

Dometic announces global restructuring program

As communicated in the interim report for the third quarter 2024, Dometic is today announcing a global restructuring program to support margin expansion and release resources to invest and drive profitable growth and value creation in strategic growth areas. The key components of the program are the following:

Portfolio changes

Dometic will explore divestment opportunities and/or will discontinue non-strategic businesses. This includes low-margin businesses and/or areas where synergies are low or non-existing with the rest of the portfolio.

- Businesses to be discontinued include large compressor refrigerators for Recreational vehicles as well as hot & cooking and windows product categories in the Land Vehicles Americas segment. It also includes the generator product category in the Global Ventures segment and selected low-margin camping equipment product categories in the Land Vehicles EMEA segment.
- Divestment opportunities have been identified and are being explored. Initial discussions with potential buyers have already been initiated for some of these opportunities.

Structural cost reductions

In addition to the actions above, Dometic will continue to drive structural cost reductions, and a company-wide cost reduction program is being initiated. This program includes a planned closure of two manufacturing sites and five distribution centers as well as rightsizing of resources in manufacturing, supply and support functions. Approximately 500 employees are expected to be impacted by the program.

Investing in strategic growth areas

Focusing the portfolio on fewer businesses will enable Dometic to release resources and increase investments to drive profitable growth and value creation in strategic growth areas.

Financial implications of the program

Structural cost reductions and discontinued businesses will have an annual positive impact on EBITA estimated to be SEK 750 m when fully implemented. Implementation is expected to be completed within 24 months with a gradual effect from the first quarter of 2025. Total current annual net sales of the business to be discontinued are SEK 0.8 b.

Total current annual net sales for businesses where divestment opportunities are being explored amount to SEK 1.5 to 3.0 b. Further details will be announced as transactions are completed.

Restructuring charges are estimated to be SEK 1.2 b of which SEK 0.4 b is estimated to impact cash flow. The charges are expected to be reported in the fourth quarter of 2024 as items affecting comparability and will mainly impact the Land Vehicles Americas, Land Vehicles EMEA and Marine segments. The cash flow effect is expected during 2025.

Juan Vargues, President and CEO, says: "Since we announced our strategy in 2019, we have taken several major steps on our transformation journey. We have almost doubled the size of the company and have achieved a sales mix that is significantly more diversified and resilient. We have increased our investments in R&D. Our product innovation index is growing, and we have several new exciting products on the market, including a new range of active cooling boxes. At the same time our focus on efficiency improvements has remained high and today we are 3,200 fewer FTEs than three years ago.

However, the current macroeconomic situation and market conditions, including high interest rates, lower consumer spend and customer purchasing patterns, are having a negative impact on our financial performance. To enable us to move with speed in execution, we are today outlining our path to strengthen profitability and to

ABOUT DOMETIC

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release resources for continued investments to drive profitable growth and value creation in our strategic growth areas.

With the actions announced today, and assuming current market conditions, we target an EBITA margin before items affecting comparability of 14 percent for the full year 2027. I am also convinced that we will continue to improve our performance and achieve our longer-term financial target of an EBITA-margin of 18-19 percent, driven by continued operational excellence and sales growth in strategic growth areas.

The Land Vehicles Americas segment has reported negative EBITA margins during 2023 and 2024, impacted by a weak market and by increased competition in the traditionally strong refrigerator business. During the year we have strengthened the management team and the organization in general, while also reducing costs to improve efficiency. With our global restructuring program, we are taking additional significant actions, and we expect tangible improvements to be realized in 2025. We expect the Land Vehicles Americas segment to return to profit by 2026.

Long-term trends in Mobile Living are strong as a growing number of consumers are enjoying the outdoors globally. With these measures outlined above, we are positioning Dometic to continue to benefit from these trends and, more importantly, to deliver a return on capital employed that will create value for our shareholders."

Invitation to webcast

Analysts, investors and media are invited to participate in a telephone conference at 09.00 (CET), December 12, 2024, during which President and CEO, Juan Vargues and CFO, Stefan Fristedt, will present the program and answer questions.

Webcast link: <https://dometic.videosync.fi/2024-12-12-analyst-call>

Those who wish to participate in the conference call to ask questions in connection with the webcast are welcome to register on the link below. After the registration you will be provided phone numbers and a conference ID to access the conference.

Registration link: <https://service.flikmedia.se/teleconference/?id=5006527>

The webcast URL and presentation are also available at <https://www.dometicgroup.com/en-us/investors>

FOR FURTHER INFORMATION, PLEASE CONTACT:

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