

EvoBus Danmark A/S

**Centervej 3
4600 Køge**

CVR no. 33 73 88 11

Annual report 2015

The annual report was presented and
adopted at the annual general meeting of
the Company on 20 May 2016



Chairman

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Statement by the Supervisory Board and the Executive Board

The Supervisory Board and the Executive Board have today discussed and approved the annual report of EvoBus Danmark A/S for the financial year 1 January - 31 December 2015.

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

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and its financial position.

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

Køge, 20 May 2016

Executive Board



Henrik Lykke Pedersen



Mikael Jonsson

Supervisory Board



Roman Guido Willy Biondi
Chairman



Marlis Ursula Maisel



Björn Friedrich Hauber



Poul Bitsch Nielsen



Erik Freddy Madsen

Independent auditor's report

To the Shareholder of EvoBus Danmark A/S

Independent auditor's report on the financial statements

We have audited the financial statements of EvoBus Danmark A/S for the financial year 1 January - 31 December 2015. The financial statements comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes. 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.

Auditor's 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 auditor's 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 auditor considers 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 assets, liabilities and financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Independent auditor's report


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 further 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, 20 May 2016

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98



Jacob Lehman
State Authorised
Public Accountant

Management's review

Company details

Company

EvoBus Danmark A/S
Centervej 3
4600 Køge
Denmark

Telephone: +45 76 27 03 00
Fax: +45 76 27 03 01
Website: www.Evobus.dk

CVR no.: 33 73 88 11
Financial year: 1 January - 31 December
Incorporated: 30 June 1971
Registered office: Køge

Supervisory Board

Roman Guido Willy Biondi, Chairman
Marlis Ursula Maisel
Björn Friedrich Hauber
Poul Bitsch Nielsen
Erik Freddy Madsen

Executive Board

Henrik Lykke Pedersen
Mikael Jonsson

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 Copenhagen Ø
Denmark

Consolidated Financial Statements

The Company is included in the consolidated financial statements of Daimler AG, Germany

The consolidated financial statements are available at the parent company's address or on the website www.daimler.com.

General Meeting

The annual general meeting is held on 20 May 2016 at the Company's address.

Management's review

The Company's development in the last five years can be described as follows:

	2015	2014	2013	2012	2011
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	220,599	208,728	168,580	75,473	120,273
Operating profit/loss	4,628	11,637	817	-4,654	5,796
Net financials	-363	-53	-255	-379	-224
Profit/loss before tax	-33,392	11,560	621	-4,962	5,623
Net profit/loss for the year	-25,675	8,708	405	-3,734	4,193
Balance sheet total	172,499	95,553	54,622	62,815	51,673
Equity	15,781	21,456	12,748	12,343	16,077
Investments in property, plant and equipment	10,668	3,658	521	21,438	635
Gross margin	15.7%	21.1%	18.6%	33.4%	30.7%
Solvency ratio	9.1%	22.5%	23.3%	19.6%	31.1%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Financial statements 1 January - 31 December

Management's review

Principal activities of the Company

The Company was acquired by the Mercedes-Benz Group in 1995, and EvoBus Danmark A/S was established as a wholly-owned subsidiary of Mercedes-Benz Denmark A/S.

The principal activities of the Company are import, export, repairs, conversion and sale of new and used busses. Moreover, the Company sells spare parts and accessories to busses.

Development in the year

EvoBus Danmark A/S maintained its market share from the previous year and is well represented in the tourist as well as the city segment. The aftersales business took a positive step in 2015. The development is in part driven by the increased sales volumes of new vehicles during the last two years. In the used vehicle business, there was a continuous high demand for vehicles in the market.

The Company has during the year been exposed to fraud, which has led to a significant loss for the Company. Because of the incident, the Company has received a capital injection of DKK 20 million from the ultimate parent in order to re-establish equity as of 31 December 2015. The effect of this fraud is included in the financial statements included as part of other operating costs. If adjusting for this, profit/loss for the year would have been positive.

Outlook

Management of EvoBus Danmark A/S expects a further recovery of the business. Especially, increased tender activities in the last years will impact the aftersales business in a positive way.

Particular risks

Financial risks

Funding is raised through a cash pool in Daimler AG. If the expected improvement in both earnings and cash flows is not realised in 2015, the Company is able to draw on the Group's cash pool.

Credit risks

In all material respects, the Company's credit risks relate to garage customers.

The Company is not subject to any significant risks in relation to individual customers. The Company's policy for assuming credit risks entails that credit ratings of all customers are made on an ongoing basis.

The Company's finance system has an embedded credit rating system, in which customers are rated on a regular basis based on historical data.

Financial statements 1 January - 31 December

Management's review

Environmental issues

Impact on the external environment

In order to control environmental issues, the Company has prepared an environmental policy including an objective. The policy is based on environmentally sound operations and forms a natural part of the Daimler Group's objective to handle natural resources and energy as carefully as possible and to apply the best technology available in order to minimise any environmental impact.

Financial statements 1 January - 31 December

Accounting policies

The Annual Report of EvoBus Danmark A/S for 2015 has been prepared in accordance with the provisions applying to reporting class C medium-sized enterprises under the Danish Financial Statements Act.

In accordance with Section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared as cash flows of EvoBus Danmark A/S are included in the cash flow statement of the parent company.

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 rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at 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 rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue is recognised in the income statement when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. Revenue is measured at fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted in revenue.

The sale of busses with repurchase commitments is classified as operating leases as the residual value entails a not insignificant risk for the Company. The busses are included in the Company's non-current assets and are depreciated to residual value.

Payments received from customers are recognised under liabilities as prepayment from customers. Payments from customers which represent rent payments in accordance with operating leases and other lease agreements are recognised in the income statement on a straight-line basis over the term of the agreement so that the repurchase value remains at the expiry of the agreement.

Financial statements 1 January - 31 December

Accounting policies

Production costs

Production costs comprise costs, including depreciation and amortisation and salaries, incurred in generating the revenue for the year.

Distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc., during the year are recognised as distribution costs. Also, costs relating to sales staff, advertising, exhibitions and depreciation are recognised as distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for company management and administration, including expenses for administrative staff, management, office premises and office expenses, and depreciation.

Other operating income and costs

Other operating income and costs comprise income and costs secondary to the Company's primary operation.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities.

Tax on profit/loss for the year

Mercedes-Benz Danmark A/S, CVR no. 14 81 51 98, is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by settlement of joint taxation contributions between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contributions from companies that have used these losses to reduce their own taxable profits.

Tax for the year comprises joint taxation contributions for the year and changes in deferred tax for the year. 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.

Financial statements 1 January - 31 December

Accounting policies

Balance sheet

Property, plant and equipment

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

The basis of depreciation is calculated as cost less any residual value at the end of the expected useful life. Land is not depreciated.

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

Depreciation is made on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Buildings	20-50 years
Fixtures and fittings, tools and equipment	3-8 years

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Property, plant and equipment are written down to the recoverable amount if this is lower than the carrying amount. Annual impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income and other operating costs, respectively.

Inventories

Spare parts as well as new and used busses are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, write-down is made to this lower value.

Goods for resale are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Financial statements 1 January - 31 December

Accounting policies

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses.

Cash pooling agreement

The Company's cash pooling agreement is recognised as amounts owed by group enterprises or amounts owed to group enterprises as the overall financial commitment with the bank rests with Daimler AG.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Provisions

Provisions comprise anticipated costs related to warranties, etc. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Provisions are measured at net realisable value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

Liabilities other than provisions

Other liabilities are measured at net realisable value.

Corporation tax and deferred tax

In accordance with the joint taxation rules, EvoBus Danmark A/S' liability to the Danish tax authorities is settled when the Company pays its joint taxation contributions to the administrative company.

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Financial statements 1 January - 31 December

Accounting policies

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to other items where temporary differences arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where different tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, 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 in accordance with 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.

Deferred income

Deferred income comprises payments received concerning income in subsequent years.

Financial highlights overview

Financial highlights are calculated as follows:

Gross margin

$\text{Gross profit} \times 100 / \text{Revenue}$

Solvency ratio

$\text{Equity at year end} \times 100 / \text{Total assets}$

Financial statements 1 January - 31 December

Income statement

	Note	2015 DKK'000	2014 DKK'000
Revenue		220,599	208,728
Production costs	1-5	-185,872	-164,644
Gross profit		34,727	44,084
Distribution costs	1-5	-3,446	-3,592
Administrative expenses	1-5	-26,653	-28,855
Operating profit		4,628	11,637
Other operating income		17	8
Other operating costs	2	-37,674	-32
Profit/loss before financial income and expenses		-33,029	11,613
Financial income		80	333
Financial expenses	3	-443	-386
Profit/loss before tax		-33,392	11,560
Tax on profit/loss for the year	4	7,717	-2,852
Profit/loss for the year		-25,675	8,708
Proposed distribution of profit/loss			
Retained earnings		-25,675	8,708
		-25,675	8,708

Financial statements 1 January - 31 December

Balance sheet

	Note	2015 DKK'000	2014 DKK'000
Assets			
Land and buildings		3,665	4,111
Fixtures and fittings, tools and equipment		27,887	20,705
Property, plant and equipment	5	31,552	24,816
Non-current assets		31,552	24,816
Finished goods and goods for resale		12,070	18,117
Inventories		12,070	18,117
Trade receivables		38,750	10,414
Receivables from group enterprises		87,749	41,050
Deferred tax asset		1,737	799
Prepayments		641	357
Receivables		128,877	52,620
Total current assets		140,947	70,737
Total assets		172,499	95,553

Financial statements 1 January - 31 December

Balance sheet

	Note	2015 DKK'000	2014 DKK'000
Equity and liabilities			
Share capital	8	11,900	11,900
Retained earnings		3,881	9,556
Total equity		15,781	21,456
Other provisions		670	1,241
Total provisions		670	1,241
Prepayments received from customers	5	32,087	23,503
Trade payables		3,763	919
Payables to group enterprises		85,352	36,674
Other payables		31,071	11,039
Deferred income		3,775	721
Current liabilities other than provisions		156,048	72,856
Total liabilities other than provisions		156,048	72,856
Total equity and liabilities		172,499	95,553
Contractual obligations and contingencies, etc.	7		
Related parties and ownership	8		

Financial statements 1 January - 31 December

Statement of changes in equity

	Share capital	Retained earnings	Total
	DKK'000	DKK'000	DKK'000
Equity at 1 January 2015	11,900	9,556	21,456
Grant from Parent Company	0	20,000	20,000
Loss for the year	0	-25,675	-25,675
Equity at 31 December 2015	11,900	3,881	15,781

Financial statements 1 January - 31 December

Notes

	2015 DKK'000	2014 DKK'000
1 Staff costs		
Wages and salaries	25,391	26,532
Pensions	1,920	1,854
Other social security costs	532	593
	<u>27,843</u>	<u>28,979</u>

Staff costs are recognised as follows in the financial statements:

Cost of sales	12,606	11,706
Distribution expenses	449	589
Administrative expenses	14,788	16,684
	<u>27,843</u>	<u>28,979</u>

Average number of employees	<u>52</u>	<u>56</u>
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Remuneration to the Executive Board is invoiced to EvoBus Danmark A/S, based on estimated time spent on the Company, as management fee and amounts DKK 2,220 thousand which is included in administration costs.

2 Other operating costs

The Company has during the year been exposed to fraud, which has led to a significant loss for the Company. The effect of this fraud is included in the financial statements as part of other operating costs.

3 Financial expenses

Interest expense, group enterprises	343	361
Other financial expenses and foreign exchange loss	100	25
	<u>443</u>	<u>386</u>

Financial statements 1 January - 31 December

Notes

	2015 DKK'000	2014 DKK'000
4 Tax on profit/loss for the year		
Current tax for the year	-6,779	2,974
Adjustment of deferred tax	-938	-54
Correction relating to changes in corporate tax	0	-68
	-7,717	2,852

5 Property, plant and equipment

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Total DKK'000
Cost at 1 January 2015	11,735	36,472	48,207
Additions for the year	0	10,668	10,668
Disposals for the year	0	-1,108	-1,108
Cost at 31 December 2015	11,735	46,032	57,767
Depreciation at 1 January 2015	7,624	15,767	23,391
Depreciation for the year	446	3,415	3,861
Reversal of impairment and depreciation of sold assets	0	-1,037	-1,037
Depreciation at 31 December 2015	8,070	18,145	26,215
Carrying amount at 31 December 2015	3,665	27,887	31,552
Depreciated over	20-50 years	3-8 years	

Property, plant and equipment include finance leases (busses with repurchase commitments) at a carrying amount totalling DKK 25,672 thousand (2014: DKK 19,206 thousand). Finance leases (busses with repurchase commitments) are depreciated over 8 years.

Financial statements 1 January - 31 December

Notes

5 Property, plant and equipment (Continued)

	2015 DKK'000	2014 DKK'000
The depreciations of property, plant and equipment are included in the following items in the income statement:		
Production costs	3,144	2,915
Distribution costs	42	5
Administrative expenses	674	353
	<u>3,860</u>	<u>3,273</u>

6 Share capital

The share capital is specified as follows:

11,820 shares of nom. DKK 1 thousand each	11,820
12 shares of nom. DKK 5 thousand each	60
20 shares of nom. DKK 1 thousand each	20
	<u>11,900</u>

No shares carry special rights. There have been no movements in the share capital over the last five years.

7 Contractual obligations and contingencies, etc.

Non-cancellable rental and lease obligations

0-1 years	3,893	4,477
1-5 years	15,229	16,393
>5 years	11,305	15,923
	<u>30,427</u>	<u>36,793</u>

The Company has provided repurchase guarantees to customers, etc., as per 31 December 2015 totalling DKK 11,188 thousand (2014: DKK 6,411 thousand).

Financial statements 1 January - 31 December

Notes

8 Related parties and ownership

EvoBus Danmark A/S' related parties comprise group companies of the Daimler AG Group in Stuttgart, Germany.

Other related parties

In addition to the above, the Company's related parties comprise the Supervisory Board, the Executive Board and management employees as well as the family members of these individuals. Related parties also include enterprises in which the above group of people has a significant interest.

Transactions

As the Company is part of the Daimler Group, the Company carries out a considerable number of related party transactions.