

Nilfisk Q3 results 2022

WEBCAST PRESENTATION



November 17, 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

Agenda

1

CEO comment on Q3 2022

2

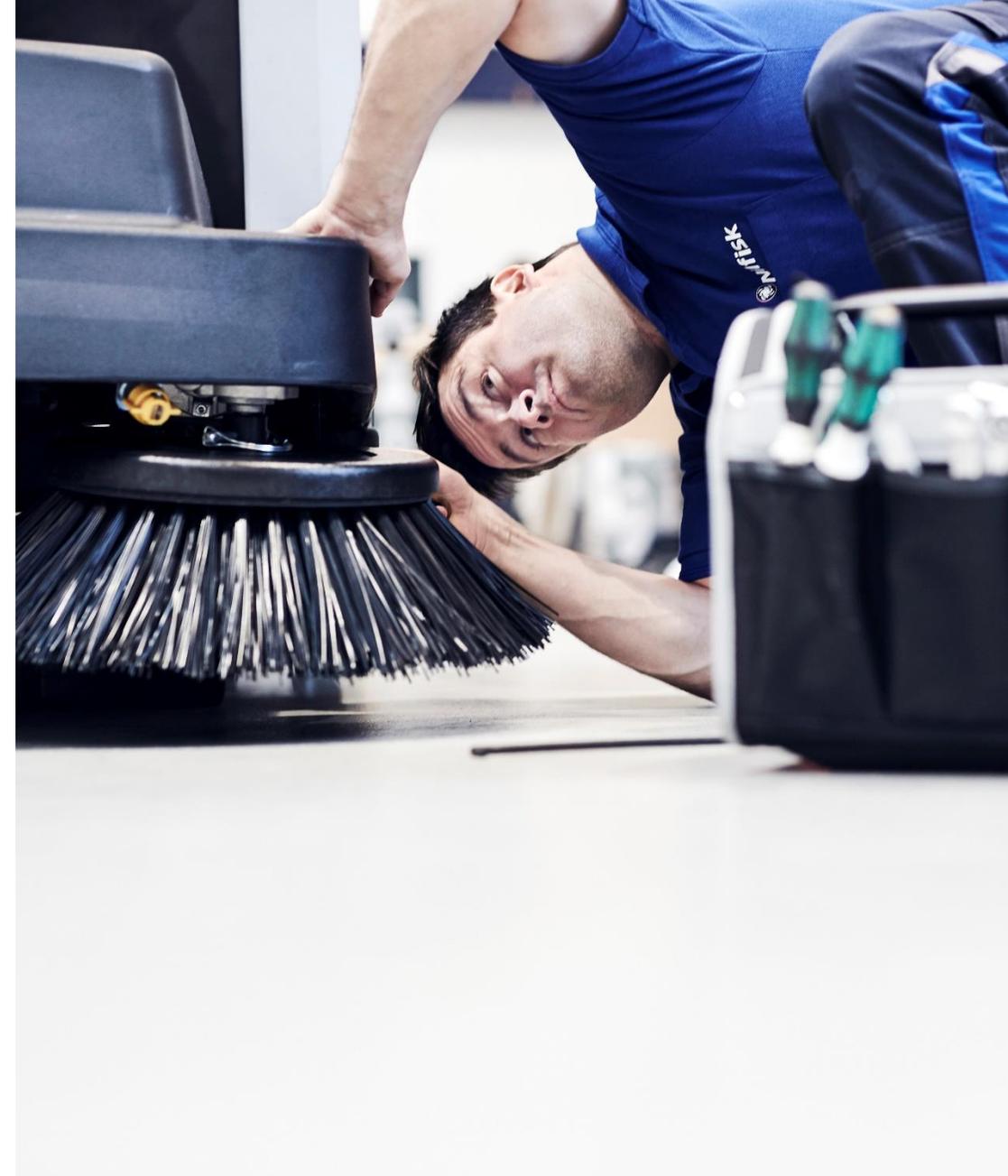
Financials Q3 2022

3

Revised outlook for 2022

4

Q&A

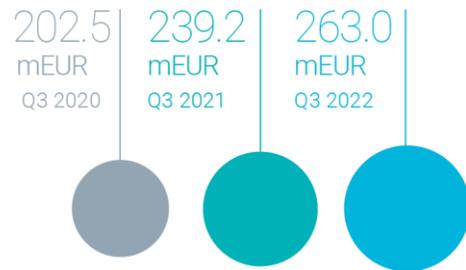


CEO comment

Q3 2022 Financials – revenue growth driven by Branded Professional

263.0 mEUR

Revenue

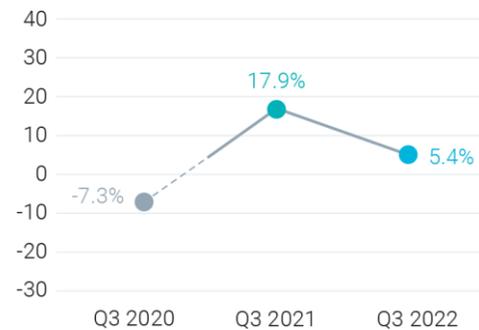


9.9%

Reported revenue growth

Organic growth (OG) of 5.4%

OG Branded Prof. of 10.8%



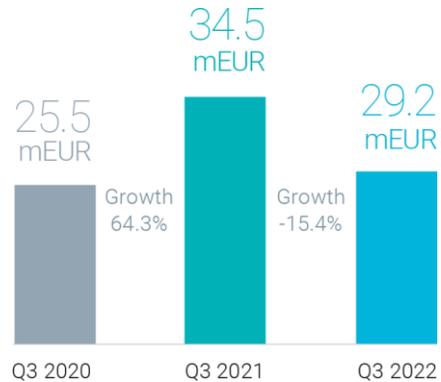
- Sales growth continued in Q3 2022
- Branded Professional the key growth driver across all regions
- Consumer and PL slowed in line with their respective markets
- Supply chain constraints continued in Q3 2022
- USDC ramped up, challenges with parts supply
- Positive impact from determined pricing actions
- Order book end-Q3 marginally higher than Q2 2022

CEO comment

Q3 2022 Financials – margin temporarily challenged by parts availability issues and lower capacity utilization

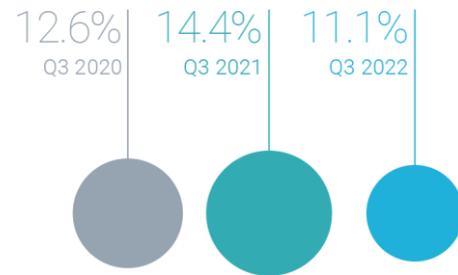
29.2 mEUR

EBITDA bsi



11.1 %

EBITDA margin bsi



- Continued parts availability issues from USDC following the tornado incident
- Lower capacity utilization
- Pricing largely mitigated raw material cost inflation and continued high freight rates
- Overhead cost ratio increased with strategic investments
 - Growth platforms
 - Digital infrastructure
 - Supply chain robustness

CEO comment

Business Plan 2026 – execution progress in Q3 2022

Strategy deployment

- Nilfisk Leadership Team on Tour
- Nilfisk Operating System



Value proposition

- Sustainability commitment
- Lifecycle services
- Customer centric innovation



Strategic priorities

- Grow in large-scale US market
- Develop service-as-a-business
- Lead with sustainable products

US revenue growth

Q3	14.5%
YTD	11.4%

Agenda

1

CEO comment on Q3 2022

2

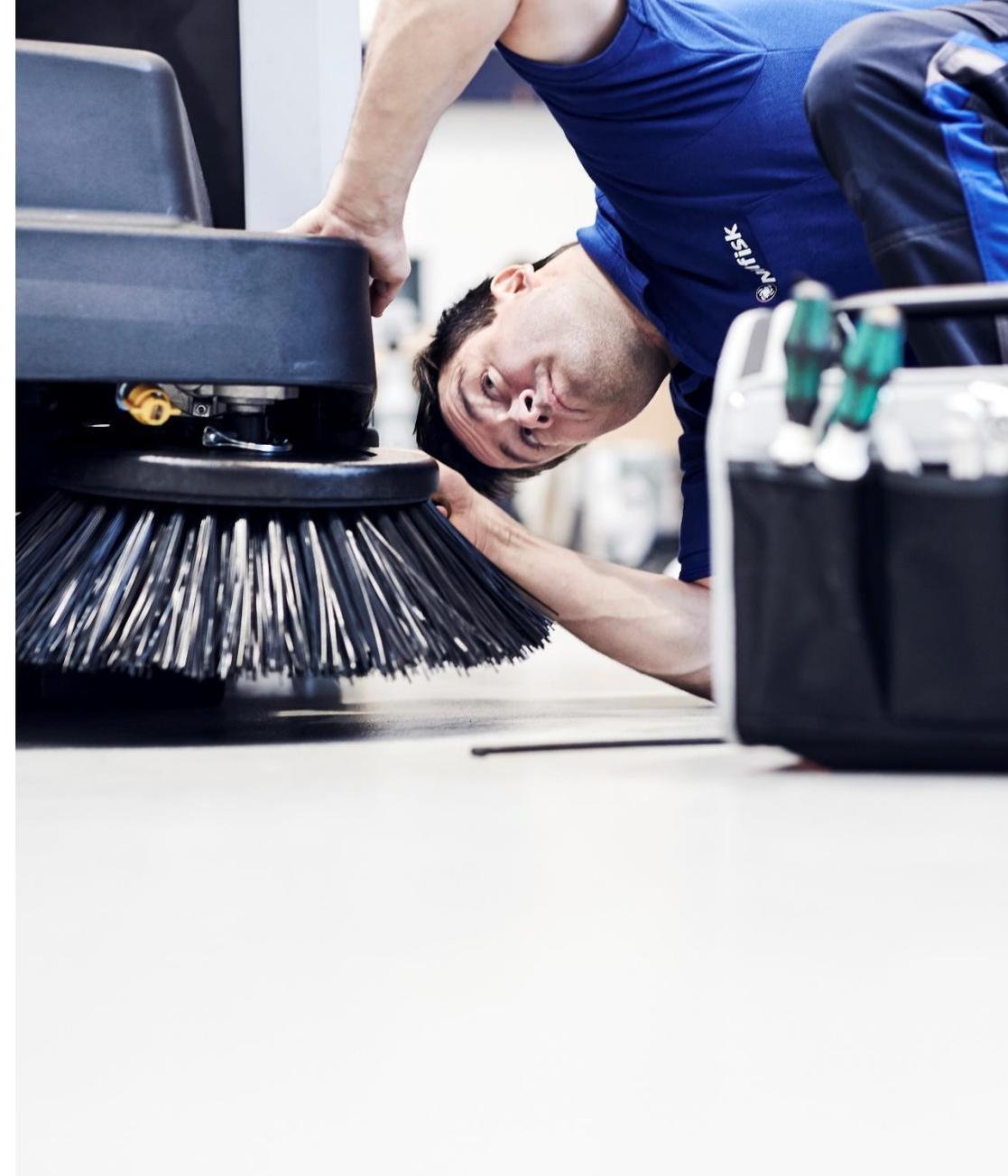
Financials Q3 2022

3

Revised outlook for 2022

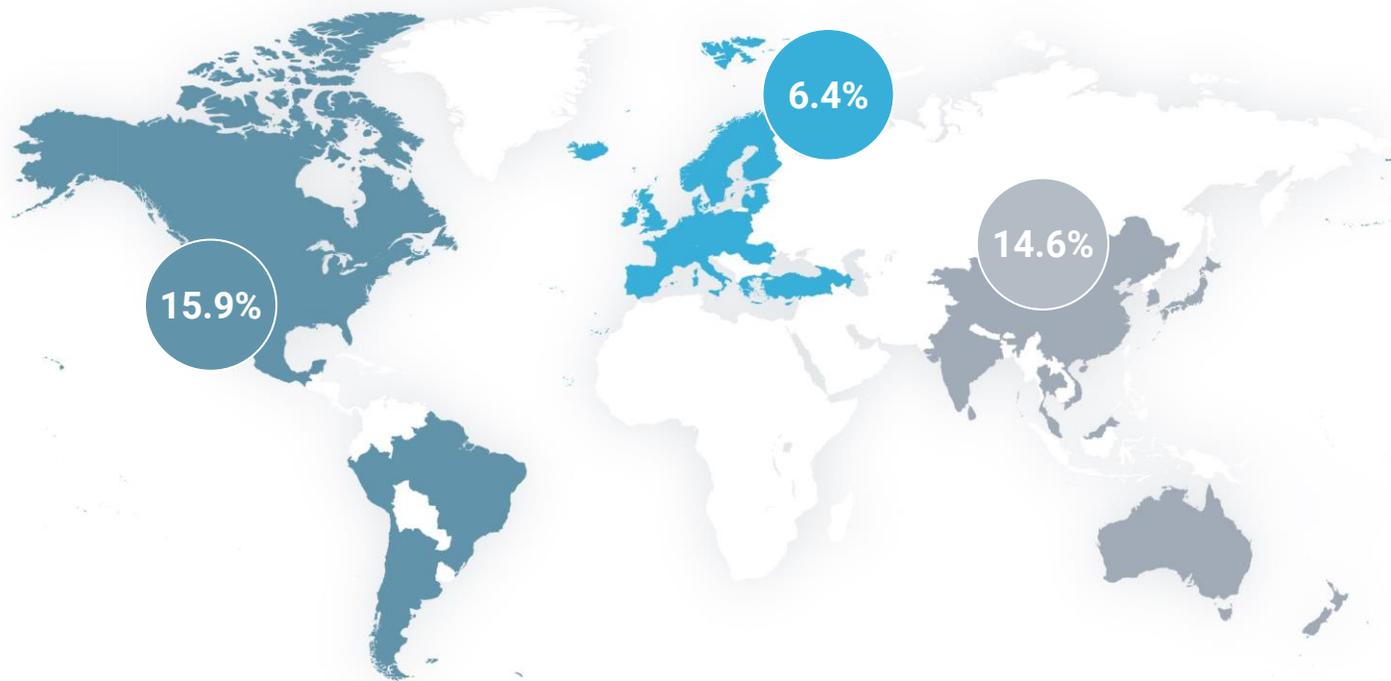
4

Q&A



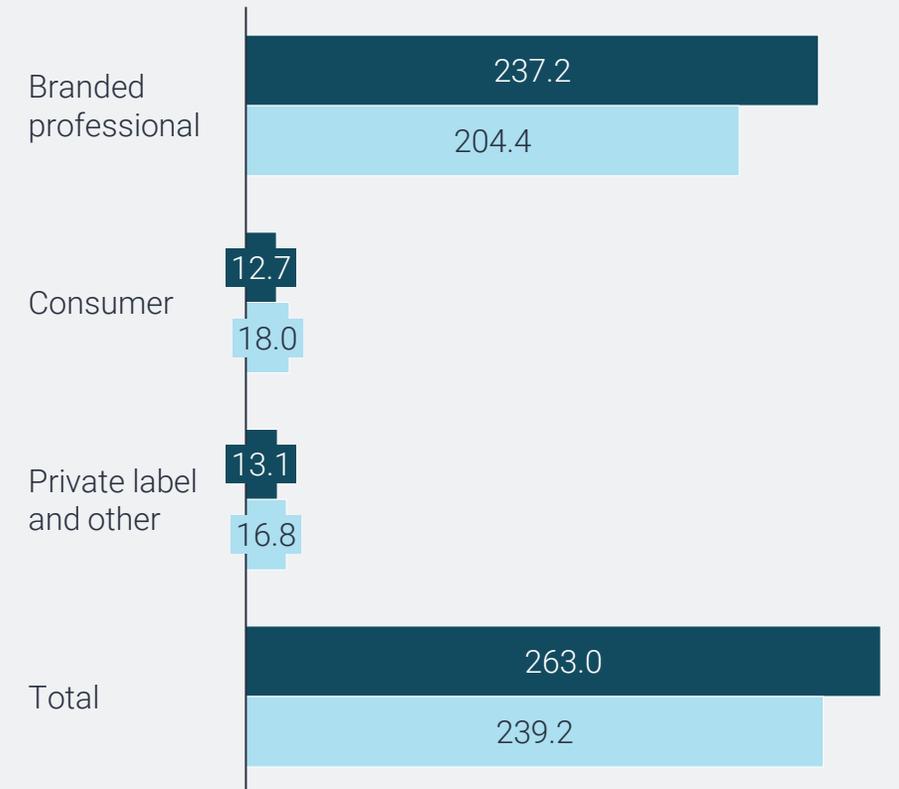
Branded Professional driving Q3 growth

Organic growth in branded professional by region
Q3 2022 vs. Q3 2021



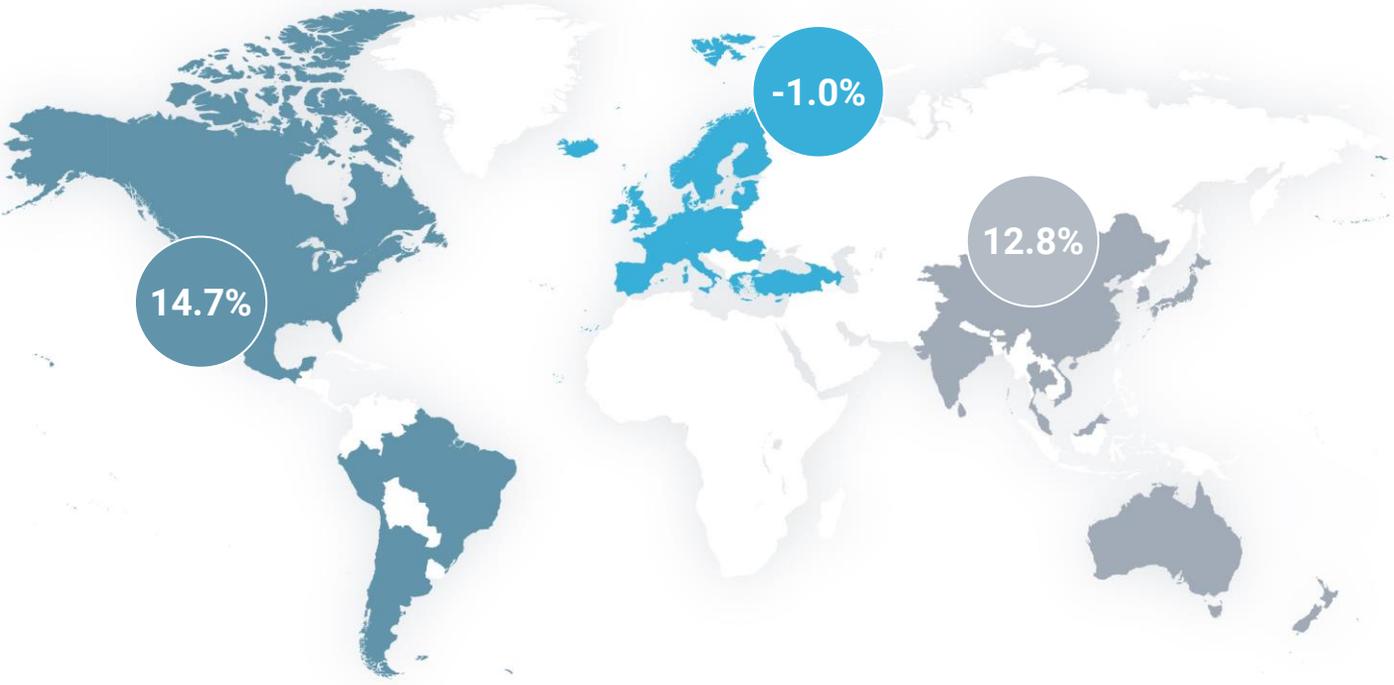
Revenue by operating segment
Q3 2022 vs. Q3 2021

■ Q3 2022
■ Q3 2021

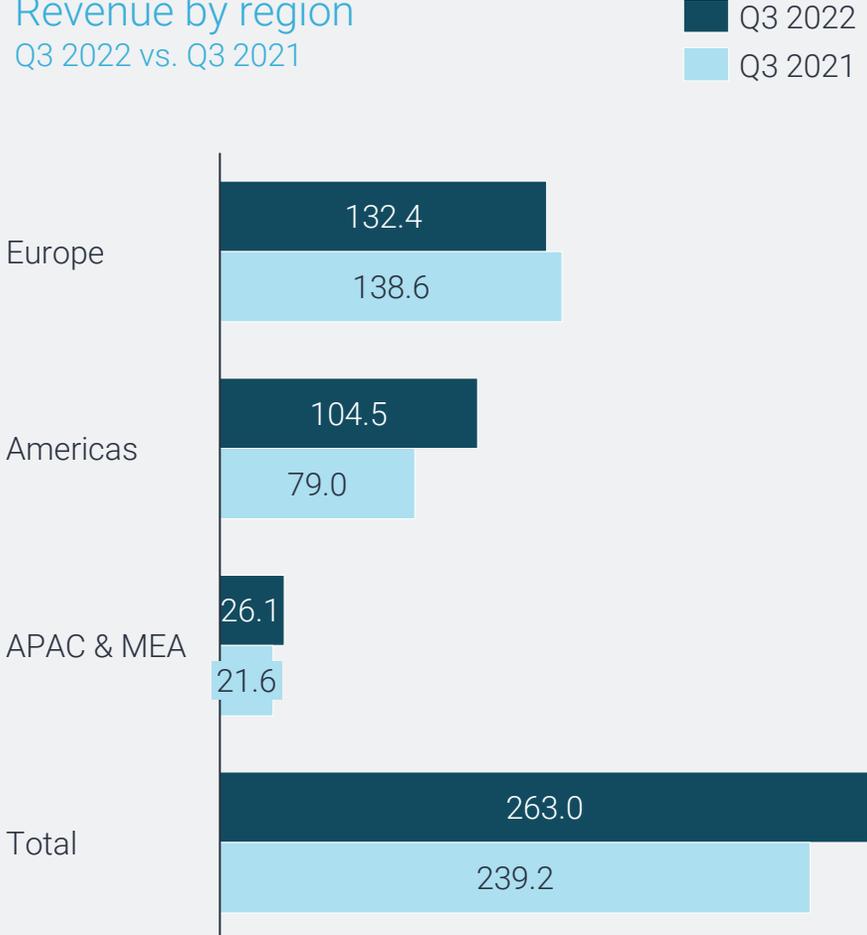


Americas and APAC driving revenue growth in Q3 2022

Organic revenue growth by region
Q3 2022 vs Q3 2021



Revenue by region
Q3 2022 vs. Q3 2021



Highlights for Q3 2022

Q3 income statement

EUR million	Q3 2022	Q3 2021	Change
Net sales	263.0	239.2	23.8
<i>Reported growth</i>	9.9%	18.1%	-820 bps
<i>Organic growth</i>	5.4%	17.9%	-1250 bps
COGS	-160.1	-141.8	-18.3
Gross profit	102.9	97.4	5.5
<i>Gross margin</i>	39.1%	40.7%	-160 bps
Overhead costs	89.1	77.4	11.7
<i>Overhead cost ratio</i>	33.9%	32.4%	150 bps
EBITDA before special items	29.2	34.5	-5.3
<i>EBITDA margin bsi</i>	11.1%	14.4%	-330 bps
EBITDA	26.3	34.0	-7.7
<i>EBITDA margin</i>	10.0%	14.2%	-420 bps
EBIT before special items	13.8	20.0	-6.2
<i>EBIT margin bsi</i>	5.2%	8.4%	-320 bps
Special items	3.0	0.5	2.5
EBIT	10.8	19.5	-8.7
<i>EBIT margin</i>	4.1%	8.2%	-410 bps

- Organic **revenue growth of 5.4%** to 263.0 mEUR
- reported growth of 9.9%
 - positive impact from FX of 5.4%, mainly USD

Gross margin at 39.1%, a decline of 160 bps over Q3 2021 mainly due to

- lower capacity utilization due to lower revenue from PL, VACCs, HPW and Consumer
- continued parts availability issues following USDC destruction
- impact from increasing material costs and continued high freight rates partly offset by determined pricing actions
- improvement from Q2 level at 38.8%

EBITDA bsi at 29.2 mEUR, down 5.3 mEUR

- negative impact from gross margin pressures
- driven by gross margin partly offset by positive impact from revenue and determined pricing actions

EBITDA margin bsi at 11.1%, down 330 bps

- margin decline and increased overhead cost ratio

Financial position and cash flow

EUR million	Q3 2022	Q3 2021	Change
Inventories	248.2	202.0	46.2
Trade receivables	186.9	178.4	8.5
Trade payables	117.4	128.5	-11.1
Reported WC	250.4	159.7	90.7
<i>LTM WC ratio</i>	20.4%	15.5%	490 bps
CAPEX	5.8	4.3	1.5
Tangibles	2.2	1.7	0.5
Intangibles	3.6	2.6	1.0
CAPEX ratio %	2.2%	1.8%	40 bps
Free cash flow	17.7	14.6	3.1
RoCE	12.2%	15.2%	-300 bps
NIBD	365.1	346.1	19.0
<i>Financial gearing</i>	2.7 x	2.4 x	0.3 x

- **Inventories increased by 46.2 mEUR** driven by business activity and revaluation effect, subsequent to increased raw material costs and FX effects
- **Working capital increased by 90.7 mEUR**, as a result of higher inventories, lower trade payables and an increase in other receivables in connection with insurance of UDSC Springdale
- Consequently, **LTM working capital ratio up by 490 bps** compared to last year
- Investments in R&D including sustainable products and investment into IT systems drove **CAPEX growth of 1.5 mEUR in Q3 2022** versus prior year period
- **Free cash flow increased by 3.1 mEUR to 17.7 mEUR** due to the changes in WC and higher financial income
- **NIBD increased by 19.0 mEUR** compared to prior year
- Higher NIBD in combination with lower LTM EBITDA led to a 0.3 **increase in gearing to 2.7x**

Agenda

1

CEO comment on Q3 2022

2

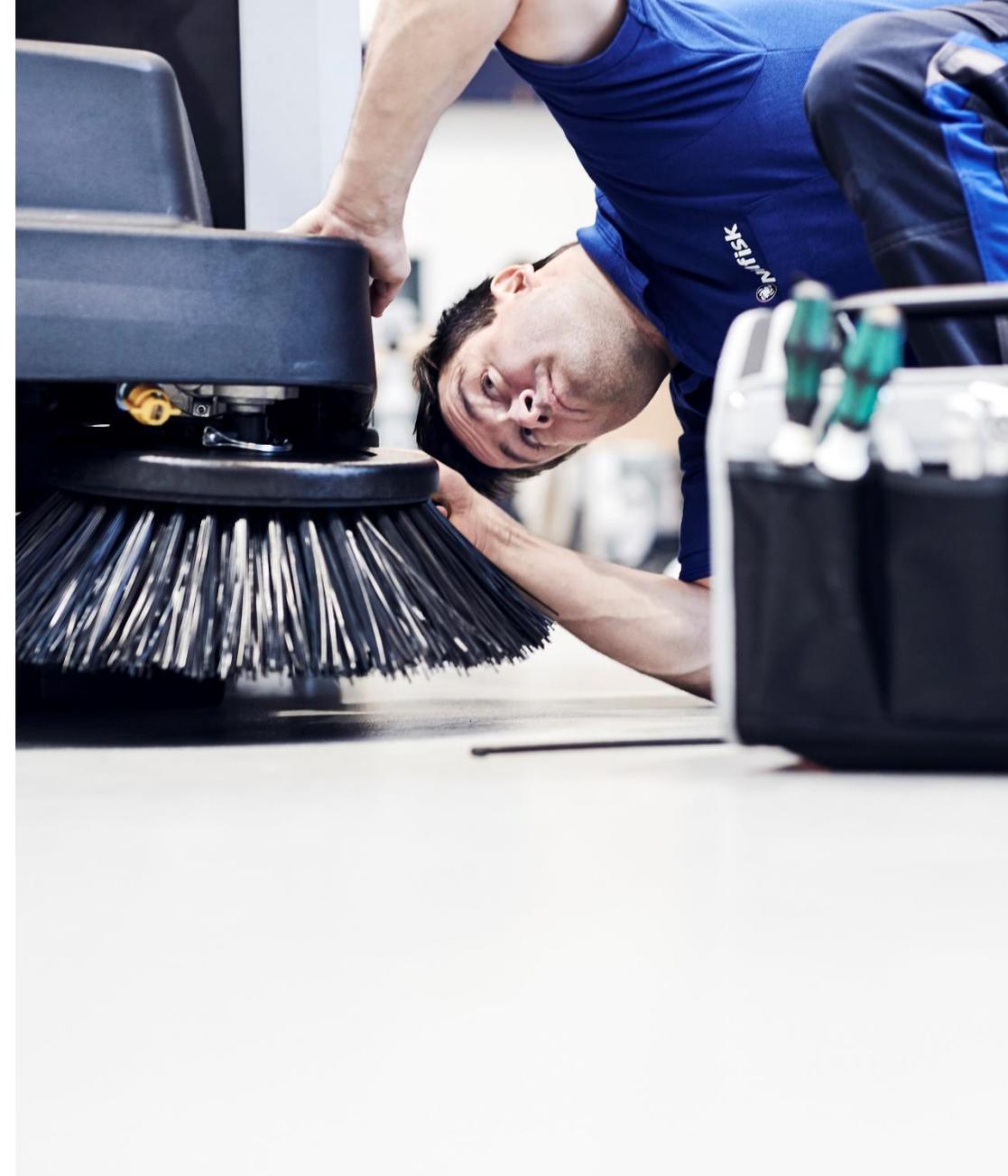
Financials Q3 2022

3

Revised outlook for 2022

4

Q&A



Outlook for 2022 revised

Full-year 2022 outlook

Based on the results for the first nine months of 2022 and current visibility, the outlook for full-year 2022 was revised on October 26, 2022 with company announcement no. 15

	Revised outlook October 26, 2022	Outlook February 25, 2022
Organic revenue growth	4.5% to 6.5%	4% to 7%
EBITDA margin before special items	Around 13%	13.5% to 15.5%



Q&A



< **Torsten Türling**
CEO



Reinhard Mayer >
CFO