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Q2 2019 Nilfisk Holding A/S Earnings Call

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PRESENTATION

Operator

Good morning, ladies and gentlemen, and thank you for standing by. Welcome to today's Nilfisk Second Quarter 2019 Interim Report Conference. (Operator Instructions) I must advise you that this conference is being recorded today, Wednesday, the 21st of August, 2019. And now, I would like to hand the conference over to your speaker today, CEO, Hans Henrik Lund. Please go ahead.

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

Thank you very much, operator, and thank you all for joining us for our Q2 announcement.

I'm here with Karina, as always, and we will guide you through the highlights, the business unit update, financials, and finally, outlook and Q&A.

So if I kick it off, talking about Q2, that was a disappointing quarter for us. Absolutely disappointing on the top line, mostly driven out of EMEA, where we had a significant change of the conditions during Q2 that led us to downwards adjust our full year guidance end of Q2, as you all know.

We report an organic growth globally of the branded business of minus 1.1%. The major negative impact here is that EMEA is down by 1.5%, and that's the first time I experienced and we experienced for a long time a negative growth in EMEA. And that's been our engine so far, and it significantly changed through Q2.

It originated out of Germany, where the conditions were really, really difficult. And we came out of Q2 with a minus 6% growth in Germany. So tough, tough environment in Germany. And then following that, Nordic was difficult as well. So the negative global growth is mainly driven out of a changed environment in EMEA.

Then on top of that, consumer had a difficult Q2 in high season, and I'll come back and talk a bit more about that. Those were the 2 sort of major events through Q2.

On a somewhat positive note, we've been able to increase our gross profit to 44.1% and 43.6% for first half. That is what we expected to do. And Q2 was actually a bit -- a little bit higher than we think is sustainable but good result of the simplification efforts we've done. And operating margin-wise, 12.5%, which is following what we did the year before. So same margin level there in a difficult quarter.

Let's talk about the response. We have taken what we think is short-term prudent actions. We've done what you do when you see the environment change. We've done hiring freeze, travel restrictions, and we have also looked across the company and said, "What additional savings can we do short-term that will impact '19?" And of course, normal, we focus on our cash generation. So all of the prudence is done. We're still in the strategic direction. The direction is right, and the potential is there.

We have, however, reprioritized some of the investments. Some of them, we've postponed; others, we believe we can do more effectively. So all in all, we are lowering the investment level as a consequence of what we're seeing now.

And then we continue with the streamlining of the global functions, outsourcing shared service, all of that, ultimately, will help us drive down the overhead cost. And we're seeking to accelerate that as much as we can, obviously, with an idea to improve '20.

So those are the actions we've taken as a response to a significantly changed environment in Q2.

Then if we go into each business unit, I spoke about it already for EMEA, clearly worsening our condition, driven by Germany mainly but also to some degree Nordic. The good news is that we're still seeing traction in 2 other major markets, U.K. and France. So that's been good. And a little bit of sort of background here.

We report our FOOD business as part of EMEA. And if you actually take into account that we had a huge order last year in Q2 for FOOD, EMEA was doing, Q2, minus 0.4%, just so you get that twist to it.

We're positive on the gross margin. We saw it in Q1 that it picked up, and we start making more money in EMEA. That has continued into Q2 from a margin perspective.

Americas, with a low growth in America. Some degree, we were a little better in Q1 than we expected, and we said it already back then. And then we were a little worse in Q2. So all in all, we are at 1.7% for our first half. It's a little bit lower than we had hoped for, but we have guided carefully, but especially, in U.S., we needed some time to get our new go-to-market strategy to settle in. And that's proven in Q2, it takes a little bit of time to get it to settle in. And we maintain, of course, that the second half will be better. So that's in a nutshell, Americas.

We had some tariff impact, which is no news to anyone, that has impacted the margin in the negative direction.

APAC, again, a troubled quarter through and out of Australia. We're still having a good growth in China, not double digit anymore. We start feeling the trade war clearly, but still about 5% growth in for the quarter. And we are now believing that we have seen the bottom of it in Australia. And again, we expect that to improve going forward.

Gross profit down, overall performance, and then we have a few inventory provisions that we need to deal with. So that's basically the 3 main regions in the branded professional business.

If we then move on to Consumer, that was the worst high season, I think anybody at Nilfisk can remember. It was a minus 25%, and we have, of course, studied that left, right and center. We do believe that the category has had a difficult time. Competition is recording some of the same issues. So we don't believe we've lost significantly. Sure, we might have lost a bit, but in general, the category was significantly down.

Margin-wise, we were weaker than expected. We -- as you know, we've outsourced our production of our (inaudible) products. That has given us, in that transition here, a little bit of extra cost. And then in the freight area, Consumer hasn't really in the past paid their fair deals, and we've done a new allocation. That's what drives it. We expect that to change significantly because now we're getting to the lower prices out of the new supplier. So that's kind of a blip.

Private label, not much to report, pretty much in line with the expectations we had, both on margin and topline.

All in all, an incredible, difficult quarter from an EMEA perspective and a growth perspective.

With that, I'll leave it to Karina to take us through the financials. Please.

Karina Deacon ***Nilfisk Holding A/S - Executive VP, CFO & Member of Executive Management Board***

Yes. Thank you, Hans Henrik.

If we look at Slide #; 9, we'll see that our revenue overall declined by 9%. We've already talked about the negative organic growth. And as you can see, from the minus 4.4% overall, the majority came from Consumer, which took us down by 3 percentage points of those 4.4%. Negative impact from divestments -- as you all know, we did the divestments last year, divested EUR 75 million annual revenue.

So in Q2, we had an impact of about EUR 17 million, equivalent to a decline of 6.2%.

We had a little bit of help this quarter from the foreign exchange rates, most significantly from the U.S. dollar, but overall, as I said, our top line declined by 9%.

If we turn to look at our earnings, this decline in revenue, clearly, also had an impact on our operating performance. If we look at Slide 10, you will see that from our Q2 in the '18, operating profit of EUR 35.6 million, we declined to EUR 32.4 million, and the majority -- or actually all of it, came from the lower revenue. Thanks to the expansion of our gross margins, we benefited from that, and we also had, in nominal terms, lower overhead. But when we measure in terms of percentage, because of the lower activity level, our overheads in percentage were higher, and thereby, it actually washed out the improvement we saw from gross margins.

Let's have a closer look on Slide 11, at our gross margin. We reported 44.1% for Q1. So it was high compared to what we've seen before. It was a strong increase over Q2 '18, and also higher than the first quarter of '19, where we reported 43.1%. You might recall that I talked about some one-off impact in Q1. And explained that we saw our normalized level being around 43.5%. This is very much in line with what we see for Q2. We did have some help from a one-off based on the true-up of our commercial freight, which is a one-off in Q2 that we don't see again the rest of the year.

If we compare with Q2 '18, we see the improvement coming from our simplification initiatives that we've talked about before, not least, the divestments. We also had impact of procurement savings and our pricing as well as a slight impact from mix, where we had more revenue coming from our branded business.

On the downside of looking at the gross margin, we had, of course, the tariffs being increasingly negative for us. As you know, that we saw during Q2, the uplift from the 10% we had in Q1 up to 25% on the number of items, and this kicks in during Q2 and with a full effect from -- for the remainder of the year. That means that if I look ahead, this Q2 level is not sustainable.

Historically, we have seen a lower gross margin in the second half, and also predict that we will have that for '19. That's the 2 main reasons and a little bit of mix as well, but as effect, tariffs will now have a full impact in the second half of the year. Plus, also that when we look into capacity utilization in our factories, that will be lower than in the first half. So we expect that we will have a lower gross margin following on that.

If I am to guide on margins, what we expect for the full year, I think we're going to be around the 43% area.

If we look at the overhead, let's turn to Page 12, where we show a bridge of how we arrived at our EUR 90.5 million in overhead. Clearly, the divestments we did took a big chunk out of overheads, and we also achieved some savings from our cost saving programs, which went according to plan, not with a lot of impact in Q2. I've said before that what we are still looking to do from an overhead perspective has longer implications. So we will see that in '20 and then -- and rolling into '21 as well.

We also had savings from our blueprint reorganizations, which we talked about in Q1. And then offsetting that, we have continued the investments in the future, as we call them. In Q2, we expensed just short of EUR 3 million in this area, where we talk about digitization, autonomous solutions and the marketing activities with the customer insight and customer experience, branding, et cetera. And this is some of these investments that we are now looking at to prioritize.

If we then turn to Slide 13, and then look at our balance sheet and cash flows. In nominal terms, we saw a reduction in our working capital compared to last year. But because of the lower revenue, when we look at our LTM working capital percentage, it increased.

I have explained before that during 2018, we had a huge impact positively on our payables due to the lower production in China, and we also had certain balance sheet items such as -- related to our LTI program, and there's also something with our import duty in Denmark, which has now disappeared.

So we have been aware that we needed to compensate with inventory and AR reductions in order to report the same working capital percentage. We have lowered our inventories and also our receivables. But when we look at our inventory base, we did see an increase, and we also saw an increase in DSOs. Looking at the inventory, it was partly to do with the lower level of activity. So we had on our finished goods, we had higher finished goods than we expected.

Looking at accounts receivable, the increase in DSOs has partly to do with changes in customer mix, but we've also seen that we can make improvements in our general processes for collections, and we have a directed increased internal focus towards that.

If I look at the 3 components in working capital. I don't think it's realistic to normalize accounts receivable and getting the inventory sufficiently down to reach our target of around 18% for 2019. And so it will take some time before we reset, but it still remains our target.

If we look at our CapEx, we had lower tangible investments in Q2 '18 -- '19 rather than '18 with 1.1% of revenue compared to 1.8% last year, but last year, as you remember, we were working on our production footprint, so that required more investments.

On the intangibles side, we have pushed further investments in IT and R&D, and that kicked in with 3% -- 3.7% of revenue compared to 2.8% last year.

Free cash flow is improved compared to Q2, driven by working capital improvements from a cash flow perspective, but nevertheless, when we look at our net interest-bearing debt, it increased. And that's clearly not in the direction we want it to go, and that's why we're putting efforts into both working capital, but also looking at our investment profile in order to bring that down.

That leads us to the outlook slide, on Page 15, and that shouldn't be any surprise to you. We maintain the guidance we gave on 26th of June, and we continue to expect a flat organic growth in our branded professional business, a negative growth in our Consumer business between minus 10% and minus 15%. Remember that we are now going into the season where high pressure washers have less impact, and we expect a stabilization.

And then in Private Label, we expect flat organic growth as well. That means that for this entire business, we expect approximately minus 1% organic growth.

Looking at the EBITDA margin, and the full IFRS 16 impact, we are estimating to reach between 13.7% -- that was after IFRS, I beg your pardon. Including IFRS, 13.7% to 14.2%; and excluding the IFRS, between 11% and 11.5% in EBITDA margin.

That concludes our presentation. So we will now be ready for Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And the first question comes from the line of Kristian Johansen from Danske Bank.

Kristian Tornøe Johansen ***Danske Bank Markets Equity Research - Senior Analyst***

Yes, so my first question is on the U.S. So you're right that you've seen negative organic growth in the quarter. As I recall, your guidance assumes in a growth acceleration in the second half of this year. So firstly, can you confirm that is still the case? And if so, how do you expect to achieve that?

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

Yes. So we confirm that, Kristian. As you recall, we've said it all along that we needed the new team in place to get their feet wet and get ready, and we gave them Q1 and Q2, but we didn't have high expectations. That proved to be right, and what we see now, we do expect a better second half.

Kristian Tornøe Johansen ***Danske Bank Markets Equity Research - Senior Analyst***

Okay. And given the visibility of the beginning of Q3, you have now -- does that make you confident that you can achieve this?

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

Yes, it does. It's always a matter of how much, Kristian, but it's there as we see it. So it's -- we when will it happen. How much better is still to be seen but it will be better.

Kristian Tornøe Johansen ***Danske Bank Markets Equity Research - Senior Analyst***

All right, fair enough. Sure. Then my second question is on the organic growth in general for the group. So in the update in the end of June, you said that you now expect to reach your mid-term target by 2021, and especially, regarding this 3% to 5% organic growth. I mean, can you just elaborate on how you expect to get there if sort of the macro environment in Europe doesn't give you any tailwind?

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

And Kristian, you know, that's an extremely difficult question you are asking. But let me give it -- what -- the best consideration I can. So we're not believing that the European economy will change short term. So remember, we're not trying to be national economists but we expect that the environment we saw in Q2 is here to stay for a while.

Then what we normally see in the Nilfisk business is when these environments hit us, it takes about 4 quarters or so, maybe a little more. And then there is a swing back factor because people are, at the moment, upholding purchases, but they can only do that for a certain amount of time. And then in every sort of negative environment we've had in the past, then the following year, actually, was quite good. And I can't say much more, Kristian, at this moment.

Kristian Tornøe Johansen ***Danske Bank Markets Equity Research - Senior Analyst***

Okay. I understand. My last question is on this new distribution structure in Europe, which you also mentioned in the report. Can you just shed a bit of light on the financial impact of these actions?

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

Let's talk about what it is. So we're establishing 4 centers. They are outsourced. Today, some of them our own. So there's a cost benefit right there. And then, of course, we've looked at the whole distribution chain. Today, we have inventory in our markets in Europe -- across Europe, and that can be pulled into the DCs when we get them right.

So there are a couple of things here. There's a cost implication that where the cost goes down. I'm not going to give you a specific number on that, Kristian, but it's a decent amount.

And then, of course, we -- over time, we believe that we can be more effective with our inventory.

Karina Deacon ***Nilfisk Holding A/S - Executive VP, CFO & Member of Executive Management Board***

But I can add, Kristian, that some of the benefits that we see in '20, they're included in the cost saving program. And as we have announced, very clearly, the cost saving program expires by 2020. So there'll be more savings outside the program in '21.

Kristian Tornøe Johansen ***Danske Bank Markets Equity Research - Senior Analyst***

Okay. So when do you expect the [1%] that should be completely closed?

Karina Deacon ***Nilfisk Holding A/S - Executive VP, CFO & Member of Executive Management Board***

In about 18 months.

Operator

And the next question comes from the line of Casper Blom from ABG.

Casper Blom ***ABG Sundal Collier Holding ASA, Research Division - Lead Analyst***

A couple of questions from my side also. I completely understand that it's difficult to predict the European economy and so forth. But I was just hoping, after the change of guidance that you were -- came out with in late June, have the European market then sort of developed as you expected back then? Or has it gotten any worse or better? That's the first question, please.

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

I would say, Casper, that it has been pretty much in the same level as we saw end of June. We've read a little bit more in the newspapers about the macro-economical numbers in Germany and they've gone down. I'm not able to say that, that has a -- it has had a different level in our business. So I would say, same level as we saw in June, maybe slightly worse on the macro-economical fronts, but that's my best assessment of it in Germany, specifically.

Casper Blom ***ABG Sundal Collier Holding ASA, Research Division - Lead Analyst***

But the sort of assumptions that you put into your budget after revising those in late June, that is sort of still, roughly in line?

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

Yes, that's roughly in line.

Casper Blom ***ABG Sundal Collier Holding ASA, Research Division - Lead Analyst***

Okay. Good. Then secondly, with regards to the aftermarket and sort of service business, not -- that's something that we've spoken much about recently, I think. Could you sort of give an update on what's happening here? It used to be something that was sort of highlighted a bit more, I think, in terms of a potential.

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

That is -- that's very fair, Casper, absolutely. And actually, what we should do is we should probably add a box on that moving forward, so we will do that one. But I can give you a short update on it. And I give you a service update, Casper, meaning what are we doing in terms of the hourly rates and the hours we put in. I don't talk about accessories on this one or the whole spare parts situation, but service as one component, right? We've grown it 5% year-to-date, which is quite good and above average from what we do with machines. And that's exactly what we want to see.

We want to see a stronger service business growing faster than the machines sales. So that's been positive on the numbers front.

On the set up front, it's also been positive because I think we've talked about -- we've created a global service function as part of the blueprint. So that we're now much better in terms of providing the same service level, no matter what country you're in. So that's been an important step in our globalization of the company. So we can apply the same practices.

The other part of the service business where we've done a lot, is implementing Service Max as our digitalization tool. So we know exactly what's going on, how long time it takes to fix things, and what is the success rate of first-time fixing and all of that. So that system will, by end of the year, be implemented across all major markets.

So actually quite an okay development right there.

Casper Blom ***ABG Sundal Collier Holding ASA, Research Division - Lead Analyst***

Okay, maybe, if you can just remind us, at least in rough terms, how much service makes up of the revenue and EBITDA today?

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

So I can give you the revenue part, Casper. Normally, we say that service, spare parts, accessories is about 1/3 of our revenue. So -- give or take EUR 300 million.

And then if you subdivide those 3, 1/3 to each. So the actual hours: service, EUR 100 million; EUR 100 million on spare parts; and EUR 100 million on accessories. That's pretty much where it goes.

And I need to draw your attention to one fact because on accessories, you'll see that we have -- we've left the Outdoor business, as you know. And the Outdoor business with the large machines, there were quite expensive accessories that we're obviously not having anymore. So just have that in mind when you look at the details.

Casper Blom ***ABG Sundal Collier Holding ASA, Research Division - Lead Analyst***

That's perfect. Then just finally on the -- Karina, you touched on the development in-depth and balance sheet before. Can you give any rough guidance on where you expect net interest bearing debt to end up by year-end, including IFRS 16?

Karina Deacon ***Nilfisk Holding A/S - Executive VP, CFO & Member of Executive Management Board***

No, I don't really want to guide on that at this point in time, Casper. Just saying, that we're doing everything we can to bring down our working capital.

Casper Blom ***ABG Sundal Collier Holding ASA, Research Division - Lead Analyst***

Okay. But could we -- could you maybe say, would you expect it to be more than it was last year? Higher development than last year -- of '18?

Karina Deacon ***Nilfisk Holding A/S - Executive VP, CFO & Member of Executive Management Board***

Then it will be in the -- Why don't we talk about in terms of our leverage? And here, we have reported 3.3x now, and including IFRS, 3.4x. And I do expect that to be lower when we exit the year.

Operator

And the next question comes from the line of Claus Amber -- Almer, sorry, from Nordea.

Claus Almer Nielsen ***Nordea Markets, Research Division - Senior Analyst of Capital Goods and IT***

Yes, also a few questions from my side. The first is, the EMEA gross margin. In the slide, it is stated that the improvement comes from pricing and mix, but doesn't -- didn't divestment also help on that one? That'll be my first question.

Karina Deacon ***Nilfisk Holding A/S - Executive VP, CFO & Member of Executive Management Board***

We had not a lot of divestments included in EMEA. It was basically only in South Africa. So it's not a big thing. Remember, we -- that was our specialty businesses that we divested more than any. Outdoor, HydraMaster were the 2 big ones.

Claus Almer Nielsen ***Nordea Markets, Research Division - Senior Analyst of Capital Goods and IT***

Sure, okay. And then regarding organic revenue growth, and I know you don't guide on Q3 and Q4, but looking at the comparisons in Q3 and Q4 last year, Q3 looks to be up against a kind of challenging comparison. Could you put some color to what we should expect in rest of the year when it comes to organic growth?

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

We -- before pricing guide on a quarter, we're not going to do that again, Claus, as you know. But you're right. We -- especially, in EMEA, the comparisons for Q3 are high. They're more manageable in Q4. So that's what it is.

We talked about Americas already. We believe that Americas would be better than first half. We haven't talked about APAC, and I can give you a bit of color on that. I believe we've now seen the worst in APAC. So we believe that Q3, Q4 will stabilize and improve. So that's really what it is.

Claus Almer Nielsen ***Nordea Markets, Research Division - Senior Analyst of Capital Goods and IT***

Okay. And then just a final question. Given the minus 4.4% organic growth in Q2, and I know it was not in the branded business, have you initiated -- have you made any new initiatives to boost your sale in the rest of the year? Or it's still mostly about cost saving and do things smarter?

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

So -- let's -- if I can answer that in all 3 dimensions. Then starting with Private label. You know that Private label is very cyclical, and so on and so forth. And we believe that there are orders coming into Q4 because people want to stock up for Q1. It's a little more than we normally see. So we are actually not worried about that piece.

Then if you go to Consumer, it was the high pressure washer's season that just didn't materialize in Europe this year. Second part of the year, it's much more vacuum sales. So we will see that stabilize within the interval, no doubt about it.

And yes, those are the main comments, right? And if you go to the branded business, we spoke about it already, let me -- so we know -- let me just put it in this way, Claus. We're not doing anything special in Consumer to go discounting or anything like that because, honestly, we don't believe the market is there, was there, for high pressure washers. It wouldn't have helped us to fight on price. So we're not doing anything special there.

It's clear on -- in the professional branded business that we're putting all the pressure we can. We're doing more campaigns in EMEA rest of the year and so on and so forth. And from what I see -- and we're still gaining market share in EMEA. And of course, that's what it's all about in a difficult economy, to still be able to prove that we can gain share.

So the sales guys are there, they're active really every day, more than ever before and supported by marketing, of course.

Claus Almer Nielsen ***Nordea Markets, Research Division - Senior Analyst of Capital Goods and IT***

Okay. There's no new models that they can use as an excuse to going around the channel? It's more the hard work?

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

That is, and there's a couple of new products, as I think you know, that we come out with and that's it. And that will help, of course, but nothing major, Claus. It is the daily work in the channel that will bring us through to Q3 and Q4.

Operator

(Operator Instructions) The next question comes from the line of Casper Blom from ABG.

Casper Blom ***ABG Sundal Collier Holding ASA, Research Division - Lead Analyst***

Just taking the chance to ask a couple more questions here. Just wondering about the development of the autonomous machines. It got a lot of -- got a lot of buzz a couple of years ago, and then I think we've all sort of been waiting for that big splash to be announced and a big order coming in. Is it sort of developing as you expected it? Or are you also sort of starting to be a little bit impatient with things really materializing in that area?

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

No, we're not. I mean, it is pretty much what we expected it to be. And I told you all when we started '19, don't put anything into your spread sheets. And I said, we will do more than we did in '18, and we are doing that. We are -- we're not having a major customer taking 1,500 units. That's not what we're fighting with.

We are spreading out our sales efforts across Europe going broader, and we're going broader in North America. And we see a lot of demos and user interest and sales is slowly increasing, but again, not a level where you should put it in to the spreadsheet for '19.

We've completely committed to what we've seen and said about the future development of it, where we said that it's going to be 10% of our revenue at a point. I think, we called it 23% at the time.

We still see that. It will happen. We still -- and again, as you know, we're still working on 2 platforms. The original platform that Nilfisk started back in '15, and that's the one in the market. We believe we have the best product in the market. And at the same time, we are also working with Brain Corp on a machine together with them. So we cover both platforms.

So no change to those plans. And we are as optimistic as we were a year ago.

Casper Blom ***ABG Sundal Collier Holding ASA, Research Division - Lead Analyst***

Okay. Is it fair to assume that this segment is also sort of being affected a bit by the macro economy with some customers saying, well, we'd rather postpone that investment 6 or 12 months? Or is this more a special event, almost R&D-like situation for the larger customers?

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

I think there's 2 perspectives. I think there is a perspective where people look at it purely from an ROI perspective and say, "In this particular site, great ROI. I want to do it," those we meet. And then we meet people who are saying, "We want to get our feet wet because we know that this technology will evolve over time, price points will come down, and we need to learn about it now." And then there's a third category who says, "It's actually good branding for me that I have an autonomous machine running around in my facility." That's kind of the categories that we meet on the street.

But to your point, of course, it's still an expensive machine, which means, of course, financial environment does impact the CapEx budget for our customers.

Casper Blom ***ABG Sundal Collier Holding ASA, Research Division - Lead Analyst***

Okay. Okay. Then just finally, on the Consumer business, not a very fair question, but you were running a sales process of that business last year, and you decided to keep it, I think, for valuation reasons, I suppose. Sort of given how it has developed since then, do you sort of regret that? Should you just have let it go? Or were prices really so low that it was still a better idea to keep it?

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

It wasn't -- trust me, Casper, it was a better idea to keep it.

Casper Blom ***ABG Sundal Collier Holding ASA, Research Division - Lead Analyst***

Okay. And you wouldn't consider -- you wouldn't consider a new process?

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

No. We were very, very thorough in the process, and we explored every option. And I know that it was -- from a shareholder value perspective, it was the right thing for us. We were the best owner of it. And even with the Q2 that we've seen, we're still the best owner of it.

Casper Blom ***ABG Sundal Collier Holding ASA, Research Division - Lead Analyst***

Okay. Must have been low price.

Operator

The next question comes from the line of Claus Almer from Nordea.

Claus Almer Nielsen ***Nordea Markets, Research Division - Senior Analyst of Capital Goods and IT***

Yes, just a follow-up question regarding the robotics. Can you update us on how many machines you have sold this year? I guess, it was 40 last year. Are they all out running still? And then have you sold any machines this year?

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

They're all out there, Claus, and we've sold more machines this year. So we might -- I mean, I don't want to disclose numbers at this point. But it's going as we expected. We said last year that we would be selling in the 10s, up to 50, and we will be in the 100 or whatever we will be this year. That's the level.

Claus Almer Nielsen ***Nordea Markets, Research Division - Senior Analyst of Capital Goods and IT***

In total? Or another 40, 50 this year?

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

No, no. Additional 100 this year.

Operator

And the next question comes from the line of Kristian Johansen from Danske Bank.

Kristian Tornøe Johansen ***Danske Bank Markets Equity Research - Senior Analyst***

Yes, just on special items, what do you expect for the full year? Is there any changes in this?

Karina Deacon ***Nilfisk Holding A/S - Executive VP, CFO & Member of Executive Management Board***

Now I can confirm, there are no changes we have in the cost-saving program. We have the same, basically, as we predicted after the first quarter. So when I look into the second half, I expect something around -- between EUR 5 million and EUR 7 million to be spent on that. And we have the blueprint, where I also look into EUR 5 million to EUR 7 million.

As we talked about, we are looking to see some changes and instructions so we can accelerate. So that might imply that we end up in the higher range of that. But I don't see significant changes in the regional forecast we gave already in Q1.

Kristian Tornøe Johansen ***Danske Bank Markets Equity Research - Senior Analyst***

Okay. And in terms of divestments, are there going to be any impact on special items in the second half there?

Karina Deacon ***Nilfisk Holding A/S - Executive VP, CFO & Member of Executive Management Board***

We are finalizing. We had some stock sale, and we will -- sort of rounding things up, it will be minor things. You saw we have small shots in this quarter, and we're still looking at finalizing. We also have a property related to one of the divestments that we are still looking at. So it's not completely close, but I don't think there'll be a huge amount that you'll see.

Operator

And the next question comes from the line of Casper Blom of ABG.

Casper Blom ***ABG Sundal Collier Holding ASA, Research Division - Lead Analyst***

And now it gets really difficult to answer, I guess. But in light of how your share price has developed, have you seen any increasing interest from parties wanting to take a look at Nilfisk? Whether that be industrial players or, for example, private equity?

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

No.

Casper Blom ***ABG Sundal Collier Holding ASA, Research Division - Lead Analyst***

Is that just because there's been no interest? Or because there's always been an interest?

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

There's not. There is no change, Casper. I can't get further to that, of course, but no change.

Operator

And I have no further questions at this time. Please go ahead.

Hans Henrik Lund ***Nilfisk Holding A/S - CEO & Member of Executive Management Board***

All right. Thank you for all the questions. Thank you for joining, and we look forward to seeing you when we announce Q3. Thank you.

Operator

Thank you. That does conclude our conference for today. Thank you for participating. You may all disconnect. Thank you.