

INTERIM PRESENTATION

Q4 2018

8 February 2019



Mobile living made easy.

 **DOMETIC**



**JUAN VARGUES,
PRESIDENT & CEO**

Mobile living made easy.

 **DOMETIC**

Q4 2018 HIGHLIGHTS

Growth

- 6% organic growth ex RV OEM Americas
- Double-digit Aftermarket growth
- Continued strong growth in Marine
- Strong organic growth in EMEA

Market development

- Positive underlying demand
- Slow RV OEM in Americas and Pacific

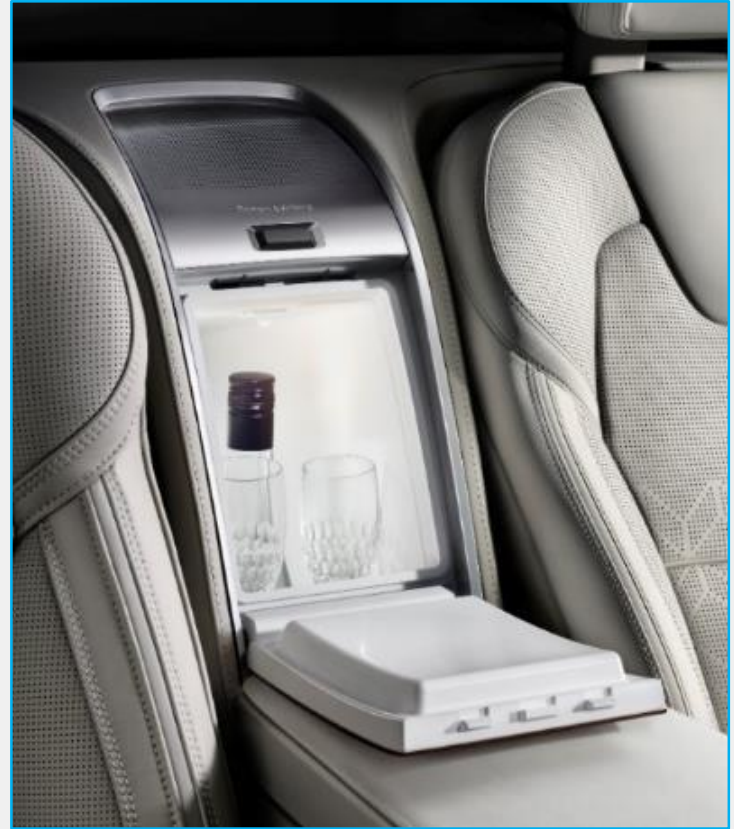
Overall strong EBIT improvement

- Pricing and efficiency improvements to compensate for raw materials and tariffs
- Contingency plans implemented

Acquisition of Kampa completed

Restructuring program initiated

New site in Mexico



Q4 2018 FINANCIAL SUMMARY

Net sales of SEK 4,070 m, +25% total growth

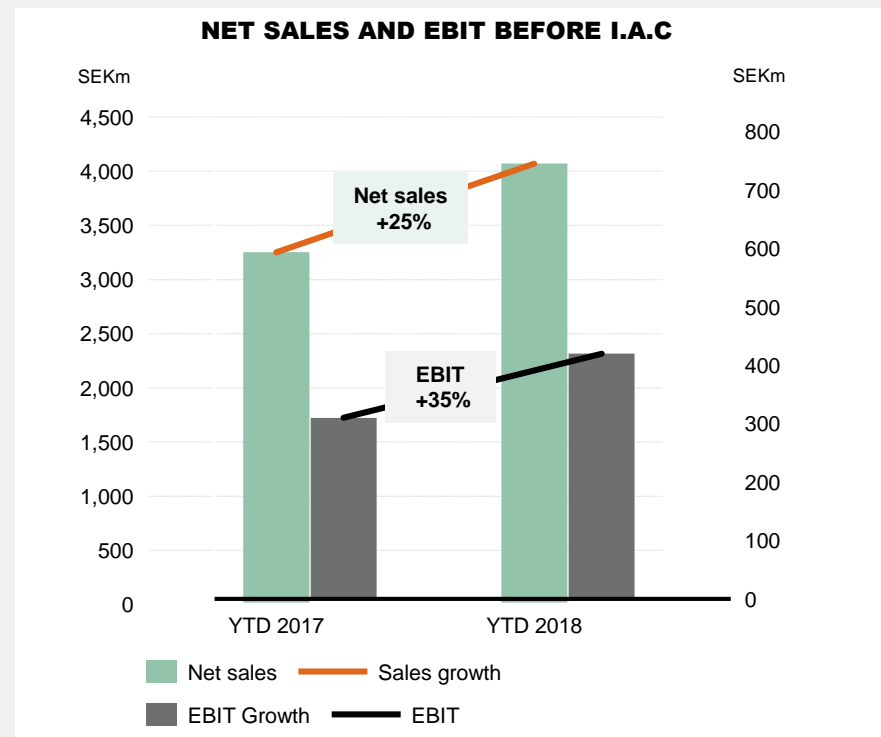
- -2% organic
- +7% FX
- +20% M&A

EBIT before i.a.c. of SEK 420 m, +35%

- EBIT margin of 10.3% (9.5%)
 - + Efficiency improvements and pricing
 - + Rapid capacity reduction to mitigate volume drop in RV
 - Effects from weaker RV OEM in the US and raw materials

Operating cash flow of SEK 859 m, +60%

EPS of SEK 0.46, -51%



FULL YEAR 2018 FINANCIAL SUMMARY

Net sales of SEK 18,274 m, +30% total growth

- +5% organic
- +3% FX
- +22% M&A

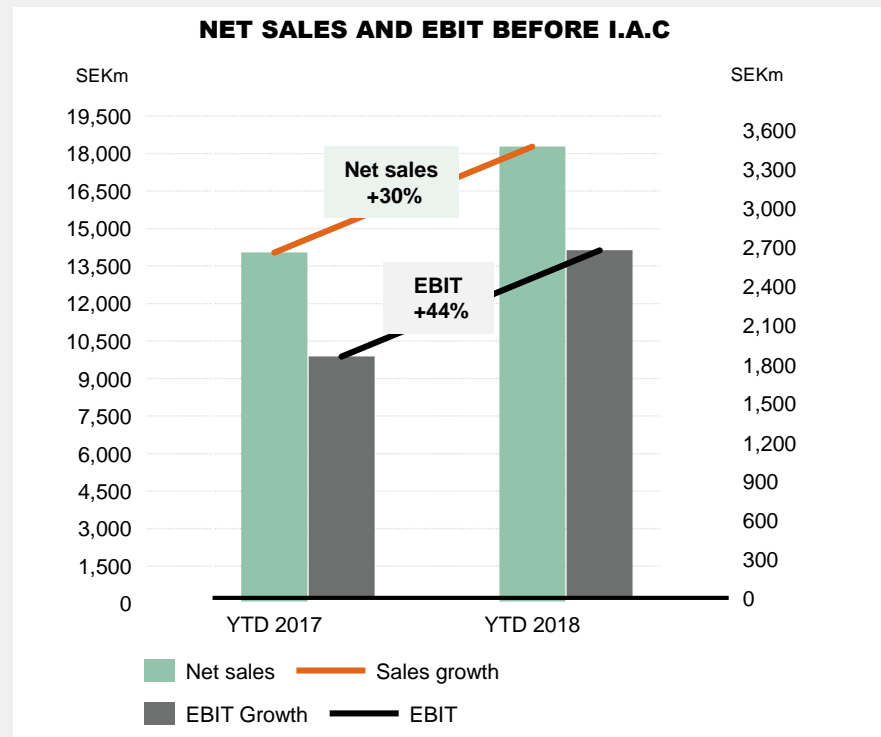
EBIT before i.a.c. of SEK 2,679 m, +44%

- EBIT margin of 14.7% (13.2%)
 - + Efficiency improvements and pricing
 - Effects from currencies and raw materials

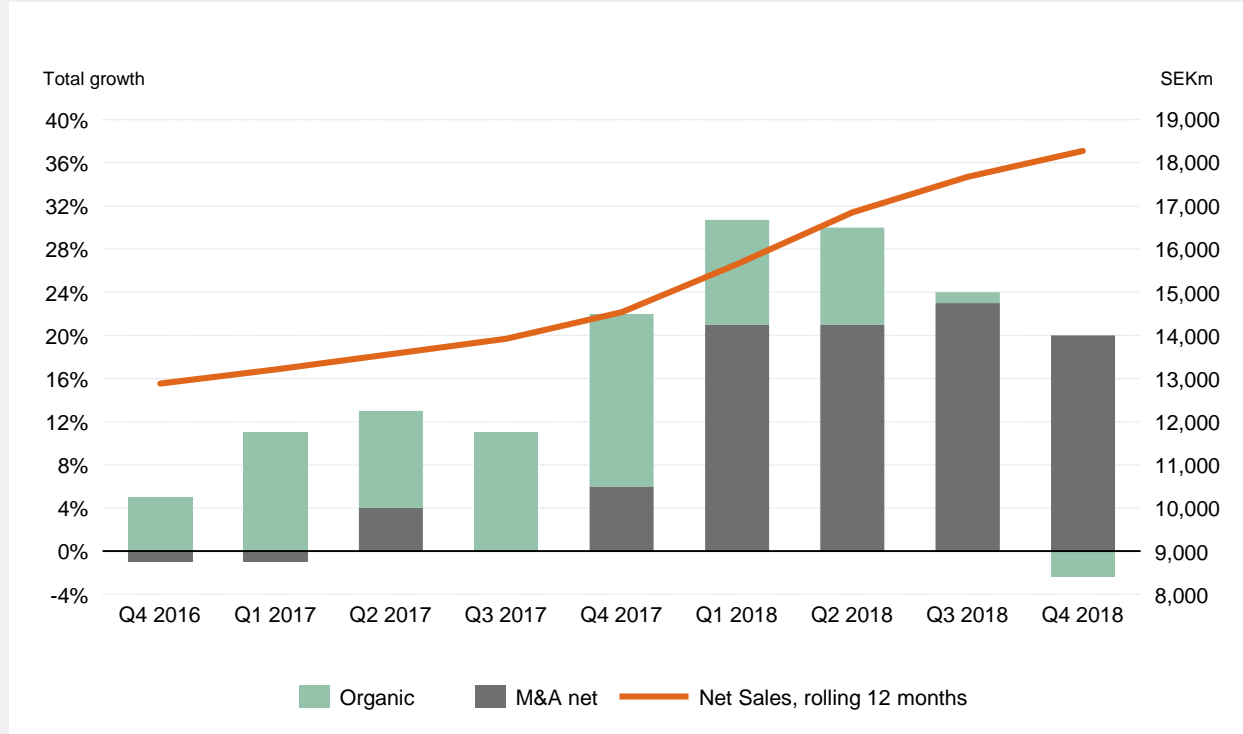
Operating cash flow of SEK 2,616 m, +51%

Leverage of 2.6 adjusted for Kampa and FX

EPS of SEK 5.33, +5%

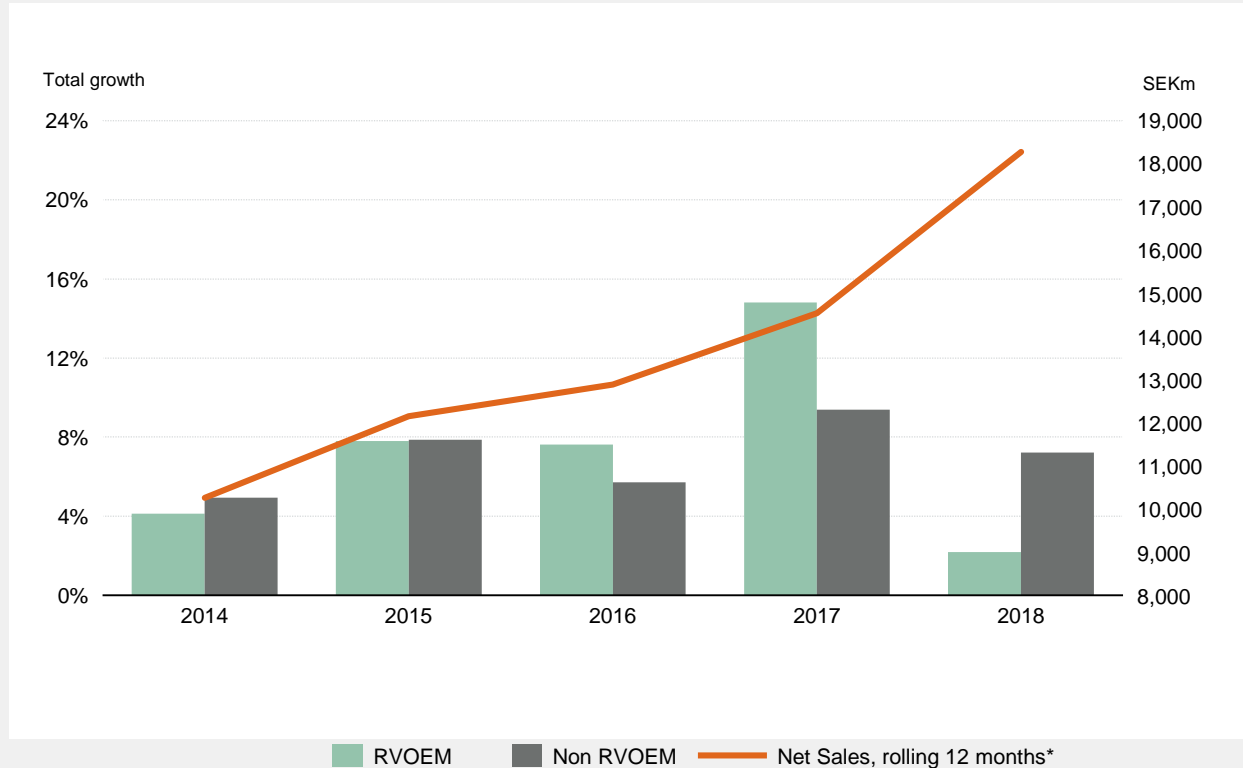


SALES GROWTH IN CONSTANT CURRENCY



- Average quarterly organic growth of 8% Q4 16 – Q4 18.

SALES GROWTH IN CONSTANT CURRENCY

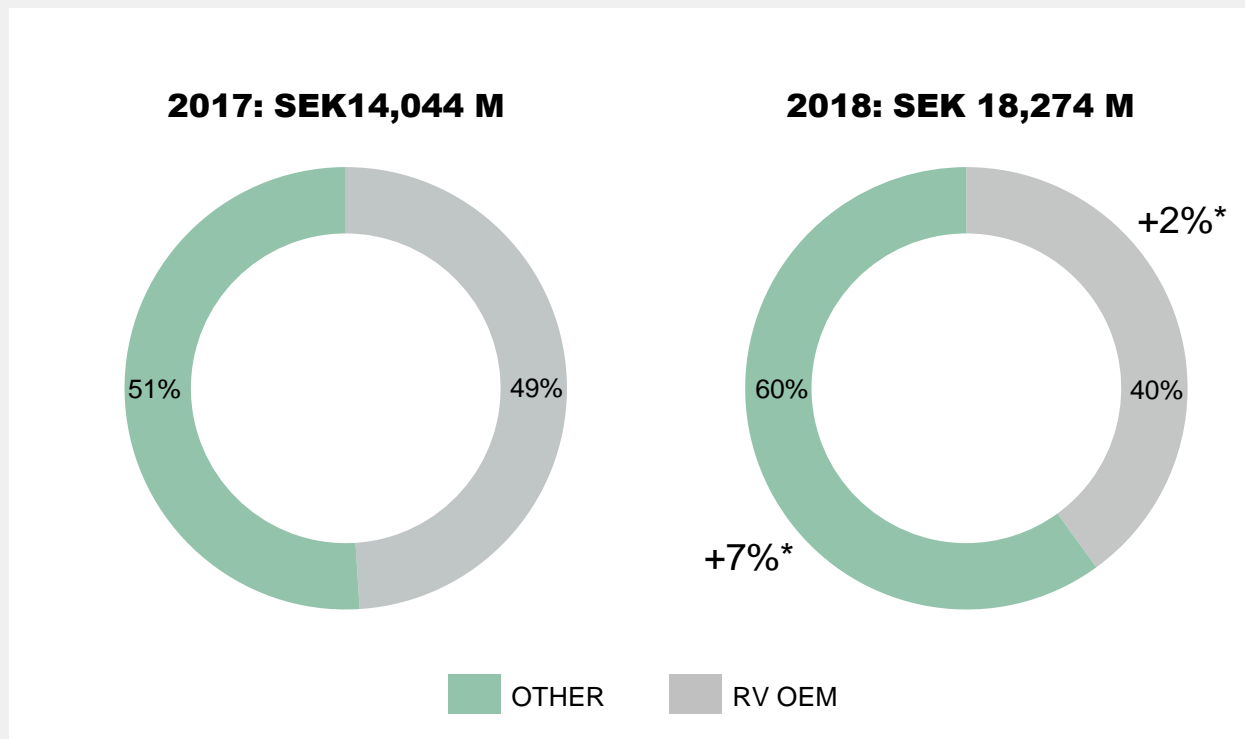


- Average growth 2014 – 2018 (adjusted for M&A):

RVOEM: 7.3%
Non RVOEM 7.0%

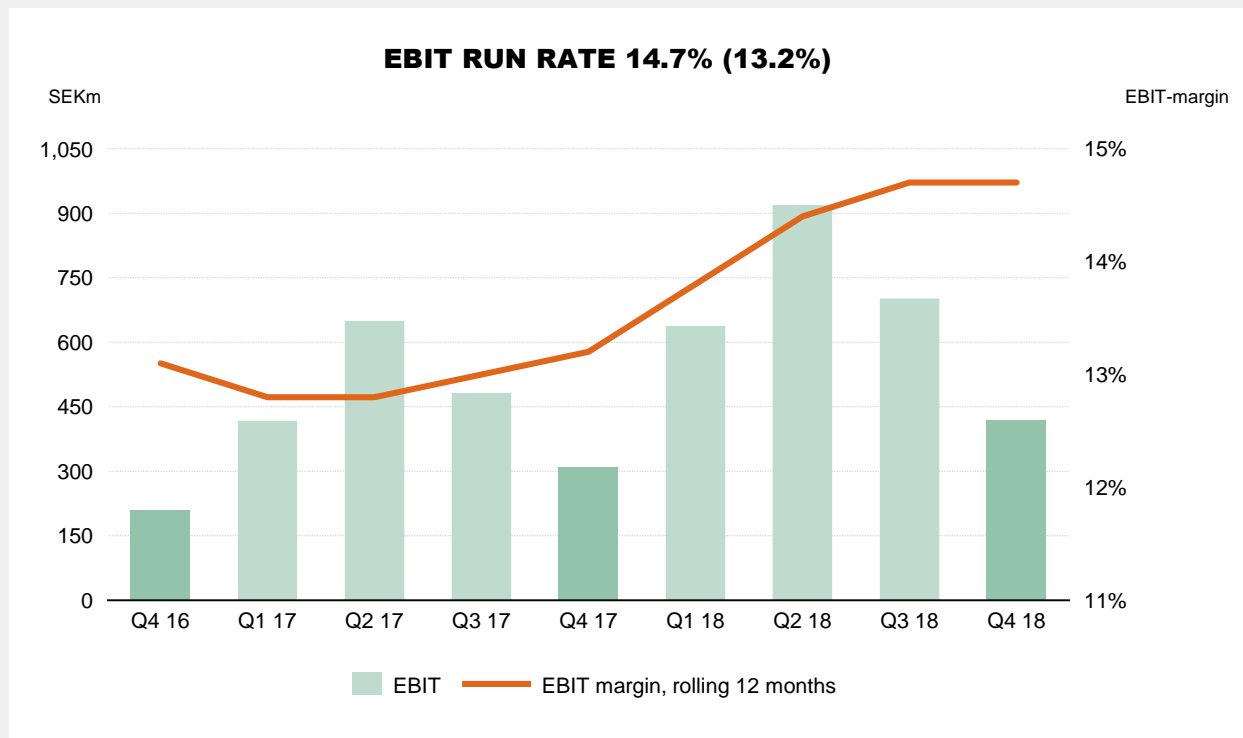
- **+70% growth RVOEM** from before Atwood acquisition 2014 to end 2018.
- **+106% growth Non-RVOEM** from before Atwood acquisition 2014 to end 2018

A MORE DIVERSIFIED COMPANY



- Continuous focus on growing outside of RV OEM
- Ambition to further reduce RV OEM exposure

EBIT AND EBIT MARGIN BEFORE I.A.C



- 1.5% point EBIT margin improvement rolling 12 months

RESTRUCTURING Q4 2018 – GROUP-WIDE INITIATIVE TO OPTIMIZE FOOTPRINT AND REDUCE COSTS

TOTAL NET SEK -92 m

- **Americas, SEK -34m:**
 - Set up production in Mexico
 - Consolidation of local warehouses
 - Office consolidation
- **EMEA, SEK -57m:**
 - Right size factories
 - Restructuring SG&A
 - Office consolidation
- **APAC, SEK -1m:**
 - Right size factories
 - Restructuring Product Development
- **Estimated pay-back around 1 year**

KAMPA



Kampa

- An innovative provider of Retail and Aftermarket products for Mobile Living based in the UK
- Kampa significantly broadens Dometic's Retail and Aftermarket offering in EMEA, with good potential for further expansion and profitable growth
- Sales of GBP 40 million and EBITDA of GBP 7 million in 2018. Aftermarket sales account for 100% of revenue
- Immediately accretive to Dometic's operating margin and EPS

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PRODUCT HIGHLIGHTS



Dometic PLB40 portable power pack

- Brings a completely new product category to the market
- Among the most compact and lightweight in its class while delivering unparalleled power performance
- Robust, outdoor-proof construction for use in multiple environments
- Convenient three-way charging eliminates the need for a dual battery set-up

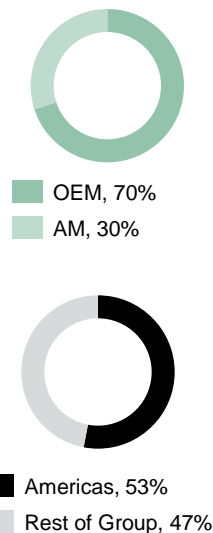
AMERICAS

Net sales of SEK 2,177 m, -10% organic

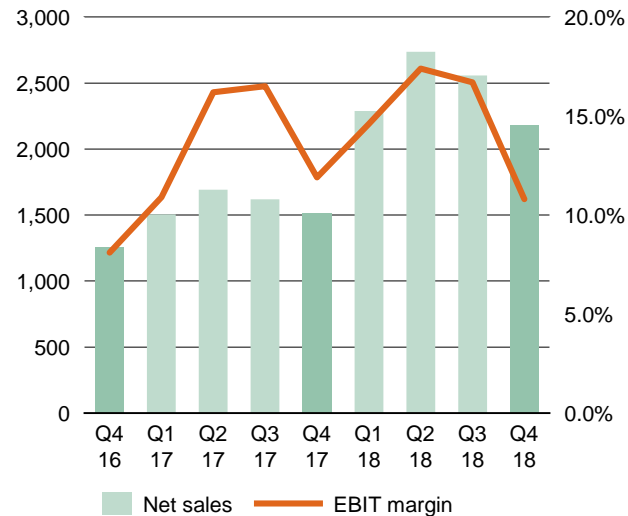
- Growth ex RV of 31%
- Aftermarket growth of 13%, ex SeaStar
- Strong evolution of Seastar, +13%*
- Soft RV OEM

EBIT before i.a.c. of SEK 234 m, +30%

- EBIT Margin of 10.8% (11.9%)
 - + Actions to adjust cost base
 - + Pricing
 - Raw material and wage inflation
 - Volume decline in RV OEM



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



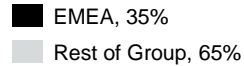
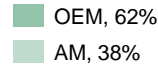
EMEA

Net sales of SEK 1,415 m, +8% organic

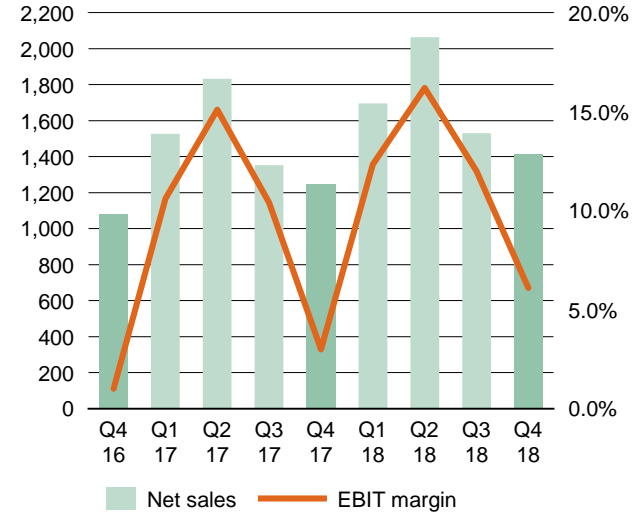
- Aftermarket growth of 13%
- OEM growth of 5%
- Strong growth in RV AM of 20%, CPV AM +22% and Marine AM +8%
- Focus on more dedicated sales resources

EBIT before i.a.c. of SEK 86 m, +127%

- EBIT Margin of 6.1% (3.0%)
 - + Efficiencies
 - + Pricing



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



Net sales of SEK 478 m, -5% organic

- Sales negatively affected by softer demand of RV in Pacific
- Discontinuation of low profit products continues
- RV in Asia develops well
- Retail +1%

EBIT before i.a.c. of SEK 100 m, +8%

- EBIT Margin of 20.9% (18.7%)
 - + Pricing
 - + Discontinuation of low profit products
 - Geographical and product mix

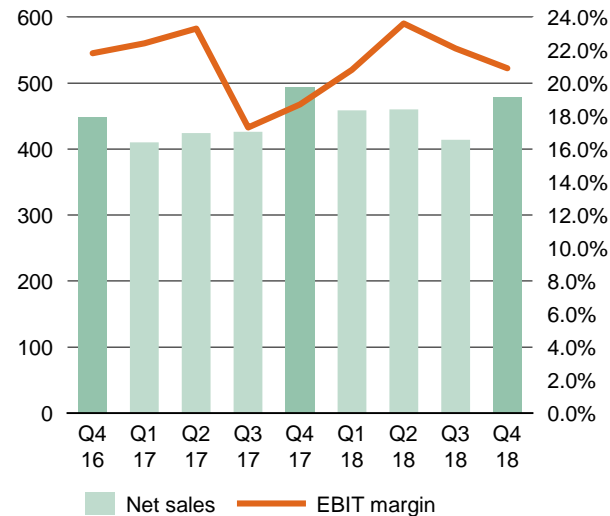


OEM, 42%
AM, 58%



APAC, 12%
Rest of Group, 88%

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



Q4 STRATEGY EXECUTION

1

Profitable expansion

- Kampa acquisition completed
- Strong development of Aftermarket
- Continued strong growth in Marine
- Dedicated organizations generating very positive results, especially Retail and CPV in the US

2

Product leadership

- Continued implementation of a global innovation platform
- SKU reduction continues

3

Cost reductions

- Efficiency improvements
- Adapting capacity to new market demand in RV
- Restructuring program initiated
- New site in Mexico





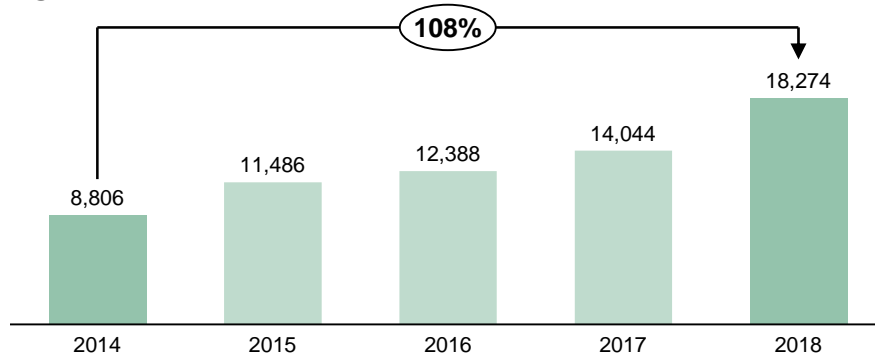
**PER-ARNE BLOMQUIST,
CFO**

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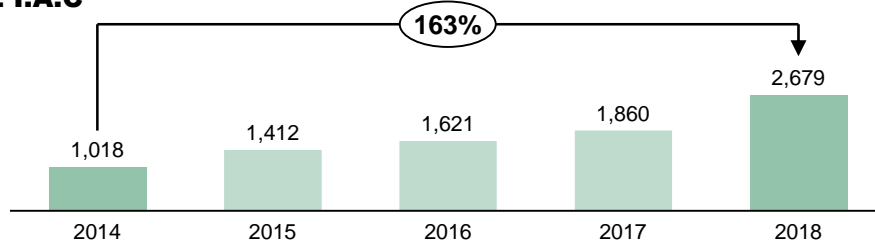
 **DOMETIC**

5 YEARS SALES AND EBIT DEVELOPMENT

NET SALES



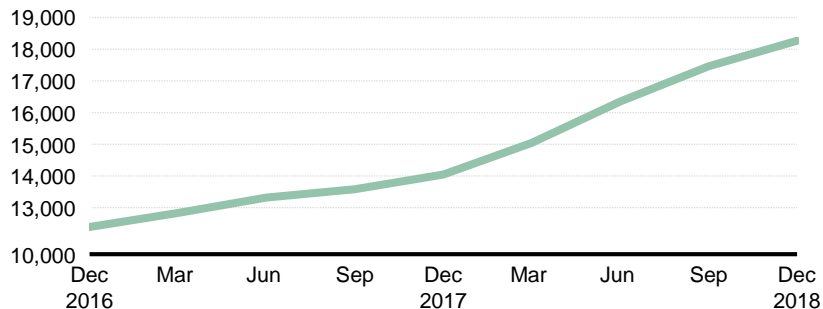
EBIT BEFORE I.A.C



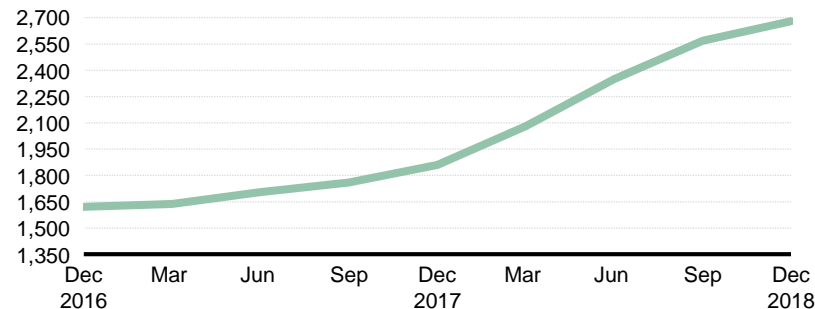
- Sales growth +108%
- EBIT before i.a.c +163%

DOMETIC GROUP TRENDS

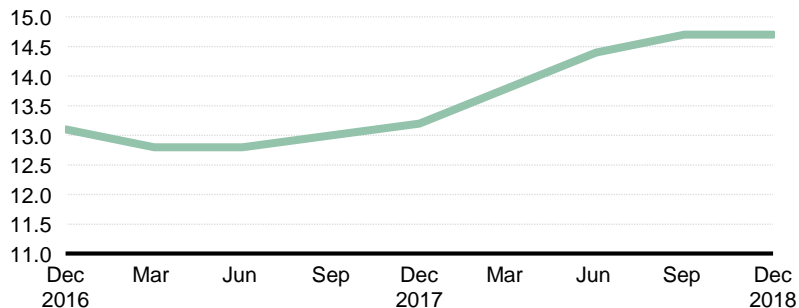
SALES (SEKm)



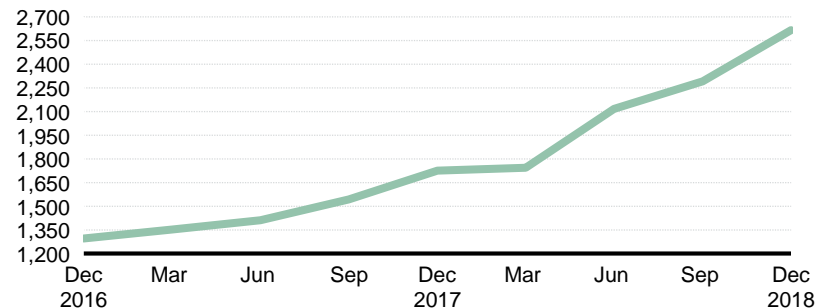
EBIT BEF. I.A.C (SEKm)



EBIT BEF. I.A.C (%)

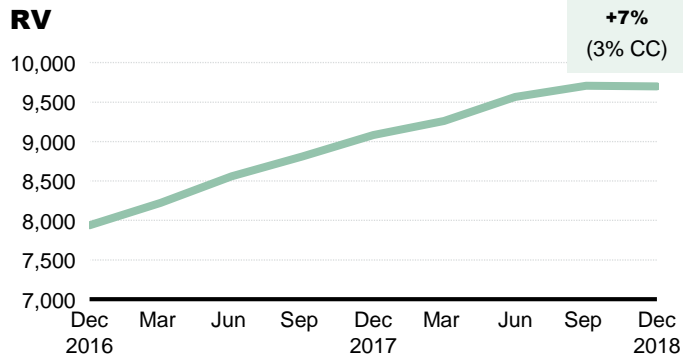


OPERATING CASH FLOW (SEKm)

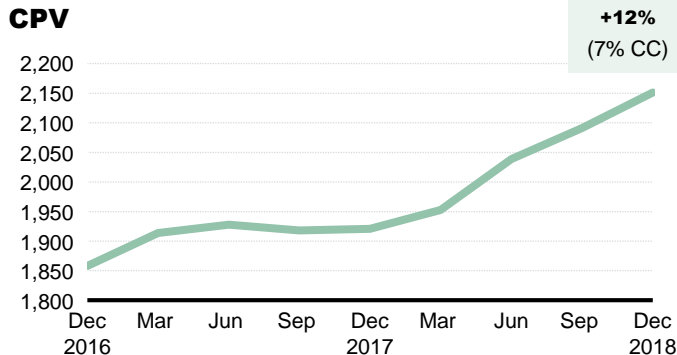


BUSINESS AREA DEVELOPMENT

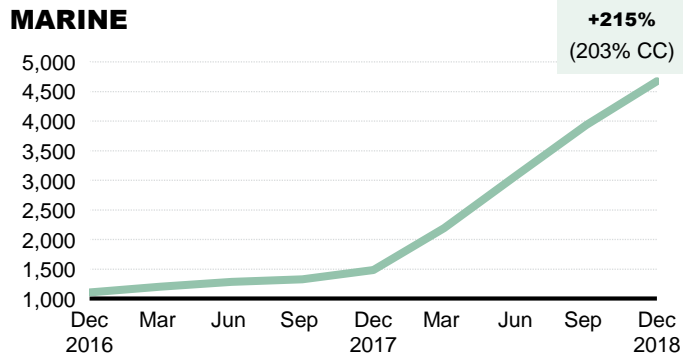
RV



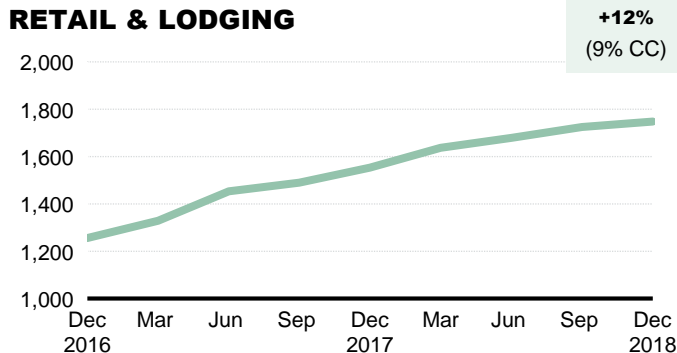
CPV



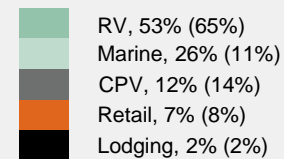
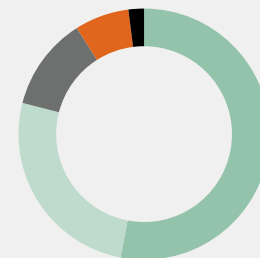
MARINE



RETAIL & LODGING



SALES SPLIT, BUSINESS AREA*



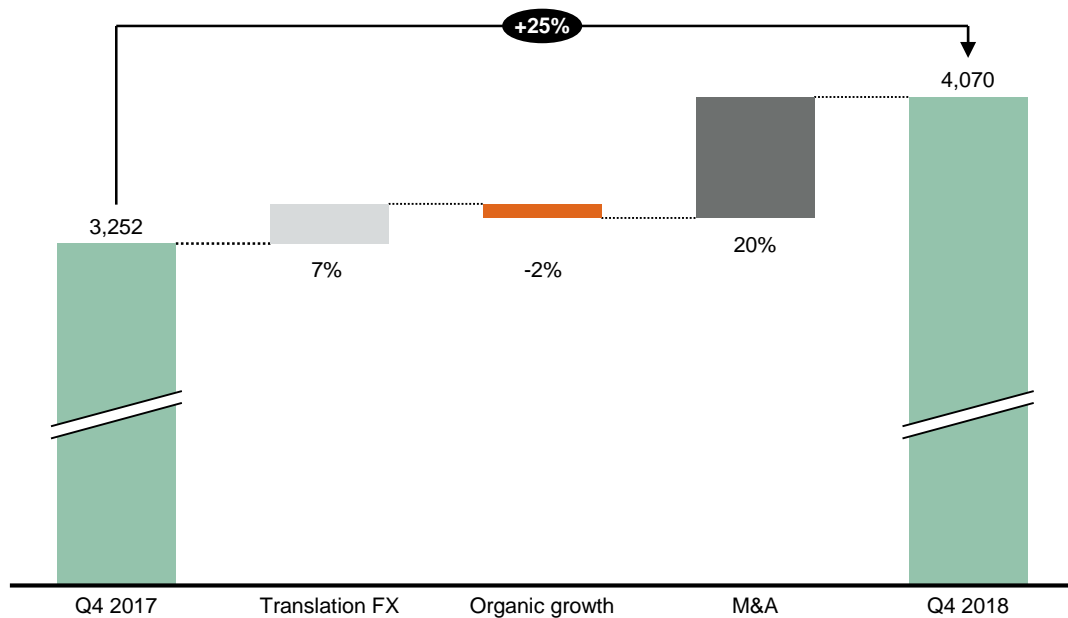
KEY RATIOS

SEKm		Q4 2018	Q4 2017	FY 2018	FY 2017
Sales	Net sales	4,070	3,252	18,274	14,044
	Growth	25.1%	16.7%	30.1%	13.4%
	Organic growth, %	-2.4%	16.2%	4.7%	11.5%
Profitability	Gross profit	1,276	951	5,951	4,445
	Gross profit, %	31.4%	29.2%	32.6%	31.7%
	EBIT before i.a.c	420	310	2,679	1,860
	EBIT before i.a.c., %	10.3%	9.5%	14.7%	13.2%
	EBITDA before i.a.c	561	399	3,205	2,181
	EBITDA before i.a.c., %	13.8%	12.3%	17.5%	15.5%
Capital efficiency	Core working capital, to sales, %*	23.6%	23.1%	23.6%	23.1%
	Return on operating capital	30.5%	33.0%	30.5%	33.0%
Cashflow	Operating cash flow	859	536	2,616	1,727
EPS	Earnings per share	0.46	0.94	5.33	5.05

* Average CWC/LTM net sales including SeaStar. Excluding SeaStar: 23.8%.

DOMETIC GROUP

NET SALES BRIDGE Q4 SEKm



TRANSLATION FX DETAILS

	Net Sales	Share of impact
USD	148	67%
EUR	50	22%
AUD	3	2%
HKD	4	2%
GBP	3	1%
CNY	2	1%
Other	11	5%
Total	220	

REGIONAL RESULTS, AS IN THE INTERIM REPORT

SEK million	Q4 2018	Q4 2017	Change (%)		FY 2018	FY 2017	Change (%)	
			Rep.	Adj. ¹⁾			Rep.	Adj. ¹⁾
Americas ³⁾	2,177	1,511	44%	32%	9,758	6,329	54%	51%
EMEA	1,415	1,248	13%	9%	6,706	5,962	12%	7%
Asia Pacific	478	493	-3%	-5%	1,810	1,753	3%	3%
Net sales	4,070	3,252	25%	18%	18,274	14,044	30%	26%
Americas ³⁾	234	180	30%	15%	1,470	885	66%	61%
EMEA	86	38	127%	113%	814	618	32%	24%
Asia Pacific	100	92	8%	1%	395	357	11%	8%
Operating profit (EBIT) bef. i.a.c.²⁾	420	310	35%	23%	2,679	1,860	44%	38%
Americas ³⁾	10.8%	11.9%			15.1%	14.0%		
EMEA	6.1%	3.0%			12.1%	10.4%		
Asia Pacific	20.9%	18.7%			21.8%	20.4%		
Operating profit % bef. i.a.c.²⁾	10.3%	9.5%			14.7%	13.2%		

¹⁾ Represents change in comparable currency.

²⁾ Before items affecting comparability.

³⁾ Including SeaStar Solutions.

EARNINGS PER SHARE – Q4

SEKm

Total Group	2018	EPS	2017	EPS
Net Sales	4,070		3,252	
EBIT (before i.a.c)	420	<i>1.42</i>	310	<i>1.05</i>
Finance net	-96	-0.32	-87	-0.29
Tax	-96	-0.32	173	0.58
Result for the period	136	<i>0.46</i>	277	<i>0.94</i>
No. of shares	296		296	
Earnings per share	0.46		0.94	

- **Q4 2018:**
 - Total tax rate: 41% (-166%)
Tax paid: 24% (34%)
 - Q4 2017 was positively affected by the US tax reform of SEK 278
- **Q4 2017:**
 - Included items affecting comparability related to the strategic consolidation of manufacturing in China

EARNINGS PER SHARE – FULL YEAR

SEKm

Total Group	2018	EPS	2017	EPS
Net Sales	18,274		14,044	
EBIT (before i.a.c)	2,679	<i>9.05</i>	1,860	<i>6.29</i>
Finance net	-431	-1.46	-206	-0.70
Tax	-580	-1.96	-206	-0.70
Result for the period	1,576	<i>5.33</i>	1,495	<i>5.05</i>
No. of shares	296		296	
Earnings per share	5.33		5.05	

- **Full Year 2018:**

- Total tax rate: 27% (12%)
Tax paid: 15% (6%)
- 2017 was positively affected by the US tax reform of SEK 278 m.

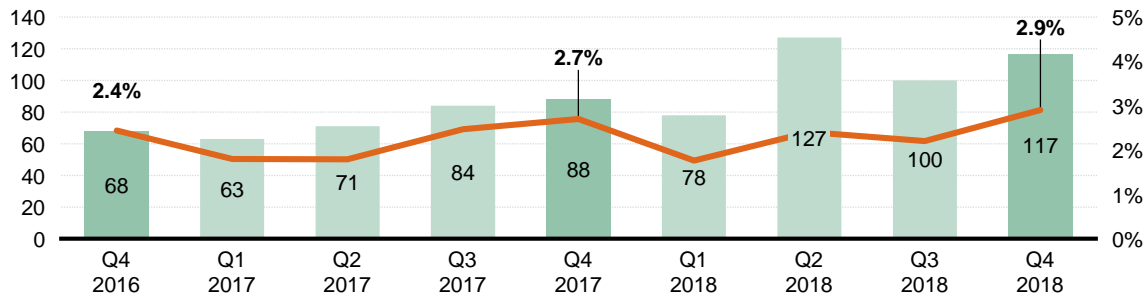
- **Full Year 2017**

- Included items affecting comparability related to the strategic consolidation of manufacturing in China

CAPEX & PRODUCT DEVELOPMENT

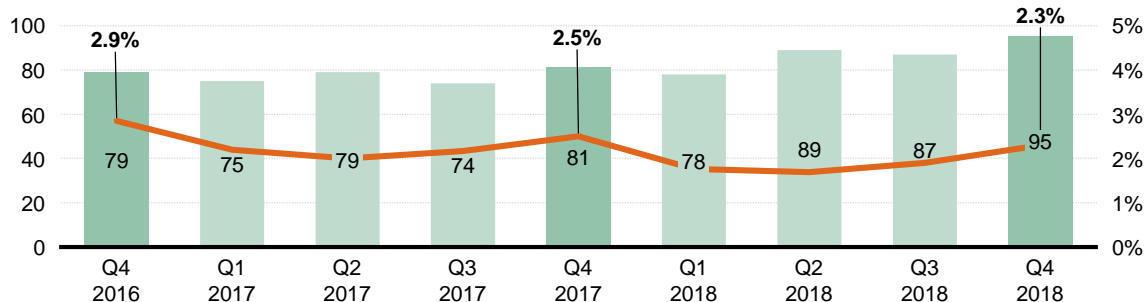
(SEKm, % OF NET SALES)

CAPEX



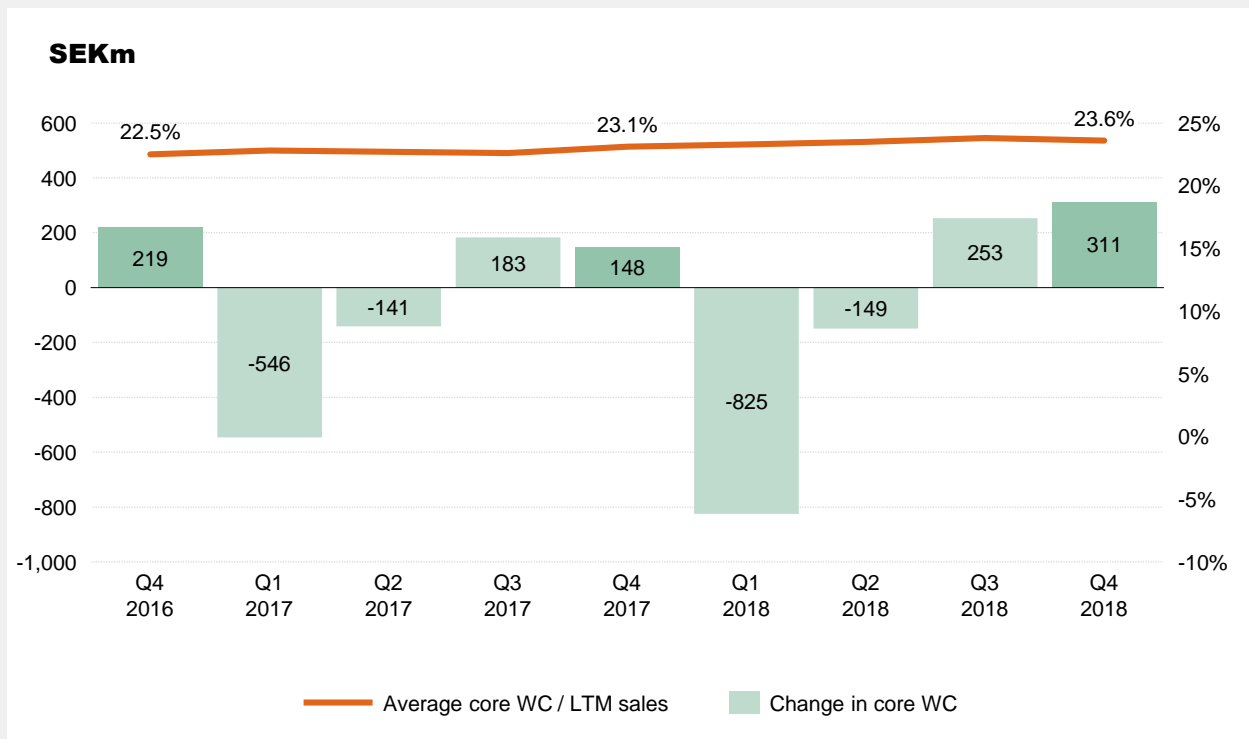
- Full Year 2018 CAPEX: 2.3% of net sales. (2.2% in 2017)

PD



- Full Year 2018 PD: 1.9% of net sales. (2.2% in 2017)

WORKING CAPITAL DEVELOPMENT

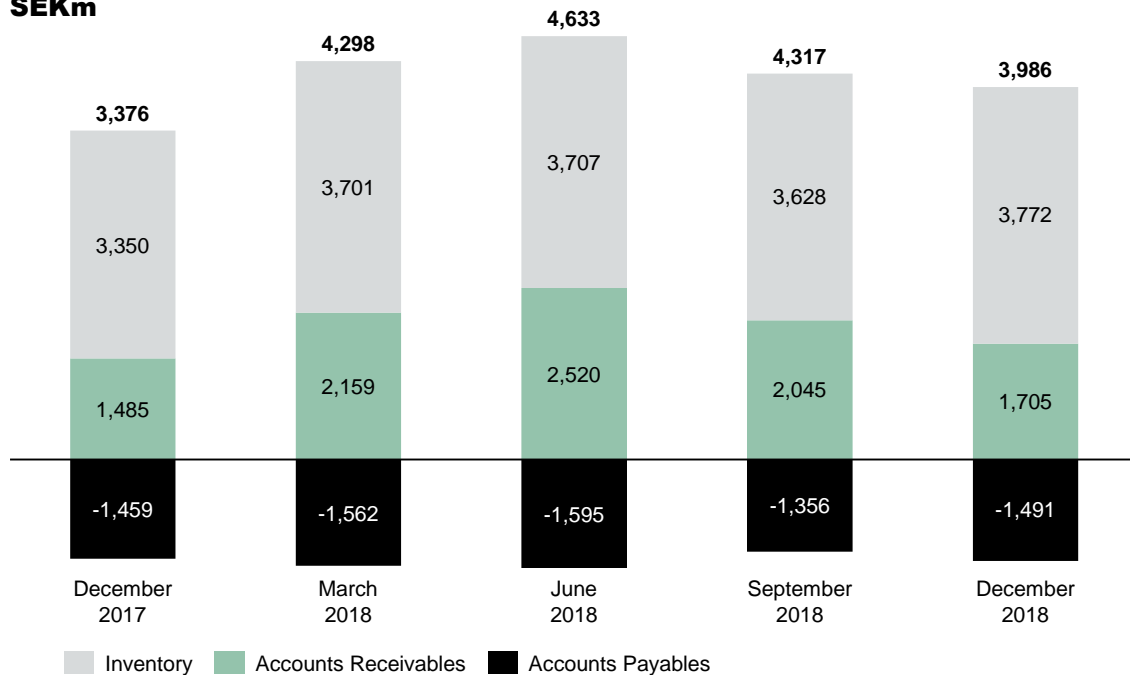


- **Average CWC/LTM net sales:**
 23.8% excluding SeaStar
 23.6% including SeaStar

* Including SeaStar. Excluding SeaStar: 23.8%.

WORKING CAPITAL

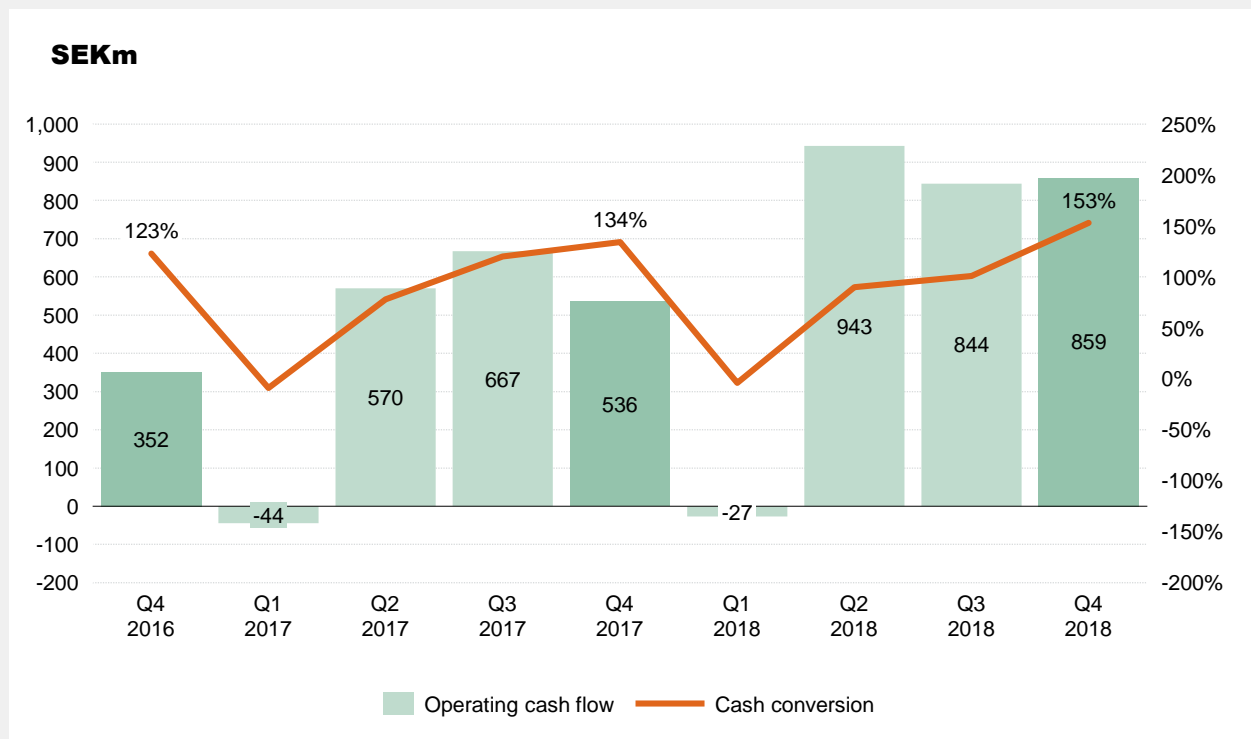
SEKm



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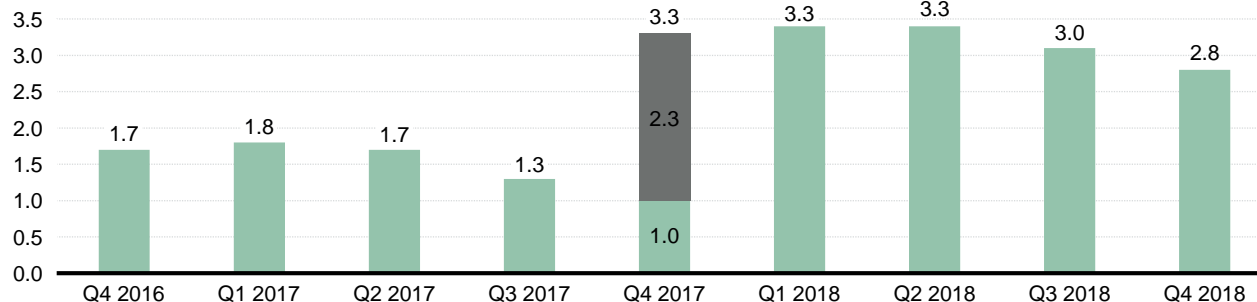
Inventory include approx. 93 MSEK of tariffs and 148 MSEK of pre-buy ahead of tariffs.

CASH FLOW



NET DEBT LEVERAGE AND NET DEBT DETAILS ACTUAL

NET DEBT



- Leverage of 2.6x net debt/EBITDA in constant currency and excl. Kampa

SEKm	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
RCF	0	0	0	0	0	459	380	0	0
EuroBond	0	0	0	0	0	0	0	3,089	3,077
Senior term A	958	849	824	705	2,777	2,745	2,883	2,017	1,461
Senior term B	3,727	3,714	3,604	3,523	7,693	7,889	8,273	7,662	7,131
Local facilities	123	116	140	130	131	104	112	0	0
Total debt	4,809	4,678	4,568	4,358	10,601	11,197	11,648	12,768	11,670
Cash	1,599	1,213	1,169	1,763	1,159	1,298	1,329	3,263	2,359
Net debt	3,210	3,465	3,399	2,595	9,442	9,899	10,319	9,505	9,311

FINANCIAL TARGETS

	FY 2015	FY 2016	FY 2017	FY 2018	Mid/long term Financial target
Net Sales Growth ¹	8%	7%	12%	5%	5%
EBIT Margin ²	12.3%	13.1%	13.2%	14.7%	15%
Net Debt / EBITDA	2.4x	1.7x	3.3x	2.8x ³	2.0x
Dividend Policy	No dividend	40%	40%	40% ⁴	40%

¹ Organic sales growth

² EBIT before I.A.C.

³ Leverage of 2.6x if excluding acquisition of Kampa and currency effects

⁴ To be proposed by the Board of Directors at the Annual General Meeting

SUMMARY FY 2018

Organic sales growth of 5%

- Growth in all business areas
- Aftermarket sales growth of 7%
- Successful integration of Seastar

Strong EBIT margin improvement to 14.7% (13.2%)

- Improved profitability in EMEA and APAC

Key business process-owners in place

Accelerated focus on improved operational efficiency

- SKU reduction continues
- Adapting capacity to new market demand in RV
- Initiated restructuring program
- New site in Mexico

Acquisition of Kampa completed to strengthen AM

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OUTLOOK 2019

Organic growth to be slightly positive

- Global life style trends
- Further expansion in businesses outside of RV
- Product development
- Uncertain RV OEM in Americas and APAC

EBIT margin close to 15 percent

- Grow Aftermarket, CPV and Marine
- Continued focus on cost and efficiency improvements
- New site in Mexico
- Uncertainties about evolution of the RV OEM market

Leverage of 2.0x by end of 2019

- Continued strong cash generation
- Inventory management



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Q&A

APPENDIX

APPENDIX A

QUARTERLY SUMMARY KEY FINANCIALS

SEK million	Q4 2018	Q4 2017	FY 2018	FY 2017
Net sales	4,070	3,252	18,274	14,044
EBITDA	469	280	3,113	2,228
% of net sales	11.5%	8.6%	17.0%	15.9%
Operating profit (EBIT)	328	191	2,587	1,907
% of net sales	8.1%	5.9%	14.2%	13.6%
Operating profit (EBIT) before items affecting comparability	420	310	2,679	1,860
% of net sales	10.3%	9.5%	14.7%	13.2%
Profit for the period	136	277	1,576	1,495
Earnings per share, SEK	0.46	0.94	5.33	5.05
Cash flow for the period	-906	-612	920	-417
Operating cash flow ¹⁾	859	536	2,616	1,727
Core working capital	3,986	3,376	3,986	3,376
Capital expenditure in fixed assets	-117	-88	-422	-306
RoOC	30.5%	33.0%	30.5%	33.0%

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

APPENDIX B

GROUP P&L

SEK million	Q4 2018	Q4 2017	FY 2018	FY 2017
Net sales	4,070	3,252	18,274	14,044
Cost of goods sold	-2,794	-2,301	-12,323	-9,599
Gross profit	1,276	951	5,951	4,445
Sales expenses	-573	-460	-2,259	-1,791
Administrative expenses	-224	-145	-855	-667
Other operating income and expenses	-1	-12	61	-52
Items affecting comparability	-92	-119	-92	47
Amortization of acquisition related intangible assets	-58	-24	-219	-76
Operating profit	328	191	2,587	1,907
Financial income	5	4	11	6
Financial expenses	-101	-91	-442	-212
Loss from financial items	-96	-87	-431	-206
Profit before tax	232	104	2,156	1,700
Taxes	-96	173	-580	-206
Profit for the period	136	277	1,576	1,495
Profit for the period attributable to owners of the Parent Company	136	277	1,576	1,495
Earnings per share before and after dilution effects, SEK – Owners of the Parent Company	0.46	0.94	5.33	5.05
Number of shares, million	295.8	295.8	295.8	295.8

RV - GLOBAL MARKET

MARKET TRENDS

Americas

- R12M: 483,700 units, -4%
- Continued weak US market

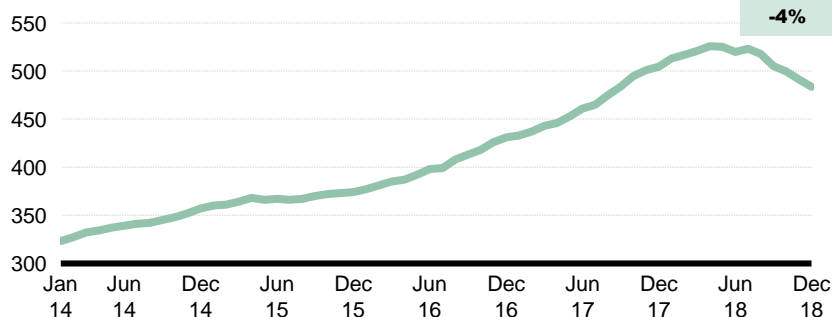
EMEA

- R12M: 129,000 units, +10% (5 countries)
- Continued demand in key markets

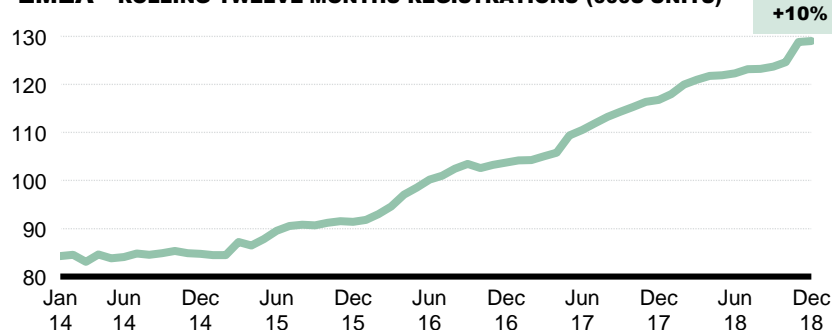
Australia

- R12M: 23,000 units 3%*
- Softer Australian RV OEM market

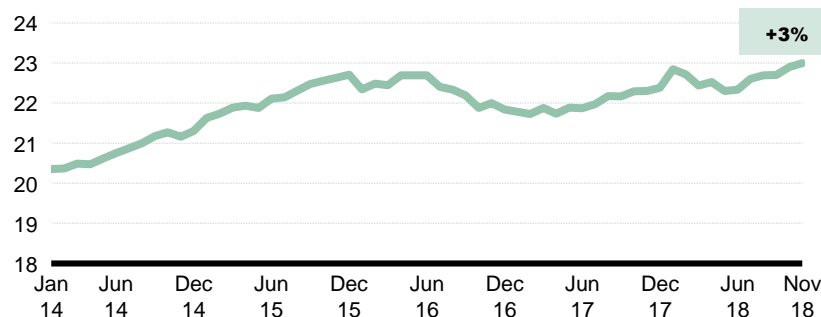
AMERICAS - ROLLING TWELVE MONTHS SHIPMENTS (000S UNITS)



EMEA - ROLLING TWELVE MONTHS REGISTRATIONS (000S UNITS)

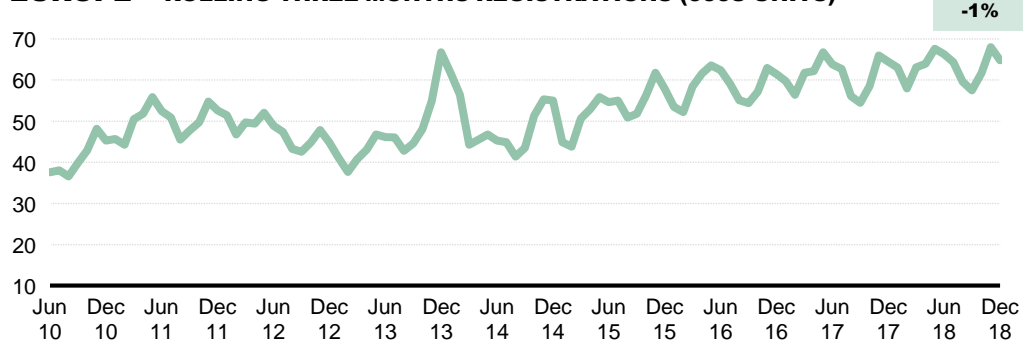


AUSTRALIA - ROLLING TWELVE MONTHS PRODUCTION (000S UNITS)

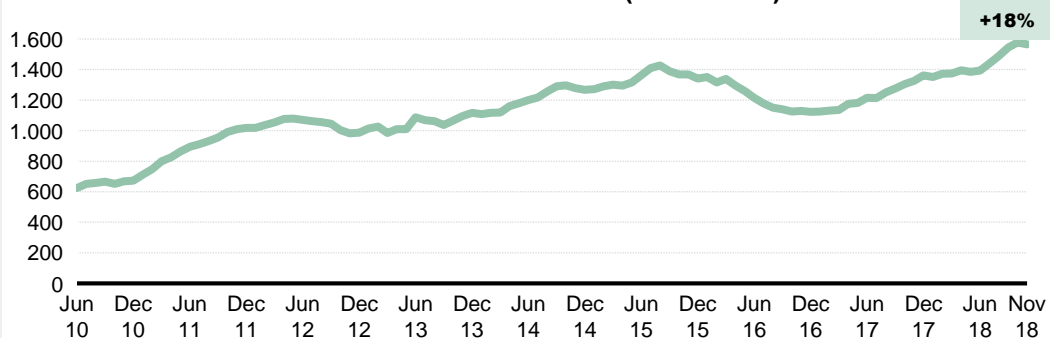


CPV - HEAVY TRUCKS

EUROPE – ROLLING THREE MONTHS REGISTRATIONS (000S UNITS)



AMERICAS – ROLLING THREE MONTHS SALES (000S UNITS)



MARKET TRENDS

EMEA

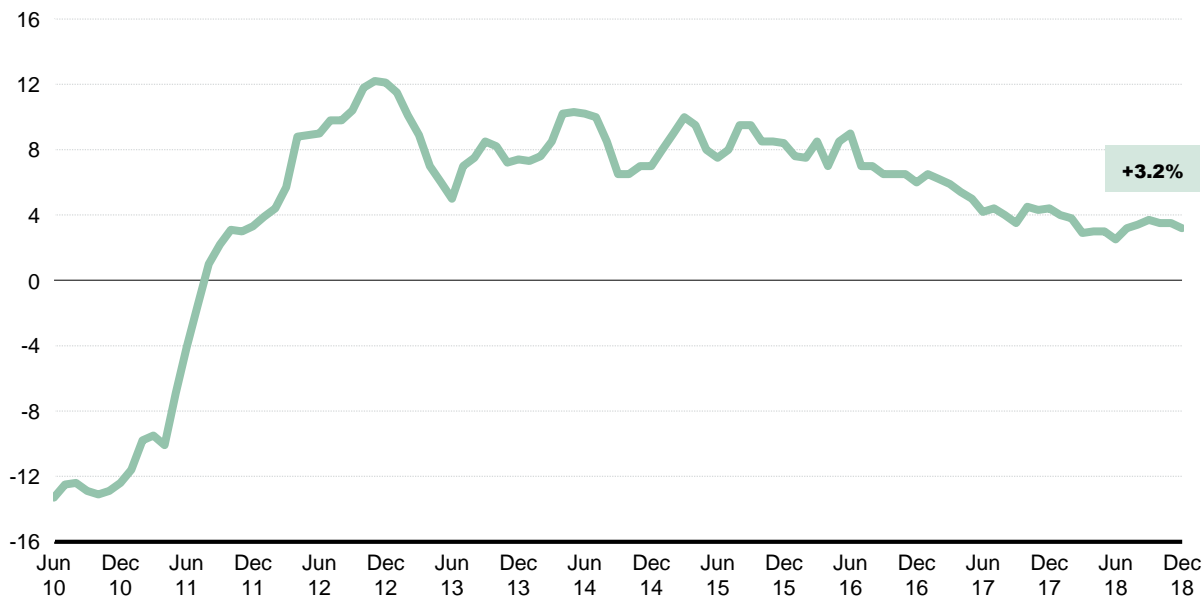
- Interest for active cooling compartments is growing fast in the passenger vehicle segment

Americas

- Continued strong heavy trucks market
- Investments in building up local CPV organization

MARINE - US POWER BOAT SALES

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



MARKET TRENDS

Americas

- 1% growth for outboard boats 11-40ft full year 2018
- SeaStar outperforms underlying market
- Used boat market remains strong with little inventory

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.

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