

Annual report 2016/17

The Board of egetæpper a/s has today approved the annual report for the financial year 1 May 2016 – 30 April 2017. The annual report 2016/17 has the following main items:

Accounting report

EBIT amounts to 73.7 DKK million corresponding to an EBIT-margin of well over 7% which is in line with our expectations as announced in December 2016.

Financial highlights of the year:

- The Group turnover amounts to 1,016 DKK million against 954 DKK million last year, representing an increase of 6%. Adjusted for the inclusion of Carpet Concept, turnover increased by 1% this year. Turnover is the highest through the history of the Group.
- When corrected for costs associated with the acquisition of Carpet Concept and last years profit regarding the sale of property, EBIT has increased with 6%-point compared to last year.
- Result before taxation amounts to 62.6 DKK million. After correction of costs regarding the acquisition of Carpet Concept as well as last year's profit regarding the sale of our property in Vejle, the result before taxation has increased by 22% compared to last year. The result is the best since the financial crisis.
- Group profit amounts to 41.7 DKK million against 47.4 DKK million last year.
- Dividend is proposed to be fixed at 17.0 DKK million equal to approx. 40% of the Group's net profit after taxation and dividend to minority shareholders.
- Investment in acquisition of Carpet Concept makes up 174 DKK million.
- New investments of the year in other long-term assets amount to 40.0 DKK million.
- Interest-bearing negative net balance makes up 128 DKK million and has increased by 107 DKK million compared to last year. The increase is attributable to the acquisition of Carpet Concept.
- Cash flows from operation amount to 78 DKK million against 84 DKK million last year.

Prospects 2017/18

We determinedly work with egetæpper's general strategy "Sustainable Carpet Design 2022" and on this basis our overall expectations for 2017/18 are as follows:

- A turnover of 1,150-1,225 DKK million
- An EBIT margin of 7-8%
- Cash flows from operating activity of 90-100 DKK million
- New investments in long term assets of 60-70 DKK million

The average investment frame of our strategy is given at 50 DKK million. However, the increased frame for the financial year 2017/18 is mainly due to two reasons. Firstly, we begin with the construction of a new tile factory of 10,000 m² in Herning to double the production capacity. Secondly, the ongoing ERP project is in a phase demanding significant resources.

The total investment in the new tile factory is expected to amount to approx. 100 DKK million and the project period is expected to last 2-3 years. Subsequently, we expect that investments in future years will be moderately higher than our strategic investment frame set at 50 DKK million.

The annual general meeting

The annual general meeting is to be held at egetæpper's corporate office in Herning Wednesday 30 August 2017 at 11.30 a.m.

The Board of Directors has proposed as follows:

- Although the solidity does not live up to the Group's strategic objective, as a consequence of the acquisition of Carpet Concept, the Board of Directors proposes the dividend fixed at 6.50 DKK per share nominal 10 DKK, representing a total dividend distribution of 17.0 DKK million corresponding to approx. 40% of net profit of the year after tax and distribution to minority shareholders. This is based on the Group's positive development in both turnover and profit.
- The Board of Directors also recommends that the General Assembly authorises that own shares up to nominal 5.0 DKK million can be acquired. The authorisation is provided until the Annual General Meeting next year.

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egetæpper a/s

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