

Town Hall Meeting

Business Update: April 2019

On Tuesday 30th April, we had a Town Hall Meeting, live from Head Office. On the panel were Dennis van Schie, our Chief Executive Officer and Jonathan Spight, Chief Financial Officer.

Positive Achievements

Dennis started the meeting with a general update of the business and a few positive achievements, such as our cost control going well, our strategic initiatives being on track – including the upcoming opening of the new Distribution Centre in the US, the transfer of production from Tianjin to Le Mans, the closure of Huaibei and our improving margins.

Numbers from Jonathan

Jonathan then mentioned how valuable the monthly calls with each business units are to understand their cash situation. He reaffirmed that we are building confidence in our ability to manage cash. However, despite EBIT and our cash situation being in line with 2019 budget to date, there is a point of concern regarding our sales as we are significantly behind our budget so far. This can be explained in part by the social protests in France, the high volume of sales at the end of last year and the destocking process.

Two significant challenges

First of all, the [loss of Arches](#) to FILA is a significant hit in our topline.

Secondly, Dennis announced that [Colart will stop manufacturing and selling Reeves](#), due to the lack of profitability and the lower than expected sales.

There will be an official announcement on this topic by the end of this week.

With two of our brands leaving our portfolio, we must adjust our cost base to the reality of the volume position we have afterwards while keeping focus on our fine art brands, which are the core of our business.

Q&A session

From minute 18'40 in the recording, Dennis and Jonathan answered live questions. To see the full answers, please refer to the recording below.

The questions included:

- Can we have more information on the Reeves decision?
- How is the loss of Arches affecting our performance for this year?
- Did the Arches news come as a surprise?
- How will we retain our market leadership after these two losses?
- When will we cease business as usual for Reeves?
- Should there be concern regarding the growing presence of FILA?

- What are the commercial plans to get us back on track sales-wise?
- What is the strategy for paper now?
- What will the ceasing of Reeves mean for CTAM?

Dennis ended the meeting by thanking everybody for their drive, delivery and motivation, and reminded us to stay open and keep the dialogue going.

Watch the video of the town hall meeting

- [Watch it on the Bank](#)
- [Watch it on the Intranet](#)