

QUARTERLY REPORT

Q4 2020

Solna, February 3, 2021

STRONG GROWTH AND SIGNIFICANT MARGIN IMPROVEMENT

FOURTH QUARTER 2020

- Net sales were SEK 4,213 m (3,919); an increase of 8%. Organic growth was 15%.
- Operating profit before depreciation and amortization (EBITDA) improved to SEK 701 m (445), representing a margin of 16.6% (11.4%).
- Operating profit (EBIT) before items affecting comparability improved to SEK 466 m (298), representing a margin of 11.1% (7.6%).
- Items affecting comparability were SEK 48 m (-60), of which SEK 66 m related to a gain from a sale of fixed assets.
- Operating profit (EBIT) more than doubled to SEK 514 m (238), representing a margin of 12.2% (6.1%).
- Cash flow was SEK 1,017 m (679). Operating cash flow was SEK 724 m (918).
- Profit (loss) was SEK -160 m (47) negatively impacted by a tax provision for an ongoing tax dispute. Excluding this provision, profit was SEK 258 m.
- Earnings per share were SEK -0.54 (0.16). Excluding the tax provision, EPS was 0.87.

FULL YEAR 2020

- Net sales were SEK 16,207 m (18,503); a decrease of -12%. Organic growth was -10%.
- Operating profit before depreciation and amortization (EBITDA) was SEK 2,669 m (3,155), representing a margin of 16.5% (17.1%).
- Operating profit (EBIT) before items affecting comparability was SEK 1,939 m (2,435), representing a margin of 12.0% (13.2%).
- Items affecting comparability were SEK -59 m (-97), of which SEK -116 m related to the global restructuring program and SEK 66 m related to a gain from a sale of fixed assets.
- Operating profit (EBIT) was SEK 1,880 m (2,338), representing a margin of 11.6% (12.6%).
- Cash flow was SEK 3,666 m (2,162). Operating cash flow was SEK 2,258 m (3,721).
- Profit (loss) was SEK 451 m (1,325).
- Earnings per share were SEK 1.52 (4.48).
- The Board of Directors proposes a dividend of SEK 2.30 (-) per share for 2020.

FINANCIAL OVERVIEW

	Q4 2020	Q4 2019	FY 2020	FY 2019
SEK m				
Net sales	4,213	3,919	16,207	18,503
EBITDA	701	445	2,669	3,155
% of net sales	16.6%	11.4%	16.5%	17.1%
Operating profit (EBIT) before items affecting comparability ⁽¹⁾	466	298	1,939	2,435
% of net sales	11.1%	7.6%	12.0%	13.2%
Operating profit (EBIT)	514	238	1,880	2,338
% of net sales	12.2%	6.1%	11.6%	12.6%
Profit (loss) for the period	-160	47	451	1,325
Earnings per share, SEK	-0.54	0.16	1.52	4.48
Cash flow for the period	1,017	679	3,666	2,162
Operating cash flow ⁽²⁾	724	918	2,258	3,721
Core working capital	2,952	3,238	2,952	3,238
Investments in fixed assets	-76	-114	-246	-361
RoOC	26.9%	28.3%	26.9%	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 substantial market recovery that started in the third quarter continued into the fourth quarter. We delivered a strong performance in the quarter with an organic net sales growth of 15 percent, significantly improved profitability and a solid cash flow. All regions showed organic net sales growth and improved profitability.

Customer demand remained high and we are pleased to enter 2021 with a substantially higher order backlog than a year ago. Capacity has been added to our supply chain and our supply performance has considerably improved in the quarter. However, access to key components and freight capacity remains challenging for many industries.

The EBIT margin before items affecting comparability showed a strong improvement to 11.1 (7.6) percent in the quarter despite negative currency effects and increased freight costs. The improvement was supported by strategic initiatives to increase growth in the Aftermarket business, invest in innovation and to reduce costs in several different areas of the company. Aftermarket organic net sales grew by 22 percent. Costs for tariffs impacted the quarter by SEK -37 (-81) million. Taxes for the quarter were SEK -525 (-30) million impacted by a tax provision for an ongoing foreign tax dispute related to previous years.

As a leader in our markets, we are committed to drive the sustainability agenda towards a more resource efficient industry. By developing innovative products for Mobile Living, we address new business opportunities while reducing the environmental impact and improving resource efficiency throughout the value chain. Several new products were launched in the quarter addressing opportunities in existing and new business areas. The Dometic Patrol series – a new range of passive coolboxes – was launched to further strengthen our position on the fast-growing outdoor market. We also launched the first products of a new, modularized and global generation of energy-efficient Air Conditioners. On January 11, we announced the Dometic Food Delivery Box, which will support the food delivery industry by preserving quality and temperature of restaurant food until it reaches the customer. The Innovation Index continues to improve and reached 22 percent compared to 16 percent a year ago. Our pipeline of new products guarantees a continuous increase.

Acquisitive growth is a key strategic priority for Dometic and on February 2, 2021, we announced the agreement to acquire Twin Eagles, a leading US manufacturer of grills and outdoor kitchen solutions for the fast-growing residential outdoor market. The transaction is expected to close during the first quarter of 2021.

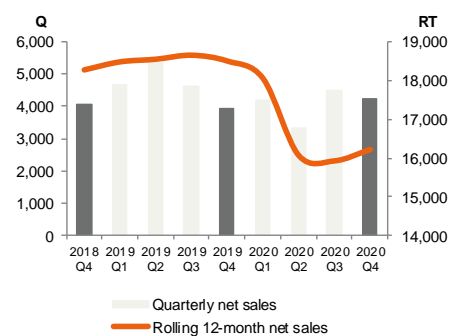
The global restructuring program announced in 2019 is progressing well. We are committed to our cost reduction target of SEK 400 m, however, current COVID-19 related travel restrictions combined with strong market demand are factors that are slowing the pace of some of our ongoing projects.

2020 was a challenging year, impacted by the COVID-19 pandemic. We are very grateful for the major efforts made by the entire organization to keep operations going despite the changed circumstances the pandemic brought with it. We successfully balanced significant short-term fluctuations in demand and COVID-19-related disruptions in our factories with long-term investments and structural improvements. Despite the unprecedented challenges, we delivered a solid EBIT margin before items affecting comparability of 12.0 percent (13.2) for the full year and our leverage ratio improved to 2.0x (2.4x) at the end of the year.

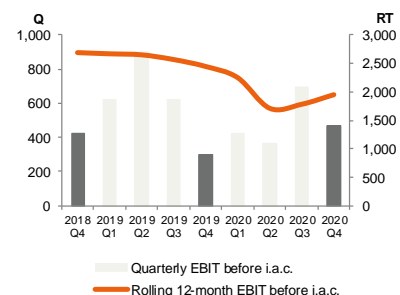
While the COVID-19 pandemic continues to impact us, albeit at a lesser level, and creates uncertainty, we remain positive regarding the outlook for the coming quarters. We are optimistic about the long-term trends in the Mobile Living industry and see good opportunities for acquisitive growth. We will continue to deliver on our strategic direction and remain fully committed to delivering on our financial targets.

Juan Vargues, President and CEO

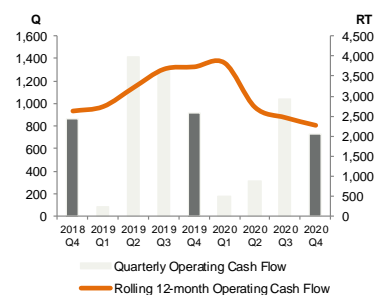
Net Sales, SEK m



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



Operating cash flow, SEK m



FINANCIAL SUMMARY – FOURTH QUARTER 2020

Net sales were SEK 4,213 m (3,919), an increase of 8% compared with the same quarter last year. This comprised 15% organic growth, -7% currency translation and 0% M&A.

Operating profit before depreciation and amortization (EBITDA) was SEK 701 m (445). The EBITDA margin was 16.6% (11.4%).

Operating profit (EBIT) before items affecting comparability was SEK 466 m (298). The EBIT margin before items affecting comparability was 11.1% (7.6%). The gross impact from tariffs was SEK -37 m (-81).

Items affecting comparability totaled SEK 48 m (-60) and included SEK 66 m related to a gain from a sale of fixed assets. Restructuring costs for the global restructuring program amounted to SEK -18 m.

Operating profit (EBIT) was SEK 514 m (238). The EBIT margin was 12.2% (6.1%).

Financial items totaled a net amount of SEK -149 m (-160), including SEK -94 m (-103) in interest on external bank loans. Other FX revaluations and other items amounted to SEK -55 m (-62) and financial income amounted to SEK 0 m (5).

Taxes totaled SEK -525 m (-30), corresponding to 144% (39%) of profit before tax. Current tax amounted to SEK -649 m (-180) and deferred tax to SEK 123 m (151). The tax rate was impacted by a tax provision for an ongoing foreign tax dispute related to previous years. Paid tax was 33% (138%).

Profit (loss) for the quarter was SEK -160 m (47) negatively impacted by a tax provision for an ongoing foreign tax dispute.

Earnings per share for the quarter were SEK -0.54 (0.16).

Operating cash flow for the quarter was SEK 724 m (918).

Cash flow for the quarter was SEK 1,017 m (679) positively impacted by the sale of fixed assets of SEK 536 m.

Financial position. Leverage was 2.0x (2.4x) at the end of the quarter.

Global restructuring program. During the quarter, total costs related to the global restructuring program amounted to SEK -18 m (-80). No new sites were affected during the quarter, however, an additional 38 employees were impacted.

Product development costs totaled SEK -102 m (-98) corresponding to 2.4% (2.5%) of net sales.

Significant events after the period. As previously announced, Dometic has a new organizational structure from January 1, 2021. The new structure will be formed around four Sectors, compared to three regions before: Americas Sector, EMEA Sector, APAC Sector and Global Sector.

On February 2, 2021, Dometic announced the agreement to acquire Twin Eagles, a leading US manufacturer of grills and kitchen solutions for the residential outdoor market. Twin Eagles' annual net sales is USD 34 m and the acquisition is expected to close during the first quarter of 2021.

FINANCIAL SUMMARY – FULL YEAR 2020

Net sales were SEK 16,207 m (18,503), a decrease of -12% compared with last year. This comprised -10% organic growth, -2% currency translation and 0% M&A. COVID-19 had a significant negative impact on net sales mainly in the first half of 2020. Net sales organic growth was -27% in the first half of 2020 while organic growth in the second half of the year was 8%.

Operating profit before depreciation and amortization (EBITDA) was SEK 2,669 m (3,155). The EBITDA margin was 16.5% (17.1%).

Operating profit (EBIT) before items affecting comparability was SEK 1,939 m (2,435). The EBIT margin before items affecting comparability was 12.0% (13.2%). The gross impact from tariffs was SEK -199 m (-258). COVID-19 had a significant negative impact on profit, mainly due to lower net sales in the first half of 2020.

Items affecting comparability totaled SEK -59 m (-97), of which SEK -116 m related to the global restructuring program and SEK 66 m related to a gain from a sale of fixed assets.

Operating profit (EBIT) was SEK 1,880 m (2,338). The EBIT margin was 11.6% (12.6%). A negative impact from lower net sales was partly offset by cost reductions and a favorable business mix.

Financial items totaled a net amount of SEK -532 m (-508), including SEK -399 m (-434) in interest on external bank loans. Other FX revaluations and other items amounted to SEK -140 m (-88) and financial income amounted to SEK 7 m (14).

Taxes totaled SEK -897 m (-505), corresponding to 67% (28%) of profit before tax. Current tax amounted to SEK -955 m (-591) and deferred tax to SEK 58 m (86). The tax rate was impacted by a tax provision for an ongoing foreign tax dispute related to previous years. Paid tax of 33% (29%) was higher compared with last year, due to an internal transfer of intangible assets.

Profit (loss) for the period was SEK 451 m (1,325), negatively impacted by lower operating profit and a tax provision for an ongoing foreign tax dispute related to previous years.

Earnings per share for the period were SEK 1.52 (4.48).

Operating cash flow for the period was SEK 2,258 m (3,721). The reduction was mainly related to lower profit and increased inventories due to higher customer demand in the second half of 2020.

Cash flow for the period was SEK 3,666 m (2,162). An EKN-backed credit facility of SEK 2 billion in the second quarter, the withdrawn dividend for 2020 and the sale of fixed assets contributed positively compared with last year.

Global restructuring program. During the period, total costs related to the global restructuring program amounted to SEK -116 m (-116). 21 sites and 778 employees have been affected so far.

Product development costs totaled SEK -357 m (-395) corresponding to 2.2% (2.1%) of net sales.

Employees. Number of employees in terms of headcount was 6,497 (6,739) at the end of the period. Average number of employees during the year was 6,481 (7,257).

FINANCIAL PERFORMANCE BY REGION

SEK m	Q4	Q4	Change (%)		FY	FY	Change (%)	
	2020	2019	Rep.	Adj. ⁽¹⁾	2020	2019	Rep.	Adj. ⁽²⁾
Americas	2,246	2,010	12%	22%	8,217	9,325	-12%	-10%
EMEA	1,487	1,449	3%	7%	6,493	7,472	-13%	-12%
APAC	481	460	4%	9%	1,497	1,707	-12%	-10%
Net sales	4,213	3,919	8%	15%	16,207	18,503	-12%	-11%
Americas	255	143	78%	99%	855	1,096	-22%	-20%
EMEA	85	59	43%	60%	770	978	-21%	-20%
APAC	125	95	31%	39%	314	362	-13%	-12%
Operating profit (EBIT) before i.a.c.⁽²⁾	466	298	56%	71%	1,939	2,435	-20%	-19%
Americas	11.4%	7.1%			10.4%	11.8%		
EMEA	5.7%	4.1%			11.9%	13.1%		
APAC	25.9%	20.7%			21.0%	21.2%		
Operating profit (EBIT) % before i.a.c.⁽²⁾	11.1%	7.6%			12.0%	13.2%		

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

AMERICAS

FOURTH QUARTER 2020 NET SALES AND OPERATING PROFIT (EBIT)

Americas reported net sales of SEK 2,246 m (2,010), representing 53% (51%) of Group net sales. Total growth was 12%, of which 22% was organic growth, -10% currency translation and 0% M&A. All application areas showed organic net sales growth.

Operating profit (EBIT) before items affecting comparability was SEK 255 m (143), representing a margin of 11.4% (7.1%). Items affecting comparability totaled SEK -12 m (-4) and were related to restructuring measures implemented during the quarter. Operating profit (EBIT) was SEK 243 m (139). The improved operating profit and margin was supported by cost reductions and by a favorable business mix with a higher share of aftermarket sales. The gross impact from tariffs was SEK -37 m (-81).

FULL YEAR 2020 NET SALES AND OPERATING PROFIT (EBIT)

Americas reported net sales of SEK 8,217 m (9,325). Total growth was -12%, of which -10% was organic growth, -2% currency translation and 0% M&A. COVID-19 and supply constraints impacted net sales negatively in 2020, primarily in application areas Climate Control and Food and Beverage. Net sales organic growth was -29% in the first half of 2020 and 12% in the second half of the year. Aftermarket net sales growth was 6% while OEM net sales saw a drop of -21%.

Operating profit (EBIT) before items affecting comparability was SEK 855 m (1,096), representing a margin of 10.4% (11.8%). Items affecting comparability totaled SEK -68 m (-41) and were related to restructuring measures implemented during the year. Operating profit (EBIT) was SEK 787 m (1,055) negatively impacted by lower net sales, partly offset by cost reductions and a favorable business mix. The gross impact from tariffs was SEK -199 m (-258).

EMEA

FOURTH QUARTER 2020 NET SALES AND OPERATING PROFIT (EBIT)

EMEA reported net sales of SEK 1,487 m (1,449), representing 35% (37%) of Group net sales. Total growth was 3%, of which 7% was organic growth, -4% currency translation and 0% M&A. Growth was driven by application area Food and Beverage.

Operating profit (EBIT) before items affecting comparability was SEK 85 m (59), representing a margin of 5.7% (4.1%). Items affecting comparability totaled SEK 55 m (-51) and included SEK 66 m related to a gain from a sale of fixed assets. Operating profit (EBIT) was SEK 140 m (8). The improved operating profit and margin was supported by net sales growth and cost reductions.

FULL YEAR 2020 NET SALES AND OPERATING PROFIT (EBIT)

EMEA reported net sales of SEK 6,493 m (7,472). Total growth was -13%, of which -12% was organic growth, -1% currency translation and 0% M&A. COVID-19 impacted net sales negatively in 2020 across all application areas mainly in the first half of 2020. Net sales organic growth was -25% in the first half of 2020 and 5% in the second half of the year.

Operating profit (EBIT) before items affecting comparability was SEK 770 m (978), representing a margin of 11.9% (13.1%). Items affecting comparability totaled SEK 30 m (-51) of which SEK 66 m related to a gain from a sale of fixed assets, partly offset by costs for the global restructuring program. Operating profit (EBIT) was SEK 799 m (926) negatively impacted by lower net sales due to COVID-19 in the first half of 2020, partly offset by cost reductions.

APAC

FOURTH QUARTER 2020 NET SALES AND OPERATING PROFIT (EBIT)

APAC reported net sales of SEK 481 m (460), representing 11% (12%) of Group net sales. Total growth was 4%, of which 9% was organic growth, -5% currency translation and 0% M&A. Net sales recovered in the fourth quarter after a second wave of COVID-19 related lockdowns in the third quarter. Compared with the same quarter last year, growth was driven by application area Climate.

Operating profit (EBIT) before items affecting comparability was SEK 125 m (95), representing a margin of 25.9% (20.7%). Items affecting comparability totaled SEK 5 m (-5) and were related to a released restructuring program provision in the quarter.

Operating profit (EBIT) was SEK 130 m (90). The improved operating profit and margin were driven by net sales growth and cost reductions.

FULL YEAR 2020 NET SALES AND OPERATING PROFIT (EBIT)

APAC reported net sales of SEK 1,497 m (1,707). Total growth was -12%, of which -10% was organic growth, -2% currency translation and 0% M&A. COVID-19 impacted net sales negatively in 2020 across all application areas, mainly in the first half of the year. Net sales organic growth was -18% in the first half of 2020 and -2% in the second half of the year.

Operating profit (EBIT) before items affecting comparability was SEK 314 m (362), representing a margin of 21.0% (21.2%). Items affecting comparability totaled SEK -20 m (-5) and were related to restructuring measures implemented during the year. Operating profit (EBIT) was SEK 294 m (357). Operating profit and margin were negatively impacted by lower net sales, partly offset by cost reductions.

PARENT COMPANY DOMETIC GROUP AB (PUBL)

Fourth quarter 2020

The Parent Company Dometic Group AB (publ) comprises the functions of the Group's head office, such as Group 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 (-5), including administrative expenses of SEK -56 m (-40) and other operating income of SEK 51 m (35), of which the full amount relates to income from subsidiaries.

Profit (loss) from financial items totaled SEK 160 m (187), including interest income from subsidiaries of SEK 44 m (60), interest expense to subsidiaries of SEK - m (0) and other financial income and expenses of SEK 116 m (127).

Profit (loss) for the quarter amounted to SEK 21 m (-39).

Full year 2020

For the period, the Parent Company had an operating profit (loss) of SEK -9 m (0), including administrative expenses of SEK -199 m (-185) and other operating income of SEK 190 m (185), of which the full amount relates to income from subsidiaries.

Profit (loss) from financial items totaled SEK -99 m (-453), including interest income from subsidiaries of SEK 194 m (279), interest expense to subsidiaries of SEK - m (0) and other financial income and expenses of SEK -293 m (-732).

Profit (loss) for the period amounted to SEK -142 m (-54).

For further information, please refer to the Parent Company's condensed financial statements on page 10.

ANNUAL GENERAL MEETING 2021

Dometic Group AB (publ)'s Annual General Meeting will be held on April 13, 2021.

NOMINATION COMMITTEE – ANNUAL GENERAL MEETING 2021

In accordance with the resolution adopted by the 2020 Annual General Meeting (AGM), the Nomination Committee ahead of the 2021 AGM shall be composed of the Chairman of the Board of Directors together with one representative from each of the three largest shareholders, based on the ownership structure at August 31, 2020. Further details about the Nomination Committee are available on the website. www.dometic.com

PROPOSED DIVIDEND

For the 2020 full year, the Board of Directors proposes a cash dividend of SEK 2.30 (-) per share.

Solna, February 3, 2021

Board of Directors

REVIEW

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

CONSOLIDATED INCOME STATEMENT

SEK m	Q4	Q4	FY	FY
	2020	2019	2020	2019
Net sales	4,213	3,919	16,207	18,503
Cost of goods sold	-2,837	-2,715	-10,901	-12,504
Gross Profit	1,377	1,204	5,306	5,999
Sales expenses	-578	-603	-2,220	-2,411
Administrative expenses	-234	-228	-915	-918
Other operating income and expenses	-29	2	64	68
Items affecting comparability	48	-60	-59	-97
Amortization of acquisition-related intangible assets	-70	-77	-296	-303
Operating profit	514	238	1,880	2,338
Financial income	0	5	7	14
Financial expenses	-149	-165	-538	-522
Net financial expenses	-149	-160	-532	-508
Profit (loss) before tax	365	77	1,348	1,830
Taxes	-525	-30	-897	-505
Profit (loss) for the period	-160	47	451	1,325
Profit (loss) for the period attributable to owners of the Parent Company	-160	47	451	1,325
Earnings per share before and after dilution, SEK	-0.54	0.16	1.52	4.48
Average number of shares before and after dilution, million	295.8	295.8	295.8	295.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Q4	Q4	FY	FY
	2020	2019	2020	2019
Profit (loss) for the period	-160	47	451	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	76	58	-14	-69
	76	58	-14	-69
Items that may be reclassified subsequently to profit or loss:				
Cash flow hedges, net of tax	8	0	-62	-30
Gains/losses from hedges of net investments in foreign operations, net of tax	198	75	130	-41
Exchange rate differences on translation of foreign operations	-1,150	-611	-1,667	784
	-943	-536	-1,599	713
Other comprehensive income for the period	-867	-478	-1,613	644
Total comprehensive income for the period	-1,027	-431	-1,162	1,969
Total comprehensive income for the period attributable to Owners of the Parent Company	-1,027	-431	-1,162	1,969

CONSOLIDATED BALANCE SHEET (IN SUMMARY)

SEK m	Dec 31, 2020	Dec 31, 2019
ASSETS		
Non-current assets		
Goodwill and trademarks	17,204	18,875
Other intangible assets	3,853	4,560
Tangible assets	1,474	2,110
Right-of-use assets	630	623
Deferred tax assets	597	583
Derivatives, long-term	–	2
Other non-current assets	95	99
Total non-current assets	23,853	26,852
Current assets		
Inventories	3,133	2,957
Trade receivables	1,839	1,695
Current tax assets	48	74
Derivatives, short-term	88	36
Other current receivables	618	641
Prepaid expenses and accrued income	123	136
Cash and cash equivalents	7,913	4,289
Total current assets	13,762	9,828
TOTAL ASSETS	37,615	36,681
EQUITY AND LIABILITIES		
EQUITY	16,201	17,363
LIABILITIES		
Non-current liabilities		
Liabilities to credit institutions, long-term	12,455	12,288
Deferred tax liabilities	1,666	1,895
Derivatives, long-term	2	–
Other non-current liabilities	0	165
Leasing liabilities, long-term	601	475
Provisions for pensions	797	821
Other provisions, long-term	213	198
Total non-current liabilities	15,734	15,842
Current liabilities		
Liabilities to credit institutions, short-term	1,000	–
Trade payables	2,019	1,414
Current tax liabilities	944	468
Advance payments from customers	59	20
Leasing liabilities, short-term	139	163
Derivatives, short-term	140	32
Other provisions, short-term	264	266
Other current liabilities	209	206
Accrued expenses and prepaid income	906	907
Total current liabilities	5,680	3,476
TOTAL LIABILITIES	21,414	19,318
TOTAL EQUITY AND LIABILITIES	37,615	36,681

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IN SUMMARY)

SEK m	FY 2020	FY 2019
Opening balance for the period	17,363	16,029
Profit (loss) for the period	451	1,325
Other comprehensive income for the period	-1,613	644
Total comprehensive income for the period	-1,162	1,969
Transactions with owners		
Dividend paid to shareholders of the Parent Company	-	-636
Total transactions with owners	-	-636
Closing balance for the period	16,201	17,363

CONSOLIDATED STATEMENT OF CASH FLOW

SEK m	Q4 2020	Q4 2019	FY 2020	FY 2019
Cash flow from operating activities				
Operating profit	514	238	1,880	2,338
<i>Adjustment for other non-cash items</i>				
Depreciation and amortization	188	208	789	817
Adjustments for other non-cash items	-139	-30	-305	-29
<i>Changes in working capital</i>				
Changes in inventories	-404	333	-485	970
Changes in trade receivables	263	422	-309	81
Changes in trade payables	515	-39	778	53
Changes in other working capital	-137	-100	156	-148
Income tax paid	-119	-106	-444	-529
Net cash flow from operations	681	926	2,060	3,553
Cash flow from investments				
Investments in fixed assets	-76	-114	-246	-361
Proceeds from sale of fixed assets	536	0	537	15
Other investing activities	1	0	-1	-2
Net cash flow from investments	461	-114	289	-348
Cash flow from financing				
Borrowings from credit institutions	-	-	2,000	9,762
Repayment of loans to credit institutions	-	-	-	-9,546
Payment of lease liabilities related to lease agreements	-48	-46	-171	-166
Paid interest	-41	-60	-415	-369
Received interest	1	4	2	8
Other financing activities	-37	-31	-99	-96
Dividend paid to shareholders of the Parent Company	-	-	-	-636
Net cash flow from financing	-125	-133	1,318	-1,043
Cash flow for the period	1,017	679	3,666	2,162
Cash and cash equivalents at beginning of period	6,921	3,623	4,289	2,113
Exchange differences on cash and cash equivalents	-25	-13	-43	14
Cash and cash equivalents at end of period	7,913	4,289	7,913	4,289

PARENT COMPANY INCOME STATEMENT

SEK m	Q4 2020	Q4 2019	FY 2020	FY 2019
Administrative expenses	-56	-40	-199	-185
Other operating income	51	35	190	185
Operating profit (loss)	-4	-5	-9	0
Interest income subsidiaries	44	60	194	279
Interest expense subsidiaries	-	0	-	0
Other financial income and expenses	116	127	-293	-732
Profit (loss) from financial items	160	187	-99	-453
Group contributions	-101	-233	-	387
Profit (loss) before tax	55	-51	-108	-66
Taxes	-34	12	-34	12
Profit (loss) for the period	21	-39	-142	-54

PARENT COMPANY BALANCE SHEET (IN SUMMARY)

SEK m	Dec 31, 2020	Dec 31, 2019
ASSETS		
Non-current assets		
Shares in subsidiaries	16,228	16,228
Other non-current assets	5,169	5,844
Total non-current assets	21,397	22,072
Current assets		
Current assets	2,299	532
Total current assets	2,299	532
TOTAL ASSETS	23,696	22,604
EQUITY	9,924	10,066
PROVISIONS		
Other provisions	75	53
Total provisions	75	53
LIABILITIES		
Non-current liabilities		
Non-current liabilities	12,455	12,288
Total non-current liabilities	12,455	12,288
Current liabilities		
Current liabilities	1,242	197
Total current liabilities	1,242	197
TOTAL LIABILITIES	13,772	12,538
TOTAL EQUITY AND LIABILITIES	23,696	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 1–18 and pages 1–10 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 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 Corona virus was found in China that spread to humans and caused the disease COVID-19. As a consequence, Dometic established a crisis management team to coordinate all activities related to the COVID-19 pandemic. Dometic continues to take proactive actions to protect its employees, other stakeholders and the financial position. Dometic is actively working to balance capacity and resources with demand across the organization. Future development of the pandemic remains uncertain and external as well as internal measures to contain COVID-19 cases may impact the business and operations negatively.

The pandemic had a negative impact on Dometic’s business and operations during 2020. At the moment it is difficult to predict how the pandemic situation will develop, however an increase in end-user appetite for staycation and outdoor activities is driving demand for the company’s products across the portfolio.

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 88 m (Q4 2019: SEK 38 m) and SEK 142 m (Q4 2019: SEK

32 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

Dec 31, 2020	Balance sheet carrying amount	Financial instruments at amortized cost	Financial instruments at fair value	Derivatives used for hedging
Per category				
Derivatives	88	–	27	62
Financial assets	10,464	10,464	–	–
Total financial assets	10,553	10,464	27	62
Derivatives	142	–	17	125
Financial liabilities	15,684	15,684	–	–
Total financial liabilities	15,826	15,684	17	125

NOTE 4 | SEGMENT INFORMATION

SEK m	Q4 2020	Q4 2019	FY 2020	FY 2019
Net sales, external				
Americas				
OEM	1,356	1,340	4,851	6,142
Aftermarket	890	670	3,366	3,183
Americas net sales, external	2,246	2,010	8,217	9,325
EMEA				
OEM	910	853	3,156	3,624
Aftermarket	577	596	3,337	3,848
EMEA net sales, external	1,487	1,449	6,493	7,472
APAC				
OEM	221	193	705	792
Aftermarket	260	267	792	914
APAC net sales, external	481	460	1,497	1,707
Net sales, external				
Americas	2,246	2,010	8,217	9,325
EMEA	1,487	1,449	6,493	7,472
APAC	481	460	1,497	1,707
Total net sales, external	4,213	3,919	16,207	18,503
Operating profit (EBIT) before i.a.c.				
Americas	255	143	855	1,096
EMEA	85	59	770	978
APAC	125	95	314	362
Total operating profit (EBIT) before i.a.c.	466	298	1,939	2,435
Items affecting comparability				
Americas	-12	-4	-68	-41
EMEA	55	-51	30	-51
APAC	5	-5	-20	-5
Total items affecting comparability	48	-60	-59	-97
Operating profit (EBIT)				
Americas	243	139	787	1,055
EMEA	140	8	799	926
APAC	130	90	294	357
Total operating profit (EBIT)	514	238	1,880	2,338
Financial income	0	5	7	14
Financial expenses	-149	-165	-538	-522
Taxes	-525	-30	-897	-505
Profit (loss) for the period	-160	47	451	1,325

SEK m	Q4 2020	Q4 2019	FY 2020	FY 2019
Net sales, external				
Americas⁽¹⁾				
Food & Beverage	409	346	1,510	1,681
Climate	769	774	2,791	3,632
Power & Control	656	558	2,307	2,464
Other applications	411	331	1,610	1,548
Americas net sales, external	2,246	2,010	8,217	9,325
EMEA				
Food & Beverage	513	458	2,361	2,695
Climate	728	733	3,081	3,672
Power & Control	135	134	525	566
Other applications	110	124	526	538
EMEA net sales, external	1,487	1,449	6,493	7,472
APAC				
Food & Beverage	252	251	734	839
Climate	196	164	626	690
Power & Control	9	8	24	31
Other applications	24	38	112	147
APAC net sales, external	481	460	1,497	1,707
Net sales, external				
Americas	2,246	2,010	8,217	9,325
EMEA	1,487	1,449	6,493	7,472
APAC	481	460	1,497	1,707
Total net sales, external	4,213	3,919	16,207	18,503

¹⁾ Q4 2019 Net sales by Application Area for Americas include restated numbers for Climate Control (SEK -38.0 m), Power & Control (SEK +198.6 m) and Other applications (SEK -160.6 m). Full year 2019 Net sales by Application Area for Americas include restated numbers for Climate Control (SEK -128.0 m), Power & Control (SEK +903.7 m) and Other applications (SEK -775.7 m). The reason for re-statement is to provide comparability between the years, as there has been a reclassification of certain product groups in Americas in 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	Q4 2020	Q4 2019	FY 2020	FY 2019
Americas	54	60	266	363
EMEA	76	67	319	359
APAC	870	422	2,536	2,369
Eliminations	999	550	3,121	3,092

NOTE 5 | ITEMS AFFECTING COMPARABILITY

SEK m	Q4	Q4	FY	FY
	2020	2019	2020	2019
Global restructuring program	-18	-80	-116	-116
Other	66	19	57	19
Total	48	-60	-59	-97

“Other” includes a gain of SEK 66 m related to sale of fixed assets in the fourth quarter 2020.

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

SEK m	Global restructuring program				Other				Total			
	Q4 2020	Q4 2019	FY 2020	FY 2019	Q4 2020	Q4 2019	FY 2020	FY 2019	Q4 2020	Q4 2019	FY 2020	FY 2019
Cost of goods sold	-11	-82	-78	-114	-	-	-	-	-11	-82	-78	-114
Sales expenses	-1	-	-9	-	-	-	-	-	-1	-	-9	-
Administrative expenses	-4	3	-9	-3	-	-	-	-	-4	3	-9	-3
Other operating income and expenses	-2	-	-21	-	66	19	57	19	64	19	36	19
Total	-18	-80	-116	-116	66	19	57	19	48	-60	-59	-97

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

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

SEK m			Amortization of Trademarks	Amortization of Customer Relationship Assets	Amortization of Technology	Amortization of intellectual property	Total
	Cost of goods sold						
	Q4	2020	-	-	-11	-6	-17
	Q4	2019	-	-	-12	-6	-17
	FY	2020	-	-	-45	-23	-68
	FY	2019	-	-	-47	-23	-70
Sales expenses							
	Q4	2020	-11	-43	-	-	-54
	Q4	2019	-12	-47	-	-	-60
	FY	2020	-48	-181	-	-	-228
	FY	2019	-49	-185	-	-	-234
Total Amortization of acquisition-related intangible assets							
	Q4	2020	-11	-43	-11	-6	-70
	Q4	2019	-12	-47	-12	-6	-77
	FY	2020	-48	-181	-45	-23	-296
	FY	2019	-49	-185	-47	-23	-303

NOTE 7 | GOVERNMENT GRANTS AND OTHER SUPPORT MEASURES

Government grants

Government grants are recognized in the income statement on a systematic basis over the periods in which the entity recognizes the related costs, that 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 salary support received.

SEK m	Government grants			
	Q4	Q4	FY	FY
	2020	2019	2020	2019
Cost of goods sold	12	–	34	–
Sales expenses	1	–	18	–
Administrative expenses	1	–	9	–
Other operating income and expenses	–	–	–	–
Total	14	–	61	–

Other support measures

Other governmental business support included short-term work compensation and a reduction in social security charges, amounting to SEK 3 m (-) in the fourth quarter and SEK 149 m (-) for the full year 2020.

NOTE 8 | RIGHT-OF-USE ASSETS

Right-of-use assets information is specified below:

Total depreciation and amortization of SEK 789 m (817) includes depreciation of right-of-use assets of SEK 179 m (180) for the full year 2020.

SEK m	Depreciation and amortization			
	Q4	Q4	FY	FY
	2020	2019	2020	2019
Depreciation and amortization	-188	-208	-789	-817
Add back depreciation related to right-of-use assets	46	49	179	180
Total	-141	-159	-610	-637

Right-of-use assets

SEK m	Dec 31,	Dec 31,
	2020	2019
Buildings	591	573
Machinery, equipment and other technical installations	39	50
Total	630	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 2020.

NOTE 10 | ACQUISITIONS AND DIVESTMENTS 2020

Dometic did not make any acquisitions or divestments during 2020.

2019

Dometic did not make any acquisitions or divestments during 2019.

NOTE 11 | SIGNIFICANT EVENTS AFTER THE PERIOD

As previously announced, Dometic has a new organizational structure from January 1, 2021. The new structure will be formed around four Sectors, compared to three regions before: Americas Sector, EMEA Sector, APAC Sector and Global Sector.

On February 2, 2021, Dometic announced the agreement to acquire Twin Eagles, a leading US manufacturer of grills and outdoor kitchen solutions for the residential outdoor market. Twin Eagles' annual net sales is USD 34 m and the acquisition is expected to close during the first quarter of 2021.

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 the 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.
FY 2020	Financial Year ended December 31, 2020.
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.
Product development costs	Research and development costs including capitalized spend
Q4 2020	October to December 2020 for Income Statement.
Q4 2019	October to December 2019 for Income Statement.
RoOC	Return on Operating Capital
RV	Recreational Vehicles.
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 December 2020 for Income statement.
YTD 2019	Year to date. January to December 2019 for Income statement.

PRESENTATION OF THE INTERIM REPORT

Analysts and media are invited to participate in a telephone conference at 10.00 (CET), February 3, 2021, 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 CET on February 3, 2021.

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 6,500 people worldwide, had net sales of SEK 16.2 billion in 2020 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

MARCH, 2021	Restated historic financials for new sector structure published
MARCH 22, 2021	Annual Report 2020 published
APRIL 13, 2021:	Annual General Meeting
APRIL 23, 2021:	Interim report for the first quarter 2021
JULY 16, 2021:	Interim report for the second quarter 2021
OCTOBER 22, 2021:	Interim report for the third quarter 2021