



Nilfisk Q3 2021 Interim Report

Webcast presentation

November 24, 2021

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

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Record volume in demand and order intake across all regions and segments

- Organic growth of +17.9% vs Q3 2020, revenue above 2019 level
- Highest Growth momentum in Americas Region, up +20.9% vs Q3 2020
- Order intake higher than sales growth, record high order backlog
- Q3 GP margin impacted by higher freight costs and raw material cost inflation
- EBITDA margin bsi of 14.4%, up by +180 basis points due to operational leverage
- Outlook for 2021 increased

17.9%
Organic growth

14.4%
EBITDA margin
before special items



Actions taken to mitigate supply chain constraints and related margin impact

- Increased volume output – further ramp-up of capacity across global manufacturing network
- Enhanced supplier network and components resourcing
- Investments into materials and components inventory
- Investments into additional tools
- Extraordinary price increase to protect margins



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Income statement

EUR million	Q3 2021	Q3 2020	Change	9M 2021	9M 2020	Change
Net sales	239.2	202.5	36.7	734.3	612.7	121.6
<i>Reported growth</i>	18.1%	-11.0%	29.1 pp	19.8%	-16.4%	36.2 pp
<i>Organic growth</i>	17.9%	-7.3%	25.2 pp	22.2%	-14.6%	36.8 pp
COGS	-141.8	-119.2	-22.6	-432.8	-359.3	-73.5
Gross profit	97.4	83.3	14.1	301.5	253.4	48.1
<i>Gross margin</i>	40.7%	41.1%	-0.4 pp	41.1%	41.4%	-0.3 pp
Overhead costs	-77.4	-73.5	-3.9	-232.9	-232.6	-0.3
<i>Overhead cost ratio</i>	32.4%	36.3%	-3.9 pp	31.7%	38.0%	-6.3 pp
EBITDA before special items	34.5	25.5	9.0	112.8	69.6	43.2
<i>EBITDA margin bsi</i>	14.4%	12.6%	1.8 pp	15.4%	11.4%	4.0 pp
Special items	-0.5	-0.7	0.2	-4.4	-10.0	5.6
EBITDA	34.0	24.8	9.2	108.4	60.2	48.2
<i>EBITDA margin</i>	14.2%	12.2%	2.0 pp	14.8%	9.8%	5.0 pp
EBIT	19.5	9.1	10.4	64.2	10.8	53.4
<i>EBIT margin</i>	8.2%	4.5%	3.7 pp	8.7%	1.8%	6.9 pp

Comments

- **Total reported revenue** up by 36.7 mEUR corresponding to organic growth of 17.9%.
 - Reported growth of 18.1%
 - positive impact from FX of 0.2%
- **Gross margin** of 40.7% a decline of 40 basis points over Q3 2020.
 - Negative impact: Higher freight rates and raw materials costs
 - Positive effect: increased capacity utilization in manufacturing
 - First effects of extraordinary price increase in July begin to yield results.
- **EBITDA margin bsi** increases with 180 basis points and after special items by 200 basis points. This is a result of higher revenue and continued cost management.

Europe – strong organic growth of 12.5%



	Q3 2021	Q3 2020
Revenue (mEUR)	108.4	96.0
Organic growth	12.5%	-4.9%
Gross margin	46.7%	45.2%
EBITDA margin bsi	27.5%	25.4%

Comments

- Revenue amounted to 108.4 mEUR (Q3 2020: 96.0 mEUR) corresponding to **organic growth of 12.5%**.
- Positive performance across all markets supported by higher demand levels from large accounts.
- Healthy recovery in the **Northern Europe** benefitting from markets re-opening post lockdowns in prior year.
- **Central Europe** reports solid growth, but still challenged in the return to pre-pandemic levels.
- In **Southern Europe**, we continued to see solid new business through our contract cleaner segment in France and Netherlands.
- **Gross margin** increased 150 basis points mainly due to first effects of the extraordinary price increase from July and a smaller impact from product mix.
- **EBITDA margin** grew due to the above-mentioned gross margin improvement, along side strong cost management.

Americas – the US continues to drive growth in Americas



	Q3 2021	Q3 2020
Revenue (mEUR)	77.0	64.0
Organic growth	20.9%	-8.2%
Gross margin	39.1%	40.6%
EBITDA margin bsi	19.4%	21.4%

Comments

- **Revenue** amounted to 77.0 mEUR (Q3 2020: 64.0 mEUR) which corresponds to an **organic growth of 20.9%**.
- **Increased revenue from large direct accounts.**
- **Canada** had a strong performance from the development and growth in dealer business.
- **Gross margin** decreased with 150 basis points over prior year, impacted by higher freight costs and raw material price increases. Growth in large direct accounts also impacted the margin.
- Overhead costs increased at a higher pace than revenue, predominately driven by outbound freight and a minor impact from increased travel activities.
- Subsequently **EBITDA margin** decreased with 200 basis points.

APAC – a steady recovery continues



	Q3 2021	Q3 2020
Revenue (mEUR)	19.0	15.8
Organic growth	18.1%	-29.6%
Gross margin	40.0%	37.3%
EBITDA margin bsi	9.5%	4.4%

Comments

- **Revenue** amounted to 19.0 mEUR (Q3 2020: 15.8 mEUR) which corresponds to an **organic growth of 18.1%**.
- We continued to see a strong performance in **China** and the **Southeast Asian** countries, however activity remained below pre-pandemic levels particularly due to high exposure to the hospitality segment. Alongside some markets being closed down due to COVID-19 restrictions.
- **Gross margin** increased by a very healthy 270 basis points driven by a positive customer mix and initial signs of the extraordinary price increase having an impact.
- **EBITDA margin** increased to a healthy 9.5% for the region flowing from the above-mentioned gross margin improvement.

Other business units – consumer demand continues

Consumer

- Facing tougher comparables, the Consumer business continued to see strong performance with an **organic growth of 4.8%**. This was over a very strong prior year quarter.
- The growth in Consumer benefitted from our renewed, innovative offering and increased **focus on this business**.
- **The gross margin** decline was mainly impacted by increased freight costs.

	Q3 2021	Q3 2020
Revenue (mEUR)	18.0	17.0
Organic growth	4.8%	32.6%
Gross margin	30.6%	34.1%

Private label and other

- Our Private Label business continued to see strong performance. This was driven **by high demand from our key customers** and the demand they see from consumers.

	Q3 2021	Q3 2020
Revenue (mEUR)	16.8	9.7
Organic growth	74.8%	-22.0%
Gross margin	21.4%	22.7%

Balance sheet and cash flow

EUR million	Q3 2021	Q3 2020	Change
Inventories	202.0	147.4	54.6
Trade receivables	178.4	155.5	22.9
Trade payables	128.5	87.0	41.5
Reported WC	159.7	144.6	15.1
<i>12m WC ratio</i>	15.5%	19.9%	-4.4 pp
CAPEX	4.7	3.1	1.6
Tangibles	2.1	1.1	1.0
Intangibles	2.6	2.0	0.6
<i>CAPEX ratio %</i>	2.0%	1.5%	0.5 pp
Free cash flow	14.6	5.6	9.0
RoCE	15.2%	4.9%	10.3 pp
NIBD	346.1	402.3	-56.2
<i>Financial gearing</i>	2.4 x	4.2 x	-1.8

Comments

- **Working capital** increased by 15.1 mEUR as a result of substantially higher business activity and investments into inventory of critical components in the supply chain.
- Strong **reduction of the working capital ratio to sales** of 4.4 percentage points compared to last year.
- **Increased efforts in R&D** and operational investments on par with prior year led to a **modest CAPEX growth** of 1.6 mEUR versus prior year.
- With 14.6 mEUR we see a **strong free cash flow** in the quarter, which is up by 9.0 mEUR compared to Q3 last year.
- **NIBD reduced** by 56.2 mEUR compared to prior year.
- **Leverage with 2.4x continues to decrease** driven by strong EBITDA performance in the period and healthy cash flow generation.

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2021 full year outlook improved

- Based on our current trading performance, the strong order book as well as the improved supply chain visibility, we can lift our Revenue guidance for the full year to an organic growth to a range of 17% to 18%.
- For the EBITDA margin before special items, we increase the lower end of the guidance to 14% and expect EBITDA margin for the full year now in the range of 14% to 15%
- We foresee that the substantially higher freight and material costs will affect us for the next quarters and are potentially overcompensating the positive effects of price and operational leverage

Previous financial outlook for the full year 2021¹

12% to 16%
Organic growth

13% to 15%
EBITDA margin
before special items

Adjusted financial outlook for the full year 2021

17% to 18%
Organic growth

14% to 15%
EBITDA margin
before special items

¹ As disclosed in Announcement 20/2021 on July 13, 2021

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Strategic Direction – revised Focus on sustainable long-term Growth

A global market leader for Professional Cleaning Products, Technologies and Services

Market Drivers for sustained Growth of Professional Cleaning solutions

- *Increasing importance of CLEAN providing healthier and safer environments*
- *Labor shortage and rising labor costs in developed countries*
- *Increased demand for productivity solutions over lifecycle*
- *Above average growth in Logistics & Healthcare segment*

Strategic Priorities



Service-as-Business

Optimize Customer's Value of Clean over Lifecycle



Grow in large-scale Markets

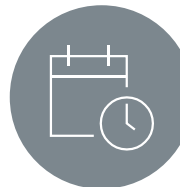
Strengthen position in segments with opportunities to win

Key Enablers



Product Architecture with enhanced Sustainability

Technology-enabled solution offering



Focus on Execution

Nilfisk Operating System for Performance Management

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Forward-looking statements

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