

A scenic desert landscape at sunset or sunrise. In the foreground, a person is paragliding with a blue and white canopy. To the right, a white Dometic travel trailer is parked on a dirt road, with a dark pickup truck nearby. The background features large rock formations and distant mountains under a sky with soft, wispy clouds. The sun is low on the horizon, creating a warm, golden glow.

 **DOMETIC**



## **DISCLAIMER**

**SOME STATEMENTS HEREIN ARE FORWARD-LOOKING AND THE ACTUAL OUTCOME COULD BE MATERIALLY DIFFERENT. IN ADDITION TO THE FACTORS EXPLICITLY COMMENTED UPON, THE ACTUAL OUTCOME COULD BE MATERIALLY AFFECTED BY OTHER FACTORS, (A) CHANGES IN ECONOMIC, MARKET AND COMPETITIVE CONDITIONS, (B) SUCCESS OF BUSINESS AND OPERATING INITIATIVES, (C) CHANGES IN THE REGULATORY ENVIRONMENT AND OTHER GOVERNMENT ACTIONS, (D) FLUCTUATIONS IN EXCHANGE RATES AND (E) BUSINESS RISK MANAGEMENT.**

# PRODUCT LEADERSHIP THROUGH INNOVATION

ANTON LUNDQVIST



# WHERE WE WERE!

**PRODUCT  
FRAGMENTATION**

**LOCAL PRODUCT  
DEVELOPMENT**

**SMALL  
PROJECTS**

**FEW COMMON  
PROCESSES**

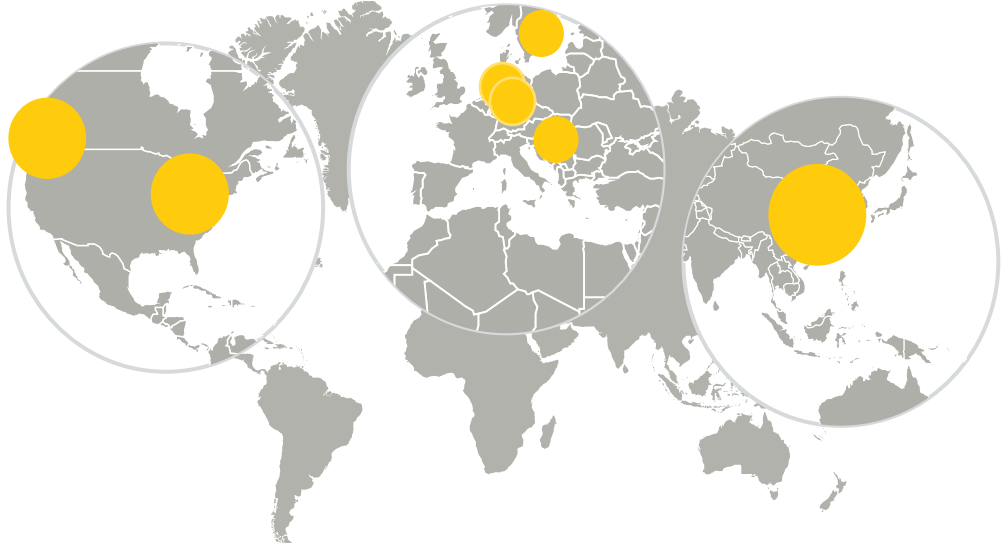
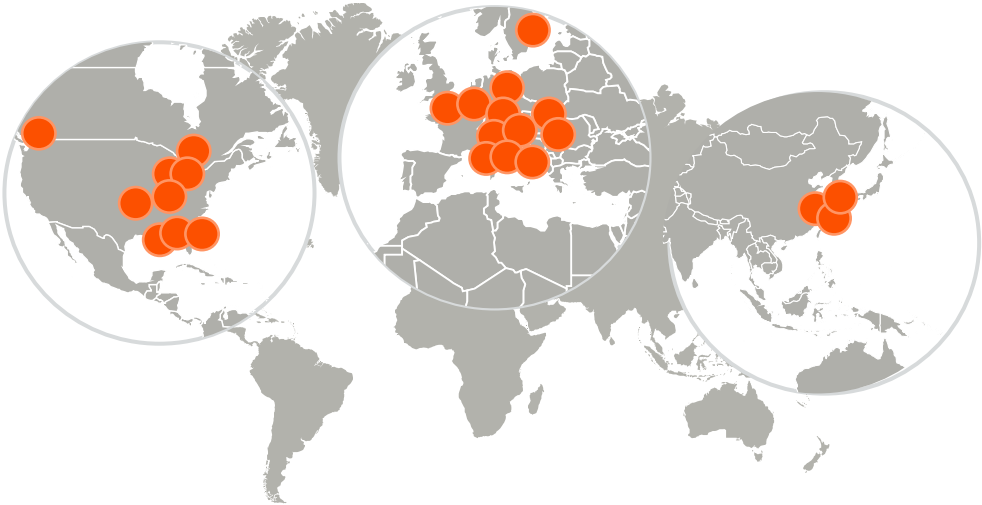
**LIMITED GLOBAL  
AGENDA**

# FROM - TO

FOCUSED DEVELOPMENT ORGANIZATION

**LOCAL DECISIONS WITH  
LITTLE CO-ORDINATION**

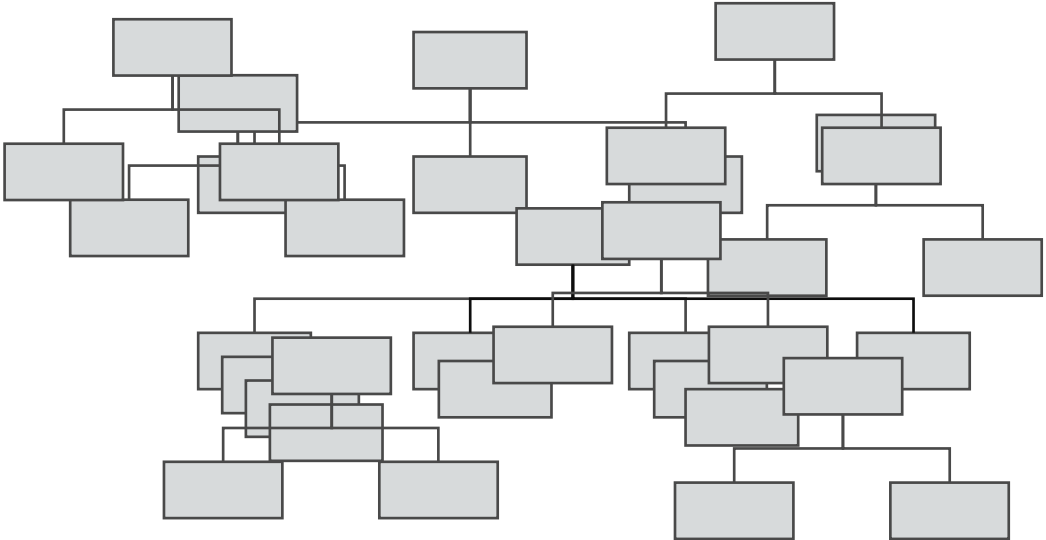
**GLOBALY FOCUSED  
ORGANIZATION**



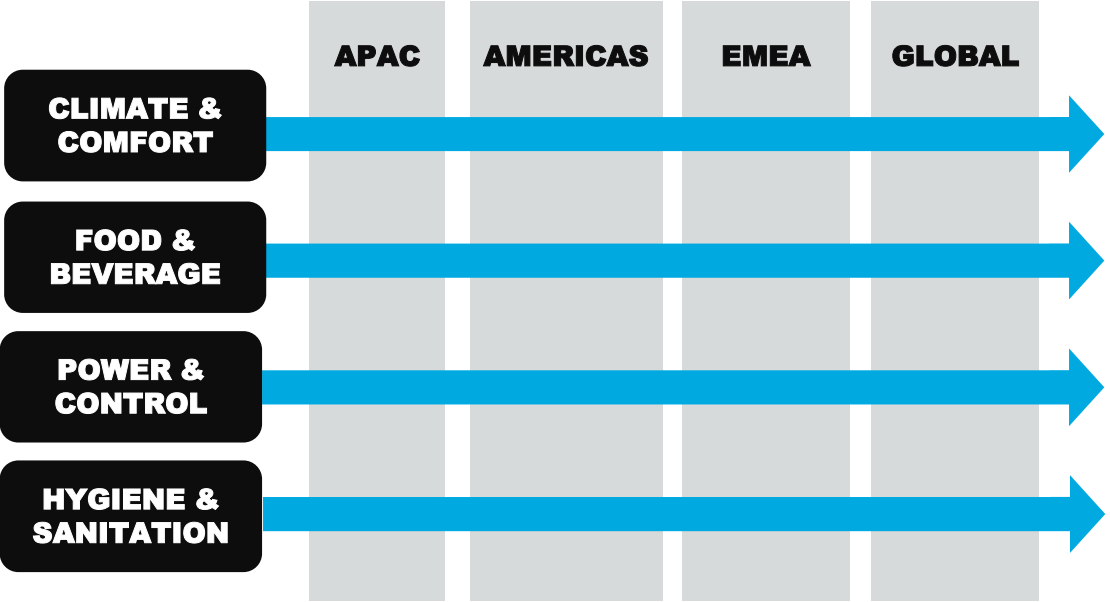
# FROM - TO

## GLOBAL PRODUCT MANAGEMENT

### REGIONAL PRODUCT MANAGEMENT WITH DIFFERENT DEFINITIONS AND RESPONSIBILITY

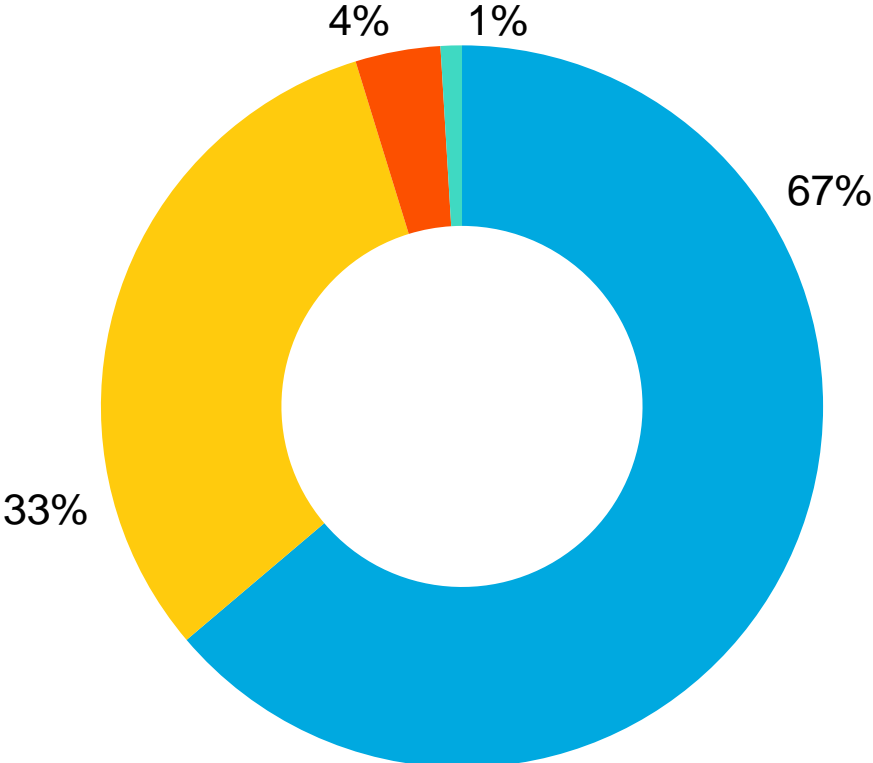
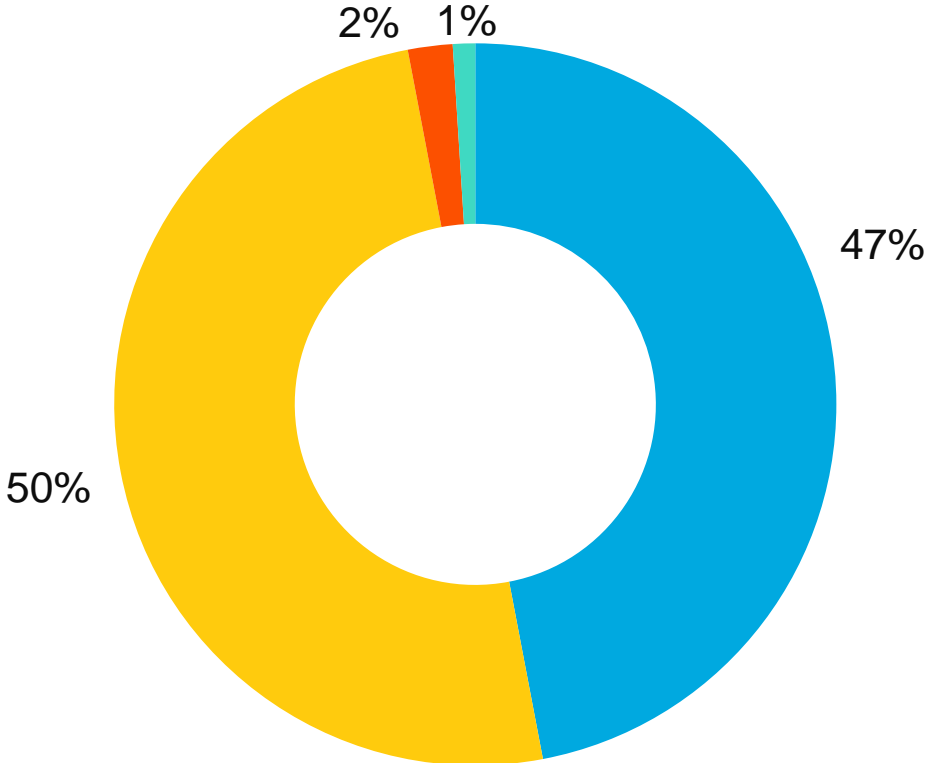


### GLOBAL PRODUCT AREAS WITH LEADERSHIP IN THE SEGMENTS



# FROM - TO

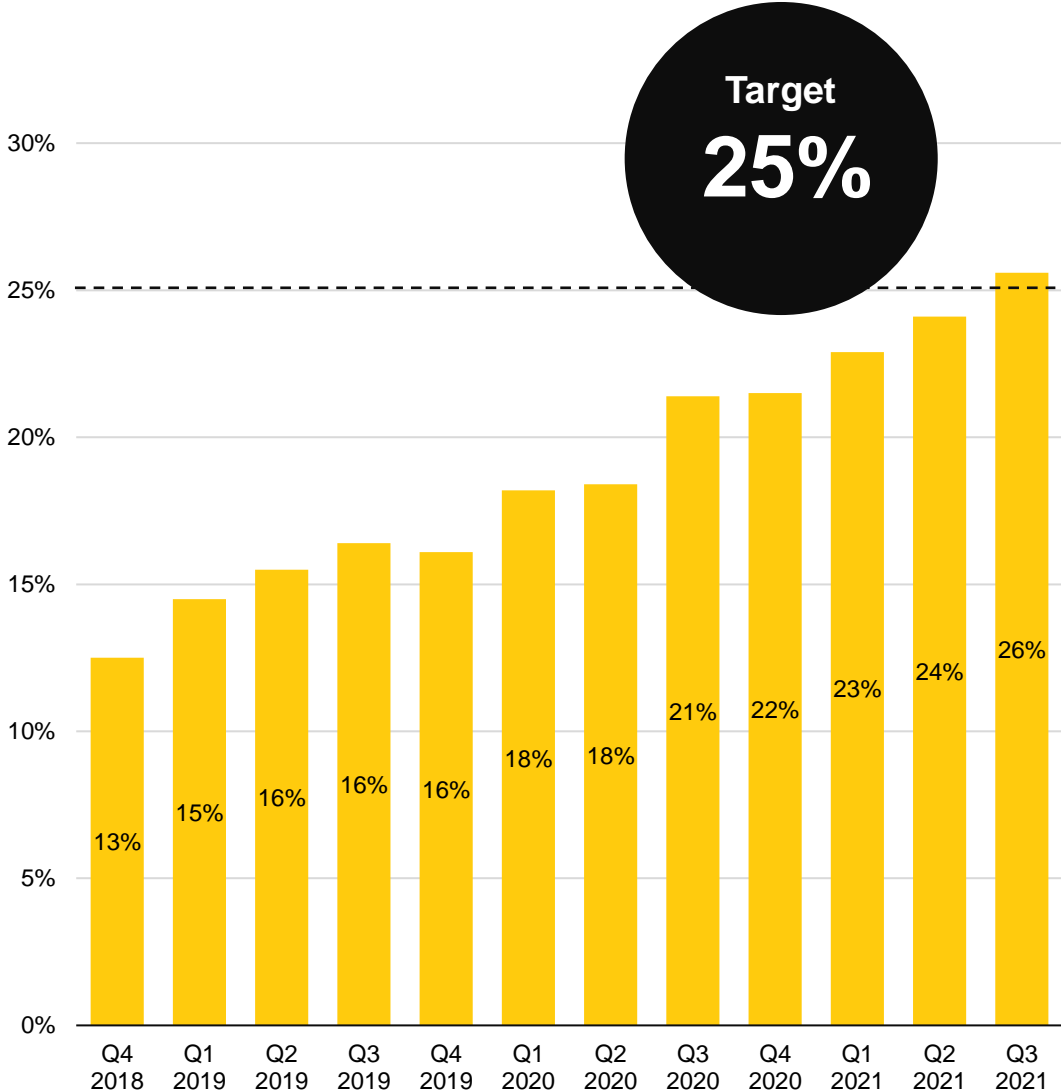
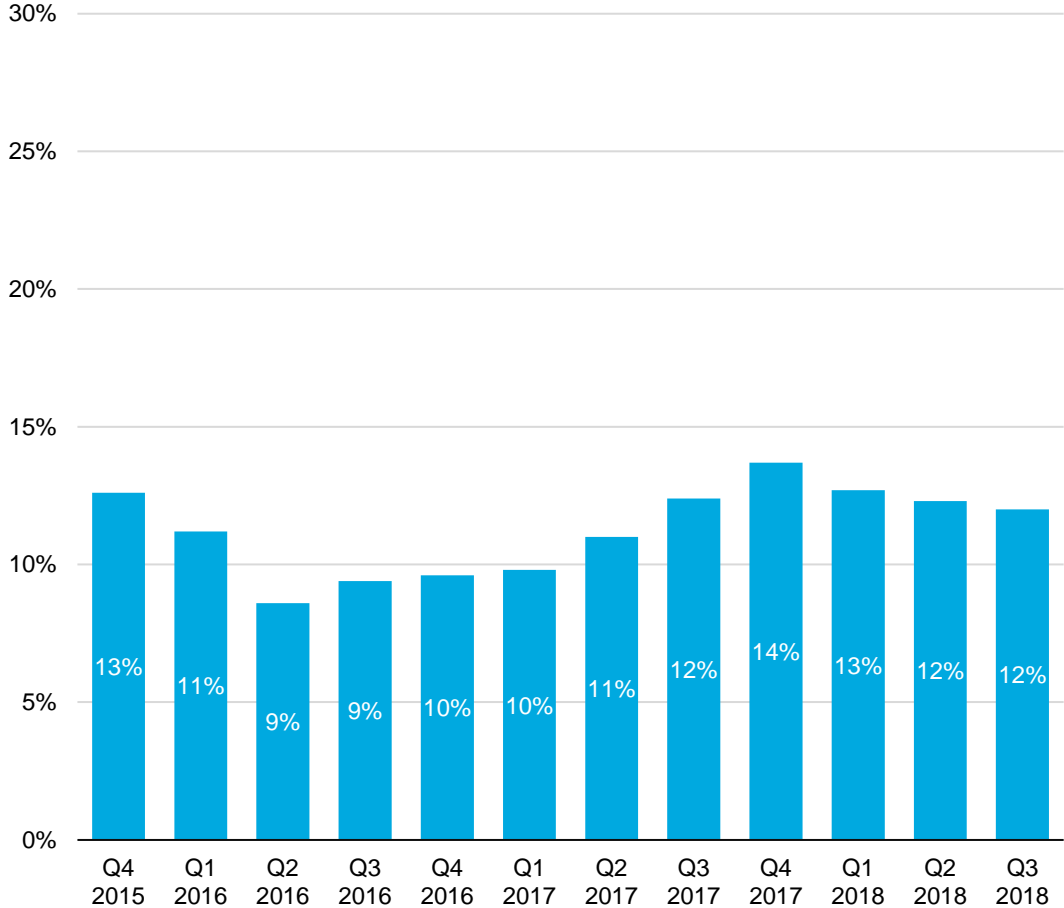
## MORE TIME SPENT ON PRODUCT DEVELOPMENT



- NEW PRODUCT DEVELOPMENT
- CUSTOMER ORDERS
- MAINTENANCE/IMPROVEMENTS
- PRIMARY DEVELOPMENT

# FROM - TO

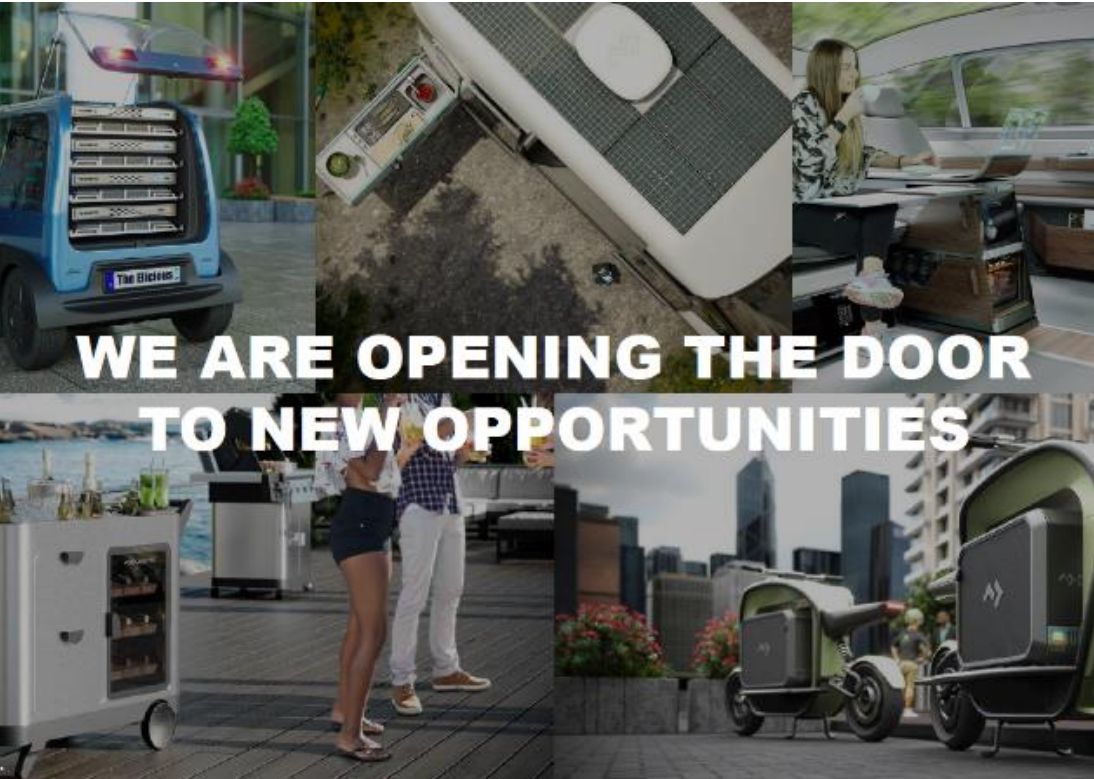
## STEP CHANGE IN INNOVATION INDEX\*



\*Innovation index based on the sales of products launched the the last 3 years



# FROM - TO



**GLOBAL PLATFORMS**



**CONNECTIVITY PREPARED**



**NEW APPLICATIONS AND MARKETS**



**MAINTAIN TECHNICAL LEADERSHIP**



**NEW ACQUISITIONS**



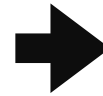
# WHAT WE SET OUT TO DO.



# WHAT WE DID!



reddot design award





**OPEN THE WORLD**

# OUTDOOR VEHICLE BASED ACTIVITIES

**Maintain excellence and grow market in core categories with an attractive offering that can also reach new customer categories**

- Mobile Cooling Solutions
- Mobile Cooking Solutions
- Mobile Power Solutions
- Mobile Storage and Rest Solutions



# HEATING, VENTILATION AND A/C FOR RV'S

**OUR LARGEST PROGRAM – EVER!**



**CONNECTIVITY PREPARED**



**Fast heat up  
Low energy consumption  
Improved experience**



**Active heat exchanger to save energy and improve air quality**



**Remote controlling**



**More aerodynamic to reduce noise at high speed**



**Variable speed, reduced energy consumption and noise**



**New functionality**



**Improved performance  
Reduced energy consumption  
New refrigerants**

**HEATING**

**VENTILATION**

**A/C**

# OUTDOOR AND ELECTRIFICATION

## Electrification of vehicles will bring changes

- Energy flexibility
- Energy efficiency
- More flexible product solutions for smaller vehicles

## Dometic opportunities

- Mobile Power Solutions  
Batteries, solar panels and Power Electronics
- Existing product range:  
Variable speed compressor technology, gas/liquid fuelled cooking, refrigeration and heating, DC operated appliances
- Connected products  
Simplify for the end-user with smart functionality and proper energy management to also support new customer groups



# SUSTAINABILITY

## Sustainability is efficiency

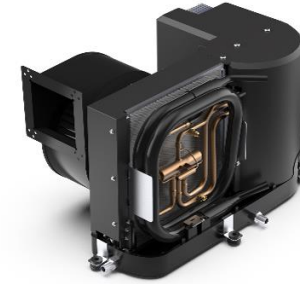
- Reduce climate impact
- Increase resource efficiency
- Improve circularity

## An integrated part of all we do – every day

- Internal ambition levels in all projects
- Targets on energy reduction
- Focus on new materials
- Develop internal and external standards
- Link to our Service and Aftermarket
- Increase co-operation with supplier and 3<sup>rd</sup> party experts

## VARIABLE SPEED A/C

*Silent and efficient*



Up to  
40% less  
current  
draw

## MINIBAR PLATFORM

*3 cooling technologies  
one platform*



Up to  
40% energy  
reduction

# SUSTAINABILITY

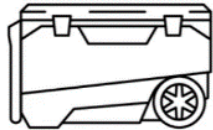
## RENEWABLE & RECYCLED MATERIALS

- More opportunities together with IGLOO
- Increased focus as we are becoming more consumer oriented
- Packages and Products as part of circularity focus

A first step towards circularity



116,000 lbs. of Recycled Yogurt Cups & Milk Jugs



First Production Run of ECOCOOL



Saved the Landfill Space of 10 Football Fields



PLASTIC BOTTLE



RECYCLED AND SORTED



CHOPPED AND FLAKED



MELTED AND SPUN



WOVEN



Into a solution. The material name, *Reolon*, meaning 'brought back', hints at the responsible construction of our new awnings, tents and



MADE WITH RECYCLED MATERIALS



THIS DOMETIC LEGGERA AIR REDUX 260 USES APPROXIMATELY 22 METRES OF MATERIAL

=220



THAT MEANS 220 BOTTLES HAVE BEEN RECYCLED TO MAKE THIS AWNING.



# SERVICE AND AFTERMARKET

## The opportunity

- Improve the experience
- Sustainability through circularity
- New product opportunities

## Integrated in our development

- Ensure backward compatibility
- Find opportunities in the installed base
- Work with competitors products
- Integrate connectivity
- Digitalize information



# THREE KEY TAKEAWAYS

## INNOVATION

Step change in innovation and added opportunities to drive more innovation and continue to reduce complexity

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Outdoor – Vehicle Based Activity products with special focus on mobile power solutions

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Sustainability with lifecycle focus

# CONTINUOUS COST REDUCTIONS

EVA KARLSSON



049-2  
QUEENSLAND - SUN

# DEVELOP OPERATION IN STEPS

## REDUCE COMPLEXITY STEP 1



## REDUCE COMPLEXITY STEP 2



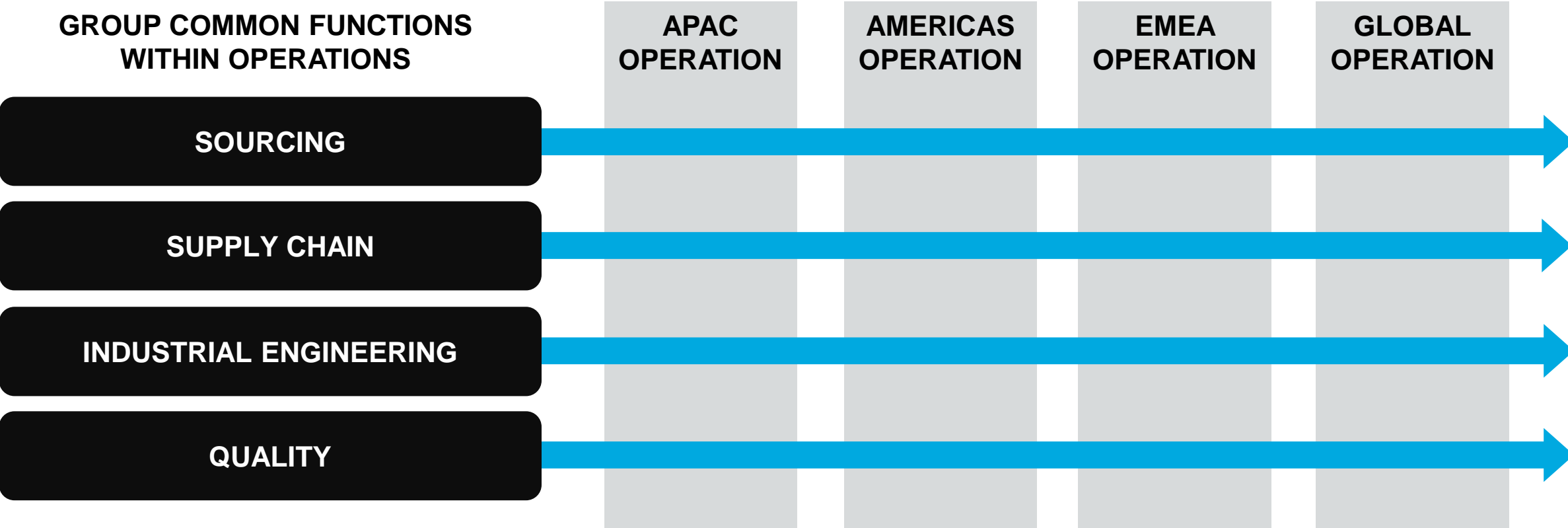
## OPTIMIZATION



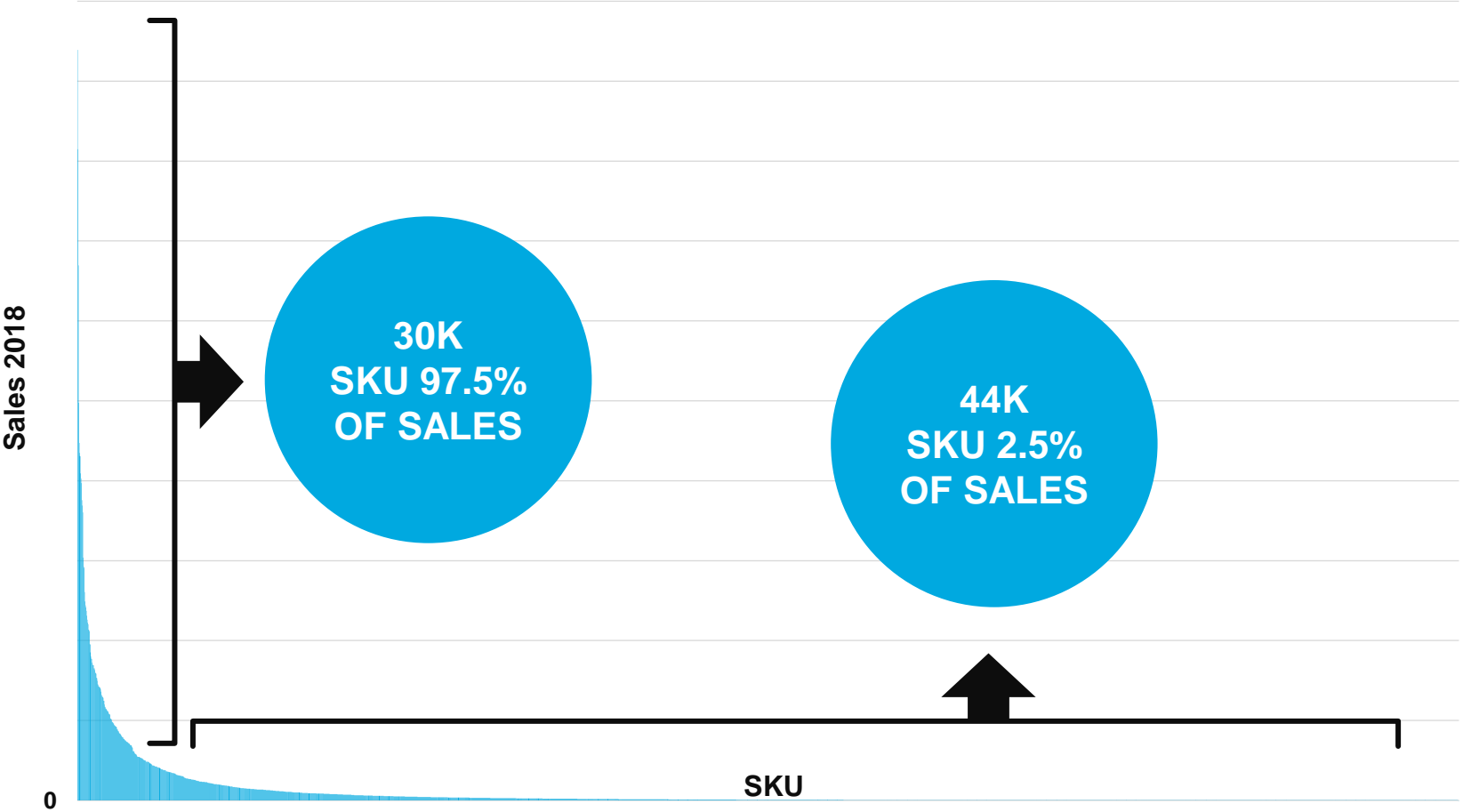
SUSTAINABILITY EXCELLENCE

# PROCESS OWNERS IN OPERATIONS DRIVING THE INDUSTRIALIZATION ACROSS THE SEGMENTS

## DECENTRALIZATION WITH COORDINATION



# COMPLEXITY IN OUR PRODUCT OFFERING IS REDUCED



TARGET:  
**- 40%**  
SKU REDUCTION

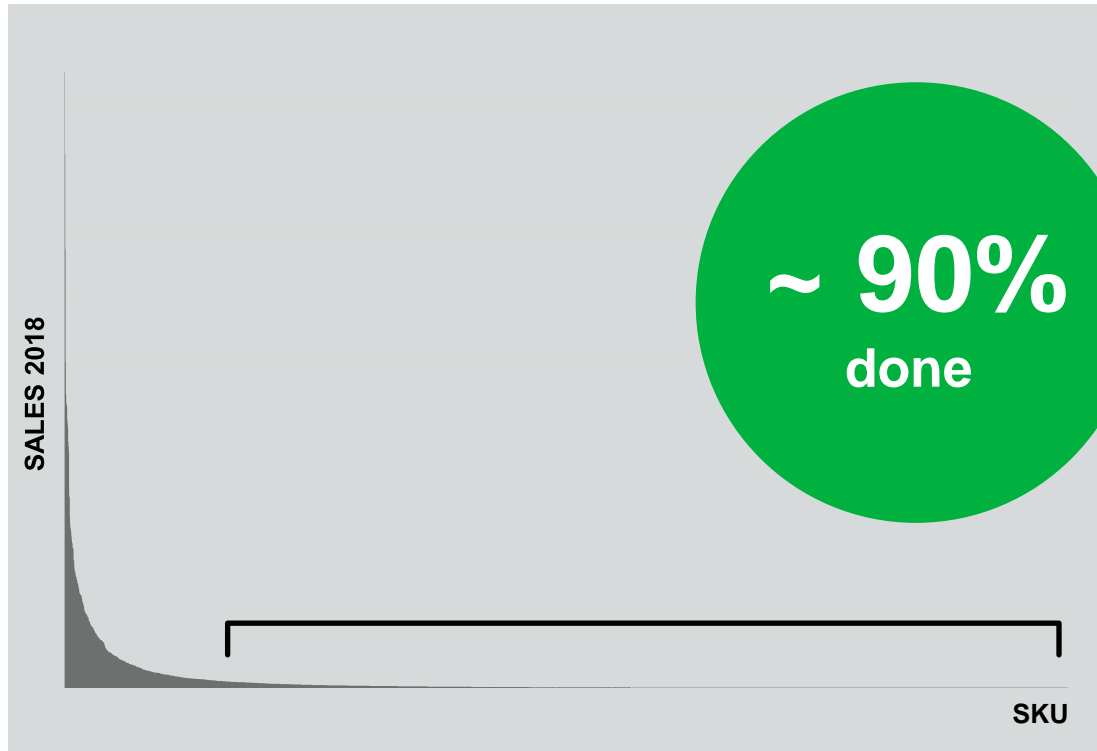
YTD 2021:  
**- 59%**  
SKU REDUCTION

\*SKU = Stock keeping unit

\*Acquisitions 2021 not included

# SKU REDUCTION IN 2 PHASES

## PHASE 1 – CUT THE TAIL!



## PHASE 2 – STRUCTURAL REDUCTION

- Common processes
- Global products
- Global technologies
- Generation planning, common component platforms and modularity
- Robust product lifecycle management

# ADVANTAGES FROM SKU REDUCTION

SUSTAINABILITY  
EXCELLENCE

**FEWER  
SUPPLIERS**

**FEWER  
COMPONENTS**

**LESS  
SPACE**

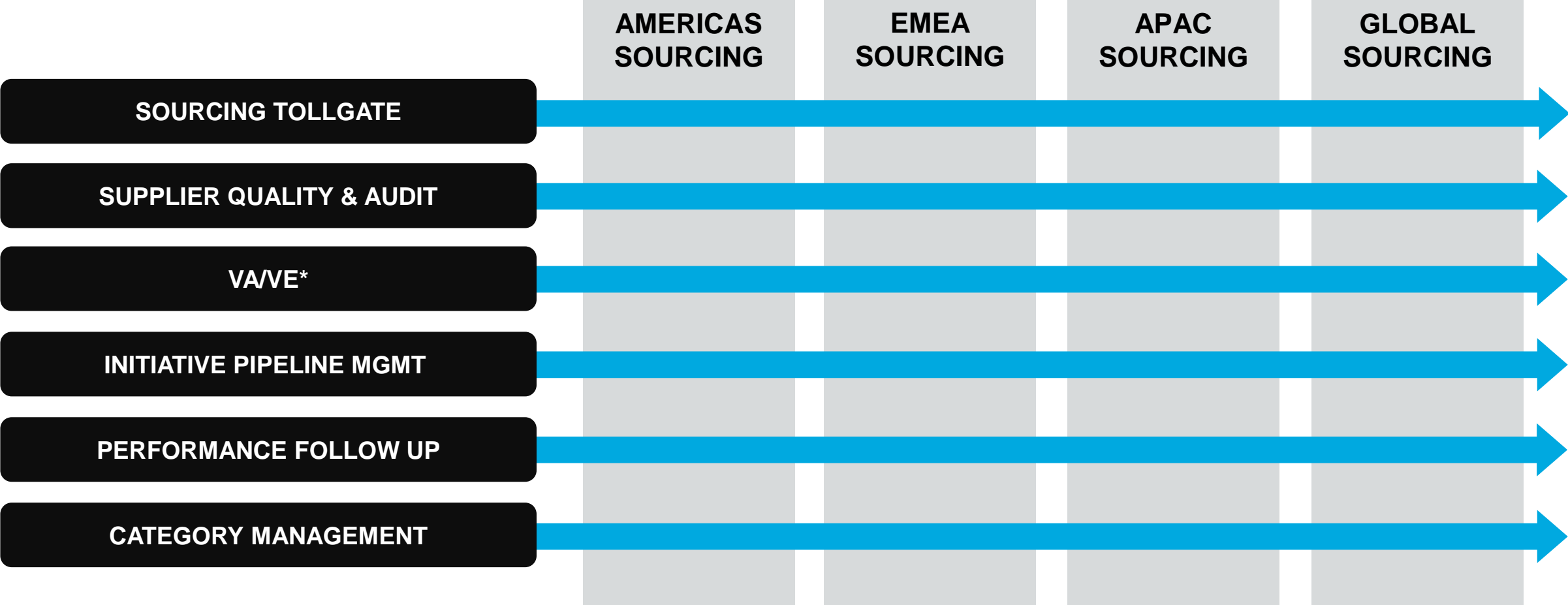
**REDUCED  
INVENTORY**

**REDUCED RISK OF  
OBSOLESCENCE**



# STRATEGIC SOURCING STARTED

- 6 PROCESS OWNERS COORDINATING ACROSS THE GROUP



\* VAVE = Value added/Value Engineering

# FEWER AND BETTER DIRECT MATERIAL SUPPLIERS

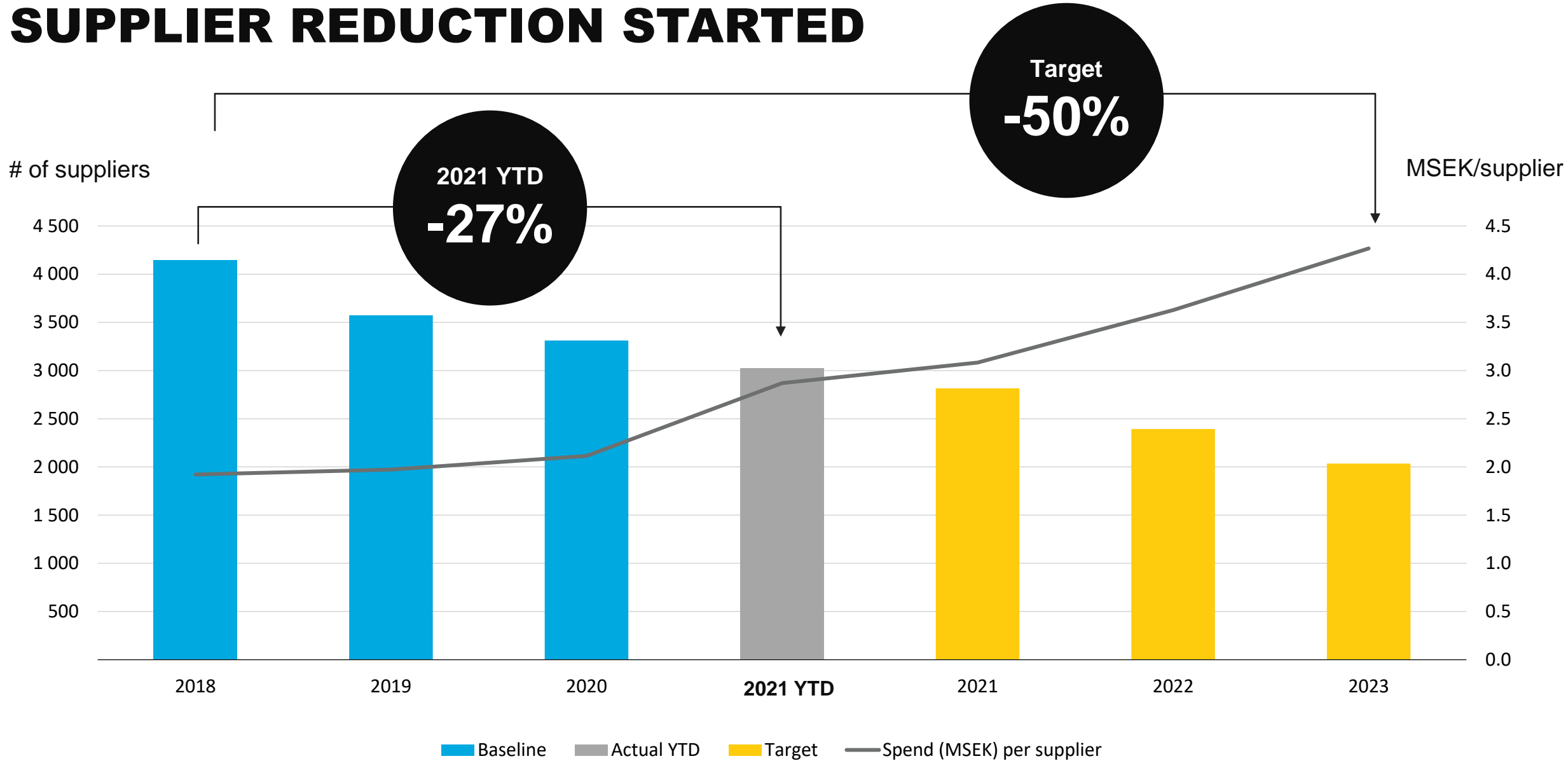
Spend/Supplier (Ksek)

200,000  
180,000  
160,000  
140,000  
120,000  
100,000  
80,000  
60,000  
40,000  
20,000  
0

Consolidate  
**80%**  
of spend through  
Category  
Management

**Cut the Tail**  
To reduce  
complexity cost  
and risk

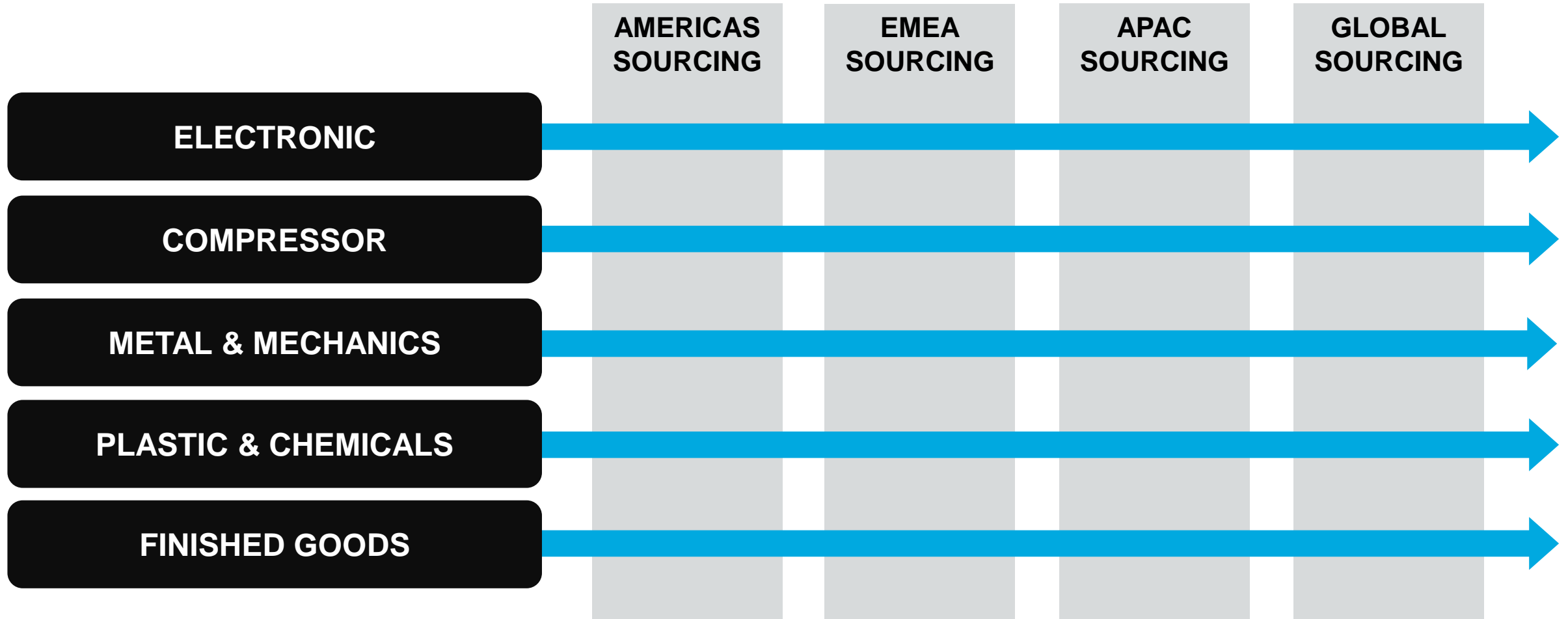
# SUPPLIER REDUCTION STARTED



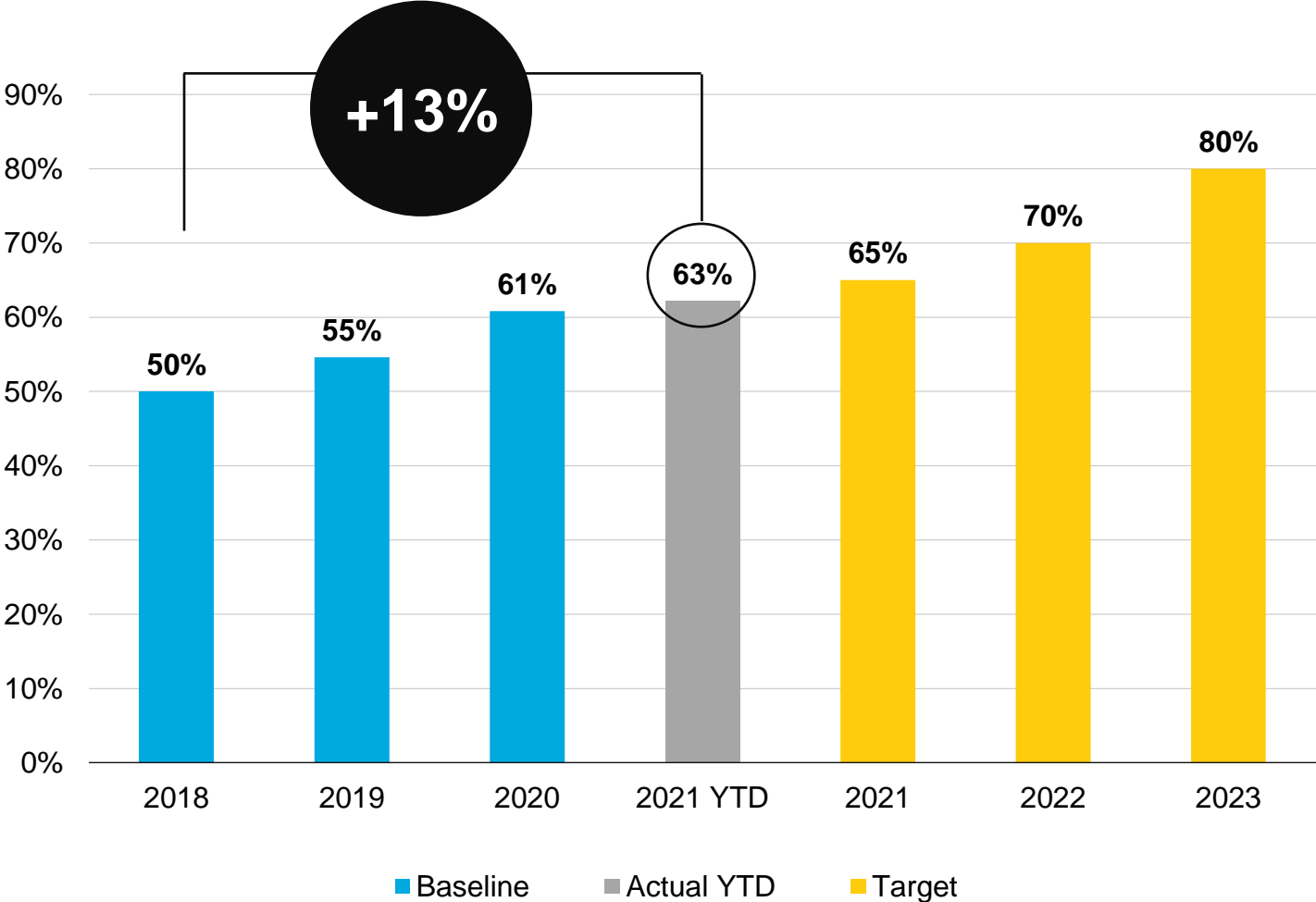
\*Acquisitions 2021 not included

# CATEGORY MANAGEMENT, THE WAY TO CONSOLIDATE

- 5 CATEGORY MANAGERS COORDINATING ACROSS THE GROUP



# DIRECT MATERIAL IN LOW COST COUNTRIES (LCC) SHARE TO BE > 80%



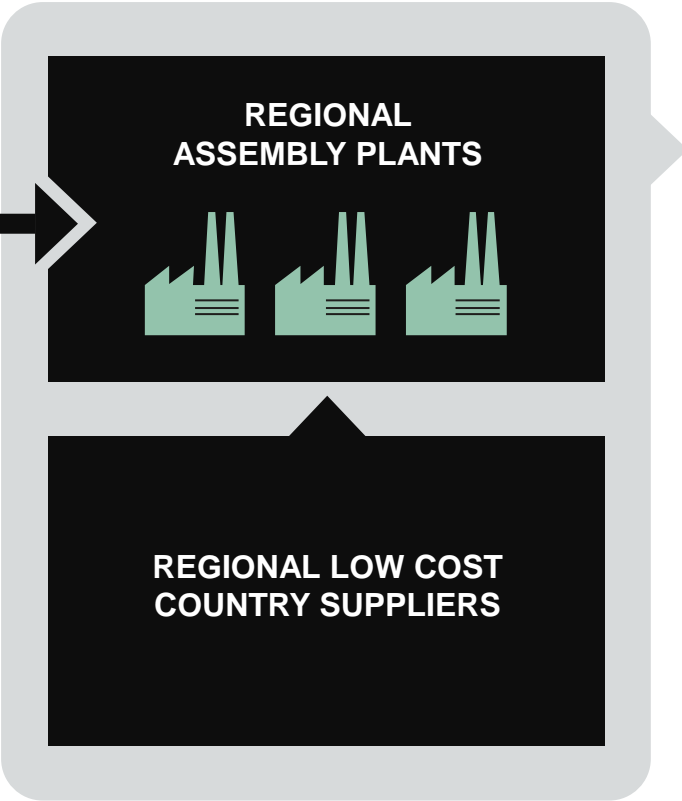
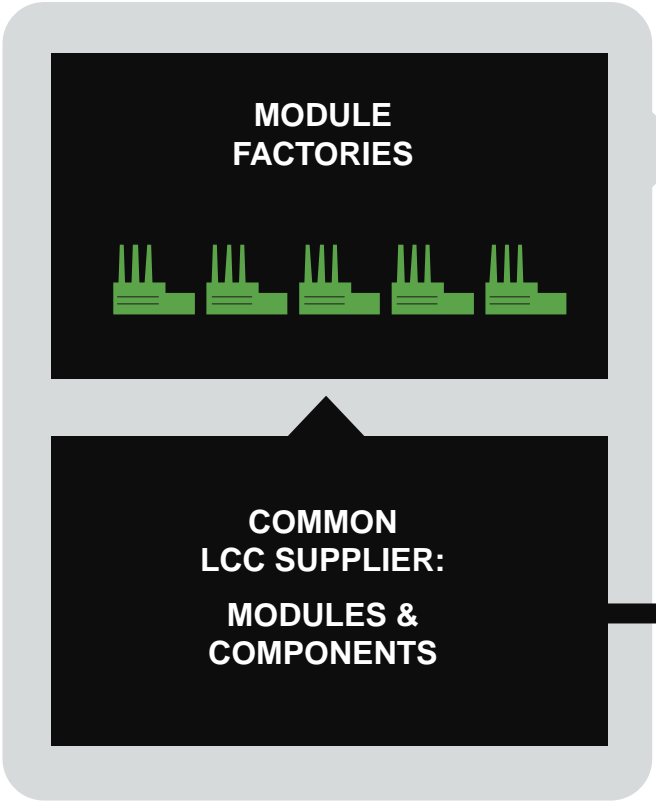
**We have strengthened our Sourcing Organization in Low Cost Countries**

**Share of Sourcing Headcount in Low Cost Countries moved from 30% to 64%**

\*Acquisitions 2021 not included

# OUR MANUFACTURING FOOTPRINT STRATEGY

LOW COMPONENT VARIETY



HIGH PRODUCT VARIETY



# RESTRUCTURING PROGRAM LAUNCHED Q3 2019

## Site:

- 22 sites affected so far

## Employees

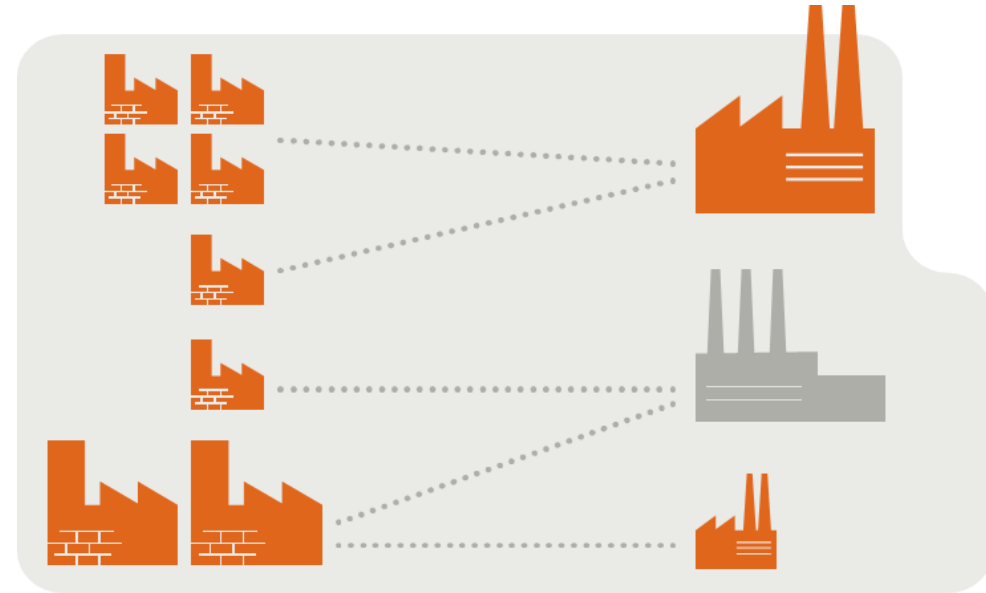
- 804 employees affected so far

## Costs

- SEK 283 m so far vs target 750 m

## Savings

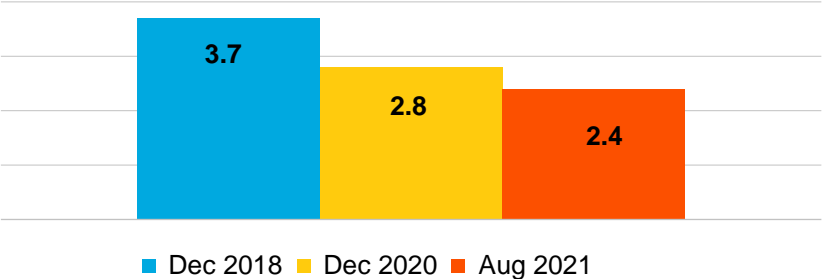
- SEK 150 m so far vs target 400 m



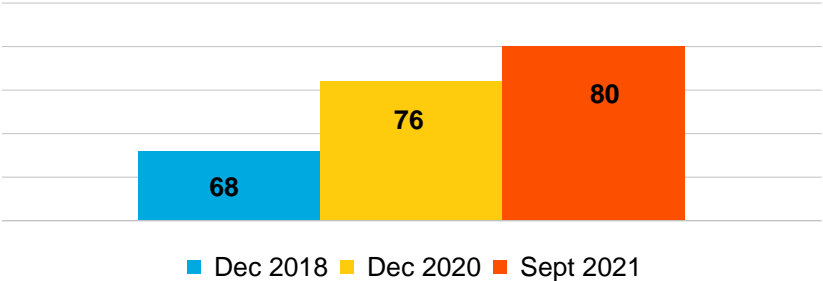
- COVID-19 related travel restrictions combined with strong market demand has slowed down some projects
- Full program effect estimated till mid 2023

# GOOD PROGRESS IN ALL SUSTAINABILITY KPI'S

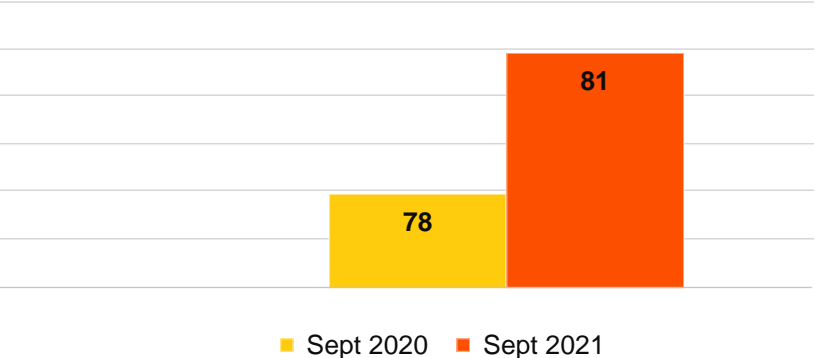
Workplace injury rate LTIFR



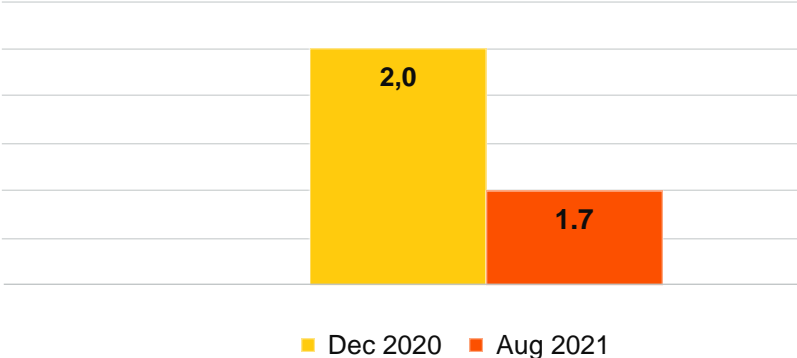
% waste recycled



% audited spend in LCC



% CO2 ton / net sales SEKm



Target 2030  
Reduce CO<sub>2</sub>  
emissions\* / SEKm by  
**50%**

\* Emissions from energy use in manufacturing and warehouses.

KPI's excluding 2021 acquisitions



# RESULT SO FAR COMPLEXITY & COST REDUCTION



# THREE KEY TAKEAWAYS

## COST REDUCTION

Good Progress in Complexity reduction, will never end

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Cost reduction program one third done and full focus to complete

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Good progress on sustainability.  
Will continue to be part of everything we do.

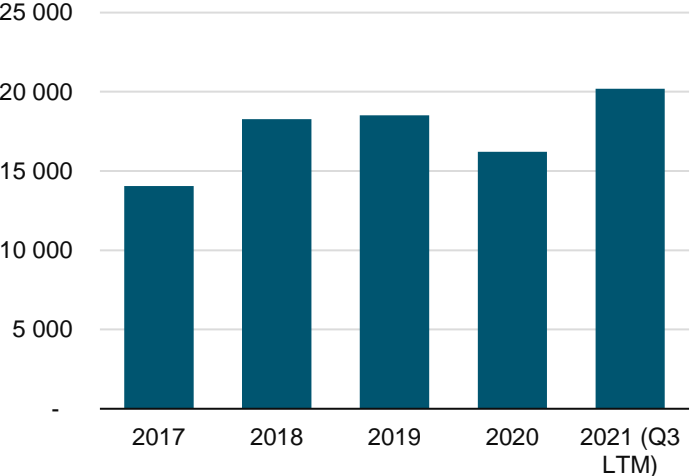
# FINANCIAL UPDATE AND TARGETS

STEFAN FRISTEDT



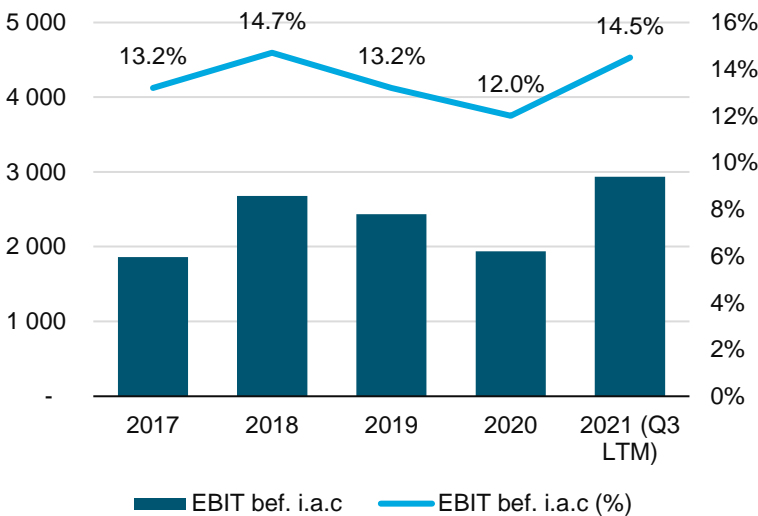
# FINANCIAL TRENDS OVERVIEW

## Net sales



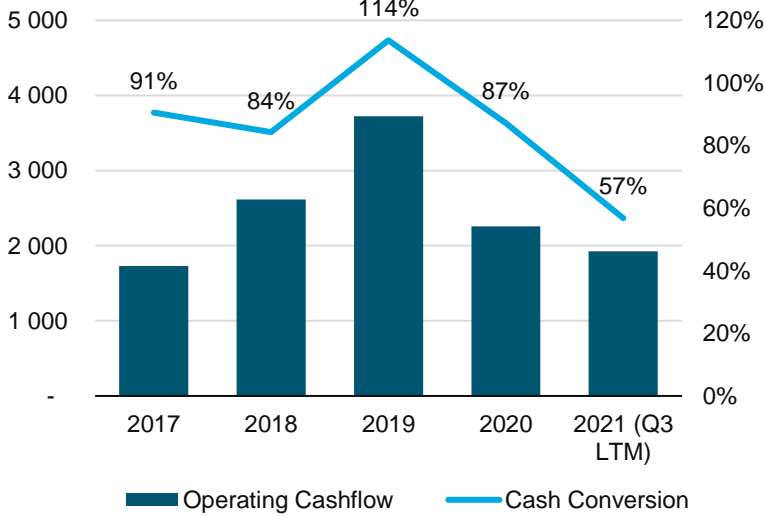
- Net Sales CAGR 9.5%
- Organic sales CAGR 4.3%

## EBIT



- Implementation of strategic actions
- Negative impact from FX and tariffs

## Operating Cash Flow



- Working Capital % of Net Sales improved to 21% (23% in 2017)
- 2021 working capital impacted by volume growth and supply constraints

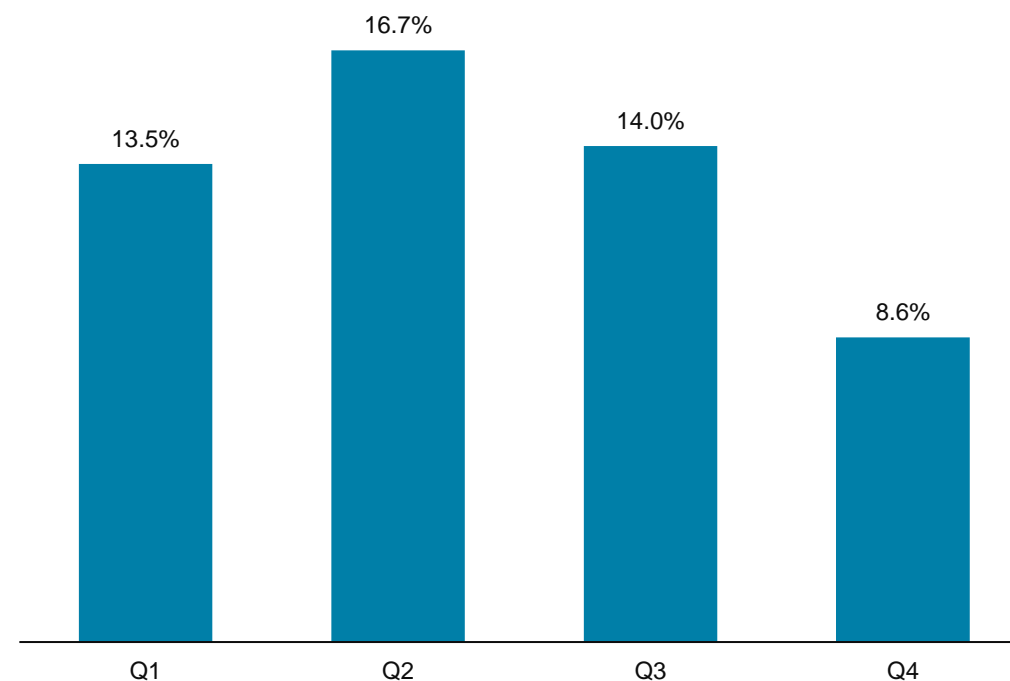
Organic sales CAGR: Average Organic growth 2017 to 2021 Q3 LTM), excl 2020  
 Cash Conversion: Net cash flow from operations / Operating profit adj for non-cash items

# SEASONALITY AND BUSINESS MIX

- Expansion in Outdoor and Service and Aftermarket will reduce cyclicalities
- Dometic business will continue to be seasonal - quarterly margin impacted by sales and business mix

Average 2015-2021 <sup>1</sup>	Q1	Q2	Q3	Q4
Share of annual sales	25%	28%	25%	22%
OEM share in business mix	High	Lowest	Low	Highest

EBIT Margin Before i.a.c.  
Average 2015-2021<sup>1</sup>

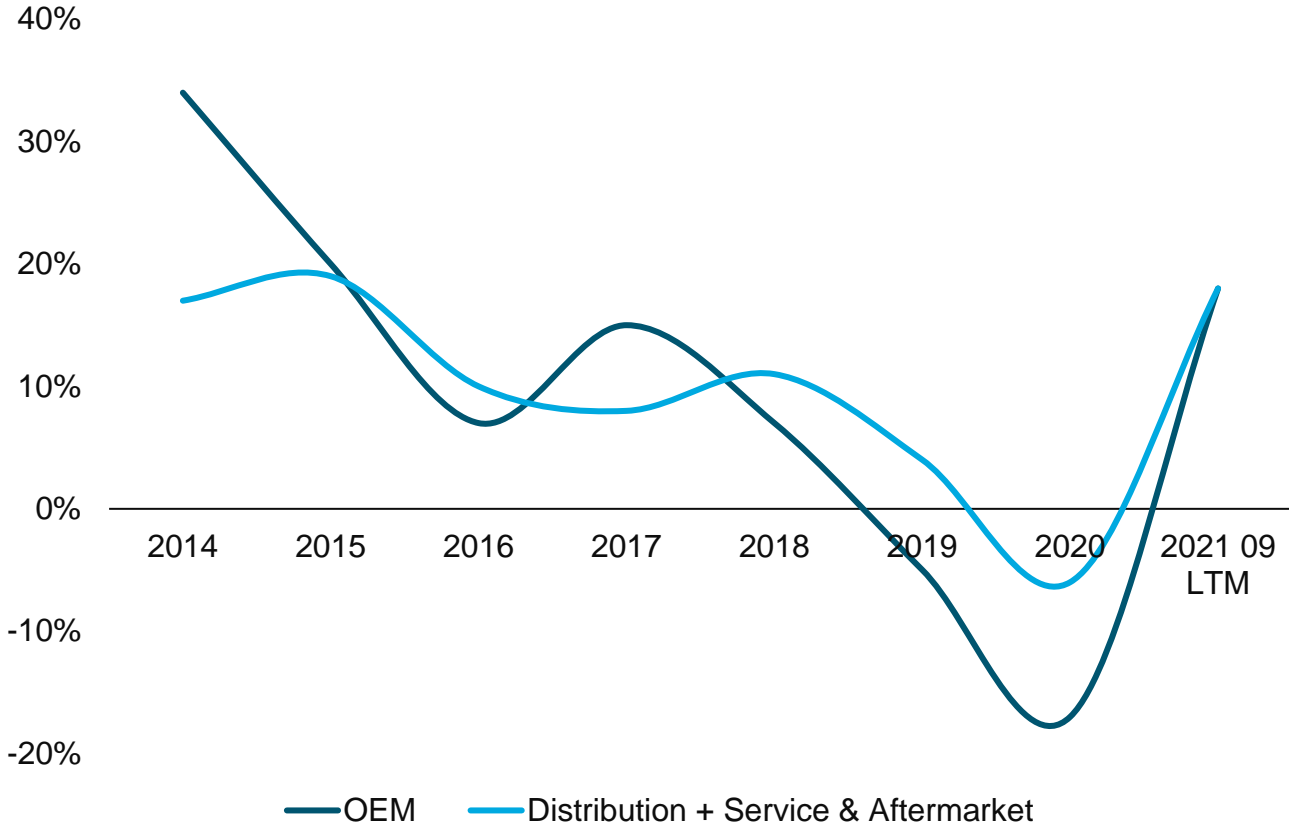


<sup>1</sup>) Excl 2020 due to the COVID-19 impact on quarterly sales

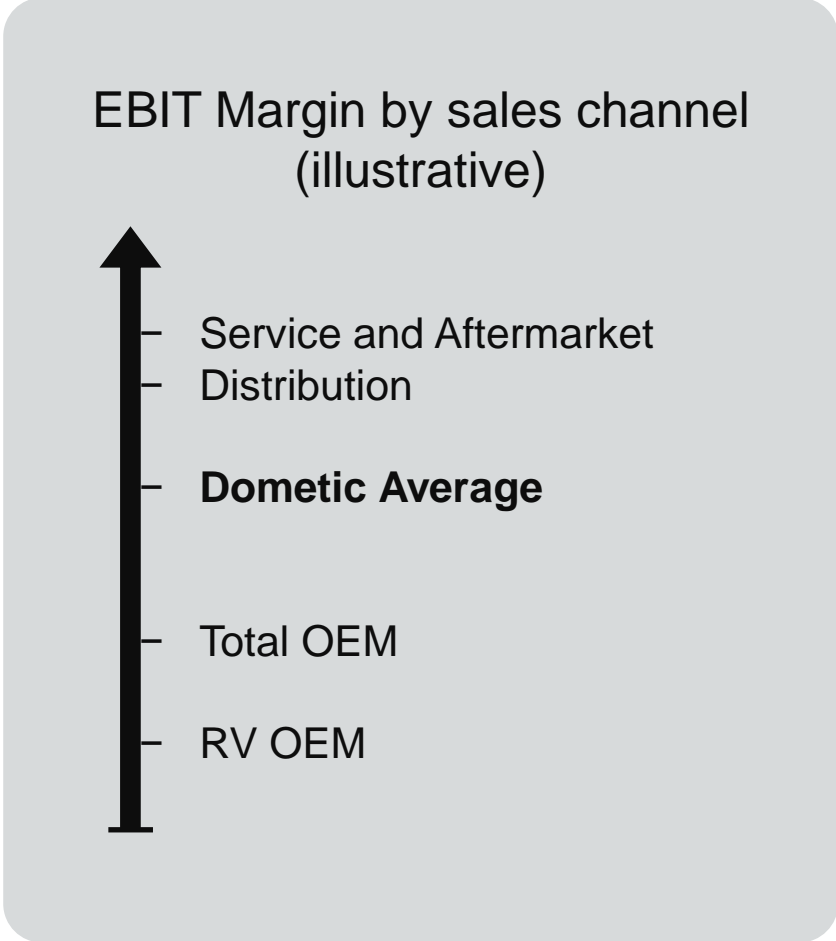
# EXPANSION IN OUTDOOR AND SERVICE & AFTERMARKET

## REDUCED CYCLICALITY AND HIGHER MARGINS

Sales Growth by Sales Channel

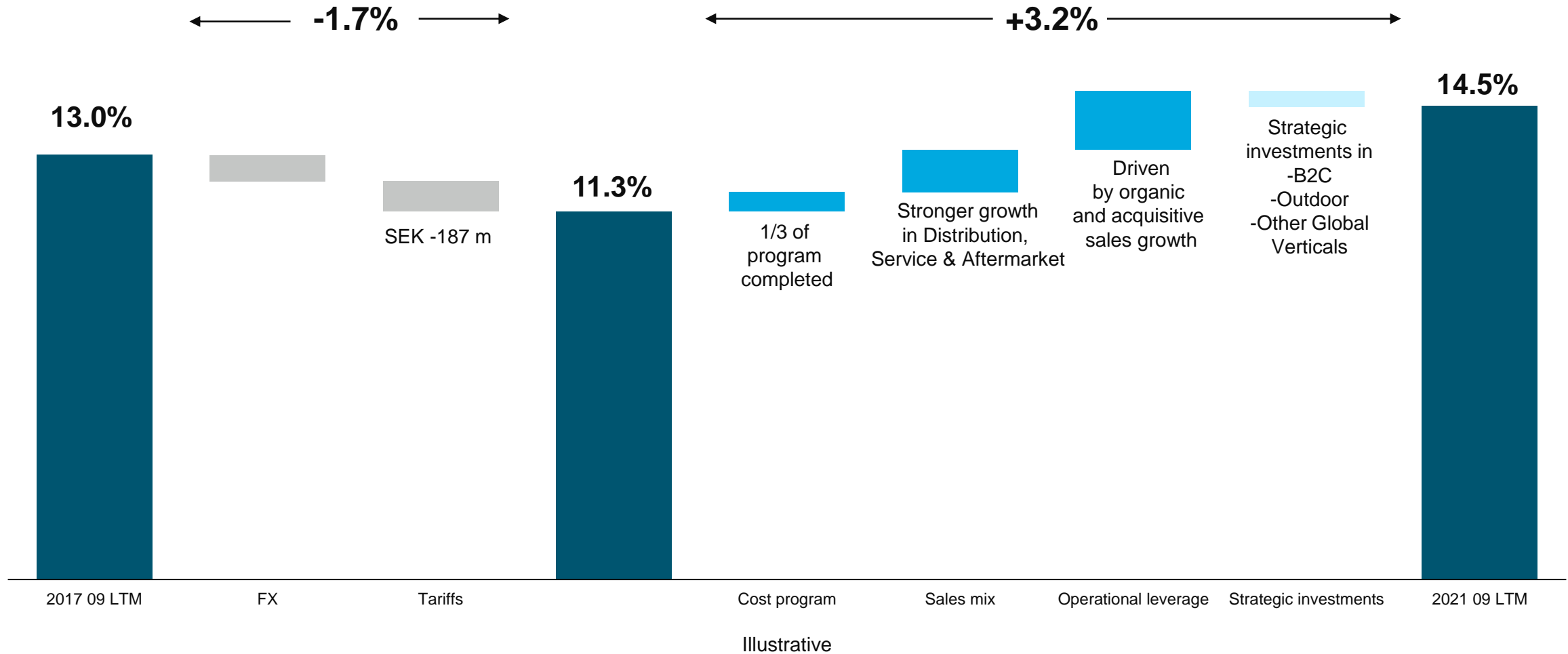


EBIT Margin by sales channel (illustrative)



# TRACKING TOWARDS OUR FINANCIAL TARGETS

## UNDERLYING IMPROVEMENTS DRIVEN BY STRATEGIC ACTIONS



# NET DEBT LEVERAGE

TARGET AROUND 2.5X OVER A BUSINESS CYCLE

## June

- New shares issue SEK 3.4 b
- EKN loan SEK 2 b prolonged with 2 years

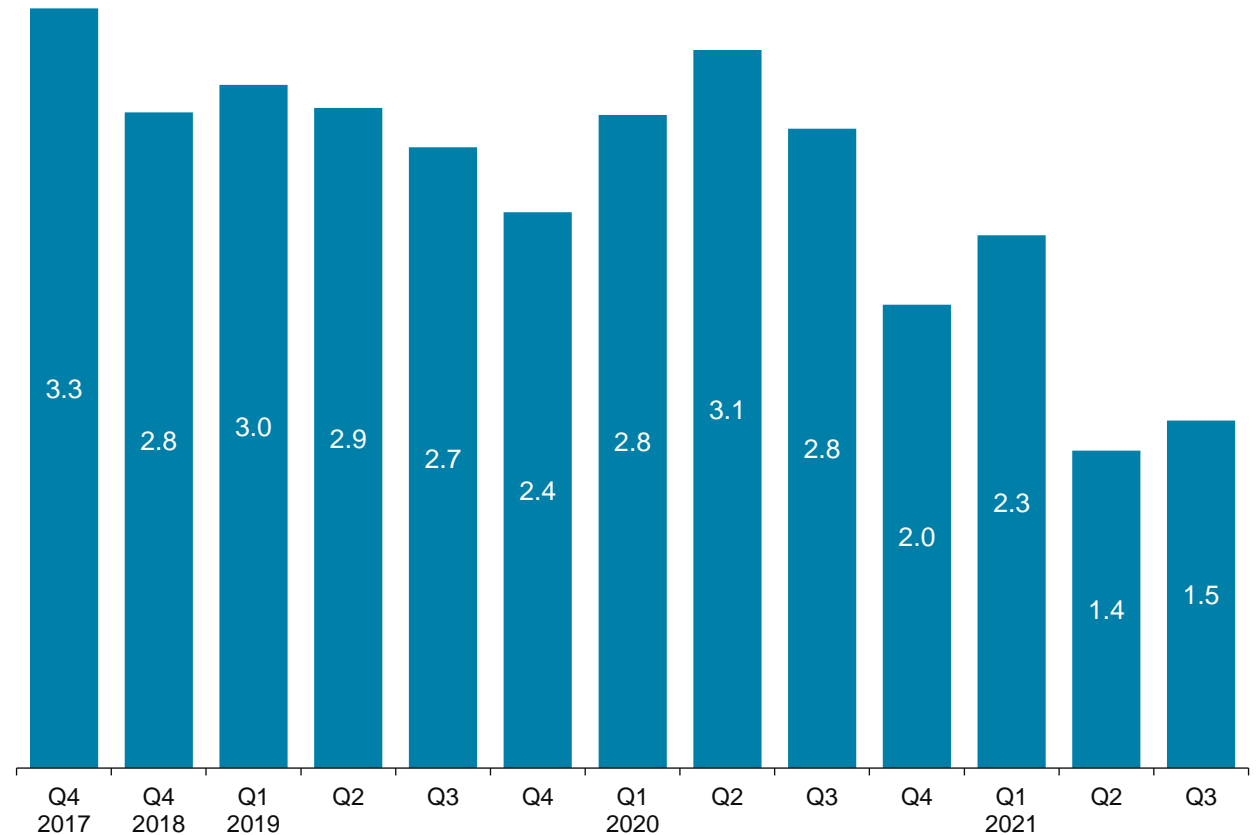
## September

- Issued 7-year Bond EUR 300 m

## Going forward

- Igloo and Cadac adds ~1.3x in Q4 2021
- Average annual de-leverage 0.6x to 0.8x driven by positive operational cash flow

Net Debt Leverage





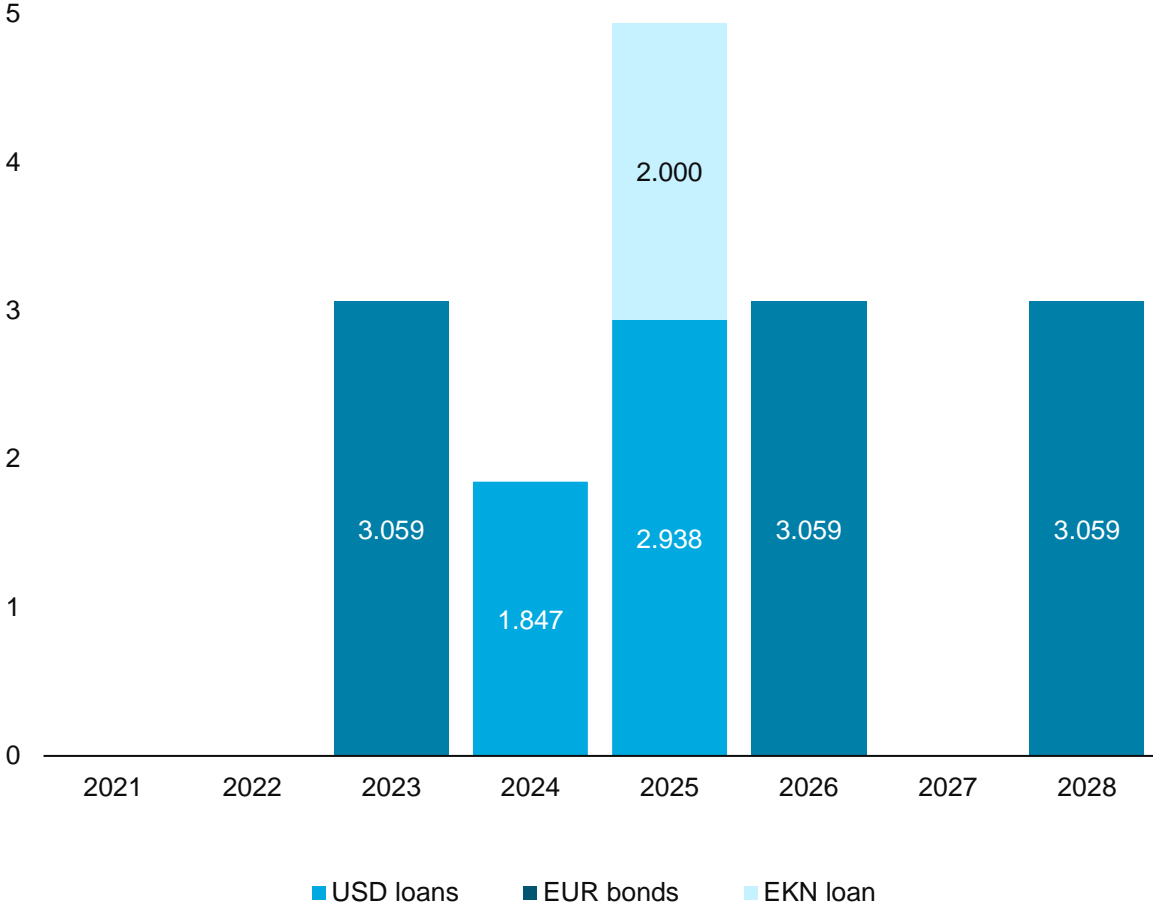
# HEALTHY DEBT MATURITY PROFILE

- **Average maturity 4.3 years**
  - Compared to 2.6 years in 2018
- **Average interest rate 2.34%**
  - New 7-year bond issued Sep 2021, rate 2,00%

## Diversified funding facilities in place

- EMTN program EUR 1,500 m (60% used)
- Undrawn revolving credit facility EUR 200 m
- Bank facilities USD 543 m
- Certificate program SEK 2 b
- EKN loan SEK 2 b

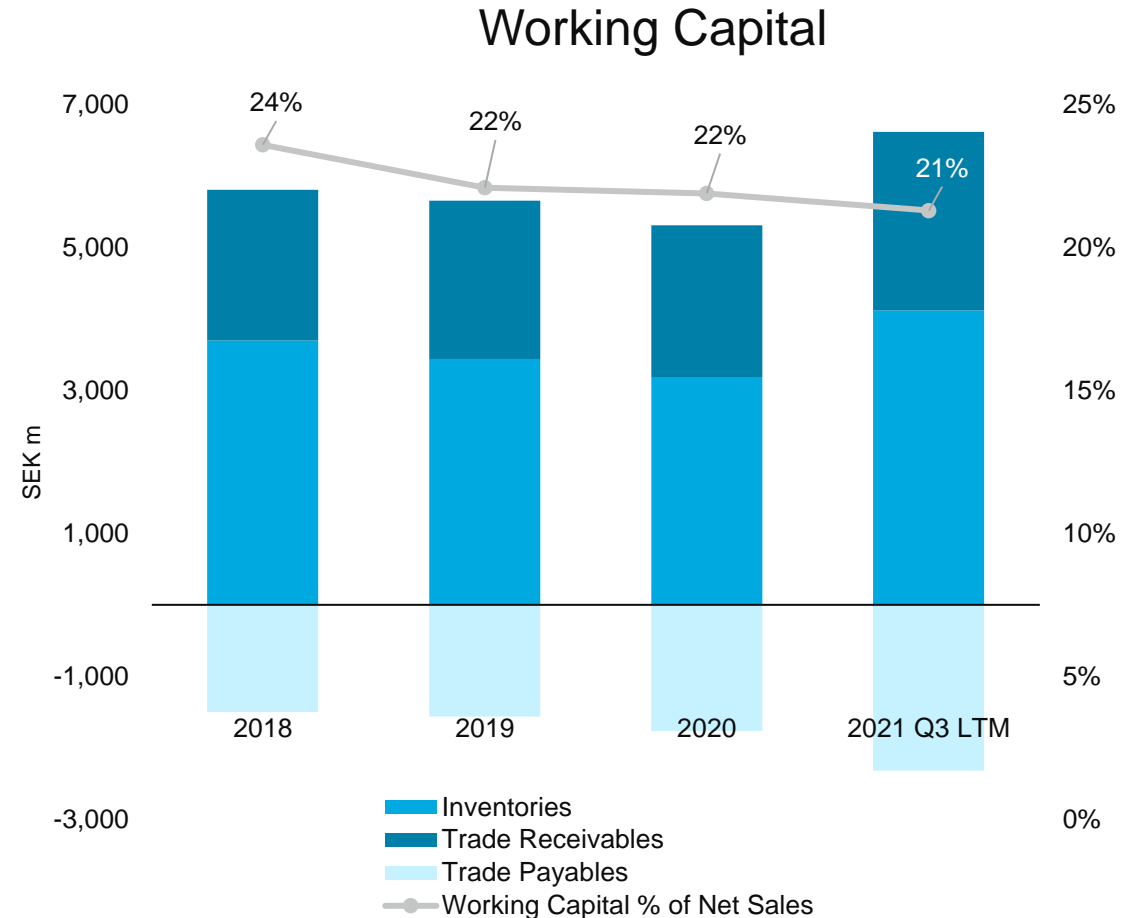
Debt Maturity Profile, SEK m



# WORKING CAPITAL

## WORKING CAPITAL AMBITION – 20% OF NET SALES

- 2021 impacted by volume-driven working capital build up and by supply chain constraints
- Ongoing activities to reduce Working Capital
  - Strategy to focus on lower vertical integration and higher level of regionalization
  - Incentive scheme in operational units to drive cash flow focus
  - Strengthened supply organization and re-engineered S&OP process
  - Continuous process improvements in Trade Receivables
  - Extended payment terms for Trade Payables incl utilizing bank promisory notes

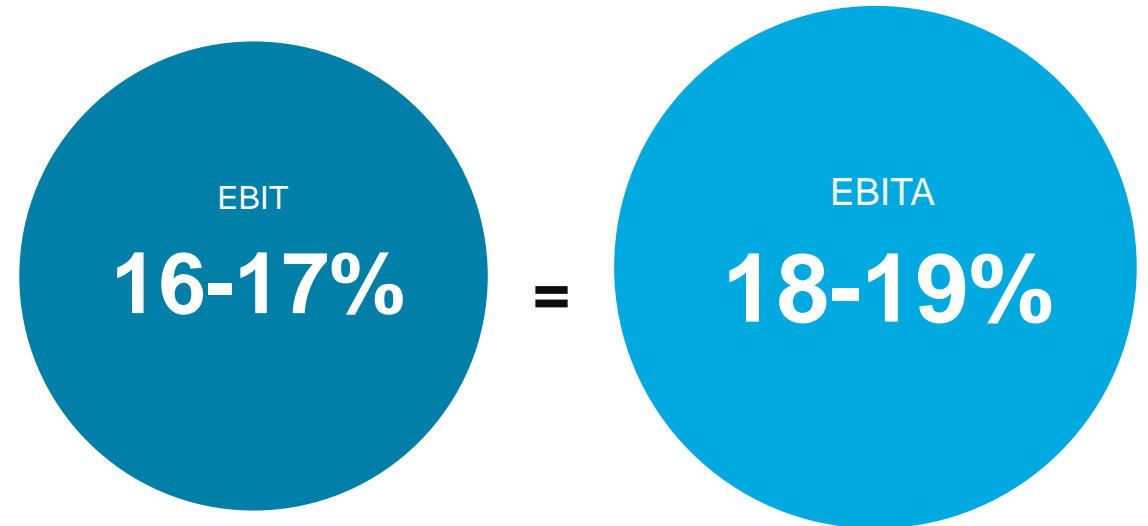


# INTRODUCING EBITA

## DOMETIC MARGIN TARGET – EBITA BEFORE I.A.C. 18-19%

- Changed profit margin measurement
- EBITA – better aligned with our strategic agenda
- Amortization of intangible assets fluctuates due to various life times assumed in the PPA's
- EBITA gives a better view of the actual development of the business

16-17% EBIT corresponds to 18-19% EBITA



# LONG TERM EBITA TARGET

## TO BE REALIZED WITHIN A BUSINESS CYCLE

### Amortization

- ~1,6% of sales 2021 09 LTM
- 2022 estimate ~SEK 0.5-0.6 b.

### Igloo improvements

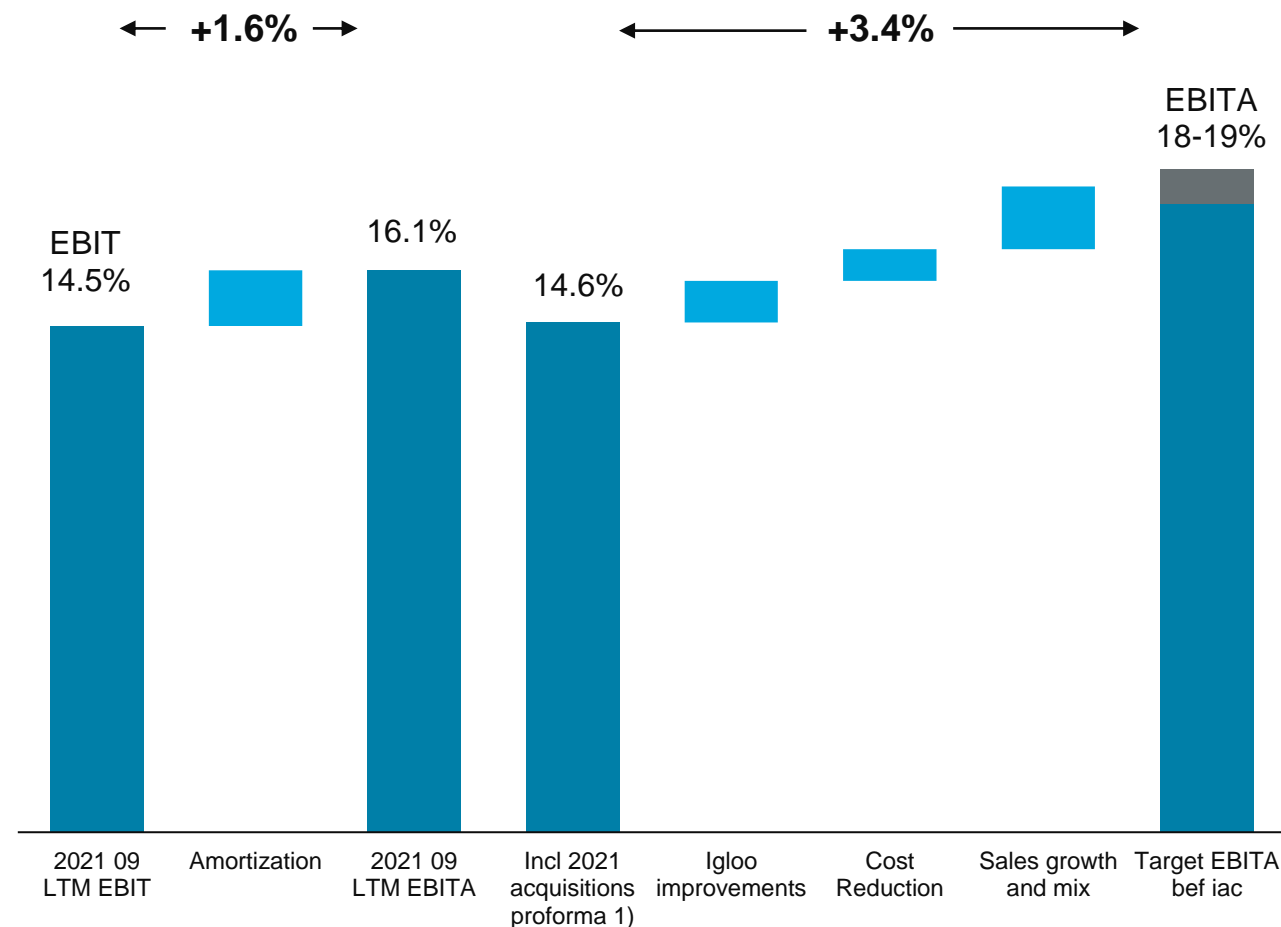
- Increased prices to offset rising resin costs
- Synergies of USD 53 m

### Cost reduction

- SEK 400 m cost reduction program launched in 2019
  - SEK 150 m. accomplished to date
  - To be fully completed mid 2023

### Sales growth and mix towards higher margin markets and channels

- Service and Aftermarket expansion
- Outdoor
- New growth areas



Illustrative

<sup>1)</sup> Proforma last 12 months or as announced in press releases

# IGLOO FINANCIALS

**AMBITION: EBITA MARGIN >15% WITHIN 5 YEARS**

## Transaction closed October 26

- Seasonal business, ~14% of annual sales in Q4

## 2021 Q3 LTM sales LTM USD 411 m. (+21%)

- Stable sales growth of 6% CAGR 2007-2021

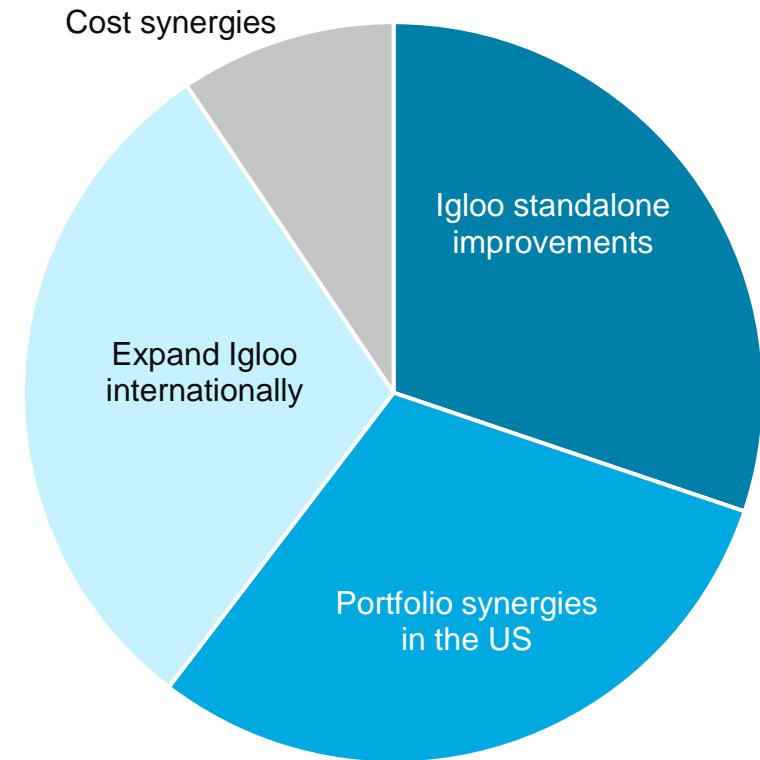
## 2021 Q3 LTM EBITDA margin 7.4%

- Short term impact from rising resin costs
- Rising costs will be compensated by already agreed and communicated price increases starting Q4

## Synergies of USD 53 m to be realized within 5 years

- Earn-out requires significant margin improvements in 2022

Synergies USD 53 m.



Illustrative

# FINANCIAL TARGETS OVER A BUSINESS CYCLE

BUSINESS CYCLE ~5 YEARS

NET SALES GROWTH

▪ 10%



- Average annual growth including organic growth and M&A

EBITA MARGIN

▪ 18-19%



- EBITA margin of 18-19%  
To be achieved within a business cycle

NET DEBT / EBITDA

▪ 2.5x



- Net debt/EBITDA of around 2.5x

DIVIDEND POLICY

▪ 40%



- At least 40% of net profit

# CAPITAL ALLOCATION PRINCIPLES

## SUPPORT LONG TERM VALUE CREATION

	2019 – 2021 <sup>1</sup>	AMBITION	
<b>CAPEX</b>	<b>SEK 0.9 b.</b> 1.7% of sales	<b>2-3% of sales</b>	Digitalization and Igloo related investments, partly offset by manufacturing outsourcing
<b>R&amp;D</b>	<b>SEK 1.0 b.</b> 2.0% of sales	<b>2-3% of sales</b>	Support innovation agenda to drive growth and efficiency
<b>DIVIDEND</b>	<b>SEK 1.3 b.</b> ~40% of net profit	<b>40%</b>	Target of at least 40% of net profit over a business cycle

<sup>1</sup>) 2019 and 2020 full year, 2021 Jan - Sep

# ENTERING 2022

## MARKET AND INDUSTRY

- Retail inventories low
- Raw material and transport constraints
- COVID-19 restrictions
- High M&A activity in industry



## CONTINUED STRATEGY EXECUTION FOR LONG-TERM VALUE CREATION

- PROFITABLE EXPANSION IN MOBILE LIVING
- PRODUCT LEADERSHIP THROUGH INNOVATION
- CONTINUOUS COST REDUCTIONS



## 2022 SHORT TERM ACTIVITIES

- Drive growth in strategic areas
- Balance market demand with supply capacity
- Increase activity in cost reduction program
- Secure value creation from acquisitions
- Acquisitions and divestments



# THREE KEY TAKEAWAYS

## FINANCIAL UPDATE AND TARGETS

Our financial results show strong improvements supported by our strategic actions

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We have a solid financial position

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We are committed to our financial targets and have a robust plan to get there

**Q & A**

**JUAN VARGUES & STEFAN FRISTEDT**



# SUMMARY AND CLOSING REMARKS

JUAN VARGUES



# SUMMARY AND CLOSING REMARKS

- We are showing strong progress in driving our strategy and improving our financial results
- Outdoor – Vehicle Based Activities, a new category of stand-alone end-user solutions puts Dometic in a unique market position
- We intend to accelerate the repositioning of the company by additional acquisitions and divestments
- Major development in product innovation both in existing areas and new areas
- By offering innovative, durable, low-carbon products, Dometic contributes to a more sustainable world
- The industrialization of the company is showing strong progress
- We are committed to, and are tracking against, our financial and sustainability targets



A scenic desert landscape at sunset. In the foreground, a person in a blue helmet and dark gear is running on a dirt path, holding the lines of a blue and white paraglider that is just taking off. To the right, a white Dometic camper is parked on a dirt road, with a dark pickup truck parked behind it. The background features large, reddish-brown rock formations and a vast, hazy desert valley under a sky with soft, golden light and wispy clouds. The sun is low on the horizon, creating a lens flare effect on the left side of the image.

 **DOMETIC**