

Nilfisk Q2 results 2022

WEBCAST PRESENTATION



August 18, 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

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CEO comment on Q2 2022

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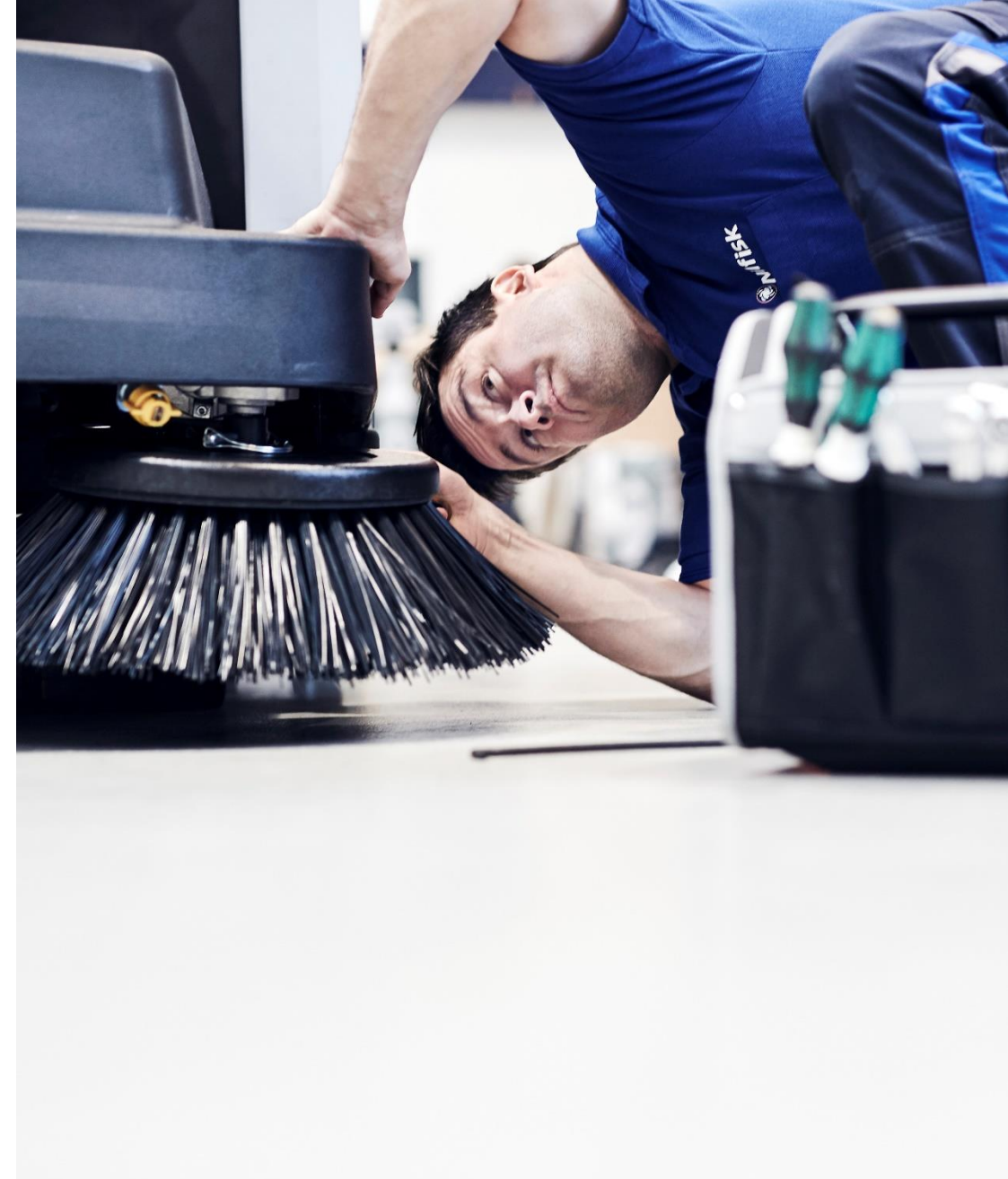
Financials Q2 2022

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Unchanged outlook for 2022

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Q&A

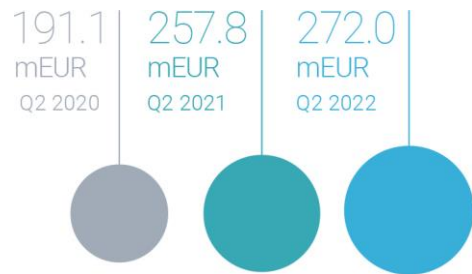


CEO comment

Q2 2022 Financials – topline growth despite operational challenges from tornado event at USDC

272.0 mEUR

Revenue

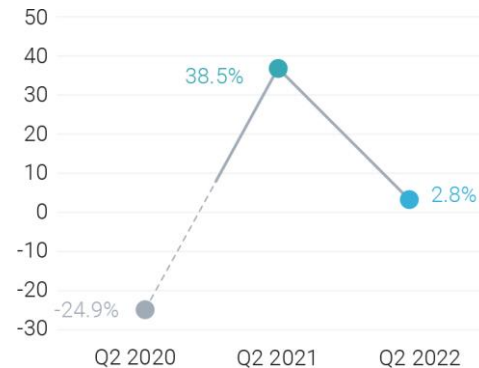


5.5%

Reported revenue growth

Organic growth (OG) of 2.8%

OG in Europe Prof. of 9.4%



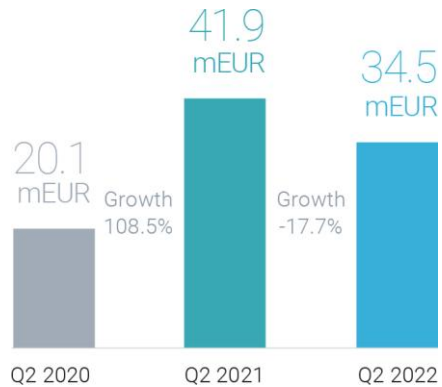
- Sales growth continued in Q2 2022
- Europe Professional Business as key growth driver
- Americas growth above expectations
- New US Distribution Center running at capacity as from June; around 10-12 mEUR of revenue delayed to H2
- Continued solid demand for professional cleaning equipment leading to all-time high order book end-Q2
- Key wins with Autonomous machines in US and Europe
- Supply chain constraints continued in Q2 2022

CEO comment

Q2 2022 Financials – earnings impacted by inflationary pressures, pricing and investments in BP26

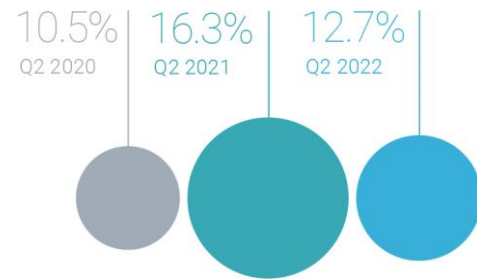
34.5 mEUR

EBITDA bsi



12.7 %

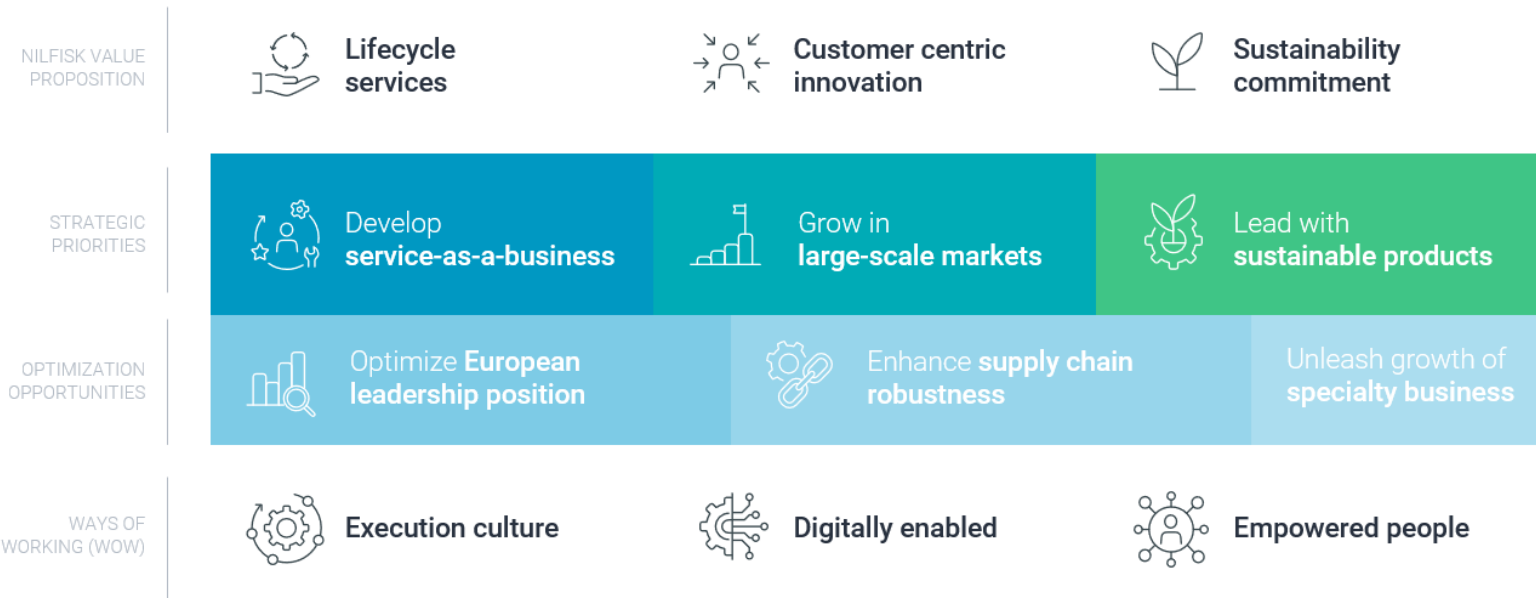
EBITDA margin bsi



- Increased inflationary cost pressures including high freight costs
- Strong pricing execution partially mitigated margin impact; pricing initiatives implemented during Q2
- Moderate increase in overhead cost ratio; investments into capacity and strategic growth drivers

CEO comment

Business Plan 2026 – strategy focused on long-term, sustainable growth



- Optimize **Europe leadership position**
 - develop smart pricing tools
- Enhance **supply chain robustness**
 - supplier diversification and material cost savings
- New **ways of working (WoW)**
 - Strengthened Nilfisk Leadership Team around strategic growth drivers

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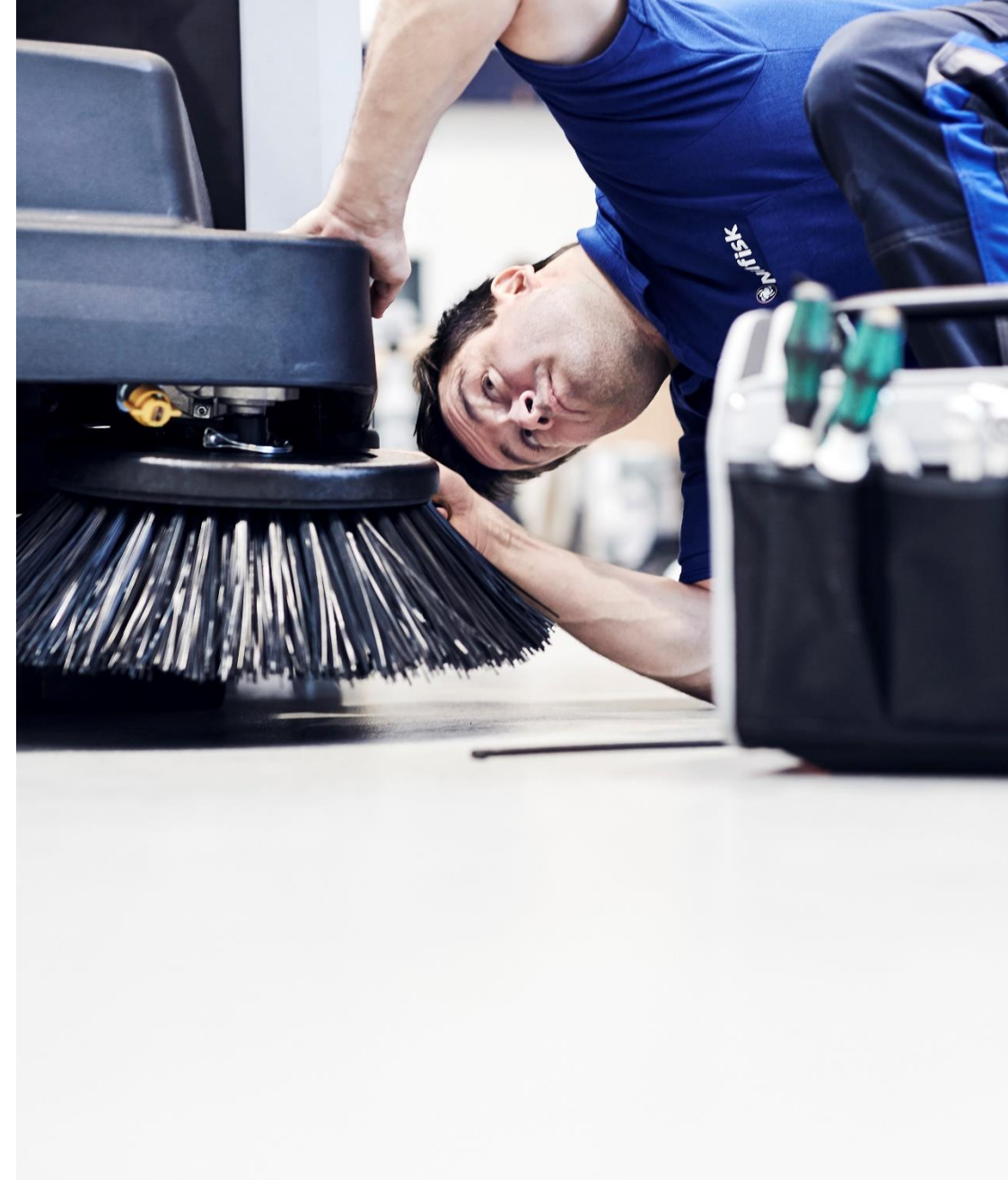
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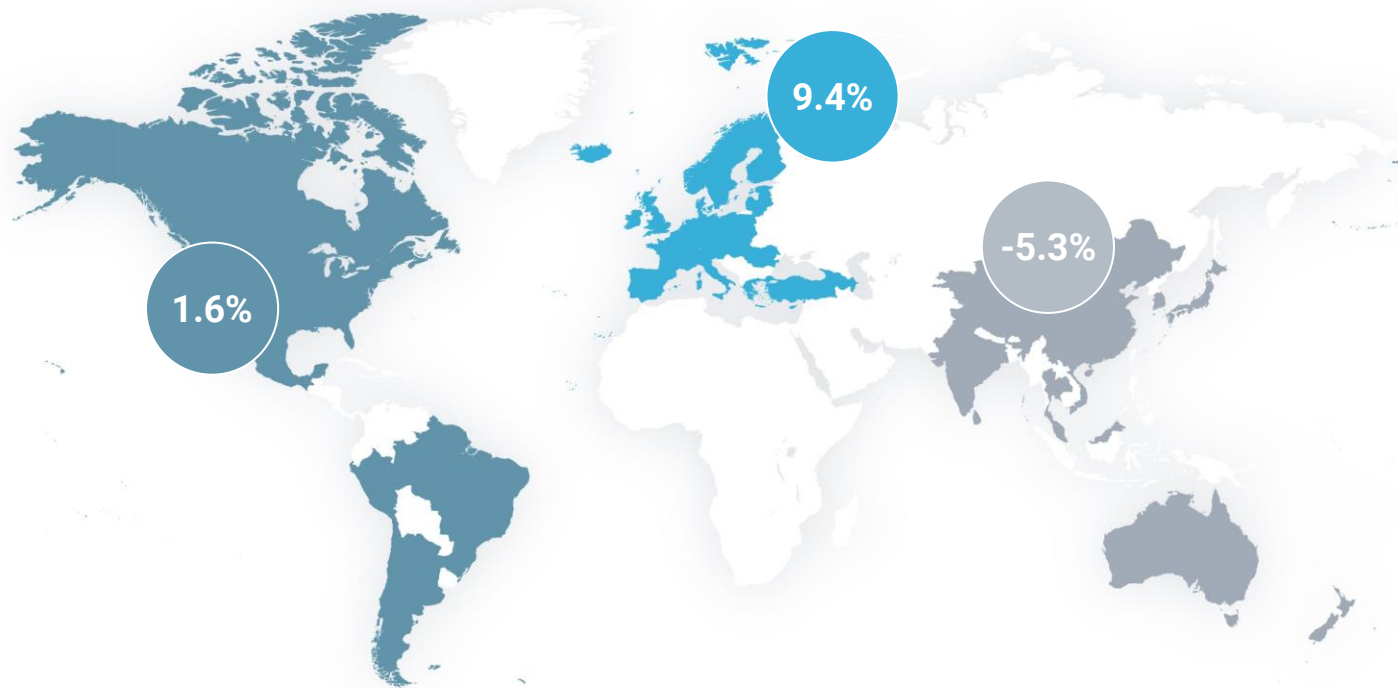
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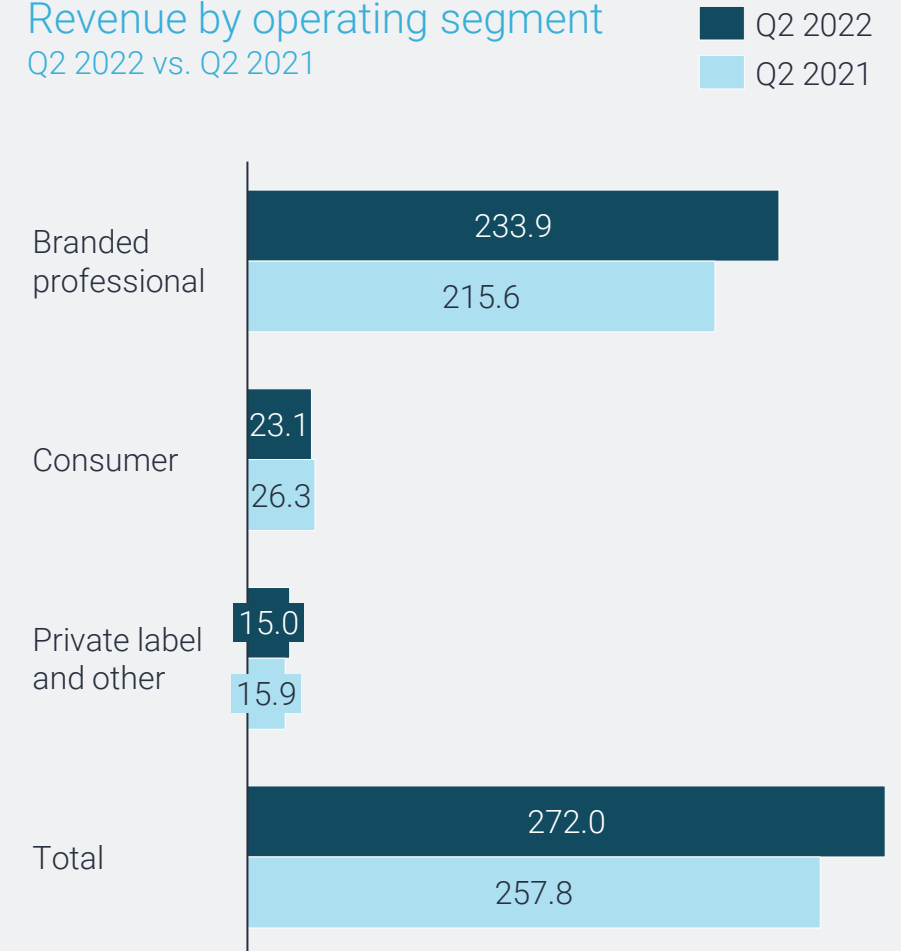


Branded professional Europe driving Q2 growth

Organic growth in branded professional by region
Q2 2022 vs. Q2 2021

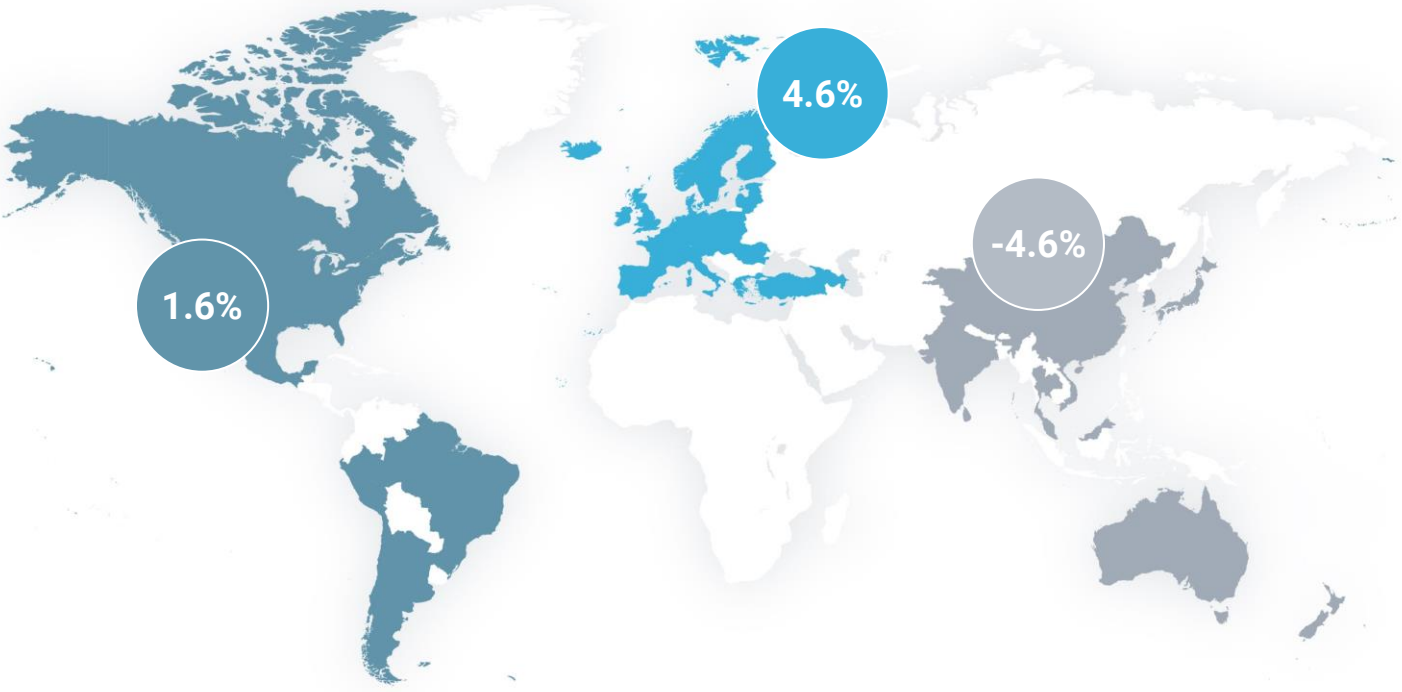


Revenue by operating segment
Q2 2022 vs. Q2 2021

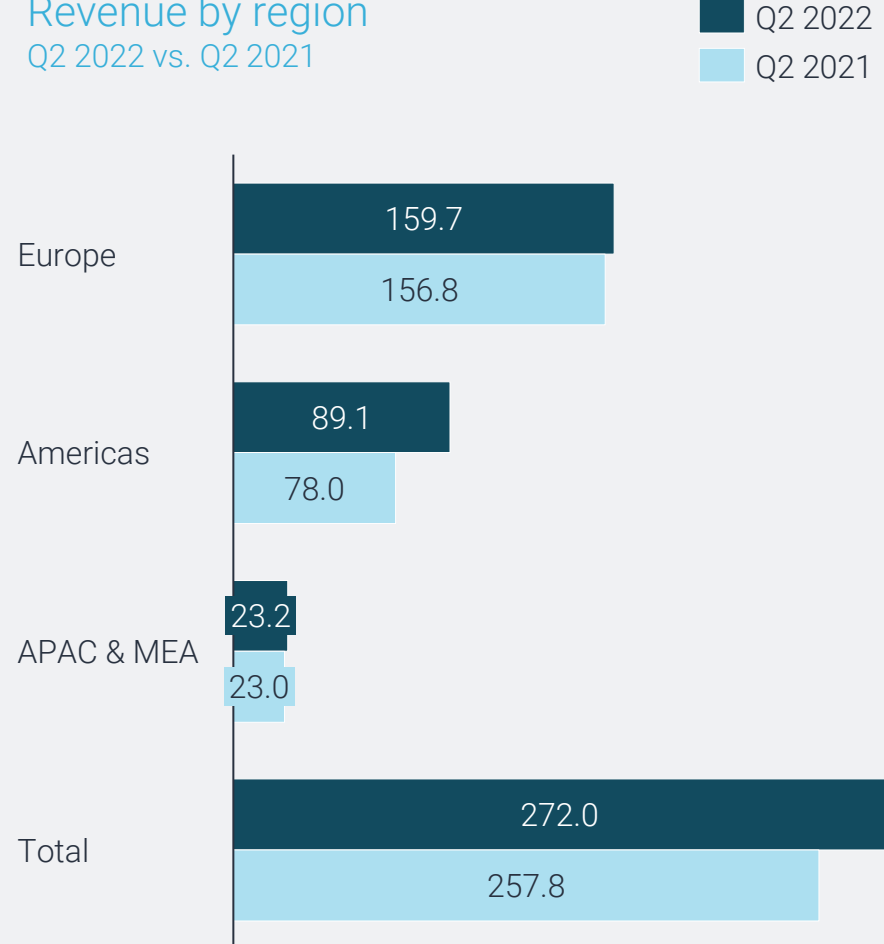


Strongest revenue growth in Europe in Q2 2022

Organic revenue growth by region
Q2 2022 vs Q2 2021



Revenue by region
Q2 2022 vs. Q2 2021



Highlights for Q2 2022

Q2 income statement

EUR million	Q2 2022	Q2 2021	Change
Net sales	272.0	257.8	14.2
<i>Reported growth</i>	5.5%	34.9%	-2940 bps
<i>Organic growth</i>	2.8%	38.5%	-3570 bps
COGS	-166.6	-152.4	-14.2
Gross profit	105.4	105.4	0.0
<i>Gross margin</i>	38.8%	40.9%	-210 bps
Overhead costs	85.6	78.2	7.4
<i>Overhead cost ratio</i>	31.5%	30.3%	120 bps
EBITDA before special items	34.5	41.9	-7.4
<i>EBITDA margin bsi</i>	12.7%	16.3%	-360 bps
EBITDA	33.3	38.2	-4.9
<i>EBITDA margin</i>	12.2%	14.8%	-260 bps
EBIT before special items	19.8	27.2	-7.4
<i>EBIT margin bsi</i>	7.3%	10.6%	-330 bps
Special items	1.2	3.7	-2.5
EBIT	18.6	23.5	-4.9
<i>EBIT margin</i>	6.8%	9.1%	-230 bps

Organic **revenue growth of 2.8%** to 272.0 mEUR

- reported growth of 5.5%
- positive impact from FX of 3.5%

Solid demand continued in Q2

Gross margin at 38.8%, a decline of 210 bps over Q2 2021 mainly due to

- negative impact from increasing material costs and continued high freight rates
- partly offset by a positive impact from pricing effects and higher revenue

EBITDA bsi at 34.5 mEUR, down 7.4 mEUR

- positive impact from increased revenue and pricing effects
- negative impact from gross margin pressures

EBITDA margin bsi at 12.7%, down 360 bps

- driven by gross margin decline

Financial position and cash flow

EUR million	Q2 2022	Q2 2021	Change
Inventories	242.4	175.4	67.0
Trade receivables	196.6	197.1	-0.5
Trade payables	135.3	124.9	10.4
Reported WC	244.1	154.3	89.8
<i>LTM WC ratio</i>	18.6%	16.0%	260 bps
CAPEX	6.4	3.9	2.5
Tangibles	2.9	1.0	1.9
Intangibles	3.5	2.9	0.6
CAPEX ratio %	2.4%	1.5%	90 bps
Free cash flow	11.1	19.2	-8.1
RoCE	13.8%	13.2%	60 bps
NIBD	367.5	359.9	7.6
<i>Financial gearing</i>	2.7 x	2.7 x	0.0 x

- **Inventories increased by 67.0 mEUR** driven by higher business activity and investments into increased inventory of critical parts and components
- **Working capital increased by 89.8 mEUR**, primarily as a result of higher inventories
- Consequently, **LTM working capital ratio up by 260 bps** compared to last year
- Investments in the new USDC, increased efforts in R&D including sustainable products and investment into IT systems drove **CAPEX growth of 2.5 mEUR in Q2 2022** versus prior year period.
- **Free cash flow declined by 8.1 mEUR to 11.1 mEUR** due to the increase in working capital
- **NIBD increased by 7.6 mEUR** compared to prior year
- Higher NIBD in combination with higher EBITDA led to **unchanged gearing at 2.7x**

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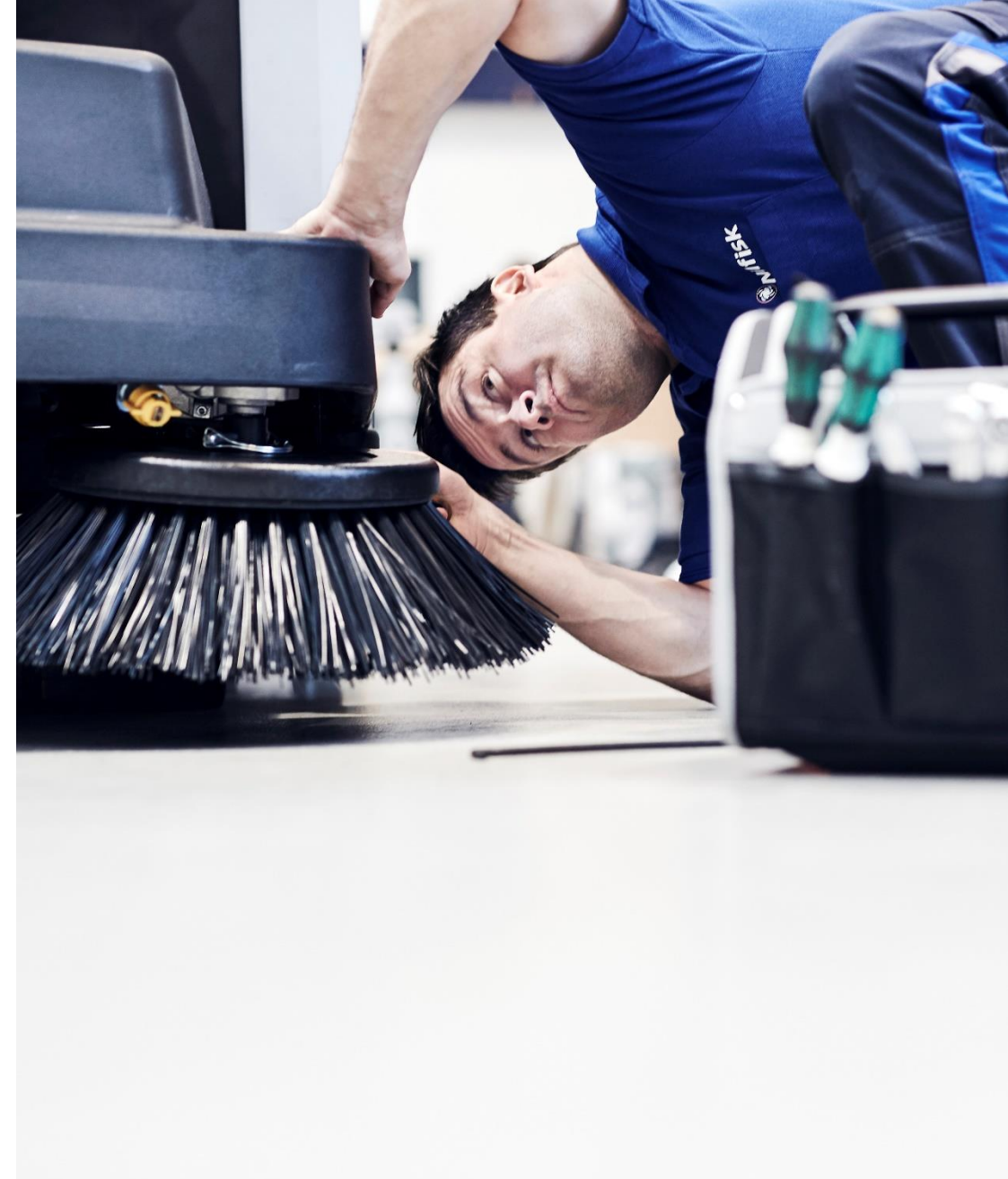
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Outlook for 2022 maintained

Guidance maintained given the current visibility on

- market demand, including our all time high order book
- inflationary developments and profitability levels
- impact from USDC expected to be about 10-12 mEUR in H2

4% to 7%

organic revenue growth

13.5% to 15.5%

EBITDA margin before special items



Q&A



< **Torsten Türling**
CEO



Reinhard Mayer >
CFO