

DOMETIC Q4 2023 REPORT

JANUARY 31, 2024





JUAN VARGUES

PRESIDENT & CEO

Q4 2023 HIGHLIGHTS

INCREASED MARGIN AND IMPROVED NET DEBT LEVERAGE

Market development

- Macro environment and market conditions remain uncertain
- Retail inventory levels in Service & Aftermarket and Distribution on the way down
- Decline in OEM driven by Marine. RV more stable

Performance

- -13% organic sales growth
 - Service & Aftermarket -3%, continued gradual improvement
 - Distribution -20%. Igloo impacted by temporary customer inventory corrections in a seasonally weak quarter
 - OEM -14% due to Marine and Americas
 - Prioritizing margin before volume
- EBITA margin before i.a.c. improved to 8.7% (7.0%)
- Leverage reduced to 2.7x - tracking towards the target of around 2.5x



Q4 2023 FINANCIAL SUMMARY

Net sales of SEK 5,327 m, -14% total growth

- -13% Organic
- -1% FX
- 0% M&A

EBITA before i.a.c. of SEK 465 m, +8%

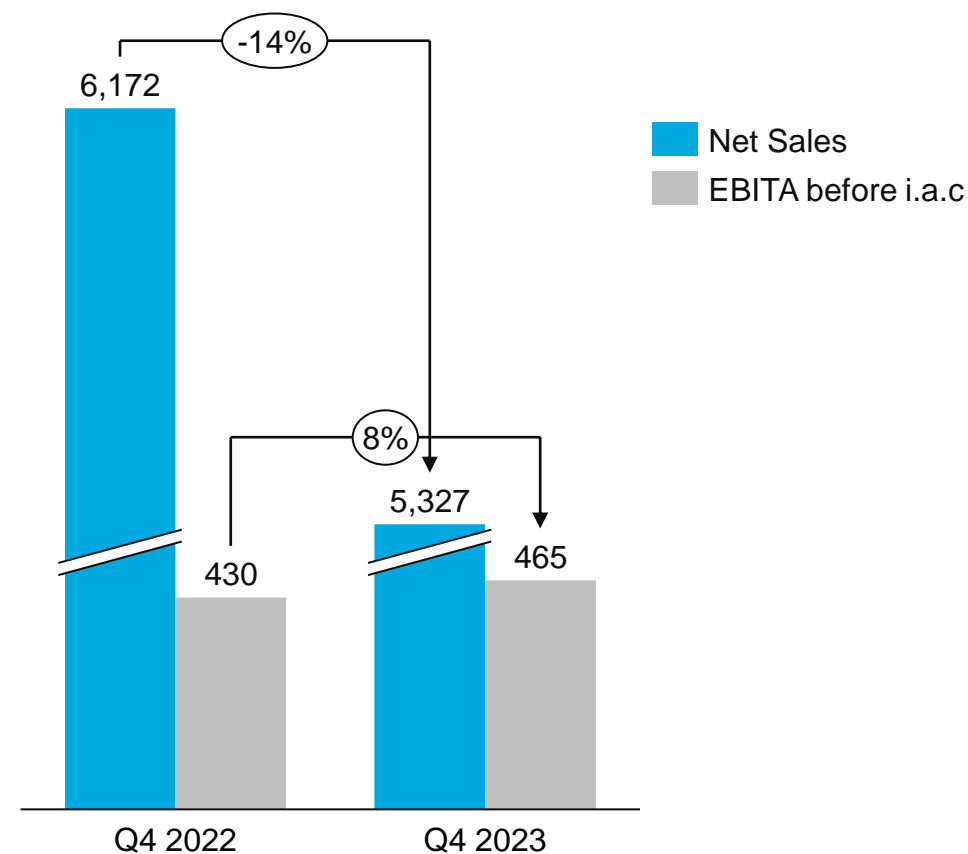
- EBITA margin of 8.7% (7.0%)

EPS of SEK 0.16 (0.09)

Adjusted EPS SEK 0.67 (0.54)

Operating cash flow of SEK 488 m (1,117)

Leverage 2.7x (3.0x)



FULL YEAR 2023 FINANCIAL SUMMARY

Net sales of SEK 27,775 m, -7% total growth

- -12% Organic
- 5% FX
- 0% M&A

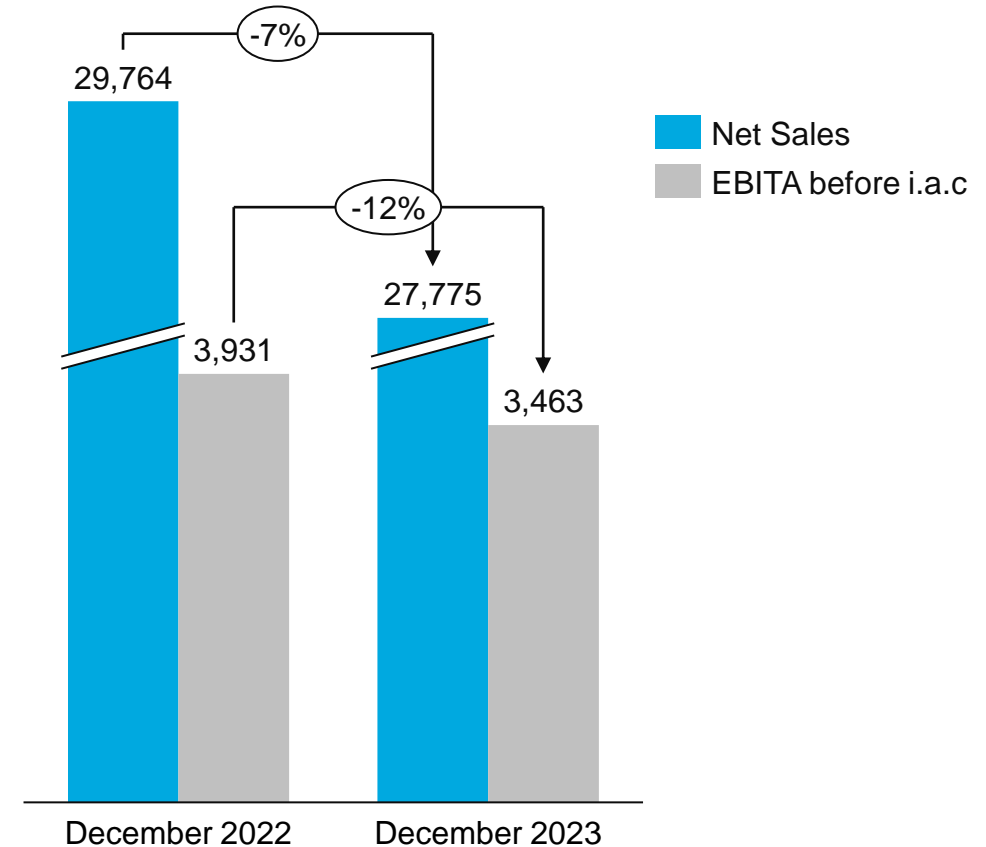
EBITA before i.a.c. of SEK 3,463 m, -12%

- EBITA margin of 12.5% (13.2%)

EPS of SEK 4.17 (5.58)

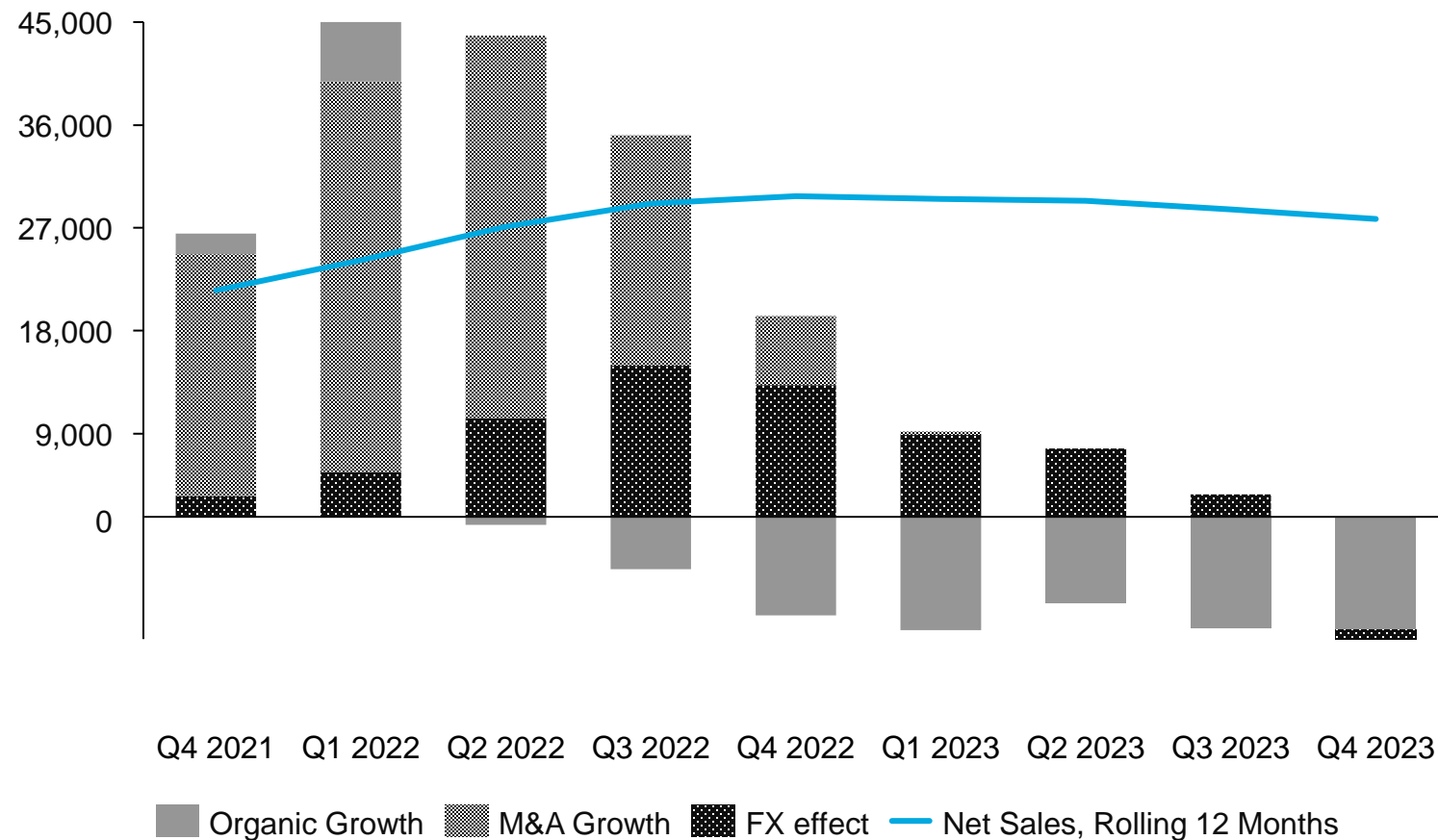
Adjusted EPS SEK 5.93 (8.32)

Operating cash flow of SEK 5,205 m (2,268)



SALES GROWTH Q4 2023

Rolling 12 Months,
MSEK



Q4 2023

Net Sales SEK 5,327 m

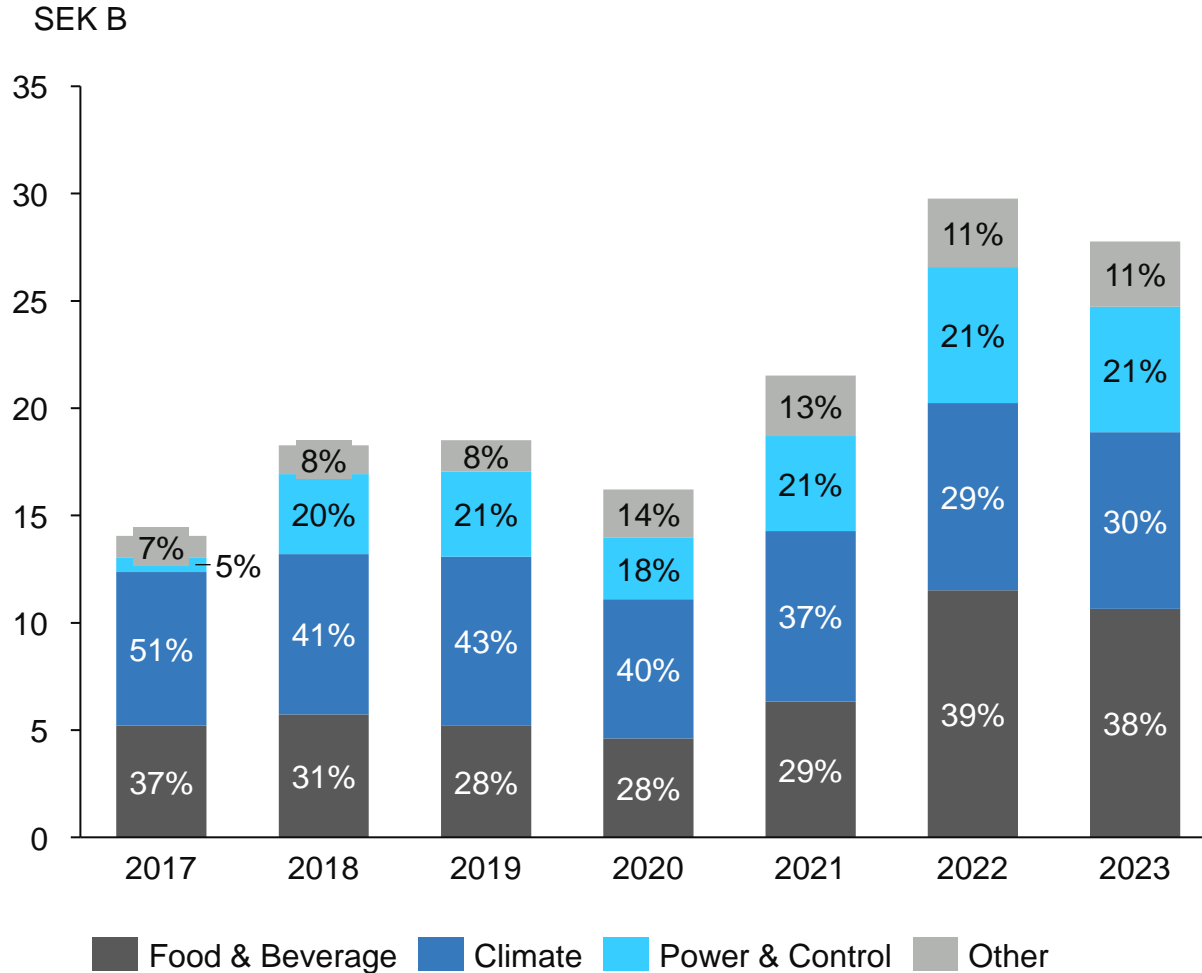
Total growth (-14%)

- Americas -20%
- EMEA -6%
- APAC -1%
- Marine -12%
- Global -25%

Organic growth (-13%)

- Americas -16%
- EMEA -9%
- APAC 1%
- Marine -12%
- Global -22%

NET SALES BY APPLICATION AREA



Other Applications

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

Power & Control

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

Climate

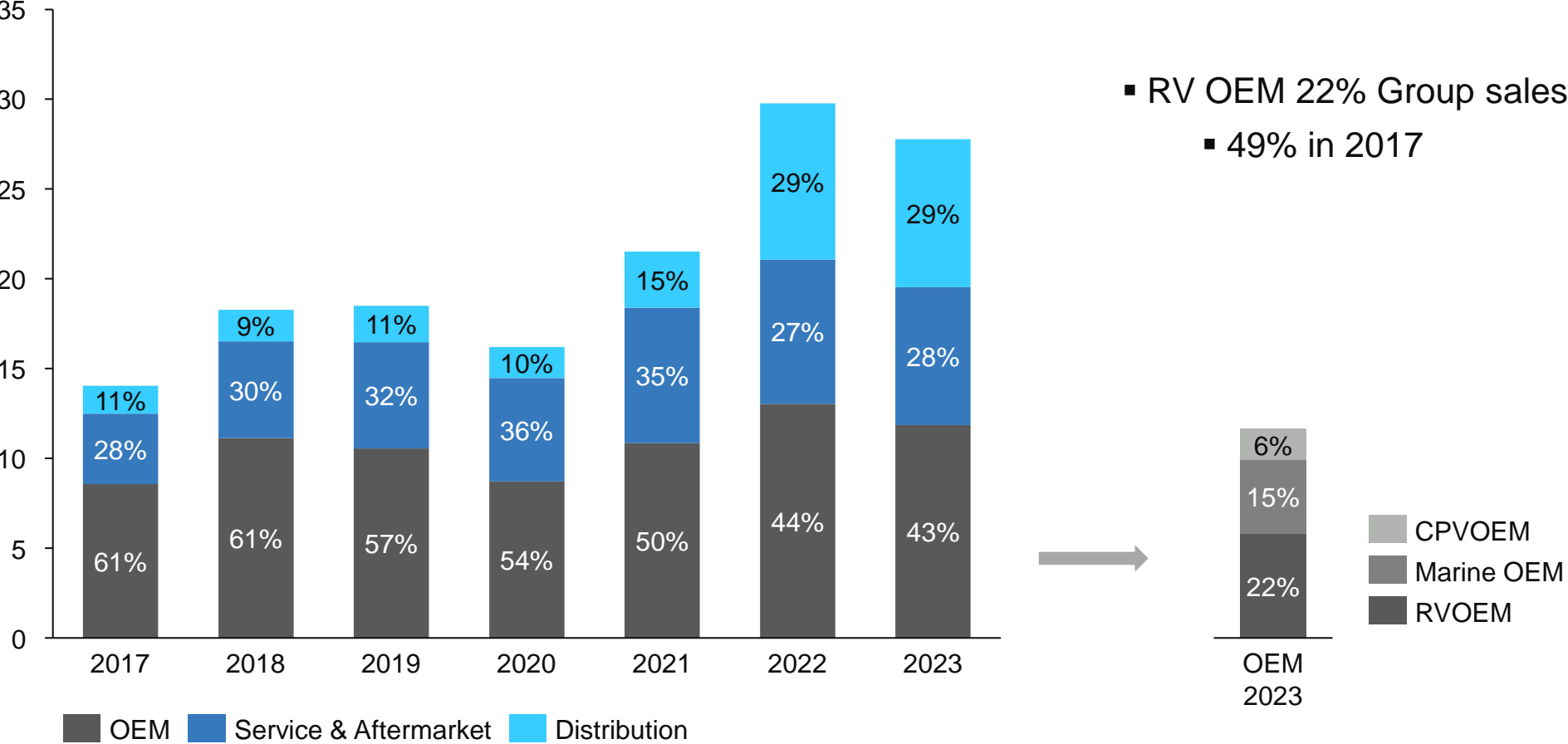
- Ongoing ramp up of new A/C portfolio
- Driven by RV, Marine and Outdoor Standalone

Food & Beverage

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

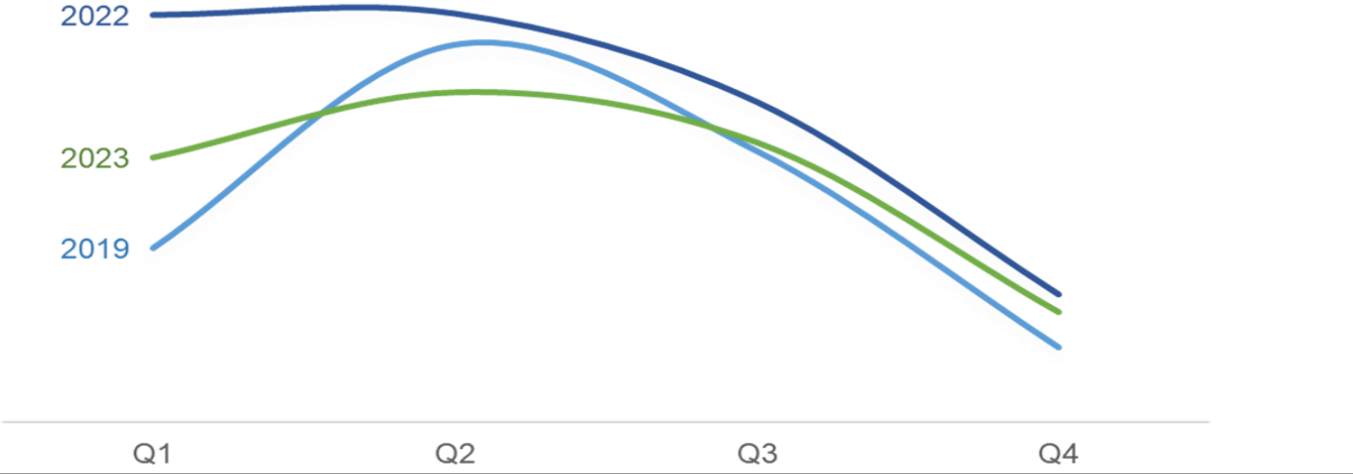
NET SALES BY SALES CHANNEL

SEK B



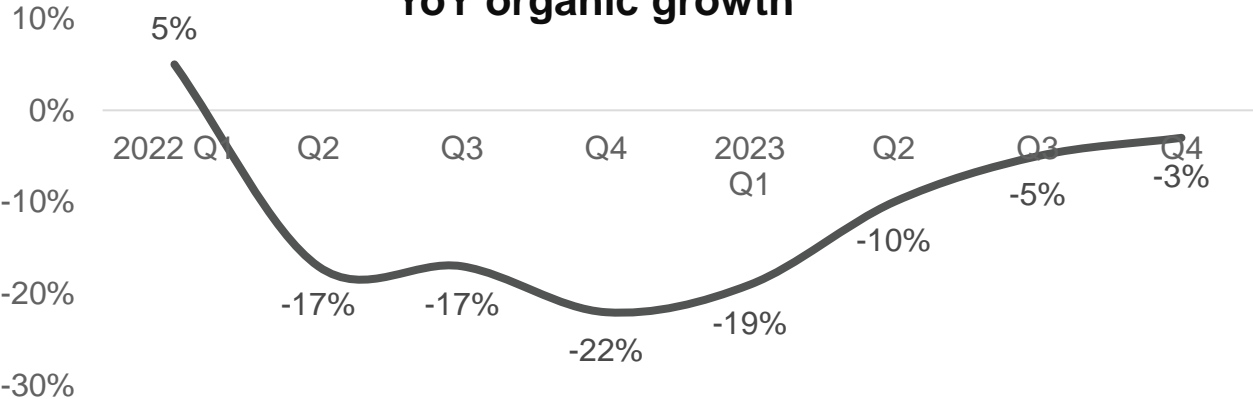
SERVICE & AFTERMARKET NET SALES

Proforma Net sales in constant currency



- Retailer destocking after high consumer demand and large purchases in 2021 and Q1 2022
- Moving into normal seasonal trend

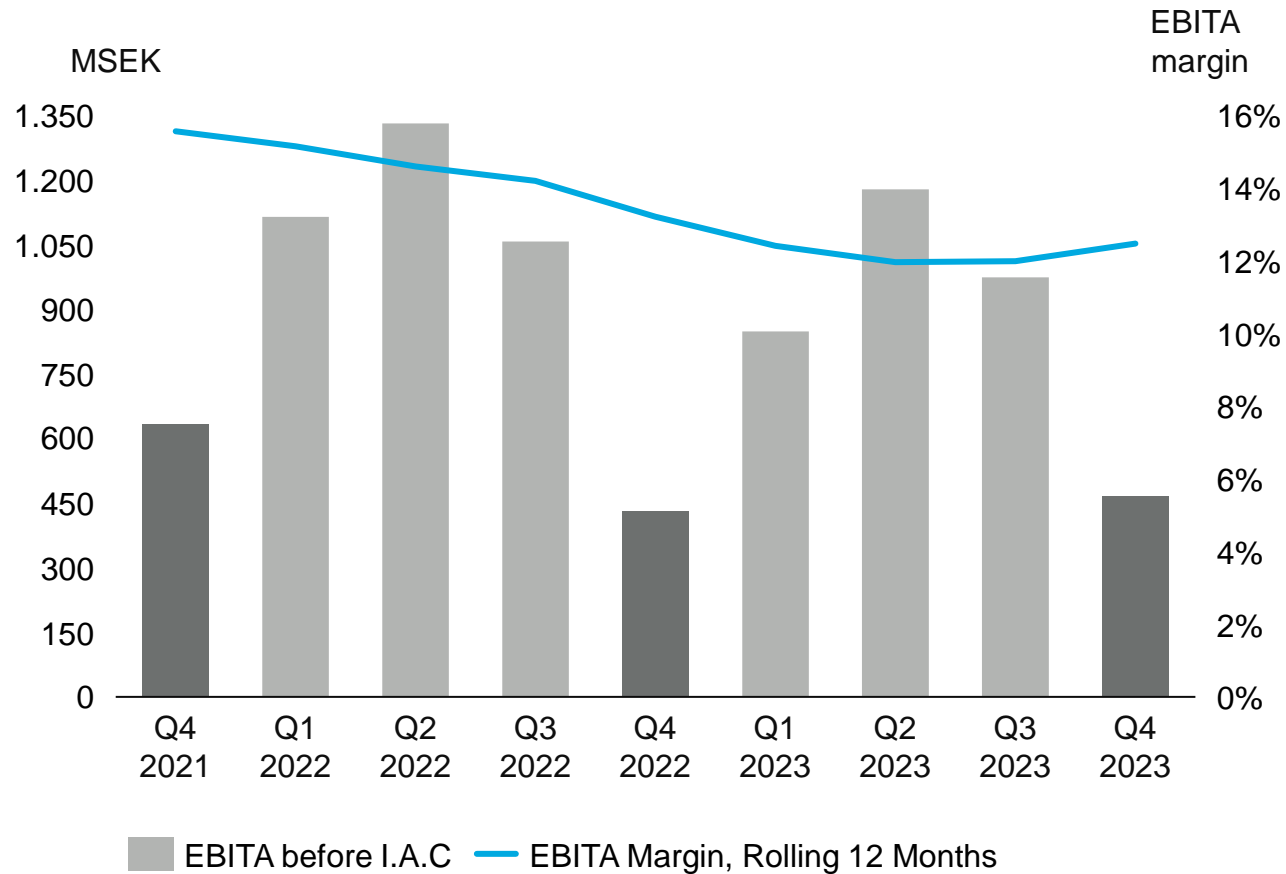
YoY organic growth



- Continued gradual YoY improvement, -3% compared to -5% in Q3
- Continued gradual recovery expected going forward

EBITA AND EBITA MARGIN BEFORE I.A.C

EBITA before i.a.c. run rate 12.5% (13.2%)



Q4 2023

EBITA margin before i.a.c. 8.7% (7.0%)

- Driven by stronger Gross margin
- Price management, cost reductions and sales mix
- Prioritizing margin before volume
- Improved EBITA margins in segments EMEA, APAC and Global
- Decline in Marine and Americas due to lower net sales

AMERICAS Q4 2023

Net sales SEK 951 m, -20%

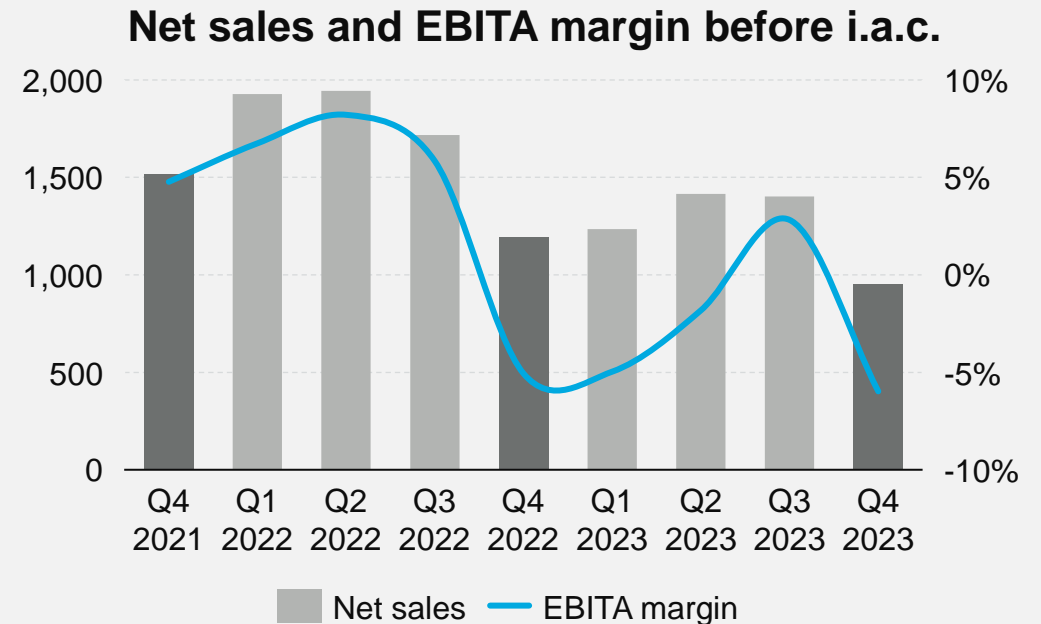
- Organic growth -16%
- Service and Aftermarket negative, but showing improvement
- Decline driven by RV OEM while RV industry production turned positive in the quarter

EBITA before i.a.c. SEK -57m (-60)

- EBITA margin -6.0% (-5.1%)
- Impacted by the sales decline in OEM
- Negative FX effect
- Price management, cost reductions and sales mix contributed positively

Strategic highlights

- Todd Seyfert appointed new segment President
- Focus on margin improvements and the transformation journey



EMEA Q4 2023

Net sales SEK 1,498 m, -6%

- Organic growth -9%
- Service & Aftermarket and Distribution remain low, but retailer inventory situation is improving
- RV OEM sales slightly negative while CPV OEM showed growth

EBITA before i.a.c. SEK 5 m (-62)

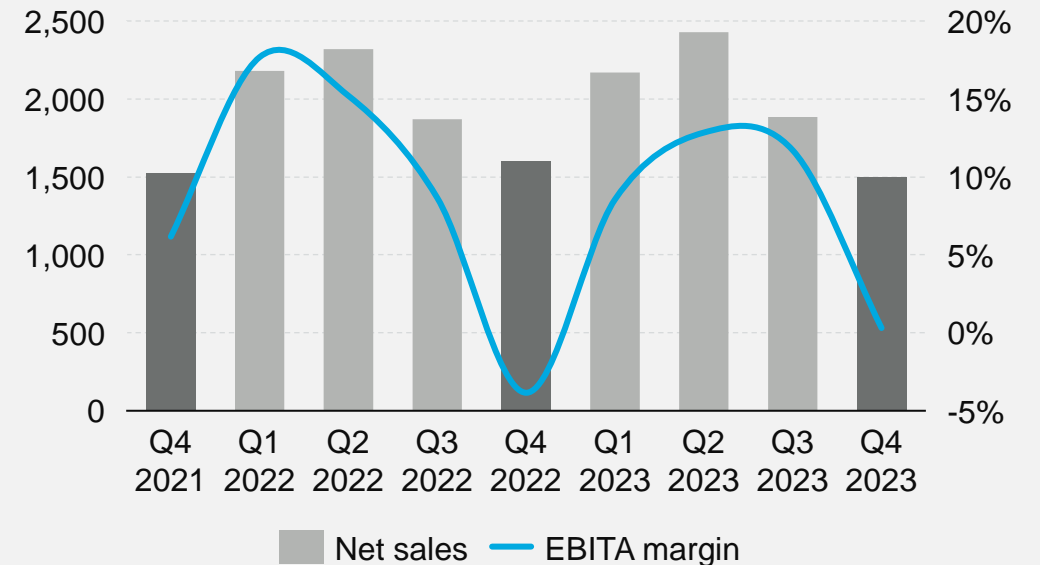
- EBITA margin 0.3% (-3.8%)
- Positive impact from cost reductions and price management
- Logistic related costs and inefficiencies in manufacturing trending down, still negative impact on income

Strategic highlights

- Taking actions to mitigate impact from the Red Sea situation



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



APAC Q4 2023

Net sales SEK 580 m, -1%

- Organic growth 1%
- Single-digit decline in Service & Aftermarket
- Growth driven by OEM and Distribution

EBITA before i.a.c. SEK 152 m (129)

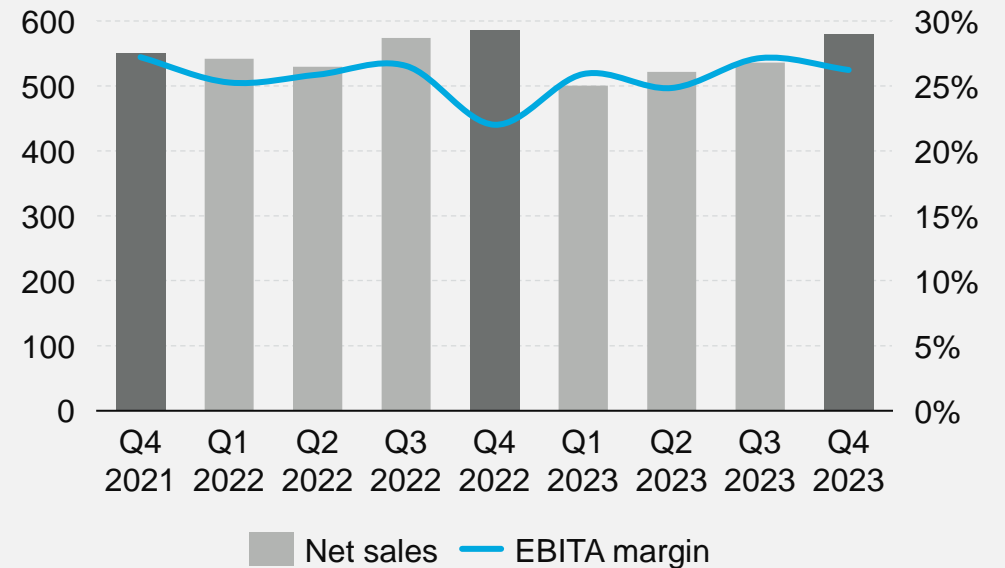
- EBITA margin 26.2% (22.0%)
- Improvement driven by price management and cost reduction activities

Strategic highlights

- Increased EBITA in 2023 despite -4% net sales decline. Full year EBITA margin 26.0% (24.9%).



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



MARINE Q4 2023

Net sales SEK 1,447 m, -12%

- Organic growth -12%
- Growth in Service & Aftermarket
- Lower industry boat production impact OEM net sales
 - Similar trend as in Q3 2023

EBITA before i.a.c. SEK 313 m (422)

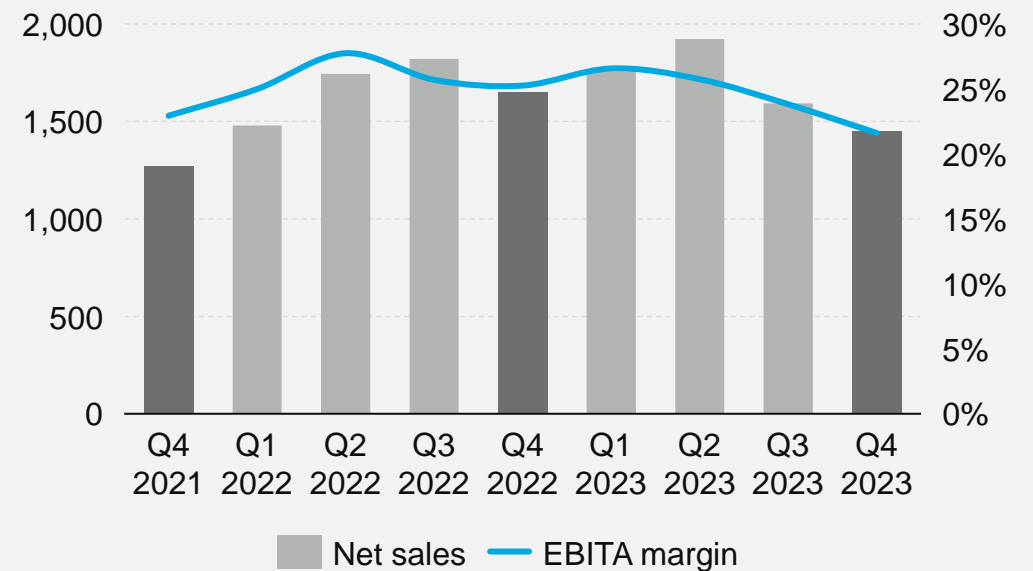
- EBITA margin 21.6% (25.5%)
- Reduction due to lower net sales in a seasonally low quarter
- Negative FX effect
- Margin supported by cost reductions, technology shift and sales mix

Strategic highlights

- Investing in product innovation, several new products in the pipeline for 2024



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



GLOBAL Q4 2023

Net sales SEK 851 m, -25%

- Organic growth -22%
- Temporary decline for the Igloo business
- Retailers are re-balancing their inventory levels

EBITA before i.a.c. SEK 53 m (1)

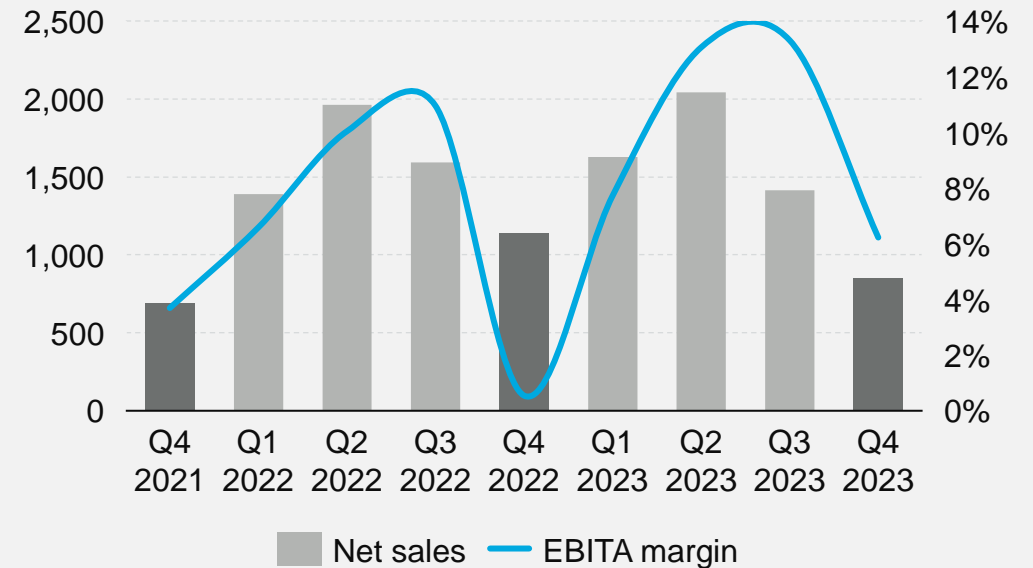
- EBITA margin 6.2% (0.1%)
- Improved margins in Other global verticals
- Igloo profitable and improved compared to last year

Strategic highlights

- Segment Global full year 2023 EBITA SEK 633 m (464). EBITA margin 10.7% (7.6%)
 - Improvements in all businesses
 - Delivering on the Igloo synergies



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

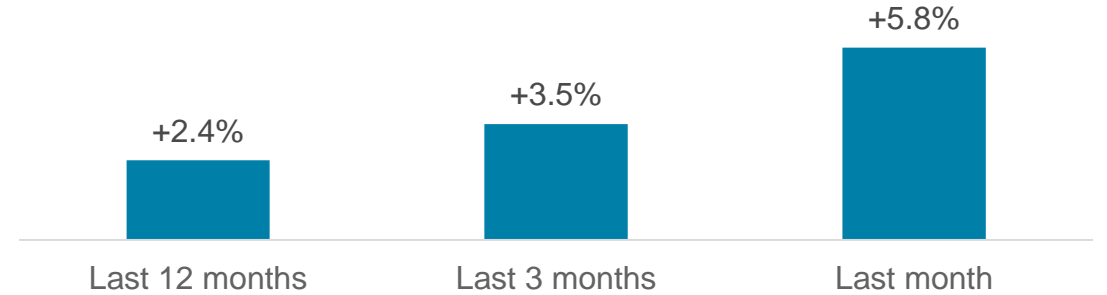


IGLOO PERFORMANCE

2023 performance

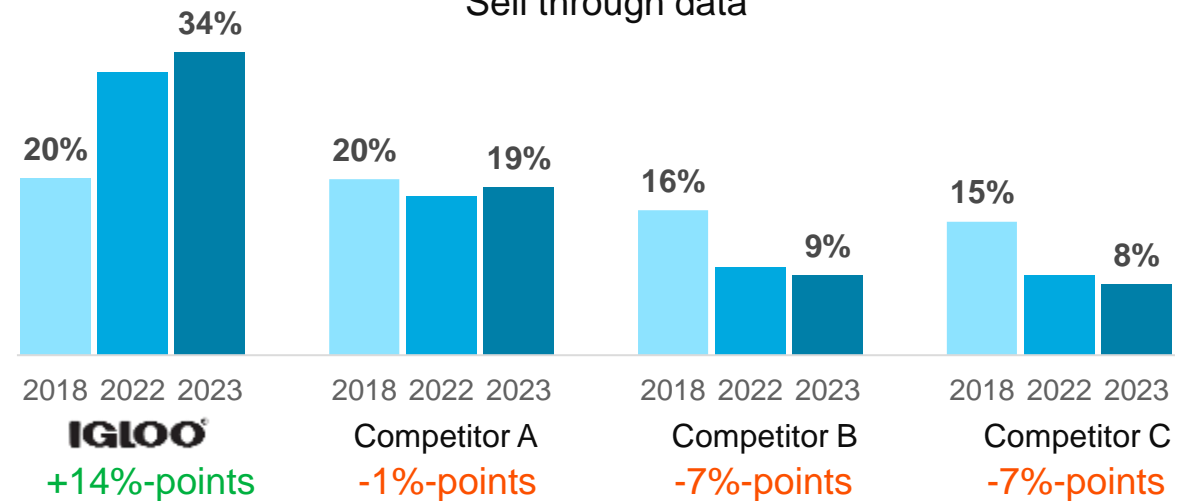
- End user demand remains strong
- Continues to gain market share
- 2H 2023 net sales impacted by inventory reductions by most retailers
 - Retailer inventories 10% below last year (compared to >20% above last year in Q3)
- EBITA and EBITA margin continue to improve - synergies are realized
- 2024 portfolio launched

Hardside coolers industry data, US
Sell through growth YoY (value)



Source NPD. Retail sales. 2023 November

US Market share (in value)
Sell through data



Source NPD. Retail sales. 2023 November LTM

2023 STRATEGY EXECUTION

1 Profitable expansion

- Distribution and Service & Aftermarket share of sales 57% (39% in 2018)
- DTC sales +19% in 2023 and representing 8% of total non-OEM business (6% in 2022)
- Improved margin 2H 2023 shows resilience

2 Product leadership

- Innovation index 17% (17%) – impacted by short-term focus to reduce inventories of existing products. Gradually improving
- R&D increase 11% in 2023 - robust pipeline of new products
- Sales from global platforms increased more than 4 times compared to 2018

3 Cost reductions

- SKU reduction 65%
- 2019 and 2022 restructuring programs completed as planned
- # of sites reduced by 29%



2023 – EXAMPLES OF KEY PRODUCT LAUNCHES

NEW MARINE PRODUCTS

- Expanding the offering with new innovative products
- Close cooperation with boat and engine manufacturers
- Investing in electrification and connectivity
- Reduced weight and no hydraulic fluid – less environmental impact



↔ DOMETIC

THE DOMETIC FRESHJET PLATFORM

STRONG UPTAKE OF OUR NEW SERIES OF ROOFTOP AIR CONDITIONERS

- A global platform of air conditioners for the RV industry
Environmentally friendly, significant benefits for end users
 - Cooling capacity +48%
 - Noise reduction -11%
 - Size -34%
 - Weight -14%
 - Energy consumption -38%
 - CO2 impact -70%
- Modularized - different features for different customer needs
of SKUs -50%
- Series Launch plan
 - Series 3
Launched in Americas in Q4 2022
 - Series 4
Launched in EMEA and APAC 1H 2023. In Americas 2H 2023
 - Series 7
First launch in APAC in 1H 2023
 - Series 5
To be launched in 2024



IGLOO ICF COOLERS THE FIRST IGLOO COMPRESSOR COOLER

- Replaces Mobicool MCF Series
- 5 sizes – 18, 32, 40, 60 and 80L
- Launching October 2023 in Australia
- January 2024 in US and EMEA



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THE DOMETIC NRX REFRIGERATOR A NEW STANDARD IN REFRIGERATION

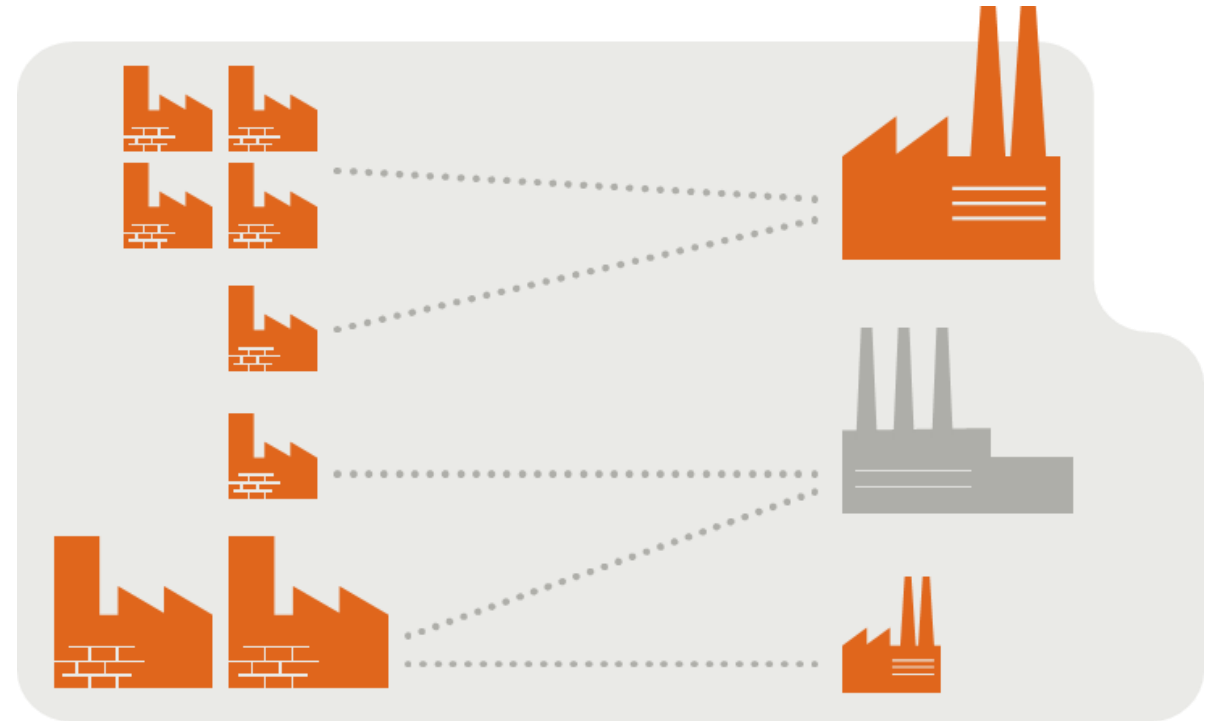
- A new product platform of refrigerators serving all verticals
 - Boats, RVs, CPVs
- 25% more energy efficient than available products on the market
- Modularized platform
 - # of SKUs -63% compared to previous products
 - Reversible door with dual latch mechanism
- Available on the market from Q3 2023



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COST REDUCTIONS

- **The two programs launched in 2019 and 2022 completed in 2023**
 - Cost in the quarter SEK -68 m
 - Total cost of SEK -960 m since start. In line with plan
 - 2,000 employees affected
 - SEK 525 m in annual saving compared to 2019
 - SEK 600 m will be realized as volumes increase
- **Continues to identify opportunities for further efficiency improvements in operations**



SUSTAINABILITY

- **LTIFR¹⁾ better than target**
 - Implementation of Health & Safety guidelines continues
- **Share of female managers improved to 29% (24%)**
 - Action plans are generating results
- **CO₂ ratio reduced 47%, 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	1.5	<2.0
Share of female managers	People	29%	24%	27%
CO ₂ ton / Net sales SEK m	Planet	-47%	-38%	-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



STEFAN FRISTEDT

CFO

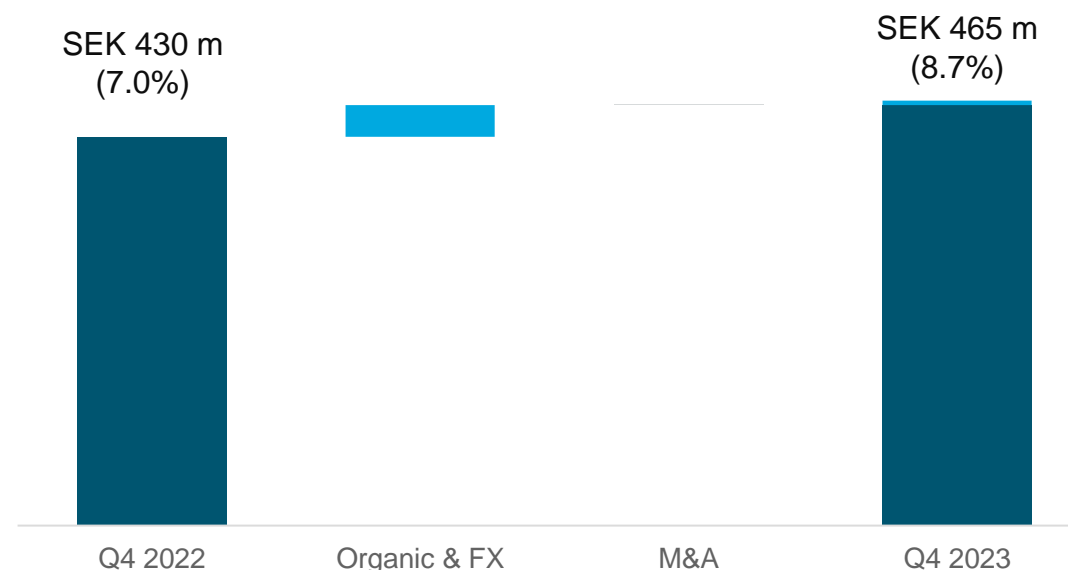
Q4 EBITA DEVELOPMENT

Organic + FX

- **Gross margin improved to 27.0% (23.4%)**
 - Sales mix
 - Price Management
 - Cost reductions
 - Lower raw material costs
 - Gradually declining negative effect from logistic costs and manufacturing inefficiencies in EMEA
 - Minor impact from the Red Sea situation
- **R&D and SG&A expenses 18.5% (15.8%) of sales**
 - Continued investments in structural growth areas
 - Partly offset by cost reductions in SG&A
- **Limited YoY impact from FX on the margin**

No effect from acquisitions

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



CASH FLOW FOR THE PERIOD

Q4 2023

- **Operating cash flow SEK 488 m (1,117)**
 - Robust performance
 - Q4 2022 a tough comparison
 - Temporary increased investments in fixed assets

- **Income tax paid SEK -395 m (-415)**
 - Impacted by deferred tax payments related to previous years
 - Full year P&L tax rate 29%

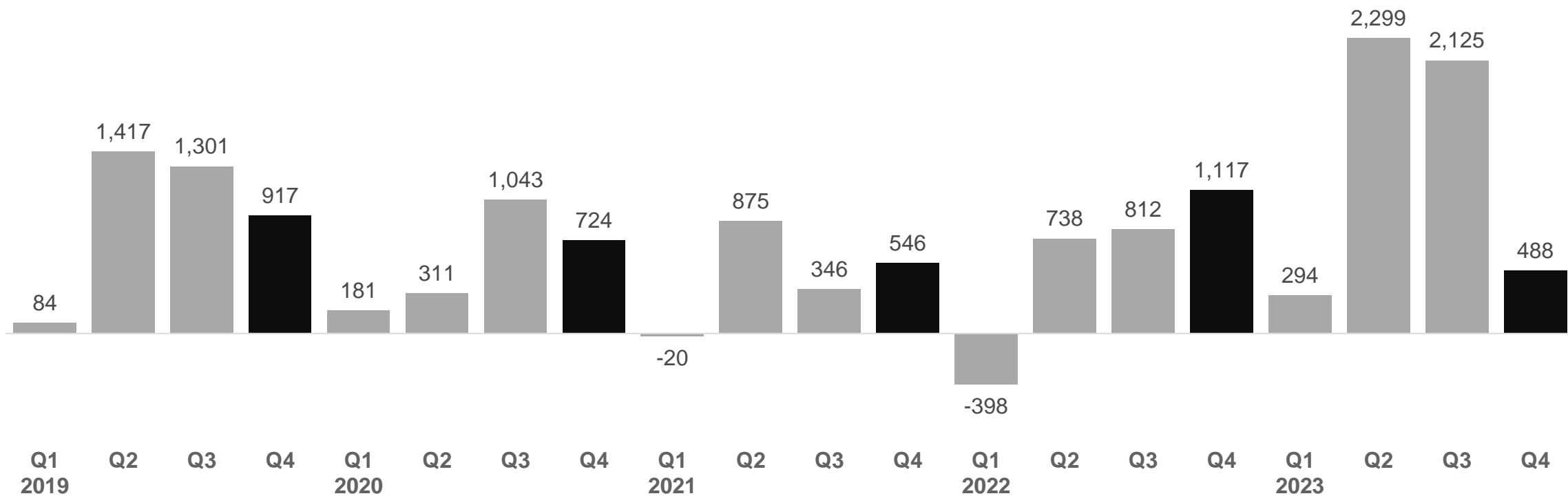
SEK m	Q4 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022
EBIT	242	236	2,682	2,789
Adjustments for non-cash items	206	217	1,512	1,898
Changes in Working Capital	318	887	1,638	-1,825
Investments in fixed assets	-278	-222	-628	-593
Operating cash flow	488	1,117	5,205	2,268
Income tax paid	-395	-415	-979	-991
Acquisitions/divestments net	-14	-194	-539	-847
Other	2	6	2	13
Net cash flow from financing	-301	-183	-3,685	-570
Cash flow for the period	-220	331	4	-127

Cash flow full year 2023 impacted by a repaid bond of EUR 300 m in September

OPERATING CASH FLOW

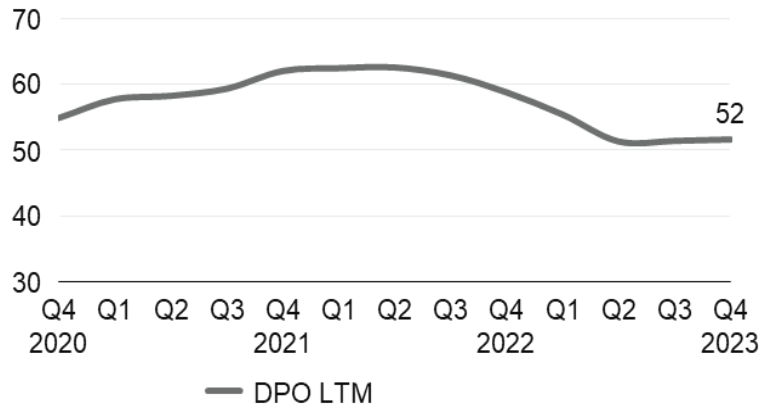
2023 - A RECORD YEAR

SEK m

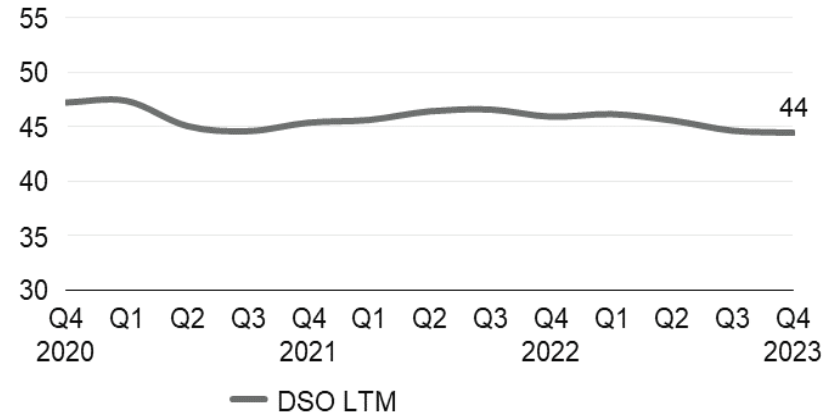


WORKING CAPITAL

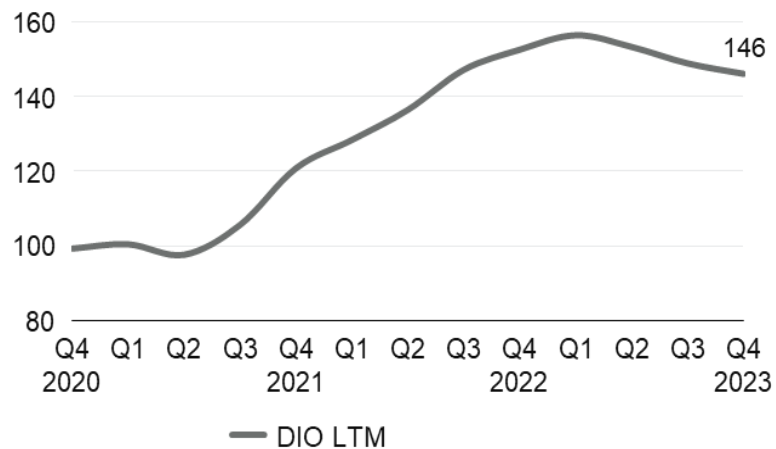
ACCOUNTS PAYABLES DAYS



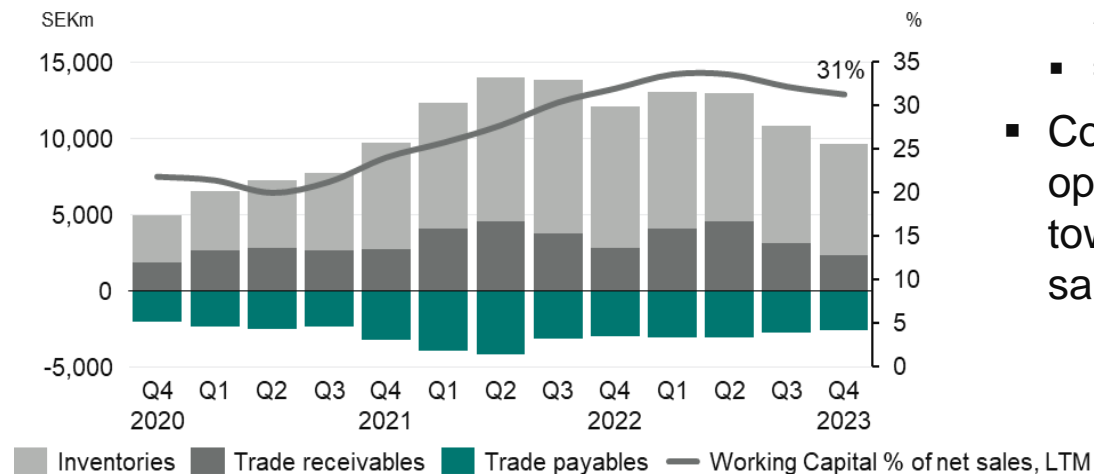
ACCOUNTS RECEIVABLES DAYS



INVENTORY DAYS



WORKING CAPITAL



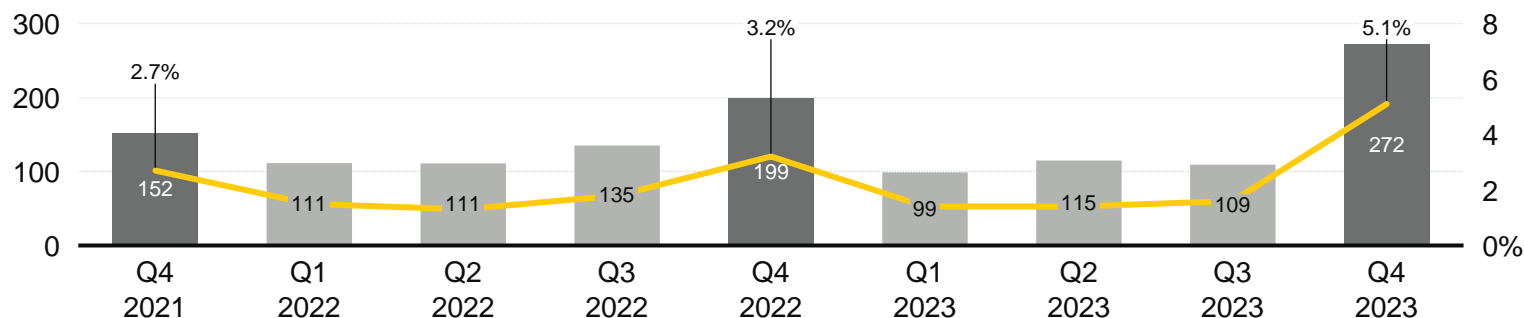
- LTM Working capital declined to 31% of net sales
 - 25% in the quarter
- Inventory balance SEK 7,3 b (9,3)
 - Sequential decline since Q3 2022
 - # of days are decreasing
- Continuous actions to optimize Working capital towards target 20% of net sales

CWC = Core Working Capital
LTM = Last 12 Months

CAPEX AND RESEARCH & DEVELOPMENT

(SEKm, % OF NET SALES)

CAPEX

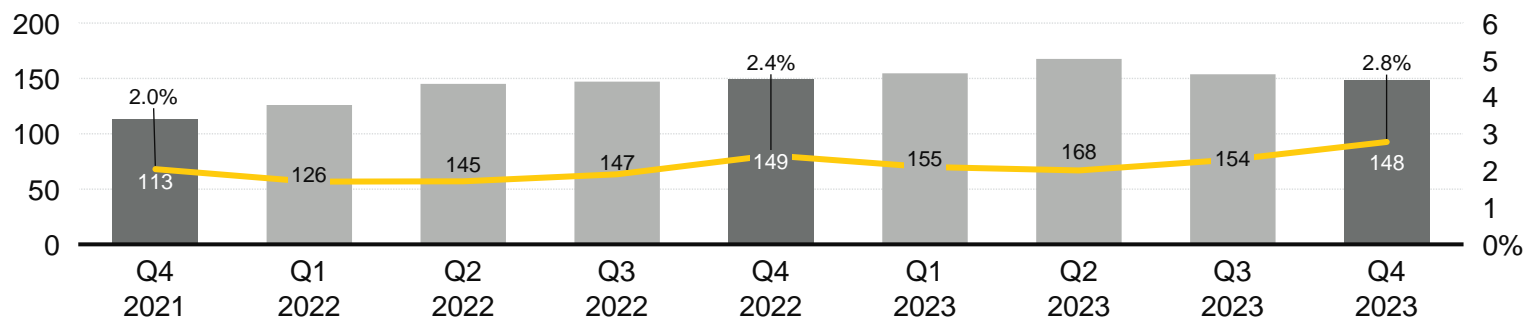


Q4 2023 CAPEX

5.1% (3.2%) of net sales

- Executed an option for a building related to Mobile Cooling in Texas
- Full year 2.1% (1.9%)

R&D

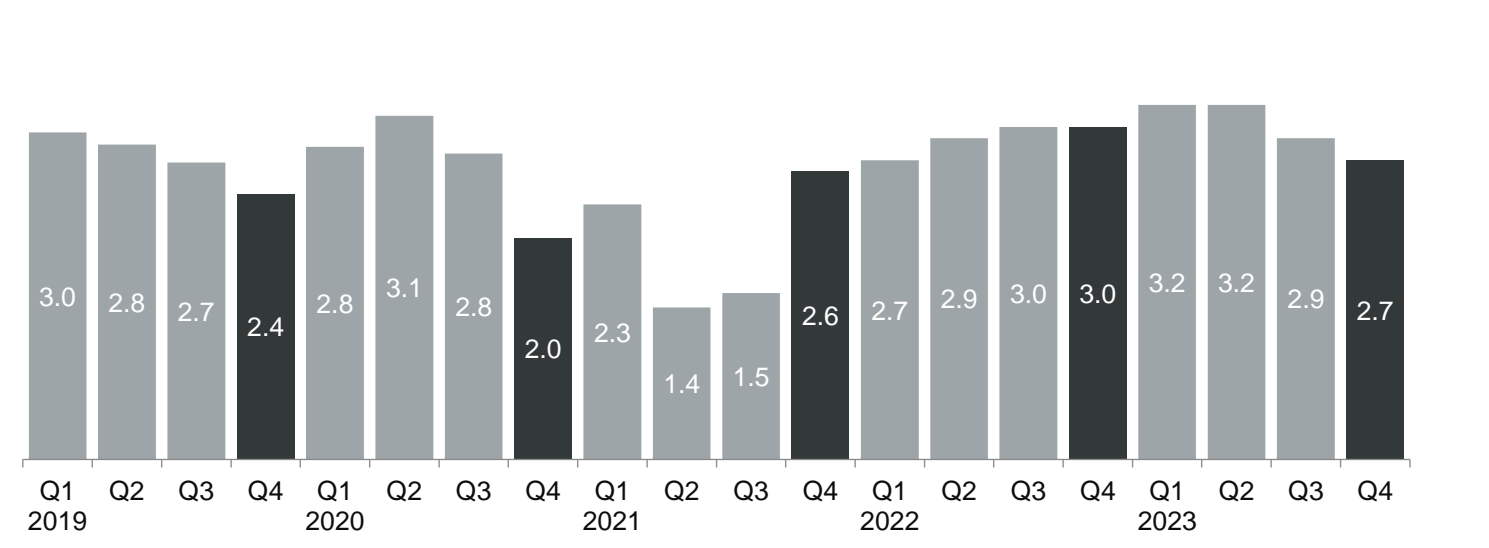


Q4 2023 R&D:

2.8% (2.4%) of net sales

- Includes capitalized development expenses of SEK 6 m
- Investments in structural growth areas
- Full year 2.3% (1.9%)

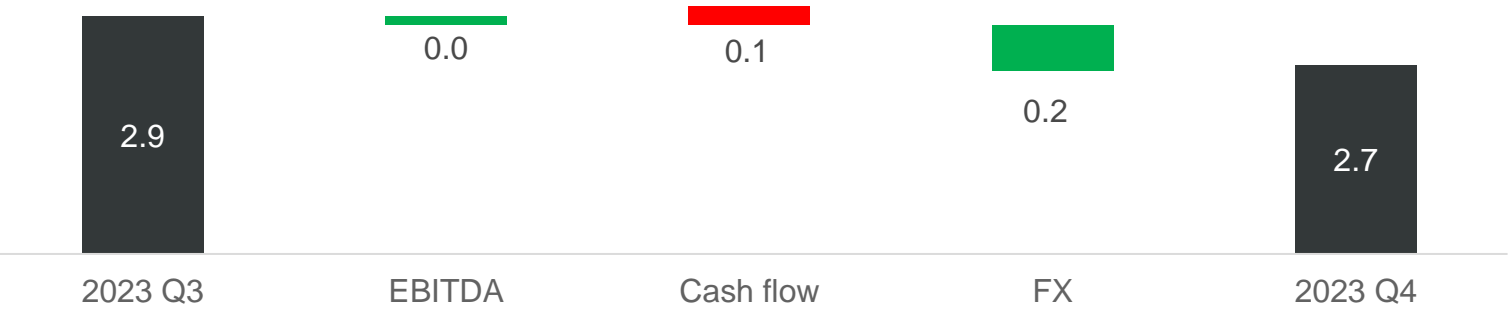
NET DEBT TO EBITDA LEVERAGE



- Net debt leverage ratio declined to 2.7x
 - Adequate headroom to covenants
 - Reduction compared to Q4 2022 driven by strong operating cashflow
 - Reduction compared to Q3 2023 supported by FX and improved EBITDA

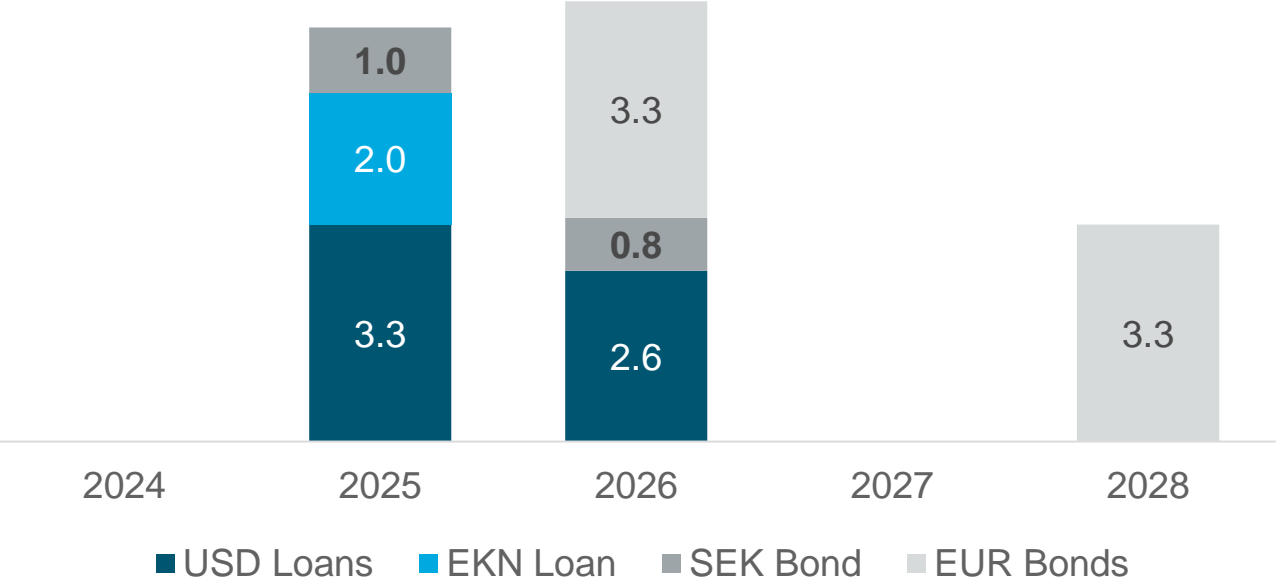
- Committed on achieving our leverage target of around 2.5x

Q3 2023 to Q4 2023 development



DEBT MATURITY PROFILE

SEK b

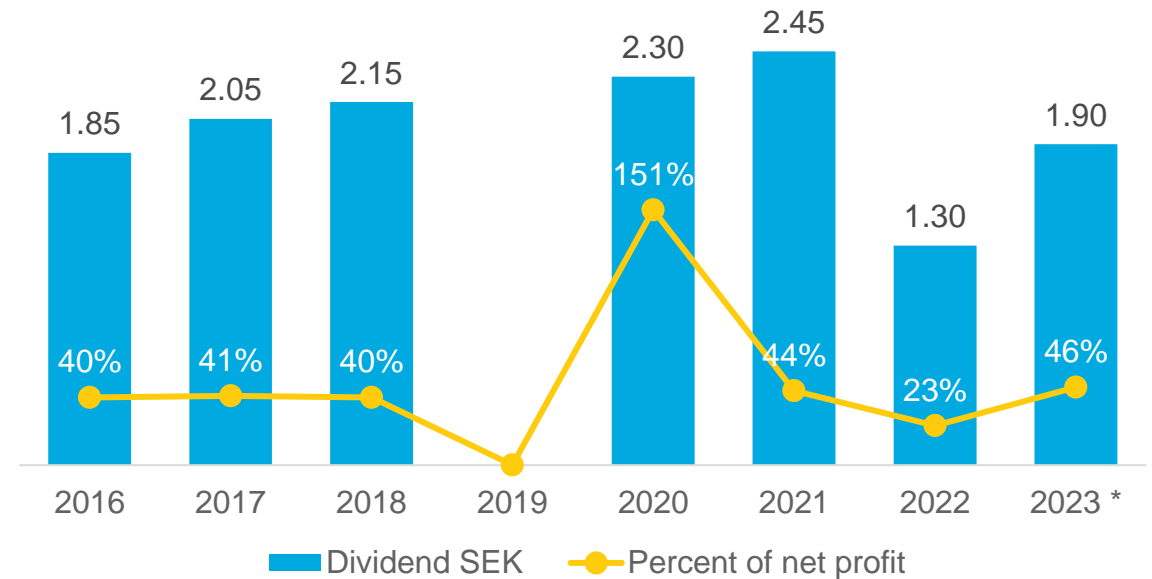


- Used cash at hand to repay EUR 300 m bond in September 2023
- Average maturity 2.5 years (2.8 years incl 1+1 year extension option)
- Undrawn revolving credit facility of EUR 200 m maturing in 2026 (but with 1+1 year extension option)

2023 DIVIDEND PROPOSAL

- SEK 1.90 (1.30) per share proposed by Board of Directors
- 46% of 2023 net profit
- Average dividend payout ratio 2016-2023: 39%
- Dividend target of at least 40% of net profit over a business cycle

Dividend per share SEK



* Proposed by Board of Directors

2023 SUMMARY

Business highlights

- A year impacted by geopolitical and macroeconomic uncertainty
- Demand impacted by high retail inventory levels and interest rates
- Organic growth -12%
- EBITA margin 12.5% (13.2%) with YoY improvements 2H
- Operating cash flow SEK 5.2 b, strongest ever
- Tracking towards net debt to EBITDA leverage target of around 2.5x
- 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 – gradual recovery coming quarters
 - OEM – continued weak demand coming quarters

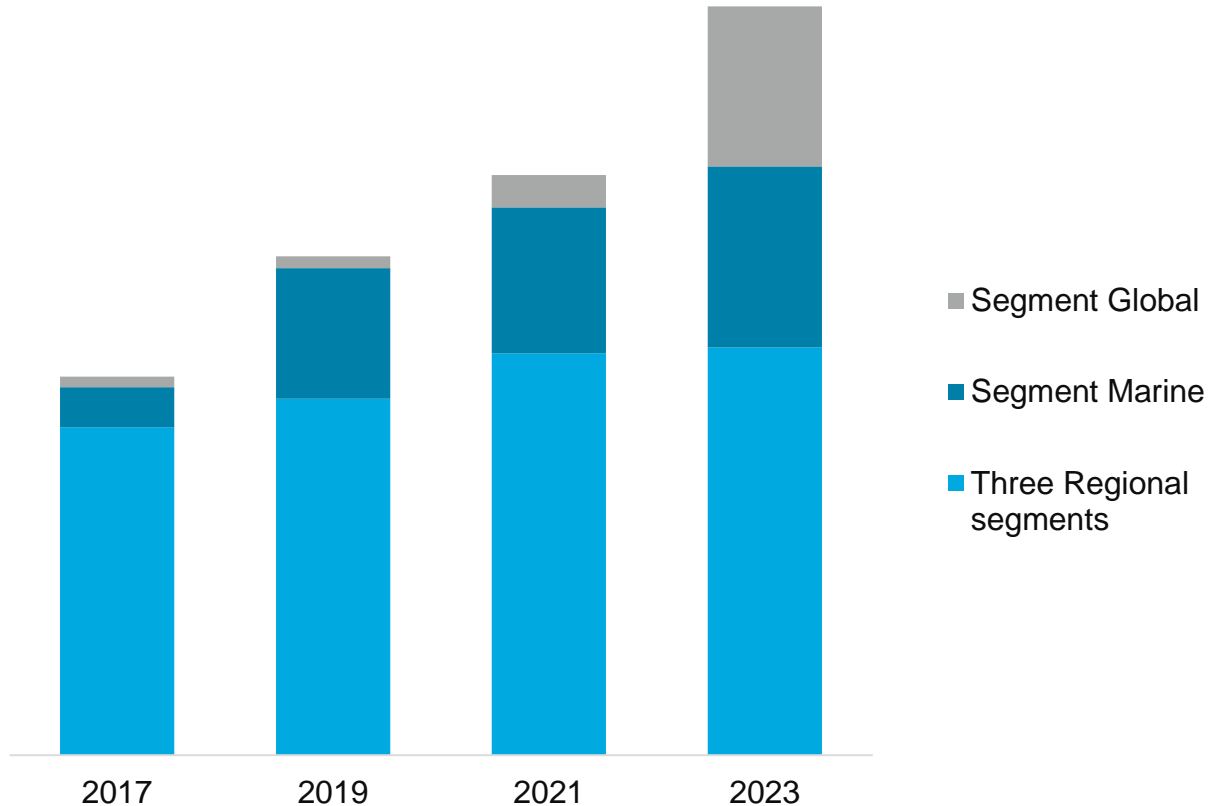
Strategic highlights

- 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



DOMETIC TRANSFORMATION JOURNEY

Net Sales development



2017-2020

- Initially three geographical regions managing all products to all verticals
 - High complexity level
- Gradually shifting the focus from a regional led approach to a product led approach globally
 - Segmentation and additional focus on future growth areas

2021-2023

- The first steps on the transformation journey taken 2021 and 2022 with the formation of segments Global and Marine

Next step 2024:


- Mobile Cooling Solutions - a new segment built on the successful Igloo acquisition
- Mobile Power Solutions - a new sub-segment in segment Global Ventures
- The three regional segments remain, focusing on business for Land vehicles

NEW SEGMENT STRUCTURE*

- Gradually shifting focus from a regional lead to a product lead approach with focused teams driving specific product solutions globally
- **Mobile Cooling Solutions a new segment**
 - Will further drive value creation and secure synergy realization across the company
- **Segment Global renamed to Global Ventures**
 - Other Global Verticals (Residential, Hospitality, Mobile Deliveries) remain as a subsegment
 - Mobile Power Solutions consolidated as a new subsegment
- **Land vehicles Americas, APAC and EMEA**
 - Product solutions mainly for RV and CPV
 - Other standalone outdoor products for land-based activities
- **Q1 2024 report published April 19 in the new structure**
 - Restate of 2021-2023 distributed in March

FROM	TO	
SEGMENT	SEGMENT	BUSINESSES INCLUDED
AMERICAS	LAND VEHICLES AMERICAS	• Product solutions for RV, CPV and other land-based vehicles
APAC	LAND VEHICLES APAC	
EMEA	LAND VEHICLES EMEA	
MARINE	MARINE	• Product solutions for the Marine business
GLOBAL	GLOBAL VENTURES	• Other Global Verticals • Mobile Power Solutions
	MOBILE COOLING SOLUTIONS	• Igloo • Dometic branded Mobile cooling and drinkware

* Planned new segment structure from Q1 2024

A scenic coastal landscape featuring a rocky cliffside in the foreground, green hills in the middle ground, and the ocean extending to the horizon under a cloudy sky. The text "Q&A" is centered over the image.

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. Two people are sitting on chairs outside the tent, talking. 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 soft, golden light from the setting sun, with scattered clouds. The overall mood is peaceful and adventurous.

 **DOMETIC**