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## REPORT ON THE THIRD QUARTER 2019

- Net sales for the quarter were SEK 4,605 m (4,501); an increase of 2%, of which -6% was organic growth.
  - Operating profit before depreciation and amortization (EBITDA) for the quarter was SEK 792 m (835), representing a margin of 17.2% (18.6%).
  - Operating profit (EBIT) for the quarter was SEK 583 m (702), representing a margin of 12.7% (15.6%).
  - Items affecting comparability in the quarter were SEK -37 m (-) and related to initial restructuring measures executed in Q3.
  - Operating profit (EBIT) before items affecting comparability for the quarter was SEK 619 m (702), representing a margin of 13.5% (15.6%).
  - Cash flow for the quarter was SEK 990 m (1,941). Operating cash flow was SEK 1,301 m (843).
  - Profit for the quarter was SEK 372 m (435).
  - Earnings per share: SEK 1.26 (1.47).
  - In line with the strategic direction presented at the capital markets day, a global restructuring program was launched after the end of the quarter.
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### CEO COMMENT

“Market conditions in the quarter remained similar to what we have seen throughout 2019. Despite a challenging global trading environment impacting us in the quarter, we are pleased with our underlying performance delivering net sales growth of 2 percent, continued high operating profit and a strong cash flow.

Our focus continues to be delivering on initiatives that support our long-term strategy. A number of key hirings are in place to drive new growth areas and aftermarket focus. The innovation index is rising and is now at 16 percent and we have seen a 14 percent SKU reduction during the first nine months. I am also pleased to see inventory reduction progressing at a good rate whilst the opening of a larger site in Mexico in August will make us more competitive going forward.

During the last 18 months we revised and started the execution of our strategy to build an even stronger and more profitable company long term by broadening our addressable market, increasing our efficiency and further reducing our exposure to cyclicity and seasonality. As part of our strategy, and considering the current market situation, we are now accelerating the optimization of operational structures by launching a global restructuring program. The program focuses on outsourcing of non-core activities and consolidation of locations. The execution of this program, in combination with a strong financial position, will allow us to deliver on our financial targets and take full advantage of the many opportunities ahead.

The restructuring program is estimated to generate positive annualized effects on earnings of approximately SEK 400 m when fully implemented. We anticipate that the effect will gradually become apparent from the beginning of 2021, achieving its full impact in the middle of 2022. The cost of implementing the program will be around SEK 750 m. It is estimated that the majority of the cost will be charged in the coming 18 months. Approximately 20 locations, including manufacturing, warehouses and offices, and 1,500 employees working in these locations will be affected by the program.

In the short term, the uncertainty in some of our markets remains. Due to continued challenging market conditions in the Americas and the additional impact of US tariffs, the new full year 2019 outlook is negative organic growth, an EBIT margin around 13.5 percent. Leverage excluding acquisitions is expected to be around 2.4x by the end of 2019.”

*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 24, 2019, during which President and CEO, Juan Vargues and CFO, Stefan Fristedt, will present the report and answer questions.

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Webcast URL and presentation are available at [www.dometic.com](http://www.dometic.com).

*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 24, 2019.*

### FOR FURTHER INFORMATION, PLEASE CONTACT

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### 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 8,000 people worldwide, had net sales of approximately SEK 18.0 billion in 2018 and is headquartered in Stockholm, Sweden.