

FCA Denmark A/S

**Hovedvejen 208
2600 Glostrup**

CVR no. 62 85 77 14

Annual report 2015

The annual report was presented and
adopted at the annual general meeting of
the Company on 14 March 2016

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Chairman

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Statement by the Executive Board and the Supervisory Board

The Executive Board and the Supervisory Board have today discussed and approved the annual report of FCA Denmark 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.

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

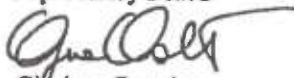
We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 12 February 2016

Executive Board

Antonio Stanisci

Supervisory Board


Gianluca Cornelato
Chairman


Antonio Stanisci


Michael Wøhlk Sørensen


Barbara Serra


Barbara Capito

Independent auditor's report

To the shareholder of FCA Denmark A/S

Independent auditor's report on the financial statements

We have audited the financial statements of FCA Denmark 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, 12 February 2016

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Mogens Andreasen
State Authorised
Public Accountant


Thomas Krath Jørgensen
State Authorised
Public Accountant

Management's review

Company details

Company

FCA Denmark A/S
Hovedvejen 208
2600 Glostrup
Denmark

Telephone: +45 43 22 88 00

Fax: +45 43 22 88 70

Website: www.fiat.dk

CVR no.: 62 85 77 14

Financial year: 1 January - 31 December

Registered office: Glostrup

Supervisory Board

Gianluca Comelato, Chairman
Michael Wøhlk Sørensen
Barbara Capito
Antonio Stanisci
Barbara Serra

Executive Board

Antonio Stanisci

Auditor

ERNST & YOUNG
Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4
2000 Frederiksberg
Denmark

General meeting

The annual general meeting will be held on 14 March 2016 at the Company's address.

Management's review

Financial highlights

Seen over a five-year period, the development of the Company can be described by the following financial highlights:

	2015	2014	2013	2012	2011
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Profit/loss					
Revenue	665,881	627,815	821,128	879,561	936,334
Gross profit	122,255	88,126	93,923	109,661	172,461
Operating profit	45,008	12,105	17,006	18,301	75,026
Net financials	-3,196	-1,906	-4,510	-3,464	1,455
Net profit for the year	32,146	7,530	8,308	20,670	67,394
Balance sheet					
Investment in property, plant and equipment	17,655	20,037	25,586	23,926	20,283
Inventories	50,548	25,455	42,723	38,304	42,670
Trade receivables	14,830	21,468	17,236	29,452	20,883
Equity	158,016	125,870	118,340	110,032	149,362
Balance sheet total	346,033	308,744	328,837	353,304	381,059
Ratios					
Gross margin	18%	14%	11%	12%	18%
Profit margin	7	2	2	2	8
Solvency ratio	46%	41%	36%	31%	39%
Number of employees	57	53	56	61	65

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.

Management's review

Operating review

Principal activities

The Company's principal activities comprise import of passenger cars and vans, including related spare parts, of the brands Fiat, Alfa Romeo, Jeep and Fiat Professional. Distribution and marketing are handled via the Danish dealer network.

Development in activities and financial position

The passenger car market showed positive development with a growth rate of 9% compared to the previous year. There were 190,190 registrations in 2014 and 207,552 registrations in 2015 (data from the Danish Car Importers Association).

The demand for passenger cars in the A and B segments still represents the largest share of the total market. These two segments amounted to 54% of the total, corresponding to about 112,000 units.

The Company's total market share of passenger cars showed negative development going from a market share of 2.0% in 2014 to 1.6% in 2015. The most significant reason for the loss of market shares is mainly a very competitive environment focused on price level as well as the launch of new products from the main competitors. Moreover in 2015, only Fiat 500X in the small J segment as new FCA models were introduced in the market.

The market for commercial vehicles showed an increase of around 16% compared to 2014 with a total of 32,461 registrations. The market share of Fiat Professional decreased from 7.1% in 2014 to a market share of 5.9% in 2015. This decrease is primarily due to the increase taken place in the segments where the Company is not present.

Inventories increased significantly from the low level in 2014.

After sales activities were stable compared to 2014 and amounted to DKK 122 million.

Profit for the year before tax amounted to DKK 41.8 million, tax for the year amounted to DKK 9.7 million, and profit for the year after tax amounted to DKK 32.1 million. The profit for the year is considered acceptable and in line with the expectations for the year.

The Supervisory Board proposes dividends of DKK 0 thousand.

A change in Management occurred in 2015. In July 2015, Mr Alessio Castelli left his functions as Managing Director of the Company to become the Managing Director of FCA Belgium, and Mr Antonio Stanisci was appointed.

Management's review

Special risks - operating risks and financial risks

Operating risks

Instability in the financial markets may adversely affect our sales and thus our earnings. The car industry is a very competitive environment in a mature market, which increases the competition between the manufacturers.

Financial risks

Instability in the financial markets may adversely affect our sales and thus our earnings.

Liquidity

Liquidity for 2015 has been satisfactory and is expected to remain unchanged in 2016.

CSR

FCA Denmark has no local CSR policy regarding respect of human rights and reduction of environmental pollution and impact on climate change from the Company's activities. FCA Denmark is part of the FCA Group, which has a CSR policy; however, this is not published until after FCA Denmark's annual report. FCA Denmark is not included in FCA Group CSR policy.

Subsequent events

No events have occurred after the balance sheet date that affect the assessment of the annual report.

Presentation of gender distribution in Management in accordance with section 99B of the Danish Financial Statements Act

FCA Denmark Appointed Miss Barbara Capito as new director of the Company in 2015 making the company in compliance with section 99 B of the Danish Financial Statements Act. At present, the underrepresented gender equals 40% of the members elected to the Board in line with the target we determined.

FCA Denmark has a non-discriminatory equality policy with a focus on personal skills required for each job profile at all levels of Management. Women and men have equal opportunities within the Company. However, we will still work to improve and counterbalance the underrepresented gender within the Company.

Management's review

This policy provides a framework for the individual executive's and manager's career development, and also the guidelines for the recruitment and retention of managers. This applies in particular to the following:

- Support for the preparation of individual career plans
- Mentor arrangement
- Personnel policy that promotes career opportunities for both genders.
- Hiring procedures to help ensure uniform recruitment opportunities for both genders.

Consequently, the share in % of the underrepresented gender in middle and senior management has increased from 25% to 27% over the past year. FCA Denmark expects this trend to continue in the following years.

Outlook

We expect the market to change in respect of the upper segments during 2016 due to the change in registration tax decided by the Danish Parliament in 2015. We expect our market share to remain stable.

Our Company will focus on maintaining and improving the financial results obtained in 2015 by strengthening all business measures and price positioning all products as well as by introducing new models.

Financial statements 1 January - 31 December

Accounting policies

The annual report of FCA Denmark A/S for 2015 has been prepared in accordance with the provisions applying to reporting class C entities (large) under the Danish Financial Statements Act.

The accounting policies applied remain unchanged from previous years.

In accordance with section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement as this statement is included in the parent company's cash flow statement.

Income statement

Revenue

Revenue from sales is recognised in the income statement when delivery and transfer of risk to the buyer has taken place. Revenue is recognised net of VAT, duties and sales discounts.

Cost of sales

Cost of sales comprises direct and indirect costs incurred to generate revenue.

Distribution costs

Distribution costs comprise costs incurred for distribution of goods sold and for sales campaigns, including costs for sales and distribution staff and advertising costs.

Administrative expenses

Administrative expenses comprise expenses incurred for management and administration of the Company, including expenses for administrative staff and Management, stationary and office supplies as well as depreciation.

Financial income and expenses

These items comprise interest income and expenses, both earned and incurred with external parties and with group entities.

Tax on profit for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year, and taken directly to equity by the portion attributable to entries directly in equity. The portion of the tax taken to the income statement which relates to extraordinary profit/loss for the year is allocated to this entry whereas the remaining portion is taken to the year's profit/loss from ordinary activities.

Financial statements 1 January - 31 December

Accounting policies

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

The Company is jointly taxed with all its Danish affiliated companies. The current Danish income tax is allocated among the jointly taxed Danish companies in proportion to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Property, plant and equipment

Fixtures and operating equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Depreciation is prorated on a straight-line basis over the estimated useful lives of the assets, however, not exceeding six years.

Depreciation is recognised in the income statement under administrative expenses and distribution costs.

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

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

Financial assets

Deposits are measured at cost.

Inventories

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

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

Financial statements 1 January - 31 December

Accounting policies

Demo cars and company cars formerly used internally in the Company that are put up for sale are recognised as inventories at the lower of the written-down value and net realisable value.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad debts.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity – dividend

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 and obligations

Warranty provisions comprise commitments to remedy defects and deficiencies within the warranty period.

Warranty provisions are measured and recognised on the basis of historical experience.

Contractual obligations comprise expected future obligations in connection with service contracts made with end users.

Corporation tax and deferred 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 measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; 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. Any deferred net assets are measured at net realisable value.

Financial statements 1 January - 31 December

Accounting policies

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement and equity.

Liabilities other than provisions

Other liabilities are measured at net realisable value.

Segment reporting

Segment information is provided on business segments and geographical markets. Segment information is based on the Company's accounting policies, risks and internal financial management

Foreign currency translation

On initial recognition, foreign currency transactions are translated by applying the exchange rates at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rates at the transaction date and the rates applicable at the payment date, or the rates at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Financial highlights overview

Explained key figures.

Gross margin

Gross profit x 100 / Revenue

Profit margin

Operating profit x 100 / Revenue

Solvency ratio

Equity at year end x 100 / Total assets

Financial statements 1 January - 31 December

Income statement

	Note	2015 <small>DKK'000</small>	2014 <small>DKK'000</small>
Revenue	1	665,881	627,815
Cost of sales		<u>-543,626</u>	<u>-539,689</u>
Gross profit		122,255	88,126
Distribution costs		-53,971	-54,850
Administrative expenses		<u>-23,276</u>	<u>-21,171</u>
Operating profit		45,008	12,105
Financial income	3	40	722
Financial expenses	4	<u>-3,236</u>	<u>-2,628</u>
Profit before tax		41,812	10,199
Tax on profit for the year	5	<u>-9,666</u>	<u>-2,669</u>
Profit for the year		<u>32,146</u>	<u>7,530</u>
 Proposed profit appropriation			
Retained earnings		<u>32,146</u>	<u>7,530</u>
		<u>32,146</u>	<u>7,530</u>

Financial statements 1 January - 31 December

Balance sheet

	Note	2015 DKK'000	2014 DKK'000
Assets			
Fixtures and fittings, tools and equipment		16,330	18,137
Leasehold improvements		0	4
Property, plant and equipment	6	<u>16,330</u>	<u>18,141</u>
Deferred tax assets	10	5,990	8,390
Deposits	7	625	754
Financial assets		<u>6,615</u>	<u>9,144</u>
Non-current assets		<u>22,945</u>	<u>27,285</u>
Finished goods and goods for resale		50,548	25,455
Inventories		<u>50,548</u>	<u>25,455</u>
Trade receivables		14,830	21,468
Receivables from group entities		242,181	229,331
Receivables from associates		15,368	2,984
Corporation tax		0	2,063
Prepayments		150	150
Receivables		<u>272,529</u>	<u>255,996</u>
Cash at bank and in hand		<u>11</u>	<u>8</u>
Total current assets		<u>323,088</u>	<u>281,459</u>
Total assets		<u>346,033</u>	<u>308,744</u>

Financial statements 1 January - 31 December

Balance sheet

	Note	2015 DKK'000	2014 DKK'000
Equity and liabilities			
Share capital		55,000	55,000
Retained earnings		<u>103,016</u>	<u>70,870</u>
Total equity	8	<u>158,016</u>	<u>125,870</u>
Provisions	9	<u>67,552</u>	<u>78,096</u>
Total provisions		<u>67,552</u>	<u>78,096</u>
Trade payables		17,186	22,905
Payables to group entities		50,668	32,818
Corporation tax		2,947	0
Other payables	11	<u>49,664</u>	<u>49,055</u>
Current liabilities other than provisions		<u>120,465</u>	<u>104,778</u>
Total liabilities other than provisions		<u>120,465</u>	<u>104,778</u>
Total equity and liabilities		<u>346,033</u>	<u>308,744</u>
Staff costs	2		
Rental agreements and lease commitments	12		
Contingent assets, liabilities and other financial obligations	13		
Related parties and ownership	14		
Fee to auditor appointed at the general meeting	15		

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	55,000	70,870	125,870
Profit for the year	0	32,146	32,146
Equity at 31 December 2015	55,000	103,016	158,016

	Share capital	Retained earnings	Total
	DKK'000	DKK'000	DKK'000
Equity at 1 January 2014	55,000	63,340	118,340
Profit for the year	0	7,530	7,530
Equity at 31 December 2014	55,000	70,870	125,870

Financial statements 1 January - 31 December

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	2015 <u>DKK'000</u>	2014 <u>DKK'000</u>
1 Revenue		
Cars	510,787	470,724
Parts	121,582	122,613
Other	<u>33,512</u>	<u>34,478</u>
	<u>665,881</u>	<u>627,815</u>

Revenue mainly originates from customers in the Danish market.

2 Staff costs		
Wages and salaries	30,601	30,645
Pension contribution	3,099	2,545
Social security costs	<u>474</u>	<u>475</u>
	<u>34,174</u>	<u>33,665</u>

Wages and salaries, pensions and other social security costs are recognised in the following items:

Distribution costs	24,239	24,738
Administrative expenses	<u>9,935</u>	<u>8,927</u>
	<u>34,174</u>	<u>33,665</u>

Including remuneration of the Executive Board and the Supervisory Boards:

Executive Board	694	1,623
Supervisory Board	<u>0</u>	<u>0</u>
	<u>694</u>	<u>1,623</u>

Average number of employees	<u>57</u>	<u>53</u>
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Salaries to Executive board has gone significantly down due to the change in the structure leading to the CEO being shared function between the Nordic Cluster.

There are no incentive programmes for the Executive Board or the Supervisory Boards.

Financial statements 1 January - 31 December

Notes

	<u>2015</u> DKK'000	<u>2014</u> DKK'000
3 Financial income		
Interest from group entities	36	697
Other financial income	<u>4</u>	<u>25</u>
	<u>40</u>	<u>722</u>
4 Financial expenses		
Interest to group entities	2,864	2,353
Interest on bank loan	348	242
Exchange rate adjustments	<u>24</u>	<u>33</u>
	<u>3,236</u>	<u>2,628</u>
5 Tax on profit for the year		
Current tax for the year	7,266	3,929
Adjustments of deferred tax	<u>2,400</u>	<u>-1,260</u>
	<u>9,666</u>	<u>2,669</u>

Financial statements 1 January - 31 December

Notes

6 Property, plant and equipment

	Fixtures and fittings, tools and equipment	Leasehold improvements
	DKK'000	DKK'000
Cost at 1 January 2015	39,628	3,379
Additions for the year	17,655	0
Disposals for the year	-17,946	0
Cost at 31 December 2015	<u>39,337</u>	<u>3,379</u>
Depreciation at 1 January 2015	21,491	3,375
Depreciation for the year	3,704	4
Reversal of depreciation on sold assets	-2,188	0
Depreciation at 31 December 2015	<u>23,007</u>	<u>3,379</u>
Carrying amount at 31 December 2015	<u>16,330</u>	<u>0</u>
	<u>2015</u>	<u>2014</u>
	DKK'000	DKK'000
Depreciation is distributed as follows:		
Depreciation and impairment losses, distribution costs	3,264	3,492
Depreciation and impairment losses, administrative expenses	444	473
	<u>3,708</u>	<u>3,965</u>

Financial statements 1 January - 31 December

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7 Financial assets

	<u>Deposits</u> DKK'000
Cost at 1 January 2015	754
Disposals for the year	<u>-129</u>
Cost at 31 December 2015	<u>625</u>
Carrying amount at 31 December 2015	<u><u>625</u></u>

8 Equity

The share capital consists of 55,000 shares of a nominal value of DKK 1,000. each The shares are not divided into classes.

There have been no changes in the share capital during the last 5 years.

The Company's share capital is wholly-owned by FCA Italy S.p.A., Corso Giovanni Agnelli 200, Torino, Italy.

	<u>2015</u> DKK'000	<u>2014</u> DKK'000
9 Provisions		
Warranty provisions	49,330	49,770
Contractual provisions	15,075	25,062
Other provisions	<u>3,147</u>	<u>3,264</u>
	<u><u>67,552</u></u>	<u><u>78,096</u></u>

Other provisions consist of jubilee fund and obligations regarding return of spare parts.

Financial statements 1 January - 31 December

Notes

	2015 DKK'000	2014 DKK'000
10 Deferred tax asset		
Property, plant and equipment	568	590
Provisions	886	852
Current assets	377	324
Warranty provisions	4,159	6,624
	<u>5,990</u>	<u>8,390</u>

11 Other payables

Other payables consist of VAT payables, taxes and duties, debt regarding staff costs, dealer discounts and other payables.

	2015 DKK'000	2014 DKK'000
12 Rental agreements and lease commitments		
Operating lease commitments		
Total future lease payments:		
Within 1 year	2,029	2,135
	<u>2,029</u>	<u>2,135</u>

The Company's operating lease is specified as follows:

Photocopiers	127	258
Rent	1,902	1,877
	<u>2,029</u>	<u>2,135</u>

13 Contingent assets, liabilities and other financial obligations

The Company is jointly taxed with all the Danish affiliated companies. The Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

Apart from the liabilities recognised in the balance sheet, the Company has provided a guarantee regarding registration fees in the amount of DKK 200 thousand.

Financial statements 1 January - 31 December

Notes

14 Related parties and ownership

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

Parties exercising control

FCA Italy S.p.A., Corso Giovanni Agnelli 200, Torino, Italy

The consolidated financial statements of the parent company can be obtained at the following address:

FIAT CHRYSLER AUTOMOBILIES ITALY S.p.A.
 Corso Giovanni Agnelli 200
 Torino
 Italy

FIAT CHRYSLER AUTOMOBILIES N.V.
 Corporate Office
 25 St. James's Street
 London, SW1A 1HA
 United Kingdom

15 Fee to auditor appointed at the general meeting

ERNST & YOUNG:

Audit fee

Other assurance engagements

Tax advisory services

Non-audit services

	2015	2014
	DKK'000	DKK'000
	152	152
	0	0
	0	0
	0	0
	<u>152</u>	<u>152</u>