



JOTUN

Jotun Protects Property



FINANCIAL REPORT

1 JANUARY – 30 APRIL 2021

- Solid revenue growth
- Operating profit increased by 38 per cent
- Sharp rise in raw material prices

The condensed consolidated financial statements for the Jotun Group consist of Jotun A/S and 58 subsidiaries, three joint ventures in China and Korea and five associates in UAE and Saudi Arabia. Subsidiaries are fully consolidated independent of shareholding, while Jotun's share of profits from joint ventures and associates is presented on a separate line in the consolidated income statement.

OPERATING REVENUE

Operating revenue increased by nine per cent to NOK 7 441 million over the first four months of 2021 (2020: NOK 6 804 million). Adjusted for negative currency translation effects due to a stronger Norwegian Krone, underlying sales growth was 20 per cent. The strong underlying growth is attributable to increased sales in Decorative Paints, Protective Coatings and Powder Coatings. In Marine Coatings sales are flat, hampered by lower market activity within newbuilding and maintenance of ships.

The strong year over year growth is also partly explained by lower sales in the same period last year due to extensive COVID-19 restrictions imposed by local authorities. These measures impeded sales in all segments and especially in the Middle East and South East Asia.

OPERATING PROFIT

Operating profit for the first four months of the year increased from NOK 1 065 million in 2020 to NOK 1 469 million in 2021. The improvement in operating profit is explained by strong revenue growth, solid gross margin and continued cost control.

Due to a tight supply-demand balance in several key raw material markets, the paint and coatings industry has experienced a significant increase in raw material prices. The effect of higher raw material prices will, however, not be fully reflected in cost of goods sold until later periods.

INVESTMENTS

Investments in tangible and intangible assets amounted to NOK 404 million as of April 2021 (2020: NOK 338 million). The most significant investments are the construction of new production facilities in Egypt and Vietnam, in addition to a new Regional office and R&D centre in Dubai.

NET INTEREST-BEARING DEBT

The net interest-bearing debt for the Group was NOK 2 076 million as of 30 April 2021, compared to NOK 1 514 million as of 31 December 2020. The increase in net interest-bearing debt is primarily related to a seasonal increase of working capital in Scandinavia. In addition, dividend payments of NOK 299 million have been paid to Jotun A/S shareholders. Despite an increase in net interest-bearing debt, the Group has a solid financial position with a net interest-bearing debt to EBITDA ratio of 0.4.

SHAREHOLDERS' EQUITY

Shareholders' equity, including non-controlling interests, decreased slightly during the first four months of 2021 to NOK 11 056 million (31 December 2020: NOK 11 128 million), yielding an equity ratio of 52 per cent as of 30 April 2021 (31 December 2020: 54 per cent).

While profit for the period increased from NOK 612 million last year to NOK 1 031 million, negative currency translation effects and distribution of annual dividend to Jotun A/S shareholders led to a slight reduction in total equity.

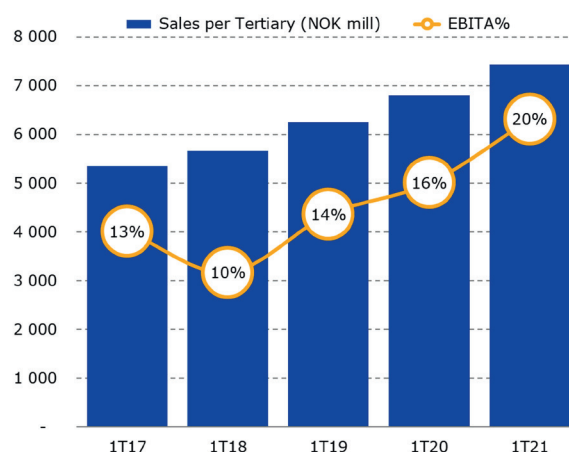
CASH FLOW

Operating activities generated a positive cash flow of NOK 399 million as of 30 April 2021 (2020: NOK 53 million). The increase in operating cash flow compared to last year is attributed to increased operating profit.

The Group's liquidity position remains solid. Jotun A/S has approximately NOK 1 billion in available cash and NOK 1.6 billion in unutilised credit facilities available as a reserve to further support potential liquidity needs in the Group.

SUMMARY OF HISTORICAL DEVELOPMENT

Operating revenue and EBITA margin development for the first tertiary from 2017 to 2021 is as follows:



EBITA margin for the first tertiary increased to 20 per cent compared to 16 per cent last year. This development is attributable to modest underlying growth in operating costs year to date, despite strong growth in sales.

OUTLOOK

The positive sales trend is expected to continue in the short term. Easing COVID-19 containment restrictions, particularly in the Middle East and Southeast Asia, are anticipated to increase business activity and boost demand for Jotun's products. Sales development in the latter part of 2021 is more uncertain due to reduced newbuilding activity, a weaker oil and gas market, global supply chain disruptions and uncertainty as to how the pandemic and containment measures will affect Jotun's markets.

Raw material prices continue to trend upwards and will have an increasingly negative impact on cost of goods sold for the rest of the year. Consequently, all segments have implemented mitigating actions such as sales price increases and cost control initiatives.

The pandemic continues to create uncertainty, but Jotun is well positioned to achieve further profitable growth with its broad industry and geographical footprint. Jotun's strategy therefore remains firm, with continued focus on organic growth and operational effectiveness.

1 JANUARY – 30 APRIL 2021

JOTUN GROUP – FINANCIAL CONSOLIDATED INFORMATION (UNAUDITED)

CONDENSED CONSOLIDATED INCOME STATEMENT

(NOK million)	30/4 2021	30/4 2020	31/12 2020
Operating revenue	7 441	6 804	21 070
Share of profit from associates and joint ventures	212	195	746
Cost of goods sold	-3 764	-3 396	-10 643
Other operating expenses	-2 147	-2 273	-6 861
Depreciation, amortisation and impairment	-273	-266	-824
Operating profit	1 469	1 065	3 489
Net financial items	-62	-173	-331
Profit before tax	1 407	892	3 158
Income tax	-376	-279	-780
Profit for the period	1 031	612	2 378

CONDENSED CONSOLIDATED BALANCE SHEET

(NOK million)	30/4 2021	30/4 2020	31/12 2020
Intangible assets	1 085	1 176	1 099
Property, plant and equipment	6 974	7 087	6 985
Financial fixed assets	1 292	1 375	1 678
Total non-current assets	9 352	9 637	9 762
Inventories	3 206	3 359	2 877
Trade and other receivables	6 090	6 397	4 979
Cash and cash equivalents	2 632	2 156	2 956
Total current assets	11 928	11 911	10 812
Total assets	21 280	21 548	20 574
Share capital	103	103	103
Other equity	10 683	10 565	10 699
Non-controlling interests	271	295	326
Total equity	11 056	10 962	11 128
Non-current liabilities	4 293	4 098	3 675
Current interest-bearing debt	1 123	1 865	1 528
Other current liabilities	4 808	4 623	4 243
Total liabilities	10 224	10 586	9 446
Total equity and liabilities	21 280	21 548	20 574

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(NOK million)	30/4 2021	30/4 2020
Equity as of 1 January	11 128	9 584
Profit of the period	1 031	612
Dividends	-684	-345
Other comprehensive income	-418	1 111
Equity as of 30 April	11 056	10 962

CONDENSED CASH FLOW STATEMENT

(NOK million)	30/4 2021	30/4 2020
Operating profit	1 469	1 065
Adjustments to reconcile operating profit to net cash flows:		
Share of profit from associates and joint ventures	-212	-195
Dividend paid from associates and joint ventures	541	670
Depreciation, amortisation and impairment	273	266
Change in accruals, provisions and other	-467	-41
Change in operating working capital	-872	-1 173
Cash generated from operating activities	732	591
Net financial items	-37	-307
Tax payments	-296	-231
Net cash flow from operating activities	399	53
Net cash flow used in investing activities	-404	-338
Dividends paid to Jotun A/S shareholders	-299	-274
Dividends paid to non-controlling interests	-86	-71
Payment of principal portion of lease liabilities	-45	-48
Net proceeds from borrowings	202	760
Net cash flow from financing activities	-229	367
Net increase / decrease (-) in cash	-233	81
Net currency translation effect	-91	171
Cash at beginning of period	2 956	1 903
Cash at end of period	2 632	2 156

Sandefjord, Norway, 27 May 2021

The Board of Directors
Jotun A/S

Odd Gleditsch d.y.
Chairman

Einar Abrahamsen

Terje Andersen

Nicolai A. Eger

Björg Engevik Nilsen

Jannicke Nilsson

Nina C. Hagen Sørli

Per Kristian Aagaard

Morten Fon
President and CEO

