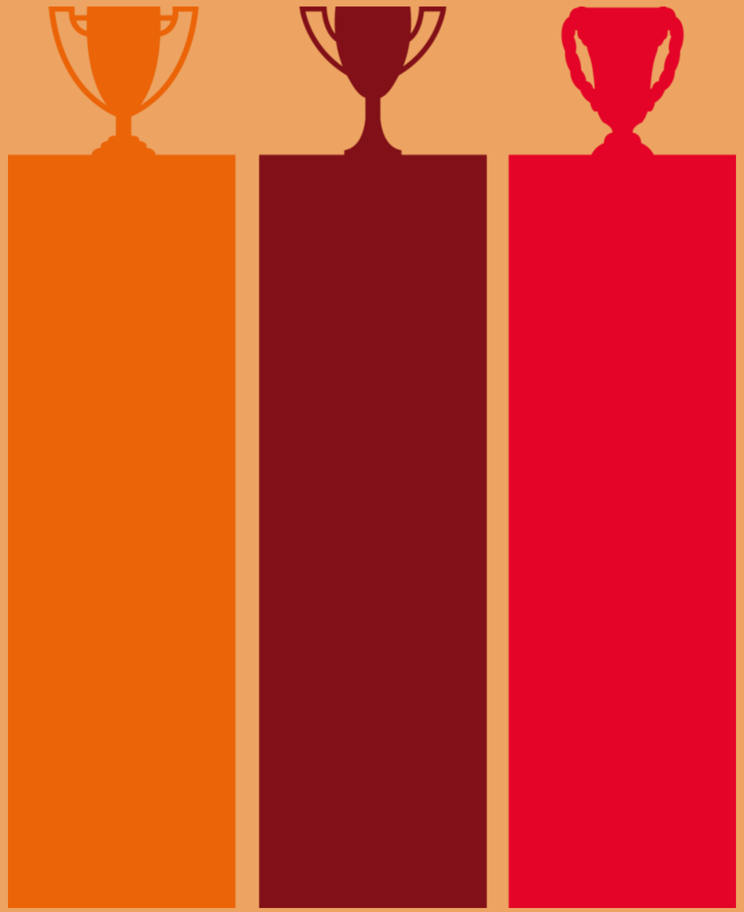
Gode eksempler fra årsrapporterne 2016

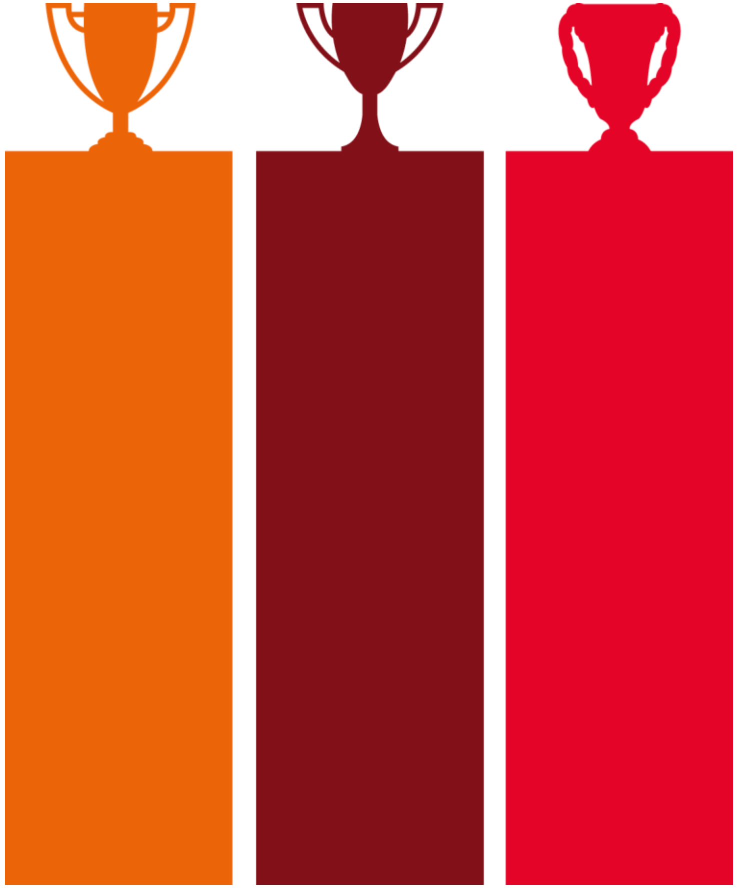


Formålet med C20+ Regnskabspriserne

En årlig prisuddeling med fokus på, at danske virksomheders årsrapporter bliver bedre som kommunikationsmiddel. Der fokuseres på:

- Årsrapporten som en central del af virksomhedens kommunikation om økonomiske og finansielle forhold.
- Overskuelig og let forståelig kommunikation af budskaberne i årsrapporten.
- Hvad de største danske virksomheder gør godt, og hvad der kan tjene som rollemodel for andre.

Det overordnede formål er at fremme en bedre regnskabsaflæggelse i Danmark



C20+ Regnskabspriserne 2017 hylder de bedste årsrapporter

Dommerkomiteen uddeler tre priser

C20 Regnskabsprisen
Uddeles til den C20-virksomhed, hvis årsrapport udmærker sig særligt inden for tre udvalgte temaer, og som kan skabe inspiration for andre virksomheder.

Regnskabsprisen+
Uddeles blandt de 10 største ikke-noterede virksomheder, der aflægger årsrapport efter IFRS, og som udmærker sig særligt inden for de tre udvalgte temaer.

Dommerkomiteens særpris
Tildeles som anerkendelse til en virksomhed, der har udmærket sig særligt ved udvikling af årsrapporten som kommunikationsværktøj.

En kompetent og uafhængig dommerkomité

Lars Jønstrup Dollerup
Finansdirektør,
Københavns Lufthavne A/S

Kristian Wærness
Senior Vice President i
Dampskibsselskabet NORDEN A/S
og formand for Rederiforeningens
arbejdsgruppe for regnskab og revision

Bjørn Sibbern
Head of Global
Information Services,
Executive Vice
President, NASDAQ

Claus Berner Møller
Vice President,
Danish Equities, ATP

Niels Granholm-Leth
Analysechef,
Carnegie Investment Bank

Ole Steen Andersen
Professionelt
bestyrelsesmedlem

Niels Mengel
Formand,
Dansk Aktionærforening

Dommerkomiteens observationer (1/2)

Årsrapporterne for de største danske selskaber er generelt af meget høj kvalitet

Tema 1

Virksomhedens performance og opfølgning på udmeldte forventninger.

Der har ikke været megen udvikling på området på trods af, at der stadig er et forbedringspotentiale i arbejdet med APM og finansielle/ikke-finansielle KPI'er og bagvedliggende årsager. Især forklaringer på afvigelser i forhold til tidligere udmeldte forventninger bør holdes i fokus.

Tema 2

Virksomhedens strategiske målsætninger samt risici (drift og finansiel).

Der er observeret en stagnerende tendens i åbenheden omkring forventninger til fremtiden. Der er gode eksempler på beskrivelser af strategi, men der savnes gennemgang af strategiske målsætninger på længere sigt. Der er set mange forbedringer i præsentation af forretningsmæssige risici.

Tema 3

Forbedring af informationsværdien af årsrapporten.

Der arbejdes fortsat med at forbedre informationsværdien og læsbarheden af årsrapporten ved hjælp af opdatering af tekster, ensretning af budskaberne, brug af understøttende historier, citater, billeder og grafik. Særligt i ledelsesberetningerne observeres forbedringer.

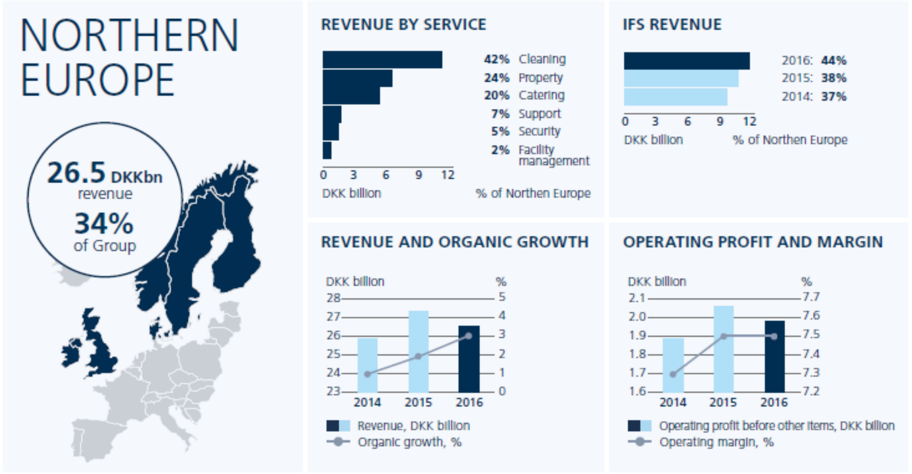
Dommerkomiteens observationer (2/2)

Den gode 2016 årsrapport …

1	… indeholder gode beskrivelser i ledelsesberetningen om virksomhedens aktiviteter, herunder især forretningsmodel og strategi.
2	… beskriver den langsigtede strategi konkret og målbart for den enkelte virksomhed.
3	… følger tydeligt og afbalanceret op på forventninger/guidance. Der er flere steder plads til forbedringer – særligt forklaring på afvigelser.
4	… indeholder specifikke og motiverede forventninger/guidance til den kommende regnskabsperiode.
5	… understøtter udmeldinger om forventninger/guidance til fremtiden med gode beskrivelser af marked og markedstendenser.
6	… anvender Alternative Performance Measures på en afbalanceret og neutral måde.
7	… beskriver virksomhedens risikoeksponering fyldestgørende. Et risk map vinder indpas.
8	… giver en transparent præsentation og beskrivelse af vederlæggelsen af ledelsen.
9	… beskriver konkret og fyldestgørende de regnskabsmæssige skøn og usikkerheder.
10	… lader udviklingen i regnskabstallene drive indholdet i ledelsesberetningen.
11	… indeholder relevante historier om virksomheden til understøttelse af ledelsesberetningen (”Company Stories”).
12	… beskriver virksomhedens forretning i forhold til FN’s Sustainable Development Goals.

Observation 1: Gode beskrivelser af forretningsmodel og strategi

Konkret gennemgang af forretningsmodel og strategi giver regnskabslæseren en forståelse for værdiskabelsen i virksomheden.
(ISS, s. 4 og 21)



THE MARKET AND OUR FOCUS
The markets of this region are mature, developed, very competitive and with high outsourcing rates. ISS holds a market-leading position in the Nordic countries and is recognised as a leader in the UK & Ireland. Key customer

STRATEGY UPDATE
The strategic focus remains to leverage the strong market position, mainly through cost leadership, sharing best practices and utilising our footprint to develop solutions and concepts tailored to specific customer segments. We aim to further develop and grow our key

the best service value to our customers at the most efficient prices.

FINANCIALS
Revenue was DKK 26,515 million (2015: DKK 27,256 million). Organic growth was 3%, while currency effects reduced revenue by 6%. Organic growth was

Our business model is based on **creating value for our customers** by allowing them to focus on their core business. We service and maintain their facilities, helping to create workplaces that are pleasant, safe and nurturing for their employees and visitors.

Focusing on our **selected customer segments**, we offer a leading value proposition based on our philosophy of providing services through our own engaged and capable employees **(self-performance)**. Moreover, we are able to provide multiple services to customers through an **Integrated Facility Services (IFS)** solution. This allows us to drive convenience (one point of contact), productivity and cost efficiency.

Our business model and strategy, see p. 28

Observation 2: Konkrete og målbare beskrivelser af den langsigtede strategi øger troværdigheden

Beskrivelsen af virksomhedens strategi styrkes, når den langsigtede strategi også inkluderes. *(Carlsberg, s. 25 og 32)*

SAIL'22

Setting sail

Our new strategy, SAIL'22, was launched in March 2016 with the ambition to make the Carlsberg Group a successful, professional and attractive brewer in our markets: successful by delivering sustainable organic top- and bottom-line growth; professional by being the preferred supplier of our customers; and attractive by delivering value for shareholders, employees and society.

SAIL'22 was co-developed by the top leadership team in the Group in order to leverage the Company's vast knowledge base, support a team-based culture and secure a fast implementation.

Our strategic choices

The key strategic choices of SAIL'22 are grouped under the headings "Strengthen the core", "Position for growth" and "Create a winning culture". Achieving strong results within these choices will enable us to deliver enhanced value for our shareholders. You can read more about SAIL'22 on the following pages.

STRENGTHEN THE CORE	POSITION FOR GROWTH	DELIVER VALUE FOR SHAREHOLDERS
Leverage our strongholds	Win in growing categories	Organic growth in operating profit
Excel in execution	Target big cities	ROIC improvement
Funding the Journey	Grow in Asia	Optimal capital allocation

How we measure success

STRENGTHEN THE CORE

Leverage our strongholds

We will measure our success in revitalising core beer by our ability to grow the gross brand contribution (GBC) from core beer. The base year will be 2016. Our success in Russia will be measured by our ability to deliver organic growth in operating profit.

Excel in execution

Excel in execution includes a number of actions and capability-building initiatives. Excelling in execution must lead to continued improvement of the Golden Triangle, showing our ability to balance and grow GPaL margin, operating profit and market share.

Funding the Journey

By bringing all profit improvement initiatives together in a single programme, we ensure a sharp focus and impactful delivery. Net benefits from Funding the Journey will amount to DKK 1.5-2.0bn, with full impact in 2018. In 2016, we realised approx. DKK 0.5bn.

POSITION FOR GROWTH

Win in growing categories

Our craft & speciality beer and non-alcoholic beer accounted for 10% of net revenue in 2016. The profitability of these brands significantly exceeds the core beer average and our target is to continuously increase their share of net revenue.

Target big cities

Succeeding with this priority will expand our geographic footprint and enable us to generate incremental premium business. Significant contribution is not expected until the end of the strategy period, but from 2018 we will report net revenue growth from big cities.

Grow in Asia

The importance of our Asian business for the Group has increased over the years, and in 2016 it accounted for 24% of net revenue and 28% of operating profit. We aim to continue the growth trajectory and deliver organic growth in net revenue and operating profit.

DELIVER VALUE FOR SHAREHOLDERS

Organic growth in operating pro it

Consistent growth in organic operating profit is testament to our ability to deliver top-line growth and margin improvement. In 2016, organic growth in operating profit was 5%. Reported numbers were impacted by adverse currencies.

ROIC improvement

In order to drive a positive development in shareholder returns, we will improve the return on invested capital by improving earnings and reducing invested capital. ROIC was 9.2% in 2016, positively impacted by organic earnings growth and reduced fixed assets.

Optimal capital allocation

Investing in profitable growth is our first priority, as this will secure long-term value creation for the Group. Subsequently, we will reduce leverage to below 2.0x, after which we will return more cash to shareholders. We are targeting a payout ratio of 50%. In 2016, it was 39%.

Observation 3: Opfølgning på forventninger skal være tydelig og afbalanceret

En detaljeret opfølgning på tidligere udmeldinger må ikke undervurderes. Opfølgningen skal være en neutral gengivelse af både positive og negative resultater. *(TDC, s. 8)*

	2016 guidance post TDC Sweden sale[1,2]	2016 actuals
EBITDA	~8.4 DKKbn	8.5 DKKbn ✓
EFCF	~1.7 DKKbn	2.1 DKKbn ✓
DPS	Dividend of ~1.00 DKK per share	1.00 will be paid out in Q1 2017 ✓

Better than expected

- Growth in mobility service gross profit in Consumer driven by both *ARPU* increase and increasing customer base
- Double-digit *EBITDA* growth in Get
- Broadband gross profit better than expected in Consumer in spite of increased competi-tion and also higher growth in Wholesale
- Mobile licence fee (1800 MHz) cheaper than expected
- Better *EFCF* from lower income tax payments, and better *net working capital* due to different timing of changes

As expected

- Substantial *EBITDA* decline in Business, however an improvement on the 2015 development
- Negative impact from loss of a large *MVNO* contract in Wholesale
- Deteriorated gross profit in Consumer TV due to lower price increases than in 2015
- Decreasing non-service revenue in Consumer
- Higher net interest and coupon payments on hybrid capital following the financing of the Get acquisition
- Increases in cash *capex* due to different timing of payment

Worse than expected

- Higher *opex* in Denmark among others due to investment in strategic initiatives and higher customer service costs
- Higher impact from roaming regulation
- Higher gross profit loss in Consumer landline voice due to *ARPU* decline

Observation 4: Forventninger til den kommende periode skal være specifik og motiveret

Forventninger skal være på forretningsmæssigt begrundede hoved-/nøgletal, velmotiveret og må ikke være ”open-ended”.
(Novozymes, s. 46-47)

Outlook for 2017

	2016 realized	2017 outlook
Sales growth, organic	2%	2-5%
Sales growth, DKK	1%	3-6%
EBIT growth	2%	3-6%
EBIT margin	27.9%	~28%
Net profit growth	8%	2-5%
Net investments excl. acquisitions, DKKbn	1.2	1.7-1.9
Free cash flow before acquisitions, DKKbn	2.7	2.0-2.2
ROIC (including goodwill)	25.1%	24-25%
Avg. USD/DKK	673	696

Sales outlook

Novozymes expects to deliver organic sales growth of 2-5%. All five business areas are expected to contribute to organic sales growth in 2017.

As the majority of the sales for BioAg is expected toward the end of the year, as in 2016, and since Q1 2016 is a relatively high comparison, organic sales growth for Novozymes in the first quarter of 2017 is expected to be roughly flat.

Household Care sales growth is expected to be higher in emerging markets. Growth in 2017 will also be supported by new product launches. Toward the end of 2017, the first product launch from the Hygiene platform is expected, but no material sales contribution from this is expected in 2017.

“Novozymes expects to maintain the current high level of profitability with an EBIT margin of around 28% in 2017.”

“Headwinds in agriculture, particularly low farmer income, are expected to create a somewhat challenging environment in BioAg.”

Observation 5: Gode beskrivelser af markedet og markedstendenser

En gennemgang af markedssituationen fra ledelsens perspektiv styrker udmeldinger om forventninger til fremtiden. *(DONG Energy, s. 17-19)*

Market situation

Towards a greener energy system

The global temperature is the highest registered for the past 136 years. The concentration of CO_2 in the atmosphere is at an all-time high. And according to the Intergovernmental Panel on Climate Change (IPCC), it is 95-100% certain that the climate change is man-made. Based on current and expected CO_2 emissions, global emissions will exceed the limit defined by scientists as being crucial to preventing global temperatures from rising by more than two degrees compared to pre-industrial levels.

In 2016, a large number of countries, including the EU countries, India the USA and China, ratified the global climate agreement made at the UN Climate Change Conference in Paris (COP21) in December 2015. Under the agreement, the countries committed to keep the global temperature increase below two degrees up until the year 2100. At the UN Climate Change Conference in Marrakech in November 2016, the global community confirmed its commitment to reducing CO_2 emissions and combating climate change.

More than one third of all CO_2 emissions stem from the global energy sector. Consequently, there is a need for a fundamental conversion of the global energy systems from fossil fuels to renewable energy sources.

In Europe, new renewable energy accounted for 18% of total power generation in 2016. This proportion is expected to increase significantly in the coming years, as more than 80% of the generation capacity which will be built in Europe up until 2030 is expected to be green. This means that by 2030, 37% of the power generated in Europe is to come from new renewable energy.

The expansion of renewable energy in Europe is supported by the political framework conditions which are formulated in the EU's 20-20-20 plan. These framework conditions aim to reduce greenhouse gas emissions, increase the share of renewable energy and improve energy efficiency.

Outside Europe, the share of new renewable energy generation is considerably lower, currently 7%. In the period leading up to 2030, the share is expected to grow to 20%. As the demand for electricity is expected to increase by 34% towards 2030, this means that the new renewable energy supply will be almost quadrupled.

Market characteristics within our business units

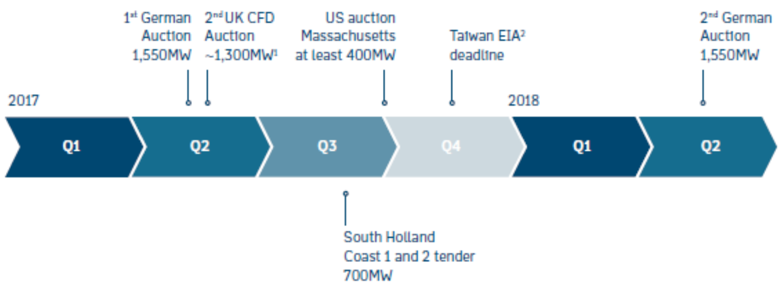
Offshore wind power

Offshore wind power is currently the fastest-growing energy technology in Europe with expected annual growth averaging 23% until

Share of power generation from new renewables

Source: Bloomberg New Energy Finance – NEO 2016

Upcoming auctions/tenders in the next 18 months



[1] In 2016, the UK government announced CfD auctions of up to GBP 730 million for up to 4GW of offshore wind to be executed over three auctions by 2020. The exact capacity to be allocated in each round is uncertain.
[2] Environmental Impact Assessment

Observation 6: Afbalanceret og neutral brug af Alternative Performance Measures

Alternative Performance Measures i form af mellemtotaler eller nøgletal, der ikke er defineret af IFRS, kan bidrage til en tydeligere forståelse af udviklingen. De skal dog være relevante, veldefinerede og være afstemt til IFRS-tallene.
(DONG Energy, s. 23 og 63)

Income statement

1 January – 31 December

Note	(DKK million)	2016 Business performance	2016 Adjustments	2016 IFRS	2015 Business performance	2015 Adjustments	2015 IFRS
2.1, 2.3	Revenue	61,201	(3,808)	57,393	65,444	1,264	66,708
2.4	Cost of sales	(39,260)	1,638	(37,622)	(51,435)	(106)	(51,541)
8.2	Other external expenses	(4,078)		(4,078)	(3,263)		(3,263)
2.6, 2.7	Employee costs	(3,088)		(3,088)	(3,310)		(3,310)
3.3	Share of profit (loss) in associates and joint ventures	25		25	112		112
2.5	Other operating income	4,867		4,867	1,575		1,575
2.5	Other operating expenses	(558)		(558)	(393)		(393)
	Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)	**19,109**	**(2,170)**	**16,939**	**8,730**	**1,158**	**9,888**
2.1, 3.1	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	(5,232)		(5,232)	(6,857)		(6,857)
	Operating profit (loss) (EBIT)	**13,877**	**(2,170)**	**11,707**	**1,873**	**1,158**	**3,031**
3.5	Gain on divestment of enterprises	1,250		1,250	56		56
3.3	Share of profit (loss) in associates and joint ventures	(8)		(8)	(8)		(8)
6.6	Financial income	8,179		8,179	9,297		9,297
6.6	Financial expenses	(8,946)		(8,946)	(10,706)		(10,706)
	Profit (loss) before tax	**14,352**	**(2,170)**	**12,182**	**512**	**1,158**	**1,670**
5.2	Tax on profit (loss) for the year	(2,191)	476	(1,715)	455	(271)	184
	Profit (loss) for the year from continuing operations	**12,161**	**(1,694)**	**10,467**	**967**	**887**	**1,854**

Business performance vs. IFRS

DONG Energy uses business performance as an alternative to the results prepared in accordance with IFRS. Business performance represents the underlying financial performance of the Group in the reporting period as results are adjusted for temporary fluctuations in the market value of contracts (including hedging transactions) relating to other periods. The difference between the two principles will be eliminated as the contracts expire. Apart from this, there is no difference between business performance and the IFRS results.

EBITDA calculated in accordance with IFRS amounted to DKK 16.9 billion in 2016 against DKK 9.9 billion in 2015. Calculated in accordance with the business performance principle, EBITDA was DKK 19.1 billion and DKK 8.7 billion, respectively. The difference between the two principles was thus DKK -2.2 billion in 2016 compared with DKK 1.2 billion in 2015, and is specified below.

In the presentation of the results according to IFRS, DONG Energy does not apply the provisions on hedge accounting of commodities and related currency exposures. The market value adjustments of these are continuously recognised in the income statement, which means that the IFRS results for the individual years are not comparable. IFRS results do not reflect the commercial risk hedging, according to which the business units and the Group are managed and evaluated. In the management's review, comments are made on business performance only. Reference is also made to note 2.2

Business performance vs. IFRS (DKKm)	**2016**	2015
EBITDA – business performance	**19,109**	**8,730**
Market value adjustments for the year of financial and physical hedging contracts relating to a future period	(1,397)	1,632
Reversal of deferred gain (loss) relating to hedging contracts from previous periods, where the hedged production or trade is recognised in business performance EBITDA in this period	(773)	(474)
EBITDA – IFRS	**16,939**	**9,887**

Observation 7: Fyldestgørende oplysninger om risikoeksponering

Gennemgangen af risici skal omfatte både de forretningsmæssige og de finansielle risici. De væsentligste risici kan med fordel præsenteres i et risk map – gerne med udvikling i risici.
(DSV, s. 30 og 31)

M&A – acquisitions and integration

Description
Growth through acquisitions is a fundamental element of our corporate strategy, and the current DSV network is to a large extent a result of strategic acquisitions.

A strategic acquisition entails a risk of unsuccessful integration of the acquired company, which could result in synergies, strategic advantages and economies of scale being delayed or not fully achieved.

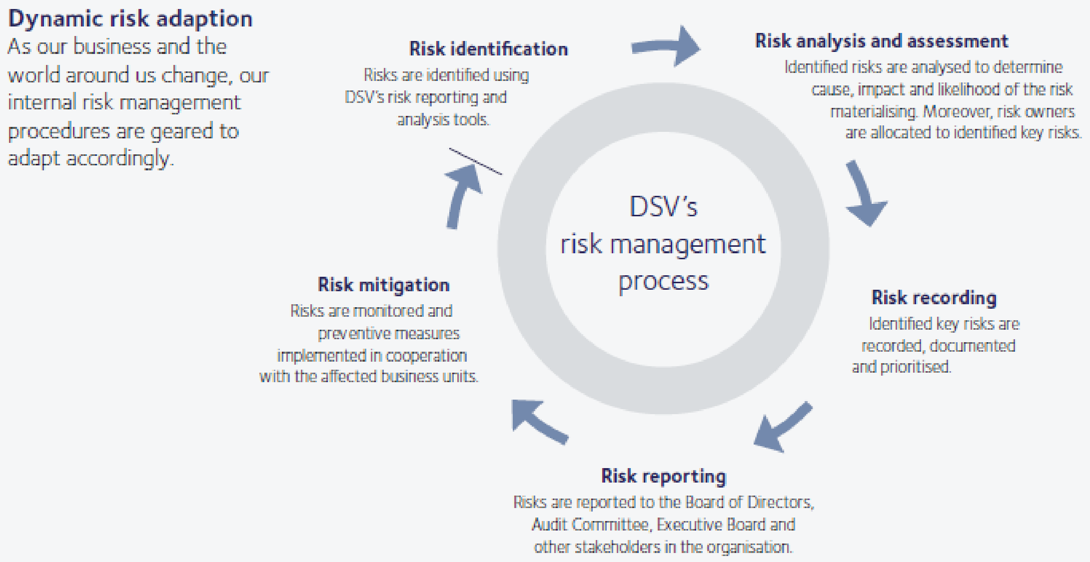
2016 reassessment
An acquisition the size of UTi renders a potential financial impact from a failed integration a significant risk for the DSV Group. Looking back at the first year of integration, the combination of the two businesses is coming together slightly ahead of plan. However, the integration has also proven more complex than expected due to both IT systems and organisational structures. The risk of negative integration issues still remains, but the identified synergies are being realised as expected and the risk has been reduced since the takeover date in January 2016.

For this reason, the probability of a negative impact from failed M&A activities has been reduced, but the potential financial impact of failure slightly raised in the Group risk reassessment for 2016.

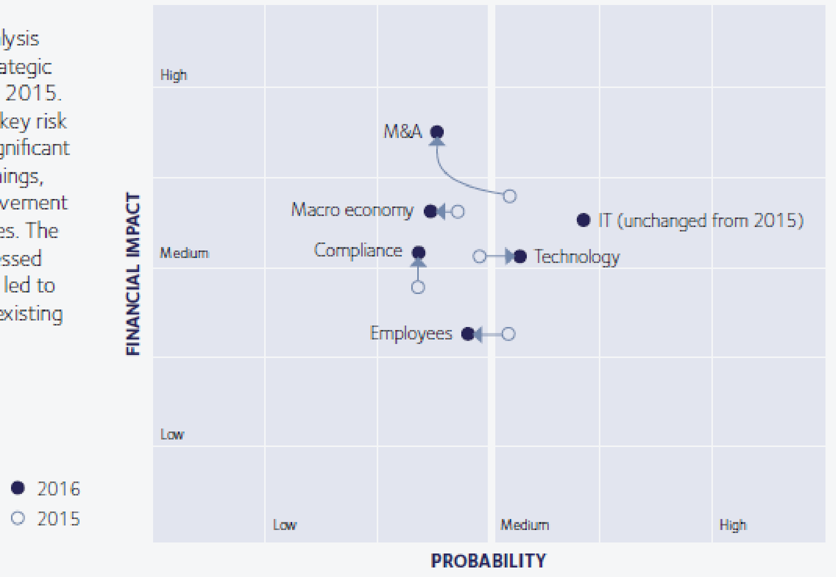
Mitigation
DSV has a history of successful integration of acquired companies and realisation of expected synergies.

The success rests on several factors. We stress the importance that potential acquirees match DSV's existing business model, and all acquisitions are based on a thorough due diligence process. A team of managers and experts in M&A and integration are responsible for this process. Furthermore, our IT reporting and operational systems are scalable to accommodate the effective integration of new entities into the Group.

The integration work in each country is based on clear ownership, where the local management team heads the integration based on guidelines from Group Management. Furthermore, our focus on centralisation of administrative processes means that we are able to integrate, adapt and support a range of services for the acquired companies from early on in the integration process.

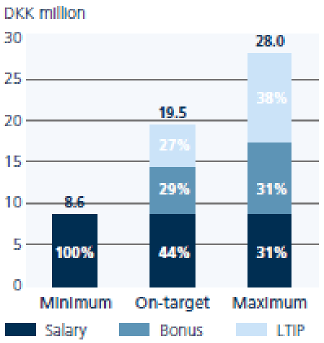


Risk analysis
The latest Group-wide analysis of internal and external strategic risks was carried out in Q4 2015. The analysis confirmed six key risk factors that may have a significant impact on the Group's earnings, financial position and achievement of other strategic objectives. The identified risks were reassessed at the end of 2016, which led to minor adjustments to the existing assessment.



Observation 8: Transparens i oplysninger om ledelsesaflønning

Oplysninger om politik for ledelsesaflønningen, sammensætning af lønpakker og relevante KPI'er øger transparensen.
(ISS, s. 48-52)



Minimum No bonus pay-out
No vesting under the LTIP

On-target Target bonus pay-out
Target vesting under the LTIP

Maximum 150% of target bonus pay-out
Full vesting under the LTIP

ELEMENT	OBJECTIVE	AWARD LEVEL	PERFORMANCE MEASURES
Annual base salary	Attract and retain high-performing leaders reflecting their position, skills, competencies and experience	Take into account competitive market rate of industry peers as well as competencies and experience	Reviewed annually based on individual responsibilities, qualifications and performance
Annual bonus	Drive delivery of short-term financial results, implementation of The ISS Way strategy and behaviour consistent with the ISS Values and Leadership Principles	Target bonus is up to 66% (Group CEO) / 60% (EGM) of annual base salary. Maximum bonus opportunity is up to 100% (Group CEO) / 90% (EGM) and is awarded for performance significantly above budget. Targets are set for periods of one year	Financial and non-financial KPIs and weighting: Operating margin (27.5%), organic growth (27.5%), cash conversion (20%), employee engagement, customer experience and health and safety (15%) and individual objectives (10%). Performance is measured for each financial year. Pay-outs are subject to certain profit and cash flow targets being achieved
Long-Term Incentive Programme (LTIP)	Drive delivery of long-term financial results, retention of leaders and alignment to shareholder value creation	Face value of grant of PSUs is 125% of annual base salary for the Group CEO and 70% for other members of the EGM	The vesting criteria of the LTIP are TSR measured against peers and growth in EPS (equally weighted). Performance conditions are measured over three years

CRITERIA	TSR (LTIP 2014-2016)	EPS GROWTH[2] (LTIP 2014)	EPS GROWTH[2] (LTIP 2015)	EPS GROWTH[2] (LTIP 2016)
No vesting	Below median of peer group	Less than 12% annually	Less than 7.5% annually	Less than 6% annually
25% vesting [1]	At median of peer group	12% annually	7.5% annually	6% annually
100% vesting [1]	At upper quartile of peer group or better	18% annually or more	13.5% annually or more	12% annually or more

REMUNERATION POLICY

Remuneration is based on responsibilities, competencies and performance and is designed to be competitive and in line with market practice of comparable listed companies.

The remuneration policy is reviewed at least annually by the Remuneration Committee (the Committee) and the overall objectives of the policy are:

- to attract, motivate and retain qualified members of the Executive Group Management Board (EGMB) and top talent for key positions, by providing competitive remuneration that recognises high performance and supports our Leadership Principles;
- to create a strong link between remuneration and the achievement of our strategic goals and financial performance – both short-term and long-term – for the EGMB and other employees in key positions, by providing a significant proportion of their total remuneration as performance-based incentives; and
- to align the interests of the EGMB and other employees in key positions with the interests of our shareholders by providing a significant proportion of their total remuneration as shares and/or as share-related instruments and to require or recommend a certain amount of shares and/or share-related instruments to be held by members of the EGMB and other employees in key positions.

Observation 9: Der skal være konkrete og fyldestgørende beskrivelser af regnskabsmæssige skøn og usikkerheder

Bedre beskrivelser af regnskabsmæssige skøn giver regnskabslæseren mulighed for at forstå usikkerhederne i de rapporterede tal.
(Genmab, s. 77)

Upfront Payments and Deferr
Upfront payments that are de
utable to subsequent researc
opment work are initially recc
ferred income and recognizec
as revenue over the planned
period. This judgment is mad
the agreement and is based c
budgets and plans. The planr
ment period is assessed on a
basis. If the expected develo
is changed significantly, this
reassessment of the allocatio
allocation periods have not been changed in 2016 and 2015 for any of our collaborations.

extension fees in 2015. The program reservation and exclusivity extension fees are amortized over a period of up to four years.

		2016	2015
		DKK'000	DKK'000
ation nths)	Amortization Ends (year)		
84	2019	165,883	228,090
to 60	2020	24,569	41,175
36	2019	28,904	–
48	2019	8,794	12,198
to 48	2016	–	1,245
		228,150	282,708
		–	87,428
		89,880	77,605
		83,723	71,448
		54,151	46,227
		396	–
Total		228,150	282,708

IAS 1.125:

An entity shall disclose information about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, the notes shall include details of:

(a) their nature, and

(b) their carrying amount as at the end of the reporting period.

Observation 10: Udviklingen i regnskabstallene skal drive historien om udviklingen af virksomheden

Fortællingen om forretningen og dens udvikling skal bygges op omkring regnskabstallene.

Den traditionelle regnskabsberetning med gennemgang af udviklingen i regnskabstallene hører efterhånden fortiden til.
(Danfoss, s. 6 og 21)

Earnings
Operating profit (EBIT) improved 4% to DKK 4,262m (2015: DKK 4,097m), driven by Danfoss Cooling and Danfoss Power Solutions, leading to an EBIT margin of 10.9% (2015: 10.8%).

The earnings development was driven by continuous efficiency improvements in procurement and production and lower administrative expenses measured as a percentage of sales, partly offset by increased spending on strategic growth initiatives. The research and development spend grew 2% to DKK 1,645m (2015: DKK 1,607m), corresponding to 4.2% (2015: 4.2%) of sales.

Other operating income and expenses, net, was an expense of DKK 158m (2015: expense of DKK 205m), mainly due to restructuring costs related to organizational changes in several countries. Financial income and expenses, net, was an expense of DKK 324m (2015: expense of DKK 356m).

Results in line with expectations

In 2016, the Danfoss Group continued its positive performance and delivered satisfactory financial results in line with expectations.

The year was characterized by continuing low global growth conditions with a mixed business environment across markets and sectors. Sales grew 3% to DKK 39.2bn, corresponding to 6% growth in local currency. EBIT improved 4% to DKK 4.3bn, leading to an EBIT margin of 10.9% and net profit of DKK 2.9bn, up 13% on last year. The results were driven by a strong performance in Danfoss Cooling and good growth traction in Danfoss Power Solutions.

The strong free cash flow before M&A was kept high at DKK 3.4bn, and the free cash flow ended at DKK 1.5bn, due to the acquisitions completed in the third quarter of 2016.

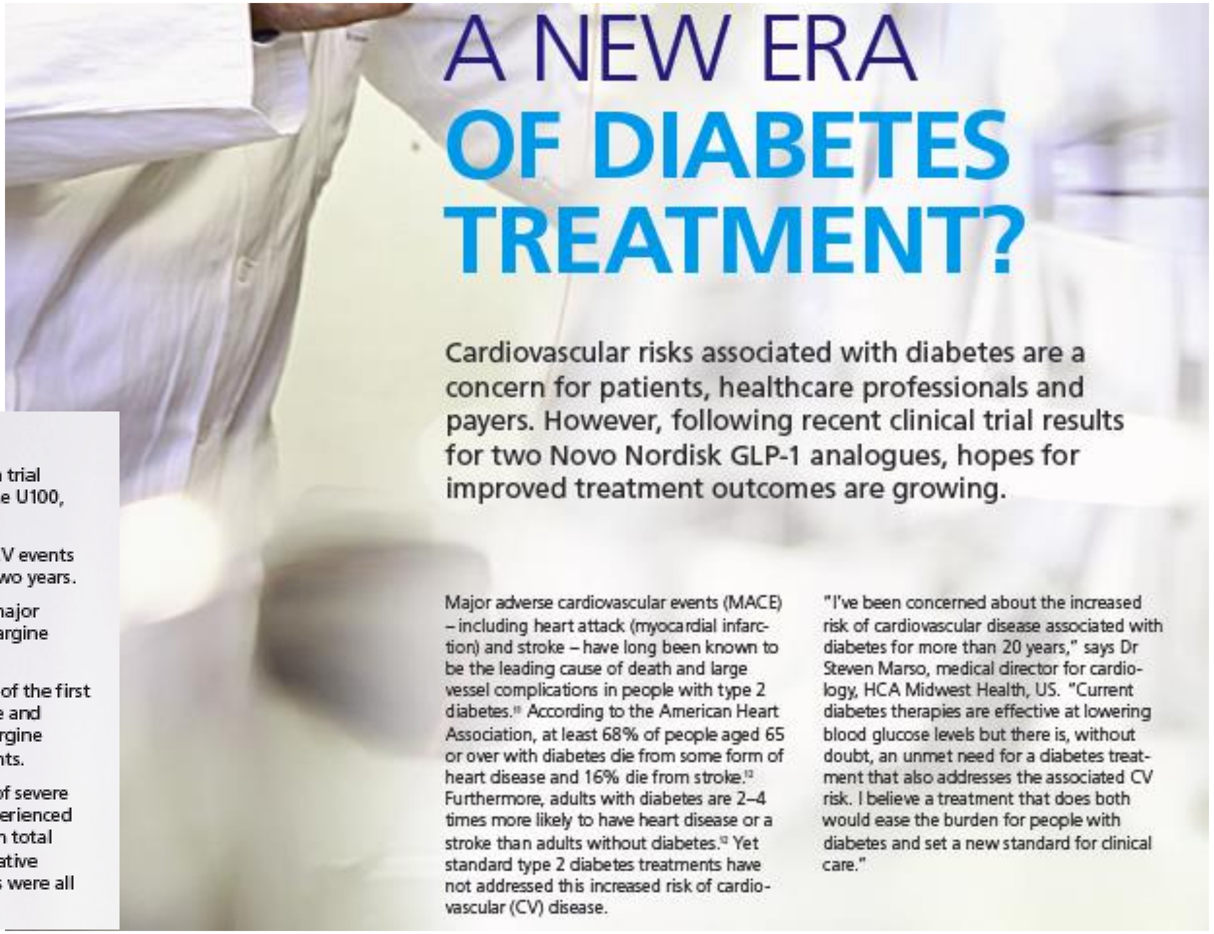
See the financial review on page 20

Outlook compared to results

Outlook for 2016	Results in 2016
Market share expected to be maintained or expanded	Sales increased 6% in local currency, mainly driven by increased market share in a market which we estimate to have been flat or even slightly declining.
EBIT margin expected to be at level with 2015	In 2016, the operating profit (EBIT) reached DKK 4,262m, corresponding to an EBIT margin of 10.9% against 10.8% in 2015.

Observation 11: Relevante artikler og historier kan med fordel understøtte ledelsesberetningen ("Company Stories")

Relevante artikler om produkter, kunder eller medarbejdere kan gøre årsrapporten mere interessant og læsevenlig.
(Novo Nordisk, s. 24-25)



A NEW ERA OF DIABETES TREATMENT?

Cardiovascular risks associated with diabetes are a concern for patients, healthcare professionals and payers. However, following recent clinical trial results for two Novo Nordisk GLP-1 analogues, hopes for improved treatment outcomes are growing.

Major adverse cardiovascular events (MACE) – including heart attack (myocardial infarction) and stroke – have long been known to be the leading cause of death and large vessel complications in people with type 2 diabetes.[11] According to the American Heart Association, at least 68% of people aged 65 or over with diabetes die from some form of heart disease and 16% die from stroke.[12] Furthermore, adults with diabetes are 2–4 times more likely to have heart disease or a stroke than adults without diabetes.[12] Yet standard type 2 diabetes treatments have not addressed this increased risk of cardiovascular (CV) disease.

"I've been concerned about the increased risk of cardiovascular disease associated with diabetes for more than 20 years," says Dr Steven Marso, medical director for cardiology, HCA Midwest Health, US. "Current diabetes therapies are effective at lowering blood glucose levels but there is, without doubt, an unmet need for a diabetes treatment that also addresses the associated CV risk. I believe a treatment that does both would ease the burden for people with diabetes and set a new standard for clinical care."

TRESIBA®: CARDIOVASCULAR SAFETY AND HYPOGLYCAEMIC BENEFIT CONFIRMED IN DEVOTE TRIAL[5]

In November 2016, Novo Nordisk announced the results of DEVOTE, a cardiovascular (CV) outcomes trial to confirm the CV safety of Tresiba® (insulin degludec).

In addition to demonstrating the CV safety profile of Tresiba®, DEVOTE also showed the superiority of this basal insulin in reducing the rate of severe adverse hypoglycaemia events, when compared to insulin glargine U100.

DEVOTE FACTS:

- A long-term, randomised, double-blinded, parallel group and event-driven trial conducted to confirm the CV safety of Tresiba® compared to insulin glargine U100, when added to standard of care.
- A total of 7,637 people with type 2 diabetes at high risk of major adverse CV events participated at more than 400 sites across 20 countries for approximately two years.
- The trial achieved its primary endpoint, demonstrating non-inferiority of major adverse cardiovascular events (MACE) with Tresiba® compared to insulin glargine U100.
- The trial's primary endpoint was defined as the MACE composite outcome of the first occurrence of CV death, non-fatal myocardial infarction or non-fatal stroke and showed a hazard ratio of 0.91 in favour of Tresiba® compared to insulin glargine U100, with no statistically significant difference between the two treatments.
- In the trial, Tresiba® demonstrated superiority on the secondary endpoint of severe hypoglycaemia: 27% fewer patients in the group treated with Tresiba® experienced an episode of severe hypoglycaemia, resulting in a 40% overall reduction in total episodes of adjudicated severe hypoglycaemia, and 54% experienced a relative reduction in the rate of nocturnal severe hypoglycaemia. These differences were all statistically significant.

Observation 12: Beskriv virksomhedens forretning i forhold til FN's Sustainable Development Goals (SDG)

FN's SDG kan med fordel iagttages, hvis virksomhedens vision, mission, strategi mv. skal tilpasses. Her kan beskrivelsen med fordel hægtes op på disse SDG'er.
(Arla, s. 75)

Goal 2: Zero hunger
End hunger, achieve food security and improved nutrition and promote sustainable agriculture.

- Providing healthy, quality products for broad consumer needs, for example, high in protein; containing probiotics, vitamins and fibre; low-fat; reduced salt and added sugar; as well as lactose free.
- Teaming up with our owners to improve environmental performance and promote sustainable dairy farming.
- Supporting 'Milky Way to Development' in Western Africa, in collaboration with external stakeholders.

Goal 8: Decent work and economic growth
Promote inclusive and sustainable economic growth, employment and decent work for all.

- Local employment of diverse staff.
- On-the-job technical and food safety training; as well as a behaviour-based safety programme and preventative-tools and processes on more sites.
- Human rights assessment are included in market entrance and the business partner process.
- Arla supports open markets and promotes free trade. We are in favour of negotiating equivalence agreements with our trading partners, avoiding technical barriers to trade.

Goal 12: Responsible consumption and production
Ensure sustainable consumption and production patterns.

- Resource efficient production throughout the entire value chain, through increased use of renewable energy, increased water and energy efficiency and reduced waste, for example.
- Support research to find protein sources for cow feed replacing food sources for humans.
- Arla is the world's largest producer of organic dairy products and growing.
- We support consumers to reduce food waste in several ways, for example, by optimising packaging sizes and providing shopping lists.

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