

# Atlas Copco Kompressortechnik A/S

Naverland 22  
2600 Glostrup

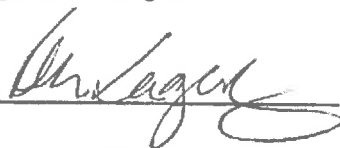
CVR no. 15 16 44 17

## Annual report 2016

The annual report was presented and approved at the  
Company's annual general meeting on

16 June 2017

Kenneth Legerborg  
chairman



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Atlas Copco Kompressor teknik A/S  
Annual report 2016  
CVR no. 15 16 44 17

## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Atlas Copco Kompressor teknik A/S for the financial year 1 January – 31 December 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016.


We recommend that the annual report be approved at the annual general meeting.

Albertslund, 15 June 2017

Executive Board:

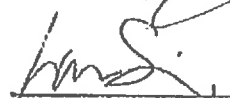
  
Dalila Assous  
Chief Executive Officer

Board of Directors:

  
Kenneth Lagerborg  
Chairman

  
Thomas Dahlgren

  
Dalila Assous

  
Lars Siemen

  
Jesper Hørling Hansen

  
Ole Sten Andersen

## **Independent auditor's report**

### **To the shareholder of Atlas Copco Kompressorteknik A/S**

#### **Opinion**

We have audited the financial statements of Atlas Copco Kompressorteknik A/S for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet, statement of changes in equity and notes, including 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 Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the Company in accordance with the International Ethics Standards Board for 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Management's responsibility 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 that 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Independent auditor's report

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 company 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 Company'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 Company'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 Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, 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.

## Independent auditor's report

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, 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's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

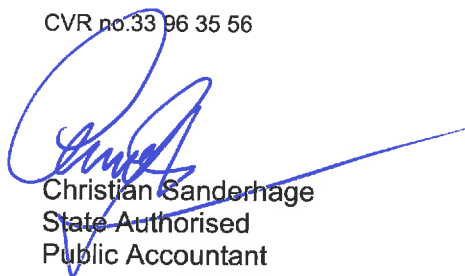
Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 15 June 2017

**Deloitte Statsautoriseret  
Revisionspartnerselskab**

CVR no.33 96 35 56



Christian Sanderhage  
State Authorised  
Public Accountant

**Atlas Copco Kompressortechnik A/S**  
Annual report 2016  
CVR no. 15 16 44 17

## **Management's review**

### **Company details**

Atlas Copco Kompressortechnik A/S  
Naverland 22  
2600 Glostrup

Telephone: 43454611  
Fax: 43632120  
Website: [www.atlascopco.dk](http://www.atlascopco.dk)  
E-mail: [ndapost@atlascopco.com](mailto:ndapost@atlascopco.com)

CVR no.: 15 16 44 17  
Established: 14 March 1955  
Registered office: Albertslund  
Financial year: 1 January – 31 December

### **Board of Directors**

Kenneth Lagerborg, Chairman  
Thomas Dahlgren  
Dalila Assous  
Lars Siemen  
Jesper Hering Hansen  
Ole Sten Andersen

### **Executive Board**

Dalila Assous, Chief Executive Officer

### **Auditor**

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
0900 Copenhagen C

### **Annual general meeting**

The annual general meeting will be held on 16 June 2017/16 June 2017

## Management's review

### Financial highlights

DKK'000	2016	2015	2014	2013	2012
<b>Key figures</b>					
Gross profit	43,348	42,048	42,912	39,661	38,337
Operating profit/loss	4,667	4,851	4,226	2,215	3,124
Net financials	-96	-75	-35	-30	-131
Profit/loss for the year	3,553	3,613	3,115	1,615	2,238
Total assets	67,791	52,253	47,361	41,466	60,105
Investment in property, plant and equipment	568	390	0	63	518
Equity	13,257	12,704	12,091	10,576	9,961
<b>Ratios</b>					
Return on equity (%)	27.3%	29.1%	27.5%	15.7%	22.7%
Solvency ratio (%)	19.4%	24.3%	25.5%	25.5%	16.6%



## **Management's review**

### **Operating review**

#### **Primary activities**

As in previous years, the primary activity consisted of selling and servicing compressors. The Company's products are manufactured at two sister subsidiaries in Belgium.

#### **Development in activities and finances**

Gross profit for the year amounts to DKK 43,348 thousand compared to DKK 42,048 thousand last year. Profit after tax is DKK 3,553 thousand against DKK 3,613 thousand last year, which is considered satisfactory.

Profit before tax for 2017 is expected to reach a level of DKK 3,000 – 5,000 thousand.

#### **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.

## Financial statements 1 January – 31 December

### Income statement

DKK'000	Note	2016	2015
<b>Gross profit</b>		43,348	42,048
Staff costs	2	-38,469	-37,021
Amortisation, depreciation and impairment losses	3	-212	-176
<b>Operating profit/loss</b>		4,667	4,851
Other financial income	4	31	88
Other financial expenses	5	-127	-163
<b>Profit/loss from ordinary activities before tax</b>		4,571	4,776
Tax on profit/loss from ordinary activities	6	-1,018	-1,163
<b>Profit/loss for the year</b>		3,553	3,613

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2016	2015
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Property, plant and equipment</b>	8		
Other fixtures and fittings, tools and equipment		681	325
		<u>681</u>	<u>325</u>
<b>Financial assets</b>	9		
Other receivables		598	488
Deferred tax	10	253	246
		<u>851</u>	<u>734</u>
<b>Fixed assets</b>		<u>1,532</u>	<u>1,059</u>
<b>Inventories</b>			
Work in progress		6,851	1,018
Manufactured goods and goods for resale		3,851	1,560
		<u>10,702</u>	<u>2,578</u>
<b>Receivables</b>			
Trade receivable		31,510	29,138
Receivables from group enterprises		18,686	11,014
Other receivables		126	1,387
Income tax receivable		0	1,040
Prepayments		5,217	6,037
		<u>55,539</u>	<u>48,616</u>
<b>Cash at bank and in hand</b>		<u>18</u>	<u>0</u>
<b>Total current assets</b>		<u>66,259</u>	<u>51,194</u>
<b>ASSETS</b>		<u>67,791</u>	<u>52,253</u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2016	2015
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed capital	11	4,000	4,000
Retained earnings		6,257	5,704
Proposed dividend for the financial year		3,000	3,000
<b>Equity</b>		<b>13,257</b>	<b>12,704</b>
<b>Provisions</b>			
Other provisions	12	162	61
<b>Total provisions</b>		<b>162</b>	<b>61</b>
<b>Liabilities other than provisions</b>			
<b>Current liabilities other than provisions</b>			
Prepayments received from customers		21,744	15,147
Trade payables		2,620	642
Payables to group entities		16,546	9,756
Corporation tax		647	0
Other payables	13	12,815	13,943
		54,372	39,488
<b>Liabilities other than provisions</b>		<b>54,372</b>	<b>39,488</b>
<b>EQUITY AND LIABILITIES</b>		<b>67,791</b>	<b>52,253</b>
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Ownership	16		
Consolidation	17		

## Financial statements 1 January – 31 December

### Statement of changes in equity

DKK'000	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Proposed dividend for the financial year</u>	<u>Total</u>
Equity beginning of year	4,000	5,704	3,000	12,704
Ordinary dividend paid	0	0	-3,000	-3,000
Profit/loss for the year	0	553	3,000	3,553
<b>Equity at 31 December 2016</b>	<b>4,000</b>	<b>6,257</b>	<b>3,000</b>	<b>13,257</b>

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

##### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

— Going forward, the residual value of intangible assets and property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.

The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of 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

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

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 one 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, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Income statement

###### Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and other external costs.

###### Revenue

Revenue from the sale of manufactured goods and 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.

###### Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods and work in progress. This item includes ordinary writedowns of such inventories. Changes in inventories of raw materials are included in costs of raw materials and consumables.

###### Other operating income

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

###### Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary write-downs of the relevant inventories.

###### Other external costs

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

###### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.



## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Amortisation, depreciation and impairment losses

Depreciation and impairment losses relating to property, plant and equipment comprise depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

##### Other financial income

Other financial income comprises dividends etc received on interest income, interest income on receivables from group enterprises, 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, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

##### Income taxes

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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## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

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

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement as adjustment to depreciation and impairment losses, or under other operating income if the selling price exceeds original cost.

#### Receivables

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

#### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the taxbased value of assets 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.

#### Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

#### Income tax payable or receivable

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

#### Prepayments

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

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Cash

Cash comprises cash in hand and bank deposits.

##### Other provisions

Other provisions comprise anticipated costs of nonrecourse guarantee commitments and service contracts.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Provisions are measured and recognized based on the experience with non-recourse guarantee work and service contracts.

##### 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.

##### Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

##### Cash flow statement

As a consolidated cash flow statement is prepared by the Ultimate Parent, a cash flow statement is not prepared by the Entity, referring to section 86(4) of the Danish Financial Statements Act.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

#### Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

##### Ratios

##### Calculation formula

Return on equity (%)

$$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$$

Solvency ratio (%)

$$\frac{\text{Equity} \times 100}{\text{Total assets}}$$

##### Ratios reflect

##### Return on equity

The entity's return on capital invested in the entity by the owners.

##### Solvency ratio

The financial strength of the entity.

<b>2 Staff costs</b>	2016	2015
DKK'000		
Wages and salaries	32,007	31,784
Pension costs	2,677	2,801
Other social security costs	112	667
Other staff costs	3,673	1,769
	<u>38,469</u>	<u>37,021</u>
Average number of full-time employees	<u>50</u>	<u>49</u>
<p>According to section 98b(3)(ii) of the Danish Financial Statements Act, remuneration to Management is not disclosed.</p>		
<b>3 Amortisation, depreciation and impairment losses</b>		
Depreciation on property, plant and equipment	212	176
	<u>212</u>	<u>176</u>
<b>4 Other financial income</b>		
Other interest income	3	16
Currency translation adjustments	28	72
	<u>31</u>	<u>88</u>
<b>5 Other financial expenses</b>		
Other interest expenses	18	92
Currency translation adjustments	109	71
	<u>127</u>	<u>163</u>
<b>6 Tax on profit/loss from ordinary activities</b>		
Current tax	1,025	1,178
Change in deferred tax	-7	-15
	<u>1,018</u>	<u>1,163</u>
<b>7 Proposed profit appropriation</b>		
Proposed dividend for the financial year	3,000	3,000
Retained earnings	553	613
	<u>3,553</u>	<u>3,613</u>

## 8 Property, plant and equipment

DKK'000	Other fixtures and fittings, tools and equipment
Cost beginning of year	<u>840</u>
Additions	568
Cost end of year	<u>1,408</u>
Depreciation and impairment losses beginning of year	<u>-515</u>
Depreciation for the year	-212
Depreciation and impairment losses at 31 December 2016	<u>-727</u>
<b>Carrying amount end of year</b>	<b><u>681</u></b>

## 9 Fixed asset investments

DKK'000	Other receivables	Deferred tax
Cost beginning of year	488	246
Additions	110	7
Cost end of year	<u>598</u>	<u>253</u>
Carrying amount end of year	<b><u>488</u></b>	<b><u>246</u></b>

## 10 Deferred tax

DKK'000	2016	2015
Property, plant and equipment	93	105
Receivables	160	141
	<u>253</u>	<u>246</u>

## 11 Contributed capital

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK'000</u>
Ordinary shares	<u>4,000</u>	1,000	<u>4,000</u>
	<b>4,000</b>		<b>4,000</b>

## 12 Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments not utilised. Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

**13 Other payables**

DKK'000	2016	2015
VAT and duties	4,378	2,958
Wages and salaries, personal income taxes, social security costs, etc payable	1,443	1,377
Holiday pay obligations	4,863	4,678
Other accrued expenses	2,250	4,930
	<u>12,934</u>	<u>13,943</u>

**14 Unrecognised rental and lease commitments**

DKK'000	2016	2015
Commitments under rental agreements or leases until expiry	2,466	2,166
	<u>2,466</u>	<u>2,166</u>

**15 Contingent liabilities**

The Company is the administration company being party to a Danish joint taxation scheme. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these companies.

Together with Atlas Copco Finance S.à r.l., the Company is jointly and severally liable for the Group's cash pool scheme in SEB. The consolidated balance at 31 December 2016 amounts to DKK 15.666 thousand.

**16 Ownership**

The Company has registered the following shareholder to hold more than 5% of the voting share capital or of the nominal value of the share capital:

Atlas Copco AB, Sweden

## **17 Consolidation**

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Atlas Copco AB, Sweden

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Atlas Copco AB, Sweden

The consolidated financial statements are available at Atlas Copco AB's website, [www.atlascopco.com](http://www.atlascopco.com).

### **Related party transaction**

The Company has chosen only to disclose transactions that are not carried out on an arm's length basis in accordance with section 98c(7) of the Danish Financial Statements Act.