

INTERIM PRESENTATION

Q4 2020

February 3, 2021





JUAN VARGUES

PRESIDENT & CEO

Q4 2020 HIGHLIGHTS

Market development

- Continued strong market conditions and low inventory levels
- Strong development in Americas
- Growing market demand in EMEA
- Recovery in Asia Pacific
- Access to key components and freight capacity challenging

Performance

- Organic sales growth 15% - of which Aftermarket growth 22%
 - Order backlog considerably higher than a year ago
 - Supply performance considerably improved
 - Organic sales growth and profitability improvements in all regions
- EBIT margin improved to 11.1% (7.6%)
- Innovation index reaching 22% (16%)
 - Several new products launched
- Continued focus on cost reduction activities



FULL YEAR 2020 HIGHLIGHTS

Market development

- A challenging year impacted by the COVID-19 outbreak
 - Lock-downs in the first half
 - Strong recovery in the second half
- Increased end user appetite for outdoor activities
- Retail inventory levels low

Performance

- Organic sales growth -10%
 - First half -27%
 - Second half +8% of which +15% in the fourth quarter
- EBIT margin 12.0% (13.2%)
- Balanced short term cost reductions with long term investments and structural improvements
- Solid cash flow – Leverage 2.0x (2.4x)
- The Board of directors proposes a dividend of SEK 2.30 per share



Q4 2020 FINANCIAL SUMMARY

Net sales of SEK 4,213 m, +8% total growth

- +15% organic
- -7% FX
- 0% M&A

EBIT before i.a.c. of SEK 466 m, +56%

- EBIT margin of 11.1% (7.6%)
- Improvements in all regions

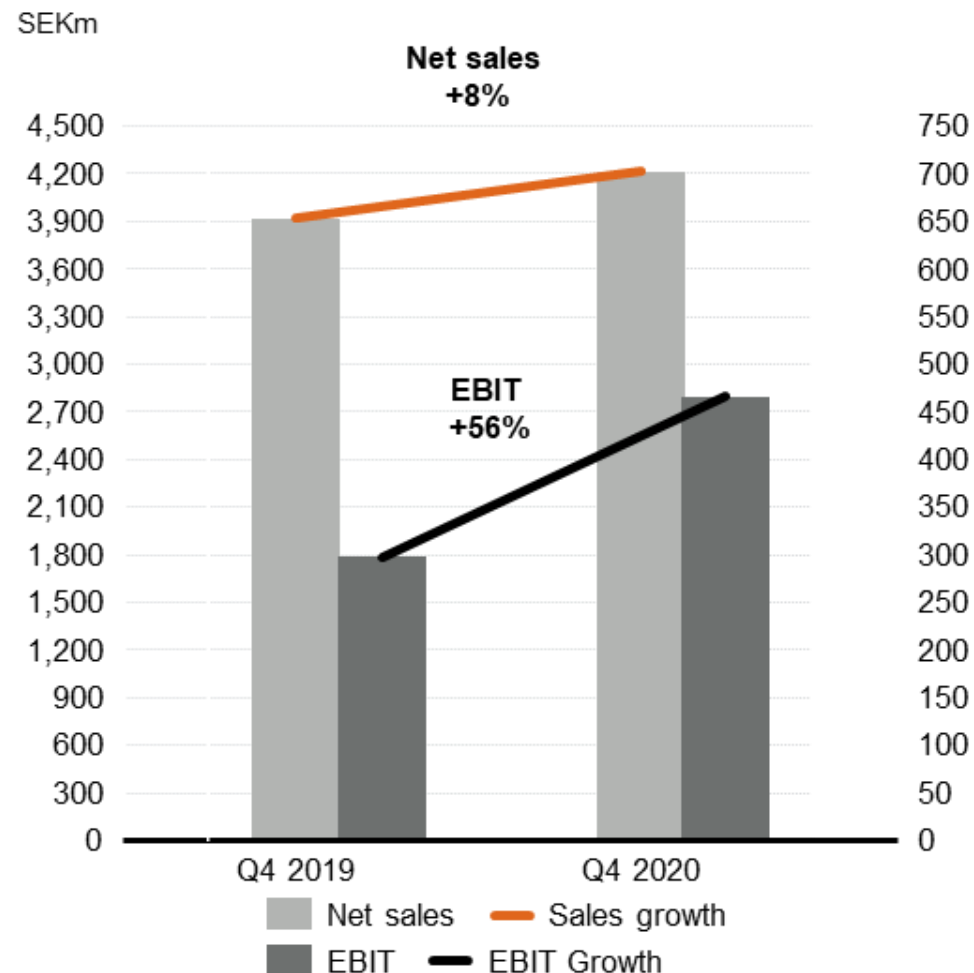
EBITDA before i.a.c. of SEK 607 m, +33%

Operating cash flow of SEK 724 m, -21%

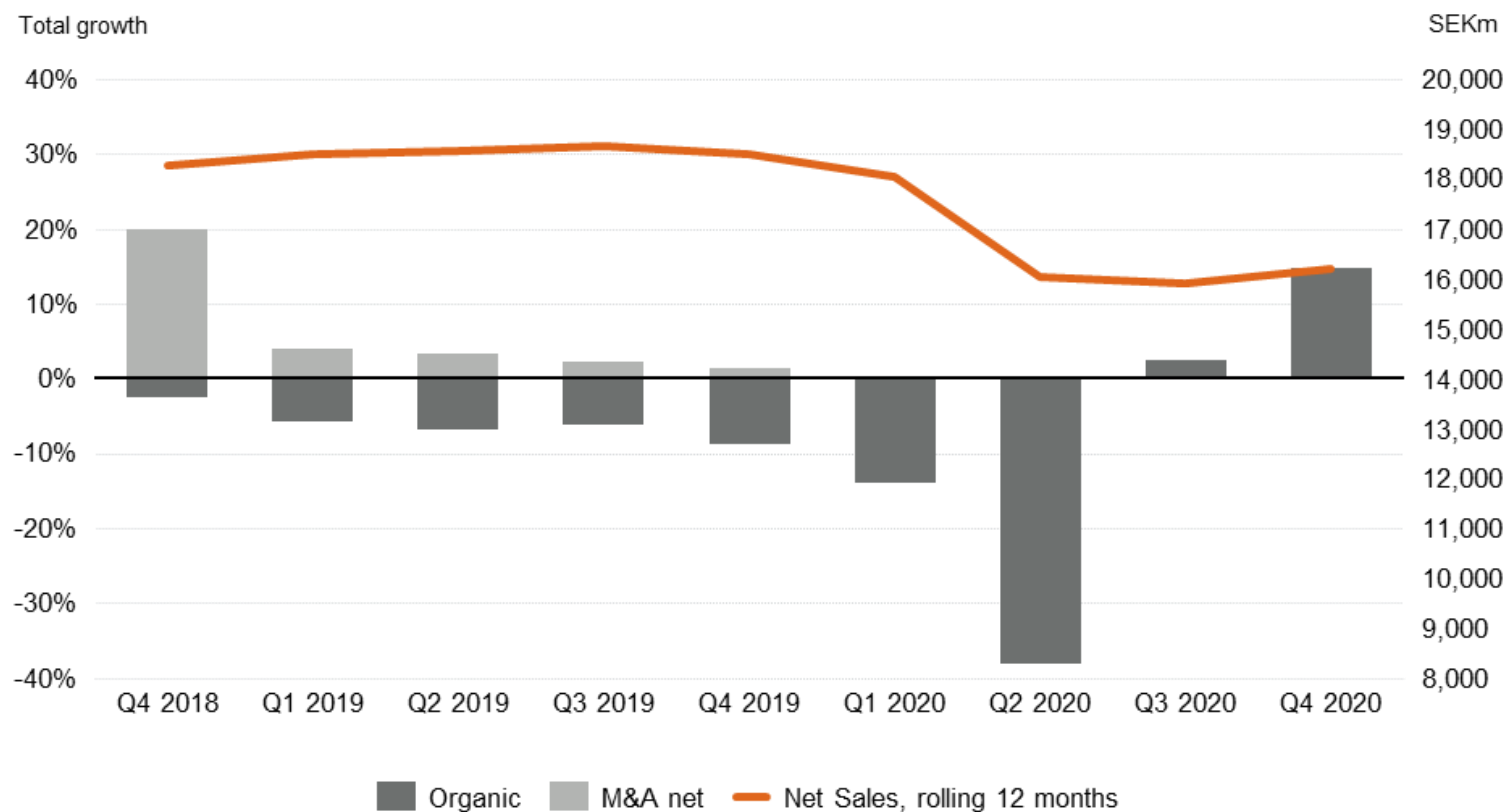
Leverage 2.0x (2.4x), in line with target

EPS of SEK -0.54 (0.16)

- SEK 0.87 excluding tax provision for ongoing tax dispute



SALES GROWTH



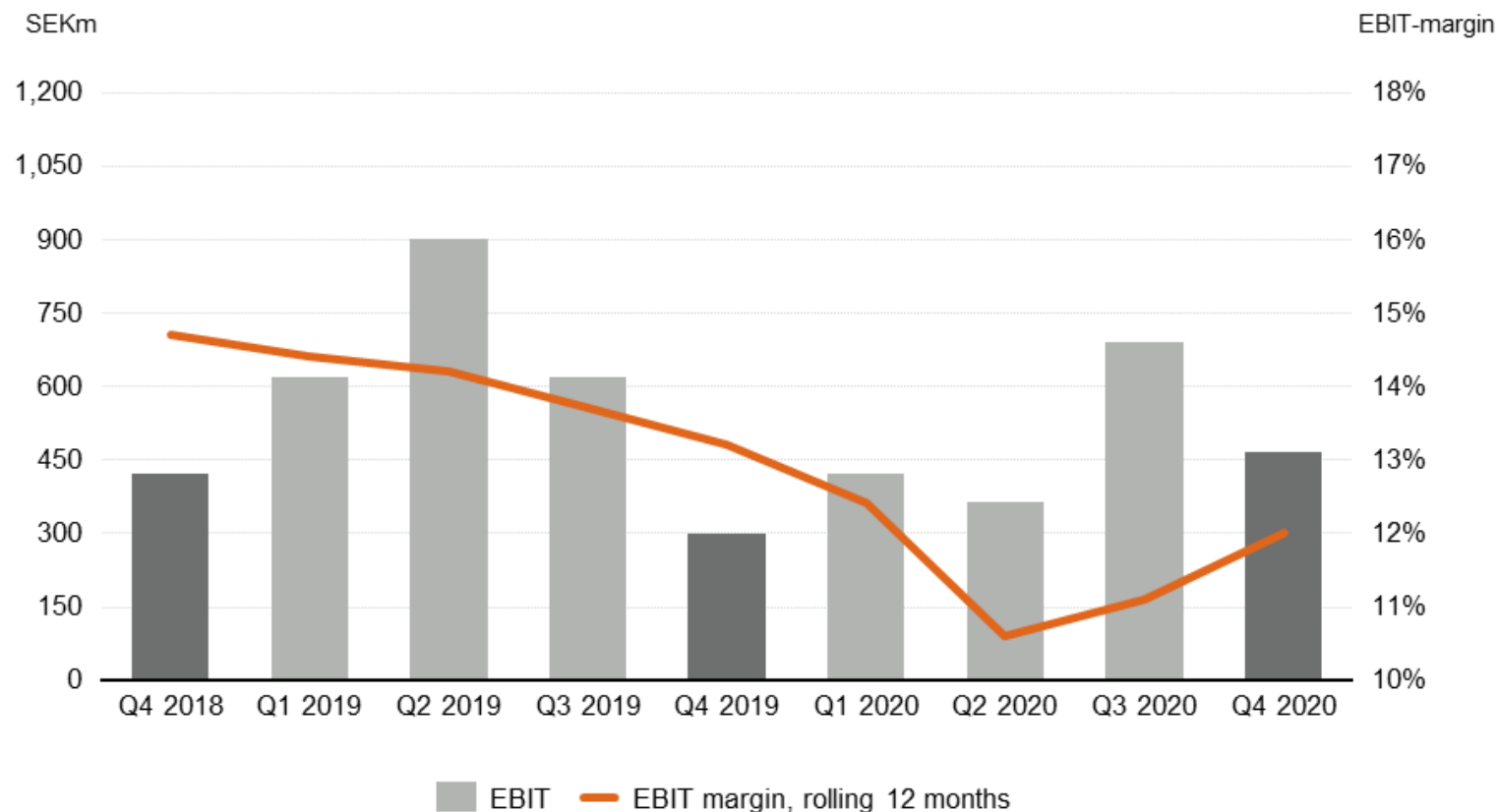
Quarter 4 2020

SEK 4,213 m, +15% organic growth

- Americas +22%
- EMEA +7%
- Asia Pacific +9%

- Whereof Aftermarket +22%

EBIT AND EBIT MARGIN BEFORE I.A.C



Quarter 4 2020

EBIT margin 11.1% (7.6%)

- + Sales growth, strong Aftermarket
- + Less negative impact from US trade tariffs
- + Cost saving activities
- Negative FX evolution
- Freight costs

FULL YEAR 2020 FINANCIAL SUMMARY

Net sales of SEK 16,207 m, -12% total growth

- -10% organic
- -2% FX
- 0% M&A

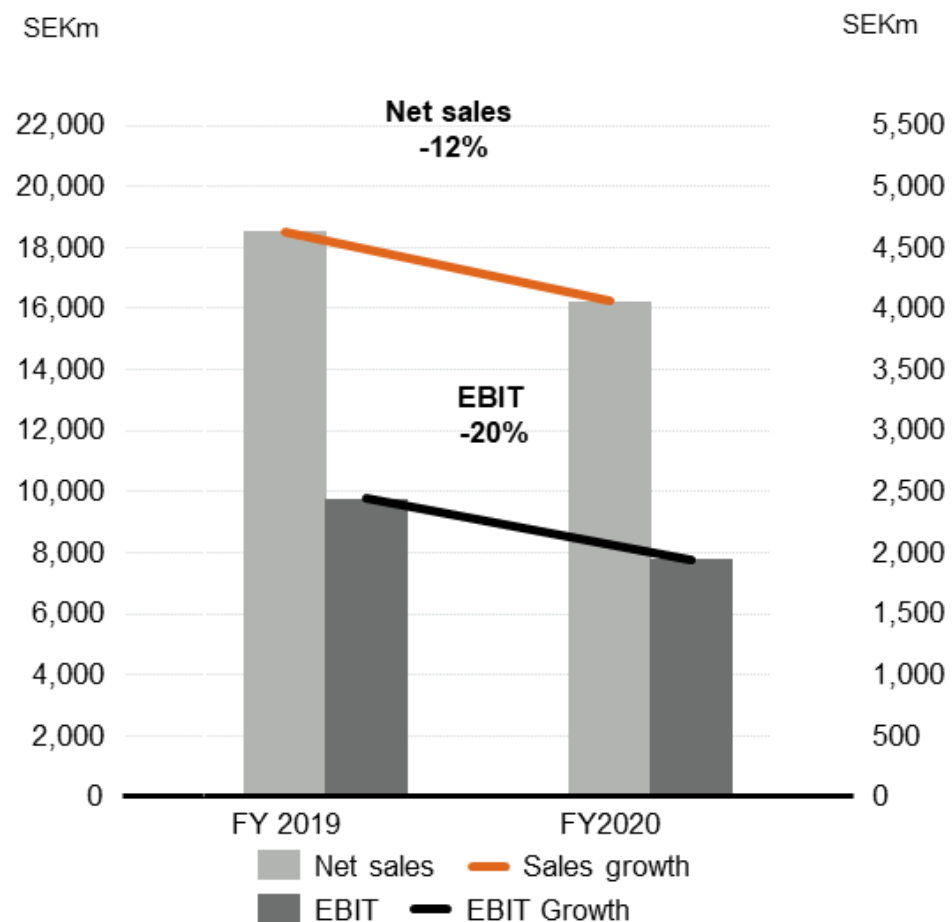
EBIT before i.a.c. of SEK 1,939 m, -20%

- EBIT margin of 12.0% (13.2%)
 - + Pro-actively managing cost base in the light of COVID-19
 - + Efficiency improvements and pricing
 - + Mix Aftermarket / OEM
 - Substantially lower volumes
 - COVID-19 outbreaks in manufacturing

EBITDA before i.a.c. of SEK 2,549 m, -17%

Operating cash flow of SEK 2,258 m, -39%

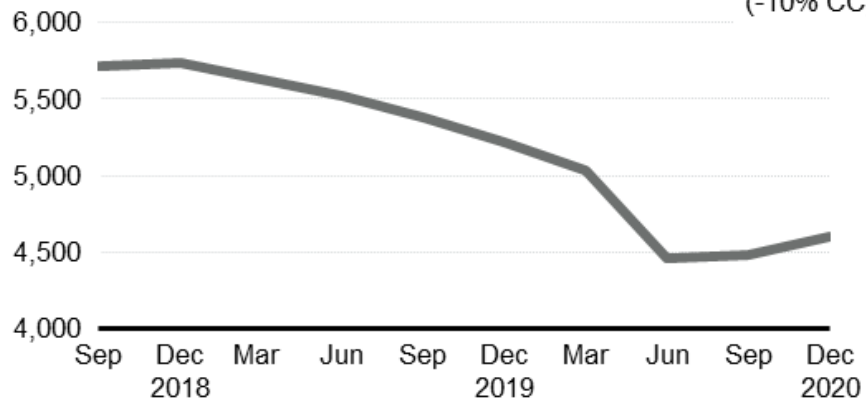
EPS of 1.52, -66%



APPLICATION AREAS

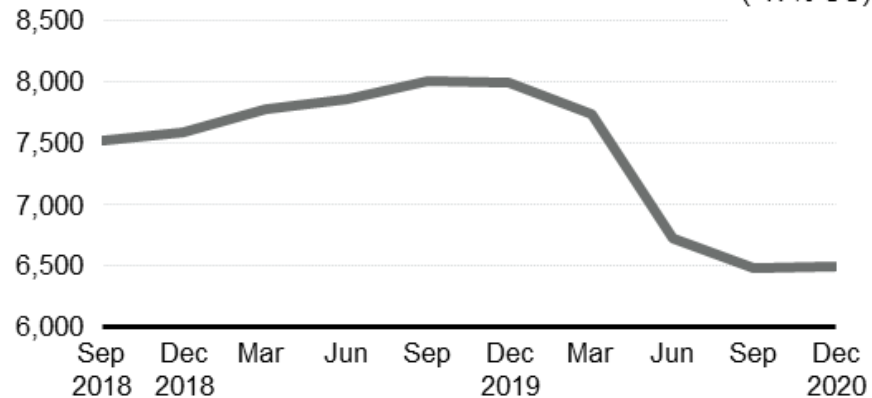
FOOD & BEVERAGE

-12%
(-10% CC)



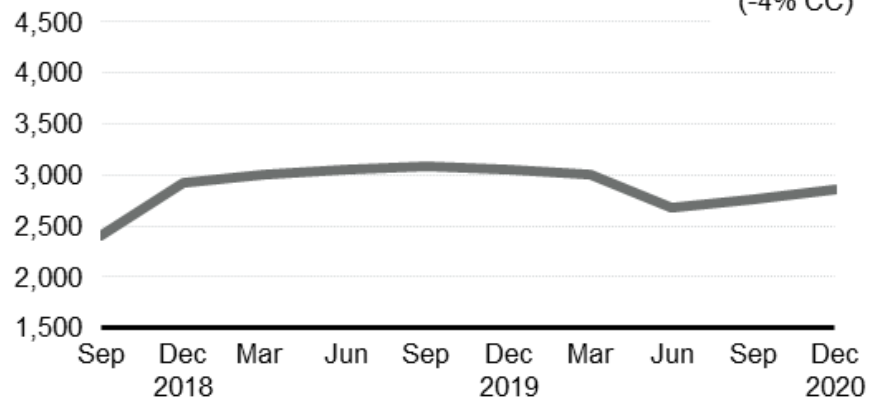
CLIMATE

-19%
(-17% CC)



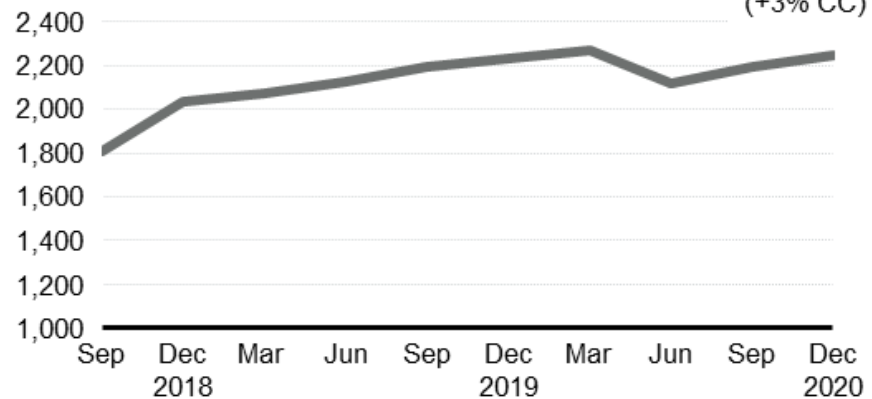
POWER & CONTROL

-7%
(-4% CC)



OTHER APPLICATIONS

+1%
(+3% CC)



SALES SPLIT, APPLICATION AREA*



- Food & Beverage, 28% (27%)
- Climate, 40% (43%)
- Power & Control, 19% (18%)
- Other applications, 13% (13%)

*Quarter split

— Actual currency rolling 12 months

AMERICAS

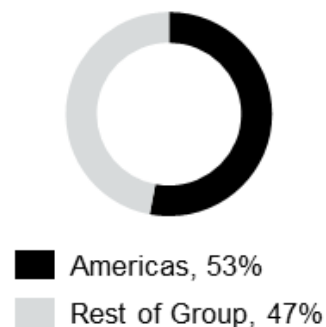
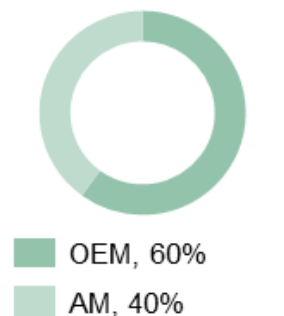
Net sales of SEK 2,246 m, +22% organic

- Growth in all application areas
- Order backlog remain high
- Continued strong development in Aftermarket
- Strong growth in automotive OEM contracts

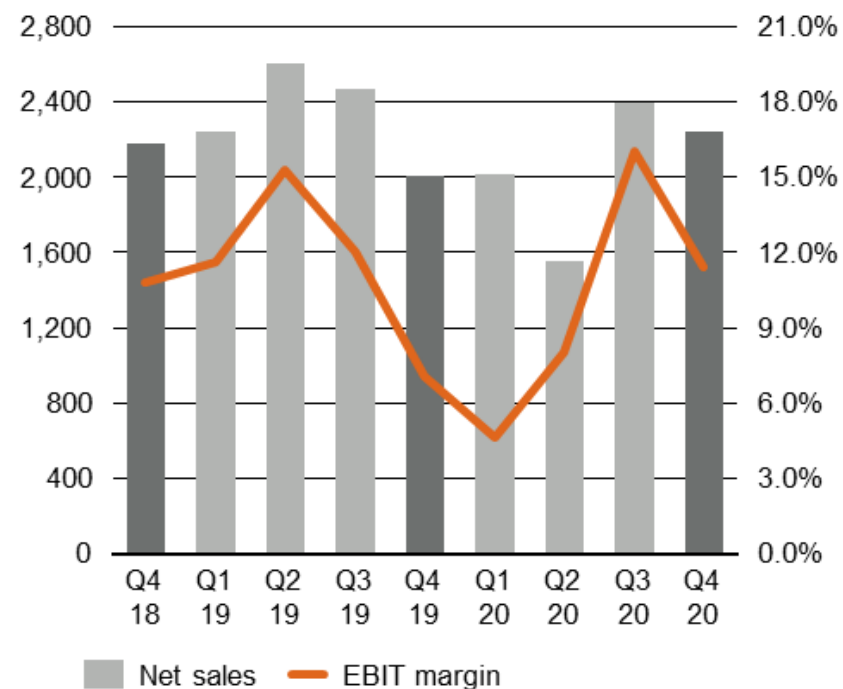
EBIT before i.a.c. SEK 255 m, +78%

- EBIT margin of 11.4% (7.1%)
 - + Sales growth and mix Aftermarket / OEM
 - + Lower US trade tariffs
 - + Efficiency improvements
 - COVID-19 outbreaks in manufacturing
 - Freight costs and negative FX effects

Full year EBIT margin before i.a.c. 10.4% (11.8%)



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



EMEA

Net sales of SEK 1,487 m, +7% organic

- Strong growth in Food & Beverage and good growth in Climate and Power & Control
- Increased order backlog
- Strong OEM development in RV and CPV
- Marine: Low demand in OEM, Aftermarket strong

EBIT before i.a.c. of SEK 85 m, +43%

- EBIT margin of 5.7% (4.1%)
 - + Sales growth
 - + Efficiency improvements
 - + Pricing
 - COVID-19 outbreaks in manufacturing
 - Freight costs and negative FX effects

Full year EBIT margin before i.a.c. 11.9% (13.1%)

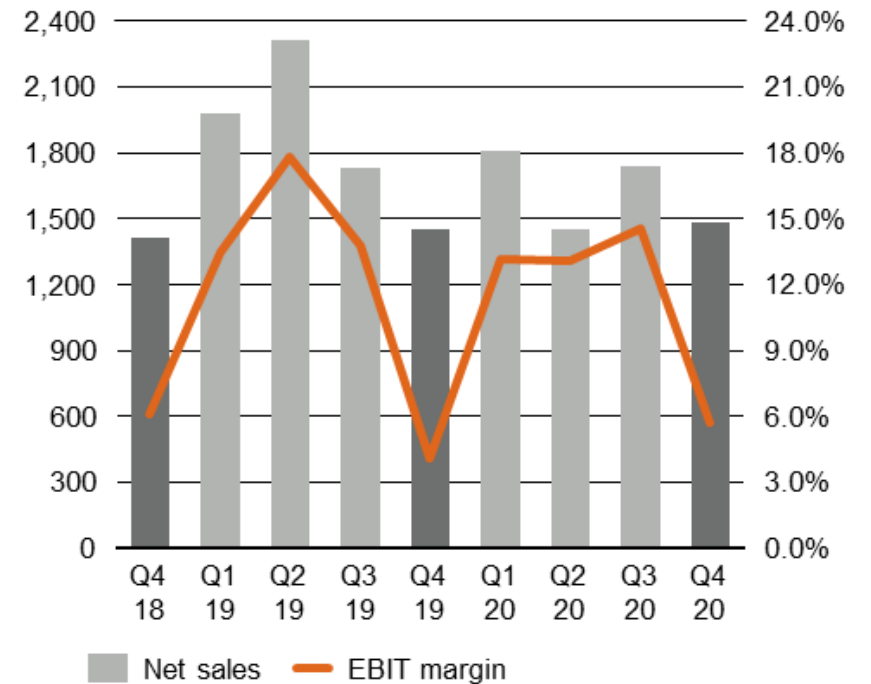


OEM, 61%
AM, 39%



EMEA, 35 %
Rest of Group, 65%

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



Net sales of SEK 481 m, +9% organic

- Growth in Climate, Food & Beverage and Power & Control
- Double digit growth in Asia and good growth in Pacific after lock-downs in the third quarter
- Strong OEM development

EBIT before i.a.c. of SEK 125 m, +31%

- EBIT margin of 25.9% (20.7%)
 - + Sales growth
 - + Efficiency improvements
 - Mix effect OEM/Aftermarket
 - Negative geographical mix

Full year EBIT margin before i.a.c. 21.0% (21.2%)

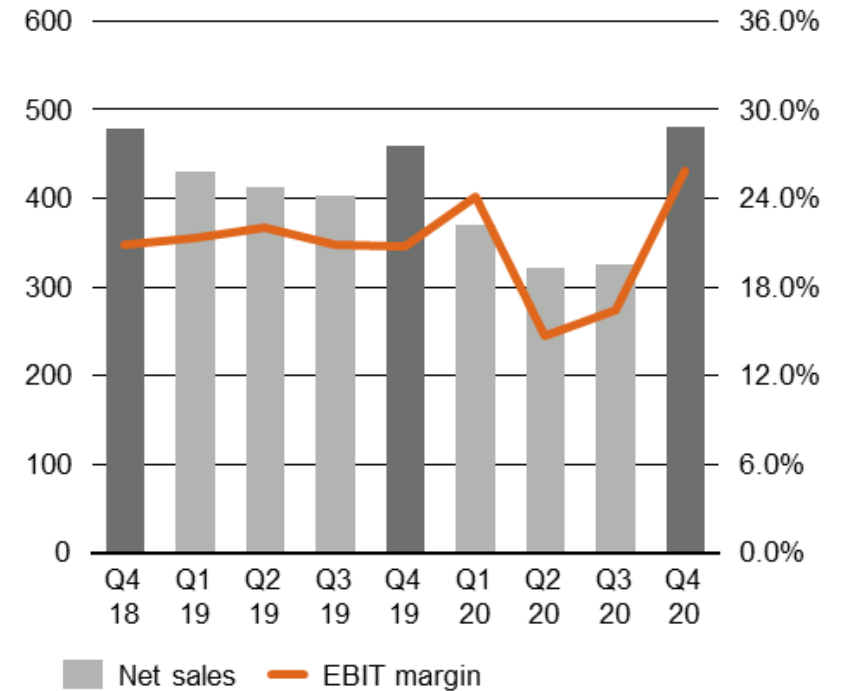


OEM, 46%
AM, 54%



APAC, 11%
Rest of Group, 89%

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



2020 STRATEGY EXECUTION

1 Profitable expansion

- Strong Aftermarket growth in second half 2020
- Positive market conditions and strong order backlog
- Implementing global e-commerce B2C solution

2 Product leadership

- Continuous improvement of Innovation Index, 22% in Q4
- Several new products launched
- Strong pipeline of product launches in 2021 – guarantees continued innovation increase

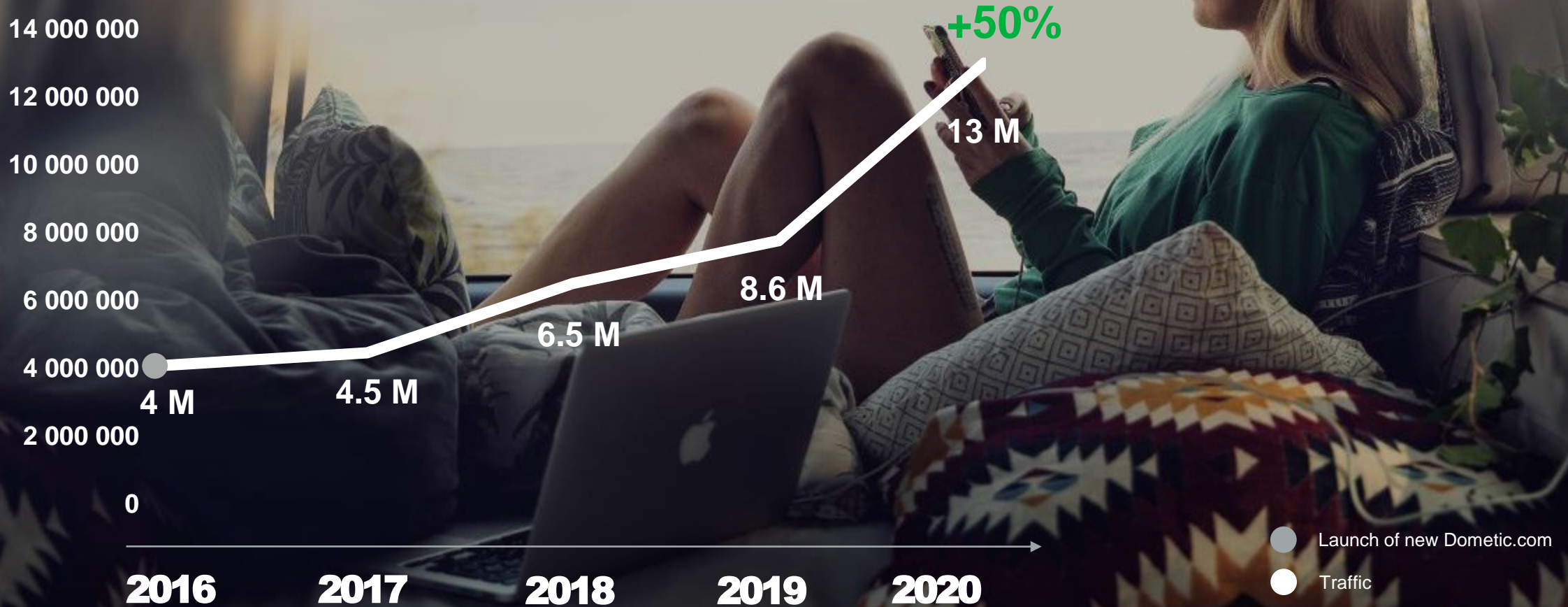
3 Cost reductions

- SKU reduction already reached 2021 target
- Ongoing implementation of new organizational structure in EMEA
- Committed to cost reduction target
 - COVID-19 related travel restrictions combined with strong market demand are slowing down some projects

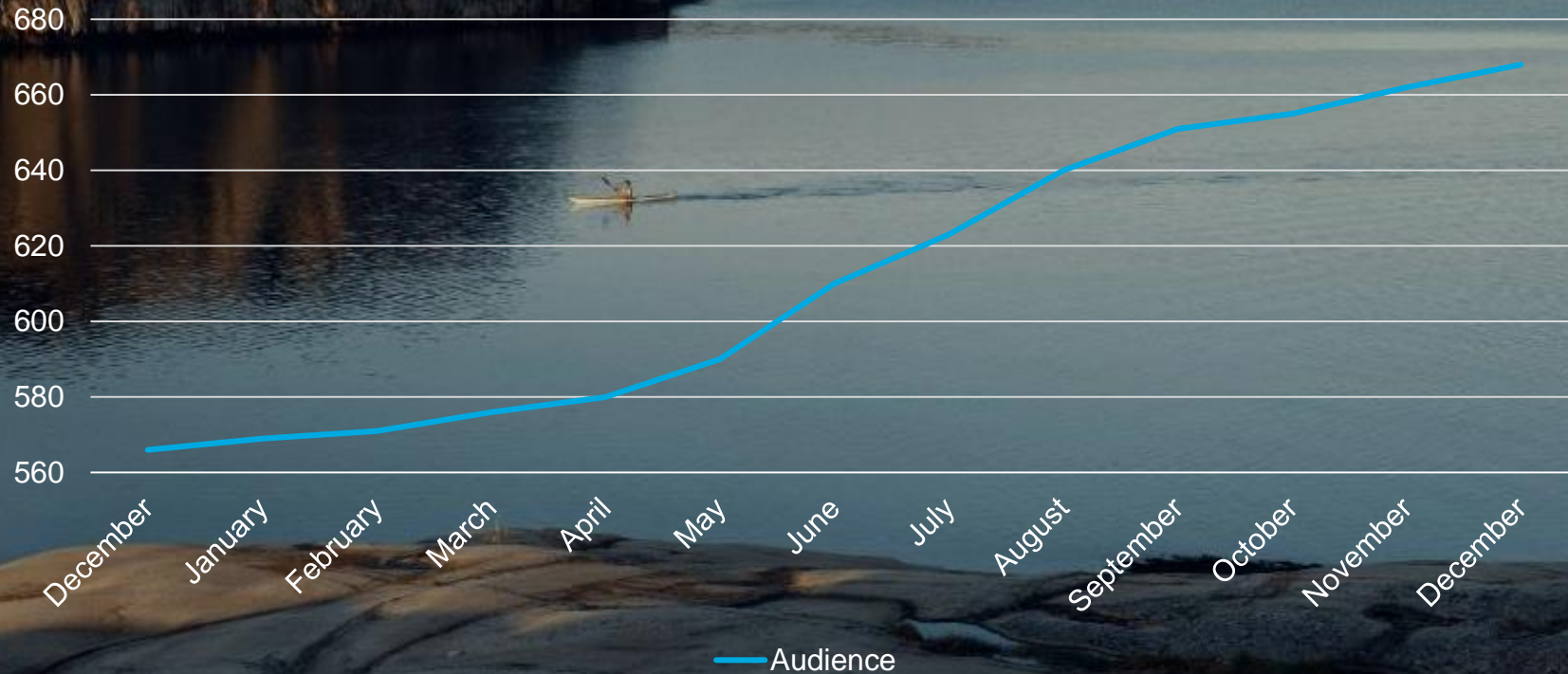


CONTINUED GROWTH IN ONLINE TRAFFIC



- From 4 to 13 million yearly visits 2016-2020



STEADY GROWTH IN SOCIAL MEDIA CHANNELS



Audience

-  **525k (+6%)**
-  **115k (+61%)**
-  **25k (+123%)**

Combined social media followers

02/02/2021

OUTDOOR DISTRIBUTION CHANNELS

In ~3,500 stores worldwide

- Presence +15% in one year
- ~3,000 independent dealers
- 30 National and Regional chains

~40 pure e-tailer partners

- Covering our web B2C offering
- Presence in all regions
- 2020 second half sales growth +30%

dometic.com e-commerce

- Number of visitors +50% in 2020
- Strong sales growth from low levels
- Launching new platform first half of 2021



PRODUCT LEADERSHIP

- Accelerated pace of new products to the market
- Creates business opportunities and reduces cost
- Enabler for Dometic’s ambition to reduce environmental impact and improve resource efficiency throughout the value chain
- Both traditional markets and new vertical markets
- Product innovation index substantially up to 22% (16%)
- Product innovation target 25%



RV
New generation AC



Outdoor
New Passive Coolers

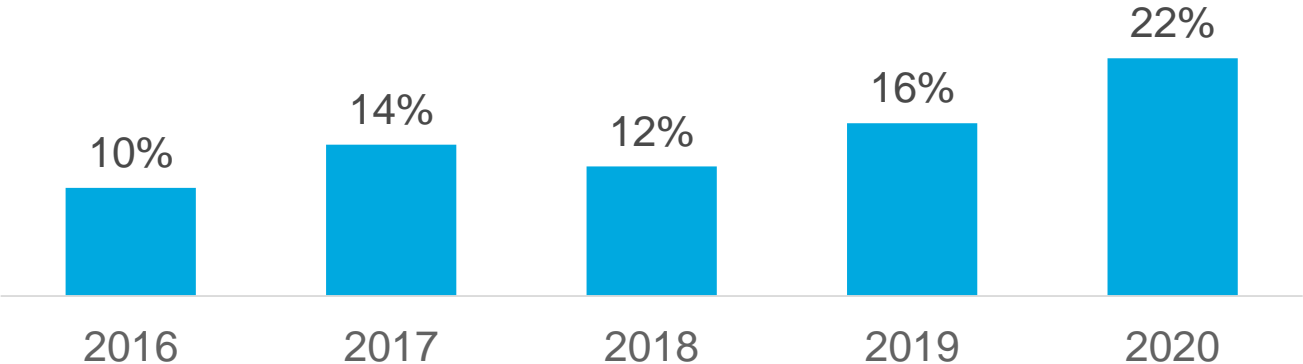


Mobile Deliveries
New Food Delivery Box



Residential
Mobar – Outdoor Bar

Product innovation index
Share of sales from products launched last 3 years



NEW GENERATION RV AIR CONDITIONERS

THE DOMETIC FRESHJET FJX3000

- Rooftop A/C for the RV industry
- Modularized and global A/C-product family
- Lower noise, better airflow and significantly increased cooling capacity over similar products in the market
- Significantly reduced weight
 - Saves fuel and energy consumption
- Reduced number of SKUs and increased number of features
- Available on the market in Q1 2021



DOMETIC FOOD DELIVERY BOX

SUPPORTING THE FAST GROWING FOOD DELIVERY INDUSTRY

- To be installed on mopeds and motorcycles
- Heating and cooling elements
- Air purification
- Preserve quality and temperature of restaurant food until it reaches customer
- First collaboration with CAKE, a leading off-road electric motorbike manufacturer
- Inspiring towards zero-emission
- Ongoing discussions with potential customers
- Available on the market second half 2021



NEW PATROL ICE BOXES

ANSWERING THE CALL OF OUTDOOR LOVERS

- Complements our range of popular passive and active coolers
- Designed for a long life of usage under extreme outdoor conditions and travelling
- Outstanding insulation
- Comes in three sizes and five colors
- Available on the market from December 2020



ACQUISITION OF TWIN EAGLES

BROADENS OFFERING TO THE FAST GROWING RESIDENTIAL OUTDOOR MARKET

- US-based manufacturer and distributor of freestanding and built-in grills and outdoor kitchen solutions for the residential outdoor market
- Headquarter in Cerritos, California
- Main brands Twin Eagles and Delta Heat
- 130 employees
- Available at >400 dealers across North America + several on-line retailers
- Annual net sales USD 34 m
- Good operating margin
- EPS accretive from start
- Financed via cash on hand – transaction price undisclosed
- Closing expected during first quarter of 2021



RESTRUCTURING PROGRAM

- **Locations**

- No locations affected in the quarter, 21 so far

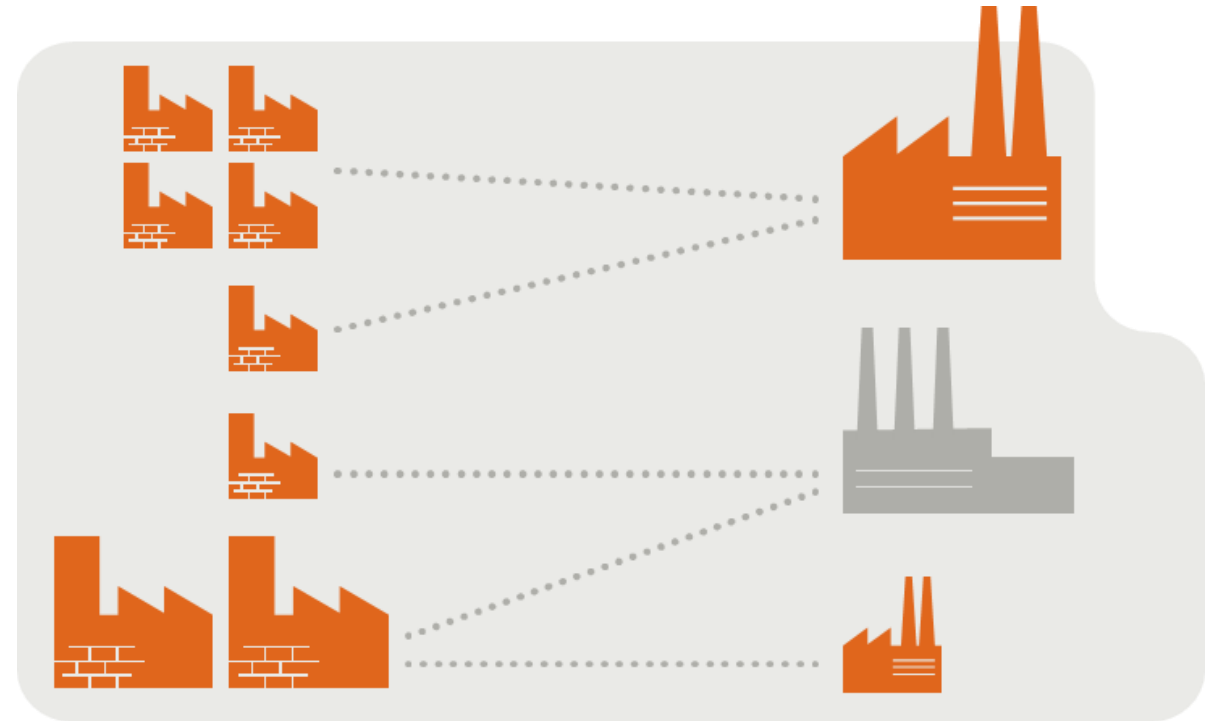
- **Employees**

- 38 employees affected in the quarter, 778 so far

- **Costs**

- SEK 18 m in the quarter, SEK 232 m so far

- COVID-19 related travel restrictions combined with strong market demand are slowing down some projects





STEFAN FRISTEDT

CFO

COVID 19 IMPACT

Estimated P&L impact

SEK b.	Full year 2020
Net Sales	Significant impact mainly in the first half of the year
EBIT	Noticeable impact on profit Mainly due to lower sales in the first half of the year

- Lock-downs in the first half of 2020 followed by strong demand in the second half.
- No significant impact from lock-downs in parts of Europe in Q4.

Government grants and other support measures

SEK m.	Q4	Full year 2020
Government grants	SEK 14 m	SEK 61 m
Other support measures	SEK 3 m	SEK 149 m

- Governmental grants: Recorded in the income statement.
- Other support measures: No lock-downs in Q4. Full year amount mainly related to Q2.

Key activities first half 2020

- Closed factories and sales offices
- Ended contracts with consultants and temps. Immediate hiring freeze
- Agreement of new loan facility (SEK 2 bn)
- Managed supply chain and inventory build up

Key activities second half 2020

- Staycation drives strong market demand
- Increased capacity in supply chain
- Handled outbreaks in own operations
- Managed 2nd and 3rd wave market lock-downs (AU, parts of EU)

ITEMS AFFECTING COMPARABILITY AND TAXES

Items affecting comparability SEK 48 m (-60)

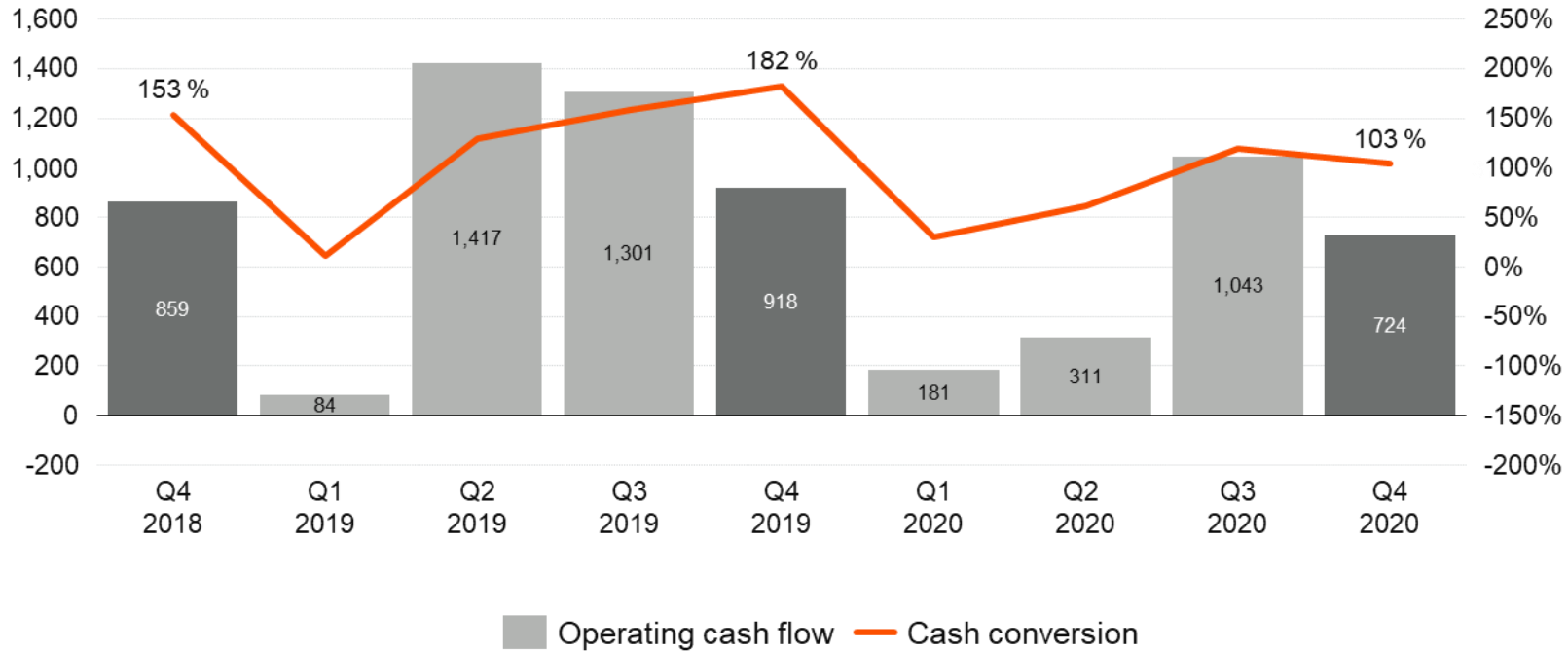
- Gain of SEK 66 m related to sale of fixed assets
 - Sell and lease back
 - Q4 cash impact SEK 536 m.
- Global restructuring program SEK -18 m

Q4 taxes SEK -525 m (-30)

- Impacted by provision for an ongoing foreign tax dispute related to previous years
- Provision based on most likely outcome
- Expected cash impact first half 2021
- 2020 full year tax rate 67% (28%).
 - Estimated effective tax rate going forward ~27%

CASH FLOW

SEKm



Quarter 4 2020

Operating cash flow SEK 724 m (918)

- + Improved profit
- Increased working capital driven by market demand

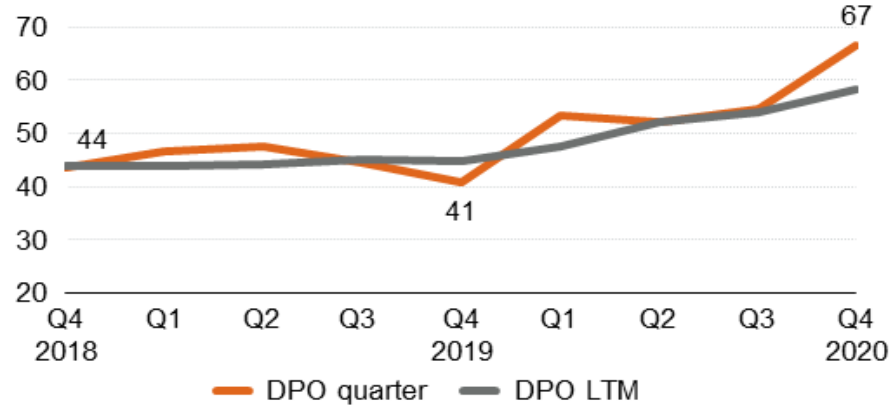
Cash flow for the period SEK 1,017 m (679)

- + Sale of certain fixed assets of SEK 536 m
- + Lower Capex

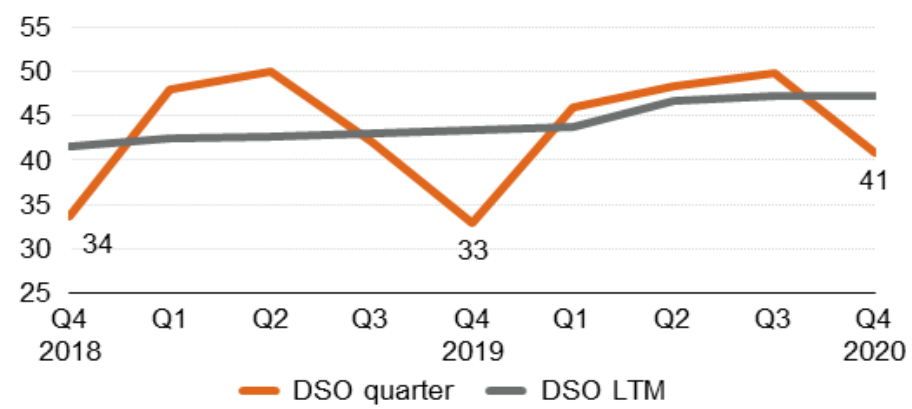
WORKING CAPITAL

DAYS, NORMAL CURRENCY

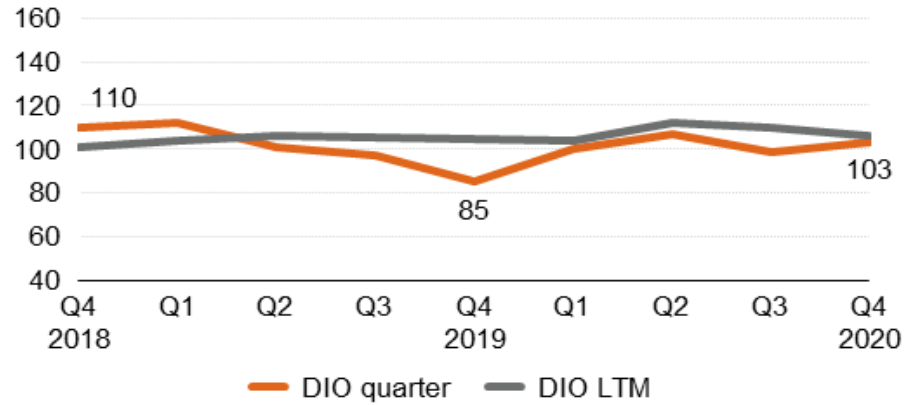
DPO



DSO

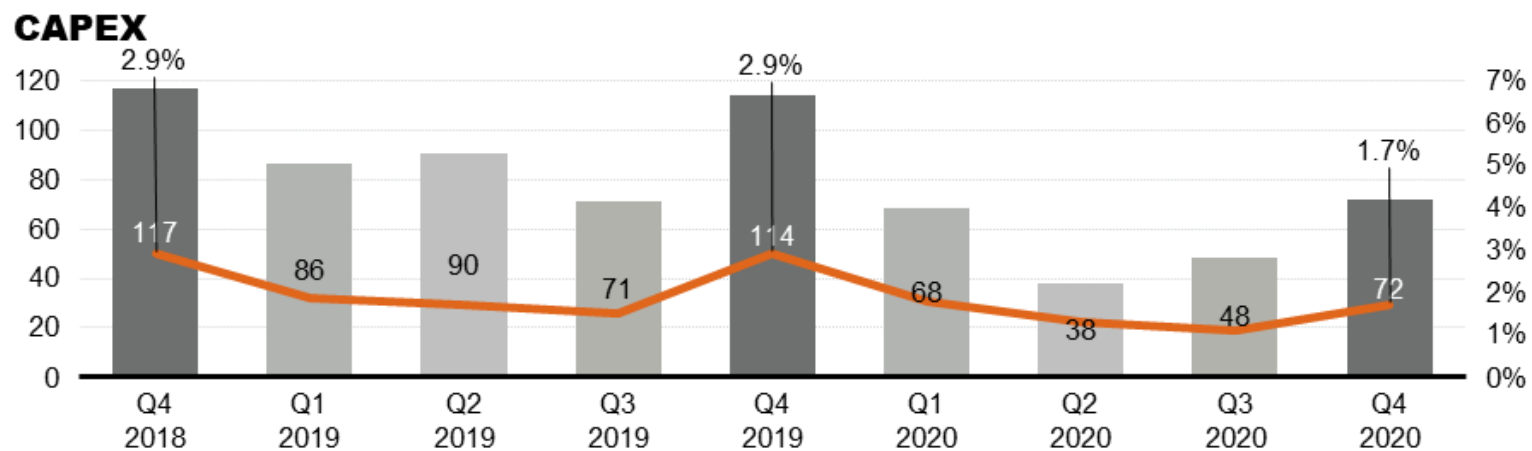


DIO

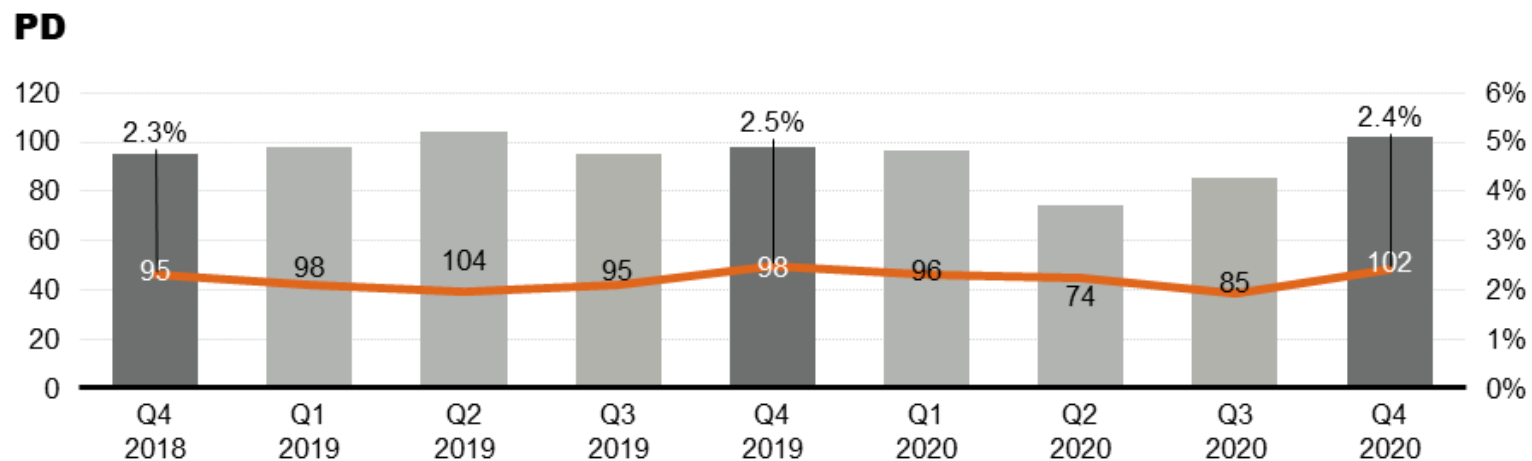


CAPEX & PRODUCT DEVELOPMENT

(SEKm, % OF NET SALES)

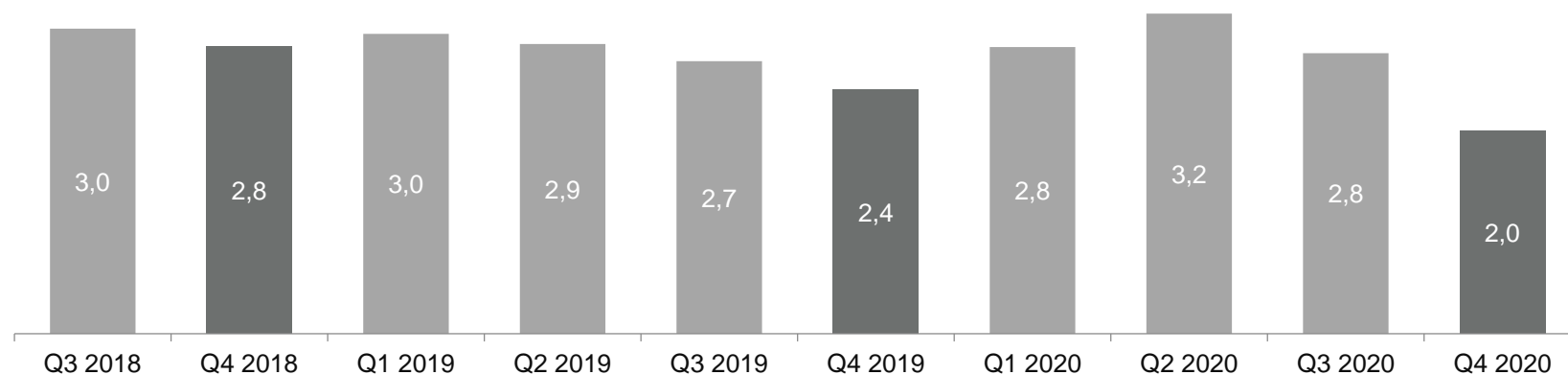


- **Q4 2020 CAPEX:**
1.7% of net sales.
(2.9% in 2019)



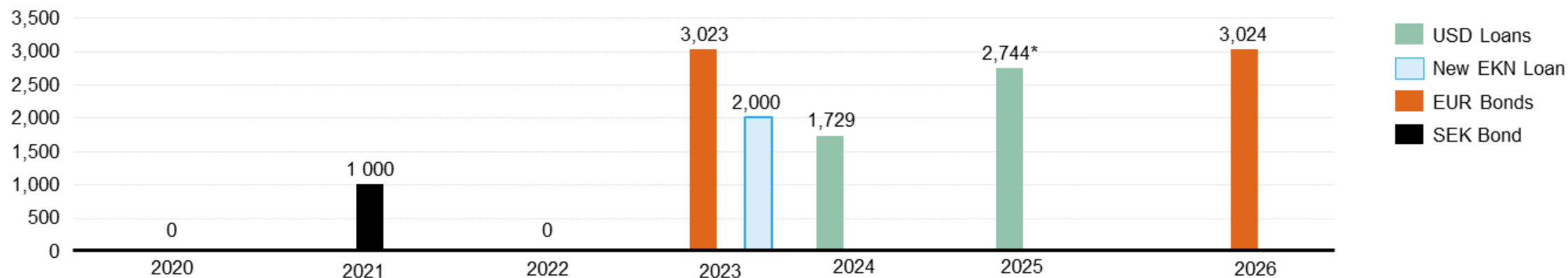
- **Q4 2020 PD:**
2.4% of net sales.
(2.5% in 2019)
- Includes capitalized development expenses

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	Q4 2020
RCF	0	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	7,047
Senior term A	2,017	1,461	1,458	0	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	4,473
Certificate	0	0	499	0	0	0	0	0	0	0
EKN Loan	0	0	0	0	0	0	0	2,000	2,000	2,000
Local facilities	0	0	0	0	0	0	0	0	0	0
Total debt	12,768	11,670	13,416	12,360	12,769	12,349	13,127	14,412	14,214	13,520
Cash	3,263	2,359	3,624	2,881	3,900	4,555	4,484	6,458	7,081	8,059
Net debt	9,505	9,311	9,792	9,521	8,869	7,795	8,642	7,954	7,133	5,461

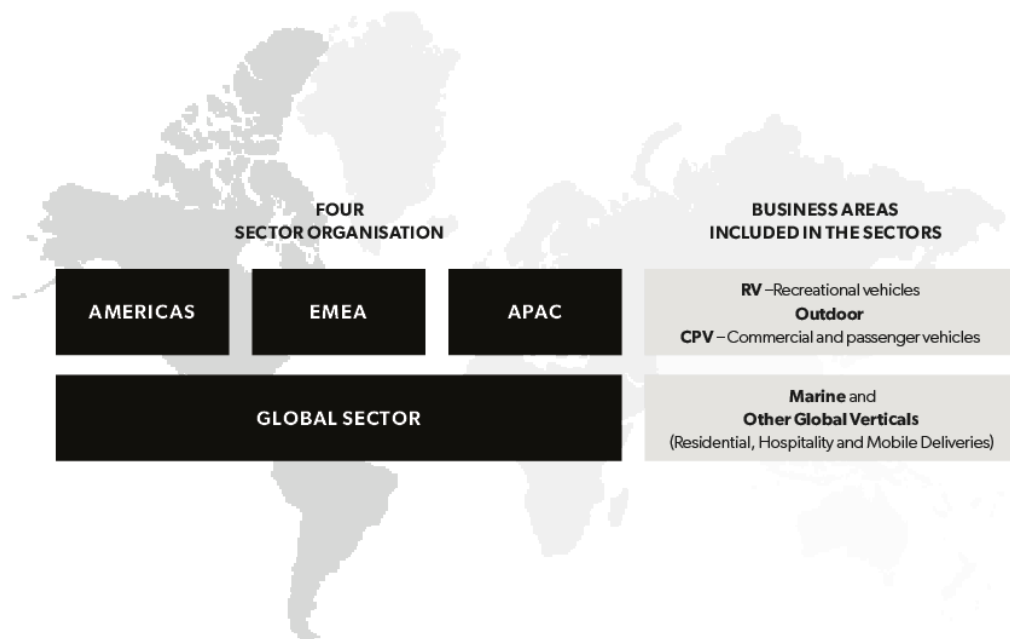
DEBT MATURITY PROFILE DECEMBER 2020



SEKm Maturities	2020	2021	2022	2023	2024	2025	2026	Total
USD Loans	0	0	0	0	1,729	2,744	0	4,473
EUR Bonds	0	0	0	3,023	0	0	3,024	6,047
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
Total	0	1,000	0	5,023	1,729	2,744	3,024	13,520

*Extended in June with one year from 2024 to 2025

NEW FINANCIAL REPORTING FROM Q1 2021



From three regions to four sectors

- Aligned with organizational change announced in February 2020 and implemented from 2021

From two to three sales channels

- OEM remains (Equipment sales through OEM manufacturers)
- Aftermarket sales will be split in two:
 - Distribution (Equipment sales through distribution channel e.g. Outdoor, Hospitality, Residential, Mobile Deliveries)
 - Service and Aftermarket (maintenance, subscription services, spares, accessories, upgrade kits, replacements)

Changed reporting in Income Statement

- Logistic costs from expenses to Cost of Goods sold
- R&D from Cost of Goods sold to expenses
- No impact on EBIT

Restate of previous periods

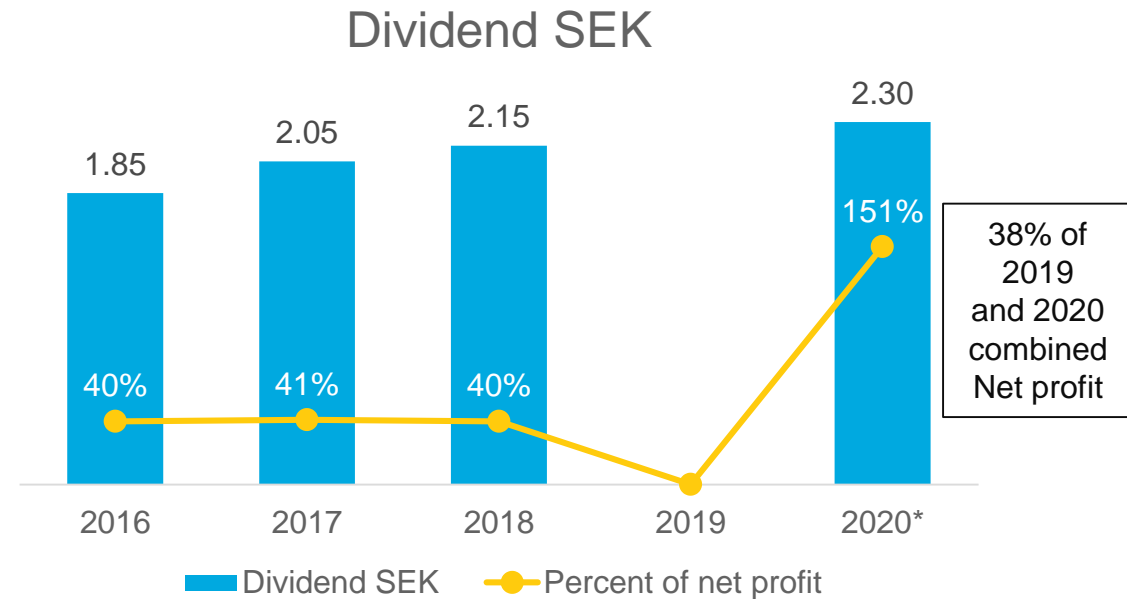
- Will be distributed mid-March
- Q1 2021 report published April 23 in the new structure

2020 DIVIDEND PROPOSAL

- SEK 2.30 per share proposed by Board of Directors
- 38% of 2019 and 2020 combined net profit
- Takes into consideration current market conditions and a prioritization of a continued solid balance sheet to support growth ambitions

Dividend target

- At least 40% of net profit over a business cycle



*Proposed by Board of Directors

Q4 SUMMARY


Business highlights

- Continued strong market demand
- End user appetite for staycation and outdoor activities
- Organic sales growth 15% and strong order backlog
- Foresee coming quarters to be strong
- EBIT margin improvement to 11.1% (7.6%) driven by Aftermarket sales growth and efficiency improvements
- Leverage improved to 2.0x (2.4x) supported by solid cash flow
- Dividend proposal SEK 2.30 per share

Strategic highlights

- Innovation index up – pipeline of new products strong
- Well positioned for continued growth and margin exposure
- Opportunities for acquisitive growth
- Fully committed to strategic agenda and financial targets





Q&A



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.

A scenic landscape at sunset. In the foreground, a dark grey Volvo station wagon is parked on a grassy field. To its left, a green tent is set up on a rocky outcrop, with two people sitting on chairs outside. In the background, another car with a roof rack is parked on a higher rocky ledge, with two more people standing nearby. The sky is filled with dramatic, orange and yellow clouds, and the sun is low on the horizon. The overall mood is peaceful and adventurous.

 **DOMETIC**