

Company announcement

June 26, 2019

Announcement No. 10/2019

Nilfisk adjusts financial guidance for 2019 and postpones mid-term targets**Organic Growth**

Since the announcement of the Q1 interim report 2019, we have experienced headwind in key markets, particularly a weakening economy in EMEA impacting our activities in the industrial segment and our businesses in Germany and the Nordics.

Accordingly, we adjust our expectations to the full-year organic growth in the branded professional business to be approximately flat (previously: above 3.0%) under the assumption that the recent weakening of the economy does not accelerate further.

The consumer business has finished the high season with a continued negative trend in EMEA. While we expect the business to stabilize in the second half of the year, we adjust our full-year expectations to negative organic growth of 10.0-15.0% (previously: negative organic growth of approximately 10.0%).

Expectations to the Private Label business are unchanged, as we still expect flat organic growth in 2019.

All in all, we now expect organic growth for 2019 to be approximately -1.0% for the business in total (previously approximately 2.0%).

EBITDA margin before special items

We still expect a significant uplift in the gross margin, however, the lower than expected organic growth will have an adverse effect on the EBITDA margin. Therefore, we now expect an EBITDA margin before special items in the range of 11.0-11.5% before IFRS 16 (previously: above 12.0%). The effect from IFRS 16 on EBITDA margin before special items is expected to be positive by 2.7 percentage points, leading to a guidance of an EBITDA margin before special items in the range of 13.7-14.2%.

Mid-term targets

Nilfisk's potential remains unchanged. We continue the implementation of structural changes in combination with lowering long term investments, as well as scaling our growth initiatives. However, with the weakened economy in EMEA and the new outlook for 2019, we see a delay to 2021 in the realization of our mid-term targets of organic growth in the range 3-5% and an EBITDA margin before special items of 13.2-15.2% (before the positive effect of IFRS 16).

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Comment

Hans Henrik Lund, CEO of Nilfisk, comments:

“It is a major disappointment for us not being able to deliver what we set out to in the beginning of the year. The slow-down we have experienced in Q2 in the industrial segment and key markets such as Germany and the Nordics was not anticipated. It leaves us more cautious about the remaining part of the year.

Our belief in the potential of Nilfisk is intact and we continue to transform the business. However, with the new outlook for 2019 we experience a set-back, which unfortunately delays our mid-term targets.”

Guidance overview

	2018	Previous guidance (2019)	Current guidance (2019)	Status
Organic growth				
Branded professional business	2.8%	Above 3.0%	Flat organic growth	Changed
Consumer	1.4%	-10.0%	-10.0 to -15.0%	Changed
Private Label	-12.9%	Flat organic growth	Flat organic growth	Unchanged
Total business	2.0%	Approximately 2.0%	Approximately -1.0%	Changed
EBITDA margin before special items (excluding IFRS 16 and the effect of phantom shares in 2018)	11.5%	Above 12%	11.0 – 11.5%	Changed

Contact

Investor Relations
 Jens Bak-Holder
 Head of Investor Relations
 T: +45 2128 5832

Media Relations
 Louise Refsgaard Klinge
 Global Media Relations
 T: +45 2067 0833