

ColArt

6 July 2015

Dear colleagues,

In London we have just experienced the hottest day in nine years (!), which very well symbolises how our business is doing at the moment! We have just had our yearly global conference, and the response has been extremely positive. The focus of the conference was culture and leadership, and our chairman Erik Urnes joined us for the first time. He was very impressed by the positive spirit and the high level of activity within ColArt. He also confirmed the board's long-term strategy, sustainable branded growth, and was part of a discussion panel responding to questions from the audience.

Here is a photo of Adrian Ryan, General Manager for Snazaroo, who received a new award "The ColArt United Award", for the outstanding work he is doing, together with the Snazaroo team, in building a strong value-driven engagement in the business. A short film from the Snazaroo team is posted on Sharepoint. The US team was presented with "Award for Outstanding Commercial Performance", and Steve Chamberlain with "Outstanding Achievement Award". Sara Clark received the "Monet Award for Outstanding Achievements in Brand Development".



Sales performance in June showed yet another strong performance with a larger than 7% increase versus last year! This is extremely encouraging for the rest of the year. We are experiencing great progress in the US, but also in France and China. Also, our export markets are showing positive numbers! The exceptions are Spain and UK, where we are not growing at the moment. Our service ratio is still tracking to our target level, and our stock levels are decreasing which reduces the need for warehouse space.

After some initial challenges, the first Winsor & Newton pigment markers are being shipped to the US. They are actually on the water right now! This is extremely exciting, and I would like to take this opportunity to thank each and every one of you who has made this happen! The W&N pigment marker is



a great example of how we can drive the market when we put our minds together and across our units. Well done ColArt United!



Last week I was in France to meet Arches and finalise the details of our future partnership. This is also a project that is proceeding according to plan, which is very satisfying. Arches will be launched from Le Mans on October 1st and in the US one month later. Our collaboration with Arches is not only going to strengthen our offering within Fine Art Paper; it also reinforces our market leading position on

the global market. This is yet another example of remarkable teamwork across the line that will have a positive impact on our future business. Thank you Arches Team!

I am very delighted to see all the progress we are making in the culture movement. Value-driven companies are more effective and attractive as employers, but they are also more profitable. Daily, I experience great examples of **INNOVATION, QUALITY, OPENNESS** and **PASSION** across our business, and it is especially satisfying to see all the positive energy and engagement in the values. They have not only created a dialogue about what we stand for, they are now driving our business in a positive direction. It is everybody's responsibility to live up to our philosophy and make sure that we live up to our values. I am fully aware that we are not there yet, but we have come a long way in a short time.

Keep a look out for some brushes circulating around the business. They are actually more than a brush; they are tools to activate our values! If you receive a brush from a colleague, you should do something according to our values, and let us know what you did! Then pass it on to someone else. All participants at the conference got a baton, so there are currently 57 brushes circulating. The value relay ends on August 30th, so keep the brushes going! The best activities will be rewarded!

Have a nice summer!

A handwritten signature in black ink, appearing to read 'T. Bräutigam'.

Thomas Bräutigam
CEO

