



JOTUN

Jotun Protects Property



FINANCIAL REPORT

1 JANUARY – 30 APRIL 2020

- Continued revenue growth
- Operating profit increased by 25 per cent
- Uncertain outlook due to COVID-19

The condensed consolidated financial statements for the Jotun Group consist of Jotun A/S and 56 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 6 804 million over the first four months of 2020 (2019: NOK 6 245 million). Adjusted for positive currency translation effects, resulting from a weaker Norwegian Krone, underlying sales growth in the first tertiary was one per cent. While sales in Marine Coatings continued to show good growth and Protective Coatings sales were at approximately the same level as last year, the underlying development in Decorative Paints and Powder Coatings was weaker compared to the same period last year.

The Decorative Paints and Powder Coatings segments have been most affected by the coronavirus pandemic and containment measures consequently imposed, especially in South-East Asia and the Middle East. Comprehensive restrictions have also led to temporary suspension of production facilities in parts of the first tertiary, resulting in lower deliveries from these facilities.

OPERATING PROFIT

Operating profit for the first four months of the year increased from NOK 851 million in 2019 to NOK 1 065 million in 2020. The improvement in operating profit is mainly explained by positive currency effects as well as stronger gross margins due to previously implemented price increases and slightly lower raw material costs.

INVESTMENTS

Investments in tangible and intangible assets amounted to NOK 339 million as of April 2020 (2019: NOK 481 million). Completion of construction of a new head office and R&D centre and an upgrade of the factory in Norway account for most of investments year to date. In addition, construction of new factories in Egypt and Vietnam as well as new Regional office and R&D centre in Dubai have commenced.

NET INTEREST-BEARING DEBT

The net interest-bearing debt for the Group was NOK 3 103 million as of 30 April 2020, compared to NOK 2 581 million as of 31 December 2019. The increase in net interest-bearing debt is primarily related to currency translation effects as well as a seasonal increase of working capital in Scandinavia. In addition, dividend payments of NOK 274 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 0.8.

SHAREHOLDERS' EQUITY

Shareholders' equity, including non-controlling interests, increased during the first four months of 2020 to NOK 10 962 million (31 December 2019: NOK 9 584 million), yielding an equity ratio of 51 per cent as of 30 April 2020 (31 December 2019: 50 per cent).

The increase in shareholders' equity is driven by a profit of NOK 612 million coupled with positive currency translation effects year to date.

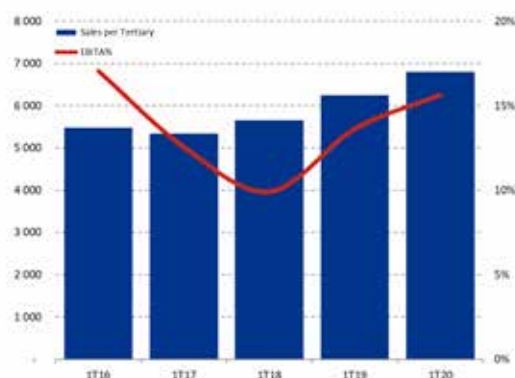
CASH FLOW

Operating activities generated a positive cash flow of NOK 176 million as of 30 April 2020 (2019: NOK 177 million). Increased dividends from associates and joint ventures are offset by an increase in working capital, mainly driven by currency translation effects.

The Group's liquidity position remains solid, and in addition to around NOK 3 billion in unutilised, local credit lines in the Group's units, Jotun A/S has NOK 2.5 billion in unutilised overdraft and 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 2016 to 2020 is as follows:



EBITA margin has recovered and increased to 16 per cent compared to 14 per cent last year. This development is mainly attributed to increased product prices to compensate for the steep increase in raw material costs in previous years, slight easing of raw material costs and continued cost-control.

OUTLOOK

Overall, Jotun expects lower sales in the short term due to the ongoing coronavirus pandemic. Restrictions imposed by authorities and a weaker economic outlook are expected to hamper commercial activity in several key countries. However, operations in some countries, like Norway and China, are performing well and are currently experiencing strong sales growth. The longer-term outlook is characterised by considerable uncertainty.

Jotun will continue its organic growth strategy and maintain focus on operational effectiveness by investing in production capacity in both existing and new markets, as well as further developing its systems and personnel.

1 JANUARY – 30 APRIL 2020

JOTUN GROUP – FINANCIAL CONSOLIDATED INFORMATION (UNAUDITED)

CONDENSED CONSOLIDATED INCOME STATEMENT

<i>(NOK million)</i>	30/4 2020	30/4 2019	31/12 2019
Operating revenue	6 804	6 245	19 652
Share of profit from associates and joint ventures	195	111	497
Cost of goods sold	3 396	3 323	10 441
Other operating expenses	2 273	1 958	6 578
Depreciation, amortisation and impairment	266	224	810
Operating profit	1 065	851	2 320
Net financial items	-173	-59	-242
Profit before tax	892	792	2 079
Income tax	279	159	529
Profit for the period	612	633	1 549

CONDENSED CONSOLIDATED BALANCE SHEET

<i>(NOK million)</i>	30/4 2020	30/4 2019	31/12 2019
Intangible assets	1 176	920	1 073
Property, plant and equipment	7 087	5 960	6 489
Financial fixed assets	1 375	1 833	1 575
Total non-current assets	9 637	8 713	9 137
Inventories	3 359	2 881	2 830
Trade and other receivables	6 397	5 632	5 266
Cash and cash equivalents	2 156	1 314	1 903
Total current assets	11 911	9 828	9 998
Total assets	21 548	18 541	19 136
Share capital	103	103	103
Other equity	10 565	8 267	9 202
Non-controlling interests	295	256	280
Total equity	10 962	8 626	9 584
Non-current liabilities	4 098	3 869	3 939
Current interest-bearing debt	1 865	1 408	1 197
Other current liabilities	4 623	4 637	4 416
Total liabilities	10 586	9 914	9 551
Total equity and liabilities	21 548	18 541	19 136

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(NOK million)</i>	30/4 2020	30/4 2019
Equity as of 1 January	9 584	8 469
Profit of the period	612	633
Dividends	-345	-443
Other comprehensive income	1 111	-33
Equity as of 30 April	10 962	8 626

CONDENSED CASH FLOW STATEMENT

<i>(NOK million)</i>	30/4 2020	30/4 2019
Operating profit	1 065	851
Adjustments to reconcile operating profit to net cash flows:		
Share of profit from associates and joint ventures	-195	-111
Dividend paid from associates and joint ventures	670	6
Depreciation, amortisation and impairment	266	224
Change in accruals, provisions and other	-52	-146
Change in operating working capital	-1 173	-440
Cash generated from operating activities	580	385
Net financial items	-173	-59
Tax payments	-231	-150
Net cash flow from operating activities	176	177
Net cash flow used in investing activities	-338	-481
Dividends paid to Jotun A/S shareholders	-274	-214
Dividends paid to non-controlling interests	-71	-16
Net proceeds from borrowings	760	837
Net cash flow from financing activities	415	607
Net increase / decrease (-) in cash	253	302
Cash at beginning of period	1 903	1 012
Cash at end of period	2 156	1 314

Sandefjord, Norway, 28 May 2020

The Board of Directors

Jotun A/S

Odd Gleditsch d.y.
Chairman

Einar Abrahamsen

Birger Amundsen

Terje Andersen

Nicolai A. Eger

Jannicke Nilsson

Nina C. Hagen Sørli

Per Kristian Aagaard

Morten Fon
President and CEO

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