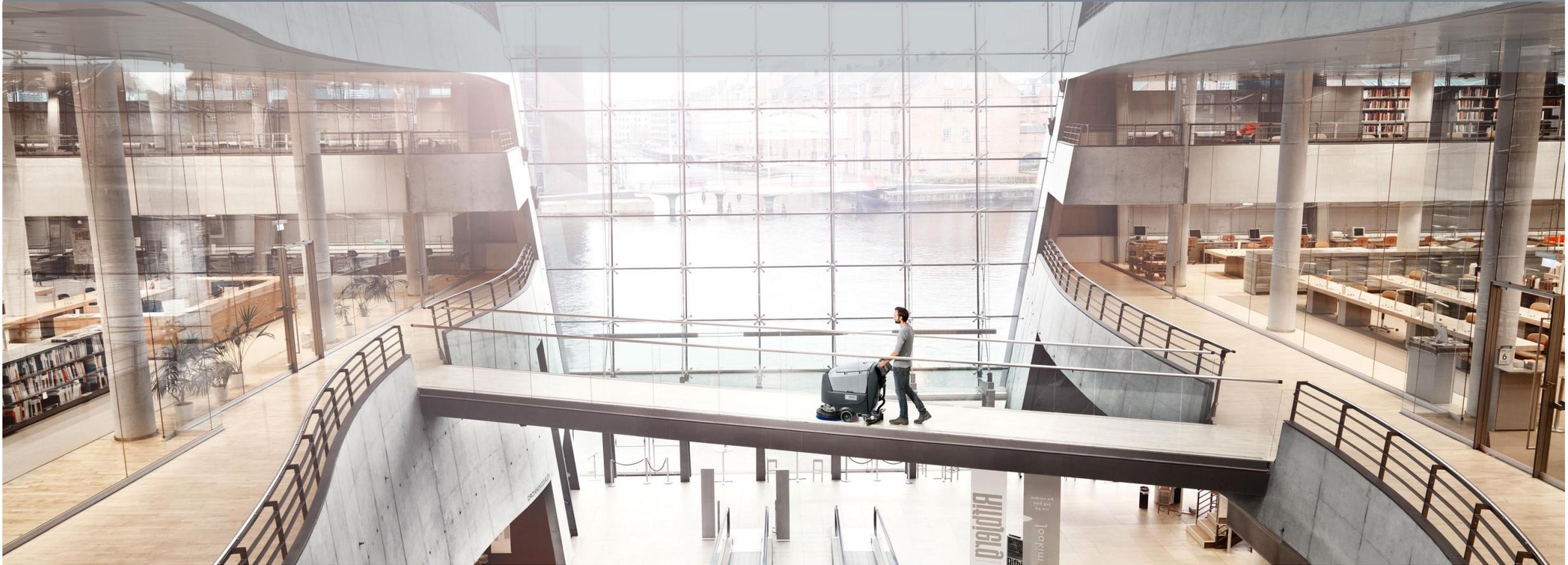


# Nilfisk – Capital Markets Day

19 September 2017



# 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 A/S' control, may cause that the actual development and results differ materially from the expectations.



# The Nilfisk Leadership Team

|  |  |   |   |   |  |
|--|--|---|---|---|--|
|  <p><b>Hans Henrik Lund</b><br/>CEO</p> <p><i>Joined Nilfisk in 2017</i></p>  |  <p><b>Karina Deacon</b><br/>CFO</p> <p><i>Joined Nilfisk in 2016</i></p>                   |  <p><b>Andy Ray</b><br/>Americas</p> <p><i>Joined Nilfisk in 2016</i></p> |  <p><b>Anders Terkildsen</b><br/>EMEA</p> <p><i>Joined Nilfisk in 1998</i></p>                             |  <p><b>Serdar Ülger</b><br/>APAC</p> <p><i>Joined Nilfisk in 2005</i></p>                        |  <p><b>Vacant position</b><br/>Marketing</p> <p><i>Joining Nilfisk asap</i></p>               |
|  <p><b>Lars Gjødsbøl</b><br/>Products &amp; Services</p> <p><i>Joined Nilfisk in 2003</i></p> <p><i>Presenting today</i></p> |  <p><b>Jesper T. Madsen</b><br/>Global Operations</p> <p><i>Joined Nilfisk in 2015</i></p> |  <p><b>Jacob Blom</b><br/>HR</p> <p><i>Joined Nilfisk in 2016</i></p>    |  <p><b>Vacant position</b><br/>Strategy &amp; Business Development</p> <p><i>Joining Nilfisk asap</i></p> |  <p><b>Morten Mathiesen</b><br/>Specialty Professional</p> <p><i>Joined Nilfisk in 1996</i></p> |  <p><b>Thomas D. Nielsen</b><br/>Specialty Consumer</p> <p><i>Joined Nilfisk in 1995</i></p> |

# Agenda for today

| Time  | Section                          | Page | Presenter                                      |     |
|-------|----------------------------------|------|--|-----|
| 9:15  | <b>1</b> Introduction to Nilfisk | 5    | Hans Henrik Lund                               |     |
| 9:30  | <b>2</b> Nilfisk today           | 14   | Hans Henrik Lund / Andy Ray /<br>Lars Gjødsbøl | Q&A |
| 10:30 | 15 min break                     |      |  |     |
| 10:45 | <b>3</b> Simplify and grow       | 40   | Hans Henrik Lund / Karina Deacon               |     |
| 11:15 | <b>4</b> Leading the future      | 58   | Hans Henrik Lund                               | Q&A |
| 11:45 | <b>5</b> Financial overview      | 65   | Karina Deacon                                  |     |
| 12:10 | <b>6</b> Summary                 | 80   | Nilfisk Leadership Team                        | Q&A |

# Agenda

- 1** Introduction to Nilfisk
- 2** Nilfisk today
- 3** Simplify and grow
- 4** Leading the future
- 5** Financial overview
- 6** Summary

# Why Nilfisk?



Leading the future to provide enhanced value to our customers

Clear path to simplify and grow the business

Solid value creation in the attractive professional cleaning equipment industry

# Nilfisk equity story highlights



# Universal need for cleaning and the effect of clean is valuable everywhere

All industries, private and public sector and households are potential Nilfisk customers

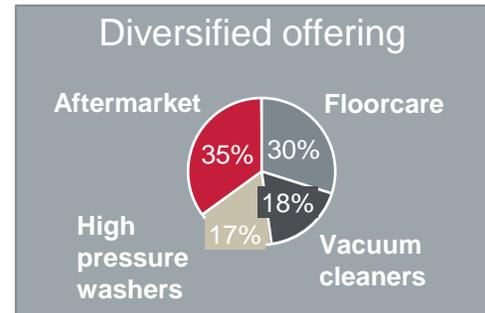
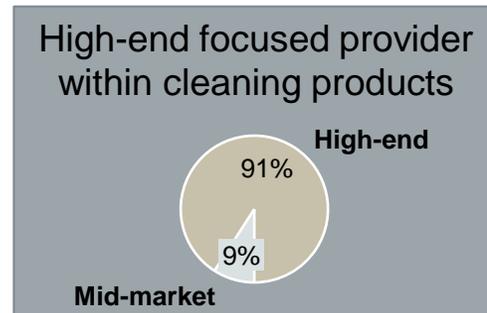
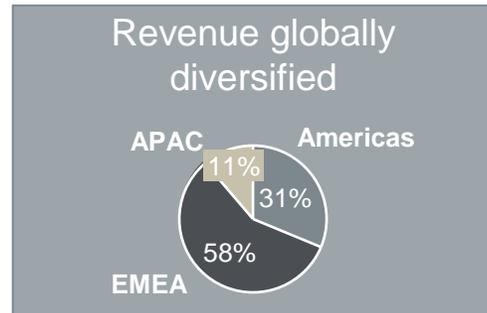


# A leading provider of professional cleaning products and services in the high-end segment

**100+**  
years in the industry



**1,059**  
revenue for 2016 (EURm)



**~5,600**  
employees worldwide

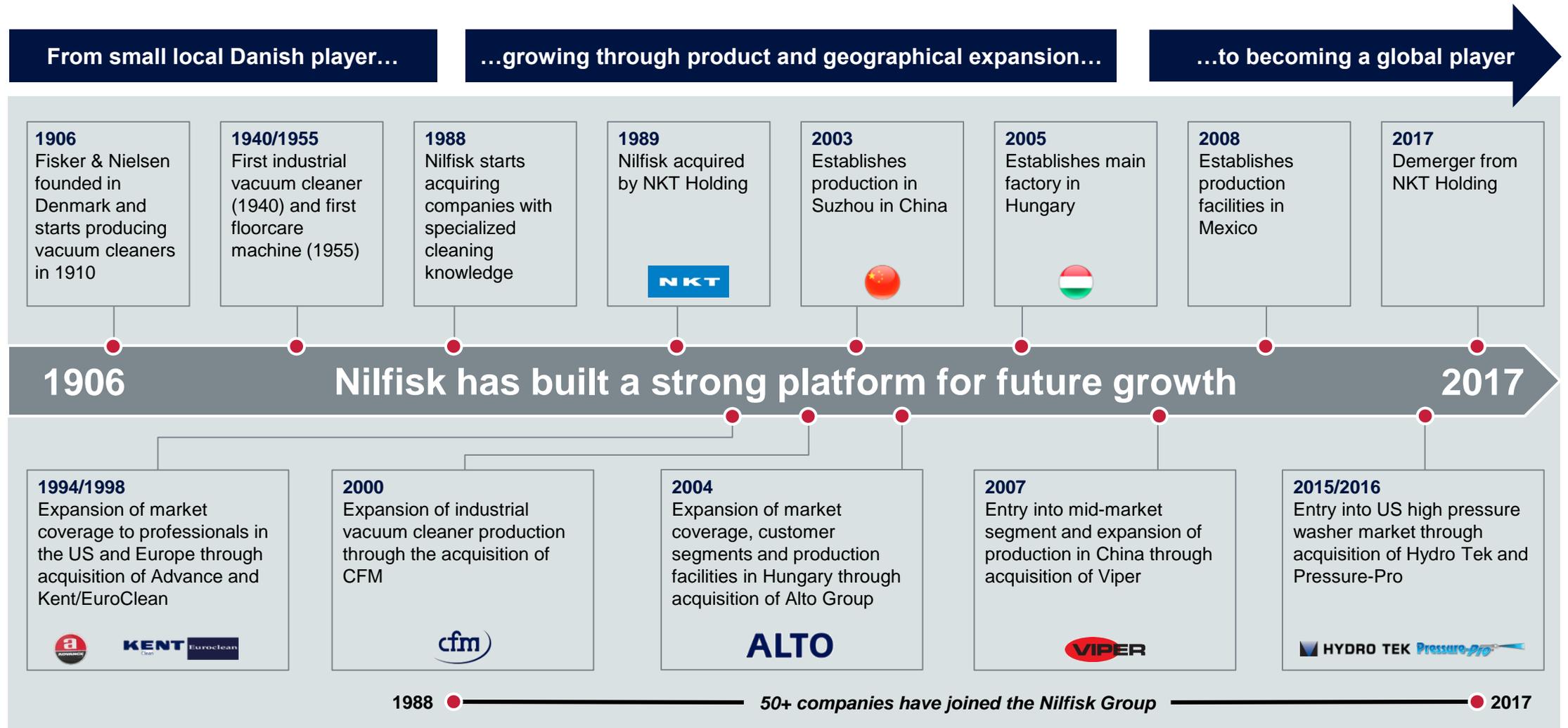
**3-4%**  
of annual revenue invested in R&D

Products sold in more than  
**100**  
countries through sales companies in  
**45**  
countries



Note: All figures for the year ended 31 December 2016

# A rich heritage dating back to 1906

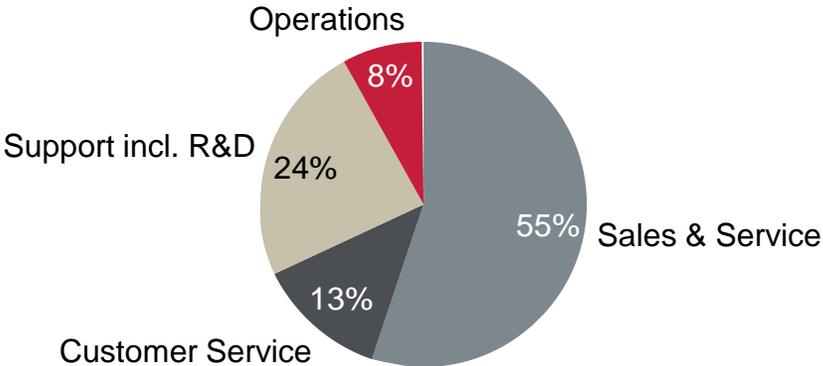


Note: Only key milestones and acquisitions included

# Sales-driven organization built on wealth of experience

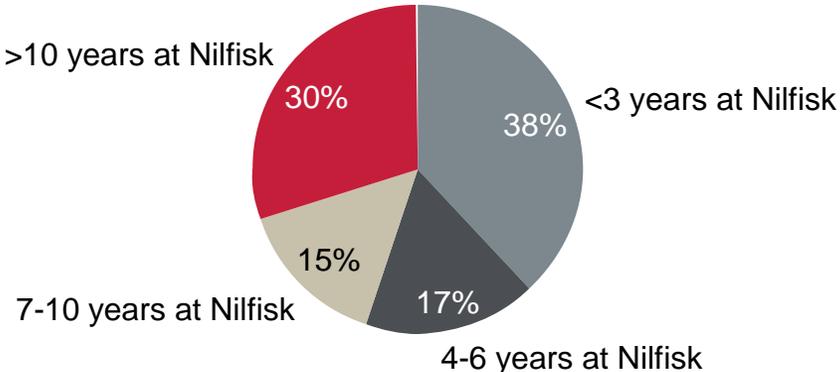
## Front-end focused organization...

By number of FTEs<sup>1</sup>



## ...with a sound mix of experience and development

By number of years

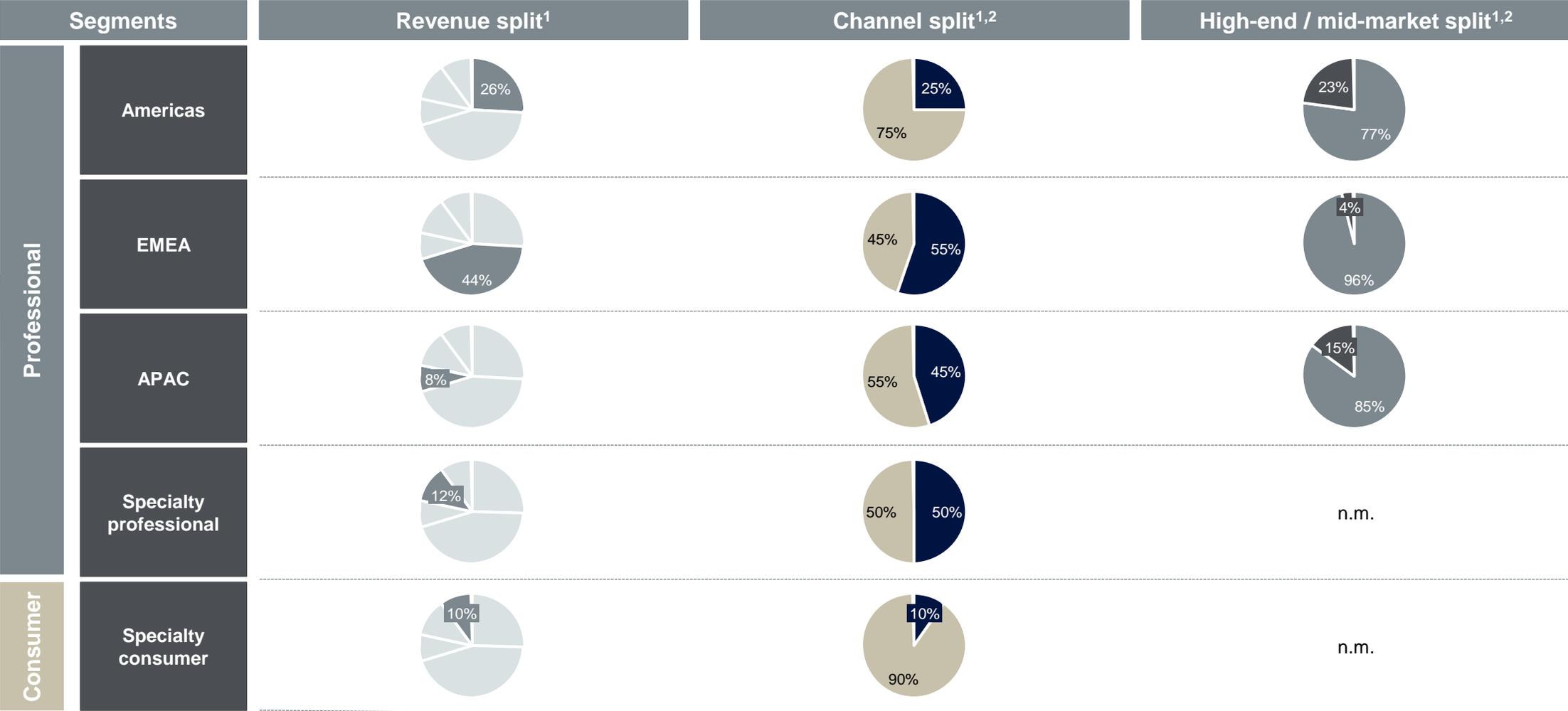


Note: All figures for the year ended 31 December 2016 (1) Executive Management estimate of white collar FTEs

# Nilfisk launched its Accelerate strategy in March 2015



# We are focused and we are local



Note: (1) 2016 figures (2) Executive Management estimate

■ Direct sales 
 ■ Indirect sales 
 ■ High-end 
 ■ Mid-market

# Agenda



|          |   |
|----------|---|
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| <b>2</b> | <b>Nilfisk today</b>  |
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| <b>B</b> | Strong customer access and partner relationships                                  |
| <b>C</b> | Extensive range of premium products and a reputable aftermarket offering          |
| <b>D</b> | Low capital intensity through effective sourcing and assembly focused production  |
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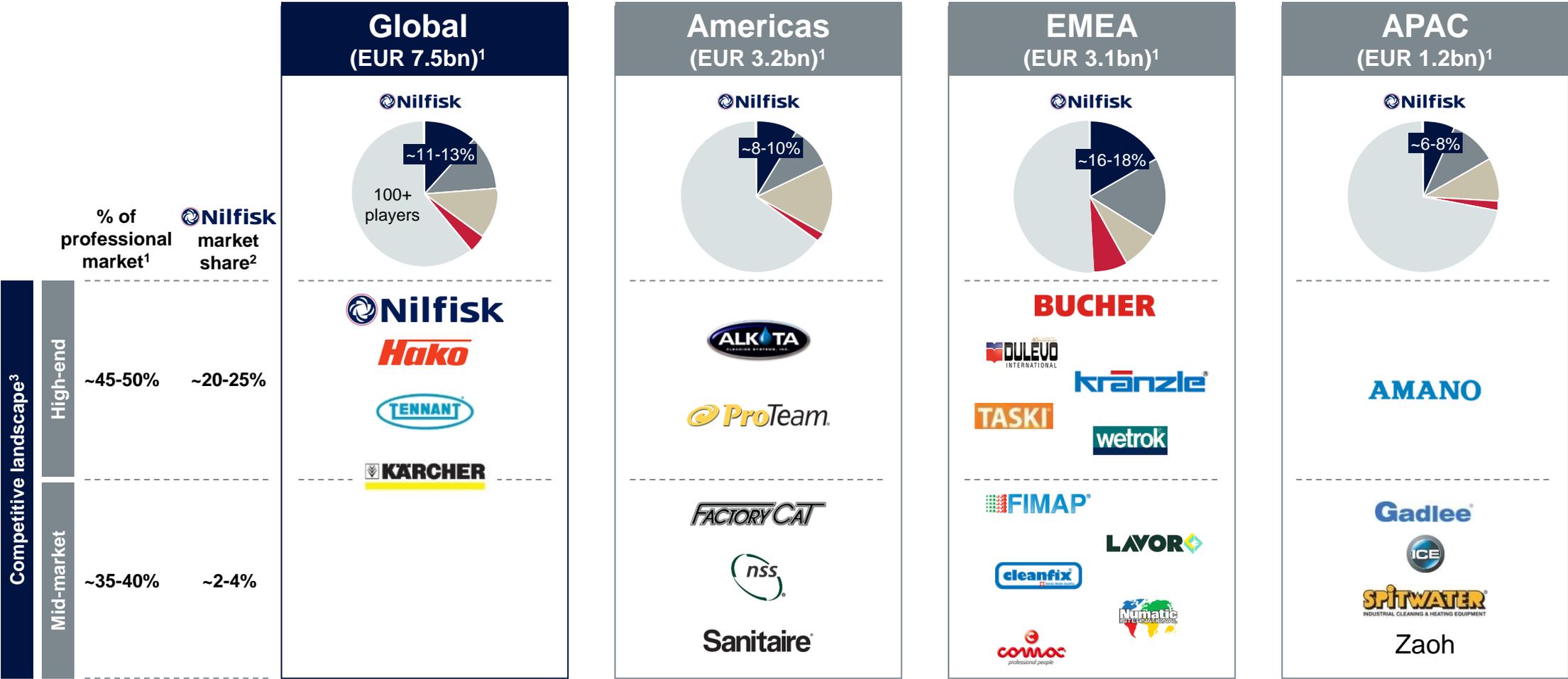
# The professional cleaning equipment market relevant to Nilfisk is estimated at a value of EUR 7.5bn

Outer circles: Professional cleaning equipment market. Inner circles: Nilfisk 2016 revenue



Note: (1) Approx. 10% of Nilfisk's revenue in 2016 was derived from sale of vacuum cleaners and high pressure washers to the consumer markets which Executive Management estimates has a total market value of EUR 12.0-14.5bn  
Source: Executive Management estimate

# Nilfisk is a global leader in the fragmented professional high-end cleaning equipment market

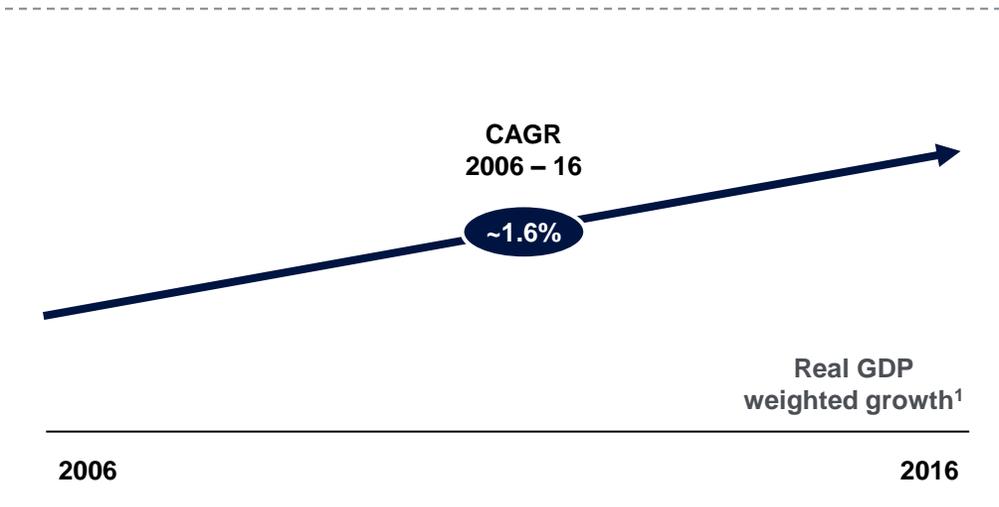


Note: (1) Executive Management estimates of the market for professional cleaning equipment and services. Market includes professional cleaning machines within floorcare equipment, vacuum cleaners, high pressure washers and aftermarket services. The professional segment accounted for approx. 90% of Nilfisk's revenue in 2016 (2) Estimated Nilfisk share of the professional cleaning equipment and services market (3) Nilfisk does not operate, nor plan to operate, in the low-end segment, which Executive Management estimates to comprise 15-20% of the professional market

# Stable market growth and attractive growth opportunities

## Market driven by underlying real GDP growth...

- The professional cleaning equipment market measured by volume generally follows real GDP growth
- Nilfisk has grown above real GDP growth through economic cycles
- Pressure on market prices from commoditization of products has historically been countered by continuous focus on innovation

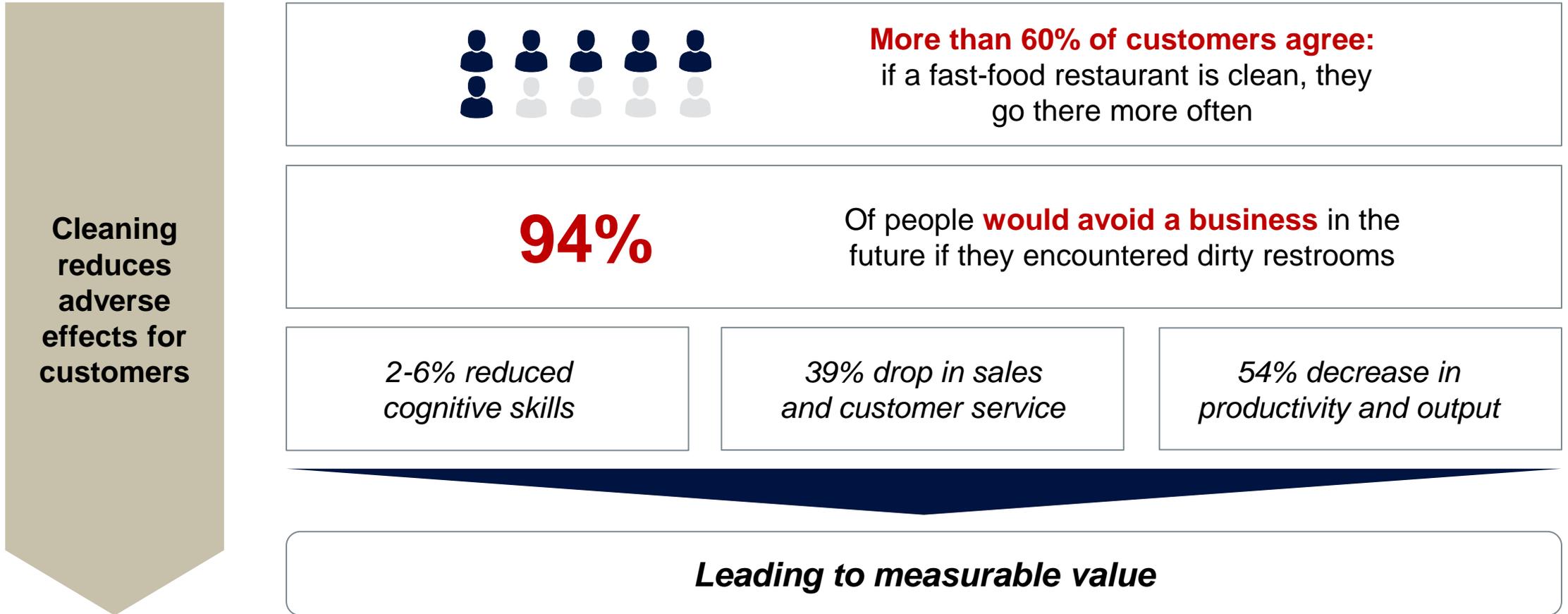


## ...with attractive growth opportunities<sup>2</sup>



Note: (1) Real GDP growth weighted by Nilfisk's revenue per country from 2006 to 2016 (2) Growth opportunities based on Nilfisk analysis  
Source: IMF data for GDP

# Cleaning has measurable value for customers

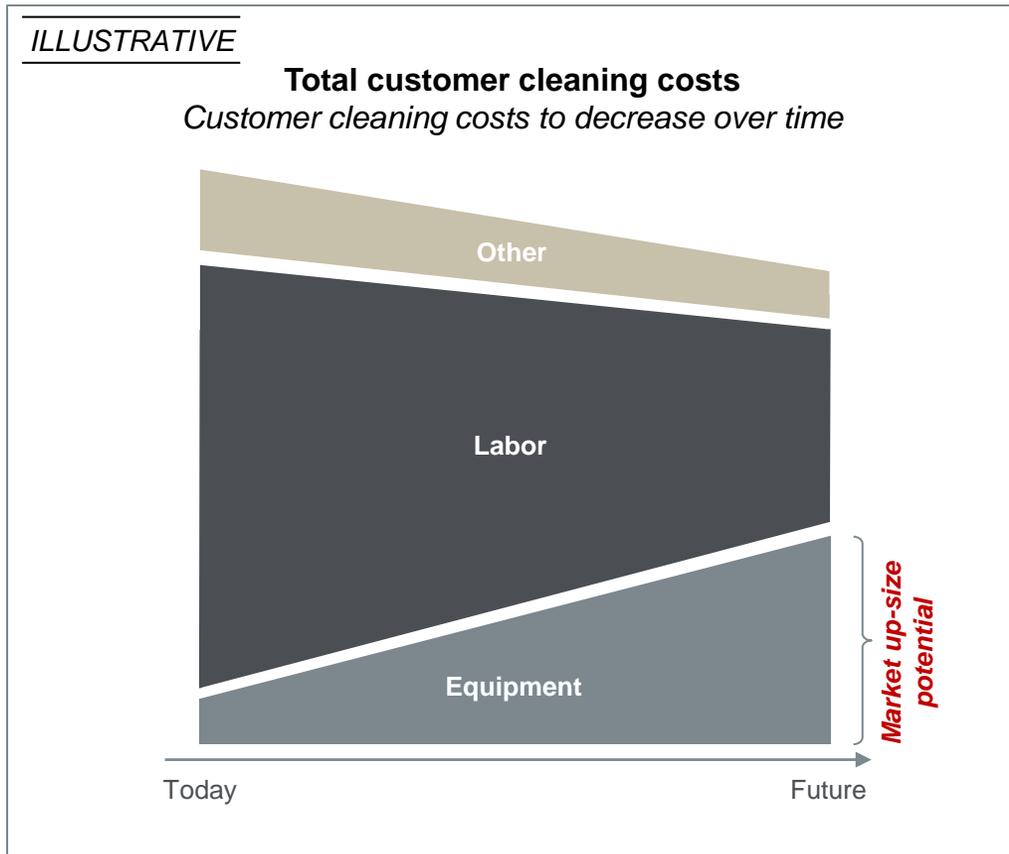


Source: issa.com

**Customers' increased understanding of the Value of Clean could unlock further market growth**

# Significant market expansion potential in the high-end segment

Cleaning equipment only constitutes ~10% of Total Cost of Cleaning...



Source: (1) Executive Management estimate

...which leads to significant opportunities for Nilfisk to grow market scope

- The key to reducing Total Cost of Cleaning is to improve productivity in labor and other costs
- Nilfisk can increase its high-end market by optimizing total cleaning costs for customers
- Nilfisk's product and service innovation focuses on reducing total cleaning costs for customers

# Agenda

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# Deep understanding of 10 strategic customer segments in the professional cleaning equipment market

~70% of the professional market<sup>1</sup>

*Selected on the basis of highest financial attractiveness and highest ability to compete*

|   |  |  |  |
|---|--|--|--|
| <b>Contract Cleaners</b><br>             |  | <b>Retail</b><br>             |  |
| <p>ABM<br/>Compass Group<br/>Sodexo</p>   |  | <p>Carrefour<br/>LIDL<br/>REWE</p>   |  |
| <b>Pharma</b><br>                        | <b>Automotive</b><br>    | <b>Education</b><br>          | <b>Healthcare</b><br>             |
| <p>Novartis<br/>Pfizer<br/>Roche</p>  | <p>Primarily dealer based</p>  | <p>Primarily dealer based</p>  | <p>Primarily dealer based</p>  |
| <b>Building &amp; Construction</b><br> | <b>Agriculture</b><br> | <b>Iron &amp; Metal</b><br> | <b>Food &amp; Beverages</b><br> |
| <p>Primarily dealer based</p>   | <p>Primarily dealer based</p>  | <p>Airbus<br/>Boeing<br/>Rolls Royce</p>   | <p>Coca Cola<br/>Nestlé<br/>Unilever</p>   |

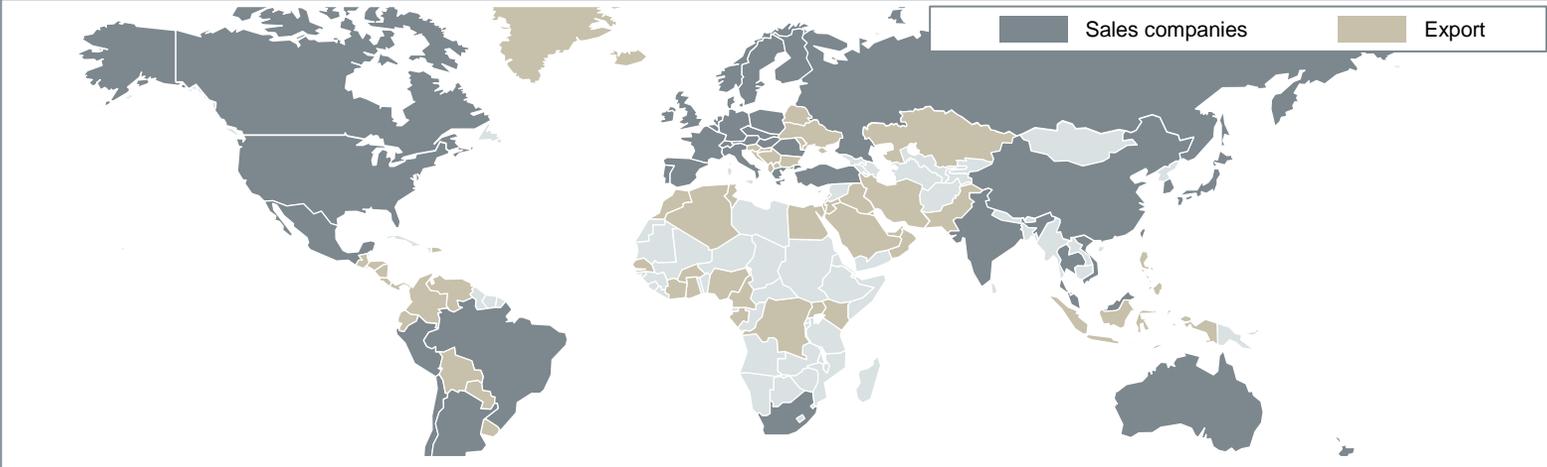
**Nilfisk sales, marketing and product development efforts are focused around these segments**

Note: (1) Selected company names highlighted in each segment

# Global sales force and strong customer access

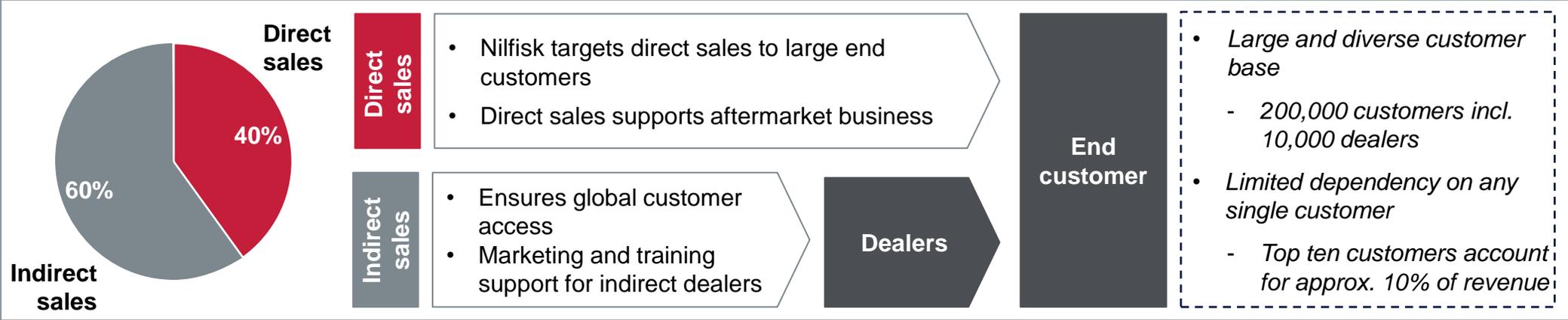
## Global sales force and proven sales channels ensuring strong customer access

### Global direct sales force



-  Sales in 100+ countries
-  Sales companies in 45 countries
-  1,700+ FTEs driving sales and aftermarket growth

### Sales channels



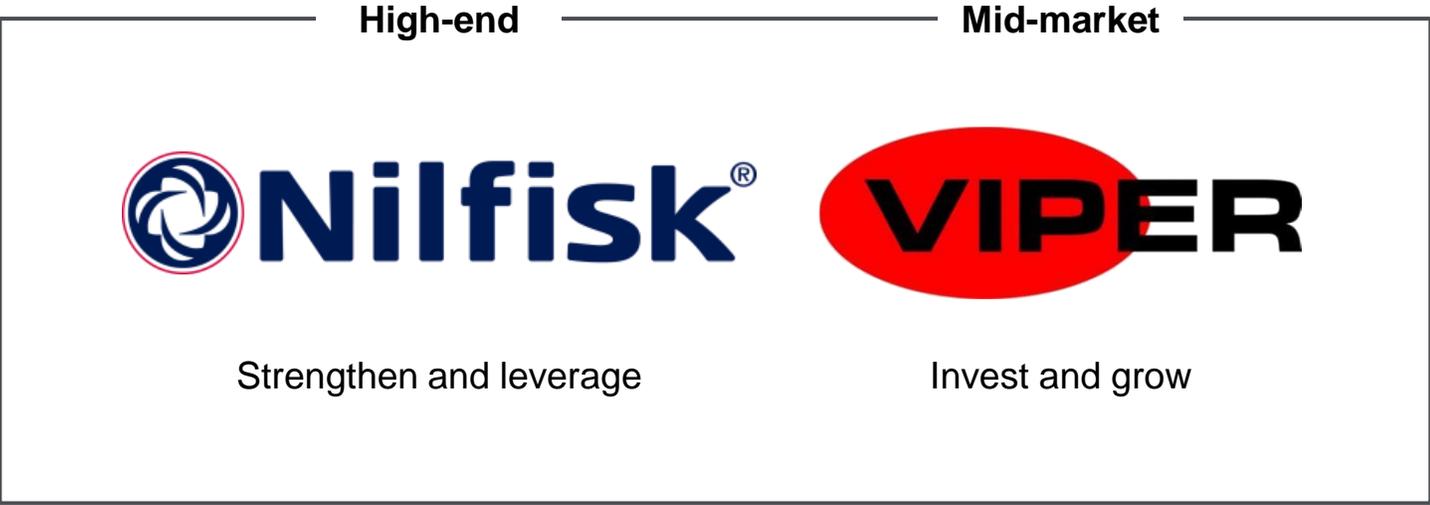
Source: Executive Management estimate

# Our strong brands make a difference in a fragmented market

## Nilfisk brands

## Transition example

Global brands

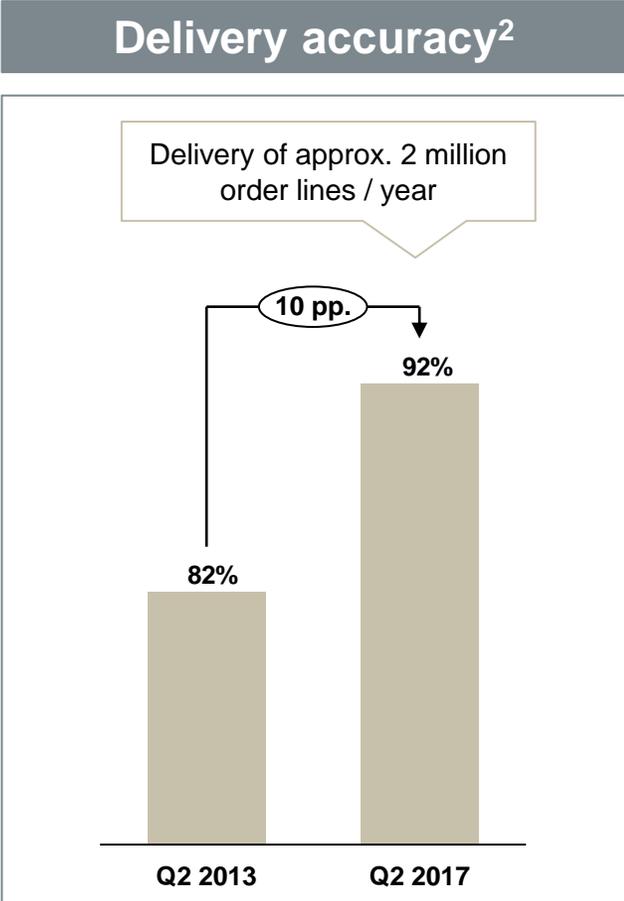
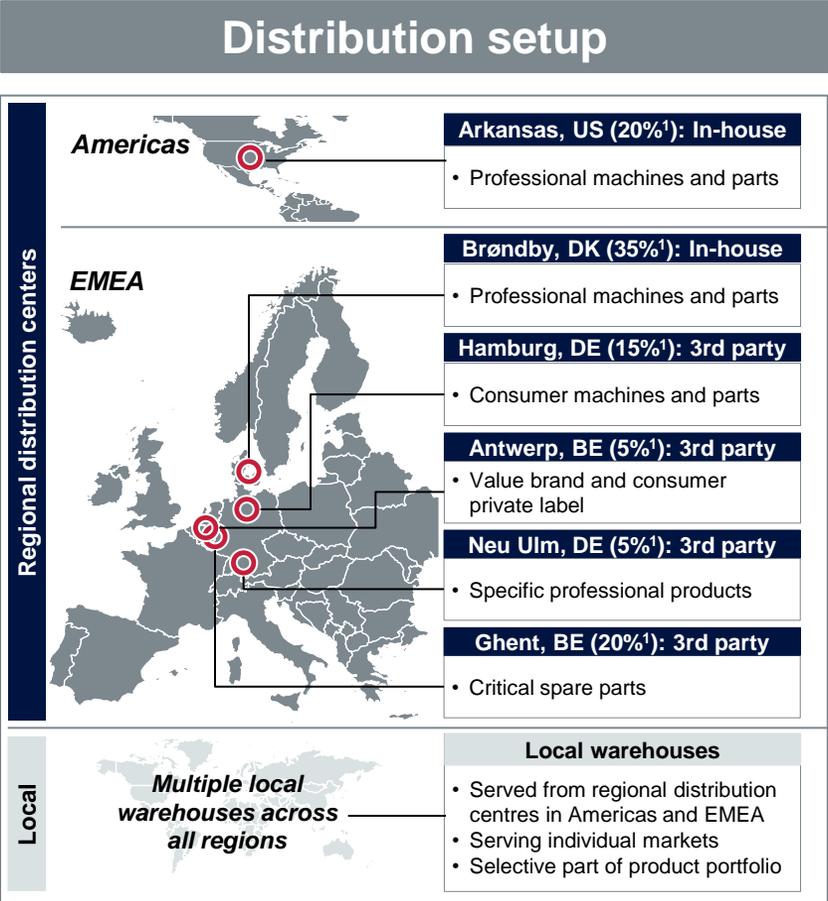


Regional and local brands<sup>1</sup>



Note: (1) Selected brands highlighted

# Fast and reliable distribution setup



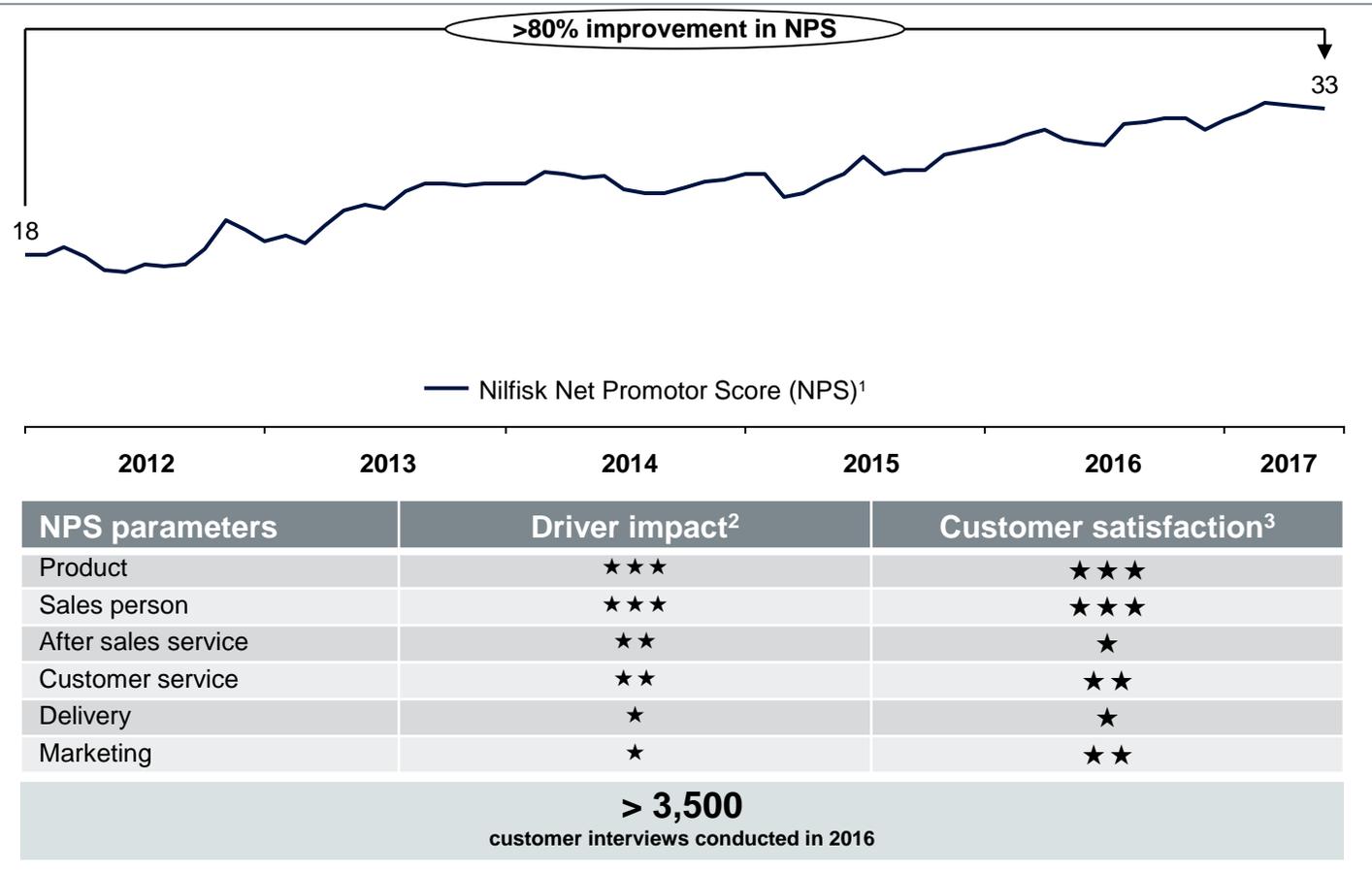
- ### Highlights
- Regional and local distribution setup
    - Central distribution centres in Americas and EMEA and local distribution centres in APAC
    - Local warehouses in 45 countries
  - Timely and reliable delivery important for customer satisfaction
    - Delivery accuracy improved from 82% in Q2 2013 to 92% in Q2 2017

**Balance efficiency and responsiveness with working capital requirements**

Note: (1) Percentages indicate estimated share of order lines (2) Measured as committed orders reaching customer's address on agreed day

# We have strengthened customer relationships

## Focused activities supporting higher customer satisfaction



*"I consider Nilfisk products to be **first in class** and way above the competition with regards to **ease of use**, efficiency and most important, **labor savings**"*

– Dealer, US

*"From our side, there are no suggestions for improvement, we are very pleased, especially with the **fast and competent sales force**"*

– End-user, Germany

*"**Excellent quality** of the machines, **very good service**, **fast supply of spare parts**"*

– End-user, Belgium

Note: (1) Countries participating in NPS represent >95% of revenue in 2016 (2) Indication of the parameters' relative impact on Nilfisk's overall NPS (3) 2016 customer satisfaction

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# Industry leading product offering with significant aftermarket exposure

 Professional
  Consumer

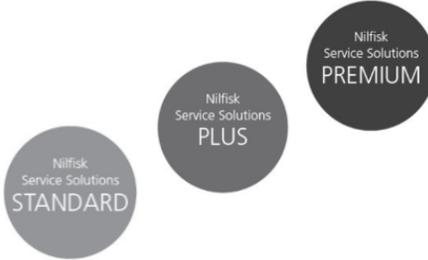


Note: (1) Based on 2016 figures

# Strong aftermarket and service offering maximizes product uptime

## Maximizes uptime

### Service offerings



- ✓ Easy and quick access to professional service ensuring maximum uptime for customers
- ✓ Three core alternative service contracts differentiated to meet customer expectations and needs
- ✓ 700+ field technicians worldwide handle service assistance to maintain and repair machines



### Fleet management system



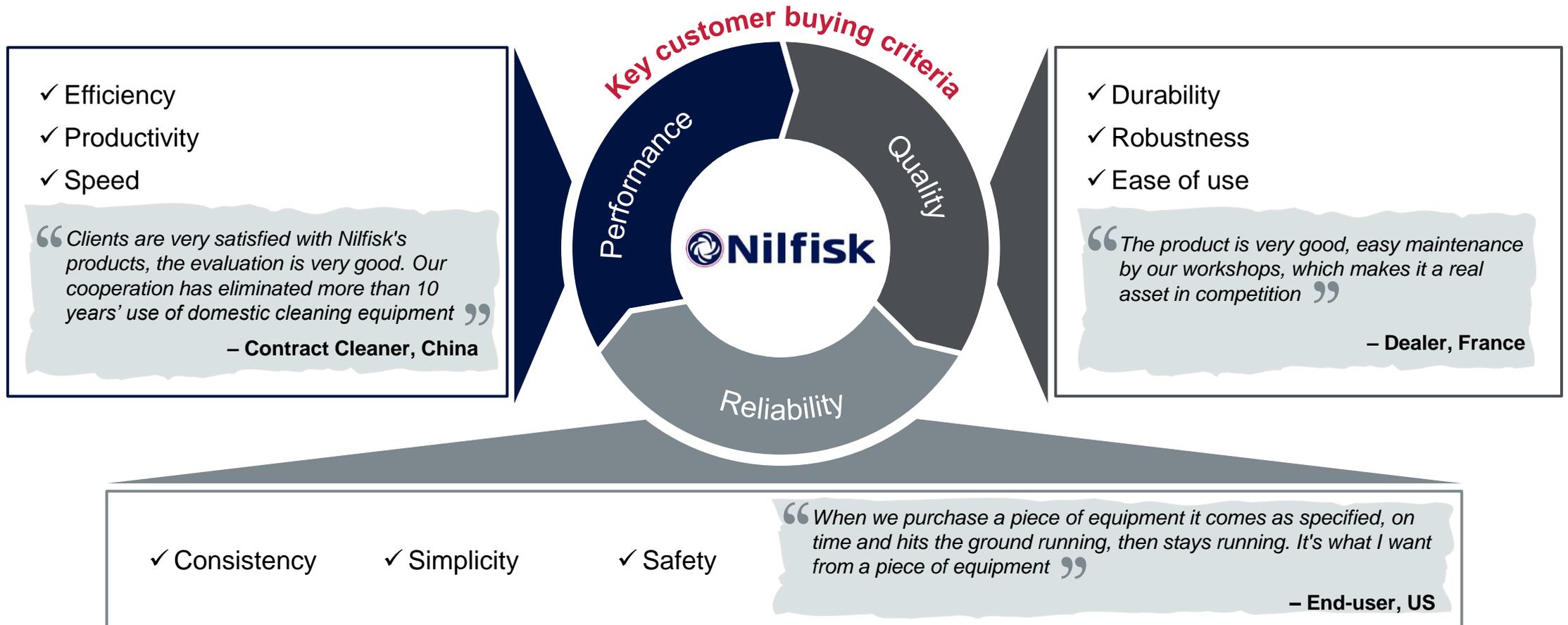
- ✓ Remote access to cleaning machines to monitor, verify and improve operational effectiveness

### Spare parts, accessories and other



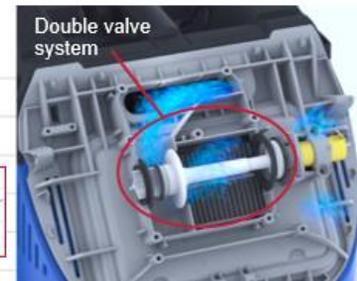
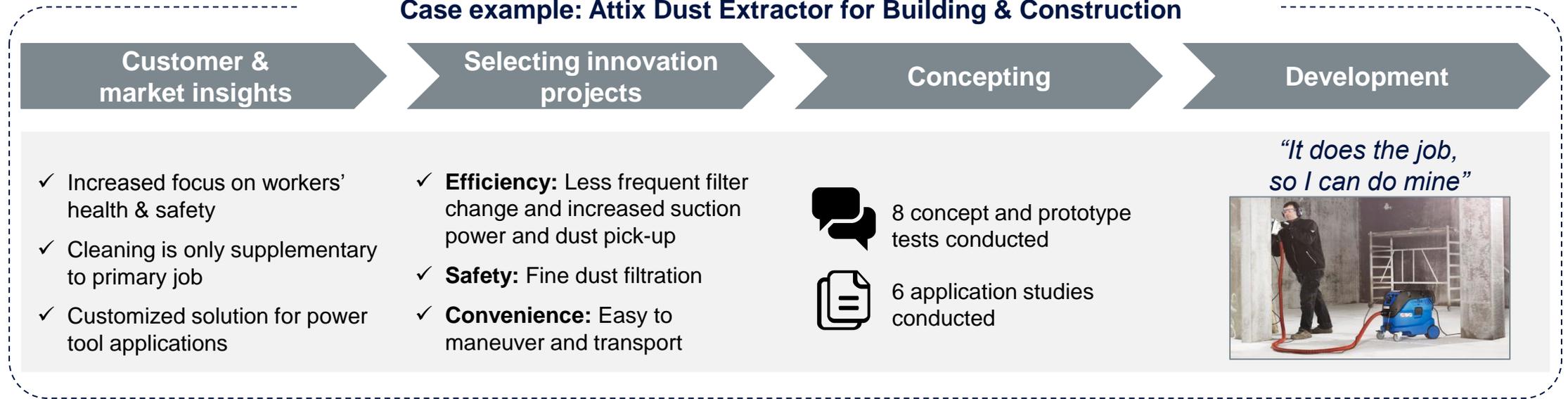
- ✓ Maximum availability of critical spare parts with overnight and 48 hour delivery options
- ✓ Wide range of accessories and consumables available

# Customers choose Nilfisk products for Performance, Quality & Reliability



# Product development driven by customer insights

## Case example: Attix Dust Extractor for Building & Construction



# We have done it more than once

## Customer-insights driven product development

### *New segment – SC100/SC250*



Compact micro scrubbers optimal for cleaning of narrow areas

- ✓ **Maneuverability:** Easy to use, transport and store
- ✓ **User friendliness:** Intuitive interfaces and ergonomic handles
- ✓ **Productivity:** 2 solution flows setting, easy to clean recovery tank, battery mgmt. system

### *New platform – SC500*



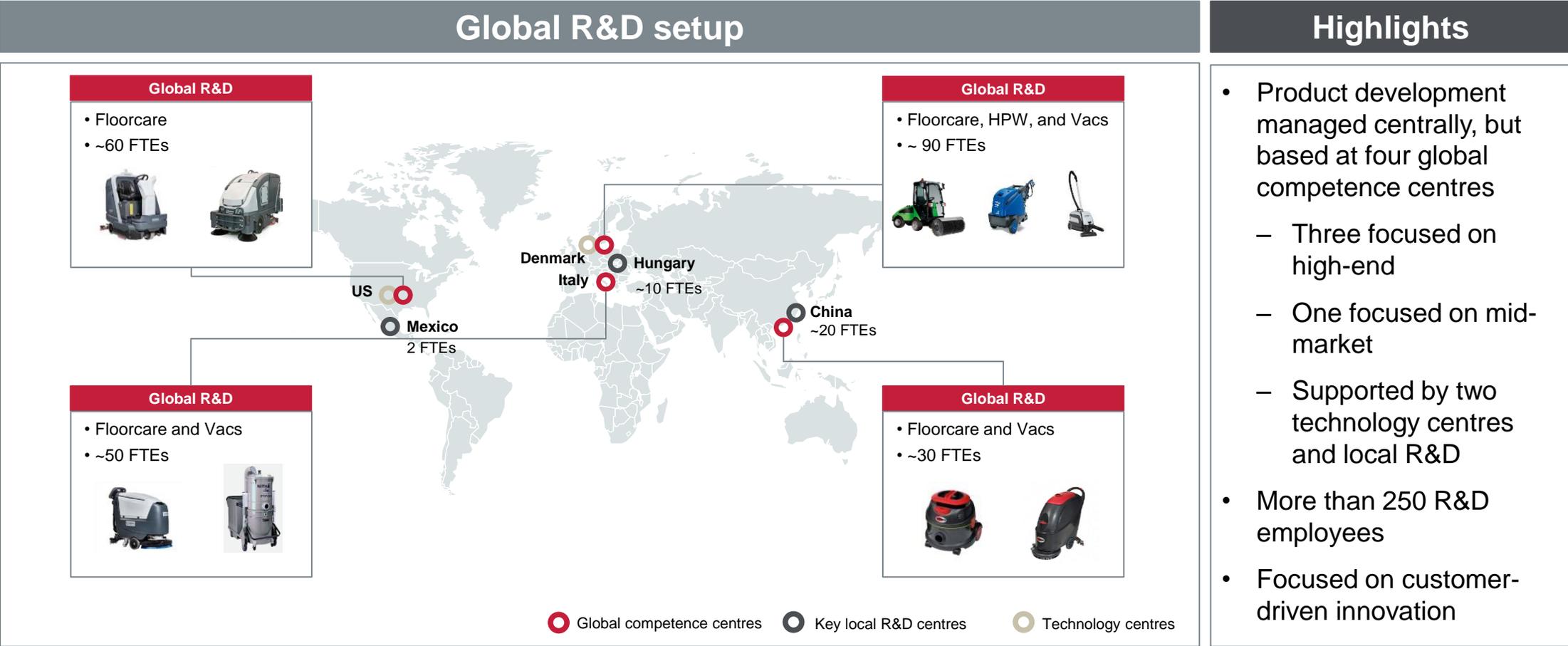
Fully electronically controlled walk-behind scrubber

- ✓ **Productivity:** Long run-time (energy saving system and SmartFlow)
- ✓ **Performance:** Equipped with EcoFlex, SmartFlow, etc.
- ✓ **Sound level:** Enable day-time cleaning

## Highlights

- Products developed through deep customer insight and involvement
- Products launched with innovative technologies
  - EcoFlex
  - SmartFlow
  - TrackClean
  - SilentTech
- Solutions focused on key customer requirements in key applications

# Product innovation driven through a global R&D set-up



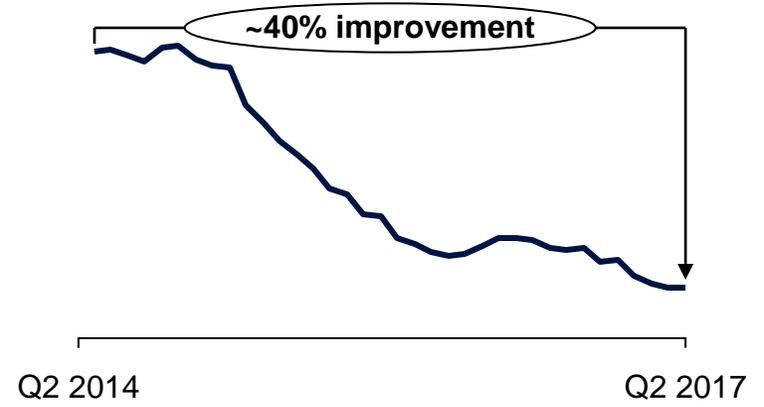
# Quality designed into products and supported through the value chain

## Quality improvements with direct operational and financial impact

## Highlights

### Technical Failure Reports

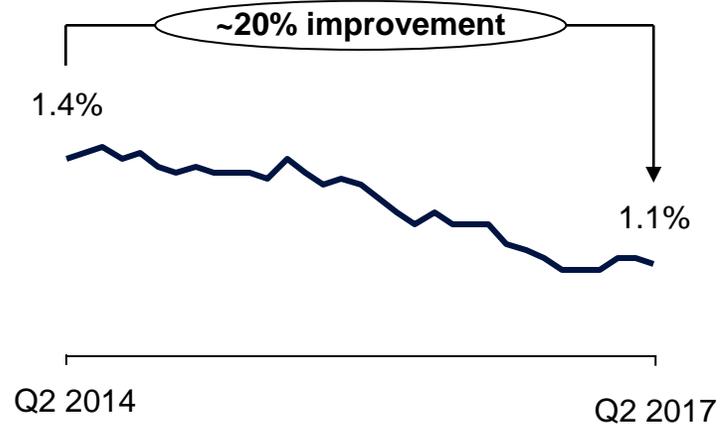
 Number of technical failure reports received on a 12 months rolling basis reduced by ~40% over the past 3 years



— TFRs received (indexed)<sup>1</sup>

### Warranty costs

 Declining warranty costs as percentage of revenue with a ~20% improvement over the past 3 years



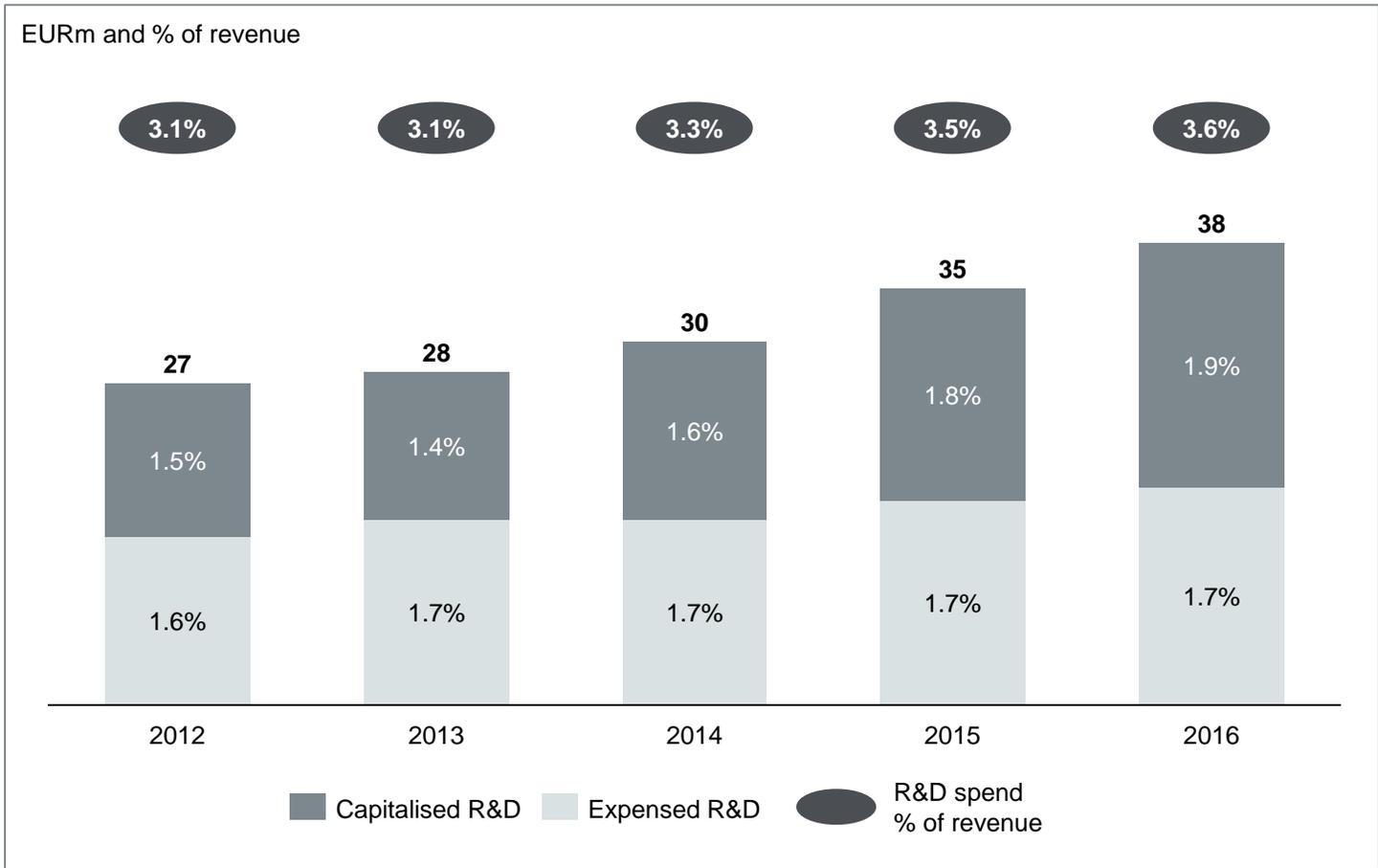
— Warranty cost as % revenue<sup>1</sup>

- Focused on designing quality into the products – from reactive to proactive
- Supported by quality control points through the value chain
- Improving corrective action processes through value chain
- Direct financial impact from declining warranty costs

Note: (1) On a 12 months rolling average basis

# Increased focus on innovation driving higher R&D spend

## R&D spend increasing from 2012 to 2016



## Comments

- Product offering is the primary driver of customer satisfaction
- Continuous improvement of product offering through customer-centric product development
- Increased focus on innovation has resulted in R&D spend increasing from 3.1% of revenue in 2012 to 3.6% in 2016
- Level expected to remain between 3% and 4% going forward

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# Global sourcing is essential in securing overall product competitiveness

## Global procurement organization of 80 sourcing professionals with full supplier responsibility



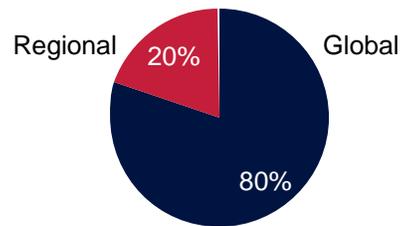
**Cross functional** global and regional category management teams

### TCO

Spend optimized with aim of **minimizing Total Cost of Ownership**



Category teams **negotiate commercial terms with individual suppliers** to secure best possible portfolio of suppliers in specific component categories



**~80% of total sourcing spend is handled globally** and ~20% is handled regionally

### Sourcing vs. in-house production

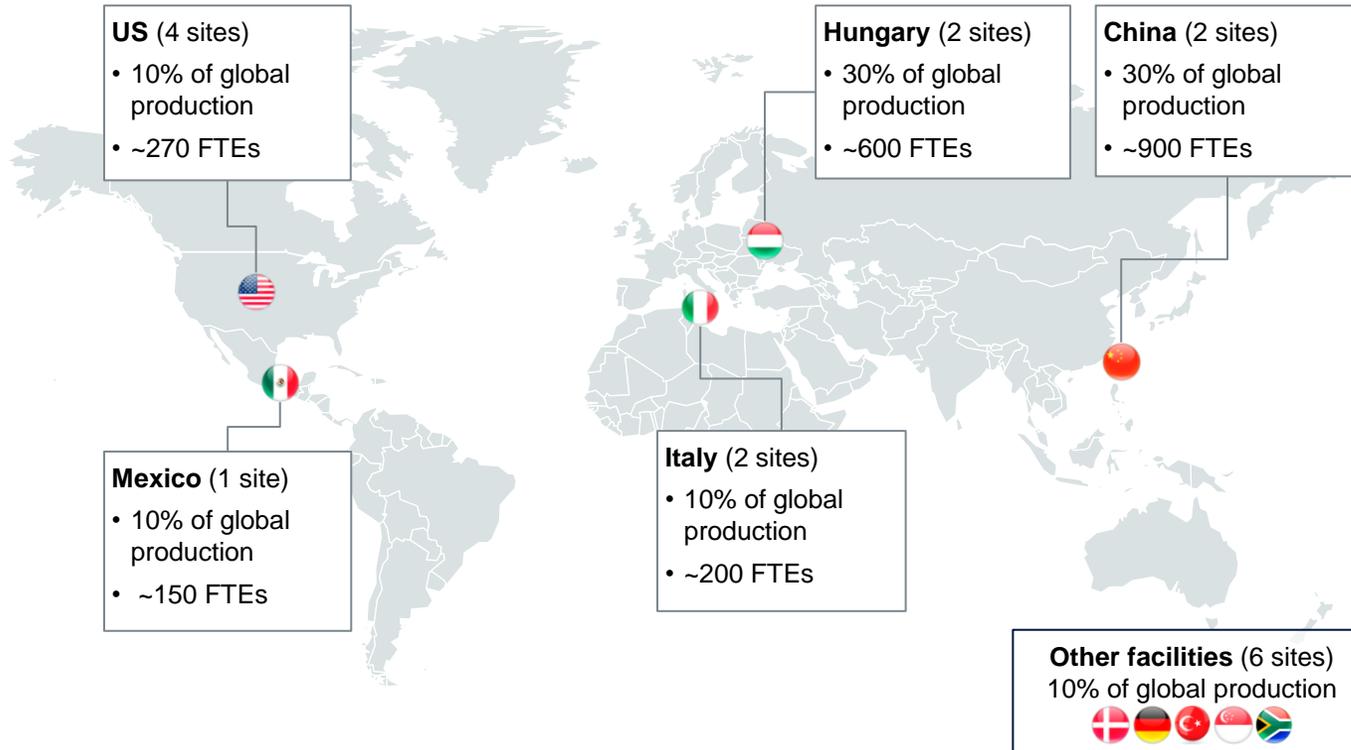
Continuous make / buy evaluation



Nilfisk **Code of Conduct** embedded in contracts with suppliers

# Global production footprint for cost efficiency and closeness to market

## Asset-light assembly focused setup

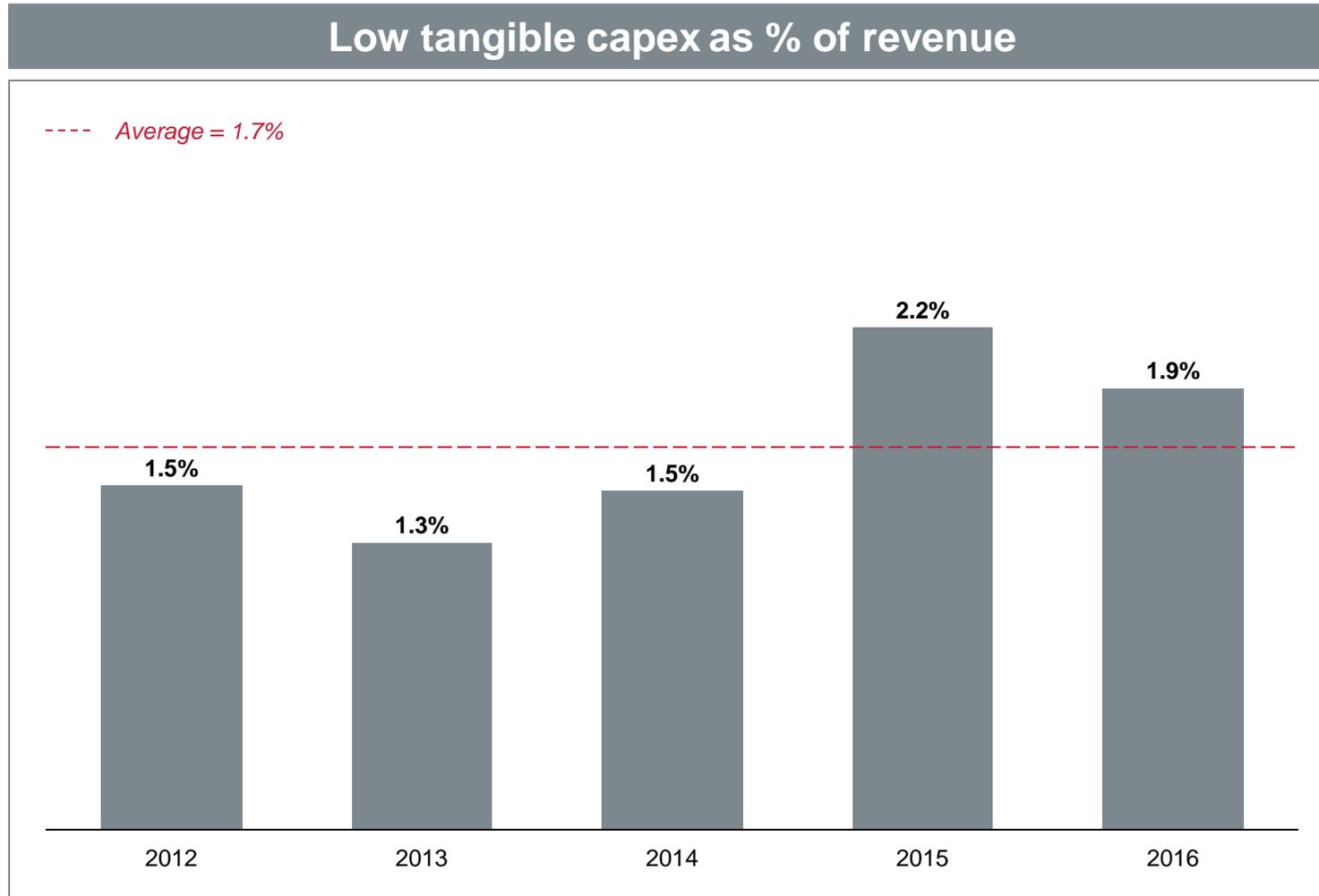


## Nilfisk footprint

- Production in all major regions
- Developed through consolidation and low-cost country migration over the past 10-15 years
- Opportunities for further footprint optimization
- Site selection based on
  - Product cost competitiveness
  - Customer proximity / major markets
  - Supplier base competitiveness
  - Labor skills vs product complexity

> 70% of production value is based in low-cost countries

# Low capital intensive business model



- ### Highlights
- Asset-light business enabling low tangible capex requirements of approx. 2% of annual revenue
    - Approx. 95% of production is assembly-only
  - Significant available capacity to support future growth
    - Factories typically operating at one-shift only

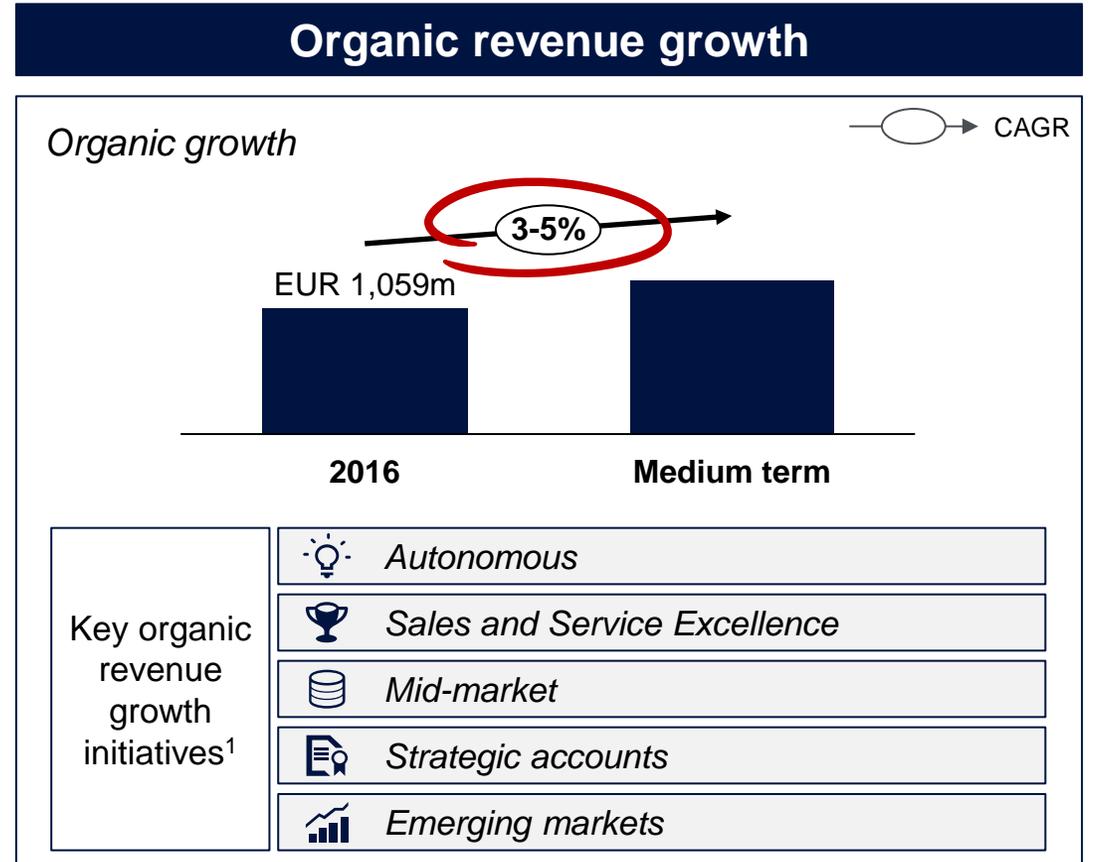
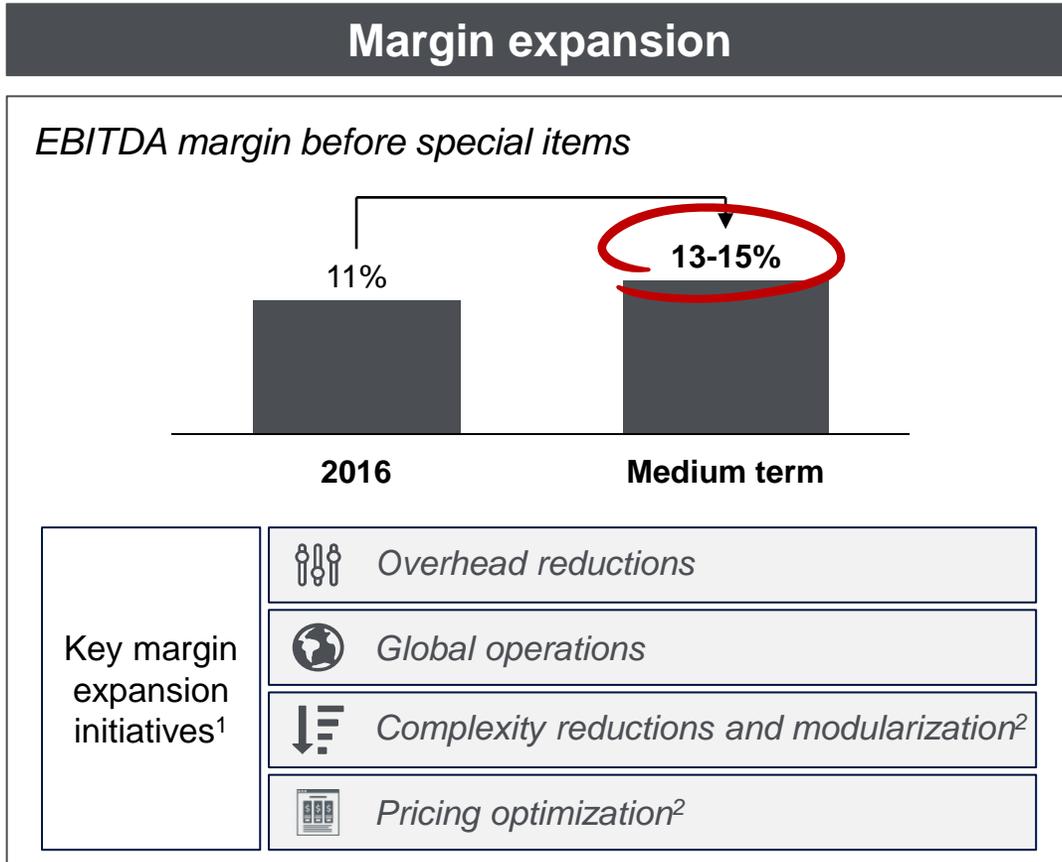


# Agenda



- 1** Introduction to Nilfisk
- 2** Nilfisk today
- 3** **Simplify and grow**
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# Simplify and grow



*Acquisitive growth on top*

**All initiatives are supported by a comprehensive bottom-up approach with clearly stated targets**

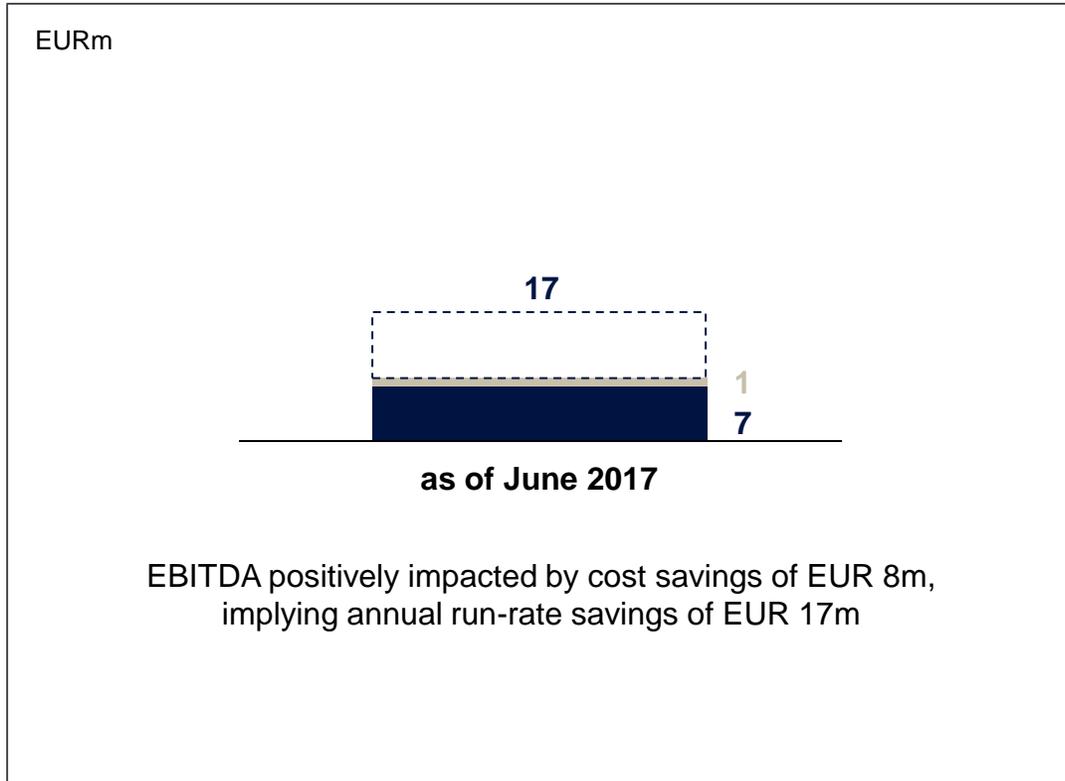
Note: (1) The key initiatives shown do not comprise an exhaustive list of initiatives (2) Classified as Other initiatives in company filings

# Agenda

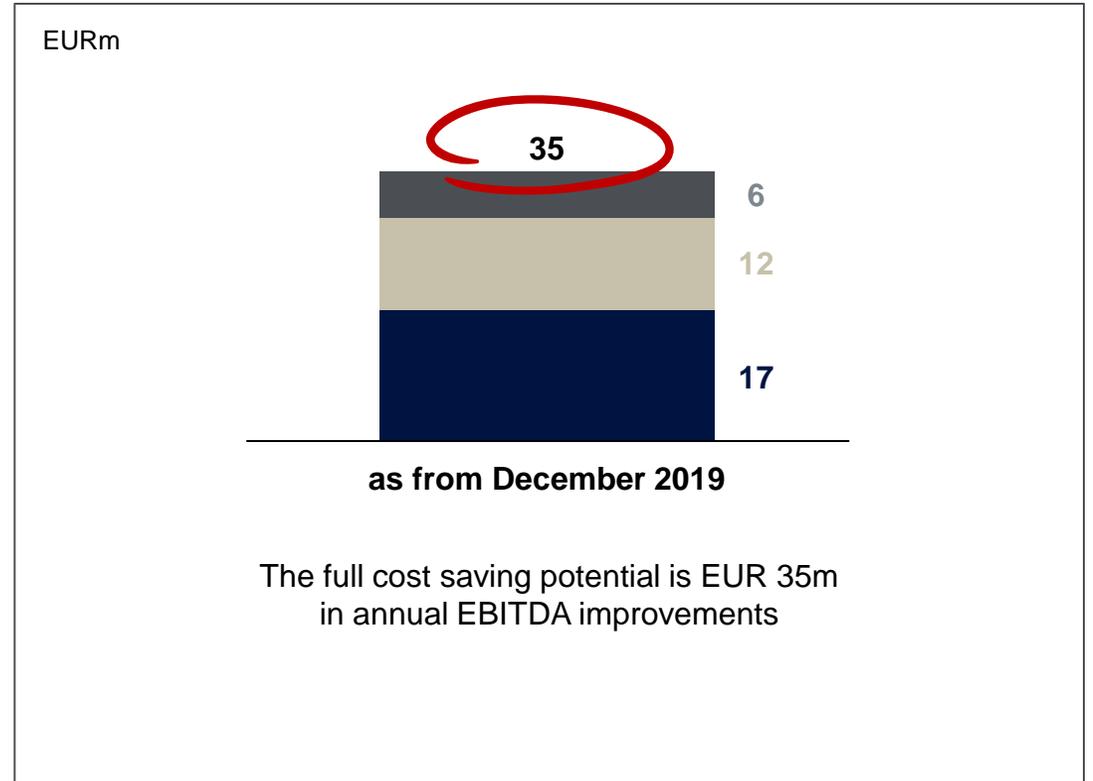
|          |                          |
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| <b>2</b> | Nilfisk today            |
| <b>3</b> | <b>Simplify and grow</b> |
| <b>A</b> | <b>Margin expansion</b>  |
| <b>B</b> | Organic growth           |
| <b>C</b> | M&A                      |
| <b>4</b> | Leading the future       |
| <b>5</b> | Financial overview       |
| <b>6</b> | Summary                  |

# Execution of the EUR 35m cost savings program on track

## Initiatives realized as of June 2017...



## ...full potential as from Dec 2019



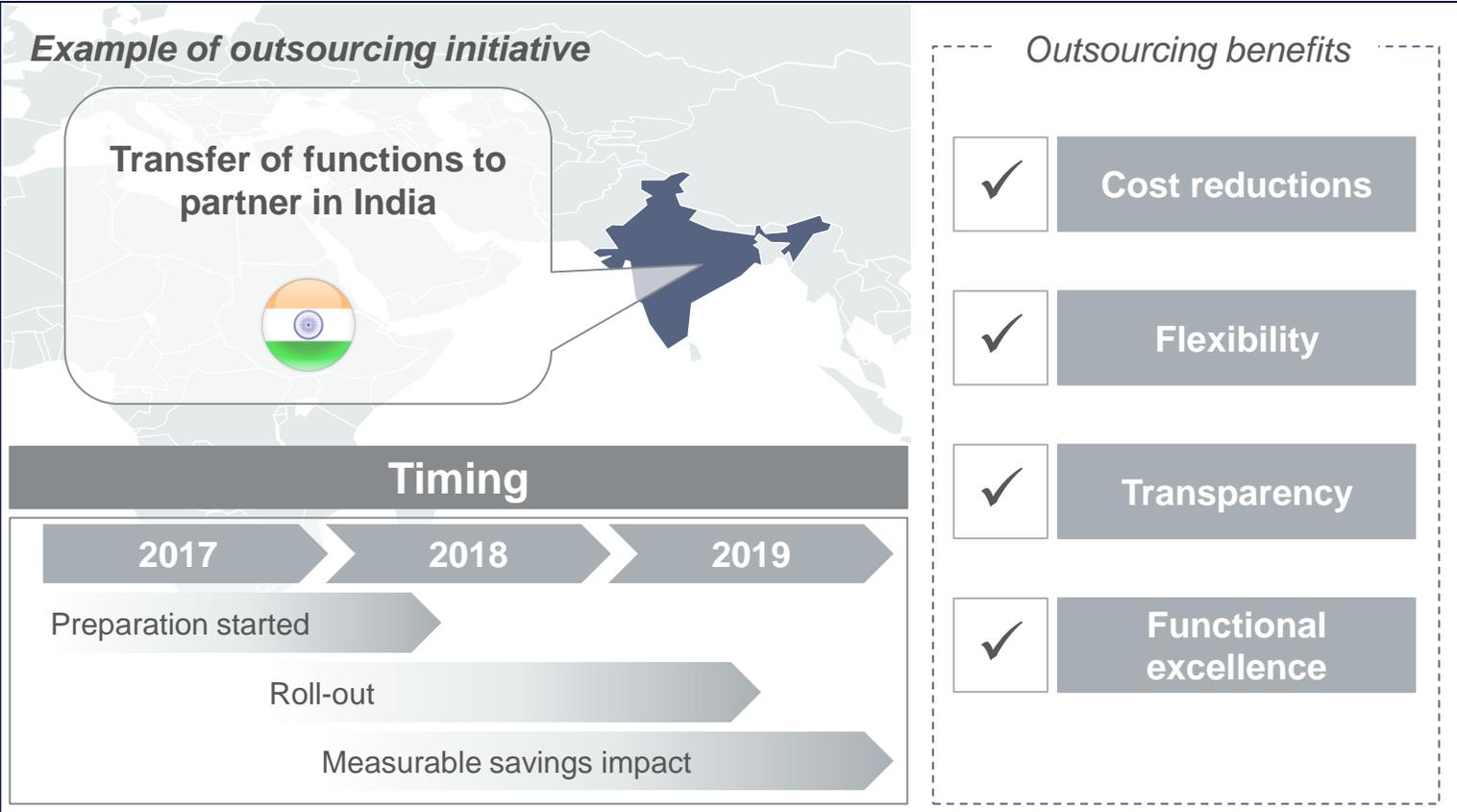
Overhead reductions
  Global operations initiatives
  Other initiatives
  Annual run-rate effect

# Overhead reductions through structural changes

## Highlights

- A program of structural changes rather than incremental savings:
  - Optimizing span of control and delayering
  - Process optimizations including the use of IT tools
  - Relocating from high-cost to low-cost countries
  - Building shared service functions
  - Outsourcing of activities
  - Consolidation of tasks to reduce redundant work
  - General staff reductions

## Example of FTE outsourcing initiatives



# Simplification opportunities in global operations

## Optimization of sourcing



Ongoing category reviews



Renegotiation and replacements of existing contracts

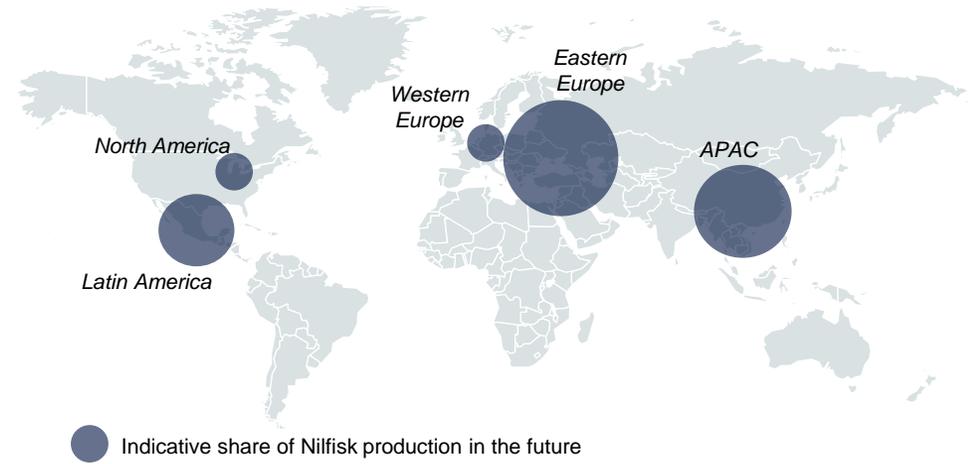


Supplier base reduction of 25 - 50%



***Ongoing optimization and review of sourcing efforts to drive down costs and enhance competitiveness***

## Optimization of global production footprint

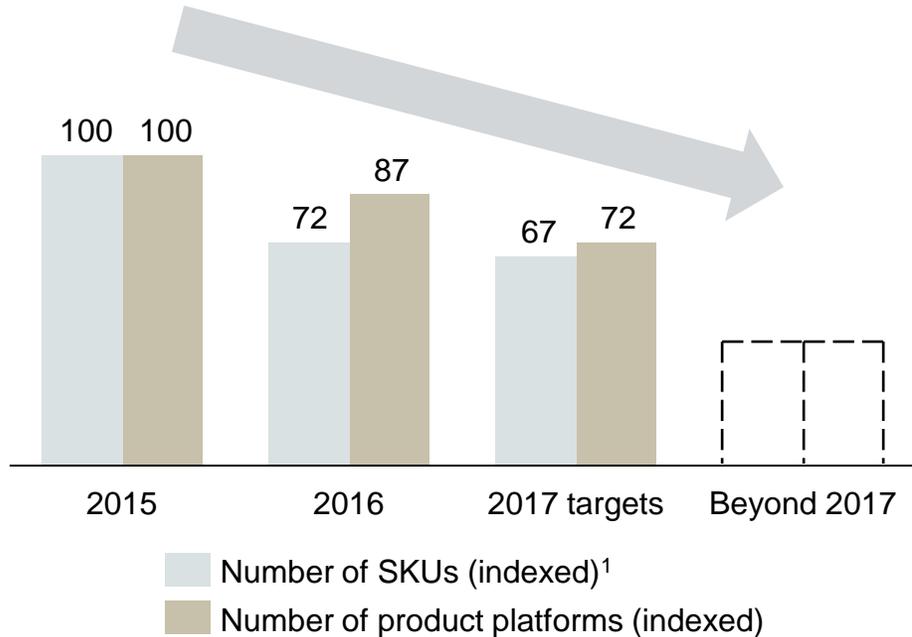


***Future production footprint based on competitive cost, closeness to market and regional capabilities***

# Simplifying our product portfolio

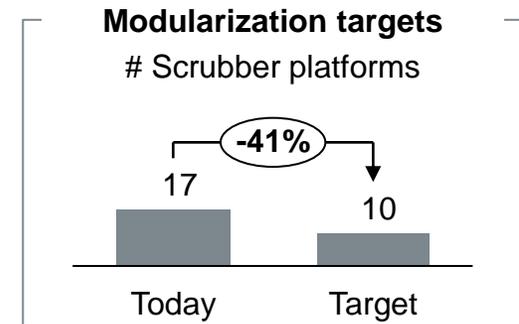
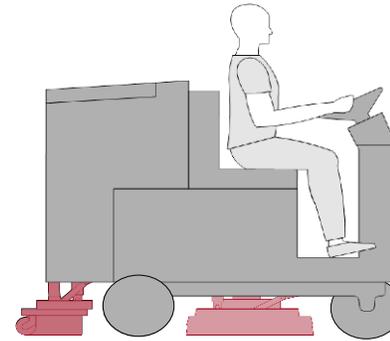
## Streamlining existing product portfolio...

Actively focusing on **streamlining product portfolio** with clearly defined targets and progress follow-ups



## ... combined with clear modularization strategy

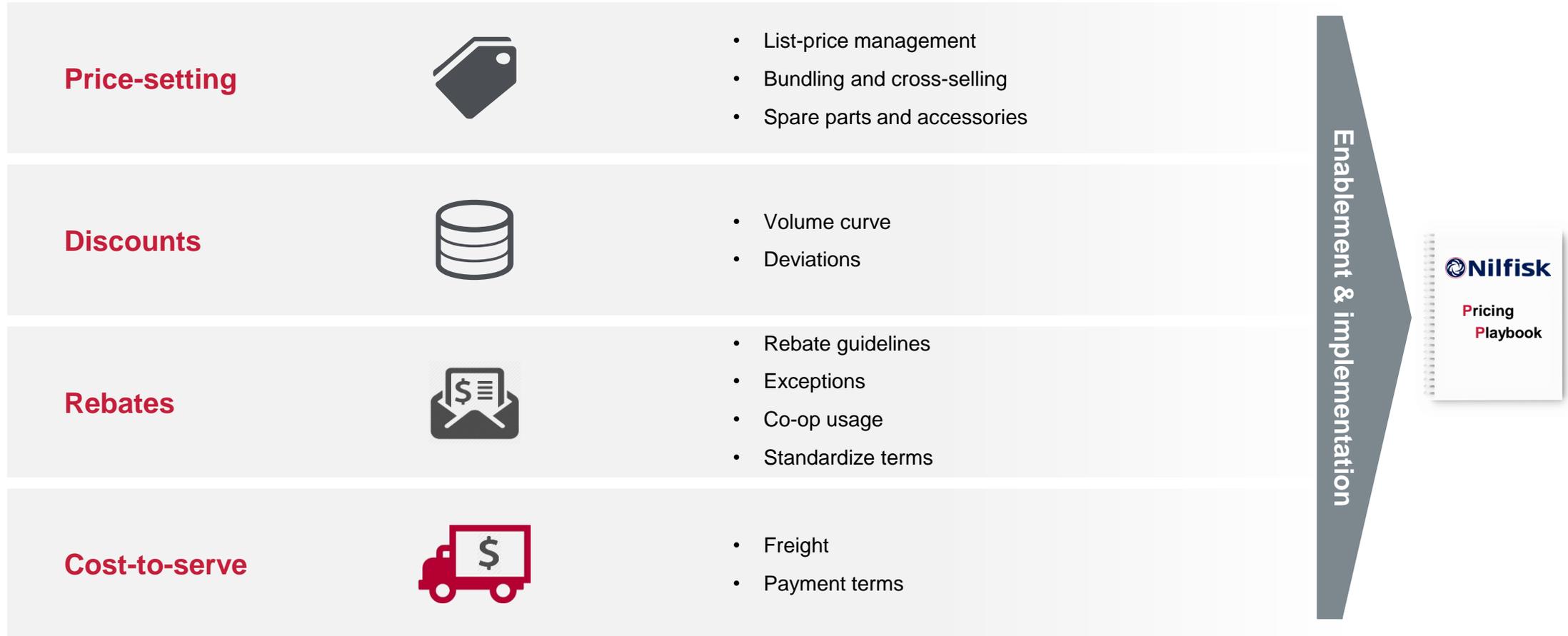
Integration of **modular part strategy** to increase scale advantages and reduce production complexity



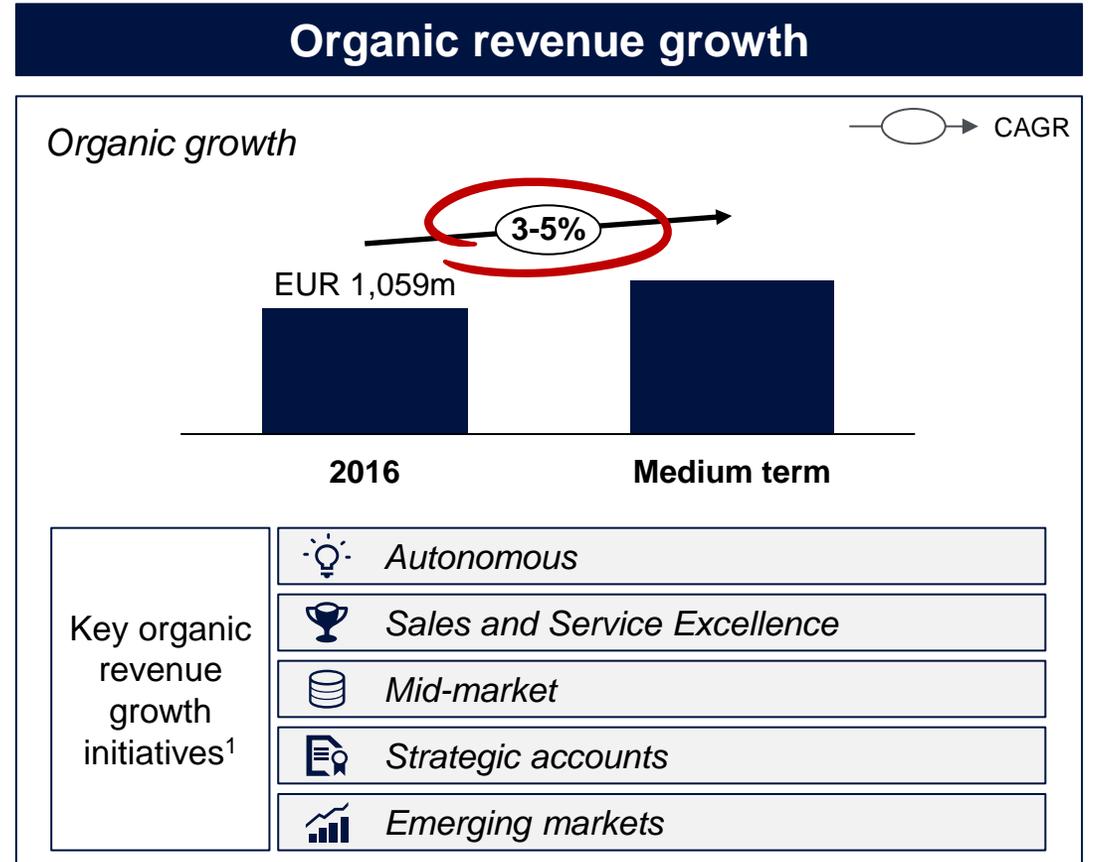
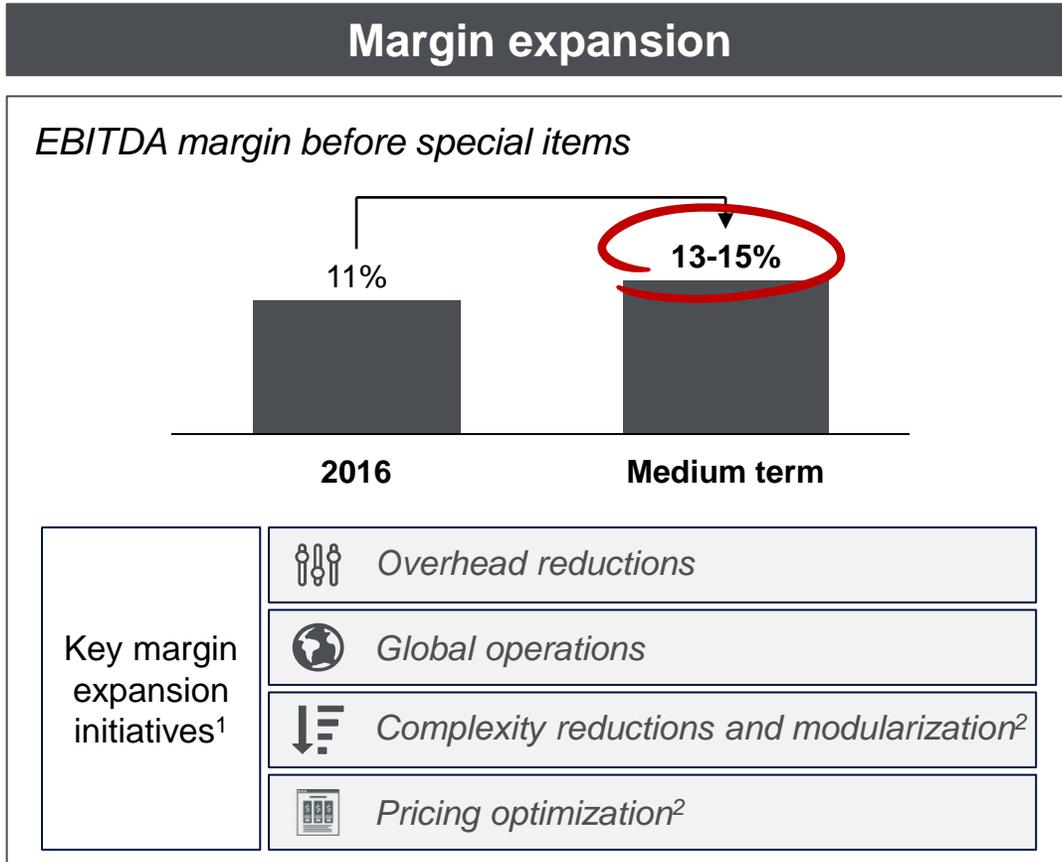
- ✓ Reduce complexity
- ✓ Shorten time to market
- ✓ Accelerate commercial launches

Note: (1) SKU = Stock Keeping Unit

# We implement best practice for price management



# Simplify and grow



*Acquisitive growth on top*

**All initiatives are supported by a comprehensive bottom-up approach with clearly stated targets**

Note: (1) The key initiatives shown do not comprise an exhaustive list of initiatives (2) Classified as Other initiatives in company filings

# Agenda

|          |                          |
|----------|--------------------------|
| <b>1</b> | Introduction to Nilfisk  |
| <b>2</b> | Nilfisk today            |
| <b>3</b> | <b>Simplify and grow</b> |
| <b>A</b> | Margin expansion         |
| <b>B</b> | <b>Organic growth</b>    |
| <b>C</b> | M&A                      |
| <b>4</b> | Leading the future       |
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# Liberty A50 – an industry leading autonomous cleaning solution

**Value proposition**



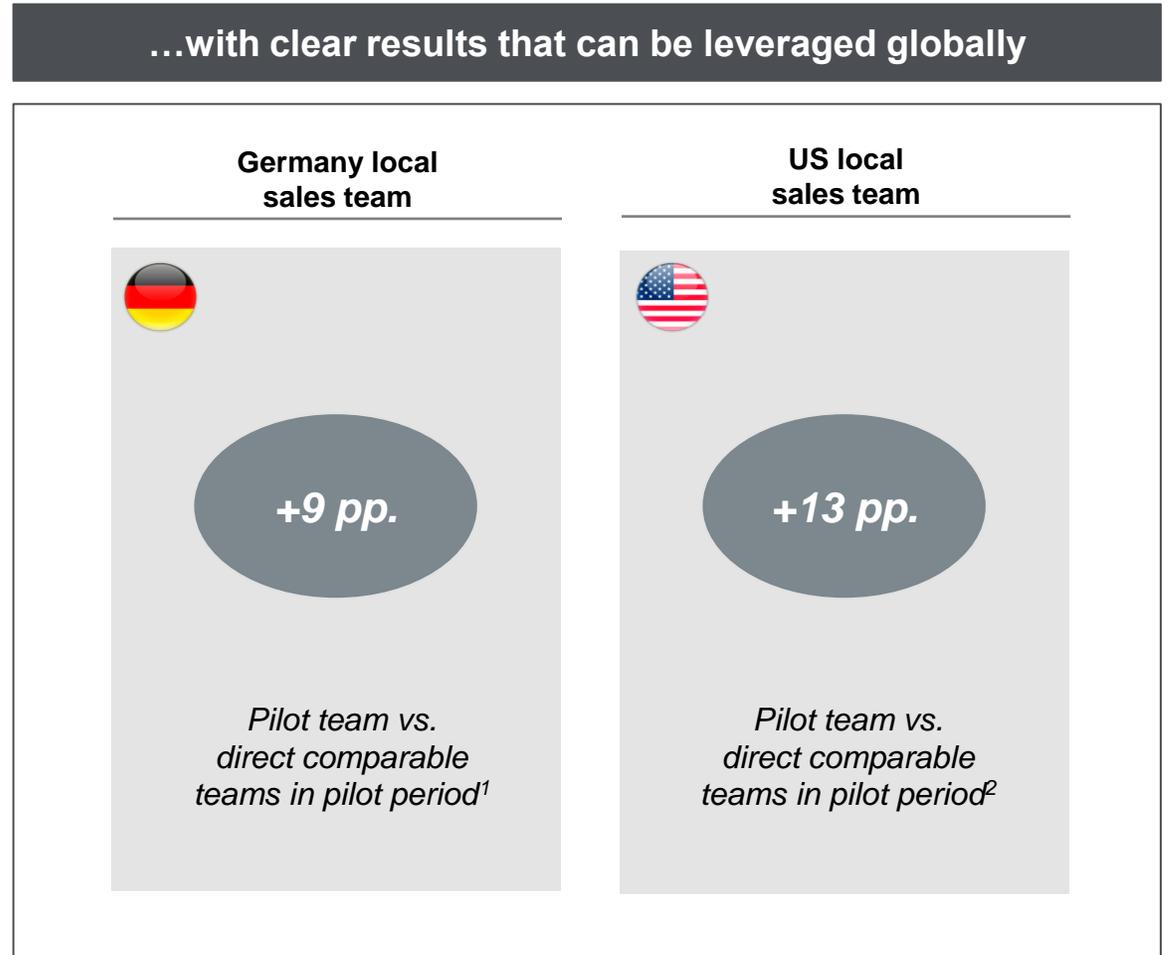
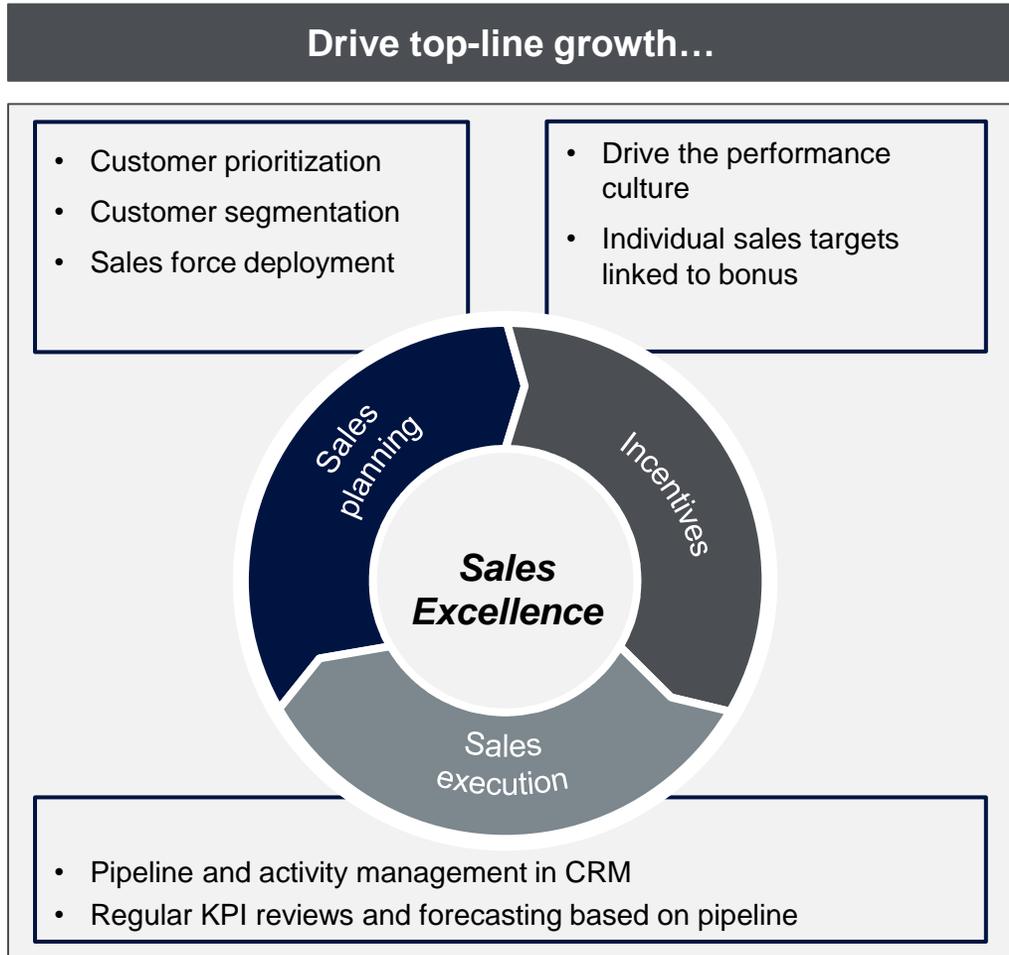
**Nilfisk**  
**Carnegie Robotics**

 **Liberty A50**

---

| <b>Productivity</b>  | <b>Performance</b>  | <b>Safety</b>   |
|--|---|---|
|   |    |    |
| <ul style="list-style-type: none"><li>• Self-learning with intelligent mapping</li><li>• No supervision required</li><li>• Reduces labor costs</li></ul> | <ul style="list-style-type: none"><li>• Precision cleaning (2 inches from the wall)</li><li>• Consistency and reliability</li></ul> | <ul style="list-style-type: none"><li>• Adapts to changing environment</li><li>• Stops when safety is compromised</li><li>• Prevents inventory damage and unsafe operations</li></ul> |

# Sales Excellence to maximize top-line growth

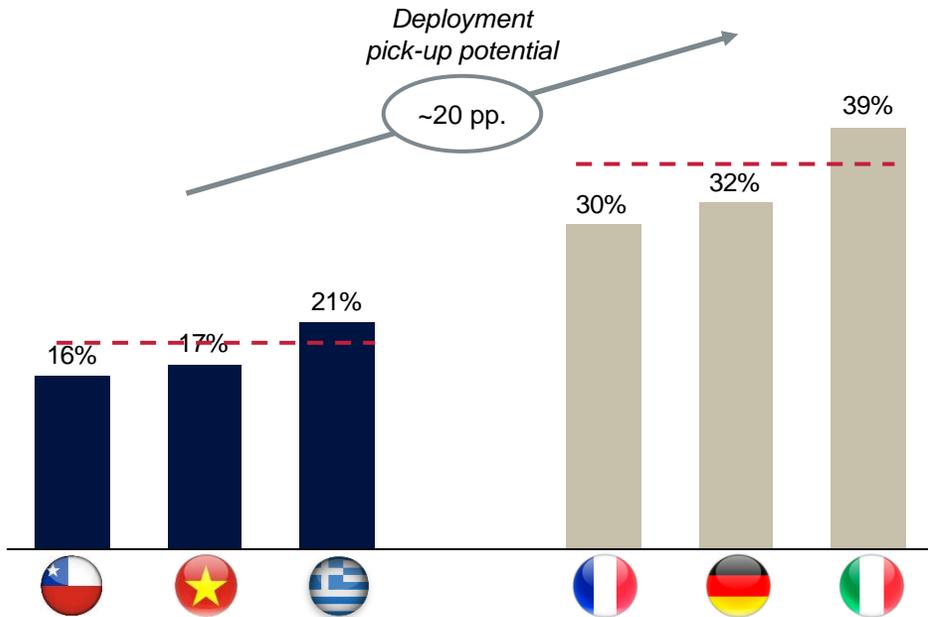


Note: (1) Based on a three-month period (2) Based on a four-month period

# A growing service business

## Deployment of best practice across countries...

Aftermarket revenue share of total revenue



**Deploy current best practice from high service revenue countries to lower service revenue countries**

## ...and digitalizing customer service experience

Discover and adapt offering...

...improving customer experience

- Optimize digital systems and customer facing contact points
- Apply advanced analytics to better understand customers
- Set up back-end with relentless commitment to customer presence



- Engage with customers in exactly the right way at the right time
- Collect data on customers' digital interface usage
- Give customers access to all digital interfaces

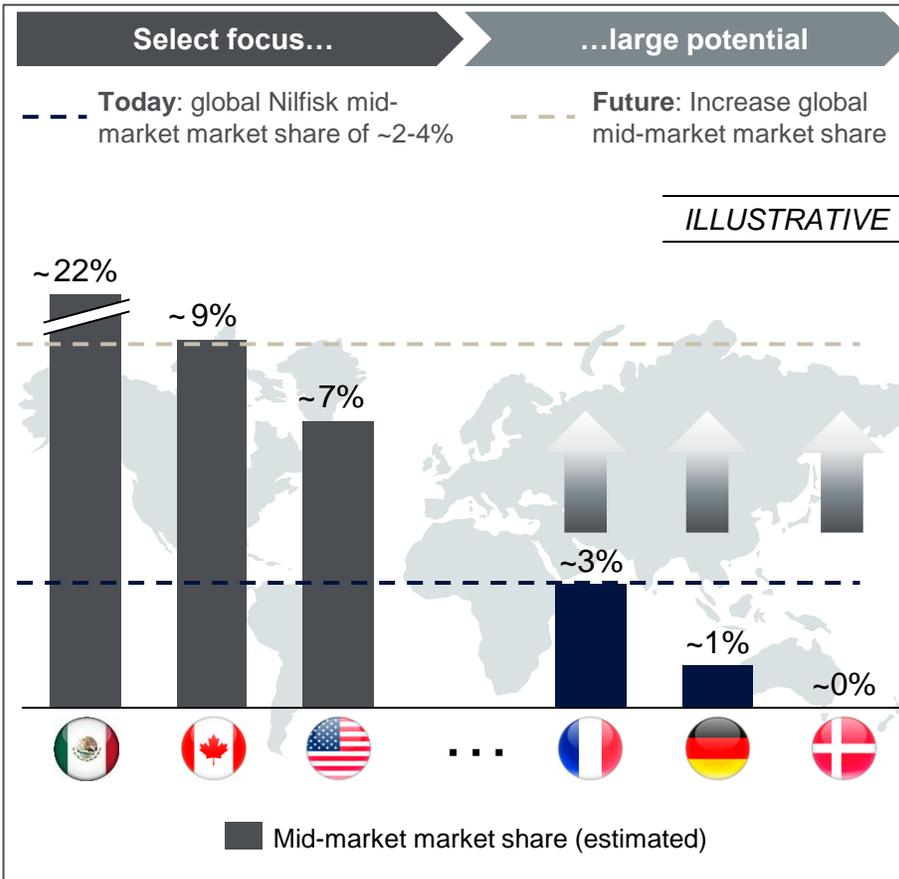
**Digitalize customer service experience to make it faster and better**

# Increased focus on the mid-market to tap into growth potential

## Focus on select mid-markets...

- Historically, focus on select mid-markets, especially Americas
- In Americas, strong growth within Viper brand primarily driven by:
  - Increased focus on dealers relevant to Viper
  - Select large strategic accounts

## ...yielding strong position in Americas...



## ...to be leveraged globally

- Initiatives initiated to secure larger market share in mid-market globally
- Primarily driven by roll-out of Viper brand by:
  - Dedicating sales teams and adding sales resources
  - Expanding dealer network

# Strategic accounts initiative implemented to target growth

## Strategic account focus...

*Ensure focus on potential high value and growth accounts*

*Shift focus from selling a single product to offering complete customer solutions*

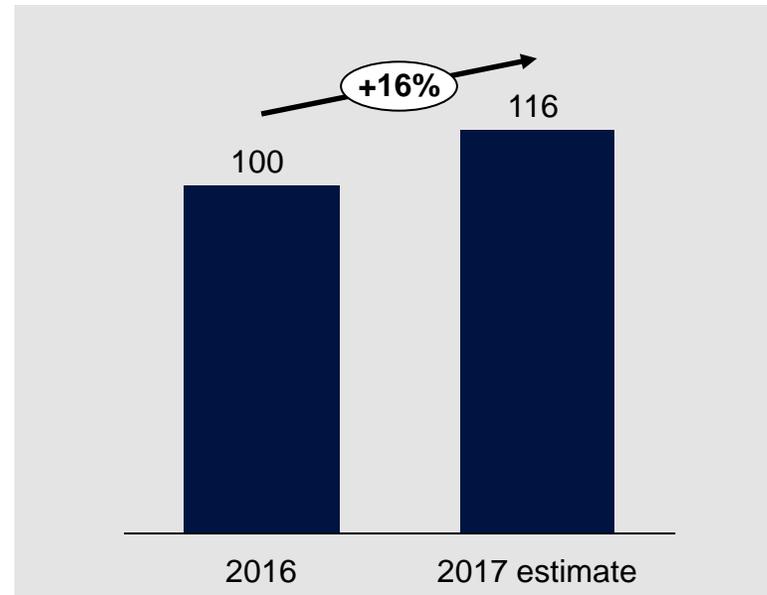
*Closer cooperation with dealers*

*Involvement of all relevant functions to support the shift in focus and mindset*

## ...providing strong US results...



### US example



■ Sales growth in US large strategic accounts (indexed) → CAGR

## ...being scaled globally

- Piloting in the US
- Hired new global VP of Strategic Accounts to build global organization
- Prioritizing accounts and developing account-specific plans

# Continue focus on select emerging markets

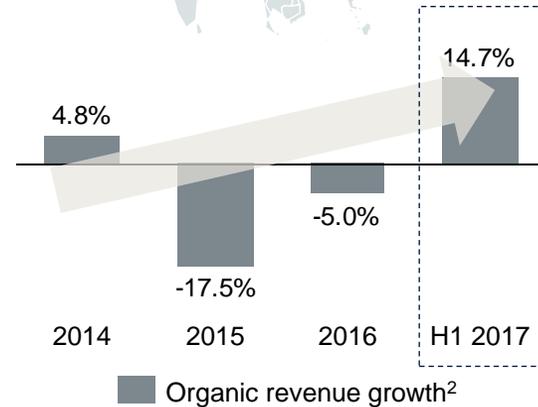
## Current achievements...

- Successful country-specific penetration strategies executed in Mexico, Russia and Turkey
  - Annual growth rates of 15-17% from 2014 to 2016
  - Same approach of country-specific penetration strategies to be applied in e.g. China

## ...being leveraged in China...



### Increased growth in China...



### ...driven by new strategy for Chinese expansion

- New dedicated and experienced country manager hired
- Ramp up in sales organization to capture demand
- Value-creating partnerships established
- Increased focus on tailor-making offerings to the large growing Chinese market

## ...and further into other geographies

- Top 5 largest emerging markets<sup>1</sup> account for approximately 6% of total revenue
- Markets continuously monitored to evaluate their potential
- Nilfisk will continue to focus on a select number of emerging markets to further drive growth

Note: (1) Nilfisk's definition of emerging markets and in terms of 2016 revenue (2) Excluding Outdoor

# Agenda

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| <b>A</b> | Margin expansion         |
| <b>B</b> | Organic growth           |
| <b>C</b> | <b>M&amp;A</b>           |
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| <b>6</b> | Summary                  |

# M&A will continue to be important

Average revenue growth of 1.8% from M&A over the past 10 years

**Target evaluation criteria**

- Fit with professional segment
- Proven business model
- Primarily front-end focused

**Acquisitions focused on dealers and product companies**

**Access to channels**

- Typically EUR 2-5m in revenue
- Frequent bolt-on acquisitions

**Dealers<sup>1</sup>**

**Access to markets or products**

- Typically more than EUR 10m in revenue
- Acquisitions typically not made every year

**Product companies<sup>1</sup>**

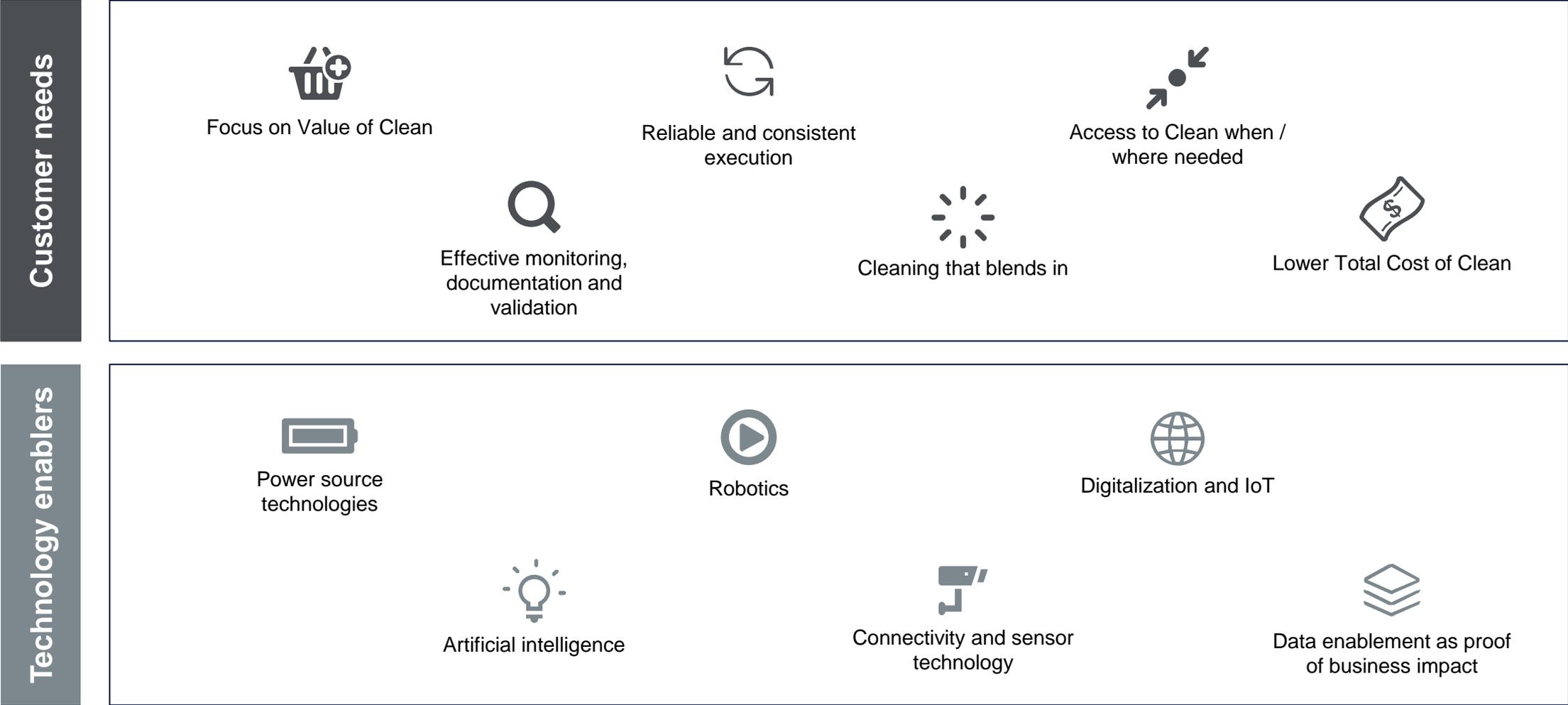
Note: (1) Select acquisitions

# Agenda

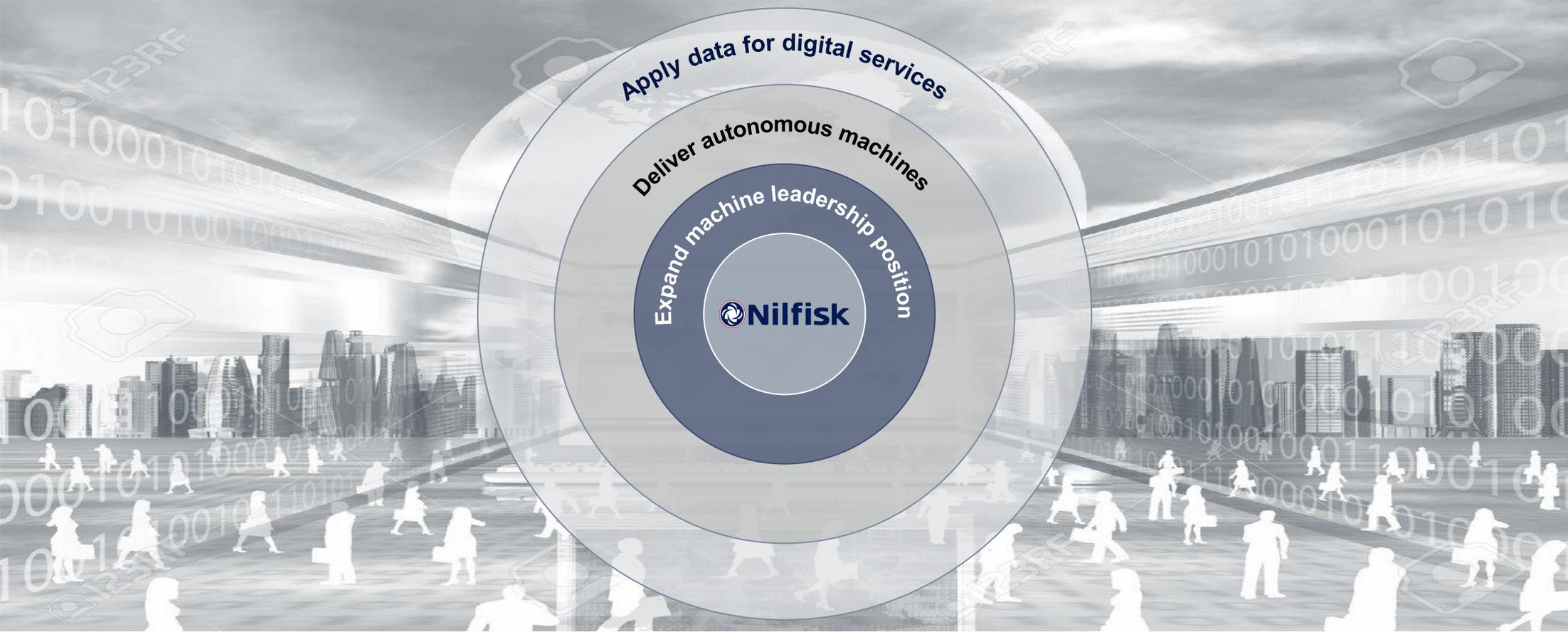


|          |                           |
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# Customer needs are shifting – enabled by technology



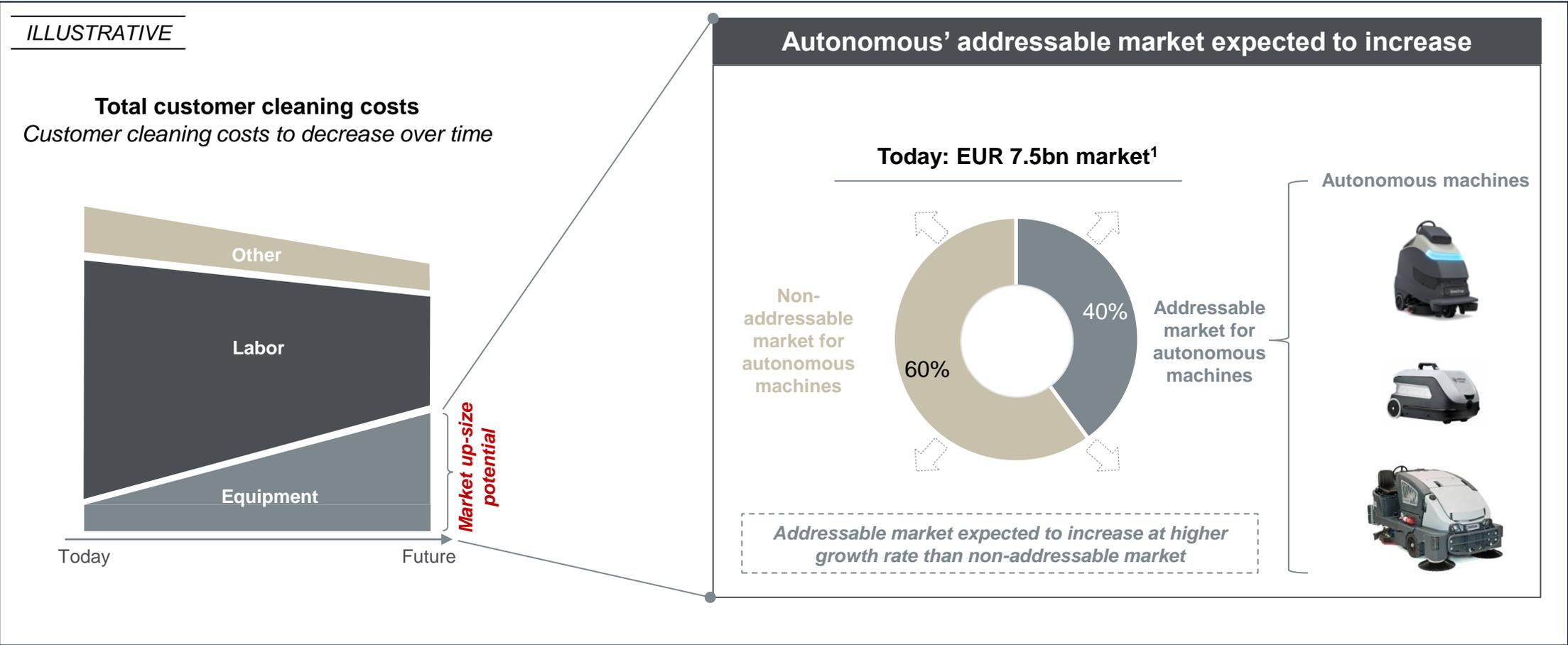
# Nilfisk is focused on the future together with customers



▶ Nilfisk is uniquely positioned to leverage its heritage into the digital age

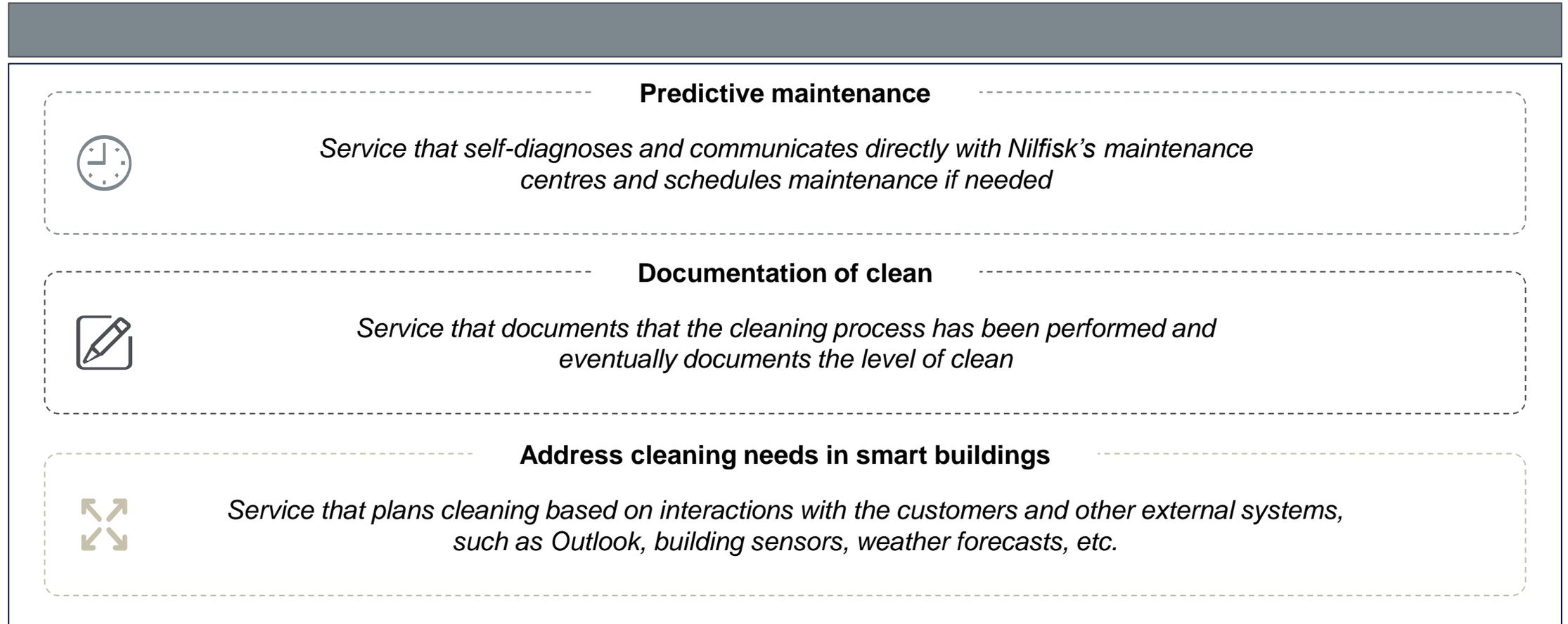
# We believe up to 10% of Nilfisk's revenue will come from autonomous machines within 5-7 years

## Nilfisk to focus on offering a portfolio of autonomous machines and services



Note: (1) Executive Management estimate of the market for professional cleaning equipment and services  
Source: Executive Management estimate

# Digitalized services will lead to higher customer value and loyalty



**“We lead **intelligent cleaning** to make your business **smarter**”**

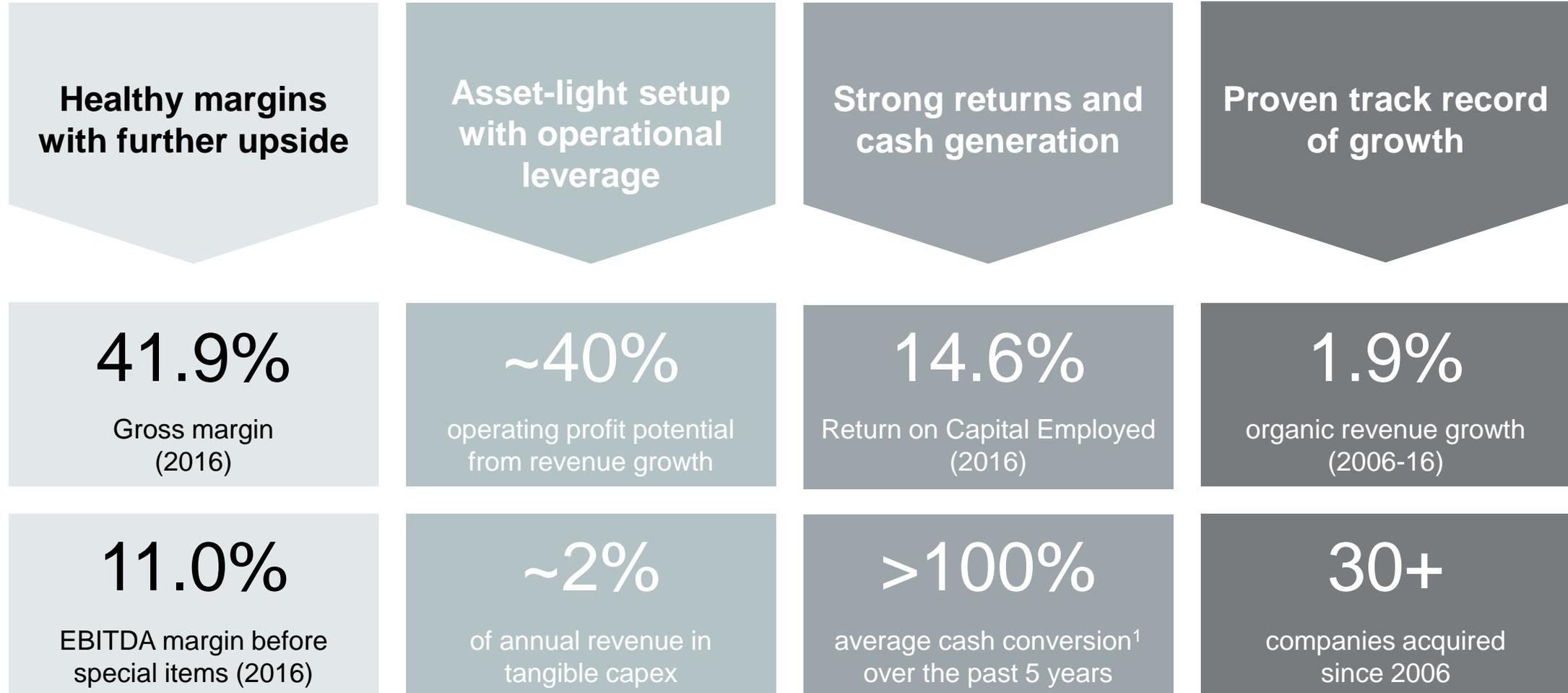




# Agenda

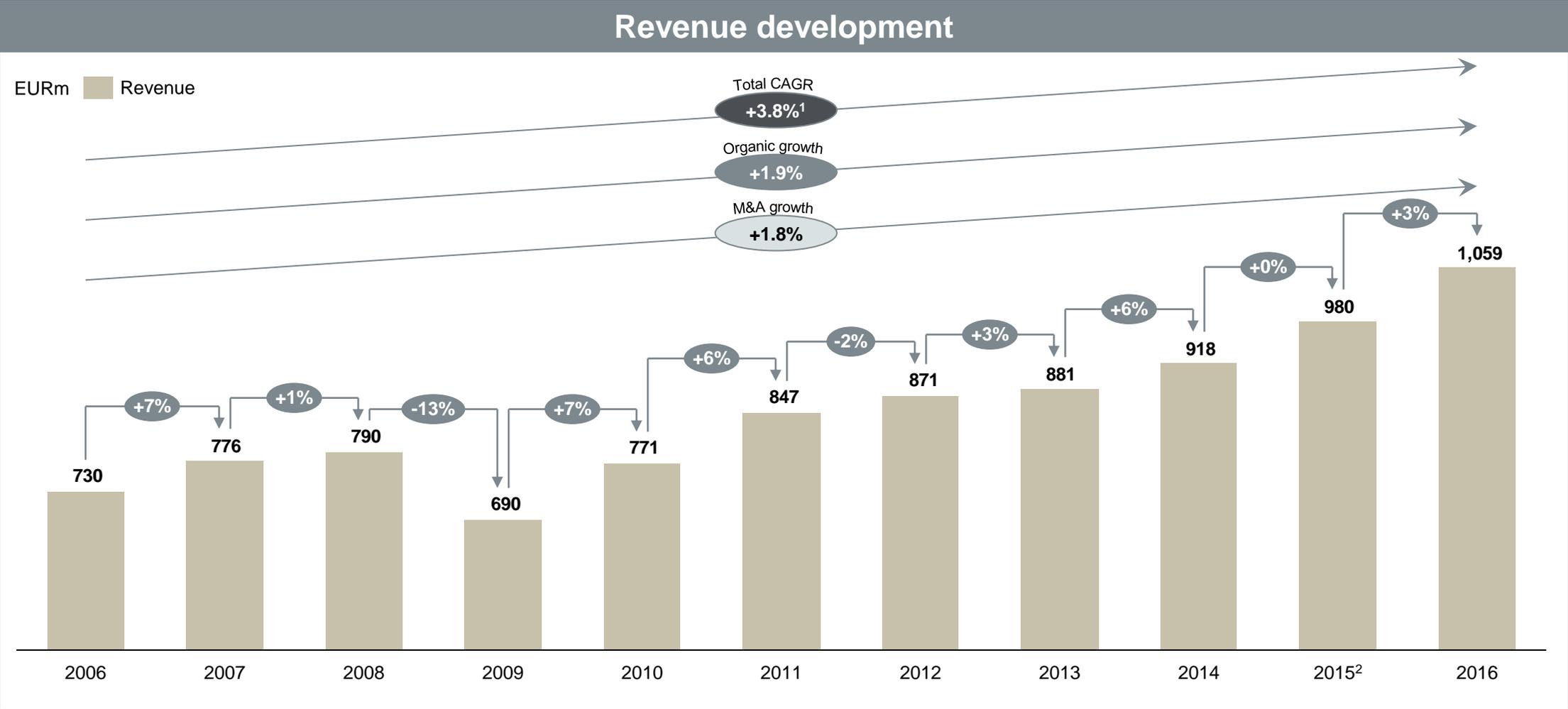
|          |                                  |
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# Attractive business model and financial profile



Note: (1) Cash conversion = Cash flow from operations before financial items and income taxes as a percentage of EBITDA

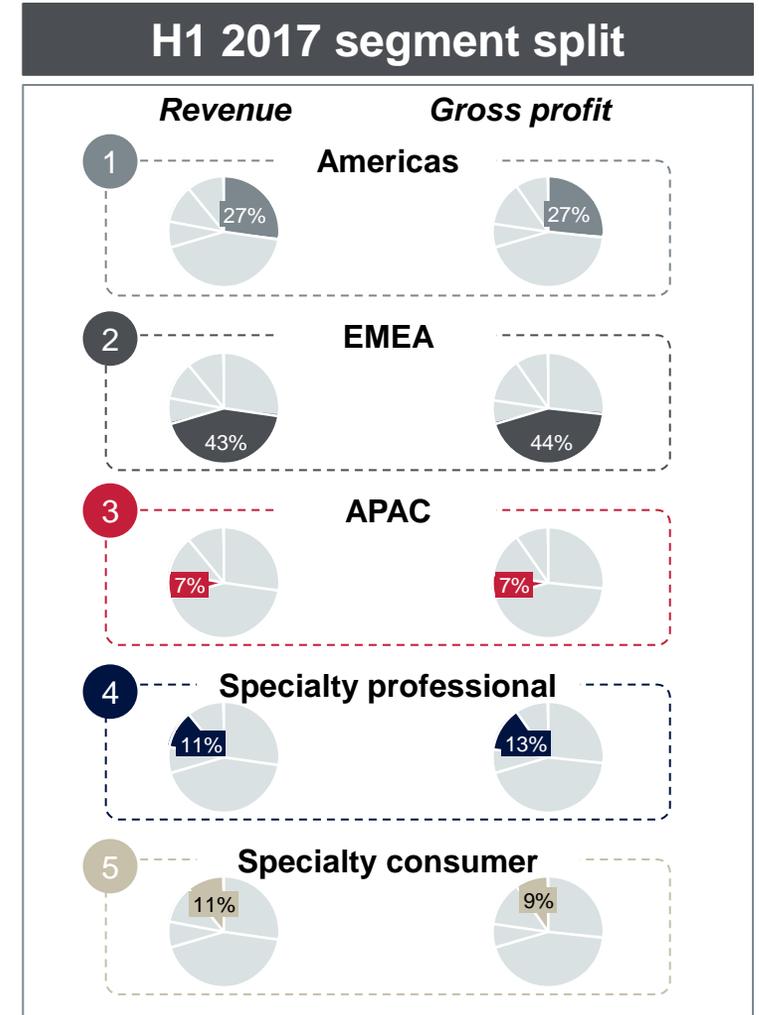
# Growth over the past decade



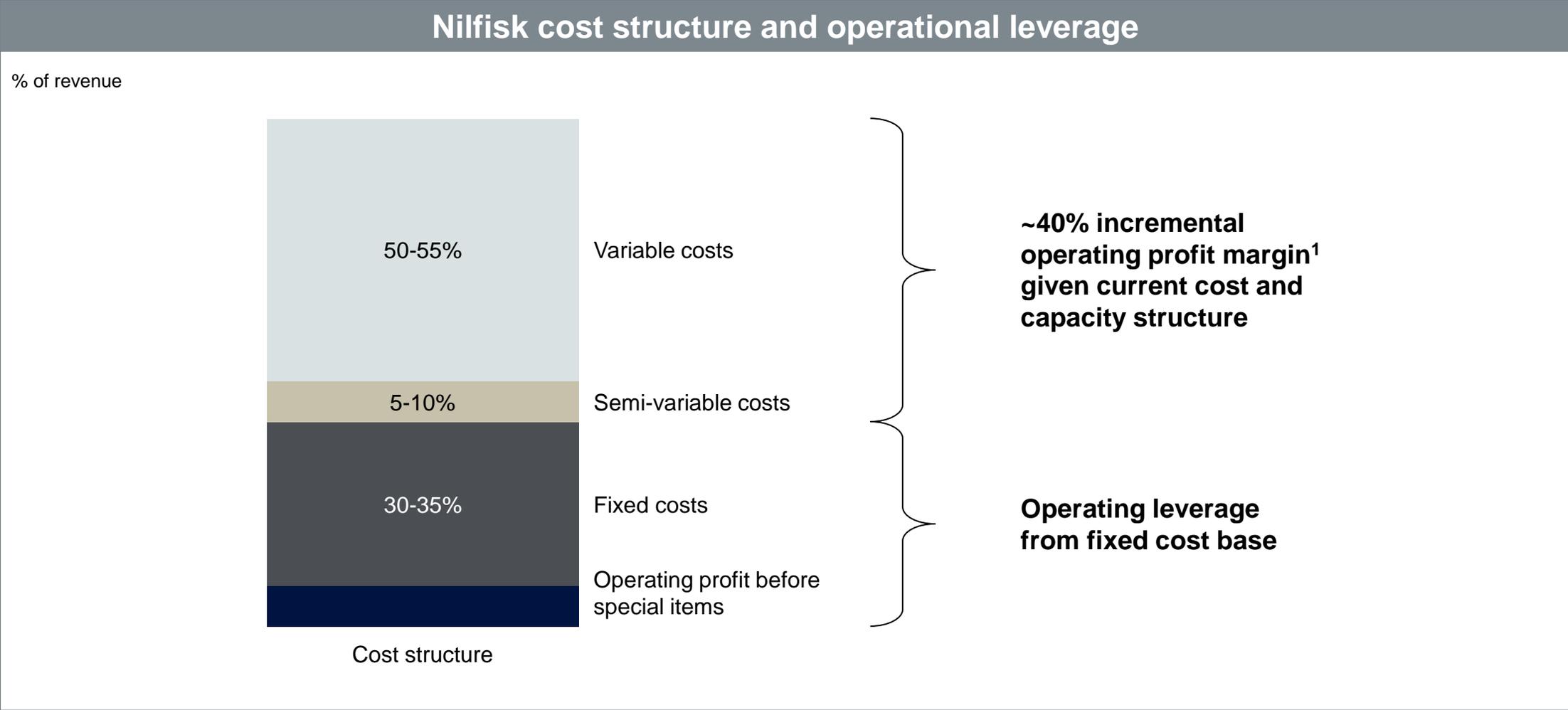
Note: (1) Includes organic growth, acquisition growth and impact from changes in currency exchange rates (2) Restated for reclassification of certain freight costs of EUR 8.4m

# Organic revenue growth and gross profit

| EURm                                |   | 2016        | H1 2017     |
|-------------------------------------|---|-------------|-------------|
| <b>Total revenue growth</b>         |   | <b>8.0%</b> | <b>3.2%</b> |
| Net acquisitions                    |   | 5.8%        | (0.4%)      |
| Currency                            |   | (0.9%)      | 0.6%        |
| <b>Organic</b>                      |   | <b>3.1%</b> | <b>3.0%</b> |
| - Americas                          | 1 | 2.6%        | 7.9%        |
| - EMEA                              | 2 | 5.4%        | 3.6%        |
| - APAC                              | 3 | 1.1%        | 1.0%        |
| <b>Subtotal excluding specialty</b> |   | <b>4.0%</b> | <b>4.9%</b> |
| - Specialty professional            | 4 | (2.9%)      | 2.5%        |
| - Specialty consumer                | 5 | 5.3%        | (7.9%)      |



# Margin growth through operational leverage

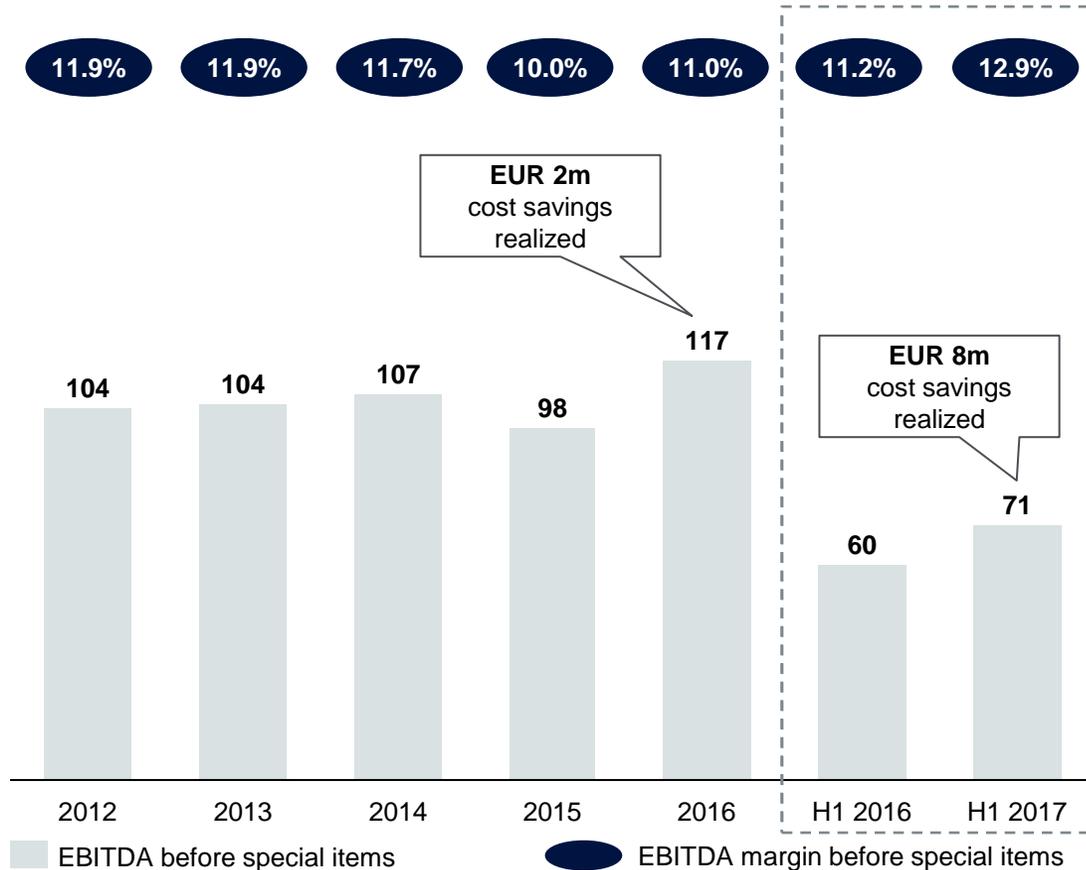


Note: (1) Semi-variable costs treated as variable in calculating the incremental operating profit margin potential

# Increasing EBITDA margin before special items driven by underlying revenue growth and cost saving initiatives

## EBITDA before special items

EURm and % of revenue



## Key margin expansion initiatives

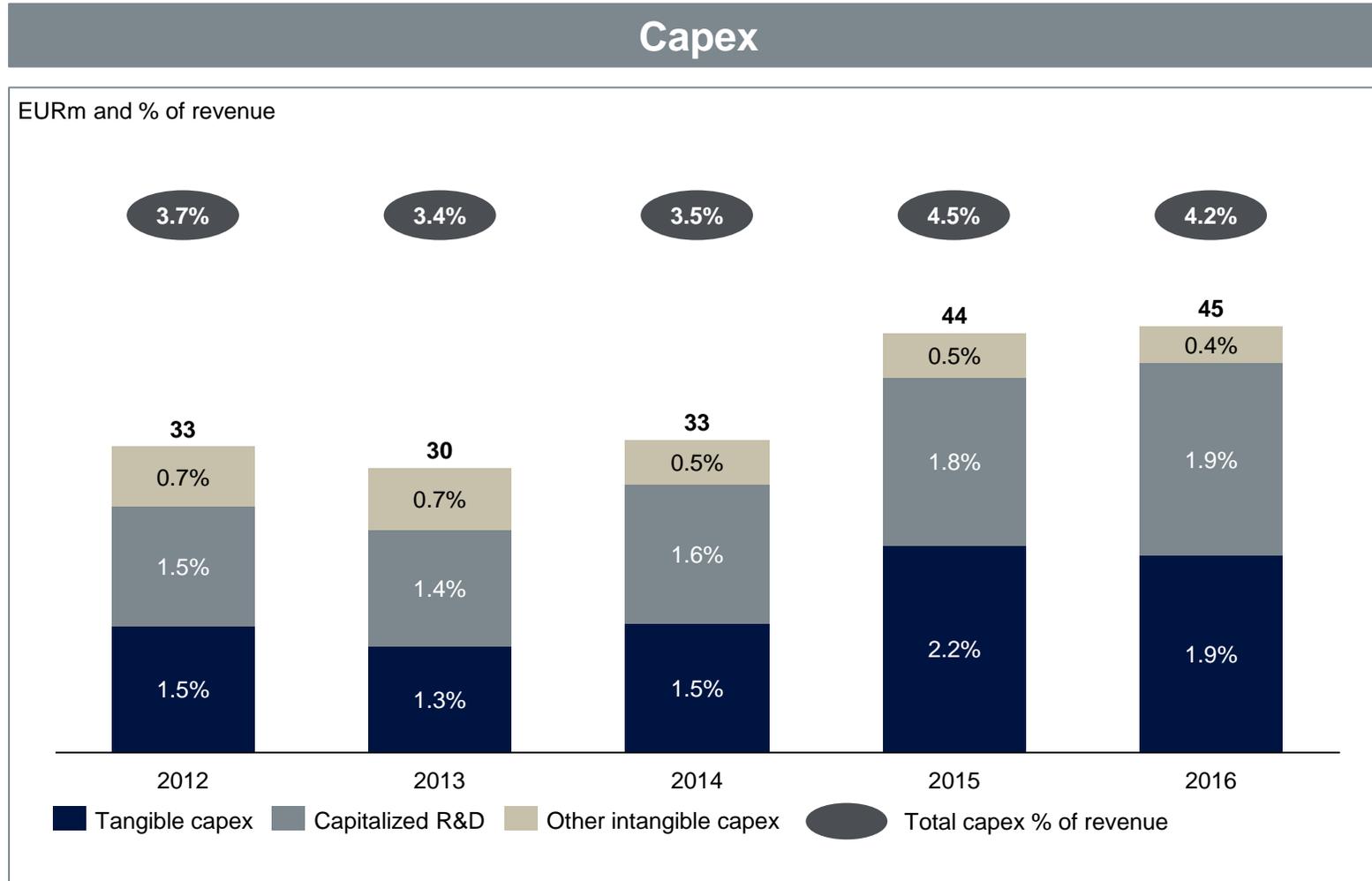
### Cost savings impact on EBITDA before special items (EURm)<sup>1</sup>

| 2016 | H1 2017 | 2017E | 2018E | 2019E | Full potential end-2019E <sup>2</sup> |
|------|---------|-------|-------|-------|---------------------------------------|
| 2    | 8       | 17-18 | 20-25 | 25-32 | 35                                    |

| Initiative  | Progress | Full potential (EURm) <sup>2</sup> |
|---|----------|------------------------------------|
| Overhead reductions   |          | 17                                 |
| Global Operations   |          | 12                                 |
| Complexity reductions, modularization and pricing optimization <sup>3</sup> |          | 6                                  |

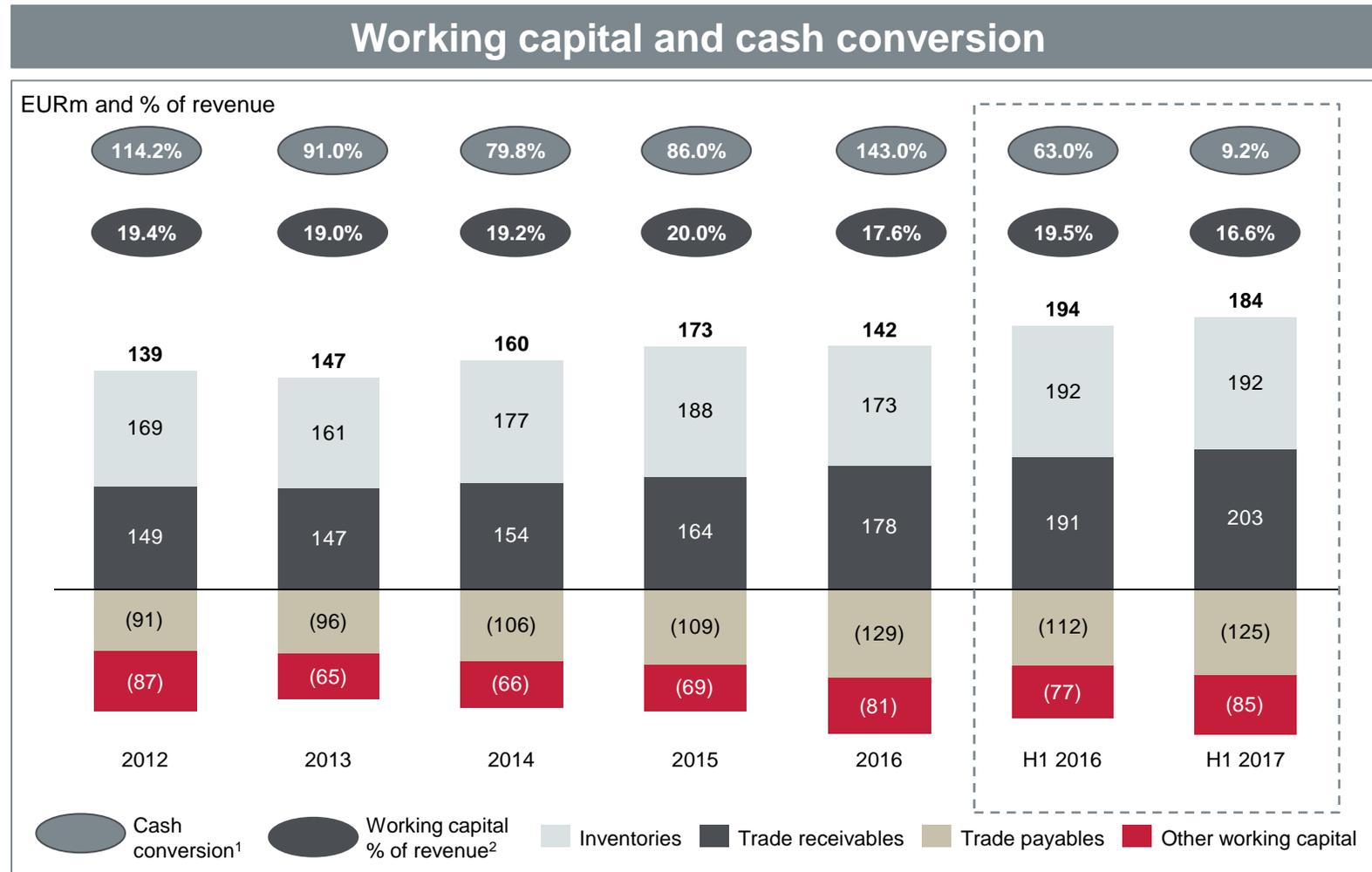
Note: (1) Restructuring and implementation costs of EUR 40m accounted for as special items in order to realize cost savings (2) Target of realizing EUR 35m in annual EBITDA improvements with full EBITDA impact from the financial year 2020 (3) Classified as Other initiatives in company filings

# Asset-light business model with low capex requirements



- Comments**
- Low tangible capex requirements (approx. 2% of revenue)
    - ~95% of production is assembly only
  - Significant available capacity to support future growth
  - Tangible capex mainly consists of investments in tools and products leased to customers
  - Other intangible capex primarily consists of software
  - Capitalized R&D in % of revenue expected to decrease going forward

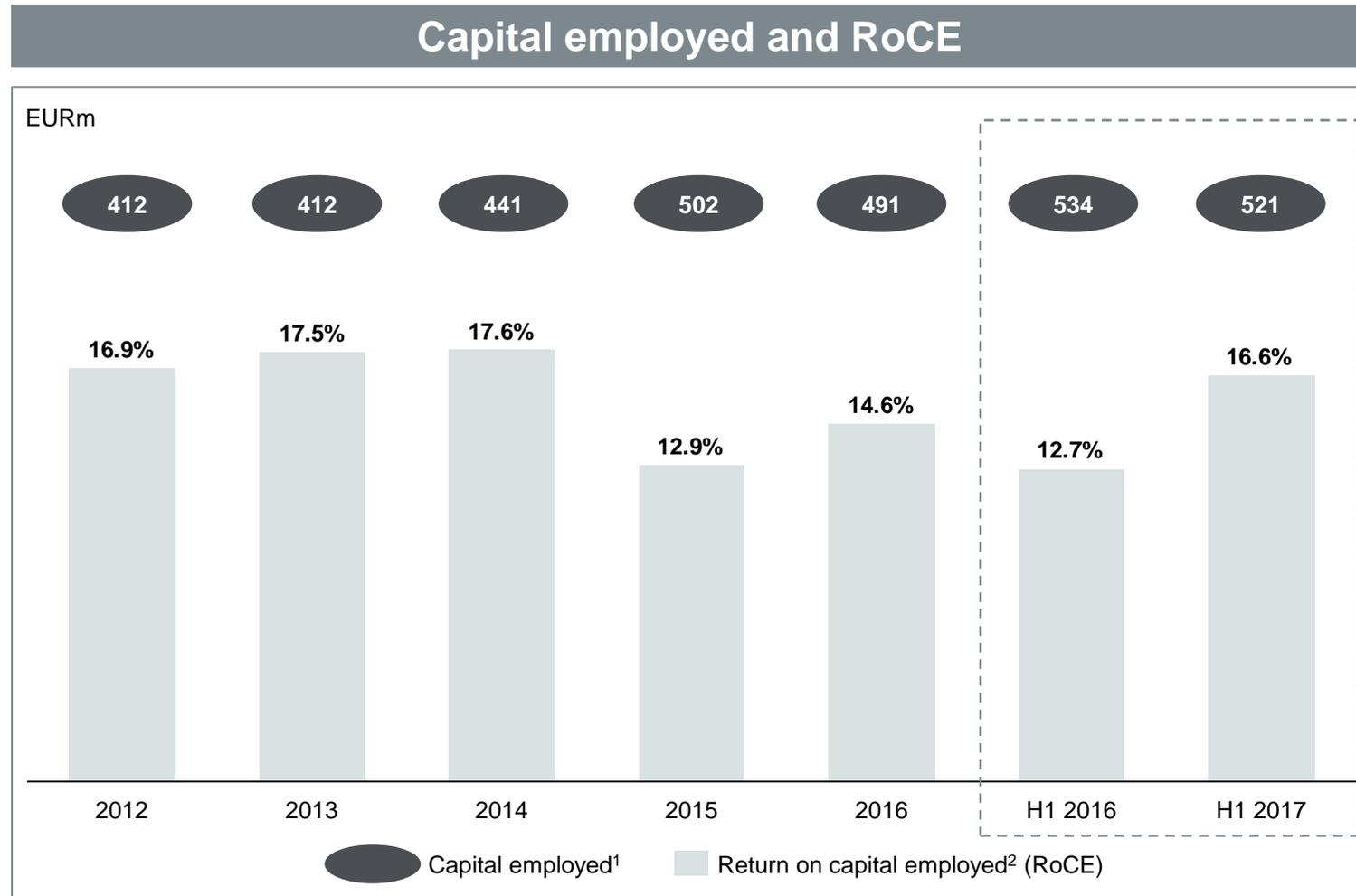
# Improving working capital



- ## Comments
- Working capital improvements driven by focused initiatives
  - Cash conversion average >100% over the past five years
  - 2016 year-end positively impacted by one-offs estimated at EUR 24m also impacting H1 2017 negatively
  - H1 2017 includes unusually high payables

Note: (1) Cash conversion = Cash flow from operations before financial items and income taxes as a percentage of EBITDA (2) Calculated as average 12 months working capital / 12 months rolling revenue

# Increase in return on capital employed



**Comments**

- Increase in RoCE in 2017 driven by:
  - Increase in EBIT before special items driven by operational improvements
  - Decrease in capital employed from improvement in working capital
- Continued focus on working capital and margin expansion will increase RoCE even further

Note: (1) Defined as equity + financial liabilities - financial assets (2) Defined as EBIT before special items / average capital employed at the end of period and at the end of the preceding four quarters

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| <b>C</b> | Guidance and medium-term targets     |
| <b>6</b> | Summary                              |

# Post-demerger adjusted net income and capital structure

## Reported net income and adjusted net income

| EURm                            | 2016 reported | 2016 adjusted |
|---------------------------------|---------------|---------------|
| <b>EBIT after special items</b> | <b>54</b>     | <b>54</b>     |
| Financial income                | 13            | 7             |
| Financial expenses              | (24)          | (17)          |
| <b>Net financial income</b>     | <b>(11)</b>   | <b>(10)</b>   |
| <b>Profit before tax</b>        | <b>43</b>     | <b>44</b>     |
| Tax                             | (14)          | (14)          |
| <b>Net income</b>               | <b>30</b>     | <b>30</b>     |

Adjusted for the effects of Nilfisk's capitalization and indebtedness following the demerger<sup>1</sup>

Based on 2016 effective tax rate applied to adjusted profit before tax

## Post-demerger capital structure<sup>2</sup>

| Facility                            | Amount (EURm) | Maturity |
|-------------------------------------|---------------|----------|
| Demerger facility                   | 450           | Jul 2020 |
| Acquisition facility                | 75            | Dec 2018 |
| Total interest-bearing liabilities  | 419           |          |
| Total interest-bearing assets       | 24            |          |
| Net interest-bearing debt           | 395           |          |
| Leverage (LTM H1 2017) <sup>3</sup> | 3.1x          |          |

- Before the demerger, Nilfisk's capital structure has been based on intercompany loans from NKT Holding
- Nilfisk's interest rate risk management policies recommend operating with fixed interest rates for 25-75% of net interest-bearing debt
- Continuous strong cash conversion will quickly delever Nilfisk to leverage target at or below 2.5x

Note: (1) Assumed static over time (2) Adjusted as of 30 June 2017 with the post-merger capital structure (3) Leverage ratio defined as net interest bearing debt / EBITDA before special items

# Foreign currency and raw materials risk management

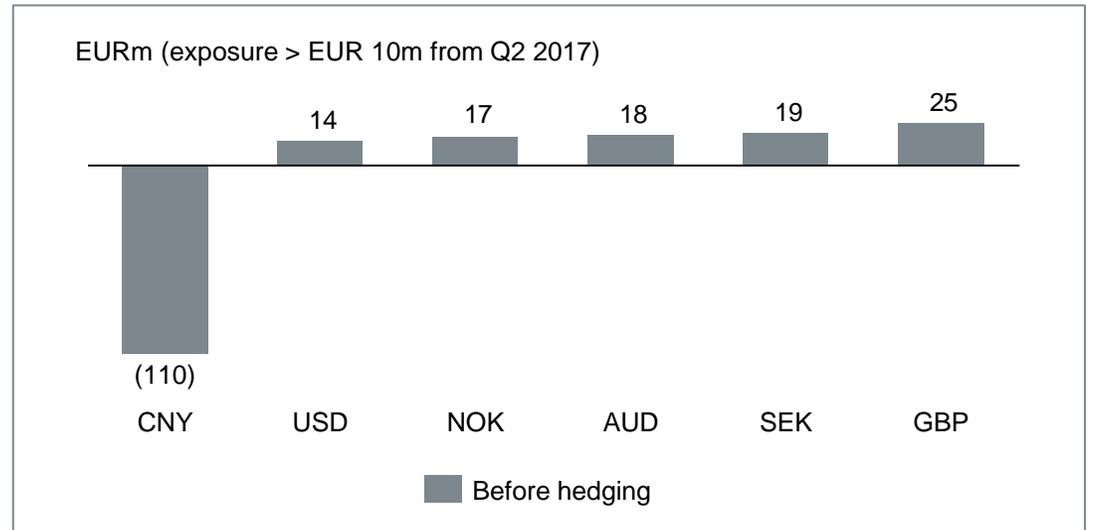
## Currency risk management principles

- A hedging policy is in place to limit the net P&L exposure from exchange rate changes
  - The objective of Nilfisk’s currency risk management is to reduce currency risk with a 12 month horizon
  - Significant currency exposures of future cash flows are generally hedged based on a value-at-risk assessment
  - Translation effects generally not hedged
- The geographical split of revenue and operating costs provide a certain degree of natural hedge

## Raw materials risk management principles

- Nilfisk does not hedge its direct or indirect raw materials exposure

## Expected net currency exposure, next 12 months



## Raw materials exposure

- Around 1/3 of supplier spend includes clauses related to raw materials prices<sup>1</sup>
- The main raw materials exposure is on steel, copper, lead and plastic

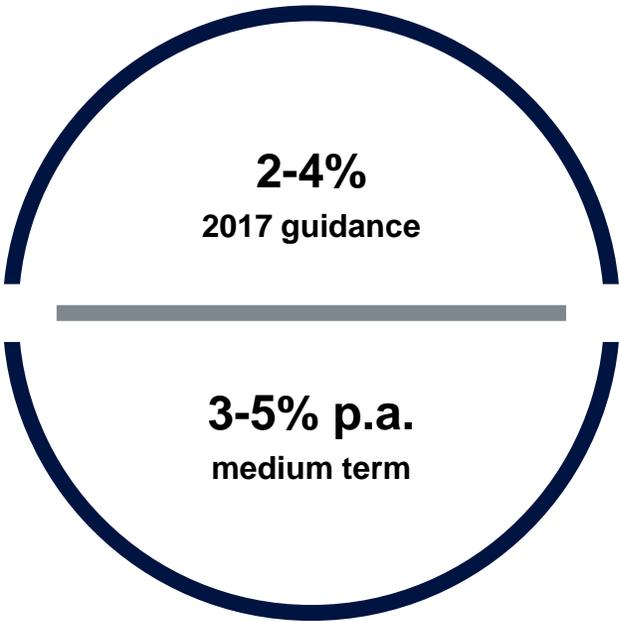
Note: (1) Clauses included in contracts with suppliers that determine that the raw material prices, which a supplier can include in its price of components, fluctuate based on changes in a predetermined raw material price index

# Agenda

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| <b>6</b> | Summary                                 |

# 2017 guidance and medium term targets (3-5 years)

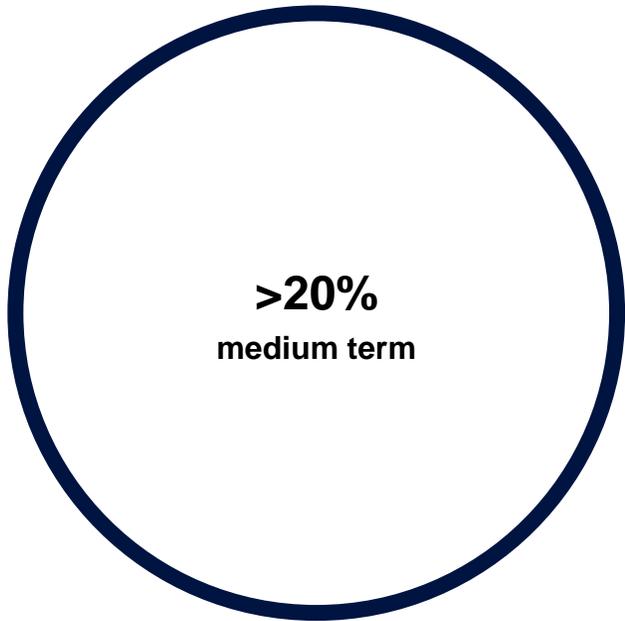
## Organic revenue growth



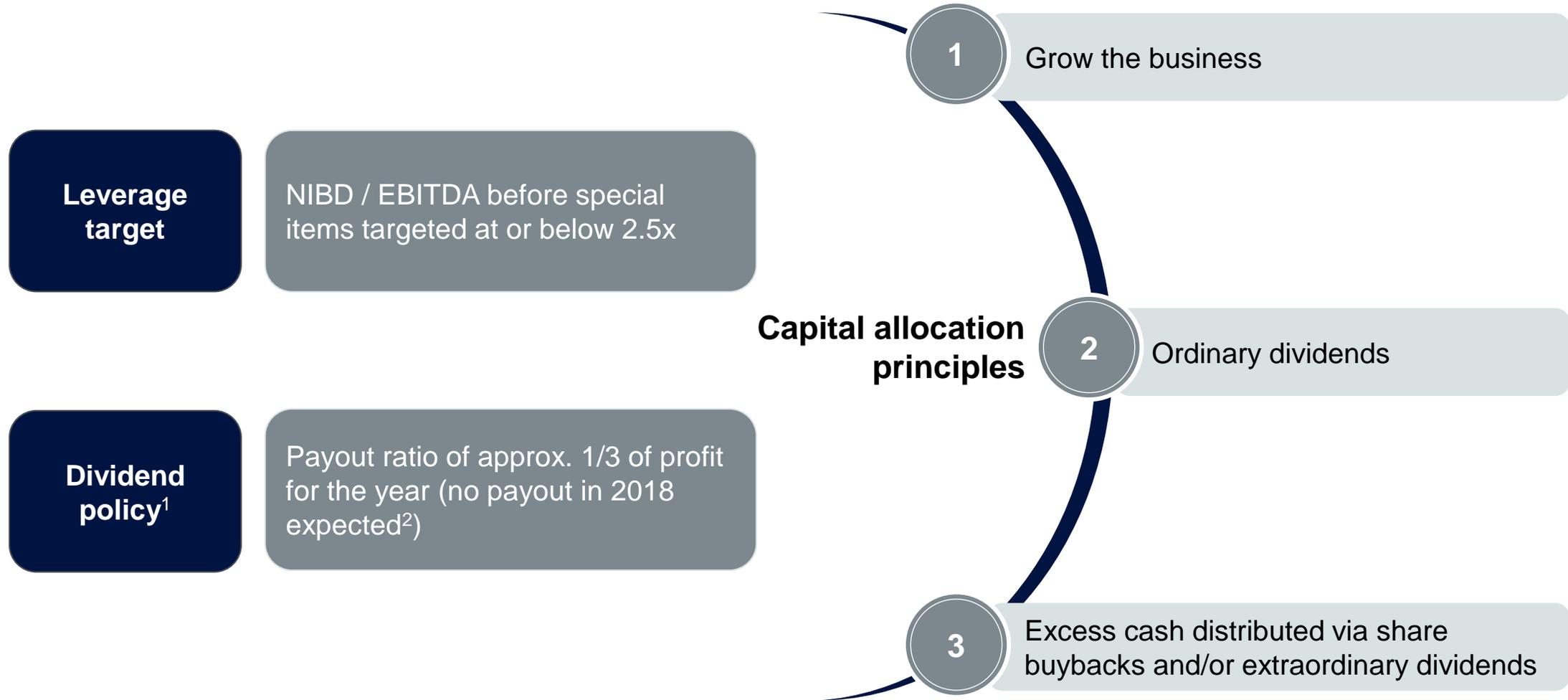
## EBITDA margin before special items



## RoCE



# Financial policy and capital allocation principles



Note: (1) Payment of dividends, if any, will in general be determined with a view to balance the pay-out ratio and the target leverage ratio and will further depend on a number of factors, including future revenue, profits, financial conditions, leverage ratio, general economic and business conditions, future prospects, strategic initiatives, etc. (2) Regarding 2017 results

# Agenda

- 1** Introduction to Nilfisk
- 2** Nilfisk today
- 3** Simplify and grow
- 4** Leading the future
- 5** Financial overview
- 6** **Summary**

# Nilfisk equity story highlights





# Q&A

# Appendix



# Board of Directors



**Jens Due Olsen**  
*Chairman*

- Professional board member with experience from Bladt Industries, Royal Unibrew, Kompan, KMD and others



**René Svendsen-Tune**  
*Deputy Chairman*

- CEO of GN Store Nord and GN Audio
- Board experience from GN Store Nord A/S, Polewall, NKT Holding and others



**Jens Maaløe**  
*Non-executive director*

- CEO of Terma
- Board experience from Grundfos Holding, Topdanmark and others
- PhD in radar technology



**Jutta af Rosenberg**  
*Non-executive director*

- Board experience from Aberdeen Asset Management, JPMorgan European Investment Trust, PGA European Tour, Zealand Pharma and others



**Anders Runevad**  
*Non-executive director*

- CEO of Vestas Wind Systems
- Board experience from NKT Holding, MHI Vestas Offshore Wind and others



**Lars Sandahl Sørensen**  
*Non-executive director*

- Group Director and COO, SAS
- Board experience from Wexøe, Industriens Fond, SAS Danmark and others



**Gitte Toft Nielsen**  
*Finance*



**Yvonne Markussen**  
*HR*

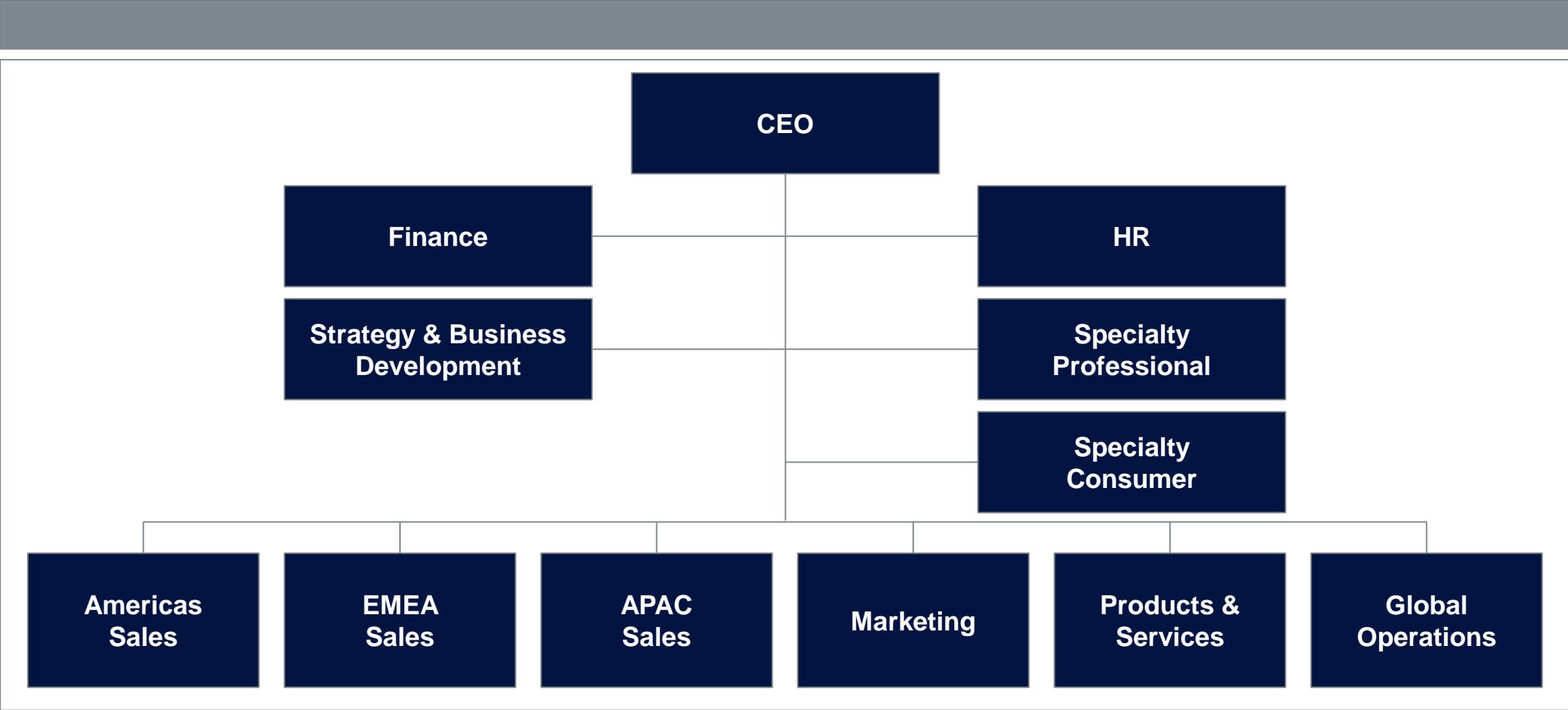


**Michael Gamtofte**  
*Corporate Responsibility*

Employee representatives

Note: Selected experience shown

# Nilfisk organizational overview



# Floorcare

Professional  Consumers

## Product overview<sup>1</sup>

### Products

|  |  |  |
|--|--|--|
| <p><b>Scrubber dryers</b></p>     | <p><b>Sweepers</b></p>    | <p><b>Combination machines</b></p>  |
| <p><b>Carpet extractors</b></p>  | <p><b>Burnishers</b></p>  | <p><b>Single discs</b></p>          |

**Outdoor machines**



### Key customer segments

*Wide range of industries, including all 10 strategic customer segments*

*Municipalities*

## Competitive advantages

### Portfolio characteristics

- Complete product range with a wide range of sizes and features, covering all customer segment needs
- Best in class machines designed to increase productivity

### Innovations

- EcoFlex and SmartFlow offer automatic adjustment of water and detergent flow to reduce the Total Cost of Ownership
- TrackClean fleet management system monitors location and operation, providing greater control and optimized cleaning
- REV orbital scrubbing technology secures a deep, reliable cleaning performance

Note: (1) Pie chart based on 2016 revenue split

# Vacuum cleaners

Professional  Consumers

## Product overview<sup>1</sup> 18%

| Products  | Key customer segments   |
|---|---|
| <b>Commercial Vacs</b><br> | <i>Contract Cleaners,<br/>Education and<br/>Healthcare</i>  |
| <b>Industrial Vacs</b><br> | <i>Automotive, Building &amp;<br/>Construction, Agriculture,<br/>Food &amp; Beverage and<br/>Pharma</i> |
| <b>Consumer Vacs</b><br> | <i>Consumer</i>   |

## Competitive advantages

| Portfolio characteristics   |
|---|
| <ul style="list-style-type: none"> <li>• Outstanding power and refined technology for perfect cleanliness</li> <li>• Extensive range and accessories for durability and versatility in all environments</li> </ul>  |
| Innovations   |
| <ul style="list-style-type: none"> <li>• Strong filtration solutions minimize maintenance, ensure high performance and reduce overall service costs</li> <li>• InfiniClean filtration system ensures continuously cleaning performance and improves productivity</li> <li>• Low sound level product range offers minimal disturbance</li> </ul> |

Note: (1) Pie chart based on 2016 revenue split

# High pressure washers

Professional  Consumers

## Product overview<sup>1</sup> 17%

### Products

#### Mobile HPW



### Key customer segments

*Automotive, Building & Construction, Agriculture, Retail, Food & Beverage, Manufacturing and Warehousing*

*Consumer*



*Food & Beverage and Processing Plants*

## Competitive advantages

### Portfolio characteristics

- High boiler efficiency
- Intuitive, easy-to-use machines by optimal interfaces and ergonomic accessories
- Wide range of quality accessories meet all customer segment needs

### Innovations

- EcoPower boiler system reduces fuel consumption and optimizes Total Cost of Ownership
- Easy-to-use wireless pressure adjustment and excellent grip of PowerGrip give flexibility and saves water and energy
- Durable and robust high quality premium pumps
- Best-in-class Man-Machine interface

Note: (1) Pie chart based on 2016 revenue split

# Income statement

| EURm  | 2016         | H1 2016      | H1 2017      |
|---|--------------|--------------|--------------|
| Revenue   | 1,058.5      | 532.0        | 548.9        |
| Cost of sales   | (615.1)      | (306.3)      | (308.4)      |
| <b>Gross profit</b>   | <b>443.4</b> | <b>225.7</b> | <b>240.5</b> |
| <i>Gross margin (%)</i>   | <i>41.9%</i> | <i>42.4%</i> | <i>43.8%</i> |
| Research and development costs  | (30.0)       | (14.9)       | (16.1)       |
| Sales and distribution costs  | (236.4)      | (120.8)      | (128.7)      |
| Administrative costs  | (93.0)       | (47.2)       | (42.5)       |
| Other operating income, net   | 0.8          | 1.6          | 1.4          |
| <b>Operating profit before amortization / impairment of acquisition-related intangibles and special items</b> | <b>84.8</b>  | <b>44.4</b>  | <b>54.6</b>  |
| Amortization / impairment of acquisition-related intangibles  | (9.0)        | (4.0)        | (3.2)        |
| Special items   | (21.8)       | 0.0          | (6.9)        |
| <b>Profit before financial items and income taxes (EBIT)</b>  | <b>54.0</b>  | <b>40.4</b>  | <b>44.5</b>  |
| Financial income  | 13.0         | 6.0          | 3.6          |
| Financial expenses  | (24.0)       | (13.1)       | (8.1)        |
| <b>Profit before income taxes</b>   | <b>43.0</b>  | <b>33.3</b>  | <b>40.0</b>  |
| Income taxes  | (13.5)       | (8.3)        | (11.2)       |
| <b>Profit for the year</b>  | <b>29.5</b>  | <b>25.0</b>  | <b>28.8</b>  |

# Balance sheet

| EURm  | 2016         | H1 2016      | H1 2017      |
|---|--------------|--------------|--------------|
| Goodwill  | 179.3        | 173.6        | 169.6        |
| Trademarks  | 14.8         | 16.6         | 13.1         |
| Customer related assets                             | 17.2         | 18.9         | 14.9         |
| Development projects completed                      | 39.4         | 33.9         | 36.7         |
| Software, know-how, patents and competition clauses | 24.9         | 29.8         | 22.6         |
| Development projects and software in progress       | 21.8         | 24.3         | 26.4         |
| <b>Intangible assets</b>                            | <b>297.4</b> | <b>297.1</b> | <b>283.3</b> |
| Land and buildings                                  | 12.4         | 12.6         | 11.4         |
| Plant and machinery                                 | 5.6          | 5.5          | 5.2          |
| Tools and equipment                                 | 38.2         | 34.7         | 38.8         |
| Assets under construction incl. prepayments         | 5.5          | 8.6          | 3.6          |
| <b>Property, plant and equipment</b>                | <b>61.7</b>  | <b>61.4</b>  | <b>59.0</b>  |
| Investments in associates                           | 17.7         | 17.9         | 19.4         |
| Other investments and receivables                   | 6.2          | 6.5          | 6.4          |
| Deferred tax  | 16.2         | 14.4         | 16.6         |
| <b>Other non-current assets</b>                     | <b>40.1</b>  | <b>38.8</b>  | <b>42.4</b>  |
| <b>Total non-current assets</b>                     | <b>399.2</b> | <b>397.3</b> | <b>384.7</b> |
| Inventories   | 173.3        | 191.9        | 192.0        |
| Receivables   | 203.6        | 216.1        | 229.6        |
| Interest-bearing receivables                        | 175.7        | 144.1        | 155.7        |
| Income tax receivable                               | 2.8          | 4.9          | 4.7          |
| Cash at bank and in hand                            | 28.5         | 21.3         | 19.7         |
| <b>Total current assets</b>                         | <b>583.9</b> | <b>578.3</b> | <b>601.7</b> |
| <b>Total assets</b>                                 | <b>983.1</b> | <b>975.6</b> | <b>986.4</b> |

| EURm                                  | 2016         | H1 2016      | H1 2017      |
|---------------------------------------|--------------|--------------|--------------|
| Share capital                         | 67.2         | 67.2         | 67.2         |
| Reserves                              | 3.1          | (4.5)        | (10.0)       |
| Retained comprehensive income         | 154.5        | 155.3        | 186.1        |
| Proposed dividends                    | 0.0          | 0.0          | 0.0          |
| <b>Total equity</b>                   | <b>224.8</b> | <b>218.0</b> | <b>243.3</b> |
| Deferred tax                          | 23.5         | 20.7         | 21.9         |
| Pension liabilities                   | 7.5          | 5.5          | 7.1          |
| Provisions                            | 6.8          | 7.1          | 6.6          |
| Interest-bearing loans and borrowings | 191.5        | 0.2          | 182.5        |
| Other liabilities                     | 1.4          | 1.2          | 1.3          |
| <b>Non-current liabilities</b>        | <b>230.7</b> | <b>34.7</b>  | <b>219.4</b> |
| Interest-bearing loans and borrowings | 278.5        | 492.2        | 271.0        |
| Trade payables and other liabilities  | 232.1        | 208.0        | 230.0        |
| Income tax payable                    | 4.5          | 10.0         | 10.9         |
| Provisions                            | 12.5         | 12.7         | 11.8         |
| <b>Current liabilities</b>            | <b>527.6</b> | <b>722.9</b> | <b>523.7</b> |
| <b>Total liabilities</b>              | <b>758.3</b> | <b>757.6</b> | <b>743.1</b> |
| <b>Total equity and liabilities</b>   | <b>983.1</b> | <b>975.6</b> | <b>986.4</b> |



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