

# Consolidated annual report 2015/2016

**ege**<sup>®</sup>

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## **egetæpper a/s**

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### **Registration No.**

CVR-no.: 38 45 42 18

### **Board of Directors**

Ebbe Malte Iversen, director (chairman)  
Hans Olesen Damgaard, director (deputy chairman)  
Knud Damgaard, lawyer  
Anne Mette Zachariassen, director  
Jørgen Stender Clausen, smith (staff representative)  
Maja Lorenzen, office clerk (staff representative)

### **Management**

Svend Aage Færch Nielsen, CEO  
John Vestergaard, CFO

### **Auditors**

Ernst & Young  
Morten Friis, state authorized public accountant

### **Solicitors**

DAHL, Herning

### **Bankers**

Danske Bank  
Handelsbanken

### **Disclaimer**

In order to make this report more manageable and user-friendly, egetæpper a/s has decided to publish a consolidated annual report that does not include the financial statements for the parent company. In accordance with section 149 of the Danish Financial Statements Act, this consolidated annual report is an extract of the Company's complete annual report. The full report, including the annual report for the parent company, is available in Danish at [http://catalogs.egecarpet.com/aarsrapport\\_2015\\_2016\\_DK/](http://catalogs.egecarpet.com/aarsrapport_2015_2016_DK/)

The Consolidated Annual Report is published in English.

Only the original Danish text is legally binding. The translation has been prepared solely for practical reasons.

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Mr. John Vestergaard, CFO  
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egetæpper a/s

Herning, 1 July 2016

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## Financial highlights for the group

DKK million	2015/16	2014/15	2013/14	2012/13	2011/12
Turnover	954	873	784	782	753
Result before financial entries and taxation (EBIT)	91	67	70	55	64
Financial entries (net)	-14	-12	-8	-7	-9
Result before taxation	77	55	62	48	55
<b>Group net result</b>	<b>57</b>	<b>43</b>	<b>48</b>	<b>34</b>	<b>37</b>
Total assets at end of period	764	750	588	568	564
Net working capital	224	226	184	171	200
Cash flow from operating activities	84	75	61	75	44
Share capital	26	26	26	26	28
Equity at end of year excl. of minority holdings	470	434	409	377	351
Number of employees	568	564	480	471	494
Net investments in long-term assets (excl. acquisition of subsidiary)	28	64	34	41	29
Depreciations	34	30	28	28	28
Net profit ratio (EBIT-margin)	10	8	9	7	8
Return on invested capital after taxation (p.a.)	12	10	12	9	11
Solvency ratio	62	58	70	66	62
Net working capital in percentage of turnover	24	25*	23	22	27

The key figures have been calculated according to the Financial Analyst Association's "Recommendations and Key figures 2015".

\* The calculation has been adjusted to take into account that Hammer Tæpper A/S only is included with 7 months of revenue.

## Management statement

The Board of Directors and the Executive Board have today discussed and approved the annual report of egetæpper a/s for the financial year 1 May – 30 April 2016.

The annual report has been prepared in accordance with the International Financial Reporting Standards as approved by EU as well as the Danish Financial Statement Act.

In our opinion, the interim report gives a true and fair view of the group's assets, liabilities and financial state as per 30 April 2016 as well as of the result of the group and the company's activities and cash flows for the period 1 May 2015 – 30 April 2016.

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 year, cash flows 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.

We recommend that the annual report be approved at the annual general meeting.

Herning, 1 July 2016

### 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



Jørgen Stender Clausen  
Staff representative



Maja Lorenzen  
Staff representative

# Management report

## Accounting policies

The annual report for egetæpper a/s is prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by EU and Danish information regulations on financial reporting for listed companies.

Except from below comments, the used accounting policies are unchanged compared to last year.

As per 1 May 2015 egetæpper has implemented the parts of Annual Improvements, which enters mandatory into force. The implementation has not affected factoring and measurement.

The annual report is prepared in Danish Kroner.

## Accounting report

### Turnover

The group turnover amounts to 954 DKK million against 873 DKK million last year, representing an increase of 9%. Adjusted for the inclusion of Hammer Tæpper, turnover increased by 3% this year.

### Other operating income

Other operating income amounts to 23.3 DKK million against 2.3 DKK million last year. One-off income regarding the sale of our property in Vejle is included with 19.8 DKK million.

### Costs

Other external costs amount to 179 DKK million representing an increase of 20.5 DKK million against last year. Staff charges amount to 267 DKK million against 243 DKK million last year. In all, the increase in costs amounts to 11.1%. 12 DKK million is directly attributable to the focus area expansion and branding as well as training, upgrading and expansion of the sales organization. Adjusted for this factor as well as the inclusion of Hammer Tæpper the remaining increase in fixed costs make up 2.1%.

Depreciations amount to 34.5 DKK million against 29.8 DKK million last year.

### Financial entries

Financial entries amount to -14.4 DKK million against -12.3 DKK million last year. The increase is due to increased value adjustment of forward option to buy minority shareholding (inclusion of Hammer Tæpper).

### Profit of the year

Accordingly, the result before taxation amounts to 77.1 DKK million against 55.1 DKK million last year. After deduction of one-off income regarding the sale of our property in Vejle the result before taxes makes up 57.3 DKK million corresponding to an increase of 4% compared to last year.

After tax charge of the year of 19.6 DKK million against 11.9 DKK million last year, the result of the year amounts to 57.4 DKK million against 43.3 DKK million last year.

## Equity

The equity of the group exclusive of minority holdings amounts to 470 DKK million against 434 DKK million last year. The solvency ratio is 62% against 58% last year.

## Interest-bearing net assets

Interest-bearing net assets amount to 21.0 DKK million.

## Cash flow statement

Cash flows from operations amount to 84 DKK million against 75 DKK million last year.

Cash flows for investments amount to -28 DKK million against -110 DKK million last year.

Cash flows from financing amount to -55 DKK million against +29 DKK million last year. Dividend paid this accounting year amounts to 17 DKK million.

Changes in cash equivalents amount to +1 DKK million constituting 17 DKK at the end of the year.

## Investments

New investments in long-term assets this year make up 58 DKK million.

## Subsequent events

No subsequent events have occurred by year-end closing of significant importance to the financial position of the consolidated accounts and accounts of the parent company for 2015/16

## Prospects 2016/2017

With concern, we have noted the result of the EU referendum in Britain. During the financial year 2015/16 the UK market has contributed with approximately 17% of the group's total revenue and is considered as an important factor in achieving our plans of growth during the coming years.

We have no doubt that the result of the referendum will lead to substantial negative consequences – not only on the UK market but also to a great extent in Europe overall. We expect the effect will hit in two stages:

1. The exchange rate of GBP will be affected negatively with immediate effect. To counter the direct effect, forward contracts regarding the first half year of the financial year 2016/17 have been signed.
2. We expect that the UK market and the European Union will be affected by economic downturn during the second half-year of 2016. At present, we do not have evidence to predict how intense the effect will be to us. Taught by experience during the financial crisis, we expect a certain temporal effect to our industry, as ongoing projects typically will be completed. Conversely, the great market uncertainty will lead to restrain when it comes to new investments and renovations.

Based on the great limbo the EU referendum has caused, we will not at present put forward expectations to the financial year 2016/17.

Following the situation closely, we will announce our expectations to the financial year as well as our long-term 2020 objectives during the course of Q1 and Q2 of the financial year. In addition please read the section "A world without Brexit...".

### **Status of the strategy – achieved results**

In connection with the interim report for the first quarter of 2013/14 we published the long-term objectives regarding ege tæpper's development "Sustainable Carpet Design 2020".

Our efforts eventually to be able to meet the stated objectives have been concentrated on three strategic and long-term priorities:

- **Product development**

Carpet tiles are essential in order to carry out our long-term objectives, since carpet tiles continue to gain ground on the market, especially at ege tæpper's essential markets. Not surprisingly, carpet tiles have a strong presence in all parts of the group – not least when it comes to product development. During the past year, we have designed and introduced a number of new carpet tile qualities, such as our concept "Figura", offering tiles cut in eight different shapes and produced in 15 different qualities. Ongoing efforts are made to optimize and upgrade colors ensuring that the various collections are at the same high level as our wall-to-wall carpets.

The process of cutting tiles has been optimized further, opening a number of new possibilities for new forms of carving, reducing visibility of joins.

We see the expected growth on the tile market – during the financial year 2015/16 of 20% - and make long-term plans in order to be able to meet with the increased demand. We have laid down an overall plan for investments within the tile segment until 2020. The first part of the plan has been effectuated this year in the form of expansion of capacity at the existing plant. Investments in further capacity will be initiated concurrently with increasing demand.

We continuously optimize our concepts, including terms and conditions, in order to offer our customers the fastest possible delivery combined with a high degree of flexibility.

The high focus on tiles has not resulted in negligence of our other product programme. Our co-operation with internationally acclaimed designers continues with development of new collections. A case in point is our cooperation with Tom Dixon resulting in the collection "Industrial Landscape".

- **Expansion and branding**

The geographical market coverage is unchanged over the

year and our efforts have been directed towards already launched initiatives. Last year we established a company in the US: ege americas Inc. From experience market persuasion is a lengthy process, which at the same time requires readiness for market-related investments. We begin to see the first results of our effort since the activity of ege america has more than doubled compared to last year – even though the starting point was manageable. In the long term, we expect increased growth compared to the overall strategic objectives.

Our two largest segments remain unchanged Hospitality and Commercial. We have continued to work on the new subsegment Aviation (aircraft) throughout the financial year. Working on Aviation is also a lengthy and resource-intensive process, even compared to a traditional market, since the customers, who are geographically spread worldwide, demand specialized products. Our products have generally been well received by customers, but we stay realistic and do not expect that the segment will contribute substantially to growth during the coming year. Hammer Tæpper handles the maritime segment.

We continue to expand the sales organisation, which is also a long-lasting process. Much of our sales is relationship-based in terms of contact with architects, designers, etc. thus a significant training and phasing-in process exists before a new sales representative performs at full level. We still see a significant growth potential within the EU and including our domestic market Scandinavia our efforts have been concentrated on France, Germany and England. We experience growth and improved outcome on several of our primary markets, not least England and France. In other markets such as Germany, we must note that it takes longer time to achieve the desired objectives.

For a number of years we have worked with CSR and it has become an integrated part of our everyday life. We experience an increased interest and demand from customers and other interested parties. Once again, we are proud to be number one on the list of CSR effort of the 100 biggest Danish companies listed on the stock. The evaluation has been made by Økonomisk Ugebrev for Board of Directors and was published in April 2016.

- **Efficiency and productivity**

Efficiency and productivity is an area of focus in the entire company. At the end of the financial year 2015/16 we have completed a major upgrade project of our Millitron dye plant in the form of replacement of dye nozzles. The update has opened up a number of new possibilities with regard to production technique and designs and patterns. Development of new qualities is well underway.

The production facilities are generally optimized to handle both large and small batches with great flexibility - both with short and timely delivery.

On a regular basis, we upgrade and train our sales organization at ege academy to achieve an even better sales support and service before, during and after the purchase of a carpet solution. During the coming financial year budgets have been made with considerable resources for this activity. This includes our sales force in the field and at our offices. It is also important that our organisation has the right and most effective tools to solve a given task. During the financial year 2015/16 our CRM system has been developed fur-

ther. Furthermore, we have begun the implementation of a new ERP system, which is expected to be a long-lasting and resource-intensive process, which eventually will include all subsidiaries of the group. The first stage is expected to kick-off at the end of 2017.

- **A world without Brexit...**

It is important for us to be able to provide shareholders and other stakeholders a good basis to evaluate ege tæpper's current situation, not least our plans and expectations to the future. As previously mentioned, the result of the British EU referendum has led to an unresolved market situation, thus

## Information to shareholders

Share and dividend key figures	2015/16	2014/15	2013/14	2012/13	2011/12
Share capital, nominal t. DKK	26,210	26,210	26,210	26,210	27,668
Number of A-shares	330,340	330,340	330,340	330,340	330,340
Number of B-shares	2,290,720	2,290,720	2,290,720	2,290,720	2,436,490
Number of own B-shares	0	0	0	0	145,770
Number of B-shares in circulation	2,290,720	2,290,720	2,290,720	2,290,720	2,290,720
Earnings per diluted share, DKK	21.17	15.99	17.76	12.70	13.65
Earnings per share, DKK	21.17	15.99	17.76	12.70	13.65
Recommended dividend per share, DKK	10.50	6.50	7.00	5.08	3.00
Net asset value of share, DKK	179.41	165.45	156.03	143.81	134.03
Stock exchange price	203.00	225.00	194.50	150.00	117.00
Stock exchange price/net asset value	1.13	1.36	1.25	1.04	0.88
Dividend rate (calculated against market value)	5.2%	2.9%	3.6%	3.4%	2.7%

On an extraordinary general meeting held Monday 17 December 2012 it was decided to cancel stock of own shares and to split the capital into shares' denomination of 10.00 DKK instead of shares' denomination of 100.00 DKK. Accordingly, comparative figures have been adjusted.



we will not at present draw up our concrete expectations to the financial year 2016/17. Instead, we will publish our "before Brexit expectations":

Our market expectations (before Brexit) were as follows:

- The level of activity on the Danish market, being our biggest market, has exceeded our expectations for the financial year 2015/16. Compared to last year the level of activity has increased by 7% and we expect a pick-up 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 the organization and the product range. This work will continue during the financial year 2016/17. Furthermore, it is our expectation that Norway, Sweden and the Middle East will maintain the current level.
- Overall, the level of activity in Asia has not lived up to our expectations for the financial year 2015/16. We expect an improvement during the coming year.
- In the US, we begin to see the first results of the market persuasion and expect that the US will contribute positively to activity and earnings during the coming year.

In all our expectations to 2016/17 (before Brexit) were:

- A turnover of approx. 1,000 DKK million.
- An EBIT-margin of 8-9% corresponding to an EBIT of 80-90 DKK million.
- Cash flows from operation of 85-95 DKK million.
- New investments in long-term assets of 40-50 DKK million.

We emphasize that the above mentioned does **not** reflect our expectations to the financial year 2016/17, but is only outlined to give shareholders and other stakeholders a better basis for assessing the progress of the group.

### **Decisions made by the board and proposals for the annual general meeting**

The Board of Directors has proposed as follows:

- Based on the result of the year including one-off income regarding the sale of our property in Vejle, the dividend is proposed raised from 40% to 50% of the net result after taxation and dividend to minority shareholders. Dividend payable is fixed at 10.50 DKK per share nominal 10 DKK, representing a total dividend distribution of 27.5 DKK million.
- The Board of Directors also recommends that the General Assembly authorizes that own shares up to nominal 5.0 DKK million can be acquired. The authorization is provided until the Annual General Meeting next year.

The annual general meeting is to be held at egetæpper's corporate office in Herning on Friday 30 August 2016 at 11.30 a.m.

Proposals for the annual general meeting must be submitted in writing to the Board of Directors no later than 6 weeks before the annual general meeting, i.e. 18 July 2016.

### **The printed annual report**

The printed annual report is expected to be available mid August 2015 (week 33).

The printed annual report may be requested at the company office in Herning. The annual report will also be available on the company's website (egecarpets.com), as well as on the website of NASDAQ OMX Copenhagen.

### **Report of Corporate Social Responsibility**

In pursuance of ÅRL §99a egetæpper has to make a report of Corporate Social Responsibility including respect of human rights and the company's environmental impact.

At egetæpper we try to create a natural balance between economic goals and the consideration for people and environment to run a profitable business and also at the same time secure that our activities contribute to a sustainable development to the benefit of the society both globally and locally.

In 2013 we received the CSR certification DS 49001 in Herning, which forms the basis of our CSR efforts. The certification now also covers our factory in Gram, which was certified in November 2015. Thus, we follow the plan that all factories by 2020 must be covered by DS 49001. We are proud to be the first and only carpet manufacturer in the world with this comprehensive certificate. We have many CSR initiatives underway and continuously strive to be the world's leading carpet manufacturer, when it comes to Corporate Social Responsibility.

We work in a structured way with seven areas of CSR: Good governance, Human rights, Working conditions, Environmental considerations, Sound business practices, Consumer interests and Local community development and -involvement. Our CSR department is responsible for the development and implementation of daily tasks and our CSR steering group follows up on action plans, ensures progress in decisions and makes decisions on challenges within the CSR area.

During the past year we have turned up the demands of our supply chain management, which now includes acceptance of our Supplier Code of Conduct, onsite audits of high-risk suppliers, specific requirements for agents, distributors and subsidiaries that they must comply with our CSR policy and Code of Conduct as well as specific requirements for external craftsmen and cleaning staff at egetæpper to ensure among other things that working and safety conditions are in order. In this context Human Rights have a strong presence. From our Code of Conduct it is evident that we do not accept child labour, forced labour

and involuntary labour, and that we are against any form of discrimination just like we promote equal opportunities for all, both internally and externally. We respect human rights in relation to our business area and in connection with our activities in Denmark and abroad. The Supplier Code of Conduct has been sent to 91 suppliers for acceptance and signature.

We have always maintained a good dialogue with our stakeholders, and in 2016 we completed an analysis in which 56 stakeholders have indicated which of our CSR focus areas are of most importance to them. The result is clear: our stakeholders find Environmental issues, Labour and Human Rights most significant closely followed by Sound business practice, which is in accordance with egetæpper's priorities within CSR.

Within the group we have a strong focus on our employees' well-being and safety. In cooperation with external business psychologists a large job satisfaction analysis has been launched to ensure that possible welfare issues are detected and resolved. At the same time we have initiated a project to help us achieve our goal of zero work accidents and injuries before 2020.

It is egetæpper's policy to reduce the company's emission of CO<sub>2</sub> and with it reduce our strain on the climate. We support development in renewable energy by redeeming GO-certificates (formerly known as RECS certificates) through our partnership with DONG Energy. This year GO-certificates of 7,250 MW have been purchased, corresponding to 83% of our electricity consumption during the financial year. By 2020 the goal is to purchase 100% renewable energy. Each year projects are carried out to reduce the energy consumption at our production plant, and in 2015/2016 projects have been carried out where energy savings have been part of the overall investment project. For example, we have installed a heat recovery system at our tile machine in Herning, providing better indoor air quality and

ensuring energy savings by means of heat exchanger. Both in Herning and Gram we are replacing strip light in favor of LED light. Prospectively energy-saving projects will lead to reduced energy consumption.

In 2015/2016 we reached a major milestone with Cradle to Cradle certification of 34 new products. It is the largest Cradle to Cradle certification on Danish soil and one of the largest globally.

egetæpper has joined the UN Global Compact and every year egetæpper publishes a CSR report which will be published 1 July 2016 and can be downloaded at the company's website: <http://catalogs.egecarpet.com/8054020/>

### **Multiplicity in management**

In pursuance of ÅRL §99b egetæpper has to report on target figures etc. concerning the underrepresented sex in boardroom positions plus describe policy, actions and results regarding enlargement of the percentage of underrepresented sex on other management levels.

The statutory report stated at

[http://catalogs.egecarpet.com/Redegoerelse99b\\_2016\\_UK/](http://catalogs.egecarpet.com/Redegoerelse99b_2016_UK/)

According to instruction from the Danish Business Authority, egetæpper meets the requirement for equal distribution of men and women on the Board of Directors, but has an underrepresentation of women at other management levels. Generally, our policy is to secure a diverse workplace and work for advancing the number of women in leadership positions. We will secure our employees that they can use their skills in the best possible way regardless of sex, ethnicity, religion, political view, age, handicap, sexuality etc.



## Income statement 1 May 2015 - 30 April 2016 – Group

t.DKK	2015/16	2014/15
Turnover	954,106	873,489
Change in stock of finished goods, work in progress and commercial goods	2,995	32,767
Costs for raw materials, auxiliaries and commercial goods	-407,997	-408,903
Other external costs	-178,949	-158,488
<b>Gross profit</b>	<b>370,155</b>	<b>338,865</b>
Other operating income	23,300	2,115
Staff costs	-267,396	-243,293
Depreciations	-34,458	-29,752
Other operating costs	-104	-474
<b>Profit before financial entries and taxation (EBIT)</b>	<b>91,497</b>	<b>67,461</b>
Shares of result in associated company	775	480
Financial income	319	279
Financial expenses	-15,536	-13,095
<b>Profit before tax</b>	<b>77,055</b>	<b>55,125</b>
Tax on profit of the year	-19,659	-11,858
<b>Profit of the year</b>	<b>57,396</b>	<b>43,267</b>
<b>Divided between</b>		
Shareholders of egetæpper a/s	55,476	41,901
Minority shareholders	1,920	1,366
	57,396	43,267
Earnings per diluted share, DKK (EPS-D)	21.17	15.99
Earnings per share, DKK (EPS)	21.17	15.99





## Consolidated income statement 1 May 2015 - 30 April 2016 – Group

t.DKK	2015/16	2014/15
<b>Financial entries which might be reclassified to the profit and loss account</b>		
Exchange rate adjustment of foreign subsidiaries	-1,853	1,149
Tax on other comprehensive income	0	0
<b>Other comprehensive income after tax</b>	<b>-1,853</b>	<b>1,149</b>
Profit of the year	57,396	43,267
<b>Total recognised comprehensive income</b>	<b>55,543</b>	<b>44,416</b>
<b>Divided between</b>		
Shareholders of egetæpper a/s	53,623	43,050
Minority shareholders	1,920	1,366
	<b>55,543</b>	<b>44,416</b>

## Balance sheet at 30 April 2016 – Group

t.DKK	30/4 2016	30/4 2015
<b>Assets</b>		
<b>Non-current assets</b>		
<b>Intangible assets</b>		
Development costs	1,121	1,446
Customer relations	3,629	4,550
Agency rights	1,610	1,610
Goodwill	34,599	34,599
Intangible projects under construction	2,417	0
	43,376	42,205
<b>Tangible fixed assets</b>		
Land and buildings	136,044	136,166
Plant and machinery	134,556	106,818
Fixtures and fittings, tools and equipment	23,565	23,460
Property, plant and equipment under construction	19,657	26,196
	313,822	292,640
<b>Financial fixed assets</b>		
Capital investments in associated companies	25,871	25,096
	25,871	25,096
<b>Total non-current assets</b>	383,069	359,941
<b>Current assets</b>		
Portion of long-term liabilities falling due within 1 year	0	455
Inventories	221,815	218,747
Trade receivables	141,442	144,316
Cash and deposits	17,346	16,379
	380,603	379,897
Assets held for sale	0	10,381
<b>Total current assets</b>	380,603	390,278
<b>Total assets</b>	763,672	750,219



t.DKK	30/4 2016	30/4 2015
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	26,210	26,210
Reserve for exchange rate adjustments	1,854	3,707
Retained earnings	414,667	386,712
Proposed dividends	27,521	17,037
	470,252	433,666
Minority shareholders' part	5,549	4,998
<b>Total equity</b>	475,801	438,664
<b>Liabilities</b>		
<b>Long-term liabilities</b>		
Deferred tax	22,692	21,059
Credit institutions	95	132
Other long-term liabilities	76,255	68,598
	99,042	89,789
<b>Short-term liabilities</b>		
Current portion of long-term liabilities falling due within 1 year	37	34
Trade payables	49,745	46,001
Bank debts	38,238	74,554
Corporation tax	11,533	9,739
Other payables	89,276	91,438
	188,829	221,766
<b>Total liabilities</b>	287,871	311,555
<b>Total equity and liabilities</b>	763,672	750,219

## Cash flow statement 1 May 2015 - 30 April 2016 – Group

t.DKK	2015/16	2014/15
Turnover and other operating income	955,946	875,090
Operating costs	-887,671	-806,825
Depreciations	34,458	29,752
Change in working capital	4,843	-117
<b>Cash flow from activities before financial items</b>	<b>107,576</b>	<b>97,900</b>
Interest received and similar	618	279
Interest payments and similar	-7,911	-13,446
<b>Cash flow from ordinary operations</b>	<b>100,283</b>	<b>84,733</b>
Corporation tax paid	-16,232	-9,467
<b>Cash flows from operating activity</b>	<b>84,051</b>	<b>75,266</b>
Acquisition of tangible assets	-55,259	-63,633
Sale of tangible assets	29,919	1,640
Acquisition of intangible assets	-3,020	-1,955
Acquisition of subsidiary	0	-45,702
<b>Cash flows to investment activity</b>	<b>-28,360</b>	<b>-109,690</b>
Change in long-term liabilities	-37	4,422
Change in operating credits	-36,313	44,289
Dividend paid	-17,037	-18,347
Dividend paid to minority shareholders	-1,369	-1,480
<b>Cash flows from financing activity</b>	<b>-54,756</b>	<b>28,884</b>
Cash flow of the year	935	-5,540
Cash equivalents at beginning of period	16,379	21,568
Value adjustment of cash equivalents	32	351
<b>Cash equivalents at end of period</b>	<b>17,346</b>	<b>16,379</b>



## Statement of changes in equity at 30 April 2016 – Group

t.DKK	Share capital	Reserve for exchange rate adjustment	Retained earnings	Proposed dividends	Total	Minority shareholders	Total equity
<b>Equity 1 May 2015</b>	26,210	3,707	386,712	17,037	433,666	4,998	438,664
<b>Transactions in equity 2015/16</b>							
Value adjustment of foreign subsidiaries	0	-1,853	0	0	-1,853	0	-1,853
Net profits recognized directly on equity	0	-1,853	0	0	-1,853	0	-1,853
Profit for the year	0	0	27,955	27,521	55,476	1,920	57,396
<b>Total consolidated income</b>	0	-1,853	27,955	27,521	53,623	1,920	55,543
Dividend paid	0	0	0	-17,037	-17,037	-1,369	-18,406
<b>Total transactions in equity 2015/16</b>	0	-1,853	27,955	10,484	36,586	551	37,137
<b>Total equity 30 April 2016</b>	26,210	1,854	414,667	27,521	470,252	5,549	475,801

### Reserve for exchange rate adjustment

Reserve for exchange rate adjustment contains all adjustments occurring when accounts of subsidiaries in other functional currencies than DKK are converted. It also contains exchange rate adjustments concerning assets and liabilities which represent a part of the group's net investment in subsidiaries and also exchange rate adjustments concerning hedging transactions which covers the exchange risk of the group's net investment in subsidiaries.

Dividend is recommended to 10.50 DKK per share equal to approx 50% of the group's net result.

## Statement of changes in equity at 30 April 2015 – Group

t.DKK	Share capital	Reserve for exchange rate adjustment	Retained earnings	Proposed dividends	Total	Minority shareholders	Total equity
<b>Equity 1 May 2014</b>	26,210	2,558	361,848	18,347	408,963	5,112	414,075
<b>Transactions in equity 2014/15</b>							
Value adjustment of foreign subsidiaries	0	1,149	0	0	1,149	0	1,149
Net profits recognized directly on equity	0	1,149	0	0	1,149	0	1,149
Profit for the year	0	0	24,864	17,037	41,901	1,366	43,267
<b>Total consolidated income</b>	0	1,149	24,864	17,037	43,050	1,366	44,416
Dividend paid	0	0	0	-18,347	-18,347	-1,480	-19,827
<b>Total transactions in equity 2014/15</b>	0	1,149	24,864	-1,310	24,703	-144	24,589
<b>Total equity 30 April 2015</b>	26,210	3,707	386,712	17,037	433,666	4,998	438,664

### Reserve for exchange rate adjustment

Reserve for exchange rate adjustment contains all adjustments occurring when accounts of subsidiaries in other functional currencies than DKK are converted. It also contains exchange rate adjustments concerning assets and liabilities which represent a part of the group's net investment in subsidiaries and also exchange rate adjustments concerning hedging transactions which covers the exchange risk of the group's net investment in subsidiaries.

## Notes without reference – Group

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 sale	Indirect sale	Total reportable segments
<b>2015/16</b>			
External revenue	855,600	98,506	954,106
Market contribution	180,497	30,446	210,943
Assets	270,949	11,902	282,851
<b>2014/15</b>			
External revenue	762,886	110,603	873,489
Market contribution	152,334	34,002	186,336
Assets	268,413	14,310	282,723
<b>Reconciliation of result for the period before tax</b>			<b>2015/16</b>
			<b>2014/15</b>
Segmental result for reportable segments			210,943
Unallocated depreciations			-26,567
Unallocated financial costs			-274
Unallocated costs			-107,047
<b>Result for the period before taxation, cf. income statement</b>			<b>77,055</b>
			<b>55,125</b>
<b>Reconciliation of assets</b>			<b>2015/16</b>
			<b>2014/15</b>
Assets for reportable segments			282,851
Unallocated stock of goods			138,863
Unallocated cash and cash equivalents			7,895
Unallocated tangible fixed assets			334,063
<b>Assets, cf. balance sheet</b>			<b>763,672</b>
			<b>750,219</b>



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