Nilfisk Q1 2021 Interim Report

Webcast presentation

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Nilfisk

On the call today

Jens Due Olsen

Chairman

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.

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Key takeaways for Q1 2021

- Overall economy increasingly adjusted to the new reality imposed by COVID-19 pandemic
- Strong performance in the quarter driven by positive and earlier than expected development in demand recovery for the branded professional business and strong high season sales in the Consumer business
- Continued cost management with activity-related costs at low levels and positive impact of a lower structural cost base
- Significant improvement of EBIDTA margin before special items in spite of a negative impact of freight and raw materials costs
- Solid working capital management
- Outlook for 2021 adjusted upwards as a consequence from current strong trading conditions and improved visibility for Q2, while uncertainty about COVID-19 pandemic and supply chain constraints remains
- New CEO and CFO appointed in May to further strengthen leadership team

11.9%
Organic growth

15.3%
EBITDA margin
before special items

Business update: On track demand recovery across regions

- Business remained operational in spite of COVID-19 restrictions and supply chain constraints
- Overall solid demand with increased backlog
- Continued recovery across key geographies with improving performance in industrial and commercial segments while hospitality remained impacted
  - Strong performance in the south of Europe
  - Continued growth in the US as we improve our approach to the market
- Better than expected high season in Consumer business and high demand from key customers in Private Label
- New consumer HPW launch, the award winner Core 140, highlights our efforts to drive sales through innovation

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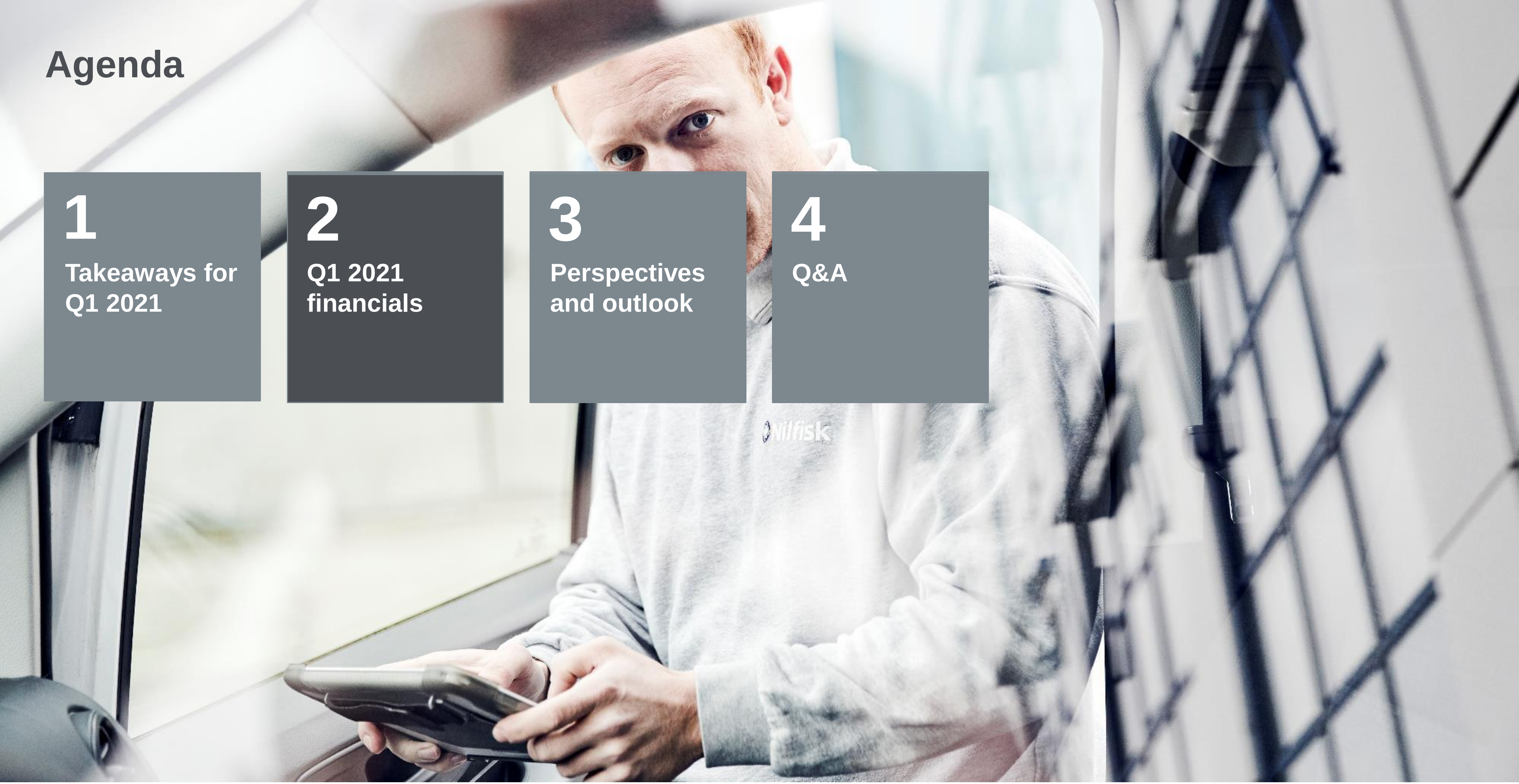

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Income statement

EUR million	Q1 2021	Q1 2020	Change
Net sales	**237.3**	**219.1**	18.2
Reported growth	*8.3%*	*-11.2%*	*19.5%*
Organic growth	*11.9%*	*-10.3%*	*22.2%*
COGS	-138.6	-125.3	-13.3
Gross profit	**98.7**	**93.8**	4.9
Gross margin	*41.6%*	*42.8%*	*-1.2%*
Overhead costs	**-77.3**	**-86.5**	9.2
Overhead cost ratio	*32.6%*	*39.5%*	*-6.9%*
EBITDA before special items	**36.4**	**24.0**	12.4
EBITDA margin bsi	*15.3%*	*11.0%*	*4.3%*
Special items	-0.2	-0.6	0.4
EBITDA	**36.2**	**23.4**	12.8
EBITDA margin	*15.3%*	*10.7%*	*4.6%*
EBIT	**21.2**	**6.7**	14.5
EBIT margin	*8.9%*	*3.1%*	*5.8%*

Comments

- Total reported revenue up by 18.2 mEUR corresponding to organic growth of 11.9%
  - Reported growth of 8.3%
  - Negative impact from FX of -3.5% mainly due to USD
- Gross margin decline of 1.2 percentage points
  - Positive effect: increased capacity utilization
  - Negative impact: exceptionally high freight rates, higher raw materials costs and negative mix effect coming from higher revenue in Consumer and Private Label
- EBITDA margin bsi increase of 4.3 percentage points supported by improved overhead cost ratio, as a result of higher revenue and continued cost management with activity-related costs at low levels and positive impact of lower structural cost base

Europe

	Q1 2021	Q1 2020
Revenue (mEUR)	**111.0**	106.7
Organic growth	**5.5%**	-6.8%
Gross margin	**45.5%**	47.0%
EBITDA margin bsi	**26.5%**	26.1%

Comments

- Organic growth of 5.5% driven by recovery in demand across key markets with demand recovery in industrial and commercial segments
- Strong performance in South region in particular after negative impact in Q1 2020
- In the United Kingdom and the Nordics, recovery is still negatively impacted by the pandemic related restrictions
- Central region recovery was also impacted by the pandemic, however the good performance of the industrial demand in Germany highlights the fact that customers are adapting to the new reality

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Americas

	Q1 2021	Q1 2020
Revenue (mEUR)	**63.8**	62.6
Organic growth	**11.2%**	-12.3%
Gross margin	**42.5%**	41.5%
EBITDA margin bsi	**21.0%**	15.5%

Comments

- Organic growth of 11.2% positively impacted by good performance in the US with good recovery in the industrial segment
- Focus on the execution of our strategy in the US led to the expansion of our indirect sales channels and improved approach to strategic accounts in US
- Positive recovery in Canada and Latin America, with Mexico still impacted by the development of the pandemic in the quarter

APAC

	Q1 2021	Q1 2020
Revenue (mEUR)	**18.8**	16.5
Organic growth	**15.5%**	-25.0%
Gross margin	**41.5%**	40.6%
EBITDA margin bsi	**11.2%**	4.2%

Comments

- Solid recovery in the Pacific region, Australia and New Zealand, given the limited exposure to COVID-19 pandemic in the area and positive economic performance
- High growth in China following the strong decline in Q1 2020 but still below pre-pandemic levels due to slow demand recovery in the country
- South East Asian countries still impacted due to exposure in the hospitality segment

Other business units

Consumer

- Continued the strong performance seen in previous quarters with a better than expected high season driven by new consumer trends, stronger focus on sales execution and new product launches

	Q1 2021	Q1 2020
Revenue (mEUR)	**28.0**	21.1
Organic growth	**34.0%**	-0.7%
Gross margin	**32.9%**	36.5%

Private label and other

- Strong performance driven by demand from key customers

	Q1 2021	Q1 2020
Revenue (mEUR)	**15.7**	12.2
Organic growth	**28.7%**	-21.8%
Gross margin	**26.1%**	27.0%

Balance sheet and cash flow

EUR million	Q1 2021	Q1 2020	Change	Q4 2020
Inventories	164.6	169.4	-4.8	149.3
Trade receivables	181.4	172.6	8.8	154.2
Trade payables	114.6	107.7	6.9	99.9
Reported WC	152.6	172.8	-20.2	131.6
12m WC ratio	*17.5%*	*20.9%*	*-3.4%*	*18.8%*
CAPEX	-2.9	-5.0	2.1	-5.1
Tangibles	-0.9	-1.2	0.3	-2.1
Intangibles	-2.0	-3.8	1.8	-3.0
CAPEX ratio %	*1.2%*	*2.3%*	*-1.1%*	*2.3%*
Free cash flow	9.2	2.2	7.0	35.4
RoCE	8.6%	6.9%	1.7%	5.9%
NIBD	378.4	425.3	-46.9	383.2
Financial gearing	3.4 x	3.9 x	-0.5	3.8 x

Comments

- Reduction of WC ratio of 3.4 percentage points compared to last year was driven by higher revenue and a reduction in WC of 20.2 mEUR due to continued efforts on working capital management
  - Compared to end-Q4, WC increased by 21.0 mEUR due to increased trade receivables related to increased business activity and normalization of inventories
- Prioritization of projects and lower activity in R&D led to reduced CAPEX by 2.1 mEUR
- Free cash flow increase mainly driven by higher operating cash flow, a low level of special items and a low CAPEX level
- NIBD down 46.9 mEUR compared to last year due to strong cash flow generation
  - NIBD down 4.8 mEUR compared to end-Q4

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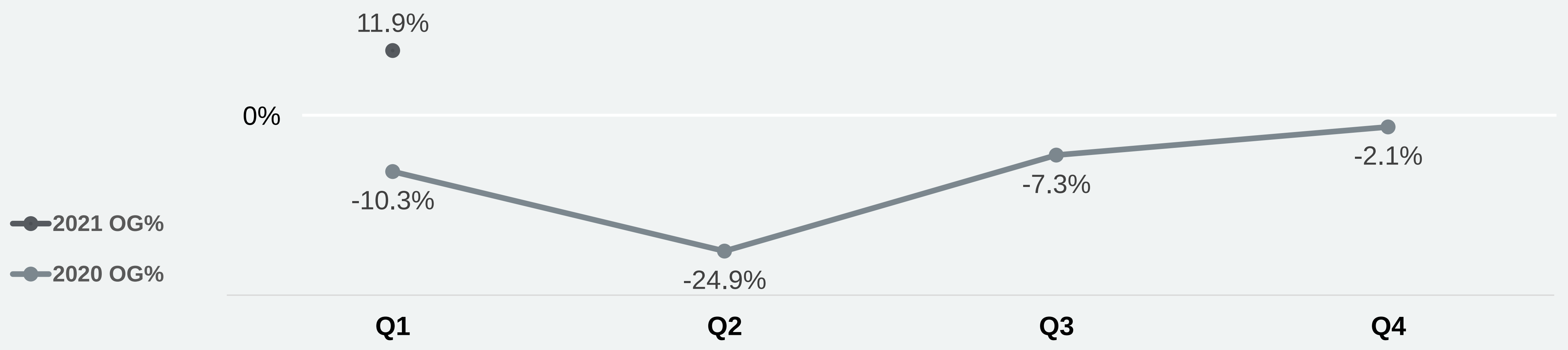
Perspectives on 2021

Organic growth



EBITDA margin before special items

Main drivers in 2021

	H1	H2
	↑ Organic growth	↑ Organic growth
	↑ Low activity-related costs	↓ Normalization of activity-related costs
	↓ Freight and raw materials prices	↓ Freight and raw materials prices

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2021 full year outlook adjustment

- As a consequence of current strong trading conditions in our key markets and improved visibility for Q2 including a strong order book, which in particular in the industrial segment can be a result of pent up demand we adjust the outlook for the full year 2021
- The range provided reflects the better than expected performance of the business but also a continued uncertainty related to the development of the COVID-19 pandemic and supply chain constraints including pressure on freight and raw material prices

Initial financial outlook for the full year 2021[1]

5% to 10%
Organic growth

12.5% to 14.5%
EBITDA margin
before special items

Adjusted financial outlook for the full year 2021[2]

8% to 12%
Organic growth

13% to 15%
EBITDA margin
before special items

[1] Announced in connection with the Annual Report 2020 on March 3, 2021

[2] As disclosed in Announcement 14/2021

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