



## Annual Report 2015

Adopted at the Annual General Meeting  
on 27 May 2016.

Chairman of the meeting:

---

Henrik Holm Jensen, Legal Officer

Consolidated report for ultimate parent  
company, Airbus Group SE, is reported  
separately and attached according to  
ÅRL § 112.

Satair A/S

Amager Landevej 147A

DK-2770 Kastrup

Denmark

CVR 78 41 97 17

The office is registered at the municipality of Tårnby, Denmark



# Contents

## Management review

---

<b>Key figures and financial ratios</b>	<b>4</b>
<b>Satair in brief</b>	<b>5</b>
Our organisation	5
Our commitments	5
Our global footprint	5
Our values	5
<b>Review of Satair A/S' operations</b>	<b>6</b>
Market development	6
Financial performance	6
Commercial risks	7
Subsequent events	8
Outlook for 2015	8
<b>Corporate governance</b>	<b>9</b>
Annual general meeting	9
Corporate social responsibility	9
Diversity	9

## Opinions

---

<b>Management statement</b>	<b>10</b>
<b>Independent auditors' report</b>	<b>11</b>

## Financial statements

---

<b>Income statement</b>	<b>12</b>
<b>Statement of comprehensive income</b>	<b>13</b>
<b>Statement of financial position</b>	<b>14</b>
<b>Statement of cash flows</b>	<b>16</b>
<b>Statement of changes in equity</b>	<b>17</b>
<b>Notes</b>	<b>19</b>
<b>Definitions</b>	<b>38</b>

## Key figures and financial ratios

USD million (unless otherwise stated)	2015	2014	2013	2012	2011
	12 mths	12 mths	12 mths	12 mths	6 mths
<b>Income statement</b>					
Revenue	286.9	282.5	250.8	236.1	111.7
Gross profit	48.0	49.0	42.6	41.3	18.2
Operating expenses	(24.8)	(28.9)	(25.8)	(21.9)	(22.4)
Profit before depreciation and amortisation (EBITDA)	23.1	20.2	16.8	19.4	(4.2)
Operating profit (EBIT)	20.1	18.0	14.8	17.6	(5.0)
Financial items, net	1.4	3.3	71.8	(2.0)	(2.6)
Profit before tax	21.5	21.3	86.7	15.6	(7.6)
Income tax expense	(5.1)	(5.2)	(5.5)	(2.7)	(0.6)
Net profit/(loss) for the year	16.4	16.1	81.1	12.9	(8.2)
<b>Financial position</b>					
Property, plant and equipment	7.0	6.9	7.1	7.5	7.4
Total assets	327.3	278.6	261.8	244.4	227.0
Working capital	74.6	69.5	56.8	63.2	37.0
Total equity	175.6	157.4	145.6	135.4	122.0
Net cash balance	(42.2)	(17.4)	(29.4)	(2.2)	34.4
Net interest-bearing receivables/(debt)	19.8	32.6	29.8	62.5	97.7
Invested capital	101.3	69.6	63.9	73.7	36.3
<b>Cash flow</b>					
Cash flow from operating activities	16.0	1.2	10.6	5.2	(17.0)
Cash flow from investing activities	(28.9)	(0.7)	(1.5)	(1.4)	(0.1)
Cash flow from financing activities	(12.0)	11.5	(0.8)	(7.1)	40.7
Free cash flow	(12.8)	0.5	9.1	3.8	(17.1)
<b>Financial ratios</b>					
Gross profit, %	16.7	17.4	17.0	17.5	16.3
SG&A margin, %	8.7	10.2	10.3	9.3	20.1
EBITDA margin, %	8.1	7.1	6.7	8.2	(3.8)
EBIT margin, %	7.0	6.4	5.9	7.5	(4.5)
Return on equity, %	9.9	10.6	57.8	10.0	(6.6)
Equity ratio, %	53.7	56.5	55.6	55.4	53.7
USD/DKK, average	672.8	561.8	561.7	579.3	539.9
USD/DKK, end of financial year	683.0	612.1	541.3	565.9	574.6
<b>Employees</b>					
Number of FTE, average	179	185	180	164	158
Number of FTE, end of financial year	172	187	181	173	156

## Satair A/S in brief

Satair A/S is among the world leaders in sales and distribution of spare parts for aircraft maintenance in the aviation industry. The company provides a range of services that reduce costs in the supply chain and it offers a broad part number range for all aircraft types from nose to tail.

### Our organisation

Satair A/S is part of Satair Group, a stand-alone company, and wholly-owned subsidiary of Airbus SAS with more than 1,000 employees worldwide and USD 1.3 billion in revenue.

Satair Group was established on January 1, 2014 when the Airbus Material And Logistics Management division and Satair combined their strengths to become the global market leader in the civil aircraft parts management business.

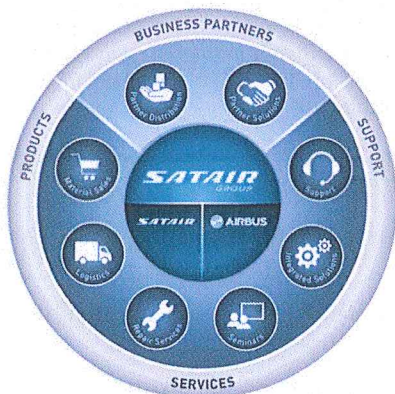
Satair Group and its two channel brands – Airbus and Satair – work with a common management and organisational structure, a common company culture, vision and mission as well as common support functions and processes.

### Our commitments

With a vision to become the global market leader in the civil aircraft material management business in 2017, Satair Group, including Satair A/S offers value-adding and integrated services for all types of aircraft for both customers and suppliers and is devoted to developing new business concepts – to the benefit of both suppliers and customers.

The company's total offerings, product and service portfolio, is called 'Excellence Connected'. Satair Group integrates the entire aerospace value chain, connecting both ends of the aerospace aftermarket whilst committing to delivering excellence in everything we do. OEM Business Partners are connected to the global aerospace aftermarket via Satair Group enabling them to optimise their position in the market through a sustainable and collaborative business model.

For airline and MRO customers Satair Group offers a complete material management portfolio, supporting the entire lifecycle of any type of aircraft. You find the complete portfolio below



### Our global footprint

Satair Group provides a wide range of products and services to customers and suppliers all over the globe through sales and warehousing locations in Europe, North America, the Middle East, Asia Pacific and China. Suppliers, customer base and distribution network are all global and therefore the organisation also fully benefits from the joint global footprint. In 2015, Satair Group signed the lease for a new state-of-the-art facility in Miami opening in April 2016.

### Satair Group Vision

In 2017, Satair Group will be the global leader in the material management business and will deliver integrated services for all civil aircraft types. Specifically for Airbus customers, Satair Group will provide exclusively the best materials management after sales part support.

### Satair Group Mission

We deliver innovative and world-class solutions within the parts management business and we develop extended distribution and parts support services to every unique customer and supplier in the global aerospace value chain.

### Our values



### Customer & Supplier Focus

We build long-term relationships and we understand the individual needs of our customers and suppliers by being as close to the market as possible.

### Global Teamwork

We take pride in our company and we always maintain an atmosphere based on trust, respect and a free flow of information across borders.

### Can-do-Attitude

We are empowered to solve problems locally, we meet challenges with passion and persistence and we pursue any initiative taken to improve our business.

### World-Class Excellence

We act with integrity, we conduct our business professionally and we focus on delivering efficient service solutions on time, every time.

### Being Innovative

We are flexible and open-minded and we find new ways to satisfy the needs of our customers and suppliers along the entire value chain.

# Review of Satair A/S' operations

## Market development

The primary market is the aviation aftermarket, where Satair A/S' activities include sales and distribution to all types of commercial operators, maintenance workshops as well as military operators. Satair A/S, being part of Satair Group, is an international distributor within the aftermarket services and has sales and warehousing locations in Europe and Asia Pacific.

The macroeconomic challenges in 2014 continued into 2015. The global economic growth differed significantly from region to region and this was also reflected in the revenue development. On the positive side, the global airline capacity grew by 6% in 2015 compared to 2014. However, this did not translate into an increased aftermarket sale.

Satair has faced new and previously unseen challenges in 2015. The low oil prices continued in 2015 but the expected effect of longer years-in-service of aircraft, and thus a growing aftermarket demand, has been offset by the low financing prices which, in turn, has meant that average aircraft retirement age has fallen.

Most aircraft operators have deferred the maintenance of aircraft and this has caused a steady headwind throughout 2015. However, this trend did seem to lift off at the end of the year. At the same time, studies show that the inventory levels of Satair's customers have been optimised which has also had a negative effect on sales in the year.

Increased performance of aircraft, and engines in particular, is facilitating longer "on wing" times which also leads to a slower growth in aftermarket demand.

## Market outlook

The commercial aftermarket will remain challenged through 2016 by the same factors impacting 2015 mainly because low capital costs will continue to support replacement of older aircraft, despite low oil prices.

However, early indicators show that the aftermarket activity should normalize over the course of the year. The passenger fleet is expected to grow at 3.8% and the cargo fleet is forecasted to grow by 2.3% annually. We also see capacity plans rising with Asian, European, and US airlines' available seat kilometers to grow by 6.4%, 7.9%, and 3.6% respectively. Retirements should be below 2% and have a positive impact on the aviation aftermarket for the longer term as it is well below the five year average of 3.1% and 10 year average of 2.7%.

## Financial performance

### Revenue

Out of line with the outlook for 2015, Satair A/S posted USD 286.9 million (USD 282.5 million) in revenue which was 4.3% below expectations. However, a larger proportion than expected came from intra-group sales which lead to a lower margin on actual sales. The revenue was mainly coming from Europe being the main market for Satair A/S.

The revenue growth stall was mainly driven by a general optimisation in the maintenance functions of the civil aircraft market. However, a market pick-up was noted in the last months of 2015.

### Gross profit

Gross profit landed at USD 48.0 million (USD 49.0 million) for Satair A/S. Gross margin came to 16.7%, slightly lower than 2014, and is showing the expected trend of lower margins, however still at a decent level.

### SG&A expenses

Operating expenses (staff, general and administrative expenses) totalled USD 24.8 million (USD 28.9 million) including HQ services fees from subsidiaries and transaction costs attributable to the sales process. The improvement compared to 2014 was mainly driven by a one-time cost of USD 3.0 million in 2014 and improvements in staffing levels in 2015. This was in line with the expectations for the year.

At 31 December 2015, Satair A/S had a total of 172 FTE compared to 187 in 2014.

### Financials

Financial items net totalled USD 1.4 million in 2015 against USD 3.3 million in 2014 mainly impacted by a one-off financial income in 2014.

### Net profit for the year

Net profit for the year amounted to USD 16.4 million (USD 16.1 million) which was below expectations mainly driven by the general headwind seen in the aftermarket despite the airline capacity growth.

### Cash flows

The amount in free cash flow before financing activities came to negative USD 12.8 million (positive USD 0.5 million).

As at 31 December 2015, the company had currency hedge commitments for a total of USD 61.5 million (USD 53.8 million) which were made against DKK at an average USD/DKK rate of 654.8. The fair value of principal currency hedging contracts signed at 31 December 2015 amounts to USD 59.7 million (49.7 million). Unrealized losses (fair market value) amounts to USD 1.8 million (USD 4.1 million).

### Balance sheet

At the end of 2015, total assets amounted to USD 331.2 million (USD 278.6 million) up USD 52.6 million compared to last year which is mainly impacted by increased investments in distribution rights, increased inventories, and loans to group entities.

The total amount in working capital at year-end was USD 76.4 million (USD 69.5 million).

Net cash balance is negative with USD 42.2 million (USD 17.4 million).

Net interest-bearing receivables amounted to USD 19.8 million (USD 32.6 million).

Equity ended at USD 175.6 million (USD 157.4 million) resulting in a solid equity-ratio at 53.7% (56.5%) down 2.8 percentage-points compared to last year.

## Commercial risks

Satair A/S' business transactions involve a variety of commercial risks that may adversely affect the company's future operations and performance. Satair A/S is engaged in a continuous effort to identify these risks and, whenever possible, to counteract and reduce them. Below is an outline of the most important risks identified by Satair A/S. The outline does not necessarily constitute an exhaustive list of risk factors, and the factors are not listed in any order of priority.

### Developments in aviation activity

For more than 30 years, the aviation industry has seen almost constant growth in volumes of passengers and cargo at an average annual rate of approx. 4-5%, interrupted only by the first Gulf war in 1991, the terrorist attack on 11 September 2001 and the financial crisis since 2008.

Satair A/S' marketing potential is primarily determined by the type of aircraft in operation, the scope of air carrier operations, and the total number of aircraft.

Aviation is also sensitive to sudden and unexpected events such as war, terrorist attacks, nature catastrophes, accidents and epidemics. When they occur, such events may have dramatic and sudden effects on activity levels within aviation.

### Competition and prices

The market of the distribution of aviation products is fiercely competitive. To be an attractive intermediary between customers and manufacturers, distributors must be able to deliver the right combination of a broad product range and attractive services.

The Aftermarket is relatively fragmented, and none of the distributors have captured a significant market share in the global market for spares. The majority of Satair A/S' products are exposed to competition.

The Parts Manufacturing Approval (PMA) is today an integral part of the go-to-market strategy for Satair A/S. The traditional PMA market, and in particular the test and computation products, is saturated and no longer enjoys the growth rates seen over the past many years, however, the competitive threat is still present and migrating into new product areas at slow pace.

### Consolidation within aviation

Manufacturers in the industry are undergoing a process of considerable consolidation, and this may affect Satair A/S. In case an existing Satair supplier is acquired by a major group, there is a risk that the new owners will want to evaluate existing sales outlets with a view to optimize them in relation to the rest of their business activities. This may result in a change of distributor or the insourcing of distribution activities.

In recent years, many airlines have entered into mergers and alliances, and this is generally a period of significant structural change in the industry.

Satair A/S endeavours to secure a favourable position for itself in the value chain of the aviation industry, but after several years of constant pressure on airline earnings as well as changes in the value chain of the industry there may be renewed and increased pressure on Satair A/S' earnings.

### Dependency on suppliers

Satair A/S has a number of important suppliers, and in 2015 the largest supplier accounted for approx. 18% of Satair A/S' consolidated revenue, while the five largest suppliers together accounted for approx. 59% of the revenue.

Satair A/S' supplier contracts are highly varied as regards the length of termination notices, and in connection with the most recent renegotiations and new negotiations, a specific aim has been to ensure longer notices. Typically, contracts may be terminated at a notice period of between 3 and 12 months, and in the case of important suppliers, the duration of contracts is typically between three and five years.

In 2015 Satair Group entered into 11 new or renewed supplier agreements which are believed to strengthen the future growth and sustain a steady income for the years to come.

Only very few of Satair A/S' suppliers have terminated their distribution contracts. However, the loss of an important supplier could cause a significant decline in revenues and earnings in the short term.

As regards suppliers, Satair A/S is a party to agreements containing provisions concerning termination or changes to the contract, and which will or may take effect in case of a change in control of the company.

### Dependency on customers

Satair A/S distributes products and offers related services to a wide range of customers worldwide. The distribution of Satair A/S' products and services is generally closely linked to developments in activity levels and the general financial situation within aviation, and that is why sales to Satair A/S' existing customers and the conclusion of new customer agreements may be associated with some uncertainty.

Satair A/S sells to more than 600 international customers and has cooperated with most of its customers for many years. The ten largest customers accounted for approx. 46% of the revenue in 2015, with two customers, contributing more than 5% each.

The sales are sometimes based on framework agreements and under certain circumstances such contracts may be terminated prematurely, e.g. in the case of breach of contract on the part of Satair A/S. Framework agreements are however no prerequisite for conducting business between Satair A/S and its customer, and a termination of an agreement is as such not resulting in a cease of joint business activities.

As regards customers, Satair A/S is a party to agreements containing provisions concerning termination or changes to the contract, and which will or may take effect in case of a change in control of the company.

#### **Inventories**

The most significant inventory risks relate to the situation where types of aircraft are grounded by the air carriers either permanently or for a long period of time. When that happens, Satair A/S' inventories of spares for that particular type of aircraft alone will fully or partially lose value. Until now, such changes in the use of aircraft types have occurred over a period of several years, thereby increasing the risk of obsolescence of spares for such aircraft.

Sales to the aviation industry are generally characterized by involving a very high number of part numbers many of which are sold relatively rarely. This increases the risk of obsolescence, and Satair A/S' business model therefore allows for obsolescence being part of the cost side of distribution in aviation.

#### **Subsequent events**

Satair A/S is not aware of events subsequent to 31 December 2015, which are expected to have a material impact on the financial position.

#### **Outlook for 2016**

Satair A/S expects a continued challenging market environment in 2016, however, expects the revenue and operating profit to outperform the levels achieved in 2015. This is foreseen to be driven by organic growth, economies of scale and continued efficiency gains.

#### **Definitions**

Please refer to page 38 for the definitions of key figures and ratios.



## Corporate governance

### Annual general meeting

The Annual General Meeting is held on 27 May 2016 at 10 am at Satair A/S, Amager Landevej 147A, DK-2770 Kastrup.

### Corporate social responsibility

Maintaining a social profile, respecting human rights and contributing to a sustainable environment is considered important in Satair A/S and is anchored in the company's DNA, as the company always strives to operate its business in a responsible manner. However, currently the company has not implemented formal policies for social responsibility, human rights and a sustainable environment.

### Diversity

On 1 April 2013, section 139a of the Danish Companies Act came into force. This provision stipulates that certain companies are obliged to set a target for the underrepresented gender in the Supreme Governing Body, i.e. the Board of Directors in Satair A/S' case. These companies are also required to establish a policy for other management levels in order to increase the level of the underrepresented gender.

The long-term purpose of such policy is to achieve a more equal balance of genders and once a company achieves a 40/60 balance between genders, one gender is no longer considered to be underrepresented.

Satair A/S is completely unprejudiced in its approach to employment of people regardless of their race, ethnicity, nationality, age, gender, sexual orientation etc. and is accustomed to a highly diverse staff mix.

Satair A/S had originally set a target of two of the members of the Board of Directors elected by the shareholder shall be female which was to be achieved no later than 1 April 2017.

As of 31 December 2015, the Board of Directors consisted of a total of seven members, three of whom were elected by the employees (two women and one man). The four Board members elected by the shareholder consisted of three men (75%) and one woman (25%).

However, the Danish Business Authority published revised Guidelines on this topic in March 2016 and according to these Guidelines, a company who has four members of the Board of Directors elected by the shareholder comprising three men and one woman, is considered to have adequate gender diversity, i.e. no underrepresentation of women exists in this case. As a result of these new Guidelines, Satair A/S is not required to set a target for female members of the Board of Directors since women are not underrepresented in the Board of Directors of Satair A/S.

At Satair A/S' other management levels (heads of department, team leaders and other managers) at 31 December 2015, the number of women were 11 (35%) and the number of men were 20 (65%).

Although the female representation at this management level is very close to the targeted 40/60 balance mentioned earlier, it could not be achieved in 2015 since candidates with the right competencies have not been available.

However, the Board of Directors maintains the target of having 40% of these management positions to be held by women no later than 1 April 2017.

In order to achieve the objective the recruitment and appointment of new leaders Satair A/S aim to have at least one of each gender among the last three candidates.

Both of the abovementioned targets are set to be ambitious although achievable and Satair will endeavor to achieve the targets within the deadline.

## Management statement

Kastrup, 27 May 2016

The Board of Directors and the Management Board have today considered and adopted the Annual Report of Satair A/S for the financial year 1 January – 31 December 2015.

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in 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 and cash flows for the financial year 1 January – 31 December 2015.

In our opinion, the management review includes a true and fair view of the circumstances described in the review.

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

### Management Board

---



**Mikkel Bardram**  
Chief Executive Officer



**Marko Enderlein**  
Chief Financial Officer

### Board of Directors

---



**Morten Olsen**  
Chairman



**Anette Hagelsten**  
Vice-chairman



**Mikkel Bardram**



**Marko Enderlein**



**Dorte Sonne Ekner**  
Employee representative



**Per Iversen**  
Employee representative



**Keyvan Diamondo**  
Employee representative

# Independent auditors' report

## To the shareholders of Satair A/S

### Independent auditors' report on the financial statements

We have audited the financial statements of Satair A/S for the financial year 1 January – 31 December 2015, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in 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 International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in 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 auditors' 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 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.

### 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 the company's operations and cash flows for the financial year 1 January – 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in 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 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.

Frederiksberg, 27 May 2016

### Ernst & Young

Godkendt Revisionspartnerselskab  
CVR : 30700228

Jan C. Olsen

State Authorised Public Accountant

Peter Andersen

State Authorised Public Accountant

## Income statement

1 January - 31 December

USD thousands	Note	2015	2014
Revenue	3	286,902	282,453
Cost of goods sold	6	(238,928)	(233,407)
<b>Gross profit</b>		<b>47,974</b>	<b>49,046</b>
Other operating income	4	9,189	9,104
Staff expenses	5	(18,698)	(23,924)
Other expenses		(15,329)	(14,053)
<b>Profit before depreciation and amortisation (EBITDA)</b>		<b>23,136</b>	<b>20,173</b>
Amortisation	11	(2,610)	(1,639)
Depreciation	12	(433)	(560)
<b>Operating profit (EBIT)</b>		<b>20,093</b>	<b>17,974</b>
Financial income	16	4,709	4,777
Financial expenses	16	(3,272)	(1,493)
<b>Profit before tax</b>		<b>21,530</b>	<b>21,258</b>
Income tax expense	21	(5,094)	(5,202)
<b>Net profit/(loss) for the year</b>		<b>16,436</b>	<b>16,056</b>

## Statement of comprehensive income

1 January - 31 December

USD thousands	Note	2015	2014
<b>Net profit/(loss) for the year</b>		<b>16,436</b>	<b>16,056</b>
<b>Items that may be subsequently reclassified to the income statement</b>			
Fair value adjustment of derivatives before tax		(4,996)	(4,954)
Hereof recl. of currency derivatives through the income statement (Staff expenses)	18	7,250	(445)
Foreign exchange adjustment of subsidiaries and associates		-	-
Tax on other comprehensive income	21	(496)	1,187
<b>Other comprehensive income</b>		<b>1,758</b>	<b>(4,212)</b>
<b>Comprehensive income for the year</b>		<b>18,194</b>	<b>11,844</b>

No dividend is expected to be paid to the owners.

## Statement of financial position

At 31 December

USD thousands	Note	2015	2014
<b>Assets</b>			
Intangible assets	11	33,006	7,185
Property, plant and equipment	12	6,954	6,931
Investments in subsidiaries	13	51,121	51,121
<b>Non-current assets</b>		<b>91,081</b>	<b>65,237</b>
Inventories	6	77,395	67,681
Trade receivables	7	27,418	26,442
Receivables from subsidiaries		8,139	8,415
Receivables from group entities	20	113,323	99,764
Other receivables	9	494	555
Cash and cash equivalents	15	9,423	10,554
<b>Current assets</b>		<b>236,192</b>	<b>213,411</b>
<b>Total assets</b>		<b>327,273</b>	<b>278,648</b>

## Statement of financial position

At 31 December

USD thousands	Note	2015	2014
<b>Equity and liabilities</b>			
Share capital	14	13,138	13,138
Reserves and retained earnings		162,505	144,311
<b>Total equity</b>		<b>175,643</b>	<b>157,449</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	22	563	254
Provisions	23	2,500	3,448
Loans and borrowings	17	5,625	-
<b>Non-current liabilities</b>		<b>8,688</b>	<b>3,702</b>
<b>Current liabilities</b>			
Current part of non-current liabilities	17	1,882	-
Loans and borrowings	15 + 17	51,659	27,955
Trade payables	17	30,223	25,790
Payables to subsidiaries	17	37,759	45,219
Payables to group entities	20	6,010	5,758
Tax payable	17	4,181	1,610
Other liabilities	10	11,228	11,165
<b>Current liabilities</b>		<b>142,942</b>	<b>117,497</b>
<b>Total liabilities</b>		<b>151,630</b>	<b>121,199</b>
<b>Total equity and liabilities</b>		<b>327,273</b>	<b>278,648</b>

## Statement of cash flows

1 January - 31 December

USD thousands	Note	2015	2014
Profit before depreciation and amortisation (EBITDA)		23,136	20,173
Non-cash items		(747)	(1,167)
Foreign exchange adjustments		556	(97)
Interest received		1,901	1,705
Interest paid		(1,019)	(714)
Income taxes paid		(2,827)	(3,267)
Changes in working capital	8	(4,956)	(15,421)
<b>Cash flow from operating activities</b>		<b>16,044</b>	<b>1,212</b>
Acquisition of intangible assets	11	(28,430)	(380)
Acquisition of property, plant and equipment	12	(456)	(368)
<b>Cash flow from investing activities</b>		<b>(28,886)</b>	<b>(748)</b>
Debt regarding intangible assets		7,507	-
Loans to subsidiaries and related parties		(19,500)	11,500
<b>Cash flow from financing activities</b>		<b>(11,993)</b>	<b>11,500</b>
<b>Net cash inflow/(outflow)</b>		<b>(24,835)</b>	<b>11,964</b>
Cash and cash equivalents at 1 January		(17,401)	(29,365)
Net cash inflow/(outflow)		(24,835)	11,964
<b>Cash and cash equivalents at 31 December</b>	15	<b>(42,236)</b>	<b>(17,401)</b>



## Statement of changes in equity

1 January - 31 December

USD thousands	Share capital	Share premium	Retained earnings	Hedging reserve	Total equity
Equity at 1 January 2015	13,138	46,010	101,453	(3,152)	157,449
Net profit/(loss) for the year	-	-	16,436	-	16,436
Other comprehensive income	-	-	-	1,758	1,758
<b>Comprehensive income</b>	-	-	<b>16,436</b>	<b>1,758</b>	<b>18,194</b>
Dividend issued to the shareholder	-	-	-	-	-
<b>Equity at 31 December 2015</b>	<b>13,138</b>	<b>46,010</b>	<b>117,889</b>	<b>(1,394)</b>	<b>175,643</b>
Equity at 1 January 2014	13,138	46,010	85,397	1,060	145,605
Net profit/(loss) for the year	-	-	16,056	-	16,056
Other comprehensive income	-	-	-	(4,212)	(4,212)
<b>Comprehensive income</b>	-	-	<b>16,056</b>	<b>(4,212)</b>	<b>11,844</b>
Dividend issued to the shareholder	-	-	-	-	-
<b>Equity at 31 December 2014</b>	<b>13,138</b>	<b>46,010</b>	<b>101,453</b>	<b>(3,152)</b>	<b>157,449</b>



## Notes

### Basis for preparation

---

1	Accounting policies	20
2	Significant accounting estimates and judgements	23

### Operating profit

---

3	Specification of revenue	24
4	Other operating income	24
5	Staff expenses	24

### Working capital

---

6	Inventory	25
7	Trade receivables	25
8	Change in working capital	26
9	Other receivables	26
10	Other liabilities	26

### Non-current assets

---

11	Intangible assets	27
12	Property, plant and equipment	28
13	Investment in subsidiaries	29

### Capital structure

---

14	Share capital	29
15	Net cash balance	29
16	Financial income and expenses	30
17	Financial assets and liabilities	31
18	Derivatives	33

### Governance

---

19	Fees to auditors elected at the Annual General Meeting	34
20	Transactions with related parties	34

### Tax

---

21	Income taxes	35
22	Deferred tax	35

### Other disclosures

---

23	Provisions	36
24	Contingent liabilities	36
25	Pledges and security	36
26	Lease commitments	36
27	Subsequent events	37
28	Subsidiaries and associates	37

# Notes

## Note 1 Accounting policies

### CORPORATE INFORMATION

Satair A/S is a limited liability company founded and headquartered in Denmark.

The Annual Report for Satair A/S was discussed and approved by the Management Board and the Board of Directors on 27 May 2016 and issued for approval at the subsequent Annual General Meeting on 27 May 2016.

### BASIS FOR PREPARATION

The Annual Report for Satair A/S has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements, cf. the statutory order pursuant to the Danish Accounts Act.

The accounts have been prepared under the historical cost convention, except for areas in which IFRS explicitly requires the use of fair values.

The accounting policies outlined below have been applied consistently in the financial year and for the comparative figures.

The financial year for Satair A/S is 1 January - 31 December.

The accounting policies are unchanged compared to last year.

### New and amended standards and interpretations

No EU adopted IFRS standards and interpretations with relevance for Satair A/S were implemented in 2015.

### New standards not yet effective

The IASB has issued a number of new or amended standards and interpretations with effective date post 31 December 2015. Except for IFRS 16 Leases and IFRS 15 Revenue from Contracts with Customers, none of these are expected to have a significant impact on recognition and measurement, but they will lead to further information in the notes. Satair A/S will implement the new standards and interpretations when they will enter into force in the EU.

IFRS 16 Leases was issued in mid-January 2016. The standard, which applies to financial years beginning on or after 1 January 2019, implies a substantial change in the way that those leases which are today accounted for as operating leases will be accounted for going forward.

Thus, the standard requires that all leases regardless of type - with few exceptions - must be recognised in the lessee's statement of financial position as an asset with an accompanying lease liability. At the same time, the lessee's income statement will be affected going forward, as the annual lease payment will consist of two elements - a depreciation charge and an interest expense - as opposed to now where the annual operating lease expense is recognised as one amount under operating costs.

Satair A/S has not yet performed any in-depth analysis of the implications of the new standard for the Company. However, expectations are that it is going to have some impact, as in 2015 the Company was a party to operating leases involving minimum lease payments in the order of USD 4.3 million, corresponding to approx. 1.3% of the balance sheet total, which must potentially be recognised in the statement of financial position in future.

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Satair A/S plans to adopt the new standard

on the required effective date using the full retrospective method.

The most significant changes to IFRS 15 compared with current practice are:

A sales transaction must be recognised as revenue in the income statement as the control with the goods or the service is transferred to the customer (this may take place at a specific date or over time). (The existing "risk and rewards" concept is thus replaced by a control concept).

New and more detailed guidance on how partial transactions in a sales contract are identified and how the individual components must be recognized and measured

New and more detailed guidance on revenue recognition over time.

Satair A/S has not yet performed any in-depth analysis of the implications of the new standard for the Company.

### Functional currency

USD is the primary currency used for operations. Hence USD is applied as functional currency for Satair A/S. USD has been chosen as the presentation currency in the presentation of the accounts.

### Preparation of separate financial statements

According to IFRS 10, Satair A/S is exempt from preparing consolidated financial statements as:

- Satair A/S is a wholly-owned subsidiary of the ultimate parent company, Airbus Group SE, which has been informed and does not object to that Satair A/S is not presenting consolidated financial statements.
- Satair A/S is not a publicly listed company, or have debt or equity instruments traded on public markets.
- Satair A/S has not filed, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.
- the ultimate parent company, Airbus Group SE, prepares and publishes consolidated financial statements in accordance with IFRS.

The consolidated financial statements can be found at [www.airbusgroup.com](http://www.airbusgroup.com).

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Foreign currency translation

Transactions denominated in foreign currencies in the course of the year are translated at the exchange rates at the transaction date. Gains and losses arising between the exchange rates at transaction date and date of payment are recognised in the income statement.

Receivables, payables and other monetary items denominated in foreign currencies which are not settled at the balance sheet date are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at balance sheet date and transaction date is recognised in the income statement.

### Derivative financial instruments

Satair A/S' derivative financial instruments act as an efficient financial hedge under Satair A/S' risk management policy.

Derivative financial instruments that are seen to qualify for cash flow hedge accounting are called 'effective', whereas derivative financial instruments that are not seen to meet these criteria are called 'ineffective'.

Changes in the fair value of effective derivative financial instruments are recognised directly in shareholders' equity in a separate reserve and are released to the income statement in the period during which the hedged item affect the income statement.

# Notes

## Note 1 Accounting policies (continued)

Changes in the fair value of ineffective derivative financial instruments are recognised directly in the income statement as financial items.

Derivative financial instruments are initially recognised in the balance sheet at fair value and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included under Other receivables and Other liabilities respectively.

For both effective and ineffective derivative financial instruments, such part of the fair value adjustment as is attributable to the time value is always recognised directly in the income statement.

Fair value on derivatives is based on commonly quoted exchange rates and is calculated upon standard pricing models.

### INCOME STATEMENT

#### Revenue from sale of goods

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Satair A/S and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. Satair A/S has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements has pricing latitude and is also exposed to inventory and credit risks.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

#### Cost of goods sold

Cost of goods sold comprises the cost of commercial products consumed to achieve the revenue for the year and other direct, variable costs including write-downs for obsolescence.

#### Other operating income

Other operating income includes items of a secondary nature relative to the enterprise's core business. Operating income includes a management fee which is determined as a royalty on external sales based on the intra-group ownership of distribution rights.

#### Staff expenses

Staff expenses include wages, salaries and pension for the Satair A/S' employees as well as other staff-related expenses.

#### Other expenses

Other expenses comprise expenses to distribution, sales, advertising, administration, operational leasing, rental of premises, etc. Services received in connection with operational leases are recognized in the income statement, at a linear basis according to the lease period.

#### Amortisation, depreciation and impairment

Amortisation includes amortisation of intangible assets, while depreciation and impairment comprise depreciation and impairment for the year of property, plant and equipment.

#### Financial income and expenses, net

Financial income and expenses, net comprise interest received and paid as well as foreign exchange adjustments relating to receivables and payables not stated in the functional currency.

Dividends on capital investments in subsidiaries and associates are recognized as income in Satair A/S' income statement in the financial year in which the dividends are declared. Gain and losses from disposal of subsidiaries and associates are included in the income statement of Satair A/S at the time of disposal.

#### Tax

Income tax expenses consists of current tax and deferred tax for

the year, the effect on deferred tax of changes in tax rates, and adjustments of current tax relating to previous years. Such part of tax for the year as is attributable to items directly under statement of comprehensive income is taken directly to this.

Current tax is calculated at the tax rate applicable for the year. Deferred tax is measured according to the tax rules and at the tax rates applicable by law in the respective countries at the balance sheet date when the deferred tax is expected to materialise as current 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 base of assets and liabilities. Adjustment is made to deferred tax relating to the unrealised intra-group profits and losses.

Deferred tax assets, including the tax value of tax deficits eligible for carry forward, are measured at the value with which the asset is likely to be realised either in settlement of tax on future earnings or in settlement of deferred tax liabilities within the same legal tax entity.

### FINANCIAL POSITION

#### Intangible assets

Acquired distribution rights are recognised at cost less amortisation. Rights under non-cancellable contracts are amortised on a linear basis over the contract term. Other rights are amortised on a linear basis over the expected useful life. Distribution rights are amortised over the expected useful life of the agreements ranging from 5 to 20 years.

Please refer to note 11 for further information on the amortisation profiles of the company's distribution rights.

Acquired IT-software and development costs are recognised at cost and measured at cost less accumulated amortisation and impairment.

The amortisation period is up to 10 years and is determined on the basis of the experience gained with regard to the useful life of the individual groups of assets.

The residual values and useful lives of assets are reassessed and changed annually, if deemed necessary.

#### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition of the asset until the date when it is available for use. Borrowing costs are not recognised in the cost.

Depreciation calculated as cost less any residual value is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

- Office and warehouse buildings 30 - 50 years
- IT-hardware 3 years
- Fixtures, fittings, tools and equipment 3-7 years

The depreciation periods of are based on experience with regard to the duration of the period in which such assets are in use.

The residual values and useful lives of assets are reassessed and changed, if necessary, at each balance sheet date.

# Notes

## Note 1 Accounting policies (continued)

---

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

### Impairment of intangible assets and property, plant and equipment

The carrying amount of intangible assets and property, plant and equipment is measured at the lower of recoverable amount and carrying amount. The recoverable amount is the higher of an asset's or cash-generating unit's fair value less cost to sell and its value in use. The fair value less cost to sell is determined based on recent market transactions. The value in use is determined as the net present value of the estimated future cash-flows.

For assets which do not generate cash-flows independently of other assets, the recoverable amount is calculated for the smallest cash-generating unit of which the asset forms part. The determination of cash-generating units follows the management structure, internal finance management and reporting in the company. A cash-generating unit may constitute up to but no more than one segment.

### Investments

Investments in subsidiaries are measured at cost. Impairment testing is carried out if there is an indication of impairment. The carrying amount is written down to recoverable amount whenever the carrying amount exceeds the recoverable amount. The impairment loss is recognized as a finance cost in profit and loss.

Loans to subsidiaries are recognised under long-term assets when these are seen to be part of the investment.

### Inventories

Inventories (aircraft spare parts) are recognised at acquisition cost on the basis of the lower of average acquisition cost and net realisable value and kept at weighted landing cost.

Net realisable value is measured on the basis of an individual assessment. Write-downs for obsolescence are made on aircraft spare parts based on a model providing for slow-moving products.

The acquisition cost of aircraft spare parts is measured at purchase price plus delivery costs.

### Receivables

Receivables are classified as current except for those falling due 12 months after the balance sheet date or later. The amounts are included under Trade receivables and Other receivables.

Receivables are recognised in the balance sheet at fair value and are subsequently measured at amortised cost. For current non-interest-bearing receivables and receivables with a floating interest, this usually corresponds to the fair value.

Annually, the company assess indications of impairment of significant individual receivables. This assessment is done on the basis of an age criteria and objective indicators of a debtor's financial difficulties. If the assessment shows that a receivable will not be paid in full, the amortised cost will be determined on the basis of such expected reduced payments. Furthermore, the company is assessing indications of impairment in groups of receivables that are not individually significant. Groups of receivables are written down based on the company's experience.

### Cash and cash equivalents

Cash and short term deposits in the statement of financial position comprise cash at banks and cash on hand.

### Shareholders' equity

Dividend is recognised as a liability at the date when it is adopted at the annual general meeting. Dividend proposed for the financial year is shown separately in the equity.

Distribution of dividend in kind is recognised in equity at the fair value of the assets as at the date of declaration.

Hedging adjustments comprise changes in the fair value of hedging transactions that qualify for recognition as cash flow hedges and where the hedge transactions has not yet been realised.

### Provisions

Provisions are recognised when, as a result of events happening before or at the balance sheet date, Satair A/S has a legal or a constructive obligation and it is probable that there may be an outflow of economic benefits to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### Financial liabilities

Amounts owed to credit institutions are recognised at the date of borrowing at fair value corresponding to the net proceeds received less transaction costs paid. In subsequent periods, the amounts are measured at amortised cost, meaning that the effective interest rate is recognised in the income statement over the term of the loan.

Other financial liabilities, which include payables to suppliers and subsidiaries, are recognised at the date of borrowing at fair value and subsequently measured at amortised cost which, for these items, usually corresponds to the nominal value.

Other payables are measured at net realizable value.

### STATEMENT OF CASH FLOWS

The statement of cash flows is based on the indirect method and shows Satair A/S' cash flows for the year from operating, investing and financing activities.

Cash and cash equivalents include cash reserves less overdraft facilities.

Debt to credit institutions recognised in the balance sheet under current debt is included in cash flows from financing activities insofar as it is considered to be capital debt.

### Ratios

The ratios have been calculated in accordance with Recommendation & Ratios 2010 issued by the Danish Society of Financial Analysts. The ratios mentioned in the five-year summary are calculated as described in the notes.

# Notes

## Note 2 Significant accounting estimates and judgements

---

### Uncertainties in the estimates

Calculation of the book value of certain assets and liabilities will require certain assessments, estimates and assumptions regarding future events. The estimates made are based on historic experience and other factors deemed proper and adequate under the circumstances by the management, but which by nature are uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur.

Estimates of importance for the financial reporting are made in the following areas:

### Accounting estimates

On acquisitions distribution rights, the company's management makes an assessment as to whether, in accounting terms, the acquisition concerns a "business" or a series of individual assets and liabilities. The assessment is based on whether the acquisition is integrated activities or assets.

Upon entering into new distribution rights agreements, the company's management evaluates the useful life, value and potential liabilities inherent in the contract.

Impairment tests of distribution rights are performed upon first recognition in the balance sheet, if and when objective signs of impairment occur, and at least once per fiscal year.

All distribution rights are amortised based on contract period. Refer to note 11 for specification of useful lives of significant contracts.

### Impairment of inventories

Inventories are recognised at cost less write-down to net realisable value in case of impairment due to failing demand. The estimate of the required write-downs is made on the basis of a mathematical model based on the individual characteristics and historical information on the sales patterns for the inventories in the perspective of value loss over time. In addition, further write-downs are made to the extent there are specific indications of impairment. The mathematical model ensures reversal of write-downs made for products which are subsequently sold. It is estimated that the write-downs made are sufficient and that the financial uncertainty linked to the depreciation to net realisable value on inventories is considered limited.

### Impairment of trade receivables

Receivables are recognised at the amortised cost less impairment losses due to failing payment capacity. Loss estimates are made on the basis of the customers' payment capacity, historic information on payment patterns and doubtful debts, and customer concentration, customers' credit worthiness and financial trends in the company's sales channels. Estimates will be updated if a debtor's payment capacity should change. It is estimated that the write-downs made will be sufficient to cover losses. The financial uncertainty associated with making write-downs to counter loss on doubtful debts is considered limited.

## Notes

### Note 3 Specification of revenue

USD thousands	2015	2014
Europe, Middle East, Africa	203,632	196,074
Americas	33,591	36,652
Asia Pacific	49,679	49,727
	<b>286,902</b>	<b>282,453</b>

### Note 4 Other operating income

USD thousands	2015	2014
Management fee	8,145	7,796
Other income	1,044	1,308
	<b>9,189</b>	<b>9,104</b>

### Note 5 Staff expenses

USD thousands	2015	2014
Wages, salaries and fees	(15,770)	(19,823)
Pensions, defined contribution	(1,351)	(1,556)
Other social security expenses, etc.	(209)	(279)
Other staff related expenses	(1,368)	(2,266)
	<b>(18,698)</b>	<b>(23,924)</b>
Average number of employees (FTE)	179	185
<b>Remuneration to the Board of Directors</b>	-	-
<b>Remuneration to the Management Board</b>		
Salary and ordinary bonus to the Management Board	(858)	(1,167)
Change of control clause	(190)	(131)
Pensions to the Management Board	-	-
	<b>(1,048)</b>	<b>(1,298)</b>
<b>Total Management Board and Board of Directors</b>	<b>(1,048)</b>	<b>(1,298)</b>



## Notes

### Note 6 Inventory

USD thousands	2015	2014
Commercial products	77,345	67,597
Prepayments from vendors	50	84
<b>Inventory</b>	<b>77,395</b>	<b>67,681</b>
Cost of goods sold exclusive of write-downs	(238,196)	(234,413)
Inventory write-down for the year	(1,353)	7
Reversal of inventory write-downs for the year due to sale	621	999
<b>Cost of goods sold</b>	<b>(238,928)</b>	<b>(233,407)</b>

### Note 7 Trade receivables

USD thousands	2015	2014
Not due	23,725	20,869
Overdue 1 - 60 days	2,103	3,022
Overdue 60 - 360 days	1,522	2,602
Overdue more than 360 days	952	590
<b>Gross trade receivables</b>	<b>28,302</b>	<b>27,083</b>
Write-downs at 1 January	(639)	(740)
Foreign exchange adjustment	33	(33)
Write-down for the year	(467)	(203)
Reversal of write-downs previously recognised	189	337
<b>Write-downs at 31 December</b>	<b>(884)</b>	<b>(639)</b>
<b>Net trade receivables (maximum credit risk)</b>	<b>27,418</b>	<b>26,444</b>

## Notes

### Note 8 Change in working capital

USD thousands	2015	2014
Change in trade receivables	(698)	(4,074)
Change in inventory	(9,031)	(16,537)
Change in other receivables	61	(116)
Change in trade payables	5,640	9,129
Change in intra-group balances	(991)	(4,133)
Change in other liabilities	63	310
	<b>(4,956)</b>	<b>(15,421)</b>

### Note 9 Other receivables

USD thousands	2015	2014
Prepayments to suppliers	449	520
Derivatives	-	-
Other receivables	45	35
	<b>494</b>	<b>555</b>

### Note 10 Other liabilities

USD thousands	2015	2014
Prepayments from customers	511	214
Derivatives	3,297	4,070
Staff related liabilities	4,705	4,841
Other liabilities	2,715	2,040
	<b>11,228</b>	<b>11,165</b>

## Notes

### Note 11 Intangible assets

<b>2015</b>			
USD thousands	Distribu- tion rights	Software and other intan- gible assets	Total
Cost at 1 January	5,232	9,750	14,982
Additions	28,383	47	28,430
Disposals	-	-	-
<b>Cost at 31 December</b>	<b>33,615</b>	<b>9,797</b>	<b>43,412</b>
Amortisation and impairment losses at 1 January	(2,527)	(5,270)	(7,797)
Amortisations	(1,529)	(1,080)	(2,609)
Disposals	-	-	-
<b>Amortisation and impairment losses at 31 December</b>	<b>(4,056)</b>	<b>(6,350)</b>	<b>(10,406)</b>
<b>Carrying amount at 31 December</b>	<b>29,559</b>	<b>3,447</b>	<b>33,006</b>

As of 31 December 2015 carrying amounts of distribution rights agreements that are material on their own comprise:

- Distribution rights regarding sale of specific product lines amortised fully in year 2019: USD 7.5 million
- Distribution rights regarding sale of specific product lines amortised fully in year 2020: USD 3.6 million
- Distribution rights regarding sale of specific product lines amortised fully in year 2025: USD 17.2 million

<b>2014</b>			
USD thousands	Distribu- tion rights	Software and other intan- gible assets	Total
Cost at 1 January	5,232	9,370	14,602
Additions	-	380	380
Disposals	-	-	-
<b>Cost at 31 December</b>	<b>5,232</b>	<b>9,750</b>	<b>14,982</b>
Amortisation and impairment losses at 1 January	(1,904)	(4,254)	(6,158)
Amortisations	(623)	(1,016)	(1,639)
Disposals	-	-	-
<b>Amortisation and impairment losses at 31 December</b>	<b>(2,527)</b>	<b>(5,270)</b>	<b>(7,797)</b>
<b>Carrying amount at 31 December</b>	<b>2,705</b>	<b>4,480</b>	<b>7,185</b>

## Notes

### Note 12 Property, plant and equipment

#### 2015

USD thousands	Land and buildings	Plant and equipment	Total
Cost at 1 January	9,977	3,174	13,151
Additions	9	447	456
Disposals	-	-	-
<b>Cost at 31 December</b>	<b>9,986</b>	<b>3,621</b>	<b>13,607</b>
Depreciation and impairment losses at 1 January	(3,364)	(2,856)	(6,220)
Depreciation	(196)	(237)	(433)
Disposals	-	-	-
<b>Depreciation and impairment losses at 31 December</b>	<b>(3,560)</b>	<b>(3,093)</b>	<b>(6,653)</b>
<b>Carrying amount at 31 December</b>	<b>6,426</b>	<b>528</b>	<b>6,954</b>

#### 2014

USD thousands	Land and buildings	Plant and equipment	Total
Cost at 1 January	9,834	2,949	12,783
Additions	143	225	368
Disposals	-	-	-
<b>Cost at 31 December</b>	<b>9,977</b>	<b>3,174</b>	<b>13,151</b>
Depreciation and impairment losses at 1 January	(3,175)	(2,485)	(5,660)
Depreciation	(190)	(371)	(561)
Disposals	1	-	1
<b>Depreciation and impairment losses at 31 December</b>	<b>(3,364)</b>	<b>(2,856)</b>	<b>(6,220)</b>
<b>Carrying amount at 31 December</b>	<b>6,613</b>	<b>318</b>	<b>6,931</b>

## Notes

### Note 13 Investments in subsidiaries

The investments comprise of the wholly owned subsidiaries Satair Pte. Ltd., Singapore and Satair UK Ltd., United Kingdom.

USD thousands	2015	2014
Cost at 1 January	51,121	51,121
Disposals	-	-
<b>Carrying amount at 31 December</b>	<b>51,121</b>	<b>51,121</b>

### Note 14 Share capital

The share capital consists of 4,384,196 shares in denominations of DKK 20, corresponding to a total capital of DKK 87,683,920. Translated into historical cost, the share capital amounts to USD 13,138,366.

There are no specific rights, preferences or restrictions attached to the shares. The share capital has remained unchanged for 5 years.

No dividend is expected to be paid to the owners and the solvency ratio is expected to remain unchanged.

Please refer to Note 28 regarding subsidiaries and associates.

USD thousands	Nominal value	Number of shares
Share capital at 1 January 2014	13,138	4,384,196
Movements during the year	-	-
<b>Share capital at 31 December 2014</b>	<b>13,138</b>	<b>4,384,196</b>
Movements during the year	-	-
<b>Share capital at 31 December 2015</b>	<b>13,138</b>	<b>4,384,196</b>

### Note 15 Net cash balance

USD thousands	2015	2014
Cash and cash equivalents	9,423	10,554
Loans and borrowings, current	(1)	(1)
Cash pool with Airbus Group SE (ultimate parent company)	(51,658)	(27,954)
	<b>(42,236)</b>	<b>(17,401)</b>

Satair A/S has credit facilities in total of USD 74.6 million (USD 68.6 million) of which USD 23.0 million (USD 40.7 million) are not utilised. The not utilised credit facilities are deemed sufficient to secure Satair A/S' ongoing operations.

## Notes

### Note 16 Financial income and expenses

USD thousands	2015	2014
<b>Financial income</b>		
Derivatives income from subsidiaries	1,481	-
Interest income from related parties <sup>1)</sup>	1,899	1,704
Other financial income	2	2,391
Foreign exchange adjustment	1,327	682
	<b>4,709</b>	<b>4,777</b>
<b>Financial expenses</b>		
Interest expenses to subsidiaries	(775)	(534)
Interest expenses to related parties <sup>2)</sup>	(164)	(174)
Derivatives expenses to related parties <sup>2)</sup>	(1,481)	-
Other financial expenses	(80)	(6)
Foreign exchange adjustment	(772)	(779)
	<b>(3,272)</b>	<b>(1,493)</b>
<b>Net income/(expense)</b>	<b>1,437</b>	<b>3,284</b>

<sup>1)</sup> Relates to Satair USA Inc.

<sup>2)</sup> Relates to Airbus Group SE (ultimate parent company)

# Notes

## Note 17 Financial assets and liabilities

### Financial risks

#### Satair A/S' risk management policy

Because of the nature of Satair A/S' operations, investments, and financing, it is exposed to changes in foreign exchange rates and interest rates. It is Satair A/S policy not to engage in speculation in financial risks.

Satair A/S engages in hedging of forecasted major cash flows in DKK through currency forward agreements. These cash flows primarily pertain from staff costs and other operating expenses. In 2016 a new hedging policy was introduced to optimize the company's currency hedging. According to the company's hedging policy Satair A/S will hedge up to 100% of its forecasted DKK cash flows in the nearest 3 future years, up to 80% of its forecasted DKK cash flows in the 4th future year, and up to 50% of its forecasted DKK cash flows in the 5th future year.

### Market risk

#### Currency

Invoicing is in USD, GBP, EUR and DKK currencies, with USD as the functional currency. Of the total revenue, sales in USD account for approximately 97.8% and does not represent a currency risk. The remainder has not been hedged.

Purchases of supplies are done in USD, CHF, GBP, EUR and DKK currencies, with USD as the primary currency. Of total purchases of supplies, purchases in USD account for 88.9%. Hence cash flows to purchase of supplies have not been hedged.

Satair A/S and its subsidiaries defray their own operating costs in local currency, i.e. DKK, SGD and GBP. Assessments and possible cover of the currency risks are done in accordance with the adopted policy and only by Satair A/S by means of forward contracts.

A 10% increase of USD against DKK for the financial assets and commitments recognised in the balance sheet will have a positive impact on Satair A/S' profit and shareholders' equity of USD 1.5 million (USD 1.2 million in 2014), all other variables being held constant.

### Interest rates

Satair A/S' interest rate risk concerns loans with credit institutions, vendors and cash funds. The total net debt amounts to USD 42.2 million (USD 17.4 million in 2014).

### Capital management

The carrying amount of shareholders' equity is considered to be Satair A/S' capital. Satair A/S' capital structure is characterised by a high equity interest of which the purpose is to ensure stable conditions for the execution of the approved corporate strategy.

### Credit risk

Satair A/S is exposed to credit risks related to its receivables and bank deposits. The maximum credit risk corresponds to the book value. No credit risks are found to be associated with cash and cash equivalents, as the counterparts are banks and the parent company, all with good credit ratings. In accordance with the established procedure, outstanding receivables are regularly followed up on by corporate management. If any uncertainty should arise concerning a customer's ability or will to pay a given receivable, and the outstanding balance is found to be risk-prone, write-downs are made to cover this risk.

### Liquidity risk

Satair A/S' financial reserves at 31 December 2015 consist of loans and credits taken out with the parent company or with banks.

### Categories of financial instruments

Financial assets and liabilities at fair value are related to foreign exchange rate forward contracts which have been valued using a valuation technique with market observable inputs (level 2).

Satair A/S enters into derivative financial instruments with financial institutions. Derivatives valued using valuation techniques with market observable inputs are foreign exchange forward contracts. The most frequently applied valuation techniques include forward pricing models using present value calculations. The models incorporate various inputs including the credit quality of counterparties and foreign exchange spot rates. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty and Satair A/S' own non-performance risk.

## Notes

### Note 17 Financial assets and liabilities (continued)

USD thousands	2015	2014
<b>Financial assets measured at amortised cost <sup>1)</sup></b>		
Trade receivables	27,418	27,754
Receivables from intra-group and related companies	113,323	98,452
Other receivables	494	555
Cash and cash equivalents	9,423	10,554
	<b>150,658</b>	<b>137,315</b>
<b>Financial assets measured at fair value</b>		
Derivatives <sup>2)</sup>	-	-
<b>Financial liabilities measured at amortised cost <sup>1)</sup></b>		
Credit institutions	(1)	(1)
Debt to intra-group and related companies	(95,427)	(78,808)
Trade payables	(30,223)	(25,913)
Loans and borrowings	(7,507)	-
Tax payable	(4,181)	(1,610)
	<b>(137,339)</b>	<b>(106,332)</b>
<b>Financial liabilities measured at fair value</b>		
Derivatives <sup>2)</sup>	(1,815)	(4,070)
<b>Net financial assets/(liabilities)</b>	<b>11,504</b>	<b>26,913</b>

<sup>1)</sup> The carrying amount of financial assets and financial liabilities measured at amortised cost are a fair approximation of the fair value.

<sup>2)</sup> Valued using a valuation technique with market observable inputs (level 2).

The financial liabilities are expected to mature within one year except for USD 5.625k which are expected to mature within 1-5 years.



## Notes

### Note 18 Derivatives

Satair A/S uses forward contracts to manage the currency risk. Use of forward contracts are included in the company's risk management. The risk management includes proper identification of the hedged transactions which are related to operating costs in foreign currencies. The risk management includes effectiveness analysis including identification of the transactions which are deemed to be highly probable and presents an actual exposure to affect profit and loss. All derivatives are qualified as effective cash-flow hedging at the balance sheet date. No ineffectiveness regarding cash-flow hedges has occurred in 2015.

As at 31 December 2015, the company had currency hedge commitments for a total of USD 61.5 million (USD 53.8 million) which were made against DKK at an average USD/DKK rate of 654.8. The fair value of principal currency hedging contracts signed at 31 December 2015 amounts to USD 59.7 million (49.7 million). Unrealized losses (fair market value) amounts to USD 1.8 million (USD 4.1 million).

The following net outstanding forward contracts at 31 December were used as a hedge of future transactions:

#### 2015

USD thousands	Contract value at year-end	Principal fair value at year-end	Realised gain/(loss)	Unrealised gain/(loss)	Maturity
DKK currency	-	-	(7,250)	-	2015
DKK currency	30,338	29,623	-	(715)	2016
DKK currency	31,180	30,080	-	(1,100)	2017
	<b>61,518</b>	<b>59,703</b>	<b>(7,250)</b>	<b>(1,815)</b>	

#### 2014

USD thousands	Contract value at year-end	Principal fair value at year-end	Realised gain/(loss)	Unrealised gain/(loss)	Maturity
DKK currency	-	-	445	-	2014
DKK currency	38,443	35,068	-	(3,375)	2015
DKK currency	-	-	-	-	2016
SGD currency	15,372	14,677	-	(695)	2015
SGD currency	-	-	-	-	2016
	<b>53,815</b>	<b>49,745</b>	<b>445</b>	<b>(4,070)</b>	

## Notes

### Note 19 Fees to auditors elected at the Annual General Meeting

USD thousands	2015	2014
Audit services	(85)	(95)
Other assurance engagements	-	(22)
	<b>(85)</b>	<b>(117)</b>

### Note 20 Transactions with related parties

The sole shareholder of Satair A/S, Satair Group SAS, has controlling influence in the company. The ultimate controlling company of Satair A/S is Airbus Group SE.

Satair USA Inc. is considered part of Satair Group from a management perspective, hence is disclosed separately from other Airbus Group entities with which Satair A/S has transactions. Per 31 December 2015, USD 106 million of the receivables with Satair USA Inc. adhere to loans given to support the inventory increase needed to deliver on Satair Group's targets. All receivables are expected to be paid. Please refer to Note 28 for relationship information.

USD thousands	2015	2014
<b>Trade with</b>		
Sales to intra-group companies	69,770	69,752
Purchase from intra-group companies	(60,745)	(57,610)
Sales to other Airbus Group entities	7,135	6,030
Purchase from other Airbus Group entities	(4,399)	(3,259)
Interest to Airbus Group SE (ultimate parent company)	(164)	(174)
	<b>11,597</b>	<b>14,739</b>
<b>Balance with</b>		
Receivables with Satair USA Inc. (related party)	110,911	98,452
Receivables with other Airbus Group entities	2,412	1,311
Payables to Satair USA Inc. (related party)	(5,492)	(5,635)
Payables to other Airbus Group entities	(518)	(123)
Cash pool with Airbus Group SE (ultimate parent company)	(51,658)	(27,954)
	<b>55,655</b>	<b>66,051</b>

## Notes

### Note 21 Income taxes

USD thousands	2015	2014
Current tax on profit/(loss) for the year	(5,282)	(5,359)
Deferred tax on profit/(loss) for the year	188	126
Adjustments regarding previous years	-	31
<b>Income taxes</b>	<b>(5,094)</b>	<b>(5,202)</b>
<b>Tax specification</b>		
Tax charged to the income statement	(5,094)	(5,202)
Tax charged to the equity	170	(1,187)
	<b>(4,924)</b>	<b>(6,389)</b>
<b>Reconciliation of tax percentage</b>		
Danish tax percentage	23.5%	24.5%
Tax effect from previous years	0.0%	-0.1%
Other deviations	0.2%	0.0%
<b>Effective tax percentage</b>	<b>23.7%</b>	<b>24.4%</b>

### Note 22 Deferred tax

USD thousands	2015	2014
Deferred tax (assets)/liabilities at 1 January	254	1,212
Tax on profit/(loss) for the year	(188)	(125)
Tax on other comprehensive income	496	(1,187)
Deferred tax regarding previous years	1	354
<b>Deferred tax (assets)/liabilities at 31 December</b>	<b>563</b>	<b>254</b>
<b>Deferred tax specification</b>		
Property, plant and equipment	971	1,159
Derivatives	(399)	(896)
Other	(9)	(9)
	<b>563</b>	<b>254</b>

## Notes

### Note 23 Provisions

USD thousands	2015	2014
Provisions at 1 January	3,448	3,448
Arising during the year	(948)	-
Utilised during the year	-	-
<b>Provisions at 31 December</b>	<b>2,500</b>	<b>3,448</b>

The provisions relates to liabilities with uncertainties as to timing and/or amount regarding the sale of the OEM business in 2010. The provisions are expected to mature within 1 year.

### Note 24 Contingent liabilities

Satair A/S has issued guarantees of USD 10.0 million (USD 10.0 million) for loans and credit facilities to subsidiaries and related parties. At 31 December 2015, USD 0.0 million (USD 0.0 million) of the credit facilities was utilised.

Satair A/S has guaranteed a bank debt of USD 60 thousands as a security of delivery of certain spare parts to one specific customer.

### Note 25 Pledges and security

A mortgage bond registered to Satair A/S at a total value of DKK 30 million (DKK 30 million) equal to USD 4.4 million has been issued and is in the company's possession.

### Note 26 Lease commitments

Satair A/S leases property, vehicles and other equipment under operating leases. Non-cancellable operating lease rentals are payables as follows:

USD thousands	2015	2014
Lease payable within 1 year	2,021	1,941
Lease payable within 1-5 years	2,236	1,031
Lease payable after 5 years	-	-
	<b>4,257</b>	<b>2,972</b>

During 2015, USD 2,370 thousands (USD 2,184 thousands) was recognised as an expense in the income statement in respect of operational leases for the company.

One material lease obligation has been entered into in 2015 regarding SAP application management, amounting to USD 2,764 thousands within the next 5 years. The agreement can be renegotiated at termination.

## Notes

### Note 27 Subsequent events

Satair A/S is not aware of events subsequent to 31 December 2015, which are expected to have a material impact on the financial position.

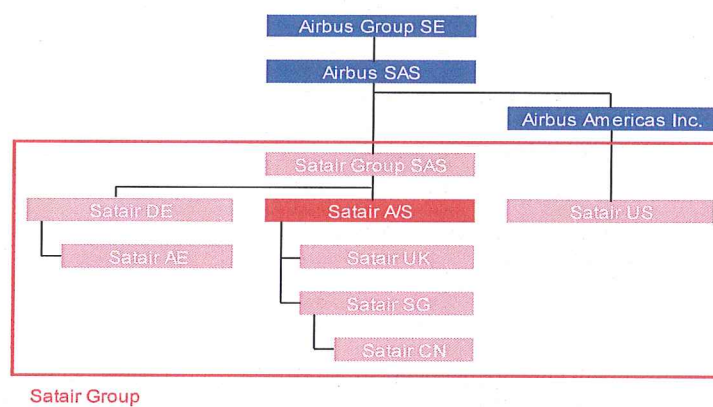
### Note 28 Subsidiaries and associates

USD thousands	Country	Ownership	Net profit	Equity
<b>Subsidiaries</b>				
Satair UK Ltd.	United Kingdom	100%	226	9,023
Satair Pte. Ltd.	Singapore	100%	5,656	104,419

#### Associates

None

#### Legal structure including related group companies



## Definitions

The key figures and ratios are calculated in accordance with "Recommendations and Key Figures 2010" issued by the Danish Association of Financial Analysts and as stated below:

<b>Gross margin</b>	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
<b>SG&amp;A margin</b>	$\frac{\text{Selling, General and Administrative expenses} \times 100}{\text{Revenue}}$
<b>EBITDA margin</b>	$\frac{\text{Profit before depreciation and amortisation (EBITDA)} \times 100}{\text{Revenue}}$
<b>EBIT margin</b>	$\frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$
<b>Working capital</b>	Inventory + Trade receivables - Trade payables
<b>Invested capital</b>	Working capital + Intangible assets + Tangible assets +/- Other operating assets/(liabilities)
<b>Return on equity</b>	$\frac{\text{Net profit/(loss) for the year} \times 100}{\text{Average equity} - \text{Minorities}}$
<b>Equity ratio</b>	$\frac{\text{Total equity} \times 100}{\text{Total assets}}$
<b>Net interest-bearing receivables/(debt)</b>	Cash and cash equivalents +/- Loan and borrowings - Interest-bearing intra-group receivables/payables +/- Interest-bearing related parties receivables/payables
<b>Free cash flow</b>	Cash flow from operating activities - Cash flow from investing activities

