

INTERIM PRESENTATION

Q1 2019

26 April 2019



Mobile living made easy.

 **DOMETIC**



**JUAN VARGUES,
PRESIDENT & CEO**

Mobile living made easy.

 **DOMETIC**

Q1 2019 HIGHLIGHTS

Growth

- +7% growth excluding RV OEM in comparable currency
- +1% organic growth excluding RV OEM and M&A
- Continued strong development in Marine
- Good organic growth in EMEA and strong growth in Kampa
- -14% growth in RV OEM in comparable currency
- Strengthening Aftermarket organization

Market development

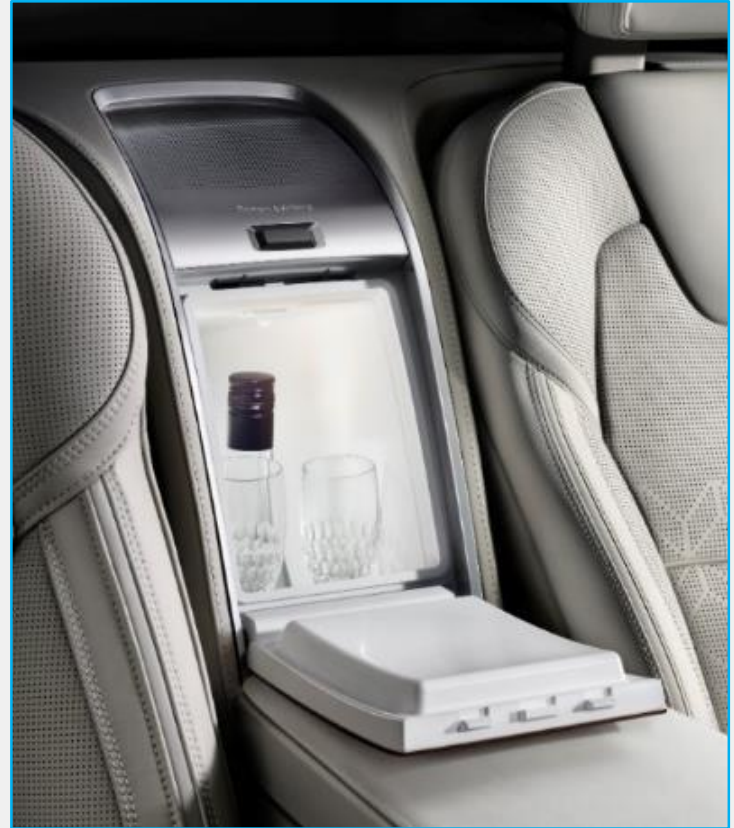
- Positive underlying demand
- Slow RV OEM in Americas and Pacific

Good EBIT performance in tough environment

- Efficiency improvements and pricing to compensate for volume drop in RV and tariffs
- Contingency plans implemented

Restructuring program in execution

Building a larger site in Mexico



Q1 2019 FINANCIAL SUMMARY

Net sales of SEK 4,650 m, +5% total growth

- -6% organic
- +7% FX
- +4% M&A

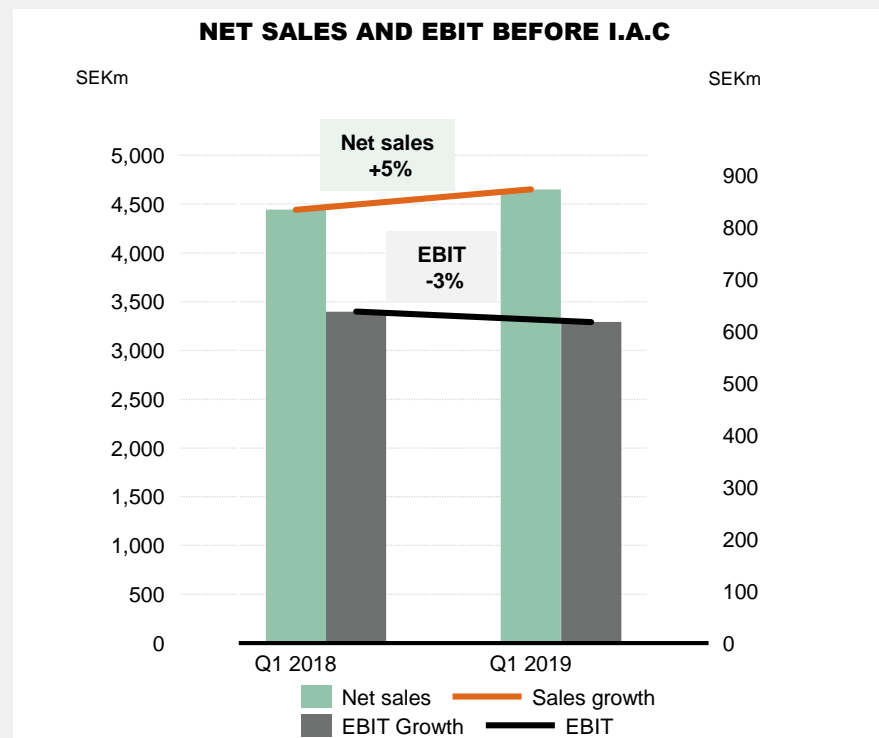
EBIT before i.a.c. of SEK 618 m, -3%

- EBIT margin of 13.3% (14.4%)
 - + Efficiency improvements, channel mix and pricing
 - + Capacity reduction to mitigate volume drop
 - Effects from weaker RV OEM and tariffs

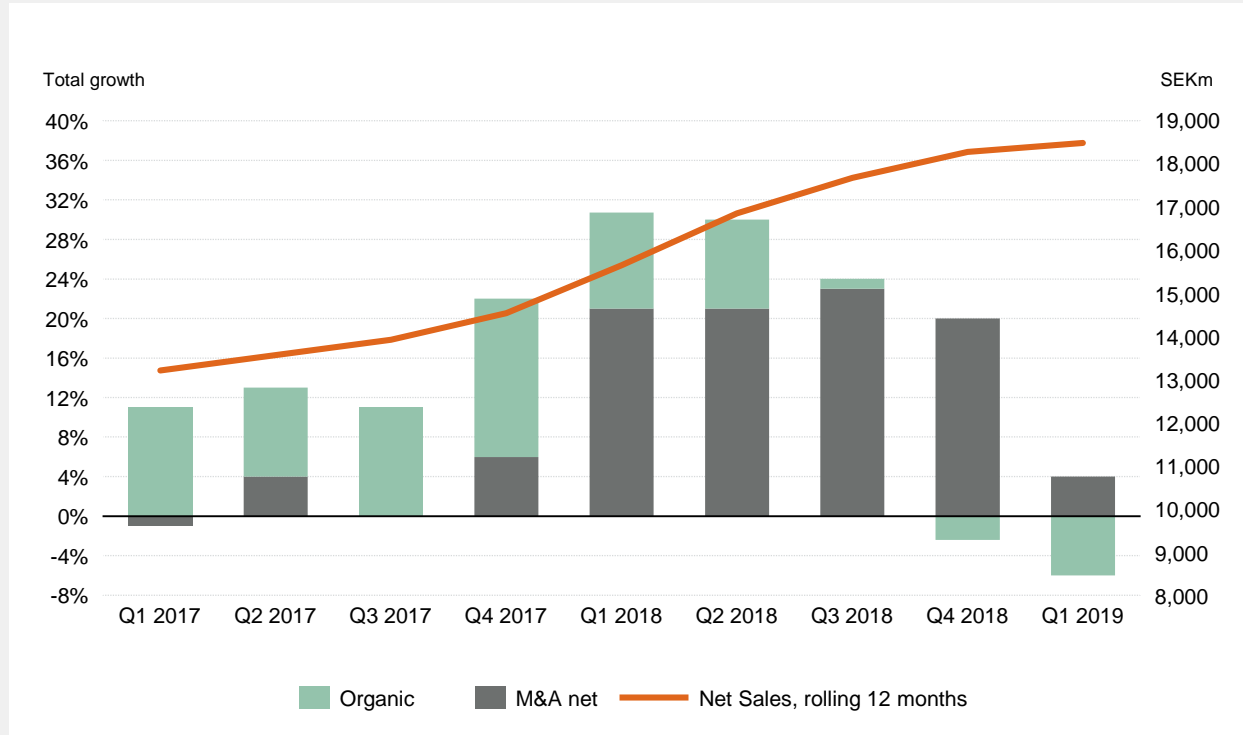
EBITDA before i.a.c. of SEK 818 m, +7%

Operating cash flow of SEK 84 m, (SEK -27 m)

EPS of SEK 1.16, -8%

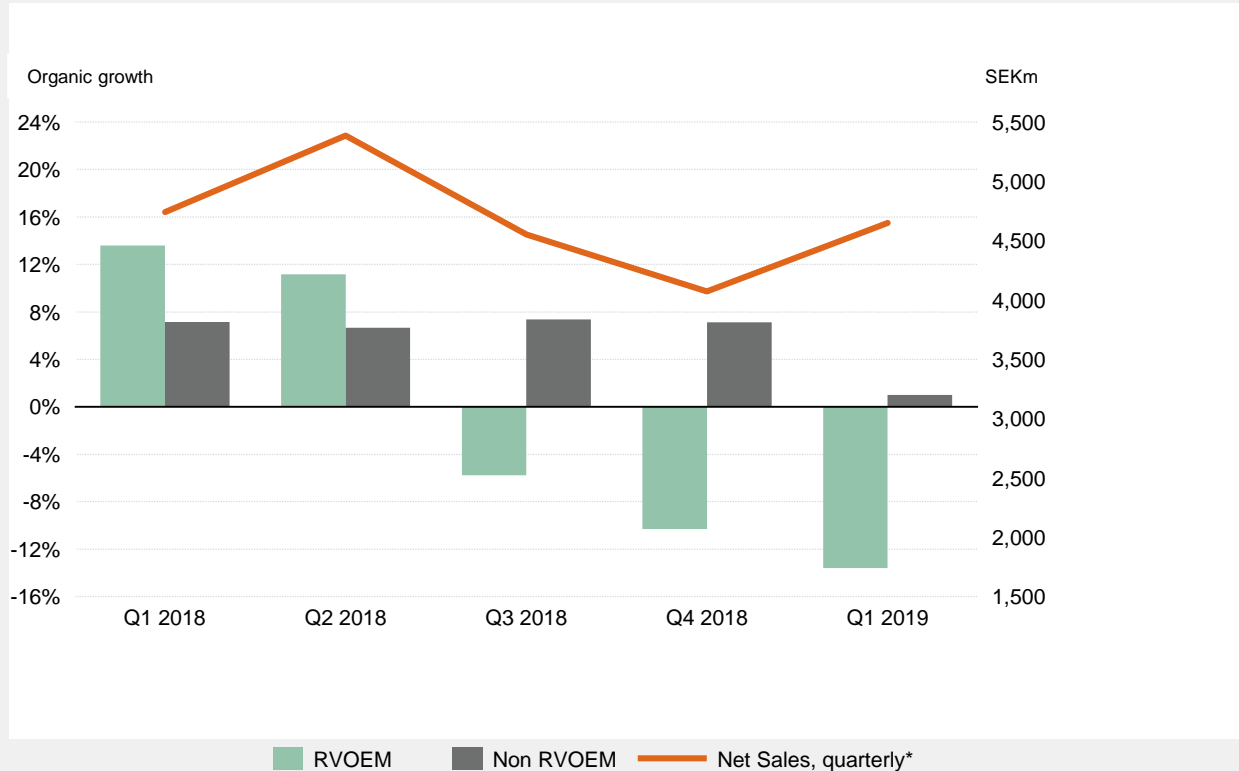


SALES GROWTH IN CONSTANT CURRENCY



- Average quarterly organic growth of 8% Q1 17 – Q1 19.

SALES GROWTH IN CONSTANT CURRENCY



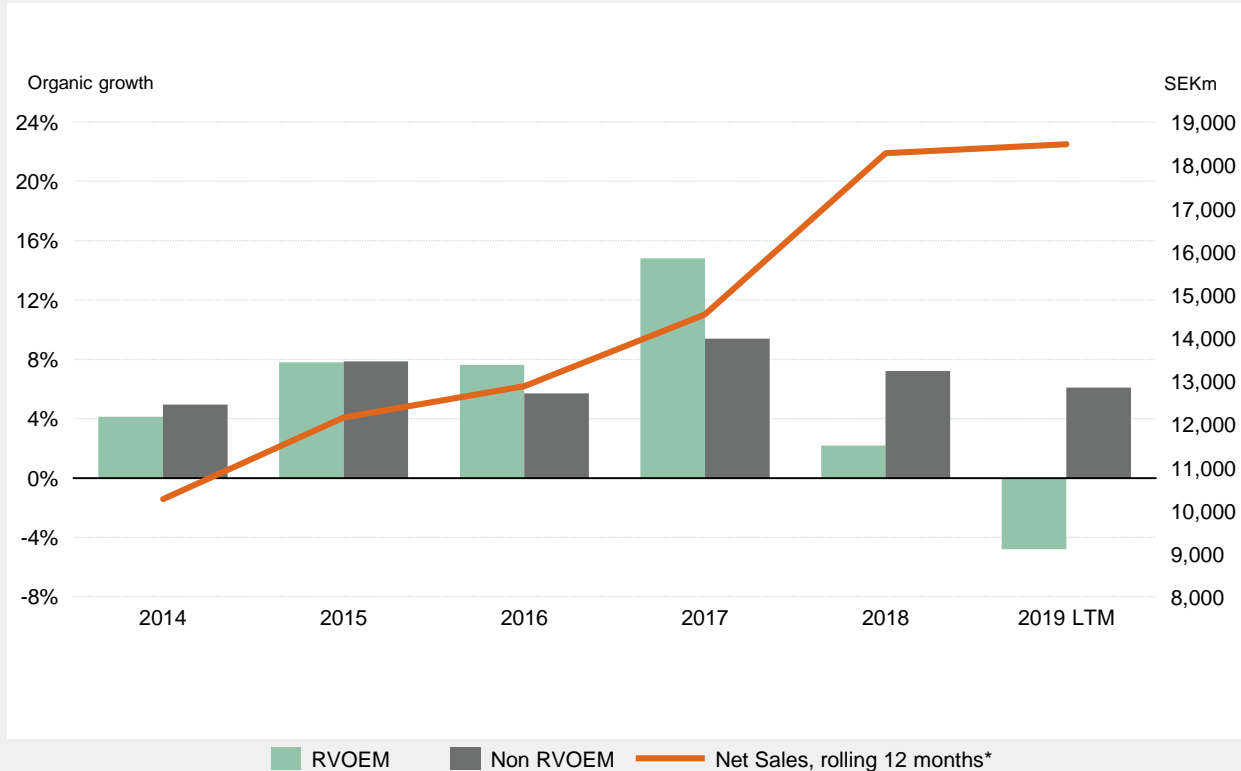
Total growth Q1 2018 to Q1 2019:

- Non RV OEM: +7%
- RV OEM: -14%

Organic growth Q1 2018 to Q1 2019:

- Non RV OEM: +1%
- RV OEM: -14%

SALES GROWTH IN CONSTANT CURRENCY LTM



Total growth 2014 to 2019 LTM:

- Non RV OEM: +113%
- RV OEM: +64%

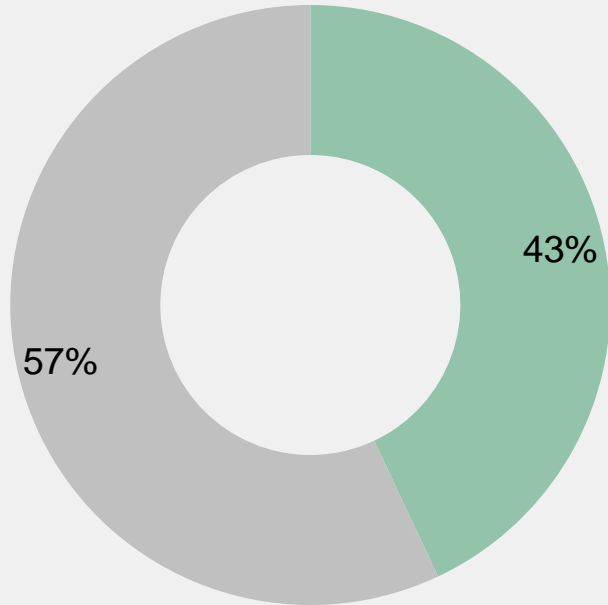
Average organic growth 2014 to 2019 LTM:

- Non RV OEM: +7%
- RV OEM: +5%

BUILDING UP A MORE BALANCED DOMETIC

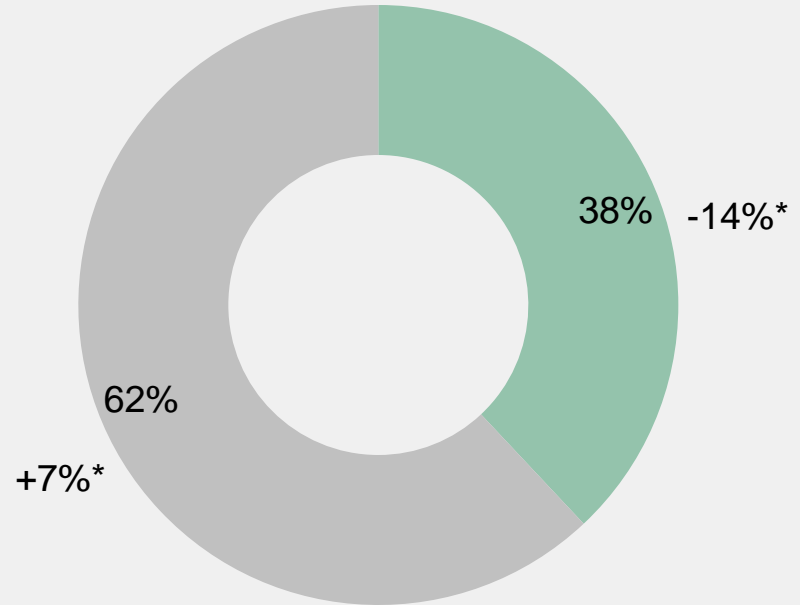
NON RV OEM GROWING FROM 57% OF SALES IN Q1 2018 TO 62% IN Q1 2019

Q1 2018: SEK 4,442m



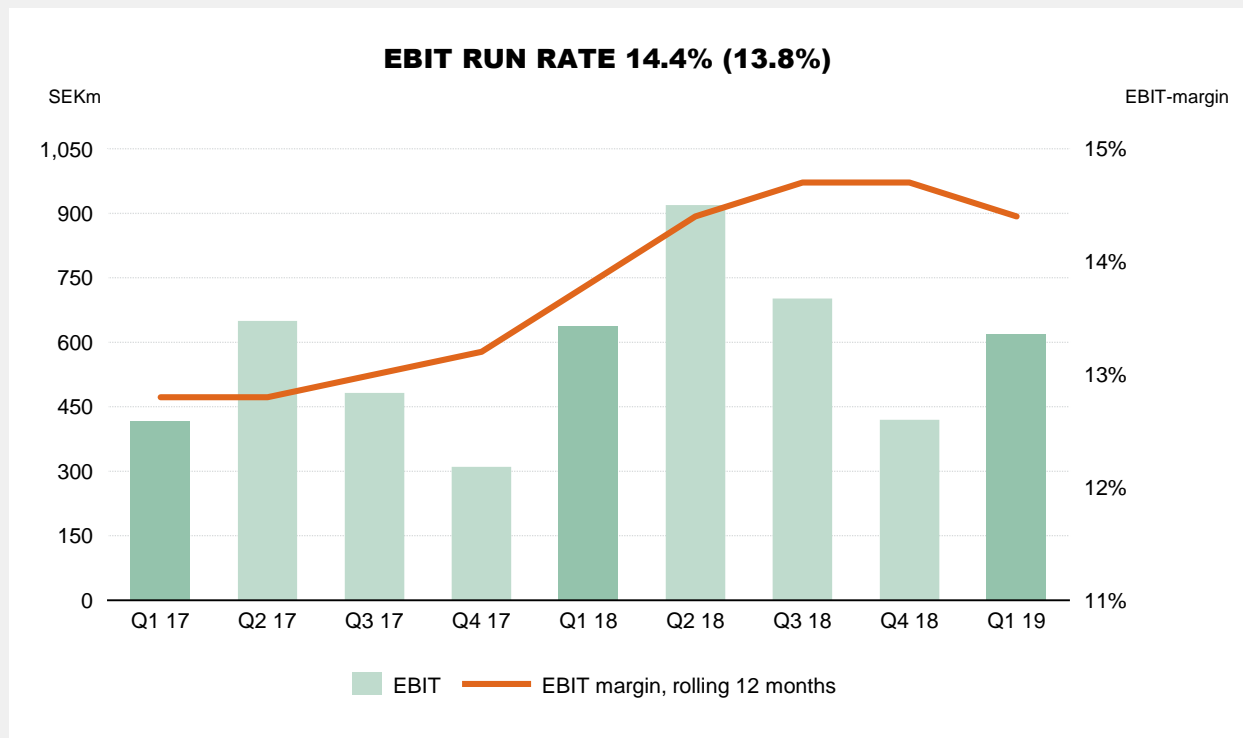
Q1 2019: SEK 4,650m

-6% organic growth



* In constant currency

EBIT AND EBIT MARGIN BEFORE I.A.C



- 0.6% point EBIT margin improvement rolling 12 months

PRODUCT HIGHLIGHTS



Dometic CoolFun Cooling Box

- World's first bio-material thermoelectric cooling box
- Made by fully recyclable bio-composite
- USB port in the lid for charging of electronic devices
- Can be operated by either 12 V or 230 V.
- Cools down to 18°C below the ambient temperature and has an additional warming function that heats the interior up to 65°C.

AMERICAS

Net sales of SEK 2,241 m, -11% organic

- Growth excluding RV of 5%
- Strong Marine (+6%), Retail (+19%) and Lodging (+12%)
- Soft RV OEM

EBIT before i.a.c. of SEK 259 m, -22%

- EBIT Margin of 11.6% (14.6%)
 - + Actions to adjust cost base
 - + Pricing
 - Volume decline in RV OEM
 - Tariffs

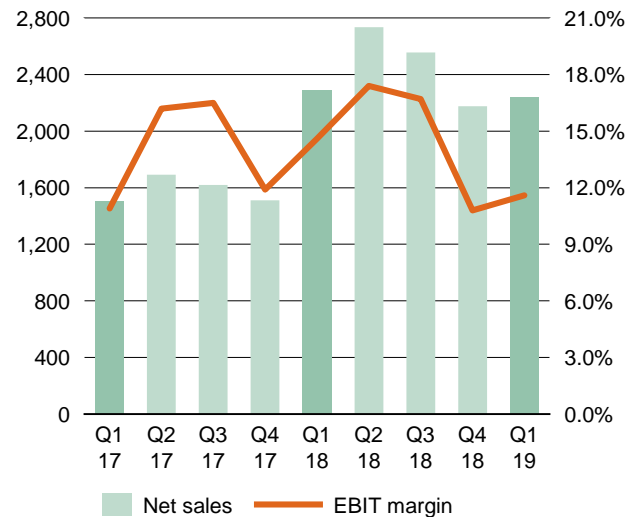


OEM, 74%
AM, 26%



Americas, 48%
Rest of Group, 52%

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



EMEA

Net sales of SEK 1,979 m, +3% organic

- Aftermarket growth of 23% including Kampa
- OEM growth of 3%
- Strong growth in RV AM of 4%, CPV AM +2% and Marine AM +8%
- Strengthening Aftermarket organization

EBIT before i.a.c. of SEK 267 m, +28%

- EBIT Margin of 13.5% (12.3%)
 - + Efficiencies and mix
 - + Pricing

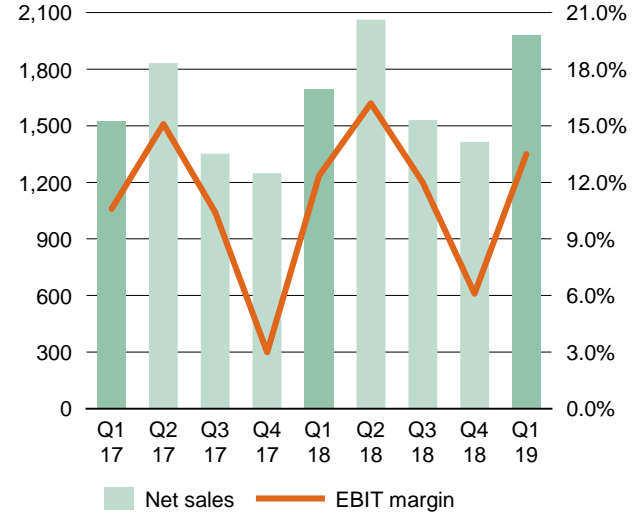


■ OEM, 50%
■ AM, 50%



■ EMEA, 43%
■ Rest of Group, 57%

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



Net sales of SEK 430 m, -10% organic

- Sales negatively affected by softer demand in RV OEM and Retail in Pacific
- RV in Asia develops well +45%
- Strong growth in Aftermarket in Asia +14%

EBIT before i.a.c. of SEK 92 m, -4%

- EBIT Margin of 21.3% (20.8%)
 - + Pricing
 - + Discontinuation of low profit products
 - Geographical mix

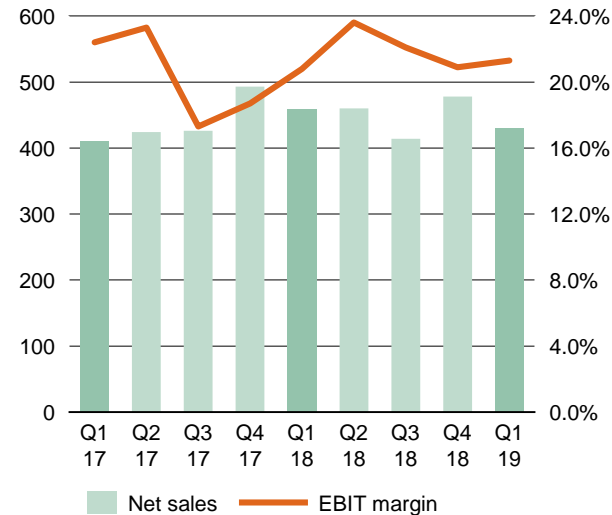


OEM, 45%
AM, 55%



APAC, 9%
Rest of Group, 91%

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



Q1 STRATEGY EXECUTION

1

Profitable expansion

- Continued strong growth in Marine
- Positive evolution of Kampa
- Increased focus on Aftermarket growth

2

Product leadership

- Making progress on global product platforms
- SKU reduction accelerating

3

Cost reductions

- Adapting capacity to new market demand in RV
- Efficiency improvements
- Restructuring program ongoing
- Building a larger site in Mexico





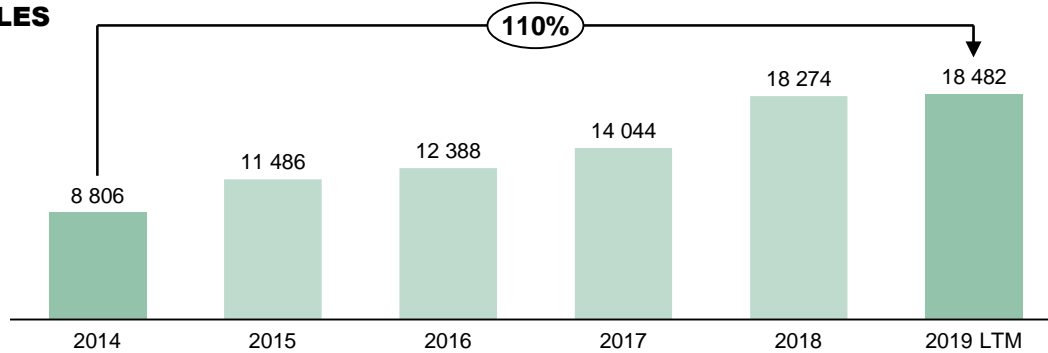
**PER-ARNE BLOMQUIST,
CFO**

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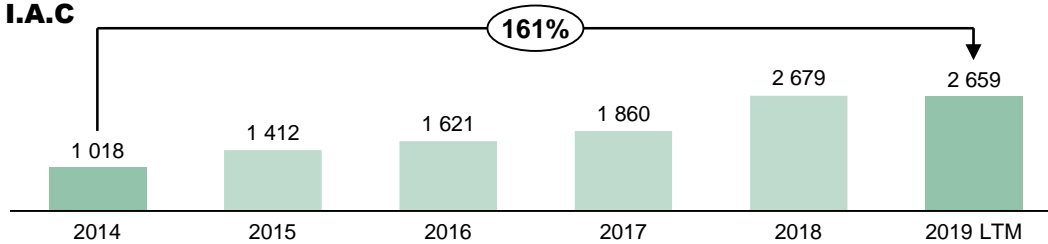
5 YEARS SALES, EBIT AND DEVELOPMENT

NET SALES



- Sales growth +110%

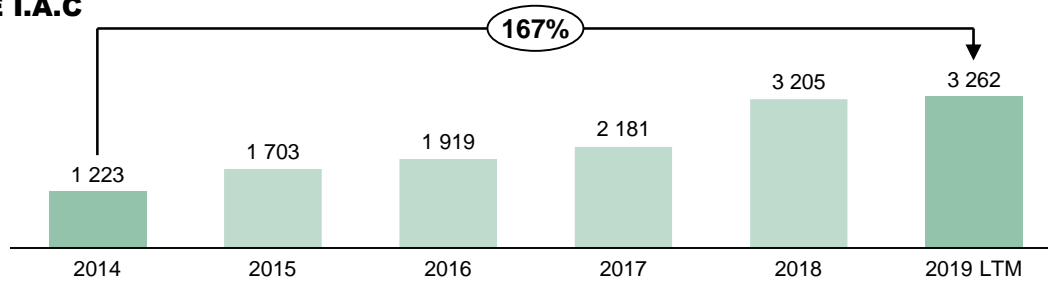
EBIT BEFORE I.A.C



- EBIT before i.a.c +161%

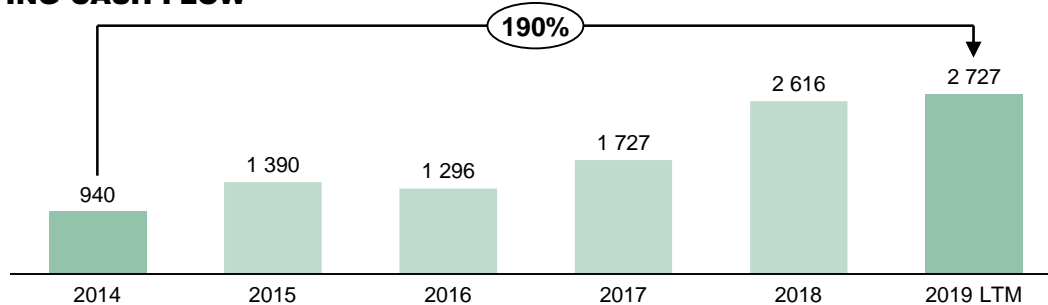
5 YEARS EBITDA AND OPERATING CASH FLOW DEVELOPMENT

EBITDA BEFORE I.A.C



- EBITDA before i.a.c +167%

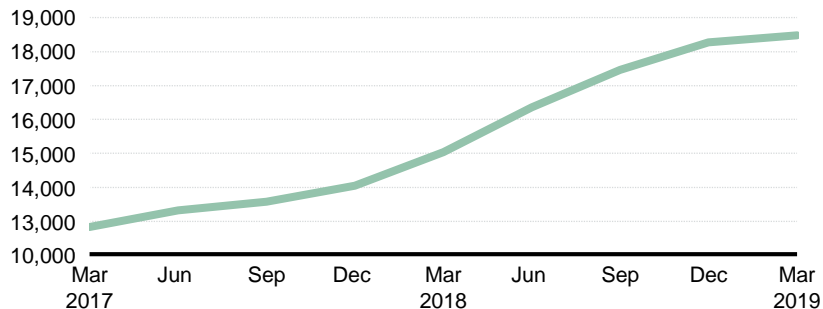
OPERATING CASH FLOW



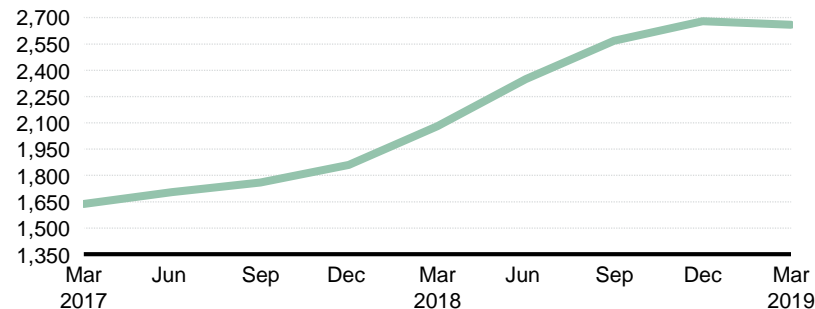
- Operating cash flow +190%

DOMETIC GROUP TRENDS

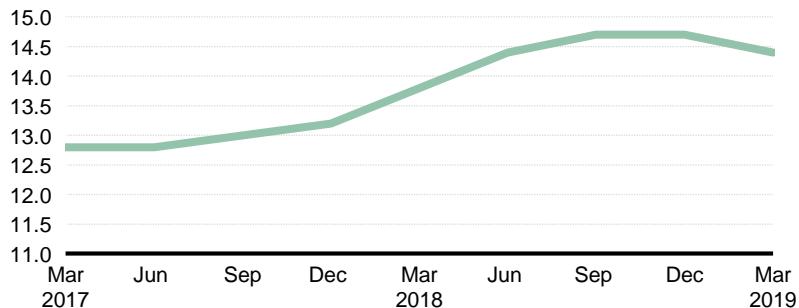
SALES (SEKm)



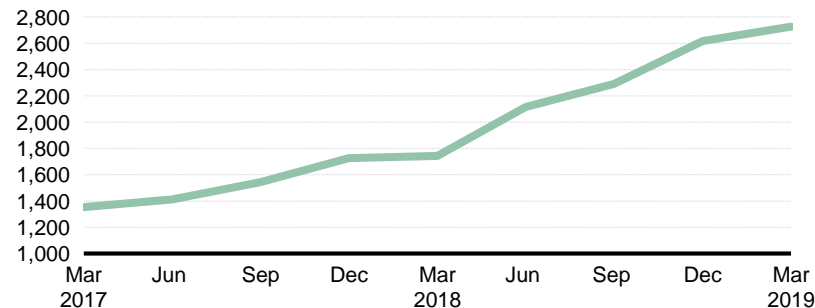
EBIT BEF. I.A.C (SEKm)



EBIT BEF. I.A.C (%)

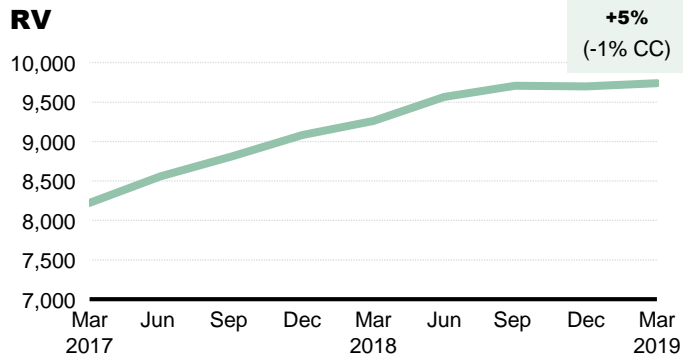


OPERATING CASH FLOW (SEKm)

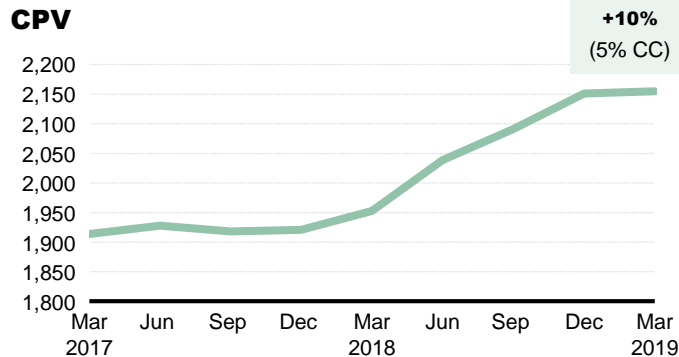


BUSINESS AREA DEVELOPMENT

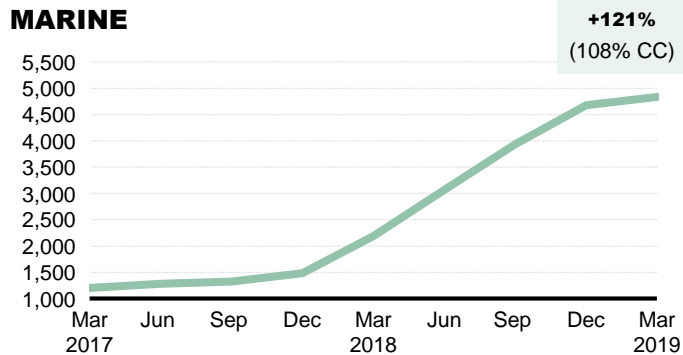
RV



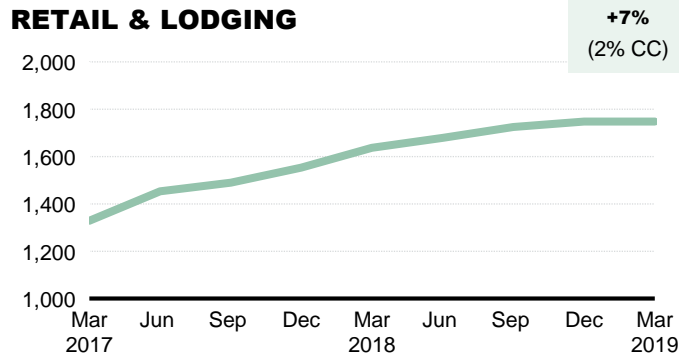
CPV



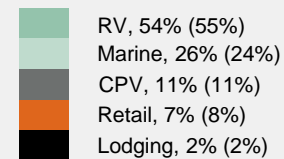
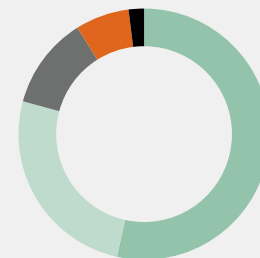
MARINE



RETAIL & LODGING



SALES SPLIT, BUSINESS AREA*



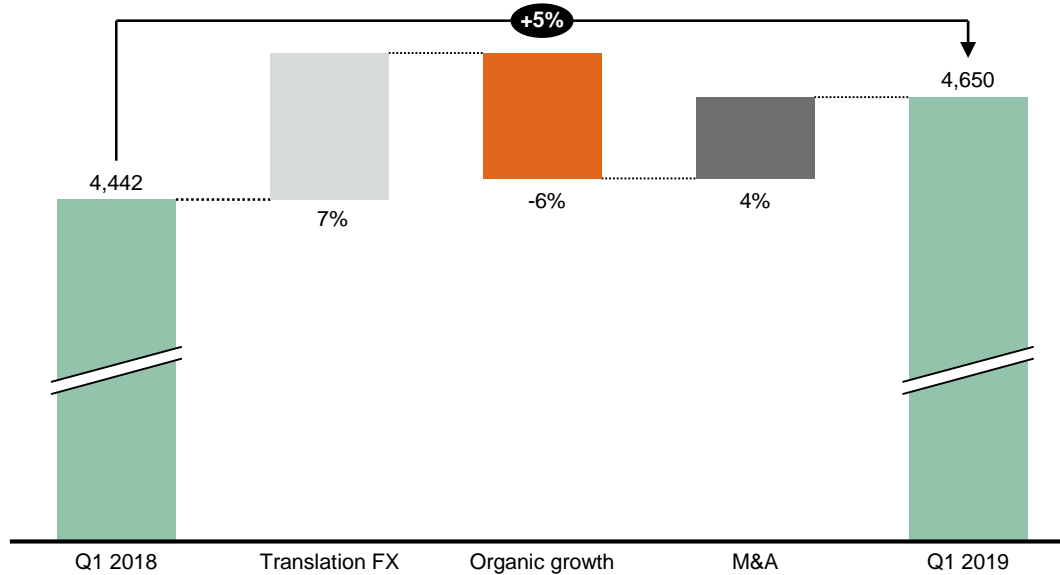
KEY RATIOS

SEKm		Q1 2019	Q1 2018	FY 2018
Sales	Net sales	4,650	4,442	18,274
	Growth	4.7%	29.0%	30.1%
	Organic growth, %	-5.7%	9.7%	4.7%
Profitability	Gross profit	1,462	1,379	5,951
	Gross profit, %	31.4%	31.1%	32.6%
	EBIT before i.a.c	618	638	2,679
	EBIT before i.a.c., %	13.3%	14.4%	14.7%
	EBITDA before i.a.c EBITDA before i.a.c., %	818 17.6%	761 17.1%	3,205 17.5%
Capital efficiency	Core working capital, to sales, %*	23.9%	23.3%	23.6%
	Return on operating capital	29.9%	32.3%	30.5%
Cashflow	Operating cash flow	84	-27	2,616
EPS	Earnings per share	1.16	1.27	5.33

* Average CWC/LTM net sales including Kampa. Excluding Kampa: 23.4%.

DOMETIC GROUP

NET SALES BRIDGE Q1 SEKm



TRANSLATION FX DETAILS

	Net Sales	Share of impact
USD	195	65%
EUR	60	20%
AUD	6	2%
HKD	5	2%
GBP	5	2%
CNY	2	1%
Other	24	8%
Total	298	

EARNINGS PER SHARE – Q1

SEKm				
Total Group	2019	EPS	2018	EPS
Net Sales	4,650		4,442	
EBIT (before i.a.c)	618	<i>2.09</i>	638	<i>2.16</i>
Finance net	-127	<i>-0.43</i>	-127	<i>-0.43</i>
Tax	-147	<i>-0.50</i>	-136	<i>-0.46</i>
Result for the period	344	<i>1.16</i>	375	<i>1.27</i>
No. of shares	296		296	
Earnings per share	1.16		1.27	

- **Q1 2019:**
Total tax rate: 30% (27%)
Tax paid: 28% (19%)

REGIONAL RESULTS

SEK million	Q1 2019	Q1 2018	Change (%)		LTM 2019	FY 2018
			Rep.	Adj. ¹⁾		
Americas ³⁾	2,241	2,287	-2%	-10%	9,712	9,758
EMEA	1,979	1,696	17%	12%	6,988	6,706
Asia Pacific	430	459	-6%	-9%	1,782	1,810
Net sales	4,650	4,442	5%	-2%	18,482	18,274
Americas	259	334	-22%	-28%	1,396	1,470
EMEA	267	209	28%	20%	872	814
Asia Pacific	92	95	-4%	-12%	391	395
Operating profit (EBIT) bef. i.a.c.²⁾	618	638	-3%	-11%	2,659	2,679
Americas ³⁾	11.6%	14.6%			14.4%	15.1%
EMEA	13.5%	12.3%			12.5%	12.1%
Asia Pacific	21.3%	20.8%			22.0%	21.8%
Operating profit % bef. i.a.c.²⁾	13.3%	14.4%			14.4%	14.7%

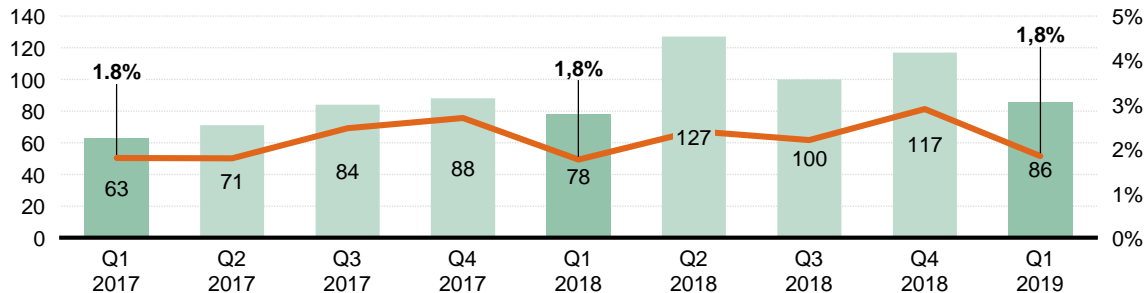
¹⁾ Represents change in comparable currency.

²⁾ Before items affecting comparability.

CAPEX & PRODUCT DEVELOPMENT

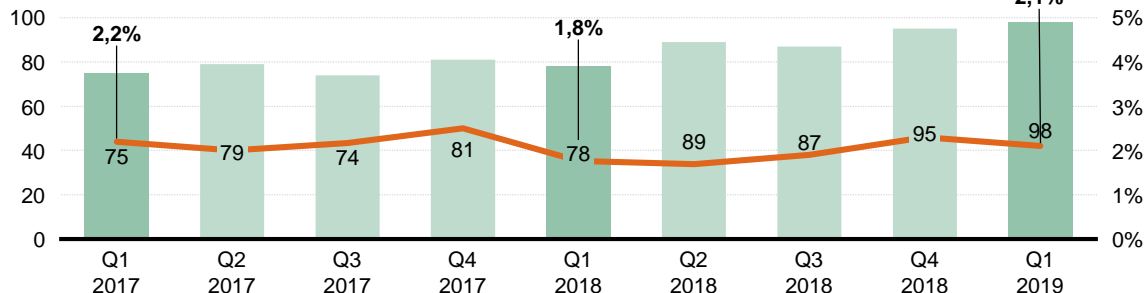
(SEKm, % OF NET SALES)

CAPEX



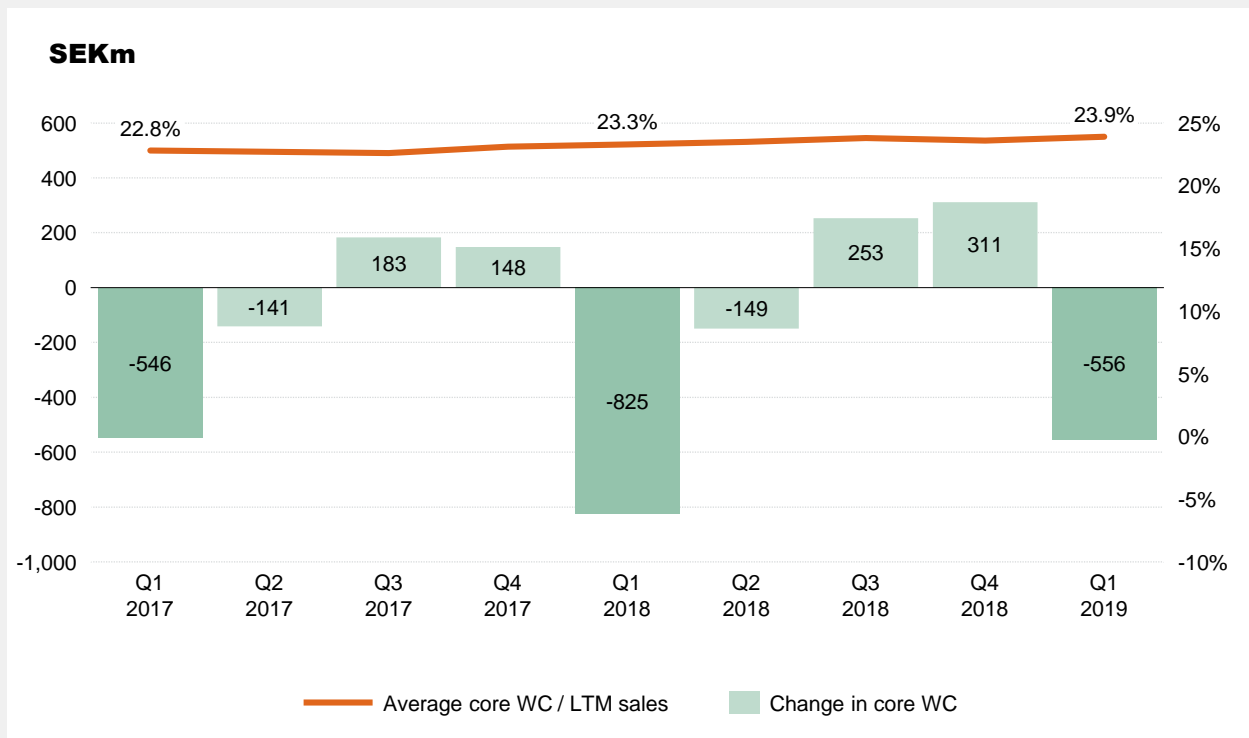
- **Q1 2019 CAPEX:**
1.8% of net sales.
(1.8% in 2018)

PD



- **Q1 2019 PD:**
2.1% of net sales.
(1.8% in 2018)

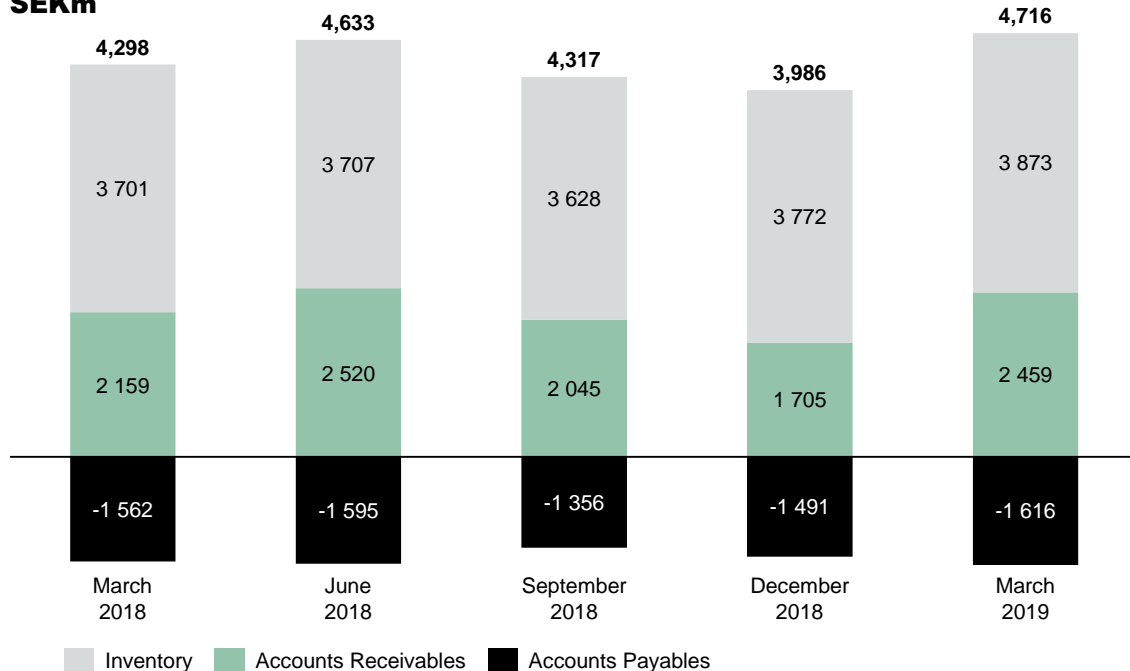
WORKING CAPITAL DEVELOPMENT



- **Average CWC/LTM net sales:**
23,9 % (23,4% Excl. Kampa)

WORKING CAPITAL

SEKm



Comment:

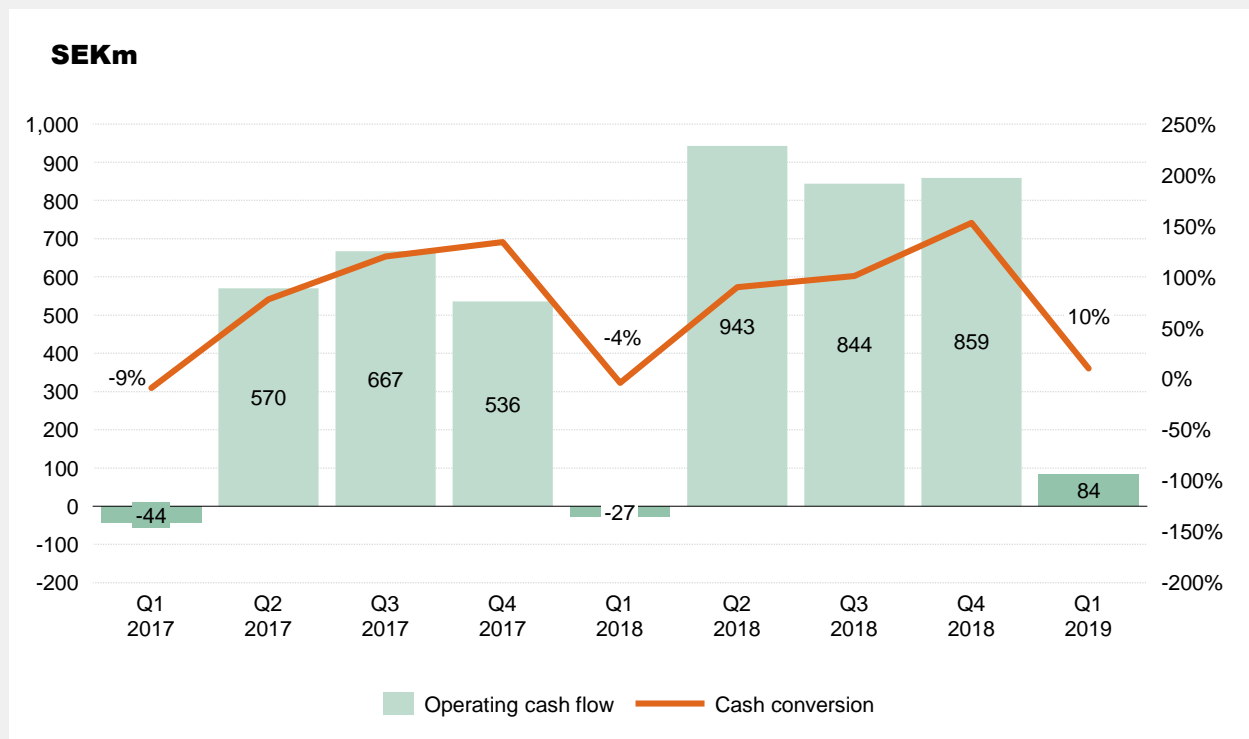
Kampa:
+SEK 221 m

Inventory include 66 MSEK
tariffs

Kampa:
+SEK 124 m

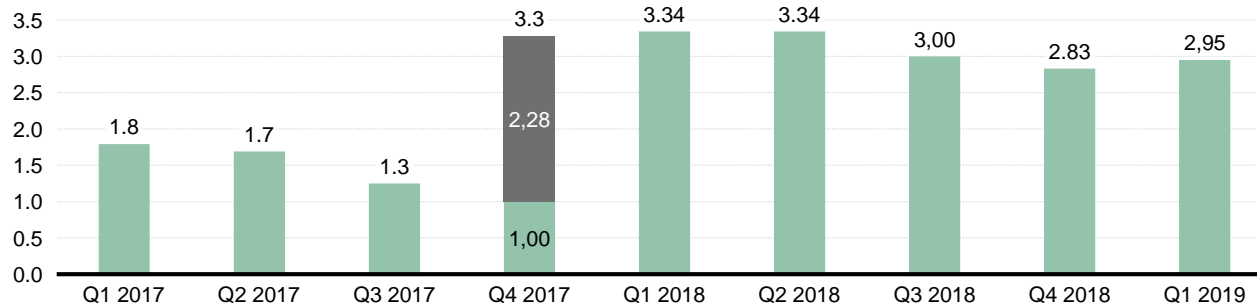
Kampa:
-SEK 52 m

CASH FLOW



NET DEBT LEVERAGE AND NET DEBT DETAILS

NET DEBT



- Leverage 2.72x at constant currency and excluding Kampa

SEKm	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
RCF	0	0	0	0	459	380	0	0	0
EuroBond	0	0	0	0	0	0	3,089	3,077	4,120
Senior term A	849	824	705	2,777	2,745	2,883	2,017	1,461	1,458
Senior term B	3,714	3,604	3,523	7,693	7,889	8,273	7,662	7,131	7,339
Certificate	0	0	0	0	0	0	0	0	499
Local facilities	116	140	130	131	104	112	0	0	0
Total debt	4,678	4,568	4,358	10,601	11,197	11,648	12,768	11,670	13,416
Cash	1,213	1,169	1,763	1,159	1,298	1,329	3,263	2,359	3,624
Net debt	3,465	3,399	2,595	9,442	9,899	10,319	9,505	9,311	9,792

FINANCIAL TARGETS

	FY 2016	FY 2017	FY 2018	LTM 2019	Mid/long term Financial target
Net Sales Growth ¹	7%	12%	5%	-2%	5%
EBIT Margin ²	13.1%	13.2%	14.7%	14.4%	15%
Net Debt / EBITDA	1.7x	3.3x	2.8x	2.95x	2.0x
Dividend Policy	40%	40%	40%	-	40%

¹ Organic sales growth

² EBIT before I.A.C.

SUMMARY Q1 2019

Organic sales growth of 1%, excluding RV OEM

- 7% growth outside RV OEM, in comparable currency
- Positive underlying market demand, but slow RV OEM in Americas and Pacific.
- Continued to strengthen the Aftermarket organization
- Increased pace in product innovation

Good EBIT performance in tough environment

- Improved profitability in EMEA and APAC
- Efficiency improvements and pricing to compensate for volume drop in RV and tariffs

Accelerated focus on improved operational efficiency

- Adapting capacity to new market demand in RV
- Restructuring program in execution
- Building a larger site in Mexico



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OUTLOOK 2019

Organic growth to be slightly positive

- Global life style trends
- New product launches
- Further expansion in businesses outside of RV
- Uncertain RV OEM in Americas and APAC

EBIT margin close to 15 percent

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

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	Q1 2019	Q1 2018	FY 2018
Net sales	4,650	4,442	18,274
EBITDA	818	761	3,113
% of net sales	17.6%	17.1%	17.0%
Operating profit (EBIT)	618	638	2,587
% of net sales	13.3%	14.4%	14.2%
Operating profit (EBIT) before items affecting comparability	618	638	2,679
% of net sales	13.3%	14.4%	14.7%
Profit for the period	344	375	1,576
Earnings per share, SEK	1.16	1.27	5.33
Cash flow for the period	1,233	-116	920
Operating cash flow ¹⁾	84	-27	2,616
Core working capital	4,716	4,298	3,986
Capital expenditure in fixed assets	-86	-78	-422
RoOC	29.9%	32.3%	30.5%

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

APPENDIX B

GROUP P&L

SEK million	Q1 2019	Q1 2018	FY 2018
Net sales	4,650	4,442	18,274
Cost of goods sold	-3,188	-3,064	-12,323
Gross profit	1,462	1,378	5,951
Sales expenses	-563	-527	-2,259
Administrative expenses	-221	-191	-855
Other operating income and expenses	15	30	61
Items affecting comparability	0	0	-92
Amortization of acquisition related intangible assets	-76	-51	-219
Operating profit	618	638	2,587
Financial income	5	3	11
Financial expenses	-132	-130	-442
Loss from financial items	-127	-127	-431
Profit before tax	491	511	2,156
Taxes	-147	-136	-580
Profit for the period	344	375	1,576
Profit for the period attributable to owners of the Parent Company	344	375	1,576
Earnings per share before and after dilution effects, SEK – Owners of the Parent Company	1.16	1.27	5.33
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.

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.



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