

Quarterly update – Q4 2019

A strong end to the year

Prior to Orkla's presentation of fourth quarter 2019 results and the Jotun's announcement of full year results for 2019 on 13 February 2020, the Jotun Group reports the following development in the fourth quarter of 2019:

Key highlights

- ✓ Strong sales growth
- ✓ Significant growth in operating profit
- ✓ Continued increase in gross margin

Operating income

Operating income continued to develop positively in Q4, increasing 17 per cent compared to the same quarter last year. Adjusted for positive currency translation effects, resulting from a weaker Norwegian Krone, underlying sales growth in the fourth quarter was 10 per cent.

The increase in operating income is mainly driven by strong growth in Protective Coatings, as well as stronger sales momentum in Marine Coatings and Decorative Paints. Sales in the shipbuilding and offshore industries continue to grow after a lengthy period of challenging market conditions.

Top line growth continues to be positively affected by product price increases previously implemented to compensate for a sharp increase in raw material costs.

Operating profit

Year on year operating profit improved substantially in Q4 and is up 252 per cent compared to the same period last year. The significant improvement is mainly explained by strong sales growth and increased gross margins.

Previously implemented price increases, in combination with slightly lower raw material costs in 2019 resulted in improved gross margin throughout the year.

Outlook

Jotun expects sales to continue to grow in 2020, but escalating trade tensions and geopolitical pressures as well as lower prospects for global growth create increased uncertainty. Lower shipbuilding activity is also expected to affect growth prospects for the Marine Segment, which has shown a positive development in 2019.

Financial key figures (NOK million)	Oct-Dec 2019	Oct-Dec 2018	Change
Operating income	5,090	4,337	17.4%
Operating profit	300	85	251,8%

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