Presseinformation

READING TIME: 11 MIN



NORDWEST INVESTS IN FURTHER GROWTH

Outlook for the 2024 financial year

Dortmund, 08/05/2024 – For 2024 and subsequent years, NORDWEST is planning the largest investments in the future ever made in the company's history, the most important of which will be a major reorganisation of logistics processing. This will involve the construction of an economically and logistically optimised state-of-the-art central warehouse at our new site in Alsfeld, Hesse. The migration of the ERP system to SAP S/4 HANA is another major project. Although the investments will, in part, have an impact on earnings in the short and medium term, they are crucial to ensuring NORDWEST's long-term success.

Despite persistently difficult general conditions in 2024, NORDWEST is

rigorously implementing major projects of the coming years in order to prepare itself for future economic recovery and ensure its continued sustainability. Although the business volume is anticipated to reach the previous year's level, earnings are expected to decline due to investments in IT and logistics. The projected development gives rise to uncertainties, particularly with regard to the timing of the planned investments. Postponements in the project plans may result in deviations from the published figures.

At present, the NORDWEST management expects a business volume of 5.0 billion euros at the Group level for 2024, with a fluctuation range of +/– 8 %, depending in particular on developments in the Construction and Steel divisions. Due to future investments in the reorganisation of logistics processing and the SAP S/4 HANA migration, earnings before interest and taxes (EBIT) are expected to fall below the previous year's level. The Group anticipates a figure of 16.6 million euros with a fluctuation margin of +/– 0.8 million euros.

The business volume of the warehousing business is expected to increase in 2024. A key point here is that, by utilising NORDWEST's own warehouse, the affiliated specialist trade partners will be able to mitigate the impact on their own liquidity by reducing inventories at the point of sale thanks to short delivery times and direct delivery to end customers. Particularly in light of the current macroeconomic development, the utilisation of NORDWEST's own warehouse is therefore expected to increase.

The first quarter of 2024

In the first three months of the current financial year, the NORDWEST Group generated a business volume of 1,166.2 million euros. As expected, the trade association had a subdued start to the 2024 financial year, falling short of the previous year's figure by –9.6 %. The relative performance of the individual business types varied, however. While the significant decline in the central payment business (–9.0 %) and drop shipment business (–16.6 %) is largely attributable to the Steel division, the warehousing business is only slightly lower than the previous year (–1.5 %), with a business volume of 66.9 million euros. The number of affiliated specialist trade partners continues to show positive development. A total of two new companies were acquired in the first

quarter, meaning that NORDWEST had a total of 1,257 specialist trade partners at the end of the quarter.

Expected development of the core business divisions

As in the previous year, the development of the business divisions in the first quarter of 2024 exhibits significant divergence. The area of **Crafts and Industry** stands out positively. Here, the central payment and drop shipment business volume grew by a solid 12.5 % compared to the previous year, partly due to the acquisition of new specialist trade partners. The warehousing business registered a volume of 53.5 million euros, thereby just falling short of the previous year by –1.2 %.

In the **Construction** division, central payment and drop shipment business (–11.9 %) in the first three months saw a significant decrease compared to the previous year. The reason for this is the continuing strained economic situation in the construction sector and the resulting considerable decline in demand experienced in the entire main construction industry. Despite these difficult conditions, the Construction division achieved an increase of 4.5 % over the previous year in the warehousing business. The trend described above is also expected to continue for 2024 overall, with a further overall projected decline in business volume. There are moderately positive signals, particularly from the areas of public and commercial construction, but these are only expected to partially offset the overall downward trend in the construction sector.

With regard to the further course of 2024 in the Construction, Crafts and Industry division, business volumes are forecast to develop within a range of +5 % to –7 % compared to the previous year, taking into account the current uncertainties in the various key areas.

With a business volume of 364.6 million euros, the **Steel** division fell short of the previous year's level, as was expected. A slump in demand due to the weak development, particularly in the construction industry, as well as falling prices, led to a decline of –27.7 % over the previous year. In the current market environment, there are many factors of uncertainty with respect to volume and price trends when making a business forecast for the steel sector. The interplay of numerous influencing factors, some of which influence each other

mutually and potentially point in different directions, makes a reliable forecast difficult. As already mentioned, the construction sector has come under particular pressure. Therefore, it is expected that 2024 will also be a difficult year for the steel trade. There is a risk that the volume and earnings situation will further deteriorate.

In spite of this difficult market environment, NORDWEST is well-positioned for the future, particularly with the “Stahlverbund PHOENIX” steel network, which offers a service portfolio specially tailored to the requirements and company sizes of specialist trade partners. Moreover, the Aluminium Project was launched in 2023 and is on a very successful path. Its aim is to sustainably expand the aluminium business for specialist trade partners in addition to the existing supplier partner base. For this purpose, NORDWEST is offering new supplier structures from Europe and third-country imports.

With the newly initiated cooperation astedis, we have succeeded in establishing a close network with other steel purchasing organisations throughout Europe – an important milestone in the targeted expansion of our foreign business. Regardless of these positive developments, the division continued to operate in a volatile environment in the first quarter of this year.

In the **Building Services** division, the tense economic situation in the construction industry has also led to declining sales. With a business volume of 78.6 million euros, the division saw a decline of –3.9 % compared to the previous year. Both the central payment and drop shipment business (–3.6 %) and the warehousing business (–7.9 %) fell short of the previous year's figures. For the 2024 financial year, business volumes in the Building Services division are forecast to develop by +/– 5 % overall compared to the previous year, taking into account the influencing factors mentioned above.

The development registered in the area of **TeamFactor/Services** is positive. In the first quarter of 2024, this area generated an impressive business volume of 321.4 million euros, exceeding the previous year’s figure by +2.0 %. This growth is due, above all, to the increased volume in the area of SME customers and the expansion of the customer base. Only the decline in volume among existing customers (including in the steel sector) prevented a more significant increase in this area. Compared to the previous year, an increase in business volume of

+10 % to +20 % is expected for the current financial year.

The new central warehouse in Alsfeld

In the area of logistics, NORDWEST is working at full speed to reorganise its logistics processes, which is an absolutely essential step to ensure the success of its specialist trade partners and, in particular, to establish a location tailored to NORDWEST's needs. Progress on the new central warehouse in Alsfeld in the Weißer Weg industrial area (Hesse) is gathering pace accordingly NORDWEST has long since completed the planning, submitting the building application as early as October 2023. Since then, public development of the industrial estate by the town of Alsfeld has begun. The trade association aims to start construction in July 2024, with a planned construction phase of approximately one and a half years. The overall commissioning of the new facility, including the automated small parts warehouse, is planned for the second half of 2026. In a hall area of around 68,000 m^2 and a total area of 135,000 m^2, around 170,000 storage spaces will be created in the small parts warehouse and 50,000 pallet spaces. Scope for expansion is available for future growth and new customer-related projects. The new NORDWEST central warehouse guarantees fast and highly efficient processing, shorter response times, longer order acceptance times, and more sustainable packaging and shipping quality.

Expanded virtual warehouse concept

Another important future project for NORDWEST is the integration of additional suppliers in the form of virtual warehouses. This already gives specialist trade partners access to more than 158,000 additional and directly available articles and thus to a broader assortment and optimised C parts management. For everyone involved, virtual warehouses mean minimised effort in the ordering and invoicing process, article data processing and procurement services, as well as standardised, established interfaces and deliveries to end customers with customised delivery notes.

Outlook for finance and digitalisation

The consistent further development of financial products in central payment and factoring is another strategic focus. Precisely tailored products are

available for the entire value chain in the production and trading stages. The SME factoring product is strategically positioned in such a way that it can also be targeted to customers outside the NORDWEST network, which requires the use of other sales structures. European central payment represents a further project. Support in the various sales and distribution channels requires considerable investment in digitalisation, an area in which NORDWEST has been continuously investing for years. For example, the eSHOP was recently modernised, and more and more specialist trade partners are being connected via EDI and thus increasingly digitally linked with supplier partners.

Über die NORDWEST Handel AG:

Die NORDWEST Handel AG mit Sitz in Dortmund gehört seit 1919 zu den leistungsstärksten Verbundunternehmen des Produktionsverbindungshandels (PVH) mit einem Geschäftsvolumen in Höhe von 4.801 Mio. Euro gesamt per 2023. Die Kernaufgaben des Verbandes zur Unterstützung der rund 1.255 Fachhandelspartner aus den Bereichen Stahl, Bau-Handwerk-Industrie und Sanitär- und Heizungstechnik (Haustechnik) liegen in der Bündelung der Einkaufsvolumina, der Zentralregulierung, einem starken Zentrallager sowie in umfangreichen Dienstleistungen. NORDWEST ist auch in Europa, insbesondere in den Schwerpunktländern Österreich, Schweiz, Frankreich, Polen sowie Benelux aktiv.

Herausgeber:
NORDWEST Handel AG
Robert-Schuman-Straße 17
44263 Dortmund
http://www.nordwest.com

Astrid Sassen
Geschäftsbereichsleiterin Marketing & Unternehmenskommunikation
Telefon: +49 (0)231 - 2222 - 3301
E-Mail: a.sassen@nordwest.com

Janine Berghoff
Referentin für Presse- und Öffentlichkeitsarbeit
Telefon: +49 (0)231 - 2222 - 3340
E-Mail: j.berghoff@nordwest.com

Presseinformation

READING TIME: 11 MIN

Anna Eckart
Referentin für Presse- und Öffentlichkeitsarbeit
Telefon: +49 (0)231 - 2222 - 3341
E-Mail: a.eckart@nordwest.com