

15 Jul 2024

Quarterly Update – Q2 2024

Continued sales growth and solid earnings

- ✓ Continued sales growth in all segments
- ✓ Solid earnings and profitability
- ✓ Persistent uncertainty in outlook

Operating revenue

Sales continued to grow in the second quarter, with operating revenue increasing 4% compared to the same period last year. Year to date, operating revenue is also up 4%. However, excluding negative currency translation effects due to a weakening of Turkish Lira, Chinese Yuan, and the Egyptian Pound relative to the Norwegian krone, underlying sales growth year to date is 7%.

The Marine, Protective and Powder segments have all delivered double-digit underlying sales growth year to date, while Decorative sales have increased at a more modest pace. Sales have grown in all regions, with the exception of Southeast Asia & Pacific where sales remained flat. Further, the demand for Decorative paints in Scandinavia continues to be sluggish.

Operating profit

Jotun's operating margin remained strong in Q2. However, due to negative currency effects the reported quarterly operating profit decreased 2%. Excluding currency translation effects, underlying earnings are up 2% in the quarter and 9% year to date.

Reported earnings growth year to date is explained by a combination of increased sales and higher gross profit per litre, mainly driven by positive segment and product mix effects. This offsets an increase in operating costs as well as currency losses incurred in both quarters.

Outlook

The overall outlook remains positive, and Jotun expects continued sales growth and good profitability in the second half of 2024. Moving forward, however, year over year growth rates are expected to be lower due to strong comparison months last year.

Raw material prices have remained relatively stable through the first half of 2024, and this will continue to support solid gross margins in the months ahead. However, upward pressure on raw material prices combined with inflationary pressure on operating expenses in several markets, is expected to influence gross margins and profitability later in the year.

Despite persistent global uncertainties in the outlook, Jotun remains well-positioned for profitable growth due to its robust business model and geographical reach and continues to pursue long-term growth and investment plans.

	Jan. – June	Jan. – June	
Financial key figures (NOK million)	2024	2023	Change
Operating revenue	16,745	16,106	4.0%
Operating profit	3,671	3,501	4.9%

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