

Press release

Jotun increased sales in the 2nd tertiary

Sandefjord, 28 September 2018: Sales of Jotun paints and powder coatings reached NOK 11 871 million in the first eight months of the year, an increase of seven per cent compared with the same period last year.

Adjusted for currency effects, Jotun's underlying sales growth reached 10 per cent, supported by sales growth in Decorative Paints, Protective Coatings and Powder Coatings. In particular, Jotun recorded strong improvement in the sale of protective coatings after a prolonged period of demanding market conditions. The sale of marine coatings continues to be impacted by the decline in the global shipping market.

According to President and CEO Morten Fon, the company sees clear signs of improvement in the shipping market. "For example, we have signed significantly more new construction contracts so far this year than previously," he says. "In oil and gas, market conditions are still challenging, but we are confident we have reached the bottom and that we will see a positive development over time", Fon says.

Earnings decline

Due to lower margins related to higher raw material prices, Jotun's earnings declined from 1291 million during the same period in 2017 to 1154 million in 2018. "Although there are signs that raw material prices are stabilising, it will be necessary to raise prices on products to compensate for a long period of rising costs," says Fon.

Investments

Total investments amounted to NOK 589 million in the first eight months of the year (2017: 607 million). This represents about five per cent of revenue, and is in line with Jotun's strategic ambitions. Most of the investments are linked to the ongoing construction of the company's new headquarters and research centre in Norway, as well as investments for added capacity in Vietnam and Egypt.

Highlights so far in 2018:

- Strong improvement in the Protective Coatings segment and total sales growth of seven per cent
- Earnings decline, mainly due to higher raw material costs
- Continued high investment rate with the new research centre in Norway as the largest single investment

Financial key figures (NOK million)	T1 + T2 2018	T1 + T2 2017	Change
Operating revenue	11 871	11 048	7%
Operating profit	1154	1291	-11%
Profit before tax	990	1238	-20%

For further information:

Morten Fon, CEO, Mobile (+47) 976 45 494

Christian Espolin Johnson, Group Communications Director, Mobile (+47) 976 45 494