

# Interim report

(1 May 2013 - 31 October 2013)

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## egetæpper a/s

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### Registration No.

CVR-nr.: 38 45 42 18

### Board of Directors

Ebbe Malte Iversen, director (chairman)

Hans 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

KPMG Statsautoriseret Revisionspartnerselskab

Niels J. Jørgensen, State authorized public accountant

Jes Lauritzen, State authorized public accountant

### Solicitors

DAHL, Herning

### Bankers

Danske Bank

Handelsbanken

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Tlf. nr. 97118811

John Vestergaard, CFO  
Tlf. nr. 97118811

egetæpper a/s

Herning, 16 December 2013

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## Financial highlights for the group

DKK million	H1 2013/14	H1 2012/13	Year 2012/13
Turnover	389	396	782
Result before financial entries (EBIT)	34	31	55
Financial entries (net)	-4	-4	-7
Result before taxation	30	27	48
Profit for the period	24	19	34
Minority shareholders' part	1	1	1
<b>Group net result</b>	<b>23</b>	<b>19</b>	<b>33</b>
Total assets at end of period	584	566	568
Net working capital	189	181	171
Cash flows from operational activity	21	47	75
Capital and reserves	26	28	26
Capital and reserves at end of period excl. of minority holdings	386	363	377
Number of employees	482	460	471
Investments in long-term assets	14	22	41
Depreciations	14	14	28
Net profit ratio (EBIT-margin)	9	8	7
Return on invested capital after taxation (p.a.)	12	11	9
Equity ratio	66	64	66
Net working capital in percentage of turnover	24	23	22
Share capital, nominal t.DKK	26,210	27,668	26,210
Number of A-shares	330,340	330,340	330,340
Number of B-shares	2,290,720	2,436,490	2,290,720
Number of own shares	0	145,770	0
Number of shares in circulation	2,290,720	2,290,720	2,290,720
Recommended dividend per share, DKK	-	-	5.08
Net asset value of share, DKK	147	139	144
Stock exchange price	205	139	150
Stock exchange price/net asset value	1.39	1.00	1.04

An extraordinary general meeting was held on Monday 17 December 2012 and it was decided to cancel holdings of own shares and also to reduce the share denomination from 100 DKK to 10 DKK. The share and dividend key figures have been adjusted accordingly. The key figures have been calculated according to the Danish Society of Financial Analysts' "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 October 2013.

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 October 2013 as well as of the result of the group's activities and cash flows for the period 1 May – 31 October 2013.

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, 16 December 2013

### Management:



John Vestergaard  
CFO



Svend Aage Færch Nielsen  
CEO

### Board of directors:



Ebbe Malte Iversen  
Chairman



Hans 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 2012/13 our expectations to 2013/14 read as follows:

"The financial crisis still has an impact on the construction industry in a number of European countries. The activity level on the Danish market, being our biggest market, is unchanged and on a low level. Among the important export markets we expect ongoing growth in England, Germany, Norway, Sweden and the Middle East. The French market has turned out being especially difficult the past year but we expect the direction to turn in the year to come, however on a minor level. Furthermore we work determinedly to expand our formation in Asia."

Overall and on the whole the activity level in the first half year of 2013/14 has not been as expected. In general the market situation is still difficult and characterised by big uncertainty.

The activity level on our biggest market, the Danish market, has developed a bit better than expected while we still see decline among major export markets as Norway, France and Germany. In the Middle East we have maintained the high activity level and the positive direction. Among minor export markets especially the East European markets and Switzerland have experienced growth during the half year.

Turnover of the period amounted to 389 DKK million against 396 DKK million last year, which presents a decrease of 2%. The export share is now 77% against 79% last year.

EBIT makes out 34.0 DKK million corresponding to an EBIT margin of 9%. Compared to last year an increase of 3.2 DKK million. The gross result has increased by 2.9 DKK million despite the minor decline in turnover. Among other things we now see the full impact of outsourced yarn production. The group's overheads, amounting to 189.1 DKK million (other external costs, staff expenditure and depreciations) has increased by a shade under 1% compared to last year. There will be ongoing investments in education and up

grading of the sales force. In connection with egetæppers' 75th anniversary 1 October a line of activities and arrangements took place, among others an international salesconference. The formation in Asia is going on as planned using the company in Singapore as base, just as effort is made to expand the sales- and distribution network in the region.

As per 31 October 2013 the number of employees amounts to 482. Compared to the period before an increase of 10 members of staff, mainly placed at the factory in Lithuania and other foreign subsidiaries.

Profit for the half year before taxation and minority holdings amounted to 29.5 DKK million against 26.7 DKK million last year corresponding to an increase of 11%.

Group cash flow from operations amounted to 21 DKK million against 47 DKK million last year. Increased funds tied up in working capital amounted to 16 DKK million in all against a decline of same period last year of 8 DKK million.

Investments in long-term assets in this half year amounted to 14 DKK million.

### Prospects for the financial year 2013/2014

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 half year of 2013/14, we maintain our expectations to the result for the whole financial year as reported in the annual report 28 June 2013.

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

DKK mio.	Expected 2013/14	Realised 1 <sup>st</sup> half year 2013/14	Realised 1 <sup>st</sup> half year 2012/13
Turnover	800-850	389	396
EBIT-margin	7-8%	9%	8%
Result before taxes	50-60	30	27
Cash flow from operations	75-85	21	47
Investments	40-50	14	22



## Accounting policies

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

Other than as set out below, the accounting policies are unchanged from those applied in the Annual group Report 2012/13.

With effect from 1 May 2013 egetæpper implemented Amendments to IAS 1, Amendments to IFRS 7 and Annual improvements to IFRS 2009-2011. The implementation has not affected recognition and measurements.



## Profit and loss account 1 May - 31 October

Note	t.DKK	H1 2013/14	H1 2012/13	Q2 2013/14	Q2 2012/13
	Turnover	388,856	395,840	198,491	199,299
	Change in stock of finished goods, work in progress and commercial goods	-510	-19,118	4,666	-6,461
	Costs for raw materials, auxiliaries and commercial goods	-169,546	-160,314	-94,496	-83,529
	Other external goods	-71,627	-72,180	-38,515	-38,191
	<b>Gross profit</b>	<b>144,173</b>	<b>144,228</b>	<b>70,146</b>	<b>71,118</b>
	Other operation entries	4,338	2,309	3,260	526
	Staff costs	-103,071	-101,474	-52,920	-52,697
	Depreciations	-14,423	-14,276	-7,534	-7,343
	Other operation costs	-53	0	-36	0
	<b>Profit before financial entries and taxation</b>	<b>33,964</b>	<b>30,787</b>	<b>12,916</b>	<b>11,604</b>
	Financial entries	154	95	112	40
1	Financial costs	-4,571	-4,151	-2,431	-1,682
	<b>Profit before taxation</b>	<b>29,547</b>	<b>26,731</b>	<b>10,597</b>	<b>9,962</b>
	Tax on profit for the period	-5,757	-7,472	-2,943	-2,995
	<b>Profit for the period</b>	<b>23,790</b>	<b>19,259</b>	<b>7,654</b>	<b>6,967</b>
	<b>Divided between:</b>				
	Shareholders of egetæpper a/s	23,007	18,622	7,256	6,645
	Minority shareholders	783	637	398	322
		23,790	19,259	7,654	6,967
	Earnings per watered share, DKK (EPS-D)	8.78	7.10	2.77	2.54
	Earnings per share, DKK (EPS)	8.78	7.10	2.77	2.54

An extraordinary general meeting was held on Monday 17 December 2012 and it was decided to cancel holdings of own shares and also to reduce the share denomination from 100 DKK to 10 DKK.

Earnings per watered share and earnings per share have been adjusted accordingly.

## Consolidated income statement 1 May - 31 October

t.dkk	H1 2013/14	H1 2012/13	Q2 2013/14	Q2 2012/13
<b>Other consolidated income</b>				
Exchange rate adjustment of foreign subsidiaries	-809	798	-264	-358
Tax on other consolidated income	0	0	0	0
Other consolidated income after tax	-809	798	-264	-358
Profit for the period	23,790	19,259	7,654	6,967
<b>Total recognised consolidated income</b>	<b>22,981</b>	<b>20,057</b>	<b>7,390</b>	<b>6,609</b>
<b>Divided between:</b>				
Shareholders of egetæpper a/s	22,198	19,420	6,992	6,287
Minority shareholders	783	637	398	322
	22,981	20,057	7,390	6,609

## Balance sheet

Note	t.DKK	31/10 2013	31/10 2012	30/4 2013
<b>Assets</b>				
<b>Long-term assets</b>				
<b>Intangible assets</b>				
	Development costs	221	323	266
	Agency rights	1,610	1,610	1,610
	Goodwill	18,468	18,468	18,468
<b>Total intangible assets</b>		<b>20,299</b>	<b>20,401</b>	<b>20,344</b>
<b>Tangible fixed assets</b>				
	Land and buildings	145,610	148,575	144,788
	Technical equipment and machinery	73,173	58,604	59,781
	Operating equipment and fixtures	22,620	17,711	16,895
	Tangible assets in course of construction as well as prepayments	13,302	22,849	30,700
		<b>254,705</b>	<b>247,739</b>	<b>252,164</b>
<b>Other long-term assets</b>				
	Debtors	3,870	9,798	7,334
		<b>3,870</b>	<b>9,798</b>	<b>7,334</b>
<b>Total long-term assets</b>		<b>278,874</b>	<b>277,938</b>	<b>279,842</b>
<b>Short-term assets</b>				
	Portion of long-term liabilities falling due within 1 year	5,840	6,194	5,840
	Stocks	167,919	173,990	166,631
	Debtors	109,318	93,412	98,610
	Cash at bank and in hand	22,340	14,034	17,053
<b>Total short-term assets</b>		<b>305,417</b>	<b>287,630</b>	<b>288,134</b>
<b>Total assets</b>		<b>584,291</b>	<b>565,568</b>	<b>567,976</b>

Note	t.DKK	31/10 2013	31/10 2012	30/4 2013
<b>Liabilities</b>				
<b>Capital and reserves</b>				
	Share capital	26,210	27,668	26,210
	Reserve for exchange rate adjustments	2,946	4,355	3,755
	Accumulated result	356,658	330,845	333,651
	Recommended dividend	0	0	13,314
		385,814	362,868	376,930
	Minority shareholders' part	4,412	4,253	4,702
	<b>Total capital and reserves</b>	<b>390,226</b>	<b>367,121</b>	<b>381,632</b>
<b>Creditors</b>				
<b>Long-term liabilities</b>				
	Deferred taxation	19,367	21,354	21,021
2	Other long-term liabilities	32,739	31,813	33,120
	Credit institutions	185	9,583	272
		52,291	62,750	54,413
<b>Short-term liabilities</b>				
	Portion of long-term liabilities falling due within 1 year	9,113	9,369	9,226
	Trade creditors	40,485	38,806	40,407
	Bank debts	33,190	16,033	19,463
	Company tax	10,770	16,973	7,473
	Other amounts owed	48,216	54,516	55,362
		141,774	135,697	131,931
	<b>Total creditors</b>	<b>194,065</b>	<b>198,447</b>	<b>186,344</b>
	<b>Total liabilities</b>	<b>584,291</b>	<b>565,568</b>	<b>567,976</b>



## Cash flow statement 1 May - 31 October

t.DKK	H1 2013/14	H1 2012/13
Turnover and other operating income	390,043	398,913
Operating costs	-360,039	-367,362
Depreciations	14,423	14,276
Change in working capital	-15,600	7,637
Cash flow from activities before financial items	28,827	53,464
Interest receipts or similar	154	95
Interest payments or similar	-4,336	-4,211
Cash flow from ordinary activities	24,645	49,348
Corporation tax paid	-4,114	-1,896
<b>Cash flows from operating activities</b>	<b>20,531</b>	<b>47,452</b>
Acquisition of intangible assets	0	0
Acquisition of tangible assets	-17,974	-24,259
Sale of tangible assets	4,206	2,705
<b>Cash flows to investment activities</b>	<b>-13,768</b>	<b>-21,554</b>
Change in long-term liabilities	-468	-6,186
Change in operating credits	13,614	-8,535
Dividend paid	-13,314	-7,863
Dividend paid to minority shareholders	-1,073	-1,480
<b>Cash flows from financing activities</b>	<b>-1,241</b>	<b>-24,064</b>
Cash flows of the period	5,522	1,834
Cash and cash equivalents at beginning of period	17,053	12,140
Value adjustment of cash and cash equivalents	-235	60
<b>Cash and cash equivalents at end of period</b>	<b>22,340</b>	<b>14,034</b>

## 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
<b>Capital and reserves 1 May 2012</b>	27,668	3,557	311,786	8,300	351,311	5,096	356,407
Profit for the period	0	0	18,622	0	18,622	637	19,259
Other consolidated income	0	798	0	0	798	0	798
Dividend paid	0	0	0	-8,300	-8,300	-1,480	-9,780
Dividend on own shares	0	0	437	0	437	0	437
<b>Total capital and reserves 31 October 2012</b>	27,668	4,355	330,845	0	362,868	4,253	367,121
<b>Capital and reserve 1 November 2012</b>	27,668	4,355	330,845	0	362,868	4,253	367,121
Profit for the period	0	0	1,348	13,314	14,662	449	15,111
Other consolidated income	0	-600	0	0	-600	0	-600
Dividend paid	0	0	0	0	0	0	0
Dividend on own shares	0	0	0	0	0	0	0
Cancellation of own shares	-1,458	0	1,458	0	0	0	0
<b>Total capital and reserves 30 April 2013</b>	26,210	3,755	333,651	13,314	376,930	4,702	381,632
<b>Capital and reserves 1 May 2013</b>	26,210	3,755	333,651	13,314	376,930	4,705	381,632
Profit for the period	0	0	23,007	0	23,007	783	23,790
Other consolidated income	0	-809	0	0	-809	0	-809
Dividend paid	0	0	0	-13,314	-13,314	-1,073	-14,387
Dividend on own shares	0	0	0	0	0	0	0
<b>Total capital and reserves 31 October 2013</b>	26,210	2,946	356,658	0	385,814	4,412	390,226

An extraordinary general meeting was held on Monday 17 December 2012 and it was decided to cancel holdings of own shares and also to reduce the share denomination from 100 DKK to 10 DKK.





## Notes

Note	t.DKK	H1 2013/14	H1 2012/13	Q2 2013/14	Q2 2012/13
1	<b>Financial costs</b>				
	Other interest expenses	912	737	421	367
	Exchange rate adjustments	365	1,001	65	34
	Value adjustment on forward option on purchase of minority entry	3,294	2,413	1,945	1,281
		4,571	4,151	2,431	1,682
			31/10 2013	31/10 2012	30/4 2013
2	<b>Other long-term liabilities</b>				
	At the beginning of the period		33,120	35,844	35,844
	Dividend paid		-3,675	-6,444	-6,444
	Profit for the period		3,294	2,413	3,720
			32,739	31,813	33,120

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.

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

1 May 2013 - 31 October 2013	Direct sale	Indirect sale	Total reportable segments
External revenue	321,892	66,964	388,856
Market contribution	71,252	20,759	92,011
Assets	154,263	13,643	167,906

1 May 2012 - 31 October 2012	Direct sale	Indirect sale	Total reportable segments
External revenue	323,955	71,885	395,840
Market contribution	67,009	21,322	88,331
Assets	136,616	16,953	153,569

#### Reconciliation of result for the period before tax

	2013/14	2012/13
Segmental result for reportable segments	92,011	88,331
Unallocated depreciations	-11,176	-10,710
Unallocated financial costs	-3,956	-3,933
Unallocated costs	-47,332	-46,957
Result for the period, cf. Income Statement	29,547	26,731

#### Reconciliation of assets

	2013/14	2012/13
Assets for reportable segments	167,906	153,569
Unallocated stock	126,200	138,409
Unallocated cash and cash equivalents	9,344	6,489
Unallocated tangible fixed assets	280,841	267,101
Assets, cf. Balance sheet	584,291	565,568

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