

# INTERIM PRESENTATION

**Q3 2018**

**25 October 2018**



Mobile living made easy.

 **DOMETIC**



**JUAN VARGUES,  
PRESIDENT & CEO**

Mobile living made easy.

 **DOMETIC**

# Q3 2018 HIGHLIGHTS

## Organic growth

- Good organic growth in EMEA
- Flat organic growth in Americas despite -7% RV OEM
- APAC down due to softer market in Pacific
- Growth in 7 out of 8 businesses
- Aftermarket growth of 7%

## Market development

- Softer RV OEM, but fundamental underlying drivers still positive
- Positive evolution in Marine OEM, CPV OEM and AM continues

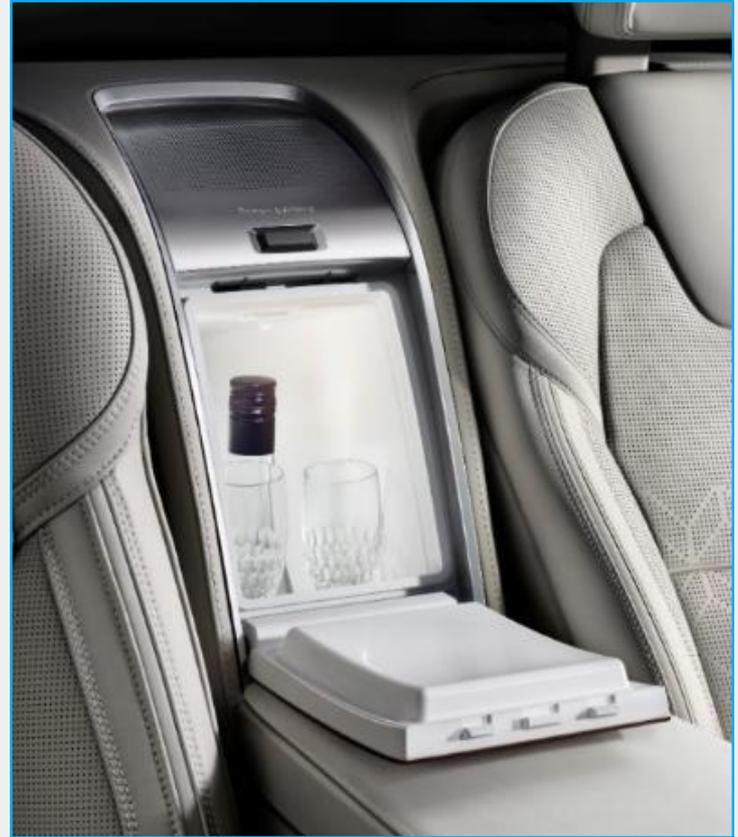
## Overall EBIT improvement

- Pricing and efficiencies to compensate for raw materials

## Strong operating cash flow

EUR 300 m Euro bond issued at 3%

New President of EMEA appointed



# Q3 2018 FINANCIAL SUMMARY

## Net sales of SEK 4,501 m, +32% total growth

- +1% organic
- +8% FX
- +23% M&A

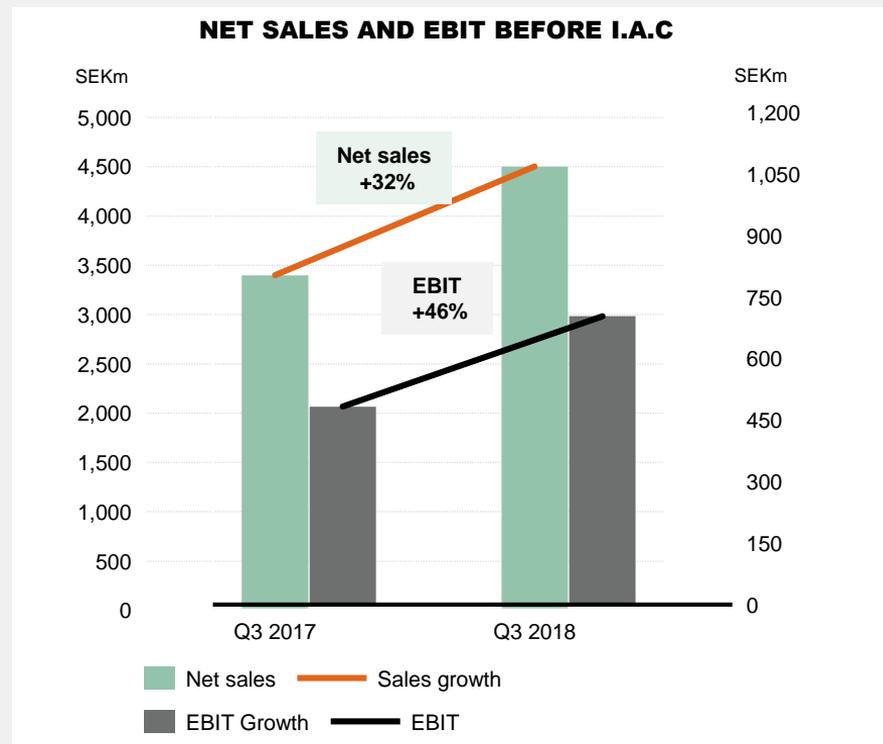
## EBIT before i.a.c. of SEK 702 m, +46%

- EBIT margin of 15.6% (14.2%)
  - + Efficiency improvements and pricing
  - Effects from raw materials

## Operating cash flow of SEK 843 m, +26%

## EPS of SEK 1.47, -3%

- Q3 2017 included items affecting comparability related to the strategic consolidation of manufacturing in China



# FIRST 9 MONTHS 2018 FINANCIAL SUMMARY

## Net sales of SEK 14,204 m, +32% total growth

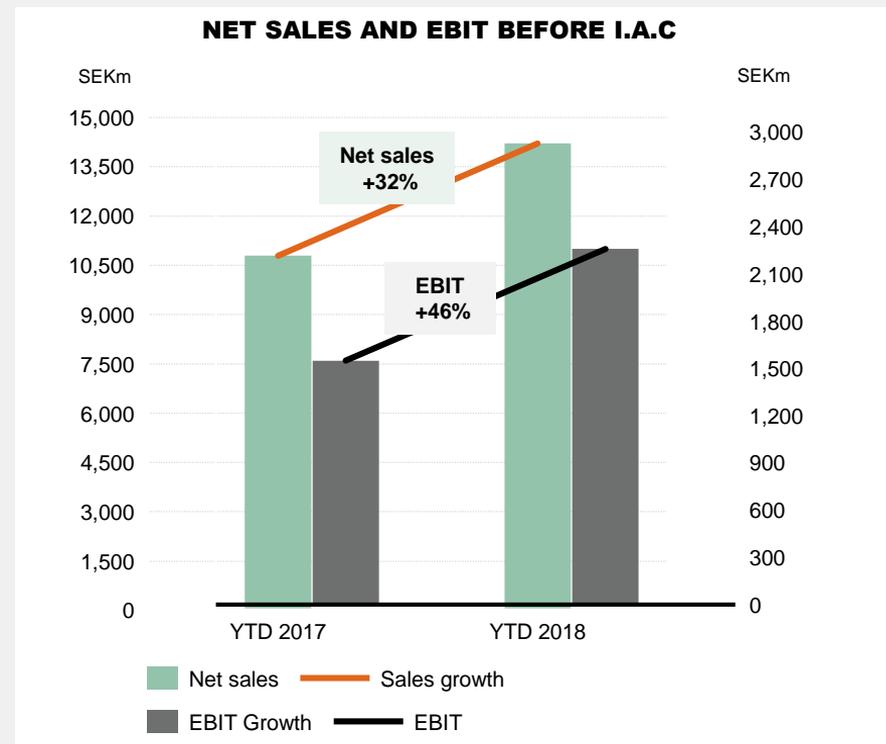
- +7% organic
- +3% FX
- +22% M&A

## EBIT before i.a.c. of SEK 2,259 m, +46%

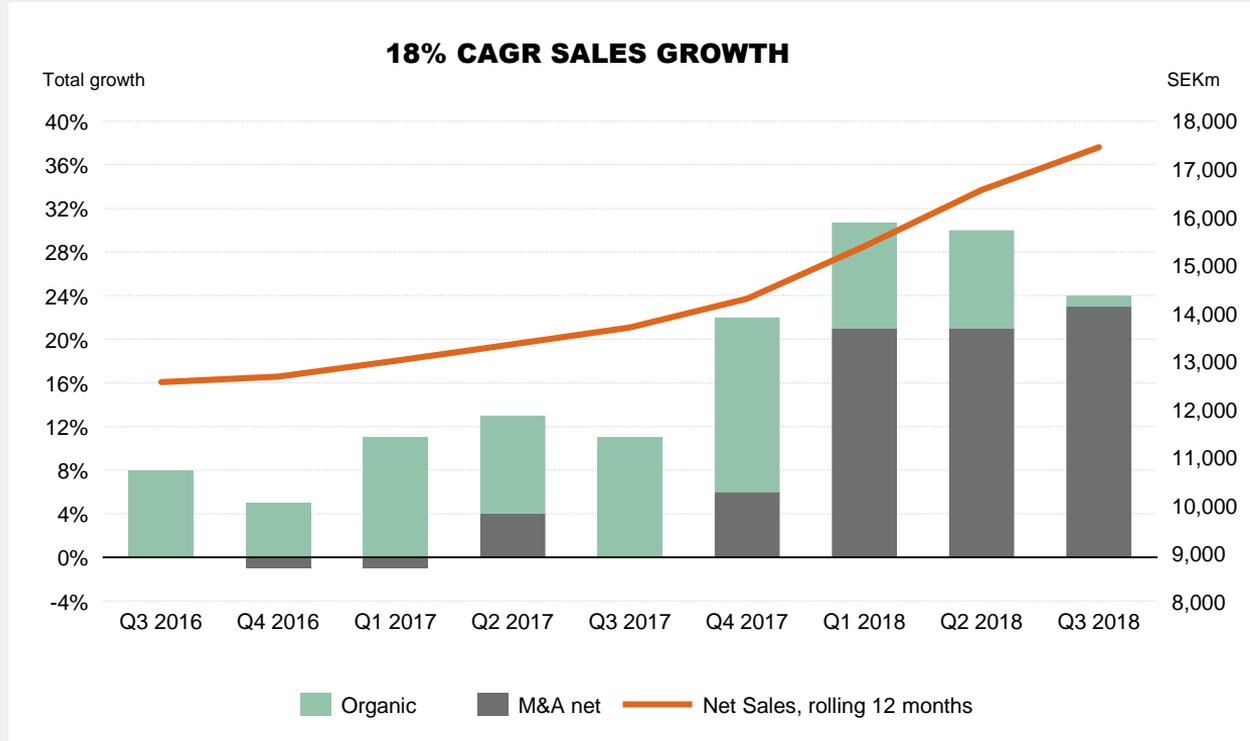
- EBIT margin of 15.9% (14.4%)
  - + Efficiency improvements and pricing
  - Effects from currencies and raw materials

## Operating cash flow of SEK 1,757 m, +47%

## EPS of SEK 4.87, +18%

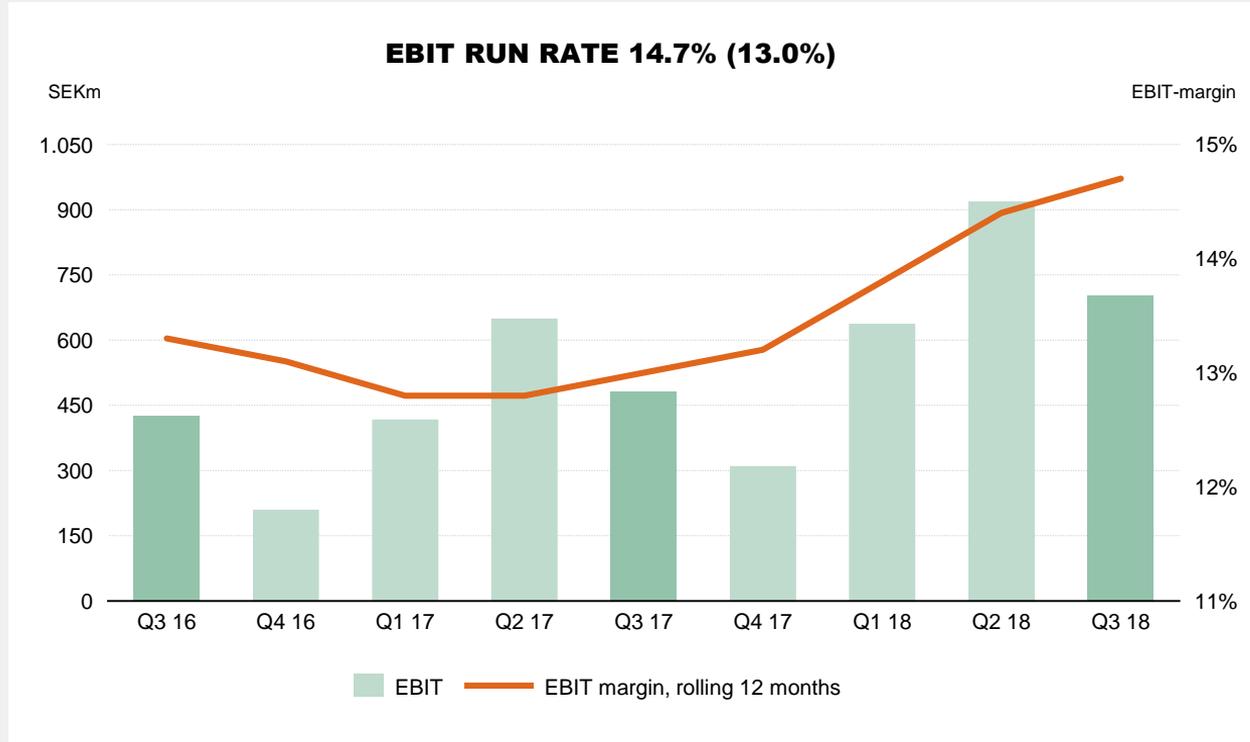


# SALES GROWTH IN CONSTANT CURRENCY



- Average quarterly organic growth of 9%

# EBIT AND EBIT MARGIN BEFORE I.A.C



- 1.7% point EBIT margin improvement rolling 12 months

# RV - GLOBAL MARKET

## MARKET TRENDS

### Americas

- R12M: 518,000 units, +9%
- Softer RV OEM, as expected

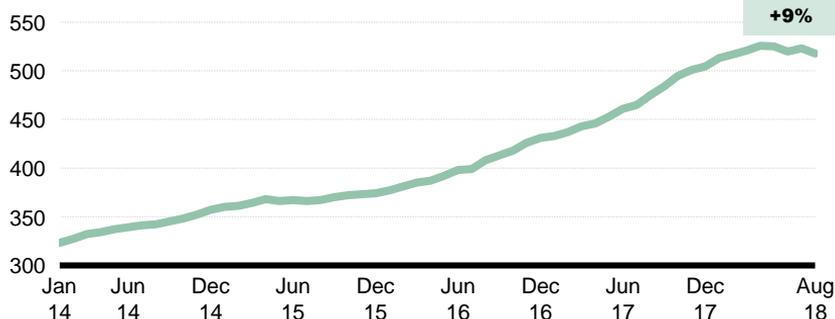
### EMEA

- R12M: 123,000 units, +9% (5 countries)
- Continued demand in key markets

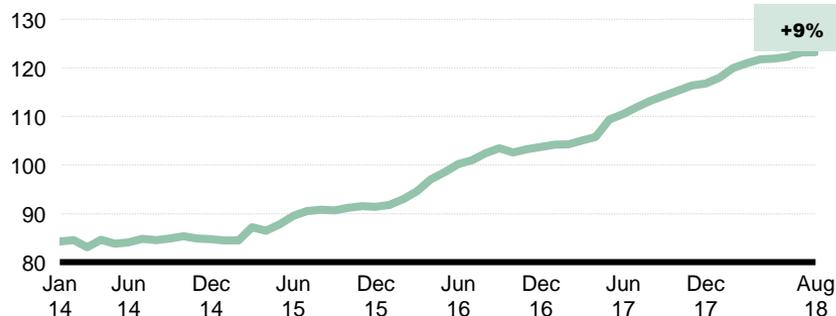
### Australia

- R12M: 23,000 units 2%\*
- Softer Australian RV OEM market

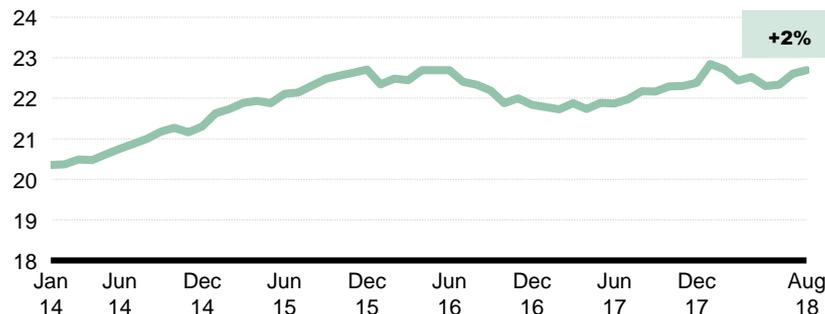
**AMERICAS - ROLLING TWELVE MONTHS SHIPMENTS (000S UNITS)**



**EMEA - ROLLING TWELVE MONTHS REGISTRATIONS (000S UNITS)**

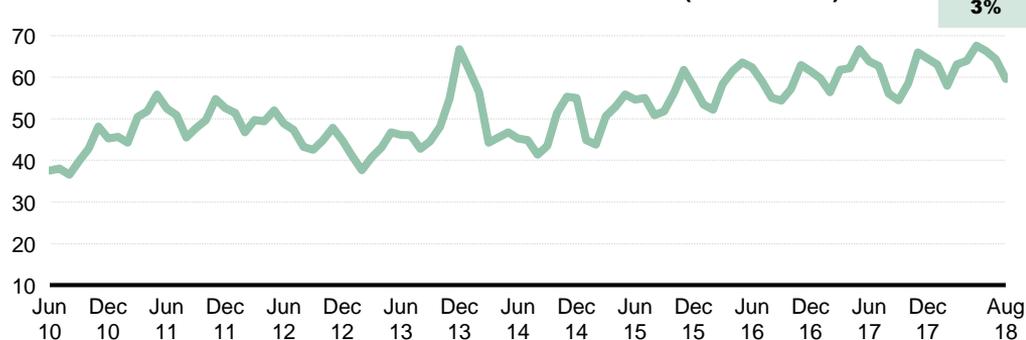


**AUSTRALIA - ROLLING TWELVE MONTHS PRODUCTION (000S UNITS)**

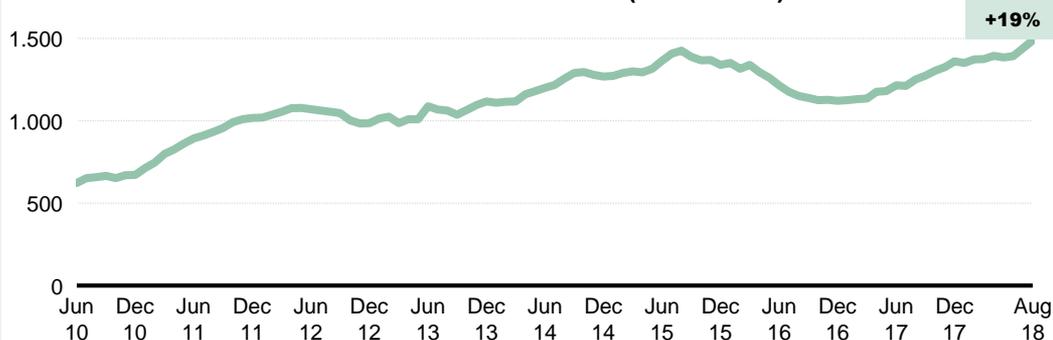


# CPV - HEAVY TRUCKS

## EUROPE – ROLLING THREE MONTHS REGISTRATIONS (000S UNITS)



## AMERICAS – ROLLING THREE MONTHS SALES (000S UNITS)



## MARKET TRENDS

### EMEA

- Heavy trucks registrations increase
- Interest for active cooling compartments is growing fast in the passenger vehicle segment

### Americas

- Continued high demand for heavy trucks
- Investments in building up local CPV organization

# MARINE - US POWER BOAT SALES

## ROLLING TWELVE MONTHS (Y-O-Y % CHANGE)



## MARKET TRENDS

### Americas

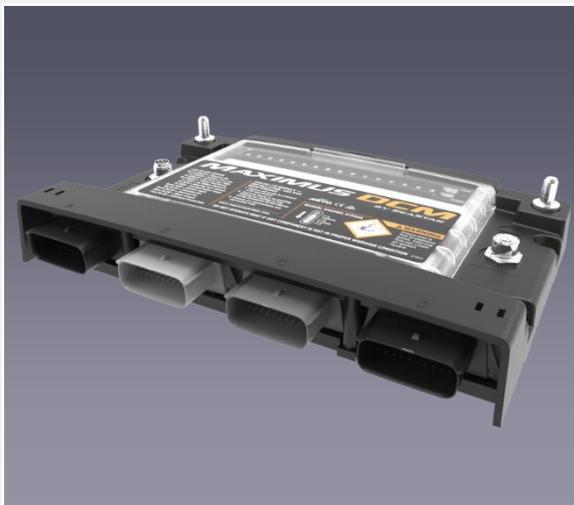
- 2% growth for outboard boats 11-40ft YTD
- SeaStar outperforms underlying market
- Used boat market remains strong with little inventory

# PRODUCT HIGHLIGHTS



## New Dometic CFF cooling box

- Next generation of CF cooling boxes in all new design
- New innovative features, such as dimmable digital display, 2-way lid operation and led lights



## Dometic Digital Switching Platform

- Controls entire boat electrical systems, batteries with remote key fobs
- Designed for high volume production boats



## Dometic RUES refrigerator

- More narrow design and improved functionality
- Designed and built to meet the high requirements on the Australian market

# AMERICAS

## Net sales of SEK 2,557 m, 0% organic

- Flat organic growth, despite negative RV OEM
- Aftermarket growth of 15%, ex SeaStar
- Retail +78%, Marine AM +21% ex SeaStar and RV AM +10%

## EBIT before i.a.c. of SEK 427 m, +60%

- EBIT Margin of 16.7% (16.5%)
  - Raw material and wage inflation
  - Investments in RV AM, CPV and Mobile Cooling organizations
- + Actions to adjust cost base
- + Process accelerated for alternative manufacturing and sourcing

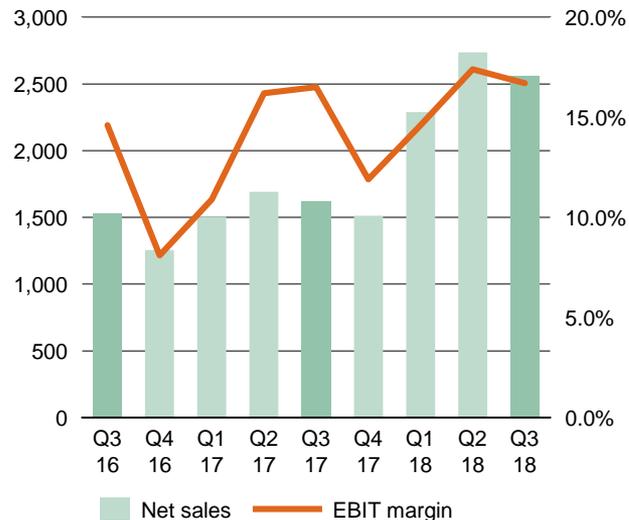


OEM, 65%  
AM, 35%



Americas, 57%  
Rest of Group, 43%

## NET SALES AND EBIT MARGIN BEFORE I.A.C.



# EMEA

## Net sales of SEK 1,530 m, +5% organic

- High organic growth for CPV OEM, 14%, and Marine OEM, 9%
- Aftermarket growth of 5%
- Strong organic growth in RV AM of 18%, Marine AM +6% and Lodging +9%

## EBIT before i.a.c. of SEK 183 m, +30%

- EBIT Margin of 12.0% (10.4%)
  - + Profitability program
  - + Pricing
  - Raw materials

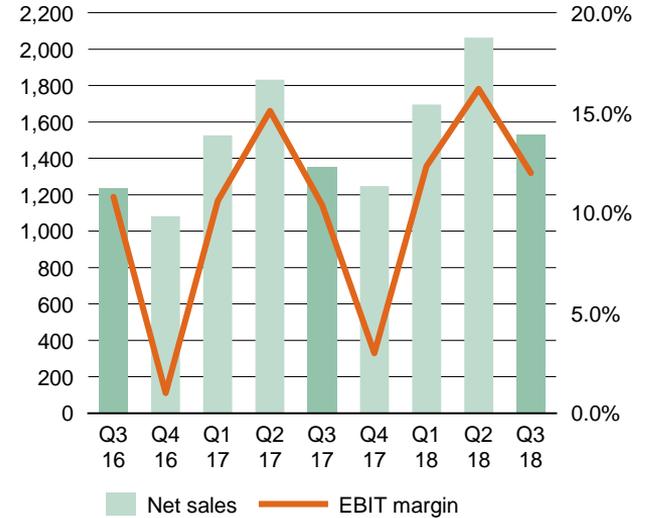


■ OEM, 50%  
■ AM, 50%



■ EMEA, 34%  
■ Rest of Group, 66%

## NET SALES AND EBIT MARGIN BEFORE I.A.C.



# APAC

## Net sales of SEK 414 m, -6% organic

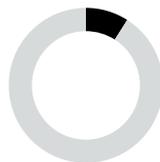
- Sales negatively affected by softer demand in Pacific driven by slower RV OEM
- Asia continues to develop well
- Lodging, +30%, and Marine OEM, +31%

## EBIT before i.a.c. of SEK 91 m, +24%

- EBIT Margin of 22.1% (17.3%)
  - + Pricing
  - + Discontinuation of low profit products
  - Geographical mix and raw materials

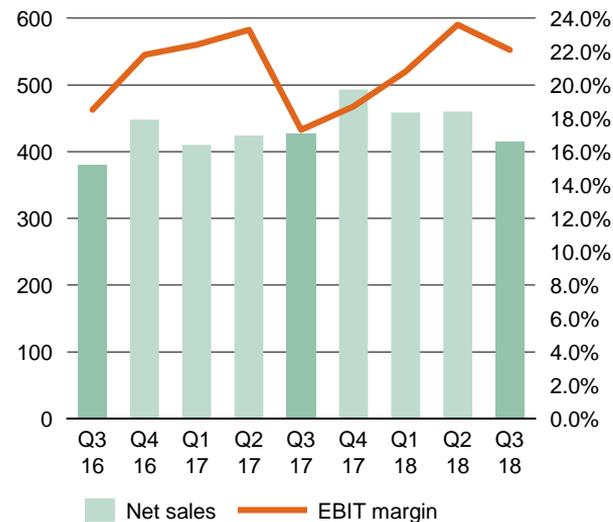


OEM, 50%  
AM, 50%



APAC, 9%  
Rest of Group, 91%

## NET SALES AND EBIT MARGIN BEFORE I.A.C.



# Q3 STRATEGY EXECUTION

1

## Good development outside RV

- Dedicated organizations generating very positive results, especially Retail and CPV in the US
- Implemented new, more focused organization in EMEA
- Strong development of Aftermarket

2

## R&D organization

- Initiated implementation of a global innovation platform
- Pruning of SKUs continues

3

## Operations and sourcing

- Strengthening sourcing organization
- Mapping out opportunities to optimize Manufacturing Footprint

4

## Digitalization

- Progress in implementation of new Group wide ERP system
- Working on new e-commerce platform





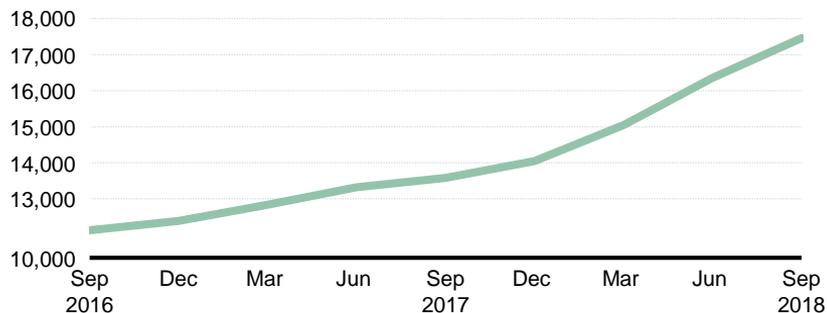
**PER-ARNE BLOMQUIST,  
CFO**

Mobile living made easy.

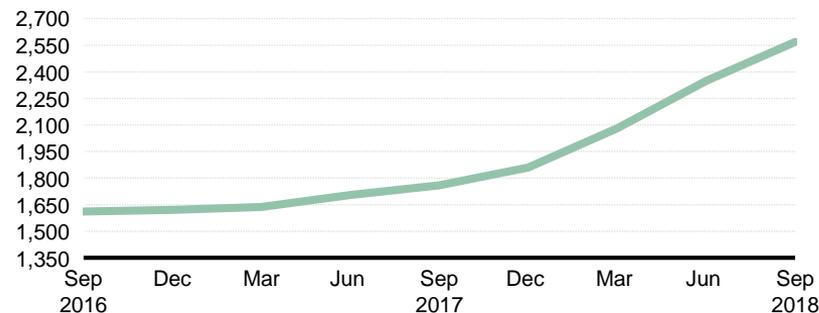
 **DOMETIC**

# DOMETIC GROUP TRENDS

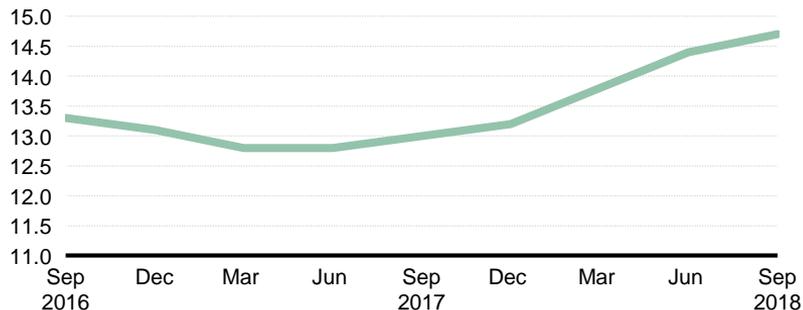
## SALES (SEKm)



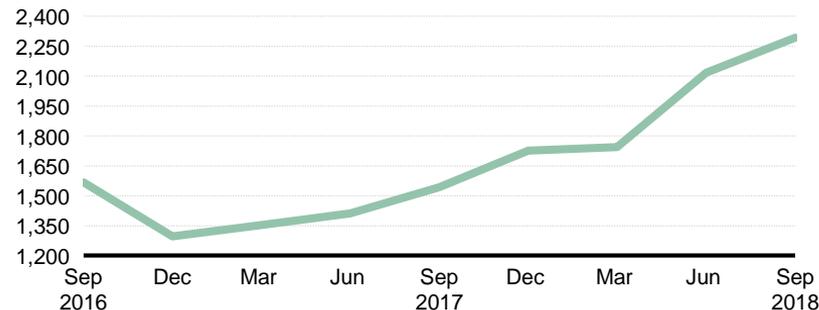
## EBIT BEF. I.A.C (SEKm)



## EBIT BEF. I.A.C (%)

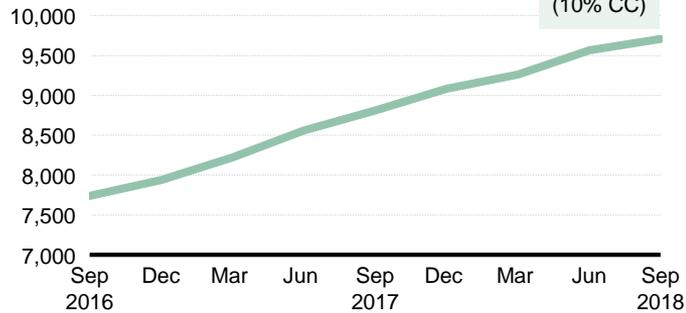


## OPERATING CASH FLOW (SEKm)

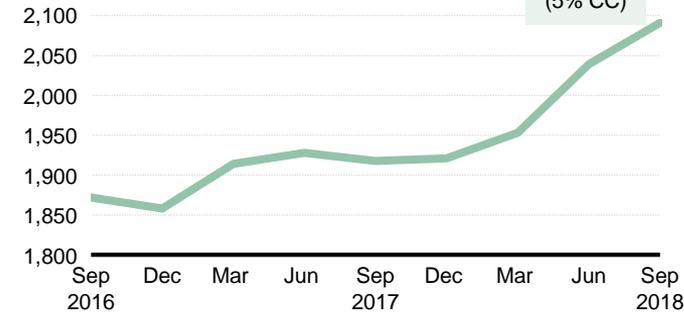


# BUSINESS AREA DEVELOPMENT

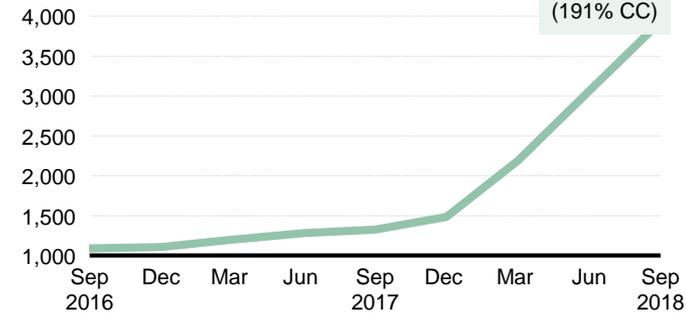
## RV



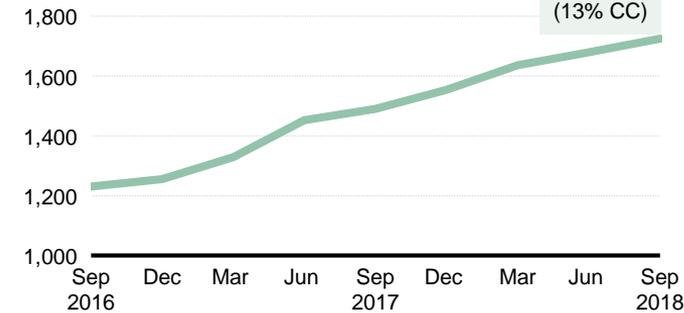
## CPV



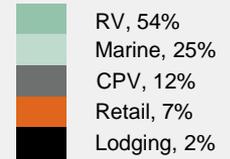
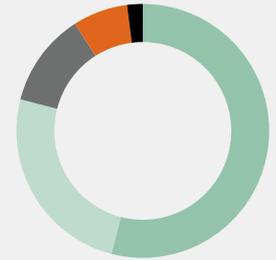
## MARINE



## RETAIL & LODGING

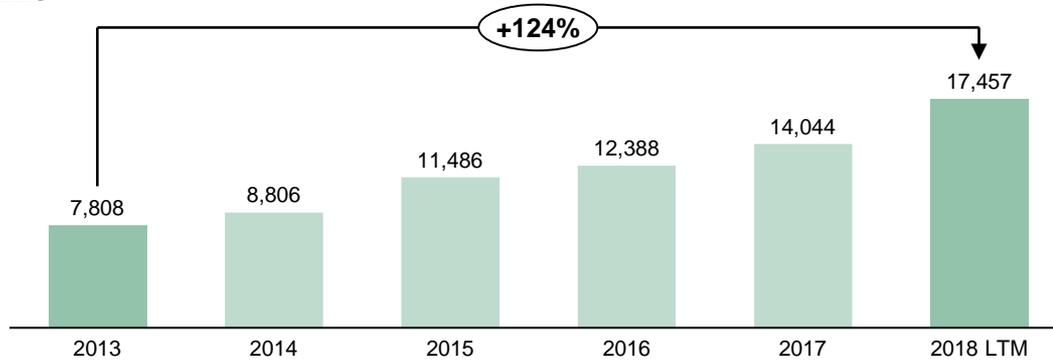


## SALES SPLIT, BUSINESS AREA\*

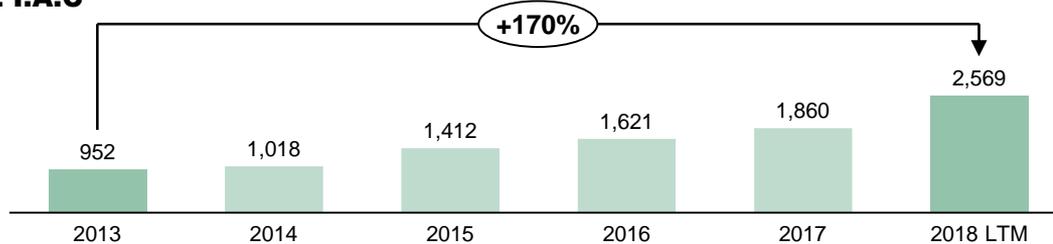


# 5 YEARS SALES AND EBIT DEVELOPMENT

## NET SALES



## EBIT BEFORE I.A.C



- Sales growth +124%
- EBIT before i.a.c +170%

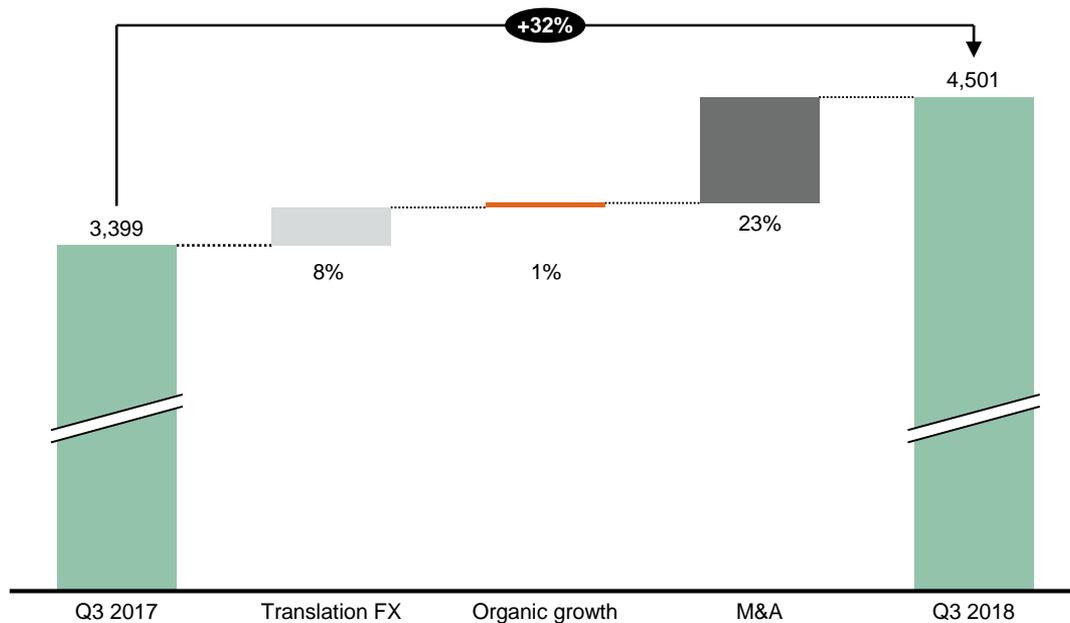
# KEY RATIOS

SEKm		Q3 2018	Q3 2017	YTD 2018	YTD 2017	LTM 2018	FY 2017
<b>Sales</b>	Net sales	4,501	3,399	14,204	10,791	17,457	14,044
	Growth	32.4%	8.2%	31.6%	12.4%	28.6%	13.4%
	Organic growth, %	0.9%	10.7%	6.7%	10.2%	8.9%	11.5%
<b>Profitability</b>	EBIT before i.a.c	702	482	2,259	1,549	2,569	1,860
	EBIT before i.a.c., %	15.6%	14.2%	15.9%	14.4%	14.7%	13.2%
	EBITDA before i.a.c	835	558	2,644	1,782	3043	2,181
	EBITDA before i.a.c., %	18.6%	16.4%	18.6%	18.6%	22.4%	15.5%
<b>Capital efficiency</b>	Core working capital, to sales, %*	23.8%	22.6%	23.8%	22.6%	23.8%	23.1%
	Return on operating capital	29.3%	36.8%	29.3%	36.8%	29.3%	33.0%
<b>Cashflow</b>	Operating cash flow	843	667	1,757	1,192	2,292	1,727
<b>EPS</b>	Earnings per share	1.47	1.51	4.87	4.12	5.80	5.05

\* Average CWC/LTM net sales including SeaStar. Excluding SeaStar: 23.1%.

# DOMETIC GROUP

## NET SALES BRIDGE Q3 SEKm



## TRANSLATION FX DETAILS

	Net sales	Share of impact
USD	149	53%
EUR	99	35%
AUD	4	1%
HKD	4	1%
GBP	10	3%
CNY	3	1%
Other	15	5%
<b>Total</b>	<b>284</b>	

# REGIONAL RESULTS

SEK million	Q3 2018	Q3 2017	Change (%)		YTD 2018	YTD 2017	Change (%)		LTM 2018	FY 2017
			Rep.	Adj. <sup>1)</sup>			Rep.	Adj. <sup>1)</sup>		
Americas <sup>3)</sup>	2,557	1,620	58%	46%	7,581	4,817	57%	57%	9,093	6,329
EMEA	1,530	1,353	13%	4%	5,290	4,714	12%	6%	6,539	5,962
Asia Pacific	414	426	-3%	-6%	1,333	1,260	6%	6%	1,826	1,753
<b>Net sales</b>	<b>4,501</b>	<b>3,399</b>	<b>32%</b>	<b>23%</b>	<b>14,204</b>	<b>10,791</b>	<b>32%</b>	<b>28%</b>	<b>17,457</b>	<b>14,044</b>
Americas <sup>3)</sup>	427	267	60%	47%	1,236	705	75%	74%	1,416	885
EMEA	183	141	30%	17%	728	580	25%	18%	765	618
Asia Pacific	91	74	24%	13%	295	264	12%	10%	388	357
<b>Operating profit (EBIT) bef. i.a.c.<sup>2)</sup></b>	<b>702</b>	<b>482</b>	<b>46%</b>	<b>33%</b>	<b>2,259</b>	<b>1,549</b>	<b>46%</b>	<b>42%</b>	<b>2,569</b>	<b>1,860</b>
Americas <sup>3)</sup>	16.7%	16.5%			16.3%	14.6%			15.6%	14.0%
EMEA	12.0%	10.4%			13.8%	12.3%			11.7%	10.4%
Asia Pacific	22.1%	17.3%			22.2%	21.0%			21.2%	20.4%
<b>Operating profit % bef. i.a.c.<sup>2)</sup></b>	<b>15.6%</b>	<b>14.2%</b>			<b>15.9%</b>	<b>14.4%</b>			<b>14.7%</b>	<b>13.2%</b>

<sup>1)</sup> Represents change in comparable currency.

<sup>2)</sup> Before items affecting comparability.

<sup>3)</sup> Including SeaStar Solutions.

# EARNINGS PER SHARE – Q3

SEKm

Total Group	2018	EPS	2017	EPS
Net Sales	4,501		3,399	
<b>EBIT (before i.a.c)</b>	<b>702</b>	<i>2.37</i>	<b>482</b>	<i>1.63</i>
Finance net	-137	-0.46	-56	-0.19
Tax	-130	-0.44	-144	-0.49
<b>Result for the period</b>	<b>435</b>	<i>1.47</i>	<b>448</b>	<i>1.51</i>
No. of shares	296		296	
Earnings per share	1.47		1.51	

- **Q3 2018:**  
Total tax rate: 23% (24%)  
Tax paid: 4% (5%)
- Q3 2017 included items affecting comparability related to the strategic consolidation of manufacturing in China

# CAPEX & PRODUCT DEVELOPMENT

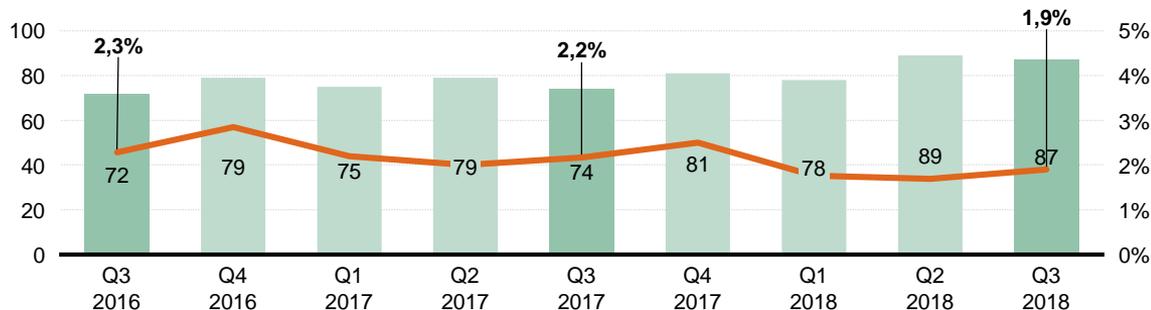
(SEKm, % OF NET SALES)

## CAPEX



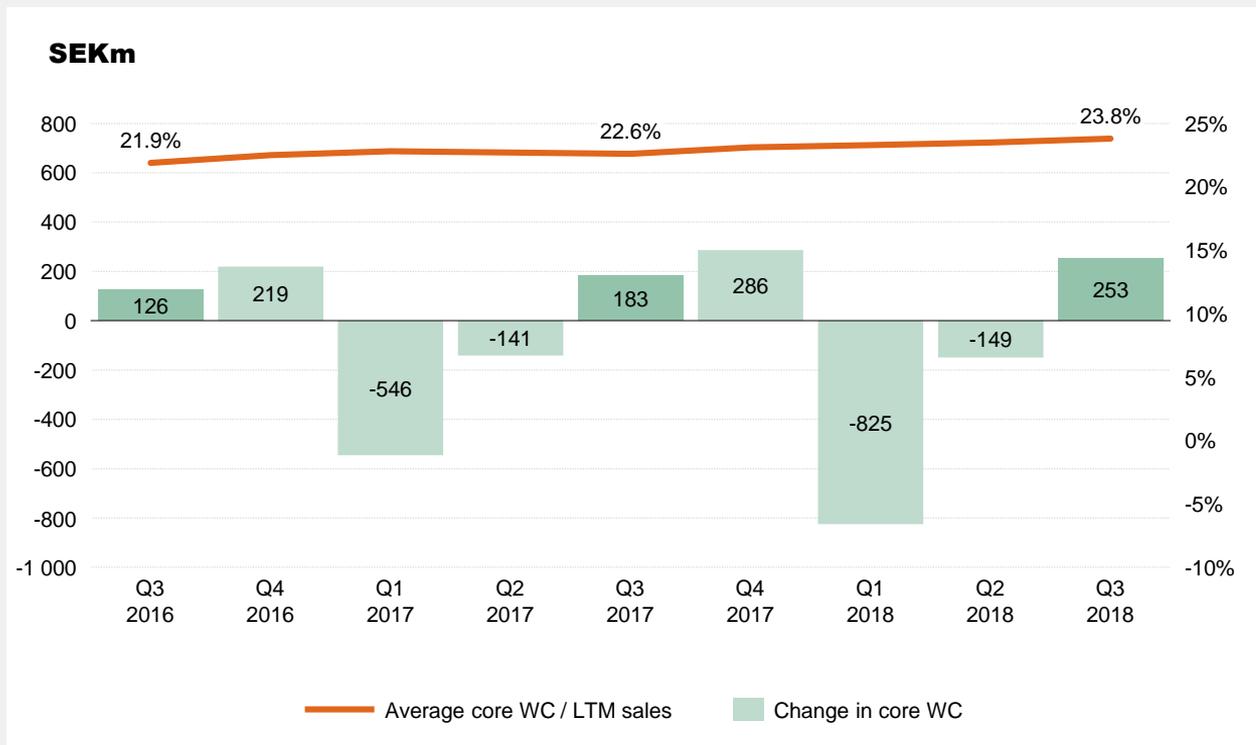
- **Q3 2018 CAPEX:**  
2.2% of net sales.  
(2.5% in 2017)

## PD



- **Q3 2018 PD:**  
1.9% of net sales.  
(2.2% in 2017)

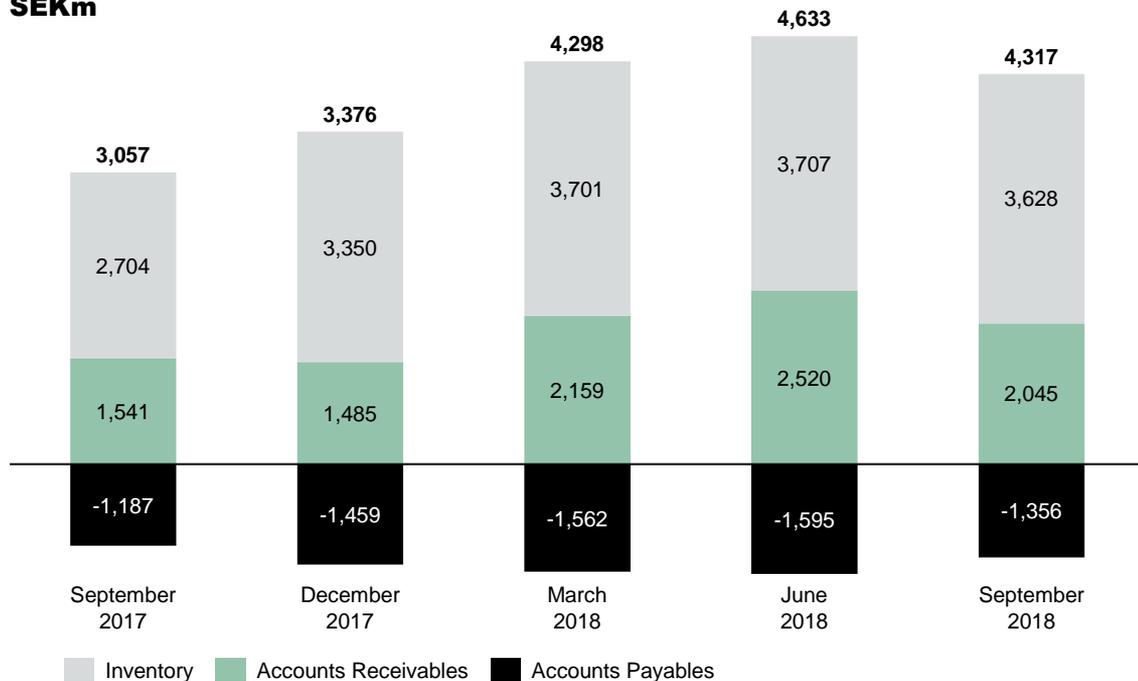
# WORKING CAPITAL DEVELOPMENT



- Average CWC/LTM net sales:**  
 23.1% excluding SeaStar  
 23.8% including SeaStar

# WORKING CAPITAL

SEKm



Y-o-Y delta, mainly due to:

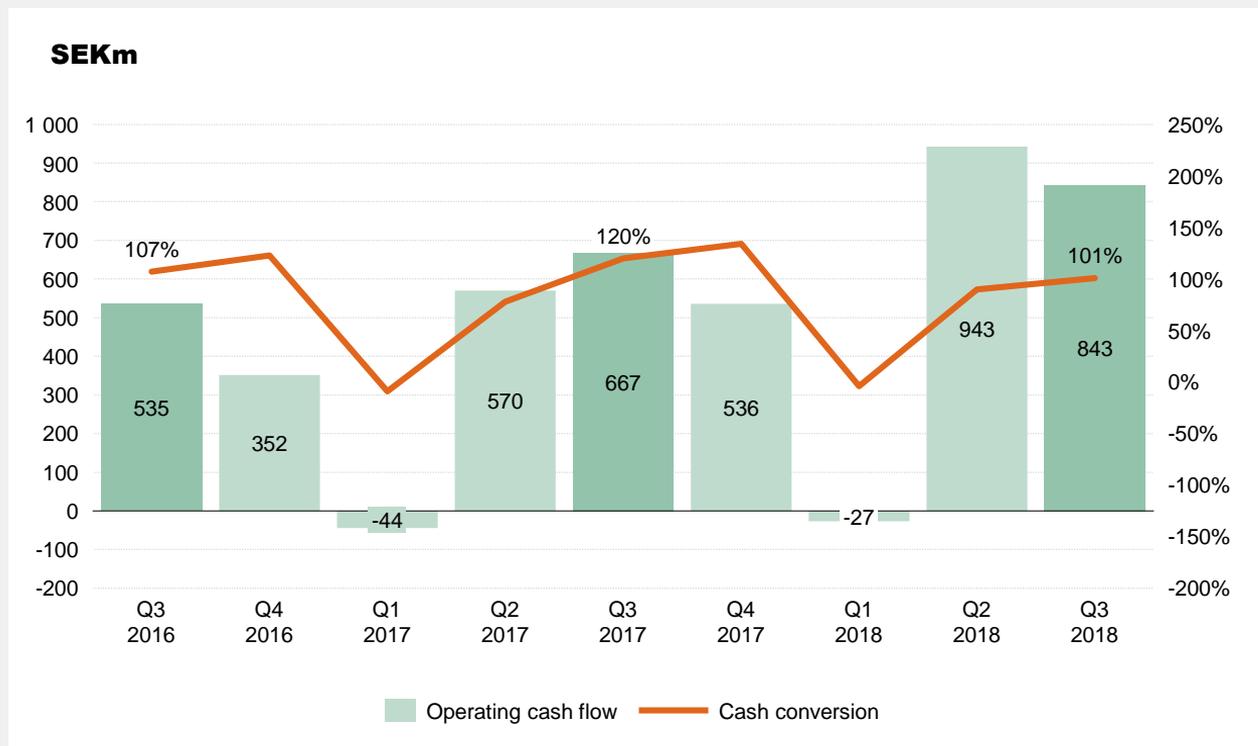
Seastar Solutions:  
+SEK 491 m

Goods in transit:  
+SEK 13 m

Seastar Solutions:  
+SEK 394 m

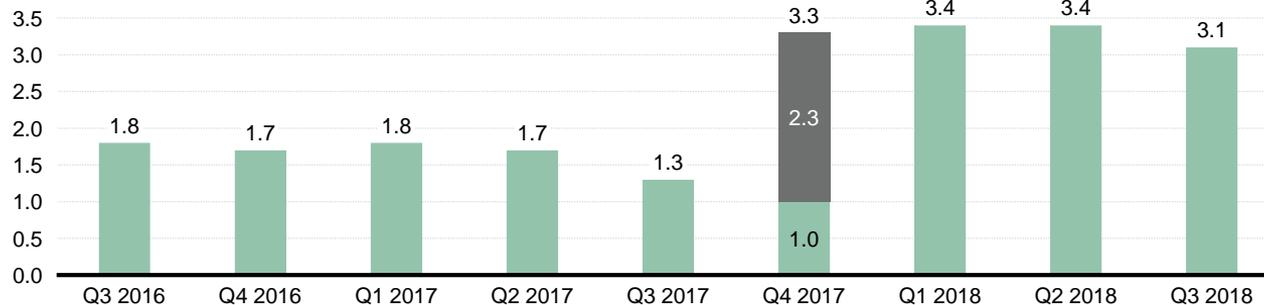
Seastar Solutions:  
-SEK 126 m

# CASH FLOW



# NET DEBT LEVERAGE AND NET DEBT DETAILS ACTUAL

## NET DEBT



- Leverage of 3.0x net debt/EBITDA in constant currency.
- EUR 300 m Euro bond issued at 3%.

SEKm	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
RCF	0	0	0	0	0	0	459	380	0
EuroBond	0	0	0	0	0	0	0	0	3,089
Senior term A	934	958	849	824	705	2,777	2,745	2,883	2,017
Senior term B	3,632	3,727	3,714	3,604	3,523	7,693	7,889	8,273	7,662
Local facilities	86	123	116	140	130	131	104	112	0
<b>Total debt</b>	<b>4,652</b>	<b>4,809</b>	<b>4,678</b>	<b>4,568</b>	<b>4,358</b>	<b>10,601</b>	<b>11,197</b>	<b>11,648</b>	<b>12,768</b>
Cash	1,160	1,599	1,213	1,169	1,759	1,159	1,066	1,089	3,020
<b>Net debt</b>	<b>3,492</b>	<b>3,210</b>	<b>3,465</b>	<b>3,399</b>	<b>2,594</b>	<b>9,442</b>	<b>10,132</b>	<b>10,559</b>	<b>9,748</b>

# FINANCIAL TARGETS

	FY 2015	FY 2016	FY 2017	YTD 2018	Mid/long term Financial target
Net Sales Growth <sup>1</sup>	8%	7%	12%	7%	5%
EBIT Margin <sup>2</sup>	12.3%	13.1%	13.2%	15.9%	15%
Net Debt / EBITDA	2.4x	1.7x	3.3x	3.1x	2.0x
Dividend Policy	No dividend	40%	40%	-	40%

<sup>1</sup> Organic sales growth

<sup>2</sup> EBIT before I.A.C.

# SUMMARY Q3 2018

- Organic sales growth of 1%
  - Good growth in CPV OEM and Marine OEM
- Aftermarket sales growth of 7%
- Strongly improved profitability in EMEA and APAC
- Actions implemented to mitigate slower RV OEM and potential impact from tariffs in US
  - Working on additional actions
  - Potential restructuring costs in Q4
- Euro bond issue to build better-balanced financing
- New President of EMEA appointed



Mobile living made easy.

 **DOMETIC**

# OUTLOOK 2018 (UNCHANGED)

## Organic growth in line with the financial target of 5%

- Global lifestyle trends
- Consumer confidence
- Product development
- Expansion in businesses outside of RV

## Aiming at 15% EBIT margin during 2018

- Continued focus on cost and efficiency improvements
- Grow Aftermarket, CPV and Marine

## Leverage of 2.5x by end of 2018

- Continued strong cash generation



# Q&A

# APPENDIX

# APPENDIX A

## QUARTERLY SUMMARY KEY FINANCIALS

SEK million	Q3 2018	Q3 2017	YTD 2018	YTD 2017	LTM 2018	FY 2017
Net sales	4,501	3,399	14,204	10,791	17,457	14,044
EBITDA	835	724	2,644	1,948	2,924	2,228
% of net sales	18.6%	21.3%	18.6%	18.1%	16.8%	15.9%
Operating profit (EBIT)	702	648	2,259	1,715	2,451	1,907
% of net sales	15.6%	19.1%	15.9%	15.9%	14.0%	13.6%
Operating profit (EBIT) before items affecting comparability	702	482	2,259	1,549	2,569	1,860
% of net sales	15.6%	14.2%	15.9%	14.4%	14.7%	13.2%
Profit for the period	435	448	1,440	1,218	1,717	1,495
Earnings per share, SEK	1.47	1.51	4.87	4.12	5.80	5.05
Cash flow for the period	1,941	610	1,825	197	1,211	-417
Operating cash flow <sup>1)</sup>	843	667	1,757	1,192	2,292	1,727
Core working capital	4,317	3,057	4,317	3,057	4,317	3,376
Capital expenditure in fixed assets	-100	-84	-305	-218	-393	-306
RoOC	29.3%	36.8%	29.3%	36.8%	29.3%	33.0%

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

# APPENDIX B

## GROUP P&L

SEK million	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Net sales	4,501	3,399	14,204	10,791	14,044
Cost of goods sold	-2,962	-2,302	-9,529	-7,298	-9,599
<b>Gross profit</b>	<b>1,539</b>	<b>1,097</b>	<b>4,675</b>	<b>3,493</b>	<b>4,445</b>
Sales expenses	-569	-421	-1,686	-1,330	-1,791
Administrative expenses	-213	-163	-631	-522	-667
Other operating income and expenses	0	-14	61	-40	-52
Items affecting comparability	0	166	0	166	47
Amortization of acquisition related intangible assets	-55	-17	-161	-52	-76
<b>Operating profit</b>	<b>702</b>	<b>648</b>	<b>2,259</b>	<b>1,715</b>	<b>1,907</b>
Financial income	1	1	6	2	6
Financial expenses	-138	-57	-341	-121	-212
<b>Loss from financial items</b>	<b>-137</b>	<b>-56</b>	<b>-335</b>	<b>-119</b>	<b>-206</b>
<b>Profit before tax</b>	<b>565</b>	<b>592</b>	<b>1,924</b>	<b>1,596</b>	<b>1,700</b>
Taxes	-130	-144	-484	-378	-206
<b>Profit for the period</b>	<b>435</b>	<b>448</b>	<b>1,440</b>	<b>1,218</b>	<b>1,495</b>
Profit for the period attributable to owners of the Parent Company	435	448	1,440	1,218	1,495
Earnings per share before and after dilution effects, SEK – Owners of the Parent Company	1.47	1.51	4.87	4.12	5.05
Number of shares, million	295.8	295.8	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.

The financial information contained in this document has been prepared under IFRS. This financial information is unaudited and, therefore, is subject to potential future modifications.



Mobile living made easy.

