

HOLLAND COLOURS PRESS RELEASE

FINANCIAL RESULTS 2015/2016

(this is a translation of the Dutch press release issued by the company on the same date)

8% HIGHER REVENUE AND 6% IMPROVED NET RESULT

Key figures (€ million)	2015/2016	2014/2015	Difference
Revenue	73.7	68.2	5.5
Operating result	5.7	5.3	0.4
Net result	3.6	3.4	0.2

Holland Colours achieved a revenue increase of € 5.5 million compared to the previous year despite disappointing sales in Asia, especially in China. Of this increase, € 4.4 million relates to the appreciation of the US dollar. Organic growth of the business came in at 1.5%.

The revenue developed well in the first quarter which was partly explained by a concentration of deliveries that were more evenly spread in the prior year. The second and fourth quarters ended almost at par with previous year while the third quarter showed an improvement.

Third-party revenue in both Europe and Americas increased by 4% (as measured in euros and US dollars respectively). All segments contributed, except for Elastomers USA where an important customer moved to in-house production. Revenue in Asia, as measured in US dollars, was down significantly amongst others due to a weaker economy in China and a disappointing domestic market in Indonesia.

Adjusted for currency impact, Holland Colours realised 2% growth in Building & Construction and Packaging, both important markets for the company. Most of the growth in the Building & Construction market originated in the Americas, while Asia, a much smaller market for Holland Colours, stayed behind. Growth in Packaging occurred mostly in the Americas this year, supported by Europe, while Asia (again relatively small) contributed negatively. Silicones & Elastomers ended below prior year mainly due to the slowdown in the Chinese economy and the aforementioned customer-specific development in the Americas. The 3% growth in Specialties was almost entirely generated in Europe, more than offsetting the decline in Asia.

Net margin improved, also as a percentage of sales.

Operating expenses increased by € 2.3 million, of which € 1.8 million was due to the higher exchange rate of the US dollar (translation effect). The remaining increase of € 0.5 million relates to exchange-rate differences on financial assets and liabilities as recognised in the income statement.

Net financing expenses amounted to € 0.13 million versus € 0.26 million in the prior year. Income tax expenses ended at € 2.0 million compared to € 1.6 million in the previous financial year.

The return on average invested capital for the year came to 20.0%, versus 18.5% in 2014/2015.

The effective tax rate was 35.6%. The increase compared to the 31.9% in the previous year is largely due to the higher share of the US entity in the results of Holland Colours.

The net result ended at € 3.6 million (compared to € 3.4 million in 2014/2015), whereby € 1.9 million was realized in the first half of the year (equal to prior financial year) and € 1.7 million in the second part of the year (versus € 1.5 million in the second half of 2014/2015).

Capital expenditures (including capitalised R&T hours) amounted to € 2.1 million (previous year € 1.3 million) which is in line with depreciation (€ 2.0 million in both this year and the prior year). The average level of capital expenditures over the past five years is € 1.4 million.

Operating cash flow amounted to € 7.6 million (versus € 5.6 million in the previous year). Of this amount, € 2.5 million was used for bank loan redemption. The net cash flow came to € 1.5 million, compared to € 3.1 million in the previous year.

The company continued to meet all ratios as agreed with the bank. The Total Debt/EBITDA ratio improved further, from 0.5 to 0.1. The company's solvency was 71.0% at the end of March 2016, compared to 66.1% in the previous year.

The net result per share amounts to € 4.23, against € 4.02 in the previous year.

The dividend proposal to be approved to the General Meeting of Shareholders on 7 July 2016 amounts to € 2.15 in cash per share (compared to € 2.00 in 2014/2015).

OUTLOOK FOR 2016/2017

Holland Colours will continue to work on achieving revenue growth in existing and new geographical regions. New product development as well as the commercialization of new products will be continued. Given the company's position in its existing markets, especially in Europe and the Americas, this is essential for further growth.

The revitalised sales organisation (as implemented over the past years) and the appointment of a Director of Global Marketing will further strengthening the connection with the market. It should be noted that Holland Colours operates in markets in which acceptance of (new) products takes time. Actions designed to increase the efficiency of the business operation and implementation of the findings of Activity Based Costing will be continued and intensified where needed. Developments in Asia will be closely monitored and further action will be taken where necessary.

The ongoing focus on growth and introduction of new products will require additional capital expenditures which are expected to be covered from internal funding.

As experienced in recent years, fluctuations in exchange-rates can significantly affect the company's result, both directly, since Holland Colours operates globally, and indirectly, due to the effect of exchange rates on economic activity in general. Furthermore, the economic development of the markets relevant to Holland Colours continues to be uncertain.

Based on the above, as well as the general volatility in the markets in which Holland Colours operates, Holland Colours will not issue an outlook for the 2016/2017 financial year.

For further information on the 2015/2016 financial results of Holland Colours and other background information on the company, please visit our website: www.hollandcolours.com.

Apeldoorn, 26 May 2016

Board of Management

Rob Harmsen

Margret Kleinsman

More information

Holland Colours NV

Rob Harmsen

Chief Executive Officer

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CONDENSED CONSOLIDATED INCOME STATEMENT

for the financial year ending March 31, 2016

In thousands of euros

	01-04-2015	01-04-2014
	to	to
	31-03-2016	31-03-2015
Revenue	73,732	68,246
Gross operating profit	35,468	32,667
Personnel costs	16,810	15,180
Amortisation, depreciation and impairments	2,027	1,958
Other operating costs	10,883	10,212
	29,720	27,350
Operating profit	5,748	5,317
Financial income and expenses	(113)	(260)
Income tax expenses	(1,998)	(1,613)
Net result	3,617	3,444
Attributable to:		
Shareholders of the company	3,643	3,462
Minority interest	(26)	(18)
Average number of shares issued	860,351	860,351
Total Earnings per share attributable to shareholders (ordinary and diluted)	4.23	4.02

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
for the financial year ending March 31, 2016

In thousands of euros

	01-04-2015	01-04-2014
	to	to
	31-03-2016	31-03-2015
Net result	3,617	3,444
Items that will not be reclassified to the income statement		
Actuarial results on employee benefits, after taxes	6	(204)
Items that may be reclassified to the income statement in the future		
Currency translation differences on foreign activities	(657)	3,680
Hedge results, after taxes	110	335
Other comprehensive income	(541)	3,141
Total comprehensive income	3,076	6,585
Attributable to		
Shareholders of the company	3,103	6,592
Minority interest	(27)	(7)

CONDENSED CONSOLIDATED BALANCE SHEET

In thousands of euros	31-03-2016	31-03-2015
Non-current assets		
Intangible fixed assets	376	363
Tangible fixed assets	14,940	15,139
Deferred tax assets	1,859	2,227
Other long-term receivables	-	205
Total non-current assets	17,175	17,934
Current assets		
Inventories	7,958	7,772
Trade and other receivables	13,197	15,362
Current income tax receivables	159	72
Cash and cash equivalents	6,791	5,305
Total current assets	28,105	28,511
Total assets	45,280	46,445
Equity		
Total equity	32,057	30,702
Non-current liabilities		
Long-term liabilities	875	1,125
Employee benefit obligations	1,190	1,417
Other long-term liabilities	117	166
Total non-current liabilities	2,182	2,708
Current liabilities		
Credit institutions	-	-
Repayment obligations	250	2,556
Trade-and other payables	10,451	10,034
Current income tax payables	84	305
Employee benefit obligations	256	140
Total current liabilities	11,041	13,035
Total equity and liabilities	45,280	46,445

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the financial year ending March 31, 2016

In thousands of euros

	Share capital	Share Premium	Foreign currency translation reserve	Other reserves	Retained earnings	Minority interest	Total equity
As at 31 March 2014	1,953	1,219	(2,668)	94	25,293	96	25,987
Net result for the							
2014/2015 financial year	-	-	-	-	3,462	(18)	3,444
Other comprehensive income	-	-	3,669	(335)	(204)	11	3,141
Total comprehensive income	-	-	3,669	(335)	3,258	(7)	6,585
Change in reserve for intangible assets	-	-	-	58	(58)	-	-
Change of capital	-	-	-	-	-	(46)	(46)
Dividend for 2013/2014	-	-	-	-	(1,824)	-	(1,824)
As at 31 March 2015	1,953	1,219	1,001	(183)	26,669	43	30,702
Net result for the							
2015/2016 financial year	-	-	-	-	3,643	(26)	3,617
Other comprehensive income	-	-	(656)	110	6	(1)	(541)
Total comprehensive income	-	-	(656)	110	3,649	(27)	3,076
Change in reserve for intangible assets	-	-	-	8	(8)	-	-
Dividend for 2014/2015	-	-	-	-	(1,721)	-	(1,721)
As at 31 March 2016	1,953	1,219	345	(65)	28,589	16	32,057

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the financial year ending March 31, 2016

<i>In thousands of euros</i>	01-04-2015	01-04-2014
	to	to
	31-03-2016	31-03-2015
Operating result	5,748	5,317
Depreciation, amortisation and impairments	2,027	1,958
Exchange rate differences and other changes	(97)	(321)
Changes in working capital	2,110	259
	9,788	7,213
Income tax paid	(1,970)	(1,357)
Interest paid	(174)	(244)
Cash flow from operating activities	7,644	5,612
Cash flow from investing activities	(1,694)	(1,125)
Change of capital by minority interest	-	(38)
Dividend paid to shareholders	(1,721)	(1,824)
Proceeds from borrowings, net of redemption payments	(2,484)	(250)
Cash flow from financing activities	(4,205)	(2,112)
Change in cash and cash equivalents	1,745	2,375
Currency differences on cash	(259)	767
Net cash flow	1,486	3,142
Net cash and cash equivalents as at 1 April	5,305	2,163
Net cash and cash equivalents as at 31 March	6,791	5,305
Net cash flow	1,486	3,142

SEGMENT REPORTING

for the financial year ending March 31, 2016

Segments 2015/2016*In thousands of euros*

	Europa	North America	Asia	Other	Adjustments and eliminations	Total
Revenue	37,127	26,764	9,848	(7)	-	73,732
Inter segmental transactions	723	33	72	-	(828)	-
Revenue including inter segmental transactions	37,850	26,797	9,920	(7)	(828)	73,732
Depreciation, amortisation and impairment	821	573	280	360	(7)	2,027
Operating result	2,065	2,410	929	344	-	5,748
Net financial expenses	-	-	-	-	(133)	(133)
Tax	-	-	-	-	(1,998)	(1,998)
Net result	-	-	-	-	-	3,617
Non-current assets	6,398	5,451	2,364	28,394	(25,432)	17,175
Current assets	9,401	7,963	5,551	6,415	(1,125)	28,105
Liabilities	6,778	2,629	2,999	2,914	(2,097)	13,223
Capital expenditures	1,019	682	173	223	-	2,097
Average number of employees (in FTE)	194	88	107	20	-	409

Segment 2014/2015*In thousands of euros*

	Europa	North America	Asia	Other	Adjustments and eliminations	Total
Revenue	35,829	22,532	9,887	(2)	-	68,246
Inter segmental transactions	867	56	32	-	(955)	-
Revenue including inter segmental transactions	36,696	22,588	9,919	(2)	(955)	68,246
Depreciation, amortisation and impairment	848	528	238	353	(9)	1,958
Operating result	1,662	1,792	1,543	320	-	5,317
Net financial expenses	-	-	-	-	(260)	(260)
Tax	-	-	-	-	(1,613)	(1,613)
Net result	-	-	-	-	-	3,444
Non-current assets	6,257	6,067	2,603	25,323	(22,316)	17,934
Current assets	12,999	8,279	6,115	7,764	(6,646)	28,511
Liabilities	11,439	2,811	2,929	6,002	(7,438)	15,743
Capital expenditures	547	278	196	252	-	1,273
Average number of employees (in FTE)	189	88	107	17	-	401

Intercompany transactions are determined on arm's length basis.

Notes

General

The condensed consolidated financial information for the year 2015/2016 with related comparative information has been prepared using accounting policies which are based on International Financial Reporting Standards (IFRS).

Disclaimer

This press release is based on the annual financial statements prepared by the Board of Management and discussed and approved by the Supervisory Board in its meeting of May 26, 2016 and contains only a part of these statements. The annual financial statements are published on May 26, 2016 and will be presented to the General Meeting of Shareholders for adoption on July 7, 2016. The auditor has issued an independent auditor's statement of approval for the annual financial statements that have been prepared.

KEY FIGURES

Financial year at March 31 2015/16 2014/15 2013/14

Results (in € million)

Revenue	73.7	68.2	66.0
Revenue growth (%)	8.1	3.5	0.1
Operating result	5.7	5.3	5.4
Net result	3.6	3.4	3.5

Cash flow (in € million)

Cash flow ¹	5.6	5.4	5.5
Capital expenditures	2.1	1.3	2.4
Amortisation, depreciation and impairments	2.0	2.0	1.9

Balance (in € million)

Working capital ²	10.7	12.7	11.7
Invested capital	28.8	30.7	28.2
Shareholders' equity (excl. minority interest)	32.1	30.7	25.9
Balance sheet total	45.2	46.5	40.3

Ratios

Total debt ³ / EBITDA	0.1	0.5	0.6
Operating result / turnover (%)	7.8	7.8	8.2
Solvency ⁴ (%)	71.0	66.1	64.5
Return on average invested capital ⁵ (ROI) (%)	20.0	18.5	18.4
Return on average shareholders' equity (%)	11.6	12.5	13.9
Interest coverage ratio	43.3	20.0	22.2
Current assets / current liabilities (current ratio)	2.6	2.2	2.4

Figures per share (€)

Net result	4.23	4.02	4.12
Growth in earnings per share (%)	5.2	0.0	21.2
Cash flow	6.51	6.28	6.34
Shareholders' equity (excl. minority interest)	37.26	35.64	30.09
Dividend (proposed for 2015/2016)	2.15	2.01	2.12
Highest share price	52.30	48.50	34.60
Lowest share price	39.90	28.20	21.70
Closing share price	46.01	45.29	28.50

Other data

Number of outstanding shares	860,351	860,351	860,351
Average number of employees (FTE)	409	401	397

1) Cash flow : net result + depreciation

2) Working capital: inventories + amounts receivable -/- non-interest bearing liabilities

3) Total debt: sum of the interest-bearing debt

4) Solvency: total equity / balance-sheet total

5) Return on average invested capital: operating result / (equity (including minority interest) + provisions + interest-bearing debt -/- cash)

HOLLAND COLOURS

Corporate profile

- Approximately 400 employees;
- 2,000 customers in 80 countries;
- 9 locations;
- Worldwide network of agents;
- Each employee is a shareholder.

Holland Colours NV was founded in 1979 and has been listed on Euronext Amsterdam since 1989. It is an independent Dutch corporation with offices in North America and Mexico, Europe and Asia.

Holland Colours makes products for colouring synthetic materials, the main products being Holcobatch and Holcoprill. Both these products have the advantage of being free flowing, dust-free, and very easy to dose. Furthermore, Holland Colours makes pastes for colouring silicones, elastomers, PET packaging and other applications.

Holland Colours concentrates worldwide on three focus markets:

- Building & Construction (especially PVC applications);
- Packaging (especially PET applications);
- Silicones & Elastomers.

More than 80% of revenue is realized in these three markets.

Almost the entire production is generated by four principal plants in the Netherlands, Hungary, the United States and Indonesia.

Holland Colours is organized in three regional divisions that operate as profit centres in each specific region: Europe (including the Middle East, India and Africa), Americas and Asia.

The global revenue distribution is Europe 51%, Americas 36% and Asia 13%.

Important dates

July 7, 2016	General Meeting of Shareholders
August 16, 2016	Interim statement
October 27, 2016	Publication of semi-annual figures for 2016/2017
February 9, 2017	Interim statement
May 30, 2017	Publication of annual figures for 2016/2017
July 11, 2017	General Meeting of Shareholders

HOLLAND COLOURS NV

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