



# JOTUN

Jotun Protects Property



FINANCIAL REPORT 1 JANUARY – 30 APRIL 2015

## JOTUN GROUP – INTERIM FINANCIAL REPORT

- Solid revenue growth year to date driven by both higher sales volumes and positive currency translation effects
- Improved profitability through increased sales and gross margin
- On-going capacity investments in Russia, Brazil and Oman

The consolidated financial statement consists of Jotun A/S and its 58 subsidiaries, including three joint venture companies in Asia and seven associated companies in the Middle East. Subsidiaries are consolidated with the full amount independent of shareholding, while share of profits from joint ventures and associates are presented on a separate line based on the actual shareholding. The comments below are related to the performance in the first four months of 2015 compared to the same period of 2014 unless otherwise stated.

### REVENUE

Jotun Group had consolidated operating revenue of NOK 5 234 million, compared to an operating revenue of NOK 4 091 million in 2014. The growth of 28 per cent is highly affected by positive changes in currency rates. Underlying sales growth, adjusted for currency, is 12 per cent, with growth across all segments and regions. The most significant drivers of the growth are increased sales of both decorative paints and protective coatings in the Middle East and South East Asia, as well as high pre-season sales of decorative paints in Scandinavia. In addition, the Marine Coatings segment continues to develop positively.

### OPERATING PROFIT

Operating profit as of 30 April 2015 was NOK 774 million. The increase in profit is driven by large positive currency translation effects, increased sales volume and cost improvements. Net financial costs were NOK 4 million, compared to NOK 24 million as of 30 April 2014.

### INVESTMENTS

Total purchase of property, plant and equipment and intangible assets amounted to NOK 208 million as of 30 April 2015 (30 April 2014: NOK 254 million). This represents four per cent of operating revenue and is in line with strategic ambitions. Construction of new factories and buildings in Russia, Brazil and Oman, together with construction of a new warehouse in Indonesia represents the major part of the investments.

### NET INTEREST BEARING DEBT

The net interest bearing debt for the Group was NOK 2 254 million as of 30 April 2015 compared to NOK 1 702 million as of 31 December 2014. The increase in net interest bearing debt is primarily related to seasonal increase of working capital in Scandinavia, as well as generally higher working capital levels driven by underlying growth. Jotun Group's main sources of external funding are loans in the Norwegian Bond market and bilateral bank loans. As of 30 April 2015 the Group had NOK 1 300 million of outstanding bonds and NOK 1 080 million in non-current bank debt.

### SHAREHOLDERS' EQUITY

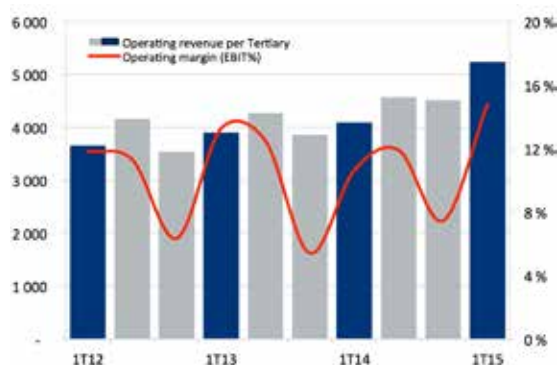
Shareholders' equity, including non-controlling interests, has decreased during 2015 to NOK 6 560 million due to the effect of dividends for 2014 (declared in 2015) and other equity changes of negative NOK 191 million, mainly relating to unrealised currency translation effects, which are larger than the profit for the period of NOK 566 million. The equity ratio is still strong at a level of 49 per cent (30 April 2014: 47 per cent).

### CASH FLOW

Operating activities generated a negative cash flow of NOK 34 million as of 30 April 2015 compared to a negative cash flow of NOK 112 million as of 30 April 2014. The improved operating cash flow for the period is mainly attributed to increased operating profit. A dividend cash outflow of NOK 257 million during the period is part payment of the dividend declared for Jotun A/S in 2014 (NOK 513 million). The remaining portion will be paid in September 2015.

### SUMMARY OF HISTORICAL DEVELOPMENT

Operating revenue and margin development per tertiary from April 2012 to April 2015 is as follows:



### OUTLOOK

Jotun has had a good start to the year and expects sales to continue to develop positively based on its organic growth strategy and presence in key growth economies. In the following tertiaries, however, the strong underlying growth rate seen during the first tertiary is not expected to continue. This is explained by sales pattern changes due to, among other, stronger seasonal sales earlier in the year compared to 2014.

Sales of marine coatings have recovered over the last year with improved newbuilding sales. The newbuilding market recovery, however, remains fragile. Sales of decorative paints have improved the first tertiary this year compared to last year, following successful product launches and marketing campaigns. Raw materials have a stable price outlook for the coming months, following some easing of prices during the first months of 2015. Jotun will continue to invest in production capacity in both existing and new markets, and further develop its systems and personnel to manage continued growth efficiently.

# 1 JANUARY – 30 APRIL 2015

## JOTUN GROUP – FINANCIAL CONSOLIDATED INFORMATION (UNAUDITED)

### CONDENSED CONSOLIDATED INCOME STATEMENT

(NOK million)	1/1–30/4 2015	1/1–30/4 2014	31/12 2014
Operating revenue	5 234	4 091	13 171
Share of profit from associated companies and joint ventures	180	99	356
Cost of goods sold	2 752	2 184	7 119
Other operating expenses	1 763	1 464	4 758
Depreciation, amortisation and impairment	125	107	337
<b>Operating profit</b>	<b>774</b>	<b>435</b>	<b>1 314</b>
Net financial items	(4)	(24)	(12)
<b>Profit before tax</b>	<b>770</b>	<b>411</b>	<b>1 301</b>
Income tax	203	111	356
<b>Profit for the period</b>	<b>566</b>	<b>300</b>	<b>946</b>

### CONDENSED CONSOLIDATED BALANCE SHEET

(NOK million)	30/4 2015	30/4 2014	31/12 2014
Intangible assets	419	331	416
Property, plant and equipment	3 787	3 072	3 755
Financial fixed Assets	1 492	1 235	1 702
<b>Total non-current assets</b>	<b>5 698</b>	<b>4 638</b>	<b>5 873</b>
Inventories	2 011	1 738	1 958
Trade and other receivables	4 799	3 827	4 048
Cash and cash equivalents	907	935	1 421
<b>Total current assets</b>	<b>7 717</b>	<b>6 500</b>	<b>7 426</b>
<b>Total assets</b>	<b>13 415</b>	<b>11 138</b>	<b>13 300</b>
Share capital	103	103	103
Other equity	6 331	5 017	6 485
Non-controlling interests	127	91	151
<b>Total equity</b>	<b>6 560</b>	<b>5 211</b>	<b>6 739</b>
Non-current liabilities	2 656	2 363	2 670
Current interest-bearing debt	955	939	947
Other current liabilities	3 243	2 625	2 944
<b>Total liabilities</b>	<b>6 855</b>	<b>5 927</b>	<b>6 561</b>
<b>Total equity and liabilities</b>	<b>13 415</b>	<b>11 138</b>	<b>13 300</b>

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(NOK million)	1/1–30/4 2015	1/1–30/4 2014
Equity as at 1 January	6 739	5 515
Profit for the period	566	300
Dividends	(554)	(547)
Exchange differences	(191)	(57)
<b>Equity as at end of period</b>	<b>6 560</b>	<b>5 211</b>

### CONDENSED CASH FLOW STATEMENT

(NOK million)	1/1–30/4 2015	1/1–30/4 2014
Profit before tax	770	411
Share of profit from associated companies and joint ventures	(180)	(99)
Dividend paid from associated companies and joint ventures	361	180
Tax payments	(159)	(127)
Depreciation, amortisation and impairment	125	107
Change in operating working capital	(636)	(523)
Change in accruals, provisions and other	(315)	(61)
<b>Net cash flow from operating activities</b>	<b>(35)</b>	<b>112</b>
Net cash flow used in investing activities	(208)	(254)
Dividends paid to Jotun A/S shareholders	(257)	(257)
Dividends paid to non-controlling interests	(41)	(34)
Net cash flow from borrowings	26	472
<b>Net cash flow from financing activities</b>	<b>(272)</b>	<b>(181)</b>
<b>Net increase/(decrease) in cash</b>	<b>(515)</b>	<b>(185)</b>
Cash at beginning of period	1 421	1 120
<b>Cash at end of period</b>	<b>907</b>	<b>935</b>

Sandefjord, Norway, 29 May 2015

The Board of Directors

Jotun A/S

Odd Gleditsch d.y.

Chairman

Einar Abrahamsen

Birger Amundsen

Terje Andersen

Richard Arnesen

Nicolai A. Eger

Ingrid Luberth

Karl Otto Tveter

Morten Fon  
President and CEO

