

Company announcement

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Nilfisk reports Q2 2022 results: Momentum continued with reported growth at 5.5%, primarily driven by 9.4% organic growth in Europe for our Professional Business

Nilfisk, a leading global provider of professional cleaning products and services, reported its Q2 2022 results today. Commenting on the results, Torsten Türling, CEO of Nilfisk, said:

"Nilfisk continued the positive development from the first quarter of 2022, with higher revenue and solid growth momentum in the Professional Business. Revenue growth for the second quarter was driven primarily by solid performance within Europe Professional.

Americas also managed to grow revenue in the second quarter, despite being challenged by the destruction of our US Distribution Center by a tornado end-March. We were able to achieve deliveries to almost normal level as from June. We now expect about 10-12 mEUR of revenue to be delayed into the second half of 2022.

Demand remained solid and our order book was at an all-time high at the end of the quarter. Overall, the quarter was another important step in ensuring long-term sustainable growth as laid out in Business Plan 2026."

Q2 2022 results

- Revenue for the total business amounted to 272 mEUR, corresponding to reported growth of 5.5% from Q2 2021. Organic revenue growth was 2.8%.
- The gross margin was 38.8% in Q2, compared to 40.9% in Q2 2021. The decline was a result of further negative impact from increased inflation on raw materials and components as well as high freight rates, only partly offset by the price increases initiated by Nilfisk.
- EBITDA before special items decreased by 7.4 mEUR compared to Q2 2021 and came to 34.5 mEUR in the quarter, corresponding to an EBITDA margin before special items of 12.7% compared to 16.3% in Q2 2021.
- Although we saw increased business activity, the overhead cost ratio increased moderately compared to Q2 2021. We focused on investing into the strategic growth levers of our Business Plan 2026. In combination with cost inflation, and foreign exchange rates movements (mainly USD), costs came to 85.6 mEUR, 7.4 mEUR higher compared to Q2 2021.

- Total R&D spend increased by 1.2 mEUR compared to Q2 2021 and came to 7.3 mEUR, corresponding to 2.7% of revenue compared to 2.4% in Q2 2021. Investments in strategic R&D projects continued.
- Special items amounted to 1.2 mEUR compared to 3.7 mEUR in Q2 2021. The special items were mainly related to reorganization costs incurred from implementing Business Plan 2026 initiatives as well as the initiated liquidation of Nilfisk Russia.
- Free cash flow amounted to an inflow of 11.1 mEUR in Q2 2022, down 8.1 mEUR compared to Q2 2021. Cash flow was negatively affected by the increase in working capital, including an increase in the CAPEX ratio to 2.4% from 1.5% in Q2 2021.

Key figures

mEUR	Q2 2022	Q2 2021
Revenue	272.0	257.8
Organic growth	2.8%	38.5%
Gross margin	38.8%	40.9%
Overhead cost ratio	31.5%	30.3%
EBITDA before special items	34.5	41.9
EBITDA margin before special items	12.7%	16.3%
CAPEX ratio	2.4%	1.5%
Free cash flow	11.1	19.2
Financial gearing	2.7	2.7

Outlook for 2022

We maintain the full-year outlook as communicated in the Annual Report 2021 given current visibility of market demand, inflationary developments, profitability levels and impact from the tornado event at USDC.

We expect about 10-12 mEUR of revenue to be delayed from Q2 2022 to H2 2022 as a consequence of the tornado event at the US Distribution Center.

Conference call

Nilfisk will host a conference call today at 9:00 CET. Please visit investor.nilfisk.com or use the dial in information below to access the call. Presentation materials will be available on the website prior to the conference call.

To dial in, please use the following numbers:

DK: +45 32714990

UK: +44 2071538944

US: +1 8173914043

The event will be broadcasted live via:

<https://services.choruscall.de/DiamondPassRegistration/register?confirmationNumber=8626738&linkSecurityString=127909fe4a>

The video will be available for viewing after the event along with the presentation from the day on:

<https://investor.nilfisk.com/>

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Forward-looking statements

Statements made about the future in this report reflect the Executive Management Board's 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 the Nilfisk Group operates in, development in product demand, competitive conditions, energy and raw material prices, and other 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 anticipated results except where required by legislation or other regulations.