## Nilfisk full-year results 2020

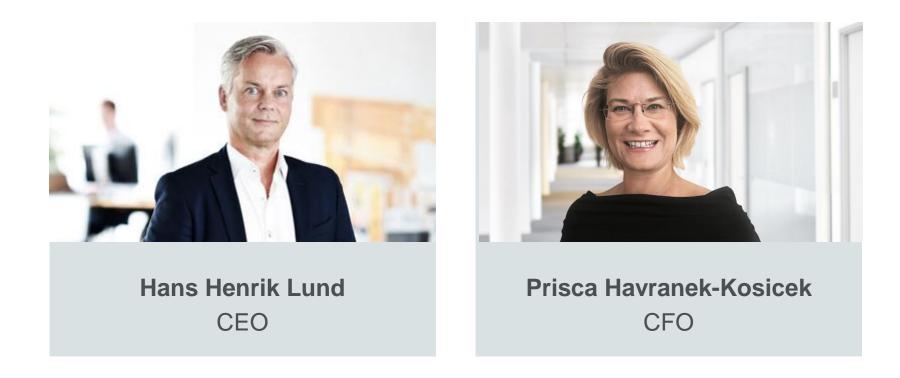
Webcast presentation

March 3, 2021





## On the call today

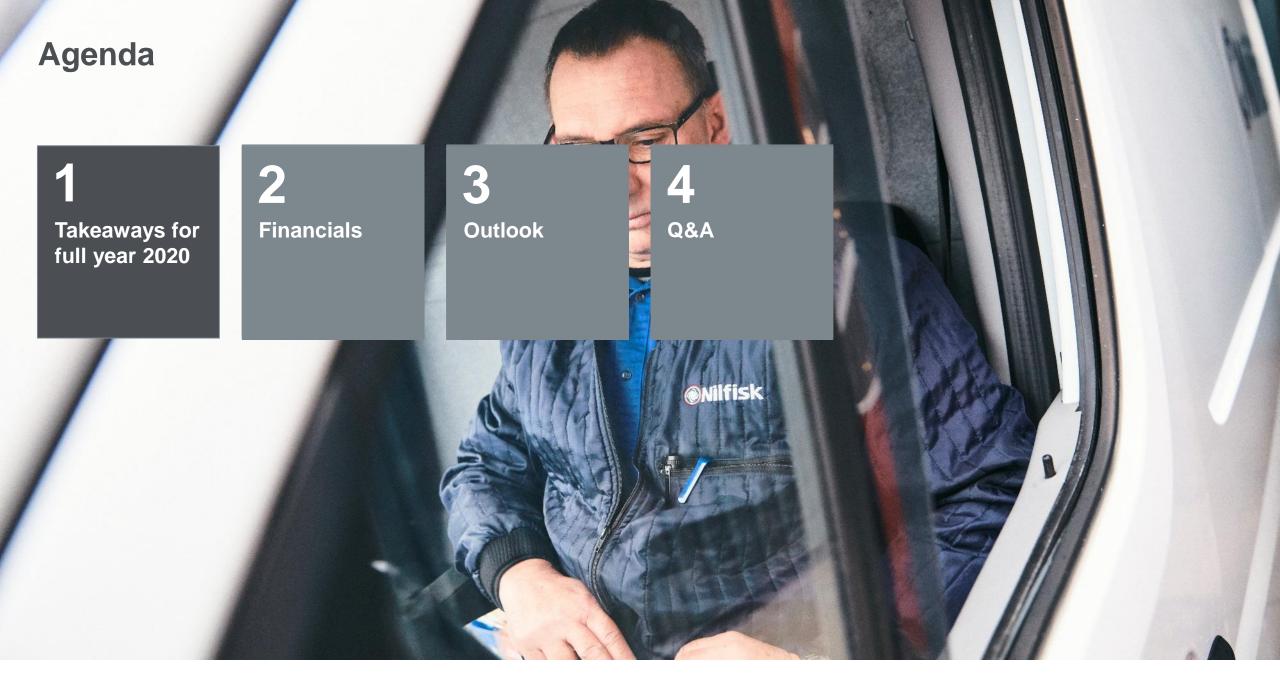


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## Forward looking statements

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.





## Key takeaways for 2020

- Swift reaction to the COVID-19 pandemic
- Strict cost control and disciplined measures
- Earnings in line with last year despite lower revenue

- Steep decline in demand as the pandemic hit
- Gradual and steady recovery in demand quarter over quarter in the second half of 2020

**12.1%** EBITDA margin before special items

**Nilfisk** 

-11.5% Organic growth



## Swift action as a response to the pandemic

Maintaining operations to serve customers

- Fully operational
- Critical infrastructure
- Status as essential business

- Launching solutions to target COVID challenges
- Steam cleaners and disinfectant sprayer
- UV-light module

- Exploring new ways of customer interaction
- Meeting customers
   online
- Virtual product demos

Enforcing strict cost management focus

Nilfisk SC500

- Proactive cash management
- CAPEX reduction
- Restructuring plan executed



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Execution of key strategic initiatives continued according to plan

# Expanding sales of autonomous solutions

- Airports, retail and healthcare
- Growing interest in autonomous technology

## New autonomous scrubber

- Launching the Nilfisk Liberty SC60
- Large applications
- Building on software from BrainCorp

## Executing US growth plan

- Leveraging the full portfolio
- Serving distribution partners better
- Strategic accounts

## Successful roll-out of e-commerce

brain<sup>®</sup>

....

- Global e-commerce solution
- 16 European markets by yearend 2020

## Consolidation of distribution centers

- Two new European distribution centers
- Operated by third party
- Operations moved from Denmark

### Focusing on commercial execution as markets recover



- Digital solutions and customer experience
- Sustainability

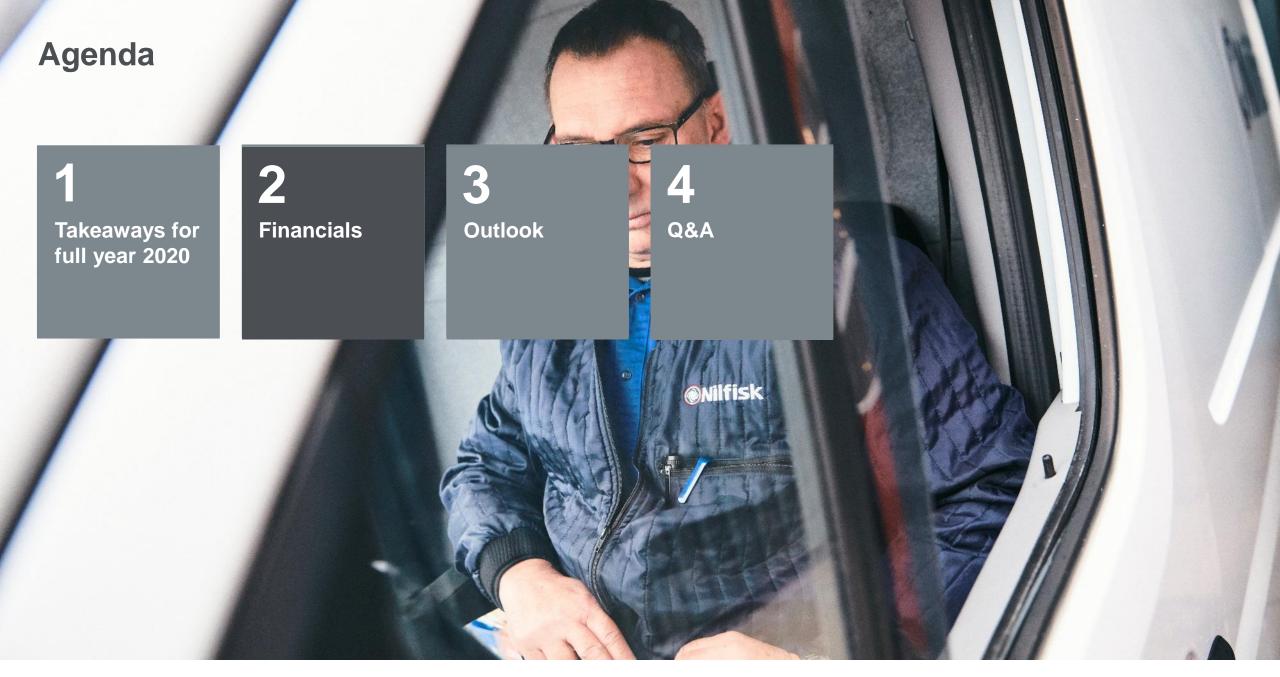
#### Expected pick-up in demand

- Focus on regaining sales volumes as markets recover from the pandemic
- Towards normalized market
   conditions but visibility still low

#### **Commercial execution in place**

- Progress made in simplifying structures and processes
- Solid foundation for commercial execution





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## Highlights for Q4 2020 Q4 income statement

EUR million	Q4 2020	Q4 2019	Change
Net sales	220.2	233.8	-13.6
Reported growth	-5.8%	-9.6%	3.8%
Organic growth	-2.1%	-6.3%	4.2%
COGS	-126.9	-140.0	13.1
Gross profit	93.3	93.8	-0.5
Gross margin	42.4%	40.1%	2.3%
Overhead costs	-81.2	-86.6	5.4
Overhead cost ratio	36.9%	37.0%	-0.1%
EBITDA before special items	30.9	25.2	5.7
EBITDA margin bsi	14.0%	10.8%	3.2%
Special items	-0.8	-3.0	2.2
EBITDA	30.4	22.4	8.0
EBITDA margin	13.8%	9.6%	4.2%
EBIT	11.3	4.2	7.1
EBIT margin	5.1%	1.8%	3.3%

С	omments
•	<ul> <li>Continued pickup in demand during Q4. Organic growth of -2.1%</li> <li>Impact from Consumer exit from Pacific -0.3%</li> <li>Negative impact from FX of -3.4%</li> <li>2019 gross margin negatively affected by large one-time sale at low margin in the consumer business</li> </ul>
•	Lower personnel costs and activity-related costs such as travel, marketing and consultants
•	EBITDA margin up by 4.2 percentage points as a result of improved gross margin
•	Low special items mainly related to ongoing consolidation of European distribution centers

## Highlights for the full year 2020 FY 2020 income statement

EUR million	FY 2020	FY 2019	Change
Net sales	832.9	966.5	-133.6
Reported growth	-13.8%	-8.3%	-5.5%
Organic growth	-11.5%	-4.1%	-7.4%
COGS	-486.2	-559.2	73.0
Gross profit	346.7	407.3	-60.6
Gross margin	41.6%	42.1%	-0.5%
Overhead costs	-313.8	-357.5	43.7
Overhead cost ratio	37.7%	37.0%	0.7%
EBITDA before special items	100.5	117.7	-17.2
EBITDA margin bsi	12.1%	12.2%	-0.1%
Special items	-10.8	-23.9	13.1
EBITDA	90.6	95.0	-4.4
EBITDA margin	10.9%	9.8%	1.1%
EBIT	22.1	25.9	-3.8
EBIT margin	2.7%	2.7%	0.0%

Comments	
<ul> <li>Sharp decline in demand in H1, followed by steady recovery across most markets in H2</li> <li>Impact from consumer exit -0.8%</li> <li>Negative impact from FX -1.5%</li> </ul>	
<ul> <li>Gross margin negatively affected by low capacity utilization and higher freight rates in H2</li> </ul>	ation
Gradual improvement of capacity utilization in H2	
<ul> <li>Overhead cost reductions driven by a combination of lo activity-related costs and lower personnel expenses</li> </ul>	wer
<ul> <li>EBITDA margin before special items in line with last year due to lower overhead costs</li> </ul>	ar
<ul> <li>Special items significantly lower than last year, mainly related to restructuring carried out in Q2 2020</li> </ul>	



	Q4 2020	Q4 2019	FY 2020	FY 2019
Revenue (mEUR)	111.7	119.7	396.6	453.0
Organic growth	-5.1%	-3.7%	-11.6%	-2.2%
Gross margin	46.7%	45.4%	46.2%	47.5%
EBITDA margin bsi	28.6%	29.2%	25.8%	28.3%

#### Comments

#### Q4 2020

- Continued improvement in Q4 across most markets
  - EMEA North region particularly improved, driven by Denmark
- Gross margin pickup in Q4 due to improved capacity utilization and pricing
- EBITDA margin before special items positively impacted by improved gross margin

#### FY 2020

- Full-year organic growth impacted by the sharp drop in demand seen in Q2, recovering steadily during Q3 and Q4
  - EMEA South region most severely impacted, but also experienced the sharpest recovery in H2
- Gross margin negatively impacted by low capacity utilization as well as higher freight rates in H2
- Lower activity-related costs and lower personnel expenses partly compensated for lower gross profit
- EBITDA margin before special items down 2.5 percentage points

### Americas



	Q4 2020	Q4 2019	FY 2020	FY 2019
Revenue (mEUR)	62.7	66.4	247.6	291.3
Organic growth	2.1%	-13.3%	-12.4%	-2.8%
Gross margin	41.1%	42.6%	40.6%	42.2%
EBITDA margin bsi	20.9%	17.0%	18.7%	18.9%

#### Comments

#### Q4 2020

- Positive growth in the quarter
- Continued pickup in activity in the US
- Slower and less consistent pickup in other Americas markets
- Gross margin pickup compared to Q3 due to higher activity
- Cost management efforts more than compensated for gross profit drop, leading to improved EBITDA in both nominal and relative terms

#### FY 2020

- Sharp drop in demand in Q2 recovering through Q3 and Q4, in the US in particular
  - Recovery trend in Canada and Latin America less pronounced
- Gross margin negatively affected by low capacity underutilization and higher freight costs in H2. Positively affected by pricing
- Cost management efforts partly offset gross profit drop and led to an EBITDA margin on par with 2019



	Q4 2020	Q4 2019	FY 2020	FY 2019
Revenue (mEUR)	18.2	23.6	65.8	93.5
Organic growth	-20.6%	-4.3%	-28.0%	-4.3%
Gross margin	40.1%	35.6%	38.8%	38.4%
EBITDA margin bsi	7.7%	9.7%	5.3%	13.3%

#### Comments

#### Q4 2020

- Still very low demand in hospitality segment across region. Slow pickup in demand in other segments
- Good performance in the Pacific region
- Q4 2019 gross margin negatively affected by inventory writedowns in Australia
- Modest cost reduction did not compensate for drop in gross profit

#### FY 2020

- Full-year revenue significantly affected by the sharp drop in demand; demand is only slowly recovering
- Gross margin improved mainly due to inventory write-downs in H2 2019
- Lower activity-related costs did not compensate for material drop in revenue leading to lower EBITDA in both nominal and relative terms

## **Other business units**

#### Consumer

- High demand throughout the year positively impacted by stayat-home restrictions and changed patterns in household spending
- Solid commercial execution driving sales momentum and leading to new customer wins
- 2019 gross margin negatively affected by large one-time sale at low margin in Q4 2019

#### **Private label and other**

- Full year organic growth negatively affected by out-phasing of certain customers
- Gross margin improvement largely driven by product mix effects

	Q4 2020	Q4 2019	FY 2020	FY 2019
Revenue (mEUR)	13.4	12.4	76.0	75.8
Organic growth	17.5%	12.0%	15.7%	-11.8%
Gross margin	29.1%	5.6%	33.7%	29.8%

	Q4 2020	Q4 2019	FY 2020	FY 2019
Revenue (mEUR)	14.2	11.7	46.9	52.9
Organic growth	22.6%	-10.4%	-11.3%	-14.4%
Gross margin	28.9%	17.1%	25.6%	20.2%

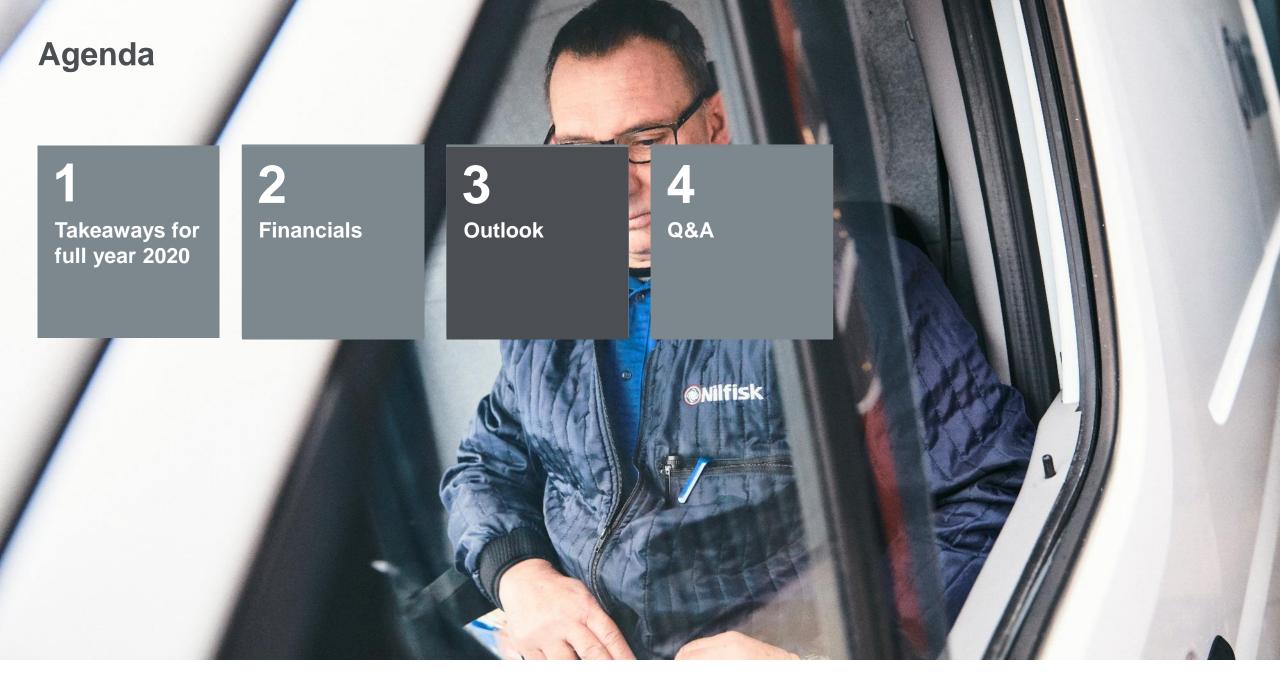


## **Balance sheet and cash flow**

EUR million	Q4 2020	Q4 2019	Change	FY 2020	FY 2019	Change	Comments
Inventories Trade receivables Trade payables				149.3 154.2 99.9		-23.4 -20.8 -12.0	<ul> <li>Significant r both lower a working cap</li> </ul>
Reported WC 12m WC ratio				131.6 <i>18.8%</i>	157.9 20.6%	-26.3 -1.8%	<ul> <li>Significantly activity and general</li> </ul>
CAPEX Tangibles Intangibles <i>CAPEX ratio %</i> Free cash flow	5.1 2.1 3.0 2.3% 35.4	3.3%	-2.5 2.6 -5.1 -0.9% 18.6	17.0 5.4 11.6 2.0% 73.5	10.4 33.0 <i>4.5%</i>	-26.4 -5.0 -21.4 -2.4% 38.2	<ul> <li>Full-year free lower special paid</li> <li>NIBD furthe 30.9 mEUR working cap</li> <li>Financial ge</li> </ul>
RoCE NIBD <i>Financial gearing</i>				5.9% 383.2 3.8 x		-2.6% -30.9 0.3	year

- reduction in working capital driven by activity but also by intensified focus on pital management
- ly lower CAPEX owing to lower R&D d stringent prioritization of investments in
- ree cash flow twice as high as 2019 due to cial items and CAPEX as well as lower tax
- er reduced during Q4. Total reduction of R to last year driven by lower tied-up pital and low CAPEX during the year
- jearing of 3.8 up slightly compared to last





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## Outlook 2021

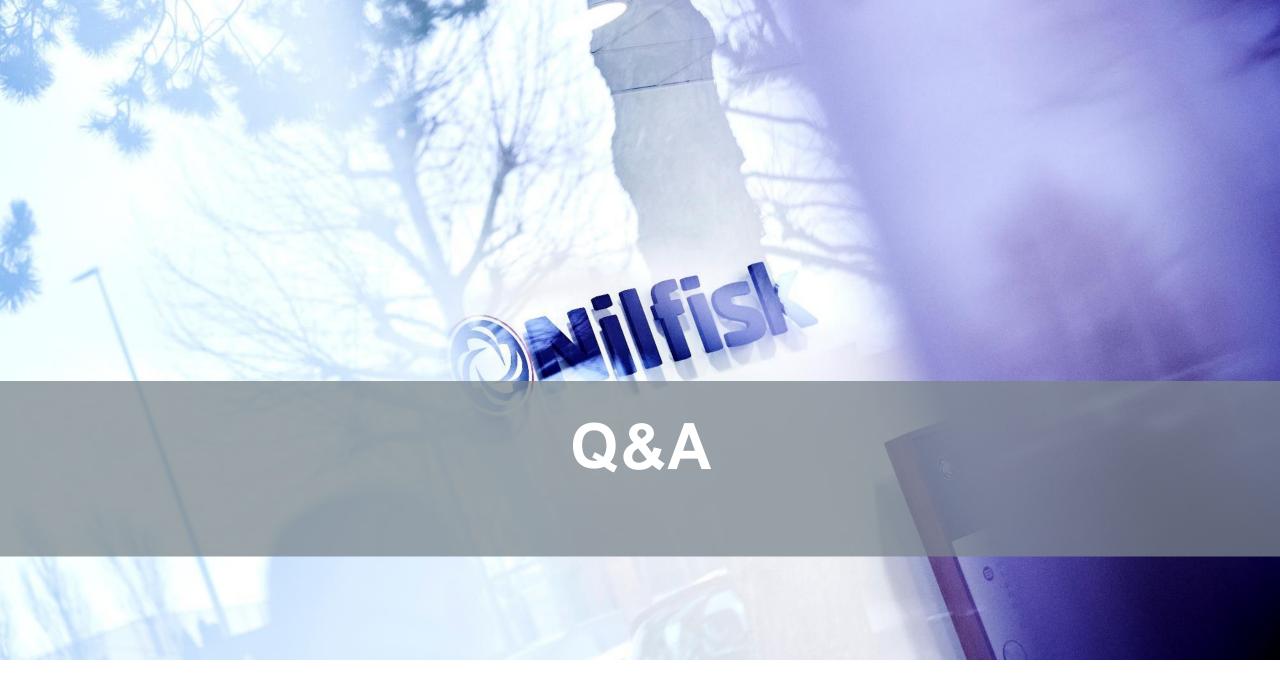
- We come from a situation where we've seen demand improving quarter over quarter in the second half of 2020, however, moving into 2021, there has been an increase in lockdowns and restrictions across markets as a result of the continued outbreak of COVID-19
- With the roll-out of vaccines across markets we expect a more normalized environment during the second half of the year, but we see, however, continued uncertainty for market conditions in the year
- We expect the total business in 2021 to generate organic growth of 5% to 10% compared to 2020, based on the market demands trends that we are experiencing and on the overall expected economic recovery
- With our continued focus on cost discipline and revenue growth as described above, we expect EBITDA margin before special items to stay in the range of 12.5%-14.5%

#### Outlook

- Organic growth for the total business expected in the range of 5% to 10%
- EBITDA margin before special items in the range of 12.5% to 14.5%

#### **Modelling assumptions**

FX impact at current exchange rates: Approx. -2%
Special items: Approx. 5mEUR
CAPEX ratio: Approx. 3%





Forward-looking statements

This presentation and related comments contain forward-looking statements. Such statements are subject to many uncertainties and risks, as various factors, of which several are beyond Nilfisk Holding's control, may cause that the actual development and results differ materially from the expectations.