NILFISK INTERIM REPORT

Q1 Interim Report 2019

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Q1 IN BRIEF – Highlights

- In Q1 2019, the branded professional business in EMEA posted organic growth of 3.6% driven by the major markets. The branded professional business in Americas grew by 3.2% based on solid performance in the US business while APAC delivered negative growth of 2.9% despite positive results in China
- In total, the Nilfisk branded professional business grew organically with 2.8%
- After disappointing negative growth in the Consumer business, organic growth for the total business was 1.0%
- The gross margin was 43.1%, an increase of 0.7 percentage point compared to Q1 2018
- The operating performance excluding special items was 13.3%, and 10.6% excluding impact from IFRS 16, representing an increase of 0.3 percentage point compared to Q1 2018
- The strategic review of the consumer business was completed with the conclusion that Nilfisk is the best owner of this business based on shareholder value
- Nilfisk replaced the regional structure in Americas with a global, functional structure ensuring a stronger daily focus on the Floorcare business in the US
- Nilfisk announced a partnership with Brain Corp. The partnership is a strong addition to Nilfisk's multi-partner strategy for our autonomous cleaning solutions

247 mEUR
Revenue
Down 11 mEUR from Q1 2018 due to divestments

2.8%
Organic growth in the branded professional business
Driven by EMEA and Americas

1.0%
Organic growth total business
Driven by the branded professional business

43.1%
Gross margin
An increase of 0.7 percentage point compared to Q1 2018

10.6%
Operating performance
The EBITDA margin before special items was 13.3%. IFRS 16 increased the margin by 2.7 percentage points

15.3%
RoCE
Up 0.4 percentage point from Q1 2018

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Financial highlights for the Group

EUR million	Q1 2019	Q1 2018	Year 2018
Income statement			
Revenue	246.6	257.5	1,054.3
EBITDA before special items	32.7	30.5	125.5
EBIT before special items	16.9	20.7	87.4
EBITDA	25.5	28.2	69.8
EBIT	9.5	18.4	18.9
Special items	-7.4	-2.3	-68.5
Financial items, net	-1.3	-3.7	-11.3
Result for the period	6.2	11.1	10.0
Cash flow			
Cash flow from operating activities	-11.1	-11.3	33.1
Cash flow from investing activities	-12.3	-9.5	-38.6
– hereof investments in property, plant and equipment	-3.8	-3.6	-18.6
Free cash flow excluding acquisitions and divestments	-23.4	-20.8	-8.6
Balance sheet			
Total assets	901.1	849.1	794.4
Group equity	158.2	142.8	147.5
Working capital	205.9	190.1	170.4
Net interest-bearing debt	465.8	376.6	369.3
Capital employed	623.7	519.4	516.8
Financial ratios and employees			
Organic growth	1.0%	1.3%	2.0%
Organic growth Nilfisk branded professional business	2.8%	-0.4%	2.8%
Gross margin	43.1%	42.4%	42.0%
EBITDA margin before special items	13.3%	11.9%	11.9%
EBIT margin before special items	6.9%	8.1%	8.3%
EBITDA margin	10.3%	11.0%	6.6%
EBIT margin	3.9%	7.2%	1.8%
Financial gearing	3.6	3.3	2.9
Overhead costs ratio	35.7%	33.8%	33.1%
Working capital ratio	19.1%	17.0%	18.5%
Return on Capital Employed (RoCE)	15.3%	14.9%	16.7%
Basic earnings per share (EUR)	0.23	0.41	0.37
Diluted earnings per share (EUR)	0.23	0.41	0.37
Number of full-time employees, end of period	5,319	5,833	5,482

Please find definitions in Note 8.7 of the 2018 Annual Report

Organic growth of 2.8% for the branded professional business

In Q1 2019 the Nilfisk branded professional business delivered organic growth of 2.8%, driven by a satisfactory performance in EMEA and Americas with 3.6% and 3.2% organic growth respectively. APAC had a disappointing quarter with negative growth of 2.9%.

Consumer had a disappointing quarter throughout most European markets leading to negative organic growth of 7.2%. The private label business performed according to expectations with negative organic growth of 6.7% due to the discontinuation of a large customer contract as communicated in connection with the Q4 2018 results. Please note that the operating segments have been redefined, see Note 1 for details.

EUR million	Q1 2019	Q1 2018	FY 2018
EMEA	3.6%	1.6%	4.7%
Americas	3.2%	-4.6%	0.0%
APAC	-2.9%	2.5%	2.1%
Nilfisk branded professional business	**2.8%**	**-0.4%**	**2.8%**
Consumer	-7.2%	-10.4%	1.4%
Private label and other	-6.7%	32.7%	-4.0%
Total	**1.0%**	**1.3%**	**2.0%**

The gross margin in Q1 2019 was 43.1% and increased 0.7 percentage point against Q1 2018.

Overhead costs amounted to 88.1 mEUR in Q1 2019 compared to 86.9 mEUR in Q1 2018. In 2018, the overhead costs were impacted by a positive phantom share adjustment of 3.9 mEUR. Excluding this and the impact from changes in foreign exchange rates, overall overhead costs decreased by 3.8 mEUR. The phantom shares are now being hedged and any value adjustments will no longer impact the overhead costs.

For the company as a whole, Q1 2019 showed an operating performance, measured on EBITDA before special items of 13.3%. The operating performance excluding impact from IFRS 16 improved to 10.6% against 10.3% in Q1 2018.

Nilfisk's return on capital employed was 15.3%, up 0.4 percentage point from Q1 2018. Compared to year-end, return on capital employed declined by 1.6 percentage points primarily driven by an increase in net working capital. IFRS 16 lowered both ratios by 0.3 percentage point. Please refer to Note 1 for IFRS 16 impact.

Revenue growth

Organic growth for the total business was 1.0%. The organic growth was offset by negative impact from divestments in 2018 of 6.4% but positively impacted by foreign exchange rates of 1.2% primarily related to USD. Overall this led to a total revenue decrease from Q1 2018 of 4.2% to 246.6 mEUR.

Revenue Growth	Q1 2019
Organic	1.0%
Acquisitions/divestments	-6.4%
Foreign exchange rates	1.2%
Total growth	**-4.2%**

The organic growth was driven by development in the Nilfisk branded professional business of 2.8%. EMEA contributed positively with organic growth in the branded professional business of 3.6% and continued the growth across the major markets such as Germany, France and the UK, along with growth in key markets in Eastern Europe. Americas achieved at 3.2% with growth from our US Floorcare business and double-digit growth in Canada. APAC, however, experienced a challenging quarter with negative growth of 2.9%. China continued to grow, but that was offset by negative growth in the Pacific area and Singapore.

Service within the branded professional business grew by 6.6% driven by positive growth in all regions, especially Americas with double-digit growth in the quarter.

Overall organic growth was negatively impacted by private label sales and Consumer which declined 6.7% and 7.2% respectively. While private label delivered according to expectations, Consumer had a disappointing quarter throughout most European markets.

Gross margin

The gross margin for Q1 was 43.1%, an increase of 0.7 percentage point compared to Q1 2018. The improvement was driven by higher capacity utilization in our factories, price adjustments, and an uplift from divestments but offset by increasing raw material costs and tariffs impacting products sold and produced in the US as well as one off costs.

Across the branded professional business segments, EMEA improved margins driven by mix, Americas declined due to tariffs and certain one off costs while APAC was negatively impacted by low performance in in the Pacific.

Overhead cost ratio

Overhead costs amounted to 88.1 mEUR in Q1 2019 compared to 86.9 mEUR in Q1 2018. This was equivalent to a ratio of 35.7% versus 33.8% prior year, but 35.3% excluding the Phantom share adjustment in Q1 of the prior year.

Excluding the impact from foreign exchange rates and the phantom share program, overhead costs decreased by 3.8 mEUR. This decline was driven by divestments and the positive impact from the cost saving program but partly offset by further investments to build the future. We continued to invest further in R&D with a total spend of 4.2% of revenue in Q1 2019 compared to 3.5% of revenue in Q1 2018 and with an increase in the level of capitalization compared to the previous year. Administrative costs were on level with Q1 2018 adjusting for the above mentioned phantom share program.

EBITDA before special items

EBITDA before special items amounted to 32.7 mEUR in Q1 2019, up 2.2 mEUR compared to 30.5 mEUR in Q1 2018.

EBITDA	Q1 2019	Q1 2018
Operating margin – EBITDA before special items, Phantom shares and IFRS 16	10.6%	10.3%
IFRS 16 uplift	2.7%	-
EBITDA before special items and Phantom share impact	13.3%	10.3%
EBITDA before special items	13.3%	11.9%
Reported EBITDA	10.3%	11.0%

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

In Q1 2019, EBIT decreased by 8.9 mEUR and totaled 9.5 mEUR. The EBIT margin was 3.9% down 3.3 percentage points from Q1 2018 primarily driven by impact from the phantom share program and increased special items.

EBIT before special items amounted to 16.9 mEUR compared to 20.7 mEUR in Q1 2018, equivalent to margins of 6.9% and 8.1% respectively. Excluding the impact from phantom shares the margin would have been 6.5% in 2018.

Special items

In Q1 2019, special items were 7.4 mEUR against 2.3 mEUR in Q1 2018. The costs in Q1 2019 were primarily related to our cost saving program, business restructuring and divestments. The cost saving program is progressing in line with our expectations. The business restructuring relates to the next phase in our multi-year strategy, a blueprint restructuring project focusing on a one off fundamental change within the organizational setup. Please refer to Note 6.

Working capital

At the end of March 2019, working capital was 205.9 mEUR, up by 15.8 mEUR compared to Q1 2018 and up 35.5 mEUR compared to year end 2018. Compared to Q1 2018 the increase was driven by lower trade payables and increased trade receivables primarily in EMEA driven by organic growth and increasing days sales outstanding. Inventories declined by 15.7 mEUR, a development that was related to our footprint reduction and divestments.

The working capital ratio measured on a 12-month average increased by 0.9 percentage point to 19.1% at the end of Q1 2019 compared to the end of 2018.

Capital employed and RoCE

As of March 31, 2019, capital employed amounted to 623.7 mEUR, up by 104.3 mEUR compared to Q1 2018 and up by 106.9 mEUR compared to 516.8 mEUR at the end of 2018. The development in capital employed since year-end was largely driven by the IFRS 16 uplift of 66.0 mEUR and the above mentioned increase in net working capital.

Nilfisk's return on capital employed (RoCE) was 15.3% and up 0.4 percentage point from Q1 2018 but down 1.4 percentage point compared to end of 2018 driven by the above. IFRS 16 decreased the ratio by 0.3 percentage point at quarter end.

Cash flows

Cash flow from operating activities for Q1 2019 represented a net cash flow of -11.1 mEUR compared to -11.3 mEUR in Q1 2018.

Cash flow from investing activities for the quarter was a net cash outflow of 12.3 mEUR compared to 9.5 mEUR in 2018. The outflow relates primarily to the addition of intangible assets within research and development.

Free cash flow for Q1 2019 amounted to an outflow of 23.4 mEUR compared with an outflow of 20.8 mEUR in Q1 2018.

Equity

Equity was 158.2 mEUR at the end of Q1 2019 against 147.5 mEUR at the end of 2018. The increase was mainly due to the result for the first three months of 2019, foreign exchange rate adjustments and settlement of share based incentive programs.

Net interest-bearing debt

At the end of Q1 2019, total net interest-bearing debt was 465.8 mEUR, up by 96.5 mEUR against year-end 2018. Compared to the end of Q1 2018, net interest-bearing debt was up by 89.2 mEUR. The increase was primarily due to IFRS 16 which has increased the finance lease liability by 67.0 mEUR.

The financial gearing at the end of Q1 2019 was 3.6 versus 2.9 at end of 2018 and 3.3 at the end of Q1 2018. IFRS 16 increased the gearing by 0.3.

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 March 31, 2019, that are expected to have a material impact on the Group's financial position.

2019 Outlook

Nilfisk maintains the 2019 guidance communicated in the Annual Report 2018. We expect to reach an EBITDA margin before special items above 14.4% and an organic growth of approximately 2% for the total business. However, with a different composition than previously expected.

We maintain our expectations of above 3% organic growth in the branded professional business. Due to the disappointing performance in Consumer, Nilfisk now expects negative growth in the Consumer business of approximately 10%. This is expected to be compensated for by the private label business which is now expected to grow approximately 0%.

2019 will be a continuation of the transformational journey Nilfisk embarked on in late 2017. We will focus on implementation of the Nilfisk Next strategy and continue to look for further ways to increase profitability while growing and investing to build the future.

2019 guidance

Above **3.0%**
Organic growth in the Nilfisk branded professional business

Approx. **-10.0%**
Organic growth in the consumer business

Approx. **0.0%**
Organic growth in the private label business

Approx. **2.0%**
Organic growth in the total business

Above **14.4%**
EBITDA margin before special items
Expected EBITDA margin before special items adjusted for IFRS 16

Cost saving program 2017-2020

During the first quarter 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.

By the end of Q1 2019, initiatives implemented and launched relating to the program amounted to a total of 36 mEUR, split between approximately 22 mEUR related to overhead reductions, approximately 10 mEUR related to Global Operations initiatives (production footprint, sourcing initiatives and process optimizations) and 4 mEUR related to other initiatives such as complexity reductions and price management The full potential amounts to 50 mEUR.

The initiatives have positively impacted costs with savings of 2 mEUR in the quarter with improvements in gross profit of 1 mEUR and overhead of 1 mEUR.

EUR million	2017 Accumulated	2018	2019 Q1	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	36	39-43	50	50
Accumulated impact on reported EBITDA before special items in the income statement for the period	17	29	8	34-36	45-50	50
Restructuring costs for the period (reported under special items)	20	18	5	13-15	5-7	60
Capex investments for the period	4	4	0	1-2	1-2	10

Transforming the business

In Q1 2019 Nilfisk made good progress in the execution of Nilfisk Next, the multi-year transformation strategy initiated to drive the existing business to the peak of its profitability while positioning Nilfisk as the leader in intelligent cleaning.

Strategic review of the consumer business concluded
On April 3 Nilfisk announced the completion of the strategic review of the consumer business initiated in the fall of 2018. The review concluded that Nilfisk is the best owner of the consumer business as it brings the most value to Nilfisk's shareholders.

Going forward, Nilfisk will continue to optimize the consumer business in the core EMEA markets. However, Nilfisk has decided to exit its consumer activities in the Pacific region. This decision follows an assessment of the market opportunities, carried out as part of the strategic review. In 2018 the revenue from the consumer business in the Pacific region was approximately 10.4 mEUR.

US floorcare business integrated into the global business
Throughout Q1 2019 Nilfisk took measures to create a strong link and integration between the US business and the global business. A new sales organizational structure was implemented with a clear focus on prioritized customer segments, and key functions such as Service were structured into global organizations. These changes supports the execution of Nilfisk's growth plan for the US Floorcare business, which is a key priority for Nilfisk in 2019.

Globalizing the business
During Q1 a harmonized sales structure or 'blueprint' was rolled out across EMEA and implemented in Germany, UK and the Nordics. This marked a significant step towards creating a more globally aligned company across markets, rooted in the Nilfisk Next strategy.

As part of this, the integration of Industrial Vacuum Solutions (IVS) into the global business was fully implemented during Q1 2019. With the integration of IVS, initiated at the end of 2018, Specialty Professional ceased to exist as an operating segment as of December 31, 2018.

With the new sales structure implemented in both Americas and EMEA, the local sales companies can now focus solely on sales in accordance with Nilfisk's strategic customer segments. At the same time, key business functions such as Finance, Service and Customer Care are now organized in separate global organizations to allow for better sharing of best practices, common processes and ways of working. Business support functions such as Marketing and HR completed this process during 2018.

New members of the Board of Directors
On March 26 Nilfisk hosted its Annual General Meeting. At the meeting two new members were elected to the Board of Directors; US-based Richard B. Bisson, CEO of Alpha Guardian and Thomas Lau Schleicher, Chief Investment Officer, KIRKBI A/S.

Leading intelligent cleaning
In March, Nilfisk announced a partnership with Brain Corp, an AI and robotics technology company based in San Diego, California. The partnership is yet another addition to Nilfisk's multi-partner strategy for autonomous solutions.

Founded in 2009, Brain Corp has built a strong position within autonomous cleaning with the AI platform named BrainOS, focusing especially on the retail industry.
This complements Nilfisk's existing partnership within robotics that have been focused on the development of a multi-purpose machine.

Going forward Nilfisk will continue its close collaboration with Carnegie Robotics on the development of the Nilfisk Liberty SC50 as well as new products. Nilfisk will also continue working closely with key customers such as Compass Group, ISS, Atalian, Bunzl and others concerning the Nilfisk Liberty SC50. In addition, Nilfisk will license BrainOS technology to further accelerate the development of a full portfolio of industry leading autonomous solutions.

Condensed **income statement**

EUR million	Note	Q1 2019	Q1 2018*
Revenue	4, 5	246.6	257.5
Cost of sales	9, 10	-140.3	-148.4
Gross profit	9, 10	**106.3**	**109.1**
Research and development costs	9, 10	-7.3	-8.9
Sales and distribution costs	9, 10	-61.5	-61.9
Administrative costs	9, 10	-20.4	-16.9
Other operating income, net		1.1	0.8
Operating result before amortization/impairment of acquisition-related intangibles and special items		**18.2**	**22.2**
Amortization/impairment of acquisition-related intangibles	9, 10	-1.3	-1.5
Special items, net	6, 9	-7.4	-2.3
Result before financial items and taxes (EBIT)		**9.5**	**18.4**
Financial income		5.1	1.6
Financial expenses		-6.4	-5.3
Result before taxes		**8.2**	**14.7**
Tax on result for the period		-2.0	-3.6
Result for the period		**6.2**	**11.1**
Earnings per share (based on 27,126,369 shares issued)			
Basic earnings per share (EUR)		0.23	0.41
Diluted earnings per share (EUR)		0.23	0.41

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

Condensed statement of **comprehensive income**

EUR million	Note	Q1 2019	Q1 2018*
Result for the period		6.2	11.1
Other comprehensive income			
Items that may be reclassified to the income statement:			
Exchange rate adjustments of subsdiaries		5.5	-1.2
Value adjustment of hedging instruments:			
Value adjustment for the period		1.8	0.4
Transferred to cost of sales		-0.7	1.2
Transferred to staff costs		-0.2	-
Transferred to financial income and expenses		-0.3	0.3
Fair value adjustment of available for sales securities		-	-0.4
Tax on comprehensive income		-0.3	-0.4
Items that may not be reclassified to income statement:			
Transferred to inventory		0.2	-
Comprehensive income for the period		**12.2**	**11.0**
Result for the period attributable to:			
Shareholders of Nilfisk Holding A/S		6.2	11.0
Non-controlling interests		-	0.1
		6.2	**11.1**
Total comprehensive result for the period attributable to:			
Shareholders of Nilfisk Holding A/S		12.2	10.9
Non-controlling interests		-	0.1
		12.2	11.0

Condensed **balance sheet**

EUR million	Note	March 31 2019	March 31 2018*	December 31 2018*
Assets				
Intangible assets				
Goodwill		168.8	161.4	167.8
Trademarks		10.7	11.3	10.6
Customer related assets		9.9	12.2	10.1
Development projects completed		44.8	37.2	27.3
Software, Know-how, Patents and Competition Clauses		23.0	22.7	24.6
Development projects and software in progress		28.2	30.5	40.6
Total intangible assets		285.4	275.3	281.0
Property, plant and equipment				
Land and buildings		10.4	10.9	10.1
Plant and machinery		4.9	4.7	5.1
Tools and equipment		35.9	37.9	36.7
Right of use assets		66.0	-	-
Assets under construction incl. prepayments		3.8	3.5	2.8
Total property, plant and equipment		121.0	57.0	54.7
Other non-current assets				
Investments in associates		20.1	20.0	19.1
Other investments and receivables		2.9	7.5	2.9
Deferred tax		20.9	14.3	20.5
Total other non-current assets		43.9	41.8	42.5
Total non-current assets		**450.3**	**374.1**	**378.2**
Inventories		181.8	197.5	172.9
Receivables	8	242.0	228.4	218.9
Interest-bearing receivables		5.8	4.3	4.4
Income tax receivable		4.9	6.6	3.6
Cash at bank and in hand		16.3	38.2	16.4
Total current assets		**450.8**	**475.0**	**416.2**
Total assets		**901.1**	**849.1**	**794.4**

EUR million	Note	March 31 2019	March 31 2018*	December 31 2018*
Equity and liabilities				
Equity				
Share capital		72.9	72.9	72.9
Reserves		5.6	-8.2	-0.4
Retained comprehensive income		79.7	77.6	75.0
Proposed dividends		-	-	-
Total attributable to equity holders of Nilfisk Holding A/S		158.2	142.3	147.5
Non-controlling interests		-	0.5	-
Total equity		**158.2**	**142.8**	**147.5**
Non-current liabilities				
Deferred tax		9.8	20.2	9.4
Pension liabilities		4.4	5.6	4.5
Provisions		2.6	6.5	2.5
Interest-bearing loans and borrowings		411.7	407.5	382.2
Lease liabilities		42.2	0.1	0.1
Other liabilites		0.5	1.1	1.1
Total non-current liabilities		471.2	441.0	399.8
Current liabilities				
Interest-bearing loans and borrowings		9.1	12.0	7.6
Lease liabilities		24.9	0.2	0.2
Trade payables and other liabilities	8	220.5	233.7	223.0
Income tax payable		1.5	7.7	1.1
Provisions		15.7	11.7	15.2
Total current liabilities		271.7	265.3	247.1
Total liabilities		**742.9**	**706.3**	**646.9**
Total equity and liabilities		**901.1**	**849.1**	**794.4**

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

Condensed **cash flow statement**

EUR million	Note	Q1 2019	Q1 2018*
Result before financial items and income taxes (EBIT)		9.5	18.4
Non-cash adjustments		-2.0	-0.3
Amortization, depreciation and impairment		16.0	9.8
Share option program		-	-
Changes in working capital		-27.2	-34.1
Cash flow from operations before financial items and income taxes		-3.7	-6.2
Financial income received		2.7	1.0
Financial expenses paid		-4.9	-3.6
Income tax paid		-5.2	-2.5
Cash flow from operating activities		**-11.1**	**-11.3**
Acquisitions of property, plant and equipment		-3.8	-3.6
Sale/Disposal of property, plant and equipment		0.3	0.4
Acquisitions of intangible assets and other investments		-8.8	-6.3
Cash flow from investing activities		**-12.3**	**-9.5**
Changes in non-current interest-bearing receivables		0.4	-0.6
Changes in current interest-bearing receivables		0.1	-0.4
Changes in current interest-bearing loans and borrowings		28.1	-8.7
Changes in non-current interest-bearing loans and borrowings		-5.6	28.1
Cash flow from financing activities		**23.0**	**18.4**
Net cash flow for the period		**-0.4**	**-2.4**
Cash at bank and in hand, at the beginning of the period		16.4	40.7
Currency adjustments		0.3	-0.1
Cash at bank and in hand, March 31		**16.3**	**38.2**

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

Statement of **changes in equity**

at March 31

EUR million	Share capital	Foreign exchange reserve	Hedging reserve	Fair value reserve	Retained comprehensive income	Proposed dividends	Total equity	Non-controlling interests	Total equity
January 1, 2019	**72.9**	**-1.1**	**0.7**	-	**75.0**	-	**147.5**	-	**147.5**
Other comprehensive income:									
Foreign exchange translation adjustments	-	5.5	-	-	-	-	5.5	-	5.5
Value adjustment of hedging instruments:									
Value adjustment for the period	-	-	1.8	-	-	-	1.8	-	1.8
Transferred to cost of sales	-	-	-0.7	-	-	-	-0.7	-	-0.7
Transferred to staff costs	-	-	-0.2	-	-	-	-0.2	-	-0.2
Transferred to financial income and expenses	-	-	-0.3	-	-	-	-0.3	-	-0.3
Transferred to inventory	-	-	0.2	-	-	-	0.2	-	0.2
Fair value adjustment of available for sales securities	-	-	-	-	-	-	-	-	-
Actuarial gains/losses on defined benefit pension plans	-	-	-	-	-	-	-	-	-
Tax on actuarial gains/losses	-	-	-	-	-	-	-	-	-
Tax on other comprehensive income	-	-	-0.3	-	-	-	-0.3	-	-0.3
Total other comprehensive income	-	5.5	0.5	-	-	-	6.0	-	6.0
Result for the period	-	-	-	-	6.2	-	6.2	-	6.2
Comprehensive income for the period	-	**5.5**	**0.5**	-	**6.2**	-	**12.2**	-	**12.2**
Share option program	-	-	-	-	-1.9	-	-1.9	-	-1.9
Tax on share option program	-	-	-	-	0.4	-	0.4	-	0.4
Non-controlling interests	-	-	-	-	-	-	-	-	-
Total changes in equity in 2019	-	**5.5**	**0.5**	-	**4.7**	-	**10.7**	-	**10.7**
Equity, end of period	**72.9**	**4.4**	**1.2**	-	**79.7**	-	**158.2**	-	**158.2**

Statement of **changes in equity**

at March 31

EUR million	Share capital	Foreign exchange reserve	Hedging reserve	Fair value reserve	Retained comprehensive income	Proposed dividends	Total equity	Non-controlling interests	Total 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	-	-1.2	-	-	-	-	-1.2	-	-1.2
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 pension plans	-	-	-	-	-	-	-	-	-
Tax on other comprehensive income	-	-	-0.4	-	-	-	-0.4	-	-0.4
Total other comprehensive income	-	-1.2	1.5	-0.4	-	-	-0.1	-	-0.1
Result for the period	-	-	-	-	11.1	-	11.1	-	11.1
Comprehensive income for the period	-	**1.2**	**1.5**	**-0.4**	**11.1**	-	**11.0**	-	**11.0**
Share option program	-	-	-	-	-6.2	-	-6.2	-	-6.2
Non-controlling interests	-	-	-	-	-	-	-	0.5	0.5
Total changes in equity in 2018	-	**1.2**	**1.5**	**-0.4**	**4.9**	-	**4.8**	**0.5**	**5.3**
Equity, end of period	**72.9**	**-11.6**	**1.4**	**2.0**	**77.6**	-	**142.3**	**0.5**	**142.8**

Comparation 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.

The implementation of IFRS 16 regarding Leases has 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 expenses for the financial liability. Previously, the annual costs relating to operating leases was 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.
- Not recognizing agreements with a less than 12 months contract period or low-value agreements.
- Used the same discount rate on a portfolio of leasing agreement 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 has been expensed as operational costs.

Agreements that can be prolonged or terminated prematurely by the lessee have been reviewed to establish the period where 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 liability 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 positive impact on the Group's EBITDA Margin before special items of approximately 2.4% percentage points on an annual basis based on the Group's current use of leasing in 2018 and thereby expected increase in depreciation for the year 2019. The implementation has resulted in an increase in total assets and liabilities by approximately 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 2.4%

The increased total assets and liabilities will consequently negatively affect RoCE by approximately 1.9% percentage points based on December 31, 2018 figures. As of March 31, 2019 there was a positive impact on free cash flow of approximately 5 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	Q1 2018	Q1 2019 (with IFRS 16)	Q1 2019 adjustment	Q1 2019 comparable	Expected full-year impact
Total assets	849.1	901.1	66.1	835	~50
Non-current assets	374.1	450.3	66.1	384.2	~50
Capital employed	519.4	623.7	67.0	556.7	~50
Operating margin	10.3%	13.3%	2.7%	10.6%	~+2.4%
RoCE *	14.9%	15.3%	0.3%	15.6%	~-1.9%

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

Note 1

Significant accounting policies – continued

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.

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

The 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.

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 are described in Note 1 above.

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

EUR million	EMEA	Americas	APAC	Non-allocated	Total Branded	Consumer	Private label and other*	Group
Q1 – 2019								
Revenue	116.2	69.8	20.2	-	206.2	24.8	15.6	246.6
Gross profit	56.1	30.1	8.4	-	94.6	8.7	3.0	106.3
EBITDA before special items	32.2	13.5	2.7	-13.7	34.7	1.3	-3.3	32.7
Reconciliation to result before income taxes:								
Special items								-7.4
Amortization, depreciation and impairment								-15.8
Financial income								5.1
Financial expenses								-6.4
Result before income taxes								**8.2**
Gross margin	48.2%	43.2%	41.6%	-	45.9%	34.9%	19.3%	43.1%
EBITDA %	27.7%	19.4%	13.1%	-	16.8%	5.3%	-21.2%	13.3%
Q1 – 2018								
Revenue	118.3	63.6	20.4	-	202.3	26.9	28.3	257.5
Gross profit	55.7	28.5	8.8	-	93.0	10.4	5.7	109.1
EBITDA before special items	28.4	12.0	3.1	-13.3	30.2	2.9	-2.6	30.5
Reconciliation to result before income taxes:								
Special items								-2.3
Amortization, depreciation and impairment								-9.8
Financial income								1.6
Financial expenses								-5.3
Result before income taxes								**14.7**
Gross margin	47.1%	44.8%	43.2%	-	46.0%	38.7%	20.1%	42.4%
EBITDA %	24.0%	18.8%	15.2%	-	14.9%	10.8%	-9.3%	11.9%

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.
* Note that "Private label and Other" includes non-allocated costs. The divested business areas Outdoor and HydraMaster are included the 2018 figures.

Note 5
Distribution of revenue

EUR million	Revenue Q1 2019	Revenue Q1 2018	Organic growth
Floorcare	73.5	76.5	6.2%
Vacuum cleaners	52.5	49.2	6.3%
High pressure washers	40.1	48.6	-17.8%
Aftermarket	80.5	83.2	5.0%
Total	**246.6**	**257.5**	**1.0%**

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	Q1 2019	Q1 2018
Cost saving program	4.0	2.3
Business restructuring	3.2	-
Divestments	0.2	-
Total	**7.4**	**2.3**

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 contains 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 2018, 35 employees received in total 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 Q1 2019, Nilfisk has expensed 0.1 mEUR relating to the 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 have been exercised. Nilfisk has no expense on this program in Q1 2019. There are no further outstanding share options under the 2016 share option program at March 31, 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 rights to acquire shares. The program is an alternative to a part of the participants' bonus under the short-term bonus program. The number of outstanding phantom shares under this program is 227,300 at March 31, 2019.

In December 2018 Nilfisk entered into hedge contracts to match the exposure on the long-term incentive programs. Accordingly, the ongoing value adjustments related to the outstanding phantom share program will be off-set by a similar hedge. In Q1 2019, Nilfisk has expensed 0.1 mEUR relating to phantom share program.

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. As of March 31, 2019, the fair value of the financial instruments was positive with a market value of net 1.9 mEUR, equal to book value, and is included in other receivables and other liabilities with 5.3 mEUR and 3.4 mEUR, respectively.

Financial instruments measured at fair value 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	Q1 2019	Q1 2018
Financial assets:		
Derivatives – level 2	5.3	6.7
Fair value through other comprehensive income	**5.3**	**6.7**
Financial liabilities:		
Derivatives – level 2	3.4	2.7
Fair value through other comprehensive income	**3.4**	**2.7**
Financial instruments, net	**1.9**	**4.0**

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/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	Q1 2019	Q1 2018*
Revenue	246.6	257.5
Cost of sales	-145.3	-149.1
Gross profit	**101.3**	**108.4**
Research and development costs	-7.2	-8.9
Sales and distribution costs	-62.9	-63.8
Administrative costs	-22.5	-18.1
Other operating income, net	0.8	0.8
Result before financial items and income taxes (EBIT)	**9.5**	**18.4**
Amortization/impairment of acquisition-related intangibles are divided into:		
Cost of sales	-0.4	-0.4
Sales and distribution costs	-0.9	-1.1
	-1.3	-1.5
Special items are divided into:		
Cost of sales	-4.6	-0.3
Research and development costs	0.1	-
Sales and distribution costs	-0.5	-0.8
Administrative costs	-2.1	-1.2
Other operating income, net	-0.3	-
	-7.4	**-2.3**

*Comparation 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	Q1 2019	Q1 2018*
Cost of sales, depreciation and impairment	4.5	3.0
Research and development costs, depreciation and impairment	0.1	0.1
Research and development costs, amortization and impairment	3.6	3.5
Sales and distribution costs, depreciation and impairment	2.2	0.3
Sales and distribution costs, amortization and impairment	0.3	0.3
Administrative costs, depreciation and impairment	2.8	0.5
Administrative costs, amortization and impairment	1.0	0.6
Amortization/impairment of acquisition-related intangibles	1.3	1.5
Impairment included in special items	0.2	-
	16.0	9.8
Total depreciation and impairment of tangibles	9.8	3.8
Total amortization and impairment of non-acquisition related intangibles	4.9	4.5
Total amortization and impairment of acquisition related intangibles	1.3	1.5
	16.0	**9.8**

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

Depreciation on Right of use Assets (ROU) of 6.7 mEUR included in Q1 2019 are split between; 2.1 mEUR Cost of Sales, 1.9 mEUR Sales and distribution and 2.7 mEUR Administrative costs (2.4 mEUR relates to buildings).

Amortization, depreciation and impairment excluding ROU total 9.5 mEUR (9.8 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 March 31, 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 Q1 Interim Report of Nilfisk Holding A/S for the period January 1 - March 31, 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 March 31, 2019, and the results of the Group's activities and cash flow for the period January 1 - March 31, 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, May 15, 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

Jutta af Rosenborg

Anders Erik Runevad

René Svendsen-Tune

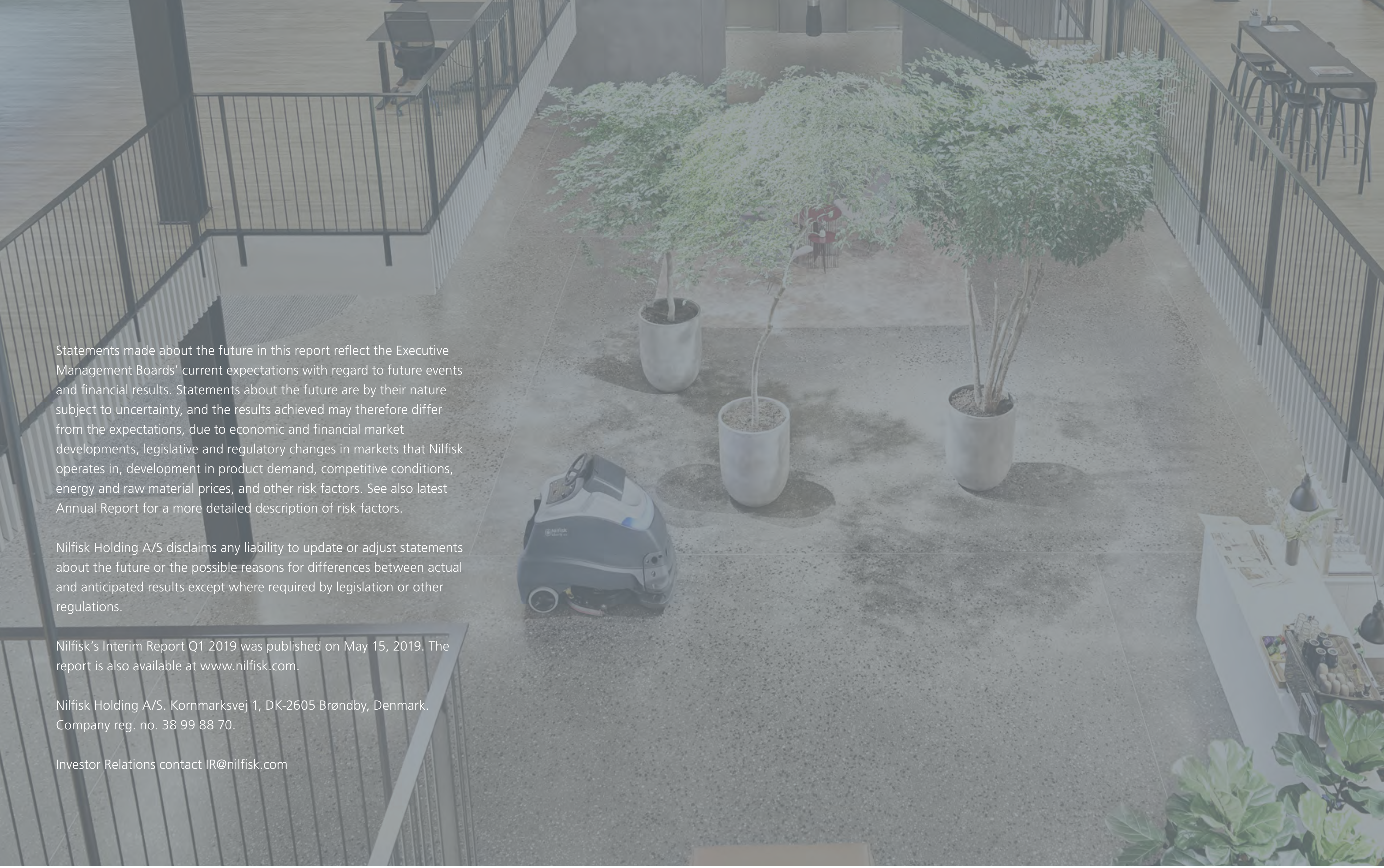
Thomas Lau Schleicher

Richard P. Bisson

Søren Giessing Kristensen

Yvonne Markussen

Gerner Raj Andersen



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 Q1 2019 was published on May 15, 2019. The report is also available at www.nilfisk.com.

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Nilfisk