

# Capital Markets Day 2022

5 April, 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.

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Accordingly, forward-looking-statements should not be relied on as a prediction of actual results.

# Agenda

Topic 1	Business Plan 2026	Presenter	
	Strategic direction and Business Plan 2026 Financials and building the execution engine Culture for successful strategy execution	Torsten Türling Reinhard Mayer Jacob Blom	CEO CFO EVP, Head of HR
Topic 2	Growth platforms for long-term sustainable value creation		
	Optimize European leadership position Grow in large-scale markets: US Unleash IVS growth potential Enhance supply chain robustness	Steen Lindbo Jamie O'Neill Hans Flemming Jensen Søren Pap-Tolstrup	EVP, Head of Sales SVP, Head of US Sales EVP, Head of Specialty Business & Corporate Affairs EVP, Head of Operations
Topic 3	Leading with sustainability and service		
	Leading with sustainability Leading with sustainable products Develop service-as-a-business Closing remarks	Camilla Ramby Pierre Mikaelsson Torsten Türling Torsten Türling	EVP, Head of Marketing EVP, Head of R&D CEO CEO



# Strategic direction and Business Plan 2026

## CEO Torsten Türling

# Nilfisk – a resilient company founded on entrepreneurship in 1906

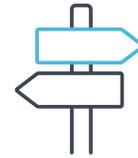
A global market leader with Danish roots sets out to win in 2026 with Business Plan 2026

Growth focus towards 2026 based on a strong execution engine



Founder: P. A. Fisker

2021

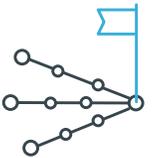


Revenue

995 mEUR

115 years

2026



Revenue

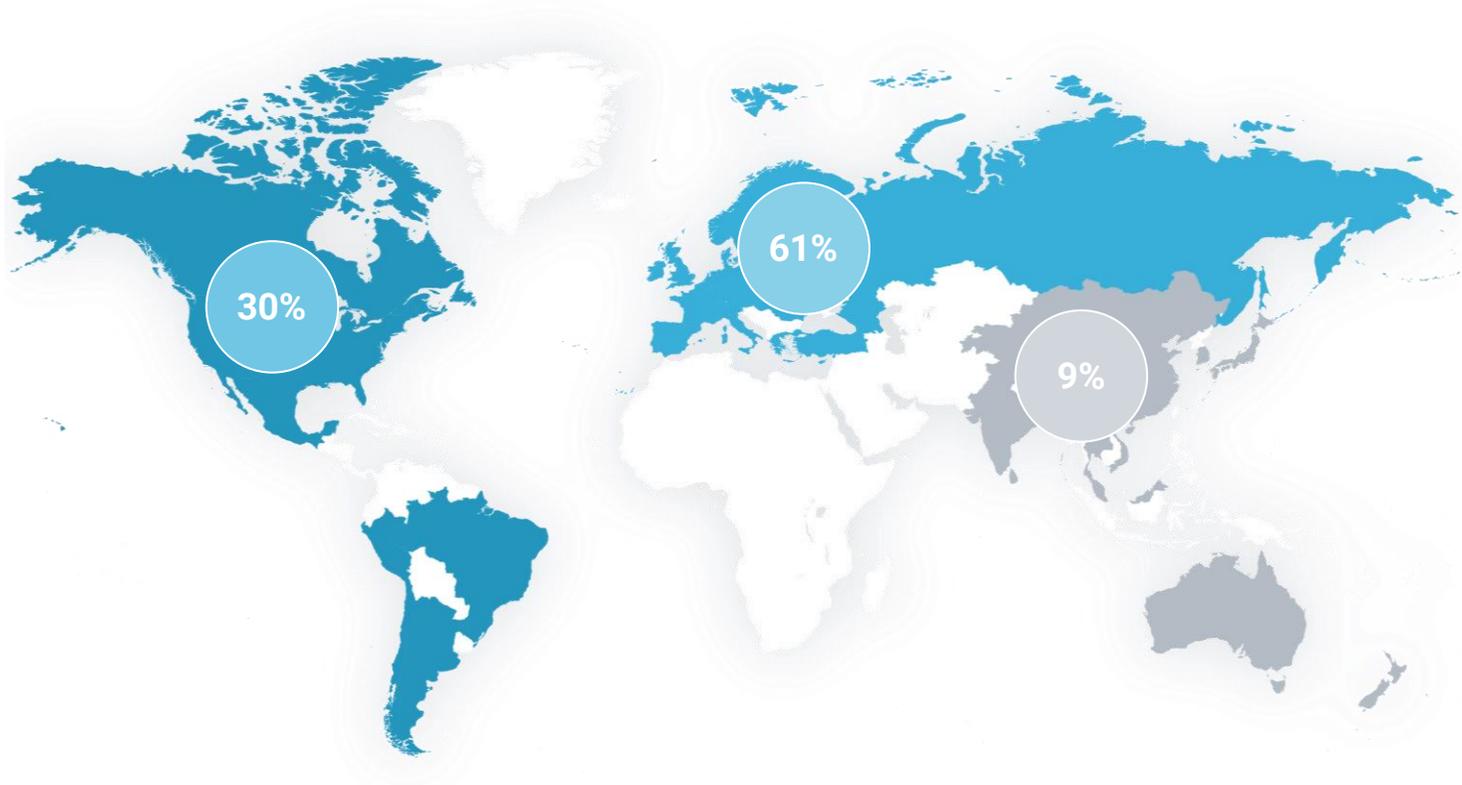
1.2 to 1.3 bnEUR

120 years

# Nilfisk is a global company

US is our largest revenue country with underrepresented market share

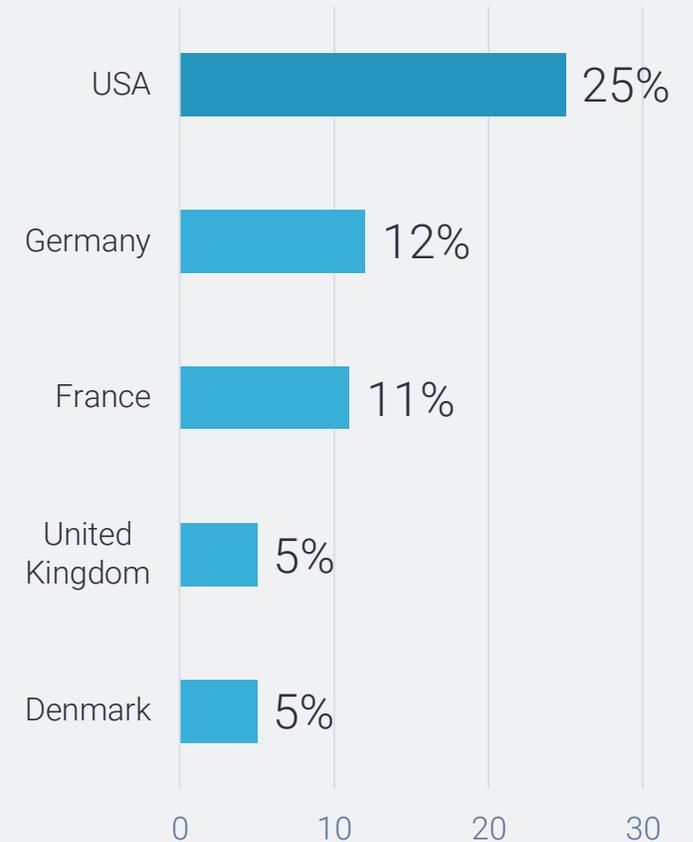
Our geographies  
Share of revenue 2021



Total revenue  
2021

995 mEUR

Our key markets  
Share of revenue 2021



# Professional cleaning equipment is an attractive market

91% of Nilfisk revenue is within professional cleaning

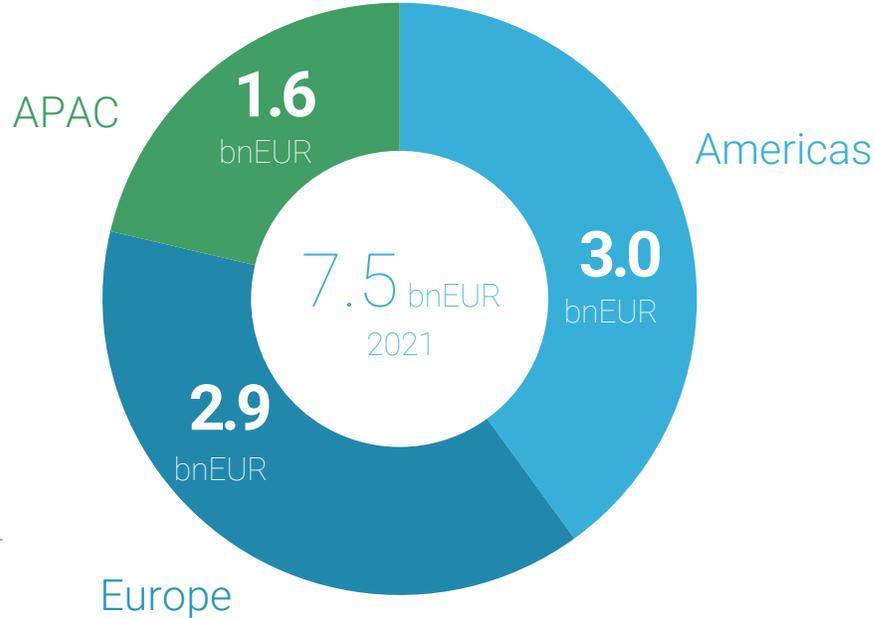
Nilfisk revenue split  
2021

Consumer



Professional

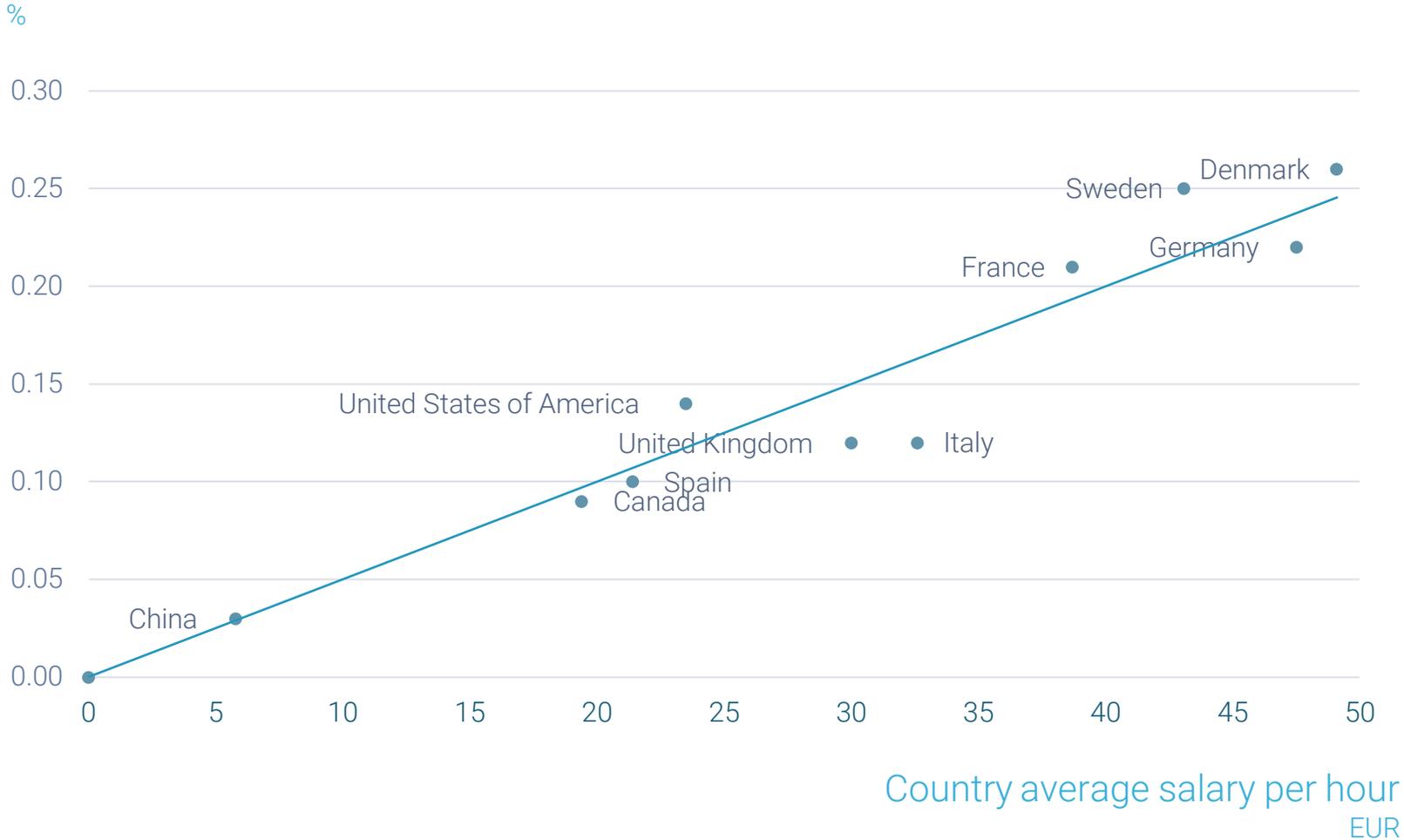
Global market value of the professional cleaning  
2021



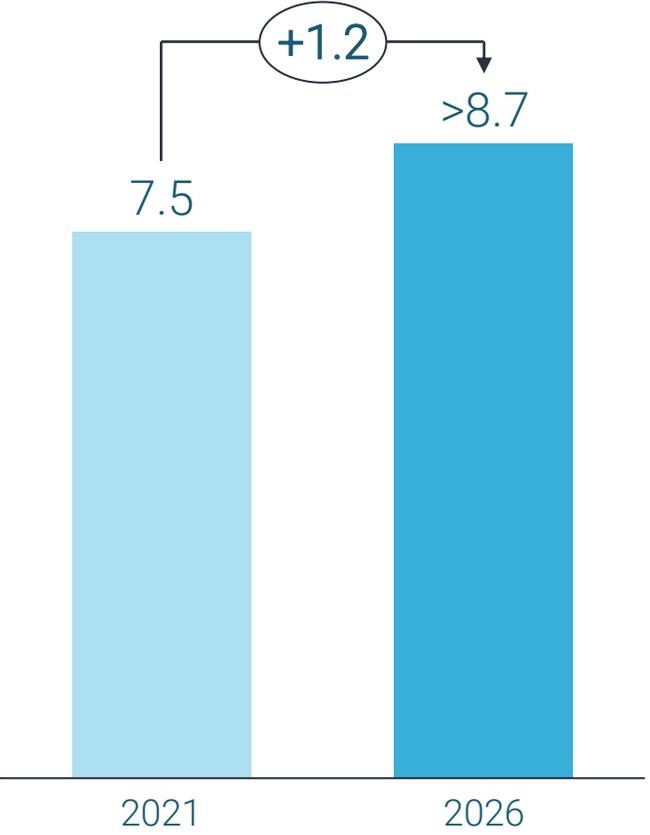
# Professional cleaning is a long-term growth market

Developed countries are the key drivers for growth due to rising salaries and labor shortages

Market size of professional cleaning equipment/GVA



Global market value  
bnEUR



# Key trends and market drivers further accelerating market growth

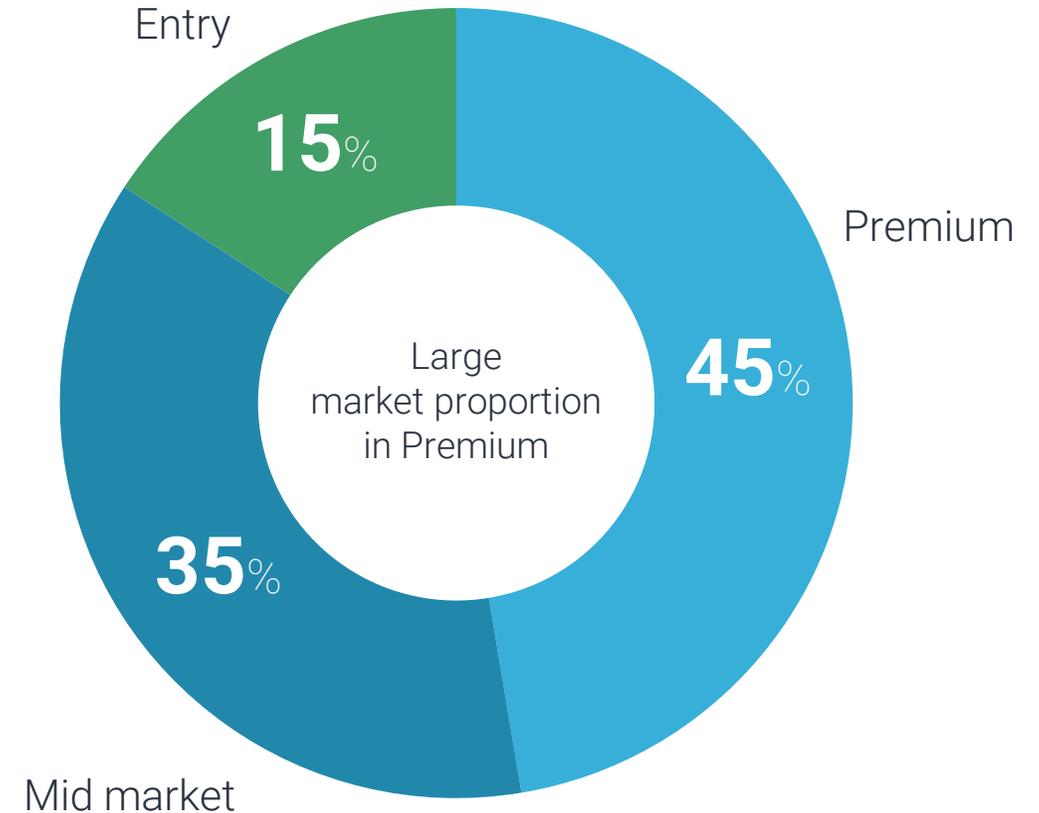
Industry has a high proportion in the premium market segment

1 Increasing importance of **clean** providing healthier and safer environments (regulatory)

2 Labor shortage and rising **labor costs** in developed countries

3 Digital transformation enabling **productivity solutions** as part of a wider ecosystem

4 Sharp increase of **sustainability requirements**



# Important application segments are growing faster than average

Nilfisk is well placed to gain share in focused segments

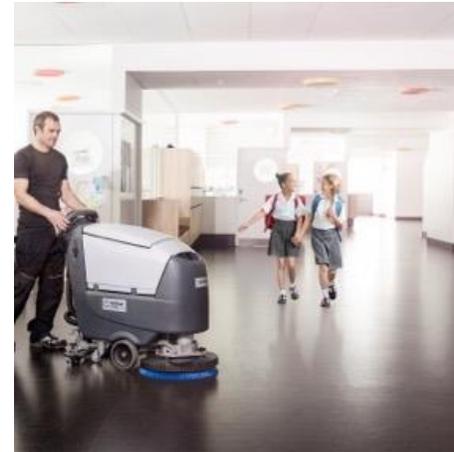
Contract cleaners



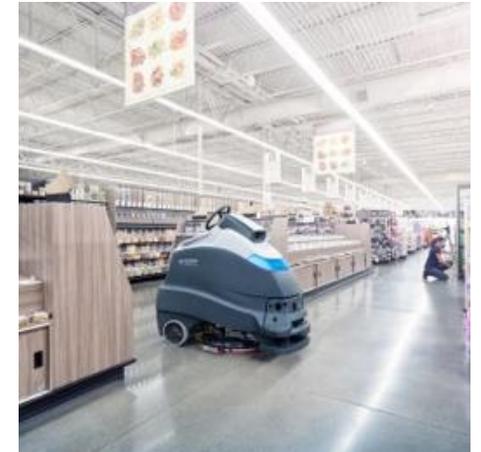
Logistic & warehouse  
Manufacturing



Healthcare  
Education



Retail



% of global market

29%

18%

11%

7%

Growth potential

++

+++

++

+

# Nilfisk with widest breadth of product solutions in the industry

Unparallel capability to provide comprehensive product and service solutions to our customer base

Floorcare

Vacuum cleaners

High-pressure washers

Parts & Services

Commercial



Industrial



Proportion of sales  
2021

34%

22%

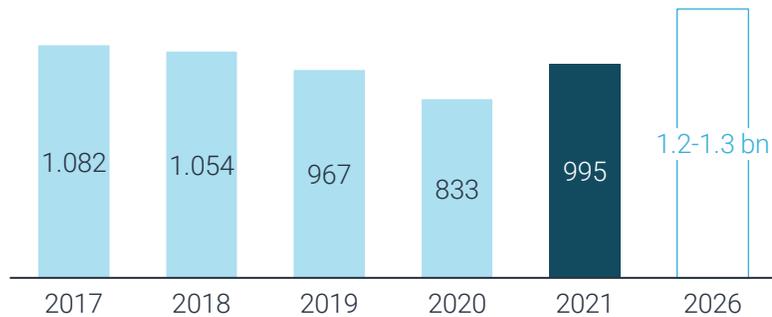
14%

30%

# Preparing for long-term, sustainable growth

Nilfisk demonstrated a remarkable financial recovery in 2021

Revenue  
mEUR



## Strategy review H2 2021

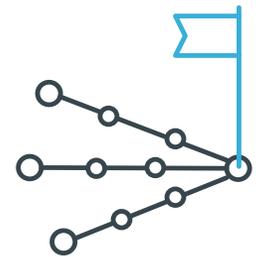


Create fact base: what went wrong?

Assess value creation potential

Identify underutilized opportunities

## Business Plan 2026



Ambitious, yet realistic targets

Clear focus, actionable implementation plan

Clarity on resource requirements

EBITDA and EBITDA margin bsi  
mEUR and %



# Nilfisk strategy is focused on long-term, sustainable growth

Future Nilfisk value proposition based on Customer focus and Sustainability

NILFISK VALUE  
PROPOSITION



**Lifecycle  
services**

Optimizing customer value creation



**Customer centric  
innovation**

Ensuring technology-enabled value creation



**Sustainability  
commitment**

Creating value for all stakeholders

Our ambition is to become  
the recognized leader in the professional  
cleaning equipment industry

# Nilfisk strategy is focused on long-term, sustainable growth

Focus on long-term sustainable growth



# Investments to enable long-term sustainable growth

Business Plan 2026 caters for the necessary investments creating scalable growth platforms



## Enhance supply chain robustness

Growth capacity in manufacturing plants

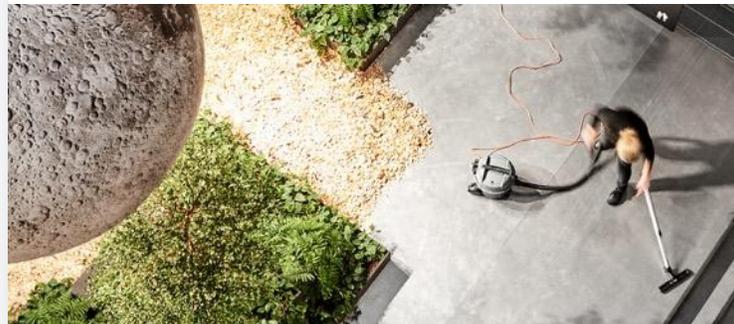
- Targeted investments in capacity
- Improvement of supply robustness



## Lead with sustainable products

Product upgrades & kick-off modularity

- Add back R&D resources in BKP
- Modularity | Energy
- Resource efficiency
- Connectivity & customer interface



## Digitally-enabled WoW

IT systems & master data upgrades

- SAP roll-out (MEX, USA, CAN)
- Master data upgrades
- Business Intelligence systems
- Predictive analytics



# Nilfisk strategy focused on long-term, sustainable growth

Build execution strength by forming new Ways of Working (WoW)

‘People are the most essential part  
in successful execution’

‘Empowered people are the pre-requisite for an  
execution-focused organization’

WAYS OF  
WORKING (WOW)



## Execution culture

- Nilfisk Operating System
- Strategy deployment and managing projects



## Digitally enabled

- IT backbone
- Digital applications and customer interface



## Empowered people

- Mobilizing the organization
- Growth mindset

# Mobilizing the entire organization for successful execution

Empowering the people who drive front line execution to success

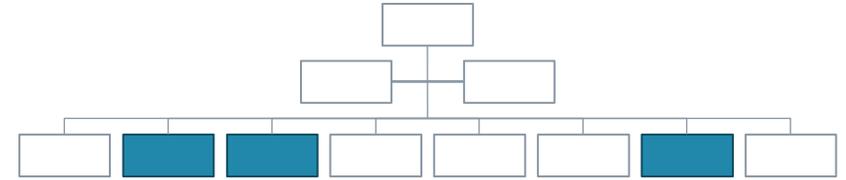


1 **Add EVP Service Business position to executive leadership**  
External appointment announced today

2 **Delegate holistic responsibility to Americas region**  
Migrating to regional setting in operations function for closer alignment with markets

3 **Enhance scope of Product Management function**  
Overall responsibility for category portfolio

4 **Migrate to Business Unit setting for Specialty business**  
End-to-end responsibility across functions



Nilfisk **ONE** company approach

- A common purpose
- Common values
- Collaboration / no silos
- Shared processes & systems

# Empowered people thrive in an enabling culture

We are evolving towards a culture of Growth Mindset, Collaboration, and Sustainability

The culture we want to build

- 1 Growth Mindset**  
Everyone can learn, adapt and grow
- 2 Collaboration**  
Overcoming silos, Stronger together
- 3 Sustainability**  
For long-term value creation

*“The fundamental belief that capabilities can grow over time and that any setback is an opportunity to learn, adapt, and grow”*



*Purpose, Diversity, and Inclusion*

# Business Plan 2026

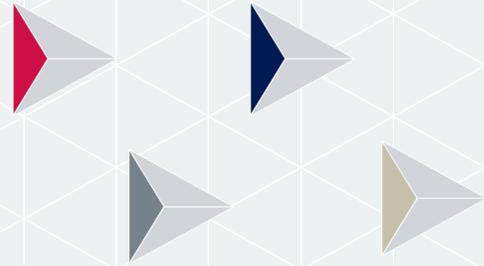
Focus on long-term sustainable growth



# We focus on long term, sustainable growth

Improved execution performance from revised strategic focus and the new Ways-of-Working

## Nilfisk Next



**Multiple directions** at the same time: Simplify – Digitize – Grow - Lead

- Divestitures and cost reduction, no growth

Focus on **Autonomous** for 'Intelligent Cleaning'

- High-tech solution for high-end market

Global **functional organization** & **separate projects**

- Insufficient resources & unclear accountabilities



# NILFISK

Focus on **Growth** and its respective enablers

- build scalable growth platforms

Focus on better **Service** for broad customer base

- Autonomous integrated in the solution spectrum

Line organization build around the **Strategic priorities**

- All company resources mobilized & clear line ownership

# Nilfisk Leadership Team

Sharing the vision and jointly focused on execution



**Torsten Türling**

CEO – Joined 2021



**Reinhard Mayer**

CFO – Joined 2021



**Jacob Blom**

EVP HR – Joined 2016



**Hans Flemming Jensen**

EVP Specialty Business & Corporate  
Affairs – Joined 2016



**Steen Lindbo**

EVP Sales – Joined 2018



**Camilla Ramby**

EVP Marketing – Joined 2018



**Pierre Mikaelsson**

EVP R&D – Joined 2019



**Søren Pap-Tolstrup**

EVP Operations – Joined 2013

# Financials and building the execution engine

CFO Reinhard Mayer

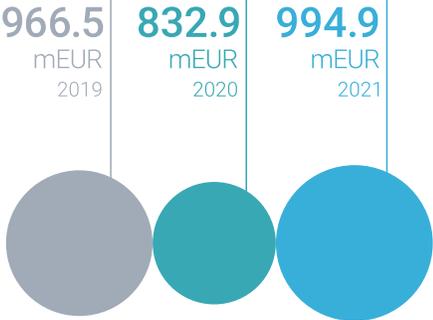


# A strong financial foundation for future growth

2021 was a record-setting year

## 994.9 mEUR

Revenue



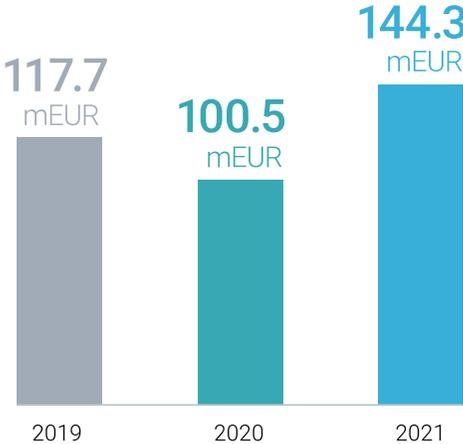
## 20.7%

Organic revenue growth



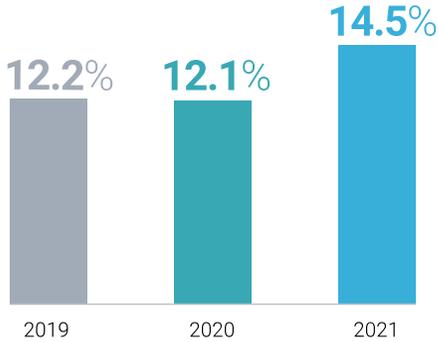
## 43.6%

EBITDA growth bsi



## 14.5%

EBITDA margin bsi



# 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

# Financial targets for 2026: Revenue by Business Unit

Business focus and rigorous execution to drive revenue growth towards 2026

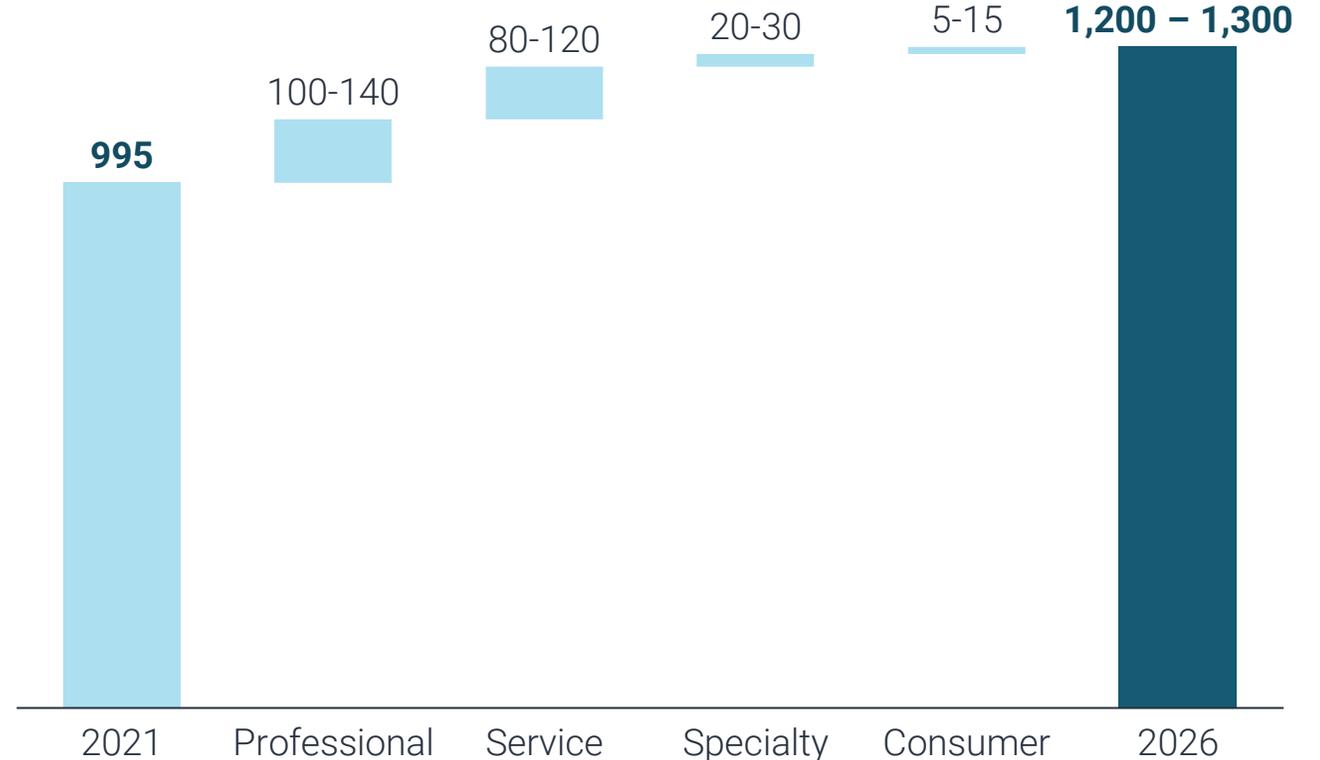
1.2 to 1.3 bnEUR

Total revenue in 2026

## Business units to drive revenue

- Professional business
- Service-as-a-business
- Specialty business
- Consumer business

Growth platforms to generate solid revenue increase in 5 years  
mEUR



# Financial targets for 2026: Revenue by geography

Business focus and rigorous execution to drive revenue growth towards 2026

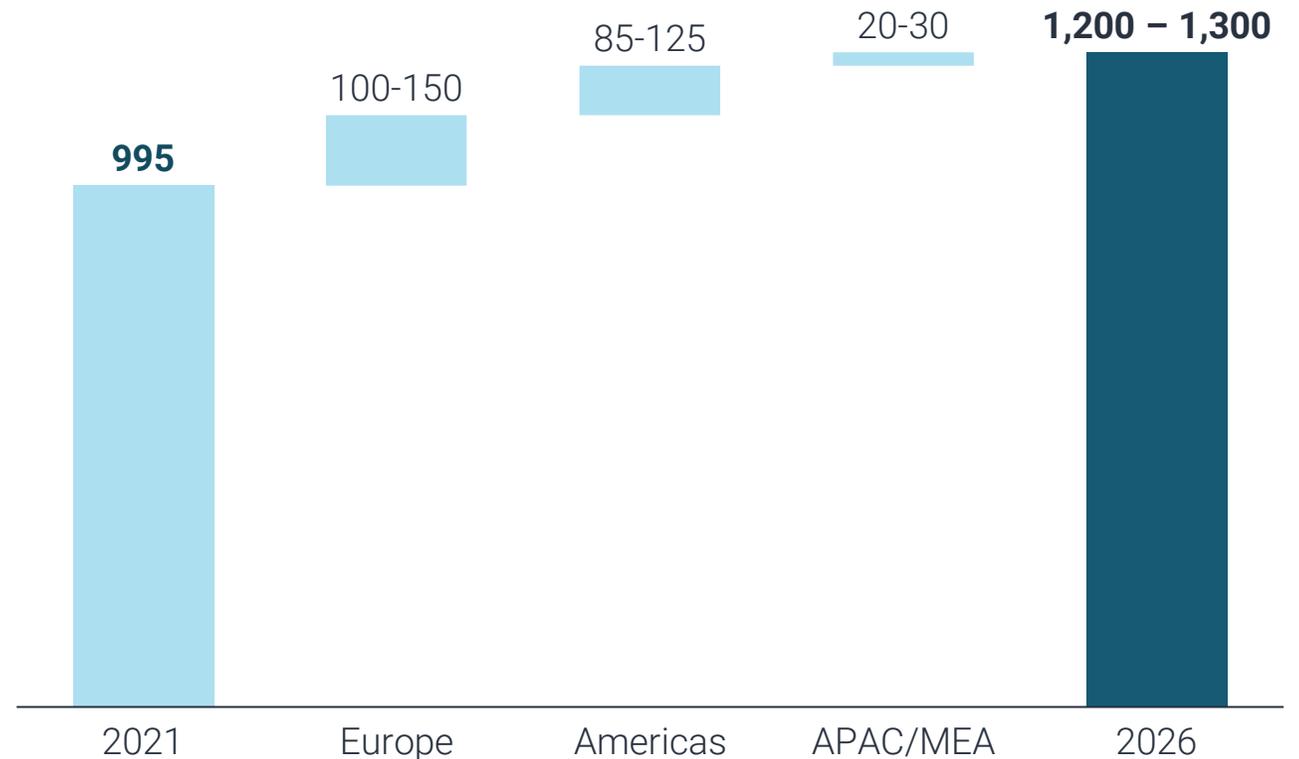
1.2 to 1.3 bnEUR

Total revenue in 2026

## Markets to drive revenue

- Europe
- Americas
- APAC/MEA

Growth platforms to generate solid revenue increase in 5 years  
mEUR



# Financial targets for 2026: EBITDA margin improvement

Gross profit margin expansion to drive profitability improvement leading to EBITDA margin increase

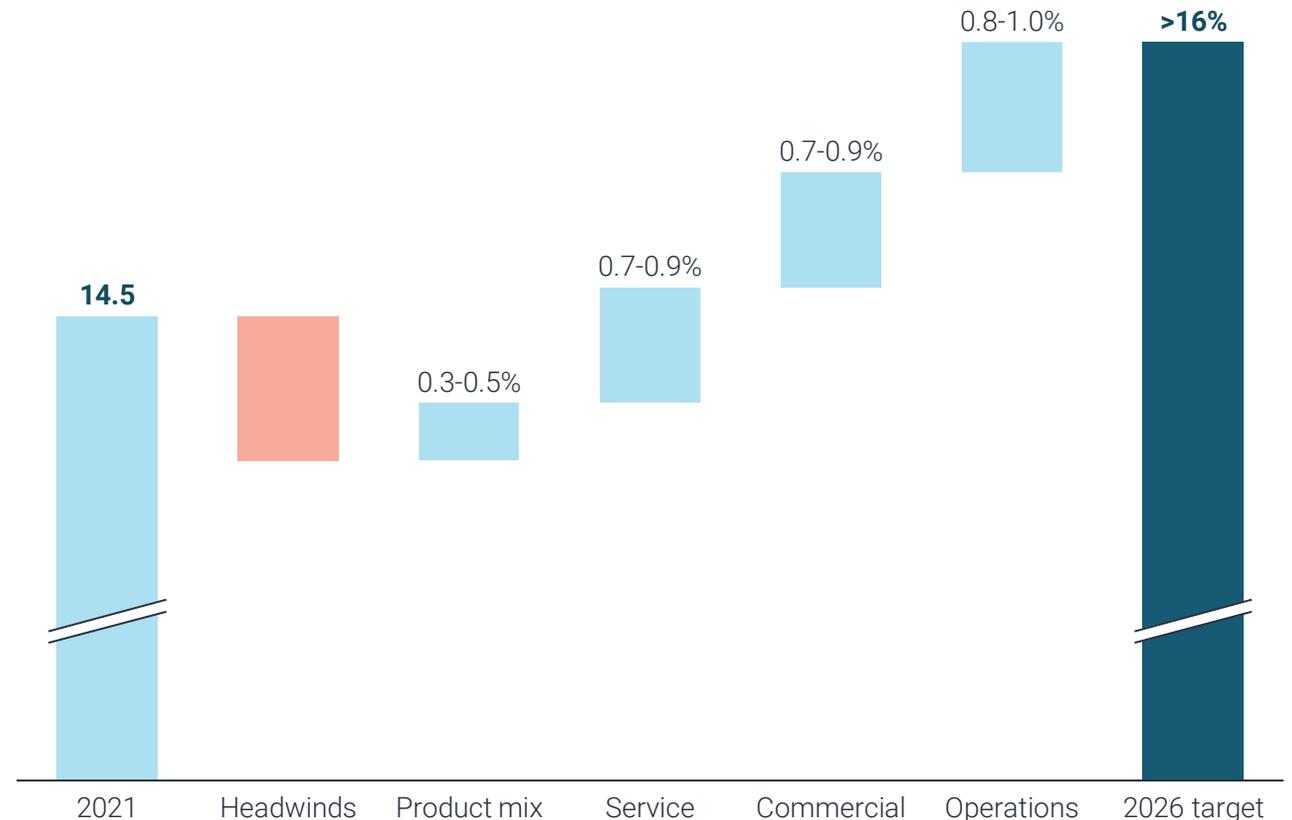
Above 16%

EBITDA margin bis in 2026

## Drivers

- **Professional** volume growth to improve margin mix
- **Service-as-a-business** to drive margin expansion
- **Commercial** performance improvement from
  - pricing
  - channel optimization
- **Operations** to drive margin improvement through
  - costs savings
  - scale effects from volume growth
- Overhead to sales ratio to remain flattish
- Normalized inflation assumed

Revenue increase from growth platforms to drive margin  
EBITDA margin before special items (%)



# Financial targets for 2026: Invest to improve

Investments into innovation, processes, manufacturing capacities, digitization and people

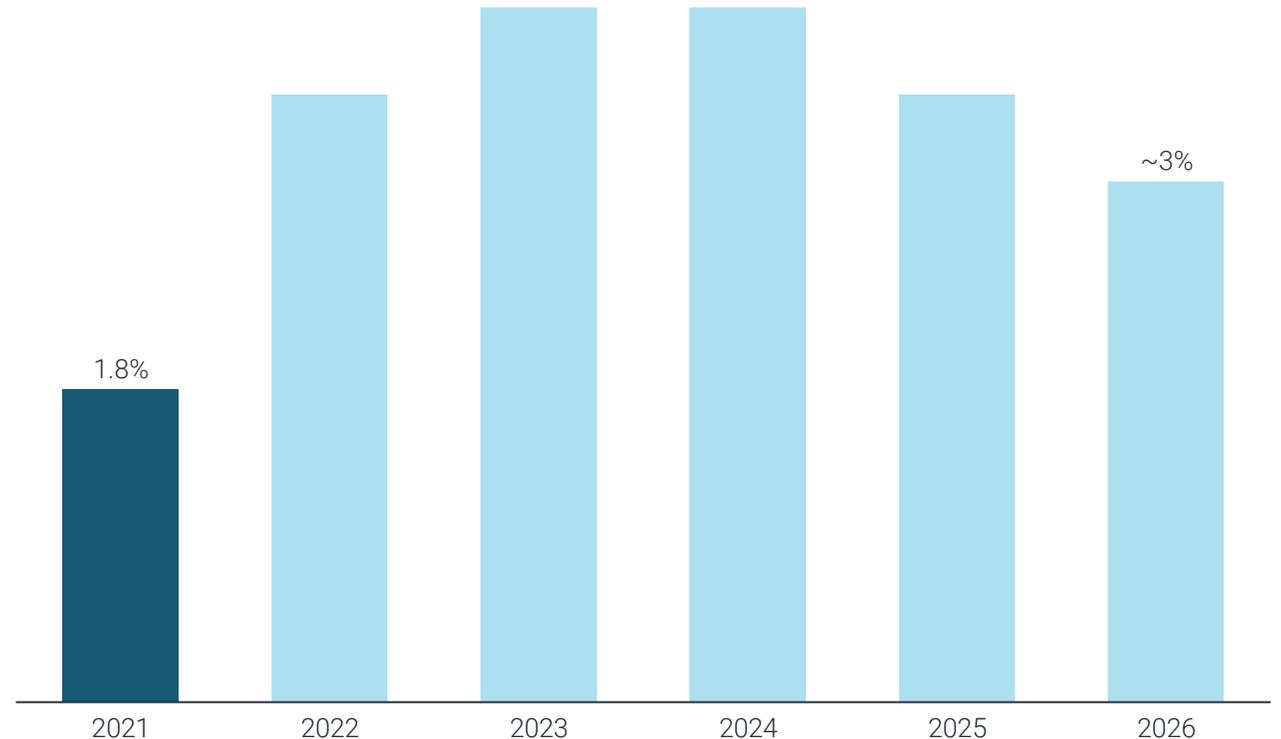
## 3 to 4 %

CAPEX in % of sales

### CAPEX to increase within

- R&D
- Operations
- IT & Data

CAPEX to be phased in Business Plan 2026  
% of revenue



# Financial targets for 2026: Invest to improve

Investments into innovation, processes, manufacturing capacities, digitization and people

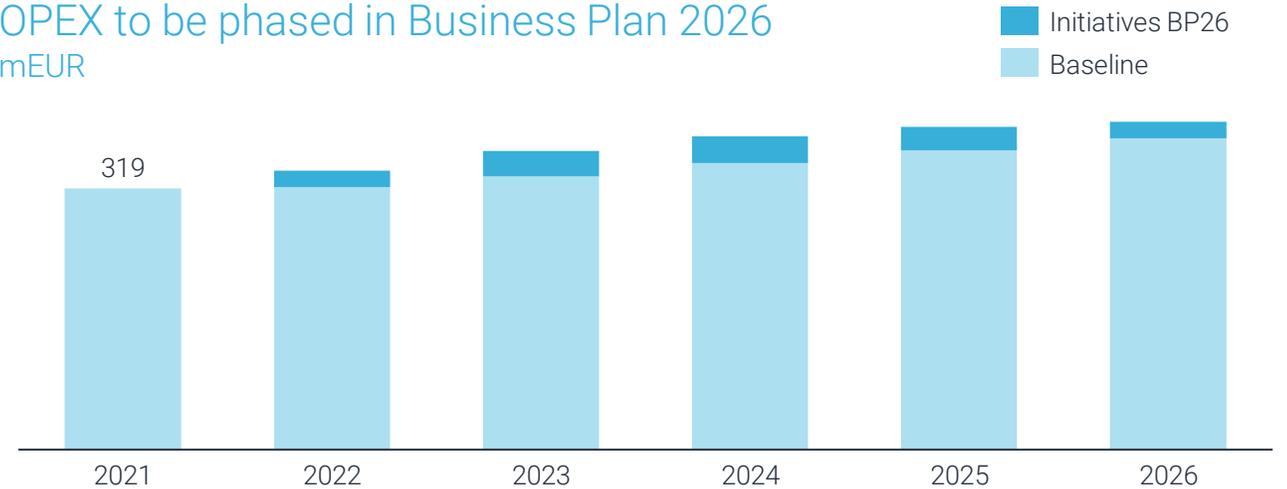
# 32%

Overhead in % of sales 2021

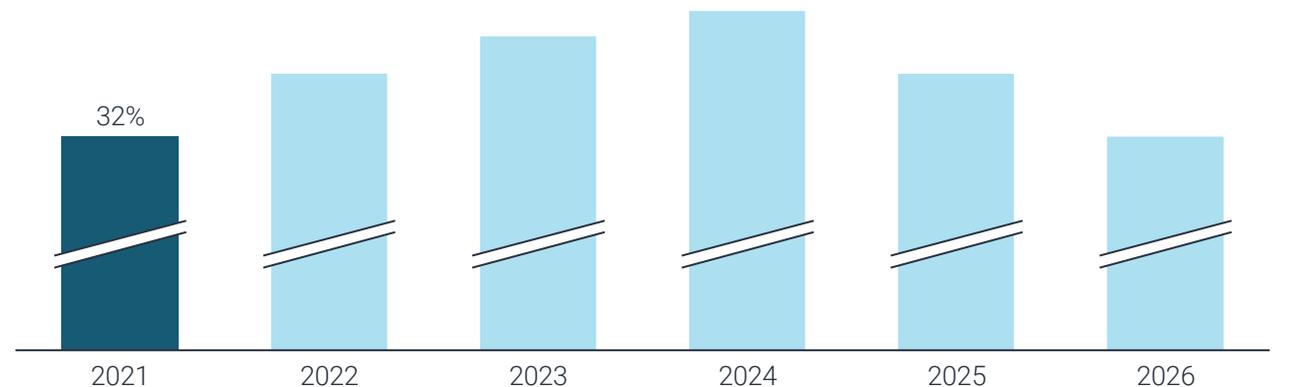
## Overhead to increase within

- Service-as-a-business
- Sales excellence
- R&D and product offering
- IT & data
- Specialty

OPEX to be phased in Business Plan 2026  
mEUR



OPEX to be phased in Business Plan 2026  
% of revenue



# Cash flow generation to benefit from profitable growth

58.5 mEUR

Free cash flow 2021

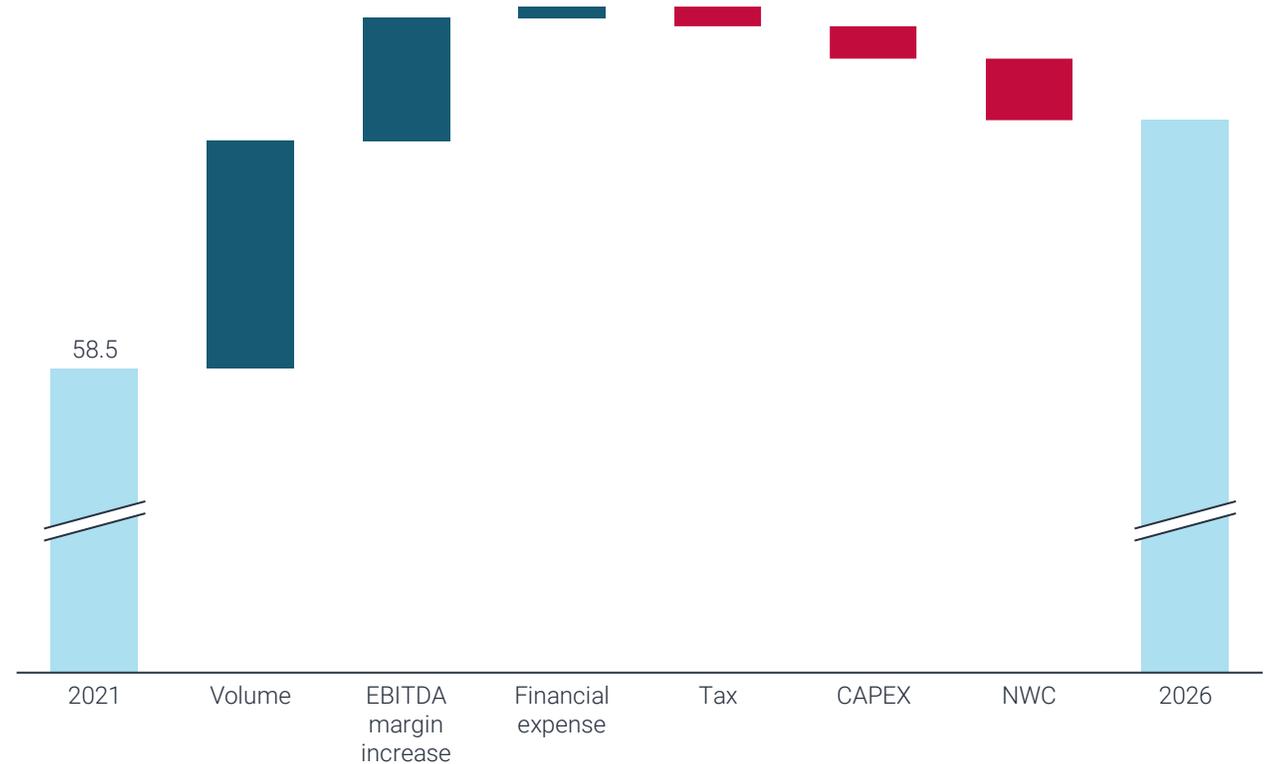
## Actions - tailwinds

- Revenue
- EBITDA
- Finance expense
- Tax ratio

## Actions - headwinds

- CAPEX
- Working capital
- Paid tax

Free cash flow to improve towards 2026  
mEUR



# Capital structure and financial gearing

Capital allocation principles towards 2026

## Financial gearing

2.3x

Financial gearing  
2021



1.5 - 2x

Financial gearing target  
2026

## Capital allocation policy

*“When the gearing is sustainably within the target range, distributions by way of dividends are expected at around one third of adjusted profit after tax.”*

*Additional capital will be distributed via share buy backs”*

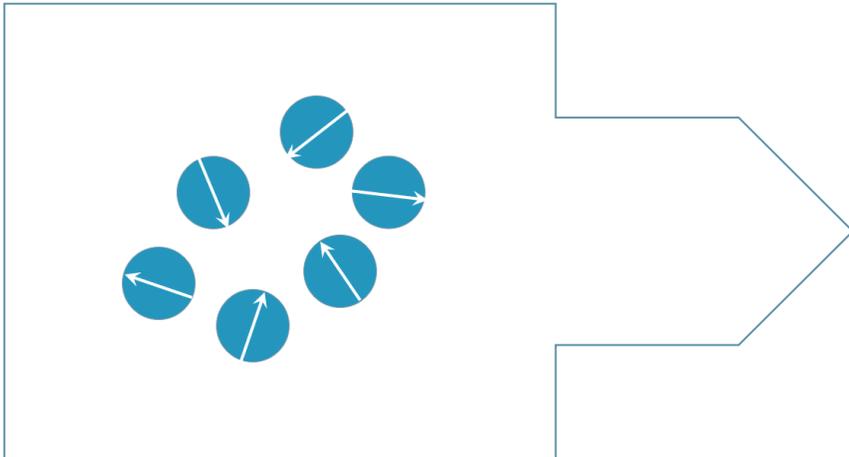
Nilfisk Annual Report 2021

# Ways of working: Nilfisk Operating System (NOS)

Building the execution engine to harvest our growth and profitability potential

## Shortcomings

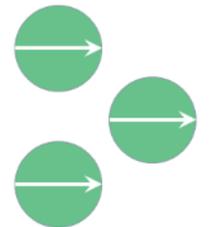
Identified during the strategy review



## The way to improve

To harvest growth and profitability potential

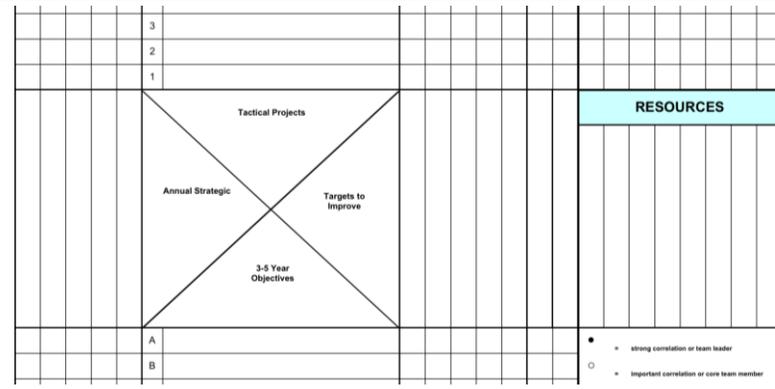
- Re-align executive team around Business Plan 2026
- Re-balance organizational model for execution agility
  - End-to-end responsibility for strategic priorities & initiatives
  - Strengthened backbone processes & systems
- Focused initiatives clearly anchored in the organization
  - Detailed resource planning behind each initiative
  - Mobilize entire organization, not just a project team
- Execution governance along pre-defined milestones



# Nilfisk Operating System (NOS)

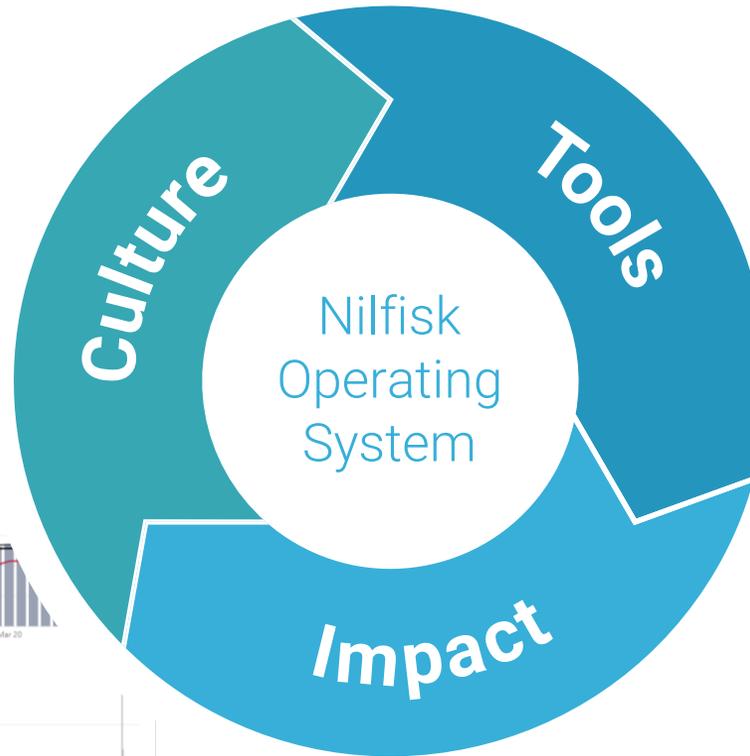
Used to track value drivers and initiatives

## Top level strategy deployment

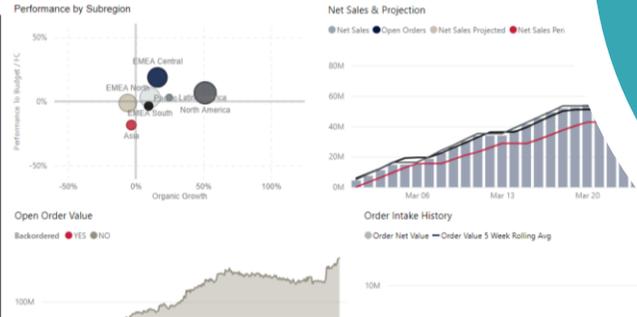


## Manage projects and resources

- Project Charter — Include overview about project team and requirements, goals and overall initiative set up.
- Targets to improve — Clear set of metrics to measure every initiative, outcome and results
- Action plan — Overview about planned actions incl. respective timing to track progress (tool to be discussed)
- Investment — Detailed overview about required investment from 2021-2023 (marketing budget, FTE, R&D, etc.)



Net Sales (EUR)	91.0M
Last Year (EUR)	77.9M
OG	16.8%
<b>Month end</b>	
Projected Net Sales (EUR)	92.9M
B1	86.6M
Delta	5.0%
<b>Last Year</b>	
Net Sales (EUR)	78.8M
OG	17.9%



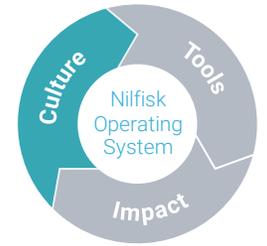
## Manage daily business

## Manage business improvement



# Nilfisk Operating System (NOS): Culture

Culture to ensure that we get better every day



## Continuous improvement

- Acknowledging gaps
- Kaizen mentality
- Across all business processes
- Every day

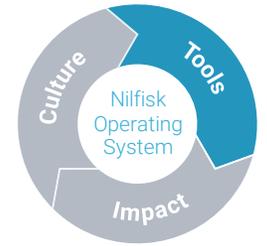


## 80/20 mindset

- Identify the critical gaps
- Focus efforts on activities with significant impact
- Focus efforts on simplifying the business and processes

# Nilfisk Operating System (NOS): Tools

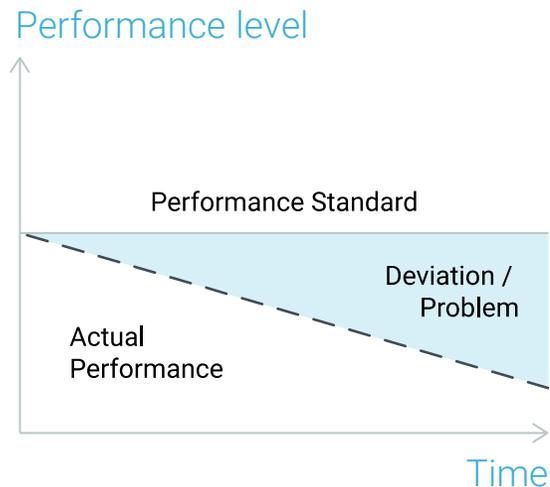
Powerful tools helping us getting better every day



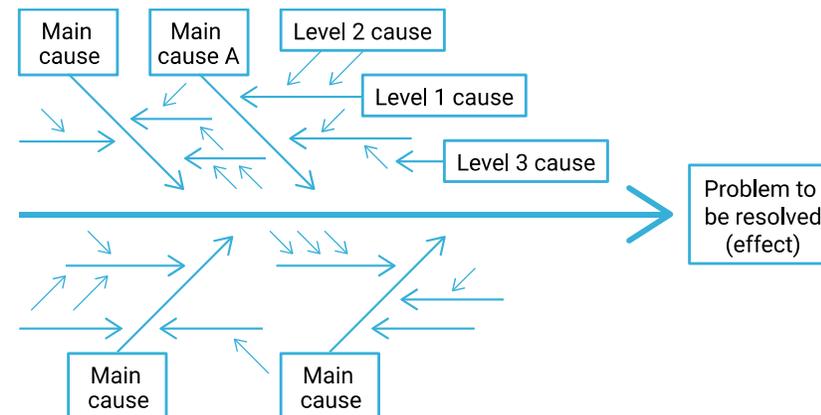
## Root cause counter measure (RCCM)

RCCM is a problem solving methodology in which deviations of business performance from standards (i.e. problems) are identified. Analysis of problems is conducted with a cross-functional team, and countermeasures are evaluated and implemented to mitigate problems in future.

### 1 Problem identification



### 2 Problem analysis

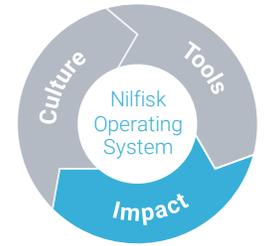


### 3 Implementation and control



# Nilfisk Operating System (NOS): Impact

Impact from focus on value add to Business Plan 2026



## Impact



Nilfisk Operating System  
Practice Maturity



Core Business Processes  
& Operational Metrics



Growth Above Market  
& Margin Expansion

Driving results and measuring what matters to achieve BP26 !



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

3 | CAPITAL MARKETS DAY 2022

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# NOS output: Workstream mapping to achieve Business Plan 2026

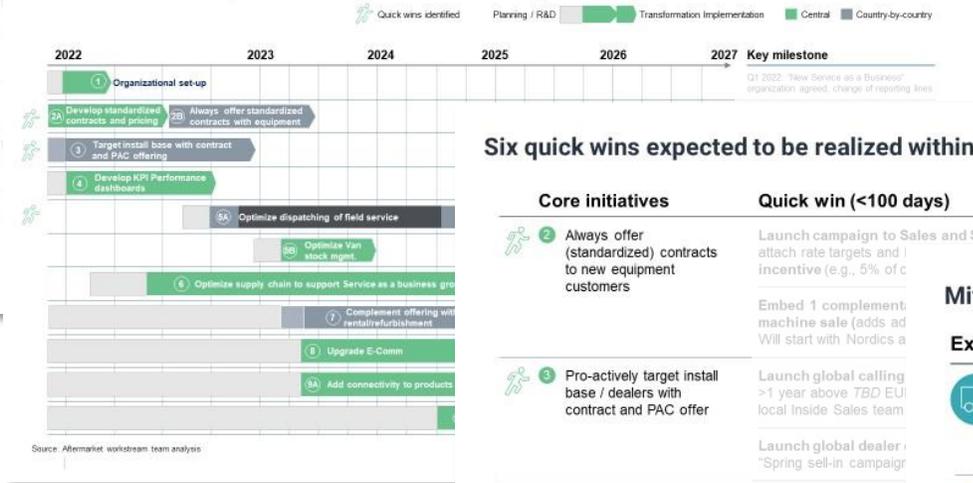
Execution example: Action plans are in place for strategic priorities

## Key value drivers with targets in place for both growth and margin

Theme	Key value drivers	Contracts	PAC	2021	2026	
1 Grow Revenue	1 Contract attach rate on new equipment	Direct FC		12%	40%	>40%
		Indirect FC		0.4%	5-10%	>10%
	2 Contract attach rate on installed base <sup>2</sup>	Direct				
	3 Contract/equipment renewal rate	Current				
	4 PAC revenue penetration					
2 Improve margin	5 Service contract revenue growth (CAGR)					
	6 Utilization (EU)	Current				
	7 First-time-fix-rate (EU)					
	8 Field service margin (group)					
	9 Average hourly rate (US)					

1. Attach rate potential depends on baseline, 40% is maximum  
2. Install base that currently does not have a contract

## Prioritized and phased implementation plan in place for core initiatives



## Six quick wins expected to be realized within the next 100 days (Q1)

Core initiatives	Quick win (<100 days)	Lever	Revenue	Margin
1 Always offer (standardized) contracts to new equipment customers	Launch campaign to Sales and Service teams across all countries with short term individual attach rate targets and incentive (e.g., 5% of c...)			
2 Pro-actively target install base / dealers with contract and PAC offer	Launch global calling >1 year above TBD EU local Inside Sales team Launch global dealer "Spring sell-in campaign"			
3 Increase price per billed hour for labour and travel and harmonize rates regional markets	Increase labour & travel insights (e.g., analysis €...)			
4 Optimize supply chain to support Service as a business growth	Embed 1 complement machine sale (adds ad Will start with Nordics a...)			
5 Upgrade E-Comm	Implement governanc are allowed to give man (e.g., 10%)			
6 Add connectivity to products				

Source: Abnmarket workstream team analysis

## Mitigation actions in place for key execution risks within Service as a business

Execution risk	Mitigating actions
Supply chain bottlenecks the delivery of PAC growth aspirations both in EMEA and US (i.e., large current backlog)	Set-up supply deep dive team in Jan 2022 to lead 3 projects: ABC mapping, Customer requirement mapping, distribution locations incl. insourcing vs. outsourcing
Lead time in recruiting new resources delays aspired timeline; not sufficient capacity to drive change (currently only three field service developers focusing on ops)	Prioritize 'Service as a business' hiring, starting with project manager and PAC/contracts inside sales, in December 2021
Business-as-usual 'Equipment-mentality' within countries hampers Service aspirations, despite KPI's target setting	Revise incentive model Build Execution muscles in the regions Q1 2022 (e.g., HQ or regional Transformational Project Managers targeting US, UK/DK, DE and FR)

# Ways of Working: Nilfisk Operating System (NOS)

Learn, teach, and grow

*“There are no secrets to success.  
It is the result of preparation, hard work,  
and learning from failure.”*

*Colin Powel*

# Ways of Working: Digitally enabled

Strong execution requires real-time data and transparency

The building blocks on our digitally enabled journey in Business Plan 2026

## ERP Systems

Global SAP roll out to reach >90% business coverage by 2025

## Business Systems

Expand CRM and service system globally with standard processes

## Master Data

Harmonize master data across all value generating dimensions  
(customers / product / material master)

## BI-Systems

Provide fast and standardized decision support & predictive analytics

# Business Plan 2026

Focus on long-term sustainable growth



# Culture for successful strategy execution

Head of HR, Jacob Blom

# Developing the culture needed to realize strategy

*"Culture eats strategy for breakfast"*

*Peter Drucker*



Translating broad statements...

Empowerment

Growth Mindset

Execution



... into actions

Clear accountabilities and a license to act

Nilfisk Operating System to enable execution

Staffing plans and stepping up recruitment efforts

Investing in leadership and competence development

# Building critical capabilities



Improve  
**solution selling**



Enhance  
**business mindset**  
in **service**



Strengthen  
**software**  
**and digital**  
competences



Become  
more  
**data driven**



Elevate  
**execution**  
**capabilities**  
through more  
thorough  
follow up

# Core initiatives and planned actions

1 Expand talent acquisition capabilities



2 Employer branding



3 Onboarding



4 Competence development



5 Organizational development



6 Incentives



# Optimize European leadership position

Head of Sales, Steen Lindbo



# We build on a leading position to drive further growth

61% of Nilfisk 2021 revenue comes from our solid position on the European markets

## Revenue

Market size  
2021 professional

~2.9 bnEUR

2021\*

603 mEUR

2026 ambition

~700 to 750 mEUR

Top 10 Nilfisk markets

- Germany
- France
- UK
- Italy
- Netherlands
- Spain
- Belgium
- Poland
- Denmark
- Sweden

\* Including revenue from Consumer of 86 mEUR

*“Utilizing a leading  
Position across key  
markets to drive further  
growth and market share  
gains”*



# We have been winning substantial shares in strategic accounts

Focus and activity level has proven succesful and shown untapped potential

## Sharpening the hunter mentality

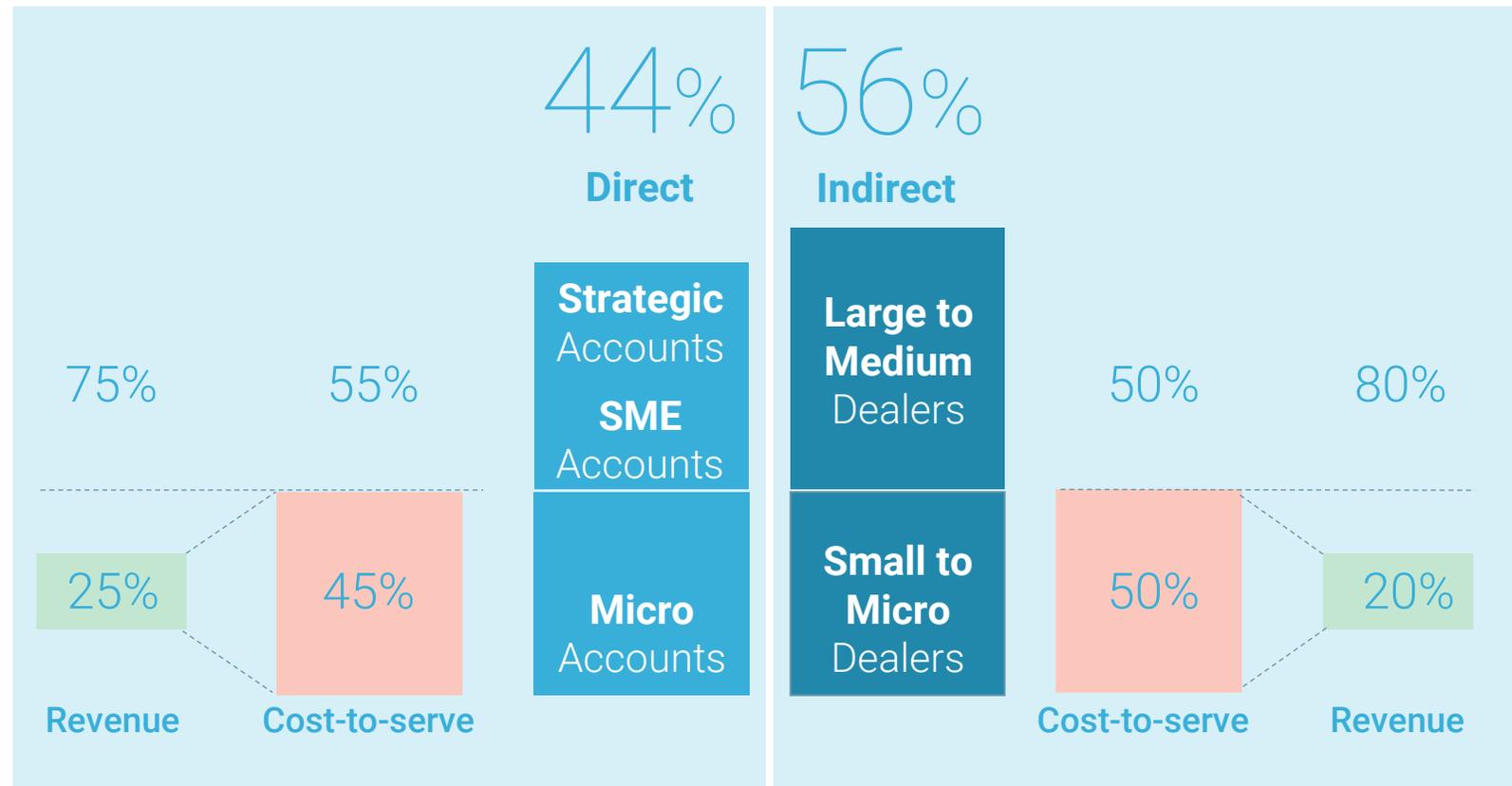
- Our competitive advantage
  - Long-standing customer relationships
  - Broad product solution portfolio
  - Wide service network close to customers
  - Large scale production in Europe
  - Customer proximity across countries and application segments
  
- Recent accomplishments
  - Win-rate increase by more than 7 pp
  - Continous growing opportunity pipeline across portfolio
  - Virtual customer engagement remains above 25%
  - Growth with underrepresented strategic accounts



# Large opportunities for business optimization across channels and customer sizes

Segmented go-to market approach reflecting growth and profitability potential of segments

## Sales by channel and customer size



Data sample for 5 key markets

## Key optimization opportunities

- Substantially reduce cost-to-serve for Micro customers (direct and indirect)
  - > Channel re-allocation
  - > Inside sales
  - > eCommerce
- Re-invest freed up resources into growth with Strategic Accounts as well with Large dealers

## Key targets in Business Plan 2026

- Direct Channel growth > Indirect towards 50/50 by 2026
- Strategic Accounts growth around 10% p.a.
- Profitability margin improvement across all accounts and channels 0.5-1% pts

# Optimization opportunity Europe: Untapped pricing potential

Renewed pricing focus to harvest growth and profitability potential

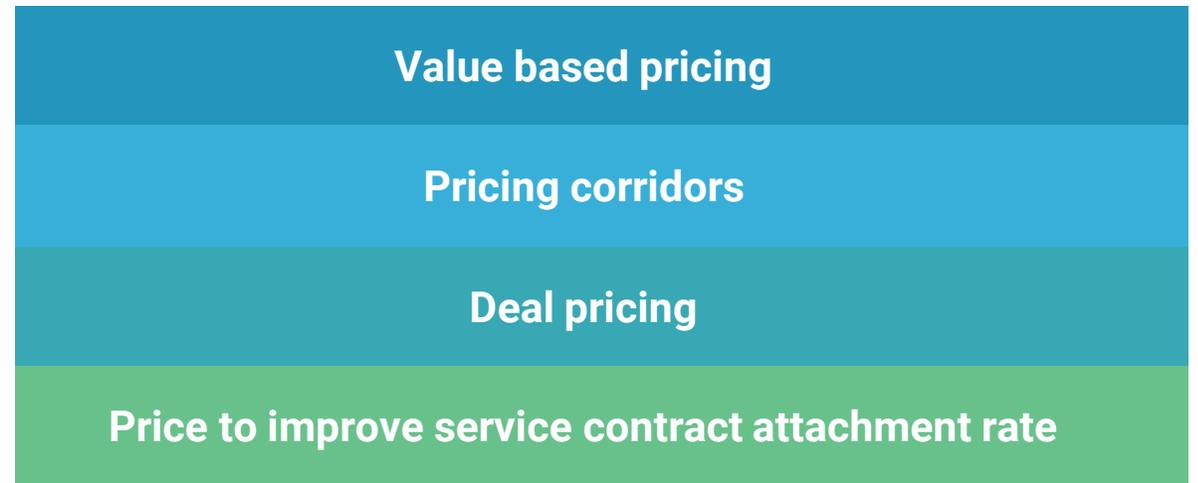
## Untapped pricing potential

### Examples

- Cost plus
- Wide price spread between comparable markets
- Smart discounting

*“Progress on pricing during the last 12 months has proven succesful and showed increased steer precision”*

## Improvement levers



## Investments

in new pricing organization, processes and systems

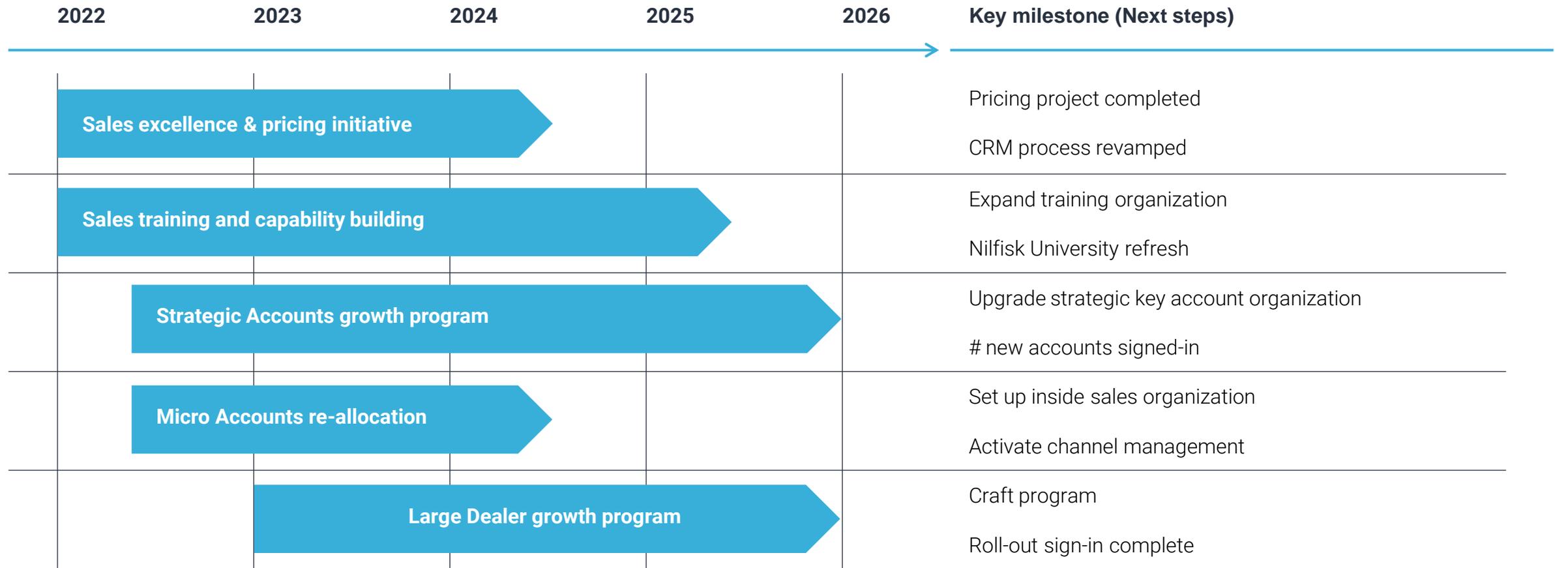
# Key value drivers for Europe optimization

Targets in place for both revenue growth and profitability improvement

	Five key value drivers	Revenue impact 2021-26	
Revenue growth	<b>Direct channel equipment revenue growth</b> Grow above market growth with direct accounts	++++	
	<b>Service business revenue growth (CAGR)</b> Leverage higher direct business for service	++	
Profitability improvement	<b>Profitability margin across accounts</b> Increase margins by improving cost to serve	Strategic accounts	+
		Small accounts	+
	<b>Pricing execution</b> Reduce leakage from pricing	Price effectiveness	+
		Conditions	++
		Deals	++
	<b>Drive sales force effectiveness and efficiency revenue per FTE</b> Reallocate resources from micro-accounts to large and strategic accounts		+++

# Strengthened commercial focus

Five key initiatives that are driving value creation throughout 2026



# Grow in large-scale markets: US

Head of US Sales, Jamie O'Neill



# Growing in the large-scale US market is a strategic priority

US is our largest country business by far with strong growth momentum in 2021

Revenue  
2021 professional cleaning equipment

US market

~2.6 bnEUR

Nilfisk US

253 mEUR

2026 ambition

~340 to 380

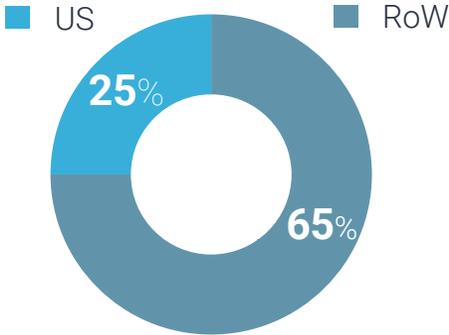
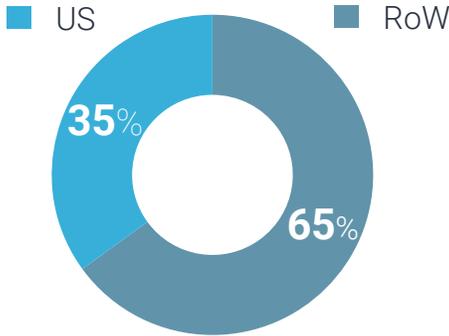
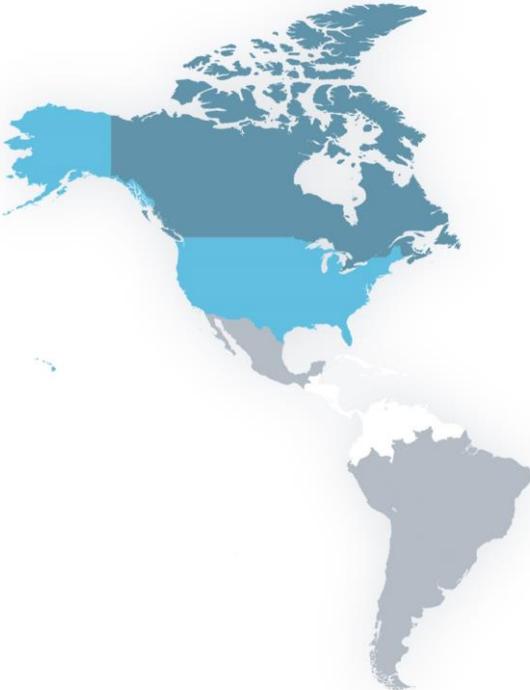
US is expected to grow above 3% p.a. over the next 5 years

The US is the largest market for **professional cleaning** equipment in the world

With 25% of our revenue US is **Nilfisk's largest market** and our second home

~23.8%

\*Growth for Americas 2021



# We are well positioned for long-term, sustainable growth in the US

Success factors have been implemented over the last 3 years

## People, Culture, Process

### Getting the right people in place

- 2019 new commercial leader
- 70% of sales leaders replaced
- Competence and career development

### Build culture around Customer-centricity

- Revised go-to-market strategy
- Transitioning to end-user focus
- Strengthening service organization

### Disciplined execution embedded

- Sales management process
- Relentless performance management

## Products and Operations

### Widest product offer in the industry

- Commercial & Industrial Floorcare
- Commercial Vacs and Industrial Vacs (IVS)
- High Pressure Washers

### World-class US-based R&D center

- Industrial range
- Autonomous technology
- Customer focus groups

### Strong local manufacturing base

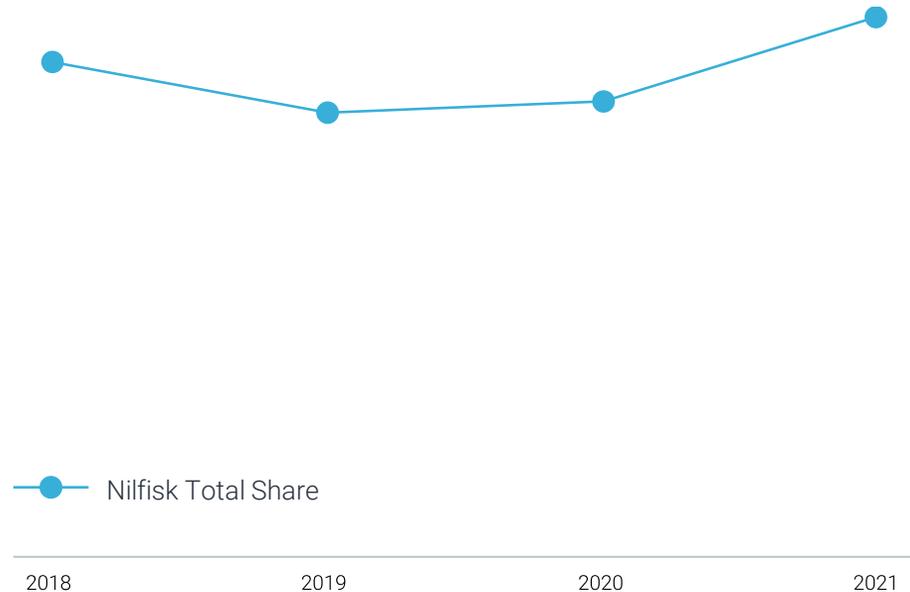
- Plants in the US as well as in Mexico
- Complemented by imports from Europe + China



# Nilfisk is a leader in the dealer channel

Successful implementation of a revised dealer strategy

## Nilfisk evolution over time



Source: AACEM data

- Re-organized dealer channel to avoid channel conflict
- Systematic dealer development program
  - Dealer enablement / growth plans
  - Inside sales support
  - Sales, Marketing and Service co-operation
- End-user demand creation and sharing of leads with dealers
- Expanding our footprint of industrial dealers

# Successful growth with Strategic Accounts

We have been successful in winning large key accounts

## Implemented changes

- Focus on **fewer**, but **larger** targets
- Strengthen account development plans
- Relationship management
- Solution selling approach
- Organizational alignment with senior management

## Case study United Rentals

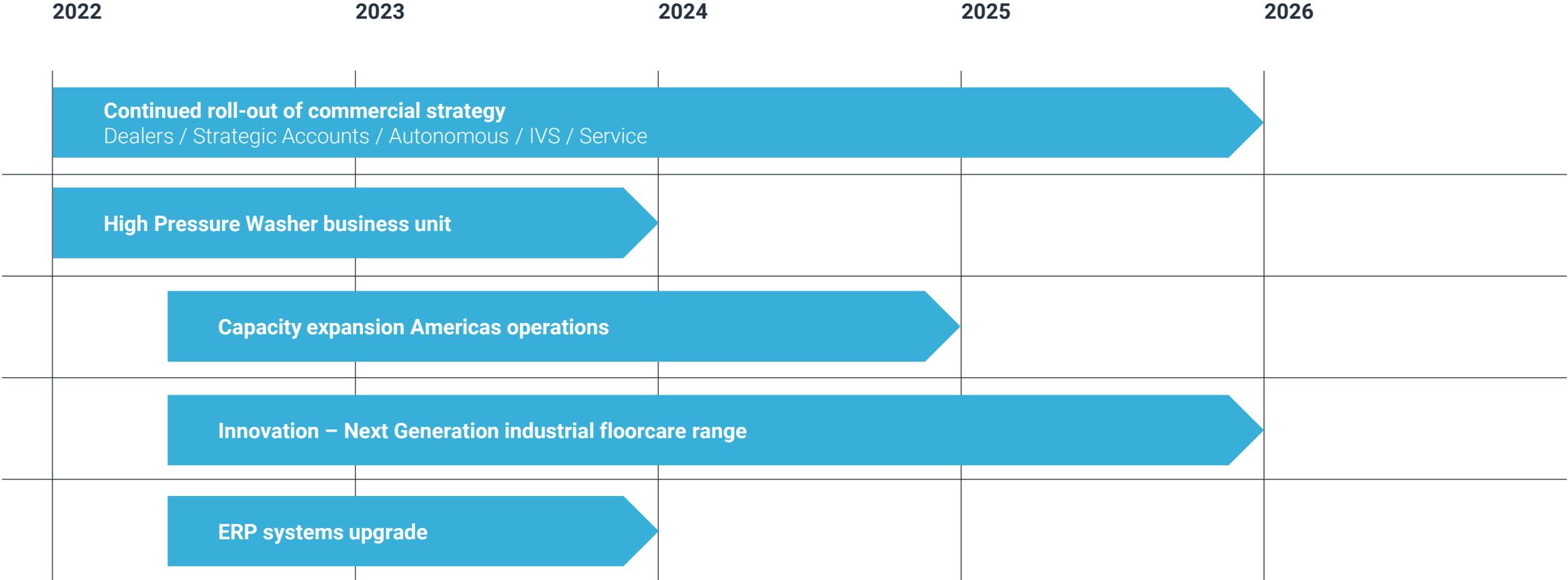


- Largest rental company: + 1.100 locations nationwide
- New concept: Facilities & Flooring solutions Nilfisk as prime partner
- 2021: 18 stores launched \$1.5m/store + growth
- 5-year growth plan: +85 stores
- Vendor of the Year 2021

*“Unparalleled support and Strategic Alignment from the team at Nilfisk”*

# Business Plan 2026 makes growth in the US a top priority

Key Implementation Streams initiated



# Unleash IVS growth potential

Head of IVS & Corporate Affairs,  
Hans Flemming Jensen



# IVS is an attractive market with high value-creation & growth potential

Our IVS customers operate in environments with hazardous material and strict hygiene requirements where our products are vital to protect the health and safety of their people and customers

Market size

~600+ mEUR

From mobile products to customized systems



Highly specialized and regulated global verticals

Manufacturing



++

Iron & Metal



++

Food & Beverage



+++

Pharma



+++

Our competitive strengths

- High quality
- Unmatched solution range
- Certifications to meet regulatory needs
- Deep application know-how
- Engineering and customization capabilities
- Worldwide coverage and sales synergies

# Nilfisk is already a global leader in the fragmented IVS market

With an estimated playing field of more than 600 mEUR we target a 40% growth of this business by 2026

Revenue (mEUR)

2021

64 mEUR

2026 ambition

+20 to 30 mEUR

*“To a clear niche leader position, significantly outgrowing the market”*

Key Competitors



High margin business with value creation for both our customers and Nilfisk



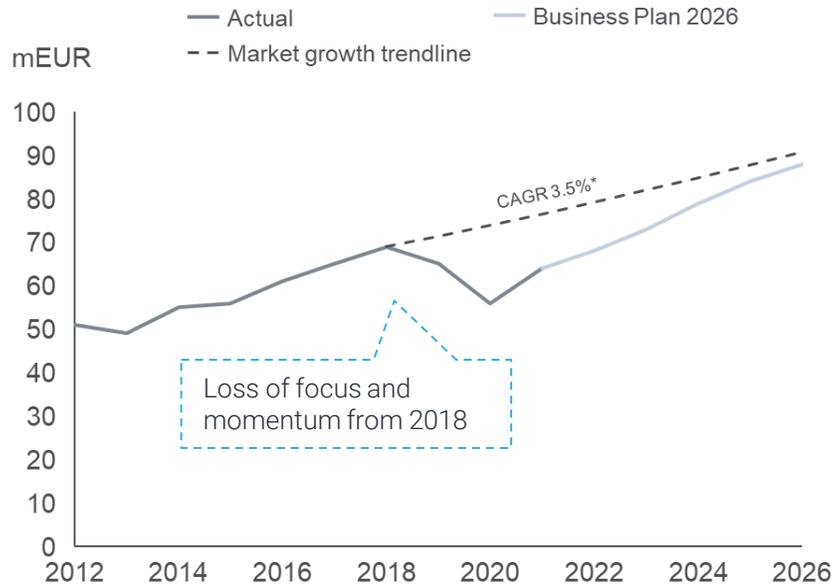
**Key countries**

USA  
Germany  
Italy  
France  
UK  
China  
India

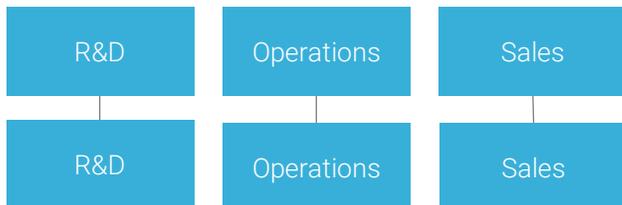
# Nilfisk IVS is regaining momentum as a focused business unit

From 'lost in the matrix' to an entrepreneurial stand-alone unit, leveraging the full strength of Nilfisk global sales force

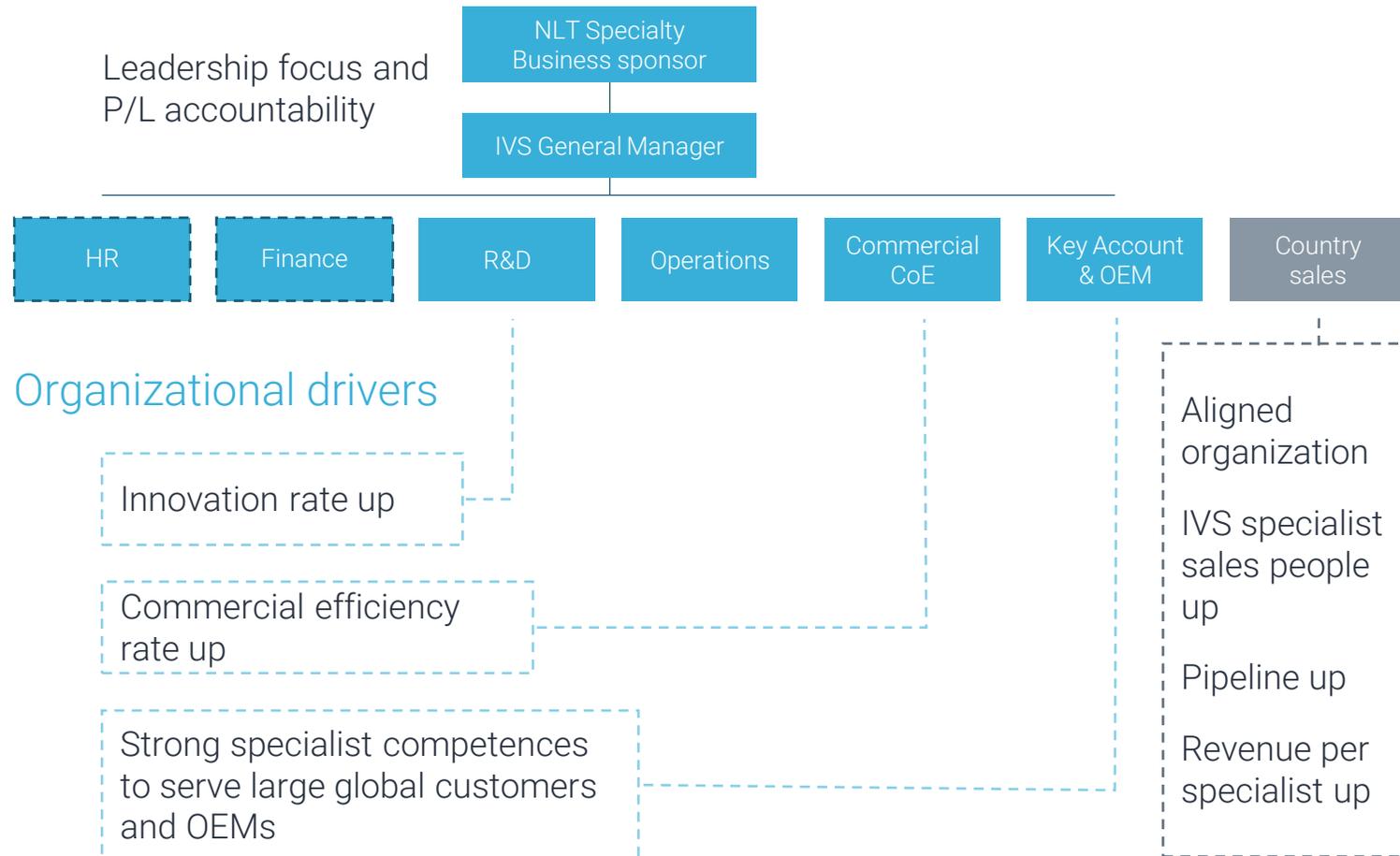
## Point of departure



## Matrixed past



## Investing in an IVS focused business unit setup



# Our IVS growth plan is centered around 4 key building blocks

Refocusing on IVS, rebuilding capabilities and leveraging our competitive strengths will drive the plan to success

1

### Expand sales coverage

Increase sales coverage and penetration by adding specialists in focus countries



Front-end specialists

2

### Increase sales efficiency

Increase revenues per Sales FTE in each focus country & strong pipeline management



Commercial excellence

3

### Playing to our strengths

Attack growth in Food & Pharma  
Strengthen position in Iron & Metal and Manufacturing



4

### Leveraging our product leadership

Create additional revenues from new products and our unique engineering capabilities



Innovation

# Strengthened commercial execution fueled by entrepreneurial speed

Five key initiatives that are driving IVS value creation throughout 2026

	2022	2023	2024	2025	2026	Key milestone (Next steps)	
Rebuild		Strengthen sales team in selected countries				Business unit leadership team in place Recruiting of sales specialists in focus countries started	
		Implement commercial excellence				Set up Commercial Center of Excellence in Zocca New go-to-market and sales pipeline management	
Expand		Leverage product availability				Push to increase IVS sales since products are available Manage supply chain to ensure continued ability to supply	
		Expand IVS capabilities					Strengthen Commercial Center of Excellence Expand sales coverage
		Optimize back-end					Optimize customizations and launch new products Expand production capacity to sustain growth

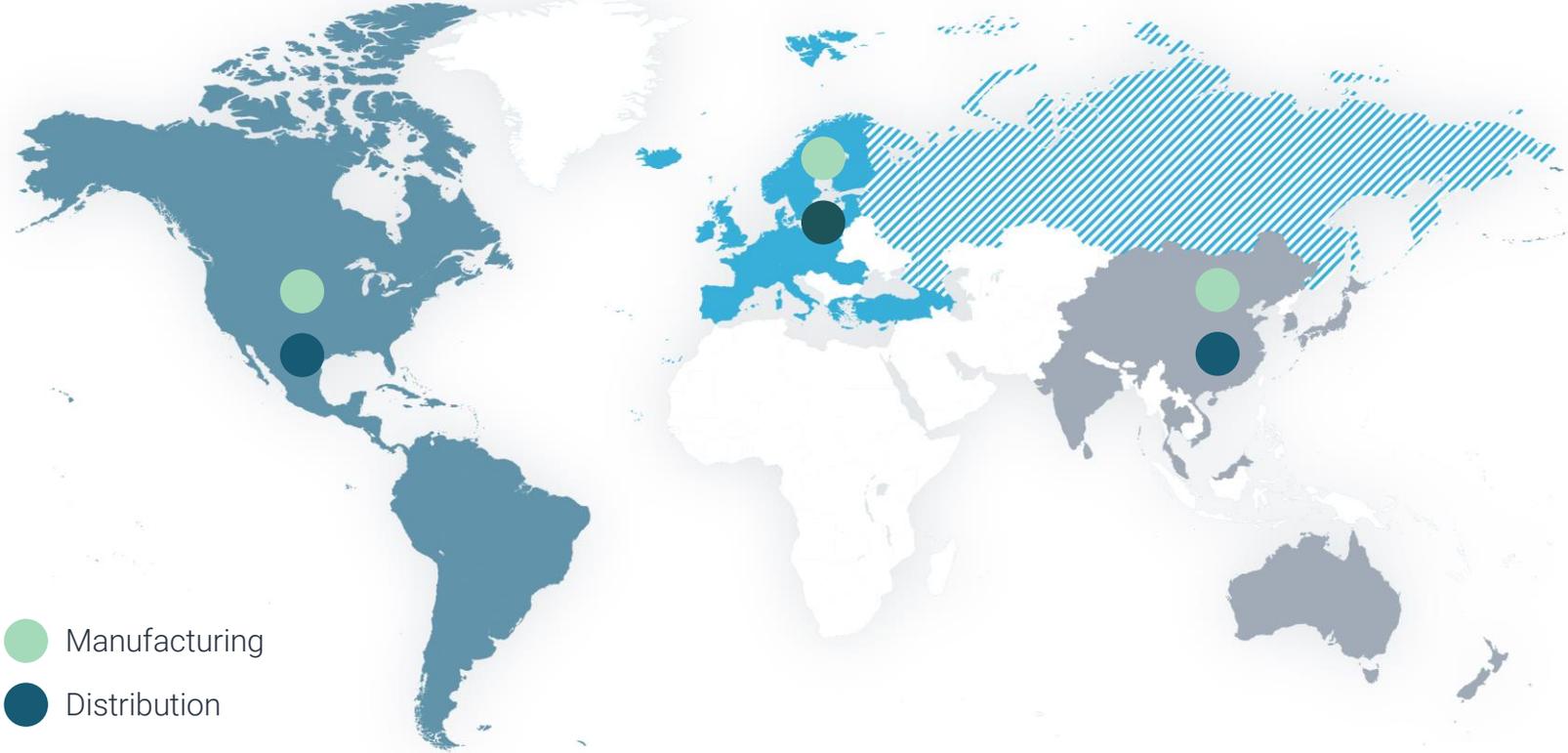
# Enhance supply chain robustness

Head of Operations, Søren Pap-Tolstrup



# Global coverage and regional presence

Our manufacturing- and distribution base is a strong foundation



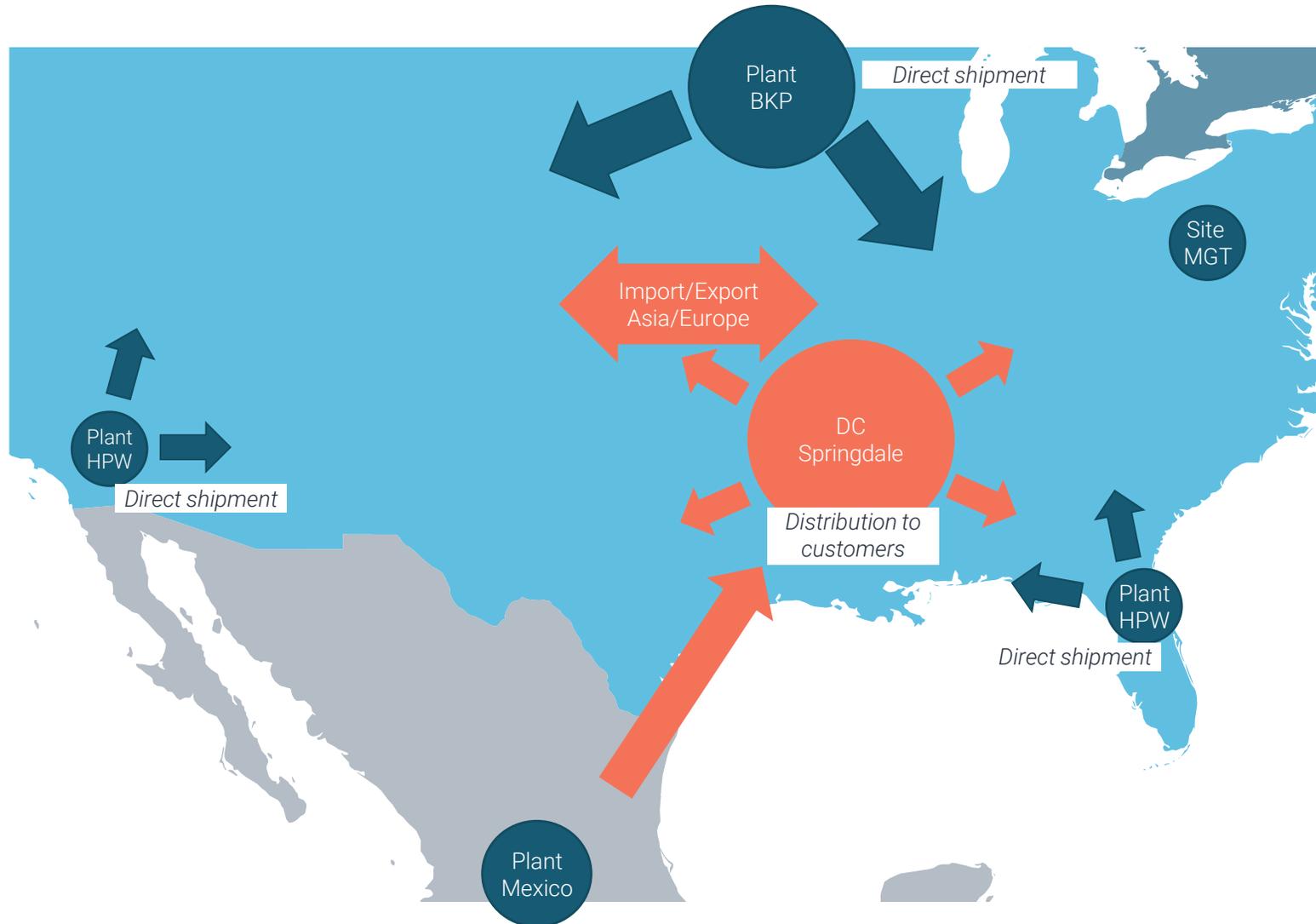
● Manufacturing  
● Distribution

## Priorities

- 1 Capacity for growth
- 2 Supply robustness
- 3 Cost competitiveness

# US Distribution Center partly destroyed by a tornado

Damage currently under assessment, business continuation plan activated



## 30 March: Tornado hit US Distribution Center in Springdale, AK

- US DC distributes spare parts and imported products in North America
- Main building partially destroyed, secondary building not impacted
- Degree of damage being assessed

## Now: Activities resumed

- Shipping resumed at secondary warehouse
- Preparing new building nearby
- Stock replenishment initiated
- Salvageable goods and assets being recovered

Direct shipments from US plants unaffected

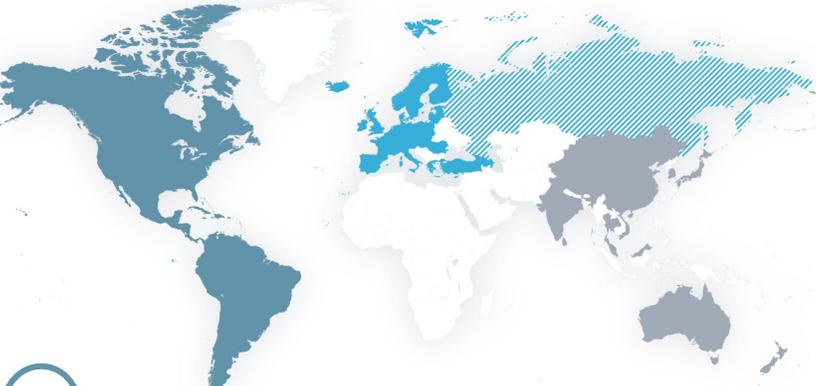
# Supply capacity in place to accommodate long-term growth

Moderate and targeted capacity investments to drive volume, efficiency, quality, and customer service

Asset-light manufacturing model:  
Mainly assembly operation

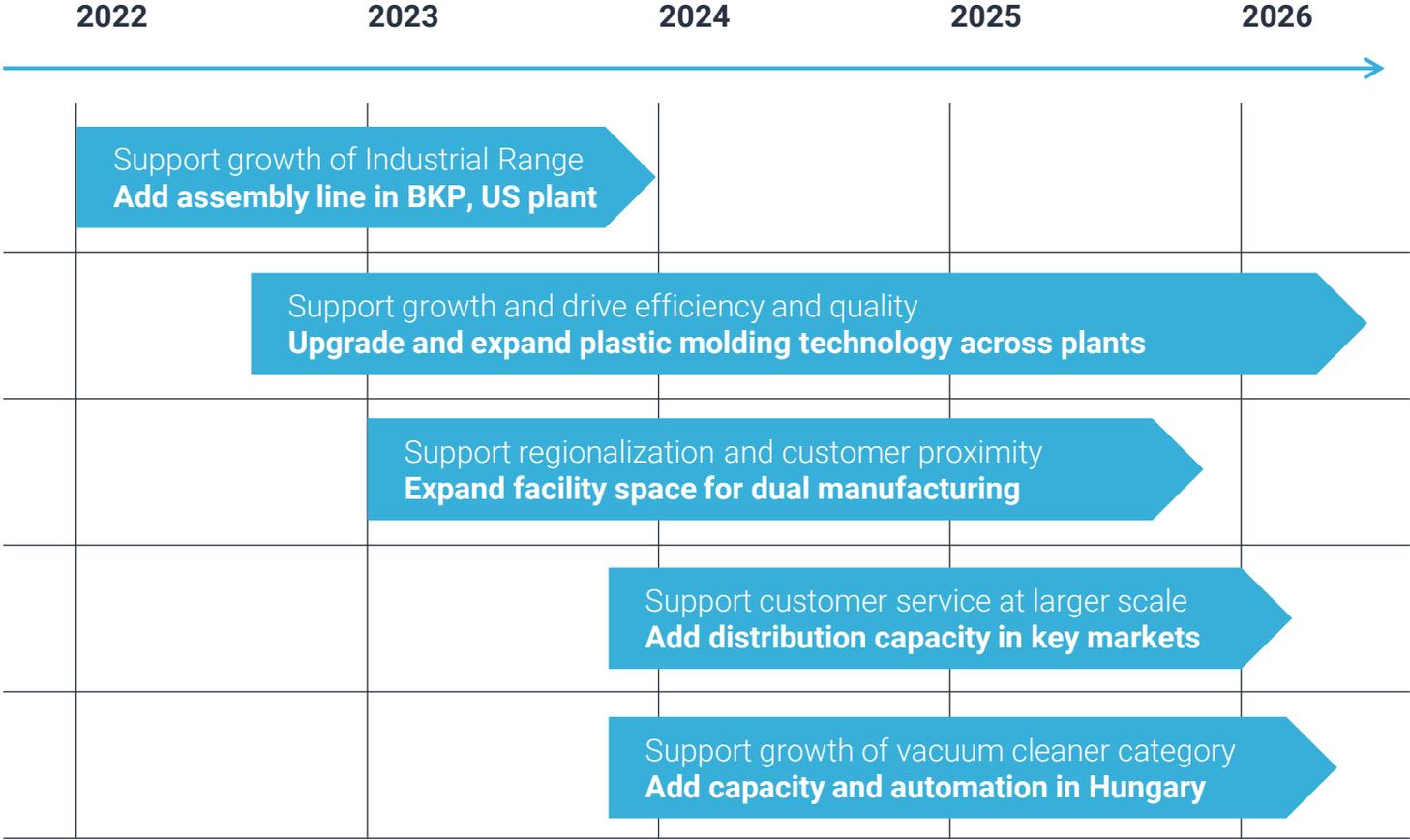
Existing infrastructure can largely  
accommodate volume growth of BP26

Operations CAPEX ~2% p.a.



1 Accommodate growth in the US

2 Optimize in Europe



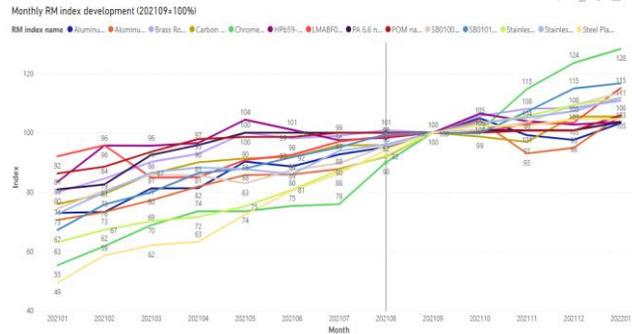
# Material supply is a key challenge

The global supply crisis has stress-tested our supply chain

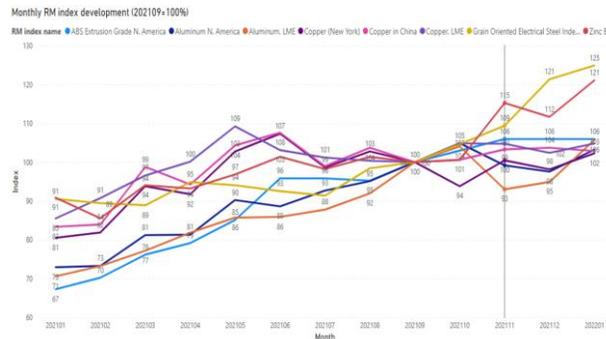
Unbalanced materials markets with scarcity and rising cost...

Examples: Raw material indices impacting key categories; Jan 2021 – Feb 2022

## Metal parts



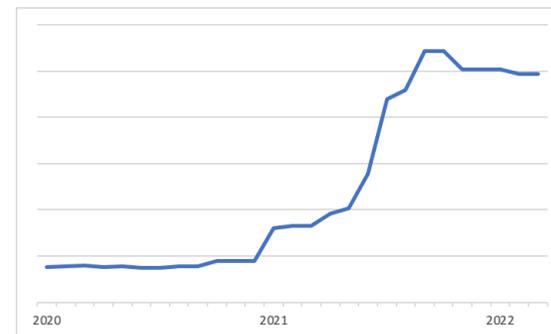
## Motors



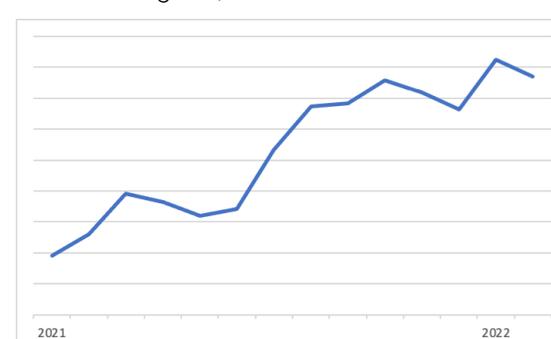
... combined with scarce freight capacity and long transit times...

Examples: End-to-end freight rates per 40' container

## China – USA, Jan 2020 – Mar 2022



## China – Belgium, Jan 2021 – Feb 2022



... led to severe material shortages since early 2021

Selected examples

Lack of electrical components due to global shortage of chipsets and other basic parts

Engine suppliers rationing and allocating restricted volume across their portfolio

Engineered metal parts (axles, chassis) constrained and long lead times

Impact on tier-2 suppliers causes shortages across categories

# Strengthening supply robustness

Factors within our control can – and must – increase our resilience in the face of external supply challenges

## How we source

Dual sourcing

- Establish **alternative** or redundant suppliers

Consolidation

- Gain **clout and priority** at key suppliers

Localization

- **Shorten lead times** and reduce freight dependency

## What we source

Standardization

- **Reduce dependency** on tailor-made components

Specification relaxation

- Increase opportunity for **substitution**

Component sharing

- Reduce **number of SKUs**

# Pilot initiative to drive robustness and pricing

A pilot initiative has been launched to confirm potential and approach to improving robustness and pricing

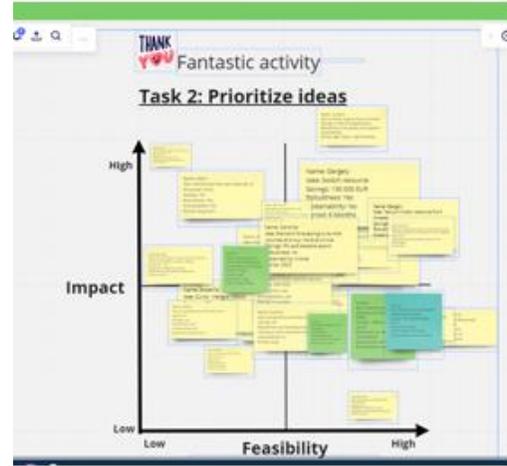
7 cross functional workshops conducted

+25 different participants

3 sites visited

Gross list of **284 ideas**

~ **36 ideas currently prioritized** and to be addressed in **cross functional teams**



# Gross margin improvement through material cost reduction

Material cost is a key driver of margin improvement, but requires a broad-based effort to realize

Analyses indicate opportunities on selected high-potential components

Broad set of levers to realize opportunity

## Selected best-case opportunities

Price/volume development & price arbitrage	<b>~10%</b>
Price development vs. raw material indexes	<b>4-8%</b>
Price alignment / Linear performance pricing	<b>6-8%</b>
Specification relaxation	<b>20-30%</b>
Supplier localization	<b>5-10%</b>
Consolidation / scale benefits	<b>3-10%</b>

## Specifications

- Tolerances
- Material

## 'Switchability'

- Engineering resources
- Qualification processes

## Dependence

- Standardization
- Dual sourcing

## Analytics

- Should-costing
- Demand forecasting

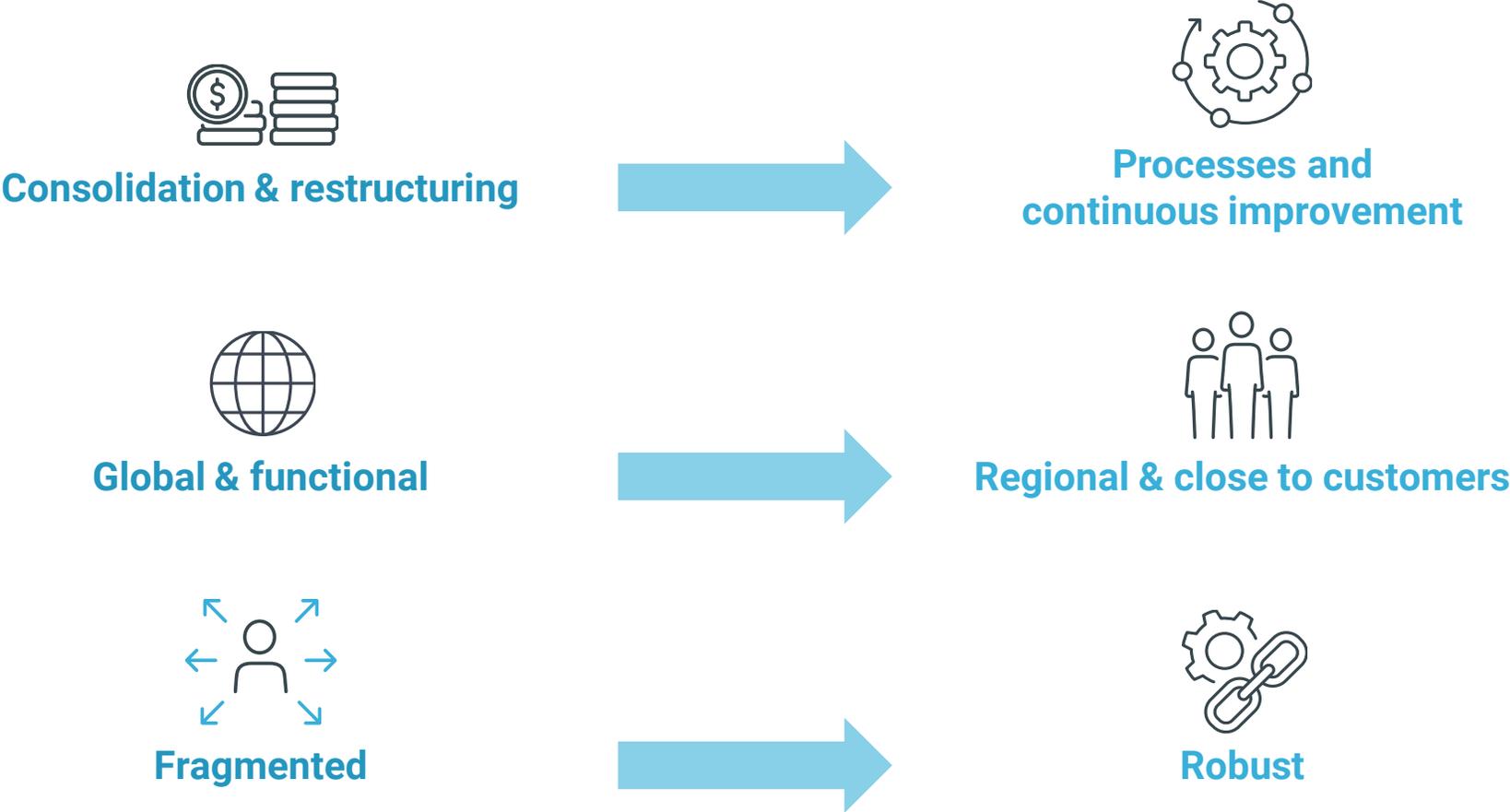
## Location

- Proximity
- Low-cost countries

Material cost savings are a key part of reaching gross margin improvements

# Three significant changes to enable us to grow

We will be driving fundamental changes of focus and way of working



A wide-angle photograph of a cornfield. The corn plants are in the foreground and middle ground, showing green leaves and developing tassels. The field extends to a flat horizon line. The sky is filled with soft, grey clouds, suggesting a late afternoon or early morning setting. The overall mood is serene and agricultural.

# Leading with sustainability

Head of Marketing, Camilla Ramby

# Sustainability is anchored in our business plan and value proposition



## Lifecycle service

Optimizing customer value creation



## Customer centric innovation

Ensuring technology-enabled value creation



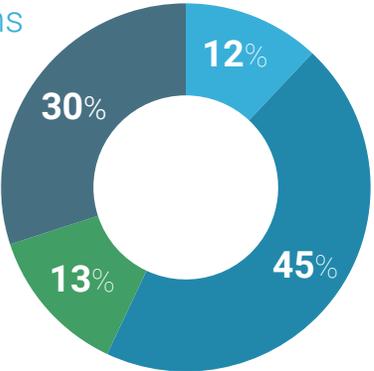
## Sustainability commitment

Creating value for all stakeholders

# Scope 3 covers 99% of Nilfisk's greenhouse gas emissions

Scope 1&2 GHG emissions by type

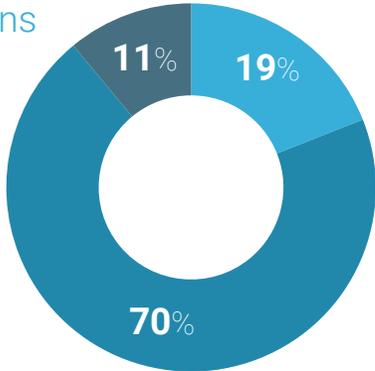
- Sales & employee fleet
- Production facilities
- Other facilities
- Service fleet



1 % of GHG emissions

Scope 3 GHG emissions by product category

- Vac
- HPW
- Floorcare



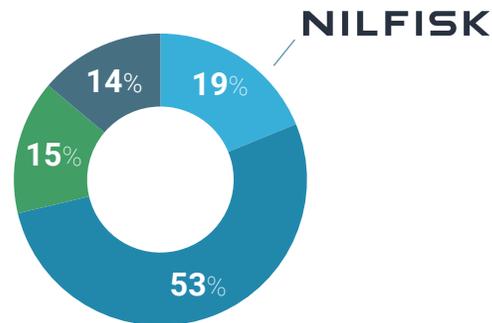
99% of GHG emissions

# We are already in the leading field of our industry

Our sustainability performance and program is acknowledged by reputable organizations



**65**/100  
91<sup>st</sup>  
percentile



- Leadership (A/A-)**  
Implementing current best practice
- Management (B/B-)**  
Taking coordinated action on climate issues
- Awareness (C/C-)**  
Knowledge of impacts on, and of, climate issues
- Disclosure (D/D-)**  
Transparent about climate issues



Target commitment audited and approved by SBTi

Only 38 companies in Denmark and 1,270 globally have targets approved by SBTi

# We have set ambitious targets to underline our ambition to be the Sustainability leader in our industry



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

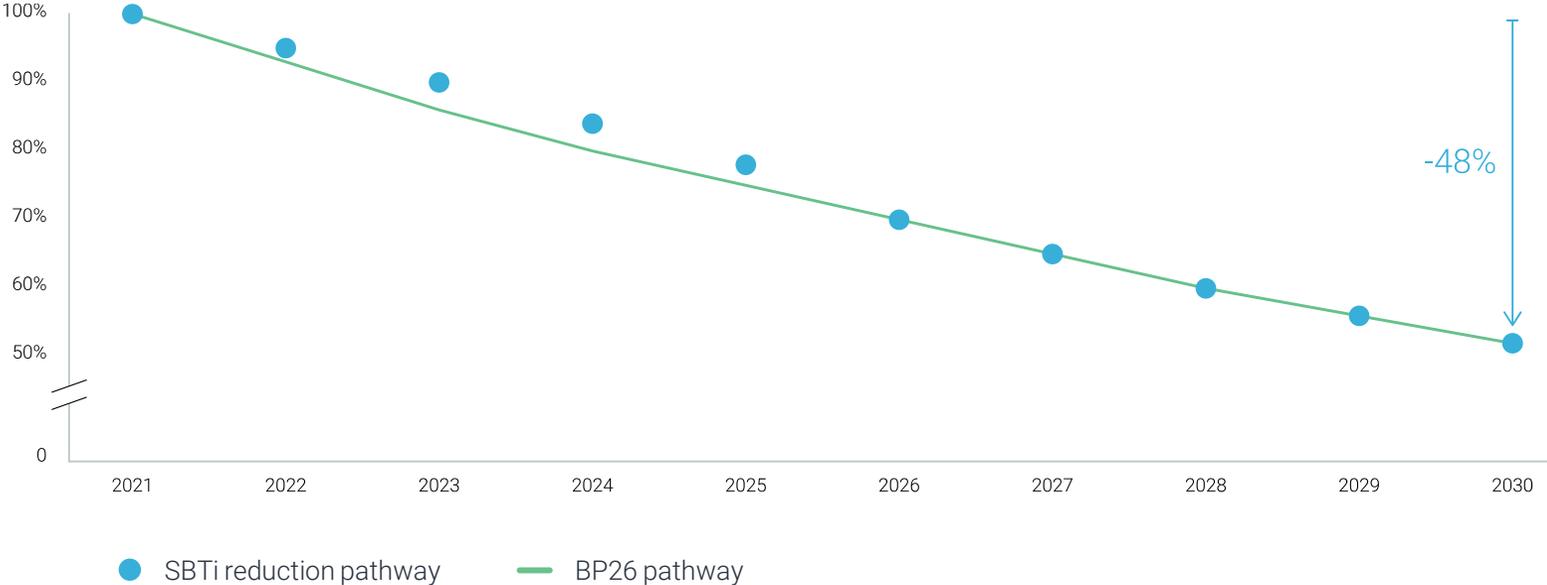
## 25% women

In senior leadership positions in 2026

# Commitment to reduce Scope 3 GHG emissions by 48% in 2030

Clear roadmap toward significant reduction of our scope 3 emissions

Scope 3 GHG emission reduction pathways



### Key actions to meet our 2030 commitment

- >25% GHG emission reduction target on all new product platforms
- Mix management towards models with lower emissions
- Regionalisation of supply chain
- Integration of sustainability measures in strategic sourcing



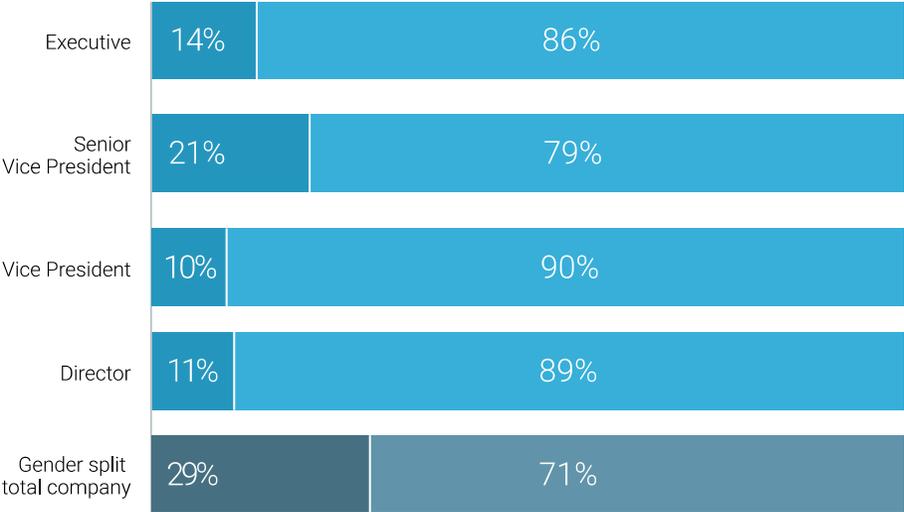
# Female share of senior leadership to increase from 14% to 25% by 2026

Committing to diversity targets

Gender split total company

Women 1.350 = 29%      Men 3.304 = 71%

Gender split (women / men)



Dec. 31. 2021



### Key actions to meet our 2026 commitment

- Global leadership training
- Mentor program for female talents
- Revised recruitment process
- Targeted employer branding activities



# We are strengthening the organizational set-up, governance and tracking

 Climate and Environment

Data indicator	Unit	2021	2020	2019
<b>Environmental data</b>				
<b>GHG emissions<sup>1</sup></b>				
<b>Scope 1</b>				
GHG emissions <sup>2</sup>	MtCO <sub>2</sub> eq	15,510	11,653	15,402
Fleet	MtCO <sub>2</sub> eq			
Natural gas	MtCO <sub>2</sub> eq			
Others	MtCO <sub>2</sub> eq			
<b>Scope 2</b>				
GHG emissions	MtCO <sub>2</sub> eq			
Electric power	MtCO <sub>2</sub> eq			
District heating	MtCO <sub>2</sub> eq			
<b>Scope 3</b>				
GHG emissions - Use of sold products	MtCO <sub>2</sub> eq/ EUR gross profit			
<b>Waste<sup>3</sup></b>				
Total waste generated	Mt			
Total non-hazardous waste <sup>4</sup>	Mt			
Total hazardous waste	Mt			
<b>Water<sup>5</sup></b>				
Water consumption	m <sup>3</sup>			
Water recycled	m <sup>3</sup>			
<b>ISO certifications</b>				
Number ISO 14001-certified sites	number			
Number ISO 9001-certified sites	number			

 Workplace

Data indicator	Unit	2021	2020	2019
<b>Social data</b>				
Total full-time employees, end of period	number	4,887	4,339	4,886
Blue collar workers	% of total FTEs	30%	28%	29%
White collar workers	% of total FTEs	70%	72%	71%
Employee turnover <sup>6</sup>	%	20.5%	20%	24%
% of women in the company	%	29%	27%	27%
% of women in senior leadership positions <sup>7</sup>	%	14%	N/A	N/A
% of women in the Nilfisk Leadership Team	%	12.5%	25%	17%
% of women on the Board of Directors	%	14%	12%	14%
Engagement survey participation	%	90%	92%	92%
Employee engagement score	(10-point-scale)	8.1	8.0	7.8
Fatalities	number	0	0	0
Injury frequency rate	number	43	51	68

 Society

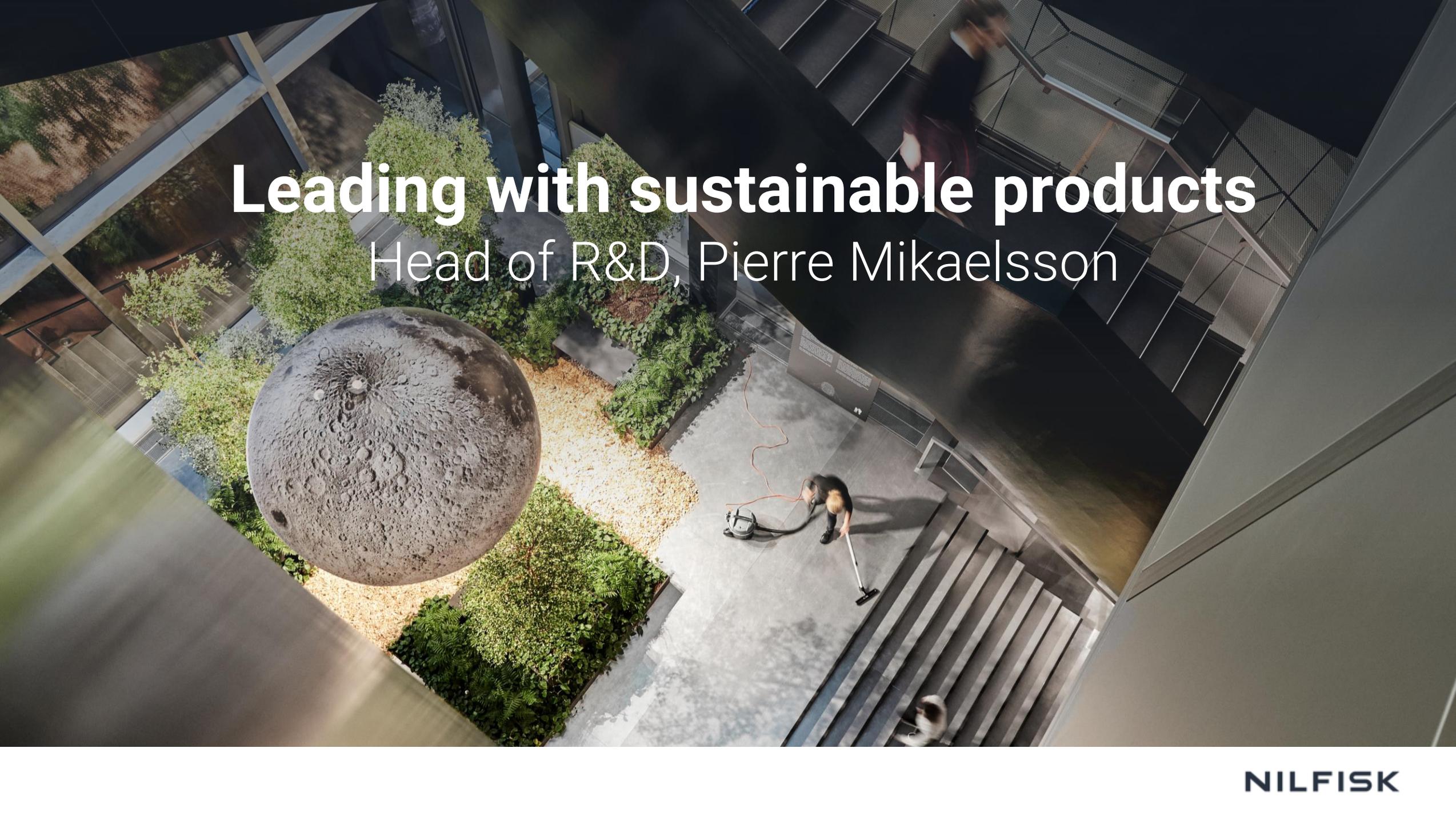
Data indicator	Unit	2021	2020	2019
<b>Governance data</b>				
Number of suppliers signed UNGC 10 principles	%	86% <sup>8</sup>	93%	93%
Number of supplier audits	number	34	63	10
Number of supplier CSR assessments	number	153	18	N/A
Number of suppliers covered by the Code of Conduct <sup>8</sup>	number	82	11	N/A
Number of whistleblower cases submitted	number	2	6	9
Whistleblower cases admissible	number	2	2	1
Whistleblower cases resolved	number	2	6	9



## Implementation

- New sustainability leadership position created
- Sustainability KPIs tracked and monitored alongside business KPIs
- Sustainability governed at market level to the boardroom



An aerial, high-angle photograph of a modern building's courtyard. The courtyard features a large, dark, cratered moon sculpture in the center. Surrounding the moon are various green plants and trees. A person is seen cleaning the courtyard floor with a Nilfisk vacuum cleaner. The building's architecture is modern, with glass and metal elements. The overall scene is well-lit, suggesting daytime.

# Leading with sustainable products

Head of R&D, Pierre Mikaelsson

# Nilfisk with widest breadth of product solutions in the industry

Unparallel capability to provide comprehensive product and service solutions to our customer base

Floorcare

Vacuum Cleaners

High-pressure washers

Parts & Services

Commercial



Industrial



Proportion of sales  
2021

34%

22%

14%

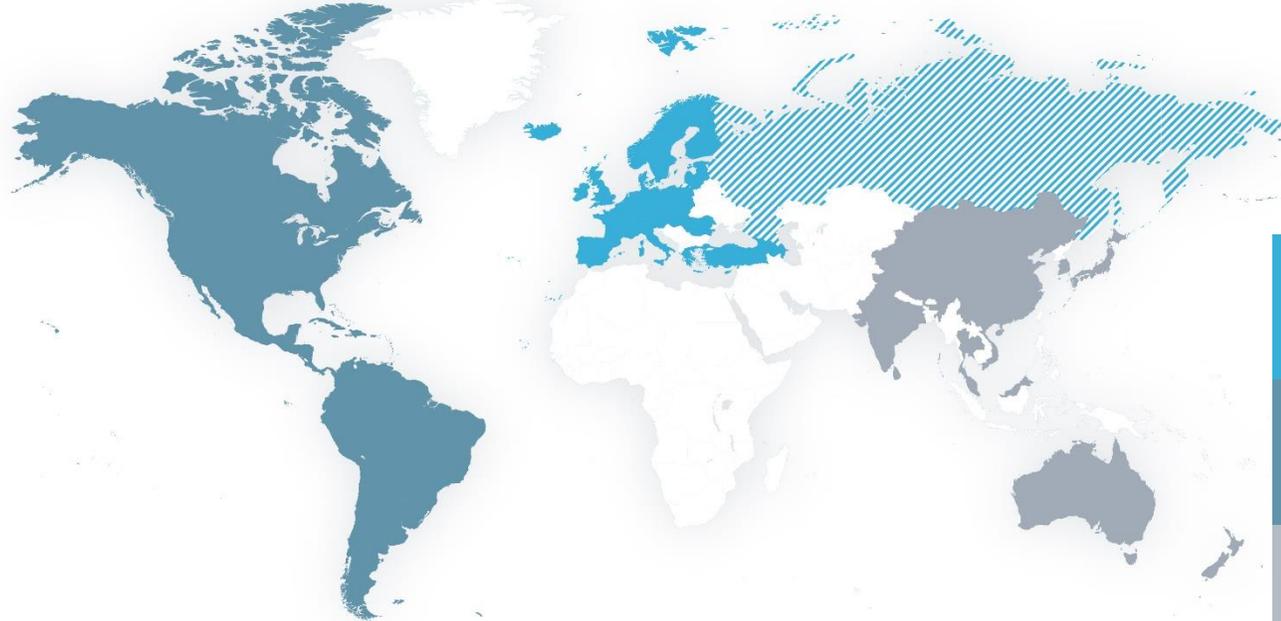
30%

# Nilfisk with world class R&D centers in key market geographies

Substantial investments in new product development as well as software & technology development

3%

Revenue invested in R&D



## EUROPE

FTE: 80 R&D 2021

## AMERICAS

FTE: 50 R&D 2021

## APAC/MEA

FTE: 120 R&D 2021

## R&D investments 2022 to 2026

Floorcare

~50%

Vacuum cleaners

~20%

High pressure washers

~10%

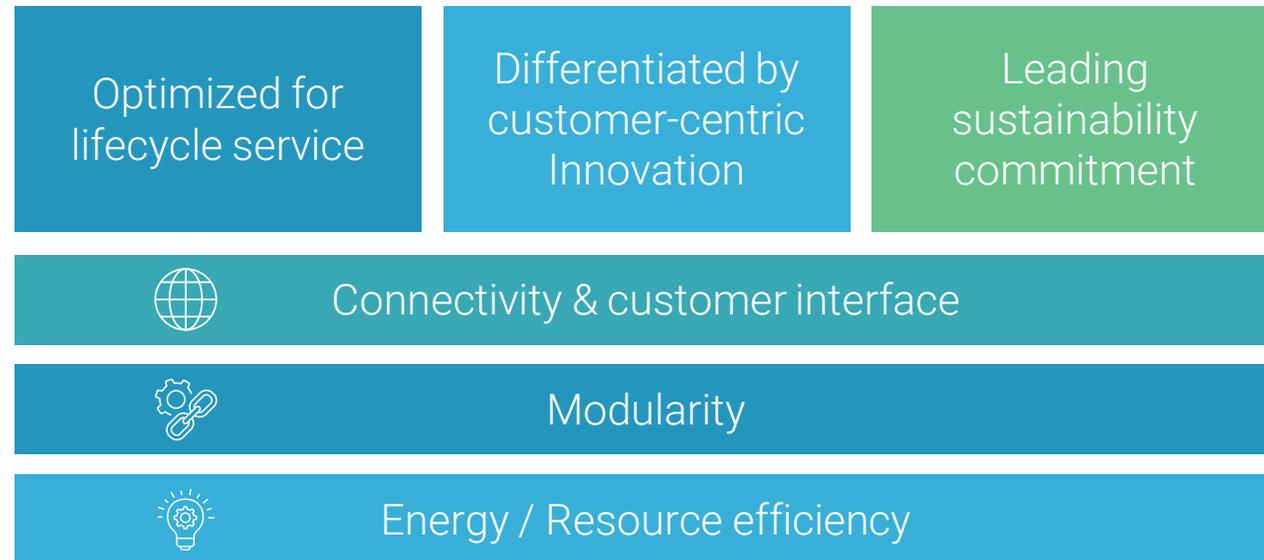
Software & technology

~20%

# Lead with sustainable products

Establish industry leading Value of Clean

Nilfisk Value Proposition provides guiding principles



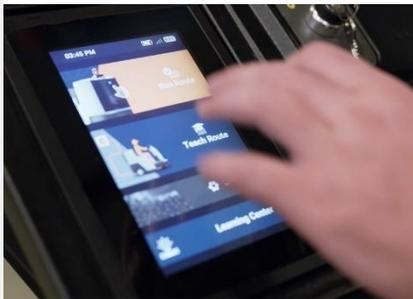
- 1 Upgrade existing range
- 2 Establish modular architectures
- 3 Integrate Autonomous

# Upgrade existing range

Enhance customer value and sustainability – immediately with upgrades



User interface



Connectivity



Cost reduction



Sustainability



Battery technology



# Establish modular product architectures

Based on market driven, sustainable and scalable product architectures

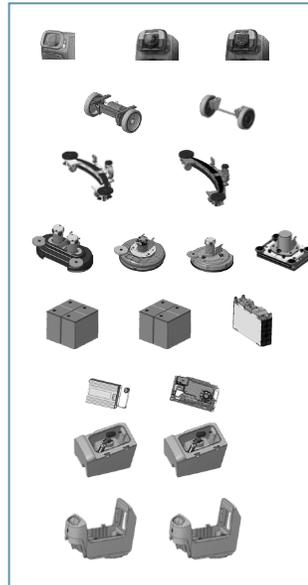
## Components



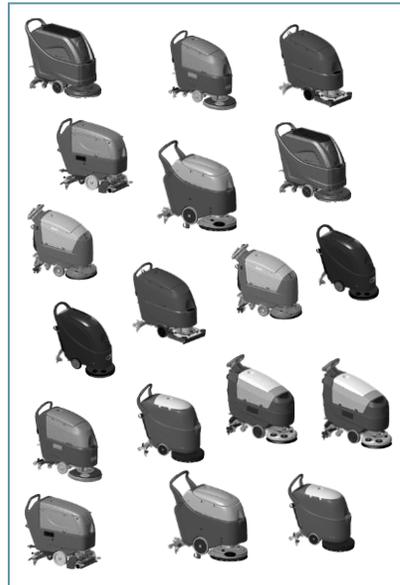
## Modules

Interface  
Traction  
Squeegee  
Scrub  
Power  
Charger  
Solution  
Recovery

## Module variants



## Product configurations



1

### Higher sales

- Wider product offer
- Configurable to customer needs
- Faster innovation cycle

2

### Better serviceability

- Lower service costs
- Higher uptime
- Longer lifetime

3

### Lower costs

- Scale in Operations
- R&D productivity
- Resource-efficiency

4

### Better sustainability

- Fewer parts
- Re-usable materials
- Lower consumption

# Integrate Autonomous platform

Seamless integration of Autonomous functionality in portfolio for maximum customer value creation

## SC 50



- Agility
- Precision
- Customizable

## SC 60



- Productivity
- Simplicity
- Large surfaces

## New services

- Rental
- Data portal
- Digital task management



## Integration of autonomous features for improving productivity



Connectivity



Intelligence



More productivity

## New generation



**NILFISK**

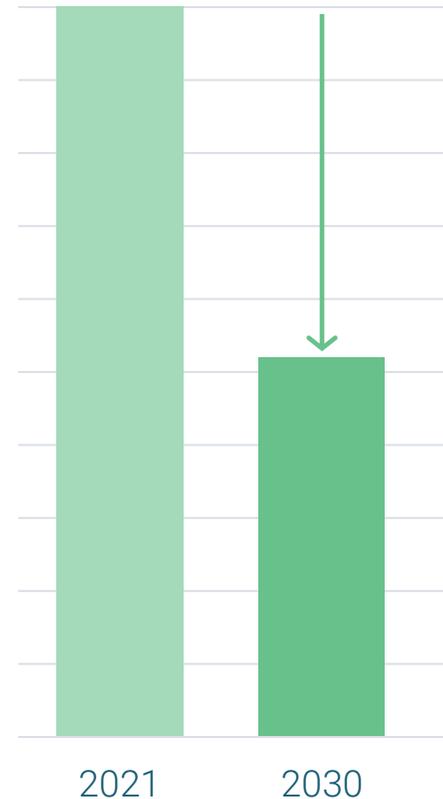
# Lead with sustainable products

World leading sustainability performance with current portfolio

Ambitious further CO<sub>2</sub> reduction targets

Enable customers sustainability targets through integrated process improvement

48% reduction\*  
by 2030



>25%

emission reduction target  
with each new platform

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

# What is different

We are building on existing strengths

From

To

Autonomous dominated

Autonomous integrated

Catching up on sustainability

Sustainability leadership

Single product focused

Modular architecture

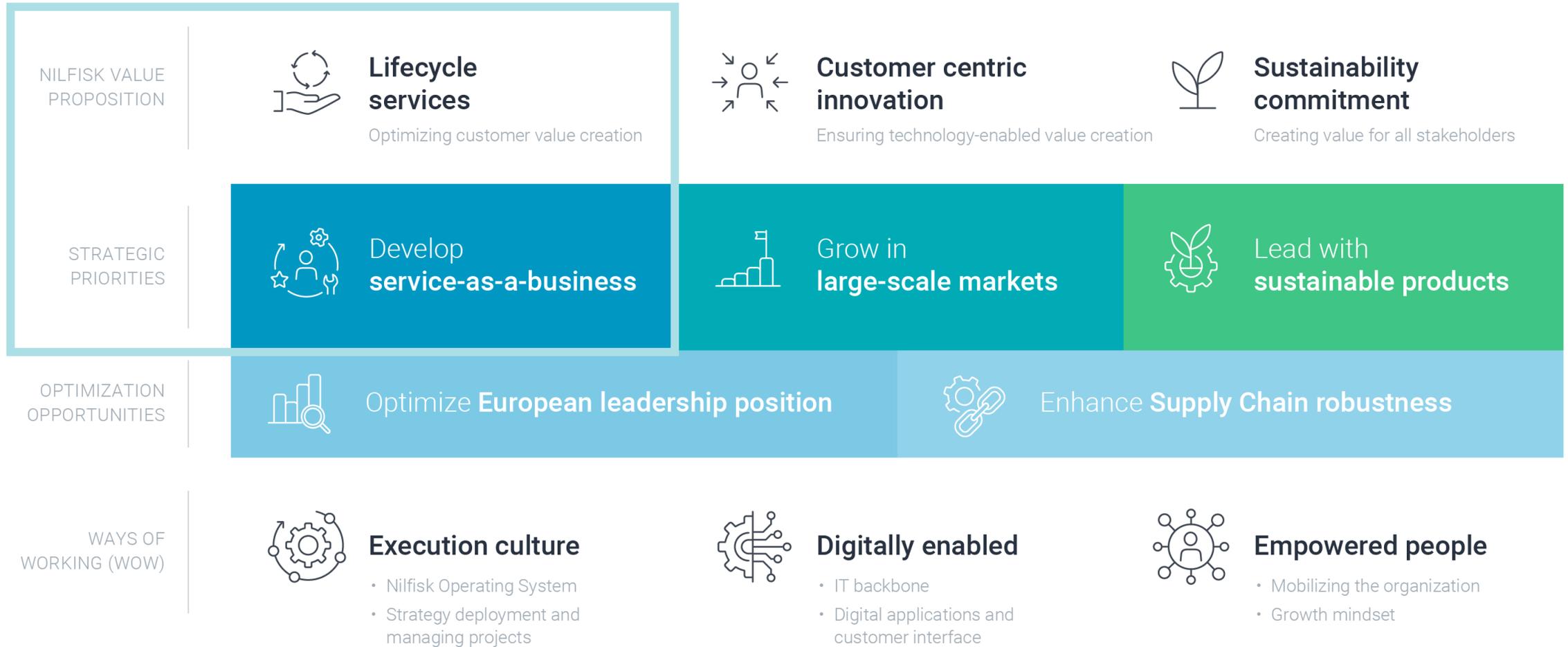
A photograph of two men sitting at a wooden table in a modern office setting. The man on the right is wearing a blue polo shirt with the Nilfisk logo and is smiling while looking at a tablet. The man on the left is wearing a dark blue long-sleeved shirt and is looking at the tablet. The background shows a bright office with large windows and modern furniture.

# Develop service-as-a-business

CEO Torsten Türling

# Business Plan 2026

Customer value creation with lifecycle services and developing service-as-a-Business is core to our strategy



# Service-as-a-business

A fundamental mindset change in Nilfisk

... from traditional product-centric model of selling with reactive repair service

... to focus on selling a total solution combining a range of services around the product to deliver a customer-oriented outcome

## Key benefits

- Non-cyclical sales
- Stable growth rates at high margins
- Higher customer retention
- New business model opportunities
- Monetize technology and data

## Revenue (mEUR)

Market size 2021

~2.5 bnEUR

2021

295

2026 ambition

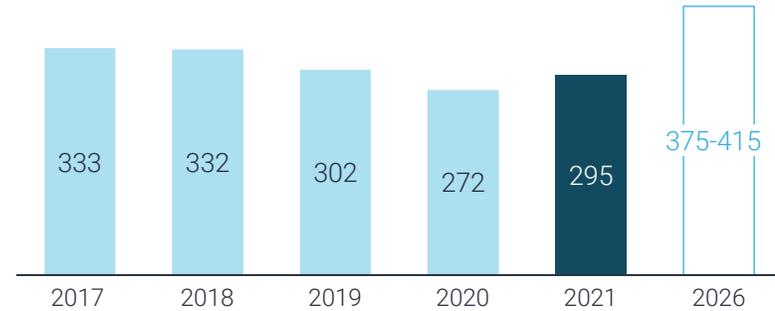
375 to 415

# Service at Nilfisk so far – a neglected opportunity

Benchmarking has identified significant step-change improvement opportunity

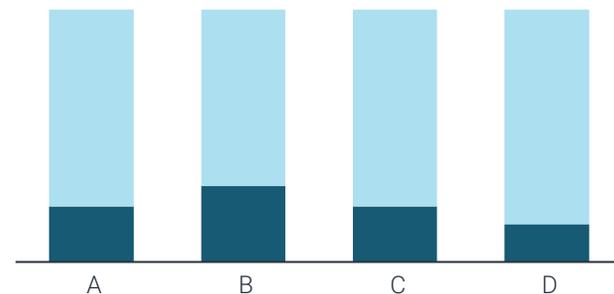
## Declining revenue from Service until 2020

mEUR



## Varying share of parts revenue across countries

% of revenue



## Benchmarking underlines opportunities

Service in % of total sales	30%
Industry benchmark	35%
Forklift truck industry	40 – 50%

### Contract attachment rate:

- Direct business: low
- Industry benchmark: 40%
- Forklift truck industry: 70 – 80%

### Parts revenue share

- Internal benchmark: +7% pts

### Profitability Field Service

- Int + ext benchmarks: below avg / above avg

## Ambition 2026

~35%

~40%

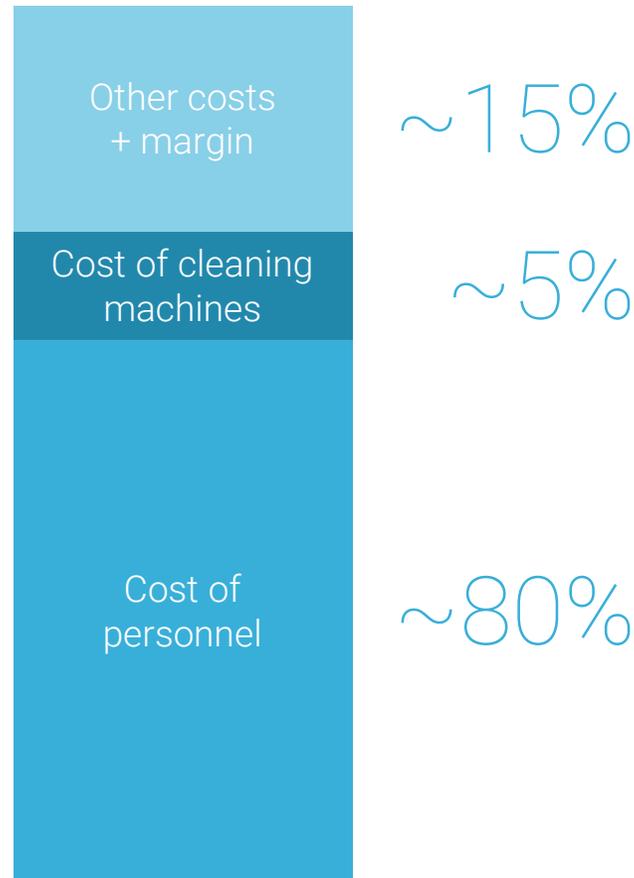
~+2% pts

~+10% pts

# Nilfisk customers are professional cleaning service providers

Lifecycle services can have a major contribution to the customer's profitability equation

## Customer P&L

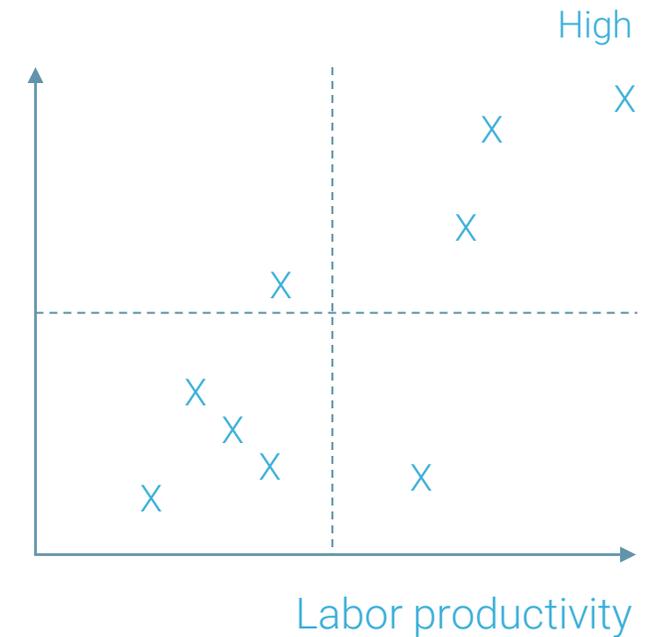


- 75 – 85% cost of cleaning is labor
- Cost of cleaning equipment only 5%, typically used for 3 – 5 years
- High labor attrition rate: ~40% p.a.
- Increasing labor shortage
- Huge bandwidth of labor productivity +/- 50%



- Customers typically operate a fleet of machines

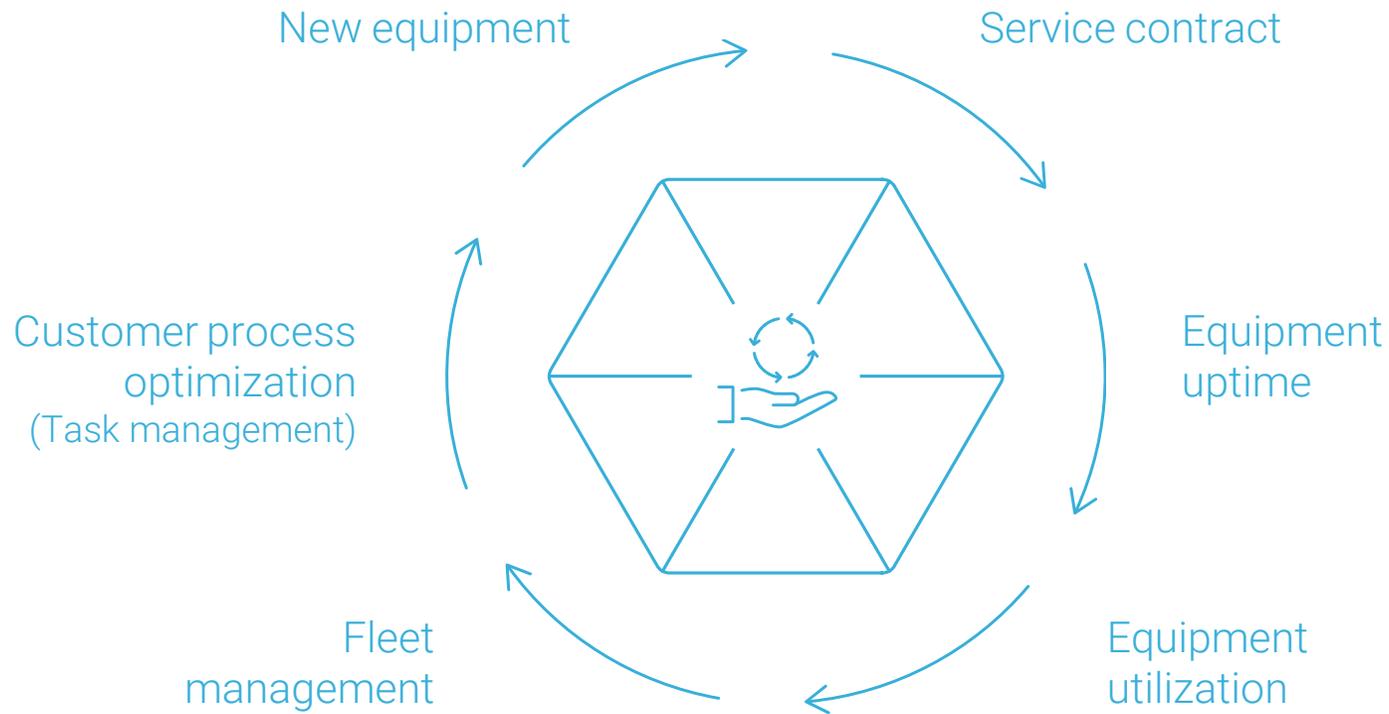
## Contract profitability



Labor productivity largely determines the profitability of a contract for our customers

# Lifecycle services for maximum customer value creation

The Diamond Model: Drive customers productivity and enhance asset value over lifecycle



## Success factors

- Service contract attachment
- Connectivity
  - Remote monitoring
  - Preventive maintenance
- Ease of interaction:
  - Portal for Parts & Consumables
  - User helpdesk
- Data-driven services / Customer data portal
  - Productivity analytics
  - Task management

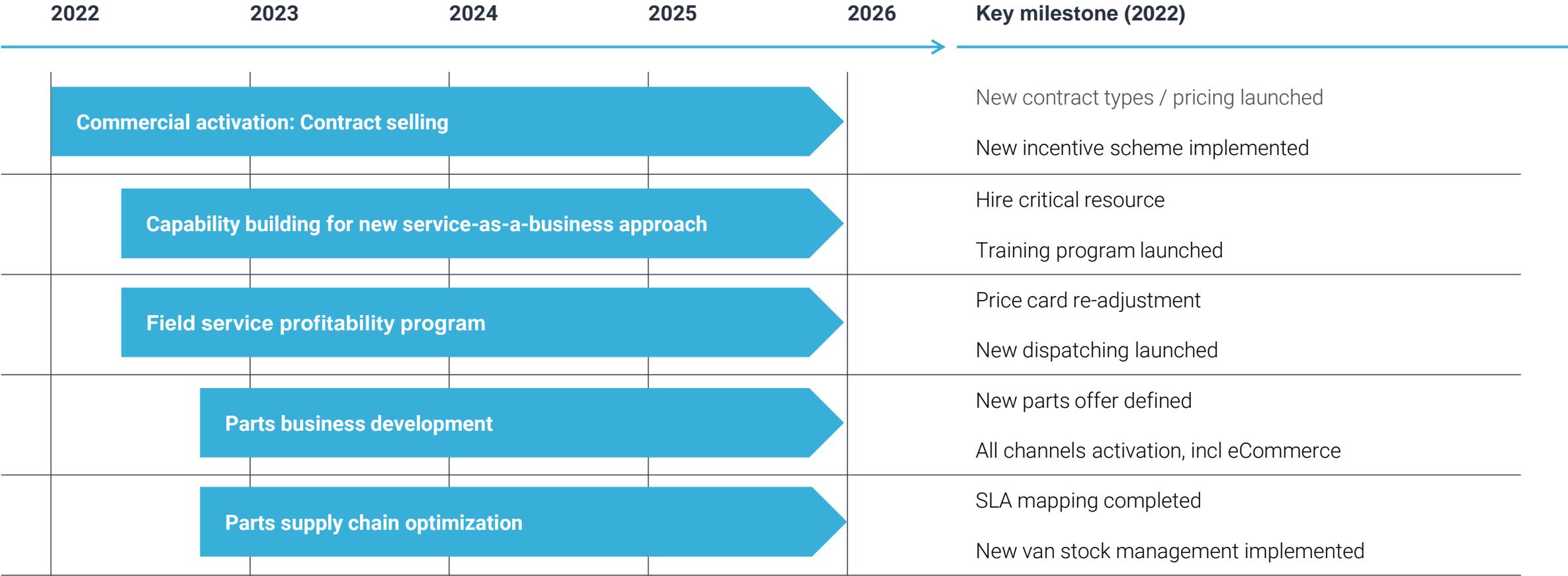
# Key value drivers with targets to improve for both growth and margin

Monthly progress tracking using a clearly defined performance scorecard

Theme	Key value drivers	Key metrics	2021	2026
1 Grow revenue	Contract attach rate on new equipment	Direct channel attach rate	Low	+++
		Indirect channel attach rate	Very low	+
	Contract penetration base on installed base	Installed base % under contract (large total base)	Low	++
	Contract/equipment renewal rate	% of contracts renewed	To be established	High
	PAC revenue share	PAC sales % on total revenue	Average	+
	Service business revenue growth	Service revenue growth above new equipment growth	Below	Above
2 Improve margin	Field service productivity	Cost per hour	Average	+++
	Contract profitability	k€ contract /hrs	Average	++
	Parts pricing	Index vs general equipment	Sub-optimal	++
	Service average hourly rate pricing	Average price per hour	Average	++

# Service-as-a-business implementation along defined workstreams

Key milestones set to track successful execution



# Experience in Service Business Model transformations

We have done this before, and have demonstrated its value creation potential



**Torsten Türling**

CEO



**Anupam Bhargava**

EVP Global Service Business



Refrigeration/HVAC



Forklift trucks



Elevators



Water solutions



**Pratt & Whitney**

A United Technologies Company

Jet Engines



# Closing remarks

## CEO Torsten Türling



# Closing remarks

Business Plan 2026 sets course for successful execution

- 1 Strategy focused on long-term, sustainable growth
- 2 We build on existing strengths
- 3 New Ways of Working secure successful implementation

**NILFISK**