Jotun Protects Property

FINANCIAL REPORT **1 JANUARY – 31 AUGUST 2015**

JOTUN GROUP – INTERIM FINANCIAL REPORT

- High revenue growth driven by both improved sales volumes and positive currency translation effects
- Better profitability through active cost control and improved gross margin
- On-going capacity investments in Brazil, Oman and Indonesia

The consolidated financial statement consists of Jotun A/S and its 55 subsidiaries, three joint venture companies in Asia and six associated companies in the Middle-East. Subsidiaries are consolidated with the full amount independent of shareholding, while share of profits from joint ventures and associates are presented on a separate line based on the actual shareholding.

OPERATING REVENUE

In the first eight months of 2015 operating revenue increased by 24 per cent to NOK 10 753 million (2014: NOK 8 660 million). The reported growth in revenue is highly affected by positive currency translation effects. Underlying sales growth, adjusted for currency, is 10 per cent, with growth across all segments and regions. The revenue increase year to date is driven primarily by growth in the Decorative Paints segment in the Middle East and South East Asia. In addition, the Marine Coatings segment continues to develop positively.

OPERATING PROFIT

Operating profit as of 31 August 2015 was NOK 1 630 million (2014: NOK 978 million). The increase in profit is largely impacted by positive currency translation effects. Increased sales volume combined with active cost control contribute to underlying growth in profit. For the operation in Scandinavia by contrast, changes in currency rates are having a negative impact on margins as raw materials prices are increasing.

INVESTMENTS

Total purchase of property, plant and equipment and intangible assets amounted to NOK 594 million as of 31 August 2015 compared to NOK 553 million a year earlier. The most significant investments are the construction of new production facilities in Brazil and Oman, together with construction of a new warehouse in Indonesia. The investment level represents six per cent of operating revenue, in line with strategic ambition.

NET INTEREST BEARING DEBT

The net interest bearing debt for the Group was NOK 1 569 million as of 31 August 2015 compared to NOK 1 702 million as of 31 December 2014. The decrease in net interest bearing debt is primarily related to an increase in operating profit, dividends received from associates, and partly offset by generally higher working capital levels driven by underlying growth. Jotun Group's main sources of external funding are loans in the Norwegian Bond market and bilateral bank loans. As of 31 August 2015 the Group had NOK 1 300 million of outstanding bonds and NOK 1 219 million in non-current bank debt. Net financial costs have increased to NOK 87 million, compared to NOK 26 million a year earlier, mainly due to unrealised currency losses.

SHAREHOLDERS' EQUITY

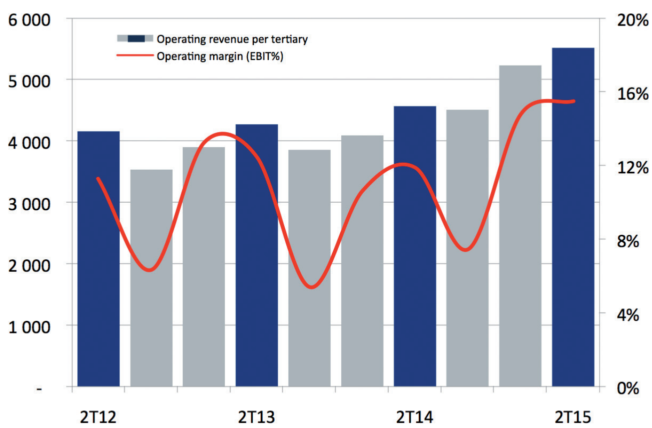
Shareholders' equity, including non-controlling interests, has increased during 2015 to NOK 7 440 million as the result year to date of NOK 1 217 million exceeds the effect of dividends for 2014 (declared in 2015). The equity ratio is 50 per cent (31 August 2014: 49 per cent).

CASH FLOW

Operating activities generated a positive cash flow of NOK 985 million from January to August 2015 (2014: NOK 847 million). The improved operating cash flow for the period is mainly attributed to increased operating profit. A dividend cash outflow of NOK 257 million during the period is part payment of the dividend declared for Jotun A/S in 2014 (NOK 513 million). The remaining portion has been paid in September 2015.

SUMMARY OF HISTORICAL DEVELOPMENT

Operating revenue and margin development for the isolated tertiaries from August 2012 to August 2015 is as follows:



OUTLOOK

Jotun is experiencing good underlying topline growth and improved profitability. Sales are expected to continue to develop positively based on our organic growth strategy and presence in growth economies. However, the underlying growth rate seen so far this year is expected to ease during the forthcoming tertiary.

Sales of marine coatings have recovered over the last year with improved sales to newbuildings. Still, the newbuilding market remains fragile. Sales of decorative paints have improved in 2015 compared to last year, following successful product launches and marketing campaigns. Raw material prices have remained favourable over the past year, and fairly stable prices are expected for the coming months.

Jotun will continue to invest in production capacity in both existing and new markets, and further develop its systems and personnel to manage continued growth efficiently.

1 JANUARY – 31 AUGUST 2015

JOTUN GROUP – FINANCIAL CONSOLIDATED INFORMATION (UNAUDITED)

CONDENSED CONSOLIDATED INCOME STATEMENT

(NOK million)	**1/1–31/8 2015**	1/1–31/8 2014	31/12 2014
Operating revenue	10 753	8 660	13 171
Share of profit from associated companies and joint ventures	383	206	356
Cost of goods sold	5 694	4 614	7 119
Other operating expenses	3 562	3 057	4 758
Depreciation, amortisation and impairment	250	217	337
Operating profit	**1 630**	**978**	**1 314**
Net finance items	–87	–26	–12
Profit before tax	**1 543**	**952**	**1 301**
Income tax	326	238	356
Profit for the period	**1 217**	**714**	**946**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(NOK million)	**1/1–31/8 2015**	1/1–31/8 2014
Equity as at 1 January	6 739	5 515
Profit for the period	1 217	714
Dividend	–559	–547
Exchange differences	43	121
Equity as at end of period	**7 440**	**5 803**

CONDENSED CONSOLIDATED BALANCE SHEET

(NOK million)	**31/8 2015**	31/8 2014	31/12 2014
Intangible assets	435	355	416
Property, pant end equipment	4 047	3 265	3 755
Financial fixed Assets	1 709	1 313	1 702
Total non-current assets	**6 191**	**4 933**	**5 873**
Inventories	2 219	1 781	1 958
Trade and other receivables	4 697	3 668	4 048
Cash and cash equivalents	1 673	1 418	1 421
Total current assets	**8 589**	**6 866**	**7 426**
Total assets	**14 779**	**11 799**	**13 300**
Share capital	103	103	103
Other equity	7 167	5 593	6 485
Non-controlling interests	170	107	151
Total equity	**7 440**	**5 803**	**6 739**
Non-current liabilities	2 791	2 365	2 670
Current interest-bearing debt	911	781	947
Other current liabilities	3 637	2 850	2 944
Total liabilities	**7 339**	**5 996**	**6 561**
Total equity and liabilities	**14 779**	**11 799**	**13 300**

CONDENSED CASH FLOW STATEMENT

(NOK million)	**1/1–31/8 2015**	1/1–31/8 2014
Profit before tax	1 542	952
Share of profit from associated companies and joint ventures	–383	–206
Dividend paid from associated companies and joint ventures	466	270
Tax payments	–159	–127
Depreciation, amortisation and impairment	250	217
Change in operating working capital	–570	–254
Change in accruals, provisions and other	–162	–5
Net cash flow from operating activities	**985**	**847**
Net cash flow used in investing activities	**–547**	**–549**
Dividends paid to Jotun A/S shareholders	–257	–257
Dividends paid to non-controlling interests	–41	–34
Net cash flow from loans	111	291
Net cash flow from financing activities	**–186**	**–1**
Net increase/decrease in cash	**252**	**297**
Cash at beginning of period	1 421	1 120
Cash at end of period	**1 673**	**1 418**

Sandefjord, Norway 22 September 2015
The Board of Directors
Jotun A/S

Odd Gleditsch d.y.
Chairman

Einar Abrahamsen   Birger Amundsen   Terje Andersen   Richard Arnesen

Nicolai A. Eger   Ingrid Luberth   Karl Otto Tveter   Morten Fon
President and CEO

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