

Interim report 2014/2015

(1 May 2014 - 31 July 2014)



THE URGE TO EXPLORE SPACE

egetæpper a/s

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Registration No.

CVR-nr.: 38 45 42 18

Board of Directors

Ebbe Malte Iversen, director (chairman)

Hans Olesen Damgaard, director (deputy chairman)

Knud Damgaard, jurist

Anne Mette Zachariassen, director

Niels Clausen, textile worker (staff representative)

Maja Lorenzen, office clerk (staff representative)

Management

Svend Aage Færch Nielsen, CEO

John Vestergaard, CFO

Auditors

Ernst & Young P/S

Niels J. Jørgensen, state authorized public accountant

Jes Lauritzen, state authorized public accountant

Solicitors

DAHL, Herning

Bankers

Danske Bank

Handelsbanken

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egetæpper a/s

Herning, 29 August 2014

Financial highlights for the group

DKK million	3 months 2014/15	3 months 2013/14	Year 2013/14
Turnover	198	190	784
Result before financial entries (EBIT)	24	21	70
Financial entries (net)	-2	-2	-8
Result before taxation	22	19	62
Profit for the period	16	16	48
Minority shareholders' part	0	0	1
Group net result	16	16	47
Total assets at end of period	592	581	588
Net working capital	182	183	184
Cash flows from operational activity	28	9	61
Capital and reserves	26	26	26
Capital and reserves at end of period excl. of minority holdings	425	392	409
Number of employees	483	472	480
Net investments in long-term assets (excl. acquisition of factory)	8	9	34
Depreciations	7	7	28
Net profit ratio (EBIT-margin)	12	11	9
Return on invested capital after taxation (p.a.)	15	17	12
Equity ratio	72	66	70
Net working capital in percentage of turnover	23	24	23
Share capital, nominal t.DKK	26,210	26,210	26,210
Number of A-shares	330,340	330,340	330,340
Number of B-shares	2,290,720	2,290,720	2,290,720
Number of own shares	0	0	0
Number of B-shares in circulation	2,290,720	2,290,720	2,290,720
Recommended dividend per share, DKK	-	-	7.00
Net asset value of share, DKK	162.08	149.56	156.03
Stock exchange price	224.00	155.00	194.50
Stock exchange price /net asset value	1.38	1.04	1.25

The key figures have been calculated according to the "Recommendations and Key figures 2010".



Management statement

The management and the board of directors have today presented and approved the interim report for the period 1 May - 31 July 2014.

The interim report, which has not been audited or reviewed by the company auditors, has been prepared in accordance with IAS 34 "Presentation of interim financial reports" as approved by EU as well as additional Danish disclosure requirements for listed companies.

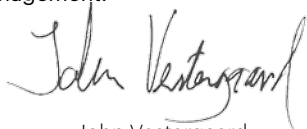
In our opinion the interim report gives a true and fair view of the group's assets, liabilities and financial state as per 31 July

2014 as well as of the result of the group's activities and cash flows for the period 1 May - 31 July 2014.

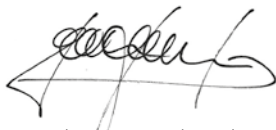
Moreover, we find that the management report gives a true statement of the development of the group's activities and financial state, of the profit for the period and of the group's financial state as a whole, as well as a description of the major risks and elements of uncertainties the group is facing.

Herning, 29 August 2014

Management:



John Vestergaard
CFO



Svend Aage Færch Nielsen
CEO

Board of directors:



Ebbe Malte Iversen
Chairman



Hans Olesen Damgaard
Deputy chairman



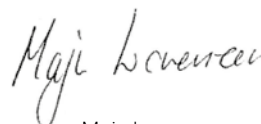
Knud Damgaard



Anne Mette Zachariassen



Niels Clausen
Staff representative



Maja Lorenzen
Staff representative

Management report

Accounting report

In the annual report for 2013/14 our expectations to 2014/15 read as follows:

Targeted efforts are made with ege's overall strategy "Sustainable Carpet Design 2020". On this basis, we have the following market expectations:

- The level of activity in our largest market, the Danish, has evolved slightly better than expected in the financial year 2013/14. We expect this trend to continue.
- Among our major export markets, especially the market in England, we expect growth. Furthermore, we expect a continued growth for the markets in Norway, Sweden and the Middle East.
- Germany and France have underperformed the past year relative to our expectations. Due to launched initiatives, we expect this trend to reverse the coming year.
- The expansion in Asia continues and we expect continued growth.

The activity level in the 1st quarter of the accounting year 2014/15 as a whole has been as expected. There has been a positive development in the 1st quarter and we have observed an activity increase of 4%.

In our largest market, the Danish, the development has not satisfied our expectations, and the activity in the 1st quarter is in line with last year. Despite this, we have seen an increasing market share.

Among our major export markets such as Norway, England, France and Germany, we see the expected growth, while Swe-

den and the Middle East have performed below expectations in the 1st quarter. Among the smaller export markets, in particular Benelux and Italy, growth is experienced. Overall development in Asia is as expected.

Turnover of the period amounted to 198 DKK million against 190 DKK million last year, which presents an increase of 4%. The export share is 80% against 79% last year.

EBIT makes out 24.4 DKK million corresponding to an EBIT margin of 12%. Compared to last year an increase of 3.3 DKK million. The development is ascribed to the effect of outsourced yarn production, stable commodity prices as well as a stable product and market mix. The Group's fixed costs (other external costs, staff costs and depreciations) amount to 93.2 DKK million, which is an increase of 3% compared to last year. The increase is attributable to staff costs. Investments in training, upgrading and expansion of the sales force continue.

As of 31 July 2014 the number of employees constitute 483. Compared to last quarter, an increase of 3 employees.

Profit for the period before taxation and minority holdings amounted to 21.8 DKK million against 18.9 DKK million last year which is an increase of 15%.

Group cash flow from operations amounted to 28 DKK million against 9 DKK million last year. Less funds tied up in working capital make out a total of 2 DKK million against an increase of 15 DKK million during the same period last year.

Net investments in long-term assets during the period amounted to 8 DKK million.

	Expected 2014/15	Realized 3 months 2014/15	Realized 3 months 2013/14
Turnover DKK mio.	900-950	198	190
EBIT-margin	8-9%	12%	11%
Result before taxes DKK mio.	70-75	22	19
Cash flow from operations DKK mio.	75-85	28	9
Investments DKK mio.	100*	8	9

*Incl. acquisition of Hammer Tæpper A/S

Subsequent events

egetæpper a/s has today entered into a conditional agreement to sell the property, located on Wittrupvej 1, 7120 Vejle.

The divestment is expected to positively affect the result with 20 DKK million, and the equity with approximately DKK 18 million.

The sales agreement is conditional on the approval of a new district plan for the area, in which the business property is situated, enabling the buyers to use the property as wished. According to IFRS, profit will be included at the time of approval of the district plan, which we expect clarified at the latest on 30 September 2015.

egetæpper has produced yarns for carpets from the property until 2012, where the production was closed down.

Prospects for the financial year 2014/15

Normally we operate with an order book corresponding to one week's production, which makes it difficult to look months ahead.

Based on the development of the first 3 months of the accounting year 2014/15, expectations are maintained, as announced in the preliminary statement of annual accounts 26 June 2014.

Focus will still be on a tight cost management and net working capital, efficiency improvements and high activity level within product development as well as a continuous development of sales organisations on our export markets.

If the sale of the property in Vejle is completed within the current financial year, expectations for the annual result will be raised from 70-75 DKK million to 90-95 DKK million.

Accounting policies

The interim report is presented in accordance with IAS 34 "Interim financial reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies.

Other than as set out below, the accounting policies are unchanged from those applied in the Annual group Report 2013/14, to which refer is made. It holds a full description of the accounting policies in question.

With effect from 1 May 2014 egetæpper implemented IFRS 10-12 and related amendments IAS 27 (2011), IAS 28 (2011) as well as amendments to IAS 32 and IAS 39 and IFRIC 21. The implementation has not affected recognition and measurements.





Profit and loss account 1 May - 31 July 2014

Note	t.DKK	2014	2013
	Turnover	197,643	190,365
	Change in stock of finished goods, work in progress and commercial goods	4,020	-5,176
	Costs for raw materials, auxiliaries and commercial goods	-84,400	-75,050
	Other external goods	-33,614	-33,112
	Gross profit	83,649	77,027
	Other operating income	338	1,078
	Staff costs	-52,777	-50,151
	Depreciations	-6,836	-6,889
	Other operation costs	0	-17
	Profit before financial entries and taxation	24,374	21,048
	Financial entries	13	42
1	Financial costs	-2,570	-2,140
	Profit before taxation	21,817	18,950
	Tax on profit for the period	-5,628	-2,814
	Profit for the period	16,189	16,136
	Divided between:		
	Shareholders of egetæpper a/s	15,854	15,751
	Minority shareholders	335	385
		16,189	16,136
	Diluted earnings per share, DKK (EPS-D)	6.05	6.01
	Earnings per share, DKK (EPS)	6.05	6.01

Consolidated income statement 1 May - 31 July 2014

t.DKK	2014	2013
Financial entries which might be reclassified to the profit and loss account		
Exchange rate adjustment of foreign subsidiaries	2	-545
Tax on other consolidated income	0	0
Other consolidated income after tax	2	-545
Profit for the period	16,189	16,136
Total recognised consolidated income	16,191	15,591
Divided between:		
Shareholders of egetæpper a/s	15,856	15,206
Minority shareholders	335	385
	16,191	15,591

Balance sheet

Note t.DKK	31/7 2014	31/7 2013	30/4 2014
Assets			
Long-term assets			
Intangible assets			
Development costs	152	243	175
Agency rights	1,610	1,610	1,610
Goodwill	18,468	18,468	18,468
Total intangible assets	20,230	20,321	20,253
Tangible fixed assets			
Land and buildings	142,605	146,655	143,963
Technical equipment and machinery	78,189	76,090	82,139
Operating equipment and fixtures	20,052	24,054	21,114
Tangible assets in course of construction as well as prepayments	22,460	9,376	14,654
	263,306	256,175	261,870
Other long-term assets			
Debtors	0	5,508	0
	0	5,508	0
Total long-term assets	283,536	282,004	282,123
Short-term assets			
Portion of long-term liabilities falling due within 1 year	4,405	5,840	6,353
Stocks	183,149	171,881	175,539
Debtors	94,767	102,177	101,939
Cash at bank and in hand	26,091	19,423	21,568
Total short-term assets	308,412	299,321	305,399
Total assets	591,948	581,325	587,522

Note	t.DKK	31/7 2014	31/7 2013	30/4 2014
Liabilities				
Capital and reserves				
	Share capital	26,210	26,210	26,210
	Reserve for exchange rate adjustments	2,560	3,210	2,558
	Accumulated result	377,702	349,402	361,848
	Recommended dividend	18,347	13,314	18,347
		424,819	392,136	408,963
	Minority shareholders' part	3,967	4,014	5,112
	Total capital and reserves	428,786	396,150	414,075
Creditors				
Long-term liabilities				
	Deferred taxation	20,669	18,796	20,669
2	Other long-term liabilities	36,668	34,469	34,599
	Credit institutions	161	192	166
		57,498	53,457	55,434
Short-term liabilities				
	Portion of long-term liabilities falling due within 1 year	31	9,113	33
	Trade creditors	34,931	30,502	40,223
	Bank debts	1,657	21,315	19,282
	Company tax	8,502	10,657	4,966
	Other amounts owed	60,543	60,131	53,509
		105,664	131,718	118,013
	Total creditors	163,162	185,175	173,447
	Total liabilities	591,948	581,325	587,522



Cash flow statement 1 May - 31 July 2014

t.DKK	2014	2013
Turnover and other operating income	197,929	190,820
Operating costs	-173,607	-170,317
Depreciations	6,836	6,889
Change in working capital	1,772	-15,026
Cash flow from activities before financial items	32,930	12,366
Interest receipts or similar	13	42
Interest payments or similar	-2,615	-2,024
Cash flow from ordinary activities	30,328	10,384
Corporation tax paid	-2,092	-1,855
Cash flows from operating activities	28,236	8,529
Acquisition of intangible assets	0	0
Acquisition of tangible assets	-8,249	-11,767
Sale of tangible assets	54	2,716
Cash flows to investment activities	-8,195	-9,051
Change in long-term liabilities	2,064	1,269
Change in operating credits	-17,627	1,739
Dividend paid	0	0
Dividend paid to minority shareholders	0	0
Cash flows from financing activities	-15,563	3,008
Cash flows of the period	4,478	2,486
Cash and cash equivalents at beginning of period	21,568	17,053
Value adjustment of cash and cash equivalents	45	-116
Cash and cash equivalents at end of period	26,091	19,423

Statement of capital and reserves

t.DKK	Share capital	Reserve for exchange rate adjustment	Accumulated profit	Recommended dividende	Total	Minority shareholders	Total capital and reserves
Capital and reserves 1 May 2013	26,210	3,755	333,651	13,314	376,930	4,702	381,632
Profit for the period	0	0	15,751	0	15,751	385	16,136
Other consolidated income	0	-545	0	0	-545	0	-545
Dividend paid	0	0	0	0	0	-1,073	-1,073
Dividend on own shares	0	0	0	0	0	0	0
Total capital and reserves 31 July 2013	26,210	3,210	349,402	13,314	392,136	4,014	396,150
Capital and reserves 1 August 2013	26,210	3,210	349,402	13,314	392,136	4,014	396,150
Profit for the period	0	0	12,446	18,347	30,793	1,098	31,891
Other consolidated income	0	-652	0	0	-652	0	-652
Dividend paid	0	0	0	-13,314	-13,314	0	-13,314
Dividend on own shares	0	0	0	0	0	0	0
Total capital and reserves 30 April 2014	26,210	2,558	361,848	18,347	408,963	5,112	414,075
Capital and reserves 1 May 2014	26,210	2,558	361,848	18,347	408,963	5,112	414,075
Profit for the period	0	0	15,854	0	15,854	335	16,189
Other consolidated income	0	2	0	0	2	0	2
Dividend paid	0	0	0	0	0	-1,480	-1,480
Dividend on own shares	0	0	0	0	0	0	0
Total capital and reserves 31 July 2014	26,210	2,560	377,702	18,347	424,819	3,967	428,786



Notes

Note	t.DKK	2014	2013
1	Financial costs		
	Other interest expenses	336	491
	Exchange rate adjustments	165	300
	Value adjustment on forward option on purchase of minority entry	2,069	1,349
		2,570	2,140
		31/7 2014	31/7 2013
		30/4 2014	
2	Other long-term liabilities		
	At the beginning of the period	34,599	33,120
	Dividend paid	0	0
	Profit for the period	2,069	1,349
		36,668	34,469
		34,599	

Other long-term liabilities incorporate value of forward contract on purchase of the remaining 49% of Bentzon Carpets ApS' shares. According to the forward contract the remaining shares will be acquired on 1 May 2020 at the latest at a price corresponding to the accounting net asset value. Liabilities will be increased/reduced on an annual basis with a part of the profit for the year and lowered with a part of the dividend paid.

Notes without reference

The segmentation is prepared on the basis of the group's internal management reporting and is based on the individual market (operating segment). Consolidation to reportable segments is based on differences in sales channels.

The segment "Direct sale" includes sale achieved by egetæpper's Danish sales organisation as well as foreign subsidiaries and sales offices.

The segment "Indirect sale" is defined as sale via commercial agents or sale to importers/distributors abroad.

As segmental result we use the internal phrase "market contribution". This is defined as external revenue with deduction of direct wages and material used for production as well as costs, which are directly referable to the individual markets.

Segmental information

	Direct sales	Indirect sales	Total reportable segments
1 May 2014 - 31 July 2014			
External revenue	164,582	33,061	197,643
Market contribution	38,486	10,576	49,062
Assets	136,275	18,226	154,501
1 May 2013 - 31 July 2013			
External revenue	151,999	38,366	190,365
Market contribution	33,179	11,824	45,003
Assets	150,780	12,737	163,517

Reconciliation of result for the period before tax:

	2014/15	2013/14
Segmental result for reportable segments	49,062	45,003
Unallocated depreciations	-5,419	-5,364
Unallocated financial costs	-1,870	-1,688
Unallocated costs	-19,956	-19,001
Result for the period, cf. Income Statement	21,817	18,950

Reconciliation of assets:

	2014/15	2013/14
Assets for reportable segments	154,501	163,517
Unallocated stock	136,018	127,675
Unallocated cash and cash equivalents	15,677	7,461
Unallocated tangible fixed assets	285,752	282,672
Assets, cf. Balance sheet	591,948	581,325

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