

## **Company announcement**

February 23, 2023

Announcement No. 01/2023

### **Nilfisk reports fourth-quarter and full-year 2022 results**

Nilfisk, a leading global provider of professional cleaning products and services, reported its 2022 results today.

Commenting on the results, Torsten Türling, CEO of Nilfisk said:

*"With a strong Q4 result, we finished the year 2022 on a high note. In Q4, we achieved growth in our branded professional business across all regions and EBITDA margin before special items recovered to 14.6%. We continued our journey towards long-term sustainable growth with a reported growth of 7.5% to a revenue of 1,069.5m EUR in the full-year 2022, the second year in a row of substantial revenue growth.*

*Our Business Plan 2026 has served us well in 2022, helping us weather several challenges. We countered the severe inflationary pressures increasingly well with our improved pricing practice. We achieved a double-digit organic revenue growth in our Americas region despite the disruption caused by a tornado destroying our US Distribution Center end of March 2022. And with Service-as-a-Business, we launched our new growth platform, which has already started to deliver the first results.*

*The implementation of new Ways of Working has supported the execution of our business plan and benefitted our financial results. In 2022, Nilfisk delivered an EBITDA before special items of 140.8 mEUR, the second highest in the company's history".*

### **Full-year 2022 highlights**

We delivered organic revenue growth and an EBITDA margin bsi in line with the updated outlook provided on October 26, 2022.

- Revenue amounted to 1,069.5 mEUR, corresponding to reported growth of 7.5% from 2021.
- Organic growth was 4.9%, driven by an 8.6% organic growth within branded professional business across all regions. This was in line with our guidance from October 26, 2022 of organic revenue growth of between 4.5% and 6.5%.
- With organic growth of 12.5%, the strategically important Americas region grew the fastest. Growth was driven by continued market share gains from both strategic accounts and the dealer business.
- In Europe organic growth within the branded professional business was 6.7%. This was achieved across many markets despite a slowing economy due to the war in Ukraine, the energy crisis and high inflation. Strong pricing execution supported growth in Europe.

- The process to liquidate Nilfisk Russia was initiated in 2022, after suspending business in Russia on March 4, 2022.
- Organic growth in APAC was 4.6%, driven from the southeast Asian markets and Australia, countering the negative impact from COVID-19 lockdowns in China.
- Revenue from Consumer declined -15.2% organically while Private Label and other declined with -15.7%. The development was following the slowdown in the respective consumer markets and the building and construction segment.
- The gross margin came to 39.5%, 1%-point lower than for 2021. The decline was primarily driven by headwinds from inflation on raw materials, higher freight costs and to a lesser extent due to lower capacity utilization at our manufacturing facilities.
- The overhead cost ratio remained stable at 32.0% due to strict cost control. The increase in overhead costs of 23.9 mEUR reflects foreign exchange rate effects, a higher overall activity, inflationary cost pressures as well as investments in Business Plan 2026 initiatives.
- EBITDA before special items (bsi) amounted to 140.8 mEUR representing an EBITDA margin bsi of 13.2%. This represents a reduction of 130 bps or 3.5 mEUR mainly driven by the inflationary pressures not fully mitigated by pricing actions during 2022.
- Special items increased to 9.9 mEUR, compared to 4.4 mEUR in 2021. Special items were mainly related to the liquidation of Nilfisk Russia and restructuring in connection with the implementation of Business Plan 2026.
- Free cash flow amounted to 54.5 mEUR, 4.0 mEUR lower than in 2021. While operating cash flow grew during 2022, increased investments into the US Distribution Center rebuild and strategic R&D investments consumed an additional 9 mEUR in cash compared to 2021.
- Cash flow benefitted from changes in working capital, which was positively impacted by the non-recourse factoring program initiated in autumn 2022. Factoring reached 21.2 mEUR at end-2022.

### **Key figures**

<b>mEUR</b>	<b>FY 2022</b>	<b>FY 2021</b>	<b>Q4 2022</b>	<b>Q4 2021</b>
Revenue	1,069.5	994.9	270.3	260.6
Organic growth	4.9%	20.7%	2.3%	16.7%
Gross margin	39.5%	40.5%	39.5%	38.8%
EBITDA before special items	140.8	144.3	39.5	31.5
EBITDA margin before special items	13.2%	14.5%	14.6%	12.1%
Free cash flow excl. acquisitions and divestments	54.5	58.5	48.4	15.5
Financial gearing	2.3	2.3	2.3	2.3

## **Outlook for 2023**

For our outlook, we expect that the current macro-economic uncertainty will continue into 2023, leading to some volume decline, particularly in the European market.

The range for organic revenue growth is expected to be -2% to 2%. This is supported by full-year effects of pricing actions completed in 2022 and by a substantial order book at end-2022. Negative organic growth would require a worsening of current trading conditions.

The range for the EBITDA margin bsi is expected to be 12% to 14%.

Organic revenue growth	-2% to 2%
EBITDA margin before special items	12% to 14%

Given our ongoing initiatives and investments in structurally improving the business, our financial targets for 2026 are confirmed.

## **Webcast**

Nilfisk will host a webcast today at 11:00 am CET. Presentation materials will be available on the website prior to the webcast. Please pre-register for the call no later than 10:55 using the link below:

Conference call link (use this to ask questions):

<https://services.choruscall.it/DiamondPassRegistration/register?confirmationNumber=6183662&linkSecurityString=78de9b412>

Webcast streaming:

<https://getvisualtv.net/stream/?nilfisk-fy-2022-3b7uevqw3q>

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

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

## **Contacts**

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## **Forward-looking statements**

Statements made about the future in this report reflect the Executive Management Board's current expectations with regard to future events and financial results. Statements about the future are by their nature subject to uncertainty, and the results achieved may therefore differ from the expectations, due to economic and financial market developments, legislative and regulatory changes in markets that the Nilfisk Group operates in, development in product demand, competitive conditions, energy and raw material prices, and other risk factors. Nilfisk Holding A/S disclaims any liability to update or adjust statements about the future or the possible reasons for differences between actual and anticipated results except where required by legislation or other regulations.