

8 February 2024

Quarterly Update – Q4 2023

Strong finish to the year

In advance of Orkla's quarterly report for Q4 2023 and the announcement of the Jotun Group's annual results for 2023 on 13 February 2024, Jotun reports the following developments in Q4 2023:

- ✓ Continued solid sales growth
- ✓ Strong earnings growth
- ✓ Continued uncertainty in outlook

Operating income

Sales continued to grow in the fourth quarter of 2023, with operating income increasing nine per cent compared to the same period in 2022. Adjusted for currency translation effects, the underlying sales growth was 11 per cent.

The positive sales development was driven by a combination of volume growth, higher average selling prices and positive mix effects. Sales growth was particularly strong in the Protective segment, but the Decorative and Powder segments also delivered solid topline growth. Sales in the Marine segment were also solid, but growth was more modest, mainly due to strong sales in the same period last year.

Sales increased in all regions in the fourth quarter, apart from Western Europe and Scandinavia (WESCA) and Americas, where sales showed a decline. In WESCA, lower sales are mainly explained by continued weakness in the market for decorative paints in Scandinavia.

Operating profit

Operating profit grew by 83 per cent in the fourth quarter, driven by sales growth, higher gross margin, and good cost control. The improvement in gross margin is mainly explained by lower raw material prices.

After a sharp increase in raw material prices during the pandemic, prices have eased through the second half of 2022 and first half of 2023. In the second half of 2023, however, raw material prices have remained relatively stable and are now at around the average level seen historically.

Outlook

Jotun has achieved record-high sales and earnings in 2023 and enters 2024 with expectations of continued sales and earnings growth, albeit at a more modest rate than in the exceptional years post the pandemic. How paint and coatings markets and raw material prices will develop in 2024 is uncertain, but Jotun has started the year with good sales momentum, and raw material prices are expected to remain stable and continue to support solid gross margins through the first half of the year.

While Jotun's overall outlook is positive, significant uncertainties persist including lower global growth forecasts, increased geopolitical tensions, and supply chain disruptions due to ongoing wars and conflicts. However, Jotun believes the company is well-positioned for further profitable growth and maintains its long-term growth and investment plans.

	Oct. – Dec. 2023	Oct. – Dec. 2022	Change
Financial key figures (NOK million)			
Operating income	7 561	6 916	9.3%
Operating profit	1 110	606	83.2%

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