

# REPORT ON THE FOURTH QUARTER 2018

NET SALES	OPERATING PROFIT (EBIT) BEFORE ITEMS AFFECTING COMPARABILITY	OPERATING PROFIT (EBIT)	OPERATING CASH FLOW
<b>4,070</b> SEK MILLION (3,252)	<b>420</b> SEK MILLION (310)	<b>328</b> SEK MILLION (191)	<b>859</b> SEK MILLION (536)

## FOURTH QUARTER 2018

- Net sales for the quarter were SEK 4,070 m (3,252); an increase of 25%, of which -2% was organic growth.
- Operating profit (EBIT) for the quarter was SEK 328 m (191), representing a margin of 8.1% (5.9%).
- Items affecting comparability totaled SEK -92 m (-119), related to restructuring charges in a group-wide initiative to optimize footprint and reduce costs.
- Operating profit (EBIT) before items affecting comparability for the quarter was SEK 420 m (310), representing a margin of 10.3% (9.5%).
- Cash flow for the quarter was SEK -906 m (-612). Operating cash flow was SEK 859 m (536).
- Profit for the quarter was SEK 136 m (277). Q4 2017 was positively affected by the US tax reform of SEK 278 m.
- Earnings per share: SEK 0.46 (0.94).

## FULL YEAR 2018

- Net sales for the period were SEK 18,274 m (14,044); an increase of 30%, of which 5% was organic growth.
- Operating profit (EBIT) for the period was SEK 2,587 m (1,907), representing a margin of 14.2% (13.6%).
- Items affecting comparability totaled SEK -92 m (47), related to restructuring charges in a group-wide initiative to optimize footprint and reduce costs.
- Operating profit (EBIT) before items affecting comparability for the period was SEK 2,679 m (1,860), representing a margin of 14.7% (13.2%).
- Cash flow for the period was SEK 920 m (-417). Operating cash flow was SEK 2,616 m (1,727).
- Profit for the period was SEK 1,576 m (1,495). 2017 was positively affected by the US tax reform of SEK 278 m.
- Earnings per share: SEK 5.33 (5.05).
- Proposed dividend of SEK 2.15 (2.05) per share for 2018.

## FINANCIAL OVERVIEW

SEK m	Q4 2018	Q4 2017	FY 2018	FY 2017
Net sales	4,070	3,252	18,274	14,044
EBITDA	469	280	3,113	2,228
% of net sales	11.5%	8.6%	17.0%	15.9%
Operating profit (EBIT)	328	191	2,587	1,907
% of net sales	8.1%	5.9%	14.2%	13.6%
Operating profit (EBIT) before items affecting comparability	420	310	2,679	1,860
% of net sales	10.3%	9.5%	14.7%	13.2%
Profit for the period	136	277	1,576	1,495
Earnings per share, SEK	0.46	0.94	5.33	5.05
Cash flow for the period	-906	-612	920	-417
Operating cash flow <sup>(1)</sup>	859	536	2,616	1,727
Core working capital	3,986	3,376	3,986	3,376
Capital expenditure in fixed assets	-117	-88	-422	-306
RoOC	30.5%	33.0%	30.5%	33.0%

<sup>(1)</sup>Net cash flow from operations after investments in fixed assets and excluding income tax paid.

# OPERATIONAL EXECUTION DRIVES FULL YEAR EBIT IMPROVEMENT AND GROWTH



During 2018, sales and EBIT reached record levels with full year organic sales growth of 5 percent and an EBIT margin improvement of 1.5 percentage points, bringing us close to our long-term target of 15 percent. Additionally, a number of key activities were initiated to further improve our performance. By moving ownership and accountability closer to the business, whilst establishing common processes to leverage our full strengths as a global company, we have become even more agile to maneuver through short-term challenges and disciplined enough to stay true to our strategy.

Full year growth was primarily driven by strong performances in Aftermarket and Marine. Profitability was positively impacted by good improvements in EMEA and APAC, offsetting headwinds from raw material prices and US tariffs. The acquisition of SeaStar has proven successful and we are very satisfied with the financial performance and integration process during the year.

We conclude a fourth quarter with growth in 6 out of 8 businesses and good profitability improvements in EMEA and APAC. Aftermarket grew double-digit and we continue to see a strong performance in Marine. In the quarter, a group-wide restructuring program was launched to optimize footprint and reduce costs to increase competitiveness. In December, we finalized the acquisition of Kampa to strengthen our Aftermarket position. Kampa complements our product portfolio and broadens our global offering to make Dometic even more relevant to our customers and partners.

Americas reported strong sales growth in all businesses outside RV. Aftermarket grew 13 percent, driven by strong performances in Retail, Lodging, Marine and CPV. Organic sales growth for the region was -10 percent and EBIT margin remain stable excluding the reimbursement from class action in Q4 2017. We are adapting the organization to mitigate the RV OEM market slowdown and will continue to take action to build stronger and more agile structures going forward.

EMEA reported organic sales growth of 8 percent and the EBIT margin improved by 3.1 percentage points in the quarter. Aftermarket growth was 13 percent, mainly due to strong performance in RV and CPV. OEM growth was 5 percent with positive development in RV and Marine. The focus on efficiency improvements and pricing continues to yield results.

APAC reported negative organic sales growth of -5 percent whilst the EBIT margin improved by 2.2 percentage points in the quarter. The EBIT margin was positively impacted by disciplined pricing and cost reductions. Sales was negatively impacted by the discontinuation of certain low-margin business earlier in 2018 and a softer RV OEM market in Pacific.

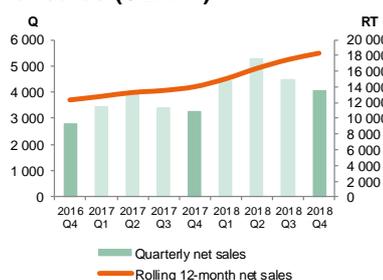
Operating cash flow increased by 60 percent compared with the same quarter last year. Leverage was 2.8x at the end of the quarter, compared to 3.3x at year end 2017. At constant currency rates, excluding the acquisition of Kampa, leverage was 2.6x.

We remain committed to our long-term financial targets. Despite a negative outlook for RV OEM, 2019 organic sales growth is estimated to be slightly positive with an EBIT margin close to 15 percent. Leverage is expected to be around 2.0x by the end of 2019. The Board of Directors will propose a dividend payout of SEK 2.15 per share at the annual shareholder's meeting, corresponding to a payout ratio of 40.4 percent of net profit.

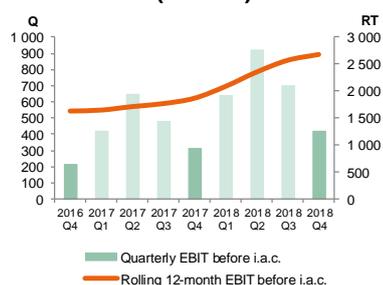
I want to thank all of our employees, partners, customers and owners for your hard work and commitment during the year. I am truly excited about the journey we are on, and I am proud to stand alongside all of you and be a part of an exciting future in the years to come.

Juan Vargas, President and CEO

## Net sales (SEK m)



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



All references to EBIT and EBIT margin on this page refer to EBIT before items affecting comparability unless otherwise stated. All references to sales development refer to constant currencies excluding SeaStar unless otherwise stated.

**FINANCIAL SUMMARY – FOURTH QUARTER 2018**

**Net sales** were SEK 4,070 m (3,252), an increase of 25% compared with the same quarter last year. This comprised -2% organic growth, 7% currency translation and 20% M&A.

**Operating profit (EBIT)** was SEK 328 m (191), an increase of 72% compared with the same quarter last year. The EBIT margin was 8.1% (5.9%).

**Items affecting comparability** totaled SEK -92 m (-119), related to restructuring charges in a group-wide initiative to optimize footprint and reduce costs.

**Operating profit (EBIT) before items affecting comparability** was SEK 420 m (310), an increase of 35% compared with the same quarter last year. The EBIT margin was 10.3% (9.5%).

**Financial items** totaled a net amount of SEK -96 m (-87), including SEK -106 m (-37) in interest on external bank loans and SEK 32 m (5) for the revaluation of unrealized exchange gains on cash. Other FX revaluations and other items amounted to SEK -26 m (-59) and financial income to SEK 5 m (4).

**Taxes** totaled SEK -96 m (173), corresponding to 41% (-166%) of profit before tax. Current tax amounted to SEK -54 m (-77) and deferred tax to SEK -42 m (250). Deferred tax was mainly affected by timing differences. In Q4 2017, deferred tax was positively affected by the US tax reform.

**Profit for the quarter** was SEK 136 m (277). Q4 2017 was positively affected by the US tax reform of SEK 278 m.

**Earnings per share** were SEK 0.46 (0.94).

**Operating cash flow** was SEK 859 m (536).

**Cash flow for the quarter** was SEK -906 m (-612).

**Financial position.** Leverage was 2.8x (3.3) at the end of the fourth quarter of 2018. At the end of the third quarter 2018, leverage was 3.0x.

**FINANCIAL SUMMARY – FULL YEAR 2018**

**Net sales** were SEK 18,274 m (14,044), an increase of 30% compared with last year. This comprised 5% organic growth, 3% currency translation and 22% M&A.

**Operating profit (EBIT)** was SEK 2,587 m (1,907), an increase of 36% compared with last year. The EBIT margin was 14.2% (13.6%).

**Items affecting comparability** totaled SEK -92 m (47), related to restructuring charges in a group-wide initiative to optimize footprint and reduce costs.

**Operating profit (EBIT) before items affecting comparability** was SEK 2,679 m (1,860), an increase of 44% compared with last year. The EBIT margin was 14.7% (13.2%).

**Financial items** totaled a net amount of SEK -431 m (-206), including SEK -408 m (-112) in interest on external bank loans and SEK 30 m (-16) for the revaluation of unrealized exchange gains on cash. Other FX revaluations and other items amounted to SEK -64 m (-85) and financial income to SEK 11 m (6).

**Taxes** totaled SEK -580 m (-206), corresponding to 27% (12%) of profit before tax. Current tax amounted to SEK -296 m (-218) and deferred tax to SEK -284 m (12). Paid tax of 15% (6%) is higher compared with last year, mainly due to the Group's tax paying position in Canada.

**Profit for the period** was SEK 1,576 m (1,495). 2017 was positively affected by the US tax reform of SEK 278 m.

**Earnings per share** were SEK 5.33 (5.05).

**Operating cash flow** was SEK 2,616 m (1,727).

**Cash flow for the period** was SEK 920 m (-417).

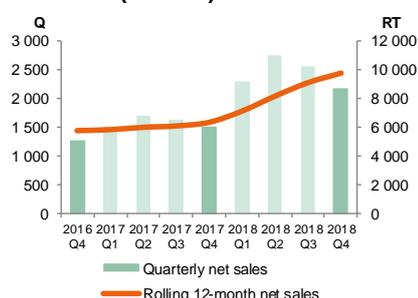
**Significant events after the period.** Per-Arne Blomquist, CFO and Deputy CEO of Dometic, has decided to leave the company to focus on new and existing board assignments.

SEK m	Q4		Change (%)		FY		Change (%)	
	2018	2017	Rep.	Adj. <sup>(1)</sup>	2018	2017	Rep.	Adj. <sup>(1)</sup>
Americas <sup>(3)</sup>	2,177	1,511	44%	32%	9,758	6,329	54%	51%
EMEA	1,415	1,248	13%	9%	6,706	5,962	12%	7%
Asia Pacific	478	493	-3%	-5%	1,810	1,753	3%	3%
<b>Net sales</b>	<b>4,070</b>	<b>3,252</b>	<b>25%</b>	<b>18%</b>	<b>18,274</b>	<b>14,044</b>	<b>30%</b>	<b>26%</b>
Americas <sup>(3)</sup>	234	180	30%	15%	1,470	885	66%	61%
EMEA	86	38	127%	113%	814	618	32%	24%
Asia Pacific	100	92	8%	1%	395	357	11%	8%
<b>Operating profit (EBIT) bef. i.a.c.<sup>(2)</sup></b>	<b>420</b>	<b>310</b>	<b>35%</b>	<b>23%</b>	<b>2,679</b>	<b>1,860</b>	<b>44%</b>	<b>38%</b>
Americas <sup>(3)</sup>	10.8%	11.9%			15.1%	14.0%		
EMEA	6.1%	3.0%			12.1%	10.4%		
APAC	20.9%	18.7%			21.8%	20.4%		
<b>Operating profit % bef. i.a.c.<sup>(2)</sup></b>	<b>10.3%</b>	<b>9.5%</b>			<b>14.7%</b>	<b>13.2%</b>		

<sup>(1)</sup>Represents change in comparable currency. <sup>(2)</sup>Before items affecting comparability. <sup>(3)</sup>Including SeaStar Solutions.

# AMERICAS

## Net sales (SEK m)



## NET SALES AND OPERATING PROFIT (EBIT)

### Fourth quarter 2018

Americas reported net sales of SEK 2,177 m (1,511), representing 53% of Group net sales. Total growth was 44%, of which -10% was organic growth, 10% currency translation and 44% M&A.

Operating profit (EBIT) was SEK 200 m (122); an increase of 64% compared with the same quarter last year. The EBIT margin was 9.2% (8.1%).

Items affecting comparability totaled SEK -34 m (-58), as an effect of the announced restructuring program.

Operating profit (EBIT) before items affecting comparability was SEK 234 m (180); an increase of 30% compared with the same quarter last year. The EBIT margin before items affecting comparability was 10.8% (11.9%).

### Full year 2018

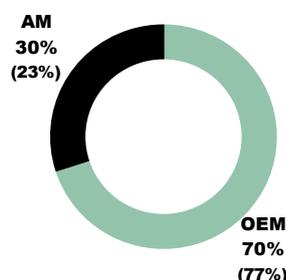
Americas reported net sales of SEK 9,758 m (6,329), representing 53% of Group net sales. Total growth was 54%, of which 4% was organic growth, 2% currency translation and 48% M&A.

Operating profit (EBIT) was SEK 1,437 m (827); an increase of 74% compared with last year. The EBIT margin was 14.7% (13.1%).

Items affecting comparability totaled SEK -34 m (-58).

Operating profit (EBIT) before items affecting comparability was SEK 1,470 m (885); an increase of 66% compared with last year. The EBIT margin before items affecting comparability was 15.1% (14.0%).

## Sales split AM/OEM



## Q4

### NET SALES

# 2,177

SEK MILLION  
(1,511)

### Market development

For the rolling three-month period October – December 2018, US RV shipments declined by -17% to 104,954 units compared with the same period last year. For the January – December period 2018, RV shipments declined by -4% to 483,672 units.

Sales of US power boats increased by 3% for period January 2018 – December 2018.

### OPERATING PROFIT (EBIT)\*

# 234

SEK MILLION  
(180)

### Business highlights, Q4

Total OEM sales growth was 31%, of which growth in constant currency adjusted for the acquisition of SeaStar was -17%.

Total Aftermarket sales growth was 69%, of which growth in constant currency adjusted for the acquisition of SeaStar was 13%.

RV OEM reported negative sales growth, as a result of a weaker US RV OEM market.

### OPERATING MARGIN (EBIT%)\*

# 10.8%

(11.9%)

Marine OEM excluding SeaStar reported strong sales growth. SeaStar performed well with strong sales growth.

CPV OEM reported good sales growth as a result of continued investments in increased market presence and product innovation.

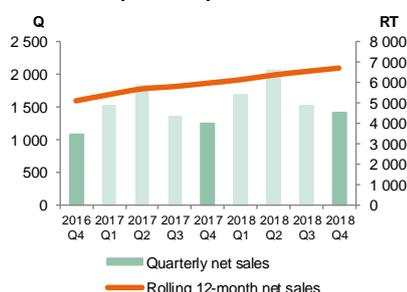
Aftermarket, excluding SeaStar, reported strong sales growth driven by double-digit growth in Marine, Retail, Lodging and CPV.

Proceedings related to the putative class action continue. Dometic remains firm in the position that the allegations in the consolidated case are without merit.

\*EBIT before items affecting comparability

# EMEA

## Net sales (SEK m)



## NET SALES AND OPERATING PROFIT (EBIT)

### Fourth quarter 2018

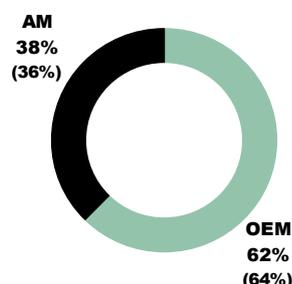
EMEA reported net sales of SEK 1,415 m (1,248), representing 35% of Group net sales. Total growth was 13%, of which 8% was organic growth, 4% currency translation and 1% M&A.

Operating profit (EBIT) was SEK 29 m (-23). The EBIT margin was 2.1% (-1.8%).

Items affecting comparability totaled SEK -57 m (-61), as an effect of the announced restructuring program.

Operating profit (EBIT) before items affecting comparability was SEK 86 m (38); an increase of 127% compared with the same quarter last year. The EBIT margin before items affecting comparability was 6.1% (3.0%).

## Sales split AM/OEM



### Full year 2018

EMEA reported net sales of SEK 6,706 m (5,962), representing 37% of Group net sales. Total growth was 12%, of which 6% was organic growth, 6% currency translation and 0% M&A.

Operating profit (EBIT) was SEK 756 m (557); an increase of 36% compared with last year. The EBIT margin was 11.3% (9.3%).

Items affecting comparability totaled SEK -57 m (-61).

Operating profit (EBIT) before items affecting comparability was SEK 814 m (618); an increase of 32% compared with last year. The EBIT margin before items affecting comparability was 12.1% (10.4%).

## Q4

### NET SALES

# 1,415

SEK MILLION  
(1,248)

### Market development

For the rolling three-month period October – December 2018, RV registrations in the largest European markets increased by 36% to 20,395 units compared with the same period last year. For the January – December period 2018, RV registrations increased by 10% to 129,046 units.

Heavy truck registrations increased by -1% in the rolling three-month period October – December 2018, compared with the same period last year.

### OPERATING PROFIT (EBIT)\*

# 86

SEK MILLION  
(38)

### Business highlights, Q4

Total OEM sales growth was 10%, of which growth in constant currency was 5%. Total Aftermarket sales growth was 17%, of which growth in constant currency was 13%.

RV OEM reported good sales growth. Underlying demand was positive in all main markets.

Marine OEM reported good sales growth with continued positive markets trends.

### OPERATING MARGIN (EBIT%)\*

# 6.1%

(3.0%)

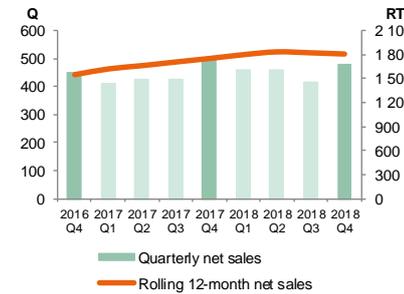
CPV OEM reported positive sales growth and there was continued high demand in the passenger vehicle segment.

Aftermarket reported strong sales growth and margin improvement, mainly driven by RV AM, CPV and Marine.

\*EBIT before items affecting comparability

# APAC

## Net sales (SEK m)



## NET SALES AND OPERATING PROFIT (EBIT)

### Fourth quarter 2018

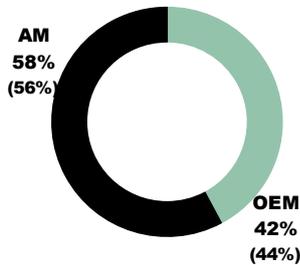
APAC reported net sales of SEK 478 m (493), representing 12% of Group net sales. Total growth was -3%, of which -5% was organic growth, 2% currency translation and 0% M&A.

Operating profit (EBIT) was SEK 99 m (92); an increase of 8% compared with the same quarter last year. The EBIT margin was 20.7% (18.7%).

Items affecting comparability totaled SEK -1 m (-), as an effect of the announced restructuring program.

Operating profit (EBIT) before items affecting comparability was SEK 100 m (92); an increase of 8% compared with the same quarter last year. The EBIT margin before items affecting comparability was 20.9% (18.7%).

## Sales split AM/OEM



### Full year 2018

APAC reported net sales of SEK 1,810 m (1,753), representing 10% of Group net sales. Total growth was 3%, of which 3% was organic growth, 0% currency translation and 0% M&A.

Operating profit (EBIT) was SEK 394 m (523); a decrease of 25% compared with last year. The EBIT margin was 21.8% (29.8%).

Items affecting comparability totaled SEK -1 m (166). Items affecting comparability during the period 2017 related to the strategic consolidation of manufacturing in China, including a divestment of an industrial property.

Operating profit (EBIT) before items affecting comparability was SEK 395 m (357); an increase of 11% compared with last year. The EBIT margin before items affecting comparability was 21.8% (20.4%).

## Q4



## Market development

For the rolling three-month period September – November 2018, Australian domestic RV production increased by 5% to 6,339 units compared with the same period last year. For the January – November period 2018 RV production increased by 3% to 21,478 units. Comparison to 2017 figures is not accurate as manufacturers have been added in 2018.

## Business highlights, Q4

Total OEM sales growth was -7%, of which growth in constant currency was -9%. Total Aftermarket sales growth was flat, of which growth in constant currency was -3%.

RV OEM reported negative sales growth. Demand continued to be soft in Pacific, whilst the Rest of Asia reported growth.

Marine OEM reported negative sales growth. The positive development in Pacific did not fully offset the negative performance in Rest of Asia.

CPV OEM reported negative sales growth, highly impacted by the discontinuation of sales of certain low margin products earlier in 2018.

Aftermarket reported a negative performance. Retail grew across the region, whilst the other businesses reported a negative development.

\*EBIT before items affecting comparability

**PARENT COMPANY DOMETIC GROUP AB (PUBL)***Fourth quarter 2018*

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 fourth quarter of 2018, the Parent Company had an operating profit of SEK -1 m (1), including administrative expenses of SEK -37 m (-40) and other operating income and expenses of SEK 36 m (41).

Profit (loss) from financial items totaled SEK 480 m (-237), including interest income from subsidiaries of SEK 72 m (15), result from shares in subsidiaries of SEK 528 m (-180), interest expenses to subsidiaries of SEK 0 m (0) and other financial income and expenses of SEK -119 m (-72).

Profit (loss) for the fourth quarter amounted to SEK 524 m (-181).

*Full year 2018*

For the full year 2018, the Parent Company had an operating profit (loss) of SEK -5 m (-3), including administrative expenses of SEK -171 m (-133) and other operating income and expenses of SEK 166 m (130).

Profit (loss) from financial items totaled SEK 10 m (-28), including interest income from subsidiaries of SEK 259 m (50), result from shares in subsidiaries of SEK 528 m (-179), interest expenses to subsidiaries of SEK 0 m (-) and other financial income and expenses of SEK -777 m (102).

Profit (loss) for the full year 2018 amounted to SEK 517 m (-186).

For further information, please refer to the Parent Company's condensed financial statements on page 11.

**ANNUAL GENERAL MEETING 2019**

Dometic Group AB's (publ) Annual General Meeting will be held on Tuesday, April 9, 2019, at 13:00 at At Six, Brunkebergstorg 6, Stockholm, Sweden.

**NOMINATION COMMITTEE – ANNUAL GENERAL MEETING 2019**

In accordance with the resolution taken by the 2018 Annual General Meeting (AGM), the Nomination Committee ahead of the 2019 AGM shall be composed of the Chairman of the Board of Directors together with one representative of each of the three largest shareholders, based on the ownership structure as of September 30, 2018. More details about the Nomination Committee are available on our website. [www.dometic.com](http://www.dometic.com)

**PROPOSED DIVIDEND**

For the 2018 full year, the Board of Directors proposes a cash dividend of SEK 2.15 (2.05).

Solna, February 8, 2019

Board of Directors

**REVIEW**

This interim report has not been subject to review by the Dometic Group AB's (publ) external auditor.

## CONSOLIDATED INCOME STATEMENT

<b>SEK m</b>	<b>Q4 2018</b>	<b>Q4 2017</b>	<b>FY 2018</b>	<b>FY 2017</b>
Net sales	4,070	3,252	18,274	14,044
Cost of goods sold	-2,794	-2,301	-12,323	-9,599
<b>Gross Profit</b>	<b>1,276</b>	<b>951</b>	<b>5,951</b>	<b>4,445</b>
Sales expenses	-573	-460	-2,259	-1,791
Administrative expenses	-224	-145	-855	-667
Other operating income and expenses	-1	-12	61	-52
Items affecting comparability	-92	-119	-92	47
Amortization of acquisition-related intangible assets	-58	-24	-219	-76
<b>Operating profit</b>	<b>328</b>	<b>191</b>	<b>2,587</b>	<b>1,907</b>
Financial income	5	4	11	6
Financial expenses	-101	-91	-442	-212
<b>Loss from financial items</b>	<b>-96</b>	<b>-87</b>	<b>-431</b>	<b>-206</b>
<b>Profit before tax</b>	<b>232</b>	<b>104</b>	<b>2,156</b>	<b>1,700</b>
Taxes	-96	173	-580	-206
<b>Profit for the period</b>	<b>136</b>	<b>277</b>	<b>1,576</b>	<b>1,495</b>
Profit for the period attributable to owners of the Parent Company	136	277	1,576	1,495
Earnings per share before and after dilution effects, SEK - Owners of the Parent Company	0.46	0.94	5.33	5.05
Number of shares, million	295.8	295.8	295.8	295.8

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<b>SEK m</b>	<b>Q4 2018</b>	<b>Q4 2017</b>	<b>FY 2018</b>	<b>FY 2017</b>
Profit for the period	136	277	1,576	1,495
<b>Other comprehensive income</b>				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit pension plans, net of tax	-41	2	-3	0
	<b>-41</b>	<b>2</b>	<b>-3</b>	<b>0</b>
Items that may be reclassified subsequently to profit or loss:				
Cash flow hedges, net of tax	10	23	8	25
Gains/losses from hedges of net investments in foreign operations, net of tax	14	-14	-14	66
Exchange rate differences on translation of foreign operations	-155	197	554	-502
	<b>-130</b>	<b>207</b>	<b>548</b>	<b>-411</b>
<b>Other comprehensive income for the period</b>	<b>-171</b>	<b>209</b>	<b>545</b>	<b>-411</b>
<b>Total comprehensive income for the period</b>	<b>-35</b>	<b>486</b>	<b>2,121</b>	<b>1,084</b>
Total comprehensive income for the period attributable to owners of the Parent Company	-35	486	2,121	1,084

# CONSOLIDATED BALANCE SHEET (IN SUMMARY)

<b>SEK m</b>	<b>Dec 31, 2018</b>	<b>Dec 31, 2017</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill and trademarks	18,203	17,016
Other intangible assets	4,507	4,260
Tangible assets	2,111	1,952
Deferred tax assets	627	897
Derivatives, long-term	0	1
Other non-current assets	71	65
<b>Total non-current assets</b>	<b>25,519</b>	<b>24,191</b>
<b>Current assets</b>		
Inventories	3,772	3,350
Trade receivables	1,705	1,485
Current tax assets	86	180
Derivatives, short-term	107	90
Other current assets	681	418
Prepaid expenses and accrued income	128	132
Cash and cash equivalents	2,113	1,159
<b>Total current assets</b>	<b>8,592</b>	<b>6,814</b>
<b>TOTAL ASSETS</b>	<b>34,111</b>	<b>31,005</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>	<b>16,029</b>	<b>14,514</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Liabilities to credit institutions, long-term	11,217	9,810
Deferred tax liabilities	1,944	1,901
Other non-current liabilities	153	0
Provisions for pensions	739	687
Other provisions, long-term	191	131
<b>Total non-current liabilities</b>	<b>14,244</b>	<b>12,529</b>
<b>Current liabilities</b>		
Liabilities to credit institutions, short-term	393	733
Trade payables	1,491	1,459
Current tax liabilities	399	371
Advance payments from customers	38	23
Derivatives, short-term	108	45
Other provisions, short-term	295	289
Other current liabilities	203	264
Accrued expenses and prepaid income	911	778
<b>Total current liabilities</b>	<b>3,838</b>	<b>3,962</b>
<b>TOTAL LIABILITIES</b>	<b>18,082</b>	<b>16,491</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>34,111</b>	<b>31,005</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IN SUMMARY)

<b>SEK m</b>	<b>FY 2018</b>	<b>FY 2017</b>
<b>Opening balance of the period</b>	14,514	13,977
Profit for the period	1,576	1,495
Other comprehensive income for the period	545	-411
<b>Total comprehensive income for the period</b>	<b>2,121</b>	<b>1,084</b>
<b>Transactions with owners</b>		
Dividend to shareholders of the Parent Company	-606	-547
<b>Total transactions with owners</b>	<b>-606</b>	<b>-547</b>
<b>Closing balance for the period</b>	<b>16,029</b>	<b>14,514</b>

## CONSOLIDATED STATEMENT OF CASH FLOW

<b>SEK m</b>	<b>Q4 2018</b>	<b>Q4 2017</b>	<b>FY 2018</b>	<b>FY 2017</b>
<b>Cash flow from operations</b>				
Operating profit	328	191	2,587	1,907
<i>Adjustment for other non-cash items</i>				
Depreciation and amortization	141	88	526	321
Adjustments for other non-cash items	22	54	122	-99
<i>Changes in working capital</i>				
Changes in inventories	35	-173	-41	-361
Changes in trade receivables	366	391	-112	-151
Changes in trade payables	90	70	-80	296
Changes in other working capital	-6	3	36	120
Income tax paid	-56	-35	-313	-105
<b>Net cash flow from operations</b>	<b>920</b>	<b>589</b>	<b>2,725</b>	<b>1,928</b>
<b>Cash flow from investments</b>				
Acquisition of operations	-508	-7,285	-492	-7,482
Investments in fixed assets	-117	-88	-422	-306
Proceeds from sale of fixed assets	2	0	70	139
Deposit	-	-	-233	-
Other investing activities	4	-1	1	-4
<b>Net cash flow from investments</b>	<b>-619</b>	<b>-7,374</b>	<b>-1,076</b>	<b>-7,653</b>
<b>Cash flow from financing</b>				
Borrowings from credit institutions	0	6,260	3,183	6,301
Repayment of loans to credit institutions	-1,124	-	-2,849	-229
Paid interest	-89	-24	-376	-99
Received interest	4	3	7	5
Other financing activities	2	-67	-88	-122
Dividend paid out to shareholders of the Parent Company	-	-	-606	-547
<b>Net cash flow from financing</b>	<b>-1,207</b>	<b>6,173</b>	<b>-729</b>	<b>5,308</b>
<b>Cash flow for the period</b>	<b>-906</b>	<b>-612</b>	<b>920</b>	<b>-417</b>
Cash and cash equivalents at beginning of period	3,020	1,763	1,159	1,599
Exchange differences on cash and cash equivalents	-1	8	34	-23
<b>Cash and cash equivalents at end of period</b>	<b>2,113</b>	<b>1,159</b>	<b>2,113</b>	<b>1,159</b>

## PARENT COMPANY INCOME STATEMENT

<b>SEK m</b>	<b>Q4 2018</b>	<b>Q4 2017</b>	<b>FY 2018</b>	<b>FY 2017</b>
Administrative expenses	-37	-40	-171	-133
Other operating income and expenses	36	41	166	130
<b>Operating profit</b>	<b>-1</b>	<b>1</b>	<b>-5</b>	<b>-3</b>
Interest income subsidiaries	72	15	259	50
Interest expenses subsidiaries	0	0	0	–
Result from shares in subsidiaries	528	-180	528	-179
Other financial income and expenses	-119	-72	-777	102
<b>Profit (loss) from financial items</b>	<b>480</b>	<b>-237</b>	<b>10</b>	<b>-28</b>
Group contributions	44	53	510	-157
<b>Profit (loss) before tax</b>	<b>523</b>	<b>-183</b>	<b>516</b>	<b>-188</b>
Taxes	1	2	1	2
<b>Profit (loss) for the period</b>	<b>524</b>	<b>-181</b>	<b>517</b>	<b>-186</b>

## PARENT COMPANY BALANCE SHEET (IN SUMMARY)

<b>SEK m</b>	<b>Dec 31, 2018</b>	<b>Dec 31, 2017</b>
<b>ASSETS</b>		
Shares in subsidiaries	16,228	16,622
Other non-current assets	5,573	5,116
<b>Total non-current assets</b>	<b>21,801</b>	<b>21,738</b>
Current assets	1,825	893
<b>TOTAL ASSETS</b>	<b>23,626</b>	<b>22,631</b>
<b>EQUITY</b>	<b>10,755</b>	<b>10,845</b>
<b>PROVISIONS</b>		
Provisions	42	27
<b>Total provisions</b>	<b>42</b>	<b>27</b>
<b>LIABILITIES</b>		
Non-current liabilities	11,217	9,810
<b>Total non-current liabilities</b>	<b>11,217</b>	<b>9,810</b>
Current liabilities	1,611	1,949
<b>Total current liabilities</b>	<b>1,611</b>	<b>1,949</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>23,626</b>	<b>22,631</b>

# CONDENSED NOTES

## NOTE 1 | ACCOUNTING PRINCIPLES

Dometic Group AB (publ) ("Dometic") 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 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 1-21 and pages 1-7 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 and amended accounting policies for 2018 adopted by the Group

The Group has adopted IFRS 15 Revenue from Contracts with Customers. This supersedes all current revenue recognition requirements under IFRS. The Group has chosen to use the full retrospective transition method. The standard came into effect as of January 1, 2018. The Group concluded that comparative figures for the 2017 financial year do not need to be restated since the impact is immaterial, which is why there is no effect in the full year 2018. Consequently, no transition provision was required to be disclosed at the end of December 2017. The accounting policies for the Group's main type of revenue are described below.

The standard IFRS 9 Financial instruments is also adopted and came into effect as of January 1, 2018.

### Changes in accounting policies, applicable as of January 1, 2018

As described above, the accounting principles applied correspond to those described in the 2017 Annual Report, with the exception of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments, for which there are changes to Dometic's accounting and valuation principles compared with the principles described in Notes 2 and 4 of the 2017 Annual Report.

The detailed description of the accounting and valuation principles applied by the Group in this interim report are to be read in addition to descriptions found in Notes 1, 2 and 4 of the 2017 Annual Report, available at [www.dometic.com](http://www.dometic.com).

### Preparations for the new accounting standards

The following information should be considered in addition to the description of the new accounting standards and related activities provided in the 2017 Annual Report, Note 2.

#### IFRS 16 Leases

Dometic has completed its assessment of the impact of the new IFRS 16 Leases standard.

As described in earlier interim and annual reports, some impact has been expected on financial reports from 2019 and onwards. IFRS 16 requirements lead to an increase in recognized assets and liabilities. The Group's portfolio of operating leases that were not included in the balance sheet under IAS17 Leases, and

which were previously disclosed in the Annual Report under Note 8 Leasing arrangements, were then presented as part of operating expenses. A majority of these leases will be recognized in the balance sheet under IFRS 16.

The impact on the Group's consolidated financial statements is an opening balance increase of around SEK 500 m, deriving from a lease liability and right-of-use asset adjusted by the amount of prepaid or accrued lease payment. Dometic assesses that IFRS 16 will have a minor positive impact on operating profit and a small negative impact on financial items.

The lease agreements will have no implication on the covenant calculations in our loan agreement.

The Group has lease agreements as a lessee for some of its premises, machinery and vehicles. Lease contracts are usually entered into for a fixed period of two to three years. Leases with a term longer than five years are very rare.

Extension options are included in the accounting lease term for premises if the lease term ends within three years, a similar horizon to the strategy plan for the Group.

Leases are recognized as a right-of-use asset and a corresponding liability, except for short-term leases (with a term of 12 months or less) and leases with low value. For these leases, payments are recognized on a straight-line basis as an expense in the income statement.

Dometic Group will present right-of-use lease assets and lease liabilities separately from other assets and other liabilities on the face of the statement of financial position.

#### Measurement and remeasurement

Lease liabilities are initially measured at the present value of the lease payments, fixed and variable depending on an index or a rate, that are not paid at the commencement date, discounted by the incremental borrowing rate.

Each lease payment is allocated between an amortization of the liability and finance cost.

Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or a rate.

Right-of-use assets are measured at cost, comprising the amount of the initial measurement of the lease liability, lease payments made at or before the commencement date and any initial direct costs and any restoration costs.

The right-of-use asset is depreciated over the lease term on a straight-line basis and charged to the income statement over the lease period.

When there is a remeasurement of, or adjustment to the lease liability, a corresponding adjustment is made to the right-of-use asset.

#### Discount rate assumptions and estimation

Dometic Group has established a method of calculating the discount rate when determining the present value of the remaining lease payments and in recognizing the right-of-use assets. Lease contracts of different types of assets are assigned

different discount factors, since the risk and thus the finance cost may vary significantly, cars compared with premises. Another adjusting factor for the rate is the currency of the lease. A volume-weighted discount rate is calculated since there can be a deviation in time to maturity of the leases. Euro countries are deemed to have the same risk, as we borrow/lend internally in the Group at the same rate for all euro countries. The underlying observable market data used is government bonds.

#### *Policy choices*

The Group has decided to make use of the practical expedient for non-lease components, which means that each lease component and any associated non-lease component will not be treated separately but accounted for as one.

Leases with similar characteristics can as a practical expedient be treated under the so-called portfolio approach. Dometic Group will not use this practical expedient but will account for leases on an individual basis.

Dometic Group has decided to apply the exemption and classify all IT and office equipment as low-value assets and hence not included in the balance sheet.

#### *Cash flow*

IFRS 16 lease payments will be split in cash flow between cash payments for the interest portion of the lease liabilities and repayment of its principal portion. The Group will present the principal portion of lease payments within the cash flows from financing activities, as required by IFRS16.

#### *Transition*

For the IFRS 16 transition, Dometic has decided to apply the simplified retrospective approach and will not restate comparative amounts for 2018, the year prior to first adoption. All right-of-use assets will be measured at the amount of the lease liability on adoption, adjusted for any prepaid or accrued lease expense.

The Group will now start applying the new standard on the effective date. The standard is effective as of January 1, 2019.

### **Accounting principles to be read in addition to the descriptions in Notes 1, 2 and 4 of the 2017 Annual Report**

#### **IFRS 15 Revenue from Contracts with Customers**

Revenue recognition in Dometic Group is based on IFRS 15 – Revenue from Contracts with Customers. This standard specifies the requirements for recognizing revenue from all contracts with customers, except for contracts that are within the scope of the Standards on leasing, insurance contracts and financial instruments.

Dometic is in the business of manufacturing and selling a diverse range of products within Climate, Hygiene & Sanitation, Food & Beverage, Power & Control and Safety & Security. These products are primarily for use in Recreational Vehicles, pleasure boats, work boats, trucks and premium cars.

Products in the area of Mobile living are sold via the two sales channels Original Equipment Manufacturer (OEM) and Aftermarket (AM).

The new revenue model is made up of a series of steps required to help entities determine when and how much revenue to recognize.

In the first step of the revenue model, the Group identifies the contract with a customer. This is then followed by the second

step, in which the various goods and services that need to be accounted for separately, or distinct performance obligations, are identified. In the third step, the Group determines the transaction price, which is the total amount to which the Group expects to be entitled, and then in the fourth step the transaction price is allocated to the distinct performance obligations. Finally, the amount of revenue allocated to each distinct performance obligation is recognized either at a point in time or over a period of time, depending on when the customer acquires control over the promised goods or services in that performance obligation.

#### *Customer contract*

Purchase orders from the customer, which is the most common way of ordering goods, qualify as an IFRS 15 contract, including all enforceable rights and obligations required.

#### *Distinct performance obligations*

The promises are all distinct, since the customer can benefit from the goods on their own and the service (if included in a contract) together with the readily available goods. Each promise (performance obligation) is accounted for separately.

In the rare cases where the Group offers installation services, revenue for that performance obligation is recognized over the contract period during which the service is provided. At present, the service part of the Group's revenue is immaterial, which is why revenue over time is not separately presented in the disclosures.

#### *Transaction price*

Sales are recorded based on the price specified in the customer agreements, net of the estimated discounts and returns at the time of sale. Accumulated experience is used to estimate and provide for the discounts and returns. If the consideration includes a variable amount, the transaction price includes an estimate of what the entity will be entitled to receive. Estimated discounts are accounted for at the time of the sale and simultaneously reduce external revenue. The amount is estimated by using either the expected value or the most likely amount.

The revenue estimate is included in the transaction price only if it is highly probable that there will not be a significant reversal in the amount of cumulative revenue recognized.

#### *Revenue recognition*

Revenue is recognized when the Group has fulfilled its performance obligation, which means the Group has transferred the promised good or service to the customer. The goods or service are regarded as transferred when the customer has obtained control of the good or service. Revenue from the sale of goods and services is recognized in a pattern that reflects the transfer of control of the promised goods or service to the customer, and this takes place when the customer has obtained the ability to direct the use of the goods and obtained substantially all remaining benefits from the asset.

Control either transfers to the customer over time or at a point in time, and this is determined at contract inception. The assessment of whether control transfers over time or at a point in time is critical to the timing of revenue recognition, since revenue is recorded when or as control transfers.

The Group has a limited number of arrangements where the performance obligations are satisfied over time, including some services but also a small volume of customized goods constructed for customers. To achieve valid revenue timing, progress toward satisfaction of a performance obligation must be measured.

Indicators for the transfer of control at a point in time for goods are if the Group has a right to payment for the goods or if the customer has legal title to the goods. Other indicators which the Group considers are if the Group has transferred physical possession of the goods and if the customer has the significant risks and rewards related to the ownership of the goods.

Additionally, the Group considers whether the customer has accepted the goods in accordance with the customer acceptance clause.

International commercial terms are important as a checkpoint, to determine when control transfers to a customer. The Group must use judgement to determine whether all relevant IFRS control factors collectively indicate that the customer has obtained control before recognizing revenue.

#### *Financing component*

If the timing of the payment of the consideration is in advance or deferred and the timing provides a significant financing benefit, the payments are adjusted for the time value of money. However, since sales are normally made with a credit term of 30-60 days, which is consistent with market practice, no element of financing is considered to exist.

#### *Right to return*

Revenue is not recognized for products expected to be returned in cases where the customer has a contractual right of return. A liability for the refund (refund accrual) and an asset plus a corresponding adjustment to cost of goods sold for the right to recover products from customers on settling the refund accrual is recorded.

#### *Warranty*

Dometic offers a standard warranty, normally of between two and three years. In some cases, an extended warranty may be offered to the customer. The standard warranty is recorded as a provision and a warranty cost in the income statement, whereas the extended warranty is a separate performance obligation. The portion of the transaction price in the contract that is allocated to the extended warranty is accounted for as revenue over the term of the warranty period.

### **IFRS 9 Financial Instruments**

IFRS 9 Financial instruments addresses the classification, recognition, measurement and impairment of financial instruments and hedge accounting. The standard replaces the earlier IAS 39 standard and is effective from January 1, 2018, although early adoption is permitted.

Dometic applies the new standards effective from January 1, 2018, with no comparative historical adjustments as permitted by the standard.

Dometic reviewed the standard in 2016 and 2017 with the conclusion presented in the 2017 Annual report that the new rules regarding classification and valuation have an immaterial impact on Dometic Group. As a result of this, no material transition effects have been identified and no transition effect is recorded in the group financial statements at December 31, 2017.

Dometic determined that all existing hedge relationships that are currently designated in effective hedging relationships will continue to qualify for hedge accounting under IFRS 9.

#### *Financial assets*

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and

transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired and substantially all risks and rewards of ownership are transferred. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset.

Dometic classifies and measures its financial assets in the following categories: Amortized cost and fair value through profit and loss.

- a) **Amortized costs:** The Group's financial assets at amortized cost comprise trade receivables and other receivables as well as cash and cash equivalents in the balance sheet. The objective of holding these financial assets is to collect the contractual cash flows, thus the "hold to collect" business model. The cash flows from these assets are solely payment of principal and interest, and are therefore measured at amortized cost. Selling or trading these financial assets are not part of the business model. If a sale would occur, it would be incidental and low frequent.

Trade receivables within this category are amounts due from customers in the ordinary course of business. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

- b) **Fair value through profit and loss:** Financial derivatives that are not subject to hedge accounting are always recognized at fair value through profit and loss. Valuation of financial derivatives at fair value is done at the most recent updated market prices. Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category is presented in the operating result or financial net in the income statement depending on the nature of the economic relationship with the underlying asset.

Assets are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities later than 12 months after the balance sheet date.

#### *Impairment of financial assets*

The Group has revised its impairment methodology for financial assets subject to IFRS 9's impairment model for financial assets leading to a so called expected credit loss model. As of January 1, 2018, Dometic recognizes expected credit losses over the expected life of the trade receivables. Historical information by legal entity is used regarding credit loss experience and ageing to forecast future credit losses. In addition, current and forward-looking information by legal entity is used to reflect current and expected future losses. To support and harmonize the organization, a calculation matrix for calculating expected credit losses has been developed by headquarters and distributed to the relevant functions throughout the Group.

Dometic applies the simplified approach to measure life time expected credit losses for trade receivables to provide for losses each closing. The new model changed the loss allowance immaterially.

#### *Financial liabilities*

Financial liabilities are recognized initially at fair value, net of transaction costs incurred. Liabilities to credit institutions are subsequently stated at amortized cost; any difference between

the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates. Liabilities to credit institutions are classified as current liabilities unless the Group has the right to defer settlement of the liability for at least 12 months after the balance sheet date. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

#### *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the balance sheet, when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability.

#### *Derivative financial instruments and hedging activities*

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The derivatives in Dometic hedge a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

#### *Cash flow hedge*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income, and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement. Amounts accumulated in equity are accounted for in the income statement in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings are recognized in the financial net. The gain or loss relating to the ineffective portion is also recognized in the financial net. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement.

#### *Net investment hedges*

Dometic applies hedge accounting for net investment in foreign operations. Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the

hedge is recognized in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss within other income or other expenses. Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is sold.

## **NOTE 2 | RISKS AND UNCERTAINTIES**

As all businesses, Dometic is exposed to a number of risks that could have a material impact on the Group. These risks are factors that impact Dometic's ability to achieve established Group targets. This applies to both financial targets and targets in other areas outlined in Dometic's business strategy. Dometic performs an annual risk analysis by assessing each defined risk's likelihood and impact in a risk register, resulting in global and regional risk maps presented to Group management and the Board of Directors and used as a foundation for the control activities within Dometic. The risks that Dometic is exposed to are classified into four main categories (business and market risks, operational risks, compliance and regulatory risks and financial risks) where each category has underlying risks. These risks can be both internal and external. Internal risks are mainly managed and controlled by Dometic whereas external risk factors are not caused nor can be controlled by Dometic but the effects can be limited by an effective risk management.

Dometic is subject to transaction risks at the time of purchasing and selling, as well as when conducting financial transactions. Transaction exposure is primarily related to the currencies EUR, USD and AUD. As the majority of the Group's profit is generated outside Sweden, the Group is also exposed to translational risks in all major currencies.

Efficient risk management is a continual process conducted within the framework of business control, and is part of the ongoing review of operations and forward-looking assessment of operations. In the preparation of financial reports, the Board of Directors and Group management are required to make estimates and judgments. These estimates and judgments impact the income statement and balance sheet, as well as the disclosures. The actual outcome may differ from these estimates and judgments under different circumstances and conditions. Dometic's future risk exposure is assumed not to deviate from the inherent exposure associated with Dometic's ongoing business operations. For a more in-depth analysis of risks and risk management, please refer to Dometic's 2017 Annual Report.

## **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 value of Dometic's derivative asset and liabilities were SEK 107 m (Q4 2017: SEK 91 m) and SEK 108 m, (Q4 2017: SEK 45 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**

Dec 31, 2018	Balance sheet carrying amount	Financial instruments at amortized cost	Financial instruments at fair value	Derivatives used for hedging
<b>Per category</b>				
Derivatives	107	–	20	87
Financial assets	4,570	4,570	–	–
<b>Total financial assets</b>	<b>4,677</b>	<b>4,570</b>	<b>20</b>	<b>87</b>
Derivatives	108	–	74	34
Financial liabilities	13,304	13,304	–	–
<b>Total financial liabilities</b>	<b>13,412</b>	<b>13,304</b>	<b>74</b>	<b>34</b>

## NOTE 4 | SEGMENT INFORMATION

<b>SEK m</b>	<b>Q4 2018</b>	<b>Q4 2017</b>	<b>FY 2018</b>	<b>FY 2017</b>
<b>Net sales, external</b>				
<b>Americas <sup>(1)</sup></b>				
OEM	1,525	1,160	6,736	4,576
Aftermarket	652	351	3,022	1,753
Americas net sales, external	2,177	1,511	9,758	6,329
RV	1,133	1,229	5,595	5,341
Marine	937	214	3,757	651
CPV	58	42	229	208
Other (Lodging and Retail)	50	26	177	128
Americas net sales, external	2,177	1,511	9,758	6,329
<b>EMEA</b>				
OEM	883	803	3,532	3,154
Aftermarket	532	445	3,173	2,808
EMEA net sales, external	1,415	1,248	6,706	5,962
RV	737	641	3,180	2,821
Marine	199	178	805	725
CPV	356	303	1,769	1,553
Other (Lodging and Retail)	123	126	951	863
EMEA net sales, external	1,415	1,248	6,706	5,962
<b>APAC</b>				
OEM	202	216	857	847
Aftermarket	276	277	954	907
APAC net sales, external	478	493	1,810	1,753
RV	225	233	925	921
Marine	26	28	112	109
CPV	33	40	153	160
Other (Lodging and Retail)	194	192	620	563
APAC net sales, external	478	493	1,810	1,753
<b>Net sales, external</b>				
Americas <sup>(1)</sup>	2,177	1,511	9,758	6,329
EMEA	1,415	1,248	6,706	5,962
APAC	478	493	1,810	1,753
<b>Total net sales, external</b>	<b>4,070</b>	<b>3,252</b>	<b>18,274</b>	<b>14,044</b>
<b>Operating profit (EBIT) before i a c</b>				
Americas <sup>(1)</sup>	234	180	1,470	885
EMEA	86	38	814	618
APAC	100	92	395	357
<b>Total operating profit before i a c</b>	<b>420</b>	<b>310</b>	<b>2,679</b>	<b>1,860</b>
<b>Items affecting comparability</b>				
Americas <sup>(1)</sup>	-34	-58	-34	-58
EMEA	-57	-61	-57	-61
APAC	-1	-	-1	166
<b>Total i a c</b>	<b>-92</b>	<b>-119</b>	<b>-92</b>	<b>47</b>
<b>Operating profit (EBIT)</b>				
Americas <sup>(1)</sup>	200	122	1,437	827
EMEA	29	-23	756	557
APAC	99	92	394	523
<b>Total operating profit (EBIT)</b>	<b>328</b>	<b>191</b>	<b>2,587</b>	<b>1,907</b>
Financial income	5	4	11	6
Financial expenses	-101	-91	-442	-212
Taxes	-96	173	-580	-206
<b>Profit for the period</b>	<b>136</b>	<b>277</b>	<b>1,576</b>	<b>1,495</b>

<sup>(1)</sup>Including SeaStar Solutions.

Segment performance is primarily assessed based on sales and operating profit. Information regarding income 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 2017 Annual Report.

Inter-segment sales were as follows.

SEK m	Q4 2018	Q4 2017	FY 2018	FY 2017
Americas <sup>(1)</sup>	80	66	389	357
EMEA	92	95	464	464
APAC	674	879	3,165	3,029
<b>Eliminations</b>	<b>845</b>	<b>1,039</b>	<b>4,017</b>	<b>3,850</b>

<sup>(1)</sup>Including SeaStar Solutions.

## NOTE 5 | ITEMS AFFECTING COMPARABILITY

SEK m	Q4 2018	Q4 2017	FY 2018	FY 2017
Restructuring charges	-101	–	-101	–
Relocation China	9	–	9	166
Acquisition-related costs SeaStar Solutions	–	-58	–	-58
EMEA profitability improvement program	–	-61	–	-61
<b>Total</b>	<b>-92</b>	<b>-119</b>	<b>-92</b>	<b>47</b>

The table below lists items affecting comparability by function.

SEK m	Relocation China		Acquisition-related costs SeaStar Solutions		EMEA profitability improvement program		Restructuring charges		Total	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Costs of goods sold	9	–	–	–	–	-34	-66	–	-57	-34
Sales expenses	–	–	–	–	–	-18	-6	–	-6	-18
Administrative expenses	–	–	–	–	–	-9	-29	–	-29	-9
Other operating income and expenses	–	166	–	-58	–	–	–	–	–	108
<b>Total</b>	<b>9</b>	<b>166</b>	<b>–</b>	<b>-58</b>	<b>–</b>	<b>-61</b>	<b>-101</b>	<b>–</b>	<b>-92</b>	<b>47</b>

## NOTE 6 | AMORTIZATION OF ACQUISITION RELATED INTANGIBLE ASSETS – BY FUNCTION

SEK m	Amortization of customer relationship		Amortization of technology		Amortization of intellectual property		Total	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Costs of goods sold	–	–	-44	-2	-23	-23	-67	-25
Sales expenses	-152	-52	–	–	–	–	-152	-52
Administrative expenses	–	–	–	–	–	–	–	–
Other operating income and expenses	–	–	–	–	–	–	–	–
<b>Total</b>	<b>-152</b>	<b>-52</b>	<b>-44</b>	<b>-2</b>	<b>-23</b>	<b>-23</b>	<b>-219</b>	<b>-76</b>

## NOTE 7 | TRANSACTIONS WITH RELATED PARTIES

No transactions between Dometic and related parties that have significantly affected the company's position and earnings took place in 2018.

## NOTE 8 | ACQUISITIONS AND DIVESTMENTS 2018

### Acquisition of Kampa

On December 3 2018, Dometic acquired Kampa, an innovative provider of Retail and Aftermarket products based in the UK. Kampa significantly broadens Dometic's Retail and Aftermarket

offering in EMEA, with good potential for further expansion and profitable growth.

The cash purchase price was GBP 50 m on a debt and cash free basis excluding potential earn-out elements. The total cash purchase price amounted to GBP 57.9 million including earn out elements of GBP 8.5 m. GBP 8.5 m has been accounted for as a non interest bearing liability to the Sellers.

If the acquisition had been consolidated as of January 1, 2018, the effect on proforma net sales would have been GBP 40 m and EBITDA of 7 m. Aftermarket sales account for 100% of revenue.

The business operates with a small fixed asset base which requires limited Capex each year.

The summary of value adjustments recognized as a result of the preliminary purchase price allocation of Kampa totals SEK 512 m, including goodwill of SEK 309 m, trademarks and tradenames of SEK 16 m, customer relationships of SEK 208 m, other intangible assets of SEK 1 m, operating assets of SEK 222 m, cash of SEK 31 m, other non-current liabilities of SEK 47 m and operating liabilities of SEK 229 m.

Goodwill is justified by new potential customers relationships and market position. Acquisition-related costs in the consolidated income statement for Q4 amount to SEK 10 m. Sales and cost synergies are expected to be limited. The acquisition has affected consolidated net sales with SEK 12 m and operating profit of SEK -3.5 m including step up inventory of -2.6 m.

#### *Acquisition of SeaStar Solutions*

The purchase price allocation of SeaStar Solutions is considered as final. In Q1 2018 the goodwill in the preliminary purchase price allocation was adjusted by SEK +13 m. In Q2 2018 a repayment of the purchase price consideration held in escrow of SEK 16 m was received and adjusted against goodwill (reducing goodwill by SEK -16 m). In Q4 the sellers were compensated for deductible transaction costs of SEK 27 m and the acquired deferred tax liability was adjusted by SEK 91 m against goodwill (reducing goodwill by SEK 91 million).

#### *Acquisition of IPV and Oceanair Marine Limited*

The purchase price allocation of IPV and Oceanair Marine Limited are considered as final. No changes have been made.

#### *Effect on group cash flow*

Effect on group cash flow amounts to SEK -492 m, whereof SEK -481 m relates to the acquisition of Kampa and a net payment of SEK 11 m relating to the acquisition on SeaStar Solutions.

## **2017**

#### *Acquisition of SeaStar Solutions*

On November 22, 2017, Dometic announced the acquisition of SeaStar Solutions, a leading provider of vessel control, fuel and system integration systems to the leisure marine industry. SeaStar Solutions is based in North America and employs 1,250 people. The transaction was closed on December 15, 2017 after all approvals from relevant competition authorities was obtained, and Dometic has consolidated the company as of that date. The total cash purchase price amounted to USD 868 m (SEK 7,286 m). The summary of value adjustments recognized as a result of the preliminary purchase price allocation of SeaStar Solutions totals SEK 7,361 m, including goodwill of SEK 3,361 m, trademarks and tradenames of SEK 1,376 m, other intangible assets of SEK 3,365 m, tangible assets of SEK 347 m, other non-current assets of SEK 1 m, cash of SEK 1 m, net operating assets and liabilities of SEK 686 m and provisions and other non-current liabilities of SEK -1,777 m.

Goodwill is justified by new potential customers and new future technologies with SeaStar Solution's leading position in vessel

control, fuel systems and system integration and strong relationships with manufacturers. Acquisition-related costs amount to SEK 58 m, reported as items affecting comparability in Q4 2017. Sales and cost synergies of USD 20 m per annum will be fully realized within 3 years. The acquisition has affected consolidated net sales from the date of the acquisition by SEK 108 m and operating profit by SEK 5 m, including step-up costs for fair value revaluation of inventory of SEK 9 m. If the acquisition had been consolidated as of January 1, 2017, the effect on pro forma net sales would have been USD 320 m and EBITDA of USD 85 m.

While the Company uses its best estimates and assumptions as part of the purchase price allocation process to value assets acquired and liabilities assumed at the acquisition date, the purchase price allocation for an acquisition is preliminary for up to 12 months after the acquisition date and is subject to refinement as more detailed analyses are completed and additional information about the fair values of the assets and liabilities becomes available.

#### *Acquisition of IPV and Oceanair Marine Limited*

On December 22, 2016, Dometic announced the acquisition of the assets of IPV, a Germany-based aftermarket provider of coolers and other outdoor products. The acquisition strengthens Dometic's position in the EMEA market for mobile coolers. The purchase price was EUR 3.5 m, and the transaction was closed on January 3, 2017. On February 7, 2017, Dometic acquired Oceanair Marine Limited, a UK-based market-leading manufacturer of marine blinds, screens and soft furnishings for the Leisure Marine and Super Yacht segments. The acquisition strengthens Dometic's presence in the marine market and broadens the product portfolio. The company reported revenues of GBP 11.4 m for the 2015/2016 fiscal year. The initial purchase price was GBP 14.0 m in cash, with an additional earn-out consideration of a maximum of GBP 2.5 m subject to the achievement of certain performance-related targets over the next 16 months.

The summary of value adjustments recognized as a result of the acquisition of Oceanair totals SEK 160 m, including goodwill of SEK 80 m, other intangible assets (trademarks and customer relationships) of SEK 100 m, and a deferred tax liability of SEK 20 m. Acquisition-related costs expensed in the consolidated income statement for Q1 2017 amounts to SEK 2.5 m.

The total purchase price consideration in cash for the transactions (IPV, Oceanair), less cash and cash equivalents, amounts to SEK 197 m, including earn-out paid in the third quarter 2017. The acquisitions did not have any significant impact on operating profit in 2017.

## **NOTE 9 | SIGNIFICANT EVENTS AFTER THE PERIOD**

Per-Arne Blomquist, CFO and Deputy CEO of Dometic, has decided to leave the company to focus on new and existing board assignments.

# 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](http://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.

## EBITDA margin

EBITDA divided by net sales.

## Leverage

Net debt excluding pensions 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 calculated at comparable currency, applying 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 2018

Financial Year ended December 31, 2018.

### FY 2017

Financial Year ended December 31, 2017.

### 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 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)

Earnings before financial items and taxes.

### Operating profit (EBIT) margin

Operating profit (EBIT) divided by net sales.

### RV

Recreational Vehicles.

### Q4 2018

October to December 2018 for Income Statement.

### Q4 2017

October to December 2017 for Income Statement.

### Working capital

Core working capital plus other current assets less other current liabilities and provisions relating to operations.

# PRESENTATION OF THE INTERIM REPORT

Analysts and media are invited to participate in a telephone conference at 10.00 (CET), February 8, 2019, during which President and CEO, Juan Vargues and CFO, Per-Arne Blomquist, 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:

Sweden: +46 8 505 583 54  
 UK: +44 333 300 92 74  
 US: +1 646 722 49 56

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

## FOR FURTHER INFORMATION, PLEASE CONTACT

Johan Lundin  
 Head of Investor Relations and Communications  
 Phone: +46 8 501 025 46  
 E-mail: [ir@dometicgroup.com](mailto:ir@dometicgroup.com)

## CONTACT DETAILS

### Dometic Group AB (publ)

Hemvärmsgatan 15  
 SE-171 54 Solna, Sweden  
 Phone: +46 8 501 025 00  
[www.dometic.com](http://www.dometic.com)  
 Corporate registration number 556829-4390

## ABOUT DOMETIC

Dometic is a global market leader in branded solutions for mobile living in the areas of Food & Beverage, Climate, Power & Control, Hygiene & Sanitation and Safety & Security. Dometic operates in the Americas, EMEA and Asia Pacific, providing products for use in recreational vehicles, trucks and premium cars, pleasure and workboats, and for a variety of other uses. Dometic offers products and solutions that enrich people's experiences away from home, whether in a motorhome, caravan, boat or truck. 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 8,000 people worldwide, had net sales of SEK 18.0 billion in 2018 and is headquartered in Solna, Sweden.

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 CET on February 8, 2019.

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

## FINANCIAL CALENDAR

**APRIL 9, 2019:** Annual General Meeting  
**APRIL 26, 2019:** Interim report for the first quarter 2019  
**JULY 17, 2019:** Interim report for the second quarter 2019  
**OCTOBER 24, 2019:** Interim report for the third quarter 2019