Jotun Protects Property

14 February 2023

Quarterly Update – Q4 2022
Strong finish to the year

In advance of Orkla's quarterly report for Q4 2022 and the announcement of the Jotun Group's annual results for 2022 on 14 February 2023, Jotun reports the following developments in Q4 2022:

- ✓ Solid double-digit sales growth
- ✓ Strong earnings growth
- ✓ Continued uncertainty in outlook

Operating income
The strong sales growth continued in the fourth quarter of 2022, with reported sales growth of 19 per cent compared to the same period in 2021. Excluding positive currency translation effects due to a weaker Norwegian krone, the underlying sales growth was 17%.

The strong underlying growth was driven by solid volume growth as well as increased prices to compensate for higher raw material costs. Sales growth was particularly strong in the Marine segment, driven by a resurgence of newbuilding activity as well as a strong maintenance market. The Decorative and Protective segments also delivered solid growth, while sales development in the Powder segment was weaker.

All regions saw double-digit sales growth in Q4, except for Scandinavia where sales declined as markets softened after two strong years with unprecedented demand during the pandemic.

Operating profit
Operating profit grew by 66% in the fourth quarter as a result of volume growth, increased gross profit per litre and good cost control. The improvement in gross profit per litre is mainly explained by continued effects of price increases as well as the mix of segment and regional sales in Q4.

Raw material prices have been easing in the second half of the year, and some improvement in gross margins was seen in Q4 compared to the same quarter last year. However, prices are still at a high level.

While overall earnings for the Group showed solid improvement, profitability in the Powder segment and in Scandinavia and Western Europe remained below expectations.

Outlook
Jotun expects to achieve record results in 2022 and enters the new year with good sales momentum and expectations of further growth in 2023. A falling trend for raw materials is expected in the first quarter of 2023. This will contribute to further improvement in margins. However, while raw material prices are easing, global inflation will continue to affect operating costs negatively.

While Jotun's outlook is positive, significant macroeconomic and geopolitical uncertainties persist, which could affect paint and coatings markets moving forward. However, Jotun believes it is well-positioned for further profitable growth and maintains its long-term growth and investment plans.

Financial key figures (NOK million)	Oct. – Dec. 2022	Oct. – Dec. 2021	Change
Operating income	6,916	5,788	19.5%
Operating profit	606	366	65.6%

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