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# REPORT ON THE THIRD QUARTER 2020

## STRONG MARKET DEMAND AND IMPROVED PROFITABILITY

- Net sales for the quarter were SEK 4,466 m (4,605); a decrease of -3%. Organic growth was 3%. Strong growth in orders booked led to a record order backlog.
- Operating profit before depreciation and amortization (EBITDA) for the quarter improved to SEK 867 m (792), representing a margin of 19.4% (17.2%).
- Operating profit (EBIT) before items affecting comparability for the quarter improved to SEK 690 m (619), representing a margin of 15.5% (13.5%).
- Items affecting comparability for the quarter were SEK -14 m (-37) and were related to restructuring costs for the global restructuring program.
- Operating profit (EBIT) for the quarter improved to SEK 676 m (583), representing a margin of 15.1% (12.7%).
- Cash flow for the quarter was SEK 730 m (990). Operating cash flow was SEK 1,043 m (1,301).
- Profit for the quarter was SEK 281 m (372) negatively impacted by tax provisions for ongoing foreign tax disputes. Excluding these provisions, profit improved compared to last year.
- Earnings per share for the quarter were SEK 0.95 (1.26).

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## CEO COMMENT

"We experienced a rapid recovery in the third quarter after a difficult and unprecedented second quarter. Organic net sales growth ended up at 3 percent and EBIT margin before items affecting comparability in the quarter showed a strong improvement to 15.5 percent from 13.5 percent last year. Thanks to a strong growth in orders booked we achieved a record order backlog at the end of the quarter. After a fast and successful reduction of our cost base in the second quarter, customer demand increased sharply in June and July resulting in certain constraints in our supply chain and a subsequent effect on net sales. Additionally, pro-active measures to contain COVID-19 cases in some of our American factories impacted net sales negatively. We will continue to increase capacity to meet the strong demand we foresee in the coming quarters.

A further increase in end-user appetite for staycation and outdoor activities is driving demand for our products across the portfolio. The increased demand is also visible in the number of visits to our website Dometic.com, which has shown an accelerated growth of more than 70 percent, year-to-date.

During the second half of the quarter we started to deliver on the previously communicated contracts for cooling compartments with automotive customers in Americas and we expect a further ramp-up in deliveries during the coming quarters. It is also encouraging to see that our aftermarket business grew by 13 percent organically in the quarter. In Asia Pacific we experienced a strong sales recovery in July whereas the second COVID-19 related lockdown in Australia impacted the business negatively in August and September.

The improvement of the EBIT margin before items affecting comparability to 15.5 percent from 13.5 percent was driven by a significant growth in aftermarket sales and successful cost reductions, despite negative currency effects and a negative impact of COVID-19. Costs associated with tariffs were as expected and impacted the third quarter by SEK -55 million compared to SEK -86 million last year.

Strategy implementation continues at high pace. Resources, capabilities and new products are being added to our identified global growth areas to capture opportunities from a market that is drawn to the outdoor lifestyle. The innovation index improved to 21% from 16% a year ago and our pipeline of new products guarantees a continuous increase. The global restructuring program is progressing well, and a further four sites were affected in the third quarter. The SKU reduction improved to 44 percent by the end of the quarter, which already exceeds the 2021 reduction target of 40 percent.

We are very proud of the strong results that the entire organization has achieved, particularly considering the challenges created by the unprecedented lockdowns we experienced worldwide in the second quarter and the business acceleration we saw in the third quarter. While the COVID-19 pandemic continues to create uncertainty, we foresee the coming quarters to be strong considering the existing market demand, the considerably lower retail inventory levels compared to historical levels and the substantial growth in orders booked that we have experienced in recent months. As a leading outdoor company, Dometic is well positioned for continued growth and margin expansion. We are confident about the long-term positive trends in the Mobile Living Industry and remain fully committed to delivering on our strategic direction and financial targets."

*Juan Vargues President and CEO*

## PRESENTATION OF THE REPORT

Analysts and media are invited to participate in a telephone conference at 10.00 (CEST) October 23, 2020, during which President and CEO, Juan Vargues, and CFO, Stefan Fristedt, will present the report and answer questions.

Sweden: +46 8 505 583 57 UK: +44 333 300 92 65 US: + 1 646 722 49 03  
Webcast URL and presentation are available at [www.dometic.com](http://www.dometic.com).

## ABOUT DOMETIC

Dometic is a global market leader in branded solutions for mobile living in the areas of Food & Beverage, Climate, Power & Control and Other Applications. Dometic operates in the Americas, EMEA and Asia Pacific, providing products for use in recreational vehicles, pleasure and workboats, trucks and premium cars and for a variety of other uses. Our motivation is to create smart and reliable products with outstanding design. We sell our products in approximately 100 countries and we have a global distribution and dealer network in place to serve the aftermarket. Dometic employs approximately 7,200 people worldwide, had net sales of approximately SEK 18.5 billion in 2019 and is headquartered in Stockholm, Sweden.

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**FOR FURTHER INFORMATION, PLEASE CONTACT**

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