Nilfisk full-year results 2023

CONFERENCE CALL PRESENTATION
February 15, 2024

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Forward-looking statements

This presentation contains forward-looking statements.

Any such statements are subject to risks and uncertainties, and several different factors, of which many are beyond the Group's control, can mean that the actual development and the actual result will differ significantly from the expectations contained in the Interim Report and this presentation.

Accordingly, forward-looking-statements should not be relied on as a prediction of actual results.

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Key highlights Q4 2023 and FY2023
Business Plan 2026 update

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Q4 2023: Muted demand

- Service and Specialty grew, strong recovery in Consumer
- Challenging climate impacted Professional in North America
- Organic growth in APAC, EMEA flattish, Americas declined
- EBITDA benefitted from continued gross profit margin expansion
- EBITDA margin bsi impacted by muted demand, partly offset by price management

252.9 mEUR
Revenue

-2.9 %
Organic growth

35.1 mEUR
EBITDA (bsi)

13.9 %
EBITDA margin (bsi)

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FY 2023: Steady progress

- Steady progress executing on Business Plan 2026
- We delivered an acceptable set of results for the year, pursuing pockets of growth in a market impacted by a muted demand
- Organic revenue growth and an EBITDA margin bsi in line with outlook
- 2026 financial targets are confirmed

1,033.6 mEUR
Revenue

-0.3 %
Organic growth

132.4 mEUR
EBITDA (bsi)

12.8 %
EBITDA margin (bsi)

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Steady progress with Business Plan 2026

We invested and built the foundation for long-term sustainable growth in 2022-23 to accelerate from 2024

Develop **service-as-a-business**

- Growth continued, but tracking behind plans
- Revenue share of 29% (2022: 28%)
- Contract attachment rate of 12% (2022: 10%)
- Increased focus on PAC
- Service Business anchored into EMEA region

Grow in **large-scale markets**

- US organic growth of 0.1%, despite muted H2
- Soft demand within US HPW and Specialty
- Continued ramp up of output for large industrial equipment from Brooklyn Park
- APAC region established early 2023. Solid growth driven by strong demand

Lead with **sustainable products**

- Investments into our innovation pipeline stepped up in 2022 and 2023
- Solid product roadmap for 2024 and onwards
- Increased focus on sustainability

Expand **EMEA leadership position**

- EMEA operating model finalized
- Six equal markets and clusters driving commercial activities
- Commercial activation of Service Business from EMEA markets/clusters

Enhance **supply chain robustness**

- Increased production capacity and efficiency across sites
- Dual production of high-selling floor care products across geographies to improve delivery time
- Margin expansion via price management

Unleash growth of **Specialty Business**

- Rebuild IVS Centre of Excellence
- Strengthened IVS R&D setup
- New innovative IVS product roadmap
- Expansion into new IVS segments

Product launches in 2023 and new VP300 R coming today

Strengthened product roadmap during 2022 and 2023 showing first results

Lead with
sustainable products

2023 launches

Floorcare

- SC50 1.5 (relaunch)
- SC650 (relaunch)

Vacuums

- Nilfisk S1 (new)
- GD/VP930 (relaunch)

New VP300 R in Q1 2024

Meeting our customers' increased focus on sustainability with an updated VP300 R

The VP300 variant uses 30% recycled plastic (post-consumer plastic)

Target segments

Primary: Contract Cleaner, Education, Retail

Secondary: Hospitality

Launch: February 15, 2024

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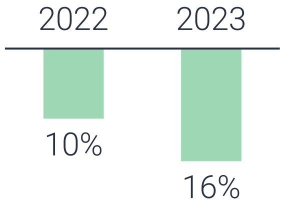
Accelerating our sustainability efforts

Sustainability results for 2023, targets for 2026 and towards 2030

: 2022 and 2023 results
: Target in 2026
: Target towards 2030

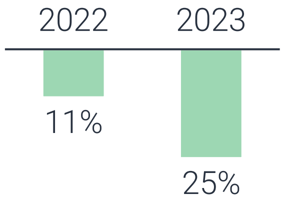
E

Scope 1 & 2 absolute emission reductions



35%

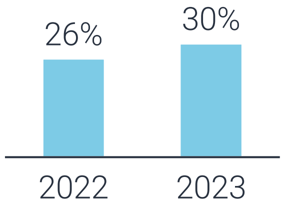
Scope 3 emission intensity reductions



48%

S

Women in top management



34%

Equal

High engagement score

G

EcoVadis rating

GOLD

New code of conduct

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Financials

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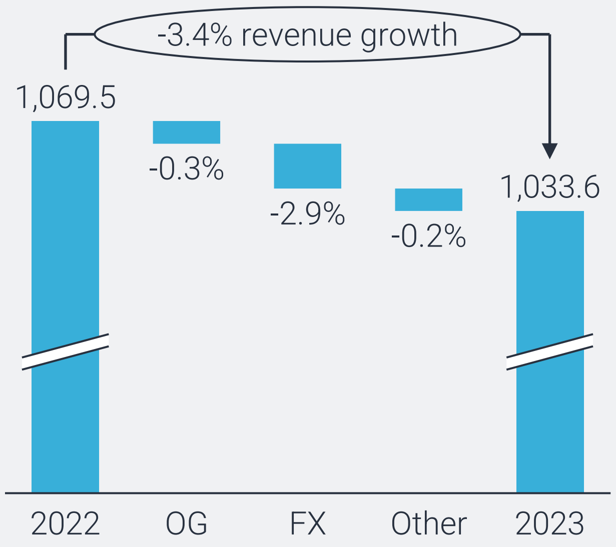
Organic growth flattish, revenue decline primarily driven by FX effects

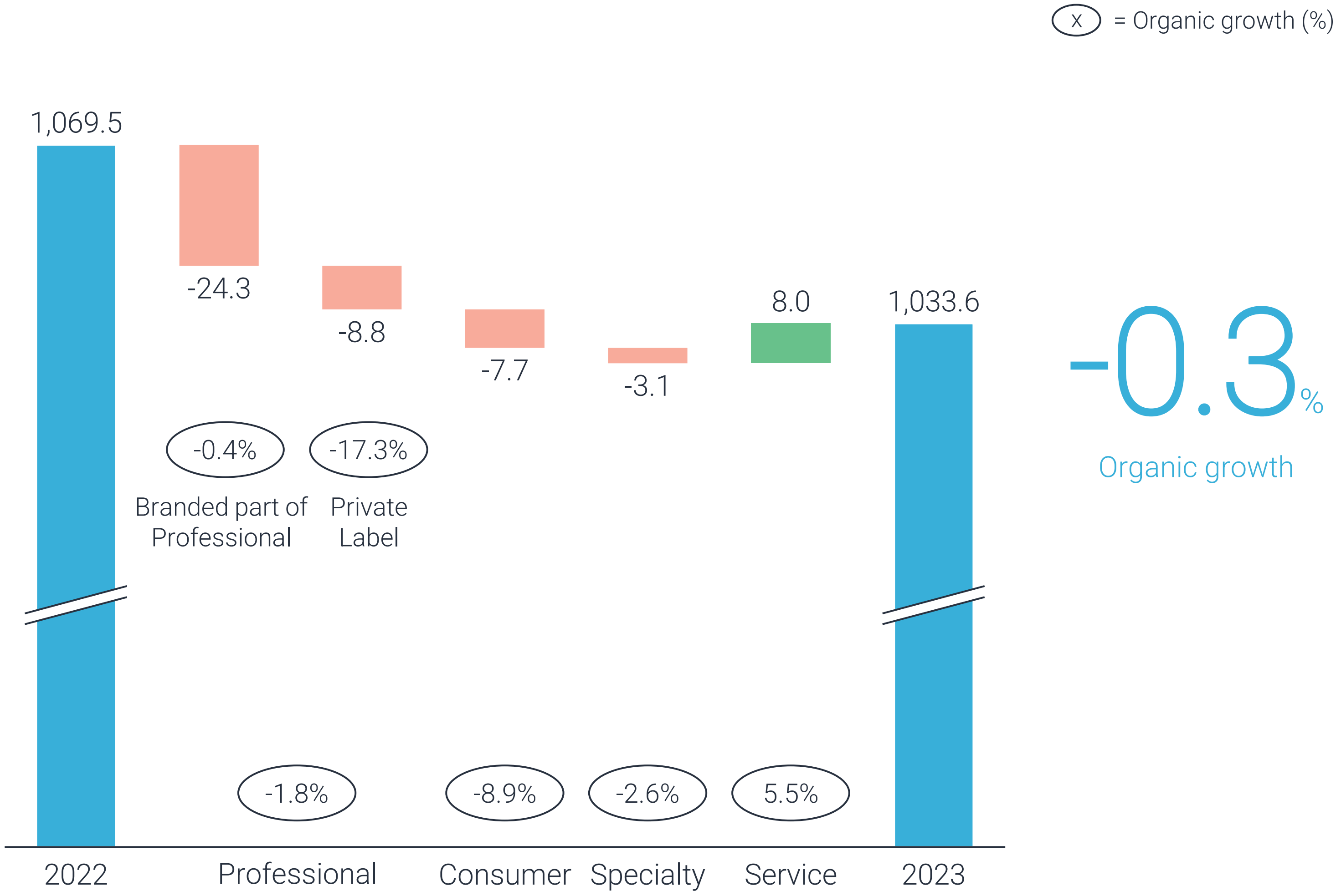
Revenue (mEUR), organic revenue growth (%)

1,033.6

mEUR

Revenue 2023





-0.3%

Organic growth

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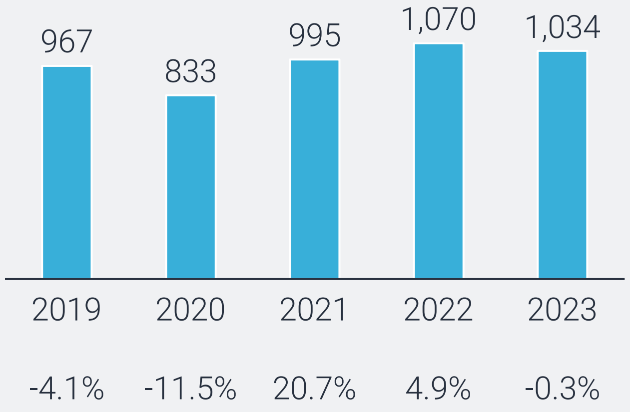
Organic growth impacted by soft EMEA and headwinds in Americas

Revenue (mEUR), organic revenue growth (%)

-0.3%

Organic revenue growth 2023



(X) = Organic growth Branded Professional (%)

Americas region	EMEA region	APAC region
1.4%	-2.5%	8.3%
366 mEUR	586 mEUR	82 mEUR
0.6%	-2.8%	7.3%

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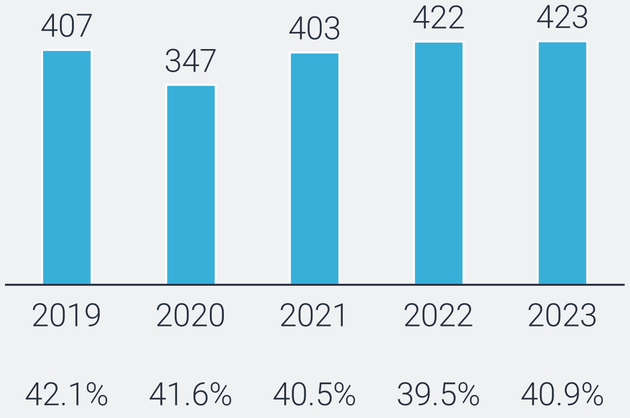
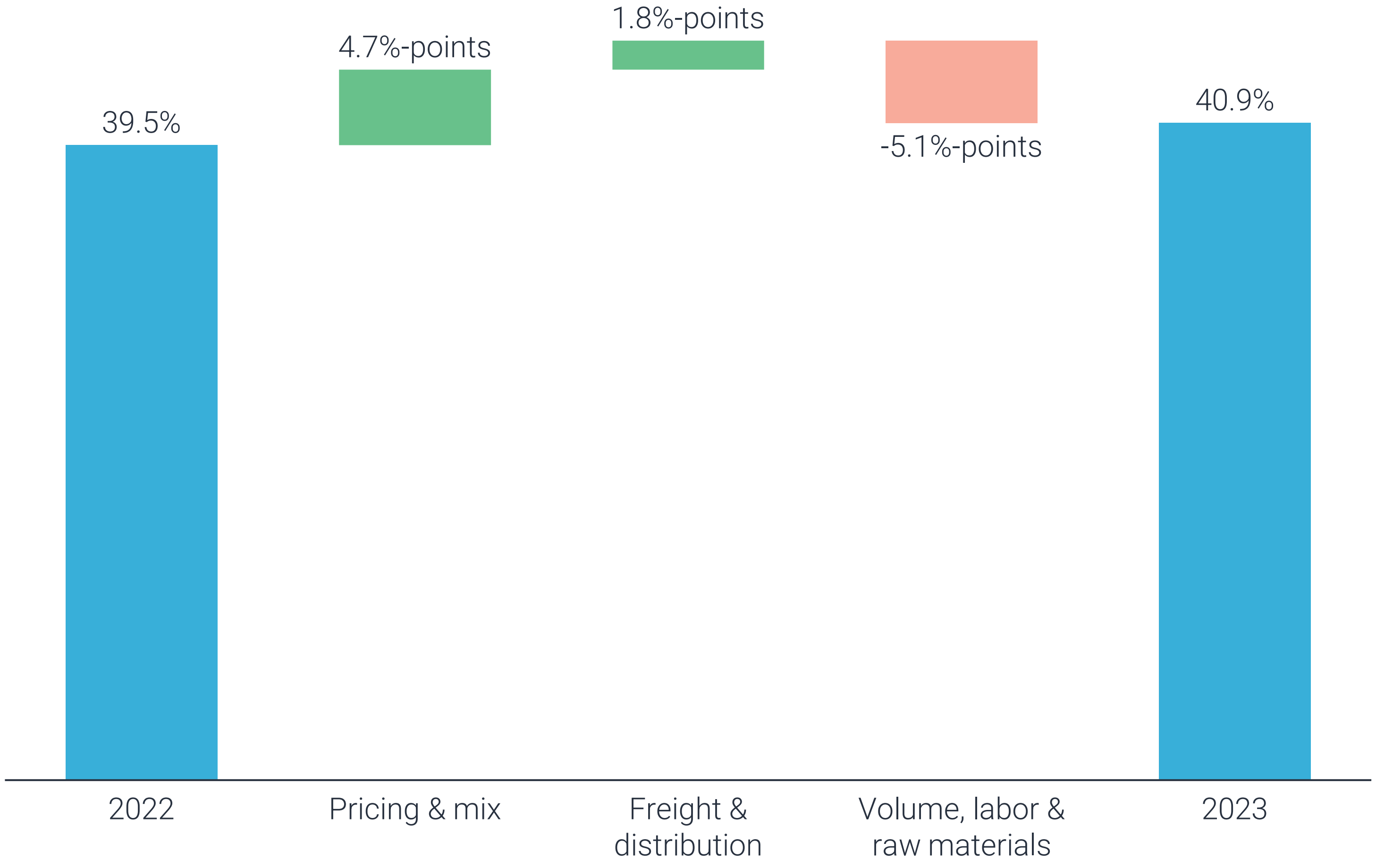
Gross margin improvement continued driven by pricing and freight

Gross profit (mEUR), gross margin (%)

40.9%

Gross margin 2023





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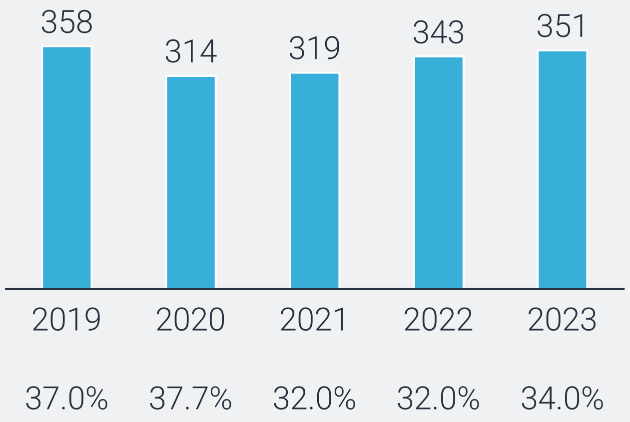
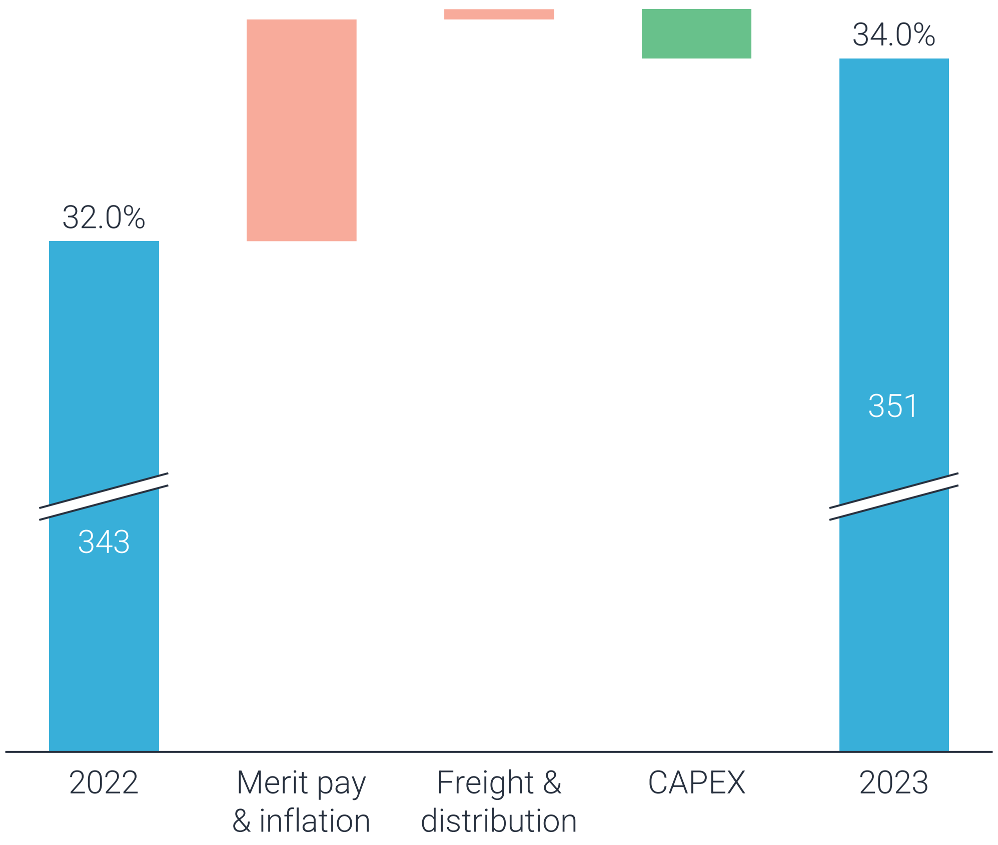
Overhead costs increased driven by merit pay and inflation

Overhead cost (mEUR), overhead cost ratio (%)

34.0%

Overhead costs ratio 2023





Sales and distribution
Up 8.2 mEUR from 2022, driven primarily by merit increases across the salesforce and increased facility expenses

Administration
Administration costs increased by 4.5 mEUR compared to 2022 primarily driven by merit increases and BP26 investments

R&D
R&D spend increased by 2.3 mEUR driven by BP26 investments in modular platforms and a new product pipeline

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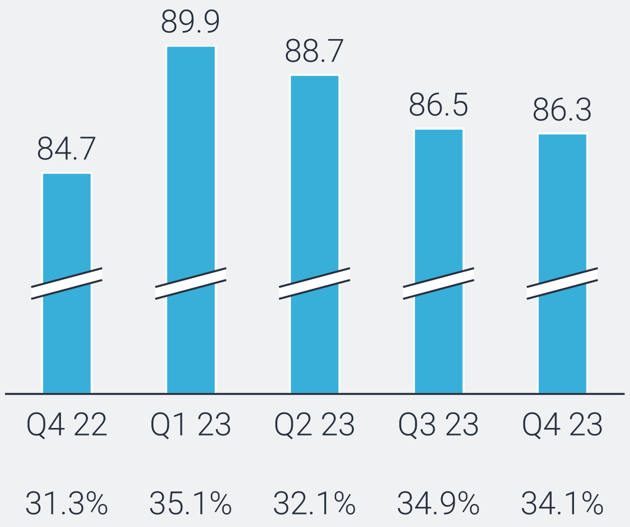
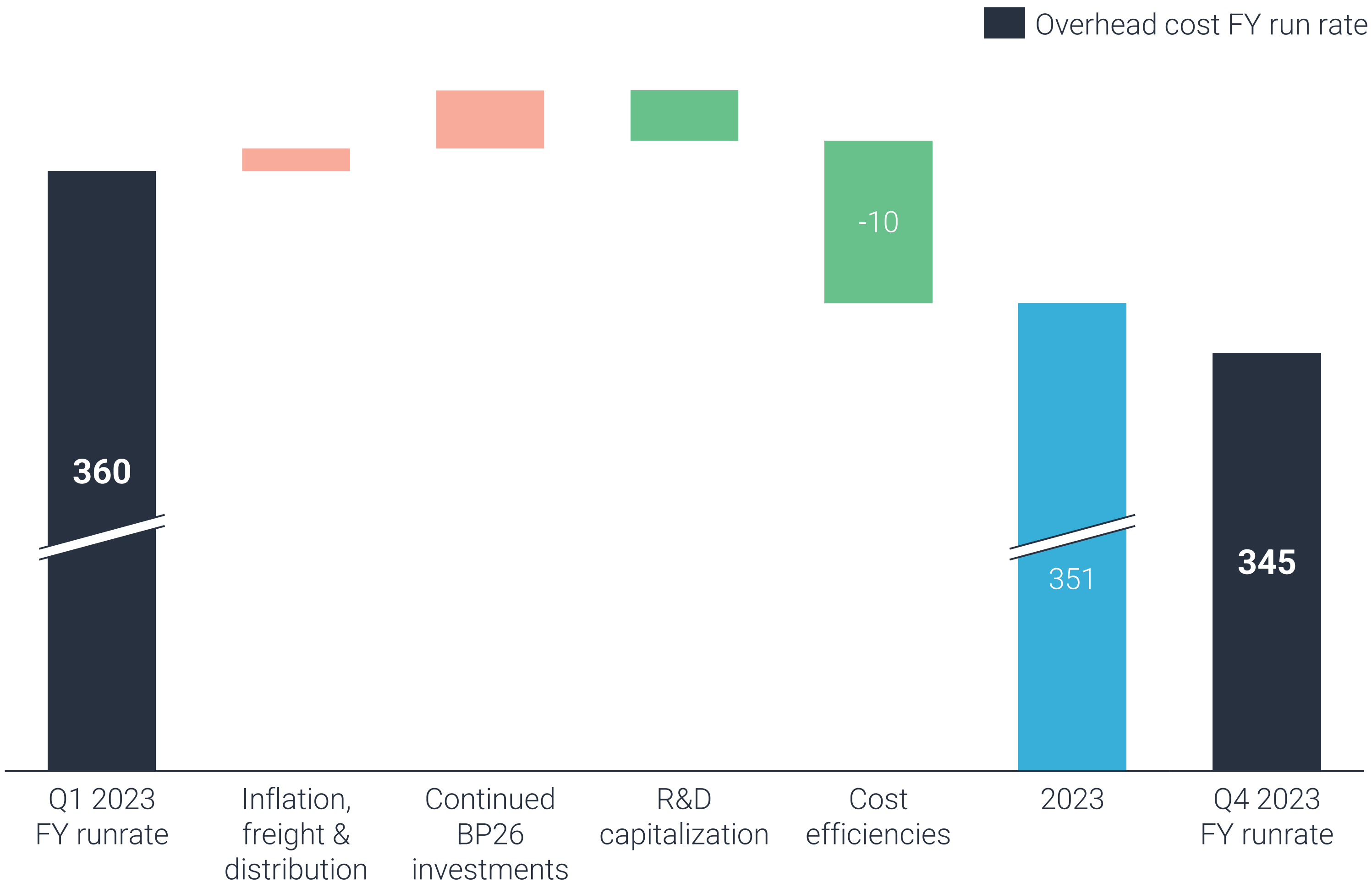
Overhead cost run rate lowered from structural efficiencies

Overhead cost (mEUR), overhead cost ratio (%)

10.1 mEUR

Overhead cost efficiencies realized in 2023





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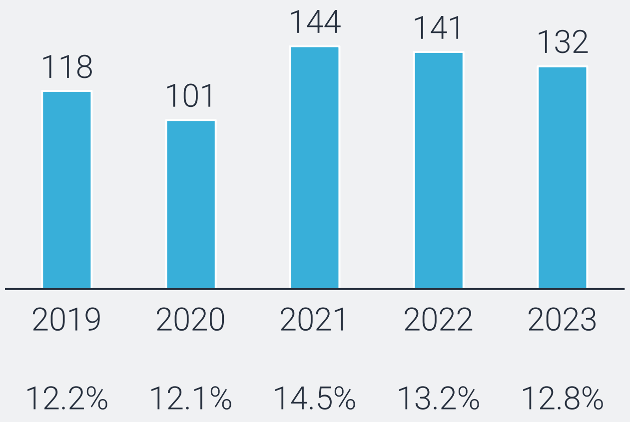
EBITDA margin bsi supported by pricing offsetting volume and inflation

EBITDA bsi (mEUR), EBITDA margin bsi (%)

12.8%

EBITDA margin bsi 2023



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Significant free cash flow driving solid NIBD and gearing reduction

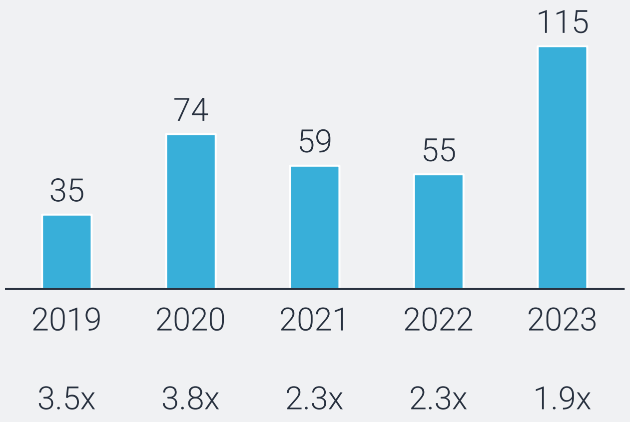
Working capital, CAPEX, cash flow, NIBD (mEUR) and gearing ratio

115.2 mEUR

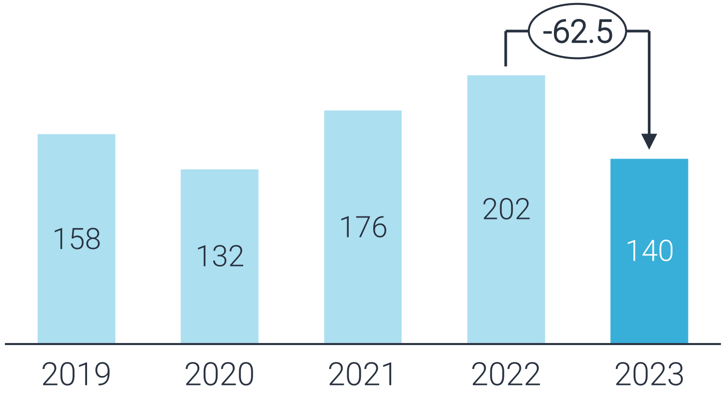
Free cash flow 2023

1.9x

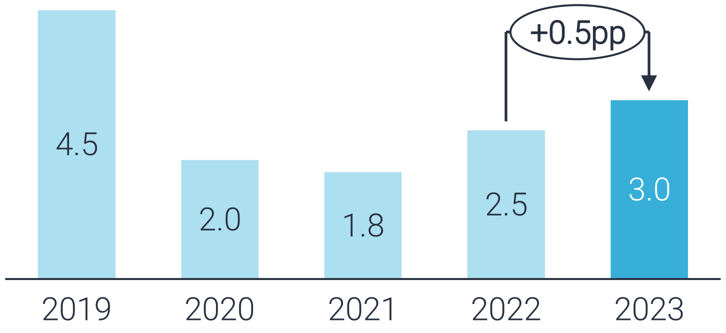
Gearing 2023



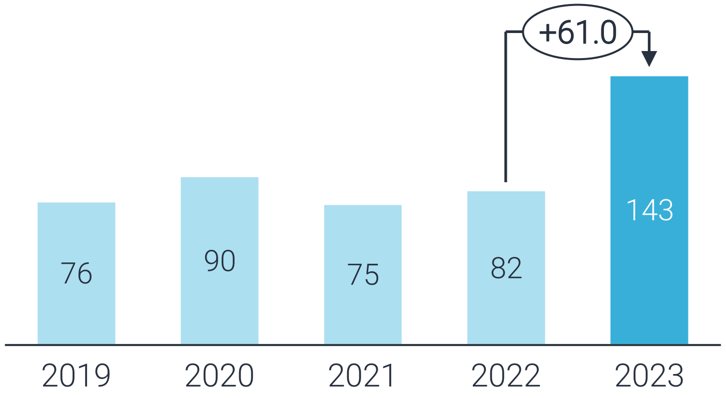
Working capital



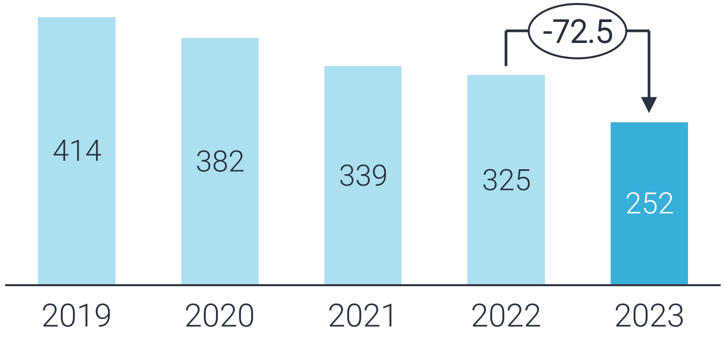
CAPEX ratio



Operating cash flow



NIBD



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Outlook for 2024

Outlook for 2024

We expect that both demand and output will pick up in 2024, leading to volume growth across products and services. The muted demand in North America affecting the second half of 2023 leads to some uncertainty.

The range for organic revenue growth is expected to be 3% to 6%, mainly supported by demand, increased output, a solid order book end-2023 and minor effects of pricing actions.

The range for EBITDA margin before special items is expected to be 13% to 15%. The EBITDA margin is expected to be supported by increased revenue, gross margin expansion and by the structural efficiency improvements realized in 2023.

CAPEX spend is expected around 4% of revenue with more than half directed towards product investments.

Special items are expected in the range from low to mid-single digit mEUR.

3% to 6%

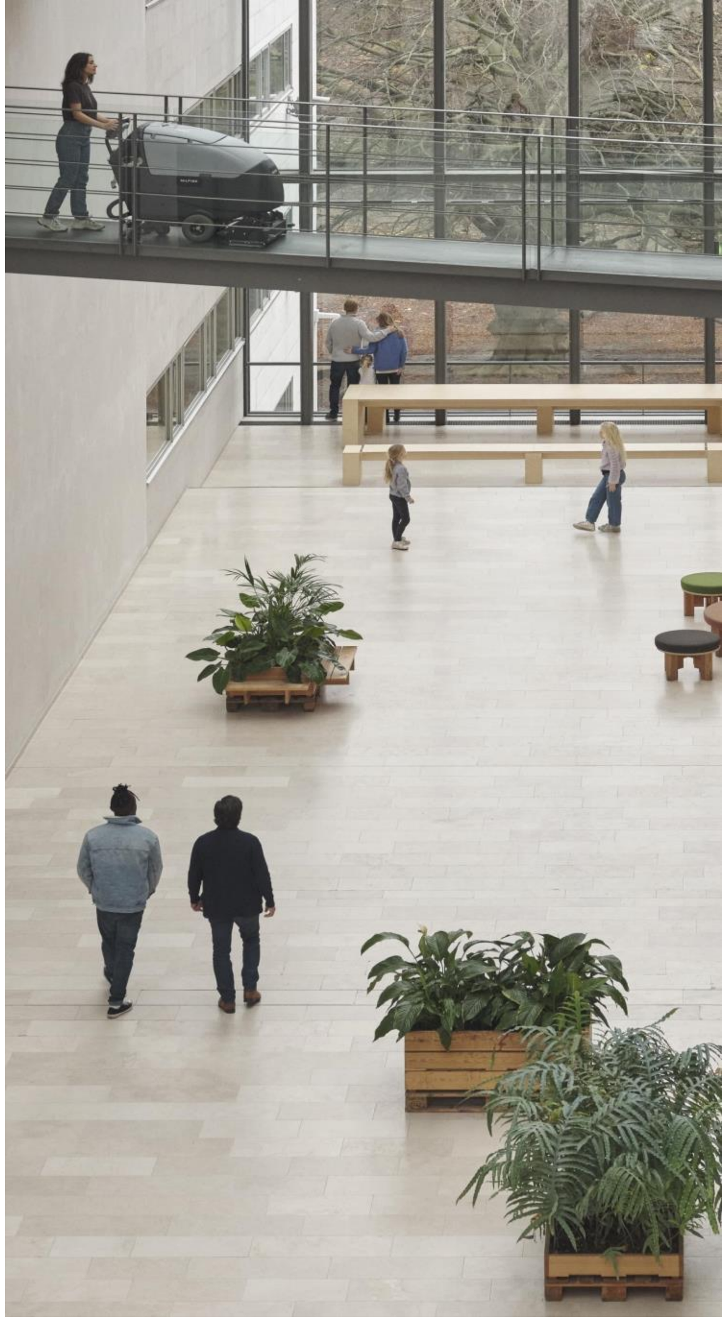
Organic revenue growth

13% to 15%

EBITDA margin before special items

~4%

CAPEX ratio



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Q&A

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