

WEBCAST PRESENTATION

Nilfisk full-year results 2021

February 25, 2022

NILFISK

Forward-looking statements

This presentation contains forward-looking statements, including statements regarding Nilfisk's future operating profit, financial position, inventory, cash flows, strategic priorities as well as plans for the future. Forward-looking statements include, without limitation, any statement that may predict, indicate or imply future results, performance or achievements, and may contain the words "believes", "expects", "estimates", "projects", "plans", "anticipates", "continues" and "intends" or any variations of such words or other words with similar meaning. The statements are based on Management's reasonable expectations and forecasts at the time of the disclosure of the annual report. Any such statements are subject to risks and uncertainties, and a number of different factors, of which many are beyond the Group's control, can mean that the actual development and the actual result will differ significantly from the expectations contained in the annual report and this presentation. Without being exhaustive, such factors include general economics and commercial factors, including market and competitive matters, supplier issues and financial issues. Accordingly, forward-looking-statements should not be relied on as a prediction of actual results.



On the call today

Executive Management Team of Nilfisk



< **Torsten Türling**
CEO



Reinhard Mayer >
CFO

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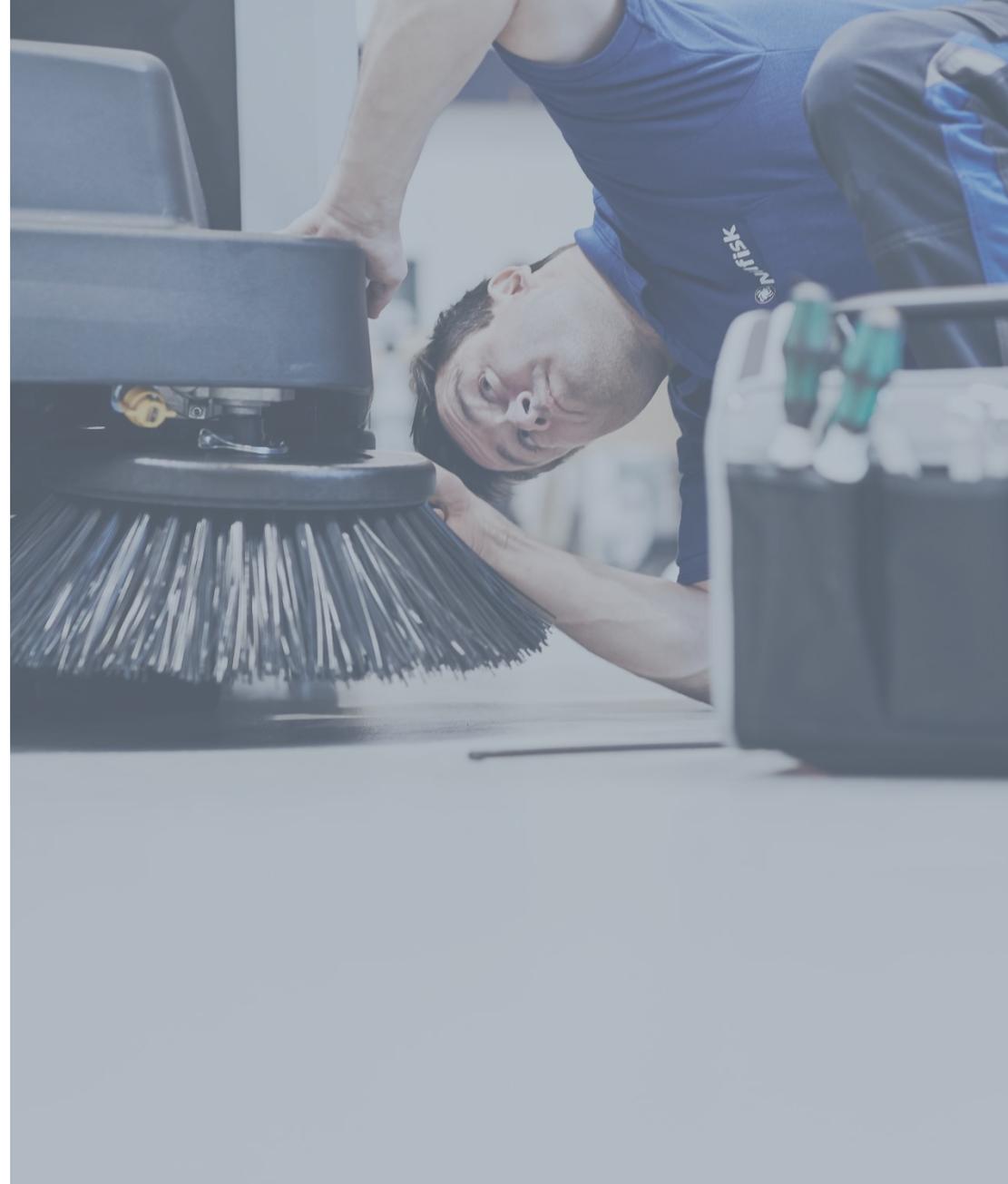
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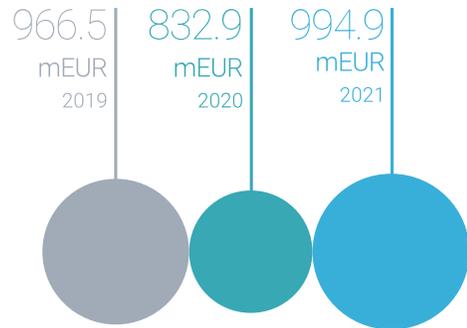


CEO comment

2021 Financials

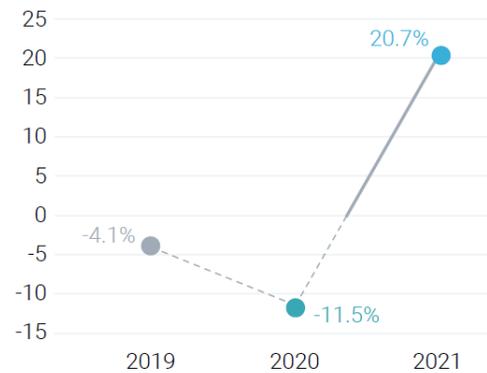
994.9 mEUR

Revenue



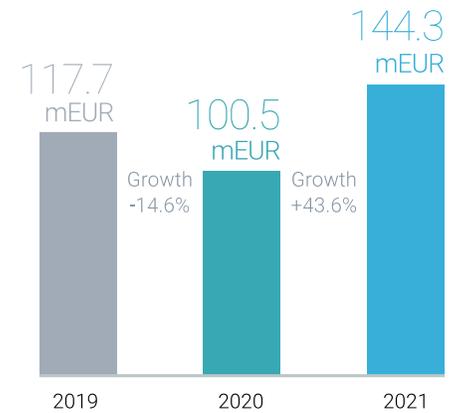
20.7%

Organic revenue growth



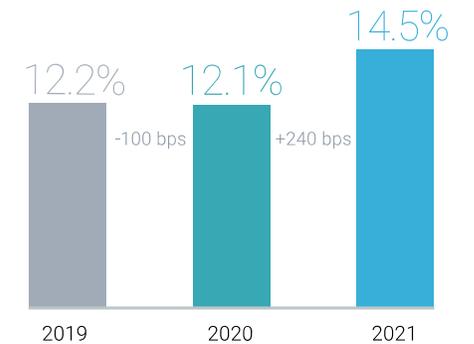
43.6%

EBITDA growth bsi



14.5%

EBITDA margin bsi



CEO comment

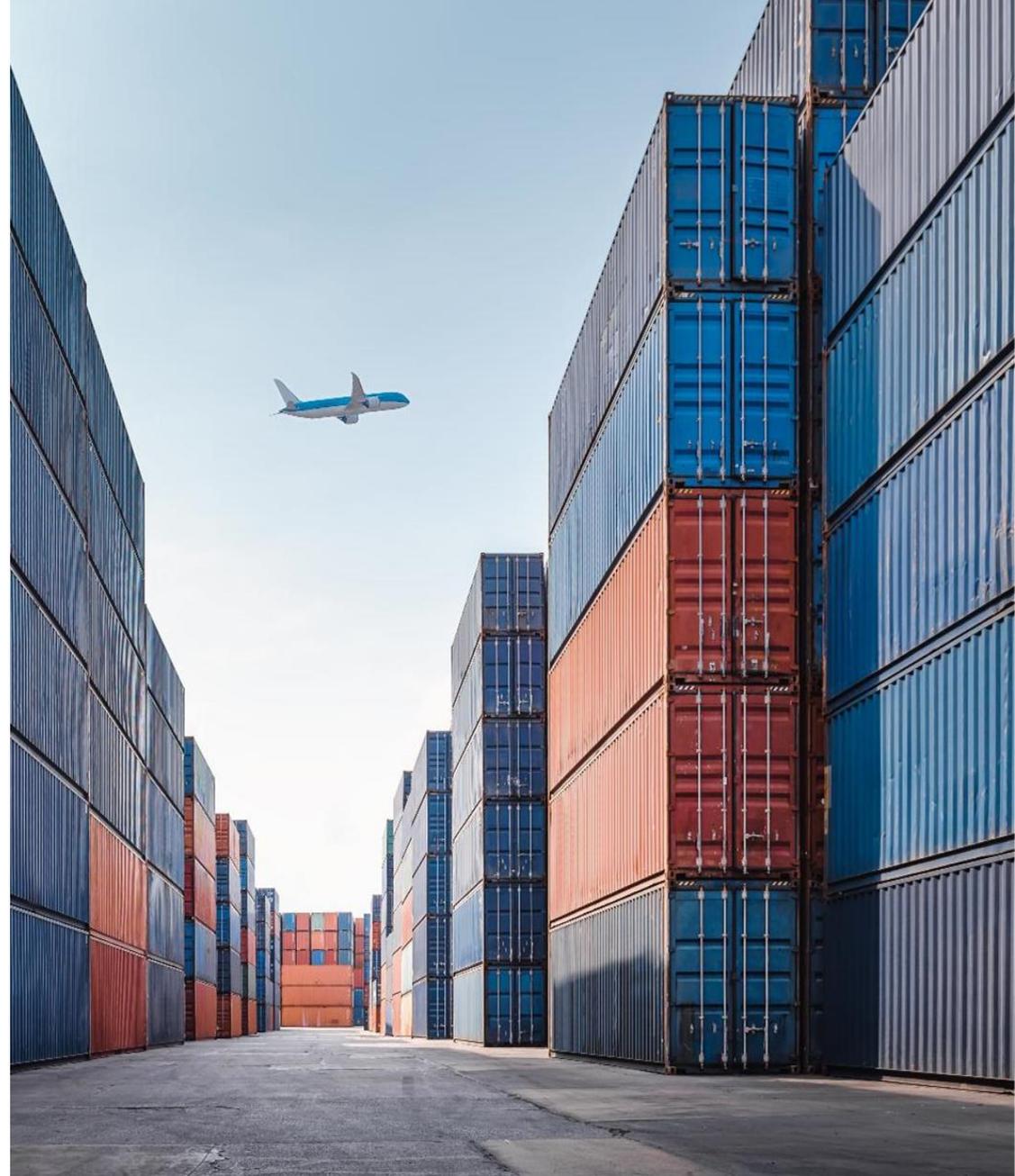
2021 Operations

Order intake

above sales growth

Supply chain

mitigating actions



CEO comment

Strategic review

Strategy review

During second half of 2021



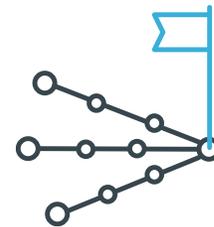
Outlook & targets

For 2022, 2026 and 2030



Business plan 2026

Focus on long-term sustainable growth



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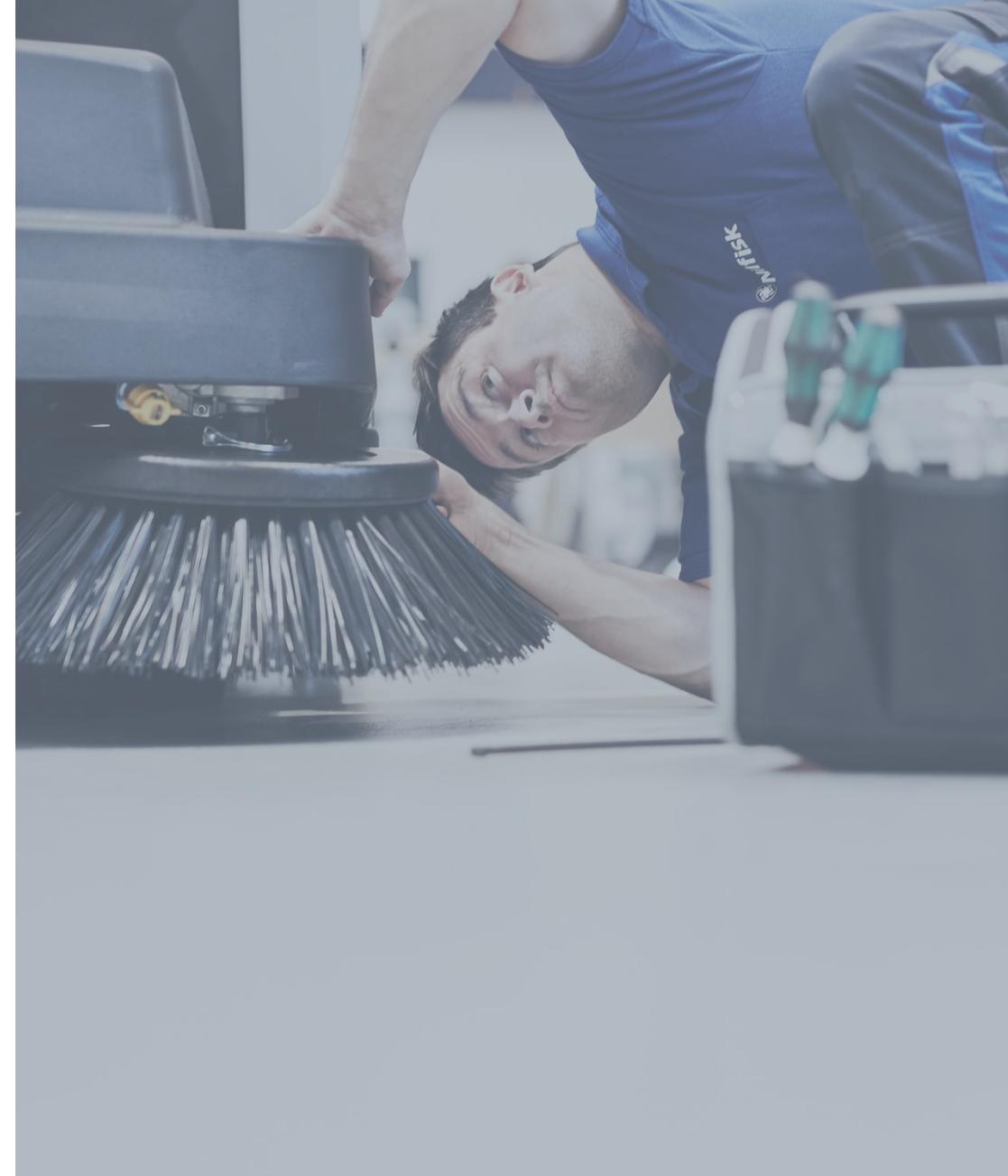
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Q&A



Highlights for Q4 2021

Q4 income statement

EUR million	Q4 2021	Q4 2020	Change
Net sales	260.6	220.2	40.4
<i>Reported growth</i>	18.3%	-5.8%	24.1 pp
<i>Organic growth</i>	16.7%	-2.1%	18.8 pp
COGS	-159.4	-126.9	-32.5
Gross profit	101.2	93.3	7.9
<i>Gross margin</i>	38.8%	42.4%	-360 bps
Overhead costs	85.7	81.2	4.5
<i>Overhead cost ratio</i>	32.9%	36.9%	-400 bps
EBITDA before special items	31.5	30.9	0.6
<i>EBITDA margin bsi</i>	12.1%	14.0%	-190 bps
Special items	0.0	0.8	-0.8
EBITDA	31.5	30.4	1.1
<i>EBITDA margin</i>	12.1%	13.8%	-170 bps
EBIT	15.5	11.3	4.2
<i>EBIT margin</i>	5.9%	5.1%	80 bps

Organic **revenue growth of 16.7%** to 260.6 mEUR

- reported growth of 18.3%
- positive impact from FX of 1.6%

High demand from earlier quarters continued in Q4

Broad-based organic growth across geographies

- Americas up 23.9%
- Europe up 13.3%
- APAC up 11.9%

Gross margin of 38.8%, a decline of 360 bps over Q4 2020 mainly due to

- negative impact from increased freight rates and raw material prices and to a lesser extent regional mix with the largest growth in the US
- only partly offset by a positive impact from higher revenue

EBITDA bsi up 0.6 mEUR

- positive impact from increased revenue and the extraordinary price increase announced in July
- negative impact from gross margin pressures

EBITDA margin bsi down 170 bps to 12.1%

Highlights for the full year 2021

FY income statement

EUR million	FY 2021	FY 2020	Change
Net sales	994.9	832.9	162.0
<i>Reported growth</i>	19.5%	-13.8%	33.3 pp
<i>Organic growth</i>	20.7%	-11.5%	32.2 pp
COGS	-592.2	-486.2	-106.0
Gross profit	402.7	346.7	56.0
<i>Gross margin</i>	40.5%	41.6%	-110 bps
Overhead costs	318.6	313.8	4.8
<i>Overhead cost ratio</i>	32.0%	37.7%	-570 bps
EBITDA before special items	144.3	100.5	43.8
<i>EBITDA margin bsi</i>	14.5%	12.1%	240 bps
Special items	-4.4	-10.8	6.4
EBITDA	139.9	90.6	49.3
<i>EBITDA margin</i>	14.1%	10.9%	320 bps
EBIT	79.7	22.1	57.6
<i>EBIT margin</i>	8.0%	2.7%	530 bps

Organic **revenue growth of 20.7%** to 994.9 mEUR

- exceeding November-21 guidance of 17% to 18% growth
- reported growth of 19.5%
- negative impact from FX of 1.2%, US main driver

Gross margin of 40.5%, a decline of 110 bps from 2020

- negative impact from increased freight rates and to a lesser extent higher raw material prices
- positive impact from revenue growth, increased capacity utilization in manufacturing and extraordinary price increase in July

EBITDA bsi up 43.8 mEUR to 144.3 mEUR

- positive impact from increased revenue
- negative impact gross margin pressures

EBITDA margin bsi up 240 bps to 14.5% as a result of higher revenue and continued cost management

Europe

– strong organic growth of 17.8% in 2021



	Q4 2021	Q4 2020	FY 2021	FY 2020
Revenue (mEUR)	127.1	111.7	466.0	396.6
Organic growth	13.3%	-5.1%	17.8%	-11.6%
Gross margin	43.7%	46.7%	45.2%	46.2%
EBITDA margin bsi	26.1%	28.6%	26.9%	25.8%

Q4 2021

- Revenue amounted to 127.1 mEUR, leading to **organic growth of 13.3%**
- Positive performance across all regions in Europe, with **Europe South presenting the largest growth**
- The **floorcare product group** saw the strongest organic growth performance

Full year 2021

- Revenue amounted to 466.0 mEUR, leading to an **organic growth of 17.8%**
- **Particularly strong growth in Europe South** due to a large order from a leading retailer, including significant deliveries of autonomous solutions
- Healthy **recovery in the Europe North and Europe Central** with key markets, Denmark and Germany, recovering well from the pandemic
- Gross margin **100 bps lower at 45.2%**, mainly due to negative impact from freight rates. The extraordinary price increase partly mitigated the freight rate increases.
- EBITDA margin bsi **increased to 26.9%** driven by higher sales and an improved overhead cost ratio

Americas

– the US continues to drive growth in Americas



	Q4 2021	Q4 2020	FY 2021	FY 2020
Revenue (mEUR)	79.8	62.7	296.3	247.6
Organic growth	23.9%	2.1%	23.8%	-12.4%
Gross margin	35.2%	41.1%	39.0%	40.6%
EBITDA margin bsi	15.0%	20.9%	18.9%	18.7%

Q4 2021

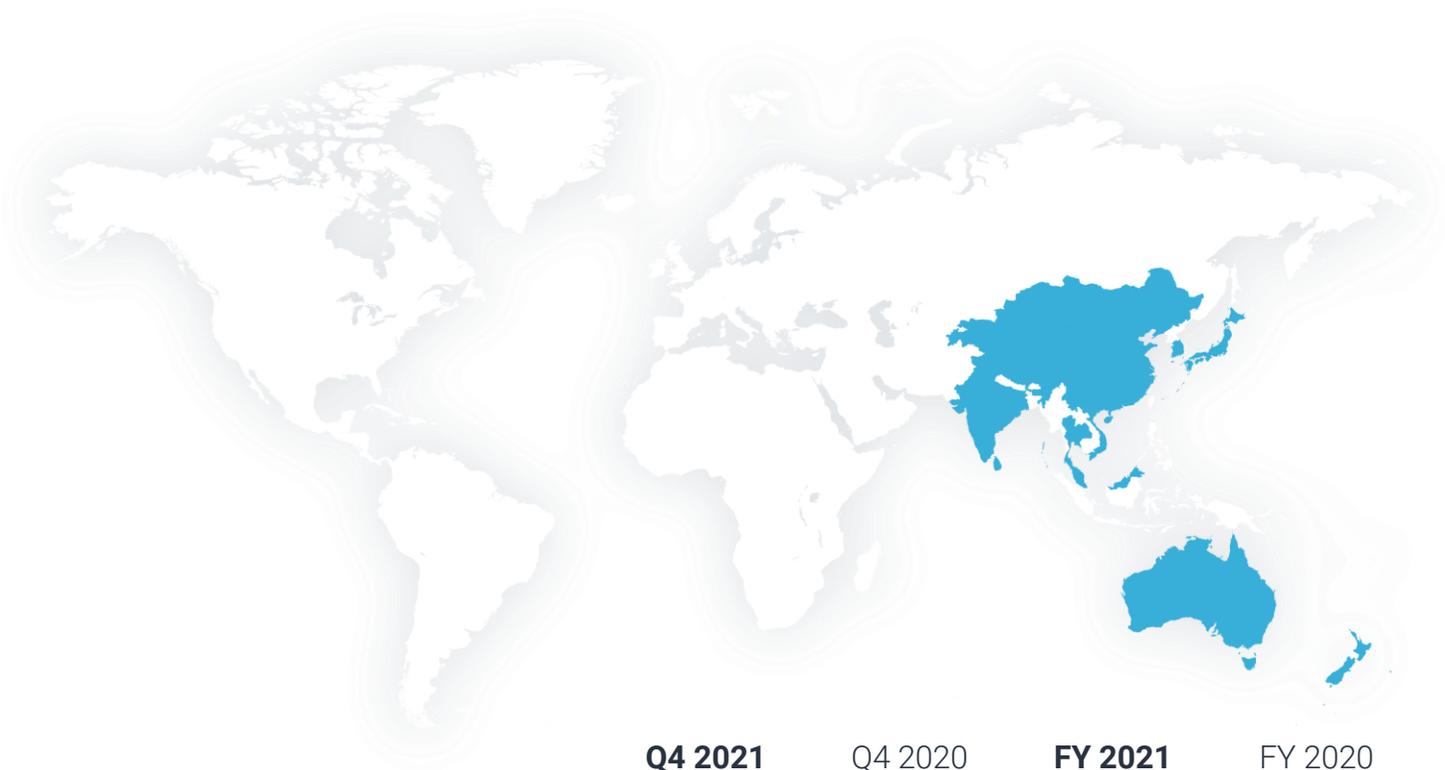
- Revenue amounted to 79.8 mEUR, leading to **organic growth of 23.9%**
- Growth was predominately driven out of the **US**, **with a** strong finish to the year in **Canada**

Full year 2021

- Revenue amounted to 296.3 mEUR, leading to **organic growth of 23.8%**
- The key market in the America's driving growth was the **US**, driven in part from the focus on large strategic accounts
- **Canada** delivered a robust performance driven by continued development of our dealer business
- **Latin American markets** saw encouraging growth as restrictions from COVID-19 were lifted
- Gross margin **160 bps lower at 39.0%**, mainly due to negative impact from freight and raw material prices, but also from customer mix. Increased capacity utilization and the extraordinary price increase partly mitigated these effects
- EBITDA margin bsi **increased to 18.9%** driven by higher sales and an improved overhead cost ratio

APAC

– a steady recovery continues



	Q4 2021	Q4 2020	FY 2021	FY 2020
Revenue (mEUR)	21.0	18.2	79.2	65.8
Organic growth	11.9%	-20.6%	19.7%	-28.0%
Gross margin	40.5%	40.1%	41.2%	38.8%
EBITDA margin bsi	13.8%	7.7%	12.8%	5.3%

Q4 2021

- Revenue amounted to 21.0 mEUR corresponding to **organic growth of 11.9%**
- Positive performance across all markets led by the improved performance in **the Pacific region**

Full year 2021

- Revenue amounted to 79.2 mEUR, leading to **organic growth of 19.7%**
- The Pacific region showed a strong post pandemic recovery while exiting the strict COVID-19 lockdowns.
- In some of the ASIA countries, India and Vietnam, recovery was slower as lockdowns were more prevalent
- **Gross margin increased 240 bps** mainly due to effects of the extraordinary price increase from July, increased capacity utilization and country mix
- **EBITDA margin bsi grew 750 bps** due to the above-mentioned gross margin improvement, along side strong cost management

Other business units

– consumer demand continues

Consumer

- The Consumer business continued to see strong performance with an **organic growth of 12.8%**, slightly down from a very strong 2020 at 15.7%
- Consumer benefitted from our renewed, innovative offering and **increased focus** on this business
- The **gross margin improved marginally** and was negatively impacted by increased freight costs whilst positively by product optimization and new product launches

	Q4 2021	Q4 2020	FY 2021	FY 2020
Revenue (mEUR)	13.7	13.4	86.0	76.0
Organic growth	-0.3%	17.5%	12.8%	15.7%
Gross margin	41.6%	29.1%	34.0%	33.7%

Private label and other

- Our Private Label business saw strong performance with 43.9% organic growth from 2020
- Revenue was driven by **high demand from our key customers**, driven by increased demand from their consumers due to continued interest in professional home improvements

	Q4 2021	Q4 2020	FY 2021	FY 2020
Revenue (mEUR)	19.0	14.2	67.4	46.9
Organic growth	33.8%	22.6%	43.9%	-11.3%
Gross margin	17.9%	28.9%	22.0%	25.6%

Balance sheet and cash flow

EUR million	Q4 2021	Q4 2020	Change	FY 2021	FY 2020	Change
Inventories				220.1	149.3	70.8
Trade receivables				173.9	154.2	19.7
Trade payables				135.9	99.9	36.0
Reported WC				175.7	131.6	44.1
LTM WC ratio				15.4%	18.8%	-340 bps
CAPEX	6.4	5.1	1.3	17.5	17.0	0.5
Tangibles	2.2	2.1	0.1	5.8	5.4	0.4
Intangibles	4.2	3.0	1.2	11.7	11.6	0.1
CAPEX ratio %	2.5%	2.3%	20 bps	1.8%	2.0%	-20 bps
Free cash flow	15.5	35.4	-19.9	58.5	73.5	-15.0
RoCE				15.8%	5.9%	990 bps
NIBD				338.5	382.0	-43.5
Financial gearing				2.3 x	3.8 x	-1.5 x

- **Inventories increased by 70.8 mEUR** from substantially higher business activity and investments into increased inventory of critical parts and components
- **Working capital increased by 44.1 mEUR**, primarily as a result of higher inventories
- Strong **reduction in LTM working capital ratio of 340 bps** compared to last year driven by higher revenue
- Increased efforts in R&D activity and investment into IT systems drove **CAPEX growth of 1.3 mEUR in Q4 2021** versus prior year period.
- For the full year CAPEX increased 0.5 mEUR primarily from investments into operations
- **Free cash flow declined by 15 mEUR to 58.5 mEUR** due to the increase in working capital
- **NIBD reduced by 43.5 mEUR** compared to prior year
- Lower NIBD in combination with higher EBITDA led to **a 1.5x reduction in gearing to 2.3x**

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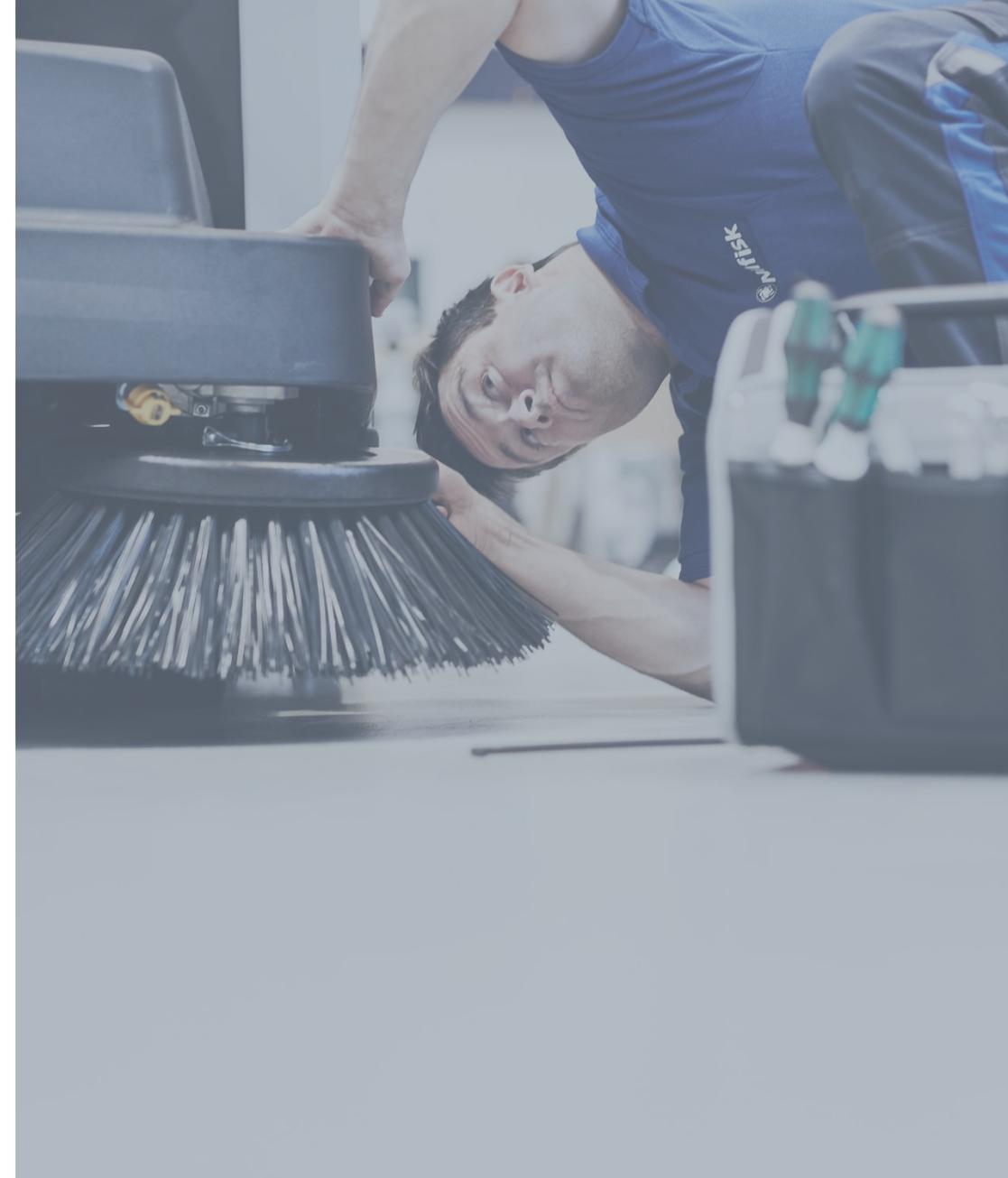
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Outlook for 2022

4% to 7%

organic revenue growth

We expect our business in 2022 to generate an organic revenue growth in the range of 4% to 7% compared to 2021.

We assume continued solid market demand, driven by the underlying mega trends for cleaning solutions. Revenue will also be supported by our recent price increases.

The growth range is influenced by the continued supply chain uncertainties.

13.5% to 15.5%

EBITDA margin before special items

In 2022, we plan to invest in our growth initiatives in line with revenue growth, while maintaining a prudent cost management principle.

The gross margin is expected to be influenced by remaining high freight and raw material cost and the overall supply chain uncertainty.

We expect an EBITDA margin before special items in the range of 13.5% to 15.5%.

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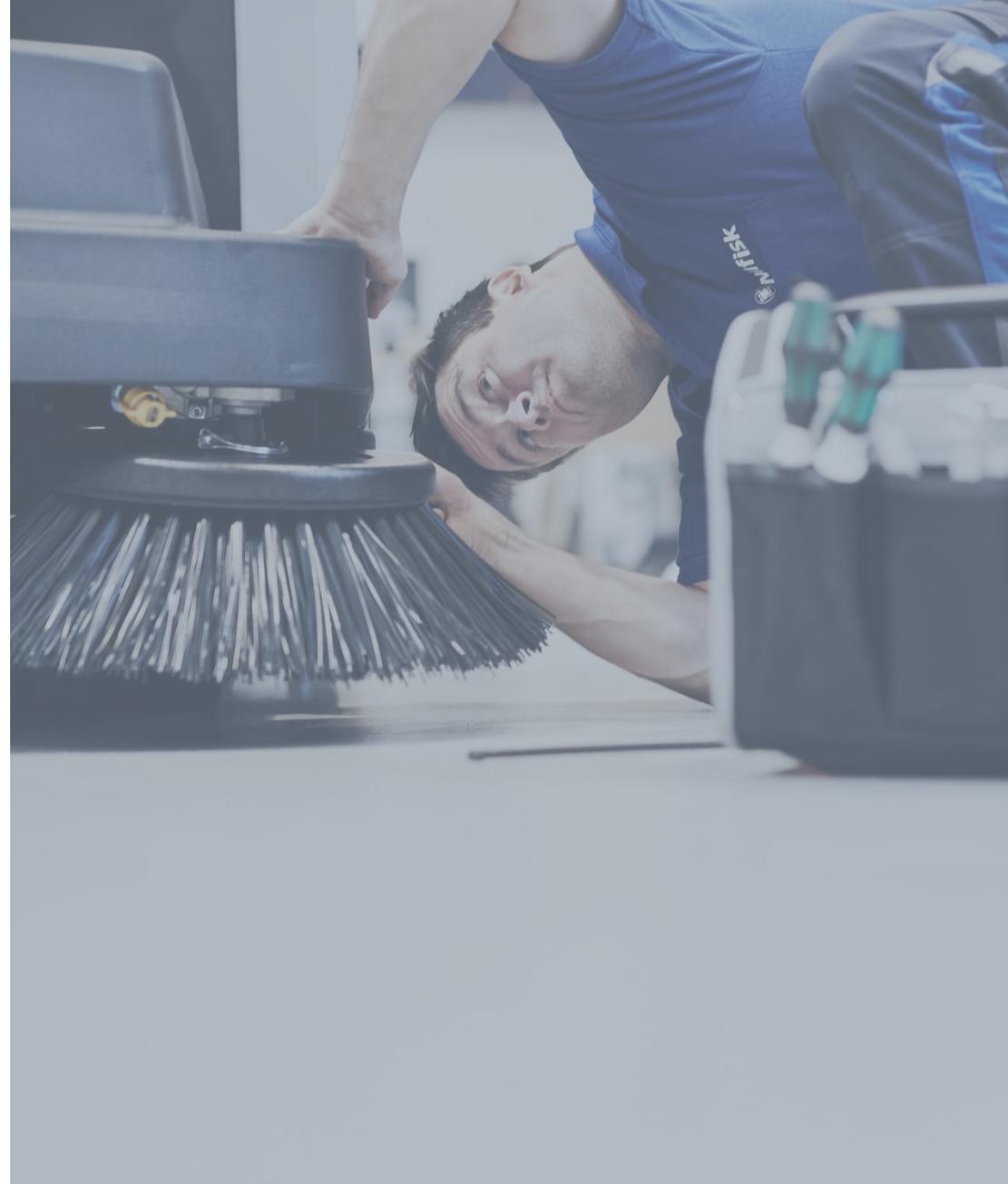
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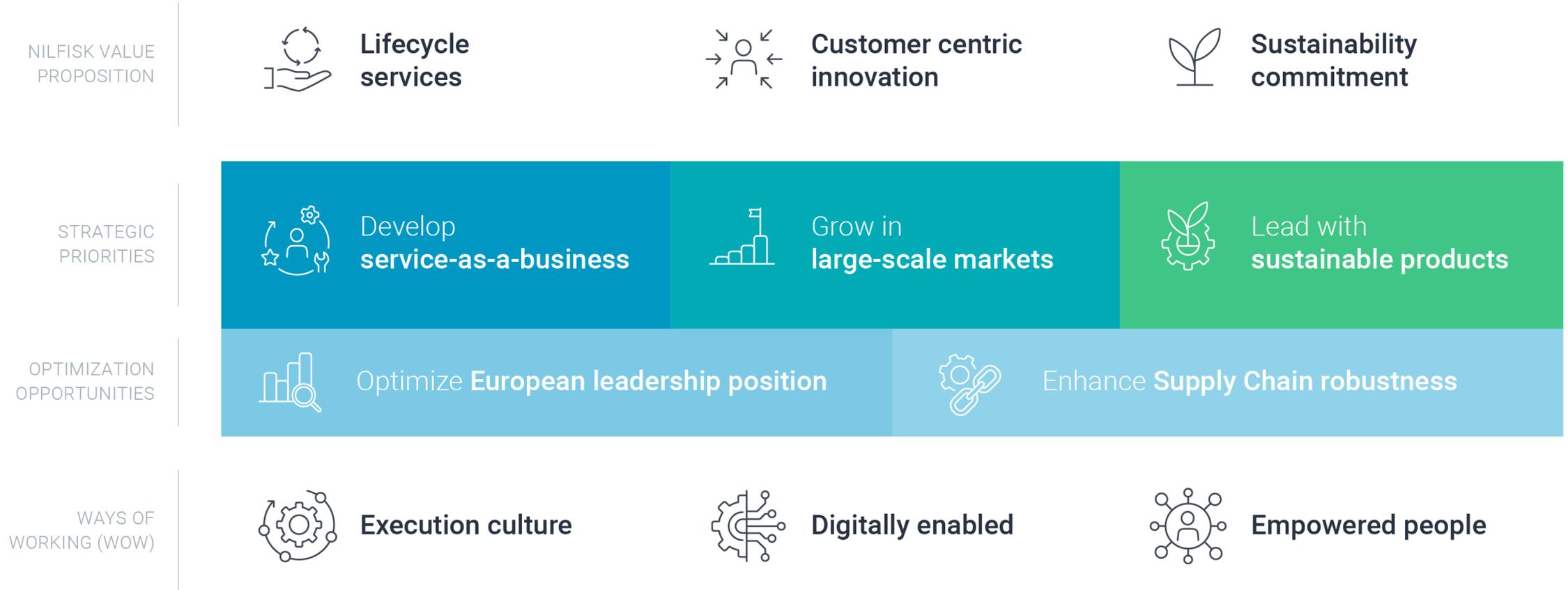
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Q&A



Business Plan 2026

Focus on long-term sustainable growth



Business Plan 2026

Optimization opportunities

OPTIMIZATION
OPPORTUNITIES



Optimize **European leadership position**



Enhance **Supply Chain robustness**

Business Plan 2026

Strategic priorities

STRATEGIC
PRIORITIES



Develop
service-as-a-business



Grow in
large-scale markets



Lead with
sustainable products

OPTIMIZATION
OPPORTUNITIES



Optimize European leadership position



Enhance Supply Chain robustness

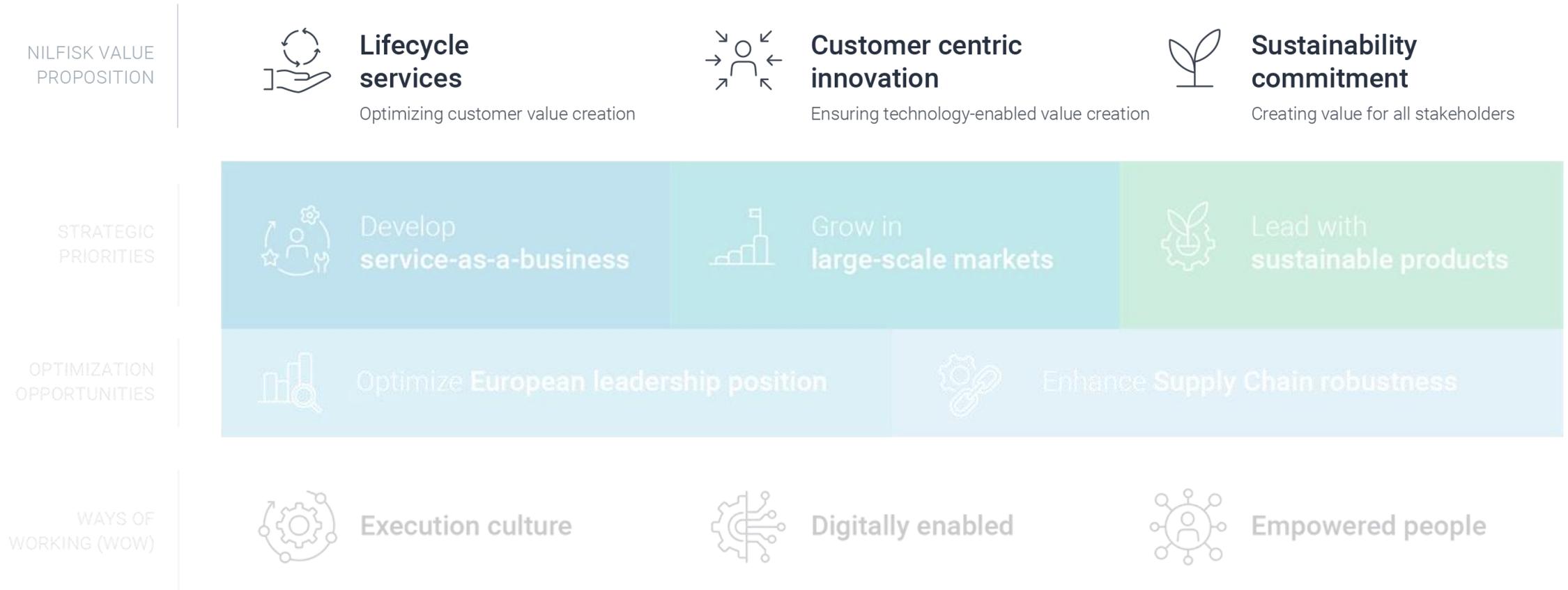
Business Plan 2026

Ways of Working



Business Plan 2026

Nilfisk value proposition



Business Plan 2026

Focus on long-term sustainable growth



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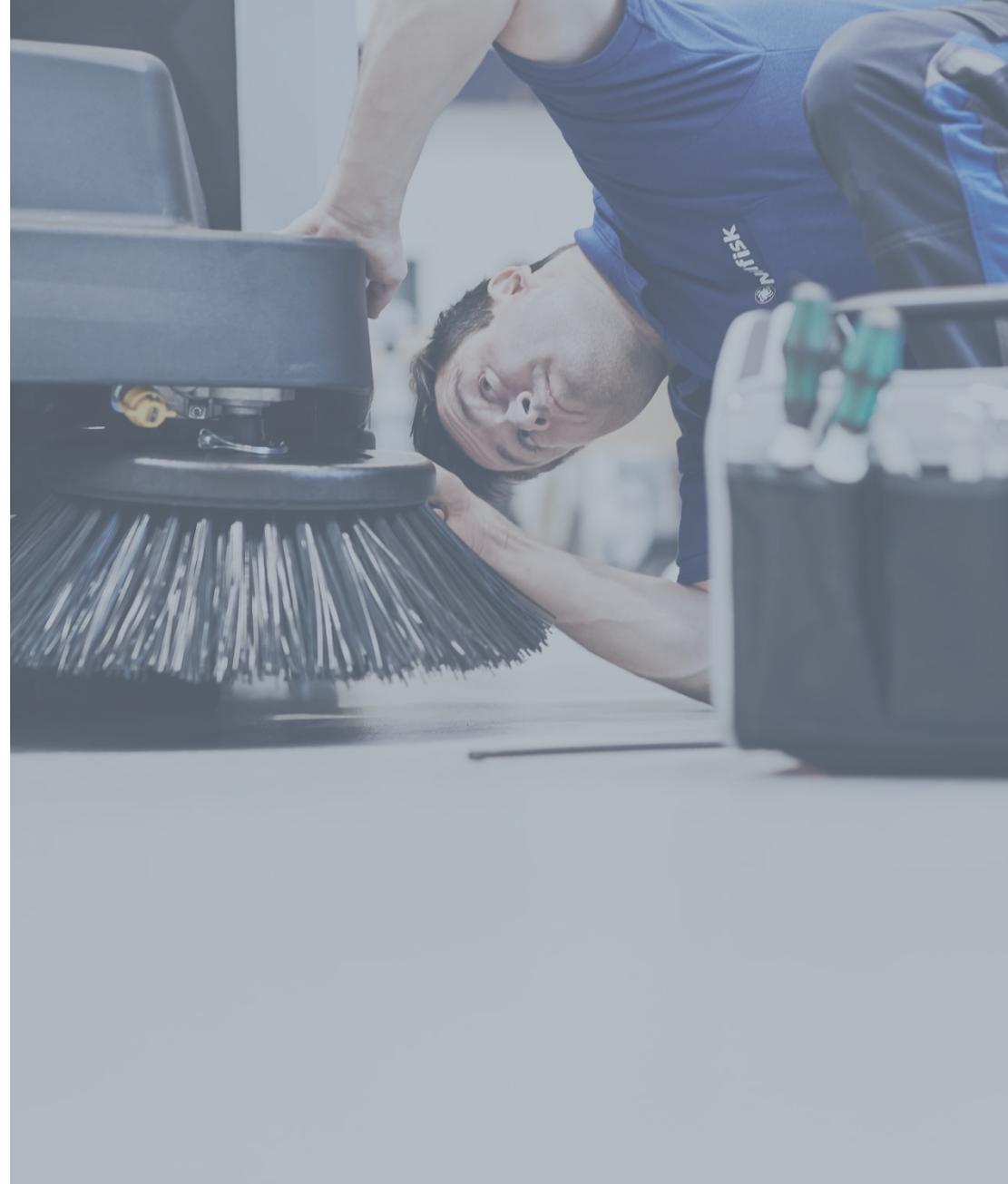
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Financial targets for 2026

Sustainable long-term growth



LONG-TERM GROWTH

1.2 to 1.3 bnEUR

Revenue in 2026



ENSURING PROFITABLE GROWTH

Above 16%

EBITDA margin before special items



INVESTING IN GROWTH AND SUSTAINABILITY

3% to 4%

CAPEX in % of sales



INVESTMENT GRADE COMPANY

1.5x to 2.0x

Gearing

Sustainability targets towards 2030



GHG EMISSIONS SCOPE 1 AND 2

35% reduction

Of direct and indirect carbon emissions linked to Scope 1 and 2 in 2030



GHG EMISSIONS SCOPE 3

48% reduction

Per unit of gross profit of carbon emissions linked to Use of Sold Products Scope 3 (Category 11) in 2030



DIVERSITY

25% women

In senior leadership positions in 2026

Q&A



< **Torsten Türling**
CEO



Reinhard Mayer >
CFO