

Company announcement

November 14, 2024

Announcement No. 24/2024

Nilfisk Q3 2024 Interim Report: Organic revenue growth of -0.8% and continued gross margin improvement and EBITDA margin before special items of 12.6%

Nilfisk CEO, Jon Sintorn, comments on the Q3 results:

- "After strong momentum to start the third quarter, a demand slowdown in the Americas negatively impacted the Professional Business and our overall results for the quarter. Business performance in the US was below expectations. This was partially offset by continued strong organic growth in EMEA and positive contributions from our Consumer and Specialty Businesses.

We are assessing the challenges and will look for structural efficiency improvements across the group. Nilfisk will announce its financial outlook for 2025 and provide an update in connection with the 2024 Annual Report in February 2025".

Financial highlights

mEUR	Q3 2024	Q3 2023
Revenue	240.6	247.8
Organic growth	-0.8%	-0.7%
Gross margin	42.4%	41.2%
Overhead cost	87.6	86.5
Overhead cost ratio	36.4%	34.9%
EBITDA before special items	30.4	31.2
EBITDA margin before special items	12.6%	12.6%
Special items	-1.2	-1.3
CAPEX ratio	4.4%	3.1%
Free cash flow	7.4	29.8
Net interest-bearing debt	257.7	271.1
Financial gearing	1.9x	2.0x

Financial outlook for 2024

The financial outlook, as updated in Company announcement No. 22 of October 24, 2024, remains unchanged.

Organic revenue growth is expected to be between 1% and 3% (previously 3% to 6%) and the EBITDA margin before special items is expected to be between 13% and 14% (previously 13% to 15%).

CAPEX spend is expected to remain around 4% of revenue with more than half directed towards product investments.

Special items are expected to be around mid-single digit mEUR (previously low to mid-single digit mEUR).

Positive contributions from Consumer and Specialty offset by negative organic growth in Professional Business

In Q3 2024, revenue decreased by 7.2 mEUR compared to Q3 2023, equivalent to negative organic growth of 0.8%. The decrease was primarily driven by the Professional Business where a demand slowdown in the Americas and market headwinds in APAC led to negative organic growth of 4.3%. The Service Business also delivered negative organic growth of 1.6% as temporary shipment delays in the US adversely affected performance. This was partially offset by a third consecutive quarter of double-digit growth in the Consumer Business of 22.0% and 20.1% organic growth in the Specialty Business.

By region, EMEA delivered continued strong organic growth of 6.7% in Q3 2024. This was fully offset by negative organic growth of 10.5% in the Americas where a demand slowdown impacted volumes. Revenue was also impacted by approximately 7 mEUR due to temporary shipment delays associated with the rollout of SAP. This is expected to be recorded in Q4 2024. The APAC region also delivered negative organic growth of 6.0% driven by continued weak demand and market headwinds in China and the Pacific region.

Gross margins improved further in Q3 2024, increasing by 1.2 percentage points to 42.4% from 41.2% in Q3 2023. This was driven by a favorable product mix and diligent price management that more than offset a decline in volumes. Overhead costs increased slightly to 87.6 mEUR versus 86.5 mEUR in Q3 2023 reflecting merit increases. Driven by lower revenue, EBITDA before special items decreased to 30.4 mEUR in Q3 2024 from 31.2 mEUR in Q3 2023. This was equal to an EBITDA margin before special items of 12.6%, flat versus Q3 2023.

Free cash flow of 7.4 mEUR resulted in a further decrease in net interest-bearing debt which was 257.7 mEUR at end-Q3 2024. Financial gearing remained unchanged at 1.9x. Special items in Q3 2024 were 1.2 mEUR and CAPEX ratio was 4.4% of revenue.

Conference call

Nilfisk will host a conference call on November 15, 2024 at 10:00 am CET. Presentation materials will be available on the website prior to the conference call.

Please pre-register no later than 9:55 through the links below:

Webcast: <https://getvisualtv.net/stream/?nilfisk-q3-2024-interim-report>

Phone conference:

<https://services.choruscall.it/DiamondPassRegistration/register?confirmationNumber=9282492&linkSecurityString=1544d32dfc>

The recording will be available for viewing after the event along with the presentation from the day on:
<https://investor.nilfisk.com/>

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