AGCO DANMARK A/S
Hammerholmen 17-19
DK – 2650 Hvidovre

Annual Report 2015

CVR-nr. 66 60 76 15

Annual Report was presented and approved by the company General Meeting

Date 8 June 2016

Director

CONTENTS

Statements

Management statement

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 financial position at 31 December 2015 and of the results of the Company's operations and cash flows 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 approved at the annual general meeting.

Hvidovre, 2016-06-08

Management:

Bo Stensgaard Gade

Board of directors:

Roger Neil Batkin Chairman	Frédéric Michel Devienne	Bo Stensgaard Gade

Statements

Independent auditors' report

To the shareholders of AGCO Danmark A/S

Independent auditors' report on the financial statements

We have audited the financial statements of AGCO Danmark A/S for the financial year 1 January – 31 December 2015. The financial statements comprise accounting policies, income statement, balance sheet 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.

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 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 auditors' 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 auditors consider 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.

Independent auditors' report (continued)

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.

Aarhus, 2016-06-08

KPMG
CVR no. 25 57 81 98

Statsautoriseret Revisionspartnerselskab

Steffen S. Hansen
State Authorised
Public Accountant

Management's Review

Key information on the company

AGCO Danmark A/S
Hammerholmen 17-19
DK-2650 Hvidovre

CVR-nr / Registration No.: 66 60 76 15
Established: 30.06.1981
Financial year: 1 January – 31 December

Board of directors

Frédéric Michel Devienne
Roger Neil Batkin
Christian Devantier (resigned 13 July 2015)
Bo Steensgaard Gade (appointed 13 July 2015)

Management

Bo Steensgaard Gade

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK- 8210 Aarhus V

Management's review (continued)

Key figures and key ratios

MDKK	2015	2014	2013	2012	2011
Key figures					
Net sales	428.1	650.0	778.3	565.7	468.4
Gross profit	40.8	40.5	46.9	35.6	56.7
Ordinary operating profit/loss	13.0	14.1	21.5	10.3	34.5
Profit/loss from financial income and expenses	0.1	-1.7	-3.6	1.3	-1.8
Income before tax	13.1	12.4	17.9	11.6	32.7
Net income	**10.0**	**8.6**	**13.3**	**8.6**	**24.7**
Fixed assets	0.2	0.4	0.7	0.9	1.1
Investment in property, plant and equipment	0.0	0.0	0.0	0.4	0.4
Current assets	463.9	549.9	333.0	260.4	166.3
Total assets	**464.1**	**550.3**	**333.7**	**261.4**	**167.4**
Share capital	5.5	5.5	5.5	5.5	5.5
Shareholder's equity	**53.0**	**42.9**	**52.4**	**39.2**	**30.5**
Provisions	2.3	1.3	1.1	1.0	0.5
Current liabilities	408.9	506.1	280.1	221.2	136.3
Total shareholders' equity and liabilities	**464.1**	**550.3**	**333.7**	**261.4**	**167.4**
Key Ratio					
Gross margin	9.5%	6.2%	6.0%	6.3%	12.1%
Return on invested capital	31.0%	102.4%	55.2%	39.1%	62.2%
Equity ratio	11.4%	7.8%	15.7%	15.0%	18.2%
Return on equity	18.9%	20.1%	25.3%	22.1%	81.1%
Average number of employees	**43**	**41**	**42**	**40**	**40**

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.

Management's review (continued)

Core business area

AGCO Danmark A/S's principal activity is the import and sale of agricultural machinery and spare parts. AGCO Danmark A/S's main products are Massey Ferguson and Fendt tractors, combines, balers and Challenger tracked tractors, and self-propelled sprayers. AGCO Danmark A/S clients are a distributor base of 14 dealers in Denmark, with 25 stores for the sale of machinery, spare parts and store products. As well as 47 dealers in Sweden and 48 in Norway, to which only parts & complimentary products are sold and shipped to.

Development in activities and financial conditions

Result for the year

The total tractor market in Denmark – above 60 HP - continued to decline a further 5.75% in 2015 vs 2014. This was due to the crisis in Danish agriculture.

Massey Ferguson's market share decreased from 13.6% in 2014 down to 11.6% in 2015. Fendt's market share decreased from 8.8% down to 7.8% in a total market that ended at 1.686 tractors vs 1.789 in 2014.

The total combine market increased slightly in 2015. From 206 units in 2014 to 226 in 2015. Massey Ferguson market share decreased from 8.7% in 2014 down to 5.8% in 2015. Fendt market share decreased from 4.9% in 2014 down to 4.4% in 2015.

Revenue for the year is 428.1 MDKK against 650.0 MDKK in the prior year. Operating profit after tax amounted to 9.1 MDKK against 8.6 MDKK in the prior year. The development is considered satisfactory, with the supply situation and the financial crisis taken into account.

The management consider the result to be acceptable.

New products

AGCO Danmark A/S has in 2015 introduced new tractor series with newest technology to be able to fulfill latest emission regulations.

Investments

No significant investments are planned.

Capital resources

AGCO Danmark A/S has an equity ratio of 11.2% (2014: 7.8 %), with a shareholder's equity at 31 December 2015 of 52.1 MDKK (2014: 42.9 MDKK).
The company's capital resources are regarded as sufficient to cover the ongoing business for 2016.

Management's review (continued)

Research and development activities

No such activities are planned for in 2016.

Outlook

Management's expectations are based on the total market declining in 2016 compared to 2015, but at the same time the aim is a slight increase in market share for both Massey Ferguson and Fendt tractors compared to 2015.

Overall it is expected that in 2016 the turnover will increase in the company; despite a further tractor industry reduction is expected.

The main reason for the expected increase in turnover is that the Valtra business in Denmark will be transferred to AGCO Denmark A/S – scheduled to happen on the 1st July 2016.

In 2015 it was decided that the service parts warehouse operations are to be transferred from AGCO Denmark A/S and centralized at a subcontractor's facility in Malmö, Sweden. This site will serve all Dealers of AGCO products in Denmark, Sweden and Norway. This is due to happen end-2016.

The consequences of this decision is that 12 fulltime employees and 10 temporary staff was terminated in 2015 and will leave the company by the end of 2016 which is the same time as the warehouse operations are scheduled to be closed down.

Additional cost will be associated with this decision in 2016. This due to the agreed performance & stay on bonus – The total budgeted cost is 2.8 MDKK

As the warehouse operations will cease by the end of 2016 the company will have to relocate to a smaller facility – this will most likely happen by the end of 1st Qtr. 2017.

As part of the above agreement the Valtra team in Denmark (5 employees) will be transferred to AGCO Denmark A/S. Until further notice they will physically stay in their present location in Fredericia.

Ownership

AGCO Danmark A/S is wholly owned by AGCO A/S.

Events after the balance sheet date

Following legal advice in May 2016, a provision was created to agree a settlement for a legal dispute. This amount to 1.6m DKK and has been disclosed in the accounts.

Management's review (continued)

Corporate Social Responsibility

AGCO Denmark A/S has no policies regarding, social responsibility, environment or human rights. However, AGCO Denmark A/S does its utmost to follow the corporate sustainability approach, which is public here:
http://www.agcocorp.com/commitment/sustainability/approach.html

Environmental Responsibility

AGCO's goal is to conduct its operations in a clean, orderly and safe manner for our people and the environment. Our employees may encounter health hazards at work: employees interact with large and heavy raw materials and parts, processing chemicals, electrical systems and powerful machinery. In the interest of maintaining a safe and healthy workplace, AGCO requires full compliance with applicable workplace safety and industrial hygiene standards mandated by law. In addition to being important from a legal and ethical point of view, AGCO believes that time and resources spent on safety forms the basis for a more efficient production flow with less waste.

Target and Policies for the Under-represented Gender

In the Financial Statements Act, §99b, a provision has been added on target figure and policies regarding the distribution by gender in the management. At AGCO Danmark A/S the target is that the under-represented gender must represent minimum 20% of the executive board at the end of the financial year 2017.

At 31 December 2015 the under-represented gender was 0% of the executive board.

Annual Accounts

Accounting principles

The 2015 annual report of AGCO Danmark A/S has been prepared in accordance with the provisions applying to class C (large) enterprises under the Danish Financial Statements Act.

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

Pursuant to Section 86 (4) of the Danish Financial Statements Act, a cash flow statement has not been prepared.

Recognition and measurement

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

Liabilities are recognized in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortized cost implying the recognition of a constant effective interest rate to maturity. Amortized cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortization of any difference between cost and nominal amount.

In recognizing and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognized in the income statement as earned; including value adjustments of financial assets and liabilities measured at fair value or amortized cost. Equally, costs incurred to generate the year's earnings are recognized, including depreciation, amortization, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognized in the income statement.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date.

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 recognized in the latest financial statements is recognized in the income statement as interest income or expense and similar items.

Tangible assets acquired in foreign currencies are translated at the exchange rate of the transaction date.

Income statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognized in the income statement provided that delivery and transfer of risk to the buyer has taken place before year end and that income can be reliably measured and is expected to be received. Revenue is measured ex VAT, taxes and discounts in relation to the sale.

Other operating income and costs

Other operating income and costs comprise items secondary to the principal activities of the enterprises, including gains and losses on disposal of intangible assets and property, plant and equipment.

Interest income and expense and similar items

Interest income and expense and similar items comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortization of financial assets and liabilities as well as surcharges and refunds under the on account tax scheme etc.

Tax on profit / loss for the year

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognized in the income statement, and the tax expense relating to amounts directly recognized through equity is recognized directly in capital and reserves. The recognized tax expense relating to the extraordinary profit/loss for the year is allocated to this item whereas the remaining tax expense is allocated to the profit/loss for the year from ordinary activities.

Balance sheet

Property, plant and equipment

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 provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Fixtures and fittings, tools and equipment	3-10 years

Property, plant and equipment are written down to the recoverable amount if this is lower than the carrying amount.

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

Leasing

All leasing contracts are evaluated to be operating lease. The expenses are recognized in the income statement for the duration of the lease contracts. Total leasing commitment is disclosed in the notes.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realizable value is lower than cost, inventories are written down to this lower value.

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

The net realizable 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 sales price.

Receivables

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

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Capital - Dividend

Proposed dividends are recognized 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 capital and reserves.

Balance sheet (continued)

Corporation tax and deferred tax

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

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

Deferred tax assets, including the tax base of tax loss carry forwards, are recognized at the expected value of their utilization; 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.

Other provisions

Warranties comprise obligations to make good any defects within the warranty period. Provisions for warranties are measured and recognized based on past experience.

Financial liabilities

Amounts owed to mortgage credit institutions and banks are recognized at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortized cost, corresponding to the capitalized value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognized in the income statement over the term of the loan.

Other liabilities are measured at net realizable value.

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' 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:

Return on invested capital	Profit on ordinary activities / Invested Capital
Invested capital	Operating intangible assets and property, plant and equipment plus net working capital
Gross margin	Gross Profit/ Net sales
Equity ratio	Equity / Total liabilities
Return on Equity	Net Income / Equity

STATEMENT OF INCOME

(DKK 1,000)

Note		2015	2014
	NET SALES	**428,121**	**649,961**
	Cost of sales	-365,766	-586,583
	Other external expenses	-21,571	-22,839
	GROSS PROFIT	**40,784**	**40,539**
2	Staff costs	-27,601	-26,173
3	Depreciation	-199	-240
	ORDINARY OPERATING PROFIT/LOSS	**12,984**	**14,126**
4	Financial income	7,464	4,166
5	Financial expenses	-7,322	-5,844
	INCOME BEFORE TAX	**13,126**	**12,448**
6	Provision for income tax	-3,099	-3,829
	NET INCOME	**10,027**	**8,619**

STATEMENT OF PROFIT DISTRIBUTION

	2015	2014
DISTRIBUTABLE RESERVES :		
Retained earnings brought forward	37,439	46,920
Net income for the year	10,027	8,619
Suggested dividend	-	-18,100
Total available for distribution	**47,466**	**37,439**

BALANCE SHEET

ASSETS

(DKK 1,000)

Note		2015	2014
	FIXED ASSETS		
	Tangible fixed assets		
3	Machinery and equipment	232	431
	Total fixed assets	**232**	**431**
	CURRENT ASSETS		
	Inventories	**62,055**	**59,069**
	Receivables		
	Trade receivables	28,140	48,019
	Intercompany receivables	335,495	390,853
7	Deferred tax asset	7,009	7,125
	Other receivables	16,679	12,730
	Prepayments	8,525	8,920
		395,848	**467,647**
	Cash	**6,007**	**23,161**
	Total current assets	**463,910**	**549,877**
	TOTAL ASSETS	**464,142**	**550,308**

BALANCE SHEET

SHAREHOLDERS´ EQUITY AND LIABILITIES

(DKK 1,000)

Note		2015	2014
	SHAREHOLDER'S EQUITY		
9	Share capital	5,500	5,500
	Retained earnings	47,466	37,439
	Total shareholder's equity	**52,966**	**42,939**
	PROVISIONS		
	Warranty provision	710	1,301
	Other provisions	1,600	-
		2,310	**1,301**
	CURRENT LIABILITIES		
	Trade payables	16,820	21,839
	Intercompany debt	350,289	427,611
	Joint taxation payable	2,983	5,014
	Other debt	38,774	51,603
	Total current liabilities	**408,866**	**506,067**
	TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES	**464,142**	**550,308**

NOTES

(DKK 1,000)

1 WAREHOUSE CLOSURE

Agco Danmark A/S has entered into a partnership agreement with Lantmannen for the third party to provide parts logistics services from the end of 2016. Currently the ESO's in Denmark, Sweden &Norway are serviced by the Agco Danmark A/S warehouse but from the end of 2016 these services will be provided by Lantmannen's warehouse in Malmo, where the parts stock will be housed. The ownership of the stock will transfer from Agco Danmark A/S to Agco International GMBH.
Management expect the turnover to reduce by a third but will be compensated by the wholegoods business during the first year of operation after the change, and two thirds in the mid term.
In addition one-off restructuring costs of approximately 7M DKK in 2016 and from 2017 onwards 5M DKK recurring operating expense increase due to additional headcount to be hired.
There will be no material impact on fixed assets.

2 STAFF COSTS

	2015	2014
Salaries and wages	25,178	23,738
Pension	1,963	1,915
Other social security costs	460	520
	27,601	26,173

During the year the company had an average of 43 employees (2014: 41)

Directors remuneration

	2015
Salaries and wages	1,118
Pension	41
	1,159

The company took advantage of section 98b(3) of the Danish Financial Statements Act and in 2014 did not disclose the remuneration of the Executive Board and Management.

3 FIXED ASSETS

	Machinery And Equipment
COST	
Balance as of January 1, 2015	6,552
Additions	0
Disposals	0
Balance as of December 31, 2015	6,552
ACCUMULATED DEPRECIATION	
Balance as of January 1, 2015	6,121
Depreciation	199
Depreciation on disposed assets	0
Balance as at December 31, 2015	6,320
Net book value as at December 31, 2015	232
Net book value as at December 31, 2014	431

4 FINANCIAL INCOME

	2015	2014
Intercompany Interest	7,464	4,166
	7,464	4,166

5 FINANCIAL EXPENSES

	2015	2014
Intercompany Interest	-4,228	-2,216
Other interest charges	-3,094	-3,628
	-7,322	-5,844

6 COMPANY TAX

Income taxes are based on the tax laws currently in effect.

	2015	2014
Provision for income tax is specified below		
Current tax for the year	2,983	5,014
Deferred tax for year	116	-1,185
	3,099	3,829

Deferred tax is in relation to timing differences on current and non-current assets liabilities and tax loss carried forward.

7 DEFERRED TAX

	2015	2014
Deferred tax at 1 January	7,125	5,940
Adjustment of deferred tax	-116	1,185
	7,009	7,125

Deferred tax relates to:		
Property, plant and equipment	105	113
Provisions	6,904	7,012
	7,009	7,125

8 OTHER PROVISIONS

	2015	2014
Other provisions at 1 January	1,301	1,139
Utilised during the year	-157	-536
Reversal	-597	-109
Provision for the year	163	807
Other provisions at 31 December	710	1,301

The provisions are expected to be payable in:

0-1 year	692	604
1-5 years	18	697
>5 years	-	-
	710	1,301

In addition to the warranty provision above, a legal provision was created in May 2016 for 1.6m DKK, following legal advice, to agree a settlement with a customer over a damaged combine. It is expected that this amount will be payable within a year of the balance sheet date.

9 SHARE CAPITAL

The share capital consists of 5,500 shares of TDKK 1, amounting to TDKK 5,500.
No change has been made to the share capital the latest 7 years.

Transferred income

	2015	2014
Balance as of January 1	37,439	46,920
Net income	10,027	8,619
Suggested dividend	-	-18,100
Balance as of December 31	47,466	37,439

10 LEASING COMMITMENTS

The Company has entered into leasing contracts regarding cars and office furniture.
The contracts expire on various dates up to 2019 and the total obligation amounts to TDKK 5,316
The Company has entered into a leasehold agreement, which is now on a rolling basis and has a notice period of 6 months.
The total lease obligation amounts to TDKK 1,488.

11 TRANSACTIONS WITH AFFILIATED ENTITIES

Related parties to the Company are:
- Other companies in the AGCO group

The Company is presented as a subsidiary in the financial statements of AGCO A/S and is included in the consolidated financial statements of AGCO Corporation, USA.
The financial statements can be obtained from the Company.

12 AUDITOR'S REMUNERATION

The total fee to the auditors appointed by the shareholder at the annual general meeting for performing the statutory audit has, for the financial year, amounted to 160 TDKK.

13 CONTINGENT LIABILITIES

Joint taxation
The Company is jointly taxed with the other Danish group companies. As a wholly-owned subsidiary, together with the other companies included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties. Any subsequent correction of the taxable joint taxation income or withholding taxes might increase the Company's liability. There are no other contingent liabilities for the company to report.