



JOTUN

Jotun Protects Property



FINANCIAL REPORT 1 JANUARY – 30 APRIL 2014

JOTUN GROUP – INTERIM FINANCIAL REPORT

- Revenue growth year-on-year
- Increase in costs primarily tied to market development activities in growth markets
- On-going capacity investments in Russia and Brazil

The consolidated financial statement consists of Jotun A/S and its 57 subsidiaries, four joint venture companies in China, Hong Kong and South Korea and seven associated companies in U.A.E., Saudi Arabia and Yemen. Subsidiaries are consolidated with the full amount independent of shareholding, while share of profit of joint ventures and associates is presented on a separate line based on the actual shareholding.

REVENUE

For the first four months of 2014 the Jotun Group had consolidated operating revenues of NOK 4 091 million, compared to NOK 3 901 million in 2013. The growth of five per cent is mainly driven by increased sales volumes for Protective Coatings in North East Asia, increased Marine DryDock activity and good momentum in Eastern Europe. Sales of decorative paints in Scandinavia have had a soft start to the year.

OPERATING PROFIT

Operating profit as of 30 April 2014 decreased by 16 per cent year-on-year to NOK 435 million, yielding an operating margin of 11 per cent (30 April 2013: 13 per cent). The year so far is characterised by volume growth, strong but reduced gross margin due to change in product mix, and increased costs predominately due to market development activities especially in the Middle East. Lower seasonal sales in Norway in April influence the development of operating profit year to date. Sales in Norway are expected to pick up over the next months.

PROFIT FOR THE PERIOD

Profit for the period amounted to NOK 300 million, down NOK 16 million compared to 30 April 2013. Net financing charges for the year remain at a low level. Net financial costs were NOK 24 million, compared to NOK 26 million as of 30 April 2013.

INVESTMENTS

Total purchase of property, plant and equipment and intangible assets amounted to NOK 254 million as of 30 April 2014 (30 April 2013: NOK 167 million). This represents six per cent of operating revenue, up from four per cent as of April last year. The level of investments is in line with strategic ambitions. Construction of new factories and buildings in Russia, Brazil and Oman represents the major part of the investments.

NET INTEREST BEARING DEBT

The net interest bearing debt for the Group was NOK 1 977 million as of 30 April 2014 compared to NOK 1 322 million as of 31 December 2013. Jotun Group's main source of financing is loans in the Norwegian Bond market and bilateral loans from the Group's relationship banks.

As of 30 April 2014 the Group had NOK 1 300 million of bonds and NOK 919 million in long term bank debt outstanding. The Group has reduced its short term loans from NOK 1 810 million as of 30 April 2013 to NOK 500 million as of 30 April 2014.

SHAREHOLDERS' EQUITY

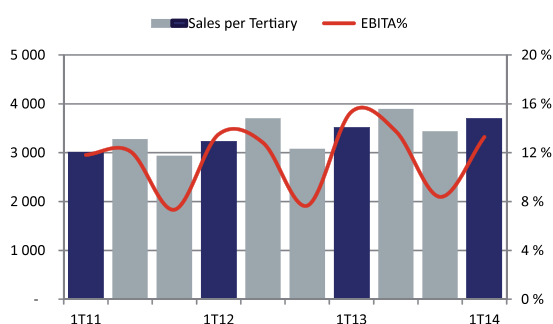
Shareholders' equity, including non-controlling interests, has decreased during 2014 to NOK 5 211 million. This is due to the effect of dividends for 2013 of NOK 547 million (declared in 2014) and other equity changes of negative NOK 57 million, which are larger than the profit for the period of NOK 300 million. The equity ratio is still strong at a level of 47 per cent (30 April 2013: 49 per cent).

CASH FLOW

Operating activities generated a negative cash flow of NOK 112 million as of 30 April 2014 compared to a positive cash flow of NOK 110 million as of 30 April 2013. The lower operating cash flow for the period is mainly attributed to reduced profits, lower dividends received from associated companies, and an increase in other receivables. The dividend cash outflow of NOK 257 million is part payment of the dividend declared for Jotun A/S in 2013 (NOK 513 million), the remaining portion to be paid in September 2014.

SUMMARY OF HISTORICAL SALES AND EBITA

Net sales and EBITA development per tertiary from April 2011 to April 2014 are as follows:



While net sales grew five per cent during the first tertiary of 2014, the growth rate was lower than for the same period last year (seven per cent). Due to increased costs, EBITA % for the period declined compared to 30 April 2013.

OUTLOOK

Jotun expects sales to continue to develop positively based on its organic growth strategy and presence in key growth economies. Marine sales are at a relatively low level following the cyclical downturn within the newbuilding market, and are expected to gradually improve during 2014. Raw materials, which represent approximately 60 per cent of the total cost base, have a stable price outlook for the coming months. In line with its organic growth strategy, 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.

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JOTUN GROUP – FINANCIAL CONSOLIDATED INFORMATION (UNAUDITED)

CONDENSED CONSOLIDATED INCOME STATEMENT

(NOK million)	1/1–30/4 2014	1/1–30/4 2013	31/12 2013
Operating revenue	4 091	3 901	12 034
Share of profit from associates and joint ventures	99	71	287
Cost of goods sold	2 184	2 039	6 515
Other operating expenses	1 464	1 320	4 245
Depreciations, amortisations and impairments	107	96	304
Operating profit	435	517	1 258
Net finance income/(costs)	(24)	(26)	(66)
Profit before tax	411	491	1 191
Income tax expenses	111	175	335
Profit for the period	300	316	857

CONDENSED CONSOLIDATED BALANCE SHEET

(NOK million)	30/4 2014	30/4 2013	31/12 2013
Intangible assets	331	314	330
Tangible fixed assets	3 072	2 677	2 967
Financial fixed Assets	1 235	1 051	1 356
Total non-current assets	4 638	4 042	4 653
Inventory	1 738	1 668	1 762
Trade and other receivables	3 827	3 725	3 264
Cash and cash equivalents	935	639	1 120
Total current assets	6 500	6 032	6 146
Total assets	11 138	10 074	10 799
Share capital	103	103	103
Other equity	5 017	4 813	5 302
Non-controlling interests	91	68	110
Total equity	5 211	4 984	5 515
Non-current liabilities	2 363	316	1 643
Current interest-bearing debt	939	2 108	1 259
Other current liabilities	2 625	2 667	2 382
Total liabilities	5 927	5 090	5 284
Total equity and liabilities	11 138	10 074	10 799

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(NOK million)	1/1–30/4 2014	1/1–30/4 2013
Equity at 1 January	5 515	5 016
Profit for the period	300	316
Dividend	(547)	(548)
Exchange differences	(63)	149
Other equity changes	6	51
Equity at 30 April	5 211	4 984

CONDENSED CASH FLOW STATEMENT

(NOK million)	1/1–30/4 2014	1/1–30/4 2013
Profit before tax	411	491
Share of profit from associates and joint ventures	(99)	(71)
Dividend paid from associates and joint ventures	180	237
Tax payments	(127)	(91)
Depreciation	107	96
Change in operating working capital	(523)	(780)
Change in accruals, provisions and other	(61)	228
Net cash flow from operating activities	(112)	110
Net cash flow used in investing activities	(254)	(167)
Dividends paid to Jotun A/S shareholders	(257)	(257)
Dividends paid to non-controlling interests	(34)	(35)
Net cash flow from loans	472	186
Net cash flow from financing activities	181	(106)
Net increase/decrease in cash	(185)	(163)
Cash at beginning of period	1 120	802
Cash at end of period	935	639

Sandefjord, Norway, 27 May 2014

The Board of Directors

Jotun A/S

Odd Gleditsch d.y.

Chairman

Einar Abrahamsen

Birger Amundsen

Terje Andersen

Richard Arnesen

Nicolai A. Eger

Ingrid Lubberth

Karl Otto Tveter

Morten Fon
President and CEO

