

**Company announcement**

November 24, 2020

Announcement No. 12/2020

**Nilfisk Q3 Interim Report 2020**

Nilfisk, a leading provider of professional cleaning products and services, is announcing its results for the third quarter 2020.

**Highlights for Q3 2020**

- Demand continued to pick up month-over-month across all key markets during Q3 with some markets recording positive growth rates at the end of the quarter
- Overall demand is still at a lower level than usual due to negative impact from COVID-19 and its repercussions on macroeconomic conditions
- This led to organic growth of -7.3% for the total business, which posted revenue of 202.5 mEUR in Q3 2020. The branded professional business posted organic growth of -9.0%, supported by a positive monthly sequential development in EMEA and the US
- Across regions, most customer segments showed positive signs of recovery except for the hospitality segment, which is hit hard by the pandemic. In the industrial segment, the macroeconomic repercussions of the pandemic had a negative impact on demand
- The Consumer business had another strong quarter posting organic growth of 32.6% driven by continued high demand for high-pressure washers and a focused sales approach leading to new customer wins
- The gross margin was 41.1%, which is in line with last year despite the negative impact of low capacity utilization at our production sites and higher logistics costs
- Overhead costs were reduced by 15.1 mEUR to 73.5 mEUR as a result of strict cost management and lower structural costs, improving the cost ratio by 2.6 percentage points compared to last year. The restructuring program announced in Q2 was largely completed during Q3 with close to 250 positions impacted
- Despite lower revenue, EBITDA before special items improved by 3.2 mEUR compared to last year and came to 25.5 mEUR corresponding to an EBITDA margin of 12.6%, which is 2.8 percentage points higher than last year

- Focus on working capital – in particular on inventory management and credit collection – continued in Q3. Compared to Q3 last year, working capital was reduced by 32.1 mEUR and the working capital ratio was 19.9% (20.1% in Q3 2019)
- Free cash flow in Q3 amounted to 5.6 mEUR driven by a positive operating result, balanced working capital development, a low level of special items, and a low CAPEX level
- Net interest-bearing debt was further reduced compared to end-Q2 and amounted to 402.3 mEUR (341.7 mEUR, excluding right-of-use liabilities), which is 29.3 mEUR lower than at the same time last year. The financial headroom, excluding right-of-use liabilities, to the total available credit facility was 208 mEUR

## **Outlook for 2020**

During the first part of Q4 we have seen a continued positive recovery trend in demand across all key markets, and, as a result, a continued positive development in our gross margin due to improved utilization of capacity. In addition, our continued efforts to tightly manage cost combined with a lower structural cost base have a positive impact on our operational leverage, positively impacting our earnings.

However, we have also noted an escalation in the pandemic with renewed lock-down restrictions being introduced in many markets. While we have so far not experienced a material negative impact from this development, uncertainty remains at a higher level than usual.

Based on this, we therefore maintain our current financial guidance but expect our full-year results for 2020 to materialize towards the top end of the range:

- Organic growth of -12% to -14%
- EBITDA margin before special items of 10.5% to 11.5%

## **CEO comment**

Commenting on the results, Hans Henrik Lund, CEO of Nilfisk, says:

“We are pleased to see an increase in market activity and demand throughout the quarter, following the heavy impact from the pandemic earlier in the year. We have been fully operational, and our sales representatives and service technicians have continued to support and service customers safely across markets. We saw many key markets return to positive growth rates in September.”

“In parallel, we have continued the execution of our restructuring and have maintained tight cost management, and we have reduced overhead costs by more than 15 million euro compared to last year. These efforts led to improved earnings, both in nominal terms and in relative terms, and we are pleased with our results for Q3 2020”, says Hans Henrik Lund.



## **Conference call**

Nilfisk will host a conference call today at 10:00 CET. Please visit [investor.nilfisk.com](https://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 8233 3194
- UK: +44 333 300 9268
- US: +1 833 823-0586

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## **Contact**

### **Investor Relations**

Jens Bak-Holder  
Head of Investor Relations  
T: +45 2128 5832

### **Media Relations**

Steffen Stoevelbaek  
Global Media Relations  
T: +45 2067 0833