

# Coca-Cola Nordic Services ApS

Philip Heymans Alle 17, 1., 2900 Hellerup

CVR No. 20 89 53 49

*Annual report for the year ended 31 December 2015*  
*18th financial year*

Approved at the annual general meeting of shareholders  
on 30 / 05 2016



Chairman NICHOLAS WILLIAM BOE SRENSEN

## Contents

Company details	3
Statement by management on the annual report	4
Independent auditor's report	5
Financial highlights	6
Management's Review	7
<b>Financial statements</b>	
Accounting policies	8
Income statement	11
Balance sheet	12
Statement of changes in equity	13
Notes	14

## **Company details**

Coca-Cola Nordic Services ApS  
Philip Heymans Alle 17, 1.  
2900 Hellerup

Tel: +45 39 45 47 00

Fax: +45 39 45 47 48

### *Supervisory board*

Mikael Bonde Nielsen  
Charlotte Balfour Van Burleigh  
Carsten Sparre Conrad, Chairman

### *Executive board*

Charlotte Balfour Van Burleigh

### *Parent*

Refreshment Product Services Inc. Atlanta, USA

### *Auditors*

Ernst & Young P/S  
Godkendt Revisionspartnerselskab  
Osvald Helmuths Vej 4, 2000 Frederiksberg

Tel: +45 70 10 80 50

Fax: +45 35 87 22 00

### *Bankers*

Danske Bank

Citibank

## Statement by management on the annual report

Today, management has discussed and approved the annual report of Coca Cola Nordic Services ApS for the financial year 1 January - 31 December 2015.

The annual report is 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 financial position at 31 December 2015 and of the results of its operations of the financial year 1 January - 31 December 2015.

In our opinion, the management's review includes a fair review of the matters dealt with in the management's review.

We recommend the adoption of the annual report at the annual general meeting.

Copenhagen, ..... 2016

Executive Board:



Charlotte Balfour Van Burleigh

Supervisory Board:



Carsten Sparre Conrad  
Chairman



Charlotte Balfour Van Burleigh



Mikael Bonde Nielsen

## Independent auditors' report

To the shareholders of Coca-Cola Nordic Service ApS

### Independent auditors' report on the financial statements

We have audited the financial statements of Coca-Cola Nordic Service ApS for the financial year 1 January – 31 December 2015, which comprise 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.

### *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.

### *Auditors' responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

### *Opinion*

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act.

### Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 27/05 2016

ERNST & YOUNG  
Godkendt Revisionspartnerselskab

  
CVR no. 38.70.02.28  
Svend Duelund Jensen

State Authorised Public Accountant

## Financial highlights

5-year summary:

### Income statement for the year ended 31 December

Key figures in DKK thousands	2015	2014	2013	2012	2011
	DKK	DKK	DKK	DKK'000	DKK'000
Revenue	79.204	73.962	78.526	79.717	92.708
Gross profit	62.522	54.647	54.455	55.398	60.071
Profit before net financials (EBIT)	3.894	3.659	3.956	3.975	4.865
Net financials	176	-52	-195	-179	-383
Net profit for the year	2.922	2.546	2.516	2.901	3.269
Shareholders' equity at year-end	40.231	37.310	34.764	32.248	29.347
Total Assets	71.530	65.364	65.331	65.984	65.967
Investments in the year	30	660	7.776	256	542
Number of employees	31	41	42	44	52
<b>Ratios</b>					
EBIT margin	4,9%	4,9%	5,0%	5,0%	5,2%
Return on assets	5,7%	5,6%	6,0%	6,0%	7,0%
Equity ratio	56,2%	57,1%	53,2%	48,9%	44,5%
Return on equity	7,5%	7,1%	7,5%	9,4%	11,8%

#### Definition of financial ratios:

EBIT margin:	Profit/loss before net financials (EBIT) / Net revenue * 100
Return on assets:	Profit/loss before net financials (EBIT) / Average, total assets * 100
Equity ratio:	Shareholders' equity / Total assets * 100
Return on equity:	Net profit/loss for the year / Average, shareholders' equity at year-end * 100

## **Management's Review**

### **Business activities and mission**

The company's main activities consist in providing services, including brand marketing advice to S.A. Coca-Cola Services N.V. in the Nordic countries.

### **Business review**

The company's income statement for the year ended 31 December 2015 shows a net profit of DKK 2.921.612, and the balance sheet at 31 December 2015 shows equity of DKK 40.231.343.

During 2015, the company completed a restructuring process. Wages and salaries for 2015 include restructuring expenses which amount to DKK 10,092 thousand.

### **Knowledge resources**

The company is staffed with highly trained specialists within the fields of relevance to the company's main activities.

### **Post balance sheet events**

No events have occurred after the financial year-end, which could significantly affect the company's financial position.

### **Outlook 2016**

The company expects the results for the year ended 2016 to be on a par with those reported for the year 2015.

### Accounting policies

The Annual Report of Coca-Cola Nordic Services ApS has been prepared in accordance with the provisions of the Danish Financial Statements Act as regards medium-sized reporting class C enterprises.

The accounting policies are consistent with those of last year.

### Reporting currency

The financial statements are presented in Danish kroner.

### Currency retranslation

Transactions in foreign currency are translated into Danish kroner at the exchange rate at the date of the transaction.

Monetary items in foreign currency are translated into Danish kroner at the exchange rates at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

### Income statement

#### Revenue

Income from services is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably. VAT, indirect taxes and discounts are excluded from the revenue.

#### Other external expenses

Other external expenses include expenses related to advertising, administration, premises, bad debts, lease payments under operating leases, etc.

#### Staff Costs

Staff costs comprise salaries and wages as well as social security costs, pension contribution, etc for the Company's staff.

#### Amortisation/depreciation and write-downs

The item includes depreciation and write-downs of property, plant and equipment. Depreciation is provided using the straight-line method on the basis of the cost and the below assessments of the useful lives of the assets.

Property, plant and equipment are depreciated on a straight-line basis, based on the cost, measured by reference to the following assessment of the useful lives:

	useful life
Machinery and equipment	3 - 10 years

Gains or losses on the sale of fixed assets are recognised in the income statement under 'Amortisation/depreciation'.

#### Net financials

Financial income and expenses are recognised in the income statement at the amounts that relate to the reporting period. Net financials include interest income and expenses, dividends declared, financial expenses related to finance leases, realised and unrealised capital and exchange gains and losses on securities and foreign currency transactions and surcharges and allowances under the advance-payment-of-tax scheme, etc.



## **Accounting policies – continued**

### **Tax**

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments less the share of the tax for the year that concerns changes in equity.

Current and deferred taxes related to items recognised directly in equity are taken directly to equity.

All Danish group enterprises are jointly taxed. The Danish income tax charge is allocated between profit-making and loss-making Danish enterprises in proportion to their taxable income (full allocation method). The company acts as a management company for all the companies encompassed by the joint taxation arrangement, meaning that the company is responsible for ensuring that taxes, etc. are paid to the Danish tax authorities.

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

### **Balance sheet**

#### **Property, plant and equipment**

Property, plant and equipment comprise leasehold improvements and machinery and equipment. Property, plant and equipment are measured at cost less accumulated depreciation and write-downs.

An impairment test is made for property, plant and equipment if there are indications of decreases in value. The impairment test is made for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

#### **Other securities and investments**

Securities and investments are made up of deposits. These deposits are measured at nominal value.

#### **Receivables**

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realisable value and the carrying amount.

#### **Prepayments**

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent reporting years.

#### **Cash and cash equivalents**

Cash comprises bank balances.

Balances in the group's cash pool scheme are not, due to the nature of the scheme, considered cash, but are recognised under 'Receivables from group entities'.

#### **Income taxes**

Current tax charges are recognised in the balance sheet as the estimated tax charge in respect of the expected taxable income for the year, adjusted for tax on prior years' taxable income and tax paid in advance.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, as well as temporary differences on non-amortisable goodwill.

Deferred tax is measured according to the taxation rules and taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or a set-off against deferred tax liabilities.

#### **Liabilities**

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

#### **Cash flow statement**

With reference to section 86(4) of the Danish Financial Statements Act no cash flow statement has been prepared. The company's cash flow statement is incorporated in the consolidated financial statements of The Coca-Cola Company.

#### **Financial statements**

The financial statements can be obtained at the seat of the mother company. The consolidated financial statements are available on the internet at [www.coca-colacompany.com](http://www.coca-colacompany.com).

**Income statement  
for the year ended 31 December**

	Notes	2015 DKK	2014 DKK
Revenue		79.204.105	73.961.714
Other external expenses		<u>16.681.655</u>	<u>19.314.681</u>
<b>Gross margin</b>		<b>62.522.450</b>	<b>54.647.033</b>
Staff costs	1	57.240.425	49.669.896
Depreciation, amortisation and impairment losses	2	<u>1.388.465</u>	<u>1.318.310</u>
<b>Profit before net financials</b>		<b>3.893.560</b>	<b>3.658.827</b>
Other financial income	3	298.402	84.358
Other financial expenses		<u>121.936</u>	<u>136.841</u>
<b>Financial profit</b>		<b>4.070.026</b>	<b>3.606.344</b>
<b>Profit before taxes</b>		<b>4.070.026</b>	<b>3.606.344</b>
Tax for the year	4	<u>1.148.414</u>	<u>1.060.649</u>
<b>Net profit for the year</b>		<b><u>2.921.612</u></b>	<b><u>2.545.695</u></b>
<b>Appropriation of profit</b>			
<b>Profit to be appropriated:</b>			
Retained earnings		36.309.731	33.764.036
Net profit of the year		<u>2.921.612</u>	<u>2.545.695</u>
Available for appropriation		<u>39.231.343</u>	<u>36.309.731</u>

**Balance sheet**  
at 31 December

	Notes	2015 DKK	2014 DKK
<b>ASSETS</b>			
Assets under Constructions		6.862	71.259
Machinery and equipment		3.801.054	4.657.377
Leasehold improvements		1.407.508	1.844.893
<b>Property, plant and equipment</b>	5	<b>5.215.424</b>	<b>6.573.529</b>
Deposits		754.350	860.850
<b>Financial assets</b>	6	<b>754.350</b>	<b>860.850</b>
<b>Total fixed assets</b>		<b>5.969.774</b>	<b>7.434.379</b>
Receivables from group enterprises		55.857.198	51.071.199
Deferred taxes asset		1.946.065	0,00
Other receivables		681.848	1.399.924
Prepayments		86.095	86.944
<b>Receivables</b>		<b>58.571.206</b>	<b>52.558.067</b>
<b>Cash</b>		<b>6.988.533</b>	<b>5.371.161</b>
<b>Total Current assets</b>		<b>65.559.739</b>	<b>57.929.228</b>
<b>Total assets</b>		<b>71.529.513</b>	<b>65.363.607</b>

		2015 DKK	2014 DKK
<b>EQUITY AND LIABILITIES</b>			
Share capital	7	1.000.000	1.000.000
Retained earnings		39.231.343	36.309.731
<b>Total equity</b>		<b>40.231.343</b>	<b>37.309.731</b>
Provision for deferred tax		-	298.539
<b>Total provisions</b>		<b>-</b>	<b>298.539</b>
Current portion of long-term lease payments		49.808	49.808
Trade payables		1.053.616	2.330.502
Debt to group enterprises		1.890.792	12.050.064
Other payables		28.303.954	13.324.963
<b>Short-term liabilities other than provisions</b>		<b>31.298.170</b>	<b>27.755.337</b>
<b>Total liabilities other than provisions</b>		<b>31.298.170</b>	<b>27.755.337</b>
<b>Total equity and liabilities</b>		<b>71.529.513</b>	<b>65.363.607</b>
<b>Contingent liabilities and other financial obligations</b>	8		
<b>Related parties</b>	9		

#### Statement of changes in equity

(DKK)	Share Capital	Retained earnings/- Accumulated loss	Total
Equity at 01/01 2015	1.000.000	36.309.731	37.309.731
Transfer in the year		2.921.612	2.921.612
Equity at 31/12 2015	1.000.000	39.231.343	40.231.343

**Notes**

<b>Note 1.</b>	<b>Staff costs</b>	<b>2015 DKK</b>	<b>2014 DKK</b>
Analysis of staff costs:			
Wages and salaries		51.327.860	40.421.978
Pension costs		3.024.388	3.936.885
Other social security costs		1.096.683	271.756
Other staff costs		1.791.494	5.039.277
		<u>57.240.425</u>	<u>49.669.896</u>
Average number of employees		<u>31</u>	<u>41</u>

Wages and salaries for 2015 includes restructuring expenses which amounts to DKK 10,092 thousand.

With reference to section 98b (3), (ii), of the Danish Financial Statements Act, the company does not disclose the consideration paid to management.

**Note 2. Depreciation and write-downs of property, plant and equipment**

	<b>2015 DKK</b>	<b>2014 DKK</b>
Leasehold improvements	437.385	437.385
Machinery and equipment	<u>951.080</u>	<u>875.680</u>
	1.388.465	1.313.065
Profit/loss on the sale of property, plant and equipment	<u>0</u>	<u>5.245</u>
	<u>1.388.465</u>	<u>1.318.310</u>

**Note 3. Other financial income**

	2015	2014
	DKK	DKK
Intercompany interests	81.187	63.961
Other Interest receivable, exchange gains and similar income	217.215	20.397
	<u>298.402</u>	<u>84.358</u>

**Note 4. Tax for the year**

	2015	2014
	DKK	DKK
Change in provision for deferred tax	-2.244.604	-409.204
Tax refunds received/paid, jointly taxed companies	3.393.018	1.469.853
	<u>1.148.414</u>	<u>1.060.649</u>

**Note 5. Property, plant and equipment**

	Machinery and equipment	Leasehold improvements	Total
	DKK	DKK	DKK
<b>Cost</b>			
Balance at 1/1 2015	9.646.038	3.506.382	13.152.420
Additions in the year	30.360	0	30.360
Disposals in the year	0	0	0
<b>Cost at 31/12 2015</b>	<u>9.676.398</u>	<u>3.506.382</u>	<u>13.182.780</u>
<b>Depreciation and write-downs</b>			
Balance at 1/1 2015	4.917.402	1.661.489	6.578.891
Depreciation in the year	951.080	437.385	1.388.465
Depreciation and write-downs of disposals and scrapped assets	0	0	0
<b>Depreciation and write-downs at 31/12 2015</b>	<u>5.868.482</u>	<u>2.098.874</u>	<u>7.967.356</u>
<b>Carrying amount at 31/12 2015</b>	<u>3.807.916</u>	<u>1.407.508</u>	<u>5.215.424</u>

**Note 6. Financial assets**

	<b>Deposits DKK</b>
Cost	
Balance at 1/1 2015	860.850
Additions in the year	0
Disposals in the year	-106.500
Cost at 31/12 2015	<u>754.350</u>
Carrying amount at 31/12 2015	<u>754.350</u>

**Note 7. Share capital**

During the last 5 years, the contributed capital has remained DKK 1.000.000.

**Note 8. Contingent liabilities and other financial obligations**

**Contingent liabilities**

The company is jointly taxed with its sister company, Refreshment Products Denmark ApS. Coca-Cola Nordic Services ApS acts as a management company and is severally with other jointly taxed group entities liable for payment of income taxes for the income year 2013 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

**Other financial obligations**

	<b>2015 DKK</b>	<b>2014 DKK</b>
Rent payments concerning contract that is interminable until 30/04/2021	<u>16.190.720</u>	<u>19.226.480</u>
Payments under operating lease concerning cars and computer equipment	<u>1.486.808</u>	<u>893.887</u>

**Note 9. Related parties**

The Company is a cost plus company, and costs are covered by Coca-Cola Services S.A., Belgium.

The Coca-Cola Company located at One Coca-Cola Plaza, Atlanta, USA, is the ultimate parent company and holds as such a controlling interest of 100%.