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## DOMETIC ACQUIRES SEASTAR SOLUTIONS

**On 21 November 2017, Dometic entered into an agreement to acquire SeaStar Solutions, a leading North American-based supplier to the leisure marine industry, from affiliates of American Securities LLC.**

### Summary

- Dometic acquires SeaStar Solutions, a leading provider of vessel control systems and aftermarket products to the attractive leisure marine industry
- The acquisition strengthens and expands Dometic's position as a global supplier to the marine industry through new product areas, and a broader distribution network and market presence
- Cash purchase price of USD 875 million. Fully financed via cash and committed bank facilities
- Sales and cost synergies of USD 20 million per annum, fully realized within 3 years
- Immediately accretive to Dometic's operating margin and EPS
- Closing expected in Q4 2017, subject to customary conditions and regulatory approval

### Description of SeaStar Solutions

SeaStar Solutions is a leading, global provider of vessel control, fuel systems and system integration to the marine industry. SeaStar Solutions is the market leader in its key product areas with strong market shares. The company today operates some of the strongest brands in the market, such as SeaStar, Xtreme, MOELLER, Optimus and Sierra. The Sierra aftermarket platform is the world's largest independent marine aftermarket supplier.

The company is expected to report sales of USD 320 million and EBITDA of USD 85 million in 2017<sup>1</sup>. OEM accounts for approximately 52% of revenue, whilst aftermarket sales account for approximately 48% of revenue. Capex as a per cent of sales is forecasted to be around 2% for 2017<sup>2</sup> and is expected to remain on this level going forward.

SeaStar Solutions is based in North America, operates 8 facilities and employs approximately 1,250 people.

### Background and reasons for the transaction

With the acquisition of SeaStar Solutions, Dometic significantly broadens the marine offering in North America and creates a strong, global platform for further expansion in an industry with good potential for profitable growth. The US outboard boat market in which SeaStar Solutions primarily operates has seen an average growth rate of 8 per cent annually 2010-2016<sup>3</sup>. The combination of Dometic's existing strong position in marine air conditioners, refrigeration and sanitation, with SeaStar Solutions's leadership in vessel control, fuel systems and system integration, will enable the enlarged Dometic to develop and provide an unrivalled offering to the market and fully utilize the broad network of distributors and strong relationships with manufacturers.

Expanding in the marine industry has been a strategic priority for Dometic, as it offers attractive market dynamics, strong earnings potential and good opportunities for further expansion. SeaStar Solutions fulfils all prerequisites that Dometic has set for acquired expansion, with proven profitable growth, leading market positions and strong management.

The acquisition of SeaStar Solutions is also a strategically important step in Dometic's ambition to increase its presence in new attractive areas to complement the strong Recreational Vehicle business.

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1 Pro forma for acquisitions and items affecting comparability

2 Pro forma for acquisitions and items affecting comparability

3 \*\*Source: The National Marine Manufacturers Association

"I warmly welcome SeaStar Solutions to Dometic. The acquisition is an excellent strategic fit and greatly reinforces our position in the marine business. The company has market leading positions in several attractive product segments and is a strategic corner stone in our ambition to build a broader global leadership. I welcome SeaStar Solutions and its employees to Dometic", says Roger Johansson, President and CEO of Dometic.

"We are very pleased that Dometic has selected SeaStar Solutions to play a key role in their Marine expansion strategy. Dometic's long-term vision and commitment to be the product leader and number one in the market is very much in line with our existing goals and company culture. The combined businesses will allow us to operate from a very strong platform for further successful expansion and profitable growth", says Yvan Cote, President, and CEO of SeaStar Solutions.

### **The transaction in brief**

Completion of the transaction is subject to customary conditions and regulatory approvals. Closing is expected during the fourth quarter 2017. Under the terms of the agreement, Dometic will pay a cash purchase price of USD 875 million for SeaStar Solutions on a cash and debt free basis. Return on investment is estimated to be above cost of capital within 3 years.

The transaction is immediately accretive to Dometic's operating margin and EPS, and is expected to generate sales and cost synergies, including strengthened combined sales platform, supply chain and distribution. Total synergies are estimated to amount to USD 20 million per annum and are expected to be fully realized within 3 years.

The cost for cash integration, transaction and refinancing will be charged in the fourth quarter and announced in the year-end report.

### **Transaction financing**

Commitments have been secured to finance the acquisition of SeaStar Solutions. Net debt / EBITDA ratio at closing of 3.3x. Dometic and SeaStar Solutions will generate strong cash flow and the net debt / EBITDA ratio is expected to be within the target level of 2x in 24 months. Dometic intends to maintain its dividend policy of at least 40 per cent of net profit.

### **Webcast**

Analysts, investors and media are invited to participate in a telephone conference at 10.00 (CET) November 22 2017, during which President and CEO, Roger Johansson and CFO, Per-Arne Blomquist, will present and answer questions. To participate in the webcast/telephone conference, please dial in five minutes prior to the start of the conference call:

SE: +46 8 566 426 69

UK: +44 20 3008 9807

US: +1 855 831 5948

Link to webcast: <http://edge.media-server.com/m/p/t5iqjkm>

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*contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this announcement by such forward-looking statements.*

#### **ABOUT DOMETIC**

Dometic is a global market leader in branded solutions for mobile living in the areas of Climate, Hygiene & Sanitation and Food & Beverage. Dometic operates in the Americas, EMEA and Asia Pacific, providing products for use in recreational vehicles, trucks and premium cars, pleasure and workboats, and for a variety of other uses. Dometic offer products and solutions that enrich people's experiences away from home, whether in a motorhome, caravan, boat or a truck. Our motivation is to create smart and reliable products with outstanding design. We operate 22 manufacturing/assembly sites in nine countries, sell our products in approximately 100 countries and manufacture approximately 85% of products sold in-house. We have a global distribution and dealer network in place to serve the aftermarket. Dometic employs approximately 6,500 people worldwide, had net sales of SEK 12.4 billion in 2016 and is headquartered in Solna, Sweden.