

Nilfisk Q2 2021 Interim Report

Webcast presentation

September 1, 2021



Forward-looking statements

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On the call today

New Executive Management Team of Nilfisk



Torsten Türling
CEO



Reinhard Mayer
CFO

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Highlights Q2 2021: Strong revenue growth and improved EBITDA margin

- Revenue of 257.8 mEUR, up 38.5%
- Broad-based market recovery
- Business initiatives delivering results
- Growth across regions and customer segments
- EBITDA bsi more than doubled to 41.9 mEUR
EBITDA margin bsi up by 580bps to 16.3%
- Volume leverage over-compensating material and freight cost increase
- Good cash flow performance despite higher working capital
- Outlook for 2021 adjusted upwards on the basis of continued strong order intake



38.5%
Organic growth

16.3%
EBITDA margin
before special items

Business update Q2 2021: Customers see cleaning as even more critical to business success

- Pandemic increased awareness and importance of clean and healthy environments – strong demand
- Broad solution portfolio – well positioned to address customer needs towards new cleaning standards
- Europe revenue up by 46% – broad-based, including larger order for autonomous cleaning machines
- Americas revenue up by 40% – wider distribution and growth with Strategic Accounts
- Growth in Consumer and Private label business
- Order book substantially higher vs 2020 and 2019
- Impact from global supply chain constraints



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Income statement

EUR million	Q2 2021	Q2 2020	Change	H1 2021	H1 2020	Change
Net sales	257.8	191.1	66.7	495.1	410.2	84.9
<i>Reported growth</i>	34.9%	-26.1%	61.0%	20.7%	-18.8%	39.5%
<i>Organic growth</i>	38.5%	-24.9%	63.4%	24.3%	-17.8%	42.1%
COGS	-152.4	-114.8	-37.6	-291.0	-240.1	-50.9
Gross profit	105.4	76.3	29.1	204.1	170.1	34.0
<i>Gross margin</i>	40.9%	39.9%	1.0%	41.2%	41.5%	-0.3%
Overhead costs	-78.2	-72.6	-5.6	-155.5	-159.1	3.6
<i>Overhead cost ratio</i>	30.3%	38.0%	-7.7%	31.4%	38.8%	-7.4%
EBITDA before special items	41.9	20.1	21.8	78.3	44.1	34.2
<i>EBITDA margin bsi</i>	16.3%	10.5%	5.8%	15.8%	10.8%	5.0%
Special items	-3.7	-8.7	5.0	-3.9	-9.3	5.4
EBITDA	38.2	12.0	26.2	74.4	35.5	38.9
<i>EBITDA margin</i>	14.8%	6.3%	8.5%	15.0%	8.7%	6.3%
EBIT	23.5	-5.0	28.5	44.7	1.7	43.0
<i>EBIT margin</i>	9.1%	-2.6%	11.7%	9.0%	0.4%	8.6%

Comments

- Total reported revenue up by 66.7 mEUR corresponding to organic growth of 38.5%
 - Reported growth of 34.9%
 - Negative impact from FX of -3.4% driven mainly by USD with smaller impacts from TRY and RUB
- Gross margin increase of 100 basis points
 - Positive effect: increased capacity utilization in manufacturing
 - Negative impact: Higher freight rates and raw materials costs
- Overhead costs grew by 5.6 mEUR, but significantly less than top line growth
- EBITDA margin before special items increase of 580 basis points and post special items by 850 basis points. This is a result of higher revenue and continued cost management.

Europe



	Q2 2021	Q2 2020
Revenue (mEUR)	119.5	82.2
Organic growth	46.0%	-29.1%
Gross margin	45.1%	45.5%
EBITDA margin bsi	27.6%	22.3%

Comments

- In Europe, revenue amounted to 119.5 mEUR (Q2 2020: 82.2 mEUR) corresponding to organic growth of 46.0%
- Positive performance across all markets helped by higher demand levels, and an increased activity within big accounts, including a large order of autonomous cleaning machines for a leading retailer
- Healthy recovery in the north of Europe and Central Europe as COVID-19 restrictions were progressively lifted
- In Southern Europe, we saw an outstanding performance in the quarter that was well ahead pre-pandemic levels of business activity
- Gross margin decreased slightly versus last year due to some large volume sales
- EBITDA margin grew by 530bps due to volume leverage and lower overhead growth

Americas



	Q2 2021	Q2 2020
Revenue (mEUR)	75.7	58.3
Organic growth	40.4%	-28.1%
Gross margin	40.0%	38.9%
EBITDA margin bsi	20.9%	17.0%

Comments

- In Americas, revenue amounted to 75.7 mEUR (Q2 2020: 58.3 mEUR) corresponding to organic growth of 40.4%
- Positive performance in all markets
- Broadened distribution and increased focus on strategic accounts in the US as key levers of the growth
- Gross margin increased with 110 basis points over prior year
- Subsequently EBITDA margin rose, with the support of lower overhead growth, by a healthy 390 basis points

APAC



	Q2 2021	Q2 2020
Revenue (mEUR)	20.4	15.3
Organic growth	35.0%	-36.0%
Gross margin	42.6%	36.6%
EBITDA margin bsi	16.2%	4.6%

Comments

- In APAC, revenue amounted to 20.4 mEUR (Q2 2020: 15.3 mEUR) corresponding to organic growth of 35.0%
- Good performance in the Pacific region, Australia and New Zealand, due to the limited exposure to the COVID-19 pandemic in the area
- China and the Southeast Asian countries delivered strong organic growth over the prior year, but activity remains below pre-pandemic levels particularly due to our high exposure to the hospitality segment in most of these markets
- Gross margin increased by a very healthy 600 basis points and EBITDA margin increased even further to a healthy 16.2% for the region

Other business units

Consumer

- Continued strong performance with an organic growth of 7.1% over a very strong prior year quarter.
- Growth benefitted from our renewed, innovative offering and focus on this business

	Q2 2021	Q2 2020
Revenue (mEUR)	26.3	24.5
Organic growth	7.1%	21.1%
Gross margin	33.5%	33.5%

Private label and other

- Strong performance driven by high demand from key customers

	Q2 2021	Q2 2020
Revenue (mEUR)	15.9	10.8
Organic growth	46.6%	-18.5%
Gross margin	23.3%	22.2%

Balance sheet and cash flow

EUR million	Q2 2021	Q2 2020	Change
Inventories	175.4	153.0	22.4
Trade receivables	197.1	155.9	41.2
Trade payables	124.9	81.9	43.0
Reported WC	154.3	145.1	9.2
<i>12m WC ratio</i>	16.0%	21.0%	-5.0%
CAPEX	-3.9	-3.8	-0.1
Tangibles	-1.0	-1.0	0.0
Intangibles	-2.9	-2.8	-0.1
<i>CAPEX ratio %</i>	1.5%	2.0%	-0.5%
Free cash flow	19.2	30.3	-11.1
RoCE	13.2%	4.7%	8.5%
NIBD	359.9	406.4	-46.5
<i>Financial gearing</i>	2.7 x	4.3 x	-1.6

Comments

- Strong reduction of the working capital ratio of 5 percentage points compared to last year, driven by higher revenue in the quarter and continued efforts in working capital management
- Increased efforts in R&D and operational investments on par with prior year led to a modest capex growth of 0.1 mEUR versus prior year
- With 19.2 mEUR we see a strong free cash flow in the quarter, which is up from Q1 by 10 mEUR, but down versus an extraordinary prior year
- NIBD reduced by 46.5 mEUR compared to last year due to strong cash flow generation
- Leverage of 2.7x and continued to decrease driven by strong EBITDA performance in the period and above-mentioned cash flow generation

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2021 full-year outlook adjustment

- As a result of continuing positive trading conditions, underpinned by the overall economic recovery, strong execution of our initiatives in key markets, and the increased demand for cleaning solutions, the visibility on business activity for the second half of the year has improved
- We also recognize the ongoing impact of supply chain constraints affecting almost every industry all over the world, with substantially higher material and freight costs
- We expect organic growth and EBITDA margin before special items to materialize in the upper end of the range

Previous financial outlook for the full year 2021¹

8% to 12%
Organic growth

13% to 15%
EBITDA margin
before special items

¹ As disclosed in the *Trading update for Q1 2021 and 2021 full year outlook adjustment* announcement on May 6, 2021

Adjusted financial outlook for the full year 2021²

12% to 16%
Organic growth

13% to 15%
EBITDA margin
before special items

² As disclosed in *Announcement 20/2021* on July 13, 2021

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Key takeaways for Q2

- Strong growth momentum across regions, improved profitability
- Actions to mitigate supply chain challenges
- New CEO and CFO
- Execution status review on Initiatives
- More customer focus
- Great potential ahead - supported by customers' increased focus on cleaning
- Strategic Focus on Sustainable Growth



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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.