

INTERIM PRESENTATION

Q1 2020

April 24, 2020



Mobile living made easy.

 **DOMETIC**



**JUAN VARGUES,
PRESIDENT & CEO**

Mobile living made easy.

 **DOMETIC**

Q1 2020 HIGHLIGHTS

Market development

- January and February in line with Dometic expectations, but March was negatively impacted by market close down.
- Challenging trading environment in all main markets due to the spread of the coronavirus (Covid-19).
- Covid-19 impact on net sales of SEK -400 m and -120 M on EBIT.

Performance

- Rapid capacity adaption.
- Strong performance in EMEA and APAC despite volume drop.
- Margin deterioration in Americas due to volume drop and special projects.
- Innovation index reaching 18% (14%).
- Introduced Dometic Mobar, our new patio product.
- Continued implementation of actions within the global restructuring program.
 - 14 locations affected so far
 - 4 locations affected in the quarter
- Ramp up of the third phase of production in Mexico.



Q1 2020 FINANCIAL SUMMARY

Net sales of SEK 4,199 m, -10% total growth

- -14% organic
- +4% FX
- 0% M&A
- Total impact relating to Covid-19 of around SEK 400 m

EBIT before i.a.c. of SEK 421 m, -32%

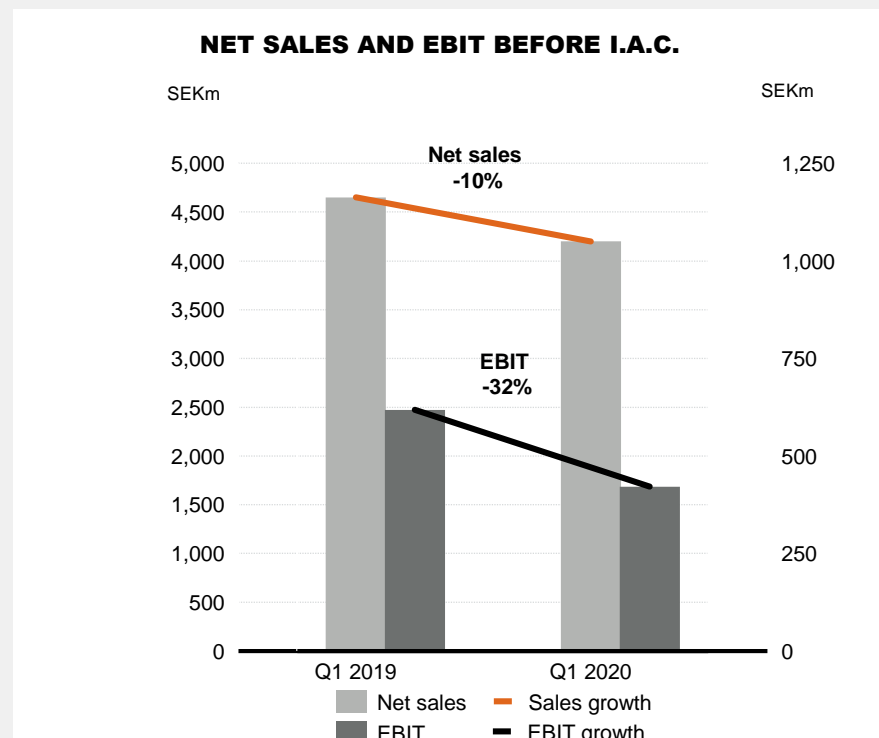
- EBIT margin of 10.0% (13.3%)
 - + Efficiency improvements, capacity reduction and pricing
 - + FX
 - Lower volumes / Covid-19 impact of SEK -120 m
 - US trade tariffs of SEK -77 m

EBITDA before i.a.c. of SEK 629 m, -23%

Operating cash flow of SEK 181 m, +115%

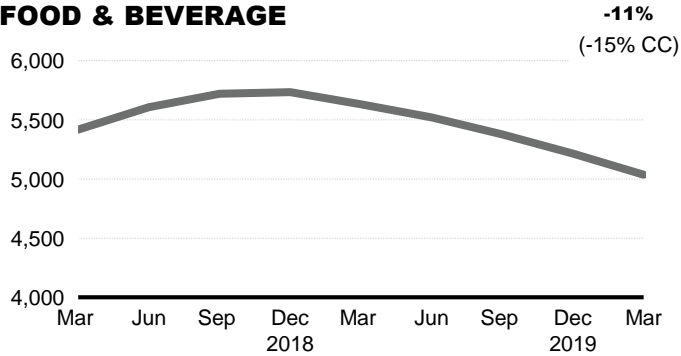
EPS of SEK 0.69, -41%

Mobile living made easy.

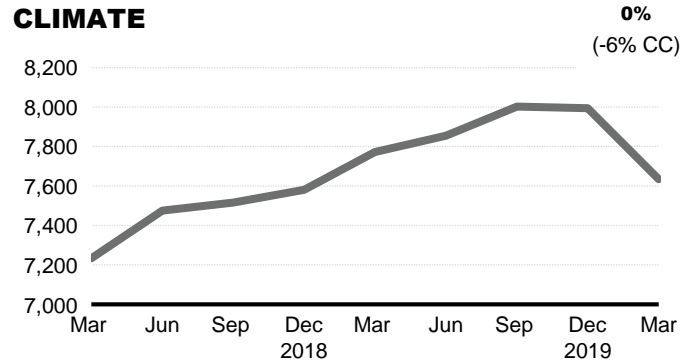


APPLICATION AREAS

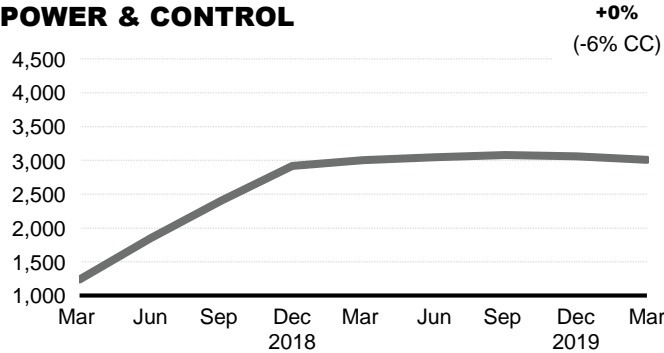
FOOD & BEVERAGE



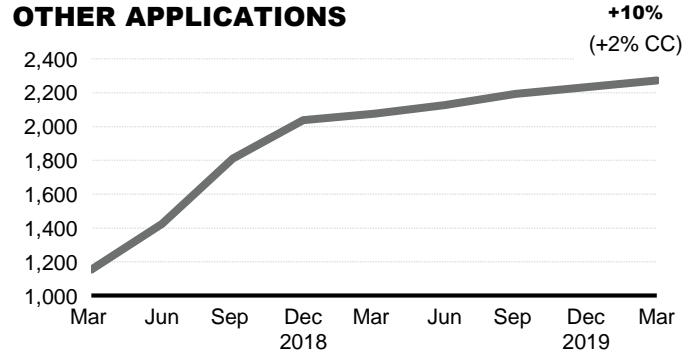
CLIMATE



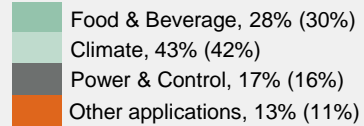
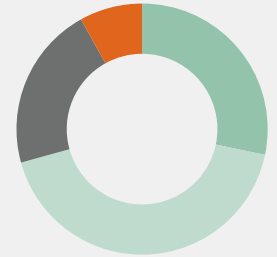
POWER & CONTROL



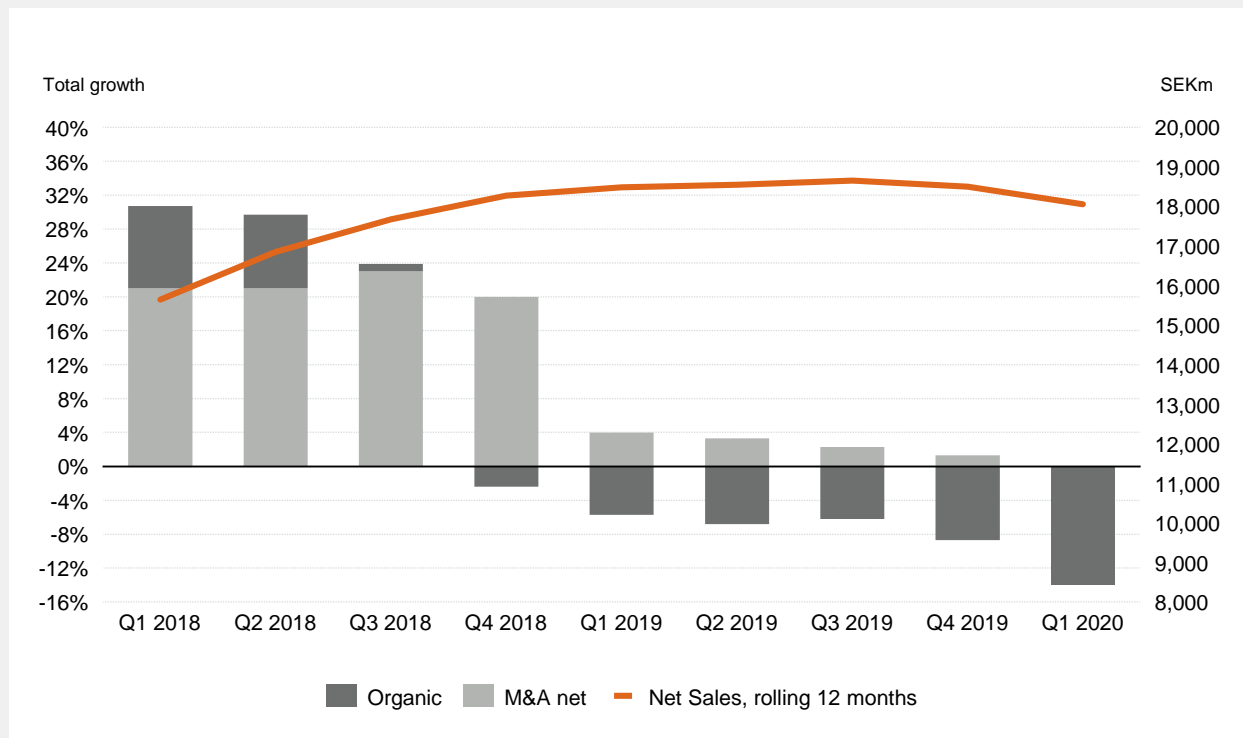
OTHER APPLICATIONS



SALES SPLIT, APPLICATION AREA*

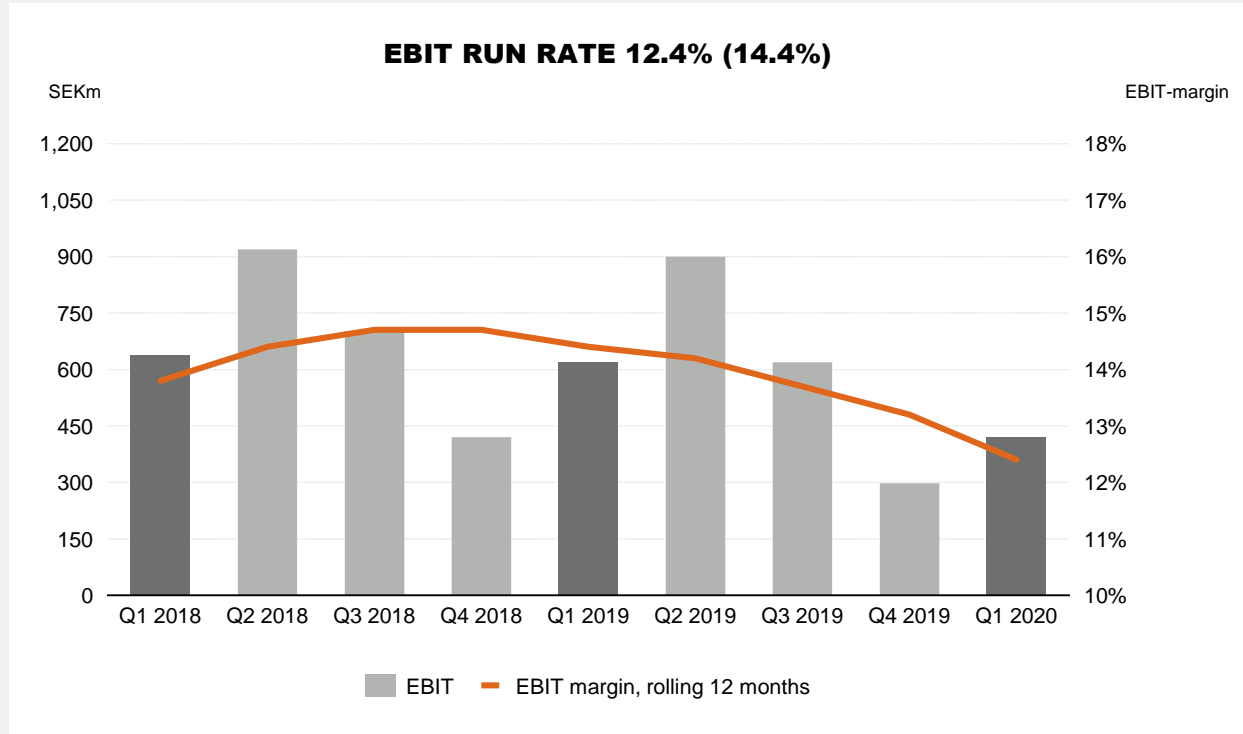


SALES GROWTH



- Average quarterly organic growth of -2.8% Q1 18 – Q1 20

EBIT AND EBIT MARGIN BEFORE I.A.C



- 2% point EBIT margin decline rolling 12 months

PRODUCT LEADERSHIP

Dometic PERFECTVIEW CAM1000

- Intelligent blind spot camera system for trucks with object detection only detecting moving objects.
- Installation limited to a minimum
- System works from 0 to 30 km/h with GPS based accuracy
- Night mode with LED illumination



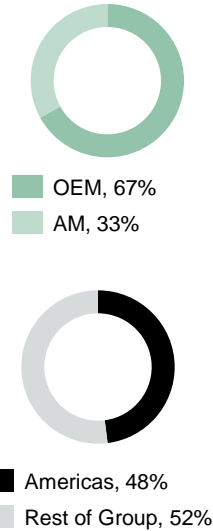
AMERICAS

Net sales of SEK 2,018 m, -16% organic

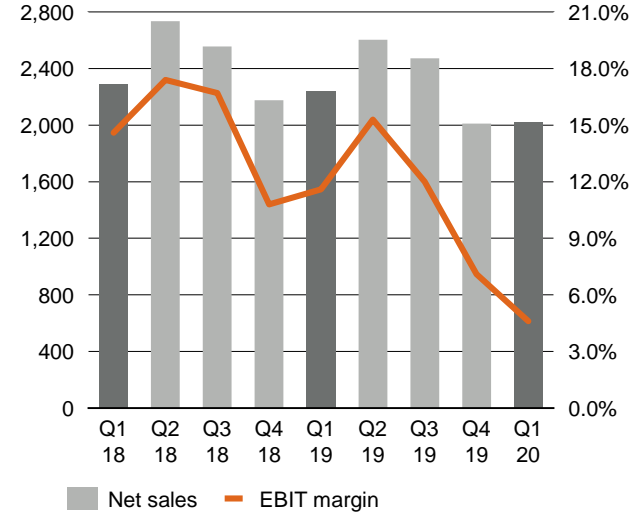
- Food & Beverage, Climate and Power & Control reported negative growth, mainly due to weak performance in March as a result of the spread of the Covid-19.
- Strong growth for mobile cooling.
- Other Applications reported strong growth.

EBIT before i.a.c. of SEK 93 m, -64%

- EBIT Margin of 4.6% (11.6%)
 - + Adjustment of cost base
 - Volume decline / Covid-19
 - US trade tariffs



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



EMEA

Net sales of SEK 1,812 m, -11% organic

- Food & Beverage and Climate reported negative growth, mainly due to weak performance in March as a result of the spread of the Covid-19.
- Power & Control reported good growth.
- Other Applications reported strong growth.

EBIT before i.a.c. of SEK 239 m, -10%

- EBIT Margin of 13.2% (13.5%)
 - + Efficiency improvements
 - + Pricing
 - Volume decline / Covid-19

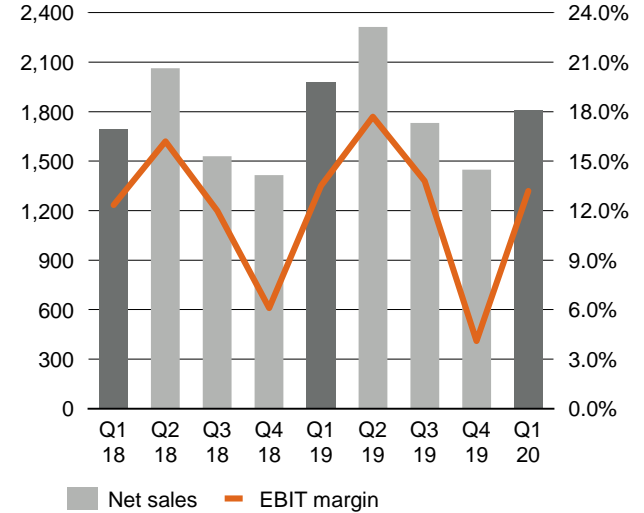


OEM, 53%
AM, 47%



EMEA, 43%
Rest of Group, 57%

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



Net sales of SEK 369 m, -14% organic

- Improving sales trend in Pacific in January and February but deterioration in March
- Weak sales trend in Asia during first two months but improving in March
- Food & Beverage, Climate and Power & Control reported negative growth, mainly due to weak performance in the Pacific in March as a result of the spread of the Covid-19.

EBIT before i.a.c. of SEK 89 m, -3%

- EBIT Margin of 24.1% (21.3%)
 - + Efficiency improvements
 - + Pricing and geographical mix
 - Volume decline / Covid-19

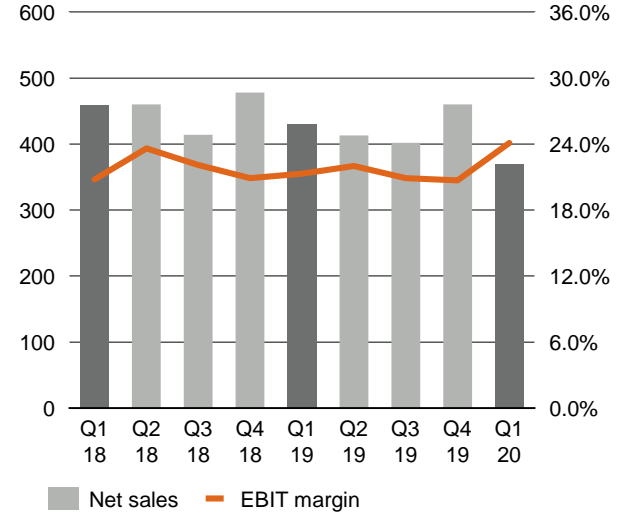


OEM, 49%
AM, 51%



APAC, 9%
Rest of Group, 91%

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



RESTRUCTURING PROGRAM

Locations

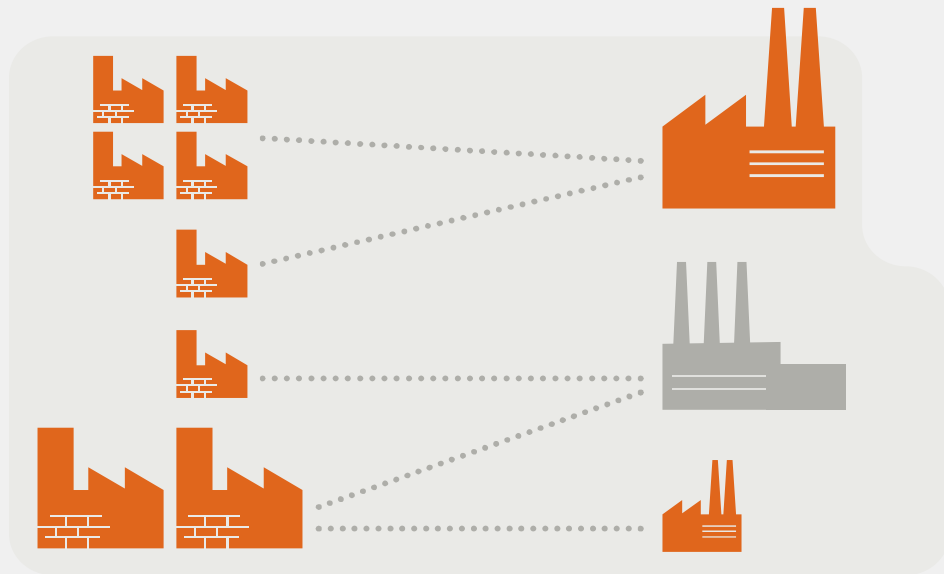
- 4 locations affected in the quarter
- 14 locations affected in total so far

Employees

- Approximately 300 employees affected in the quarter
- Approximately 500 employees affected in total so far

Costs

- SEK 23 m in the quarter
- SEK 139 m so far



Q1 STRATEGY EXECUTION

1

Profitable expansion

- Increased focus on Aftermarket growth.
- Ongoing development in new new vertical end-markets.
- Launched new e-commerce webshops in Americas and EMEA.

2

Product leadership

- Improvement of Innovation Index.
- Strong pipeline for product launches in 2020.
- Continued complexity reduction.

3

Cost reductions

- Global restructuring program.
- Ramp up of the third phase of production in Mexico.
- Inventory reduction.



EFFECTS FROM CORONA (COVID-19)

What we know

- Severe effects on global trading environment.
 - Net sales effects of SEK -400 m
 - EBIT effects of -120 m
- Domestic estimates that sales and profitability in the second quarter will be materially affected by the uncertain global trading environment.
- More positive signals lately with countries opening up and manufacturers starting production again.
- At the moment difficult to fully estimate the effects in the medium term.

What we do

- Internal crisis task force.
- Securing health and safety for our employees.
- Adapting capacity through implementation of layoffs, furloughs and temporary work reductions.
- Higher level of investment prioritization.
- Initiatives to secure continued strong cash flow and solid financial position.

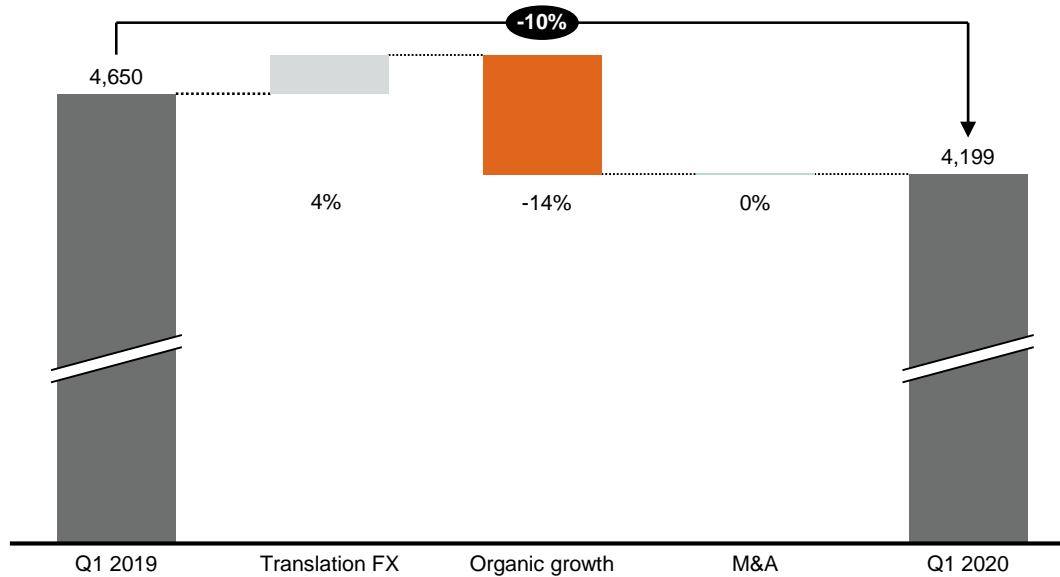




STEFAN FRISTEDT, CFO

DOMETIC GROUP

NET SALES BRIDGE Q1 SEKm



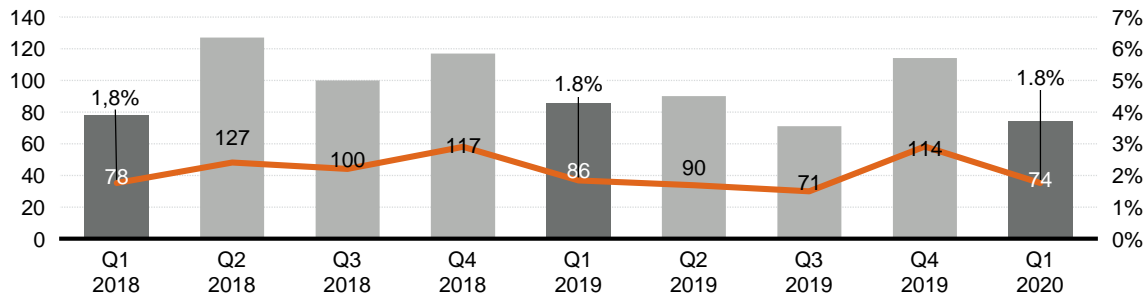
TRANSLATION FX DETAILS

	Net Sales	Share of impact
USD	135	62%
EUR	52	24%
AUD	-7	-3%
HKD	4	2%
GBP	11	5%
CNY	1	1%
Other	21	10%
TOTAL	217	

CAPEX & PRODUCT DEVELOPMENT

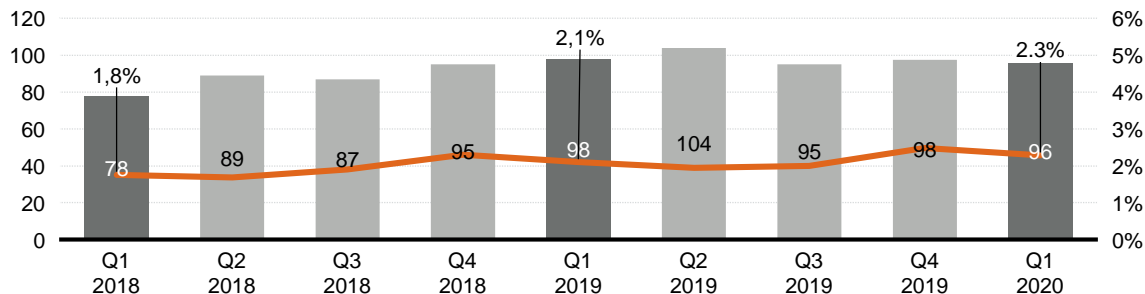
(SEKm, % OF NET SALES)

CAPEX



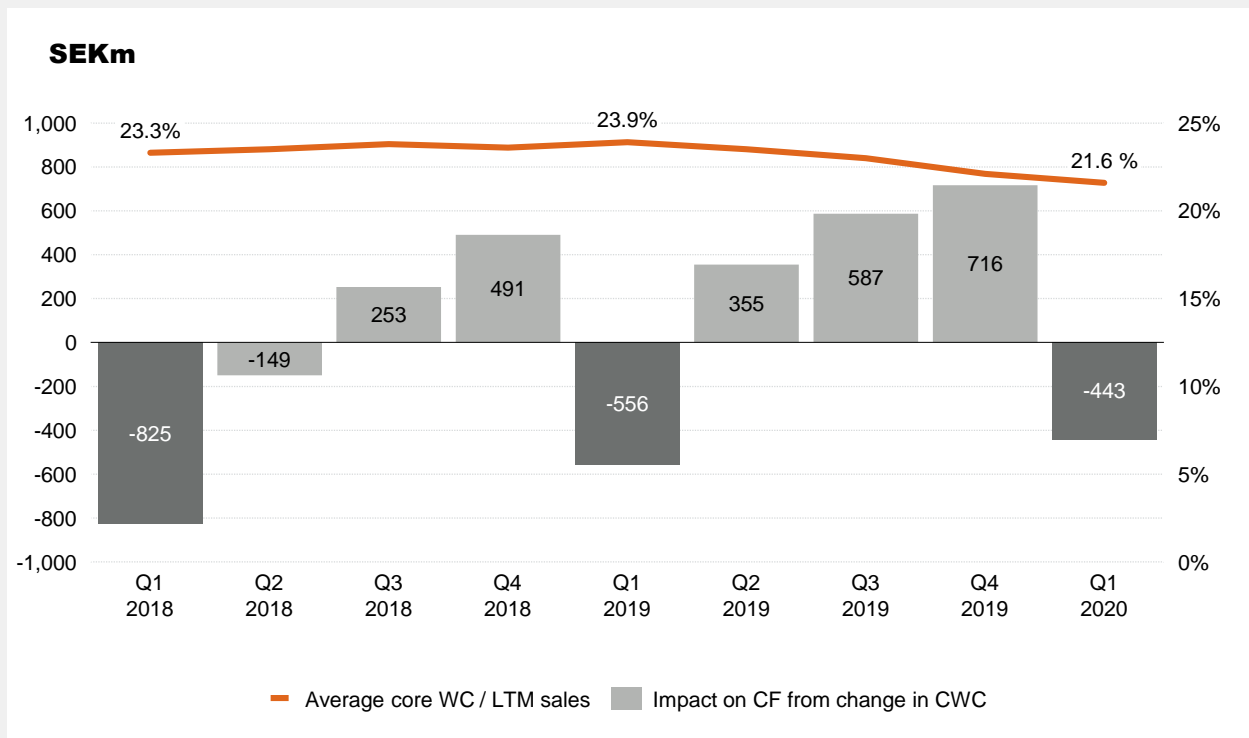
- **Q1 2020 CAPEX:**
1.8% (1.8%) of net sales.

PD



- **Q1 2020 PD:**
2.3% (2.1%) of net sales, incl
SEK 6.1m of capitalized spend.

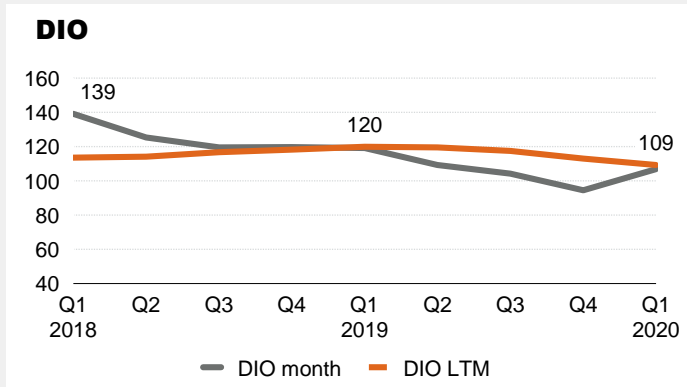
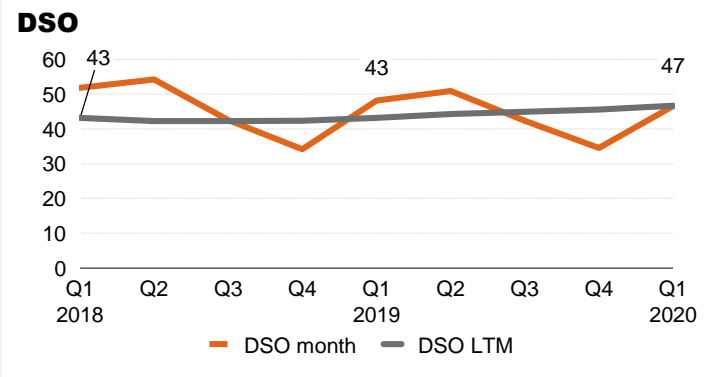
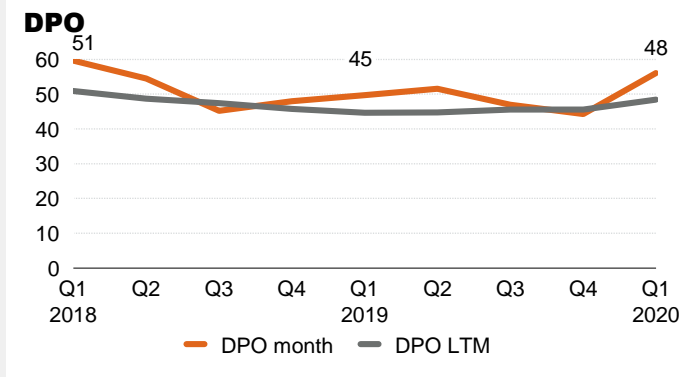
WORKING CAPITAL DEVELOPMENT



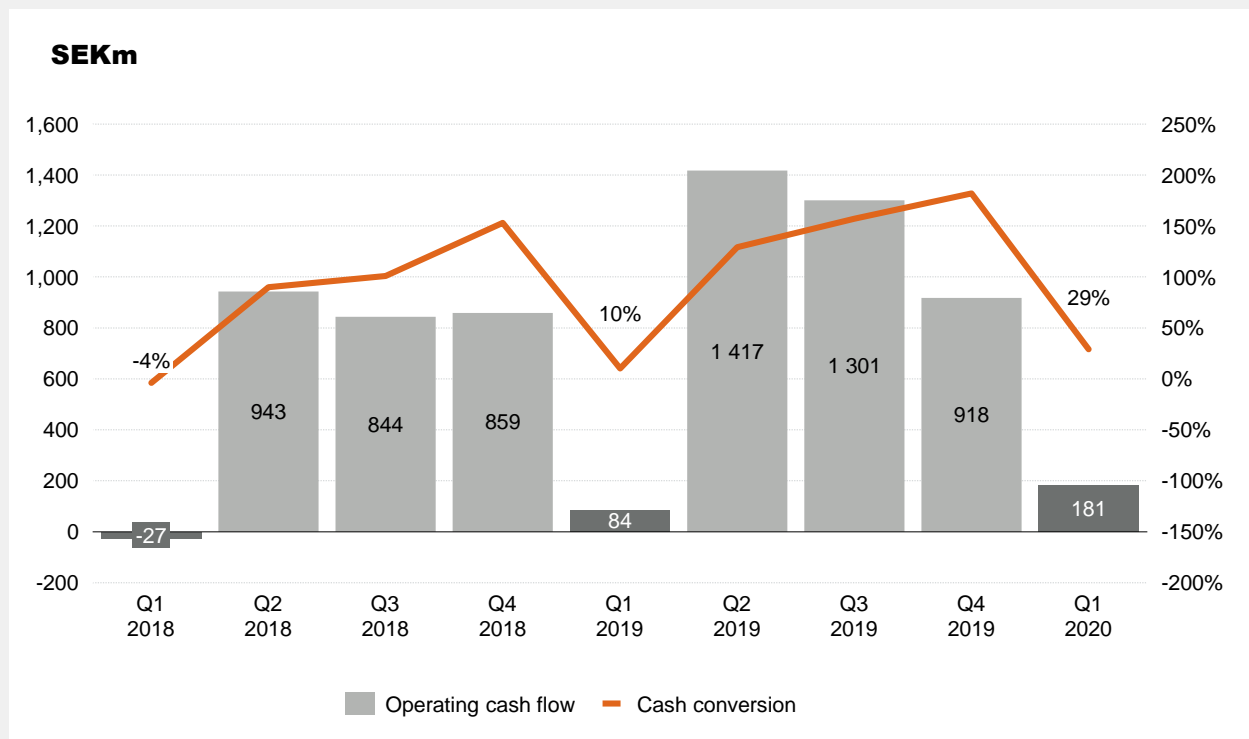
■ **Average CWC/LTM net sales:**
 21.6 %

WORKING CAPITAL

DAYS, CONSTANT CURRENCY

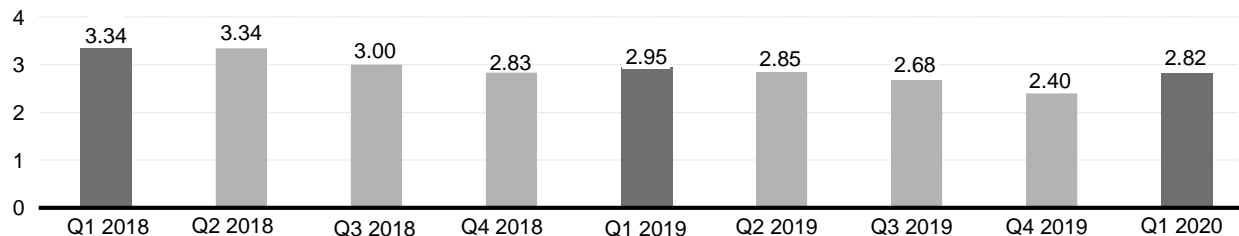


CASH FLOW



NET DEBT LEVERAGE AND NET DEBT DETAILS

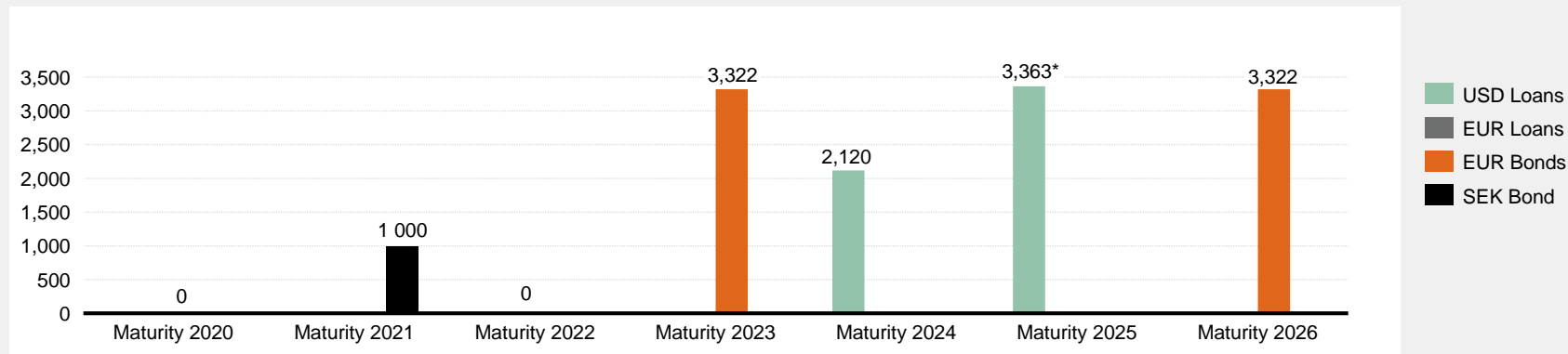
NET DEBT



Amended financing agreement
 Amended financing agreement creates necessary flexibility and covenant headroom for the coming four quarters

SEKm	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
RCF	459	380	0	0	0	0	0	0	0
EuroBond	0	0	3,089	3,077	4,120	7,326	7,434	7,272	7,643
Senior term A	2,745	2,883	2,017	1,461	1,458	0	0	0	0
Senior term B	7,889	8,273	7,662	7,131	7,339	5,034	5,335	5,077	5,483
Certificate	0	0	0	0	499	0	0	0	0
Local facilities	104	112	0	0	0	0	0	0	0
Total debt	11,197	11,648	12,768	11,670	13,416	12,360	12,769	12,349	13,127
Cash	1,298	1,329	3,263	2,359	3,624	2,840	3,900	4,555	4,484
Net debt	9,899	10,319	9,505	9,311	9,792	9,521	8,869	7,795	8,642

DEBT MATURITY PROFILE MARCH 2020



SEKm	Maturity 2020	Maturity 2021	Maturity 2022	Maturity 2023	Maturity 2024	Maturity 2025	Maturity 2026	Total
USD Loans	0	0	0	0	2,120	3,363	0	5,483
EUR Loans	0	0	0	0	0	0	0	0
EUR Bonds	0	0	0	3,322	0	0	3,322	6,644
SEK Bond	0	1,000	0	0	0	0	0	1,000
Total	0	1,000	0	3,322	2,120	3,363	3,322	13,127

Q1 2020 SUMMARY

Business highlights

- Challenging situation in main markets due to the spread of the Corona virus.
- Trade tariffs creating additional costs.
- Rapid capacity adaptation to market demand.
- Strong operational cash flow generation.

Strategy highlights

- We are confident about the long-term positive trends in the Mobile Living industry, and are convinced that the current pandemic experience will lead to a growing interest around the world in outdoor activities closer to home.
- Continued strong execution on improving innovation index and reducing complexity across the business.
- Execution on global restructuring program.

Financing

- Amended finance in addition to unutilized RCF of EUR 200 million.



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Q&A

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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.

RESTATEMENT OF APPLICATION AREAS

SEK m	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
Net sales, external					
Americas⁽¹⁾					
Food & Beverage	449	477	410	346	1,681
Climate	839	1,012	1,006	774	3,632
Power & Control	656	653	596	558	2,464
Other applications	297	460	459	331	1,548
Americas net sales, external	2,241	2,603	2,472	2,010	9,325
EMEA					
Food & Beverage	709	919	608	458	2,695
Climate	991	1,088	861	733	3,672
Power & Control	148	156	128	134	566
Other applications	130	149	135	124	538
EMEA net sales, external	1,979	2,313	1,732	1,449	7,472
APAC					
Food & Beverage	210	193	184	251	839
Climate	174	178	174	164	690
Power & Control	9	6	9	8	31
Other applications	38	36	35	38	147
APAC net sales, external	430	413	402	460	1,707
Net sales, external					
Americas	2,241	2,603	2,472	2,010	9,325
EMEA	1,979	2,313	1,731	1,449	7,472
APAC	430	413	402	460	1,707
Total net sales, external	4,650	5,329	4,605	3,919	18,503

¹⁾ 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.