

14 July 2023

Quarterly Update – Q2 2023

Continued strong sales and earnings growth

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

Operating income

The strong sales momentum continued in the second quarter with operating income growing 17 per cent compared to the same period last year. Year to date operating income is up 20 per cent and includes significant positive currency translation effects due to a historically weak Norwegian krone. Excluding currency effects, the underlying sales growth year to date is 15 per cent.

The strong growth year to date is mainly driven by volume growth and price increases to compensate for higher raw material costs. In addition, regional and segment mix effects, including increased sales of Marine coatings, contribute positively.

The Marine, Protective and Decorative segments have all delivered double-digit sales growth year to date, while sales in the Powder segment have increased modestly. Sales growth has been strongest in North East Asia, Middle East, India and Africa, and South East Asia and Pacific.

Operating profit

Operating profit year to date nearly doubled compared to the same period last year driven by improved gross margin, volume growth and good cost control. Gross margin continued to improve through the second quarter, primarily explained by the continued effects of price increases but also helped by lower raw material prices in some markets.

Although raw material prices have come down from the peak reached last summer, not all regions have benefitted, in part due to negative currency translation effects. Raw material prices remained stable in the second quarter.

Outlook

The overall outlook remains positive, and Jotun expects continued sales growth and solid profitability in 2023.

High inflation, rising interest rates and lower global growth projections create uncertainty in the outlook for the paint and coatings industry. Year to date, however, these uncertainties have not significantly affected activity in most of the markets in which Jotun operates. Furthermore, Jotun has a business model and geographic footprint which has proven to be robust even during economic downturns. Jotun therefore maintains its long-term growth strategy and investment plans.

Financial key figures (NOK million)	Jan. – June	Jan. – June	Change
	2023	2022	
Operating income	16,106	13,397	20.2%
Operating profit	3,501	1,914	82.9%

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