NILFISK INTERIM REPORT

Q2 Interim Report 2019

Company Announcement No.12/2019

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Q2 IN BRIEF – Highlights

- Weakening economic conditions in EMEA affected the performance of Nilfisk in Q2
- In Q2 2019 Nilfisk posted organic growth of -1.1% for the branded professional business, which was negatively impacted by EMEA and APAC
- In EMEA, the weakening economy impacted the industrial segment across the region, and the German and Nordic businesses in general, leading to organic growth of -1.5%. APAC was affected by low performance in Australia in particular, leading to a organic growth of -4.4%, while Americas had organic growth of 0.4% helped by Latin America and Canada
- For the business in total, Nilfisk posted organic growth of -4.4%, further impacted by Private label (-9.5%) and Consumer (-25.8%) where a disappointing high-season was reflected in the performance of the high pressure washer category
- The gross margin increased by 1.3 percentage points compared to Q2 2018 and came to 44.1%. The improvement was driven by simplification initiatives
- The EBITDA margin before special items was 15.2%, and 12.5% excluding the impact of IFRS 16, which is in line with Q2 2018
- Continuing our simplification strategy, Nilfisk initiated the implementation of a new distribution center structure in EMEA to optimize the future supply chain set-up
- The implementation of our cost saving program progressed as planned, and we continued to consolidate our global organizational blueprint across more markets and functions to allow for common processes and ways of working
- We maintain the full-year guidance as adjusted June 26 under the assumption of unchanged macroeconomic conditions

259 mEUR
Revenue
Down 26 mEUR from Q2 2018 primarily due to divestments

-1.1%
Organic growth in the branded professional business
Negatively impacted by EMEA and APAC

-4.4%
Organic growth in the total business
Negatively impacted by Private Label and Consumer

44.1%
Gross margin
Increase of 1.3 percentage points compared to Q2 2018, driven by simplification initiatives

12.5%
Operating margin
In line with Q2 2018

14.2%
RoCE
Down 0.5 percentage point compared to June 2018, and negatively impacted by IFRS 16

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Financial highlights for the Group

EUR million	Q2 2019	Q2 2018*	H1 2019	H1 2018*	Year 2018*
Income statement					
Revenue	258.6	284.5	505.2	542.0	1,054.3
Operating performance	32.4	35.6	58.5	62.2	121.2
EBITDA before special items	39.4	34.9	72.1	65.4	125.5
EBITDA	32.8	30.6	58.3	58.8	69.8
EBIT before special items	22.1	25.2	39.0	45.9	87.4
EBIT	14.3	20.9	23.8	39.3	18.9
Special items, net	-7.8	-4.3	-15.2	-6.6	-68.5
Result for the period	6.6	13.8	12.8	24.9	10.0
Cash flow					
Cash flow from operating activities	27.5	11.2	16.4	-0.1	33.1
Cash flow from investing activities	-11.2	-12.5	-23.5	-22.0	-38.6
Free cash flow excluding acquisitions and divestments	16.3	-1.3	-7.1	-22.1	-8.6
Balance sheet					
Total assets	893.3	864.1	893.3	864.1	794.4
Group equity	160.5	166.6	160.5	166.6	147.5
Working capital	198.5	208.3	198.5	208.3	170.4
Net interest-bearing debt	453.5	380.4	453.5	380.4	369.3
Capital employed	613.7	547.0	613.7	547.0	516.8
Financial ratios and employees					
Organic growth	-4.4%	5.8%	-1.8%	3.6%	2.0%
Organic growth Nilfisk branded professional business	-1.1%	2.8%	0.7%	2.0%	2.8%
Gross margin	44.1%	42.8%	43.6%	42.6%	42.0%
Operating margin	12.5%	12.5%	11.6%	11.5%	11.5%
EBITDA margin before special items	15.2%	12.3%	14.3%	12.1%	11.9%
EBITDA margin	12.7%	10.7%	11.5%	10.9%	6.6%
EBIT margin before special items	8.5%	8.9%	7.7%	8.5%	8.3%
EBIT margin	5.5%	7.3%	4.7%	7.3%	1.8%
Financial gearing	3.4	3.3	3.4	3.3	2.9
Financial gearing excluding IFRS 16 impact	3.3	3.3	3.3	3.3	2.9
Overhead costs ratio	35.0%	33.4%	35.4%	33.6%	33.1%
Working capital ratio	19.7%	17.5%	19.7%	17.5%	18.5%
Return on Capital Employed (RoCE)	14.2%	14.7%	14.2%	14.7%	16.7%
Basic earnings per share (EUR)	0.24	0.51	0.47	0.92	0.37
Diluted earnings per share (EUR)	0.24	0.51	0.47	0.92	0.37
Number of full-time employees, end of period	5,250	6,010	5,250	6,010	5,482

*Comparative figures are not restated with the effect of IFRS 16.

Please find definitions in Note 8.7 of the 2018 Annual Report

Organic growth of -1.1% for the branded professional business

During Q2 Nilfisk experienced headwind in key markets, particularly a weakening economy in EMEA. This affected the performance. As a response to the changing economic environment, we initiated measures to reduce our overhead costs and re-prioritize our investments. We put increased focus on our cash generation, focusing on working capital optimization and capex.

Revenue growth

In Q2 2019 the Nilfisk branded professional business posted organic growth of -1.1%, negatively impacted by EMEA and APAC with -1.5% and -4.4% organic growth respectively. The Americas posted 0.4% organic growth in Q2 2019. In the remaining business, Consumer realized organic growth of -25.8% and Private label realized -9,5% organic growth, which collectively led to organic growth for the total business of -4.4% in Q2.

Divestments in 2018 impacted the total growth by -6.2% while foreign exchange rates (primarily USD related) positively impacted the total growth by 1.5%. As a result, total reported growth in Q2 2019 was -9.1% and revenue decreased by 25.9 mEUR to 258.6 mEUR.

Organic growth	Q2 2019	Q2 2018	H1 2019	H1 2018	FY 2018
EMEA	-1.5%	4.8%	1.0%	4.8%	4.7%
Americas	0.4%	-0.1%	1.7%	-2.8%	0.0%
APAC	-4.4%	2.2%	-3.7%	2.6%	2.1%
Nilfisk branded professional business	**-1.1%**	**2.8%**	**0.7%**	**2.0%**	**2.8%**
Consumer	-25.8%	18.7%	-17.3%	16.5%	1.4%
Private label and other	-9.5%	14.3%	-8.0%	1.5%	-4.0%
Total	**-4.4%**	**5.8%**	**-1.8%**	**3.6%**	**2.0%**

Revenue growth	Q2 2019	H1 2019
Organic	-4.4%	-1.8%
Acquisitions/divestments	-6.2%	-6.5%
Foreign exchange rates	1.5%	1.5%
Total growth	**-9.1%**	**-6.8%**

For the first six months of the year, organic growth was -1.8% for the total business positively impacted by growth in the branded professional business of 0.7%.

Divestments carried out in 2018 had an effect of -6.5% and foreign exchange rates had a positive effect (mainly driven by USD) of 1.5% for the first six months of the year. Total reported growth was -6.8% and revenue was 505.2 mEUR for the first six months of the year against 542.0 mEUR in the first six months of the prior year.

In EMEA, a weakening economy impacted the industrial segment across the region, and the German and Nordic businesses in general, leading to organic growth of -1.5% in Q2 2019. Other mature markets such as France, Benelux and the UK continued to deliver positive albeit low organic growth. Overall growth within EMEA was negatively impacted by the Nilfisk FOOD business, which in Q2 2018 was positively impacted by a large one-time order. Excluding impact from this one-time order, underlying organic growth in EMEA was -0.4% and -0.5% for the branded professional business in total.

In Americas organic growth in Q2 2019 was 0.4% helped by solid growth in Latin America and Canada, whereas organic growth in the US was negative.

APAC was affected by low performance in Australia in particular leading to growth of -4.4% in Q2 2019. In China, growth continued to be positive in Q2, albeit at a lower rate compared to previous quarters. The trade dispute between the US and China was a contributing factor to this development.

For the first six months of the year, organic growth in the Nilfisk branded professional business was 0.7%. Both EMEA and Americas contributed to the growth with organic growth rates of 1.0% and 1.7% respectively. EMEA, however, was impacted by the weakening economy in Q2 as described above. APAC posted organic growth of -3.7% for the first six months of the year.

In the remaining business, Consumer posted organic growth of -25.8% in Q2 2019 and -17.3% in the first six months of 2019. Market conditions were challenging throughout the period and the Consumer business finished the high season with a continued negative trend in EMEA. The negative performance was primarily related to the high pressure washer category, which is more seasonal than the vacuum cleaner category. The Private label business posted organic growth of -9.5% in Q2 and organic growth of -8.0% for the first six months of the year. The performance was in line with expectations.

Gross margin

The gross margin for Q2 increased by 1.3 percentage points compared to Q2 prior year and came to 44.1%. The increase was to a large extent driven by the efforts to simplify the business, such as pruning of product platforms, consolidation of production footprint and in particular divestments of lower margin businesses. Procurement benefits, mix effects and price increases as well as a one-off benefit also contributed positively. Increasing raw material costs along with tariffs impacting products sold and produced in the US had the opposite effect.

For the first six months of the year, the gross margin increased by 1.0 percentage point compared to the first six months of prior year and came to 43.6%. The improvement was attributable to the drivers mentioned above.

Across the branded professional business, EMEA continued to improve gross margins driven by pricing and mix effects. Gross margins in Americas generally declined due to tariffs and mix, while APAC was negatively impacted by low performance in the Pacific region.

Overhead costs

Overhead costs in Q2 2019 were reduced by 4.6 mEUR compared to Q2 2018 and came to 90.5 mEUR. However, the reduced overhead costs did not fully compensate for the negative revenue development and, as a result, the cost ratio increased to 35.0% compared to 33.4% in Q2 2018 (33.2% including the Q2 2018 adjustment of 0.7 mEUR related to the phantom share program).

The reduction in overhead costs was primarily driven by divestments and the cost saving program and other savings in general. Investments in future intelligent solutions, cost inflation and FX (mainly USD) affected the overhead costs negatively.

During Q2, the cost saving program continued according to plan. The program is described in more detail on page 7. The savings are to a large extent utilized for re-investing in the business to ensure future growth and position Nilfisk as a leader of intelligent cleaning.

For the first half of 2019 overhead costs were reduced by 3.4 mEUR and amounted to 178.6 mEUR, corresponding to an overhead cost ratio of 35.4% compared to 33.6% in the first half of 2018 (34.2% including the H1 2018 adjustment of 3.2 mEUR related to the phantom share program). Since December 2018, the phantom shares have been hedged and any value adjustments no longer impacts the overhead costs.

Given the current macroeconomic conditions in EMEA in particular, management has installed a high degree of cost cautiousness across the business.

During Q2, Nilfisk continued to invest in R&D with a total spend of 3.6% of revenue compared to 3.7% in Q2 2018. For the first six months of the year, the spend ratio was 3.9% compared to 3.6% in the first six months of the prior year. In H1, the level of capitalization increased by 4.6 mEUR compared to 2018 driven by the activities within digitalization and future intelligent solutions.

EBITDA before special items

EBITDA before special items increased by 4.5 mEUR compared to Q2 prior year and amounted to 39.4 mEUR. IFRS 16 increased the amount by 7.0 mEUR. Adjusted for the effect of IFRS 16, this corresponds to an operating margin of 12.5% equal to Q2 2018.

EBITDA	Q2 2019	Q2 2018	H1 2019	H1 2018
Operating margin*	12.5%	12.5%	11.6%	11.5%
Phantom share impact	-	-0.2%	-	0.6%
EBITDA margin before special items and IFRS 16	12.5%	12.3%	11.6%	12.1%
IFRS 16 uplift	2.7%	-	2.7%	-
EBITDA margins before special items	15.2%	12.3%	14.3%	12.1%
Special items impact	-2.5%	-1.6%	-2.8%	-1.2%
Reported EBITDA margin	12.7%	10.7%	11.5%	10.9%

*Operating performance is EBITDA before special items, phantom shares and IFRS 16. Operating margin is operating performance as a percentage of revenue.

For the first six months of the year, EBITDA before special items increased by 6.7 mEUR compared to the first six months of the prior year and amounted to 72.1 mEUR. IFRS 16 increased the amount by 13.7 mEUR. Adjusted for the effects of IFRS 16, this corresponds to an operating margin of 11.6%, which was a slight improvement compared to 11.5% for the first six months of 2018.

Result before financial items and income taxes (EBIT) and EBIT before special items

In Q2 2019, EBIT decreased by 6.6 mEUR from Q2 2018, and totaled 14.3 mEUR primarily driven by higher special items. This corresponds to an EBIT margin of 5.5% compared to 7.3% in Q2 prior year.

For the first six months of 2019, EBIT decreased by 15.5 mEUR to 23.8 mEUR compared to the first six months of 2018, driven by higher special items. The EBIT margin for the first six months was 4.7%, down 2.6 percentage points compared to the first six months of the prior year impacted by the phantom share program reversal in 2018 and increased special items as mentioned above.

EBIT before special items for the quarter amounted to 22.1 mEUR compared to 25.2 mEUR in Q2 2018, equivalent to margins of 8.5% and 8.9% respectively. For the first six months of the year, EBIT before special items amounted to 39.0 mEUR compared to 45.9 mEUR in the first six months of 2018, equivalent to margins of 7.7% and 8.5% respectively. Excluding the impact from phantom shares the margin would have been 7.9% in the first six months of 2018.

Special items

In Q2 2019, special items were 7.8 mEUR against 4.3 mEUR in Q2 2018. For the first six months the special items were 15.2 mEUR compared to 6.6 mEUR in the first six months of the prior year. The special items costs were primarily related to the cost saving program, business restructuring and divestments. The business restructuring relates to the next phase in our multi-year strategy, a blueprint restructuring project focusing on a one-off fundamental change of the organizational setup. Please refer to Note 6.

Working capital

At the end of June 2019, working capital was 198.5 mEUR, down by 9.8 mEUR compared to end-June 2018 but up 28.1 mEUR compared to year-end 2018. Compared to end-June 2018 the decrease was mainly attributable to lower inventories driven by the reduced production footprint in combination with both lower trade receivables and trade payables. Compared to year-end 2018, inventories have increased by 11.2 mEUR primarily driven by lower than expected sales. Trade receivables also increased primarily in EMEA, in part driven by changes in customer mix. Trade payables were at the same level as year-end 2018.

The working capital ratio measured on a 12-month average increased by 1.2 percentage points to 19.7% at the end of June 2019 compared to the end of 2018. Nilfisk continues to focus on improving net working capital.

Capital employed and RoCE

As of June 2019, capital employed amounted to 613.7 mEUR, up by 66.7 mEUR compared to June 2018 and up by 96.9 mEUR compared to 516.8 mEUR at the end of 2018. The development in capital employed since year-end 2018 was largely driven by the IFRS 16 uplift of 62.6 mEUR and the above-mentioned increase in net working capital.

Nilfisk's return on capital employed was 14.2%, which was a reduction of 0.5 percentage point compared to Q2 2018. IFRS 16 impacted the ratio negatively by 0.7 percentage point. Adjusting for the effect of IFRS 16, the underlying ratio improved by 0.2 percentage point compared to last year, driven by lower net working capital and higher EBIT before special items.

Compared to year-end 2018, return on capital employed declined by 2.5 percentage points. IFRS 16 had a negative effect of 0.7 percentage point. The decline was driven by higher net working capital compared to year-end and lower EBIT before special items. Please refer to Note 1 for IFRS 16 impact.

Cash flow

Cash flow from operating activities in Q2 2019 amounted to a net cash flow of 27.5 mEUR compared to 11.2 mEUR in Q2 2018. For the first six months of the year the cash flow from operating activities was 16.4 mEUR compared to a slight cash outflow of 0.1 mEUR in 2018. Excluding the impact from IFRS 16 the cash flow from operating activities amounted to 20.5 mEUR in Q2 2019 and 2.7 mEUR for the first six months of 2019. Compared to prior year, both Q2 2019 and the first six months of 2019 were positively affected by improved cash effect of the net working capital development.

Cash flow from investing activities for the quarter was a net cash outflow of 11.2 mEUR compared to a net cash outflow of 12.5 mEUR in 2018. For the first six months of the year, the outflow was 23.5 mEUR compared to an outflow of 22.0 mEUR the year before. The outflow related primarily to the addition of intangible assets within R&D. Free cash flow for Q2 2019 amounted to 16.3 mEUR compared with an outflow of 1.3 mEUR in Q2 2018. For the first six months of the year, the free cash flow amounted to outflow of 7.1 mEUR compared to

Cost saving program 2017-2020

During the first half of 2019, execution of the cost saving program continued to progress in line with expectations. We saw satisfactory progress in the activities identified. The cost saving program has a target of realizing 50 mEUR in annual savings on the original cost base when initiating the program. The cost saving program has facilitated investments in various areas of the business in order to establish the foundation for continued future growth.

By the end of June 2019, initiatives implemented and launched relating to the program amounted to an accumulated effect of 37 mEUR in annual cost savings. These savings can be split between approximately 12 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 – both of which benefit the gross profit – and approximately 22 mEUR related to overhead reductions in selected areas of the business.

For the first half of 2019, an additional 4 mEUR have been realized compared to the savings realized in H1 2018. These can be split between improvements in gross profit of 2 mEUR and overhead cost reductions of 2 mEUR. For Q2 2019, additional savings of 2 mEUR were realized compared to Q2 2018, split between 1 mEUR in gross profit improvements and 1 mEUR in overhead reductions.

EUR million	2017 Accumulated	2018	2019 H1	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	33	37	39-43	50	50
Accumulated impact on reported EBITDA before special items in the income statement for the period	17	29	17	36-38	45-50	50
Restructuring costs for the period (reported under special items)	20	18	8	13-15	5-7	60
Capex investments for the period	4	4	0	1-2	1-2	10

outflow of 22.1 mEUR in 2018. Excluding the impact from IFRS 16 the free cash flow from operating activities amounted to 9.3 mEUR in Q2 2019 and an outflow of 6.6 mEUR for the first six months of 2019.

Equity
Equity was 160.5 mEUR at the end of June 2019 against 147.5 mEUR at the end of 2018. The increase was mainly driven by the result for the first six months of 2019, foreign exchange rate adjustments, and settlement of share-based incentive programs.

Net interest-bearing debt
At the end of June 2019, total net interest-bearing debt was 453.5 mEUR, which was an increase of 84.2 mEUR compared to year-end 2018. Compared to end-June 2018, net interest-bearing debt increased by 73.1 mEUR. The increase was primarily driven by the effect of IFRS 16, which has increased the lease liability by 63.4 mEUR compared to year-end 2018.

The financial gearing at the end of June 2019 was 3.4 versus 2.9 at end of 2018 and 3.3 at the end of June 2018. IFRS 16 increased the gearing by 0.1.

Subsequent events
Other than as set out above or elsewhere in these condensed consolidated interim financial statements, we are not aware of events subsequent to June 30, 2019, that are expected to have a material impact on the Group's financial position.

2019 Outlook

We maintain the full-year guidance as adjusted June 26 under the assumption of unchanged macroeconomic conditions. Therefore, for 2019 we continue to expect:

- Organic growth in the professional branded business to be approximately flat
- Organic growth of -10.0% to -15.0% for Consumer
- Flat organic growth compared to 2018 for the Private label business
- Organic growth for 2019 to be approximately -1.0% for the business in total
- An EBITDA margin before special items in the range of 11.0%-11.5% before IFRS 16. The effect from IFRS 16 on EBITDA margin before special items is expected to be positive by 2.7 percentage points, leading to our guidance of an EBITDA margin before special items in the range of 13.7%-14.2%

	2018	Current guidance 2019*
Organic growth		
Branded professional business	2.8%	Flat organic growth
Consumer	1.4%	-10.0% to -15.0%
Private label	-12.9%	Flat organic growth
Total business	2.0%	Approximately -1.0%
EBITDA margin before special items**	11.5%	11.0% to 11.5%

*Updated financial guidance for 2019 announced on June 26, 2019.
**Excluding IFRS 16 and the effect of phantom shares in 2018.

Forward-looking statements
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, competitive 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 anticipated results except where required by legislation or other regulations.

Continued transformation of Nilfisk

In Q2 2019 Nilfisk continued to execute and solidify the transformational initiatives that aim to drive the existing business to the peak of its profitability while positioning Nilfisk as the leader in intelligent cleaning.

Consolidating a global 'blueprint'
In Q1 2019 a harmonized sales structure or 'blueprint' was rolled out across EMEA and implemented in Germany, the UK and the Nordics. Prior to this, a similar blueprint was implemented in the US, marking a significant step towards a more globally aligned company across markets, rooted in the Nilfisk Next strategy. During Q2 Nilfisk consolidated the global blueprint further across markets and business functions to allow for common processes and ways of working, representing a significant transformation that supports the simplification of Nilfisk.

Throughout first half of 2019 Nilfisk saw positive outcomes of the blueprint exercise, most significantly a rightsizing of the sales organization combined with a simplified organizational structure in key functions such as Finance, Service, and Marketing.

Consolidation of European distribution structure
To continue simplifying the supply chain in line with the Nilfisk Next strategy, and to further optimize the geographical location of Nilfisk's distribution centers, Nilfisk has initiated the implementation of a new distribution center structure in EMEA.

Nilfisk has entered into partnership with a global logistics company to implement this new structure. Over the coming years, up to four new regional distribution centers will be established, located in accordance with center of gravity analysis based on current and expected future sales. All EMEA distribution centers will be fully operated by the new logistics partner. As a consequence, Nilfisk's current distribution center in Broendby will be closed.

Digital solutions supporting sales and service
Nilfisk has continued to roll-out the Salesforce and ServiceMax platforms globally, onboarding sales, service and marketing teams in key EMEA markets such as Germany, Austria and Switzerland and in selected markets in APAC.

By the end of year the two platforms are expected to be fully implemented providing Nilfisk with one global CRM platform and a unified way to service customers. Having a 360-degree view of the customer has increased the collaboration and efficiency for the frontline teams and will continue to support the growth of Nilfisk as the roll out is fully implemented.

Expanding sales of autonomous machines
During Q2 2019, Nilfisk continued to ramp up sales efforts for the Nilfisk Liberty SC50 covering new markets and reaching more customers across EMEA and Americas. At the same time, Nilfisk continued the development of its next autonomous solution complementing the existing Nilfisk Liberty SC50.

Modular product design
In Q2 Nilfisk launched the SC901 in Americas under the Advance brand. The SC901 is a scrubber dryer designed with a strong focus on modularity, meaning that several components of the SC901 are identical to those of other Nilfisk solutions. This reduces operational complexity and brings benefits for R&D, Production and Procurement. At the same time the modular design creates a consistent look and feel of the user interface, which is an advantage for customers, and helps Nilfisk Sales and Service with ease of maintenance and repair.

Condensed **income statement**

EUR million	Note	Q2 2019	Q2 2018*	H1 2019	H1 2018*
Revenue	4, 5	258.6	284.5	505.2	542.0
Cost of sales	9, 10	-144.7	-162.7	-285.0	-311.1
Gross profit	9, 10	**113.9**	**121.8**	**220.2**	**230.9**
Research and development costs	9, 10	-7.1	-9.3	-14.4	-18.2
Sales and distribution costs	9, 10	-62.5	-63.7	-124.0	-125.6
Administrative costs	9, 10	-21.8	-23.0	-42.2	-39.9
Other operating income, net		0.9	0.9	2.0	1.7
Operating result before amortization and impairment of acquisition related intangibles and special items		**23.4**	**26.7**	**41.6**	**48.9**
Amortization and impairment of acquisition related intangibles	9, 10	-1.3	-1.5	-2.6	-3.0
Special items, net	6, 9	-7.8	-4.3	-15.2	-6.6
Result before financial items and taxes (EBIT)		**14.3**	**20.9**	**23.8**	**39.3**
Financial income		0.6	2.8	5.7	4.4
Financial expenses		-6.3	-6.0	-12.7	-11.3
Result before taxes		**8.6**	**17.7**	**16.8**	**32.4**
Tax on result for the period		-2.0	-3.9	-4.0	-7.5
Result for the period		**6.6**	**13.8**	**12.8**	**24.9**
Result for the period attributable to:					
Shareholders of Nilfisk Holding A/S		6.6	13.7	12.8	24.7
Non-controlling interests		-	0.1	-	0.2
Total		**6.6**	**13.8**	**12.8**	**24.9**
Earnings per share (based on 27,126,369 shares issued)					
Basic earnings per share (EUR)		0.24	0.51	0.47	0.92
Diluted earnings per share (EUR)		0.24	0.51	0.47	0.92

*Comparative figures are not restated with the effect of IFRS 16.

Condensed statement of **comprehensive income**

EUR million	Q2 2019	Q2 2018*	H1 2019	H1 2018*
Result for the period	6.6	13.8	12.8	24.9
Other comprehensive income				
Items that may be reclassified to the income statement:				
Exchange rate adjustments of subsdiaries	-3.8	10.0	1.7	8.8
Value adjustment of hedging instruments:				
Value adjustment for the period	-2.1	-	-0.3	0.4
Transferred to cost of sales	-1.0	-	-1.7	1.2
Transferred to staff costs	0.6	-	0.4	-
Transferred to financial income and expenses	1.1	-	0.8	0.3
Fair value adjustment of available for sales securities	-	-	-	-0.4
Tax on other comprehensive income	0.5	-	0.2	-0.4
Items that may not be reclassified to income statement:				
Transferred to inventory	-0.3	-	-0.1	-
Actuarial gains/losses on defined benefit plans	0.6	-	0.6	-
Tax on actuarial gains/losses	-0.1	-	-0.1	-
Comprehensive income for the period, net of tax	**1.7**	**23.8**	**14.2**	**34.8**
Total comprehensive income for the period	**2.1**	**23.8**	**14.3**	**34.8**
Total comprehensive income for the period attributable to:				
Shareholders of Nilfisk Holding A/S	2.1	23.7	14.3	34.6
Non-controlling interests	-	0.1	-	0.2
Total	**2.1**	**23.8**	**14.3**	**34.8**

Condensed **balance sheet**

EUR million	June 30 2019	June 30 2018*	December 31 2018*
Assets			
Intangible assets			
Goodwill	168.1	167.6	167.8
Trademarks	10.1	11.3	10.6
Customer related assets	9.2	11.9	10.1
Development projects completed	42.8	34.5	27.3
Software, Know-how, Patents and Competition Clauses	21.4	21.8	24.6
Development projects and software in progress	35.4	36.8	40.6
Total intangible assets	287.0	283.9	281.0
Property, plant and equipment			
Land and buildings	9.9	10.7	10.1
Plant and machinery	4.1	4.9	5.1
Tools and equipment	34.2	38.0	36.7
Right-of-use assets	62.6	-	-
Assets under construction incl. prepayments	3.9	4.2	2.8
Total property, plant and equipment	114.7	57.8	54.7
Other non-current assets			
Investments in associates	21.1	21.1	19.1
Other investments and receivables	2.9	7.6	2.9
Deferred tax	21.3	14.7	20.5
Total other non-current assets	45.3	43.4	42.5
Total non-current assets	**447.0**	**385.1**	**378.2**
Current assets			
Inventories	184.1	199.6	172.9
Receivables	238.2	249.6	218.9
Interest-bearing receivables	3.6	2.2	4.4
Income tax receivable	4.1	6.5	3.6
Cash at bank and in hand	16.3	21.1	16.4
Total current assets	**446.3**	**479.0**	**416.2**
Total assets	**893.3**	**864.1**	**794.4**

EUR million	June 30 2019	June 30 2018*	December 31 2018*
Equity and liabilities			
Equity			
Share capital	72.9	72.9	72.9
Reserves	0.6	1.8	-0.4
Retained comprehensive income	87.0	91.4	75.0
Total attributable to shareholders of Nilfisk Holding A/S	160.5	166.1	147.5
Non-controlling interests	-	0.5	-
Total equity	**160.5**	**166.6**	**147.5**
Non-current liabilities			
Deferred tax	9.0	21.6	9.4
Pension liabilities	4.3	5.6	4.5
Provisions	2.8	6.5	2.5
Interest-bearing loans and borrowings	404.9	398.6	382.2
Lease liabilities	39.3	0.0	0.1
Other liabilites	1.4	1.2	1.1
Total non-current liabilities	461.7	433.5	399.8
Current liabilities			
Interest-bearing loans and borrowings	5.0	5.7	7.6
Lease liabilities	24.2	0.1	0.2
Trade payables and other liabilities	225.6	238.2	223.0
Income tax payable	0.6	7.9	1.1
Provisions	15.7	12.1	15.2
Total current liabilities	271.1	264.0	247.1
Total liabilities	**732.8**	**697.5**	**646.9**
Total equity and liabilities	**893.3**	**864.1**	**794.4**

*Comparative figures are not restated with the effect of IFRS 16.

Condensed **cash flow statement**

EUR million	Q2 2019	Q2 2018*	H1 2019	H1 2018*
Result before financial items and income taxes (EBIT)	14.3	20.9	23.8	39.3
Non-cash adjustments	1.9	2.6	-0.1	2.4
Amortization, depreciation and impairment	18.5	9.7	34.5	19.5
Share option program	-1.9	-6.2	-1.9	-6.2
Changes in working capital	4.7	-11.3	-22.5	-45.4
Cash flow from operations before financial items and income taxes	37.5	15.7	33.8	9.6
Financial income received	0.2	3.1	2.9	4.1
Financial expenses paid	-6.2	-5.3	-11.1	-9.0
Income tax paid	-4.0	-2.3	-9.2	-4.8
Cash flow from operating activities	**27.5**	**11.2**	**16.4**	**-0.1**
Acquisitions of property, plant and equipment	-2.8	-5.1	-6.6	-8.7
Sale/disposal of property, plant and equipment	1.2	0.5	1.5	0.9
Acquisitions of intangible assets and other investments	-9.6	-7.9	-18.4	-14.2
Cash flow from investing activities	**-11.2**	**-12.5**	**-23.5**	**-22.0**
Changes in non-current interest-bearing receivables	0.0	1.3	0.0	0.7
Changes in current interest-bearing receivables	0.0	3.1	0.4	2.7
Changes in current interest-bearing loans and borrowings	-2.6	6.4	-2.5	-2.3
Changes in non-current interest-bearing loans and borrowings	-5.7	-26.8	22.4	1.3
Changes in lease liabilities	-7.4	-	-13.0	-
Cash flow from financing activities	**-15.7**	**-16.0**	**7.3**	**2.4**
Net cash flow for the period	**0.6**	**-17.3**	**0.2**	**-19.7**
Cash at bank and in hand, at the beginning of the period	16.3	38.2	16.4	40.7
Net cash flow for the period	0.6	-17.3	0.2	-19.7
Currency adjustments	-0.6	0.2	-0.3	0.1
Cash at bank and in hand, June 30	**16.3**	**21.1**	**16.3**	**21.1**

*Comparative figures are not restated with the effect of IFRS 16.

Statement of **changes in equity**

at June 30, 2019

EUR million	Share capital	Foreign exchange reserve	Hedging reserve	Fair value reserve	Retained compre-hensive income	Attributable to shareholders of Nilfisk Holding A/S	Non-controlling interests	Total equity
Equity, January 1, 2019	**72.9**	**-1.1**	**0.7**	**0.0**	**75.0**	**147.5**	-	**147.5**
Other comprehensive income:								
Foreign exchange translation adjustments	-	1.7	-	-	-	1.7	-	1.7
Value adjustment of hedging instruments:								
Value adjustment for the period	-	-	-0.3	-	-	-0.3	-	-0.3
Transferred to cost of sales	-	-	-1.7	-	-	-1.7	-	-1.7
Transferred to staff costs	-	-	0.4	-	-	0.4	-	0.4
Transferred to financial income and expenses	-	-	0.8	-	-	0.8	-	0.8
Transferred to inventory	-	-	-0.1	-	-	0.1	-	-0.1
Actuarial gains/losses on defined benefit plans	-	-	-	-	0.6	0.6	-	0.6
Tax on actuarial gains/losses	-	-	-	-	-0.1	-0.1	-	-0.1
Tax on other comprehensive income	-	-	0.2	-	-	0.2	-	0.2
Total other comprehensive income	-	1.7	-0.7	-	0.5	1.5	-	1.5
Result for the period	-	-	-	-	12.8	12.8	-	12.8
Comprehensive income for the period	-	**1.7**	**-0.7**	-	**13.3**	**14.3**	-	**14.3**
Share option program	-	-	-	-	-1.7	-1.7	-	-1.7
Tax on share option program	-	-	-	-	0.4	0.4	-	0.4
Non-controlling interests	-	-	-	-	-	-	-	-
Total changes in equity in 2019	-	**1.7**	**-0.7**	-	**12.0**	**13.0**	-	**13.0**
Equity, June 30, 2019	**72.9**	**0.6**	**0.0**	**0.0**	**87.0**	**160.5**	-	**160.5**

Statement of **changes in equity**

at June 30, 2018

EUR million	Share capital	Foreign exchange reserve	Hedging reserve	Fair value reserve	Retained compre-hensive income	Attributable to shareholders of Nilfisk Holding A/S	Non-controlling interests	Total equity
Equity, January 1, 2018	**72.9**	**-10.4**	**-0.1**	**2.4**	**72.7**	**137.5**	-	**137.5**
Other comprehensive income:								
Foreign exchange translation adjustments	-	8.8	-	-	-	8.8	-	8.8
Value adjustment of hedging instruments:								
Value adjustment for the period	-	-	0.4	-	-	0.4	-	0.4
Transferred to cost of sales	-	-	1.2	-	-	1.2	-	1.2
Transferred to financial income and expenses	-	-	0.3	-	-	0.3	-	0.3
Fair value adjustment of available for sales securities	-	-	-	-0.4	-	-0.4	-	-0.4
Actuarial gains/losses on defined benefit plans	-	-	-	-	-	-	-	-
Tax on other comprehensive income	-	-	-0.5	0.1	-	-0.4	-	-0.4
Total other comprehensive income	-	8.8	1.4	-0.3	-	9.9	-	9.9
Result for the period					24.7	24.7	-	24.7
Comprehensive income for the period	-	**8.8**	**1.4**	**-0.3**	**24.7**	**34.6**	-	**34.6**
Share option program	-	-	-	-	-6.2	-6.2	-	-6.2
Non-controlling interests	-	-	-	-	0.2	0.2	0.5	0.7
Total changes in equity in 2018	-	**8.8**	**1.4**	**-0.3**	**18.7**	**28.6**	**0.5**	**29.1**
Equity, June 30, 2018	**72.9**	**-1.6**	**1.3**	**2.1**	**91.4**	**166.1**	**0.5**	**166.6**

Comparative figures are not restated with the effect of IFRS 16.

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 2018, 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 statement 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, 2019:

- IFRS 16 Leasing
- IFRIC 23 Uncertainty over Income Tax Treatments

The implementation of the new and revised standards resulted in the changes described below. Other new and revised standards have been assessed, but they have not had material impact on accounting policies or disclosures for the period.

IFRS 16 – Leases

IASB has issued IFRS 16 Leases with the effective date of January 1, 2019. The standard eliminates the distinction between operating and finance leases, and requires that all leases must be recognized in the lessee's balance sheet as an asset with a related liability. Nilfisk's income statement has been affected, as the annual lease costs now consist of two elements, depreciation of the leased asset and an interest expense for the financial liability. Previously, the annual costs relating to operating leases were recognized as operating costs. Nilfisk's accounting as lessor has not significantly changed.

The simplified transition approach has been applied and accordingly, we have not restated comparative amounts for the year prior to first adoption. Further, we have not changed the current accounting for existing finance leases.

The Group has chosen the following transition approach relating to IFRS 16:

- Leases classified as operating leases under IAS 17 have been measured at the present value of the remaining lease payments discounted using an appropriate incremental borrowing rate at January 1, 2019
- Agreements with a less than 12-month contract period and low-value agreements have not been recognized
- The same discount rate has been used on a portfolio of leasing agreements with similar conditions
- Existing assessments of whether leases are onerous have been applied

Lease costs were not split into service components and rental costs but were accounted as a single lease component. Variable costs have been expensed as operational costs.

Agreements that can be prolonged or terminated prematurely by the lessee have been reviewed to establish the period in which the Group with reasonable certainty will utilize the underlying asset. The review was done on a contract-by-contract basis. No contracts have a reasonably certain utilization period of more than 10 years from January 1, 2019.

From January 1, 2019, the right-of-use assets and lease liabilities were recognized in the balance sheet. The implementation of IFRS 16 will further require additional disclosures in the Annual Report 2019.

IFRS 16 will have an insignificant impact on result for the year and EBIT. The adoption is expected to have a positive impact on the Group's EBITDA margin before special items of approximately 2.7% percentage points on an annual basis based on the Group's current use of leasing though expected increase in depreciation for the year 2019. The implementation has resulted in an increase in total assets and liabilities by 71 mEUR on January 1, 2019. The operating lease commitments totaled 67.8 mEUR as per the 2018 Annual Report Note 8.4.

The lease liability was measured using the implicit borrowing rate for the contract or the marginal borrowing rate for the country. The weighted average incremental borrowing rate for lease liabilities initially recognized was 2.7%.

The increased total assets and liabilities will affect RoCE by approximately 1.7 percentage points based on December 31, 2018 figures. As of June 30, 2019, there was a positive impact on free cash flow of approximately 13 mEUR as repayments of lease liabilities were included under Financing. The implementation of IFRS 16 had no impact on equity.

Impact of IFRS 16:

EUR million	H1 2018	H1 2019 (with IFRS 16)	H1 2019 adjustment	H1 2019 comparable	Expected full-year impact
Total assets	864.1	893.3	62.6	830.7	~50
Non-current assets	385.1	447.0	62.6	384.4	~50
Capital employed	547.0	613.7	62.8	550.9	~50
Operating margin	11.5%	14.3%	2.7%	11.6%	~ +2.7%
RoCE *	14.7%	14.2%	0.7%	14.9%	~ -1.7%

*Note that RoCE is a 12-month average which leads to increasing impact over the period.

Note 1
Significant accounting policies – continued

IFRIC 23 – Uncertainty over Income Tax Treatments
IASB has issued IFRIC 23 Uncertainty over Income Tax Treatments, with the effective date of January 1, 2019. The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty. The Group has established the necessary processes and procedures to obtain information that is required to apply the interpretation. The Group considers the provisions made to be adequate, however, the actual obligation may deviate depending on the result of litigations and settlements with local tax authorities.

Operating segments redefined
Following the divestments made during 2018 and the integration of the Industrial Vacuum Solution business (IVS) into the Nilfisk Professional sales organizations, Nilfisk has changed the reportable segments with effect from January 1, 2019, and has been reflected since the Q1 2019 Interim Report.

The Specialty Professional segment has been eliminated. The continuing business areas after the divestments in 2018, IVS and Nilfisk FOOD, are now both included in the geographical split of our branded professional business.

Non-allocated within the branded business contains costs allocated to the segment which cannot be directly attributed to the geographical segments. The costs cover shared distribution centers, shared marketing as well as shared functions for digitalization.

The Consumer business is reported separately. The Private label business area is reported under "Private Label and other" including the remaining corporate costs that are not directly associated with any of the operating segments.

Comparative figures for 2018 have been restated accordingly.

Note 2
Significant accounting estimates and judgements

There are no significant changes in accounting estimates and judgements compared to the information stated in the 2018 Annual Report. Regarding accounting estimates, please refer to Note 1 of the 2018 Annual Report. Regarding risks please refer to Note 6 of the 2018 Annual Report and the information contained in the section on risk management of the 2018 Annual Report.

Impact relating to IFRS 16 is described in Note 1.

Note 3
Seasonal fluctuations

Due to the composition of the Nilfisk business, some degree of seasonality in revenue should be expected. The market for consumer high pressure washers is highly seasonal, for example, and other product categories are impacted by local holidays in specific markets.

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 Branded	Consumer	Private label and other*	Group
Q2 – 2019								
Revenue	119.6	80.7	21.7	-	222.0	23.3	13.3	258.6
Gross profit	58.9	34.9	9.0	-	102.8	7.9	3.2	113.9
EBITDA before special items	36.3	17.4	3.4	-14.1	43.0	0.5	-4.1	39.4
Reconciliation to result before taxes:								
Special items								-7.8
Amortization, depreciation and impairment								-17.3
Financial income								0.6
Financial expenses								-6.3
Result before taxes								**8.6**
Gross margin	49.2%	43.2%	41.5%	-	46.3%	33.9%	24.1%	44.1%
EBITDA margin before special items	30.4%	21.6%	15.7%	-	19.4%	2.1%	-30.8%	15.2%
Q2 – 2018								
Revenue	125.5	76.7	22.3	-	224.5	31.7	28.3	284.5
Gross profit	60.8	33.6	9.6	-	104.0	11.8	6.0	121.8
EBITDA before special items	32.6	16.7	3.5	-16.0	36.8	3.1	-5.0	34.9
Reconciliation to result before taxes:								
Special items								-4.3
Amortization, depreciation and impairment								-9.7
Financial income								2.8
Financial expenses								-6.0
Result before taxes								**17.7**
Gross margin	48.4%	43.8%	43.0%	-	46.3%	37.2%	21.2%	42.8%
EBITDA margin before special items	26.0%	21.8%	15.7%	-	16.4%	9.8%	-17.7%	12.3%

As explained in Note 1, the composition of reportable segments has been changed form January 1, 2019. Comparative figures for 2018 have been restated.
Comparative figures are not restated with the effect of IFRS 16.
*"Private label and Other" includes non-allocated costs. The divested business areas Outdoor and HydraMaster are included in the 2018 figures.

Note 4

Segment information – continued

EUR million	EMEA	Americas	APAC	Non-allocated	Total Branded	Consumer	Private label and other*	Group
H1 – 2019								
Revenue	235.8	150.5	41.9	0.0	428.2	48.1	28.9	505.2
Gross profit	115.0	65.0	17.4	0.0	197.4	16.6	6.2	220.2
EBITDA before special items	68.5	30.9	6.1	-27.8	77.7	1.8	-7.4	72.1
Reconciliation to result before taxes:								
Special items								-15.2
Amortization, depreciation and impairment								-33.1
Financial income								5.7
Financial expenses								-12.7
Result before taxes								**16.8**
Gross margin	48.8%	43.2%	41.5%	-	46.1%	34.5%	21.5%	43.6%
EBITDA margin before special items	29.1%	20.5%	14.6%	-	18.1%	3.7%	-25.6%	14.3%
H1 – 2018								
Revenue	243.8	140.3	42.7	-	426.8	58.6	56.6	542.0
Gross profit	116.5	62.1	18.4	-	197.0	22.2	11.7	230.9
EBITDA before special items	61.0	28.7	6.6	-29.3	67.0	6.0	-7.6	65.4
Reconciliation to result before taxes:								
Special items								-6.6
Amortization, depreciation and impairment								-19.5
Financial income								4.4
Financial expenses								-11.3
Result before taxes								**32.4**
Gross margin	47.8%	44.3%	43.1%	-	46.2%	37.9%	20.7%	42.6%
EBITDA margin before special items	25.0%	20.5%	15.5%	-	15.7%	10.2%	-13.4%	12.1%

As explained in Note 1, the composition of reportable segments has been changed form January 1, 2019. Comparative figures for 2018 have been restated.
Comparative figures are not restated with the effect of IFRS 16.
*"Private label and Other" includes non-allocated costs. The divested business areas Outdoor and HydraMaster are included in the 2018 figures.

Note 5
Distribution of revenue

EUR million	Revenue 2019	Revenue 2018	Organic growth
Q2			
Floorcare	85.5	91.3	2.1%
Vacuum cleaners	51.7	53.9	-4.2%
High pressure washers	45.5	50.9	-10.7%
Aftermarket	75.9	88.4	-7.4%
Total	**258.6**	**284.5**	**-4.4%**
H1			
Floorcare	159.0	167.8	4.0%
Vacuum cleaners	104.2	103.1	0.8%
High pressure washers	85.6	99.5	-14.2%
Aftermarket	156.4	171.6	-1.4%
Total	**505.2**	**542.0**	**-1.8%**

Aftermarket includes service as well as sale of parts, consumables and accessories. Depending on the type of contract, service revenue is recognized over time or at a point in time.

For information on revenue recognition, see accounting policy described in the 2018 Annual Report, Note 2.2.

Note 6
Special items, net

Special items represent income and expenses that have a non-recurring and special nature against normal operating income and costs.

EUR million	Q2 2019	Q2 2018	H1 2019	H1 2018
Cost saving program	4.2	3.5	8.2	5.8
Business restructuring	2.6	1.4	5.8	1.4
Divestments	1.0	-0.6	1.2	-0.6
Total	**7.8**	**4.3**	**15.2**	**6.6**

Special items relating to the cost saving program represent restructuring costs relating to the 50 mEUR cost saving program running from 2016 to 2020. The program includes consultancy fees and supporting tools as well as alignment of facilities, transitioning costs relating to offshoring of functions, pruning of products and redundancy costs to staff where one-off related costs are paid out.

Business restructuring covers redundancy cost associated with the blueprint restructuring project including consultancy fees related to strategic reviews of business areas.

For more information regarding special items, please refer to Note 2.4 in the 2018 Annual Report.

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). In 2019 a total of 33 employees were offered participation in the 2019 program with a total of 58,777 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 the first six months of 2019, Nilfisk has expensed 0.2 mEUR relating to the 2019 long-term incentive program.

In 2016, certain former and current members of the Nilfisk Leadership Team were granted the right to purchase shares (share options). In Q1 2019, 139,448 share options were exercised and cash settled in April 2019. Nilfisk has no expense on this program in 2019. There are no further outstanding share options under the 2016 share option program as of June 30, 2019.

In the period 2013 to 2016 a phantom share program granted a number of employees the right to a potential cash payment but no right to acquire shares. The program is an alternative to a part of the participants' bonus under the short-term bonus program. In Q2 2019 117,775 phantom shares have been exercised. The number of outstanding phantom shares under this program is 108,958 at June 30, 2019.

Note 8

Financial instruments measured at fair value

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 and have been categorized into level 2 as addressed in the Annual Report 2018, Note 6.9. There have been no significant new items compared to December 31, 2018.

EUR million	**June 30, 2019**	**June 30, 2018**
Financial assets:		
Derivatives – level 2	3.6	5.7
Fair value through other comprehensive income	**3.6**	**5.7**
Financial liabilities:		
Derivatives – level 2	4.1	2.7
Fair value through other comprehensive income	**4.1**	**2.7**
Financial instruments, net	**-0.5**	**3.0**

Note 9

Condensed income statement classified by function

The Nilfisk Group presents the income statement based on a classification of the costs by function to show the "Operating profit before amortization and 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 2019**	**Q2 2018***	**H1 2019**	**H1 2018***
Revenue	258.6	284.5	505.2	542.0
Cost of sales	-145.2	-163.3	-290.5	-312.4
Gross profit	**113.4**	**121.2**	**214.7**	**229.6**
Research and development costs	-8.9	-9.5	-16.1	-18.4
Sales and distribution costs	-67.4	-65.5	-130.3	-129.3
Administrative costs	-23.7	-26.2	-46.2	-44.3
Other operating income, net	0.9	0.9	1.7	1.7
Result before financial items and income taxes (EBIT)	**14.3**	**20.9**	**23.8**	**39.3**
Amortization and impairment of acquisition related intangibles are divided into:				
Cost of sales	-0.4	-0.4	-0.8	-0.8
Sales and distribution costs	-0.9	-1.1	-1.8	-2.2
Total amortization and impairment of acquisition related intangibles	**-1.3**	**-1.5**	**-2.6**	**-3.0**
Special items are divided into:				
Cost of sales	-0.1	-0.3	-4.7	-0.6
Research and development costs	-1.8	-0.2	-1.7	-0.2
Sales and distribution costs	-4.0	-0.6	-4.5	-1.4
Administrative costs	-1.9	-3.2	-4.0	-4.4
Other operating income, net	-	-	-0.3	-
Total special items	**-7.8**	**-4.3**	**-15.2**	**-6.6**

*Comparative figures are not restated with the effect of IFRS 16.

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 2019**	**Q2 2018***	**H1 2019**	**H1 2018***
Depreciation and impairment of property, plant and equipment				
Cost of sales	4.9	3.1	9.4	6.1
Research and development costs	0.1	-	0.2	0.1
Sales and distribution costs	2.4	0.2	4.6	0.5
Administrative costs	3.2	0.5	6.0	1.0
Impairment included in special items	1.2	-	1.4	-
Total depreciation and impairment of property, plant and equipment	**11.8**	**3.8**	**21.6**	**7.7**
Hereof depreciation of right-of-use assets	7.0	-	13.7	-
Total depreciation and impairment of property, plant and equipment excluding right-of-use assets	4.8	3.8	7.9	7.7
Amortization and impairment of non-acquisition related intangibles				
Research and development costs	3.7	3.5	7.3	7.0
Sales and distribution costs	0.2	0.2	0.5	0.5
Administrative costs	1.5	0.7	2.5	1.3
Total amortization and impairment of non-acquisition related intangibles	**5.4**	**4.4**	**10.3**	**8.8**
Amortization and impairment of acquisition related intangibles				
Amortization and impairment of acquisition related intangibles	1.3	1.5	2.6	3.0
Total amortization and impairment of acquisition related intangibles	**1.3**	**1.5**	**2.6**	**3.0**
Total amortization, depreciation and impairment	**18.5**	**9.7**	**34.5**	**19.5**

*Comparative figures are not restated with the effect of IFRS 16.

Depreciation of right-of-use assets of 7.0 mEUR included in Q2 2019 is split between: 2.1 mEUR Cost of sales, 2.2 mEUR Sales and distribution costs and 2.7 mEUR Administrative costs (2.5 mEUR relates to buildings). In H1 2019, the depreciation of right-of-use assets of 13.7 mEUR is split between: 4.2 mEUR Cost of sales, 4.1 mEUR Sales and distribution costs, 5.4 mEUR Administrative costs (4.9 mEUR relates to buildings).

Amortization, depreciation and impairment excluding right-of-use assets total 11.5 mEUR for Q2 2019 (Q2 2018: 9.7 mEUR), and 20.8 mEUR for H1 2019 (H1 2018: 19.5 mEUR).

Note 11
Contingent liabilities, securities and contractual obligations

Regarding contingent liabilities, please refer to Note 8.4 of the 2018 Annual Report. There are no material changes to contingent liabilities, securities and contractual obligations compared to the 2018 Annual Report.

Note that subject to the implementation of IFRS 16 most of the Group's contractual obligations are now recognized on the balance sheet.

Note 12
Subsequent events

Other than as set out above or elsewhere in these condensed consolidated interim financial statements, we are not aware of events subsequent to June 30, 2019, which are expected to have a material impact on the Group's financial position.

Management's statement

The Board of Directors and the Executive Management Board have today discussed and approved the Q2 Interim Report of Nilfisk Holding A/S for the period January 1 - June 30, 2019.

The 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 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 on June 30, 2019, and the results of the Group's activities and cash flow for the period January 1 - June 30, 2019.

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, and the general financial position of the Group.

Brøndby, August 21, 2019

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

Richard P. Bisson

Jutta af Rosenborg

Anders Erik Runevad

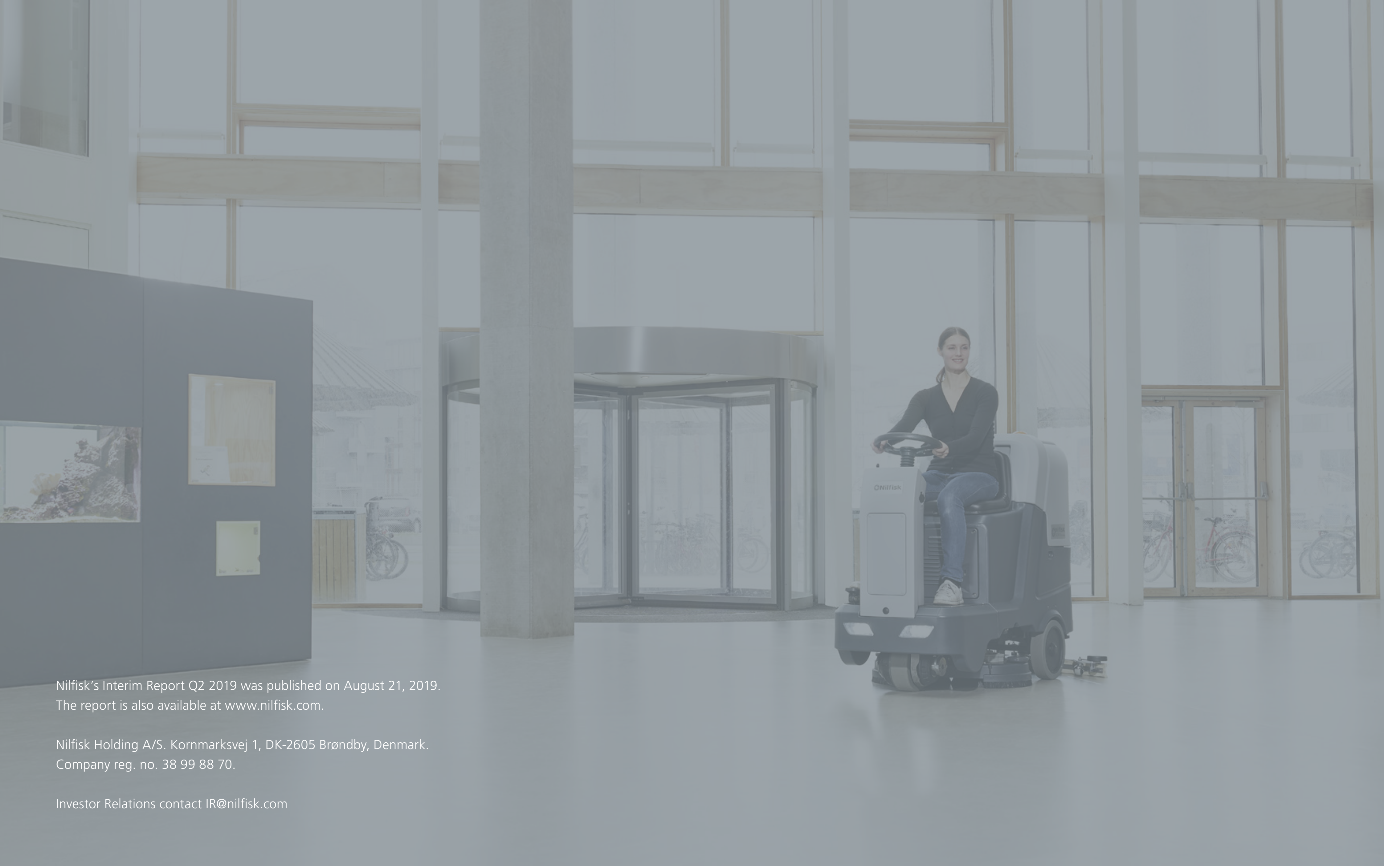
Thomas Lau Schleicher

René Svendsen-Tune

Gerner Raj Andersen

Søren Giessing Kristensen

Yvonne Markussen



Nilfisk's Interim Report Q2 2019 was published on August 21, 2019.
The report is also available at www.nilfisk.com.

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