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# ***Nexans Denmark A/S***

Savværksvej 18, Klakring, DK-7130 Juelsminde

## Annual Report for 2015

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CVR No 66 23 40 10

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
20/4 2016

Vagn Thorup  
Chairman



**pwc**

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## **Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Nexans Denmark 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 financial position at 31 December 2015 of the Company and of the results of the Company operations for 2015.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Juelsminde, 20 April 2016

### **Direktion**

Ole Nielsen

### **Bestyrelse**

Anne-Lise Aukner  
Chairman

Bo Fredrik Klasson

Ole Nielsen

# **Independent Auditor's Report on the Financial Statements**

To the Shareholder of Nexans Denmark A/S

## **Report on the Financial Statements**

We have audited the Financial Statements of Nexans Denmark A/S for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as 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 whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, 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 audit opinion.

Our audit has not resulted in any qualification.

# **Independent Auditor's Report on the Financial Statements**

## **Opinion**

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

## **Statement on Management's Review**

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Trekantområdet, 20 April 2016

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Lars Almskou Ohmeyer

statsautoriseret revisor

## Company Information

### **The Company**

Nexans Denmark A/S  
Savværksvej 18  
Klakring  
DK-7130 Juelsminde

Telephone: + 45 75693399

Facsimile: + 45 75693446

Website: [www.nexans.dk](http://www.nexans.dk)

CVR No: 66 23 40 10

Financial period: 1 January - 31 December

Municipality of reg. office: Hedensted

### **Board of Directors**

Anne-Lise Aukner, Chairman  
Bo Fredrik Klasson  
Ole Nielsen

### **Executive Board**

Ole Nielsen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Herredsvej 32  
DK-7100 Vejle

## Financial Highlights

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

	2015 TDKK	2014 TDKK	2013 TDKK	2012 TDKK	2011 TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Gross profit/loss	42.910	32.185	31.241	37.066	30.752
Profit/loss before financial income and expenses	23.747	14.181	14.215	18.914	15.784
Net financials	404	1.800	-1.523	-552	75
Net profit/loss for the year	18.454	12.051	9.510	13.739	11.857
<b>Balance sheet</b>					
Balance sheet total	100.700	121.927	126.404	96.561	106.727
Equity	51.061	44.607	41.656	45.146	43.257
Investment in property, plant and equipment	0	0	0	435	0
Number of employees	32	30	29	29	29
<b>Ratios</b>					
Return on assets	23,6%	11,6%	11,2%	19,6%	14,8%
Solvency ratio	50,7%	36,6%	33,0%	46,8%	40,5%
Return on equity	38,6%	27,9%	21,9%	31,1%	54,8%

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

## Main activity

Nexans Denmark A/S is a part of the worldwide Nexans Group located in Paris. Nexans is one of the world's largest cable producers with production in more than 30 countries and with commercial activities worldwide. Nexans employs about 26,000 persons worldwide. Nexans is listed on the Stock Exchange in Paris.

Nexans Denmark A/S produces customized telecommunication cables, signal cables and highly flexible cables. In addition, we market the products of group enterprises in Denmark. We have close cooperation with these companies who are also in charge of our research and development activities.

## Development in the year

The income statement of the Company for 2015 shows a profit of DKK 18,454,093, and at 31 December 2015 the balance sheet of the Company shows equity of DKK 51,060,977.

## The past year and follow-up on development expectations from last year

The profit is better than the forecast set out in the annual report for 2014 as well as the budget. The profit is satisfactory seen in the light of extremely fierce competition and market and product development.

## Targets and expectations for the year ahead

Future results depends on the market situation, volume and prices, and results for 2016 are expected to be lower than the results for 2015.

## External environment

Nexans Denmark A/S has obtained certification according to DS/ISO 9001 and environmental certification according to DS/ISO 14001. Through these certifications, we expect to be in a strengthened position to meet new challenges and to be better prepared to face existing and future demands made by our customers with respects to quality and environment.

Each year, the Company voluntarily presents green accounts.

## Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.



## Income Statement 1 January - 31 December

	<u>Note</u>	<u>2015</u> DKK	<u>2014</u> DKK
<b>Gross profit/loss</b>		<b>42.909.877</b>	<b>32.185.432</b>
Distribution expenses		-12.195.285	-11.436.848
Administrative expenses		-6.967.686	-6.568.040
<b>Operating profit/loss</b>		<b>23.746.906</b>	<b>14.180.544</b>
Financial income		558.649	2.167.128
Financial expenses		-154.541	-367.407
<b>Profit/loss before tax</b>		<b>24.151.014</b>	<b>15.980.265</b>
Tax on profit/loss for the year	1	-5.696.921	-3.929.378
<b>Net profit/loss for the year</b>		<b>18.454.093</b>	<b>12.050.887</b>

## Distribution of profit

### Proposed distribution of profit

Proposed dividend for the year	18.000.000	12.000.000
Retained earnings	454.093	50.887
	<b>18.454.093</b>	<b>12.050.887</b>

# Balance Sheet 31 December

## Assets

	Note	2015 DKK	2014 DKK
Plant and machinery		166.538	258.224
Other fixtures and fittings, tools and equipment		150.274	237.302
<b>Property, plant and equipment</b>	2	<b>316.812</b>	<b>495.526</b>
Other receivables		408.040	404.000
<b>Fixed asset investments</b>	3	<b>408.040</b>	<b>404.000</b>
<b>Fixed assets</b>		<b>724.852</b>	<b>899.526</b>
Raw materials and consumables		1.603.373	2.500.968
Work in progress		1.520.360	1.374.961
Finished goods and goods for resale		14.760.220	20.153.928
<b>Inventories</b>		<b>17.883.953</b>	<b>24.029.857</b>
Trade receivables		56.991.069	64.125.579
Receivables from group enterprises		59.601	4.883.615
Prepayments	4	170.616	182.336
<b>Receivables</b>		<b>57.221.286</b>	<b>69.191.530</b>
<b>Cash at bank and in hand</b>		<b>24.869.817</b>	<b>27.805.944</b>
<b>Currents assets</b>		<b>99.975.056</b>	<b>121.027.331</b>
<b>Assets</b>		<b>100.699.908</b>	<b>121.926.857</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2015 DKK	2014 DKK
Share capital		5.000.000	5.000.000
Retained earnings		28.060.977	27.606.883
Proposed dividend for the year		18.000.000	12.000.000
<b>Equity</b>	5	<b>51.060.977</b>	<b>44.606.883</b>
Provision for deferred tax	6	124.520	138.710
<b>Provisions</b>		<b>124.520</b>	<b>138.710</b>
Credit institutions		3.516.678	14.605.452
Trade payables		9.327.086	9.525.881
Payables to group enterprises		25.487.185	40.640.949
Corporation tax		1.413.111	500.702
Other payables		9.118.355	11.580.897
Deferred income	7	651.996	327.383
<b>Short-term debt</b>		<b>49.514.411</b>	<b>77.181.264</b>
<b>Debt</b>		<b>49.514.411</b>	<b>77.181.264</b>
<b>Liabilities and equity</b>		<b>100.699.908</b>	<b>121.926.857</b>
Contingent assets, liabilities and other financial obligations	8		
Staff	9		
Related parties and ownership	10		

# Notes to the Financial Statements

	2015	2014
	DKK	DKK
<b>1 Tax on profit/loss for the year</b>		
Current tax for the year	5.711.111	3.905.211
Deferred tax for the year	-14.190	24.167
	<b>5.696.921</b>	<b>3.929.378</b>
 <b>2 Property, plant and equipment</b>		
	Plant and machinery	Other fixtures and fittings, tools and equipment
	DKK	DKK
Cost at 1 January	17.027.181	2.078.014
Cost at 31 December	17.027.181	2.078.014
Impairment losses and depreciation at 1 January	16.768.957	1.840.712
Depreciation for the year	91.686	87.028
Impairment losses and depreciation at 31 December	16.860.643	1.927.740
<b>Carrying amount at 31 December</b>	<b>166.538</b>	<b>150.274</b>
	2015	2014
	DKK	DKK
Depreciation and impairment of property, plant and equipment are recognised in the following items:		
Cost of sales	178.714	193.229
	<b>178.714</b>	<b>193.229</b>
 <b>3 Fixed asset investments</b>		
		Other receivables
		DKK
Cost at 1 January		404.000
Additions for the year		4.040
Cost at 31 December		408.040
<b>Carrying amount at 31 December</b>		<b>408.040</b>

## Notes to the Financial Statements

### 4 Prepayments

Prepayments consist of prepaid expenses concerning insurance premiums and other prepaid expenses.

### 5 Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	5.000.000	27.606.884	12.000.000	44.606.884
Ordinary dividend paid	0	0	-12.000.000	-12.000.000
Net profit/loss for the year	0	454.093	18.000.000	18.454.093
<b>Equity at 31 December</b>	<b>5.000.000</b>	<b>28.060.977</b>	<b>18.000.000</b>	<b>51.060.977</b>

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

### 6 Provision for deferred tax

Provisions regarding deferred tax comprise deferred tax regarding prepayments, inventories and property, plant and equipment.

### 7 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

## Notes to the Financial Statements

	2015 DKK	2014 DKK
<b>8 Contingent assets, liabilities and other financial obligations</b>		
<b>Rental agreements and leases</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	304.778	318.287
Between 1 and 5 years	232.240	160.366
	<b>537.018</b>	<b>478.653</b>
Lease obligations, interminable contract until 31 December 2016 with a notice of 12 month	1.656.000	2.472.000
<b>Contractual obligations</b>		
The Company has provided a working and payment guarantee of	2.578.000	3.656.000
<b>9 Staff</b>		
Wages and Salaries	13.272.898	13.575.541
Pensions	1.210.066	1.074.600
Other social security expenses	191.609	183.279
	<b>14.674.573</b>	<b>14.833.420</b>
Wages and Salaries, pensions and other social security expenses are recognised in the following items:		
Cost of sales	6.748.467	7.196.484
Distribution expenses	5.041.317	5.004.935
Administrative expenses	2.884.789	2.632.001
	<b>14.674.573</b>	<b>14.833.420</b>
<b>Average number of employees</b>	<b>32</b>	<b>30</b>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

# Notes to the Financial Statements

## 10 Related parties and ownership

	<b>Basis</b>
<b>Controlling interest</b>	
Nexans Participations	France

### ***Consolidated Financial Statements***

The Group Annual Report of Nexans Participations may be obtained at the following address:

Nexans Participations  
8 Rue de Général Foy  
75008 Paris  
France.

or from its website [www.nexans.com](http://www.nexans.com)

# Accounting Policies

## Basis of Preparation

Financial Statements of Nexans Denmark A/S for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2015 are presented in DKK.

## Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

## Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Nexans Participations, France, the Company has not prepared a cash flow statement.

## Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

## Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.



## **Accounting Policies**

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

### **Income Statement**

#### **Gross profit/loss**

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

#### **Revenue**

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

#### **Production costs**

Productions costs comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc.

#### **Distribution expenses**

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

#### **Administrative expenses**

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

#### **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

#### **Tax on profit/loss for the year**

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

# Accounting Policies

## Balance Sheet

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	5 years

### Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

### Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

### Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

# Accounting Policies

## Prepayments

Prepayments comprise prepaid expenses concerning insurance premiums and other prepaid expenses..

## Equity

### *Dividend*

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

## Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

## Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

## Financial debts

Other debts are measured at amortised cost, substantially corresponding to nominal value.

## Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

## Accounting Policies

### Financial Highlights

#### Explanation of financial ratios

Return on assets

$$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$$

Solvency ratio

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

Return on equity

$$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$