

Annual report 2014/15

The board of egetæpper a/s has today approved the annual report for the financial year 1 May 2014 – 30 April 2015. The annual report 2014/15 has the following main items:

Accounting report

The result before taxation amounts to 55.1 DKK million which is less than our expectations of 70-75 DKK million at the beginning of the year, but in line with the estimate released in March 2015, where a result before taxation of 50-60 DKK million was expected.

Financial highlights:

- The group turnover amounts to 873 DKK million against 784 DKK million last year, representing an increase of 11%. Adjusted for the inclusion of Hammer Tæpper, turnover increased by 1%.
- Result before financial items and taxation amounts to 67.0 DKK million, equal to an EBIT-margin of 8%.
- Result before taxation amounts to 55,1 DKK million, a decrease of 7.0 DKK million compared to last year.
- Group profit amounts to 43.3 DKK million against 48.0 DKK million last year.
- Dividend is proposed to be fixed at 17.0 DKK million equal to approx 40% of the group's result after taxation and dividend to minority shareholders.
- The net investments in long-term assets during the year amount to 110 DKK million, of which the acquisition of Hammer Tæpper represents 51 DKK million. Prepayments regarding investments for the coming year are included with 6 DKK million.
- Interest-bearing negative net balance amounts to 58.0 DKK million. The high level of investment during the year is financed through cash flows from operating activity and an increase in bank loans – fairly equally distributed.
- Cash flows from operation amount to 75 DKK million against 61 DKK million last year.

Prospects 2015/16

We determinedly work with egetæpper's general strategy "Sustainable Carpet Design 2020" and on this basis we have set up the following expectations to the markets:

- The level of activity on the Danish market, being our biggest market, has not fulfilled our expectations in the financial year 2014/15 and has not been in line with last year. We do not expect the market situation to change significantly during the coming year.
- Among the major export markets we especially expect growth in England, France and Germany. During the past year focus has been on enlarging and adapting both the organization and the product range. Furthermore it is our expectation that Norway, Sweden and The Middle East will continue to develop positively.
- Overall, the level of activity in Asia has not lived up to our expectations in the financial year 2014/15, especially the development in Q4 has not met the objectives. Construction of the distribution channels is in place, and we do not expect that the outcome of Q4 will be directional for the coming year, but that the region again will show a positive development.

- Establishment and setup in the US is also in place as well as the processing of the market has begun. Based on experience this will be a lengthy process. We expect that the US market will contribute positively to the overall activity, however, to a lesser extent during the start-up phase in the coming year.

In all our expectations to 2015/16 are:

- A turnover of 950-1,000 DKK million.
- An EBIT-margin of 8-9% excl. profit from the sale of our property in Vejle.
- A result before taxation of 80-90 DKK million of which approx. 20 DKK million relate to profit from the sale of our property in Vejle.
- Cash flow from operations of 80-90 DKK million.
- New investments in long-term assets of approx 50 DKK million. Net investments will make up 30 DKK million after deduction of profit from the sale of our property in Vejle.

The annual general meeting

The annual general meeting is to be held at egetæpper a/s in Herning on Friday 28 August 2015 at 11.30 a.m.

The board of directors has made the following proposals:

- Based on the dividend policy of the parent company the board of directors recommends that the dividend is fixed at 6.50 DKK per share nominal 10 DKK, corresponding to a total dividend of 17.0 DKK million or approx. 40% of the net result after taxation and dividend to minority shareholders.
- The board of directors also recommends that the board of directors is authorized to acquire own shares up to nominal 5.0 DKK million. The authorization is provided until the annual general meeting next year.

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egetæpper a/s

Herning, 25 June 2015