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Q1 2019 Nilfisk Holding A/S Earnings Call

EVENT DATE/TIME: MAY 15, 2019 / 8:00AM GMT

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PRESENTATION

Operator

Good morning, ladies and gentlemen, and thank you for standing by. Welcome to today's Nilfisk First Quarter 2019 Interim Report. (Operator Instructions)

I must advise you that this conference is being recorded today, on the 15th of May 2019.

I would now like to hand the conference over to your speaker today, Hans Henrik Lund. Please go ahead, sir.

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

Thank you very much, operator, and thank you for joining the Nilfisk Q1 interim report for '19 presentation. I'm here with Karina, as always, and I would be delighted to walk you through sort of the highlights and the business units update, and then Karina will dive into the financials and the outlook.

If I characterize Q1 the way we see it, it was a quarter that was directionally right with a couple of disappointments. We are content with the fact that our branded business grew 2.8%, which we believe competitively is good. It's driven by EMEA, who has done really well with 3.6% growth across most markets, including all the big markets, including U.K. So well-founded growth rate, and they keep up the pace that they left Q4 with, so good on that.

Americas, the second quarter with organic growth, so pleased with that. And as we've communicated earlier, we have always been cautious on Q1 and Q2 because the new things we've done in U.S. and in Americas, we'd expect to yield more in second half. So starting the year with 3.2% is approved in our book.

And then one of the disappointments, APAC went the wrong way and basically had a minus 2.9% organic growth. And we have to face it that we have a turnaround going on in Australia that will take a bit of time for us. We need to do a better job right there.

China is still growing and that's fine.

Then the consumer business was indeed a disappointment. The market for consumer is hard at the moment across all the European markets, so we ended up with a negative growth in consumer of 7.2%, which was clearly not what we wanted to see. And ultimately that leaves us with a total business that grew 1.0%.

On the gross margin front, 43.1%, that is definitely directionally right with an increase of 0.7 against same quarter the year before and against the 42% for full year '18, a good uplift. We had a few one-offs around sort of the underlying gross profit was actually stronger than the 43.1% and obviously that makes us optimistic and that we need to be -- better control on the one-offs. But a good direction there and as promised really.

And then on the bottom line, an uplift of 0.3 percentage points given that we didn't fully get to where we wanted with gross margin, a little bit on the low side on the uplift; however, still an uplift of [0.3%].

If we move on to some of the strategic projects and the execution we've been through, you all know that we concluded the consumer and strategic review, and it is clearly in the best interests of our shareholders that Nilfisk is the owner [of] consumer. And as part of the year, it's not changing that perspective, it is the right thing for us to keep going. We would optimize the business. And as part of that, we will discontinue our consumer activities in the Pacific region, which is give and take, EUR 10 million to EUR 12 million of revenue.

Then you all know that we worked hard in U.S. We've changed the entire regional structure. We've said goodbye to the 7 leaders, VP, SVP, EVP level people, and we've taken a global approach to it, so that the global team here is way more involved, and we have promoted Jamie O'Neill to head U.S. Floorcare, which we're very happy with and that execution has gone well.

And then as you know, we are doing our blueprint in EMEA. We've rolled it out across sales and logistics and marketing, and so on and so forth in Germany, U.K. and the Nordics. That's one of the reasons why we are now starting to see a better financial performance in EMEA, and I will come back to that point.

Then on autonomy, the big event of the quarter was that we signed up with Brain Corp, which we are happy with. We've always had a multipartner strategy. We've made the commitment to our customers that we will always provide them the best possible platform. And at the moment, we see 2. We see our existing platform, and we see the Brain platform as being very competitive in the market.

As we've talked about, our platform is a multipurpose platform that we deploy with lots of different customers, as you see on the slide, and we keep working that. And then Brain is really strong in retail, as you know, with the Walmart deal, and we want to be part of that ecosystem as well.

Overall, if you look at the autonomy, we've had a stable Q1. It is insignificant in the total revenue scheme, and we expect it to increase over the year quarter-by-quarter. So that's the autonomy situation. We feel well positioned with the investment we're doing in both platforms.

I already started looking a bit on the business unit update, but let's take them one by one. Very happy with EMEA, a 3.6% growth is definitely approved. And again, it is not 1 or 2 markets, it's literally across the board. Very happy to report that in U.K. we had a very solid quarter. So even political situation there hasn't impacted us, we've done real well. So it's good with that.

Germany continues, France continues, and Eastern and South of course always with a higher growth rate, so a good quarter. And maybe most important actually on EMEA is we see improvement in the mix, which is positive on the gross margin. We've also, through the blueprint, taken costs out of SG&A. And we start seeing now EMEA yielding a better earning, which is something we have looked for, for a while to see the leverage of that region. But that's a very good beginning there based on Q1.

Americas, great to see U.S. Floorcare contribute significantly above average on the 3.2% growth. Given the changes we went through, we could have expected a negative impact of that, but we haven't seen it. It's actually been good. We of course acknowledge that we had a very weak Q1 '18, so comparison was quite easy. But given the amount of changes we've done, I'm actually content with the 3.2%. So good with that. We've had a bit of one-offs there that we will try to prevent moving forward. I would clearly state that we are in better control of that region now than we were 3 months ago, so there's hope that we won't see too much of that moving forward.

The big disappointment here is obviously APAC. That should be a region that should grow faster than the rest, apparently not for us, and we're clearly losing market share in APAC in Q1. The thing is we need to get better control of Australia. It's some of them work, we know how to do. It's working better with the channels and more consistent messages to the channel, better partnership with the dealers, and that will take us some time to get that established, but we know how to do it. So that's really what happened in Q1, but we were disappointed by Australia.

And then in Malaysia, we had a dealer who is dealing with Indonesia, Kawan Lama, as the single dealer in that market, and they didn't set out the way we expected them to do. Those are the 2 reasons for APAC. But not a good quarter for APAC obviously.

Then if we move to the sort of noncore business or the other businesses. Consumer, yes, disappointed, minus 7.2%. And the thing is, it's not because there's one specific market in Europe where it has gone wrong, it is not a specific customer, it is pretty broad-based. And I think from what I know, the HPW market in consumer has had a tough time, not only for us, but it's a market under pressure. The category hasn't performed that well, and we are, of course, suffering due to that as well.

Again, we have to work with the channels. We have to work in every single market every day to improve it, but this is something that we don't see an improvement to by next month. So we probably have to adjust our expectations due to consumer.

On private label, a little bit better than expected. We have guided minus 10%. And as you know, it's a business where we focus on profitability. However, we see opportunities in private label and we came in a little bit better in Q1 than we had expected.

So that's in essence how the business went. And then I would like to suggest, Karina, to go through financials in more detail.

Karina Deacon ***Nilfisk Holding A/S - Executive VP, CFO & Member of Executive Management Board***

Yes. Thank you. I will go to Slide #10. If we look at our revenue, it declined by 4% in Q1, obviously heavily impacted by the 5 divestments we did in 2018. The annual revenue of those 5 divestments was EUR 75 million and the impact in Q1 was EUR 17 million. And just for full transparency, the full year effect would be EUR 53 million in 2019.

On the other hand, we got some tailwinds from foreign exchange rates, most significantly the U.S. dollars, so we had an increase in total of 1.2% from the FX.

If we look at our gross margins, as Hans Henrik said, we saw an uplift of 70 basis points from 2018. And as always, I'm always tempted to say, we have a number of ups and downs but the most significant ones that I'd like to highlight, on the positive side, as you recall, we had some production issues last year. We had some challenges in Hungary and the U.S. production. So this year we saw higher capacity utilization in our factories. Another contributing factor, the price increases we went out to the market with, we also saw them come in as expected. And then thirdly, we have positive impact from the divestments we did, where some of them had a lower gross profit margin than the remaining business.

On the other hand, the margin was taken down mainly by 2 issues, one of them was raw materials and tariffs. We talked about them for a while. We saw a minor effect of the tariffs in Q4. And then in Q1, we saw the full effect of the 10% impact of the duty that's imposed and obviously now we can look into seeing that increasing to 25% going forward. The full year effect of those tariffs is expected around EUR 6 million, but that was built into our forecast already when we announced them in February and obviously also included in the forecast right now.

Finally, we had various one-off costs. Nothing significant as such, but just some things like inventory write-offs and some mix effect. So if I correct for these one-offs, I look into an underlying margin in the area of 43.5%. So as Hans Henrik said, we are positive that what we have guided that we will see an increase substantially over 2018, we still anticipate that.

If we go and then look at the EBITDA, we reported 13.3%, and we still have to get used to the IFRS adjustment, so let me just comment on the like-for-like where we don't include the 2.4% impact from IFRS. And there we saw an uplift of 0.3 percentage points, which basically stems from the gross margin improvement. If I look at our nominal terms, our overhead was actually lower in Q1 '19 than last year, but of course when we mentioned percentage due to the lower level of revenue, our overhead increase in percentage, 0.3%.

We did see a positive impact from our cost-saving program. It accounted for around EUR 1 million. But as we have announced, we continue to invest in building the future, and we have, in line with expectations, put more money into marketing, such as consumer insight, customer experience, et cetera, and also into, of course, digitalization and autonomous solutions as well.

On Slide 13, a few words on working capital. It's in percentage, and we always measure this on an LTM basis. It's up on Q1 last year. Please remember that it was particularly low in 2018 because we had the very low levels of particularly inventory and high levels of payables in 2007 (sic) [2017]. So now when I look at where we are on each of the components, I think it is fair to say we have returned to more normal levels for the inventories, but we do see a significant impact on payables. We had substantial production in our Suzhou factory in 2018, and we had very special payment terms related to that region in China. So the combination of very high activity and very good payment terms means that when we now have exited that production plant, we do see a significant decline in the payable side.

If I look at accounts receivable, that has picked up become somewhat, we see [long] development in Q1, and we experience -- and customers are simply trying to push payments. I don't have a collection problem, but I see a number of customers trying to just push them a little bit after the payment terms indicate. We are looking very much into that with further process alignment and also very strict governance around payment terms and collections in general.

So if I look at the 3 areas, I think I can normalize the accounts receivable journey here, but the adverse effect on the table, that's a continuing thing, and it will have an impact for the rest of the year. So to get back to the target of around 18%, we need to do a lot more on the accounts receivable and also look into inventories, and we are doing both at the moment. So when I look into the rest of the year, I don't anticipate to get down to our longer-term target, but we will go down into the 18-point-something.

Then just a few words on the cost-saving program on Slide 14. Not so much news to report here. We continue to execute as planned. And in Q3, we implemented initiatives accounting for about EUR 3 million. That -- the main things we were looking at was the further steps in our outsourcing and optimization of the whole finance organization and then we also did a lot of quite significant change in the location of our R&D resources moving from high-cost countries to low-cost countries. The impact on the P&L in Q1 '19 versus Q1 '18 was about EUR 2 million, around 50-50 split between gross profit and overheads.

When we look at the overall program, we've executed initiatives of EUR 36 million, and we are targeting EUR 50 million. And I feel confident that we will deliver on the fact that we have a very solid plan on how to deliver on the last EUR 14 million.

Just tying it to our special items. We have from the beginning of the program been very clear that we would incur some special items in restructuring relating to the program, and we incurred about EUR 4 million during this quarter. Then furthermore, we have our business restructuring where we had around EUR 3 million in restructuring charges, primarily related to severance payment. When we look at the expectations for 2019 related to the business restructuring, they are in the area of EUR 9 million to EUR 12 million in total.

Let's just turn to the outlook for 2019. We have maintained the full year expectation for our branded business of above 3% organic growth. And if we look at the total, we also maintained our full year expectations of approximately 2% organic growth for the full business. However, the composition changed somewhat between consumer and private label. The results we've seen in the beginning of the year for both areas indicate that [there should be] that change, the consumer has been a disappointment and this is the high season, so it's very difficult to compensate for that for the rest of the year.

But on the other hand, we've seen increased demand from our current suppliers in private label. And we have said that if we can deliver at the agreed gross profit, then we are also fine to increase that business. So that's what we see right now that we expect that we can have around flat development in private label, whereas we anticipate a decline of 10% in consumer business.

On EBITDA, we maintained the guidance of 14.4%, where on a full year basis, we expect 2.4 percentage points uplift from IFRS 16, in line with what we also communicated in February.

Just a small thing. When we look at the income, we don't expect that different composition will mean anything to our EBITDA level. But clearly, there is a small difference in the gross margin that we get from private label versus consumer, so there could be a little bit of a change between the gross margin and overhead. But basically, no impact on bottom line.

That concludes what we were going to say about Q1. So now it's over to you to any questions you might have.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) The first question comes from the line of Casper Blom from ABG.

Casper Blom ***ABG Sundal Collier Holding ASA, Research Division - Lead Analyst***

I have a couple. Why don't I take them one by one, so that you don't have to write down things?

First question, regarding tariffs. Did I understand correctly that you have already built into your expectation for 2019 the uplift in tariff that we saw the other day? And in connection with that, will you try and go out and get another round of price increases on the back of that? That's my first question, please.

Karina Deacon ***Nilfisk Holding A/S - Executive VP, CFO & Member of Executive Management Board***

Yes, I can confirm, Casper, that we did build it into our forecast because already when we went into the year, there was this threat. It was actually supposed to take place 1st of January and then it was postponed so -- yes, it was built in. So no surprises on that one really. Of course, we had hoped that it wouldn't be imposed at all, but we have planned for that. We had also planned for it when we went out to ask for price increases. But of course, having more being imposed, it does -- when we speak to our customers, it does [get out] to see if we can get further. But a general uplift in prices, we should probably not anticipate because it's not built into many of our contracts that we can do that.

Casper Blom ***ABG Sundal Collier Holding ASA, Research Division - Lead Analyst***

Okay. That's very clear. Then secondly on the consumer business, which you've now decided to keep. When you say that you keep it for shareholder value reasons, I suppose it's because you couldn't get the required price for it. But it also seems as if we're looking into a quite competitive market where price matters quite a lot. How would you plan on sort of turning this around and getting a healthy business out of it?

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

Thank you, Casper. And you're right. When we talk about shareholder value, we couldn't get the price that we wanted, you're absolutely correct. This business, I think, there are 2 things we do. First of all, last year we outsourced the manufacturing of our products. There's an upside coming in over a period for that. So we've taken some of the cost out of that system.

And then secondly, it's a matter of focusing the business. We have, over the years, tried, I believe, to cover too much ground in terms of markets. And as I said, we will be leaving Pacific as one, and that will help on the bottom line as well. So to me, it is about being more focused on key markets, leave the market where you don't make money, and you might be too small. And then at the end of the day, we need to bring some more innovation into this category, so -- and that's not going to help us this year, we all understand that. But we need to look at the product offering as well and say what innovation can we actually bring to the table. Because when you go to your market over the weekend and look at stuff, it all seems quite similar. So there's an opportunity to differentiate a bit more on the product, which is more of the long-term take that we have on consumer.

So in short, Casper, optimize your footprint, optimize your cost base by outsourcing your manufacturing and then look at innovation, what are the opportunities you'll have to differentiate.

Casper Blom ***ABG Sundal Collier Holding ASA, Research Division - Lead Analyst***

Okay. Has it been a consideration to basically, how could you say, rent out your brand name? Because I suppose there's a value of a product named Nilfisk, and basically if someone else handle everything and just, I would say, rent out the name. Has that been a consideration?

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

Yes. It was part of the consideration when we had the strategic review. So yes, it has been.

Casper Blom ***ABG Sundal Collier Holding ASA, Research Division - Lead Analyst***

Okay. Then finally on the autonomous machines. We saw that Walmart placed a fairly large order with Tennant using the Brain Corp technology. Is that a tender that you were participating in? And if so, why didn't you win it?

And secondly, the corporation with Brain Corp, is that a realization that you needed to sort of change your route to market within the autonomous machines? Or is it -- should it more be seen as an additional stepping up, so to say?

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

Thank you. It's an additional step-up, Casper, because again our commitment to all customers are that we always have the most competitive platform. And this is a very dynamic market. From what we see on our existing platform in general purpose, we have the best product. However, Brain Corp has developed specifically for retail, and that's why they won the Walmart deal. So we need to be present in that space as well, and they seem to have a strong platform and we like the people at Brain Corp. So for us, it was absolutely the right step to take.

We were not part of that tender. The reason being that it was really Brain Corp, who landed a deal on the software piece with Walmart, and we were not in that ecosystem. So we were not relevant for that tender at all, and that's again talking to the fact that it's important for us to have that collaboration with Brain Corp to be able to be part of that ecosystem.

Casper Blom ***ABG Sundal Collier Holding ASA, Research Division - Lead Analyst***

But if I didn't take a step back, I mean I know that you are a qualified supplier to Walmart. So when Brain Corp landed that to begin with, were you then sort of trying to sell-in Liberty at that point in time?

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

No. We were not because, again, Brain Corp, they had sold a mobility solution to Walmart. It's the software piece that Walmart wants for all of their mobility needs. It is not only for cleaning. So it was not relevant for us to -- we couldn't compete that, obviously, because we only cover cleaning.

And Casper, on the point, if I just can add, actually, we didn't -- we were not invited for that deal, we didn't win it obviously. However, I think it's an important signal to the entire market that autonomy is taking off in different speeds at different customer levels, but it's a very good proof of concept that autonomy is here to stay and will be important in this industry, which confirms what we said back at CMD in September 1 -- September 21 in '17 that this can be up to 10% of our revenue within 2 years. So good confirmation of the potential really.

Operator

The next question comes from the line of Claus Almer.

Claus Almer Nielsen ***Nordea Markets, Research Division - Senior Analyst of Capital Goods and IT***

And also few questions from my side. The first question goes to the full year guidance. The branded part of Nilfisk is below the full year guide of 3% or around a minimum 3%. Can you maybe put a little bit more flavor to how you're going to accelerate the organic growth the rest of the year? That will be the first question.

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

Happy to, Claus. And reality is we've said it all along, we expect the first half in Americas to be lower than second half because we've done a number of significant changes as you know, and Jamie O'Neill needs some time to get his magic to work. So we've always expected Americas to be higher second half than first half. So that's one accelerator. And then obviously, we don't expect APAC to be minus 3% every quarter so that the other one that will help.

Can we get a bit more out of EMEA? Maybe. Actually, 3.6% is a very decent number. I can't promise you that, that's going to be 4%, but I can definitely say the plan has always been that Americas would be better second half and APAC will also. So we're comfortable with that.

Claus Almer Nielsen ***Nordea Markets, Research Division - Senior Analyst of Capital Goods and IT***

But you know the comps are getting softer and softer during the year. So this minimum 3% should be may be more read it as minimum, but close to 3%? Or how should we actually think about full year?

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

I think you should think about it the way it's written, about 3%.

Claus Almer Nielsen ***Nordea Markets, Research Division - Senior Analyst of Capital Goods and IT***

But proof will first come in the second half of the year? Or should we already expect Q2 to support your guidance?

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

I won't comment on Q2. I'm sorry.

Claus Almer Nielsen ***Nordea Markets, Research Division - Senior Analyst of Capital Goods and IT***

Okay. Fair enough. Then my second question goes to the profitability in Q1. If we look at the performance within the different parts of Nilfisk, you did 7% growth within service. You had higher growth in the branded business. You have the benefit of the cost savings program. I'm still a bit struggling to understand why profitability did not improve more than, let's just call it, flattish year-over-year.

Karina Deacon ***Nilfisk Holding A/S - Executive VP, CFO & Member of Executive Management Board***

I think we talked about the one-off cost that impacts gross margin. And I think, in essence, that's where you'll find the challenge because if we look at each of the individual components, we do get the uplift that we anticipated.

Claus Almer Nielsen ***Nordea Markets, Research Division - Senior Analyst of Capital Goods and IT***

Okay. Then some...

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

Claus, can I just add to it? Because we expect about a 43.5% gross margin, that's what we're working for. And if we look at the one-offs, the underlying business was close to that number, and that's really what makes us optimistic on it.

Operator

Your next question comes from the line of Kristian Johansen from Danske Bank.

Kristian Tornøe Johansen ***Danske Bank Markets Equity Research - Senior Analyst***

Just on these one-off costs impacting the gross margin, you highlighted specifically for Americas. Can you just be a bit more specific in terms of how much are we talking about and exactly what is driving this?

Karina Deacon ***Nilfisk Holding A/S - Executive VP, CFO & Member of Executive Management Board***

Well, it's various things, as I've said. We had some inventory write-downs somewhere. We have also a few mix effects. So it's all those things in a big bucket of what I'd qualify as one-offs really.

Kristian Tornøe Johansen ***Danske Bank Markets Equity Research - Senior Analyst***

And how much are we talking about?

Karina Deacon ***Nilfisk Holding A/S - Executive VP, CFO & Member of Executive Management Board***

To the tune of between 0.4 percentage on gross margin impact.

Kristian Tornøe Johansen ***Danske Bank Markets Equity Research - Senior Analyst***

For Americas, so branded business? Total group, or total branded?

Karina Deacon ***Nilfisk Holding A/S - Executive VP, CFO & Member of Executive Management Board***

Yes, total group. Sorry about...

Kristian Tornøe Johansen ***Danske Bank Markets Equity Research - Senior Analyst***

Good. Good. Then, I mean, on private label and then this change in guidance here, as I recall it, and please correct me if I'm wrong, last time we spoke, you sort of indicated that you didn't really have the desire to really grow this business, and now it seems that you're changing strategy a bit. Can you just elaborate on why it is that you've now decided you should grow private label?

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

No, no. We're not changing strategy, and we're not growing it. We are saying we expected it to be minus 10%, we're now expecting it to be flat. We're not expecting to grow it, Kristian, and it won't -- it is not part of our strategy to grow it. On the other hand, it has never been the strategy of us to make a decline either. So we're following strategy. We're just saying it seems flat.

Then what happened was that some of our existing customers, and that's important, some of our existing customers indicated that going into second half, they saw some additional needs that we could handle, and that's really the story. We're not taking any new customers in, which is important, because we don't want to have a bigger portfolio of customers in this area. We want to serve the ones we have well, so the demand is coming from those guys. We're not growing the business.

Kristian Tornøe Johansen ***Danske Bank Markets Equity Research - Senior Analyst***

No. Then I mean -- what I mean is obviously you're growing your existing base, given the headwind of the lost customer diluting organic growth. So I'll rephrase it, how do you ensure that, that increasing the sales to existing customers can be done profitably --

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

And that's exactly the point because I was afraid if we would have gone out and found new smaller customers and stuff, that it wouldn't be profitable. But what we know the existing customers and by adding more volume to those, we can minimum keep the profitability as a total. I wouldn't have done it, Kristian, if it would have been new customers, not at all.

Kristian Tornøe Johansen ***Danske Bank Markets Equity Research - Senior Analyst***

Okay. That's fair enough. And then my next question is just on APAC. So you indicate that you don't expect a similar growth level for APAC going forward. Specifically on the problems you have in Australia and this dealer selling into Indonesia. I mean what's the outlook for that? How quickly can you solve these challenges?

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

I believe that the sellout of -- in Indonesia is a quicker fix. We are seeing some traction. Australia, I hate to use the term, but I could use the term it's our new U.S. because there are similarities in the problems we have. We need to regain credibility with some of the dealers when it comes to delivery service and when it comes to support for them. So we simply need to do a better job of supporting our dealers, which is not that far off from what we saw in U.S. My experience is that, that takes a quarter or 2 before we get that right. And the problem is of course that Australia is our biggest market in the region, so when they don't perform, you will immediately see it on the total region.

Kristian Tornøe Johansen ***Danske Bank Markets Equity Research - Senior Analyst***

Okay. Then my last question is on the U.S. and strategic accounts, national accounts, so whatever you want to call it. Just any update on the progress in this segment?

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

We deal -- well, we deal with it through -- in combination with our dealer structure. That's the way we work it. If we work it like we've always done, there's no sort of specific update on it. The growth we have, Kristian, is not because of a big deal in U.S., it's broad-based, it is better support of the dealers, it's more loyal dealers who want to work with us, that drives the growth. It is not a national account as such.

Operator

(Operator Instructions) Dear speakers, there are no further questions at this time. Please continue.

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

All right. Thank you, everyone, for joining, and thank you for the questions. I wish you a good day. Thank you.

Operator

That does conclude our conference for today. Thank you for participating. You may all disconnect. Have a nice day.