

17 March 2017, Vejen, Denmark  
**Annual General Meeting**



1. Election of chairman of the general meeting
2. The Board of Directors' report
3. Approval of the annual report
4. Allocation of profits
5. Proposals of the Board of Directors
6. Proposed remuneration of the Board of Directors
7. Election of members to the Board of Directors
8. Election of auditor
9. Authorisation to the chairman of the general meeting
10. Any other business

**The Board of Directors' report**  
*Jens Borum, chairman of the Board of Directors*



**2016**

Revenue  
DKK million

**11,072**

Organic growth  
(adjusted)

**1.8%**

EBITA  
DKK million

**278**

Interest-bearing liab.  
DKK million

**43**

**2015**

Revenue  
DKK million

**10,587**

Organic growth  
(adjusted)

**5.2%**

EBITA  
DKK million

**296**

Interest-bearing liab.  
DKK million

**-184**

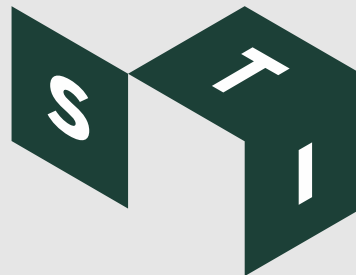
## Market development - installation and industry

- **Installation:** Annualised organic growth is still low (1%) but improved in the second half year and especially in Q4 (4%). In Q4, we saw growth in Denmark, Norway, Sweden and Benelux.
- **Industry:** Small improvement in organic growth (2%) and again increased growth in Q4.
- **Others:** Increasing revenue and profits as a result of acquisitions, among other things.

## Business development – a trade undergoing **rapid** change

Skilled, creative and diligent business development in our core business

Acquisition - Euro Business School now renamed Scandinavian Technology Institute



## Business development – a trade undergoing **rapid** change

### Digitalisation of the trade

Digitalisation means:

- Greater transparency – price and product accessibility
- Less customer and supplier loyalty
- Change in the division of roles between the players in our trade

## Business development – a trade undergoing **rapid** change

- **E-commerce exceeds 50%**
- **Hugo Dorph joined the Executive Board as CCO in September 2016**
- **Acquisition of shares of a number of small companies:**
  - GenieBelt (<20%) – Project management for the building trade
  - Minuba (<20%) – Job management for craftsmen
  - Viva Labs (<20%) - Smart home platform



We want to continue to **strengthen Solar** through acquisitions

**Preconditions for network investments:**

Active investor

Provide competences

Strengthen own competences and keep ahead of the development

Acquired approx. 20% of BIMobject – Building Information Modeling

## Capital structure

- Share buy-back in 2016 of DKK 197m
- Dividends of DKK 77m distributed
- Proposed dividends of DKK 12 per share (DKK 88m)

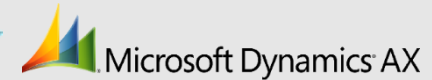
### Interest-bearing liab. DKK million

- **2016: 43**
- 2015: -184
- 2014: 302

**At the end of the beginning...**  
*Anders Wilhjelm, CEO*

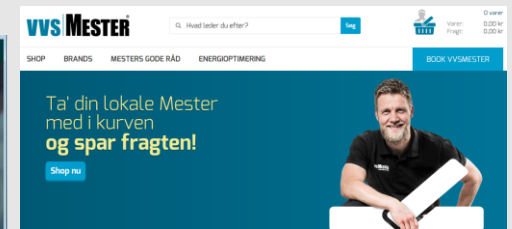
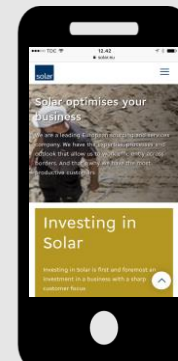


>50%!



The following digital activities took place in 2016:

- New CRM system
- ERP implementation in Austria and Belgium
- New websites
- Solar Light
- 'Blue articles'
- VVS Mester, digital learning portal,...



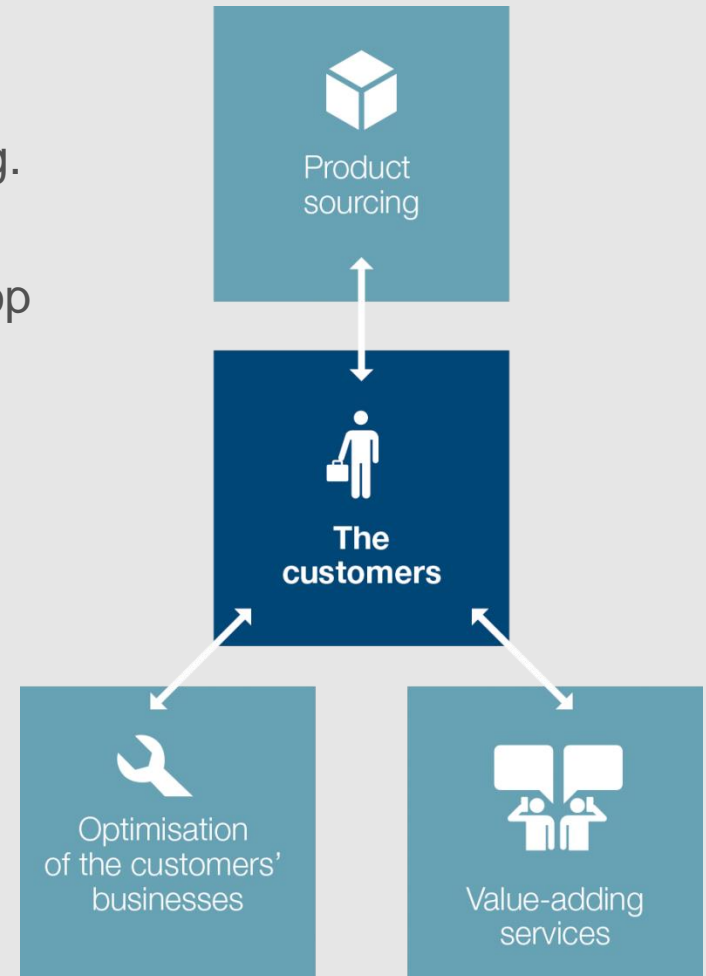
## Business model

### What does *sourcing and services* really mean?



### We work with our customers:

- to bundle their spend and improve their sourcing.
- to create the best offer and to proactively develop alternatives.
- to optimise their productivity, to optimise transportation cost and to minimise required inventory.
- to improve their employees' skills and efficiency.



# What this means for the customers in practice (1)

## Examples



### Owned

- to bundle their spend and improve their sourcing



- to create the best offer and to proactively develop alternatives

Solar Light  
Solar Plus



SolarPolaris

- to optimise their productivity, to optimise transportation cost and to minimise required inventory

Smart moving  
Smart inventory  
Smart handling



- to improve their employees' skills and efficiency



## Expanded and changed business model

Our focus is broader than before



# We are interested in business activities where we can expand activities and utilise competences crosswise

## 2016

We focus on acquisition of two types of business activities:

- Activities that serve other customer segments, but in which Solar can benefit from existing competences to support both businesses.
- Activities that give Solar the opportunity to offer existing customers more than is covered by our current product and services portfolio.

## 2017

We focus on two types of business activities:

- Activities that serve other customer segments, but in which Solar can benefit from existing competences to support both businesses.
- Activities that give Solar the opportunity to **directly or indirectly** offer existing **and new** customers more than is covered by our current product and services portfolio.
- **We are looking for both acquisitions and strategic investments – we focus on networks**

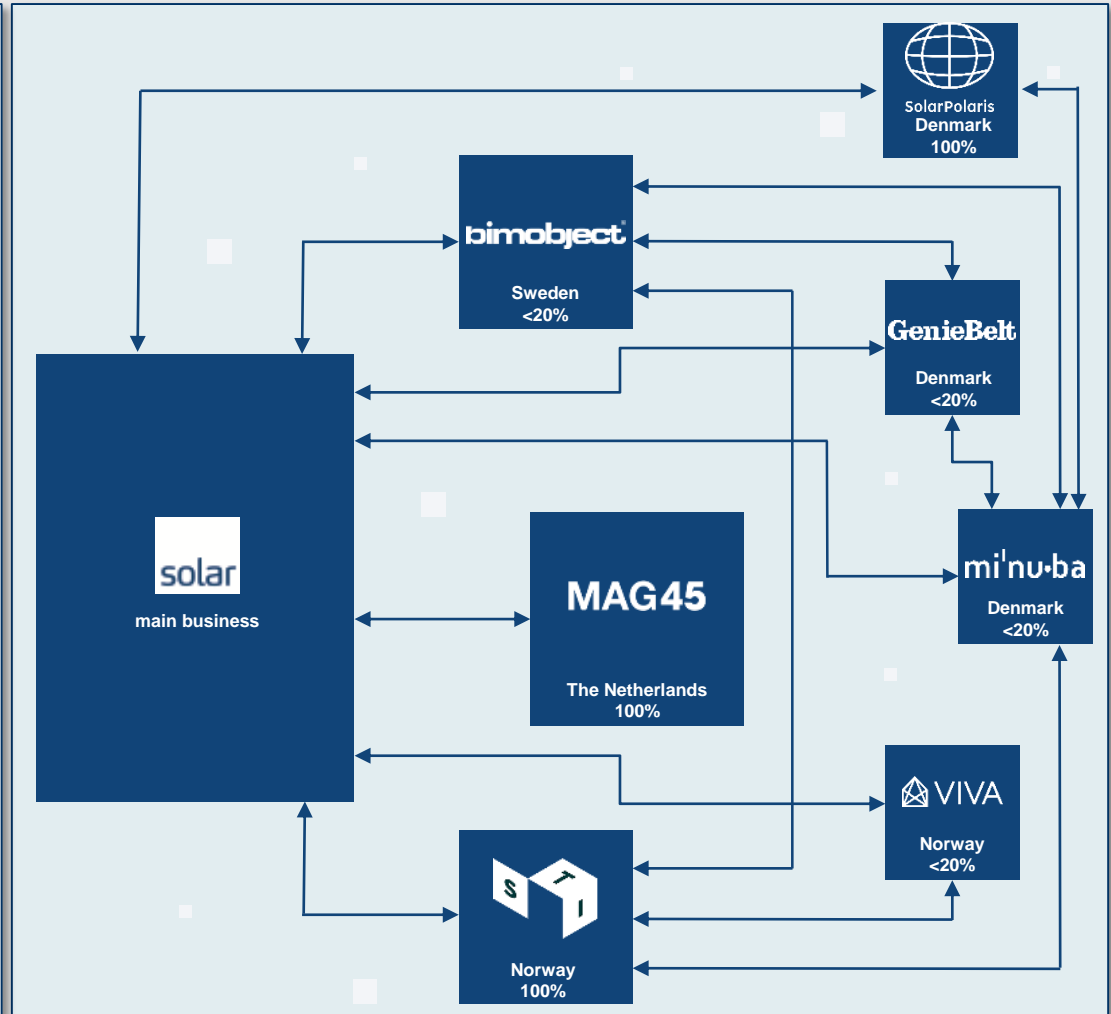
# Networked development

*We believe in the value of business networks*



Criteria for investments, acquisitions or other partnerships:

- We can support the development of the associated company through full or partial ownership.
- We can create common value by sharing knowledge and competences from our main business to the associated business.
- We can create common value by sharing knowledge and competences between the associated businesses.
- We can create common value by sharing knowledge and competences from the associated business to our main business.



*Note: most companies also have subsidiaries*



## What this means for the customers in practice (2)

### Examples



	Owned	Associated
<ul style="list-style-type: none"><li>to bundle their spend and improve their sourcing</li></ul>		
<ul style="list-style-type: none"><li>to create the best offer and to proactively develop alternatives</li></ul>	<p>Solar Light Solar Plus</p> <p>SolarPolaris</p>	
<ul style="list-style-type: none"><li>to optimise their productivity, to optimise transportation cost and to minimise required inventory</li></ul>	<p>Smart moving Smart inventory Smart handling</p>	 
<ul style="list-style-type: none"><li>to improve their employees' skills and efficiency</li></ul>		

2017

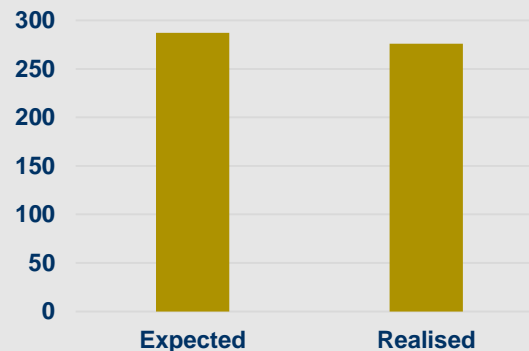
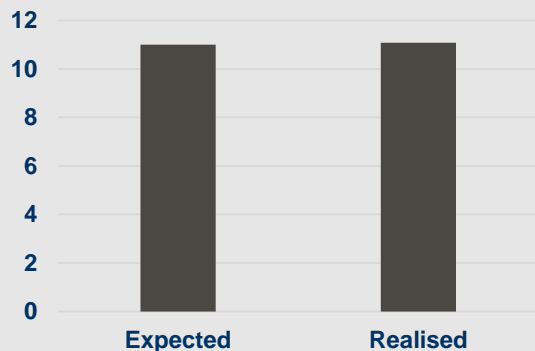
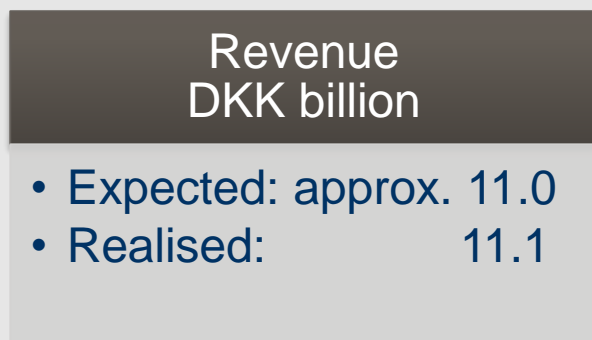
*Our priorities*



- Continued focus on profitable growth
  - Strengthen operations
  - Strengthen the sales organisation
  - Place demands on each individual business activity
  
- Continue to make digital investments and improvements to strengthen the leading position of the main business
  
- Strengthen our industry activities, among other things through the MAG45 growth plan
  
- Pursue growth opportunities both within and outside current business activities (networked development)



## Revenue and EBITA **matched expectations** for 2016

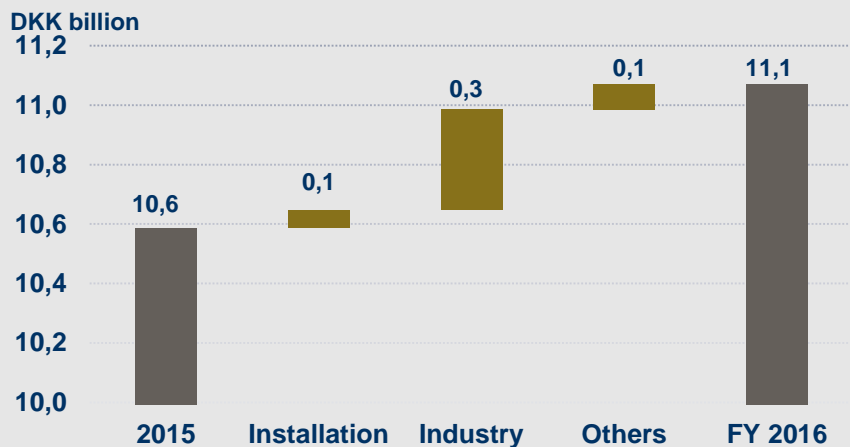


Expenses for **innovation and business development** and one-off payments affected EBITA by approx. DKK 24m

DKK million	2016	2015
Revenue	11,072	10,587
<b>Gross profit</b>	<b>2,308</b>	<b>2,199</b>
Costs	-1,978	-1,837
<b>EBITDA</b>	<b>330</b>	<b>362</b>
Depreciation and write-down	-52	-66
<b>EBITA</b>	<b>278</b>	<b>296</b>
Amortisations	-56	-47
<b>EBIT</b>	<b>222</b>	<b>249</b>
<b>EBT, continuing activities</b>	<b>188</b>	<b>201</b>
<b>Net profit for the year</b>	<b>125</b>	<b>167</b>

**Organic growth, adj. was 1.8% in 2016 against 5.2% in 2015, but increased to 4.3% in Q4 against 1.5 in Q4 2015**

## Revenue



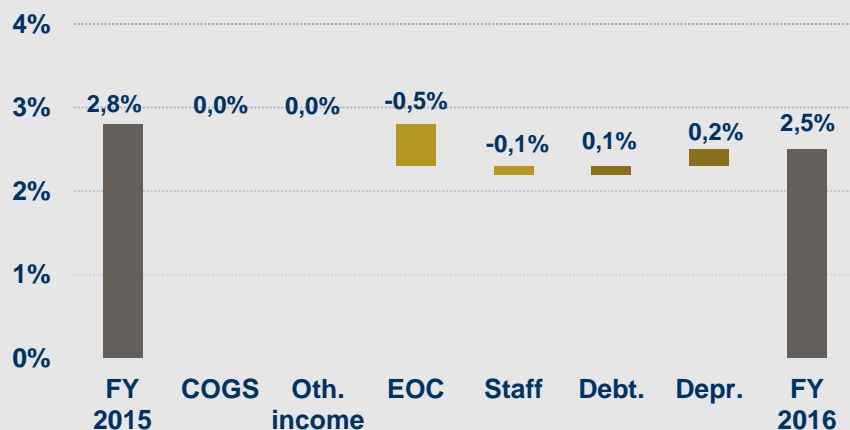
- MAG45's revenue (11 months) is included under industry
- Euro Business School's (Scandinavian Technology Institute) revenue (4.5 months) is included under Others

Organic growth, adj.	2016
Installation	approx. 1%
Industry	approx. 2%
<b>Group</b>	<b>1.8%</b>

- Installation; positive development in Denmark, Norway and the Netherlands in Q4 2016
- Industry; positive development in Q4, especially in Norway and Sweden
- Others; growth driven by business opportunities with low gross profit margin

## EBITA **matched our expectations** but was, among other things, affected by innovation and business development costs

### EBITA margin



EBITA was affected by:

- Innovation and business development costs of DKK 20m (-0.2%)
- Non-recurring costs of DKK 15m (-0.1%)
- Positive one-off payments of DKK 11m (0.1%)

	2016	2015
Revenue, DKK million	11,072	10,587
Revenue growth, %	4.6	3.3
Organic growth, adj., %	1.8	5.2
Gross profit, DKK million	2,308	2,199
Gross profit margin	20.8	20.8
EBITA, DKK million	278	296
EBITA margin	2.5	2.8

## Net profit for the year was DKK 125m against DKK 167m in 2015

### Net profit for 2015 was affected by:

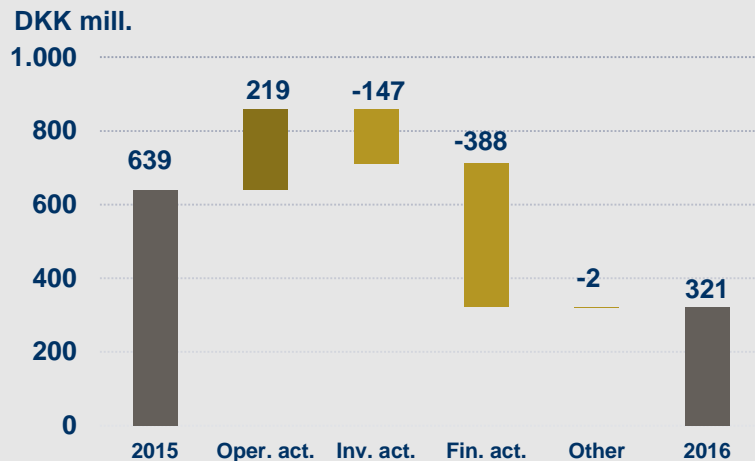
- Divestment of Solar Deutschland, DKK 33m presented as discontinued operations
- Divestment of property led to a reclassification of financial instruments from other comprehensive income to financial income and expenses, net, DKK -10m

	2016	2015
<b>EBITA</b>	<b>278</b>	<b>296</b>
Amortisations	-56	-47
Financial income and expenses, net	-34	-48
<b>Earnings before tax</b>	<b>188</b>	<b>201</b>
Tax	-63	-67
<b>Net profit for the year, continuing</b>	<b>125</b>	<b>134</b>
Net profit, discontinuing	0	33
<b>Net profit for the year</b>	<b>125</b>	<b>167</b>



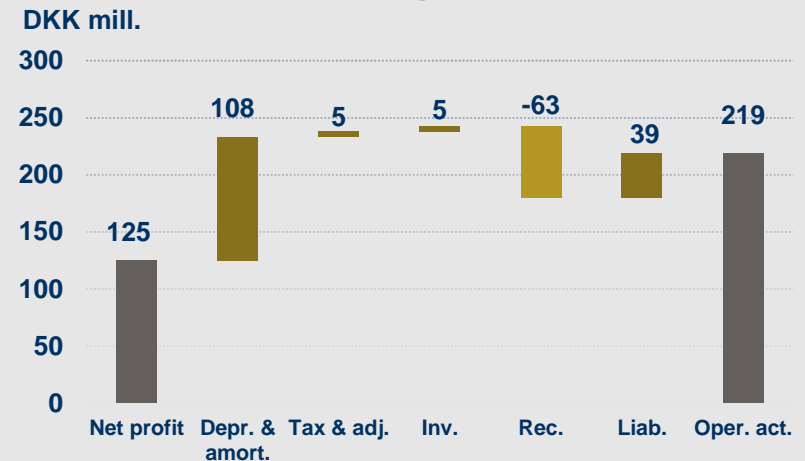
## Cash flow from operating activities contributed DKK 219m in 2016

### Cash flows



- Acquisition of subsidiaries and activities for DKK 115m
- Payment to shareholders of DKK 274m

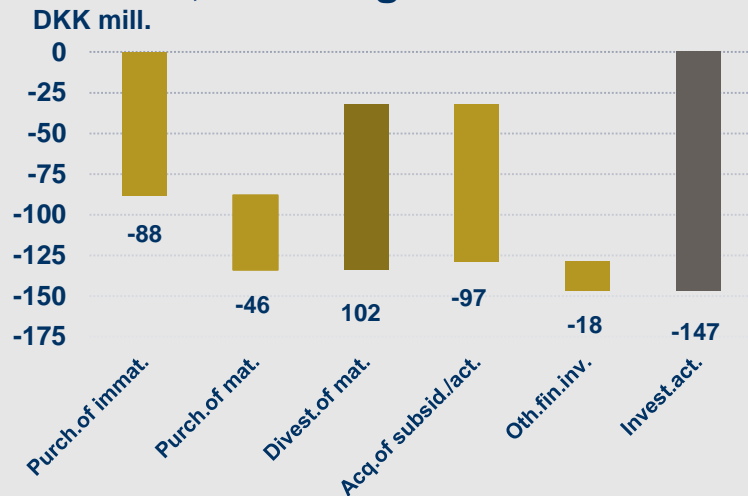
### Cash flow, operating activities



- Receivables affected by growth
- Small improvement in inventories and liabilities

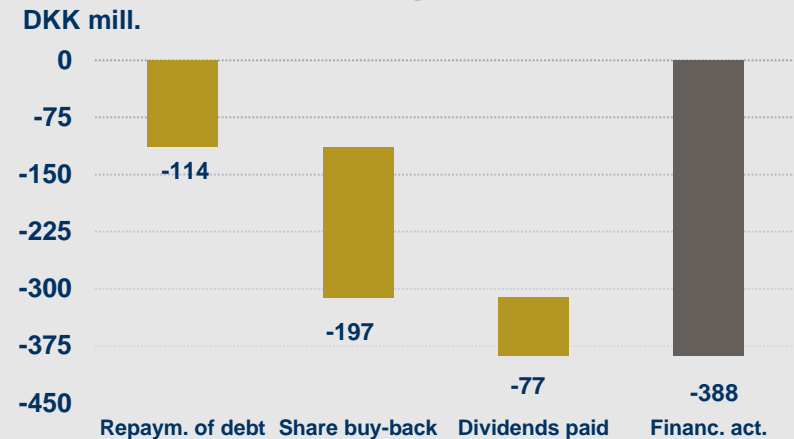
## DKK 477m spent on digital investments, acquisitions of subsidiaries/activities and payments to shareholders

### Cash flow, investing activities



- Investments in digitalisation, DKK 88m
- Divestment of properties, DKK 102m
- Acquisition of subsidiaries and activities, DKK 115m

### Cash flow, financing activities



- Repayment of debt, DKK 114m
- Share buy-back, DKK 197m
- Payment of dividends, DKK 77m

## The Board of Director's ongoing assessment of the capital structure prompted the finalisation of **two share buy-back programmes in 2016**

### Share buy-back under Safe Harbour

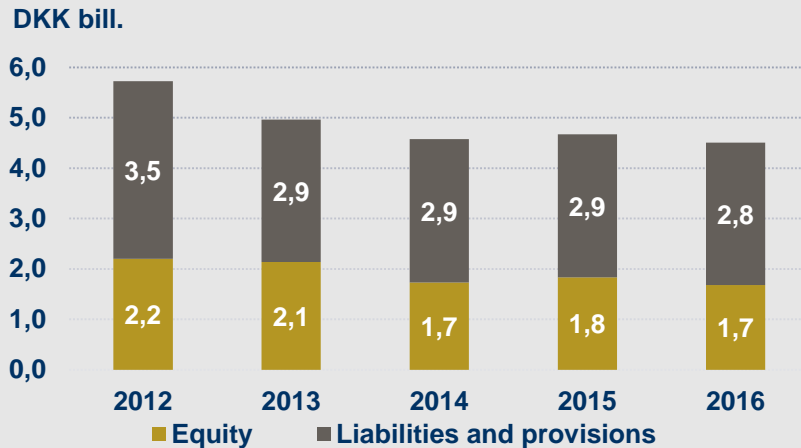
- Share buy-back programme launched 23 November 2015 and finalised 30 June 2016
- A total of 174,982 B shares were bought back for DKK 66.1m
- These shares are proposed cancelled, thus, reducing the share capital by DKK 17,498,200

### Share buy-back programme as Dutch Auction

- Launched 16 August 2016 and finalised 30 August 2016
- A total of 382,160 B shares were bought back for DKK 150m

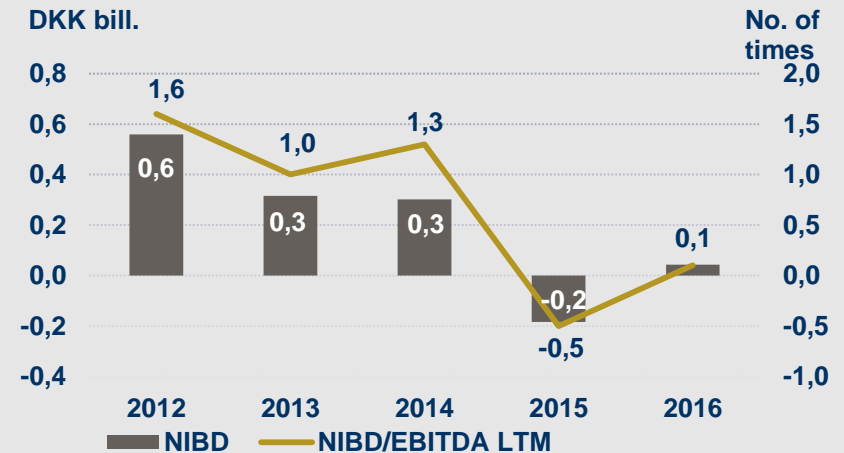
Over the course of 5 years, there has been a **reduction** of the balance sheet total of DKK 1.2bn and of **interest-bearing debt, net of DKK 0.5bn**

### Balance sheet total



- The balance sheet total was DKK 4.5bn
- ROIC of 7.5%
- Equity ratio of 37% is still within the group's target of 35-40%

### Gearing and interest-bearing debt, net

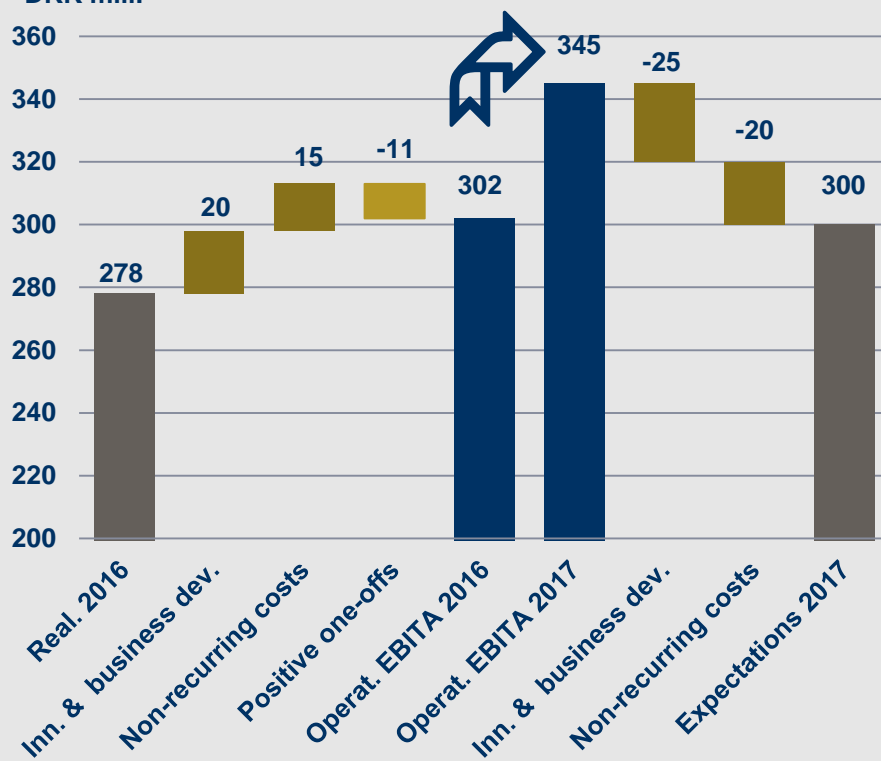


- Interest-bearing debt was DKK 43m at the end of 2016
- Average working capital was reduced to 10.7% from 11.8% in 2015
- Gearing of 0.1 times EBITDA

## In general, we expect moderate growth in 2017 and an improvement of operational EBITA of approx. DKK 43m

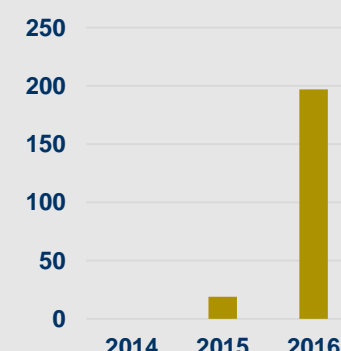
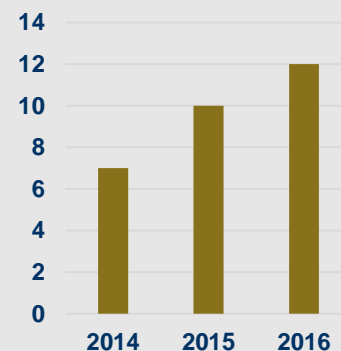
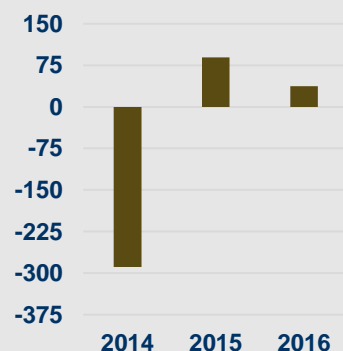
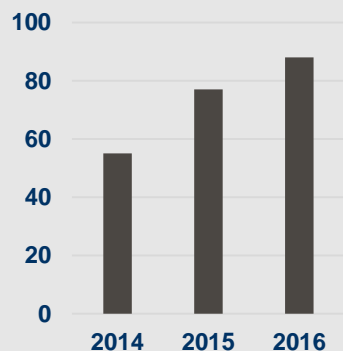
### EBITA

DKK mill.



- We expect revenue of approx. DKK 11.4bn, corresponding to organic growth of approx. 3%.
- We expect operational EBITA of approx. DKK 345m
- Growth initiatives and structural improvements are expected to have an effect of approx. DKK 25m and approx. DKK 20m, respectively
- We thus expect EBITA of approx. DKK 300m
- Return on investments in BIMobject, Viva Labs, Minuba and GenieBelt will be reported separately

**We paid out DKK 274m to shareholders in 2016.**  
**Proposal to distribute DKK 88m as dividends in 2017.**



**Proposals of the Board of Directors**  
*Bo Hulse, chairman of the general meeting*



## Authorisation to distribute extraordinary dividends

- The Board of Directors proposes that it be authorised to pass a resolution to distribute extraordinary dividends of up to DKK 15.00 per share for the period until the next annual general meeting.



## Authorisation to acquire treasury shares

- The Board of Directors also proposes that it be authorised to allow the company to acquire treasury shares for payment for the period until the next annual general meeting. It is proposed that authorisation be granted to acquire up to 10% of the share capital with the price set at the current listed price +/- 10%.

## Reduction of the share capital

- The Board of Directors proposes to reduce the share capital by nominally DKK 17,498,200 by cancelling a part of the company's holding of treasury shares and, as a consequence of this, changing articles 3.1 and 3.2 of the company's articles of association.
- The Board of Directors proposes that the share capital is reduced from nominally DKK 792,060,700 to nominally DKK 774,562,500 by cancelling nominally DKK 17,498,200 treasury B shares, corresponding to 174,982 B shares of DKK 100.
- The purpose of the reduction of the share capital is payment to the shareholders, cf. article 188, subsection 1, no. 2 of the Danish Companies Act, as the reduction amount has been paid out to shareholders as consideration for shares acquired by the company.
- The reduction of the share capital will be published in the IT system of the Danish Business Authority, and creditors are requested to notify the company of their claims within 4 weeks, cf. article 192, subsection 1 of the Danish Companies Act. The reduction of the share capital is expected completed after the deadline of the notification of claims to the company.

## **Authorisation for the Board of Directors to implement a capital increase**

- The Board of Directors is authorised to increase the share capital one or more times until 1 April 2019 by new issues of B shares of up to DKK 70,206,000 with or without pre-emption rights for current shareholders.
- As a consequence of the reduction of the share capital by cancelling treasury shares, the Board of Directors proposes that the authorisation is changed to DKK 68,456,000, which will entail a change to articles 9.1, 9.2 and 9.4 of the company's articles of association.

## **Proposal for the Board of Directors' remuneration for 2017**

- The Board of Directors proposes that remuneration for the Board of Directors for 2017 amounts to DKK 175,000.
- The chairman of the Board of Directors will receive triple remuneration, and the vice chairman of the Board of Directors and the chairman of the Audit Committee will receive one and a half times the remuneration as compensation for their extended duties.

## **The Fund of 20<sup>th</sup> December proposes new election of:**

### **Louise Knauer (born 1983)**

- CBS (2003-8), B.Sc. in Commercial Law and Business Economics and M.Sc. in Finance and Strategic Management.
- Has worked in TDC Group since 2015 as Senior Executive Vice President and Group Chief Strategy Officer. Previously the CEO of Wibroe, Duckerts & Partners, People Group A/S (2013-15) and management consultant in McKinsey & Company (2008-13).
- Thus, Louise Knauer has extensive experience of developing strategies and companies both nationally and internationally as well as with technologically driven innovation and business development.

## **The Fund of 20<sup>th</sup> December proposes new election of:**

### **Jesper Dalsgaard (born 1968)**

- CBS (1987-93), bachelor's and master's degree in Law and Business Administration
- Recently joined Rambøll Buildings as Managing Director. Previously, he was Senior Director and Head of Maersk Management Consulting in A.P. Møller-Maersk (2015-17), Group Director, Strategy and M&A in Rambøll Group (2013-14), Business Development Director in VKR Holding (2006-13), Principal in Boston Consulting Group, Business Development Director in C.W. Obel, Vice President in Araneum Consulting and management consultant in A.T. Kearney / Aarsø Nielsen & Partners.
- Through his work, Jesper Dalsgaard has acquired extensive knowledge of companies managed by funds and companies affiliated with the construction industry and has experience with strategy and business development as well as establishing new business models. Furthermore, he has experience with board services from previous duties in a number of companies within the construction industry.
- In the autumn of 2016, Jesper Dalsgaard was elected to the board of the Fund of 20<sup>th</sup> December.

**The Fund of 20<sup>th</sup> December proposes re-election of the present members of the Board of Directors elected by the annual general meeting:**

- Jens Borum
- Niels Borum
- Ulf Gundemark
- Jens Peter Toft

## **The Board of Directors proposes re-election of the auditor**

- In accordance with the audit committee's recommendation, the Board of Directors proposes re-election of Pricewaterhouse-Coopers Statsautoriseret Revisionspartnerselskab.
- The Audit Committee has not been influenced by third parties and has not been subject to any agreement with third parties that limits the annual general meeting's election to certain auditors or accountancy firms.



## **Authorisation to the chairman of the meeting**

- The Board of Directors proposes that the general meeting authorises the chairman of the meeting (with power of delegation) to register the resolutions approved by the annual general meeting with the Danish Business Authority and to make any such alterations and additions as may be required by the Danish Business Authority in order to register the resolutions passed.

**Any other business**



**Any other business**