

## Press release

# Jotun increases sales in a demanding market

**(Sandefjord, May 29, 2017): Jotun's results for the first four months of the year are characterised by good growth in the Decorative Paints segment but difficult conditions in the shipbuilding and offshore markets. An increase in raw material prices and the negative effects of currency exchange rates also contribute to a weaker result compared to last year.**

Jotun's operating revenues reached NOK 5.34 billion in the first tertiary 2017, down 2.6 per cent from the same period last year (T1 2016: NOK 5.48 billion). Operating profit for the period was NOK 670 million, compared with NOK 935 million in T1 2016. Increased sales of decorative paints could not compensate for the decline in the marine and offshore sectors. In addition, a weakened Norwegian krone, compared to the same period last year, impacted negatively upon the company's operating revenues.

Morten Fon, President and CEO of Jotun, notes that the company's global presence and strategy to operate in multiple segments allows Jotun to withstand cyclical weakness in some markets. "Looking ahead, we expect continued low construction activity in marine and offshore, as well as increased commodity prices in 2017. However, we see opportunities for further growth in other markets."

### Strong maintenance market

"We are pleased to see that the good development of decorative paint sales is continuing. We are experiencing growth in both volume and value, with the Middle East and South East Asia in particular delivering strong results. We expect continued growth for Decorative Paints moving forwards," says Fon.

With a decline in newbuild activity, the market is shifting towards maintenance, and Jotun increased sales to maintenance of ships. In May, Jotun launched the world's first NORSOK-compliant offshore maintenance system. The system is the first brush and roller application paint system that satisfies the NORSOK standard.

"Offshore infrastructure demands different maintenance requirements to onshore installations," says Fon. "Our new system provides 50 per cent longer maintenance intervals, while increasing efficiency, thanks to its effective application properties. For customers, this means cost savings and increased quality in the maintenance process. It's satisfying to see that we're now experiencing increased demand in the maintenance market, both in marine and offshore."

### Maintaining investment levels

Total purchases of property, plant and equipment, and intangible assets amounted to NOK 336 million in the first tertiary of 2017 (T1 2016: NOK 323 million).

"Investments account for six per cent of our operating revenues, and are in line with Jotun's strategic ambitions," says Fon. "Construction of new production facilities in the Philippines, Myanmar and Malaysia, together with the new headquarters and research centre in Norway, make up the bulk of these investments."

Financial key figures (NOK million)	T1 2017	T1 2016	Change
Operating revenues	5,344	5,483	- 2.6 %
Operating profit	670	935	- 28.3 %
Profit before tax	643	918	- 29.9 %

Jotun is one of the world's leading manufacturers of decorative paints, marine, protective and powder coatings. The Group has 63 companies and 37 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 2016 was NOK 15.8 billion. The Jotun Group is organised into four segments and seven geographical regions, and has its head office in Sandefjord, Norway.



**For further information please contact:**

Morten Fon, President and CEO, mob.(+47) 909 19 822

Christian E. Johnson, Group Communications Director, mob. (+47) 976 45 494