

# INTERIM PRESENTATION

Q3 2020

OCTOBER 23, 2020



Mobile living made easy.

 **DOMETIC**



**JUAN VARGUES**  
PRESIDENT & CEO

Mobile living made easy.





# Q3 2020 HIGHLIGHTS

## Market development

- Fast recovery after the unprecedented second quarter
- Retail inventory levels are low
- Increased end user appetite for outdoor activities
- 2<sup>nd</sup> lock down in parts of Australia

## Performance

- Record high backlog
- Organic growth 3%, driven by Aftermarket
- EBIT margin improved to 15.5% (13.5%)
- Rapid increase in demand caused certain constraints in supply chain
- Innovation index reaching 21% (16%)
- Continued focus on cost reduction activities
  - Restructuring program - 4 new locations affected in the quarter
  - SKU reduction 44%



# Q3 2020 FINANCIAL SUMMARY

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

**Net sales of SEK 4,466 m, -3% total growth**

- +3% organic
- -6% FX
- 0% M&A

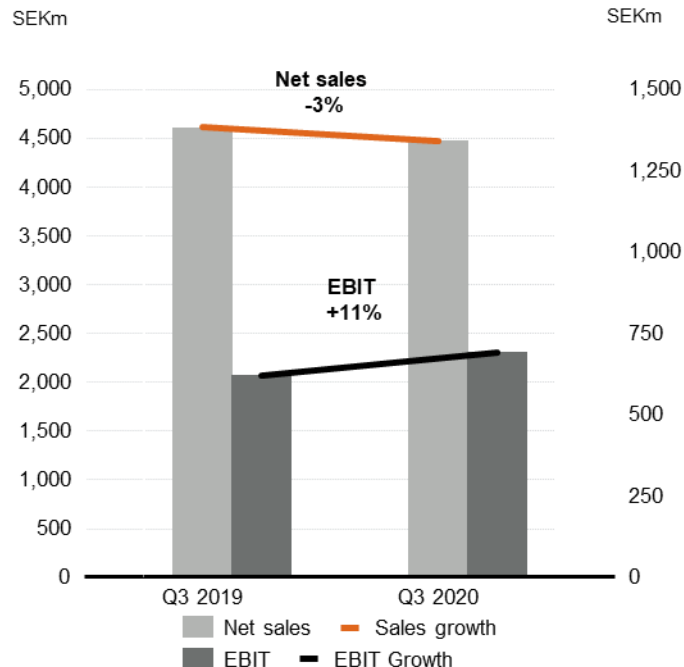
**EBIT before i.a.c. of SEK 690 m, +11%**

- EBIT margin of 15.5% (13.5%)
  - + Aftermarket sales growth
  - + Cost saving activities
  - + Less negative impact from US trade tariffs
  - Lockdown in Australia
  - Impact from COVID-19 and FX

**EBITDA before i.a.c. of SEK 881 m, +6%**

**Operating cash flow of SEK 1,043 m, -20%**

**EPS of SEK 0.95, -24%**



# YTD 2020 FINANCIAL SUMMARY

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

**Net sales of SEK 11,993 m, -18% total growth**

- -17% organic
- 0% FX
- 0% M&A

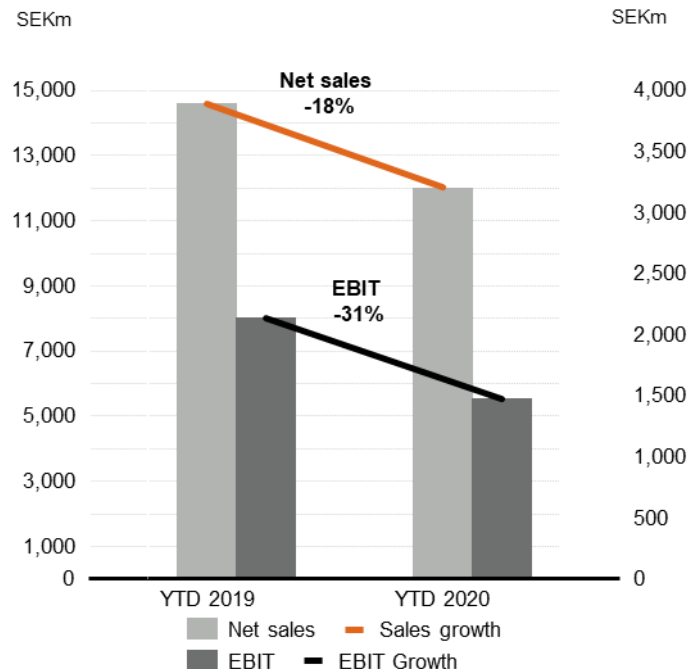
**EBIT before i.a.c. of SEK 1,473 m, -31%**

- EBIT margin of 12.3% (14.7%)
  - + Pro-actively managing cost base in the light of COVID-19
  - + Efficiency improvements and pricing
  - + Mix Aftermarket / OEM
  - Substantially lower volumes / COVID-19
  - US trade tariffs

**EBITDA before i.a.c. of SEK 2,075 m, -24%**

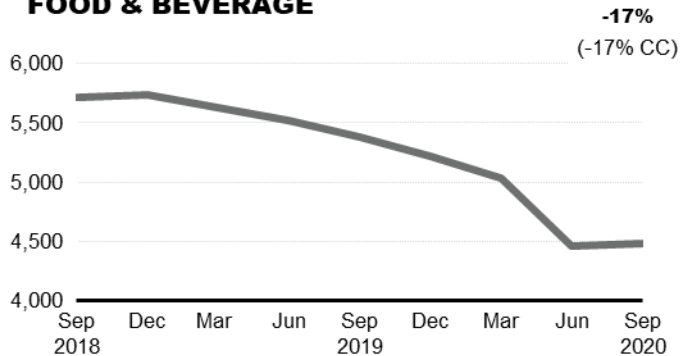
**Operating cash flow of SEK 1,534 m, -45%**

**EPS of SEK 2.07, -52%**

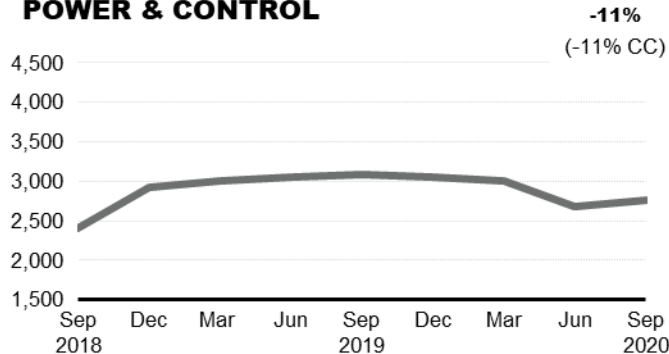


# APPLICATION AREAS

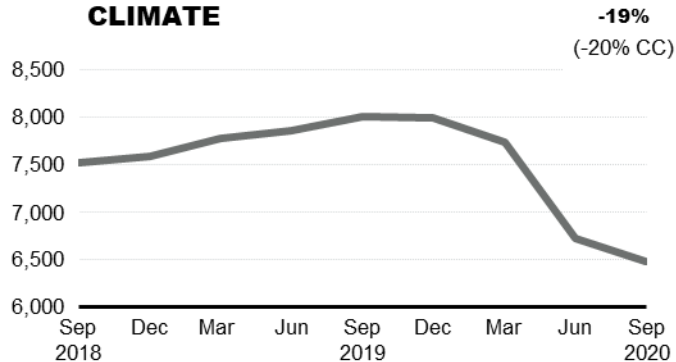
## FOOD & BEVERAGE



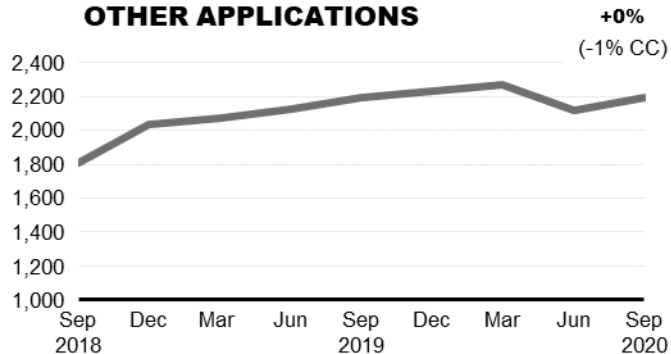
## POWER & CONTROL



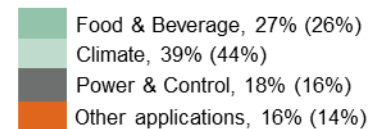
## CLIMATE



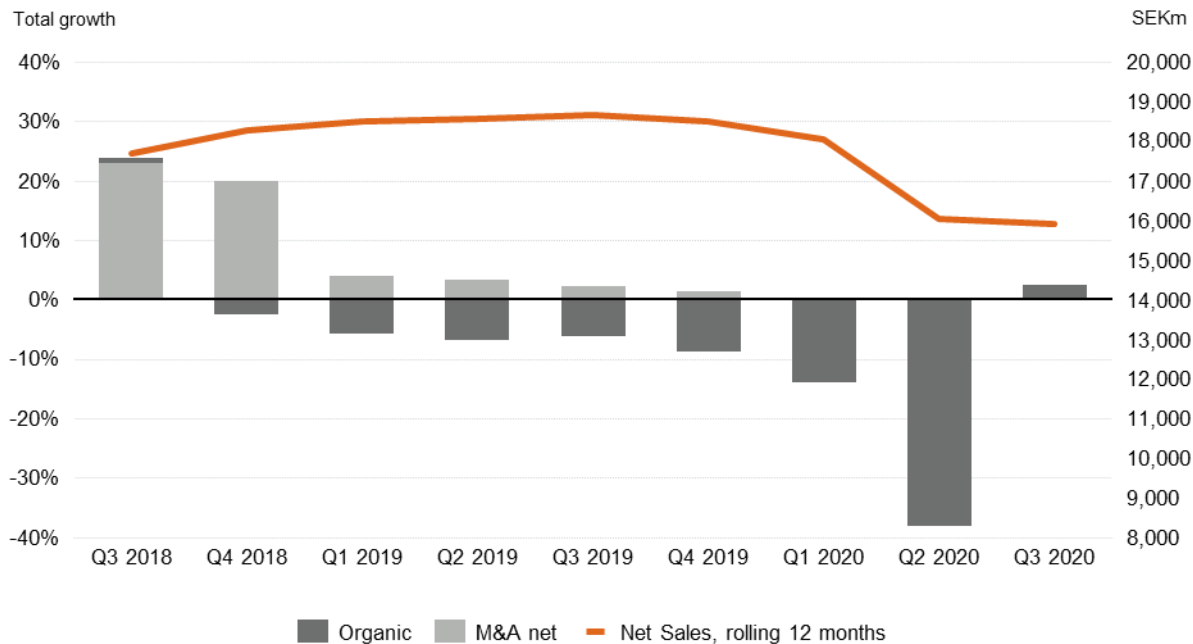
## OTHER APPLICATIONS



## SALES SPLIT, APPLICATION AREA \*



# SALES GROWTH



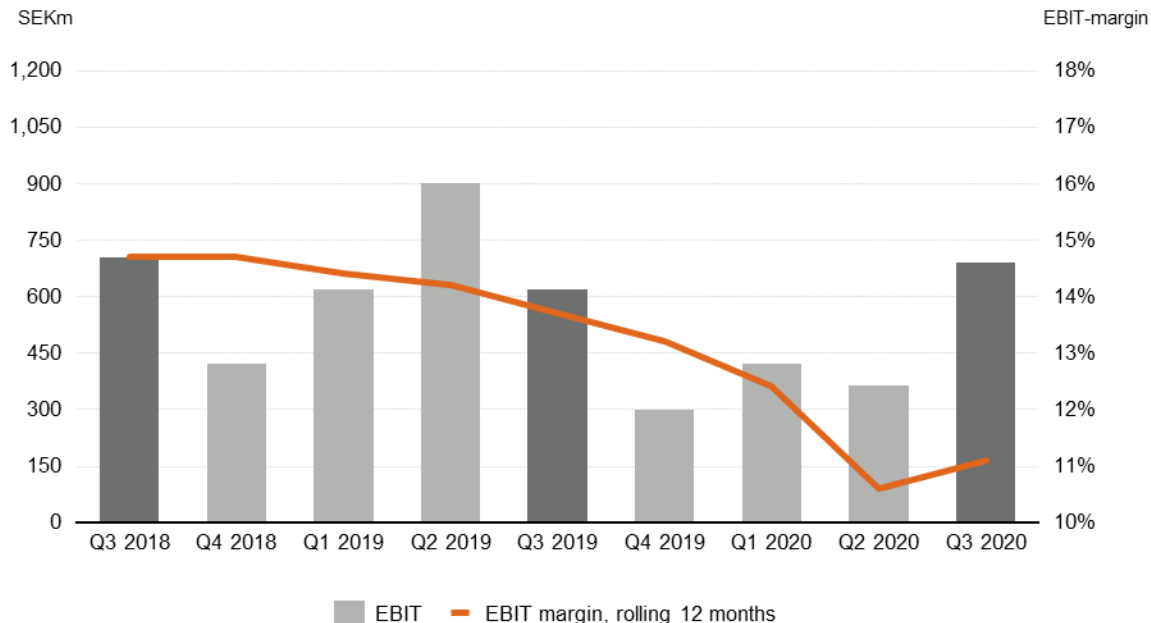
## Quarter 3 2020

**SEK 4,466 m, +3% organic growth**

- Americas +5%
- EMEA +4%
- Asia Pacific -15%
  
- Whereof Aftermarket +13%

# EBIT AND EBIT MARGIN BEFORE I.A.C

EBIT Run rate 11.1% (13.7%)



## Quarter 3 2020

EBIT margin 15.5% (13.5%)

- + Sales mix Aftermarket / OEM
- + Cost saving activities
- + Less negative impact from US trade tariffs
- Lockdown in Australia
- Impact from COVID-19 and FX



# AMERICAS

## Net sales of SEK 2,400 m, +5% organic

- Growth in Food & Beverage, Power & Control and in Other Applications
- Record high order backlog
- Double digit sales growth in Aftermarket
- Started deliveries on automotive OEM contracts

## EBIT before i.a.c. of SEK 383 m, +30%

- EBIT Margin of 16.0% (12.0%)
  - + Sales mix Aftermarket / OEM
  - + Efficiency improvements
  - + Lower US trade tariffs
  - Supply constraints and COVID-19 cases in manufacturing

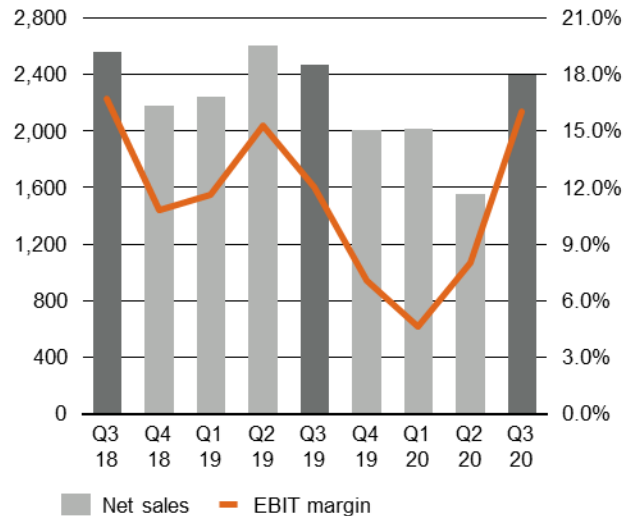


OEM, 56%  
AM, 44%



Americas, 54%  
Rest of Group, 46%

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



# EMEA

## Net sales of SEK 1,739 m, +4% organic

- Growth in Food & Beverage, Power & Control and in Other Applications
- New organizational structure to drive efficiency and growth initiatives
- Double digit sales growth in Aftermarket business
- Lower demand in European Marine OEM

## EBIT before i.a.c. of SEK 253 m, +6%

- EBIT Margin of 14.6% (13.8%)
  - + Efficiency improvements
  - + Sales mix Aftermarket / OEM
  - Negative FX effect

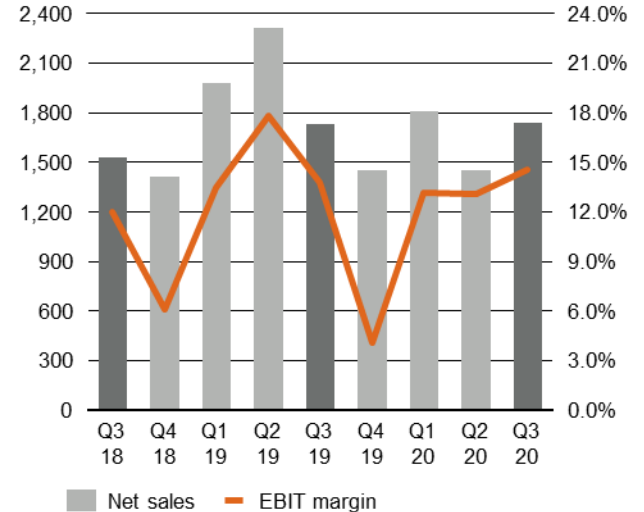


OEM, 43%  
AM, 57%



EMEA, 39%  
Rest of Group, 61%

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



# APAC

## Net sales of SEK 326 m, -15% organic

- Negative growth in all application areas
- August – September negatively impacted by 2<sup>nd</sup> wave of lock-downs in parts of Australia
- Organic growth in Asia

## EBIT before i.a.c. of SEK 53 m, -36%

- EBIT Margin of 16.4% (20.9%)
  - + Efficiency improvements
  - Volume decline / COVID-19
  - Geographical mix

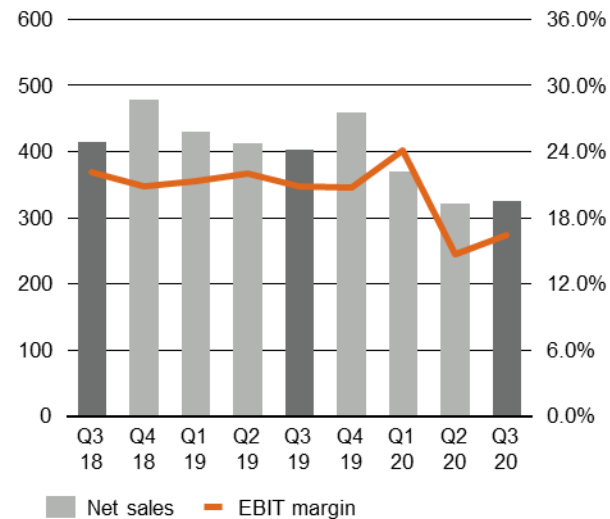


OEM, 44%  
AM, 56%



APAC, 7%  
Rest of Group, 93%

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



# RESTRUCTURING PROGRAM

## Locations

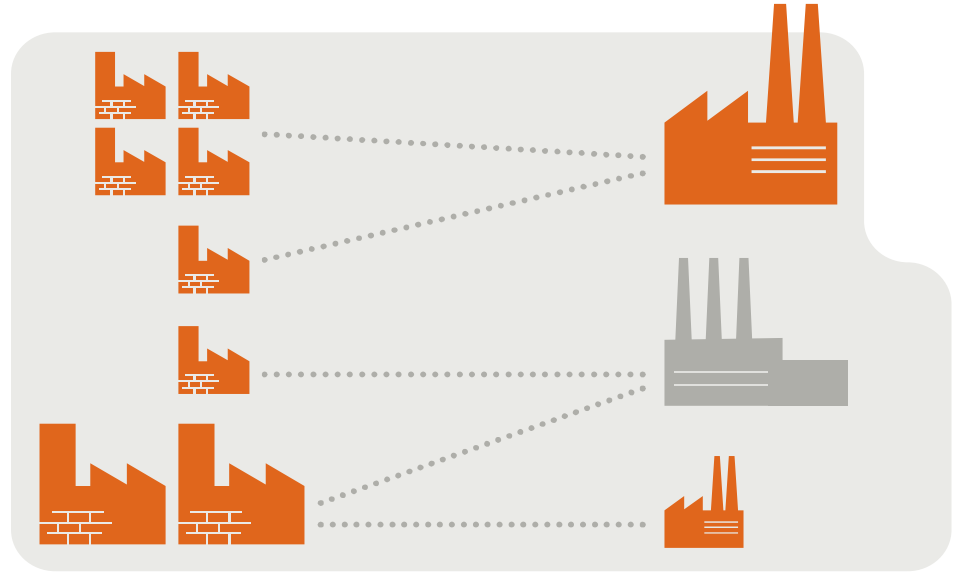
- 4 locations affected in the quarter, 21 so far

## Employees

- 18 employees affected in the quarter, approximately 740 so far

## Costs

- SEK 14 m in the quarter, SEK 214 m so far



# PRODUCTS INTRODUCED IN Q3



## DOMETIC ELECTRIC POWER ASSIST

- Groundbreaking innovation
- Electric steering to expand into mass market of smaller outboard powerboats
- Already received recognition and an "innovation award"



## COMPRESSOR VERSION 10-SERIES

- Iconic double hinge door RV fridge in compressor cooling technology
- Design received awards and recognitions
- Adding under counter models



## NEW WINE REFRIGERATOR RANGE

- Purpose-built and categorized for use case
- Target both professional and private use
- Future proof: exceed the requirements of the upcoming EU legislation



## UPGRADE OF DOMETIC INTERACT

- Offers seamless connectivity across customer segments and product areas
- IoT service contract with telecom operator
- Secures instant roaming access to 200+ leading mobile networks globally



# Q3 STRATEGY EXECUTION

## 1 Profitable expansion

- Increased focus on Aftermarket growth
- Implementing global e-commerce B2C solution
- Organizational investments into new growth areas

## 2 Product leadership

- Continuous improvement of Innovation Index
- Secure position in existing areas while developing offerings in new growth areas
- Strong pipeline of product launches in 2020 and 2021 – guarantees continued innovation increase

## 3 Cost reductions

- SKU reduction already reached 2021 target
- New organizational structure in EMEA – to drive growth in new areas while increasing efficiency
- Ongoing restructuring program



# CLEAR ACCELERATION OF OUTDOOR LIFESTYLE TREND

## VACATION

More than 3 days

## STAYCATION

1-3 days

## ACTIVITY

Over the day



# +70% MORE GLOBAL VISITS TO DOMETIC.COM YTD VS 2019

ALMOST TWO MILLION MORE VISITS DURING Q3 20 VS Q3 19



Covid-19 crisis hits globally

Traffic to Dometic.com continues to show significant traffic increase with changed demographics

- Largest visitor group ages 25-34 (previously 45-54)
- 2nd largest group ages 35-44
- Increase in traffic from younger target groups < 35 and females

Mobile living made easy.

 DOMETIC

# THE LEADING VEHICLE-BASED OUTDOOR BRAND

## RECREATIONAL VEHICLES



We are a leading player within Recreational Vehicles

## BOATS



We are a leading player within leisure Marine

## VANS



We are a leading player within Vans

## PASSENGER CARS



We are expanding our offering to the passenger car market

RELATIVE INITIAL INVESTMENT INTO VEHICLE



RELATIVE AMOUNT OF VEHICLES

Strong foothold globally

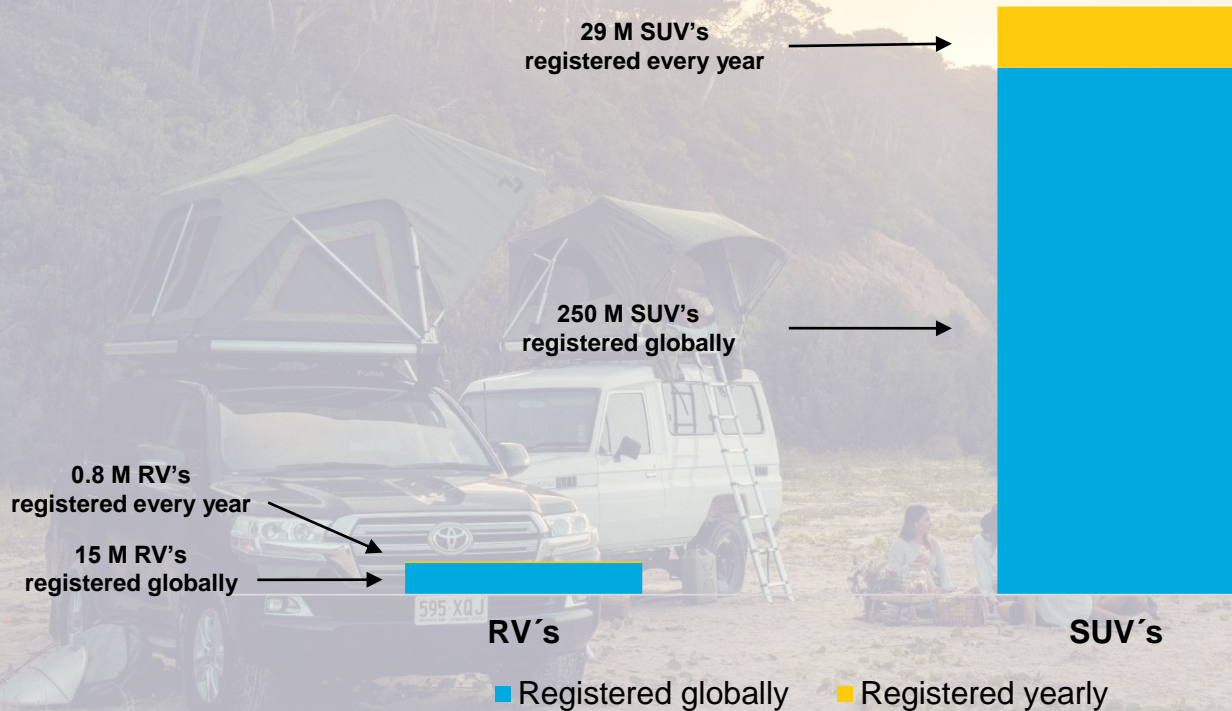
Strong foothold globally

Strong foothold globally

New potential



# MARKET SIZE 2019 – RV MARKET VS SUV MARKET



Mobile living made easy.







# **STEFAN FRISTEDT**

**CFO**

# COVID-19 IMPACT

## SIGNIFICANTLY LESS IMPACT IN THE THIRD QUARTER

### Estimated P&L impact

SEK m.	Q3 2020	YTD 2020
Net Sales	-130	-2,400
EBIT	-30	-800

- As anticipated less negative impact compared to 1H 2020

### Government grants

SEK m.	Q3 2020	YTD 2020
Total	15	47

- Received governmental support recorded in the income statement
- Significantly reduced compared to Q2

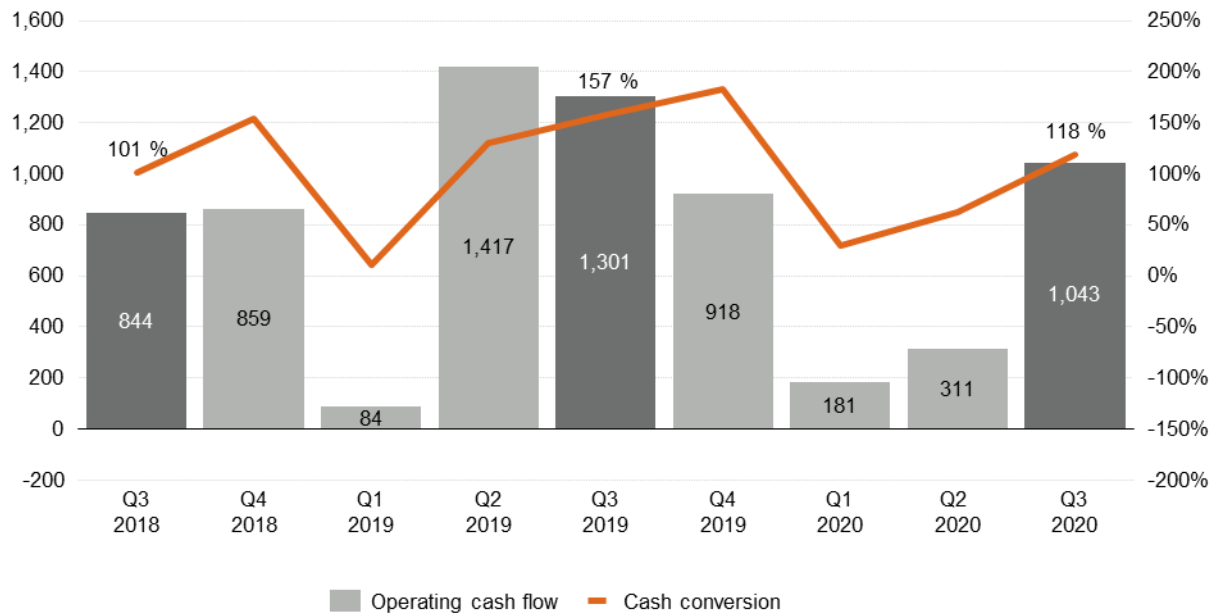
### Other support measures

SEK m	Q3 2020	YTD 2020
Total	3	146

- Includes short-time work compensation and social charges reduction
- No lockdowns - limited amounts in the third quarter

# CASH FLOW

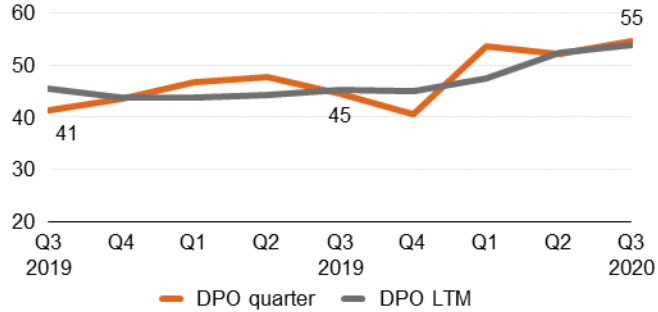
SEKm



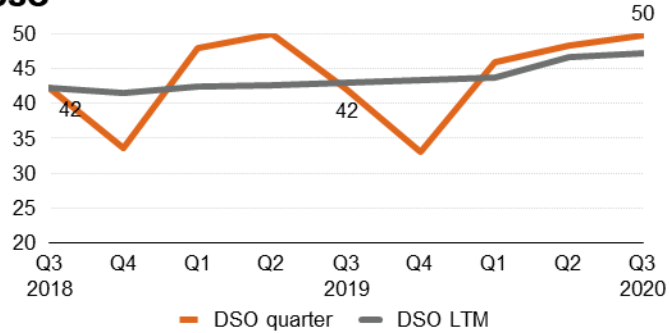
# WORKING CAPITAL

## DAYS, NORMAL CURRENCY

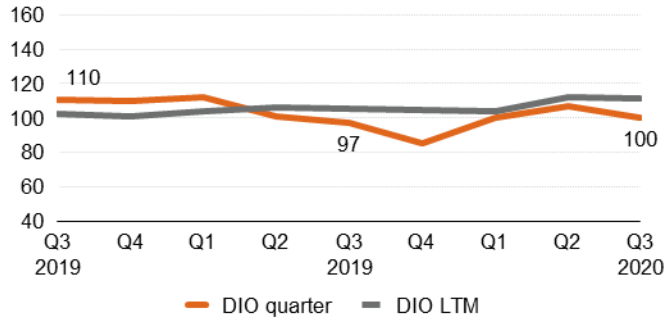
### DPO



### DSO



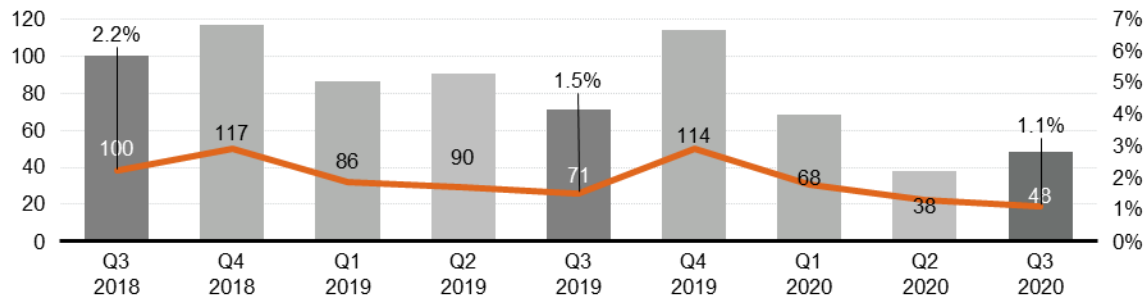
### DIO



# CAPEX & PRODUCT DEVELOPMENT

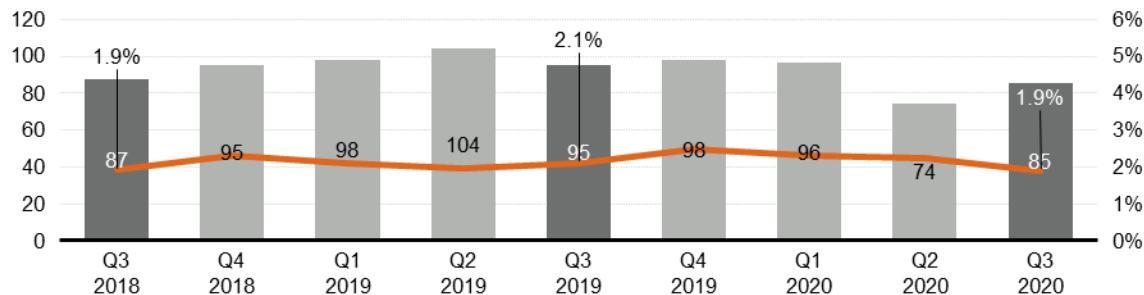
(SEKm, % OF NET SALES)

## CAPEX



- **Q3 2020 CAPEX:**  
1.1% of net sales.  
(1.5% in 2019)

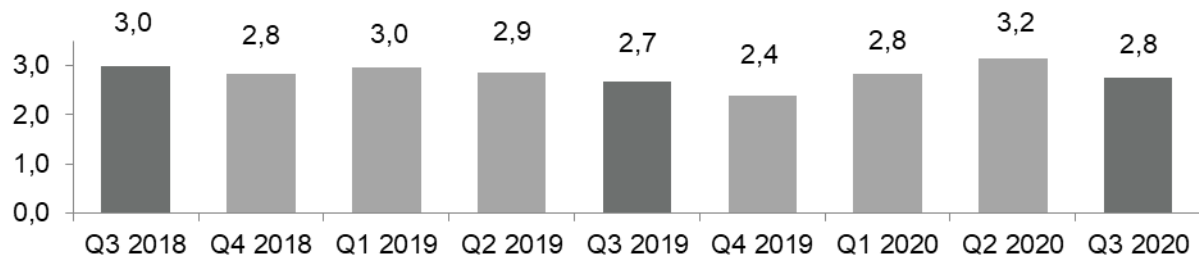
## PD



- **Q3 2020 PD:**  
1.9% of net sales.  
(2.1% in 2019)
- Includes SEK 4.9 m in capitalized product development expenses

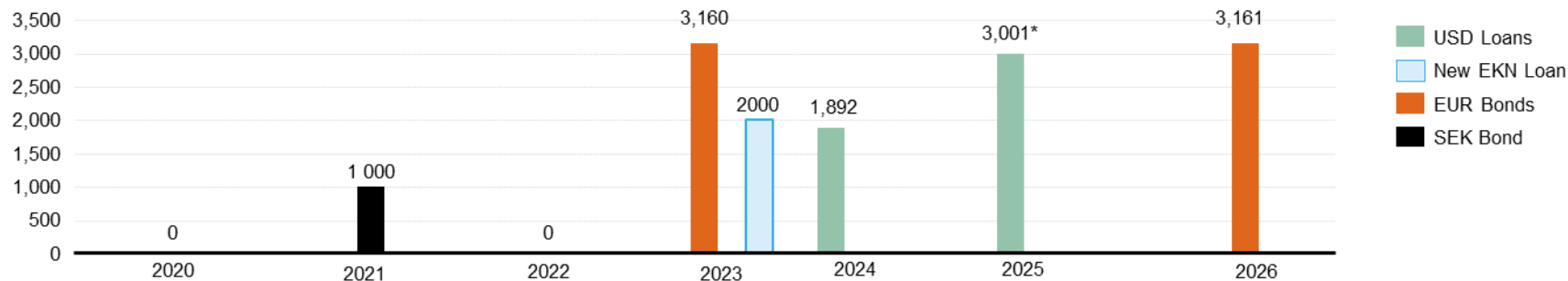


# NET DEBT LEVERAGE AND NET DEBT DETAILS



SEKm	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
RCF	0	0	0	0	0	0	0	0	0
EMTN Bonds	3,089	3,077	4,120	7,326	7,434	7,272	7,643	7,311	7,321
Senior term A	2,017	1,461	1,458	0	0	0	0	0	0
Senior term B	7,662	7,131	7,339	5,034	5,335	5,077	5,583	5,102	4,893
Certificate	0	0	499	0	0	0	0	0	0
EKN Loan	0	0	0	0	0	0	0	2,000	2,000
Local facilities	0	0	0	0	0	0	0	0	0
<b>Total debt</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>	<b>14,214</b>
Cash	3,263	2,359	3,624	2,881	3,900	4,555	4,484	6,458	7,081
<b>Net debt</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>7,954</b>	<b>7,133</b>

# DEBT MATURITY PROFILE SEPTEMBER 2020



SEKm Maturities	2020	2021	2022	2023	2024	2025	2026	Total
USD Loans	0	0	0	0	1,892	3,001	0	4,893
EUR Bonds	0	0	0	3,160	0	0	3,161	6,321
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>5,160</b>	<b>1,892</b>	<b>3,001</b>	<b>3,161</b>	<b>14,214</b>

\*Extended in June with one year from 2024 to 2025

# Q3 2020 FINANCIAL ITEMS AND TAXES

**EPS reduced to SEK 0.95 (1.26) due to taxes and financial items**

## **Financial items SEK -153 m (-82)**

- Other FX revaluations SEK -52 m (+26) due to weakened USD in the quarter
- Interest on external bank loans SEK -101 m (-110)

## **Taxes SEK -242 m (-129)**

- Corresponding to 46% (26%) tax rate
- Negatively impacted by tax provisions for ongoing foreign tax disputes
- Paid tax 22% (20%)

# Q3 2020 SUMMARY

## Business highlights

- Rapid increase in market demand
  - Increased end user appetite for staycation and outdoor activities.
  - Organic sales growth 3%
  - Record high order backlog
  - Foresee coming quarters to be strong
- Strong EBIT margin improvement to 15.5% (13.5%)

## Strategic highlights

- Investing in Outdoor to benefit from staycation trend
- Strong growth in #visitors to Dometic.com – asset for future growth
- Innovation index up – pipeline of new products strong
- Well positioned for continued growth and margin expansion.
- Confident about the long-term positive trends in the Mobile Living Industry – remain committed to our financial targets



A scenic landscape at sunset. In the foreground, a dark tent is pitched on a grassy field. Two people are sitting on chairs outside the tent, and a blue cooler is on the ground. To the right, a silver Volvo station wagon is parked. In the background, a dark truck with a canopy is parked on a rocky ridge, with two people standing nearby. The sky is filled with soft, golden light from the setting sun, and the overall atmosphere is peaceful and adventurous.

**DOMETIC**



## 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.