



2018 – transforming the business

If there were one word to characterize Nilfisk in 2018, it would be “transformation”. Over the course of the year, Nilfisk executed significant initiatives as part of the Nilfisk Next strategy, and created a foundation for improved profitability and growth.

Reducing complexity

Nilfisk divested a total of five non-core businesses, most significantly the Nilfisk Outdoor business and the US-based restoration business, HydraMaster. During 2018, Nilfisk also consolidated and simplified its production footprint, resulting in a smaller set of large production hubs. Consequently, complexity was significantly reduced across sourcing, production, and distribution. By the end of 2018, Nilfisk had exited 7 of its 18 production sites.

Organic growth of 2.0%

2018 was also a challenging year in terms of delivering expected financial results. Nilfisk realized total revenue of 1,054 mEUR, representing organic growth of 2.0% – a result clearly below expectations. This was partly due to unsatisfactory performance in the US business, as well as short-term negative impact from certain strategic initiatives, such as the accelerated exit from a production facility in Suzhou, China, which affected results in Consumer and private label business.

Transformation continues in 2019

With the initiatives undertaken in 2018, Nilfisk enters 2019 in a stronger position from which to continue its transformation. Nilfisk will focus on driving core-business profitability, while making investments that enable Nilfisk to lead the future of intelligent cleaning. With recent progress in both simplifying and growing the business, Nilfisk remains confident in the previously stated mid-term targets.

Outlook for 2019

- Organic growth in the Nilfisk branded professional business: Above 3.0%
- Organic growth in the Consumer business: Approximately 0%
- Organic growth in the private label business: Approximately -10%
- Organic growth in the total business: Approximately 2.0%
- EBITDA margin before special items: Above 14.4%

Financial highlights 2018

- Total revenue of 1,054.3 mEUR
- With 2.0% organic growth the adjusted guidance was met. The organic growth was lower than initially expected driven by unsatisfactory results in the US business, divestments, and consolidation of manufacturing footprint
- Growth driven by EMEA excluding private label (3.6%) and Specialty Professional (11.4%)
- Special items amounted to 68.5 mEUR, impacted by divestments including impairment of 42.4 mEUR
- Operating performance was 11.5%. The total EBITDA margin before special items was 11.9%
- Excluding the impact from the phantom share program, the EBIT margin before special items was 7.9%. Total EBIT margin before special items was 8.3%
- Working capital amounted to 170.4 mEUR, and working capital measured in percentage of revenue increased by 2.4 percentage points from 2017 to 18.5%
- RoCE improved to 16.7%, up 0.7% percentage point from 2017

1,054 mEUR

Revenue

Compared to 2017, total revenue was down 28 mEUR, negatively impacted by foreign exchange rates and divestments completed during 2018 such as Outdoor and HydraMaster.

5-year consolidated financial highlights

EUR million	2018	2017	2016	2015	2014
Income statement					
Revenue	1,054.3	1,081.9	1,058.5	980.0	917.6
EBITDA before special items	125.5	120.1	116.8	98.0	107.3
EBIT before special items	87.4	81.5	75.8	63.8	77.4
EBITDA	69.8	99.5	96.8	98.0	120.2
EBIT	18.9	60.9	54.0	63.8	90.3
Special items, net	-68.5	-20.6	-21.8	0.0	12.9
Financial items, net	-11.3	-8.9	-11.0	-7.9	-10.3
Result for the year	10.0	40.3	29.5	41.8	58.1
Cash flow					
Cash flow from operating activities	33.1	41.4	114.7	59.8	75.7
Cash flow from investing activities	-38.6	-35.3	-72.6	-67.5	-19.0
– hereof investments in property, plant and equipment	-18.6	-15.3	-20.6	-21.7	-13.7
Free cash flow excluding acquisitions and divestments	-8.6	6.1	74.2	19.8	45.7
Balance sheet					
Total assets	794.4	827.2	983.1	935.5	862.3
Group equity	147.5	137.5	224.8	200.7	334.8
Working capital	170.4	163.5	141.7	173.3	159.7
Net interest-bearing debt	369.3	359.7	265.8	300.9	105.9
Capital employed	516.8	497.2	490.6	501.6	440.7
Financial ratios and employees					
Organic growth	2.0%	3.7%	3.1%	0.4%	5.6%
Gross margin	42.0%	42.2%	41.9%	40.8%	41.0%
EBITDA margin before special items	11.9%	11.1%	11.0%	10.0%	11.7%
EBIT margin before special items	8.3%	7.5%	7.2%	6.5%	8.4%
EBITDA margin	6.6%	9.2%	9.1%	10.0%	13.1%
EBIT margin	1.8%	5.6%	5.1%	6.5%	9.8%
Financial gearing	2.9	3.0	2.3	3.1	1.0
Overhead costs ratio	33.1%	34.1%	33.9%	33.7%	32.1%
Working capital ratio	18.5%	16.2%	17.6%	20.0%	19.2%
Return on capital employed (RoCE)	16.7%	16.0%	14.6%	12.9%	17.6%
Number of full-time equivalents, year-end	5,482	5,769	5,607	5,545	5,420