

Nilfisk Financial Results 2017
Webcast presentation - February 28



**BUILDING THE FUTURE
OF CLEANING**

Today's presenters



Nilfisk CEO
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Q&A

Q4 and 2017 - solid growth and satisfactory earnings

Financial highlights

- Total growth in Q4 of 5.4% with strong development in EMEA (5.9%), Americas (7.3%), APAC (4.4%) and Specialty Prof (3.4%) while Consumer stabilized (0.5%)
- Solid Q4 with operating performance of 10.6% (adjusted for phantom shares 9.5%)
- 2017 has been a satisfactory year delivering in the upper range of expectations:
 - solid organic growth of 3.7% driven by EMEA (5.9%) and Americas (5.7%)
 - operating performance of 11.4% (adjusted for phantom shares 11.1%)
 - gross margin of 42.2% all-time high over a five year period
 - RoCE of 16.0%



Q4 and 2017 - solid growth and satisfactory earnings

Key accomplishments

- Nilfisk listed at Nasdaq Copenhagen on October 12
- New operating model bringing stronger customer focus and dedicated attention to all businesses
- Cost saving program on track
- First units of our autonomous cleaning solution Nilfisk Liberty A50 shipped
- Nilfisk Next: implementation of our transformational vision and strategy
- Strengthening of the Nilfisk leadership team



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EMEA: Solid growth



	FY 2017
Revenue	494 mEUR
Share of revenue	46%
Organic growth	5.9%

Comments

- Organic growth of 5.9% driven by France, BeNeLux, Iberia, East/South-East and UK/I
- 2017 impacted by an extraordinary high amount of private label sales. Excluding private label, organic growth was 3.6%
- Growth in Germany and Norway below expectations
- Growth in the service business below expectations while building up capacity
- The gross profit margin negatively impacted by strong private label sales and several large orders
- Customer care hub established
- Sales regions consolidated and new leadership in two regions

AMERICAS: Strong growth gaining market share



FY 2017

Revenue	284 mEUR
Share of revenue	26%
Organic growth	5.7%

Comments

- Q4 returned to impressive organic growth of 7.3% after a slow Q3 and impacted by a large win in Strategic Accounts
- FY strong organic growth of 5.7%
- Double-digit growth in Strategic Accounts while negative growth in Industrial resulted in 3.6% organic growth in USFC
- Rest of AMERICAS had organic growth of 8.5%, driven by Canada, Brazil and HPW
- Gross profit increase driven by margin optimization
- Development of new channel strategy
- Strengthening of US management team

APAC: Accelerating growth in Q4



FY 2017

Revenue	80 mEUR
Share of revenue	7%
Organic growth	1.3%

Comments

- Organic growth in Q4 of 4.4%, driven by China, Australia and Singapore
- Unsatisfactory FY organic growth of 1.3%
- China delivered double digit growth driven by an expansion of the mid-market dealer network
- Growth in Korea and Japan below expectations
- Gross margin increase driven by higher margins in service and inventory management
- Strengthened leadership in the region by appointment of Serdar Ülger as head of APAC

Specialty Professional: A mixed bag



FY 2017

Revenue	128 mEUR
Share of revenue	12%
Organic growth	2.5%

Comments

- Organic growth of 2.5% driven by 7.8% growth in the highly profitable Industrial Vacuum Solutions and 6.5% growth in Nilfisk Food
- Negative organic growth in Outdoor and Restoration
- Unsatisfactory performance and initiation of a strategic review of the Outdoor business
- Carve-out of the four businesses with dedicated leadership teams

Specialty Consumer: Stabilized performance in Q4



FY 2017

Revenue	96 mEUR
Share of revenue	9%
Organic growth	-7.7%

Comments

- Q4 returned to positive organic growth of 0.5%
- Unsatisfactory FY organic growth of -7.7% due to the loss of a large customer in the beginning of 2017
- Gross profit increase driven by margin optimization
- New dedicated warehouse established
- Carve-out from the professional business with a dedicated leadership team

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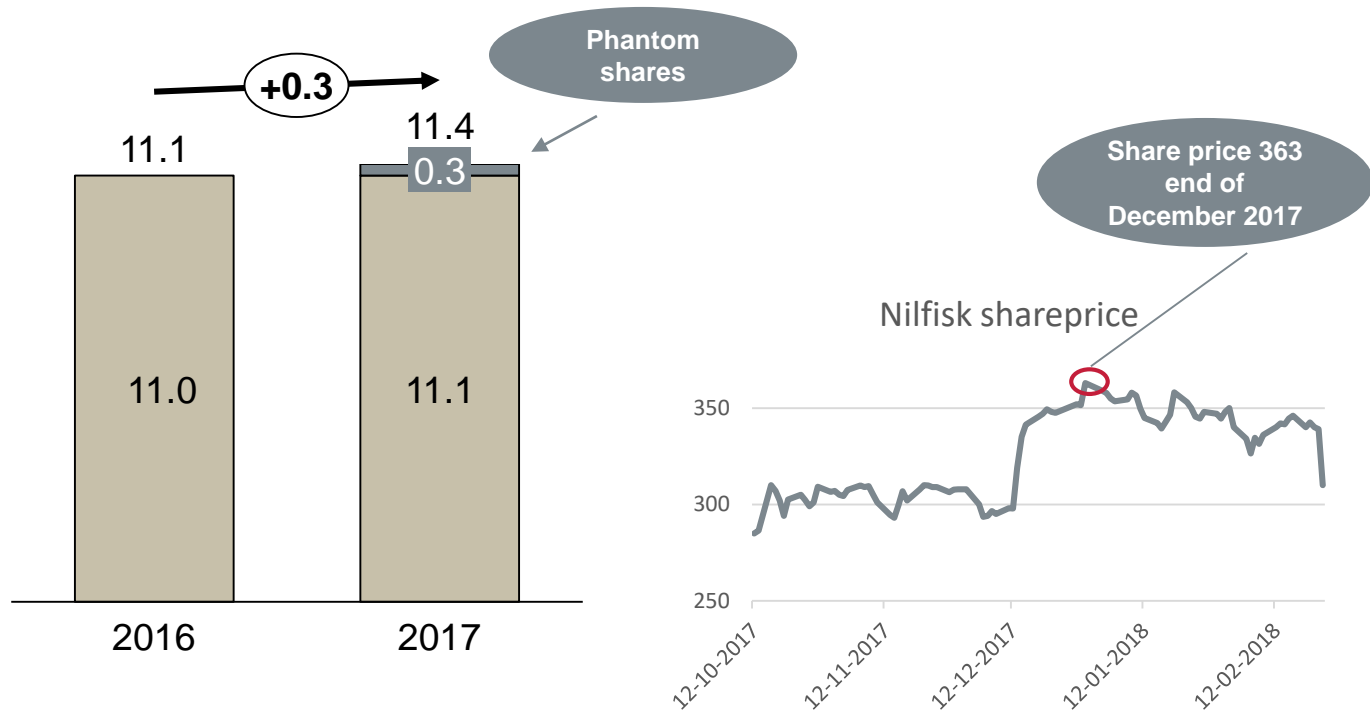
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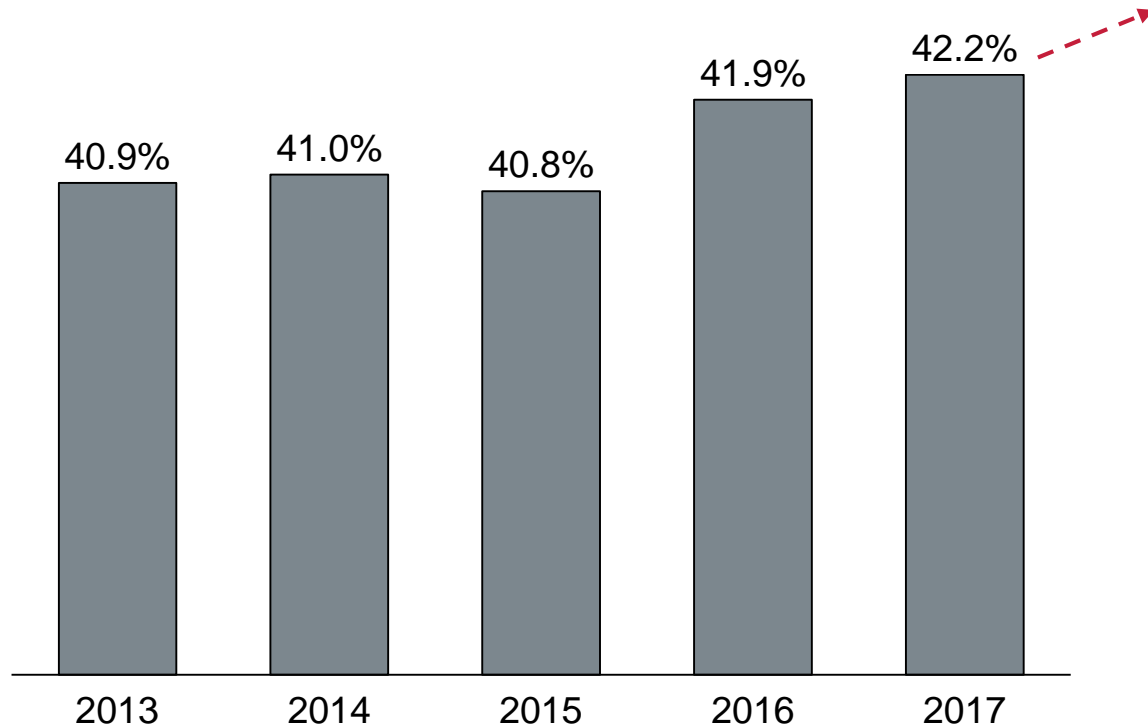
Improved operating performance



Comments

- Increase in operating performance of 0.3 percentage point
- Positive gross margin development of 0.3 percentage point
- A significant increase in the Nilfisk share price starting from Dec 12 led to an adjustment of 3m EUR related to our phantom share program
- Excluding phantom share adjustment, the overhead ratio of 33.8% was on par with last year on a comparable basis

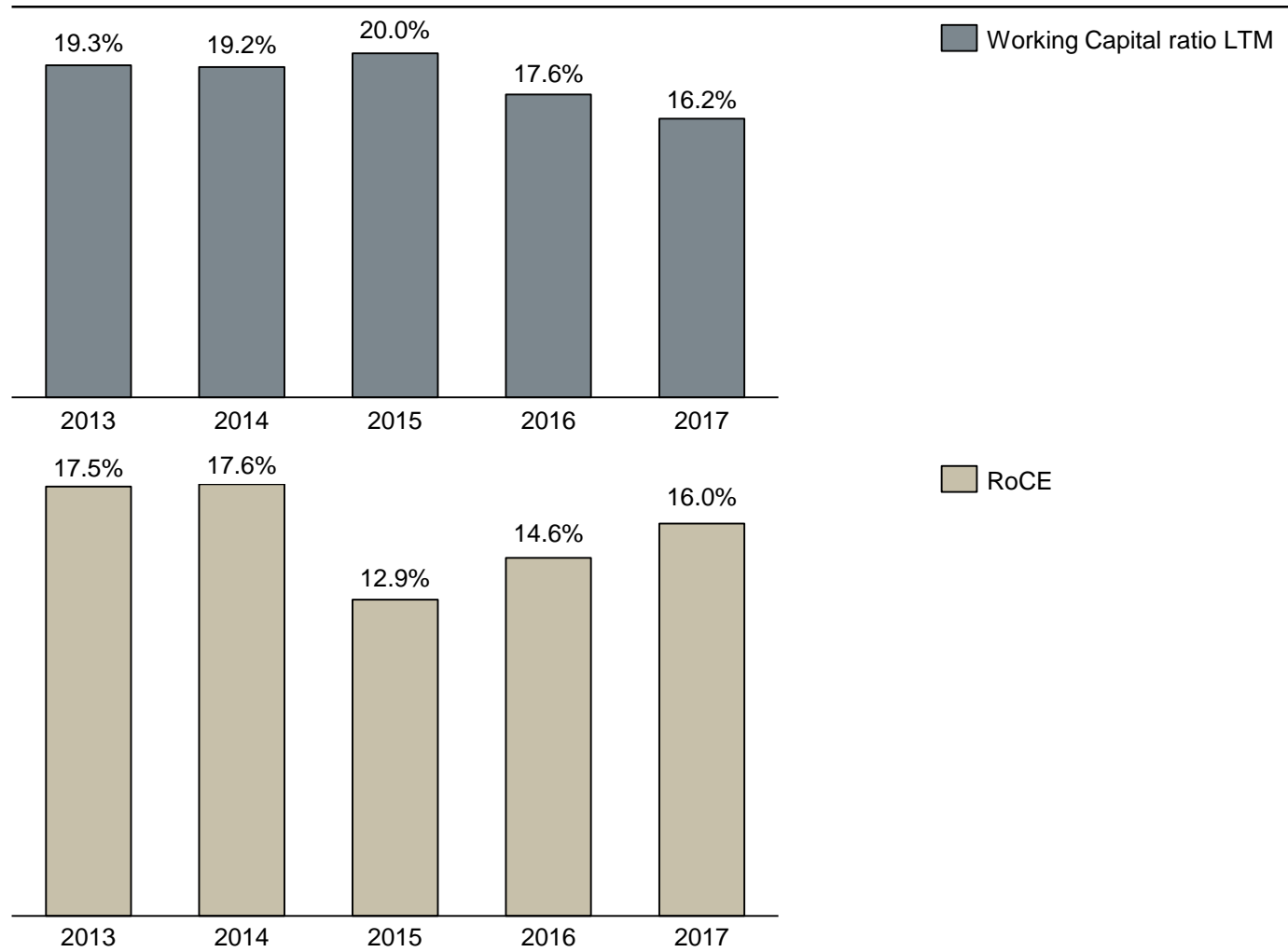
Solid gross margin journey



Comments

- Positive impact from ongoing:
 - Procurement savings
 - Optimizations in manufacturing
 - Margin optimization
 - Price increases
- Partly off-set by:
 - Raw material price increases
 - Freight cost increases
 - Higher proportion of private label sales
 - Service capacity build-up

Continued strong working capital and RoCE



Comments

- Working capital ratio 16.2%
 - Exceptionally low level of inventory in the beginning of year
 - Payables significantly impacted by high production in China due to high level of private label sales

- RoCE improved significantly to 16.0%

P/L summary – growing bottom-line

EUR million	2017	2016	Δ
Operating profit before amortization/impairment and special items	87.7	84.8	3.4%
Amortization/Impairment	-6.2	-9.0	31.1%
Special items	-20.6	-21.8	-5.5%
Profit before financial items and income tax (EBIT)	60.9	54.0	12.8%
Financials	-8.9	-11.0	-19.0%
Tax	-11.7	-13.5	-13.3%
Profit for the year	40.3	29.5	36.6%

Comments

- Negative currency impact on top-line of 1.2% but no impact on EBITDA margin
- Special items impacted by cost saving program and the demerger, including cost related to phantom share program
- EBIT margin increased from 5.1% to 5.6%
- Leverage of 3.0x up from 2.3x in 2016 following the re-capitalization after the demerger
- Effective tax% of 22.6% positively impacted by US tax reform
- Strong improvement in profit, up 36.6%

Cost saving program on track

EUR million	2016 Realized	2017 Realized	2018 Expected	2019 Expected	Full potential end 2019
Expected annual accumulated impact on EBITDA before Special items related to levers executed prior to the end of reach period	11	21	27-31	35	35
Expected impact on reported EBITDA before Special items in the income statement for the period	2	17	23-27	30-33	35
Expected restructuring costs for the period (reported under Special items)	10	10	8-10	8-10	35
Implementation costs for the period (reported under Special items)	5	0	0	0	5
Expected Accelerate+ capex investments for the period	0	4	2-5	2-4	12

Comments

- 2017 impact on EBITDA of 15m EUR – 12m EUR in overhead savings and 3m EUR in gross profit
- Overhead reductions through structural changes:
 - Reduction of staff and delayering
 - Outsourcing to 3rd party of transactional finance, marketing and IT
 - Shared service centres for HR and customer care
- Savings and simplification in global operation:
 - Procurement savings
 - Production moves
 - Dedicated Outdoor production
 - Close of Singapore and Brazil
 - Transfer of production lines
- Pricing project live in the US

Investments and cost drivers

EUR million

Overhead cost of 2016	359
Inflation and FX adjustment	10
	<hr/>
	369
Cost saving program	-12
Investments	
Front-end	4
Parts warehouse	1
Cost increases	
Demerger	2
Phantom shares	3
R&D amortization	2
Freight cost increase	1
Estimated from organic growth	2
Other net savings	-3
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Overhead cost of 2017	369

Comments

- Cost saving program funds investments and increased cost
- Investments of 5 mEUR

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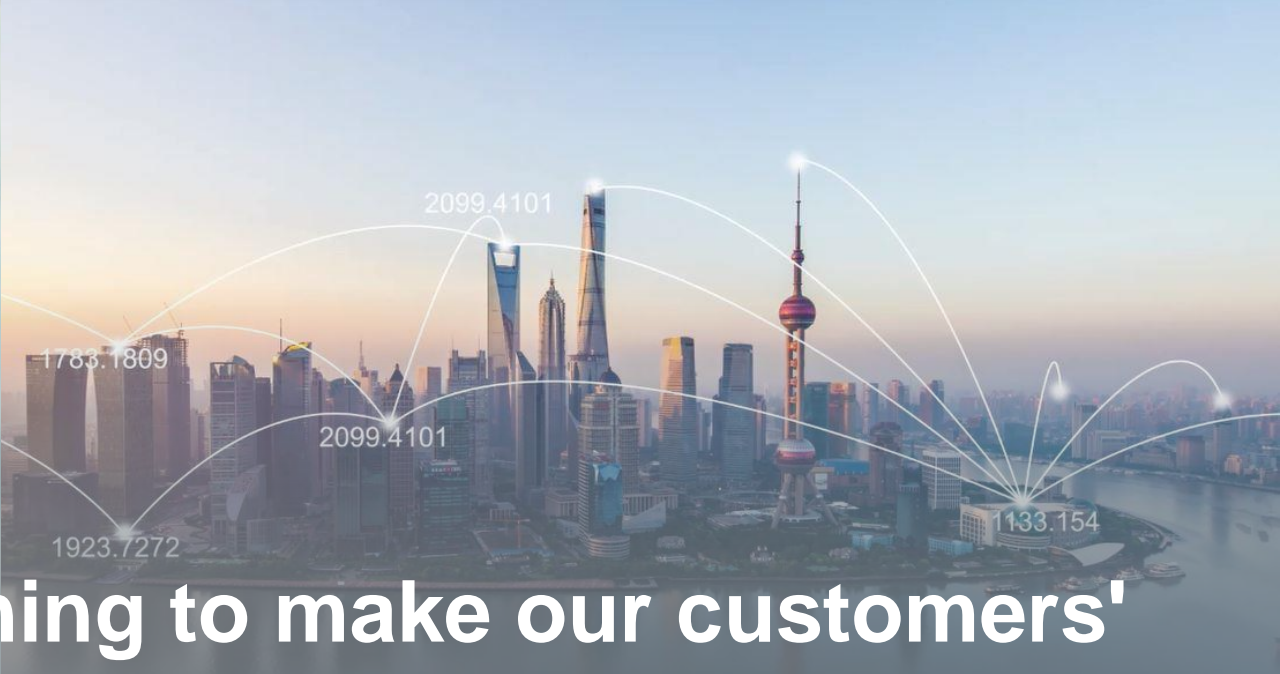
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We will lead intelligent cleaning to make our customers' businesses smarter



Nilfisk Next: Strategic drivers



One team, one agenda

Benefit from the potential of our talented people working with shared goals and one agenda



Simplify and grow

Become agile by simplification and drive growth through focused priorities



Build the future

Reap the benefits of new technology, and seize the new opportunities to meet our customers' needs

2018 will be a transformational year

1 Our offering

We will significantly simplify our product portfolio while moving towards digital services and autonomous connected solutions

2 Our marketing

We will focus on establishing a digital customer experience and move towards data driven customer activities

3 Our IT

We will roll-out best-in-class standardized IT front-end systems

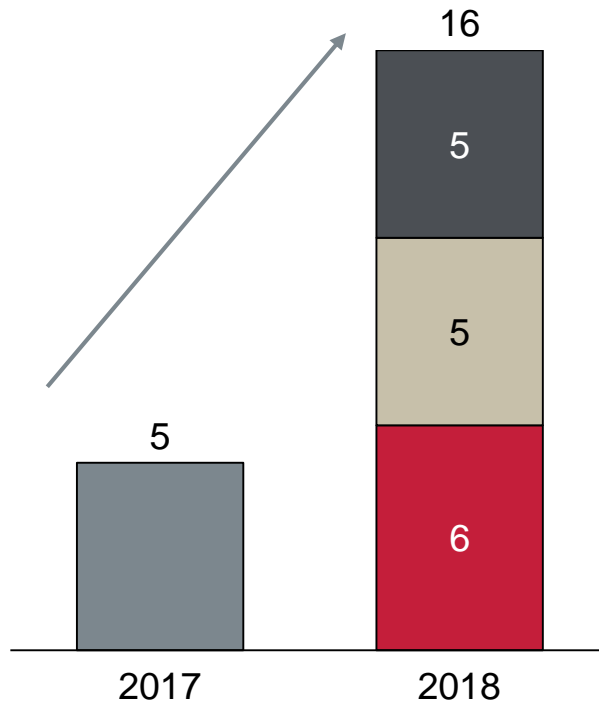
4 Our operations

We will optimize our operational footprint and streamline processes

5 Our culture

We will continuously foster an opportunity-seeking and pioneering culture

Our investments to build the future



Comments

- Significant increase in our investments to build the future
- Our investments falls into three categories:
 - Front-end investment of 5 mEUR
 - Digitalization and autonomous of 5 mEUR
 - IT investments of 6 mEUR

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**Organic
revenue growth**

3.0%-4.0%
2018 guidance

**EBITDA margin
before special items**

11.5%-12.0%
2018 guidance

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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.