

Company announcement

November 17, 2022

Announcement No. 16/2022

Nilfisk reports Q3 2022 results: Revenue of 263.0 mEUR, corresponding to organic growth of 5.4% driven by 10.8% organic growth in Branded Professional

Nilfisk, a leading global provider of professional cleaning products and services, reported its Q3 2022 results today. Commenting on the results, Torsten Türling, CEO of Nilfisk said:

"In Q3, Nilfisk managed to continue a positive development from the first two quarters of 2022, despite the current global economic slowdown.

Growth was driven by Branded Professional in all regions and performance was especially strong in the Americas region. This was achieved despite continued manufacturing constraints, particularly in our main US facility. Our Q3 results were also supported by a healthy demand increase in the Asia Pacific region. In Europe, higher revenue from Branded Professional largely stemmed from pricing actions.

Global supply chain challenges continued to constrain growth, but to a lesser extent than in the first half of 2022. Challenges were limited to fewer products and production sites. Demand remained solid for our Professional Business and the order book was marginally higher end-Q3 than in Q2 2022."

Q3 2022 results

- Revenue amounted to 263 mEUR, corresponding to reported growth of 9.9% from Q3 2021. Organic revenue growth was 5.4%.
- Growth was driven by Branded Professional across regions, while Consumer and Private Label slowed notably in line with their respective markets.
- The gross margin was 39.1% in Q3, compared to 40.7% in Q3 2021. The margin was temporarily challenged by lower capacity utilization and by continued parts availability issues following the US Distribution Center destruction.
- Increased inflationary pressures from raw materials and continued high freight rates were to a large extent offset by determined pricing actions. Overall, the margin level improved over the course of the quarter, and we expect this to carry through into Q4 2022.
- EBITDA before special items decreased by 5.3 mEUR compared to Q3 2021 and came to 29.2 mEUR in the quarter, corresponding to an EBITDA margin before special items of 11.1% compared to 14.4% in Q3 2021.
- Overhead cost landed at 89.1 mEUR in Q3, up 11.7 mEUR versus Q3 2021. The increase included foreign exchange rates effects of 3.6 mEUR; incremental freight costs for outbound

deliveries in Americas compared to Q2 2022; and project costs for future material costs savings and modular architecture.

- Total R&D spend increased by 1.5 mEUR compared to Q3 2021 and came to 7.9 mEUR, corresponding to 3.0% of revenue compared to 2.6% in Q3 2021. Investments in strategic R&D projects continued.
- Special items amounted to 3.0 mEUR compared to 0.5 mEUR in Q3 2021. Special items were mainly legal and advisory costs incurred regarding strategic projects such as Business Plan 2026 as well as the ongoing liquidation of Nilfisk Russia.
- Cash flow from operating activities for Q3 2022 amounted to a net inflow of 24.8 mEUR compared to a net inflow of 19.1 mEUR in Q3 2021. The positive development compared to Q3 2021 was driven by changes in working capital and higher financial income.

Key figures

mEUR	Q3 2022	Q3 2021
Revenue	263.0	239.2
Organic growth	5.4%	17.9%
Gross margin	39.1%	40.7%
Overhead cost ratio	33.9%	32.4%
EBITDA before special items	29.2	34.5
EBITDA margin before special items	11.1%	14.4%
CAPEX ratio	2.2%	1.8%
Free cash flow	17.7	14.6
Financial gearing	2.7	2.4

Outlook for 2022

Full year 2022 outlook was revised on October 26, 2022, with company announcement no. 15/2022.

Based on the first nine months of 2022 and given current visibility, we now expect organic revenue growth of 4.5% to 6.5% (previously 4% to 7%) and an EBITDA margin before special items of around 13% for the full year of 2022 (previously 13.5% to 15.5%).

	9M 2022 results	New FY 2022 outlook	Previous FY 2022 outlook*
Organic revenue growth	5.8%	4.5% to 6.5%	4 to 7%
EBITDA margin before special items	12.7%	Around 13%	13.5 to 15.5%

*Outlook given with Annual Report 2021

Conference call

Nilfisk will host a conference call today at 9:00 am CET. Presentation materials will be available on the website prior to the conference call.

Please pre-register no later than 8:55 for the call using the link below:

<https://services.choruscall.de/DiamondPassRegistration/register?confirmationNumber=8889312&linkSecurityString=134e633200>

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

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

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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.