



# HOLLAND COLOURS

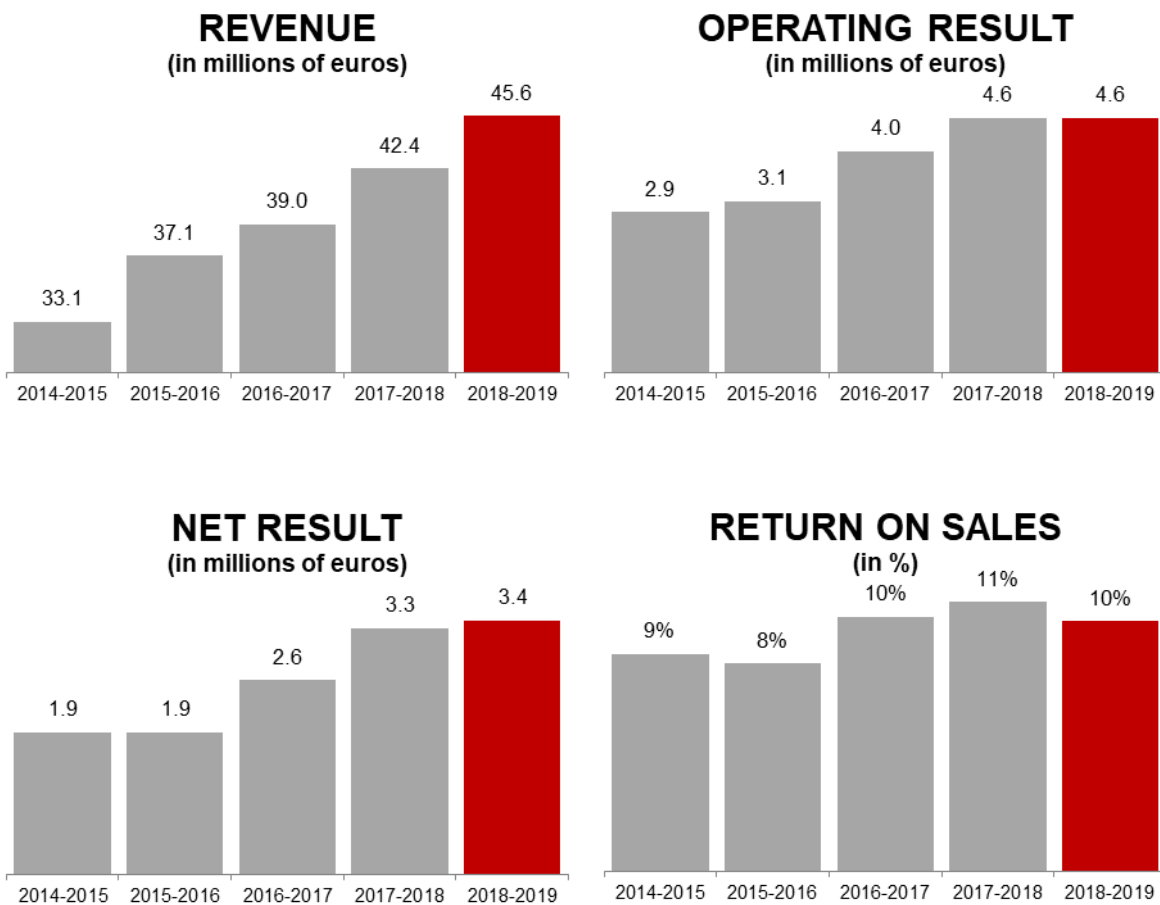
## PRESS RELEASE

### HALF YEAR RESULTS 2018/2019

#### 8% revenue growth

- Revenue first half year € 45.6 million versus € 42.4 million in 2017/2018
- Markets for various raw materials remain tight
- Operating result on same level as previous first half year
- Net result € 3.4 million (first half year 2017/2018: € 3.3 million)

Half year figures in tables:





Revenue for Holland Colours for their first half year (April – September) ended at € 45.6mln, 8% up from last year (€ 42.4mln) despite € 0.8mln negative currency translation effect on the USD.

The growth was realized in Europe and Asia from a mix of volume and price increases. Revenue in the Americas stayed behind due to lower demand.

Availability of certain raw materials remained tight with related price pressure. Total gross margin increased to € 20.5mln (versus € 19.4mln prior year).

Operating cost increased € 1.0mln mainly from higher labor cost (amongst others from filling vacancies, open since previous year), somewhat higher consulting cost and a negative currency impact.

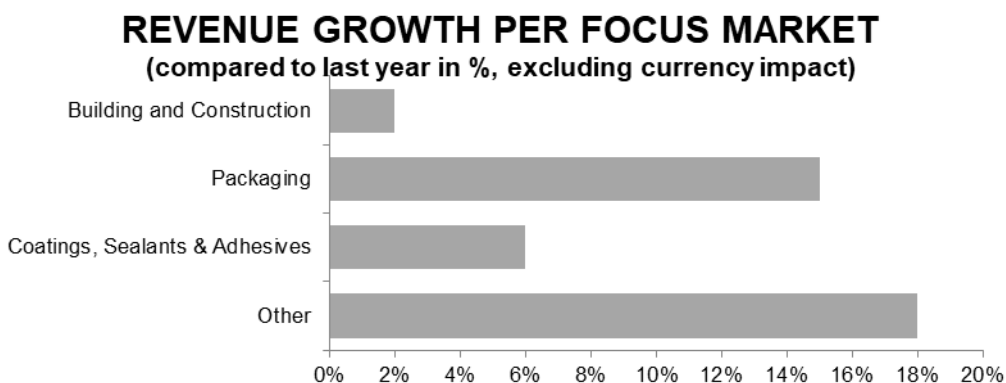
The operating result ended at par with prior year at € 4.6mln while the net result ended just a fraction higher at € 3.4mln with earnings per share at € 3.84 versus € 3.79 for the first half of the prior year.

**Organizational changes**

The transfer of the CEO position to Coen Vinke has been formalized by his appointment by the Annual Shareholders Meeting on July 12, 2018. Along with the appointment of Eelco van Hamersveld as CTO per the same date and the presence of Margret Kleinsman appointed as CFO in 2015, the Board of Management of Holland Colours now consists of three members.

**Revenue development by focus market**

Adjusted for currency impact, each focus market contributed to the 8% revenue growth. The growth in Building and Construction was limited at 2% while Packaging contributed the most with 15% growth. Coatings, Sealants and Adhesives was up 6%.



Americas was down in each segment while Europe was up in each segment. Asia showed a mixed picture with especially Packaging up.

## REVENUE PER DIVISION (in %)



### **Europe**

The division Europe had a good start of the year with 14% revenue growth partly driven by price increases in reply to the steep raw material cost increases. Each focus market contributed to the growth. The gross margin improved accordingly and although operating cost went up as well (mainly labor) the operating result ended at € 1.3mln, a return of sales of 5.3% versus 2.5% last year.

### **Americas**

Revenue for the division Americas stayed 5% behind prior year (or 1% measured in their reporting currency of USD). Lower margin and higher operating cost resulted in a rather steep decline of the operating result ending at € 1.0mln versus € 2.2mln prior year.

### **Asia**

Revenue for Asia was up 8% versus prior year with only two segments slightly behind. Growth related cost absorbed some of the margin improvement resulting in an operating result of € 1.2mln versus € 1.0mln prior year.

### **Cash flow and financing**

The net cash flow for the first half year was € 2.9mln negative versus € 3.8mln negative in prior year.

The number was negatively impacted by € 4.2mln 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 lower versus prior year (€ 0.7mln versus € 1.0mln) while dividend payment was up from € 2.6mln prior year to € 2.9mln this year.

Capex ended at € 0.8mln versus € 1.2mln in prior year.

The company remained debt free.

## **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 2017/2018 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 2018, 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 Board report 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 2018/2019**

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

Apeldoorn, October 25, 2018

### **Board of Management**

Coen Vinke (CEO)

Margret Kleinsman (CFO)

Eelco van Hamersveld (CTO)

### **For further information:**

Holland Colours NV

Coen Vinke

CEO Holland Colours

Tel: +31 (0)55 3680700

## Key figures

	Apr 1, 2018 to Sep 30, 2018	Apr 1, 2017 to Sep 30, 2017
<b>RESULTS (in millions of euros)</b>		
Revenu	45.6	42.4
Revenue growth versus comparable period (%)	7.5	8.7
Operating result	4.6	4.6
Net result	3.4	3.3
<b>CASH FLOW (in millions of euros)</b>		
Cash flow <sup>1</sup>	4.3	4.3
Investments	0.8	1.3
Depreciations	0.9	1.0
<b>BALANCE SHEET (in millions of euros)</b>		
Operating working capital <sup>2</sup>	20.7	16.5
Invested capital	34.4	30.4
Shareholders equity (excl. Minority interest)	34.8	34.8
Balance-sheet total	50.9	46.9
<b>RATIOS</b>		
Operating result / revenue (%)	10.2	10.9
Solvency <sup>4</sup> (%)	75.3	74.4
Return on average invested capital <sup>5</sup> (ROI) (%)	23.6	23.4
Return on average shareholders' equity (%)	16.7	16.7
Interest coverage ratio	90.6	67.8
Current assets / current liabilities (current ratio)	2.8	2.6
<b>FIGURES PER SHARE (In €)</b>		
Total net result	3.84	3.79
Growth of earnings per share (%)	1.3	24.7
Equity (excl. Minority interest)	40.45	40.45
Closing price	85.20	83.50
<b>OTHER DATA</b>		
Number of outstanding shares	860,351	860,351
Average number of employees (fte's)	414	407

1) Cash flow: net result + depreciations

2) Operating working capital: inventory + trade accounts receivable -/- trade accounts payable

3) Total debt: sum of interest bearing liabilities

4) Solvency: total equity / balance-sheet total

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

**Condensed interim consolidated income statement**

In thousands of euros

	Apr 1, 2018 to Sep 30, 2018	Apr 1, 2017 to Sep 30, 2017
Revenue	45,630	42,429
Gross margin	20,473	19,442
Employee expenses	9,128	8,637
Amortisation and impairments	67	67
Depreciation and impairments	869	924
Other operating expenses	5,771	5,199
Total operating expenses	15,835	14,827
Operating results	4,638	4,615
Net financial expense	-54	-13
Tax on profits	-1,214	-1,272
Net result	3,370	3,330
Attributable to:		
Shareholders of the company	3,303	3,257
Minority interest	67	73
	3,370	3,330
Average number of shares issues	860,351	860,351
Earnings per share attributable to shareholders	3.84	3.79

Unaudited



**Condensed consolidated statement of comprehensive income**

In thousands of euros

	Apr 1, 2018 to Sep 30, 2018	Apr 1, 2017 to Sep 30, 2017
<b>Net result</b>	3,370	3,330
<b>Items not transferable to the income statement:</b>		
Actuarial results on employee benefits	-12	-23
<b>Items transferable to the income statement:</b>		
Net value adjustment financial instruments	10	-14
Foreign currency translation differences	1,180	-1,700
<b>Total comprehensive income</b>	4,548	1,593
Attributable to:		
Shareholders of the company	4,481	1,520
Minoritory interest	67	73
	4,548	1,593

Unaudited



**Condensed interim consolidated balance sheet**

In thousands of euros	Sep 30, 2018	Sep 30, 2017
<i>Non-current assets</i>		
Intangible fixed assets	467	462
Tangible fixed assets	16,792	16,287
Deferred tax assets	1,360	2,011
Other long-term receivables	-	-
<i>Total non-current assets</i>	<i>18,619</i>	<i>18,760</i>
<i>Current assets</i>		
Inventory	13,331	10,859
Trade and other receivables	16,424	13,320
Tax receivables	121	121
Cash and cash equivalents	2,424	3,833
<i>Total current assets</i>	<i>32,301</i>	<i>28,133</i>
<b>Total assets</b>	<b>50,920</b>	<b>46,893</b>
<i>Equity</i>		
Total equity	38,350	34,885
<i>Non-current liabilities</i>		
Long-term debt	-	-
Employee benefit obligation	1,182	1,149
Deferred tax liabilities	-	-
Derivative financial instruments	-	-
<i>Total non-current liabilities</i>	<i>1,182</i>	<i>1,149</i>
<i>Current liabilities</i>		
Credit institutions	-	135
Repayment obligations for long-term debt	-	-
Trade and other payables	10,921	10,405
Income tax liabilities	384	235
Employee benefit obligation	84	84
<i>Total current liabilities</i>	<i>11,389</i>	<i>10,859</i>
<b>Total equity and liabilities</b>	<b>50,920</b>	<b>46,893</b>

Unaudited



## Condensed interim consolidated statement of changes in equity

In thousands of euros

	Share Capital	Share pre- mium	Reserve conversion differences	Other reserves	Retained earnings	Minoritory interest	Total
<b>As at March 31, 2017</b>	<b>1,953</b>	<b>1,219</b>	<b>812</b>	<b>42</b>	<b>31,849</b>	<b>7</b>	<b>35,882</b>
<i>For the 1st half year 2017/2018</i>							
Net result 1st half year 2017/2018	-	-	-	-	3,257	73	3,330
Other comprehensive income	-	-	-1,700	-14	-23	-	-1,737
<i>Total comprehensive income</i>	-	-	-1,700	-14	3,234	73	1,593
Dividend 2016/2017	-	-	-	-	-2,590	-	-2,590
<b>As at September 30, 2017</b>	<b>1,953</b>	<b>1,219</b>	<b>-888</b>	<b>28</b>	<b>32,493</b>	<b>80</b>	<b>34,885</b>
<i>For the 2nd half year 2017/2018</i>							
Net result 2nd half year 2017/2018	-	-	-	-	2,579	4	2,583
Other comprehensive income	-	-	-726	1	-37	-	-762
<i>Total comprehensive income</i>	-	-	-726	1	2,542	4	1,821
Transfer intangible fixed assets	-	-	-	-	13	-	13
<b>As at March 31, 2018</b>	<b>1,953</b>	<b>1,219</b>	<b>-1,614</b>	<b>29</b>	<b>35,048</b>	<b>84</b>	<b>36,719</b>
<i>For the 1st half year 2018-2018</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	-	-	-	-	-2,917	-	-2,917
<b>As at September 30, 2018</b>	<b>1,953</b>	<b>1,219</b>	<b>-434</b>	<b>39</b>	<b>35,422</b>	<b>151</b>	<b>38,350</b>

Unaudited

**Condensed interim consolidated statement of cash flows**

In thousands of euros

	Apr 1, 2018 to Sep 30, 2018	Apr 1, 2017 to Sep 30, 2017
<b>Operating activities</b>		
Operating result	4,638	4,614
Adjustments for:		
Amortisations, depreciations and impairments	936	991
Change in provision	-73	-183
Capitalisation own hours	-	-45
Exchange rate differences of derivative financial instruments	-	-
Exchange rate differences and other changes	-316	-358
Changes in working capital	-4,211	-4,120
<b>Cash flow from operating activities</b>	<b>973</b>	<b>899</b>
Income tax paid	-663	-993
Interest paid	-48	-4
<b>Cash flow from operating activities</b>	<b>263</b>	<b>-98</b>
<b>Cash flow from investing activities</b>		
Capital expenditures, net of disposals	-834	-1,214
<b>Cash flow from operating and investing activities</b>	<b>-571</b>	<b>-1,312</b>
<b>Cash flow from financing activities</b>		
Change of capital by non-controlling interest	-	36
Paid dividend	-2,917	-2,594
Proceeds from borrowings minus redemption payments	-	-
<b>Cash from financing activities</b>	<b>-2,917</b>	<b>-2,558</b>
<b>Change in cash and cash equivalents</b>	<b>-3,488</b>	<b>-3,870</b>
Net foreign exchange differences	574	53
<b>Net cash flow</b>	<b>-2,914</b>	<b>-3,817</b>
<b>Opening balance cash and cash equivalents</b>	<b>5,339</b>	<b>7,515</b>
<b>Closing balance cash and cash equivalents</b>	<b>2,425</b>	<b>3,698</b>
<b>Net cash flow</b>	<b>-2,914</b>	<b>-3,817</b>

Unaudited

## Segment reporting

### Segment information for the first half year of 2018/2019

In thousands of euros

	Europa	Americas	Asia	Other	Adjustments		Total
					and eliminations		
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

### Segment information for the first half year of 2017/2018

In thousands of euros

	Europa	Americas	Asia	Other	Adjustments		Total
					and eliminations		
Revenue	21,361	14,922	6,146	-	-	-	42,429
Inter segmental transactions	645	117	51	-	-814	-	-
Revenue including inter segmental transactions	22,007	15,039	6,197	-	-814	-	42,429
Amortisation, depreciation and impairments	-488	-280	-111	-117	5	-	-991
Operating results	545	2,228	964	878	-	-	4,615
Net financing expenses	-	-	-	-	-13	-	-13
Tax	-	-	-	-	-1,272	-	-1,272
Net result	-	-	-	-	3,330	-	3,330
Assets	22,918	15,355	7,581	44,584	-43,545	-	46,893
Liabilities	12,945	3,139	1,836	3,145	-9,056	-	12,008
Total investments	638	311	95	222	-	-	1,267
Average number of own employees (in FTE) (*)	201	89	98	19	-	-	407

(\*) This line has been restated from half year report 2017/2018.

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 consolidated financial statements comprise 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, 2018 up to and including September 30, 2018 of the Company and its subsidiary companies. Comparative figures consist of the corresponding period in 2017/2018, 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 25, 2018.

### **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 2017/2018 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, 2018 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 2017/2018.

### **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, 2018 amounted to 860,351 shares, This number did not change in comparison with March 31, 2018.

### **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**

The other liabilities not reflected in the balance sheet as included in the annual report 2017/2018 have not changed substantially in the first half-year of 2018/2019.

**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 coloring 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, 2019 : Publication annual figures for 2018/2019  
July 16, 2019 : Annual General Meeting of Shareholders

**Holland Colours NV**

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