

Acme United Corp. (ACU)

Company Report – August 10, 2019

Acme United Corporation is a worldwide supplier of cutting devices, measuring instruments and first-aid products for school, home, office, industrial and hardware use.

The Company reported net income of \$807,000 or \$0.24 per diluted share, for its first quarter ended March 31, 2019 versus \$764,000, or \$0.21 per diluted share, for the comparable period last year. This is an increase of 6% in net income and 14% in diluted earnings per share. A solid performance, and in fact the highest first quarter earnings in the Company's history.

The major contributor to this result was the cost savings program that Acme United implemented in the fourth quarter last year. For example, it let go of a number of people, which reduced personnel expenses by about \$700,000 annually. In addition, third party sales reps were replaced by in-house people. Acme also cut back on print advertising and put more focus on social media, resulting in annual savings of \$400,000. All these saving are going straight to the bottom line.

Acme United's management is providing guidance of approximately \$140 to \$143 million in sales, net income of \$5.0 to \$5.3 million and \$1.41 to \$1.50 earnings per share.

Based on these estimates, we reiterate our buy recommendation for Acme United Corp. with a price target of \$29.88, which is 50% above today's stock price.



- ▣ The cost reductions that were implemented in the fourth quarter of 2018 are now in full force and will generate savings of over \$2 million annually. Acme continues to implement new software and production equipment to generate additional savings. Thanks to these cost savings, and a solid sales outlook, the Company is anticipating continued growth in 2019.
- ▣ Camillus, Cuda, and DMT businesses continue to grow, and are expected to show a strong second half of the year. Especially DMT looks promising. The diamond sharpener brand recently expanded its production capacity and is beginning to fill significant back orders.
- ▣ The Company has reduced its net debt by over \$5.0 million during the past 12 months and continues to seek tuck-in acquisitions.



THE COMPANY

Acme United Corporation is a supplier of cutting, measuring and safety products for the school, home, office, outdoors, fishing, hardware, and industrial markets. Its principal products are scissors, rulers, pencil sharpeners, knives and first aid kits.

The Company's products are organized under nine brands: Westcott, Clauss, Camillus, PhysiciansCare, Pac-Kit, First Aid Only, Cuda, DMT, and Spill Magic. Both the number of products offered under these brands, as well as the number of physical and online stores where these products are available, continue to grow.

Net sales for the second quarter ended June 30, 2019, reached \$40.2 million, an increase of 1% compared with sales of \$39.8 million in the second quarter of 2018.

Sales during the quarter benefited from strong performance of first aid products, Camillus hunting and camping items, and Cuda fishing tools. At the same time, sales of Westcott back to school items were softer than in last year's period. The trend of lower back to school sales in the second quarter is becoming more obvious as more parents purchase school supplies online in the third quarter.

Acme United's second quarter has traditionally been the one in which a majority of the back-to-school products were shipped from the Asian factories to the distribution centers of major retailers. Those retailers would then receive the containers and distribute the products to their stores for sales in July and August.

With online sales though, Acme is receiving orders that closely match the timing of actual purchases by end users. Because in the U.S. and Europe most schools go back in session in August or early September, orders from online retailers, such as Amazon and Jet, are only received in the third quarter.

Gross margin was 36.7% in the three months ended June 30, 2019, compared to 37.0% in the same period in 2018. Gross margin was

37.1% in the six months ended June 30, 2019, compared to 37.6% in the same period in 2018.

Walter C. Johnsen, Chairman and CEO commented the following on the outlook for the second half of 2019, "Revenues for the next 6 months are forecast to have solid growth in first aid, Camillus and DMT products. Sales of Westcott school and office products are expected to be consistent with last year. Accordingly, we are reiterating our financial guidance for 2019 of approximately \$140 to \$143 million in sales, net income of \$5.0 to \$5.3 million and \$1.41 to \$1.50 earnings per share."



Westcott's infamous grey/yellow scissors continue to be solid contributors both off and online to Acme United results.

Acme United succeeds in re-inventing everyday products such as scissors, knives and school and office items by applying new and improved materials to them. For example, the blades on many of the Company's products have a titanium carbonitride coating, making them more than three times harder than stainless steel. Or blades get a non-stick coating, making them useful in difficult environments like the floral area for cutting and trimming flowers and bushes, or in the arts and crafts area, where lots of glue and paste is used. Also, some school and office products have Microban antimicrobial protection added during the manufacturing process to prevent the growth of bacteria on the surface.

Acme's quest for innovation is reflected by its on-going goal of generating at least 30% of its sales from products developed in the last 3 years. Therefore, the Company works with new, often proprietary, materials and adds new user-friendly features to existing tools.

The Company's products are available at Staples, Office Depot, Office Max, United Stationers, SP Richards, W.B. Mason, Home Depot, Target, Wal-Mart, Walgreens, Grainger, McMaster Carr, Meijer, Fred Meyer, and many other major chains all over the world.

Also online sales are substantial. In fact, Amazon is one of Acme United's most important customers.

Late 2018, Acme United increased its quarterly dividend with 1 cent to 12 cents per share. Walter Johnsen, commented, "This is Acme United's eleventh dividend increase since 2004. The Company continues to make good business progress and we are delighted to provide this additional return to shareholders. Our balance sheet is strong and we are confident in the business."

Increased Domestic Sourcing

Although 60 percent of Acme's products are still sourced from China, domestic manufacturing is gaining importance. Since 2011, the Company has purchased no less than four US based manufacturers.

In 2011, Acme acquired Pac-Kit Safety Equipment Company in Norwalk, Connecticut. In 2014, it purchased First Aid Only in Vancouver, Washington. In 2016, the Company bought Diamond Machining Technology (DMT), which is located in Marlborough, Massachusetts. And early 2017, Spill Magic was acquired, which has facilities in Santa Ana, California and Smyrna, TN.

This way, the Company strategically diversifies its portfolio of sourcing, while reducing its reliance on China.

BRANDS

Westcott began as a ruler company more than 140 years ago. It sells between 60 and

80 million scissors, and between 15 and 18 million rulers annually. It truly is the leading scissors brand in the United States and one of the leading ruler brands in North America.

The Company's infamous grey/yellow Titanium Bonded Non-Stick scissors are known all over the globe. The blades are lightweight, stay sharper longer, and are five times harder than steel. Also, they have a non-stick coating that resists adhesives.



The new Westcott scissors with glide technology were recently placed at major craft and retail chains.

The Westcott scissors business continues to become stronger. In fact, Mr. Johnsen mentioned during a conference call that a large retailer tried a different scissors supplier, but quickly returned to Westcott because sales of the other brand were disappointing. A true validation of the brand.

Westcott is also known for its line of iPoint electric pencil sharpeners. Their award-winning design and ease of use make the iPoint one of Acme United's best selling products.

In addition, the brand constantly innovates and brings new products to the market. Last year, for example, it launched a set of revolutionary glue guns for the craft and DIY markets. These guns have non-stick internal mechanisms so that the glue sticks don't clog up the machines. Also, the tips of the guns have non-stick color changing coatings. When the tip of the gun is hot enough to dispense the glue, it turns red. The red color is also an indication for users not to touch it. When the tip has cooled off, it's blue.

Clauss has its roots dating back to 1877 as a scissors, razors and kitchen knives

manufacturer. Today, Clauss offers a substantial line of quality cutting tools for professionals in the hardware & industrial, lawn & garden, food processing, sewing, and housewares channels.

When the brand was re-introduced, shortly after it was acquired by Acme in 2004, it was a simple scissors business, available in only a handful of stores. Since then, Clauss has completely transformed and become an established name in the industry with a broad hardware line that is available at Lowe's, Home Depot, Sears, Granger, McMaster-Carr and many others.

Similar to Acme's other brands, Clauss applies its proprietary coatings to everyday tools. The brand, for example, markets a family of putty knives that have a full tang construction with a hardened, tempered blade that has Titanium non-stick bonding for superior adhesive and rust resistance.

Another noteworthy product is the Clauss 8" Workbench Shear with Titanium bonded blades that are 3x harder than untreated stainless steel. The shear also features an integrated box cutter and bottle opener.

Camillus is one of the oldest and best known knife manufacturers in the United States. Since its founding in 1876, Camillus has supplied the world with reliable, innovative and quality-made knives for the hunting, fishing, sporting and tactical markets. More recently, Camillus has strategically focused towards outdoor enthusiasts.

The Company works with plenty of "Pro Staffers" to gain insight into what campers, backpackers and survivalists are looking for. The Pro Staffers have quickly become an invaluable part of the Camillus team. With their help, the Camillus tools truly stand out in regards to design, performance and durability. As many of them have been in extremely dangerous, and often life-threatening situations, they give information that Camillus' designers could never know about. In addition, these well-known stars have thousands of followers on social media, which is ideal to promote new tools.

Camillus is growing strong in the US and Europe. Moreover, the brand launched no less

than 12 new attractive folders and expanded its Carnivore machete line at this year's SHOT Show.

Cuda markets a broad line of tools dedicated to fresh and saltwater fishing. The Cuda tools are created with a breakthrough design that allows the angler to actually see that the knife has a full tang construction. Moreover, the tools are manufactured with Acme's patented Titanium Bonded technology making them three times harder than untreated options, and they're equipped with Aluminum Alloy and Tungsten Carbide, guaranteeing the ultimate in performance.

A factor that has helped gain the brand a solid name in the fishing community is the Cuda Pros. Right from the start, Cuda attracted several well-known fishermen to design, test and represent the brand. The stars of the National Geographic hit show "Wicked Tuna", star of the "Real Fishing Show" Bob Izumi, Mariko Izumi from "Hooking Up", and David Dudley two-time FLW Bass Champion all tested the initial tools extensively.

Since then, the Cuda Pro Staff has continued to grow to more than 40 ambassadors today. They continue to suggest improvements to prototype tools, so that when they go into production, the products are the best on the market.

Also the promotion that the Pro Staff provides is priceless. One pro has close to 300,000 Twitter followers. So when he tweets information about Cuda, all his followers get to see it.

At the recent 2019 ICAST fishing show, Cuda introduced plenty of new tools, including a very special dehooker (Also read Recent Events).

First Aid Only (FAO) is a supplier of SmartCompliance first aid kits, refills, and safety products that meet regulatory requirements for a broad range of industries.

The business was founded in 1988 and pioneered consultative selling and support of first aid items to large corporate customers. It has since become a recognized industry leader. It was acquired by Acme United in June 2014.

FAO operates out of a modern 54,000 square-foot facility in Vancouver, Washington where well over 100 people are employed. All of FAO's first aid kits are produced in the United States.

First Aid Only is especially known for its SmartCompliance kits. Most businesses are federally mandated to have first aid solutions that are compliant with OSHA as well as ANSI standards. These SmartCompliance first aid supply cabinets ensure that a business is covered.



SmartCompliance first aid cabinets like the one above are becoming a big success.

The innovative design of the SmartCompliance first aid cabinet eliminates disorganized and missing supplies often seen within traditional first aid cabinets. As first aid products are used, the SmartTab ezRefill reminders notify a user when it's time to reorder so that supplies never run out when it matters most.

The First Aid Only SafetyHub app, which is available for both Apple and Android, was released in July 2017. It provides a platform to manage and refill SmartCompliance cabinets. Users can search and scan barcodes on individual first aid products, as well as place requisitions for ANSI & OSHA compliant first aid kits. Features such as the "Physical Inventory Count" keeps users aware of which products to reorder and when to do so through inventory reminders.

PhysiciansCare offers a wide assortment of first aid kits, emergency and disaster kits, kit refills, hearing, eye and head protection, and ergonomic supports and braces. It also carries a successful branded line of over-the-counter medications, including the active ingredients aspirin, acetaminophen and Ibuprofen, etc.

PhysiciansCare's products are sold at Staples, Office Depot, United Stationers, Office Max and many others.

Pac-Kit sells first aid kits, industrial stations and refills, emergency medical travel and recreational kits for the industrial, safety, transportation and marine markets. The brand has a long and vivid history dating back to the 19th century. Its early first aid kits were chosen by global explorers like Captain Robert Scott, Admiral Peary and Theodore Roosevelt on their expeditions.

Pac-Kit is especially known for tailoring its products to meet user requirements and for rapid turnaround.

Diamond Machining Technology (DMT) is the world's leading innovator of manual diamond sharpening technology. It has around 30 employees and sells its products at chains such as Home Depot, Bass Pro Shops, Grainger, Fastenal, and Amazon. DMT manufactures all its products in the United States and exports worldwide to nearly 50 countries.

DMT was acquired by Acme United in February 2016, and is renowned for its polka dot pattern diamond surface products. It offers sharpening solutions for virtually every user, from do-it-yourselfers to professionals and large commercial operations.



DMT products can be found wherever sharp edges are needed - woodworkers, chefs and gardeners, in the kitchen, workshop or tool room, or on the go camping, hiking, skiing, hunting and fishing.

DMT's products differ significantly from those of its competitors. For example, DMT makes

certain that each sharpening surface carries the most diamonds per square inch in the industry to guarantee long-lasting performance.

The uniformity of the diamond is also key to a sharpener’s performance. DMT uses a proprietary process that ensures near-perfect consistency in grit size. The result is a micronized monocrystalline diamond that covers evenly across the sharpening surface to prove effective with every use, year after year.

Because DMT sales are rising fast, new equipment and machinery was installed to double its production capacity. The business continues to grow both in the U.S. and abroad, and has high margins.

Spill Magic manufactures a wide variety of spill pickup products that can handle anything from liquid spills, hazardous material spills and even biohazard spills. It was founded in 1995, and has two facilities, one in Santa Ana, CA and the other one in Smyrna, TN. Acme United acquired Spill Magic in February 2017.

Spill Magic’s best-selling product is its non-toxic, non-flammable, lightweight absorbent that quickly removes any spilled liquid or semi-liquid of any origin. It turns the liquid into a dry powder almost immediately, while leaving no spill residue behind. It’s safe for use around humans, animals, plants and the environment; and will not damage cement, asphalt, carpet or any floor surface.

The Spill Magic absorbent is being used thousands of times every day in national and regional grocery, retail, big box, and countless other retail stores in the United States.

Spill Magic currently focusses on B2B customers, such as retail, grocery, restaurant, hotel chains and governmental agencies with the goal of reducing slip and fall accidents in their locations. Some of its customers include Target, McDonalds, and Wal-Mart. The latter, for example, uses Spill Magic products in each of its stores.

Acme aims to broaden its distribution to sectors where the products aren’t available

yet. For example, the spill pickup products are ideally suited to be used in auto repair shops, where oil, gasoline, transmission fluid, brake fluid, coolants, and solvents present a challenge when spilled.

FINANCIALS

Acme's net sales for the three months ended June 30, 2019 were \$40.2 million, compared to \$39.8 million in the same period of 2018, an increase of 1%, or 2% in constant currency. Net income for the three months ended June 30, 2019 was \$2.7 million, or \$0.77 per diluted share, compared to \$2.4 million, or \$0.67 per diluted share, for the same period in 2018, increases of 10% and 15%, respectively.

Net sales for the six months ended June 30, 2019 were \$71.6 million, compared to \$71.5 million in the same period in 2018, a 1% increase in constant currency. Net income for the six months ended June 30, 2019 was \$3.5 million, or \$1.01 per diluted share, compared to \$3.2 million, or \$0.88 per diluted share, in last year’s same period, increases of 9% and 15%, respectively.

Amounts in \$000's	06/30/19	06/30/18
Net Sales	40,220	39,751
Cost of Goods Sold	25,449	25,039
S, G & A Expenses	11,003	11,087
Income From Operations	3,768	3,625
Pre-Tax Income	3,263	3,106
Income Tax Expense	592	670
Net Income (Loss)	2,671	2,436
Diluted Shares Outs.	3,485	3,625
Diluted EPS	0.77	0.67
Selected income statement data for the quarters ending June 30, 2019 and June 30, 2018. Source: Company Press Release		

European Segment Continues Steady Growth

Acme United reports financial information on three separate business segments: the United States (including Asia), Canada and Europe.

Exact revenues per segment for the second quarter will be available in the 10-Q, which will be filed mid-August. However, Acme

announced for each segment the percentage by which revenues increased or decreased compared with last year's second quarter. Based on those numbers, we can give a fair estimate.

Amounts in \$000's	Q2 2019	Q2 2018
U.S.	34,963	34,778
Canada	2,214	2,472
Europe	3,043	2,501
Estimated sales per segment for the second quarter ended June 30, 2019 (Source: Smallcaps Investment Research) and actual sales per segment for the second quarter ended June 30, 2018 (Source: Company Filing)		

In the U.S. segment, net sales for the three months ended June 30, 2019 increased 1% compared to the same period in 2018. Sales of first aid and safety products were strong; however, there was softness in sales of certain school and office products in particular pencil sharpeners. On the other hand, the recently introduced Westcott glide scissors for precision cutting have been well-received. Net sales for the first six months of 2019 in the U.S. segment were constant compared to the same period in 2018.

Net sales in Canada for the three and six months ended June 30, 2019 decreased 10% in U.S. dollars and 6% in local currency compared to the same prior-year periods, due to a decline in the office channel.

Net sales in Europe for the three months ended June 30, 2019 increased 22% in U.S. dollars and 28% in local currency compared to the same 2018 period. The sales increase in the quarter was mainly due to a large back-to-school promotion to a major retailer. Net sales for the six months ended June 30, 2019 increased 13% in U.S. dollars and 22% in local currency compared to the first half of 2018 mainly due to new customers in the office products and first aid channels, and continued growth of DMT sharpening products.

Balance Sheet as of June 30, 2019

The Company's bank debt less cash on June 30, 2019 was \$41.0 million compared to \$46.3 million on June 30, 2018. During the twelve-month period ended June 30, 2019,

the Company distributed \$1.5 million in dividends on its common stock, repurchased \$0.4 million in treasury stock and generated \$8.4 million in free cash flow, including a \$2.9 million reduction in inventory.

Amounts in \$000's	06/30/19	06/30/18
Cash and Cash Eq.	1,924	1,894
Accounts Receivable	35,462	34,511
Inventories	39,615	42,510
Total Current Assets	79,086	81,439
Property & equipment	14,200	14,576
Intangible Assets, net	16,422	17,268
Total Assets	117,030	118,578
Accounts Payable	9,931	12,972
Total Current Liabilities	18,050	17,612
Bank Debt	39,388	44,318
Total Liabilities	62,228	66,354
Total Stockholder Equity	54,802	52,224
Selected balance sheet data for June 30, 2019 and June 30, 2018. Source: Company Press Release		

The Company expects to end 2019 with approximately \$36 million of net debt and to generate between \$5 million and \$6 million in free cash flow.

RECENT EVENTS

Cuda Impresses at ICAST Show

The International Convention of Allied Sportfishing Trades, better known as ICAST, is the world's largest sport fishing industry trade show. This year's show, held a couple of weeks ago, was again the ultimate showcase for the latest innovations in gear, accessories and apparel that help to make a day on the water both exciting and rewarding.

Keeping up with that tradition, Cuda launched many new tools at the show with unique features and benefits. Most tools are scheduled to be available in stores from fall in the U.S., Canada, and Europe.

One of the most exciting new products at ICAST this year was the Cuda Bait Dehooker, which quickly and easily removes bait from Sabiki® rigs (click to see video). Featuring an ergonomic trigger handle for rapid bait

release fishermen are able to safely control hooks and line while dehooking. The handle has the Cuda Scale Pattern, which provides a secure and comfortable grip in all environments and conditions.



The Cuda Dehooker was the star of this year's ICAST show in Orlando, Florida.

The Cuda team had excellent meetings at the show with existing and potentially new customers. Mr. Johnsen commented, "It was probably the best ICAST we've ever had."

New Cuda Products for European Market

In June, Acme United's European team exhibited at the European Fishing Tackle Trade Exhibition (EFTTEX) in Brussel, Belgium. The 38th edition of the show was hosted at Brussels Expo and welcomed 182 exhibiting companies and well over 1,600 visitors from 71 different countries.

EFTTEX is the key event in the European fishing and tackle industry. However it was encouraging to see an increasing number of U.S. and Asian manufacturers at this year's gathering who recognized that there is business to be gained in Europe. So this was an ideal venue for Acme to showcase its Cuda fishing products, as well as its DMT sharpening tools.

Acme's European team introduced no less than 10 new Cuda products at the

international audience. These were very well received by existing and new customers. They will become available in the second half of 2019.

Georg Bettin, Acme United's General Manager for Europe said, "EFTTEX provides a useful window to showcase our unique tools and forthcoming products on a B2B level, giving us an ideal springboard for the B2C launches. During the show we received leads from companies from different regions, which seemed like very good prospects! We are expecting that very soon we will be able to close deals with some of them."

Visitors and exhibitors once again met and created business opportunities during the three days that EFTTEX lasted, while they also discovered new trends and innovative products. For Acme United this is also a worthwhile event, as it serves as a rendezvous point for many of its Cuda customers.



The Acme United booth at EFTTEX 2019.

The distribution of Cuda continues to expand. The tools are available at several large fishing chains in Germany, Spain, the UK, the Netherlands and the Scandinavian countries. Moreover, online sales at Amazon are doing very well and growing significantly.

OUTLOOK & VALUATION

Acme United again achieved a solid second quarter. Camillus, Cuda, and DMT businesses

continue to grow, and are expected to show a strong second half of the year.

Especially DMT looks promising. The diamond sharpener brand recently expanded its production capacity and is beginning to fill significant back orders. Demand for DMT products have been particularly strong with industrial and hardware accounts in the U.S. and Europe.

Moreover, the SmartCompliance business is becoming a big success. This is a typical razor/razorblade sales model, as Acme United initially benefits from the placement of the first aid kits, and then as people use the components, there's a strong resale business. In fact, revenues from refills about equal sales of the kits.

Acme's strategy to refill the kits through the internet is contrary to service people in delivery vans who will typically go into different locations to fill the first aid kits and then come back on a regular basis. The latter is obviously a time consuming and very expensive model, as the cost of the individual sales staff, the truck, the employee, and benefits have to be taken into account. Consequently, Acme United is clearly gaining share in this \$600 million market segment.

Also, the Company has reduced its net debt by over \$5.0 million during the past 12 months and continues to seek tuck-in acquisitions.

Mr. Johnsen concluded, "Our cash flow is strong and we plan to continue to pay down debt. We also continue to evaluate acquisition opportunities. They've helped the Company more than double since 2010. And we anticipate acquisitions to continue this trajectory in the future, building value for our shareholders in the process."

Peer Comparison & Valuation

Acme United competes with many companies in each market and geographic area. The major competitors in the cutting category are 3M and Fiskars Corporation, while Maped and Staedtler are the major competitors in the measuring category. In addition, the major

competitor in the pencil sharpener category is Bostitch, and in the safety category Acme faces most competition from Johnson and Johnson.

Although there are many competitors, it's hard to identify a peer group of companies, because there's no other Company in exactly the same line of business as Acme United. Moreover, some of these other companies that engage in the Company's line-of-business do so through divisions or subsidiaries that are not publicly-traded.

For reason of comparison, we have placed the Company in the Housewares & Accessories industry. The average P/E ratio for a Company in that industry is 22.90x, up from an average of 20.71x in our previous report. Due to the current uncertainty in the market, and because we want to remain conservative in our estimates, we are going to apply a 10% discount to the industry's average P/E ratio.

Taking the discount into account, we end up with an average P/E ratio of 20.61x for the Housewares & Accessories industry.

Amounts in \$000's	2017	2018	2019E
Total Revenue	130,550	137,321	141,500
Net Income	5,297	4,598	5,150
Annual sales and earnings FY 2017 - 2019E.			
Source: Company Filings and Company estimates			

Applying the 20.61x P/E multiple from the peer group to the estimated EPS for 2019, we reach the following calculation: \$1.45 estimated average EPS multiplied by 20.61 = \$29.88.

Based on these calculations, we reiterate our buy recommendation for Acme United Corp. with a price target of \$29.88, which is 50% above today's stock price.

SHARE DATA & OWNERSHIP

On June 30, 2019 Acme United had approximately 3,429,000 fully diluted common shares outstanding. The principal owners of the Company's common stock are North Star Investment Management Corporation (17.5%), Walter Johnsen (8.9%), Capital Management Corp (7.2%),

Dimensional Fund Advisors (4.4%), and Bard Associates Inc. (4.1%).

MANAGEMENT

▣ **WALTER C. JOHNSEN - CHAIRMAN AND CEO**

Mr. Johnsen has served as director since 1995 and as Chairman and Chief Executive Officer since November 30, 1995. Before joining the Company he was Vice Chairman and a principal of Marshall Products, Inc., a medical supply distributor.

▣ **PAUL DRISCOLL - VICE PRESIDENT AND CFO, SECRETARY AND TREASURER**

Mr. Driscoll has served as Vice President and Chief Financial Officer, Secretary and Treasurer since October 2, 2002. Mr. Driscoll

joined Acme as Director International Finance on March 19, 2001. From 1997 to 2001 he was employed by Ernest and Julio Gallo Winery including two years in Japan as Director of Finance and Operations. Prior to Gallo he served in several increasingly responsible positions in Sterling Winthrop Inc. in New York City and Sanofi S.A. in France.

▣ **BRIAN OLSCHAN - PRESIDENT AND COO**

Mr. Olschan served as Senior Vice President of Sales and Marketing from September 10, 1996 until January 22, 1999. Effective January 23, 1999, he was promoted to President and Chief Operating Officer. From 1984 to 1996, he was employed by General Cable Corporation in various executive positions.

ANNUAL INCOME STATEMENT FY 2016 – 6M 2019

All numbers in thousands

PERIOD ENDING	FY 2016	FY 2017	FY 2018	6M 2019
Total Revenue	124,574	130,550	137,321	71,590
Cost of Revenue	79,019	82,651	86,672	45,016
Gross Profit	45,555	47,899	50,649	26,574
Operating Expenses				
Selling, General and Administrative	37,113	40,103	43,192	21,271
Non Recurring	-	-	-	-
Others	-	-	-	-
Total Operating Expenses	37,113	40,103	43,192	21,271
Operating Income or Loss	8,442	7,796	7,457	5,303
Income from Continuing Operations				
Total Other Income (Expenses) Net	(76)	25	(68)	(12)
Earnings Before Interest And Taxes	8,366	7,820	7,389	5,291
Net Interest Expense	869	1,327	1,858	994
Income Before Tax	7,497	6,493	5,531	4,297
Income Tax Expense	1,646	1,196	933	819
Net Income From Continuing Ops	5,851	5,297	4,598	3,478
Non-recurring Events				
Discontinued Operations	-	-	-	-
Extraordinary Items	-	-	-	-
Effect Of Accounting Changes	-	-	-	-
Other Items	-	1,245*	-	-
Net Income	5,851	4,052	4,598	3,478
Preferred Stock And Other Adjustments	-	-	-	-
Net Income Applicable To Common Shares	\$5,851	\$4,052	\$4,598	\$3,478

Annual Income Statement FY 2016 – 6M 2019. Source: Company Filings

* Note that in the fourth quarter of 2017 tax charges were incurred under the December 2017 U.S. Tax Cuts and Jobs Act.



Acme United Corporation

US: ACU

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