

# DOMETIC Q2 2024 REPORT



A desert landscape featuring large, rounded boulders in the foreground and middle ground, surrounded by scrub brush and cacti. The background shows rolling hills under a clear, light blue sky. The lighting suggests late afternoon or early morning.

# **JUAN VARGUES**

**PRESIDENT AND CEO**





# Q2 2024 HIGHLIGHTS

## Market development

- Persistently sluggish market conditions with high interest rates and low consumer spend
- Retailer inventories are coming down, however customers are cautious on inventory levels
- Demand in OEM remains weak

## Performance

- **-8% organic sales growth**
  - Service & Aftermarket -1%. Recovered from Q1 as expected
  - Distribution -2%. A clear improvement compared to Q1 driven by Mobile Cooling Solutions
  - OEM -17%. Negative trend in Land Vehicles EMEA
- **EBITA margin before i.a.c. improved to 14.0%**
  - Compared to 13.7% in Q2 2023 excl one-time positive effect of SEK 33 m
  - Supported by efficiency improvements and sales mix
  - Fourth consecutive quarter with improved margin
- **Strong operating cash flow of SEK 2.0 b**
  - Leverage improved YoY and sequentially to 2.9x



# Q2 2024 FINANCIAL SUMMARY

## Net sales of SEK 7,662 m, -8% total growth

- -8% Organic
- 0% FX
- 0% M&A

## EBITA before i.a.c. of SEK 1,069 m, -9%

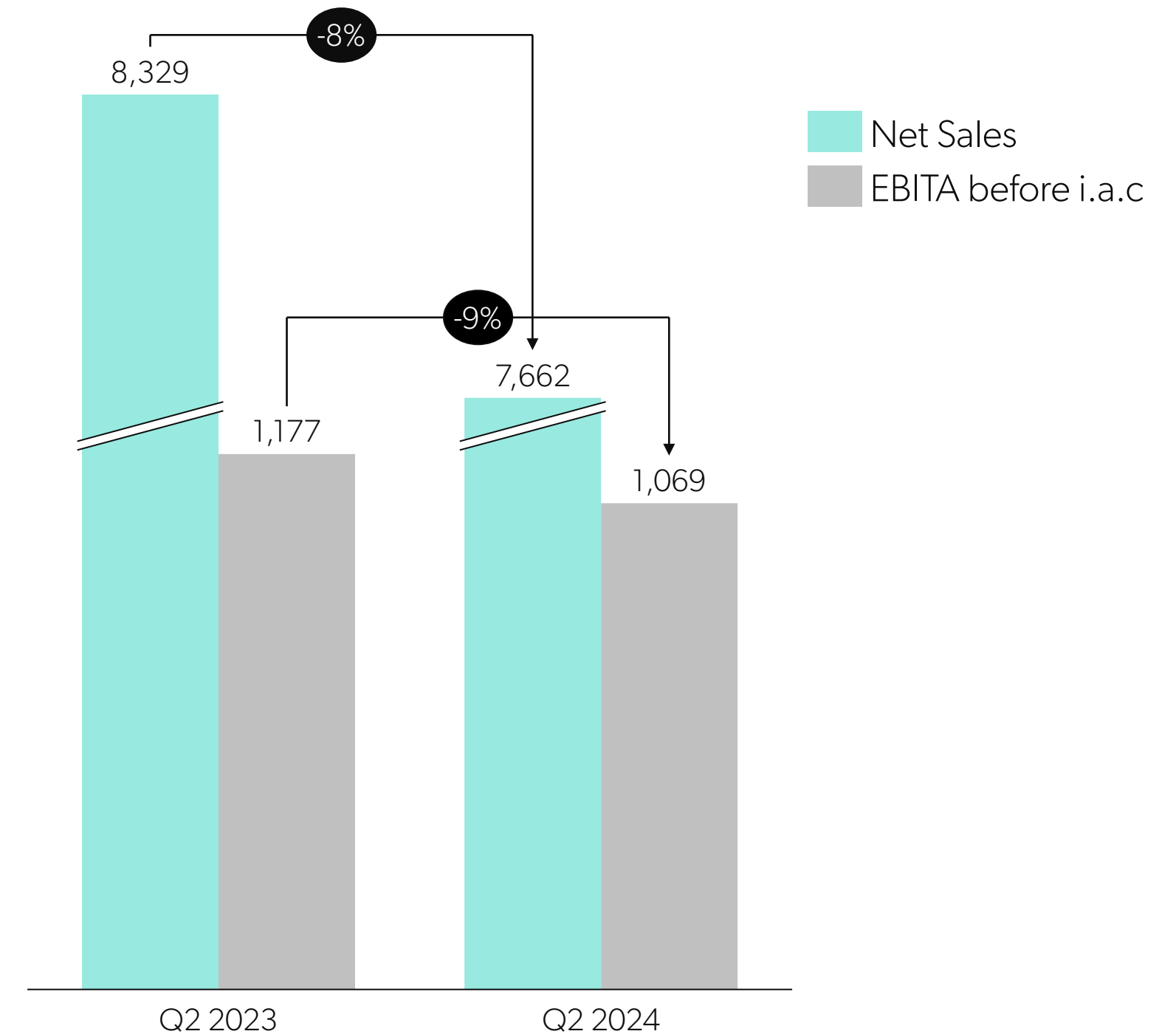
- EBITA margin of 14.0% (14.1%)
- Underlying improvement from 13.7% last year

**EPS SEK 1.39 (1.67), -17%**

**Adjusted EPS SEK 1.76 (2.11), -17%**

**Operating cash flow of SEK 1,963 m (2,299)**

**Leverage 2.9x (3.2x)**



# YTD JUNE 2024 FINANCIAL SUMMARY

## Net sales of SEK 14,188 m, -9% total growth

- -10% Organic
- 1% FX
- 0% M&A

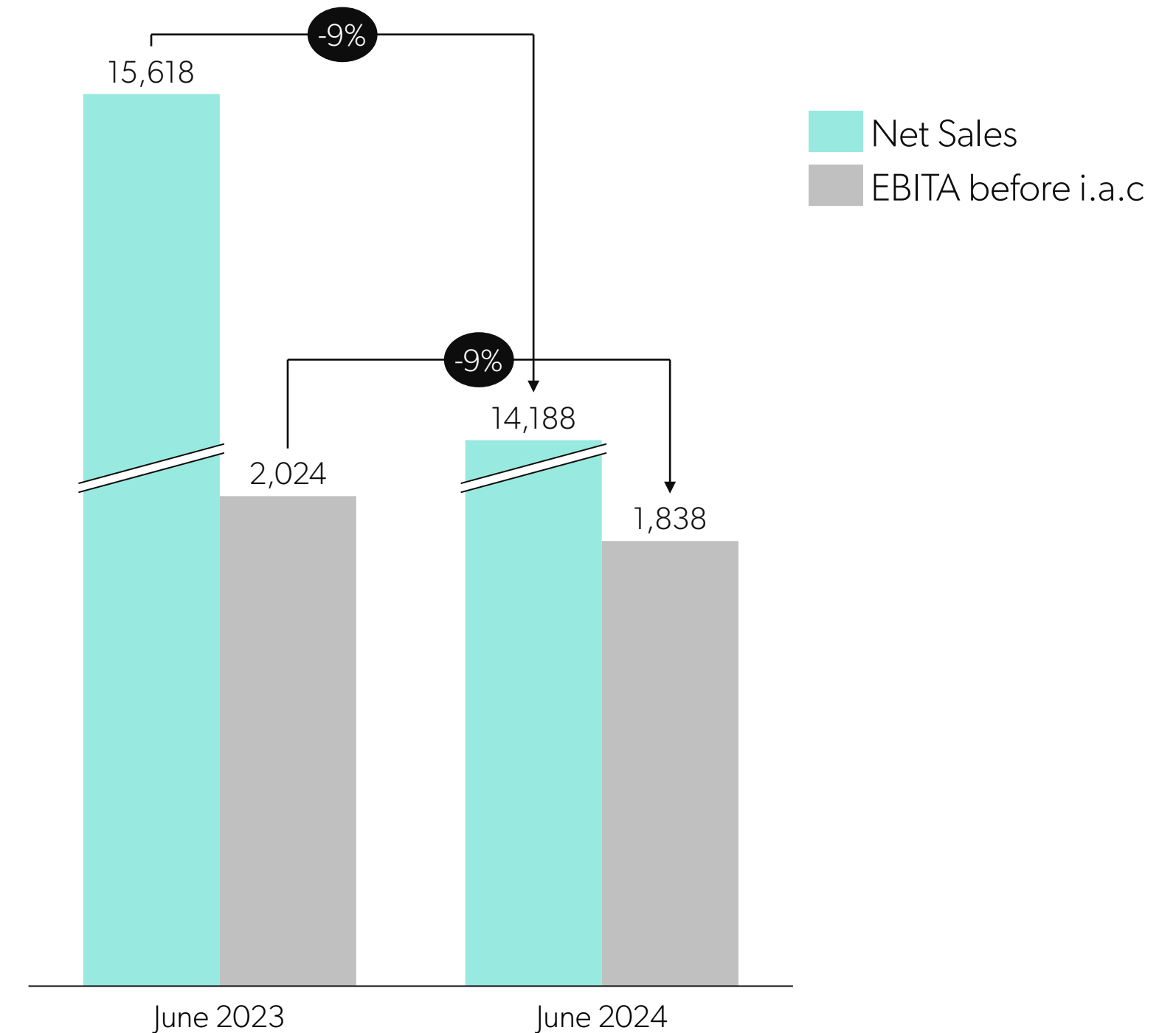
## EBITA before i.a.c. of SEK 1,838 m, -9%

- EBITA margin of 13.0% (13.0%)
- Underlying improvement from 12.7% last year

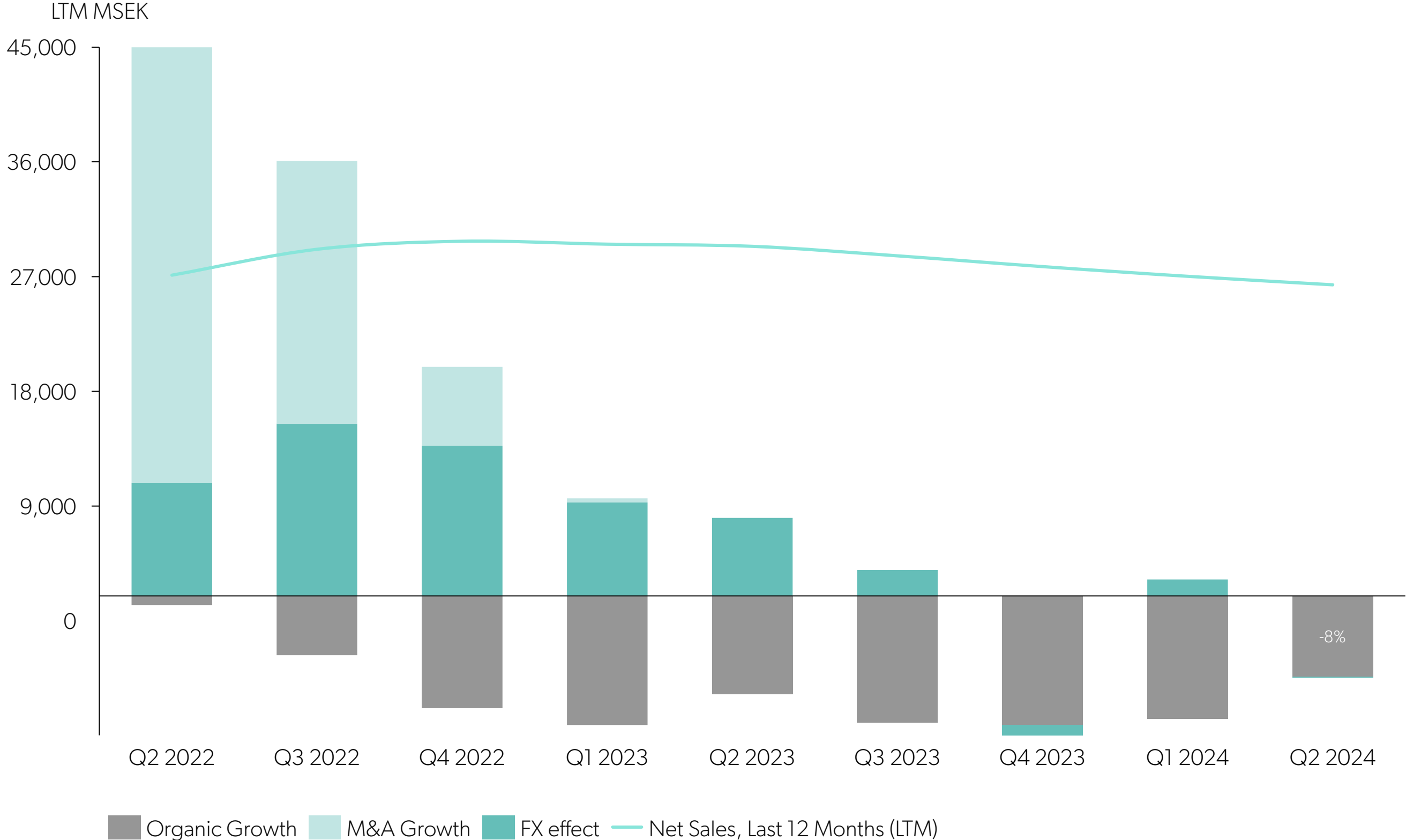
## EPS SEK 2.24 (2.72), -18%

## Adjusted EPS SEK 2.96 (3.55), -17%

## Operating cash flow of SEK 2,176 m (2,593)



# NET SALES DEVELOPMENT

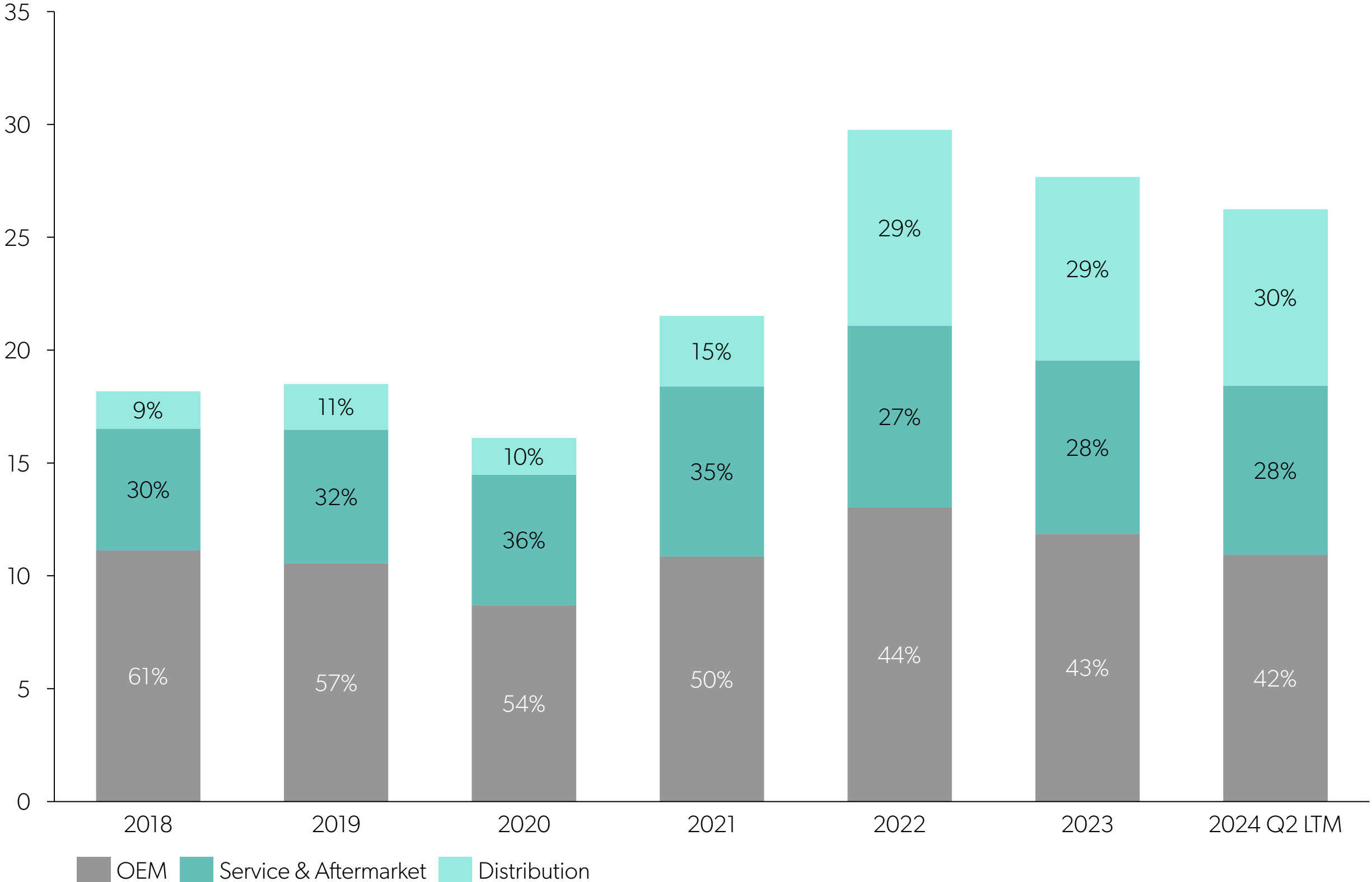


**Q2 2024**  
**Net Sales SEK 7,662 m**  
**Organic growth -8%**

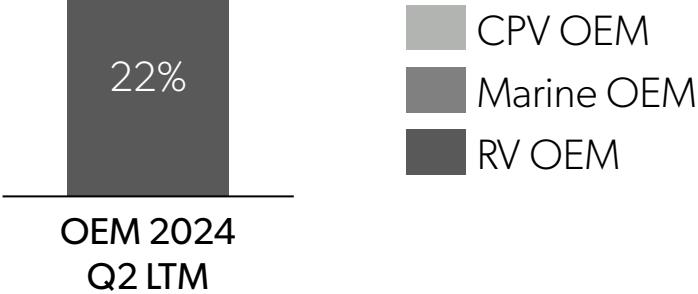
- By segment**
- Land Vehicles Americas -13%
  - Land Vehicles EMEA -6%
  - Land Vehicles APAC -11%
  - Marine -17%
  - Mobile Cooling Solutions 0%
  - Global Ventures -5%

# NET SALES BY SALES CHANNEL

SEK B

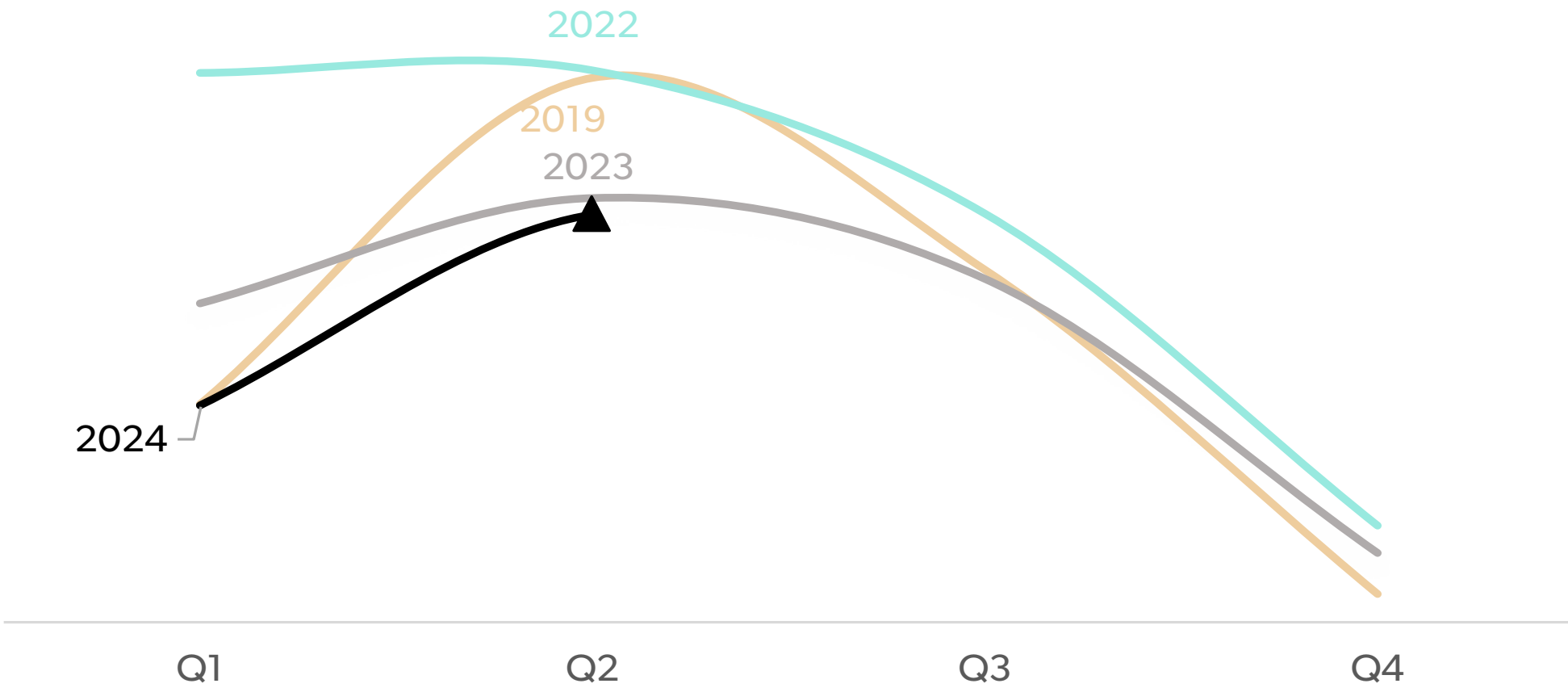


- RV OEM 22% Group sales
  - 49% in 2017



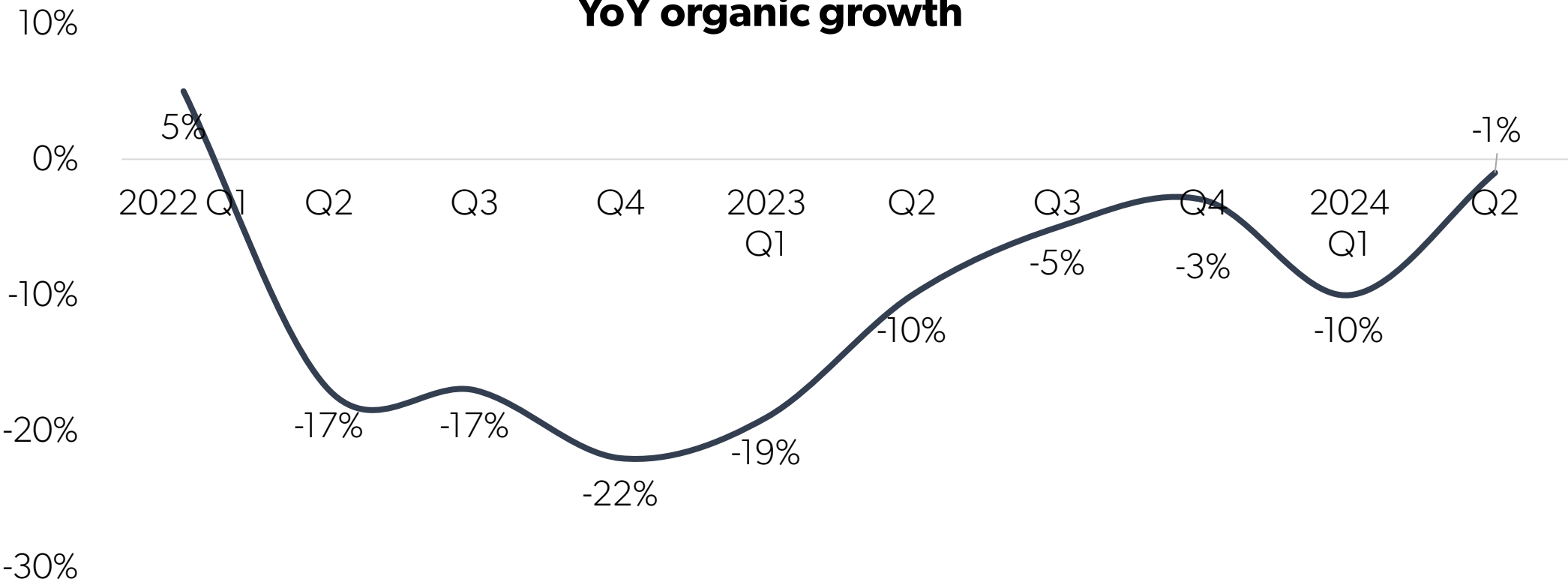
# SERVICE & AFTERMARKET NET SALES

Proforma Net sales in constant currency



- Retailer destocking after high consumer demand and large purchases in 2021 and Q1 2022
- Q2 2024 organic growth -1%, recovered as expected
- Recovery driven by Land Vehicles Americas and Land Vehicles EMEA
- Retailer inventories are declining, customers continue to be cautious managing inventory levels

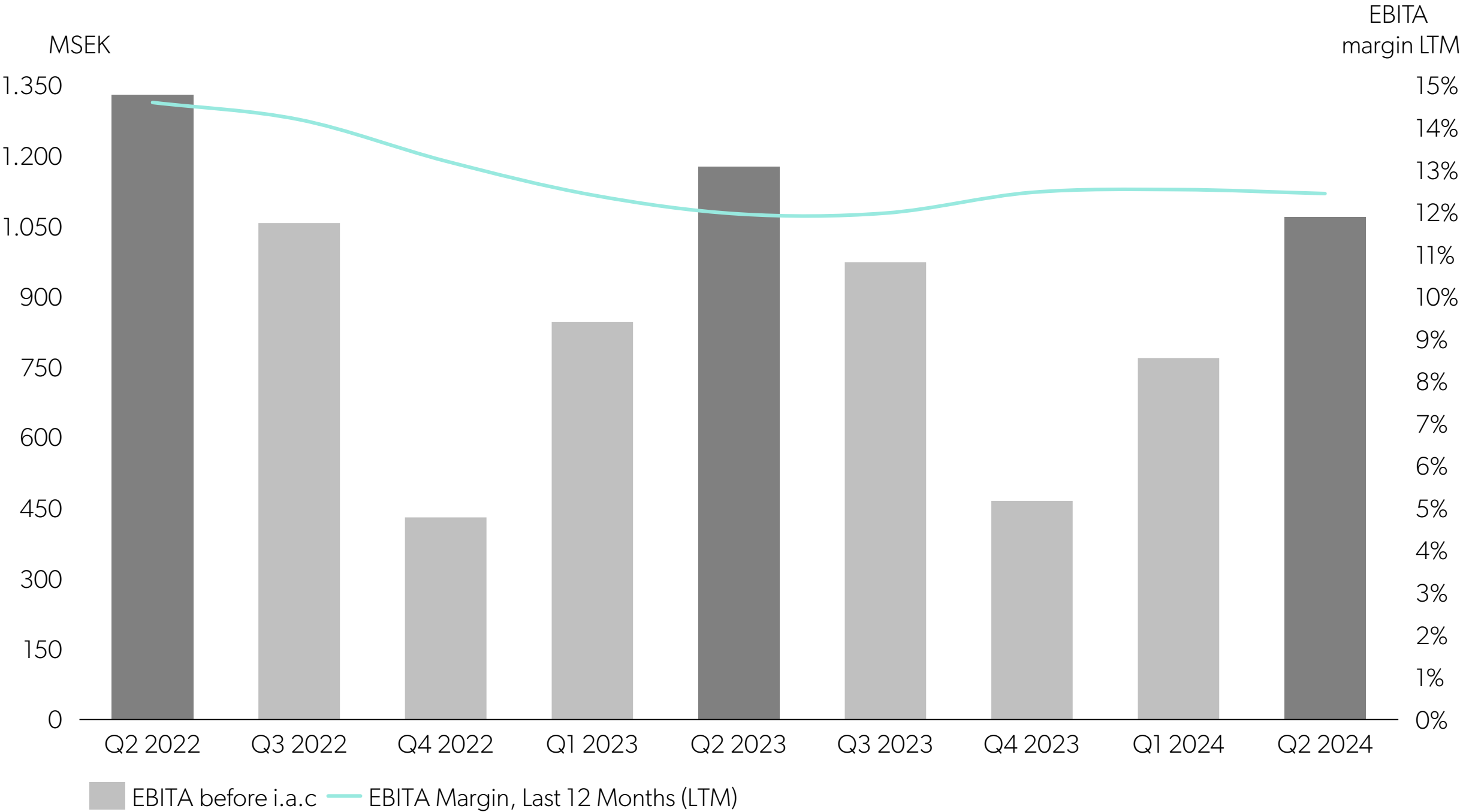
YoY organic growth





# EBITA MARGIN BEFORE I.A.C.

**EBITA before i.a.c last 12 months 12.4% (12.0%)**



**Q2 2024**

**EBITA before i.a.c margin 14.0%**

- Compared with 13.7% in Q2 2023<sup>1)</sup>
- Fourth consecutive quarter with increased margin
- Supported by efficiency improvements and sales mix
- EBITA margin last 12 months 12.4% (12.0%)



<sup>1)</sup>Q2 2023 13.7% underlying EBITA, excluding previously disclosed one-time gain of SEK 33 m in Q2 2023 related to Mobile Cooling Solutions





# LV AMERICAS Q2 2024

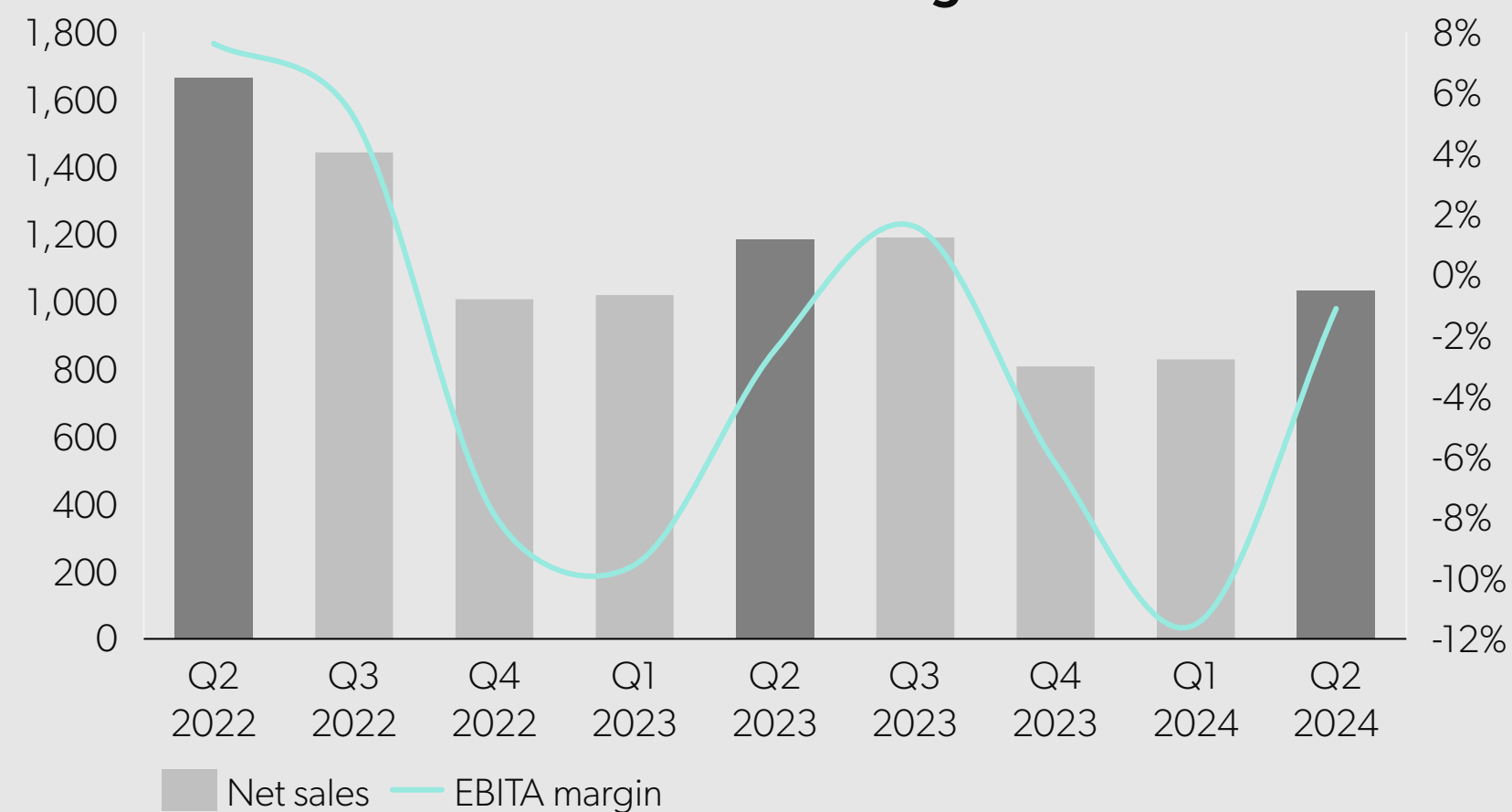
## Net sales SEK 1,035 m, -13%

- Organic growth -13%
- Growth in Service & Aftermarket
- Decline in OEM
  - RV volumes remain low on a competitive market
  - Prioritizing margin before volume

## EBITA before i.a.c. SEK -12m (-29)

- EBITA Margin -1.1% (-2.5%)
- Supported by sales mix and cost reductions

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







# LV EMEA Q2 2024

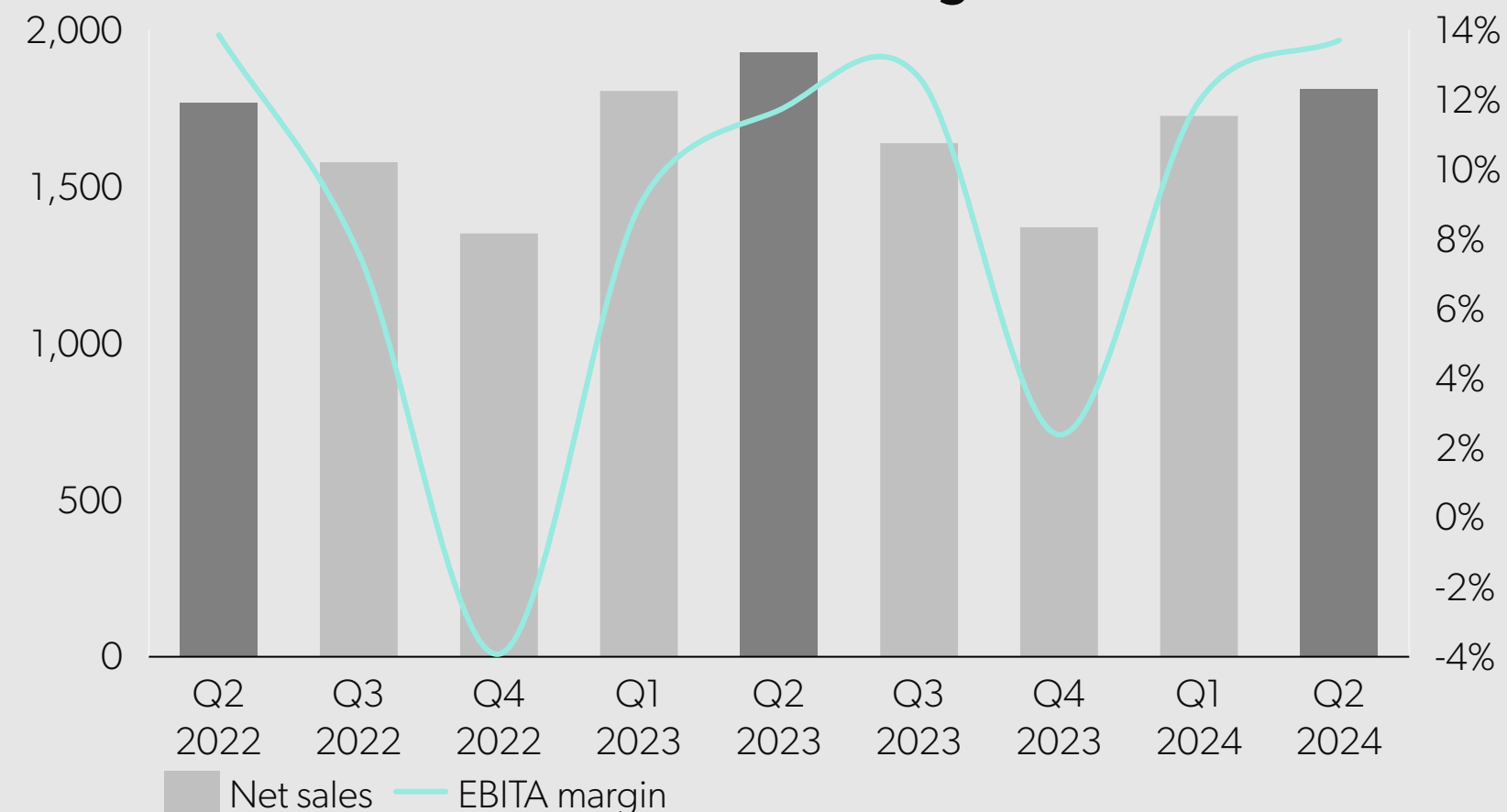
## Net sales SEK 1,810 m, -6%

- Organic growth -6%
- Growth in Service & Aftermarket
- Decline in OEM
  - Negative trend in RV industry production
  - RV registrations up 6% June YTD

## EBITA before i.a.c. SEK 248 m (226)

- EBITA Margin 13.7% (11.7%)
- Positive sales mix
- Positive effects from the Siegen closure

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







# LV APAC Q2 2024

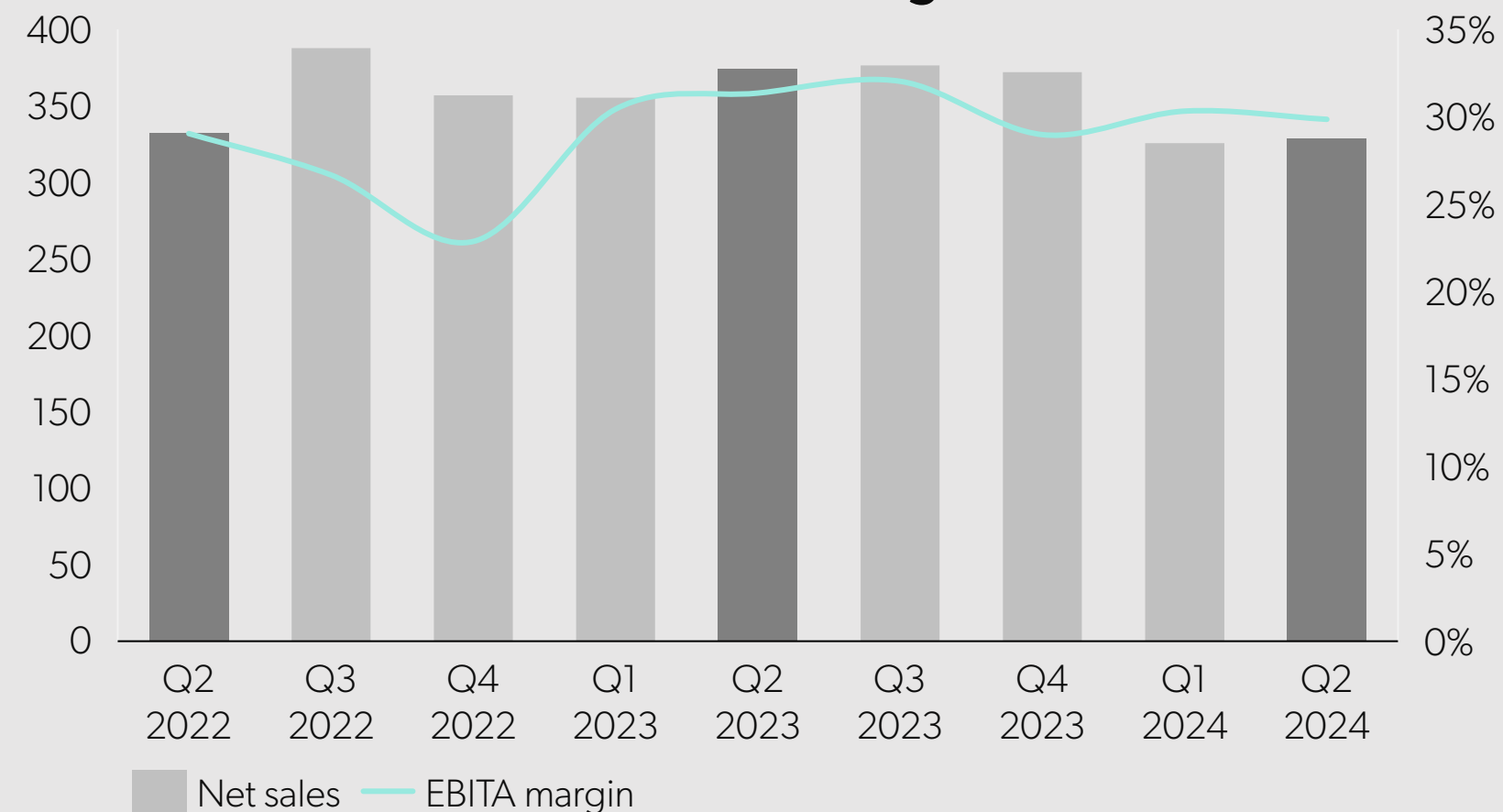
## Net sales SEK 329 m, -12%

- Organic growth -11%
- Service & Aftermarket below last year
- Growth in Distribution
- Decline in OEM
  - Reduced RV industry production in Australia after a strong 2023

## EBITA before i.a.c. SEK 98 m (117)

- EBITA Margin 29.9% (31.4%)
- Negative impact from lower net sales partly offset by cost reductions

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







# MARINE Q2 2024

## Net sales SEK 1,536 m, -18%

- Organic growth -17%
- 1H 2023 a tough comparison
- Single-digit decline in Service & Aftermarket
- OEM remain lower than last year

## EBITA before i.a.c. SEK 359 m (487)

- EBITA Margin 23.4% (26.2%)
- Reduction due to lower net sales
- Margin resilience supported by sales mix, technology shift and cost reductions

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







# MOBILE COOLING SOLUTIONS Q2 2024

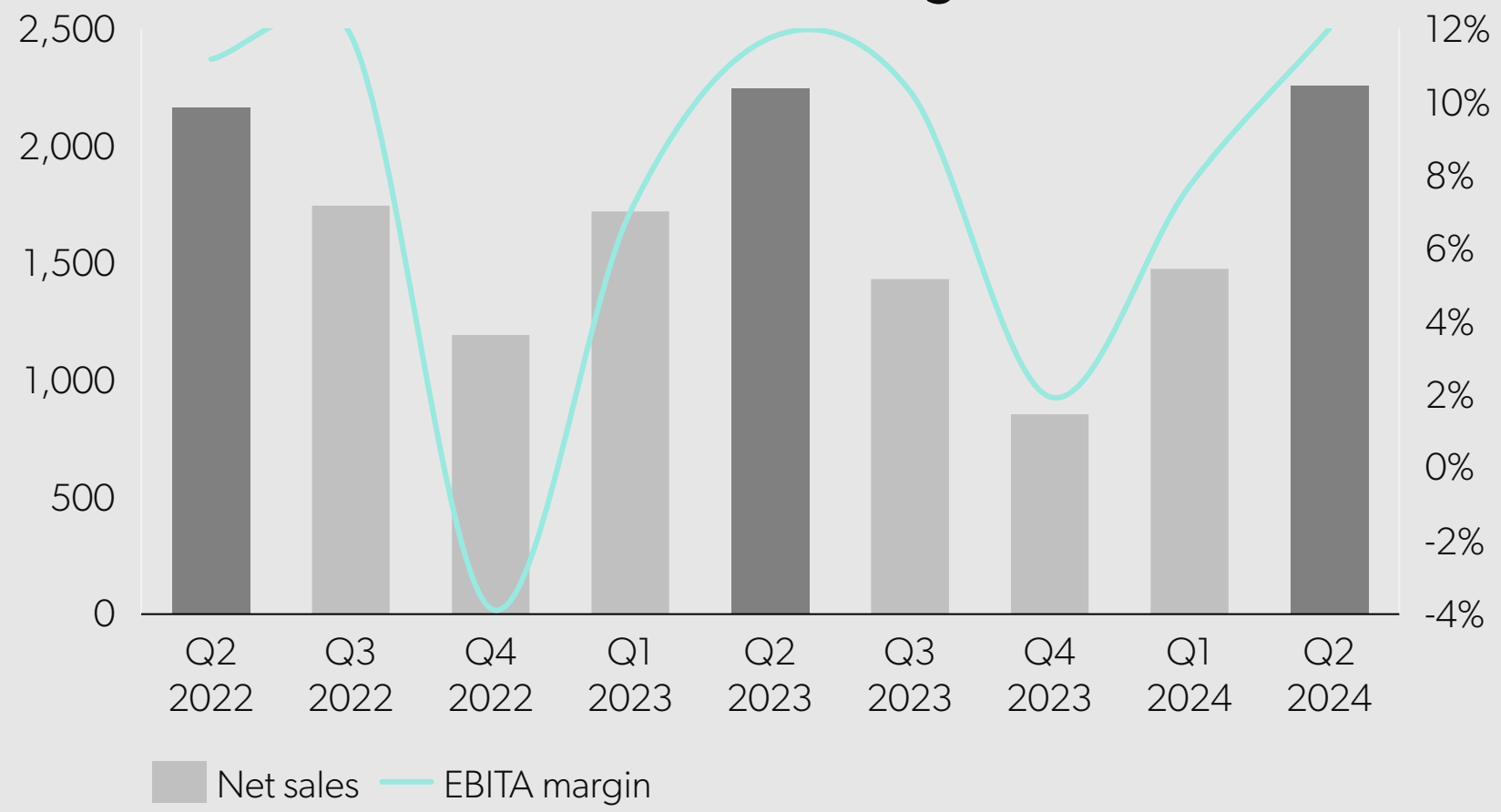
**Net sales SEK 2,256 m, +1%**

- Organic growth 0%
- Recovery continued as expected
- Retailer inventories in the US have come down
- Retailer sell through of hard side coolers in the US +2.4% YTD. Igloo +4.3%
- Successful launch of Igloo ICF - active cooling in the US

**EBITA before i.a.c. SEK 270 m (262)**

- EBITA Margin 12.0% (11.7%)
- Q2 2023 was 10.2% excluding positive one-off effect of SEK 33 m
- Product innovation and cost reductions are contributing

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







# GLOBAL VENTURES Q2 2024

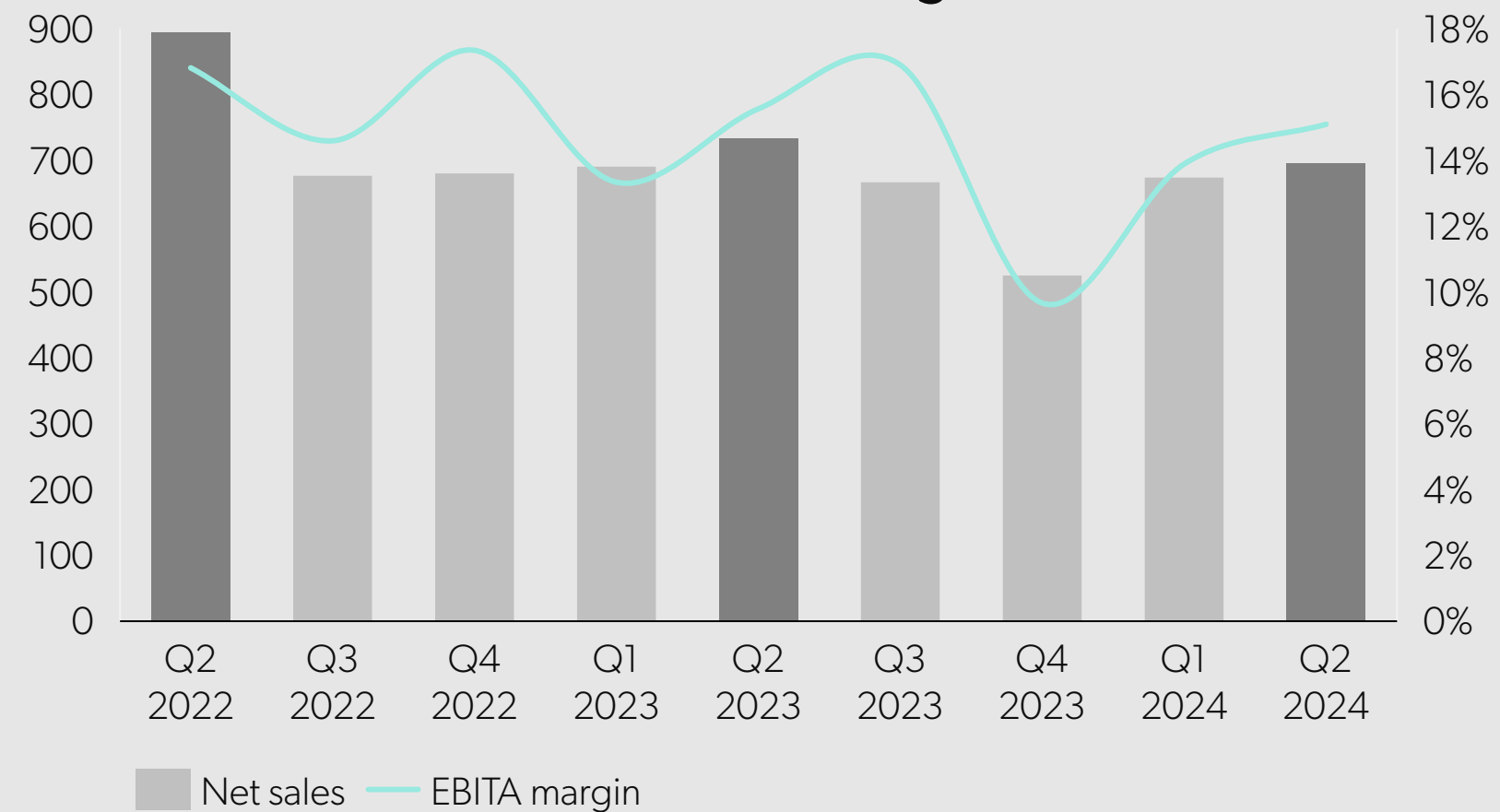
### Net sales SEK 695 m, -5%

- Organic growth -5%
- Decline driven by Residential

### EBITA before i.a.c. SEK 105 m (114)

- EBITA Margin 15.1% (15.6%)
- Impacted by lower net sales
- R&D investments in new Mobile Power products and solutions

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





# MOBILE COOLING SOLUTIONS

## NEW DOMETIC ACTIVE COOLER - CFX2

- Range expansion to our highly successful Dometic CFX3 series
- Introduced in the US first – global availability in Q3
- Available in new color in four different sizes from 28 to 58 liters
- Retail prices from \$ 600





# VEHICLE BASED ACTIVITIES

## LAUNCH - TURBO COOKER AND CAMP SHELTER

### Cadac Dometic 2 Cook 3 Turbo camping stove

- Lightweight stove with turbo burners for strong performance
- Reduces gas consumption & boiling time by up to 40%
- Available in EMEA and APAC with retail price of €199.95

### Dometic Go Camp Shelter

- Compact camp shelter made with lightweight aluminum
- Material produced with lower environmental impact
- Available in EMEA with retail price of 299 €





# MOBILE POWER SOLUTIONS

## NEW PORTABLE BATTERY - PLB15

- Durable but lightweight, powerful 12V output in 180W
- A reliable source of power for portable electronic devices such as active coolers, laptops etc
- Available in EMEA. Introduction in Americas & APAC in Q3
- Retail price: 279€





# SUSTAINABILITY AND INNOVATION

## LTIFR<sup>1)</sup> better than target

- Efforts focusing on injury prevention continue throughout the organization

## Female representation in management 29%

- Driven by increased focus on diversity, equity and inclusion initiatives

## CO<sub>2</sub> ratio reduced 45%, better than 2024 target

- Scope 1 & 2 emissions reduced by transitioning to renewable electricity

## ESG audits at 94%, above target of >90%

- Remaining suppliers are scheduled to be audited during Q3

## Product innovation index improved to 19% (15%)

- Product innovation is a major driver for reducing CO<sub>2</sub> emissions

KPI	Focus area	Actual	Actual last year	Target
LTIFR <sup>1)</sup>	People	1.9	1.9	<2.0
Share of female managers	People	29%	27%	27%
CO <sub>2</sub> ton / Net sales SEK m	Planet	-45%	-43%	-30%
ESG audits of new suppliers	Governance	94%	100%	>90%
Product Innovation Index	Planet	19%	15%	25%

## 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

Offer innovative, durable and low-carbon products that support circularity

### GOVERNANCE

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



A scenic landscape featuring large, rounded boulders in the foreground and middle ground, surrounded by scrubby vegetation. The background shows rolling hills under a clear sky. The text is overlaid in the center.

# STEFAN FRISTEDT

CFO



# Q2 2024 EBITA DEVELOPMENT

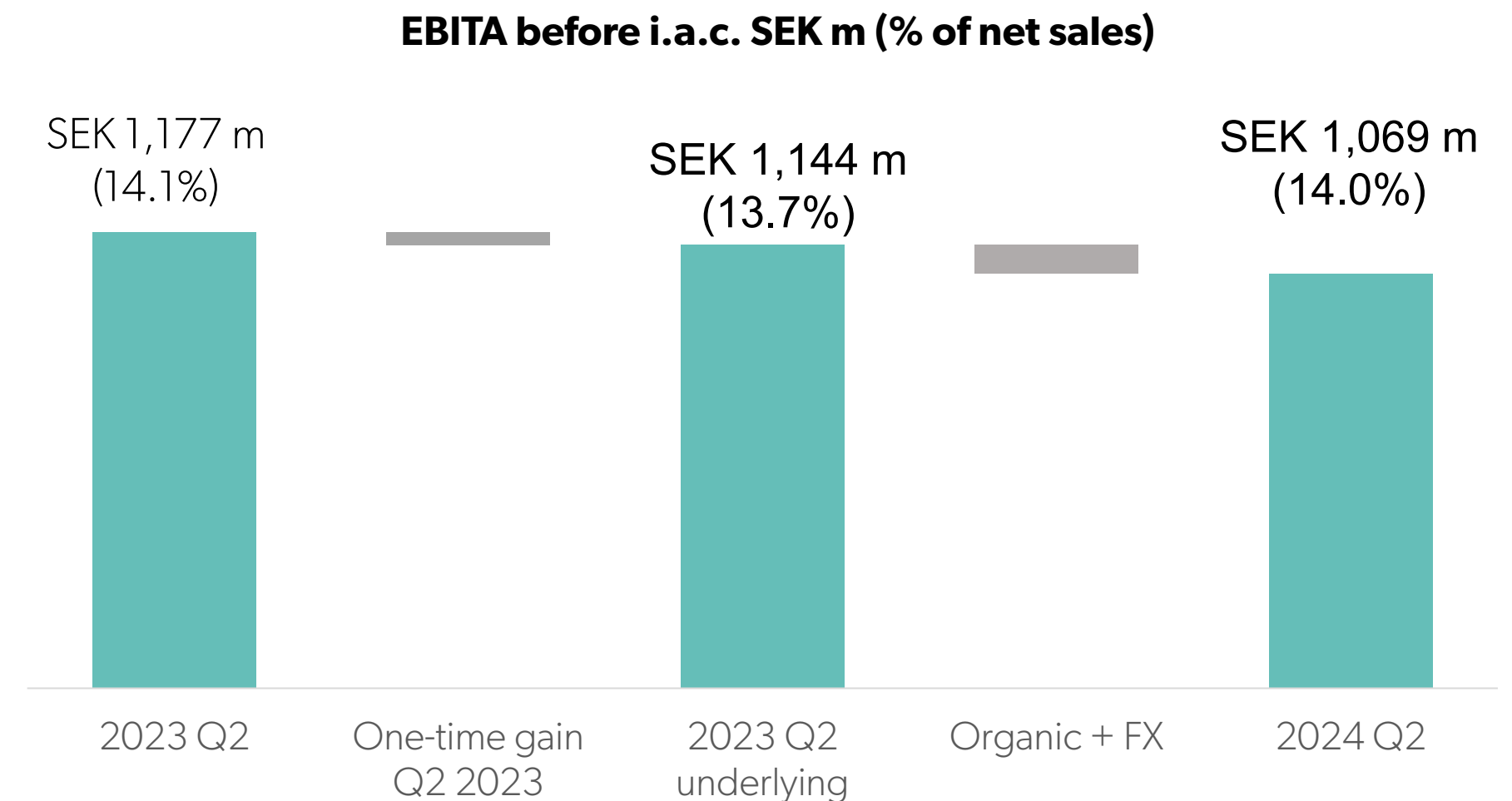
## Underlying margin improved to 14.0% (13.7%)

- One-time positive gain in Q2 2023 of SEK 33 m related to Mobile Cooling Solutions

## Organic + FX

- **Organic sales decline**
- **Gross margin improved to 28.3% (28.0%)**
  - Underlying improvement to 28.3% (27.6%)
  - Efficiency improvements including the closure of the manufacturing in Siegen
  - Lower raw material costs
  - Sales mix and price management
- **R&D and SG&A expenses 14.6% (14.0%) of sales**
  - Continued R&D investments in strategic growth areas
  - Partly offset by cost reductions in SG&A
- **Limited YoY impact from FX on the margin**

**No effect from M&A**





# CASH FLOW

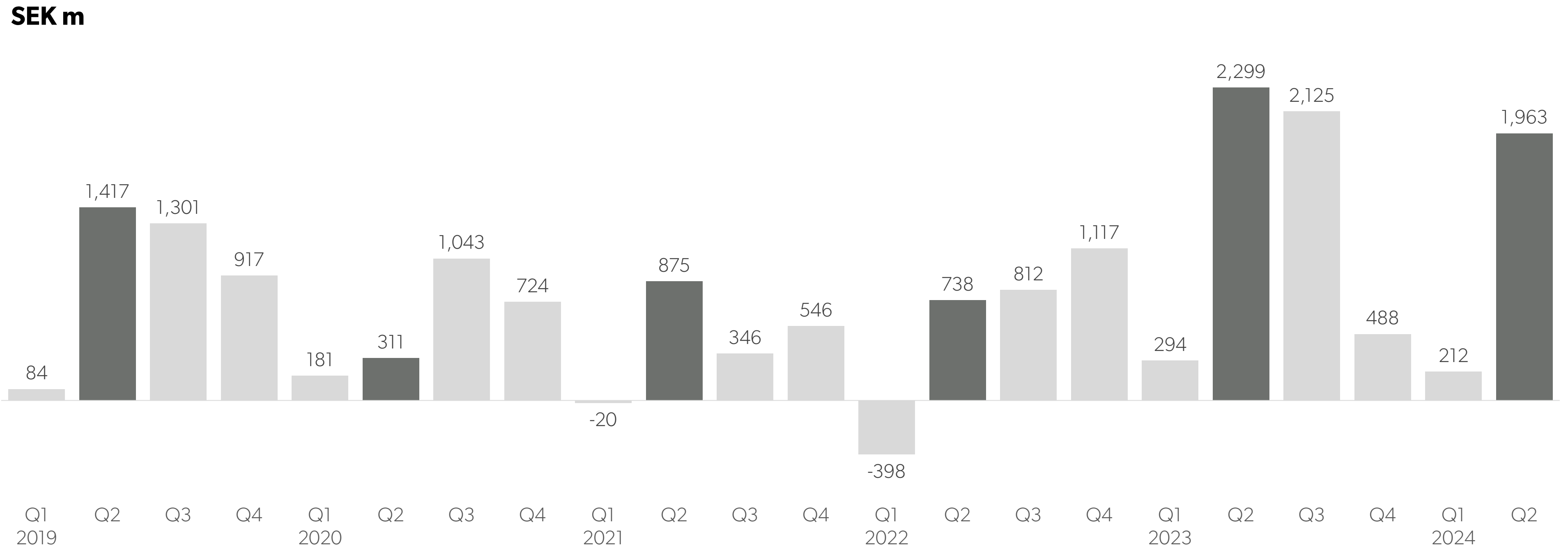
## Q2 2024

- **Operating cash flow SEK 1,963 m (2,299)**
  - Strong performance supported by reduced inventories and focused activities on working capital management
- **Income tax paid SEK -167 m (-209)**
  - YTD 2024 P&L tax rate 30% (27%) due to a country mix with more taxable profits in higher tax jurisdictions and non-tax-deductible interest costs
- **Financing SEK -818 m (548)**
  - Dividend paid SEK -607 m (-415)
  - The net of paid and received interest was SEK -320 m (-258)
  - SEK 750 m private placement bond signed in the second quarter 2023

SEK m	Q2 2024	Q2 2023
EBIT	903	985
Adjustments for non-cash items	345	573
Changes in Working Capital	801	864
Investments in fixed assets	-85	-122
<b>Operating cash flow</b>	<b>1,963</b>	<b>2,299</b>
Income tax paid	-167	-209
Acquisitions/divestments net	0	-418
Other	11	1
Net cash flow from financing	-818	548
<b>Cash flow for the period</b>	<b>990</b>	<b>2,221</b>



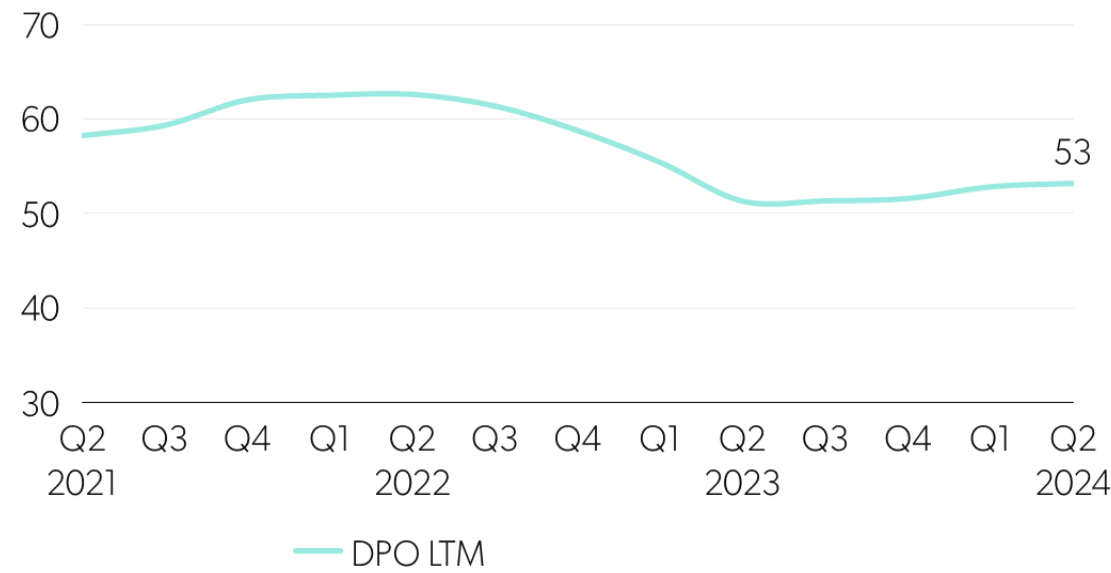
# STRONG OPERATING CASH FLOW



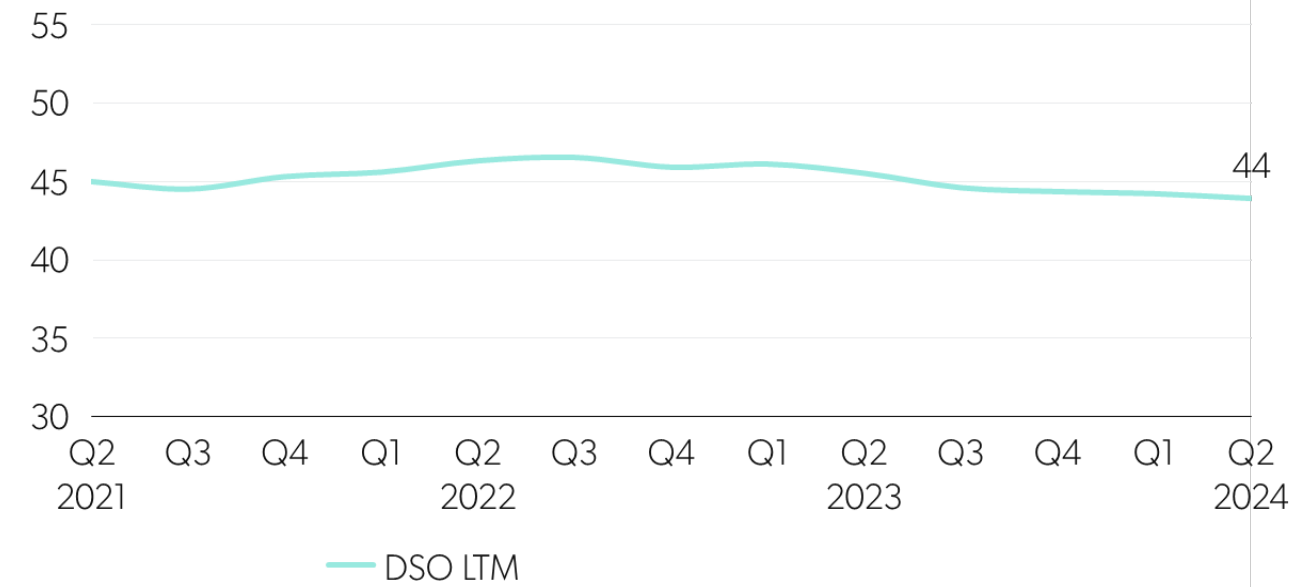


# WORKING CAPITAL

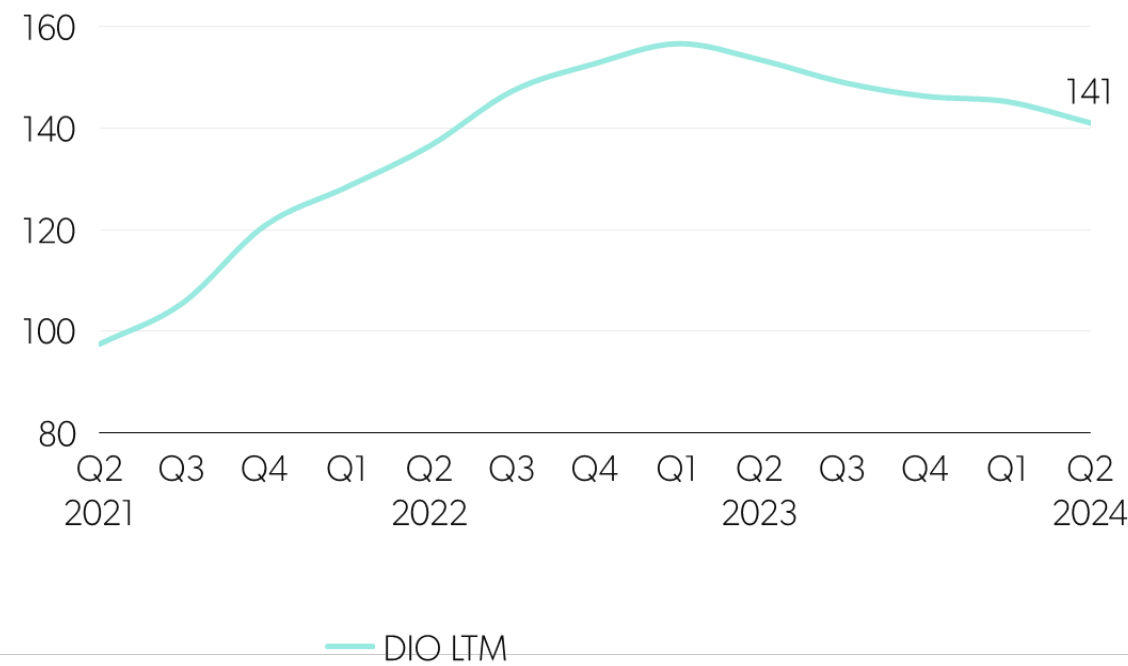
**ACCOUNTS PAYABLE**



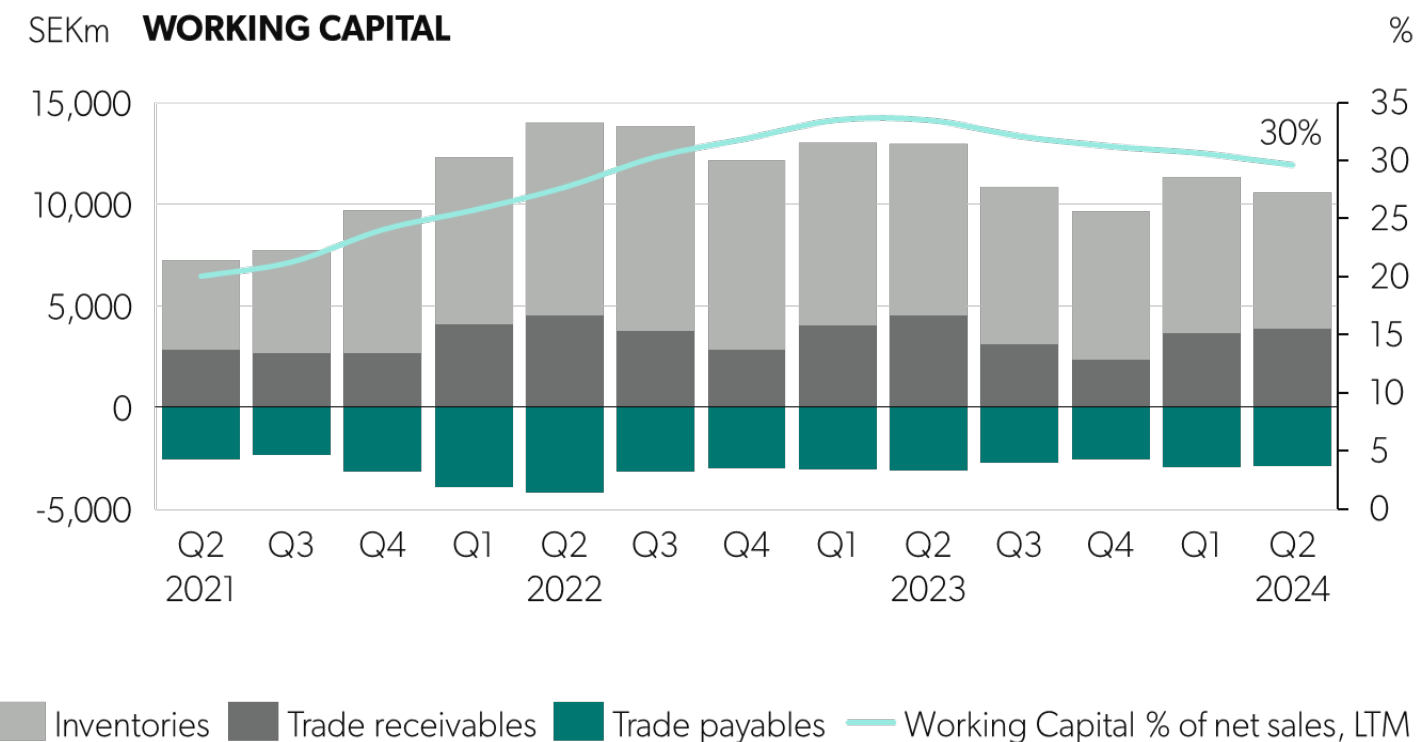
**ACCOUNTS RECEIVABLES**



**INVENTORIES**



**WORKING CAPITAL**



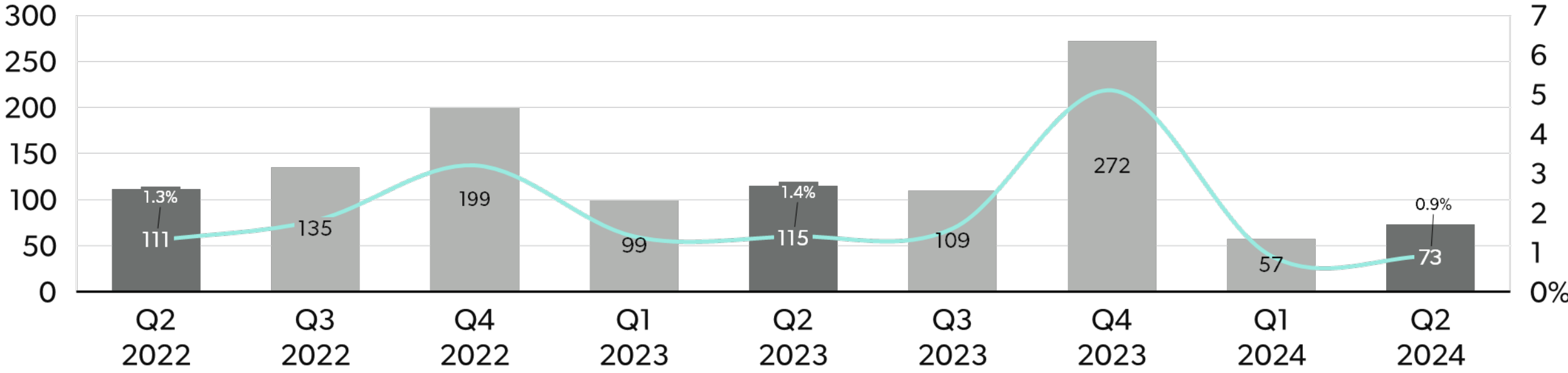
- Working capital last 12 months 30% (34%) of net sales
- Inventory balance SEK 6.7 b (8.4)
  - Number of days 141 (153), gradually decreasing
- Continuous actions to optimize Working capital towards target 20% of net sales

CWC = Core Working Capital  
LTM = Last 12 Months



# CAPEX AND RESEARCH & DEVELOPMENT

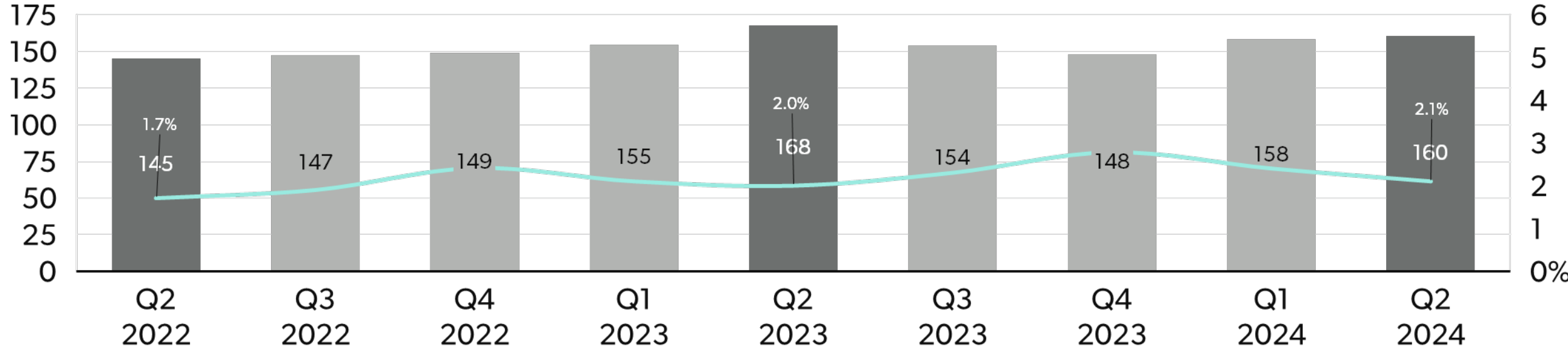
## CAPEX



**Q2 2024 CAPEX 0.9% (1.4%) of net sales**

- Last 12 months: 1.9% of net sales

## R&D

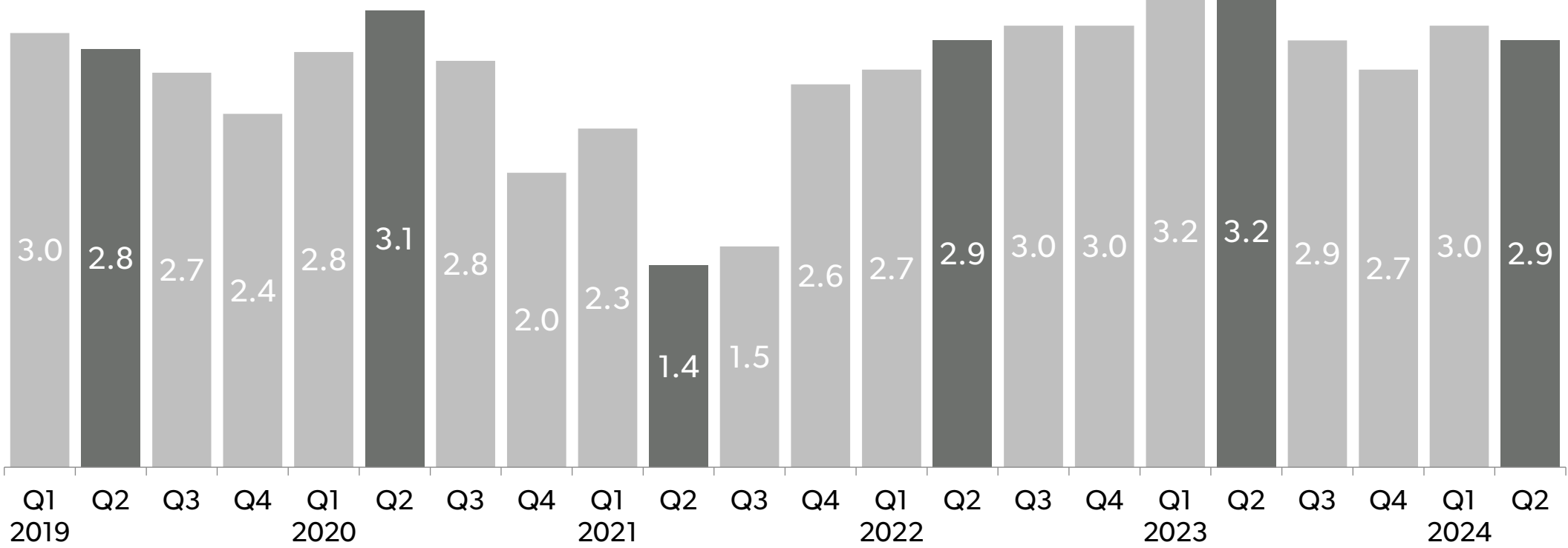


**Q2 2024 R&D 2.1% (2.0%) of net sales**

- Includes capitalized development expenses of SEK 11 m
- Investments in structural growth areas
- Last 12 months: 2.4% of net sales



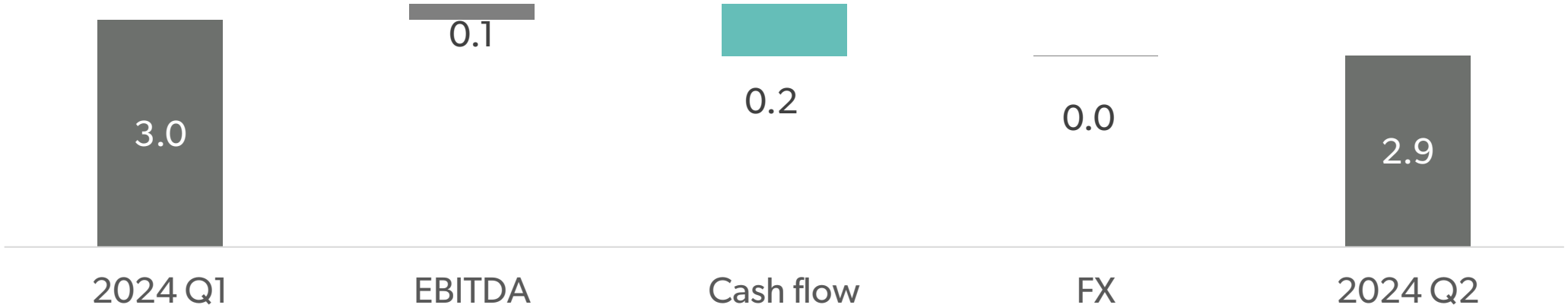
# NET DEBT TO EBITDA LEVERAGE RATIO



**Net debt leverage ratio 2.9x (3.2x) and compared to 3.0x in Q1 2024**

- YoY and sequential improvement driven by strong operating cash flow
- High focus across the organization on protecting margin and reducing working capital

**Q1 2024 to Q2 2024 development**



**Committed on achieving our leverage target of around 2.5x**

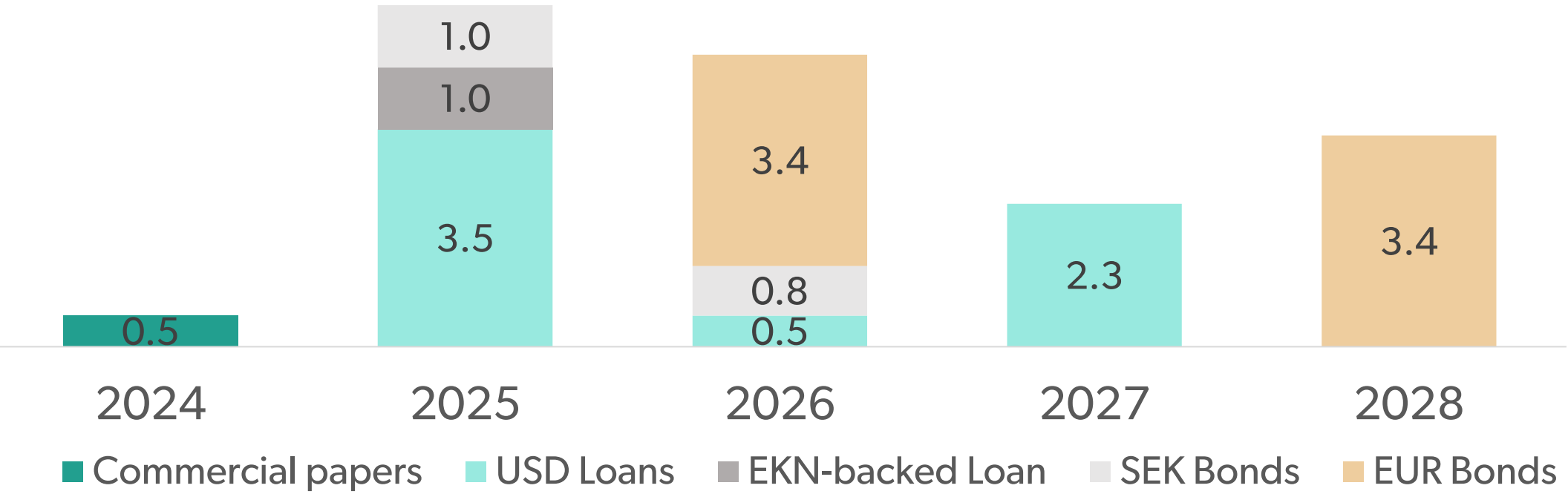
- Expect leverage to trend down during the year



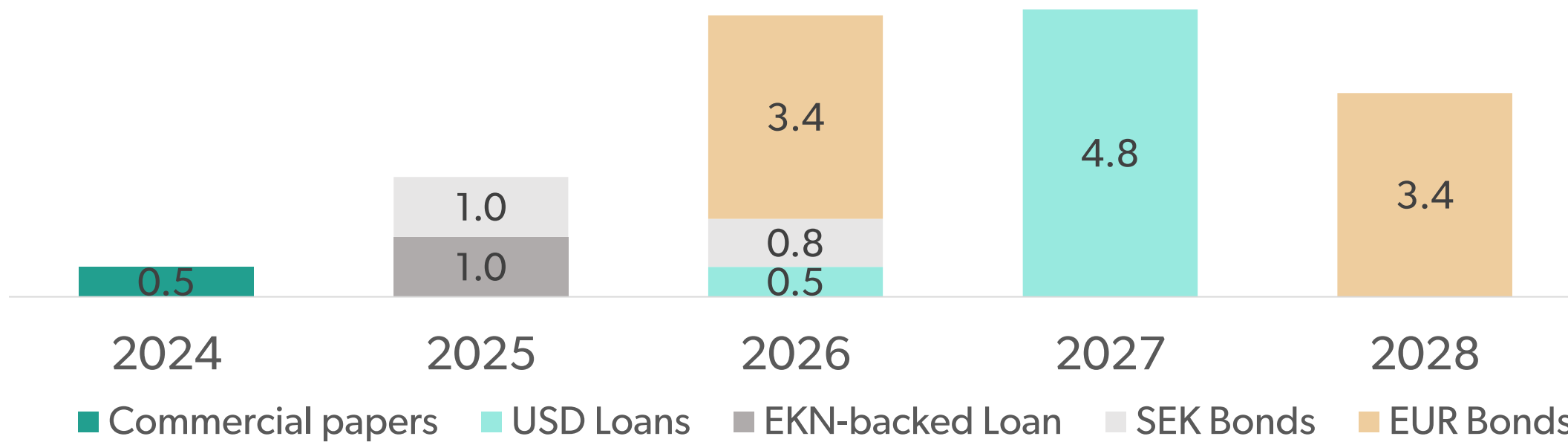
# DEBT MATURITY PROFILE

SEK B

June 30, 2024. Average maturity rate 2.2 years



July 1, 2024. After refinancing. Average maturity rate 2.5 years



- **Refinanced the second part of the credit facilities agreement with the bank group in March 2024:**
  - The term loan of USD 333 m previously maturing in 2025, was extended until 2027 with option to extend 1+1 year
  - Amortized USD 100 m on July 1, 2024
  - The RCF increased by EUR 80 m, now totals EUR 280 m
  - Both the term loan and the increase of the RCF were signed in March and will come into effect in July 2024

- **Average maturity rate after refinancing 2.5 years (3.0 years including extension options)**
- **Average interest rate 5.0%**



# Q2 2024 SUMMARY

## Business highlights

- Continued performance improvements
  - Improved margin, strong operating cash flow and leverage trending down
  - Net sales recovered in Distribution and Service & Aftermarket
- Remains difficult to predict how macroeconomic situation and changed purchasing patterns will impact the business in the short-term. Our planning assumptions:
  - Service & Aftermarket and Distribution – continued gradual recovery
  - OEM – continued weak demand short-term

## Strategic highlights

- Driving strategic agenda to deliver on our targets
- More balanced business mix and continuous efficiency improvements are generating results
- Investing in strategic growth areas. Several new products launched, and the product innovation index is increasing
- Will continue prioritizing margin expansion and reviewing our existing product portfolio





# Q&A



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 **DOMETIC**