

CNH INDUSTRIAL DANMARK A/S

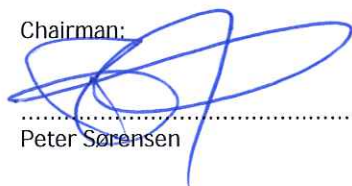
Arnold Nielsens Boulevard 140, 2650 Hvidovre

CVR No. 56 09 88 28

Annual report 2015

Approved at the annual general meeting of shareholders on 17 March 2016

Chairman:



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Peter Sørensen

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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 CNH INDUSTRIAL DANMARK A/S 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 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 financial position.

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

Copenhagen, 10 March 2016
Executive Board:



Peter Friis

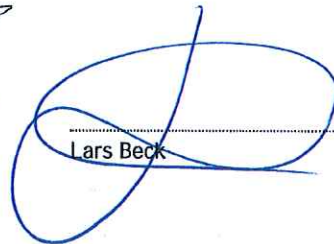
Board of Directors:



Peter Sørensen
Chairman



Peter Friis



Lars Beck

Independent auditors' report

To the shareholder of CNH INDUSTRIAL DANMARK A/S

Independent auditors' report on the financial statements

We have audited the financial statements of CNH INDUSTRIAL DANMARK A/S for the financial year 1 January - 31 December 2015, which comprise an 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.

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. Further, Management is responsible for such internal control as it 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 according to Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 an 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. The purpose is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by Management as well as 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 audit 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, 10 March 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28


Mogens Andreasen
state authorised public accountant

Management's review

Company details

Name	CNH INDUSTRIAL DANMARK A/S
Address, Postal code, City	Arnold Nielsens Boulevard 140, 2650 Hvidovre
CVR No.	56 09 88 28
Registered office	Hvidovre
Financial year	1 January - 31 December
Board of Directors	Peter Sørensen, Chairman Peter Friis Lars Beck
Executive Board	Peter Friis, Chief Executive Officer
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvold Helmutshs Vej 4, P O Box 250, 2000 Frederiksberg, Denmark
Bankers	Danske Bank Holmens Kanal, 1060 København
Lawyer	Lund Elmer Sandager Advokatpartnerselskab Kalvebod Brygge 39 - 41, 1560 København V

Management's review

Financial highlights

DKKt	2015	2014	2013	2012	2011
Key figures					
Revenue	896,253	821,229	902,881	740,341	708,341
Gross margin	89,446	96,620	88,710	74,620	84,752
Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)	29,992	40,468	36,723	19,993	39,609
Net financials	-16,374	-17,162	-18,469	-14,612	-12,489
Profit/loss for the year	10,418	17,581	13,677	4,050	20,336
Total assets					
Equity	381,450	281,984	281,408	199,733	176,978
Financial ratios in %					
Gross margin	10.0 %	11.8 %	9.8 %	10.1 %	12.0 %
Solvency ratio	24.6 %	29.6 %	23.4 %	26.1 %	27.2 %
Return on equity	11.8 %	23.6 %	23.2 %	8.1 %	53.6 %
Average number of employees					
	40	40	35	33	29

Management's review

Operating review

The Company's business review

Via a dealer network in Denmark, CNH Industrial Danmark A/S sells and services a product program comprising New Holland and Case IH tractors, harvesters, pressers and fine cutters as well as New Holland and Case construction equipment and related spare parts program.

Financial review

The revenue development in the financial year has not met the expectations of the management due to a declining demand for both agricultural and construction machines and spare parts. The demand for agricultural machine was affected by the farmers declining earnings due to low market prices for their products. In 2015 the company initiated a project of establishing a dealer network in Sweden and the first sale took place in the summer. Servicing the Swedish market has had a positive effect on the activity in 2015. Management has maintained the level of investment in optimizing our service and support of dealers and customers.

Profit for the year amounts to DKK 10,418 thousand after tax, against profit DKK 17,581 thousand in 2014.

Statutory CSR report

CNH Industrial Danmark A/S does not have a local CSR policy. The Company is a subsidiary of CNH Industrial Group. Every year CNH Industrial Group publishes a full CSR report, which is published after the supervisory board's approval of the annual report of CNH Industrial Danmark A/S and will be available on:

<http://www.cnhindustrial.com/en-US/sustainability2014/Pages/Homepage.aspx>

Account of the gender composition of management

CNH Industrial Danmark A/S strives to recruit the most suitable supervisory board members, managers and employees regardless of gender, race or religion. Our recruiting and employee policy reflects this practice.

The supervisory board has set a target of the underrepresented gender to be 1 member of the supervisory board. It is the aim of the supervisory board to achieve this target before end of 2017. Currently the underrepresented gender is 0 board members, since there has been no election to the board in 2015.

CNH Industrial Danmark A/S has non-discriminating equal rights policy focusing on competencies in relation to job profiles on all managerial levels. Men and women have equal opportunities within the Company. The policy sets the framework for the individual career development and guidelines of recruiting and retention of managers. Specifically this relates to:

- * Support of individual career plans
- * Mentor and sparring opportunities
- * Employee policy that promotes equal career opportunities for both genders.

The proportion of female managers is unchanged in 2015.

Post balance sheet events

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

Outlook

The Company expect increasing activity level in 2016 mainly due to entering the Swedish market.

Financial statements for the period 1 January - 31 December

Income statement

Notes	DKK'000	2015	2014
2	Revenue	896,253	821,229
	Cost of sales	-806,807	-724,609
	Gross profit	89,446	96,620
3-4	Distribution costs	-52,949	-51,592
3-4	Administrative expenses	-6,505	-4,560
	Operating profit	29,992	40,468
5	Financial income	1,583	774
6	Financial expenses	-17,957	-17,936
	Profit before tax	13,618	23,306
7	Tax for the year	-3,200	-5,725
	Profit for the year	<u>10,418</u>	<u>17,581</u>
	Proposed profit appropriation		
	Retained earnings	<u>10,418</u>	<u>17,581</u>

Financial statements for the period 1 January - 31 December

Balance sheet

Notes	DKK'000	2015	2014
	ASSETS		
	Non-current assets		
8	Intangible assets		
	Acquired intangible assets	1,933	2,558
		<u>1,933</u>	<u>2,558</u>
9	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	3,375	2,241
		<u>3,375</u>	<u>2,241</u>
	Total non-current assets	<u>5,308</u>	<u>4,799</u>
	Current assets		
	Inventories		
	Finished goods and goods for resale	25,389	45,288
		<u>25,389</u>	<u>45,288</u>
	Receivables		
	Receivables from group entities	345,452	226,267
	Other receivables	3,189	3,978
10	Deferred income	2,112	1,652
		<u>350,753</u>	<u>231,897</u>
	Total current assets	<u>376,142</u>	<u>277,185</u>
	TOTAL ASSETS	<u><u>381,450</u></u>	<u><u>281,984</u></u>

Financial statements for the period 1 January - 31 December

Balance sheet

Notes	DKK'000	2015	2014
	EQUITY AND LIABILITIES		
	Equity		
11	Share capital	12,000	12,000
	Retained earnings	81,812	71,396
	Total equity	<u>93,812</u>	<u>83,396</u>
	Provisions		
12	Deferred tax	401	523
	Other provisions	17,137	13,365
13	Total provisions	<u>17,538</u>	<u>13,888</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	18,255	12,331
	Payables to group entities	149,837	103,329
14	Other payables	102,008	69,040
		<u>270,100</u>	<u>184,700</u>
	Total liabilities other than provisions	<u>270,100</u>	<u>184,700</u>
	TOTAL EQUITY AND LIABILITIES	<u>381,450</u>	<u>281,984</u>

- 1 Accounting policies
- 15 Collateral
- 16 Contractual obligations and contingencies, etc.
- 17 Related parties
- 18 Fee to the auditors appointed by the Company in general meeting

Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2015	12,000	71,394	83,394
Profit/loss for the year	0	10,418	10,418
Equity at 31 December 2015	<u>12,000</u>	<u>81,812</u>	<u>93,812</u>

Financial statements for the period 1 January - 31 December

Notes

1 Accounting policies

The annual report of CNH INDUSTRIAL DANMARK A/S for 2015 has been presented in accordance with the provisions of the Danish Financial Statements Act as regards large reporting class C enterprises.

The accounting policies applied by the company are consistent with those of last year.

Omission to present a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The entity's cash flows are part of the consolidated cash flow statement for the parent company, CNH Industrial N.V.

Reporting currency

The financial statements are presented in Danish kroner.

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.

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

Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other leases are disclosed under contingencies, etc.

Income statement

Revenue

Income from the sale of manufactured goods and goods for resale 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 and is expected to be received.

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue, adjusted for ordinary inventory write-downs.

Financial statements for the period 1 January - 31 December

Notes

1 Accounting policies - continued

Distribution costs

Distribution expenses include expenses relating to sale and distribution in the year, including expenses relating to sales staff, advertising, traveling, entertainment and amortisation/depreciation of assets that are related to sale and distribution of the company's products.

Administrative expenses

Administrative expenses include expenses incurred in the year for purposes of managing and administering the company, including expenses relating to administrative staff, management, office premises/expenses as well as amortisation/depreciation of assets used for administrative purposes.

Amortisation/depreciation and impairment of intangible assets and property, plant and equipment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

The cost net of the expected residual value for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include patents, rights and licences.

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 are as follows:

Acquired IP rights	5 years
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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 are as follows:

Leasehold improvements	10 years
Other fixtures and fittings, tools and equipment	3-10 years

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities, financial expenses relating to finance leases, exchange gains and losses, tax relief or surcharge under the Danish Tax Prepayment Scheme, and amortisation of financial assets and liabilities.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

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.

Financial statements for the period 1 January - 31 December

Notes

1 Accounting policies - continued

Balance sheet

Intangible assets

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Impairment of fixed assets

Every year, intangible assets and property, plant and equipment are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. 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. Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets on a pro rata basis.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other costs directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost.

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

Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis. The portfolios are primarily composed on the basis of debtors' domicile and credit ratings in accordance with the Company's risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Financial statements for the period 1 January - 31 December

Notes

1 Accounting policies - continued

Prepayments

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

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities which are subject to an insignificant risk of changes in value.

Provisions

Provisions comprise expected expenses relating to guarantee commitments, returns, etc. Provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date.

Provisions are measured at net realisable value or at fair value if the obligation concerned is expected to be settled far into the future.

Guarantee commitments comprise expected cost of repairs within the guarantee period and are recognised based on previous experience with work performed under guarantees.

Corporation tax

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.

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

Other payables

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

Segment information

Segment information is given for revenue broken down by business segment. The segmentation is in accordance with the entity's internal financial management.

Financial statements for the period 1 January - 31 December

Notes

1 Accounting policies - continued

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$

Financial statements for the period 1 January - 31 December

Notes

DKK'000	2015	2014
2 Revenue		
Business segmentation of revenue:		
Resale to agriculture, Denmark	696,512	744,955
Resale to industry, Denmark	102,033	76,274
Resale to agriculture, Sweden	97,708	0
	<u>896,253</u>	<u>821,229</u>
3 Personalemkostninger		
Wages/salaries	28,474	27,150
Pensions	2,343	2,320
Other social security costs	137	255
	<u>30,954</u>	<u>29,725</u>
Average number of full-time employees	<u>40</u>	<u>40</u>
Total remuneration to management: DKKt 1,398 (2014: DKKt 1.339).		
4 Af- og nedskrivninger af immaterielle og materielle anlægsaktiver		
Amortisation of intangible assets	625	229
Depreciation of property, plant and equipment	943	474
	<u>1,568</u>	<u>703</u>
5 Financial income		
Interest receivable, group entities	53	730
Exchange adjustments	1,530	44
	<u>1,583</u>	<u>774</u>

Financial statements for the period 1 January - 31 December

Notes

DKK'000	2015	2014
6 Financial expenses		
Interest expenses, group entities	16,099	17,698
Exchange adjustments	1,816	190
Other financial expenses	42	48
	<u>17,957</u>	<u>17,936</u>
7 Tax for the year		
Estimated tax charge for the year	3,322	5,125
Deferred tax adjustments in the year	-123	597
Tax adjustments, prior years	0	3
	<u>3,199</u>	<u>5,725</u>
8 Intangible assets		
t.DKK		Acquired intangible assets
Cost at 1 January 2015		<u>5,690</u>
Cost at 31 December 2015		<u>5,690</u>
Impairment losses and amortisation at 1 January 2015		3,131
Amortisation/depreciation in the year		<u>625</u>
Impairment losses and amortisation at		<u>3,756</u>
Carrying amount at 31 December 2015		<u>1,934</u>

Financial statements for the period 1 January - 31 December

Notes

9 Property, plant and equipment

t.DKK	Other fixtures and fittings, tools and equipment
Cost at 1 January 2015	8,867
Additions in the year	2,076
Cost at 31 December 2015	<u>10,943</u>
Impairment losses and depreciation at 1 January 2015	6,625
Amortisation/depreciation in the year	943
Impairment losses and depreciation at 31 December 2015	<u>7,568</u>
Carrying amount at 31 December 2015	<u><u>3,375</u></u>

10 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years and includes rent and lease liabilities, interest expenses and other prepayments.

DKK'000	2015	2014
11 Share capital		
The share capital consists of the following:		
12,000 shares of DKK 1,000.00 each	<u>12,000</u>	<u>12,000</u>
	<u>12,000</u>	<u>12,000</u>

None of the shares are special privileged.

The Company's share capital has remained DKK 12,000 thousand over the past 5 years.

12 Deferred tax

Deferred tax relates to:

DKK'000	2015	2014
Property, plant and equipment	<u>-401</u>	<u>-523</u>
	<u>-401</u>	<u>-523</u>

13 Provisions

Other provisions comprise provisions for warranty commitments. Warranty provisions relate to expected warranty expenses in accordance with usual guarantee commitments applicable to the sale of goods.

Financial statements for the period 1 January - 31 December

Notes

DKK'000	2015	2014
14 Other payables		
VAT and other indirect taxes	34,597	18,633
Wages/salaries, salary taxes, social security contributions, etc.	2,717	884
Compensated absence	4,385	4,315
Other accrued expenses	60,309	45,208
	<u>102,008</u>	<u>69,040</u>

15 Collateral

The Company has not placed any assets or other as security for loans at 31 December 2015.

16 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with Iveco Danmark A/S, which acts as management company, and is jointly and severally with other jointly taxed group entities 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

Other rent and lease liabilities:

DKK'000	2015	2014
Rent and lease liabilities	724	708

17 Related parties

CNH INDUSTRIAL DANMARK A/S' related parties comprise the following:

Information about consolidated financial statements

Parent	Domicile
CNH Industrial N.V.	25 St. James's Street, London, SW1A 1HA, United Kingdom

DKK'000	2015	2014
18 Fee to the auditors appointed by the Company in general meeting		
Fee regarding statutory audit	87	87
Tax assistance	19	0
Other assistance	21	0
	<u>127</u>	<u>87</u>