

PRESS RELEASE

RESULTS 2019/2020 HOLLAND COLOURS

Revenue € 101.5 million – up 12% growth, driven by all Divisions

Holland Colours, a global colorants producer with strong footholds in the building & construction and packaging markets reports:

- 12% revenue growth for the financial year 2019/2020 over prior year;
- Operating result from continued operations was € 10.8 million (ROS of 10.6%) versus € 8.8 million previous year (ROS 9.6%);
- Net result after discontinued operations was € 7.9 million versus € 6.1 million prior year and net earnings per share came in at € 9.09 versus € 7.04 prior year;
- Total net result will be appropriated to the reserves.

The 12% revenue growth to € 101.5 million was driven by volume growth and an increase of average prices in Europe (8.8%) and Americas (11.4%) The revenue increase in Asia (8.7%) was primarily due to increased volumes. The favorable currency impact was (€ 2.0 million) from the USD translation.

All three strategic segments and all three divisions contributed to this revenue growth. Packaging added the most while sales in the Building and Construction (B&C) segment was up as well. Coatings, Sealants & Adhesives (CS&A) in Europe also delivered a solid growth over prior year. The majority of the Group revenue (91%) is realized within these three strategic segments. B&C is still the largest segment.

The net margin for the group was € 45.8 million, an increase of € 5.3 million on the year before, including € 0.9 million currency effects. The margin as a percentage of revenue ended higher at 45.1%, versus 44.5% in the previous year. This increase is due to a favorable geographical and product mix. Sales price increases were introduced to mitigate overall higher raw material costs.

Operating expenses of € 35.0 million were up € 3.3 million (10.4%) from the previous year, including € 0.7 million from the USD translation. The increase is due to higher labor cost and depreciation.

The first successes of our strategic program 'Growing Together 2023' are visible and have contributed to the improvement of the financial results.

Net cash flow came in at € 0.2 million versus € 2.1 million last year. While the cash position improved over prior year the lower cash flow result of € 1.9 million is among others due to higher investment activities with € 1.4 million, negative translation differences on Cash and Cash Equivalents of € 0.5 million and more pay out of dividend € 0.1 million. The investment in operating working capital and higher income taxes paid is absorbed by the higher operating result. There were no changes in the company's external funding. Beside the liabilities related to the adoption of IFRS 16 the company remains loan free.

COVID-19 AND DIVIDEND PROPOSAL

The first signs of the COVID-19 pandemic became apparent in China late 2019. We realized that this could become a threat to our business when, in early 2020, export orders to China were postponed until further notice. Since then, the virus has spread globally with an unimaginable pace and impact.

We were relatively early in introducing precautionary measures: we announced global travel restrictions in mid-February, and by the first week of March we had set up a global crisis team. The health of our employees and their loved ones is paramount. We took all necessary actions to ensure our operations would continue running and to secure supply to our customers. The measures we took in each division (Europe, Americas and Asia) are largely comparable. Also all our companies are following the instructions of their national authorities closely.

How severe the expected global economic recession will be is unclear. Demand in Packaging, especially for food, hygiene and health and personal care, is expected to remain at an acceptable level. For example, exports for the packaging market in China were on hold for two months early this year before returning to previous levels. We do, however, expect a global decline in building & construction and coatings segments. It is difficult to anticipate and fully understand the events that could potentially have an impact on our business. Various types of government measures implemented in response of COVID-19 and with different levels of severity can and will affect our business.

The international availability of raw materials, logistics and transportation remains uncertain and will also have an impact. In anticipation of the expected drop in revenue, the company decided in early April to implement a very restrictive expenditure and investment policy worldwide. Additional measures will be taken, depending on developments, which may vary by subsidiary.

We will consider using COVID-19 government assistance programs if, when and where our business deteriorates and in case we would be eligible under national legislation.

Due to the high level of uncertainty related to the COVID-19 crisis and the expected economic downturn we want to remain a strong financial structure for the company. Therefore it is proposed to appropriate the total net profit to the reserves and not to pay any dividend.

We intend to evaluate the development of the COVID-19 pandemic, the market situation, outlook and the effect of our plans and actions towards the end of the calendar year 2020 and will by then consider if an interim dividend payment is appropriate.

For more information on the full financial results as published today, please refer to the Holland Colours website www.hollandcolours.com

OUTLOOK 2020/2021

Holland Colours will not provide precise forward-looking statements about revenue and results for 2020/2021. Obviously, the question is whether the financial targets can be achieved, but at the time of completion of the Annual Report, the effects related to COVID-19 were not yet at a level that we were forced to take more measures. However, we continue to closely consider all possible scenarios. While uncertain, we do not believe, however, that the impact of COVID-19 would have a material adverse effect on our financial condition or liquidity.

Apeldoorn, June 4th, 2020

Board of Management

Coen Vinke
Eelco van Hamersveld

For further information

Holland Colours NV
Coen Vinke
CEO Holland Colours
Tel: +31(0)55 3680700

INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

In thousands of euros	April 1, 2019/ March 31, 2020	April 1, 2018/ March 31, 2019
Revenue	101,539	90,902
Cost of materials	(55,772)	(50,448)
Net Margin	45,767	40,454
Personnel Expenses	(20,186)	(18,313)
Amortization and Impairments	(142)	(121)
Depreciation and Impairments	(2,747)	(1,784)
Other Operating Expenses	(11,904)	(11,469)
Total Operating Expenses	(34,979)	(31,687)
Operating Result	10,788	8,767
Finance Income	20	35
Finance Expense	(103)	(102)
Finance Income and Expense	(83)	(67)
Result before Income Tax	10,705	8,700
Income Tax	(2,784)	(2,333)
Net Result from continuing operations	7,919	6,367
Discontinued operations	(23)	(238)
Net Result after discontinued operations	7,896	6,129
Attributable to:		
▪ Shareholders of the Company	7,823	6,053
▪ Non-controlling interest	73	76
	7,896	6,129
Earnings per share in euros		
Average number of shares issued	860,351	860,351
Earnings per share from continued operations	9.12	7.40
Earnings per share from Total Net Result	9.09	7.04



STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

In thousands of euros	April 1, 2019/ March 31, 2020	April 1, 2018/ March 31, 2019
Net Result	7,896	6,129
Items that will not be reclassified to the Income Statement		
Actuarial result on Employee Benefits, after Tax	(56)	(80)
Other Comprehensive Income that could in future be classified to the Income Statement		
Foreign Currency Translation Differences	392	1,943
Other Comprehensive Income and Expenses	336	1,863
Total Comprehensive Income after Expenses	8,232	7,992
Attributable:		
Shareholders of the Company	8,159	7,916
Non-controlling Interest	73	76
	8,232	7,992

BALANCE SHEET

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

In thousands of euros	April 1, 2019/ March 31, 2020	April 1, 2018/ March 31, 2019
Non-Current Assets		
Intangible Assets	280	476
Property, Plant and Equipment	20,398	18,150
Deferred Tax Assets	1,318	1,696
Right-of-Use Assets	1,425	-
Long-Term Receivables	80	-
	23,501	20,322
Current Assets		
Inventory	12,782	12,533
Trade and Other Receivables	18,857	17,278
Income Tax Receivables	396	183
Cash and Cash Equivalents	7,666	7,434
	39,701	37,428
Total Assets	63,202	57,750
Equity		
Share Capital	1,953	1,953
Share Premium Reserve	1,219	1,219
Other Reserves	594	379
Retained Earnings	43,091	38,088
Equity Attributable to Shareholders of the Company	46,857	41,638
Non-Controlling Interest	233	160
Total Equity	47,090	41,798
Non-Current Liabilities		
Long-Term Debt	-	-
Lease Liabilities	565	-
Employee Benefit Obligations	1,134	1,211
Deferred Tax Liabilities	271	-
	1,971	1,211
Current Liabilities		
Lease Liabilities	878	-
Trade and Other Liabilities	12,414	13,359
Income Tax Liabilities	762	1,298
Employee Benefit Obligations	87	84
	14,141	14,741
Total Equity and Liabilities	63,202	57,750

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

In thousands of euros

Equity attributable to Shareholders of the Company

	Share Capital	Share Premium Reserve	Foreign Currency Translation Reserve	Hedge Reserve	Legal Reserve for Intangible Assets	Retained Earnings	Total	Non- Controlling Interest	Total Equity
As at March 31, 2018	1,953	1,219	(1,614)	(353)	382	35,048	36,635	84	36,719
Net Result for the Financial Year	-	-	-	-	-	6,053	6,053	76	6,129
Other Comprehensive Income	-	-	1,943	-	-	(78)	1,865	-	1,865
Total Comprehensive Income	-	-	1,943	-	-	5,975	7,918	76	7,994
Transfer of Reserve for Intangible Assets	-	-	-	-	20	(20)	-	-	-
Change of Capital	-	-	-	-	-	-	-	-	-
Dividends for 2017/2018	-	-	-	-	-	(2,916)	(2,916)	-	(2,916)
As at March 31, 2019	1,953	1,219	329	(353)	402	38,088	41,638	160	41,798
Net Result for the Financial Year	-	-	-	-	-	7,824	7,824	73	7,897
Other Comprehensive Income	-	-	392	-	-	36	428	-	428
Total Comprehensive Income	-	-	392	-	-	7,860	8,253	73	8,326
Transfer of Reserve for Intangible Assets	-	-	-	-	(176)	176	-	-	-
Result from Assets Right-of-Use	-	-	-	-	-	-	-	-	-
Change of Capital	-	-	-	-	-	-	-	-	-
Dividends for 2018/2019	-	-	-	-	-	(3,033)	(3,033)	-	(3,033)
As at March 31, 2020	1,953	1,219	721	(353)	226	43,091	46,857	233	47,090

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

In thousands of euros	Apr 2019 Mar 2020	Apr 2018 Mar 2019
Operating Result	10,788	8,767
Adjustments for:		
Amortisation of Intangible Assets and Impairments	142	121
Depreciation of Property, Plant and Equipment and Impairments	2,747	1,784
Changes in Provisions	(82)	(63)
Exchange-rate Differences	(80)	143
Cash Flow from Operating Activities before Changes in Working Capital, Tax and Interest	13,515	10,752
Changes in Working Capital	(2,744)	(1,465)
Income Tax Paid	(2,831)	(1,270)
Interest Received	20	35
Interest Paid	(103)	(102)
Cash Flow from Operating Activities from continuing operations	7,827	7,949
Cash Flow from Operating Activities from discontinued operations	(23)	(219)
Cash Flow from Operating Activities	7,804	7,730
Proceeds from Asset Disposals	-	19
Capital Expenditures in Intangible Assets	(3)	(124)
Capital Expenditures in Property, Plant and Equipment	(4,290)	(2,819)
Receipts from Financial Non-Current Assets	0	0
Cash Flow from Investment Activities	(4,293)	(2,924)
Dividend Paid	(3,033)	(2,916)
Cash Flow from Financing Activities	(3,033)	(2,916)
Exchange-rate and Translation Differences on Cash and Cash Equivalents	(246)	207
Net Cash Flow	232	2,096
Cash and Cash Equivalents as at April 1	7,434	5,338
Cash and Cash Equivalents as at March 31	7,666	7,434
Net Cash Flow	232	2,096

SEGMENT REPORTING

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

Segments 2019/2020	Europe	Americas	Asia	Other	Adjustments and	
					eliminations	Total
Revenue	52,207	32,541	16,791	-	-	101,539
Inter segmental transactions	1,015	25	24	-	(1,064)	-
Revenue Including Intersegmental Transactions	53,222	32,566	16,815	-	(1,064)	101,539
Depreciation, Amortisation and Impairments	(1,149)	(642)	(285)	(222)	(591)	(2,889)
Operating Result from Continued Operations	3,275	2,144	3,534	1,835	-	10,788
Operating Result from Discontinued Operations	-	-	(23)	-	-	(23)
Operating Result after Discontinued Operations	3,275	2,144	3,511	1,838	-	10,765
Financial Income	-	-	-	-	20	20
Financial Expense	-	-	-	-	(100)	(100)
Tax	-	-	-	-	(2,784)	(2,784)
Net Result	-	-	-	-	7,897	7,897
Non-current Assets	9,924	6,688	3,534	46,815	(43,461)	23,500
Current Assets	16,487	13,466	8,637	1,681	(570)	39,702
Liabilities	13,050	3,899	2,894	1,634	(5,365)	16,112
Total Investments	2,371	1,692	461	(289)	1,856	6,091
Average Number of Employees (in FTE)	207	99	103	16	-	425

Segments 2018/2019	Europe	Americas	Asia	Other	Adjustments and	
					eliminations	Total
Revenue	48,151	27,837	14,913	-	-	90,902
Inter segmental transactions	773	128	1	-	(902)	-
Revenue Including Intersegmental Transactions	48,925	17,965	14,914	-	(902)	90,902
Depreciation, Amortisation and Impairments	(917)	(528)	(212)	(255)	7	(1,905)
Operating Result from Continued Operations	1,547	1,926	3,839	1,455	-	8,767
Operating Result from Discontinued Operations	-	-	(221)	-	-	(221)
Operating Result after Discontinued Operations	1,547	1,926	3,618	1,455	-	8,546
Financial Income	-	-	-	-	35	35
Financial Expense	-	-	-	-	(102)	(102)
Tax	-	-	-	-	(2,333)	(2,333)
Net Result	-	-	-	-	6,129	6,129
Non-current Assets	8,690	5,719	3,253	34,139	(31,749)	20,322
Current Assets	15,886	11,344	7,386	7,654	(4,884)	37,386
Liabilities	13,610	2,696	2,569	1,468	(4,390)	15,952
Total Investments	1,214	684	826	218	-	2,942
Average Number of Employees (in FTE)	204	96	100	19	-	419



NOTES

General

The condensed consolidated financial information for the year 2019/2020 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 June 4, 2020 and contains only a part of these statements. The annual financial statements are published on June 4, 2020 and will be presented to the General Meeting of Shareholders for adoption on July 16, 2020.

The auditor has issued an independent auditor's statement of approval for the annual financial statements that have been prepared.

KEY FIGURES

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

	2019/20	2018/19	2017/18	2016/17	2015/16
Income statement (€ million)					
Revenue	101.5	90.9	83.5	77.5	73.7
Operation result before depreciaton and amortisation (EBITDA)	13.7	10.7	10.2	9.1	7.7
Depreciation of property, plant, equipment and intangibles	(2.9)	(1.9)	(2.0)	(1.9)	(2.0)
Operating result	10.8	8.8	8.2	7.2	5.7
Interest	(0.1)	(0.1)	-	(0.1)	(0.1)
Income tax	(2.8)	(2.3)	(2.2)	(1.7)	(2.0)
Result of discontinued operations	-	(0.2)	(0.1)	(0.2)	-
Net result	7.9	6.1	5.9	5.2	3.6
Statement of financial position (€ million)					
Total assets	63.2	57.8	50.2	49.4	45.3
Total equity	47.1	41.8	36.7	35.9	32.1
Interest-bearing debt	-	-	-	-	1.1
Working capital ¹	21.3	19.4	17.2	14.3	13.4
Invested capital ²	39.9	36.6	32.6	29.7	28.5
Cash	7.7	7.4	5.3	7.5	6.8
Statement of cashflows (€ million)					
Cash flow from operating activities	8.0	7.7	3.3	7.2	7.6
Investments	(4.3)	(2.9)	(2.5)	(3.6)	(1.7)
Dividend	(3.0)	(2.9)	(2.6)	(1.9)	(1.7)
Other financial activities ³	(0.5)	0.2	(0.4)	(1.0)	(2.7)
Net cash flow	0.2	2.1	(2.2)	0.7	1.5
Revenue per division					
Europe	53.2	48.9	43.9	39.1	37.9
Americas (in USD)	36.1	32.4	34.1	31.6	29.6
Asia (in USD)	18.7	17.2	14.0	11.6	11.0
Ratios					
Return on Sales (ROS)	10.6%	9.6%	9.8%	9.3%	7.7%
Solvency ⁴	74.5%	72.3%	73.1%	72.7%	70.9%
Return on Investment (ROI) ⁵	27.0%	24.0%	25.2%	24.2%	20.0%
Working capital in % of revenue	21.0%	21.3%	20.6%	18.5%	18.2%
Market capitalisation as at March 31 (€ million)	68.8	65.7	76.6	59.8	39.1
Number of shares outstanding	860,351	860,351	860,351	860,351	860,351

1. inventories + trade accounts receivable -/- trade accounts payable

2. property, plant & equipment, intangible assets, other investments -/- non interest bearing current liabilities

3. sum of long-term financing, translation differences on cash and cash equivalents and derivatives.

4. equity as % of balance sheet total

5. operating result as % of the invested capital

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.

Key dates

July 16, 2020	Annual General Meeting of Shareholders
October 27, 2020	Publication of half-year figures 2020/2021
June 3, 2021	Publication of 2020/2021 financial statements
July 15, 2021	Annual General Meeting of Shareholders

Holland Colours NV

PO Box 720 | 7300 AS Apeldoorn | Netherlands
Tel + 31 (0)55 368 07 00 | Fax + 31 (0)55 366 29 81
ir@hollandcolours.com | www.hollandcolours.com |

