Jotun A/S

Full Rating Report

LONG-TERM RATING

A-

OUTLOOK

Stable

SHORT-TERM RATING

N2

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RATING RATIONALE

Our 'A-' long-term issuer credit rating on Norway-based paint and coatings manufacturer Jotun A/S reflects the company's low financial gearing, growing net cash position and strong operational efficiency. It also factors in the resulting robust credit metrics, in both absolute terms and relative to the company's peer group. Jotun has a leading position in the market for marine coatings. In the decorative paint market, Jotun is a major player in Scandinavia, the Middle East, and South East Asia.

The rating is constrained by Jotun's small size compared with the biggest players in the global paint and coatings market, where large US companies dominate. We also note the historical cyclicality of the company's margins, which mainly stems from volatile raw material prices but also from cyclical demand in certain market segments. However, Jotun's diversification across market segments and regions has allowed the company to sustain relatively solid margins through economic cycles. In addition, the company has proven ability to increase prices to reflect higher raw material costs.

STABLE OUTLOOK

The outlook is stable, reflecting our view that strong operating cash flows, despite investment requirements, will enable Jotun to maintain a net debt position below zero in the years ahead. We also believe Jotun has achieved a sustainable EBITDA margin exceeding 20% although we anticipate some increased margin pressure in coming years, due to competition or slowing demand. Jotun's global diversity and exposure to growth markets in Asia partly offset its exposure to cyclical fluctuations. We expect the company to maintain its current prudent dividend policies.

POTENTIAL POSITIVE RATING DRIVERS

- An upgrade seems unlikely at this point given the current business profile with exposure to cyclical inputs and limited sector diversification.

POTENTIAL NEGATIVE RATING DRIVERS

- An economic downturn prompting slower demand.
- Sluggish profitability, leading to an EBITDA margin below 20% over a prolonged period.
- Net debt/EBITDA sustainably above 1.0x.

Figure 1. Key credit metrics, 2020-2026e

NOKm	2020	2021	2022	2023	2024e	2025e	2026e
Total revenue	21,020	22,809	27,858	31,861	34,728	37,159	39,761
NCR-adj. EBITDA	4,026	4,208	4,503	6,810	8,079	8,063	8,116
NCR-adj. EBITDA margin (%)	19.2	18.4	16.2	21.4	23.3	21.7	20.4
NCR-adj. FFO	3,122	3,272	3,089	5,158	6,407	6,478	6,549
NCR-adj. net debt	1,821	2,169	2,027	-799	-2,211	-2,802	-3,456
NCR-adj. total assets	20,574	23,432	26,355	30,080	33,975	36,666	39,519
NCR-adj. debt/EBITDA (x)	0.5	0.5	0.5	-0.1	-0.3	-0.3	-0.4
NCR-adj. EBITDA/interest (x)	26.1	28.6	12.8	25.7	25.2	26.9	29.0
NCR-adj. FFO/debt (%)	171.4	150.9	152.4	Neg.	Neg.	Neg.	Neg.
NCR-adj. FOCF/debt (%)	122.1	28.0	15.0	Neg.	Neg.	Neg.	Neg.

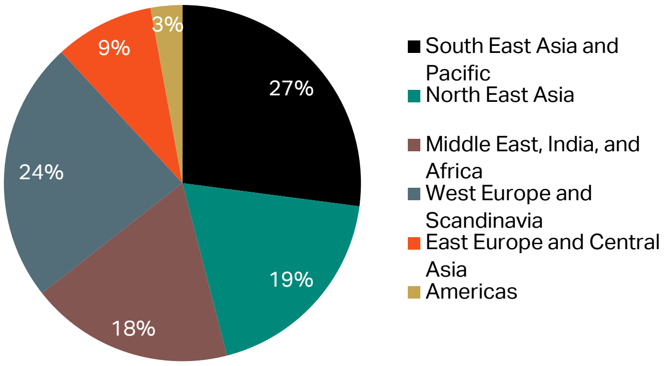
Based on NCR estimates and company data. e–estimate. FFO–funds from operations. FOCF–free operating cash flow. Neg. – net cash position, resulting in non-meaningful descriptors of the key metric. All metrics adjusted in line with NCR methodology,

ISSUER PROFILE

Jotun is among the world's largest manufacturers of paints and coating products. A global company present in more than 120 countries, it has a particularly strong position and presence in Middle East, North East Asia, South East Asia and Scandinavia. The company has a globally diverse production model, with 40 manufacturing facilities and about 11,000 employees, including 1,000 in Norway. Jotun is a one-brand company with products including decorative paint and protective marine and powder coatings. It has a strategy of organic growth and expansion into new markets.

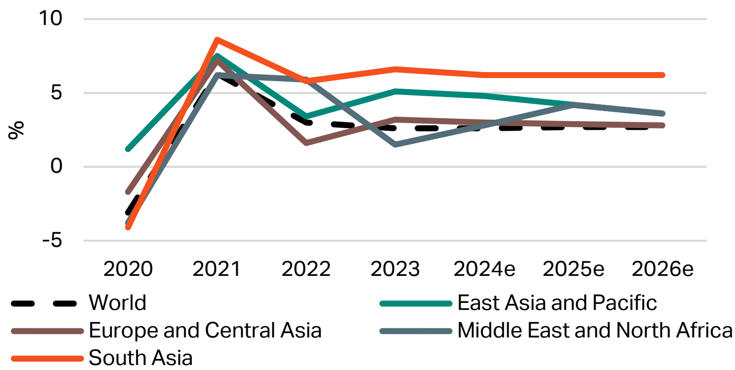
Jotun was established by Odd Gleditsch in 1926 and is still controlled by the Gleditsch family. However, Paint Holding AS, owned by Norwegian conglomerate Orkla ASA, is now the largest single shareholder. The company's international expansion began with a production facility in Libya in 1961. In 1972, Jotun merged with three other Norwegian paint producers, becoming the leading domestic paint producer and one of Norway's largest companies. The company's shares are unlisted.

Figure 2. Jotun operating revenue* by region, 2023



Source: company. *Revenues from contracts with customers.

Figure 3. Real GDP growth in main operating regions, 2020-2026e



Source: World Bank Group.

BUSINESS RISK ASSESSMENT

Business risk assessment

Our business risk assessment reflects Jotun's market position and global diversity, which partly offset its exposure to cyclical fluctuations. We note, however, that the decorative paint market has generally resisted the volatile economic conditions of recent years and that Jotun has strong positions in certain regions and market segments. We do not currently expect recessions in the regions where Jotun has its main operations. In addition, the company's strong operational efficiency and ability to transfer costs to customers constitutes a positive factor in our business risk assessment.

Market growing and price sensitivity moderate

Operating environment

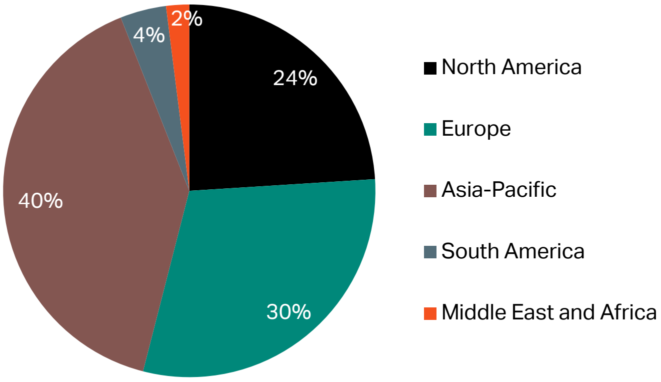
The global paint and coatings market had an estimated value of about USD 180bn annually in 2023 and we expect it to grow by about 4% annually through 2032, somewhat outpacing likely global economic expansion. Jotun's exposure and growth in developing markets has supported its double-digit historical annual revenue growth. Our assessment of the operating environment takes into account cyclical fluctuations, particularly in the market for performance coatings and in raw material prices, as well as the potential for political risk and corruption in some of Jotun's less-developed markets (see Environmental, social and governance factors below).

The paint and coatings market comprises the decorative paint market (outdoor and indoor) and the marginally smaller market for performance coatings. Both markets have similar long-term growth prospects. However, the decorative paint market is less cyclical and has proven more resistant to weak economic conditions in recent years. Margins tend to be higher in the decorative paints market, where competition is primarily local, than in performance coatings, where global players have stronger positions. Increases in raw material prices are easier to pass on to customers in the decorative paint market than in performance coatings, where price adjustments are likely to lag. However, price sensitivity is moderate because of the low share of coatings in total project costs.

The paint and coating industry is subject to inflationary pressure and economic growth variations. Raw materials are largely derived from crude oil, and prices have fluctuated significantly in recent years, largely due to political instability in oil-producing nations. Raw materials account for about 60%

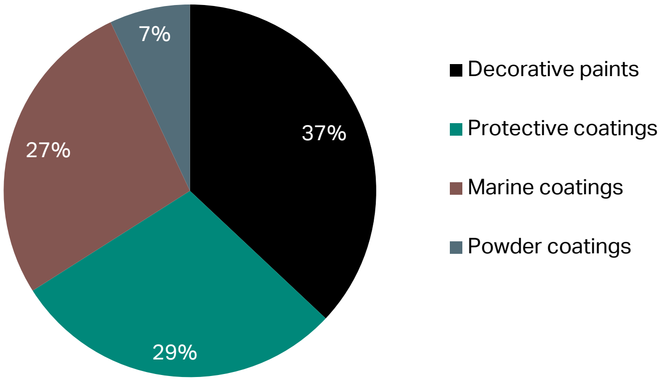
of industry costs. We see volatile raw material prices as a credit negative for the wider industry. However, Jotun has increased prices owing to higher costs, and its business model has proven robust through global crises and cyclical downturns.

Figure 4. Global paint and coatings market breakdown (USDbn), 2023



Source: Precedence Research.

Figure 5. Jotun operating revenue* by business segment, 2023



Source: company. *Revenues from contracts with customers.

Strong positions in target regions and niche markets

Market position

Jotun has continuously expanded its market shares since its 1972 merger with three domestic paint producers, partly due to its strategy of early entry into regions and niche markets with high growth potential. It has achieved average annual revenue growth of about 10% without significant acquisitions. Like its peers, Jotun offers a wide range of paint and coatings products in an industry where patent protection is generally seen as an inefficient means of deterring competitors. Innovations are therefore usually not long-lasting competitive advantages. However, the company defends its position through a strong focus on research and development, reducing the risk that alternative products could reduce its market shares and undermine its strong brand name.

Barriers to entry are higher in performance coatings than in decorative paints, due to more stringent performance requirements and the need for long-term business relationships. Lower margins also offer protection against new market entrants.

In the decorative paint market, Jotun is a major player in Scandinavia, the Middle East, and South East Asia. The major US players have small market shares in Jotun's core regions, and the company's main global competitor is Dutch multinational AkzoNobel. We believe that Jotun's position as a regional market leader enables the company to maintain strong margins in decorative paints.

Global players largely control the market for performance coatings. In marine coatings, Jotun is the market leader (with about 25% market share), followed by Japan-based Chugoku Marine Paints. The company is among the largest players in protective paints, where AkzoNobel, US-based Sherwin-Williams and PPG Industries, and Danish Hempel Group have similar market positions and several local competitors also have a presence. Jotun is small globally in powder coatings but has a significant presence in key subsectors such as building components, pipelines and general industries. AkzoNobel is the largest player in this market, which is dominated by China.

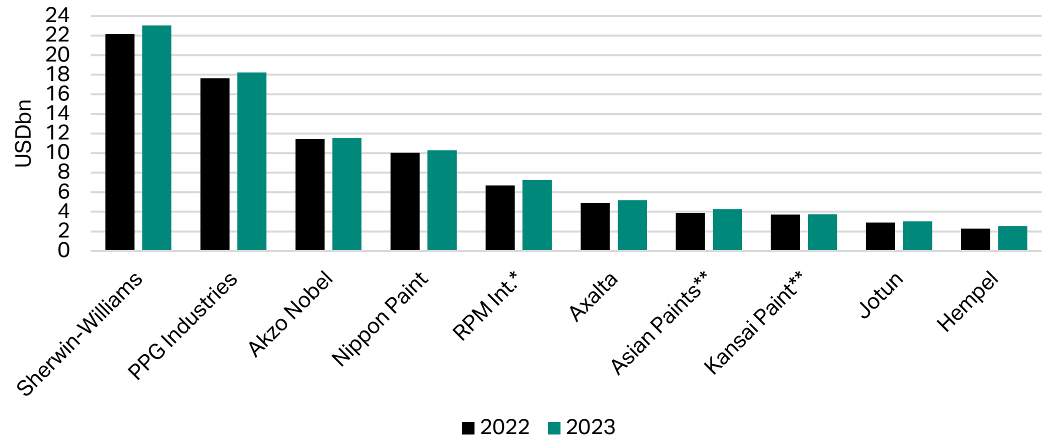
Top 10 player in a global peer group

Size and diversification

Jotun is a regional and global niche supplier with a 3% share of a target market for paints and coatings worth about USD 100bn. The company is the world's seventh-largest paint and coatings maker and has strong positions in some regions and niche markets. Unlike Jotun, the larger players have been active in consolidating the sector. Nevertheless, among the largest global players, Jotun is the fastest growing and maintains its organic growth strategy and a long-term sales growth target exceeding 8% annually. The growth is underpinned by the company's early strategy of establishing joint ventures with local players to gain access to Asian markets, with a focus on winning orders from the shipping, industry and commercial real estate sectors in China and South Korea and on penetrating the retail market for decorative paint in the Middle East.

Jotun's primary business activities include development, production, marketing and sales of paints and coatings systems and related products for treatment, protection, and decoration of surfaces. While the company focuses on paint and coatings, it also caters to a wide range of industries and individual customers in various regions. We see this diversity as a rating strength. Jotun's geographic focus on growth regions such as South East Asia, North East Asia, and the Middle East, as well as a strong position in its Scandinavian home market is also positive for the rating.

Figure 6. Peer group revenues, 2022-2023



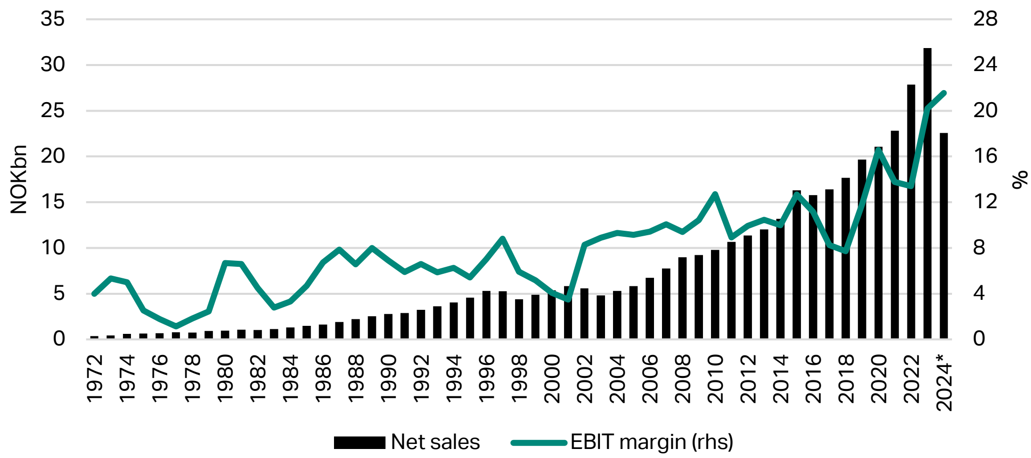
Source: company data and NCR. *As of May 2023-2024. **As of March 2023-2024.

Strong operating margins over time

Operating efficiency

Jotun's EBIT margins have widened steadily since 1972. The company has increased its focus on cost controls since 2015 to reduce margin cyclicality. We believe that this has led to lower volatility in the company's EBITDA and EBIT margins than in its gross margins. Paint and coatings generally represent only a small part of total project costs for most customers and therefore have low price sensitivity. This enables Jotun to pass higher costs on to customers, albeit with a 6-9-month lag. The stabilized raw material prices led to increased margins in 2023 and 2024, as did continual price rises, good cost management, and volume growth. In 2024, volume growth accounted for most of the sales increase, and we expect the company to achieve an EBITDA margin of about 23%. Although we foresee some margin pressure, we expect the company to maintain margins above 20% in our forecast period. The company also continues its strong cash generation from earnings, and working capital turnover has been stable as a percentage of sales and has increased at a slower pace than sales growth.

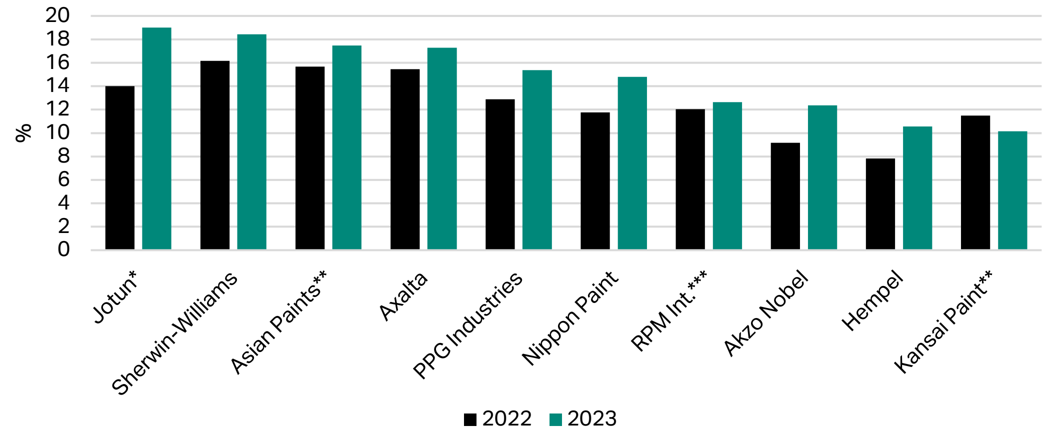
Figure 7. Historical sales and EBIT margins, 1972- 2024



Source: company. *First eight months.

Among the 10 largest industry players, Jotun had the highest EBITDA margin in 2023 (excluding dividends from joint ventures and associates). Including such dividends, Jotun's margins were also the strongest in 2022. We believe that this shows that the company is a top-flight player in terms of sector-wide operating efficiency. In our view, Jotun's widespread production model located primarily in low-cost countries contributes to this efficiency.

Figure 8. Peer group EBITDA margins, 2022-2023



Source: company data and NCR. *Excluding joint ventures. **As of March 2023-2024. ***As of May 2023-2024.

FINANCIAL RISK ASSESSMENT

Financial risk assessment

Our financial risk assessment reflects Jotun's strong balance sheet and profitability, both in absolute terms and relative to its peers. The assessment takes into account the strength of the company's financial ratios and its strong cash position over time but also considers volatility in its credit metrics as a result of somewhat cyclical margins. We do not expect Jotun to make any significant changes to its conservative investment policy.

Ratio analysis

Sustainable, strong credit metrics

Jotun's credit metrics are stronger than those of its peer group average and notably stronger than those of its five largest peers. As the entire sector faces the same challenges, we believe that Jotun will maintain its relative position. We also believe that strong operating cash flows and moderate investment requirements will enable the company to maintain the strong absolute level of its credit metrics in the years ahead, including after paying out substantial dividends. Its total debt/EBITDA is also low, averaging about 1.1x during the period 2020-2023.

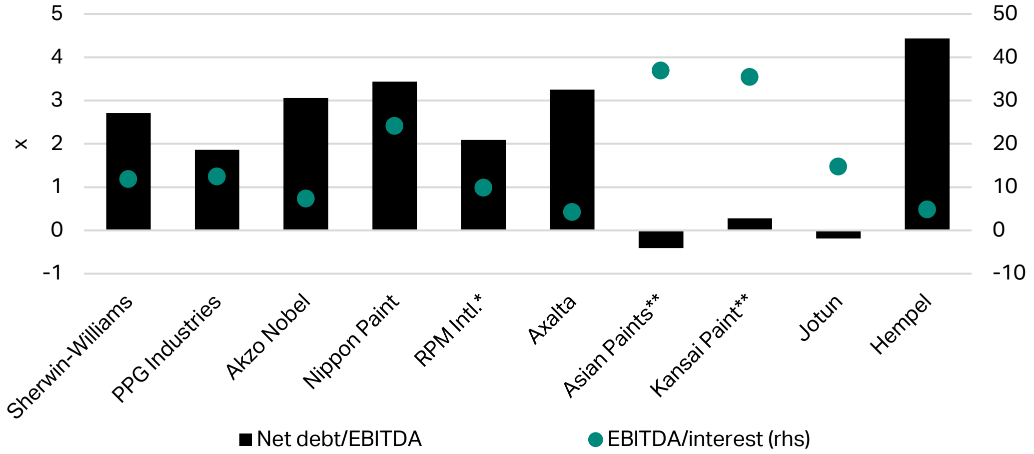
We include dividends from joint ventures in EBITDA. Annual revenues from Jotun's joint ventures exceed NOK 10bn on a 100% basis, and we expect strong contributions the coming years. The joint ventures have insignificant interest-bearing debt.

Figure 9. Key base-case forecast assumptions and credit metrics, 2024–2026e

NOKm	2024e	2025e	2026e
Revenue growth (%)	9.0	7.0	7.0
EBITDA margin (%)	23.3	21.7	20.4
Capital spending	1,250	2,000	1,988
Dividend payment	2,223	2,793	2,675
Net debt/EBITDA (x)	-0.3	-0.3	-0.4
EBITDA/net interest (x)	25.2	26.9	29.0
FFO/net debt (%)	-289.8	-231.2	-184.7
FOCF/net debt (%)	-184.2	-136.4	-108.8

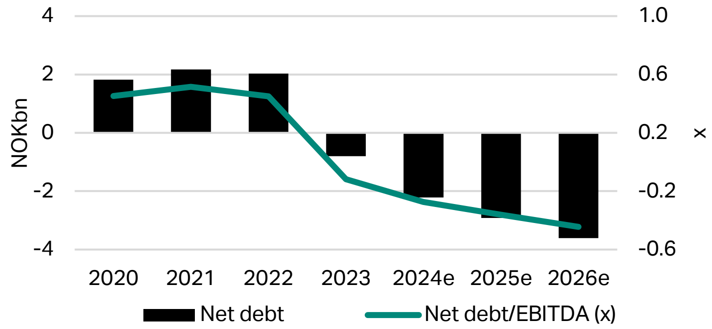
Source: NCR. e–estimate. All metrics adjusted in line with NCR methodology.

Figure 10. Peer group adjusted credit metrics, 2023



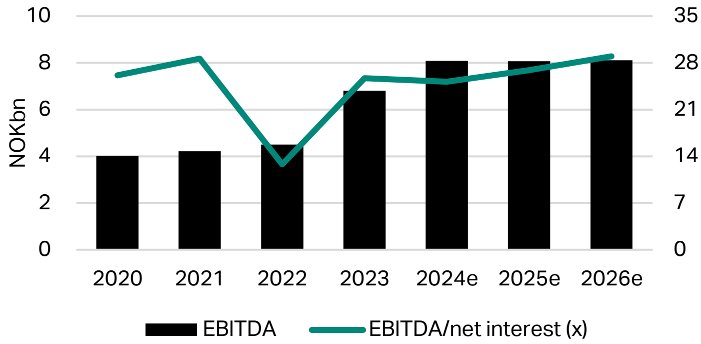
Source: company data and NCR. . *As of May 2023-2024. **As of March 2023-2024.

Figure 11. Net debt and net debt/EBITDA, 2020–2026e



Source: company data and NCR. e–estimate.

Figure 12. EBITDA and EBITDA to net interest, 2020–2026e



Source: company data and NCR. e–estimate.

Historically volatile credit metrics

Risk appetite

We view Jotun's financial risk appetite as low, although cyclical EBITDA margins have resulted in some historical volatility in the company's credit metrics. For this reason, we assess the company's risk appetite as higher than indicated by its current financial ratios. However, Jotun has a strong liquidity reserve and a long history of profitable organic growth. In addition, the company has no history of equity injections or significant acquisitions.

Jotun seeks to pay stable and predictable dividends and aims to distribute a payment corresponding to 30-50% of group net profit after tax and minority interests. Dividend proposals must take into account the group's financial standing and flexibility. Over time, the company targets group equity of at least 50%, compared with 60% as of Aug. 2024. We expect Jotun to generate strong cash flows in the years ahead. Accordingly, we assume that the company will pay a dividend in 2025 and 2026 equivalent to 50% of the group's net profit after tax and minorities. This corresponds to the upper end of the company's stated dividend policy, and we expect this level to remain in place during our forecast period. Nonetheless, we cannot rule out the risk that the company could substantially change its dividend policy.

Jotun currently has outstanding bonds amounting to NOK 1.9bn, all with floating coupon rates. The company successfully issued its first green bond of NOK 650m in Mar. 2024 under its green financing framework. Under company policy, long-term debt and credit facilities must have a minimum average time to maturity of two years. The average time to maturity is currently 3.4 years with the first upcoming maturity in Feb. 2026 (NOK 300m). Jotun also has solid liquidity, and the parent company had NOK 2.9bn in undrawn long-term unsecured credit lines as of end-2024. We expect the company to remain committed to its target of maintaining a strategic reserve equivalent to 5% of operating revenue, including associates and joint ventures. We note that the group has significant covenant headroom.

Generally, Jotun does not hedge currency risk, which in any case is limited by the company's widespread production model. Raw material prices generally are not hedged. There is no significant concentration of credit risk as regards single counterparties. Significant counterparties include shipyards, ship owners, real estate developers, and some large retail chains in Scandinavia. We do not see counterparty risk as critical.

ADJUSTMENT FACTORS

Adjustment factors

Adjustment factors are assessed as neutral and have no effect on our standalone credit assessment.

Liquidity

Liquidity

Our 12-month liquidity analysis is based on a stressed scenario in which the company cannot access the capital markets or extend bank loans, and therefore must rely on internal or committed external funding sources to cover its liquidity needs. We typically expect a company with an investment grade rating ('BBB-' or above) to cover its liquidity needs, with limited need for external funding over the coming 12 months.

We assess Jotun's liquidity as adequate given our projection of the company's sources-to-uses ratio of 9.1x at end-2025. Liquidity is supported by the company's strong cash flow and unutilised credit facilities.

Figure 13. Liquidity analysis (stressed scenario) 31 Dec. 2024–31 Dec. 2025

Liquidity, next 12 months	Amount NOKm
Cash and cash equivalents* (100%)	6,802
Adjusted FFO (75%)	4,858
Unutilised credit facilities	2,900
Total sources	**14,560**
Committed capital spending	-902
Working capital	-693
Total uses	**-1,595**
Sources/uses (x)	**9.1**
Sources-uses (NOKm)	**12,965**

Source: company and NCR. *Estimated at end-2024.

Environmental, social and governance factors

ESG factors

We believe Jotun's environmental, social and governance (ESG) efforts support the company's overall competitive position. The main ESG issues that could affect the rating are factors that might contribute to loss of revenue, increased operating costs, increased capital spending, a decline in the value of assets, decreased access to funding or loss of operating rights. In this context, we believe that Jotun's main ESG-related credit risks are CO_2 emissions, harmful waste, potential corruption, and employee issues.

Jotun is targeting a 50% reduction in its carbon footprint (Scope 1 and 2 emissions) from 2017 to 2030, when it also targets 70% renewable electricity consumption. In 2023, electricity consumption accounted for over 70% of Scope 1 and Scope 2 emissions. The company is working to increase the use of energy from renewable resources. In 2021, Jotun developed a new sustainability strategy with a greater focus on the use, reuse, and recycling of materials. The company has also introduced a system of standardised environmental data gathering from multiple sources to measure its environmental impact across the value chain. Jotun has started the process to measure its Scope 3 (indirect) emissions. As over 60% of Jotun's environmental footprint stems from raw materials, we believe that Scope 3 emission reporting is a natural next step for the company.

Jotun operates in regions which are prone to corruption. We note that the company actively fosters a corporate culture that opposes corruption. We also believe that Jotun has limited exposure to corruption as paint and coatings generally represent only a small part of the costs of a given project. Trade sanctions are an issue in several of the regions where the company operates. Compliance with trade sanctions is the responsibility of the company's local organisational structures in the regions where they apply.

Figure 14. ESG considerations

Issue	Risks	Mitigating efforts	Result
CO_2	New regulations and increased taxation could reduce operating efficiency. Regulatory requirements could increase capital spending.	Systems and policies to lower energy consumption. Goal to increase renewable electricity to 70% by 2030.	Electricity consumption per tonne produced down by 11% in 2023 from 2022. CO_2 emissions per tonne produced down by 21% since 2017.
Waste management	Investment requirements, fines, reputational risk.	Systems and policies to report and reduce waste.	Hazardous waste increased to 12.5 kg per tonne produced from 10.6 kg in 2017. Total waste up to 21 kg from 18.3 kg. No discharges into water or soil causing any significant pollution in 2023.
Corruption	Headline risk, risk of loss of business and bribery fines.	Anti-corruption training, with an emphasis on dilemma training and whistle-blowing procedures.	Not measured, but the company maintains a zero-tolerance corruption policy.
Employee safety and relations	Reduced operating efficiency due to loss of key personnel or sick leave. Headline risk.	More than 40% female managers at headquarters and 30% globally. Targets zero injuries.	Female managers globally at 24% in 2023. Time lost due to industrial injuries down to 1.0 days per million working hours in 2023 from 3.0 days in 2017.

Source: company.

OWNERSHIP ANALYSIS

Ownership

Jotun is a private company with two share classes: 114,000 A shares (10 votes each) and 228,000 B shares (one vote each). The board chairman and CEO positions are split.

Jotun's largest shareholder, Paint Holding AS, is owned by Orkla. However, 54% of the shares and 59% of the voting rights are controlled by the Gleditsch family, through various companies, with Odd Gleditsch d.y. acting as board chairman. In our view, the ownership structure is stable. We note that Orkla has capacity to provide support in an event of stress. We also note that, to date, Jotun has not required equity injections and that the last increase in share capital took place at the time of the 1972 merger.

Figure 15. Ownership structure, 31 Dec. 2024

Owner	Share of capital	Share of votes
Paint Holding AS	42.7%	38.6%
Odd Gleditsch AS	14.5%	11.2%
Mattisberget AS	8.9%	21.8%
Leo Invest AS	2.9%	2.7%
Abrafam Holding AS	2.1%	2.7%
Other	28.9%	23.0%
Total	**100.0%**	**100.0%**

Source: company.

ISSUE RATINGS

We rate Jotun's long-term senior unsecured bonds 'A-', in line with the long-term issuer rating. Jotun is largely funded through senior unsecured bonds. The issue rating reflects our expectations that the company will keep its gross secured debt to EBITDA well below 2.0x on a sustained basis.

SHORT-TERM RATING

The 'N2' short-term rating reflects Jotun's liquidity profile relative to the 'A-' long-term issuer rating. The company's committed sources to uses is 9.1x according to our liquidity analysis, which we see as indicative of an adequate liquidity profile for the long-term issuer rating.

METHODOLOGIES USED

(i) Corporate Rating Methodology, 8 May 2023.
(ii) Rating Principles, 14 Feb. 2024.
(iii) Group and Government Support Rating Methodology, 14 Feb. 2024.

Figure 16. NCR's adjustments to Jotun's credit metrics, 2020-2026e

NOKm	2020	2021	2022	2023	2024e	2025e	2026e
EBITDA	4,313	4,014	4,723	7,467	7,050	6,875	6,958
Non-recurring/non-EBITDA items	-50		-54				
Share of profit from associates and JVs	-746	-496	-729	-1,333			
Dividends from associates and JVs	559	727	600	713	1,066	1,226	1,195
Capitalised development expenses	-50	-37	-37	-37	-37	-37	-37
NCR-adj. EBITDA	4,026	4,208	4,503	6,810	8,079	8,063	8,116
Net interest	-128	-121	-320	-230	-281	-263	-245
Financial costs from leasing	-26	-26	-32	-35	-40	-37	-35
NCR-adj. net interest	-154	-147	-352	-265	-321	-300	-280
NCR-adj. EBITDA	4,026	4,208	4,503	6,810	8,079	8,063	8,116
NCR-adj. net interest	-154	-147	-352	-265	-321	-300	-280
Current taxes	-750	-789	-1,062	-1,387	-1,351	-1,285	-1,287
NCR-adj. FFO	3,122	3,272	3,089	5,158	6,407	6,478	6,549
Changes in working capital	459	-1,339	-1,541	-375	-1,121	-693	-741
Capital spending	-1,407	-1,363	-1,280	-1,374	-1,250	-2,000	-1,988
Capitalised development expenses	50	37	37	37	37	37	37
NCR-adj. FOCF	2,224	607	305	3,446	4,073	3,822	3,857
Gross debt	4,091	4,739	4,440	3,583	3,583	3,583	3,583
Total leasing liabilities	443	522	648	729	729	729	729
Retirement benefit obligations	243	296	251	279	279	279	279
NCR-adj. total debt	4,777	5,557	5,339	4,591	4,591	4,591	4,591
NCR-adj. cash and equivalents	-2,956	-3,388	-3,312	-5,390	-6,802	-7,393	-8,137
NCR-adj. net debt	1,821	2,169	2,027	-799	-2,211	-2,802	-3,546

Source: company data. JVs-joint ventures. GAAP–Norwegian Generally Accepted Accounting Principles.

Figure 17. Jotun key financial data, 2020–2023

NOKm	FY	FY	FY	FY
Period-end	31 Dec. 2020	31 Dec. 2021	31 Dec. 2022	31 Dec. 2023
INCOME STATEMENT				
Revenue	21,070	22,809	27,858	31,861
EBITDA	4,313	4,014	4,723	7,467
EBIT	3,489	3,138	3,737	6,429
Net interest expense	-128	-121	-320	-230
Pre-tax profit	3,158	2,890	3,191	5,878
Net profit	**2,378**	**2,111**	**2,167**	**4,499**
BALANCE SHEET				
Property, plant and equipment	6,384	6,944	7,313	7,857
Intangible assets and goodwill	741	765	831	877
Other non-current assets	2,637	2,548	3,007	3,773
Total non-current assets	**9,762**	**10,257**	**11,151**	**12,507**
Cash and equivalents	2,956	3,388	3,312	5,390
Other current assets	7,856	9,787	11,892	12,183
Total assets	**20,574**	**23,432**	**26,355**	**30,080**
Total equity	11,128	12,468	14,493	18,325
Gross debt	4,091	4,739	4,440	3,583
Other liabilities	5,355	6,225	7,422	8,173
Total equity and other liabilities	**20,574**	**23,432**	**26,355**	**30,081**
CASH FLOW STATEMENT				
Pre-tax profit	3,158	2,890	3,191	5,878
Cash flow before changes in working capital	2,254	2,581	2,750	4,898
Changes in working capital	459	-1,339	-1,541	-375
Operating cash flow	**2,713**	**1,242**	**1,209**	**4,523**
Capital expenditure	-1,407	-1,363	-1,280	-1,374
Other investing activities	599	810	1,041	725
Cash from investing activities	**-808**	**-553**	**-239**	**-649**
Dividends	-626	-692	-840	-947
Share repurchases	–	–	–	–
Other financing activities	-154	475	-417	-1,005
Cash from financing activities	**-780**	**-217**	**-1,257**	**-1,952**
Cash and equivalents beginning of year	1,903	2,956	3,388	3,312
Cash flow for year	**1,053**	**435**	**-239**	**1,922**
Cash and equivalents at end of year	2,956	3,388	3,312	5,390

Source: company. FY–full year.

Figure 18. Jotun rating scorecard

Subfactors	Impact	Score
Operating environment	20.0%	bb+
Market position	10.0%	bbb-
Size and diversification	10.0%	bbb-
Operating efficiency	10.0%	bbb+
Business risk assessment	50.0%	bbb-
Ratio analysis		aa
Risk appetite		a
Financial risk assessment	50.0%	a+
Indicative credit assessment		**a-**
Liquidity		Adequate
ESG		Adequate
Peer calibration		Neutral
Stand-alone credit assessment		**a-**
Support analysis		Neutral
Issuer rating		**A-**
Outlook		Stable
Short-term rating		**N2**

Figure 19. Capital structure ratings

Seniority	Rating
Senior unsecured	A-

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