

# INTERIM PRESENTATION

Q2 2022

July 15, 2022





# **JUAN VARGUES**

**PRESIDENT & CEO**

# Q2 2022 HIGHLIGHTS

## Market development

- Challenging macroeconomic environment and weakening demand
- Retailers are rebalancing their inventories
- Order backlog above last year

## Performance

- 53% sales growth, -1% organic
- Strong growth in OEM, Igloo and Mobile Power Solutions
- EBITA margin before i.a.c. 15.7% (18.6%)
  - Channel mix and inefficiencies due to supply constraints
  - Double-digit EBITA margin in Igloo
- Operating cash flow SEK 738 m
- Net debt leverage 2.9x
- Announced closure of manufacturing site in Siegen
- Launch next phase of cost reduction program. Additional annual saving of SEK 200 m when fully implemented



# Q2 2022 FINANCIAL SUMMARY

**Net sales of SEK 8,498 m, +53% total growth**

- -1% organic
- 11% FX
- 43% M&A

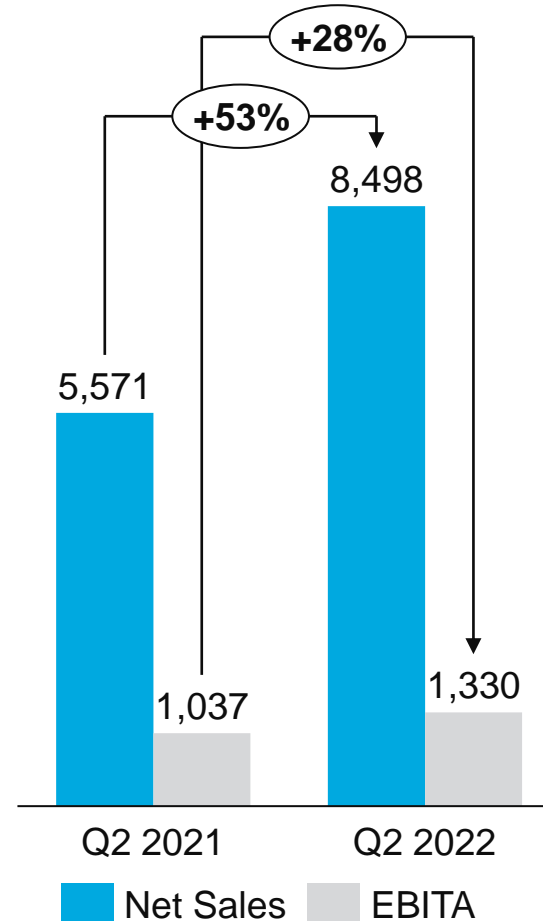
**EBITA before i.a.c. of SEK 1,330 m, +28%**

- EBITA margin of 15.7% (18.6%)

**Adjusted EPS of SEK 2.97, +36%**

**Operating cash flow of SEK 738 m (875)**

**Leverage 2.9x (1.4x)**



EBITA: Before amortization of acquisition-related intangible assets and items affecting comparability

# YTD JUNE 2022 FINANCIAL SUMMARY

## Net sales of SEK 16,016 m, +54% total growth

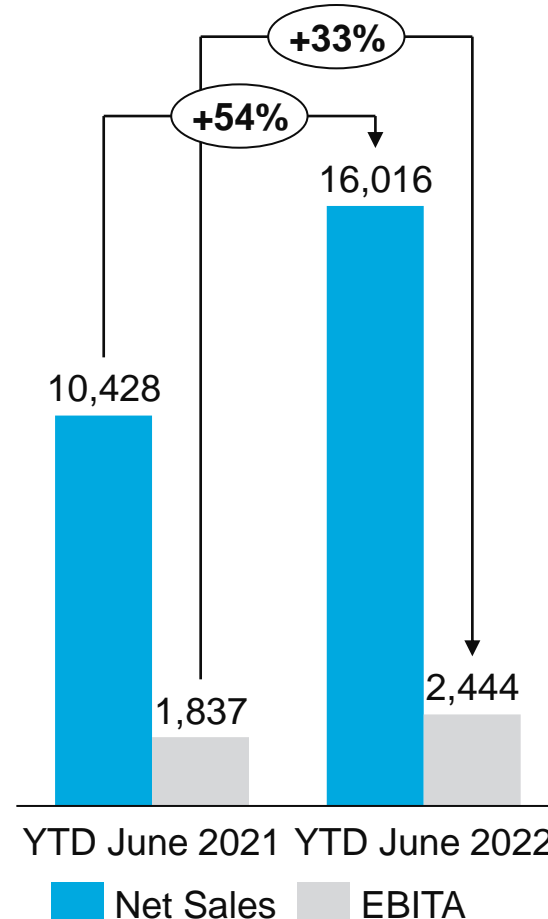
- 3% organic
- 7% FX
- 44% M&A

## EBITA before i.a.c. of SEK 2,444 m, +33%

- EBITA margin of 15.3% (17.6%)

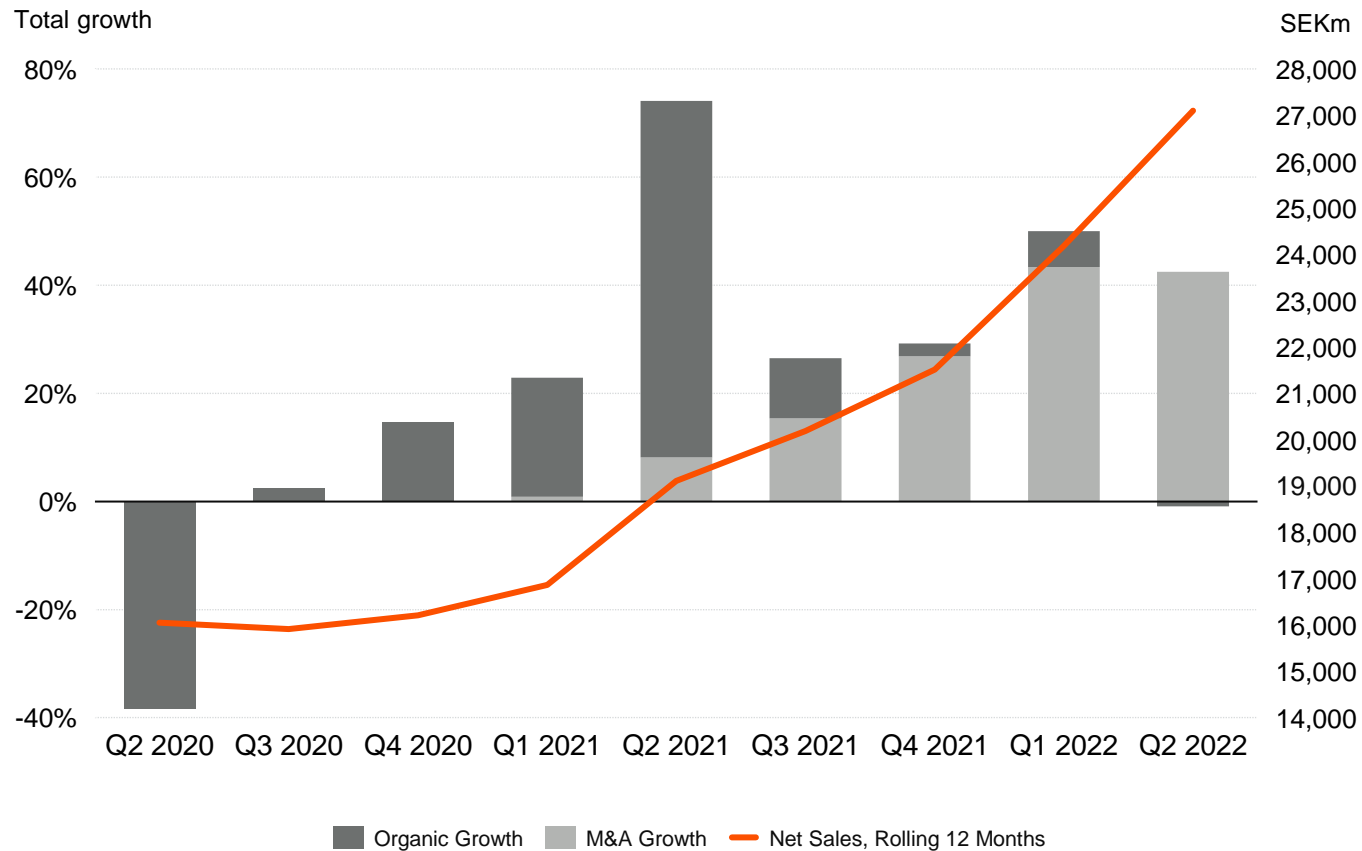
## Adjusted EPS of SEK 5.25, +30%

## Operating cash flow of SEK 339 m (857)



EBITA: Before amortization of acquisition-related intangible assets and items affecting comparability

# SALES GROWTH Q2 2022

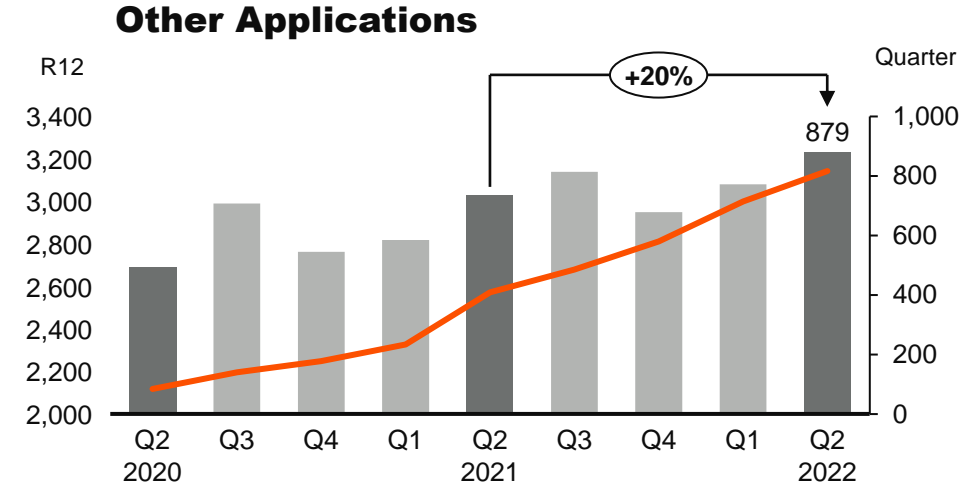
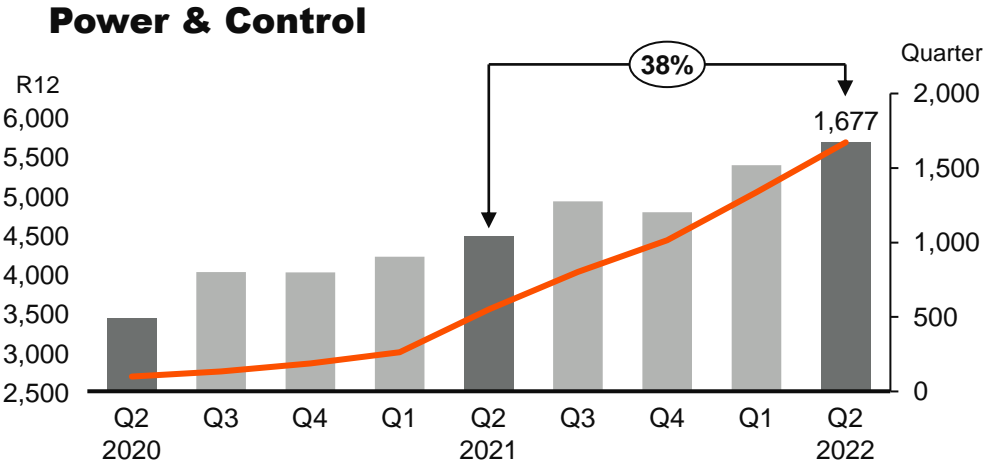
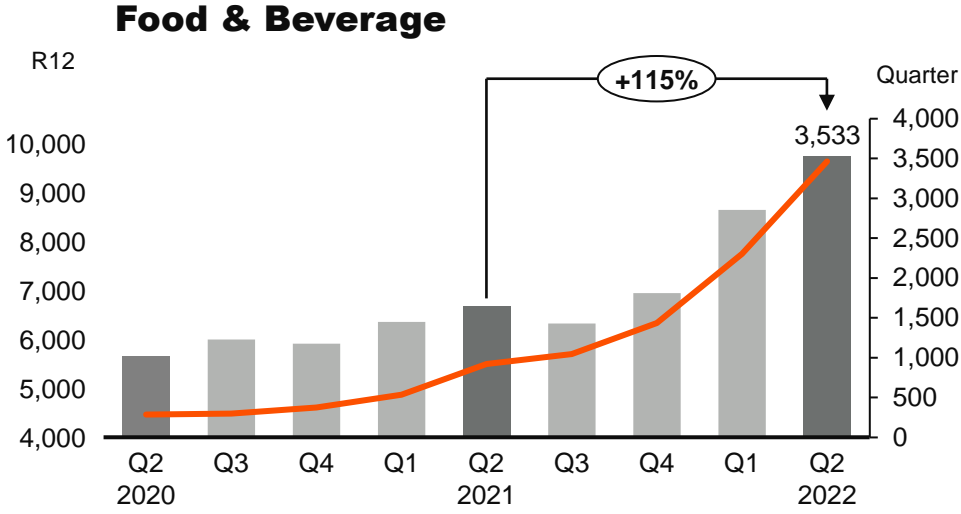
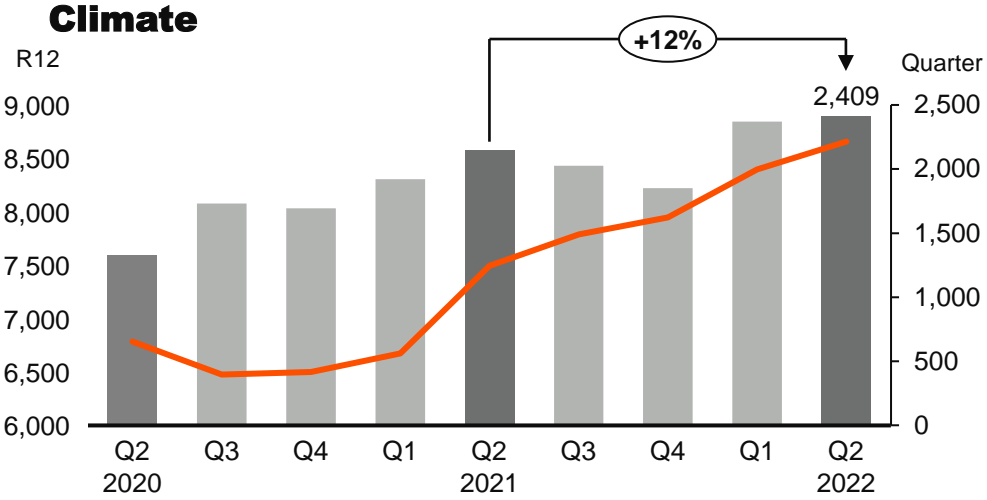


## Q2 2022

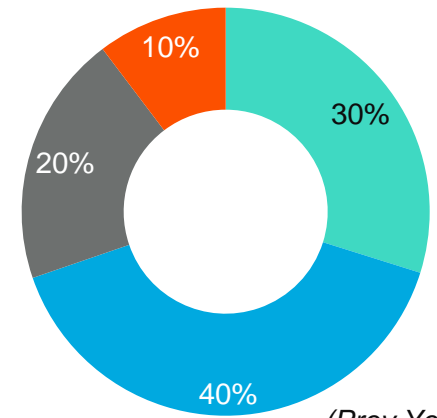
**Net Sales SEK 8,498 m**

- **Total growth SEK 2,927 m (+53%)**
  - Americas +35%
  - EMEA +13%
  - APAC +12%
  - Marine +23%
  - Global +935%
  
- **Organic growth -1%**
  - Growth in Marine and Global
  - Decline in EMEA and APAC
  - Americas flat

# APPLICATION AREAS Q2 2022



## SALES SPLIT YTD, APPLICATION AREA



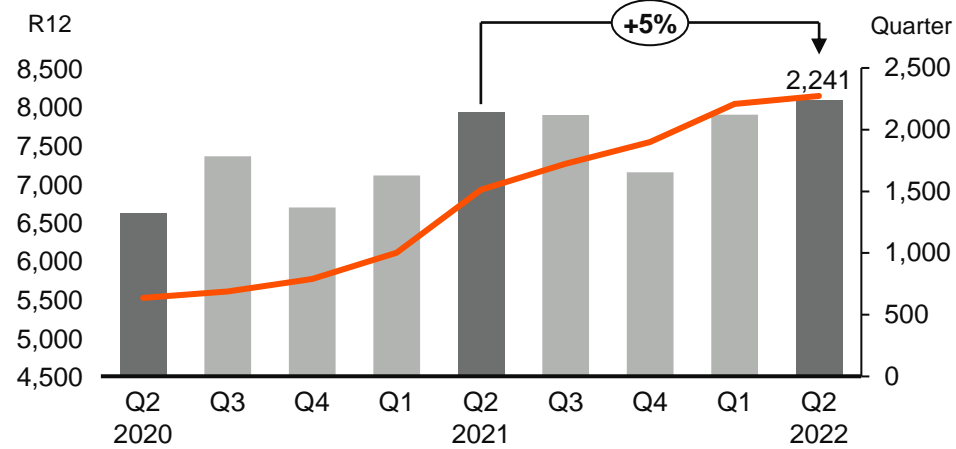
(Prev Year)

- Climate (39%)
- Food & Beverage (30%)
- Power & Control (19%)
- Other Applications (13%)

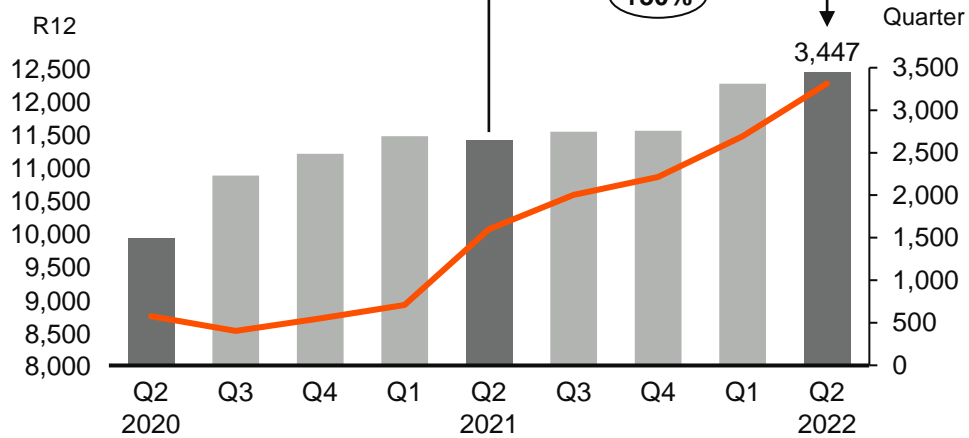
— Actual currency rolling 12 months    ■ Actual currency quarter

# SALES CHANNELS Q2 2022

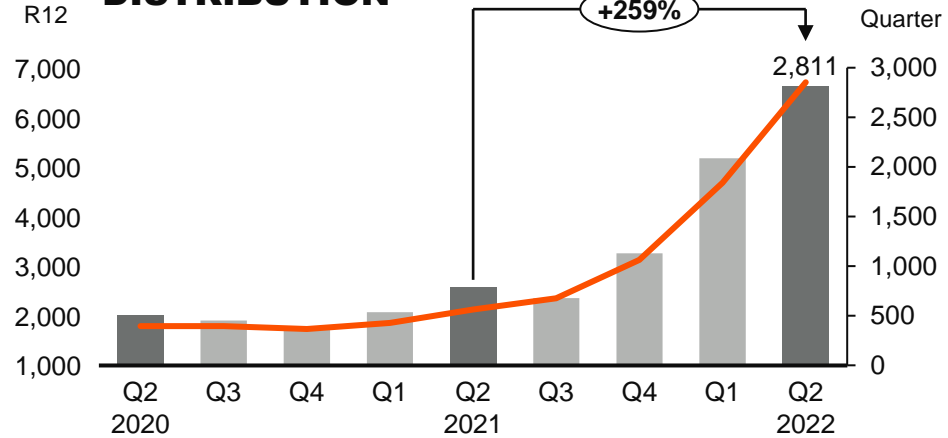
## SERVICE AND AFTERMARKET



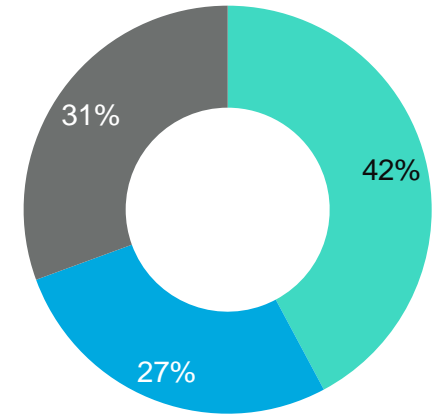
## OEM



## DISTRIBUTION



## SALES SPLIT YTD, SALES CHANNEL



(Prev Year)

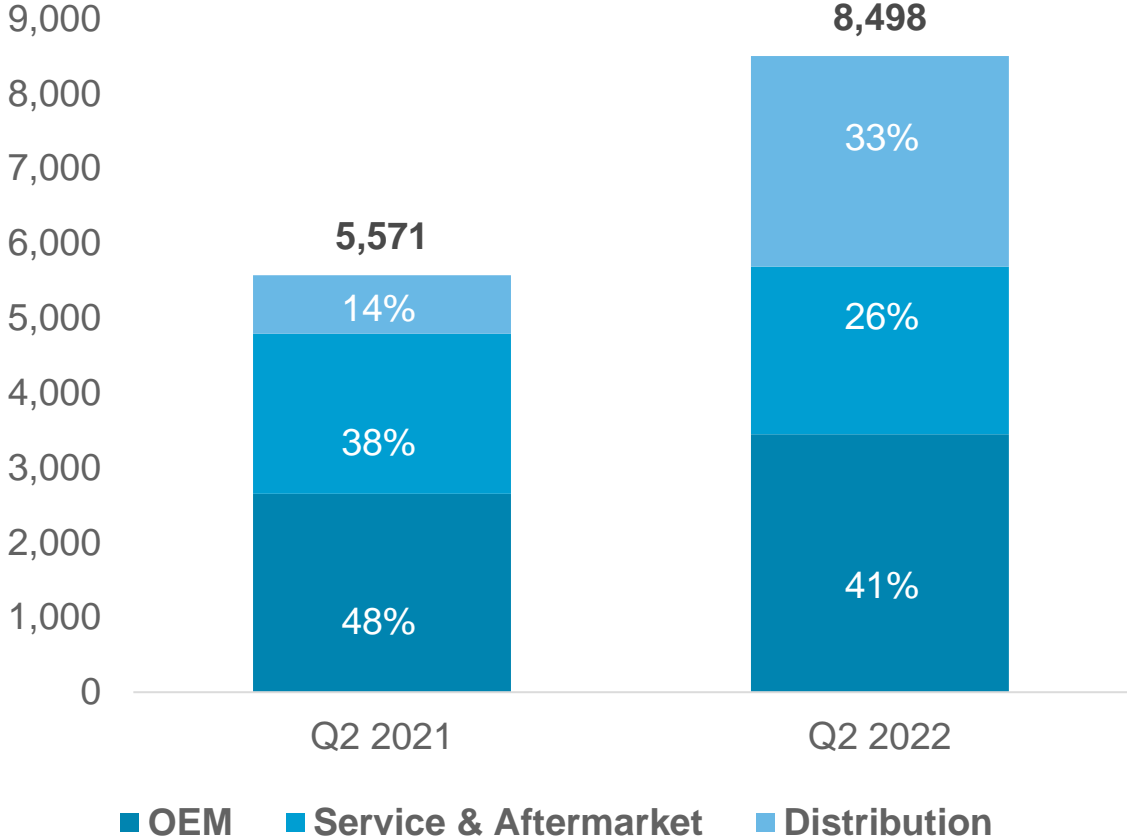
- OEM (51%)
- SAM (36%)
- DIST (13%)



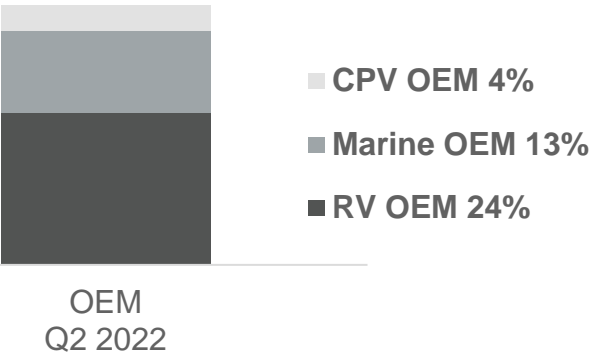
# SALES CHANNEL DEVELOPMENT

## DISTRIBUTION + SERVICE & AFTERMARKET FROM 52% TO 59% IN ONE YEAR

NET SALES,  
SEK m

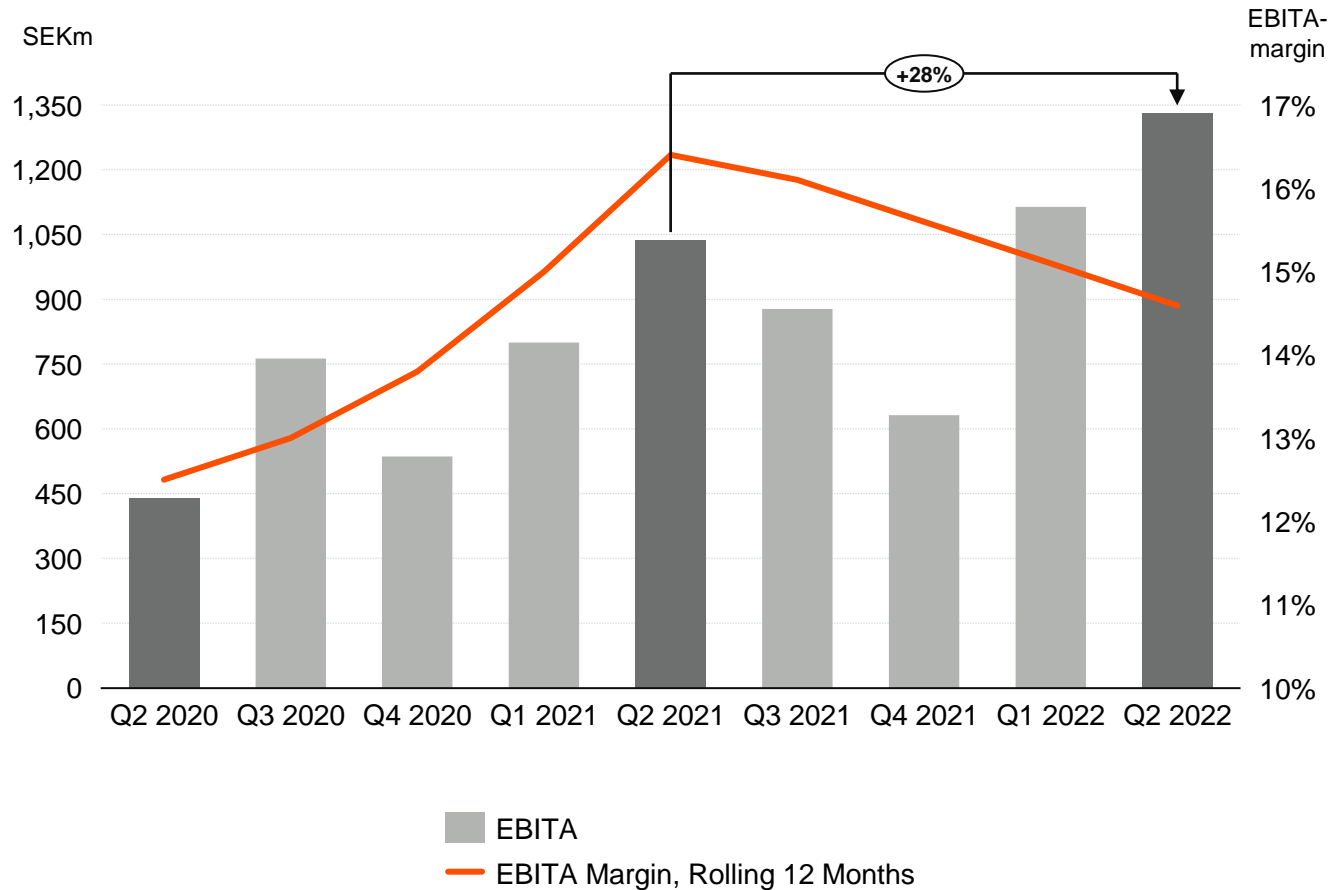


- RV OEM now accounts for less than 1/4 of Group sales
- M&A and divestment agenda supports continued transformation



# EBITA AND EBITA MARGIN BEFORE I.A.C

EBITA Run rate +14.6% (+16.4%)



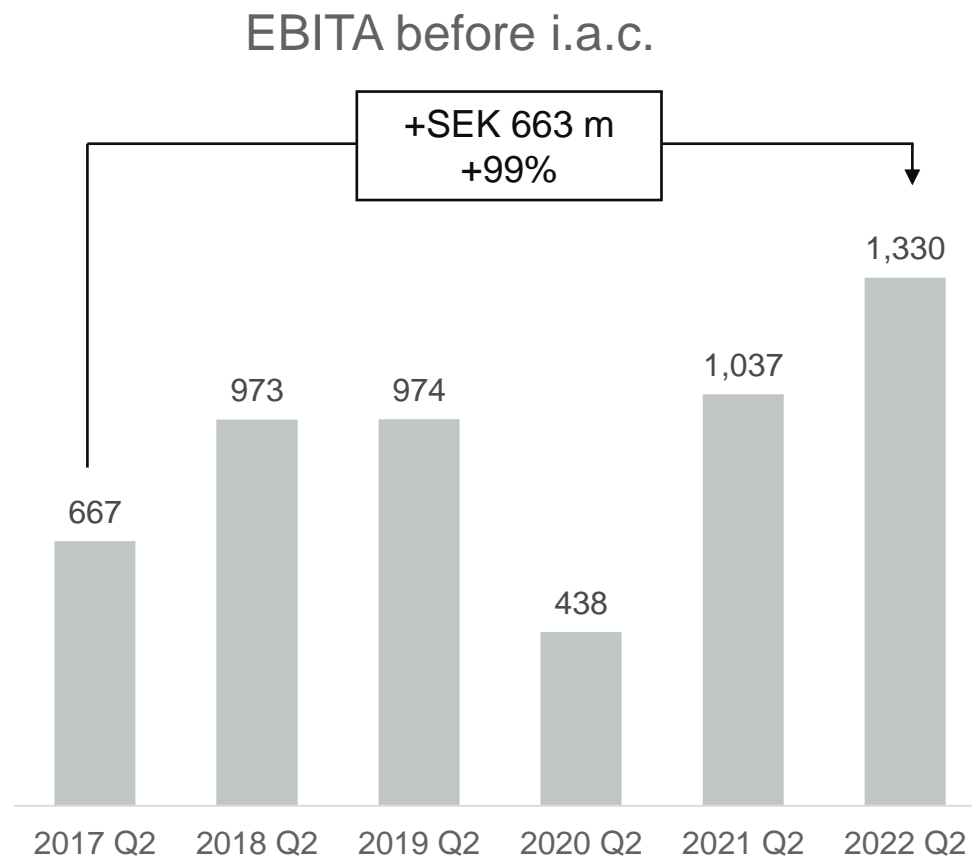
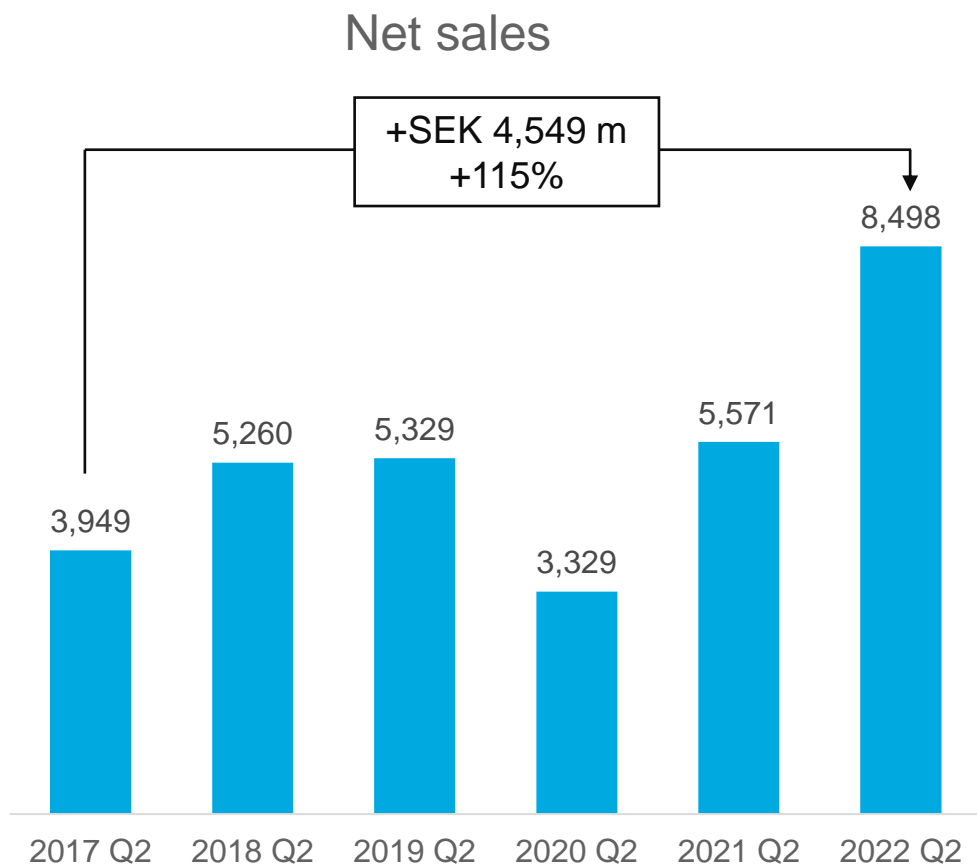
## Q2 2022

EBITA margin 15.7% (18.6%)

- Igloo margins lower than Group average
- Channel mix having major effect
- Logistic cost
- Inefficiencies caused by supply constraints
- + Sales growth
- + Cost saving activities
- + Currency effects

# SALES AND EBITA DEVELOPMENT 2017 - 2022

SEK M



# SEGMENT AMERICAS

## Q2 2022

**Net sales SEK 1,944 m, +35%**

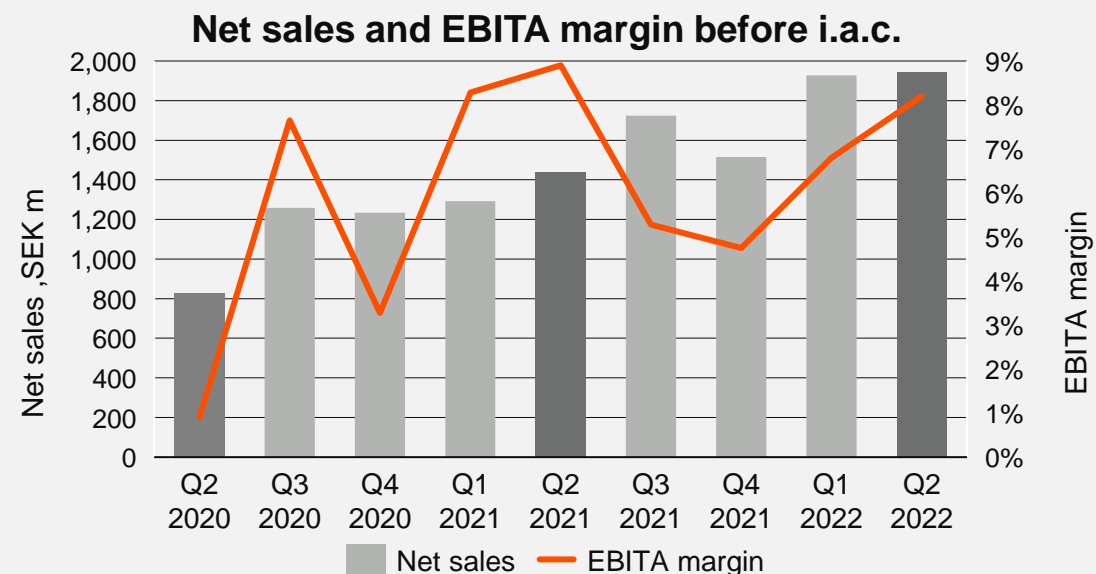
- Flat organic growth
- Strong growth in OEM
- Service & Aftermarket declined compared to a strong 2021 as retailers are rebalancing inventory levels

**EBITA before i.a.c. SEK 160 m (128)**

- EBITA Margin 8.2% (8.9%)
- Channel mix impact EBITA margin negatively

### Strategic highlights

- Closure of manufacturing site in Elkhart completed



EBITA: Before amortization of acquisition-related intangible assets and items affecting comparability

# SEGMENT EMEA

## Q2 2022

**Net sales SEK 2,319 m, +13%**

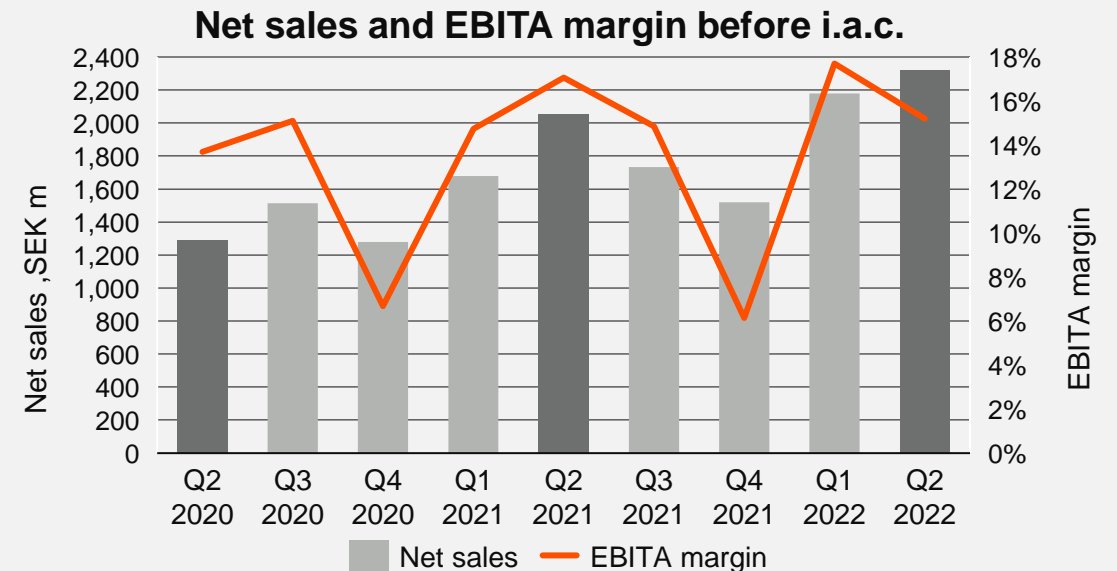
- Organic growth -6%
- Growth in OEM but low RV OEM – lack of chassis and components at customers
- Decline in Service & Aftermarket as retailers are rebalancing inventory levels
- Strong development in acquired businesses

**EBITA before i.a.c. SEK 352 m (350)**

- EBITA Margin 15.2% (17.1%)
- Inefficiencies due to supply constraints and negative impact from sales channel mix

### Strategic highlights

- Announced closure of manufacturing site in Siegen – to be completed in Q2 2023



EBITA: Before amortization of acquisition-related intangible assets and items affecting comparability

# SEGMENT APAC

## Q2 2022

### Net sales SEK 524 m, +12%

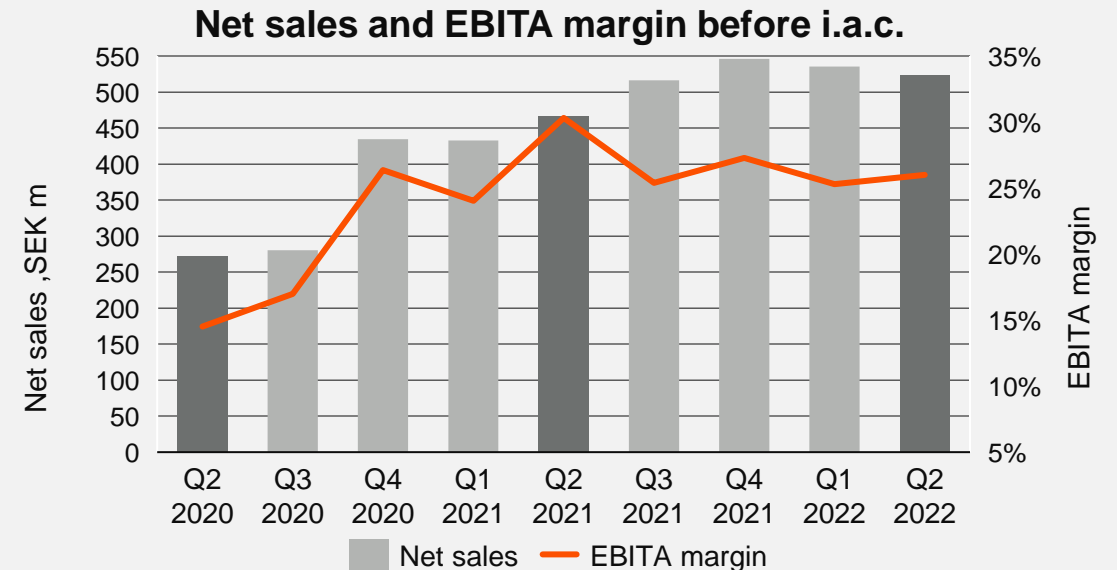
- Organic growth -10% compared to a strong Q2 2021
- Negative growth in RV OEM – lack of chassis and components at customers
- Strong momentum in Mobile Power Solutions

### EBITA before i.a.c. SEK 136 m (141)

- EBITA Margin 26.0% (30.3%)
- Underlying margin improved. Last year positively impacted by sale of assets of SEK 21 m

### Strategic highlights

- Reduced manufacturing-resources in Chinese operations



EBITA: Before amortization of acquisition-related intangible assets and items affecting comparability

# SEGMENT MARINE Q2 2022

**Net sales SEK 1,750 m, +23%**

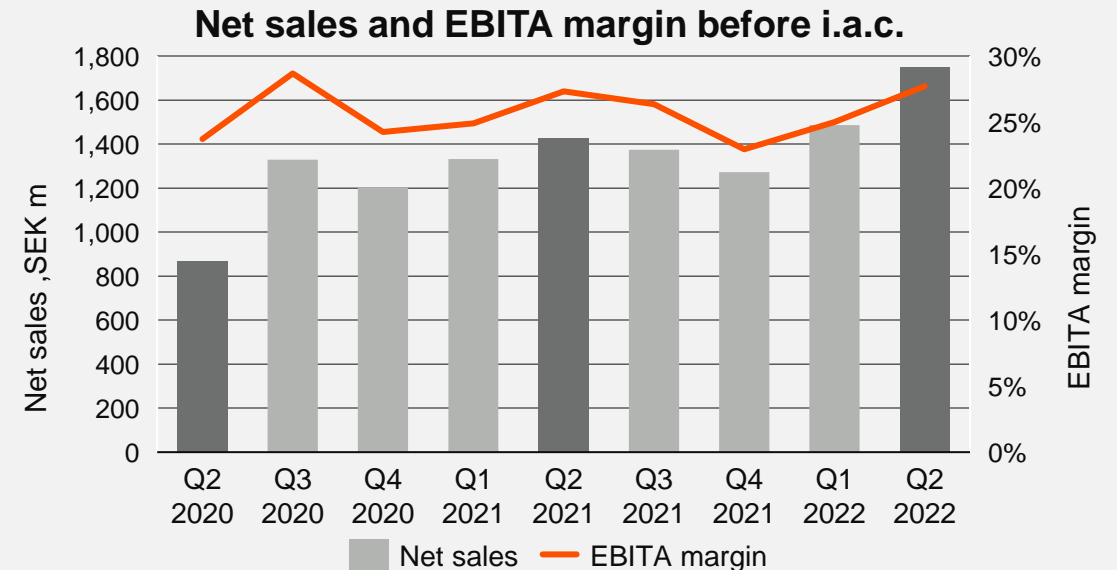
- Organic growth +5% driven by OEM
- Backlog higher than last year

**EBITA before i.a.c. SEK 485 m (390)**

- EBITA Margin 27.7% (27.3%)
- Positive effects from sales growth partly offset by negative channel mix

## Strategic highlights

- Strong start for the Treeline acquisition



EBITA: Before amortization of acquisition-related intangible assets and items affecting comparability

# SEGMENT GLOBAL Q2 2022

**Net sales SEK 1,962 m, +935%**

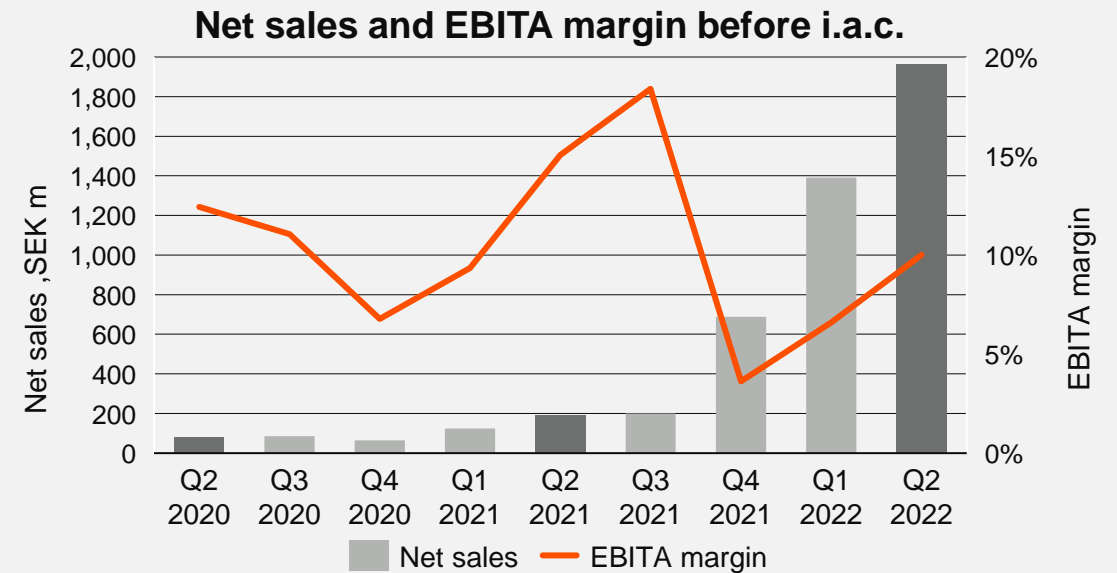
- Organic growth +29% driven by Hospitality and Residential
- Igloo reports strong growth (proforma)

**EBITA before i.a.c. SEK 197 m (29)**

- EBITA Margin 10.0% (15.0%). Igloo has dilutive impact on segment margin
- Double-digit EBITA margin in Igloo
  - Increased resin costs end of Q1, price increases implemented from June 1
  - June EBITA margin significantly higher than last year

## Strategic highlights

- Design awards to Dometic Drawbar, Dometic Delibox and Dometic Smart Delivery Box
- Igloo integration progress as planned



EBITA: Before amortization of acquisition-related intangible assets and items affecting comparability



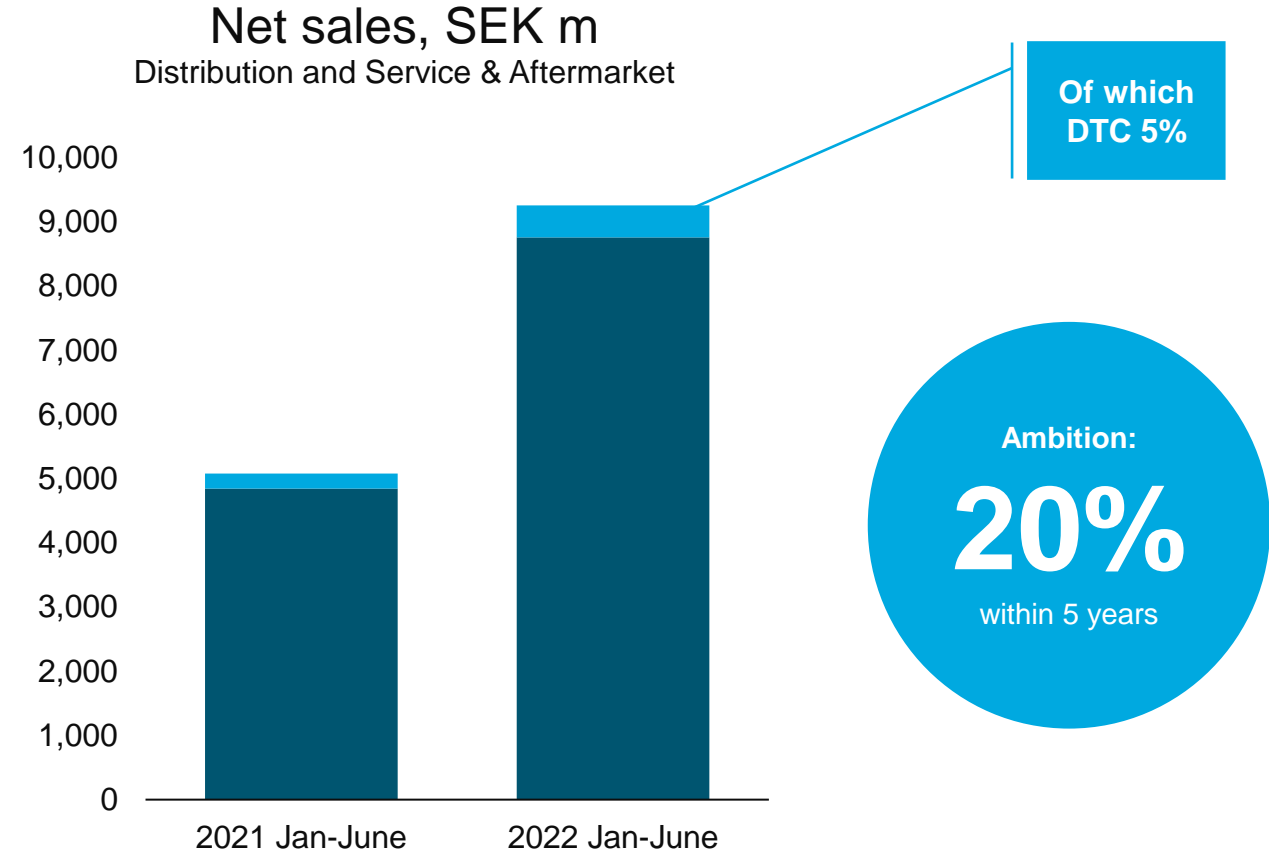
# E-COMMERCE – DTC

## Activities

- Global platform implemented in US, Australia and Marine driving organic growth
- Ongoing implementation in eight countries in Europe
- Broadened Outdoor offering
- Know-how from acquisitions

## Benefits

- End user interaction
- Increased end-to-end efficiency
- Profitable growth



# FIRST STORE-IN-STORE IN STOCKHOLM

## NEW DISTRIBUTION CHANNEL

- First store-in-store at Outdoor brand shop in Sweden
- Located at Haglöfs flagship store in central Stockholm
- Showcasing Dometic Outdoor lifestyle product range
- Selected products are available in all Haglöfs brand shops nationwide in Sweden



# OUTSTANDING INDUSTRIAL DESIGN

TWO OF THE WORLD'S LEADING DESIGN AWARDS RECOGNIZED DOMETIC INNOVATIONS



## Dometic Smart Delivery Box

- A secure mailbox and smart receiving box with refrigeration capability



red dot winner 2022



## Dometic DeliBox

- Hot/Cold, temperature-controlled transportation solution for food delivery



## Dometic DrawBar

- Functionality of a full-size wine cooler in an elegant compact design that fits 5 bottles



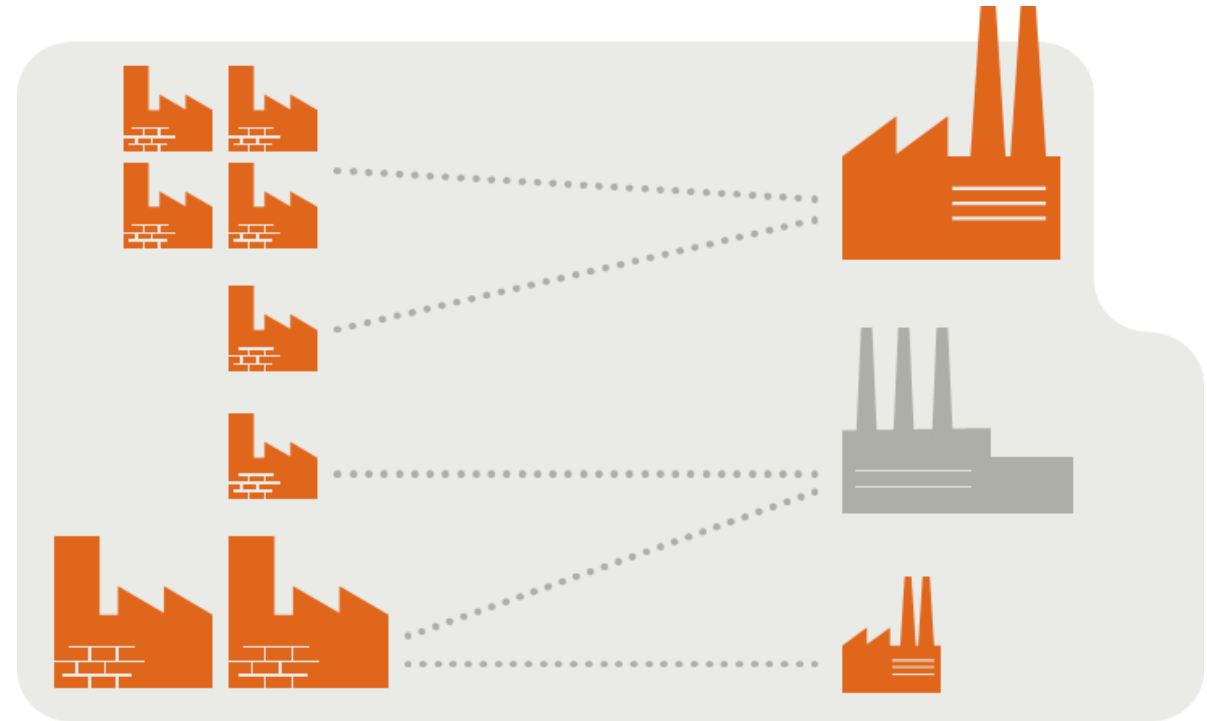
# ACCELERATED COST REDUCTIONS

- **Restructuring program announced 2019**

- SEK 400 m in total savings
  - Runrate saving as of Q2 2022 SEK 250 m
- Final activity announced July 6
  - Closure of manufacturing in Siegen, Germany. To be completed by mid 2023
- 24 locations and 1,201 employees affected since start

- **Next step in our efficiency plan announced**

- Additional SEK 200 m in saving
  - Cost SEK 200 m
- 700 employees to be affected
- To be completed by end of 2023



# 2022 STRATEGY EXECUTION

## 1 Profitable expansion

- Distribution and Service & Aftermarket share of sales 59% (52%)
- Continued strong growth in Mobile Power solutions. Total sales last 12 months more than SEK 2.2 b (proforma)

## 2 Product leadership

- Innovation index 17% (24%) - component supply issues affecting new product launches
- Dometic Drawbar, Dometic Delibox and Dometic Smart Delivery Box received prestigious design awards
- Product innovation a strategic priority – will continue to invest to secure continued positive development in Innovation index

## 3 Cost reductions

- SKU reduction 65%
- Final step of the 2019 program announced
- Next phase of the restructuring program initiated



# SUSTAINABILITY

- **LTIFR<sup>1)</sup> reduced 42% compared to the same period last year**
  - Implementation of Health & Safety guidelines continues
  
- **Share of female managers 24%**
  - Three-year action plans being implemented
  
- **CO<sub>2</sub> ratio reduced 31% compared to baseline year 2020**
  - Driven by transition to renewable electricity supply
  
- **ESG audits of new suppliers 100%**
  - Expanding the focus, new measurement implemented

KPI	Focus area	Actual	2024 Target
LTIFR <sup>1)</sup>	People	1.6	<2.0
Share of female managers	People	24%	27%
CO <sub>2</sub> tonne / Net sales SEK m	Planet	-31%	-30%
ESG audits of new suppliers	Governance	100%	90%

## OUR FOCUS AREAS AND AMBITIONS



PEOPLE

Offer a safe, inclusive, diverse and dynamic workplace – allowing every employee to reach their full potential for the best of the company as a whole.



PLANET

Sustainable Innovation  
– Offer innovative, durable, circular, low carbon products  
Sustainable Operation  
– Minimize climate impact, increase resource efficiency & support circularity.



GOVERNANCE

Safeguard human rights at all times while pursuing fair business and labor practices.

<sup>1)</sup> LTIFR = Lost time injury frequency rate



# **STEFAN FRISTEDT**

**CFO**

# EBITA DEVELOPMENT

- **Asset gain Q2 2021**

- Q2 2021 positively impacted by sale of fixed assets in APAC of SEK 21 m

- **Organic + FX**

- + Currency translation and transaction effects
- Sales channel and segment mix
- Inefficiencies due to supply constraints

Neutral impact from Price vs Material cost

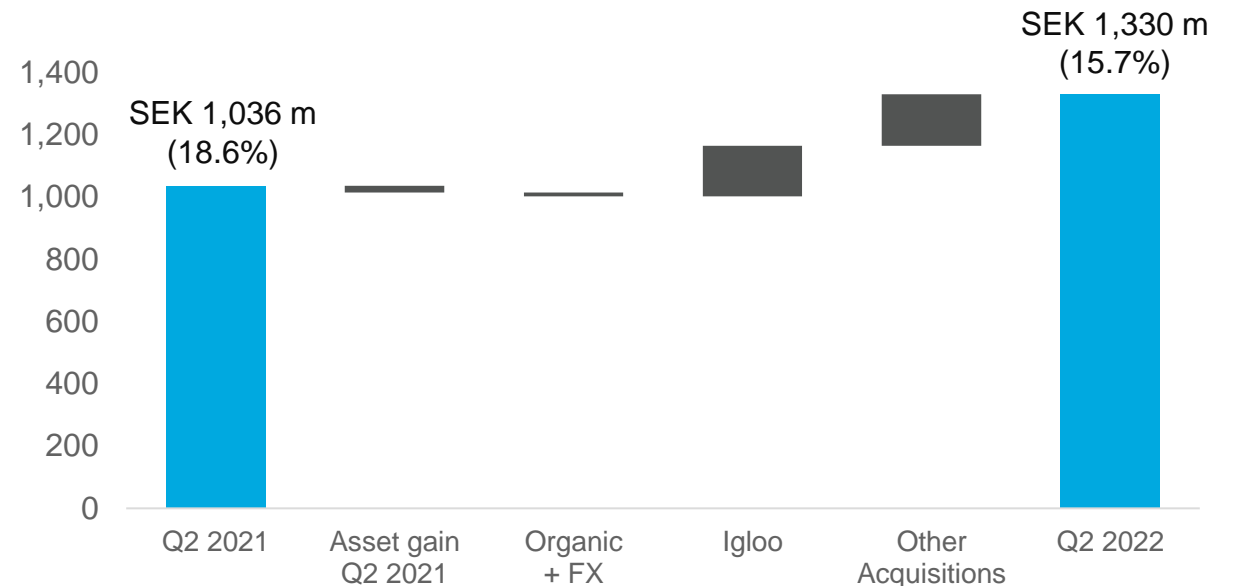
- **Igloo**

- Double-digit margin, negatively impacted by increased resin costs due to the war in Ukraine
- Price increases implemented from June 1, significantly improved margin in June

- **Other acquisitions**

- Accretive to Dometic margins

EBITA bef i.a.c. SEK m (% of sales)





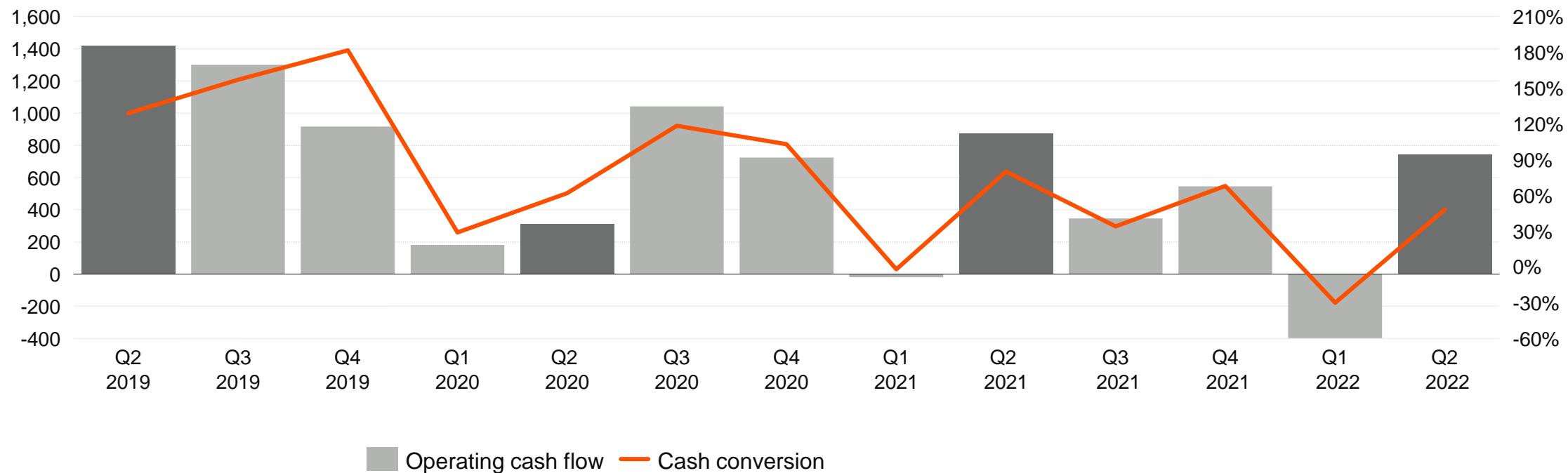
# CASH FLOW FOR THE PERIOD

SEK m	Q2 2022	Q2 2021
EBIT	1,166	898
Adjustments for non-cash items	563	136
Changes in Working Capital	-876	-79
Investments in fixed assets	-114	-80
<b>Operating cash flow</b>	<b>738</b>	<b>875</b>
Income tax paid	-252	-95
Acquisitions/divestments net	3	-1,618
Other	-4	18
Net cash flow from financing	-127	2,464
<b>Cash flow for the period</b>	<b>358</b>	<b>1,644</b>

- Operating cash flow SEK 738 m (875)
  - Adjustments for non-cash items relates to Depreciation, Amortization and FX
  - Working capital impacted by increased inventories
- Net cash from financing
  - Dividend SEK -783 m
  - Three-year private placement bond of SEK 1 b. signed in the quarter

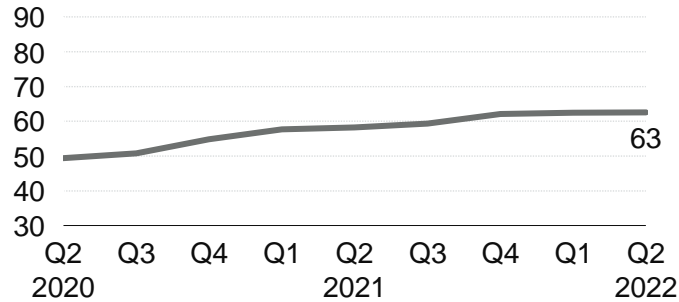
# OPERATING CASH FLOW

SEK m



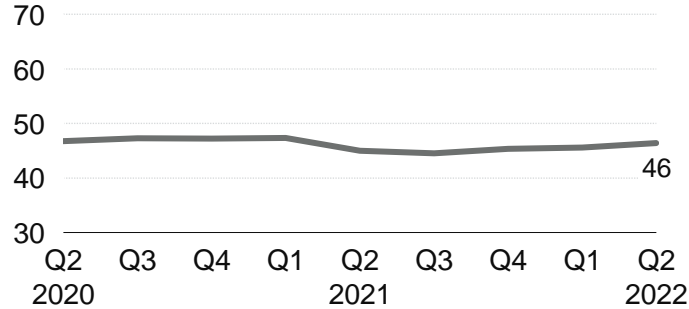
# WORKING CAPITAL DAYS

## ACCOUNTS PAYABLES



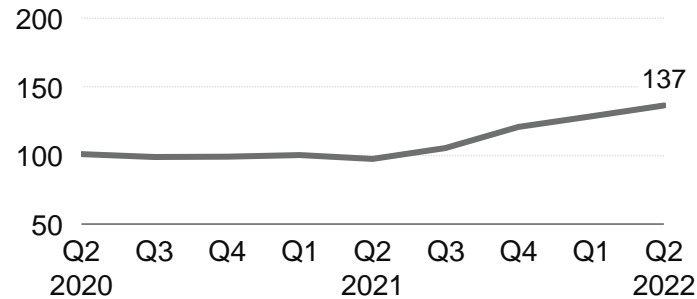
— DPO LTM

## ACCOUNTS RECEIVABLES

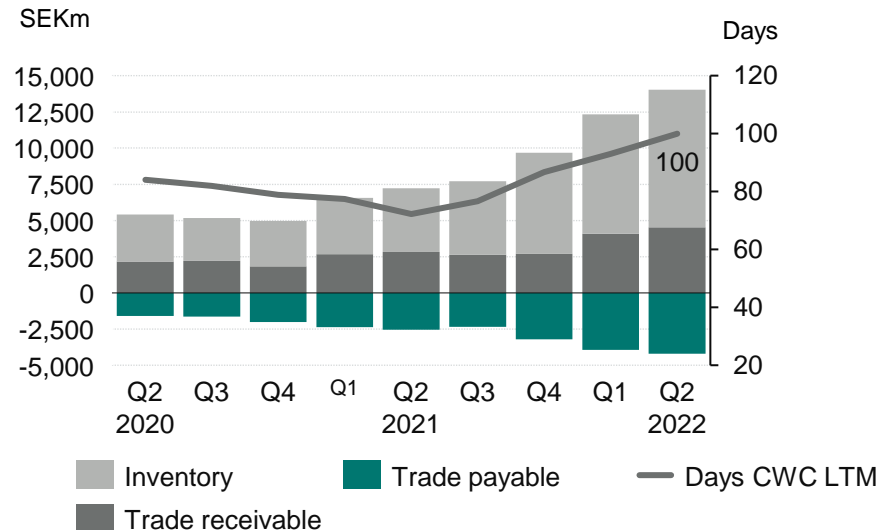


— DSO LTM

## INVENTORIES



— DIO LTM



Inventory

Trade payable

Days CWC LTM

Trade receivable

## Increase driven by inventories

Inventory balance SEK 9.5 b (4.4), drivers behind increase:

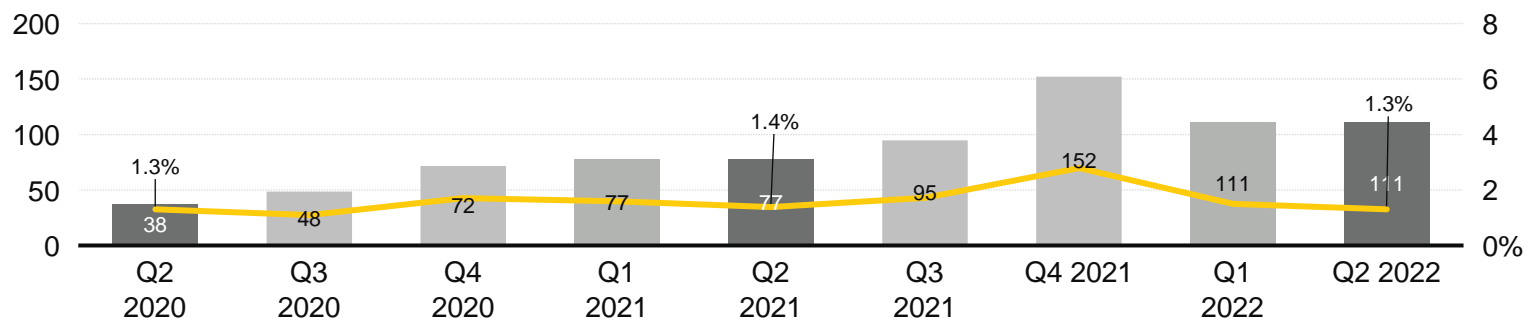
- Acquisitions SEK 1.5 b
- FX SEK 1.3 b
- Increased raw material prices ~SEK 1 b
- Secure critical components and longer leadtimes ~SEK 1 b

**Driving actions across all segments to improve inventory efficiency**

# CAPEX & RESEARCH & DEVELOPMENT

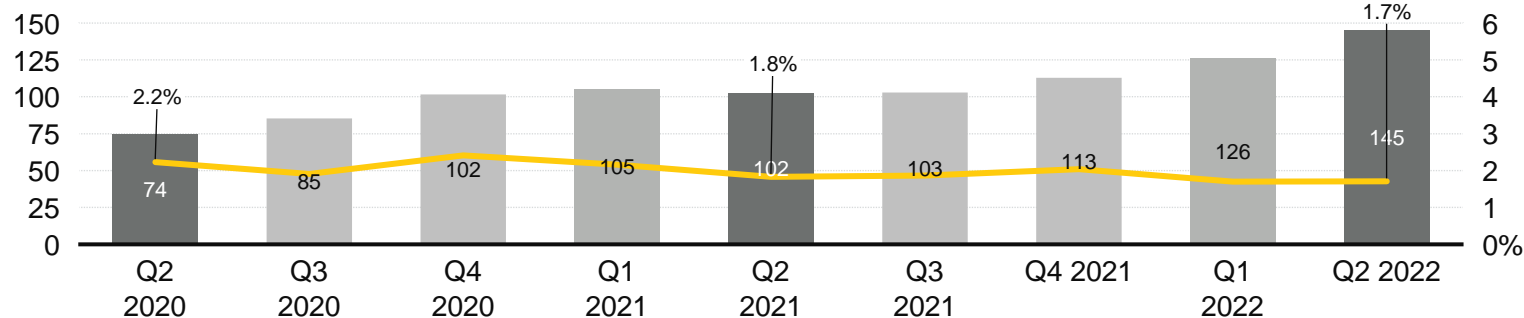
(SEK m, % of Net sales)

## CAPEX



- **Q2 2022 CAPEX:**  
1.3% of net sales  
(1.4% same period 2021)

## R&D

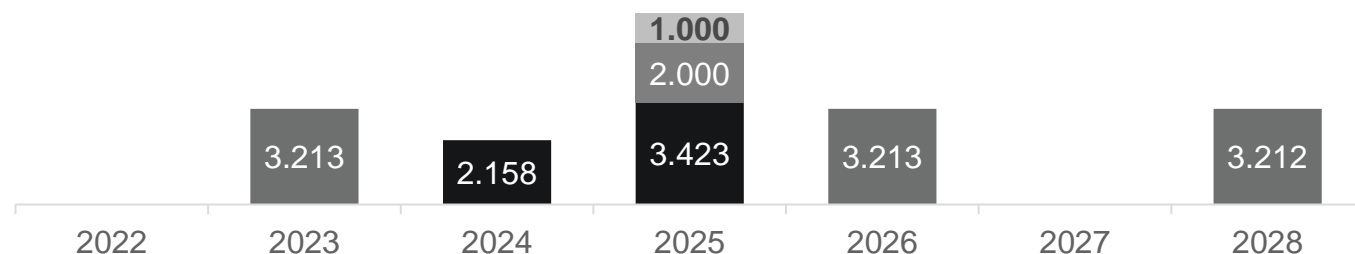


- **Q2 2022 R&D:**  
1.7% of net sales  
(1.8% same period 2021)
- Includes capitalized development expenses

# DEBT MATURITY PROFILE AND LEVERAGE

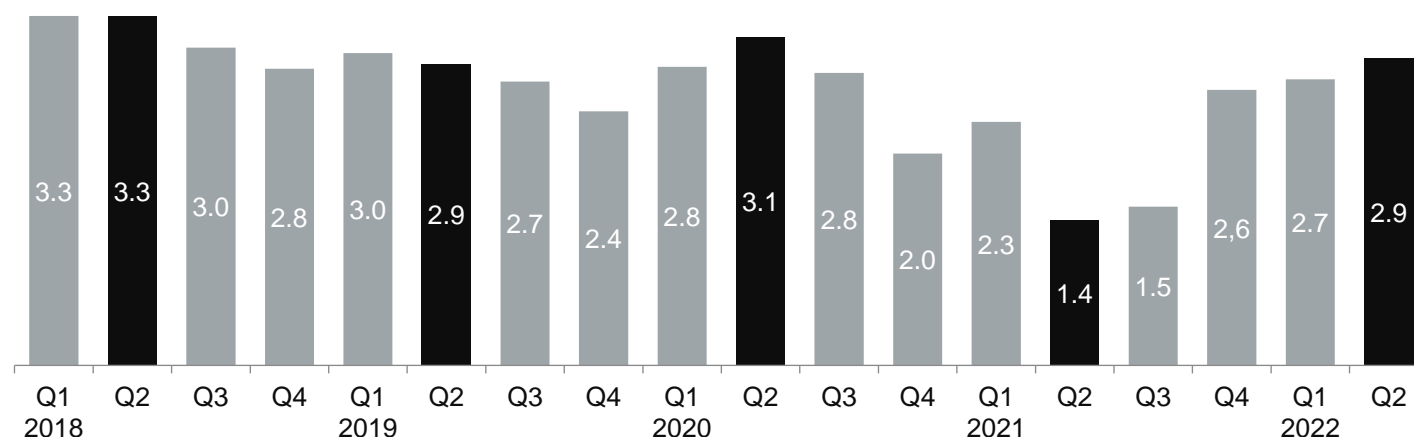
Debt maturity profile, SEK m

■ USD loans ■ EUR bonds ■ EKN loan ■ SEK bond



- Well diversified profile
- Average maturity 3,3 years
- Three-year private placement bond of SEK 1 b at a rate of 5.1% signed in the quarter
- Undrawn revolving credit facility of EUR 200 m

Net debt leverage



- Q2 Net debt leverage 2.9x compared to 2.7x in Q1 2022
  - Dividend payout
  - Stronger USD and EUR to SEK
- Average annual de-leverage 0.6x to 0.8x driven by positive operational cash flows

# 2019 RESTRUCTURING PROGRAM

## SAVING TO BE FULLY REALIZED BY MID 2023

### ▪ Locations and employees

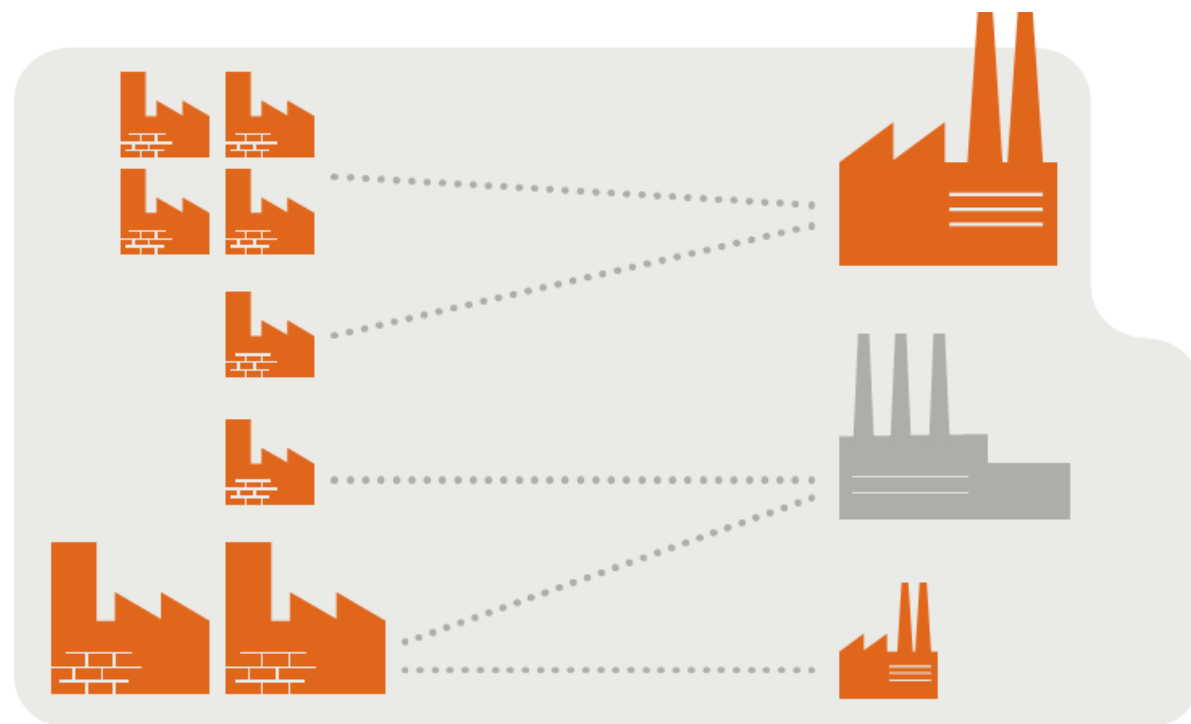
- Announced closure of manufacturing in Siegen, Germany. Final activity in the 2019 program. Totally 24 locations have been impacted since start
- 243 employees affected in the quarter. 1,201 since start

### ▪ Saving

- Target SEK 400 m by mid 2023
- Runrate saving as of Q2 2022 SEK 250 m

### ▪ Costs

- SEK 13 m in the quarter, SEK 468 m since program start
- Total cost for the program estimated to SEK 750 m. Most of the remaining cost expected coming 3 quarters
- Remaining cash out for the program estimated to SEK 250 m



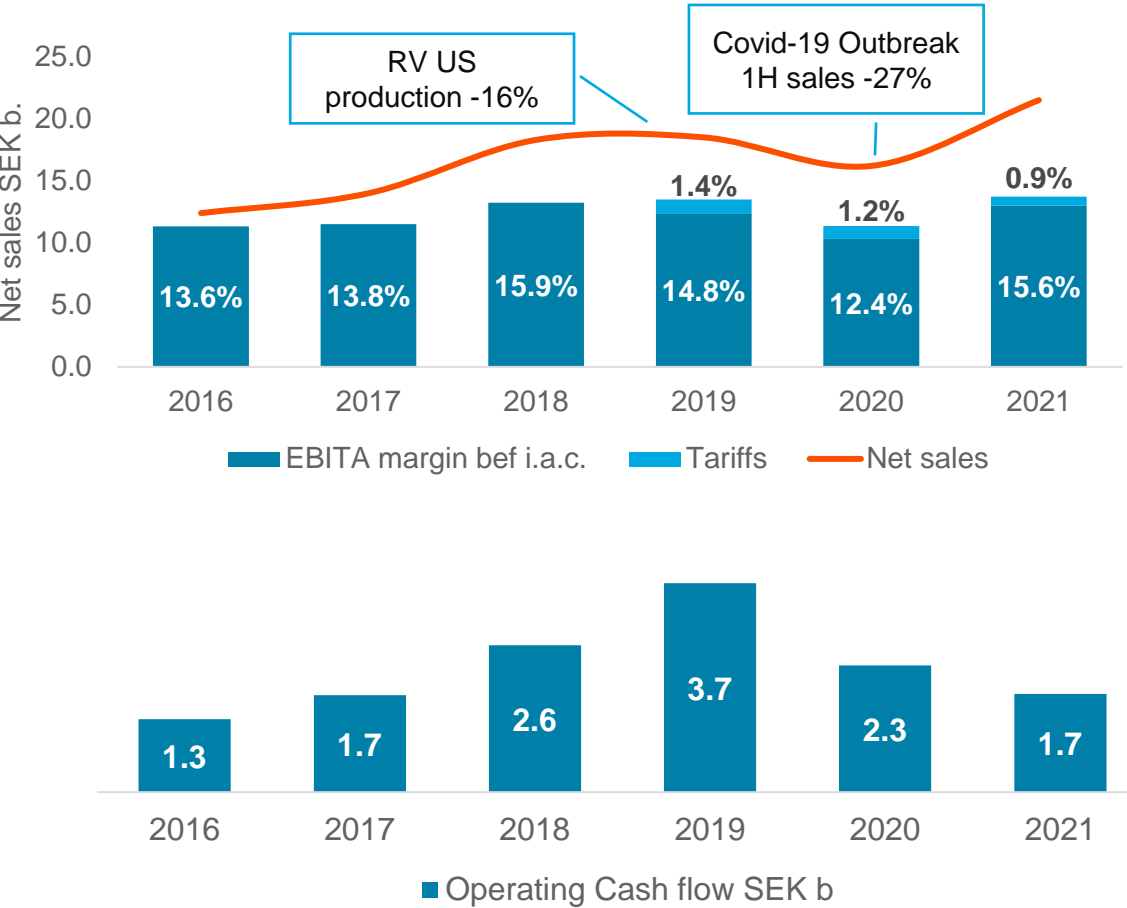
# 2022 RESTRUCTURING PROGRAM

- The next step in our efficiency plan to further accelerate operational optimization and improve profitability
- **Scope**
  - Continued optimization of locations and rightsizing of resources
  - Across all segments and functions
  - 700 employees
- **Saving**
  - Saving SEK 200 m in addition to SEK 400 m from the 2019 program
  - Gradual impact from Q4 2022. Fully realized by the end of 2023
- **Cost**
  - SEK 200 m. Most of the cost is cash out



# HISTORICAL RESILIENCE IN A DOWNTURN SCENARIO

## PAST RESULTS SHOWS RESILIENCE



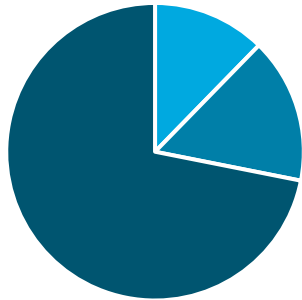
## LEVERS TO PULL

- Continuous scenario planning
- Recent experiences of downturns
- Accelerating restructuring program
- Less infrastructure today – number of sites
- Sales mix towards more Service & Aftermarket and Distribution
- Headcount - 20% of workforce is temporary
- Limit or freeze Capital expenditures
- Historically we have generated cash during a downturn as A/R is collected and inventories are turned into cash



# FURTHER RESILIENCE FROM ACQUIRED COMPANIES

## Improved sales mix



- OEM
- Service & Aftermarket
- Distribution

>85% of net sales outside OEM

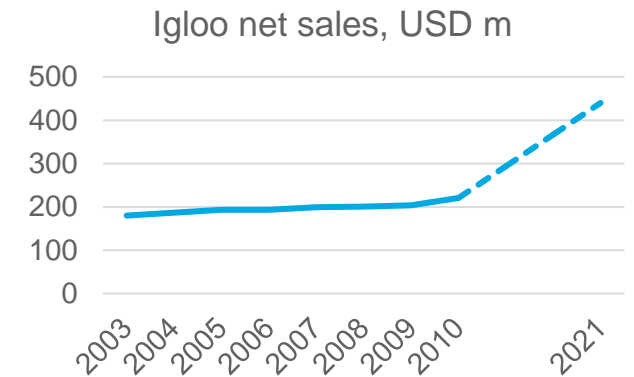
Last 12 months net sales proforma

## Structural growth areas



6 acquisitions in 2021-2022 in Mobile Power Solutions - a structural growth area driven by electrification trends and sustainability

## Igloo resilience



Low single digit sales growth during financial crisis 2007-2008

Growth each year from 2019

6% sales CAGR 2010-2021

# Q2 SUMMARY


## Business highlights

- 53% sales growth and backlog higher than a year ago
- Market conditions turning tougher
  - Declining OEM production
  - Retailers are rebalancing their inventories
  - Challenging macroeconomic environment and weakening demand
- Positive development of acquired companies

## Strategic highlights

- More resilient sales mix supported by acquired companies
- Announced closure of manufacturing in Siegen and new global restructuring program initiated
- Optimistic about the long-term trends in the Mobile Living industry
- We will continue to implement our strategic agenda to deliver on our targets





# Q&A

A scenic landscape featuring a winding asphalt road with yellow double lines curving through a forest of tall pine trees. In the background, a calm lake reflects the sky, and snow-capped mountains rise under a bright, slightly hazy sky. The overall atmosphere is peaceful and natural.

## **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. Two people are sitting on chairs outside the tent, talking. In the background, another car is parked on a higher rocky ledge with two people standing nearby. The sky is filled with soft, golden light from the setting sun, with scattered clouds. The overall mood is peaceful and adventurous.

 **DOMETIC**