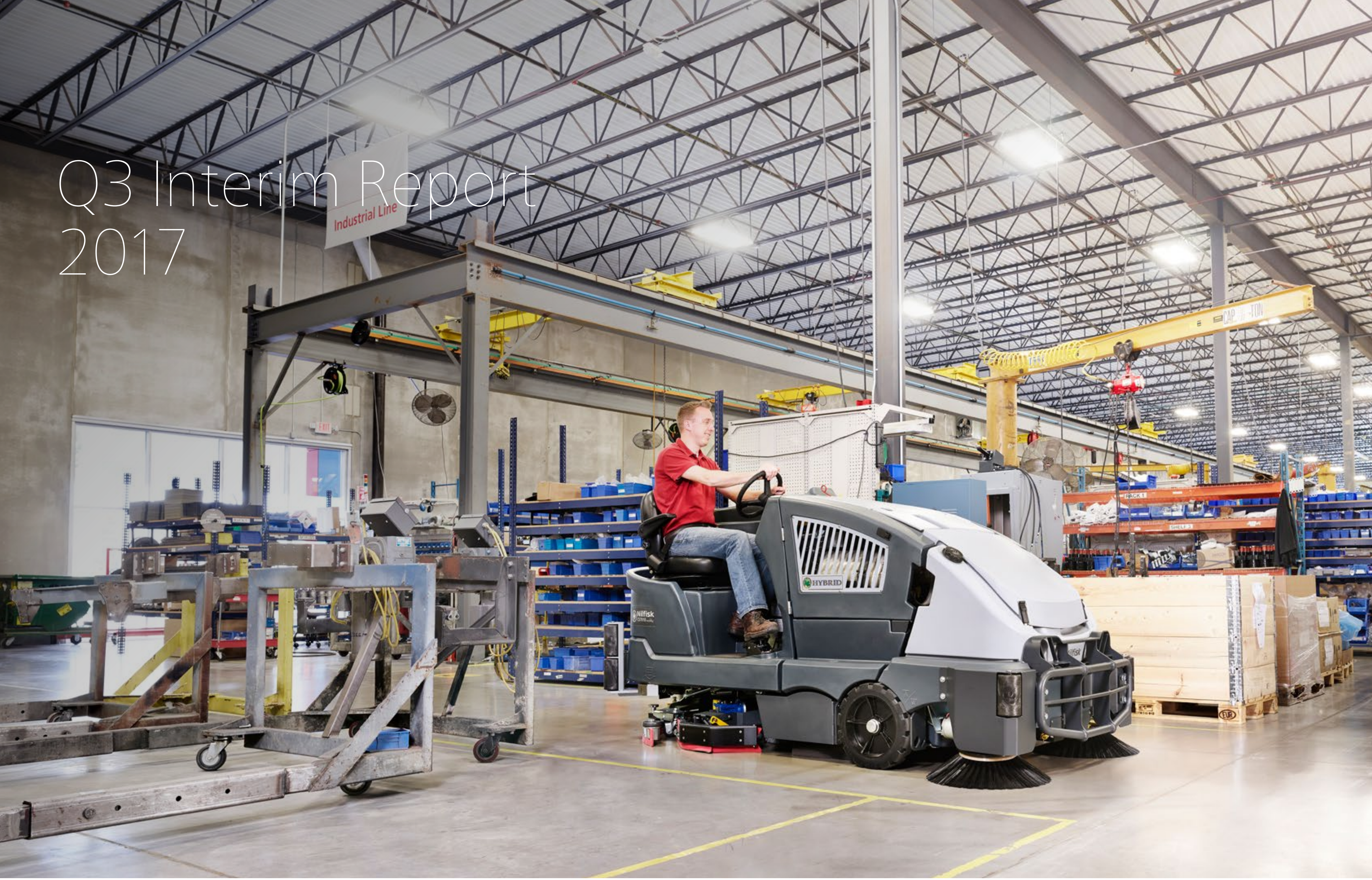
Q3 Interim Report 2017



Nilfisk

Q3 IN BRIEF

Highlights of Q3

- Performance in Q3 and the first nine months of 2017 in line with expectations
- The 2017 outlook for organic revenue growth is narrowed to 3-4% (from 2-4% previously). The EBITDA margin before special items is expected in the range of 11.0-11.5%
- Q3 organic growth in the total business of 3.4%, and 3.1% for the first nine months of 2017
- Strong EMEA organic growth of 10.6% in Q3 fueled by significant private label revenue diluting the gross margin
- Q3 EBITDA margin before special items of 8.9%, lower than previous quarters but in line with expectations

253

mEUR

revenue up 3 mEUR from Q3 2016

Nilfisk

5.6%

organic growth in Q3 2017 for the total business excluding Specialty segments

8.9%

EBITDA margin before special items, down 1.7 percentage points from Q3 2016

Nilfisk was listed on Nasdaq Copenhagen in October 2017.

16.5%

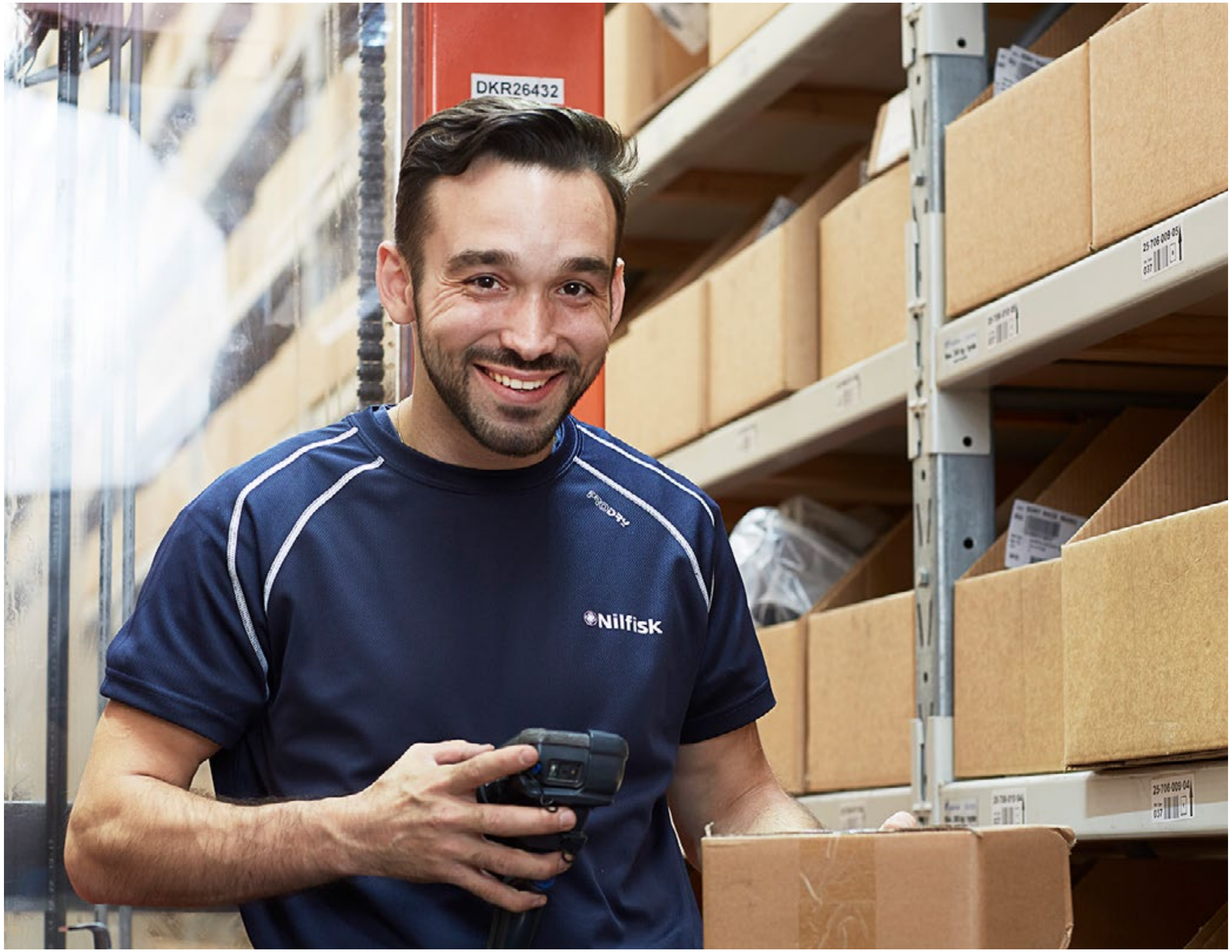
RoCE, up 3.3 percentage points from Q3 2016

BLUE OCEAN ROBOTICS

- for humans

Announcement of new partnership with specialized technology company Blue Ocean Robotics. Nilfisk and Blue Ocean Robotics will work closely together to develop selected autonomous products over the coming years.

Contents



Financial highlights for the Group

EUR millon	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	Year 2016
Income statement					
Revenue	252.7	250.1	801.6	782.1	1,058.5
EBITDA before special items	22.6	26.5	93.5	86.3	116.8
EBITDA	19.3	14.0	83.3	73.8	96.8
EBIT before special items	13.1	15.1	64.5	55.5	75.8
EBIT	9.8	0.8	54.3	41.2	54.0
Special items	-3.3	-14.3	-10.2	-14.3	-21.8
Financial items, net	-1.7	-2.1	-6.2	-9.2	-11.0
Profit for the period	5.8	-1.0	34.6	24.0	29.5
Cash flow					
Cash flow from operating activities	17.2	29.1	12.0	54.6	114.7
Cash flow from investing activities	-6.5	-7.7	-23.3	-61.2	-72.6
- hereof investments in property, plant and equipment	-3.1	-3.9	-10.3	-15.4	-20.6
Free cash flow excluding acquisitions and divestments	10.7	22.0	-11.3	25.1	74.2
Balance sheet					
Total assets	853.0	960.7	853.0	960.7	983.1
Total equity	246.3	215.5	246.3	215.5	224.8
Working capital	180.6	180.0	180.6	180.0	141.7
Net interest-bearing debt	262.5	293.9	262.5	293.9	265.8
Capital employed	508.9	520.2	508.9	520.2	490.6
Financial ratios and employees					
Organic revenue growth	3.4%	3.7%	3.1%	1.8%	3.1%
Gross margin	40.8%	42.2%	42.8%	42.3%	41.9%
EBITDA margin before special items	8.9%	10.6%	11.7%	11.0%	11.0%
EBIT margin before special items	5.2%	6.0%	8.0%	7.1%	7.2%
EBITDA margin	7.6%	5.6%	10.4%	9.4%	9.1%
EBIT margin	3.9%	0.3%	6.8%	5.3%	5.1%
Overhead costs ratio	35.0%	34.8%	34.2%	34.3%	33.9%
Working capital ratio	16.3%	18.8%	16.3%	18.8%	17.6%
Return on Capital Employed (RoCE)	16.5%	13.2%	16.5%	13.2%	14.6%
Number of full-time employees, end of period	5,749	5,604	5,749	5,604	5,607

Financial highlights are stated and ratios calculated as defined in the 2016 Annual Report

Performance in the first nine months of 2017 in line with expectations

Nilfisk realized total revenue of 252.7 mEUR in Q3 2017 with an organic growth of 3.4%. For the first nine months of 2017, revenue was 801.6 mEUR and organic growth was 3.1%.

In Q3 2017, EBITDA before special items was 22.6 mEUR, and the EBITDA margin before special items declined by 1.7 percentage points to 8.9% from 10.6% in Q3 2016.

In the first nine months of 2017, EBITDA before special items was 93.5 mEUR, and the EBITDA margin before special items increased by 0.7 percentage points to 11.7% compared to the first nine months of 2016.

Organic growth per operating segment

	Q3 2017	Q1-Q3 2017
EMEA	10.6%	5.9%
Americas	-0.1%	5.2%
APAC	-1.2%	0.3%
Subtotal excluding Specialty	5.6%	5.1%
Specialty Professional	1.4%	2.1%
Specialty Consumer	-13.9%	-9.4%
Subtotal Specialty	-5.0%	-3.5%
Group	3.4%	3.1%

Nilfisk's return on capital employed increased to 16.5% at the end of September 2017 from 13.2% at the end of September 2016.

Organic revenue growth driven by EMEA

Total revenue growth was 1.0% in Q3 2017 with an impact of -0.2% mainly from the divestment of US-based Cyclone Technology in 2016 and an impact of -2.2% from currency exchange rates. Nilfisk realized an organic revenue growth of 3.4% in Q3 2017. The organic growth was driven by positive developments in EMEA and Specialty Professional, which realized organic growth of 10.6% and 1.4% respectively. Americas realized flat organic growth seen in the light of a strong Q3 2016 organic growth. APAC realized organic growth of -1.2%, and Specialty Consumer realized organic growth of -13.9%. Total business excluding specialty segments realized an organic growth of 5.6% in Q3 2017.

For the first nine months of 2017, total revenue growth was 2.5%, impacted by -0.3% mainly from the divestment and by -0.3% from currency exchange rates. Total business realized an organic growth of 3.1% for the first nine months of 2017. Total business excluding Specialty segments realized an organic growth of 5.1% for the first nine months of 2017.

Gross margin developing as expected

In Q3 2017, the gross margin was 40.8% compared to 42.2% in Q3 2016, equivalent to a decrease of 1.4 percentage points. During Q3 2017, the gross margin was 3.0 percentage points lower than the gross margin for the first six months of 2017. The decrease was driven by changes in product mix, including a significant increase in private label sales, higher raw material prices, and higher freight cost.

For the first nine months, the gross margin increased from 42.3% in 2016 to 42.8% in 2017.

Overhead cost in line with expectations

Overhead costs were 88.4 mEUR in Q3 2017, equivalent to an overhead cost ratio of 35.0% compared to 34.8% in Q3 2016. The higher costs were mainly driven by an increased focus on research activities that cannot be capitalized, and further investments in front-end sales initiatives, while the administration costs were decreasing. Overhead cost in Q3 2017 was 4.8 mEUR below the overhead cost in Q2 2017, but the overhead cost percentage was higher due to the lower sales activity. For the first nine months, the overhead cost ratio decreased from 34.3% in 2016 to 34.2% in 2017.

EBITDA before special items in line with expectations

EBITDA before special items amounted to 22.6 mEUR in Q3 2017, down from 26.5 mEUR in Q3 2016. The EBITDA margin before special items has decreased by 1.7 percentage points to 8.9% compared to the same quarter last year. The decrease was mainly driven by a decreasing gross margin and a higher overhead cost ratio.

For the first nine months of 2017, EBITDA before special items was 93.5 mEUR, an increase by 7.2 mEUR from the same period in 2016. The EBITDA margin before special items was 11.7% compared to 11.0% for the same period in 2016, equivalent to an increase of 0.7 percentage points.

Special items

In Q3 2017, special items were 3.3 mEUR, down from 14.3 mEUR in Q3 2016. For the first nine months of 2017, special items amounted to 10.2 mEUR, down by 4.1 mEUR from the same period in 2016.

The costs in Q3 2017 primarily relate to restructuring costs of 2.0 mEUR incurred in connection with the cost saving program executed as part of the Accelerate+ initiatives. In addition, 1.3 mEUR of costs, mainly related to consultancy fees, were incurred in connection with the split from NKT Holding A/S.

Working capital still at a low level

At the end of Q3 2017, working capital was 180.6 mEUR, up by 0.6 mEUR from the end of Q3 2016. The working capital ratio measured on a 12 months' average decreased by 2.5 percentage points to 16.3% at the end of Q3 2017 from 18.8% at the end of Q3 2016. The working capital ratio at the end of Q3 2017 was impacted by a high level of payables due to an unusual high level of production in China.

Changes in working capital in Q3 2017 impacted the cash flow positively by 3.3 mEUR compared to an impact of 19.6 mEUR in Q3 2016 due to a less favorable impact from receivables.

Referring to the Annual Report 2016, the working capital level as of December 31, 2016, was unusually low as well. It was impacted by factors including the postponement of production of consumer high pressure washers because of the late Easter in 2017, as well as a low level of inventory due to strong demand in the last months of the year. This impacted the working capital positively by approximately 24 mEUR. The negative working capital development during the first nine months of 2017 reflects the low starting point for working capital at the beginning of the year.

Net interest-bearing debt

At the end of Q3 2017, total net interest-bearing debt was 262.5 mEUR, down by 3.3 mEUR against year-end 2016 and down by 31.4 mEUR against end of Q3 2016. The main part of the debt relates to intercompany balances with the parent company, NKT Holding A/S.

Interest-bearing intercompany balances at the end of Q3 2017 are recognized as long-term balances in accordance with agreements made with NKT Holding A/S and external credit facilities. The 2016 comparison figures are recognized as short-term debt reflecting agreements in place at that time.

As part of the split from NKT Holding A/S, 117 mEUR of the net interest-bearing debt of NKT Holding A/S will be allocated to Nilfisk Holding A/S in Q4 2017.

2017 Outlook

For 2017 Nilfisk has narrowed its expectations for organic revenue growth compared to the guidance provided in the Q2 2017 report released on August 17, 2017. Expectations for EBITDA margin before special items remain unchanged:

- Organic growth is expected in the range of 3-4% (from 2-4% previously)
- EBITDA margin before special items is expected to be in the range of 11.0-11.5%

Listing of Nilfisk on Nasdaq Copenhagen

During Q3 2017, the preparations for the demerger from NKT and listing of Nilfisk continued. NKT announced in September 2016 it intended to split NKT into two separately listed companies: Nilfisk and NKT. The Board of Directors of NKT concluded that a separation of NKT into two stand-alone businesses was in the best interest of its shareholders as it would allow for value creation by unlocking the full potential of each of the companies. A separation would create two leading businesses, each with a clearly defined investment case.

The demerger of NKT was adopted by the General Meeting on October 10, 2017. The demerger was adopted on the terms and conditions set out in the demerger plan dated September 11, 2017, with schedules, pursuant to which part of NKT A/S' activities, assets and liabilities will be transferred to a new company named Nilfisk Holding A/S.

Nilfisk Holding A/S was admitted to trading and official listing on Nasdaq Copenhagen as per October 12, 2017, a milestone in the company's history.

Accelerate+ cost saving program

In 2016 Nilfisk initiated a cost saving program as part of the Accelerate+ initiative, with the target of realizing 35 mEUR in annual EBITDA improvements. The full cost saving potential of Accelerate+ is expected to be achieved as of December 2019 with full EBITDA impact from the financial year 2020.

The program includes overhead reductions from structural changes and efficiencies through production footprint, sourcing initiatives, process optimization, complexity reductions, and price management. By the end of Q3 2017, initiatives implemented and launched in 2016 and during the first nine months of 2017 had positively impacted costs by savings of 12 mEUR, with an expected full-year effect of 18 mEUR, split with approximately 13 mEUR related to overhead reductions, approximately 4 mEUR related to Global Operations initiatives, and less than 1 mEUR related of other initiatives such as complexity reductions and price management.

EUR million	2016	Q1-Q3 2017	2017	2018	2019	Full potential end 2019
Expected annual accumulated impact on EBITDA before Special items related to levers executed prior to the end of each period	11	18	18-19	25-30	35	35
Expected impact on reported EBITDA before Special items in the income statement for the period	2	12	17-18	20-25	25-32	35
Expected restructuring costs for the period (reported under Special items)	10	7	8-10	8-10	5-9	35
Implementation costs for the period (reported under Special items)	5	0	0	0	0	5
Expected Accelerate+ capex investments for the period	0	2	2-3	4-6	3-5	12

GROUP FINANCIALS

Updated segmentation as of January 1, 2017

Prior to January 1, 2017, the Group's operation was split into three main sales operating segments: EMEA, Americas and APAC, which were primarily geographically defined. Most of Nilfisk Group's production and supply chain activities were included in the segment Global Operations, while an additional operating segment named "Other" included items relating to Nilfisk Group's smaller stand-alone production facilities and smaller sales entities. Global Operations is responsible for sourcing, production, and logistics. Prior to January 1, 2017, the operating segments within sales bought products from Global Operations at internally determined prices and such internal prices allowed Global Operations to cover operating expenses and realize operating profits.

With effect from January 1, 2017, the Group has redefined its operating segments to align with a new operational model and organizational structure implemented during 2016. Certain products have been carved out from the geographically defined operating segments previously used, and such products are now reported as "Specialty Professional" and "Specialty Consumer". Therefore, as of January 1, 2017, the geographically defined operating segments EMEA, Americas, and APAC are now defined entirely by certain professional products. The new carved-out segment Specialty Professional includes industrial vacuum cleaners and the outdoor and restoration equipment business, along with specialized equipment for the food industry. Specialty Consumer includes domestic vacuum cleaners and high pressure washers for the consumer markets.

The gross profit disclosed for the EMEA, Americas and APAC sales segments is based on internally determined prices for products acquired from the production units, while the operating profit related to the production of such products is reported under non-allocated. For Specialty Professional and Specialty Consumer gross profit includes full product profitability. Comparative figures for the same periods in 2016 for the carved-out Specialty segments are partly based on the Executive Management Board's judgment.

As supplementary information, the Q3 Interim Report 2017 includes gross profit information where the product profit has been allocated in full to all operating segments, thereby showing the full group profit contribution of the operating segments EMEA, Americas, APAC, Specialty Professional and Specialty Consumer. The full allocation of product profit has been implemented retrospectively from January 1, 2017. Comparative figures for the same periods in 2016 are only available for the carved-out Specialty segments and are partly based on the Executive Management Board's judgment. Consequently, and in order to have comparison figures, the segment reporting includes gross profit based on internally determined prices as well as gross profit based on full profit contribution.

The 2017 operating profit before amortization/impairment of acquisition-related intangibles and special items is disclosed by operating segments including profits and cost directly attributable to the operating segments. Overhead costs in the sourcing, production, logistics and headquarters functions are not allocated to operating segments but disclosed as non-allocated. With effect from January 1, 2017, a new overhead cost allocation model between the operating segments has been introduced in line with the new operating model implemented as of the same date. Due to a change in segments and the new allocation of cost between such segments, comparative figures for 2016 cannot be estimated reliably as the information is not available and the cost to derive such comparative numbers is deemed excessive.

MARKETS AND SEGMENTS

EMEA

118 mEUR in revenue in Q3 2017	10.6% organic growth in Q3 2017	5.9% organic growth in the first nine months of 2017

EMEA covers sales of professional products to markets in Europe, the Middle East and Africa, excluding sales in the carved-out business "Specialty".

In EMEA, Nilfisk realized revenue of 117.5 mEUR, up 10.9 mEUR from Q3 2016. Organic growth was 10.6% fueled by significant private label revenue. Excluding private label sales, EMEA organic growth amounted to 3.3% due to continued strong sales across mature markets in Western Europe and in certain parts of Eastern Europe including Turkey.

Strategic accounts within retail, agriculture and contract cleaning continued to perform strongly across EMEA.

The gross profit margin without full allocation was 26.1%, down 2.5 percentage points from Q3 2016. Gross profit was 30.7 mEUR, up 0.3 mEUR from Q3 2016 (measured without full allocation of product profits), due to changes in product mix including strong private label sales with lower margins.

In Q3 2017, the gross profit with full profit allocation in EMEA was 48.0 mEUR and the gross profit margin was 40.8% for the same period.

Americas

68 mEUR revenue in Q3 2017	-0.1% organic growth in Q3 2017	5.2% organic growth in the first nine months of 2017

Americas covers the sales of professional products to markets in North America and South America, excluding sales in the carved-out business "Speciality".

In the Americas, Nilfisk realized revenue of 68.0 mEUR, down 3.3 mEUR from the same quarter last year. Organic growth was in line with expectations -0.1%, but should be seen in light of organic growth of 10.8% for the same period last year. Revenue in the High pressure washer business and Canada showed strong growth, while revenue in the US and in Mexico has declined slightly.

The gross profit margin without full allocation improved by 1.6 percentage points to 27.5% compared to Q3 2016 due to changes in product mix sales. Gross profit was 18.7 mEUR, up 0.2 mEUR from Q3 2016 (measured without full allocation of product profits).

In Q3 2017, the gross profit with full profit allocation in Americas was 26.1 mEUR and the gross profit margin was 38.4% for the same period.

APAC

20 mEUR revenue in Q3 2017	-1.2% organic growth in Q3 2017	0.3% organic growth in the first nine months of 2017

APAC covers sales of professional products to markets in Asia and Pacific (Australia and New Zealand), excluding sales in the carved-out business "Specialty".

Nilfisk realized revenue of 19.7 mEUR in Q3 2017, down 1.1 mEUR from the same quarter last year. Organic growth was -1.2%. China continues to deliver solid growth, but the growth was offset by negative development in some of the mature countries. A major growth segment continued to be the mid-market.

The gross profit margin without full allocation was 32.8%, up 0.3 percentage point from Q3 2016. Gross profit was 6.5 mEUR, down 0.3 mEUR from Q3 2016 (measured without full allocation of product profits).

In Q3 2017, the gross profit with full profit allocation in APAC was 7.7 mEUR and the gross profit margin was 39.0% for the same period.

Specialty Professional

29 mEUR
revenue in Q3 2017

1.4%
organic growth in Q3 2017

2.1%
organic growth in the first nine months of 2017

The reporting segment Specialty Professional covers sales of industrial vacuum cleaners, outdoor equipment, restoration equipment and specialized equipment for the food industry.

In Specialty Professional, Nilfisk realized revenue of 29.4 mEUR, down 0.9 mEUR from the same quarter last year. Organic growth of 1.4% was in line with expectations on top of a strong growth in Q3 2016. Growth in the industrial vacuum cleaner business slowed down compared to the first six months of 2017.

Q3 saw a continuation of the positive trend within the Industrial Vacuum Solutions business, particularly in Americas and EMEA markets supported by investments in sales and service and an underlying positive investment climate in the manufacturing industries. This was offset by a lower activity in the Outdoor business.

Gross profit in Specialty Professional was 15.3 mEUR, down 0.1 mEUR from Q3 2016. The gross profit margin was 52.0%, up 1.2 percentage points from Q3 2016.

Specialty Consumer

18 mEUR
revenue in Q3 2017

-13.9%
organic growth in Q3 2017

-9.4%
organic growth in the first nine months of 2017

The reporting segment Specialty Consumer covers sales of consumer vacuum cleaners and consumer high pressure washers to the consumer markets.

In Specialty Consumer, Nilfisk realized revenue of 18.1 mEUR, down 3.0 mEUR from the same quarter last year. This was due to the loss of a large customer during the year as well as postponement of certain orders from Q3 into Q4 2017, resulting in an unfavorable organic growth of -13.9%. The unfavorable organic growth was particularly visible in European markets and some Pacific markets.

Gross profit in Specialty Consumer was 5.9 mEUR, down 1.7 mEUR from Q3 2016. The gross profit margin was 32.7%, down 3.4 percentage points from Q3 2016.

Strategy and operations

Organizational updates

In Q3 2017 two strong profiles joined the Nilfisk Leadership team. Jesper Terndrup Madsen was appointed head of Global Operations. He has been with Nilfisk since 2015 and has been responsible for optimizing Nilfisk' s supply chain. In addition, Serdar Ülger was appointed new head of APAC. He has been with Nilfisk since 2005 and has successfully run Nilfisk's operations in Turkey as well as the South/Southeast European region. During Q3, Nilfisk also completed structural changes to further strengthen the company's commercial focus. A new Products & Services unit was established that will drive future offerings from Nilfisk with a strong focus on autonomy, use of data, and digital services. Lars Gjødsbøl was appointed head of this new function. Lars Gjødsbøl has held various management positions within Nilfisk and most recently comes from a role as Executive Vice President for Global Operations at Nilfisk.

Development of future offerings

In the beginning of October, Nilfisk announced a new partnership with Blue Ocean Robotics, a specialized technology company focusing on developing new generations of robots for the global market. Nilfisk has a clear multi-partner strategy and wants to develop the company's product portfolio in close collaboration with highly specialized technology partners. The cooperation with Blue Ocean Robotics complements Nilfisk's existing partnerships within robotics.

Outsourcing of financial processes

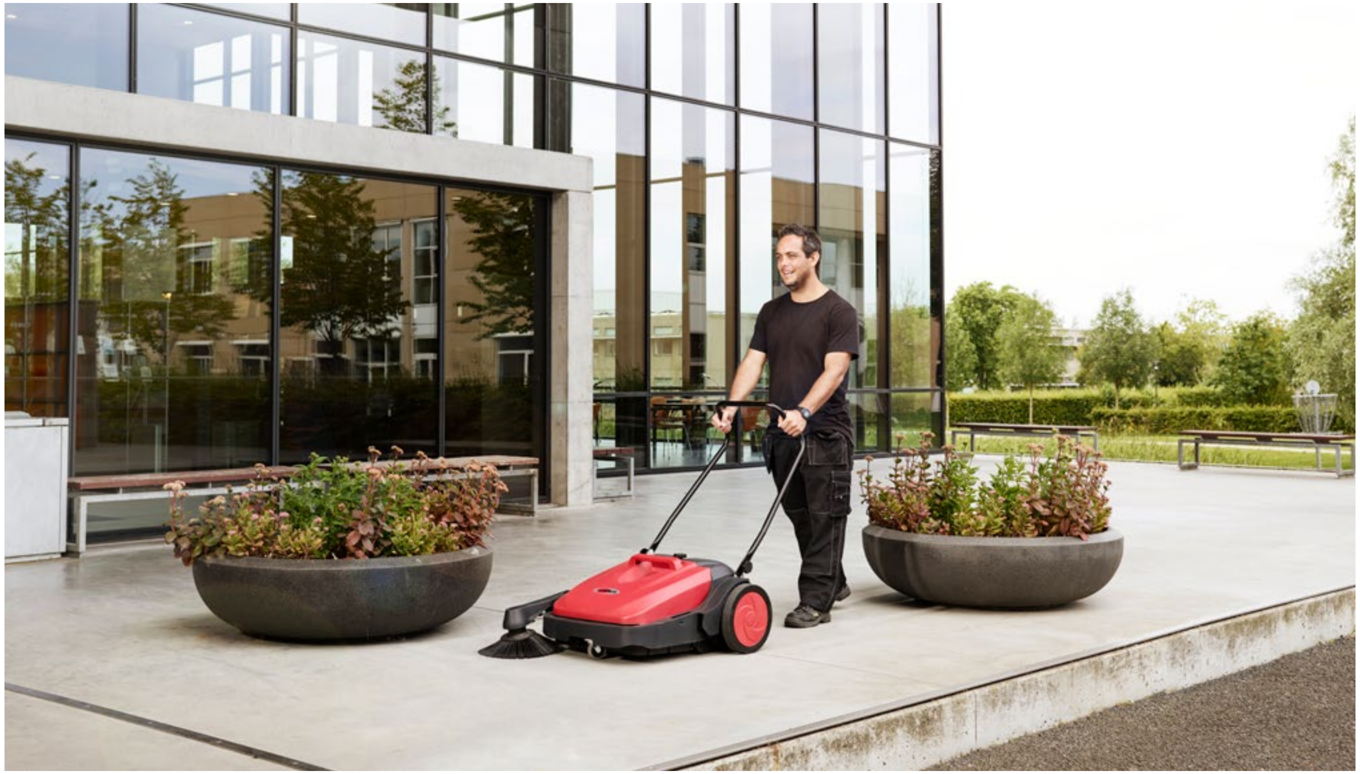
In Q3 2017, Nilfisk signed an agreement with Wipro Ltd., an India-based outsourcing provider, to outsource a selected number of transactional finance processes. The processes will be moved to Wipro's delivery center in Pune, India.

Restructuring of production setup in Europe

In September 2017, Nilfisk initiated a restructuring of the production setup in Europe. The aim of the restructuring is to create a production setup in which each factory is concentrated on specific product families. This will reduce complexity and enable effective development of operations at each site including improved quality processes, better efficiency and increased stability. The restructuring is expected to be completed during Q2, 2018. When completed, the Guardamiglio (Italy) and Lemvig (Denmark) sites will become pure Outdoor sites, the Szigetszentmiklós (Hungary) site will produce Floorcare products and the Nagykanizsa (Hungary) plant will become a site focused on professional HPW as well as Vacuum Cleaners.

Products and launches

In Q3 2017, Nilfisk launched five new products. Among others the PS480, the first manual push sweeper from Viper, and the CS7010 hybrid and ePower combimachine, which reinvents an entire class of equipment by reducing total cost of ownership including operation, labor and maintenance. The completion and commercialization of the new autonomous scrubber, the Nilfisk Liberty A50, is progressing according to plan. The first units are expected to be released towards the end of 2017 or in the first part of 2018.



INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Income statement

EUR million	Note	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	Year 2016
Revenue	2	252.7	250.1	801.6	782.1	1,058.5
Cost of sales		-149.7	-144.6	-458.1	-450.9	-615.1
Gross profit		**103.0**	**105.5**	**343.5**	**331.2**	**443.4**
Research and development costs	5	-7.6	-6.8	-23.7	-21.7	-30.0
Sales and distribution costs	5	-60.9	-57.6	-189.6	-178.4	-236.4
Administrative costs	5	-20.4	-23.5	-62.9	-70.7	-93.0
Other operating income, net		0.5	0.9	1.9	2.5	0.8
Operating profit before amortization/ impairment of acquisition-related intangibles and special items		**14.6**	**18.5**	**69.2**	**62.9**	**84.8**
Amortization/impairment of acquisition-related intangibles	5	-1.5	-3.4	-4.7	-7.4	-9.0
Special items	3, 4	-3.3	-14.3	-10.2	-14.3	-21.8
Profit before financial items and income taxes (EBIT)		**9.8**	**0.8**	**54.3**	**41.2**	**54.0**
Financial income		1.7	1.9	5.3	7.9	13.0
Financial expenses		-3.4	-4.0	-11.5	-17.1	-24.0
Profit before income taxes		**8.1**	**-1.3**	**48.1**	**32.0**	**43.0**
Income taxes		-2.3	0.3	-13.5	-8.0	-13.5
Profit for the period		**5.8**	**-1.0**	**34.6**	**24.0**	**29.5**
Earnings per share (based on 5.000.000 shares issued)						
Basic earnings per share (EUR)		1.16	-0.20	6.92	4.80	5.90
Diluted earnings per share (EUR)		1.16	-0.20	6.92	4.80	5.90

Statement of comprehensive income

EUR million	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	Year 2016
Profit for the period	5.8	-1.0	34.6	24.0	29.5
Other comprehensive income					
Items that may be reclassified to the income statement:					
Foreign exchange adjustments, foreign companies	-3.0	-1.7	-10.8	-5.9	-3.9
Value adjustment of hedging instruments:					
Value adjustment for the period	-0.8	-0.5	-3.6	-1.3	-0.3
Transferred to cost of sales	1.1	0.3	0.8	0.0	0.2
Transferred to financial income and expenses	-0.2	0.3	-0.1	0.8	0.8
Fair value adjustment of available for sales securities	0.0	0.1	0.2	0.3	0.3
Tax on comprehensive income	0.0	0.0	0.6	0.1	-0.2
Items that may not be reclassified to income statement:					
Actuarial gains/losses on defined benefit pension plans	0.0	0.0	0.0	0.0	-2.4
Tax on actuarial gains/losses	0.0	0.0	0.0	0.0	0.5
Comprehensive income for the period	**2.9**	**-2.5**	**21.7**	**18.0**	**24.5**

Balance sheet

EUR million	Sep 30, 2017	Sep 30, 2016	Dec 31, 2016
Assets			
Intangible assets			
Goodwill	165.7	170.2	179.3
Trademarks	12.4	14.5	14.8
Customer related assets	13.8	17.1	17.2
Development projects completed	37.8	37.0	39.4
Software, Know-how, Patents and Competition Clauses	21.5	27.1	24.9
Development projects and software in progress	26.6	20.7	21.8
	277.8	286.6	297.4
Property, plant and equipment			
Land and buildings	11.1	12.3	12.4
Plant and machinery	4.9	5.2	5.6
Tools and equipment	37.4	33.8	38.2
Assets under construction incl. prepayments	3.8	8.8	5.5
	57.2	60.1	61.7
Other non-current assets			
Investments in associates	18.7	17.1	17.7
Other investments and receivables	6.4	6.7	6.2
Deferred tax	16.3	14.6	16.2
	41.4	38.4	40.1
Total non-current assets	**376.4**	**385.1**	**399.2**
Inventories	195.1	191.1	173.3
Receivables	214.4	199.9	203.6
Interest-bearing receivables	39.6	158.2	175.7
Income tax receivable	6.8	6.6	2.8
Cash at bank and in hand	20.7	19.8	28.5
Total current assets	**476.6**	**575.6**	**583.9**
Total assets	**853.0**	**960.7**	**983.1**

EUR million	Sep 30, 2017	Sep 30, 2016	Dec 31, 2016
Equity and liabilities			
Equity			
Share capital	67.2	67.2	67.2
Reserves	-9.8	-2.9	3.1
Retained comprehensive income	188.9	151.2	154.5
Proposed dividends	0.0	0.0	0.0
Total attributable to equity holders of Nilfisk A/S	246.3	215.5	224.8
Total equity	**246.3**	**215.5**	**224.8**
Non-current liabilities			
Deferred tax	22.6	20.4	23.5
Pension liabilities	6.9	5.4	7.5
Provisions	6.6	6.8	6.8
Interest-bearing loans and borrowings	318.9	0.2	191.5
Other liabilities	1.3	1.3	1.4
	356.3	34.1	230.7
Current liabilities			
Interest-bearing loans and borrowings	4.0	482.4	278.5
Trade payables and other liabilities	225.0	207.2	232.1
Income tax payable	9.4	9.2	4.5
Provisions	12.0	12.3	12.5
	250.4	711.1	527.6
Total liabilities	**606.7**	**745.2**	**758.3**
Total equity and liabilities	**853.0**	**960.7**	**983.1**

Cash flow statement

EUR million	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	Year 2016
Profit before financial items and income taxes (EBIT)	**9.8**	**0.8**	**54.3**	**41.2**	**54.0**
Depreciation, amortization and impairment	9.5	13.2	29.0	32.6	42.8
Non-cash operating items:					
Profit on sale of non-current assets, used and increase in provisions, and other non-cash operating items, etc.	0.8	-0.3	-2.6	-1.8	2.2
Changes in working capital	3.3	19.6	-51.4	-1.0	39.0
Cash flow from operations before financial items and income taxes	23.4	33.3	29.3	71.0	138.0
Financial income received	1.4	2.1	4.2	7.1	11.4
Financial expenses paid	-2.5	-3.6	-8.5	-15.5	-22.0
Income tax paid	-5.1	-2.7	-13.0	-8.0	-12.7
Cash flow from operating activities	**17.2**	**29.1**	**12.0**	**54.6**	**114.7**
Acquisition of businesses	0.0	2.0	0.0	-28.8	-28.9
Acquisition of non-controlling interests	0.0	-2.6	0.0	-2.9	-3.2
Divestment of businesses	0.0	0.0	0.0	0.0	0.0
Investments in property, plant and equipment	-3.1	-3.9	-10.3	-15.4	-20.6
Disposal of property, plant and equipment	0.5	1.2	1.6	2.0	2.8
Intangible assets and other investments	-3.9	-4.4	-14.6	-16.1	-22.7
Cash flow from investing activities	**-6.5**	**-7.7**	**-23.3**	**-61.2**	**-72.6**
Changes in current interest-bearing receivables	114.6	-8.6	130.6	4.9	-17.6
Changes in current interest-bearing loans and borrowings	-249.4	-14.4	-242.2	156.4	-25.9
Changes in non-current interest-bearing loans and borrowings	125.6	0.2	116.5	-155.9	8.8
Cash flow from financing activities	**-9.2**	**-22.8**	**4.9**	**5.4**	**-34.7**
Net cash flow for the period	**1.5**	**-1.4**	**-6.4**	**-1.2**	**7.4**
Cash at bank and in hand, at the beginning of the period	19.7	21.3	28.5	21.2	21.2
Currency adjustments	-0.5	-0.1	-1.4	-0.2	-0.1
Cash at bank and in hand, end of period	**20.7**	**19.8**	**20.7**	**19.8**	**28.5**

Statement of changes in equity

EUR million	Sep 30, 2017	Sep 30, 2016	Dec 31, 2016
Equity, January 1	**224.8**	**200.7**	**200.7**
Other comprehensive income:			
Foreign exchange translation adjustments	-10.8	-5.9	-3.9
Value adjustment of hedging instruments:			
Value adjustment for the period	-3.6	-1.3	-0.3
Transferred to cost of sales	0.8	0.0	0.2
Transferred to financial income and expenses	-0.1	0.8	0.8
Fair value adjustment of available for sales securities	0.2	0.3	0.3
Actuarial gains/losses on defined benefit pension plans	0.0	0.0	-2.4
Tax on actuarial gains/losses	0.0	0.0	0.5
Tax on other comprehensive income	0.6	0.1	-0.2
Total other comprehensive income	-12.9	-6.0	-5.0
Profit for the period	34.6	24.0	29.5
Comprehensive income for the period	**21.7**	**18.0**	**24.5**
Share option program	-0.2	0.0	2.8
Additions/disposals, non-controlling interests	0.0	-3.2	-3.2
Total changes in equity for the period	**21.5**	**14.8**	**24.1**
Equity, end of period	**246.3**	**215.5**	**224.8**

Note 1

ACCOUNTING POLICIES

This Interim Report has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU.

Prior to January 1, 2017, the Group’s operation was split into three main sales operating segments: EMEA, Americas and APAC, which were primarily geographically defined. Most of Nilfisk Group’s production and supply chain activities were included in the segment Global Operations, while an additional operating segment named “Other” included items relating to Nilfisk Group’s smaller stand-alone production facilities and smaller sales entities. Global Operations is responsible for sourcing, production, and logistics. Prior to January 1, 2017, the operating segments within sales bought products from Global Operations at internally determined prices and such internal prices allowed Global Operations to cover operating expenses and realize operating profits.

With effect from January 1, 2017, the Group has redefined its operating segments to align with a new operational model and organizational structure implemented during 2016. Certain products have been carved out from the geographically defined operating segments previously used, and such products are now reported as “Specialty Professional” and “Specialty Consumer”. Therefore, as of January 1, 2017, the geographically defined operating segments EMEA, Americas, and APAC are now defined entirely by certain professional products. The new carved-out segment Specialty Professional includes industrial vacuum cleaners and the outdoor and restoration equipment business, along with specialized equipment for the food industry. Specialty Consumer includes domestic vacuum cleaners and high pressure washers for the consumer markets.

In the Q3 Interim Report 2017, the gross profit disclosed for the EMEA, Americas and APAC sales segments is based on internally determined prices for products acquired from the production units, while the operating profit related to the production of such products is reported under non-allocated. For Specialty Professional and Specialty Consumer gross profit includes full product profitability.

Comparative figures for the same periods in 2016 for the carved-out Specialty segments are partly based on the Executive Management Board’s judgment.

As supplementary information, the Q3 Interim Report 2017 includes gross profit information where the product profit has been allocated in full to all operating segments, thereby showing the full group profit contribution of the operating segments EMEA, Americas, APAC, Specialty Professional and Specialty Consumer. The full allocation of product profit has been implemented retrospectively from January 1, 2017. Comparative figures for the same periods in 2016 are only available for the carved-out Specialty segments and are partly based on the Executive Management Board’s judgment.

Consequently, and in order to have comparison figures, the segment reporting includes gross profit based on internally determined prices as well as gross profit based on full profit contribution.

The 2017 operating profit before amortization/impairment of acquisition-related intangibles and special items is disclosed by operating segments including profits and cost directly attributable to the operating segments. Overhead costs in the sourcing, production, logistics and headquarter functions are not allocated to operating segments but disclosed as non-allocated. With effect from January 1, 2017, a new overhead cost allocation model between the operating segments has been introduced in line with the new operating model implemented as of the same date. Due to a change in segments and the new allocation of cost between such segments, comparative figures for 2016 cannot be estimated reliably as the information is not available and the cost to derive such comparative numbers is deemed excessive.

Except for above, the interim report follows the same accounting policies as the 2016 Annual report. Regarding accounting estimates, please refer to Note 1.1 on page 41 of the 2016 Annual Report. Regarding risks please refer to Note 6.8 on page 88 of the 2016 Annual Report and the information contained in the section on risk management on page 28 of the Annual Report.

Reclassifications

The Nilfisk Group has made a reclassification that affects cost of sales as well as sales and distribution costs in 2016. The reclassification involves the transfer of direct distribution costs of a total of 5.8 mEUR from being included in “cost of sales” to “sales and distribution costs” in 2016. The effect for the first nine months of 2016 is 4.3 mEUR. This reclassification affects “gross profit” as well as the overhead cost ratio. “Operating profit before amortization/impairment of acquisition-related intangibles and special items” is not affected.

Note 2

SEGMENT INFORMATION

EMEA, Americas, and APAC cover sales of professional products to markets globally, excluding sales in the carved-out segments "Specialty Professional" and "Specialty Consumer". Specialty Professional covers industrial vacuum cleaners, outdoor equipment, restoration equipment and specialized equipment for the food industry. Specialty Consumer covers domestic vacuum cleaners and consumer high pressure washers for the consumer markets.

EUR million	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	Year 2016
Revenue					
EMEA	117.5	106.6	354.4	335.7	468.3
Americas	68.0	71.3	218.8	208.2	275.1
APAC	19.7	20.8	59.9	59.7	80.6
Subtotal excluding Specialty	205.2	198.7	633.1	603.6	824.0
Specialty Professional	29.4	30.3	91.3	93.1	130.1
Specialty Consumer	18.1	21.1	77.2	85.4	104.4
Subtotal Specialty	47.5	51.4	168.5	178.5	234.5
Group	252.7	250.1	801.6	782.1	1,058.5

EUR million	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	Year 2016
Gross profit without full allocation					
EMEA	30.7	30.4	97.7	95.6	130.9
Americas	18.7	18.5	60.8	56.2	74.5
APAC	6.5	6.8	19.7	19.5	25.5
Subtotal excluding Specialty	55.9	55.7	178.2	171.3	230.9
Specialty Professional	15.3	15.4	46.5	47.4	66.1
Specialty Consumer	5.9	7.6	28.7	31.2	38.1
Subtotal Specialty	21.2	23.0	75.2	78.6	104.2
Non-allocated	25.9	26.8	90.1	81.3	108.3
Group	103.0	105.5	343.5	331.2	443.4

In the upper right table, gross profit has been allocated in full to the operating segments. Accordingly, gross profit for each segment includes the gross profit from the entire value chain including production and distribution for the 2017 figures. Comparative figures for the same period in 2016 are only available for the carved-out Specialty segments as discussed in note 1.

The lower right table shows the operating profit before amortization/impairment of acquisition-related intangibles and special items disclosed by operating segments. The overview is based on gross profit without full allocation less cost directly attributable to each operating segment. Comparative figures for 2016 are not available as discussed in note 1.

EUR million	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	Year 2016
Gross profit with full allocation					
EMEA	48.0	n.a	153.7	n.a	n.a
Americas	26.1	n.a	90.2	n.a	n.a
APAC	7.7	n.a	24.4	n.a	n.a
Subtotal excluding Specialty	81.8	82.5	268.3	252.6	339.2
Specialty Professional	15.3	15.4	46.5	47.4	66.1
Specialty Consumer	5.9	7.6	28.7	31.2	38.1
Subtotal Specialty	21.2	23.0	75.2	78.6	104.2
Group	103.0	105.5	343.5	331.2	443.4

EUR million	Q3 2017	Q1-Q3 2017
Operating profit before amortization/impairment of acquisition-related intangibles and special items		
EMEA	7.8	26.8
Americas	2.4	10.0
APAC	0.6	2.5
Subtotal excluding Specialty	10.8	39.3
Specialty Professional	4.1	11.2
Specialty Consumer	-3.1	0.0
Subtotal Specialty	1.0	11.2
Non-allocated	2.8	18.7
Group	14.6	69.2

Note 3

SPECIAL ITEMS

The note describes income and expenses recognized that have a non-recurring and special nature against normal operating income and expenses.

Special items

EUR million	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	Year 2016
Accelerate+ initiatives	2.0	8.0	6.9	8.0	15.1
Loss on divestment of business	0.0	3.2	0.0	3.2	3.3
Write-down/impairment	0.0	3.1	0.0	3.1	3.1
Costs related to split from NKT Holding A/S	1.3	0.0	3.3	0.0	0.3
	3.3	14.3	10.2	14.3	21.8

The Accelerate+ initiative includes the implementation of a new operating model and a new organizational structure as well as a cost saving program. Costs incurred to implement this initiative include consultancy fees and supporting tools as well as organizational changes, alignment of facilities, and redundancy costs to staff where one-off related costs are paid out.

In 2016, the US-based Cyclone Technology was divested. The loss recognized as a special item consists of intangible, tangible and current assets disposed with a sales price below carrying value. Also in 2016, impairment of 4.6 mEUR relates to the restructuring of a small business within the Specialty Professional operating segment. An impairment on trademarks, know-how, patents and competition clauses of 1.5 mEUR in total is presented under "Amortization/impairment of acquisition-related intangibles" whereas write-down of other current and non-current assets in the amount of 3.1 mEUR is presented under Special items.

Costs related to the intended split from NKT Holding A/S mainly relate to consultancy fees in connection with the separate listing of Nilfisk A/S.

Note 4

INCOME STATEMENT CLASSIFIED BY FUNCTION

The Nilfisk Group presents the Income statement based on a classification of the costs by function in order to show the "Operating profit before amortization/impairment of acqui-sition-related intangibles and special items". These items are therefore separated from the individual functions, but be-low presented as if they are allocated to each function.

Income statement

EUR million	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	Year 2016
Revenue	252.7	250.1	801.6	782.1	1,058.5
Cost of sales	-150.2	-146.7	-459.5	-454.0	-619.3
Gross profit	102.5	103.4	342.1	328.1	439.2
Research and development costs	-7.9	-8.4	-24.3	-23.3	-31.8
Sales and distribution costs	-62.5	-62.3	-194.8	-186.1	-247.0
Administrative costs	-22.8	-30.0	-70.6	-77.2	-103.7
Other operating income, net	0.5	-1.9	1.9	-0.3	-2.7
Profit before financial items and income taxes (EBIT)	9.8	0.8	54.3	41.2	54.0
Amortization/impairment of acquisition-related intangibles are divided into:					
Cost of sales	-0.4	-0.7	-1.2	-1.7	-2.1
Sales and distribution costs	-1.1	-2.7	-3.5	-5.7	-6.9
	-1.5	-3.4	-4.7	-7.4	-9.0
Special items are divided into:					
Cost of sales	-0.1	-1.4	-0.2	-1.4	-2.1
Research and development costs	-0.3	-1.6	-0.6	-1.6	-1.8
Sales and distribution costs	-0.5	-2.0	-1.7	-2.0	-3.7
Administrative costs	-2.4	-6.5	-7.7	-6.5	-10.7
Other operating income, net	0.0	-2.8	0.0	-2.8	-3.5
	-3.3	-14.3	-10.2	-14.3	-21.8

Note 5

AMORTIZATION, DEPRECIATION AND IMPAIRMENT

This note shows the split of amortization, depreciation and impairment for the Nilfisk Group in the Income statement.

Split of amortization, depreciation and impairment in the Income statement

EUR million	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	Year 2016
Cost of sales, depreciation and impairment	3.0	2.3	8.7	7.3	10.0
Cost of sales, amortization and impairment	0.0	0.0	0.0	0.1	0.1
Research and development costs, depreciation and impairment	0.1	0.0	0.2	0.2	0.3
Research and development costs, amortization and impairment	3.3	3.2	10.3	8.7	12.1
Sales and distribution costs, depreciation and impairment	0.2	0.3	0.8	0.9	1.2
Sales and distribution costs, amortization and impairment	0.4	0.4	1.1	1.1	1.6
Administrative costs, depreciation and impairment	0.5	0.6	1.6	1.7	2.2
Administrative costs, amortization and impairment	0.5	1.2	1.6	3.4	4.5
Amortization/impairment of acquisition-related intangibles	1.5	3.4	4.7	7.4	9.0
Special items, impairment	0.0	1.8	0.0	1.8	1.8
	9.5	13.2	29.0	32.6	42.8
Total depreciation and impairment of tangibles	3.8	3.5	11.3	10.3	13.9
Total amortization and impairment of non-acquisition related intangibles	4.2	6.3	13.0	14.9	19.9
Total amortization and impairment of acquisition related intangibles	1.5	3.4	4.7	7.4	9.0
	9.5	13.2	29.0	32.6	42.8

Group management's statement

The Board of Directors and the Executive Management Board have today discussed and approved the Q3 Interim Report of Nilfisk A/S for the period January 1 - September 30, 2017.

The Interim consolidated financial statements, which have not been audited or reviewed by the Group's independent auditor, has been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU. The Interim consolidated financial statements have been prepared in accordance with additional Danish requirements.

In our opinion, the Interim Report gives a true and fair view of the Group's assets, liabilities and financial position at September 30, 2017, and the results of the Group's activities and cash flow for the period January 1 - September 30, 2017.

We also believe that the Management's review provides a fair statement of developments in the activities and financial situation of the Group, financial results for the period, and the general financial position of the Group.

Brøndby, November 15, 2017

Executive Management Board

Hans Henrik Lund
CEO

Karina Deacon
CFO

Lars Gjødsbøl
EVP

Anders Terkildsen
EVP

Board of Directors

Jens Due Olsen
Chairman

René Svendsen-Tune
Deputy Chairman

Jens Maaløe

Jutta af Rosenborg

Anders Runevad

Lars Sandahl Sørensen

Michael Gamtofte

Jean-Marc Rios Dionne

Statements made about the future in this report reflect the Executive Management Boards' current expectations with regard to future events and financial results. Statements about the future are by their nature subject to uncertainty, and the results achieved may therefore differ from the expectations, due to economic and financial market developments, legislative and regulatory changes in markets that Nilfisk operates in, development in product demand, competitive conditions, energy and raw material prices, and other risk factors. See also latest Annual Report for a more detailed description of risk factors.

Nilfisk A/S disclaims any liability to update or adjust statements about the future or the possible reasons for differences between actual and anticipated results except where required by legislation or other regulations.

Nilfisk's Interim Report Q3 2017 was published on November 15, 2017. The report is also available at www.nilfisk.com.

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Nilfisk