financials, net				-27
Earnings before tax (EBT)				135

DKK million	Installation	Industry	Others	Total
Q1-Q3 2014				
Revenue	5,106	1,906	467	7,479
Cost of sales	-4,054	-1,439	-402	-5,895
Gross profit	1,052	467	65	1,584
Direct costs	-228	-66	-9	-303
Earnings before indirect costs	824	401	56	1,281
Indirect costs	-402	-108	-32	-542
Segment earnings	422	293	24	739
Non-allocated costs ¹				-558
Earnings before interest, tax, depreciation and amortisation (EBITDA)				181
Depreciation and amortisation				-104
Earnings before interest and tax (EBIT)				77
Financials, net				-33
Earnings before tax (EBT)				44

¹ Non-allocated costs covers costs for administrative staff and various costs of shared expenses.

Notes

Segment information - continued

Geographical information

Solar operates primarily on the Danish, Swedish, Norwegian and Benelux markets. In the below table, Other markets covers the remaining markets, illustrated in the group structure on page 17 of Annual Report 2014. The below allocation has been made based on the products' places of sale.

DKK million	Q3		Q1-Q3		Non-current assets
	Revenue	Organic growth	Revenue	Organic growth	
2015					
Denmark	664	0.8	2,039	5.3	1,830
Sweden	556	9.9	1,773	7.8	277
Norway	412	1.1	1,367	2.2	108
Benelux	615	2.9	2,040	5.7	329
Other markets	213	6.0	586	11.1	49
Eliminations	-11	-	-37	-	-1,312
Total	2,449	3.8	7,768	5.9	1,281
2014					
Denmark	660	-0.8	1,936	-4.8	2,286
Sweden	518	-1.4	1,705	2.1	288
Norway	452	-3.4	1,424	1.7	173
Benelux	599	-1.5	1,931	-1.2	596
Other markets	202	8.0	527	8.1	138
Eliminations	-13	-	-44	-	-1,757
Total	2,418	-0.8	7,479	-0.2	1,724

Notes

Share option plans

Description and specification of Solar's share option plans are available in Annual Report 2014 and at www.solar.eu/menu/investor/downloads/policies.

In March 2015, Solar granted 38,372 additional share options (March 2014: 24,092 share options) to the Executive Board and senior management employees. In addition, 14,623 share options from the 2011 granting have expired. Hereafter, outstanding share options total 121,843.

2015 granting

	Number of share options
Executive Board	7,383
Others	30,989
Total	38,372

Exercise period:

10 banking days following publication of the annual report in	2018/2019
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DKK million

Market value estimated at the time of granting using the Black-Scholes model	2
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Conditions applying to the statement of market value at the time of granting using the Black-Scholes model:

Average share price	335.26
Exercise price	335.26
Expected volatility	29%
Expected dividend in proportion to market value	2%
Risk-free interest rate	2%

Average share price is calculated based on the average price on Nasdaq Copenhagen over the first 10 business days following publication of Annual Report 2014.

Notes

Discontinued operations and assets held for sale

As at 16 March 2015, Solar A/S finalised the divestment of assets in Solar Deutschland GmbH to Sonepar Group with an accounting gain of DKK 50 million.

The discontinued operations have affected the income statement as follows:

DKK million	Q3		Q1-Q3		Year
	2015	2014	2015	2014	2014
Revenue	0	243	185	701	932
Cost of sales	2	-209	-158	-600	-792
Gross profit	2	34	27	101	140
Costs and other operating income	1	-42	9	-142	-192
Earnings before interest and tax (EBIT)	3	-8	36	-41	-52
Financials	0	0	0	-1	-2
Earnings before tax (EBT)	3	-8	36	-42	-54
Tax on net profit or loss for the period	0	0	0	0	0
Net profit or loss for the period	3	-8	36	-42	-54
Earnings of discontinued operations in DKK per share outstanding (EPS)	0.38	-1.02	4.58	-5.35	-6.87
Diluted earnings of discontinued operations in DKK per share outstanding (EPS-D)	0.38	-1.02	4.58	-5.35	-6.87
Cash flow from operating activities	3	-19	-50	-25	-29
Cash flow from investing activities	5	-1	345	-1	-1
Cash flow from financing activities	0	0	0	0	0
Total cash flow	8	-20	295	-26	-30

Divestment of the discontinued operation may be specified as follows:

Accounting gain from net assets	298
Divestment gain	50
Total consideration	348

Assets held for sale

DKK million	30.09.2015
Property, plant and equipment	77

Assets held for sale consist of buildings in Solar Nederland and Solar Deutschland valued at DKK 61m and DKK 16m, respectively.

Accounting policies

Consolidated

Accounting policies

The quarterly report for Solar A/S has been prepared in accordance with IAS 34 "Presentation of interim reports" as approved by the EU and additional Danish disclosure requirements for quarterly reports of listed companies.

Apart from the effect of new IAS/IFRS standards implemented during the period, accounting policies remain unchanged from Annual Report 2014, which holds a full description of these on pages 44-49.

Key items in the accounts are based on annual contracts etc. A prudent assessment of the current year's activities was undertaken during the preparation of this quarterly report.

In the quarterly report, income tax has been calculated on the basis of pre-tax profits at the expected average tax rate. No calculations of taxable income for the period have been made.

New accounting standards implemented during the period

On 1 January 2015, Solar implemented IAS 19 on employee benefits and third party contributions to pension plans. Also, we have implemented new interpretations on existing standards. These changes have no impact on Solar

New accounting standards to be implemented in coming accounting periods

For information on new accounting standards, reference is made to note 31 on page 82 in Annual Report 2014. No new or amended standards have been issued in 2015 other than those stated in the annual report.

On audit

The quarterly report has not been audited or reviewed.

Management's statement

Today, the group's Board of Directors and Executive Board have discussed and approved the Q3 2015 quarterly report of Solar A/S.

The quarterly report, which has not been audited or reviewed by the company's auditor, is presented in accordance with IAS 34 "Interim Financial Reporting" as approved by the EU and additional Danish disclosure requirements for quarterly reports of listed companies.

In our opinion, the quarterly report gives a fair presentation of the group's assets, equity and liabilities and financial position as at 30 September 2015 as well as of the results of the group's activities and cash flow for Q3 2015.

Further, in our opinion, the management's review gives a true and fair statement of the development of the group's activities and financial situation, net profit or loss for the period and of the group's overall financial position and describes the most significant risks and uncertainties that the group faces.

Vejen, Denmark, 5 November 2015

EXECUTIVE BOARD

Anders Wilhjelm
CEO

Michael H. Jeppesen
CFO

BOARD OF DIRECTORS

Jens Borum
Chairman

Agnete Raaschou-Nielsen
Vice chairman

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Niels Borum

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We thank the employees, who let us use their portraits
in this quarterly report.



stronger together