



HOLLAND COLOURS

PRESS RELEASE

HALF YEAR RESULTS 2019/2020

14.5% revenue growth (including 2.5% impact of stronger USD)

- Revenue first half year € 52.3 million versus € 45.6 million in 2018/2019
- Growth driven by Packaging
- Markets for various raw materials remain tight
- Operating result improved to € 6.1 million (first half year 2018/2019: € 4.6 million)
- Net result € 4.5 million (first half year 2018/2019: € 3.4 million)

Revenue growth was realized in all three strategic focus segments with Packaging showing the highest growth. All three divisions contributed to the revenue growth.

Availability of certain raw materials remained tight with related price pressure. Total gross margin increased to € 23.3mIn versus € 20.5mIn prior year.

Operating cost increased € 1.3mIn mainly from higher labor cost and a negative currency impact. Due to the adoption of IFRS 16 the depreciation charge in the first half year increased with € 300k.

Earnings per share were € 5.12 versus € 3.84 for the first half of the prior year.

REVENUE PER DIVISION (in %)



Europe

The division Europe had a good start of the year with 13% revenue growth, which was driven by volume increases. Each focus market contributed to the growth. The gross margin improved accordingly and although operating cost went up as well, the operating result ended at € 2.1mIn versus € 1.3mIn last year.

Americas

Revenue for the division Americas ended 8% over prior year measured in USD reporting currency with Packaging being the strongest contributor. The higher margin mitigated the operating cost increase which resulted in an improved operating result ending at € 1.4mIn versus € 1.0mIn prior year.

Asia

Revenue for Asia was up 14% versus prior year, driven by increased sales to various countries. With only limited cost increases this resulted in an operating result of € 1.7mIn versus € 1.2mIn prior year.

Cash flow and financing

The net cash flow for the first half year was € 3.6mIn negative versus € 2.9mIn negative in prior year.

The number was negatively impacted by € 4.5mIn increase in operating working capital: growth related increase in accounts receivable as well as an increase in safety stocks of raw material due to ongoing shortages in the market.

Paid income tax was higher versus prior year (€ 1.3mIn versus € 0.7mIn) while the annual dividend payment was € 3.0mIn versus € 2.9mIn last year.

Capex ended at € 2.2mIn versus € 0.8mIn in prior year. We have invested in a new product line and capacity expansions as reported in press releases earlier this year.

The company remained debt free excluding the impact of IFRS 16.

Risk management

Risk management is an integral management task. It takes the size of the company and the character of the business in consideration in identifying the most significant risks to which the company is exposed. They are discussed on a periodic basis and mitigated where possible.

Such a system cannot provide absolute certainty that objectives will be realized. Neither can it guarantee prevention of potential cases of material mistakes, damage, fraud or breaches of statutory laws.

The 2018/2019 annual report describes the primary strategic, operational and financial risks. In terms of the risks and uncertainties described in the annual report, there have been no notable changes over the first half of this financial year. There were no cases of material damage, fraud or breaches of law detected in the first half year.

Board of Management statement

The Board of Management hereby declares that, to the best of its knowledge, the summarized interim consolidated half-yearly report as of 30 September 2019, drawn up in accordance with IAS 34 “Interim Financial Reporting”, represents a faithful rendering of the assets, liabilities, financial position and profit of Holland Colours NV and its subsidiaries as stated in the consolidated financial report, and that the Report of the Board of Management as included in this half-yearly report represents a faithful rendering of the information required in relation to item 5:25d subs 8 and 9 of the Dutch Financial Supervision Act.

Outlook for the second half year of 2019/2020

In line with previous years Holland Colours does not share forward looking statements.

Apeldoorn, October 24, 2019

Board of Management

Coen Vinke (CEO)

Margret Kleinsman (CFO)

Eelco van Hamersveld (CTO)

For further information:

Holland Colours NV

Coen Vinke

CEO Holland Colours

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Key figures

	Apr 1, 2019 to Sep 30, 2019	Apr 1, 2018 to Sep 30, 2018
RESULTS (in millions of euros)		
Revenue	52.3	45.6
Revenue growth versus comparable period (%)	14.5	7.5
Operating result	6.1	4.6
Net result	4.5	3.4
CASH FLOW (in millions of euros)		
Net cash flow	-3.9	-2.9
Investments	2.2	0.8
Depreciation	1.3	0.9
BALANCE SHEET (in millions of euros)		
Trade working capital ¹	22.6	20.7
Invested capital	37.9	34.4
Shareholders equity (excl. Minority interest)	44.2	38.2
Balance-sheet total	58.7	50.9
RATIOS		
Operating result / revenue (%)	11.8	10.2
Solvency ² (%)	75.7	75.3
Return on average invested capital ³ (ROI) (%)	25.4	23.6
Return on average shareholders' equity (%)	17.2	16.7
Interest coverage ratio	139.9	90.6
Current assets / current liabilities (current ratio)	3.0	2.8
FIGURES PER SHARE (In €)		
Total net result	5.12	3.84
Growth of earnings per share (%)	33.4	1.3
Equity (excl. Minority interest)	51.42	44.40
Closing price	83.00	85.20
OTHER DATA		
Number of outstanding shares	860,351	860,351
Average number of employees (fte's)	425	414

2019 is impacted by IFRS 16, please refer to the table on page 11.

1) Trade working capital: inventory + trade accounts receivable -/- trade accounts payable

2) Solvency: total equity / balance-sheet total

3) Return on invested capital: operating result / (equity+provisions+interest-bearing liabilities -/- cash)

Unaudited

Condensed interim consolidated income statement

In thousands of euros

	Apr 1, 2019 to Sep 30, 2019	Apr 1, 2018 to Sep 30, 2018
Revenue	52,261	45,630
Gross margin	23,292	20,473
Employee expenses	10,198	9,128
Amortisation and impairments	67	67
Depreciation and impairments	1,280	869
Other operating expenses	5,600	5,771
Total operating expenses	17,146	15,835
Operating result	6,147	4,638
Net finance expense	-58	-54
Tax on profits	-1,632	-1,214
Net result	4,457	3,370
Attributable to:		
Shareholders of the company	4,407	3,303
Minority interest	50	67
	4,457	3,370
Average number of shares issued	860,351	860,351
Earnings per share attributable to shareholders	5.12	3.84

Unaudited

Condensed interim consolidated statement of comprehensive income

In thousands of euros

	Apr 1, 2019 to Sep 30, 2019	Apr 1, 2018 to Sep 30, 2018
Net result	4,457	3,370
Items not transferable to the income statement:		
Actuarial results on employee benefits	-17	-12
Items transferable to the income statement:		
Net value adjustment financial instruments	19	10
Foreign currency translation differences	1,228	1,180
Total comprehensive income	5,687	4,548
Attributable to:		
Shareholders of the company	5,637	4,481
Minority interest	50	67
	5,687	4,548

Unaudited



Condensed interim consolidated balance sheet

In thousands of euros	Sep 30, 2019	Sep 30, 2018
<i>Non-current assets</i>		
Intangible fixed assets	481	467
Tangible fixed assets	19,491	16,792
Assets right-of-use	1,312	-
Deferred tax assets	1,683	1,360
Other long-term receivables	-	-
<i>Total non-current assets</i>	<i>22,967</i>	<i>18,619</i>
<i>Current assets</i>		
Inventory	13,963	13,331
Trade and other receivables	18,121	16,424
Tax receivables	138	121
Cash and cash equivalents	3,512	2,424
<i>Total current assets</i>	<i>35,733</i>	<i>32,301</i>
Total assets	58,700	50,920
<i>Equity</i>		
Total equity	44,452	38,350
<i>Non-current liabilities</i>		
Long-term debt	-	-
Employee benefit obligation	1,143	1,182
Deferred tax liabilities	35	-
Derivative financial instruments	-	-
Non-current lease liabilities	1,322	-
<i>Total non-current liabilities</i>	<i>2,500</i>	<i>1,182</i>
<i>Current liabilities</i>		
Credit institutions	-	-
Repayment obligations for long-term debt	-	-
Trade and other payables	10,799	10,921
Income tax liabilities	866	384
Employee benefit obligation	84	84
<i>Total current liabilities</i>	<i>11,748</i>	<i>11,389</i>
Total equity and liabilities	58,700	50,920

Unaudited

Condensed interim consolidated statement of changes in equity

In thousands of euros

	Share Capital	Share premium	Reserve conversion differences	Other reserves	Retained earnings	Minority interest	Total
As at March 31, 2018	1,953	1,219	-1,614	29	35,048	84	36,719
<i>For the 1st half year 2018/2019</i>							
Net result 1st half year 2018/2019	-	-	-	-	3,303	67	3,370
Other comprehensive income	-	-	1,180	10	-12	-	1,178
<i>Total comprehensive income</i>	-	-	1,180	10	3,291	67	4,548
Dividend 2017/2018	-	-	-	-	-2,916	-	-2,917
As at September 30, 2018	1,953	1,219	-434	39	35,421	151	38,350
<i>For the 2nd half year 2018/2019</i>							
Net result 2nd half year 2018/2019	-	-	-	-	2,753	9	2,762
Other comprehensive income	-	-	763	-	-66	-	697
<i>Total comprehensive income</i>	-	-	763	-	2,687	9	3,459
Transfer intangible fixed assets	0	0	-	10	-20	-	-10
As at March 31, 2019	1,953	1,219	329	49	38,088	160	41,798
<i>For the 1st half year 2019/2020</i>							
Net result 1st half year 2019/2020	-	-	-	-	4,407	50	4,457
Other comprehensive income	-	-	1,228	19	-17	-	1,230
<i>Total comprehensive income</i>	-	-	1,228	19	4,390	50	5,687
Dividend 2018/2019	-	-	-	-	-3,033	-	-3,033
As at September 30, 2019	1,953	1,219	1,557	68	39,444	210	44,452

Unaudited

Condensed interim consolidated statement of cash flows

In thousands of euros

	Apr 1, 2019 to Sep 30, 2019	Apr 1, 2018 to Sep 30, 2018
Operating activities		
Operating result	6,147	4,638
Adjustments for:		
Amortisations, depreciations and impairments	1,348	936
Change in provision	-81	-73
Capitalisation own hours	-	-
Exchange rate differences and other changes	-115	-316
Changes in working capital	-4,531	-4,211
Cash flow from operating activities	2,767	973
Income tax paid	-1,342	-663
Interest paid	-53	-48
Cash flow from operating activities	1,372	263
Cash flow from investing activities		
Capital expenditures, net of disposals	-2,153	-834
Cash flow from operating and investing activities	-781	-571
Cash flow from financing activities		
Change of capital by non-controlling interest	-	-
Paid dividend	-3,033	-2,917
Change in long-term liabilities	-317	-
Cash from financing activities	-3,350	-2,917
Change in cash and cash equivalents	-4,131	-3,488
Net foreign exchange differences	208	574
Net cash flow	-3,923	-2,914
Opening balance cash and cash equivalents	7,434	5,339
Closing balance cash and cash equivalents	3,512	2,425
Net cash flow	-3,923	-2,914

Unaudited

Segment reporting

Segment information for the first half year of 2019/2020

In thousands of euros

	Europa	Americas	Asia	Other	Adjustments and eliminations	Total
Revenue	27,807	16,348	8,106	-	-	52,261
Inter segmental transactions	554	11	22	-	-588	-
Revenue including inter segmental transactions	28,362	16,360	8,128	-	-588	52,261
Amortisation, depreciation and impairments	-504	-290	-131	-108	-314	-1,348
Operating results	2,080	1,371	1,693	1,003	-	6,147
Net financing expenses	-	-	-	-	-58	-58
Tax	-	-	-	-	-1,632	-1,632
Net result	-	-	-	-	4,457	4,457
Assets	26,972	18,673	11,768	46,503	-45,215	58,702
Liabilities	14,457	2,914	2,209	1,753	-7,084	14,250
Total investments	753	919	378	104	-	2,155
Average number of own employees (in FTE)	208	99	102	16	-	425

Segment information for the first half year of 2018/2019

In thousands of euros

	Europa	Americas	Asia	Other	Adjustments and eliminations	Total
Revenue	24,764	14,213	6,652	-	-	45,630
Inter segmental transactions	373	113	1	-	-487	-
Revenue including inter segmental transactions	25,137	14,327	6,653	-	-487	45,630
Amortisation, depreciation and impairments	-463	-235	-107	-135	4	-936
Operating results	1,336	990	1,244	1,068	-	4,638
Net financing expenses	-	-	-	-	-54	-54
Tax	-	-	-	-	-1,214	-1,214
Net result	-	-	-	-	3,370	3,370
Assets	25,443	17,097	9,716	31,951	-33,286	50,920
Liabilities	14,575	2,786	2,195	2,967	-9,953	12,571
Total investments	259	346	161	77	-	844
Average number of own employees (in FTE)	203	92	99	20	-	414

Unaudited

Explanatory notes on the condensed consolidated interim report

Holland Colours NV is a public limited liability company having its registered office in Apeldoorn, the Netherlands. The Company's condensed consolidated interim report comprises the financial statements of the Company and of its subsidiary companies, also named the Holland Colours Group.

The condensed consolidated interim report comprises the period April 1, 2019 up to and including September 30, 2019 of the Company and its subsidiary companies. Comparative figures consist of the corresponding period in 2018/2019, unless indicated otherwise.

All amounts listed are in thousands of Euros, unless specified otherwise.

The condensed interim financial statements are compiled by the Board of Management of Holland Colours NV and released for publication by the Supervisory Board on October 24, 2019.

Statement of compliance

The half year report has been prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union and in accordance with the IAS 34 "Interim Financial Reporting" guideline. The half year report does not contain all information required for a complete annual report, and should be read in combination with the 2018/2019 consolidated annual report of the Holland Colours Group.

Audit

No audit nor review was performed on the information presented in this half year report.

Accounting policies

The interim financial information regarding the period ending September 30, 2019 has been compiled in accordance with the principles for consolidation and financial reporting, as described in the annual report of Holland Colours NV for the fiscal year 2018/2019 except for the adoption of IFRS 16 on leases.

Holland Colours applied the modified retrospective approach to adopt IFRS 16. The lease and rental obligations are recognized as assets right-of-use of € 1.4mln and non-current lease liabilities of € 1.4mln per April 1st, 2019. Holland Colours has not restated the 2018/2019 comparative figures, as permitted by the modified retrospective approach. As a result of the adoption of the new standard, the operating result for the first half year is positively impacted by € 35k. Please refer to below table for impact on key financial data. The implementation of the standard has no economic or cash impact on the Group or the way we manage our business.

Impact adoption IFRS 16

In thousands of euros	This year before IFRS 16	Impact IFRS 16	This year as reported
Other operating expenses	-5,951	351	-5,600
Depreciation and impairments	-964	-316	-1,280
Operating result	6,112	35	6,147
Net financial expense	-12	-46	-58
Net result	4,468	-11	4,457
Non-current assets	21,655	1,312	22,967
ROI %	26.3	-0.9	25.4
Solvency %	77.5	-1.7	75.7

Taxes

In the interim financial information, taxes have been included in the profit and loss account on the basis of the estimated weighted average applicable nominal rate of corporate tax.

Outstanding shares

The number of outstanding shares as of September 30, 2019 is 860,351 shares. This number did not change in comparison with March 31, 2019.

Named reserves

The named reserves compose of currency translation differences and the other reserves, whereas the latter one comprises the hedge reserves and the reserve for intangible assets.

Obligations not reflected in the balance sheet

With the adoption of IFRS 16 the other liabilities not reflected in the balance sheet as included in the annual report 2018/2019 have changed substantially in the first half-year of 2019/2020. The lease and rental obligations are included in the Balance Sheet since the adoption of IFRS 16. The remaining other liabilities not reflected in the balance sheet have not changed substantially in the first half-year of 2019/2020.

Events after the reporting period

There have been no events after closing date.

Company Profile

Holland Colours develops, produces and commercializes solid and liquid colorants, masterbatches and additives for building and construction plastics (PVC) and packaging (PET and polyolefins). Next to serving these global markets, we offer color concentrates for coatings, elastomers and adhesives and other applications. Our technical experts are always creating new color solutions to give our customers peace of mind based on precise color match and color consistency.

Holland Colours is a Dutch company listed on the Euronext Amsterdam Stock Exchange. With committed employee shareholders and operations in the Americas, Europe and Asia, we provide personal local service on a global scale.

Important dates

June 4, 2020 : Publication annual figures for 2019/2020
July 16, 2020 : Annual General Meeting of Shareholders

Holland Colours NV

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