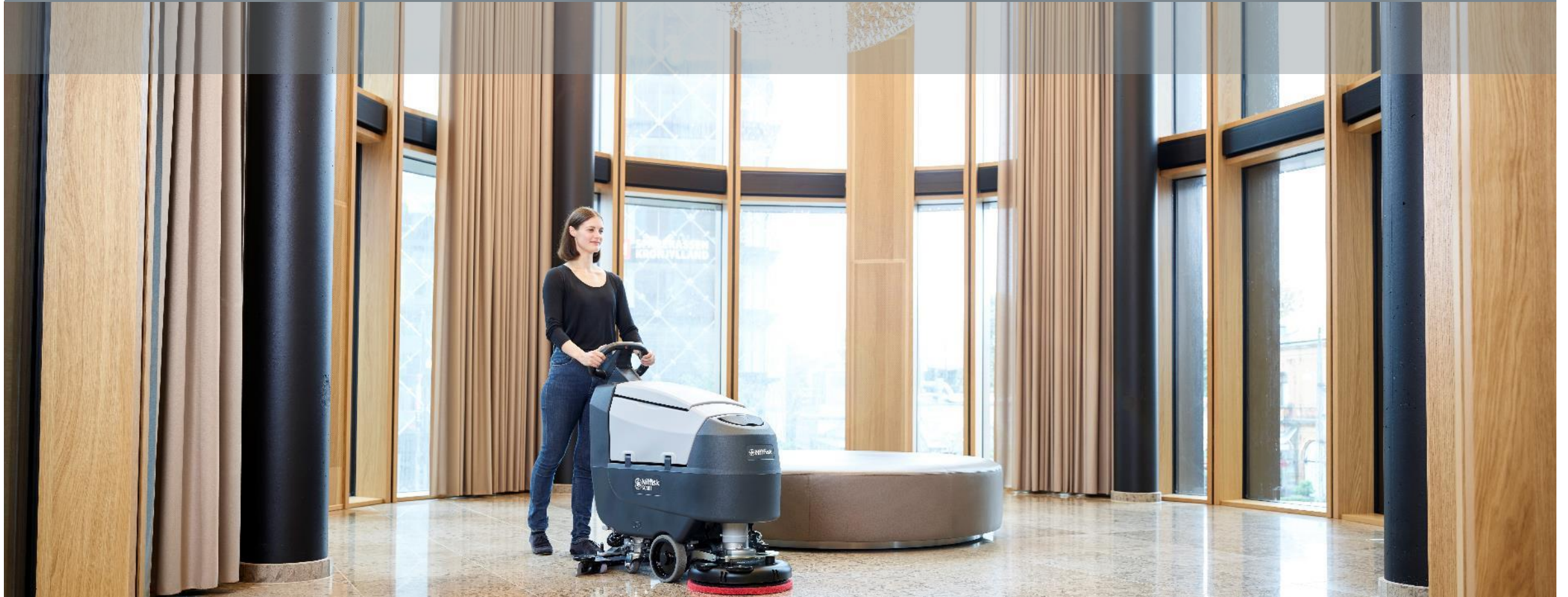


Nilfisk Q1 Interim Report 2018

Webcast presentation – May 16



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Q1 2018 Continued positive momentum

Financial highlights

- The positive sentiment from Q4 continued into Q1 and the order intake remained strong
- In Q1, unusual delivery shortages created an order backlog of approximately 7 mEUR above normal, leading to organic growth of 1.3%
- EBITDA margin before special items was 11.9% (10.3% before adjustment for phantom shares)
- With 42.4%, the Q1 gross margin continued improving
- The cost saving program progressed ahead of plan and the saving target increased from 35 mEUR to 50 mEUR
- FY outlook is unchanged



Q1 2018 Continued positive momentum

Delivery situation

- Delivery shortages created an extraordinary order backlog; approximately 7 mEUR above normal at the end of March
- Delivery shortages from production facilities in US and Hungary impacted a few product platforms:
 - Unexpected change in product mix
 - Quality issue related to a plastic component
 - Additional tests relating to motors required
 - Shortage on a key component
- Improvements in production and deliveries in April significantly reduced the order backlog, leading to organic growth of 4.4% after the first four months of 2018



Q1 2018 Simplifying the business

Actions

- Signed agreement on selling Nordic Chemicals & Utensils business with a positive P/L and cash flow effect. 10 mEUR annual revenue
- Strategic review of Outdoor on track
- Implementation of product pruning leading to a reduction of +40% of our product platforms started. The out-phasing of products is expected to be concluded before year-end with modest revenue impact
- Simplified dealer structure in the US implemented from April 1, 2018



Q1 Autonomous cleaning

Actions

- Six Nilfisk Liberty A50 machines deployed in US and EMEA
- Positive feedback on performance
- Successfully passed 3rd party testing against applicable standards on safety, EMC and RED, both in the EU as well as US
- Software updates ongoing aiming at selling up to 100 machines 2018
- Autonomous portfolio under development
- Continued interest from major branded players and competition mobilizing



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EMEA: Continued growth



	Q1 2018
Revenue	120 mEUR
Share of revenue	47%
Organic growth	4.9%

Comments

- Organic growth in Q1 of 4.9%
- Positive growth in France, East/Southeast Europe and the private label business, with Germany, Benelux and Sweden behind expectations
- Reduction in order backlog in April 2018, brought organic growth to 6.2% for the first four months
- Gross margin in Q1 of 41.8%, up 2.4 percentage points compared to Q4 2017
- Service business impacted by capacity build-up

AMERICAS: Weak quarter but strong pipeline



Q1 2018

Revenue	60 mEUR
Share of revenue	23%
Organic growth	-5.8%

Comments

- Moderate growth expectations due to strong Q1 2017 of 10%
- Organic growth in Q1 of -5.8% exacerbated by delivery issues impacting certain floorcare products in US and a strategy change from a large dealer which could not be mitigated within the quarter
- Reduction in order backlog in April 2018, brought organic growth to -3.3% for the first four months
- Continued strong demand and pipeline from strategic accounts
- Gross margin in Q1 of 42.1%, up 2.1 percentage points compared to Q4 2017
- One joint sales approach to the US industrial market leading to merger of Floorcare and IVS sales forces
- A redefined dealer structure in US implemented from April 1, 2018

APAC: Growth sustained at a new level



Q1 2018

Revenue	19 mEUR
Share of revenue	7%
Organic growth	3.1%

Comments

- Organic growth in Q1 of 3.1%, continuing the sentiment from the end of 2017
- Double-digit growth in China
- April 2018 demonstrated further strong growth, bringing organic growth to 5.1% for the first four months
- Gross margin in Q1 of 42.2%, up 2.2 percentage points compared to Q4 2017
- New leadership in place in Japan and India

Specialty Professional: Strong growth story



Q1 2018

Revenue	32 mEUR
Share of revenue	13%
Organic growth	14.2%

Comments

- Strong organic growth in Q1 of 14.2%
- Double-digit growth in Industrial Vacuum Solution, driven by product launches and high demand
- Momentum in Specialty Professional continued in April bringing organic growth to 20.0% for the first four months
- Solid gross margin in Q1 of 48.1%, up 1.5 percentage points compared to Q4 2017

Specialty Consumer: Negative growth due to a cold Spring in Europe



	Q1 2018
Revenue	26.9 mEUR
Share of revenue	10%
Organic growth	-10.4%

Comments

- Q1 sales below expectations due to a cold spring in Europe
- The high pressure washer season peaked in April, and with organic growth of -1.3% for the first four months, we saw the continued stabilization of the topline
- Gross margin in Q1 of 38.7%, up 1.3 percentage points compared to Q4 2017
- Margin expansion initiatives on track

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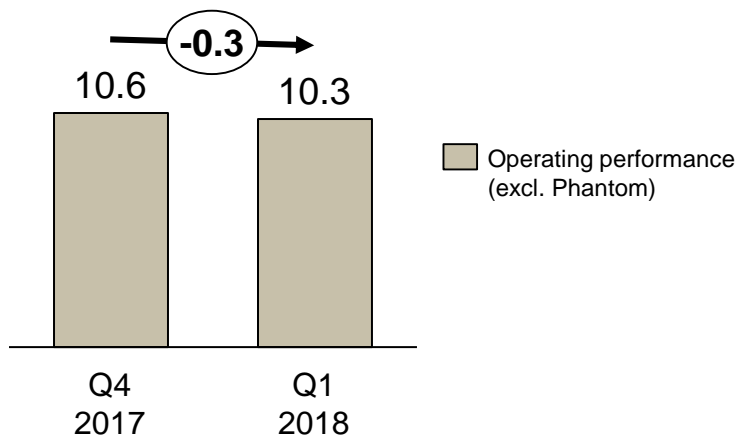
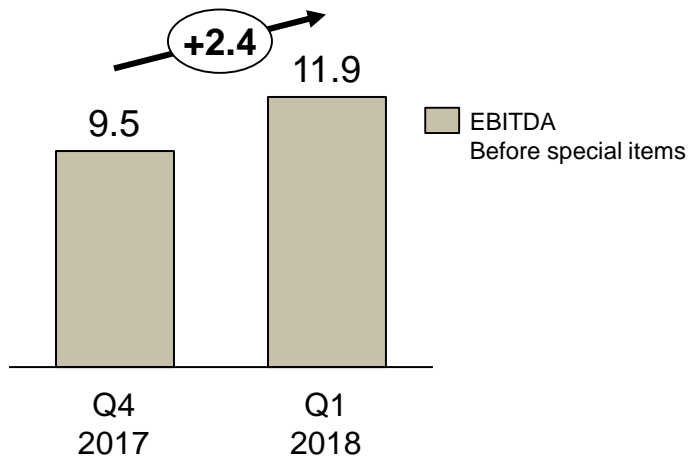
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Outlook 2018

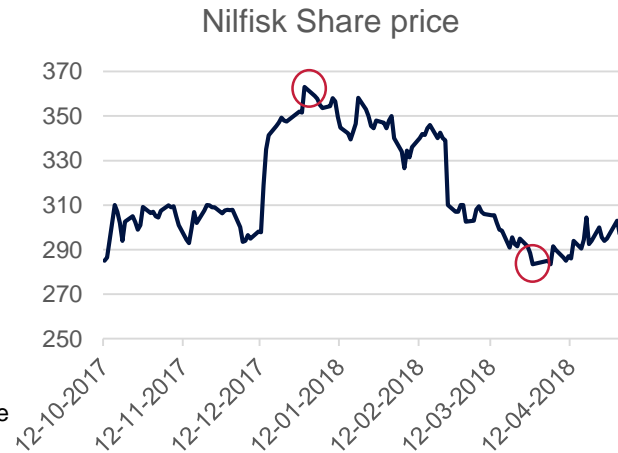
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Q&A

EBITDA margin



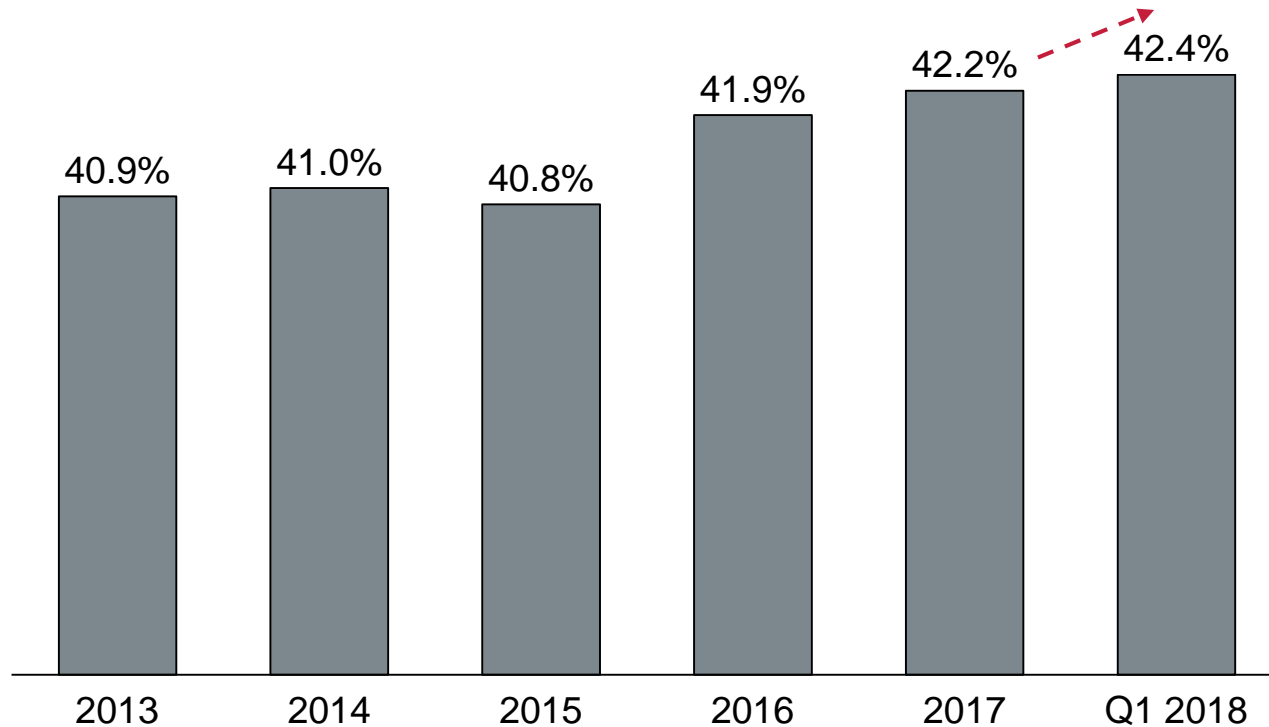
Share price
 End of Dec 2017: 363.0
 End of Mar 2018: 283.5



Comments

- Q1 EBITDA margin before special items of 11.9%
- Positive impact of 1.6% from phantom share program adjustment
- The EBITDA margin impacted by lower than expected activity
- Gross margin improved 2.0 percentage points from Q4 2017
- Overhead cost in line with Q4 2017

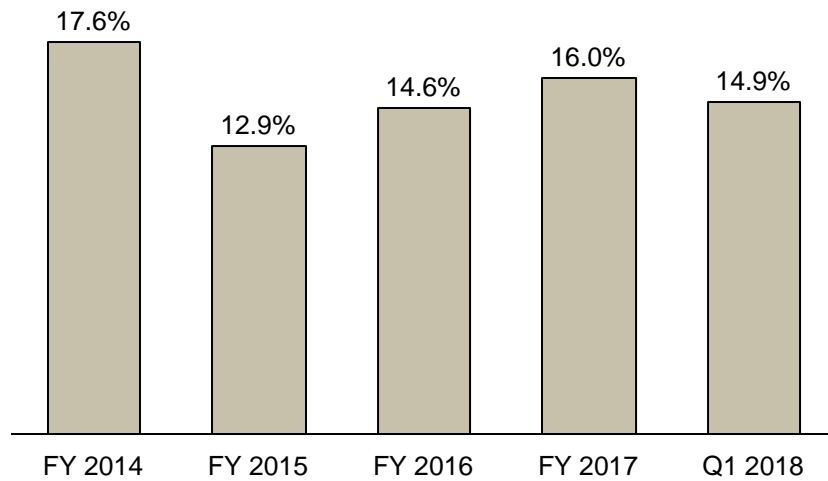
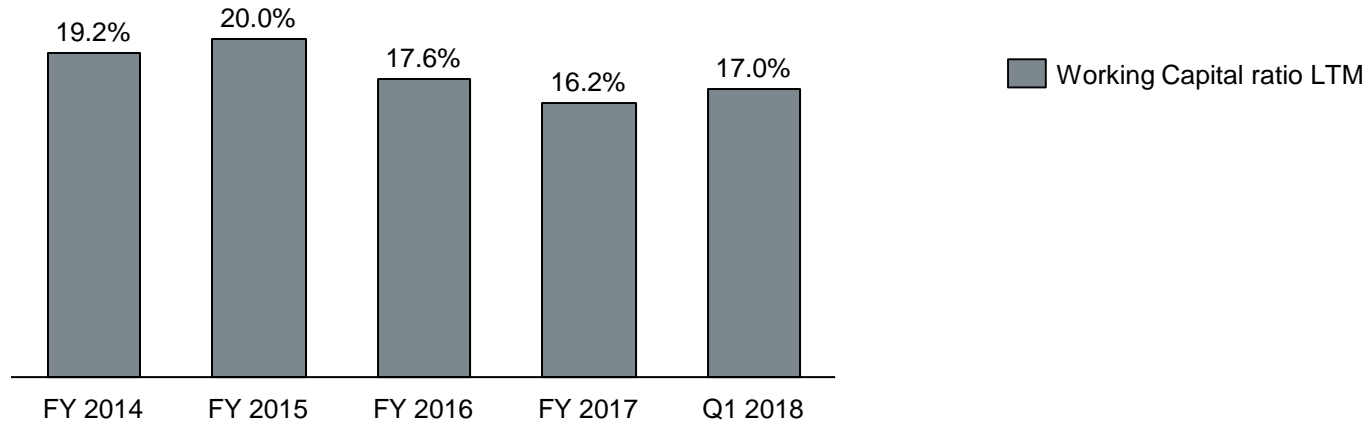
Gross margin journey



Comments

- Gross margin of 42.4% continued the improvement from 2017
- Positive impact from:
 - Sourcing optimization
 - Process improvements
 - Complexity reductions
 - Price increases
- Partly off-set by:
 - Higher private label sales than expected
 - Delivery challenges -> lower utilization of capacity at factories
 - Raw material and freight cost increases
 - Service capacity build-up

Working capital and RoCE



Comments

- Working capital ratio 17.0%, in line with expected normalized level
- RoCe of 14.9% decreased from Q4 2017 due to lower EBIT in Q1

P/L summary

EUR million	Q1 2018	Q1 2017
Operating profit before amortization/impairment and special items	22.2	27.0
Amortization/Impairment	-1.5	-1.6
Special items	-2.3	-4.2
Profit before financial items and income tax (EBIT)	18.4	21.2
Financials	-3.8	-2.5
Tax	-3.7	-5.2
Profit for the period	11.1	13.5

Comments

- Negative currency impact on top-line of 5.6%, but insignificant impact on EBITDA margin
- Special items related to cost saving program
- Financial gearing of 3.3 in line with expectations, reflecting usual seasonality in cash flows
- Tax rate of 25% reflecting new normalized level
- EBIT margin in Q1 increased to 8.1%, up 2.0 percentage points from Q4 2017

Cost saving program expanded and ahead of plan

EUR million	2017 Realized	2018 Q1	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	23	31-35	38-42	50	50
Impact on reported EBITDA before special items in the income statement for the period	17	6	27-29	32-35	45-50	50
Restructuring costs for the period (reported under Special items)	10	2	16-18	8-10	3-5	50
Capex investments for the period	4	1	2-3	2-3	1-2	10

Comments

- 35 mEUR target increased to 38-42 mEUR by end of 2019
- Additional actions identified; overhead optimization, further outsourcing, transfers to low-cost countries and pricing optimization
- New target of 50 mEUR to be realized by end of 2020
- Further restructuring cost of 15 mEUR expected
- In Q1 2018, 23 mEUR of the program is executed:
 - Overhead reductions of 13 mEUR
 - Global operations initiatives of 7 mEUR
 - Complexity and pricing of 3 mEUR
- 2018 P/L increased from 6-10 mEUR to 10-12 mEUR

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Outlook 2018 – unchanged

**Organic
revenue growth**

3.0%-4.0%
2018 guidance

**EBITDA margin
before special items**

11.5%-12.0%
2018 guidance

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Q&A



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.