
DOMETIC ACQUIRES IGLOO WITH MORE THAN USD 400 MILLION IN ANNUAL REVENUES

On September 17, 2021, Dometic entered into an agreement to acquire Igloo – one of the world's leading companies in passive cooling boxes and drinkware.

SUMMARY

- The acquisition of Igloo will significantly strengthen Dometic's offering and distribution network for the outdoor market in North America.
- Dometic will acquire Igloo for USD 677 million, on a cash and debt free basis.
- Net sales of Igloo for the previous 12 months¹) were USD 401 million (a growth of 24%), with an EBITDA margin of 10.1%.
- Sales and cost synergies are expected to generate annual improvements on EBITDA of approximately USD 50 million, to be realized within five years.
- The transaction is expected to be accretive to Dometic's EPS in 2022.
- Closing is expected in Q4 2021, subject to regulatory approvals.
- Dometic invites to a telephone conference about the transaction today at 13.00 (CEST).

The acquisition of Igloo is a major step in Dometic's strategy to continue grow in the attractive outdoor industry and creates a strong base for further growth globally.

"I am excited to welcome Igloo and its employees to Dometic. This acquisition is in line with our strategy to position Dometic as a more consumer driven, less cyclical company in the fast-growing outdoor business. North America is the largest market for cooling boxes and outdoor products, and with Igloo's strong brand recognition, consumer knowledge and local manufacturing capabilities, we are getting the necessary tools to further drive our sales and margin expansion." says Juan Vargues, President and CEO of Dometic.

"Igloo has shown strong sales growth, market share gains and margin improvements in recent years, driven by both commercial and operational initiatives. Further sales and cost synergy activities will be implemented to generate continued improvements." continues Juan Vargues.

"Our strategy for profitable expansion is built on a combination of organic and acquisitive growth. This is our eighth acquisition this year and our pipeline of potential future acquisitions remains strong." says Juan Vargues.

DESCRIPTION OF IGLOO

Igloo is a global market leader in passive cooling boxes and drinkware products for the outdoor market. Founded in 1947, Igloo is perceived as one of the leading manufacturers in the world with an iconic brand, a wide product range and strong consumer orientation. With 92% of net sales in the US and products available in more than 90,000 retail stores globally, Igloo also has its own fast-growing direct to consumer sales channel.

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 Asia Pacific, 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 sell our products in approximately 100 countries and we have a global distribution and dealer network in place to serve the aftermarket. Dometic employs approximately 7,200 people worldwide, had net sales of approximately SEK 18.5 billion in 2019 and is headquartered in Stockholm, Sweden.

With its own manufacturing facility in Texas, products are primarily manufactured inhouse giving cost benefits, flexibility, and short lead-times for the North American market. Igloo has 1,100 employees and is headquartered in Katy, Texas.

Net sales of Igloo for the previous 12 months¹⁾ were USD 401 million (a growth of 24%), with an EBITDA margin of 10.1%.

“I am extremely proud of everyone on our team who has worked so hard in building Igloo into an iconic American brand.” says Dave Allen, President and CEO of Igloo Products Corp. “As part of the Dometic Group, we look forward to combining our resources in order to accelerate innovation and growth across the globe.”

Igloo is currently owned by the private equity group ACON Investments, which acquired the company in 2014.

BACKGROUND AND REASONS FOR THE TRANSACTION

The global market for cooling boxes and drinkware is a growing 8 billion²⁾ USD market fueled by the outdoor trends visible across the world. Igloo has a clear number one position in this market in the US. Combined with Dometic’s global presence and product offering of both active and passive cooling boxes, drinkware and fast-growing range of other outdoor products, the acquisition is expected to create a strong base to further grow in the outdoor segment. It will also reduce sales cyclicity for Dometic, as it broadens the sales exposure from “high ticket discretionary spend” to “low ticket discretionary spend”.

TRANSACTION DETAILS

Under the terms of the agreement, Dometic will acquire Igloo for USD 677 million, on a cash and debt free basis. In addition, the agreement includes an earn-out element of maximum USD 223 million to be realized depending on the future EBITDA development of Igloo.

The transaction is expected to be accretive to Dometic’s EBIT and EPS in 2022. The transaction is expected to generate sales synergies of USD 150 million per annum from a strengthened combined sales platform, and cost synergies of USD 5 million per annum, including supply chain and distribution efficiency improvements. Total annual improvements on EBITDA of approximately USD 50 million, are expected to be realized within five years.

The acquisition is financed by internal funds. The net debt / EBITDA ratio impact from the transaction is expected to be 1.3x. At the end of June 2021, Dometic had a ratio of 1.4x. As previously communicated, the target is a leverage ratio of around 2.5x over a business cycle.

Closing is expected to take place during the fourth quarter of 2021, subject to regulatory approvals. The transaction costs will be accounted for and presented as items affecting comparability in the third quarter 2021. Igloo will continue to operate under its existing brands and be reported as part of Dometic’s segment Global.

¹⁾August 2020 – July 2021

²⁾External sources MarketsandMarkets and EMR

WEBCAST

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Analysts, investors and media are invited to participate in a telephone conference at 13.00 (CEST) September 17, 2021, during which President and CEO, Juan Vargues and CFO, Stefan Fristedt, will present the transaction and answer questions. To participate in the webcast/telephone conference, please dial in five minutes prior to the start of the conference call:

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