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Announcement no. 42 2016

Contacts:

CEO Anders Wilhelm – tel. +45 79 30 02 01

CFO Michael H. Jeppesen – tel. +45 79 30 02 62

Director, Stakeholder Relations Charlotte Risskov Kræfting – tel. +45 40 34 29 08



Solar A/S

Executive Board
Industrivej Vest 43
DK - 6600 Vejen
Denmark
Tel. +45 79 30 00 00
www.solar.eu

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28 October 2016

Quarterly Report Q3 2016

We adjust our outlook for 2016 revenue from around DKK 10.9bn to around DKK 11bn and reconfirm our outlook for 2016 EBITA, although Q3 EBITA was slightly below our expectations.

CEO Anders Wilhelm says:

"Costs from innovation and business development impacted our Q3 results and we also saw some non-recurring costs. However, we are determined to invest in our digital platforms to strengthen the customer experience, just as we are investing in growth in our new businesses MAG45 and EBS. We believe in networked development, and an outcome of this belief is our recent investment in two digital start-ups, GenieBelt and Minuba."

Financial highlights (DKK million)*	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015
Revenue	2,595	2,449	8,062	7,768
EBITA	67	89	176	197
Earnings before tax	44	65	109	135
Cash flow from operating activities	-7	-68	-218	-193
Financial ratios (%)				
Organic growth adj. for number of working days	3.1	3.8	0.9	6.6
EBITA margin	2.6	3.6	2.2	2.5
Net working capital, period-end/revenue (LTM)	12.2	13.3	12.2	13.3
Net working capital, average/revenue (LTM)**	10.9	12.2	10.9	12.2
Gearing (NIBD/EBITDA), no. of times	1.4	1.0	1.4	1.0
Return on invested capital (ROIC)	7.5	2.0	7.5	2.0
* Due to our divestment of the assets of Solar Deutschland GmbH, 2015 and 2016 figures in this announcement relate to our continuing operations. ** Calculated as an average of the past four quarters' inventories, trade receivables and trade payables.				

Q3 2016 revenue

- Organic growth was 3.1% against 3.8% in Q3 2015, adjusted for the number of working days.

Q3 2016 EBITA

- Q3 EBITA was slightly below our expectations.
- Compared to Q3 2015, the increase in both external operating costs and staff costs was mainly related to the acquisitions of MAG45 and EBS, innovation and development, as well as non-recurring costs.
- In addition, MAG45's strategy of identifying growth opportunities was brought forward, which means that costs relating to recruitment and restructuring were also brought forward.

2016 outlook

- In Q3 2016, organic growth amounted to 3.1% with a better performance in the last part of the quarter. However, sales mix in Denmark was somewhat unfavourable from a margin perspective. This trend is expected to continue into Q4.
- Consequently, we now expect both modest market growth and organic revenue growth in 2016, giving us a revenue outlook of around DKK 11bn whereas we previously expected revenue of around DKK 10.9bn.
- We reconfirm our outlook for EBITA, expecting EBITA to remain at 2015 levels less the positive one-off of DKK 9m from a change in pension plans in the Netherlands that we saw in 2015, giving us an EBITA outlook of around DKK 287m.
- As previously announced, we are investing in our digital platforms to strengthen the customer experience, and we are investing in growth in our new businesses MAG45 and EBS. Together, this will have a negative impact on our profitability for 2016.

Audio webcast and teleconference today

The presentation of Quarterly Report Q3 2016 will be made in English on 28 October 2016 at 11:00 CET. The presentation will be transmitted as an audio webcast and accessible via

www.solar.eu. Participation will be possible via a teleconference.

Teleconference call-in numbers:

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

Enclosure: Quarterly Report Q3 2016, pages 1-28.

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 10.6bn in 2015 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 English and Danish today via Nasdaq Copenhagen. In the event of any inconsistency between the two versions, the English version shall prevail.



CVR NO.: 15 90 84 16

SOLAR A/S QUARTERLY REPORT Q3 2016



stronger together

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FINANCIAL HIGHLIGHTS

Consolidated (DKK million)	Q3		Q1-Q3		Year
	2016	2015	2016	2015	2015
Revenue	2,595	2,449	8,062	7,768	10,587
Earnings before interest, tax, depreciation and amortisation (EBITDA)	74	104	213	245	362
Earnings before interest, tax and amortisation (EBITA)	67	89	176	197	296
Earnings before interest and tax (EBIT)	53	77	135	162	249
Earnings before tax (EBT)	44	65	109	135	201
Net profit for the period	29	48	77	133	167
Balance sheet total	4,571	4,482	4,571	4,482	4,671
Equity	1,631	1,812	1,631	1,812	1,831
Interest-bearing liabilities, net	476	294	476	294	-184
Cash flow from operating activities, continuing operations	-7	-68	-218	-193	331
Net investments in property, plant and equipment	-4	-7	19	-16	-25

Employees

	2016	2015	2016	2015	2015
Average number of employees (FTEs), continuing operations	3,051	2,840	3,014	2,874	2,871

Overall, financial ratios are calculated in accordance with the Danish Finance Society's "Recommendations & Financial Ratios 2015".

In general, restatements have been made of income statements, cash flow and key ratios for the discontinued operations in Solar Deutschland GmbH for 2014. In accordance with IFRS, the balance sheet has not been restated. No adjustments have been made for acquired enterprises.

Financial ratios (% unless otherwise stated)	Q3		Q1-Q3		Year
	2016	2015	2016	2015	2015
Organic growth adjusted for number of working days	3.1	3.8	0.9	6.6	5.2
Gross profit	20.8	20.8	20.8	20.9	20.8
EBITDA margin	2.9	4.2	2.6	3.2	3.4
EBITA margin	2.6	3.6	2.2	2.5	2.8
Net working capital (end of period NWC)/revenue (LTM)	12.2	13.3	12.2	13.3	9.3
Gearing (net interest-bearing liabilities/EBITDA), no. of times	1.4	1.0	1.4	1.0	-0.5
Return on equity (ROE)	6.6	-5.0	6.4	-5.1	9.4
Return on invested capital (ROIC)	7.5	2.0	7.5	2.0	8.5
Equity ratio	35.7	40.4	35.7	40.4	39.2

Share ratios (DKK unless otherwise stated)

	2016	2015	2016	2015	2015
Earnings per share outstanding (EPS)	3.84	6.11	10.04	16.93	21.26

SEGMENTS

TRENDS IN Q3 – INSTALLATION AND INDUSTRY

In Q3 2016, organic growth amounted to 3.1%* with an improved performance in the last part of the quarter.

TRENDS IN THE INSTALLATION SECTOR IN Q3

Low construction activity continued to characterise a number of our markets in Q3, which had an overall dampening effect on the results for the Installation sector. Solar's overall organic growth for Installation amounted to around 3.5%*. We saw growth in Denmark, Norway and in Sweden, whereas downward trends continue in Solar Nederland and Solar Poland in particular.

Solar Nederland continued to focus on improving profitability. Consequently, sales of some products were reduced and some customers were deselected. This led to lower revenue also in Q3. Adjusting for this impact, growth would have been around zero in Solar Nederland.

Sweden succeeded in delivering healthy growth in the other regions despite the underperformance in one region in particular.

TRENDS IN THE INDUSTRY SECTOR IN Q3

We saw moderate industrial activity in our markets, resulting in minor sales growth in Q3. In particular, the North Sea offshore industry and related industries are still experiencing the effects of the price decreases in the energy market. However, we only saw a minor decrease in growth compared to last year as the impact of the slowdown within the offshore industry was already significant in Q3 2015.

Solar's overall organic growth in the Industry sector amounted to around 1.0%*.

* Organic growth adjusted for the number of working days.



FINANCIAL REVIEW

OUR FOCUS ON BUSINESS DEVELOPMENT IMPACTED Q3 RESULTS

Costs from innovation and business development have impacted Q3's results, and we also saw some non-recurring costs. In addition, the sales mix in Denmark was somewhat unfavourable from a margin perspective.

Solar posted organic growth of 3.1% in Q3 and 0.9% in Q1-Q3 adjusted for the number of working days. EBITA totalled DKK 67m in Q3 2016, down from DKK 89m in Q3 2015. For Q1-Q3, EBITA amounted to DKK 176m, down from DKK 197m in Q1-Q3 2015. Our continued focus on net working capital paid off. It amounted to 12.2% of revenue on 30 September, down from 13.3% at the end of Q3 2015.

EBITA was slightly below our expectations for Q1-Q3.

As stated in company announcement no. 6 2015, Solar finalised the sale of the assets of Solar Deutschland in Q1 2015, and the resulting DKK 50m profit is recognised under profit from discontinued operations.

Following the divestment, Solar Deutschland is presented as discontinued operations, similar to its treatment in the 2015 Annual Report. Unless stated otherwise, only Solar's continuing operations are recognised.

Q3 2016

REVENUE

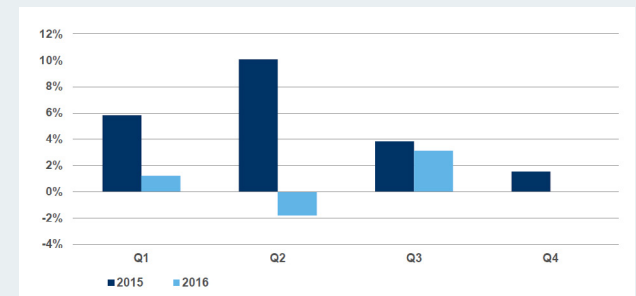
Revenue totalled DKK 2,595m, up from DKK 2,449m in Q3 2015. Organic growth was 3.1% against 3.8% in Q3 2015, adjusted for the number of working days.

EBITA

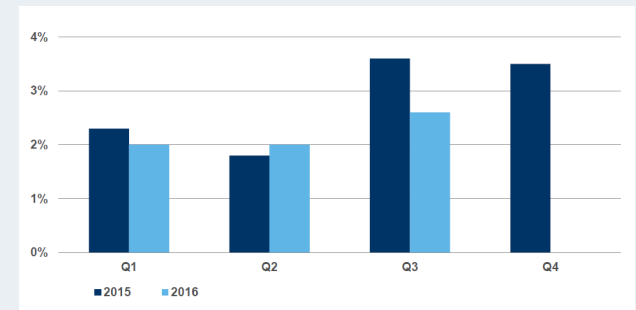
EBITA amounted to DKK 67m, corresponding to 2.6% of revenue, compared to DKK 89m or 3.6% of revenue in Q3 2015. In Q3, the gross profit margin was unchanged at 20.8%.

Compared to Q3 2015, the increase in both external operating costs and staff costs was mainly related to the acquisitions of MAG45 and EBS, innovation and development, as well as non-recurring costs. In addition, MAG45's strategy of identifying growth opportunities was brought forward, which means that costs relating to recruitment and restructuring were also brought forward.

Organic growth in % (adjusted for number of working days)



EBITA margin in %



In Q3, a property in Belgium was sold with the proceeds from the sale having a positive impact on write-down and depreciation on property, plant and equipment of DKK 6m.

Loss on trade receivables made up 0.2% of revenue in Q3 2016 down from 0.3% in Q3 2015.

Q3 EBITA was slightly below our expectations.

NET PROFIT FOR THE PERIOD

The results of continuing operations ended at DKK 29m, down from DKK 45m in Q3 2015.

Q1-Q3 2016

REVENUE

Revenue totalled DKK 8,062m, up from DKK 7,768m in Q1-Q3 2015. Actual organic growth fell to 0.9% from 6.6% in Q1-Q3 2015 adjusted for the number of working days.

EBITA

EBITA was down to 2.2% of revenue or DKK 176m in Q1-Q3 2016 compared to 2.5% of revenue or DKK 197m in Q1-Q3 2015. Gross profit margin was down to 20.8% from 20.9% in Q1-Q3 2015.

Compared to Q1-Q3 2015, the increase in both external operating costs and staff costs was mainly related to the acquisitions of MAG45 and EBS, innovation and development as well as non-recurring costs. In addition, MAG45's strategy of identifying growth opportunities was brought forward, which means that costs relating to recruitment and restructuring were also brought forward.

Loss on trade receivables made up 0.1% of revenue, down from 0.3% in Q1-Q3 2015.

Write-down and depreciation on property, plant and equipment fell to DKK 37m in Q1-Q3 2016, from DKK 48m in Q1-Q3 2015. As mentioned in the 2015 Annual Report, Solar sold a property in Denmark with completion on 1 February 2016. In Q1-Q3, we also sold three small properties in the Netherlands and a property in Belgium, while a property in Sweden was written down to fair value. The net impact of the sales proceeds and subsequent write-down to fair value was DKK 6m. The write-down of the Swedish property relates to a project recently launched that aims to merge our Swedish warehouse activities, thereby making our warehouse in Alvesta surplus to requirements. Our ultimate goal with this project is to deliver operational excellence in Solar Sverige's supply chain.

Part of Aurora Group's 2013 selling price was variable. Consequently, an adjustment of DKK 2m was made for this in Q1-Q3 2015. This amount is included under other operating income and costs.

Q1-Q3 EBITA was slightly below our expectations, but predominantly related to costs from innovation and development and non-recurring costs.

FINANCIALS

Net financials totalled DKK 26m against DKK 27m in Q1-Q3 2015. A now concluded tax matter had a positive impact of DKK 4m on financial income. Furthermore, in connection with the repayment of a loan, the value adjustment of a hedging instrument of DKK -2m was reclassified from other comprehensive income to financial expenses in Q2 2016.

In connection with the sale of a property in Denmark in 2016, the value adjustment of hedging instruments of

DKK -10m was reclassified from other comprehensive income to financial expenses in 2015.

NET PROFIT FOR THE PERIOD

The results of continuing operations ended at DKK 77m, down from DKK 97m in Q1-Q3 2015. The results of discontinued operations amounted to DKK 36m in Q1-Q3 2015, with the DKK 50m profit from the divestment of the total assets of Solar Deutschland included in this figure.

Net profit for the period totalled DKK 77m, down from DKK 133m in Q1-Q3 2015.

CASH FLOWS

We retain our focus on improving net working capital, which fell to 10.9% of revenue from 12.2% in Q3 2015 calculated as an average of the last four quarters. Net working capital on 30 September was 12.2% of revenue, down from 13.3% at the end of Q3 in 2015.

Cash flow from operating activities amounted to DKK -218m against DKK -193m in Q1-Q3 2015. In Q1-Q3 2016, changes to receivables reduced cash flow from operating activities by DKK -299m. Normal seasonal fluctuations resulted in negative changes to receivables.

Cash flow from investing activities saw a DKK 110m negative impact from the acquisitions of MAG45 and EBS, and the investments in GenieBelt and Minuba but positive impacts from the sale of properties. Purchase of intangible assets was up by DKK 27m to DKK 53m due to our focus on enhancing the customer experience through digital improvements. In Q1-Q3 2015, Solar received the final portion of the fixed transfer price from the divestment of Aurora Group in 2013, which had a DKK 37m positive impact on cash flow from investing activities. Overall, cash flow from investing activities totalled

DKK -144m, against DKK -5m in Q1-Q3 2015.

Cash flow from financing activities saw a DKK -197m impact from Solar's share buy-back programmes, which were completed on 30 June and 30 August 2016, respectively. The repayment of a loan in connection with the sale of property in Denmark and repayment of a loan in Norway impacted by DKK -25m and DKK -40m, respectively. Furthermore, distribution of dividend amounted to DKK 77m, up from DKK 55m in Q1-Q3 2015. The total dividend distribution in Q1-Q3 2016 was adjusted for the dividends from treasury shares bought under the share buy-back programme in H1 2016, causing it to differ from the proposed dividends included in the Annual Report 2015. Thus, total cash flow from financing activities, including DKK 37m in ordinary loan repayments, came to DKK -376m against DKK -95m in Q1-Q3 2015.

As Solar divested its assets in Solar Deutschland in Q1 2015, the company also settled its trade payables. Thus, cash flow from operating activities for discontinued operations came to DKK -50m in Q1-Q3 2015. The total divestment consideration is recognised under cash flow from investing activities from discontinued operations, which totalled DKK 345m in Q1-Q3 2015.

Consequently, total cash flow in Q1-Q3 2016 amounted to DKK -738m against DKK 2m in Q1-Q3 2015.

Compared to Q1-Q3 2015, net interest-bearing liabilities increased by DKK 182m to DKK 476m, mainly due to the structured share buy-back programme of DKK 150m completed in August 2016. Gearing was up at 1.4 times EBITDA from 1.0 in Q1-Q3 2015. Our objective for gearing is 1.5-2.5 times EBITDA.

The composition of long-term and short-term interest-bearing liabilities changed in Q1-Q3 2016 as two loans fall due on 31 March 2017, one of which was settled in Q2 2016.

As at 30 September 2016, Solar had undrawn credit facilities of DKK 636m. Solar's agreement with its main banker is not subject to any covenants.

We aim to deliver long-term return on invested capital (ROIC) of more than 10%. As at 30 September 2016 ROIC was up to 7.5% from 2.0% at 30 September 2015.

REMUNERATION OF EXECUTIVE BOARD AND MANAGEMENT TEAM

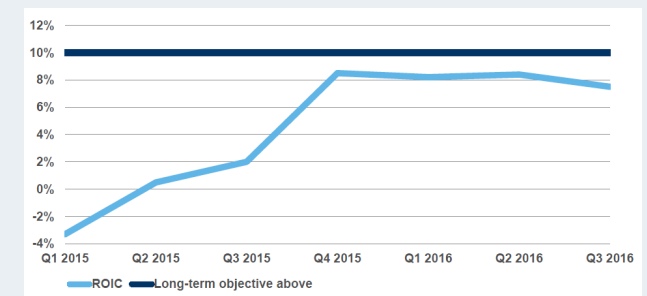
In March 2016, Solar's Executive Board and management team were granted 28,398 additional share options to be exercised 10 banking days after the publication of the annual reports in 2019 or 2020. In addition, 27,026 and 14,239 share options were exercised from 2012 and 2013, respectively. For more information, please see company announcements nos. 14 and 15 of 9 March 2016 and this report's note on share option plans.

The share option plan is in line with Solar's general guidelines for incentive programmes. These guidelines are available from Solar's website under www.solar.eu/menu/investor/downloads/policies.

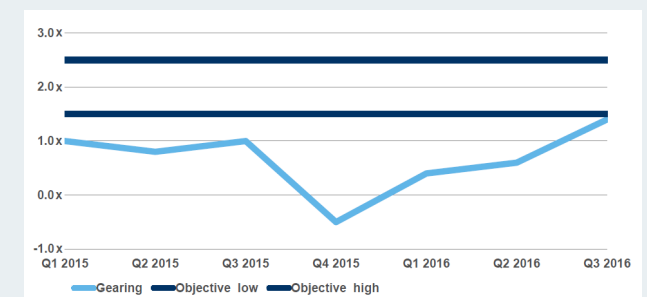
KEY RISKS

Solar's Annual Report 2015 details the commercial and financial risks related to our activities. The key risks continue to be that Solar, like other international companies, is affected by both global trends and local conditions in the markets where we operate.

Return on invested capital (ROIC) in %



Gearing, no. of times (interest-bearing liabilities, net / EBITA)



OUTLOOK 2016

WE RECONFIRM EBITA BUT ADJUST 2016 REVENUE SLIGHTLY UPWARDS

OUTLOOK FOR SOLAR'S BUSINESS AREAS

We do not see any major changes to the market conditions compared to those mentioned in the quarterly report for Q2 2016.

INSTALLATION

In the Danish market, our expectations are in line with market forecasts for minor improvements compared to 2015.

We continue to expect growth in the Swedish market but at a lower level than in 2015.

In Norway, there is a slight risk of negative spill over from the slowdown in offshore activities, but we still expect the installation segment to generate growth.

Market indicators in the Dutch market remain mixed. The number of available commercial leases remains high. Nevertheless, we have seen a slight increase in planning permission for commercial buildings. Planning permission for private housing has increased slightly compared with the previous quarter, but is still somewhat below last year. Overall, our outlook remains for modest market growth.

We saw an unexpected drop in the Polish market in Q2, which continued in Q3.

We now expect the Polish market to see negative growth for the remaining part of 2016.

The general outlook for our remaining markets is for modest market growth.

INDUSTRY

We expect moderate growth for Industry excluding the offshore segment and related industries.

We maintain our outlook for a slightly positive trend in the Danish market, excluding offshore. The Swedish market should also see growth.

Norwegian market trends remain unclear. Uncertainty particularly relates to the low investment levels within offshore and marine, which we expect to continue throughout 2016.

The overall outlook for our remaining markets is low growth.

FINANCIAL OUTLOOK

In Q3 2016, organic growth adjusted for number of working days amounted to 3.1% with a better performance in the last part of the quarter. However, sales mix in Denmark was somewhat unfavourable from a margin perspective. This trend is expected to continue into Q4.

Consequently, we now expect both modest market growth and organic revenue growth in 2016, giving us a revenue outlook of around DKK 11bn whereas we previously expected revenue of around DKK 10.9bn. We reconfirm our outlook for EBITA, expecting EBITA to remain at 2015 levels less the positive one-off of DKK 9m from a change in pension plans in the Netherlands that we saw in 2015, giving us an EBITA outlook of around DKK 287m.

As previously announced, we are investing in our digital platforms to strengthen the customer experience, and we are investing in growth in our new businesses MAG45 and EBS. Together, this will have a negative impact on our profitability for 2016.

STRATEGY

WE BELIEVE IN NETWORKED DEVELOPMENT

The speed of change in the market is continuously increasing. At the same time, market uncertainty remains. Such a market environment requires a flexible approach to business innovation and development. The traditional approach of doing business innovation and development based on mostly internal resources, is not an approach we believe is sufficient for us.

We believe in networked development. This implies that own innovation and development, combined with other companies' good ideas and their ability to quickly address market opportunities, can create more for less, and faster.

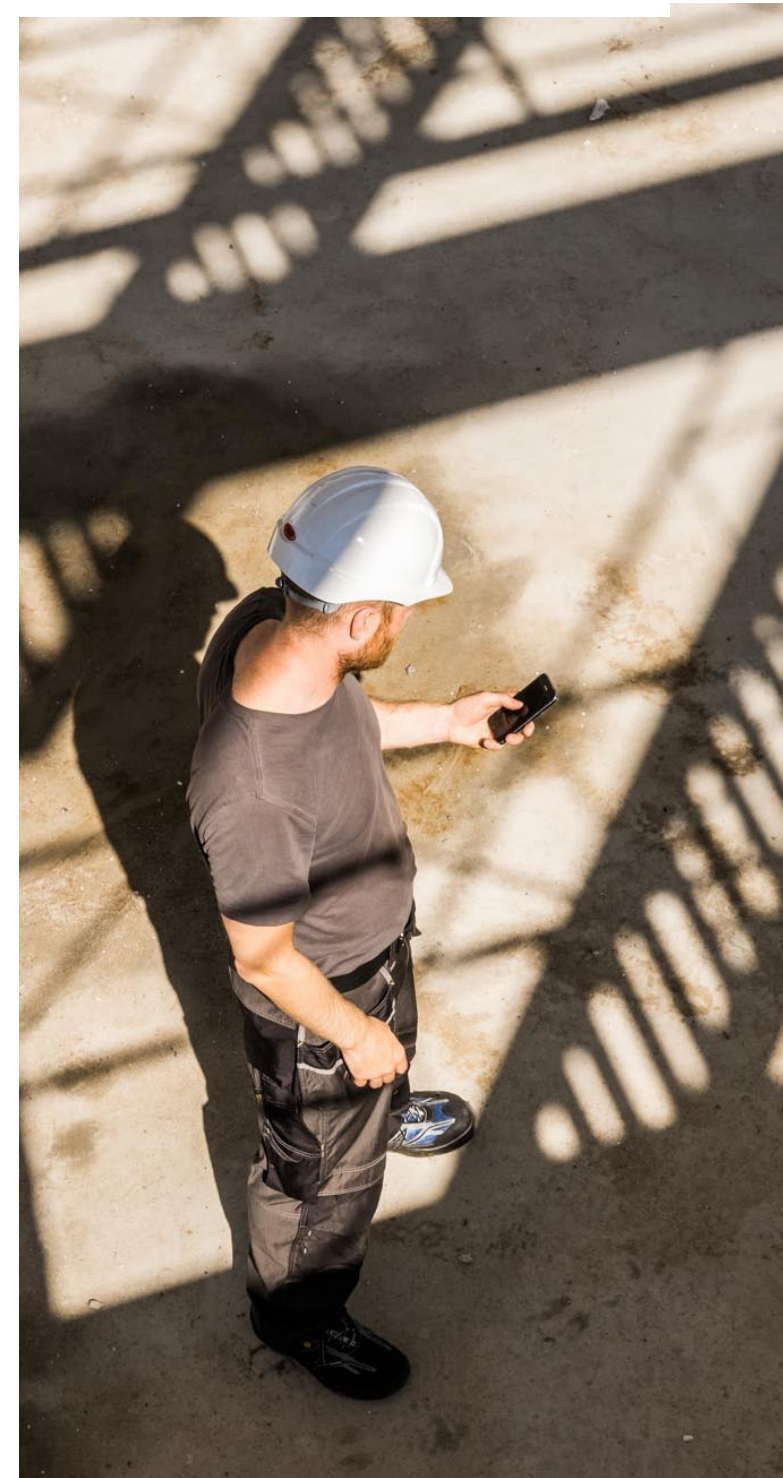
An outcome of our belief in networked development was our recent investment in two digital start-ups, GenieBelt and Minuba. The two software companies both offer digital tools to improve the productivity of craftsmen and contractors.

Solar's stated ambition is to improve our customers' productivity. Digitalisation is key in this respect, and our conclusion is that in GenieBelt and Minuba's specific areas of expertise, they can serve craftsmen and contractors better than Solar can. Thus, Solar's current customers are better served by referral, rather than by Solar developing similar digital solutions in-house. At the same time, Solar is able to

We believe in the idea of networked development. This implies that own innovation and development, combined with other companies' good ideas and their ability to quickly address market opportunities, can create more for less, and faster.

offer significant customer leads to the two companies, as well as a financial involvement that supports the two companies' ambitious expansion plans.

Solar only holds a minority stake in the two companies, so GenieBelt and Minuba can continue to operate as independent businesses. Both companies are free to work with all customers and partners, which is important to us, as this will make them and their solutions better.





EXPANDING BUSINESS EXPANSION

Digital construction technology, known as Con-Tech, is a fast-developing field. Solar wishes to work with the best Con-Tech people and companies, as we believe Con-Tech will significantly alter the construction value chain, by creating massive productivity gains and reducing cost.

We continue to look at opportunities, and hope to make further investments in people and technology that fit our networked development agenda.

The same logic is behind our two business expansion acquisitions this year, EBS* and MAG45. We look forward to seeing EBS strengthen its training offering and incorporating the Solar School activities to the benefit of our customers. Further, we see MAG45 benefiting from Solar's brand recognition and industrial customer contacts.

If they arise, we will take advantage of opportunities for bolt-on acquisitions or network investments within MAG45 and EBS' activity areas.

COMMERCIAL AND DIGITAL DEVELOPMENT

Today, more than 90% of products delivered to customers go directly from our warehouses and more than 50% of Solar's business is already digital - we are one of the largest e-business companies in Northern Europe.

However, digitalisation is much more than e-business to us and we are ambitious about expanding the digital interaction with and for our customers. We are only at the beginning of this journey.

The appointment of Hugo Dorph as Chief Commercial Officer and member of the Executive Board underlines the strategic significance we place on Solar's commercial and digital development.

CAPITAL STRUCTURE

Solar's Board of Directors assesses the company's capital structure regularly to ensure that this is appropriate for both the shareholders and the company.

On 23 November 2015, Solar launched a share buy-back programme set to end by 30 June 2016. The share buy-back programme was completed on 30 June 2016 and the accumulated share buy-back totals 174,982 B shares at DKK 66.1m.

Furthermore, the Board of Directors decided to launch a share buy-back programme on 16 August 2016 totalling up to DKK 150m, structured as an auction process that gave all B shareholders the opportunity to sell B shares back to Solar at the same price. The programme was successfully completed at 30 August 2016 and a total of 382,160 B shares were bought back at DKK 392.5 per share of

a nominal value of DKK 100, corresponding to a total purchase sum of DKK 150m cf. company announcement 39 2016.

After the completion of the share buy-back programmes, Solar owns 622,315 treasury shares, corresponding to 7.9% of Solar's total share capital and 3.9% of votes.

In the period Q1-Q3 2016 Solar paid a total of DKK 274m to the shareholders via share buy-back programmes and as dividend regarding 2015.

In Q1-Q3 2016, Solar acquired the two companies, MAG45 and Euro Business School (EBS), as well as obtaining minority stakes in GenieBelt and Minuba. Investments in digitalisation, etc. are made continuously, and share buy-back programmes have been executed.

Our search for acquisition and investment opportunities will continue, and we will continue to look at investments in further innovation and development.

* Euro Business School (EBS) is going to be renamed to Scandinavian Technology Institute (STI)



SHAREHOLDER INFORMATION

SHARE AND WEBCAST
INFORMATION

SOLAR'S SHARES

Solar's share capital is divided into nominal value DKK 90 million A shares and nominal value 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 totalled 622,315 B shares or 7.9% of share capital as at 30 September 2016.

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

AUDIO WEBCAST

The presentation of Quarterly Report Q3 2016 will be transmitted online on 28 October 2016 at 11:00 CET and will be accessible via www.solar.eu.

Distribution of share capital and votes as at
30 September 2016 in %

Shareholders with 5% or more of share capital	Share capital	Votes
The Fund of 20th December Vejen, Denmark	15.6%	57.5%
Chr. Augustinus Fabrikker A/S Copenhagen, Denmark	10.3%	5.1%
Nordea Funds Oy, Danish Branch Copenhagen, Denmark	10.2%	5.0%
RWC Asset Management LLP London, England	9.5%	4.7%
Solar A/S Vejen, Denmark	7.9%	3.9%

FINANCIAL CALENDAR 2017

10 January - 10 February
IR quiet period

10 February
Annual Report 2016

17 March
Annual general meeting

10 April - 3 May
IR quiet period

3 May
Quarterly Report Q1 2017

10 July - 10 August
IR quiet period

10 August
Quarterly Report Q2 2017

10 October - 26 October
IR quiet period

26 October
Quarterly Report Q3 2017

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

Income statement

DKK million	Q3		Q1-Q3		Year
	2016	2015	2016	2015	2015
Revenue	2,595	2,449	8,062	7,768	10,587
Cost of sales	-2,055	-1,939	-6,388	-6,148	-8,388
Gross profit	540	510	1,674	1,620	2,199
Other operating income and costs	0	0	0	2	2
External operating costs	-119	-94	-371	-322	-421
Staff costs	-343	-305	-1,079	-1,034	-1,396
Loss on trade receivables	-4	-7	-11	-21	-22
Earnings before interest, tax, depreciation and amortisation (EBITDA)	74	104	213	245	362
Write-down and depreciation on property, plant and equipment	-7	-15	-37	-48	-66
Earnings before interest, tax and amortisation (EBITA)	67	89	176	197	296
Amortisation of intangible assets	-14	-12	-41	-35	-47
Earnings before interest and tax (EBIT)	53	77	135	162	249
Financial income	5	2	20	18	22
Financial expenses	-14	-14	-46	-45	-70
Earnings before tax (EBT)	44	65	109	135	201
Income tax	-15	-20	-32	-38	-67
Net profit of continuing operations	29	45	77	97	134
Profit of discontinued operations	0	3	0	36	33
Net profit for the period	29	48	77	133	167
Earnings in DKK per share outstanding (EPS)	3.84	6.11	10.04	16.93	21.26
Diluted earnings in DKK per share outstanding (EPS-D)	3.84	6.10	10.03	16.90	21.21
Earnings in DKK per share outstanding (EPS) of continuing operations	3.84	5.73	10.04	12.35	17.06
Diluted earnings in DKK per share outstanding (EPS-D) of continuing operations	3.84	5.72	10.03	12.33	17.02

Other comprehensive income

DKK million	Q3		Q1-Q3		Year
	2016	2015	2016	2015	2015
Net profit for the period	29	48	77	133	167
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	-13
Items that can be reclassified for the income statement					
Foreign currency translation adjustments of foreign subsidiaries	11	-32	6	-12	-7
Value adjustments of hedging instruments before tax	1	-3	-11	19	35
Tax on value adjustments of hedging instruments	0	1	2	-5	-9
Other income and costs recognised after tax	12	-34	-3	2	6
Total comprehensive income for the period	41	14	74	135	173

BALANCE SHEET

DKK million	30.09		31.12
	2016	2015	2015
ASSETS			
Intangible assets	492	333	333
Property, plant and equipment	857	899	882
Deferred tax asset	30	43	28
Other non-current assets	20	6	7
Non-current assets	1,399	1,281	1,250
Inventories	1,354	1,290	1,302
Trade receivables	1,623	1,512	1,295
Income tax receivable	12	33	4
Other receivables	28	14	10
Prepayments	30	28	23
Cash at bank and in hand	63	247	699
Assets held for sale	62	77	88
Current assets	3,172	3,201	3,421
Total assets	4,571	4,482	4,671

DKK million	30.09		31.12
	2016	2015	2015
EQUITY AND LIABILITIES			
Share capital	792	792	792
Reserves	-146	-160	-143
Retained earnings	985	1,180	1,104
Proposed dividends	0	0	78
Equity	1,631	1,812	1,831
Interest-bearing liabilities	206	461	430
Provision for pension obligations	16	18	15
Provision for deferred tax	125	127	128
Other provisions	60	17	19
Non-current liabilities	407	623	592
Interest-bearing liabilities	333	80	60
Trade payables	1,654	1,399	1,608
Income tax payable	24	49	11
Other payables	500	475	516
Prepayments	2	3	0
Other provisions	20	41	28
Liabilities held for sale	0	0	25
Current liabilities	2,533	2,047	2,248
Liabilities	2,940	2,670	2,840
Total equity and liabilities	4,571	4,482	4,671

CASH FLOW STATEMENT

DKK million	Q3		Q1-Q3		Year
	2016	2015	2016	2015	2015
Net profit of continuing operations	29	45	77	97	134
Write-down, depreciation and amortisation	21	27	78	83	113
Changes to provisions and other adjustments	8	-20	3	-37	-64
Financials, net	9	12	26	27	48
Income tax	15	20	32	38	67
Financial income, received	2	0	8	4	4
Financial expenses, settled	-11	-9	-44	-30	-42
Income tax, settled	2	-6	-29	-32	-55
Cash flow before working capital changes	75	69	151	150	205
Working capital changes					
Changes to inventory	-26	-55	-25	-54	-61
Changes to receivables	-43	66	-299	-257	-28
Changes to non-interest-bearing liabilities	-13	-148	-45	-32	215
Cash flow from operating activities, continuing operations	-7	-68	-218	-193	331
Cash flow from operating activities, discontinued operations	0	3	0	-50	-53
Cash flow from operating activities	-7	-65	-218	-243	278
Investing activities					
Purchase of intangible assets	-22	-10	-53	-26	-36
Purchase of property, plant and equipment	-10	-8	-25	-17	-28
Disposal of property, plant and equipment	6	1	44	1	3
Acquisition of subsidiaries and activities	-44	-	-97	-	0
Divestment of subsidiaries ¹	0	0	0	37	37
Other financial investments	-13	-	-13	-	-
Cash flow from investing activities, continuing operations	-83	-17	-144	-5	-24
Cash flow from investing activities, discontinued operations	0	5	0	345	345
Cash flow from investing activities	-83	-12	-144	340	321

DKK million	Q3		Q1-Q3		Year
	2016	2015	2016	2015	2015
Financing activities					
Repayment of non-current interest-bearing debt	-9	-12	-102	-40	-51
Treasury share purchases and sales	-150	-	-197	-	-19
Dividends distributed	0	0	-77	-55	-55
Cash flow from financing activities, continuing operations	-159	-12	-376	-95	-125
Cash flow from financing activities, discontinued operations	0	0	0	0	0
Cash flow from financing activities	-159	-12	-376	-95	-125
Total cash flow	-249	-89	-738	2	474
Cash at bank and in hand at the beginning of the period	148	260	639	167	167
Assumed on acquisition of subsidiaries	1	-	-2	-	0
Foreign currency translation adjustments	0	-4	1	-2	-2
Cash at bank and in hand at the end of the period, net	-100	167	-100	167	639
Cash at bank and in hand at the end of the period, net					
Cash at bank and in hand	63	247	63	247	699
Current interest-bearing liabilities ²	-163	-80	-163	-80	-60
Cash at bank and in hand at the end of the period, net	-100	167	-100	167	639

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

2) Not including the short-term part of long-term liabilities that falls due in March 2017.

STATEMENT OF CHANGES IN EQUITY

DKK million	Share capital	Reserves for hedging transactions	Reserves for foreign currency translation adjustments	Retained earnings	Proposed dividends	Total
2016						
Equity as at 1 January	792	-79	-64	1,104	78	1,831
Foreign currency translation adjustments of foreign subsidiaries			6			6
Value adjustments of hedging instruments before tax		-11				-11
Tax on value adjustments		2				2
Net income recognised in equity via other comprehensive income in the statement of comprehensive income	0	-9	6	0	0	-3
Net profit for the period				77		77
Comprehensive income	0	-9	6	77	0	74
Dividend distribution					-77	-77
Buy-back of treasury shares ¹				-196	-1	-197
Transactions with the owners	0	0	0	-196	-78	-274
Equity as at 30 September	792	-88	-58	985	0	1,631
2015						
Equity as at 1 January	792	-105	-57	1,047	55	1,732
Foreign currency translation adjustments of foreign subsidiaries			-12			-12
Value adjustments 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 for the period				133		133
Comprehensive income	0	14	-12	133	0	135
Dividend distribution					-55	-55
Transactions with the owners	0	0	0	0	-55	-55
Equity as at 30 September	792	-91	-69	1,180	0	1,812

1) For information on buy-back of treasury shares see the description of capital structure on page 10.

NOTES Segment information

Solar's business segments are Installation, Industry and Others and are based on the customers' affiliation with the segments. Installation covers installation of electrical, and heating and plumbing products, while Industry covers industry, offshore and marine, and utility and infrastructure. Others covers other small areas. The three main segments have been identified without aggregation of operating segments. Segment income and costs include any items that are directly attributable to the individual segment and any items that can be reliably allocated to the individual segment. Non-allocated costs refer to income and costs related to joint group functions. Assets and liabilities are not included in segment reporting.

DKK million	Installation	Industry	Others	Total
Q3 2016				
Revenue	1,708	699	188	2,595
Cost of sales	-1,366	-538	-151	-2,055
Gross profit	342	161	37	540
Direct costs	-68	-22	-4	-94
Earnings before indirect costs	274	139	33	446
Indirect costs	-131	-41	-11	-183
Segment profit	143	98	22	263
Non-allocated costs				-189
Earnings before interest, tax, depreciation and amortisation (EBITDA)				74
Depreciation and amortisation				-21
Earnings before interest and tax (EBIT)				53
Financials, net				-9
Earnings before tax (EBT)				44

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 profit	136	91	17	244
Non-allocated costs				-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

In Q3 2015, we made a more detailed classification of all customers onto our business segments. This led to changes between the various segments, and the effect of this is shown in the appendix to Quarterly Report Q3 2015. The appendix includes previously published information, changes to this and updated information per quarter for the first half-year of 2015.

NOTES Segment information (continued)

DKK million	Installation	Industry	Others	Total
Q1-Q3 2016				
Revenue	5,321	2,183	558	8,062
Cost of sales	-4,255	-1,679	-454	-6,388
Gross profit	1,066	504	104	1,674
Direct costs	-220	-70	-13	-303
Earnings before indirect costs	846	434	91	1,371
Indirect costs	-420	-125	-37	-582
Segment profit	426	309	54	789
Non-allocated costs				-576
Earnings before interest, tax, depreciation and amortisation (EBITDA)				213
Depreciation and amortisation				-78
Earnings before interest and tax (EBIT)				135
Financials, net				-26
Earnings before tax (EBT)				109

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 profit	421	291	51	763
Non-allocated costs				-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

In Q3 2015, we made a more detailed classification of all customers onto our business segments. This led to changes between the various segments, and the effect of this is shown in the appendix to Quarterly Report Q3 2015. The appendix includes previously published information, changes to this and updated information per quarter for the first half-year of 2015.

NOTES Segment information (continued)

Geographical information

Solar A/S primarily operates on the Danish, Swedish, Norwegian and Benelux markets. In the below table, Other markets covers the remaining markets, which can be seen in the group structure available on page 19 of Annual Report 2015 or on www.solar.eu. The below allocation has been made based on the products' place of sale.

DKK million	Q3		Q1-Q3		Non-current assets
	Revenue	Adjusted organic growth	Revenue	Adjusted organic growth	
2016					
Denmark	730	10.0	2,186	6.1	1,825
Sweden	558	1.4	1,822	1.0	267
Norway	446	7.9	1,334	2.8	210
Benelux	592	-3.4	1,962	-5.1	310
Other markets	283	-4.4	803	-0.2	139
Eliminations	-14	-	-45	-	-1,352
Total	2,595	3.1	8,062	0.9	1,399
2015					
Denmark ¹	664	0.8	2,039	5.3	1,628
Sweden	556	9.9	1,773	8.7	277
Norway	412	1.1	1,367	2.2	108
Benelux	615	2.9	2,040	7.2	329
Other markets	213	6.0	586	11.4	49
Eliminations ¹	-11	-	-37	-	-1,110
Total	2,449	3.8	7,768	6.6	1,281

1) Denmark's figures include non-current assets determined for Solar A/S, the parent company. In 2016, the parent company switched accounting policies from cost method to equity value method. As a result, non-current assets for Q3 2015 were restated, from DKK 1,830m to DKK 1,628m, changing the eliminations figures from DKK -1,312m to DKK -1,110m.

NOTES Discontinued operations and assets held for sale

On 16 March 2015, Solar A/S finalised the divestment of the assets of Solar Deutschland GmbH to Sonepar Group with an accounting profit of DKK 50m.

The discontinued operations impacted the income statement as follows:

DKK million	Q3		Q1-Q3	
	2016	2015	2016	2015
Revenue		0		185
Cost of sales		2		-158
Gross profit		2		27
Costs		1		9
Earnings before interest and tax (EBIT)		3		36
Financials, net		0		0
Earnings before tax (EBT)		3		36
Tax on net profit or loss for the period		0		0
Net profit or loss for the period		3		36

Earnings of discontinued operations in DKK per share outstanding (EPS)	0.38	4.58
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Diluted earnings of discontinued operations in DKK per share outstanding (EPS-D)	0.38	4.58
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Cash flow from operating activities	3	-50
Cash flow from investing activities	5	345
Cash flow from financing activities	0	0

Total cash flow	8	295
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Divestment of the discontinued operations may be specified as follows:

Accounting gain of net assets	298
Gain on divestment	50
Total consideration	348

Assets held for sale may be divided into the following main items:

DKK million	Q3	
	2016	2015
Property, plant and equipment, Solar Deutschland	16	16
Property, plant and equipment, Solar Nederland	46	61
Non-current assets	62	77
Assets held for sale	62	77

NOTES Acquisition of subsidiaries

On 1 February 2016, Solar A/S acquired the shares of MAG45 B.V.

The acquisition price of 100% of the MAG45 shares on a net debt-free basis is made up of a fixed amount of DKK 60m and a variable amount (earn-out) which will total DKK 160m at the most. The earn-out amount depends on the results in 2016, 2017 and 2018.

At closing, DKK 53m was paid for 100% of the shares of MAG45 B.V., equalling DKK 76m on a net debt-free basis (normalised approx. DKK 80m). The expected total price, including earn-out, will be approximately DKK 100m on a net debt-free basis. The preliminary assessment of the earn-out is DKK 20m.

The acquisition is expected to increase Solar Group's 2016 revenue by approx. DKK 310m, but to have a limited impact on EBITA.

Transaction costs related to the acquisition totalled DKK 2m.

Fair value at the date of acquisition: (DKK million)

Property, plant and equipment	3
Inventories	30
Trade receivables	41
Other receivables	1
Cash	17
Provision for deferred tax	-1
Other non-current liabilities, interest-bearing	-21
Current liabilities	-91
Net assets acquired	-21
Goodwill	59
Customer-related intangible assets	30
Other intangible assets	5
Acquisition cost	73
Of this, net cash	3
Other interest-bearing liabilities, net	20
Acquisition price on net debt-free basis	96
Hereof expected earn-out	-20
Acquisition price on net debt-free basis excl. expected earn-out	76

On 11 August 2016, Solar A/S acquired the shares of Euro Business School AS.

The acquisition price of 100% of the Euro Business School shares on a net debt-free basis is made up of a fixed amount of DKK 43m and a variable amount (earn-out) expected to total DKK 15m. The earnout amount depends on the achievement of a set of financial results by 2021 with payment to be made in 2022.

At closing, DKK 44m was paid for 100% of the shares of Euro Business School AS. Including expected earn-out of DKK 15m this equals DKK 58m on a net debt-free basis (normalised approx. DKK 58m).

In 2015, EBS generated revenue of approximately DKK 45m with EBITDA of DKK 8m. A stronger performance is expected in 2016.

Transaction costs related to the acquisition totalled DKK 1m.

Fair value at the date of acquisition: (DKK million)

Property, plant and equipment	2
Trade receivables	7
Other receivables	3
Cash	1
Provision for deferred tax	2
Other non-current liabilities	-8
Current liabilities	-4
Net assets acquired	3
Goodwill	52
Other intangible assets	4
Acquisition cost	59
Of this, net cash	-1
Acquisition price on net debt-free basis	58
Hereof expected earn-out	-15
Acquisition price on net debt-free basis excl. expected earn-out	43

NOTES Share option plans

Description and specification of Solar's share option plans are found in Annual Report 2015 and at www.solar.eu/menu/investor/downloads/policies. In March 2016, Solar granted 28,398 additional share options (March 2015: 38,372 share options) to the Executive Board and senior management employees. In addition, 27,026 share options from the 2012 granting and 14,239 share options from the 2013 granting were exercised, respectively. So, outstanding share options now total 108,976.

2016 granting	Share options
Executive Board	7,297
Others	21,101
Total	28,398

Exercise period:

10 banking days following publication of the annual reports in	2019 / 2020
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DKK million

Market value estimated at time of granting using the Black-Scholes model	1
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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 in DKK	342.60
Exercise price in DKK	342.60
Expected volatility	28.6%
Expected dividends in proportion to market value	2.9%
Risk-free interest rate	0.1%

Average share price is calculated based on the average price on Nasdaq Copenhagen over the first 10 business days following publication of Annual Report 2015.



NOTES Accounting policies

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 2015, which holds a full description of these on pages 42-43 as well as of relevant, supplementary notes.

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

No additional standards have been implemented in the period, only amendments and improvements to 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 26 on page 77 in Annual Report 2015. No new or amended standards have been issued in 2016 other than those stated in the annual report.

On audit

This quarterly report has not been audited or reviewed.

QUARTERLY FIGURES

Income statement (DKK million)	Q1		Q2		Q3		Q4	
	2016	2015	2016	2015	2016	2015	2015	2014
Revenue	2,656	2,645	2,811	2,674	2,595	2,449	2,819	2,773
Earnings before interest, tax, depreciation and amortisation (EBITDA)	67	77	72	64	74	104	117	46
Earnings before interest, tax and amortisation (EBITA)	52	60	57	48	67	89	99	-3
Earnings before interest and tax (EBIT)	39	48	43	37	53	77	87	-150
Financials, net	-11	-8	-6	-7	-9	-12	-21	-16
Earnings before tax (EBT)	28	40	37	30	44	65	66	-166
Net profit or loss for the period	21	62	27	23	29	48	34	-223

Balance sheet (DKK million)

Non-current assets	1,324	1,322	1,316	1,310	1,399	1,281	1,250	1,324
Current assets	3,285	3,365	3,221	3,358	3,172	3,201	3,421	3,250
Balance sheet total	4,609	4,687	4,537	4,668	4,571	4,482	4,671	4,574
Equity	1,813	1,754	1,740	1,798	1,631	1,812	1,831	1,732
Non-current liabilities	394	649	387	644	407	623	592	655
Current liabilities	2,402	2,284	2,410	2,226	2,533	2,047	2,248	2,187
Interest-bearing liabilities, net	156	240	231	221	476	294	-184	302
Invested capital	1,984	2,101	1,986	2,133	2,122	2,219	1,662	2,172
Net working capital, period end	1,232	1,308	1,196	1,307	1,323	1,403	989	1,111
Net working capital, average	1,233	1,362	1,205	1,302	1,185	1,282	1,252	1,267

QUARTERLY FIGURES (continued)

Cash flow (DKK million)	Q1		Q2		Q3		Q4	
	2016	2015	2016	2015	2016	2015	2015	2014
Cash flow from operating activities, continuing operations	-251	-183	40	58	-7	-68	524	306
Cash flow from investing activities, continuing operations	-33	22	-28	-10	-83	-17	-19	-6
Cash flow from financing activities, continuing operations	-80	-14	-137	-69	-159	-12	-30	-12
Net investments in intangible assets	-12	-6	-19	-10	-22	-10	-10	-4
Net investments in property, plant and equipment	32	-4	-9	-5	-4	-7	-9	-2
Acquisitions and divestments of subsidiaries, net	-53	32	0	5	-44	0	0	0

Financial ratios (% unless otherwise stated)

Revenue growth	0.4	2.3	5.1	8.0	6.0	1.3	1.6	0.3
Organic growth	-0.3	4.6	3.8	9.4	3.0	3.8	3.2	2.2
Organic growth adjusted for number of working days	1.2	5.8	-1.8	10.1	3.1	3.8	1.5	1.2
Gross profit margin	21.0	21.2	20.5	20.5	20.8	20.8	20.5	21.1
EBITDA margin	2.5	2.9	2.6	2.4	2.9	4.2	4.2	1.7
EBITA margin	2.0	2.3	2.0	1.8	2.6	3.6	3.5	-0.1
EBIT margin	1.5	1.8	1.5	1.4	2.0	3.1	3.1	-5.4
Net working capital (period-end NWC)/revenue (LTM)	11.6	12.7	11.1	12.4	12.2	13.3	9.3	10.8
Net working capital (average NWC)/revenue (LTM)	11.6	12.4	11.2	12.0	10.9	12.2	11.8	12.4
Gearing (interest-bearing liabilities, net/EBITDA), no. of times	0.4	1.0	0.6	0.8	1.4	1.0	-0.5	1.3
Return on equity (ROE)	6.9	-9.2	7.3	-5.8	6.6	-5.0	9.2	-12.5
Return on invested capital (ROIC)	8.2	-3.3	8.4	0.5	7.5	2.0	8.5	-4.3
Adjusted enterprise value/earnings before interest, tax and amortisation (EV/EBITA)	9.3	19.4	8.6	16.2	11.8	17.8	10.6	21.7
Equity ratio	39.3	37.4	38.4	38.5	35.7	40.4	39.2	37.9

QUARTERLY FIGURES (continued)

Share ratios (DKK unless otherwise stated)	Q1		Q2		Q3		Q4	
	2016	2015	2016	2015	2016	2015	2015	2014
Earnings per share outstanding (EPS)	2.71	7.89	3.51	2.93	3.84	6.11	4.33	-28.39
Intrinsic value per share outstanding	233.91	223.28	225.93	229.03	216.10	230.81	234.43	220.62
Share price	329	318	307	363	374	409	432	288
Share price/intrinsic value	1.41	1.43	1.36	1.59	1.73	1.77	1.84	1.30

Employees

Average number of employees (FTEs), continuing operations	2,968	2,892	3,024	2,886	3,051	2,840	2,864	2,893
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Definitions

Organic growth	Revenue growth adjusted for enterprises acquired and sold off 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.
ROIC	Return on invested capital calculated on the basis of operating profit or loss less tax calculated using the effective tax rate.

Overall, financial ratios are calculated in accordance with the Danish Finance Society's "Recommendations & Financial Ratios 2015".

In general, restatements have been made of income statements, cash flow 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. No adjustments have been made for acquired enterprises.

STATEMENT BY THE EXECUTIVE BOARD AND THE BOARD OF DIRECTORS

Today, the group's Board of Directors and Executive Board have discussed and approved the Q3 2016 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 2016 as well as of the results of the group's activities and cash flow for Q3 2016.

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, 28 October 2016

Executive Board

Anders Wilhjelm
CEO

Hugo Dorph
CCO

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Solar A/S
Industrivej Vest 43
DK-6600 Vejen
Tel.: +45 79 30 00 00
CVR no. 15908416

www.solar.eu
<http://www.linkedin.com/company/solar-as>



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