
ANNUAL
REPORT
2014
Dometic
GROUP

# 2014
## in brief

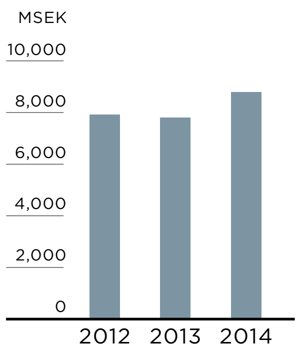
### EARNINGS, CASHFLOW AND MAJOR EVENTS

2014 was a year of strong growth for the Dometic Group. All regions and business areas demonstrated year over year sales growth. In particular, strong demand in the Americas helped achieve the Group's 13 percent increase in revenue. Cash flow also improved driven both by increased earnings and sucessful initiatives targeting inventory reductions in both supplies and finished goods.

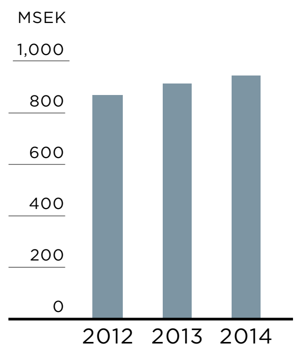
During the year, several steps were taken to execute on the strategy established in 2013. The acquisitions of Atwood and Prostor are examples of two strategically important steps towards securing positions in product categories earlier not covered.

Increased investments in product development have resulted in a stronger portfolio of innovative and high quality products launched during the year and in the pipeline for 2015 launches. In operations a large amount of work went into improving product quality and delivery, which resulted in a stabilization of our performance relative to 2013.

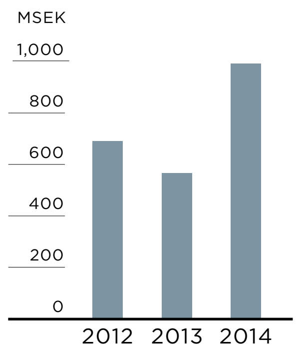
NET SALES



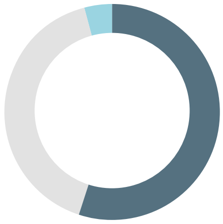

EBIT




OPERATING CASH FLOW




SALES BY CHANNEL

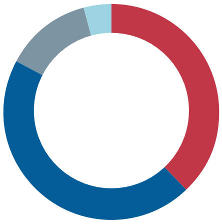


- Original Equipment Manufacturers, (OEM), 55 %
- Aftermarket, (AM), 41 %
- Medical, 4 %

SIX STRONG BUSINESS AREAS

- Recreational Vehicles (RV), 58 %
- Marine, 10 %
- Commercial and Passenger Vehicles (CPV), 16 %
- Retail, 9 %
- Lodging, 3 %
- Medical, 4 %

NET SALES PER REGION/DIVISION



- Americas, 38 %
- EMEA, 45 %
- APAC, 13 %
- Medical, 4 %

# Contents
Annual Report



# This is Dometic Group

DOMETIC GROUP'S JOURNEY OF MERGING COMFORT WITH MOBILITY BEGAN IN 1922 WHEN TWO SWEDISH ENGINEERING STUDENTS INVENTED THE SILENT AND VIBRATION-FREE ABSORPTION TECHNOLOGY.

**DOMETIC GROUP MAKES LIFE** away from home more comfortable. We serve the market with a complete range of air conditioners, refrigerators, awnings, cookers, sanitation, lighting, mobile power equipment, windows, doors, and other comfort products.

Dometic Group is the preferred development partner and equipment supplier to RV and boat builders, manufacturers of commercial and passenger vehicles, and to end consumers through a network of more than 12,000 retailers, distributors and technical service companies all over the world.

We offer delivery from manufacturing plants close to our customers and a global distribution and support network to take care of aftersales service. A large part of our products are manufactured at our own production facilities in Asia Pacific, Europe and the U.S.

Products are sold through multiple distribution channels under the following well established brand names and labels: **Dometic**, **WAECO**, **MarineAir**, **Cruisair**, **Condaria**, **SeaLand** and **Mobicool**. Our brands and labels have a solid reputation and are recognized for their high quality.


6,700

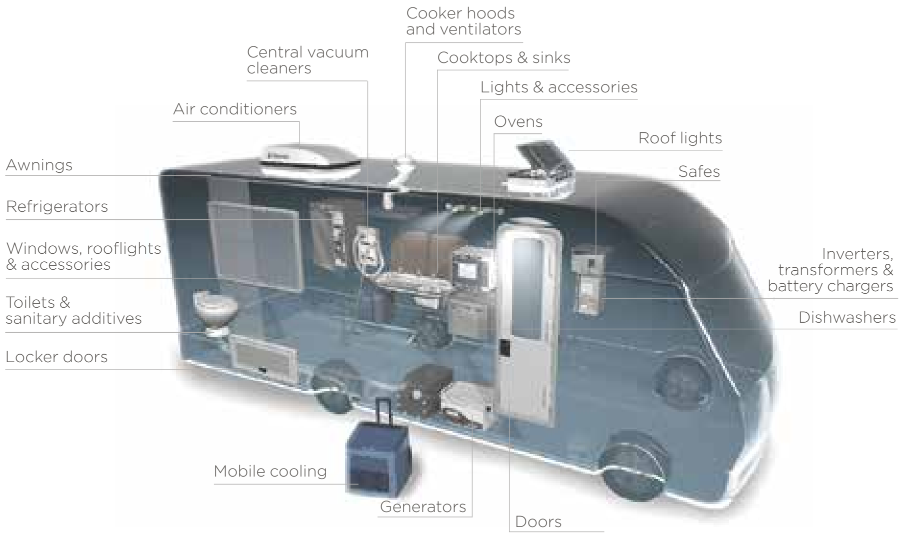
employees across the globe

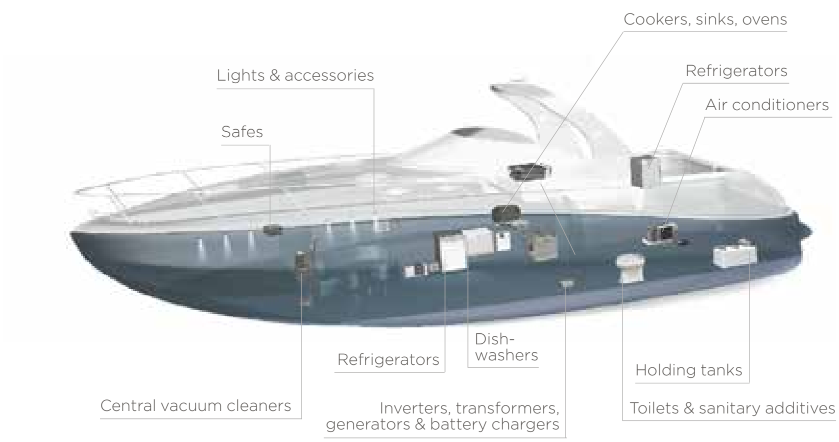
# Five business areas and one global division

WE HAVE DIVIDED OUR BUSINESS INTO THREE GEOGRAPHICAL REGIONS AND ONE GLOBAL DIVISION. EACH GEOGRAPHICAL REGION CONTAINS FIVE BUSINESS AREAS: RV, MARINE, CPV, RETAIL AND LODGING.

## RECREATIONAL VEHICLES, RV

*Our Recreational Vehicle (RV) products are designed with comfort in mind. We are the leader in manufacturing and distributing innovative, high quality RV products that enhance mobile living. New products are often developed in close cooperation with customers who can tailor-make their products to match the market expectations and requirements. Customers also benefit from a worldwide service network.*




## MARINE

*Our Marine business area supplies systems and equipment for pleasure boats of all types and sizes ranging from weekend pleasure crafts to superyachts. We also bring expertise and reliability to products designed for the coastal and offshore commercial marine industry.*

## COMMERCIAL AND PASSENGER VEHICLES, CPV

*The Commercial and Passenger Vehicle business area supplies air conditioning, refrigerators and rear video camera systems for heavy duty trucks, agricultural and construction vehicles. Our air conditioning solutions are designed to meet new legislative demands by reducing engine idle time without sacrificing driver comfort.*

# Innovations this year

INNOVATIVE PRODUCTS ARE AT THE CORE OF DOMETIC GROUP. WE STRIVE TO BRING BETTER, MORE EFFICIENT, EASIER TO USE PRODUCTS TO OUR END USERS.

The new 9-series fridge for RV features a new innovative and flexible interior design in a new size.

The new Smart-D control panel that connects and integrates all the equipment in the RV.


### RETAIL

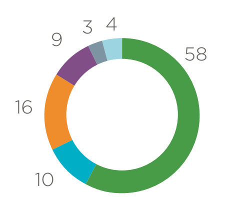
*Our Retail business area offers a wide range of specialized comfort products. In the retail market we are the world leading manufacturer of all three cooling techniques (absorption, DC compressor and thermoelectric). We supply mobile cooling in basic to top-of-the-line models that range from 10 to 100 liters.*

### LODGING

*The Lodging business area primarily sells compact refrigerators for in-room installation in hotels or in cruise line cabins. Absorption technology is particularly attractive where silent cooling is important. The business area also provides user-friendly safes for cruise ship cabins and hotel rooms.*

### MEDICAL

*Medical is a global division within Dometic Group. Our largest presence is within the developing world. We are the only company in the world to offer a complete range of cold chain equipment.*




SHARE OF GROUP NET SALES, %

- RV
- Marine
- CPV
- Retail
- Lodging
- Medical

**“THE ACQUIRED COMPANIES ATWOOD AND PROSTOR BOTH STRENGTHEN OUR POSITION THROUGH HIGH QUALITY PRODUCTS THAT PERFECTLY COMPLEMENTS OUR PRODUCT RANGES IN OUR CORE MARKETS.”**

# Focus on growth and operational improvements

IN 2014 WE IMPROVED OUR FINANCIAL RESULTS, LAUNCHED EXCITING NEW PRODUCTS, MADE TWO IMPORTANT ACQUISITIONS AND STRENGTHENED THE ORGANISATION.

**WITHIN DOMETIC GROUP** we apply a continous improvement mindset to everything we do and we are going through a lot of change that step by step strengthens us further.

During 2014 we increased our product development output in the three regions, and improved our capabilities at our R&D centers in China, Germany and the U.S. We invested more in the development of smart, innovative products and started to benefit from these steps during the year launching exciting new products. In our core areas we introduced for example the 9-series slim and flexible RV refrigerator for compact spaces and the new 134A truck auxiliary air conditioning system.

**Business and operational performance**

In terms of quality and reliability our vision is zero defects received at customers and zero enduser problems. To achieve this we put a lot of efforts in to improving product quality and we reported improvements both in warranty and in reduced claims from customers. In our manufacturing plants around the world, the main focus areas apart from quality is delivery performance and productivity improvements. Competitiveness in all these areas is a prerequisite to remain the leader and we believe our efforts supported growth. In terms of RV sales, the market in Australia was solid and the U.S. was strong while European RV market showed encouraging signs of picking up. Professional driver comfort is becoming increasingly important in several parts of the world and we see the demand for our comfort and cooling products rising. This trend will continue to drive the growth of sales in our truck segment. The marine market was stable in 2014, with steady sales in our

main market for larger boats. Our geographic expansion, focused on growth in select markets in Asia, continued in 2014, and we saw particularly good growth in China and Japan. Global demand for our products continues, however our efforts to grow in Russia were hampered by economic instability.

We managed to improve our earnings by seven percent despite some operational challenges, such as a serious fire at our kitchen appliances plant in Slovakia.

**Strategic acquisitions**

Our strategic agenda involves strengthening our offering in the RV sector, both for the OEM customers as well as for the aftermarket. In line with this strategy we signed an agreement to purchase Indiana-based Atwood Mobile Products. This acquisition has expanded our product range in the heating sector with the ability to offer high quality water heaters, ventilation technology, furnaces and other products that were not previously in our North American offering. This key acquisition further enhances our position in the U.S., the world's largest RV market. We also took over the Prostor RV awning division from the Belgian company Brustor NV. This acquisition has given us the ability to offer a full range of awnings and accessories for primarily Europe and Australia. Both acquisitions are an excellent fit for us, with high quality products that fill certain portfolio gaps and thereby strengthen our market position. Both companies have already been well integrated into the Group.

We also successfully refinanced our existing PIK notes through an issuance of new notes.

**A professional team in place**

During the year we strengthened our management capabilities with new members to the management team and through our High Potential Program we have taken another step forward in fostering internal future leaders. We have an enthusiastic and professional team in place that works with dedication to meet our targets. As I said last year, it is our firm commitment to be the industry's undisputed leader in product quality, reliability and innovation. This remains more true than ever. Our efforts during the year have made us a better company. In true spirit of continuous improvement, we will never be satisfied, but the progress we made over this past year strongly increases my enthusiasm and optimism about the path ahead.

Roger Johansson
President and CEO

**VISION**

## TO BE AN INNOVATOR AND TRENDSETTER FOR PEOPLE ENJOYING A COMFORTABLE MOBILE LIFESTYLE.

**OUR STRATEGY**

| | | |
|---|---|---|
| *EXPAND OEM STRONGHOLD* | *GROW AFTERMARKET/RETAIL BUSINESS* | *ACCELERATE NEW GEOGRAPHIES* |
| *CAPTURE OPERATIONAL SYNERGIES* | | |
| *ONE DOMETIC* | | |

# Dometic Group

DOMETIC GROUP'S HISTORICAL AND FUTURE SUCCESS IS DRIVEN BY A DEEP UNDERSTANDING OF THE CORE MARKETS, SOLID CUSTOMER RELATIONS AND THE ABILITY TO PROFESSIONALLY MEET CUSTOMER REQUIREMENTS.

**Business model and core strengths**

Dometic Group is focused on serving a number of niche markets within the recreational sector. With the highly technical nature of our products, our customers often require customized engineering solutions and installations.

Dometic Group:

- serves our market through two main sales channels: Original Equipment Manufacturers (OEM) and Aftermarket (AM)
- leverages our innovative capabilities to serve our OEM customers with a solution supplier approach
- provides our AM customers, wholesale distributors and dealers with products for their needs
- has a clear aspiration to be the preferred strategic partner in mobile comfort by providing our customers and their customers with added value, products and services.

In our industry, we are viewed as a leading mobile comfort supplier in all geographical areas thanks to our broad product portfolio, our innovation capabilities and our extensive global presence in supply chain, distribution and service support networks.

**THREE REGIONS, FIVE BUSINESS AREAS AND ONE GLOBAL DIVISION**

| | RV | Marine | CPV | Retail | Lodging | Medical | % of revenue |
|---|---|---|---|---|---|---|---|
| **EMEA** | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 45 |
| **AMERICAS** | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 38 |
| **APAC** | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 13 |
| **ONE GLOBAL DIVISION – MEDICAL** | | | | | | ✓ | 4 |
| % of revenue | 58 | 10 | 16 | 9 | 3 | 4 | |

> “DOMETIC GROUP SETS STANDARDS WITHIN ITS CATEGORIES AND HAS BECOME THE INNOVATOR AND TREND SETTER FOR PEOPLE ENJOYING A COMFORTABLE MOBILE LIFESTYLE.”

# Get comfortable — wherever you are

AS OUR CITIES GET MORE CONGESTED, OUR DAYS BUSIER AND OUR LIVES MORE COMPLICATED, OUTDOOR LEISURE ACTIVITIES ARE BECOMING INCREASINGLY ATTRACTIVE. MORE AND MORE PEOPLE ARE HEADING FOR THE HILLS, THE CAMPGROUNDS OR CASTING OFF ON A BOAT — AND THEY PREFER TO DO THAT WITHOUT LEAVING ALL OF THE COMFORTS OF HOME BEHIND.

**MARKET DRIVERS POINT** to continued growth since demand for our products is impacted by macroeconomic trends such as GDP, employment levels and consumer sentiment. The current trends are global GDP improvements and growth is forecasted across the majority of economies in which Dometic Group operates. The RV market is showing strong increases in the U.S., Australia and selected European markets. The marine market is also recovering and is expected to benefit from the growth in spending power of high-net worth individuals.

**We are the market leader**

Dometic Group provides all kinds of mobile comfort products from refrigerators and stovetops to awnings, air conditioners, heating ventilation and toilets. Our mobile products are designed to go wherever consumers want them to go — for the highest level of comfort on land or sea.

We are the leading global provider in most of our product categories:

- to the RV markets in the U.S., EU and Australia (OEM and AM)
- to the CPV markets in EU
- to the marine markets in U.S., Australia and EU (OEM and AM)
- to the retail markets in EU and Australia and to the portable refrigeration equipment market and the medical industry in EU and Africa.

**Important market trends:**

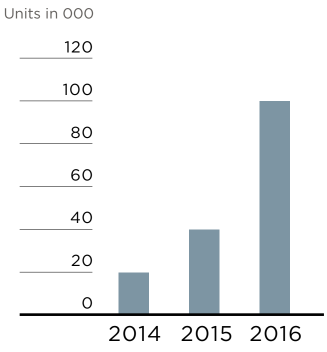
*“Americans embrace outdoor activities”*

According to an Outdoor Foundation report 2014, nearly half of the U.S. population participated in outdoor activities. That amounts to 141.9 million outdoor participants. The number of total outdoor outings also increased, reaching an all-time-high with 12.4 billion outdoor excursions, up from 11.5 billion excursions the year before.

RV camping was the fourth most popular outdoor activity with 13 percent of Americans ages six and up participating. This amounted to 38 million participants.

Most Americans participate in outdoor activities because it is a good way of getting exercise. The second biggest motivator is spending time with family and friends. Other main motivators, according to the report, were to be close to nature, get away from the usual demands, and experience excitement and adventure. RV travel addresses these key consumer needs, doing it in an affordable and comfortable way.

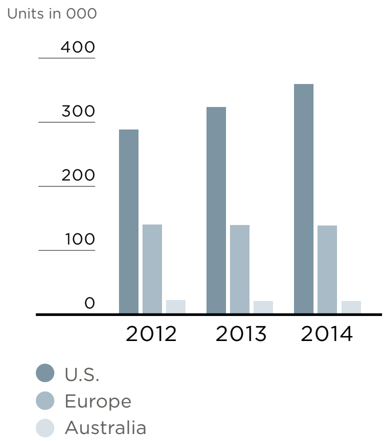
FORECAST CHINESE RV SALES




The Chinese RV industry has stepped into an accelerating and rapid growing status from its initial infancy. The industry is expected to double year by year.

Source: Development expectations 2015 World RV conference

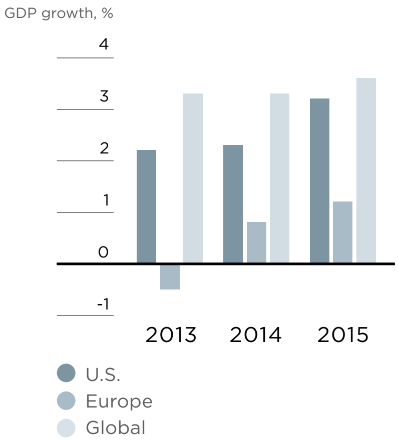
RV WHOLESALE SHIPMENTS




Dometic Group's largest RV market is the U.S. where RV sales growth has outstripped GDP growth.

Source: RVIA, ECF and caravan industry Australia

U.S. AND EURO AREA GDP GROWTH




Overall, global growth is expected to rise in 2015 to 3 percent, and to be sustained at 3.2 percent in 2016. This should be supported by continued recovery in the U.S. and a gradual acceleration of activity in the Euro Area.

Source: PWC Global Economic Watch

*An increase in trends such as outdoor leisure activities as well as a higher demand for comfort at work, indicates there are significant growth opportunities for our business.*

### *"A caravanning nation"*

Australians spend AUD 7 billion annually on caravanning and camping. And it is no longer primarily senior citizens setting out in their caravans (RVs). According to Tourism Research Australia, the largest consumer group in the industry is made up of 35 to 49 year olds, particularly families with children.

Research from the Caravan Industry Association of Australia (CIAA) highlights the continued growth and strength of the RV and camping industry across Australia in 2014. RV and motorhome registrations rose 5 percent year on year, showing a higher rate of increase than any other vehicle type in the last two years. RV production was up 7.4 percent between May 2013 and May 2014.

*The number of households in the U.S. that own an RV is expected to rise from 8.5 percent in 2013 to 9 percent in 2016 and 9.5 percent in 2020. The amount of RV shipments is expected to rise five percent next year.*

*(RVIA, February 2015)*

### *"Gramping in style"*

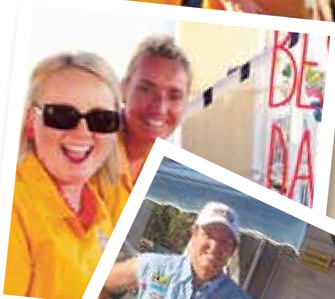
The growing trend of multi-generational family travel extends to camping trips, with grandparents taking their grandchildren for a week or weekend away. The so-called "Gramping" trend, perceived as a way to spend quality time together, can be done more spontaneously and cost effectively through RV camping. Such trends are further drivers for a comfortable mobile lifestyle.

### *"Glamping"*

A global trend has emerged over the last decade that offers outdoor enthusiasts glamorous camping, or so called "glamping". It is a way to experience the great outdoors without sacrificing comfort. Glamping hinges on high levels of comfort such as comfortable beds, good food and WI-FI, while at the same time opening up to the great outdoors.

Follow

Andrews



Enjoying

Grabbing Dometic prizes during Happy Hour

Michelle and Michael

The Lucas' won trip of their life-time

**"YOU GET BACK TO BASICS AND THE EXPERIENCES ARE UNIQUE AND WILL BE IN YOUR FAMILY'S BONDS FOR LIFE."**

# Follow the Sun

OUR "FOLLOW THE SUN" CAMPAIGN POSITIONED THE RV INDUSTRY IN NEW CONSUMER MARKETS INCLUDING THE GROWING MARKET FOR YOUNG FAMILIES.

**AUSTRALIA'S "FOLLOW THE SUN"** campaign, held for a second time, drew further attention to the joys of RV living and the benefits of Dometic Group products.

An overwhelming amount of submissions were entered in the 2014 competition to select Dometic Group Ambassadors. The prizes included a complete RV makeover for this three-month road trip around Australia.

Three families within different demographic groups were selected as ambassadors for Dometic Group. Their vehicles underwent dramatic transformations to ensure maximum comfort on the road. The families hosted "Happy Hours" in RV parks to showcase the latest in high-tech products to fellow travelers. They also blogged and posted videos on social media platforms generating further publicity about Dometic Group products and the joys of RV travel.

Ambassadors Michelle and Michael Lucas took to the road in their Goldstream 16-footer with their two youngest daughters Samantha, 13, and Julia, 10. Their three-month road trip took them around many Australian highlights including the Great Barrier Reef, the outback and the sunny Gold Coast.

Michelle and Michael believe that RV travel is great for family vacations. "You get back to basics and the experiences are unique and will be in your family's bonds for life," says Michelle.

The family's RV, which was kitted out with the latest comfort products, including a gas heater, air conditioner, an outdoor shower, instant hot water and more, set this


trip apart from previous motorhome experiences. "The great products we were given made us a lot more comfortable," says Michael, adding that more and more people are looking for comfort on the road. "People work hard so they can relax on their holidays and they want all the creature comforts of home. A lot of people are also on the road for extended periods of time so their caravan is their home, and they want it to reflect that."

The younger family members also appreciated the Dometic Group products in their home on the road. "Julia liked the CoolFreeze CDF11 fridge, because it was in the car for the drives stocked with all her lollies and drinks for the trip (and the lid makes a great card table)," says Michelle. "Samantha, my clean freak, loved the vacuum!"

# Americas — Strong U.S. economy drives growth

THE AMERICAS REGION COMPRISES NORTH AMERICA, LATIN AMERICA AND THE CARIBBEAN. IN THE U.S., DOMETIC GROUP IS THE NUMBER ONE PROVIDER OF COMFORT PRODUCTS TO THE RV AND MARINE INDUSTRIES. THE POSITION IN THE RV SEGMENT WAS SIGNIFICANTLY STRENGTHENED WITH THE YEAR'S ATWOOD MOBILE PRODUCTS ACQUISITION.

**2014 WAS A GROWTH YEAR** for the American market. A more stable economy, low interest rates and a more lenient credit market than a year ago, has resulted in higher spending in the U.S. In addition there is a strong trend towards increased spending on vacations.

This positive vacation trend was clearly manifested in the RV sector, where RV OEM shipments in the U.S. picked up. The growing influx of affordable RVs are making this type of travel more accessible for families and a wider range of consumers than in previous years. This has furthered growth in the outdoor market and demand for our products. Total units shipped in 2014 were 353,800 compared to 320,000 for 2013, with a projection of 379,400 units for 2015.

The only factor that hampered an otherwise positive year was a winter with some of the coldest weather in 50 years, particularly in Canada where storms and low temperatures delayed sales in the aftermarket segment.

### Acquisitions underway

During the fall Dometic Group acquired Indiana-based *Atwood Mobile Products*, a well-established global provider for the RV and commercial vehicles industries with a solid reputation and a well-recognized brand. The acquisition will complement and further diversify Dometic Group's product portfolio with high quality water heaters, ventilation technology, windows and doors, innovative furnaces and other products which were previously unavailable in the North American offering. With Atwood's products we will improve our market share not only in the Americas, but

***AMERICAS IN BRIEF***

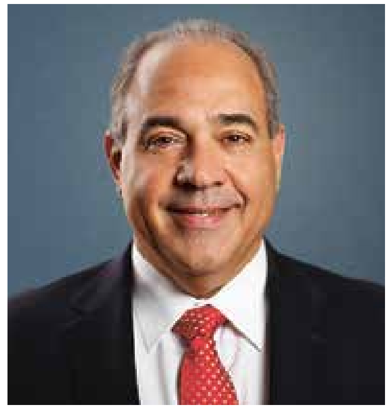
*NET SALES 2014: SEK 3,394 MILLION*

*NUMBER OF EMPLOYEES: 1,900*

*95 PERCENT OF THE REGION'S SALES COMES FROM THE U.S. AND CANADA*

> **"THE ATWOOD ACQUISITION IS A GAME CHANGER. IT GIVES US GROWTH, AN AMAZING PRODUCT PORTFOLIO AND TREMENDOUS SYNERGIES TO CAPITALIZE ON. WE WILL BE ABLE TO OFFER OUR CUSTOMERS A WIDER RANGE, ACCESS TO GLOBAL SERVICE TEAMS, AND ULTIMATELY GREATER VALUE."**

Frank Marciano, President Americas



Frank Marciano, President Americas

elsewhere too. The acquisition also brought an additional 775 employees to the Dometic Group.

During the year Dometic Group signed an agreement with Airxcel Inc. to procure inventory and provide product support and warranty service for all of Marvair Marine's pleasure craft products on a worldwide basis. This agreement brings new customers and opens new distribution channels, particularly in the Middle East.

Our Livos Technologies Inc. acquisition from last year has permitted us to provide our global yacht and workboat customers with a single source for their air conditioning and ventilation needs and has opened doors on the commercial side for engine room ventilation.

Innovative products, timely deliveries, excellent customer service and support give Dometic Group the competitive edge.

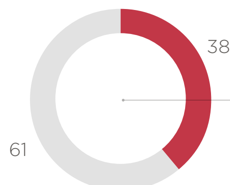
**RV growth**

We had a good year in the RV segment despite growing price competition. Overall growth in North America was up about 3 percent over the previous year. The Atwood acquisition gives us great potential going forward, not only with product line extensions, but also to obtain operational synergies in warehousing, distribution, purchasing and manufacturing.

In 2014 we launched our new four-door Slimline refrigerator for RVs. Slimline takes up less space than traditional refrigerators, enabling it to fit into shallower spaces.

Two unique and innovative products in particular will help us gain market

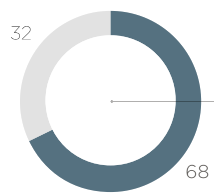
REGION AS PROPORTION OF TOTAL, %




Proportion of Group's net sales by Americas region's

Americas
Rest of Group

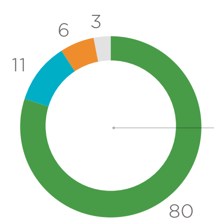
BY CHANNEL, %




Regional breakdown of net sales by OEM and AM

OEM
AM

BUSINESS AREAS, %




Breakdown of net sales by business area

RV
Marine
CPV
Other


**THE CA COOKTOP** an example of great product fit from the Atwood acquistion.

share and improve margins in the coming year: The power track awning and a hybrid refrigerator for the RV market.

**Smaller boats carry marine market**

2014 was a growth year for builders of 30–60 foot yachts, with business picking up over the low levels since the economic crisis hit the U.S. Although the market has not recovered completely since 2006, Dometic Group benefited from this upswing. Lower fuel prices had a favorable impact on the marine market, where we are one of just a few global players. Our sales to production builders were up 15 percent over 2013.

Dometic Group's Orbit macerator toilet was well received in 2014, as was our Spot Zero reverse osmosis system for the marine segments. This freshwater purifier with reverse osmosis leaves boats free of spots after washing. We anticipate continued strong growth in the marine segment with these products.

In late 2014 we launched a thermoelectric cup holder for boats that will allow us to gain further ground in the marine market for smaller boats. This is one example of how we have used an existing technology from the CPV area and applied it to marine products to capitalize on innovation synergies.

**Vehicles get a lift**

The automotive industry is picking up again in North America with a 6 percent growth in light vehicle sales this year.

In 2014 we opened an office in Detroit to get closer to car manufacturers and capture more of the CPV market. During the year we renewed our agreement with Mercedes-Benz and Fisher & Company for our thermo-electric built-in cup holders. Sales of cup holders for Mercedes-Benz vehicles grew substantially in 2014. An increasing number of SUV- and carmakers are adding our cup holders to their cars. This trend offers Dometic Group excellent growth potential.

Class A truck sales rose almost 20 percent in 2014, the best performance for heavy-duty trucks since 2006. This boost had a very positive impact on sales of refrigerators.

In 2014 we launched a new 134A truck auxiliary air conditioning system that has superior performance and efficiency compared to previous systems. We are expecting very strong market penetration with that product in the coming year. We will also continue to penetrate the market with our portable coolers in 2015.

In addition to the North American market, we are focused on growing the business in Latin America where we see potential particularly in the air conditioner market for heavy trucks, with, for example, rooftop air conditioners in Brazil.

Driver comfort is a growing trend that will drive CPV sales further in the coming years.

**More vacations**

The rise in vacation travel in North America not only had a positive effect on our RV and marine business but also on minibars, portable coolers and other aftermarket items. Our sales of automatic minibars benefited from this trend with double-digit growth and contracts with several major hotel groups for minibars.

In our efforts to grow in the aftermarket we increased our resources in the lodging and retail areas with sales teams in Brazil and Mexico. This helped us make market inroads with our hotel minibars.

Sales of our D™ line consumables (tank treatments, deodorizers and cleaners) soared since the product was launched last year. Further D™ line items will be launched in 2015.

Bass Pro shops, Camping World, Academy and Amazon.com are just some of our D™ line customers. Through such retailers we are also growing our sales of portable coolers, which were launched in a series of appealing bright colors in 2014. This adaptation of an existing product, supported by aggressive marketing, has sparked significant growth in the portable cooler market.

# EMEA — Expanding in attractive markets

THE EMEA REGION COMPRISES EUROPE, THE MIDDLE EAST AND AFRICA. IN THE EU, DOMETIC GROUP IS THE MARKET LEADER WHEN IT COMES TO SUPPLYING THE RV, MARINE, CPV AFTERMARKET, LODGING AND RETAIL MARKET WITH MOBILE COMFORT PRODUCTS.

**THE EMEA REGION** showed good growth, especially in the first seven months of the year and overall growth was higher than in the previous year. These early gains were slowed down somewhat by some of the wettest weather in 50 years in most of our Southern European markets, which brought an abrupt end to the RV and Marine holiday season already in August.

Demand for our products remained strong in the core EMEA markets with Germany, Holland and the UK developing well. These markets were especially strong in RV and Marine sales. Sales in France were weaker than in previous years due to lower consumer confidence and an economy that has not yet recovered.

**Multiple markets**

We have a presence through sales companies or sales representatives in 37 markets and we work strategically to build positions in new geographies with attractive long-term growth opportunities. We expanded our sales efforts via distributors in Ireland, Romania and Greece.

Political unrest in the Ukraine and the Russian currency swings and import ban on some core products has temporarily slowed our expansion efforts in the region.

**Growing the product line**

During the fall Dometic Group acquired the awning manufacturer Prostor. This acquisition further strengthens our position on the RV market by extending our customer offering in the European market. We can now provide a full range of wall and roof fixed awnings — with six new product lines added to the two existing Premium awning ranges — which are known for their innovative design, low weight and high quality. The acquisition will help grow the EMEA aftermarket with this highly popular value-added accessory for the RV area and this range will also find acceptance under the Dometic brand name in the OE markets and light commercial vehicle markets.

***EMEA IN BRIEF***

*NET SALES 2014:*
*MILLION SEK 3,961*

*NUMBER OF EMPLOYEES: 2,500*

*80 PERCENT OF SALES COMES FROM SIX COUNTRIES*

## “WE CONTINUE TO INFLUENCE, SURPRISE AND DRIVE THE MARKET WITH INNOVATIVE NEW AND TALKED-ABOUT PRODUCTS COMPETITIVE IN EVERY PRICE SEGMENT.”

Joachim Kinscher, President of EMEA

Joachim Kinscher, President of EMEA

The Prostor products are being rebranded to Dometic Perfect Wall and Dometic Perfect Roof, in line with our One Dometic strategy.

Among the other products launched in EMEA in 2014 were the new 9-series line of refrigerators, which enables new interior dimensions and lay-outs in RVs. We also extended the range in our sanitation offering and added two Orbit toilets for the EMEA marine sector. For the booming Van Conver-sion sector (RV motorhomes) we launched a tailor-made program.

**More emphasis on comfort in work vehicles**

The overall passenger vehicle market segment continued to grow in 2014 and the global footprint of European OEM customers expanded to include Asian and American vehicle projects, for example by providing compressor coolers to BMW and the Jaguar Land Rover Group.

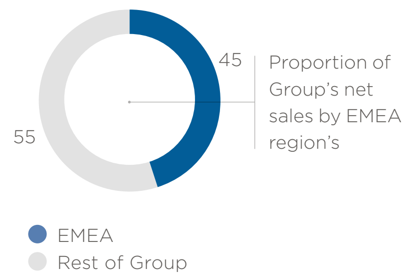
Dometic Group works with leading CPV manufacturers and there was impressive growth with sales exceeding our expectations. We entered our first full production year of the Mercedes S-Class with the Dometic Cool Box on board and Land Rover opted for our on-board coolers in their successful Rover models.

A continuing strong truck market in EMEA generated high demand for driver cabin cool boxes and optional parking coolers to increase cabin com-fort. We see a growing willingness to invest in cabin comfort for truck drivers. Sales in the agriculture segment were stable with new projects in both EMEA and the Americas. We also made inroads with manufacturers of ambulances and fire trucks.

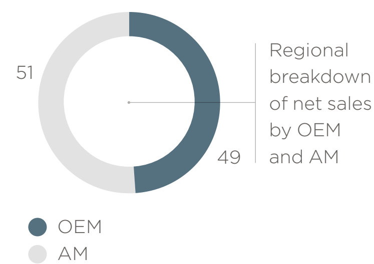
**Leisure vehicles draw crowds**

Despite fewer overall registrations of leisure vehicles in Europe, the aftermar-ket remained dynamic mainly driven by good sales of second-hand vehicles as well as van conversions.

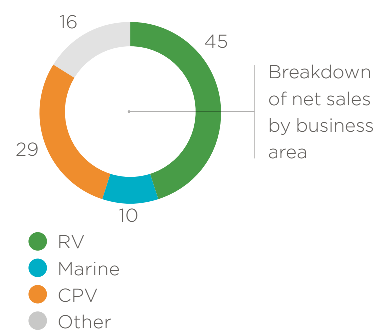
REGION AS PROPORTION OF TOTAL, %




BY CHANNEL, %




BUSINESS AREAS, %



*Burj al Arab, the world's only seven-star hotel chose Dometic miniBars.*

Campground utilization was very good during the year and attendance at all major European RV shows was high, with record attendance at Germany's Caravan Salon Dusseldorf. This indicates a strong interest in the leisure market. During the year we noted a returning trend to offer vehicles suited for families with children.

Registrations of new vehicles were positive in for example Germany (+1.3 percent RVs, +4.4 percent motorhomes) and Sweden (+6.6 percent RVs, +12.8 percent motorhomes), while typically strong markets like France, the Netherlands and Italy have still not recovered.

**Acquisitions strengthen marine offer**

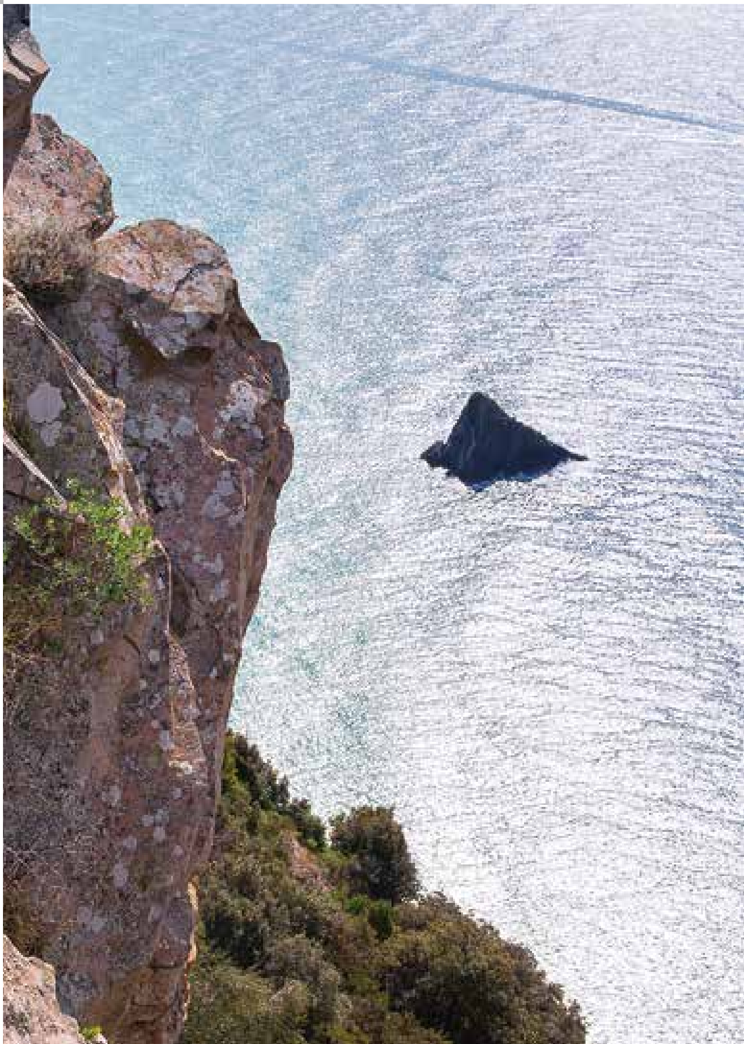
Recovery in the marine industry is underway as consumer confidence grows. Marine OEM figures were stable overall and it was an encouraging year of consolidation and significant growth in certain areas despite the decline of new build orders for pleasure boats, caused in part by the Russian and Ukraine crisis. Many of our customers have started shifting their focus to the more stable American and South American markets, to compensate for these losses. Dometic Group's global presence and service points are seen as an ideal support for our customers in entering new markets.

Dometic Group renewed important contracts for pleasure boat appliances in France and made progress on it's strategy to enter the commercial workboat market, which is less cyclical than the pleasure boat market. In addition, the acquisition of Livos Technologies Ltd. from last year is strengthening our position as a system supplier in both the Marine OEM and aftermarket segments.

Dometic Group's agreement with Airxcel Inc. to procure inventory and provide product support and warranty service for Marvair Marine's pleasure craft products, opens new marine distribution channels in some EMEA countries, especially in the Middle East.

Dometic Group wowed the market with a number of new Marine products. During METS, the world's largest Marine Equipment Trade Show, we presented cup coolers, the STIIC (Smart Touch Integrated Intelligence Control) and the ECO Vent Filter. The newly launched Lagoon 630 motor yacht was the first vessel to be equipped with our Smart Touch Cabin Control.


**WAECO COOLFREEZE CFX50** – Our performance leading and award winning compressor coolbox. Best in class cooling and freezing capacity at the lowest power consumption.



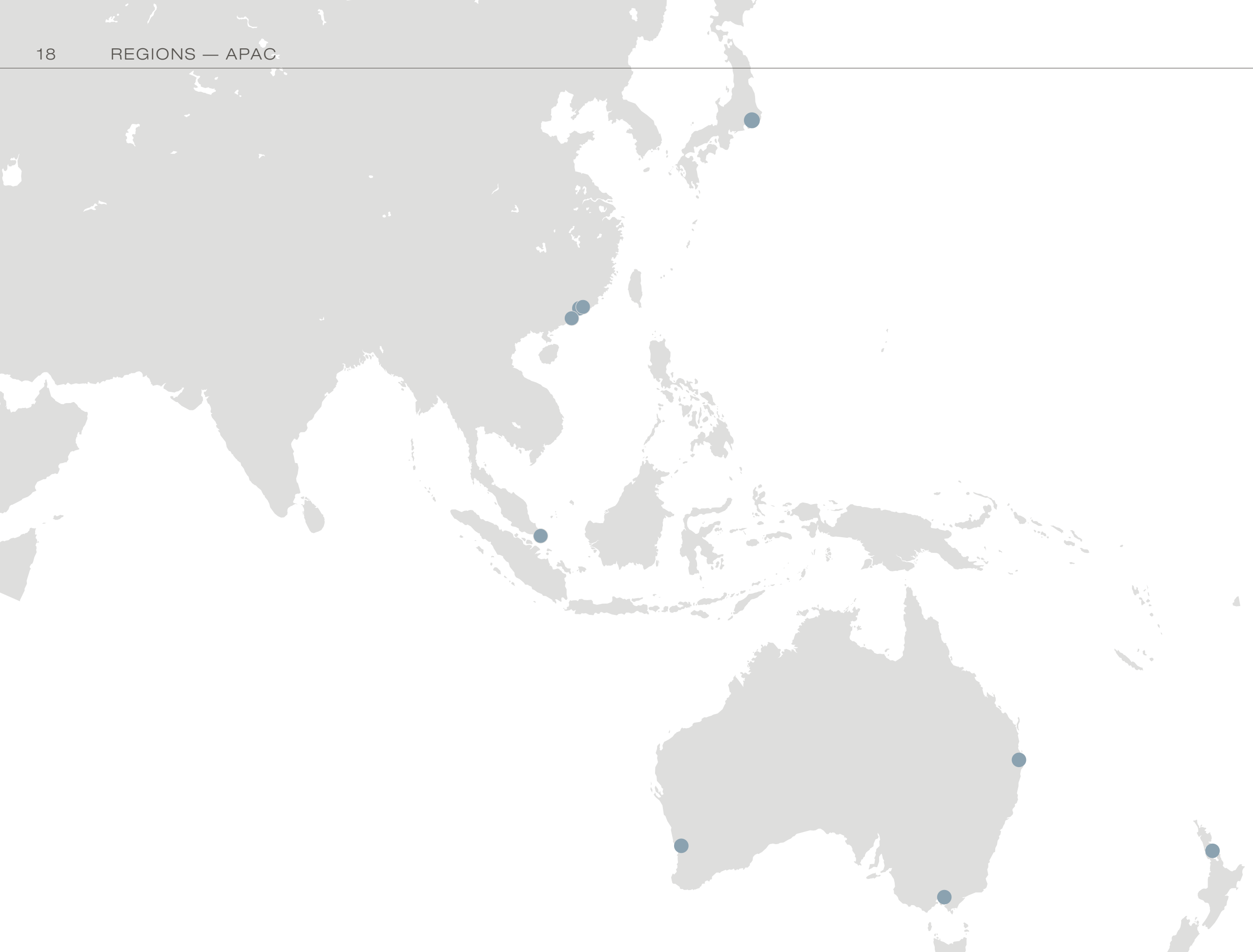
**Cooling products popular in aftermarket**

Dometic Group has a broad range of various cooling products for hotels and end consumer use.

During 2014 we could offer our product selection more widely by partnering up with Amazon for Central Europe, France, Italy and the UK. We also won contracts to equip various new five-star hotels in the MENA region, like the Pullman Dar Al Qibla and the Hyatt Jabal Omar, with our latest Dometic HiPro miniBar and the world's only seven-star hotel, Burj al Arab, who chose Dometic Group's best in class miniBars.

Our silent and compact miniCool refrigerators were a hit on German river cruise boats and Italian cruise line vessels. In Italy we also launched the new Mobicool Soft Bag range, which will be rolled out in other EMEA countries in 2015 after the selected and successful launch in Italy.

Dometic Group released seven new wine cooler models for EMEA during the year that are tailor-made for different segments and applications. We expect to significantly grow our wine cooler sales with these models based on either absorption or compressor technology.



# APAC — Thriving year for RV sales

THE APAC REGION IS DIVIDED INTO FOUR SUB-REGIONS: AUSTRALIA AND NEW ZEALAND, CHINA, JAPAN AND SOUTH EAST ASIA. IN AUSTRALIA, OUR BIGGEST MARKET, WE ARE THE NUMBER ONE PROVIDER OF MOBILE COMFORT PRODUCTS IN THE RV AND RETAIL BUSINESS AREAS.

**2014 WAS A GOOD YEAR** in the APAC region, with significant growth in the mature markets of Australia and New Zealand. We had a very successful introduction of our wine cellar range in Japan, gained ground in the CPV market in China and started our own sales organization in Korea which showed good results already in the first year of operation.

**Strong performance in Australia and New Zealand**

In the established markets of Australia and New Zealand we experienced similar demographic trends as to Europe and North America, with a growing population of active retirees. This is one of our RV target groups but in 2014, we intensified our efforts to attract the younger, family generation as well. One of these efforts was our “Follow the Sun” campaign, which garnered a great deal of attention for the company and our products.

A strong New Zealand economy provided a solid ground for an excellent year for the local Dometic Group business with strong sales growth. In terms of sales, Australia remains our biggest country within the APAC region. Total sales in Australia rose compared with the previous year thanks to increasing our market share in the RV OEM segment with our new windows and doors. We also gained market share in the retail area with our new CFX range of refrigerators and freezers, introduced during the last quarter of 2013.

***APAC IN BRIEF***

*NET SALES 2014: SEK 1,131 MILLION*

*NUMBER OF EMPLOYEES: 1,905*

*MAJORITY OF REGIONAL SALES COMES FROM AUSTRALIA AND NEW ZEALAND*

> **THERE IS STRONG COMPETITION IN ALL MARKETS BUT VERY FEW COMPANIES ARE ABLE TO COMPETE WITH OUR BROAD RANGE OF PRODUCTS AND BREADTH OF SERVICE INFRASTRUCTURE.”**

Tat Li, President of APAC

Tat Li, President of APAC

2014 was a very successful year for RV OEM sales in Australia. While the industry showed a moderate growth of 4.1 percent, Dometic Group grew by 19 percent in this business.

The CPV aftermarket also showed solid growth for the year with double-digit growth in our AirCon Service Center units. Our air conditioners for trucks were also well received.

In the aftermarket area our number one key account grew by more than 10 percent. We launched Dometic wine cellars at the end of the year and expect another positive year in 2015 as these and other new products for the retail segment take off.

Our large service network of some 250 agents, covering a huge geographic area, gives us the competitive advantage in a big country like Australia. Our customers appreciate the service that comes with every product they purchase. No other supplier in Australia can currently offer this.

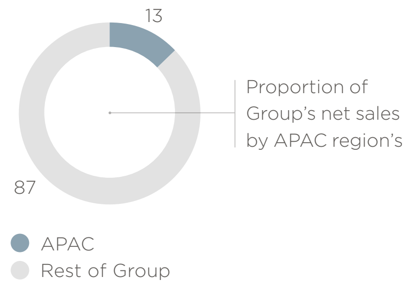
**New office in China**

China is another key market in the APAC region and in 2014 we opened a sales office in Shanghai in addition to our existing sales offices in Shenzhen and Beijing.

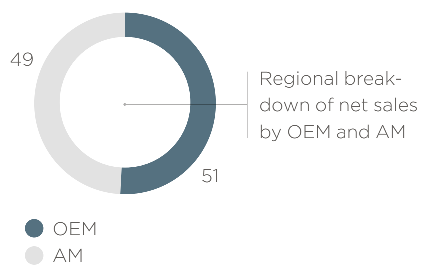
The new Shanghai office is situated close to many automotive manufacturers where we see excellent opportunities to further grow our CPV OEM and aftermarkets as more and more vehicle manufacturers establish themselves in China. This new office also helps us expand into other geographical areas in China.

Another main business focus for China is the retail market where the Mobicool brand has the best brand recognition. E-commerce channels offer

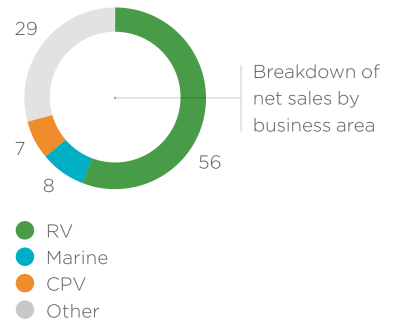
REGION AS PROPORTION OF TOTAL, %




BY CHANNEL, %




BUSINESS AREAS, %




us a good opportunity to grow our thermoelectric and compressor cooler sales in the country.

While the RV industry is in its infancy in China, mainly due to a lack of infrastructure, we see good potential for recreational vehicles as the market matures and the government continues to invest in highway infrastructure.

**Olympic growth in Japan**

Japan is another country that we have been focusing on, especially in the lodging sector as the 2020 Olympic Games in Tokyo stimulate growth in tourism. In addition we plan to expand our sales network and increase our sales in Japan with Dometic Group's top-of-the-line absorption wine cellar, our entry-level thermoelectric wine cellar and our new mid-range compressor-driven wine cellars. In 2014, our wine cellar business grew by 32 percent.

**Expanding geographies with Korea**

In line with Dometic Group's strategy to accelerate new geographies, we opened a sales organization in Seoul during the year to begin developing the Korean market.

**DOMETIC WINE COOLERS** are very popular on the Japanese market.

**MOBICOOL** We have succesfully relaunched thermoelectric cool-boxes on the Chinese market.

Although we are just getting started, we were able to capture market share in the retail area with the introduction of our thermoelectric coolers to the mass merchandise market.

We also see growth opportunities in the RV area where there has been a rapid increase in RV registrations. While the average Asian is still unfamiliar with the mobile home lifestyle, there are clear signs that change is on the way as local RV production brings new players into this market.

**Further activities in South East Asia**

Our main focus for the South East Asian growth markets continues to be in the CPV aftermarket area, lodging and the marine areas. Key markets are Thailand, India, Indonesia, Singapore and, to a lesser extent Malaysia and the Philippines. However it is still too early for an overall optimistic view of that market.

The CPV aftermarket in Thailand showed good growth with ARB and Toyota as customers. There was also growth in Malaysia, Singapore and India. Both India and the Philippines had an outstanding year in the lodging area with a significant number of new hotels opening.

Dometic Group's minibars, such as the DM50 miniBar with a drawer, was often the number one choice of four and five-star hotels.

Marine OEM recovered from low levels during the year and we expect to see further increases in the coming year.

***MACAO LOVES OUR MINIBARS***

*In 2014 we delivered our new DM50 miniBar with a drawer to two mega hotel projects in Macau — Macau Studio City and Galaxy Phase 2.*

*Dometic Group supplied minibars for 1,600 rooms in the Macau Studio City project owned by Melco Crown Entertainment Group.*

*In December we supplied our minibars to all 1,300 rooms at the Ritz Carlton and JW Marriott hotels in the Galaxy Phase 2 project. Dometic Group previously supplied minibars to Galaxy Phase 1.*

# Medical Division — Solar solutions exceed expectations

DOMETIC GROUP'S GLOBAL MEDICAL DIVISION REMAINS THE WORLDWIDE MARKET LEADER IN HUMAN VACCINE COLD CHAIN EQUIPMENT. WE ARE ALSO THE ONLY SUPPLIER IN THE WORLD TO OFFER A COMPLETE RANGE OF TRANSPORT BOXES, REFRIGERATORS, FREEZERS AND ULTRA FREEZERS FOR MEDICAL PURPOSES.

**WHEREVER THERE IS A NEED** for vaccine and blood storage, or transport solutions, our Medical division is there. Based in Hosingen, Luxembourg, Medical offers a complete product range as well as local support and training. Our products focus on two major segments: Blood transfusion and the human vaccine cold chain. We are recognized as a reliable partner that fulfills the most stringent demands for safety and quality.

**Medical offers products in these areas:**
- cold chain for transport and storage of vaccines
- blood chain for transport and storage of blood products for civilian use and for military purposes
- biomedical refrigeration for hospitals, clinics, research centers and the biotech and pharmaceutical industries
- blood safety for blood transfusions, transport and storage, traceability, and the global management of blood components

Mobile cooling boxes, stationary cabinets, refrigerators, freezers, ultra freezers and an environmentally friendly line of medical refrigerators, are among the products offered.

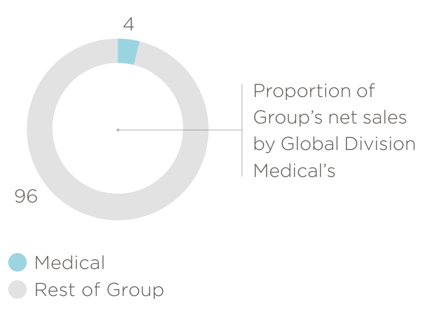
**Top performance**

2014 was a record year for Dometic Group's Medical division with many new contracts, among which the Nigerian Ministry of Health, represented the largest solar cold chain project ever.

Dometic Group's Solar Direct Drive (SDD) products, launched in 2013, have been instrumental in this success and will continue to pave the way in the future. SDD technology requires no electricity, backup batteries or regulators and is therefore an extremely attractive option, bringing a lower cost of ownership to our customers.

With the immensely quick upshot in SDD product sales, we subsequently experienced a decline in sales of our absorption solutions. We nonetheless anticipate a future market for absorption solutions especially in countries where there is not enough sunlight to install SDD solutions. The ability to offer both solutions places Dometic Group in a favorable situation.

GLOBAL DIVISION MEDICAL PROPORTION OF GROUP NET SALES, %



**“WE ARE SEEN AS THE ONLY RELIABLE PARTNER THAT CAN COVER THE ENTIRE SCOPE OF RESPONSIBILITY WITH A VERY FOCUSED AND FLEXIBLE PROFESSIONAL TEAM, A FULL RANGE OF INNOVATIVE PRODUCTS, AND THE CAPACITY TO PROVIDE TRAINING AND INSTALLATION.”**

Luc Provost, President Medical Division

Luc Provost, President Medical Division

### Global network

In 2014, the Medical division gradually reorganized in order to address its market segments in a more professional manner. By year-end, a worldwide network of independent agents, fully dedicated to the health care sector, were in place to represent the division. The shift from internal to completely external agents has enabled us to greatly increase our customer contact and focus on more targeted sales efforts.

In addition to substantial growth in Africa, we doubled our sales in Asia and almost doubled our sales in Latin America.

Dometic Group remains the leader in human vaccine cold chain products and new SDD technologies and demand for these products continues to escalate. However, extenuating circumstances such as the outbreak of the Ebola virus, impacts our business. A growing rate of contamination will, for example, have a negative effect on the number of donor organizations in the field due to the higher risk for staff and volunteers.

### Seal of approval

After lengthy processes we received medical certifications for our product lines. The Brazilian market opened up when we were granted Device Registration and Approval (ANVISA) during the year. We also received China Food and Drug Administration (CFDA) certification in 2014. With U.S. Food and Drug Administration (FDA) approval anticipated in early 2015, we will be positioned to enter the U.S. and Canadian markets.

### Customers

We have a long list of international customers who rely on our products. These customers are major international aid organizations, NGOs, hospitals, laboratories, pharmacies, pharmaceutical and biotech companies, blood banks, research centers and universities.

***NIGERIA SELECTS OUR BATTERY-FREE SDD SOLUTION***

*A Nigerian contract for SDD refrigerators included delivery, installation and training of technicians. More than 1,500 units were installed in over 800 sites within the country.*

*TCW SDD refrigerators for the cold chain market are based on Dometic Group’s Solar Direct Drive technology (SDD). We broadened the range in 2014 with the TCW 40 SDD refrigerator and freezer for small health care centers and are expecting this product to be a big seller in 2015.*

*Our SDD products run on solar energy without the need for expensive and bulky batteries or regulators. This highly reliable and cost efficient solution is particularly attractive for use in remote areas without electricity.*


Camping

> "IN MAPPING OUR SUSTAINABILITY PRIORITIES, THE FOLLOWING CAME OUT ON TOP: PRODUCT SAFETY AND DURABILITY, SUPPLY CHAIN, FLEXIBILITY IN DEALING WITH VOLATILE ECONOMIC CYCLES, AND ENVIRONMENTAL IMPACT."

Valerie Binner, Head of HR and Sustainability

# With an eye for sustainability

WE WILL RAISE THE BAR ON OUR SUSTAINABILITY WORK. THIS INCLUDES A SHARPER FOCUS ON STRATEGIC ALIGNMENT AROUND OUR ECONOMIC, ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES, INNOVATION FOR EFFICIENCY, AS WELL AS INCREASED TRANSPARENCY ALONG THE SUPPLY CHAIN.

**THE PUBLIC, NGOs AND** governments are looking more and more to industry to supply the solutions to the biggest challenges of our times, which often coincide with the global drivers that influence the sustainability of Dometic Group.

Customers are raising expectations on transparency in their supply chains. With an expanding market comes the challenge of managing compliance to complex environmental legislation. Moreover, Dometic Group aims to be a company people want to work for. Being responsible and forward thinking helps us recruit and retain the best talent.

In their investment portfolios, owners and shareholders, too, are voicing the importance of high standards and are insisting on senior management's engagement to achieve them. Among them is EQT, a major shareholder in Dometic Group, which expects its holdings to set environmental, labor and human rights and ethical standards and requires the engagement of the Board. Progress is reported on annually.

### Starting at the top

To respond to the expectations of customers, employees and shareholders, sustainability is being aligned with our overall business strategy. A Sustainability Committee comprising the heads of the most relevant corporate functions meets regularly to review current issues as well as to drive the overall sustainability strategy. The work to identifiy our stakeholder priorities among the environmental, labor, human rights and social issues is ongoing.

We will break down our sustainability efforts into economic, environmental and social responsibility targets.

### Governance sets the tone

Dometic Groups's sustainability approach is built on governance foundations such as the Environmental Policy, Code of Conduct and, and as of 2014, the Workplace Standard.

The Code of Conduct reflects minimum requirements for human rights, children's rights, labor standards, environmental management and ethical business behavior for both Group operations and its supply chain. A training program to ensure compliance with the Code of Conduct was launched a few years ago. Adherence to our Code of Conduct is required for all suppliers. Using a risk-based approach and conducting audits will increase our insight into compliance. Risks will be determined primarily by geographical presence, but also by the potential risks posed by manufacturing certain types of products, earlier experience with the supplier and the purchasing spend. The challenge lies in building a robust system to capture current and future risks.

Non-financial issues pose particular challenges for the business. Especially along the supply chain, it is important to have a systematic approach for managing risks and increasing transparency in areas such as chemical use. The Workplace Standard is designed to help Dometic Group evaluate how well the company and its suppliers live up to its Code of Conduct. Not only will this be an important assessment tool for maintaining and raising standards, it will also help to identify and manage risks. One of Dometic Group's advantages is that it makes a relatively large part of its products in-house enabling easier monitoring of compliance adherence.

**Group functions ensure global adherence**

Dometic Group has put Product Management and Innovation (PMI), Operations and Human Resources under group-wide leadership to ensure that these global support organizations are aligned strategically and have the resources and programs necessary to deliver sustainable growth.

Whether hiring, training staff, or engaging in other activities, we ensure that our organization shares the same vision, strategy and approach on a global level. Our three core values are Ownership, Passion for Products and Teamwork.

Our High Potential Program's purpose is to develop middle managers for senior roles and give them the tools for solving complex business challenges that support the company's sustainability strategies.

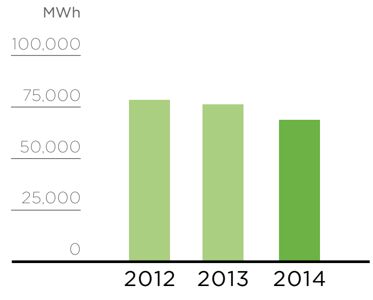
**Sustainability as a source of innovation**

The Environmental Policy specifies requirements to evaluate and reduce environmental risks, impacts and costs. The environmental work is based on a life cycle approach, incorporating design, production, use and end-of-life, where studies have found that the greatest environmental impact is generated when the products are used. Dometic Group's product portfolio comprises several examples where sustainability has been the source of innovation.

**Operations show results**

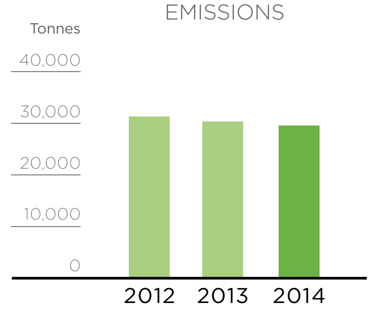
There are some demonstrated early wins with our approach to sustainability. In 2013, we launched an energy savings program, with a 2016 target of reducing energy consumption across our operations by 15 percent compared to 2012 consumption levels. By the end of 2014 energy consumption was reduced by 12.4 percent.

GROUP TOTAL ENERGY CONSUMPTION




An average annual decline of 6.5 percent.

GROUP TOTAL $CO_2$ EMISSIONS




An average annual decline of 2.8 percent.

**OUR TEN PRODUCT AREAS:**
- **REFRIGERATION • CLIMATE CONTROL • AWNINGS**
- **COMPLEMENTARY PRODUCTS • HOT & COOKING PRODUCTS**
- **MOBILE COOLING • POWER & ENERGY • SANITATION**
- **WINDOWS, DOORS & LIGHTS • WORKSHOP EQUIPMENT**

# Passionate about products

WITH PASSIONATE PRODUCT AREA OWNERS AND COMPLETE ACCOUNTABILITY FOR THE PRODUCT LIFE CYCLE WE ARE BUILDING THE FUTURE FOR DOMETIC GROUP. WE HAVE A STRONG FOCUS ON DELIVERING RESULTS TO THE COMPANY

**IN 2014 WE** increased our overall efforts in product development and product improvement by 25 percent. We strengthened our cross functional governance structure and focused on operational efficiency. Growth will be accelerated with an increasing share of earnings from new products.

We also continued to build and expand the new dedicated Product Management and Innovation organization, based on strong global product area owner, and good local cross-functional teams for execution. With focus on every phase of the product life cycle, from early innovation to maintenance of classic products, we can deliver results here and now, and also build our future.

As a result of our efforts we released a number of new exciting products during the year, some of them presented in the next pages. Higher capacity, improved energy efficiency, easier to use and smarter system integration are some of the highlights, delivering value for the end user.

We have an even stronger pipeline of products for 2015 and onward. By the end of 2014, we had more than 100 on-going product development projects for release in 2015 and 2016.

**Up close and personal with end users**

Our vision, "To be an innovator and a trendsetter for people enjoying a comfortable mobile lifestyle" is more than just words.

To increase aftermarket sales we initiate structured processes of interviews and meetings with our end-users. We regularly meet with customers

*"Our Products are the core of the Dometic Group. We always strive to give the users of our products something better, an easier to use RV refrigerator interior or a more energy efficient air conditioner. Our customers expect well-functioning, easy-use, best-in-class high quality products – and we deliver."*

*Mattias Nordin, President Product Management & Innovation*

in their environments and receive feedback. As an example from last year, our team from Complementary Products met with some 5,000 campers, gathering suggestions for future products and improvements. Visiting end-users in their RVs provides valuable insights that will enable us to further improve product development.

**New technology brings customer value**

The integration of new technology in our products brings new value to our customers. We are constantly looking at external technologies and ideas that we can integrate in our products. A good example is the Variable Speed Drive technology. This is not a new technology in itself, but combined with our compressor, evaporator and condenser solutions, we get a much more effective system overall. During 2014 we started to explore such technologies in a more focused and structured way, which will come as future product releases.

**Market pull and technology push driving future business**

With our deep understanding of end customer needs and a good funnel of new technologies, we are well positioned to both defend our core business in RV as well as expand into growth areas such as parking coolers for trucks in the Americas.

Another interesting trend we are building on is connectivity. In 2014 we released the Smart-D solution for smart integration of our RV products, and we have a number of similar projects going on to expand further into this area.

***SUSTAINABLE INNOVATIONS***

*Within the Dometic Group portfolio are several products where sustainability has been the source of inspiration, for example:*

- *efficient toilet and holding tank systems for boats, for responsible waste disposal*
- *environmentally friendly range of medical systems using natural gases as refrigerants, catering to reduce $CO_2$ emissions through 40-60 percent less energy consumption.*

> “DOMETIC GROUP HAS THE RESOURCES AND TECHNICAL KNOWLEDGE.”

Mikael Blomqvist, Vice President at Kabe Husvagnar

## Cooperation results in Smart innovation

KABE’S “ALWAYS A STEP AHEAD” SLOGAN TRULY APPLIES TO THE COMPANY’S LATEST INNOVATION, DEVELOPED TOGETHER WITH DOMETIC GROUP.

**SWEDISH KABE HAS** been a manufacturer of premium motorhomes since the 1950s and has some 100 distributors in 10 European countries today. The company is recognized for its high quality and clever solutions.

Following discussions with suppliers and end users, Kabe decided it was time for someone to eliminate the multitude of panels in RVs and motorhomes that control different systems such as water levels, lighting, battery capacity or air conditioning. “A car has one system interface to the driver and that’s what we wanted to achieve,” says Mikael Blomqvist, Vice President at Kabe Husvagnar.

But the company couldn’t develop such a solution alone. They needed a partner that was big and knowledgeable enough to take on the entire system – the first one of its kind – and they turned to supplier Dometic Group for help.

“Dometic Group has the resources and technical knowledge within the company and they have worked a lot with designing different hardware and programming it to work together,” says Blomqvist. “Kabe has the consumer know-how so we combined our different knowledge to make this system.”

The sheer size of Dometic Group was another reason why Kabe wanted to work with the company to develop its idea. “Dometic Group is the only one that can sell this solution to the industry in large volumes. Their willingness to design open-source systems is also important for us. We weren’t interested in working with someone who was only willing to develop proprietary products, ”says Blomqvist, adding, “with this Smart D solution, Dometic Group saw the possibilities and dared to take the next step. Working together like this benefits the end consumer who gets value for money. This in turn benefits us all.”

***SMART D TOUCHSCREEN***

*The Smart-D touchscreen control system is a convenient new solution that controls and monitors RV and motorhome equipment. It features up to five electronic control cards with multiple analog and digital inputs and outputs. The new system is compliant to the recently adopted industry standard CI-Bus and can therefore control and monitor both Dometic Group products such as the MCA charger series and the FreshJet air conditioner, as well as third-party equipment compatible with CI-Bus.*

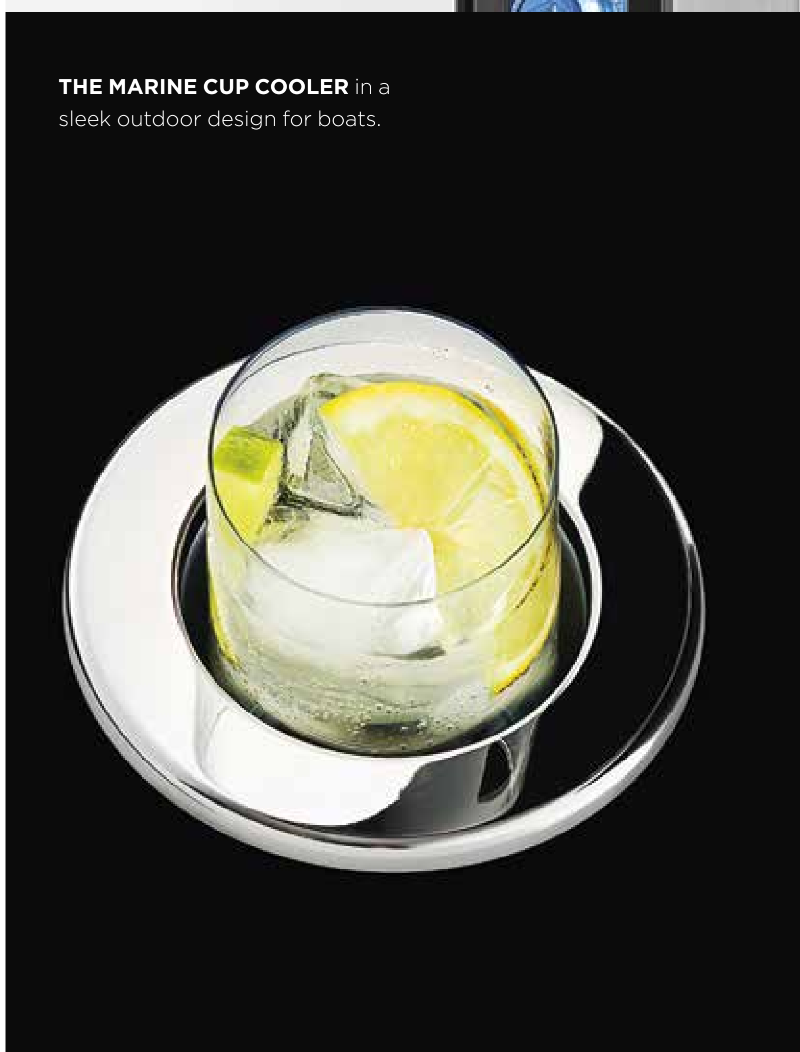
**Innovations during 2014**

Last year we released a number of new innovative products. Especially worth mentioning are:

- the 9-series RV refrigerators for Europe, with a very flexible and innovative interior
- the FreshJet 2600/3200 air conditioner for the European RV market that has higher capacity for the same power consumption
- the next generation battery driven, truck parking cooler for the American market with 30 percent more cooling for the same energy consumption
- the Variable Capacity Chiller for marine use. With variable speed technology we are taking a major step forward in energy efficiency
- new technologies for RVs in the form of the Smart-D, an integrated control and display solution, and eStore, our lithium-ion battery solution, completing the integrated eCore power management solution.

These new products and technologies put us in a good position, with an even stronger collection of products for 2015 and beyond.

**THE 9-SERIES FRIDGE** for RV features a new innovative and flexible interior design in a new size.



**THE MARINE CUP COOLER** in a sleek outdoor design for boats.


**FRESHJET RV AIR CONDITIONER** with higher capacity for the same energy consumption.


**eCORE AND eSTORE SYSTEMS** are part of a range of smart power solutions for RV. Our eCore system integrates it all with high capacity and light weight Lithium-Ion batteries.

> **“OUR OPERATIONS ORGANISATION CONTINUED TO DRIVE A VERY AMBITIOUS IMPROVEMENT AGENDA DURING 2014. I AM ENCOURAGED BY THE DEVELOPMENT IN SEVERAL AREAS AND WE WILL CONTINUE TO WORK HARD TO TAKE OUR OPERATIONS TO THE NEXT LEVEL IN TERMS OF QUALITY, PRODUCTIVITY, COST AND DELIVERY PERFORMANCE.”**

Roger Johansson, Acting Head of Operations

# Operations executes improvement plan

DOMETIC GROUP HAS 24 MANUFACTURING PLANTS IN EUROPE, ASIA AND NORTH AMERICA, PRODUCING EVERYTHING FROM COMPACT REFRIGERATORS IN HUNGARY, MOBILE COOLING BOXES IN CHINA, AWNINGS IN THE USA, TO WINDOW COMPONENTS IN SWEDEN.

**OUR VISION IS** to be a leader when it comes to delivering quality products on time to our customers, and cost efficiently. In 2014 we continued to work actively with our strategic plan to lift our quality, cost, and delivery performance. We also increased our focus on inventory management.

**Bigger factory footprint**

Our growth in 2014 required higher volumes from most of our factories and the majority of these volume increases could be absorbed through productivity improvements without major capacity investments. With the acquisition of Atwood and Prostor, Dometic Group’s factory footprint was extended with six strategically well positioned and competitive factories — four in the U.S., one in Europe and one in China.

**Quality on top of the agenda**

Our efforts to improve quality continued with a focus on supporting and reinforcing quality assurance during product and process development, production and with our suppliers.

We took several steps in implementing common quality procedures and standards across all our plants. We launched a set of new KPIs and performance management processes to measure and improve supplier delivery quality, quality performance in the factories, as well as customer delivery performance. During the year, a new Dometic Claim System was developed to improve the customer service and warranty process for prompter customer feedback and a more expedient issues resolution process. This web-based system, for

***ENERGY SAVINGS PROGRAM***

*In 2013 Dometic Group launched an energy savings program with a target for 2016 of reducing energy consumption across our operations by 15 percent compared to 2012.*

*By the end of 2014 total energy consumption had been reduced by 12.4 percent.*

## Our manufacturing plants

| Location | Main products | Certificates |
|---|---|---|
| **CHINA** | | |
| Shenzhen | Mobile cooling and power electronics, mainly for CPV | ISO 9001, 14001, TS16949, OHSAS18001, SA8000 |
| Wuhu | Water heaters, wire harnesses, next generation blowers | CSA |
| Zhuhai | Refrigerators and air conditioners for RVs and Trucks | ISO 9001, 14001, TS16949 |
| **BELGIUM** | | |
| Geluwe | Awnings | |
| **GERMANY** | | |
| Dillenburg | Lights | |
| Emsdetten | EDC, automotive cooling | ISO 9001, 14001 |
| Krautheim | Windows and doors | ISO 9001, 14001 |
| Siegen | Minibars and RV refrigerators | ISO 9001, 14001, EMAS |
| **HUNGARY** | | |
| Jaszbereny | Compact refrigerators and mobile cooling boxes | ISO 9001, 14001 |
| **ITALY** | | |
| Bassano | Cooking appliances (sub supplier to Filakovo) | ISO 9001 |
| Forli | Generators | ISO 9001, 14001 |
| Milano | Marine air conditioners | |
| **LUXEMBOURG** | | |
| Hosingen | Medical appliances | ISO 9001, 14001, 13485, TS16949 |
| **SLOVAKIA** | | |
| Filakovo | Kitchen appliances, sinks, A/C, service stations | ISO 9001, 14001 |
| **SPAIN** | | |
| Girona | Safes | Girona CE, Gost |
| **SWEDEN** | | |
| Tidaholm | Window components | ISO 9001, 14001 |
| **U.S.** | | |
| Big Prarie, Ohio | Sanitation | ISO 14001 |
| Elkhart, Indiana | Refrigerators | ISO 14001 |
| Elkhart, Indiana | Seating systems, chassis hardware | ISO 9001 |
| Elkhart, Indiana | Architectural products, power vents | AAMA, NFRC, CSA, ETL |
| Greenbrier, Tennessee | Water heaters, ranges | ISO 9001, CSA |
| LaGrange, Indiana | Awnings | ISO 14001 |
| Pompano Beach, Florida | Marine air conditioning | ISO 9001, 14001 |
| Salt Lake City, Utah | Furnaces, detectors | ISO 9001, CSA |

all Dometic Group service providers, was implemented during 2014 and will be completed during 2015.

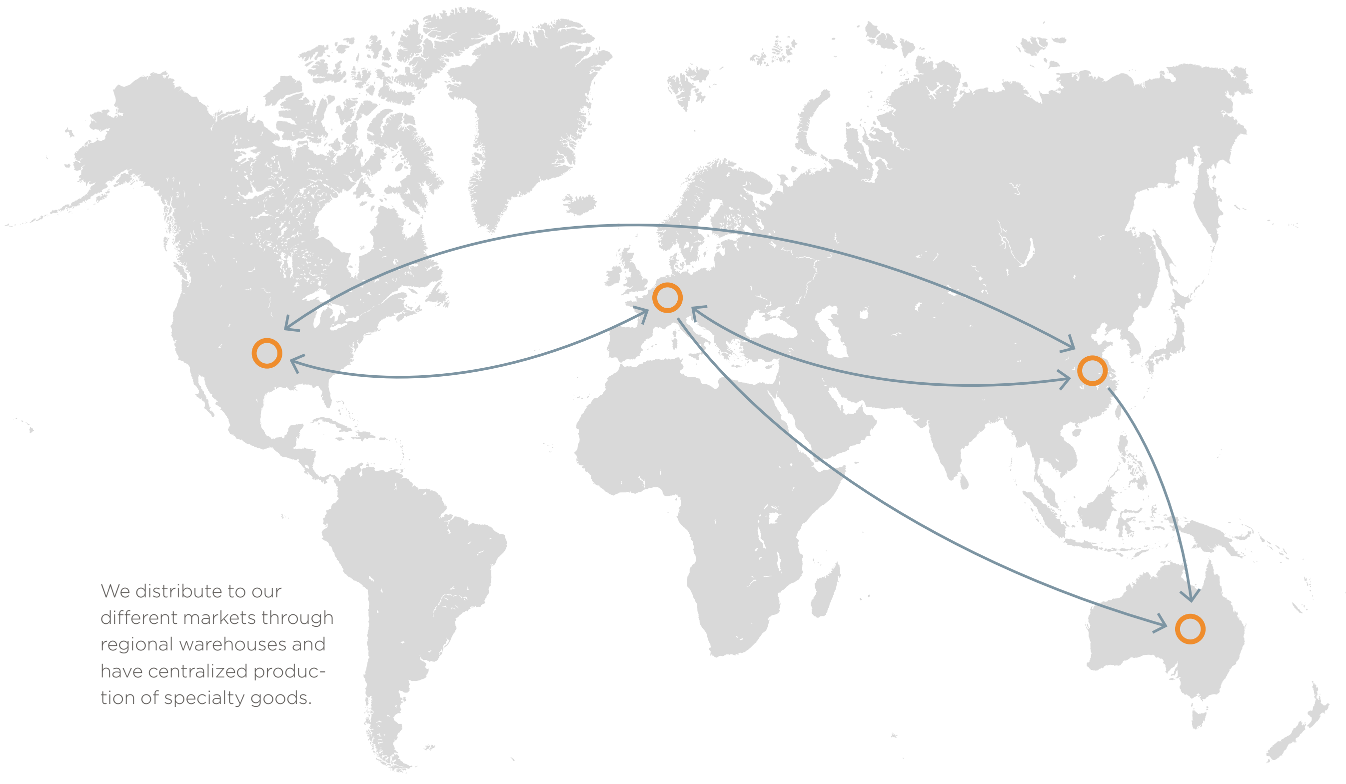
A Quality Improvement Program, using best practices and a standard toolbox for quality improvements, was implemented in all European factories at the beginning of the year and implementation was close to completion by the end of the year. The roll-out of the program was initiated in the APAC and Americas regions in the middle of the year where implementation is still ongoing. The program has improved quality awareness within our factories and has led to better delivery performance and increased customer satisfaction.

**Purchasing efficiencies**

Purchasing activities worked well during the year. Some of the more significant initiatives included a centralizing European purchasing to achieve more economies of scale. Cooperation across Dometic Group's regions resulted in cost savings and several ambitious cost improvement plans are underway and being followed up on.

**Inventory prioritized**

At the end of 2013, a decision was made to put inventory management higher on the agenda. Following this decision, the operational units set inventory targets. Inventory




has been more thoroughly addressed in all performance reviews and a large set of improvement actions have been defined and implemented throughout the Group. As a result, our inventory performance was improved. The effort is still underway and further improvement is expected in 2015.

**Two major discontinuities**

In 2014 we had two significant incidents. In the summer, our German distribution center had a partial roof collapse due to an extreme thunderstorm and in November our Slovakian factory was hit by a fire. Both of these incidents impacted our customers, but thanks to very committed local organizations that within hours initiated focused mitigation actions, the negative consequences for our customers and the Group have been controlled.

**Supplies closer to market**

Dometic Group's U.S. operations team continued to focus on improving global supply chain flows in 2014 through centralized warehouses to improve delivery performance. The team also worked on having the right inventory at the right place by focusing on quality leadership at our suppliers to enable high responsiveness even during volatile markets.

Dometic Group also opened a supply chain hub in Salt Lake City, U.S., to be closer to customers and to deliver with shorter lead times.

**Focus areas for 2015**

During 2015 we will leverage continous improvement to drive further improvements in quality, purchasing, lean initiatives and in the supply chain. Additionally, further operational synergies will be achieved through the integration of Atwood.

***ELKHART RISES TO THE CHALLENGE***

*The Elkhart team managed to reach a number of objectives in 2014 including increasing its productivity to 91 percent efficiency, reaching 98 percent on-time deliveries, and improving safety by 11 percent, among many other achievements. These results were mainly accomplished through lean initiatives and monthly training sessions, implementing smarter layout and ergonomic design on production lines, and by engaging employees and using many of their recommendations.*

*Today, the Elkhart facility in Indiana, U.S. manufactures an average of 750 refrigerators a day. As the team remains focused on continuous improvements, this number could grow even further in the coming year.*

HIPOs visit Massachusetts Institute of Technology (MIT) in Boston in November 2014
during module two of the six month leadership development program.

# Strengthening and expanding the team

DOMETIC GROUP'S AMBITIOUS GROWTH PLAN PROVIDES PLENTY OF OPPORTUNITIES FOR PEOPLE WHO WANT TO WORK IN A DYNAMIC CULTURE WITH GLOBAL MARKET PRESENCE.

**WHETHER HIRING, TRAINING** or engaging in other activities, we ensure that our employees understand our strategy and our vision – "to be an innovator and trendsetter for people enjoying a comfortable, mobile lifestyle". This ensures that our organization shares the same approach on a global level, to help Dometic Group reach its objectives.

The Dometic Way, or Group culture, has three main values: Ownership, Passion for Products and Teamwork. They can be summed up as follows:

- We have a well-organized way of working with attention to detail without being bureaucratic so we can focus on customers and their needs.
- We are passionate about our products and their quality and we understand end-users and their mobile lifestyle.
- We work as a team and focus on what is best for the company as a whole.
- We have high integrity and ethical standards.

***HUMAN RESOURCES FACTS AND FIGURES***

*THE TOTAL NUMBER OF EMPLOYEES IN 2014 WAS 6,700.*

*THE MAJORITY OF EMPLOYEES ARE CONCENTRATED IN THE U.S.,CHINA AND GERMANY.*

*37 PERCENT OF THE WORKFORCE IS FEMALE.*

*34 PERCENT OF OUR EMPLOYEES ARE WHITE-COLLAR WORKERS AND 66 PERCENT ARE BLUE-COLLAR WORKERS.*

> **“DURING THE YEAR WE DEFINED THE DOMETIC WAY, BASED ON OWNERSHIP, PASSION FOR PRODUCTS AND TEAMWORK. WE ARE ACTIVELY PROMOTING THE DOMETIC WAY IN EVERYTHING WE DO BECAUSE IT IS THIS CULTURE THAT WILL HELP DRIVE THE COMPANY FORWARD.”**

Valerie Binner, Head of HR and Sustainability

**Cultivating talent and building leaders**
In our hiring practices we aim to attract people who are professional, responsive, entrepreneurial, results-oriented and team players. Dometic Group offers market competitive remuneration and interesting roles, but people are also attracted to our strong market position, a dynamic, changing environment and the many opportunities to grow and develop.

We aim to engage and motivate our employees through a number of programs:

- The first High Potential Program was conducted in 2011 with the purpose of developing middle managers to prepare them for our most senior roles. This year's participants, who have been nominated by senior leaders and group managers, bring fresh insights and a cross-functional approach to solving Dometic Group's current business challenges. They learn more about the company, expand their networks and gain proficiency while solving complex business challenges that support the company strategies.

- Our Management and Leadership Basics program in EMEA is focused on developing first-line managers and leaders. The pilot program targets participants with up to two years experience leading a team. It focuses on understanding business strategies, roles and responsibilities, while working on continuous improvement. The program will be expanded in the future to include other regions as well.

- In 2014 we extended the PMI (Product Management & Innovation) organization's Product Management Skills Development training to include employees working within sales and operations. This is in line with the PMI organization's continuous efforts to build project management skills, use tools in a better way, make realistic project timelines and improve the leadership of cross-functional teams.

Angeles Fabian

***HIGH POTENTIAL PROGRAM***

*For Angeles Fabian, Purchasing Director for Dometic Group North America, the High Potential (HIPO) program has provided valuable insight into daily work and helped with integrating Atwood into the company.*

*“It is very important for us to look at areas where Atwood is doing better than us, so we can improve and achieve the best solution. The High Potential Program has helped me pause my day-to-day work to understand Dometic Group better, to question where we need to change and why. It is helping us change from a country-focused company, to a truly One Dometic.”*

## "PROSTOR IS ONE OF THE BEST AWNING PRODUCERS ON THE MARKET AND DOMETIC GROUP WILL BE ABLE TO REACH PLACES AND CUSTOMERS WE DIDN'T HAVE IN THE PAST."

Kouider Chedad, Operation Manager Awnings and Accessories, Belgium, joined the Dometic Group through the Prostor acquisition and participated in the Management and Leadership Basics program almost immediately. This has helped him integrate quicker into the company.

- Dometic Academy was firmly established in 2013 to provide internal and external sales and service people with product training and knowledge about the product portfolio. In 2014, we trained approximately 1,500 participants, of which about 650 were external customers. The training comprised classroom sessions, webinars, tutorials and videos.

- English language training is available for all Dometic Group employees who speak English as a second language. Raising the level of English is helping to remove the language barrier, resulting in more effective teamwork between the many countries and cultures in our global company.

- During 2015, we will be launching e-learning capabilities and are therefore able to expand our training scope. In addition to supporting English language training, we envision training in Performance Management and Talent Management processes as well as engaging in Code of Conduct and governance training.

**Integrating the new acquisitions**
From the day acquisitions are made, integration starts. A step-by-step approach is being taken to ensure that strategic acquisitions are properly integrated.

Acquiring the U.S.-based Atwood Mobile Products, for example, brought an additional 775 people, based largely in the U.S., to Dometic Group. Ten teams were immediately put into place to work on integrating various areas, from sales and finance to operations.

**Remuneration policy**
A remuneration committee was established by the Board of Directors in December 2013 to work systematically on remuneration policies globally. This important HR milestone recognizes the influence that remuneration has on company results and ensures early alignment with overall Board strategies and reward and recognition practices throughout the company.

Jendith Tan

***HIGH POTENTIAL PROGRAM***

*Another High Potential (HIPO) 2014 participant is the China-based Business Development Manager, Jendith Tan. Her work focuses largely on the Dometic Group strategy to accelerate new geographies in the APAC region. The program has helped Jendith identify synergies and customer offerings in new markets.*

*"We have a very clear goal to make our office in Shanghai run successfully and contribute more to our Group. The High Potential Program is a good opportunity to learn more about Dometic Group and our colleagues all over the world, to get extra teamwork experience with people from different backgrounds and cultures, further develop my skills and help me to think from a strategic level with more focus on the future."*

# Risk Factors

THE RISKS DESCRIBED BELOW ARE NOT THE ONLY RISKS WE FACE. ADDITIONAL RISKS AND UNCERTAINTIES NOT CURRENTLY KNOWN TO US OR THAT WE CURRENTLY DEEM TO BE IMMATERIAL MAY ALSO MATERIALLY ADVERSELY AFFECT OUR BUSINESS, FINANCIAL CONDITION OR RESULTS OF OPERATIONS.

**Risks related to our business**

**A downturn in the economy could affect consumer purchases of leisure items and adversely affect our sales, profitability and financial condition.**

Our business is primarily focused on products that are considered discretionary items for consumers, especially vehicles into which our products are installed. Consumer purchases of discretionary items tend to decline during economic downturns when disposable income is lower. Since the 1970s, major deteriorations in the global financial markets or any challenging condition in the macroeconomic environment has negatively impacted consumer spending and we believe has adversely affected the sales of our products. The leisure goods industry is particularly susceptible to general economic conditions because sales of leisure consumer products, such as RVs and leisure boats, depend on discretionary consumer spending. Accordingly, we are particularly vulnerable to economic downturns or other adverse events that have a negative effect on consumer confidence in any of the markets in which we operate (whether as a result of actual or perceived economic slowdowns).

**The volatility and disruption of the capital and credit markets and adverse changes in the global economy may negatively impact our customers' ability to access financing, which may adversely affect our sales, profitability and financial condition.**

From 2007 through 2009, the capital and credit markets experienced severe volatility and disruption. Significant declines in the housing market during that period, coupled with high levels of unemployment, have resulted in significant write-downs of asset values by financial institutions and a decline in the availability of financing for consumers who sought to purchase our products. The improvement in the availability of financing from banks and financial providers was a major driver for the recent recovery in the sales of many of our products, including in our RV segment. Because a majority of our customers rely on financing to purchase our products, especially in the RV OEM segment, we may be especially impacted by the limited availability of credit for consumers. If such market disruptions re-emerge, our business, financial condition, results of operations and cash flows could be adversely affected.

**Changes in weather patterns and seasonal weather fluctuations may adversely affect our operating results and financial condition.**

Weather fluctuations may adversely affect our operating results and our ability to maintain our sales volume. A majority of our sales are characterized by higher demand in the summer seasons, particularly in the northern hemisphere with a sharp drop in sales during August and December due to the holiday seasons. This is particularly true in our aftermarket sales, but less so for our OEM sales. Our operations may be adversely affected by unseasonably cool weather in the months of May to July, which has the effect of diminishing customer demand for our products and decreasing our sales volumes. In addition, our cash requirements for the year typically peak in May, which is before our summer sales period. Because we purchase raw materials and build up inventory in advance of the summer selling season, our expense levels are substantially based on our expectations for future revenues. If we do not achieve our expected revenue levels during the subsequent selling season, our results are likely to be adversely affected. Our judgments may not be accurate, and may result in an inability to satisfy customer demands because of insufficient inventory.

**Our ability to meet customer demand may be limited by unanticipated shifts in customer demand or delivery failures by our suppliers.**

Though we have flexible manufacturing operations that can respond to surges in demand, even with all of our facilities running at full production, we could potentially be unable to satisfy an unanticipated period of exceptionally high demand. Also, certain of our products have a long order to delivery lead time of between 45 and 65 days, which inhibits our capacity to respond quickly to changes in customer demand. Further, our ability to meet customer demand may be limited by supply constraints of key materials. Demand may also increase or decrease drastically as a result of a change in customers' taste and desire for certain products. Customers of our products often consider the process of owning and using an RV a lifestyle choice rather than only a specific holiday alternative.

**Design or manufacturing defects in our products or other defects may cause us to incur material costs and/or reputational issues as a result of product recalls or reworks.**

In the event we produce a product that is alleged to contain a design or manufacturing defect, we could be required to incur costs related to recalling or reworking that product. In the event of a product recall we typically create recall reserves to cover the estimated costs until completion of a recall. Despite seeking to provide significant recall provisions, a recall would divert managerial and financial resources and may adversely affect our reputation with our customers as a manufacturer of safe, quality products, which may have a material adverse effect on our business. Also, our product liability insurance policies have limits that, if exceeded, may result in substantial costs that would have an adverse effect on our results of operations. In addition, warranty claims are not covered by our product liability insurance and certain product liability claims may also not be covered by our product liability insurance. Even if a product liability claim is not successful or is not fully pursued, the negative publicity surrounding a product recall or any assertion that our products caused property damage or personal injury could damage our brand identity and our reputation with existing and potential customers and have a material adverse effect on our business, financial condition and results of operations.

**The nature of our operations exposes us to operational risks in the form of service interruptions caused by breakdowns in machinery and industrial accidents or liabilities in respect of operations from acquired entities.**

We operate numerous production facilities across the globe. It cannot be ruled out that machines located at one or more of these facilities may fail, leading to interruptions in service. These interruptions in service may cause product delivery delays, which cannot be absorbed by other facilities. It is also possible that repeated or extended delays could damage our reputation and thus lead to a loss of customers. Operating machinery also carries the risk of industrial accidents, which could injure, or even kill, employees.

**If we fail to continue to innovate and provide customers with design features that meet their expectations our competitiveness in the marketplace, financial condition, results of operations and cash flows may be adversely affected.**

We must continue to invest in research and development in connection with the innovation and design of our products in order to attract and retain consumers. If we are unable to anticipate consumer preferences, especially in the RV and Marine segments, or if we are unable to modify our products in line with customer needs, we may lose customers or become subject to greater pricing pressures and our operating results may also suffer. Any failure on our part to innovate and design new products or modify existing products may hurt our brands and could result in a decrease in our net revenue.

**We are subject to stringent environmental and other regulatory requirements, which may change or which may result in additional costs or liability, or restrict our operations.**

We conduct our business within a strict environmental regime designed to protect the environment and relating to the use of and human exposure to hazardous materials, but we may be exposed to potential liabilities and increased compliance costs. These evolving laws and regulations may require expenditures over a long period of time to control environmental effects at current and former operating sites, including facilities that we have acquired from third-parties. Our failure to comply with these increasingly stringent laws and regulations exercised through an extensive body of European Union and national legislation of the countries in which we operate could subject us to future liabilities or result in the limitation or suspension of the sale or production of product.

We incur, and expect to continue to incur, capital and operating costs to comply with the applicable environmental laws and regulations, the technical requirements of which are becoming increasingly complex and stringent and therefore more difficult to comply with. These laws may also provide for strict liability for damage to natural resources or threats to public health and safety, which can render a party liable without proof of negligence or fault and, if imposed by way of fine or penalty, is generally not something for which insurance can be procured. We may also be liable for clean-up costs and replacement costs and subject to litigation claims under these regimes. Stricter enforcement of existing laws and regulations, the introduction of new laws and regulations, the discovery of previously unknown contamination or the imposition of new or increased requirements could require us to incur costs or become the basis of new or increased liabilities that could reduce earnings and cash available for operations and, as a result, adversely affect our business, financial condition or results of operations.

**Our international operations subject us to risks associated with foreign currency fluctuations and local government regulation.**

We earn revenues, pay expenses, own assets and incur liabilities in countries using currencies other than the Swedish Krona. Because our consolidated financial statements are presented in Swedish Kronor, we must translate revenues, income and expenses, as well as assets and liabilities, into Swedish Kronor at exchange rates in effect during or at the end of each reporting period. Therefore, increases or decreases in the value of the Swedish Kronor against other major currencies may affect our net operating revenues, operating income and the value of balance sheet items denominated in foreign currencies. In part to mitigate such risks, we moved our Swedish production to the US and closer to the end user, thereby realigning our cost and revenue base to provide a better natural hedge against future currency fluctuations. Because of the geographic diversity of our operations, weaknesses in some currencies might be offset by strengths in others over time. There is no assurance, however, that fluctuations in foreign currency exchange rates, particularly the strengthening of the Swedish Krona against major currencies, would not materially affect our financial results. In addition to the currency exchange risks inherent in operating in foreign countries, our international sales and operations, including our purchases of raw materials from international suppliers, are subject to risks associated with changes in local government laws, regulations and policies, including those related to tariffs and trade barriers, investments, taxation, exchange controls, and employment regulations.

# Management comments — Operating and financial review

THE BOARD OF DIRECTORS AND THE PRESIDENT OF DOMETIC GROUP AB (PUBL.), COMPANY REGISTRATION NUMBER 556829-4390, HEREBY SUBMIT THE FOLLOWING CONSOLIDATED FINANCIAL STATEMENTS COVERING THE PERIOD 1 JANUARY TO 31 DECEMBER 2014.

**DOMETIC GROUP AB** (publ.) is a subsidiary of Frostbite Holding AB, Sweden. Frostbite Holding AB owns 91 percent and Frostbite I S.a.r.l., Luxembourg, 9 percent of the Company. The Company is ultimately controlled by EQT V Limited, a limited liability company organized under the laws of the Island of Guernsey, with registered office at National Westminster House, Le Truchot, St. Peter Port, Guernsey GY1 3RA, Guernsey, acting in its capacity as general partner of EQT V (General Partner) LP, in turn acting in its capacity as (1) general partner of the EQT V (No. 1) Limited Partnership and EQT V (No. 2) Limited Partnership; (2) agent for and on behalf of Investor Investment Northern Europe Limited; and (3) manager of the EQT V Co-Investment Scheme. (“EQT V”).

### Operations and organization

Dometic Group (“Dometic Group”, “the Group”) is a customer driven, world-leading provider of leisure products for the Recreational Vehicles (RV), Marine and Commercial and Passenger Vehicles (CPV) markets. We supply the industry and aftermarket with a complete range of air conditioners, refrigerators, awnings, cookers, sanitation systems, lighting, mobile power equipment, comfort and safety solutions, windows, doors and other equipment that makes leisure life more comfortable away from home. We also provide specially designed refrigerators for hotel rooms, offices and for transport and storage of medical products.

Dometic Group products are sold in almost 100 countries and are produced mainly in wholly owned production facilities around the world.

The Group is organized into three Regions: Europe, Middle East and Africa (EMEA), Americas, and Asia Pacific (APAC), and the global Division: Medical. Production is managed by Global Operations and Product development is managed by Product Management and Innovation (PMI). Each region contains five business areas: RV, Marine, CPV, Retail and Lodging.

Dometic Group has approximately 6 300 (6 200) employees at more than 50 production sites and sales offices around the world. The head office of the Group is located in Solna, Sweden.

### Significant Events

During the second quarter Dometic Group renegotiated the terms with its senior lenders on amortization schedule and possibility to pay cash on the PIK note if certain conditions are met.

On June 24, Dometic Group announced the successful refinancing of its existing PIK Notes through an issuance of new notes in the form of EUR 314 million aggregate principal amount of 9.500/10.250 percent Senior PIK Toggle Notes due 2019.

Effective September 1, 2014, Dometic Group acquired the Prostor RV awning division from the Belgian company Brustor NV.

Dometic Group and Atwood Mobile Products signed an agreement on September 2, 2014, whereby Dometic Group purchases Atwood Mobile Products LLC. The acquisition was subject to approval from anti-trust authorities. After approval by the U.S. anti-trust authorities, the purchase transaction of Atwood Mobile Products LLC was closed on October 17, 2014. The Australian operation will be held separately, pending approval from the Australian authorities.

EQT V (“EQT”) injected an additional investment of SEK 1,014 million in Dometic Group in connection with the acquisition. Furthermore, Dometic Group extended the existing financing from the Senior Bank Group by SEK 1,086 million.

### The operations, result and position of Dometic Group

2014 was characterized by continued organic revenue growth in all Regions of the Group, combined with two acquisitions; one small in Europe and one large in the U.S., In the RV segment, the American market continued to grow while the European markets showed a mixed picture as central and northern countries have stabilized while southern parts of Europe continue to report negative trends.

The net sales amounted to SEK 8 806 million (7,808). Americas, which accounted for 38 percent of sales in 2014, reported net sales of SEK 3,395 million. This corresponds to a sales increase of 20 percent compared to 2013. Atwood sales of SEK 233 million are included in 2014. EMEA, which represented 45 percent of sales in 2014, reported net sales of SEK 3,961 million. This equates to a sales increase of 8 percent compared to 2013. APAC, which accounted for 13 percent of sales in 2014, reported net sales of SEK 1,131 million. This corresponds to a sales increase of 7 percent compared to 2013. Medical Systems, which accounted for 4 percent of sales in 2014, reported net sales of SEK 319 million. This equates to a sales increase of 28 percent compared to 2013.

Operating profit before items affecting comparability amounted to SEK 1,018 million (952). After items affecting comparability the operating profit amounted to SEK 937 million (905) corresponding to a margin of 11 (12) percent. Items affecting comparability of SEK 81 million (47) include SEK 49 million related to the fire in Filakovo, SEK 11 million to the factory footprint project in China, SEK 5 million to the closure of the production unit in Canada, 12 million to severance cost and SEK 4 million to other items. Research and development costs amounted to SEK 220 million (175), or 2,5 (2) percent of the net sales.

The financial expenses amounted to SEK 1,662 million (646) and included interest expenses for: Senior loan facilities of SEK 331 million, PIK Notes of SEK 294 million and other, including local loans and interest rate swaps of SEK 53 million. Interest for borrowing from related parties was nil (-) while interest on the net pension liabilities amounted to SEK 13 million (15) and amortization of capitalized financing expenses was included with SEK 98 million (98). Costs in connection with the refinancing of the PIK Notes amounted to SEK 273 million (-). The volatility in the currency market resulted in a negative exchange rate difference of SEK 525 million (235). Acquisition related costs are included in the financial expenses with SEK 67 million (-) whilst other finance expenses impacted the expenses with SEK 8 million (27). Interest income of SEK 2 million (58) reduced the costs and resulted in a total financial net of SEK neg. 1,660 million (neg. 588).

Cash flow from operations, including paid taxes, amounted to SEK 940 million (696). The cash flow was negatively impacted by payment of non-recurring operational expenses from previous year of SEK 26 million (72). In addition the cash flow was negatively impacted by items affecting comparability of SEK 36 million (29). Before these non-recurring items the cash flow from operating activities amounted to SEK 1,002 million (797).

**Environmental impact**

Dometic Group undertakes production at some 24 wholly owned factories in Americas, EMEA and APAC. Manufacturing comprises mainly assembly of components sourced from external suppliers. Other processes include processing of metal, sheet metal and plastic, welding, vacuum forming, foaming and painting. The most important environmental aspects primarily constitute energy consumption, noise and waste. Studies of the total environmental impact of the Group's products during their entire lifetime, i.e. from production and use to recycling, indicate that the largest environmental impact is generated when the products are used. All Dometic Group factories with more than 50 employees are expected to maintain ISO 14001 certification of their operations. Our manufacturing units adjust their operations, apply for necessary permits and report to the authorities in accordance with local legislation. The permits cover e.g. thresholds or maximum permissible values for air- and waterborne emissions and noise.

Dometic Group's products are affected by legislation in various markets principally involving energy consumption, producer responsibility for re-cycling, and restriction and management of hazardous substances. Dometic Group continuously monitors changes in legislation and both product development and manufacturing incorporate any required legal changes.

**Investments**

Investments in tangible fixed assets, for the period amounted to SEK 159 million (145) of which SEK 65 million (72) refers to machinery and equipment and SEK 8 million (5) to buildings. Construction in progress and advance payments of SEK 86 million (68) are also included.

**Cash flow from financing and financial position**

Cash flow from financing, including paid interest, amounted to SEK 1,452 million (neg. 486). The cash flow was positively impacted by received shareholder's contribution of SEK 1,014 million (400) and net changes in borrowing of SEK 1,237 million (neg. 490).

Interest-bearing liabilities, excluding pension provisions, amounted to SEK 9,481 million (7,258). The debts are expressed in EUR, USD, AUD, CNY and SEK. The weakening of the Swedish krona has entailed a negative exchange rate difference of SEK 525 million (positive 235) in comparison to the beginning of the financial year.

Group cash and cash equivalents at the year-end amounted to SEK 592 million (539). In addition, the Group has unutilized loan facilities under the revolving credit facility of SEK 540 million (536), and local facilities of SEK 293 million (130). For further information on the term of the loans, see note 20.

The equity ratio amounted to 34 (34) percent.

**Financial risk management**

The Dometic Group's financial activities are centralized to a central treasury department ("Group Treasury"), to capitalize on economies of scale and synergies as well as to minimize financial risks. In accordance with the treasury policy, Group Treasury is the center of excellence and authority in financial matters within the Group, it supports and advises the subsidiaries regarding the management of financial risks and performs financial activities, cost-efficient and professionally, on an aggregated level. The treasury policy serves as a basic framework for the daily financial operations of the Dometic Group. The treasury policy is reviewed on an annual basis by the Board of Directors.

The acquisition by EQT V was funded by borrowings under a new senior facilities agreement and the issuance of PIK Notes. The amounts granted on the senior facilities amount to SEK 7,270 million (5,479). This financing package is conditioned on the fulfilment of financial and commercial obligations which are assessed on an on-going basis. The covenants that are assessed on a quarterly basis are debt cover ratio, interest cover, cash cover and capital expenditure. In addition, there are undertakings to measure on an on-going basis the quota of assets and EBITDA that are found in companies pledged by the lenders. Further, the revolving credit facility must be unutilized during five subsequent days per year. All financial and commercial undertakings were upheld during 2014.

Other financial risks are described in note 3.

**Significant events after the financial year**

On February 24, 2015 Dometic Group announced the signing of an agreement to sell the Medical business. The divestiture was completed on March 10, 2015. For further details see Note 29.

No other significant events have occurred after the end of the period.

# Key Ratios

| AMOUNTS IN SWEDISH MILLION KRONA (SEKm) | 2014 | 2013 |
|---|---|---|
| **Result** | | |
| Revenue | 8,806 | 7,808 |
| EBITDA before items affecting comparability | 1,224 | 1,132 |
| EBITDA | 1,143 | 1,085 |
| EBIT before items affecting comparability | 1,018 | 952 |
| EBIT | 937 | 905 |
| | | |
| **Margins** | | |
| Operating margin % EBITDA before items affecting comparability | 14 | 15 |
| Operating margin %, EBITDA | 13 | 14 |
| Operating margin % EBIT before items affecting comparability | 12 | 12 |
| Operating margin %, EBIT | 11 | 12 |
| | | |
| **Return on operating capital** | | |
| Return on operating capital, % | 6 | 7 |
| Return on operating capital, excl. goodwill and trademarks, % | 26 | 45 |
| | | |
| **Financial position** | | |
| Total assets | 19,069 | 15,052 |
| Interest bearing debt | 9,984 | 7,646 |
| Equity | 6,459 | 5,189 |
| Capital employed | 16,442 | 12,835 |
| Operating capital | 15,850 | 12,296 |
| Operating capital excluding goodwill and trademarks | 3,606 | 2,004 |
| Equity ratio % | 34 | 34 |
| | | |
| **Employees** | | |
| Average number of employees | 6,349 | 6,247 |
| Revenue per employee | 1.39 | 1.25 |

***DEFINITIONS***

| | |
|---|---|
| **EBITDA** | Operating profit before depreciations, amortisations and impairment |
| **EBIT** | Operating profit |
| **Operating margin EBITDA** | EBITDA divided with revenue |
| **Operating margin EBIT** | EBIT divided with revenue |
| **Profit margin** | Net profit as a margin of revenue |
| **Return on operating capital** | EBIT / Operating capital |
| **Items affecting comparability** | Items affecting comparability represents income and expenses related to non-recurring events, occuring on an irregular basis and affecting comparability between the periods. |
| **Capital employed** | Owners Equity plus interest bearing debt |
| **Equity ratio** | Owners Equity divided with total assets |
| **Interest bearing debt** | Liabilities to credit institutions plus liabilities to related parties plus derivative financial liabilities plus provisions for pensions |
| **Operating capital** | Interest bearing debt plus equity minus liquid funds |

# Consolidated Income Statement

| SEKm | Note | 2014-01-01 2014-12-31 | 2013-01-01 2013-12-31 |
|---|---|---|---|
| Revenue | 5 | 8,806 | 7,808 |
| Cost of goods sold | | -6,126 | -5,296 |
| **Gross profit** | | **2,680** | **2,512** |
| | | | |
| Sales expenses | | -1,237 | -1,062 |
| Administrative expenses | | -421 | -457 |
| Other operating income and expense | 9 | 6 | -41 |
| Items affecting comparability | | -81 | -47 |
| Amortization of customer relationship | | -10 | – |
| **Operating profit** | 6, 7, 8 | **937** | **905** |
| | | | |
| Financial income | 10 | 2 | 58 |
| Financial expenses | 10 | -1,662 | -646 |
| **Loss from financial items** | 10 | **-1,660** | **-588** |
| | | | |
| **Profit/loss before income tax** | | **-723** | **317** |
| | | | |
| Taxes | 11 | -121 | 75 |
| **Profit/loss for the year** | | **-844** | **392** |
| | | | |
| **Profit/loss for the year attributable to owners of the Parent** | | -844 | 392 |

# Consolidated Statement of Comprehensive Income

| SEKm | Note | 2014-01-01 2014-12-31 | 2013-01-01 2013-12-31 |
|---|---|---|---|
| Profit/loss for the year | | -844 | 392 |
| | | | |
| **Other comprehensive income** | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | |
| Remeasurements of defined benefit pension plans, net | | -75 | -2 |
| | | -75 | -2 |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Cash flow hedges, net of tax | 3 | 46 | 49 |
| Currency translation differences | | 1,129 | -104 |
| | | 1,175 | -55 |
| **Other comprehensive income for the year** | | **1,100** | **-57** |
| | | | |
| **Total comprehensive income for the year** | | **256** | **335** |
| **Total comprehensive income for the year attributable to owners of the Parent** | | **256** | **335** |

# Consolidated Balance Sheet

| SEKm | Note | 2014-12-31 | 2013-12-31 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Goodwill | 13 | 10,001 | 8,273 |
| Trademarks | 13 | 2,243 | 2,018 |
| Other intangible assets | 13 | 1,078 | 66 |
| Buildings and land | 14 | 881 | 808 |
| Machinery and other technical installations | 14 | 396 | 343 |
| Equipment and installations | 14 | 267 | 139 |
| Construction in progress and advance payments | 14 | 85 | 62 |
| Deferred tax assets | 11 | 180 | 155 |
| Derivatives | 3 | 41 | 14 |
| Other non-current assets | 12 | 46 | 43 |
| **Total non-current assets** | | **15,218** | **11,921** |
| | | | |
| **Current assets** | | | |
| Inventories | 15 | 2,020 | 1,563 |
| Trade receivables | 16 | 924 | 762 |
| Receivables related parties | | 22 | 22 |
| Current tax assets | | 12 | 19 |
| Other current assets | | 188 | 145 |
| Prepaid expenses and accrued income | 17 | 93 | 81 |
| Cash and cash equivalents | | 592 | 539 |
| **Total current assets** | | **3,851** | **3,131** |
| **TOTAL ASSETS** | | **19,069** | **15,052** |

# Consolidated Balance Sheet, cont.

| SEKm | Note | 2014-12-31 | 2013-12-31 |
|---|---|---|---|
| **EQUITY** | 28 | | |
| **Equity attributed to owners of the Parent** | | | |
| Share capital | | 1 | 1 |
| Reserves | | 1,097 | -78 |
| Retained earnings, including net profit/loss | | 5,361 | 5,266 |
| **TOTAL EQUITY** | | **6,459** | **5,189** |
| | | | |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Liabilities to credit institutions | 20, 22, 23 | 9,396 | 7,060 |
| Deferred tax liabilities | 11 | 536 | 502 |
| Provisions for pensions | 18 | 503 | 355 |
| Other provisions | 19 | 110 | 100 |
| **Total non-current liabilities** | | **10,545** | **8,017** |
| | | | |
| **Current liabilities** | | | |
| Liabilities to credit institutions | 20, 22, 23 | 85 | 198 |
| Trade payables | | 753 | 581 |
| Current tax liabilites | | 156 | 264 |
| Advance payments from customers | | 15 | 12 |
| Derivatives | 3 | 22 | 38 |
| Other provisions | 19 | 192 | 217 |
| Other current liabilities | | 148 | 121 |
| Accrued expenses and prepaid income | 21 | 694 | 415 |
| **Total current liabilities** | | **2,065** | **1,846** |
| **TOTAL EQUITY AND LIABILITIES** | | **19,069** | **15,052** |

# Consolidated Statement of Changes in Equity

| SEKm | Note | Share capital | Other reserves | Retained earnings | Total equity |
|---|---|---|---|---|---|
| | | ATTRIBUTABLE TO OWNERS OF THE PARENT | | | |
| **Opening balance 2013-01-01** | 28 | **1** | **-23** | **3,334** | **3,312** |
| Loss for the period | | | | 392 | 392 |
| | | | | | |
| **Other comprehensive income** | | | | | |
| Remeasurements of defined benefit plans, net | 11, 18 | | | -2 | -2 |
| Cash flow hedges, net | 3 | | 49 | | 49 |
| Currency translation differences | | | -104 | | -104 |
| **Total comprehensive income** | | | **-55** | **390** | **335** |
| | | | | | |
| **Transactions with owners** | | | | | |
| Shareholder's contribution | | | | 1,542 | 1,542 |
| **Total transactions with owners** | | | | **1,542** | **1,542** |
| | | | | | |
| **Closing balance 2013-12-31** | | **1** | **-78** | **5,266** | **5,189** |
| | | | | | |
| **Opening balance 2014-01-01** | 28 | **1** | **-78** | **5,266** | **5,189** |
| Profit for the period | | | | -844 | -844 |
| | | | | | |
| **Other comprehensive income** | | | | | |
| Remeasurements of defined benefit plans, net | 11, 18 | | | -75 | -75 |
| Cash flow hedges, net | 3 | | 46 | | 46 |
| Currency translation differences | | | 1,129 | | 1,129 |
| **Total comprehensive income** | | | **1,175** | **-919** | **256** |
| | | | | | |
| **Transactions with owners** | | | | | |
| Shareholders contribution | | | | 1,014 | 1,014 |
| **Total transactions with owners** | | | | **1,014** | **1,014** |
| | | | | | |
| **Closing balance 2014-12-31** | | **1** | **1,097** | **5,361** | **6,459** |

# Consolidated Statement of Cash Flow

| SEKm | Note | 2014-01-01 2014-12-31 | 2013-01-01 2013-12-31 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Operating profit | | 937 | 905 |
| Depreciation and amortization | 24 | 206 | 180 |
| Adjustment for other non cash items | 24 | 47 | 42 |
| Changes in working capital | | | |
| Changes in inventories | | 55 | -102 |
| Changes in accounts receivables | | 19 | -92 |
| Changes in accounts payables | | -37 | -64 |
| Changes in other working capital | | -49 | -137 |
| Income taxes paid | | -238 | -36 |
| **Net cash flow from operations** | | **940** | **696** |
| | | | |
| **Cash flow from investments** | | | |
| Acquisitions | | -2,210 | – |
| Investments in fixed assets | | -191 | -167 |
| Proceeds from sale of fixed assets | | 12 | 12 |
| Other investing activities | | – | 8 |
| **Net cash flow from investments** | | **-2,389** | **-147** |
| | | | |
| **Cash flow from financing** | | | |
| Shareholder's Contribution | | 1,014 | 400 |
| Borrowings from credit institutions | | 4,135 | 320 |
| Repayment of loans to credit institutions | | -2,898 | -780 |
| Paid interest, net | | -409 | -351 |
| Other financing activities | | -390 | -75 |
| **Net cash flow from financing** | | **1,452** | **-486** |
| | | | |
| **Cash flow for the year** | | **3** | **63** |
| | | | |
| Cash and cash equivalents at beginning of year | | 539 | 476 |
| Exchange differences on cash and cash equivalents | | 50 | 0 |
| **Cash and cash equivalents at end of year** | 24 | **592** | **539** |

# Notes to the consolidated financial statements

## 1 General information

Dometic Group AB (publ) and its subsidiaries (together "the Dometic Group" or "the Group") serves the market with a complete range of air conditioners, refrigerators, awnings, cookers, sanitation, lightning, mobile power equipment, windows, doors and other comfort and safety products that make life away from home more comfortable. The products are sold in almost 100 countries and are mainly produced in wholly owned production facilities around the world.

The Company is a limited liability company with corporate identity number 556829-4390. The address of its registered office is Hemvärnsgatan 15, 171 54 Solna, Sweden.

These consolidated financial statements cover the period 1 January to 31 December 2014 (comparative figures 1 January to 31 December 2013) and were authorized for issue by the Board of Directors on 28 April 2015.

Unless otherwise stated, all amounts are reported in million Swedish krona (SEK million).

## 2 Summary of significant accounting policies

The most principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied, unless otherwise stated. Standards or interpretations that are not applicable for the Group are not included in below summary.

**2.1 Basis of preparation**

The consolidated financial statements of Dometic Group AB (publ), have been prepared in accordance with International Financial Reporting Standards (IFRS) and Interpretations as adopted by the European Union. The consolidated financial statements have been prepared under the historical cost convention, as modified financial assets and financial liabilities, including derivative instruments, at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

**2.1.1 Changes in accounting policy and disclosures**

*New and amended standards and interpretations adopted by Dometic Group for the financial year 2014:*

None of the new or amended standards or new interpretations have had any significant impact on the Group's financial statement.

*New standards and interpretations not yet adopted:*

A number of new standards and amendments to standards and interpretations are effective for the financial year 2015 and later, and have not been applied in preparing these consolidated financial statements. Most of these are not expected to have any effect on the consolidated financial statements. The following are expected to have some impact even though it is not considered to be significant:

*IFRS 9 'Financial instruments'*

The standard replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. One important change compared to IAS 39 is that the effectiveness tests are replaced. IFRS 9 requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporary documentation is still required but is different to that currentlyprepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. Dometic Group is yet to assess IFRS 9's full impact.

*IFRS 15, 'Reventue from contracts with customers'*

The new standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The group is assessing the impact of IFRS 15.

*Note 2 Summary of significant accounting policies cont.*

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

**2.2 Consolidation**

*(a) Subsidiaries*

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method is used to account for the business combinations. The purchase price for an acquisition of a subsidiariy is the fair values of the net assets included at the acquisition date. Acquisition-related costs are expensed as incurred. The excess of the purchase price over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealized gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

*(b) Associates*

Associates are companies over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 percent and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost.

The carrying amount is increased or decreased to recognize the Group's share of the profit or loss of the associated company after the date of acquisition. The Group's share of post-acquisition profit or loss is recognized in the income statement and its share of post-acquisition movements in OCI is recognized in OCI with a corresponding adjustment to the carrying amount of the investment.

**2.3 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Group Management and the Board of Directors.

**2.4 Foreign currency translation**

*(a) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates - 'the functional currency'. The consolidated financial statements are presented in Swedish krona (SEK), which is Dometic Group's presentation currency.

*(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within financial net. All other foreign exchange gains and losses are presented in the income statement within the operating result.

*(c) Group companies*

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet

(2) income and expenses for each income statement are translated at average exchange rates and

(3) all resulting exchange differences are recognized in other comprehensive income.

Fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

**2.5 Property, plant and equipment**

Land and buildings comprise mainly factories and offices. Land and buildings are entered at acquisition value, reduced by subsequent depreciation of buildings.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

*Note 2 Summary of significant accounting policies cont.*

| | |
|---|---|
| • Buildings | 20–40 years |
| • Machinery | 6–15 years |
| • Vehicles | 5 years |
| • Furniture, fittings and equipment | 3–10 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is higher than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the income statement.

**2.6 Intangible assets**

*(a) Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any impairment is recognized immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

*(b) Trademarks*

Acquired trademarks are shown at historical cost. All trademarks within Dometic Group with a value on the balance sheet have been identified as part of the strategic planning process. As there currently are no plans to phase out any of these Trademarks they have been determined to have an indefinite useful life. The trademarks are not depreciated but are tested for impairment annually.

*(c) Customer Relationships and Intellectual Property*

All Customer Relationships and Intellectual Property (IP) are acquired in a business combination and recognised at fair value at the acquisition date. Customer Relationships and IP have a finite useful life and are carried at the initial value less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the value over their estimated useful lives, as follows:

| | |
|---|---|
| • Customer relationships | 20 years |
| • Intellectual property | 7 years |

*(d) Other intangible assets*

Research expenditures are recognised as an expense as incurred. Expenditures for development projects are capitalized as intangible assets only if certain criterias are met. Other development expenditures that do not meet the criteria for capitalization are recognized as an expense as incurred. Expenditures for development projects that are capitalized are amortized on a linear basis over its useful life from the time when it is available for use. The depreciation period equals five years.

Costs associated with maintaining computer software programmes are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when certain criterias are met. Computer software development costs recognised as assets are amortised over their estimated useful lives, which is not expected to exceed three years.

Criterias for capitalization of development costs:

- it is technically feasible to complete the asset so that it will be available for use
- management intends to complete the asset and use or sell it
- there is an ability to use or sell the asset
- it can be demonstrated how the asset will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the asset are available
- the expenditure attributable to the asset during its development can be reliably measured.

Other intangible assets, such as patents and other rights that are capitalized are amortized on a straight line basis over their estimated useful lives which normally are five to ten years.

**2.7 Impairment of non-financial assets**

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

**2.8 Non-current assets held for sale**

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through as sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

**2.9 Financial assets**

Dometic Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables.

*Note 2 Summary of significant accounting policies cont.*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Loans and 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. The Group's loans and receivables comprise trade receivables and other receivables as well as cash and cash equivalents in the balance sheet.

Regular purchases and sales of financial assets are recognised on the trade-date. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired and substantially all risks and rewards of ownership are transferred. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement.

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 recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability.

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset carried at amortized cost is impaired. The impairment is recognized only as a result of one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

The loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. For practical reason and as a simplification, the fair value of an observable market price could be used when measuring the impairment. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the income statement.

**2.10 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 Group 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. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Amounts accumulated in equity are reversed 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 recognized in the income statement. The deferred amounts are ultimately recognized in the operating result. 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.

**2.11 Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

**2.12 Trade receivables**

Trade receivables are amounts due from customers in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**2.13 Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits

*Note 2 Summary of significant accounting policies cont.*

held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**2.14 Share capital**

Ordinary shares are classified as equity. Where any Group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

**2.15 Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable 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 recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**2.16 Borrowings**

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings 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. See 2.23 for description of accounting for borrowing costs.

Borrowings are classified as current liabilities unless the Group has 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.

**2.17 Current and deferred income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in equity under other comprehensive income. In this case the tax is also recognized in equity under other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**2.18 Employee benefits**

*(a) Pension obligations*

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. Dometic Group has both defined benefit and defined contribution plans.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

*Note 2 Summary of significant accounting policies cont.*

The defined benefit plan typically define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognized immediately in income.

*(b) Other post-employment obligations*
Some Group companies provide post-retirement healthcare benefits. The anticipated costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. These obligations are valued annually by independent qualified actuaries.

*(c) Termination benefits*
Termination benefits are payable when employment is terminated by the Group before the planned retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

*(d) Bonus plans*
The Group recognizes a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

**2.19 Provisions**
Provisions for environmental restoration, restructuring costs and legal claims are recognized when: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

**2.20 Revenue recognition**
Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of Dometic Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. Dometic Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

*(a) Sales of goods*
Sales of goods are recognized when an entity has delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales agreement, the acceptance provisions have lapsed, or the company has objective evidence that all criteria for acceptance have been satisfied.

Sales are recorded based on the price specified in the sales 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. The discounts are assessed based on anticipated annual purchases. No element of financing is deemed present as the sales are normally made with a credit term of 30-60 days, which is consistent with the market practice.

*(b) Interest income*
Interest income is recognized on a time-proportion basis using the effective interest method.

**2.21 Items affecting comparability**
Income and expenses related to non-recurring events, occurring on an irregular basis and affecting comparability between the periods, are recognized as items affecting comparability. See note 6 for specification of non-recurring items.

*Note 2 Summary of significant accounting policies cont.*

**2.22 Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Leases of property, plant and equipment in which Dometic Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Lease income from operating leases is recognized as income on a straight-line basis over the lease term. The initial direct costs incurred by lessor shall be added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income. The depreciation for depreciable leased assets shall be consistent with the normal depreciation for similar assets.

**2.23 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. Currently there are no capitalized borrowing costs within Dometic Group.

# 3 Financial risk management and financial instruments

The Dometic Group's operations are exposed to different financial risks, including the effects of price changes in the loan and capital markets. To manage these risks efficiently, Dometic Group has established guidelines in the form of a treasury policy that serves as the basic framework for the daily financial operations of the Group. The treasury policy, which is updated and approved annually by the Board of Directors, stipulates the rules and limitations for the management of financial risks throughout the Group.

Risk management is carried out by a central treasury department ("Group treasury") under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

**Currency risk**

Dometic Group is a global Group with operations in a large number of countries throughout the world. The Group is exposed to transaction risks at the time of purchasing and selling as well as when conducting financial transactions. The transaction exposure is primarily related to the EUR, USD, AUD and CNY. Important flows are China/Hong Kong sales to Europe, USA and Australia and sales from Europe to Australia and USA. As far as possible, transaction exposure is concentrated to the countries where the manufacturing entities are located. This is achieved by invoicing the sales entities in their respective functional currency from the manufacturing entities. The Group hedges the transaction exposure for a period of up to 12 months.

Dometic Group is also exposed to translation exposure. Translation exposure causes a risk that changes in foreign exchange rates will have a negative impact on the value of Dometic Group's net assets (equity) and income in foreign currency. The translation risk is an accounting risk that arises when the Group accounts are consolidated, as an effect on Group equity capital. The Dometic Group policy governing translation exposure is not to hedge the translation exposure to net foreign assets (equity). However, the translation exposure shall be limited by matching the currency of the external debt to the currency of Dometic Group's foreign net assets. As of 31 December 2014, 42 (46) percent of the Group's borrowings were in EUR, 35 (25) percent in USD and 18 (22) percent in AUD. Loans in other currencies amount to approximately 5 (7) percent of total loans.

**Interest rate risk**

The Dometic Group is through both the outstanding debt portfolio (senior facility term loans and local loans) as well as interest bearing assets exposed to interest rate risk. Interest rate risk is defined as the risk that changes in interest rates will have a negative impact on Group earnings and cash flow. Dometic Group's interest risks arise from long-term loans. Since the Group does not hold any substantial interest-bearing assets, the Group's income and cash flow from current business operations are essentially independent from changes in market interest rates.

The interest rate risks are managed centrally by the Group treasury function in accordance with the treasury policy.

*Note 3 Financial risk management and financial instruments cont.*

To limit the interest rate risk, the outstanding debt portfolio has a maximum interest period of 6 months and in the case of interest bearing assets, the fixed interest rate period are matched against the closest debt maturity. Further the Group has hedged 75 (70) percent of cash flow exposure on its senior facility term loans by using interest swaps to move from floating interest rate to fixed interest rate. Interest is normally paid quarterly, therefore the floating interest rate on loans, and the floating leg of the swaps are set quarterly.

**Cash flow hedges**

In accordance with the Dometic Group's treasury policy, the Group has hedged part of its cash flow exposure, by way of currency forward agreements and interest rate swaps with external counterparts, as reported below.

**Interest swaps per currency**

| | 2014-12-31 | | | 2013-12-31 | | |
|---|---|---|---|---|---|---|
| **Currency (maturity)** | **Amount LOCm** | **Amount SEKm** | **Interest rate, %** | **Amount LOCm** | **Amount SEKm** | **Interest rate, %** |
| AUD (2016) | 207 | 1 321 | 2.7 | 128 | 743 | 4.3 |
| EUR (2016) | 75 | 713 | 0.1 | 86 | 775 | 2.3 |
| USD (2016) | 328 | 2,557 | 0.7 | 247 | 1,611 | 1.1 |
| SEK (2016) | 326 | 326 | 0.4 | | | |

Dometic Group is exposed to price risks for raw materials such as iron, copper, aluminum and components in which these metals are included. This risk also affects plastics in which petroleum forms the base. To limit the price risk of this type, the Group may enter into short-term contracts with some of the suppliers of raw material. As of 31 December 2014 no such contracts were in place.

**Market value derivatives**

| **At 31 December 2013** | **Nominal value** | **Assets** | **Liabilities** |
|---|---|---|---|
| **Current derivative financial instruments** | | | |
| Interest rate swaps – cash flow hedges | 3,128 | – | -33 |
| Currency forwards & options – cash flow hedges | 1,087 | 14 | -5 |
| **Total** | | **14** | **-38** |
| Less non-current portion: | | – | – |
| **Current portion** | | **14** | **-38** |

| **At 31 December 2014** | **Nominal value** | **Assets** | **Liabilities** |
|---|---|---|---|
| **Current derivative financial instruments** | | | |
| Interest rate swaps – cash flow hedges | 4,917 | 7 | -7 |
| Currency forwards & options – cash flow hedges | 848 | 34 | -15 |
| **Total** | | **41** | **-22** |
| Less non-current portion: | | – | – |
| **Current portion** | | **41** | **-22** |

Interest rate swaps mature on a quarterly basis (January, April, July and October) whereas currency forward hedges mature on a monthly basis. During the period SEK 43 million (before taxes) have been recognized in OCI.

**Sensitivity analysis**

A sensitivity analysis on the Group's largest transactional flows would show that a 5 percent change in currencies against each other would have a transaction effect on the Group net cash flow of approximately SEK 61 million (48), excluding the impact of hedging.

Regarding the currency risk on the senior term loans, a change of 1 percent in the respective currencies, with all other variables held constant, profit after tax would be impacted by SEK 60 million (42 ). This is a result of foreign exchange gains/losses of translation for the EUR, USD

*Note 3 Financial risk management and financial instruments cont.*

and AUD denominated borrowings. The effect from EUR would be SEK 5 million (4), from USD SEK 36 million (20) and from AUD SEK 19 million (18).

At 31 December 2014, a 1 percent change of interest rates on senior term loans, with all other variables held constant, the profit after tax would be impacted by SEK 19 million (17), mainly as a result of higher interest expense on floating rate borrowings and including the impact of realized interest swap hedge result.

**Financial credit risk**

Financial assets carry an element of risk that counterparties may be unable to fulfill their payment obligations. This exposure arises from the investments in liquid funds and from derivative positions with positive unrealized results against banks and other counterparties. Dometic Group mitigates this risk by holding cash primarily in well-rated counterparties with a long-term rating of A or better. At 31 December 2014, the financial credit risk was equal to the balance sheet value of cash and cash equivalents of SEK 592 million (539). All derivative transactions are covered by ISDA netting agreements to reduce the credit risk. No credit losses were incurred during 2014, neither on external investments nor on derivative positions.

**Liquidity risk**

Liquidity risks are managed by the Group by ensuring to have sufficient liquid means and current investments with a liquid market, available financing through contracted credit facilities, and the possibility to close market positions. Because of the dynamic nature of the business activities, the Group ensures flexibility by maintaining agreements on retractable credit status.

To maintain control over the liquidity and to ensure that the Group has enough cash to make major payments such as interest payments and amortizations on the senior facility term loans, the companies report to management a weekly cash balance stating the actual cash in the company. Also, a liquidity forecast of eight weeks is reported to management on bi-weekly basis.

The table below analyzes the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows for the liabilities.

| At 31 december 2013 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | More than 5 years |
|---|---|---|---|---|
| Borrowings | 438 | 452 | 5,197 | 5,310 |
| Derivative financial instruments | 39 | – | – | – |
| Forward foreign exchange contracts | 5 | – | – | – |
| Trade and other payables | 581 | – | – | – |
| **Total** | **1,063** | **452** | **5,197** | **5,310** |

| At 31 December 2014 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | More than 5 years |
|---|---|---|---|---|
| Borrowings | 676 | 808 | 10,588 | |
| Derivative financial instruments | 11 | 10 | – | |
| Forward foreign exchange contracts | 15 | | | |
| Trade and other payables | 753 | | | |
| **Total** | **1,455** | **818** | **10,588** | **–** |

**Capital risk**

Dometic Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group has, through its financing agreements, to be compliant with bank covenants. The covenant ratios at year end 2014 are debt cover, interest cover, cash cover and Capital expenditure. A breach of the bank covenants would technically put the Group in an event of default. In such an event the Lenders under the financing agreements have the right to accelerate the debts. In such an event a negotiated solution between Owners, Lenders and Group Management would be sought in order to keep the Group as a going concern.

*Note 3 Financial risk management and financial instruments cont.*

| | 2014-12-31 | 2013-12-31 |
|---|---|---|
| Total borrowing (note 20) | 9,481 | 7,258 |
| Less: cash and cash equivalents | -592 | -539 |
| **Net debt** | **8,889** | **6,719** |
| | | |
| Total equity | 6,459 | 5,189 |
| **Total capital** | **15,348** | **11,908** |
| | | |
| **Gearing ratio, %** | **58** | **56** |

**Fair value estimation**

Making fair value estimations require different kind of input on how to determine the fair values. The different levels have been defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Other observable data for the asset or liability than quoted prices included in Level 1, either directly, i.e. as price quotations, or indirectly, i.e. derived from prices.

Level 3: Data for the asset or liability that is not based on observable market data. Within the Dometic Group the only financial instruments measured at fair value are derivative financial instruments, which fall into the level 2 category.

## 4 Critical accounting estimates and assumptions

In order to prepare the accounting records in accordance with proper accounting standards, estimates and assumptions affecting reported amounts in the annual report must be made. Fair outcome can differ from these estimations and assumptions. Areas where estimates and assumptions are of significant importance to the Group are presented below.

**Impairment test of Goodwill and Trademarks**

In accordance with IFRS, the need for impairment of goodwill and trademarks is reviewed annually. These reviews are based on a survey of the recoverable value estimated on the basis of management's calculations of future cash flow based on the Budget and the Strategic plan for the Group. Further information on assumptions and sensitivity are presented in note 13.

**Impairment test of Deferred Tax Assets**

In accordance with IFRS, the need for impairment is reviewed annually. These reviews are based on a survey where future earnings in each country, based on business plans and forecasts. The possibility of making use of underlying costs/losses for tax purposes is evaluated.

**Assumptions upon Pension and Post Retirement Commitments**

The value of the pension commitments depends on the assumptions made by management, and used by actuaries when calculating these amounts. These assumptions include discount rate, inflation, salary trends, development of pensions over time, mortality, trends in cost of health care, and other factors. The actuarial assumptions are updated annually. Gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. See note 18 for further information about assumptions made in the calculation of pensions and pension commitments.

**Warranty obligation**

Within Dometic Group's line of business many products are covered by a warranty, which is included in the price and valid for a predetermined amount of time. Provisions for warranties are calculated based on past experience of costs for repairs, etc.

**Provisions for Recalled Products**

Provisions for recalled products are estimations of future cash flow required to regulate commitments. Such estimations are based on the nature of the recall, the legal process, and the likely extent of damages as well as the progress of the process. Furthermore, consideration is taken of opinions and recommendations from legal advisors and other advice regarding the outcome of the process and experiences from similar cases

# 5 Segment information

The Group is organized into three Regions; Europe, Middle East and Africa (EMEA), Americas and Asia Pacific (APAC) and the global division; Medical.

The operating segments are determined based on the reports regularly reviewed by Group Management. The business is organized in line with above as the Group Management considers the business mainly from a geographical perspective with the exception of the division Medical. As Medical represents a minor share of the Group´s activities and does not meet the quantitive thresholds required by IFRS, it is not reported separately but included in the region EMEA.

The performance of the segments is primarily assessed based on sales and operating profit. The information regarding income for each region is based on where the customers are located. The information regarding the assets is based on geographic regions, where the benefit of the assets are consumed.

**Consolidated operating segments**

| 2013 | EMEA | Americas | APAC | Unallocated | Total |
|---|---|---|---|---|---|
| External net sales | 3,928 | 2,826 | 1,054 | – | 7,808 |
| Operating profit | 342 | 336 | 227 | – | 905 |
| Financial, net | | | | -588 | -588 |
| Taxes | | | | 75 | 75 |
| **Loss for the period** | | | | | **392** |
| Net assets[1] | 5,683 | 3,751 | 3,209 | | 12,643 |

| 2014 | EMEA | Americas | APAC | Unallocated | Total |
|---|---|---|---|---|---|
| External net sales | 4,280 | 3,395 | 1,131 | | 8,806 |
| Operating profit | 320 | 368 | 249 | | 937 |
| Financial, net | | | | -1,660 | -1,660 |
| Taxes | | | | -121 | -121 |
| **Loss for the period** | | | | | **-844** |
| Net assets[1] | 6,103 | 4,598 | 3,442 | | 14,143 |

1) Net assets at the end of the period excluding financial assets and liabilities and deferred taxes.

# 6 Operating expenses specified according to type

| Expenses by nature | 2014-01-01 2014-12-31 | 2013-01-01 2013-12-31 |
|---|---|---|
| Raw materials and manufacturing supplies | -4,606 | -4,010 |
| Employee benefit expenses (note 8) | -1,910 | -1,659 |
| Transport expenses | -323 | -231 |
| Amortisation, depreciation and impairment (note 13 and 14) | -205 | -180 |
| Warranty costs | -193 | -172 |
| Marketing expenses | -181 | -146 |
| Other | -451 | -505 |
| **Total** | **-7,869** | **-6,903** |

*Note 6 Operating expenses specified according to type cont.*

| Expenses by function | 2014-01-01<br>2014-12-31 | 2013-01-01<br>2013-12-31 |
|---|---|---|
| Cost of goods sold | -6,126 | -5,296 |
| Sales expenses | -1,237 | -1,062 |
| Administrative expenses | -421 | -457 |
| Other operating income | 41 | 29 |
| Other operating expenses | -35 | -70 |
| Amortization of Customer relationship | -10 | – |
| Items affecting comparability [1] | -81 | -47 |
| **Total** | **-7,869** | **-6,903** |

1) Items affecting comparability, in total SEK -81 million (-47), include cost related to the fire in Filakovo SEK -49 million, severance cost SEK -12 million, factory footprint China SEK -11 million, closure Canadian plant SEK -5 million and other costs SEK -4 million.

## 7 Leasing agreements

Lease charges for assets held via operational lease agreements, such as leased premises, machinery, computer and office equipment are reported in operating expenses and amount to SEK 99 million (84).

Future minimum lease charges for non-cancellable operational lease agreements at nominal values fall due as follows:

| | 2014-12-31 | 2013-12-31 |
|---|---|---|
| Within 1 year | -90 | 68 |
| 1–5 years | -126 | 105 |
| over 5 years | -17 | 25 |
| **Total** | **-233** | **198** |

Future lease income for non-cancellable at nominal values fall due as follows:

| | 2014-12-31 | 2013-12-31 |
|---|---|---|
| Within 1 year | 1 | 3 |
| 1–5 years | 3 | 4 |
| over 5 years | – | 3 |
| **Total** | **4** | **10** |

Lease income amounts to SEK 2 million (3) and relates primarily to lease of factory premises.

# 8 Employee benefit expense

| Employee benefits | 2014-01-01 2014-12-31 | 2013-01-01 2013-12-31 |
|---|---|---|
| Salaries and other short-term benefits | -1,496 | -1,325 |
| Social security costs | -243 | -185 |
| Pension costs – defined contribution plans | -53 | -37 |
| Pension costs – defined benefit plans | -13 | 13 |
| Other personnel costs | -105 | -125 |
| **Total** | **-1,910** | **-1,659** |

| Key management compensation | 2014-01-01 2014-12-31 | 2013-01-01 2013-12-31 |
|---|---|---|
| Salaries and other short-term benefits | -38 | -42 |
| Post-employment benefits | -6 | -13 |
| **Total key management** | **-44** | **-55** |

Management includes the Board of Directors, CEO and other members of Group Management.
Average number of employees during the period 1 January 2014 to 31 December 2014 was 6,349 (6,247).

# 9 Other operating income and expenses

| Other operating income | 2014-01-01 2014-12-31 | 2013-01-01 2013-12-31 |
|---|---|---|
| Revenue from leasing | 2 | 3 |
| Gain on disposal of fixed assets | 1 | 7 |
| Insurance reimbursement | 12 | 5 |
| Environmental reserve reversal | 4 | – |
| Warranty income | – | 4 |
| Recycled production waste income | 8 | – |
| Other | 15 | 10 |
| **Total** | **42** | **29** |

| Other operating expenses | 2014-01-01 2014-12-31 | 2013-01-01 2013-12-31 |
|---|---|---|
| Rental contract deficit | – | -3 |
| Loss on disposal of fixed assets | -1 | – |
| Exchange rate difference | -3 | -38 |
| Property damage | -3 | – |
| Stock revaluation | -7 | – |
| Litigation payment | -2 | – |
| Severance cost | -2 | – |
| Customs duty | -2 | – |
| Maintenance | -2 | – |
| Write off receivable | -2 | – |
| Other | -12 | -29 |
| **Total** | **-36** | **-70** |
| | | |
| **Other operating income and expenses** | **6** | **-41** |

## 10 Financial income and expenses

| | 2014-01-01 2014-12-31 | 2013-01-01 2013-12-31 |
|---|---|---|
| **Financial income** | | |
| Group contribution | – | 8 |
| Interest income | 2 | 50 |
| | **2** | **58** |
| **Financial expenses** | | |
| Interest expense | | |
| - Borrowing, credit institutions | -678 | -733 |
| - Borrowing, related parties | – | -8 |
| Interest expense on pension liabilities and expected return on plan assets (note 18) | -13 | -15 |
| Amortisation capitalised long-term financing expenses | -98 | -98 |
| Acquisition expenses | -67 | – |
| Refinancing expenses | -273 | – |
| Exchange rate difference, net | -525 | 235 |
| Other finance expenses | -8 | -27 |
| | **-1,662** | **-646** |
| **Loss from financial items** | **-1,660** | **-588** |

## 11 Tax on net income for the period and deferred tax

| | 2014-01-01 2014-12-31 | 2013-01-01 2013-12-31 |
|---|---|---|
| Current tax on profit for the year | -114 | -200 |
| Current tax in respect of prior year | 7 | 6 |
| Deferred tax expense relating to origination and reversal of temporary differences | -14 | 269 |
| **Total income/expense** | **-121** | **75** |

The differences between income tax expense and an estimated tax expense based on current tax rates are as follows:

| | 2014-01-01 2014-12-31 | 2013-01-01 2013-12-31 |
|---|---|---|
| Profit (loss) before income tax | -723 | 317 |
| Income tax calculated in accordance with the Group's current tax rate[1] | 217 | -95 |
| Non-taxable income | 1 | 22 |
| Non-deductible expenses | -26 | -16 |
| Withholding tax | 0 | – |
| Revaluation and recognition of deferred tax related to trademarks | – | 167 |
| Other revaluation and recognition of deferred tax related to prior year | -4 | 158 |
| Temporary differences for which no deferred income tax was recognized | -64 | -72 |
| Tax losses for which no deferred income tax asset was recognized | -252 | -95 |
| Tax adjustments in respect of prior years | 7 | 6 |
| **Total income/expense** | **-121** | **75** |
| 1) Estimated average tax rate in the Group is: | 30% | 30% |

The basis for estimating the average tax rate is the statutory tax rates in countries where Dometic Group conducts the major part of its business.

Temporary differences exist when the reported value and the fiscal value of the assets or liabilities are different.

*Note 11 Tax on net income for the period and deferred tax cont.*

The Group's temporary differences have resulted in deferred tax assets and liabilities attributable to the following:

| | 2014-01-01<br>2014-12-31 | 2013-01-01<br>2013-12-31 |
|---|---|---|
| **Deferred tax assets** | | |
| Deductible goodwill amortisation | 23 | 30 |
| Pension commitments | 97 | 49 |
| Tax loss carry-forwards | 61 | 58 |
| Other provisions | 46 | 49 |
| Inventories, including internal profit in inventories | 66 | 48 |
| Other | 60 | 33 |
| **Total deferred tax assets** | **353** | **267** |
| Netting of assets/liabilities | -173 | -112 |
| **Net deferred tax asset** | **180** | **155** |

| | 2014-01-01<br>2014-12-31 | 2013-01-01<br>2013-12-31 |
|---|---|---|
| **Deferred tax liabilities** | | |
| Difference between reported and fiscal values, trademarks | -489 | -444 |
| Other intangible assets | -99 | -62 |
| Difference between reported and fiscal values, fixed assets | -99 | -98 |
| Other | -22 | -10 |
| **Total deferred tax liabilities** | **-709** | **-614** |
| Netting of assets/liabilities | 173 | 112 |
| **Net deferred tax liabilities** | **-536** | **-502** |
| **Net deferred tax** | **-356** | **-347** |

Change in net deferred tax liabilities:

| | 2014-01-01<br>2014-12-31 | 2013-01-01<br>2013-12-31 |
|---|---|---|
| Opening balance | -347 | -580 |
| Deferred tax recognized in equity | 40 | -38 |
| Tax income (expense) during the period recognized in profit or loss | -14 | 269 |
| Exchange rate differences | -35 | 2 |
| **Closing book value** | **-356** | **-347** |

At the end of the period, total tax losses carry forward for which no deferred tax asset is recognized are estimated to SEK 3,648 million (2,561). The reason for not recognizing a deferred tax asset on these losses are due to uncertainties in the deductible value.

An annual review is made whereby future earnings in each country, based on business plans and forecasts, are compared with the costs/losses that formed the basis of the deferred tax asset. If future earnings are expected to be low, an evaluation of the need of impairment of recognized deferred tax assets is performed.

## 12 Other non-current assets

| | 2014-12-31 | 2013-12-31 |
|---|---|---|
| Bonds and other securities | – | 6 |
| Environmental promissory note | 4 | 8 |
| Shares and participation in associated companies | 2 | 2 |
| Present value for life assurance | 32 | 26 |
| Other long-term receivables | 8 | 1 |
| **Closing book value** | **46** | **43** |

## 13 Intangible assets

| 2013 | Trade-marks | Research and deve-lopment | Intel-lectual property and other rights | Customer relation-ship assets | Goodwill | Other intangible assets | Total |
|---|---|---|---|---|---|---|---|
| Opening balance | 2,021 | 93 | | | 8,283 | 116 | 10,513 |
| Investments | – | 15 | | | – | 7 | 22 |
| Sales and disposals | – | -20 | | | – | 0 | -20 |
| Exchange differences | -3 | – | | | -10 | 3 | -10 |
| **Closing accumulated acquisition cost** | **2,018** | **88** | | | **8,273** | **126** | **10,505** |
| Opening amortisation | | -45 | | | | -92 | -137 |
| Sales and disposals | | 20 | | | | 0 | 20 |
| Amortisation for the year | | -18 | | | | -10 | -28 |
| Reclassifications | | 1 | | | | 0 | 1 |
| Exchange differences | | 0 | | | | -4 | -4 |
| **Closing accumulated amortisation** | | **-41** | | | | **-107** | **-148** |
| Opening net book value | 2,021 | 48 | | | 8,283 | 24 | 10,376 |
| **Closing net book value** | **2,018** | **47** | | | **8,273** | **19** | **10,357** |

| 2014 | Trade-marks | Research and deve-lopment | Intel-lectual property and other rights | Customer relation-ship assets | Goodwill | Other intangible assets | Total |
|---|---|---|---|---|---|---|---|
| Opening balance | 2,018 | 88 | | | 8,273 | 126 | 10,505 |
| Aquired in business combinations | | | 155 | 769 | 742 | | 1,666 |
| Investments | | 22 | | | | 9 | 31 |
| Sales and disposals | | | | | | 0 | 0 |
| Exchange differences | 225 | 0 | 0 | 97 | 986 | 6 | 1,314 |
| **Closing accumulated acquisition cost** | **2,243** | **110** | **155** | **866** | **10,001** | **141** | **13,516** |
| Opening amortisation | | -41 | | | | -107 | -148 |
| Sales and disposals | | 0 | | | | 0 | 0 |
| Amortisation for the year | | -18 | -4 | -6 | | -12 | -40 |
| Exchange differences | | 0 | 0 | -1 | | -5 | -6 |
| **Closing accumulated amortisation** | | **-59** | **-4** | **-7** | | **-124** | **-194** |
| Opening net book value | 2,018 | 47 | | 0 | 8,273 | 19 | 10,357 |
| **Closing net book value** | **2,243** | **51** | **151** | **859** | **10,001** | **17** | **13,322** |

*Note 13 Intangible assets cont.*

Amortization SEK 40 million (28) on intangible assets has been charged to cost of goods sold SEK 29 million (24), marketing expenses SEK 1 million (4), and amortization of customer relationship SEK 10 million (-). The latter line includes amortization of; customer relationship SEK 6 million and intellectual property SEK 4 million

The primary portion of investments in cost of goods sold includes internally generated capitalized development expenses.

**Impairment test Goodwill and Trademarks**

Dometic Group holds assets with indefinite life in form of goodwill, in addition there are acquired trademarks in the Group that are judged to have an indefinite useful life. Goodwill and trademarks are allocated to the Cash Generating units (CGUs) of the Group which are the three Regions (EMEA, Americas and Asia Pacific) and the global division Medical. Goodwill deriving from the acquisition of Atwood Group SEK 754 million took place in the last quarter of 2014 and has therefore not been part of the year end impairment test. The total goodwill amounts to SEK 10,001 million (8,273) whereof 9,247 million have been tested for impairment and are distributed to; Europe SEK 3,490 million (2,980), Americas SEK 3,158 million (2,644), Asia Pacific SEK 2,463 million (2,231) and Medical SEK 136 million (418).

Measured Trademarks are Dometic, WAECO, Mobicool, Marineair, Cruiseair, Sealand and Condaria. These are well-established trademarks within their respective markets which the Dometic Group intends to retain and further develop. Total trademarks amount to SEK 2,395 million (2 018) and are distributed to; Europe SEK 1,026 million (788), Americas SEK 771 million (514), Asia Pacific SEK 499 million (618) and Medical SEK – million (98).

On an yearly basis, or whenever indications of impairment arise, an impairment test of goodwill and trademarks is performed. The recoverable amount for goodwill and trademark have been established using a value-in-use method (VIU) covering five years. Estimates are based on reasonable assumptions of important areas such as volume, price and mix which will create a basis for future growth and gross margin. These figures are set in relation to historic figures and external reports on market growth. The calculation has been made based on financial plans, which are built upon regular business plan for the next financial year, presented and approved by Management and the Board of Directors. These plans normally cover a three year period and have been extrapolated with 2 percent annual growth, which is 0,5 percent units lower compared to last year. 2 percent growth is also applicable for the long term growth. Group Weighted average cost of capital (WACC) is set to 10,75 percent pre tax. With the exception of the regional risk free rate, given by market conditions, the WACC for each Region include the same assumptions as for the Group.

Year 2014 annual impairment test showed that none of the CGUs tested for impairment had any carrying amount that exceeded the recoverable amount. As a result of this, no impairment loss is recognized in 2014.

A sensitivity analysis indicates that a 1,0 percentage unit increase in the discount rate, would lower the value of future cash flows by approximately SEK 2,4 billion. A 0.5 percent change in growth rate beyond the forecast period would lower the value of future cash flows by approximately SEK 1,0 billion. Such changes in the value of future cash flows would not affect current book value. Management has assessed that expected changes in important variables such as market share and -growth, FX rates, raw material prices and other factors, would not have such large effects that they would each reduce the recoverable amount to an amount lower than the book value.

# 14 Tangible fixed assets

| 2013 | Land and land improve-ments | Buildings | Machinery and other technical installations | Equipment and instal-lations | Construc-tion in pro-gress and Advanced payments | Total |
|---|---|---|---|---|---|---|
| Opening balance | 211 | 1,068 | 1,606 | 599 | 52 | 3,536 |
| Investments | – | 5 | 37 | 35 | 68 | 145 |
| Sales and disposals | -7 | -44 | -108 | -36 | -2 | -197 |
| Exchange differences | 3 | 34 | 94 | 23 | -57 | 97 |
| **Closing accumulated acquisition cost** | **207** | **1,063** | **1,629** | **621** | **61** | **3,581** |
| Opening depreciation | -5 | -294 | -1,225 | -447 | | -1,971 |
| Sales and disposals | – | 14 | 77 | 32 | | 123 |
| Depreciation for the year | – | -35 | -73 | -44 | | -152 |
| Exchange differences | – | -8 | -41 | -12 | | -61 |
| **Closing accumulated depreciation** | **-5** | **-323** | **-1,262** | **-471** | | **-2,061** |
| Opening impairment | -39 | -105 | -25 | -11 | | -180 |
| Impairment charge for the year | 1 | 9 | 1 | – | | 11 |
| **Closing accumulated impairment** | **-38** | **-96** | **-24** | **-11** | | **-169** |
| Opening net book value | 167 | 669 | 356 | 141 | 52 | 1,385 |
| **Closing net book value** | **164** | **644** | **343** | **139** | **61** | **1,351** |

| 2014 | Land and land improve-ments | Buildings | Machinery and other technical installations | Equipment and instal-lations | Construc-tion in pro-gress and Advanced payments | Total |
|---|---|---|---|---|---|---|
| Opening balance | 207 | 1,063 | 1,629 | 621 | 61 | 3,581 |
| Aquired in business combinations | 11 | 53 | 218 | 53 | 4 | 339 |
| Investments | 0 | 8 | 14 | 51 | 86 | 159 |
| Sales and disposals | 0 | -46 | -36 | -58 | -9 | -149 |
| Reclassifications | 0 | 1 | -598 | 662 | -65 | 0 |
| Exchange differences | 23 | 91 | 106 | 96 | 8 | 324 |
| **Closing accumulated acquisition cost** | **241** | **1,170** | **1,333** | **1,425** | **85** | **4,255** |
| Opening depreciation | -5 | -323 | -1,262 | -471 | | -2,061 |
| Aquired in business combinations | 0 | -13 | -102 | -32 | | -147 |
| Sales and disposals | – | 14 | 32 | 50 | | 96 |
| Depreciation for the year | 0 | -36 | -54 | -75 | | -165 |
| Reclassifications | 0 | 0 | 542 | -542 | | 0 |
| Exchange differences | -1 | -32 | -69 | -77 | | -179 |
| **Closing accumulated depreciation** | **-6** | **-390** | **-913** | **-1,147** | | **-2,457** |
| Opening impairment | -38 | -96 | -24 | -11 | | -169 |
| **Closing accumulated impairment** | **-38** | **-96** | **-24** | **-11** | | **-169** |
| Opening net book value | 164 | 644 | 343 | 139 | 61 | 1,351 |
| **Closing net book value** | **197** | **684** | **396** | **267** | **85** | **1,629** |

Depreciation expenses SEK 165 million (152) has been charged to cost of goods sold SEK 132 million (138), sales expenses SEK 7 million (9) and administrative expenses SEK 26 million (4).

# 15 Inventories

| Acquisition value inventories | 2014-12-31 | 2013-12-31 |
|---|---|---|
| Raw materials and consumables and products in progress | 904 | 632 |
| Finished products | 1,354 | 1,074 |
| Advances to suppliers | 6 | 30 |
| **Total inventories before provisions** | **2,264** | **1,736** |

| Provisions for obsolete inventories | 2014-12-31 | 2013-12-31 |
|---|---|---|
| Raw materials and consumables and products in progress | -81 | -47 |
| Finished products | -163 | -126 |
| **Total provisions** | **-244** | **-173** |

| Book value inventories | 2014-12-31 | 2013-12-31 |
|---|---|---|
| Raw materials and consumables | 823 | 585 |
| Finished products | 1,191 | 948 |
| Advances to suppliers | 6 | 30 |
| **Total book value** | **2,020** | **1,563** |

# 16 Accounts receivable — trade

| | 2014-12-31 | 2013-12-31 |
|---|---|---|
| Trade receivables | 975 | 809 |
| Less: provision for impairment of trade receivables | -51 | -47 |
| **Trade receivables – net** | **924** | **762** |

Movements on the group provision for impairment of trade receivables are as follows:

| | 2014-12-31 | 2013-12-31 |
|---|---|---|
| Opening balance | -47 | -52 |
| Provision acquired in business combination | -2 | – |
| Provision for receivables impairment | -23 | -10 |
| Receivables written off during the period as uncollectible | 10 | 5 |
| Unused amounts reversed | 11 | 12 |
| Exchange rate differences and other changes | 0 | -2 |
| **Closing provision for impairment of trade receivables** | **-51** | **-47** |

| Ageing analysis of accounts receivable | 2014-12-31 | 2013-12-31 |
|---|---|---|
| Accounts receivable, not due | 762 | 619 |
| Past due: | | |
| Less than two months | 119 | 109 |
| 2–6 months | 47 | 27 |
| 6–12 months | 9 | 12 |
| More than 1 year | 38 | 42 |
| **Total past due** | **213** | **190** |
| Whereof impaired | -51 | -47 |
| **Closing book value, net** | **924** | **762** |

*Note 16 Accounts receivable — trade cont.*

**Credit risk**

Credit risk is divided into two categories: credit risk in accounts receivables and financial credit risk (see note 3, financial risk management and financial instruments).

The Group has no significant concentration of credit risks. The Group has established policies to ensure that products are sold to clients with favorable payment history. In the Group, with all its subsidiaries, credit reports are used to evaluate and establish credit limits on new clients. For a large part of Europe, Dometic Group uses credit insurance to limit the credit risk and to get credit information regarding the clients.

Letters of credits are used as a method for securing payments from customers operating in emerging markets, in particular markets with unstable political and/or economic environment. By having banks, confirming the letters of credit, the political and commercial credit risk exposures to the Group is mitigated.

Provisions for impairment of trade receivables are assessed on a regularly basis.

## 17 Prepaid expenses and accrued income

| | 2014-12-31 | 2013-12-31 |
|---|---|---|
| Prepaid rent | 7 | 4 |
| Prepaid insurance | 41 | 33 |
| Prepaid financing expenses | 1 | 2 |
| Prepaid market expenses | 17 | 8 |
| Prepaid personnel expenses | 4 | 3 |
| Prepaid administrative expenses | 8 | 6 |
| Prepaid consumable supplies | 4 | 6 |
| Prepaid costs, other | 1 | 6 |
| Accrued interest | 7 | 4 |
| Accrued income, other | 3 | 9 |
| **Closing book value** | **93** | **81** |

## 18 Provisions for pensions

Provision for pensions includes remuneration to employees after completed service, such as pension sickness benefits and other remuneration. These are secured either through payments to insurance companies or authorities who thereby assume obligations against the employees, known as defined contribution plans, or, in case the obligation remains within the Group, through defined benefit plans. The largest defined benefit plans are in the US and Germany.

The commitments for retirement plans and family pension regarding employees in Sweden are secured through insurance in Alecta. According to a statement (UFR 3) issued by the Swedish Financial Reporting Board this constitutes a defined benefit plan including several employers. The Group's participation in the plan is considered to be immaterial. For the financial period, sufficient information to use an accounting approach for defined benefit plans was not available. This plan is accounted for as a defined contribution plan. At the end of 2014, Alecta reports a plan surplus of 143 percent (148). Such surplus reflects the fair value of Alecta's plan assets as a percentage of plan commitments, measured in accordance with Alecta's actuarial assumptions which are different from those under IAS 19. Alecta's surplus may be distributed to the policy holders and/or the insurees.

Regarding defined benefit plans, the Group's costs and the value of outstanding obligations are calculated using actuarial calculations that aim to establish the current value of obligations issued. The administered assets principally consist of fixed income instruments, equities and real estates funds. No administered assets consist of financial instruments in Dometic Group or assets that are used within the Dometic Group.

Through its defined benefit pension plans and post-employment medical plans the Group is exposed to some risks, of which the most significant are:

*a) Assets volatility*

The plan liabilities are calculated using a discount rate set with reference to corporate bond yiels; if plan assets underperform this yield, this will create a deficit

*Note 18 Provisions for pensions cont.*

*b) Changes in bond yields*
A decrease in corporate bond yields will increase plan liabilities.

*c) Inflation risk*
The pension obligations are linked to inflation, and higher inflation will lead to higher liabilities. The plan assets are partly either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

*d) Life expectancy*
The majority of the pension plans' are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

The amounts recognised in the balance sheet are determined as follows:

| | 2014-12-31 | 2013-12-31 |
|---|---|---|
| Present value of funded or partly funded obligations | 726 | 533 |
| Present value of plan assets | -245 | -201 |
| **Net liabilities relating to funded obligations** | **481** | **332** |
| Present value of unfunded obligations | 22 | 18 |
| **Net liability in the balance sheet** | **503** | **350** |
| **Reconciliation to the balance sheet** | | |
| Defined benefit pension plan, net | 503 | 350 |
| Other pensions | - | 5 |
| **Provision for pensions** | **503** | **355** |

The movement in the defined benefit obligation over the year is as follows:

| | 2014-01-01<br>2014-12-31 | 2013-01-01<br>2013-12-31 |
|---|---|---|
| Opening balance | 551 | 572 |
| Current service cost | 13 | 15 |
| Interest cost | 23 | 22 |
| Remeasurement | 115 | -23 |
| Exchange difference | 68 | 16 |
| Benefits paid | -21 | -23 |
| Settlements | -1 | -28 |
| **Closing book value** | **748** | **551** |

The movement in the fair value of plan assets of the year is as follows:

| | 2014-01-01<br>2014-12-31 | 2013-01-01<br>2013-12-31 |
|---|---|---|
| Opening balance | 201 | 187 |
| Interest income | 10 | 7 |
| Remeasurement | 3 | 13 |
| Exchange differences | 31 | 3 |
| Employer contributions | 10 | 1 |
| Benefits paid | -10 | -10 |
| **Closing book value** | **245** | **201** |

*Note 18 Provisions for pensions cont.*

| The amounts recognised in the income statement are as follows: | 2014-01-01 2014-12-31 | 2013-01-01 2013-12-31 |
|---|---|---|
| Current service cost | 13 | 15 |
| Interest cost, net | 13 | 15 |
| Settlement | | -28 |
| **Costs attributable to defined benefit plans** | **26** | **2** |
| Costs attributable to defined contribution plans | 53 | 37 |
| **Total costs as reported in the income statement** | **79** | **39** |

The principal actuarial assumptions were as follows:

| | 2014-12-31 | 2013-12-31 |
|---|---|---|
| Discount rate, % | 3.1 | 3.8 |
| Future salary increases, % | 1.5 | 2.9 |

Interest cost on retirement benefit obligation and interest income on plan assets are recognized within financial items. Remaining items are recognized in operating profit within costs of goods sold, sales or administrative expenses depending on the function of the employee. Of the cost for defined contribution plans, SEK 6 million (7) has been charged by Alecta. The amount is expected to be immaterially changed for 2015.

## 19 Other provisions

| 2013 | Guarantee commitments | Environmental reserve | Recall reserve | Restructuring reserve | Other provisions | Total |
|---|---|---|---|---|---|---|
| Opening balances | 147 | 30 | 41 | 182 | 47 | 447 |
| Charged to the income statement: | | | | | | |
| – Additional provisions | 75 | 4 | 39 | 34 | 8 | 160 |
| – Unused amounts reversed | -6 | -1 | – | – | -2 | -9 |
| Used during year | -85 | – | -36 | -154 | -7 | -282 |
| Exchange differences | 1 | 1 | -1 | 1 | -1 | 1 |
| **Closing book value** | **132** | **34** | **43** | **63** | **45** | **317** |

| | Guarantee commitments | Environmental reserve | Recall reserve | Restructuring reserve | Other provisions | Total |
|---|---|---|---|---|---|---|
| Non-current | 33 | 34 | 0 | 6 | 27 | 100 |
| Current | 99 | 0 | 43 | 57 | 18 | 217 |
| **Closing book value** | **132** | **34** | **43** | **63** | **45** | **317** |

*Note 19 Other provisions cont.*

| 2014 | Guarantee commitments | Environmental reserve | Recall reserve | Restructuring reserve | Other provisions | Total |
|---|---|---|---|---|---|---|
| Opening balances | 132 | 34 | 43 | 63 | 45 | 317 |
| Acquired in business combinations | 17 | – | – | – | – | 17 |
| Charged to the income statement: | | | | | | |
| – Additional provisions | 78 | 3 | 2 | 63 | 16 | 161 |
| – Unused amounts reversed | -54 | -16 | – | -4 | -46 | -120 |
| Used during year | -16 | -1 | -17 | -88 | 21 | -101 |
| Exchange differences | 20 | 0 | 5 | 1 | 2 | 28 |
| **Closing book value** | **177** | **20** | **33** | **35** | **37** | **302** |

| | Guarantee commitments | Environmental reserve | Recall reserve | Restructuring reserve | Other provisions | Total |
|---|---|---|---|---|---|---|
| Non-current | 49 | 20 | 6 | 4 | 32 | 111 |
| Current | 128 | – | 27 | 31 | 5 | 192 |
| **Closing book value** | **177** | **20** | **33** | **35** | **37** | **302** |

For further information regarding critical accounting estimates and assumptions regarding provisions — see note 4.

## 20 Liabilities to credit institutions and related parties

As of 31 December, the Dometic Group's outstanding liabilities to credit institutions and related parties were:

| | 2014-12-31 | 2013-12-31 |
|---|---|---|
| **Non-current** | | |
| Senior term loans | 6,557 | 4,739 |
| Senior PIK notes | 2,976 | 2,482 |
| Accrued interest | – | 50 |
| Other bank loans | 8 | 12 |
| Amortised costs | -144 | -223 |
| | **9,397** | **7,060** |
| **Current** | | |
| Senior term loans | 133 | 188 |
| Other bank loans | 50 | 110 |
| Short term portion of amortised costs | -99 | -99 |
| | **84** | **198** |
| **Total borrowings** | **9,481** | **7,258** |

The amount granted on the Senior facilities in the Dometic Group amounts to SEK 7,270 million (5,479) of which SEK 6,731 million (4,943) was utilized per 31 December 2014. The amount granted on local facilities in the Dometic Group amounts to SEK 351 million (252) of which SEK 58 million (122) was utilized per 31 December 2014.

Of the long-term borrowings, excluding future capitalized interests on the PIK Notes, SEK 0 million (2,532) falls due for payment more than 5 years after the balance sheet date.

The Group's long-term borrowing is principally under credit frameworks with long advance commitments but with short-term fixing of interest terms, so these have been assessed as having a fair value corresponding to the reported value. According to the senior facilities agreement the Group has to be compliant with financial covenants. The covenants at year end 2014 comprises i) debt cover, ii) interest cover, iii) cash cover, and iv) capital expenditure.

*Note 20 Liabilities to credit institutions and related partiess cont.*

**Transaction summary**

During 2014, the Dometic Group has renegotiated terms with its senior lenders on amortization schedule and possibility to pay cash on the PIK note if certain conditions are met.

On June 24, Dometic Group announced the successful refinancing of its existing PIK Notes through an issuance of new notes in the form of EUR 314 million aggregate principal amount of 9.500 percent/10.250 percent Senior PIK Toggle Notes due 2019.

Furthermore, in connection with the acquisition of Atwood Mobile Products LLC, Dometic Group extended the existing financing from the senior lenders by SEK 1,086 million.

The carrying amounts of the Group's senior term loans are denominated in the following currencies:

| | 2014-12-31 | 2013-12-31 |
|---|---|---|
| EUR | 4,060 | 3,493 |
| USD | 3,411 | 1,905 |
| AUD | 1,761 | 1,626 |
| Other currencies | 434 | 434 |
| **Total** | **9,666** | **7,459** |
| whereof current | 133 | 188 |
| **Total non-current** | **9,533** | **7,271** |

The Group's definition of interest bearing debt SEK 9,985 million (7,646), includes the following items: Senior loans SEK 9,666 million (7,459), Other bank loans SEK 58 million (122), amortised costs SEK -243 million (-322), derivative financial liabilities related to interest rate swaps SEK 1 million (33), and provisions for pensions SEK 503 million (355).

| At 31 December 2013 | Currency | SEKm | All-in interest rate, % [2] | Margin, % | Final payment year |
|---|---|---|---|---|---|
| **Senior secured term loan A** | | | | | |
| Dometic Group Services AB | EUR | 111 | 4.68 | 4.50 | 2018 |
| Dometic Group Services AB | USD | 684 | 4.68 | 4.50 | 2018 |
| Dometic Group Services AB | AUD | 584 | 7.15 | 4.50 | 2018 |
| Dometic Deutschland GmbH | EUR | 218 | 4.68 | 4.50 | 2018 |
| **Senior secured term loan B** | | | | | |
| Dometic Group Services AB | EUR | 225 | 5.22 | 5.00 | 2018 |
| Dometic Group Services AB | USD | 1,221 | 5.22 | 5.00 | 2018 |
| Dometic Group Services AB | AUD | 1,042 | 7.65 | 5.00 | 2018 |
| Dometic Deutschland GmbH | EUR | 362 | 5.22 | 5.00 | 2018 |
| **Senior secured term capex facility** | | | | | |
| Dometic Group Services AB | SEK | 434 | 5.53 | 4.50 | 2018 |
| **Senior secured term revolving credit facility** | | | | | |
| Dometic Group Services AB | EUR | 45 | 4.73 | 4.50 | 2017 |
| **Senior PIK Notes** | | | | | |
| Dometic Group AB (publ) [1] | EUR | 2,532 | 12.75 | | 2019 |
| **Total** | | **7,459** | | | |

1) Long term accrued interest capitalized on PIK Note.
2) Interest rate on Senior facilities consists of margin + current LIBOR interest rate + bank's mandatory cost (if any). The Group is entitled to fix the interest on the senior facilities for a maximum interest period of 6 months.

*Note 20 Liabilities to credit institutions and related parties cont.*

| At 31 December 2014 | Currency | SEKm | All-in interest rate, % 2 | Margin, % | Final payment year |
|---|---|---|---|---|---|
| **Senior secured term loan A** | | | | | |
| Dometic Group Services AB | EUR | 42 | 4.56 | 4.50 | 2018 |
| Dometic Group Services AB | USD | 450 | 4.71 | 4.50 | 2018 |
| Dometic Group Services AB | AUD | 232 | 7.23 | 4.50 | 2018 |
| Dometic Deutschland GmbH | EUR | 82 | 4.56 | 4.50 | 2018 |
| **Senior secured term loan B** | | | | | |
| Dometic Group Services AB | EUR | 308 | 5.06 | 5.00 | 2018 |
| Dometic Group Services AB | USD | 2,961 | 5.21 | 5.00 | 2018 |
| Dometic Group Services AB | AUD | 1,529 | 7.73 | 5.00 | 2018 |
| Dometic Deutschland GmbH | EUR | 519 | 5.06 | 5.00 | 2018 |
| **Senior secured term capex facility** | | | | | |
| Dometic Group Services AB | SEK | 434 | 4.75 | 4.50 | 2018 |
| **Senior secured term revolving credit facility** | | | | | |
| Dometic Group Services AB | EUR/SEK | 133 | 4.55 | 4.50 | 2017 |
| **Senior PIK Notes** | | | | | |
| Dometic Group AB (publ) | EUR | 2,976 | 9.50 | | 2019 |
| **Total** | | **9,666** | | | |

1) Long term accrued interest capitalized on PIK Note.
2) Interest rate on Senior facilities consists of margin + current LIBOR interest rate + bank's mandatory cost (if any). The Group is entitled to fix the interest on the senior facilities for a maximum interest period of 6 months.

## 21 Accrued expenses and prepaid income

| | 2014-12-31 | 2013-12-31 |
|---|---|---|
| Prepaid income for extended guarantee period | 13 | 14 |
| Accrued employee-related items | 238 | 159 |
| Accrued bonus from customers | 63 | 56 |
| Accrued interest | 227 | 56 |
| Accrued production costs | 22 | 29 |
| Accrued administrative expenses | 55 | 39 |
| Accrued marketing expenses | 38 | 30 |
| Accrued finance expenses | 3 | 0 |
| Product liability claims | 27 | 15 |
| Other | 8 | 17 |
| **Total** | **694** | **415** |

## 22 Pledged assets

Consolidated net assets pledged for the Group´s facility term loans. The conditions for the borrowings under the senior facilities agreement state that the Group has to be compliant to covenants. In the event that the covenants are not complied to, the lenders have the right to accelerate the securities.

*Note 22 Pledged assets cont.*

| For own liabilities and provisions | 2014-12-31 | 2013-12-31 |
|---|---|---|
| Net assets pledged for liabilities | 6,457 | 5,179 |
| | **6,457** | **5,179** |

Shares/participation rights in the following companies are pledged.

| Consolidated | | |
|---|---|---|
| Condaria '87 S.r.l. | Dometic Holding S.A. | Dometic UK Ltd |
| DHAB II S.à r.l. | Dometic International AB | Dometic Umformtechnik GmbH |
| DHAB III S.à r.l. | Dometic Italy S.r.l. | Dometic Waeco Holding B.V. |
| Dometic AB | Dometic Koncern AB | Dometic Waeco International GmbH |
| Dometic Australia Pty Ltd. | Dometic Light Systems GmbH | Dometic Waeco Pty Ltd |
| Dometic Benelux B.V. | Dometic Luxembourg S.à r.l. | Mobicool International Ltd |
| Dometic Corporation | Dometic Pty Ltd | Mobigroup Holding Ltd |
| Dometic Deutschland GmbH | Dometic S.à r.l. | SMEV S.r.l. |
| Dometic GmbH | Dometic Scandinavia AB | Waeco Impex Ltd |
| Dometic Group Services AB | Dometic Seitz GmbH | |
| Dometic Holding AB | Dometic Sweden AB | |

# 23 Contingent liabilities

The following companies have pledged guarantees for the syndicated loan facilities under the senior facilities agreement amounted to SEK 9,707 million (7,475). The pledged guarantees for the senior facilities are related to borrowings SEK 9,666 million (7,459) and Letter of credits SEK 41 million (16). In addition to the amount shown above, the guarantee commitments cover unutilized credits issued on balance sheet date amounting to SEK 540 million (536). For further reference see note 20.

| Guarantors | | |
|---|---|---|
| Condaria '87 S.r.l. | Dometic Holding AB | Dometic Sweden AB |
| DHAB II S.à r.l. | Dometic Holding S.A. | Dometic UK Ltd |
| DHAB III S.à r.l. | Dometic International AB | Dometic Umformtechnik GmbH |
| Dometic AB | Dometic Italy S.r.l. | Dometic Waeco International GmbH |
| Dometic Australia Pty Ltd. | Dometic Koncern AB | Dometic Waeco Pty Ltd |
| Dometic Benelux B.V. | Dometic Light Systems GmbH | Mobicool International Ltd |
| Dometic Corporation | Dometic Luxembourg S.à r.l. | Mobigroup Holding Ltd |
| Dometic Deutschland GmbH | Dometic S.à r.l. | SMEV S.r.l. |
| Dometic GmbH | Dometic Scandinavia AB | Dometic Waeco Holding B.V. |
| Dometic Group Services AB | Dometic Seitz GmbH | Waeco Impex Ltd |

In addition, Mobicool Electronics (Shenzhen) Co Ltd guarantees the borrowings in Mobicool Electronics (Zhuhai) Co Ltd and Zhuhai UCT Ekectronics Co Ltd. Other bank guarantees held in the Group amount to:

| | 2014-12-31 | 2013-12-31 |
|---|---|---|
| Bank guarantees for borrowings in the Group | – | 4 |
| | **–** | **4** |

Bank guarantees concern right of recourse for transferred receivables.

## 24 Cash flow details

| Cash and cash equivalents | 2014-12-31 | 2013-12-31 |
|---|---|---|
| Cash and cash equivalents include: | | |
| Cash on hand and balances with banks | 592 | 539 |
| **Total cash and cash equivalents** | **592** | **539** |

| Adjustments for non-cash items | 2014-12-31 | 2013-12-31 |
|---|---|---|
| Depreciation and amortisation (note 13, 14) | 206 | 180 |
| Exchange rate differences | -6 | -41 |
| Changes in provision and reserves | – | 90 |
| Capital loss/gain on sale of fixed assets | – | -7 |
| Other non-cash items related to financing and non-recurrent items | 53 | – |
| **Total non-cash items** | **253** | **222** |

## 25 Shares in Group companies

| At 31 December 2014 | Reg. no. | Domicile | Proportion of equity in % | Booked value SEKm |
|---|---|---|---|---|
| Dometic Koncern AB | 556829-4424 | Sweden | 100 | 6,983 |

| Indirect shareholdings, company name | Reg. no. | Domicile | Proportion of equity in % |
|---|---|---|---|
| Dometic Waeco Pty Ltd | ABN 42 123 171 399 | Australia | 100 |
| Dometic Australia Pty Ltd | ACN 086 366 305 | Australia | 100 |
| Dometic Austria GmbH | FN290460y | Austria | 100 |
| Sunshine RV NV | 559910229 | Belgium | 100 |
| Dometic do Brasil Ltda | 04.935.880/0001-49 | Brazil | 100 |
| Norceram Products Co. | 3074451 | Canada | 100 |
| Guangzhou Wanbao UCT Compressor Co Ltd | 008556 | China | 100 |
| Zhuhai UCT Electronics Co Ltd | 440 400 400 022 221 | China | 100 |
| Mobicool Electronics (Shenzhen) Co Ltd | 440 301 503 313 206 | China | 100 |
| Shenzhen Leimi Textile Co Ltd | 440 307 105 161 627 | China | 100 |
| Mobicool Electronics (Zhuhai) Co Ltd | 440 400 400 007 941 | China | 100 |
| Dometic WAECO Trading (Shenzhen) Company Limited | 440 301 503 461 582 | China | 100 |
| Atwood Mobile Products (Wuhu) Co., Ltd. | 340200400006657 | China | 100 |
| Atwood Trading (Shanghai) Co., Ltd. | 310000400720486 | China | 100 |
| Dometic Denmark AS | 25705130 | Denmark | 100 |
| Dometic Finland Oy | 0885413-1 | Finland | 100 |
| Dometic SAS | 438.636.425. R.C.S SENLIS | France | 100 |
| Dometic Deutschland GmbH | HR B 5557 | Germany | 100 |
| Dometic Seitz GmbH | HR B 7731 | Germany | 100 |
| Dometic GmbH | HR B 5558 | Germany | 100 |

*Note 25 Shares in group companies cont.*

| | | | |
|---|---|---|---|
| Dometic Light Systems GmbH | HR B 7855 | Germany | 100 |
| Dometic Umformtechnik GmbH | HR B 7730 | Germany | 100 |
| Dometic Dienstleistungs GmbH | HR B 7887 | Germany | 100 |
| Dometic Marketing Solutions GmbH | HR B 3843 | Germany | 100 |
| Dometic Waeco International GmbH | HR B 3716 | Germany | 100 |
| Mobigroup Holding Ltd | 17208219-000-07 | Hong Kong | 100 |
| Mobicool International Ltd | 14979283-000-02-10-1 | Hong Kong | 100 |
| U C T Ltd | 33068257-000-07 | Hong Kong | 100 |
| United Cooling Technologies Ltd | 33068249-000-07-10-4 | Hong Kong | 100 |
| Waeco Impex Ltd | 22342626-000-03 | Hong Kong | 100 |
| Dometic Zrt. | Cg. 16-10-001727 | Hungary | 100 |
| Dometic Italy S.r.l. | 00718330400 | Italy | 100 |
| Condaria '87 S.r.l | 08934890156 | Italy | 100 |
| SMEV S.r.l. | 03410350247 | Italy | 100 |
| Dometic KK | 0104-01-045566 | Japan | 100 |
| Dometic Holding S.A. | B 94 593 | Luxembourg | 100 |
| Dometic S.à.r.l. | B 91 535 | Luxembourg | 100 |
| DHAB II S.à.r.l. | B 148161 | Luxembourg | 100 |
| DHAB III S.à.r.l. | B 148162 | Luxembourg | 100 |
| Dometic Luxembourg S.à.r.l. | B 166303 | Luxembourg | 100 |
| Dometic MX, S de RL de CV | DMX011121UB6 | Mexico | 100 |
| Waeco Dometic Holding B.V. | 6050846 | Netherlands | 100 |
| Dometic Benelux B.V | 20051965 | Netherlands | 100 |
| Dometic New Zealand Ltd | 2084564 | New Zealand | 100 |
| Dometic Norway AS | 841914422 | Norway | 100 |
| Dometic Poland Spolka Z Ograniczona | 0000374897 | Poland | 100 |
| Dometic RUS LLC | 1107746208338 | Russia | 100 |
| Dometic Pte Ltd | 2000-03050-K | Singapore | 100 |
| Dometic Slovakia s.r.o. | 31617298 | Slovakia | 100 |
| Dometic Cramer SR, Sro | 36622265 | Slovakia | 100 |
| Dometic (Pty) Ltd | 1973/010155/07 | South Africa | 100 |
| Dometic Spain S.L. | B82837071 | Spain | 100 |
| Dometic Group Services AB | 556829-4416 | Sweden | 100 |
| Dometic Holding AB | 556677-7370 | Sweden | 100 |
| Dometic International AB | 556598-2666 | Sweden | 100 |
| Dometic Sweden AB | 556598-2674 | Sweden | 100 |
| Dometic AB | 556014-3074 | Sweden | 100 |
| Sibir International AB | 556171-6878 | Sweden | 100 |
| Dometic Seitz AB | 556528-1093 | Sweden | 100 |
| Dometic Scandinavia AB | 556305-2033 | Sweden | 100 |
| Dometic Switzerland AG | CH-020.3.906.004-9 | Switzerland | 100 |
| Dometic Middle East FZCO | 2774 | United Arab Emirates | 100 |
| Dometic UK Ltd | 04190363 | United Kingdom | 100 |
| Dometic Corporation | 3951108 | United States | 100 |
| Dometic CN, Inc. | 3543464 | United States | 100 |
| Atwood Mobile Products LLC | 4333754 | United States | 100 |
| Dometic Mexico, LLC | 3457538 | United States | 100 |

# 26 Transactions with related parties

Dometic Group AB (publ) is owned to 91 percent by Frostbite Holding AB, Sweden, and the remaining 9 percent by Frostbite I S.a.r.l., Luxembourg. The Group is ultimately controlled by EQT V. Professional services, amounting to SEK – million ( - ), are charged to the Group by EQT V.

On October 17 2014, Dometic Group received an unconditional shareholder's contribution in an amount of SEK 1,014 million.

Related party transactions include borrowings specified in note 20, and interest expenses disclosed separately in note 10. Other current assets include a short term receivable, SEK 22 million (22), from Frostbite Holding AB.

Shares in subsidiaries are specified in note 25. All transactions between group companies are eliminated in the consolidated accounts.

# 27 Share capital and other paid in capital

| Share capital and mother paid in capital | Number of shares | Ordinary share capital | Other paid in capital | Total |
|---|---|---|---|---|
| Shareholders contribution | – | – | 1,542 | 1,542 |
| Dividend to shareholders | – | – | – | – |
| **At 31 december 2013** | **–** | **–** | **1,542** | **1,542** |
| Shareholders contribution | – | – | 1,014 | 1,014 |
| **At 31 december 2014** | **–** | **–** | **2,556** | **2,556** |

The Parent Company's share capital comprises SEK 500,000 divided into 5,000,000 fully paid shares.
The quotient value is SEK 0.1 per share.

# 28 Acquisition

| Preliminary fair value of net assets acquired 2014: | Atwood Group | Prostor RV | Total |
|---|---|---|---|
| Intellectual Property | 155 | – | 155 |
| Customer relations | 806 | – | 806 |
| Plant and equipment | 200 | 0 | 200 |
| Inventory | 310 | 9 | 319 |
| Cash | 15 | 5 | 20 |
| Trade and other receivables | 119 | 1 | 120 |
| Trade and other payables | -198 | -2 | -200 |
| **Fair value of net assets acquired** | **1,407** | **13** | **1,420** |
| Goodwill | 701 | 41 | 742 |
| **Total acquisition cost** | **2,108** | **54** | **2,162** |
| Less: | | | |
| Cash and cash equivalents acquired | 15 | 5 | 20 |
| **Cash outflow** | **2,093** | **49** | **2,142** |

*Note 28 Acquisition cont.*

Dometic Group acquired 100 percent of Atwood Investment Holding LLC along with its subsidiaries on October 17, 2014. The company has about 775 employees and is globally represented in America, Australia and Asia. Atwood is a global provider in designing, engineering and manufacturing appliances and hardware for the RV, on-/off-Highway and marine industries. Their specialty products include high quality water heaters, ventilation technology, windows and doors, innovative furnaces and more.

Dometic Group expects to achieve a great complement to current product range to be offered to our North American and global customers, which together with access to our global exceptional service teams will enhance our customers' comfort. Net cash outflow of SEK million 2,093 in 2014 derive from the acquisition of Atwood Group. Payment of the acquisition was made by cash and use of credit facilities. Preliminary fair values of Customer relationship and IP rights are set to be amortized over an expected lifetime of 20 years and 7 years respectively. The preliminary assessment of goodwill is attributable to synergies and market opportunities of the acquired Group. Goodwill related to this acquisition is tax deductible. Atwood´s result from October 17, 2014 until year end 2014 amounted to net sales of SEK 233 million and a net profit of SEK million 12.

**Prostor RV**

On September 1, 2014 Dometic Group acquired the Prostor RV awning division from the Belgian company Brustor NV with its 13 employees. Prostor is one of the leading European manufacturers of awnings for RV´s. With this acquisition Dometic Group will have access to a complete range of awnings and accessories for, primarily, Europe and Australia, which will strengthen the position as a global supplier of products for Recreation Vehicles. Total purchase price net of cash amounted to SEK million 49. Goodwill related to this acquisition is non-tax deductible. Prostor's net sales from September 1, 2014 until year end 2014 amounted to SEK 6 million and the company reported a zero result.

**Proforma Net Sales and net profit**

If Atwood Group and Prostor RV had been acquired from January 1, 2014 the unaudited pro forma Net sales for Dometic Group would have amounted to SEK 9,960 million and the pro forma Net result is estimated to have been SEK -783 million.

## 29 Events after the reporting period

On February 24, 2015 Dometic Group announced the signing of an agreement to sell the Medical business. The divestiture was completed on March 10, 2015.

The Medical business offers a competitive range of cooling and freezing products for transport and storage of vaccines, blood and pharmaceuticals. For 2014 Medical division had revenues of SEK 319 million and around 160 employees in 2014. Terms of the transactions are not disclosed.

No other significant events have occurred after the end of the period.

# Signatures

Stockholm 28 April 2015

Fredrik Cappelen
CHAIRMAN OF THE BOARD

Roger Johansson
PRESIDENT AND CEO

Rainer Schmückle
BOARD MEMBER

Harry Klagsbrun
BOARD MEMBER

Albert Gustafsson
BOARD MEMBER

Magnus Yngen
BOARD MEMBER

Our Auditor’s Report was submitted on 28 April 2015

PricewaterhouseCoopers AB

Magnus Brändström
AUTHORIZED PUBLIC ACCOUNTANT

# Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DOMETIC GROUP AB (PUBL) REG NUMBER: 556829-4390

**Report on the consolidated financial statements**
We have audited the accompanying consolidated financial statements of Dometic Group AB (publ) and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2014 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The consolidated accounts of the Company are included in the printed version of this document on pages 45-80.

**Management's responsibility for the consolidated financial statements**
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Dometic Group AB (publ) and its subsidiaries as at 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU.

Stockholm 28 April 2015
PricewaterhouseCoopers AB

Magnus Brändström
AUTHORIZED PUBLIC ACCOUNTANT

# Group Management

**TAT LI** President of APAC
**FRANK MARCIANO** President of Americas
**PER-ARNE BLOMQVIST** CFO
**PER-NICKLAS HÖGLUND** Head of Strategy, Group Projects and M&A
**VALERIE BINNER** Head of HR and Sustainability

**ROGER JOHANSSON** President and CEO
**PETER KJELLBERG** CMO
**MATTIAS NORDIN** Head of Product Management and Innovation
**JOACHIM KINSCHER** President of EMEA

*Absent* **JOHANNA ALBIHN** Acting Group General Counsel

# The Board of Directors

**FREDRIK CAPPELEN**
Chairman

Industrial Advisor to EQT Partners AB. Chairman of the Boards of Sanitec Oy, Byggmax Group AB, Dustin AB, Board member of Tereystalo OY, Munksjö AB and Securitas AB.

B.Sc. in Business Administration from Uppsala University, Sweden.

30 years of managerial and executive positions in companies such as: Kauko Markkinat OY, a Finnish trading house active in forest industry machinery, Stora Finepaper and Building products and as Managing Director and CEO of Nobia AB, Sweden.

**ALBERT GUSTAFSSON**
Board member

Director at EQT Partners AB.

B.Sc. in Business Administration from Gothenburg School of Economics and Commercial Law.

Board member of Granngården AB

Prior Mr. Gustafsson worked at Lehman Brothers in London firstly within M&A and subsequently within Debt Capital Markets.

**HARRY KLAGSBRUN**
Board member

Partner at EQT Partners AB and member of the Equity Partners Investment Committee. Board member of Academedia.

B.A. in Journalism from Stockholm University, M.Sc. in Business from Stockholm School of Economics and an MBA from New York University.

More than 30 years of top executive positions in companies such as Smith Barney, New York, SEB, CEO of the Alfred Berg Group, Head of Corporate Finance at Svenska Handelsbanken.

**RAINER E. SCHMÜCKLE**
Board member

President Seating Components and COO Automotive Experience at Johnsson Controls.

Graduated in Industrial Engineering at University of Karlsruhe, Germany.

Operating partner at Advent International Private Equity. Member of the Board at several publically traded as well as privately held companies. 2005 to 2010 COO at Mercedes Benz Cars in Germany.

**MAGNUS YNGEN**
Board member

President and CEO of Camfil Group

M.Sc. and Licentiate in Technology from Royal Institute of Technology in Stockholm.

More than 25 years experience from managerial and top executive positions in companies such as Kennametal and Electrolux. Executive Vice President at AB Electrolux 2002–2008 and CEO and President of Husqvarna AB 2008–2011.

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