

DOMETIC Q3 2023 REPORT

OCTOBER 26, 2023



Mobile living made easy.

 **DOMETIC**



JUAN VARGUES

PRESIDENT & CEO

Q3 2023 HIGHLIGHTS

IMPROVED EBITA MARGIN AND STRONG CASH FLOW

Market development

- Macro environment and market conditions remain challenging and uncertain
- Retail inventory levels in Service & Aftermarket gradually on the way down
- Decline in OEM driven by RV Americas and Marine

Performance

- -12% organic sales growth
 - Service & Aftermarket -5%, an improvement vs Q2
 - Distribution -13%, short-term temporary decline for Igloo
 - OEM -16% due to Americas and Marine
- EBITA margin before i.a.c. 14.3% (14.0%)
 - Improvements in segments EMEA, Global and APAC
 - Americas profitable but below last year
 - Marine margin robust at 23.8% (25.7%) considering net sales decline
- Second-best operating cash flow quarter ever, SEK 2.1 b
 - Leverage 2.9x compared to 3.2x in Q2



Q3 2023 FINANCIAL SUMMARY

Net sales of SEK 6,830 m, -10% total growth

- -12% Organic
- +3% FX
- 0% M&A

EBITA before i.a.c. of SEK 973 m, -8%

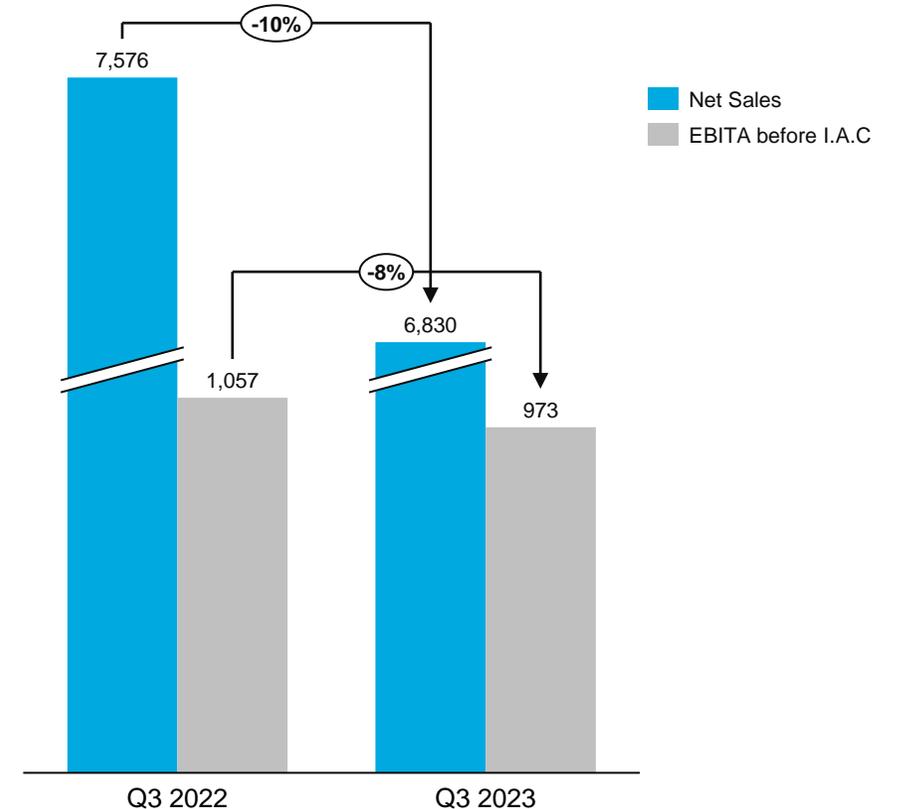
- EBITA margin of 14.3% (14.0%)

Operating cash flow of SEK 2,125 m (812)

Leverage 2.9x (3.0x)

EPS of SEK 1.29 (1.36)

Adjusted EPS SEK 1.71 (2.53)



YTD SEPTEMBER 2023 FINANCIAL SUMMARY

Net sales of SEK 22,448 m, -5% total growth

- -12% Organic
- +7% FX
- 0% M&A

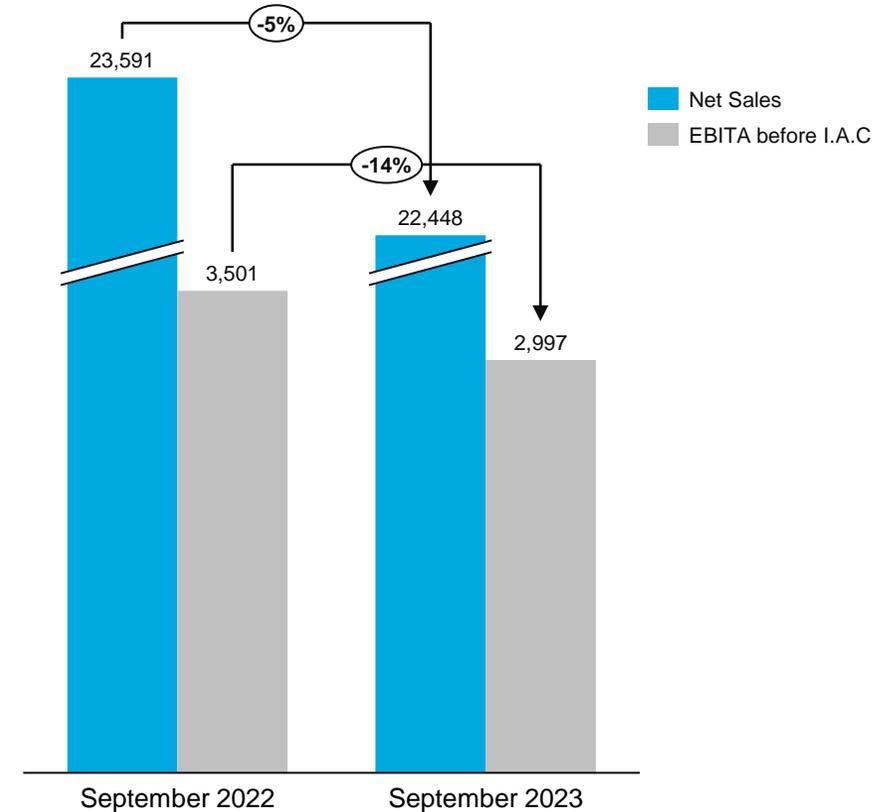
EBITA before i.a.c. of SEK 2,997 m, -14%

- EBITA margin of 13.4% (14.8%)

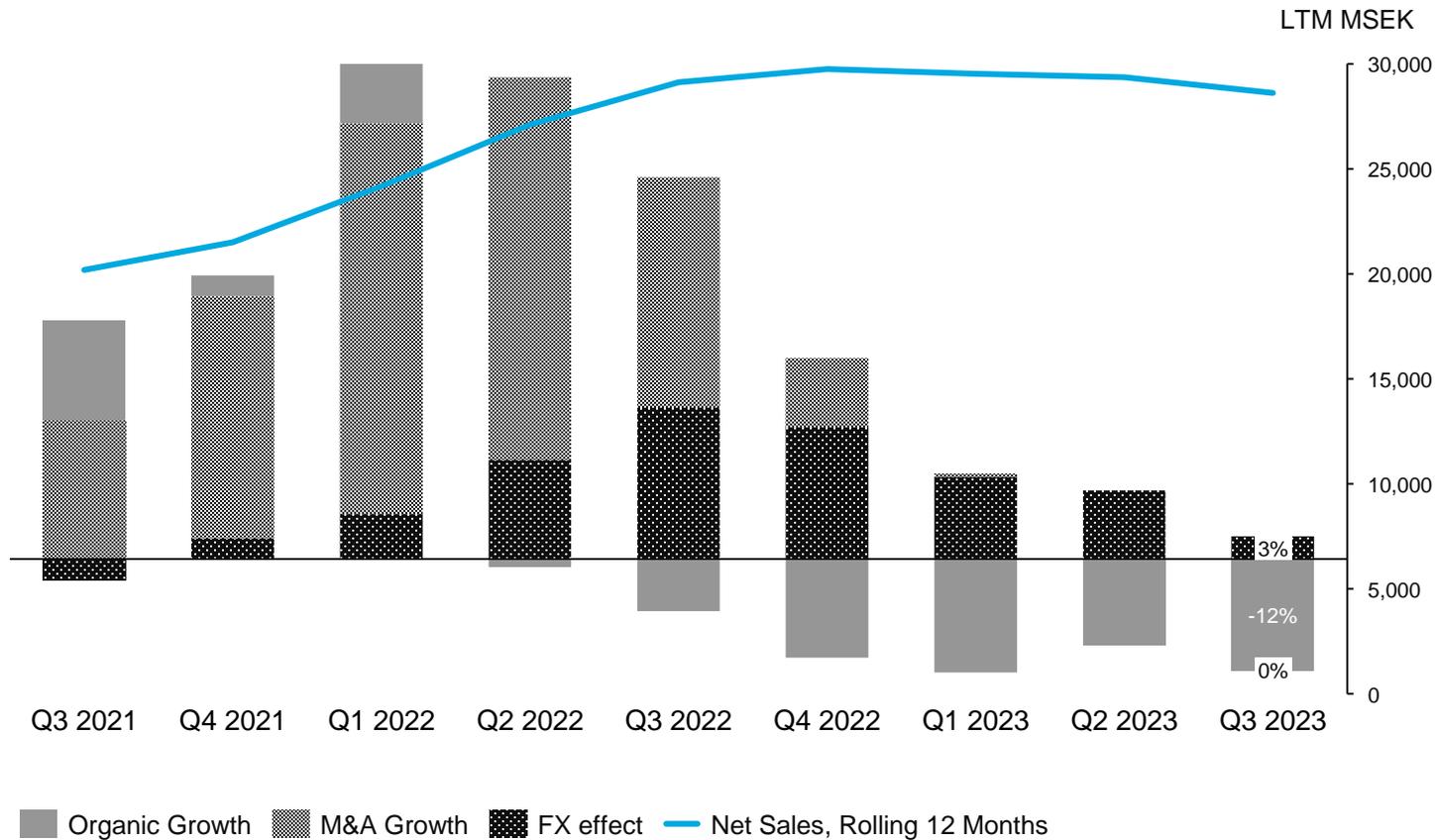
Operating cash flow of SEK 4,718 m (1,151)

EPS of SEK 4.01 (5.50)

Adjusted EPS SEK 5.26 (7.78)



SALES GROWTH Q3 2023



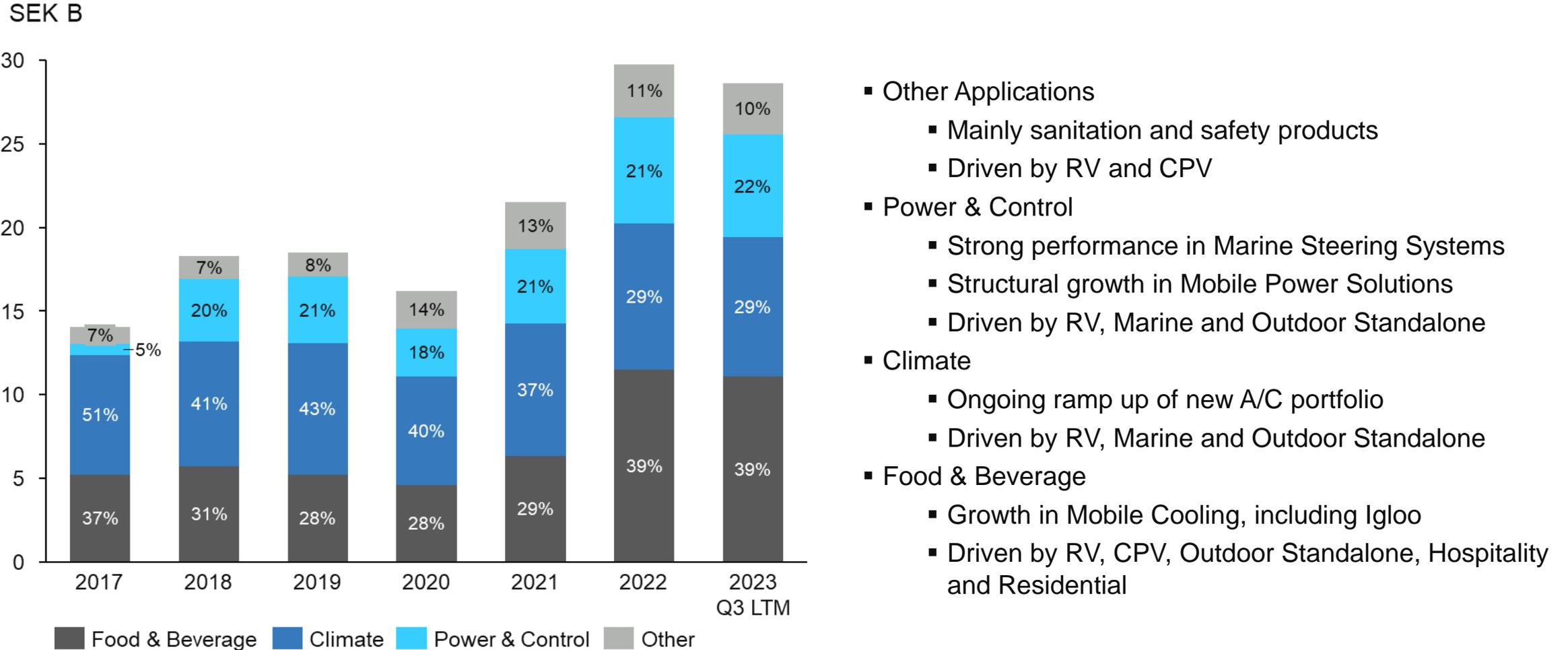
Q3 2023

Net Sales SEK 6,830 m

- **Total growth (-10%)**
 - Americas -18%
 - EMEA +1%
 - APAC -5%
 - Marine -13%
 - Global -11%

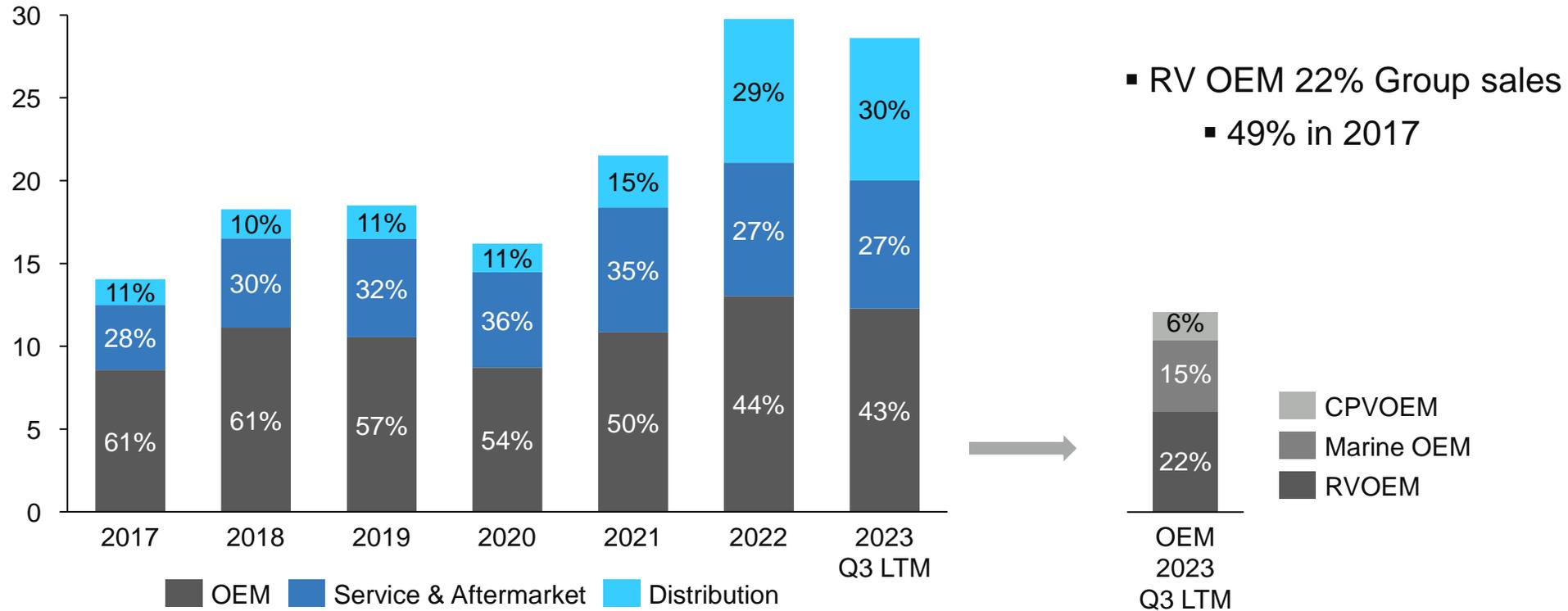
- **Organic growth -12%**
 - Americas -18%
 - EMEA -7%
 - APAC -5%
 - Marine -15%
 - Global -12%

NET SALES BY APPLICATION AREA



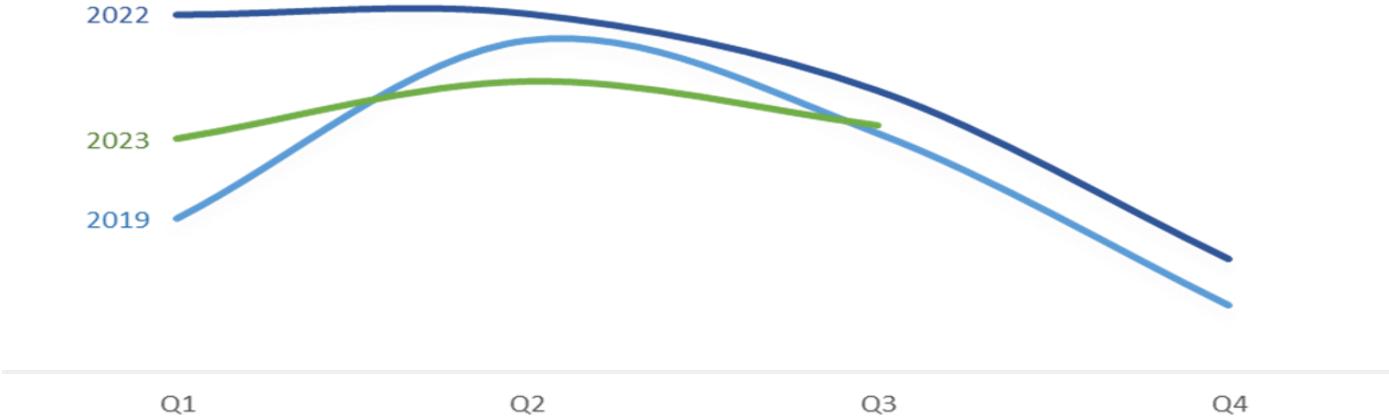
NET SALES BY SALES CHANNEL

SEK B



SERVICE & AFTERMARKET NET SALES

Proforma net sales in constant currency



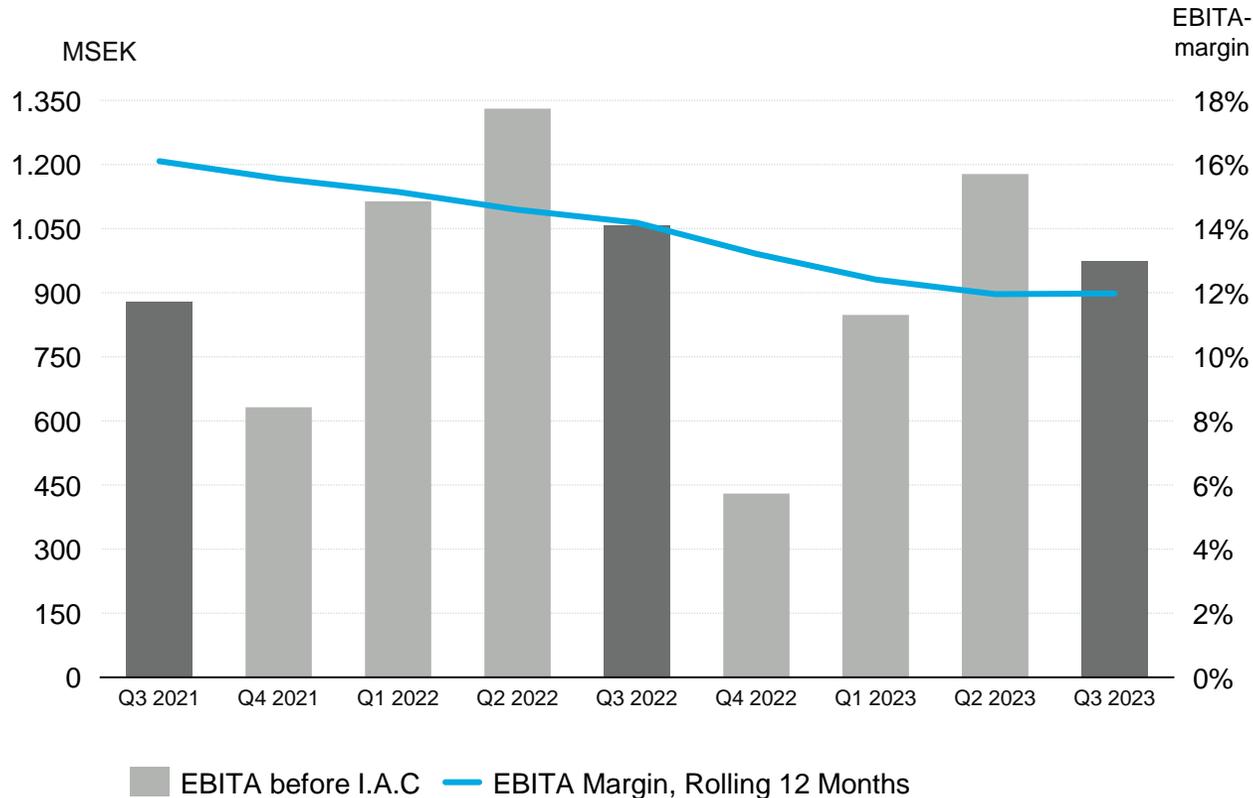
- Retailers are destocking after high consumer demand and large purchases in 2021 and Q1 2022
- Gradual YoY improvement, -5% compared to -10% in Q2
 - Americas back to growth in Q3
- Continued gradual recovery expected going forward

YoY organic growth



EBITA AND EBITA MARGIN BEFORE I.A.C

EBITA before i.a.c run rate 12.0% (14.2%)



Q3 2023

EBITA before i.a.c margin 14.3% (14.0%)

- Driven by stronger Gross margin
- Negative FX impact
- Improved EBITA margins in segments EMEA, APAC and Global
- Americas reports positive margin. Below the same period last year due to lower RV OEM volumes
- Decline in Marine due to lower net sales

AMERICAS Q3 2023

Net sales SEK 1,403 m, -18%

- Organic growth -18%
- Back to growth in Service & Aftermarket and Distribution
- RV industry production in the quarter -20%

EBITA before i.a.c. SEK 40m (100)

- EBITA Margin 2.8% (5.8%)
- Impacted by the sales decline in OEM
- Price management, cost reductions and sales mix contributes positively

Strategic highlights

- Acquired businesses report double-digit margins



EMEA Q3 2023

Net sales SEK 1,885 m, +1%

- Organic growth -7%
- Service & Aftermarket and Distribution remain low but retailer stock situation is improving
- Solid growth in OEM

EBITA before i.a.c. SEK 221 m (162)

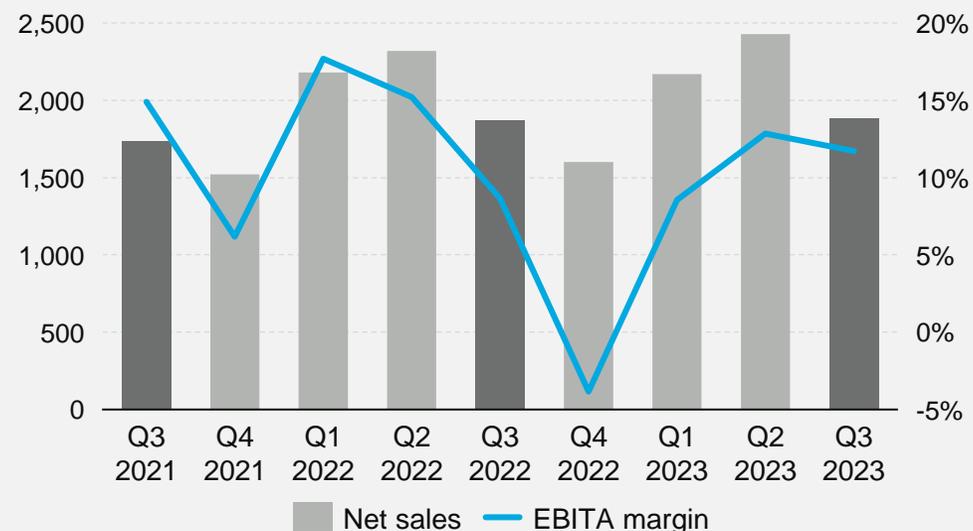
- EBITA Margin 11.7% (8.6%)
- Positive impact from cost reductions and price management
- Logistic related costs and inefficiencies in manufacturing trending down, still negative impact on income

Strategic highlights

- Successful transfer of refrigerator manufacturing from Germany to Hungary



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



APAC Q3 2023

Net sales SEK 536 m, -5%

- Organic growth -5%
- Decline mainly driven by lower Distribution net sales
- Single-digit decline in Service & Aftermarket
- Low single-digit growth in OEM

EBITA before i.a.c. SEK 146 m (151)

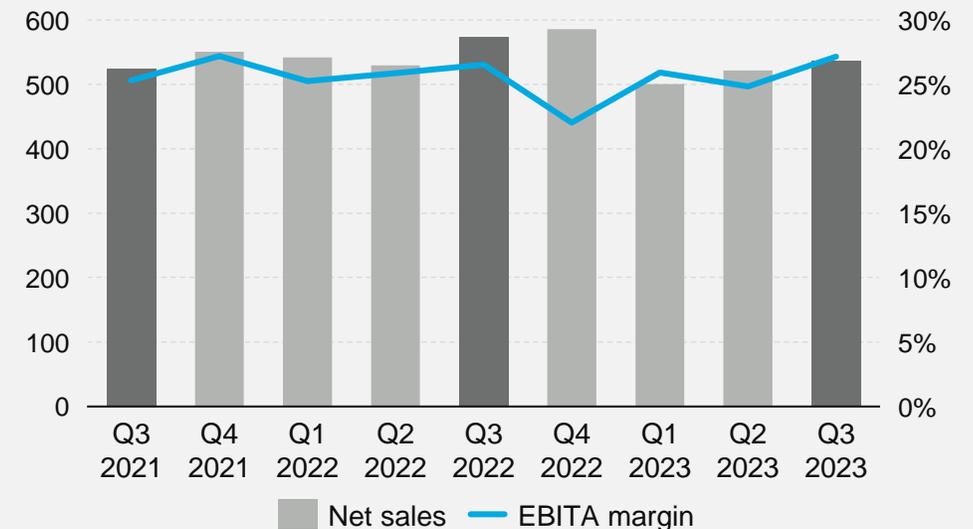
- EBITA Margin 27.1% (26.6%)
- Improvement driven by price management and cost reduction activities

Strategic highlights

- Igloo products launched in Australia



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



MARINE Q3 2023

Net sales SEK 1,593 m, -13%

- Organic growth -15%
- Service & Aftermarket business stable
- Lower industry boat production impact OEM net sales
 - Decline in Power & Control
 - Growth in Climate supported by larger boats

EBITA before i.a.c. SEK 379 m (469)

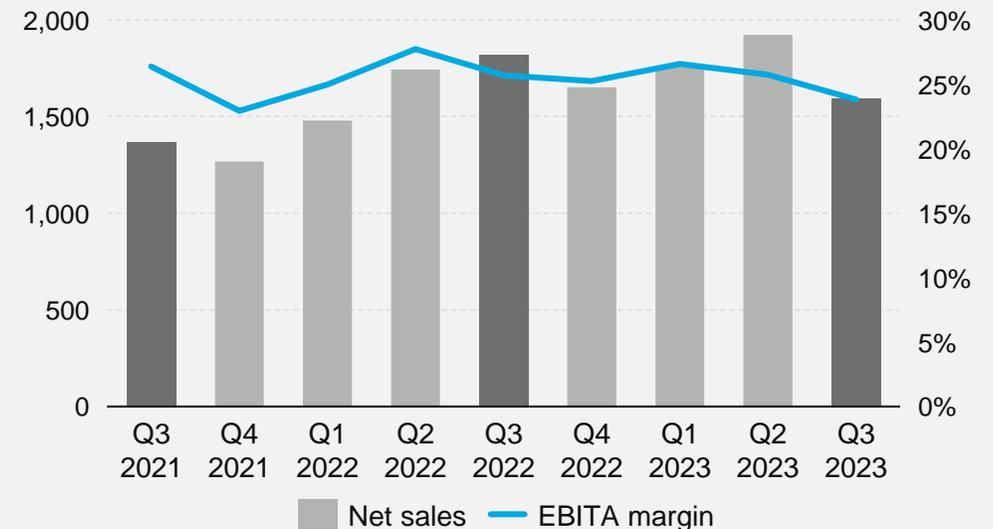
- EBITA Margin 23.8% (25.7%)
- Reduction due to lower net sales
- Cost reductions, technology shift and Service & Aftermarket net sales support margin resilience

Strategic highlights

- Increased Dometic content per boat supported by innovation and ongoing technology shift



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



GLOBAL Q3 2023

Net sales SEK 1,414 m, -11%

- Organic growth -12%
- Igloo business declined
 - Retailers are re-balancing their inventory levels
 - Q3 2022 a tough comparison
- Hospitality and Residential business stable

EBITA before i.a.c. SEK 188 m (174)

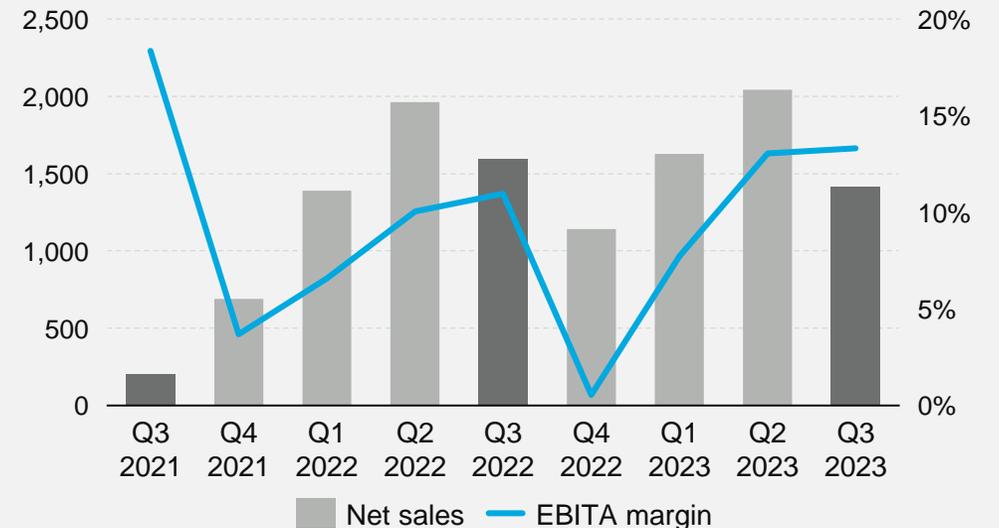
- EBITA Margin 13.3% (11.0%)
- Improved margins in Other global verticals
- Igloo on par with last year despite lower net sales

Strategic highlights

- Positive customer feedback on the 2024 Mobile Cooling product range

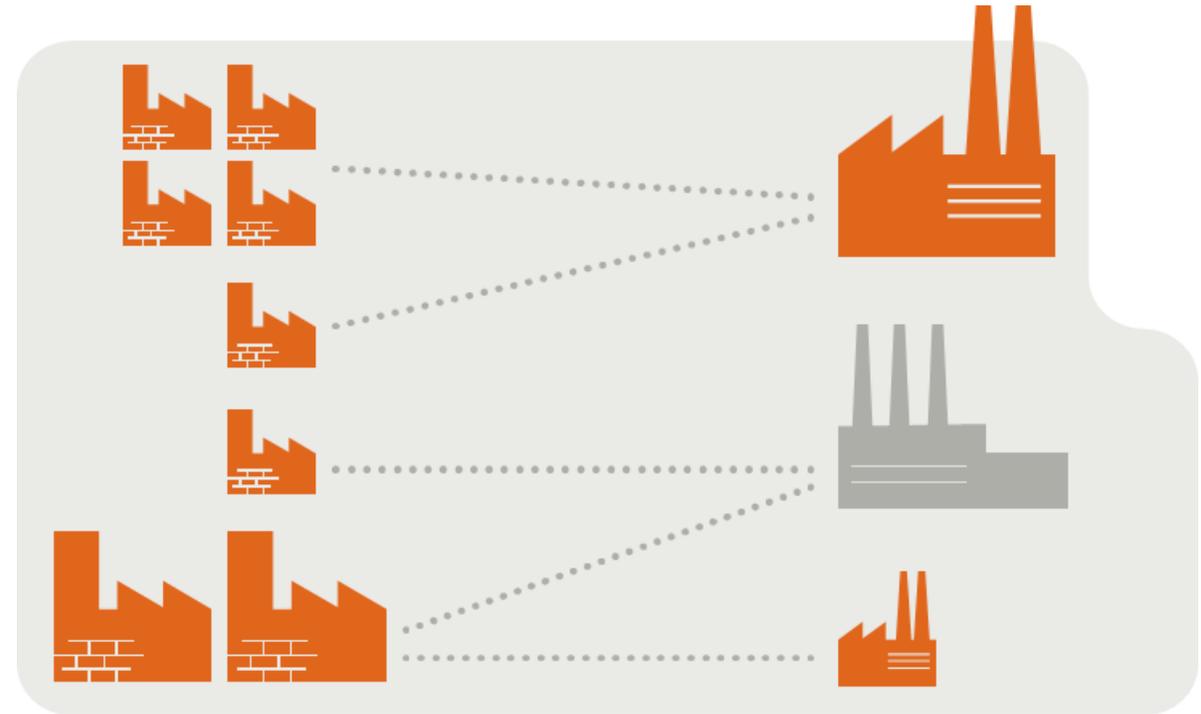


Net sales and EBITA margin before i.a.c.



COST REDUCTIONS

- **Two ongoing programs**
 - Initial program announced 2019
 - Next phase announced 2022
 - Combined annual target saving of SEK 600 m by the end of 2023
 - Combined cost estimated to SEK 1.0 billion
- **Cost in the quarter SEK -25 m. YTD SEK -74 m**
- **Total cost of SEK 892 m since start. 2,000 employees affected**
- **SEK 475 m in runrate saving as of Q3 2023**



SUSTAINABILITY

- **LTIFR¹⁾ better than target**
 - Implementation of Health & Safety guidelines continues
- **Share of female managers improved to 28% (24%)**
 - Action plans are generating results
- **CO₂ ratio reduced 46%, better than 2024 target**
 - Driven by transition to renewable electricity supply
- **ESG audits of new suppliers 98%, above target of >90%**

KPI	Focus area	Actual	Actual last year	2024 Target
LTIFR ¹⁾	People	1.9	1.7	<2.0
Share of female managers	People	28%	24%	27%
CO ₂ ton / Net sales SEK m	Planet	-46%	-34%	-30%
ESG audits of new suppliers	Governance	98%	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.

¹⁾ LTIFR = Lost time injury frequency rate
see Annual and Sustainability report for definitions

THE DOMETIC NRX REFRIGERATOR

A NEW STANDARD IN REFRIGERATION

- A new product platform of refrigerators serving all verticals
 - Boats, RVs, CPVs
- 25% more energy efficient than available products on the market
- Modularized platform
 - # of SKUs -63% compared to previous products
 - Reversible door with dual latch mechanism
- Available on the market from Q3 2023

PRODUCT INFO

NRX COMPRESSOR REFRIGERATOR SERIES

Are you looking for a stylish and energy-efficient cooling solution that easily adapts to your needs? Here you are! The Dometic NRX refrigerator range can be used as a fridge, freezer or both at the same time. Their powerful high-end compressor gives you a choice of three operating modes to be set on the illuminated touch control panel neatly integrated inside the cabinet. Eco for maximum energy efficiency. Boost for a quick cool-down. Silent for a peaceful night's sleep. The elegant frameless door, incorporating a dark silver front panel and a convenient full-width handle, opens to a well-equipped interior: removable freezer compartment, multiple shelves, two crispers, plus a bottle holder and door shelf/shelves.

3-IN-1 SOLUTION
SUPERIOR ENERGY EFFICIENCY
FRAMELESS DOOR



Mobile living made easy. **DOMETIC OUTDOOR**

COMBINED

Compressor	NRX115C refrigerator	DOMETIC NRX130C Compressor refrigerator
R134a	91871	9620001867
15°C to 0°C Fridge -5°C to -15°C Freezer	3	126
12/24 V DC 100-240 V AC	3	82
Refrigerator x1 Drainbox x1	Fridge 24hrs ~ 1.29kWh/24hrs over 24hrs	
	Shelves x3 Crisper x2 Bottle holder x1 Egg shelf x1	Adjustable shelves x3 Crisper x2 Bottle holder x1 Egg shelf x1 Upper door shelf
	68 x 745	525 x 568 x 612
	6	27

Compressor Refrigerator
Fridge, freezer or both at the same time and compressor with 3 operating modes

Dark grey front panel and full-width handle for maximal utilisation of space on board – can be fitted left or right as required – also act as vents for your fridge. Installation frame available as accessory.



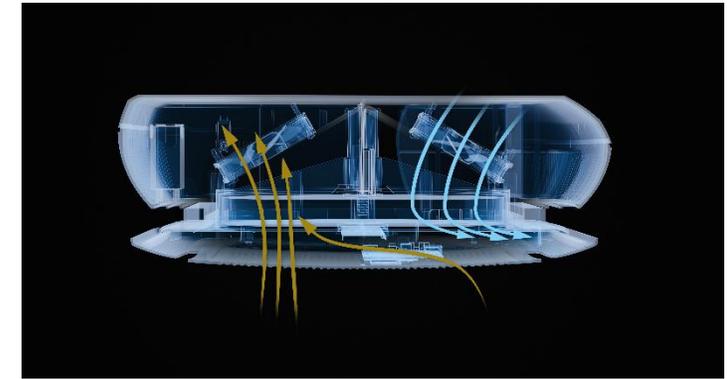
Removable freezer
The freezer compartment can easily be removed to make room for more fridge storage.

DOMETIC OUTDOOR

THE DOMETIC VENTILATE - ACC3100

SAVES UP TO 20% OF ENERGY IN AN RV

- New innovative product for the RV industry
- Patented heat recovery system
- Up to 87% of the exchanged air's heat is re-used
- Improves air quality – constant supply of fresh air
- Sensor control system monitors and improves the air quality inside the vehicle
- Launched in Q2 2023



CONSTANT SUPPLY OF FRESH AIR



PATENTED HEAT RECOVERY SYSTEM



STEFAN FRISTEDT

CFO

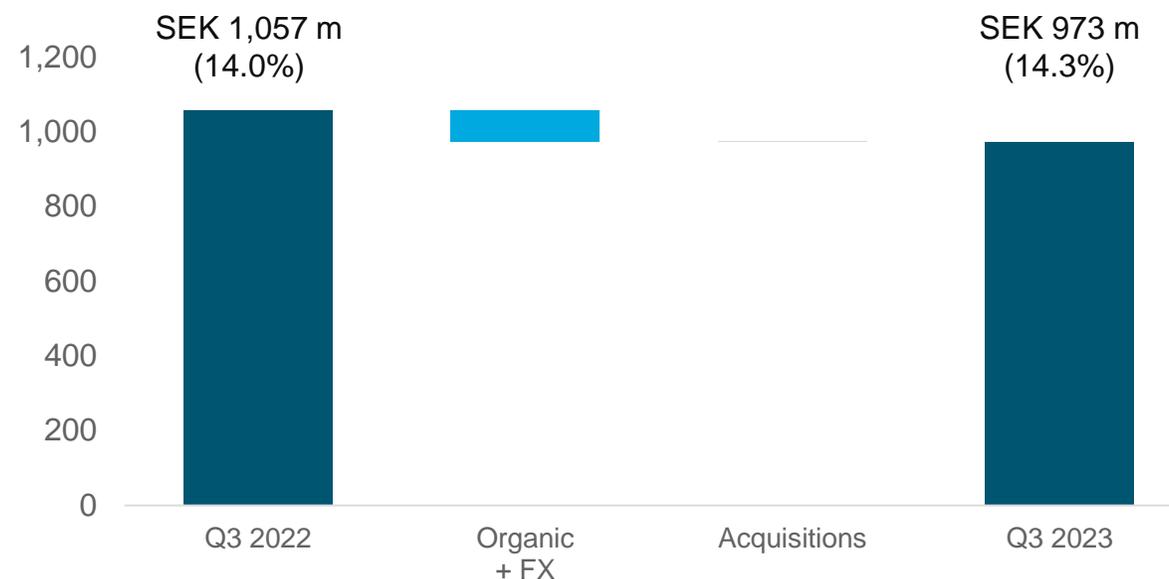
Q3 EBITA DEVELOPMENT

▪ Organic + FX

- Gross margin improved to 30.5% (27.2%)
 - Sales mix
 - Price Management
 - Cost reductions
 - Lower raw material costs
 - Gradually declining negative effect from logistic costs and manufacturing inefficiencies in EMEA
- R&D and SG&A expenses 15.5% (13.9%) of sales
 - Continued investments in structural growth areas
 - SG&A expenses trending down in the quarter
- Negative YoY impact from FX transaction effects on margin

▪ No effect from acquisitions

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



Q3 INCOME STATEMENT

OTHER ITEMS

- **Items affecting comparability SEK -33 m (-326)**
 - Mainly related to the ongoing Global Restructuring programs
- **Net financial expenses SEK -184 m (20)**
 - Q3 interest cost and financial income net SEK -198 m (-140)
 - Other, mainly FX revaluations SEK 13 m (160)
- **Tax rate in the quarter 32% (27%)**
 - Impacted by limitation of interest costs deductibility and by country mix
 - YTD tax rate 29% reflects the estimated full year tax rate

SEK m	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022
Net sales	6,830	7,576	22,448	23,591
EBITA bef i.a.c.	973	1,057	2,997	3,501
	14.3%	14.0%	13.4%	14.8%
Items affecting comparability	-33	-326	-94	-499
Amortization of acquisition-related intangible assets	-152	-156	-463	-449
EBIT	788	575	2,440	2,553
	11.5%	7.6%	10.9%	10.8%
Net financial expenses	-184	20	-641	-184
Taxes	-192	-159	-519	-611
Net profit	412	436	1,281	1,757

CASH FLOW FOR THE PERIOD

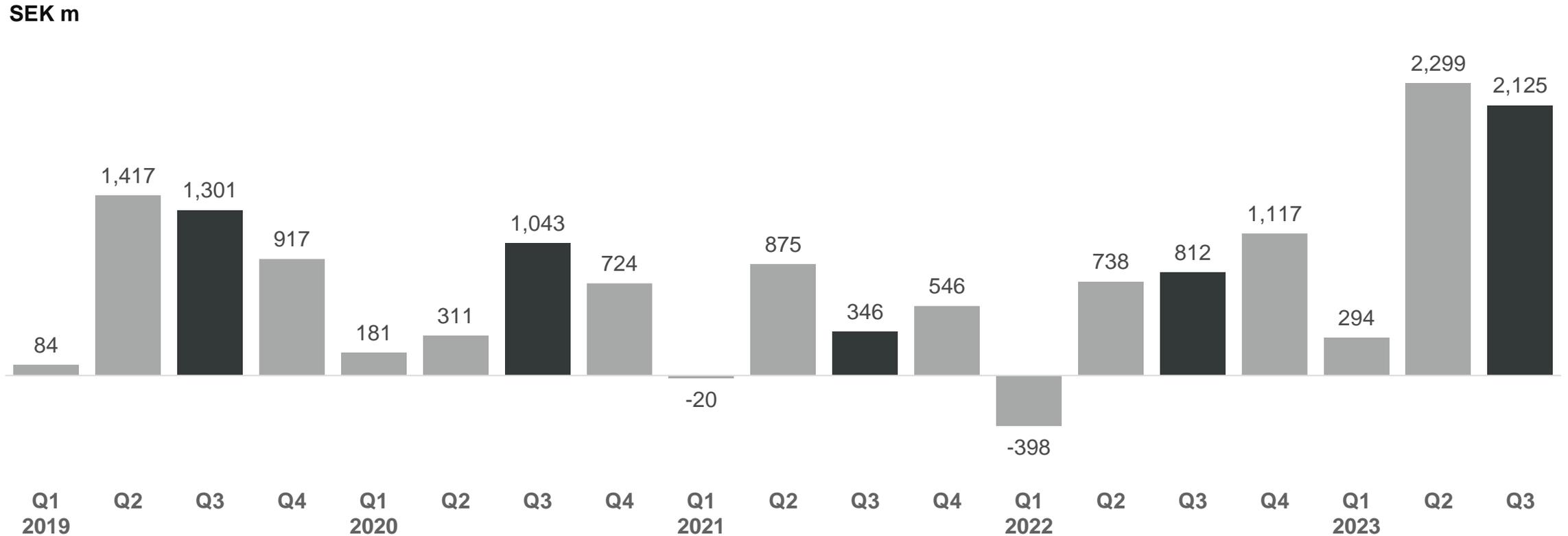
Q3 2023

- **Operating cash flow SEK 2,125 m (812)**
 - Improvement driven by reduced working capital
- **Acquisitions SEK -107 m (-29)**
 - Payment of earn-outs related to acquisitions made previous years (not Igloo)
- **Net cash from financing SEK -3,803 m (-111)**
 - EUR 300 m bond repaid using cash at hand
 - Paid/received interest net, SEK -288 m (-220)

SEK m	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022
EBIT	788	575	2,440	2,553
Adjustments for non-cash items	337	744	1,306	1,681
Changes in Working Capital	1,118	-366	1,323	-2,712
Investments in fixed assets	-118	-141	-350	-371
Operating cash flow	2,125	812	4,718	1,151
Income tax paid	-176	-190	-584	-576
Acquisitions/divestments net	-107	-29	-525	-653
Other	1	6	-2	7
Net cash flow from financing	-3,803	-111	-3,384	-388
Cash flow for the period	-1,961	488	223	-459

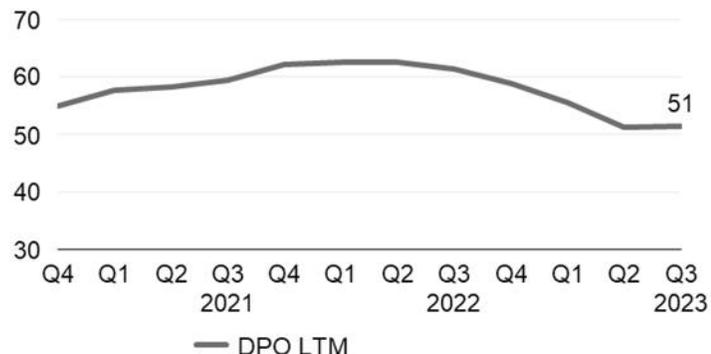
2ND BEST OPERATING CASH FLOW QUARTER EVER

YEAR OVER YEAR IMPROVEMENT FIVE QUARTERS IN A ROW

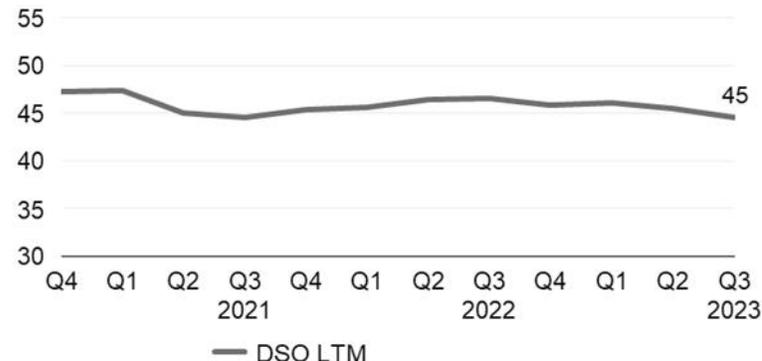


WORKING CAPITAL

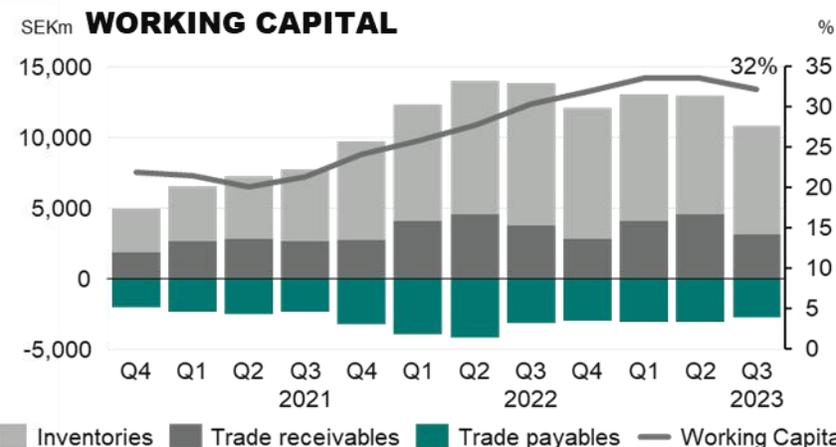
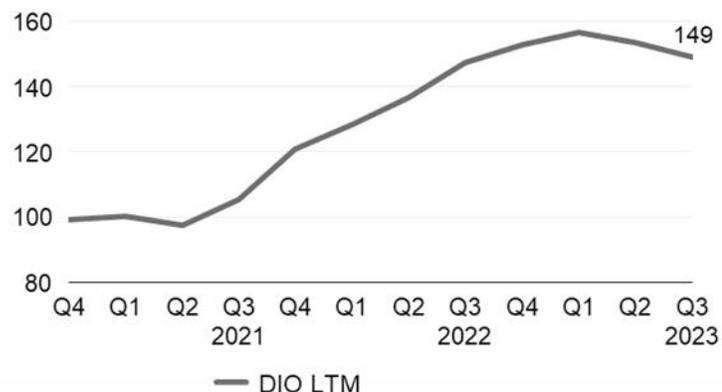
ACCOUNTS PAYABLES



ACCOUNTS RECEIVABLES



INVENTORIES



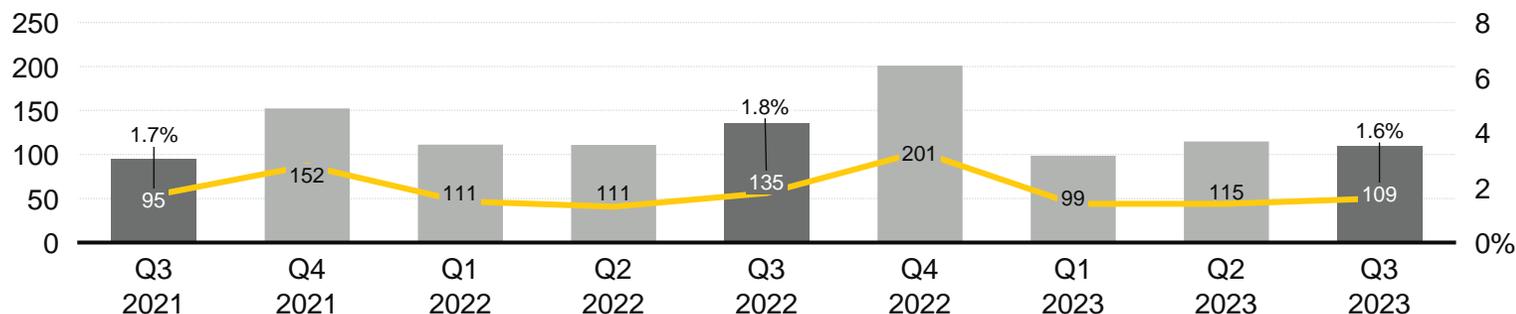
- Working capital 32% of net sales due to Inventories
- Inventory balance SEK 7,8 b (10,1)
 - Continued sequential decline since Q3 2022
 - # of days are decreasing
- Continuous actions to optimize Working capital towards target 20% of net sales

CWC = Core Working Capital
LTM = Last 12 Months

CAPEX AND RESEARCH & DEVELOPMENT

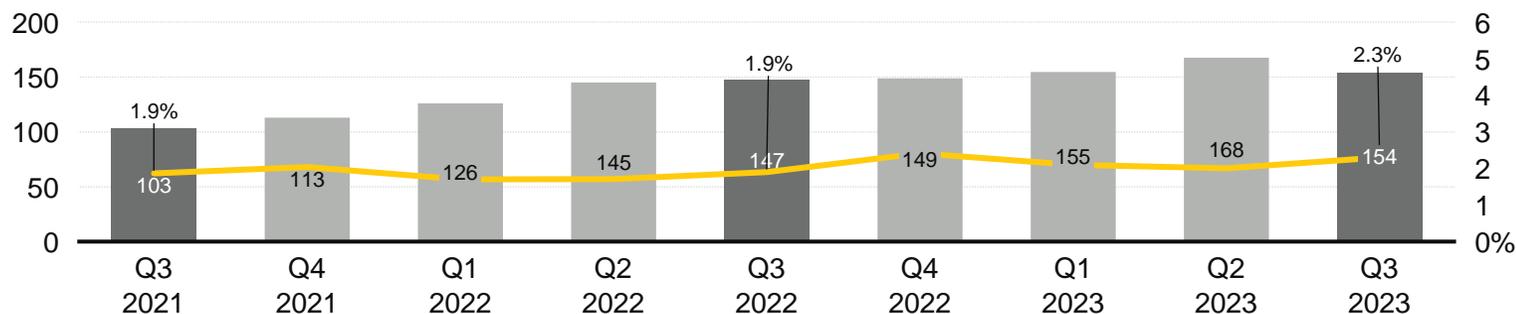
(SEKm, % OF NET SALES)

CAPEX



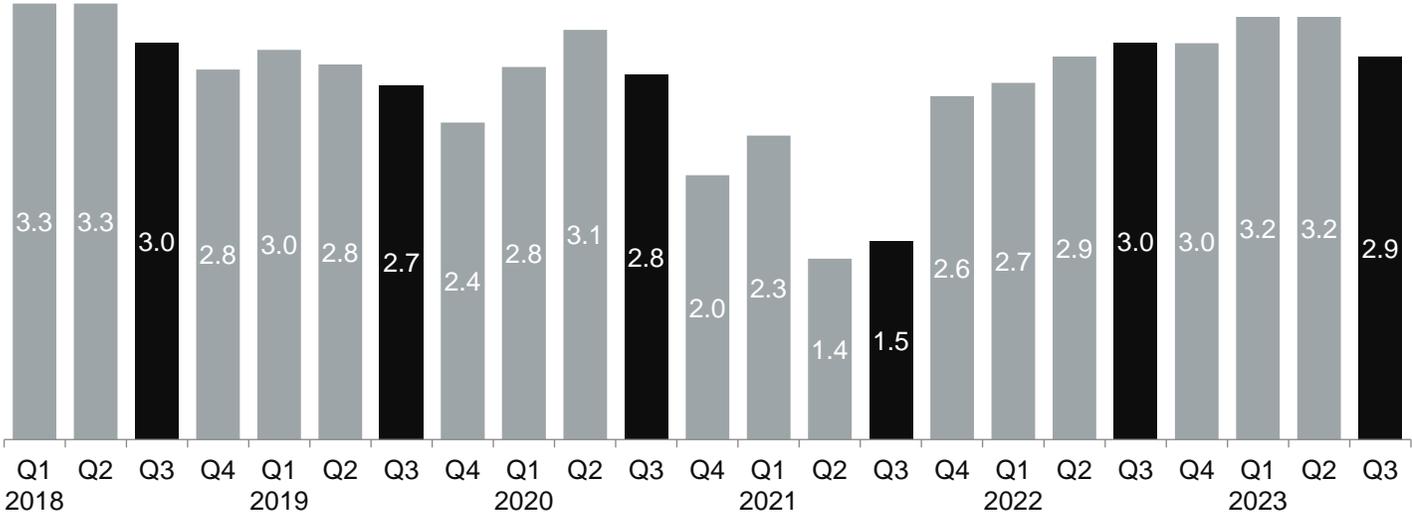
- **Q3 2023 CAPEX:**
1.6% (1.8%) of net sales

R&D



- **Q3 2023 R&D:**
2.3% (1.9%) of net sales
- Includes capitalized development expenses of SEK 9 m
- Additional investments in structural growth areas

NET DEBT TO EBITDA LEVERAGE

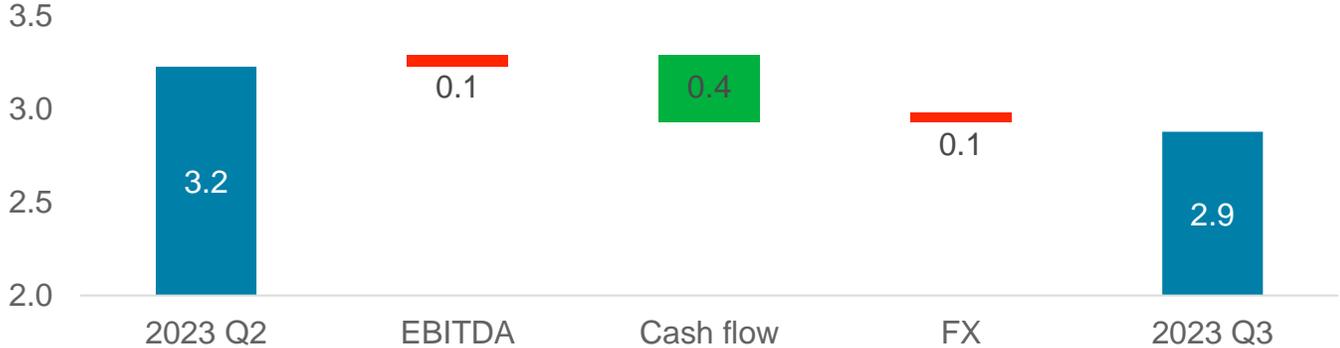


- Net debt leverage ratio declined to 2.88x
 - Driven by strong operating cash flow
 - Adequate headroom to covenants

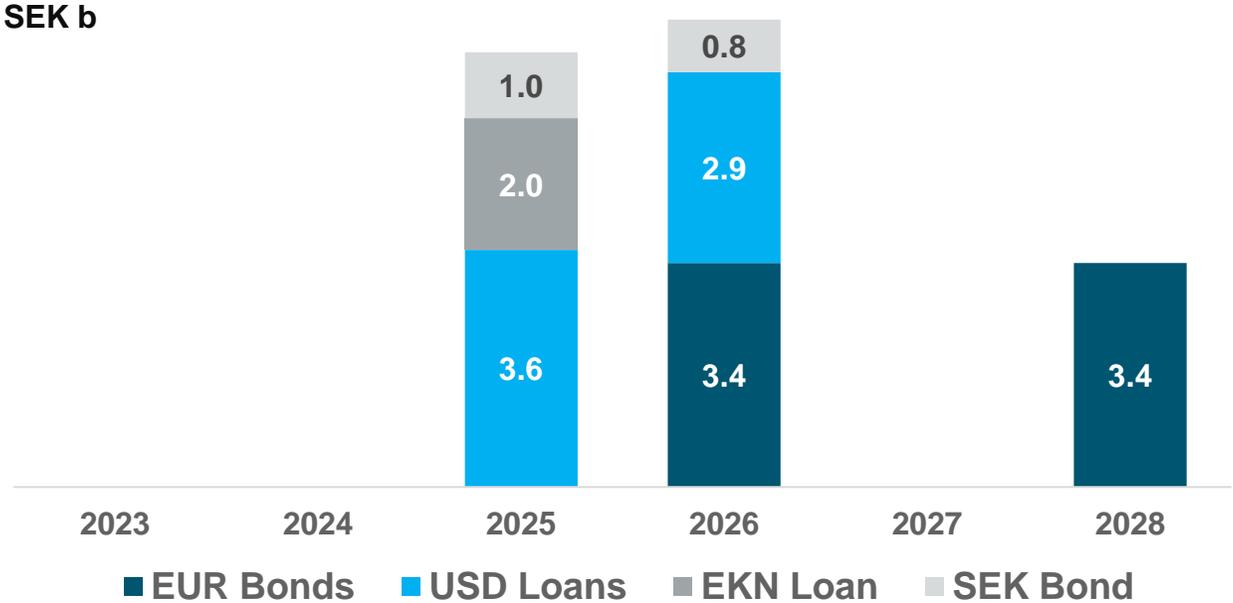
- Committed on achieving our leverage target of around 2.5x

- Items impacting going forward
 - EBITDA development
 - Continued inventory reduction activities
 - CAPEX
 - FX development

Q2 2023 to Q3 2023 development



DEBT MATURITY PROFILE



- Used cash at hand to repay EUR 300 m bond in September 2023
- The EUR bond market remains an important long-term funding source
- Average maturity 2.8 years (3.0 years incl 1+1 year extension option)
- Undrawn revolving credit facility of EUR 200 m maturing in 2026 (but with 1+1 year extension option)

Q3 2023 SUMMARY

Business highlights

- Improved margin and another strong operating cash flow quarter
- Remains difficult to predict how macroeconomic situation will impact the business in the short-term. Our market expectations:
 - Service & Aftermarket – continued recovery in demand
 - Distribution – somewhat softer demand coming few quarters. The positive margin development year-over-year is expected to continue
 - OEM – gradual weakening demand coming quarters except for:
 - RV Americas – stabilization end of year
- Tracking towards net debt to EBITDA leverage target of 2.5x

Strategic highlights

- Strategy execution is yielding results
- Optimistic about the long-term trends in the Mobile Living industry
- Driving our strategic agenda to deliver on our targets
- Will continue prioritizing margin before volume





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 green tent is pitched on a grassy field. Two people are sitting on chairs outside the tent, talking. To the right, a silver Volvo station wagon is parked. In the background, a dark green truck with a canopy is parked on a rocky hillside. Two people are standing near the truck. The sky is filled with soft, golden light from the setting sun, with scattered clouds. The overall mood is peaceful and adventurous.

DOMETIC