

# INTERIM PRESENTATION

Q1 2023

April 26, 2023





# **JUAN VARGUES**

**PRESIDENT & CEO**

# Q1 2023 HIGHLIGHTS

## Market development

- Macro environment and market conditions remain tough
  - US RV production down -54% in Q1
  - High inventory levels in Service & Aftermarket, but on the way down

## Performance

- Q1 shows clear results of strategic initiatives
- -13% organic sales growth
  - Segment Marine +8%
  - Segment Global +5%, driven by Igloo
  - Service & Aftermarket -19%, an improvement compared to Q4
  - OEM -14% due to RV OEM Americas
- EBITA margin before i.a.c. 11.6% (14.8%)
  - Significant declines in EMEA and Americas
  - Improved margins in Marine, Global and APAC
- Operating cash flow significantly improved
- All four Sustainability KPIs tracking towards 2024 target



# Q1 2023 FINANCIAL SUMMARY

**Net sales of SEK 7,289 m, -3% total growth**

- -13% Organic
- +9% FX
- 0% M&A

**EBITA before i.a.c. of SEK 847 m, -24%**

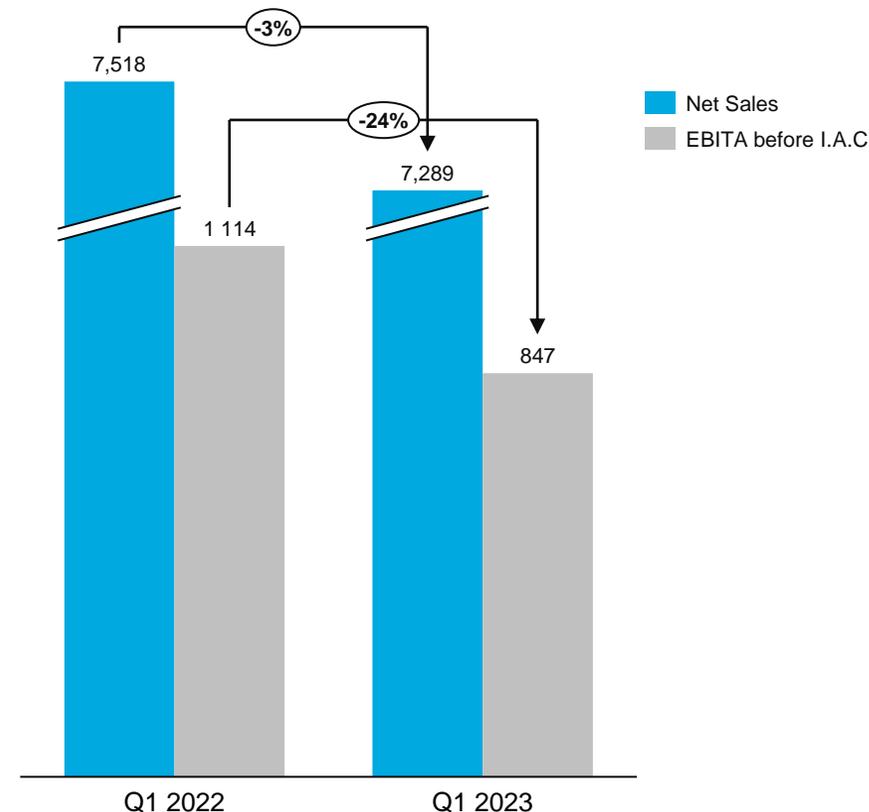
- EBITA margin of 11.6% (14.8%)

**Operating cash flow of SEK 294 m (-398)**

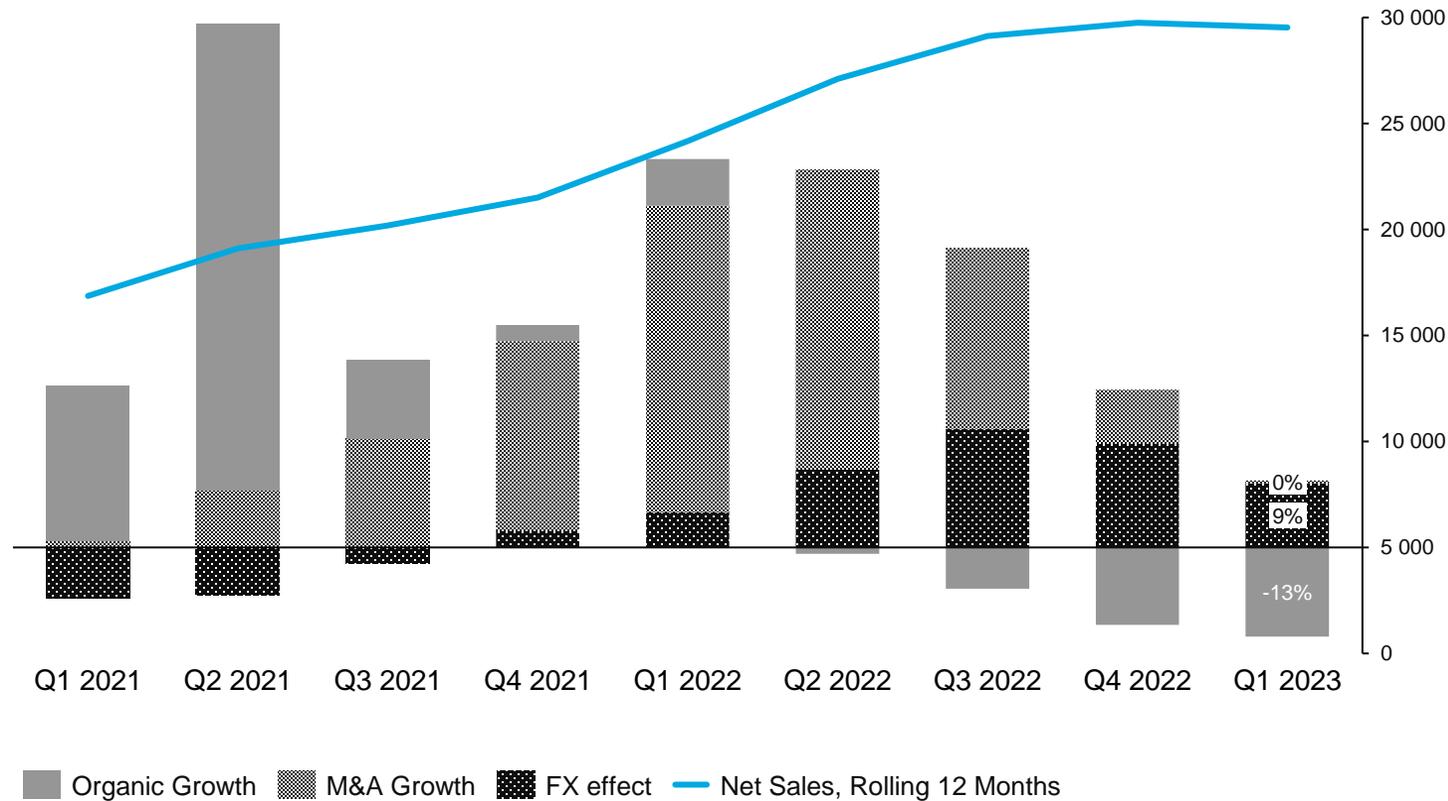
**Leverage 3.2x (2.7x)**

**EPS of SEK 1.04 (1.54)**

**Adjusted EPS of SEK 1.44 (2.27)**



# SALES GROWTH Q1 2023



## Q1 2023

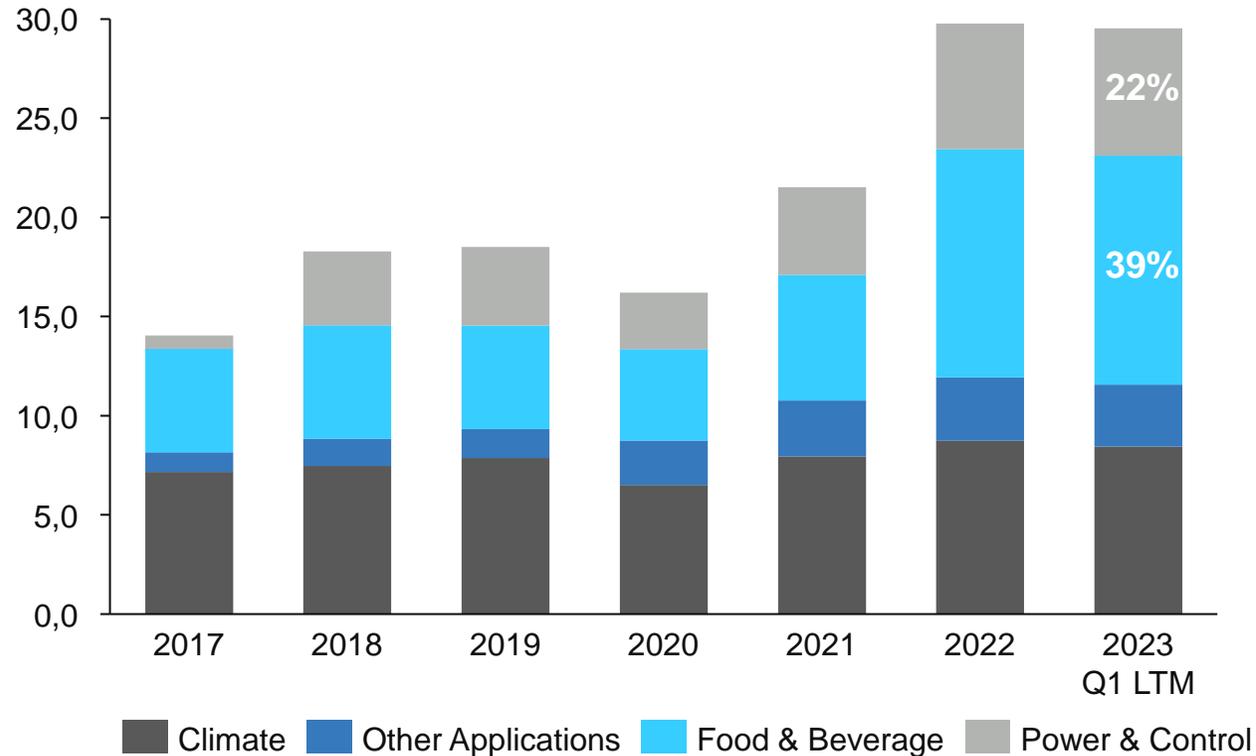
Net Sales SEK 7,289 m

▪ Total Growth -3%

- Americas -36%
- APAC -8%
- EMEA 0%
- Global +17%
- Marine +19%

# NET SALES BY APPLICATION AREA, SEK B

LONG TERM GROWTH DRIVEN BY POWER & CONTROL AND FOOD & BEVERAGE



## ■ Power & Control

- Strong performance in Marine Steering Systems
- Structural growth in Mobile Power Solutions
- Driven by RV, Marine and Outdoor Standalone

## ■ Food & Beverage

- Growth in Mobile Cooling, including Igloo
- Driven by RV, CPV, Outdoor Standalone, Hospitality and Residential

## ■ Other Applications

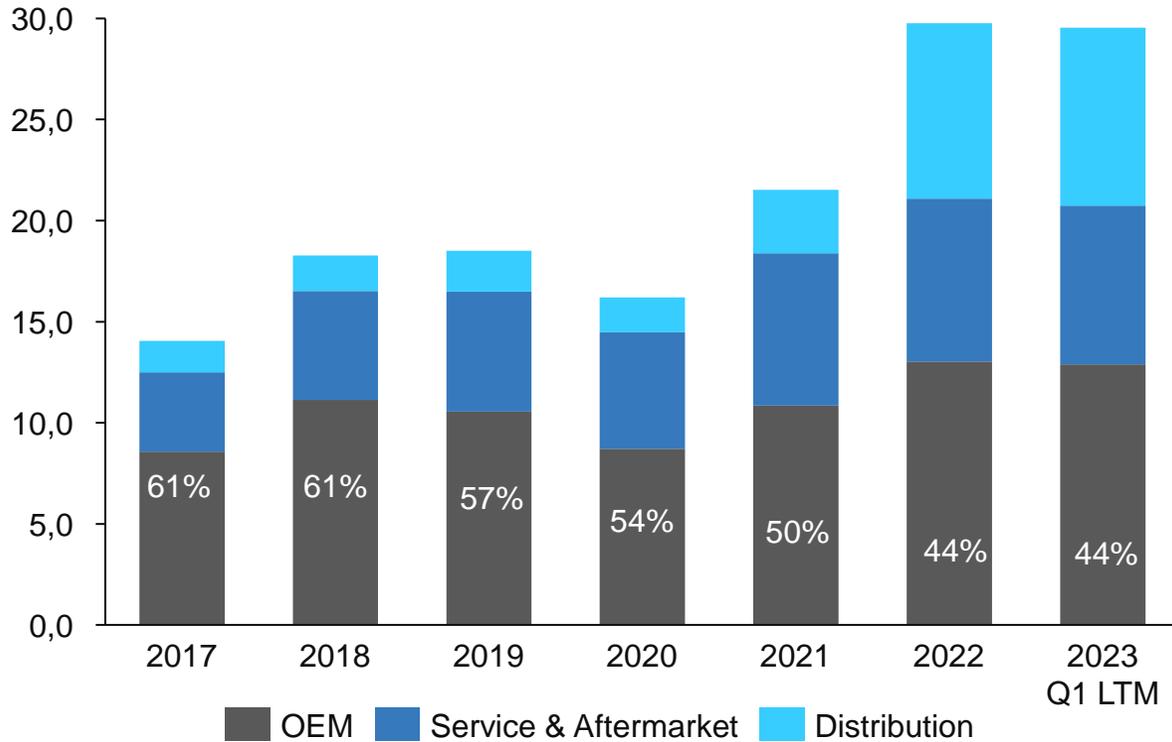
- Mainly sanitation and safety products
- Driven by RV and CPV

## ■ Climate

- Ongoing ramp up of new A/C portfolio
- Driven by RV, Marine and Outdoor Standalone

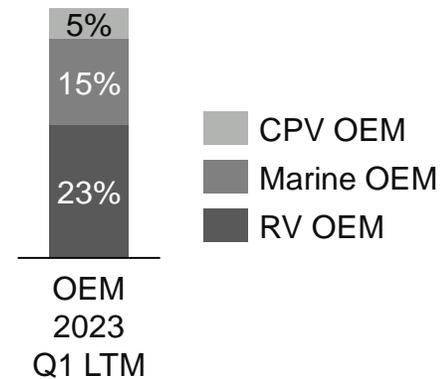
# NET SALES BY SALES CHANNEL, SEK B

## INCREASING SHARE OF DISTRIBUTION + SERVICE & AFTERMARKET



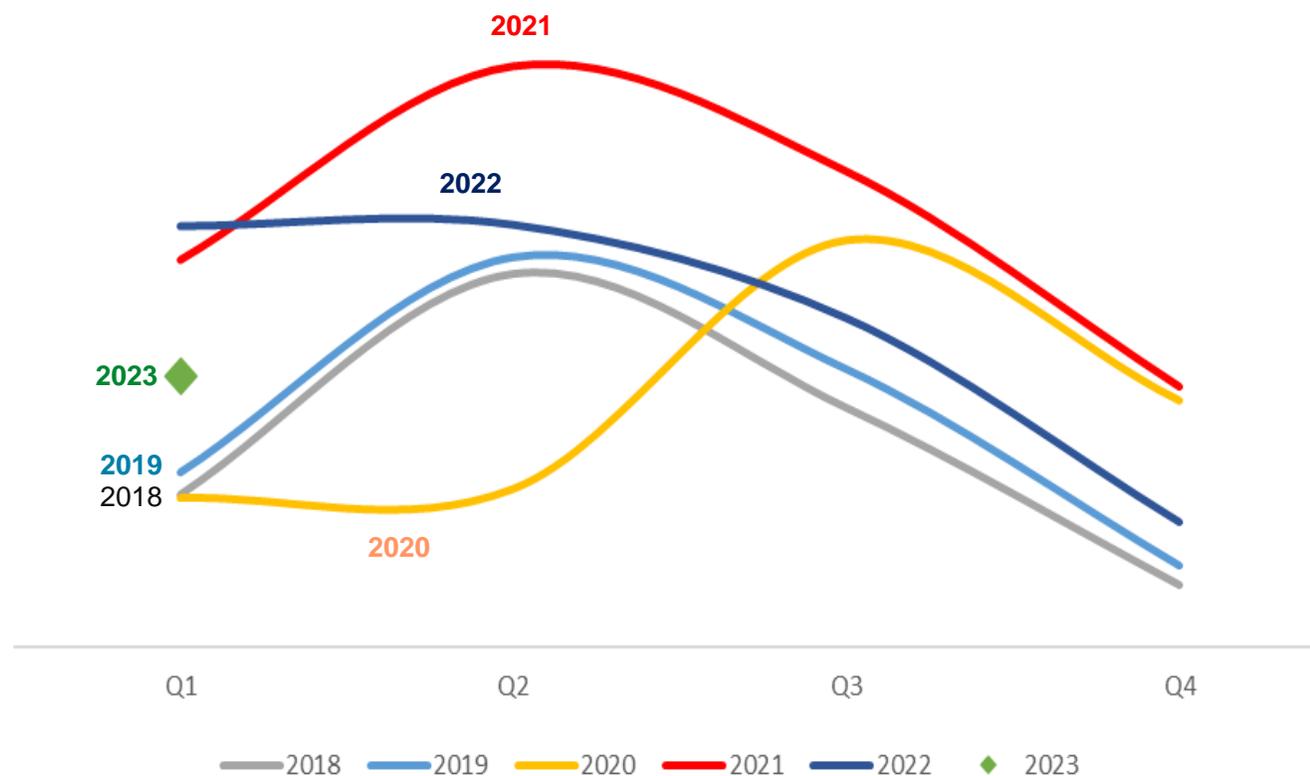
- RV OEM 23% of Q1 LTM Group sales
- of which Americas 10%

### OEM sales by vertical



# SERVICE & AFTERMARKET SALES

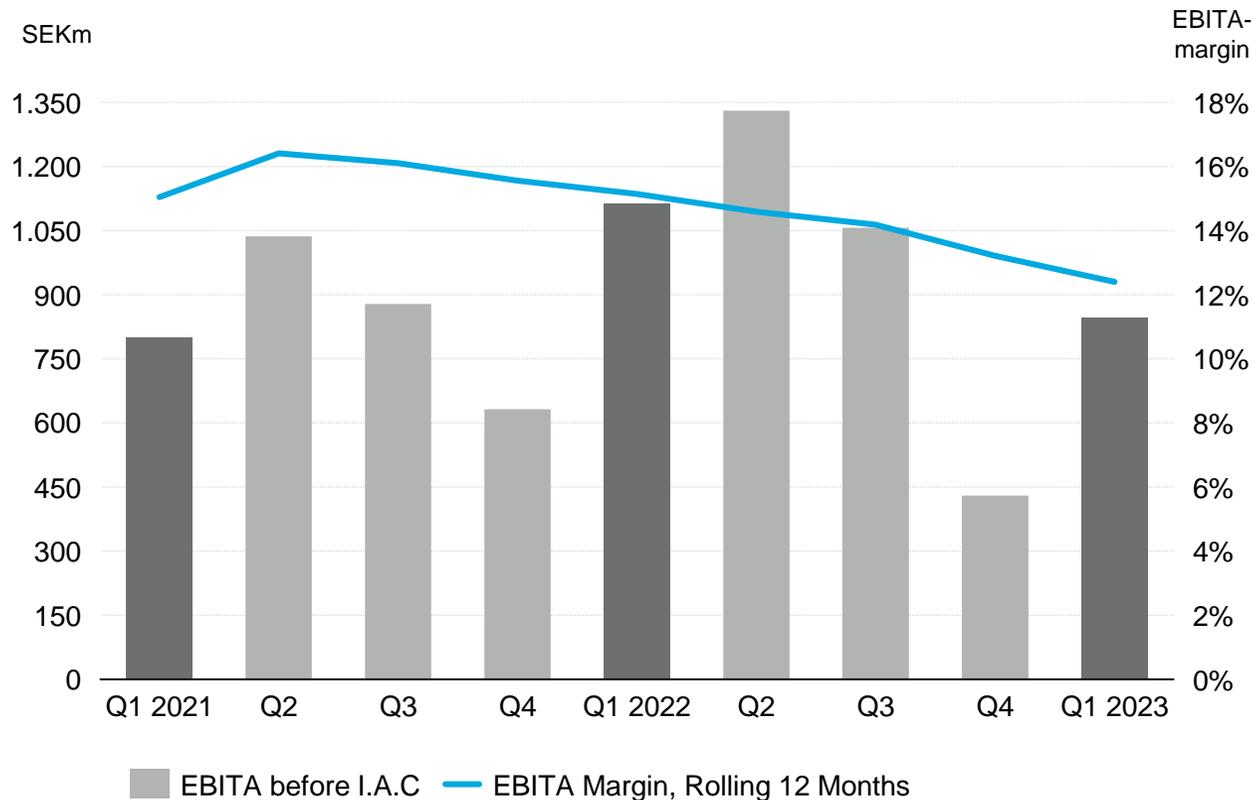
## RETAILER DESTOCKING AFTER 2021 – Q1 2022 RALLY



- Retailers are destocking after large purchases in 2021 and Q1 2022
- Q1 2023 organic decline -19% compared to -22% in Q4 2022
  - Q1 2022, a tough comparison
  - 16% growth compared to 2019
- Gradual recovery expected coming quarters
  - Signs of recovery in Marine

# EBITA AND EBITA MARGIN BEFORE I.A.C

EBITA before i.a.c. Rolling 12 months 12.4% (15.1%)



## Q1 2023

EBITA before i.a.c. margin 11.6% (14.8%)

- Decline related to segments Americas and EMEA
- Sales mix, decline in Service & Aftermarket
- Extra logistic cost and lower efficiency due to factory move in EMEA
- Investing in structural growth areas
- + Segment Marine
- + Igloo continues to show improved margins
- + Cost reductions and FX

# AMERICAS Q1 2023

**Net sales SEK 1,234 m, -36%**

- Organic growth -48%
- Impacted by the significantly reduced RV production
- Service & Aftermarket sales remain low

**EBITA before i.a.c. SEK -61m (130)**

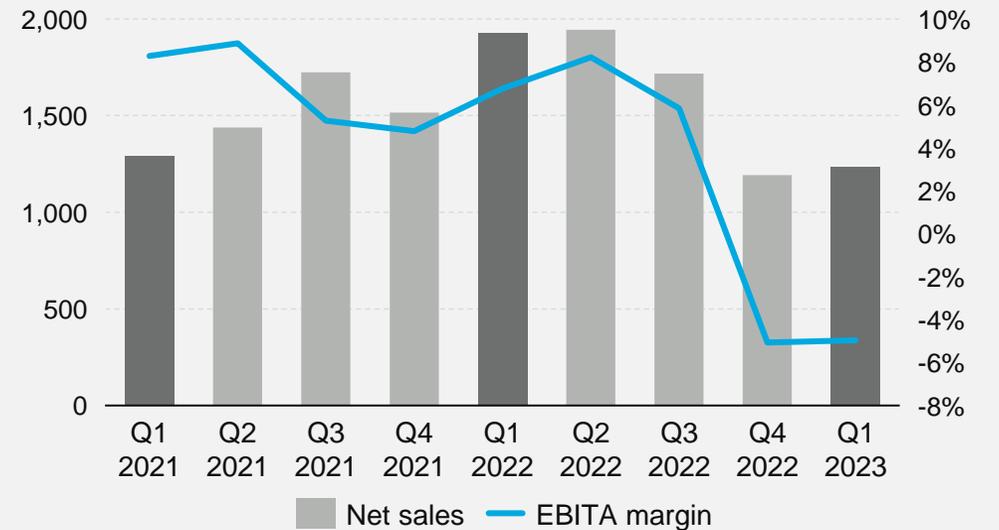
- EBITA Margin -5.0% (6.8%)
- Impact from significant sales decline

## Strategic highlights

- Positive contribution from acquired companies
- Elkhart manufacturing closed in 2022 – further rightsizing activities ongoing



**Net sales and EBITA margin before i.a.c.**



# EMEA Q1 2023

## Net sales SEK 2,170 m, 0%

- Organic growth -7%
- Double-digit growth in OEM driven by CPV. Growth in RV OEM
- Service & Aftermarket sales remain low

## EBITA before i.a.c. SEK 185 m (385)

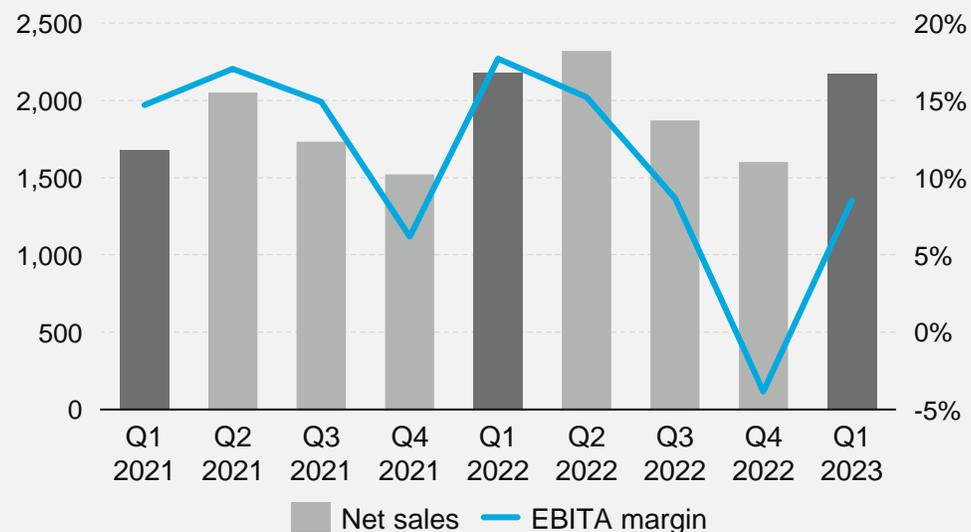
- EBITA Margin 8.5% (17.7%)
- Extraordinary logistic costs and inefficiencies in manufacturing – gradual improvements expected in 2023
- Negative sales channel mix partly offset by positive FX impact

## Strategic highlights

- Closure of Siegen manufacturing mid-2023. More than 200 employees affected.
- Further rightsizing activities ongoing



Net sales and EBITA margin before i.a.c.



# APAC Q1 2023

## Net sales SEK 501 m, -8%

- Organic growth -13%
- Growth in OEM
- Service & Aftermarket and Distribution sales negatively impacted by high retailer inventory levels

## EBITA before i.a.c. SEK 130 m (136)

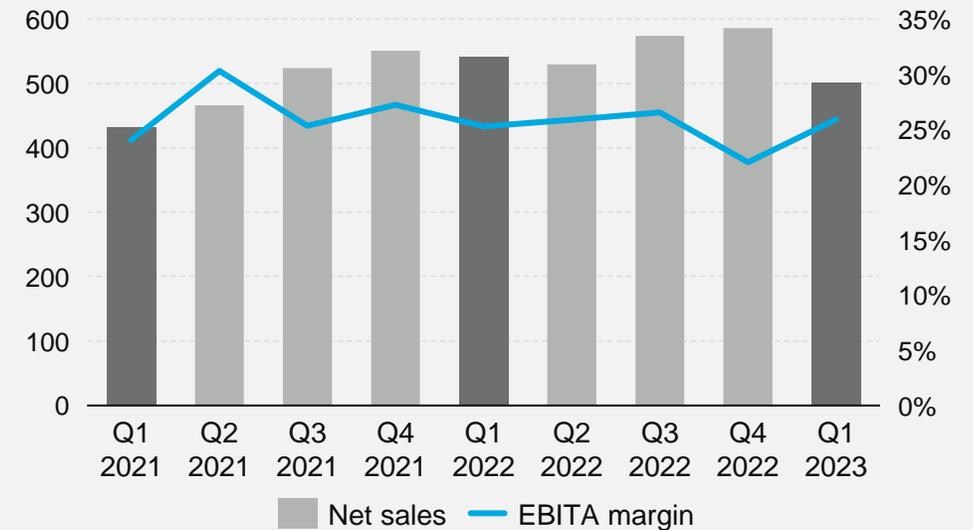
- EBITA Margin 25.9% (25.3%)
- Sales mix and sales decline impact EBITA margin negatively
- Positive impact from cost reductions

## Strategic highlights

- Strong performance by the acquired Mobile Power business



Net sales and EBITA margin before i.a.c.



# MARINE Q1 2023

**Net sales SEK 1,756 m, +19%**

- Organic growth +8%
- Double-digit growth in OEM
- Single-digit decline in Service & Aftermarket

**EBITA before i.a.c. SEK 462 m (371)**

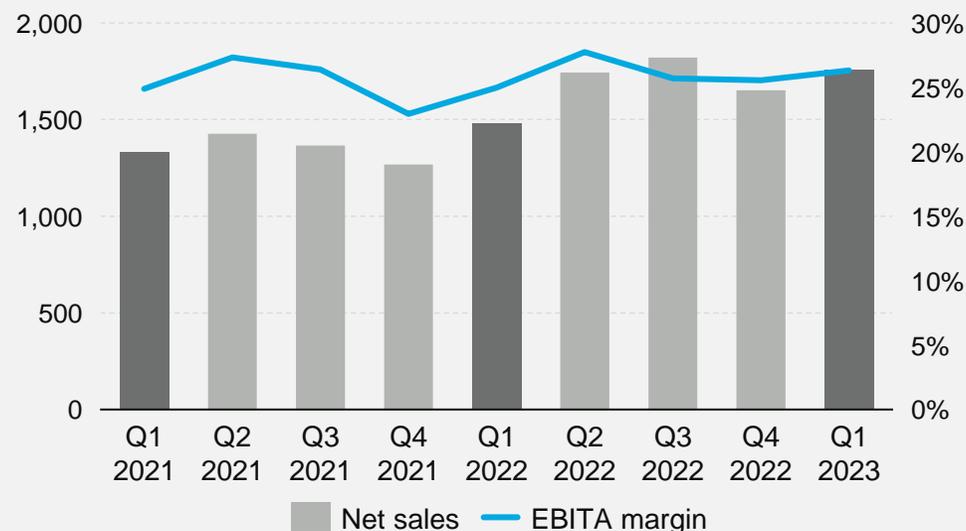
- EBITA Margin 26.3% (25.0%)
- Sales growth and innovation drives higher margins despite negative sales channel mix

## Strategic highlights

- Increased content by boat driven by innovation and technology shift in steering systems



**Net sales and EBITA margin before i.a.c.**



# GLOBAL Q1 2023

**Net sales SEK 1,628 m, +17%**

- Organic growth +5%
- Organic growth driven by Igloo
- Continuous growth in Hospitality

**EBITA before i.a.c. SEK 130 m (91)**

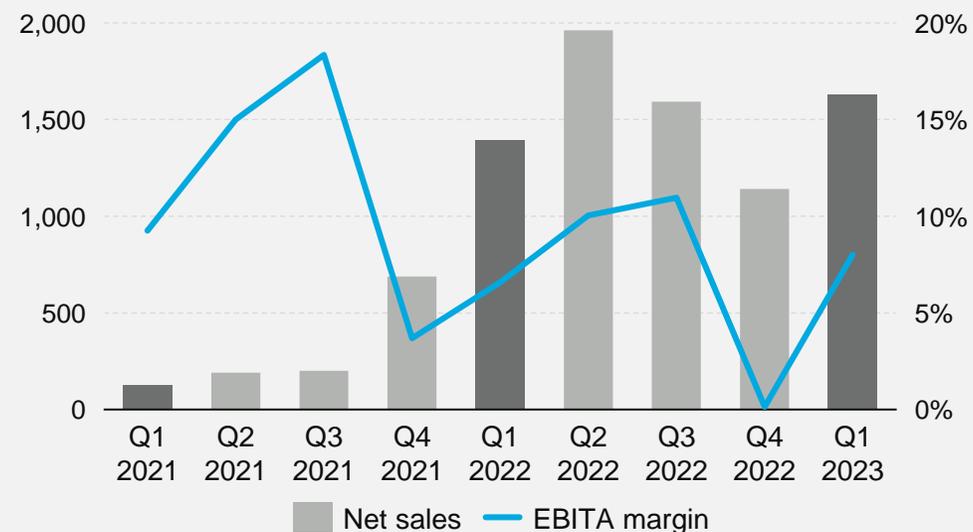
- EBITA Margin 8.0% (6.6%)
- Igloo margin above Q1 last year
- Other Global Verticals above Q1 last year, improvements in both Hospitality and Residential

## Strategic highlights

- Igloo integration progress as planned
- Lawsuit filed by sellers of Igloo. Confident it lacks any merit



**Net sales and EBITA margin before i.a.c.**



# INNOVATION - MOBILE COOLING

## CFF12 – OUR SMALLEST PORTABLE ELECTRIC COOLER



- New version with modern design and 18% increase in inner volume
- Lightweight compressor technology
- Super-slim design make it easily portable from the car to camping site or to picnic at the beach
- Small enough to fit inside of normal cars and in between the front seats of vans

# INNOVATION - MOBILE REST AND STORAGE

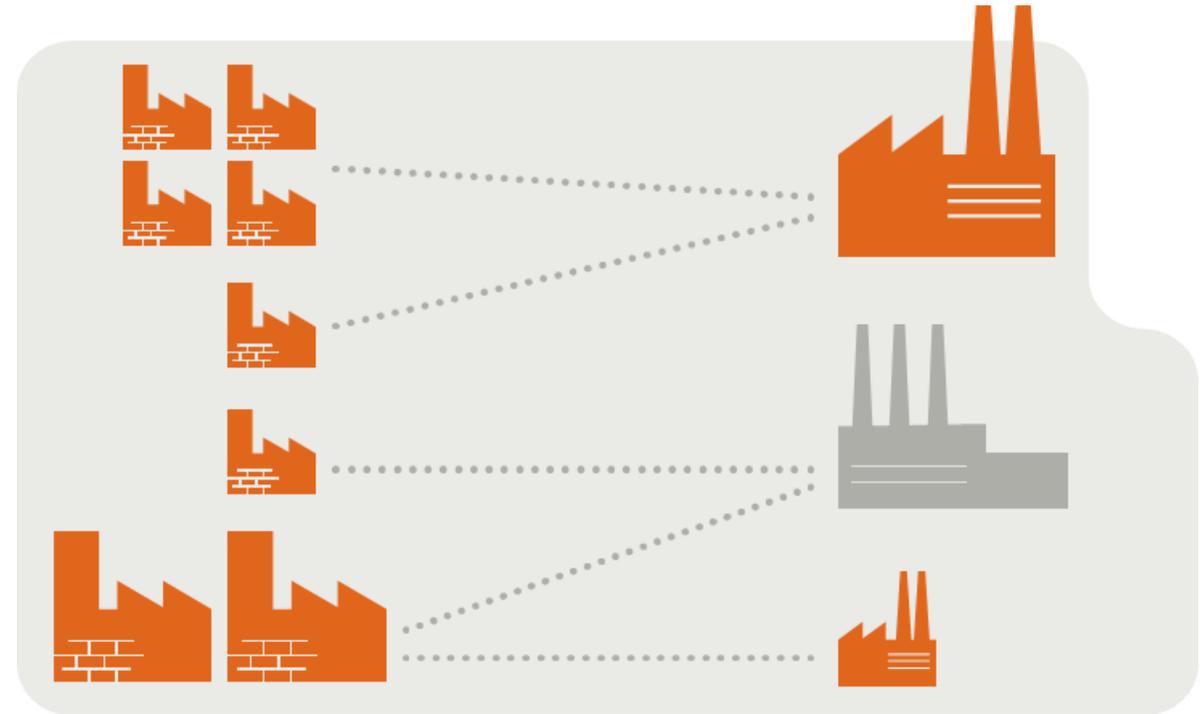
## COMPACT SERIES OF INFLATABLE CAMPING TENTS

- A new compact and inflatable camping tent range for the European market
- Using the Dometic AIR frame technology - easy to set up and pack down
- Light in weight, small in size and compact enough to fit into the back of a small passenger car
- Using “Redux” recycled material



# COST REDUCTIONS

- Two ongoing programs
  - Initial program announced 2019
    - Target saving of SEK 400 m by mid 2023
    - Cost of SEK 750 m
  - Next phase announced Q2 2022
    - Target saving of SEK 200 m by the end of 2023
    - Cost of SEK 200 m
- Cost in the quarter SEK 19 m
  - Ongoing closure of the manufacturing in Siegen, Germany. Provision booked in the third quarter of 2022
- Total cost of SEK 836 m since start. 1,800 employees affected
- Combined runrate saving as of Q1 2023 SEK 340 m



# SUSTAINABILITY

- **LTIFR<sup>1)</sup> better than target and reduced 18% compared to last year**
  - Implementation of Health & Safety guidelines continues
- **Share of female managers improved to 26% (24%)**
  - Action plans are generating results
- **CO<sub>2</sub> ratio reduced 41%, better than 2024 target**
  - Driven by transition to renewable electricity supply
- **ESG audits of new suppliers 94%, above target of >90%**
  - Remaining suppliers will be audited in Q2

KPI	Focus area	Actual	Actual last year	2024 Target
LTIFR <sup>1)</sup>	People	1.6	2.0	<2.0
Share of female managers	People	26%	24%	27%
CO <sub>2</sub> tonne / Net sales SEK m	Planet	-41%	-29%	-30%
ESG audits of new suppliers	Governance	94%	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  
see Annual and Sustainability report for definitions



# STEFAN FRISTEDT

CFO

# Q1 EBITA DEVELOPMENT

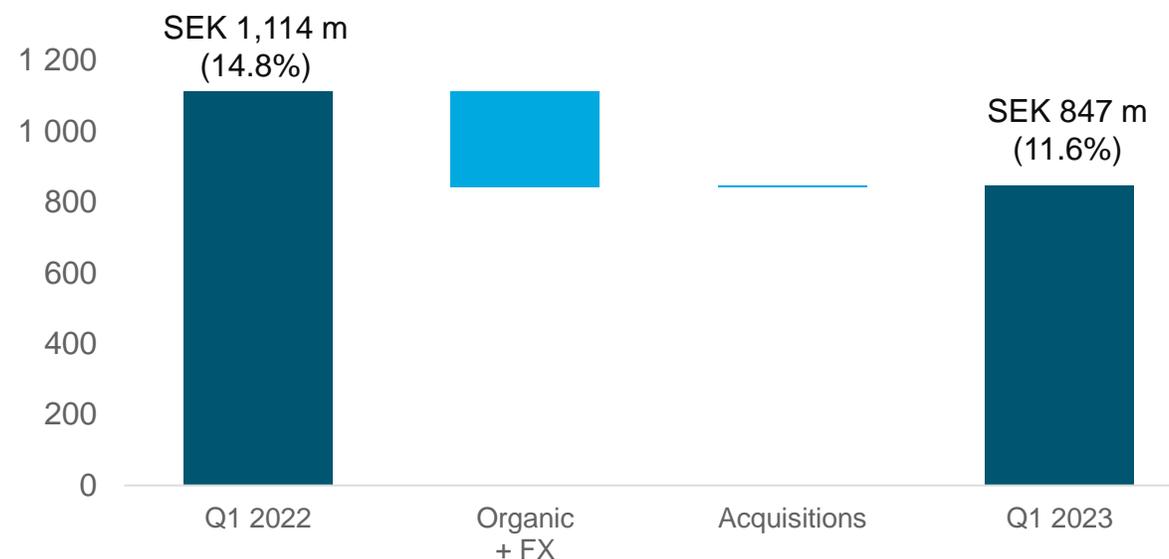
## ▪ Organic + FX

- Lower sales with negative mix, -19% organic sales decline in Service & Aftermarket
- Logistic costs and manufacturing inefficiencies in EMEA
- SG&A expenses flat excluding FX and acquisitions. Investments in strategic structural growth areas such as Mobile Power Solutions and Mobile Cooling
- Investments in R&D
- Cost reductions contribute positively
- Positive impact from FX

## ▪ Acquisitions

- Effects from Cadac, NDS and Treeline (consolidated during Q1 2022)

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



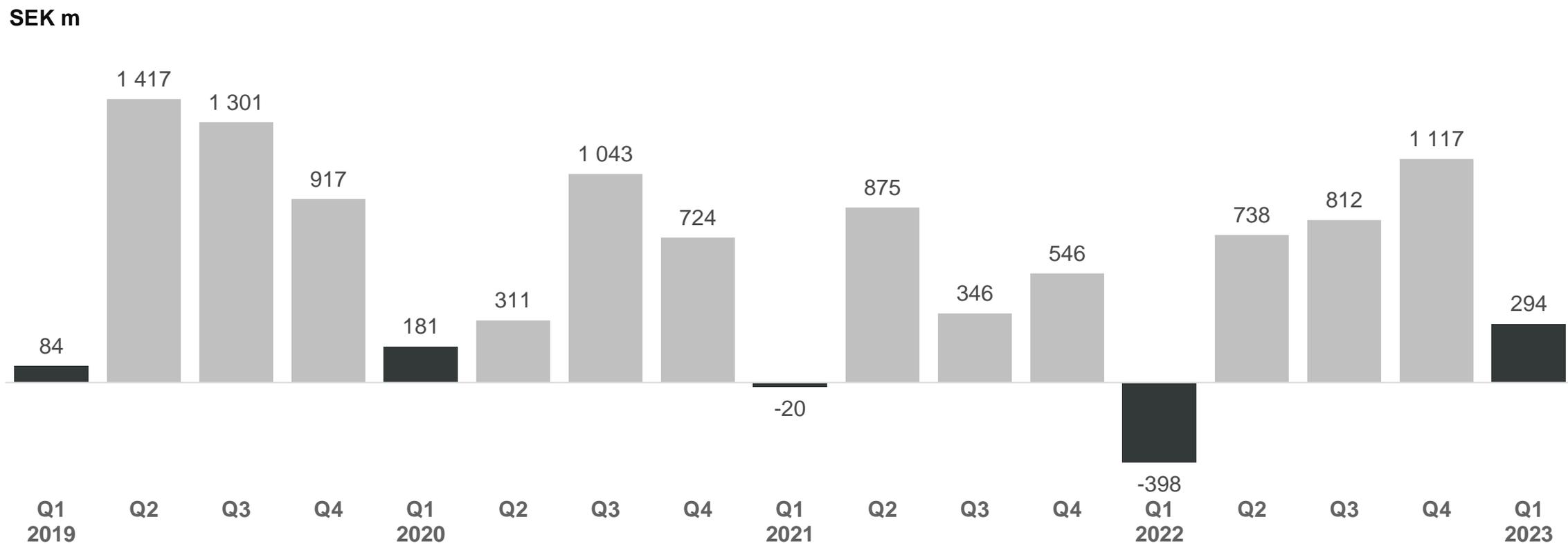
# CASH FLOW FOR THE PERIOD

SEK m	Q1 2023	Q1 2022
EBIT	667	812
Adjustments for non-cash items	397	374
Changes in Working Capital	-661	-1 470
Investments in fixed assets	-110	-115
<b>Operating cash flow</b>	<b>294</b>	<b>-398</b>
Income tax paid	-199	-134
Acquisitions/divestments net	0	-628
Other	-4	5
Net cash flow from financing	-129	-149
<b>Cash flow for the period</b>	<b>-37</b>	<b>-1 305</b>

- Operating cash flow SEK 294 m (-398)
  - Reduced Inventories
  - Accounts Receivables increased due to normal seasonality
- Paid tax impacted by payments related to previous years

# OPERATING CASH FLOW

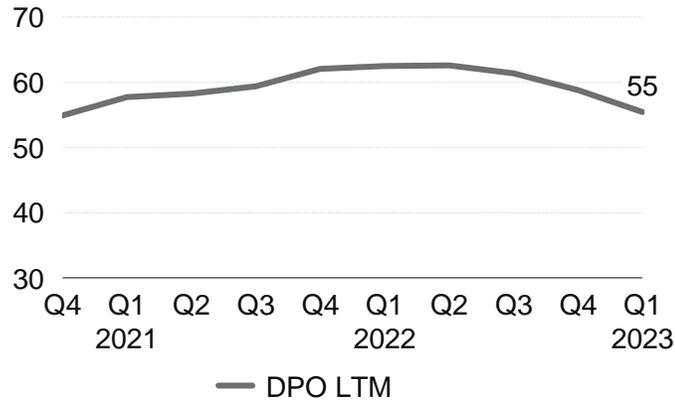
SIGNIFICANTLY IMPROVED OPERATING CASH FLOW IN A SEASONALLY WEAK QUARTER



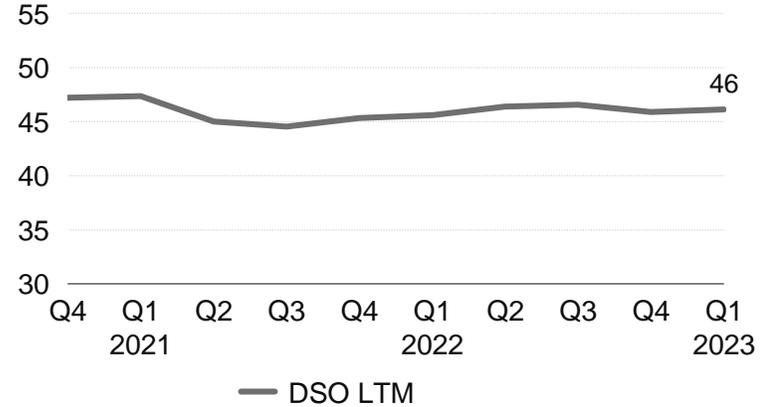
# WORKING CAPITAL DAYS

WORKING CAPITAL AMBITION: 20% OF NET SALES

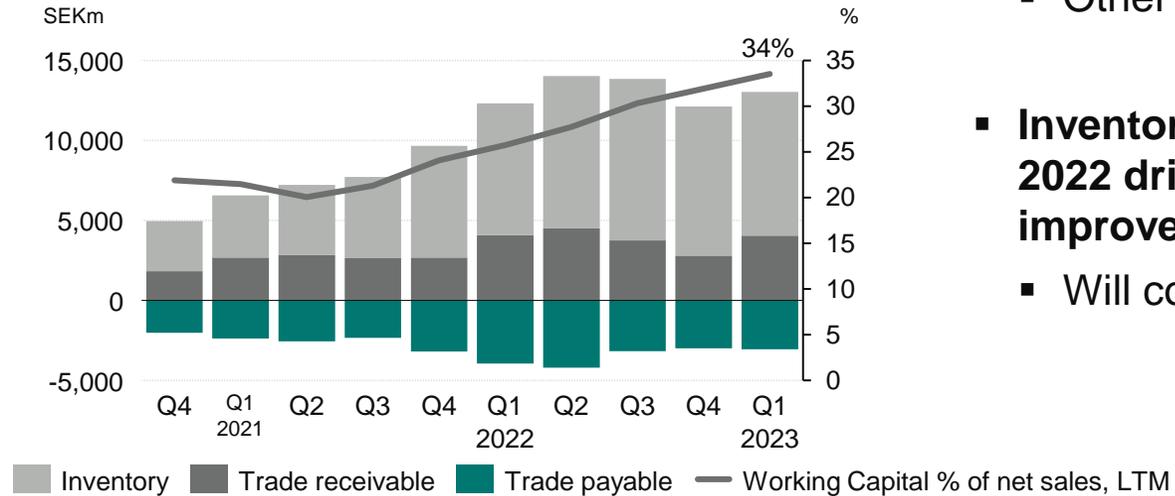
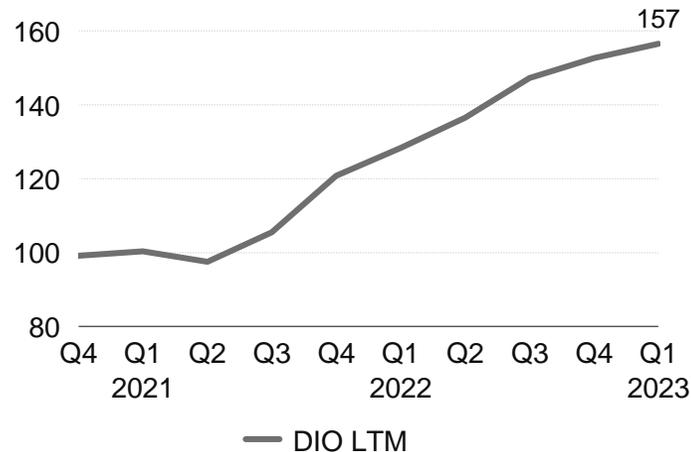
## ACCOUNTS PAYABLES DAYS



## ACCOUNTS RECEIVABLES DAYS



## INVENTORY DAYS



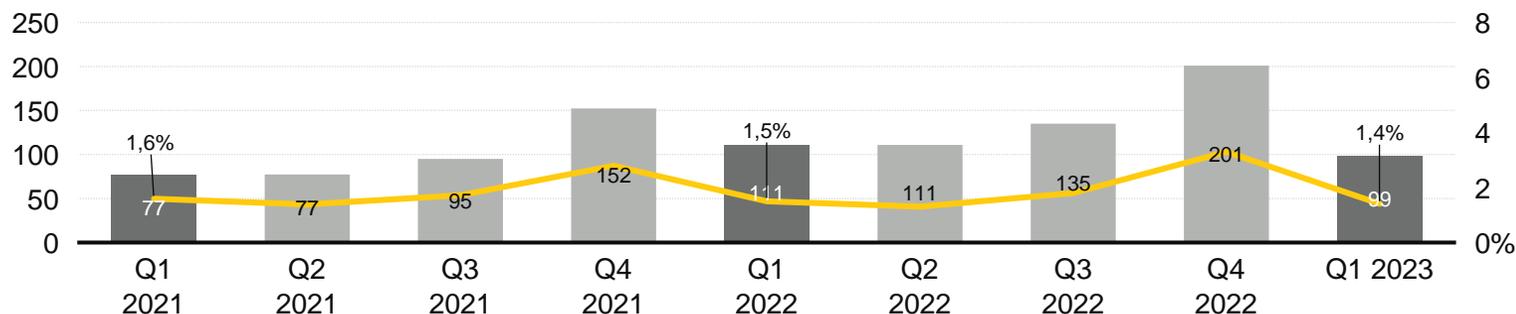
- Working capital 34% (26%) of net sales, increase driven by inventories
- Inventory balance SEK 9.0 b (8.2), drivers behind increase:
  - FX SEK 0.8 b
  - Acquisitions SEK 0.0 b
  - Other SEK 0.0 b
- Inventories declined from Q4 2022 driven by operational improvements
  - Will continue to decline

CWC = Core Working Capital  
LTM = Last 12 Months

# CAPEX AND RESEARCH & DEVELOPMENT

(SEK m, % OF NET SALES)

## CAPEX

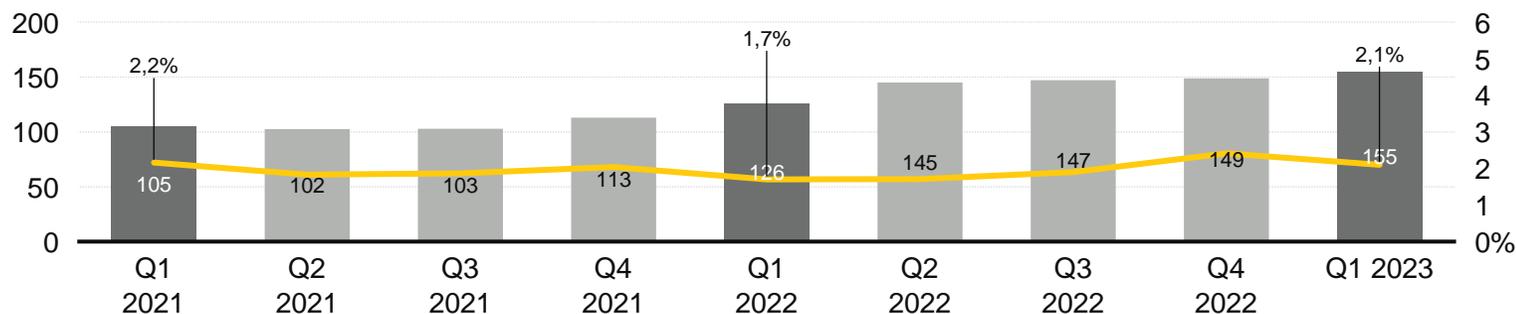


## Q1 2023 CAPEX

1.4% (1.5%) of net sales

- Full year 2022: 1.9% of sales

## R&D

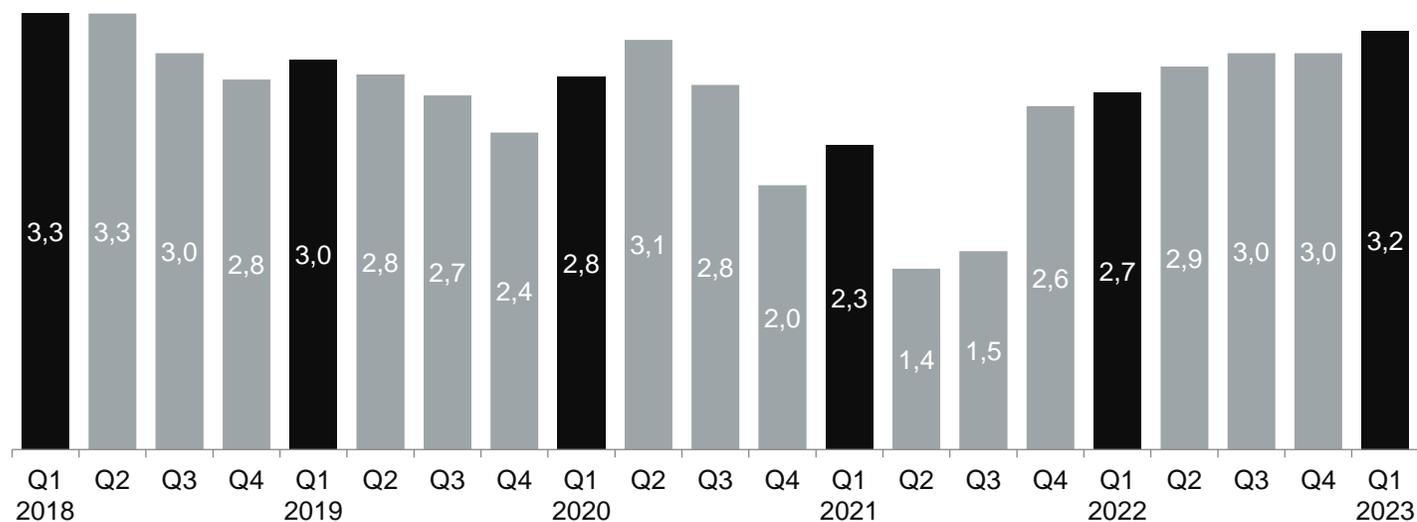


## Q1 2023 R&D

2.1% (1.7%) of net sales

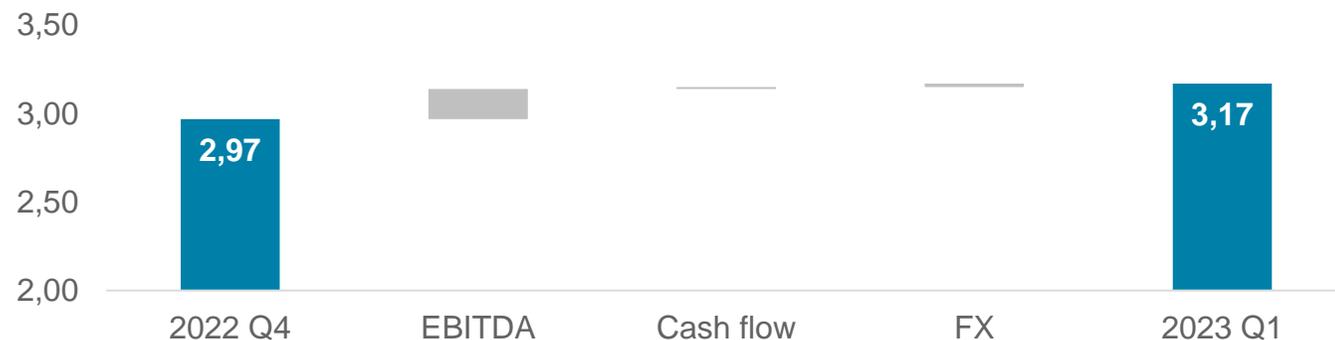
- Includes capitalized development expenses of SEK 11 m
- Full year 2022: 1.9% of sales

# NET DEBT / EBITDA LEVERAGE

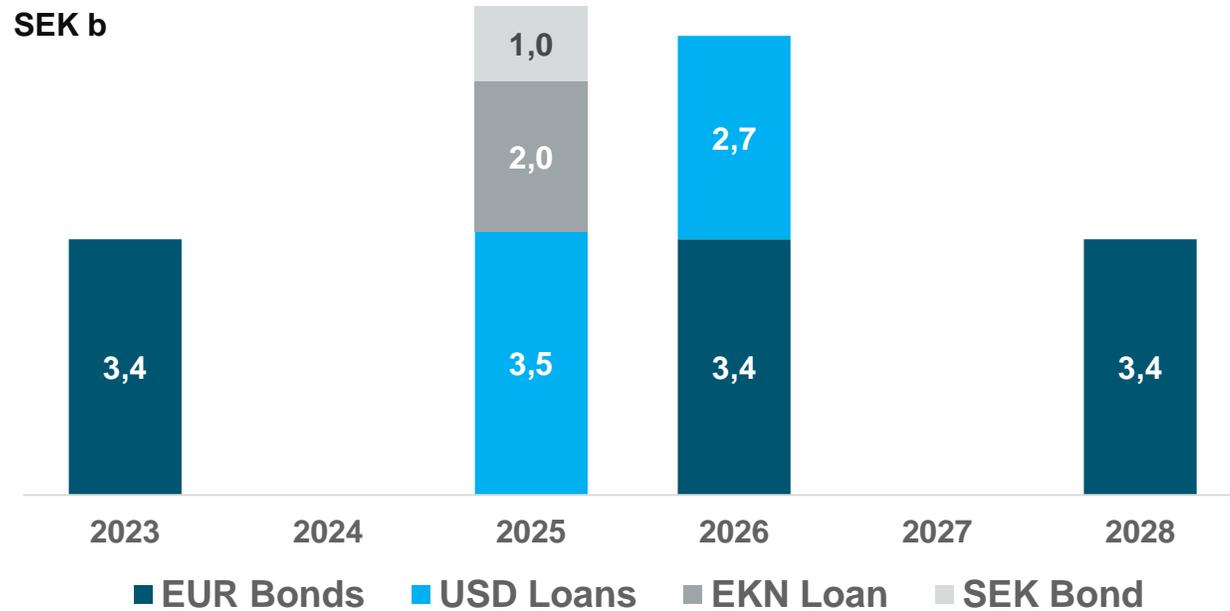


- Net debt leverage ratio 3.2x (3.0x end 2022)
  - Seasonality
  - Lower EBITDA
- Committed on achieving our target of around 2.5x
- Items impacting going forward
  - EBITDA development
  - Continued inventory reduction activities
  - Dividend payout SEK 415 m
  - Restructuring payouts
  - Earn-outs related to acquisitions in 2021 and 2022
  - CAPEX

## Q4 2022 to Q1 2023 development



# DEBT MATURITY PROFILE



- Average maturity extended to 2.8 years (3.0 years if including 1+1 extension options)
- New loan from Svensk Exportkredit of USD 44m, due 2026
- Bank facility USD increased by USD 10 m to USD 220 m and extended from 2024 to 2026
- Revolving credit facility of EUR 200 m extended to 2026
- Bank facility USD and RCF include option to extend by further 1+1 years
- Eurobond maturing in September 2023
- Cash and cash equivalents end Q1 2023: SEK 4,356 m

# Q1 2023 SUMMARY

## Business highlights

- First quarter performance shows results of our diversification strategy
  - Two segments report organic growth.
  - Three segments report improved margins
- Difficult to predict how current macroeconomic situation will impact business short term
  - Gradual recovery in Service & Aftermarket coming quarters
  - Stable development in Distribution
  - Gradual weakening demand OEM. Americas RV OEM stabilized end of the year
- Continue to address the situation in EMEA and Americas – improvements expected in 2023
- Cash flow focus is generating results – committed on achieving net debt to EBITA leverage target of 2.5x

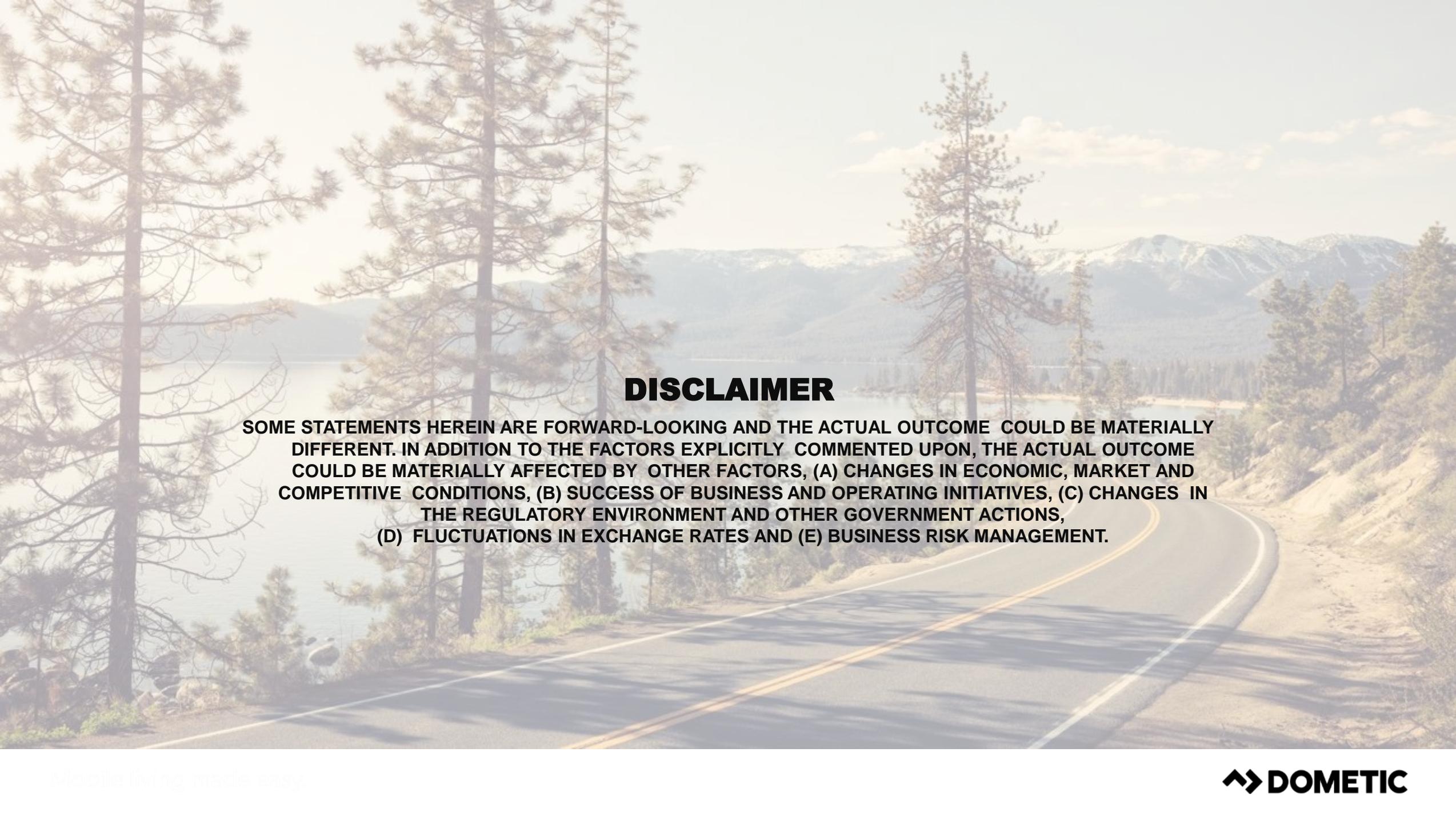
## Strategic highlights

- Optimistic about the long-term trends in the Mobile Living industry
- Will continue to drive our strategic agenda to deliver on our 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, and two people are sitting on chairs outside it. In the background, a dark green SUV is parked on a rocky outcrop with a person 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**