

# INTERIM PRESENTATION

**Q4 2019**

**January 31, 2020**



Mobile living made easy.

 **DOMETIC**



**JUAN VARGUES,  
PRESIDENT & CEO**

Mobile living made easy.

 **DOMETIC**

# Q4 2019 HIGHLIGHTS

## Market development

- Weak market conditions in OEM markets
- Americas and APAC continue to be challenging
- EMEA turned to negative organic growth

## Growth

- -4% total growth and 5% Aftermarket growth
- Strong focus on new growth initiatives continues
- Additional investments in Product Development and strong product pipeline in 2020

## Performance

- Growing manufacturing in Mexico, 2 new lines
- Initiated implementation of global manufacturing footprint program
- New sourcing management in place



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# FULL YEAR 2019 HIGHLIGHTS

## Market development

- Weak market conditions impacting OEM
- Good evolution in EMEA
- Challenging markets in Americas and APAC

## Growth

- 1% total growth and 11% Aftermarket growth
- Strong focus on new growth initiatives
- Additional investments in Product Development and strong product pipeline in 2020

## Performance

- Innovation index of 16%\*
- Rapid capacity adaption to market demand
- 32% SKU reduction
- 10% space reduction
- Global manufacturing footprint program launched



# Q4 2019 FINANCIAL SUMMARY

## Net sales of SEK 3,919 m, -4% total growth

- -9% organic
- +4% FX
- +1% M&A

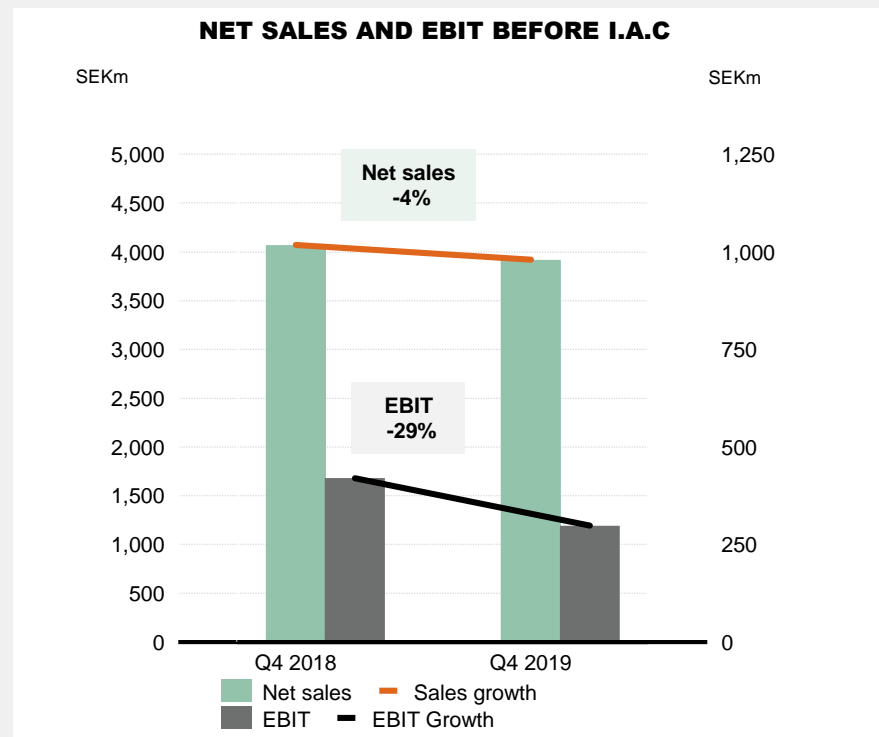
## EBIT before i.a.c. of SEK 298 m, -29%

- EBIT margin of 7.6% (10.3%)
  - + Efficiency improvements, capacity reduction and pricing
  - Lower volumes
  - Full impact of 25% tariffs

## EBITDA before i.a.c. of SEK 505 m, -10%

## Operating cash flow of SEK 918 m, +7%

## EPS of SEK 0.16, -65%



# FULL YEAR 2019 FINANCIAL SUMMARY

## Net sales of SEK 18.503 m, +1% total growth

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

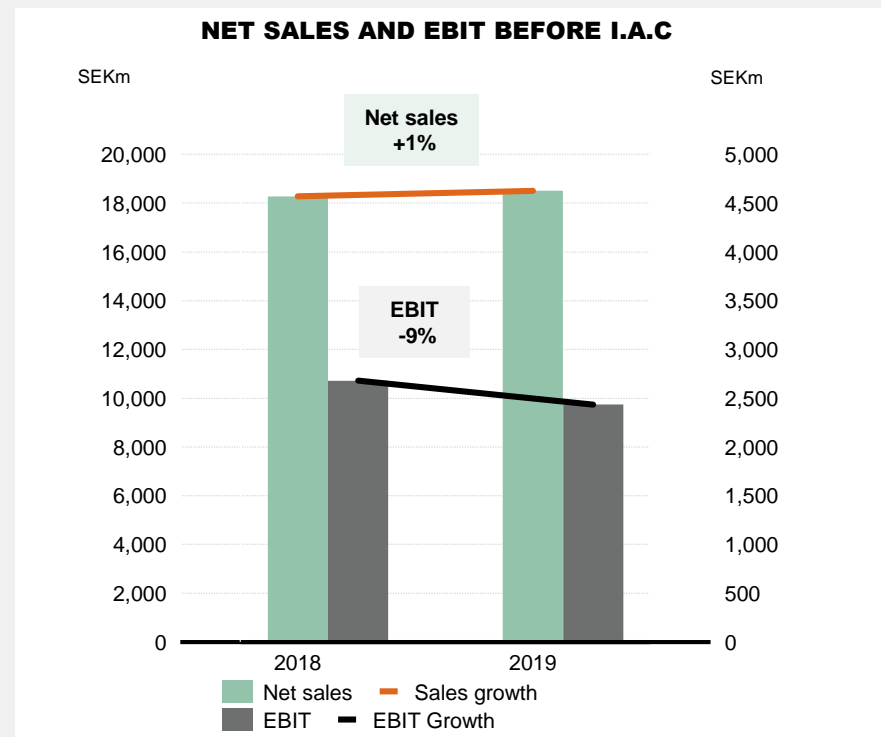
## EBIT before i.a.c. of SEK 2.435 m, -9%

- EBIT margin of 13.2% (14.7%)
  - + Growing Aftermarket
  - + Efficiency improvements, capacity reduction and pricing
  - Lower OEM volumes
  - Tariff impact

## EBITDA before i.a.c. of SEK 3,252 m, +2%

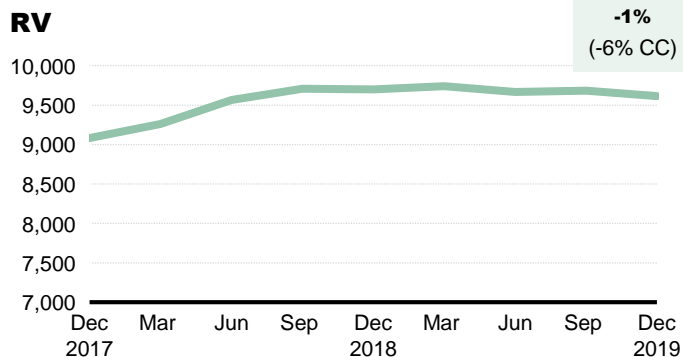
## Operating cash flow of SEK 3,721 m, +42%

## EPS of SEK 4.48 -16%

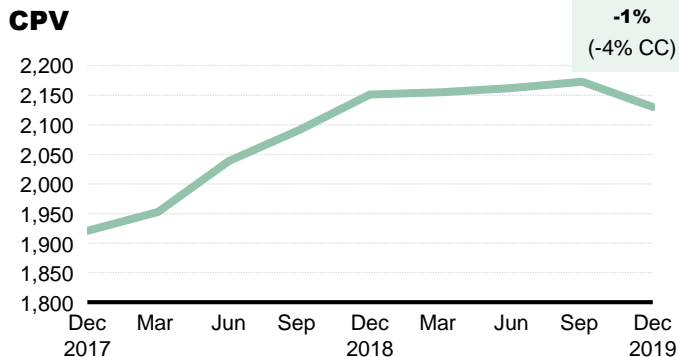


# BUSINESS AREA DEVELOPMENT

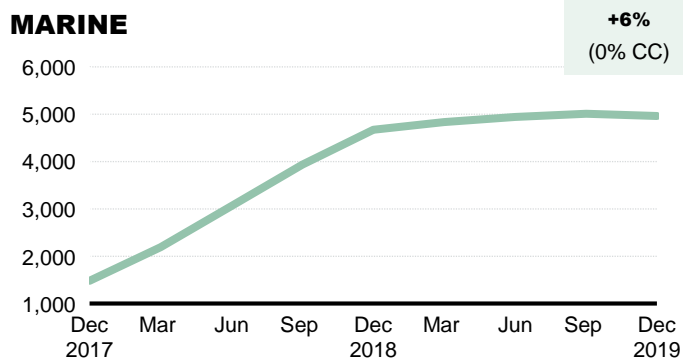
## RV



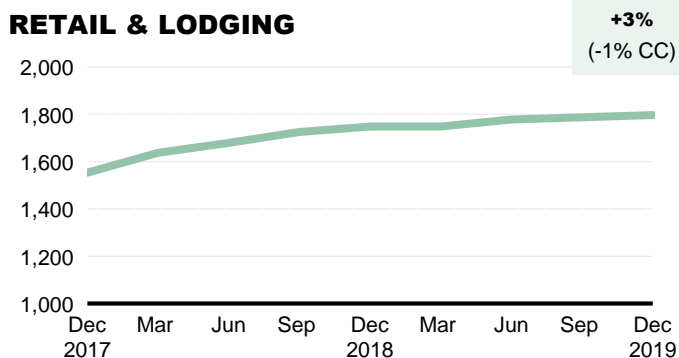
## CPV



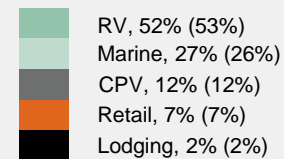
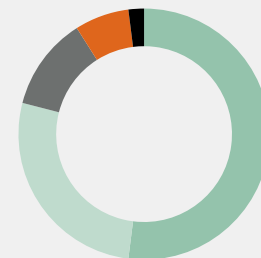
## MARINE



## RETAIL & LODGING

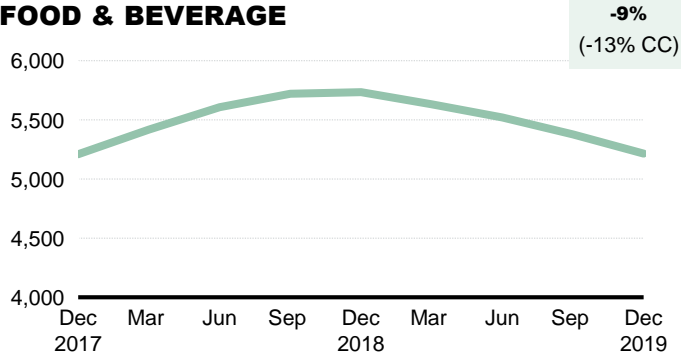


## SALES SPLIT, BUSINESS AREA\*

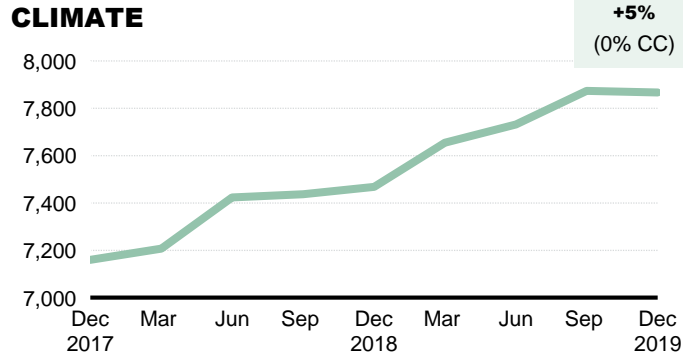


# APPLICATION AREAS

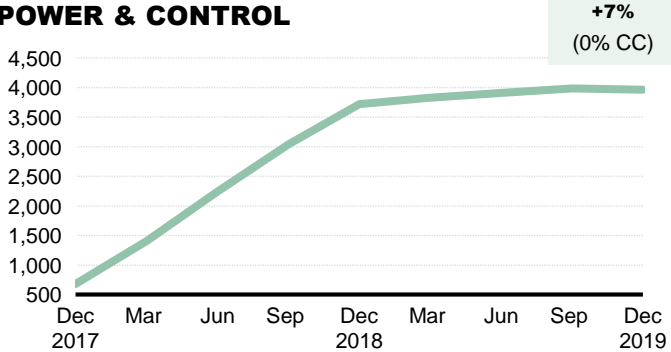
## FOOD & BEVERAGE



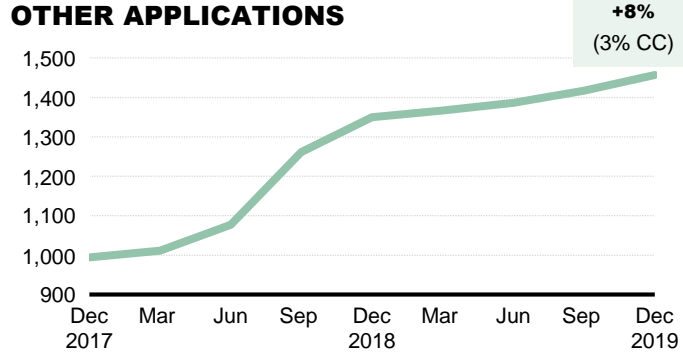
## CLIMATE



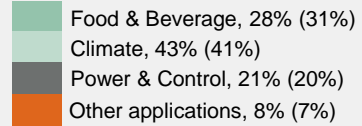
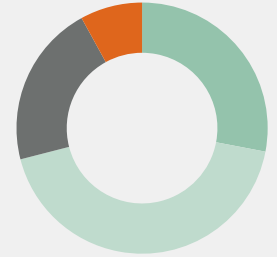
## POWER & CONTROL



## OTHER APPLICATIONS

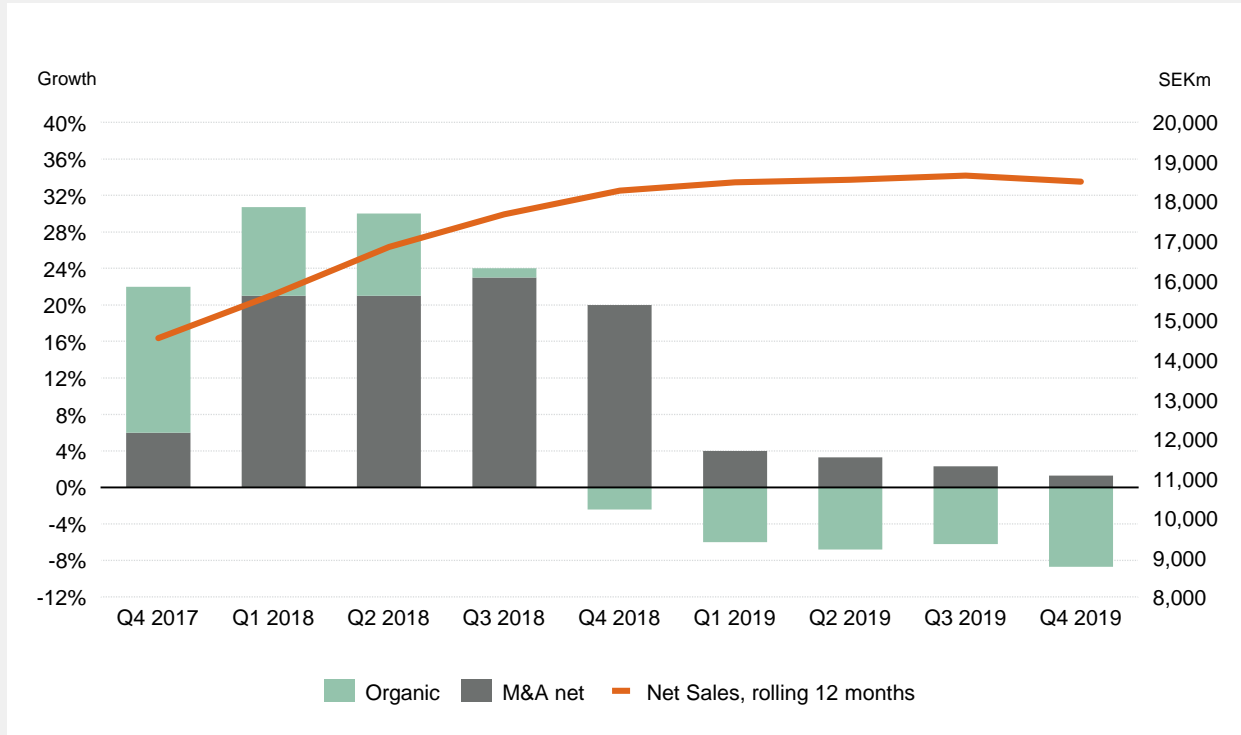


## SALES SPLIT, APPLICATION AREA\*



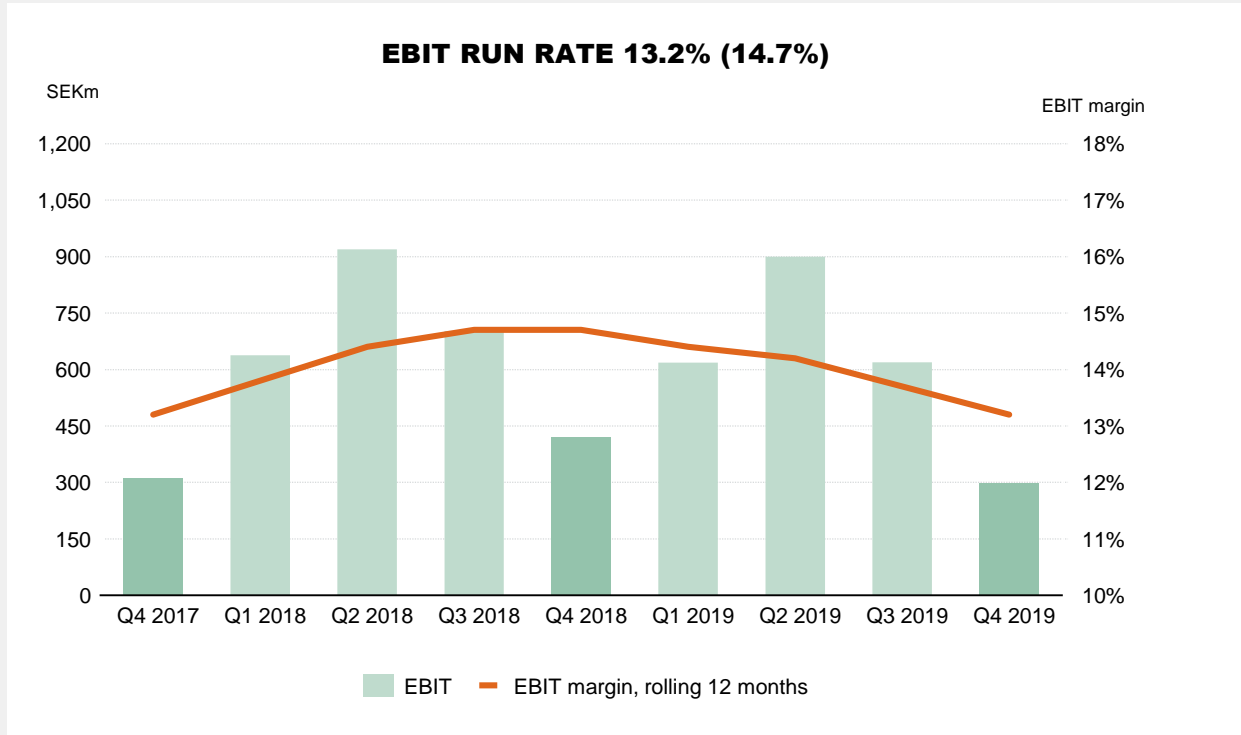


# SALES GROWTH IN CONSTANT CURRENCY



- Average quarterly organic growth of 1% Q4 17 – Q4 19

# EBIT AND EBIT MARGIN BEFORE I.A.C



- 1.5% point EBIT margin decline rolling 12 months

# LEADING INNOVATION



## Dometic CFX 3 Mobile Cooler

- The Dometic CFX3 freezes down to  $-22\text{ }^{\circ}\text{C}$  /  $-7\text{ }^{\circ}\text{F}$  while using less power than a 60 W lightbulb.
- Connect to the 12V/24V DC outlet in your vehicle to roam free without worry.
- Actively monitors battery power and turns itself off when low voltage is detected.



## Dometic Dust Reduction System

- Dramatically reduces the amount of dust entering the caravan and begins working automatically when the vehicle is in motion.

# AMERICAS

## Net sales of SEK 2,010 m, -12% organic

- Food & Beverage reported negative growth driven by weak refrigeration. Strong growth for mobile cooling.
- Climate reported negative growth due to weak climate control and awnings.
- Power & Control reported negative growth driven by weak development for steering systems.
- Other Applications reported strong growth.

## EBIT before i.a.c. of SEK 143 m, -39%

- EBIT Margin of 7.1% (10.8%)
  - + Adjustment of cost base
  - Volume decline in OEM
  - Additional tariffs

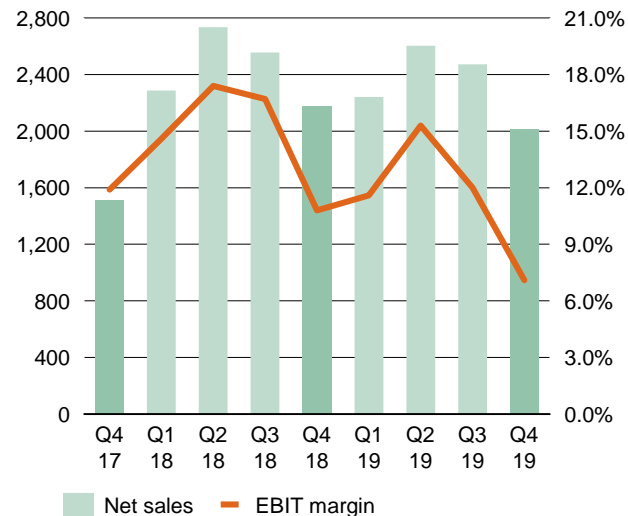


OEM, 67%  
AM, 33%



Americas, 51%  
Rest of Group, 49%

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



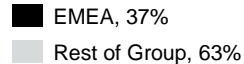
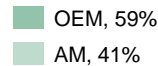
# EMEA

## Net sales of SEK 1,449 m, -4% organic

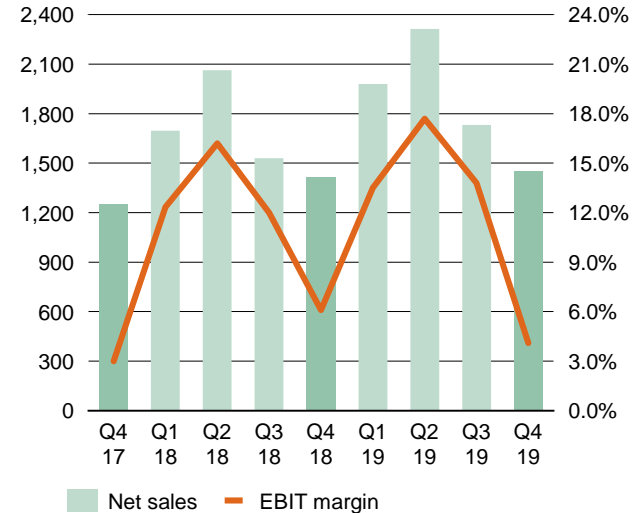
- Food & Beverage reported negative growth due to weak sales for refrigeration and mobile cooling.
- Climate reported strong growth, driven by climate control.
- Power & Control reported strong growth, driven by new product launches.
- Other Applications reported strong growth.

## EBIT before i.a.c. of SEK 59 m, -31%

- EBIT Margin of 4.1% (6.1%)
  - + Efficiency improvements
  - + Pricing
  - Volume decline
  - FX



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



# APAC

## Net sales of SEK 460 m, -5% organic

- Food & Beverage reported negative growth. Weak evolution for mobile cooling.
- Climate reported good growth. Strong development for climate control.
- Power & Control reported growth. Good growth for generators and battery products.
- Other Applications reported growth.

## EBIT before i.a.c. of SEK 95 m, -5%

- EBIT Margin of 20.7% (20.9%)
  - + Efficiency improvements
  - + Pricing
  - Volume decline
  - Geographical mix

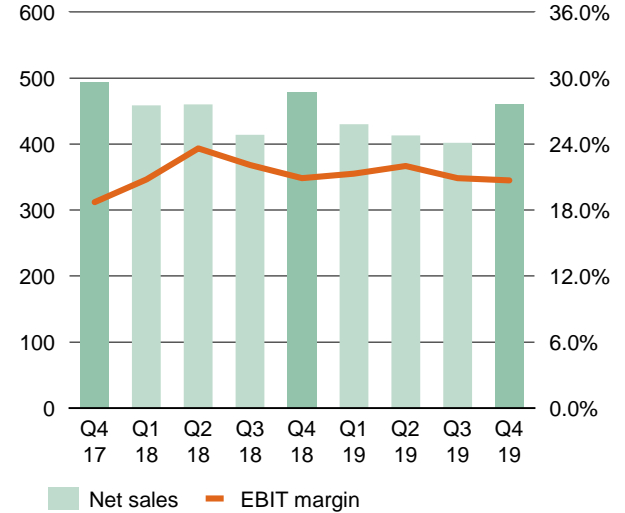


OEM, 42%  
AM, 58%



APAC, 12%  
Rest of Group, 88%

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



# RESTRUCTURING PROGRAM

## Locations

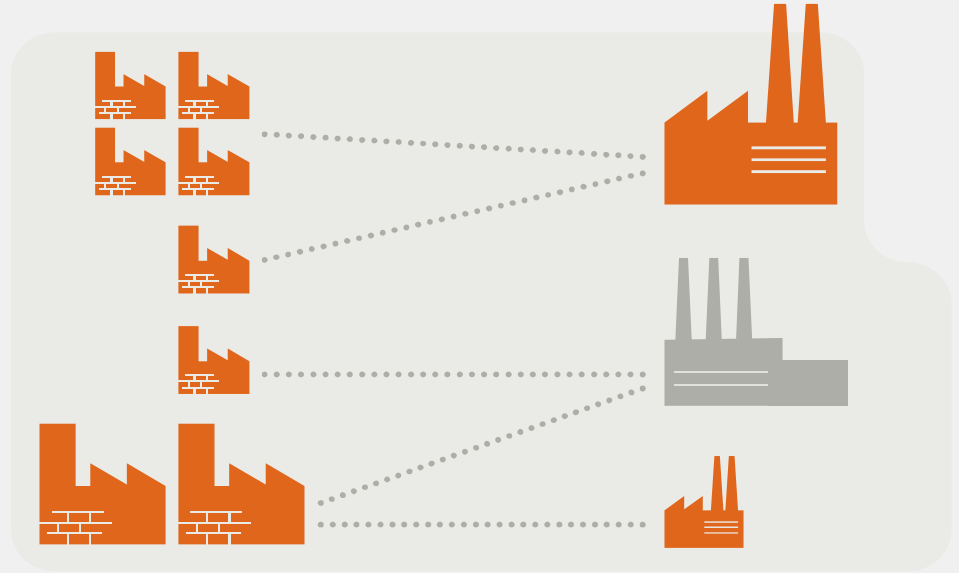
- 10 sites affected in the quarter
- 10 sites affected in total so far

## Employees

- Approximately 200 employees affected in the quarter
- Approximately 200 employees affected in total so far

## Costs

- SEK 80 m in the quarter
- SEK 116 m so far



# Q4 STRATEGY EXECUTION

1

## Profitable expansion

- Key hirings in place to drive new growth areas
- Specialization driving future growth
- Increased focus on Aftermarket growth
- Actively building up acquisitive pipeline

2

## Product leadership

- Key hirings in place to lead global technology areas
- Increased investments in Product Development and strong pipeline
- Improvement of Innovation Index
- SKU reduction target achieved

3

## Cost reductions

- Global restructuring program launched
- Scaling-up of manufacturing in Mexico to reduce tariff impact
- Key hirings in place to drive Sourcing Excellence
- Strong inventory reduction continues



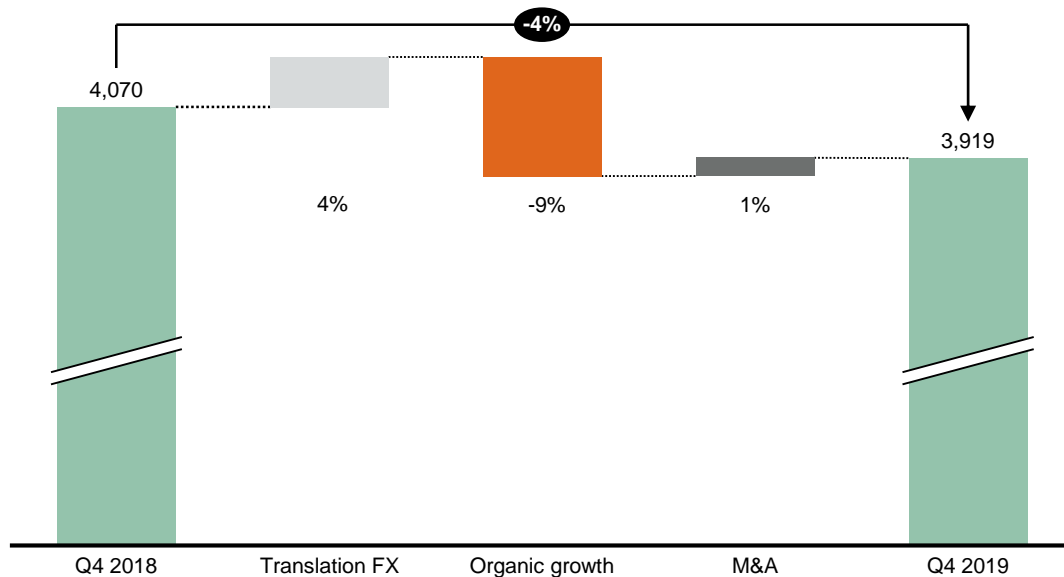




# STEFAN FRISTEDT, CFO

# DOMETIC GROUP

## NET SALES BRIDGE Q4 SEKm



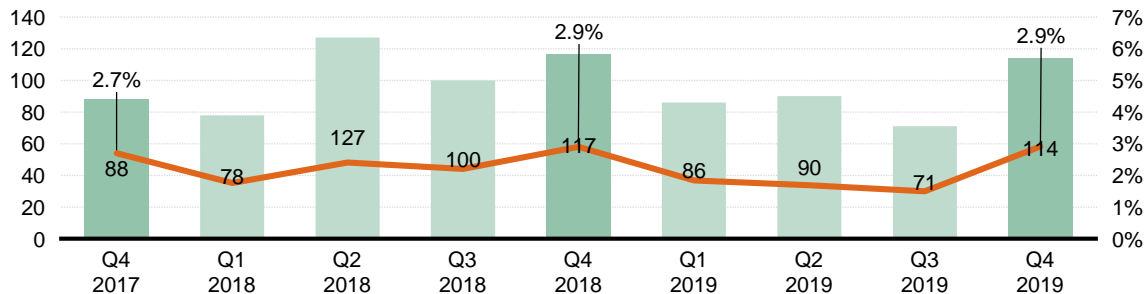
## TRANSLATION FX DETAILS

	Net Sales	Share of impact
USD	78	52%
EUR	25	17%
AUD	4	3%
HKD	1	1%
GBP	11	8%
CNY	1	1%
Other	29	19%
<b>TOTAL</b>	<b>149</b>	

# CAPEX & PRODUCT DEVELOPMENT

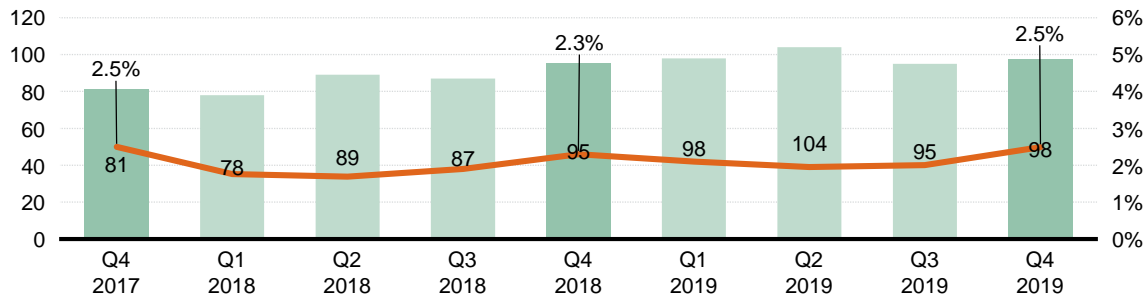
(SEKm, % OF NET SALES)

## CAPEX



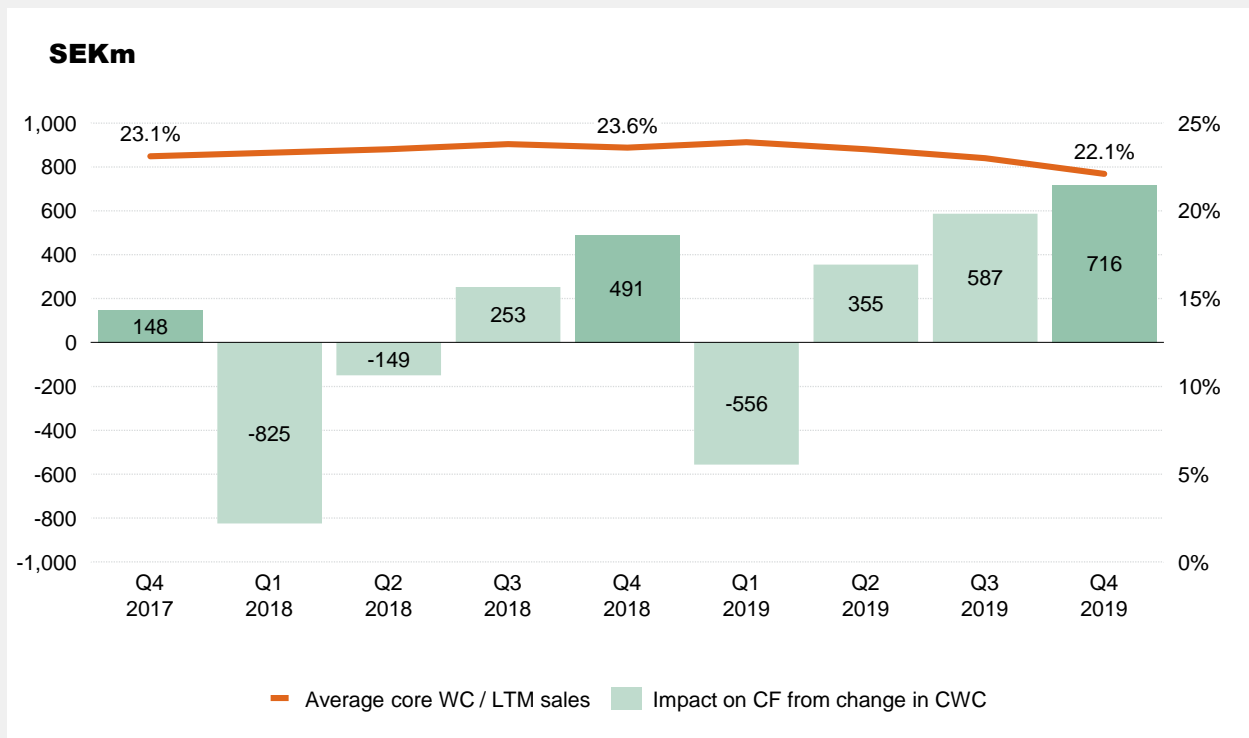
- **Q4 2019 CAPEX:** 2.9% of net sales. (2.9% in 2018)

## PD



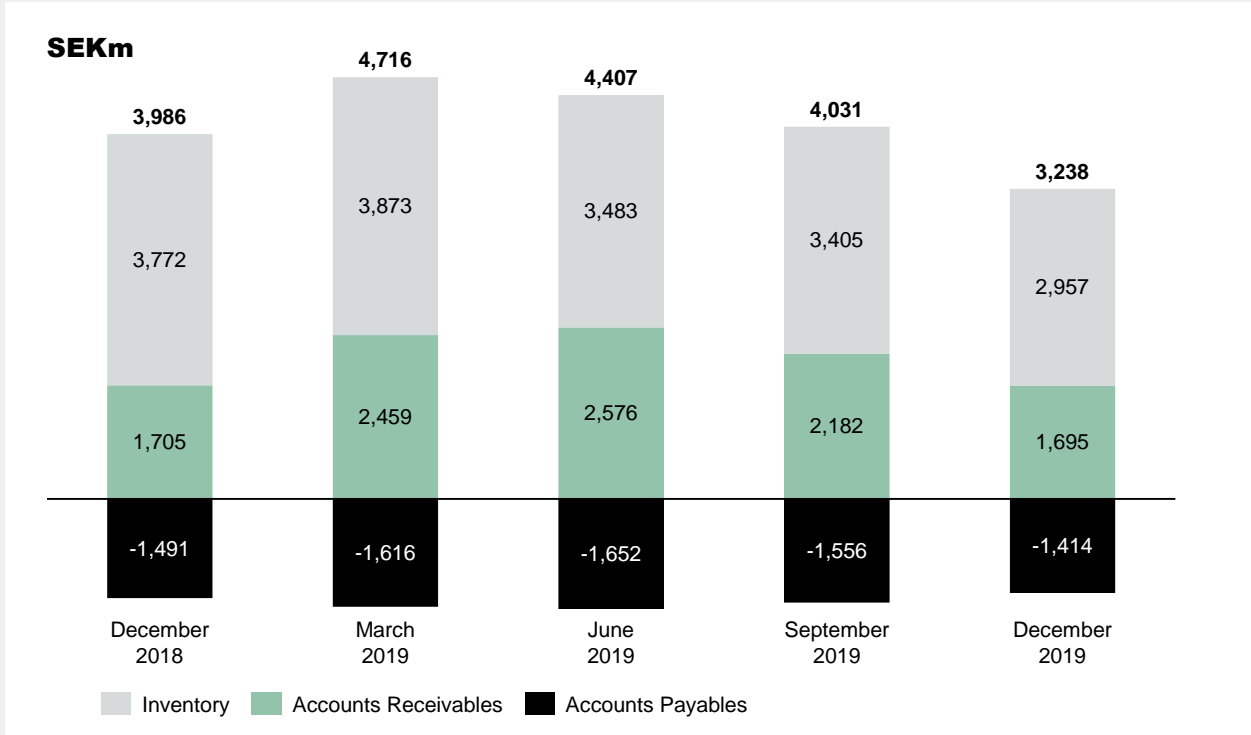
- **Q4 2019 PD:** 2.5% of net sales. Incl 6.5m SEK of capitalized spend. (2.3% in 2018)

# WORKING CAPITAL DEVELOPMENT

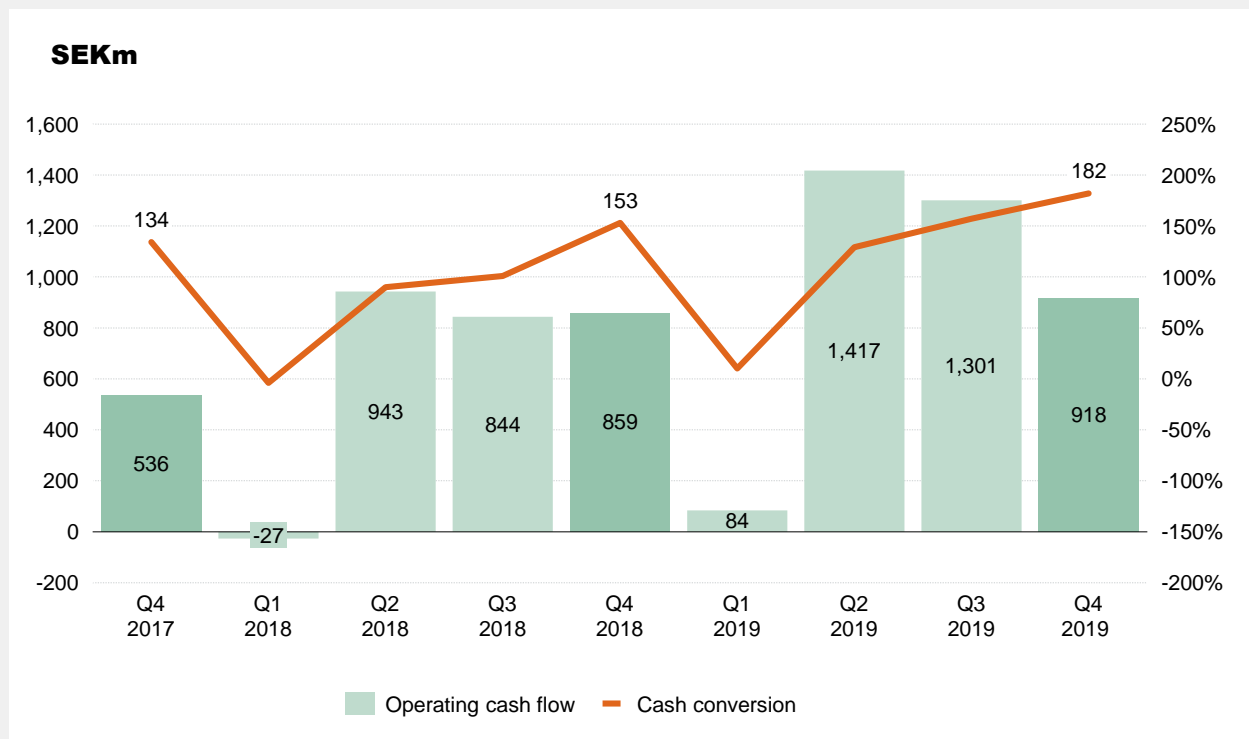


- **Average CWC/LTM net sales:**  
22.1 % (21.4% Excl. Kampa)

# WORKING CAPITAL

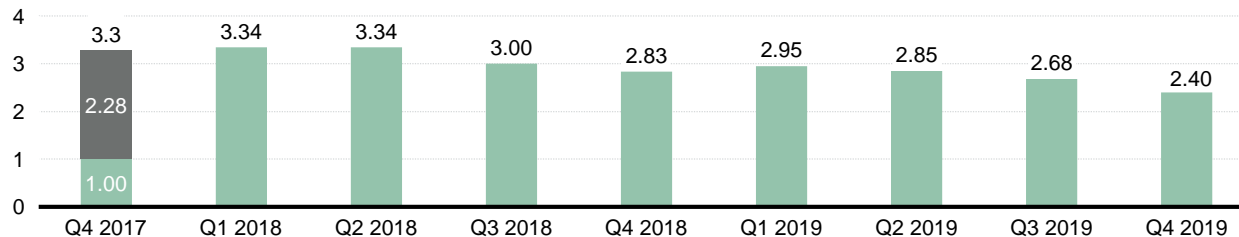


# CASH FLOW



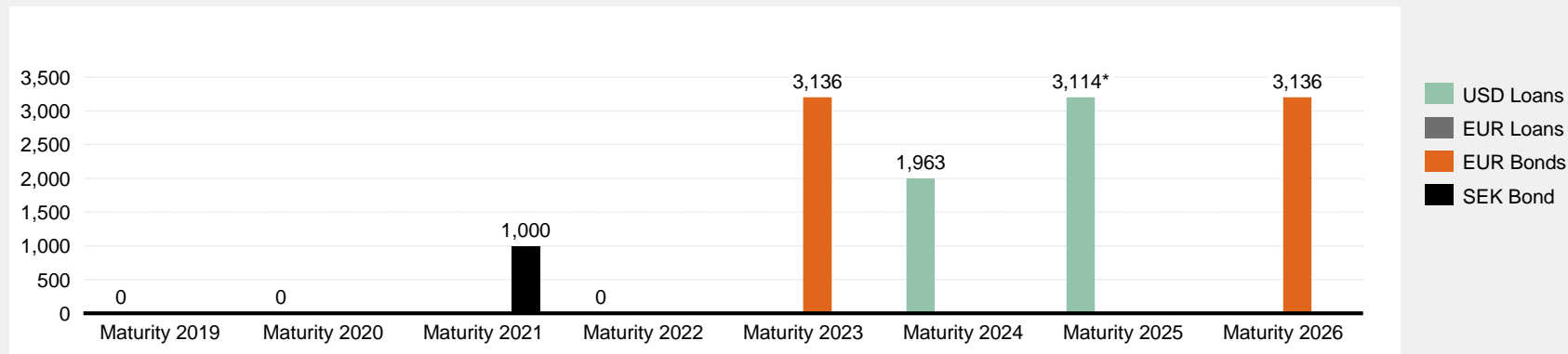
# NET DEBT LEVERAGE AND NET DEBT DETAILS

## NET DEBT



SEKm	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
RCF	0	459	380	0	0	0	0	0	0
EuroBond	0	0	0	3,089	3,077	4,120	7,326	7,434	7,272
Senior term A	2,777	2,745	2,883	2,017	1,461	1,458	0	0	0
Senior term B	7,693	7,889	8,273	7,662	7,131	7,339	5,034	5,335	5,077
Certificate	0	0	0	0	0	499	0	0	0
Local facilities	131	104	112	0	0	0	0	0	0
<b>Total debt</b>	<b>10,601</b>	<b>11,197</b>	<b>11,648</b>	<b>12,768</b>	<b>11,670</b>	<b>13,416</b>	<b>12,360</b>	<b>12,769</b>	<b>12,349</b>
Cash	1,159	1,298	1,329	3,263	2,359	3,624	2,840	3,900	4,555
<b>Net debt</b>	<b>9,442</b>	<b>9,899</b>	<b>10,319</b>	<b>9,505</b>	<b>9,311</b>	<b>9,792</b>	<b>9,521</b>	<b>8,869</b>	<b>7,795</b>

# DEBT MATURITY PROFILE DECEMBER 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	1,963	3,114*	0	5,077
EUR Loans	0	0	0	0	0	0	0	0	0
EUR Bonds	0	0	0	0	3,136	0	0	3,136	6,272
SEK Bond	0	0	1,000	0	0	0	0	0	1,000
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1,000</b>	<b>0</b>	<b>3,136</b>	<b>1,963</b>	<b>3,114</b>	<b>3,136</b>	<b>12,349</b>



# FINANCIAL TARGETS

	FY 2016	FY 2017	FY 2018	FY 2019	Mid/long term Financial target
Net Sales Growth	6%	13%	26%	1%	10%
EBIT Margin <sup>1</sup>	13.1%	13.2%	14.7%	13.2%	16-17%
Net Debt / EBITDA	1.7x	3.3x	2.8x	2.4x	Around 2x
Dividend	40%	41%	40%	49% <sup>2</sup>	At least 40%

<sup>1</sup> EBIT before I.A.C

<sup>2</sup> Proposed dividend for full year 2019

# FULL YEAR 2019 SUMMARY

## Business highlights

- Challenging markets in Americas and Pacific
- Good performance in EMEA with improved profitability
- Trade tariffs creating additional costs
- Rapid capacity adaption to market demand
- Strong operational cash flow generation

## Strategy highlights

- New long-term financial targets
- Building organizations for new growth areas
- Building up a strong acquisitive pipeline
- Increased investments in R&D and IT
- Strong execution on improving innovation index and SKU pruning
- Global restructuring program launched



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# Q&A

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 **DOMETIC**

# APPENDIX

# APPENDIX A

## QUARTERLY SUMMARY KEY FINANCIALS

SEK m	Q4	Q4	FY	FY
	2019	2018	2019	2018
Net sales	3,919	4,070	18,503	18,274
EBITDA	445	469	3,155	3,113
% of net sales	11.4%	11.5%	17.1%	17.0%
Operating profit (EBIT) before items affecting comparability <sup>(1)</sup>	298	420	2,435	2,679
% of net sales	7.6%	10.3%	13.2%	14.7%
Operating profit (EBIT)	238	328	2,338	2,587
% of net sales	6.1%	8.1%	12.6%	14.2%
Profit for the period	47	136	1,325	1,576
Earnings per share, SEK	0.16	0.46	4.48	5.33
Cash flow for the period	679	-906	2,162	920
Operating cash flow <sup>(2)</sup>	918	859	3,721	2,616
Core working capital	3,238	3,986	3,238	3,986
Investments in fixed assets	-114	-117	-361	-422
RoOC	28.3%	30.5%	28.3%	30.5%

<sup>(1)</sup>See Note 5 Items affecting comparability.

<sup>(2)</sup>Net cash flow from operations after investments in fixed assets and excluding income tax paid.

# APPENDIX B

## GROUP P&L

SEK m	Q4	Q4	FY	FY
	2019	2018	2019	2018
Net sales	3,919	4,070	18,503	18,274
Cost of goods sold	-2,715	-2,794	-12,504	-12,323
<b>Gross Profit</b>	<b>1,204</b>	<b>1,276</b>	<b>5,999</b>	<b>5,951</b>
Sales expenses	-603	-573	-2,411	-2,259
Administrative expenses	-228	-224	-918	-855
Other operating income and expenses	2	-1	68	61
Items affecting comparability	-60	-92	-97	-92
Amortization of acquisition related intangible assets	-77	-58	-303	-219
<b>Operating profit</b>	<b>238</b>	<b>328</b>	<b>2,338</b>	<b>2,587</b>
Financial income	5	5	14	11
Financial expenses	-165	-101	-522	-442
<b>Loss from financial items</b>	<b>-160</b>	<b>-96</b>	<b>-508</b>	<b>-431</b>
<b>Profit (loss) before tax</b>	<b>77</b>	<b>232</b>	<b>1,830</b>	<b>2,156</b>
Taxes	-30	-96	-505	-580
<b>Profit (loss) for the period</b>	<b>47</b>	<b>136</b>	<b>1,325</b>	<b>1,576</b>
Profit (loss) for the period attributable to owners of the Parent Company	47	136	1,325	1,576
Earnings per share before and after dilution, SEK - Owners of the Parent Company	0.16	0.46	4.48	5.33
Average number of shares, million	295.8	295.8	295.8	295.8

# APPENDIX C

## REGIONAL RESULTS

SEK m	Q4		Change (%)		FY		Change (%)	
	2019	2018	Rep.	Adj. <sup>(1)</sup>	2019	2018	Rep.	Adj. <sup>(1)</sup>
Americas	2,010	2,177	-8%	-12%	9,325	9,758	-4%	-11%
EMEA	1,449	1,415	2%	0%	7,472	6,706	11%	8%
APAC	460	478	-4%	-5%	1,707	1,810	-6%	-8%
<b>Net sales</b>	<b>3,919</b>	<b>4,070</b>	<b>-4%</b>	<b>-7%</b>	<b>18,503</b>	<b>18,274</b>	<b>1%</b>	<b>-4%</b>
Americas	143	234	-39%	-42%	1,096	1,470	-25%	-31%
EMEA	59	86	-31%	-33%	978	814	20%	15%
APAC	95	100	-4%	-8%	362	395	-8%	-14%
<b>Operating profit (EBIT) bef. i.a.c.<sup>(2)</sup></b>	<b>298</b>	<b>420</b>	<b>-29%</b>	<b>-32%</b>	<b>2,435</b>	<b>2,679</b>	<b>-9%</b>	<b>-15%</b>
Americas	7.1%	10.8%			11.8%	15.1%		
EMEA	4.1%	6.1%			13.1%	12.1%		
APAC	20.7%	20.9%			21.2%	21.8%		
<b>Operating profit % bef. i.a.c.<sup>(2)</sup></b>	<b>7.6%</b>	<b>10.3%</b>			<b>13.2%</b>	<b>14.7%</b>		

<sup>(1)</sup>Represents change in comparable currency. <sup>(2)</sup>Before items affecting comparability.

# APPENDIX D

## APPLICATION AREAS

<b>SEK m</b>	<b>Q4 2019</b>	<b>Q4 2018</b>	<b>FY 2019</b>	<b>FY 2018</b>
<b>Net sales, external</b>				
<b>Americas</b>				
Food & Beverage	346	452	1,681	2,135
Climate	736	786	3,504	3,797
Power & Control	757	795	3,368	3,161
Other applications	171	145	772	664
Americas net sales, external	2,010	2,177	9,325	9,758
<b>EMEA</b>				
Food & Beverage	458	489	2,695	2,662
Climate	733	696	3,672	2,986
Power & Control	134	118	566	522
Other applications	124	111	538	536
EMEA net sales, external	1,449	1,415	7,472	6,706
<b>APAC</b>				
Food & Beverage	251	277	839	937
Climate	164	158	690	685
Power & Control	8	7	31	38
Other applications	38	36	147	150
APAC net sales, external	460	478	1,707	1,810
<b>Net sales, external</b>				
Americas	2,010	2,177	9,325	9,758
EMEA	1,449	1,415	7,472	6,706
APAC	460	478	1,707	1,810
<b>Total net sales, external</b>	<b>3,919</b>	<b>4,070</b>	<b>18,503</b>	<b>18,274</b>



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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.

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.

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