Q3 INTERIM REPORT 2018

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Nilfisk

HIGHLIGHTS

- Nilfisk delivered Q3 organic growth of 2.6%, driven by the EMEA and Specialty Professional segments
- EMEA, excluding the private label business, posted 8.2% organic growth
- Q3 showed organic growth of 4.5% within the professional business excluding private label, which was the strongest for any quarter of 2018 so far
- Slow recovery in Americas led to flat organic growth in Q3
- The operating performance, EBITDA margin before special items excluding impact from the phantom share program, was 10.5%, up 1.6 percentage points from Q3 2017
- The gross margin was 40.9% in line with Q3 2017
- Overhead cost ratio excluding impact from the phantom share program was 33.5% versus 35.0% in Q3 2017 positively influenced by the cost saving program
- Nilfisk made significant moves in its ongoing simplification strategy:
  - Completion of strategic reviews led to divestment of the Outdoor and the US restoration businesses
  - Significant reduction of production footprint with exit from five production facilities in 2018
- The financial guidance for 2018 is unchanged from the announcement issued on October 11, 2018, of approximately 2% organic growth and an EBITDA margin before special items in the lower range of 11.5%-12.0%

254 mEUR

Revenue
Up 1 mEUR from Q3 2017

2.6%

Organic growth
Driven by EMEA and Specialty Professional

10.5%

Operating performance
Including impact from the phantom share program, the EBITDA margin before special items was 10.2%

15.2%

RoCE
Down 1.3 percentage points from Q3 2017 but up 0.5 percentage point from previous quarter driven by improved EBIT

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FINANCIAL HIGHLIGHTS FOR THE GROUP

FINANCIAL HIGHLIGHTS

EUR million	Q3 2018	Q3 2017	9M 2018	9M 2017	Year 2017
Income statement					
Revenue	253.6	252.7	795.6	801.6	1,081.9
EBITDA before special items	26.1	22.6	91.5	93.5	120.1
EBIT before special items	16.3	13.1	62.2	64.5	81.5
EBITDA	9.0	19.3	67.8	83.3	99.5
EBIT	-13.3	9.8	26.0	54.3	60.9
Special items	-29.6	-3.3	-36.2	-10.2	-20.6
Financial items, net	-0.5	-1.7	-7.4	-6.2	-8.9
Result for the period	-10.0	5.8	14.9	34.6	40.3
Cash flow					
Cash flow from operating activities	11.7	17.2	11.6	12.0	41.4
Cash flow from investing activities	-11.0	-6.5	-33.0	-23.3	-35.3
- hereof investments in property, plant and equipment	-4.5	-3.1	-13.2	-10.3	-15.3
Free cash flow excluding acquisitions and divestments	-0.6	10.7	-22.7	-11.3	6.1

EUR million	Q3 2018	Q3 2017	9M 2018	9M 2017	Year 2017
Balance sheet					
Total assets			818.3	853.0	827.2
Group equity			149.9	246.3	137.5
Working capital			194.2	180.6	163.5
Net interest-bearing debt			381.0	262.5	359.7
Capital employed			530.9	508.9	497.2
Financial ratios and employees					
Organic growth	2.6%	3.4%	3.3%	3.1%	3.7%
Gross margin	40.9%	40.8%	42.0%	42.8%	42.2%
EBITDA margin before special items	10.2%	8.9%	11.5%	11.7%	11.1%
EBIT margin before special items	6.4%	5.2%	7.8%	8.0%	7.5%
EBITDA margin	3.5%	7.6%	8.5%	10.4%	9.2%
EBIT margin	-5.3%	3.9%	3.2%	6.8%	5.6%
Financial gearing			3.2	2.1	3.0
Overhead costs ratio	33.8%	35.0%	33.6%	34.2%	34.1%
Working capital ratio			18.0%	16.3%	16.2%
Return on Capital Employed (RoCE)			15.2%	16.5%	16.0%
Number of full-time employees, end of period			5,751	5,749	5,769

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

GROUP FINANCIALS

Q3 GROWTH DRIVEN BY STRONG PERFORMANCE IN EMEA. EARNINGS IN LINE WITH EXPECTATIONS

While executing several strategic initiatives supporting the transformation and simplification of the business, Nilfisk delivered organic growth of 2.6% in Q3, driven by a strong performance in the EMEA and Specialty Professional segments. Excluding the private label business, EMEA achieved 8.2% organic growth. This was driven by double-digit growth in the mature markets of Germany and France. Specialty Professional also had solid development in the quarter.

The total professional business excluding private label demonstrated 4.5% organic growth, which was the strongest for any quarter of 2018 so far. Impacted by the more volatile private label segment, the overall total professional showed organic growth of 2.4%.

The gross margin in Q3 was 40.9%, in line with Q3 2017. The gross margin for the first nine months was 42.0%. The lower margin in Q3 compared to H1 was attributable to increasing raw material costs, change in product mix, one-off costs in production and tariffs impacting products sold or produced in the US.

Overhead costs amounted to 85.6 mEUR in Q3 2018, equivalent to an overhead cost ratio of 33.8% compared to 35.0% in Q3 2017. Overhead costs continue to reflect our cost consciousness and the benefits from our cost saving program. Excluding the effect from phantom shares the overhead ratio was 33.5% in Q3 2018.

For the company as a whole, Q3 showed an improved operating performance, EBITDA margin before special items and impact from the phantom share program, of 10.5% against 8.9% in Q3 2017.

Organic revenue growth per operating segment

	Q3 2018	Q3 2017	9M 2018	9M 2017	FY 2017
EMEA	3.9%	10.6%	4.5%	5.9%	5.9%
Americas	0.0%	-0.1%	-2.0%	5.2%	5.7%
APAC	2.0%	-1.2%	2.4%	0.3%	1.3%
Total professional	**2.4%**	**5.6%**	**2.2%**	**5.1%**	**5.4%**
Specialty Professional	5.7%	1.4%	13.0%	2.1%	2.5%
Specialty Consumer	-1.4%	-13.9%	0.8%	-9.4%	-7.7%
Total Specialty	**3.0%**	**-5.0%**	**7.4%**	**-3.5%**	**-2.1%**
Total	**2.6%**	**3.4%**	**3.3%**	**3.1%**	**3.7%**

Nilfisk's return on capital employed (LTM) was 15.2% at the end of Q3 2018, down from 16.5% at the end Q3 2017, primarily driven by an increase in working capital. Compared to Q2 2018, the return on capital employed improved by 0.5 percentage point in Q3, driven by improved EBIT.

Organic revenue growth

In Q3, total revenue amounted to 253.6 mEUR, driven by an organic growth of 2.6%. Total revenue grew 0.3% in Q3 2018, as the organic growth was partly offset by a negative impact of 1.5% from currency exchange rates, mainly related to the USD and 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 0.8%.

Organic growth in Q3 was mainly driven by a strong performance in EMEA and Specialty Professional. EMEA realized organic growth of 8.2% excluding private label sales. The growth of 8.2% was partly offset by significantly lower private label sales compared to the same exceptional quarter prior year. Hence, the organic growth for the EMEA segment for Q3 was 3.9%. Growth was driven by large and mature markets such as France, Germany and the Nordic region, where favorable market conditions and high demand for machines were partly offset by lower activity in service. The strong organic growth in EMEA of Nilfisk branded products was offset by lower sales to private label due to extraordinarily high private label sales in Q3 2017, and negative growth in the UK, South Africa and export markets.

With a flat organic growth in Q3 2018, Americas recovered slower than expected, primarily caused by timing of strategic accounts revenue as well as cancellation of industrial orders due to longer delivery time. As communicated earlier this year, we saw a shift in demand from commercial floorcare equipment towards industrial floorcare equipment, which increased delivery time and in some cases led to postponed or cancelled orders. Production capacity and output has been increased in Q3 to an all-year high level, so we expect to see positive organic growth in Q4 2018 and higher organic growth in Americas in the second half of 2018 compared to the first half of the year.

APAC realized organic growth of 2.0% driven by strong performance in China and Thailand, but partly offset by lower-than-expected growth in Australia. In Q3, new leadership for Singapore and Australia was introduced.

Specialty Professional realized an organic growth of 5.7% in Q3 2018 driven by strong development in the industrial vacuum solutions business and Nilfisk FOOD, which manufactures specialized equipment for the food industry. Specialty Consumer posted negative growth of 1.4% in Q3 driven by a decrease in production output due to a closure of the production facility in Suzhou, China earlier than anticipated, details are described on page 11.

For the first nine months of 2018, organic growth was 3.3%, mainly driven by positive development in EMEA and Specialty Professional. Total revenue amounted to 795.6 mEUR. A negative impact from currency exchange rates, and net impact from acquisition, resulted in a total negative revenue growth of 0.8% for the first nine months of 2018.

Gross margin

The gross margin for Q3 was 40.9%, and in line with Q3 2017. Compared to previous quarters, Q3 was impacted by increasing raw material costs, changes in the product mix, one-off costs in production and tariffs impacting products sold or produced in the US.

The gross margin for the first nine months of 2018 was 42.0% and in line with the gross margin for the full year 2017 of 42.2%. However, is was negatively impacted by a less favorable utilization of capacity at factories and the factors mentioned above.

Overhead cost ratio

Overhead costs amounted to 85.6 mEUR in Q3 2018, equivalent to an overhead cost ratio of 33.8% compared to 35.0% in Q3 2017. Adjusted for the phantom share effect, overhead costs were 84.9 mEUR equivalent to a cost ratio of 33.5%.

The overall development in overhead costs is in line with our expectations. The positive development in administration costs is the result of a general cost awareness and initiatives from the cost saving program. In the first nine months of 2018, overhead costs amounted to 267.6 mEUR and the cost ratio was 33.6% compared to 34.2% in 2017. Adjusted for the impact of phantom shares overhead costs in the first nine months, were 270.1 mEUR with a cost ratio of 33.9%.

EBITDA before special items

EBITDA before special items amounted to 26.1 mEUR in Q3 2018, up 3.6 mEUR compared to Q3 2017, driven by increased gross profit and decreased overhead costs. The EBITDA margin before special items was 10.2% in Q3 2018 against 8.9% in Q3 2017. Adjusted for the effects from the phantom share program, the operating performance in Q3 was 10.5%.

In the first nine months of 2018, the EBITDA margin before special items was 11.5% compared to 11.7% in 2017. Adjusted for the effects from the phantom share program, the operating performance was 11.2%. The margin was impacted by decreasing gross margin, offset by improved overhead ratio and a positive effect from phantom shares. During the first nine months, 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 businesses and a less favorable utilization of capacity at some factories.

Special items

In Q3 2018, special items were 29.6 mEUR, up by 26.3 mEUR compared to Q3 2017. The cost in Q3 2018 is primarily related to the impairment of the Outdoor business and the US carpet restoration business of 20.2 mEUR as a consequence of the divestments announced on October 11, 2018. Details are described on page 11. Restructuring costs of 7.0 mEUR were incurred in connection with the cost saving program. For the first nine months of 2018 special items were 36.2 mEUR up by 26 mEUR compared to the first nine month of 2017 and primarily related to the impairment of the Outdoor business and the US carpet restoration business.

Working capital

At the end of the first nine months of 2018, working capital was 194.2 mEUR up by 13.6 mEUR from the end of the first nine months of 2017. The increase in working capital is mainly due to the unusually low level at the end of the first nine months of 2017, impacted by a high level of payables due to an unusually high production level in China. The working capital ratio measured on a 12-month average increased by 1.7 percentage points to 18.0% at the end of the first nine months 2018 compared to the first nine months of 2017, which is above our expected normalized level. The net increase was due to temporarily increased inventories at production sites, from planned inventory build to address risks associated with our production simplification initiatives.

Changes in working capital in Q3 2018 impacted the cash flow negatively by 3.1 mEUR, compared to a positive impact of 3.3 mEUR in Q3 2017. For the first nine months of 2018, the changes in working capital impacted the cash flow negatively by 48.5 mEUR. This was an improvement of 2.9 mEUR compared to the same period in 2017.

Revenue and growth by operating segment

EUR million	Revenue Q3 2018	Revenue Q3 2017	Organic growth	Impact of acquisitions net	FX-rates impact	Total growth	Revenue 9M 2018	Revenue 9M 2017	Organic growth	Impact of acquisitions net	FX-rates impact	Total growth
EMEA	118.4	117.5	3.9%	-1.7%	-1.6%	0.6%	361.2	354.4	4.5%	-1.0%	-1.7%	1.8%
Americas	67.4	68.0	0.0%	0.0%	-0.8%	-0.8%	199.6	218.8	-2.0%	0.0%	-6.8%	-8.8%
APAC	19.7	19.7	2.0%	0.0%	-2.3%	-0.3%	58.5	59.9	2.4%	0.0%	-4.7%	-2.3%
Total Professional	**205.5**	**205.2**	**2.4%**	**-1.0%**	**-1.4%**	**0.0%**	**619.3**	**633.1**	**2.2%**	**-0.6%**	**-3.8%**	**-2.2%**
Specialty Professional	30.8	29.3	5.7%	0.0%	-1.1%	4.6%	100.4	91.3	13.0%	0.0%	-3.0%	10.0%
Specialty Consumer	17.3	18.2	-1.4%	0.0%	-2.7%	-4.1%	75.9	77.2	0.8%	0.0%	-2.5%	-1.7%
Total Specialty	**48.1**	**47.5**	**3.0%**	**0.0%**	**-1.7%**	**1.3%**	**176.3**	**168.5**	**7.4%**	**0.0%**	**-2.8%**	**4.6%**
Total	**253.6**	**252.7**	**2.6%**	**-0.8%**	**-1.5%**	**0.3%**	**795.6**	**801.6**	**3.3%**	**-0.5%**	**-3.6%**	**-0.8%**

Cash flows

Cash flow from operating activities for the first nine months of 2018 represented a net cash flow of 11.6 mEUR compared to 12.0 mEUR in 2017. The cash flow was driven by a slightly softer EBIT and offset by more favorable changes in working capital period over period.

Investing activities for the first nine months created a net cash outflow of 33.0 mEUR compared to 23.3 mEUR in 2017. The increase in investment relates primarily to intangible assets within research and development.

Equity

Equity was 149.9 mEUR at the end of September 2018 against 137.5 mEUR at the end of 2017. The increase is mainly due to the result for the first nine months of 2018.

Net interest-bearing debt

At the end of Q3 2018, total net interest-bearing debt was 381.0 mEUR, up by 21.3 mEUR against year-end 2017. Compared to the end of Q3 2017, net interest-bearing debt was up by 118.5 mEUR due to allocation of an additional debt of 117 mEUR in connection with the demerger from NKT in 2017. The financial gearing, net interest-bearing debt compared to EBITDA before special items calculated on an LTM basis, was 3.2.

Subsequent events

Divestments signed or completed in the period October 1, 2018, to November 14, 2018, are described under "Special Items" on page 6, and on page 11. Please also refer to note 11 on page 22.

On November 6, 2018, Nilfisk announced a leadership change for the Americas region, covering sales across North and South America. Effective from this date, Andrew Ray resigned as Executive Vice President and head of the Americas.

Other than as set out above or elsewhere in these condensed consolidated interim financial statements, we are not aware of events subsequent to September 30, 2018 that are expected to have a material impact on the Group's financial position.

2018 Outlook

For 2018 as a whole, Nilfisk maintains the guidance communicated in the company announcement issued on October 11, 2018:

Lower than expected growth in Americas brings the expected organic growth in the continuing branded professional business to approximately 3%, while divestments and the closure of production facilities prompted Nilfisk to lower total full-year 2018 organic growth guidance from 3.0%- 4.0% to approximately 2%.

The change of organic growth expectations related primarily to business areas with earnings below Group average, hence Nilfisk still expects full-year EBITDA margin before special items to be within the previously guided range, however in the lower end.

- Organic growth is expected to be approximately 2%
- EBITDA margin before special items is expected to be in the lower end of 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 USD.

Cost saving program 2017-2020

Over the course of the first nine months of 2018, 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. By the end of Q3 2018, initiatives implemented and launched relating to the program amounted to a total of 30 mEUR, split between approximately 18 mEUR related to overhead reductions, approximately 9 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 9 mEUR in the first nine months of 2018 compared to the first nine months of 2017, with improvements in gross profit of 6 mEUR and overhead of 3 mEUR. The 2018 full year impact of the cost saving program is expected to be in the range of 11-13 mEUR.

EUR million	2017 Realized	2018 9M	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	30	32-35	39-43	50	50
Impact on reported EBITDA before special items in the income statement for the period	17	21	28-30	34-36	45-50	50
Restructuring costs for the period (reported under special items)	10	13	17-19	9-11	2-3	50
Capex investments for the period	4	3	3-4	1-2	1-2	10

MARKETS AND SEGMENTS

EMEA

118.4 mEUR	3.9%	4.5%
revenue in Q3 2018	organic growth in Q3 2018	organic growth in 9M 2018

EMEA realized total revenue of 118.4 mEUR in Q3, up 0.9 mEUR from Q3 2017. Organic growth continued to be strong at 8.2% excluding private label sales, and 3.9% including private label sales. Growth was driven by large and mature markets such as France, Germany and the Nordic region. France in particular had a strong quarter, with double-digit growth driven by high market demand from institutions and industrial customers and increased service activity. Germany continued the strong organic growth into Q3 with double-digit growth driven by favorable market conditions and high demand for machines, although this was partly offset by service. We also saw a positive development across Eastern European markets with double-digit growth. In the United Kingdom there was a lack of large volume deals in the retail segment and delays of orders due to Brexit uncertainty. As expected, the private label business had negative growth for the quarter totaling 15.5% due to the exceptionally high level of activity in Q3 2017.

For the first nine months of 2018, revenue was 361.2 mEUR with 4.5% organic growth.

Gross profit amounted to 48.2 mEUR in Q3 2018, which was in line with Q3 2017. The gross margin was 40.7%, the same level as Q3 2017. The gross margin improvements seen in H1 2018 were impacted by an unfavorable product mix in Q3 2018. For the first nine months, gross profit amounted to 151.5 mEUR, down 2.2 mEUR compared to last year, with a gross margin of 41.9% versus 43.4% driven by service and unfavorable mix including private label sales.

EBITDA before special items was 26.6 mEUR resulting in an EBITDA margin before special items of 22.5%, down 1.2 percentage points from Q2 2018. The development was mainly driven by the lower gross profit. Compared to Q3 2017, there was a slight improvement in the margin. For the first nine months of 2018, EBITDA amounted to 82.6 mEUR, which was 3.0 mEUR lower than prior year driven by the above.

AMERICAS

67.4 mEUR	0.0%	-2.0%
revenue in Q3 2018	organic growth in Q3 2018	organic growth in 9M 2018

Total revenue amounted to 67.4 mEUR, down 0.6 mEUR from Q3 2017. Organic growth was flat in Q3, which was below expectations, driven by a slow recovery in the US floorcare business. During Q3 the US floorcare business was impacted by timing of orders within strategic accounts and continued long lead times in delivery of industrial floorcare equipment. Consequently, we experienced cancellation of some industrial orders during the quarter. However, the production output increased significantly towards the end of the period continuing into Q4, which leaves us confident that we will see positive organic growth in Q4 2018.

The revenue in Americas for the first nine months was 199.6 mEUR, with negative organic growth of 2.0%. Over the course of 2018, revenue in the US floorcare business has been negatively impacted by a strategy change from a large dealer that shifted part of its purchases from Nilfisk branded to private label sales. Excluding this impact, the Q3 organic growth in Americas was 3.3%, and for the first nine months organic growth was 1.4%.

In Q3 Latin America continued to perform strongly, with 11.2% organic growth for the quarter and 4.2% for the year so far. Significant growth was seen in Brazil and Argentina in particular.

Gross profit was 27.3 mEUR in Q3, corresponding to a gross margin of 40.5%. This was an improvement of 2.1 percentage points from Q3 2017. The improvement can be explained by continued price management as well as improved product mix within the region. The Q3 2018 gross margin was lower than previous quarters in 2018, driven by service initiatives with fewer customer-facing activities and challenges related to the implementation of a new system for our US-based high pressure washer production. In the first nine months, gross profit was 83.6 mEUR, with a gross margin of 41.9% up 0.7 percentage point compared to same period prior year.

EBITDA before special items amounted to 12.0 mEUR and the EBITDA margin before special items was 17.8%, up 2.8 percentage points from Q3 2017. This was driven by improved gross margins and mix. In the first nine months, EBITDA amounted to 38.3 mEUR with a margin of 19.2% which still was a 0.5 percentage point improvement compared with prior year.

APAC

19.7 mEUR	2.0%	2.4%
revenue in Q3 2018	organic growth in Q3 2018	organic growth in 9M 2018

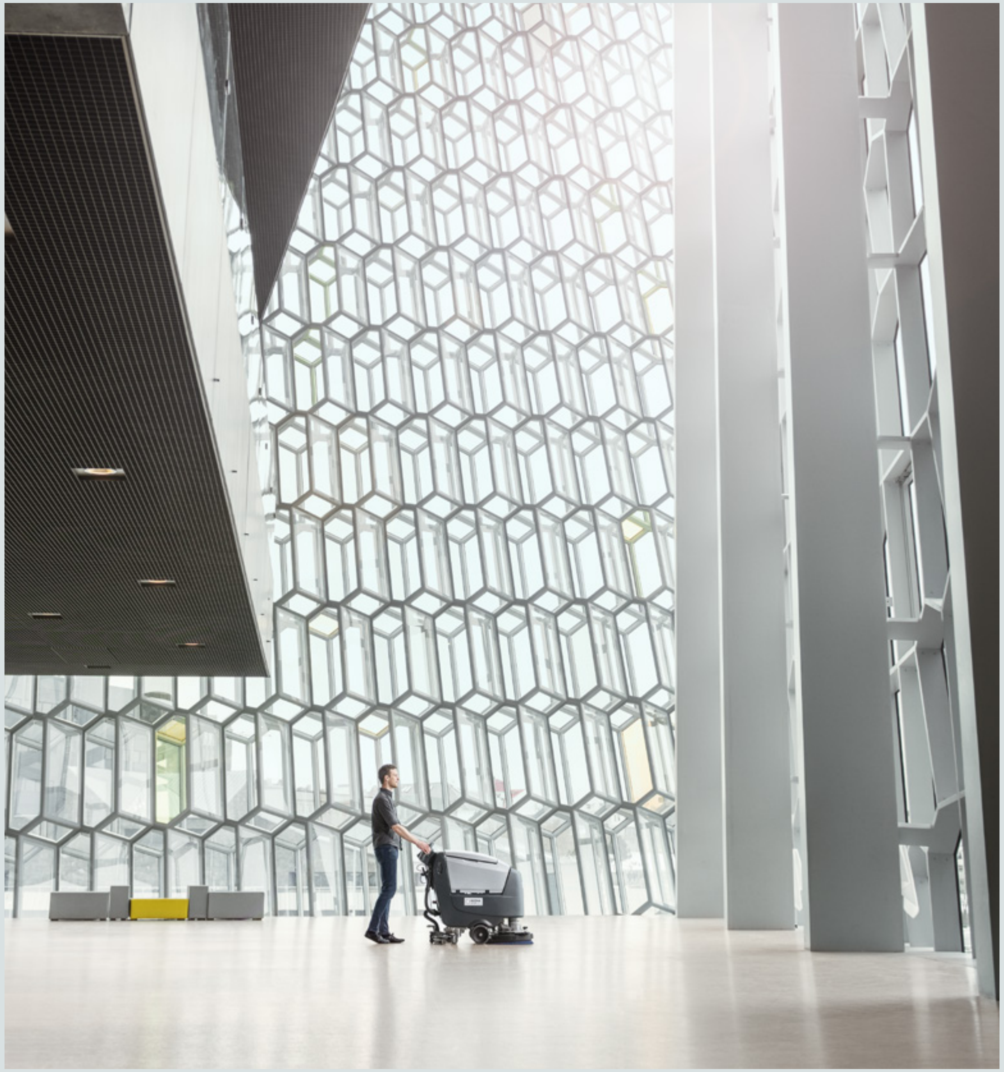
Organic growth in Q3 was 2.0%. Revenue amounted to 19.7 mEUR, which was at the same level as prior year, driven by negative currency adjustments primarily from CNY. For the first nine months, revenue amounted to 58.5 mEUR with total organic growth of 2.4%.

In line with the ongoing transformation and strengthening of the APAC region, both Singapore and Australia have new management teams in place to execute our strategy and drive future growth. In addition, new hires and replacements of key sales manager positions throughout the region have taken place during Q3.

China posted double-digit growth in Q3, driven by increased sales to the contract cleaner segment as well as to the mid-market. Thailand also showed double-digit growth for the quarter and recovered from previous quarters. The positive development was offset by a lower performance in other Asian markets and in Australia, which is a large market for the region. Australia was impacted by lower activity within the mid-market.

Gross profit in APAC was 8.0 mEUR, up 0.3 mEUR compared to Q3 2017. The gross margin was 40.6%, up 1.5 percentage points from Q3 2017. The development was driven by a positive change in product mix. For the first nine months, gross profit amounted to 24.5 mEUR, which was at the same level as last year, but the gross margin was up by 1.2 percentage points arriving at 41.9% driven by product mix.

EBITDA before special items amounted to 2.8 mEUR in Q3, up 0.8 mEUR from Q3 2017. The EBITDA margin before special items was 14.2%, an improvement of 4.0 percentage points from Q3 2017 and 1.8 percentage points down from Q2 2018. The improvements compared to prior year were driven by improved inventory management, favorable product mix and increased margins within the mid-market. EBITDA for the first nine months of 2018 amounted to 8.8 mEUR, up 1.0 mEUR compared to prior year showing a 2.0 percentage points margin improvement totaling 15.0% driven by the above.



Specialty professional

30.8 mEUR	5.7%	13.0%
revenue in Q3 2018	organic growth in Q3 2018	organic growth in 9M 2018

Revenue within Specialty Professional for Q3 amounted to 30.8 mEUR with organic growth of 5.7%. The growth was driven by solid development within the industrial vacuum solutions business and the Nilfisk FOOD business, which manufactures specialized equipment for the food industry. By contrast, the Outdoor and the restoration business showed negative growth. Excluding Outdoor and restoration, organic growth was 9.6% in Q3 2018. The revenue for the first nine months amounted to 100.4 mEUR, up 9.1 mEUR, with strong organic growth totaling 13.0% deriving across all businesses within the segment. The organic growth excluding Outdoor and restoration was 11.6% for the first nine months of 2018.

Gross profit in Specialty Professional was 14.7 mEUR in Q3, down 0.6 mEUR compared to Q3 2017. The gross margin was down 4.5 percentage points in the same period, to 47.7% in Q3 2018. The development was mainly driven by a change in product mix: Outdoor and the restoration business have much lower profit margins than other business areas within the segment. For the first nine months of 2018, gross profit was 47.3 mEUR, up 0.8 mEUR, but 3.8 percentage points below the prior year. Gross margin was 47.1%, driven by a changing mix of businesses within the segment.

EBITDA before special items was 3.5 mEUR, down 1.5 mEUR from Q3 2017. The EBITDA margin before special items was 11.4% against 17.1% in Q3 2017, mainly due to the decrease in gross margin. EBITDA for the first nine months was 14.0 mEUR, and at the same level as the prior year with a corresponding margin of 13.9%.

Following the conclusion of strategic reviews, Nilfisk has decided to divest the Outdoor business (35 mEUR annual revenue) effective January 1, 2019, and has completed divestment of its US carpet restoration business (15 mEUR annual revenue) effective October 29, 2018. These divestments, described on page 11, had a total impairment impact from write-downs of non-current assets, mainly capitalized development costs and inventories and accounts receivables on Q3 amounting to 20.2 mEUR, which have been accounted for as special items. Further costs related to the divestments are expected during the next six months, leading to an expected total loss of 30-35 mEUR accounted for as special items.

Specialty consumer

17.3 mEUR	-1.4%	0.8%
revenue in Q3 2018	organic growth in Q3 2018	organic growth in 9M 2018

Over the past quarters Specialty Consumer has successfully worked to stabilize the performance of the business focusing on maintaining topline while improving profitability. As part of this process, Nilfisk has initiated a strategic review to determine the best future strategic direction of its consumer business.

Organic growth for the quarter was a negative 1.4%. During Q3, revenue in the Pacific region was negatively impacted by the earlier-than-expected closure of the production facility in Suzhou, China, which impacted our ability to deliver machines at the anticipated level. Revenue for the quarter amounted to 17.3 mEUR, down 0.8 mEUR from Q3 2017. Organic growth for the first nine months of the year was a positive 0.8%, driven by development in the DIY segment during the European spring season where EMEA has shown good growth. Revenue for the first nine months was 75.9 mEUR, down 1.3 mEUR from 2017 primarily due to the negative impact of foreign exchange rates.

Gross profit amounted to 5.5 mEUR, down 0.4 mEUR compared to Q3 2017. The gross margin was 31.8%, down by 0.6 percentage point compared to Q3 2017. The decrease in gross margin was primarily driven by unfavorable impact from raw material pricing. The gross profit for the first nine months amounted to 27.7 mEUR, down 1.0 mEUR compared to prior year with a profit margin of 36.5%, which was a little lower than same period previous year.

EBITDA for both Q3 and for the first nine months improved compared to previous year due to clear focus on optimization of the cost structure. EBITDA before special items was negative 2.1 mEUR for Q3 2018, which was in line with Q3 2017, while the EBITDA margin was negative 12.1%, also comparable to last year. For the first nine months of 2018, EBITDA amounted to 3.9 mEUR, up 1.8 mEUR with a corresponding margin of 5.1%, which was a 2.4 percentage points improvement over the same period in 2017.

STRATEGY AND OPERATIONS

SIMPLIFYING THE BUSINESS

Nilfisk has executed several significant initiatives as part of the ongoing simplification of the company with the goal of improving long-term profitability and consistent with the company's mid-term guidance for 2020-2022 of organic growth of 3%-5% and an EBITDA margin before special items of 13%-15%.

Outdoor business exit

Following a strategic review, Nilfisk has decided to exit the Outdoor business. The Outdoor business had an annual revenue of 35 mEUR in 2017 and is part of the Specialty Professional segment.

The strategic review concluded that Nilfisk's Outdoor business was sub-scale in an investment-heavy and tender-based market, which ultimately would prevent a profitable development of this business. Based on this conclusion, an exit was pursued. Nilfisk sold the Danish-based part of the Outdoor business, which produces two multi-purpose utility machines in the sub 0.5 m^3 segment. The transaction is effective January 1, 2019.

The Italian-based part of the Outdoor business, which produces two machines in the 1-1.5 m^3 segment, was not part of this transaction. Despite our active pursuit of a buyer for this segment of the business, no buyer has been found. Nilfisk will end production of these machines at the facility in Guardamiglio, Italy, and ultimately intends to close this facility.

Divestment of US restoration business

Nilfisk has completed the strategic review of the US-based carpet restoration business, HydraMaster, with an annual revenue of 15 mEUR. Based on this review, Nilfisk concluded this business had limited synergies with its other professional businesses and that this market has limited growth potential. The decision was made to divest this business, and the company was sold, effective October 29, 2018.

Divestment of Rottest

In September, Nilfisk completed the divestment of a smaller high pressure washer manufacturer Rottest, a local business and brand in Turkey with an annual revenue of 1 mEUR.

Reduction of production footprint

During Q3, Nilfisk closed its production facilities in Suzhou, China, and outsourced production of consumer products and private label products while consolidating the Chinese production of professional products into one site in Dongguan, China. The closure of the Suzhou site was planned for Q4 2018 but after labor negotiations and strikes at the factory, the closure was executed earlier than expected in August 2018.

The closure of the Suzhou facility contributes positively to the simplification of Nilfisk's production footprint. Along with the exit of production facilities in connection with the divestments mentioned above and the closure of the production facility in Singapore in Q1 2018, a total of five facilities will be closed or exited during 2018, significantly simplifying Nilfisk's production setup.

A restructuring of the production setup in Europe, initiated in 2017, was completed in Q3 with the transfer of six sweeper product lines from the facility in Guardamiglio, Italy, to our facility in Szigetszentmiklós in Hungary. The restructuring plan aimed at creating a production setup in which each factory concentrates on specific product families, reducing complexity and enabling effective development of operations at each site, including improved quality processes, better efficiency and increased stability.

Financial impact of simplification initiatives

The exits from the Outdoor and the US restoration businesses will have a negative impact on Q4 growth, as both businesses had organic growth rates in 2018 above Group average and the exits meant a cancellation of an expected new product launch in the Outdoor business. The exits are expected to be slightly cash positive but will lead to a loss under special items of 30-35 mEUR of which 25-30 mEUR are expected in 2018. The exits are expected to have a positive impact on Nilfisk's EBITDA margin before special items of 0.2-0.3 percentage point in 2019.

The closure of the Nilfisk production facilities in Suzhou, China, took place earlier than expected in August 2018 and had a negative impact on consumer revenue in Q3. The earlier closure is also expected to impact Q4 consumer and private label revenue.

Condensed income statement

EUR million	Note	Q3 2018	Q3 2017	9M 2018	9M 2017
Revenue	4, 5	253.6	252.7	795.6	801.6
Cost of sales	8	-149.9	-149.7	-461.0	-458.1
Gross profit		**103.7**	**103.0**	**334.6**	**343.5**
Research and development costs	9	-7.0	-7.6	-25.2	-23.7
Sales and distribution costs	9	-60.5	-60.9	-186.1	-189.6
Administrative costs	9	-18.3	-20.4	-58.2	-62.9
Other operating income, net		0.2	0.5	1.9	1.9
Operating profit before amortization/impairment of acquisition-related intangibles and special items		**18.1**	**14.6**	**67.0**	**69.2**
Amortization/impairment of acquisition-related intangibles	9	-1.8	-1.5	-4.8	-4.7
Special items	6, 9	-29.6	-3.3	-36.2	-10.2
Result before financial items and taxes (EBIT)		**-13.3**	**9.8**	**26.0**	**54.3**
Financial income		5.1	1.7	9.5	5.3
Financial expenses		-5.6	-3.4	-16.9	-11.5
Result before taxes		**-13.8**	**8.1**	**18.6**	**48.1**
Tax on result for the period		3.8	-2.3	-3.7	-13.5
Result for the period		**-10.0**	**5.8**	**14.9**	**34.6**
Earnings per share (based on 27,126,369 shares issued)					
Basic earnings per share (EUR)		-0.53	0.21	0.38	1.28
Diluted earnings per share (EUR)		-0.53	0.21	0.38	1.28

Condensed statement of comprehensive income

EUR million	Note	Q3 2018	Q3 2017	9M 2018	9M 2017
Result for the period		-10.0	5.8	14.9	34.6
Other comprehensive income					
Items that may be reclassified to the income statement:					
Foreign exchange adjustments, foreign companies		-0.7	-3.0	8.1	-10.8
Value adjustment of hedging instruments:					
Value adjustment for the period		-2.8	-0.8	-2.4	-3.6
Transferred to cost of sales		0.0	1.1	1.2	0.8
Transferred to financial income and expenses		0.0	-0.2	0.3	-0.1
Fair value adjustment of available for sales securities		-3.2	0.0	-3.6	0.2
Tax on comprehensive income for the period		0.5	0.0	0.1	0.6
Comprehensive income for the period		**-16.7**	**2.9**	**18.6**	**21.7**
Result for the year attributable to:					
Shareholders of Nilfisk Holding A/S		-10.0	5.8	14.7	34.6
Non-controlling interests		0.0	0.0	0.2	0.0
		-10.0	**5.8**	**14.9**	**34.6**
Total comprehensive income for the year attributable to:					
Shareholders of Nilfisk Holding A/S		-16.2	2.9	18.4	21.7
Non-controlling interests		0.0	0.0	0.2	0.0
		-16.2	**2.9**	**18.6**	**21.7**

Condensed balance sheet

EUR million	Note	September 30 2018	September 30 2017	December 31 2017
Assets				
Intangible assets				
Goodwill		167.5	165.7	164.4
Trademarks		10.9	12.4	11.9
Customer related assets		10.9	13.8	13.1
Development projects completed		29.6	37.8	37.1
Software, Know-how, Patents and Competition Clauses		23.7	21.5	23.8
Development projects and software in progress		32.2	26.6	28.3
		274.8	277.8	278.6
Property, plant and equipment				
Land and buildings		10.3	11.1	11.1
Plant and machinery		4.9	4.9	4.9
Tools and equipment		36.8	37.4	38.4
Assets under construction incl. prepayments		3.8	3.8	3.4
		55.8	57.2	57.8
Other non-current assets				
Investments in associates		19.0	18.7	19.3
Other investments and receivables		3.7	6.4	7.3
Deferred tax		15.1	16.3	14.2
		37.8	41.4	40.8
Total non-current assets		**368.4**	**376.4**	**377.2**
Inventories		196.4	195.1	182.8
Receivables		217.3	214.4	218.2
Interest-bearing receivables		2.4	39.6	4.9
Income tax receivable		7.2	6.8	3.4
Cash at bank and in hand		20.5	20.7	40.7
Assets classified as held for sale	11	6.1	0	0
Total current assets		**449.9**	**476.6**	**450.0**
Total assets		**818.3**	**853.0**	**827.2**

EUR million	Note	September 30 2018	September 30 2017	December 31 2017
Equity and liabilities				
Equity				
Share capital		72.9	72.9	72.9
Reserves		-4.4	-9.8	-8.1
Retained comprehensive income		81.2	183.2	72.7
Total attributable to equity holders of Nilfisk Holding A/S		149.7	246.3	137.5
Non-controlling interests		0.2	0.0	0.0
Total equity		**149.9**	**246.3**	**137.5**
Non-current liabilities				
Deferred tax		14.0	22.6	19.8
Pension liabilities		5.5	6.9	5.7
Provisions		4.1	6.6	6.5
Interest-bearing loans and borrowings		399.8	307.9	397.3
Other liabilities		1.2	1.3	1.2
		424.6	345.3	430.5
Current liabilities				
Interest-bearing loans and borrowings		4.8	14.9	8.0
Trade payables and other liabilities		216.5	225.0	236.7
Income tax payable		9.0	9.4	3.0
Provisions		12.1	12.0	11.5
Liabilities directly associated to assets classified as held for sale	11	1.4	0.0	0.0
		243.8	261.4	259.2
Total liabilities		**668.4**	**606.7**	**689.7**
Total equity and liabilities		**818.3**	**853.0**	**827.2**

Condensed cash flow statement

EUR million	Q3 2018	Q3 2017	9M 2018	9M 2017
Result before financial items and taxes (EBIT)	-13.3	9.8	26.0	54.3
Amortization, depreciation and impairment	22.5	9.5	42.0	29.0
Share option program	0.0	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.	6.9	0.8	9.3	-2.6
Changes in working capital	-3.1	3.3	-48.5	-51.4
Cash flow from operations before financial items and taxes	13.0	23.4	22.6	29.3
Financial income received	5.1	1.4	9.2	4.2
Financial expenses paid	-4.0	-2.5	-13.1	-8.5
Income taxes paid	-2.4	-5.1	-7.2	-13.0
Cash flow from operating activities	**11.7**	**17.2**	**11.6**	**12.0**
Dividends from associated companies	1.3	0.0	1.3	0.0
Investments in property, plant and equipment	-4.5	-3.1	-13.2	-10.3
Sale of property, plant and equipment	0.7	0.5	1.6	1.6
Intangible assets and other investments	-8.5	-3.9	-22.7	-14.6
Cash flow from investing activities	**-11.0**	**-6.5**	**-33.0**	**-23.3**
Changes in non-current interest-bearing receivables	-1.4	0.0	-0.7	0.0
Changes in current interest-bearing receivables	-1.5	114.6	1.2	130.6
Changes in current interest-bearing loans and borrowings	1.4	-249.4	-0.9	-242.2
Changes in non-current interest-bearing loans and borrowings	1.1	125.6	2.4	116.5
Cash flow from financing activities	**-0.4**	**-9.2**	**2.0**	**4.9**
Net cash flow for the period	**0.3**	**1.5**	**-19.4**	**-6.4**
Cash at bank and in hand, at the beginning of the period	21.1	19.7	40.7	28.5
Currency adjustments	-0.9	-0.5	-0.8	-1.4
Cash at bank and in hand, September 30	**20.5**	**20.7**	**20.5**	**20.7**

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	8.1	0.0	0.0	0.0	0.0	8.1	0.0	8.1
Value adjustment of hedging instruments:									
Value adjustment for the period	0.0	0.0	-2.4	0.0	0.0	0.0	-2.4	0.0	-2.4
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	-3.6	0.0	0.0	-3.6	0.0	-3.6
Tax on other comprehensive income	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.1
Total other comprehensive income	0.0	8.1	-0.8	-3.6	0.0	0.0	3.7	0.0	3.7
Result for the period	0.0	0.0	0.0	0.0	14.7	0.0	14.7	0.2	14.9
Comprehensive income for the period	**0.0**	**8.1**	**-0.8**	**-3.6**	**14.7**	**0.0**	**18.4**	**0.2**	**18.6**
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**	**8.1**	**-0.8**	**-3.6**	**8.5**	**0.0**	**12.2**	**0.2**	**12.4**
Equity, September 30, 2018	**72.9**	**-2.3**	**-0.9**	**-1.2**	**81.2**	**0.0**	**149.7**	**0.2**	**149.9**

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	-10.8	0.0	0.0	0.0	0.0	-10.8	0.0	-10.8
Value adjustment of hedging instruments:									
Value adjustment for the period	0.0	0.0	-3.6	0.0	0.0	0.0	-3.6	0.0	-3.6
Transferred to cost of sales	0.0	0.0	0.8	0.0	0.0	0.0	0.8	0.0	0.8
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	-10.8	-2.3	0.2	0.0	0.0	-12.9	0.0	-12.9
Result for the period	0.0	0.0	0.0	0.0	34.6	0.0	34.6	0.0	34.6
Comprehensive income for the period	**0.0**	**-10.8**	**-2.3**	**0.2**	**34.6**	**0.0**	**21.7**	**0.0**	**21.7**
Share option program	0.0	0.0	0.0	0.0	-0.2	0.0	-0.2	0.0	-0.2
Total changes in equity in 2017	**0.0**	**-10.8**	**-2.3**	**0.2**	**34.4**	**0.0**	**21.5**	**0.0**	**21.5**
Equity, September 30, 2017	**72.9**	**-9.9**	**-1.7**	**1.8**	**183.2**	**0.0**	**246.3**	**0.0**	**246.3**

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 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, 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 been assessed, but they have not had material impact on accounting policies or disclosures for the period.

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 third quarter consolidated income statement or September 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 (1/2)

EUR million	EMEA	Americas	APAC	Non-allocated	Total professional	Specialty Professional	Specialty Consumer	Total Specialty	Non-allocated	Group
Q3 - 2018										
Revenue	118.4	67.4	19.7	0.0	205.5	30.8	17.3	48.1	0.0	253.6
Gross profit	48.2	27.3	8.0	0.0	83.5	14.7	5.5	20.2	0.0	103.7
EBITDA before special items	26.6	12.0	2.8	-14.0	27.4	3.5	-2.1	1.4	-2.7	26.1
Reconciliation to result before income taxes:										
Special items										-29.6
Amortization, depreciation and impairment										-9.9
Financial income										5.1
Financial expenses										-5.5
Result before income taxes										**-13.8**
Gross margin	40.7%	40.5%	40.6%	-	40.6%	47.7%	31.8%	42.0%	-	40.9%
EBITDA %	22.5%	17.8%	14.2%	-	13.3%	11.4%	-12.1%	2.9%	-	10.3%
Q3 - 2017										
Revenue	117.5	68.0	19.7	0.0	205.2	29.4	18.1	47.5	0.0	252.7
Gross profit	48.0	26.1	7.7	0.0	81.8	15.3	5.9	21.2	0.0	103.0
EBITDA before special items	26.1	10.2	2.0	-14.5	23.8	5.0	-2.2	2.8	-4.0	22.6
Reconciliation to result before income taxes:										
Special items										-3.3
Amortization, depreciation and impairment										-9.5
Financial income										1.7
Financial expenses										-3.4
Result before income taxes										**8.1**
Gross margin	40.9%	38.4%	39.1%	-	39.9%	52.2%	32.4%	44.6%	-	40.8%
EBITDA %	22.2%	15.0%	10.2%	-	11.6%	17.1%	-12.1%	5.9%	-	8.9%

Note 4 continues on page 19.

Note 4
SEGMENT INFORMATION (2/2)

EUR million	EMEA	Americas	APAC	Non-allocated	Total professional	Specialty Professional	Specialty Consumer	Total Specialty	Non-allocated	Group
9M 2018										
Revenue	361.2	199.6	58.5	0.0	619.3	100.4	75.9	176.3	0.0	795.6
Gross profit	151.5	83.6	24.5	0.0	259.6	47.3	27.7	75.0	0.0	334.6
EBITDA before special items	82.6	38.3	8.8	-45.1	84.6	14.0	3.9	17.9	-11.0	91.5
Reconciliation to result before income taxes:										
Special items										-36.2
Amortization, depreciation and impairment										-29.4
Financial income										9.5
Financial expenses										-16.8
Result before income taxes										**18.6**
Gross margin	41.9%	41.9%	41.9%	-	41.9%	47.1%	36.5%	42.5%	-	42.0%
EBITDA %	22.9%	19.2%	15.0%	-	13.7%	13.9%	5.1%	10.2%	-	11.5%
9M 2017										
Revenue	354.4	218.8	59.9	0.0	633.1	91.3	77.2	168.5	0.0	801.6
Gross profit	153.7	90.2	24.4	0.0	268.3	46.5	28.7	75.2	0.0	343.5
EBITDA before special items	85.6	40.9	7.8	-46.6	87.7	14.0	2.1	16.1	-10.3	93.5
Reconciliation to result before income taxes:										
Special items										-10.2
Amortization, depreciation and impairment										-29.0
Financial income										5.3
Financial expenses										-11.5
Result before income taxes										**48.1**
Gross margin	43.4%	41.2%	40.7%	-	42.4%	50.9%	37.2%	44.6%	-	42.9%
EBITDA %	24.2%	18.7%	13.0%	-	13.9%	15.3%	2.7%	9.6%	-	11.7%

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, shared marketing as well as shared functions for digitalization.

Note 5
DISTRIBUTION OF REVENUE

EUR million	Revenue 2018	Revenue 2017	Organic growth	Impact of acquisi-tions, net	FX-rates impact	Revenue growth
Q3						
Floorcare	87.4	83.1	6.7%	0.0%	-1.6%	5.1%
Vacuum cleaners	52.1	48.3	9.5%	0.0%	-1.4%	8.1%
HPW	35.6	43.1	-16.6%	0.0%	-0.9%	-17.5%
Aftermarket	78.5	78.2	4.6%	-2.0%	-2.3%	0.3%
	253.6	252.7	2.6%	-0.6%	-1.7%	0.3%
9M						
Floorcare	255.2	261.1	2.3%	0.0%	-4.6%	-2.3%
Vacuum cleaners	155.2	149.0	6.9%	0.0%	-2.8%	4.2%
HPW	135.1	141.5	-1.6%	0.0%	-2.9%	-4.5%
Aftermarket	250.1	250.0	5.0%	-1.5%	-3.4%	0.0%
	795.6	801.6	3.3%	-0.5%	-3.6%	-0.8%

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	Q3 2018	Q3 2017	9M 2018	9M 2017
Cost saving program	7.0	2.0	12.8	6.9
Business transformation activities	1.5	0.0	2.9	0.0
Results on divestment of business	0.4	0.0	-0.2	0.0
Write-down	7.6	0.0	7.6	0.0
Impairment	12.6	0.0	12.6	0.0
Costs related to the split from NKT A/S	0.5	1.3	0.5	3.3
	29.6	3.3	36.2	10.2

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 net gain on divestment of business for the first nine months relates to the divestment of our Swedish chemical business offset by Rottest. Write-down/impairment costs includes the divestment of the Outdoor business and the US carpet restoration business. Please refer to note 11 for further details.

Costs related to our split from NKT A/S includes consultancy fees, the cost of supporting tools, 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). 37 employees have in total received 53,245 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 Q3 2018, Nilfisk has expensed 0.3 mEUR relating to the long-term incentive program. For the first nine months of 2018 2.5 mEUR has been taken to income.

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 September 30, 2018, are 320,907 compared to 555,870 at December 31, 2017. In the first nine months of 2018, 234,963 share options have been exercised.

In the period 2012-2016, a phantom share program granted several 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 September 30, 2018, compared to 412,405 at December 31, 2017. In the first nine 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 at December 31, 2017, and September 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 January 1, 2018 - September 30, 2018 and for the period January 1, 2017 - December 31, 2017.

Categories of financial instruments – carrying amount

EUR million	September 30 2018	September 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 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	**Q3 2018**	**Q3 2017**	**9M 2018**	**9M 2017**
Revenue	253.6	252.7	795.6	801.6
Cost of sales	-154.8	-150.2	-467.2	-459.5
Gross profit	**98.8**	**102.5**	**328.4**	**342.1**
Research and development costs	-18.3	-7.9	-36.7	-24.3
Sales and distribution costs	-63.1	-62.5	-192.4	-194.8
Administrative costs	-28.8	-22.8	-73.1	-70.6
Other operating income, net	-1.9	0.5	-0.2	1.9
Result before financial items and income taxes (EBIT)	**-13.3**	**9.8**	**26.0**	**54.3**
Amortization/impairment of acquisition-related intangibles are divided into:				
Cost of sales	-0.3	-0.4	-1.1	-1.2
Sales and distribution costs	-1.5	-1.1	-3.7	-3.5
	-1.8	-1.5	-4.8	-4.7
Special items are divided into:				
Cost of sales	-4.5	-0.1	-5.1	-0.2
Research and development costs	-11.3	-0.3	-11.5	-0.6
Sales and distribution costs	-1.2	-0.5	-2.6	-1.7
Administrative costs	-10.5	-2.4	-14.9	-7.7
Other operating income, net	-2.1	0.0	-2.1	0.0
	-29.6	-3.3	-36.2	-10.2

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	Q3 2018	Q3 2017	9M 2018	9M 2017
Cost of sales, depreciation and impairment	2.9	3.0	9.0	8.7
Research and development costs, depreciation and impairment	0.1	0.1	0.2	0.2
Research and development costs, amortization and impairment	3.3	3.3	10.3	10.3
Sales and distribution costs, depreciation and impairment	0.3	0.2	0.8	0.8
Sales and distribution costs, amortization and impairment	0.3	0.4	0.8	1.1
Administrative costs, depreciation and impairment	0.4	0.5	1.4	1.6
Administrative costs, amortization and impairment	0.8	0.5	2.1	1.6
Amortization/impairment of acquisition-related intangibles	1.8	1.5	4.8	4.7
Impairment included in special items	12.6	0.0	12.6	0.0
	22.5	9.5	42.0	29.0
Total depreciation and impairment of tangibles	5.2	3.8	12.9	11.3
Total amortization and impairment of non-acquisition related intangibles	15.5	4.2	24.3	13
Total amortization and impairment of acquisition related intangibles	1.8	1.5	4.8	4.7
	22.5	9.5	42.0	29.0

Note 11
ASSETS AND LIABILITIES HELD FOR SALE

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets.

An impairment loss is recognized for any initial or subsequent write-down of the asset to fair value less costs to sell. The impairment or write-down is presented as special items.

Non-current assets are not depreciated or amortized while they are classified as held for sale.

Non-current assets and disposal groups held for sale are presented in separate lines in the statement of financial position and the main elements are specified in the notes. Comparative figures are not adjusted.

As at September 30, 2018, assets classified as held for sale comprised of two business areas. Nilfisk has decided to exit the Outdoor business (35 mEUR annual revenue). The Danish-based part of the business was sold effective January 1, 2019, while the Italian-based part of the business will be exited immediately with an expected completion in Q1 2019. Nilfisk has also sold its US carpet restoration business, HydraMaster (15 mEUR annual revenue) effective October 29, 2018. The divestments resulted in the recognition of an impairment loss and write-down of 20.2 mEUR within special items.

The impairment loss and write-down of 20.2 mEUR million resulted from a re-measurement of the business fair value less costs to sell and related primarily to non-current assets mainly capitalized development costs.

Goodwill is allocated at the CGU level, which corresponds to the segments. Both Outdoor and HydraMaster were part of the Specialty Professional segment. The impairment test of the segment after divestments does not show any goodwill impairment.

EUR million	September 30 2018
Other intangible assets	0.8
Fixed assets	0.4
Inventory	3.5
Receivables	1.4
Assets classified as held for sale	**6.1**
Trade payables and other liabilities	1.4
Liabilities directly associated to assets classified as held for sale	**1.4**
Assets classified as held for sale, net	**4.7**

Note 12
CONTINGENT LIABILITIES, SECURITIES AND CONTRACTUAL OBLIGATIONS

Regarding contingent liabilities, 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 13
SUBSEQUENT EVENTS

Divestments signed or completed in the period October 1 - November 14, 2018, are described in the section "Financial impact of simplification initiatives" on page 11. Please also refer to note 11.

On November 6, 2018, Nilfisk announced a leadership change for the Americas region, covering sales across North and South America. Effective from this date, Andrew Ray resigned as Executive Vice President and head of the Americas.

Other than as set out above or elsewhere in these condensed consolidated interim financial statements, we are not aware of events subsequent to September 30, 2018, which are expected to have a material impact on the Group's financial position.

Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management Board have today discussed and approved the condensed Interim Report of Nilfisk Holding A/S for the period January 1 - September 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 condensed Interim Report gives a true and fair view of the Group's assets, liabilities and financial position at September 30, 2018, and the results of the Group's activities and cash flow for the period January 1 - September 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, and the general financial position of the Group and a description of major risks and elements of uncertainties faced by the Group.

Brøndby, November 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, 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.

Nilfisk's Interim Report Q3 2018 was published on November 14, 2018. The report is also available at www.nilfisk.com.

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Nilfisk