

# INTERIM PRESENTATION

**Q2 2020**

**July 16, 2020**



Mobile living made easy.

 **DOMETIC**



**JUAN VARGUES,  
PRESIDENT & CEO**

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# Q2 2020 HIGHLIGHTS

## Market development

- Unprecedented trading environment in all main markets due to the spread of COVID-19 in April and May.
- Faster recovery than expected.
- June at the same level as last year with strong Aftermarket sales.

## Performance

- Strong focus on cost reductions and cash flow
- Continuous investments in innovation and market development
- Innovation index reaching 18% (15%).
- Launched new Outdoor concept in Australia and US
- Implemented B2C platform in 9 European countries. Strong growth in US from low base.
- Continued implementation of actions within the global restructuring program.
  - 17 locations affected so far
  - 3 locations affected in the quarter.



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# Q2 2020 FINANCIAL SUMMARY

## Net sales of SEK 3,329 m, -38% total growth

- -38% organic
- 0% FX
- 0% M&A
- COVID-19 impact of around SEK -1.9 billion

## EBIT before i.a.c. of SEK 361 m, -60%

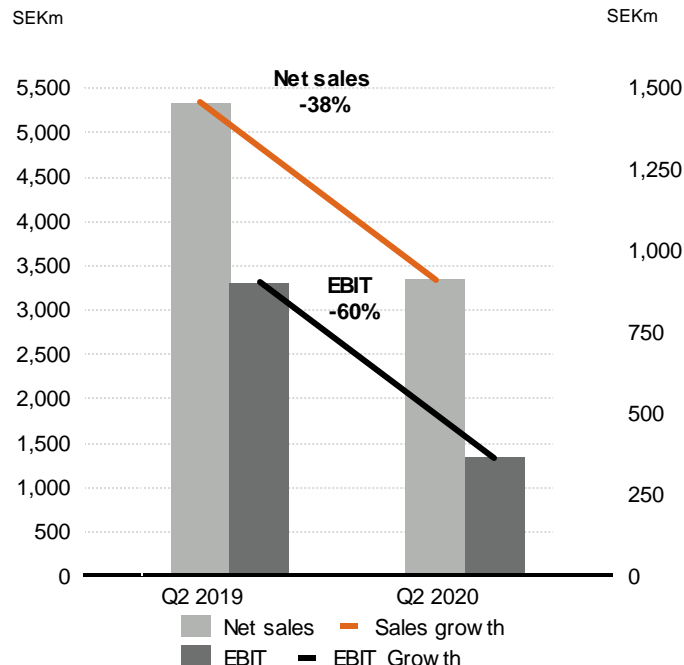
- EBIT margin of 10.9% (16.9%)
  - + Pro-actively managing cost base in the light of COVID-19
  - + Efficiency improvements and pricing
  - + Kampa earn-out
  - COVID-19 impact of around SEK -600 m
  - US trade tariffs of SEK -33 m

## EBITDA before i.a.c. of SEK 565 m, -49%

## Operating cash flow of SEK 311 m, -78%

## EPS of SEK 0.42, -78%

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



# YTD 2020 FINANCIAL SUMMARY

**Net sales of SEK 7,527 m, -25% total growth**

- -27% organic
- +2% FX
- 0% M&A
- COVID-19 impact of around SEK -2.3 billion

**EBIT before i.a.c. of SEK 783 m, -48%**

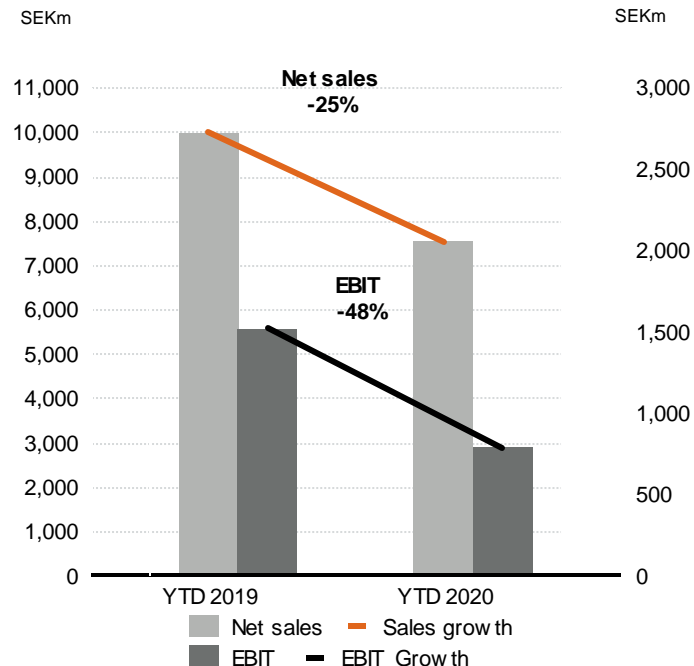
- EBIT margin of 10.4% (15.2%)
  - + Pro-actively managing cost base in the light of COVID-19
  - + Efficiency improvements and pricing
  - + Kampa earn-out
  - COVID-19 impact of around SEK -720 m
  - US trade tariffs of SEK -109 m

**EBITDA before i.a.c. of SEK 1,193 m, -38%**

**Operating cash flow of SEK 491 m, -67%**

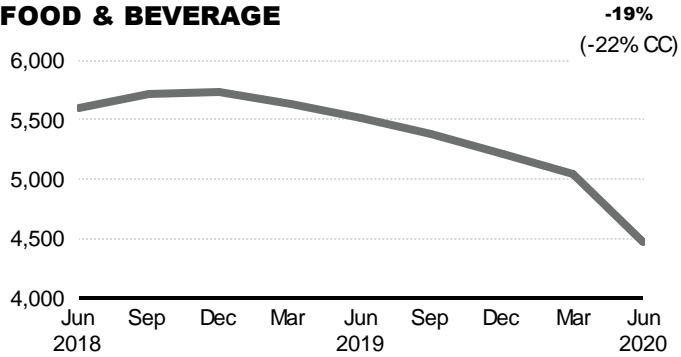
**EPS of SEK 1.12, -64%**

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

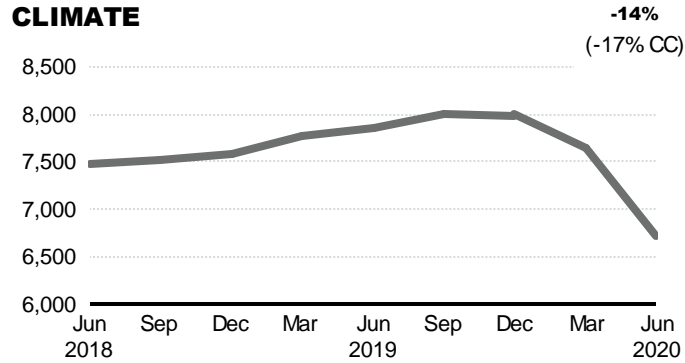


# APPLICATION AREAS

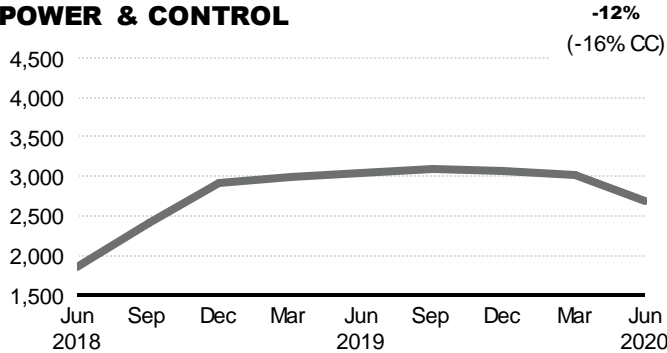
## FOOD & BEVERAGE



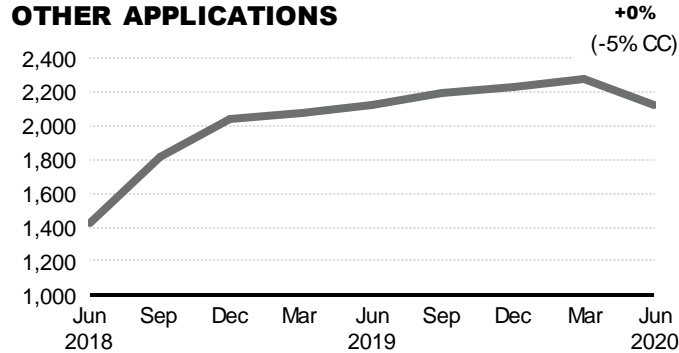
## CLIMATE



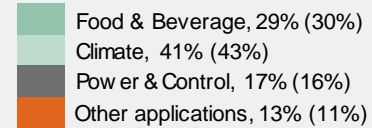
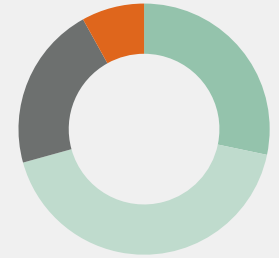
## POWER & CONTROL



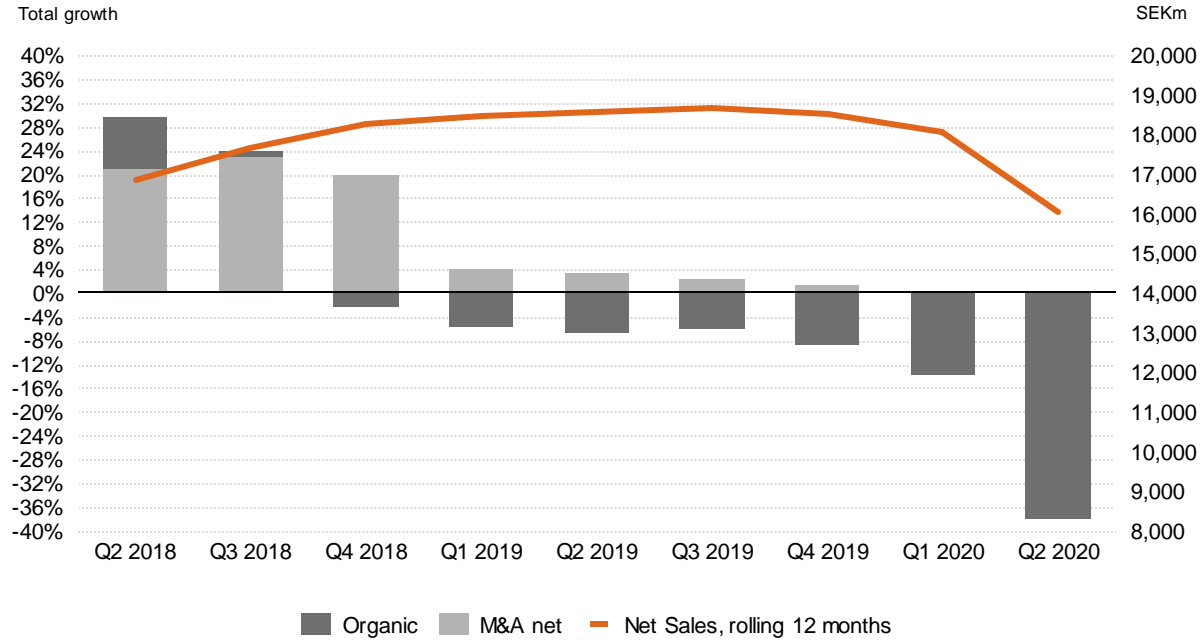
## OTHER APPLICATIONS



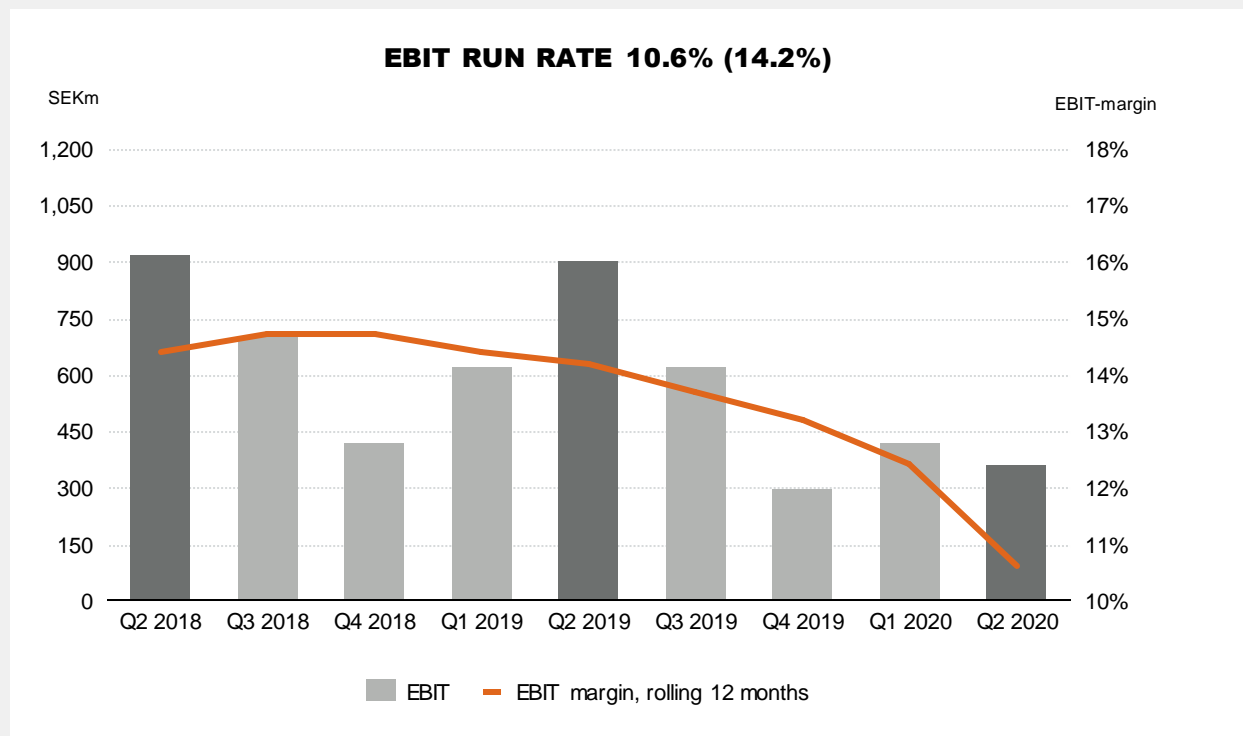
## SALES SPLIT, APPLICATION AREA\*



# SALES GROWTH



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





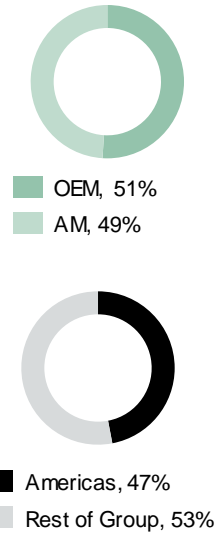
# AMERICAS

## Net sales of SEK 1,553 m, -41% organic

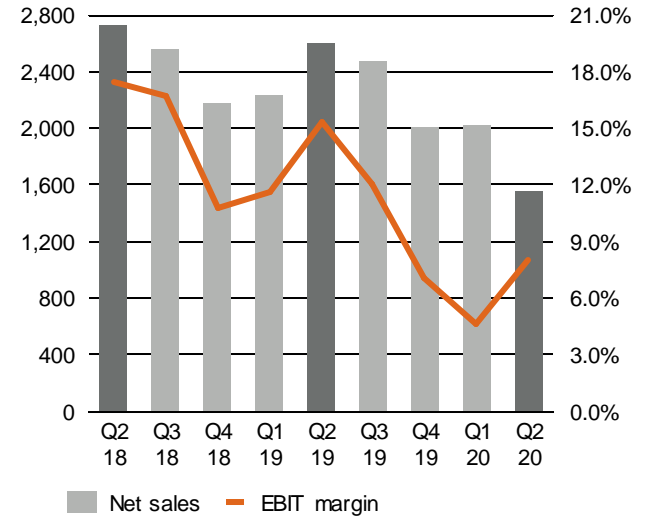
- Food & Beverage, Climate and Power & Control reported negative growth as a result of the spread of COVID-19.
- Growth for mobile cooling.
- Launched new Outdoor program.
- Strong B2C e-commerce growth

## EBIT before i.a.c. of SEK 124 m, -69%

- EBIT Margin of 8.0% (15.3%)
  - + Adjustment of cost base
  - Volume decline / COVID-19
  - US trade tariffs



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



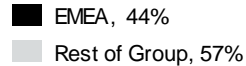
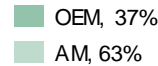
# EMEA

## Net sales of SEK 1,445 m, -37% organic

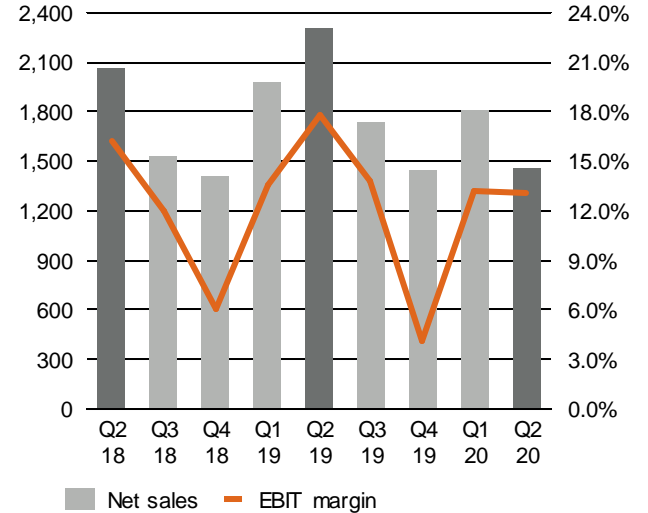
- Food & Beverage, Climate and Power & Control reported negative growth as a result of the spread of COVID-19.
- Launched new B2C e-commerce platform in 9 countries.
- Initiated regionalization of Aftermarket organization

## EBIT before i.a.c. of SEK 190 m, -54%

- EBIT Margin of 13.1% (17.8%)
  - + Efficiency improvements
  - + Pricing
  - + Adjustment of cost base
  - Volume decline / COVID-19



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



# APAC

## Net sales of SEK 321 m, -21% organic

- Food & Beverage, Climate and Power & Control reported negative growth as a result of the spread of COVID-19.
- Changed geographical mix
- Launched new Outdoor program.

## EBIT before i.a.c. of SEK 47 m, -48%

- EBIT Margin of 14.7% (22.0%)
  - + Efficiency improvements
  - + Pricing
  - + Adjustment of cost base
  - Volume decline / COVID-19

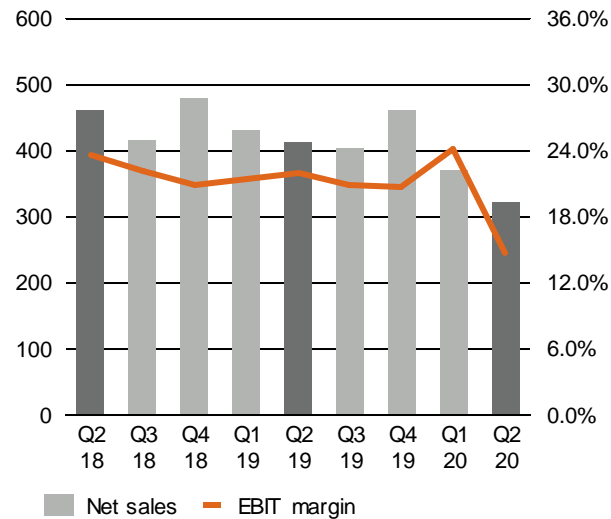


OEM, 49%  
AM, 51%



APAC, 9%  
Rest of Group, 91%

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



# THE STAYCATION TREND YIELDS SIGNIFICANT GROWTH OPPORTUNITIES

- Increasing trend in USA for many years:
  - 64% increase (2014-2017) in number of Americans going camping (>three times/year)\*
  - Significant growth in younger consumer groups (millennials stand for 40% of campers in US)\*
- A new global reality:
  - 47% of Americans who planned a leisure trip will instead go camping\*\*
  - 75% of Swedes will spend their holiday in Sweden summer 2020\*\*\*
  - High demand for leisure vehicles across all markets
  - New target groups experiencing Camping and the Outdoors for the first time

**BARCLAYS** News Press Releases

## Staycation boom driven by millennials

New research reveals the number of domestic tourists planning to spend more time on holiday in the UK this year is expected to increase by a third (31%)

- Millennials (aged 25-34) are driving this demand, as they are most likely to choose a staycation as their main holiday and spend more whilst on holiday
- Seven in ten (70%) want a 'digital detox' during their break and to escape from their daily routines
- Over half (55%) of businesses said they had seen an increase in domestic tourism since 2017

**Bloomberg** Markets

## Europe's Hot New Investing Theme: The Staycation

By Lisa Pham  
May 22, 2020, 7:00 AM GMT+2

- Domestic trips surge 600 since end-March on holiday optimism
- Staycations on the rise in Europe in wake of Covid-19 pandemic

With the Covid-19 pandemic leading more people to ditch foreign holiday plans and seek closer to home options, the best performing stock in Europe's benchmark stock index this quarter is a Swedish supplier of equipment for recreational vehicles.

Shares of Dometic Group AB - which provides everything from portable outdoors to toilets and awnings for RVs - have jumped 75% since the end of March, according to the company's analyst. The company's revenue...

**The New York Times** TRAVEL TIPS

## How to Make the Most of a Staycation

Illustration of a person sitting on a bench outdoors.

**FINANCIAL TIMES**

## UK tourism holds out hope for 'staycation' boost

Businesses prepare attractions and accommodation for end of lockdown but may still struggle to make up lost revenue

**Total Mentions**

Month	Number of Mentions
January	0
February	0
March	0
April	2.5
May	8.5
June	7.5

\*North American Camping report, 2018

\*\*North American Camping Special Covid-19 report, May 2020

\*\*\* Dometic Staycation survey, May 2020

# DOMETIC WELL POSITIONED FOR GROWTH IN THE OUTDOOR MARKET

- Leading global position within the RV and Marine-related outdoor market
- We have the knowledge, heritage, and trust of providing solutions that solve the consumers' essential needs when spending time outdoors
- Now also addressing the total market of vehicle based outdoor activities including Passenger Vehicles with new product solutions
  - 28 millions SUVs registered\* globally 2018
  - In 2023 the SUV sales\*\* is projected to reach 53 million units.
  - Objective is to be the leading vehicle based outdoor brand in the world
- We have expanded the already broad outdoor assortment with 600 new outdoor products the last 12 months (tents, sleeping accessories, stoves, barbeques, generators, etc.)
- We have won several prestigious brand & product awards and recognitions (Red Dot Award, European Innovation Award, Promobil's Best Brand, etc.)



reddot winner 2020



\*Source - JATO

\*\*Source - Research Nester

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# THE LEADING VEHICLE BASED OUTDOOR BRAND

## VACATION

More than 3 days

## STAYCATION

1-3 days

## ACTIVITY

Over the day

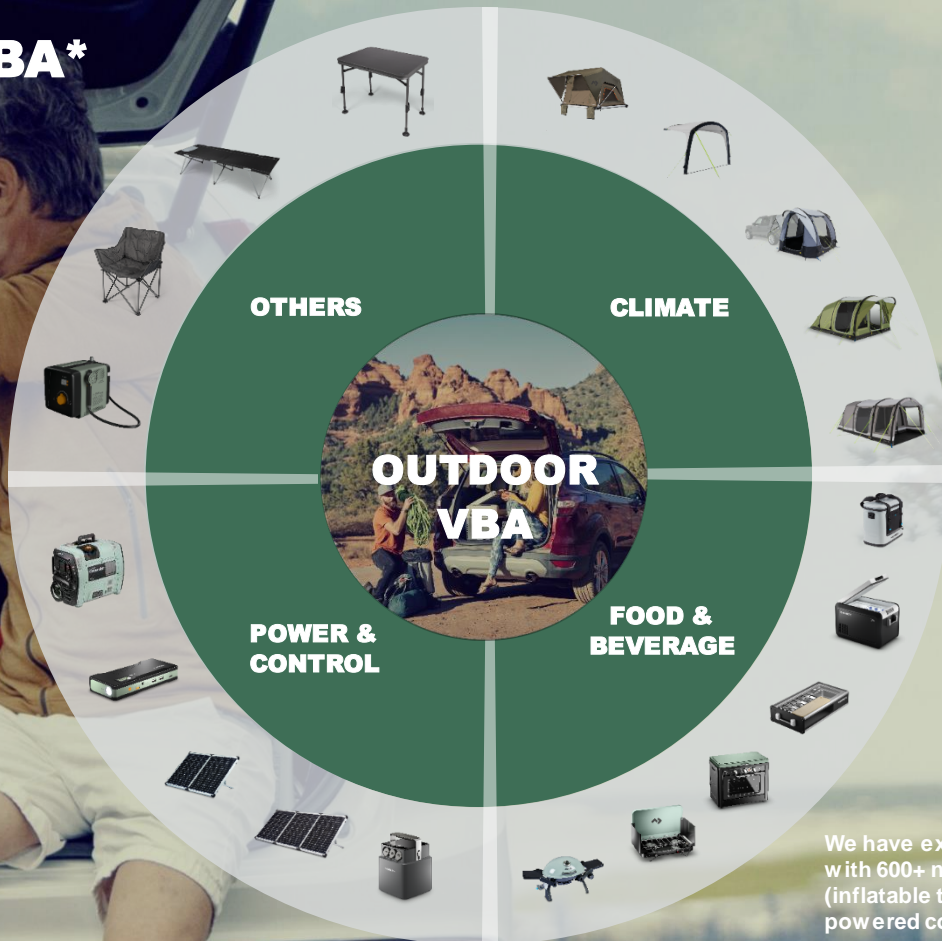


## 4 MAJOR PRODUCT CATEGORIES DRIVE THE OUTDOOR EXPANSION TILL NOW

All launched during last R12

- Powered coolers
- Inflatable camping tents
- Rooftop tents
- Outdoor cooking

# A GROWING VBA\* OUTDOOR ASSORTMENT



# 600+

We have expanded the already broad outdoor portfolio with 600+ new outdoor products the last 12 months (inflatable tents, roof top tents, sleeping accessories, powered coolers, stoves, barbecues, generators, etc.)

\*VBA – Vehicle Based Activities

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# DOMETIC PRESENT IN LEADING OUTDOOR RETAIL CHAINS GLOBALLY

- 36 new stores in progress to be opened in REI and a 300% revenue growth in REI
- +205% growth YTD in own B2C US e-commerce channels
- Steady increase in amount of stores in Australian and NZ Outdoor Retail (+200 new stores as target)
- Launched B2C online stores in nine EU countries\*

## Americas



## EMEA



## AUS

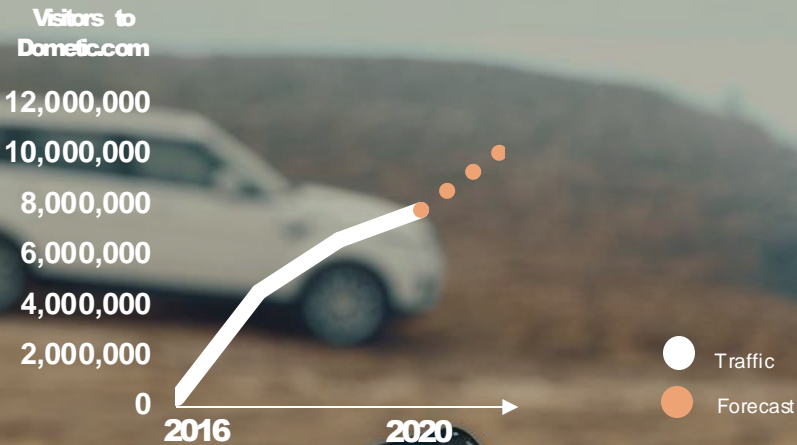


Retail footprint in Outdoor chain Anaconda, Australia

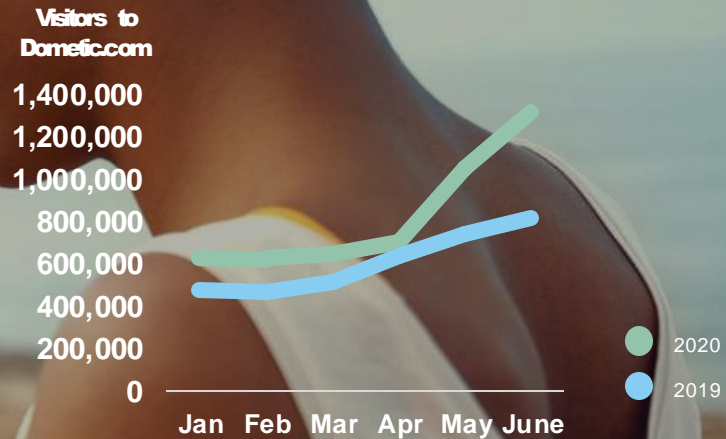


# STRONG GROWTH IN ONLINE TRAFFIC

## TARGET TO REACH 10 MILLIONS GLOBAL VISITORS 2020



- Considerable growth of new potential buyers to dometic.com during Q1-Q2 (+40%)
- High growth in visits to the dealer locator (+88%)
- Traffic to Dometic.com continues to show double digit growth YoY
- Increase in traffic from younger target groups and females



- Staycation and Outdoor trends along with campaign activation and launch of e-commerce in 9 EMEA countries generated an acceleration in traffic and in our own e-commerce
- Google searches on Dometic up 30%, bringing an all time high in search visitor traffic

# RESTRUCTURING PROGRAM

## Locations

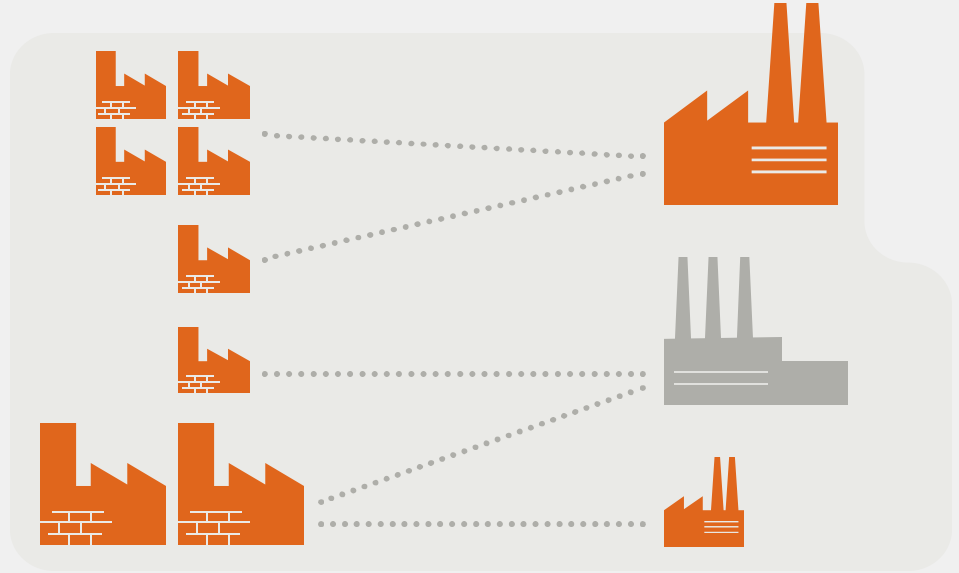
- 3 locations affected in the quarter
- 17 locations affected in total so far

## Employees

- Approximately 230 employees affected in the quarter
- Approximately 730 employees affected in total so far

## Costs

- SEK 61 m in the quarter
- SEK 261 m so far



# Q2 STRATEGY EXECUTION

1

## Profitable expansion

- Increased overall focus on Aftermarket growth
- Launched Outdoor program in Australia and US
- Launched new B2C online stores in EMEA and strong growth in US from low base

2

## Product leadership

- Improvement of Innovation Index
- 600 new Outdoor products launched
- Strong pipeline of additional product launches in 2020

3

## Cost reductions

- Accelerating global restructuring program
- Move of awning manufacturing to Mexico completed
- Continued complexity reduction





# STEFAN FRISTEDT, CFO

# COVID-19 IMPACT

## Implemented activities to reduce the impact from COVID-19 pandemic on the financial result:

- Closed factories and sales offices.
- Short term work/ furlough, kurzarbeit or forced vacation.
- Hiring freeze, ended contracts with consultants and temps.
- Reduction of Group and regional management salaries.
- Managing supply chain and inventory build ups.
- Balance receivables and payables.
- Strengthening of balance sheet.

SEKm	Q2 2020*	SEKm	YTD 2020*
Net Sales	1,900*	Net Sales	2,300*
EBIT	600*	EBIT	720*

## Government grants

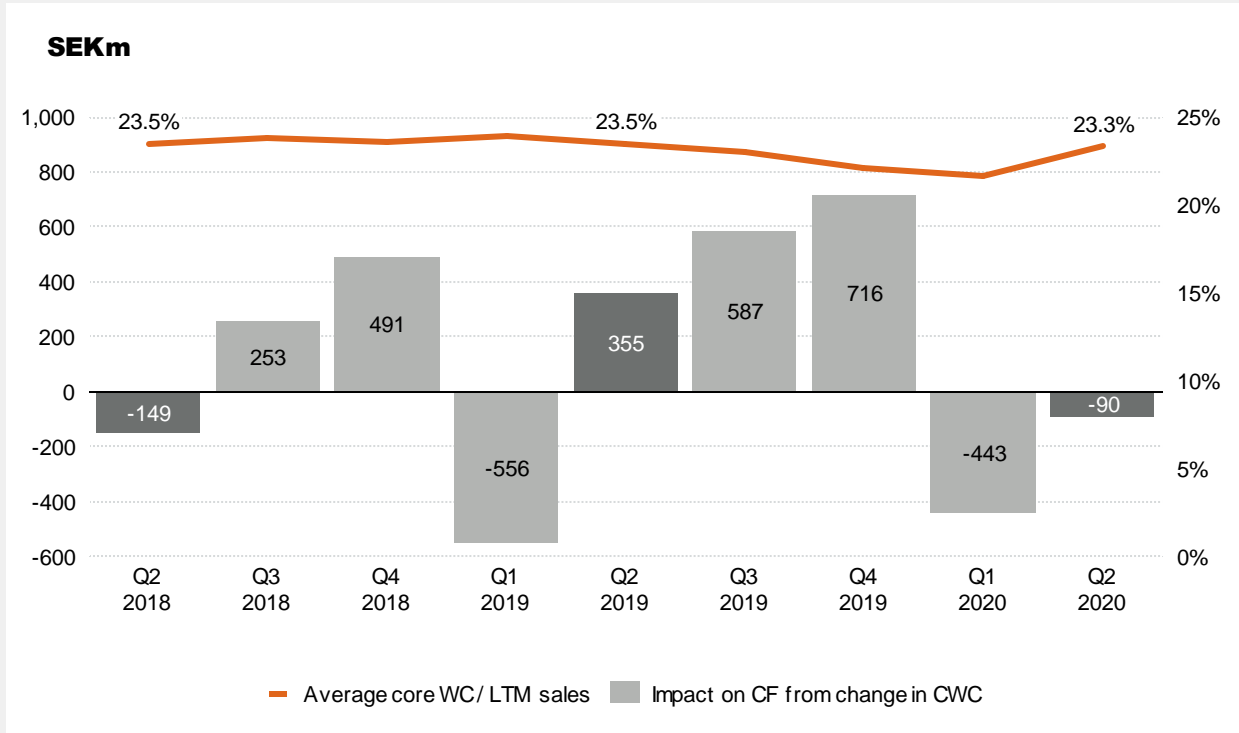
*Received governmental support which has been recorded in the income statement.*

SEKm	YTD 2020
Salary support	27
Other	4
<b>Total</b>	<b>31</b>

## Other support measures

SEKm	P&L - YTD 2020	Cash flow - YTD 2020
Short time work/furlough	124	-
Other	19	95
<b>Total</b>	<b>143</b>	<b>95</b>

# WORKING CAPITAL DEVELOPMENT

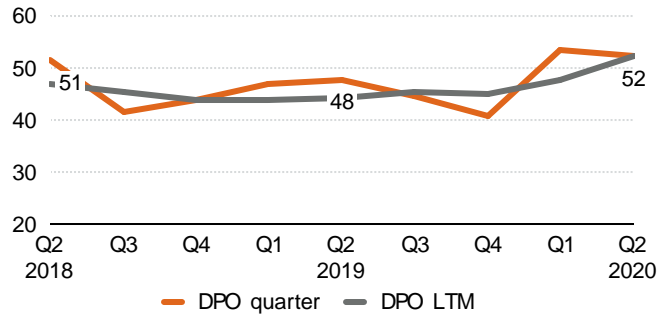


■ Average CWC/LTM net sales:  
 23.3 %

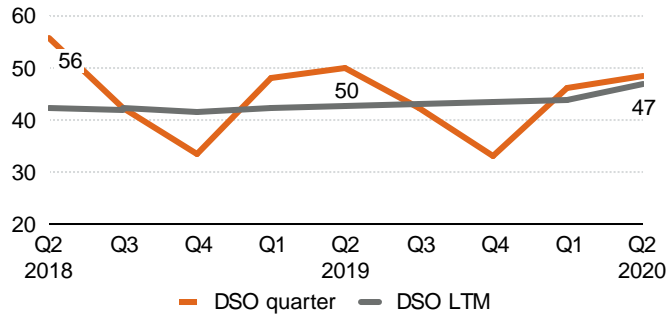
# WORKING CAPITAL

## DAYS, NORMAL CURRENCY

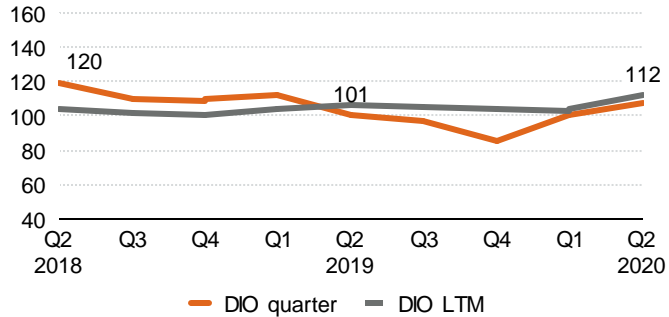
### DPO



### DSO



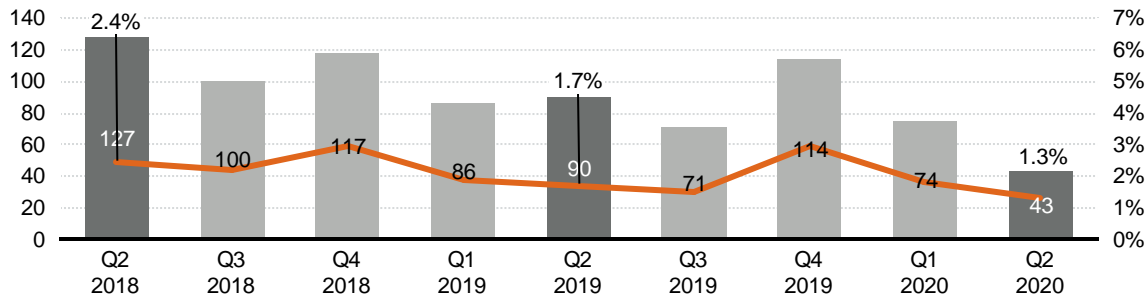
### DIO



# CAPEX & PRODUCT DEVELOPMENT

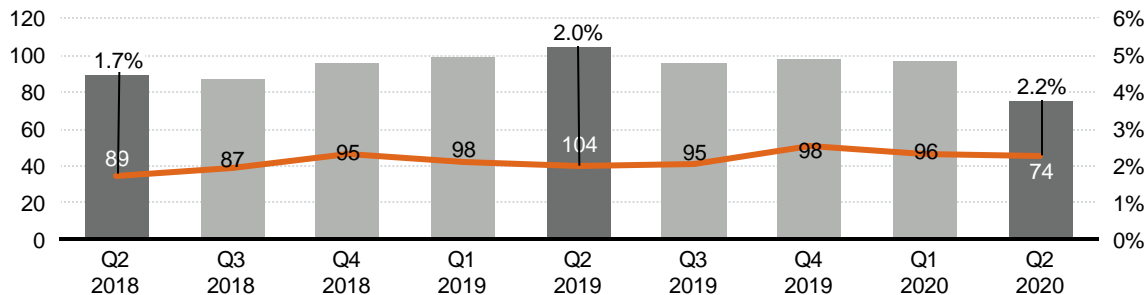
(SEKm, % OF NET SALES)

## CAPEX



- **Q2 2020 CAPEX:**  
1.3% of net sales.  
(1.7% in 2019)

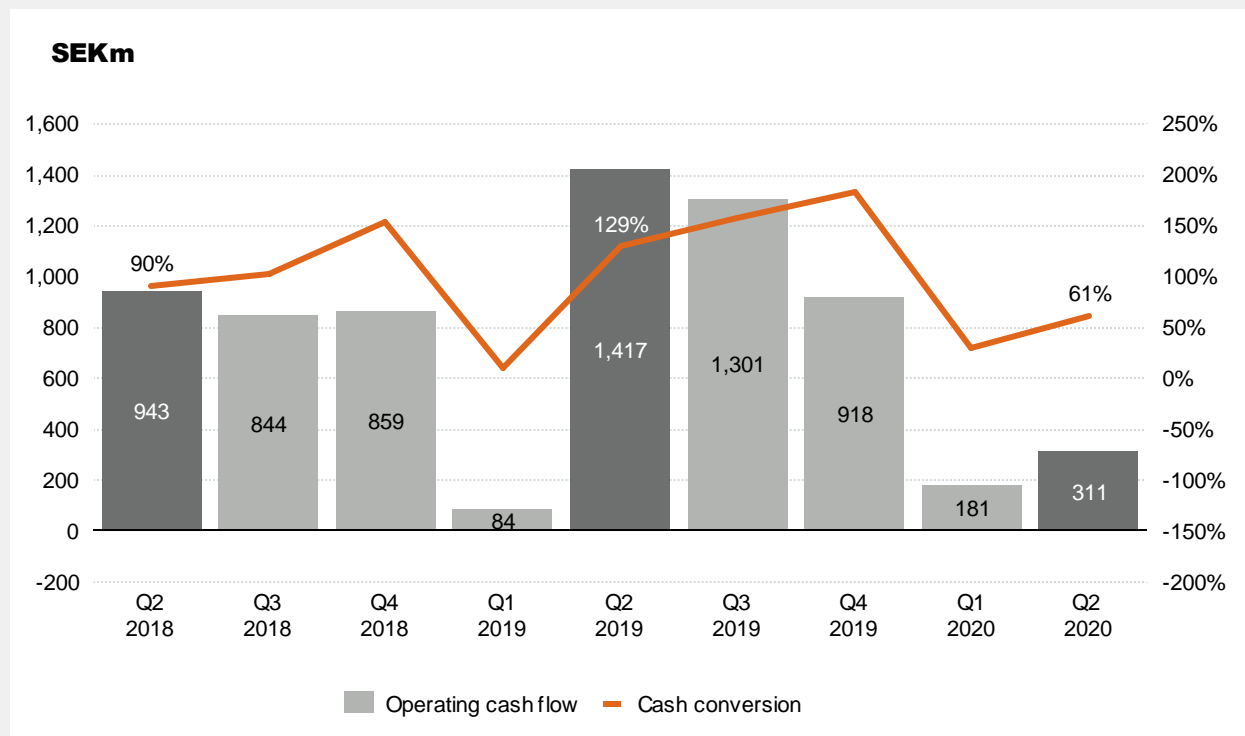
## PD



- **Q2 2020 PD:**  
2.2% of net sales. Includes 5.4m  
SEK of capitalized spend.  
(2.0% in 2019)

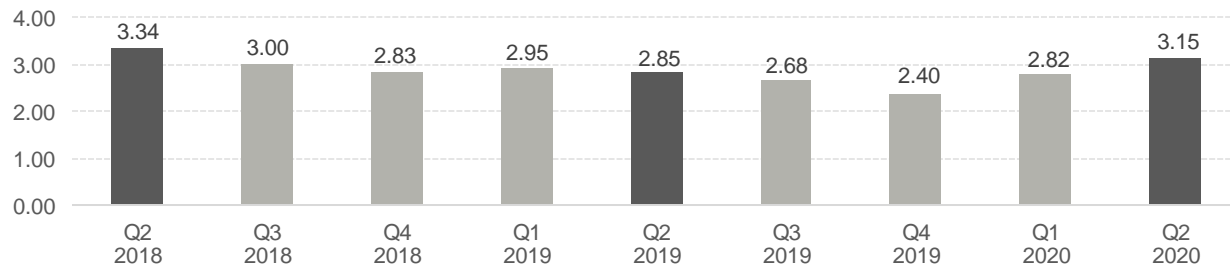


# CASH FLOW



# NET DEBT LEVERAGE AND NET DEBT DETAILS

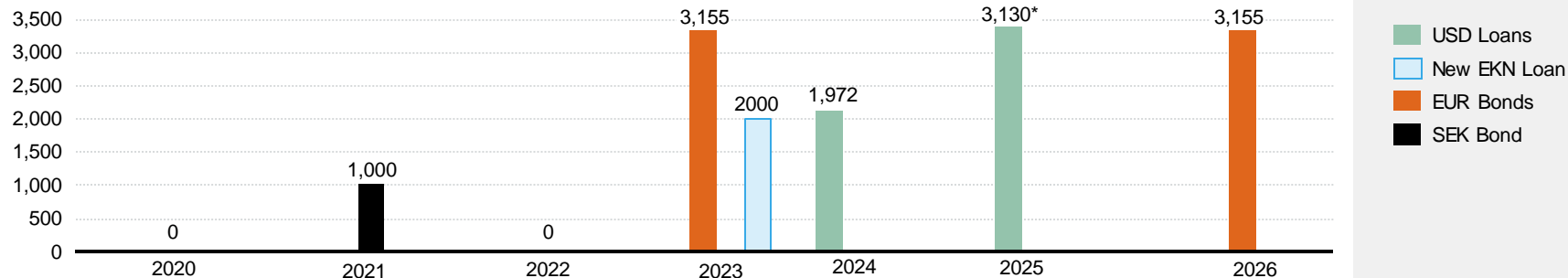
## NET DEBT



Signed a new EKN-backed credit facility of SEK 2 billion with a maturity of three years.

SEKm	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
RCF	380	0	0	0	0	0	0	0	0
EuroBond	0	3,089	3,077	4,120	7,326	7,434	7,272	7,643	7,310
EKN Loan	0	0	0	0	0	0	0	0	2,000
Senior term A	2,883	2,017	1,461	1,458	0	0	0	0	0
Senior term B	8,273	7,662	7,131	7,339	5,034	5,335	5,077	5,483	5102
Certificate	0	0	0	499	0	0	0	0	0
Local facilities	112	0	0	0	0	0	0	0	0
<b>Total debt</b>	<b>11,648</b>	<b>12,768</b>	<b>11,670</b>	<b>13,416</b>	<b>12,360</b>	<b>12,769</b>	<b>12,349</b>	<b>13,127</b>	<b>14,412</b>
Cash	1,329	3,263	2,359	3,624	2,840	3,900	4,555	4,484	6,458
<b>Net debt</b>	<b>10,319</b>	<b>9,505</b>	<b>9,311</b>	<b>9,792</b>	<b>9,521</b>	<b>8,869</b>	<b>7,795</b>	<b>8,642</b>	<b>9,048</b>

# DEBT MATURITY PROFILE MARCH 2020



SEKm Maturities	2020	2021	2022	2023	2024	2025	2026	Total
USD Loans	0	0	0	0	1,972	3,130	0	5,102
EUR Bonds	0	0	0	3,155	0	0	3,155	6,310
SEK Bond	0	1,000	0	0	0	0	0	1,000
New EKN Loan	0	0	0	2,000	0	0	0	2,000
<b>Total</b>	<b>0</b>	<b>1,000</b>	<b>0</b>	<b>5,155</b>	<b>1,972</b>	<b>3,130</b>	<b>3,155</b>	<b>14,412</b>

\*Extended in June with one year from 2020 to 2025

# Q2 2020 SUMMARY

## Business highlights

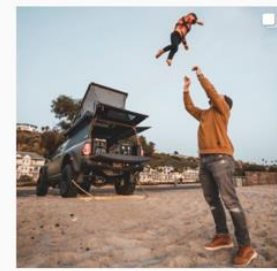
- Unprecedented challenging situation due to the spread of the COVID-19 in April and May but fast recovery in June.
- Rapid capacity adaptation to market demand.
- Working to reduce trade tariff exposure.
- Solid results despite challenging market situation.
- Expect much lesser negative impact caused by COVID-19 pandemic in Q3.

## Strategy highlights

- Accelerating penetration in Outdoor to benefit from staycation trend.
- Increasing pace in new product areas and channel development.
- Continued strong execution on SKU pruning and improving innovation index.
- Positive development of global restructuring program.

## Financing

- Signed a new EKN-backed credit facility of SEK 2 billion with a maturity of three years.



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