

Interim report 2013/2014

(1 may 2013 - 31 january 2014)

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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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John Vestergaard, CFO
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egetæpper a/s

Herning, 13 March 2014

Financial highlights for the group

DKK million	9 months 2013/14	9 months 2012/13	Year 2012/13
Turnover	593	585	782
Result before financial entries (EBIT)	57	42	55
Financial entries (net)	-7	-6	-7
Result before taxation	50	36	48
Profit for the period	39	26	34
Minority shareholders' part	1	1	1
Group net result	38	25	33
Total assets at end of period	576	566	568
Net working capital	185	174	171
Cash flows from operational activity	42	53	75
Capital and reserves	26	26	26
Capital and reserves at end of period excl. of minority holdings	401	369	377
Number of employees	479	466	471
Net investments in long-term assets	29	31	41
Depreciations	21	21	28
Net profit ratio (EBIT-margin)	10	7	7
Return on invested capital after taxation (p.a.)	13	9	9
Equity ratio	70	65	66
Net working capital in percentage of turnover	23	22	22
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 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	153	141	144
Stock exchange price	196	150	150
Stock exchange price/net asset value	1.28	1.07	1.04

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



ЗАПАСНЫЙ ВХОД



Management statement

The management and the board of directors have today presented and approved the interim report for the period 1 May - 31 January 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 January 2014 as well as of the result of the group's activities and cash flows for the period 1 May 2013 - 31 January 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, 13 March 2014

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."

The activity level in the first 9 months of the accounting year 2013/14 as a whole has been as expected. There has been a positive development in the 3rd quarter and we have observed an activity increase of 8%. In general the market is still characterised by big uncertainty.

On our biggest market, the Danish, we see an ongoing growth slightly better than expected, where as we among major markets as France and Germany still see decline. In the Middle East we have managed to maintain the positive development and high activity level. Among minor export markets especially the East European markets and also Switzerland and Asia are growing.

Turnover of the period amounted to 593 DKK million against 585 DKK million last year, which presents an increase of 1%. The export share is 78% which is on par with last year.

EBIT makes out 57.1 DKK million corresponding to an EBIT margin of 10%. Compared to last year an increase of 15.3 DKK million. The gross result has increased by 15.1 DKK million. Among other things we see the full effect of outsourced yarn production. Furthermore the increase in 3rd quarter is managed with unchanged overheads. So the group's overheads, amounting to 285.3 DKK million (other external costs, staff expenditure and depreciations)

are only increased by 0.2% compared to last year. We still invest in training and upgrading of our sales force.

With our company in Singapore as base the formation in Asia in going on as planned. We are still working on expanding the sales- and distribution network in the region.

As per 31 January 2014 the number of employees amounts to 479. Compared to the period before a decline of 3 members of staff.

Profit for the period before taxation and minority holdings amounted to 50.5 DKK million against 36.3 DKK million last year which is an increase of 39%.

Group cash flow from operations amounted to 42 DKK million against 53 DKK million last year. Increased funds tied up in working capital in all amounted to 10 DKK million against a decline during the same period last year of 3 DKK million. Furthermore corporation taxes paid have increased by 9 DKK compared to last year.

Net investments in long-term assets in this period amounted to 29 DKK million.

Prospects for the financial year 2013/14

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 9 months of the accounting year 2013/14, we define our expectations to the turnover of approx. 800 DKK million. We raise our expectations to the EBIT margin to 9-10% and profit before taxation to 60-70 DKK million.

Our expectations to cash flow from operations are reduced from 75-85 DKK million to 60-70 DKK million.

Focus will still be on a tight cost management and net working capital, efficiency improvements and a high activity level within

DKK mio.	Expected 2013/14	Adjusted expectations 2013/14	Realised 9 month 2013/14
Turnover	800-850	approx. 800	593
EBIT-margin	7-8%	9-10%	10%
Result before taxes	50-60	60-70	50
Cash flow from operations	75-85	60-70	42
Investments	40-50	40-50	29

product development as well as a continuing development of sales organisations on our export markets.

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 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 , Amendments to IFRS 7 and Annual improvements to IFRSs 2009-2011. The implementation has not affected recognition and measurements.



Profit and loss account 1 May 2013 - 31 January 2014

Note	t.DKK	9 months 2013/14	9 months 2012/13	Q3 2013/14	Q3 2012/13
	Turnover	592,552	584,685	203,696	188,845
	Change in stock of finished goods, work in progress and commercial goods	-4,099	29,789	-3,589	10,671
	Costs for raw materials, auxiliaries and commercial goods	-250,376	-290,731	-80,830	-92,181
	Other external goods	-107,591	-108,387	-35,964	-36,207
	Gross profit	230,486	215,356	83,313	71,128
	Other operating income	4,361	2,671	23	362
	Staff costs	-156,246	-154,945	-53,175	-53,471
	Depreciations	-21,454	-21,250	-7,031	-6,974
	Other operation costs	-56	-2	-3	-2
	Profit before financial entries and taxation	57,091	41,830	23,127	11,043
	Financial entries	159	132	5	37
1	Financial costs	-6,784	-5,704	-2,213	-1,553
	Profit before taxation	50,466	36,258	20,919	9,527
	Tax on profit for the period	-10,986	-10,111	-5,229	-2,639
	Profit for the period	39,480	26,147	15,690	6,888
	Divided between:				
	Shareholders of egetæpper a/s	38,256	25,256	15,249	6,634
	Minority shareholders	1,224	891	441	254
		39,480	26,147	15,690	6,888
	Diluted earnings per share, DKK (EPS-D)	14.60	9.64	5.82	2.53
	Earnings per share, DKK (EPS)	14.60	9.64	5.82	2.53

Consolidated income statement 1 May 2013 - 31 January 2014

t.dkk	9 months 2013/14	9 months 2012/13	Q3 2013/14	Q3 2012/13
Other consolidated income				
Exchange rate adjustment of foreign subsidiaries	-1,019	276	-210	-522
Tax on other consolidated income	0	0	0	0
Other consolidated income after tax	-1,019	276	-210	-522
Profit for the period	39,480	26,147	15,690	6,888
Total recognised consolidated income	38,461	26,423	15,480	6,366
Divided between:				
Shareholders of egetæpper a/s	37,237	25,532	15,039	6,112
Minority shareholders	1,224	891	441	254
	38,461	26,423	15,480	6,366

Balance sheet

Note	t.DKK	31/1 2014	31/1 2013	30/4 2013
Assets				
Long-term assets				
Intangible assets				
	Development costs	198	299	266
	Agency rights	1,610	1,610	1,610
	Goodwill	18,468	18,468	18,468
Total intangible assets		20,276	20,377	20,344
Tangible fixed assets				
	Land and buildings	144,821	147,029	144,788
	Technical equipment and machinery	70,379	60,584	59,781
	Operating equipment and fixtures	22,338	17,519	16,895
	Tangible assets in course of construction as well as prepayments	24,903	22,895	30,700
		262,441	248,027	252,164
Other long-term assets				
	Debtors	2,428	8,454	7,334
		2,428	8,454	7,334
Total long-term assets		285,145	276,858	279,842
Short-term assets				
	Portion of long-term liabilities falling due within 1 year	5,840	6,194	5,840
	Stocks	166,128	173,685	166,631
	Debtors	104,577	96,455	98,610
	Cash at bank and in hand	14,306	12,524	17,053
Total short-term assets		290,851	288,858	288,134
Total assets		575,996	565,716	567,976

Note 1.DKK

	31/1 2014	31/1 2013	30/4 2013
Liabilities			
Capital and reserves			
Share capital	26,210	26,210	26,210
Reserve for exchange rate adjustments	2,736	3,833	3,755
Accumulated result	371,907	338,937	333,651
Recommended dividend	0	0	13,314
	400,853	368,980	376,930
Minority shareholders' part	4,853	4,507	4,702
Total capital and reserves	405,706	373,487	381,632
Creditors			
Long-term liabilities			
Deferred taxation	19,163	21,354	21,021
2 Other long-term liabilities	33,993	32,844	33,120
Credit institutions	175	295	272
	53,331	54,493	54,413
Short-term liabilities			
Portion of long-term liabilities falling due within 1 year	32	9,176	9,226
Trade creditors	37,438	36,070	40,407
Bank debts	26,718	26,364	19,463
Company tax	3,720	13,467	7,473
Other amounts owed	49,051	52,659	55,362
	116,959	137,736	131,931
Total creditors	170,290	192,229	186,344
Total liabilities	575,996	565,716	567,976



THE SECTOR WAY

Cash flow statement 1 May 2013 - 31 January 2014

t.DKK	9 months 2013/14	9 months 2012/13
Turnover and other operating income	593,092	587,632
Operating costs	-539,822	-545,560
Depreciations	21,454	21,250
Change in working capital	-9,838	3,297
Cash flow from activities before financial items	64,886	66,619
Interest receipts or similar	325	218
Interest payments or similar	-6,784	-5,704
Cash flow from ordinary activities	58,427	61,133
Corporation tax paid	-16,597	-8,041
Cash flows from operating activities	41,830	53,092
Acquisition of intangible assets	0	0
Acquisition of tangible assets	-33,665	-30,571
Sale of tangible assets	4,804	132
Cash flows to investment activities	-28,861	-30,439
Change in long-term liabilities	776	-14,443
Change in operating credits	-1,939	1,603
Dividend paid	-13,314	-7,863
Dividend paid to minority shareholders	-1,073	-1,480
Cash flows from financing activities	-15,550	-22,183
Cash flows of the period	-2,581	470
Cash and cash equivalents at beginning of period	17,053	12,140
Value adjustment of cash and cash equivalents	-166	-86
Cash and cash equivalents at end of period	14,306	12,524

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 2012	27,668	3,557	311,786	8,300	351,311	5,096	356,407
Profit for the period	0	0	25,256	0	25,256	891	26,147
Cancellation of own shares	-1,458	0	1,458	0	0	0	0
Exchange rate adjustment	0	276	0	0	276	0	276
Dividend paid	0	0	0	-8,300	-8,300	-1,480	-9,780
Dividend on own shares	0	0	437	0	437	0	437
Total capital and reserves 31 January 2013	26,210	3,833	338,937	0	368,980	4,507	373,487
Capital and reserve 1 February 2013	26,210	3,833	338,937	0	368,980	4,507	373,487
Profit for the period	0	0	-5,286	13,314	8,028	195	8,223
Exchange rate adjustment	0	-78	0	0	-78	0	-78
Total capital and reserves 30 April 2013	26,210	3,755	333,651	13,314	376,930	4,702	381,632
Capital and reserves 1 May 2013	26,210	3,755	333,651	13,314	376,930	4,702	381,632
Cancellation of own shares	0	0	38,256	0	38,256	1,224	39,480
Exchange rate adjustment	0	-1,019	0	0	-1,019	0	-1,019
Dividend paid	0	0	0	-13,314	-13,314	-1,073	-14,387
Dividend on own shares	0	0	0	0	0	0	0
Total capital and reserves 31 January 2014	26,210	2,736	371,907	0	400,853	4,853	405,706



Notes

Note	t.DKK	9 months 2013/14	9 months 2012/13	Q3 2013/14	Q3 2012/13
1	Financial costs				
	Other interest expenses	1,320	1,078	408	341
	Exchange rate adjustments	916	1,183	551	182
	Value adjustment on forward option on purchase of minority entry	4,548	3,443	1,254	1,030
		6,784	5,704	2,213	1,553
			31/1 2014	31/1 2013	30/4 2013
2	Other long-term liabilities				
	At the beginning of the period		33,120	35,844	35,844
	Dividend paid		-3,675	-6,444	-6,444
	Profit for the period		4,548	3,444	3,720
			33,993	32,844	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 and material used for production as well as cost, which are directly referable to the individual markets.

Segmental information

1 May 2013 - 31 January 2014	Direct sale	Indirect sale	Total reportable segments
External revenue	488,364	104,188	592,552
Market contribution	114,418	32,828	147,246
Assets	149,060	16,932	165,992

1 May 2012 - 31 January 2013	Direct sale	Indirect sale	Total reportable segments
External revenue	477,036	107,649	584,685
Market contribution	98,114	32,923	131,037
Assets	138,921	18,026	156,947

Reconciliation of result for the period before tax

	2013/14	2012/13
Segmental result for reportable segments	147,246	131,037
Unallocated depreciations	-16,730	-15,920
Unallocated financial costs	-5,901	-5,176
Unallocated costs	-74,149	-73,683
Result for the period, cf. Income Statement	50,466	36,258

Reconciliation of assets

	2013/14	2012/13
Assets for reportable segments	165,992	156,947
Unallocated stock	131,100	137,573
Unallocated cash and cash equivalents	5,630	5,590
Unallocated tangible fixed assets	273,274	265,606
Assets, cf. Balance sheet	575,996	565,716

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