Q2 INTERIM REPORT 2018

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Nilfisk

HIGHLIGHTS

The first Nilfisk Liberty A50 autonomous scrubbers are now in operation with customers in the US and Canada, cleaning sports halls and other large indoor surfaces.
The roll-out is progressing according to plan.

- Nilfisk delivered a strong financial performance in Q2
- Organic growth in Q2 was 5.8% driven by positive development in four out of the five operating segments
- The operating performance, EBITDA margin before special items excluding impact from the phantom share program, was a strong 12.5%
- The gross margin was 42.8% representing a continuous improvement over the previous quarters
- The ongoing strategic review of the outdoor business, and a newly initiated review of the restoration business, are both expected to be concluded during Q3 2018
- 2018 outlook is maintained at 3.0%-4.0% organic growth and an EBITDA margin before special items of 11.5%-12.0%

285 mEUR

Revenue
Up 5 mEUR
from Q2 2017

5.8%

Organic growth
Driven by EMEA, APAC and the specialty segments

12.5%

Operating performance
Including impact from the phantom share program, the EBITDA margin before special items was 12.3%

14.7%

RoCE
Down 0.2 percentage point
from Q1 2018

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FINANCIAL HIGHLIGHTS FOR THE GROUP

FINANCIAL HIGHLIGHTS

EUR million	Q2 2018	Q2 2017	H1 2018	H1 2017	FY 2017
Income statement					
Revenue	284.5	280.0	542.0	548.9	1,081.9
EBITDA before special items	34.9	35.8	65.4	70.9	120.1
EBIT before special items	25.2	26.0	45.9	51.4	81.5
EBITDA	30.6	33.1	58.8	64.0	99.5
EBIT	20.9	23.3	39.3	44.5	60.9
Special items	-4.3	-2.7	-6.6	-6.9	-20.6
Financial items, net	-3.2	-2.1	-6.9	-4.5	-8.9
Profit for the period	13.8	15.2	24.9	28.8	40.3
Cash flow					
Cash flow from operating activities	11.2	11.2	-0.1	-5.2	41.4
Cash flow from investing activities	-12.5	-8.2	-22.0	-16.8	-35.3
- hereof investments in property, plant and equipment	-5.1	-1.6	-8.7	-7.2	-15.3
Free cash flow excluding acquisitions and divestments	-1.3	3.0	-22.1	-22.0	6.1

EUR million	Q2 2018	Q2 2017	H1 2018	H1 2017	FY 2017
Balance sheet					
Total assets	864.1	986.4	864.1	986.4	827.2
Group equity	166.6	243.3	166.6	243.3	137.5
Working capital	208.3	184.1	208.3	184.1	163.5
Net interest-bearing debt	380.4	278.1	380.4	278.1	359.7
Capital employed	547.0	521.4	547.0	521.4	497.2
Financial ratios and employees					
Organic growth	5.8%	1.7%	3.6%	3.0%	3.7%
Gross margin	42.8%	43.1%	42.6%	43.8%	42.2%
EBITDA margin before special items	12.3%	12.8%	12.1%	12.9%	11.1%
EBIT margin before special items	8.9%	9.3%	8.5%	9.4%	7.5%
EBITDA margin	10.7%	11.8%	10.9%	11.7%	9.2%
EBIT margin	7.3%	8.3%	7.3%	8.1%	5.6%
Financial gearing	3.3	2.2	3.3	2.2	3.0
Overhead costs ratio	33.4%	33.3%	33.6%	33.9%	34.1%
Working capital ratio	17.5%	16.6%	17.5%	16.6%	16.2%
Return on Capital Employed (RoCE)	14.7%	16.6%	14.7%	16.6%	16.0%
Number of full-time employees, end of period	6,010	5,776	6,010	5,776	5,769

Financial highlights are stated and ratios calculated as defined in the 2017 Annual Report.

GROUP FINANCIALS

STRONG FINANCIAL PERFORMANCE IN Q2

Nilfisk delivered a strong financial performance in Q2 2018 with an organic growth of 5.8% and an operating performance, EBITDA margin before special items excluding impact from the phantom share program, of 12.5%.

The growth was driven by positive development in four out of the five operating segments with solid growth rates in EMEA, Specialty Professional and Specialty Consumer. Total revenue was 284.5 mEUR for the quarter.

The gross margin in Q2 was 42.8%, as expected above Q1 2018 and above the achieved gross margin for the full year 2017 of 42.2%, representing a continued improvement over the previous quarters.

In Q2, EBITDA before special items totaled 34.9 mEUR, and the EBITDA margin before special items was 12.3%, negatively impacted by a phantom share adjustment of 0.9 mEUR. Excluding the phantom share adjustment, the operating performance was 12.5% in line with our expectations.

Organic revenue growth per operating segment

	Q2 2018	Q2 2017	H1 2018	H1 2017	FY 2017
EMEA	4.8%	1.7%	4.8%	3.6%	5.9%
Americas	-0.1%	5.9%	-2.8%	7.9%	5.7%
APAC	2.2%	1.4%	2.6%	1.0%	1.3%
Total Professional	**2.8%**	**3.2%**	**2.0%**	**4.9%**	**5.4%**
Specialty Professional	18.7%	-0.1%	16.5%	2.5%	2.5%
Specialty Consumer	14.3%	-6.4%	1.5%	-7.9%	-7.7%
Total Specialty	**16.6%**	**-3.2%**	**9.1%**	**-2.9%**	**-2.1%**
Total	**5.8%**	**1.7%**	**3.6%**	**3.0%**	**3.7%**

Nilfisk's return on capital employed was 14.7% at the end of Q2 2018, down from 14.9% at the end Q1 2018, due to an increase in working capital.

Organic revenue growth driven by EMEA and specialty segments

In Q2, total revenue amounted to 284.5 mEUR, and organic growth was 5.8%, representing a significant improvement from Q1 2018. Total revenue grew 1.6% in Q2 2018, due to strong organic growth. However, this was partly offset by a negative impact of 3.6% from currency exchange rates, mainly against the US dollar and US dollar-related currencies. The divestment of the Nordic Chemicals & Utensils business, signed in Q1 2018 and effective from April 30, 2018, also had a negative impact of 0.6%.

The strong organic growth in Q2 was mainly driven by EMEA and the specialty segments. EMEA realized organic growth of 4.8%, supported by private label sales and solid development in mature markets such as Germany and Spain, as well as increased sales activity in Eastern European markets.

After a challenging Q1, the Americas realized flat organic growth in Q2 at -0.1%. The development was mainly driven by a strategy change from a large dealer. At the same time we saw an unexpected and positive shift in demand from commercial products towards industrial floorcare equipment. Since industrial floorcare equipment has a longer production time we saw an overall negative effect on revenue in Q2 from this shift.

APAC realized organic growth of 2.2% driven by strong performance in China and Japan.

Specialty Professional realized an organic growth of 18.7% in Q2 2018 driven by strong development across all business units. Specialty Consumer also posted double-digit growth of 14.3% in Q2, representing a solid improvement from Q1 2018.

For H1, organic growth was a satisfactory 3.6%, mainly driven by positive development in EMEA and Specialty Professional. Total revenue amounted to 542.0 mEUR. A negative impact from currency exchange rates primarily from Q2 2018 and net impact from acquisition resulted in a total negative revenue growth of 1.3% for the first half year of 2018.

Continuous improvement of the gross margin

In Q2, the gross margin was 42.8%, up 0.4 percentage point from Q1 2018 and up 0.6 percentage point from the 2017 full-year gross margin. This development represents an unbroken improvement over the previous quarters, despite a continued high volume of private label sales that has a lower gross margin. The improved gross margin is driven by the professional business across all geographical regions. Activities from the cost saving program, including sourcing optimization, process improvements and complexity reductions, continue to have a positive impact on the gross margin development.

The gross margin in H1 was 42.6% impacted by delivery challenges in Q1 2018.

Revenue and growth by operating segment

EUR million	Revenue Q2 2018	Revenue Q2 2017	Organic growth	Impact of acquisitions net	FX-rates impact	Total growth	Revenue H1 2018	Revenue H1 2017	Organic growth	Impact of acquisitions net	FX-rates impact	Total growth
EMEA	122.9	120.9	4.8%	-1.4%	-1.7%	1.7%	242.8	236.9	4.8%	-0.7%	-1.6%	2.5%
Americas	72.4	78.0	-0.1%	0.0%	-7.1%	-7.2%	132.2	150.8	-2.8%	0.0%	-9.6%	-12.4%
APAC	20.3	20.7	2.2%	0.0%	-3.9%	-1.7%	38.8	40.2	2.6%	0.0%	-5.8%	-3.2%
Total Professional	**215.6**	**219.6**	**2.8%**	**-0.8%**	**-3.8%**	**-1.8%**	**413.8**	**427.9**	**2.0%**	**-0.4%**	**-4.9%**	**-3.3%**
Specialty Professional	37.2	32.0	18.7%	0.0%	-2.6%	16.1%	69.6	61.9	16.5%	0.0%	-4.0%	12.5%
Specialty Consumer	31.7	28.4	14.3%	0.0%	-2.6%	11.7%	58.6	59.1	1.5%	0.0%	-2.4%	-0.9%
Total Specialty	**68.9**	**60.4**	**16.6%**	**0.0%**	**-2.5%**	**14.1%**	**128.2**	**121.0**	**9.1%**	**0.0%**	**-3.1%**	**6.0%**
Total	**284.5**	**280.0**	**5.8%**	**-0.6%**	**-3.6%**	**1.6%**	**542.0**	**548.9**	**3.6%**	**-0.3%**	**-4.6%**	**-1.3%**

Overhead cost ratio in line with expectations

Overhead costs amounted to 95.1 mEUR in Q2 2018, equivalent to an overhead cost ratio of 33.4% compared to 33.3% in Q2 2017. The overall development in overhead costs is in line with our expectations. Overhead costs continue to be under control, and they are influenced by initiatives from the cost saving program that enable us to invest in front-end sales plus marketing initiatives and initiatives related to digitalization.

EBITDA before special items in line with expectations

EBITDA before special items amounted to 34.9 mEUR in Q2 2018, up 4.4 mEUR from the previous quarter driven by improved gross margin and increased sales across regions. The EBITDA margin before special items was 12.3% in Q2 against 11.9% in Q1. Adjusted for the effects from the phantom share program, the operating performance in Q2 was a strong 12.5%.

In H1, the EBITDA margin before special items was 12.1%, positively impacted by the phantom share program. Excluding these effects, the operating performance was 11.5% for H1 2018. During H1, the EBITDA margin was negatively impacted by private label sales that were above the 2017 level, a change in product mix due to growth in the consumer and outdoor business and low production capacity utilization in Q1 because of delivery issues experienced in that quarter.

Special items

In Q2 2018, special items were 6.6 mEUR, up from 2.6 mEUR in Q2 2017. The costs in Q2 2018 relate to restructuring costs of 3.5 mEUR incurred in connection with the cost saving program. In addition, 1.4 mEUR of costs, mainly related to advisory fees, were incurred in connection with strategic reviews of business units as well as business transformation activities. The costs were partly offset by the gain from divestment of the Nordic Chemical & Utensils business amounting to 0.6 mEUR.

Working capital slightly above expected level

At the end of Q2 2018, working capital was 208.3 mEUR, up by 24.1 mEUR from the end of Q2 2017. The increase in the working capital is mainly due to the unusually low level at the end of Q2 2017. The working capital ratio measured on a 12-month average increased by 0.9 percentage point to 17.5% at the end of Q2 2018 compared to Q2 2017, which is slightly above our expected normalized level. The increase is due to increased inventories and receivables.

Changes in working capital in Q2 2018 impacted the cash flow negatively by 11.4 mEUR compared to a negative impact of 13.2 mEUR in Q2 2017. For the first six months of 2018 the changes in working capital impacted the cash flow negatively by 45.4 mEUR. This was an improvement of 9.3 mEUR compared to the same period in 2017.

Equity

Equity was 166.6 mEUR at the end of June 2018 against 137.5 mEUR at the end of 2017. The increase is primarily due to the profit for the first six months of 2018.

Net interest-bearing debt

At the end of Q2 2018, the total net interest-bearing debt was 380.4 mEUR, up by 20.9 mEUR against year-end 2017, reflecting a normal seasonality of cash flows. Compared to the end of Q2 2017, the net interest-bearing debt was up by 102.1 mEUR due to allocation of an additional debt of 117 mEUR in connection with our demerger from NKT in 2017.

2018 Outlook

For 2018 as a whole, we have unchanged expectations for organic growth and EBITDA margin before special items compared to the guidance provided in the Q1 Interim Report 2018 released on May 16, 2018.

- Organic growth is expected in the range of 3.0%-4.0%
- EBITDA margin before special items is expected to be in the range of 11.5%-12.0%

Based on current forecasted average exchange rates for the year 2018, we expect a negative impact of approximately 2%-3% on revenue growth in 2018, primarily caused by developments in the US dollar.

Cost saving program 2017-2020

Execution of the cost saving program continued to progress in line with expectations over the course of the first six month of 2018. We saw satisfactory progress in the activities identified.

The cost saving program has a target of realizing 50 mEUR in annual EBITDA improvements by the end of 2020.

By the end of Q2 2018, initiatives implemented and launched relating to the program amounted to a total of 28 mEUR split between approximately 17 mEUR related to overhead reductions, approximately 8 mEUR related to Global Operations initiatives (production footprint, sourcing initiatives and process optimizations), and 3 mEUR related to other initiatives such as complexity reductions and price management. The initiatives have positively impacted costs with savings of 5 mEUR in the first six months of 2018 compared to the first six months of 2017, with improvements in gross profit of 4 mEUR and overhead of 1 mEUR.

The 2018 full year impact of the cost saving program is expected in the range of 10-12 mEUR.

EUR million	2017 Realized	2018 H1	2018 Expected	2019 Expected	2020 Expected	Full potential end 2020
Annual accumulated impact on EBITDA before special items related to levers executed prior to the end of each period	21	28	31-35	38-42	50	50
Impact on reported EBITDA before special items in the income statement for the period	17	13	27-29	32-35	45-50	50
Restructuring costs for the period (reported under special items)	10	4	17-19	9-11	2-3	50
Capex investments for the period	4	2	2-3	2-3	1-2	10

MARKETS AND SEGMENTS

EMEA

122.9 mEUR	4.8%	4.8%
revenue in Q2 2018	organic growth in Q2 2018	organic growth in H1 2018

EMEA realized a total revenue of 122.9 mEUR in Q2, up 2.0 mEUR from Q2 2017. Organic growth was a strong 4.8%. The growth was driven by a positive development in mature markets like Spain and in particular Germany, where growth was restored after a challenging Q1. Other mature markets experienced lower activity: Benelux was negatively impacted by lower service activity, and in the United Kingdom we saw a lack of large volume deals in the retail segment due to a stagnating economy. We saw a positive development across Eastern European markets.

Overall EMEA growth was supported by continued strong private label sales that were above the 2017 level. A lower share of revenue from private label is expected for the following quarters.

Gross profit in EMEA amounted to 53.2 mEUR. The gross margin was 43.2%, up 1.4 percentage points from Q1 2018 and 3.8 percentage points from Q4 2017, representing a continued improvement over the previous quarters. The improvement in the gross margin compared to Q1 2018 is mainly due to improved product mix and service margins within the region. Compared to Q2 2017, the gross margin has decreased slightly by 0.6 percentage point driven by higher proportion of private label sales, partially offset by improved margins in premium and mid-market segments.

EBITDA before special items was 29.1 mEUR resulting in an EBITDA margin before special items of 23.7%, up 1.2 percentage points from Q1 2018. The increase was due to effects mentioned above, partly offset by increased sales and distribution costs. Compared to Q2 2017, there is a decrease in the EBITDA margin before special items of 0.6 percentage point, which is due to the decrease in gross profit margin.

In Q2, Nilfisk announced the appointment of a new head of EMEA and member of the Nilfisk Leadership Team. Effective September 1, 2018, Steen Lindbo will take up the position as Executive Vice President of EMEA to drive the transformation of Nilfisk's sales and service business and secure continued growth and profitability in the region. Steen Lindbo has more than 25 years of global experience within sales, key account management, and business management.

AMERICAS

72.4 mEUR	-0.1%	-2.8%
revenue in Q2 2018	organic growth in Q2 2018	organic growth in H1 2018

After a challenging Q1, Americas saw a flat development in organic growth in Q2. In the US, we have started to see an unexpected and positive shift in demand from commercial products towards industrial floorcare equipment. Since industrial floorcare equipment has a longer production time we saw an overall negative effect on revenue in Q2 from this shift.

Total revenue amounted to 72.4 mEUR, down 5.6 mEUR from Q2 2017, and organic growth was -0.1%, which is below expectations. This unsatisfactory result was further caused by lower demand from the retail segment and governmental accounts, as well as the timing of orders within strategic accounts. The demand and pipeline from our strategic accounts continue to be strong. Q2 revenue was further impacted by a strategy change from a large dealer who shifted part of their purchases from Nilfisk branded to private label sales. Excluding this impact, the organic growth in Q2 was 1.9%.

A redefined, tiered dealer structure in the US came into effect in Q2 and early results are encouraging.

Strong development in Canada resulted in double-digit growth due to a high sales volume of floorcare equipment to commercial dealers. Latin America also performed strongly with significant growth in Brazil and Argentina in particular.

Gross profit was 31.1 mEUR in Q2. The gross margin was 42.9%, an improvement from previous quarters; it is up 0.8 percentage points from Q1 2018 and 2.9 percentage points from Q4 2017. The continuous improvement is explained by further price management as well as improved product mix within the region. Compared to Q2 2017, the gross margin has improved by 1.1 percentage points driven by increased margins in the mid-market.

EBITDA before special items amounted to 16.1 mEUR and the EBITDA margin before special items was 22.2%, up 1.3 percentage points from Q1 2018 driven by improved gross margins. Compared to Q2 2017, there is an improvement in the EBITDA margin before special items of 1.3 percentage points, which is mainly due to the improved gross profit margin.

APAC

20.3 mEUR	2.2%	2.6%
revenue in Q2 2018	**organic growth in Q2 2018**	**organic growth in H1 2018**

Organic growth in Q2 was 2.2%, continuing the positive trend from the previous quarters. Revenue amounted to 20.3 mEUR in Q2, down 0.4 mEUR from the same quarter last year due to negative currency adjustments.

China posted double-digit growth fueled by large volume sales in both the high-end and mid-market segments, with the contract cleaner segment particularly strong. Japan also showed double-digit growth. The positive development was offset by a lower performance in other Asian markets and in Australia, which is a key market in the region. In Australia, the development was driven by slow mid-market sales and low volumes in the service business.

In line with the ongoing transformation and strengthening of the APAC region, several leadership changes have taken place, most recently in Australia where the country manager has been replaced. Furthermore, new hires and replacements of key sales manager positions throughout the region have taken place.

Gross profit in APAC was 8.7 mEUR, up 0.1 mEUR from Q2 2017. The gross margin was 42.9%, up 0.7 percentage point from Q1 2018 and up 1.4 percentage points against the same quarter last year. The continued improvement in gross margin is due to improved inventory management and increased margin within the mid-market. Compared to Q1 2018, the service business has also improved.

EBITDA before special items amounted to 3.3 mEUR in Q2, up 0.6 mEUR from Q1 2018. The EBITDA margin before special items was 16.0%, an improvement of 1.4 percentage points from Q1 2018 and 2.2 percentage points from Q2 2017, solely driven by the above-mentioned improvements in gross margin.

SPECIALTY PROFESSIONAL

37.2 mEUR	18.7%	16.5%
revenue in Q2 2018	organic growth in Q2 2018	organic growth in H1 2018

Q2 organic growth in Specialty Professional was a strong 18.7% on revenue of 37.2 mEUR, up 5.2 mEUR from the same quarter last year. The growth was driven by solid development across all business units. The industrial vacuum solution business continued to demonstrate strong performance supported by product launches and an underlying positive investment climate in the manufacturing industry.

The Nilfisk FOOD business unit, which specializes in equipment for the food industry, showed strong growth, fueled by a new significant order. Nilfisk FOOD signed a new partnership with FOAM-iT, a US-based provider of foam cleaning equipment. The partnership will further increase channel access for solutions from Nilfisk FOOD.

Outdoor showed strong organic growth in the quarter, compared to low sales volumes in the same period last year. Growth in the restoration business was fueled by product launches and a partnership with a new dealer.

Gross profit in Specialty Professional was 17.0 mEUR in Q2 2018, up 0.7 mEUR from the same quarter last year. However, the gross margin was down 5.1 percentage points in the same period, to 45.8% in Q2 2018. This development was mainly driven by a higher proportion of sales in the outdoor business as well as a change in product mix in the industrial vacuum solutions business. Compared to Q1 2018, the gross margin decreased 1.0 percentage point driven by lower margins in the outdoor business and industrial vacuum solutions.

EBITDA before special items was 5.4 mEUR, up 0.3 mEUR from Q1 2018, up 2.3 mEUR from Q2 2017 and 0.3 mEUR from Q1 2018. The EBITDA margin before special items was 14.4% against 15.7% in Q1 2018 and 15.1% in Q2 2017, mainly due to the decrease in gross margin.

SPECIALTY CONSUMER

31.7 mEUR	14.3%	1.5%
revenue in Q2 2018	organic growth in Q2 2018	organic growth in H1 2018

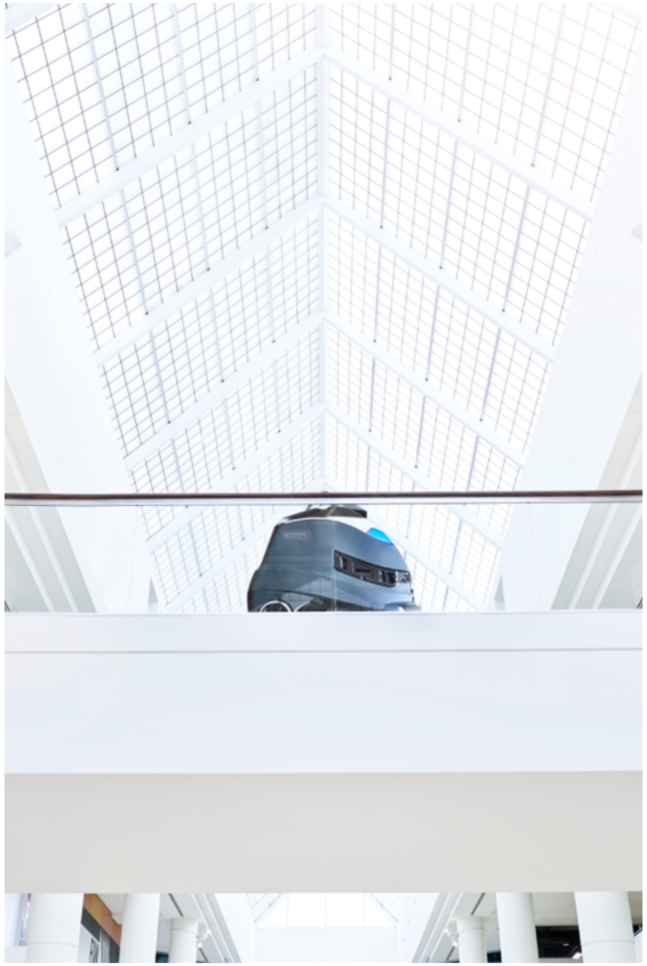
Specialty Consumer has succeeded in stabilizing the business after a slowdown in sales during 2017. Organic growth for the quarter is a strong 14.3%, significantly improving performance compared to previous quarters. Revenue for the quarter amounted to 31.7 mEUR, up 3.3 mEUR from Q2 2017. The strong performance in Q2 was mainly driven by the DIY segment in Germany. Strong campaigns in France and Germany made for a successful high pressure washer season in EMEA after the first quarter was negatively impacted by unusually cold weather.

Gross profit in Specialty Consumer also improved by 1.5 mEUR compared to Q2 2017 and totaled 11.8 mEUR. The gross margin was 37.3%, up by 1.0 percentage point compared to same period last year, but down 1.4 percentage points from Q1 2018. The improvement compared to Q2 2017 is mainly due to increased sales and margins on consumer high pressure washers. Compared to Q1, the decrease in gross margin is due to a combination of campaign sales, unfavorable impact from raw material pricing and refurbished machines.

EBITDA before special items was 3.1 mEUR, up 0.2 mEUR from Q1 2018, while the EBITDA margin was 9.8%, down 1.0 percentage point from Q1 2018, driven by decreases in gross margin. Compared to Q2 2017, the EBITDA margin before special items improved by 6.8 percentage points due to improved sales, improved gross margin and cost savings initiatives.

STRATEGIC INITIATIVES

BUILDING THE FUTURE OF CLEANING



The execution of our key strategic initiatives continued over the course of Q2 2018, supporting our efforts to simplify the business and shape and build the future of cleaning.

The roll-out of Nilfisk Liberty A50 continued according to plan. The first machines are in operation with customers mostly in the US and in Canada, where a large global contract cleaner corporation is evaluating the potential of the machine. The Nilfisk Liberty A50 has been certified according to the new safety standard that regulates autonomous floorcare machines; this certification is mandatory in order to sell autonomous cleaning solutions in the US and in Canada.

Initiatives introduced in Q1 to significantly streamline the product portfolio and reduce the number of product platforms by more than 40%, progressed according to plan over the quarter. The products to be pruned are low-volume products with clear substitution possibilities, so the revenue impact is expected to be modest.

Strategic reviews

The strategic review of the outdoor business, initiated in 2017, progressed according to plan and is expected to be concluded during Q3 2018.

After having worked to stabilize the performance of the restoration business, Nilfisk has initiated a strategic review, which aims to assess and plan the future development of this business. This review is expected to be concluded during Q3 2018.

Execution of our Nilfisk Next strategy

Our strategy, named Nilfisk Next, supports the vision for the future of Nilfisk. It includes clearly defined strategic drivers and an operational plan for 2018. We are confident with the progress of the plan and the value the strategic and transformational initiatives bring to the business. Our focus remains on the continued execution of these activities.

Condensed income statement

EUR million	Note	Q2 2018	Q2 2017	H1 2018	H1 2017
Revenue	4. 5	284.5	280.0	542.0	548.9
Cost of sales	9	-162.7	-159.2	-311.1	-308.4
Gross profit		**121.8**	**120.8**	**230.9**	**240.5**
Research and development costs	9	-9.3	-7.9	-18.2	-16.1
Sales and distribution costs	9	-63.7	-64.2	-125.6	-128.7
Administrative costs	9	-23.0	-21.9	-39.9	-42.5
Other operating income, net		0.9	0.8	1.7	1.4
Operating profit before amortization/impairment of acquisition-related intangibles and special items		**26.7**	**27.6**	**48.9**	**54.6**
Amortization/impairment of acquisition-related intangibles	9	-1.5	-1.6	-3.0	-3.2
Special items	6. 9	-4.3	-2.7	-6.6	-6.9
Profit before financial items and taxes (EBIT)		**20.9**	**23.3**	**39.3**	**44.5**
Financial income		2.8	1.4	4.4	3.6
Financial expenses		-6.0	-3.5	-11.3	-8.1
Profit before taxes		**17.7**	**21.2**	**32.4**	**40.0**
Tax on profit for the period		-3.9	-6.0	-7.5	-11.2
Profit for the period		**13.8**	**15.2**	**24.9**	**28.8**
Earnings per share (based on 27,126,369 shares issued)					
Basic earnings per share (EUR)		0.51	0.56	0.92	1.06
Diluted earnings per share (EUR)		0.51	0.56	0.92	1.06

Condensed statement of comprehensive income

EUR million	Note	Q2 2018	Q2 2017	H1 2018	H1 2017
Profit for the period		13.8	15.2	24.9	28.8
Other comprehensive income					
Items that may be reclassified to the income statement:					
Foreign exchange adjustments, foreign companies		10.0	-8.3	8.8	-7.8
Value adjustment of hedging instruments:					
Value adjustment for the period		0.0	-1.8	0.4	-2.8
Transferred to cost of sales		0.0	-0.5	1.2	-0.3
Transferred to financial income and expenses		0.0	0.1	0.3	0.1
Fair value adjustment of available for sales securities		0.0	0.0	-0.4	0.2
Tax on comprehensive income for the period		0.0	0.4	-0.4	0.6
Comprehensive income for the period		**23.8**	**5.1**	**34.8**	**18.8**
Profit for the year attributable to:					
Shareholders of Nilfisk Holding A/S		13.7	15.2	24.7	28.8
Non-controlling interests		0.1	0.0	0.2	0.0
		13.8	**15.2**	**24.9**	**28.8**
Total comprehensive income for the year attributable to:					
Shareholders of Nilfisk Holding A/S		23.7	5.1	34.6	18.8
Non-controlling interests		0.1	0.0	0.2	0.0
		23.8	**5.1**	**34.8**	**18.8**

Condensed balance sheet

EUR million	June 30 2018	June 30 2017	December 31 2017
Assets			
Intangible assets			
Goodwill	167.6	169.6	164.4
Trademarks	11.3	13.1	11.9
Customer related assets	11.9	14.9	13.1
Development projects completed	34.5	36.7	37.1
Software, Know-how, Patents and Competition Clauses	21.8	22.6	23.8
Development projects and software in progress	36.8	26.4	28.3
	283.9	283.3	278.6
Property, plant and equipment			
Land and buildings	10.7	11.4	11.1
Plant and machinery	4.9	5.2	4.9
Tools and equipment	38.0	38.8	38.4
Assets under construction incl. prepayments	4.2	3.6	3.4
	57.8	59.0	57.8
Other non-current assets			
Investments in associates	21.1	19.4	19.3
Other investments and receivables	7.6	6.4	7.3
Deferred tax	14.7	16.6	14.2
	43.4	42.4	40.8
Total non-current assets	**385.1**	**384.7**	**377.2**
Inventories	199.6	192.0	182.8
Receivables	249.6	229.6	218.2
Interest-bearing receivables	2.2	155.7	4.9
Income tax receivable	6.5	4.7	3.4
Cash at bank and in hand	21.1	19.7	40.7
Total current assets	**479.0**	**601.7**	**450.0**
Total assets	**864.1**	**986.4**	**827.2**

EUR million	June 30 2018	June 30 2017	December 31 2017
Equity and liabilities			
Equity			
Share capital	72.9	72.9	72.9
Reserves	1.8	-6.9	-8.1
Retained comprehensive income	91.4	177.3	72.7
Total attributable to equity holders of Nilfisk Holding A/S	166.1	243.3	137.5
Non-controlling interests	0.5	0.0	0.0
Total equity	**166.6**	**243.3**	**137.5**
Non-current liabilities			
Deferred tax	21.6	21.9	19.8
Pension liabilities	5.6	7.1	5.7
Provisions	6.5	6.6	6.5
Interest-bearing loans and borrowings	398.6	182.5	397.3
Other liabilities	1.2	1.3	1.2
	433.5	219.4	430.5
Current liabilities			
Interest-bearing loans and borrowings	5.7	271.0	8.0
Trade payables and other liabilities	238.3	230.0	236.7
Income tax payable	7.9	10.9	3.0
Provisions	12.1	11.8	11.5
	264.0	523.7	259.2
Total liabilities	**697.5**	**743.1**	**689.7**
Total equity and liabilities	**864.1**	**986.4**	**827.2**

Condensed cash flow statement

EUR million	Q2 2018	Q2 2017	H1 2018	H1 2017
Profit before financial items and taxes (EBIT)	20.9	23.3	39.3	44.5
Amortization, depreciation and impairment	9.7	9.8	19.5	19.5
Share option program	-6.2	0.0	-6.2	0.0
Non-cash operating items:				
Profit on sale of non-current assets, used and increase in provisions, and other non-cash operating items, etc.	2.6	-2.4	2.4	-3.4
Changes in working capital	-11.3	-13.2	-45.4	-54.7
Cash flow from operations before financial items and taxes	15.7	17.5	9.6	5.9
Financial income received	3.1	0.6	4.1	2.8
Financial expenses paid	-5.3	-2.6	-9.0	-6.0
Tax on profit for the period paid	-2.3	-4.3	-4.8	-7.9
Cash flow from operating activities	**11.2**	**11.2**	**-0.1**	**-5.2**
Investments in property, plant and equipment	-5.1	-1.6	-8.7	-7.2
Disposal of property, plant and equipment	0.5	0.2	0.9	1.1
Intangible assets and other investments	-7.9	-6.8	-14.2	-10.7
Cash flow from investing activities	**-12.5**	**-8.2**	**-22.0**	**-16.8**
Changes in non-current interest-bearing receivables	1.3	0.0	0.7	0.0
Changes in current interest-bearing receivables	3.1	0.4	2.7	16.0
Changes in current interest-bearing loans and borrowings	6.4	4.4	-2.3	7.2
Changes in non-current interest-bearing loans and borrowings	-26.8	-6.4	1.3	-9.1
Cash flow from financing activities	**-16.0**	**-1.6**	**2.4**	**14.1**
Net cash flow for the period	**-17.3**	**1.4**	**-19.7**	**-7.9**
Cash at bank and in hand, at the beginning of the period	38.2	19.4	40.7	28.5
Currency adjustments	0.2	-1.1	0.1	-0.9
Cash at bank and in hand, June 30	**21.1**	**19.7**	**21.1**	**19.7**

Condensed statement of changes in equity

EUR million	Share capital	Foreign exchange reserve	Hedging reserve	Fair value reserve	Retained comprehen-sive income	Proposed dividends	Total	Non-controlling interests	Total equity
Equity, January 1, 2018	**72.9**	**-10.4**	**-0.1**	**2.4**	**72.7**	**0.0**	**137.5**	**0.0**	**137.5**
Other comprehensive income:									
Foreign exchange translation adjustments	0.0	8.8	0.0	0.0	0.0	0.0	8.8	0.0	8.8
Value adjustment of hedging instruments:									
Value adjustment for the year	0.0	0.0	0.4	0.0	0.0	0.0	0.4	0.0	0.4
Transferred to cost of sales	0.0	0.0	1.2	0.0	0.0	0.0	1.2	0.0	1.2
Transferred to financial income and expenses	0.0	0.0	0.3	0.0	0.0	0.0	0.3	0.0	0.3
Fair value adjustment of available for sales securities	0.0	0.0	0.0	-0.4	0.0	0.0	-0.4	0.0	-0.4
Tax on other comprehensive income	0.0	0.0	-0.5	0.1	0.0	0.0	-0.4	0.0	-0.4
Total other comprehensive income	0.0	8.8	1.4	-0.3	0.0	0.0	9.9	0.0	9.9
Profit for the year	0.0	0.0	0.0	0.0	24.7	0.0	24.7	0.0	24.7
Comprehensive income for the year	**0.0**	**8.8**	**1.4**	**-0.3**	**24.7**	**0.0**	**34.6**	**0.0**	**34.6**
Non-controlling interest	0.0	0.0	0.0	0.0	0.2	0.0	0.2	0.5	0.7
Share option program	0.0	0.0	0.0	0.0	-6.2	0.0	-6.2	0.0	-6.2
Total changes in equity in 2018	**0.0**	**8.8**	**1.4**	**-0.3**	**18.7**	**0.0**	**28.6**	**0.5**	**29.1**
Equity, June 30, 2018	**72.9**	**-1.6**	**1.3**	**2.1**	**91.4**	**0.0**	**166.1**	**0.5**	**166.6**

EUR million	Share capital	Foreign exchange reserve	Hedging reserve	Fair value reserve	Retained comprehen-sive income	Proposed dividends	Total	Non-controlling interests	Total equity
Equity, January 1, 2017	**72.9**	**0.9**	**0.6**	**1.6**	**148.8**	**0.0**	**224.8**	**0.0**	**224.8**
Other comprehensive income:									
Foreign exchange translation adjustments	0.0	-7.8	0.0	0.0	0.0	0.0	-7.8	0.0	-7.8
Value adjustment of hedging instruments:									
Value adjustment for the year	0.0	0.0	-2.8	0.0	0.0	0.0	-2.8	0.0	-2.8
Transferred to cost of sales	0.0	0.0	-0.3	0.0	0.0	0.0	-0.3	0.0	-0.3
Transferred to financial income and expenses	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.1
Fair value adjustment of available for sales securities	0.0	0.0	0.0	0.2	0.0	0.0	0.2	0.0	0.2
Tax on other comprehensive income	0.0	0.0	0.6	0.0	0.0	0.0	0.6	0.0	0.6
Total other comprehensive income	0.0	-7.8	-2.4	0.2	0.0	0.0	-10.0	0.0	-10.0
Profit for the year	0.0	0.0	0.0	0.0	28.8	0.0	28.8	0.0	28.8
Comprehensive income for the year	**0.0**	**-7.8**	**-2.4**	**0.2**	**28.8**	**0.0**	**18.8**	**0.0**	**18.8**
Share option program	0.0	0.0	0.0	0.0	-0.3	0.0	-0.3	0.0	-0.3
Non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total changes in equity in 2017	**0.0**	**-7.8**	**-2.4**	**0.2**	**28.5**	**0.0**	**18.5**	**0.0**	**18.5**
Equity, June 30, 2017	**72.9**	**-6.9**	**-1.8**	**1.8**	**177.3**	**0.0**	**243.3**	**0.0**	**243.3**

Note 1
SIGNIFICANT ACCOUNTING POLICIES

This Interim Report has been prepared in accordance with IAS 34, “Interim Financial Reporting” as adopted by the EU and additional Danish disclosure requirements for listed companies. The interim report contains condensed financial statements for the group. No interim report has been prepared for the parent company.

Except for below, the interim report follows the same accounting policies as the consolidated financial statements for 2017, which provide a full description of the significant accounting policies.

Financial statement figures are stated in million EUR. As a result, rounding discrepancies may occur because sum totals have been rounded off and the underlying decimals are not presented to financial statements users.

Amendments to accounting standards that are mandatorily effective for the current reporting period

The Nilfisk Group has adopted the following new and revised standards issued by IASB, which are effective for the current reporting period that starts on January 1, 2018:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

The implementation of IFRS 9 regarding Financial Instruments and IFRS 15 regarding Revenue from Contracts with Customers have resulted in the changes described below. Other new and revised standards have not been assessed relevant and have therefore not caused any changes in accounting policies.

IFRS 9 – Financial Instruments
IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from January 1, 2018, resulted in changes in accounting policies but did not have any material effect on amounts recognized in the financial statements. The new accounting policies are set out below.

In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated.

The implementation of IFRS 9 has, based on Nilfisk Group’s business model and type of financial assets and liabilities, not resulted in any changes in classification of financial assets and liabilities.

The new hedge accounting rules have in general aligned the accounting for hedging instruments more closely with the Group’s risk management practices. As the hedge accounting in Nilfisk already follows the Risk Management policy, there are no changes in hedge accounting.

The new impairment model requires the recognition of impairment provisions based on the “expected credit loss model” rather than the “incurred-loss model” on financial assets which are measured at amortized cost. For trade receivables and contracts the simplified expected credit loss model is applied where the expected loss over the lifetime of the receivable is initially recognized.

The transition from the previously used impairment model, the “incurred loss-model”, to the new IFRS 9 “expected loss-model” has resulted in a timely recognition of the expected loss, both regarding the initial recognition and subsequently.

The Nilfisk Group has implemented the new impairment model retrospectively which implies that the credit risk of the assets has been assessed at the time of the first recognition. As the majority of the Group’s receivables are receivables from sales with short credit period, and due to the low credit risk in the Group, the implementation of the new model has not had a material impact on the valuation of the trade receivables and contracts.

IFRS 15 – Revenue from Contracts with Customers
The Nilfisk Group has adopted IFRS 15 Revenue from Contracts with Customers from January 1, 2018, using the modified retrospective method (retrospectively with the cumulative effect at the date of initial application). This standard did not have a material impact to the second quarter consolidated income statement or June 30, 2018, consolidated balance sheet other than additional disclosure requirements.

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) on the consolidated balance sheet. Revenue is recognized when it transfers control over products or service to customers. Contract assets are considered immaterial as billing occurs at the same time when revenue is recognized. Nilfisk Group sometimes receive advances or deposits from our customers before revenue is recognized, resulting in contract liabilities which are considered immaterial.

Note 2
SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Regarding accounting estimates, please refer to Note 1 on page 59 of the 2017 Annual Report. Regarding risks please refer to Note 6 on page 106 of the 2017 Annual Report and the information contained in the section on risk management on page 45 of the 2017 Annual Report. There are no significant changes compared to the information stated in the 2017 Annual Report.

Note 3
SEASONAL FLUCTUATIONS

Due to the composition of the Nilfisk business, some degree of seasonality in revenue should be expected. Factors which impact seasonality are among others; the market for consumer high pressure washers, holiday season, etc.

Normally, the quarterly EBIT follows the seasonality in revenue.

Cash flow from operations is typically weaker in Q1 due to negative changes in working capital in Q1 and Q2 as inventories increase. Working capital normally improves during Q3 and Q4.

Note 4
SEGMENT INFORMATION

EUR million	EMEA	Americas	APAC	Non-allocated	Total professional	Specialty Professional	Specialty Consumer	Total specialty	Non-allocated	Group
Q2 - 2018										
Revenue	122.9	72.4	20.3	0.0	215.6	37.2	31.7	68.9	0.0	284.5
Gross profit	53.2	31.1	8.7	0.0	92.9	17.0	11.8	28.9	0.0	121.8
EBITDA before special items	29.1	16.1	3.3	-16.5	31.9	5.4	3.1	8.5	-5.5	34.9
Reconciliation to profit before income taxes:										
Special items										-4.3
Amortization, depreciation and impairment										-9.7
Financial income										2.8
Financial expenses										-6.0
Profit before income taxes										**17.7**
Gross margin	43.2%	42.9%	42.9%	-	43.1%	45.8%	37.3%	41.9%	-	42.8%
EBITDA %	23.7%	22.2%	16.0%	-	14.8%	14.4%	9.8%	12.3%	-	12.3%
Q2 - 2017										
Revenue	120.9	78.0	20.7	0.0	219.6	32.0	28.4	60.4	0.0	280.0
Gross profit	53.0	32.6	8.6	0.0	94.2	16.3	10.3	26.6	0.0	120.8
EBITDA before special items	29.4	16.3	2.9	-15.0	33.5	4.8	0.8	5.7	-3.4	35.8
Reconciliation to profit before income taxes:										
Special items										-2.7
Amortization, depreciation and impairment										-9.8
Financial income										1.4
Financial expenses										-3.5
Profit before income taxes										**21.2**
Gross margin	43.8%	41.8%	41.5%	-	42.9%	50.9%	36.3%	44.0%	-	43.1%
EBITDA %	24.3%	20.9%	13.8%	-	15.3%	15.1%	3.0%	9.4%	-	12.8%

Note 4 continues on page 19.

Note 4
SEGMENT INFORMATION

EUR million	EMEA	Americas	APAC	Non-allocated	Total professional	Specialty Professional	Specialty Consumer	Total specialty	Non-allocated	Group
H1 2018										
Revenue	242.8	132.2	38.8	0.0	413.8	69.6	58.6	128.2	0.0	542.0
Gross profit	103.3	56.3	16.5	0.0	176.0	32.6	22.2	54.9	0.0	230.9
EBITDA before special items	56.1	26.3	6.0	-31.1	57.2	10.5	6.0	16.5	-8.3	65.4
Reconciliation to profit before income taxes:										
Special items										-6.6
Amortization, depreciation and impairment										-19.5
Financial income										4.4
Financial expenses										-11.3
Profit before income taxes										**32.4**
Gross margin	42.5%	42.6%	42.6%	-	42.5%	46.9%	37.9%	42.8%	-	42.6%
EBITDA %	23.1%	19.9%	15.3%	-	13.8%	15.0%	10.2%	12.8%	-	12.1%
H1 2017										
Revenue	236.9	150.8	40.2	0.0	427.9	61.9	59.1	121.0	0.0	548.9
Gross profit	105.7	64.1	16.7	0.0	186.5	31.2	22.8	54.0	0.0	240.5
EBITDA before special items	59.5	30.7	5.8	-32.1	63.8	9.0	4.3	13.4	-6.3	70.9
Reconciliation to profit before income taxes:										
Special items										-6.9
Amortization, depreciation and impairment										-19.5
Financial income										3.6
Financial expenses										-8.1
Profit before income taxes										**40.0**
Gross margin	44.6%	42.5%	41.5%	-	43.6%	50.4%	38.6%	44.6%	-	43.8%
EBITDA %	25.1%	20.4%	14.3%	-	14.9%	14.6%	7.4%	11.0%	-	12.9%

The presentation of the Group segments has been changed in 2018 to the full allocation of the gross profit to the operating segments. Accordingly, gross profit for each segment includes the gross profit from the entire value chain including production and distribution. Furthermore, the table shows EBITDA disclosed by operating segments. The non-allocated professional is costs allocated to professional segment which cannot be directly attributed to the geographical segments. The costs cover shared distribution centers and shared marketing as well as shared functions for digitalization.

Note 5
DISTRIBUTION OF REVENUE

EUR million	Revenue 2018	Revenue 2017	Organic growth	Revenue growth
Q2				
Floorcare	91.3	94.2	1.7%	-3.1%
Vacuum cleaners	53.9	50.6	9.0%	6.2%
HPW	50.9	50.3	4.1%	1.1%
Aftermarket	88.4	84.9	9.6%	4.5%
	284.5	280.0	5.8%	1.6%
H1				
Floorcare	167.8	178.0	0.2%	-5.7%
Vacuum cleaners	103.1	100.7	5.6%	2.3%
HPW	99.5	98.4	5.1%	1.1%
Aftermarket	171.6	171.8	5.2%	-0.1%
	542.0	548.9	3.6%	-1.3%

Note 6
SPECIAL ITEMS

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

EUR million	Q2 2018	Q2 2017	H1 2018	H1 2017
Cost saving program	3.5	2.0	5.8	4.9
Business transformation activities	1.4	0.0	1.4	0.0
Gain on divestment of business	-0.6	0.0	-0.6	0.0
Costs related to the split from NKT A/S	0.0	0.7	0.0	2.0
	4.3	2.7	6.6	6.9

The cost saving program includes 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. Business transformation costs includes consultancy fees related to strategic reviews of business areas. The gain on divestment of business relates to the divestment of our Swedish chemical business.

Costs related to our split from NKT A/S in Q2 and H1 2017 include consultancy fees, the cost of supporting tools and incentive payments as well as organizational changes.

Note 7
LONG-TERM INCENTIVE PROGRAMS

In line with the remuneration policy approved by the Annual General Meeting in March 2018, the Nilfisk Leadership Team and selected key employees have been awarded performance share units with a three year cliff vesting depending on performance measures on EBITDA, RoCE and Total Shareholder Return (TSR). 35 employees have in total received 54,110 performance share units equal to 0.2% of the total number of shares in Nilfisk Holding A/S. The key employees outside the Nilfisk Leadership Team are offered participation in return for a reduction in the annual bonus. In Q2 2018, Nilfisk has expensed 0.2 mEUR relating to the long-term incentive program.

In the period 2013-2016, certain former and current members of the Nilfisk Leadership Team have been granted the right to purchase shares (share options). The number of outstanding share options under this program at June 30, 2018, are 375,964 compared to 555,870 at December 31, 2017. In the first six months of 2018, 234,963 share options have been exercised.

In the period 2012-2016, a phantom share program granted a number of employees the right to a potential cash payment but no right to acquire shares. The number of outstanding phantom shares under this program are 230,407 at June 30, 2018, compared to 412,405 at December 31, 2017. In the first six months of 2018, 181,998 phantom shares have been exercised.

Note 8
FINANCIAL INSTRUMENTS

Fair values
Financial instruments measured at fair value in the balance sheet are designated as belonging to one of the following three categories (the 'fair value hierarchy'):

- Level 1: Listed prices (unadjusted) in active markets for identical assets and liabilities
- Level 2: Input, other than listed prices on Level 1, which is observable for the asset or liability either directly (as prices) or indirectly (derived from prices)
- Level 3: Input for the asset or liability which is not based on observable market data (non-observable input)

Financial instruments measured at fair value consist of derivative financial instruments. The fair value on December 31, 2017, and June 30, 2018 of the Nilfisk Group's forward transactions is measured in accordance with Level 2 as the fair value is based on official exchange rates and forward rates at the balance sheet date. In essence, book value is in accordance with fair value measurements for the periods January 1, 2018 – June 30, 2018 and January 1, 2017 – December 31, 2017.

Receivables and other financial liabilities are measured at amortized cost, which in all material aspects corresponds to fair value and nominal value.

Categories of financial instruments - carrying amount

EUR million	June 30, 2018	June 30, 2017	December 31, 2017
Financial assets:			
Hedging portfolio (derivative financial instruments)	5.7	5.3	6.5
Interestbearing receivables	2.2	155.7	4.9
Receivables	243.9	224.3	211.7
Financial liabilities:			
Hedging portfolio (derivative financial instruments)	2.5	5.8	4.9
Financial liabilities, measured at amortized cost	641.3	679.0	638.4

Note 9
CONDENSED INCOME STATEMENT CLASSIFIED BY FUNCTION

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

EUR million	Q2 2018	Q2 2017	H1 2018	H1 2017
Revenue	284.5	280.0	542.0	548.9
Cost of sales	-163.3	-159.6	-312.4	-309.3
Gross profit	**121.2**	**120.4**	**229.6**	**239.6**
Research and development costs	-9.5	-8.2	-18.4	-16.4
Sales and distribution costs	-65.5	-65.9	-129.3	-132.3
Administrative costs	-26.2	-23.8	-44.3	-47.8
Other operating income, net	0.9	0.8	1.7	1.4
Profit before financial items and income taxes (EBIT)	**20.9**	**23.3**	**39.3**	**44.5**
Amortization/impairment of acquisition-related intangibles are divided into:				
Cost of sales	-0.4	-0.4	-0.8	-0.8
Sales and distribution costs	-1.1	-1.2	-2.2	-2.4
	-1.5	-1.6	-3.0	-3.2
Special items are divided into:				
Cost of sales	-0.3	0.0	-0.6	-0.1
Research and development costs	-0.2	-0.3	-0.2	-0.3
Sales and distribution costs	-0.6	-0.5	-1.4	-1.2
Administrative costs	-3.2	-1.9	-4.4	-5.3
Other operating income, net	0.0	0.0	0.0	0.0
	-4.3	-2.7	-6.6	-6.9

Note 10

AMORTIZATION, DEPRECIATION AND IMPAIRMENT

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

EUR million	Q2 2018	Q2 2017	H1 2018	H1 2017
Cost of sales, depreciation and impairment	3.1	2.9	6.1	5.7
Cost of sales, amortization and impairment	0.0	0.0	0.0	0.0
Research and development costs, depreciation and impairment	0.0	0.0	0.1	0.1
Research and development costs, amortization and impairment	3.5	3.5	7.0	7.0
Sales and distribution costs, depreciation and impairment	0.2	0.3	0.5	0.6
Sales and distribution costs, amortization and impairment	0.2	0.4	0.5	0.7
Administrative costs, depreciation and impairment	0.5	0.6	1.0	1.1
Administrative costs, amortization and impairment	0.7	0.5	1.3	1.1
Amortization/impairment of acquisition-related intangibles	1.5	1.6	3.0	3.2
	9.7	9.8	19.5	19.5
Total depreciation and impairment of tangibles	3.9	3.8	7.7	7.5
Total amortization and impairment of non-acquisition related intangibles	4.3	4.4	8.8	8.8
Total amortization and impairment of acquisition related intangibles	1.5	1.6	3.0	3.2
	9.7	9.8	19.5	19.5

Note 11

CONTINGENT LIABILITIES, SECURITIES AND CONTRACTUAL OBLIGATIONS

Regarding contingent liabilities, securities and contractual obligations, please refer to Note 8.4 on pages 117-118 of the 2017 Annual Report. There are no material changes to contingent liabilities, securities and contractual obligations compared to the 2017 Annual Report.

Note 12

SUBSEQUENT EVENTS

We are not aware of any events subsequent to June 30, 2018 that may have a material impact on the Group's financial position.

Group Management's statement

The Board of Directors and the Executive Management Board have today discussed and approved the Interim Report of Nilfisk Holding A/S for the period January 1 - June 30, 2018.

The condensed Interim consolidated financial statements, which have not been audited or reviewed by the Group's independent auditor, have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU. The condensed 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 June 30, 2018, and the results of the Group's activities and cash flow for the period January 1 - June 30, 2018.

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, the general financial position of the Group and a description of major risks and elements of uncertainties faced by the Group.

Brøndby, August 14, 2018

Executive Management Board

Hans Henrik Lund
President and CEO

Karina Kjær Deacon
CFO

Board of Directors

Jens Peter Due Olsen
Chairman

Lars Sandahl Sørensen
Deputy Chairman

Jens Maaløe

Jutta af Rosenborg

Anders Erik Runevad

René Svendsen-Tune

Gerner Raj Andersen
Employee representative

Michael Gamtofte
Employee representative

Søren Giessing Kristensen
Employee representative

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, com-petitive conditions, energy and raw material prices, and other risk factors. See also latest Annual Report for a more detailed description of risk factors.

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

Nilfisk's Interim Report Q2 2018 was published on August 14, 2018. The report is also available at www.nilfisk.com.

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Nilfisk