

Press release

Strong results in challenging markets

(Sandefjord, 8 February 2017) Jotun delivered its second best result ever in 2016. Led by solid growth in the Decorative Paints and Powder Coatings segments, the company had an operating revenue of NOK 15.8 billion and an operating profit of NOK 1.8 billion.

Jotun recorded good profitability and increased total sales volume in 2016. These positive results were supported by solid growth in Powder Coatings and record-breaking growth in the Decorative Paints segment, which was the strongest contributor to Jotun's net income.

According to Morten Fon, Jotun President and CEO, Jotun's rapid growth in the Decorative Paints segment has been the result of customer-focused innovation and successful marketing of premium interior and exterior paints. "Driven primarily by Jotun's rapid development in the Middle East and South East Asia, Jotun's growth in this segment has been outstanding," he says. "And after some years of modest gains, the Group is encouraged by robust growth within the Powder Coatings segment in 2016."

Challenging markets

While Jotun's overall results were positive, Fon acknowledges that the company's 2016 results were impacted by lower demand in the shipping and offshore markets, which led to reduced sales in the Marine and Protective Coatings segments. "Sharp declines in newbuilding orders affected our growth last year and will likely impact Jotun's business going forward," says Fon. "However, we believe the offshore market is set for a modest recovery some time in 2017."

Other factors that impacted Jotun's result included the currency devaluation in Egypt, losses on accounts receivable and product claims.

Game-changing product innovation

While overall sales in Marine Coatings were down compared to the year before, demand for Jotun's Hull Performance Solution (HPS) grew. Since its launch in 2011, Jotun has collected and published long-term hull performance data from multiple users, showing definitive proof that HPS lowers both fuel use and corresponding emissions significantly, resulting in more cost-effective and sustainable ship operations.

"Even in difficult markets, owners recognise the benefits of HPS," says Fon. "To date, Jotun's HPS has been delivered to more than 400 vessels, worldwide."

Investing for future growth

Capital spending increased compared to last year, with Jotun investing NOK 1 133 million in 2016 (2015: NOK 922 million), representing seven per cent of sales. The largest investments are related to factories and facilities in Oman, Norway, Philippines, Myanmar and Malaysia. "For more than a decade, Jotun has enjoyed a period of uninterrupted growth. These and other investments will help the company improve our growth rate in 2017, and beyond."

Highlights in 2016:

- Jotun Decorative Paints segment achieves all-time high result
- Solid sales growth and all-time high profit in Powder Coatings
- Jotun increases investments in innovation and production capacity in key markets

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.



Jotun Protects Property

Financial key figures (NOK million)	2016	2015	Change
• Operating revenue	15,785	16,282	-3%
• Operating profit	1,763	2,064	-15%
• Profit before tax	1 594	1 918	-17%

For further information:

Morten Fon, President and CEO, Tel: (+47) 909 19 822

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