

# INTERIM PRESENTATION

Q1 2017

APRIL 24, 2017



Mobile living made easy.

 **DOMETIC**

# PRESENTERS

**ROGER JOHANSSON**  
**PRESIDENT & CEO**



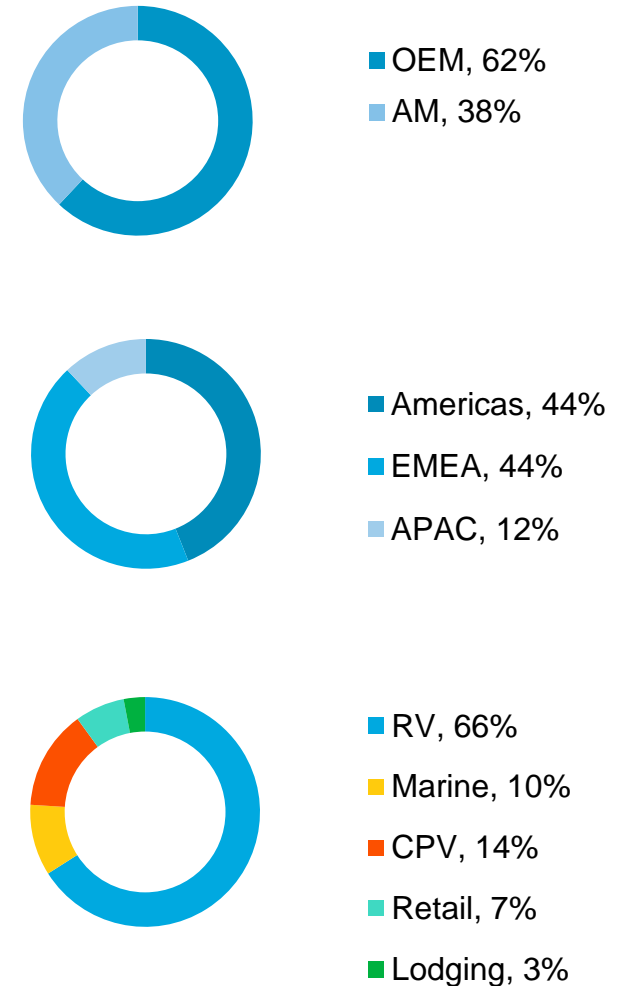
**PER-ARNE BLOMQUIST**  
**CFO**



# ROGER JOHANSSON, PRESIDENT & CEO

# Q1 2017 HIGHLIGHTS

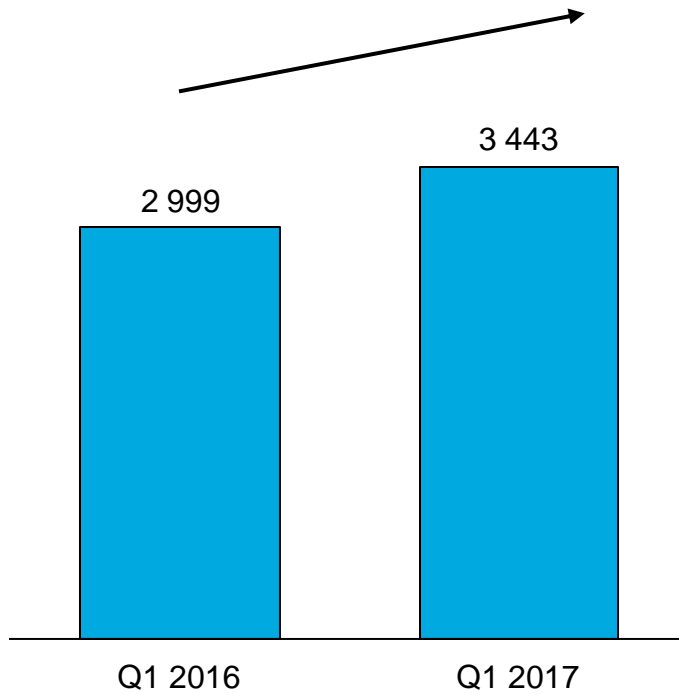
- Sales growth of 15% whereof 11% organic with contribution from all regions.
- Gross profit increase from 30.4% to 31.5%.
- EBIT +11% excl. SEK 46 million related to rebranding, class action legal and acquisition
- EMEA: Strong sales, RVOEM +17% and CPVOEM +24%.
- Americas: Gross margin improvement of 1.7ppt, RVOEM sales growing 4%.
- APAC: Sales growth of 13% and 24% EBIT improvement.
- Operating cash flow SEK -44 million (-102).
- Leverage 1.8x EBITDA (2.4x).
- Acquisitions of IPV and Oceanair contributed sales of SEK 47 million.



# Q1 2017

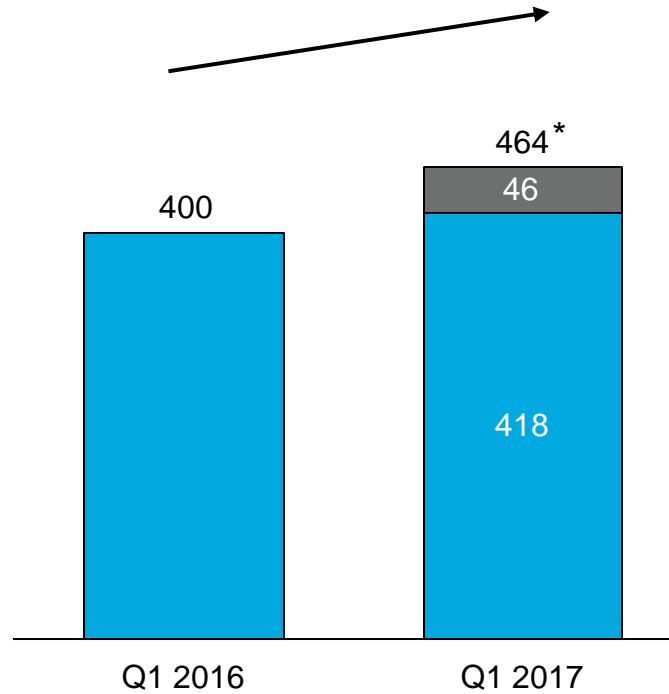
## Sales (MSEK)

15% (10% comparable currency)

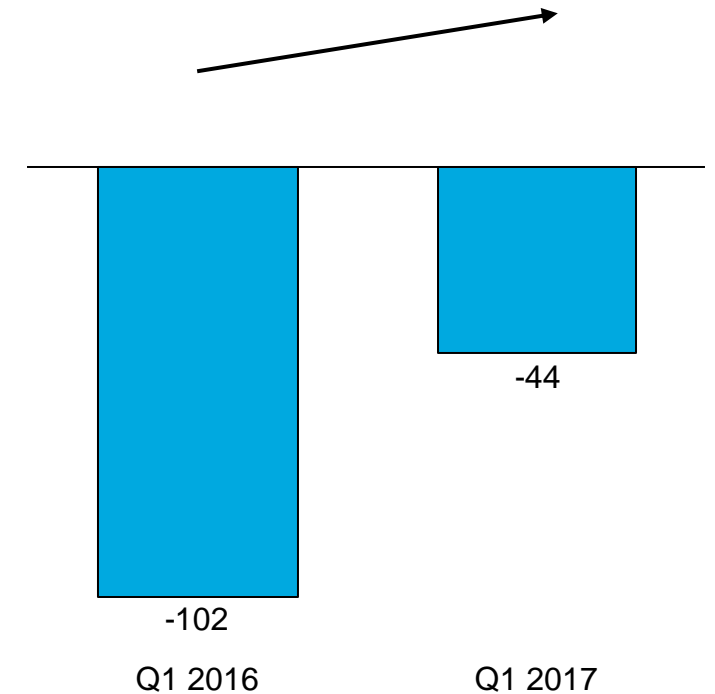


## EBIT bef i.a.c (MSEK)

Actual: 4% (0% comparable currency)  
Adjusted\*: 16% (11% comparable currency)

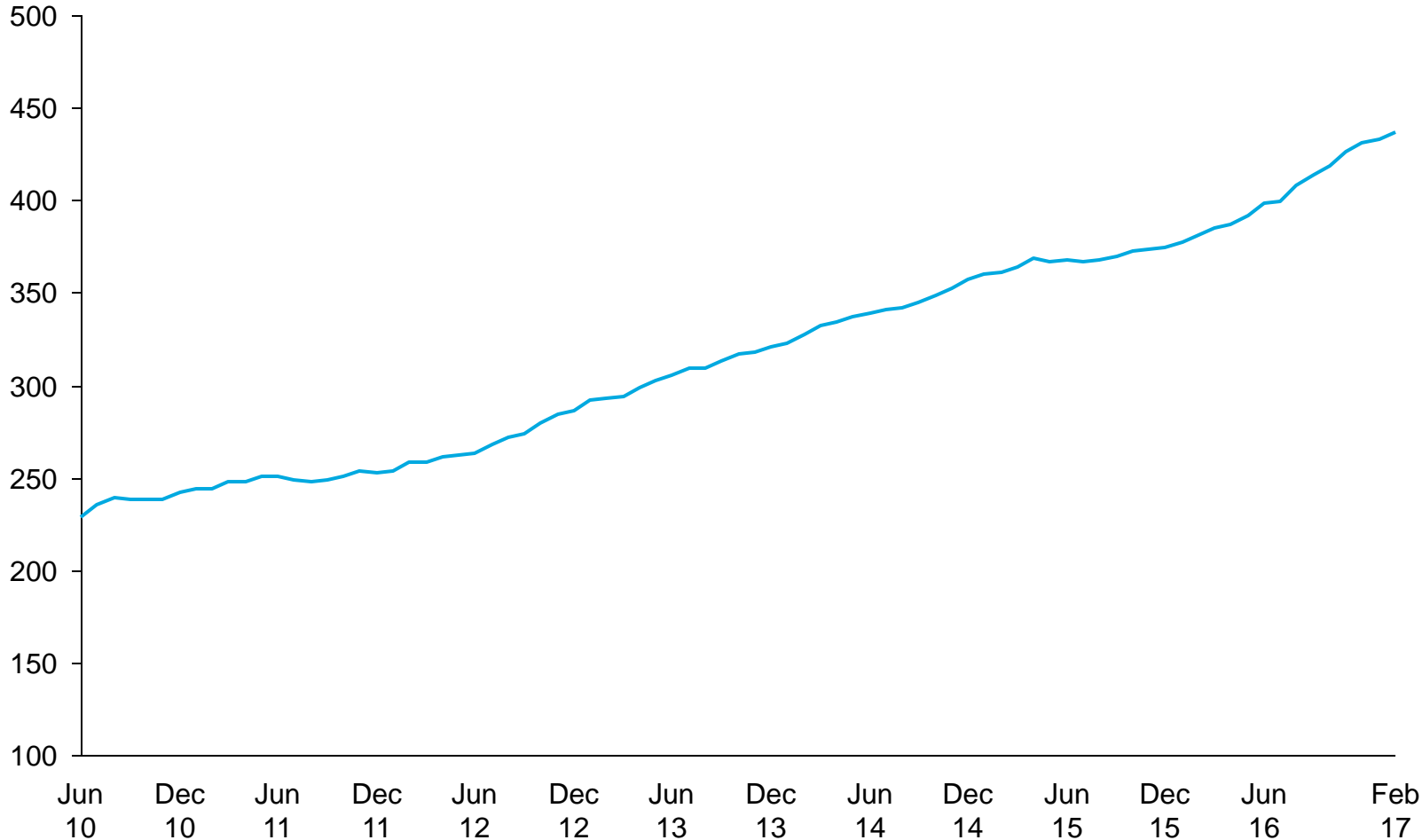


## Operating Cash Flow (MSEK)



# US RV MARKET – OEM SHIPMENTS

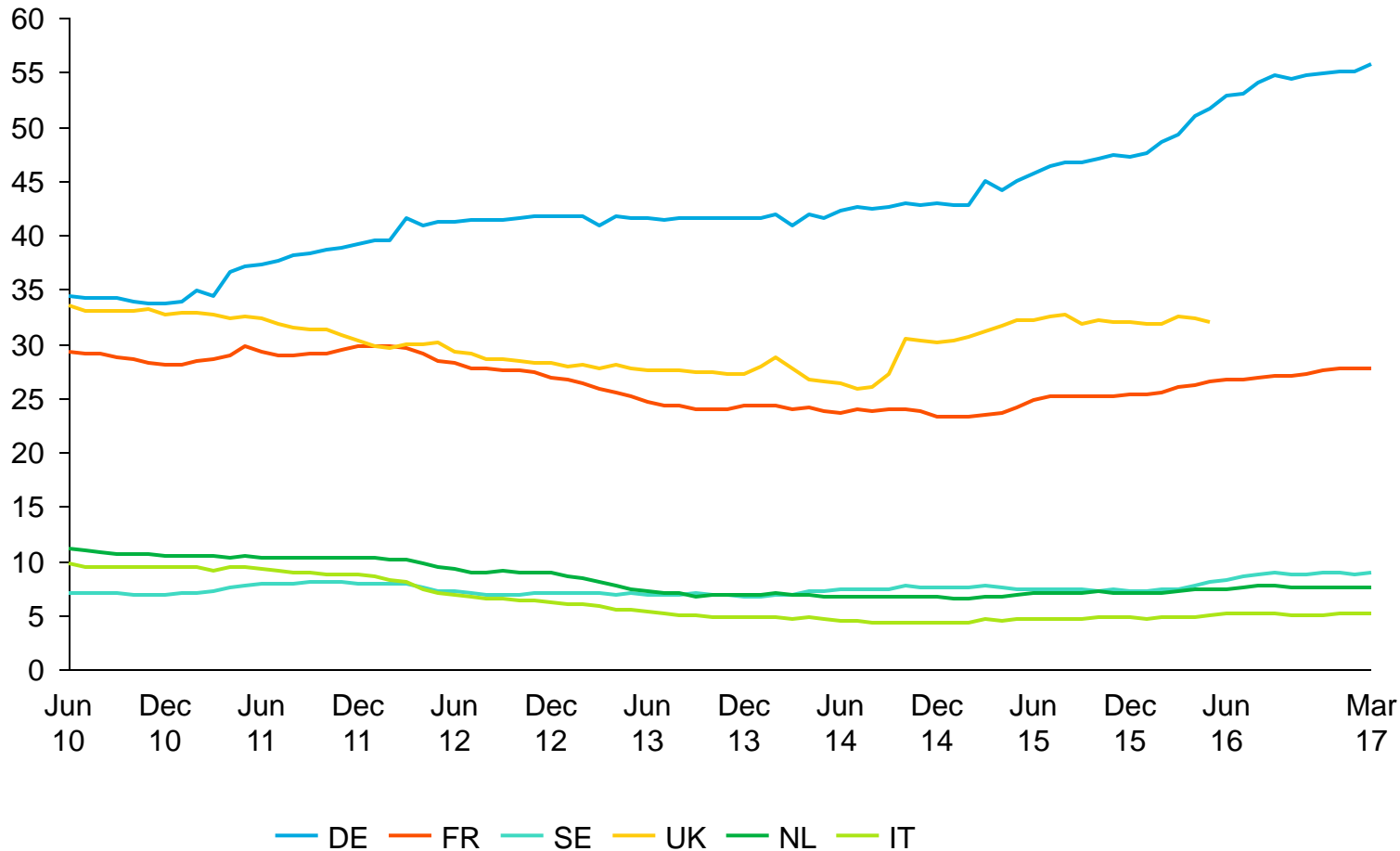
## ROLLING TWELVE MONTHS (000S UNITS)



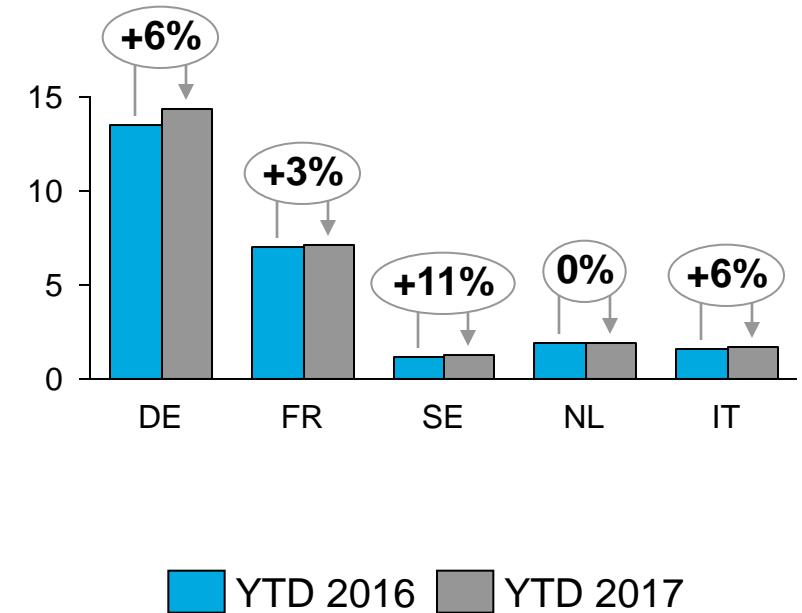
- Rolling three months February: 106,300 units (95,500) +11%
- YTD February: 73,300 units (67,500) +9%
- LTM February: 436,500 units (381,200) +15%

# EUROPE RV MARKET REGISTRATIONS

## ROLLING TWELVE MONTHS (000S UNITS)

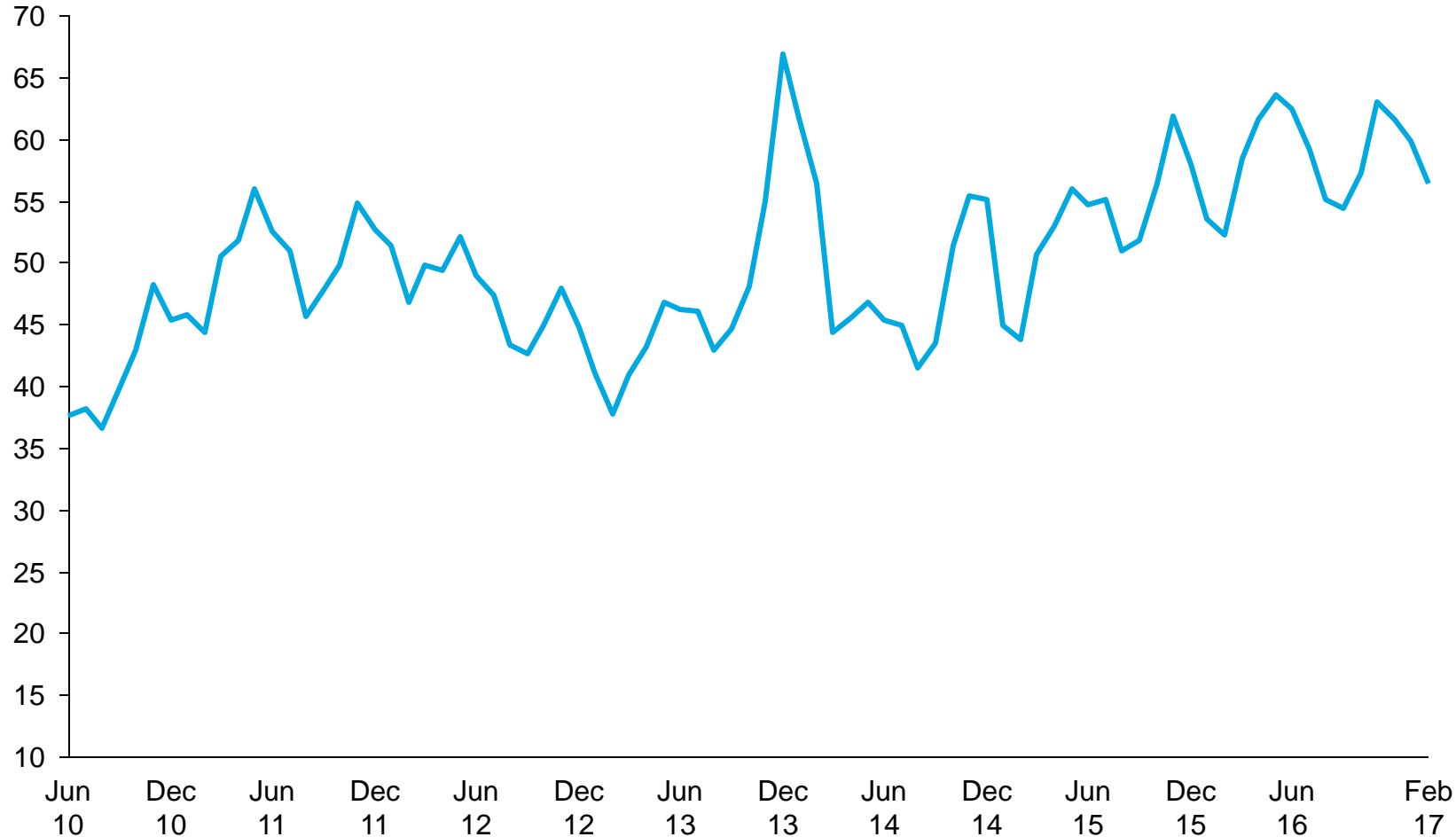


- Rolling three months  
March 2017:  
26,400 units (25,200) +5%\*
- LTM March 2017:  
104,900 units (94,600) +11%\*



# EUROPE TRUCKS (ABOVE 16 TONS) REGISTRATIONS

## ROLLING THREE MONTHS (000S UNITS)



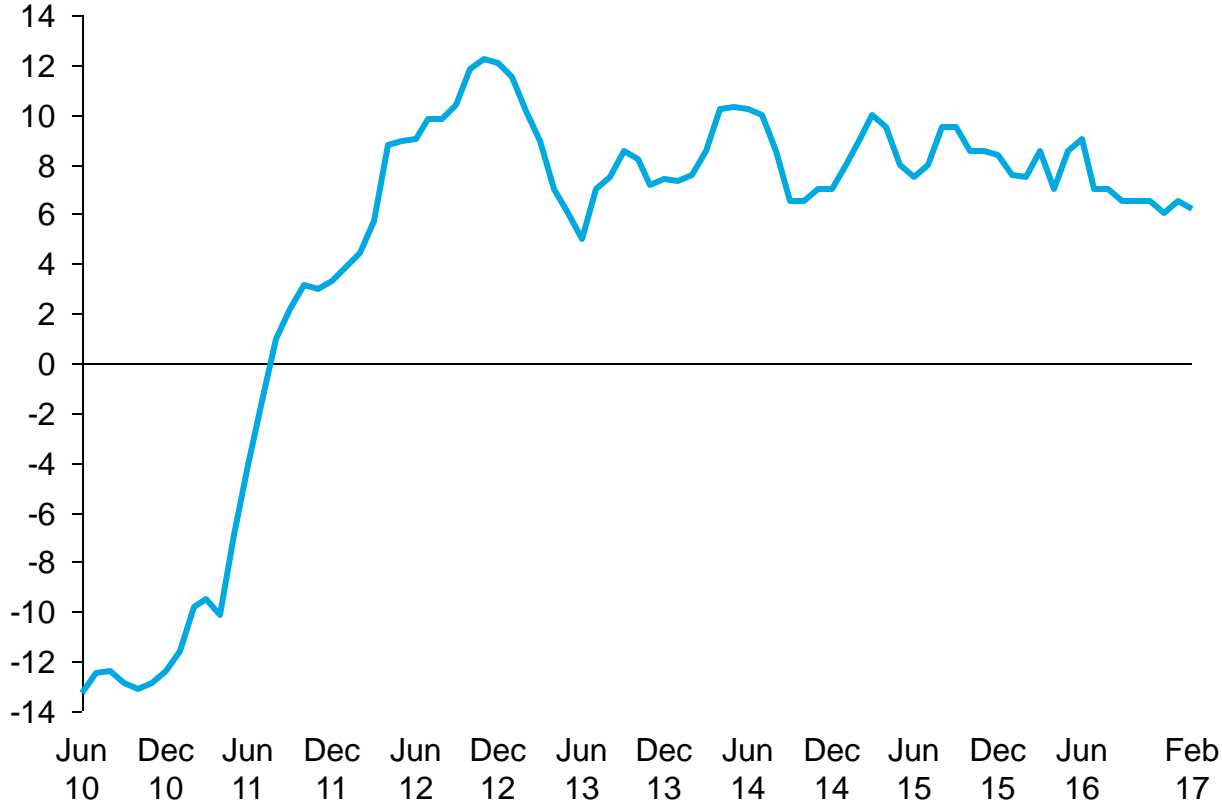
- Rolling three months February 2017: 56,400 units (52,200) +8%
- YTD February 2017: 36,800 units (35,500) +4%
- LTM February 2017: 239,200 units (220,800) +8%



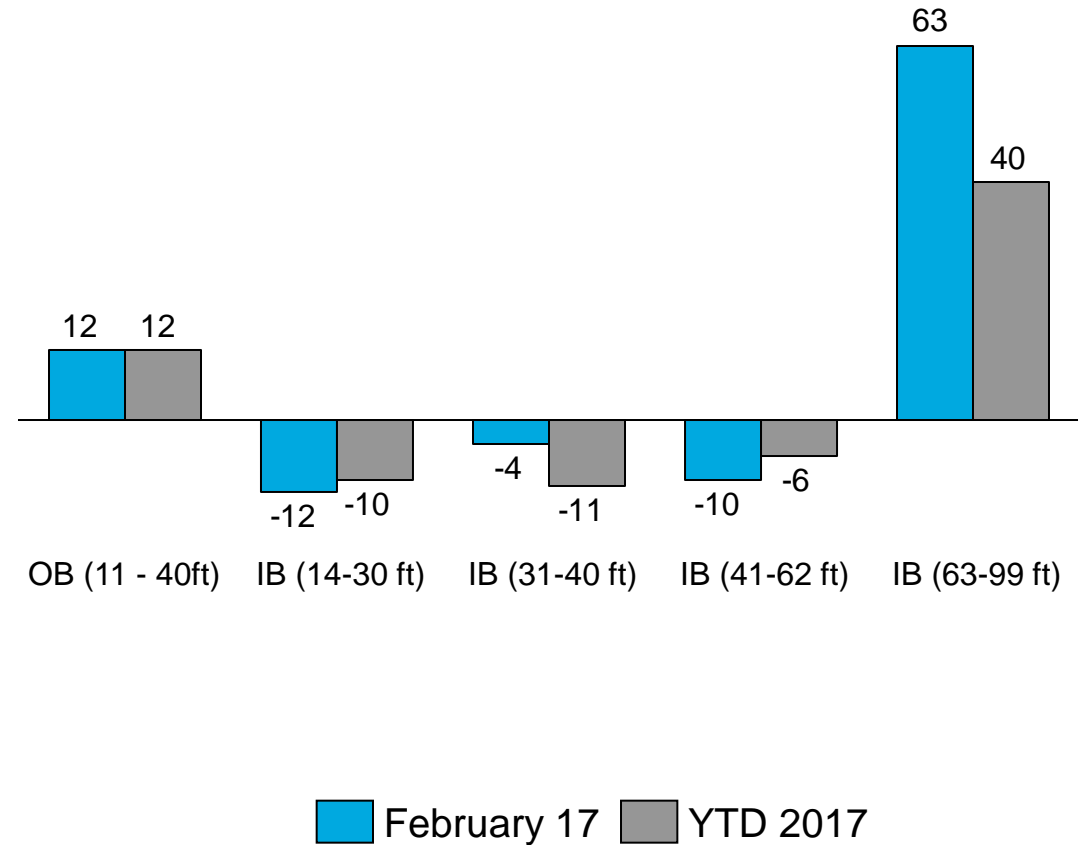
# US POWER BOAT SALES

## ROLLING TWELVE MONTHS (000S UNITS)

LTM February 2017: 6.2%



Power boat category (%)

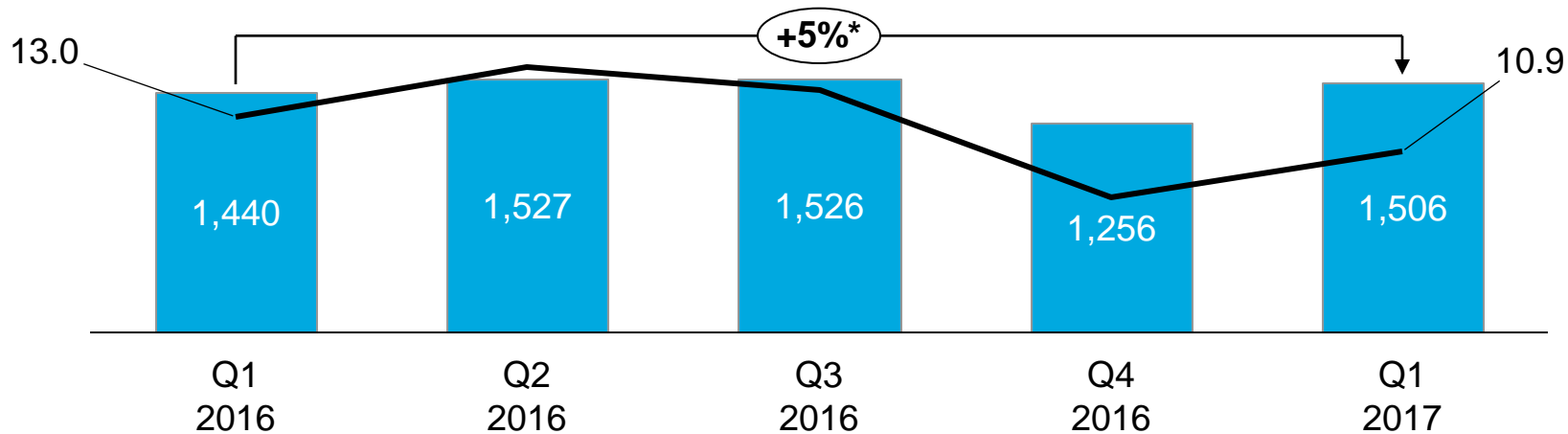


# AMERICAS

## Q1 Highlights

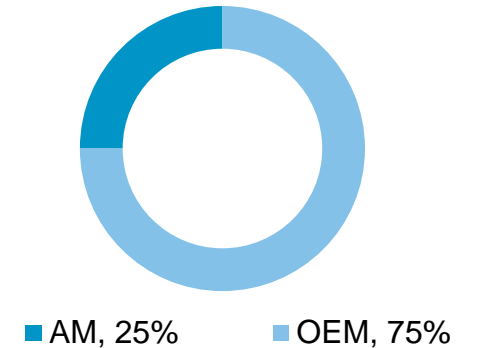
- Organic sales growth 4% (excluding divested business).
- Underlying RVOEM sales +4%.
- Sales growth of 18% in Marine OEM driven by favorable markets and new products.
- Aftermarket sales +6% (10% excluding divestments), driven by RV, Marine and Retail channels.
- Gross margin improvement of 1.7ppt.
- Underlying EBIT margin increase from 13.0% to 13.2%.

## Net sales & ebit %

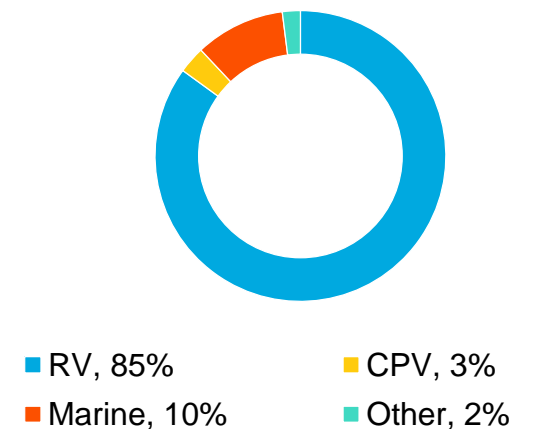


## Breakdown of sales

### By sales channel



### By business area

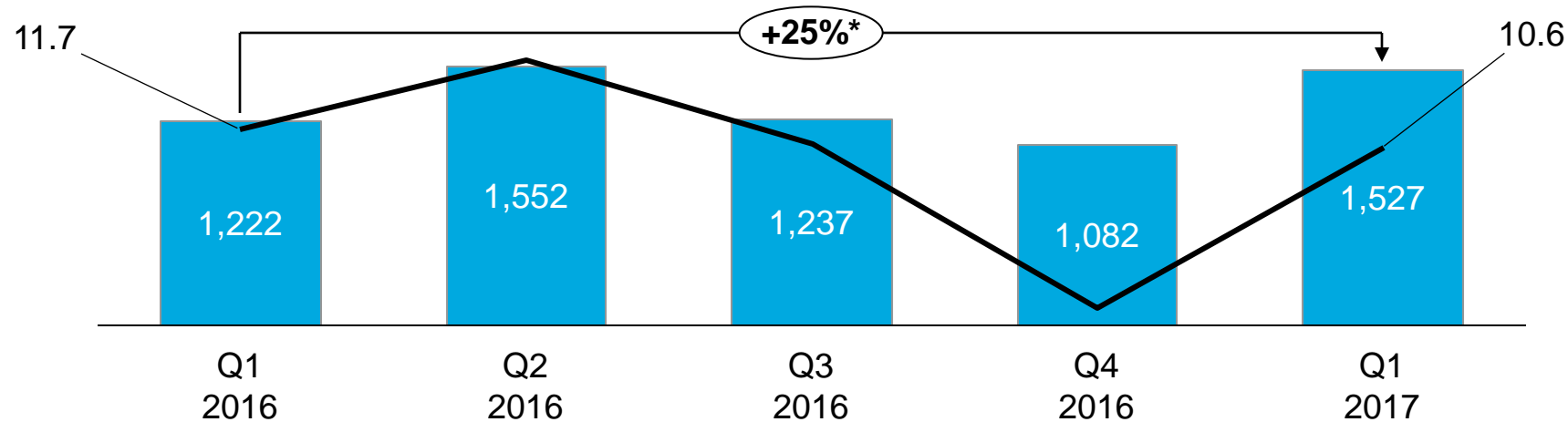


# EMEA

## Q1 Highlights

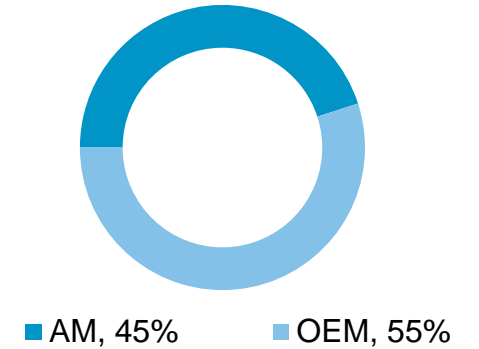
- Organic sales growth 19%.
- RVOEM +17% and CPVOEM +24%.
- Strong development in Marine OEM further enhanced by Oceanair.
- Positive truck market momentum and volume ramp-up of new products in passenger vehicles.
- Aftermarket growth in all businesses, particular strength in RV, Lodging and Marine.
- EBIT margins excluding rebranding and acquisitions slightly improved.

## Net sales & ebit %

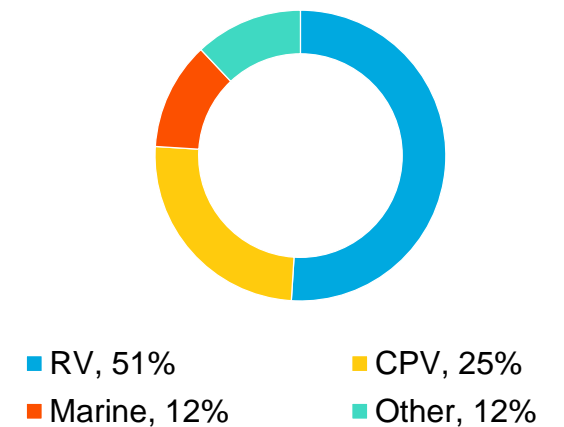


## Breakdown of sales

### By sales channel



### By business area

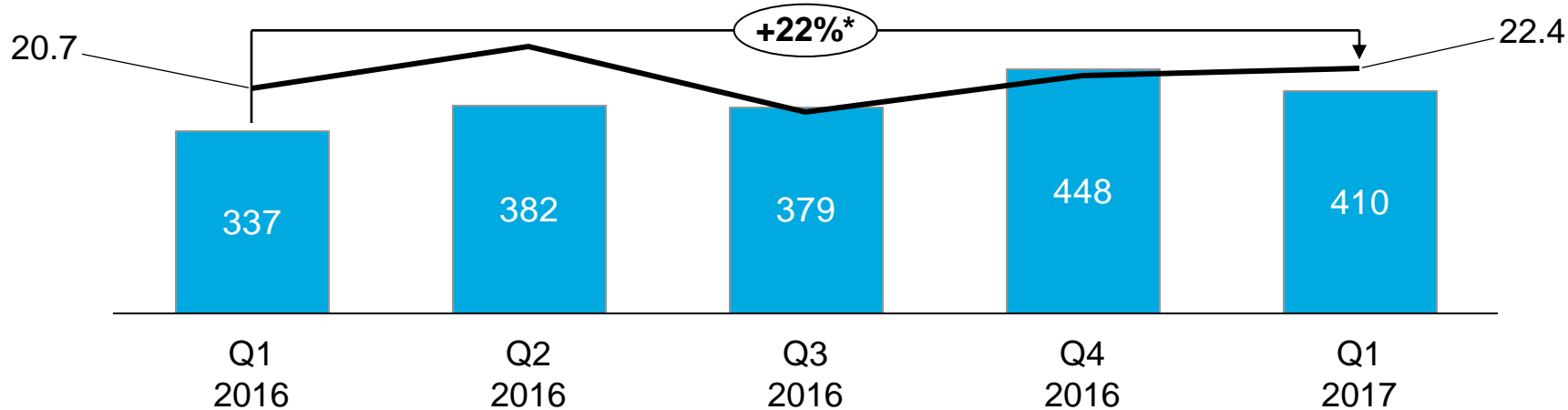


# APAC

## Q1 Highlights

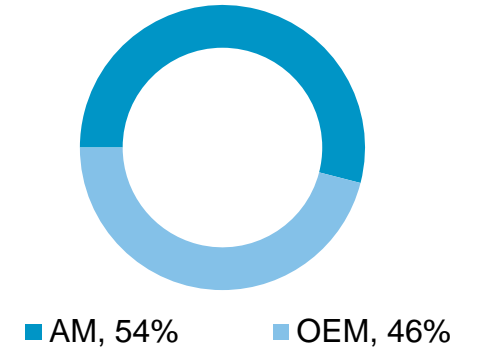
- Organic sales growth 13%.
- Increased market share in an otherwise soft Australian RV market.
- Increasing RV interest in small RV markets such as Japan and China.
- Strong development in Aftermarket
- Improved EBIT margin from 20.7% to 22.4% driven mainly by favorable product mix..

## Net sales & ebit %

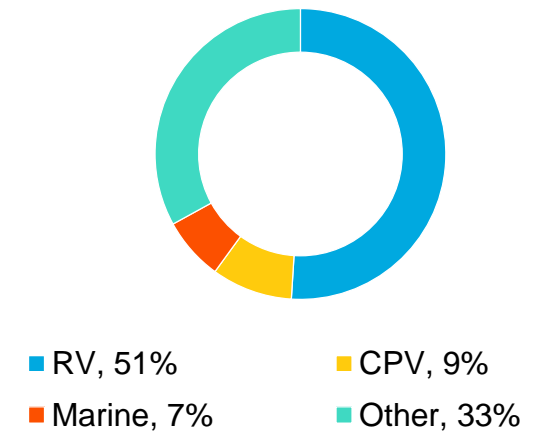


## Breakdown of sales

### By sales channel

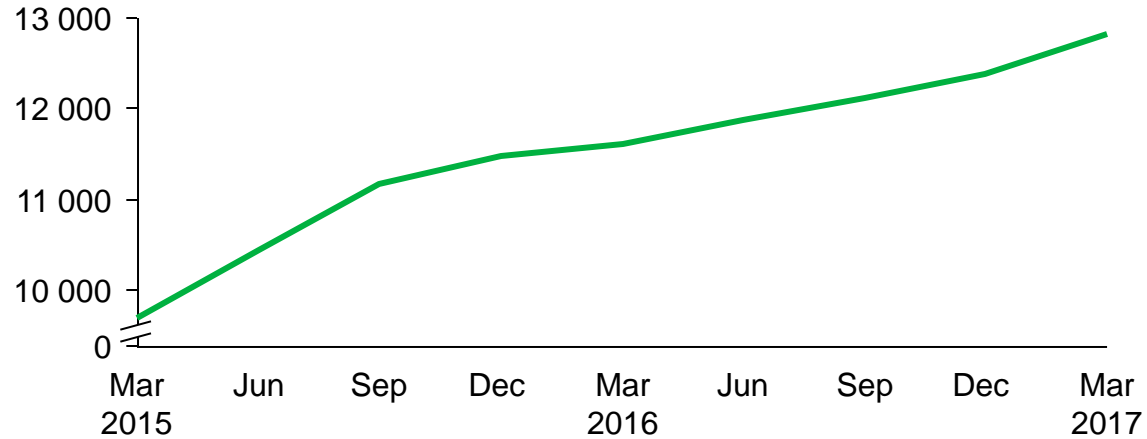


### By business area

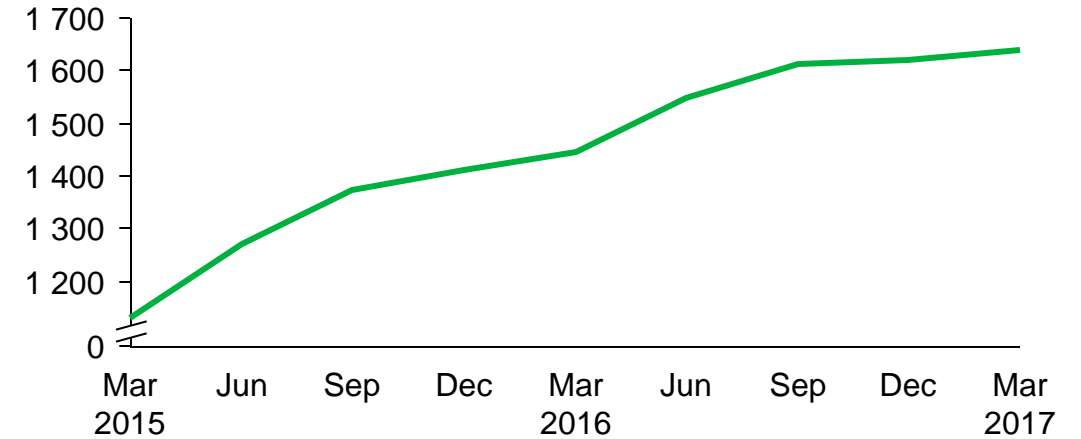


# DOMETIC GROUP TRENDS

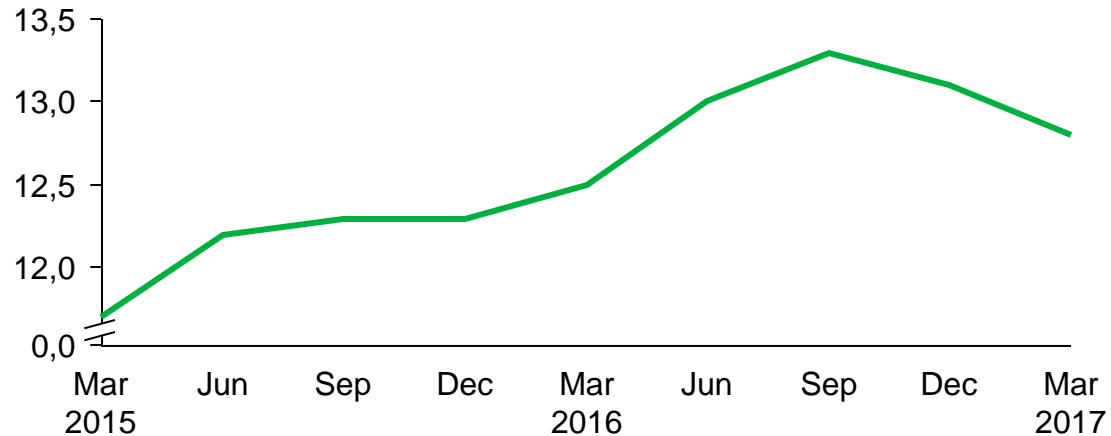
## Sales (SEKm)



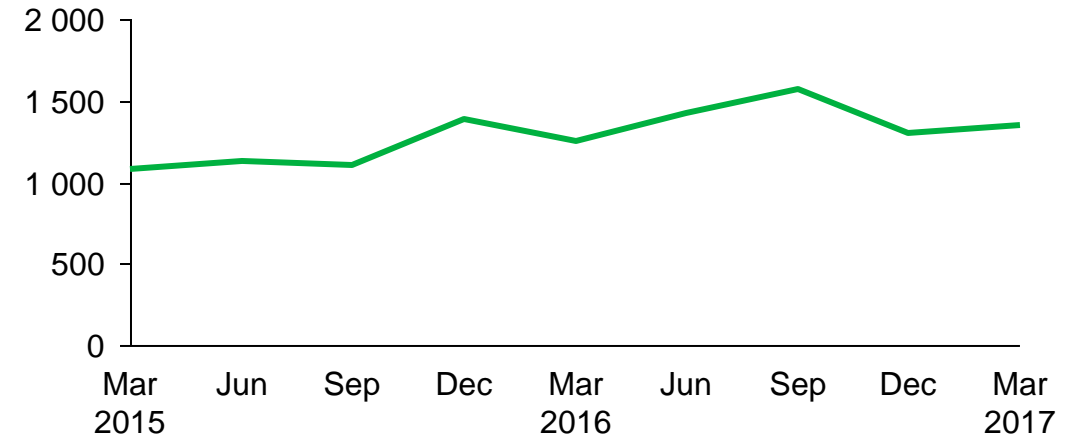
## EBIT bef. i.a.c (SEKm)



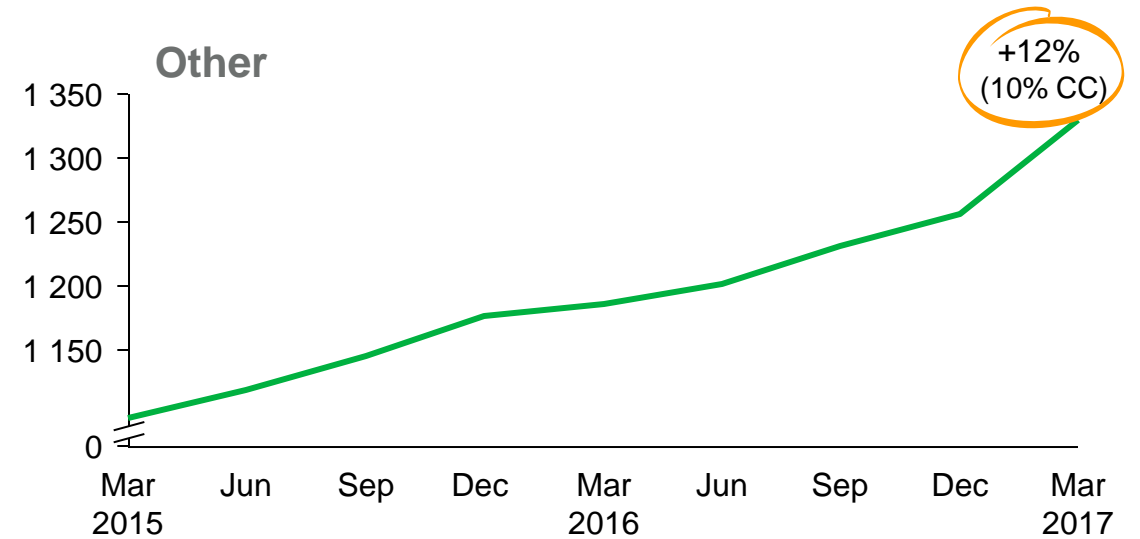
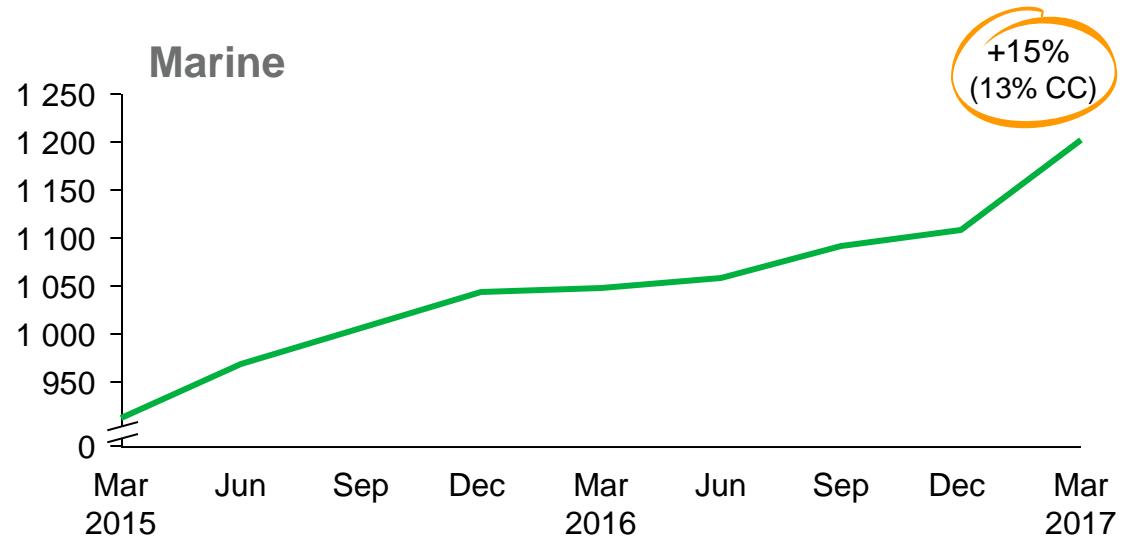
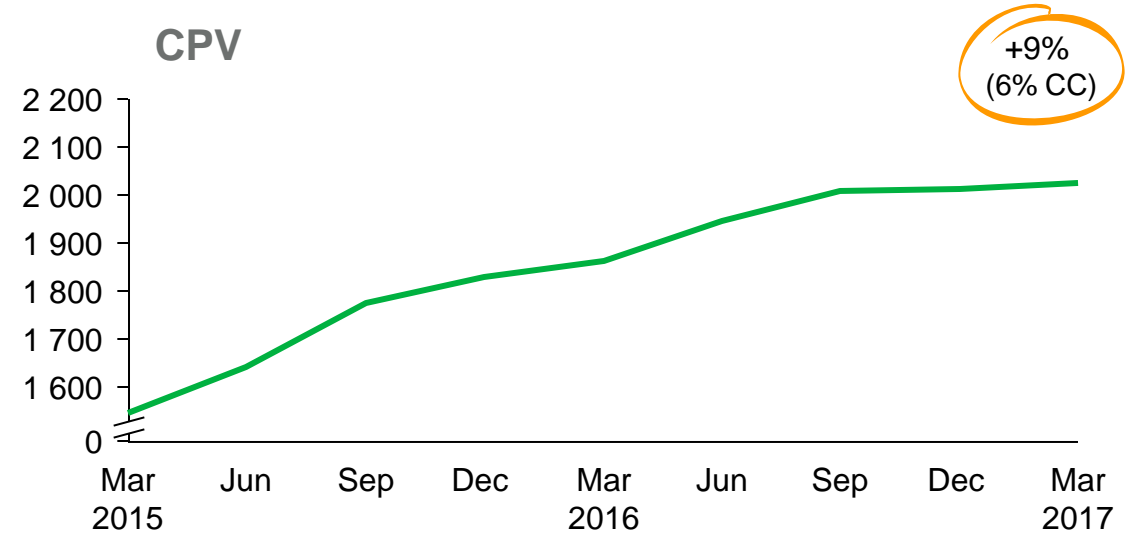
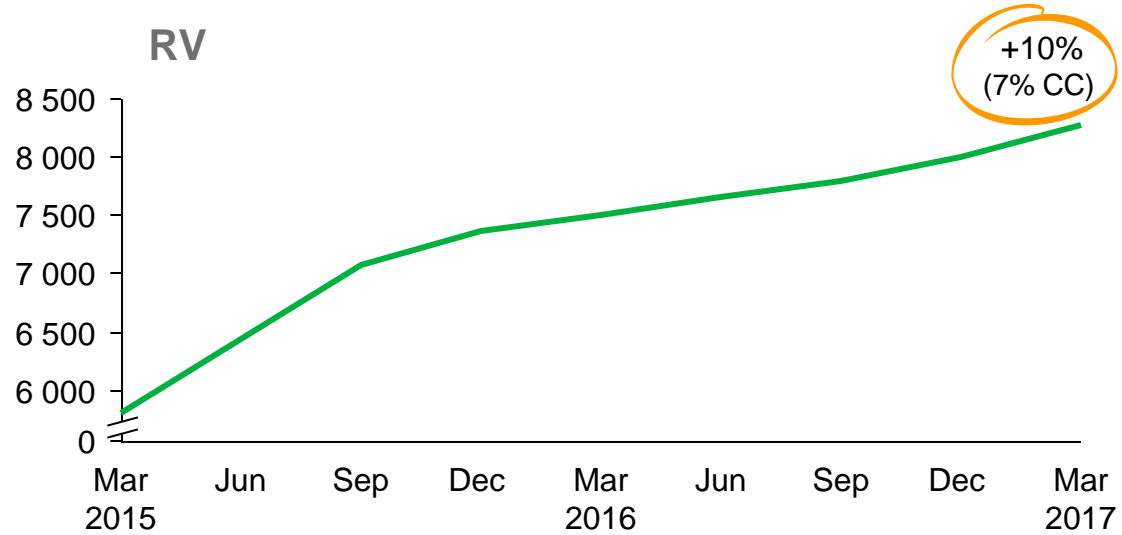
## EBIT bef. i.a.c (%)



## Operating cash flow (SEKm)



# BUSINESS AREA DEVELOPMENT



# PER-ARNE BLOMQUIST, CFO

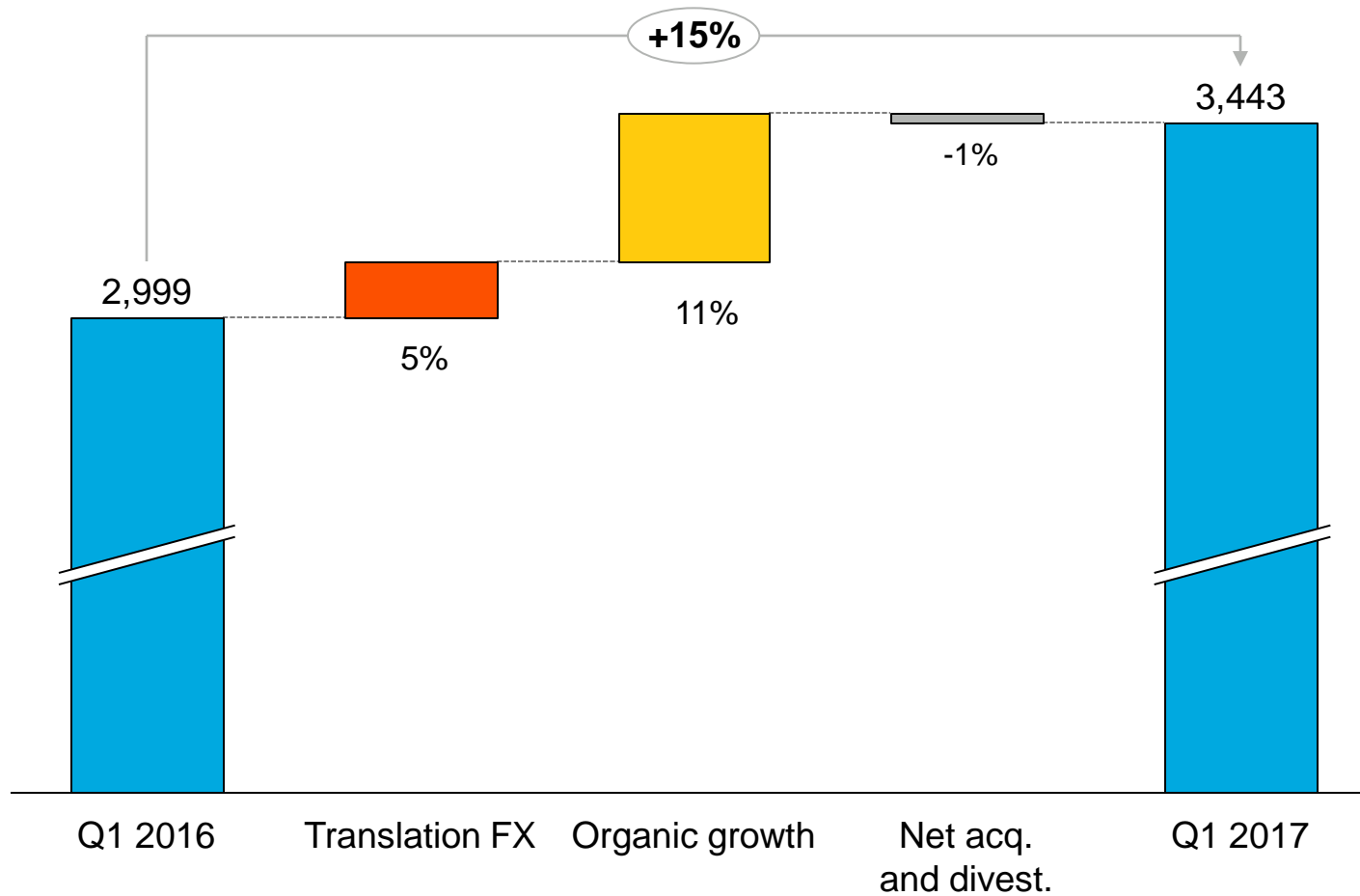
# KEY RATIOS

| SEKm               |                                    | Q1<br>2017 | Q1<br>2016 | LTM<br>2017 | FY<br>2016 |
|--------------------|------------------------------------|------------|------------|-------------|------------|
| Sales              | Net sales                          | 3,443      | 2,999      | 12,832      | 12,388     |
|                    | Growth, %                          | 14.8       | 4.3        | 10.5        | 7.9        |
|                    | Organic growth, %                  | 11.3       | 5.1        | -           | 6.9        |
| Profitability      | EBIT before i.a.c. %               | 12.1       | 13.3       | 12.8        | 13.1       |
|                    | EBITDA before i.a.c. %             | 14.4       | 15.8       | 15.1        | 15.5       |
| Capital efficiency | Core working capital, to sales, %* | 22.8       | 21.5       | 22.8        | 22.5       |
|                    | Return on operating capital        | 31.2       | 33.3       | 31.2        | 31.6       |
| Cash flow          | Operating cash flow                | -44        | -102       | 1,354       | 1,296      |
| EPS                | Earnings per share                 | 1.00       | 1.00       | 4.61        | 4.60       |



# DOMETIC GROUP NET SALES BRIDGE Q1

(SEKm)



## Translation FX details

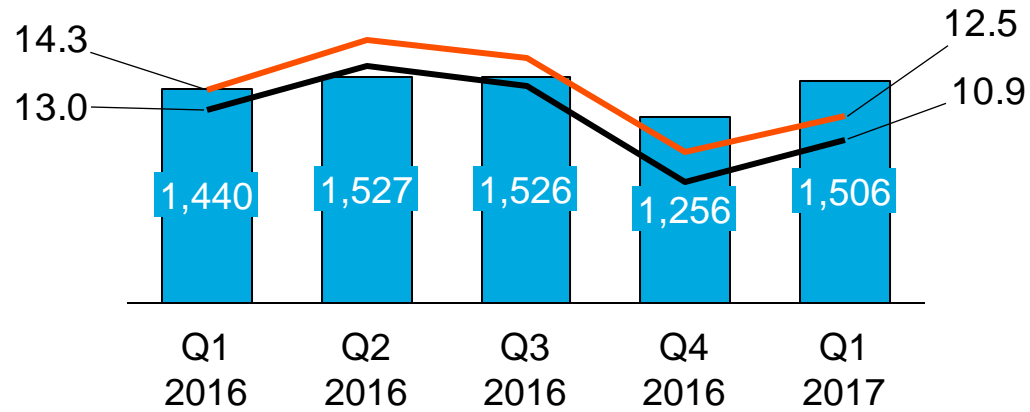
|              | Net Sales  | Share of impact |
|--------------|------------|-----------------|
| USD          | 76         | 60%             |
| EUR          | 22         | 18%             |
| AUD          | 21         | 17%             |
| HKD          | 2          | 2%              |
| GBP          | -4         | -3%             |
| CNY          | 0          | 0%              |
| Other        | 9          | 7%              |
| <b>Total</b> | <b>127</b> |                 |

# REGIONAL RESULTS

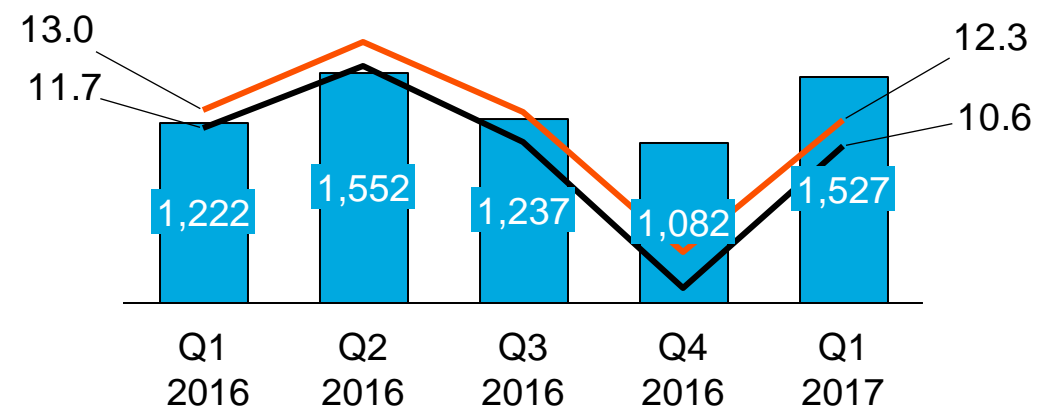
| <b>SEK million</b>                                 | <b>Q1<br/>2017</b> | <b>Q1<br/>2016</b> | <b>Change (%)</b> |                           | <b>LTM<br/>2017</b> | <b>FY<br/>2016</b> |
|--|--------------------|--------------------|-------------------|---------------------------|---------------------|--------------------|
|  |                    |                    | <b>Rep.</b>       | <b>Adj.<sup>(1)</sup></b> |                     |                    |
| Americas   | 1,506              | 1,440              | 5%                | -1%                       | 5,815               | 5,749              |
| EMEA   | 1,527              | 1,222              | 25%               | 23%                       | 5,398               | 5,093              |
| Asia Pacific                                       | 410                | 337                | 22%               | 13%                       | 1,619               | 1,546              |
| <b>Total net sales</b>                             | <b>3,443</b>       | <b>2,999</b>       | <b>15%</b>        | <b>10%</b>                | <b>12,832</b>       | <b>12,388</b>      |
| Americas   | 164                | 187                | -13%              | -17%                      | 732                 | 756                |
| EMEA   | 162                | 143                | 13%               | 10%                       | 553                 | 534                |
| Asia Pacific                                       | 92                 | 70                 | 32%               | 24%                       | 353                 | 331                |
| <b>Total operating profit (EBIT)<sup>(2)</sup></b> | <b>418</b>         | <b>400</b>         | <b>4%</b>         | <b>0%</b>                 | <b>1,638</b>        | <b>1,621</b>       |
| Americas   | 10.9%              | 13.0%              |                   |                           | 12.6%               | 13.1%              |
| EMEA   | 10.6%              | 11.7%              |                   |                           | 10.2%               | 10.5%              |
| Asia Pacific                                       | 22.4%              | 20.7%              |                   |                           | 21.8%               | 21.4%              |
| <b>Total operating profit %</b>                    | <b>12.1%</b>       | <b>13.3%</b>       |                   |                           | <b>12.8%</b>        | <b>13.1%</b>       |

# MARGIN DEVELOPMENT IN THE REGIONS

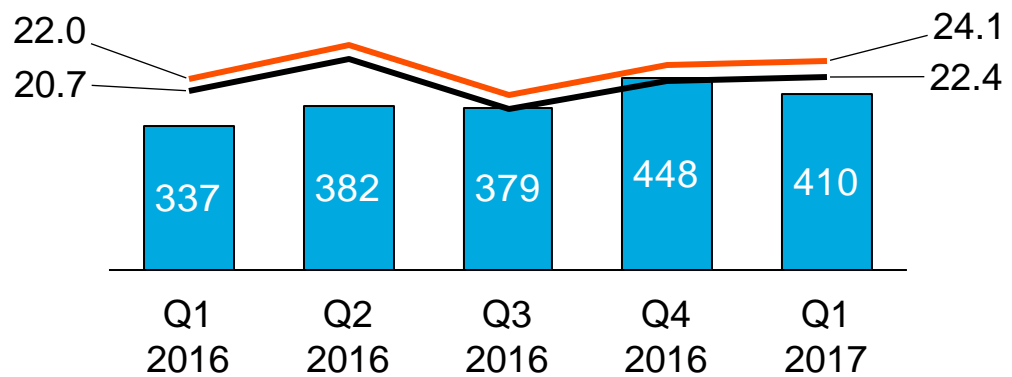
## AMERICAS



## EMEA

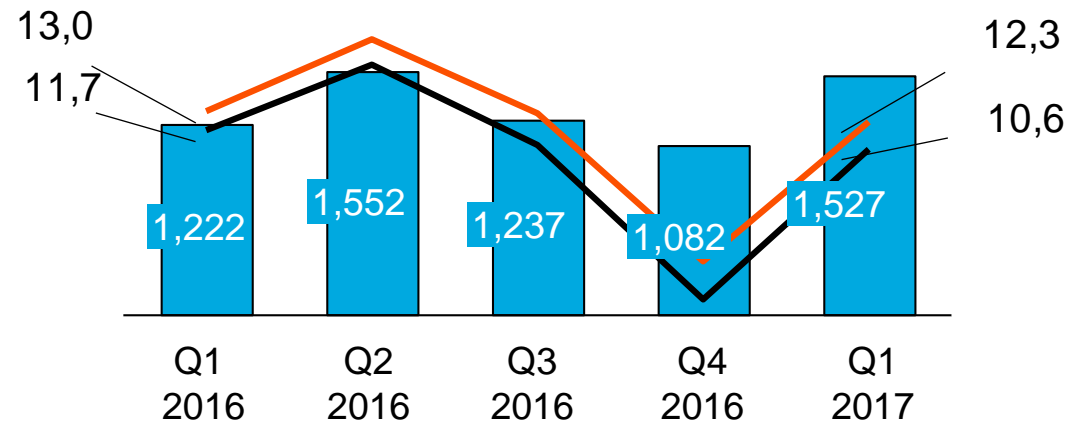


## APAC



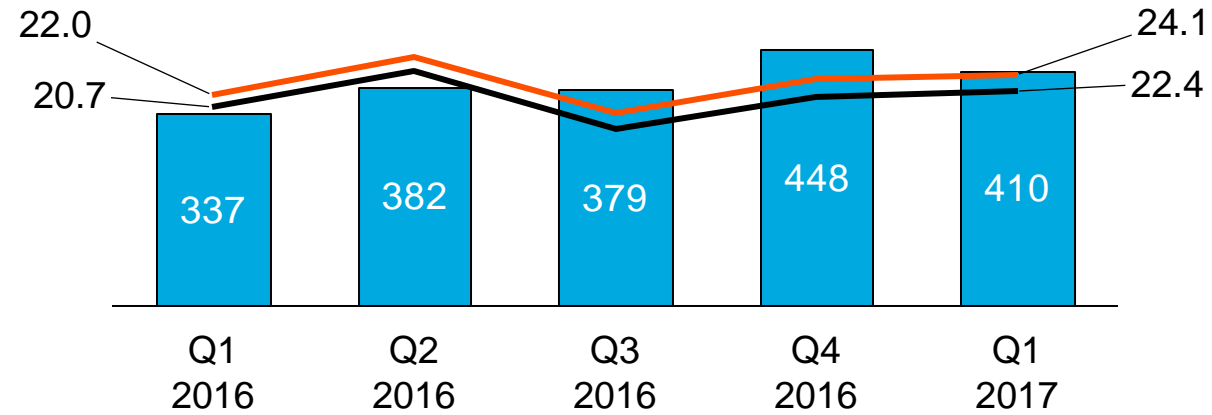
- EBIT%
- EBIT% w/o central cost
- Net Sales

# ADJUSTED EMEA



| <b>EBIT margin (%)</b>  | <b>Q1 2017</b> | <b>Q1 2016</b> |
|---|----------------|----------------|
| EBIT bef. i.a.c   | 10.6           | 11.7           |
| EBIT w/o central cost   | 12.3           | 13.0           |
| <b>EBIT w/o central cost adj. for acquisitions/rebranding</b> | <b>13.2</b>    | <b>13.0</b>    |

# ADJUSTED APAC



| <b>EBIT margin (%)</b>                             | <b>Q1 2017</b> | <b>Q1 2016</b> |
|--|----------------|----------------|
| EBIT bef. i.a.c                                    | 22.4           | 20.7           |
| EBIT w/o central cost                              | 24.1           | 22.0           |
| <b>EBIT w/o central cost adj. for hedge impact</b> | <b>26.9</b>    | <b>21.9</b>    |

# EARNINGS PER SHARE

| <b>MSEK, SEK *</b>              | <b>Q1 2017</b> | <b>Q1 2016</b> | <b>Q1 2017<br/>EPS</b> | <b>Q1 2016<br/>EPS</b> |
|---------------------------------|----------------|----------------|------------------------|------------------------|
| Net sales                       | 3,443          | 2,999          |                        |                        |
| Operating profit (before i.a.c) | 418            | 400            | 1.41                   | 1.35                   |
| Finance net                     | -31            | -34            | -0.10                  | -0.11                  |
| Tax                             | -91            | -71            | -0.31                  | -0.24                  |
| <b>Result for the period</b>    | <b>296</b>     | <b>295</b>     | <b>1.00</b>            | <b>1.00</b>            |
| No. of shares, million          | 295.8          | 295.8          |                        |                        |
| Earnings per share, SEK         | 1.00           | 1.00           |                        |                        |

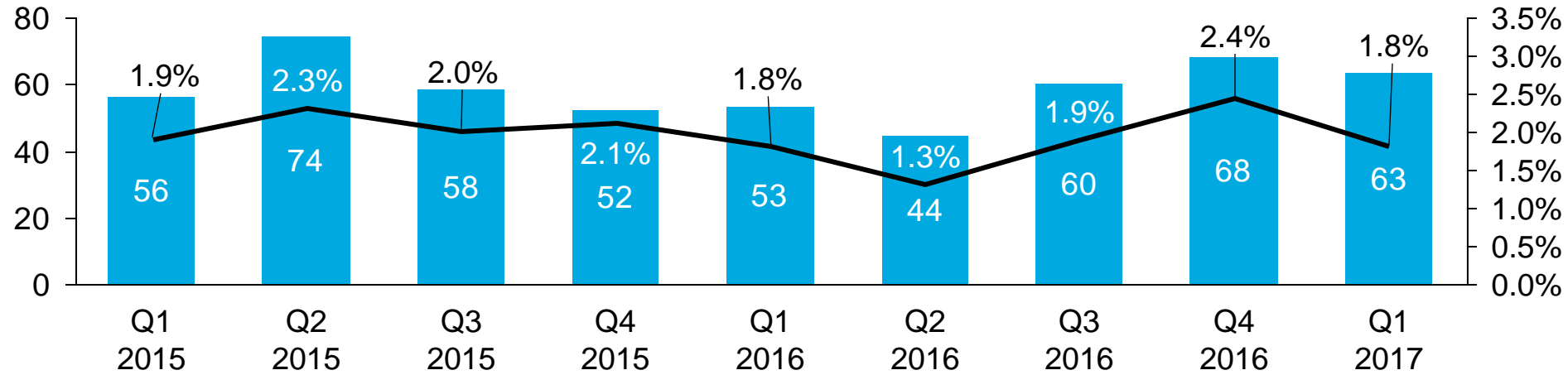
Total tax rate Q1 2017: 24% (19%).

Tax paid Q1 2017: -1.3% (7%).

# CAPEX & PMI

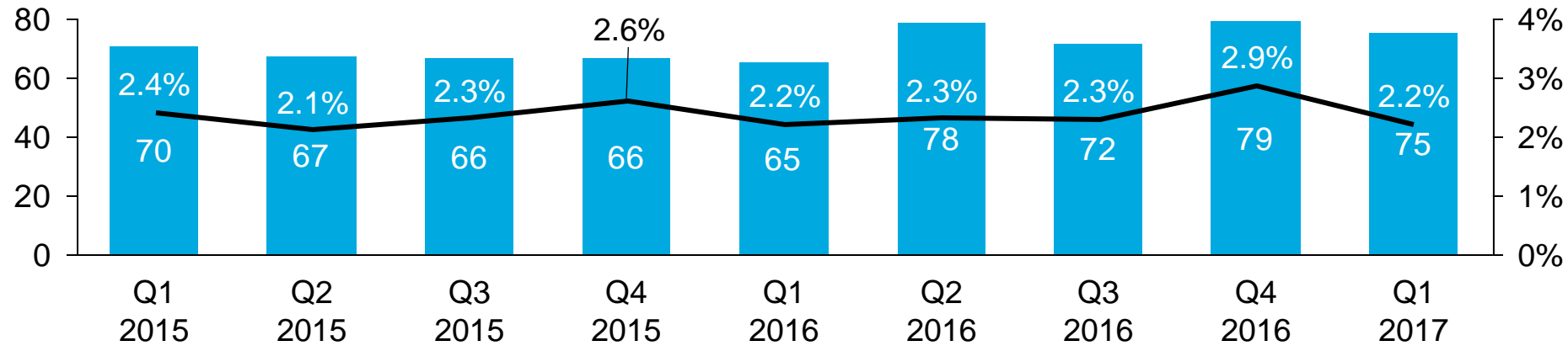
(SEKm, % OF NET SALES)

## CAPEX



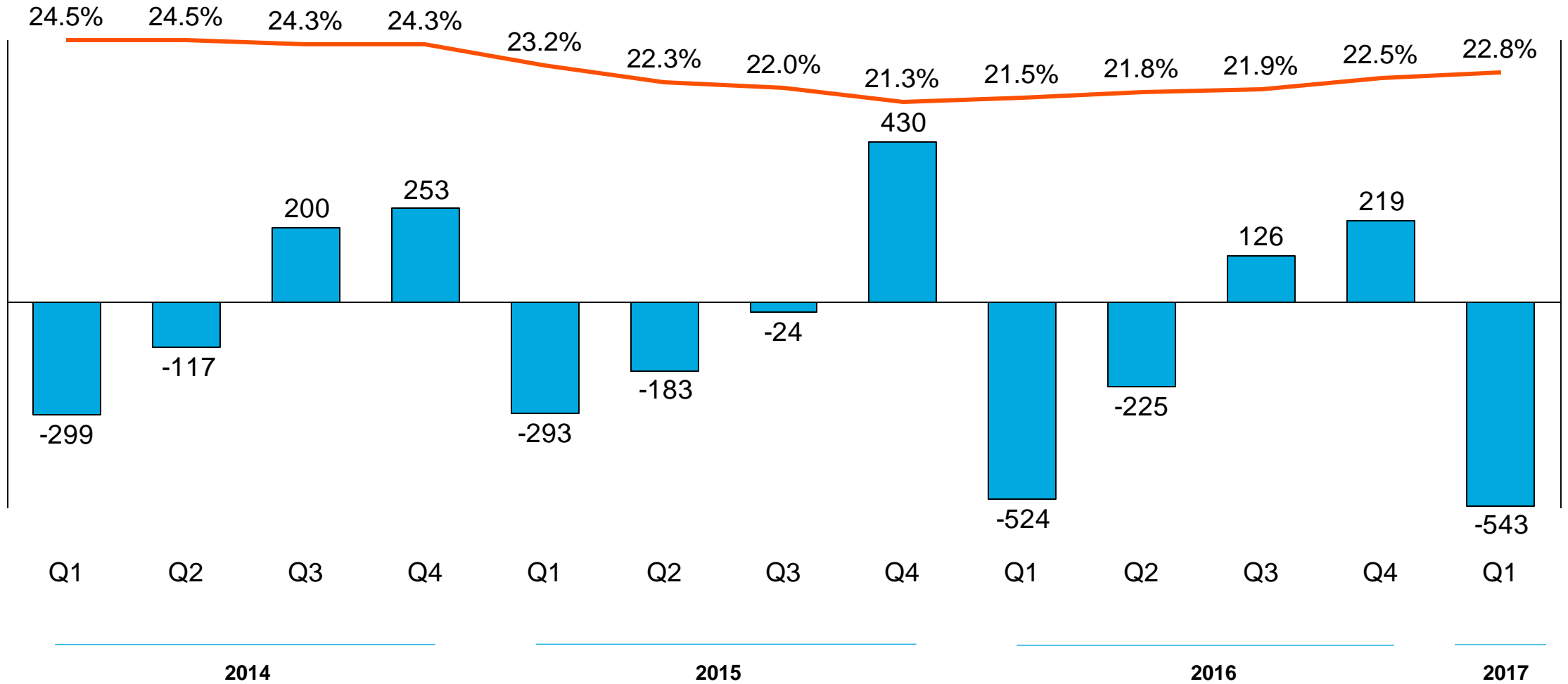
- Q1 2017 capex in line with the same quarter 2016 in terms of % of sales.

## PMI



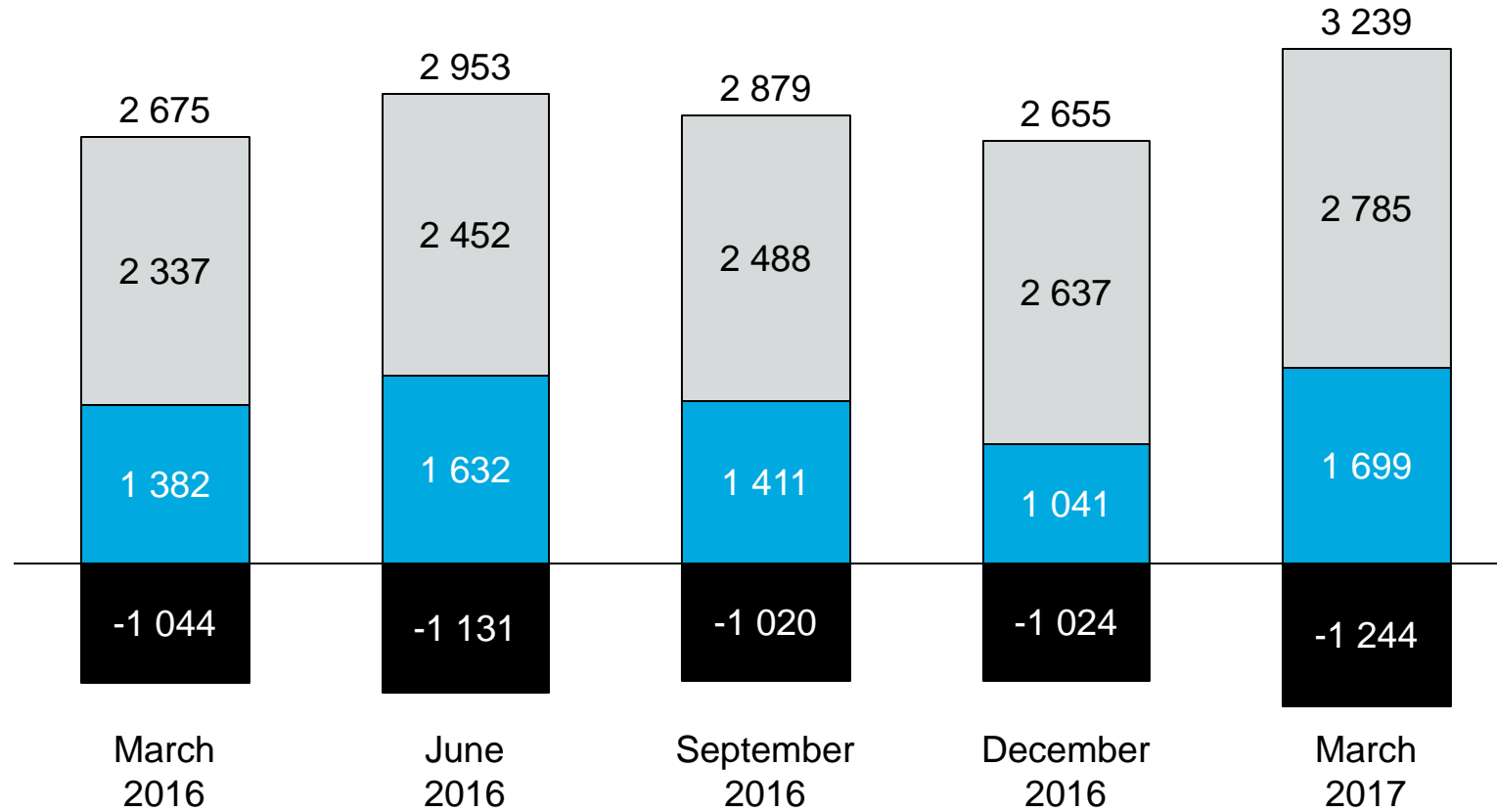
- Q1 2017 PMI: 2.2% of net sales. (2.2% in 2016)

# WORKING CAPITAL DEVELOPMENT



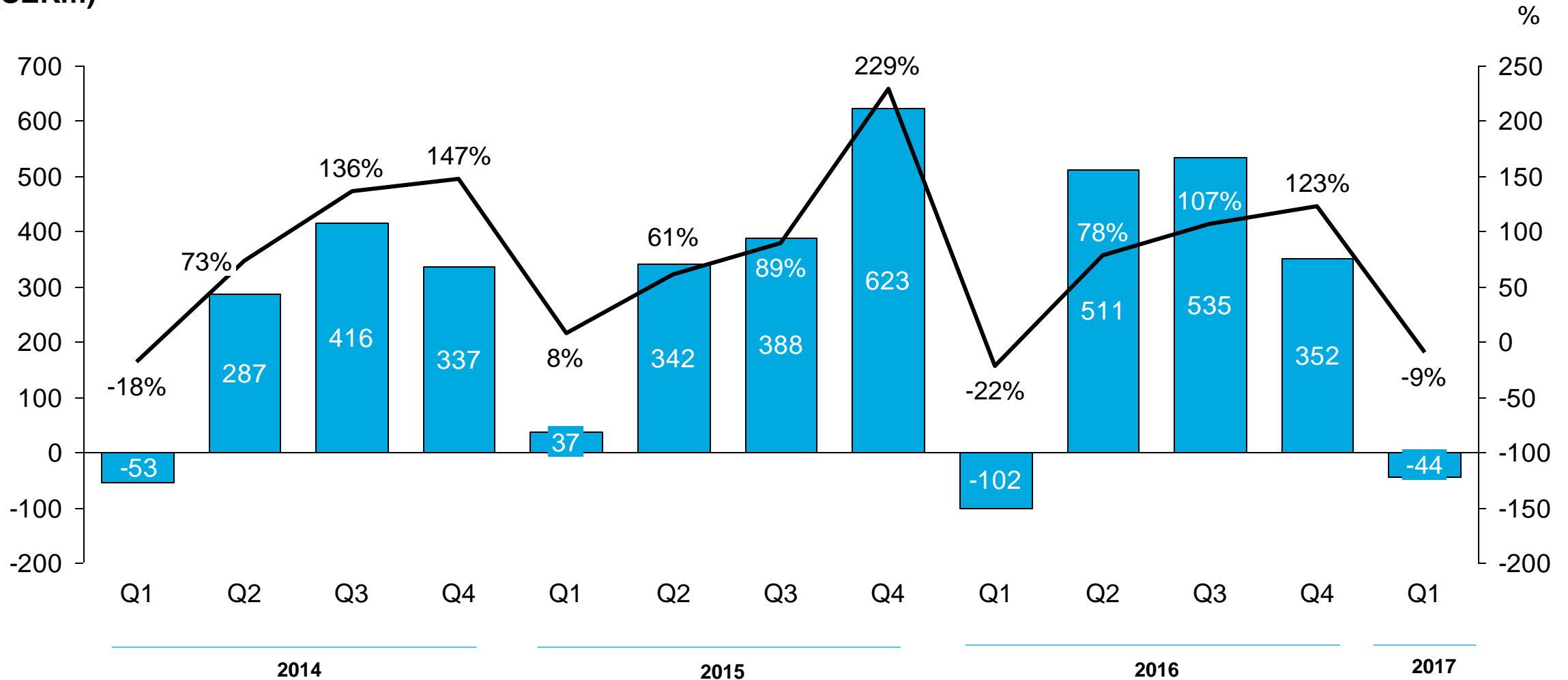


# WORKING CAPITAL (SEKm)

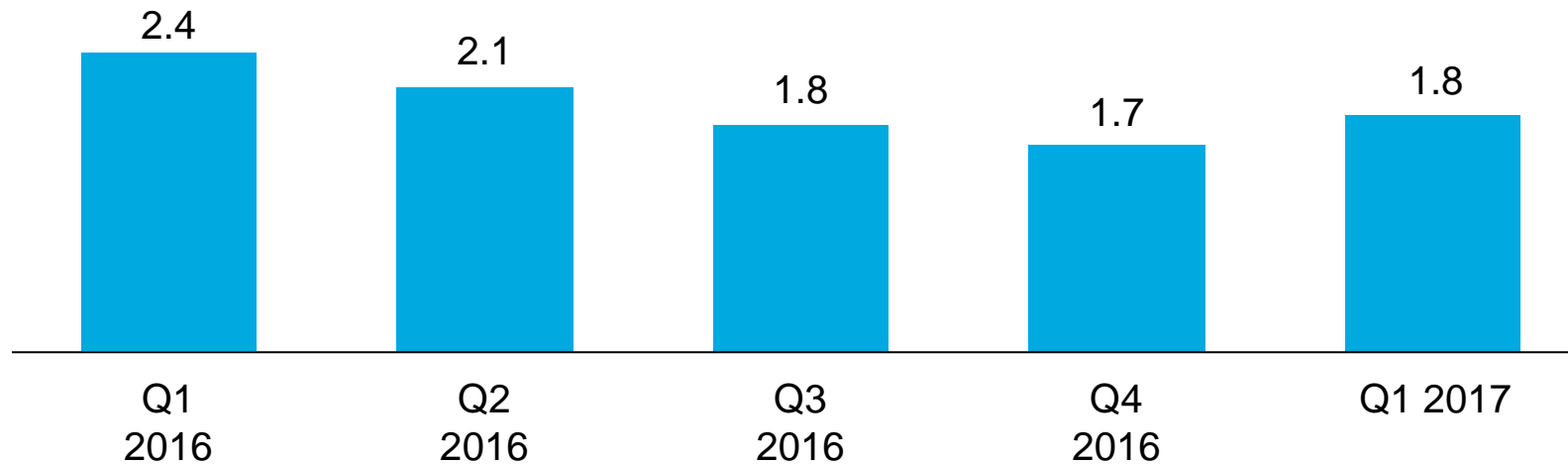


# CASH FLOW

(SEKm)



# NET DEBT LEVERAGE AND NET DEBT DETAILS



| SEKm              | Q1 2016      | Q2 2016      | Q3 2016      | Q4 2016      | Q1 2017      |
|-------------------|--------------|--------------|--------------|--------------|--------------|
| RCF               | 131          | 0            | 0            | 0            | 0            |
| Capex             | 0            | 0            | 0            | 0            | 0            |
| Senior term A     | 988          | 1,016        | 934          | 958          | 849          |
| Senior term B     | 3,457        | 3,558        | 3,632        | 3,727        | 3,714        |
| Local facilities  | 49           | 76           | 86           | 123          | 116          |
| <b>Total debt</b> | <b>4,625</b> | <b>4,650</b> | <b>4,652</b> | <b>4,809</b> | <b>4,678</b> |
| Senior PIK notes  | 0            | 0            | 0            | 0            | 0            |
| Cash              | 413          | 730          | 1,160        | 1,599        | 1,213        |
| <b>Net Debt</b>   | <b>4,212</b> | <b>3,920</b> | <b>3,492</b> | <b>3,210</b> | <b>3,465</b> |

# FINANCIAL TARGETS

|                               | FY 2014 | FY 2015     | FY 2016 | Q1 2017 | Mid/long term<br>Financial target |
|-------------------------------|---------|-------------|---------|---------|-----------------------------------|
| Net Sales Growth <sup>1</sup> | 5 %     | 8 %         | 7 %     | 11 %    | 5 %                               |
| EBIT Margin <sup>2</sup>      | 11.6 %  | 12.3 %      | 13.1 %  | 12.1 %  | 15 %                              |
| Net Debt / EBITDA             | 7.5x    | 2.4x        | 1.7x    | 1.8x    | 2.0x                              |
| Dividend Policy               | -       | No dividend | 40%     | -       | 40 %                              |

<sup>1</sup>Organic sales growth <sup>2</sup>EBIT before I.A.C.

# US CLASS ACTION COMPLAINT UPDATE

## California:

- No major development since Q4 presentation

## Florida:

- On February 7, 2017 the court granted Dometic's motion to dismiss regarding 10 of the remaining plaintiffs, leaving only 3 plaintiffs with one cause of action. On February 22, 2017, the plaintiffs filed their second amended complaint in which they attempt to bring 7 causes of action on behalf of 10 named plaintiffs. Dometic has thereafter responded and made objections thereto. The court has not rendered any further decision at this stage.
- We remain firm in our position that the allegations are without merit.

# SUMMARY Q1

- Good start of the year with strong sales and improved logistics capability.
- Favorable market dynamics in most businesses.
- Underlying profitability improvements.
- Class action legal cost, rebranding and acquisition related cost burden the result with SEK 46 million.
- Rebranding starts to show positive effects in sales and awareness.
- Continued focus on product development, cost control and sales initiatives.



Perfectview CAM 45NAV



Dometic Harrier Inverter



CFX 100

# OUTLOOK

- The outlook for the global RV markets remain positive.
- Top line growth in line with our mid and long term targets.
- Continue to expand EBIT margin towards 15%.
- Leverage below 2 x EBITDA.
- Continue to evaluate potential acquisitions.

# Q&A



# APPENDIX

# APPENDIX A

## Quarterly Summary Key Financials

| <b>SEK million</b>   | <b>Q1<br/>2017</b> | <b>Q1<br/>2016</b> | <b>LTM<br/>2017</b> | <b>FY<br/>2016</b> |
|--|--------------------|--------------------|---------------------|--------------------|
| Net sales  | 3,443              | 2,999              | 12,832              | 12,388             |
| EBITDA   | 495                | 473                | 1,893               | 1,871              |
| % of net sales   | 14.4%              | 15.8%              | 14.8%               | 15.1%              |
| Operating profit (EBIT)                                      | 418                | 400                | 1,590               | 1,573              |
| % of net sales   | 12.1%              | 13.3%              | 12.4%               | 12.7%              |
| Operating profit (EBIT) before items affecting comparability | 418                | 400                | 1,638               | 1,621              |
| % of net sales   | 12.1%              | 13.3%              | 12.8%               | 13.1%              |
| Profit for the period  | 296                | 295                | 1,363               | 1,362              |
| Earnings per share, SEK                                      | 1.00               | 1.00               | 4,61                | 4.60               |
| Cash flow for the period                                     | -384               | -415               | 781                 | 750                |
| Operating cash flow <sup>(1)</sup>                           | -44                | -102               | 1,354               | 1,296              |
| Core working capital   | 3,239              | 2,675              | 3,239               | 2,655              |
| Capital expenditure in fixed assets                          | -63                | -53                | -235                | -225               |
| RoOC   | 31.2%              | 33.3%              | 31.2%               | 31.6%              |

<sup>(1)</sup>Net cash flow from operations after investments in fixed assets and excluding income tax paid.

# APPENDIX B

## Group P&L

| <b>SEK million</b>   | <b>Q1<br/>2017</b> | <b>Q1<br/>2016</b> | <b>FY<br/>2016</b> |
|--|--------------------|--------------------|--------------------|
| Net sales  | 3,443              | 2,999              | 12,388             |
| Cost of goods sold   | -2,359             | -2,088             | -8,463             |
| <b>Gross Profit</b>  | <b>1,084</b>       | <b>911</b>         | <b>3,925</b>       |
| Sales expenses   | -451               | -371               | -1,651             |
| Administrative expenses  | -188               | -138               | -604               |
| Other operating income and expenses  | -9                 | 15                 | 20                 |
| Items affecting comparability  | 0                  | 0                  | -48                |
| Amortization of customer relationships   | -18                | -17                | -69                |
| <b>Operating profit</b>  | <b>418</b>         | <b>400</b>         | <b>1,573</b>       |
| Financial income   | 0                  | 1                  | 6                  |
| Financial expenses   | -31                | -35                | -124               |
| <b>Loss from financial items</b>   | <b>-31</b>         | <b>-34</b>         | <b>-118</b>        |
| <b>Profit before tax</b>   | <b>387</b>         | <b>366</b>         | <b>1,455</b>       |
| Taxes  | -91                | -71                | -93                |
| <b>Profit for the period</b>   | <b>296</b>         | <b>295</b>         | <b>1,362</b>       |
| Profit for the period attributable to owners of the parent                       | 296                | 295                | 1,362              |
| Earnings per share before and after dilution effects, SEK - Owners of the parent | 1.00               | 1.00               | 4.60               |
| Number of shares, million  | 295.8              | 295.8              | 295.8              |

# DISCLAIMER

This document contains statements that constitute forward looking statements. These statements appear in a number of places in this document and include statements regarding the intent, belief or current expectations of the customer base, estimates regarding future growth in the different business lines and the global business, market share, financial results and other aspects of the activity and situation relating to the Company. The forward-looking statements in this document can be identified, in some instances, by the use of words such as "expects", "anticipates", "intends", "believes", and similar language or the negative thereof or by forward-looking nature of discussions of strategy, plans or intentions.

Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and other important factors that could cause actual developments or results to differ materially from those expressed in our forward looking statements.

Analysts and investors are cautioned not to place undue reliance on those forward looking statements which speak only as of the date of this presentation. The Company undertakes no obligation to release publicly the results of any revisions to these forward looking statements which may be made to reflect events and circumstances after the date of this presentation, including, without limitation, changes in the Company's business strategy or to reflect the occurrence of unanticipated events. Analysts and investors are encouraged to consult the Company's public reports.

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