

INTERIM PRESENTATION

Q2 2019

17 July 2019





**JUAN VARGUES,
PRESIDENT & CEO**

Mobile living made easy.

 **DOMETIC**

Q2 2019 HIGHLIGHTS

Growth

- 1% total growth in a challenging environment
- 12% total Aftermarket growth
- -13% total RV OEM growth
- Good organic growth in EMEA and Asia
- Strong Kampa performance

Market development

- Strong development for new growth initiatives
- Continued stable market in EMEA
- Weak 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
- Execution on restructuring program

Strong cash generation creates space for acquisitive growth

Building a larger site in Mexico



Q2 2019 FINANCIAL SUMMARY

Net sales of SEK 5,329 m, +1% total growth

- -7% organic
- +5% FX
- +3% M&A

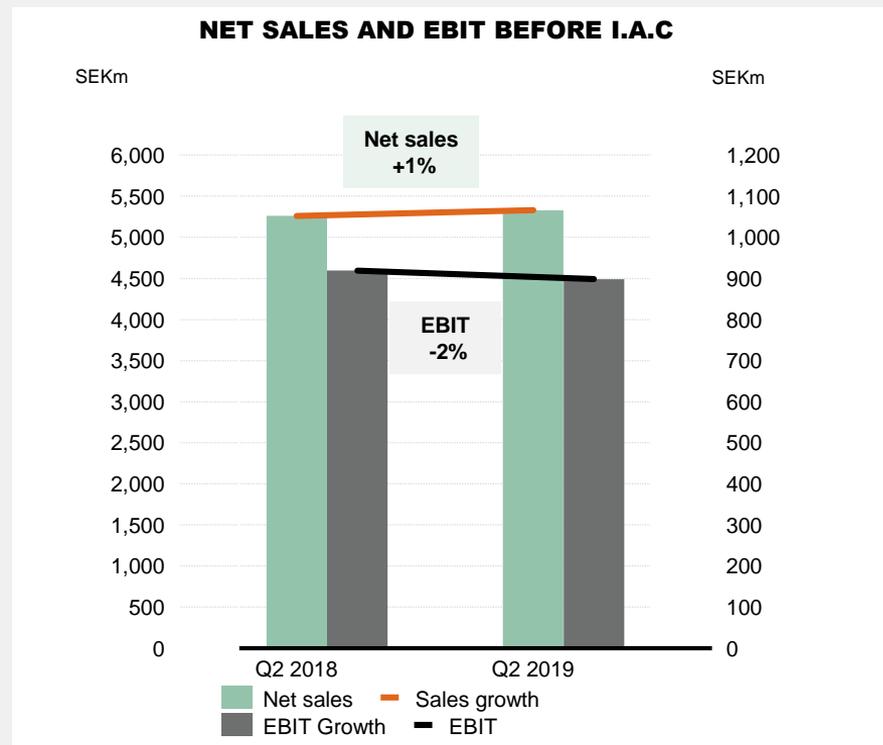
EBIT before i.a.c. of SEK 900 m, -2%

- EBIT margin of 16.9% (17.5%)
 - + Efficiency improvements, inventory reduction and pricing
 - + Capacity reduction to mitigate volume drop
 - Effects from weaker RV OEM and tariffs

EBITDA before i.a.c. of SEK 1,100 m, +5%

Operating cash flow of SEK 1,417 m, +50%

EPS of SEK 1.90, -11%



H1 2019 FINANCIAL SUMMARY

Net sales of SEK 9,979 m, +3% total growth

- -6% organic
- +6% FX
- +3% M&A

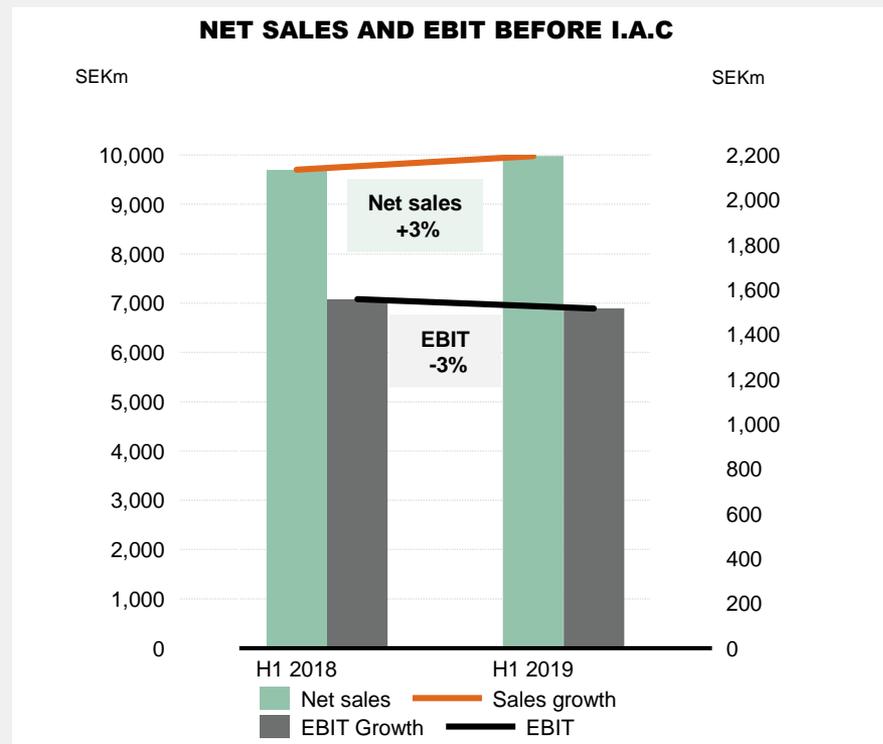
EBIT before i.a.c. of SEK 1,518 m, -3%

- EBIT margin of 15.2% (16.0%)
 - + Efficiency improvements and pricing
 - + Capacity reduction to mitigate volume drop
 - Effects from weaker RV OEM and tariffs

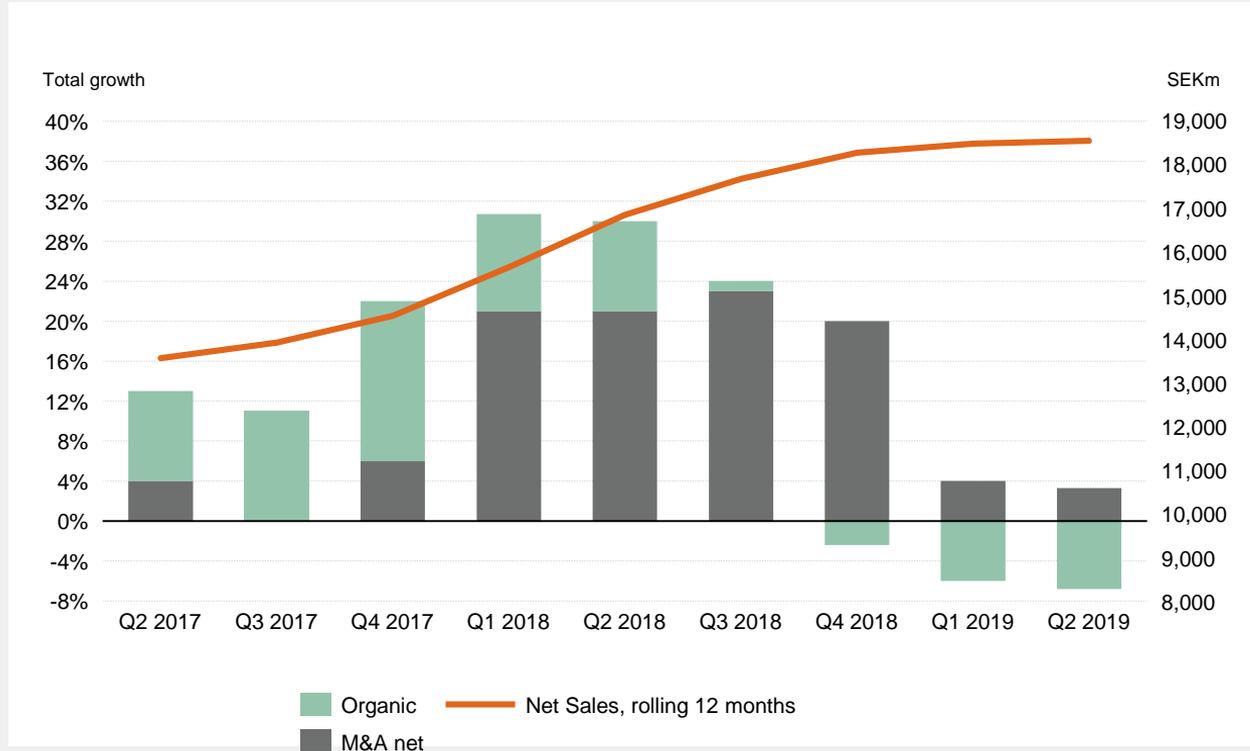
EBITDA before i.a.c. of SEK 1,918 m, +6%

Operating cash flow of SEK 1,502 m, +64%

EPS of SEK 3.06, -10%

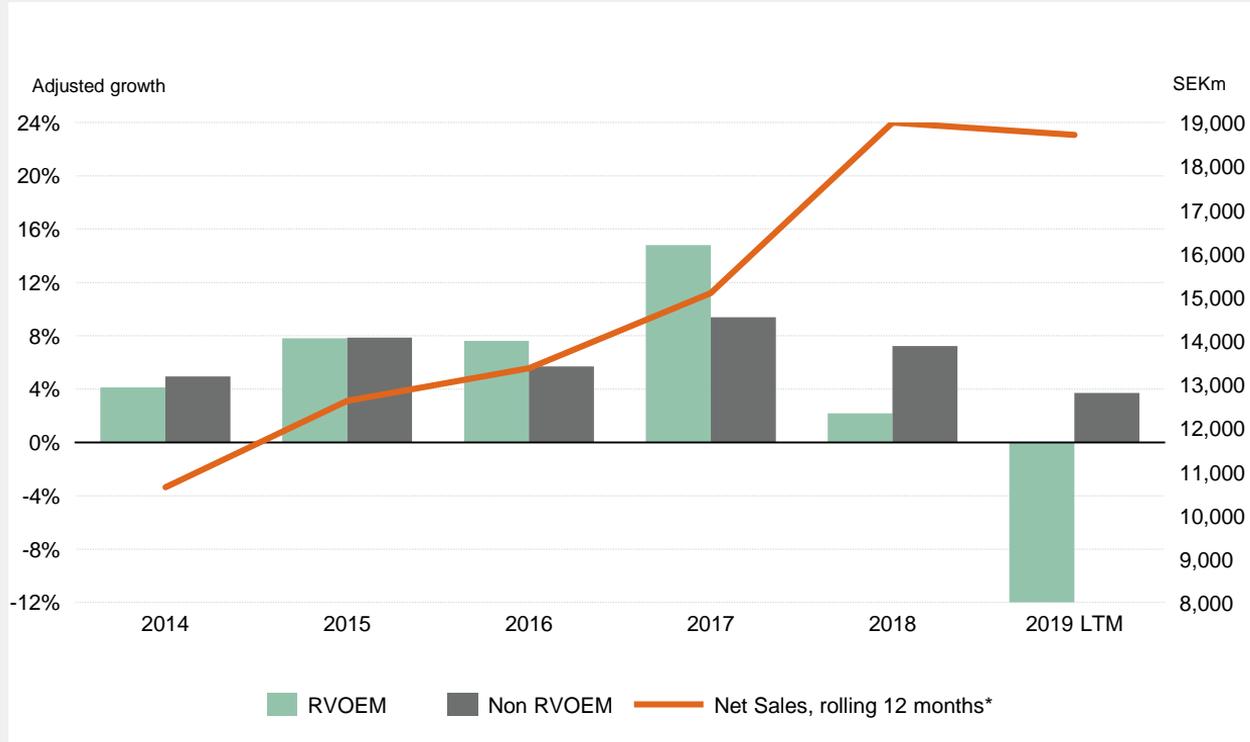


SALES GROWTH IN CONSTANT CURRENCY



- Average quarterly organic growth of 5% Q2 17 – Q2 19

SALES GROWTH IN CONSTANT CURRENCY LTM

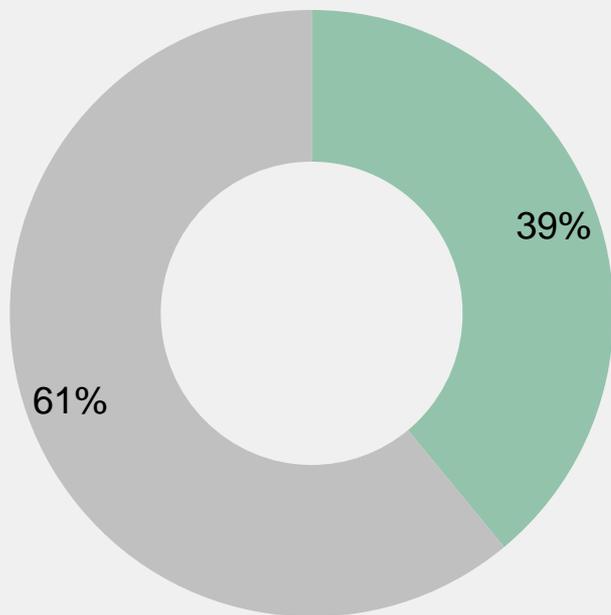


- **+116% total growth in Non RV OEM** from 2014 to 2019 LTM
- **+56% total growth in RV OEM** from 2014 to 2019 LTM
- Average organic growth 2014 to 2019 LTM:
Non RV OEM: +7%
RV OEM: +4%

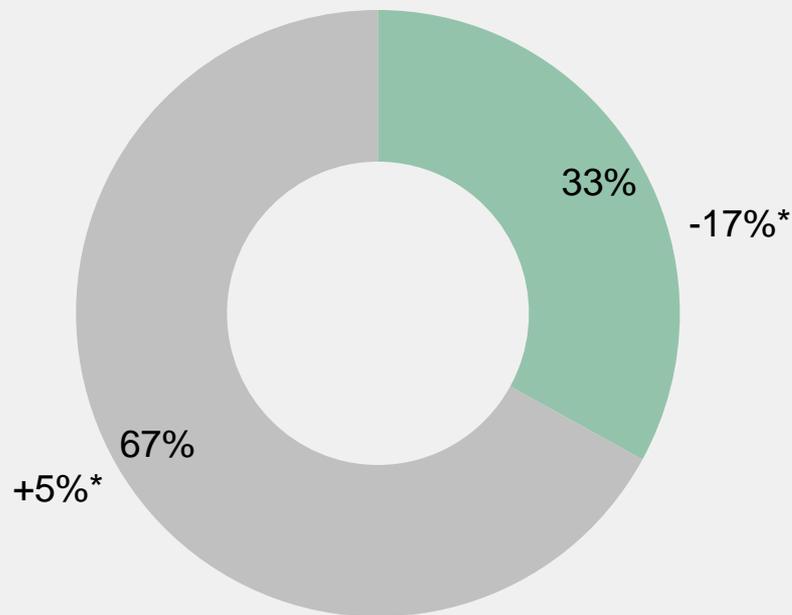
BUILDING UP A MORE BALANCED DOMETIC

NON RVOEM GROWING FROM 61% OF SALES IN Q2 2018 TO 67% IN Q2 2019

Q2 2018: SEK 5,260m

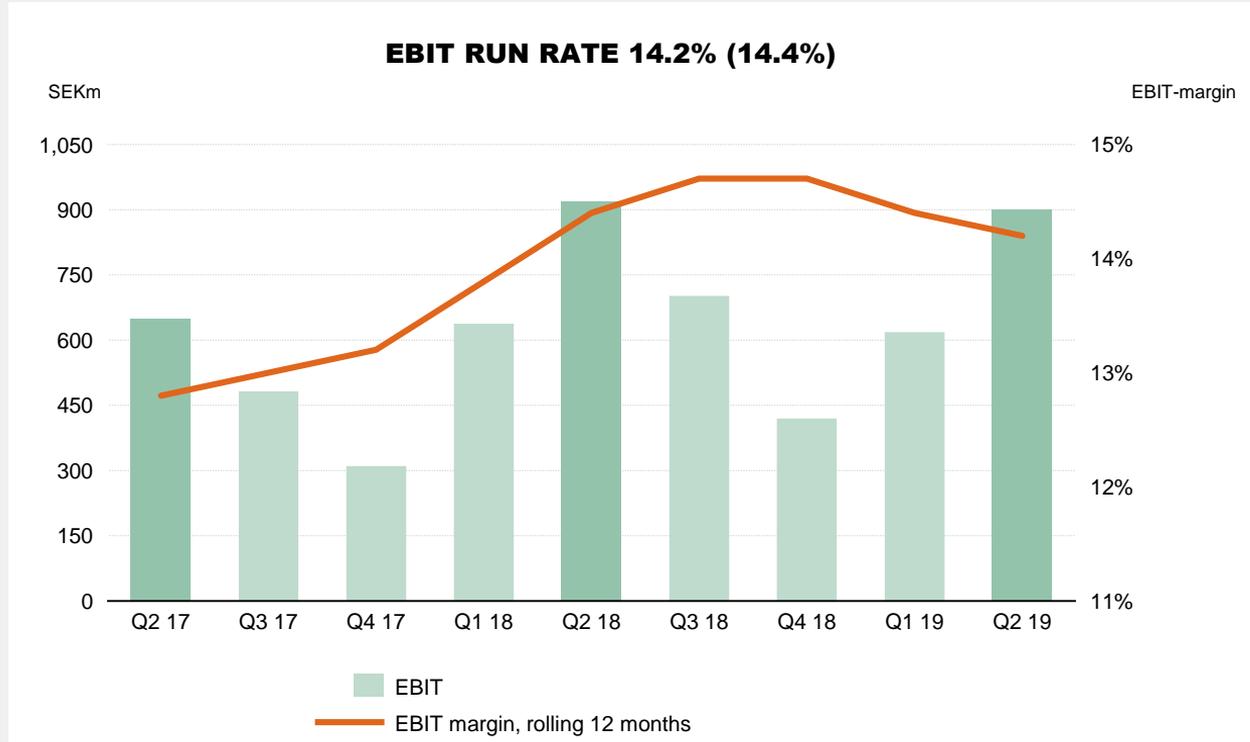


Q2 2019: SEK 5,329m



* In constant currency

EBIT AND EBIT MARGIN BEFORE I.A.C



- 0.2% point EBIT margin decline rolling 12 months

PRODUCT HIGHLIGHTS



Dometic Frigo DC

- Dometic enters the growing market for professional last-mile food deliveries
- Electronic cooling system for temperature controlled transportation
- Combined compressor and condenser into a single unit
- Compact, lightweight and does not require a roof-mounted structure, allows for use in low ceiling parking spaces
- Unique variable power supply reduces energy consumption while securing a stable performance

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AMERICAS

Net sales of SEK 2,603 m, -12% organic

- Good growth for Power & Control driven by Marine
- Food & Beverage negative due to weaker RV demand. Strong mobile cooling growth
- Climate negative due to weaker sales to RV OEM. Good AM growth

EBIT before i.a.c. of SEK 398 m, -22%

- EBIT Margin of 15.3% (17.4%)
 - + Adjustment of cost base
 - + Pricing
 - Volume decline in RV OEM
 - Tariffs

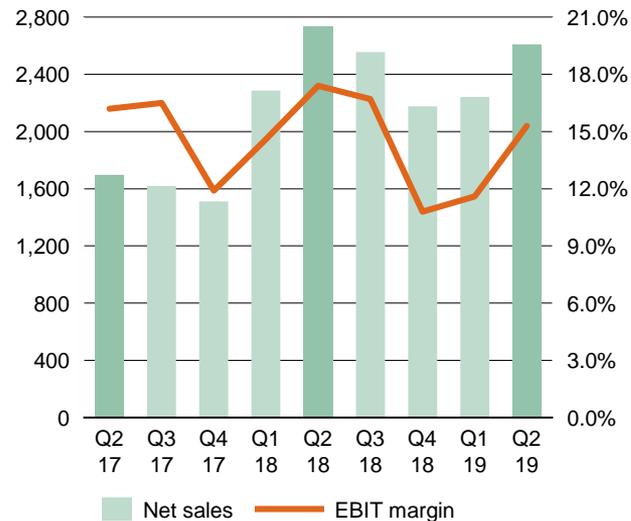


OEM, 63%
AM, 37%



Americas, 49%
Rest of Group, 51%

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



EMEA

Net sales of SEK 2,313 m, +1% organic

- Strong Climate growth, driven by Kampa
- Strong Power & Control growth due to new product launches
- Good growth for Food & Beverage driven by positive development in several product areas

EBIT before i.a.c. of SEK 411 m, +19%

- EBIT Margin of 17.8% (16.2%)
 - + Efficiencies
 - + Pricing

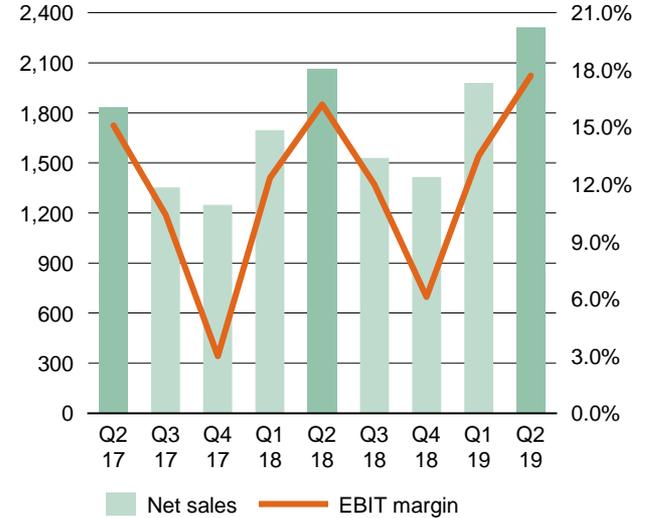


OEM, 42%
AM, 58%



EMEA, 43%
Rest of Group, 57%

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



APAC

Net sales of SEK 413 m, -12% organic

- Positive growth in Asia while negative in Pacific
- Negative Food & Beverage and Climate due to decline in RV in Australia
- Negative Power & Control due discontinued CPV business
- Strong growth in the recently established business in Korea

EBIT before i.a.c. of SEK 91 m, -22%

- EBIT Margin of 22.0% (23.6%)
 - + Pricing
 - Geographical mix
 - Product mix
 - Volume decline in RV OEM

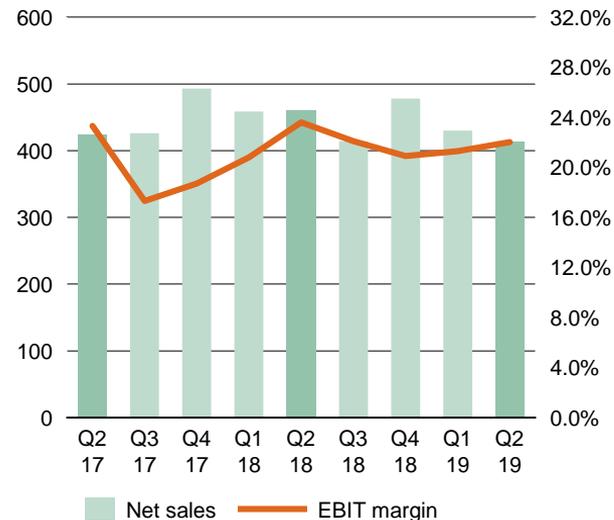


OEM, 49%
AM, 51%



APAC, 8%
Rest of Group, 92%

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



Q2 STRATEGY EXECUTION

1

Profitable expansion

- Entering professional food deliveries
- Positive evolution of Kampa
- Increased focus on Aftermarket growth
- Adding resources to M&A teams

2

Product leadership

- Key Operations and Product Development managers in place
- Improvement of Innovation Index to 15.5% (12.3%)
- SKU reduction – 7% reduction year to date

3

Cost reductions

- Execution on restructuring program
- Building a larger site in Mexico
- Good progress on inventory reduction
- Strengthening sourcing organization





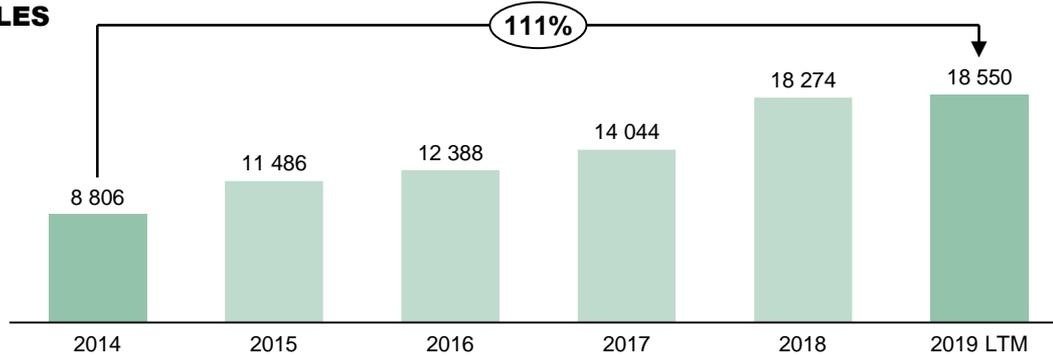
**PER-ARNE BLOMQUIST,
CFO**

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 **DOMETIC**

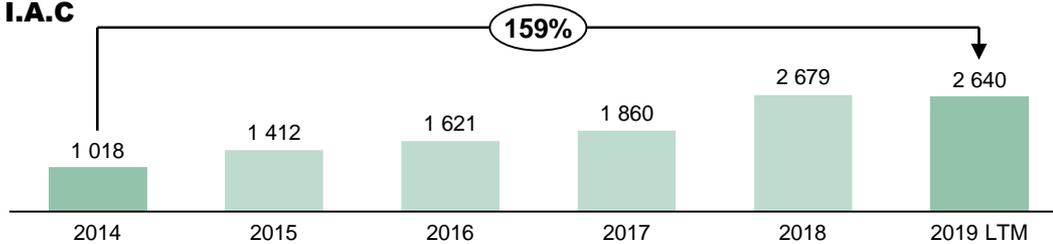
5 YEARS SALES AND EBIT DEVELOPMENT

NET SALES



- Sales growth +111%

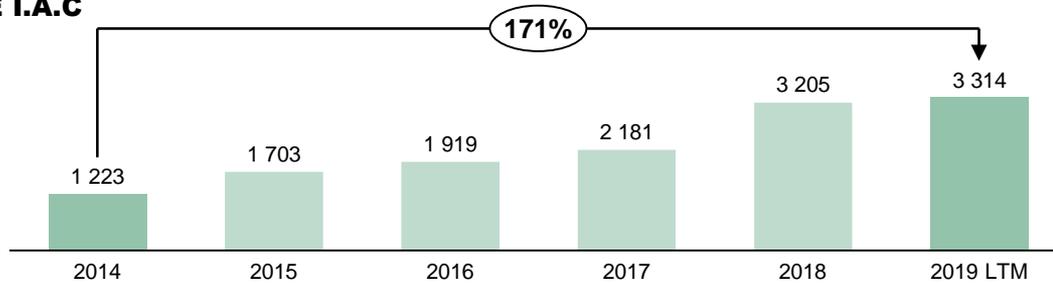
EBIT BEFORE I.A.C



- EBIT before i.a.c +159%

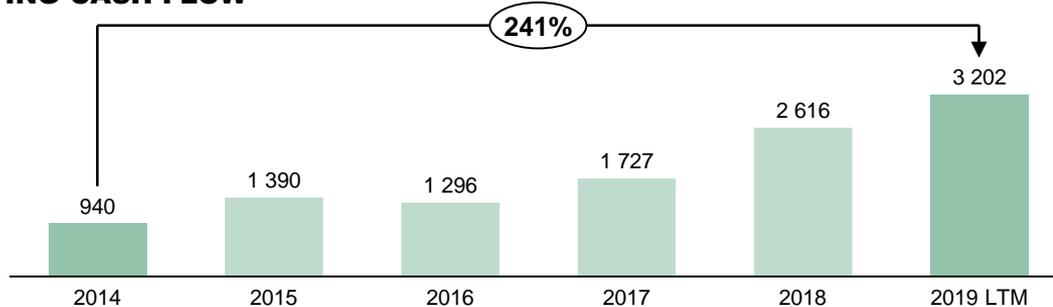
5 YEARS EBITDA AND OPERATING CASH FLOW DEVELOPMENT

EBITDA BEFORE I.A.C



- EBITDA before i.a.c +171%

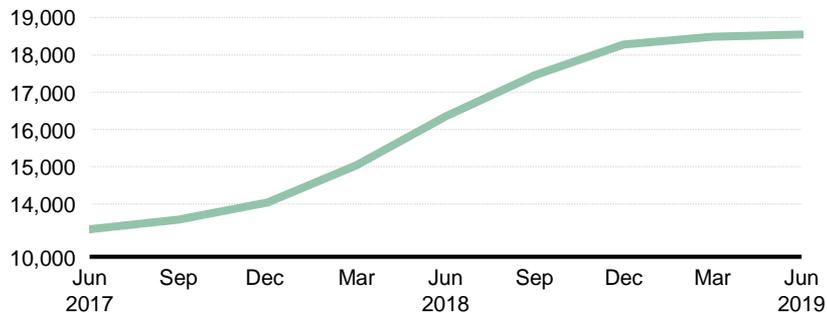
OPERATING CASH FLOW



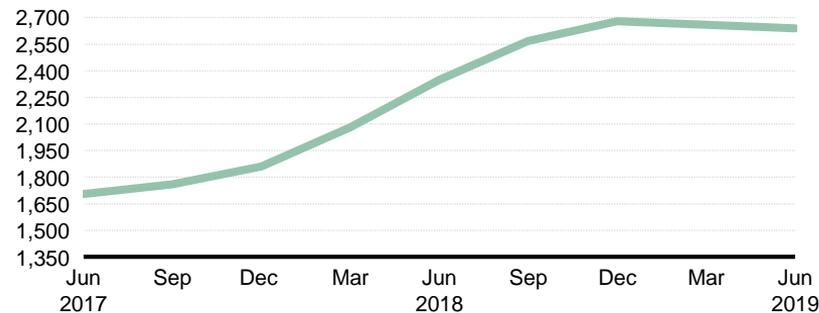
- Operating cash flow +241%

DOMETIC GROUP TRENDS

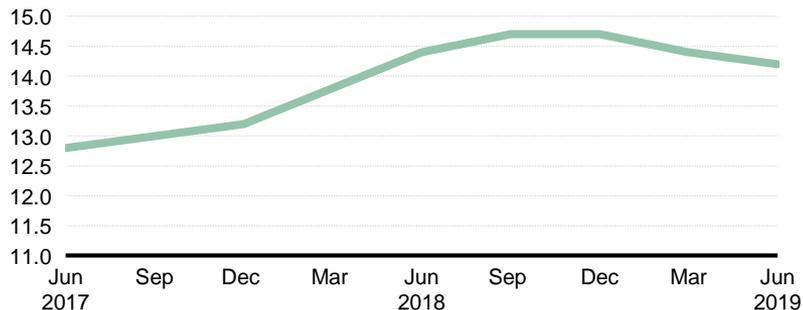
SALES (SEKm)



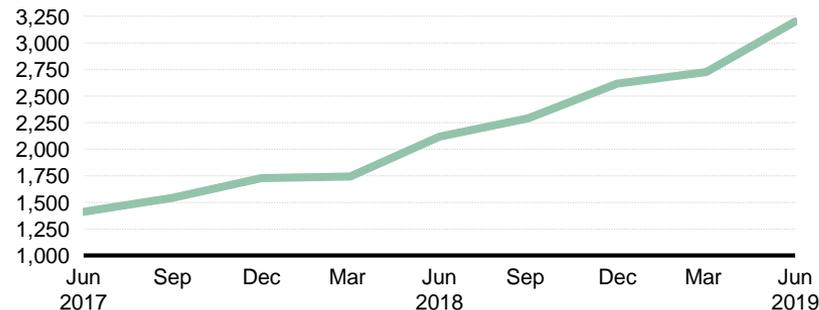
EBIT BEF. I.A.C (SEKm)



EBIT BEF. I.A.C (%)

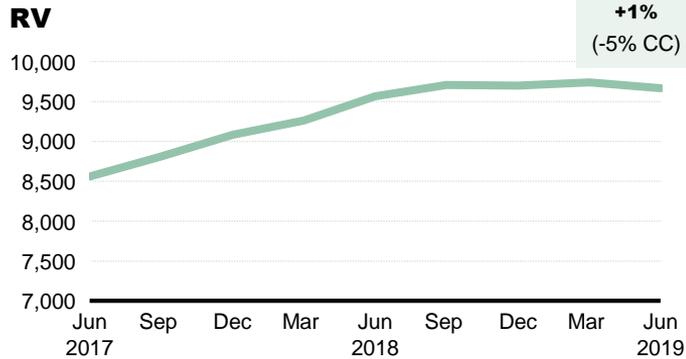


OPERATING CASH FLOW (SEKm)

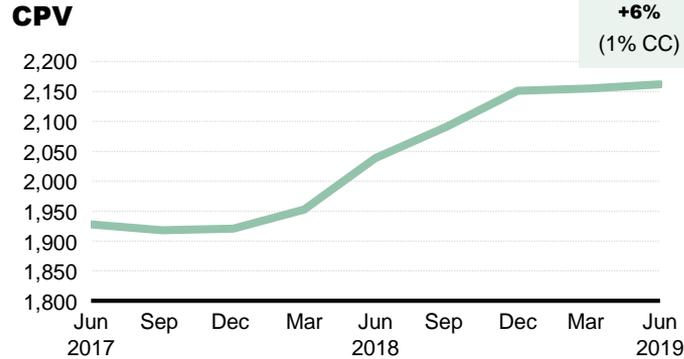


BUSINESS AREA DEVELOPMENT

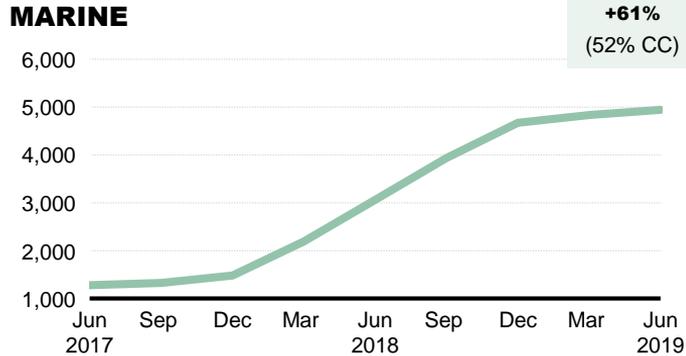
RV



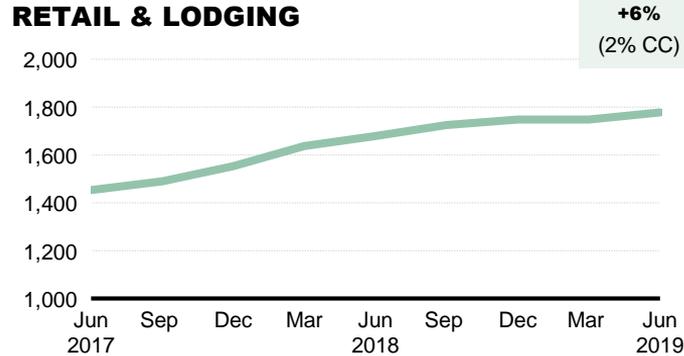
CPV



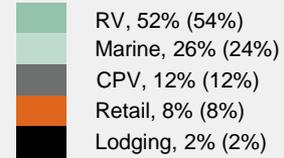
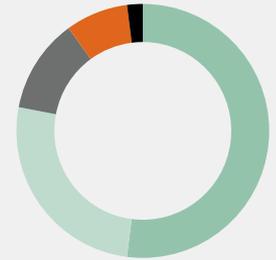
MARINE



RETAIL & LODGING

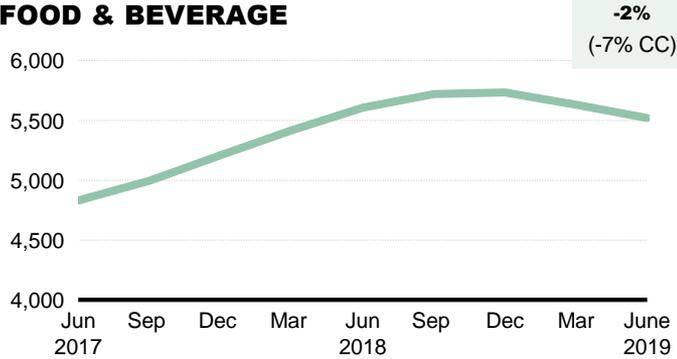


SALES SPLIT, BUSINESS AREA*

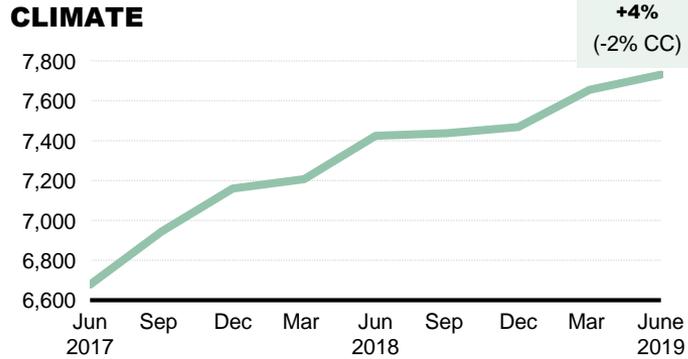


APPLICATION AREAS

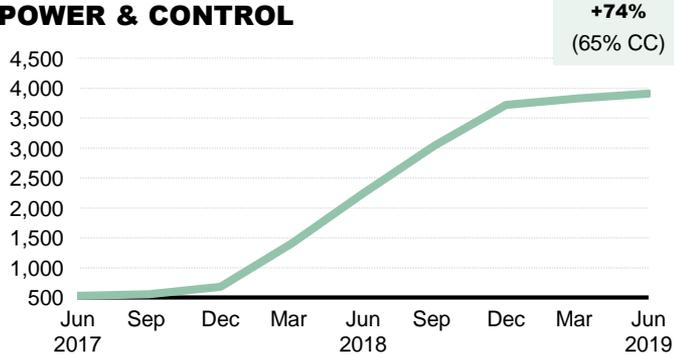
FOOD & BEVERAGE



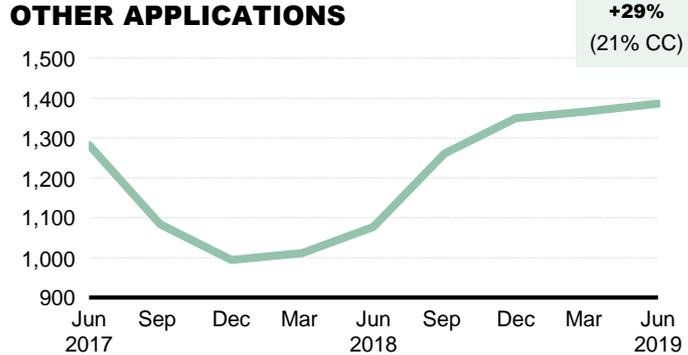
CLIMATE



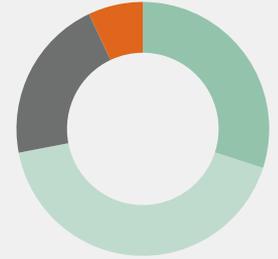
POWER & CONTROL



OTHER APPLICATIONS



SALES SPLIT, APPLICATION AREA*



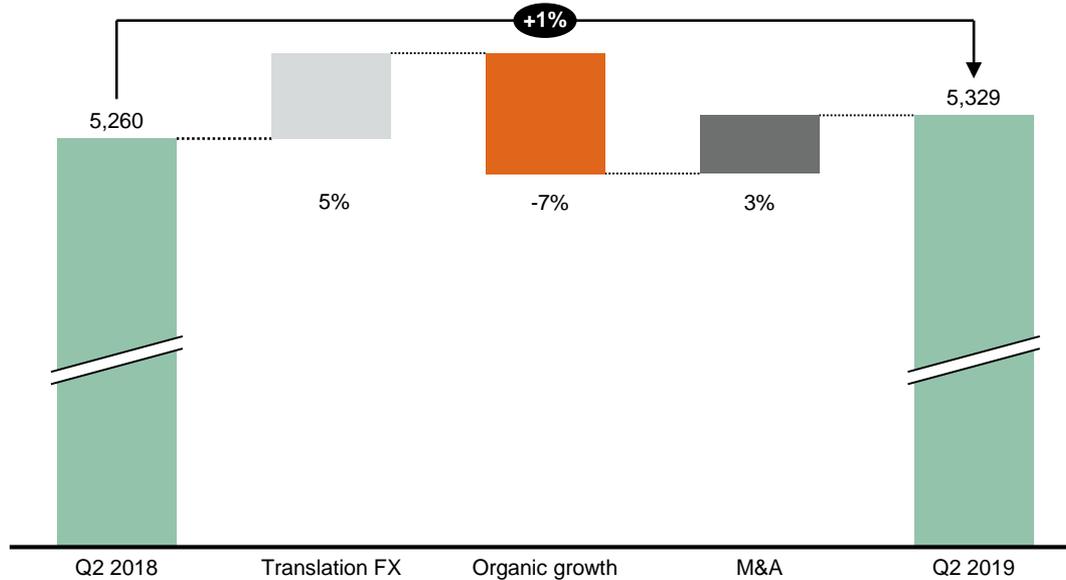
KEY RATIOS

SEKm		Q2 2019	Q2 2018	H1 2019	H1 2018	FY 2018
Sales	Net sales	5,329	5,260	9,979	9,703	18,274
	Growth	1.3%	33.2%	2,8%	31,3%	30.1%
	Organic growth, %	-6.8%	8.7%	-6.4%	9.3%	4.7%
Profitability	Gross profit	1,808	1,757	3,270	3,136	5,951
	Gross profit, %	33.9%	33.4%	32.8%	32.3%	32.6%
	EBIT before i.a.c	900	919	1,518	1,557	2,679
	EBIT before i.a.c., %	16.9%	17.5%	15.2%	16.0%	14.7%
	EBITDA before i.a.c	1,100	1,048	1,918	1,809	3,205
	EBITDA before i.a.c., %	20.6%	19.9%	19.2%	18.6%	17.5%
Capital efficiency	Core working capital, to sales, %*	23.5%	23.5%	23.5%	23.5%	23.6%
	Return on operating capital	30.0%	32.1%	30.0%	32.1%	30.5%
Cashflow	Operating cash flow	1,417	943	1,502	916	2,616
EPS	Earnings per share	1.90	2.13	3.06	3.39	5.33

* Average CWC/LTM net sales including Kampa. Excluding Kampa: 22.9%.

DOMETIC GROUP

NET SALES BRIDGE Q2 SEKm



TRANSLATION FX DETAILS

	Net Sales	Share of impact
USD	180	71%
EUR	42	16%
AUD	0	0%
HKD	4	1%
GBP	5	2%
CNY	1	0%
Other	22	9%
Total	254	

EARNINGS PER SHARE – Q2

SEKm

Total Group	2019	EPS	2018	EPS
Net Sales	5,329		5,260	
EBIT (before i.a.c)	900	<i>3.04</i>	919	<i>3.11</i>
Finance net	-138	<i>-0.47</i>	-72	<i>-0.24</i>
Tax	-200	<i>-0.68</i>	-218	<i>-0.74</i>
Result for the period	562	<i>1.90</i>	629	<i>2.13</i>
No. of shares	296		296	
Earnings per share	1.90		2.13	

- **Q2 2019:**
Total tax rate: 26% (26%)
Tax paid: 25% (16%)

EARNINGS PER SHARE – H1

SEKm

Total Group	2019	EPS	2018	EPS
Net Sales	9,979		9,703	
EBIT (before i.a.c)	1,518	<i>5.13</i>	1,557	<i>5.26</i>
Finance net	-265	<i>-0.90</i>	-199	<i>-0.67</i>
Tax	-346	<i>-1.17</i>	-354	<i>-1.20</i>
Result for the period	906	<i>3.06</i>	1,004	<i>3.39</i>
No. of shares	296		296	
Earnings per share	3.06		3.39	

- **H1 2019:**
Total tax rate: 28% (26%)
Tax paid: 26% (17%)

REGIONAL RESULTS

SEK million	Q2 2019	Q2 2018	Change (%)		H1 2019	H1 2018	Change (%)		LTM 2019	FY 2018
			Rep.	Adj. ¹⁾			Rep.	Adj. ¹⁾		
Americas ³⁾	2,603	2,736	-5%	-11%	4,844	5,024	-4%	-11%	9,578	9,758
EMEA	2,313	2,064	12%	9%	4,291	3,760	17%	11%	7,237	6,706
Asia Pacific	413	460	-10%	-12%	844	919	-8%	-11%	1,735	1,810
Net sales	5,329	5,260	1%	-3%	9,979	9,703	3%	-3%	18,550	18,274
Americas	398	475	-16%	-22%	657	809	-19%	-26%	1,319	1,470
EMEA	411	335	23%	19%	679	544	25%	19%	948	814
Asia Pacific	91	109	-16%	-22%	182	204	-11%	-17%	373	395
Operating profit (EBIT) bef. i.a.c.²⁾	900	919	-2%	-8%	1,518	1,557	-3%	-9%	2,640	2,679
Americas ³⁾	15.3%	17.4%			13.6%	16.1%			13.8%	15.1%
EMEA	17.8%	16.2%			15.8%	14.5%			13.1%	12.1%
Asia Pacific	22.0%	23.6%			21.6%	22.2%			21.5%	21.8%
Operating profit % bef. i.a.c.²⁾	16.9%	17.5%			15.2%	16.0%			14.2%	14.7%

¹⁾ Represents change in comparable currency.

²⁾ Before items affecting comparability.

STABLE UNDERLYING PROFIT

EBIT INCREASINGLY IMPACTED BY ACQUISITION RELATED ITEMS

SEK million	Q2 2019	Q2 2018	H1 2019	H1 2018
Operating profit (EBIT) bef. i.a.c.	900	919	1,518	1,557
Operating profit (EBIT) bef. i.a.c., %	16.9%	17.5%	15.2%	16.0%
EBITA* bef. i.a.c	974	973	1,668	1,662
EBITA* bef. i.a.c., %	18.3%	18.5%	16.7%	17.1%
EBITDA bef. i.a.c.	1,100	1,048	1,918	1,809
EBITDA bef. i.a.c., %	20.6%	19.9%	19.2%	18.6%

CAPEX & PRODUCT DEVELOPMENT

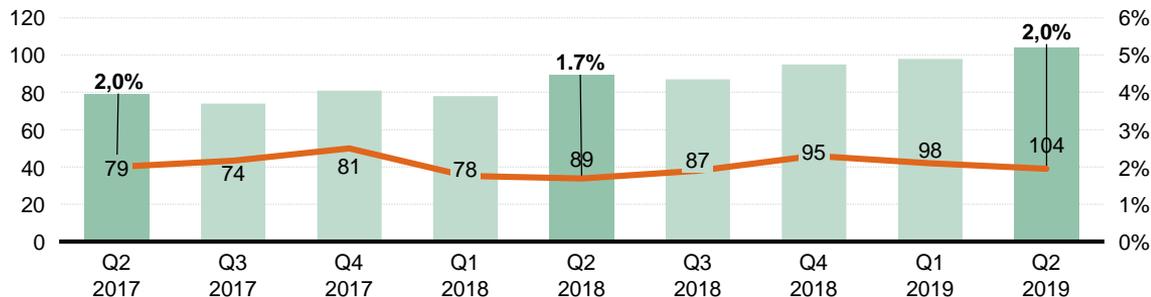
(SEKm, % OF NET SALES)

CAPEX



- **Q2 2019 CAPEX:**
1.7% of net sales
(2.4% in 2018)

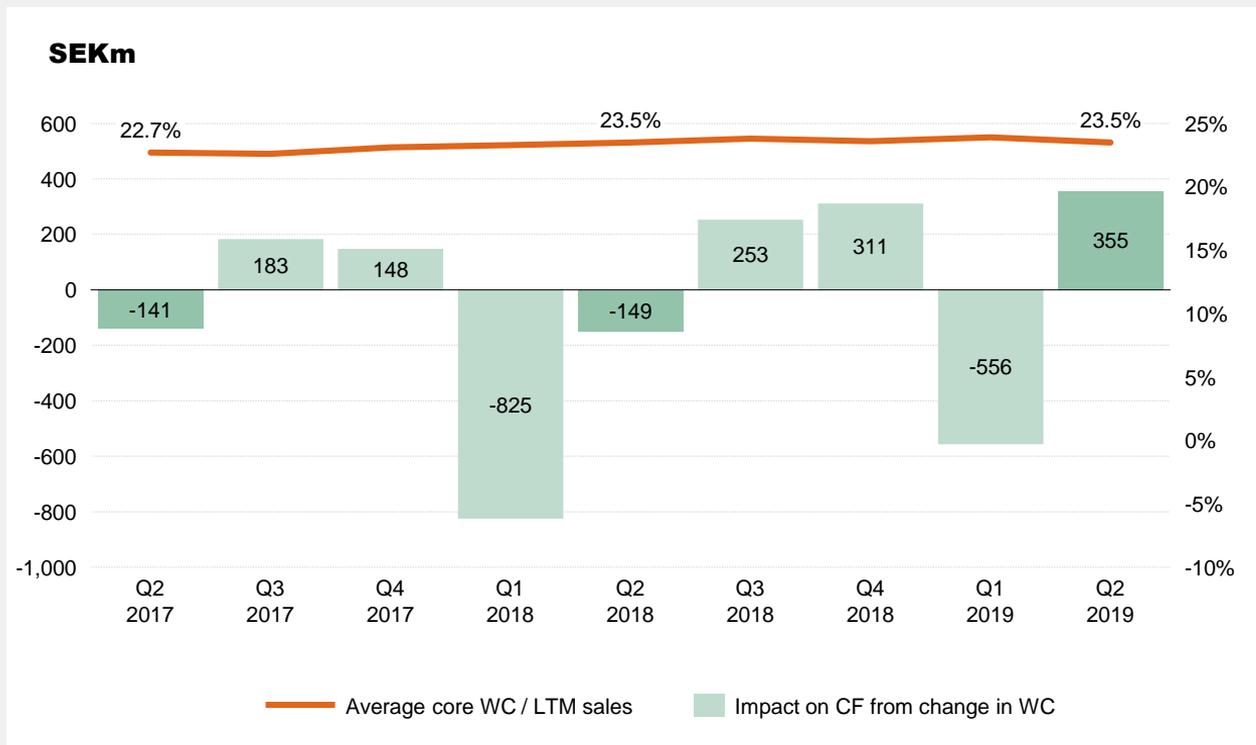
PD



- **Q2 2019 PD:**
2.0% of net sales
(1.7% in 2018)

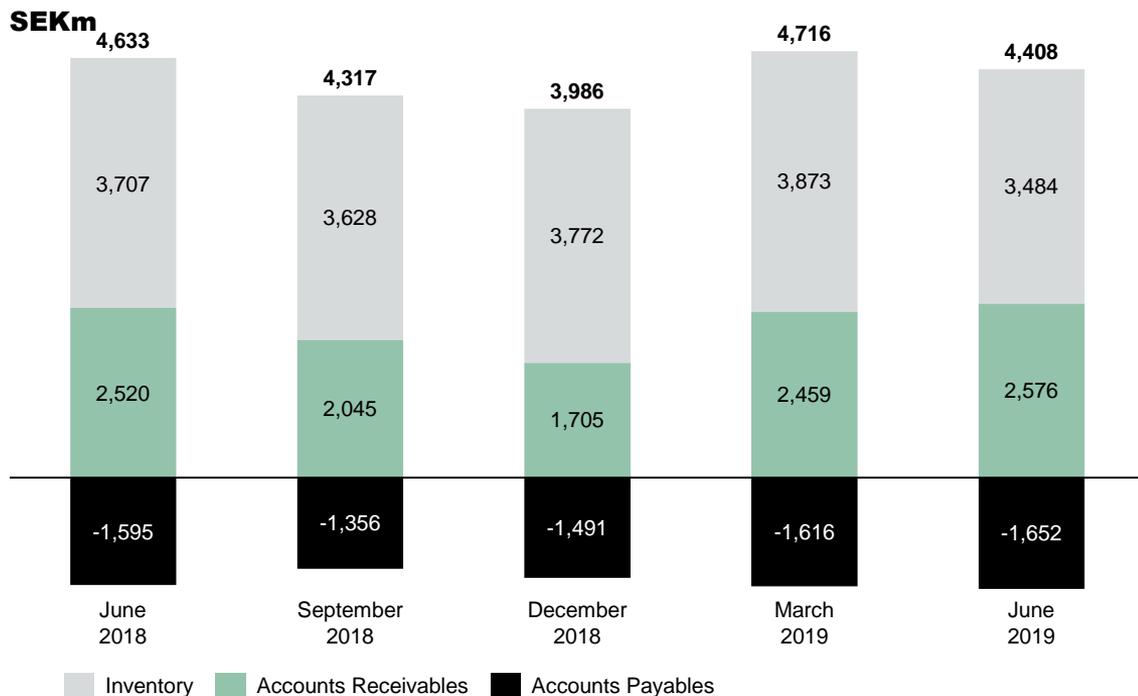
WORKING CAPITAL DEVELOPMENT

IMPACT ON CASH FLOW FROM CHANGES IN CORE WORKING CAPITAL



- Average CWC/LTM net sales: 23.5 % (22.9% Excl. Kampa)

WORKING CAPITAL



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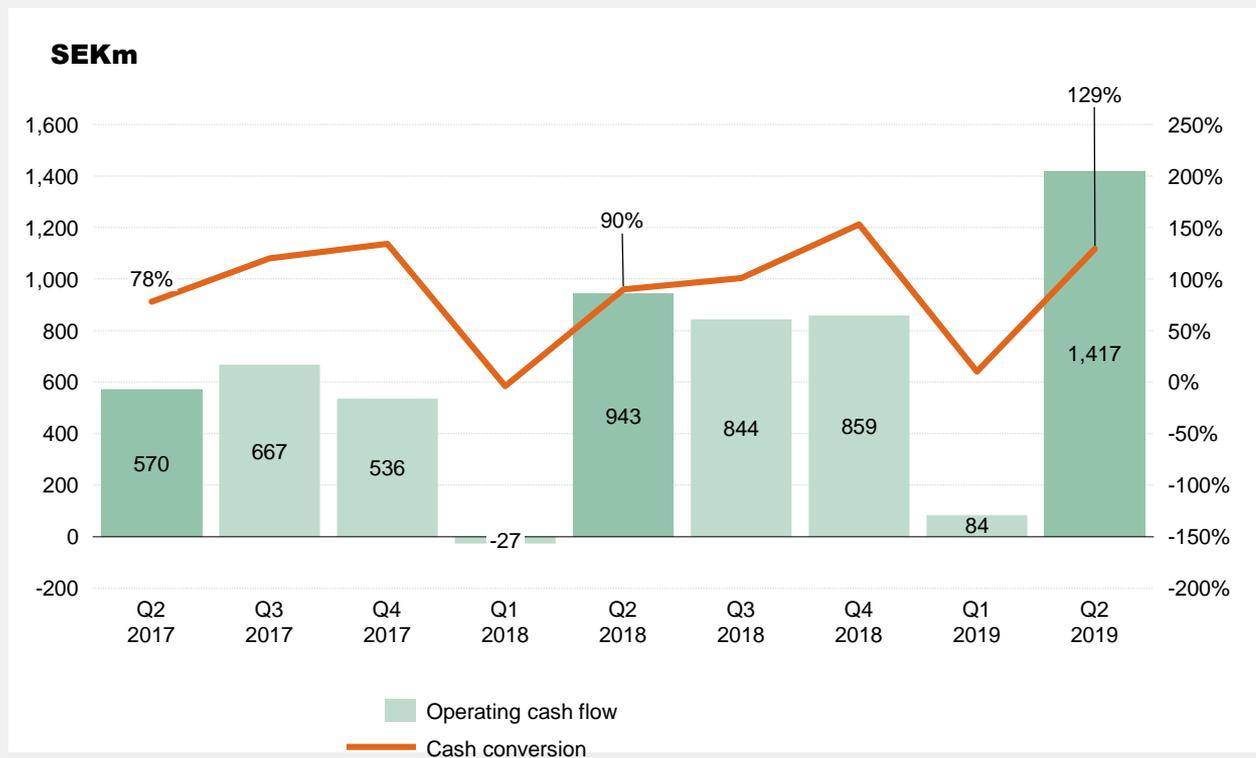
Kampa:
+SEK 175 m

Inventory include 58 MSEK
tariffs

Kampa:
+SEK 107 m

Kampa:
-SEK 22 m

CASH FLOW



NET DEBT LEVERAGE AND NET DEBT DETAILS

NET DEBT



SEKm	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
RCF	0	0	0	459	380	0	0	0	0
EuroBond	0	0	0	0	0	3,089	3,077	4,120	7,326
Senior term A	824	705	2,777	2,745	2,883	2,017	1,461	1,458	0
Senior term B	3,604	3,523	7,693	7,889	8,273	7,662	7,131	7,339	5,034
Certificate	0	0	0	0	0	0	0	499	0
Local facilities	140	130	131	104	112	0	0	0	0
Total debt	4,568	4,358	10,601	11,197	11,648	12,768	11,670	13,416	12,360
Cash	1,169	1,763	1,159	1,298	1,329	3,263	2,359	3,624	2,881
Net debt	3,399	2,595	9,442	9,899	10,319	9,505	9,311	9,792	9,480

DEBT MANAGEMENT - CAPITAL STRUCTURE ACTIVITIES

- SEK Bond issued under the EMTN program in February. SEK 1 bn 2 years, 2%
- First issuance in the SEK Commercial paper program in March, SEK 500 m, 3 months 0.5%
- Eurobond 7 years after Q1 release EUR 300 m 3%
- Amortization of current bank loans EUR 222 m and USD 158 m in May
- Only Bullet loans left, no loans with amortisations, replaces an annual amortisation of SEK 600 m
- Bank loans & RCF prolonged maturity from 2020/2022 to 2024/2025, completed July 15
- RCF extended to EUR 200 m
- Average interest 3.50-3.60%

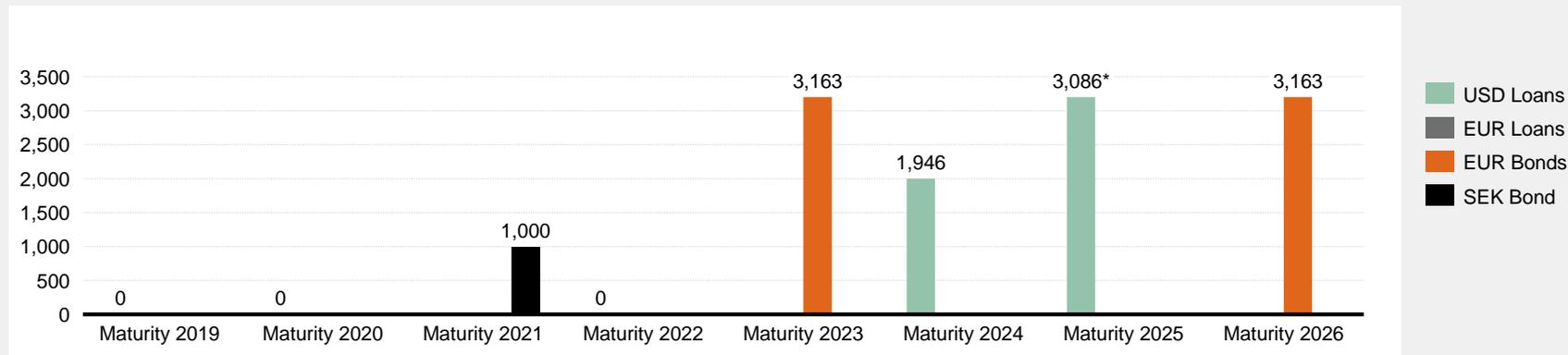
OPERATING CASH FLOW AND CASH ON HAND

CREATES FLEXIBILITY FOR M&A ACTIVITIES

SEK million	Q2 2019	Q2 2018	H1 2019	H1 2018
Operating cash flow	1,417	943	1,502	916
LTM operating cash flow	3,202	2,117	3,202	2,117
Cash on hand	2,618	1,089	2,618	1,089

In addition to cash on hand,
unutilized RCF EUR 200 m

DEBT MATURITY PROFILE JULY 2019



SEKm	Maturity 2019	Maturity 2020	Maturity 2021	Maturity 2022	Maturity 2023	Maturity 2024	Maturity 2025	Maturity 2026	Total
USD Loans	0	0	0	0	0	1,946	3,086*	0	5,034
EUR Loans	0	0	0	0	0	0	0	0	0
EUR Bonds	0	0	0	0	3,163	0	0	3,163	7,326
SEK Bond	0	0	1,000	0	0	0	0	0	1,000
Total	0	0	1,000	0	3,163	1,946	3,086	3,163	12,360

FINANCIAL TARGETS

	FY 2016	FY 2017	FY 2018	LTM 2019	Mid/long term Financial target
Net Sales Growth	6%	13%	26%	7%	10%
EBIT Margin ¹	13.1%	13.2%	14.7%	14.2%	16-17%
Net Debt / EBITDA	1.7x	3.3x	2.8x	2.8x	2x
Dividend Policy	40%	40%	40%	-	40%

¹ EBIT before I.A.C.

SUMMARY Q2 2019

Total sales growth of 1%

- -7% organic growth, non RV holding up well
- Continued to strengthen the Aftermarket organization
- Increased pace in product innovation
- Weak RV markets in Americas and Pacific
- Actively building up acquisitive pipeline

Good EBIT performance in tough environment

- Improved profitability in EMEA
- Efficiency improvements and pricing to mitigate volume drop in RV and tariffs

Accelerated focus on improved operational efficiency

- Adapting capacity to new market demand in RV
- Execution on restructuring program
- Building a larger site in Mexico
- Good progress on our digital agenda
- Exploring additional initiatives for further efficiency activities

Strong cash generation creates space for acquisitive growth



Mobile living made easy.

 **DOMETIC**

OUTLOOK UPDATE - FULL YEAR 2019

Previous full year 2019 outlook

Organic growth to be slightly positive

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

EBIT margin at similar level as FY 2018

- 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

New full year 2019 outlook

Negative organic growth

- Slightly positive organic growth in H2 2019
- Uncertain RV markets
- Increased pace of innovation
- Further expansion in new businesses areas

EBIT margin above 14%

- Uncertain RV market
- Negative impact from additional US tariffs
- Continued focus on cost and efficiency improvements
- Execution on restructuring program
- Planning for additional cost reduction activities

Leverage around 2x by end of 2019

- Continued strong cash generation
- Inventory management

Q&A

APPENDIX

APPENDIX A

QUARTERLY SUMMARY KEY FINANCIALS

SEK m	Q2	Q2	H1	H1	FY
	2019	2018	2019	2018	2018
Net sales	5,329	5,260	9,979	9,703	18,274
EBITDA	1,100	1,048	1,918	1,809	3,113
% of net sales	20.6%	19.9%	19.2%	18.6%	17.0%
Operating profit (EBIT)	900	919	1,518	1,557	2,587
% of net sales	16.9%	17.5%	15.2%	16.0%	14.2%
Operating profit (EBIT) before items affecting comparability	900	919	1,518	1,557	2,679
% of net sales	16.9%	17.5%	15.2%	16.0%	14.7%
Profit for the period	562	629	906	1,004	1,576
Earnings per share, SEK	1.90	2.13	3.06	3.39	5.33
Cash flow for the period	-742	3	492	-113	920
Operating cash flow ⁽¹⁾	1,417	943	1,502	916	2,616
Core working capital	4,408	4,633	4,408	4,633	3,986
Capital expenditure in fixed assets	-90	-127	-176	-205	-422
RoOC	30.0%	32.1%	30.0%	32.1%	30.5%

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

APPENDIX B

GROUP P&L

SEK m	Q2 2019	Q2 2018	H1 2019	H1 2018	FY 2018
Net sales	5,329	5,260	9,979	9,703	18,274
Cost of goods sold	-3,521	-3,503	-6,709	-6,567	-12,323
Gross Profit	1,808	1,757	3,270	3,136	5,951
Sales expenses	-626	-591	-1,189	-1,117	-2,259
Administrative expenses	-232	-226	-453	-417	-855
Other operating income and expenses	24	32	40	62	61
Items affecting comparability	–	–	–	–	-92
Amortization of acquisition related intangible assets	-74	-54	-150	-105	-219
Operating profit	900	919	1,518	1,557	2,587
Financial income	2	1	7	4	11
Financial expenses	-140	-73	-272	-203	-442
Loss from financial items	-138	-72	-265	-199	-431
Profit (loss) before tax	761	847	1,252	1,358	2,156
Taxes	-200	-218	-346	-354	-580
Profit (loss) for the period	562	629	906	1,004	1,576
Profit (loss) for the period attributable to owners of the Parent Company	562	629	906	1,004	1,576
Earnings per share before and after dilution, SEK - Owners of the Parent Company	1.90	2.13	3.06	3.39	5.33
Average number of shares, million	295.8	295.8	295.8	295.8	295.8

APPENDIX C

APPLICATION AREAS

SEK m	Q2 2019	Q2 2018	H1 2019	H1 2018	FY 2018
Net sales, external					
Americas					
Food & Beverage	477	598	926	1,139	2,135
Climate	981	1,095	1,794	1,991	3,797
Power & Control	922	850	1,744	1,558	3,161
Other applications	223	194	380	336	664
Americas net sales, external	2,603	2,736	4,844	5,024	9,758
EMEA					
Food & Beverage	919	883	1,629	1,578	2,662
Climate	1,088	881	2,079	1,607	2,986
Power & Control	156	143	305	292	522
Other applications	149	157	279	283	536
EMEA net sales, external	2,313	2,064	4,291	3,760	6,706
APAC					
Food & Beverage	193	219	403	454	937
Climate	178	196	351	363	685
Power & Control	6	7	15	24	38
Other applications	36	38	74	78	150
APAC net sales, external	413	460	844	919	1,810
Net sales, external					
Americas	2,603	2,736	4,844	5,024	9,758
EMEA	2,313	2,064	4,291	3,760	6,706
APAC	413	460	844	919	1,810
Total net sales, external	5,329	5,260	9,979	9,703	18,274

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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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