

QUARTERLY REPORT

Q3 2020

Solna, October 23, 2020

STRONG MARKET DEMAND AND IMPROVED PROFITABILITY

THIRD QUARTER 2020

- 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).

FIRST NINE MONTHS 2020

- Net sales for the period were SEK 11,993 m (14,584); a decrease of -18%. Organic growth was -17%.
- Operating profit before depreciation and amortization (EBITDA) for the period was SEK 1,968 m (2,710), representing a margin of 16.4% (18.6%).
- Operating profit (EBIT) before items affecting comparability for the period was SEK 1,473 m (2,138), representing a margin of 12.3% (14.7%).
- Items affecting comparability for the period were SEK -107 m (-37), of which SEK -98 m were related to restructuring costs for the global restructuring program.
- Operating profit (EBIT) for the period was SEK 1,366 m (2,101), representing a margin of 11.4% (14.4%).
- Cash flow for the period was SEK 2,649 m (1,483). Operating cash flow was SEK 1,534 m (2,804).
- Profit for the period was SEK 611 m (1,278).
- Earnings per share for the period were SEK 2.07 (4.32).

FINANCIAL OVERVIEW

SEK m	Q3	Q3	YTD	YTD	LTM	FY
	2020	2019	2020	2019	2020	2019
Net sales	4,466	4,605	11,993	14,584	15,912	18,503
EBITDA	867	792	1,968	2,710	2,413	3,155
% of net sales	19.4%	17.2%	16.4%	18.6%	15.2%	17.1%
Operating profit (EBIT) before items affecting comparability ⁽¹⁾	690	619	1,473	2,138	1,771	2,435
% of net sales	15.5%	13.5%	12.3%	14.7%	11.1%	13.2%
Operating profit (EBIT)	676	583	1,366	2,101	1,604	2,338
% of net sales	15.1%	12.7%	11.4%	14.4%	10.1%	12.6%
Profit for the period	281	372	611	1,278	659	1,325
Earnings per share, SEK	0.95	1.26	2.07	4.32	2.22	4.48
Cash flow for the period	730	990	2,649	1,483	3,328	2,162
Operating cash flow ⁽²⁾	1,043	1,301	1,534	2,804	2,450	3,721
Core working capital	3,524	4,031	3,524	4,031	3,524	3,238
Investments in fixed assets	-53	-71	-170	-247	-284	-361
RoOC	21.5%	28.8%	21.5%	28.8%	21.5%	28.3%

⁽¹⁾See Note 5 Items affecting comparability.

⁽²⁾Net cash flow from operations after investments in fixed assets and excluding income tax paid.



CEO COMMENTS

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.

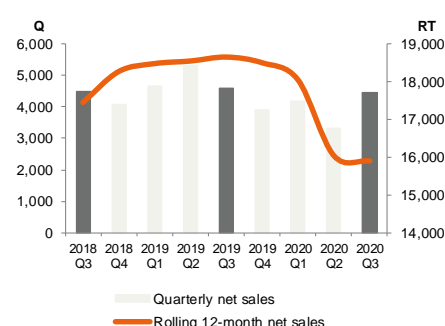
The improvement of the EBIT margin before items affecting comparability to 15.5 percent from 13.5 percent was driven by a significant growth in aftermarket sales and successful cost reductions, despite negative currency effects and a negative impact of COVID-19. Costs associated with tariffs were as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

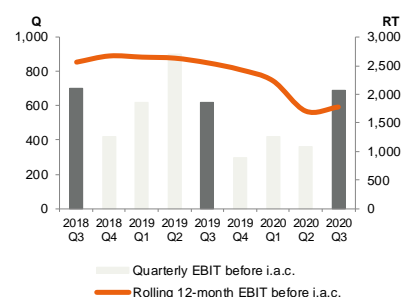
We are very proud of the strong results that the entire organization has achieved, particularly considering the challenges created by the unprecedented lockdowns we experienced worldwide in the second quarter and the business acceleration we saw in the third quarter. While the COVID-19 pandemic continues 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

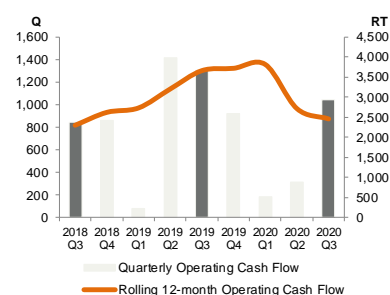
Net Sales, SEK m



Operating profit (EBIT) before i.a.c., SEK m



Operating cash flow, SEK m



FINANCIAL SUMMARY – THIRD QUARTER 2020

Net sales were SEK 4,466 m (4,605), a decrease of -3% compared with the same quarter last year. This comprised +3% organic growth, -6% currency translation and 0% M&A. The impact due to COVID-19 was estimated to SEK -130 m.

Operating profit before depreciation and amortization (EBITDA) was SEK 867 m (792). The EBITDA margin was 19.4% (17.2%).

Operating profit (EBIT) before items affecting comparability was SEK 690 m (619). The EBIT margin before items affecting comparability was 15.5% (13.5%). The gross impact due to COVID-19 was estimated to SEK -30 m (-). The gross impact from tariffs was SEK -55 m (-86).

Items affecting comparability totaled SEK -14 m (-37) and were related to restructuring costs for the global restructuring program.

Operating profit (EBIT) was SEK 676 m (583). The EBIT margin was 15.1% (12.7%).

Financial items totaled a net amount of SEK -153 m (-82), including SEK -101 m (-110) in interest on external bank loans. Other FX revaluations and other items amounted to SEK -52 m (26) and financial income amounted to SEK 0 m (2).

Taxes totaled SEK -242 m (-129), corresponding to 46% (26%) of profit before tax. Current tax amounted to SEK -114 m (-100) and deferred tax to SEK -128 m (-29). The tax rate was negatively impacted by tax provisions for ongoing foreign tax disputes. Paid tax was 22% (20%).

Profit for the quarter was SEK 281 m (372) negatively impacted by tax provisions for ongoing foreign tax disputes.

Earnings per share for the quarter were SEK 0.95 (1.26).

Operating cash flow for the quarter was SEK 1,043 m (1,301).

Cash flow for the quarter was SEK 730 m (990).

Financial position. Leverage was 2.8x (2.7x) at the end of the third quarter 2020.

Global restructuring program. During the quarter, total costs relating to the global restructuring program amounted to SEK -14 m (-37). During the third quarter, a further four sites were affected impacting 18 employees.

Product development costs totalled SEK -85 m (-95) corresponding to 1.9% (2.1%) of net sales.

Significant events after the period. Henrik Fagrenius joined Dometic as the new head of EMEA on October 1, 2020.

FINANCIAL SUMMARY – FIRST NINE MONTHS 2020

Net sales were SEK 11,993 m (14,584), a decrease of -18% compared with the same period last year. This comprised -17% organic growth, 0% currency translation and 0% M&A. The impact due to COVID-19 was estimated to SEK -2.4 bn.

Operating profit before depreciation and amortization (EBITDA) was SEK 1,968 m (2,710). The EBITDA margin was 16.4% (18.6%).

Operating profit (EBIT) before items affecting comparability was SEK 1,473 m (2,138). The EBIT margin before items affecting comparability was 12.3% (14.7%). The gross impact due to COVID-19 was estimated to SEK -0.8 bn (-). The gross impact from tariffs was SEK -162 m (-176).

Items affecting comparability totaled SEK -107 m (-37) and were mainly related to restructuring costs for the global restructuring program.

Operating profit (EBIT) was SEK 1,366 m (2,101). The EBIT margin was 11.4% (14.4%).

Financial items totaled a net amount of SEK -383 m (-347), including SEK -305 m (-331) in interest on external bank loans. Other FX revaluations and other items amounted to SEK -84 m (-25) and financial income amounted to SEK 6 m (9).

Taxes totaled SEK -372 m (-475), corresponding to 38% (27%) of profit before tax. Current tax amounted to SEK -306 m (-410) and deferred tax to SEK -66 m (-65). The tax rate was negatively impacted by tax provisions for ongoing foreign tax disputes. Paid tax of 33% (24%) was higher compared to the same period last year, due to an internal transfer of intangible assets.

Profit for the period was SEK 611 m (1,278).

Earnings per share for the period were SEK 2.07 (4.32).

Operating cash flow for the period was SEK 1,534 m (2,804).

Cash flow for the period was SEK 2,649 m (1,483). An EKN-backed credit facility of SEK 2 billion in the second quarter as well as the withdrawn dividend for 2020 contributed positively compared to the same period last year.

Global restructuring program. During the period, total costs relating to the global restructuring program amounted to SEK -98 m (-37). 21 sites and approximately 740 employees have been affected so far.

Product development costs totalled SEK -256 m (-297) corresponding to 2.1% (2.0%) of net sales.

AMERICAS

THIRD QUARTER 2020 NET SALES AND OPERATING PROFIT (EBIT)

Americas reported net sales of SEK 2,400 m (2,472), representing 54% (54%) of Group net sales. Total growth was -3%, of which +5% was organic growth, -8% currency translation and 0% M&A. Net sales grew in application areas Food & Beverage, Power & Control and Other applications, while net sales declined in Climate Control.

Operating profit (EBIT) before items affecting comparability was SEK 383 m (296), representing a margin of 16.0% (12.0%). Items affecting comparability totaled SEK -8 m (-37) and related to restructuring measures implemented during the quarter. Operating profit (EBIT) was SEK 375 m (259). The gross impact from tariffs was SEK -55 m (-86) in the quarter. The improved margin was supported by cost reductions and by a favorable business mix with a higher share of aftermarket sales.

EMEA

THIRD QUARTER 2020 NET SALES AND OPERATING PROFIT (EBIT)

EMEA reported net sales of SEK 1,739 m (1,732), representing 39% (38%) of Group net sales. Total growth was 0%, of which +4% was organic growth, -4% currency translation and 0% M&A. Net sales grew in application areas Food & Beverage, Power & Control and Other applications, while net sales declined somewhat in Climate Control.

Operating profit (EBIT) before items affecting comparability was SEK 253 m (239), representing a margin of 14.6% (13.8%). Items affecting comparability totaled SEK -4 m (-) and related to restructuring measures implemented during the quarter. Operating profit (EBIT) was SEK 249 m (239). The improved margin was supported by cost reductions and by a favorable business mix with a higher share of aftermarket sales.

APAC

THIRD QUARTER 2020 NET SALES AND OPERATING PROFIT (EBIT)

APAC reported net sales of SEK 326 m (402), representing 7% (9%) of Group net sales. Total growth was -19%, of which -15% was organic growth, -5% currency translation and 0% M&A. After growth in July, net sales in August and September declined in parts of Australia due to a second wave of COVID-19 related lockdowns. Net sales in Asia grew. All application areas reported negative net sales growth as a consequence of the lockdowns in Australia.

Operating profit (EBIT) before items affecting comparability was SEK 53 m (84), representing a margin of 16.4% (20.9%). The decrease in operating profit and reduced margin were attributable to lower net sales and a negative geographical sales mix, partly offset by cost reductions. Items affecting comparability totaled SEK -2 m (-) and related to restructuring measures implemented during the quarter. Operating profit (EBIT) was SEK 51 m (84).

SEK m	Q3		Change (%)		YTD		Change (%)		LTM	FY
	2020	2019	Rep.	Adj. ⁽¹⁾	2020	2019	Rep.	Adj. ⁽²⁾		
Americas	2,400	2,472	-3%	5%	5,971	7,316	-18%	-18%	7,980	9,325
EMEA	1,739	1,732	0%	4%	5,006	6,023	-17%	-17%	6,455	7,472
APAC	326	402	-19%	-15%	1,016	1,245	-18%	-17%	1,478	1,707
Net sales	4,466	4,605	-3%	3%	11,993	14,584	-18%	-17%	15,912	18,503
Americas	383	296	30%	37%	600	953	-37%	-37%	743	1,096
EMEA	253	239	6%	11%	684	918	-26%	-26%	743	978
APAC	53	84	-36%	-30%	190	267	-29%	-29%	284	362
Operating profit (EBIT) before i.a.c.⁽²⁾	690	619	11%	18%	1,473	2,138	-31%	-31%	1,771	2,435
Americas	16.0%	12.0%			10.1%	13.0%			9.3%	11.8%
EMEA	14.6%	13.8%			13.7%	15.2%			11.5%	13.1%
APAC	16.4%	20.9%			18.7%	21.5%			19.2%	21.2%
Operating profit (EBIT) % before i.a.c.⁽²⁾	15.5%	13.5%			12.3%	14.7%			11.1%	13.2%

⁽¹⁾Represents change in comparable currency. ⁽²⁾Before items affecting comparability.

PARENT COMPANY DOMETIC GROUP AB (PUBL)

Third quarter 2020

The Parent Company Dometic Group AB (publ) comprises the functions of the Group's head office, such as Group-wide management and administration. The Parent Company invoices its costs to subsidiaries.

For the quarter, the Parent Company had an operating profit (loss) of SEK -10 m (8), including administrative expenses of SEK -45 m (-34) and other operating income of SEK 35 m (42), of which the full amount relates to income from subsidiaries.

Profit (loss) from financial items totaled SEK -107 m (-309), including interest income from subsidiaries of SEK 48 m (71), interest expense to subsidiaries of SEK - m (0) and other financial income and expenses of SEK -155 m (-379).

Profit (loss) for the quarter amounted to SEK -157 m (-3).

First nine months 2020

For the period, the Parent Company had an operating profit (loss) of SEK -5 m (6), including administrative expenses of SEK -143 m (-144) and other operating income of SEK 139 m (150), of which the full amount relates to income from subsidiaries.

Profit (loss) from financial items totaled SEK -259 m (-640), including interest income from subsidiaries of SEK 150 m (219), interest expense to subsidiaries of SEK - m (0) and other financial income and expenses of SEK -409 m (-859).

Profit (loss) for the period amounted to SEK -163 m (-14).

For further information, please refer to the Parent Company's condensed financial statements on page 10.

Solna, October 23, 2020

Juan Vargues
President and CEO

AUDITOR'S REPORT

Dometic Group AB (publ) reg. no. 556829-4390

Introduction

We have reviewed the condensed interim financial information (interim report) of Dometic Group AB (publ) as of 30 September 2020 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, October 23, 2020
PricewaterhouseCoopers AB

Anna Rosendal
Authorized Public Accountant

ANNUAL GENERAL MEETING 2021

Dometic Group's Annual General Meeting will be held on April 13, 2021, in Stockholm.

NOMINATION COMMITTEE – ANNUAL GENERAL MEETING 2021

In accordance with the resolution adopted by the 2020 Annual General Meeting (AGM), the Nomination Committee ahead of the 2021 AGM shall be composed of the Chairman of the Board of Directors together with one representative from each of the three largest shareholders, based on the ownership structure at August 31, 2020. Further details about the Nomination Committee are available on our website. www.dometic.com

CONSOLIDATED INCOME STATEMENT

SEK m	Q3	Q3	YTD	YTD	FY
	2020	2019	2020	2019	2019
Net sales	4,466	4,605	11,993	14,584	18,503
Cost of goods sold	-2,886	-3,081	-8,064	-9,789	-12,504
Gross Profit	1,580	1,525	3,929	4,795	5,999
Sales expenses	-578	-620	-1,642	-1,809	-2,411
Administrative expenses	-213	-237	-681	-690	-918
Other operating income and expenses	-26	27	93	67	68
Items affecting comparability	-14	-37	-107	-37	-97
Amortization of acquisition-related intangible assets	-73	-75	-226	-226	-303
Operating profit	676	583	1,366	2,101	2,338
Financial income	0	2	6	9	14
Financial expenses	-153	-84	-389	-356	-522
Net financial expenses	-153	-82	-383	-347	-508
Profit (loss) before tax	523	500	983	1,753	1,830
Taxes	-242	-129	-372	-475	-505
Profit (loss) for the period	281	372	611	1,278	1,325
Profit (loss) for the period attributable to owners of the Parent Company	281	372	611	1,278	1,325
Earnings per share before and after dilution, SEK	0.95	1.26	2.07	4.32	4.48
Average number of shares before and after dilution, million	295.8	295.8	295.8	295.8	295.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Q3	Q3	YTD	YTD	FY
	2020	2019	2020	2019	2019
Profit (loss) for the period	281	372	611	1,278	1,325
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit pension plans, net of tax	40	-45	-90	-127	-69
	40	-45	-90	-127	-69
Items that may be reclassified subsequently to profit or loss:					
Cash flow hedges, net of tax	11	4	-70	-31	-30
Gains/losses from hedges of net investments in foreign operations, net of tax	-41	-3	-68	-116	-41
Exchange rate differences on translation of foreign operations	-333	684	-518	1,396	784
	-363	684	-656	1,249	713
Other comprehensive income for the period	-322	639	-746	1,122	644
Total comprehensive income for the period	-41	1,011	-135	2,400	1,969
Total comprehensive income for the period attributable to Owners of the Parent Company	-41	1,011	-135	2,400	1,969

CONSOLIDATED BALANCE SHEET (IN SUMMARY)

SEK m	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
ASSETS			
Non-current assets			
Goodwill and trademarks	18,364	19,578	18,875
Other intangible assets	4,182	4,799	4,560
Tangible assets	1,966	2,178	2,110
Right-of-use assets	520	606	623
Deferred tax assets	509	479	583
Derivatives, long-term	–	–	2
Other non-current assets	107	97	99
Total non-current assets	25,647	27,737	26,852
Current assets			
Inventories	2,957	3,405	2,957
Trade receivables	2,204	2,182	1,695
Current tax assets	83	63	74
Derivatives, short-term	43	65	36
Other current receivables	615	611	641
Prepaid expenses and accrued income	91	116	136
Cash and cash equivalents	6,921	3,623	4,289
Total current assets	12,912	10,065	9,828
TOTAL ASSETS	38,559	37,802	36,681
EQUITY AND LIABILITIES			
EQUITY	17,228	17,793	17,363
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions, long-term	13,146	12,703	12,288
Deferred tax liabilities	1,785	1,989	1,895
Derivatives, long-term	11	–	–
Other non-current liabilities	58	163	165
Leasing liabilities, long-term	398	456	475
Provisions for pensions	908	910	821
Other provisions, long-term	218	197	198
Total non-current liabilities	16,524	16,418	15,842
Current liabilities			
Liabilities to credit institutions, short-term	996	–	–
Trade payables	1,637	1,556	1,414
Current tax liabilities	443	392	468
Advance payments from customers	47	27	20
Leasing liabilities, short-term	148	164	163
Derivatives, short-term	99	61	32
Other provisions, short-term	267	296	266
Other current liabilities	246	221	206
Accrued expenses and prepaid income	924	874	907
Total current liabilities	4,807	3,591	3,476
TOTAL LIABILITIES	21,331	20,009	19,318
TOTAL EQUITY AND LIABILITIES	38,559	37,802	36,681

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IN SUMMARY)

SEK m	YTD 2020	YTD 2019	FY 2019
Opening balance for the period	17,363	16,029	16,029
Profit (loss) for the period	611	1,278	1,325
Other comprehensive income for the period	-746	1,122	644
Total comprehensive income for the period	-135	2,400	1,969
Transactions with owners			
Dividend paid to shareholders of the Parent Company	-	-636	-636
Total transactions with owners	-	-636	-636
Closing balance for the period	17,228	17,793	17,363

CONSOLIDATED STATEMENT OF CASH FLOW

SEK m	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019
Cash flow from operating activities					
Operating profit	676	583	1,366	2,101	2,338
<i>Adjustment for other non-cash items</i>					
Depreciation and amortization	191	209	601	609	817
Adjustments for other non-cash items	41	34	-166	2	-29
<i>Changes in working capital</i>					
Changes in inventories	252	224	-81	637	970
Changes in trade receivables	-88	465	-572	-342	81
Changes in trade payables	-20	-102	263	92	53
Changes in other working capital	46	-41	293	-48	-148
Income tax paid	-112	-95	-325	-423	-529
Net cash flow from operations	984	1,277	1,379	2,628	3,553
Cash flow from investments					
Investments in fixed assets	-53	-71	-170	-247	-361
Proceeds from sale of fixed assets	1	3	1	15	15
Other investing activities	-2	-1	-2	-2	-2
Net cash flow from investments	-54	-69	-171	-234	-348
Cash flow from financing					
Borrowings from credit institutions	-	5,060	2,000	9,762	9,762
Repayment of loans to credit institutions	-	-5,073	-	-9,546	-9,546
Payment of lease liabilities related to lease agreements	-38	-43	-123	-120	-166
Paid interest	-147	-134	-374	-309	-369
Received interest	0	2	1	4	8
Other financing activities	-15	-30	-62	-66	-96
Dividend paid to shareholders of the Parent Company	-	-	-	-636	-636
Net cash flow from financing	-200	-218	1,442	-911	-1,043
Cash flow for the period	730	990	2,649	1,483	2,162
Cash and cash equivalents at beginning of period	6,190	2,618	4,289	2,113	2,113
Exchange differences on cash and cash equivalents	1	15	-18	27	14
Cash and cash equivalents at end of period	6,921	3,623	6,921	3,623	4,289

PARENT COMPANY INCOME STATEMENT

SEK m	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019
Administrative expenses	-45	-34	-143	-144	-185
Other operating income	35	42	139	150	185
Operating profit	-10	8	-5	6	0
Interest income subsidiaries	48	71	150	219	279
Interest expense subsidiaries	-	0	-	0	0
Other financial income and expenses	-155	-379	-409	-859	-732
Profit (loss) from financial items	-107	-309	-259	-640	-453
Group contributions	-40	297	101	620	387
Profit (loss) before tax	-157	-3	-163	-14	-66
Taxes	-	-	0	-	12
Profit (loss) for the period	-157	-3	-163	-14	-54

PARENT COMPANY BALANCE SHEET (IN SUMMARY)

SEK m	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
ASSETS			
Non-current assets			
Shares in subsidiaries	16,228	16,228	16,228
Other non-current assets	5,638	6,123	5,844
Total non-current assets	21,866	22,351	22,072
Current assets			
Current assets	2,379	699	532
Total current assets	2,379	699	532
TOTAL ASSETS	24,245	23,050	22,604
EQUITY	9,903	10,105	10,066
PROVISIONS			
Other provisions	68	55	53
Total provisions	68	55	53
LIABILITIES			
Non-current liabilities			
Non-current liabilities	13,146	12,703	12,288
Total non-current liabilities	13,146	12,703	12,288
Current liabilities			
Current liabilities	1,127	188	197
Total current liabilities	1,127	188	197
TOTAL LIABILITIES	14,343	12,945	12,538
TOTAL EQUITY AND LIABILITIES	24,245	23,050	22,604

CONDENSED NOTES

NOTE 1 | ACCOUNTING PRINCIPLES

Dometic Group AB (publ) and its subsidiaries (together “the Dometic Group”, “Dometic” or “the Group”) applies International Financial Reporting Standards (IFRS), as adopted by the EU. This consolidated Interim Financial Report has been prepared in accordance with IAS 34 ‘Interim Financial Reporting’.

The accounting and valuation principles in this interim report correspond to principles applied by the Group in the 2019 Annual Report and should be read in conjunction with that Annual Report, available at www.dometic.com.

The Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities, issued by the Swedish Financial Reporting Board, have been applied for the Parent Company. The interim report comprises pages 1–16 and pages 1–9 are thus an integral part of this financial report (IAS 34.16A).

Totals quoted in tables and statements may not always be the exact sum of the individual items because of rounding differences. The aim is for each line item to correspond to its source, and rounding differences may therefore arise.

New or amended accounting policies for 2020 adopted by the Group

A detailed description of the accounting and valuation principles for new or amended accounting policies for 2020 applied by the Group in this interim report can be found in Note 2.1.1 Changes in accounting policies, New or amended accounting policies for 2020, of the 2019 Annual Report available at www.dometic.com.

NOTE 2 | RISKS AND UNCERTAINTIES

Risks are part of any business and as a global Group with production and distribution all over the world Dometic faces risks that can impact its ability to achieve established strategic and other objectives, including financial targets.

Effective risk management of strategic, execution, compliance & regulatory and reporting risks creates opportunities and effective risk mitigation.

The key to effective risk management is identifying known risks and preparing for any unknown risks to which the Group is exposed. While mitigating risks usually comes at a cost, effective risk management adds value by establishing clear risk and process ownership combined with risk identification, assessment, prioritization and risk response i.e. risk mitigating actions as well as effective monitoring.

In line with Dometic’s established model for three lines of responsibility, Risk Management as part of the second line of responsibility constitutes an important role by providing and supporting management and the business operations with a risk framework including a risk management process and a risk universe for identification, assessment, and prioritization of risks, and for providing risk response i.e. risk mitigating actions as well as effective monitoring.

During the year, the risk framework was updated to increase the focus on strategic risks and to improve alignment with the Group strategic objectives and strategy toolbox for execution. Each defined tool in the strategy toolbox represents both risks and opportunities that, correctly managed, help the Group deliver on its strategy. Risks in the risk framework and especially the strategic risks are connected to the objectives defined for each of the three pillars in the Group strategy being; Profitable Expansion in Mobile Living, Product Leadership through Innovation and Continuous Cost Reductions.

The Risk Committee, which from 2019 comprises the members of Group management, holds meetings in connection with Group management meetings, during which significant time is dedicated to risk identification, risk assessment and discussion around risk response i.e. risk mitigating actions. Strategic risks are since 2019 primarily assessed via a top down approach by Group management, while execution, compliance & regulatory and reporting risks are primarily assessed via a top down approach by

Group management as well as via a bottom up approach by regional risk and process owners.

The Risk Committee discusses and makes decisions on risk mitigating actions and the members of Group management act as global risk and process owners as applicable. The work of the Risk Committee is regularly reported to the Audit Committee and annually to the Board of Directors.

With strategic, execution, compliance & regulatory and reporting risks identified and assessed annually in the fourth quarter, the results thereof in terms of an annual risk assessment with risk registers and risk maps help raise risk awareness and support management and the business operations at different levels of the organization in prioritization of risk mitigating actions. The annual risk assessment with risk registers and risk maps also serve as a foundation for the Group’s control functions, such as Internal Control and Internal Audit, for their prioritization of focus areas.

The risk framework includes a risk universe of risks that can impact Dometic’s ability to achieve established strategic and other objectives including financial targets. The risks to which Dometic is exposed to are classified into four main categories: strategic, execution, compliance & regulatory and reporting risks. Each main category has subcategories with defined underlying risks. Sustainability risks are integrated in the main categories and subcategories. Risks are mapped to strategic and other objectives including financial targets. Risk ownership is identified for each risk in the risk universe.

Strategic risks can impact Dometic’s ability to achieve strategic objectives including financial targets. Strategic risks are including external risk factors that could be political such as tariffs, climate change, weather related, disease outbreaks and risks related to competition and external crime. Execution risks are operational, commercial and financial risks associated with business operations. Compliance & Regulatory risks are both internal compliance to governing documents as well as external compliance to laws, rules and regulations. Reporting risks are risks associated with Dometic’s reporting, information and communication, both financial and non-financial.

In late 2019, a Corona virus was found in China that spread to humans and caused the disease COVID-19. As a consequence, Dometic established a crisis management team to coordinate all activities related to the COVID-19 pandemic. Dometic continues to take proactive actions to protect its employees, other stakeholders and the financial position. Dometic is actively working to balance capacity and resources with demand across the organization. Future development of the pandemic remains uncertain and external as well as internal measures to contain COVID-19 cases may impact the business and operations negatively.

The pandemic had a negative impact on Dometic’s business and operations during the first nine months of 2020. At the moment it is difficult to predict how the pandemic situation will develop, however an increase in end-user appetite for staycation and outdoor activities is driving demand for the company’s products across the portfolio.

Dometic’s risk and risk management are described on pages 69-71 and on pages 96-99 in the 2019 Annual Report, available at www.dometic.com.

NOTE 3 | FINANCIAL INSTRUMENTS

Dometic uses interest rate swaps to hedge senior facility term loans to move from a floating interest rate to a fixed interest rate. The Group also uses currency forward agreements to hedge part of its cash flow exposure.

The fair values of Dometic’s derivative assets and liabilities were SEK 43 m (Q3 2019: SEK 65 m) and SEK 111 m (Q3 2019: SEK 61 m). The value of derivatives is based on published prices in an active market. No transfers between levels of the fair value hierarchy have occurred during the period.

For financial assets and liabilities other than derivatives, fair value is assumed to be equal to the carrying amount.

TABLE TO NOTE 3 – FINANCIAL INSTRUMENTS

Sep 30, 2020	Balance sheet carrying amount	Financial instruments at amortized cost	Financial instruments at fair value	Derivatives used for hedging
Per category				
Derivatives	43	–	9	34
Financial assets	9,847	9,847	–	–
Total financial assets	9,890	9,847	9	34
Derivatives	111	–	5	106
Financial liabilities	16,082	16,082	–	–
Total financial liabilities	16,193	16,082	5	106

NOTE 4 | SEGMENT INFORMATION

SEK m	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019
Net sales, external					
Americas					
OEM	1,339	1,515	3,494	4,802	6,142
Aftermarket	1,061	957	2,476	2,514	3,183
Americas net sales, external	2,400	2,472	5,971	7,316	9,325
EMEA					
OEM	748	813	2,246	2,771	3,624
Aftermarket	992	919	2,761	3,252	3,848
EMEA net sales, external	1,739	1,732	5,006	6,023	7,472
APAC					
OEM	144	203	483	599	792
Aftermarket	182	199	533	647	914
APAC net sales, external	326	402	1,016	1,245	1,707
Net sales, external					
Americas	2,400	2,472	5,971	7,316	9,325
EMEA	1,739	1,732	5,006	6,023	7,472
APAC	326	402	1,016	1,245	1,707
Total net sales, external	4,466	4,605	11,993	14,584	18,503
Operating profit (EBIT) before i.a.c.					
Americas	383	296	600	953	1,096
EMEA	253	239	684	918	978
APAC	53	84	190	267	362
Total operating profit (EBIT) before i.a.c.	690	619	1,473	2,138	2,435
Items affecting comparability					
Americas	-8	-37	-56	-37	-41
EMEA	-4	–	-26	–	-51
APAC	-2	–	-26	–	-5
Total items affecting comparability	-14	-37	-107	-37	-97
Operating profit (EBIT)					
Americas	375	259	544	916	1,055
EMEA	249	239	658	918	926
APAC	51	84	164	267	357
Total operating profit (EBIT)	676	583	1,366	2,101	2,338
Financial income	0	2	6	9	14
Financial expenses	-153	-84	-389	-356	-522
Taxes	-242	-129	-372	-475	-505
Profit (loss) for the period	281	372	611	1,278	1,325

SEK m	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019
Net sales, external					
Americas⁽¹⁾					
Food & Beverage	455	410	1,100	1,335	1,681
Climate	756	1,006	2,021	2,858	3,632
Power & Control	665	596	1,651	1,906	2,464
Other applications	524	459	1,198	1,216	1,548
Americas net sales, external	2,400	2,472	5,971	7,316	9,325
EMEA					
Food & Beverage	617	608	1,848	2,236	2,695
Climate	839	861	2,353	2,940	3,672
Power & Control	131	128	389	432	566
Other applications	152	135	416	414	538
EMEA net sales, external	1,739	1,732	5,006	6,023	7,472
APAC					
Food & Beverage	154	184	482	588	839
Climate	137	174	430	526	690
Power & Control	4	9	15	24	31
Other applications	31	35	89	109	147
APAC net sales, external	326	402	1,016	1,245	1,707
Net sales, external					
Americas	2,400	2,472	5,971	7,316	9,325
EMEA	1,739	1,732	5,006	6,023	7,472
APAC	326	402	1,016	1,245	1,707
Total net sales, external	4,466	4,605	11,993	14,584	18,503

¹⁾ Q3 2019 Net sales by Application Area for Americas include restated numbers for Climate Control (SEK -32.5 m) Power & Control (SEK +270.3 m) and Other applications (SEK -237.8 m). YTD 2019 Net sales by Application Area for Americas include restated numbers for Climate Control (SEK -90.1 m) Power & Control (SEK +705.2 m) and Other applications (SEK -615.1 m). Full year 2019 Net sales by Application Area for Americas include restated numbers for Climate Control (SEK -128 m) Power & Control (SEK +903.7 m) and Other applications (SEK -775.7 m). The reason for re-statement is to provide comparability between the years, as there has been a reclassification of certain product groups in Americas 2020.

Segment performance for each region is primarily assessed based on net sales and operating profit. Information for each region is based on where customers are located. Management follow-up is based on the integrated result in each segment. For further information, please refer to Note 5 of the 2019 Annual Report available at www.dometic.com

Inter-segment sales were as follows.

SEK m	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019
Americas	50	88	212	303	363
EMEA	83	91	232	292	359
APAC	612	607	1,667	1,947	2,369
Eliminations	745	785	2,110	2,542	3,092

NOTE 5 | ITEMS AFFECTING COMPARABILITY

SEK m	Q3	Q3	YTD	YTD	FY
	2020	2019	2020	2019	2019
Global restructuring program	-14	-37	-98	-37	-116
Other	0	-	-9	-	19
Total	-14	-37	-107	-37	-97

The table below specifies items affecting comparability by function and other operating income and expenses.

SEK m	Global restructuring program					Other					Total				
	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019
Cost of goods sold	-12	-	-67	-	-113	-	-	-	-	-	-12	-	-67	-	-113
Sales expenses	-1	-	-7	-	-	-	-	-	-	-	-1	-	-7	-	-
Administrative expenses	-2	-5	-4	-5	-3	-	-	-	-	-	-2	-5	-4	-5	-3
Other operating income and expenses	1	-32	-19	-32	-	-	-	-9	-	19	1	-32	-28	-32	19
Total	-14	-37	-98	-37	-116	-	-	-9	-	19	-14	-37	-107	-37	-97

NOTE 6 | AMORTIZATION OF ACQUISITION-RELATED INTANGIBLE ASSETS BY FUNCTION

The table below specifies to amortization of acquisition-related intangible assets by function and other operating income and expenses.

SEK m			Amortization of Trademarks		Amortization of Customer Relationship Assets		Amortization of Technology		Amortization of intellectual property		Total
	Q3	2020									
Cost of goods sold	Q3	2020	-	-	-	-	-11	-	-6	-	-17
	Q3	2019	-	-	-	-	-11	-	-6	-	-17
	YTD	2020	-	-	-	-	-34	-	-17	-	-51
	YTD	2019	-	-	-	-	-35	-	-17	-	-52
	FY	2019	-	-	-	-	-47	-	-23	-	-70
Sales expenses	Q3	2020	-12	-44	-	-	-	-	-	-	-56
	Q3	2019	-11	-47	-	-	-	-	-	-	-59
	YTD	2020	-37	-138	-	-	-	-	-	-	-174
	YTD	2019	-36	-138	-	-	-	-	-	-	-174
	FY	2019	-49	-185	-	-	-	-	-	-	-234
Total Amortization of acquisition-related intangible assets											
	Q3	2020	-12	-44	-	-	-11	-	-6	-	-73
	Q3	2019	-11	-47	-	-	-11	-	-6	-	-75
	YTD	2020	-37	-138	-	-	-34	-	-17	-	-226
	YTD	2019	-36	-138	-	-	-35	-	-17	-	-226
	FY	2019	-49	-185	-	-	-47	-	-23	-	-303

NOTE 7 | GOVERNMENT GRANTS AND OTHER SUPPORT MEASURES

Government grants

The government grants are recognized in the income statement on a systematic basis over the periods in which the entity recognizes the related costs, for which the grants are intended to compensate. The grants are included on a net basis in the income statement by function. A government grant is not recognized in the financial statement until there is reasonable assurance that the entity will comply with the conditions attached to them and that the grants will be received. The table below presents amounts by function, mainly comprising of salary support received.

SEK m	Government grants				
	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019
Cost of goods sold	8	–	21	–	–
Sales expenses	5	–	17	–	–
Administrative expenses	2	–	8	–	–
Other operating income and expenses	0	–	–	–	–
Total	15	0	47	0	0

Other support measures

These kinds of governmental business support are among others short-time work compensation and social charges reduction, amounting to SEK 3 (-) m in the third quarter and SEK 146 (-) m year to date.

NOTE 8 | RIGHT-OF-USE ASSETS

Right-of-use assets information is specified below:

Total depreciation and amortization of SEK 601 m (609) includes depreciation of right-of-use assets of SEK 133 m (131) for the first nine months of 2020.

SEK m	Depreciation and amortization				
	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019
Depreciation and amortization	-191	-209	-601	-609	-817
Add back depreciation related to right-of-use assets	41	45	133	131	180
Total	-150	-164	-469	-478	-637

Right-of-use assets

SEK m	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Buildings	480	565	573
Machinery, equipment and other technical installations	40	41	50
Total	520	606	623

NOTE 9 | TRANSACTIONS WITH RELATED PARTIES

No transactions between Dometic and related parties that have significantly affected the company's position and earnings took place during the first nine months of 2020.

NOTE 10 | ACQUISITIONS AND DIVESTMENTS 2020

Dometic has not made any acquisitions or divestments during the first nine months of 2020.

2019

Dometic did not make any acquisitions or divestments during 2019.

The purchase price allocation of Kampa was considered as final. No changes have been made.

NOTE 11 | SIGNIFICANT EVENTS AFTER THE PERIOD

Henrik Fagrenius joined Dometic as the new head of EMEA on October 1, 2020.

RECONCILIATION OF NON-IFRS MEASURES TO IFRS (ALTERNATIVE PERFORMANCE MEASURES)

Dometic presents some financial measures in this interim report, which are not defined by IFRS. The company believes that these measures provide valuable additional information to investors and management for evaluating the company's financial performance, financial position and trends in the company's operations. It should be noted that these measures, as defined, may not be comparable to similarly titled measures used by other companies. These non-IFRS measures should not be considered as substitutes for financial reporting measures prepared in accordance with IFRS. See Dometic's website www.dometic.com for the detailed reconciliation.

Core working capital	Consists of inventories and trade receivables less trade payables.
EBITDA	Operating profit (EBIT) before Depreciation and Amortization. Depreciation also includes depreciation of right-of-use assets as of January 1, 2019, when IFRS 16 Leases came into effect.
EBITDA margin	EBITDA divided by net sales.
Leverage	Net debt excluding pensions, leasing and accrued interest in relation to EBITDA before items affecting comparability and including acquisitions proforma. Any cash deposits with tax authorities are treated as cash in leverage calculation.
Net debt	Total borrowings including pensions and accrued interest less cash and cash equivalents.
Operating cash flow	Cash flow from operations after investments in fixed assets excluding income tax paid.
Organic growth	Sales growth excluding acquisitions/divestments and currency translation effects. Quarters are calculated at comparable currency, applying the latest period average rate.
RoOC – Return on Operating Capital	Operating profit (EBIT) divided by operating capital. Based on the operating profit (EBIT) for the four previous quarters, divided by the average operating capital for the previous four quarters, excluding goodwill and trademarks for the previous quarter.

DEFINITIONS AND KEY RATIOS

AM	Aftermarket.
Capital expenditure	Expenses related to the purchase of tangible and intangible assets.
CPV	Commercial and Passenger Vehicles.
EPS – Earnings per share	Net profit for the period divided by average number of shares.
FY 2019	Financial Year ended December 31, 2019.
i.a.c. – items affecting comparability	Items affecting comparability are events or transactions with significant financial effects, which are relevant for understanding the financial performance when comparing profit (loss) for the current period with previous periods. Items included are for example restructuring programs, expenses related to major revaluations, gains and losses from acquisitions or disposals of subsidiaries.
Interest-bearing debt	Liabilities to credit institutions plus liabilities to related parties plus provisions for pensions.
LTM	Last twelve months.
Net profit	Profit (loss) for the period.
OCI	Other Comprehensive Income.
OEM	Original Equipment Manufacturers.
Operating capital excluding goodwill and trademarks	Interest-bearing debt plus equity less cash and cash equivalents, excluding goodwill and trademarks.
Operating profit (EBIT)	Operating profit (EBIT) before financial items and taxes.
Operating profit (EBIT) margin	Operating profit (EBIT) divided by net sales.
Q3 2020	July to September 2020 for Income Statement.
Q3 2019	July to September 2019 for Income Statement.
RoOC	Return on Operating Capital
RV	Recreational Vehicles.
Working capital	Core working capital plus other current assets less other current liabilities and provisions relating to operations.
YTD 2020	Year to date. January to September 2020 for Income statement.
YTD 2019	Year to date. January to September 2019 for Income statement.

PRESENTATION OF THE INTERIM 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. To participate in the webcast/telephone conference, please dial in five minutes prior to the start of the conference call. The webcast URL and presentation are available at www.dometic.com.

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This information is information that Dometic Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CEST on October 23, 2020.

This document is a translation of the Swedish version of the interim report. In the event of any discrepancy, the Swedish wording shall prevail.

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 APAC, 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 have a global distribution and dealer network in place to serve the aftermarket. Dometic employs approximately 7,200 people worldwide, had net sales of SEK 18.5 billion in 2019 and is headquartered in Stockholm, Sweden.

DISCLAIMER

Some statements herein are forward-looking and the actual outcome could be materially different. In addition to the factors explicitly commented upon, the actual outcome could be materially affected by other factors, (a) changes in economic, market and competitive conditions, (b) success of business and operating initiatives, (c) changes in the regulatory environment and other government actions, (d) fluctuations in exchange rates and (e) business risk management.

FINANCIAL CALENDAR

FEBRUARY 3, 2021:	Year-end report 2020
APRIL 13, 2021:	Annual General Meeting
APRIL 23, 2021:	Interim report for the first quarter 2021
JULY 16, 2021:	Interim report for the second quarter 2021
OCTOBER 22, 2021:	Interim report for the third quarter 2021