

Press release

Increased sales, but weaker results for Jotun

(Sandefjord, June 3, 2018) Jotun had an operating revenue of NOK 5 658 million and achieved an operating profit of NOK 561 million in the first four months of the year. Despite growth in sales, earnings were depressed by high raw material prices and a decline in sales of marine coatings.

Sales increased by six per cent compared with the same period last year, driven by growth in Decorative Paints and in the Protective and Powder Coatings segments. However, weak demand for new tonnage in the shipping industry depressed sales of Jotun Marine Coatings.

According to Jotun CEO Morten Fon, one in five vessels trading today are coated by Jotun. "Jotun remains the world's largest marine coatings supplier so when the market is weak, it impacts our business," he says. "In the short term, we do not anticipate improvement in this market. The remaining three segments experience good sales growth".

High raw material prices

In the first four months of 2018, Jotun recorded earnings of NOK 561 million, down from 670 million reported for the same period last year. The decline is attributable to lower margins, mainly due to rising raw material prices and lower sales of marine coatings.

"We have seen weak marine and offshore markets for a long time, and expect this to continue also going forward", says Fon. "We have taken steps to adjust to this challenge by controlling costs rigorously. As the effect of increased raw material prices will continue to influence Jotun in the months to come, price increases will be necessary."

Investments continue

Jotun's total investments amounted to NOK 218 million in the first quarter of 2018, representing four per cent of revenue. The ongoing construction of a new headquarters and R&D centre in Norway accounts for the main part of the investments, but the company has also invested in increased capacity in Vietnam and Turkey.

Highlights so far in 2018:

- Sales growth in three of four segments
- Decrease in earnings, mainly due to higher raw material prices and lower sales to the shipping industry
- Jotun maintains its organic growth strategy and invested 218 million in the first tertiary 2018

Financial key figures (million NOK)

	T1 2018	T1 2017	Change
Operating income	5,658	5,344	5.9%
Operating profit	561	670	-16,4%
Profit before taxes	464	643	-27.9%

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