

Company announcement

November 24, 2021

Announcement No. 23/2021

Nilfisk Q3 2021 results: Organic growth of 17.9% and record volume in demand and order intake across all regions and segments

Nilfisk, a leading provider of professional cleaning products and services, today announced financial results for Q3 2021.

Q3 2021 highlights

- We continued to see a positive development in the third quarter of 2021 as seen in the first half of the year with a record volume in demand and order intake. Organic growth was 17.9% for the total business. Revenue was 239.2 mEUR driven by higher order intake across all regions and segments. The growth is the continued result of a broad-based market recovery combined with the successful activation of several business initiatives
- The branded professional business posted organic growth of 16.1%, in particular driven by strong performance in the Americas and in key markets in other regions
- Americas posted organic growth of 20.9% mainly driven by strong order intake in the US as a result of our increased focus on Strategic Accounts, as well as growth in our dealer business in Canada
- Europe posted organic growth of 12.5% with positive performance especially in the Nordics as well as positive performance development within the contract cleaner segment in Southern Europe
- APAC posted organic growth of 18.1%. China and Southeast Asian countries delivered strong organic growth over the prior year, although high exposure to the hospitality segment, still impacted by the pandemic, keeps the region below pre-pandemic level
- The Consumer business continued its high performance benefitting from our renewed focus on this business. Facing tougher comparables organic growth came to 4.8% on top of a very strong previous year quarter
- Along the same lines, our Private Label customers experienced high demand for their products. As a result, our Private Label business posted strong organic growth of 74.8% in the quarter
- Gross margin declined by 0.4 percentage point compared to Q3 2020, reaching 40.7%, negatively impacted by exceptionally high freight rates and higher raw materials costs

- Due to substantially higher sales in Q3 2021, the overhead cost ratio improved by 3.9 percentage points compared to Q3 2020. As a result of prudent cost management, overhead costs increased just by 5.3% or in absolute value by 3.9 mEUR compared to Q3 2020 despite significantly higher business activity during the quarter
- As a result of higher revenue and lower overhead ratio, EBITDA before special items increased in Q3 2021 compared to Q3 2020 by 35.3% and reached 34.5 mEUR, leading to an EBITDA margin of 14.4%. This corresponds to an increase of 9.0 mEUR versus Q3 2020 and an EBITDA margin improvement of 180 basis points
- Because of the substantially higher business activity and investments in critical components in the supply chain, working capital grew by 15.3 mEUR. However, due to continued focus on working capital management, the working capital ratio improved to 15.5% compared to 19.9% in Q3 2020
- Free cash flow in the quarter increased significantly to 14.5 mEUR, versus 5.6 mEUR in Q3 2020. Net interest-bearing debt was reduced at the end of the period by 56.0 mEUR compared to end Q3 2020 and reached 346.1 mEUR

Outlook for 2021

	New Guidance	Guidance July 13, 2021
Organic growth for the total business	17 to 18%	12% to 16%
EBITDA margin before special items	14% to 15%	13% to 15%

In consequence of continuing positive trading and strong execution in our key markets, underpinned by a strong order book as well as having an improved supply chain visibility, we can now lift our guidance for Revenue for the full year to an organic growth in the range of 17% - 18%. (Previous guidance: in the upper range of 12% to 16%)

For the EBITDA margin before special items, we increase the lower end of the guidance to 14% and expect EBITDA margin for the full year in the range of 14% to 15%. (Previous guidance: in the upper range of 13% to 15%)

We also foresee that the substantially higher freight and material costs, which we are experiencing at the moment, will affect us for the next quarters and are potentially overcompensating the positive effects of price and operational leverage.

CEO comment

Commenting on the results, CEO Torsten Türling says:

“Q3 marked the continuation of our strong sales growth performance and improved EBITDA margin. Due to strong efforts across our commercial as well as operations teams, we achieved significant year-on-year sales growth despite material shortages and significant challenges in the supply chain. Our determined pricing actions helped us to mitigate a good proportion of the exceptionally high freight cost and raw material inflation impact. Based on our strong order book and the improved supply chain visibility, we are pleased that we can increase the full year outlook, now for the third time this year.”

“During the last couple of months, we progressed well towards clarifying our Strategic Direction. Based on a strengthened execution capability, we aim at focusing on sustainable long-term growth. We are currently finalizing our 5-year financial plan and will share its highlights in a Capital market day in Q1 2022.”

Key figures

	Q3 2021	Q3 2020
Revenue (mEUR)	239.2	202.5
Organic growth	17.9%	-7.3%
Gross margin	40.7%	41.1%
EBITDA before special items (mEUR)	34.5	25.5
EBITDA margin before special items	14.4%	12.6%
EBIT before special items (mEUR)	20.0	9.8
EBIT margin before special items	8.4%	4.8%

Conference call

Nilfisk will host a conference call today at 10:00 CET. Please visit investor.nilfisk.com to access the call. Presentation materials will be available on the website prior to the conference call.

To dial in, please use the following numbers:

- Denmark: +45 82333194
- United Kingdom: +44 3333009274
- United States: +1 6467224957

Video live stream:

<https://streams.eventcdn.net/nilfisk/2021q3/>

Contact

Media Relations

Sara Westphal Emborg

Global Head of Media Relations

T: +45 2222 8577