

Company announcement

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Marmorvej 8

DK-2100 Copenhagen Ø

Denmark

T: +45 43 23 81 00

www.nilfisk.com

CVR: 38998870

Nilfisk reports Q4 and FY2024 results: organic growth and margin expansion led to EBITDA before special items improvement

Nilfisk CEO, Jon Sintorn, comments on 2024 results:

- "We took steps throughout 2024 to improve the underlying business. We maintained our leadership position in EMEA – delivering 5.9% organic growth – and remain well-positioned with several new products launched in the second half of 2024. Full-year results were in line with our revised financial outlook for 2024, however they were below our initial expectations. This was due to a slowdown in the Americas and disruptions to our US high-pressure washer business from Hurricane Milton. Macroeconomic headwinds in APAC also burdened the result. In 2025, product launches will increase, we will continue to invest in our R&D and improve sales density in EMEA and the Americas. This will be funded through a cost reduction program of 8 mEUR impacting support functions. We will also see optimization of our production and distribution footprint."

Financial highlights

mEUR	FY 2024	FY 2023	Q4 2024	Q4 2023
Revenue	1,027.9	1,033.6	249.9	252.9
Organic growth	1.2%	-0.3%	-0.6%	-2.9%
Gross margin	42.2%	40.9%	42.5%	41.8%
Overhead costs	362.0	351.4	90.8	86.3
Overhead cost ratio	35.2%	34.0%	36.3%	34.1%
EBITDA before special items	135.8	132.4	32.0	35.1
EBITDA margin before special items	13.2%	12.8%	12.8%	13.9%
Special items, net	-6.4	-9.9	-1.8	-2.4
CAPEX ratio	4.5%	3.0%	4.5%	4.3%
Free cash flow	7.7	115.2	-0.7	32.2
Net interest-bearing debt	270.1	252.2	270.1	252.2
Financial gearing	2.0x	1.9x	2.0x	1.9x
Basic earnings per share (EPS)	1.31	1.30	0.24	0.28

Financial outlook for 2025

Organic growth is expected to be between 1% and 3% and the EBITDA margin before special items is expected to be in the range of 13.0% and 14.0%.

This is expected to be driven by continued positive momentum in EMEA, supported by the launch of new products in the second half of 2024. A normalized order book in the Americas is expected to influence the Professional and Service Businesses, while the outlook for Consumer and Specialty remains strong. Potential trade barriers present additional uncertainty for Nilfisk.

The financial outlook for 2025 is based on several assumptions including:

- Stable market conditions in EMEA
- Neutral development in the US versus 2024
- The APAC region returning to moderate growth
- Limited impact from tariffs

Full-year 2024 highlights

Nilfisk delivered organic growth and an EBITDA margin before special items in line with the updated outlook provided on October 24, 2024.

- Revenue amounted to 1,027.9 mEUR, corresponding to reported growth of -0.6% compared to 2023. Organic growth was 1.2%, driven by positive organic growth in the Service, Consumer, and Specialty Businesses. This was partially offset by negative organic growth of 0.9% in the Professional Business.
- By region, EMEA delivered strong organic growth of 5.9% from 2023. This was driven by broad-based growth across all segments and was supported by new products launched in the second half of 2024.
- A demand slowdown in the US and hurricane damages to the US high-pressure washer business both negatively impacted performance in the Americas, resulting in negative organic growth of 4.3%. Performance was below expectations and management has identified key improvement areas to implement in 2025.
- APAC continued to see weak demand throughout 2024 in several key markets. As a result, the region delivered negative organic growth of 8.0%.
- The gross margin increased to 42.2%, 1.3 percentage points higher than 2023 and the highest level since 2017. This marked the second consecutive year of gross margin expansion, driven by efficiency measures across factories and a favorable product mix, combined with diligent price and discount management.
- The overhead cost ratio increased slightly from 34.0% in 2023 to 35.2% in 2024. This was primarily the result of investments in product launches, including sales and marketing activities. Merit increases and inflationary pressure on general expenditures also contributed to higher overhead costs.

- As a result, EBITDA before special items increased to 135.8 mEUR, equal to a margin of 13.2%. This was a 0.4 percentage point or 3.4 mEUR increase and was mainly driven by strong gross margin management that fully offset a slight increase in overhead costs.
- Special items, net, amounted to 6.4 mEUR, compared to 9.9 mEUR in 2023. Special items were mainly advisory costs incurred for strategic improvement projects, including the consolidation of the US high-pressure washer business.
- Free cash flow was 7.7 mEUR in 2024, compared to 115.2 mEUR in 2023. Cash flow from operating activities was adversely affected by changes in working capital, this was driven by higher inventory associated with new product launches that are ongoing. Alongside, increased investments into research and development and digitalization.
- Net interest-bearing debt increased to 270.1 mEUR from 252.2 mEUR at the end of 2023. This was primarily driven by an increase in working capital, as well as higher capital expenditures. As a result, financial gearing increased from 1.9x to 2.0x at the end of 2024.

Sustainability highlights

- Absolute Scope 1 and 2 greenhouse gas emissions were reduced by 22% in 2024 compared to a 2019 base year. Positive progress continues to be made towards a targeted reduction of 35% by 2030. Compared to 2023, scope 1 and 2 emissions were reduced by 5%.
- Scope 3 greenhouse gas emissions intensity from the use of sold products was reduced by 39% in 2024 compared to a 2021 base year. This reduction is ahead of the recommended pathway to meet the SBTi-approved 2030 target of a 48% reduction. Compared to 2023, Scope 3 emissions intensity was reduced by 16%, and absolute emissions from the use of sold products were reduced by 13%.
- Women in top management increased to 31% in 2024, up from 30% in 2023 and on track to meet the target of 34% by 2026.
- EcoVadis Gold Medal was achieved for a third consecutive year, scoring 80 out of 100 points. This was 15 points higher than 2023 and places Nilfisk firmly in the top 5% of companies globally across the categories of Environment, Human and Labour Rights, Sustainable Procurement and Ethics.
- CDP rating of A- for the fifth consecutive year and a CDP Water Security Score of B- underscoring Nilfisk's science-based approach to sustainability.

Conference call

Nilfisk will host a conference call today 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-annual-report-2024>

Phone conference:

<https://services.choruscall.it/DiamondPassRegistration/register?confirmationNumber=4090870&linkSecurityString=995b5caea>

The recording will be available for viewing after the event along with the presentation from the day on:

<https://investor.nilfisk.com/>

Contacts

Tracy Fowler, SVP, Head of Investor Relations & Group Finance, +45 2523 8744

Nynne Jespersen Lee, Head of Group Communications, +45 4231 0007