

3 May 2024

Quarterly Update – Q1 2024

A good start to the year

- ✓ Double-digit earnings growth
- ✓ Sales growth in all segments
- ✓ Global uncertainties persist

Operating revenue

Operating revenue continued to grow in the first quarter of 2024, with reported sales growth of 4% compared to the same period in 2023. Excluding negative currency translation effects, mainly due to a weakening of Turkish Lira, Chinese Yuan, and the Egyptian Pound relative to the Norwegian krone, underlying sales growth was 7%.

The positive underlying sales development was mainly driven by volume growth, with sales increasing in all segments. Sales grew in all regions, except for Southeast Asia & Pacific where sales remained flat. In addition, demand for decorative paints in Scandinavia continues to be soft due to both higher interest rates affecting real estate markets and consumer demand and strong sales during the pandemic years.

Operating profit

Operating profit grew by 12% in the first quarter compared to the same period last year, driven by increased sales and continued improvement in gross margin.

Operating profit in Q1 includes a currency loss of NOK 252 million. This loss was triggered by the significant devaluation of the Egyptian Pound (EGP) following the Central Bank of Egypt's decision to float the EGP in early March. While the short-term effect of the EGP devaluation is negative, floating of the EGP is expected to have a positive effect on the Egyptian economy and Jotun's business in Egypt over time.

Outlook

Jotun expects sales to continue to grow in 2024, but at a lower rate than in the past two years. While price increases to compensate for a sharp increase in raw material costs were a key driver of sales growth in both 2022 and 2023, sales growth in 2024 is expected to be driven by volume growth and increased premium sales and supported to a lesser extent by price increases.

Gross margins and profitability are expected to remain at a favourable level in the first half of the year. Raw material prices eased through 2023 and have remained stable in the first quarter of 2024. However, there is now more upward pressure on raw material prices and prices are expected to increase slightly in the upcoming quarter. In addition, price competition in bids for new customer contracts and projects is intensifying. These factors are expected to gradually put pressure on gross margins but not until later in the year.

Significant global uncertainties persist including increased geopolitical tensions, supply chain disruptions due to ongoing wars and conflicts, and lower global growth forecasts. Despite these uncertainties, Jotun believes the company is well-positioned to achieve further profitable growth through its broad industrial and geographical footprint and maintains its long-term growth and investment plans.

Financial key figures (NOK million)	Jan. – Mar.	Jan. – Mar.	Change
	2024	2023	
Operating revenue	8,056	7,766	3.7%
Operating profit	1,818	1,618	12.4%

For further information:

Morten Fon, CEO. Mobile +47 909 19 822

Øyvind Willumsen Haugå, Group Communications Director. Mobile +47 957 47 495