

# QUARTERLY REPORT

# Q1 2020

Stockholm, April 24, 2020

## FIRST QUARTER 2020

- Net sales for the quarter were SEK 4,199 m (4,650); a decrease of -10%, of which -14% was organic growth.
- Operating profit before depreciation and amortization (EBITDA) for the quarter was SEK 597 m (818), representing a margin of 14.2% (17.6%).
- Operating profit (EBIT) before items affecting comparability for the quarter was SEK 421 m (618), representing a margin of 10.0% (13.3%).
- Items affecting comparability for the quarter were SEK -32 m (-), of which SEK -23 m related to restructuring costs for the quarter from the global restructuring program.
- Operating profit (EBIT) for the quarter was SEK 389 m (618), representing a margin of 9.3% (13.3%).
- Cash flow for the quarter was SEK -112 m (1,233). Operating cash flow was SEK 181 m (84).
- Profit for the quarter was SEK 204 m (344).
- Earnings per share for the quarter were SEK 0.69 (1.16).

## FINANCIAL OVERVIEW

SEK m	Q1 2020	Q1 2019	LTM 2020	FY 2019
Net sales	4,199	4,650	18,052	18,503
EBITDA	597	818	2,934	3,155
% of net sales	14.2%	17.6%	16.3%	17.1%
Operating profit (EBIT) before items affecting comparability <sup>(1)</sup>	421	618	2,238	2,435
% of net sales	10.0%	13.3%	12.4%	13.2%
Operating profit (EBIT)	389	618	2,109	2,338
% of net sales	9.3%	13.3%	11.7%	12.6%
Profit for the period	204	344	1,185	1,325
Earnings per share, SEK	0.69	1.16	4.01	4.48
Cash flow for the period	-112	1,233	817	2,162
Operating cash flow <sup>(2)</sup>	181	84	3,818	3,721
Core working capital	3,890	4,716	3,890	3,238
Investments in fixed assets	-74	-86	-349	-361
RoOC	26.3%	29.9%	26.3%	28.3%

<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.



## CEO COMMENTS

During the first quarter of 2020, the world faced an extreme and unparalleled situation with the spread of the corona pandemic (Covid-19). We have yet to discover the full impact on society and our businesses, but what we do know is that now is the time to act responsibly, decisively and collaboratively.

We acted quickly as soon as we became aware of the Covid-19 outbreak in China at the beginning of the year. We have taken robust action to adjust our operations in factories and offices around the world to adapt to the current situation. We are reducing our cost base, adjusting the entire business and have implemented layoffs, furloughs and temporary work reductions across the organization.

The first quarter was negatively affected by the rapid changes in the trading environment. We were able to effectively manage supply chain disruptions in China, but the close-down of entire markets in Europe and in the US in March had a negative impact on demand. Total growth for the quarter was -10 percent and estimated net sales impact due to Covid-19 was around SEK -400 million. The operating margin before items affecting comparability was 10.0 percent, despite an impact due to Covid-19 of around SEK -120 million and a tariff impact of SEK -77 million.

During the first quarter, we continued to deliver on our strategy. The innovation index continues to improve and reached 18 percent, compared with 14 percent the same quarter last year. We introduced a new generation of mobile coolers, the CFX3 and we also presented our first range of residential products with the Dometic Mobar patio cooler for beverages. We are continuing to implement activities under our global restructuring program. In January, we initiated closure of a site in the US affecting around 200 employees, whilst at the same time successfully ramping up production in Mexico. So far, 14 locations and around 500 employees have been affected. Implementing this program remains a priority and we intend to accelerate the execution going forward.

Operating cash flow was strong. Dometic entered 2020 with a strong cash position and a favorable debt maturity structure. By the end of the first quarter, we had a cash position of SEK 4.5 billion and an unutilized revolving credit facility of EUR 200 million.

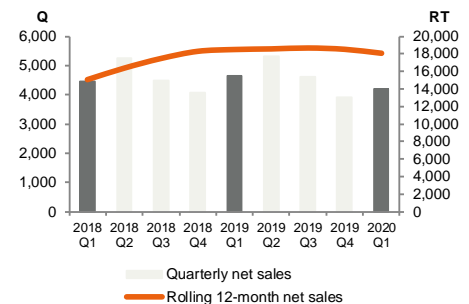
Due to the current uncertainties, we proactively negotiated an amended financing agreement with our bank group. According to our current assessment, this amended financing agreement creates the necessary flexibility and covenant headroom for the coming four quarters. We have full focus on ensuring continued positive cash flow and maintaining a solid financial position.

At the moment it is difficult to predict how the situation will develop over the coming months. Considering the close-down of main markets in April to reduce the spread of Covid-19, and the difficulties to assess when the markets will open up and how demand will be affected, we expect that sales and profitability will be significantly affected in the second quarter of 2020.

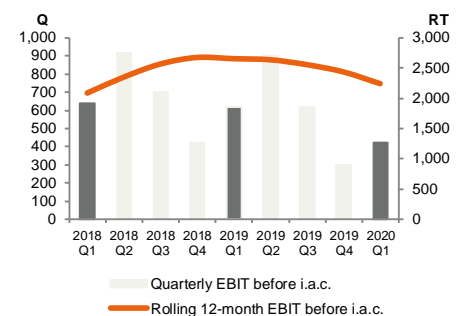
We are confident about the long-term positive trends in the Mobile Living industry, and that the current pandemic experience will lead to a growing interest around the world in outdoor activities closer to home. We remain fully committed to our strategic direction and our ambition to build a stronger and more diversified Dometic.

Juan Vargues, President and CEO

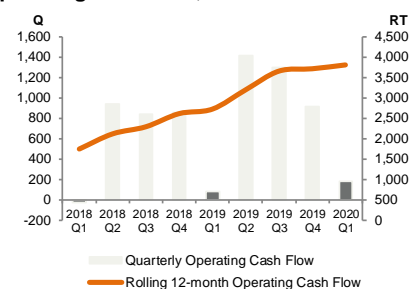
Net sales, SEK m



Operating profit (EBIT) before i.a.c., SEK m



Operating cash flow, SEK m



## FINANCIAL SUMMARY – FIRST QUARTER 2020

**Net sales** were SEK 4,199 m (4,650), a decrease of -10% compared with the same quarter last year. This comprised -14% organic growth, +4% currency translation and 0% M&A. The impact due to Covid-19 was around SEK -400 m.

**Operating profit before depreciation and amortization (EBITDA)** was SEK 597 m (818). The EBITDA margin was 14.2% (17.6%).

**Operating profit (EBIT) before items affecting comparability** was SEK 421 m (618). The EBIT margin before items affecting comparability was 10.0% (13.3%). The impact due to Covid-19 was around SEK -120 m and the impact from tariffs was SEK -77 m.

**Items affecting comparability** totaled SEK -32 m (-), of which SEK -23 m related to restructuring costs for the quarter from the global restructuring program.

**Operating profit (EBIT)** was SEK 389 m (618). The EBIT margin was 9.3% (13.3%).

**Financial items** totaled a net amount of SEK -98 m (-127), including SEK -110 m (-110) in interest on external bank loans. Other FX revaluations and other items amounted to SEK 7 m (-22) and financial income amounted to SEK 5 m (5).

**Taxes** totaled SEK -86 m (-147), corresponding to 30% (30%) of profit before tax. Current tax amounted to SEK -74 m (-110) and deferred tax to SEK -12 m (-37). Paid tax of 54% (28%) is higher compared with the same quarter last year and mainly related to the Group's tax paying position in Canada, but also an internal move of immaterial assets. The latter will result in lower future tax payments and is thus a timing effect.

**Profit for the quarter** was SEK 204 m (344).

**Earnings per share for the quarter** were SEK 0.69 (1.16).

**Operating cash flow for the quarter** was SEK 181 m (84).

**Cash flow for the quarter** was SEK -112 m (1,233). The first quarter last year was impacted by taking up new debt.

**Financial position.** Leverage was 2.8x (3.0x) at the end of the first quarter 2020.

**Global restructuring program.** During the quarter, total costs relating to the global restructuring program amounted to SEK -23 m (-).

**Significant events after the period.** At the 2020 Annual Shareholders Meeting held on April 7, Fredrik Cappelen was re-elected as member and Chairman of the Board of Directors. Magnus Yngen, Heléne Vibbleus, Peter Sjölander, Erik Olsson, Jacqueline Hoogerbrugge and Rainer Schmückle were re-elected as members of the Board of Directors. The proposal of no dividend payout and that retained earnings shall be carried forward was approved. The Board's remuneration for 2020 remains unchanged compared with 2019.

Peter Kruk, President region EMEA, decided to leave Dometic for another external assignment.

Due to the corona pandemic, the full implementation of the organizational change communicated in February 2020 will be postponed until the first quarter 2021.

Dometic has reached an amended financing agreement with its bank group. According to Dometic's current assessment, this amended financing agreement creates the necessary flexibility and covenant headroom for the coming four quarters.

There have been no other significant events that have impacted the financial reporting after the balance sheet date.



## AMERICAS

### FIRST QUARTER 2020 - NET SALES AND OPERATING PROFIT (EBIT)

Americas reported net sales of SEK 2,018 m (2,241), representing 48% of Group net sales. Total growth was -10%, of which -17% was organic growth, 7% currency translation and 0% M&A. Food & Beverage, Climate and Power & Control reported negative sales growth affected by especially weak demand in March as a consequence of the sharp actions taken by governments to reduce the spread of Covid-19. There was strong sales growth for mobile cooling.

Operating profit (EBIT) before items affecting comparability was SEK 93 m (259), representing a margin of 4.6% (11.6%). Items affecting comparability totaled SEK -25 m (-) and related to restructuring measures executed in the quarter. Operating profit (EBIT) was SEK 68 m (259). The gross impact from US trade tariffs was SEK -77 m (-36) in the quarter.

## EMEA

### FIRST QUARTER 2020 - NET SALES AND OPERATING PROFIT (EBIT)

EMEA reported net sales of SEK 1,812 m (1,979), representing 43% of Group net sales. Total growth was -8%, of which -12% was organic growth, -4% currency translation and 0% M&A. Food & Beverage and Climate reported negative sales growth affected by especially weak demand in March as a consequence of the sharp actions taken by governments to reduce the spread of Covid-19. Power & Control reported good sales growth. Other applications reported strong sales growth.

Operating profit (EBIT) before items affecting comparability was SEK 239 m (267), representing a margin of 13.2% (13.5%). Items affecting comparability totaled SEK -6 m (-) and related to restructuring measures executed in the quarter. Operating profit (EBIT) was SEK 234 m (267).

## APAC

### FIRST QUARTER 2020 - NET SALES AND OPERATING PROFIT (EBIT)

APAC reported net sales of SEK 369 m (430), representing 9% of Group net sales. Total growth was -14%, of which -14% was organic growth, 0% currency translation and 0% M&A. Food & Beverage, Climate and Power & Control reported negative sales growth as a consequence of the sharp actions taken by governments to reduce the spread of Covid-19 in Asia and the Pacific.

Operating profit (EBIT) before items affecting comparability was SEK 89 m (92), representing a margin of 24.1% (21.3%). Items affecting comparability totaled SEK -1 m (-) and related to restructuring measures executed in the quarter. Operating profit (EBIT) was SEK 88 m (92).

SEK m	Q1	Q1	Change (%)		LTM	FY
	2020	2019	Rep.	Adj. <sup>(1)</sup>	2020	2019
Americas	2,018	2,241	-10%	-16%	9,102	9,325
EMEA	1,812	1,979	-8%	-11%	7,305	7,472
APAC	369	430	-14%	-14%	1,646	1,707
<b>Net sales</b>	<b>4,199</b>	<b>4,650</b>	<b>-10%</b>	<b>-14%</b>	<b>18,052</b>	<b>18,503</b>
Americas	93	259	-64%	-66%	930	1,096
EMEA	239	267	-10%	-15%	950	978
APAC	89	92	-3%	-10%	360	362
<b>Operating profit (EBIT) before i.a.c.<sup>(2)</sup></b>	<b>421</b>	<b>618</b>	<b>-32%</b>	<b>-36%</b>	<b>2,238</b>	<b>2,435</b>
Americas	4.6%	11.6%			10.2%	11.8%
EMEA	13.2%	13.5%			13.0%	13.1%
APAC	24.1%	21.3%			21.8%	21.2%
<b>Operating profit (EBIT) % before i.a.c.<sup>(2)</sup></b>	<b>10.0%</b>	<b>13.3%</b>			<b>12.4%</b>	<b>13.2%</b>

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

## **PARENT COMPANY DOMETIC GROUP AB (PUBL)**

### **FIRST QUARTER 2020**

The Parent Company Dometic Group AB (publ) comprises the functions of the Group's head office, such as Group-wide management and administration. The Parent Company invoices its costs to subsidiaries.

For the quarter, the Parent Company had an operating profit (loss) of SEK 2 m (0), including administrative expenses of SEK -51 m (-50) and other operating income of SEK 53 m (51), of which the full amount relates to income from subsidiaries.

Profit (loss) from financial items totaled SEK -380 m (-217), including interest income from subsidiaries of SEK 56 m (72), interest expenses to subsidiaries of SEK - m (-) and other financial income and expenses of SEK -436 m (-289).

Profit (loss) for the quarter amounted to SEK -1 m (-7).

For further information, please refer to the Parent Company's condensed financial statements on page 9.

Solna, April 24, 2020

Juan Vargues  
President and CEO

### **REVIEW**

This interim report has not been subject to review by the Dometic Group AB's (publ) external auditor.

## CONSOLIDATED INCOME STATEMENT

<b>SEK m</b>	<b>Q1 2020</b>	<b>Q1 2019</b>	<b>FY 2019</b>
Net sales	4,199	4,650	18,503
Cost of goods sold	-2,880	-3,188	-12,504
<b>Gross Profit</b>	<b>1,318</b>	<b>1,462</b>	<b>5,999</b>
Sales expenses	-598	-563	-2,411
Administrative expenses	-251	-221	-918
Other operating income and expenses	29	15	68
Items affecting comparability	-32	0	-97
Amortization of acquisition-related intangible assets	-77	-76	-303
<b>Operating profit</b>	<b>389</b>	<b>618</b>	<b>2,338</b>
Financial income	5	5	14
Financial expenses	-104	-132	-522
<b>Net financial expenses</b>	<b>-98</b>	<b>-127</b>	<b>-508</b>
<b>Profit (loss) before tax</b>	<b>291</b>	<b>491</b>	<b>1,830</b>
Taxes	-86	-147	-505
<b>Profit (loss) for the period</b>	<b>204</b>	<b>344</b>	<b>1,325</b>
Profit (loss) for the period attributable to owners of the Parent Company	204	344	1,325
Earnings per share before and after dilution, SEK	0.69	1.16	4.48
Average number of shares before and after dilution, million	295.8	295.8	295.8

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<b>SEK m</b>	<b>Q1 2020</b>	<b>Q1 2019</b>	<b>FY 2019</b>
Profit (loss) for the period	204	344	1,325
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit pension plans, net of tax	-47	-46	-69
	<b>-47</b>	<b>-46</b>	<b>-69</b>
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges, net of tax	-29	5	-30
Gains/losses from hedges of net investments in foreign operations, net of tax	-197	-27	-41
Exchange rate differences on translation of foreign operations	702	665	784
	<b>475</b>	<b>643</b>	<b>713</b>
<b>Other comprehensive income for the period</b>	<b>428</b>	<b>597</b>	<b>644</b>
<b>Total comprehensive income for the period</b>	<b>632</b>	<b>941</b>	<b>1,969</b>
<b>Total comprehensive income for the period attributable to Owners of the Parent Company</b>	<b>632</b>	<b>941</b>	<b>1,969</b>

## CONSOLIDATED BALANCE SHEET (IN SUMMARY)

SEK m	Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill and trademarks	19,769	18,786	18,875
Other intangible assets	4,696	4,642	4,560
Tangible assets	2,194	2,160	2,110
Right-of-use assets	622	513	623
Deferred tax assets	617	589	583
Derivatives, long-term	–	–	2
Other non-current assets	108	90	99
<b>Total non-current assets</b>	<b>28,006</b>	<b>26,780</b>	<b>26,852</b>
<b>Current assets</b>			
Inventories	3,397	3,873	2,957
Trade receivables	2,307	2,459	1,695
Current tax assets	80	97	74
Derivatives, short-term	98	83	36
Other current receivables	650	666	641
Prepaid expenses and accrued income	145	151	136
Cash and cash equivalents	4,196	3,363	4,289
<b>Total current assets</b>	<b>10,873</b>	<b>10,692</b>	<b>9,828</b>
<b>TOTAL ASSETS</b>	<b>38,879</b>	<b>37,472</b>	<b>36,681</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>	<b>17,995</b>	<b>16,970</b>	<b>17,363</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Liabilities to credit institutions, long-term	12,070	12,448	12,288
Deferred tax liabilities	1,952	2,004	1,895
Derivatives, long-term	27	–	–
Other non-current liabilities	168	163	165
Leasing liabilities, long-term	477	367	475
Provisions for pensions	920	798	821
Other provisions, long-term	199	218	198
<b>Total non-current liabilities</b>	<b>15,813</b>	<b>15,998</b>	<b>15,842</b>
<b>Current liabilities</b>			
Liabilities to credit institutions, short-term	995	909	–
Trade payables	1,813	1,616	1,414
Current tax liabilities	414	395	468
Advance payments from customers	26	33	20
Leasing liabilities, short-term	166	149	163
Derivatives, short-term	84	27	32
Other provisions, short-term	278	290	266
Other current liabilities	275	226	206
Accrued expenses and prepaid income	1,020	858	907
<b>Total current liabilities</b>	<b>5,071</b>	<b>4,504</b>	<b>3,476</b>
<b>TOTAL LIABILITIES</b>	<b>20,884</b>	<b>20,502</b>	<b>19,318</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>38,879</b>	<b>37,472</b>	<b>36,681</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IN SUMMARY)

SEK m	YTD 2020	YTD 2019	FY 2019
Opening balance for the period	17,363	16,029	16,029
Profit (loss) for the period	204	344	1,325
Other comprehensive income for the period	428	597	644
<b>Total comprehensive income for the period</b>	<b>632</b>	<b>941</b>	<b>1,969</b>
<b>Transactions with owners</b>			
Dividend paid to shareholders of the Parent Company	–	–	-636
<b>Total transactions with owners</b>	<b>–</b>	<b>–</b>	<b>-636</b>
<b>Closing balance for the period</b>	<b>17,995</b>	<b>16,970</b>	<b>17,363</b>

## CONSOLIDATED STATEMENT OF CASH FLOW

SEK m	Q1 2020	Q1 2019	FY 2019
<b>Cash flow from operating activities</b>			
Operating profit	389	618	2,338
<i>Adjustment for other non-cash items</i>			
Depreciation and amortization	208	200	817
Adjustments for other non-cash items	-44	-42	-29
<i>Changes in working capital</i>			
Changes in inventories	-272	25	970
Changes in trade receivables	-531	-690	81
Changes in trade payables	360	109	53
Changes in other working capital	145	-50	-148
Income tax paid	-162	-137	-529
<b>Net cash flow from operations</b>	<b>93</b>	<b>33</b>	<b>3,553</b>
<b>Cash flow from investments</b>			
Acquisition of operations, net of cash acquired	–	–	–
Investments in fixed assets	-74	-86	-361
Proceeds from sale of fixed assets	0	0	15
Other investing activities	1	-1	-2
<b>Net cash flow from investments</b>	<b>-73</b>	<b>-87</b>	<b>-348</b>
<b>Cash flow from financing</b>			
Borrowings from credit institutions	–	1,494	9,762
Repayment of loans to credit institutions	–	-54	-9,546
Payment of lease liabilities related to lease agreements	-44	-43	-166
Paid interest	-74	-81	-369
Received interest	1	1	8
Other financing activities	-14	-30	-96
Dividend paid to shareholders of the Parent Company	–	–	-636
<b>Net cash flow from financing</b>	<b>-132</b>	<b>1,287</b>	<b>-1,043</b>
<b>Cash flow for the period</b>	<b>-112</b>	<b>1,233</b>	<b>2,162</b>
Cash and cash equivalents at beginning of period	4,289	2,113	2,113
Exchange differences on cash and cash equivalents	19	17	14
<b>Cash and cash equivalents at end of period</b>	<b>4,196</b>	<b>3,363</b>	<b>4,289</b>



## PARENT COMPANY INCOME STATEMENT

SEK m	Q1 2020	Q1 2019	FY 2019
Administrative expenses	-51	-50	-185
Other operating income	53	51	185
<b>Operating profit</b>	<b>2</b>	<b>0</b>	<b>0</b>
Interest income subsidiaries	56	72	279
Interest expense subsidiaries	-	-	0
Other financial income and expenses	-436	-289	-732
<b>Profit (loss) from financial items</b>	<b>-380</b>	<b>-217</b>	<b>-453</b>
Group contributions	377	210	387
<b>Profit (loss) before tax</b>	<b>-1</b>	<b>-7</b>	<b>-66</b>
Taxes	0	-	12
<b>Profit (loss) for the period</b>	<b>-1</b>	<b>-7</b>	<b>-54</b>

## PARENT COMPANY BALANCE SHEET (IN SUMMARY)

SEK m	Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Shares in subsidiaries	16,228	16,228	16,228
Other non-current assets	6,306	5,779	5,844
<b>Total non-current assets</b>	<b>22,534</b>	<b>22,007</b>	<b>22,072</b>
<b>Current assets</b>			
Current assets	900	3,393	532
<b>Total current assets</b>	<b>900</b>	<b>3,393</b>	<b>532</b>
<b>TOTAL ASSETS</b>	<b>23,434</b>	<b>25,400</b>	<b>22,604</b>
<b>EQUITY</b>	<b>10,065</b>	<b>10,749</b>	<b>10,066</b>
<b>PROVISIONS</b>			
Other provisions	58	51	53
<b>Total provisions</b>	<b>58</b>	<b>51</b>	<b>53</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Non-current liabilities	12,074	12,448	12,288
<b>Total non-current liabilities</b>	<b>12,074</b>	<b>12,448</b>	<b>12,288</b>
<b>Current liabilities</b>			
Current liabilities	1,238	2,152	197
<b>Total current liabilities</b>	<b>1,238</b>	<b>2,152</b>	<b>197</b>
<b>TOTAL LIABILITIES</b>	<b>13,370</b>	<b>14,651</b>	<b>12,538</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>23,434</b>	<b>25,400</b>	<b>22,604</b>

# CONDENSED NOTES

## NOTE 1 | ACCOUNTING PRINCIPLES

Dometic Group AB (publ) and its subsidiaries (together “the Dometic Group”, “Dometic” or “the Group”) applies International Financial Reporting Standards (IFRS), as adopted by the EU. This consolidated Interim Financial Report has been prepared in accordance with IAS 34 ‘Interim Financial Reporting’.

The accounting and valuation principles in this interim report correspond to principles applied by the Group in the 2019 Annual Report and should be read in conjunction with that Annual Report, available at [www.dometic.com](http://www.dometic.com).

The Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities, issued by the Swedish Financial Reporting Board, have been applied for the Parent Company. The interim report comprises pages 1–16 and pages 1–9 are thus an integral part of this financial report (IAS 34.16A).

Totals quoted in tables and statements may not always be the exact sum of the individual items because of rounding differences. The aim is for each line item to correspond to its source, and rounding differences may therefore arise.

### New or amended accounting policies for 2020 adopted by the Group

A detailed description of the accounting and valuation principles for new or amended accounting policies for 2020 applied by the Group in this interim report can be found in Note 2.1.1 Changes in accounting policies, New or amended accounting policies for 2020, of the 2019 Annual Report.

## NOTE 2 | RISKS AND UNCERTAINTIES

Risks are part of any business and as a global Group with production and distribution all over the world Dometic faces risks that can impact its ability to achieve established strategic and other objectives, including financial targets.

Effective risk management of strategic, execution, compliance & regulatory and reporting risks creates opportunities and effective risk mitigation.

The key to effective risk management is identifying known risks and preparing for any unknown risks to which the Group is exposed. While mitigating risks usually comes at a cost, effective risk management adds value by establishing clear risk and process ownership combined with risk identification, assessment, prioritization and risk response i.e. risk mitigating actions as well as effective monitoring.

In line with Dometic’s established model for three lines of responsibility, Risk Management as part of the second line of responsibility constitutes an important role by providing and supporting management and the business operations with a risk framework including a risk management process and a risk universe for identification, assessment, and prioritization of risks, and for providing risk response i.e. risk mitigating actions as well as effective monitoring.

During the year, the risk framework was updated to increase the focus on strategic risks and to improve alignment with the Group strategic objectives and strategy toolbox for execution. Each defined tool in the strategy toolbox represents both risks and opportunities that, correctly managed, help the Group deliver on its strategy. Risks in the risk framework and especially the strategic risks are connected to the objectives defined for each of the three pillars in the Group strategy being; Profitable Expansion in Mobile Living, Product Leadership through Innovation and Continuous Cost Reductions.

The Risk Committee, which from 2019 comprises the members of Group management, holds meetings in connection with Group management meetings, during which significant time is dedicated to risk identification, risk assessment and discussion around risk response i.e. risk mitigating actions. Strategic risks are since 2019 primarily assessed via a top down approach by Group management, while execution, compliance & regulatory and

reporting risks are primarily assessed via a top down approach by Group management as well as via a bottom up approach by regional risk and process owners.

The Risk Committee discusses and makes decisions on risk mitigating actions and the members of Group management act as global risk and process owners as applicable. The work of the Risk Committee is regularly reported to the Audit Committee and annually to the Board of Directors.

With strategic, execution, compliance & regulatory and reporting risks identified and assessed annually in the fourth quarter, the results thereof in terms of an annual risk assessment with risk registers and risk maps help raise risk awareness and support management and the business operations at different levels of the organization in prioritization of risk mitigating actions. The annual risk assessment with risk registers and risk maps also serve as a foundation for the Group’s control functions, such as Internal Control and Internal Audit, for their prioritization of focus areas.

The risk framework includes a risk universe of risks that can impact Dometic’s ability to achieve established strategic and other objectives including financial targets. The risks to which Dometic is exposed to are classified into four main categories: strategic, execution, compliance & regulatory and reporting risks. Each main category has subcategories with defined underlying risks. Sustainability risks are integrated in the main categories and subcategories. Risks are mapped to strategic and other objectives including financial targets. Risk ownership is identified for each risk in the risk universe.

Strategic risks can impact Dometic’s ability to achieve strategic objectives including financial targets. Strategic risks are including external risk factors that could be political such as tariffs, climate change, weather related, disease outbreaks and risks related to competition and external crime. Execution risks are operational, commercial and financial risks associated with business operations. Compliance & Regulatory risks are both internal compliance to governing documents as well as external compliance to laws, rules and regulations. Reporting risks are risks associated with Dometic’s reporting, information and communication, both financial and non-financial.

In late 2019, a coronavirus was found in China that can spread to humans and cause the disease Covid-19. As a consequence, Dometic established a crisis management team to coordinate all activities related to the Covid-19 breakout. Dometic has taken proactive actions firstly to protect its employees, other stakeholders and financial position, and secondly to adjust operations in factories and offices. Dometic is actively working to reduce its cost base, adjust the entire business and have already implemented layoffs, furloughs and temporary work reductions across the organization.

The outbreak has had an impact on Dometic’s operations in the first quarter 2020. At the moment it is difficult to predict how the situation will develop over the coming months. Considering the close-down of main markets in April to reduce the spread of Covid-19, and the difficulties to assess when the markets will open up and how demand will be affected, Dometic expects that sales and profitability will be significantly affected in the second quarter of 2020.

Dometic’s risk and risk management are described on pages 69-71 and on pages 96-99 in the 2019 Annual Report, available at [www.dometic.com](http://www.dometic.com).

### NOTE 3 | FINANCIAL INSTRUMENTS

Dometic uses interest rate swaps to hedge senior facility term loans to move from a floating interest rate to a fixed interest rate. The Group also uses currency forward agreements to hedge part of its cash flow exposure.

The fair values of Dometic's derivative assets and liabilities were SEK 98 m (Q1 2019: SEK 83 m) and SEK 111 m (Q1 2019: SEK 27 m). The value of derivatives is based on published prices in an active market. No transfers between levels of the fair value hierarchy have occurred during the period.

For financial assets and liabilities other than derivatives, fair value is assumed to be equal to the carrying amount.

**TABLE TO NOTE 3 – FINANCIAL INSTRUMENTS**

Mar 31, 2020	Balance sheet carrying amount	Financial instruments at amortized cost	Financial instruments at fair value	Derivatives used for hedging
<b>Per category</b>				
Derivatives	98	–	12	86
Financial assets	7,261	7,261	–	–
<b>Total financial assets</b>	<b>7,359</b>	<b>7,261</b>	<b>12</b>	<b>86</b>
Derivatives	111	–	10	101
Financial liabilities	15,321	15,321	–	–
<b>Total financial liabilities</b>	<b>15,432</b>	<b>15,321</b>	<b>10</b>	<b>101</b>

**NOTE 4 | SEGMENT INFORMATION**

<b>SEK m</b>	<b>Q1 2020</b>	<b>Q1 2019</b>	<b>FY 2019</b>
<b>Net sales, external</b>			
<b>Americas</b>			
OEM	1,359	1,658	6,142
Aftermarket	659	583	3,183
Americas net sales, external	2,018	2,241	9,325
<b>EMEA</b>			
OEM	954	993	3,624
Aftermarket	858	986	3,848
EMEA net sales, external	1,812	1,979	7,472
<b>APAC</b>			
OEM	183	192	792
Aftermarket	187	238	914
APAC net sales, external	369	430	1,707
<b>Net sales, external</b>			
Americas	2,018	2,241	9,325
EMEA	1,812	1,979	7,472
APAC	369	430	1,707
<b>Total net sales, external</b>	<b>4,199</b>	<b>4,650</b>	<b>18,503</b>
<b>Operating profit (EBIT) before i.a.c.</b>			
Americas	93	259	1,096
EMEA	239	267	978
APAC	89	92	362
<b>Total operating profit (EBIT) before i.a.c.</b>	<b>421</b>	<b>618</b>	<b>2,435</b>
<b>Items affecting comparability</b>			
Americas	-25	-	-41
EMEA	-6	-	-51
APAC	-1	-	-5
<b>Total items affecting comparability</b>	<b>-32</b>	<b>-</b>	<b>-97</b>
<b>Operating profit (EBIT)</b>			
Americas	68	259	1,055
EMEA	234	267	926
APAC	88	92	357
<b>Total operating profit (EBIT)</b>	<b>389</b>	<b>618</b>	<b>2,338</b>
Financial income	5	5	14
Financial expenses	-104	-132	-522
Taxes	-86	-147	-505
<b>Profit (loss) for the period</b>	<b>204</b>	<b>344</b>	<b>1,325</b>

<b>SEK m</b>	<b>Q1 2020</b>	<b>Q1 2019</b>	<b>FY 2019</b>
<b>Net sales, external</b>			
<b>Americas<sup>(1)</sup></b>			
Food & Beverage	375	449	1,681
Climate	719	839	3,632
Power & Control	600	656	2,464
Other applications	324	297	1,548
Americas net sales, external	2,018	2,241	9,325
<b>EMEA</b>			
Food & Beverage	627	709	2,695
Climate	879	991	3,672
Power & Control	157	148	566
Other applications	149	130	538
EMEA net sales, external	1,812	1,979	7,472
<b>APAC</b>			
Food & Beverage	186	210	839
Climate	146	174	690
Power & Control	4	9	31
Other applications	33	38	147
APAC net sales, external	369	430	1,707
<b>Net sales, external</b>			
Americas	2,018	2,241	9,325
EMEA	1,812	1,979	7,472
APAC	369	430	1,707
<b>Total net sales, external</b>	<b>4,199</b>	<b>4,650</b>	<b>18,503</b>

<sup>1)</sup> Q1 2019 Net sales by Application Area for Americas include restated numbers for Climate Control (SEK - 26.6 m) Power & Control (SEK +166.2 m) and Other applications (SEK -139.6 m). Full year 2019 Net sales by application area for Americas include restated numbers for Climate Control (SEK - 128 m) Power & Control (SEK +903.7 m) and Other applications (SEK -775.7 m). Reason for re-statement is to provide comparability between the years, as there has been a reclassification of certain product groups in Americas 2020.

Segment performance for each region is primarily assessed based on net sales and operating profit. Information for each region is based on where customers are located. Management follow-up is based on the integrated result in each segment. For further information, please refer to Note 5 of the 2019 Annual Report. As part of the strategic repositioning of Dometic presented on May 28, 2019, Dometic identified four application areas. As of Q1 2020, regions will remain as segments and net sales will be reported by region, by application area and by sales channels.

Inter-segment sales were as follows.

<b>SEK m</b>	<b>Q1 2020</b>	<b>Q1 2019</b>	<b>FY 2019</b>
Americas	110	112	363
EMEA	98	101	359
APAC	557	662	2,369
<b>Eliminations</b>	<b>765</b>	<b>875</b>	<b>3,092</b>

## NOTE 5 | ITEMS AFFECTING COMPARABILITY

<b>SEK m</b>	<b>Q1 2020</b>	<b>Q1 2019</b>	<b>FY 2019</b>
Global restructuring program	-23	-	-116
Other	-9	-	19
<b>Total</b>	<b>-32</b>	<b>-</b>	<b>-97</b>



The table below lists items affecting comparability by function and other operating income and expenses.

SEK m	Global restructuring program			Other			Total		
	Q1 2020	Q1 2019	FY 2019	Q1 2020	Q1 2019	FY 2019	Q1 2020	Q1 2019	FY 2019
Cost of goods sold	-19	-	-113	-	-	-	-19	-	-113
Sales expenses	-1	-	-	-	-	-	-1	-	-
Administrative expenses	-3	-	-3	-	-	-	-3	-	-3
Other operating income and expenses	-	-	-	-9	-	19	-9	-	19
<b>Total</b>	<b>-23</b>	<b>-</b>	<b>-116</b>	<b>-9</b>	<b>-</b>	<b>19</b>	<b>-32</b>	<b>-</b>	<b>-97</b>

## NOTE 6 | AMORTIZATION OF ACQUISITION-RELATED INTANGIBLE ASSETS BY FUNCTION

SEK m			Amortization of	Amortization of	Amortization of	Total
			Customer Relationship Assets	Technology	intellectual property	
Cost of goods sold	Q1	2020	-	-	-6	-18
	Q1	2019	-	-	-6	-17
	FY	2019	-	-	-23	-70
Sales expenses	Q1	2020	-13	-47	-	-60
	Q1	2019	-14	-44	-	-59
	FY	2019	-49	-185	-	-234
Total Amortization of acquisition-related intangible assets	Q1	2020	-13	-47	-6	-77
	Q1	2019	-14	-44	-6	-76
	FY	2019	-49	-185	-23	-303

## NOTE 7 | RIGHT-OF-USE ASSETS

Right-of-use assets information is specified below: Total depreciation and amortization of SEK -208 m (-200) includes depreciation of right-of-use assets of SEK -46 m (-42) for Q1 2020.

SEK m	Depreciation and amortization		
	Q1 2020	Q1 2019	FY 2019
Depreciation and amortization	-208	-200	-817
Add back depreciation related to right-of-use assets	46	42	180
<b>Total</b>	<b>-161</b>	<b>-158</b>	<b>-637</b>

SEK m	Right-of-use assets		
	Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
Buildings	572	469	573
Machinery, equipment and other technical installations	50	44	50
<b>Total</b>	<b>622</b>	<b>513</b>	<b>623</b>

## NOTE 8 | TRANSACTIONS WITH RELATED PARTIES

No transactions between Dometic and related parties that have significantly affected the company's position and earnings took place in Q1 2020.

## NOTE 9 | ACQUISITIONS AND DIVESTMENTS

Dometic has not made any acquisitions or divestments during Q1 2020.

Dometic has not made any acquisitions or divestments during 2019. The purchase price allocation of Kampa was considered as final. No changes have been made.

## NOTE 10 | SIGNIFICANT EVENTS AFTER THE PERIOD

At the 2020 Annual Shareholders Meeting held on April 7, Fredrik Cappelen was re-elected as member and Chairman of the Board of Directors. Magnus Yngen, Heléne Vibbleus, Peter Sjölander, Erik Olsson, Jacqueline Hoogerbrugge and Rainer Schmückle were re-elected as members of the Board of Directors. The proposal of no dividend payout and that retained earnings shall be carried forward was approved. The Board's remuneration for 2020 remains unchanged compared with 2019.

Peter Kruk, President region EMEA, decided to leave Dometic for another external assignment.

Due to the corona pandemic, the full implementation of the organizational change communicated in February 2020 will be postponed until the first quarter 2021.

Dometic has reached an amended financing agreement with its bank group. According to Dometic's current assessment, this amended financing agreement creates the necessary flexibility and covenant headroom for the coming four quarters.

There have been no other significant events that have impacted the financial reporting after the balance sheet date.

## RECONCILIATION OF NON-IFRS MEASURES TO IFRS (ALTERNATIVE PERFORMANCE MEASURES)

Dometic presents some financial measures in this interim report, which are not defined by IFRS. The company believes that these measures provide valuable additional information to investors and management for evaluating the company's financial performance, financial position and trends in the company's operations. It should be noted that these measures, as defined, may not be comparable to similarly titled measures used by other companies. These non-IFRS measures should not be considered as substitutes for financial reporting measures prepared in accordance with IFRS. See Dometic's website [www.dometic.com](http://www.dometic.com) for a detailed reconciliation.

<b>Core working capital</b>	Consists of inventories and trade receivables less trade payables.
<b>EBITDA</b>	Operating profit (EBIT) before Depreciation and Amortization. Depreciation also includes depreciation of right-of-use assets as of January 1, 2019, when IFRS 16 Leases came into effect.
<b>EBITDA margin</b>	EBITDA divided by net sales.
<b>Leverage</b>	Net debt excluding pensions, leasing and accrued interest in relation to EBITDA before items affecting comparability and including acquisitions proforma. Any cash deposits with tax authorities are treated as cash in leverage calculation.
<b>Net debt</b>	Total borrowings including pensions and accrued interest less cash and cash equivalents.
<b>Operating cash flow</b>	Cash flow from operations after investments in fixed assets excluding income tax paid.
<b>Organic growth</b>	Sales growth excluding acquisitions/divestments and currency translation effects. Quarters are calculated at comparable currency, applying latest period average rate.
<b>RoOC – Return on Operating Capital</b>	Operating profit (EBIT) divided by operating capital. Based on the operating profit (EBIT) for the four previous quarters, divided by the average operating capital for the previous four quarters, excluding goodwill and trademarks for the previous quarter.

## DEFINITIONS AND KEY RATIOS

<b>AM</b>	Aftermarket.
<b>Capital expenditure</b>	Expenses related to the purchase of tangible and intangible assets.
<b>CPV</b>	Commercial and Passenger Vehicles.
<b>EPS – Earnings per share</b>	Net profit for the period divided by average number of shares.
<b>FY 2019</b>	Financial Year ended December 31, 2019.
<b>i.a.c. – items affecting comparability</b>	Items affecting comparability are events or transactions with significant financial effects, which are relevant for understanding the financial performance when comparing profit for the current period with previous periods. Items included are for example restructuring programs, expenses related to major revaluations, gains and losses from acquisitions or disposals of subsidiaries.
<b>Interest-bearing debt</b>	Liabilities to credit institutions plus liabilities to related parties plus provisions for pensions.
<b>LTM</b>	Last twelve months.
<b>Net profit</b>	Profit (loss) for the period.
<b>OCI</b>	Other Comprehensive Income.
<b>OEM</b>	Original Equipment Manufacturers.
<b>Operating capital excluding goodwill and trademarks</b>	Interest-bearing debt plus equity less cash and cash equivalents, excluding goodwill and trademarks.
<b>Operating profit (EBIT)</b>	Operating profit (EBIT) before financial items and taxes.
<b>Operating profit (EBIT) margin</b>	Operating profit (EBIT) divided by net sales.
<b>RV</b>	Recreational Vehicles.
<b>Q1 2020</b>	January to March 2020 for Income Statement.
<b>Q1 2019</b>	January to March 2019 for Income Statement.
<b>Working capital</b>	Core working capital plus other current assets less other current liabilities and provisions relating to operations.
<b>YTD 2020</b>	Year to date. January to March 2020 for Income statement.
<b>YTD 2019</b>	Year to date. January to March 2019 for Income statement.

## PRESENTATION OF THE INTERIM REPORT

Analysts and media are invited to participate in a telephone conference at 10.00 (CEST), April 24, 2020, during which President and CEO, Juan Vargues and CFO, Stefan Fristedt, will present the report and answer questions. To participate in the webcast/telephone conference, please dial in five minutes prior to the start of the conference call. The webcast URL and presentation are available at [www.dometic.com](http://www.dometic.com)

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*This document is a translation of the Swedish version of the interim report. In the event of any discrepancy, the Swedish wording shall prevail.*

### DISCLAIMER

Some statements herein are forward-looking and the actual outcome could be materially different. In addition to the factors explicitly commented upon, the actual outcome could be materially affected by other factors, (a) changes in economic, market and competitive conditions, (b) success of business and operating initiatives, (c) changes in the regulatory environment and other government actions, (d) fluctuations in exchange rates and (e) business risk management.

### ABOUT DOMETIC

Dometic is a global market leader in branded solutions for mobile living in the areas of Food & Beverage, Climate, Power & Control and Other Applications. Dometic operates in the Americas, EMEA and APAC, providing products for use in recreational vehicles, pleasure and workboats, trucks and premium cars, and for a variety of other uses. Our motivation is to create smart and reliable products with outstanding design. We have a global distribution and dealer network in place to serve the aftermarket. Dometic employs approximately 7,200 people worldwide, had net sales of SEK 18.5 billion in 2019 and is headquartered in Stockholm, Sweden.

### FINANCIAL CALENDAR

**JULY 16, 2020:** Interim report for the second quarter 2020

**OCTOBER 23, 2020:** Interim report for the third quarter 2020