

11 February 2021

## Quarterly Update – Q4 2020 Continued growth and increased profitability

In advance of Orkla's quarterly report for Q4 2020 and the announcement of the Jotun Group's annual results for 2020 on 18 February 2021, Jotun reports the following developments in Q4 2020:

- ✓ Continued sales growth
- ✓ Strong improvement in operating profit
- ✓ Still uncertain outlook

### Operating income

Operating income continued to grow during Q4 with a reported increase of 4 per cent compared to the same period last year. Sales growth remained hampered by the pandemic but picked up gradually as governments in many countries eased the restrictions implemented earlier in 2020.

Top line increased in all segments during the quarter, except in Marine Coatings where sales slowed down due to reduced market activity within newbuilding and maintenance of ships. Sales growth was strongest in Decorative Paints, following a significant increase in Southeast Asia and the Middle East, where the COVID-19 outbreak previously had the greatest negative impact on sales. Sales also continued to grow in Scandinavia and Turkey, where the pandemic resulted in a substantial rise in demand for paint.

Positive currency translation effects, resulting from a weaker Norwegian krone, had a significant impact on the reported sales growth for 2020. However, these effects gradually declined during the year, and had only minor impact on the reported figures for Q4.

### Operating profit

The operating profit for Q4 was more than double that of the same period last year, and the operating margin increased to 11.9% compared to 5.9% last year. This positive development was due to increased sales, improved gross margins and good cost control.

### Outlook

Jotun enters the new year on the back of positive sales development and expects to see further growth during 2021. However, the outlook is characterised by increased uncertainty, and the growth rate will be affected by reduced activity in the shipbuilding industry, a weak oil and gas market, and lower growth in Scandinavia where sales were extraordinarily high in 2020. In addition, raw material prices have been trending upwards and further increases are anticipated moving forward.

Although there is uncertainty related to the long-term consequences of COVID-19, Jotun has a robust business model with a broad diversification across industries and geographies that puts the company in a strong position to achieve profitable growth going forward. Therefore, the pandemic has not affected Jotun's long-term growth strategy or investment rate.

Financial key figures (NOK million)	Oct – Dec 2020	Oct – Dec 2019	Change
Operating income	5,273	5,090	3.6%
Operating profit	626	302	107.3%

### For further information:

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