



Pepperl + Fuchs A/S

Kirkebjerg Allé 90, 2605 Brøndby
CVR No. 13387540

Annual report 2019

The Annual General Meeting adopted the
annual report on 02.03.2020

Amanda Lesley Boyle

Chairman of the General Meeting

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Entity details

Entity

Pepperl + Fuchs A/S

Kirkebjerg Allé 90

2605 Brøndby

CVR No.: 13387540

Registered office: Brøndby

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Amanda Lesley Boyle, Chairman

Mats Inge Nydelius

Olle Nordmark

Executive Board

Olle Nordmark, Chief executive officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P. O. Box 1600

0900 Copenhagen C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Pepperl + Fuchs A/S for the financial year 01.01.2019 - 31.12.2019.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Brøndby, 02.03.2020

Executive Board

Olle Nordmark

Chief executive officer

Board of Directors

Amanda Lesley Boyle

Chairman

Mats Inge Nydelius

Olle Nordmark

Independent auditor's report

To the shareholders of Pepperl + Fuchs A/S

Opinion

We have audited the financial statements of Pepperl + Fuchs A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 02.03.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No.: 33963556

Jan Larsen

State Authorised Public Accountant
Identification No (MNE) 16541

Management commentary

Primary activities

Pepperl + Fuchs A/S is a subsidiary of Pepperl + Fuchs GmbH based in Germany. Their mission is to market and sell its automation products to the Danish manufacturing and processing industries.

Development in activities and finances

The global economy was slowing down during 2019. The automation market is still on a nice level but not with the same growth as recent years and political topics like Brexit and the trade war between China and United States affects the European export of machine building equipment. Never the less Pepperl + Fuchs Denmark managed to grow with both existing customers as well as new accounts.

We see a positive trend in marine industry, material handling and oil & gas sector. The outlook in the automation market is still positive. Global initiatives like Industrie 4.0 and IIoT will lead to increased demands of automation products and services. We predict growth also in 2020.

The Company's financial structure is stable with good overhead control and long-term growth plan.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2019

	Notes	2019 DKK	2018 DKK
Gross profit/loss		11,379,625	10,920,954
Distribution costs		(7,955,382)	(7,449,243)
Administrative expenses		(2,047,867)	(1,971,443)
Operating profit/loss		1,376,376	1,500,268
Other financial income	2	9,890	22,358
Other financial expenses	3	(8,165)	(10,214)
Profit/loss before tax		1,378,101	1,512,412
Tax on profit/loss for the year	4	(303,875)	(333,212)
Profit/loss for the year		1,074,226	1,179,200
Proposed distribution of profit and loss			
Retained earnings		1,074,226	1,179,200
Proposed distribution of profit and loss		1,074,226	1,179,200

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK	2018 DKK
Other fixtures and fittings, tools and equipment		46,900	92,028
Property, plant and equipment	5	46,900	92,028
Deposits		183,465	182,065
Other financial assets	6	183,465	182,065
Fixed assets		230,365	274,093
Trade receivables		7,655,365	6,713,409
Receivables from group enterprises		5,202,976	5,080,044
Deferred tax	7	31,731	39,926
Prepayments		24,856	62,152
Receivables		12,914,928	11,895,531
Cash		1,119,882	960,030
Current assets		14,034,810	12,855,561
Assets		14,265,175	13,129,654

Equity and liabilities

	Notes	2019 DKK	2018 DKK
Contributed capital		600,000	600,000
Retained earnings		11,071,609	9,997,383
Equity		11,671,609	10,597,383
Other payables		217,600	0
Non-current liabilities other than provisions		217,600	0
Trade payables		50,634	94,338
Payables to group enterprises		38,756	44,766
Income tax payable		159,680	153,766
Other payables	8	2,126,896	2,239,401
Current liabilities other than provisions		2,375,966	2,532,271
Liabilities other than provisions		2,593,566	2,532,271
Equity and liabilities		14,265,175	13,129,654
Staff costs	1		
Contingent liabilities	9		

Statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	600,000	9,997,383	10,597,383
Profit/loss for the year	0	1,074,226	1,074,226
Equity end of year	600,000	11,071,609	11,671,609

Notes

1 Staff costs

	2019	2018
	DKK	DKK
Wages and salaries	6,671,937	6,338,664
Pension costs	385,077	326,151
Other social security costs	65,951	55,642
Other staff costs	371,744	368,191
	7,494,709	7,088,648
Average number of full-time employees	9	8

2 Other financial income

	2019	2018
	DKK	DKK
Financial income from group enterprises	9,732	21,996
Exchange rate adjustments	158	362
	9,890	22,358

3 Other financial expenses

	2019	2018
	DKK	DKK
Other interest expenses	7,095	4,123
Other financial expenses	1,070	6,091
	8,165	10,214

4 Tax on profit/loss for the year

	2019	2018
	DKK	DKK
Current tax	295,680	337,766
Change in deferred tax	8,195	(4,545)
Adjustment concerning previous years	0	(9)
	303,875	333,212

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	683,519
Additions	8,913
Cost end of year	692,432
Depreciation and impairment losses beginning of year	(591,492)
Depreciation for the year	(54,040)
Depreciation and impairment losses end of year	(645,532)
Carrying amount end of year	46,900

6 Financial assets

	Deposits DKK
Cost beginning of year	182,065
Additions	1,400
Cost end of year	183,465
Carrying amount end of year	183,465

7 Deferred tax

	2019 DKK	2018 DKK
Property, plant and equipment	31,731	39,926
Deferred tax	31,731	39,926

8 Other payables

	2019 DKK	2018 DKK
VAT and duties	674,151	444,619
Wages and salaries, personal income taxes, social security costs, etc payable	1,299,883	1,678,082
Other costs payable	152,862	116,700
	2,126,896	2,239,401

9 Contingent liabilities

The Company has undertaken lease commitments (1 to 25 months) of DKK 375,801 and rental obligations (54 months) of DKK 1,651,806. In addition, the Company has undertaken a penalty commitment of DKK 250,000 if the Company terminates the tenancy before the end of June 2025, and a penalty commitment of DKK 125,000 if the Company terminates the tenancy before the end of June 2026.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, cost of sales and other operating income.

Revenue

Revenue from the sale of goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods for resale incurred to achieve revenue for the year. Cost of sales is measured at cost.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of goods sold during the year, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as depreciation and impairment losses relating to property, plant and equipment attached to the distribution process.

Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, as well as depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Property, plant and equipment**

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
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Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.