

# MSC Denmark A/S

Vandvejen 7, 5. sal, 8000 Aarhus C

CVR no. 32 55 13 35

## Annual report 2018

Approved at the Company's annual general meeting on 22-3 2019

Chairman:

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

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of MSC Denmark A/S for the financial year 1 January - 31 December 2018.

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 financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Aarhus, 22 March 2019

Executive Board:



Mogens Møller Klintemark  
CEO

Board of Directors:



Luca Zanchi  
Chairman



Mogens Møller Klintemark



Sanne Lauritzen



Søren Feldt Jacobsen

## Independent auditor's report

To the shareholders of MSC Denmark A/S

### Opinion

We have audited the financial statements of MSC Denmark A/S for the financial year 1 January - 31 December 2018, which comprise 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 financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

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.

### 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 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.

### 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 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 the 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 Company's internal control.



### Independent auditor's report

- ▶ 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 note 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.

### 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.

Aarhus, 22 March 2019  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Thomas Bruun Kofoed  
State Authorised Public Accountant  
mne28677



Claus Hammer-Pedersen  
State Authorised Public Accountant  
mne21334



## Management's review

### Company details

Name	MSC Denmark A/S
Address, Postal code, City	Vandvejen 7, 5. sal, 8000 Aarhus C
CVR no.	32 55 13 35
Established	5 October 2009
Registered office	Aarhus Kommune
Financial year	1 January - 31 December
Website	<a href="https://www.msc.com/dnk">https://www.msc.com/dnk</a>
E-mail	DNK-info@msc.com
Telephone	+45 86 20 39 00
Board of Directors	Luca Zanchi, Chairman Mogens Møller Klintemark Sanne Lauritzen Søren Feldt Jacobsen
Executive Board	Mogens Møller Klintemark, CEO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark



## Management's review

### Financial highlights

DKK'000	2018	2017	2016	2015	2014
<b>Key figures</b>					
Revenue	32,801	31,971	1,020,129	983,768	603,489
Gross margin	27,281	26,119	40,918	42,156	27,069
Profit before interest, tax and amortisation of goodwill (EBITA)	1,091	936	17,163	19,525	5,891
Net financials	-28	-227	732	909	610
<b>Profit/loss for the year</b>	<b>793</b>	<b>526</b>	<b>13,833</b>	<b>15,545</b>	<b>4,904</b>
<b>Balance sheet</b>					
Total assets	7,954	7,655	125,700	119,164	80,886
Investment in property, plant and equipment	0	0	727	0	46
<b>Equity</b>	<b>1,293</b>	<b>1,060</b>	<b>14,334</b>	<b>16,171</b>	<b>5,427</b>
<b>Financial ratios</b>					
Operating margin	3.3%	2.9%	1.7%	2.0%	1.0%
Gross margin	83.2%	81.7%	4.0%	4.3%	4.5%
Current ratio	102.0%	97.3%	111.6%	115.2%	106.4%
Equity ratio	16.3%	13.8%	11.4%	13.6%	6.7%
Return on equity	67.4%	6.8%	90.7%	143.9%	116.1%
Return on investment	0.0%	0.0%	14.0%	19.6%	8.1%
<b>Operational metrics</b>					
<b>Average number of employees</b>	<b>57</b>	<b>52</b>	<b>53</b>	<b>49</b>	<b>47</b>



## **Management's review**

### **Business review**

MSC is a sea freight and global logistics company. MSC Denmark A/S is an agent for and represents Mediterranean Shipping Company S.A.'s container and vessel activities in Denmark. The Company is placed in Aarhus.

### **Financial review**

#### ***Profit/loss for the year***

The Profit/loss for the year 2018 is DKK 793 thousand after tax, compared to DKK 526 thousand the year before. The result is satisfying.

#### ***Special risks***

The company is to some extent dependent on the development and increase in the world trade including a positive ocean freight development.

#### ***Currency risks***

As the company invoices the cost+ activities in DKK, there is no currency risk.

#### ***Knowledge resources***

Our policy is to secure the best competences possible at all company levels and to continue to develop and train our staff internally and externally.

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## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	2018	2017
	<b>Revenue</b>	32,801	31,971
	Cost of sales	-76	-569
	Other external expenses	-5,444	-5,283
	<b>Gross margin</b>	27,281	26,119
2	Staff costs	-26,030	-25,021
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-160	-162
	<b>Profit before net financials</b>	1,091	936
3	Financial income	0	2
4	Financial expenses	-28	-229
	<b>Profit before tax</b>	1,063	709
5	Tax for the year	-270	-183
	<b>Profit for the year</b>	793	526
	<b>Recommended appropriation of profit</b>		
	Proposed dividend recognised under equity	0	560
	Retained earnings/accumulated loss	793	-34
		793	526



## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2018	2017
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
6	<b>Property, plant and equipment</b>		
	Fixtures and fittings, other plant and equipment	500	563
		<u>500</u>	<u>563</u>
7	<b>Investments</b>		
	Other securities and investments	1	1
	Deposits, investments	672	672
		<u>673</u>	<u>673</u>
	<b>Total fixed assets</b>	<u>1,173</u>	<u>1,236</u>
	<b>Non-fixed assets</b>		
	<b>Receivables</b>		
	Trade receivables	20	143
	Receivables from group enterprises	6,325	5,590
9	Deferred tax assets	0	2
	Other receivables	148	0
	Prepayments	192	158
		<u>6,685</u>	<u>5,893</u>
	<b>Cash</b>	<u>96</u>	<u>526</u>
	<b>Total non-fixed assets</b>	<u>6,781</u>	<u>6,419</u>
	<b>TOTAL ASSETS</b>	<u>7,954</u>	<u>7,655</u>



## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2018	2017
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
8	Share capital	500	500
	Retained earnings	793	0
	Dividend proposed	0	560
	<b>Total equity</b>	<b>1,293</b>	<b>1,060</b>
	<b>Provisions</b>		
9	Deferred tax	12	0
	<b>Total provisions</b>	<b>12</b>	<b>0</b>
	<b>Liabilities other than provisions</b>		
	<b>Current liabilities other than provisions</b>		
	Trade payables	222	443
	Payables to group enterprises	562	37
	Corporation tax payable	256	185
	Other payables	5,609	5,930
		<b>6,649</b>	<b>6,595</b>
	<b>Total liabilities other than provisions</b>	<b>6,649</b>	<b>6,595</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,954</b>	<b>7,655</b>

- 1 Accounting policies
- 10 Contractual obligations and contingencies, etc.
- 11 Related parties

## Financial statements 1 January - 31 December

### Statement of changes in equity

DKK'000	Share capital	Retained earnings	Dividend proposed	Total
Equity at 1 January 2017	500	1	13,833	14,334
Adjustment of equity through corrections of errors	0	33	-33	0
Transfer through appropriation of profit	0	-34	560	526
Dividend distributed	0	0	-13,800	-13,800
<b>Equity at 1 January 2018</b>	<b>500</b>	<b>0</b>	<b>560</b>	<b>1,060</b>
Adjusted equity at 1 January 2018	500	0	560	1,060
Transfer through appropriation of profit	0	793	0	793
Dividend distributed	0	0	-560	-560
<b>Equity at 31 December 2018</b>	<b>500</b>	<b>793</b>	<b>0</b>	<b>1,293</b>



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of MSC Denmark A/S for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

#### Income statement

##### Revenue

Revenue is recognised in the income statement as costs plus.

##### Cost of sales

Cost of sales includes payment to shipping companies as well as direct and indirect costs incurred to generate revenue for the year.

##### Other external expenses

Other external expenses comprise expenses relating to distribution, sale, advertising, administration, premises, bad debts, operating leases, etc. The item also includes impairment write-down of receivables recognised as non-current assets.

##### Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Company's employees. Refunds received from public authorities are deducted from staff costs.

##### Financial income and expenses

Financial income and expenses comprise interest income and expenses, gains and losses on payables and transactions denominated in foreign currencies.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Tax

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

MSC Scandinavia Holding A/S acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

##### Balance sheet

##### Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, tools and equipment: 3-8 years

Depreciation is recognised in the income statement as amortisation, depreciation and impairment losses.

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the amortisation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Gains and losses on the disposal of items of fixtures and fittings, tools and equipment are calculated as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. The gains or losses are recognised in the income statements as amortisation, depreciation and impairments losses.

##### Other securities and investments

Other securities and investments, recognised under "Non-current assets", comprise unlisted securities measured at cost.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

##### Prepayments

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

##### Equity

##### *Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Income tax receivable" or "Income tax payable".

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

##### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

##### Lease liabilities

All leases are considered operating leases. Payments relating to operating leases are recognised in the income statement on a straight-line basis. The Company's total liabilities relating to operating leases and other leases are disclosed under "Other financial obligations".

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$
Gross margin ratio	$\frac{\text{Gross margin x 100}}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax x 100}}{\text{Average equity}}$
Return on investment	$\frac{\text{Operating profit (EBIT) x 100}}{\text{Average operational assets}}$

DKK'000	2018	2017
<b>2 Staff costs</b>		
Wages/salaries	23,348	22,569
Pensions	1,664	1,379
Other social security costs	200	237
Other staff costs	818	836
	<u>26,030</u>	<u>25,021</u>
	2018	2017
Average number of full-time employees	<u>57</u>	<u>52</u>
	2018	2017
<b>3 Financial income</b>		
Other financial income	0	2
	<u>0</u>	<u>2</u>
<b>4 Financial expenses</b>		
Foreign exchange losses	12	204
Other financial expenses	16	25
	<u>28</u>	<u>229</u>
<b>5 Tax for the year</b>		
Estimated tax charge for the year	256	185
Deferred tax adjustments in the year	14	-2
	<u>270</u>	<u>183</u>



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 6 Property, plant and equipment

DKK'000	<u>Fixtures and fittings, other plant and equipment</u>
Cost at 1 January 2018	859
Additions	97
Disposals	0
Cost at 31 December 2018	<u>956</u>
Impairment losses and depreciation at 1 January 2018	296
Depreciation	160
Impairment losses and depreciation at 31 December 2018	<u>456</u>
<b>Carrying amount at 31 December 2018</b>	<b><u>500</u></b>

#### 7 Investments

DKK'000	<u>Other securities and investments</u>	<u>Deposits, investments</u>	<u>Total</u>
Cost at 1 January 2018	1	672	673
Cost at 31 December 2018	1	672	673
<b>Carrying amount at 31 December 2018</b>	<b><u>1</u></b>	<b><u>672</u></b>	<b><u>673</u></b>

#### 8 Share capital

The share capital comprises 500,000 shares of DKK 500 nominal value each. All shares carry the same rights.

DKK'000	<u>2018</u>	<u>2017</u>
<b>9 Deferred tax</b>		
Deferred tax at 1 January	-2	-1
Correction to deferred tax at 1 January	0	1
Adjustment of the deferred tax charge for the year	14	-2
<b>Deferred tax at 31 December</b>	<b><u>12</u></b>	<b><u>-2</u></b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 10 Contingent liabilities

##### Other contingent liabilities

MSC Denmark A/S is jointly taxed with other Danish group companies. As a group company, the Company has joint and several unlimited liability, together with other Danish group companies, for all Danish income taxes and withholding taxes on dividend, interest and royalties within the group of jointly taxed entities. The jointly taxed entities' total known net liability in respect of income taxes and withholding taxes payable on dividend, interest and royalties are recognised in the financial statements of the administration company, MSC Scandinavia Holding A/S, CVR no. 19 95 08 75. Any subsequent corrections of income subject to joint taxation and withholding taxes, etc. could entail an increase in the entities' tax liability.

##### Other financial obligations

Other rent and lease liabilities:

DKK'000	2018	2017
Rent and lease liabilities	4,864	6,724

Rent and lease liabilities which fall due within 5 years include a rent obligation totalling DKK 4,326 thousand. Furthermore, the Company has liabilities under operating leases for cars, totalling DKK 538 thousand.

#### 11 Related parties

MSC Denmark A/S' related parties comprise the following:

##### Significant influence

Related party	Domicile	Basis for significant influence
United Agencies Limited SA	Chemin Rieu 12-14, 1208 Geneva	Switzerland holds the majority of the share capital in the entity.

##### Related party transactions

MSC Denmark A/S was engaged in the below related party transactions:

DKK'000	2018	2017
Revenue from affiliates	35,275	32,219
Purchases from affiliates	2	529
Distribution of dividend	0	560

##### Information on the group

Name and registered office of the parent company which prepares the consolidated financial statements of the largest group:

Mediterranean Shipping Company SA, Switzerland