

Accelerate

Growing our company to lead the industry



Nilfisk's 2015-2018 growth strategy



LONG-TERM FINANCIAL TARGETS

- Organic growth of **2-3%** above GDP
- RoCE of **18-19%**

In Q1 2015, Nilfisk launched 'Accelerate', a new growth strategy for the period 2015-2018. Accelerate is strongly focused on growing market share and features a number of growth-generating initiatives.

The long-term financial targets are an organic growth of 2-3% above GDP and RoCE of 18-19%. Analyses indicate that the average growth for the industry is slightly below the global GDP growth, due to customer's general focus on more cost effective cleaning solutions. In this context the organic growth target is considered ambitious. Furthermore Nilfisk aims to play an active part in the global consolidation of cleaning equipment industry and potential acquisitions are expected to dilute the return on capital employed on the short run, while the integration of the businesses occur.

The new strategy builds on the foundation established by the 2010-2015 strategy and the goal of becoming Customers' Preferred Choice. Under the previous strategy, Nilfisk successfully increased customer satisfaction levels and strengthened market coverage by launching a number of initiatives to enlarge its sales and service capability and build closer customer relations.

The Nilfisk strategy is based on six key trends shaping the industry

1

COMMODITISATION

Entry barriers on the product side are low in the cleaning industry. Product differentiation is also generally low

2

NEED FOR BASIC PRODUCTS

Higher growth is observed in the mid-market where customers require lower prices, and simpler and less durable products

3

PRESSURE ON CLEANING COST

Cleaning is in many instances seen as a 'necessary evil', and total cost of ownership is therefore increasingly important for products and solutions as well as when selling cleaning equipment

4

BATTLE FOR DISTRIBUTION

With products being commoditised, access to customers is becoming even more important

5

TECHNOLOGY CHANGE

Technology will play an increasing role and gradually find its way into cleaning products. Examples are fleet management solutions

6

CAPITALISATION ON EMERGING MARKETS

Significantly higher growth rates are observed in emerging markets due to GDP growth, increasing living standards, and cleaning requirements



Growth aimed at market leadership

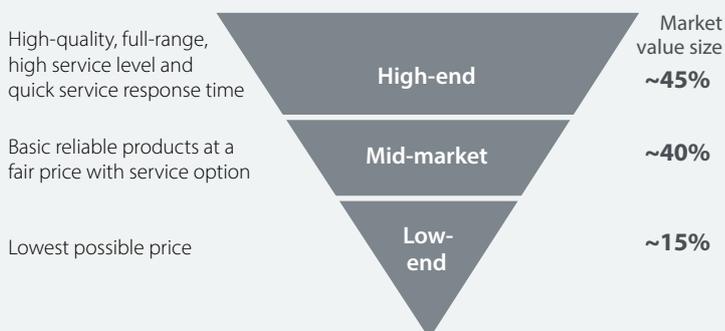
Through its new strategy Nilfisk will seek to grow market share by targeting lucrative market opportunities, by investing in business growth and by making the company's offerings clear to the customers. The overlying ambition of global market leadership includes initiatives to strengthen the company's leading position in the high-end market of professional cleaning equipment. This will be backed by a strengthened focus in the mid-market for more basic cleaning products, e.g. through expansion of sales channels.

Strategic levers to support growth

These growth initiatives are supported by four strategic levers which set the direction for priorities in the upcoming strategy period:

1. Strengthen front-end
2. Drive competitive offerings
3. Build strong brands
4. Power supply chain performance

Professional cleaning equipment



The foundation for realising these levers is the development of an agile and commercial organisation.

Continued investments in sales and marketing activities in emerging markets will strengthen the company's reach and position in these markets. Nilfisk also aims to play an active part in the global consolidation of the cleaning equipment industry and continues to seek relevant opportunities for mergers and acquisitions.

Strengthen front-end

As part of continued focus on matching the needs and requirements of its customers, Nilfisk will make further front-end investments, including sales and service resources and supporting systems. The Commercial Excellence programme will be rolled out in markets across the world, implementing new processes and methods to improve efficiency and increase sales. In addition, new initiatives will be implemented to support sales growth such as global roll-out of joint CRM (Customer Relation Management) and field service management systems.

Drive competitive offerings

Increased focus on competitive offerings is another critical lever by which Nilfisk will identify new market opportunities and expand its current, competitive products. This initiative will include developing a strong, innovative portfolio that continues to provide customers with improved value, implementation of a global R&D organisation, and reduced time to market. At the same time, steps will be taken to carefully simplify the product range, rendering the company's offerings even more accessible to and easier for customers to understand, while paying continuous attention to the total cost of customer ownership.

Build strong brands

Strong brands are essential to market success, and Nilfisk will continue to strengthen its worldwide recognised brands. On 1 April 2015 the company changed its name and corporate brand from Nilfisk-Advance to Nilfisk, and this step will be further supported by initiatives to unify the company's global product brands.

In January 2016 the Nilfisk-ALTO product line will be rebranded as Nilfisk. This will strengthen brand awareness

and value as well as leverage the full Nilfisk product portfolio. The future brand will consist of two product lines; blue and grey. By doing so, Nilfisk will be able to offer a comprehensive portfolio of cleaning solutions covering both its professional and consumer businesses under a single strong global brand.

GREY PRODUCTS

- Full range of cleaning solutions for both professionals and consumers

BLUE PRODUCTS

- High-pressure washers
- Floor-care
- Vacuum cleaners

Power supply chain performance

The global supply chain transformation programme will continue to further improve the customer delivery experience, while significantly reducing cost-to-serve and working capital. Launched at end-2013, this programme is improving existing processes and also introducing new ones. Focus will be on improving the full customer experience as well as end-to-end supply chain efficiency.

Agile and commercial organisation

Accelerating growth demands a strong and firm foundation consisting of a highly engaged workforce focused on performance. Nilfisk will continue to work to improve and add to the skills of its employees and to support the roles of its managers. Initiatives supporting the development of an agile and commercially oriented organisation include a new leadership training programme, a global sales academy and enhanced focus on e-learning for all Nilfisk entities.

Nilfisk competitive advantages

The 'Accelerate' strategy builds on four strong Nilfisk competitive advantages:

1. **Product range.** Nilfisk has the broadest, most complete and most attractive product range in the industry
2. **Brand.** The Nilfisk brands are well-known in the industry and an advantage to the company in its market place
3. **Market coverage and sales channels.** Nilfisk has the strongest professional footprint in the industry when looking at the number of sales people in the field in combination with the number of countries with own sales companies
4. **After-sales.** Nilfisk has the largest number of service engineers in the industry, with a particularly strong service setup in Europe