

Dennis' blog

December 2019

Hello all,

As the year draws to an end, I would like to take the opportunity to reflect on what has happened this year and give some perspective on the outlook and focus going forward.

First of all, I would like to say thank you to everybody for staying so focussed on what was our single purpose of this year: to deliver on our profit and cashflow commitments which demonstrates the financial turnaround needed to continue to invest in building a sustainable Colart. While we still have to close the month of December, we are confident that we will end the year in a positive way. Of course, the financial outcome is the result of very hard work and many structural change projects that we have delivered during the year.

Let me highlight a few of these:

1. Exit our facility in Huaibei and as a result seizing our private label canvas business;
2. Transfer of Liquitex production from Tianjin to Le Mans;
3. Clean up of historic balance sheet items including Tax overpayments in the US;
4. Launch of Liquitex.com on a completely new digital platform;
5. Completion of a new Distribution Centre in Piscataway;
6. Finalization of the relaunch of Lefranc Bourgeois;
7. Exit of Reeves securing licencing deals with some distributors;
8. Best "Fine art" supplier award from Michaels;
9. Continued expansion of our Winsor & Newton Graphic Art proposition including a relaunch of Promarker; and lastly
10. Phasing out the Arches distribution agreement and handover to FILA.

When you step back and list all we have done in just one year, you realise what an enormous achievement that is. So a big thank you again!

Looking ahead we are getting ready for a smaller business without Reeves and Arches. This means adjusting our cost base further to protect our profitability and cash generation. Our budget for 2020 has been approved and can be seen as a solid step towards the 5% EBIT we are aiming to deliver in 2021. More than ever we are setting out to build a sustainable business in economic, social and environmental terms with increasing focus on the end consumer, on the US market and on the digitalization of our business.

Our purpose stays the same. Colart exists to "Inspire every artist in the world" reflecting our belief that there is an artist in everyone. We are a House of Premium Brands excelling in quality products and close engagement with our consumers. Our people make this happen, living the culture to feel like a family and acting as a high performing team.

Closing off, I wish you wonderful year end festivities and look forward to working together in the new year!

Dennis