

Company announcement

September 1, 2021

Announcement No. 21/2021

Nilfisk Q2 2021 results: Organic growth of 38.5% and sustained strong order intake across regions

Nilfisk, a leading provider of professional cleaning products and services, today announced financial results for Q2 2021 in line with the preliminary numbers provided in the Trading Update announced on July 13, 2021 (Announcement 20/2021).

Q2 2021 highlights

- We saw strong demand in the quarter with organic growth of 38.5% in the total business following organic growth of 11.9% in Q1. Revenue was 257.8 mEUR driven by substantially higher order intake. Most regions and segments contributed to the strong performance. This growth is result of a broad-based market recovery combined with the successful activation of several business initiatives
- The branded professional business posted organic growth of 42.8% and was the major driver of the Group's sales uplift in the quarter. Our business initiatives had the strongest impact in Europe and Americas
- Europe posted organic growth of 46.0% with positive performance across markets, driven by higher demand levels and an increased activity within large accounts, including a large order of autonomous cleaning machines for a leading retailer. In Americas, organic growth was 40.4%, mainly driven by strong order intake in the US as a result of broadened distribution and growth within Strategic Accounts
- The Consumer business continued its positive development, posting organic growth of 7.1% after strong growth of 34.0% in Q1 and on top of its 21.1% growth in Q2 2020. Growth in the Consumer business has benefitted from our renewed focus on this business and the successful launch of an innovative high pressure washer range. Consumer demand is still fueled by higher spending for home improvement products, partially impacted by the pandemic
- Along the same lines as Consumer, our Private Label customers experienced high demand for their products. As a result, our Private Label business posted strong organic growth of 46.6% in the quarter, following the 28.7% growth in Q1
- Driven by the positive effect of high volume and increased capacity utilization, our gross margin improved by 1.0 percentage point compared to Q2 2020, reaching 40.9% and compensating for the negative impact of higher logistics and raw materials costs

- Due to substantially higher sales in Q2 2021, improved cost structure, and increased capacity in production units, the overhead cost ratio improved by 7.7 percentage points over prior year. Overhead costs grew by 5.6 mEUR due to significant higher business activity during the quarter
- Due to higher revenue, better gross margin, and lower overhead ratio, EBITDA before special items more than doubled in Q2 2021 compared to Q2 2020 and reached 41.9 mEUR, leading to an EBITDA margin of 16.3%. This corresponds to an increase of 21.8 mEUR versus Q2 2020 and an EBITDA margin improvement of 5.8 percentage points
- With the substantially higher business activity, working capital grew by 9.2 mEUR. However, due to continued prudent working capital management, working capital ratio improved to 16.0% compared to 21% in Q2 2020
- Free cash flow amounted to 19.2 mEUR, versus 9.2 mEUR in Q1 2021. Net interest-bearing debt was reduced at the end of the period by 46.5 mEUR compared to end Q2 2020 and reached 359.9 mEUR

Outlook for 2021

	Guidance July 13, 2021 (maintained)	Guidance May 6, 2021	Guidance March 3, 2021
Organic growth for the total business	12% to 16%	8% to 12%	5% to 10%
EBITDA margin before special items	13% to 15%	13% to 15%	12.5% to 14.5%

On July 13, 2021, in announcement 20/2021 we adjusted our outlook for the full year 2021.

As a result of continuing positive trading conditions, underpinned by the overall economic recovery, strong execution of our initiatives in key markets, and the increased demand for cleaning solutions, visibility on business activity for the second half of the year improved. Organic growth was therefore adjusted upwards to 12% to 16% (previously 8% to 12%)

We also recognized the ongoing impact of supply chain constraints affecting almost every industry in the world, with substantially higher material and freight costs. As a result, we maintained our outlook for EBITDA margin before special items in the range of 13% to 15%.

We maintain our outlook as announced on July 13, 2021. We expect full-year organic growth and EBITDA margin before special items to materialize in the upper end of the range.

CEO comment

Commenting on the results, CEO Torsten Türling says:

“We are very pleased with our performance this quarter. The strong increase in sales reflects the overall rebound of the markets across the regions as well as the successful activation of several business initiatives. With the sustained high order intake, we couldn’t fulfil all orders in the requested timeframe given tight supply markets in a recovering global economy.”

“Our customers now see cleaning as even more critical to their business success compared to pre-pandemic. With our broad portfolio of products and services, we are well positioned to advise our customers towards the right solutions to meet their needs of creating productive and healthy environments.”

Key figures

	Q2 2021	Q2 2020
Revenue (mEUR)	257.8	191.1
Organic growth	38.5%	-24.9%
Gross margin	40.9%	39.9%
EBITDA before special items (mEUR)	41.9	20.1
EBITDA margin before special items	16.3%	10.5%
EBIT before special items (mEUR)	27.2	3.7
EBIT margin before special items	10.6%	1.9%

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 3333009261
- United States: +1 6467224904

Video livestream:

<https://streams.eventcdn.net/nilfisk/q2-2021/>

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