

QUARTERLY REPORT

Q2 2020

Solna, July 16, 2020

SECOND QUARTER 2020

- Net sales for the quarter were 3,329 m (5,329); a decrease of -38%, of which -38% was organic growth.
- Operating profit before depreciation and amortization (EBITDA) for the quarter was SEK 504 m (1,100), representing a margin of 15.1% (20.6%).
- Operating profit (EBIT) before items affecting comparability for the quarter was SEK 361 m (900), representing a margin of 10.9% (16.9%).
- Items affecting comparability for the quarter were SEK -61 m (-), of which SEK -61 m related to restructuring costs for the quarter from the global restructuring program.
- Operating profit (EBIT) for the quarter was SEK 300 m (900), representing a margin of 9.0% (16.9%).
- Cash flow for the quarter was SEK 2,031 m (-742). Operating cash flow was SEK 311 m (1,417).
- Profit for the quarter was SEK 125 m (562).
- Earnings per share for the quarter were SEK 0.42 (1.90).

FIRST SIX MONTHS 2020

- Net sales for the period were SEK 7,527 m (9,979); a decrease of -25%, of which -27% was organic growth.
- Operating profit before depreciation and amortization (EBITDA) for the period was SEK 1,100 m (1,918), representing a margin of 14.6% (19.2%).
- Operating profit (EBIT) before items affecting comparability for the period was SEK 783 m (1,518), representing a margin of 10.4% (15.2%).
- Items affecting comparability for the period were SEK -93 m (-), of which SEK -84 m related to restructuring costs for the period from the global restructuring program.
- Operating profit (EBIT) for the period was SEK 690 m (1,518), representing a margin of 9.2% (15.2%).
- Cash flow for the period was SEK 1,919 m (492). Operating cash flow was SEK 491 m (1,502).
- Profit for the period was SEK 330 m (906).
- Earnings per share for the period were SEK 1.12 (3.06).

FINANCIAL OVERVIEW

SEK m	Q2	Q2	H1	H1	LTM	FY
	2020	2019	2020	2019	2020	2019
Net sales	3,329	5,329	7,527	9,979	16,052	18,503
EBITDA	504	1,100	1,100	1,918	2,338	3,155
% of net sales	15.1%	20.6%	14.6%	19.2%	14.6%	17.1%
Operating profit (EBIT) before items affecting comparability ⁽¹⁾	361	900	783	1,518	1,699	2,435
% of net sales	10.9%	16.9%	10.4%	15.2%	10.6%	13.2%
Operating profit (EBIT)	300	900	690	1,518	1,509	2,338
% of net sales	9.0%	16.9%	9.2%	15.2%	9.4%	12.6%
Profit for the period	125	562	330	906	749	1,325
Earnings per share, SEK	0.42	1.90	1.12	3.06	2.53	4.48
Cash flow for the period	2,031	-742	1,919	492	3,588	2,162
Operating cash flow ⁽²⁾	311	1,417	491	1,502	2,709	3,721
Core working capital	3,828	4,408	3,828	4,408	3,828	3,238
Investments in fixed assets	-43	-90	-117	-176	-302	-361
RoOC	19.4%	30.0%	19.4%	30.0%	19.4%	28.3%

⁽¹⁾See Note 5 Items affecting comparability.

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



CEO COMMENTS

The second quarter was extraordinary in many ways. The measures that were put in place in the first quarter when the spread of the COVID-19 started continued also in the second quarter with adapting our organization to the new conditions and actively working to ensure that we take Dometic through the pandemic in the best possible way. After the first half of the quarter with entire countries closed down, we have seen markets and businesses gradually opening up faster than expected since the middle of May.

Our efforts during the past years to build an even more diversified company with increased aftermarket focus have proven to be important during the quarter. Total net sales growth was -38 percent and estimated net sales impact due to COVID-19 was around SEK -1,9 billion in the quarter. Aftermarket held up better than OEM despite weeks of store lockdown and developed strongly in June. Our rapid and decisive actions to reduce our costs, in combination with structural efficiency measures implemented previous quarters, helped us to achieve an EBIT margin before items affecting comparability of 10.9 percent. Included in EBIT was the positive impact from the release of other non-current liability related to a potential earn-out regarding the Kampa acquisition of SEK 98 m. Excluding this, the EBIT margin was 8.0 percent, despite an impact due to COVID-19 of around SEK -600 million and a gross tariff impact of SEK -33 million.

Accelerating the implementation of our strategy is key, and we have continued to drive strategic initiatives across the organization. The SKU reduction reached 39 percent and the innovation index improved to 18 percent by the end of the quarter, bringing us closer to our targets of 40 percent and 25 percent respectively. The global restructuring program is making good progress and during the second quarter additional 3 sites and around 230 employees were affected.

The market recovery as a result of eased restrictions shows that people are eager to discover the outdoor lifestyle and that our offering is relevant and appreciated by our customers. From a growth perspective, we have accelerated a number of initiatives to make sure that we are well positioned to capture the many opportunities both short term and in the coming years. We continue to develop our organization with focus on Outdoor and we have broadened our offering during the quarter to further benefit from the staycation trend. Including the recent activities we have introduced more than 600 new outdoor products mainly in Pacific and Americas and won several brand and product awards over the last 12 months. In addition, we have seen especially strong e-commerce development in the US while also launching B2C on-line stores in Australia and in nine EMEA markets.

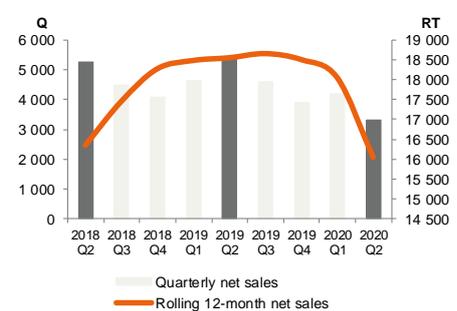
During the period, we strengthened our financial position with an EKN-backed credit facility of SEK 2 billion with a three year maturity. Additionally, the operating cash flow was good considering the circumstances in the market.

Today, it is difficult to predict how the situation will develop over the coming months. We estimate that net sales and operating profit will continue to be negatively affected by the COVID-19 pandemic, although to a much lesser extent than what we saw during second quarter.

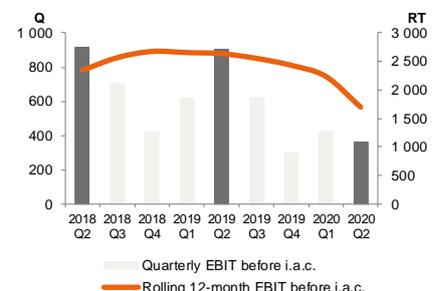
We are confident about the long-term positive trends in the Mobile Living industry and the opportunities for acquisitive growth, and we remain fully committed to deliver on our strategic direction to take Dometic to the next level.

Juan Vargues, President and CEO

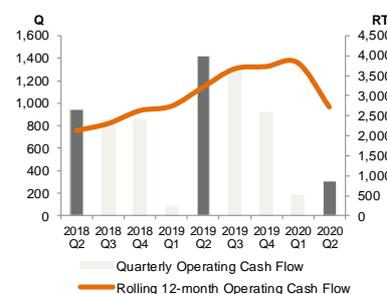
Net Sales, SEK m



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



Operating cash flow, SEK m



FINANCIAL SUMMARY – SECOND QUARTER 2020

Net sales were SEK 3,329 m (5,329), a decrease of -38% compared with the same quarter last year. This comprised -38% organic growth, +0% currency translation and 0% M&A. The impact due to COVID-19 was around SEK -1.9 bn.

Operating profit before depreciation and amortization (EBITDA) was SEK 504 m (1,100). The EBITDA margin was 15.1% (20.6%).

Operating profit (EBIT) before items affecting comparability was SEK 361 m (900). The EBIT margin before items affecting comparability was 10.9% (16.9%). The impact due to COVID-19 was around SEK -600 m and the gross impact from tariffs was SEK -33 m (-55). EBIT was positively affected by the release of other non-current liability related to a potential earn-out regarding the Kampa acquisition of SEK 98 m.

Items affecting comparability totaled SEK -61 m (-), of which SEK -61 m related to restructuring costs for the quarter from the global restructuring program.

Operating profit (EBIT) was SEK 300 m (900). The EBIT margin was 9.0% (16.9%).

Financial items totaled a net amount of SEK -132 m (-138), including SEK -93 m (-112) in interest on external bank loans. Other FX revaluations and other items amounted to SEK -39 m (-28) and financial income amounted to SEK 0 m (2).

Taxes totaled SEK -43 m (-200), corresponding to 25% (26%) of profit before tax. Current tax amounted to SEK -118 m (-201) and deferred tax to SEK 75 m (1). Paid tax of 32% (25%) was higher compared with the same quarter last year, mainly related to an internal transfer of intangible assets.

Profit for the quarter was SEK 125 m (562).

Earnings per share for the quarter were SEK 0.42 (1.90).

Operating cash flow for the quarter was SEK 311 m (1,417).

Cash flow for the quarter was SEK 2,031 m (-742). The second quarter was impacted by the EKN-backed credit facility.

Financial position. Leverage was 3.1x (2.8x) at the end of the second quarter 2020.

Global restructuring program. During the quarter, total costs relating to the global restructuring program amounted to SEK -61 m (-).

FINANCIAL SUMMARY – FIRST SIX MONTHS 2020

Net sales were SEK 7,527 m (9,979), a decrease of -25% compared with the same period last year. This comprised -27% organic growth, +2% currency translation and 0% M&A. The impact due to COVID-19 was around SEK -2.3 bn.

Operating profit before depreciation and amortization (EBITDA) was SEK 1,100 m (1,918). The EBITDA margin was 14.6% (19.2%).

Operating profit (EBIT) before items affecting comparability was SEK 783 m (1,518). The EBIT margin before items affecting comparability was 10.4% (15.2%). The impact due to COVID-19 was around SEK -720 m and the gross impact from tariffs was SEK -109 m (-92). EBIT was positively affected by the release of other non-current liability related to a potential earn-out regarding the Kampa acquisition of SEK 98 m.

Items affecting comparability totaled SEK -93 m (-), of which SEK -84 m related to restructuring costs for the period from the global restructuring program.

Operating profit (EBIT) was SEK 690 m (1,518). The EBIT margin was 9.2% (15.2%).

Financial items totaled a net amount of SEK -230 m (-265), including SEK -204 m (-221) in interest on external bank loans. Other FX revaluations and other items amounted to SEK -32 m (-51) and financial income amounted to SEK 6 m (7).

Taxes totaled SEK -129 m (-346), corresponding to 28% (28%) of profit before tax. Current tax amounted to SEK -192 m (-310) and deferred tax to SEK 62 m (-36). Paid tax of 46% (26%) was higher compared with the same period last year, mainly related to the Group's tax paying position in Canada, but also to an internal transfer of intangible assets.

Profit for the period was SEK 330 m (906).

Earnings per share for the period were SEK 1.12 (3.06).

Operating cash flow for the period was SEK 491 m (1,502).

Cash flow for the period was SEK 1,919 m (492). The second quarter was impacted by the EKN backed credit facility.

Global restructuring program. During the period, total costs relating to the global restructuring program amounted to SEK -84 m (-).

Significant events after the period. There were no significant events after the period.

AMERICAS

SECOND QUARTER 2020 NET SALES AND OPERATING PROFIT (EBIT)

Americas reported net sales of SEK 1,553 m (2,603), representing 47% of Group net sales. Total growth was -40%, of which -41% was organic growth, 1% currency translation and 0% M&A. All application areas reported negative sales growth as a consequence of the shutdowns of various types during the quarter to reduce the spread of COVID-19. There was good sales growth for mobile cooling.

Operating profit (EBIT) before items affecting comparability was SEK 124 m (398), representing a margin of 8.0% (15.3%). Items affecting comparability totaled SEK -23 m (-) and related to restructuring measures implemented during the quarter. Operating profit (EBIT) was SEK 101 m (398). The gross impact from tariffs was SEK -33 m (-55) in the quarter.

EMEA

SECOND QUARTER 2020 NET SALES AND OPERATING PROFIT (EBIT)

EMEA reported net sales of SEK 1,455 m (2,313), representing 44% of Group net sales. Total growth was -37%, of which -37% was organic growth, 0% currency translation and 0% M&A. All application areas reported negative sales growth as a consequence of the shutdowns of various types during the quarter to reduce the spread of COVID-19.

Operating profit (EBIT) before items affecting comparability was SEK 190 m (411), representing a margin of 13.1% (17.8%). Items affecting comparability totaled SEK -16 m (-) and related to restructuring measures implemented during the quarter. Operating profit (EBIT) was SEK 174 m (411).

APAC

SECOND QUARTER 2020 NET SALES AND OPERATING PROFIT (EBIT)

APAC reported net sales of SEK 321 m (413), representing 9% of Group net sales. Total growth was -22%, of which -21% was organic growth, -1% currency translation and 0% M&A. All application areas reported negative sales growth as a consequence of the shutdowns of various types during the quarter to reduce the spread of COVID-19.

Operating profit (EBIT) before items affecting comparability was SEK 47 m (91), representing a margin of 14.7% (22.0%). Items affecting comparability totaled SEK -22 m (-) and related to restructuring measures implemented during the quarter. Operating profit (EBIT) was SEK 25 m (91).

SEK m	Q2	Q2	Change (%)		H1	H1	Change (%)		LTM	FY
	2020	2019	Rep.	Adj. ⁽¹⁾	2020	2019	Rep.	Adj. ⁽¹⁾	2020	2019
Americas	1 553	2 603	-40%	-41%	3 570	4 844	-26%	-29%	8 052	9 325
EMEA	1 455	2 313	-37%	-37%	3 267	4 291	-24%	-25%	6 448	7 472
APAC	321	413	-22%	-21%	690	844	-18%	-18%	1 553	1 707
Net sales	3 329	5 329	-38%	-38%	7 527	9 979	-25%	-26%	16 052	18 503
Americas	124	398	-69%	-69%	217	657	-67%	-68%	656	1 096
EMEA	190	411	-54%	-54%	431	679	-37%	-69%	730	978
APAC	47	91	-48%	-49%	136	182	-25%	14%	316	362
Operating profit (EBIT) before i.a.c.⁽²⁾	361	900	-60%	-60%	783	1 518	-48%	-86%	1 699	2 435
Americas	8,0%	15,3%			6,1%	13,6%			8,1%	11,8%
EMEA	13,1%	17,8%			13,2%	15,8%			11,3%	13,1%
APAC	14,7%	22,0%			19,7%	21,6%			20,3%	21,2%
Operating profit (EBIT) % before i.a.c.⁽²⁾	10,9%	16,9%			10,4%	15,2%			10,6%	13,2%

⁽¹⁾Represents change in comparable currency. ⁽²⁾Before items affecting comparability.

PARENT COMPANY DOMETIC GROUP AB (PUBL)

Second 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 4 m (-3), including administrative expenses of SEK -47 m (-60) and other operating income of SEK 51 m (57), of which the full amount relates to income from subsidiaries.

Profit (loss) from financial items totaled SEK 227 m (-114), including interest income from subsidiaries of SEK 46 m (76), interest expense to subsidiaries of SEK - m (-) and other financial income and expenses of SEK 182 m (-190).

Profit (loss) for the quarter amounted to SEK -5 m (-4).

First six months 2020

For the period, the Parent Company had an operating profit (loss) of SEK 5 m (-2), including administrative expenses of SEK -98 m (-110) and other operating income of SEK 104 m (108), of which the full amount relates to income from subsidiaries.

Profit (loss) from financial items totaled SEK -152 m (-331), including interest income from subsidiaries of SEK 102 m (148), interest expense to subsidiaries of SEK - m (-) and other financial income and expenses of SEK -254 m (-480).

Profit (loss) for the period amounted to SEK -6 m (-11).

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

Solna, July 16, 2020

Juan Vargues
President and CEO

SIGNATURES OF THE BOARD OF DIRECTORS

The Board of Directors and the President and CEO certify that the interim report gives a true and fair overview of the Parent Company's and the Group's operations, their financial position and results of operations, and describes the significant risks and uncertainties facing the Parent Company and other companies in the Group.

Solna, July 16, 2020

Fredrik Cappelen
Chairman of the Board

Helène Vibbleus
Board member

Rainer E. Schmückle
Board member

Jacqueline Hoogerbrugge
Board member

Magnus Yngen
Board member

Erik Olsson
Board member

Peter Sjölander
Board member

Juan Vargues
President and CEO

REVIEW

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

CONSOLIDATED INCOME STATEMENT

SEK m	Q2	Q2	H1	H1	FY
	2020	2019	2020	2019	2019
Net sales	3,329	5,329	7,527	9,979	18,503
Cost of goods sold	-2,297	-3,521	-5,178	-6,709	-12,504
Gross Profit	1,031	1,808	2,350	3,270	5,999
Sales expenses	-467	-626	-1,064	-1,189	-2,411
Administrative expenses	-216	-232	-468	-453	-918
Other operating income and expenses	90	24	119	40	68
Items affecting comparability	-61	-	-93	-	-97
Amortization of acquisition-related intangible assets	-76	-74	-153	-150	-303
Operating profit	300	900	690	1,518	2,338
Financial income	0	2	6	7	14
Financial expenses	-132	-140	-236	-272	-522
Net financial expenses	-132	-138	-230	-265	-508
Profit (loss) before tax	169	761	460	1,252	1,830
Taxes	-43	-200	-129	-346	-505
Profit (loss) for the period	125	562	330	906	1,325
Profit (loss) for the period attributable to owners of the Parent Company	125	562	330	906	1,325
Earnings per share before and after dilution, SEK	0.42	1.90	1.12	3.06	4.48
Average number of shares before and after dilution, million	295.8	295.8	295.8	295.8	295.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Q2	Q2	H1	H1	FY
	2020	2019	2020	2019	2019
Profit (loss) for the period	125	562	330	906	1,325
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit pension plans, net of tax	-83	-37	-131	-82	-69
	-83	-37	-131	-82	-69
Items that may be reclassified subsequently to profit or loss:					
Cash flow hedges, net of tax	-52	-39	-81	-34	-30
Gains/losses from hedges of net investments in foreign operations, net of tax	170	-85	-27	-113	-41
Exchange rate differences on translation of foreign operations	-885	47	-184	712	784
	-767	-77	-292	565	713
Other comprehensive income for the period	-851	-114	-423	483	644
Total comprehensive income for the period	-725	448	-93	1,389	1,969
Total comprehensive income for the period attributable to Owners of the Parent Company	-725	448	-93	1,389	1,969

CONSOLIDATED BALANCE SHEET (IN SUMMARY)

SEK m	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
ASSETS			
Non-current assets			
Goodwill and trademarks	18,804	18,801	18,875
Other intangible assets	4,376	4,620	4,560
Tangible assets	2,024	2,152	2,110
Right-of-use assets	546	487	623
Deferred tax assets	636	510	583
Derivatives, long-term	–	–	2
Other non-current assets	106	93	99
Total non-current assets	26,492	26,663	26,852
Current assets			
Inventories	3,263	3,483	2,957
Trade receivables	2,154	2,576	1,695
Current tax assets	68	92	74
Derivatives, short-term	16	39	36
Other current receivables	649	666	641
Prepaid expenses and accrued income	155	135	136
Cash and cash equivalents	6,190	2,618	4,289
Total current assets	12,495	9,610	9,828
TOTAL ASSETS	38,987	36,273	36,681
EQUITY AND LIABILITIES			
EQUITY	17,270	16,782	17,363
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions, long-term	13,339	12,301	12,288
Deferred tax liabilities	1,834	1,905	1,895
Derivatives, long-term	21	–	–
Other non-current liabilities	58	159	165
Leasing liabilities, long-term	419	326	475
Provisions for pensions	958	841	821
Other provisions, long-term	217	200	198
Total non-current liabilities	16,846	15,732	15,842
Current liabilities			
Liabilities to credit institutions, short-term	996	–	–
Trade payables	1,588	1,652	1,414
Current tax liabilities	438	403	468
Advance payments from customers	40	27	20
Leasing liabilities, short-term	150	167	163
Derivatives, short-term	73	21	32
Other provisions, short-term	288	296	266
Other current liabilities	325	262	206
Accrued expenses and prepaid income	973	931	907
Total current liabilities	4,871	3,759	3,476
TOTAL LIABILITIES	21,717	19,491	19,318
TOTAL EQUITY AND LIABILITIES	38,987	36,273	36,681

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IN SUMMARY)

SEK m	H1 2020	H1 2019	FY 2019
Opening balance for the period	17,363	16,029	16,029
Profit (loss) for the period	330	906	1,325
Other comprehensive income for the period	-423	483	644
Total comprehensive income for the period	-93	1,389	1,969
Transactions with owners			
Dividend paid to shareholders of the Parent Company	-	-636	-636
Total transactions with owners	-	-636	-636
Closing balance for the period	17,270	16,782	17,363

CONSOLIDATED STATEMENT OF CASH FLOW

SEK m	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019
Cash flow from operating activities					
Operating profit	300	900	690	1,518	2,338
<i>Adjustment for other non-cash items</i>					
Depreciation and amortization	203	200	411	400	817
Adjustments for other non-cash items	-163	10	-207	-32	-29
<i>Changes in working capital</i>					
Changes in inventories	-61	387	-333	413	970
Changes in trade receivables	48	-117	-483	-807	81
Changes in trade payables	-76	85	283	194	53
Changes in other working capital	103	42	248	-8	-148
Income tax paid	-51	-191	-213	-328	-529
Net cash flow from operations	303	1,316	395	1,350	3,553
Cash flow from investments					
Acquisition of operations, net of cash acquired	-	-	-	-	-
Investments in fixed assets	-43	-90	-117	-176	-361
Proceeds from sale of fixed assets	-1	11	0	12	15
Other investing activities	-2	0	-1	-2	-2
Net cash flow from investments	-46	-79	-118	-166	-348
Cash flow from financing					
Borrowings from credit institutions	2,000	3,208	2,000	4,702	9,762
Repayment of loans to credit institutions	-	-4,419	-	-4,473	-9,546
Payment of lease liabilities related to lease agreements	-41	-35	-85	-77	-166
Paid interest	-153	-94	-227	-175	-369
Received interest	0	1	1	2	8
Other financing activities	-33	-4	-47	-34	-96
Dividend paid to shareholders of the Parent Company	-	-636	-	-636	-636
Net cash flow from financing	1,774	-1,979	1,642	-692	-1,043
Cash flow for the period	2,031	-742	1,919	492	2,162
Cash and cash equivalents at beginning of period	4,196	3,363	4,289	2,113	2,113
Exchange differences on cash and cash equivalents	-37	-3	-18	13	14
Cash and cash equivalents at end of period	6,190	2,618	6,190	2,618	4,289

PARENT COMPANY INCOME STATEMENT

SEK m	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019
Administrative expenses	-47	-60	-98	-110	-185
Other operating income	51	57	104	108	185
Operating profit	4	-3	5	-2	0
Interest income subsidiaries	46	76	102	148	279
Interest expense subsidiaries	-	-	-	-	0
Other financial income and expenses	182	-190	-254	-480	-732
Profit (loss) from financial items	227	-114	-152	-331	-453
Group contributions	-236	113	141	323	387
Profit (loss) before tax	-5	-4	-6	-11	-66
Taxes	-	-	0	-	12
Profit (loss) for the period	-5	-4	-6	-11	-54

PARENT COMPANY BALANCE SHEET (IN SUMMARY)

SEK m	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
ASSETS			
Non-current assets			
Shares in subsidiaries	16,228	16,228	16,228
Other non-current assets	5,873	5,778	5,844
Total non-current assets	22,101	22,006	22,072
Current assets			
Current assets	2,540	635	532
Total current assets	2,540	635	532
TOTAL ASSETS	24,641	22,641	22,604
EQUITY	10,060	10,108	10,066
PROVISIONS			
Other provisions	61	56	53
Total provisions	61	56	53
LIABILITIES			
Non-current liabilities			
Non-current liabilities	13,339	12,301	12,288
Total non-current liabilities	13,339	12,301	12,288
Current liabilities			
Current liabilities	1,181	175	197
Total current liabilities	1,181	175	197
TOTAL LIABILITIES	14,582	12,532	12,538
TOTAL EQUITY AND LIABILITIES	24,641	22,641	22,604

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.

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 available at www.dometic.com.

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 pandemic. 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, adapt the entire business and has already implemented layoffs, furloughs and temporary work reductions across the organization.

The pandemic has had an impact on Dometic’s operations in 2020. At the moment it is difficult to predict how the situation will develop over the coming months. Considering the difficulties of assessing the market situation, Dometic expects that sales and profitability will be negatively affected in the third 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.

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 16 m (Q2 2019: SEK 39 m) and SEK 94 m (Q2 2019: SEK 21 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

Jun 30, 2020	Balance sheet carrying amount	Financial instruments at amortized cost	Financial instruments at fair value	Derivatives used for hedging
Per category				
Derivatives	16	–	6	10
Financial assets	9,099	9,099	–	–
Total financial assets	9,114	9,099	6	10
Derivatives	94	–	1	93
Financial liabilities	16,306	16,306	–	–
Total financial liabilities	16,400	16,306	1	93

NOTE 4 | SEGMENT INFORMATION

SEK m	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019
Net sales, external					
Americas					
OEM	797	1,629	2,156	3,287	6,142
Aftermarket	756	974	1,415	1,557	3,183
Americas net sales, external	1,553	2,603	3,570	4,844	9,325
EMEA					
OEM	544	965	1,498	1,958	3,624
Aftermarket	911	1,347	1,769	2,333	3,848
EMEA net sales, external	1,455	2,313	3,267	4,291	7,472
APAC					
OEM	157	203	339	396	792
Aftermarket	164	210	351	448	914
APAC net sales, external	321	413	690	844	1,707
Net sales, external					
Americas	1,553	2,603	3,570	4,844	9,325
EMEA	1,455	2,313	3,267	4,291	7,472
APAC	321	413	690	844	1,707
Total net sales, external	3,329	5,329	7,527	9,979	18,503
Operating profit (EBIT) before i.a.c.					
Americas	124	398	217	657	1,096
EMEA	190	411	431	679	978
APAC	47	91	136	182	362
Total operating profit (EBIT) before i.a.c.	361	900	783	1,518	2,435
Items affecting comparability					
Americas	-23	–	-48	–	-41
EMEA	-16	–	-22	–	-51
APAC	-22	–	-23	–	-5
Total items affecting comparability	-61	–	-93	–	-97
Operating profit (EBIT)					
Americas	101	398	169	657	1,055
EMEA	174	411	409	679	926
APAC	25	91	113	182	357
Total operating profit (EBIT)	300	900	690	1,518	2,338
Financial income	0	2	6	7	14
Financial expenses	-132	-140	-236	-272	-522
Taxes	-43	-200	-129	-346	-505
Profit (loss) for the period	125	562	330	906	1,325

SEK m	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019
Net sales, external					
Americas⁽¹⁾					
Food & Beverage	271	477	645	926	1,681
Climate	547	1,012	1,265	1,852	3,632
Power & Control	385	653	985	1,309	2,464
Other applications	350	460	674	757	1,548
Americas net sales, external	1,553	2,603	3,570	4,844	9,325
EMEA					
Food & Beverage	603	919	1,231	1,629	2,695
Climate	634	1,088	1,514	2,079	3,672
Power & Control	101	156	258	305	566
Other applications	116	149	264	279	538
EMEA net sales, external	1,455	2,313	3,267	4,291	7,472
APAC					
Food & Beverage	142	193	328	403	839
Climate	147	178	293	351	690
Power & Control	7	6	11	15	31
Other applications	24	36	57	74	147
APAC net sales, external	321	413	690	844	1,707
Net sales, external					
Americas	1,553	2,603	3,570	4,844	9,325
EMEA	1,455	2,313	3,267	4,291	7,472
APAC	321	413	690	844	1,707
Total net sales, external	3,329	5,329	7,527	9,979	18,503

¹⁾ Q2 2019 Net sales by Application Area for Americas include restated numbers for Climate Control (SEK - 31.0 m) Power & Control (SEK +268.7 m) and Other applications (SEK -237.7 m). H1 2019 Net sales by Application Area for Americas include restated numbers for Climate Control (SEK - 57.6 m) Power & Control (SEK +434.9 m) and Other applications (SEK -377.3 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 available at www.dometic.com

Inter-segment sales were as follows.

SEK m	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019
Americas	51	103	161	215	363
EMEA	51	100	149	201	359
APAC	497	678	1,055	1,340	2,369
Eliminations	599	882	1,365	1,757	3,092

NOTE 5 | ITEMS AFFECTING COMPARABILITY

SEK m	Q2	Q2	H1	H1	FY
	2020	2019	2020	2019	2019
Global restructuring program	-61	–	-84	–	-116
Other	0	–	-9	–	19
Total	-61	–	-93	–	-97

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

SEK m	Global restructuring program					Other					Total				
	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019
Cost of goods sold	-36	–	-55	–	-113	–	–	–	–	–	-36	–	-55	–	-113
Sales expenses	-5	–	-6	–	–	–	–	–	–	–	-5	–	-6	–	–
Administrative expenses	1	–	-3	–	-3	–	–	–	–	–	1	–	-3	–	-3
Other operating income and expenses	-20	–	-20	–	–	0	–	-9	–	19	-20	–	-29	–	19
Total	-61	–	-84	–	-116	0	–	-9	–	19	-61	–	-93	–	-97

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

The table below specifies to amortization of acquisition-related intangible assets by function and other operating income and expenses.

SEK m			Amortization of Customer Relationship Assets		Amortization of Technology		Amortization of intellectual property		Total
	Q2	2020	Q2	2019	Q2	2019	Q2	2019	
Cost of goods sold	Q2	2020	–	–	–	-12	–	-6	-17
	Q2	2019	–	–	–	-12	–	-6	-17
	H1	2020	–	–	–	-23	–	-11	-34
	H1	2019	–	–	–	-23	–	-12	-35
	FY	2019	–	–	–	-47	–	-23	-70
Sales expenses	Q2	2020	-12	-46	–	–	–	–	-59
	Q2	2019	-9	-46	–	–	–	–	-55
	H1	2020	-25	-94	–	–	–	–	-118
	H1	2019	-24	-90	–	–	–	–	-114
	FY	2019	-49	-185	–	–	–	–	-234
Total Amortization of acquisition-related intangible assets									
	Q2	2020	-12	-46	–	-12	–	-6	-76
	Q2	2019	-9	-46	–	-12	–	-6	-74
	H1	2020	-25	-94	–	-23	–	-11	-153
	H1	2019	-24	-90	–	-23	–	-12	-150
	FY	2019	-49	-185	–	-47	–	-23	-303

NOTE 7 | GOVERNMENT GRANTS AND OTHER SUPPORT MEASURES

Government grants

The government grants are recognized in the income statement on a systematic basis over the periods in which the entity recognizes the related costs, for which the grants are intended to compensate. The grants are included on a net basis in the income statement by function. A government grant is not recognized in the financial statement until there is reasonable assurance that the entity will comply with the conditions attached to them and that the grants will be received.

The table below presents amounts by function, mainly comprising of salary support received.

Other support measures

Dometic received various governmental business support measures in Q2 2020.

These kinds of governmental business support received which have had a positive effect on the business are among others short-time work compensation and social charges reduction amounting to SEK 143 (-) m.

SEK m	Government grants				
	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019
Cost of goods sold	13	—	13	—	—
Sales expenses	12	—	12	—	—
Administrative expenses	6	—	6	—	—
Other operating income and expenses	—	—	—	—	—
Total	31	0	31	0	0

NOTE 8 | RIGHT-OF-USE ASSETS

Right-of-use assets information is specified below:

Total depreciation and amortization of SEK 411 m (400) includes depreciation of right-of-use assets of SEK 92 m (86) for the first six months of 2020.

SEK m	Depreciation and amortization				
	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019
Depreciation and amortization	-203	-200	-411	-400	-817
Add back depreciation related to right-of-use assets	46	44	92	86	180
Total	-157	-157	-319	-314	-637

SEK m	Right-of-use assets		
	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
Buildings	504	444	573
Machinery, equipment and other technical installations	42	43	50
Total	546	487	623

NOTE 9 | TRANSACTIONS WITH RELATED PARTIES

No transactions between Dometic and related parties that have significantly affected the company's position and earnings took place during the first six months of 2020.

NOTE 10 | ACQUISITIONS AND DIVESTMENTS 2020

Dometic has not made any acquisitions or divestments during the first six months of 2020.

2019

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 11 | SIGNIFICANT EVENTS AFTER THE PERIOD

There were no significant events after the period.

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 for the detailed reconciliation.

Core working capital	Consists of inventories and trade receivables less trade payables.
EBITDA	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.
EBITDA margin	EBITDA divided by net sales.
Leverage	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.
Net debt	Total borrowings including pensions and accrued interest less cash and cash equivalents.
Operating cash flow	Cash flow from operations after investments in fixed assets excluding income tax paid.
Organic growth	Sales growth excluding acquisitions/divestments and currency translation effects. Quarters are calculated at comparable currency, applying latest period average rate.
RoOC – Return on Operating Capital	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

AM	Aftermarket.
Capital expenditure	Expenses related to the purchase of tangible and intangible assets.
CPV	Commercial and Passenger Vehicles.
EPS – Earnings per share	Net profit for the period divided by average number of shares.
FY 2019	Financial Year ended December 31, 2019.
i.a.c. – items affecting comparability	Items affecting comparability are events or transactions with significant financial effects, which are relevant for understanding the financial performance when comparing profit (loss) 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.
Interest-bearing debt	Liabilities to credit institutions plus liabilities to related parties plus provisions for pensions.
LTM	Last twelve months.
Net profit	Profit (loss) for the period.
OCI	Other Comprehensive Income.
OEM	Original Equipment Manufacturers.
Operating capital excluding goodwill and trademarks	Interest-bearing debt plus equity less cash and cash equivalents, excluding goodwill and trademarks.
Operating profit (EBIT)	Operating profit (EBIT) before financial items and taxes.
Operating profit (EBIT) margin	Operating profit (EBIT) divided by net sales.
RV	Recreational Vehicles.
Q2 2020	April to June 2020 for Income Statement.
Q2 2019	April to June 2019 for Income Statement.
Working capital	Core working capital plus other current assets less other current liabilities and provisions relating to operations.
YTD 2020	Year to date. January to June 2020 for Income statement.
YTD 2019	Year to date. January to June 2019 for Income statement.

PRESENTATION OF THE INTERIM REPORT

Analysts and media are invited to participate in a telephone conference at 10.00 (CET), July 16, 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.

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This information is information that Dometic Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CEST on July 16, 2020.

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

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.

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.

FINANCIAL CALENDAR

OCTOBER 23, 2020: Interim report for the third quarter 2020
FEBRUARY 3, 2021: Year-end report 2020