

REPORT ON THE THIRD QUARTER 2023

IMPROVED EBITA MARGIN AND STRONG CASH FLOW

THIRD QUARTER 2023

- Net sales were SEK 6,830 m (7,576); a decrease of -10%, of which -12% was organic growth.
- Operating profit (EBITA) before items affecting comparability was SEK 973 m (1,057), corresponding to a margin of 14.3% (14.0%).
- Operating profit (EBIT) was SEK 788 m (575), corresponding to a margin of 11.5% (7.6%).
- Profit for the quarter was SEK 412 m (436).
- Earnings per share were SEK 1.29 (1.36). Adjusted earnings per share were SEK 1.71 (2.53).
- Cash flow for the quarter was SEK -1,961 m (488). A bond of EUR 300 m was repaid using cash at hand. Operating cash flow was SEK 2,125 m (812).
- Net debt to EBITDA leverage ratio at the end of the period was 2.9x (3.0x), compared to 3.2x at end of the second quarter 2023.

CEO COMMENT

"We are pleased to announce the third quarter results with an improved EBITA margin before items affecting comparability of 14.3 percent (14.0) and our second best quarterly operating cash flow ever of SEK 2.1 b (0.8), despite the challenging macroeconomic situation and market conditions. The net debt to EBITDA leverage ratio improved sequentially to 2.9x and we are heading towards our target of around 2.5x.

Net sales in the quarter totaled SEK 6,830 m (7,576), which represents an organic net sales decline by 12 percent. The situation in the Service & Aftermarket sales channel continues to improve gradually and organic net sales declined by 5 percent compared to a decline by 10 percent in the second quarter. Organic net sales in the Distribution sales channel declined by 13 percent as retailers are re-balancing their inventories with a temporary negative impact on the Igloo business. Net sales in the OEM sales channel declined by 16 percent organically due to lower net sales in the Marine segment and lower RV OEM net sales in Americas.

The improved EBITA margin was driven by segments EMEA, Global and APAC, where selective pricing and cost reduction measures are generating results. While RV production in the US remains significantly below last year, segment Americas delivered a positive EBITA for the quarter supported by efficiency improvements and organic net sales growth in Service & Aftermarket. The Igloo business delivered a margin on a par with last year despite lower net sales. It is encouraging to see how our integration activities are generating results, and following several customer meetings introducing the 2024 Mobile cooling portfolio, we feel highly optimistic about the future.

Segment Marine saw organic net sales decline by 15 percent due to lower industry boat production. After three years of strong organic growth, we experienced a slowdown in the quarter. The robust EBITA margin of 23.8 percent (25.7) shows how continuous efficiency improvements and investments in product innovation are generating results. Net sales in the Marine Service & Aftermarket sales channel were stable giving further resilience to the EBITA margin.

Our short-term focus on adjusting capacity and improving cash flow is generating results and operating cash flow improved significantly supported by continued inventory reductions. Compared to a year ago, inventories have declined by more than SEK 2 b. and we expect further reduction going forward.

The innovation index improved sequentially to 16 percent compared to 15 percent in the second quarter. Our short-term focus on reducing inventories, by driving sales on existing products, is having a temporary negative impact on the index. The pipeline of new products is robust and we expect to see progress towards our innovation index target of 25 percent as inventories of existing products are sold. We are increasing product development investments, most specifically in strategic structural growth areas such as Marine Steering Systems, Mobile Power Solutions and Mobile Cooling. In addition we are strengthening our organization around Sustainability, and the Sustainability KPIs are progressing towards our 2024 targets.

The long-term trends in the Mobile Living industry are strong, however it remains difficult to predict how the current macroeconomic situation and market conditions will impact the business in the short term. We anticipate the recovery in demand in the Service & Aftermarket sales channel to continue. In the Distribution sales channel we expect a somewhat softer demand for a few quarters as retailers are re-balancing their inventories, and expect the positive margin development year-on-year in Distribution to continue. In the OEM sales channel we foresee a continued gradual weakening in demand over the coming quarters, with the exceptions of RV Americas, where we expect to see a stabilization by the end of the year and CPV where we expect to see continued good demand.

While we will continue to be impacted by normal sales seasonality, the results in the last quarters show that we are transforming Dometic into a more diversified, effective and resilient consumer-oriented company. We will continue to relentlessly drive our strategic agenda to deliver on our targets, prioritize margins before volumes, and at the same time remain agile to quickly respond to short-term market trends."

Juan Vargues President and CEO

ABOUT DOMETIC

Dometic is a global market leader in the mobile living industry. Millions of people around the world use Dometic products in outdoor, residential, and professional applications. Our motivation is to create smart, sustainable, and reliable products with outstanding design for an outdoor and mobile lifestyle in the areas of Food & Beverage, Climate, Power & Control, and Other Applications. Dometic employs approximately 8,000 people worldwide, had net sales of SEK 29.8 billion in 2022 and is headquartered in Solna, Sweden.

PRESENTATION OF THE REPORT

Analysts and media are invited to participate in a telephone conference at 10.00 (CEST) October 26, 2023, during which President and CEO, Juan Vargues, and CFO, Stefan Fristedt, will present the report and answer questions.

Webcast link: <https://dometic.videosync.fi/2023-10-26-q3-2023/register>

To participate in conference call to ask questions

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://events.inderes.se/teleconference/?id=100376>

Webcast URL and presentation are also available at <https://www.dometicgroup.com/en/investors>

This information is information that Dometic Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CEST on October 26, 2023.

FOR FURTHER INFORMATION, PLEASE CONTACT

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