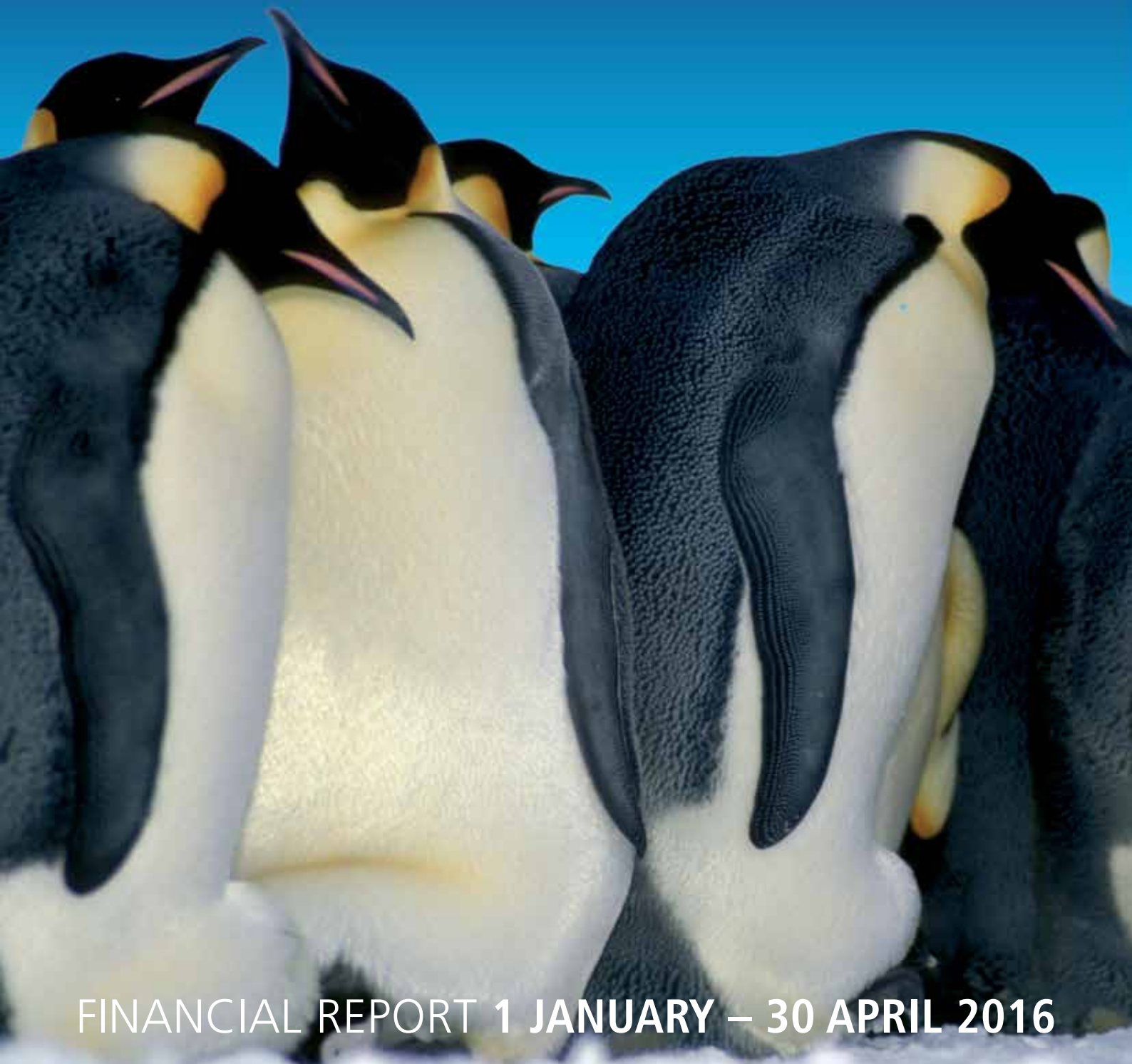




# JOTUN

Jotun Protects Property



FINANCIAL REPORT 1 JANUARY – 30 APRIL 2016

## JOTUN GROUP – INTERIM FINANCIAL REPORT

- Five per cent revenue growth year-to-date
- Improved profitability through increased sales and gross margin
- On-going capacity investments in Oman, Philippines and Myanmar

The consolidated financial statement consists of Jotun A/S and its 54 subsidiaries, three joint venture companies in Asia and six 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.

### OPERATING REVENUE

In the first four months of 2016, operating revenue increased by five per cent to NOK 5 483 million (2015: NOK 5 234 million). Underlying sales growth, adjusted for currency, is three per cent, with growth across all segments and most regions. The main drivers of the growth are increased sales volumes in the Decorative Paints segment in the Middle East, South East Asia and Scandinavia, as well as continued growth for the Marine Coatings segment.

### OPERATING PROFIT

The operating profit as of 30 April increased from NOK 774 million in 2015 to NOK 935 million in 2016. The increase in profit is driven by increased sales volume, better results from associates, and positive gross margin development.

### INVESTMENTS

Total purchases of property, plant and equipment and intangible assets amounted to NOK 323 million as of 30 April 2016 (30 April 2015: NOK 208 million). This represents 6 per cent of operating revenue, and is in line with strategic ambitions. Construction of new factories and buildings in Oman, Philippines and Myanmar, together with construction of a new office building in Norway, represents the major part of the investments.

### NET INTEREST-BEARING DEBT

The net interest-bearing debt for the Group was NOK 2 212 million as of 30 April 2016, compared to NOK 1 591 million as of 31 December 2015. The increase is primarily related to the seasonal increase of working capital in Scandinavia, as well as generally higher working capital levels driven by underlying growth. The Group has a solid financial position, and a net interest-bearing debt to EDITDA ratio of only 0.8.

### SHAREHOLDERS' EQUITY

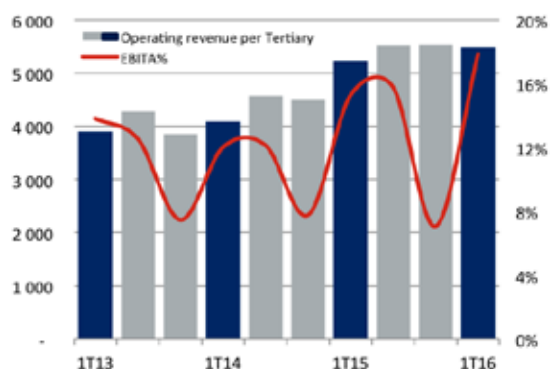
Shareholders' equity, including non-controlling interests, has decreased during 2016 to NOK 7 584 million due to the effect of dividends for 2015 (declared in 2016) and other equity changes of negative NOK 487 million, mainly relating to unrealised currency translation effects, which are larger than the NOK 685 million profit for the period. The equity ratio is still strong at a level of 50 per cent (30 April 2015: 49 per cent).

### CASH FLOW

Operating activities generated a positive cash flow of NOK 13 million as of 30 April 2016, compared to a negative cash flow of NOK 35 million as of 30 April 2015. The improved operating cash flow for the period is mainly attributed to increased operating profit and higher dividends received from associates.

### SUMMARY OF HISTORICAL DEVELOPMENT

Operating revenue and margin development per tertiary from April 2013 to April 2016 is as follows:



### OUTLOOK

The underlying sales growth so far this year has eased compared to the strong growth seen in 2015. This trend is expected to continue in the following tertiaries, primarily due to expected reduction in the growth rate for Marine newbuilding and continued low activity within the offshore sector.

Following a longer period with easing raw material prices, the prediction for the coming months is a gradual increase. Jotun will continue to further develop its organic growth strategy and maintain the 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 2016

## JOTUN GROUP – FINANCIAL CONSOLIDATED INFORMATION (UNAUDITED)

### CONDENSED CONSOLIDATED INCOME STATEMENT

(NOK million)	1/1–30/4 2016	1/1–30/4 2015	31/12 2015
Operating revenue	5 483	5 234	16 282
Share of profit from associated companies and joint ventures	247	180	562
Cost of goods sold	2 785	2 752	8 657
Other operating expenses	1 872	1 763	5 651
Depreciation, amortisation and impairment	138	125	473
<b>Operating profit</b>	<b>935</b>	<b>774</b>	<b>2 064</b>
Net financial items	(16)	(4)	(146)
<b>Profit before tax</b>	<b>918</b>	<b>770</b>	<b>1 918</b>
Income tax	233	203	502
<b>Profit for the period</b>	<b>685</b>	<b>566</b>	<b>1 416</b>

### CONDENSED CONSOLIDATED BALANCE SHEET

(NOK million)	30/4 2016	30/4 2015	31/12 2015
Intangible assets	473	419	476
Property, plant and equipment	4 235	3 787	4 220
Financial fixed assets	1 603	1 492	2 014
<b>Total non-current assets</b>	<b>6 311</b>	<b>5 698</b>	<b>6 710</b>
Inventories	2 123	2 011	2 198
Trade and other receivables	5 097	4 799	4 757
Cash and cash equivalents	1 601	907	1 521
<b>Total current assets</b>	<b>8 821</b>	<b>7 716</b>	<b>8 476</b>
<b>Total assets</b>	<b>15 132</b>	<b>13 414</b>	<b>15 187</b>
Share capital	103	103	103
Other equity	7 316	6 330	7 620
Non-controlling interests	165	127	210
<b>Total equity</b>	<b>7 584</b>	<b>6 560</b>	<b>7 932</b>
Non-current liabilities	2 619	2 656	2 648
Current interest-bearing debt	1 647	955	954
Other current liabilities	3 282	3 243	3 652
<b>Total liabilities</b>	<b>7 548</b>	<b>6 855</b>	<b>7 254</b>
<b>Total equity and liabilities</b>	<b>15 132</b>	<b>13 415</b>	<b>15 187</b>

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(NOK million)	1/1–30/4 2016	1/1–30/4 2015
Equity as at 1 January	7 932	6 739
Profit for the period	685	566
Dividends	(547)	(554)
Exchange differences	(486)	(191)
<b>Equity as at end of period</b>	<b>7 584</b>	<b>6 560</b>

### CONDENSED CASH FLOW STATEMENT

(NOK million)	1/1–30/4 2016	1/1–30/4 2015
Profit before tax	918	770
Share of profit from associated companies and joint ventures	(247)	(180)
Dividend paid from associated companies and joint ventures	484	361
Tax payments	(185)	(159)
Depreciation, amortisation and impairment	138	125
Change in operating working capital	(268)	(636)
Change in accruals, provisions and other	(827)	(315)
<b>Net cash flow from operating activities</b>	<b>13</b>	<b>(35)</b>
Net cash flow used in investing activities	(323)	(208)
Dividends paid to Jotun A/S shareholders	(257)	(257)
Dividends paid to non-controlling interests	(34)	(41)
Net cash flow from borrowings	680	26
<b>Net cash flow from financing activities</b>	<b>389</b>	<b>(272)</b>
<b>Net increase/(decrease) in cash</b>	<b>80</b>	<b>(515)</b>
Cash at beginning of period	1 521	1 421
<b>Cash at end of period</b>	<b>1 601</b>	<b>907</b>

Sandefjord, Norway, 2 June 2016

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

