

Press release

Jotun sees signs of improvement

Sandefjord, 11 February 2019: Supported by strong performance towards the end of the year, Jotun achieved an operating revenue of NOK 17,660 million in 2018, an increase of eight per cent compared to 2017. Good growth in the sales of protective coatings suggest improvement in global markets.

All segments and regions reported growth and adjusted for currency effects, the underlying sales growth was a solid ten per cent. The Decorative Paints segment was the largest contributor, followed by Jotun's strong finish in the Protective Coatings segment. Together, these two segments represented the biggest growth drivers in 2018. Sales of marine and powder coatings continue to be slowed by low activity in many markets.

Stable profit

Operating profit ended at NOK 1361 million, roughly on par with the previous year. Results were affected by high raw material prices, a challenging oil and gas market and limited newbuilding activity in the shipping industry. "We have higher expectations, and are not satisfied with these results," says Jotun's President & CEO, Morten Fon. "The high cost of raw materials throughout 2018 affected our profitability, and together with demanding conditions in several markets, we did not manage to improve operating profit compared to 2017", he says.

Nevertheless, Fon is positive about the outlook for 2019. "We have secured far more newbuilding contracts in 2018 than in the previous year and will commence deliveries towards the end of 2019," he says. "At the same time, we see that the oil and gas market is showing signs of recovery. These positive developments, combined with stabilising raw material prices, are expected to have a positive effect on Jotun's results in 2019."

Continued investments

Jotun invested a total of NOK 1089 million in 2018, up from NOK 967 million in 2017. The investments accounted for six per cent of operating income and are in line with the company's strategic ambitions to ensure continued organic growth. The largest investments are related to the construction of new headquarters and R&D Centre in Norway, in addition to new production facilities in Egypt and Vietnam.

2018 Highlights:

- Good growth and strong result for Decorative Paints
- Strong improvement for Protective Coatings
- High raw material prices and demanding market conditions had a negative impact on operating profit

Key financial figures (NOK million)	2018	2017	Change
Operating revenue	17 660	16 401	7.7%
Operating profit	1 361	1 354	0.5%
Result before taxes	1 115	1 236	-9.8%

Jotun is one of the world's leading manufacturers of decorative paints, marine, protective and powder coatings. The Group has 62 companies and 40 production facilities on all continents, and more than 9 800 employees. Jotun products are available in more than 100 countries through own subsidiaries, joint ventures, agents, branch offices and distributors. The Jotun Group's sales in 2018 was NOK 17.7 billion. The Jotun Group is organized into four segments and seven geographical regions, and has its head office in Sandefjord, Norway.



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