

9 May 2023

Quarterly Update – Q1 2023

Strong start to the year

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

Operating income

The solid sales growth continued in the first quarter of 2023, with reported sales growth of 24 per cent compared to the same period in 2022. Excluding positive currency translation effects due to a weaker Norwegian krone, the underlying sales growth was 18%.

The strong underlying growth was driven by decent volume growth as well as the continued effects of the price increases that have been implemented to offset the raw material inflation experienced during the pandemic. Sales growth was particularly strong in the Decorative, Marine and Protective segments. Underlying sales growth in Powder was more modest, in part due to a challenging market, particularly in Western Europe.

All regions experienced double-digit sales growth in Q1, except for Scandinavia where sales of decorative paints continue to be sluggish.

Operating profit

Operating profit grew by 81% in the first quarter as a result of improved gross margin, volume growth and good cost control. The gradual recovery in gross margins is primarily explained by the effects of the price increases, but lower raw material prices are also starting to have a positive impact on margins.

Raw material prices eased somewhat in the first quarter. However, prices are still historically high.

Outlook

Jotun expects continued sales growth and year-on-year margin improvement in the upcoming quarter.

While Jotun's outlook is positive, significant uncertainties persist, including increased currency volatility in key markets, rising inflation and interest rates around the world as well as a lower global economic growth outlook. 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)	Jan. – Mar.	Jan. – Mar.	Change
	2023	2022	
Operating income	7,766	6,287	23.5%
Operating profit	1,618	895	80.8%

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