

**IMPORTANT NOTICE (FOR ELECTRONIC DELIVERY)**  
**THIS OFFERING MEMORANDUM IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER: (1) QIBs (AS DEFINED BELOW) UNDER RULE 144A; OR (2) OUTSIDE THE UNITED STATES AND SWEDEN**

**IMPORTANT: You must read the following before continuing.** The following applies to the attached Offering Memorandum relating to Dometic Group AB (publ) (the “Company”). You are advised to read this carefully before reading, accessing or making any other use of the Offering Memorandum. Recipients of this electronic transmission who intend to subscribe for or purchase the Offer Shares are reminded that any subscription or purchase may only be made on the basis of the information contained in this Offering Memorandum and the pricing statement to be published. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the attached Offering Memorandum is intended for you only and you agree you will not forward this electronic transmission or the attached Offering Memorandum to any other person.

THE OFFER SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES, OR UNDER THE APPLICABLE SECURITIES LAWS OF AUSTRALIA, CANADA OR JAPAN. SUBJECT TO CERTAIN EXCEPTIONS, THE OFFER SHARES MAY NOT BE OFFERED OR SOLD WITHIN AUSTRALIA, CANADA, JAPAN OR THE UNITED STATES.

JEFFERIES INTERNATIONAL LIMITED, MORGAN STANLEY & CO. INTERNATIONAL PLC AND SEB CORPORATE FINANCE, SKANDINAVISKA ENSKILDA BANKEN AB (PUBL) (TOGETHER, THE “JOINT GLOBAL COORDINATORS AND JOINT BOOKRUNNERS”), CARNEGIE INVESTMENT BANK AB (PUBL) AND UBS LIMITED (TOGETHER WITH THE JOINT GLOBAL COORDINATORS AND JOINT BOOKRUNNERS, THE “JOINT BOOKRUNNERS”), AND HANDELSBANKEN CAPITAL MARKETS, A PART OF SVENSKA HANDELSBANKEN AB (PUBL) (TOGETHER WITH THE JOINT BOOKRUNNERS, THE “MANAGERS”) MAY ARRANGE FOR THE SALE OF OFFER SHARES (I) IN THE UNITED STATES TO PERSONS WHO ARE “QUALIFIED INSTITUTIONAL BUYERS” (“QIBS”) AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT IN RELIANCE ON RULE 144A OR ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT, AND (II) OUTSIDE THE UNITED STATES PURSUANT TO, AND IN COMPLIANCE WITH, REGULATIONS UNDER THE SECURITIES ACT AND APPLICABLE SECURITIES REGULATIONS IN EACH JURISDICTION IN WHICH THE OFFER SHARES ARE OFFERED. THE OFFER SHARES ARE NOT TRANSFERABLE EXCEPT IN COMPLIANCE WITH THE RESTRICTIONS DESCRIBED IN THE OFFERING MEMORANDUM.

THE ATTACHED OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE OFFER SHARES DESCRIBED THEREIN.

**Confirmation of your Representation:** In order to be eligible to view the Offering Memorandum or make an investment decision with respect to the Offer Shares: (i) you have understood and agree to the terms set out herein; (ii) you consent to delivery of such Offering

Memorandum by electronic transmission; and (iii) you are (a) a QIB who would be acquiring Offer Shares for your own account or for the account of another QIB or (b) you and any customers you represent are outside the United States and Sweden, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States or Sweden and if you are a resident in a Member State of the European Economic Area (the “EEA”) other than Sweden, you are a qualified investor.

In any Member State of the EEA other than Sweden that has implemented the Prospectus Directive, this Offering Memorandum is only addressed to, and is only directed at, investors in that EEA Member State who fulfil the criteria for exemption from the obligation to publish a prospectus, including qualified investors, within the meaning of the Prospectus Directive as implemented in each such EEA Member State. The Offer Shares have not been, and will not be, offered to the public in any Member State of the EEA that has implemented the Prospectus Directive, excluding Sweden. For the purposes of this provision, the expression an “offer to the public” in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offer and the Offer Shares so as to enable an investor to decide to purchase Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

Offers of the Offer Shares pursuant to the Offering are only being made to persons in the United Kingdom who are “qualified investors” or otherwise in circumstances which do not require publication by the Company of a prospectus pursuant to section 85(1) of the UK Financial Services and Markets Act 2000. Any investment or investment activity to which the Offering Memorandum relates is available only to, and will be engaged in only with persons who: (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”), (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order or (iii) other persons to whom such investment or investment activity may lawfully be made available (all such persons being together referred to as “relevant persons”). This Offering Memorandum is directed only at relevant persons. Any person who is not a relevant person must not act or rely on this Offering Memorandum or any of their contents. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

You are reminded that the Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver or disclose the contents of the Offering Memorandum to any other person. Nothing in this electronic transmission constitutes an offer of securities for sale in any jurisdiction where it is unlawful to do so.

The Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and, consequently, none of the Company, the Managers nor any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any difference between the Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



DOMETIC GROUP AB (publ)  
(a Swedish public limited liability company)

## Offering of ordinary shares

This offering memorandum (referred to herein as the “**Offering Memorandum**” or “**Prospectus**”) relates to the initial public offering of common shares (the “**Offering**”), each with a quota value of SEK 0.0025, of Dometic Group AB (publ) (the “**Company**”). The Company is offering such number of new common shares (the “**New Shares**”), as will raise gross proceeds of SEK 4.6 billion, and the selling shareholder, Frostbite I S.à r.l. (the “**Selling Shareholder**”), is offering up to 1,923,270 common shares, (together with the New Shares, the “**Firm Shares**”).

The Selling Shareholder has granted the Managers (as defined herein) an option (the “**Over-Allotment Option**”), exercisable in whole or in part for 30 calendar days following the date on which the shares commence trading on Nasdaq Stockholm, to purchase up to 16,335,002 additional existing common shares (the “**Option Shares**”) at the offer price, to cover potential over-allotments or short positions, if any, incurred in connection with the Offering. See “*The Offering.*” The Firm Shares and, if any are sold pursuant to the Over-Allotment Option, the Option Shares, shall be referred to as the “**Offer Shares**” and the term “**shares**” shall refer to all outstanding shares of the Company at any given time.

AMF, Handelsbanken Fonder and Nordea Funds (the “**Cornerstone Investors**”) have agreed to, directly or indirectly through subsidiaries, acquire at the final Offering Price shares equivalent to the percentage of the Company’s shares following completion of the Offering as set out below (based on a final price in the Offering corresponding to the mid-point of the Offering Price Range of SEK 47.5):

- AMF: SEK 500 million, 3.5%;
- Handelsbanken Fonder: SEK 500 million, 3.5%; and
- Nordea Funds: SEK 400 million, 2.8%.

This Offering consists of: (i) an offer to the public in the Kingdom of Sweden; and (ii) private placements to institutional investors in various jurisdictions, including a private placement in the United States to persons who are “qualified institutional buyers” or “**QIBs**” as defined in, and in reliance on, Rule 144A (“**Rule 144A**”) or another available exemption from the registration requirements under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”). All offers and sales outside the United States will be made in compliance with Regulation S (“**Regulation S**”) under the Securities Act.

Prior to the Offering, there has been no public market for the shares. Application has been made for the shares to be admitted to trading and listing on Nasdaq Stockholm under the trading symbol “DOM”. The first day of trading in, and the listing of, the shares is expected to be 25 November 2015.

**Investing in the Offer Shares involves risks. See Risk Factors beginning on page 4 for a discussion of certain risks prospective investors should consider before investing in the Offer Shares.**

The final price in the Offering (the “**Offering Price**”) is expected to be set within the range set forth below. The offer price will be announced publicly on or about 25 November, 2015.

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**Offer Price Range: SEK 43 to SEK 52 per Offer Share**

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**This Offering Memorandum does not constitute an offer to sell, or the solicitation of an offer to purchase, any of the Offer Shares in any jurisdiction from any person to whom it would be unlawful to make such an offer in such a jurisdiction.**

**The Offer Shares have not been and will not be registered under the Securities Act or any securities laws of any state within the United States, and may be offered and sold in the United States only to QIBs in reliance on Rule 144A or pursuant to another available exemption from, or a transaction not subject to, the registration requirements under the Securities Act, and offered and sold outside the United States only in compliance with Regulation S under the Securities Act. Prospective investors are hereby notified that sellers of the Company’s shares may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. For a description of certain restrictions on offers or sales, and on resale or transfer of the Company’s shares, see “*Transfer Restrictions*” and “*Plan of distribution—Selling restrictions.*”**

The Managers expect to deliver the Offer Shares on or about 27 November, 2015 through the facilities of Euroclear Sweden AB (“**Euroclear Sweden**”), against payment for the Offer Shares in immediately available funds. The shares will be eligible for clearing through Euroclear Sweden.

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*Joint Global Coordinators and Joint Bookrunners*

**Jefferies**

**Morgan Stanley**

**SEB**

*Joint Bookrunners*

**Carnegie**

**UBS**

*Co-Lead Manager*

**Handelsbanken Capital Markets**

*Financial Advisor*

**Lazard**

11 November 2015

This Offering Memorandum is confidential and is being furnished by the Company and the Selling Shareholder in connection with an offering exempt from registration under the Securities Act, solely for the purpose of enabling prospective investors to consider the purchase of the Offer Shares described herein. The information contained in this Offering Memorandum has been provided by the Company and other sources identified herein. No representation or warranty, express or implied, is made by the Managers (as defined below) as to the accuracy or completeness of such information, and nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the Managers. The Managers assume no responsibility for its accuracy, completeness or verification and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise that they might otherwise be found to have in respect of this document or any such statement. Any reproduction or distribution of this Offering Memorandum, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Offer Shares hereby is prohibited.

No representation or warranty, express or implied, is made by Jefferies International Limited ("**Jefferies**"), Morgan Stanley & Co. International plc ("**Morgan Stanley**") and SEB Corporate Finance, Skandinaviska Enskilda Banken AB (publ) ("**SEB**") (together, the "**Joint Global Coordinators and Joint Bookrunners**"), Carnegie Investment Bank AB (publ) ("**Carnegie**") and UBS Limited ("**UBS**") (together with the Joint Global Coordinators and Joint Bookrunners, the "**Joint Bookrunners**") and Handelsbanken Capital Markets, a part of Svenska Handelsbanken AB (publ) ("**Co-Lead Manager**" and, together with the Joint Bookrunners, the "**Managers**"), as to the accuracy or completeness of any information contained in this Offering Memorandum. In making an investment decision, investors must rely on their own assessment of the Company and the terms of this Offering, including the merits and risks involved. No person is or has been authorized to give any information or make any representation in connection with the offer or sale of the Offer Shares other than those contained in this Offering Memorandum and, if given or made, such information or representation must not be relied upon as having been authorized by the Company, the Selling Shareholder or the Managers and none of them accept any liability with respect to any such information or representation.

Neither the delivery of this Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Offering Memorandum or that the information contained herein is correct as of any time subsequent to its date. In the event of any changes to the information in this Offering Memorandum that may affect the valuation of the Offer Shares during the period from the date of announcement to the first day of trading, such changes will be announced in accordance with the provisions of Chapter 2, Section 34 of the Swedish Financial Instruments Trading Act (1991:980) (*Sw. lagen (1991:980) om handel med finansiella instrument*) (the "**Trading Act**"), which, among other things, governs the publication of prospectus supplements.

The distribution of this Offering Memorandum and the offer and sale of the Offer Shares to which it relates may be restricted by law in certain jurisdictions. No action has been or will be taken in any jurisdiction other than the Kingdom of Sweden that would permit a public offering of the Offer Shares, or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Company or the Offer Shares in any jurisdiction where action for that purpose is required. Persons into whose possession this Offering Memorandum comes are required by the Company, the Selling Shareholder and the Managers to inform themselves about and to observe any such restrictions. This Offering Memorandum does not constitute an offer of, or an invitation to purchase, any of the Offer Shares in any jurisdiction in which such offer or invitation would be unlawful. None of the Company, the Selling Shareholder nor the Managers accepts any legal responsibility for any violation by any person, whether or not a prospective investor, of any such restrictions. For a further description with regard to restrictions on offers and sales of the Offer Shares and the distribution of this Offering Memorandum, see "*Transfer Restrictions*" and "*Plan of distribution - Selling restrictions.*" Investors agree to the foregoing by accepting delivery of this Offering Memorandum.

IN CONNECTION WITH THIS OFFERING, SEB, AS THE STABILIZING MANAGER, OR ITS AGENTS, ON BEHALF OF THE MANAGERS, MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE SHARES FOR UP TO 30 DAYS FROM THE FIRST DAY OF TRADING IN AND LISTING OF THE OFFER SHARES ON NASDAQ STOCKHOLM. SPECIFICALLY, THE MANAGERS MAY OVER-ALLOT SHARES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE SHARES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. THE STABILIZING MANAGER AND ITS AGENTS ARE NOT REQUIRED TO ENGAGE IN ANY OF THESE ACTIVITIES AND, AS SUCH, THERE IS NO ASSURANCE THAT THESE ACTIVITIES WILL BE UNDERTAKEN; IF UNDERTAKEN, THE STABILIZING MANAGER OR ITS AGENTS MAY END ANY OF THESE ACTIVITIES AT ANY TIME AND THEY MUST BE BROUGHT TO AN END AT THE END OF THE 30-DAY PERIOD MENTIONED ABOVE. SAVE AS REQUIRED BY LAW OR REGULATION, THE STABILIZING MANAGER DOES NOT INTEND TO DISCLOSE THE EXTENT OF ANY STABILIZATION TRANSACTIONS UNDER THE OFFERING. SEE "*PLAN OF DISTRIBUTION - STABILIZATION.*"

The Managers are acting for the Company and the Selling Shareholder and no one else in relation to the Offering. The Managers will not be responsible to anyone other than the Company and the Selling Shareholder for providing the protections afforded to their respective clients nor for providing advice in relation to the Offering.

Any offer or sale of Offer Shares in connection with the Offering in the United States will be made by one or more broker dealers registered as such under the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”).

Investors hereby acknowledge that: (i) they have not relied on the Managers or any person affiliated with the Managers in connection with any investigation of the accuracy of any information contained in this Offering Memorandum or their investment decision; and (ii) they have relied only on the information contained in this document, and that no person has been authorized to give any information or to make any representation concerning the Company, its subsidiaries, the Offer Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Company, the Selling Shareholder or the Managers.

#### **NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES**

The Offer Shares have not been recommended by any United States federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense in the United States.

The Offer Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Accordingly, the Offer Shares are being: (i) offered and sold in the United States only to QIBs in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A or another available exemption from the registration requirements of the Securities Act; and (ii) offered and sold outside the United States in compliance with Regulation S under the Securities Act. For certain restrictions on the sale and transfer of the Offer Shares, see “*Transfer Restrictions*” and “*Plan of distribution – Selling restrictions.*”

In the United States, this Offering Memorandum is being furnished on a confidential basis solely for the purpose of enabling a prospective investor to consider purchasing the particular securities described herein. The information contained in this Offering Memorandum has been provided by the Company and other sources identified herein. Distribution of this Offering Memorandum to any person other than the offeree specified by the Managers or their representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorized, and any disclosure of its contents, without the Company’s prior written consent, is prohibited. Any reproduction or distribution of this Offering Memorandum in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. This Offering Memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the Offer Shares.

#### **NOTICE TO NEW HAMPSHIRE RESIDENTS**

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (“RSA”) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

#### **NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA**

In any Member State of the European Economic Area (“**EEA**”) other than Sweden that has implemented the Prospectus Directive, this Offering Memorandum is only addressed to, and is only directed at, investors in that EEA Member State who fulfil the criteria for exemption from the obligation to publish a prospectus, including qualified investors, within the meaning of the Prospectus Directive as implemented in each such EEA Member State.

This Offering Memorandum has been prepared on the basis that all offers of Offer Shares, other than the offer contemplated in Sweden, will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the EEA, from the requirement to produce a prospectus for offers of Offer Shares. Accordingly any person making or intending to make any offer within the EEA of Offer Shares which is the subject of the

placement contemplated in this Offering Memorandum should only do so in circumstances in which no obligation arises for the Company, the Selling Shareholder or any of the Managers to produce a prospectus for such offer. Neither the Company, the Selling Shareholder nor the Managers have authorized, nor do they authorize, the making of any offer of Offer Shares through any financial intermediary, other than offers made by Managers which constitute the final placement of Offer Shares contemplated in this Offering Memorandum.

The Offer Shares have not been, and will not be, offered to the public in any Member State of the EEA that has implemented the Prospectus Directive, excluding Sweden (each, a “**Relevant Member State**”). Notwithstanding the foregoing, an offering of the Offer Shares may be made in a Relevant Member State:

- to any legal entity that is a qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Managers for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive;

*provided* that no such offer of Offer Shares shall result in a requirement for the publication by the Company, the Selling Shareholder or any Manager of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the Offer Shares so as to enable an investor to decide to purchase Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

#### **NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM**

This Offering Memorandum has not been approved by an authorized person for the purposes of section 21 of the Financial Services and Markets Act 2000 (as amended). Accordingly, this Offering Memorandum is only for distribution to and directed at: (i) in the United Kingdom, persons having professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the “**Order**”) and high net worth entities falling within Article 49(2)(a) to (d) of the Order; (ii) persons who are outside the United Kingdom; and (iii) any other person to whom it can otherwise be lawfully distributed (all such persons together being referred to as “**Relevant Persons**”). Any investment or investment activity to which this Offering Memorandum relates is available only to and will be engaged in only with Relevant Persons. Persons who are not Relevant Persons should not take any action based upon this Offering Memorandum and should not rely on it.

#### **ENFORCEMENT OF CIVIL LIABILITIES**

The Company is a company limited by shares organized under the laws of Sweden. In addition, a majority of the Company’s officers and other executives are not residents or citizens of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Company or such persons, or to enforce against them or the Company judgments of courts of the United States, whether predicated upon the civil liability provisions of the federal or state securities laws of the United States or otherwise. The United States and Sweden do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. As a result, a final judgment for payment of damages based on civil liability rendered by a federal or state court in the United States, whether or not predicated solely upon federal securities laws of the United States, may not be enforceable, either in whole or in part, in Sweden. If the party in whose favor such final judgment is rendered brings a new suit in a competent court in Sweden, such party may submit to the Swedish court the final judgment that has been rendered in the United States. Such judgment will only be regarded by a Swedish court as evidence of the outcome of the dispute to which such judgment relates, and a Swedish court may choose to re-hear the dispute *ab initio*. In addition, awards of punitive damages in actions brought in the United States or elsewhere are under all circumstances unenforceable in Sweden.

#### **ADDITIONAL INFORMATION**

The Company has agreed that it will, during any period in which it is neither subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, nor exempt from such reporting requirements pursuant to Rule 12g3-2(b) thereunder, furnish, upon request, to any holder or beneficial owner of the shares, or any prospective investor designated by any such holder or beneficial owner, information required to be provided by Rule 144A(d)(4) under the Securities Act. The Company is not currently subject to the periodic reporting and other information requirements of the Exchange Act.

## FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains various forward-looking statements that reflect management's current views with respect to future events and anticipated financial and operational performance. Forward-looking statements as a general matter are all statements other than statements as to historical facts or present facts or circumstances. The words "believe," "expect," "anticipate," "intend," "may," "plan," "estimate," "will," "should," "could," "aim" or "might," or, in each case, their negative, or similar expressions, identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements appear in a number of places in this Offering Memorandum, including, without limitation, in the sections entitled "Summary," "Risk factors," "Share capital and ownership structure - Dividend policy," "Operating and financial review," "Market overview," and "Business overview". For further information, see "Important information - Forward-looking statements."

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### Financial Information

The consolidated financial statements of the Company and its subsidiaries, which are included in this Offering Memorandum, as of and for the years ended 31 December 2014, 2013 and 2012, have been prepared in accordance with IFRS as adopted by the European Union ("IFRS") and audited by the Company's independent auditors, PricewaterhouseCoopers AB, as set forth in their audit report included elsewhere herein. The consolidated financial statements of the Company and its subsidiaries, which are included in this Offering Memorandum, as of and for the nine months ended 30 September 2015 and 2014 have been prepared in accordance with IAS 34 and reviewed by PricewaterhouseCoopers as set forth in its review report included elsewhere herein. For additional information on the presentation of financial information in this Offering Memorandum, see "Selected financial information" and "Operating and financial review."

### Currency

All financial amounts in this Offering Memorandum are in Swedish kronor ("**SEK**"), unless indicated otherwise. For certain information regarding rates of exchange between U.S. dollar and EUR, and SEK and EUR, see "Exchange rate information and regulation". No representation is made that the U.S. dollar, EUR or SEK amounts referred to herein could have been or could be converted into U.S. dollar, EUR or SEK, as the case may be, at the rates referred to in *Exchange rate information and regulation*," at any particular rate, or at all.

### No Incorporation by Reference

Any references in this Offering Memorandum to documents or other information available on a website are for convenience only, and none of the documents or other information available on such websites is incorporated by reference herein.

## EXCHANGE RATE INFORMATION AND REGULATION

Fluctuations in the exchange rate between the SEK and the U.S. dollar and EUR will affect the U.S. dollar and EUR amounts received by owners of Offer Shares in the Company on conversion of dividends, if any, paid in SEK on the Offer Shares.

Investors with a reference currency other than the SEK may become subject to certain foreign exchange risks when investing in the Offer Shares. The Company's equity capital is denominated in SEK, and any returns will primarily be distributed in SEK. The Offer Shares will be denominated and traded in SEK on Nasdaq Stockholm. Investors whose reference currency is a currency other than the SEK may be adversely affected by any reduction in the value of the SEK relative to the respective investor's reference currency. In addition, such investors could incur additional transaction costs in converting SEK into another currency. Investors whose reference currency is a currency other than the SEK are therefore urged to consult their financial advisors with a view to determining whether they should enter into hedging transactions to offset these currency risks.



The following table sets forth, for the periods indicated, certain information regarding the noon buying rate in New York for cable transfers for SEK, expressed in SEK per U.S. dollar. The noon buying rates are certified by the Federal Reserve Bank of New York for customs purposes and for cable transfers payable in foreign currencies. The average rate for a year means the average of the noon buying rates on the last day of each month during a year. The average rate for a month, or for any shorter period, means the average of the daily noon buying rates during that month, or a shorter period, as the case may be. The rates below may differ from the actual rates used in the preparation of the Company's consolidated financial statements and other financial information appearing in this Offering Memorandum. The inclusion of the exchange rate information below is not meant to suggest that the SEK amounts actually represent such U.S. dollar amounts or that such amounts could have been converted into U.S. dollars at the rates indicated or at any other rate.

<u>Year:</u>	<u>Exchange Rate</u>			
	<u>SEK per U.S. Dollar</u>			
	<u>High</u>	<u>Low</u>	<u>Period end</u>	<u>Average</u>
2011	7.0054	5.9968	6.8737	6.4878
2012	7.2655	6.5018	6.5074	6.7721
2013	6.8171	6.2880	6.4254	6.5124
2014	7.8245	6.3394	7.8245	6.8576
Month:				
January 2015	8.2732	7.8847	8.2732	8.1131
February 2015	8.4193	8.2265	8.3555	8.3537
March 2015	8.7505	8.2612	8.6268	8.5448
April 2015	8.8180	8.3052	8.3778	8.6321
May 2015	8.5245	9.2085	8.5245	8.3350
June 2015	8.5884	8.1076	8.2937	8.2653
July 2015	8.6402	8.3493	8.5925	8.5325
August 2015	8.7679	8.2769	8.4745	8.5515
September 2015	8.4688	8.2099	8.3912	8.3659
October 2015	8.5536	8.1333	8.4922	8.3314
1 November 2015 through 6 November 2015	8.7203	8.5079	8.7203	8.6115

On 6 November 2015, the noon buying rate as certified by the Federal Reserve Bank of New York for customs purposes, SEK per U.S. Dollar, was SEK 8.7203 per \$1.00.



The following table sets forth, for the periods indicated, certain information concerning the European Central Bank (the “**ECB**”) daily reference rate published by the ECB (the “**ECB Daily Reference Rate**”) for EUR, expressed in SEK per EUR. The average rate for a year means the average of the daily mid-rates on the last day of each month during a year. The average rate for a month, or for any shorter period, means the average of the daily mid-rates during that month, or a shorter period, as the case may be. The period end rate represents the mid-rate on the last business day of each applicable period. These exchange rates are provided only for the convenience of the reader. No representation is made that amounts in SEK have been, could have been, or could be converted into EUR, or vice versa, at the mid-rate or at any other rate.

Year:	Exchange Rate			
	SEK per EUR			
	High	Low	Period end	Average
2011	9.3127	8.7020	8.9120	9.0298
2012	9.1356	8.2077	8.5820	8.7041
2013	9.0604	8.2931	8.8591	8.6515
2014	9.6234	8.7661	9.3930	9.0985
Month:				
January 2015	9.5410	9.2895	9.3612	9.4167
February 2015	9.6298	9.3672	9.3693	9.4901
March 2015	9.3436	9.1141	9.2901	9.2449
April 2015	9.3816	9.2541	9.3261	9.3254
May 2015	9.4273	9.1860	9.3272	9.3037
June 2015	9.3890	9.1780	9.2150	9.2722
July 2015	9.4766	9.2460	9.4622	9.3860
August 2015	9.6557	9.4282	9.5032	9.5155
September 2015	9.4968	9.3248	9.4083	9.3924
October 2015	9.4235	9.2560	9.3866	9.3485
November 2015 (through 6 November 2015)	9.3935	9.3663	9.3839	9.3839

On 6 November 2015, the ECB Daily Reference Rate for SEK per EUR, was SEK 9.3839 per EUR 1.00.

Figures reported in the Offering Memorandum are presented in SEK (“**SEK**”) unless otherwise specified.

### Exchange Control Regulations in Sweden

There are currently no foreign exchange control restrictions in Sweden, other than in certain national crisis situations, that would restrict the payment of dividends to a shareholder outside Sweden, and there are currently no restrictions that would affect the right of shareholders who are not residents of Sweden to dispose of their shares and receive the proceeds from a disposal outside Sweden. There is no maximum transferable amount either to or from Sweden, although transferring banks are required to report to the Swedish tax authorities any payments to or from Sweden exceeding SEK 150,000, or the foreign currency equivalent thereof. Such information may also be forwarded to authorities in the countries where the holders of the shares are resident.

## CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

### U.S. Federal Income Tax Considerations

The following discussion describes certain U.S. federal income tax considerations to U.S. Holders (defined below) associated with the purchase, ownership and disposition of the Offer Shares as of the date hereof. This summary applies only to investors that hold the Offer Shares as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the “Code”) (generally, property held for investment). This discussion is based on the Code and on U.S. Treasury Regulations (including proposed U.S. Treasury Regulations), judicial and administrative interpretations thereof, and the income tax treaty between the United States and Sweden (the “Treaty”) all as of the date hereof. All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below. This summary does not discuss any estate or gift tax consequences or the tax consequences of an investment in the Offer Shares under the tax laws of any state of the United States. No ruling will be requested from the U.S. Internal Revenue Service (“IRS”) regarding the tax consequences of the purchase, ownership or disposition of the Offer Shares, and there can be no assurance that the IRS will agree with the discussion set out below.

The following discussion does not address all of the tax consequences that may be relevant to a particular investor or to persons in special tax situations such as:

- banks, other financial institutions or insurance companies;
- real estate investment trusts or regulated investment companies;
- dealers or traders in securities or currencies;
- tax-exempt entities;
- persons liable for the alternative minimum tax or the Medicare tax on net investment income;
- persons that received the Offer Shares as compensation for the performance of services;
- persons that will hold the Offer Shares as part of a hedging or conversion transaction or as part of a synthetic security or a position in a straddle for U.S. federal income tax purposes;
- U.S. expatriates;
- persons that have a functional currency for U.S. federal income tax purposes other than the U.S. dollar;
- partnerships or other pass-through entities for U.S. federal income tax purposes, and persons that will hold the Offer Shares through partnerships or other passthrough entities; or
- persons that own or are deemed to own (directly, indirectly or by attribution) 10% or more, by voting power or value, of the Company's outstanding stock.

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of Offer Shares that, for U.S. federal income tax purposes, is:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more United States persons for all substantial decisions or (2) has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person.

If an entity treated as a partnership for U.S. federal income tax purposes holds Offer Shares, the tax treatment of the partnership and a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Partnerships owning Offer Shares and partners in such partnerships should consult their tax advisors.

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL INCOME TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE OFFER SHARES.

### ***Dividends and Other Distributions on the Offer Shares***

Subject to the discussion below under "- Passive Foreign Investment Company Considerations," for U.S. federal income tax purposes, the gross amount of any distribution with respect to the Offer Shares, before reduction for any Swedish taxes withheld therefrom, generally will be a foreign source dividend includible in a U.S. Holder's income as ordinary income to the extent such distribution is paid out of the Company's current or accumulated earnings and profits as determined under U.S. federal income tax principles. To the extent that the amount of the distribution exceeds the Company's current and accumulated earnings and profits, the distribution will be treated first as a tax-free return of a U.S. Holder's tax basis in the Offer Shares, and to the extent the amount of the distribution exceeds such U.S. Holder's tax basis, the excess will be taxed as capital gain. The Company currently does not, and it does not intend to, calculate its earnings and profits under U.S. federal income tax principles. Therefore, a U.S. Holder should expect that a distribution will be reported as a dividend. Dividends will not be eligible for the dividends-received deduction generally allowed to U.S. corporations in respect of dividends received from other U.S. corporations.

Subject to applicable limitations, with respect to certain non-corporate U.S. Holders (including individual U.S. Holders), dividends will generally constitute "qualified dividend income" that is taxed at the lower applicable capital gains rate, provided that (1) the Company is eligible for the benefits of the Treaty, (2) the Company is not a PFIC for either the taxable year in which the dividend was paid or the preceding taxable year, and (3) certain holding

period requirements are met. U.S. Holders should consult their tax advisors regarding the availability of the lower rate for dividends with respect to the Offer Shares.

The amount of any distribution paid in Swedish kronor that will be included in a U.S. Holder's gross income will be equal to the U.S. dollar value of the distribution, calculated using the exchange rate in effect on the date such U.S. Holder actually or constructively receives the dividend, regardless of whether the payment is actually converted into U.S. dollars. Any gain or loss resulting from foreign currency exchange rate fluctuations during the period from the date the dividend is received to the date the Swedish kronor are converted into U.S. dollars will be treated as ordinary income or loss, and generally will be income or loss from sources within the United States for U.S. foreign tax credit purposes. If the Swedish kronor are converted into U.S. dollars on the date of receipt, U.S. Holders generally should not be required to recognize foreign currency gain or loss in respect of the dividend.

Subject to certain conditions and limitations, any Swedish taxes withheld from a distribution to a U.S. Holder will be eligible for credit against such U.S. Holder's U.S. federal income tax liability. Swedish income taxes withheld in excess of the applicable Treaty rate will not be eligible for credit against a U.S. Holder's U.S. federal income tax liability. For a discussion of Swedish withholding taxes and how a U.S. Holder may obtain a refund, see "Tax Considerations in Sweden - Shareholders that are not tax resident in Sweden." If the dividends are qualified dividend income (as discussed above), the amount of the dividend taken into account for purposes of calculating the U.S. foreign tax credit limitation generally will be limited to the gross amount of the dividend, multiplied by the reduced rate divided by the highest rate of tax normally applicable to dividends. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends that the Company distributes generally will constitute "passive category income" but could, in the case of certain U.S. Holders, constitute "general category income." The rules relating to the determination of the U.S. foreign tax credit are complex, and U.S. Holders should consult their tax advisors to determine whether and to what extent a credit would be available in their particular circumstances, including the effects of any applicable income tax treaty. A U.S. Holder that does not elect to claim a foreign tax credit with respect to any foreign taxes for a given taxable year may instead claim an itemized deduction for all foreign taxes paid in that taxable year.

#### ***Sale, Exchange or Other Taxable Disposition of the Offer Shares***

Subject to the discussion below under "- Passive Foreign Investment Company Considerations," a U.S. Holder will recognize capital gain or loss on a sale, exchange or other taxable disposition of the Offer Shares equal to the difference between the amount realized (in U.S. dollars) on such disposition and such U.S. Holder's adjusted tax basis (in U.S. dollars) in the Offer Shares. If a U.S. Holder is a non-corporate U.S. Holder (including an individual U.S. Holder) who has held the Offer Shares for more than one year at the time of disposition of the Offer Shares, any capital gain on such disposition generally will be eligible for reduced U.S. federal income tax rates. Any gain or loss that a U.S. Holder recognizes generally will be treated as U.S. source income or loss for U.S. foreign tax credit purposes. The deductibility of capital losses is subject to limitations.

If a U.S. Holder receives Swedish kronor on the disposition of the Offer Shares, the amount realized generally will be the U.S. dollar value of the payment received determined on the date of the disposition. If the Offer Shares are treated as traded on an "established securities market," a cash basis U.S. Holder (or an accrual basis U.S. Holder that makes a special election, which must be applied consistently from year to year and cannot be changed without the consent of the IRS) will determine the U.S. dollar value of the amount realized by translating the amount received at the spot rate of exchange on the settlement date of the disposition. A U.S. Holder's initial tax basis in the Offer Shares will be such U.S. Holder's U.S. dollar cost of the Offer Shares determined on the date of purchase. However, if the Offer Shares are treated as traded on an established securities market and a U.S. Holder is either a cash basis taxpayer or an accrual basis taxpayer who has made the special election described above, such U.S. Holder will use the U.S. dollar cost determined on the settlement date of the purchase.

#### ***Passive Foreign Investment Company Considerations***

Based on the current and anticipated value of the Company's assets, including goodwill, and the composition of its income, assets and on the nature of its operations, the Company does not expect to be a "passive foreign investment company" ("PFIC") for the current taxable year or in the foreseeable future. However, the application of the PFIC rules is subject to uncertainty in several respects, and the Company cannot assure holders that the IRS will not take a contrary position. A non-U.S. corporation will be a PFIC for any taxable year in which either:

- at least 75% of its gross income is passive income; or
- at least 50% of its gross assets (determined on the basis of a quarterly average) is attributable to assets that produce passive income or are held for the production of passive income.

The Company will be treated as owning its proportionate share of the assets and earning a proportionate share of the income of any other corporation in which the Company owns, directly or indirectly, 25% or more (by value) of the stock. Passive income generally includes dividends, interest, rents, royalties and capital gains.

A separate determination must be made after the close of each taxable year as to whether the Company is a PFIC for that year. As a result, the Company's PFIC status may change. In particular, the total value of the Company's assets for purposes of the asset test may be calculated using the market price of the Company's common shares, which may fluctuate considerably. Accordingly, fluctuations in the market price of the Company's common shares may result in the Company being a PFIC for any taxable year. In addition, the composition of the Company's income and assets is affected by how, and how quickly, it spends the cash it raises in any offering, including this offering.

If the Company is a PFIC for any taxable year during which a U.S. Holder holds Offer Shares, such U.S. Holder generally will be subject to special tax rules with respect to any "excess distribution" that such U.S. Holder receives and any gain such U.S. Holder realizes from a sale or other disposition (including a pledge) of Offer Shares. Any distributions on the Offer Shares such U.S. Holder receives in a taxable year that is in excess of 125% of the average annual distributions such U.S. Holder received during the shorter of the three preceding taxable years or such U.S. Holder's holding period for the Offer Shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period for the Offer Shares,
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which the Company became a PFIC, will be treated as ordinary income, and
- the amount allocated to each other taxable year will be subject to the highest tax rate in effect for that year for individuals or corporations, as applicable, and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year. The tax liability for amounts allocated to years prior to the year of disposition or "excess distribution" cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of the Offer Shares cannot be treated as capital, even if the U.S. Holder holds the Offer Shares as capital assets.

Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment of the Offer Shares). The Company does not intend to provide the information necessary for U.S. Holders of the Offer Shares to make qualified electing fund elections, which, if available, would result in tax treatment different from the general tax treatment for an investment in a PFIC described above.

If the Company is a PFIC with respect to a U.S. Holder for any taxable year, to the extent any of the Company's subsidiaries are also PFICs, such U.S. Holder may be deemed to own shares in such lower-tier PFICs that are directly or indirectly owned by the Company in that proportion which the value of the Offer Shares such U.S. Holder owns bears to the value of all of the Offer Shares, and such U.S. Holder may be subject to the adverse tax consequences described above with respect to the shares of such lower-tier PFICs that such U.S. Holder would be deemed to own. Furthermore, an election for mark-to-market treatment would likely not be available with respect to any such PFIC subsidiaries. U.S. Holders should consult their tax advisors regarding the application of the PFIC rules to any of the Company's subsidiaries.

If the Company is a PFIC with respect to a U.S. Holder for any taxable year, such U.S. Holder may be subject to information reporting requirements on an annual basis. If the Company is or becomes a PFIC, U.S. Holders should consult their tax advisors regarding any reporting requirements that may apply to them.

**U.S. Holders are urged to consult their tax advisors regarding the application of the PFIC rules to the ownership and disposition of the Offer Shares.**

#### ***Backup Withholding Tax and Information Reporting Requirements***

Dividends on, and the proceeds of a sale or other disposition of, the Offer Shares may be subject to information reporting to the IRS and possible U.S. backup withholding. Backup withholding will not apply to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status can provide such certification on IRS Form W-9. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder's U.S. federal income tax liability, and a U.S. Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the IRS and furnishing any required information.

#### ***Additional Reporting Requirements***

Individuals (and, under proposed U.S. Treasury Regulations, certain entities) that own "specified foreign financial assets" with an aggregate value in excess of certain thresholds on the last day of the taxable year (or with an

aggregate value in excess of certain thresholds at any time during the taxable year) are generally required to file an information report on IRS Form 8938 with respect to such assets with their U.S. federal income tax returns. The Offer Shares may be subject to these rules if they are not held in financial accounts maintained by certain financial institutions. U.S. Holders are urged to consult their tax advisors regarding the application of these rules to their ownership of the Offer Shares.

### **Foreign Account Tax Compliance Act**

Provisions under the Code and U.S. Treasury Regulations thereunder, commonly referred to as “FATCA,” generally imposes a 30% withholding on certain “withholdable payments” and “foreign passthru payments” (each as defined in the Code) made by a “foreign financial institution” (as defined in the Code) that has entered into an agreement with the IRS to perform certain diligence and reporting obligations with respect to the foreign financial institution’s U.S.-owned accounts (each such foreign financial institution, a “Participating Foreign Financial Institution”). If the Company were treated as a foreign financial institution and if the Company becomes a Participating Foreign Financial Institution, to the extent payments on the Offer Shares are considered foreign passthru payments, such withholding may be imposed on such payments to any foreign financial institution (including an intermediary through which an investor may hold the Offer Shares) that is not a Participating Foreign Financial Institution or any other investor who does not provide information sufficient to establish that the investor is not subject to withholding under FATCA, unless such foreign financial institution or investor is otherwise exempt from FATCA. Under current law, the term “foreign passthru payment” is not defined and it is therefore not clear whether or to what extent payments on the Offer Shares would be considered foreign passthru payments, although IRS guidance has indicated that the definition of “foreign passthru payment” is intended to cover payments that are attributable to underlying U.S. source income. Withholding on foreign passthru payments would not be required with respect to payments made before January 1, 2019. The United States has entered into an intergovernmental agreement (an “IGA”) with Sweden, which modifies the FATCA withholding regime described above. It is not clear whether the Company would be treated as a financial institution subject to the diligence, reporting and withholding obligations under FATCA, or the Swedish IGA. Furthermore, it is not yet clear how the Swedish IGA will address foreign passthru payments. Prospective investors should consult their tax advisors regarding the potential impact of FATCA, the Swedish IGA and any non-U.S. legislation implementing FATCA on their investment in the Offer Shares.

### **THE SWEDISH SECURITIES MARKET NASDAQ STOCKHOLM**

The following is a description of Nasdaq Stockholm, including a brief summary of certain provisions of the Nasdaq Stockholm rules. The summary is not intended to provide a comprehensive description of all such rules and should not be considered exhaustive. Moreover, the rules and procedures summarized below may be amended or reinterpreted.

#### ***Nasdaq Stockholm***

Nasdaq Stockholm (“**Nasdaq Stockholm**”) is the principal market on which shares, bonds, derivatives and other securities are traded in Sweden. Nasdaq Stockholm is a part of the NASDAQ OMX Group, Inc. (“**NASDAQ OMX**”). NASDAQ OMX offers trading across multiple asset classes and its technology supports the operations of over 70 exchanges in 50 countries. NASDAQ OMX also owns and maintains the exchanges in Helsinki, Copenhagen, Riga, Reykjavik, Tallinn and Vilnius. Each country has its own official list and country-specific listing requirements. NASDAQ OMX’s Nordic List was launched in 2006 and it consists of shares listed on the exchanges in Stockholm, Helsinki and Copenhagen. Companies on the Nordic List are divided into three segments: Large Cap, Mid Cap and Small Cap. Companies with a market capitalization in excess of €1 billion are included in the Large Cap segment. Companies with a market capitalization between €150 million and 1 billion are included in the Mid Cap segment, while companies with a market capitalization below €150 million are included in the Small Cap segment. The segments are normally revised at year-end and the segments are re-set, effective on January 1 and July 1, based on weighted average prices for May and November the year before. Companies with a market capitalization of more than 50% of the minimum or maximum threshold of a segment will be transferred into a new segment with immediate effect. Companies with a market capitalization of less than 50% of the minimum or maximum segment threshold will have a transitional period until the next forthcoming review (or at least 12 months), and thus be subject to one more review before transferring into a new segment. Furthermore, companies are sorted by their industry sector according to the ICB Company Classification Standard (prior to February 1, 2012, the Global Industry Classification Standard (GICS) was applied). Companies belonging to the same industry sector are placed in the same industry sector segment in alphabetical order.

#### ***Trading in Securities on Nasdaq Stockholm***

Trading in and clearing of securities on Nasdaq Stockholm takes place in SEK, with prices quoted in minimum increments of 0.01 SEK. All price information is produced and published only in SEK.

Trading on Nasdaq Stockholm is conducted on behalf of customers by duly authorized Swedish and foreign banks and other securities brokers, as well as the Swedish Central Bank. While banks and brokers are permitted to act as

principals in trading both on and off Nasdaq Stockholm, they generally engage in transactions as agents. Settlement of trades take place through an electronic account based security system administered by Euroclear Sweden. See “- *Securities Registration*.”

Nasdaq Stockholm uses the trading platform INET. In INET, bids and offers are entered in the relevant order book and automatically matched to trades when price, volume and other order conditions are met. INET continuously broadcasts all trading information. The information is displayed in real time in the form of order books, market summaries, concluded trades, index information and different kinds of reports. The round lot for all shares traded on Nasdaq Stockholm is one share. A two-day settlement schedule currently applies to share trading.

Nasdaq Stockholm has three principal trading periods: pre-trading, trading and post-trading. For shares, pre-trading begins at 8:00 CET and ends at 8:45 CET. Opening call begins at 8:45 CET and ends at 9:00 CET. Continuous trading begins sequentially after the opening call ends at 9:00 CET when the first share is assigned its opening price and it then becomes subject to continuous trading. Continuous trading takes place from 9:00 CET to 17:25 CET when the closing call is initiated. The closing call ends at approximately 17:30 CET when the closing prices are determined. Post-trading, during which contract transactions for shares can be registered as dealings after trading hours mainly within the price limits based on the trading day, takes place from 17:30 CET to 18:00 CET.

In addition to official trading on Nasdaq Stockholm through automatic order matching in INET, shares may also be traded off Nasdaq Stockholm, i.e., outside INET, during, as well as after, the official trading hours (through “manual trading”). Manual trades during trading hours must normally be entered into at a price within the volume weighted average spread reported in INET at the time of the trade or, as regards manual trades during the closing call, at the time prior to the closing call auction. Outside the trading hours, manual trades must normally be affected at a price within the volume weighted average spread reported in INET at the close of trading hours. However, in the absence of a spread and in situations where there is a change in the market conditions during the closing call or after the close of trading hours, as the case may be, manual trades must take place at a price that takes into account the market situation at the time of the trade. Manual trades which qualify as large scale (€50,000 - €500,000, depending on the average daily turnover in the relevant share) may be effected without regard to any spread. Trading on Nasdaq Stockholm tends to involve a higher percentage of retail clients while trading off Nasdaq Stockholm, whether directly or through intermediaries, often involves larger Swedish institutions, banks arbitraging between the Swedish market and foreign markets, and foreign buyers and sellers purchasing shares from, or selling shares to, Swedish institutions.

All manual trades must normally be reported in INET within three minutes from the time of the trade, although trades outside the official trading hours must be reported during the pre-trading session on the following exchange day and not later than 15 minutes prior to the opening of the trading hours.

### **Securities Market Regulations**

The Nordic List is regulated under EU directives, primarily Directive 2004/39/EC on Markets in Financial Instruments (“**MiFID**”), which has been implemented through the Swedish Securities Market Act of 2007 (Sw. *lagen (2007:528) om värdepappersmarknaden*) (the “**Securities Market Act**”). NASDAQ OMX Stockholm Aktiebolag is authorized pursuant to the Securities Market Act to operate a regulated market under the supervision of the SFSA. The SFSA is a governmental agency responsible for, among other things, supervising and monitoring the Swedish securities market and market participants. The SFSA also issues regulations that supplement Swedish securities market laws. Furthermore, pursuant to the Swedish Securities Market Act, Nasdaq Stockholm is required to have rules of its own, governing the trading on Nasdaq Stockholm. The Rule Book for Issuers of Nasdaq Stockholm, based on European standards and EU directives such as MiFID and Directive 2004/109/EC (the “**Transparency Directive**”), sets forth listing requirements and disclosure rules for companies listed on Nasdaq Stockholm. The objective of the regulatory system governing trading on and off Nasdaq Stockholm is to achieve transparency and equality of treatment among market participants. Nasdaq Stockholm records information as to the banks and brokers involved, the issuer, the number of shares, the price and the time of each transaction. Each bank or broker is required to maintain records indicating trades carried out as agent or as principal. All trading information reported in INET is publicly available. Nasdaq Stockholm also maintains a market supervision unit (“**Trading Surveillance**”) that monitors trading on a “real time” basis, as described below.

Trading Surveillance monitors trading data for indications of unusual market activity and trading behaviour, and continuously examines information disseminated by listed companies, such as earnings reports, acquisition and other investment plans and changes in ownership structure on a daily basis. When Trading Surveillance becomes aware of non-public price sensitive information, it monitors trading in the shares concerned to identify unusual trading activity indicating that persons may be trading on that information.

The Swedish Market Abuse Penal Act of 2005 (Sw. *lagen (2005:377) om straff för marknadsmissbruk vid handel med finansiella instrument*) (the “**Market Abuse Act**”), implementing in part Directive (2003/6/EC) (the “**Market**



**Abuse Directive**”), provides sanctions for insider trading and unlawful disclosure of insider information. The Market Abuse Act also contains provisions prohibiting market manipulation, making illegal any actions (in connection with trading on the securities market or otherwise) intended to unduly affect the market price or other conditions of trade in financial instruments, or otherwise mislead buyers or sellers of such instruments (such as through spreading false or misleading information). Market manipulation may also constitute fraud under Swedish law. The SFSA and the Trading Surveillance enforce compliance with the Market Abuse Act and other insider trading rules. Criminal offences are enforced in court by the Swedish National Economic Crimes Bureau (Sw. *Ekobrottsmyndigheten*). Moreover, the SFSA may cause the operating licence of a bank or broker to be revoked if the bank or broker has engaged in improper conduct, including market manipulation.

### **Securities Registration**

The Swedish book-entry securities system is centralized at Euroclear Sweden, a central securities depository and clearing organization authorized under the Swedish Financial Instruments Accounts Act (Sw. *lagen (1998:1479) om kontoföring av finansiella instrument*) and the Swedish Securities Markets Act. Among other things, Euroclear Sweden maintains the register of shareholders in Swedish companies listed on Nasdaq Stockholm. Shares administered by Euroclear Sweden are registered in book-entry form on securities accounts (VP accounts) and no share certificates are issued. Title to shares is ensured exclusively through registration with Euroclear Sweden. All transactions and other changes to accounts are entered in the system of Euroclear Sweden through banks or other securities institutions that have been approved as account operators by Euroclear Sweden. The register maintained by Euroclear also contains information on other interests in respect of shares, such as those of a pledgee.

Shares may be registered on VP accounts, and consequently entered in the register of shareholders, either in the name of the beneficial owner (owner registered shares) or in the name of a nominee authorized by Euroclear Sweden (nominee registered shares), in which case a note thereof is made in the securities system. The relationship between the nominee and the beneficial owner is governed by agreement. In order to exercise certain rights, such as participation at a general meeting, shareholders whose shares are registered in the name of a nominee must temporarily re-register the shares in their own names. Nominees are also required to report the holdings of underlying beneficial owners to Euroclear Sweden on a regular basis.

The rights attaching to shares that are eligible for dividends, rights issues or bonus issues accrue to those holders whose names are recorded in the register of shareholders as of a particular record date, and the dividends are normally distributed to bank accounts as specified by the holders registered with Euroclear Sweden. The relevant record date must be specified in the resolution declaring a dividend or capital increase, or any similar matter in which shareholders have preferential rights. Where the registered holder is a nominee, the nominee receives, for the account of the beneficial owner, dividends and other financial rights attaching to the shares, such as subscription rights in conjunction with rights offerings, as well as new shares subscribed through the exercise of subscription rights. Dividends are remitted in a single payment to the nominee who is responsible for the distribution of such dividends to the beneficial owner. A similar procedure is applied for subscription rights and newly issued shares.

### **Transactions and Ownership Disclosure Requirements**

Under the Trading Act, which implements the Transparency Directive in part, a shareholder is required to notify both the company in which it holds shares and the SFSA, when its holding (including options for shares) reaches, exceeds or falls below 5, 10, 15, 20, 25, 30, 50, 66 2/3 or 90% of the total number of votes and/or shares in a company. The notice is to be made in writing or electronically on the SFSA's website on the trading day immediately following the day of the applicable transaction. The SFSA will announce the contents of the notification no later than 12:00 a.m. CET on the trading day following receipt of the notification. When calculating a shareholder's percentage of ownership, a company's treasury shares are to be included in the denominator, while warrants and convertibles are to be excluded. For the purposes of calculating a person's or entity's shareholding, not only the shares and financial instruments directly held by the shareholder are included, but also those held by related parties. The Trading Act contains a list of related parties whose shareholding must be aggregated for the purposes of the disclosure requirements. Related parties include, but are not limited to, subsidiaries and, in certain circumstances, proxies, parties to shareholders' agreements as well as spouses/co-habitants.

Under the Regulation (EU) 236/2012 on short selling and certain aspects of credit default swaps, a person who has a net short position in a share is required to notify the SFSA when the position either reaches or falls below the following thresholds: 0.2% of the issued share capital of the company concerned and each 0.1% above that. Furthermore, there is also a requirement of public disclosure when the position reaches or falls below the following thresholds: 0.5% of the issued share capital of the company concerned and each 0.1% above that. The public disclosure is made by the SFSA via announcement on its website. Further, an investor who wishes to take an uncovered, or “naked,” short position in a particular share will be required either: (a) to have borrowed sufficient shares to settle the short trade; (b) to have entered into a binding agreement to borrow the shares; or (c) to have an arrangement with a third party under which that third party has confirmed that the shares have been located and has taken measures *vis-à-vis* third parties necessary to have a reasonable expectation that settlement can be effected when it is due.



In addition, pursuant to the Swedish Act on Reporting Obligations for Certain Holdings of Financial Instruments (Sw. *lagen (2000:1087) om anmälnings skyldighet för vissa innehav av finansiella instrument*), among others, individuals who own, directly or indirectly, shares representing 10% or more of the share capital or the voting rights in a publicly traded company must report, in writing or electronically, such ownership and any changes therein to the SFSA, which keeps a public register based on the information contained in such reports.

### **Mandatory Bids**

Pursuant to the Swedish Act on Public Takeovers on the Securities Market (Sw. *lagen (2006:451) om offentliga uppköpserbjudanden på aktiemarknaden*) (the “**Takeover Act**”), any Swedish or foreign legal entity or natural person who holds less than 30% of the total voting rights in a company listed on a regulated market in Sweden, must make a public offer for the acquisition of all the remaining shares issued by the target company (a mandatory bid) should such legal entity or natural person alone, or together with a related party, reach 30% or more of the total voting rights in the company. This applies where the increased holding is the result of a purchase, subscription, conversion, or any other form of acquisition of shares in the target company (other than a public offer) or the result of the establishment of a related party relationship. In this context, a related party can be an entity within the same corporate group as the buyer, a spouse or co-habitant, as well as any person or entity that cooperates with the buyer to obtain control over the company or with whom an agreement has been reached regarding the coordinated exercise of voting rights with the object of achieving a long-term controlling influence on the company’s management.

The public offer shall be made within four weeks after the acquisition that triggered the mandatory bid requirement unless the acquirer (or the related party) reduces its level of voting share ownership within such time to below 30%. The offer is normally also made to holders of other securities issued by the target company, if the price of such securities could be substantially affected as a result of a de-listing of the target company’s shares, such as, for example, warrants and convertibles. Under the Takeover Act, offerors have a duty to undertake to comply with the takeover rules adopted by Nasdaq Stockholm (the “**Takeover Rules**”). By making this undertaking, the offeror agrees to comply not only with the Takeover Rules, but also to comply with statements and rulings by the Swedish Securities Council (Sw. *Aktiemarknadsnämnden*) on points of interpretation of the Takeover Act as well as to be subject to any sanctions that may be imposed by Nasdaq Stockholm. Exemptions from the mandatory bid requirement may under certain circumstances, for example in conjunction with rights offerings and underwriting guarantees, be granted by the Swedish Securities Council. The Swedish Securities Council may also grant exemptions from the provisions of the Takeover Rules.

### **TRANSFER RESTRICTIONS**

The Offer Shares have not been, and will not be, registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

Each purchaser of the Offer Shares outside the United States in compliance with Regulation S will be deemed to have represented and agreed that it has received a copy of this Offering Memorandum and such other information as it deems necessary to make an informed investment decision and that:

- (1) the purchaser is authorized to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations;
- (2) the purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state of the United States, and, subject to certain exceptions, may not be offered or sold within the United States;
- (3) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares, was located outside the United States at the time the buy order for the Offer Shares was originated and continues to be located outside the United States and has not purchased the Offer Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Offer Shares or any economic interest therein to any person in the United States;
- (4) the purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate;
- (5) the Offer Shares have not been offered to it by means of any “directed selling efforts” as defined in Regulation S;
- (6) the purchaser acknowledges that the Company and the Selling Shareholder shall not recognize any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions;
- (7) if it is acquiring any of the Offer Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and

- (8) the purchaser acknowledges that the Company, the Selling Shareholder and the Managers and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Offer Shares within the United States purchasing pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act will be deemed to have represented and agreed that it has received a copy of this Offering Memorandum and such other information as it deems necessary to make an informed investment decision and that:

- (1) the purchaser is authorized to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations;
- (2) the purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to restrictions on transfer;
- (3) the purchaser (i) is a QIB (as defined in Rule 144A under the Securities Act), (ii) is aware that the sale to it is being made pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act, and (iii) is acquiring such Offer Shares for its own account or for the account of a QIB;
- (4) the purchaser is aware that the Offer Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the Securities Act;
- (5) if in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Offer Shares, or any economic interest therein, such Offer Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) in compliance with Regulation S under the Securities Act, or (iii) in accordance with Rule 144 under the Securities Act (if available), in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;
- (6) the purchaser acknowledges that the Offer Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Offer Shares;
- (7) the purchaser will not deposit or cause to be deposited such Offer Shares into any depository receipt facility established or maintained by a depository bank other than a Rule 144A restricted depository receipt facility, so long as such Offer Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act;
- (8) the purchaser acknowledges that the Company and the Selling Shareholder shall not recognize any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions;
- (9) if it is acquiring any of the Offer Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and
- (10) the purchaser acknowledges that the Company and the Selling Shareholder, the Managers and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each person in a Relevant Member State, other than persons receiving offers contemplated in the Swedish-language prospectus in Sweden, who receives any communication in respect of, or who acquires any Offer Shares under, the offers contemplated hereby will be deemed to have represented, warranted and agreed to and with each of the Managers, the Selling Shareholder and the Company that:

- (1) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and
- (2) in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Offer Shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in other circumstances falling within Article 3(2) of the Prospectus Directive and the prior consent of the Managers has been given to the offer or resale; or (ii) where Offer Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Offer Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an “offer” in relation to any of the Offer Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

# Invitation to acquire shares in Dometic Group AB (publ)

Invitation to acquire shares in Dometic Group AB (publ)

JOINT GLOBAL COORDINATORS AND JOINT BOOKRUNNERS

**Jefferies**

**Morgan Stanley**

**SEB**

JOINT BOOKRUNNERS

*Carnegie*

 **UBS**

CO-LEAD MANAGER

**Handelsbanken** Capital Markets

FINANCIAL ADVISOR

**LAZARD**



## IMPORTANT INFORMATION TO INVESTORS

This prospectus (the "Prospectus") has been prepared in connection with the offering to the public in Sweden, to institutional investors in Sweden and abroad and the listing on Nasdaq Stockholm (the "Offering") of shares in Dometic Group AB (publ), a Swedish public limited liability company. In the Prospectus, "Dometic", the "Company" or the "Group" refers to Dometic Group AB (publ) or the group in which Dometic is the parent company, as the context may require. The "Principal Owner" or "EQT V" refers to EQT V Limited, a limited liability company organised under the laws of the Island of Guernsey, with registered office at Level 4 North, St Julian's Court, St Julian's Avenue, St Peter Port, Guernsey, GY1 1WA acting in its capacity as general partner of EQT V (General Partner) LP, in turn acting in its capacity as (i) general partner of the EQT V (No. 1) Limited Partnership and EQT V (No. 2) Limited Partnership and EQT Dometic Co-investment LP Limited Partnership; (ii) manager of certain assets of Investor Netherlands B.V. and (iii) manager of the EQT V Co-investment Scheme and the "Selling Shareholder" refers to Frostbite I S.å r.l. The "Joint Global Coordinators" refer to Jefferies International Limited ("Jefferies"), Morgan Stanley & Co. International plc ("Morgan Stanley") and SEB Corporate Finance, Skandinaviska Enskilda Banken AB (publ) ("SEB") and "Managers" refer to Joint Global Coordinators, Carnegie Investment Bank AB (publ) ("Carnegie"), UBS Limited ("UBS") and Handelsbanken Capital Markets, a part of Svenska Handelsbanken AB (publ) ("Handelsbanken"). See section "Definitions" for the definitions of these and other terms in the Prospectus.

The figures included in the Prospectus have, in certain cases, been rounded and, consequently, the tables contained in the Prospectus do not necessarily add up. In addition, certain percentages presented in the Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers. All financial amounts are in Swedish kronor ("SEK"), unless indicated otherwise, and "MSEK" indicates millions of SEK.

The Offering is not directed to the general public in any country other than Sweden and is not directed to such persons whose participation requires additional prospectuses, registrations or measures other than those prescribed by Swedish law. No measures have been or will be taken in any other jurisdiction than Sweden, that would allow any offer of the shares to the public, or allow holding or distribution of the Prospectus or any other documents pertaining to the Company or shares in such jurisdiction. Applications to acquire shares that violate such rules may be deemed invalid. Persons into whose possession the Prospectus comes are required by the Company and the Managers to inform themselves about and to observe such restrictions. Neither the Company nor either of the Managers accepts any legal responsibility for any violation by any person, whether or not a prospective investor, of any such restrictions. The shares in the Offering have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of the Prospectus. Any representation to the contrary is a criminal offence in the United States.

The shares in the Offering have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or with any securities regulatory authority of any state of the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. In the United States, the shares will be offered and sold only to persons who are qualified institutional buyers ("QIBs") as defined in, and in reliance on, Rule 144A ("Rule 144A") under the Securities Act, or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. All offers and sales of shares outside the United States will be made in compliance with Regulation S ("Regulation S") under the Securities Act. Prospective purchasers are hereby notified that the sellers of the shares in the Offering may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. In the United States, the Prospectus is being furnished on a confidential basis solely for the purpose of enabling a prospective investor to consider purchasing the particular securities described herein. The information contained in the Prospectus has been provided by the Company and other sources identified herein. Distribution of the Prospectus to any person other than the offeree specified by the Managers or their representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorized, and any disclosure of its contents, without the Company's prior written consent, is prohibited. Any reproduction or distribution of the Prospectus in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. The Prospectus is personal to each offeree and does not constitute any offer to any other person or to the general public to acquire shares in the Offering.

The Prospectus is only being distributed to and is only directed at (i) persons who are outside the United Kingdom, or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (the "Order") or (iii) high net-worth entities falling within Articles 49(2)(a) to (d) of the Order, and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). The Prospectus is only directed at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

The Offering and the Prospectus are governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any conflict or dispute arising out of or in connection with the Offering or the Prospectus.

A separate prospectus in Swedish has been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) in accordance with Chapter 2, Sections 25 and 26 of the Swedish Financial Instruments Trading Act (1991:1980) (Sw. *lagen (1991:1980) om handel med finansiella instrument*). In the event of discrepancies between the Prospectus and the Swedish prospectus, the Swedish prospectus shall prevail.

### STABILIZATION

In connection with the Offering, SEB, as the stabilization manager (the "Stabilization Manager"), or its agents, on behalf of the Managers, may carry out transactions aimed at supporting the market price of the shares at levels above those which might otherwise prevail in the open market. Such stabilization transactions may be effected on Nasdaq Stockholm, in the over-the-counter market or otherwise, at any time during the period starting on the date of commencement of trading in the shares on Nasdaq Stockholm and ending no later than 30 calendar days thereafter. The Stabilization Manager is, however, not required to undertake any stabilization and there is no assurance that stabilization will be undertaken.

Stabilization, if undertaken, may be discontinued at any time without prior notice. In no event will transactions be effected at levels above the price in the Offering. Within one week of the end of the stabilization period, the Stabilization Manager will make public whether or not stabilization was undertaken, the date at which stabilization started, the date at which stabilization last occurred and the price range within which stabilization was carried out, for each of the dates during which stabilization transactions were carried out.

### FORWARD-LOOKING STATEMENTS

The Prospectus contains various forward-looking statements that reflect management's current views with respect to future events and anticipated financial and operational performance. Forward-looking statements as a general matter are all statements other than statements as to historical facts or present facts or circumstances. The words "believe," "expect," "anticipate," "intend," "may," "plan," "estimate," "could," "aim" or "might," or, in each case, their negative, or similar expressions, identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements appear in a number of places in the Prospectus, including, without limitation, in the sections entitled "Summary," "Risk factors," "Operating and financial review," "Market overview," "Business overview," "Share capital and ownership structure – Dividends and dividend policy" and "Capitalization, indebtedness and other financial information" and include, among other things, statements relating to:

- the Company's strategy, outlook and growth prospects;
- the Company's operational and financial targets, including statements relating to the Company's expectations for the financial year 2015 and statements as to the Company's medium- or long term net sales growth, margin and leverage targets, and dividend policy;
- the Company's liquidity, capital resources and capital expenditures, including expectations regarding operating costs, capital expenditure requirements and the Company's post-Offering capital structure;
- the adequacy of the Company's working capital levels;
- the Company's planned investments;
- the benefits or synergies achieved from acquisitions;
- the impact of operational initiatives related to, for example, inventory management, cost savings or profitability programmes;
- the major factors affecting the Company's results of operations;
- the drivers of demand for the Company's products;
- expectations as to future growth in demand for the Company's products;
- the impact of regulations on the Company and the Company's operations;
- estimates and assumptions with regards to depreciations and the ability to use tax losses;
- the competitive environment on the markets in which the Company operates; and
- the outcome of legal proceedings.

Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, the Company can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors, including, among others:

- changes in international, national and local economic, political, business, industry and tax conditions;
- changes in underlying consumer behavior;
- the ability of the Company to renew contracts with key customers;
- changes in technology;
- changes in regulation;
- the ability to generate the funds needed to service the Company's debt;
- the effects of operating and financial restrictions in the Company's debt instruments and other factors affecting the Company's leverage;
- the ability of the Company to successfully develop and expand the range of products offered;
- the ability of the Company to retain or replace key personnel; and
- changes in the Company's business strategy, development and investment plans.

Additional factors that could cause the Company's actual results, performance or achievements to differ materially from what is stated in the forward-looking statements include, but are not limited to, those discussed under "Risk factors." The forward-looking statements speak only as of the date of the Prospectus. The Company expressly undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by laws or regulations. Accordingly, prospective investors are cautioned not to place undue reliance on any of the forward-looking statements herein.

### BUSINESS AND MARKET DATA

Information provided in the Prospectus on the market environment, market developments, growth rates, market trends and on the competitive situation in the markets and regions in which the Company operates is based on data, statistical information and reports by third parties and/or prepared by the Company based on its internal information and information in such third-party reports. The Company has sourced economic and demographic data from Eurostat, Euromonitor, EIU and the World Bank. In addition, the Company has sourced information from publicly available reports of University of Michigan, RVIA, CIAA, CIVD and Capgemini. Unless otherwise stated, business and market data is based on the Company's analysis of several sources, including a market report which the Company has commissioned from a leading international strategy consultancy firm (the "Third-party Market Report").

While such third-party information is accurately reproduced, neither the Company nor the Managers have verified the accuracy of such information, market data or other information on which third parties have based their studies. As far as the Company is aware and is able to ascertain from information published by these third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Market studies are however frequently based on information and assumptions that may not be exact or appropriate, and their methodology is by nature forward-looking and speculative.

The Prospectus also contains estimates of market data and information derived therefrom that cannot be gathered from publications by market research institutions or any other independent sources. Such information is prepared by the Company based on third-party sources and its own internal estimates, including studies of the market that the Company has commissioned. In many cases there is no publicly available information on such market data, for example from industry associations, public authorities or other organizations and institutions. The Company believes that its estimates of market data and information derived therefrom contribute to give investors a better understanding of the industry in which the Company operates as well as the Company's position within the industry. Although the Company believes its internal market observations to be reliable, the Company's own estimates are not reviewed or verified by any external sources. While the Company is not aware of any misstatements regarding the industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the heading "Risk factors" in the Prospectus.

Market sizes are based on estimated value for 2015. Dometic's market shares, included in the "Market Overview" and "Business Overview", are management estimates, using net sales for the period 1 July 2014 to 30 June 2015 divided by the respective market estimated for 2015.

### IMPORTANT INFORMATION ABOUT THE SELLING OF SHARES

The application period is between 12-23 November 2015 for the general public in Sweden, and between 12-24 November 2015 for institutional investors. The application period for institutional investors may be terminated earlier. Announcement of such possible termination will be made through press release. Note that notifications about allotment to the public in Sweden will be made through distribution of contract notes, expected to be distributed on 25 November, 2015. Institutional investors are expected to receive notification of allotment on or about 25 November, 2015 in particular order, whereupon contract notes are dispatched. Paid-up Offer Shares will be transferred to the securities account, service account, securities depository account or investment savings account, specified by the acquirer, following processing of the payment by the Managers. The time that is required to transfer the payment and Offer Shares to such accounts as specified by the acquirer implies that the acquirer will not have such Offer Shares available in the specified securities account, service account, investment savings account or securities depository account until on or about 27 November, 2015. The fact that Offer Shares are not available on the acquirer's securities account, service account, investment savings account or securities depository account until about 27 November, 2015, could mean that the acquirer cannot sell these Offer Shares on Nasdaq Stockholm on the day the trading in the Offer Shares commences, i.e. on or about 25 November, 2015, but at the earliest when the Offer Shares are available on the securities account, service account, investment savings account or securities depository account. Moreover, trading will commence before the terms and conditions for the completion of the Offering have been fulfilled. Trading will be conditional on completion of the Offering and should the Offering not be completed, any Offer Shares supplied shall be returned and any payments cancelled. Trading that takes place on 25 November, 2015 is expected to occur with delivery and settlement on 27 November, 2015.

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### SUMMARY OF THE OFFERING

#### Price range

SEK 43-52 per share

#### Application period for the general public

12-23 November 2015

#### Application period for institutional investors

12-24 November 2015

#### Announcement of offering price

25 November 2015

#### First day of trading in Dometic's shares

25 November 2015

#### Settlement Date

27 November 2015

#### Other information

Ticker: DOM

ISIN code: SE0007691613

### FINANCIAL CALENDAR

Year-end report 2015	18 February 2016
Annual report 2015	30 March 2016
Interim report for the period January – March 2016	25 April 2016
Annual shareholders' meeting 2016	25 April 2016

### CERTAIN KEY DEFINITIONS

For a full list of definitions, please refer to section "Definitions".

<b>AUD</b>	Australian dollar.
<b>Carnegie</b>	Carnegie Investment Bank AB (publ).
<b>Co-lead Manager</b>	Handelsbanken.
<b>CNY</b>	Chinese yuan.
<b>Dometic, the Company or the Group</b>	Dometic Group AB (publ) or the group in which Dometic is the parent company, as the context may require.
<b>EUR</b>	Euro.
<b>Euroclear Sweden</b>	Euroclear Sweden AB.
<b>EQT V or Principal Owner</b>	EQT V Limited, a limited liability company organised under the laws of the Island of Guernsey, with registered office at Level 4 North, St Julian's Court, St Julian's Avenue, St Peter Port, Guernsey, GY1 1WA acting in its capacity as general partner of EQT V (General Partner) LP, in turn acting in its capacity as (i) general partner of the EQT V (No. 1) Limited Partnership and EQT V (No. 2) Limited Partnership and EQT Dometic Co-investment LP Limited Partnership; (ii) manager of certain assets of Investor Netherlands B.V. and (iii) manager of the EQT V Co-Investment Scheme.
<b>Handelsbanken</b>	Handelsbanken Capital Markets, a part of Svenska Handelsbanken AB (publ).
<b>HKD</b>	Hong Kong dollar.
<b>Jefferies</b>	Jefferies International Limited.
<b>Joint Bookrunners</b>	Jefferies, Morgan Stanley, SEB, Carnegie and UBS.
<b>Joint Global Coordinators</b>	Jefferies, Morgan Stanley and SEB.
<b>JPY</b>	Japanese yen.
<b>Managers</b>	Jefferies, Morgan Stanley, SEB, Carnegie, UBS and Handelsbanken.
<b>Morgan Stanley</b>	Morgan Stanley & Co. International plc.
<b>Nasdaq Stockholm</b>	The regulated market operated by NASDAQ OMX Stockholm AB.
<b>RUB</b>	Russian ruble.
<b>SEB</b>	SEB Corporate Finance, Skandinaviska Enskilda Banken AB (publ).
<b>SEK</b>	Swedish krona.
<b>Selling Shareholder</b>	Frostbite I S.à r.l.
<b>UBS</b>	UBS Limited.
<b>USD</b>	U.S. dollar.

## Risk factors

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*An investment in Dometic's shares involves various risks. A number of factors affect, or could affect, Dometic's business, both directly and indirectly. Described below, in no particular order and without claim to be exhaustive, are the risk factors and significant circumstances considered to be material to Dometic's business and future development. The risks described below are not the only risks to which Dometic and its shareholders may be exposed. Additional risks that are not currently known to Dometic, or that Dometic currently believes are immaterial, may also have a material adverse effect on Dometic's business, results of operations or financial condition. The risks described below and such additional risks could also cause the price of Dometic's shares to fall significantly, and investors could potentially lose all or parts of their investment.*

*In addition to this section, investors should also take into consideration the other information contained in the Prospectus in its entirety. The Prospectus also contains forward-looking statements that are based on assumptions and estimates and are subject to future events, risks and uncertainties. Dometic's actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the risks described below and elsewhere in the Prospectus.*

### Risks related to the Company

#### **The demand for Dometic's products is dependent on general economic conditions, consumer spending and sentiment towards the products**

Dometic's business is primarily focused on providing products that are used in Recreational Vehicles (such as Motorhomes and Caravans or Towables), Trucks and Premium cars, Pleasure and Work boats or used in connection with other leisure activities. Consumer purchases of these products tend to decline during economic downturns when disposable income is lower. Since the 1970s, major declines in the global financial markets or any challenging conditions in the macroeconomic environment have negatively impacted consumer spending and the Company believes this has adversely affected the sales of the Company's products during such periods. Some of Dometic's markets are particularly susceptible to general economic conditions because sales of RVs and Pleasure boats depend on discretionary consumer spending. Accordingly, the Company is particularly vulnerable to economic downturns or other adverse events that have a negative effect on consumer confidence in any of the markets in which it operates (whether as a result of actual or

perceived economic slowdowns), especially those which have a negative effect on the American and European economies, as sales in the Americas and EMEA accounted for in the aggregate 89% of Dometic's total net sales for the twelve months ended 30 September 2015. Accordingly, an economic downturn affecting any of Dometic's key markets could have a material adverse effect on the Company's business, financial condition and results of operations.

#### **The market for Dometic's products is competitive and competitors may be better equipped for competing in the market**

Dometic operates in many niche markets with partly different competitors in each business area and region respectively. Dometic faces price competition, as well as competition based on other factors, such as product development, design, quality and service offering among others. The Company's competitors may be able to succeed in marketing, product development or other innovation, which may result in increased competitive pressures for some of Dometic's operations. Several of the Company's competitors focus only on a limited range of products and therefore may outpace the Company in developing new or advanced products in their specialized product areas. There is a risk that the Company will need to make costly investments, restructurings or price cuts in order to adapt to a new competitive situation (for example if a competitor enters one of the Company's niche markets with a better product or can produce products to a lower price) which could negatively impact Dometic's current margins.

If Dometic does not compete successfully, the Group's share of industry sales, sales volumes and selling prices may be adversely effected, which in turn could have a material adverse effect on the Company's business, financial condition and results of operations.

#### **If Dometic fails to continue to innovate and provide customers with products that meet their expectations, the Company's competitiveness in the marketplace may be materially adversely affected**

Dometic must continue to invest in the innovation and design of its products in order to attract and retain consumers. If the Company is unable to anticipate consumer preferences, or if the Company is unable to modify its products in line with customer needs and expectations, the Company may lose customers or become subject to greater pricing pressure and the Company's operating results (EBIT) may also decline. Any failure on the Company's part to innovate and design new products or modify existing products may



hurt the Company's brands and could result in a decrease of market shares and net sales. Dometic's research and development spending was 2.5% and 2.0%, respectively, of its net sales for the years ended 31 December 2014 and 2013. Dometic has established a new organization responsible for product innovation throughout the Group. In addition, Dometic's engineers work alongside the manufacturing divisions to adjust product design and technology based on the needs of its customers and the customers' expectations. However, there is a risk that the Company will not be able to continue designing products that meet customers' needs in a cost-effective and timely basis, or at all. Furthermore, the Company may not be able to focus on the right projects for innovation, or successfully develop or offer new competitive products. If Dometic is unable to continue designing new and competitive products, this could have a material adverse effect on the Company's business, financial condition and results of operations.

In addition to improving or modifying existing products, Dometic's business strategy includes development of new products such as Saneo, a new high end cassette toilet for the EMEA's RV market. There is a risk that Dometic's current or future product category expansions in this or other product categories will not be successful. If any of Dometic's future product category expansion are unsuccessful, it could have a material adverse effect on Dometic's business, financial condition and results of operations.

### **Demand for Dometic's products is dependent on consumer demand for underlying products and consumers' attitude towards leisure activity**

The sales of Dometic's products depend on underlying consumer demand, especially within RV and Marine (the market for Pleasure boats) for both OEM and Aftermarket (the market for replacement products and sales to end-customers). Should consumer costs for fuel increase and then remain at a higher level for an extended period of time, consumer demand in the RV and Marine sectors could decline as a result. Other factors which increase the costs for consumers to operate RVs or boats could also have the effect of reducing consumer demand in these sectors. Demand may increase or decrease significantly as a result of changes in customers' taste and desire for certain products. Customers of Dometic's products often consider owning and using an RV to be a lifestyle choice rather than only a specific holiday alternative. Should the Company's customers no longer view owning an RV as a lifestyle or if customers' attitudes towards the industry become negative for any reason, for example following a major incident causing safety concerns relating to the Company, its products, RVs or leisure activity in general or other scandals affecting one or several of the Company's customers, the

Company may experience a decrease in demand. If consumer demand were to decline it could have a material adverse effect on the Company's business, financial condition and results of operations.

### **Dometic's ability to meet demand for its products may be limited by unanticipated shifts in customer demand or delivery failures by the Company's suppliers**

Although Dometic has flexible manufacturing operations that can respond to surges in demand, even when all of the Company's manufacturing / assembly sites are running at full production, there is a risk that the Company will not be able to satisfy unanticipated, exceptionally high levels of demand. Also, certain of the Company's products have a high order to delivery lead time of between 45 and 65 days, which inhibits Dometic's capacity to respond quickly to changes in customer demand. Further, the Company's ability to meet customer demand may be limited by supply constraints of key materials. For example, in 2010, the Company's Emsdetten facility in Germany failed to meet an extraordinary demand for air conditioning units after an electronics supplier was unable to supply the Company's increased volume requirements. Dometic's inability to meet customer demand for the Company's products could have a material adverse effect on the Company's business, financial condition and results of operations.

### **There is a consolidation trend among OEMs that could cause pricing pressure and the loss of major customers which could have a material adverse effect on the business of the Company**

In the recent decades there has been gradual consolidation among OEMs across business areas. In particular, there has been increased consolidation among RV manufacturers (OEMs), resulting in more concentrated purchasing power, which leads to pricing pressure on suppliers to OEMs in Americas. There is a risk that Dometic may experience increasing price pressure due to consolidation among OEMs, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Dometic's ten largest customers, the vast majority of which were RV OEM customers, represented 25% of the Company's total net sales for the year ended 31 December 2014. The Company's five largest customers in the RV business area represented 19% of the Company's total net sales in the year ended 31 December 2014. Customer concentration is higher in Americas than in EMEA and APAC and the ongoing consolidation trend among OEMs is stronger in Americas. In addition, over half of the Marine OEM net sales for the year ended 31 December 2014 was attributed to the Company's five largest customers in

the Marine business area. A decision by any of these major customers – whether motivated by competitive conditions, financial difficulties, change of ownership, change of management or otherwise – to significantly decrease the products purchased from the Company, or to change its business relations with Dometic, could have a material adverse effect on the Company's business, financial condition and results of operations. If the consolidation trend continues or increases, there is a risk that any problems related to the loss of one or several customer are exacerbated.

**Loss of the Company's management and other key employees, or an inability to attract such management or other key employees, could impact the Company's business**

Dometic depends significantly on the continued services of its existing management and key employees and on its ability to recruit, retain and train skilled personnel within production, product development and specialized areas, particularly professionals with experience of the business and operations of the Company and in the markets in which it operates. If these qualified and skilled employees leave or if the Company is unable to attract, retain, train and motivate additional qualified and skilled employees (for example through the development program for management or other initiatives for training talents), the Company may experience difficulties in conducting its operations. Several of the members of the executive management are relatively new to the Company's business, having replaced members of the executive management who departed. Dometic has other key employees who have joined the business recently to fill vacancies. If any of the Company's key managers were to leave the Company, the Company may have difficulty in replacing them and, even if it were to find suitable replacements, the Company may incur significant costs and extraordinary expenses associated with finding any such replacement. Furthermore, the Company could experience a disruption of its business during any such executive search. If the Company were to lose any of its key employees and either fail to replace them or experience significant expense or delay in replacing them, this could have a material adverse effect on the Company's business, financial condition and results of operations.

**Volatility and disruption of the capital and credit markets and adverse changes in the global economy may adversely impact the ability of consumers to access financing, which could have a material adverse effect on the Company's business, financial condition and results of operations**

Consumers of Dometic's products, especially end-consumers of RVs and Pleasure boats, generally depend on consumer financing to make large purchases, especially in the RV OEM division (which amounted to 46% of the Company's net sales for the nine months ended 30 September 2015). Volatility and disruption of the capital and credit markets and adverse changes in the U.S., European and global economies may negatively impact the end-consumers' access to financing, which may have a material adverse effect on the Company's sales, profitability and financial condition. For example, during the global economic and financial downturn which began in 2008, consumers who sought to purchase RVs or Pleasure boats incorporating Dometic's products experienced a significant decline in the availability of financing. The subsequent improvement in the availability of financing from banks and financial providers was a major driver for the recovery in the sales of many of the Company's products, including in the RV business segment. Any disruptions to or a stall in the growth of the financial markets or a decline in the availability of financing, may materially adversely impact Dometic's sales. Furthermore, the availability of financing may affect the liquidity of the Company's independent distributors and customers, which could also have a material adverse effect on Dometic's sales. The Marine business area is susceptible to similar pressures during an economic downturn as many lenders reduce lending to end-consumer financing of Marine products and transfer the market for Marine floorplan financing, which provides credit to dealers and manufacturers. Due to the above the Company may be especially impacted by the limited availability of credit to consumers. The occurrence or continuation of such market disruptions could have a material adverse effect on the Company's business, financial condition and results of operations.

**Changes in weather patterns and seasonal weather fluctuations may have a material adverse effect on the Company's business, financial condition and results of operations**

A majority of the Dometic's sales and expenses are affected by higher demand in the summer seasons, with a subsequent drop during autumn starting in August when the year's major recreation season is coming to an end. This revenue pattern also applies in Australia but during another part of the year given the country's

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location in the southern hemisphere. The impact of weather conditions is greater with respect to the Company's sales to the Aftermarket (and less so for its OEM sales), which comprised 41% of the Company's total sales in the nine months ended 30 September 2015. Because the market for several of Dometic's products primarily relates to activities enjoyed in good weather in the summer months, a majority of Dometic's Aftermarket sales occur in spring and summer. During these seasons Dometic's Aftermarket sales are in turn affected by general weather conditions, which impact consumers' desire to spend time outdoors. The Company's 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 the Company's products and decreasing its sales volumes. Seasonal weather fluctuations could therefore have a material adverse effect on the Company's business, financial condition and results of operations.

Seasonal fluctuations can result in significant differences in Dometic's quarter-to-quarter results, as well as, to a lesser extent, and depending on the occurrence of bad weather during a large part of the spring- and summer season, year-to-year results. Although there is demand for the Company's products throughout the year, in each of the past three financial years between 47% and 49% of the Company's total sales occurred in the five months from March through to July. As the Company's year-end figures in the audited financial statements level such seasonality, such annual figures should not be relied upon as a benchmark of future sales and operating results (EBIT) measured on a quarterly basis. Similarly, quarterly sales results should not be annualized for an indication of yearly sales results.

The Company's cash requirements for the year typically peak in April to July. As Dometic purchases direct materials and builds up finished goods inventory in advance of the summer selling season, the Company's inventory levels are substantially based on the Company's expectations for future net sales. However, net sales visibility is low and there is a risk that the Company will fail to achieve expected net sales during the summer selling season if the Company makes the wrong assumptions in respect of the upcoming demand. If Dometic fails to accurately estimate demand during the busy selling season, it could have a material adverse effect on the Company's business, financial condition and results of operations.

### **The Company's international operations subject it to risks associated with foreign currency fluctuations**

Currency risk refers to the risk of exchange rate fluctuations having an adverse effect on Dometic's consolidated income statement, balance sheet or cash

flow. Foreign exchange exposure occurs in conjunction with materials and services being bought or sold in currencies other than the respective subsidiary's functional reporting currency (transaction exposure) and when non Swedish subsidiaries' assets, liabilities and operations are translated into Dometic's reporting currency, SEK (translation exposure). Dometic's global operations give rise to significant cash flow in foreign currency. Dometic is principally exposed to changes in EUR, USD, AUD and CNY compared to SEK. For example, 89% and 88% of Dometic's net sales were transferred in USD, EUR and AUD for the nine months ended 30 September 2015 and the year ended 31 December 2014, respectively. In addition, currency exchange rate fluctuations can have a significant impact on Dometic's capital structure and financial costs, with respect to external and intercompany indebtedness denominated in currencies other than SEK. Following the refinancing of the Group's existing indebtedness the Company will have term loan facilities denominated in USD, EUR and AUD (50%, 35% and 15% respectively) and a revolving credit facility available for drawing in SEK, USD and EUR. There is a risk that fluctuations in foreign currency exchange rates, particularly the strengthening of SEK against major currencies could have a material adverse effect on the Company's business, financial condition and results of operations.

### **Damages to Dometic's reputation may result in the Company losing business or growth opportunities**

Dometic is dependent on its reputation. Dometic's reputation can influence the purchase decision of both new customers and existing customers. For example, quality issues, operational or logistics problems and the loss of a well-known customer or supplier could damage Dometic's reputation and, thereby, have an adverse effect on Dometic's ability to retain or attract new customers. In addition, Dometic faces the risk that its employees and other persons affiliated with Dometic, may take actions that are unethical, criminal (including, but not limited to, with respect to violation of applicable anti-corruption or anti-bribery legislation) or otherwise contravene Dometic's internal guidelines and policies (as well as those the Company intends to implement in relation to compliance with relevant anti-corruption and anti-bribery laws). Customers or suppliers could associate Dometic with such misconduct, which could have a material adverse effect on Dometic's reputation, business, financial condition and results of operations.

### **Inefficiencies in supply chain and inventory management may have a material adverse effect on Dometic's results of operations**

Inventory represents a large proportion of Dometic's assets and inventory is costly to move, warehouse and handle. Efficient supply chain and inventory

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management is therefore important to Dometic's business. Any inefficiency in managing inventory (including errors or omissions in forecasting or ordering by Dometic or its customers) may result in excessive or insufficient inventory of a particular product or group of products. Even though Dometic can sell products from earlier seasons, the wide product range offered by the Company can lead to excess inventory which exposes Dometic to the risk that inventory may need to be impaired or discarded due to Dometic's inability to sell the inventory. Conversely, insufficient inventory exposes Dometic to the risk of having to purchase materials, components and finished products at higher prices in order to be able to deliver on time, to incur high costs for express freight, to pay penalties for not delivering on time or resulting in inability to meet customer demands. Accordingly, inefficiencies in supply chain and inventory management could have a material adverse effect on the Company's business, financial condition and results of operations.

### **Design or manufacturing defects in the Company's products or other defects may cause Dometic to incur higher material costs and/or reputational issues as a result of product liability or warranty claims or related to recalls or reworks**

In the event that one of Dometic's products is alleged to contain a design or manufacturing defect, the Company could be required to incur costs related to product liability, warranty claims, recalling or reworking such product. A recall could divert managerial and financial resources and may adversely affect the Company's reputation with its customers as a manufacturer of safe, quality products. Dometic has experienced a number of recalls in the past, both in the United States and also in the European market. For example, Dometic issued a recall in 2007 of certain models of refrigerators made in Sweden resulting in the recall of approximately 700,000 units. Though the Company has product recall insurance for all of its manufacturing / assembly sites, the Company's insurance policies, including product liability and product recall policies, have limits that, if exceeded, may result in substantial costs for the Company. In addition, warranty claims are not covered by the product liability insurance and certain product liability claims may also not be covered by the product liability insurance. Further, warranty expense is recorded on the date that net sales is recognized and requires significant assumptions about what costs will be incurred in the future. For example, Dometic determines provisions for warranties based on historical costs for repairs. Dometic may be required to record material adjustments to accruals and expenses in the future if actual costs for these warranties are different from the Company's assumptions. Dometic's warranty costs have been 2.2%, 2.2% and 2.4% of its net sales for the years ended 31 December 2014, 2013 and 2012, respectively. Provisions for recalled products are based

on 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. If these liabilities were to increase unexpectedly, however, they could substantially reduce profit and have a material adverse effect on the Company's operations. 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 Dometic's products caused property damage or personal injury could significantly damage the brand identity and the Company's reputation. Design or manufacturing defects, warranty or product liability claims, whether they result in liability or not, could have a material adverse effect on the Company's business, financial condition and results of operations.

### **Price volatility or significant supply interruptions in direct materials could have a material adverse effect on the Company**

In the manufacture of the Company's products, the Company depends on direct materials, which are comprised of purchased component parts, semi-manufactured, external products and raw materials such as steel, stainless steel, aluminum, copper and plastics. Direct materials typically accounts for approximately two-thirds of Dometic's cost of goods sold.

An increase in the prices of direct materials may significantly increase Dometic's cost of goods sold and may negatively impact the Company's margins if it is unable to effectively pass such price increases on to its customers. To the extent the cost of certain direct materials (for example aluminum, for awnings and windows & doors) increases substantially or freight costs due to fuel surcharges or otherwise, the Company's profitability could decline.

If Dometic increases its own prices in response to increases in the prices or quantities of direct materials or components if the Company requires, or encounters significant supply interruptions, Dometic's competitive position could be materially adversely affected, which may result in reduced sales. Although the Company typically tries to pass increases in prices of direct materials on to its customers through price increases, there may be a delay before the Company can pass such price changes on to its customers, or the Company may not be able to pass on the increase of such costs at all. For example, in Dometic's RV OEM and Aftermarket sales channels, where prices often are set annually, and in CPV OEM-channel, where typical contracts for the core products last for the entire life cycle of the vehicle, the Company is not able to pass on price increases. Additionally, Dometic's purchases of direct materials and components from international suppliers are subject to risks associated with changes in, and application of, laws, regulations and policies,

including those related to tariffs (such as anti-dumping and countervailing duties) and other trade barriers. If the prices of the Company's direct materials increase, if the Company is unable to pass on price increases to its consumers or if trade barriers limit the Company's access to direct materials, this could have a material adverse effect on the Company's business, financial condition and results of operations.

### **Dometic's production operations exposes the Company to operational risks in the form of service interruptions caused by breakdowns in machinery and industrial accidents**

Dometic operates 22 manufacturing / assembly sites in nine countries. Machines located at these manufacturing / assembly sites could fail, leading to interruptions in service. For example, Dometic's manufacturing / assembly site in Slovakia was affected by fire, leading to loss of inventory and roof breakage in 2014. These interruptions in service could cause product delivery delays if production cannot be taken over by other of the Company's facilities. It is also possible that repeated or extended delays could damage the Company's reputation and thus lead to a loss of customers. Shifting production to another facility could also lead to increased costs associated with moving materials and products to a distant facility.

Operating machinery also carries the risk of industrial accidents which could injure, or even cause deaths. In the event of an industrial accident, the Company may be faced with claims for damages, which are costly and time-consuming to dispute. Should the Company be found liable, and should insurance coverage prove to be insufficient, the Company could be financially responsible, in whole or in part, for the injury suffered. A disruption in service at Dometic's manufacturing / assembly sites or an industrial accident or injury could have a material adverse effect on the Company's business, financial condition and results of operations.

### **A force majeure event affecting the Company's major manufacturing / assembly sites may materially affect the Company's ability to operate and produce saleable products and a part of the Company's manufacturing capacity could be shut down for an extended period**

The incidence and severity of a force majeure event such as flood or natural disaster, fire, terrorism, power loss or other similar events are inherently unpredictable, and could impede the Company's ability to operate its business and lead to the Company incurring substantial losses. In such a situation, the Company's manufacturing capacity could be reduced for an extended period and the Company could experience a loss of direct materials, work in process or finished

goods inventory. Dometic's property damage and business interruption insurance may be insufficient to mitigate the losses from any such event. The Company may also be unable to recover the value of the lost products or the work-in-progress, as well as the sales opportunities from the products the Company would be unable to produce, and the delivery of its products to customers could be delayed and, if the delay is prolonged, could permit the Company's customers to terminate the purchase. Any of these events could harm the Company's results of operations and financial condition. Also, certain force majeure events such as war, riots, flooding, earthquakes or typhoons in certain areas where the Company has a high concentration of sales could lessen demand for its products in those areas and could have a material adverse effect on the Company's business, financial condition and results of operations.

### **The Company's contractual counterparts may fail to fulfil their contractual obligations, which could have a material adverse effect on the Company's business, financial condition and results of operations**

The Company produces a majority of its products in-house and is dependent on external suppliers' availability, production, quality assurance and delivery in order to manufacture, sell and deliver goods. Incorrect and delayed deliveries or even non-deliveries from suppliers of various types could entail that Dometic's deliveries in turn are delayed, incomplete or incorrect or that they have to be discontinued, which could result in reduced sales and an adverse impact on the Company's customer relations. For example, in 2014, one of Dometic's suppliers stopped delivering finished product wine cellars due to a contractual issue which led to Dometic missing the opportunity to sell wine cellars during the peak season for these products. Due to this event Dometic missed its targets for wine cellars in November/December of 2014. Such disruptions in suppliers' deliveries could have a material adverse effect on the Company's business, financial position and results of operations.

Additionally, the Company's dealers, distributors or customers may fail to fulfill their obligations towards the Company, including the ability to sell and/or deliver the Company's products to consumers and to pay for any products delivered fully and on time. Should the Company's counterparts fail to fulfill contractual obligations to the Company, it could have a material adverse effect on the Company's business, financial condition and results of operations.

### **Disruptions or breaches in Dometic's IT systems may make it difficult to conduct business**

Dometic's production is dependent on the reliability, functionality, maintenance, operation and continuing development of its IT systems at its offices and



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manufacturing / assembly sites. Furthermore, IT systems are required for Dometic to purchase, sell and deliver products and to invoice customers. The Company's IT systems are also important for maintaining accurate accounting and financial reporting systems. Disruptions, for example, as a consequence of upgrades to existing IT systems, or deficiencies in the function of Dometic's IT systems, could disrupt Dometic's ability to conduct its business, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Dometic is also dependent on having an advanced IT system to be able to be competitive in the market. The quality and effective utilisation of the information generated by its IT systems, and Dometic's success in implementing new systems and upgrades, affects, among other things, Dometic's ability to:

- carry out sales to its customers;
- conduct business with its customers, including via e-commerce;
- manage its inventory and accounts receivable;
- purchase, sell, ship and invoice products efficiently and on a timely basis; and
- maintain a cost-efficient operating model while scaling the business.

The integrity of Dometic's IT systems is vulnerable to disruption due to forces beyond Dometic's control. While Dometic has taken steps to protect its IT systems from a variety of threats, including computer viruses, malware, phishing, manipulation by employees, unauthorised access and other malicious attacks, both internal and external, and human error, there is a risk that those steps will not be effective. Further there is a risk that Dometic's backup systems will not operate properly if and when required. Any disruption to or infiltration of Dometic's IT systems could have a major impact on Dometic's ability to service customers' needs, or result in negative publicity, which could have a material adverse effect on Dometic's business, financial condition and results of operations.

### **Dometic operates in a global environment and is consequently exposed to local business risk in many countries as well as risk associated with different legal systems and various regulations**

Dometic operates in a global environment and is consequently exposed to various complex, demanding and evolving legal, administrative and regulatory requirements, relating to, among others, government procurement regulations, regulations regarding the protection of classified information, regulations prohibiting bribery and other corrupt practices, regulations regarding the pricing of labour and other costs in contracts, regulations on lobbying or similar activities, regulations pertaining to internal controls over financial reporting, environmental, trade, competition and anti-trust laws and regulations, and

any other applicable laws or regulations. Failure to comply with applicable laws or regulations or acts of misconduct could subject Dometic to fines, penalties, and suspension or debarment from contracting, or negative effects on its reputation, which could weaken its ability to win contracts and result in reduced net sales and profits. For example, misconduct, fraud, non-compliance with applicable laws and regulations, or other improper activities by employees, agents or partners of Dometic could have a significant negative impact on the business and reputation of Dometic. A substantial portion of Dometic's production capacity is based in China. The Chinese legal system, in particular, continues to evolve rapidly and the interpretation of many laws and regulations entails uncertainties which may limit the protection available to foreign investments. Additionally, to resort to administrative and court proceedings to enforce legal protection granted by law or to enforce contractual rights may not always be successful. Administrative authorities and courts have significant discretion in interpreting and implementing statutory and contractual terms, circumstances unrelated to the legal merits of a particular matter or dispute may influence their determination. It is therefore more difficult to assess the outcome of any proceedings and the level of protection that is available than it would be in more developed legal systems. Accordingly, the factors outlined above could have a material adverse effect on the Company's business, financial condition and results of operations.

Moreover, trade restrictions introduced by way of laws, policies, measures, controls or other actions implemented by the authorities in the countries in which Dometic operates, or in other countries where Dometic may operate in the future, as well as sanctions or other measures by associations and organizations such as the EU and UN, may restrict the Company's operations, delay or prevent planned investments or otherwise have a material adverse effect on Dometic's financial results.

Dometic's business is also subject to risks inherent in its business activities, such as:

- Fees and rules relating to customs and anti-circumvention fines;
- Recessionary trends, inflation or instability in local markets;
- Differences and unexpected changes in regulatory environments, including environmental, health and safety, local planning and labor laws, rules and regulations;
- The introduction or application of more stringent product norms and standards and associated costs;
- Exposure to different legal standards and enforcement mechanisms and the cost of compliance with those standards;
- Being subject to multiple taxation regimes, including regulations relating to transfer pricing and withholding tax on remittance and other payments by or to subsidiaries;

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- Being subject to various, and potentially overlapping, regulations and rules, particularly those relating to export and import controls, anti-corruption and anti-bribery;
- Longer payment terms for debtors on accounts receivables and difficulties collecting accounts receivable;
- Tariffs, duties, export controls, import restrictions and other trade barriers (for example, from 2014 rear view cameras imported from a third party supplier have been subject to a new import toll of 14%, as opposed to 0% in the past);
- Variances in pricing restrictions;
- Foreign exchange control and restriction on repatriation of funds; and
- Political and social unrest and instability.

Dometic may not be able to develop and implement systems, policies and practices to completely manage these risks or comply with applicable regulations without incurring additional costs. If any of these risks materialize it could have a material adverse effect on the Company's business, financial condition or results of operations.

### **The Company's insurance coverage, contractual indemnifications and limitations on liability could prove inadequate**

Dometic's insurance coverage, contractual indemnifications and limitations on liability may not adequately protect the Company against liability for certain events, or against direct and consequential losses resulting from a business interruption. Moreover, there is a risk that the Company will not be able to maintain insurance at levels that it deems adequate or to ensure that every contract contains adequate limitations on liability. There is a risk that such insurance, indemnification and limitations on liability will not adequately protect the Company against liability from all of the hazards and risks the Company encounters in operating its business.

The occurrence of an event against which the Company is not fully insured or otherwise contractually protected or the failure of a customer or insurer to meet its indemnification towards end customers or insurance obligations, could result in substantial losses. In addition, there is a risk that insurance will not be available to cover any or all of these risks, or, even if available, those insurance premiums or other costs will rise significantly in the future, so as to make the cost of such insurance prohibitive. Any future damage caused by the Company's products or services that are not covered by insurance, are in excess of policy limits, are subject to substantial deductibles, or are not limited by contractual limitations on liability, could have a material adverse effect on the Company's business, financial condition and results of operations.

### **Unsuccessful geographic expansion and changes in manufacturing / assembly sites may have a material adverse effect on Dometic**

In the past, Dometic has implemented a number of changes in its manufacturing / assembly sites, such as relocating or closing down production plants, and has expanded geographically in order to strengthen its market position and competitiveness. Any ongoing or future changes, for example geographic expansion, closures, relocations and start-ups of plants may cause Dometic's relations with employees, suppliers, and customers to deteriorate. Additionally Dometic may encounter unexpected problems or interruptions in production in implementing changes to its manufacturing / assembly sites or warehouses. The costs may therefore become higher than predicted and expected benefits may fail to materialize. If Dometic is unsuccessful in strategically managing its geographic reach, it may fail to strengthen its market position and competitiveness. Such failure could have a material adverse effect on Dometic's business, financial condition and results of operations.

### **Acquisitions may expose Dometic to risks and Dometic may not realize the expected benefits of past or future acquisitions in the medium to long term**

As part of Dometic's growth strategy, the Company has in the past and may in the future acquire or invest in additional complementary companies to further build product range or geographical reach. Acquisitions may expose Dometic to risks relating to, among other things, integration, negative effects on relationships with key customers, inability to retain key employees as well as difficulties in or unanticipated costs for combining the operations. There is also a risk that integration processes may take longer than expected and that anticipated synergies, in whole or in part, do not materialize. The integration may be complex, costly and time-consuming. In addition, it is possible that the companies that Dometic has acquired, or which Dometic may acquire in the future, have liabilities in respect of former or existing operations which Dometic has not been able to identify and assess through due diligence. In some cases Dometic has not received indemnities or otherwise obtained insurance coverage for environmental and other issues which may have existed at the time Dometic acquired the companies, as may be the case in relation to potential future acquisitions. Any substantial liability for remediation or damages as a result of such issues could require significant levels of expenditures. Past and future divestments of a business may expose Dometic to risks, including risks pertaining to terms and conditions for the divestment of a business, such as warranties,



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indemnifications and undertakings in favor of the purchaser with respect to the business divested. If any of these risks related to past or future acquisitions or divestments were to materialize, it could have a material adverse effect on the Company's business, financial condition and results of operations.

### **Dometic is subject to stringent environmental laws and other regulations, and the violation of, or the cost of compliance with, such laws and regulations could have a material adverse effect on the Company's operations and cash flows**

Dometic is subject to stringent environmental regulation as a result of the nature of its business, including the use of chemicals at its manufacturing / assembly sites. Chemicals currently and historically used at some of Dometic manufacturing / assembly sites include solvents/degreasing agents, cooling agents (for filling of air conditioners and refrigerators) and petroleum products. Solvents used for degreasing are currently mainly alkaline and phosphorous based. Numerous governmental and regulatory bodies enforce laws and regulations on a wide range of environmental, occupational safety and health, nuisance, zoning, land use and other regulatory matters.

Dometic is subject to numerous environmental laws and regulations, including among others, the European Union's Restrictions on Hazardous Substances ("RoHS"), the Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH"), Directive on Waste Electrical and Electronic Equipment ("WEEE"), the directive on End of Life for Vehicles ("ELV2"), and the EU regulation on fluorinated greenhouse gases ("F-Gas"), various energy legislations, China's WEEE adopted by the State Development and Reform Commission. In the United States, Dometic is subject to numerous environmental laws and regulations, including the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"), the Federal Resource Conservation and Recovery Act ("RCRA"), the Federal Clean Air Act ("CAA"), the Federal Water Pollution Control Act ("Clean Water Act"), the Federal Safe Drinking Water Act ("SDWA"), the Federal Toxic Substances Control Act ("TSCA"), the Federal Emergency Planning and Community Right-to-Know Act ("EPCRA"), the Federal Pollution Prevention Act ("PPA"), the Federal Oil Pollution Act ("OPA"), the Federal Occupational Safety and Health Act ("OSHA"), and their state and local analogues and equivalents. The Company's failure to comply with these increasingly stringent laws and regulations, or any amendments thereto, could subject the Company to future liabilities or result in the limitation or suspension of the sale or production of products. 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. Dometic may also be liable for clean-up costs and replacement costs and subject to litigation claims under these regimes. The Company has acquired, or may in the future acquire, certain manufacturing / assembly sites with existing environmental issues about which it has no knowledge and over which the Company has no control prior to its purchase of the facility, or divest certain manufacturing / assembly sites with environmental issues, and become liable for noncompliance with environmental laws. If the Company is unable to refute rulings or conclusions against it or to remedy any violations, the regulatory authorities may impose fines, criminal and administrative penalties or severe sanctions, including but not limited to enjoining the Company from carrying on certain of its business activities. Dometic may also be required to pay damages to private parties, including property owners located near Dometic's manufacturing / assembly sites, due to non-compliance with environmental laws and regulations, or if the Company's operations or contamination from its sites cause them personal injury, result in physical damage to their property or interfere with the enjoyment of their property rights.

Dometic incurs, and expects 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. 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 the Company to incur costs or become the basis of new or increased liabilities that could reduce earnings and cash available for operations. If any such liabilities are not covered by insurance or otherwise exceed Dometic's environmental liability reserves, they could have a material adverse effect on the Company's business, financial condition and results of operations.

In addition, Dometic faces the risk of environmental accidents associated with the Company's operations, which could result in material costs and liabilities. The Company's operations routinely involve the handling of significant amounts of chemical substances, some of which are classified as hazardous and subject the Company to specific handling requirements, including, for example, chromate, which is used in the Company's absorption refrigerators. As is the case with manufacturers in general, if a release or threat of release of hazardous materials occurs on or from the Company's properties or any associated offsite disposal location, or if contamination from prior activities is discovered at any properties owned or operated by the Company, the Company may be held liable for response

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costs and damages to natural resources, which could have a material adverse effect on the Company's business, financial condition and results of operations.

### **Dometic is exposed to the risk of litigation, investigations and other proceedings**

Dometic is involved in various claims and lawsuits incidental to its business, including those involving labor relations, product liability and environmental matters, among others. The Company is also party to a number of pending lawsuits. Disputes, claims, investigations and proceedings may lead to Dometic having to pay damages or cease certain practices. Group companies may become involved in disputes within the framework of their normal business activities and risk being subject to various claims. In addition, Group companies (or Group companies' officers, directors, employees or affiliates) may become subject to criminal investigations and proceedings. Disputes, claims, investigations and proceedings of this kind can be time consuming, disrupt normal operations, involve large claim amounts and result in considerable costs. Moreover, it can be difficult to predict the outcome of complex disputes, claims, investigations and proceedings. Given the inherent uncertainty of litigation, there is a risk that existing litigation or any future disputes, claims, investigations and proceedings could have a material adverse effect on the Company's business, financial condition and results of operations.

### **Dometic's business operations could be negatively impacted if it fails to adequately protect its intellectual property rights or if third parties claim that Dometic is in violation of their intellectual property rights**

The Company markets and sells its products under one main brand, Dometic, as well as a number of supporting brands such as WAECO, Atwood, A ATWOOD AIR COMMAND, MOBICOOL, Marine Air Systems, Condaria, Cruisair and SeaLand. Dometic is dependent on these brands. Dometic patent and design portfolio contains approximately 190 patent families (applications and/or granted registrations), approximately 60 utility models (applications and/or granted registrations) and approximately 170 applications and/or granted registrations of designs, in total this means approximately 880 individual patent, utility model and design applications and/or granted registrations in countries all over the world. Dometic management believes that it is the wide extent of the portfolio that is of importance from a strategic and competitive perspective, rather than any specific patents or designs. Failure to protect these brands and other intellectual property rights or prevent their unauthorized use by third parties could have a material adverse effect on the Company's business. These protections may not be

adequate to prevent competitors from copying or reverse engineering the Company's products, or from developing and marketing products that are substantially equivalent or superior to the Company's own.

In addition, Dometic faces the risk of claims that it is infringing third parties' intellectual property rights. Any such claim may, even if it is without merit, be expensive and time-consuming, cause the Company to cease making, using or selling certain products that incorporate the disputed intellectual property, require the Company to redesign its products, if feasible, divert management time and attention and require the Company to enter into costly royalty or licensing arrangements. If any of the above risks were to materialize, it could have a material adverse effect on the Company's business, financial condition and results of operations.

### **The Company's tax liabilities could change due to any successful challenge of Dometic's past or current application of tax legislation**

The Company operates through a number of subsidiaries in several countries. The tax strategies utilised by the Group are based on interpretations of the current tax laws, treaties and regulations of the various countries involved and the requirements of the relevant tax authorities. Furthermore, the Company regularly obtains advice regarding these requirements from independent tax professionals. Dometic and its subsidiaries are from time to time subject to tax reviews. There is a risk that tax audits or reviews may result in reduction of tax losses carried forward or imposition of additional tax due to Dometic's history of several acquisitions and sales of shares, extensive financings, capital restructurings, return on hybrid instruments, intra-group reorganisations, transactions with employees and the complex corporate structure of the Group. An audit is currently being conducted in a French subsidiary which may result in denial of deductions. The claim from the tax authorities in France may amount to SEK 6.5 million, including tax surcharges. No provision has been made in the balance sheet as the French subsidiary, according to independent tax advisors, may be entitled to certain deductions. A subsidiary in Hong Kong has filed to obtain so-called offshore status with respect to a certain portion of its profits and if the offshore status is denied tax of SEK 119 million may be imposed in Hong Kong and paid tax of SEK 28 million on CFC income refunded in Sweden. Provision has been made in the balance sheet for a potential liability of SEK 91 million. As a result of rules on tax incentives for technology companies in China, a reduced tax rate has been applied and granted for Chinese subsidiaries. If this would prove to be incorrect additional tax of SEK 41 million, including tax surcharges may be imposed. Provision has been made in the balance sheet for a

potential liability of SEK 20.8 million. The residual amount of SEK 20.2 million pertains to potential tax surcharges which have not been provided following advice from independent tax advisers. In addition, the Company has initiated an analysis of the deductibility of interest expenses in the US and due to complex regulations, interest deductions may be denied and recast as dividends subject to withholding tax and even if such interest deductions are not denied, interest payments may be subject to withholding tax in the US due to so-called conduit financing rules. In the event that the Company's interpretation of tax laws, treaties and regulations or their applicability is incorrect, if one or more governmental authorities successfully make negative tax adjustments with regard to an entity of the Group or if the applicable laws, treaties, regulations or governmental interpretations thereof or administrative practice in relation thereto change, including with retroactive effect, the Group's past or current tax positions may be challenged. In the event tax authorities were to succeed with such claims, this could result in an increased tax cost, including tax surcharges and interest which could have a material adverse effect on the Company's business, financial condition and results of operations.

### **Dometic's tax burden could increase if tax authorities consider that the Company does not act in accordance with applicable rules on transfer pricing**

The jurisdictions in which Dometic operates have rules on transfer pricing, that require intra-group transactions to be conducted on arm's length terms. The transfer pricing strategies utilised by the Group are based on the OECD Transfer Pricing Guidelines, national regulations and documented principles to determine intra-group transfer prices, which are monitored by the Company's Group Tax Function. The Company regularly obtains advice regarding these issues from independent tax professionals. Transactions conducted between Group companies, such as distribution of products, royalties, IT costs, the Group's cash-pool, R&D services and intra-group loans, are made on a commercial basis by application of international guidelines and national regulations. The Group carried out a comprehensive restructuring of the ownership of intangible assets in 2010 - 2013 and the transactions were made in accordance with internationally accepted valuation methods. Dometic's transfer pricing practices are from time to time subject to tax reviews. Audits in respect of intra-group transactions have recently been initiated in an Italian and a Swedish subsidiary. The initial questions to the Swedish subsidiary indicate that the tax authority is focusing on intra-group restructurings and transfers of intangible assets from Germany to Sweden in 2013. As of the date of the Prospectus, it is unknown whether the ongoing tax audits in Italy or Sweden will result in any claims and no provisions have been made in the

balance sheet. In the event the tax authorities in Italy, Sweden or in other jurisdictions where the Company operates, consider the transfer prices not to be on arm's length terms and were to succeed with such claims, this could result in an increased tax cost, including tax surcharges and interest which could have a material adverse effect on the Company's business, financial condition and results of operations.

### **Changes in tax laws could increase Dometic's tax burden or otherwise have a material adverse effect on the Company's business, financial condition and results of operations**

Since the laws, treaties and other regulations on taxation, as well as other fiscal charges, have historically been subject to frequent changes, further changes are expected in the future in the jurisdictions where the Company operates, possibly with a retroactive effect. Any such changes could have a significant impact on the Company's tax burden, as well as a material adverse effect on the Company's business, financial condition and results of operations.

In Sweden the Committee on Corporate Taxation delivered proposals to the Swedish Government in June 2014 on the introduction of a new system for Swedish corporate taxation. The committee delivered a main proposal and an alternative proposal. It was announced in the Autumn Fiscal Policy Bill 2015 that the committee's proposals are subject to further processing by the Swedish Government, and that any bill presented would be based on the alternative proposal and enter into force at the earliest on 1 January 2017. Under the alternative proposal the corporate tax rate would be reduced and deductions for a corporate group's net financial costs limited to 20% of an operating profit (EBIT) basis. The interest expenses in the Company are significant and if the committee's alternative proposal or any other additional restriction on the deductibility of interest is introduced, in Sweden or in other jurisdictions where the Company operates, the Company's tax burden could increase and this could have a material adverse effect on the Company's business, financial condition and results of operations.

### **Tax losses could be restricted or cancelled, either as a result of future changes in tax laws or, under the current rules, as a result of a change of control**

As part of the Swedish Committee on Corporate Taxation's proposal, the committee proposed that any tax losses carried forward in a company at a given time should be reduced by 50% as a one-off occurrence. The proposed reduction was heavily criticised during the submissions process. The Swedish Government has communicated that the proposal should be further

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reviewed. As of the date of the Prospectus, it is unknown whether any reduction of existing tax losses carried forward will be proposed in connection with the other proposal, which according to the Swedish Government will enter into force at the earliest on 1 January 2017.

Dometic had tax losses carried forward amounting to SEK 3,297 million in the Group's Swedish operations as of 31 December 2014, which have not been accounted for in the Group's balance sheet. In addition to the possible reduction in tax losses carried forward, tax losses may be restricted or cancelled either as a result of future changes in Swedish tax law or, under the current rules, as a result of a change of control through which one holder obtains the decisive influence or several holders together hold shares, acquired during a specific time frame, representing more than 50% of the votes calculated in a certain manner. Such a change of control would cancel historical tax losses carried forward, to the extent they exceed 200% of the acquisition cost for the decisive influence (under a special calculation where contributions and other transfers of value may reduce the purchase price in a certain manner). Dometic had tax losses carried forward amounting to SEK 91 million in the US as of 31 December 2014. The total amount of tax losses carried forward has been accounted for in the Group's balance sheet. In general, tax losses in the US may, under a special calculation, be restricted as a result of changes in ownership greater than 50% (cumulatively, over a three-year period). The cancellation or restriction on the use of the Group's tax losses carried forward may have a significant impact on the Group's tax burden, including a potential imposition of tax surcharges, and could have a material adverse effect on the Company's business, financial condition and results of operations.

### **Dometic's balance sheet includes significant intangible assets including goodwill, and if these are impaired and required to be written down, it could have a material adverse effect on the Company's financial condition**

The Company has significant amounts of goodwill and brands that have indefinite life and which are not amortized. As of December 31, 2014, the goodwill and trademark assets amounted to SEK 12,244 million in the aggregate. In accordance with IFRS, goodwill and intangible assets that are not amortized, but are subject to at least an annual impairment test. Pursuant to IFRS, an impairment test should be performed more frequently if there are indicators of impairment, for example:

- significant adverse changes that have taken place or are expected in the near future in the market,

economic or legal environment in which the Company operates or in its markets;

- increases in interest rates or other market rates of return that may materially affect the discount rate used in calculating the asset's recoverable amount;
- the carrying amount of our net assets exceeding our market capitalization;
- management's forecasts of future net cash inflows or operating profits (EBIT) showing a significant decline from previous budgets and forecasts;
- actual net cash outflows or operating profit or loss (EBIT) being significantly worse than budgeted; and
- operating losses or net cash outflows being forecast.

While Dometic believes that the assessments and assumptions it has made are reasonable based on currently available information and current business performance as well as assumptions about future business performance. Should Dometic's assumptions and estimates about for example future financial conditions, or net cash flow used in investments, prove to be incorrect, a future impairment test may result in material write-down and impairment charges. Any future impairment that Dometic is required to record could have a material adverse effect on Dometic's business, financial condition and results of operations.

### **Dometic is subject to competition law risks which could have a material adverse effect on the Company's business, financial condition and results of operations**

Dometic is subject to competition laws in the jurisdictions in which it operates. Contractual conditions and prices in agreements that are used in Dometic's operations may be subject to restrictions under such competition laws. Competition authorities have the power to initiate ex-post regulation procedures and to require a party to cease applying contractual terms and prices that are found to be anti-competitive. Competition authorities also have the power to impose fines and other sanctions as a result of non-compliance with relevant regulatory requirements.

While Dometic has adopted internal procedures to ensure compliance with competition laws, there is a risk that instances of non-compliance have occurred in the past and instances of non-compliance could occur in the future. To the extent Dometic is unable to ensure compliance with applicable competition laws, Dometic may be materially adversely affected by the regulatory sanctions, remedies and claims for damages as well as inability to enforce contractual terms that are found to be anti-competitive. Furthermore, Dometic's strong position in certain product markets may signify that Dometic is considered to have significant market power in such markets.

Significant market power in one or more markets may result in regulatory restrictions on Dometic's ability to

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implement fully its business strategies in these markets and its ability to grow through acquisitions. Such restrictions could have a material adverse effect on the Company's business, financial condition and results of operations.

### **Dometic's future results may differ materially from what is expressed or implied by the financial targets presented in the Prospectus, and investors should not place undue reliance on these targets**

The financial targets set forth in the Prospectus are the Company's expectations for the medium to long term, including net sales growth, operating profit (EBIT) margin and net debt/EBITDA. The actual results of Dometic may differ materially from what is expressed or implied by the medium and long term financial targets. These targets may not be achievable in the short term and these targets have not been met consistently across the historical periods under review in the Prospectus. These financial targets are based upon a number of assumptions, which are inherently subject to significant business, operational, economic and other risks, many of which are outside of the Company's control. While Dometic has detailed the key assumptions management has made when setting its medium to long-term targets, these assumptions may not continue to reflect the commercial, regulatory and economic environment in which the Company operates. For example, Dometic has assumed that it will be able to achieve net sales growth at a level approximately in line with the mid-point of expected market growth (as outlined in the Market Overview section). If the assumptions underlying the expected market growth prove to be inaccurate and actual growth is much lower, Dometic may be unable to meet its target. Similarly, for reasons both within and outside of Dometic's control Dometic may not be in a position to achieve net sales growth in line with the market. Accordingly, such assumptions used for setting Dometic's financial targets may change or may not materialise at all. In addition, unanticipated events may have a material adverse effect on the actual results that the Company achieves in future periods whether or not its assumptions otherwise prove to be correct. As a result, the Company's actual results may vary materially from these targets and investors should not place undue reliance on them.

### **Strikes and other industrial actions, as well as the negotiation of a new collective bargaining agreement, could disrupt the Company's operations or make it more costly to operate its facilities**

Dometic is exposed to the risk of strikes and other industrial actions in accordance with applicable regulations within all of its regions. The Company and

certain subsidiaries are members of employer organizations, and are thereby bound by collective bargaining agreements with employee organizations, as well as local collective bargaining agreements with the same trade unions. The collective bargaining agreements provide for annual salary increases and include general terms and conditions on, among other things, vacation entitlements, notice periods, working hours and insurance benefits. Dometic may in the future experience lengthy consultations with trade unions, strikes, work stoppages or other industrial actions called by the trade unions according to law, which could result in the Company being unable to serve customers in a timely manner. Strikes and other industrial actions, and the negotiation of new collective bargaining agreements or salary increases in the future, could disrupt the Company's operations and make it more costly to operate its facilities, which in turn could have a material adverse effect on the Company's business, financial condition and results of operations.

### **Because the Offering is not conditioned upon the successful closing of the Refinancing, the Offering may be consummated even though the refinancing transactions do not close**

On 27 October 2015, Dometic entered into a term and multicurrency revolving credit facilities agreement with DNB Sweden AB, Nordea Bank AB (publ), Skandinaviska Enskilda Banken AB (publ) and Svenska Handelsbanken AB (publ) as lenders (the "**Facilities Agreement**"), providing for the extension of credit under its credit facilities, in an aggregate principal amount equivalent to SEK 5,750 million as of 22 October 2015, the purpose of which is, *inter alia*, to be used, together with proceeds from the Offering, to repay or refinance a portion of its existing indebtedness which consists of indebtedness outstanding under Dometic's senior facilities agreement, outstanding notes (so called PIK Toggle Notes) and indebtedness outstanding under local credit facilities ("**Existing Indebtedness**") (the "**Refinancing**"). The Facilities Agreement will consist of:

- (i) a USD 60,034,818 amortising term loan facility, a EUR 37,140,400 amortising term loan facility and an AUD 24,989,170 amortising term loan facility;
- (ii) a USD 210,121,869 term loan facility, a EUR 129,991,403 term loan facility and an AUD 87,462,098 term loan facility; and
- (iii) a EUR 132,644,287 revolving credit facility (available for drawing in SEK, USD and EUR) (the "**Credit Facilities**").

The Refinancing is expected to be completed on or about 2 December 2015. However, Dometic's drawdown of the funding under the Credit Facilities is subject to a number of conditions, including the completion of the Offering, that the leverage of the Group at the Offering



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(adjusted as if the refinancing had occurred) shall be around or below 3x EBITDA and that Dometic is not in breach of the terms and conditions of the Facilities Agreement. There is a risk that any of these conditions will not be satisfied, or even satisfied, that the lenders will not fund as requested.

The Offering constitutes a change of control event pursuant to which the main part of the Existing Indebtedness becomes due and payable within certain time frames thereafter. If the Refinancing does not close, and Dometic otherwise is unable to refinance this part of the Existing Indebtedness within the time period agreed between Dometic and the relevant lenders under the Existing Indebtedness, Dometic will be in default under the main part of its Existing Indebtedness, and the lenders could exercise their rights against Dometic, including declaring all funds borrowed due and payable together with unpaid interest, terminate their commitments and cease making further loans. This could have a material adverse effect on Dometic's business, financial condition and results of operations and could force Dometic into bankruptcy or liquidation.

### **Dometic's indebtedness or future additional indebtedness could adversely affect its financial condition, ability to operate its business, react to changes in the economy or its industry and pay its debts**

Dometic now has a significant amount of indebtedness. Shortly after the consummation of the Offering, the Group expects to refinance part of its Existing Indebtedness and as a result, will have significantly reduced its indebtedness. On 30 September 2015, on an as adjusted basis after giving effect to the Refinancing, Dometic would have had approximately SEK 4,261 million of net indebtedness. Dometic requires a significant amount of cash to service its debt obligations and will require significant amounts after the Refinancing. In addition, under the terms of Dometic's Facilities Agreement, Dometic may incur significant additional indebtedness.

Dometic's indebtedness could have important consequences to the Company's business, including:

- making it more difficult for the Company to satisfy its obligations with respect to its indebtedness;
- increasing the Company's vulnerability to general adverse economic and industry conditions;
- requiring the Company to dedicate a substantial portion of its cash flow from operations to payments on its indebtedness, thereby limiting cash flow available to fund working capital, capital expenditures or other general corporate requirements;
- limiting the Company's flexibility in planning for, or reacting to, changes in tax regulations, its business and the industry and making it more vulnerable to economic downturns and adverse industry conditions;

- compromising the Company's ability to exploit business opportunities and to react to competitive pressures, as compared to less indebted competitors; and
- limiting the Company's ability to obtain additional financing to fund future working capital, capital expenditures, other general corporate requirements and acquisitions.

Dometic's ability to make scheduled payments, to refinance the Company's debt on favorable terms or at all, to fund future operations and required capital expenditures will depend on the Company's future operating performance and ability to generate sufficient cash. Some aspects of Dometic's future results depend on economic, financial and competitive factors and other factors beyond Dometic's control. Should Dometic fail to meet its obligations under its indebtedness or breach any undertaking or covenant, it could have a material adverse effect on Dometic's business, financial condition and results of operations.

### **Risks relating to the Offering**

#### **An active, liquid and orderly trading market for Dometic's shares may not develop, the price of its shares may be volatile, and potential investors could lose a portion or all of their investment**

Prior to the Offering, there is no public market for Dometic's shares. There is a risk that an active and liquid market will not develop or, if developed, that it will not be sustained after completion of the Offering. The Offering Price will be determined through a book-building procedure and, consequently, based on demand and the overall market conditions. The Offering Price will be set by the Company's board of directors and the Principal Owner in consultation with the Joint Global Coordinators. This price will not necessarily reflect the price at which investors in the market will be willing to buy and sell the shares following the Offering. Investors may, thus, not be able to resell share at or above the Offering Price.

#### **Sales of shares by existing shareholders could cause the share price to decline**

The market price of Dometic's share could decline if there are substantial sales of the Company's shares, particularly sales by the Company's directors, executive management, and significant shareholders, or otherwise when a large number of shares are sold.

The Principal Owner, the Selling Shareholder and the members of the board of directors, executive management and key employees currently holding shares in the Company have each agreed, subject to certain exceptions, for a certain period of time, not to sell their shares or enter into transactions with a similar effect without the prior written consent of the Joint

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Global Coordinators. After the expiry of the relevant lock-up period or before the expiry, with the written consent of the Joint Global Coordinators, the shareholders subject to lock-up will be free to sell their shares in Dometic. Any sales of substantial amounts of Dometic's shares in the public market by the Selling Shareholder or Dometic's other current shareholders, or the perception that such sales might occur, could cause the market price of the Dometic share to decline.

### **The Principal Owner will continue to have substantial influence over Dometic after the Offering and could delay or prevent a change in control over the Company**

After completion of the Offering, the Principal Owner will own in aggregate approximately 62% of the shares in the Company (based on the mid-point of the Offering Price Range SEK 47.5) and assuming that the Over-allotment Option is not exercised.

Assuming that the Over-allotment Option is exercised in full, the Principal Owner will own in aggregate approximately 57% of the shares in the Company after the Offering (based on the mid-point of the Offering Price Range SEK 47.5). Thus, the Principal Owner is likely to continue to have a significant influence over the outcome of matters submitted to Dometic's shareholders for approval, including the election of directors and any merger, consolidation or sale of all or substantially all of Dometic's assets. In addition, the Principal Owner could have significant influence over the Company's executive management and Dometic's operations.

The interests of the Principal Owner may differ significantly from or compete with Dometic's interests or those of the other shareholders, and the Principal Owner could exercise influence over Dometic in a manner that is not in the best interest of the other shareholders. By example, there could be a conflict between the interests of the Principal Owner on the one hand, and the interests of the Company or its other shareholders on the other hand with respect to distribution of dividends. Such conflicts could have a material adverse effect on the business, financial condition and results of operations.

### **Dometic's ability to pay dividends is dependent upon its future earnings, financial condition, cash flows, net working capital requirements, capital expenditures, compliance with debt covenants, items affecting comparability and other factors**

The amount of any future dividends that the Company will pay, if any, will depend upon a number of factors, such as future earnings, financial condition, cash flows,

net working capital requirements, capital expenditures, compliance with debt covenants, items affecting comparability and other factors. Furthermore, as a holding company, Dometic's ability to pay dividends is dependent on the ability of its subsidiaries to pay dividends or otherwise transfer funds to Dometic. The Company's performance may not allow adherence to the dividend policy and, in particular, the Company's ability to pay dividends may be impaired if any of the risks described in the Prospectus were to materialize. Dometic also may not have sufficient distributable funds and Dometic's shareholders may not resolve to pay dividends in the future. Accordingly, a dividend may not be proposed or declared or any other distribution may not be made, in any given year or at all.

### **Differences in currency exchange rates may have a material adverse effect on the value of shareholdings or dividends paid**

The shares will be quoted in SEK only, and any dividends will be paid in SEK. As a result, shareholders outside Sweden may experience adverse effects on the value of their shareholding and their dividends, when converted into other currencies if SEK depreciates against the relevant currency.

### **Shareholders in the United States or other countries outside Sweden may not be able to participate in any potential future cash offers**

If the Company issues new shares in a cash issue, shareholders shall, as a general rule, have preferential rights to subscribe for new shares proportionally to the number of shares held prior to the issue. Shareholders in certain other countries may, however, be subject to limitations that prevent them from participating in such rights offerings, or that otherwise makes participation difficult or limited. By example, shareholders in the United States may be unable to exercise any such rights to subscribe for new shares unless a registration statement under the Securities Act is effective in respect of such subscription rights and shares or an exemption from the registration requirements under the Securities Act is available. Shareholders in other jurisdictions outside Sweden may be similarly affected if the rights and the new shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdiction. Dometic is under no obligation to file a registration statement under the Securities Act or seek similar approvals under the laws of any other jurisdiction outside Sweden in respect of any subscription rights and shares and doing so in the future may be impractical and costly. To the extent that shareholders in jurisdictions outside Sweden are not able to exercise their rights to subscribe for new shares in any future rights issues, their ownership in the Company may be diluted or reduced.



### **Cornerstone Investors may not fulfil their undertakings**

AMF, Handelsbanken Fonder and Nordea Funds (the “**Cornerstone Investors**”) have agreed to, directly or indirectly through subsidiaries, acquire at the final Offering Price shares in the amount set out below and equivalent to the percentage of the Company’s shares following completion of the Offering as set out below (based on a final price in the Offering corresponding to the mid-point of the Offering Price Range of SEK 47.5):

- AMF: SEK 500 million, 3.5%;
- Handelsbanken Fonder: SEK 500 million, 3.5%; and
- Nordea Funds: SEK 400 million, 2.8%.

The Cornerstone Investors’ undertakings are however not secured through a bank guarantee, blocked funds or pledge of collateral or similar arrangement. Hence, there is a risk that the Cornerstone Investors will not be able to fulfil their undertakings. Furthermore, the Cornerstone Investors’ undertakings are associated with certain conditions relating to, among other things, that a certain dispersion of Dometic’s shares is achieved in connection with the Offering. In the event that any of these conditions are not fulfilled, there is a risk that the Cornerstone Investors do not fulfil their undertakings, which could have an adverse effect on the completion of the Offering.

## **Background and reasons for the Offering and the use of proceeds**

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Dometic provides branded solutions for mobile living in the areas of Climate, Hygiene & Sanitation and Food & Beverage. The Company manufactures and sells a diverse range of products within these areas for use in Recreational Vehicles (such as Motorhomes, Caravans or Towables), Trucks and Premium cars, Pleasure and Work boats, and for a variety of other uses. Products include air conditioners, furnaces, awnings, vents and windows & doors within Climate; water heaters and toilets within Hygiene & Sanitation; and refrigerators, cooking equipment, ovens and Mobile coolers within Food & Beverage. Dometic has a global manufacturing platform, a well-established distribution network and long standing customer relationships among both OEM and Aftermarket customers, and holds market leading positions across key products in each of its markets and regions.

Dometic was established in 1968 as a U.S. subsidiary of the Swedish company AB Electrolux, under the name Dometic Sales Corporation, to sell refrigerators for Recreational Vehicles and other leisure equipment. The origination of the business, however, dates back to 1922 with the invention of absorption refrigerators. Dometic's product portfolio and geographic reach have grown significantly through a series of 39 acquisitions in the last 42 years.

EQT III originally invested in Dometic from 2001 until 2005, and created the Dometic Group. In 2011, Dometic was brought under the ownership of EQT V, a successor fund to EQT III, and the size and strength of Dometic's business has since significantly increased. The board of directors and executive management of Dometic, supported by EQT V, consider the Offering and listing of the Company's shares to be a logical and important step in Dometic's development, which will enable the Company to expand the shareholder base and enable Dometic to access the Swedish and international capital markets, which will support the Company's continued growth and development but also increase the awareness of Dometic and its operations among current and potential customers and suppliers. For these reasons, the board of directors has applied for listing on Nasdaq Stockholm.

The Offering consists of newly issued shares from Dometic and existing shares from the Selling Shareholder. Dometic expects to receive proceeds of approximately SEK 4.6 billion from the new issue. The proceeds from the issue will be used to achieve a net debt level that meets the financial goals for the capital structure determined by the board of directors. This includes redemption of all outstanding notes (so called "PIK Toggle Notes") and repayment of a portion of Dometic's indebtedness under the existing senior facility. Dometic will not receive any proceeds from the selling of shares by the Selling Shareholder in the Offering.

*In other respects, reference should be made to the full particulars of the Prospectus, which has been prepared by the board of directors of Dometic in connection with the application for listing of the Company's shares on Nasdaq Stockholm and the Offering made in connection with the listing.*

*The board of directors of Dometic is responsible for the contents of the Prospectus. It is hereby assured that all reasonable precautionary measures have been taken to ensure that the information contained in the Prospectus, as far as the board of directors is aware, corresponds to the facts and that nothing has been omitted that would affect its import.*

Stockholm, 11 November, 2015

**Dometic Group AB (publ)**

*The board of directors*







## Market overview

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Information provided in the Prospectus on the market environment, market developments, growth rates, market trends and on the competitive situation in the markets and regions in which the Company operates is based on data, statistical information and reports by third parties and/or prepared by the Company based on its own information and information in such third-party reports. Unless otherwise stated, business and market data is based on the Company's analysis of several sources, including a market report which the Company has commissioned from a leading international strategy consultancy firm (the "**Third-party Market Report**"). As Dometic does not have access to the facts and assumptions underlying such market data, or statistical information and economic indicators contained in these third party sources, Dometic is unable to verify such information and, while Dometic believes it to be reliable, Dometic cannot guarantee its accuracy or completeness. As far as Dometic is aware and able to ascertain through comparison with other information published by such sources, no information has been omitted which could render the reproduced information inaccurate or misleading.

### Overview

Dometic provides branded solutions for mobile living in the areas of Climate, Hygiene & Sanitation and Food & Beverage. The Company manufactures and sells a diverse range of products within these areas for use in Recreational Vehicles (such as Motorhomes and Caravans or Towables), Trucks and Premium cars, Pleasure and Work boats, and for a variety of other uses. Products include air conditioners, furnaces, awnings, vents and windows & doors within Climate; water heaters and toilets within Hygiene & Sanitation; and refrigerators, cooking equipment, ovens and Mobile coolers within Food & Beverage. Dometic conducts its operations in three regions: Americas, EMEA and APAC. The Company uses two sales channels, OEM and Aftermarket, to distribute its products. OEM customers are manufacturers of RVs, Trucks, Premium cars, Pleasure and Work boats while the Aftermarket comprises upgrade and replacement products, parts and consumables as well as stand-alone Aftermarket products sold through various distributors, dealers and retailers to RV, CPV, Marine and other end-users.

The Company operates 22 manufacturing / assembly sites in nine countries, sells its products in approximately 100 countries and manufactured approximately 85% of products sold in-house in the year ended 31 December 2014. The Company markets

and sells its products under one main brand, Dometic, as well as supporting brands such as WAECO, Atwood, A ATWOOD AIR COMMAND, MOBICOOL, Marine Air Systems, Condaria, Cruisair and SeaLand. The Company's headquarter is located in Solna, Sweden. Dometic has two main distribution hubs, in Emsdetten, Germany and in Goshen, U.S.

Dometic's business is conducted in five business areas; RV, CPV, Marine, Retail and Lodging. Three business areas, RV, CPV and Marine, sell products through both the OEM and Aftermarket sales channels while Retail and Lodging only sells to the Aftermarket channel. For more information on Dometic's business see section "*Business overview*".

### Overall Market size and growth

The size of the Market<sup>1</sup> is estimated to be approximately SEK 46 billion in total, of which Aftermarket is the largest sub-market at approximately SEK 29 billion, followed by RV OEM at approximately SEK 11 billion. Geographically, Americas is the largest region at approximately 55% of the total Market, followed by EMEA at approximately 35% and APAC at approximately 10%. The U.S. represents the majority of Americas and Germany is the single most important market in EMEA. In APAC, the largest single market is Australia.

<sup>1</sup> For definitions in respect of the Markets, please refer to section "*Definitions*".

## MARKET OVERVIEW

The table below sets forth an overview over the Market (including product categories) divided in regions and sub-markets as well as the sizes and estimated market growth for 2015-2020.

		RV OEM market	CPV OEM market	Marine OEM market	Aftermarket	Market
<b>Product categories</b>		Doors and windows, awnings, air conditioning, sanitation, refrigerators, kitchen appliances, water heaters, furnaces, rear view systems and other related products	Refrigerators, air conditioning (parking coolers), inverters, water heaters, furnaces, rear view systems and other related products	Air conditioning, sanitation, kitchen appliances (including refrigerators) and other related products (ice makers and water purifiers)	Includes upgrade and replacement products, parts and consumables for the other sub-markets as well as stand-alone After market products, such as Mobile coolers and minibars	
<b>Market size</b>	Americas (% of total)	~65%	~40%	~45%	~55%	~55%
	EMEA (% of total)	~30%	~35%	~35%	~35%	~35%
	APAC (% of total)	~5%	~25%	~20%	~10%	~10%
	Total (SEK billion)	~11	~3	~3	~29	~46
	Product category (% of total)	~25%	~5%	~5%	~65%	100%
<b>Market growth</b>	(CAGR 2015-20E)	4-6%	6-8%	4-6%	4-6%	4-6%

<sup>1</sup> CAGR is defined as compound annual growth rate and this part of the table shows the compound annual growth rate for the period 2015-2020.

Source: The Third-Party Market Report.

The Market is estimated to grow by 4-6% per year on average from 2015 to 2020, with the growth of the CPV OEM Market expected to outpace the other Market segments with a growth of 6-8% per year compared to a growth of 4-6% per year for the other Market segments.

### Overall OEM Market drivers

There are a number of drivers that affect the overall demand for the Company's relevant OEM Markets (volume including the underlying number of vehicles or boats, and value such as product penetration and pricing). Please see the respective Market sections for additional details.

Factors	RV OEM market	CPV OEM market	Marine OEM market
<b>Volume driving factors</b>			
GDP growth	✓	✓	✓
Recreational spending	✓		(✓)
Availability of financing	✓	(✓)	✓
Customer demographics	✓		
Ownership trends	✓		✓
HNWIs		(✓)	✓
<b>Other factors</b>			
Equipment penetration	✓	✓	✓
Comfort and convenience levels	✓	✓	✓
Legislation		✓	
Pricing	✓	✓	✓

✓ = Key factors      (✓) = Secondary factors

Source: The Third-Party Market Report.



For the Aftermarket, the main drivers for the demand is the number of products in use (the “**Installed base**”), the upgrade and replacement cycle within the Installed base, underlying comfort and convenience trends, new sales channels targeting new customer groups (e.g. internet retailing) as well as pricing (please refer to “*Aftermarket*” for more details).

## RV OEM

### Introduction

RVs include both Motorhomes and Caravans or Towables. The global split between Motorhomes and Caravans or Towables is approximately 25% and 75% respectively, with considerable variations between markets. RVs enable easy access to leisure activities in nature or on a camping site. Today a significant share of the RVs are equipped with several of the comfortabilities found in a traditional home, such as a complete kitchen, a bathroom and sleeping facilities. Related products are required to meet certain specifications and requirements in order to be allowed to be fitted in an RV, hence these differ from similar products used in traditional homes.

There are various types of RVs, ranging from large Motorhomes with high level of fitted equipment, with retail values up to and above SEK 5 million, to small Caravans or Towables with lower level of equipment fitted, with a price from approximately SEK 100 thousand.

### Regional characteristics

The RV OEM Market dynamics vary among Dometic's three different regions.

#### Americas

In Americas, the split between Motorhomes and Caravans or Towables is approximately 10% and 90% respectively. Compared to EMEA and APAC, the RVs in Americas are generally larger, both in terms of volume and weight. Overall, customers in Americas seek home-like comfort in their RVs, contributing to high equipment penetration (>80-90% for all major products). However the products are less customized in terms of design and specifications.

In terms of end-customers, approximately 9%<sup>2</sup> of U.S. households own an RV, the average owning period is approximately 4 years and the running RV fleet consists of more than 9 million vehicles. The core group of RV users is aged 35-64 years.

In Americas, there are approximately 65 OEM customers which is a rather concentrated structure.

However, the purchasing behavior for the OEM customers is quite fragmented, with most supplier interactions taking place at the subsidiary or factory level.

#### EMEA

In EMEA, the split between Motorhomes and Caravans or Towables is approximately 55% and 45% respectively with a gradual shift over the last decade towards a higher share of Motorhomes. The equipment penetration levels in EMEA are in some product categories lower as compared to Americas, especially product groups such as awnings (30%) and air conditioning (25%). This is a result of weight saving focus in Europe, since the standard European class B driving license only allows the driver to operate vehicles weighing up to 3.5 tonnes. Further, overall RV sizes in EMEA are smaller than in Americas, leaving it more frequently up to the customer to decide what extra equipment to be installed. Also, the design and specifications of the installed equipment is typically an important differentiator for the OEM customers and as a consequence, the EMEA market is to a larger extent characterized by customer tailoring and close co-development relationships between OEM customers and key suppliers. Given this, the EMEA RV OEM Market generates a higher net sales per vehicle compared to the Americas RV OEM Market.

In terms of end-customers, approximately 3%<sup>3</sup> of the European households own an RV, the average owning period is approximately 7 years and the running RV fleet consists of approximately 5 million vehicles.

In EMEA, the OEM structure is fragmented, with approximately 200 OEM customers.

#### APAC

In APAC, the market is to a large extent made up of the Australian market. The split between Motorhomes and Caravans or Towables is approximately 5% and 95% respectively. Vehicles are typically large, and the features of APAC RV equipment are generally a mix between EMEA and Americas design, with some special equipment requirements to cope with e.g. high outside temperatures and high level of vibrations given extensive off-road usage.

In terms of end-customers, approximately 6.5%<sup>4</sup> of Australian households own an RV, the average holding period is approximately 7 years and the RV fleet consists of approximately 1 million vehicles.

APAC is the most fragmented market of the regions with approximately 360 smaller OEM customers, with Jayco as the clear number one OEM customer in the region.

<sup>2</sup> The RV consumer in 2011, University of Michigan.

<sup>3</sup> CIVD and Eurostat.

<sup>4</sup> Euromonitor; Caravan and Campervan Data Report 2014; Caravan and Campervan Data Report 2012.

**RV registrations**

In 2014, a total of approximately 526,000 new RV registrations were made in Americas, EMEA and APAC. Over the 5-year period, 2010 to 2014, the corresponding registration growth was approximately 6% per year on average.

Americas has seen particularly strong growth since the financial crisis in terms of new RV registrations (with a 10% average annual growth rate for the period 2010 to 2014), given the fact that it was negatively affected during the financial crisis to a larger extent than other regions as a result of a combination of a drop in consumer sentiment and very limited availability of financing. In 2015, RV registrations in Americas are estimated to reach approximately 369,000, which is approximately 5% below the previous peak in 2006.

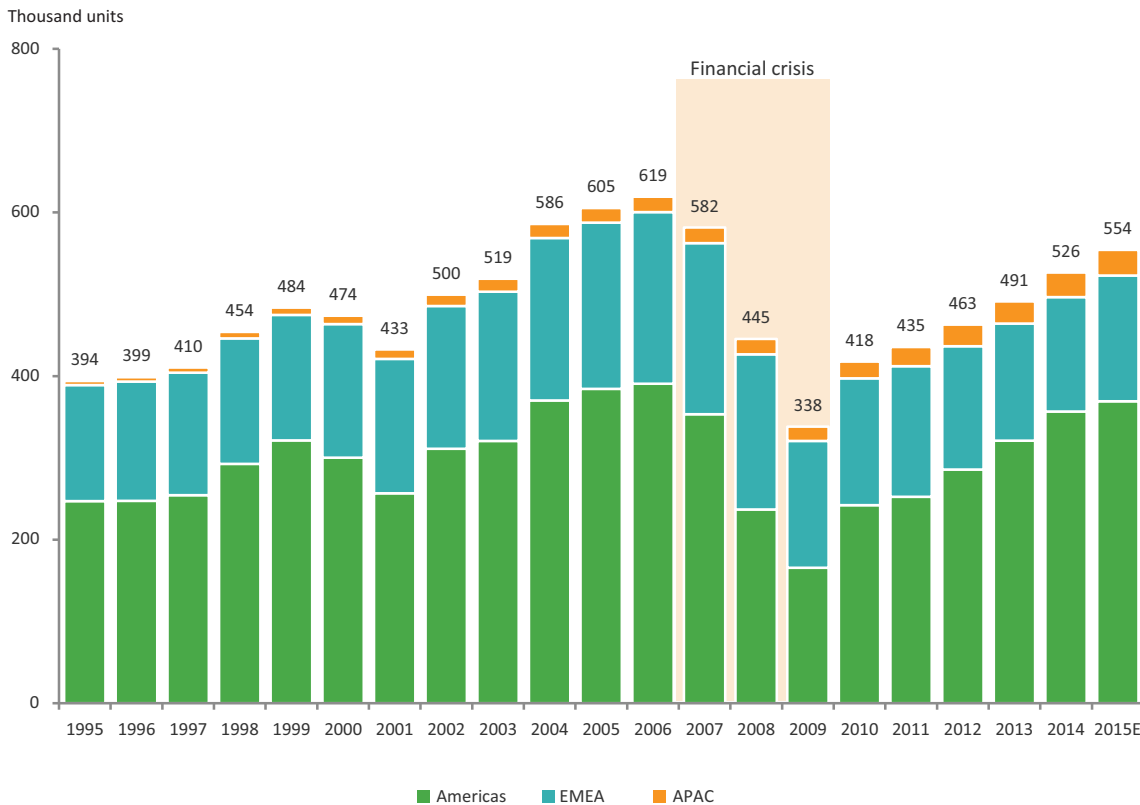
EMEA has seen historically low production level since the financial crisis due to underlying sluggish market

recovery. The EMEA market had approximately 140,000 new RV registrations during 2014, which is approximately 20% below the 30 year annual average of approximately 170,000 RV registrations. However, growth in EMEA has been strong over the course of the first six months of 2015, with RV registrations increasing by approximately 10% compared to the same period for 2014.

APAC has seen a stable development with strong growth since the crisis in terms of RV registrations (10% average annual growth rate for the period 2010 to 2014), and APAC was less impacted by the financial crisis than the other regions within Dometic.

554,000 RV registrations are estimated to be made during 2015 in Americas, EMEA and APAC, which is approximately 5% higher compared to 2014. However, it is still approximately 10% below the previous peak in 2006.

**RV registrations**

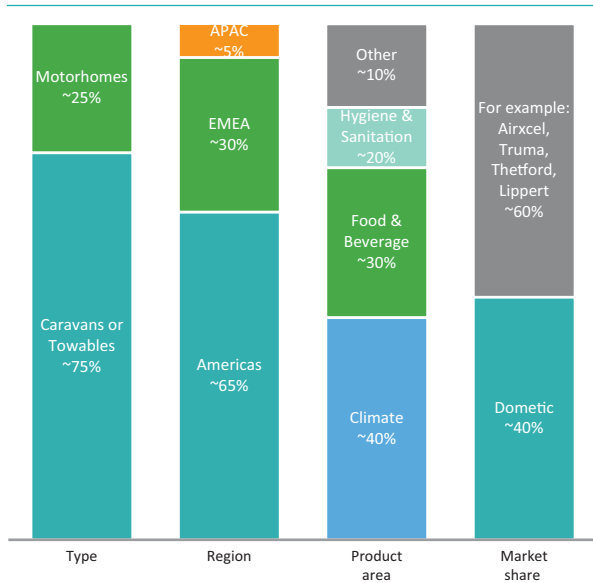


Source: CIVD (Caravanning Industrie Verband), RVIA (The Recreational Vehicle Industry Association), CIAA (Caravan Industry Association).

**RV OEM Market size**

The size of the RV OEM Market is estimated at approximately SEK 11 billion. Americas represents approximately 64% of the RV OEM Market and products within Climate (e.g. air conditioning and heaters) and Food & Beverage (e.g. refrigerators and kitchen appliances) together represent approximately 70% of the RV OEM Market.

**RV OEM market size (SEK 11 billion)**



Source: The Third-Party Market Report.

Dometic estimates its share within the RV OEM Market to be approximately 40%. In several of the regional product niches, the Company estimates having a market share significantly higher than the overall of 40%. The competitive landscape consists of a few global competitors, including Thetford/Norcold, Truma and Webasto. However none of these competitors have the same broad product offering as Dometic. Thetford/Norfold is the main competitor within sanitation, refrigerators and other kitchen appliances. Truma and Webasto both compete within Climate (primarily air conditioning and heating). In addition, there are a number of competitors that are competing with Dometic in one or two product categories but mainly within one region. Example of these types of competitors includes Lippert, Airxcel and Omnistore/Thule. Normally a product category in a region only includes one or two main competitors and a few minor competitors holding a lower share.

**RV OEM Market drivers**

**Volume drivers**

Volume in the RV OEM Market is driven by several factors. These include more cyclical factors such as GDP growth and consumer sentiment, but also more structural drivers such as recreational spending trends, customer demographics and ownership trends.

**GDP growth**

Growth in the RV OEM Market is correlated with GDP growth. In the U.S., the RV registration development in recent years has been positive, partially driven by positive GDP development. This is in contrast to certain countries in EMEA where GDP development has been flat or in certain cases even negative, which had a dampening effect on RV registrations. Going forward, the average annual GDP growth for 2015 to 2020 is projected to be 2.3%, 1.6-2.2% and 2.8% for the U.S., EMEA and Australia respectively<sup>5</sup>, providing a stable base for growth in the RV OEM Market.

GDP growth also affects the RV market indirectly through the average holding period of the RV. During the economic downturn, the replacement cycle of new RVs increased and as the economic turnaround continues, the replacement cycle is expected to be shortened.

**Recreational spending**

The Company's view is that there is a positive underlying growth trend within recreational spending in general and within spending for outdoor activities in particular. This is supported by the consumer trend towards active lifestyles and a growing portion of the population in Dometic's geographies is engaging in outdoor activities. These trends have contributed to an increase in the share of discretionary spend being allocated to outdoor activities and outdoor 'vacation styles', in turn driving demand for the RV OEM Market. While overall spend in recreational activities tends to be cyclical and driven by GDP growth, disposable income and consumer confidence, the Company believes the consumer trend towards active lifestyle to be structural in nature, and will lead to continued growth in spending in outdoor activities above GDP in the medium to long term.

**Availability of financing**

The availability of financing to both the end-users and the dealers impacts the RV OEM Market. Although both lines of credit tightened during the global economic downturn, the ensuing economic recovery improved access to both end-user and dealer credit. The importance of consumer finance is different between

<sup>5</sup> Euromonitor and EIU.

Americas and EMEA, with EMEA consumers in general being less reliant on financing for their RVs compared to consumers in Americas. Financing in the Americas also tends to be more important for smaller Caravans or Towables for first-time buyers and less important for larger RVs. In addition, interest on loan for RVs may, in certain instances, be deductible for tax purposes for U.S. consumers provided that certain conditions are met for the RV to be classified as a second home. In EMEA, dealers tend to be heavily reliant on financing to acquire inventory. In the Company’s view, the availability of financing is a more important factor than the actual interest cost paid.

**Customer demographics**

Long-term demographic trends support growth in the RV OEM Market, especially in the Americas. Looking at the U.S. population, the age group of 55 years and older, which is an important age group for the RV market, is projected to grow 2.2% per year on average between 2014 to 2020, while the total U.S. population is projected to grow 0.7% per year on average over the same period<sup>6</sup> Trends in the RV OEM Market are also showing that the average age of RV owners is slowly decreasing, indicating a growing popularity among younger demographics. Campaigns in the U.S., Australia and U.K. have resulted in an increased interest by younger customers in purchasing RVs. Currently, the 35 to 44 years age group is the fastest growing in terms of new RV registrations in the U.S. There is also a trend of widened demographic usage, with an increasing share of new RV owners across ethnic groups.

**Ownership trends**

More and more people have realized that they might not use RVs as often as they initially thought. Therefore, over the recent years, there has been an increasing trend towards rental and co-owning of RVs instead of owning one. In the short term, the effect could be slightly negative for OEM volume growth. However in the longer term, the Company believes that a growing rental market will benefit OEM volumes since rentals could be an entry step for new potential RV owners that will buy one for themselves in the future.

**Other market value drivers**

In the RV OEM Market, initial installation penetration of certain products differs significantly between regions. For instance, penetration of awnings and air conditioning is significantly lower in EMEA compared to Americas and APAC. Over time, the Company expects these differences to diminish and a gradual penetration increase to be seen in relevant categories.

Increasing consumer focus on comfort is supporting growth in demand for mobile living equipment and comfort solutions. Dometic’s view is that end-users are increasingly spending money on upgrading products in

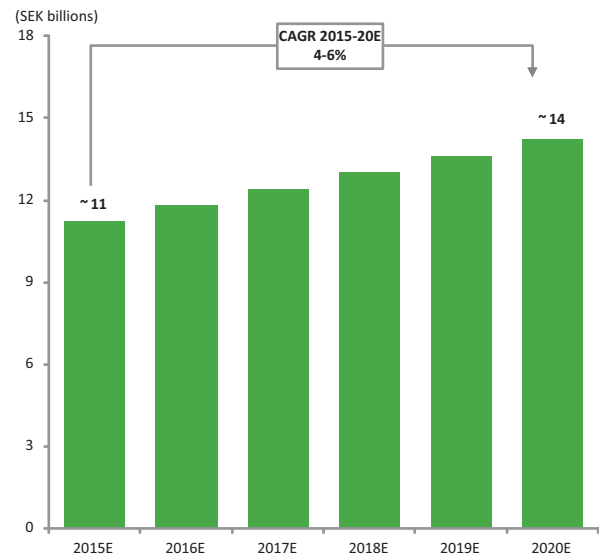
order to increase the living standard within the RV. The growing popularity of “RVing”, which has developed into a lifestyle decision about a way to vacation and a way to live, is an example of this. In the U.S. the “Go RVing” campaigns have led to increased popularity of RV ownership in general and among younger customers in particular. Among OEMs, there has been and still is a general tendency of extended lists of optional equipment for customers and many experience a gradual change of customers willing to take on more options upfront in the vehicle purchase.

Pricing levels are expected to be driven by the OEM structure dynamics, technology development as well as general underlying price levels. Americas has seen increased consolidation among OEMs for a long period of time, resulting in certain price pressure in selected product groups. However, overall there are supply and demand dynamics that are enabling gradual price adjustments.

**RV OEM Market growth**

The RV OEM Market is expected to grow at approximately 4-6% per year on average during the period 2015 to 2020. Volume drivers are expected to contribute 3-4% and other market value drivers are expected to contribute 1-2% in total. All three regions are expected to grow at solid rates over the period. Growth is expected to be higher than average in EMEA for the period 2015 to 2016, fueled by a recovery from historically low levels. Americas is expected to continue its growth path, albeit at a reduced pace compared to recent years’ high levels. APAC is expected to remain at a stable growth rate.

**RV OEM market expected growth**



Source: The Third-Party Market Report.

<sup>6</sup> The World Bank.

CPV OEM

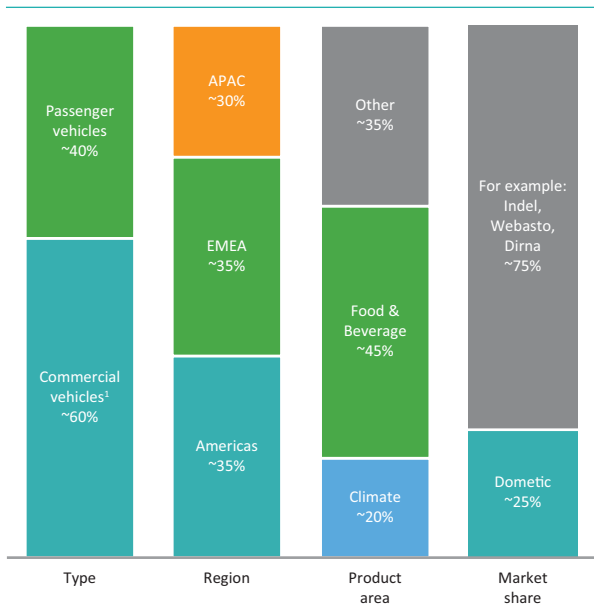
Introduction

The CPV OEM Market in which Dometic operates mainly consists of equipment for Heavy trucks and Premium cars, and to some extent specialty vehicles<sup>7</sup>. The Heavy trucks are equipped with sleeper cabins with comfort equipment to enable long-haul transportation. Premium cars are increasingly equipped with comfort equipment such as refrigerators, beverage coolers and inverters. Core products for the CPV OEM Market are parking coolers, inverters and refrigerators. Penetration levels of these core products in the CPV OEM Market are currently relatively low, however expected to increase across segments. The market dynamics such as demand for driver comfort are similar in Americas and EMEA. In the APAC region driver comfort is currently less important than in Americas and EMEA.

CPV OEM Market size

The size of the CPV OEM Market is estimated at approximately SEK 3 billion. The CPV OEM Market is fairly evenly split between Commercial Vehicles (60%) and Passenger Vehicles (40%). All three regions are approximately equal in size and the key product groups are Climate (e.g. air conditioning) and Food & Beverage (e.g. refrigerators), together representing approximately two thirds of the CPV OEM Market.

CPV OEM market (SEK 3 billion)



<sup>1</sup> Consists of trucks and utility vehicles. Source: The Third-Party Market Report.

Dometic estimates its share within the CPV OEM Market to be approximately 25%. With respect to key individual products such as refrigerators, Dometic estimates that the Company has a significantly higher market share than the market share for the total CPV OEM Market, especially in the U.S. The competitive landscape differs across the Company's main products. Within parking coolers, the main competitors are Indel, Webasto and Dirna. Within refrigerators, the main competitors are Indel, Eberspächer, Hella and Orloco, with Dometic and Indel having the strongest positions. Within inverters, the main competitors include Casco Schöller, Fengtian and Omron.

CPV OEM Market drivers

Volume drivers

The CPV OEM Market is partly driven by new sales of Trucks and Passenger Vehicles, although new sales are a less important driver compared to increases in product penetration. Given the low current penetration levels and the strong market drivers for increased penetration levels, Dometic expects product penetration to be a more significant market driver going forward.

In Americas, growth in new sales for both Trucks and Passenger Vehicles is expected to slow down in the period 2014 to 2020 (approximately 2-3% per year on average) compared to the period 2012 to 2014 (approximately 4% per year on average). In EMEA however, growth is expected to bounce back after the contraction in recent years and grow approximately 6-7% per year on average for the period 2014 to 2020. In APAC, growth in new sales for Trucks is expected to be stable while new sales for Passenger Vehicles are expected to come down from historic high levels of double digit growth mainly due to slow down in Chinese GDP growth. APAC CPV new sales is expected to grow by approximately 4-5% on an annual basis for the period 2014 to 2020.

Other market value drivers

The penetration levels differ across the regions and across products. In general, the current penetration level is relatively low within the CPV OEM Market with levels of 3-4% for parking coolers in EMEA and Americas and 25-27% for refrigeration in EMEA and Americas. Increases in areas where penetration is low will have substantial impact on the market development and growth rates going forward.

In recent years, the shortage of truck drivers has been evident in several countries, driven mainly by the working conditions with long periods away from home. The industry is increasingly working on driver comfort in order to attract drivers particularly in EMEA and

<sup>7</sup> Specialty vehicles includes agricultural and construction vehicles.



Americas. A major factor to raise the comfort levels in Trucks is through installing additional comfort equipment such as parking coolers and refrigerators. Also, customers in developing regions such as Eastern Europe, Mexico and across APAC are expected to increase demand for higher standard products. This is likely to drive higher penetration levels for driver comfort products going forward.

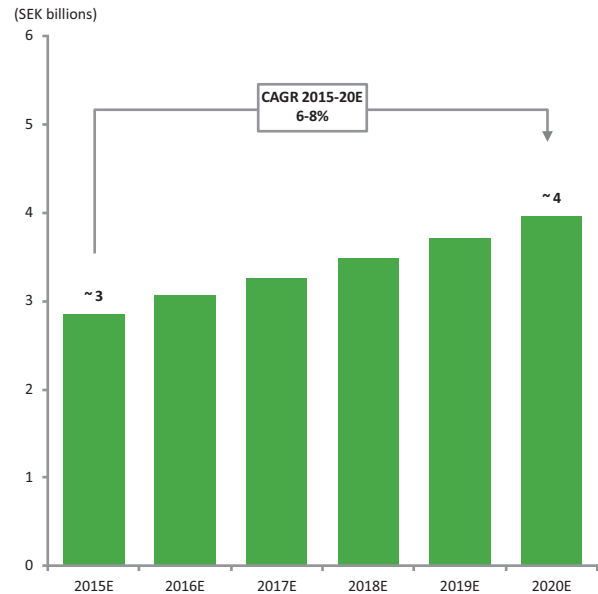
Also, within the truck market there is an ongoing legislation trend towards increased idle regulation in EMEA and Americas. In the U.S. for instance, there are currently 27 states with some form of idle regulation making it illegal to have the engine on in a truck when the driver is asleep. This triggers an increased need for parking coolers which serves the same purpose as the Trucks' built in air conditioner, but can be used without the engine being turned on. This legislative trend is likely to drive higher penetration rates for parking coolers in Trucks going forward.

Pricing levels are expected to be driven by the OEM structure dynamics, product mix shift as well as general underlying price levels. With the existing supply and demand dynamics, pricing on like-for-like products is expected to have a rather moderate impact on the overall market value.

**CPV OEM Market growth**

The CPV OEM Market is expected to grow at approximately 6-8% per year on average during the period 2015 to 2020. Volume drivers are expected to contribute 4-5% and other market value drivers are expected to contribute 2-3% in total. EMEA and APAC are expected to grow faster than the total CPV OEM Market, while Americas is expected to exhibit growth but at a slightly slower pace.

**CPV OEM market expected growth**



Source: The Third-Party Market Report.

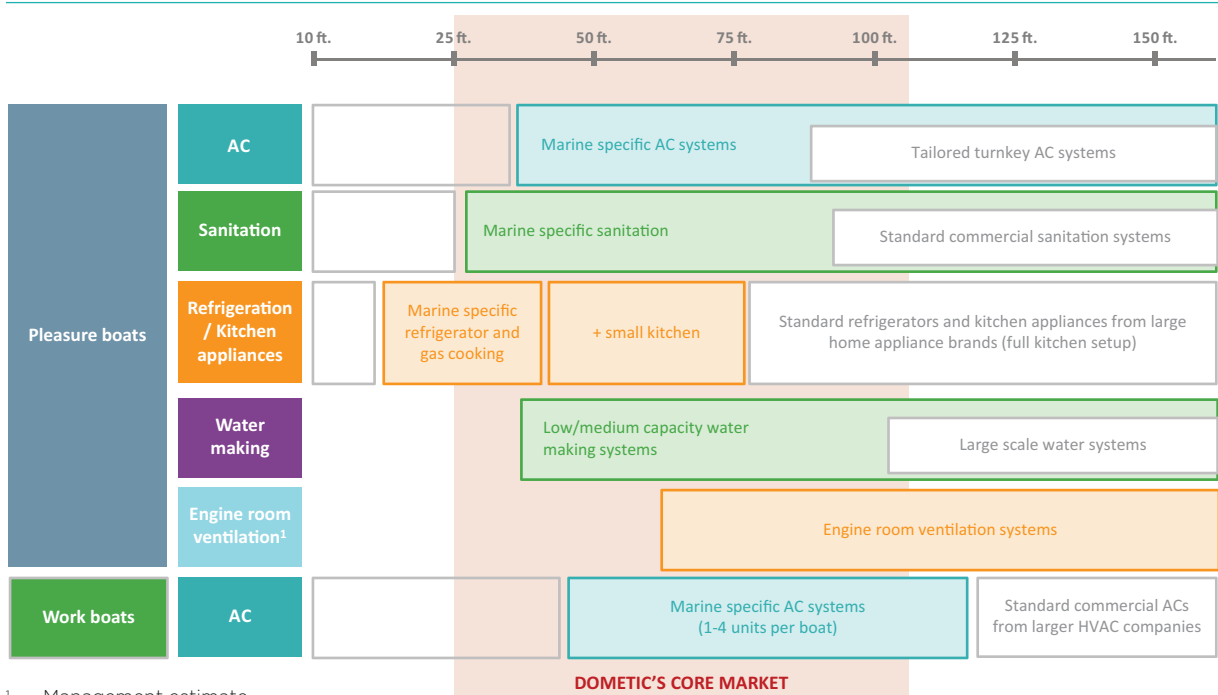
**Marine OEM**

**Introduction**

The Marine OEM Market includes equipment for Pleasure boats (including sailing and motor boats) and Work boats. Dometic's equipment for Pleasure boats mainly targets boats between 25-100 feet. Pleasure boats below 25 feet are typically not equipped with the type of products Dometic provides, and Pleasure boats above 100 feet to a large extent use standard commercial or domestic versions of products in the categories offered by Dometic.

The core focus for Work boats includes tug boats and crew boats, primarily in the sizes of 50-165 feet. The Work boats have high addressability for air conditioning products. Dometic's current presence within Work boats is limited, but its commercial focus on this market has increased.

Overview of Marine OEM market



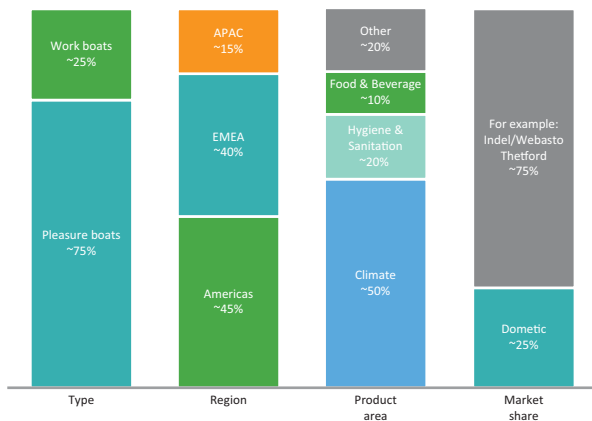
<sup>1</sup> Management estimate.  
Source: The Third-Party Market Report.

Marine OEM Market size

The size of the Marine OEM Market is estimated at approximately SEK 3 billion. Pleasure boat equipment represents the largest share (approximately 75%), as there are overall higher requirements for comfort in Pleasure boats than for Work boats. However, there are increasing requirements for comfort in Work boats as well. Americas and EMEA are the largest regions within the Marine OEM Market, together representing more than 85%. The main product group is Climate (air conditioning), representing approximately 50% of the Marine OEM Market.

Dometic estimates its share within the Marine OEM Market to be approximately 25% (including only Pleasure boats). However, within certain product niches, Dometic estimates its market share to be significantly higher than the overall market share within the Marine OEM Market. Within air conditioners, the competition is to a large extent smaller engineering firms, with the exception of Webasto and Veco. Within other equipment, the main competitors include Norcold/Thetford (within sanitation, refrigerators and other kitchen appliances) and Indel/Webasto (within refrigerators).

Marine OEM market (SEK 3 billion)



Source: The Third-Party Market Report.

Marine OEM Market drivers

Volume drivers

The underlying number of boats is affected by a number of trends, including GDP growth, the number of high net worth individuals (“HNWIs”), the availability of finance and ownership trends.

GDP growth

The Marine OEM Market has been cyclical over time, and has somewhat mirrored the underlying GDP growth. However, there are differences between regions as well as sizes of boats. The Americas Marine OEM Market has started to pick up again over the past 3-4 years. This trend is expected to continue, although most likely at more dampened growth rates in coming years. The EMEA Marine OEM Market has not yet

recovered, and is expected to pick up over the coming years. The impact of GDP is significantly different depending on the size of the boats, with smaller boats correlating more with GDP than large boats.

**HNWIs**

The Marine OEM Market for larger Pleasure boats is more impacted by the number of HNWIs than overall GDP development. Less than 1% of all Pleasure boats are longer than 60 feet. However, the value of the equipment for a larger Pleasure boat is significantly higher, especially for air conditioning systems. During 2014, the number of HNWIs and their wealth grew 7% and 9%, respectively, compared to 2013.<sup>8</sup> The growth was mainly driven by Americas and APAC, while EMEA experienced limited growth.

**Availability of financing**

The availability of financing for end-users impacts the Marine OEM Market, especially in terms of the smaller Pleasure boats where financing is particularly important. In terms of larger Pleasure boats, the impact of the availability of financing is estimated to be limited.

**Ownership trends**

More and more people have realized that they might not use their boat as often as they initially thought. Therefore, over the recent years, there has been an increasing trend toward rental and co-owning of Pleasure boats instead of owning privately. This is particularly true among younger people (majority of U.S. boat rentals are made by people aged 35 and younger). In the long term, an increase in the rental market could benefit the Marine OEM Market since rental could be seen as the entry level for new Pleasure boat owners that are willing to buy one themselves in the future.

**Other market value drivers**

New Pleasure boats are typically well equipped with high penetration levels, especially for boats with lengths over 40 feet. In the 25-39 feet range, Dometic estimates that there is still room for further penetration, particularly within the kitchen segment, where current penetration levels are around 60-70%. There is overall a higher potential in EMEA and APAC than in Americas. In Dometic’s view, new boat owners are increasingly upgrading the equipment on their boats prior to delivery.

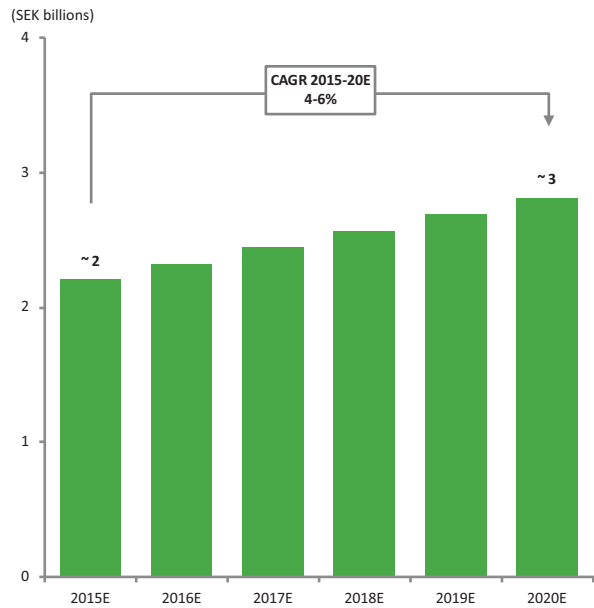
Furthermore, the number of motor boats are expected to outgrow sailing boats in coming years. This is expected to drive additional high-end comfort equipment sales, since motor boats tend to be equipped with proportionally higher levels of equipment value compared to sailing boats.

Pricing levels are expected to be driven by the OEM structure dynamics, product mix shift as well as general underlying price levels. The Marine OEM Market for mid and large boats is still relatively fragmented creating limited structural price pressure. Products such as air conditioning for these types of boats are typically highly engineered and customized systems, with limited transparency in terms of pricing levels.

**Marine OEM Market growth**

The Marine OEM Market for Pleasure boats is expected to grow at approximately 4-6% per year on average during the period 2015 to 2020. Volume drivers are expected to contribute 3-4% and other market value drivers are expected to contribute 1-2% in total. Growth for the period is expected to be rather similar across all regions, with Americas slightly below and APAC slightly above the total growth.

**Marine OEM market expected growth (Pleasure boats only)**



Source: The Third-Party Market Report.

**Aftermarket**

**Introduction**

Aftermarket consists of upgrade and replacement products, parts and consumables as well as refined Aftermarket products. Within RV, CPV and Marine, the product offering for the Aftermarket is similar to the respective OEM offerings. RV Aftermarket products include awnings, air conditioning, refrigerators, windows & doors, inverters, heating and sanitation

<sup>8</sup> Capgemini. Global Population of High Net Worth Individuals and their Wealth Hit New Highs.

**MARKET OVERVIEW**

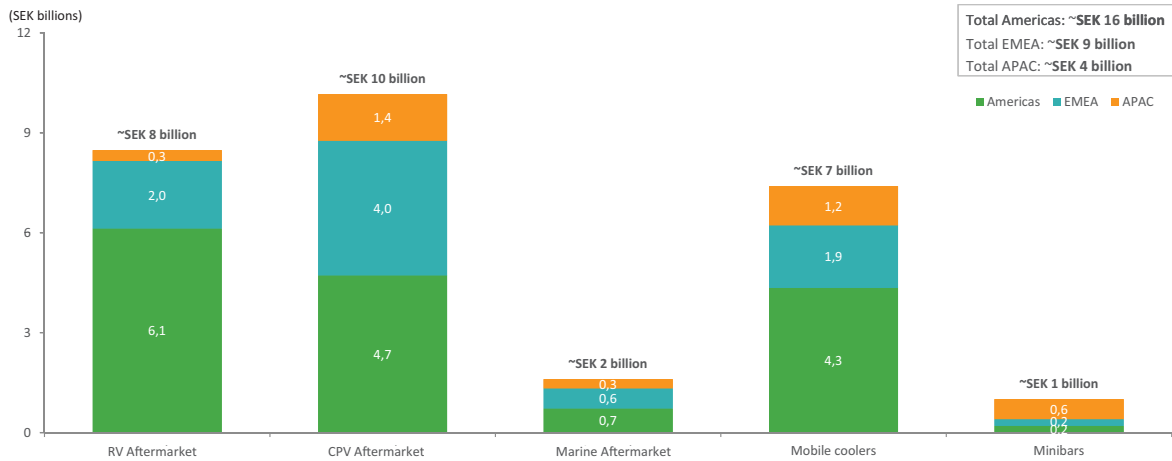
products primarily sold through dealers and distributors. Approximately 70-80% of Dometic’s net sales in the RV Aftermarket consists of upgrade and replacement products. CPV Aftermarket products include workshop equipment, rear view systems, Mobile cooling and parking coolers primarily sold through dealers. Less than 10% of Dometic’s net sales in the CPV Aftermarket consist of upgrade and replacement products. The CPV Aftermarket is approximately four times larger than the CPV OEM Market as the majority of the equipment is typically fitted onto Trucks by dealers and distributors rather than by the OEMs due to customers’ preferences. Marine Aftermarket products include air conditioning, toilets and refrigerators, primarily sold through dealers and distributors. Approximately 80-90% of Dometic’s net sales in the Marine Aftermarket consists of upgrade and replacement products which also include a significant element of repair and service on larger, installed AC

systems. Other Aftermarket products are refined products only sold through the Aftermarket channels, including Mobile coolers and minibars.

**Aftermarket size**

The size of the Aftermarket is estimated at approximately SEK 29 billion. Americas is the largest region with a value of approximately SEK 16 billion. EMEA is the second largest region at approximately SEK 9 billion and APAC is the smallest region, with an approximate value of SEK 4 billion. In terms of Aftermarket sub-markets, CPV Aftermarket is the largest with an approximate value of SEK 10 billion, followed by the RV Aftermarket, Mobile coolers, Marine Aftermarket and minibars at approximate values of SEK 8 billion, SEK 7 billion, SEK 2 billion and SEK 1 billion respectively.

**Aftermarket size**



RV Aftermarket, CPV Aftermarket and Mobile coolers size are based on the Third-party Market Report. Marine Aftermarket and minibars size are management estimates.

The competitive landscape across the Aftermarket differs to a large extent depending on submarket. Competition in the RV, CPV and Marine Aftermarket is similar to its respective OEM Market. Major competitors within Mobile coolers include Coleman and Igloo. These are well positioned with both passive and active Mobile coolers. Within minibars, competitors include Indel, Bartech and Hartmann Tresore.

**Aftermarket drivers**

The Aftermarket is driven by a number of factors including the Installed base, upgrade and replacement cycles of the Installed base, comfort and convenience levels, new sales channels targeting new customer groups and pricing.

## MARKET OVERVIEW

Factors	RV Aftermarket	CPV Aftermarket	Marine Aftermarket	Other <sup>1</sup>
Installed base as platform for growth	✓	(✓)	✓	(✓)
Upgrade and replacement cycle of the Installed base	✓	✓	✓	(✓)
Comfort and convenience levels	(✓)	✓		✓
New sales channels targeting new customer groups	(✓)	(✓)	(✓)	✓
Pricing	✓	✓	✓	✓

✓ = Key factors    (✓) = Secondary factors

<sup>1</sup> Including Mobile coolers and minibars.

Source: The Third-Party Market Report.

### Installed base as platform for growth

The main difference between the RV OEM and Marine OEM Market compared to the RV and Marine Aftermarket is that the Aftermarket is mainly driven by the Installed base and not by new sales of RVs, Pleasure and Work boats. As a result, the RV and Marine Aftermarket is less dependent on GDP growth and consumer sentiment as there will be a replacement need also in a downturn. Therefore, the Aftermarket tends to be less cyclical compared to the corresponding OEM markets. In the Company's view the Installed base of RVs is growing which is particularly supported by the average age of RVs which tend to increase. The CPV Aftermarket is less driven by the Installed base and more by the new sales, as only a limited part of the CPV Aftermarket is upgrade or replacement products.

### Upgrade and replacement cycles of the Installed base

As stated above, for the RV and Marine Aftermarket, there is a replacement need for existing equipment. The dynamics of the replacements may differ somewhat. As an example, end-users waited longer before buying new RVs or Pleasure boats during the financial crisis. As a result, the demand for replacement products increased as RVs and Pleasure boats were used during a longer time period. Owners tended to invest more in their existing RV or boat, rather than investing in a new RV or Pleasure boats. Another driver for RV and Marine Aftermarket is upgrades made by new owners of second-hand vehicles. The new owners tend to replace certain equipment such as toilets and kitchen

appliances, and therefore a growing second-hand market for RVs and Pleasure boats is positive for the Aftermarket.

### Comfort and convenience levels

The structure of the CPV Aftermarket is different compared to the RV and Marine Aftermarket. In CPV, the majority of the new products are sold through the Aftermarket, as e.g. parking coolers typically are installed at a dealer, rather than at the OEM. Increased demand for driver comfort with the intent to attract new drivers to the profession and also to improve the comfort for the existent drivers is an important trend (see "— CPV OEM Market drivers").

Comfort and convenience trends are also impacting Mobile coolers. Furthermore, increasing comfort levels in outdoor activities such as camping are benefitting growth in sales of Mobile coolers given the function of securing that the food is fresh and the drinks are cold.

### New sales channels targeting new customer groups

A significant share of Mobile coolers sales have historically been through specialized outdoor as well as traditional retail channels. More recently, the Aftermarket has seen increased level of e-commerce sales. The Company believes this trend is driving new customers with only limited cannibalizing on existing sales channels as it is mainly first-time users that acquire a mobile cooler through the e-commerce channel.



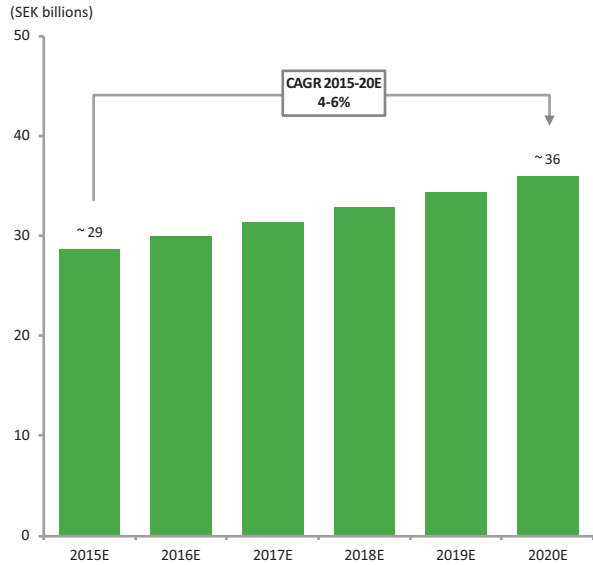
Pricing

Pricing levels are expected to be driven by the customer dynamics. The Aftermarket is based on fragmented dealer landscape compared to the OEM landscape, and therefore less susceptible to structural price pressure. Furthermore, a part of the Aftermarket offering is through catalogue-based selling, which increasingly enables price adjustments in connection with catalogue updates.

Aftermarket growth

The Aftermarket is expected to grow at approximately 4-6% per year during the period 2015 to 2020. Volume drivers are expected to contribute 3-4%, and other market value drivers are expected to contribute 1-2% in total. All three regions are expected to see solid growth over the period. Growth in APAC is expected to be higher than the total Aftermarket, fuelled by continued consumer spend increases in China. Americas is expected to see continued strong growth momentum but slightly below total Aftermarket growth rates for the period.

Aftermarket expected growth



Source: The Third-Party Market Report.



## Business overview

### Overview

Dometic provides branded solutions for mobile living in the areas of Climate, Hygiene & Sanitation and Food & Beverage. The Company manufactures and sells a diverse range of products within these areas for use in Recreational Vehicles (such as Motorhomes and Caravans or Towables), Trucks and Premium cars, Pleasure and Work boats, and for a variety of other uses. Products include air conditioners, furnaces, awnings, vents and windows & doors within Climate; water heaters and toilets within Hygiene & Sanitation; and refrigerators, cooking equipment, ovens and Mobile coolers within Food & Beverage. Dometic is organised into three regions: Americas, EMEA and APAC. The Company uses two sales channels, OEM and Aftermarket, to distribute its products. OEM customers are manufacturers of RVs, Trucks, Premium cars, Pleasure and Work boats while the Aftermarket comprises upgrade and replacement products, parts and consumables as well as refined Aftermarket

products sold through various distributors, dealers and retailers to RV, CPV, Marine and other end-users.

The Company operates 22 manufacturing / assembly sites in 9 countries, sells its products in approximately 100 countries and manufactured approximately 85% of products sold in-house in the year ended 31 December 2014. The Company markets and sells its products under one main brand, Dometic, as well as supporting brands such as WAECO, Atwood, A ATWOOD AIR COMMAND, MOBICOOL, Marine Air Systems, Condaria, Cruisair and SeaLand. The Company's headquarter is located in Solna, Sweden. Dometic has two main distribution hubs, in Emsdetten, Germany and in Goshen, U.S.

Dometic is divided into five business areas; RV, CPV, Marine, Retail and Lodging. Three business areas, RV, CPV and Marine, sell products through both the OEM and Aftermarket sales channels while Retail and Lodging only sells to the Aftermarket channel.

		Business area split					
		RV	CPV	Marine	Retail	Lodging	% of total
Regional split	Americas	39%	4%	5%	0%	0%	<b>48%</b>
	EMEA <sup>1</sup>	18%	11%	4%	5%	2%	<b>40%</b>
	APAC	7%	1%	0%	3%	0%	<b>11%</b>
	% of total	<b>64%</b>	<b>16%</b>	<b>9%</b>	<b>8%</b>	<b>3%</b>	<b>100%</b>
Sales channel split	OEM						<b>59%</b>
	Aftermarket						<b>41%</b>
						<b>100%</b>	

For the nine months ended 30 September 2015.

<sup>1</sup> The previous business area Medical was divested in March 2015. Historically, Dometic has been organised into the three regions and the global division, Medical. As Medical represented a minor share of the Group's activities and did not meet the quantitative thresholds required by IFRS, it was not reported separately but included in the region EMEA. For the nine months ended 30 September 2015, Medical accounted for one % of the net sales.

Product examples

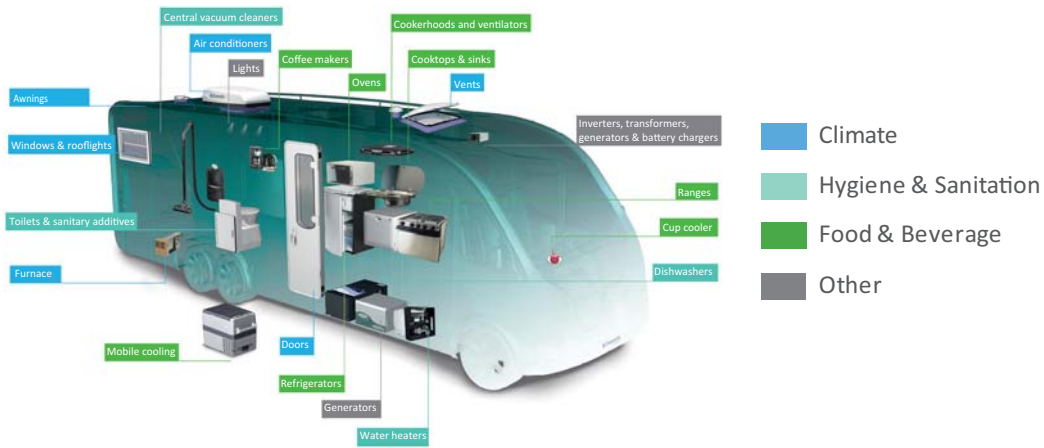
Climate	Hygiene & Sanitation	Food & Beverage
<p data-bbox="193 421 357 454">Rooftop AC</p> 	<p data-bbox="632 421 727 454">Toilets</p> 	<p data-bbox="1070 421 1251 454">Refrigerators</p> 
<p data-bbox="193 875 405 909">Parking coolers</p> 	<p data-bbox="632 875 884 909">Stainless steel sink</p> 	<p data-bbox="1070 875 1267 909">Mobile coolers</p> 
<p data-bbox="193 1308 312 1341">Awnings</p> 	<p data-bbox="632 1308 828 1341">Water heaters</p> 	<p data-bbox="1070 1308 1235 1341">Wine cellars</p> 
<p data-bbox="193 1720 320 1753">Furnaces</p> 	<p data-bbox="632 1720 951 1753">Sanitation consumables</p> 	<p data-bbox="1070 1720 1158 1753">Ovens</p> 



**RV**

For the nine months ended 30 September 2015, the RV business area generated 64% of the Group's net sales, of which 46% were originated from OEMs and the remaining 18% from the Aftermarket. In the OEM channel, products are sold directly to RV manufacturers whilst in the Aftermarket products are sold to the end-customers through the RV equipment dealers and distributors.

In the RV business area, the Company provides a wide product offering within the areas of Climate (air conditioners, windows & doors, furnaces and awnings), Hygiene & Sanitation (toilets, water heaters and sanitation consumables) and Food & Beverage (refrigerators, cookers, sinks, ovens and portable cooling) as well as other products including generators and inverters. Below is an illustrative overview of the type of equipment that the Company sells in the RV business area.

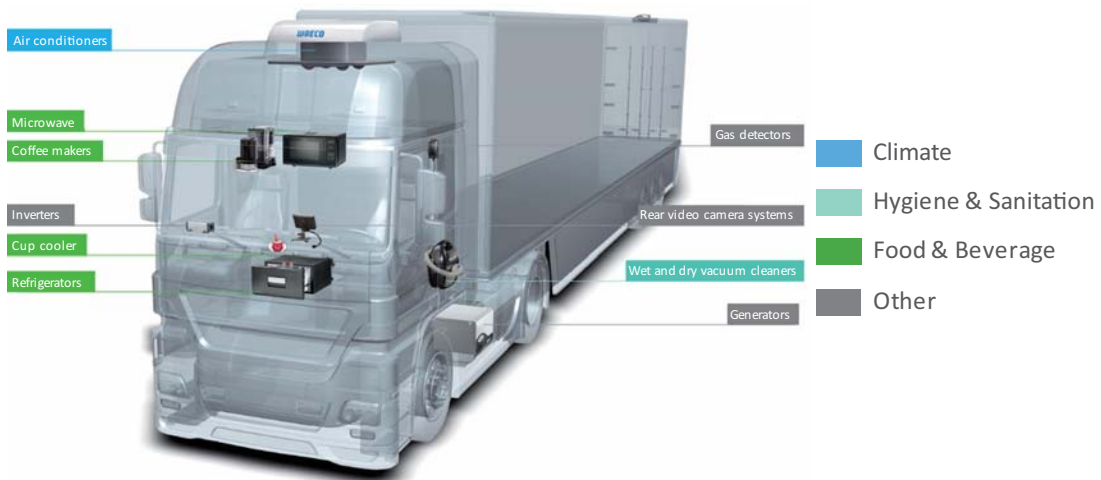


**CPV**

For the nine months ended 30 September 2015, the CPV business area generated 16% of the Group's net sales, of which 7% were originated from OEMs and the remaining 9% from the Aftermarket.

The CPV business area product offering consists of cooling related products within the areas of Climate (parking coolers) and Food & Beverage (refrigerators and Mobile coolers) as well as generators and inverters, for Commercial Vehicles (Trucks) and Passenger Vehicles (premium car models). Below is an illustrative overview of the type of equipment that the Company sells within the CPV business area (for Trucks).

The products sold within CPV via the OEM channel primarily serve premium car manufacturers and truck manufacturers while the Aftermarket sales mainly take place through dealers and distributors to the end-customers.

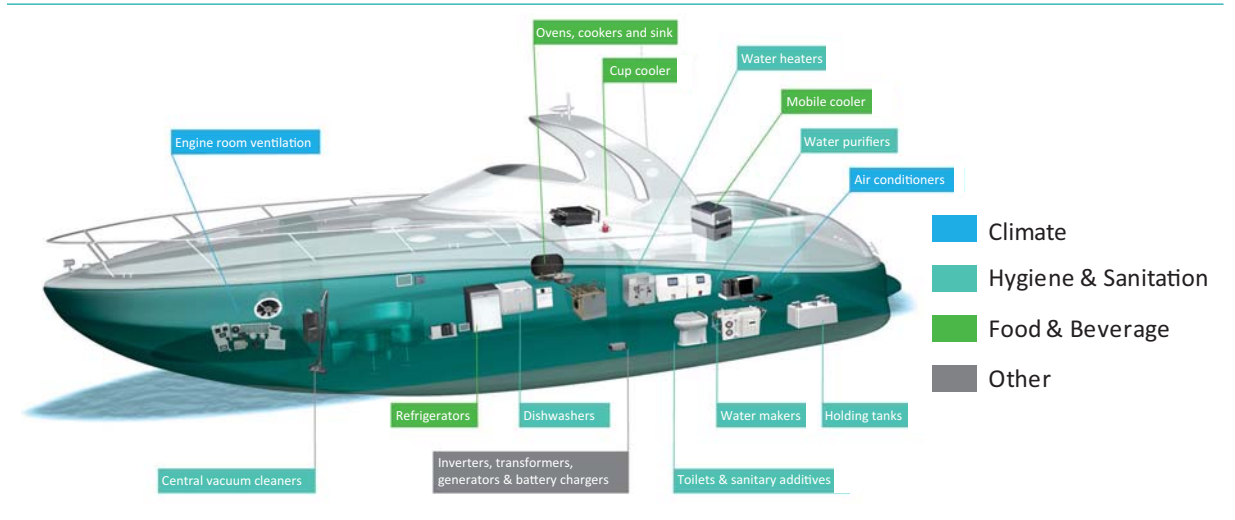




### Marine

For the nine months ended 30 September 2015, the Marine business area generated 9% of the Group's net sales, of which 5% were originated from OEM customers and the remaining 4% from the Aftermarket. The Marine business area primarily sells via the OEM channel as some main products (e.g. air conditioners) tend to be large systems integrated into the boat construction. The Aftermarket serves end-users through dealers and distributors.

For both OEM and Aftermarket, Dometic offers products within Climate (air conditioners), Hygiene & Sanitation (toilets and related consumables) and Food & Beverage (refrigerators, cookers, sinks, ovens and portable cooling). The Company's products are principally designed for Pleasure boats from 25 feet in length, with the core market segment being represented by boats of up to approximately 100 feet in length. Below is an illustrative overview of the type of equipment that the Company sells within the Marine business area.



### Retail

For the nine months ended 30 September 2015, the Retail business area generated 8% of the Group's total net sales. Dometic mainly supplies general and specialty retailers, online retailers and other retail chains, catering to consumers as end-users of the Company's products. The product range mainly consists of Mobile coolers (passive and active) and compact refrigerators.

### Lodging

For the nine months ended 30 September 2015, the Lodging business area generated 3% of the Group's net sales. The Lodging business area provides primarily minibars for in-room installation in hotels. The focus area is on the 4 and 5 star hotels segment of the lodging industry.



## Competitive Strengths

Dometic has a set of strengths and competitive advantages that are important drivers of financial performance. These strengths include:

### Market leader in attractive mobile living niches

Dometic is a leading product provider in each of the RV OEM, CPV OEM and Marine OEM Markets, as well as in many of the core product areas in the Aftermarket. The Company holds market leading positions across key products in each of its regions, and management estimates that approximately 75% of the Company's net sales are generated from product categories in which Dometic holds a number 1 or 2 position.

Dometic holds a strong position in the value chain for the OEM business since the Company operates between a fragmented base of component suppliers on one side and a partly fragmented base of OEM customers on the other side (with regional differences). As a provider of different products for sub markets in mobile living, Dometic often only has one or two main competitors in each of its sub-markets. The Company considers that given its extensive product range and long history of providing tailor-made equipment solutions, it has become a valued partner to its customers. The Company's network of customer relationships helps to promote Dometic as a differentiator of quality that adds value to the end-customers RV experience, even though its products encompass a relatively small proportion of the total cost of production of, for example, an RV, truck, Premium car, Pleasure boat or Work boat.

Dometic's current position is strengthened by several specific market and business characteristics specific to niche markets where the Company is present. The Market has high requirements when it comes to performance, durability and customization. The products generally need to withstand harsh environments, which includes vibrations, heat and moisture. The products also need to be silent, as many are located in close proximity to the sleeping area in, for example, an RV. In addition, there are different power requirements (for example, voltages or fuel type) that requires specialized products and thus act as entry barriers.

Dometic believes that there are a number of factors specific for the Company's business model and operations that provide the Company with a strong position in the Market that is not easy for competitors to copy. Dometic benefits from scale, including a global manufacturing platform, a well-established distribution network and long standing customer relationships among both OEM and Aftermarket customers. In

addition, Dometic has a strong brand in the Market, which has been built over a long period of time and a reputation of being a leading innovator in the industry. Given the structure of the Market that is made up of several relatively small niches, the Company considers it unlikely that large worldwide equipment manufacturers would try to enter a significant number of niches within the Company's Market.

### Favorable macro and consumer trends supporting long-term growth

Dometic believes that the current trend of global GDP improvement and the forecasted growth in the majority of key economies in which it operates will play an important role in increasing sales across different regions. There are also supporting underlying trends in leisure activities and lifestyle in the regions, supporting growth in the Company's key markets. In the Company's view, customers are showing an increasing willingness to spend money on leisure and recreational activities as people focus on having more free time and spend additional time outdoors. A growing portion of the population in the markets in which Dometic operates is engaging in outdoor activities. This has contributed to an increase in the share of discretionary spend being allocated to outdoor activities and outdoor 'vacation styles', which in turn is driving demand for mainly RV and Marine. Furthermore, increasing consumer focus on comfort when away from home is supporting growth in demand for mobile living solutions.

The RV market in the U.S. has been increasing over a long time, with approximately 8% increase per year since 1980.<sup>9</sup> Dometic expects the RV business area to sustain growth above GDP, largely driven by the expanding core demographic group of RV customers (individuals above 45 years of age), especially as the "baby boomer" generation moves toward retirement age. According to the World Bank, the population above 55 years of age is expected to grow at a pace of approximately 2-4 times higher than the population in total in key countries such as U.S., Germany, UK, France and Australia. Also, new and younger customer groups are enjoying the RV lifestyle. Especially in the U.S., the use of certain RV campaigns, such as "Go RVing", has led to increased popularity of RVs among the younger population, including among individuals between 35-45 years of age which is currently the fastest growing demographic for RVs in the U.S. Similar patterns are also starting to be seen even in Europe and Australia. Furthermore, glamping, i.e. luxury camping, is increasing in popularity, with a positive effect on upgrades and the high-end of the recreational industry. The Company believes these trends will enable sustained long-term growth prospects within RV.

Within CPV, there is increasing demand for driver comfort in the truck segment, which is estimated to

<sup>9</sup> Based on RV retail value for 1980-2014. Recreational Vehicle Industry Association, The RV consumer in 2011 (Curtin).

have a positive impact on product penetration.<sup>10</sup> In addition, regulatory changes in running the truck engine during breaks and overnight is expected to have a positive impact on the Company's product offering in this market.

Dometic believes that the growth in spending power of HNWI's will help increase net sales in the Marine business area as HNWI's are the main customer group in Marine, particularly for larger Pleasure boats. During 2014, the number of HNWI's worldwide grew by approximately 7% (while their wealth grew by 9%).

The Aftermarket is also expected to benefit from the general underlying leisure and outdoors trends in the Market, as well as the specific factors favourably impacting RV OEM, CPV OEM and Marine OEM respectively. This, coupled with higher number of people participating in leisure activities and a growing installed base, is estimated to drive both replacement and add-on sales in the Aftermarket. Today, Aftermarket represents more than 50% of the Company's operating profit (EBIT).

### **Large, profitable Aftermarket channel**

Dometic has a strong presence in the Aftermarket with approximately 35,000 customers (including dealers, wholesalers, retailers and e-business companies) distributing its broad portfolio of products. Dometic's Aftermarket net sales for the nine months ended 30 September 2015, amounted to SEK 3,661 million. This represented an increase of 27% compared to the same period in 2014. Total Aftermarket is estimated to be valued at approximately SEK 29 billion, implying further room for growth.

The Aftermarket is a core area for Dometic and given that it is less dependent on the number of new registrations of RVs, Trucks and Premium cars and Pleasure and Work boats, it has demonstrated a more stable net sales stream and higher margins compared to the OEM sales channel resulting in greater resilience to macroeconomic downturns.

### **Well invested manufacturing / assembly platform model with strong profitability and cash flow conversion**

In the years ended 31 December 2012, 2013 and 2014, Dometic invested 2.7%, 2.0% and 2.0%, respectively, of annual net sales in capital expenditures<sup>11</sup>. Given the long history of the operations and the relatively low asset intensity, the Company considers its manufacturing / assembly platform to be well invested. Accordingly, Dometic generally does not have long-term commitments with respect to capital expenditures and Dometic can significantly vary its expenses on an

annual basis. Partly as a result of its efficient operations, Dometic has been able to maintain attractive EBITDA margins and strong cash flow conversion (defined as adjusted EBITDA less capital expenditure less change in core working capital divided by adjusted EBITDA).

### **Broad product, customer and regional exposure adds financial resilience**

Dometic is diversified across products and customer segments with a regional spread. The Company sells a broad range of different products in approximately 100 countries to a wide range of customers, with no single customer representing more than 10% of net sales in the year ended 31 December 2014. In addition, Dometic's top 10 customers in aggregate represented 25% of the Group's net sales in the year ended 31 December 2014.

Dometic has a balanced regional split consisting of Americas, EMEA and APAC, which represented 48%, 41%<sup>12</sup> and 11% of Dometic's net sales for the nine months ended 30 September 2015. In all three regions, Dometic believes it holds a strong market position.

The Company's broad product range and customer exposure, when combined with its regional balance, helps Dometic to mitigate potential fluctuations in demand from a specific market or sales channel. Dometic believes that its diversified business model has helped to mitigate cyclicity in specific markets or countries over the historical period and expects that it will continue to partly offset future changes in demand.

### **Experienced management team**

In addition to the Company's ability to recruit, train and retain skilled personnel in many fields of operations, the Company's success depends on the management skills, leadership capabilities, financial knowledge and business acumen of the experienced and recently strengthened senior management. Dometic has a management team that consists of seasoned professionals, with extensive experience in their respective fields. In recent years, the management team has been further strengthened with industry and organisational specific competence as well as significant experience from publically listed companies. The Company's regions are headed by professionals with strong industry experience and long background with Dometic. The Company's management team is supported by centralized group functions and a number of strong local managers who the Company believes possess the capabilities required in the market for the execution of Dometic's strategic agenda. The Dometic organisation supports the management with clear focus and business accountability.

<sup>10</sup> The Third-Party Market Report.

<sup>11</sup> Dometic defines capital expenditure as expenses related to the purchase of tangible and intangible assets less proceeds from the sale of tangible and intangible assets.

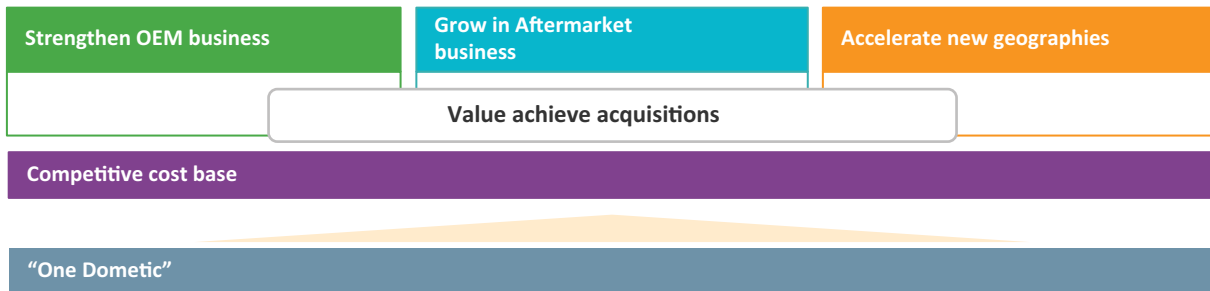
<sup>12</sup> Medical was divested during March 2015. Historically, Dometic was organised into the three regions and the global division, Medical. As Medical represented a minor share of the Group's activities and did not meet the quantitative thresholds required by IFRS, it was not reported separately but included in the region EMEA.

Strategy

Dometic’s strategy is focused on profitable growth. Dometic aims to achieve profitable growth through a number of initiatives within three areas; growth in the Aftermarket business by widening the customer base and the product portfolio; selective broadening of the OEM business within attractive niche positions; and investments in a number of new geographies which offer a significant long term growth potential. Dometic

aims to achieve this growth through organic growth and acquisitions in line with the strategy. The strategy is based on the systematic work to increase the competitiveness within all significant cost categories and to strengthen the Company through continued consolidation and harmonisation in terms of way of working, processes and management (“One Dometic”).

The Company’s strategy is combined by the following key initiatives:



Strengthen OEM

The Company plans to strengthen its OEM positions through clear product leadership and by selective expansion into new attractive product areas. Across the three regions, there are a greater number of ongoing and planned product development projects to strengthen the current product portfolio. Dometic is continuously working towards developing products that are defining the technology standard in its markets.

The focus for the RV OEM Market is to selectively address attractive white space, enter new adjacent product markets as well as retain product leadership by introducing new and improved products. The recent acquisitions of Atwood Mobile Products (“Atwood”) and Prostor, a subsidiary of the Belgian company Brustor NV. (“Prostor”) are examples of the approach of targeting white space, as Atwood products provided an entry into the products for heating in Americas and strengthened Dometic position in kitchen appliance products and Prostor strengthened Dometic position in awnings in EMEA. In EMEA and APAC, there are a number of products and product groups, where there is a significant market share potential and growth opportunity.

Within CPV OEM, Dometic’s growth focus is to strengthen its market position and customer relationships in the Americas and APAC to reach the same level as within EMEA. The Company has a strong position in the EMEA market, partly through the acquisition of WAECO. By building on the engineering capabilities in EMEA as well as the manufacturing

competence and capacity for CPV in China, the Company will focus on reaching similar market positions in APAC and Americas with new products.

Within Marine OEM, the target is to expand within the Work boat segment while further developing new product offerings. The Work boat segment is similar to the Pleasure boat segment in terms of product design and requirement and this provides a good fit for Dometic’s current product portfolio. There are also new product initiatives that are suitable for both the Pleasure and Work boat markets, including engine room ventilation and water makers. The Company considers the expansion into Work boats and the product range expansion as main strategic initiatives.

Grow in Aftermarket business

Dometic aims to increase its relationships with large customers such as leading retail chains and online retailers. The Company does not yet have full market coverage in important distribution channels and sees this as a good opportunity for further growth in the Aftermarket. Focus is also on being the leader within the large product categories while also selectively adding new categories. For example, despite strong market positions there are further growth opportunities in Mobile coolers (e.g. passive and active products targeting the large U.S. market, new small and larger sized compressor boxes to get full range in EMEA and APAC and new tailored solutions to target new customer groups), parking coolers (e.g. products with superior energy performance tailored to the specific needs of EMEA and Americas respectively) and

awnings (e.g. growth of newly acquired Prostor product range in EMEA and APAC). In terms of new product categories, the Company has for example recently entered sanitation consumables in EMEA and in the US, with a plan to grow from a small entry position in a rather large market. In addition, there are a greater number of ongoing and planned product development projects to strengthen the product portfolio. Dometic will also focus on capitalising on its current unique product and customer base. The strong position of Dometic will help to tie end-users closer to the Company through, for example, customer loyalty programmes, benefitting Dometic's position within RV Aftermarket. Today, Aftermarket represents more than 50% of the Company's operating profit (EBIT).

### Accelerate new geographies

Dometic aims to make focused investments with carefully chosen products in countries with large long-term potential for the Company's solutions. The efforts are targeted at both the OEM and Aftermarket products. Dometic has identified a number of countries, including China, Brazil and Russia that offer long-term growth potential coupled with a significant underlying market for its business areas and products.

In China, a broader sales network is currently being built up and Dometic is looking at expanding within all its product areas, both via the OEMs and the Aftermarket channel. For the other countries, the main focus for Dometic is to be well positioned when growth increases and returns.

### Competitive cost base

Dometic aims to secure competitive cost by constantly working on improvements in product cost structure, warehousing & logistics, sales & marketing and administration. Dometic is continuously working to reduce costs across these functions and across regions. There are ongoing programmes in each manufacturing / assembly site to drive continuous improvements. Dometic also has an ongoing EMEA selling, general and administrative ("SG&A") expense programme which also includes logistics and warehousing. The SG&A programme is a large initiative which includes staff reduction, more efficient processes and structural cost improvements. Part of this programme focuses on reducing costs in sales and marketing by better utilization of resources and functions through head count reduction, process efficiency improvements and

more efficient utilisation of existing staff. The programme also aims to save costs through planning and process improvement in logistics. In addition to this, Dometic will also look to improve utilization of administrative functions and eliminate duplicate functions between countries when possible. Furthermore, there are two programmes to lift profitability within cooking equipment and window and doors in EMEA through overhead consolidation and certain cost measures. Together, the measures implemented in the SG&A programme and the profitability programmes are expected to be fully implemented by the second half of 2016 and the aggregate impact thereof is expected to reduce the cost base by approximately SEK 70 million (gross savings over the 2014 cost base) on an annual basis. For 2015, approximately half of the gross savings is expected to be achieved. Dometic has estimated approximately SEK 30 million of one-time restructuring costs in order to implement such measures, all of which were expensed in the nine months ended 30 September 2015.

### One Dometic

Dometic is focused on improving the Dometic Group business model and move towards a more integrated group with a common culture, consistent approach, and clear accountabilities. The strategic focus of One Dometic strives to further improve co-operation in the company, as well as the interface to the market. This work also entails continuing to create clear responsibilities in the Group, ensuring that everyone contributes to create value from product development and manufacturing processes to servicing the Company's end-customers. The One Dometic strategy focuses on three key areas for the interface against the market, including a focus on the Dometic brand, a consistent modern brand positioning as well as a widespread digital presence. Today, Dometic has several supporting brands and a widespread digital presence. The plan is to have one external interface with common visual identity and messaging.

Within the framework of One Dometic the ongoing work with unifying the internal approach will continue in areas such as steering, reporting and follow up of initiatives. There are also ongoing efforts to improve the business planning cycle and internal information flows, including business intelligence systems. This has been a focus area over the last few years and further improvements will be carried out within the One Dometic strategy.



## Financial targets

The financial targets below constitute of forward-looking statements which are based on a number of estimates and assumptions, and subject to risks and uncertainties. Dometic's actual results may differ materially from what is expressly or implicitly stated in these forward-looking statements due to a variety of factors, of which some are outside the Company's control. Dometic's business, results of operations (EBIT) and financial conditions and the development of the industry and the macroeconomic environment in which Dometic operates, may differ materially, and be more negative, than those assumed when preparing the financial targets set forth below. In addition, unanticipated events may adversely affect the actual results that the Group achieves in future periods whether or not its assumptions prove to be correct. See also section "Risk Factors" and "Important information to investors – Forward-looking Statements".

Dometic's Board of Directors has adopted the following medium- to long-term financial targets over the cycle:

- Net sales growth of 5% at constant currency excluding larger acquisitions<sup>13</sup>;
- Reported operating profit (EBIT) margin of at least 15%; and
- Net debt/EBITDA around 2.0x.

The assumptions on which the Company has based its medium- to long-term financial targets include that:

- the Group is able to achieve net sales growth at a level approximately in line with the mid-point expected market growth (as outlined in the Market Overview);

- the Group will continue to execute smaller acquisition opportunities across the regions and business areas where the Company is present today;
- the Group is able to retain its margins across the regions, and able to develop margins in line with current initiatives, including (i) continuous improvement to take down product cost (ii) factory optimisation, and (iii) acquisition synergies (iv) ongoing SG&A cost reduction programme within EMEA; and
- shortly after the completion of the Offering and the capital increase contemplated in connection with the Offering, the Group's leverage is no more than 3.0x Net debt/EBITDA.

In preparing the medium- to long-term financial targets, the Company has assumed that no major adverse effects shall be forthcoming from significant changes, including without limitation, within the following areas:

- major customer strategies for consolidation in the Market, significantly increased pricing pressure from both OEM and Aftermarket customers, significant changes in the competitive landscape or the Group's ability to successfully deliver its products; and
- other major adverse changes in existing political, fiscal, market or economic conditions, in exchange rates or in applicable regulations or rules (including, but not limited to, accounting), and no major administrative, regulatory or tax-related outcomes adverse to the Group.

<sup>13</sup> Larger acquisition means an acquisition of a company with more than SEK 100 million in net sales.

Regions

Americas

The Americas region accounted for net sales of SEK 3,395 million for the year ended 31 December 2014. The region had operating profit (EBIT) of SEK 368 million in the same period which represented an EBIT margin of 10.8%. The region comprises of North America, Latin America and the Caribbean. The U.S. represented 93% of the Company's net sales in the Americas region for the year ended 31 December 2014.



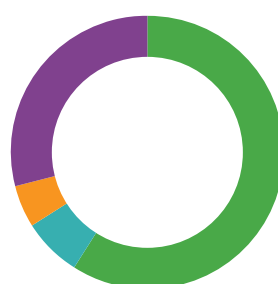
SEK millions	1 Jan-31 Dec		1 Jan-30 Sep		
	2012	2013	2014	2014	2015
Net sales	2,732	2,826	3,395	2,421	4,334
% growth		3.4	20.1	8.0	79.0
Operating profit (EBIT)	219	336	368	307	528
% of net sales	8.0	11.9	10.8	12.7	12.2

By Group net sales  
1 Jan-30 Sep 2015



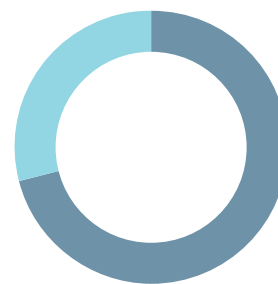
Americas, 48%  
Other regions, 52%

By market  
1 Jan-30 Sep 2015



RV OEM, 59%  
Marine OEM, 5%  
Aftermarket, 29%  
CPV OEM, 7%

By sales channel  
1 Jan-30 Sep 2015



OEM, 71%  
Aftermarket, 29%

**RV OEM**

For the nine months ended 30 September 2015, RV OEM accounted for 59% of the net sales for the Americas region. Selected products sold to RV OEMs in the Americas include refrigerators, air conditioners and heaters. Customers are mainly OEMs located in North America and, among others, include Forest River and Thor. The customer concentration in Americas is relatively high compared to EMEA and APAC due to a period of consolidation of the largest OEM customers following the financial crisis.

In October 2014, Dometic acquired Atwood, a business with a complementary product offering for RV in the U.S. market with net sales of USD 184 million for the financial year 2013 at the time of the acquisition. This was a strategically important acquisition for Dometic as most of the companies' product areas are highly complementary given Dometic's strong foothold in cooling products and Atwood's strong foothold within "hot" products such as water heaters, furnaces, ranges and other complementary products, e.g. power vents.

Key product overlap		
Water heaters	✓	✗
Furnaces	✓	✗
Ranges	✓	✗
Power vents	✓	✗
Refrigerators	(✓)	✓
Awnings	✗	✓
ACs	(✓)	✓
Toilets	✗	✓

The strategic rationale for the acquisition included (i) potential to realize substantial cost synergies between the two companies, (ii) the creation of a unique position in the U.S. RV market, (iii) potential to cross-sell Atwood's products through Dometic's network and vice versa (iv) broadened product portfolio (v) opportunity to take market shares also in APAC (and specifically Australia). Synergies are being extracted and important integration areas already completed include merging of the two organisations in the Americas that now comprise integrated sales organisation, consolidated purchase and product development organisations. The plan is to migrate the

existing ERP solutions into one combined system during the first quarter of 2016. Dometic has identified annual run-rate synergies of approximately USD 10 million, mainly within purchasing, overhead and facilities that Dometic has been implementing and which are expected to be fully implemented during 2017. The integration and synergy substantiation is on track according to the plan. For 2015, the Company estimates that synergies (before integration costs) will amount to approximately USD 6 million.

**CPV OEM**

For the nine months ended 30 September 2015, CPV OEM accounted for 7% of the net sales for the Americas region. Selected products sold to CPV OEMs in the Americas include parking coolers, refrigerators and cup coolers. Selected customers include Daimler/Freightliner and John Deere.

In the region Americas, the market share of products such as parking coolers, refrigeration, inverters and other comfort equipment is lower in relation to EMEA where Dometic sells to large manufacturers of Heavy trucks and Premium cars. There is a substantial potential customer base of U.S. manufacturers that Dometic could expand into. Even though the total Heavy truck production in the Americas compared to EMEA is similar in terms of sold units, Dometic CPV business area sales is approximately three times larger in EMEA compared to the Americas due to lower penetration rates and a legacy of more focus in this area in EMEA during a longer period (mainly from WAECO acquisition).

**Marine OEM**

For the nine months ended 30 September 2015, Marine OEM accounted for 5% of the net sales for the Americas region. Selected products sold to Marine OEMs in the Americas include air conditioners, sanitation and water makers. Selected customers include Viking Yachts and SeaRay. The Marine products in the Americas are mainly sold to the U.S. and the Caribbean.

Dometic holds a strong position in key product areas within Pleasure boats in Marine in Americas. Growth initiatives going forward will be focused on two areas; expanding into the Work boats segment and expanding product offering (for example engine into room ventilation and water makers). To grow further within Work boats Dometic has established a new sales office in New Orleans, in the U.S. and has increased its sales force and marketing focus. Key areas of the product expansion are water heaters, water purifiers, water makers, sanitary systems, and engine room ventilation. Dometic has recently released several new products for the Marine OEM market, for example a new product that converts sea water to drinking water.

***Aftermarket***

For the nine months ended 30 September 2015, Aftermarket accounted for 29% of the net sales for the Americas region. Selected products sold to the Aftermarket within the Americas region include refrigerators, air conditioners and Mobile coolers. Selected customers include Camping World and Starwood.

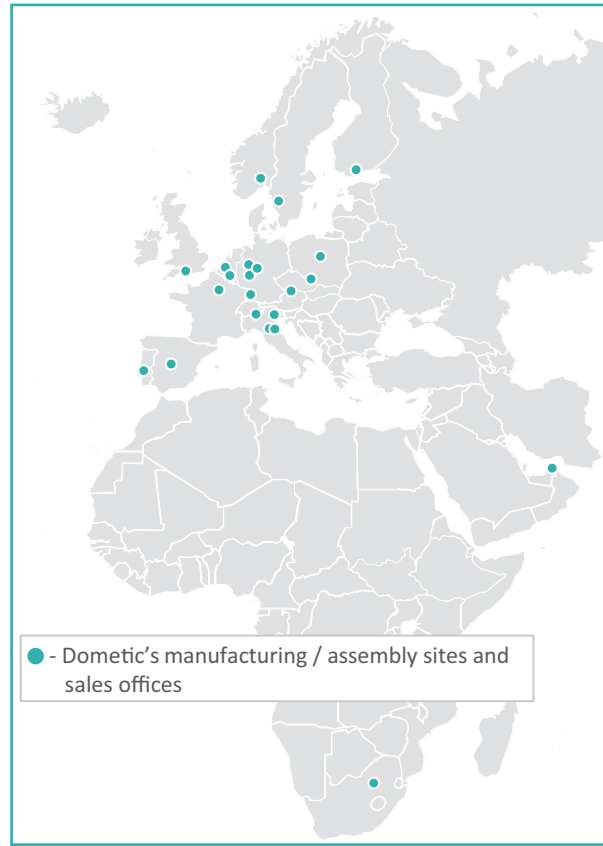
In the RV Aftermarket, Dometic believes it is a market leader for several products, for example awnings and refrigerators. Because products such as awnings and refrigerators tend to be fitted as standard to a significant portion of RVs in Americas, demand for these products tends to be driven by replacements. Within sanitation consumables for the RV Aftermarket, Dometic has a new product line with growth potential.

Within parking coolers for the CPV Aftermarket, Dometic plan is to both target large U.S. truck manufacturers and increase its presence in the Aftermarket with equipment distributors and dealers. Dometic today has only a very limited part of the parking cooling market in Americas.

The mobile cooling market in the U.S. is different compared to the European and Australian markets as it is more dominated by the passive Mobile coolers. Dometic's strategy going forward is to penetrate the high-end part of the market with premium active and passive coolers. The mobile cooling market in Americas (mainly the U.S.) is large (estimated to SEK 4-5 billion) and Dometic's market share today is very low. Within active Mobile coolers, the plan is to target large retail accounts. For the passive Mobile coolers, Dometic will develop more customised products for the U.S. market.

**EMEA**

Dometic EMEA region accounted for net sales of SEK 4,280 million for the year ended 31 December 2014. The region had operating profit (EBIT) of SEK 320 million in the same period which represented an EBIT margin of 7.5%. The region comprises of Europe, Middle East and Africa. For the year ended 31 December 2014, 65% of the region's net sales came from three countries: Germany, the UK and France. Germany was the single largest country with 44% of the net sales.



SEK millions	1 Jan-31 Dec			1 Jan-30 Sep	
	2012 <sup>1</sup>	2013 <sup>1</sup>	2014 <sup>1</sup>	2014 <sup>1</sup>	2015 <sup>1</sup>
Net sales	4,143	3,928	4,280	3,353	3,621
% growth		-5.2	9.0	10.2	8.0
Operating profit (EBIT)	378	342	320	342	486
% of sales	9.1	8.7	7.5	10.2	13.4

<sup>1</sup> Includes the global division Medical which was divested in March 2015.

**By Group net sales  
1 Jan – 30 Sep 2015**



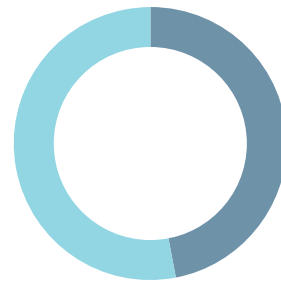
■ EMEA<sup>1</sup>, 40%  
■ Other regions, 60%

**By market  
1 Jan – 30 Sep 2015**



■ RV OEM, 32%  
■ Marine OEM, 7%  
■ CPV OEM, 8%  
■ Aftermarket, 53%

**By sales channel  
1 Jan – 30 Sep 2015**



■ OEM, 47%  
■ Aftermarket, 53%

<sup>1</sup> For the nine months ended 30 September 2015 EMEA the global division Medical which was divested in March 2015 has been included.

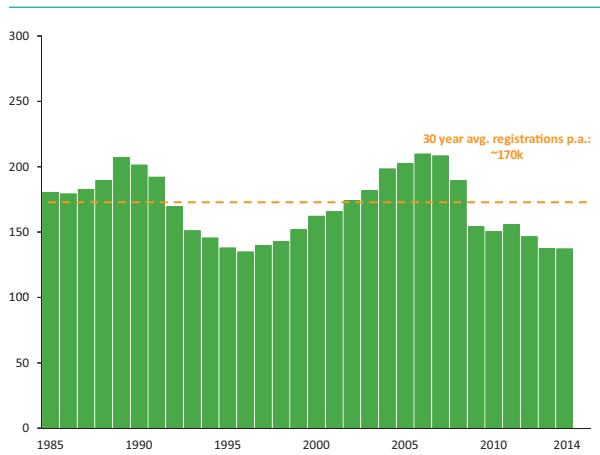


**RV OEM**

For the nine months ended 30 September 2015, RV OEM accounted for 32% of the net sales for the EMEA region. Selected products sold to RV OEMs in EMEA include refrigerators, windows and doors and sanitation. The EMEA RV OEM landscape is more fragmented. However, there are national RV OEMs that play a leading role in their respective markets. Selected customers include Hymer and Hobby.

Dometic is well positioned within the RV OEM Market in EMEA given its strong position and high market share. A major part of the development for Dometic is driven by the underlying RV market. RV registrations are still substantially below peak years in 2006 and 2007 and are still below the 30 year average of approximately 170,000 registrations per year. Post financial crisis, RV registrations have remained flat or have slightly declined due to poor underlying economic development in the EMEA region and recovery has not been seen until recently. During 2015, there has so far been a strong momentum across most European markets. All of Dometic’s key markets in EMEA, except for Sweden, have seen increases in new registrations of RVs during the first nine months of 2015.

**RV registrations (thousands units)**



In September 2014, Dometic acquired the Prostor awning division of the Belgian company Brustor NV. Prostor is one of the leading RV awnings manufacturers in Europe with net sales of approximately SEK 28 million for the year ended 31 December 2013. The acquisition was complementary for Dometic’s product offering for, primarily, Europe and Australia and enabling a sales increase of the Prostor products due to access to Dometic’s greater sales network.

**CPV OEM**

For the nine months ended 30 September 2015, CPV OEM accounted for 8% of the net sales for the EMEA region. Selected products sold to CPV OEMs in EMEA include refrigerators, inverters and parking coolers. Selected customers include Daimler and MAN.

Inverters and refrigeration products are seen as the main products for the Passenger Vehicle OEM market. For Commercial Vehicles, the main products are refrigerators and parking coolers. Selected Commercial Vehicle OEM customers include Scania and Volkswagen. Selected Passenger Vehicle OEM customers include BMW, Mercedes-Benz, Volvo and Landrover. Dometic has strong relationships with both commercial and Passenger Vehicle OEM customers in the EMEA region. Penetration of comfort products, not only luxury items, is expected to increase in the truck as well as the passenger car segment, which is likely to be favourable to Dometic’s products.

**Marine OEM**

For the nine months ended 30 September 2015, Marine OEM accounted for 7% of the net sales for the EMEA region. Selected products sold to Marine OEM customers in EMEA include air conditioners, sanitation and refrigeration. Selected customers include Sunseeker and Beneteau.

The air conditioning products in Marine tend to be highly engineered products, especially for the larger vessels. The Company has manufacturing in close proximity to some of the larger boat builders and the engineering team works closely with the designers and constructors of the vessels. The focus areas for Marine OEM in EMEA are similar to Americas, and will be on growth in the Work boat segment as well as grow in new product categories, for example engine room ventilation and water makers.

**Aftermarket**

For the nine months ended 30 September 2015, Aftermarket accounted for 53% of the net sales for the EMEA region. Selected products sold to the Aftermarket in EMEA include Mobile coolers, minibars and air conditioners. The Aftermarket has a very broad customer base.

With respect to the RV Aftermarket, Dometic has a leading position, with more than half of the market share for air conditioning units, refrigerators and kitchen appliances. The RV Aftermarket is supported by a wide network of service agents for Dometic’s products. The

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focus on growth will be to address white space and selectively expand products such as within sanitation consumables and awnings. Within sanitation consumables, Dometic's intends to increase its market share through its new range of products that have already received initial good traction. Within awnings, the plan is to offer Prostor products through Dometic's large distribution network. In addition to expanding the product offering, Dometic aims to improve aftersales service by offering a 5 year warranty extension in co-operation with Allianz.

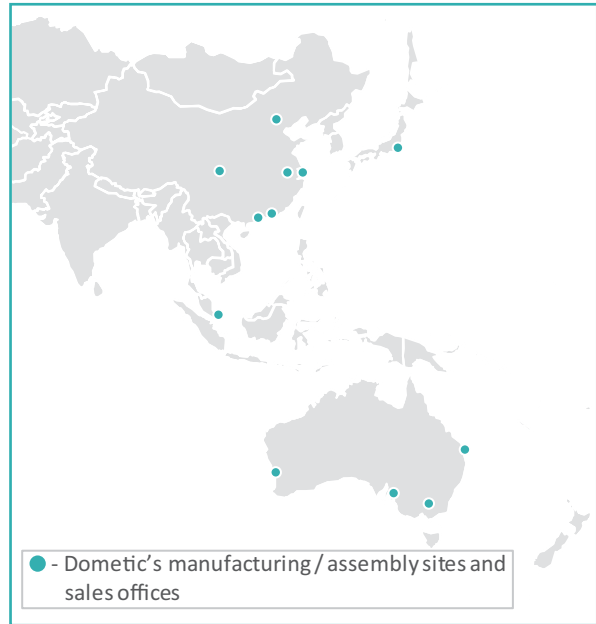
Within CPV Aftermarket, a key focus area is the air condition service stations where the Company believes that it will benefit from regulatory changes in refrigerants used in the Market. Today Dometic has a

relatively low market share in the air condition service station market in the EMEA region and sees potential to grow market share. Other important products within CPV Aftermarket are rear video camera systems and parking coolers.

For mobile cooling boxes, Dometic's strategy is to build on the strong position within EMEA through continued product innovation and reach new customers by penetrating large retailers and internet/e-commerce retailers. For example, Dometic started to sell its products through the internet retailer Amazon in 2008 and currently offers approximately 350 products through Amazon. Over the last four years, the net sales from the Amazon channel have increased by five times.

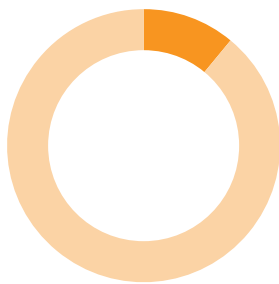
**APAC**

Dometic APAC region accounted for net sales of SEK 1,131 million for the year ended 31 December 2014. The region had operating profit (EBIT) of SEK 249 million in the same period which represents an EBIT margin of 22%. The APAC region is divided into four sub-regions; Australia, New Zealand, China and North Asia (mainly Japan and South Korea) and South East Asia. Australia represented 77% of the net sales for the year ended 31 December 2014.



SEK millions	1 Jan-31 Dec			1 Jan-30 Sep	
	2012	2013	2014	2014	2015
Net sales	1,047	1,054	1,131	825	1,007
% growth		0.7	7.3	6.9	22.1
Operating profit (EBIT)	264	227	249	188	239
% of net sales	25.2	21.5	22.0	22.8	23.7

**By Group net sales  
1 Jan – 30 Sep 2015**



APAC, 11%  
Other regions, 89%

**By market  
1 Jan – 30 Sep 2015**



RV OEM, 47%  
Marine OEM, 2%  
CPV OEM, 0%  
Aftermarket, 50%

**By sales channel  
1 Jan – 30 Sep 2015**



OEM, 50%  
Aftermarket, 50%

**RV OEM**

For the nine months ended 30 September 2015, RV OEM accounted for 47% of the net sales for the APAC region. Selected products sold to RV OEMs in APAC include refrigerators, air conditioners and windows & doors. Selected customers include Jayco and New Age Caravans.

Generally the RV equipment for the APAC region (mainly Australia) is a mix between the Americas and EMEA in terms of style, design and features. One major difference for the Australian market is that the challenging environment in which the RVs are used leads to very high product requirements with respect to durability and temperature performance. Therefore, Dometic's products within Climate and Food & Beverage for the APAC region are increasingly being customised to fit the Australian market. Two examples of the product areas where Dometic has customised products to the Australian market are refrigerators and air conditioners. The refrigerators have high cooling performance for both freezer and fridge, have AGA approval<sup>14</sup> and some variants can be compressor driven. The air conditioners have increased performance with unique features for this market and exist in high efficiency models.

The recent acquisitions of Prostor and Atwood also benefit Dometic in the APAC region. Prior to those acquisitions, Dometic had a very limited presence in box awnings in APAC. With the acquisition of Prostor, Dometic will be able to leverage its current broad network in Australia to promote Prostor sales in this market. Through the acquisition of Atwood, Dometic will be able to sell A ATWOOD AIR COMMAND's air conditioning products. These products are a good complementary fit with Dometic's current product range of air conditioners and will enable the Company to offer a broad range of products.

The RV market in China is currently relatively small. However, there are supporting trends and government initiatives supporting future growth in this market. In October 2014, the Chinese government included RVs and camping as one of the six growth areas in focus to promote consumer spending on leisure activities. The RV parks have increased significantly from 30-40 in 2011 to more than 400 currently. In addition to this, there are 1,000 RV parks currently under construction.<sup>15</sup> Dometic is well positioned to benefit from this given its current product footprint in China (including air conditioners and refrigerators) as well as its strong positions in EMEA and Americas. Looking at the Chinese market, there are several opportunities for Dometic to expand both its product range and market share.

<sup>14</sup> The AGA provides accredited product certification services with respect to the gas, electrical and plumbing sectors within Australia.

<sup>15</sup> International Trade Administration (part of U.S. Department of Commerce), Economist Intelligence Unit.

**CPV OEM**

For the nine months ended 30 September 2015, CPV OEM accounted for 0% of the net sales for the APAC region. Selected products sold to CPV OEMs in APAC include refrigeration, inverters and cup coolers. Selected customers include FAW, SVW and SGM. The Chinese CPV OEM market is a growth area for Dometic going forward where the Company currently sells inverters and compressor and thermoelectric coolers to car manufacturers.

**Marine OEM**

For the nine months ended 30 September 2015, Marine OEM accounted for 2% of the net sales for the APAC region. Selected products sold to Marine OEM customers in APAC include air conditioners, sanitation and refrigeration. Selected customers include Seabreeze, Ing Hai and Tripower. The Marine OEM market in China is still in development for Dometic, and is expected to increase in importance in the future.

**Aftermarket**

For the nine months ended 30 September 2015, Aftermarket accounted for 50% of the net sales for the APAC region. Selected products sold to the Aftermarket in APAC include Mobile coolers, minibars and RV products. Selected customers include SRGS (BCF & Rays) and Anaconda.

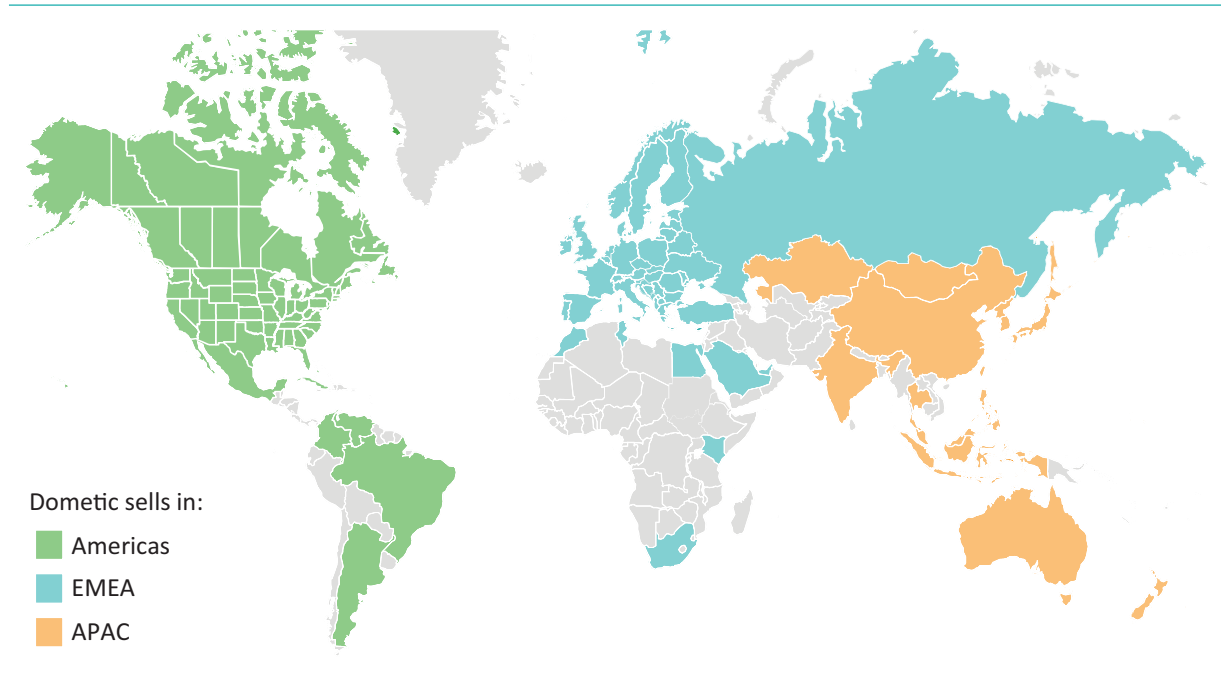
In the Australian RV Aftermarket, Dometic considers itself to have a strong service and dealer network, compared to its competitors, with approximately 285 service points (of which 200 are also resellers of Dometic's products). Dometic offers extended warranty for customers and a one point of contact so that the RV owners know where to call when they need service. This enhances Dometic's direct end-customer relationship and end-customer satisfaction. Dometic expects that this will add additional sales opportunities as well as build up a RV end-user database.

Australia is also an important market for Dometic for Mobile coolers and Dometic believes it has a competitive product range with its main focus on active thermoelectric and compressor cooling boxes. In order to further improve its position, Dometic aims to extend its product range and target specialty retailers, a market which is currently less penetrated by Dometic. The Chinese Aftermarket is also a key area for Dometic going forward where the Company currently sells thermoelectric coolers through gift channels and e-commerce.

### Sales, marketing and branding

Dometic incurred SEK 1,077 million (12% of net sales) and SEK 1,237 million (14% of net sales) for the nine months ended 30 September 2015 and the year ended 31 December 2014, respectively, of sales and marketing expenses.

Dometic sells its products in approximately 100 countries. The responsibility for sales rest in the three regional organizations Americas, EMEA and APAC with the largest sales organizations in Australia, China, France, Germany, Italy, the Nordic countries, Spain, the UK and the U.S.



The route to market differs across products and regions. Within RV OEM, CPV OEM and Marine OEM, Dometic in most cases sells directly to the OEMs with some smaller share of the total OEM sales going through agents or a body builder before the OEM. Within the Aftermarket, there are normally two different routes to markets, either through a distributor/agent or directly to a dealer, retailer or service point. Dometic's significant service network supports the service of products and the Company believes it to be one of its competitive advantages in the Aftermarket. The Company's service network has a wide geographic scope, especially to service the RV and Marine business areas.

The Company markets and sells its products under one main brand, Dometic, as well as supporting brands such as WAECO, Atwood, A ATWOOD AIR COMMAND, MOBICOOL, Marine Air Systems, Condaria, Cruisair and SeaLand.

There is an initiated process to focus on the Dometic brand and gradually move away from the supporting brands. The Dometic brand is today already respected among end-users with the reputation of being the leading innovator in the industry. In an industry that awards product recognition, this has made the Dometic

brand well-known and established among both OEM and Aftermarket customers. Today, the Company estimates that over 80% of the net sales are originated from the sales under the Dometic and WAECO brands. Given the plan to focus on the Dometic brand, the Company expects that this share will increase over the coming years. The Company expects that the brand consolidation will generate minor cost synergies as well as implementation costs. However, the Company sees the potential of the significant upside in the longer term as a result of the brand consolidation. As part of the brand focus, the plan is to move to fewer digital platforms, which is expected to include front-end IT investments of approximately SEK 10-15 million during end of 2015 and 2016. Part of the investment will be recorded as costs in the income statement and part as capital expenditures.

### Product management and innovation (PMI)

One of the key success factors for Dometic is its ability to continue to develop and launch smart and reliable products. In order to increase the focus on product development and ensure the continued development of new products, the Company established a new organisation called product management and innovation ("PMI") in 2013.



PMI is responsible for all product development and work in close cooperation with both the sales teams and the manufacturing teams in the regions. PMI is a global organization with approximately 250 engineers spread across 18 engineering sites. It is organized into 10 product areas with a product area owner responsible for product strategy, development and improvement as well as budget responsibility.

In 2014, the Company invested SEK 220 million on research and development of new products for the various business areas (equal to 2.5% of net sales), compared to SEK 175 million in 2013 (2.2% of net sales) and SEK 157 million in 2012 (2.0% of net sales). Of the total research and development costs in 2014, Americas accounted for 32% while EMEA and APAC accounted for 58% and 10%, respectively. Research and development costs were SEK 203 million (2.3% of net sales) and SEK 154 million (2.3% of net sales) for the nine months ended 30 September 2015 and 2014, respectively.

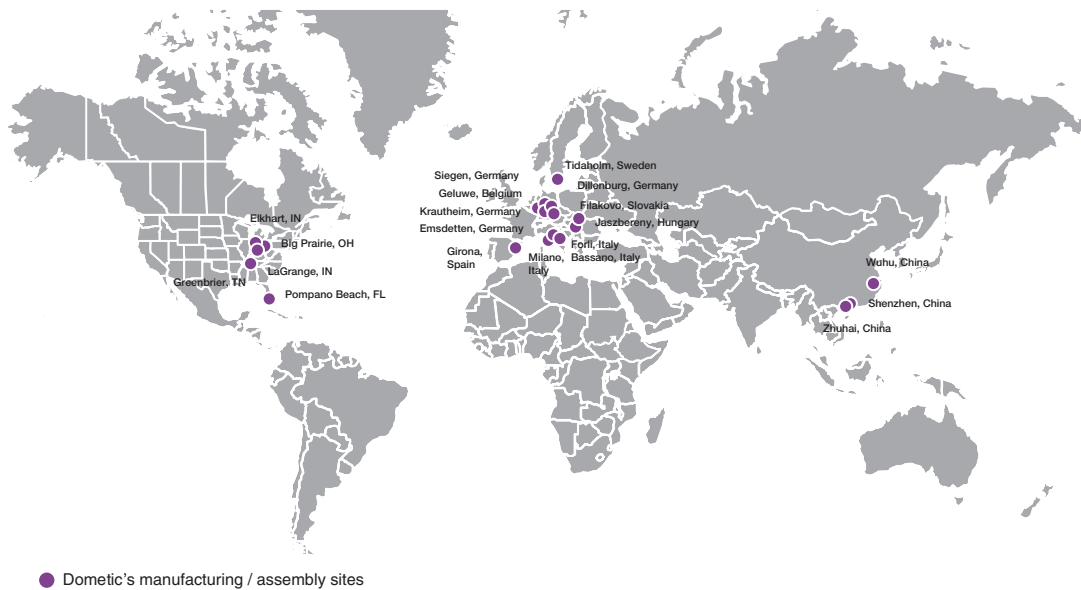
The current product development portfolio includes 116 active product development projects with 67 of them expected to launch during the second half of 2015 and first half of 2016. In addition to this, there are many small product upgrades each year. Dometic has a detailed and formal process on how to develop a product from idea to manufacturing. All new products need to have a separate business case that includes a six year plan, investment requirements and a payback period. The standard approval for an investment request is made by project manager, local PMI responsible, regional PMI responsible and in some cases

also the CEO or the Board of Directors (depending on the investment size). Including the innovation and development period, a new product usually takes 12-24 months before it is out on the market.

Dometic currently has approximately 190 patent families. The patent strategy is to ensure to be first with new innovations and have freedom to operate versus its competitors. In recent years, the Company has increased its work related to patents in order to reduce costs, increase number of inventions and improve the internal resource management.

**Manufacturing / assembly**

Dometic operates a total of 22 manufacturing / assembly sites in the U.S., Europe and China. In recent years, Dometic has worked extensively to optimise the global manufacturing / assembly platform. This has, since 2010, resulted in the closure of five manufacturing / assembly sites, the sale of one manufacturing / assembly site, the relocation and upgrading of one manufacturing / assembly site (Jaszbereny, Hungary), upgrade of two manufacturing / assembly sites (Filakovo, Slovakia and Bassano, Italy) and additional volumes transferred to the three Chinese manufacturing / assembly sites. With the recent acquisitions of Atwood and Prostor, the Company's manufacturing / assembly platform was extended with six manufacturing / assembly sites, considered to be strategically well positioned, of which four were in the U.S., one in Europe and one in China.



The current footprint is designed to balance customer proximity requirements with global cost benefits. For products such as air conditioners for RVs, cooling boxes, CPV board bars, generators, heaters, furnaces and sanitation, Dometic has one global manufacturing

site as the Company sees clear benefits from a global set-up. Other products such as refrigeration for RVs, awnings, air conditioners for Marine, cooking equipment and windows & doors have regional sites as proximity to the customers and flexibility is more important for

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these types of products. In these cases, the Company endeavours to locate manufacturing sites close to its customers in order to provide better customer service, particularly to facilitate customization or design, delivery and after sales service. For example, Dometic often integrates the OEM customers with resident engineers who sit at the customers' manufacturing and research and development sites so that Dometic can customise products to meet customers' specific needs. This proximity to customers also helps to reduce transportation costs.

Approximately 85% of Dometic's products are manufactured in-house. The level of vertical integration

is chosen to optimise cost and efficiency. Hence, certain products are produced more or less completely by Dometic and sourced components include mainly raw materials or basic components. For these products, Dometic considers themselves to have high technical core competence and have a competitive manufacturing process. In other products, the scope of the manufacturing / assembly is limited to assembly and testing. Such products include sourced key components and rationale is that the supplier bases have better know-how of the manufacturing process and have a more cost-effective production of the components and Dometic has the engineering and design know-how of the finished product.

The following table sets forth the manufacturing / assembly sites that the Company operates, including the main products which are manufactured at each site as of 30 September 2015:

Location	Main products
<b>Belgium</b> Geluwe	Awnings
<b>China</b> Shenzhen Wuhu Zhuhai	Mobile cooling and power electronics, mainly for CPV Wire harnesses and next generation blowers Refrigerators and air conditioners
<b>Germany</b> Dillenburg Emsdetten  Krautheim Siegen	Lights Refrigerators for Passenger vehicles and Trucks cooling Windows and doors Minibars and RV refrigerators
<b>Hungary</b> Jászberény	Compact refrigerators, absorption Mobile coolers and minibars
<b>Italy</b> Bassano Forli Milano	Sinks and metal components (sub-supplier to Filakovo) Generators Marine air conditioners
<b>Slovakia</b> Filakovo	Kitchen appliances, sinks, hobs and AC service stations
<b>Sweden</b> Tidaholm	Window components (sub-supplier to Krautheim)
<b>Spain</b> Girona	Safes
<b>U.S.</b> Big Prarie, Ohio Elkhart, Indiana Elkhart, Indiana Elkhart, Indiana Greenbrier, Tennessee LaGrange, Indiana Pompano Beach, Florida	Sanitation Refrigerators Seating systems, chassis hardware Doors, windows and conditioners Water heaters, air conditioners, ranges Awnings Marine air conditioning

## Purchasing and logistics

Dometic sources a wide range of materials, components and finished products on a global basis. In total the Company uses approximately 3,000 suppliers to purchase approximately 50,000 articles on an annual basis. Dometic has a global purchasing function with regional execution and the purchasing organisation reports directly to the CFO. Dometic's supplier footprint is spread across mainly Europe, Asia and North America, with the largest supplier origin countries being China, Germany, Italy, Hong Kong, Taiwan and the U.S. Dometic has operational purchasing functions and warehouses in each of the 22 manufacturing / assembly sites and orders direct material from the global supplier base.

Dometic has a global supply chain network and sources from suppliers in 35 countries. For the year ended 31 December 2014, the total direct material expenses (consisting of raw materials and manufacturing supplies) amounted to SEK 3,542 million. Of this, raw materials accounted for only 11%. The remaining, larger part (89% of the total) is related to components or semi-finished components as well as externally traded products (purchasing finished products designed by Dometic but manufactured by third-party manufacturers). Dometic's part of the OEM supply chain is set up to take on orders where the manufacturing / assembly sites deliver directly to the OEM customers with lead times of a couple of weeks (from order to delivery). Dometic prepares monthly/weekly forecasts on upcoming deliveries based on customer production schedules. Dometic's part of the Aftermarket supply chain is typically set up to build stock where the manufacturing / assembly sites delivers to Dometic central distribution centres, shortening lead times down to 1-3 days (from order to delivery if products are available in the distribution centres). Dometic prepares yearly/monthly forecasts based on historical sales statistics and sales company inputs.

For the year ended 31 December 2014, the 20 largest suppliers accounted for 24% of the total direct materials

expenses. In the long term, Dometic is not critically dependent on any supplier but has several key suppliers for strategic components. The Company monitors these suppliers continuously to minimise the risk of becoming heavily dependent on one supplier.

The ability to transfer increases in expenses of direct materials to customers depends on the term and type of contract entered into with the customers in each business area. Dometic is restricted in part in passing price increases onto the RV OEM and certain Aftermarket customers as these contracts generally determine pricing on an annual basis. Likewise, the Company is limited in transferring increases in prices to the customer for OEM within the CPV business area where typical contracts for the core products last for the entire life cycle of the vehicle. For Marine and the Aftermarket channel, there is little lag in the time between when Dometic experiences increases in costs and when the Company may be able to pass such cost increases on to customers as such purchases are often spot purchases or have short term where the price for the products the Company delivers has been fixed for a period of not more than one year.

Dometic has two main distribution centres for finished products, Emsdetten in Germany and Goshen in the U.S., supporting the EMEA and the Americas regions, respectively. In addition, Dometic has a number of local warehouses in key countries across EMEA (7 logistics centres), Americas (10 logistics centres) and APAC (7 logistics centres), to enable fast delivery of finished products to respond to local market needs. For large customers, especially in the OEM sector, Dometic has direct deliveries from the manufacturing / assembly sites. Dometic uses external logistics suppliers for ocean, truck and air transport, these suppliers are mainly managed by logistics functions regionally with some coordination and collaboration globally. Dometic has the leading number of on- and offline distribution outlets in the market and this is partly why Dometic is the leading brand among retailers and suppliers in its category.

## Company History

Dometic was established as a U.S. subsidiary of the Swedish company AB Electrolux, under the name Dometic Sales Corporation, in 1968 to sell refrigerators for RVs and other leisure equipment. The product portfolio and geographic reach has grown through a

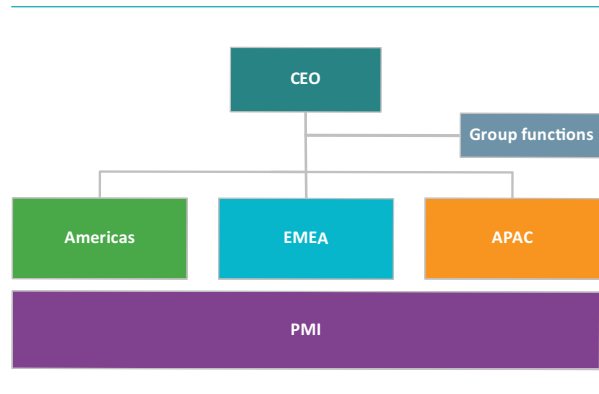
series of 39 acquisitions in the last 42 years. The origination of business dates back to 1922 with the invention of absorption refrigerators. Historically, newly acquired companies were run independently, but Dometic has increased focus on integrating companies that are acquired. The most important milestones include the following events:

<b>1922</b>	Baltzar von Platen and Carl Munters invent the first refrigerator using absorption technology (AB Arctic)
<b>1925</b>	Electrolux acquires AB Arctic and initiates mass production of absorption refrigerators
<b>1956</b>	Development and production of absorption refrigerators for RVs
<b>1968</b>	Electrolux establishes Dometic Corporation of the U.S.
<b>1973</b>	Acquired Siegen Metallwarenfabrik in Germany
<b>1973</b>	Introduction of absorption based hotel minibars; creating leading hotel room refrigerator manufacturer
<b>1985</b>	Acquired Duo-Therm Corporation which manufactures RV air conditioners in the U.S.
<b>1988</b>	Acquired A&E Systems Inc., the largest U.S. manufacturer of awnings for RVs
<b>1997</b>	Electrolux made strategic decision to focus on its core retail business
<b>2000</b>	Acquired Seitz in Germany to enter the RV windows and doors markets
<b>2001</b>	Electrolux divested most of its leisure products line EQT III and created the Dometic Group
<b>2002</b>	Acquired SeaLand, a Pleasure boat sanitation systems company in the U.S.
<b>2003</b>	Acquired Taylor Made Environmental, a U.S. systems supplier to the marine industry
<b>2005</b>	EQT III divested Dometic to funds administrated by the U.S. private equity firm BC Partners
<b>2007</b>	Acquired the WAECO Group, a German provider of predominantly Aftermarket products to RV, CPV and Marine, with a strong production foothold in China
<b>2007</b>	Acquired SMEV, an Italian provider of kitchen appliances, including ovens, hobs and sinks, to RV and Marine
<b>2009</b>	Dometic was taken over by a bank syndicate led by Mizuho as a result of the global financial crisis and the leverage level of the Company at that time <sup>16</sup>
<b>2011</b>	Acquired DG Line Group, a Russian distributor of Dometic and WAECO products
<b>2011</b>	The bank syndicate divested Dometic to EQT V
<b>2012</b>	Divested Umformtechnik GmbH
<b>2013</b>	Acquired Livos Technologies, a U.S.-based provider of engine room ventilation equipment and systems for commercial and Pleasure boat markets
<b>2014</b>	Acquired Prostor, the awning division from Belgian based Brustor NV
<b>2014</b>	Acquired Atwood Mobile Products, a provider in designing, engineering and manufacturing appliances and hardware for RV and Marine business areas
<b>2015</b>	Divested the global division Medical including one production plant and a global sales organisation, to Navis Capital Partners

<sup>16</sup> As a consequence of the general macro economical down turn in 2008, Dometic suffered from lower demands for the Company's products which, combined with a high leverage ratio, caused the Company to default under its financing agreements. During 2009, a financial restructuring was carried out during which the lenders realised their security in the form of shares in Dometic and became the owner of the Company.

## Organisation

A new organisational structure came into effect in February 2013 and was then further refined in March 2015. The new organisation was created in order to create more transparency and clearer accountability. The Company was consolidated into the three geographical regions (Americas, EMEA and APAC), as well as one global division, Medical (until the divestment in March 2015) in order to customise products to match the regional nature of the customers. Primarily, each region is a profit and loss unit and is steered based on common KPIs such as sales integrated, profitability, cost efficiency, investments, capital efficiency and cash flow. The PMI organization was created with a global responsibility for the product portfolio, product development and innovation. The management group was rearranged and streamlined to reflect this new organization. The chart to the right presents an overview of the Company's organisation.



## Employees

As of 30 September 2015, Dometic had 6,369 employees. The majority of the total employees are concentrated to China, Germany and the U.S. As per the same date, approximately 90% of the total employees were permanent and the remaining approximately 10% were temporary employees. The following tables provide a breakdown of Dometic's employees by geographical region as of 31 December 2012, 2013 and 2014 and as of 30 September 2015 and by function and gender as of 31 December 2013 and 2014.

Employees by region	30 Sep 2015	31 Dec 2014	31 Dec 2013	31 Dec 2012
Americas	1,883	1,851	1,206	1,077
EMEA	2,424	2,431	2,410	2,707
APAC	2,062	2,085	2,121	2,143
<b>Total</b>	<b>6,369</b>	<b>6,367</b>	<b>5,737</b>	<b>5,927</b>

Employee by function (%)	31 Dec 2014	31 Dec 2013	31 Dec 2012
Blue-collar	67	65	63
White-collar	33	35	37
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

Employee by gender (%)	31 Dec 2014	31 Dec 2013	31 Dec 2012
Male	63	63	63
Female	37	37	37
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>



**Leadership development and training**

The Company places a high value on the proficiency of all employees and sees it as a key factor behind the quality of service that is offered to customers. There is a high level of technical and professional qualification among management and Dometic places a high priority on technical training and personal and professional development for all employees. For this purpose the Company has, among other things, a central function that designs and delivers product training that caters both its own employees and Dometic's dealers.

Approximately 500, out of the total employees, are managers. To proactively ensure a positive development, and also create a capacity for future appointments to senior roles, the Company has during the last four years invited participants to a comprehensive High Potential programme. The programme has had an action learning character where theory is alternated with practical case studies and assignments have included and offered participants both personal developments and in-depth business and leadership knowledge. Other leadership programmes that the Company offers are basic management and leadership training and a development programme for young talents.

As a part of the process of employee and executive development the Company has a process for Performance and Talent Management where the Group encourages structured annual development discussions and the Group works with succession planning.

**Remuneration**

The Company has designed its remuneration and benefits policy to focus on total compensation, i.e. salary and bonus-related compensation in combination with both monetary and non-monetary benefits. The Company seeks compensation levels that are in line with the local labor markets. The Company's policy is to offer employees benefits in line with local agreements and standards. The Company currently has a number of pension agreements in several jurisdictions, where the majority of these are defined contribution and not defined benefit pension provisions. In general, the Company applies the pension plans that are part of the countries' social security system. The revision of compensation is included in the annual payroll process. Timing for this differs between the countries based on local agreements.

**Union memberships and labour relationships**

Certain of Dometic's subsidiaries, primarily in Europe and the U.S., have entered into collective bargaining agreements with trade unions either directly or through

membership of employer organizations. Most of these agreements are nationwide and locked for in average 3 years. Dometic believes that its employee relations are good and it has not experienced any work stoppages or conflicts for the last three years. Dometic takes a constructive approach to union relationships where there are unionized sites and has been able to secure the co-operation in close dialogue with both unions co-workers to create a positive and constructive work environment.

**Information technology (IT)**

In 2012, the Group initiated a strategic overhaul, and one of the conclusions was that IT investments had been at a too low level in the last few years. Dometic made it a key initiative to invest and drive consolidation in the IT platform. Two examples of consolidation initiatives refer to the IT infrastructure and Enterprise Resource Planning ("ERP") respectively. On the IT infrastructure side, the aim is to consolidate all European servers (now locally placed). On the ERP side, the Group is currently implementing a global solution (today only selected parts of the Company has implemented the solution) from one of the largest global software providers, which is estimated to take 3-5 years to completion. In addition, integration of Atwood's IT platform will be initiated early December 2015. Overall, the Group is investing significant resources in order to meet increasing internal as well as external requirements, and make up for previous under investment.

**Intellectual property**

Dometic holds a large number of trademarks, domain names, utility models, registered designs and patents, which are of importance for product development and to maintain competitiveness. Dometic patent and design portfolio contains approximately 190 patent families (applications and/or granted registrations), approximately 60 utility models (applications and/or granted registrations) and approximately 170 applications and/or granted registrations of designs, in total this means approximately 880 individual patent, utility model and design applications and/or granted registrations in countries all over the world. In addition to the internal efforts, Dometic uses external patent attorneys in several countries, such as United States, Germany, Italy, China, Australia and Sweden, to assist Dometic with maintenance and registrations. From a strategic and competitive perspective it is the width and extent of the patent portfolio that is of high importance rather than any specific key patent or design registrations.

Dometic trademark portfolio consists of approximately 1,000 trademark registrations and/or applications all over the world. The Company markets and sells its products under one main brand, Dometic, as well as supporting

brands such as WAECO, Atwood, A ATWOOD AIR COMMAND, MOBICOOL, Marine Air Systems, Condaria, Cruisair and SeaLand. As part of the Company's strategy One Dometic the plan is to have one external interface with common visual identity and messaging, please refer to section "– Strategy – One Dometic". Dometic is the holder of 552 domain name registrations consisting of the core brands *inter alia* dometic.com, dometicgroup.se, marineair.com, mobicool.com and waeco.com. Dometic has an established trademark and domain name policy pursuant to which Dometic focuses on already existing trademarks and does not normally register slogans, product names and feature names. The main reason for this is that these types of trademarks are rarely enforced, are often used only for short periods of time, and because it would be too expensive to register every such name. As far as Dometic management is aware, no trademark registrations have been pledged, except under the current financing agreements which will be refinanced in connection with the listing. No trademark registrations will be pledged under the new financing agreements.

Since 2009, the Group has strived towards a centralized organization for the administration of intellectual property rights where the ownership for intellectual property rights have been allocated to Dometic Sweden AB. Dometic Sweden AB shall hold and control the development, enhancement, maintenance and protection of the intellectual property rights of the Group. As a result, several, but not all, of the Group's intellectual property rights have been transferred from Group companies to Dometic Sweden AB. In connection with the intellectual property rights transfers no re-registrations of the Group's registered intellectual property rights have been made. Due to cost efficiency, Group companies remain the registered holder of such registration and in the event a registration is subject to a dispute, the registration will be re-registered to Dometic Sweden AB. All new registrations are made with Dometic Sweden AB as registered holder. In relation to most of the Dometic legal entities which perform functions on a contractual basis on behalf of Dometic Sweden AB, these companies perform routine functions such as contract R&D, contract manufacturing, market and sales activities for which they are guaranteed a stable arm's length remuneration.

In quantitative terms, trademarks on the balance sheet as of 31 December 2014, defined as the allocation of cost of acquisition over the fair value of the acquired brands, comprise 17% of total intangible fixed assets.

## Insurance

Dometic has insurance coverage that its management believes to be in line with the coverage held by businesses of similar size that operate in Dometic's sector and markets. Where possible and cost attractive, the Company has arranged for Group wide insurance to

cover the Group. Certain types of insurance are, however, difficult or impossible to arrange centrally and in those cases local insurance policies have been arranged in line with the Group insurance policies. Mandatory policies, such as worker's compensation and automobile liability are purchased locally, and comply with local laws and regulations.

The Group's insurance includes policies for Dometic Group AB (publ) and its subsidiaries, and covers (i) general product liability, (ii) product recalls, (iii) property and business interruption, (iv) crime, (v) marine cargo, (vi) directors and officers liability and (vii) employment practice liability, which are provided by a variety of Swedish and international insurers. As mentioned, Dometic assesses that the Group's insurance coverage is in line with the coverage held by other companies in the sector and that the insurance coverage is adequate for the risks normally associated with the Dometic's business. However, there can be no guarantee that Dometic would not suffer losses that are not covered by the Group's insurances. See also "*Risk factors - Risks related to the Company - Design or manufacturing defects in the Company's products or other defects may cause Dometic to incur material costs and/or reputational issues as a result of product liability or warranty claims or related to recalls or reworks*".

## Regulation

### Environment

The Company's operations routinely involve the handling of significant amounts of chemical substances, some of which are classified as hazardous and subject the Company to significant environmental regulations. Chemicals, currently and historically used, at the majority of Dometic manufacturing / assembly sites include solvents/degreasing agents, cooling agents (for filling of air conditioners and refrigerators) and petroleum products. Solvents used for degreasing are currently mainly alkaline and phosphorous based. However, some chemicals, which are classified as hazardous, are of greater concern from an environmental perspective and have been in use, and are still in use, in a number of facilities. An example of this would be chromate, which is used in the Company's absorption refrigerators.

Dometic is subject to a number of European Union, national, regional, state and local laws and regulations on a wide range of environmental, occupational safety and health, nuisance, zoning, land use and other regulatory matters.

For example, Dometic is subject to numerous environmental laws and regulations, including among others, RoHS, REACH, WEEE, ELV2 and F-Gas, various energy legislations, China's WEEE adopted by the State Development and Reform Commission and the

California Electronic Waste and Recycling Act of 2003. In the United States, Dometic is subject to numerous environmental laws and regulations, including CERCLA, RCRA, CAA, Clean Water Act, SDWA, TSCA, EPCRA, PPA, OPA, OSHA and their state and local analogues and equivalents.

The legal situation is challenging for a global company working with niche products in an environment characterized by ever stricter requirements dictated by similar mainstream products. All legislation present challenges and there is always a risk that certain product might not be compliant with new legislation which in most cases will require re-design and modifications of the product in question.

Dometic's operations require it to maintain certain environmental permits for the production of its products, including, in the United States, air emissions permits, stormwater permits, wastewater discharge permits, hazardous waste handling and disposal permits, and chemicals handling and storage permits. In addition, Dometic's production units have generally been certified according to ISO9001 Quality Management System and ISO14001 Environmental Management System.

Compliance matters are handled centrally through the adoption of guidelines and establishment of standards and principles and locally by each respective Group company responsible for implementation, follow up and handling of day-to-day matters. See also the section "Risk Factors".

### **Product safety**

Dometic operates in many markets across the world and its products are subject to a number of regulatory standards relating to both the product design and production. Examples are legislation relating to the use of chromate testing of gas appliances and electrical safety. In addition, Dometic's products are often found in the interface between various legislations depending on their classification which may also differ in different countries. As a consequence there may be overlapping

requirements that may create challenges for the Company to place its products in the market. Furthermore, the legislative landscape is constantly changing and due to its global operations several non-harmonised rules could apply. Dometic closely monitors the development of the legislative landscape to ensure that it is aware of upcoming changes. To meet these challenges, Dometic intends to increase its efforts to closely monitor ongoing matters, implement specific software for more stringent follow up and engage external consultants for deeper knowledge around more complex requirements.

### **Health and safety**

Dometic considers the health and safety of employees to be the most significant responsibility in connection with operations. The Company strives to create a healthy and safe working environment at each of the operation sites, support bases and other manufacturing / assembly sites through the implementation of certain safety measures. Dometic believes to be in compliance in all material respects with all safety laws and regulations applicable to the business. Moreover, while the Company strives to reduce injury rates by implementing high safety standards at the locations where the Company conducts operations, accidents may occur in the future. See also "Risk factors – Risks related to the Company – Dometic's production operations exposes the Company to operational risks in the form of service interruptions caused by breakdowns in machinery and industrial accidents."

Dometic has detailed policies and procedures, reaching beyond the minimum legal requirement throughout its network of manufacturing / assembly sites. In addition, the Company has an environmental manager dedicated to overseeing the compliance with applicable European directives and designated individuals in each production facility with the responsibility of supervising and implementing policies and controls aimed at maintaining the Company's compliance with environmental, health and safety regulations.





## Selected financial information

The selected consolidated financial information as of and for the years ended 31 December 2014, 2013 and 2012 presented below has, unless otherwise indicated, been derived from Dometic's audited consolidated financial statements which are included elsewhere in the Prospectus and are prepared in accordance with IFRS, as adopted by the European Union ("IFRS").

The selected consolidated financial information as of and for the nine months ended 30 September 2015 and 2014 has been derived from Dometic's interim report for the period January - September 2015, prepared in accordance with IAS 34, which have been reviewed by PricewaterhouseCoopers as set forth in its review report included elsewhere herein. In addition, some of the tables below present supplementary financial information for the twelve months ended 30 September 2015 (the "LTM"), derived from the interim report for the period January-September 2015. The Company believes that LTM is of significant value to investors as the information enables investors to see underlying

trends on an annualized basis since the Company's sales and results of operations may vary from quarter to quarter. The supplementary information for the LTM is not indicative of the results that may be expected for the year ended 31 December 2015, and should not be used as the basis for or prediction of an annualized calculation.

Below are some financial key performance indicators that are not defined according to IFRS, including key performance indicators as EBITDA, adjusted EBITDA and adjusted operating profit. For these definitions see "– Financial definitions".

The following information should be read in conjunction with section "Operating and financial review" and Dometic's audited consolidated financial statements and the reviewed interim report for January - September 2015 including the related notes in sections "Historical annual financial information" and "Interim financial information", respectively.

## Consolidated income statement

Amounts in SEK millions	1 Jan - 30 Sep 2015 (Unaudited)	1 Jan - 1 Oct 2014 - 30 Sep 2014 (Unaudited)	1 Oct 2014 - 30 Sep 2015 (Unaudited)	2014 (Audited)	2013 (Audited)	2012 (Audited)
<b>Net sales</b>	<b>8,962</b>	<b>6,599</b>	<b>11,169</b>	<b>8,806</b>	<b>7,808</b>	<b>7,922</b>
Cost of goods sold <sup>1</sup>	-6,285	-4,520	-7,891	-6,126	-5,296	-5,434
<b>Gross profit</b>	<b>2,677</b>	<b>2,079</b>	<b>3,278</b>	<b>2,680</b>	<b>2,512</b>	<b>2,488</b>
<b>Operating expenses</b>						
Sales expenses	-1,077	-905	-1,409	-1,237	-1,062	-901
Administrative expenses	-376	-319	-478	-421	-457	-616
Other operating income and expense <sup>2</sup>	39	-0	45	6	-41	-34
Items affecting comparability <sup>3</sup>	41	-18	-22	-81	-47	-76
Amortization of customer relationship <sup>4</sup>	-51	-	-61	-10	-	-
<b>Operating profit (EBIT)</b>	<b>1,253</b>	<b>837</b>	<b>1,353</b>	<b>937</b>	<b>905</b>	<b>861</b>
<b>Net result from financial items</b>						
Financial income	1	1	2	2	58	29
Financial expenses	-564	-1,166	-1,044	-1,646	-646	-860
<b>Profit/loss from financial items</b>	<b>-563</b>	<b>-1,165</b>	<b>-1,042</b>	<b>-1,644</b>	<b>-588</b>	<b>-831</b>
<b>Profit/loss before income tax</b>	<b>690</b>	<b>-328</b>	<b>311</b>	<b>-707</b>	<b>317</b>	<b>30</b>
Taxes	-219	-169	-171	-121	75	-121
<b>Profit/loss for the period</b>	<b>471</b>	<b>-497</b>	<b>140</b>	<b>-828</b>	<b>392</b>	<b>-91</b>

<sup>1</sup> For the years ended 31 December 2013 and 2012, research and development costs in the amounts of SEK 175 million and SEK 157 million respectively, have been reclassified to cost of goods sold to conform with the presentation adopted for reporting periods after 31 December 2013.

<sup>2</sup> Other operating income and expense consists of net gains due to exchange rate fluctuations, net sales from leasing, gains on disposal of fixed assets, compensation for increased guarantees, repayment of insurances, results from holdings in interest companies and other operating income and expenses not considered to be a part of Dometic's ordinary business.

<sup>3</sup> In each period the Company classified revenue and costs arising as a one-off event as non-recurring events that impacted the comparability of its results from operational development and financial condition. For a more detailed description of those items, see "Calculation of adjusted operating profit and adjusted EBITDA" below.

<sup>4</sup> Amortisation of customer relationship includes amortization of customer relationship and intellectual property valued in the acquisition of Atwood. The amortization periods are calculated to 20 and 7 years, respectively.



SELECTED FINANCIAL INFORMATION

Consolidated balance sheet

Amounts in SEK millions	30 September		31 December		
	2015 (Unaudited)	2014 (Unaudited)	2014 (Audited)	2013 (Audited)	2012 (Audited)
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets <sup>1</sup>	12,970	11,020	13,322	10,357	10,376
Tangible assets <sup>2</sup>	1,597	1,382	1,629	1,352	1,385
Deferred tax assets	101	94	180	155	94
Other non-current assets <sup>3</sup>	110	43	87	57	59
<b>Total non-current assets</b>	<b>14,778</b>	<b>12,539</b>	<b>15,218</b>	<b>11,921</b>	<b>11,914</b>
<b>Current assets</b>					
Inventories	2,197	1,723	2,020	1,563	1,479
Trade receivables	1,246	1,046	924	762	669
Other current assets <sup>4</sup>	370	325	315	267	305
Cash and cash equivalents	522	477	592	539	476
<b>Total current assets</b>	<b>4,335</b>	<b>3,571</b>	<b>3,851</b>	<b>3,131</b>	<b>2,929</b>
<b>TOTAL ASSETS</b>	<b>19,113</b>	<b>16,110</b>	<b>19,069</b>	<b>15,052</b>	<b>14,843</b>
<b>EQUITY</b>					
<b>Equity attributed to owners of the Parent</b>					
Share capital	1	1	1	1	1
Reserves	1,065	519	1,097	-78	-23
Retained earnings, including net profit/loss	5,835	4,769	5,361	5,266	3,334
<b>TOTAL EQUITY</b>	<b>6,901</b>	<b>5,289</b>	<b>6,459</b>	<b>5,189</b>	<b>3,312</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Liabilities to credit institutions	8,778	7,903	9,396	7,060	6,847
Liabilities to related parties	-	-	-	-	1,133
Deferred tax liabilities	524	533	536	502	674
Provisions for pensions	508	377	503	355	389
Other provisions	100	83	110	100	184
<b>Total non-current liabilities</b>	<b>9,910</b>	<b>8,896</b>	<b>10,545</b>	<b>8,017</b>	<b>9,227</b>
<b>Current liabilities</b>					
Liabilities to credit institutions	85	92	85	198	662
Trade payables	835	705	753	581	626
Current tax liabilities	226	171	156	264	111
Advance payments from customers	19	14	15	12	10
Derivatives	33	12	22	38	81
Other provisions	252	206	192	217	263
Other current liabilities <sup>5</sup>	197	154	148	121	155
Accrued expenses and prepaid income	655	571	694	415	396
<b>Total current liabilities</b>	<b>2,302</b>	<b>1,925</b>	<b>2,065</b>	<b>1,846</b>	<b>2,304</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>19,113</b>	<b>16,110</b>	<b>19,069</b>	<b>15,052</b>	<b>14,843</b>

<sup>1</sup> Intangible assets include goodwill, trademarks and other intangible assets.

<sup>2</sup> Tangible assets include buildings and land, machinery and other technical installations, equipment and installations and construction in progress and advance payments.

<sup>3</sup> Other non-current assets include derivatives and other non-current assets.

<sup>4</sup> Other current assets include prepaid expenses, accrued income and other current assets (including current tax assets and receivables related parties).

<sup>5</sup> Other current liabilities include other current liabilities such as sales tax, payroll and other short term liabilities.

## Consolidated statement of cash flows

Amounts in SEK millions	1 Jan –	1 Jan –	2014	2013	2012
	30 Sep 2015 (Unaudited)	30 Sep 2014 (Unaudited)	(Audited)	(Audited)	(Audited)
Net cash flow from/used in operations <sup>1</sup>	877	566	940	696	828
Net cash flow used in investments <sup>2</sup>	462	-174	-2,389	-147	-230
Net cash flow from/used in financing <sup>1,3</sup>	-1,416	-477	1,452	-486	-861
<b>Cash flow for the period</b>	<b>-77</b>	<b>-85</b>	<b>3</b>	<b>63</b>	<b>-263</b>
Cash and cash equivalents at start of the period	592	539	539	476	762
Exchange differences on cash and cash equivalents	7	23	50	0	-23
<b>Cash and cash equivalents at end of period</b>	<b>522</b>	<b>477</b>	<b>592</b>	<b>539</b>	<b>476</b>

<sup>1</sup> For the years ended 31 December 2012 and 2013, cash flow from financial transactions (including paid and received interest and other financial items) in the amounts of SEK -394 million and SEK -539 million, respectively, and cash flow related to net pension provisions in the amount of SEK -2 million and SEK 0 million, respectively, have been reclassified from 'net cash flow from/used in operations' to 'net cash flow from/used in financing' to conform with the presentation adopted for reporting periods after 31 December 2013.

<sup>2</sup> Net cash flow from investing activities is cash flow from investing activities net.

<sup>3</sup> Net cash flow used in financing is cash flow received from financing activities with credit institutions and related parties net of certain costs and expenses.

## Segment information

### Net sales

Amounts in SEK millions	1 Jan –	1 Jan –	1 Oct 2014 –	2014	2013	2012
	30 Sep 2015 (Unaudited)	30 Sep 2014 (Unaudited)	30 Sep 2015 (Unaudited)	(Audited)	(Audited)	(Audited)
Americas	4,334	2,421	5,308	3,395	2,826	2,732
EMEA	3,621	3,353	4,547	4,280	3,928	4,143
APAC	1,007	825	1,314	1,131	1,054	1,047
<b>Total net sales<sup>1</sup></b>	<b>8,962</b>	<b>6,599</b>	<b>11,169</b>	<b>8,806</b>	<b>7,808</b>	<b>7,922</b>

<sup>1</sup> Medical was divested during March 2015. Historically, Dometic was organised into the 3 regions and the global division, Medical. As Medical represented a minor share of the Group's activities and did not meet the quantitative thresholds required by IFRS, it was not reported separately but included in the region EMEA.

### Operating profit (EBIT)

Amounts in SEK millions	1 Jan –	1 Jan –	1 Oct 2014 –	2014	2013	2012
	30 Sep 2015 (Unaudited)	30 Sep 2014 (Unaudited)	30 Sep 2015 (Unaudited)	(Audited)	(Audited)	(Audited)
Americas	528	307	589	368	336	219
EMEA	486	342	464	320	342	378
APAC	239	188	300	249	227	264
<b>Total operating profit (EBIT)<sup>1</sup></b>	<b>1,253</b>	<b>837</b>	<b>1,353</b>	<b>937</b>	<b>905</b>	<b>861</b>

<sup>1</sup> Medical was divested in March 2015. Historically, Dometic was organised into the 3 regions and the global division, Medical. As Medical represented a minor share of the Group's activities and did not meet the quantitative thresholds required by IFRS, it was not reported separately but included in the region EMEA.

SELECTED FINANCIAL INFORMATION

Key performance indicators<sup>17</sup>

Amounts in SEK millions (unless otherwise stated)	1 Jan - 30 Sep 2015 (Unaudited)	1 Jan - 30 Sep 2014 (Unaudited)	1 Oct 2014 - 30 Sep 2015 (Unaudited)	2014 (Audited)	2013 (Audited)	2012 (Audited)
<b>Result</b>						
Net sales	8,962	6,599	11,169	8,806	7,808	7,922
EBITDA	1,472	976	1,638	1,143	1,085	1,042
Adjusted EBITDA	1,431	994	1,661	1,224	1,132	1,118
Operating profit (EBIT)	1,253	837	1,353	937	905	861
Adjusted operating profit	1,263 <sup>1</sup>	855	1,436 <sup>1</sup>	1,028 <sup>1</sup>	952	937
<b>Margins</b>						
EBITDA (%)	16	15	15	13 <sup>1</sup>	14	13
Adjusted EBITDA (%)	16	15	15	14	15	14
Operating profit (EBIT) (%)	14	13	12	11	12	11
Adjusted operating profit (%)	14	13	13 <sup>1</sup>	12	12	12
<b>Return on operating capital</b>						
Return on operating capital (%)	9 <sup>1</sup>	8 <sup>1</sup>	9 <sup>1</sup>	7	7	7
Return on operating capital ex. goodwill and trademarks (%)	36	43	36	35	43	50

Amounts in SEK millions (unless otherwise stated)	30 Sep 2015 (Unaudited)	30 Sep 2014 (Unaudited)	30 Sep 2015 (Unaudited)	31 Dec 2014 (Audited)	31 Dec 2013 (Audited)	31 Dec 2012 (Audited)
<b>Financial position</b>						
Total assets	19,113	16,110	19,113	19,069	15,052	14,843
Interest bearing debt	9,371 <sup>1</sup>	8,384 <sup>1</sup>	9,371 <sup>1</sup>	9,984	7,646	9,105
Equity	6,901	5,289	6,901	6,459	5,189	3,312
Capital employed	16,272 <sup>1</sup>	13,673 <sup>1</sup>	16,272 <sup>1</sup>	16,442	12,835	12,417
Operating capital	15,750 <sup>1</sup>	13,196 <sup>1</sup>	15,750 <sup>1</sup>	15,850	12,296	11,941
Operating capital ex goodwill and trademarks	3,855 <sup>1</sup>	2,241 <sup>1</sup>	3,855 <sup>1</sup>	3,606	2,004	1,637
Equity ratio (%)	36 <sup>1</sup>	33 <sup>1</sup>	36 <sup>1</sup>	34	34	22

<sup>1</sup> This key performance indicator has not been audited or reviewed.

<sup>17</sup> EBITDA, adjusted EBITDA and adjusted operating profit are not calculated in accordance with IFRS. For definitions of these measures applied by the Company, please refer to section "— Financial definitions".

Calculation of adjusted operating profit and adjusted EBITDA

Amounts in SEK millions	1 Jan – 30 Sep 2015	1 Jan – 30 Sep 2014	1 Oct 2014 – 30 Sep 2015	2014	2013	2012
<b>Operating profit (EBIT)</b>	<b>1,253</b>	<b>837</b>	<b>1,353</b>	<b>937</b>	<b>905</b>	<b>861</b>
Redundancy costs <sup>1</sup>	30	-	42	12	25	60
Reversal of restructuring costs <sup>2</sup>	-	-	-	-	-	-55
Transaction related costs <sup>3</sup>	24	-	24	-	-	11
Loss from asset sale <sup>4</sup>	-	-	-	-	8	60
Costs for recall of products <sup>5</sup>	-	-	-	-	14	-
Filakovo fire-related costs <sup>6</sup>	-14	-	35	49	-	-
Costs for China factory footprint <sup>7</sup>	-	10	1	11	-	-
Costs for Canadian plant closure <sup>8</sup>	-	5	-	5	-	-
Sale of Medical division <sup>9</sup>	-83	-	-83	-	-	-
Other costs <sup>10</sup>	2	3	3	4	-	-
<b>Total items affecting comparability</b>	<b>-41</b>	<b>18</b>	<b>22</b>	<b>81</b>	<b>47</b>	<b>76</b>
Amortisation of acquisition-related intangibles <sup>11</sup>	51	-	61	10	-	-
<b>Adjusted operating profit</b>	<b>1,263</b>	<b>855</b>	<b>1,436</b>	<b>1,028</b>	<b>952</b>	<b>937</b>
Other amortisation	168	139	225	196	180	181
<b>Adjusted EBITDA</b>	<b>1,431</b>	<b>994</b>	<b>1,661</b>	<b>1,224</b>	<b>1,132</b>	<b>1,118</b>

<sup>1</sup> For the year ended 31 December 2012, the redundancy costs related mainly to a cost optimization program in EMEA and senior management changes. For the year ended 31 December 2013, the redundancy costs related mainly to a cost reduction program in EMEA and partly the other regions. For the year ended 31 December 2014 and for the twelve months ended 30 September 2015, the redundancy costs related mainly to senior management changes. The twelve month period also includes redundancy costs related mainly to changes in EMEA. For the nine months ended 30 September 2015 the redundancy costs related mainly to changes in EMEA.

<sup>2</sup> Reversal of previous expected restructuring costs for mainly 2011.

<sup>3</sup> For the year ended 31 December 2012, transaction costs related to EQT V's acquisition of Dometic. For the nine months ended 30 September 2015 and the twelve months ended 30 September 2015 the costs were related to the Atwood acquisition and one additional adjustment relating to EQT V's acquisition of Dometic.

<sup>4</sup> For the year ended 31 December 2012, the capital loss resulted from the sale of the assets connected to Dometic Umformtechnik GmbH in Rudersdorf, Germany. For the year ended 31 December 2013, an adjustment was made related to this sale.

<sup>5</sup> Costs related to recall of certain products in the Americas.

<sup>6</sup> Costs related to a fire in the manufacturing site in Filakovo, Slovakia.

<sup>7</sup> Costs related to a manufacturing footprint program in China.

<sup>8</sup> Costs related to the closure of a small manufacturing site in Ottawa, Canada.

<sup>9</sup> Capital gain net of transaction cost in connection with the sale of Medical.

<sup>10</sup> Other costs include additional losses from a lease contract in Luton and additional costs impairment of tools.

<sup>11</sup> Amortisation of customer relationship includes amortisation of customer relationship and intellectual property valued in the acquisition of Atwood. The amortization periods are calculated to 20 and 7 years, respectively.

## Financial definitions

*EBITDA and adjusted EBITDA and adjusted operating profit are not financial measures calculated in accordance with IFRS. Accordingly, they should not be considered as alternatives to net income or operating profit (EBIT) as indicators of performance, or as alternatives to operating cash flows as a measure of liquidity. EBITDA and adjusted EBITDA and adjusted operating profit are used by management to make decisions about the operations. In addition, EBITDA and adjusted EBITDA and adjusted operating profit are believed to be measures commonly used by investors. EBITDA and adjusted EBITDA and adjusted operating profit, as presented in the Prospectus, may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated.*

### Operating profit (EBIT)

Operating profit; result before financial items and taxes.

### EBITDA

Operating profit before depreciations, amortisations and impairment.

### Adjusted EBITDA and adjusted operating profit

EBITDA and operating profit (EBIT) before items affecting comparability and amortisation of customer relationships. Items affecting comparability includes items that are non-recurring items that have a significant impact of the result and judged to be important for understanding the operating performance when comparing results between periods. Amortisation of customer relationship includes amortisation of customer relationship and intellectual property valued in the acquisition of Atwood.

### EBITDA, adjusted EBITDA, operating profit (EBIT) or adjusted EBIT margins

EBITDA, adjusted EBITDA, operating profit (EBIT) or adjusted EBIT divided by net sales.

### Capital employed

Equity plus interest bearing debt.

### Equity ratio

Equity divided by 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.

### Return on operating capital

Operating profit (EBIT) divided by operating capital. Based on the operating profit (EBIT) for the four previous quarters, divided by the average operation capital for the previous four quarters.

### Operating capital excluding goodwill and trademarks

Interest bearing debt plus equity minus liquid funds and goodwill and trademarks.

### Return on operating capital excluding goodwill and trademarks

Operating profit (EBIT) divided by operating capital ex. goodwill and trademarks. Based on operating profit (EBIT) for the previous four quarters divided by average operating capital excluding goodwill and trademarks for the previous four quarters.

### Core working capital

Inventories, accounts payable and trade receivables.

### Cash flow conversion

Adjusted EBITDA less capital expenditure less change in core working capital divided by adjusted EBITDA.





## Operating and financial review

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*The following is a discussion and analysis of Dometic's financial condition and results of operations in the periods set forth below. You should read this discussion in conjunction with "Selected Financial Information", as well as Dometic's audited consolidated financial statements as of and for the years ended 31 December 2014, 2013 and 2012 and Dometic's reviewed interim report as of January - September 2015 with comparative figures for 2014, as well as the related notes thereto, included elsewhere in the Prospectus. Dometic's audited consolidated financial statement as of and for the years ended 31 December 2014, 2013 and 2012 has been prepared in accordance with IFRS and Dometic's reviewed interim report as of January - September 2015 has been prepared in accordance with IAS 34.*

*This section contains "forward looking statements." Such statements are subject to risks, uncertainties and other factors, including those set forth under the heading "Risk Factors," which could cause Dometic's future results of operations, financial position or cash flows to differ materially from the results of operations, financial position or cash flows expressed or implied in such forward looking statements.*

*The discussion below presents certain percentage changes on a reported and constant exchange rate basis, unadjusted for changes in the transaction currency. Net sales on a constant exchange rate basis is a non-IFRS financial measure and should not be viewed as a replacement of IFRS results. Such measure is presented because Dometic believes it enables the Company to focus on the actual performance related changes in the results of operations from period to period without the effects of exchange rates. To compare results on a constant exchange rate basis, Dometic translates the comparable previous period activity in local currency into SEK using the average exchange rate for the later period for the translation.*

*The source of information included in this section is management estimates where expressly stated. Although some components of such estimates are based on information derived from Dometic's accounting related internal control system, such estimates are not part of Dometic's financial statements and have not been audited or otherwise reviewed by an external auditor, consultant or expert.*

### Overview

Dometic provides branded solutions for mobile living in the areas of Climate, Hygiene & Sanitation and Food & Beverage. The Company manufactures and sells a diverse supply of products within these areas for use in Recreational Vehicles such as Motorhomes or Caravans, Trucks and Premium cars, Pleasure and Work boats, and a variety of other uses. Products include air conditioners, furnaces, awnings, ventilation and windows and doors within Climate; water heaters and toilets within Hygiene & Sanitation; and refrigerators, cooking equipment, ovens and Mobile coolers within Food & Beverage. Dometic conducts its operations in three regions: Americas, EMEA and APAC. The Company uses two sales channels, OEM and Aftermarket, to distribute its products. OEM customers are manufacturers of RVs, Trucks, Premium cars, Pleasure and Work boats while the Aftermarket comprises upgrade and replacement products, parts and consumables as well as refined Aftermarket products sold through various distributors, dealers and retailers to RV, CPV, Marine and other end-users.

The Company operates 22 manufacturing / assembly sites in 9 countries, sells its products in approximately 100 countries and in the year ended 31 December 2014, manufactured approximately 85% of products in-house. The Company markets and sells its products under one main brand, Dometic, as well as supporting brands such as WAECO, Atwood, A ATWOOD AIR COMMAND, MOBICOOL, Marine Air Systems, Condaria, Cruisair and SeaLand. The Company's headquarters are located in Solna, Sweden. Dometic has two main distribution hubs, in Emsdetten, Germany and in Goshen, U.S.

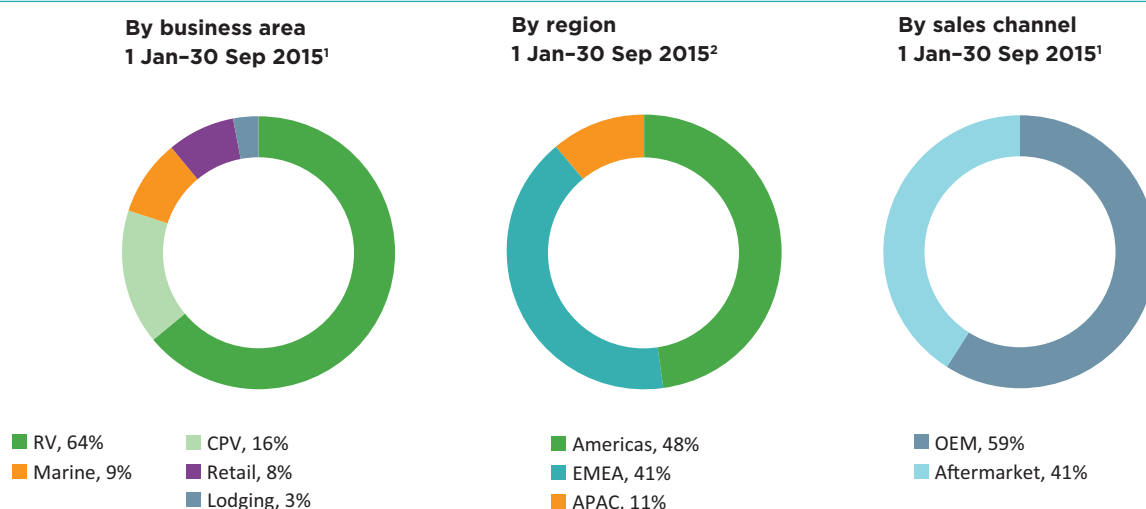
Dometic's business is conducted in five business areas; RV, CPV, Marine, Retail and Lodging. Three business areas, RV, CPV and Marine, sell products through both the OEM and Aftermarket sales channels while Retail and Lodging only sell to the Aftermarket channel. For more information on Dometic's business see section "Business overview".



## Regions, business areas and sales channels

Dometic organizes its business into regions, business areas and sales channels. The following charts set forth

the percentage of net sales for the regions, business areas and sales channels for the nine months ended 30 September 2015.



<sup>1</sup> The Global Medical Division is not included in the split by business area or sales channel.

<sup>2</sup> The Global Medical Division is included in EMEA.

### Three regions

Dometic’s business is organized according to three regional segments: EMEA, the Americas and APAC, which represented 40%<sup>18</sup>, 48% and 11% for the nine months ended 30 September 2015, respectively, and 45%<sup>19</sup>, 38% and 13% of Dometic’s net sales for the year ended 31 December 2014, respectively. For accounting purposes the EMEA region also included the global division Medical until March 2015, which represented 0.8% of net sales for the nine months ended 30 September 2015 and 4% of net sales for the year ended 31 December 2014.<sup>20</sup> The Group completed the divestment of its global division Medical in March 2015. See “— *Factors Affecting Comparability of Dometic’s Results of Operations — Acquisitions and divestments*”.

Dometic sells products from each of its business areas in all three regions, although the relative proportion of sales by business area and the regional product mix varies between the regions. In the RV business area, Americas is the largest region, followed by EMEA. Within the CPV business area, EMEA is the largest region. Within the Marine business area it is relatively evenly distributed between Americas and EMEA. Within the Retail business area, EMEA is the largest region followed by APAC. Dometic’s margins also vary from region to region with APAC achieving the highest

margin and EMEA and the Americas achieving slightly lower margins. This reflects not only Dometic’s different business area, product and sales channel mixes in these regions, but also different market conditions and competition between the regions.

### Business areas

Within each region, Dometic operates across the RV, CPV, Marine, Retail and Lodging business areas, which represented 64%, 16%, 9%, 8% and 3% of Dometic’s net sales, respectively, for the nine months ended 30 September 2015 and 57%, 16%, 10%, 9% and 3% of Dometic’s net sales<sup>21</sup>, respectively, for the year ended 31 December 2014.

In the RV business area, Dometic has a long track record of supplying products for RVs and Dometic has leading market shares for most of such products. In 2014, the Company significantly increased the size and strength of its RV business through the acquisition of Atwood. See “— *Factors affecting comparability of Dometic’s results of operations — Acquisitions and divestments*”. In the CPV business area, Dometic supplies products to Premium car and Light and Heavy truck manufacturers. In the Marine business area Dometic supplies products with a particular focus on Pleasure boats with a length from 25 to approximately 100 feet. In recent years Dometic has also started to

<sup>18</sup> Excluding the global division Medical. EMEA including Medical: 41%.

<sup>19</sup> Excluding the global division Medical. EMEA including Medical: 49%.

<sup>20</sup> Medical was divested in March 2015. Historically, Dometic was organised into the three regions and the global division, Medical. As Medical represented a minor share of the Group’s activities and did not meet the quantitative thresholds required by IFRS, it was not reported separately but included in the region EMEA.

<sup>21</sup> Excluding the global division Medical (which represented 4%). Including Medical the percentages would be 61%, 17%, 10%, 9% and 3%, respectively.

deliver products for Commercial boats. Finally, Dometic's Retail and Lodging business areas sell Mobile Coolers and mini bars to large retailers, specialised retail business, distributors, hotels and other customers. Margins in Dometic's business areas can vary, depending on a number of factors. The characteristics of the product mix drive margins, with specialized, customized or new products generally commanding higher margins.

### Sales channels

The RV, CPV and Marine business areas sell products through both the OEM and Aftermarket sales channels while Retail and Lodging only sells through the Aftermarket sales channel. The OEM and Aftermarket sales channels represented 59% and 41% of Dometic's net sales, respectively, for the nine months ended 30 September 2015 and 55% and 41% of Dometic's net sales<sup>22</sup>, respectively, for the year ended 31 December 2014. The margins in these two channels vary, with Dometic's Aftermarket sales generally having higher margins than Dometic's higher volume OEM sales.

The factors affecting sales volumes and pricing in Dometic's OEM and Aftermarket sales channels can vary significantly. Sales to Aftermarket customers tend to be somewhat less cyclical than sales to the OEM channel. While both sales channels experience a certain amount of seasonality, Aftermarket sales are somewhat more significantly impacted by unexpected weather patterns, as described in more detail below. The sales volume and pricing drivers for the business areas within each sales channel varies. For additional information, refer to the description of market and value drivers in "Market Overview".

### Factors affecting Dometic's results of operations

Dometic's results of operations and financial condition are affected by a variety of factors, a number of which are outside Dometic's control. Set out below is a discussion of the most significant factors that have affected Dometic's results during the periods under review and which Dometic expects to affect its financial results in the future. Factors other than those set forth below could also have a significant impact on Dometic's results of operations and financial condition in the future. See "Risk factors".

### General and regional economic conditions and cyclical demand

General and regional economic conditions have an effect on the overall market for Dometic's products. Historically, sales in the Market have been closely correlated to the performance of the wider economy

and fluctuations in GDP, employment levels, consumer attitude towards, and spending on, leisure activities. In particular, the demand for and sales of consumer durables and consumer discretionary products are adversely affected by poor economic conditions. This affects Dometic's sales through the OEM channel negatively, while Dometic's sales to Aftermarket customers are more stable (but subject to greater seasonality).

### Historical changes in net sales and margin trends

From 2006 to 2007, Dometic recorded double-digit percentage net sales growth driven by strong underlying market conditions. Dometic's adjusted EBITDA margin reached peak levels in the high teens during 2006. During 2007, EMEA recorded strong results and APAC registered a record year in terms of net sales growth, partly due to the acquisition of WAECO. WAECO's Chinese sourcing and manufacturing footprint and sales into EMEA helped reduce the impact of the declining USD in that year.

However, signs of a market downturn began to appear in the second half of 2007, and in 2008 the international market for several of the Company's products deteriorated as a direct result of the global recession and the turbulence in global financial markets. Customer demand declined and retailers reduced their inventories. Management responded promptly with a set of measures to reduce cost, which enabled Dometic to maintain a peak level margin. Net sales decreased significantly, approximately equal to a high single digit percentage decline, in 2008, with a direct impact on profitability.

The net sales decline continued in 2009, at a double-digit percentage rate, in particular reflecting Dometic's business in the Americas. Volumes fell due to lower demand, particularly in the RV and Marine business areas. Towards year-end 2009, the RV business area in particular started to recover and showed marginal short-term growth. Even though the rate of net sales decline increased during 2009, the adjusted EBITDA margin was fairly stable (with approximately one percentage point decrease) and still at double-digit figures. Profitability was helped by the Aftermarket for RV and Marine, which experienced a positive trend in both EMEA and the Americas.

During 2010, the pace of the market recovery increased. Net sales for Dometic increased with a solid double digit percentage. Dometic profitability increased also in 2010, driven by market improvement as well as increased efficiency of the manufacturing structure. The adjusted EBITDA margin was significantly strengthened during 2010 compared to 2009 and increased further in 2011, reaching its highest level since 2007. During the

<sup>22</sup> Excluding the global division Medical (which represented 4%). Including Medical, the percentages would be 57% and 43%, respectively.

first half of 2011, Dometic experienced strong demand from customers as markets continued to be buoyant. During the second half of 2011, macroeconomic fluctuations in economic activity softened, especially in Southern Europe, as the sovereign debt crisis intensified. Dometic 2011 net sales remained in line with the 2010 level.

In total, from the net sales high point in 2007 to the net sales low point in 2009, Dometic lost approximately 25% of the net sales. The decrease in RV registrations in Australia, Europe and the U.S. (in aggregate) by comparison was down over 40% during those years. During 2009 and 2010, results for Dometic were also impacted by ownership changes. During 2011, EQT V acquired Dometic.

For more information about change in net sales and margin trends, see “– *Dometic’s results of operations*”.

### **Regional trends**

*EMEA.* The EMEA region represented 40%<sup>23</sup> of Dometic’s total net sales for the nine months ended 30 September 2015 and for 45%<sup>24</sup> of Dometic’s total net sales for the year ended 31 December 2014. For the nine months ended 30 September 2015, Germany, the United Kingdom and France represented 54%, 6% and 7% of Dometic’s EMEA net sales, respectively. For the year ended 31 December 2014, Germany, the United Kingdom and France represented 44%, 11% and 10% of Dometic’s EMEA net sales, respectively. There are significant differences in economic conditions in the region. Central and Northern Europe, especially the German-speaking countries, which account for a significant part of EMEA sales, have experienced relatively stable economic conditions, with Germany’s GDP growing at an average compound annual growth rate of 4.5% between 2012 and 2014 according to the International Monetary Fund data as of April 2015 (the “**IMF**”). The economic environment in certain parts of Southern Europe, including France, Italy and Spain, has been challenging, although conditions appear to have stabilized in the last year. Dometic’s efforts to grow in Russia have been hampered in 2014 and 2015 by the economic and social instability in the region. For additional information on regional trends in EMEA, see “*Market Overview – Introduction – RV OEM Market – Regional characteristics – EMEA*” and “*Business Overview – Regions – EMEA*”.

Dometic’s results for the period under review also included Dometic’s global division Medical which for accounting purposes belonged to the EMEA region. The global division Medical represented 7% of Dometic’s net sales in EMEA for the year ended 31 December 2014 and 4% of the Group’s net sales for the same period. Dometic completed the divestment of its global division Medical in March 2015.

*Americas.* The Americas region represented 48% of Dometic’s total net sales for the nine months ended 30 September 2015 and 38% of Dometic’s total net sales for the year ended 31 December 2014. The increase of the share between the nine months ended 30 September 2015 and the year ended 31 December 2014 was mainly due to the acquisition of Atwood which is a part of the Group since 17 October 2014. Net sales from the United States represented 99% and 93%, respectively, of Dometic’s net sales in the Americas region for such periods. The RV business is concentrated in the U.S. and Canada, while the CPV business is spread throughout both North and South America. The U.S. economy has been recovering from the global economic downturn during the periods under review (with a compound annual growth rate in GDP of 3.8% between 2012 and 2014 according to the IMF, and Dometic experiences that people are willing to spend more on an outdoor lifestyle. In 2014 and through the nine months ended 30 September 2015, the Americas experienced generally positive market conditions, including low interest rates, beneficial credit markets and increased consumer spending. For additional information on regional trends in Americas, see “*Market Overview – Introduction – RV OEM Market – Regional characteristics – Americas*” and “*Business Overview – Regions – Americas*”.

*APAC.* The APAC region represented 11% of Dometic’s total net sales for the nine months ended 30 September 2015 and 13% of Dometic’s total net sales for the year ended 31 December 2014. Net sales from Australia represented 73% and 77%, respectively, of Dometic’s APAC net sales for such periods. The Australian economy has contracted during the periods under review, with a compound annual growth rate in GDP of -3.7% between 2012 and 2014 according to the IMF. China has shown significant growth during most of the periods under review, although the growth rate has reduced within the past year. For additional information on regional trends in APAC, see “*Market Overview – Introduction – RV OEM Market – Regional characteristics – APAC*” and “*Business Overview – Regions – APAC*”.

### **Fluctuations in currencies**

Dometic is a global business with operations in a large number of countries. Dometic is subject to both translation and transaction exposure in respect of currencies. Translation exposure arises when non Swedish subsidiaries’ assets, liabilities and operations are translated into Dometic’s reporting currency, SEK. For example, 89% and 88% of Dometic’s net sales were transacted in USD, EUR and AUD in the nine months ended 30 September 2015 and the year ended 31 December 2014, respectively. As a result of this, Dometic’s comparable net sales can be significantly impacted by changes in currency exchange rates.

<sup>23</sup> Excluding the global division Medical. EMEA including Medical: 41%.

<sup>24</sup> Excluding the global division Medical. EMEA including Medical: 49%.



Dometic's net sales for the nine months ended 30 September 2015 increased by 22% on a constant currency basis, as compared to an increase of 36% on a reported basis, from the nine months ended 30 September 2014, reflecting the depreciation of SEK against certain other currencies during the period, primarily USD. Dometic's net sales for the year ended 31 December 2014 increased by 8% on a constant currency basis, as compared to an increase of 13% on a reported basis, from Dometic's 2013 net sales, reflecting the depreciation of SEK against certain other currencies in 2014, primarily USD and EUR. Dometic calculates constant currency using the average foreign currency exchange rates for the current year-to-date applied to each of the comparable periods.

Transaction exposure arises at the time of purchasing and selling as well as conducting financial transactions in different currencies. Dometic's transaction exposure is concentrated in countries where manufacturing / assembling factories are located and is primarily related to the EUR, USD, AUD and CNY. Important currency flows are China/Hong Kong's sales to Europe, the United States and Australia and sales from Europe to Australia and the United States. In addition, changes in currency exchange rates can also have a significant impact on Dometic's capital structure and financial costs, with respect to external and intercompany indebtedness denominated in currencies other than SEK. For example, loans in EUR, USD and AUD represented 40%, 40% and 14%, respectively, of Dometic's total indebtedness as of 30 September 2015.

Dometic seeks to reduce the impact of currency fluctuations on its results by using a variety of methods. Dometic treasury policy targets to hedge all main currency flows, but in order not to be over hedged, permits up to 95% of the forecasted exposure and product flows in, certain currencies, the most important of which are CNY, EUR, USD, AUD and JPY, to be hedged utilising spot and currency exchange contracts, currency swaps and currency options. In practice, Dometic seeks to hedge currency flows for the coming twelve months. Further, Dometic treasury policy requires that contracted exposure in projects and firm commitments amounting to more than SEK 2 million is hedged per currency. Where possible, Dometic attempts to engage in natural hedges by incurring appropriate levels of indebtedness denominated in currencies in which Dometic generates net sales. Dometic aims to hedge translation risk by matching the denominations and amounts of its indebtedness to its foreign net assets. Notwithstanding this, because of Dometic's international sales profile, Dometic will continue to be exposed to fluctuations in currencies that will impact Dometic's results.

The table below sets forth an illustration of the operating profit (EBIT) impact of transactions in different currencies for the year ended 31 December 2014, of a 10% change in currency exchange rates before hedges for the currencies listed below:

**Operating profit (EBIT) impact  
(SEK millions)**

	CNY	USD	EUR
EUR	-74	-74	n.a.
USD	-120	n.a.	74
AUD	-36	-36	-19

**RV business area performance**

Dometic's RV business area represented 64% of its net sales for the nine months ended 30 September 2015 and 57%<sup>25</sup> of its net sales for the year ended 31 December 2014 (73% and 74%, respectively, of Dometic's net sales from the OEM sales channel and 27% and 26%, respectively, of Dometic's net sales from the Aftermarket sales channel). Since the RV business area represents the largest portion of Dometic's net sales, trends in Dometic's RV business area have a significant impact on Dometic's financial results. Dometic's net sales are dependent on a number of factors affecting the RV business area as a whole. OEM sales are highly correlated to the number of RVs manufactured annually, while Aftermarket sales depend on the Installed base and the age of RVs. In addition,

both channels are impacted by technological advances and changes in consumer preferences.

*Number of RVs manufactured and sold.* The number of RVs shipped globally fell from an estimated peak of 619,000 in 2006 to an estimated 338,000 in 2009 during the global economic downturn, and increased to approximately 529,000 in 2014, according to the Third-Party Market Report. During periods where the number of new RVs manufactured and sold were decreasing, Dometic's sales volumes decreased though increased sales in the Aftermarket channel often partially offset such decreases. In particular, the manufacture and sale of new RVs drive Dometic's sales in respect of equipment purchased and installed by manufacturers. For additional information see, "Market Overview — Introduction — RV registrations" and "Market Overview — RV OEM Market drivers".

<sup>25</sup> Excluding the global division Medical (which represented 4%). Including Mediical the percentage would be 61%.

*Installed base and age of RVs.* In Dometic's RV business area, products sold in the Aftermarket are directed towards owners of existing RVs and tend to be made either on a replacement or upgrade basis. As of 31 December 2014, Dometic estimates that the Installed base of RVs worldwide exceeded 15 million vehicles. Key upgrade and replacement products in Dometic's Aftermarket channel include sales to existing RV owners who either need to replace old or worn out equipment or are interested in upgrading furnishings and equipment, modernizing or just personalizing their RVs (which decision may be made as an alternative to replacing their existing RV altogether). Accordingly, Dometic believes it experiences significant Aftermarket sales as a result of the sale of used RVs. For additional information see, "*Market Overview – Aftermarket – Installed base as platform for growth*" and "*Market Overview – Aftermarket – Upgrade and replacement cycles of the Installed base*".

*Demographic and RV-preferences.* While the RV business area as a whole is impacted by demographic trends generally, in particular, the aging of populations in Western Europe and the United States and the expanded range of younger age groups adopting the RV lifestyle is increasing the size of the population interested in RV ownership faster than overall population growth according to the Third-Party Market Report. The RVing community has also recently included more families, as families enjoy RV-based leisure activities. RV sales, which the Company believes are increasingly driven by lifestyle decisions, are reflective of the needs and desires of all family members. In light of these changes in consumer focus, Dometic is seeing a greater emphasis on consumer preference in respect of kitchens, bathrooms and lighting; all areas that allow a purchaser opportunities to customize their vehicle and make design and functionality based decisions. In addition, consumer preferences manifest themselves in varying demand for either larger or smaller RVs. Larger RVs (principally in North America) allow Dometic greater opportunity to sell more duplicative products in light of such space (e.g., air conditioners). Smaller RVs (historically predominantly in Western Europe, due in part to legislation on size of vehicles), require products to be more compact thereby resulting in a higher proportion of specially designed products. During the last decade the EMEA market has progressed against a higher proportion of Motorhomes which has affected Dometic in a positive way since Motorhomes contain more of Dometic's products than Caravans. Smaller RVs are particularly popular in new markets, such as Japan and China. For additional information see, "*Market Overview – Introduction – RV registrations*" and "*Market Overview – RV OEM Market drivers – Customer demographics*".

### **The availability and cost of consumer financing**

Many of Dometic's products are sold for use in RVs and Pleasure boats. A part of the sales of RVs and Pleasure

boats are dependent on third-party financing, although U.S. RV purchasers are somewhat more reliant on such financing than in Western Europe. As a result, the availability of financing from third party lenders, and to a lesser extent, the cost of such financing, has a significant effect on sales of RVs and Pleasure boats, and in turn, on Dometic sales volumes.

A reduction in the availability of end-consumer financing, tightened underwriting standards or increased interest rates can each have an immediate and adverse effect on Dometic's business and sales. For example, during the global financial crisis, consumers had limited ability to obtain financing due to very stringent underwriting standards, which caused a dramatic reduction in Dometic's sales and led to a liquidity shortfall in Dometic's operations, which particularly affected the Americas region where, Dometic believes consumers are often more dependent on the availability of financing. See "*Risk factors – Risks related to the Company – Volatility and disruption of the capital and credit markets and adverse changes in the global economy may impact the ability of consumers to access financing, which could have a material adverse effect on the Company's business, financial condition and results of operations.*" Historically, sales have been resistant to small and incremental interest rate increases, but large and swift interest rate movements or the implementation of stricter underwriting standards can affect the affordability of RVs and Pleasure boats, and in turn, the demand for Dometic's products. In the nine months ended 30 September 2015 and over the latest three year period, credit has been widely available globally and at low interest rates, which has supported a positive trend in Dometic's sales.

### **Seasonality and weather**

Dometic's results (as well as Dometic's working capital) are subject to both seasonal and weather induced fluctuations in demand. Fluctuations in demand can result in significant differences in Dometic's quarter-to-quarter results, as well as, depending on the occurrence of severe weather for a long period, year-to-year results. The second calendar quarter is typically the strongest overall and the fourth calendar quarter is typically the weakest. Dometic's operating profit (EBIT) margin is relatively stable for the first nine months of the year and typically weakest in the fourth calendar quarter when fixed costs are spread over fewer sales. Approximately 85% to 90% of operating profit (EBIT) is typically generated during the first three calendar quarters.

Fluctuations in demand are slightly more pronounced in the RV OEM and Marine OEM Markets during the first half each year with the CPV OEM Market showing somewhat more stable demand over the year. A majority of Dometic's sales and costs are affected by an increased demand during the summer season, with a

sharp decline during autumn starting in August when the important season for recreation draws to a close. There are similar patterns in Australia but during another time of the year given the country's position on the southern hemisphere. Dometic's sales are also affected by the weather conditions that affect customers' desire to spend time outdoors. For example, the extreme weather conditions during the North American winter in 2014 had an adverse effect on the results of the region Americas and particularly impacted sales of Aftermarket products as storms and low temperatures prompted customers to delay or forego purchases. In EMEA, good growth in the first half of 2014 was slowed down somewhat by some of the wettest weather in 50 years in most of Dometic's southern European markets, which brought an abrupt end to the RV and Marine holiday season in August. Dometic's OEM sales in the RV and Marine business areas typically occur in the first half of each year as OEM's order products to be used in end-products in the spring and summer when RV and Pleasure boat sales volumes are highest. The CPV and Lodging business areas are not as seasonal as the timing of products for sales in Commercial Vehicles and minibars are primarily driven by factors other than seasons.

In order to manage the effects of this seasonality on Dometic's business and results of operations, Dometic has sought, to the greatest extent possible, to maintain somewhat lower inventory levels during the fourth quarter. Dometic's working capital is generally highest

(and cash flow is lowest) as inventory is built up in the first quarter in anticipation of spring and summer sales. Working capital and relatively higher cash flow is maintained during the second and third quarters, with accounts receivables trending higher due to higher sales as compared to the fourth quarter. Working capital is generally lowest in the fourth quarter when the inventory level is lower and seasonal sales are lowest. Cash flow in the fourth quarter tends to be highest as accounts receivable are collected and inventory levels decrease.

Dometic has also sought to make its employee base more flexible, in particular engaging them on an hourly basis and using more temporary labor to manage the heavy work load before and during the high season. In addition, as a significant percentage of Dometic's manufacturing cost relates to the purchase of component parts, Dometic has actively sought to manage its supply chain and optimize the amount of component inventory Dometic holds. Finally, some of the seasonality of Dometic's EMEA and Americas Aftermarket business is offset, in part, by Dometic's Australian Aftermarket business where the peak sales months generally correspond to the lowest sales months in the Northern Hemisphere.

The quarterly information set forth below is based on information derived from Dometic's interim reports, which have not been audited by Dometic's auditor, nor reviewed, except with respect to the quarter ended 30 September 2015 and the comparative period for 2014.

SEK millions	2012				2013				2014				2015		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net sales	2,030	2,361	1,905	1,625	1,825	2,271	1,961	1,751	2,001	2,450	2,147	2,207	2,875	3,202	2,885
Operating profit (EBIT)	263	356	231	11	239	296	241	129	255	325	257	100	423 <sup>1</sup>	463	367
Core working capital <sup>2</sup>	1,871	1,949	1,843	1,522	1,895	2,076	1,958	1,744	2,049	2,245	2,063	2,192	2,467	2,584	2,607

<sup>1</sup> Includes capital gain net of transaction cost of SEK 87 million from sale of the global division Medical.

<sup>2</sup> Includes inventory, accounts payable and receivables.

## Product development and innovation

Increased investments in product development and innovation have resulted in a stronger portfolio of innovative and high quality products, which enables Dometic to maintain the competitiveness and pricing of the products within its portfolio. In order to increase the focus on product development and innovation, the Company in 2013 established a new organization, referred to as PMI that is responsible for the product development in close cooperation with the sales- and production teams in the regions. During 2014, Dometic increased its product development output in all three regions, improved its capabilities at PMI centers in China, Germany and the U.S. In 2014, Dometic invested

SEK 220 million on product development and innovation across all business areas, compared to SEK 175 million and SEK 157 million in 2013 and 2012, respectively. Dometic also continues to build and expand its PMI organization. Dometic started to benefit from these steps during 2014 and 2015 by launching a number of strong new products. These new products are easier to use and feature higher capacity, improved energy efficiency and smarter system integration, delivering value to the end user. In Dometic's core areas, Dometic introduced, for example, the 9-series slim and flexible RV refrigerator for compact spaces and the new truck auxiliary air conditioning system. Dometic also has a strong pipeline of products to be launched in the medium term. As of

30 September 2015, Dometic had 67 on-going product development projects planned for release in the remainder of 2015 and the first half of 2016. Dometic believes that successful product development allows it to increase market share and improve margins and that Dometic's growth may be accelerated with an increasing share of earnings from new products.

### **Operational efficiency initiatives**

Dometic continuously seeks to improve its operational efficiency to reduce operational costs. In addition to direct materials, Dometic's operational costs include, among other costs, Dometic's factory costs, direct and indirect labor costs, transport expenses, warranty costs, cost of sales and administration costs. Dometic regularly evaluates each of its manufacturing / assembly sites to identify potential areas for cost savings and efficiency improvements.

The SG&A programme in EMEA is a large initiative which includes staff reduction, more efficient processes and structural cost improvements. Part of this programme focuses on reducing cost of sales and marketing by better utilization of resources and functions through head count reduction, process efficiency improvements and more efficient utilisation of existing staff. The programme also aims to save costs through planning and process improvement in logistics. In addition to this, Dometic will also look to improve utilization of administrative functions and eliminate duplicate functions between countries where possible. Furthermore, there are two programmes to lift profitability within cooking equipment and window and doors in EMEA through overhead consolidation and certain cost measures. Together, the measures implemented in the SG&A programme and the profitability programmes are expected to be fully implemented by the second half of 2016 and the aggregate impact thereof is expected to reduce the cost base by approximately SEK 70 million (gross savings over the 2014 cost base) on an annual basis. For 2015, approximately half of the gross savings are expected to be achieved. Dometic has estimated approximately SEK 30 million of one-time restructuring costs in order to implement such measures, all of which were expensed in the nine months ended 30 September 2015.

In 2013, Dometic implemented a number of efficiency initiatives to improve the performance of Dometic's business and reduce the cost base. Capturing operational synergies and increasing Dometic's operational efficiency continues to be a strategy of Dometic's business. For example, Dometic has moved labor intensive production to its manufacturing / assembly sites in Eastern Europe and consolidated production of air conditioners in China for deliveries to all regions. Through consolidation of its global air

conditioner manufacturing, Dometic has achieved additional economies of scale and engineering synergies across its air conditioner models. In addition, Dometic launched several efficiency projects at its facility in Siegen, Germany to optimize production flow. The focus on cost savings and operational efficiency has continued through 2014 and 2015.

Furthermore, during the periods under review Dometic has increased its focus on inventory management. Inventory has been addressed in all performance reviews and a large set of improvement actions have been defined and implemented throughout the Group. For example, Dometic has to a large extent centralized its inventory for Aftermarket products in Europe to Dometic's warehouse in Emsdetten, Germany. As a result of these improvement actions, Dometic's inventory performance has improved. This effort is still underway and further improvement is expected through the remainder of 2015.

### **Cost of direct materials**

Dometic's profit and margins depend on the cost of goods sold of Dometic's products. The Company's cost of goods sold represented 70% of net sales for the nine months ended 30 September 2015 and 70% for the year ended 31 December 2014. The Company's cost of goods sold depends in turn on the cost of direct materials, which are comprised of purchased components and raw materials, Dometic's factory costs and direct and direct labor costs. Direct materials as a percentage of the total costs for the product varies but typically amounts to approximately two-thirds of the costs of goods sold on average.

Given the Company's broad product range the direct material costs vary. For the year ended 31 December 2014, total direct material costs (raw materials and components) amounted to SEK 3,542 million, of which raw materials accounted for about 11%. The remaining, portion (approximately 89%) related to the components or semi manufactured and external products (purchase of finished products constructed by Dometic but manufactured by external manufacturers).

The cost of Dometic's direct materials are subject to market dynamics as well as fluctuations in the market price of certain commodities, particularly steel, stainless steel, aluminum, copper and plastics, which are used in Dometic's production and in the manufacturing of components sourced from third-party suppliers, as well as the price of the fuel used for distribution and transport of the products and materials. The degree of impact of changes in raw material prices vary and depend on how the various agreements with suppliers are designed. Certain of Dometic's supply agreements include raw material price adjustment terms for certain commodities.

The ability to transfer increases in expenses of direct materials to customers depends on the term and type of contract entered into with the customers in the respective business area. Dometic is restricted in part in passing price increases onto the RV OEM and certain Aftermarket customers as these contracts generally determine pricing on an annual basis. Likewise, the Company is limited in transferring increases in prices to the OEM customers within the CPV business area where typical contracts for the core products last for the entire life cycle of the vehicle. For Marine and the Aftermarket channel, there is little lag in the time between when Dometic experiences increases in costs and when the Company may be able to pass such cost increases on to customers as such purchases are often spot purchases where the price for the products the Company delivers has been fixed for a period of up to one year.

### Tax losses carried forward

As Dometic reports losses in its income tax return and those losses exceed taxable income, the net tax losses may be accumulated and used to offset taxable income in subsequent years. Dometic recognizes such tax losses carried forward as a deferred tax asset only if those are expected to be utilized to offset taxable income. The tax asset is in such case valued using the tax rates expected to apply to the period when the asset is expected to be realized, based on tax laws that have been enacted or substantively enacted by the balance sheet date. Dometic conducts regular reviews of expected future taxable income of each entity, based on business plans and forecasts. Based on the review for the financial year ended 31 December 2014 the Company reported a deferred tax asset of SEK 180 million<sup>26</sup>, part of which pertaining to tax losses carried forward. In addition, the Group has accumulated total tax losses carried forward in the estimated amount of SEK 3,648 million, (where SEK 3,297 million is attributable to the Swedish operations), for which no deferred tax asset is recognized on the Company's balance sheet. Such tax losses carried forward are not recognized on the balance sheet as a deferred tax asset due to uncertainties regarding the value for tax purposes. Dometic's external financing may be subject to change in connection with the listing. In such event, the Company may recognize a deferred tax asset on its balance sheet during the fourth quarter 2015. The deferred tax asset, pertaining to greater part of the accumulated total tax losses carried forward estimated to SEK 3,648 million, would in such case be valued in accordance with the principles described above.

Dometic estimates that the current tax rate would be in the range of 15 - 17% of EBT<sup>27</sup> on the Company's income statement for the period 2016 to 2021. For the said

period, Dometic estimates that the total tax rate would be in the range of 20 to 23% of EBT on the Company's income statement. Taxes paid are expected to be equivalent to approximately 15% of EBT, i.e. at the lower end of the range of the current tax rate, for the same period. If Dometic is not able to utilize any tax losses carried forward, it is the Company's view that the current tax rate would likely amount to approximately 27% of EBT, based on applicable laws.

The statements described above regarding tax losses carried forward, deferred tax assets, tax payments, tax rates, estimates and assumptions constitute forward looking statements. These forward looking statements are not guarantees of future conditions and actual results could differ materially from those expressed or implied by these forward looking statements as a result of many factors, including but not limited to those described under "Risk factors", including "Risk factors – Risks related to the Company – Tax losses could be restricted or cancelled, either as a result of future changes in tax laws or, under the current rules, as a result of a change of control". Investors are urged not to rely on any of the statements set forth above.

### Factors affecting comparability of Dometic's results of operations

As a result of the following items, Dometic's financial condition and results of operations (EBIT) as of and for certain financial periods presented in the Prospectus may not be directly comparable with other financial periods discussed herein or with future financial periods.

### Items affecting comparability and amortisation of customer relationship

In the nine months ended 30 September 2015, and in the years ended 31 December 2014, 2013 and 2012, Dometic experienced a number of events Dometic refers to as items affecting comparability, which management has categorised as non-recurring. In addition, in 2014, Dometic began amortising intangible assets incurred in the acquisition of Atwood. Such events and such amortisation have reduced Dometic's profitability in affected periods. For more information regarding items affecting comparability see section "Selected financial information – Key performance indicators – Calculation of adjusted operating profit and adjusted EBITDA".

From the time the Atwood acquisition was completed in October 2014 up to and including 31 December 2014, amortisation of customer relationship was SEK 10 million. For the nine months ended 30 September 2015,

<sup>26</sup> For more information see note 11 to Dometic's consolidated annual report which is included in the Prospectus.

<sup>27</sup> Earnings before tax for the relevant period.



amortisation of customer relationship was SEK 51 million. Amortisation of customer relationship related to the Atwood acquisition includes an amortisation of customer relationship component as well as an intellectual property component. The amortisations for such components are calculated to 20 and 7 years, respectively. The annual amortisation is expected to amount to SEK 68 million per year during the first seven years and thereafter SEK 46 million per year, before the effects of currency translation.

### Acquisitions and divestments

In line with Dometic's strategy to expand its OEM stronghold, grow its Aftermarket sales and expand in new geographies while remaining focused on its core business, Dometic is considering acquisitions, divestments and expansion opportunities in the normal course of business.

In September 2014, Dometic acquired the division for awning manufacturing for RVs from the Belgian company Brustor NV for a total purchase price, net of cash and cash equivalents acquired, of SEK 49 million. The acquisition gave Dometic the ability to offer a full range of awnings and related accessories primarily for Europe and Australian markets. Similar to Atwood, this acquisition offered Dometic high quality products that filled certain portfolio gaps and thereby strengthened Dometic's market position. Prostor's results of operations have been consolidated with the Company's from 1 September, 2014. For the period from 1 September, 2014 through the year ended 31 December 2014 Prostor contributed net sales of SEK 6 million.

In October 2014, Dometic completed the acquisition of Atwood, for a total purchase price, net of cash and cash equivalents acquired, of SEK 2,093 million. This acquisition expanded Dometic's product range in, *inter alia*, heaters, kitchen equipment and a number of other products that were not previously in Dometic's North American offering. This key acquisition further enhanced Dometic's position in the U.S., the world's largest RV market. In addition, Dometic believes that the Atwood acquisition allows it to obtain operational synergies in warehousing, distribution, purchasing, manufacturing, sales, marketing and administration. Dometic has identified potential total annual synergies of approximately USD 10 million, mainly within purchasing, administration costs and production/assembly that Dometic has been implementing and which are expected to be fully implemented during 2017. The integration of Atwood is proceeding according to the original plan. For 2015, the Company estimates that synergies (before integration costs) will amount to approximately USD 6 million. Atwood's results of operations (EBIT) have been consolidated with the Company's from 17 October 2014. Dometic has estimated a total of approximately SEK 31 million of non-recurring integration costs, of which SEK 20 million was expensed in the nine months ended 30 September

2015, and an additional SEK 11 million estimated for the fourth quarter 2015, in order to reduce redundant headcount, facilities and other infrastructure. For the period from 17 October 2014 through the year ended 31 December 2014 Atwood contributed net sales of SEK 233 million.

In March 2015, Dometic completed the divestment of its global division Medical. Because synergies in distribution, manufacturing and sales between the global division Medical and other businesses in the Group were limited, this divestment is in line with Dometic's strategy to focus more closely on its core business, primarily targeting the RV, CPV and Marine markets. The Company's EMEA region includes the results of operations (EBIT) of the global division Medical up through 9 March, 2015. The global division Medical had net sales of SEK 319 million, SEK 250 million and SEK 246 million for the years ended 31 December 2014, 2013 and 2012, respectively. For the period from 1 January through 9 March, 2015, the global division Medical had net sales of SEK 69 million. The global division Medical had approximately 160 employees.

### Description of key line items in the income statement

#### Net sales

Net sales comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of Dometic's business; net sales is defined as the sales price net of value added tax, returns, rebates and discounts excluding freight, fees and taxes.

Dometic's business is organized according to three regions: EMEA, the Americas and APAC. Information regarding income for each region is based on where the customers are located up to 2014. Thereafter the information is based on where the sale takes place.

#### Cost of goods sold

Cost of goods sold consists of direct cost of producing products such as costs of materials, labor costs and factory costs. It also includes warranties and stock value adjustments and costs for assembly of products. The most significant components of Dometic's cost of goods sold include materials (including both raw materials and component parts), which represented 52% of Dometic's net sales in the year ended 31 December 2014. As Dometic manufactures a wide range of products, Dometic's direct materials are highly diversified, with no individual type of raw material or component part being dominant. Other significant components of the cost of goods sold include factory and material overhead and direct and indirect labor, which together typically represent about a quarter of Dometic's cost of goods sold.

Cost of goods sold also includes PMI costs, which consist of expenses incurred in connection with Dometic's research and development activities; these amounts for example include salaries and related employee benefits, which are generally fixed and external services for example testing and design, which are variable.

### **Sales expenses**

Sales expenses consist mainly of expenses relating to marketing activities, including costs of sales staff, promotion, exhibitions and other events. Sales expenses also include logistics (outbound freight cost of deliveries to customers), guarantee, credit and collection and related IT expenditures. The most significant components of sales expenses include employee costs, representing approximately two fifths of Dometic's sales expenses in each of the nine months ended 30 September 2015 and logistics costs, representing approximately 43% of Dometic's sales expenses in each of the nine months ended 30 September 2015.

### **Administrative expenses**

Administrative expenses include costs related to the administration of Dometic's business that are not attributable to cost of goods sold or sales expenses, such as expenses related to IT, management, human resources, finance and administration departments.

### **Other operating income and expense**

Other operating income and expense includes net sales and expenses from secondary activities generated or incurred in the ordinary course of business and other items that are not attributable to any particular function, such as external rental net sales, capital gain/loss from the disposal of fixed assets, as well as revaluation of receivables/payables due to currency fluctuations.

### **Items affecting comparability**

Items affecting comparability includes income and expenses related to non-recurring events or occurring on an irregular basis and affecting comparability between the periods. The CFO determines whether a item is classified as an item affecting comparability.

### **Amortisation relationship**

Amortisation of customer relationship includes amortization of the intangible assets, comprised of customer relationship and intellectual property, identified in connection with the Atwood acquisition.

### **Financial items net**

Financial items net include interest income, interest expense, exchange rate differences on financial items, amortization of capitalized long-term financing expense, interest expense on pension liabilities and other finance income and expenses.

### **Significant events**

#### **Significant events during the period from 1 January 2012 to 30 September 2015**

In 2012 Roger Johansson was appointed CEO. In 2013 Fredrik Cappelen was appointed chairman of the board of directors. In 2014 Atwood was acquired. In 2014 Dometic issued notes (so-called "PIK Toggle Notes") of EUR 314 million. In the first quarter of 2015 the global division Medical was divested.

#### **Significant events since 30 September 2015**

On the extraordinary shareholders' meeting on 15 October 2015 it was resolved to carry out a share split 40:1 whereby the total number of shares in the Company will amount to 200,000,000.

The Company has 27 October 2015 entered into the Facilities Agreement, conditional upon the listing.

The Company has, on 23 October 2015, applied for the listing of the Company's shares on Nasdaq Stockholm.

On the extraordinary shareholders' meeting on 10 November 2015 it was resolved to authorise the board of directors to resolve upon issues of new shares in connection with the Offering, with deviation from the shareholders' preferential rights and authorization for the board of directors to set the final terms.

## Dometic's results of operations

### Nine months ended 30 September 2015 compared to nine months ended 30 September 2014

The following summary presents audited consolidated income statement information for the nine months ended 30 September 2015 and 2014:

(SEK millions)	For the nine months ended 30 Sep		
	2015	Change in %	2014
Net sales	8,962	36	6,599
Cost of goods sold	-6,285	39	-4,520
<b>Gross profit</b>	<b>2,677</b>	<b>29</b>	<b>2,079</b>
Sales expenses	-1,077	19	-905
Administrative expenses	-376	18	-319
Other operating income and expense	39	-	0
Items affecting comparability	41	-	-18
Amortization of customer relationship	-51	-	-
<b>Operating profit (loss) (EBIT)</b>	<b>1,253</b>	<b>50</b>	<b>837</b>
Financial items, net	-563	-52	-1,165
<b>Profit (loss) before income taxes</b>	<b>690</b>	<b>-</b>	<b>-328</b>
Taxes	-219	30	-169
<b>Profit (loss) for the period</b>	<b>471</b>	<b>-</b>	<b>-497</b>

#### Net sales

Net sales increased 36% (or SEK 2,363 million) to SEK 8,962 million in the nine months ended 30 September 2015 from SEK 6,599 million in the nine months ended 30 September 2014. On a constant currency basis, net sales increased by SEK 1,624 million, or 22%. Of the net sales for the nine months ended 30 September 2015, SEK 1,295 million, or 20% of the increase, was related to the Atwood and Prostor acquisitions, SEK 491 million, or

8% of the increase, was due to organic growth and SEK 740 million, or 11% of the increase, was related to currency fluctuations. The increase was partly offset by a reduction of net sales in the amount of SEK 162 million attributable to the divestment of the global division Medical.

The following table shows the split of Dometic's net sales by region for the nine months ended 30 September 2015 and 2014:

(SEK millions, except %)	For the nine months ended 30 September				% Change	
	2015	% of net sales	2014	% of net sales	Actual	Constant currency
Americas	4,334	48	2,421	37	79	46
EMEA <sup>1</sup>	3,621	41	3,353	51	8	4
APAC	1,007	11	825	12	22	14
<b>Total</b>	<b>8,962</b>	<b>100</b>	<b>6,599</b>	<b>100</b>	<b>36</b>	<b>22</b>

<sup>1</sup> Includes SEK 69 million and SEK 223 million of net sales for the nine months ended 30 September 2015 and 2014, respectively, in the global division Medical, which was divested in March 2015. As the global division Medical represents a minor share of the Group's activities and does not meet the quantitative thresholds required by IFRS, it is not reported separately but included in the EMEA region.

## Americas

Net sales in Dometic's Americas region increased by 79% (or SEK 1,913 million) to SEK 4,334 million in the nine months ended 30 September 2015 from SEK 2,421 million in the nine months ended 30 September 2014. On a constant currency basis, net sales increased by SEK 1,361 million, or 46%. Of the net sales in the Americas region for the nine months ended 30 September 2015, SEK 1,150 million, or 48% of the increase, was related to the Atwood acquisition, SEK 210 million or 9% of the increase, was due to organic growth, and SEK 553 million or 23% of the increase, was related to currency fluctuations. The increase in organic growth was generated from of an increase within RV OEM which benefits from the growing market. The growth was offset by negative price developments for certain product categories. The RV Aftermarket increased the net sales where the hot weather favoured the sales of certain products such as air conditioners. Marine also increased its sales growth for both OEM and Aftermarket, within the category boats over 40 feet, especially for air conditioning but also with new products.

For the nine months ended 30 September 2015, the OEM and Aftermarket sales channels represented 71% and 29%, respectively, of Dometic's net sales in the Americas region.

## EMEA

Including the global division Medical, net sales in Dometic's EMEA region increased by 8% (or SEK 268 million) to SEK 3,621 million in the nine months ended 30 September 2015 from SEK 3,353 million in the nine months ended 30 September 2014. On a constant currency basis, net sales (including the global division Medical) increased by SEK 137 million, or 4%. Of the net sales in the EMEA region for the nine months ended 30 September 2015, SEK 25 million, or 1% of the increase, was related to the Prostor acquisition, SEK 275 million, or 8% of the increase, was due to organic growth and SEK 131 million, or 4% of the increase, was related to currency fluctuations. The increase was partly offset by a reduction of net sales in the amount of SEK 162 million attributable to the divestment of the global division Medical.

Excluding the global division Medical, net sales in Dometic's EMEA region increased by 13% (or SEK 422 million) to SEK 3,552 million in the nine months ended 30 September 2015 from SEK 3,130 million in the nine months ended 30 September 2014. Of the net sales in the EMEA region (excluding the global division Medical) SEK 25 million or 1% of the increase was related to the Prostor acquisition, SEK 275 million or 9% of the increase was related to organic growth and SEK 124 million or 4% of the increase was related to currency fluctuations. Organic growth was primarily

driven by growth in the RV business area. The growing market also had a positive effect on both OEM and Aftermarket. The Marine business area also increased through increased sales in the Aftermarket. The CPV business area experienced growth in both the OEM and Aftermarket channels, driven primarily by strong sales of air conditioners. The Lodging business area also improved, supported by several new hotel projects and the Retail business area declined.

For the nine months ended 30 September 2015, the OEM and Aftermarket represented 47% and 53%, respectively, of Dometic's net sales in EMEA.

## APAC

Net sales in Dometic's APAC region increased by 22% (or SEK 182 million) to SEK 1,007 million in the nine months ended 30 September 2015 from SEK 825 million in the nine months ended 30 September 2014. On a constant currency basis, net sales increased by SEK 126 million, or 14%. Of the net sales in APAC region for the nine months ended 30 September 2015, SEK 120 million or 15% of the increase, related to the acquisition of Atwood, SEK 6 million or 1% of the increase related to organic growth and SEK 57 million or 7% of the increase, related to currency fluctuations. The organic growth was primarily generated by a strong growth within the Retail business area. The growth in net sales took place especially in countries excluding China. Also the business area RV experienced increase because of new products, *inter alia* awnings from the European factory. The net sales in Marine reduce for OEM at the same time as Aftermarket increase. The Lodging business area also improved its net sales, supported by several new hotel projects.

For the nine months ended 30 September 2015, the OEM and Aftermarket sales channels represented 50% and 50%, respectively, of Dometic's net sales in APAC.

## Cost of goods sold

Cost of goods sold increased by 39% (or SEK 1,765 million) to SEK 6,285 million in the nine months ended 30 September 2015 from SEK 4,520 million in the nine months ended 30 September 2014. The increase was primarily due to the acquisition of Atwood, as well as currency translation and transaction effects. The increase was partially offset by a small reduction in Dometic's cost of direct materials through different purchase savings.

Cost of goods sold as a percentage of total net sales was 70% in the nine months ended 30 September 2015 compared to 68% in the nine months ended 30 September 2014.

### Gross profit

As a result of the reasons described above, Dometic's gross profit increased by 29% (or SEK 598 million) to SEK 2,677 million in the nine months ended 30 September 2015 from SEK 2,079 million in the nine months ended 30 September 2014. In the nine months ended 30 September 2015 Dometic had a gross profit margin of 30%, down from 32% in the nine months ended 30 September 2014.

### Sales expenses

Sales expenses increased by 19% (or SEK 172 million) to SEK 1,077 million in the nine months ended 30 September 2015 from SEK 905 million in the nine months ended 30 September 2014. The increase was primarily due to the acquisition of Atwood and currency translation effects. As a percentage of Dometic's net sales, sales expenses in the nine months ended 30 September 2015 were 12% compared to 14% in the nine months ended 30 September 2014.

### Administrative expenses

Administrative expenses increased by 18% (or SEK 57 million) to SEK 376 million in the nine months ended

30 September 2015, from SEK 319 million in the nine months ended 30 September 2014. The increase was primarily due to the acquisition of Atwood and currency translation effects. As a percentage of Dometic's net sales, administrative expenses in the nine months ended 30 September 2015 were 4% compared to 5% in the nine months ended 30 September 2014.

### Items affecting comparability

Items affecting comparability amounted to SEK 41 million in the nine months ended 30 September 2015. The principal components of items affecting comparability in the nine months ended 30 September 2015 were the gain from the divestment of the global division Medical, costs related to the Atwood Acquisition and a fire at the Company's Filakovo, Slovakia manufacturing / assembly sites.

### Operating profit (loss) (EBIT)

As a result of the reasons described above, operating profit (EBIT) increased by 50% (or SEK 416 million) to SEK 1,253 million in the nine months ended 30 September 2015 from SEK 837 million in the nine months ended 30 September 2014.

The following table shows the split of Dometic's operating profit (EBIT) by region for the nine months ended 30 September 2015 and 2014:

(SEK millions, except %)	For the nine months ended					
	30 September			% Change		
	2015	% of operating profit (EBIT)	2014	% of operating profit (EBIT)	Actual	Constant currency
EMEA <sup>1</sup>	486	39	342	41	42	33
Americas	528	42	307	37	72	36
APAC	239	19	188	22	27	9
<b>Total<sup>2</sup></b>	<b>1 253</b>	<b>100</b>	<b>837</b>	<b>100</b>	<b>50</b>	<b>29</b>

<sup>1</sup> Includes 28 million and 63 million of operating profit for the nine months ended 30 September 2015 and 2014, respectively, in the global division Medical, which was divested in March 2015. As the global division Medical represents a minor share of the Group's activities and does not meet the quantitative thresholds required by IFRS, it is not reported separately but included in the EMEA region.

<sup>2</sup> Included in operating profit are items affecting comparability. On a segment basis, items affecting comparability for the nine months ended 30 September 2015 and 2014 was 64 and -2, respectively, for EMEA, -23 and -6, respectively, for Americas and 0 and -10, respectively, for APAC.



## EMEA

Operating profit (loss) (EBIT) in Dometic's EMEA segment increased by 42% (or SEK 144 million) to SEK 486 million in the nine months ended 30 September 2015 from SEK 342 million in the nine months ended 30 September 2014. On a constant currency basis, operating profit (EBIT) increased by SEK 121 million, or 33%. The increase was primarily due to strong sales growth, lower sales and administrative expenses as a result of Dometic's SG&A reduction initiatives in different countries and functions across Europe. The increase was partially offset by unfavourable currency transaction effects driven by a weaker EUR.

## Americas

Operating profit (loss) (EBIT) in Dometic's Americas region increased by 72% (or SEK 221 million) to SEK 528 million in the nine months ended 30 September 2015 from SEK 307 million in the nine months ended 30 September 2014. On a constant currency basis, operating profit (EBIT) increased by SEK 140 million, or 36%. The increase was primarily driven by the acquisition of Atwood, strong underlying growth in sales combined with the favourable impact on margins from large volumes in the production facilities.

## APAC

Operating profit (loss) (EBIT) in Dometic's APAC region increased by 27% (or SEK 51 million) to SEK 239 million in the nine months ended 30 September 2015 from SEK 188 million in the nine months ended 30 September

2014. Atwood had a positive effect on the result but on a constant currency basis, operating profit (EBIT) decreased by SEK 20 million, or 9%. The decrease was primarily driven by unfavourable currency transaction effects and slightly higher costs. The decrease was partially offset by efficiency improvements and purchasing savings in Dometic's Chinese manufacturing / assembly sites.

## Financial items, net

Financial items, net were SEK -563 million in the nine months ended 30 September 2015 as compared to SEK -1,165 million in the nine months ended 30 September 2014. Financial expenses decreased by 52% (or SEK 602 million) to SEK 564 million in the nine months ended 30 September 2015 from SEK 1,166 million in the nine months ended 30 September 2014. The decrease was primarily due to a reduction in the negative revaluation of external loans in the amount of SEK 284 million and one-off costs in 2014 in the amount of SEK 242 million in connection with the refinancing of notes. The decrease in financial expenses was partially offset by increased interest expense of SEK 17 million.

## Taxes

Taxes increased by SEK 50 million to SEK 219 million in the nine months ended 30 September 2015 from SEK 169 million in the nine months ended 30 September 2014. The increase is mainly related to the increase in net sales in the nine months ended 30 September 2015 compared to the nine months ended 30 September 2014.

## Year ended 31 December 2014 compared to year ended 31 December 2013

The following summary presents audited consolidated income statement information for the years ended 31 December 2014 and 2013:

(SEK millions)	For the year ended 31 December		
	2014	Change in %	2013
Net sales	8,806	13	7,808
Cost of goods sold	-6,126	16	-5,296
<b>Gross profit</b>	<b>2,680</b>	<b>7</b>	<b>2,512</b>
Sales expenses	-1,237	16	-1,062
Administrative expenses	-421	-8	-457
Other operating income and expense	6	-	-41
Items affecting comparability	-81	72	-47
Amortisation of customer relationship	-10	-	-
<b>Operating profit (loss) (EBIT)</b>	<b>937</b>	<b>3.5</b>	<b>905</b>
Financial items, net	-1,644	-	-588
<b>Profit (loss) before income taxes</b>	<b>-707</b>	<b>-</b>	<b>317</b>
Taxes	-121	-	75
<b>Profit (loss) for the year</b>	<b>-828</b>	<b>-</b>	<b>392</b>

## Net sales

Net sales increased by 13% (or SEK 998 million) to SEK 8,806 million in the year ended 31 December 2014 from SEK 7,808 million in the year ended 31 December 2013. On a constant currency basis, net sales increased by SEK 629 million, or 8%. Of the net sales for the year ended 31 December 2014, SEK 239 million, or 3% of the

increase, was related to the Atwood and Prostor acquisitions, SEK 416 million, or 5% of the increase, was due to organic growth, and SEK 343 million, or 4% of the increase, was related to currency fluctuations.

The following table shows the split of Dometic's net sales by region for the years ended 31 December 2014 and 2013:

(SEK millions, except %)	For the year ended				% Change	
	31 December				Constant	
	2014	% of net sales	2013	% of net sales	Actual	currency
EMEA <sup>1</sup>	4,280	49	3,928	50	9	4
Americas	3,395	38	2,826	36	20	14
APAC	1,131	13	1,054	14	7	7
<b>Total</b>	<b>8,806</b>	<b>100</b>	<b>7,808</b>	<b>100</b>	<b>13</b>	<b>8</b>

<sup>1</sup> Includes 319 million and 250 million of net sales for the years ended 31 December 2014 and 2013, respectively, in the global division Medical, which was divested in March 2015. As the global division Medical represents a minor share of the Group's activities and does not meet the quantitative thresholds required by IFRS, it is not reported separately but included in the EMEA region.

## EMEA

Net sales in Dometic's EMEA region increased by 9% (or SEK 352 million) to SEK 4,280 million in the year ended 31 December 2014 from SEK 3,928 million in the year ended 31 December 2013. On a constant currency basis, net sales increased by SEK 166 million, or 4%. Of the net sales in the EMEA region for the year ended 31 December 2014, SEK 169 million, or 4% of the increase, was due to organic growth, SEK 6 million, or 0.2% of the increase was due to the Prostor acquisition, and SEK 178 million, or 5% of the increase, was related to currency fluctuations. The increase in organic growth was primarily due to continued strong sales in Germany, Holland and the UK, particularly within the RV and Marine business areas. In addition, the CPV segment continued to grow in 2014; due to the truck market remained strong with continued demand for cabin comfort. The increase was partially offset by negative economic conditions and slower markets in southern Europe. In addition, most of Dometic's southern European markets were affected by the wettest weather in many years, which brought an end to the RV and Marine holiday season already in August. In addition, Dometic's efforts to grow in Russia were hampered by the economic instability in the country.

For the year ended 31 December 2014, the OEM and Aftermarket sales channels represented 49% and 51% of Dometic's net sales in EMEA, respectively.

## Americas

Net sales in Dometic's Americas region increased by 20% (or SEK 569 million) to SEK 3,395 million in the year ended 31 December 2014 from SEK 2,826 million in the year ended 31 December 2013. On a constant currency basis, net sales increased by SEK 389 million, or 14%. Of the net sales in the Americas region for the year ended 31 December 2014, SEK 175 million, or 6% of the increase, was due to organic growth, SEK 233 million, or 8% of the increase, was due to the Atwood acquisition, and SEK 160 million, or 6% of the increase, was related to currency fluctuations. The increase in organic growth was primarily due to positive market conditions. Increased consumer spending on vacations was particularly apparent for the RV business area where the Company noted a strong growth for RV OEM. The Company has also noted a positive trend for the sales on Aftermarket. The increase was partially offset by increased price competition and 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.

For the year ended 31 December 2014, the OEM and Aftermarket sales channels represented 68% and 32% of Dometic's net sales in the Americas, respectively.

## APAC

Net sales in Dometic's APAC region increased by 7% (or SEK 77 million) to SEK 1,131 million in year ended 31 December 2014 from SEK 1,054 million in the year

ended 31 December 2013. On a constant currency basis, net sales increased by SEK 74 million, or 7%. The increase was primarily driven by significant growth in Australia and New Zealand, particularly in the Australian RV OEM channel where Dometic experienced significant growth. The increase was also due to growth in Retail because of the introduction of Dometic's wine cellar range in Japan, increased market share in China and the start of Dometic's own sales organization in Korea, which demonstrated good results already in the first year of operation. The increase was partially offset by a reduction in sales to Chinese CPV OEM customers. The CPV Aftermarket also showed solid growth.

For the year ended 31 December 2014, the OEM and Aftermarket sales channels represented 51% and 49% of Dometic's net sales in APAC, respectively.

### **Cost of goods sold**

Cost of goods sold increased by 16% (or SEK 830 million) to SEK 6,126 million in the year ended 31 December 2014 from SEK 5,296 million in the year ended 31 December 2013. The increase was primarily due to the acquisition of Atwood, foreign currency effects and an increase in overall sales volume. The increase was also due to an increase in Dometic's research and development cost, from SEK 175 million in the year ended 31 December 2013 to SEK 220 million in the year ended 31 December 2014. The increase was partially offset by purchasing savings and efficiency improvements in Dometic's manufacturing / assembly sites.

Cost of goods sold as a percentage of total net sales was 70% in the year ended 31 December 2014 compared to 68% in the year ended 31 December 2013.

### **Gross profit**

As a result of the reasons described above, Dometic's gross profit increased by 7% (or SEK 168 million) to SEK 2,680 million in the year ended 31 December 2014 from SEK 2,512 million in the year ended 31 December 2013. In the year ended 31 December 2014 Dometic had a gross profit margin of 30%, down from 32% in the year ended 31 December 2013.

### **Sales expenses**

Sales expenses increased by 17% (or SEK 175 million) to SEK 1,237 million in the year ended 31 December 2014 from SEK 1,062 million in the year ended 31 December 2013. The increase was primarily due to an increase in sales and marketing expenses, as well as higher logistics costs caused by increased sales volumes. As a percentage of Dometic's net sales, sales expenses in the year ended 31 December 2014 were 14% compared to 14% in the year ended 31 December 2013.

### **Administrative expenses**

Administrative expenses decreased by 8% (or SEK 36 million) to SEK 421 million in the year ended 31 December 2014, from SEK 457 million in the year ended 31 December 2013. The decrease was primarily due to reduced expenses in EMEA as a result of favourable impact from reversal of provisions combined with smaller re-classification of cost to cost of goods sold. As a percentage of Dometic's net sales, administrative expenses in the year ended 31 December 2014 were 5% compared to 6% in the year ended 31 December 2013.

### **Items affecting comparability**

Items affecting comparability amounted to SEK 81 million for the year ended 31 December 2014. The principal components of items affecting comparability in the year ended 31 December 2014 were SEK 49 million related to a fire in Dometic's facility in Filakovo, Slovakia, 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.

### **Amortisation of customer relationship**

Amortisation of customer relationship increased by SEK 10 million to SEK 10 million in the year ended 31 December 2014 from SEK 0 million in the year ended 31 December 2013. The amortisation of customer relationship in the year ended 31 December 2014 were customer relationship and intellectual property valued in the acquisition of Atwood.

### Operating profit (loss) (EBIT)

As a result of the reasons described above, operating profit increased by 4% (or SEK 32 million) to SEK 937 million in the year ended 31 December 2014 from SEK 905 million in the year ended 31 December 2013.

The following table shows the split of Dometic's operating profit (EBIT) by region for the years ended 31 December 2014 and 2013:

(SEK millions, except %)	For the years ended				% Change	
	31 December					
	2014	% of operating profit (EBIT)	2013	% of operating profit (EBIT)	Actual	Constant currency
EMEA <sup>1</sup>	320	34	342	38	-6	-12
Americas	368	39	336	37	10	3
APAC	249	27	227	25	10	6
<b>Total</b>	<b>937</b>	<b>100</b>	<b>905</b>	<b>100</b>	<b>4</b>	<b>-2</b>

<sup>1</sup> Includes 91 million of operating profit (EBIT) for the year ended 31 December 2014 for the global division Medical, which was divested in March 2015. As the global division Medical represents a minor share of the Group's activities and does not meet the quantitative thresholds required by IFRS, it is not reported separately but included in the EMEA region.

#### EMEA

Operating profit (EBIT) in Dometic's EMEA region decreased by 6% (or SEK 22 million) to SEK 320 million in the year ended 31 December 2014 from SEK 342 million in the year ended 31 December 2013. On a constant currency basis, operating profit (EBIT) decreased by SEK 39 million, or 12%. The decrease was mainly due to an increase in items affecting comparability due to the fire at the manufacturing / assembly site in Filakovo, Slovakia in 2014.

#### Americas

Operating profit (EBIT) in Dometic's Americas region increased by 10% (or SEK 32 million) to SEK 368 million in the year ended 31 December 2014 from SEK 336 million in the year ended 31 December 2013. On a constant currency basis, operating profit (EBIT) increased by SEK 10 million, or 3%. The increase was primarily driven by the acquisition of Atwood.

#### APAC

Operating profit (EBIT) in Dometic's APAC region increased by 10% (or SEK 22 million) to SEK 249 million in year ended 31 December 2014 from SEK 227 million in the year ended 31 December 2013. On a constant currency basis, operating profit (EBIT) increased by SEK 13 million, or 6%. The increase was primarily driven by the increase in sales volume.

### Financial items, net

Financial items, net were SEK -1,644 million in the year ended 31 December 2014 as compared to SEK -588 million in the year ended 31 December 2013.

Financial expenses increased by 155% (or SEK 1,000 million) to SEK 1,646 million in the year ended 31 December 2014 from SEK 646 million in the year ended 31 December 2013. Financial expenses included interest expenses on bank loans including interest rate swaps of SEK 377 million and local loans of SEK 7 million and the PIK Toggle Notes of SEK 294 million. The increase was primarily due to costs in connection with the refinancing of notes of SEK 273 million as well as volatility in the currency market that caused USD, AUD and EUR to appreciate versus the SEK affecting the amount of Dometic external loans in those currencies. Although these negative currency movements were partially offset by intercompany loans in USD from Sweden, currency movements resulted in a net negative exchange rate difference of SEK 509 million. Financial expense also included acquisition related costs of SEK 67 million.

### Taxes

Taxes increased by SEK 196 million to SEK 121 million in the year ended 31 December 2014 from positive SEK 75 million in the year ended 31 December 2013. This was primarily due to revaluations of deferred tax in 2013 related to trademarks as well as revaluations of deferred tax differences related to the prior year.

As of 31 December 2014, Dometic deferred tax assets were SEK 180 million. Dometic anticipates further revaluations of deferred taxes in further periods to increase its deferred tax asset and decrease its tax liabilities. See "Risk Factors – Risks related to the Company – Key factors affecting tax losses could be restricted or cancelled, either as a result of future changes in tax laws or, under the current rules, as a result of a change of control".

## Year ended 31 December 2013 compared to year ended 31 December 2012

The following summary presents audited consolidated income statement information for the years ended 31 December 2013 and 2012:

(SEK millions)	For the year ended 31 December		
	2013	Change in %	2012
Net sales	7,808	-1	7,922
Cost of goods sold <sup>1</sup>	-5,296	-3	-5,434
<b>Gross profit<sup>1</sup></b>	<b>2,512</b>	<b>1</b>	<b>2,488</b>
Sales expenses	-1,062	18	-901
Administrative expenses	-457	-26	-616
Other operating income and expense	-41	21	-34
Items affecting comparability	-47	-38	-76
<b>Operating profit (loss) (EBIT)</b>	<b>905</b>	<b>5</b>	<b>861</b>
Financial items, net <sup>2</sup>	-588	-29	-831
<b>Profit (loss) before income taxes</b>	<b>317</b>	<b>-</b>	<b>30</b>
Taxes	75	-	-121
<b>Profit (loss) for the year</b>	<b>392</b>	<b>-</b>	<b>-91</b>

<sup>1</sup> For the years ended 31 December 2013 and 2012, "research and development costs" in the amounts of SEK 175 million and SEK 157 million, respectively, have been reclassified to be included in "cost of goods sold" to conform with the presentation adopted for reporting periods after 31 December 2013. Included in the Consolidated Financial Statements for the nine months ended 30 September 2015 and the year ended 31 December 2014.

<sup>2</sup> For the years ended 31 December 2013 and 2012, "financial income" in the amounts of SEK 58 million and SEK 29 million respectively, and "financial expenses" in the amounts of SEK 646 million and SEK 860 million, respectively, have been reclassified into "financial items, net" to conform with the presentation adopted for reporting periods after 31 December 2013, included in the Consolidated Financial Statements for the nine months ended 30 September 2015 and the year ended 31 December 2014.

### Net sales

Net sales decreased by 1% (or SEK 114 million) to SEK 7,808 million in the year ended 31 December 2013 from SEK 7,922 million in the year ended 31 December 2012. On a constant currency basis, net sales increased by SEK 85 million, or 1%.

The following table shows the split of Dometic's net sales by region for the years ended 31 December 2013 and 2012:

(SEK millions, except %)	For the year ended 31 December				% Change	
	2013	% of net sales	2012	% of net sales	Actual	Constant currency
EMEA <sup>1</sup>	3,928	50	4,143	52	-5	-4
Americas	2,826	36	2,732	35	3	7
APAC	1,054	14	1,047	13	1	10
<b>Total</b>	<b>7,808</b>	<b>100</b>	<b>7,922</b>	<b>100</b>	<b>-1</b>	<b>1</b>

<sup>1</sup> Includes 250 million and 246 million of net sales for the years ended 31 December 2013 and 2012, respectively, for the global division Medical, which was divested in March 2015. As the global division Medical represents a minor share of the Group's activities and does not meet the quantitative thresholds required by IFRS, it is not reported separately but included in the EMEA region.



## EMEA

Net sales in Dometic's EMEA region decreased by 5% (or SEK 215 million) to SEK 3,928 million in the year ended 31 December 2013 from SEK 4,143 million in the year ended 31 December 2012. On a constant currency basis, net sales decreased by SEK 183 million, or 4%. The decrease was primarily due to the divestment of Umformtechnik GmbH in the beginning of 2013, which contributed net sales of SEK 175 million in 2012. In addition to this the sales decreased partly because of lower sales in Europe stemming in part from a continued weakening of the RV OEM market reflecting challenging economic conditions, especially in Southern Europe, and due to lower sales in the CPV OEM market due to the reduction in volumes from a large customer. The decrease was partially offset by increased sales in Eastern Europe, especially in Poland and Russia, as well as increased sales in the Middle East, mainly within the CPV, Retail and Lodging business areas, primarily due to an increase in hotel building activity in Turkey, United Arab Emirates and Saudi Arabia. The decrease was further offset by increased sales in Africa, especially in South Africa, and in the global division Medical.

For the year ended 31 December 2013, each of the OEM and Aftermarket sales channels represented 50% of Dometic's net sales in EMEA.

## Americas

Net sales in Dometic's Americas region increased by 3% (or SEK 94 million) to SEK 2,826 million in the year ended 31 December 2013 from SEK 2,732 million in the year ended 31 December 2012. On a constant currency basis, net sales increased by SEK 177 million, or 7%. The increase was primarily driven by increased sales in the RV business area with a strong growth in the OEM sales channel. In 2013, the U.S. RV OEM market experienced a 13% increase in shipments as compared to 2012. The increase was partially offset by lower CPV sales, primarily due to the fact that many customers decided to purchase Trucks in 2012 in order to get ahead of stricter emission regulations that came into effect in 2013. Net sales in the Americas region grew also as a result of growth in Lodging, with an increase in sales of Dometic's minibars, driven primarily as a result of an increased demand for comfort solutions.

For the year ended 31 December 2013, the OEM and Aftermarket sales channels represented 68% and 32% of Dometic's net sales in the Americas, respectively.

## APAC

Net sales in Dometic's APAC region increased by 1% (or SEK 7 million) to SEK 1,054 million in the year ended 31 December 2013 from SEK 1,047 million in the year ended 31 December 2012. On a constant currency basis, net sales increased by SEK 92 million, or 10%. The

increase was primarily due to launches of new RV and Retail products in Australia, including the CFX compressor cooler. Dometic also experienced an increase in Retail sales in China as a result of Dometic's increased sales activity in the country, as well as strong e-commerce growth. Dometic's Lodging business area also experienced growth in the APAC region, mostly due to new hotels being built in Southeast Asia.

For the year ended 31 December 2013, the OEM and Aftermarket represented 51% and 49% of Dometic's net sales in APAC, respectively.

### **Cost of goods sold**

Cost of goods sold decreased by 3% (or SEK 138 million) to SEK 5,296 million in the year ended 31 December 2013 from SEK 5,434 million in the year ended 31 December 2012. The decrease was primarily due to lower costs in manufacturing and purchasing products, reflecting, in part the scalability of Dometic's business, which benefited significantly from increased volumes as Dometic's per unit costs were meaningfully reduced, as well as the reduction of Dometic's cost base as a result of Dometic's Cost Optimization Program and, to a lesser extent, productivity improvements, particularly in respect of Dometic's U.S. operations.

The decrease was partially offset by an increase in research and development costs by 11% (or SEK 18 million) to SEK 175 million in the year ended 31 December, 2013 from SEK 157 million in the year ended 31 December, 2012, in line with a renewed focus on research and development with Dometic's new PMI organization.

Cost of goods sold as a percentage of total net sales was 68% in the year ended 31 December 2013 compared to 69% in the year ended 31 December 2012.

### **Gross profit**

As a result of the reasons described above, Dometic's gross profit increased by 1% (or SEK 24 million) to SEK -2,512 million in the year ended 31 December 2013 from SEK 2,488 million in the year ended 31 December 2012. In 2013 Dometic had a gross profit margin of 32%, up from 31% in 2012.

### **Sales expenses**

Sales expenses decreased by 18% (or SEK 161 million) to SEK 1,062 million in the year ended 31 December 2013 from SEK 901 million in the year ended 31 December 2012. As a percentage of Dometic's net sales, sales expenses in 2013 were 14% compared to 11% in 2012. The increase was primarily due to the reallocation of logistics expenses and costs for central functions from administrative expenses to sales expenses.

### Administrative expenses

Administrative expenses decreased by 26% (or SEK 159 million) to SEK 457 million in the year ended 31 December 2013, from SEK 616 million in the year ended 31 December 2012. As a percentage of Dometic's net sales, administrative expenses in 2013 were 6% compared to 8% in 2012. The decrease primarily resulted from the reallocation of logistics expenses and costs for central functions from administrative expenses to sales expenses.

### Items affecting comparability

Items affecting comparability amounted to SEK -47 million for the year ended 31 December 2013. The principal components of items affecting comparability in 2013 were costs of SEK 13 million relating to a productivity program, restructuring costs of SEK 12 million, costs related to the recall of certain awnings sold in the U.S. of SEK 14 million and an additional loss

of SEK 8 million in relation to an adjustment in the divestment of the Rudersdorf facility in Germany, which produced steel components for the automotive business and was considered a non-core asset. In 2012 Dometic incurred one off net expenses of SEK 60 million in relation to Dometic's global cost reduction initiative and a loss of SEK 60 million in relation to the divestment of the Rudersdorf facility, which was partially offset by the reversal of the previous provision for expected restructuring costs amounting to SEK 55 million. Dometic also incurred additional costs of SEK 11 million related to the acquisition of the Group in 2011.

### Operating profit (loss) (EBIT)

As a result of the reasons described above, operating profit (EBIT) increased by 5% (or SEK 44 million) to SEK 905 million in the year ended 31 December 2013 from SEK 861 million in the year ended 31 December 2012.

The following table shows the split of Dometic's operating profit (EBIT) by region for the years ended 31 December 2013 and 2012:

(SEK millions, except %)	For the years ended				% Change	
	31 December		31 December		Actual	Constant currency
	% of operating profit	2013	% of operating profit	2012		
EMEA <sup>1</sup>	342	38	378	44	-10	-11
Americas	336	37	219	25	53	56
APAC	227	25	264	31	-14	-10
<b>Total</b>	<b>905</b>	<b>100</b>	<b>861</b>	<b>100</b>	<b>5</b>	<b>6</b>

<sup>1</sup> Includes results for the years ended 31 December 2013 and 2012, respectively, for the global division Medical, which was divested in March 2015. As the global division Medical represented a minor share of the Group's activities and does not meet the quantitative thresholds required by IFRS, it is not reported separately but included in the EMEA region.

### EMEA

Operating profit (EBIT) in Dometic's EMEA region decreased by 10% (or SEK 36 million) to SEK 342 million in the year ended 31 December 2013 from SEK 378 million in the year ended 31 December 2012. On a constant currency basis, operating profit (EBIT) decreased by SEK 44 million, or 11%. The decrease was primarily due to an increase in operating cost due to inefficiencies in the manufacturing plants combined with lower sales.

### Americas

Operating profit (EBIT) in Dometic's Americas region increased by 53% (or SEK 117 million) to SEK 336 million in the year ended 31 December 2013 from SEK 219 million in the year ended 31 December 2012. On a constant currency basis, operating profit increased by SEK 120 million, or 56%. The increase was primarily

driven by improved efficiency in Dometic's manufacturing / assembly sites, leading to a reduction in operating and manufacturing costs.

### APAC

Operating profit (EBIT) in Dometic's APAC region decreased by 14% (or SEK 37 million) to SEK 227 million in year ended 31 December 2013 from SEK 264 million in the year ended 31 December 2012. On a constant currency basis, operating profit (EBIT) decreased by SEK 25 million, or 10%. The decrease was primarily driven by a reduction in gross margins caused by weakening of the AUD.

### Financial items, net

Financial items, net were SEK -588 million in the year ended 31 December 2013 as compared to SEK -831 million in the year ended 31 December 2012.

Financial expenses decreased by 25% (or SEK 214 million) to SEK 646 million in the year ended 31 December 2013 from SEK 860 million in the year ended 31 December 2012. The decrease was primarily due to the favourable currency impact of a weaker AUD against SEK on loans and lower interest costs due to a conversion of the shareholder loan into equity. The decrease in financial expenses was partially offset by an increase in financial income by 100% (or SEK 29 million) to SEK 58 million in the year ended 31 December 2013 from SEK 29 million in the year ended 31 December 2012. The increase in financial income was primarily due to higher interest income related to changes in accounting principles referring to interest rate swaps, from net to gross.

### Taxes

Taxes decreased by SEK 196 million to positive SEK 75 million in the year ended 31 December 2013 from SEK 121 million in the year ended 31 December 2012. This was primarily due to a revaluation in 2013 of deferred tax related to trademarks and other revaluation and recognition of deferred tax related to the prior year.

### Liquidity and capital resources

Dometic maintains cash and cash equivalents to fund the day-to-day requirements of its business. Dometic holds cash primarily in EUR and USD, with additional cash positions in SEK, AUD and CNY. Dometic's

principal source of liquidity has been cash flow from Dometic's operations, borrowings under the PIK Notes, drawings under Dometic's Pre-IPO Facilities and cash injections from Dometic's shareholders. Following the Offering, Dometic expects to rely primarily on cash flow from operations and drawdowns under the Post-IPO Facilities to provide funds required for operations. See "Capitalization, indebtedness and other financial information - The Company's financing after the listing - Bank debt". Dometic's ability to generate cash from its operations is dependent on Dometic's future operating performance (EBIT), which is in turn dependent, to some extent, on general economic, financial, competitive, market, legislative, regulatory and other factors, many of which are beyond Dometic's control, as well as the other factors discussed in the section entitled "Risk Factors."

### Working capital

Dometic defines core working capital to include inventories and trade receivables less trade payables and working capital to include core working capital plus other working capital items described in the footnotes to the table below. Dometic strives for a core working capital level of approximately 20% of net sales, but this level may fluctuate for a variety of reasons, including as described in this section below. In Dometic's opinion, its working capital is sufficient for its present requirements over the next twelve months.

The following table presents Dometic's working capital as of 30 September 2015 and 2014 and as of 31 December 2014, 2013 and 2012:

(SEK millions)	As of 30 September		As of 31 December		
	2015	2014	2014	2013	2012
<b>Consolidated balance sheet assets</b>					
Inventories	2,197	1,723	2,020	1,563	1,479
Trade receivables	1,246	1,046	924	762	669
Trade payables	-835	-705	-753	-581	-626
<b>Core working capital</b>	<b>2,607</b>	<b>2,063</b>	<b>2,192</b>	<b>1,744</b>	<b>1,522</b>
Other operating assets <sup>1</sup>	335	288	281	226	262
Other operating liabilities <sup>2</sup>	-1,123	-945	-1,049	-765	-824
<b>Working capital<sup>3</sup></b>	<b>1,819</b>	<b>1,406</b>	<b>1,424</b>	<b>1,205</b>	<b>960</b>

<sup>1</sup> Other operating assets include prepaid expenses and accrued income and other current assets.

<sup>2</sup> Other operating liabilities include advance payments from customers, accrued expenses and prepaid income, other current liabilities and other provisions.

<sup>3</sup> Working capital information derived from Dometic's balance sheet is calculated using closing balance currency exchange rates at the balance sheet date which is not equivalent to the working capital information presented in Dometic's cash flows, which is presented on an average exchange rate basis.

Dometic's core working capital was SEK 2,607 million as of 30 September 2015 as compared to SEK 2,063 million as of 30 September 2014. The increase between the two quarters mainly reflects the increased sales generating higher accounts receivables.

Dometic's core working capital was SEK 2,192 million, SEK 1,744 million and SEK 1,522 million as of 31 December 2014, 2013 and 2012, respectively. Inventories in 2012 were brought to an exceptionally low level ahead of the year end as compared to 2014 and 2013, in which inventory was maintained at a higher level to better support sales patterns. Accounts receivables vary with the sales level in the last months of the year. At the end of 2013, Dometic experienced a

higher level of sales than at the end of 2012, which resulted in higher accounts receivables in 2013.

Dometic experiences seasonal variations in its working capital where the first quarter of the year typically shows a build-up of core working capital due to the increased inventory in preparation for the spring and summer Aftermarket sales and accounts receivables begins to build up due to higher sales as compared to fourth quarter. See "— Factors affecting Dometic's results of operations — Seasonality and weather". Dometic continues to be focused on improving working capital and has seen a positive trend in inventory days outstanding in recent years.

## Cash flow

The following table shows a summary of Dometic's cash flows for the periods indicated.

(SEK millions)	For the nine months ended 30 September		For the year ended 31 December		
	2015	2014	2014	2013	2012
	(unaudited)				
Cash flow from/used in operations <sup>1</sup>	877	566	940	696	828
Cash flow used in investments	462	-174	-2,389	-147	-230
Cash flow from/used in financing <sup>1</sup>	-1,416	-477	1,452	-486	-861
<b>Cash flow for the period</b>	<b>-77</b>	<b>-85</b>	<b>3</b>	<b>63</b>	<b>-263</b>
Cash, cash equivalents at beginning of period	592	539	539	476	762
Market price differences on cash and cash equivalents	7	23	50	0	-23
<b>Cash and cash equivalents at end of period</b>	<b>522</b>	<b>477</b>	<b>592</b>	<b>539</b>	<b>476</b>

<sup>1</sup> For the years ended 31 December 2013 and 2012, cash flow from financial transactions (including paid and received interest and other financial items) in the amounts of SEK -394 million and SEK -539 million, respectively, and cash flow related to net pension provisions in the amount of SEK -2 million and SEK 0, respectively, have been reclassified from 'net cash flow from/used in operations' to 'net cash flow from/used in financing' to conform with the presentation adopted for reporting periods after 31 December 2013, including in the Interim Consolidated Financial Statements and the 2014 annual financial statements.

## Net cash flow from/used in operations

Net cash flow used in operations was SEK 877 million for the nine months ended 30 September 2015, as compared to SEK 566 million for the nine months ended 30 September 2014.

In the nine months ended 30 September 2015, changes in working capital of SEK -424 million included negative changes in inventories of SEK -187 million. Accounts receivables increased by SEK -378 million, reflecting higher sales, while accounts payables increased by SEK 65 million. Changes in other working capital amounted to SEK 76 million, mainly related to the addition of Atwood.

Net cash flow from operations was SEK 940 million in the year ended 31 December 2014, as compared to SEK 696 million in the year ended 31 December 2013.

In 2014, changes in working capital of SEK -12 million included positive changes in inventories of SEK 55

million. Accounts receivable positively affected the working capital with SEK 19 million while accounts payable had a negative effect by SEK 37 million. Changes in other working capital of SEK -49 million mainly related to reduced provisions.

Net cash flow from operations was SEK 697 million in the year ended 31 December 2013, as compared to SEK 828 million in the year ended 31 December 2012.

In 2013, changes in working capital of SEK -395 million included a build-up of inventories of SEK 102 million as compared to notably low inventory levels at the end of 2012. Accounts receivables increased by SEK 92 million, reflecting increased sales, while accounts payable decreased by SEK 64 million. Changes in other working capital of SEK -137 million mainly related to a reduction in restructuring reserve. In addition, in 2013, Dometic received tax refunds in Germany and Australia in an aggregate amount of SEK 29 million.

## Net cash flow used in investments

Net cash flow used in investments was SEK 462 million for the nine months ended 30 September 2015, primarily due to proceeds received from the sale of the global division Medical in the amount of SEK 657 million.

Net cash flow used in investments was SEK 2,389 million for the year ended 31 December 2014, primarily due to cash used for the acquisitions of Atwood and Prostor. Cash used in investments in tangible fixed assets amounted to SEK 159 million. These investments mainly consisted of machinery and equipment, as well as construction in progress and advance payments.

Net cash flow used in investments was SEK 147 million for the year ended 31 December 2013, primarily due to cash used in investments in tangible fixed assets in the amount of SEK 145 million. These investments mainly consisted of tooling and machinery in Dometic's manufacturing locations, with the largest investments made in Dometic's manufacturing / assembly sites in Siegen and Tidaholm.

## Net cash flow from/used in financing

Net cash flow from financing was SEK -1,416 million in the nine months ended 30 September 2015, primarily reflecting prepayment of loans in the amount of SEK 392 million, buyback of PIK Notes in the amount of SEK 283 million and paid interest in the amount of SEK 581 million.

Net cash flow from financing was positive SEK 1,452 million for the year ended 31 December 2014, primarily reflecting the positive impact of a received shareholder's contribution of SEK 998 million and net changes in borrowing of SEK 1,237 million.

Net cash flow used in financing was SEK 486 million for the year ended 31 December 2013, primarily reflecting amortization on the Pre-IPO Facilities of SEK 484 million, as well as repayments on Dometic's revolving facility and Dometic's local debt facilities of SEK 190 million and SEK 106 million, respectively. This amount was partially offset by a shareholder's contribution from EQT V in the amount of SEK 400 million and new borrowings from credit institutions in 2013 in the amount of SEK 320 million, of which SEK 150 million were borrowings under Dometic's capital expenditure facility.

## Existing indebtedness

Dometic's Existing indebtedness is comprised of the Pre-IPO Facilities (as defined below), the PIK Toggle Notes (as defined below) and local credit facilities (including entrusted loans). As of 30 September 2015, the outstanding balances under the Pre-IPO Facilities

and the local credit facilities were SEK 6,308 million and SEK 60 million, respectively, and the aggregate principal amount of the PIK Toggle Notes was SEK 2,662 million.

Dometic's subsidiaries in China have the possibility to allocate internal funds between them by entering into so called "entrusted loans". An entrusted loan is set up by Dometic China depositing cash with Svenska Handelsbanken China. Svenska Handelsbanken China then issues a stand-by letter of credit to Svenska Handelsbanken Hong Kong, with Dometic Hong Kong then borrowing the deposited money from Svenska Handelsbanken Hong Kong. This means that Dometic Hong Kong incurs a debt obligation in its balance sheet, whereas Dometic China reports a corresponding external deposit. As of 30 September 2015, an amount corresponding to SEK 50 million was deposited and borrowed in this manner, respectively.

In connection with the Offering, Dometic will refinance its Pre-IPO Facilities and redeem the PIK Toggle Notes by entering into a term loan and revolving credit facilities agreement (the "**Post-IPO Facilities**") and by using the proceeds from the issue of new shares in connection with the Offering. For a summary of the Post-IPO Facilities and local credit facilities, see "*Capitalization, indebtedness and other financial information – Capital structure in connection with the listing – Bank debt*" and "*Capitalization, indebtedness and other financial information – Capital structure in connection with the listing – Local loan facilities*".

## Pre-IPO Facilities

On 8 March 2011, Dometic's subsidiary, Dometic Koncern AB, entered into a senior facilities agreement (as amended and restated) (the "**Pre-IPO Facilities Agreement**"). The borrowers are Dometic Group Services AB and certain members of the Group, with Svenska Handelsbanken AB (publ), Nordea Bank AB (publ), Skandinaviska Enskilda Banken AB (publ), Swedbank AB (publ), DNB Bank ASA, Filial Sverige and Nykredit Bank A/S as lenders.

The facilities under the Pre-IPO Facilities Agreement consist of the following (the "**Pre-IPO Facilities**"):

- a senior secured term loan A facility (with one EUR, one AUD and two USD tranches);
- a senior secured term loan B facility (with two EUR, two AUD and three USD tranches);
- a senior secured capital expenditure facility; and
- a senior secured revolving facility.

The aggregate principal amount of indebtedness under the Pre-IPO Facilities as of 30 September 2015 was equivalent to SEK 6,308 million. The Pre-IPO Facilities contain customary representations and warranties as well as customary undertakings for Dometic Koncern



AB and certain other members of the Group. The Pre-IPO Facilities also include financial covenants requiring that certain key ratios should not adversely deviate from certain levels. The Pre-IPO Facilities may terminate upon the occurrence of certain customary circumstances and may be repayable in full or in part if certain events occur, including, but not limited to, non-payment and cross default.

The Pre-IPO Facilities are secured by various first priority security interests granted by certain members of the Group.

### **PIK Toggle Notes**

On 24 June, 2014, Dometic issued notes in the form of EUR 314 million aggregate principal amount of Senior PIK Toggle Notes due 2019 (the "**PIK Toggle Notes**"). Cash interest accrues at a rate of 9.5% per annum. If certain conditions are satisfied, Dometic is entitled to pay interest by increasing the principal amount of the notes or by issuing additional notes in a principal amount equal to such interest ("**PIK Interest**"). PIK Interest accrues at a rate of 10.25% per annum. The PIK Toggle Notes are listed and traded on the Euro MTF market of the Luxembourg Stock Exchange.

The indenture for the PIK Toggle Notes contains covenants that limit the ability of Dometic and certain of its subsidiaries to, among other things, incur or guarantee additional debt, pay dividends, make certain investments, create or permit to exist certain liens, transfer, lease or sell certain assets, merge or consolidate with other entities and impair the security provided under the PIK Toggle Notes. The indenture also contains customary events of default, including, among others, non-payment, cross default and insolvency. Further, the indenture contains a change of control provision that stipulates that upon the occurrence of certain change of control events, Dometic may be required to offer to repurchase the PIK Toggle Notes at 101% of the principal amount thereof, plus accrued and unpaid interest. Prior to 26 June 2016, some or all of the PIK Notes may be redeemed at any time at a price equal to 102% of the principal amount of the PIK Notes redeemed plus accrued and unpaid interest to the redemption date and a "make-whole" premium.

The PIK Toggle Notes are secured by first priority security interests over the shares of and intercompany loans to Dometic's direct subsidiary, Dometic Koncern AB.

### **Hedging**

Dometic utilises derivative instruments to limit certain financial risks, including currency risk and interest rate risk. Dometic treasury policy targets to hedge all main currency flows, but in order not to be over hedged, permits up to 95% of the forecasted exposure and product flows in, certain currencies, the most important of which are CNY, EUR, USD, AUD and JPY, to be hedged utilising spot and currency exchange contracts, currency swaps and currency options. In practice, Dometic seeks to hedge currency flows for the coming twelve months. In addition, Dometic treasury policy requires that contracted exposure in projects and firm commitments amounting to more than SEK 2 million is hedged per currency and Dometic may utilise spot and currency exchange contracts, currency swaps and currency options for such hedging.

Interest rate risks are managed centrally by Dometic's Group Treasury in accordance with Dometic's treasury policy. The Group Treasury may utilise forward rate agreements, interest rate futures, interest rate swaps and, within certain limits, interest rate options to hedge outstanding senior debt (senior facility term loans and local loans) against fluctuating interest rates. Changes in interest rate hedging require the Board of Directors approval.

As of 30 September 2015, Dometic hedged 75% of cash flow exposure on Dometic's Pre-IPO Facilities by using interest swaps to move from floating interest rates to fixed interest rates. See also Note 3 to the Audited Consolidated Financial Statements and "*— Qualitative information regarding market and operating risks.*"

### **Contractual obligations**

Dometic's total contractual obligations as of 31 December 2014 was SEK 13,038 million (excluding other undrawn facilities in an amount of SEK 821 million). The following table sets forth the principal contractual obligations of Dometic as of 31 December 2014, including its net-settled derivative financial liabilities based on the remaining period to the contractual maturity date at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows for the liabilities.

(SEK millions)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
	(unaudited)			
<b>Debt obligations</b>				
Long-term debt obligations <sup>1</sup>	133	144	9,447	-
Interest payments on long-term debt obligations <sup>2</sup>	676	664	1,938	
Derivative financial instruments	11	10	-	-
Forward foreign exchange contracts	15	-	-	-
<b>Total</b>	<b>835</b>	<b>818</b>	<b>11,385</b>	<b>-</b>

<sup>1</sup> Consists of SEK 2,976 million aggregate principal amount of PIK Notes, assuming interest payments paid in cash through maturity, borrowings under the Pre-IPO Facilities of SEK 6,690 million and local German and Chinese loan facilities of SEK 57 million.

<sup>2</sup> The interest payments for variable-rate debt are based on outstanding borrowings and the interest rate as of 31 December 2014. The interest payments on our fixed-rate debt are based on the stated interest rates, the outstanding balances as of 31 December 2014 and interest payment dates.

In addition to the obligations set forth in the table above, Dometic is also party to a number of operating leases. In connection with these leases, the minimum lease charges for non-callable operational leases at nominal values is SEK 90 million within 1 year, SEK 126 million for 1 to 5 years and SEK 17 million thereafter. The table does not include liabilities associated with pension entitlements or contingent liabilities. See notes 18 and 23, respectively, of Dometic's Audited Consolidated Financial Statements for further information regarding these liabilities.

### Off balance sheet transactions

Dometic is not party to any material off balance sheet arrangements other than its pension obligations, further described in note 18 of Dometic Audited Consolidated Financial Statements, Dometic's operating leases and guarantees of SEK 177 million as of 31 December 2014 as described in note 19 of Dometic Audited Consolidated Financial Statements.

### Capital expenditure

Dometic's capital expenditure for the nine months ended 30 September 2015 and 30 September 2014 was SEK 185 million and SEK 116 million, respectively. Dometic's capital expenditure for the years ended 31 December 2014, 2013, 2012 was SEK 179 million, SEK 155 million and SEK 217 million, respectively. Dometic defines capital expenditure as expenses related to the purchase of tangible and intangible assets less proceeds from the sale of tangible and intangible assets.

Historically, most of Dometic's capital expenditure has been related to the purchase of machinery and equipment (including tooling) and, to a lesser extent, the purchase of buildings. Most of Dometic's capital expenditure is related to the production development of individual products, individual expenditures tend to be in relatively small amounts and decisions made with respect to such expenditures are generally made on an

annual basis. Accordingly, Dometic generally does not have long term commitments with respect to such capital expenditure and Dometic can significantly vary its expenses on an annual basis. Dometic expects that its 2015 capital expenditure will be consistent with the range experienced in prior periods. In addition, Dometic believes that its capital expenditure will remain relatively constant in the foreseeable future as Dometic continues to invest in its business (including in respect of tooling for new products) and replace machinery.

### Pension liabilities

Dometic's provision for pensions includes remuneration to employees after completed service, such as pensions, sickness benefits and other remuneration. These are secured either through payment to insurance companies or authorities who thereby assume obligations against the employees, known as defined contribution plans, or, in case the obligation remains with Dometic, through defined benefit plans. Dometic's largest defined benefit plans are in the U.S. and Germany.

The commitments for retirement plans and family pension regarding employees in Sweden are secured through an insurance arrangement with Alecta. According to a statement (UFR 10) issued by the Swedish Financial Reporting Board, this constitutes a defined benefit plan including several employers. The Group did not have sufficient information to use an accounting approach for defined benefit plans for the period. The retirement plan under ITP and secured through an insurance with Alecta is accordingly accounted for as a defined contribution plan. At the end of 2014, Alecta reported a plan surplus, as a collective consolidation ratio, of 143%, compared to a 148% surplus in 2013 and a 129% surplus in 2012. Such collective consolidation ratio 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 insureds.

With respect to defined benefit plans, the Company'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 shares and interest bearing securities. No administered assets consist of the Group's financial instruments or assets that are used within the Group's business.

### Qualitative information regarding market and operating risks

Dometic'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 has established guidelines in the form of a treasury policy that describes the financial risks that Dometic may accept, as well as how such risks are limited and managed. The treasury policy also establishes a distribution of responsibilities between Dometic's subsidiaries and Dometic's central finance function.

Risk management is carried out by a central treasury department Group Treasury under a policy approved by Dometic's board of directors. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with Dometic's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non derivative financial instruments, and investment of excess liquidity. For more information on Dometic's risk management strategies, see *"— Liquidity and capital Resources – Hedging."*

#### Currency risk

As Dometic is a global Group with operations in a large number of countries throughout the world, Dometic is exposed to both transaction risks as well as translation risks. Transaction risk arises where assets and liabilities are stated in different currencies and certain net sales and costs arise in different currencies. Translation risk arises when the Group's financial statements are consolidated and the currencies differ from the functional currency of certain operating subsidiaries.

Transaction exposure arises at the time of purchasing and selling as well as conducting financial transactions. Dometic's transaction exposure is primarily related to the EUR, USD, AUD and CNY. Important currency flows are China/Hong Kong's sales to Europe, the United States and Australia and sales from Europe to Australia and the United States. To the extent possible, transactional 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. Dometic

treasury policy targets to hedge all main currency flows, but in order not to be over hedged, permits up to 95% of the forecasted exposure and product flows in, certain currencies, the most important of which are CNY, EUR, USD, AUD and JPY, to be hedged utilising spot and currency exchange contracts, currency swaps and currency options. In practice, Dometic seeks to hedge currency flows for the coming twelve months. In addition, Dometic treasury policy requires that contracted exposure in projects and firm commitments amounting to more than SEK 2 million is hedged per currency and Dometic may utilise currency exchange contracts, currency swaps and currency options.

A sensitivity analysis on the Group's largest transactional flows would show that a 5% change in currencies would have a transaction effect on the Group's net cash flow of SEK 61 million for the year ended 31 December 2014, excluding the impact of hedging.

Dometic manages translation exposure principally through borrowing in the relevant foreign currencies. To meet the largest exposures, as of 30 September 2015, 40% of Dometic's borrowings were in EUR (compared to 42%, 46%, and 37% as of 31 December 2014, 2013 and 2012, respectively), 40% were in USD (compared to 35%, 25% and 23% as of 31 December 2014, 2013 and 2012, respectively) and 14% in AUD (compared to 18%, 22% and 23% as of 31 December 2014, 2013 and 2012, respectively). Loans in other currencies as of 30 September 2015 amounted to 6% of total loans (compared to 5%, 7% and 17% as of 31 December 2014, 2013 and 2012, respectively). Regarding the currency risk on the Pre-IPO Facilities, a change of one % in the respective currencies, with all other variables held constant, profit after tax would be impacted by SEK 60 million for the year ended 31 December 2014. This is a result of foreign exchange gains/losses of translation for the EUR, USD and AUD denominated borrowings. The effect from EUR would be SEK 5 million, the effect from USD would be SEK 36 million and the effect from AUD would be SEK 19 million.

See also *"— Factors affecting Dometic's results of operations — Fluctuations in currencies"* above.

#### Interest rate risk

Dometic defines interest rate risk as the risk that changes in interest rates will have a negative impact on its earnings and cash flow. Dometic's interest rate risks arise from long-term loans. Since Dometic does not hold any substantial interest bearing assets, Dometic's income and cash flow from current business operations are essentially independent from changes in market interest rates.

Interest rate risks are managed centrally by Group Treasury in accordance with the treasury policy. To limit the interest rate risk, the outstanding debt portfolio

(several senior facility term loans and local loans) has a maximum interest period of nine months and in the case of interest bearing assets, the fixed interest rate period are matched against the closest debt maturity. Furthermore, as of 31 December 2014 Dometic had hedged 75% of cash flow exposure on its Pre-IPO Facilities by using interest swaps to move from floating interest rates to fixed interest rates. Interest is normally paid quarterly, therefore the floating interest rate on loans, and the floating leg of the interest rate swaps are set quarterly.

A sensitivity analysis would show that if interest rates on Dometic's Pre-IPO Facilities were to increase by 1%, with all other variables held constant, profit after tax would be impacted by SEK 67 million for the year ended 31 December 2014, mainly as a result of higher interest expense on floating rate borrowings.

### Sensitivity analysis

The sensitivity analysis below provides an analysis of the transaction effect, currency translation impact and the interest rate effect (excluding hedges).

Currency	Variable	Change	Impact on the profit (loss) before income taxes for the year ended 31 December 2014
Transaction effect	EUR/CNY	+ one percentage	SEK 7 million
	USD/CNY	+ one percentage	SEK 12 million
	EUR/USD	+ one percentage	SEK 7 million
	EUR/AUD	+ one percentage	SEK -2 million
	AUD/USD	+ one percentage	SEK 4 million
Currency translation impact on loans	EUR/SEK	+ one percentage	SEK 5 million
	USD/SEK	+ one percentage	SEK 36 million
	AUS/SEK	+ one percentage	SEK 19 million
PIK bond	EUR/SEK	+ one percentage	SEK 30 million

Interest rate	Variable	Change	Impact on the profit (loss) before income taxes for the year ended 31 December 2014
Interest rate effect	Interest rate	+ one percentage	SEK 67 million

### Financial credit risk

Financial assets carry risk in that counterparties may be unable to fulfill their payment obligations. This exposure arises from investments in liquid funds and from derivative positions with positive unrealized results against banks and other counterparties. Dometic seeks to mitigate this risk by holding cash primarily in well rated counterparties with a high credit rating. As of 30 September, 2015, Dometic's financial credit risk was equal to the balance sheet value of cash and cash equivalents of SEK 522 million, compared to SEK 592 million, SEK 539 million and SEK 476 million as of 31 December 2014, 2013 and 2012, respectively. 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.

cash and cash equivalents or being unable to meet its payment obligations without significantly higher financing costs. The overall objective of Dometic's liquidity management is to ensure that Dometic maintains control over its liquidity situation.

Liquidity risks are managed by the Group by ensuring it has sufficient sources of liquidity through 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 term loans under the senior facilities, all subsidiaries report to management with a weekly cash balance. Also, a liquidity forecast of eight weeks is reported to management on bi-weekly basis.

### Liquidity risk

Liquidity risk is Dometic's risk of being unable to meet its payment obligations due to insufficient availability of

## Critical accounting estimates and assumptions

The preparation of financial statements in accordance with IFRS requires management to make assumptions and estimates in order to value the carrying amounts of assets and liabilities, income and costs and instructions and notes. Furthermore management is required to make certain evaluations in accordance with the application of the Group's accounting principles. The areas involving a higher degree of evaluation or complexity or areas where assumptions and estimates are of a material importance for the Consolidated Financial Statements are presented below (see also note 4 to Dometic's Audited Consolidated Financial Statements for 2014).

## Impairment test of goodwill and trademarks

Dometic holds assets with indefinite life in the form of goodwill and trademarks. Goodwill and trademarks are allocated to the three regional segments. In accordance with IFRS, the need for impairment of goodwill and trademarks is reviewed annually, or whenever indications of impairment arise. The recoverable amount for goodwill and trademarks have been established using a "value-in-use" method covering five years explicit forecast period and a calculated terminal value. The calculations are estimated on the basis of management's calculations of future cash flow based on business plans and forecasts. Such 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. Calculations are made based on the Company's forecasts of estimated future cash flow for the next five years, as approved by management and the board of directors. These plans normally cover a three year period and are extrapolated with 2% annual growth, which is 0.5% units lower than last year. The long term growth rate used is 2% units. The discount rate was set at 10.75% pre-tax. With the exception of the risk-free interest rate, which is provided by the market, the discount rate has been assumed to be the same per region as for the entire Group.

As of 31 December 2014, total goodwill was SEK 10,001 million, of which 9,247 million has been tested for impairment. Goodwill related to the acquisition of Atwood of SEK 754 million has not yet been part of the yearly impairment test.

As of 31 December 2014, the following trademarks were measured and included on Dometic balance sheet: Dometic, WAECO, MOBICOOL, Marineair, Cruisair, Sealand and Condaria. These are well-established trademarks within their respective markets and that

Dometic intends to retain and further develop. As of 31 December 2014, the total trademarks value was SEK 2,243 million.

A sensitivity analysis as of 31 December 2014 reveals that a 1.0 percentage unit change to the discount rate would lower the value of future cash flows by approximately SEK 2.4 billion. A 0.5 percentage unit change in growth rate beyond the forecast period would lower the value of future cash flows by approximately SEK 1 billion. A sensitivity analysis as of 30 September 2015 on the level cash generative unit, the regions, an increase of WACC with more than 1% and 1.5% for APAC and EMEA respectively, imply a write-down requirement of goodwill in the Group. The sensitivity at a change in WACC for the respective region with 1% correspond to a change of future cash flows with SEK 0.4 billion (APAC), SEK 1.1 billion (EMEA) and SEK 1.3 billion (Americas). An impairment of goodwill is not affecting the cash flow the Company believes that the expected range of changes in important variables such as market share and market growth, foreign exchange rates, raw material prices and other factors, would not, taken separately, have such large effects that they would reduce the recoverable amount to an amount lower than the book value. See note 13 to the Audited Consolidated Financial Statements for additional information. Whether or not the estimates and assumptions Dometic has relied on in connection with its goodwill and trademark impairment analysis will be realized is subject to many factors that are beyond Dometic control. If the variables Dometic has relied on are for such analysis are different than expected, an impairment of goodwill and trademarks may be required. See "*Risk factors – Risks related to the Company – Dometic's balance sheet includes significant intangible assets including goodwill and if these items would be written down, it could have a material adverse effect on the Company's financial condition*".

## Impairment test of deferred tax assets

In accordance with IFRS, the need for impairment is reviewed annually. These reviews are based on a survey of 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. See note 11 of Dometic's Audited Consolidated Financial Statements as well as "*– Tax losses carry forward*" for additional information.

## 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, and long term returns on investments, development of pensions over time, mortality, trends in cost of health care, and other factors. The actuarial assumptions are updated annually. Actuarial results differing from the assumptions are reflected other comprehensive income in the period in which they arise. See note 18 of Dometic's Audited Consolidated Financial Statements for further information about assumptions made in the calculation of pensions and pension commitments.

### **Warranty obligations**

Within the 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 internal and external legal advisors and other advice regarding the outcome of the process and experiences from similar cases.



## Capitalization, indebtedness and other financial information

The tables in this section describe the Company's capitalization and indebtedness at Group level as of, 30 September 2015. See the section "Share capital and ownership" for further information about the Company's share capital and shares. The tables in this section should be read in conjunction with section "Operating and financial review" and the Company's financial information, including the related notes, which may be found elsewhere in the Prospectus. For more information about the Company's capitalization and indebtedness after the Offering and the Refinancing. See "— The Company's financing after the listing — Change in capital structure in connection with the listing".

### Capitalization

SEK millions	30 September 2015
<b>Current interest bearing debt</b>	<b>356</b>
Guaranteed	50
Secured	306
Unguaranteed/unsecured	-
<b>Total current debt</b>	<b>712</b>
<b>Non-current interest bearing debt</b>	<b>8,827</b>
Guaranteed	-
Secured	8,827
Unguaranteed/unsecured	-
<b>Total non-current debt</b>	<b>8,827</b>
Shareholders' equity	6,901
Share capital	1
Legal reserve	-
Other reserves	6,900
<b>Total equity</b>	<b>6,901</b>

### Net indebtedness

SEK millions	30 September 2015
(A) Cash	522
(B) Cash equivalents	-
(C) Current financial investments	-
<b>(D) Liquidity (A)+(B)+(C)</b>	<b>522</b>
<b>(E) Current financial receivables</b>	<b>0</b>
(F) Current bank debt	-50
(G) Current portion of non-current debt	-153
(H) Other current financial debt	-153
<b>(I) Other current financial debt (F)+(G)+(H)</b>	<b>-356</b>
<b>(J) Net current financial indebtedness (I)-(E)-(D)</b>	<b>166</b>
(K) Non-current bank loans	-6,165
(L) Bonds issued	-2,662
(M) Other current financial debt	-
<b>(N) Non-current financial indebtedness (K)+(L)+(M)</b>	<b>-8,827</b>
<b>(O) Net indebtedness (J)+(N)</b>	<b>-8,661</b>

## The Company's financing after the listing

### Bank debt

In connection with the listing of Dometic's shares on Nasdaq Stockholm, the Group will refinance certain of its existing indebtedness (an existing senior facilities agreement and the PIK Toggle Notes) by entering into a term and multicurrency revolving credit facilities agreement with DNB Sweden AB, Nordea Bank AB (publ), Skandinaviska Enskilda Banken AB (publ) and Svenska Handelsbanken AB (publ) as lenders, (the "**Facilities Agreement**").

The aggregate principal amount under the Facilities Agreement is equivalent to SEK 5,750 million as of 22 October 2015 and will consist of:

- (i) a USD 60,034,818 amortising term loan facility, a EUR 37,140,400 amortising term loan facility and an AUD 24,989,170 amortising term loan facility;
- (ii) a USD 210,121,869 term loan facility, a EUR 129,991,403 term loan facility and an AUD 87,462,098 term loan facility; and
- (iii) a EUR 132,644,287 revolving credit facility (available for drawing in SEK, USD and EUR) (the "**Credit Facilities**").

Each of the Credit Facilities has a final maturity date falling five years from the date of the Offering. The Group's main loan financing will consist of the Credit Facilities, which will be unsecured. The Group's remaining Existing Indebtedness (with the exception of, certain local loan facilities in China and Germany, see section "*Local loan facilities*") will be repaid or refinanced with the proceeds from the issue of new shares in connection with the Offering.

Dometic's drawdown of funding under the Credit Facilities is subject to a number of conditions, including the completion of the Offering, that the leverage of the Group at the Offering (adjusted as if the Refinancing had occurred) shall be around or below 3x EBITDA and that Dometic is not in breach of the terms and conditions of the Facilities Agreement. The Credit Facilities contain customary representations and warranties made as of the signing date of the Facilities Agreement and, in relation to certain representations and warranties, as of certain subsequent dates. The Credit Facilities also contain customary undertakings for Dometic and its subsidiaries, such as maintaining authorisations, complying with laws (including environmental laws and sanctions), not changing the business of the Group, restrictions on mergers, restrictions on disposals, negative pledge, restrictions for Dometic's subsidiaries incurring financial

indebtedness, restrictions on providing loans and guarantees and restrictions on acquisitions (maximum aggregate consideration per financial year). The Credit Facilities also include financial covenants requiring that the Net Debt to EBITDA ratio and interest coverage ratio of the Group should not adversely deviate from certain levels.

The Credit Facilities may terminate upon the occurrence of certain customary circumstances, including in connection a change of control of Dometic or a delisting of Dometic from Nasdaq Stockholm.

The Credit Facilities may be repayable in full or in part if certain events occur, including, but not limited to, non-payment, insolvency and cross default. The cross default provision is subject to a threshold amount.

### Local loan facilities

Certain subsidiaries of the Group in China are parties to local loan facilities. The aggregate amount currently available under these facilities is SEK 343 million, of which SEK 0 million was drawn at 30 September 2015. These facilities are with local Chinese Banks and with Svenska Handelsbanken AB (publ). In addition, a Germany subsidiary of the Group had local loans outstanding of SEK 9.4 million as of 30 September 2015.

### Entrusted loans

Dometic's subsidiaries in China have the possibility to allocate internal funds between them by entering into so called "entrusted loans". An entrusted loan is set up by Dometic China depositing cash with Svenska Handelsbanken China. Svenska Handelsbanken China then issues a stand-by letter of credit to Svenska Handelsbanken Hong Kong, with Dometic Hong Kong then borrowing the deposited money from Svenska Handelsbanken Hong Kong. This means that Dometic Hong Kong incurs a debt obligation in its balance sheet, whereas Dometic China reports a corresponding external deposit. As of 30 September 2015, an amount corresponding to SEK 50.2 million was deposited and borrowed in this manner, respectively.

### Change in capital structure in connection with the listing

The table below presents an overview of the Company's capitalization and indebtedness as of 30 September 2015, adjusted for the events described above, to illustrate how the Company's financial condition would have been on 30 September 2015 if those events had occurred in that date.



**Assumed capital structure per 30 September 2015**

SEK millions	30 Sep 2015	Receipt of net proceeds from the Offering <sup>1</sup>	30 Sep 2015 after the Offering
Share capital	1		1
Other reserves	0		0
Retained earnings, including net profit/loss	6,900	4,400	11,300
<b>Total shareholders' equity</b>	<b>6,901</b>	<b>4,400</b>	<b>11,301</b>
Interest-bearing liabilities	9,183		9,183
<b>Total interest-bearing liabilities</b>	<b>9,183</b>		<b>9,183</b>
Cash and cash equivalents	522	4,400	4,922
<b>Net indebtedness<sup>2</sup></b>	<b>8,661</b>	<b>4,400</b>	<b>4,261</b>

<sup>1)</sup> Based on gross proceeds to Dometic from the Offering of SEK 4.6 billion after deducting underwriting commissions and estimated Offering expenses payable by Dometic of approximately SEK 200 million.

<sup>2)</sup> Interest-bearing liabilities are based on the carrying value of the debt as of 30 September 2015.

<sup>3)</sup> Net indebtedness after the Offering reflects an estimate of interest and costs assuming, for calculation purposes, that the Refinancing occurs on or about 1 December 2015. The actual amount of debt to be repaid will depend on currency exchange rates and the timing of each of the components of the Refinancing and will include costs. Costs relating to the Refinancing will be calculated on the date(s) of repayment or refinancing activities. Assuming the Refinancing occurs on or about 1 December 2015, costs related to the Refinancing consist of write-downs of capitalized costs related to the current financing of approximately SEK 170 million (non-cash), the call fee for the PIK Toggle Notes of SEK 52 million, make-whole interest paid to the first call date of the PIK Toggle Notes of SEK 150 million and financing costs for the new bank debt of SEK 38 million. The Company intends to enter into hedging agreements to manage risks related to the fact that the actual amount of debt to be repaid is subject to currency exchange rates.

New debt incurred under the Facilities Agreement is expected to have an average interest cost of approximately 2-3% for the remainder of the fourth quarter of 2015. Assuming Existing Indebtedness is repaid or refinanced on or about 1 December 2015 and that the aggregate principal amount of debt outstanding immediately after such payment and refinancing is constant for the remainder of the fourth quarter, Dometic estimates that interest expense reported for the fourth quarter of 2015 would amount to approximately SEK 460 million consisting of make-whole interest paid to the first call date of the PIK Toggle Notes, interest cost and accrued financing cost on Existing Indebtedness, and interest cost on the new bank debt. The Company will also, in connection with the IPO, settle the outstanding interest swaps. Per 31 October 2015, the outstanding interest swaps were valued to SEK -18 million.

Assuming Existing Indebtedness is repaid and refinanced on or about 1 December 2015 and tax losses are recognized as anticipated, the Company expects the total tax charge on earnings before tax to be approximately 33% for the year ended 31 December 2015 (split between approximately 26% current tax and 7% deferred tax).

The information provided above is forward-looking and as such is subject to risks and uncertainties, see "*Important Information – Forward-looking statements*" and "*Risk factors*" for additional information that could affect Dometic's results. The estimates of the interest expense are an illustration only and not likely to reflect Dometic's actual interest expense for the fourth quarter 2015 due to many factors, including that the precise timing of such repayment and refinancing and the currency exchange rates in effect at such times may cause estimates to materially differ from actual amounts.



## Board of directors, executive management and auditor

### Board of directors

Dometic's board of directors consists of seven ordinary members, including the chairman of the board, with no deputy board members, all of whom are elected for the period up until the end of the annual shareholders' meeting 2016.

The table below shows the members of the board of directors, when they were first elected and whether they are considered to be independent of the Company and/or the Principal Owner.

Name	Position	Member since	Independent of	
			The Company and executive management	The Principal Owner
Fredrik Cappelen	Chairman	2013	Yes	No
Albert Gustafsson	Board member	2011	Yes	No
Rainer E. Schmückle	Board member	2011	Yes	Yes
Magnus Yngen	Board member	2012	Yes	Yes
Harry Klagsbrun	Board member	2014	Yes	No
Gun Nilsson	Board member	2015	Yes	Yes
Erik Olsson	Board member	2015	Yes	Yes

#### FREDRIK CAPPELEN

*Born 1957. Chairman of the board since 2013.*

<b>Education:</b>	M.Sc. in Economics from Uppsala University. Studies in Political Science at Uppsala University.
<b>Other current assignments:</b>	Chairman of the board of directors of Frostbite Holding AB, Dustin Group AB, Terveystalo Oy, Eterna Invest AB, Svenska ICC Service AB, as well as several subsidiaries of Dometic Group AB (publ). Vice chairman of the board of directors of Munksjö Oy. Member of the board of directors of Transcom WorldWide AB, Securitas AB, Fredro Fastigheter AB, Baskina AB, Baskina Invest AB and Bodarna på Kallskär AB.
<b>Previous assignments (last five years):</b>	Chairman of the board of directors of Byggmax Group AB, Grangården AB, Munksjö AB, Munksjö Holding AB, GG Holding AB and member of the board of directors of Carnegie Investment Bank AB, Carnegie Holding AB and WPO Service AB.
<b>Shareholding in the Company:</b>	1,004,600 <sup>28</sup>

#### ALBERT GUSTAFSSON

*Born 1977. Board member since 2011.*

<b>Education:</b>	B.Sc in Business Administration and Economics from the Gothenburg School of Business, Economics and Law.
<b>Other current assignments:</b>	Employed in EQT Partners AB as Director. Member of the board of directors of Frostbite Holding AB, GG Holding AB and Grangården AB as well as several subsidiaries of Dometic Group AB (publ).
<b>Previous assignments (last five years):</b>	Member of the board of directors Cimbria Bulk Technology AS.
<b>Shareholding in the Company:</b>	-

<sup>28</sup> The shareholding is presented on the basis that the management incentive program has been terminated as described in section "Share capital and ownership structure – Ownership structure – Ownership changes in connection with the listing". In connection with the listing, shares will be sold to cover costs associated to the sale of shares as well as to sell down a minor portion of the holding (not more than 10 per cent of the holding after costs associated to the sale of shares), as further set out in the table in section "Share capital and ownership structure – Ownership structure".

**RAINER E. SCHMÜCKLE**

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*Born 1959. Board member since 2011.*

<b>Education:</b>	Degree in Industrial Engineering at the University of Karlsruhe.
<b>Other current assignments:</b>	Member of the board of directors of Autoneum Holding Ltd.
<b>Previous assignments (last five years):</b>	Member of the board of directors of Wittur GmbH. CEO of MAG IAS GmbH. COO Automotive of Johnson Controls, Inc. and COO of Mercedes Cars of Daimler AG.
<b>Shareholding in the Company:</b>	134,680 <sup>29</sup>

**MAGNUS YNGEN**

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*Born 1958. Board member since 2012.*

<b>Education:</b>	M.Sc and Licentiate of Technology from the Royal Institute of Technology in Stockholm.
<b>Other current assignments:</b>	Chairman of the board of directors of Camfil Power Systems AB, SD Group Intressenter AB and Sveba-Dahlén Group AB. Member of the board of directors of Camfil Svenska AB, Duni AB, Intrum Justitia AB, Frekemara AB, Makafrero AB, LMY Stockholm AB and Frostbite Holding AB. Member of the board of directors in several subsidiaries of Dometic Group AB (publ). CEO and member of the board of directors of Camfil AB, as well as chairman of the board of directors of several subsidiaries of Camfil AB.
<b>Previous assignments (last five years):</b>	CEO and member of the board of directors of Husqvarna AB. Chairman of the board of directors, member of the board of directors and/or CEO in several subsidiaries of Dometic Group AB (publ). Member of the board of the non-profit organizations Teknikarbetsgivarna i Sverige and Teknikföretagen i Sverige.
<b>Shareholding in the Company:</b>	309,400 <sup>30</sup>

**HARRY KLAGSBRUN**

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*Born 1954. Board member since 2014.*

<b>Education:</b>	B.A in Journalism from Stockholm University, M.Sc in Business Administration from the Stockholm School of Economics and MBA from New York University.
<b>Other current assignments:</b>	Employed in EQT Partners AB as Partner. Chairman of the board of directors of ACM 2001 AB, Renal Management AB, AGM 2010 AB, Svensk Utbildning Intressenter Final Holding AB and Gordon Gambro MPP Holding AB. Member of the board of directors of Frostbite Holding AB, Indap Sweden AB, AcadeMedia AB, Vaalserberg Förvaltning AB and Harkla AB, as well as several subsidiaries of Dometic Group AB (publ).
<b>Previous assignments (last five years):</b>	Member of the board of directors of Gambro AB, Securitas Direkt AB, Rossholmen AB, Indap Holding AB, TISKE Midholding AB, TISKE Holding AB and TISKE Topholding AB.
<b>Shareholding in the Company:</b>	-

<sup>29</sup> The shareholding is presented on the basis that the management incentive program has been terminated as described in section "Share capital and ownership structure – Ownership structure – Ownership changes in connection with the listing". In connection with the listing, shares will be sold to cover tax and costs associated to the sale of shares, as further set out in the table in section "Share capital and ownership structure – Ownership structure".

<sup>30</sup> The shareholding is presented on the basis that the management incentive program has been terminated as described in section "Share capital and ownership structure – Ownership structure – Ownership changes in connection with the listing". In connection with the listing, shares will be sold to cover costs associated to the sale of shares as well as to sell down a minor portion of the holding (not more than 10 per cent of the holding after costs associated to the sale of shares), as further set out in the table in section "Share capital and ownership structure – Ownership structure".

## GUN NILSSON

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*Born 1955. Board member since 2015.*

<b>Education:</b>	M.Sc. in Business Administration from Stockholm School of Economics.
<b>Other current assignments:</b>	Member of the board of directors of Hexagon AB, Albert Bonnier AB, Bonnier Holding AB and Capiro AB (publ). Deputy member of the board of directors of Art Photo Foundation Sweden AB and Vinpröjsarn AB.
<b>Previous assignments (last five years):</b>	Chairman of the board of directors of Ido Badrum AB, Royal Sanitec AB, Sanitec Holdings Sweden and Ifö Sanitar AB. Member of the board of directors of Contura Steel AB. CFO of Sanitec Corporation.
<b>Shareholding in the Company:</b>	-

## ERIK OLSSON

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*Born 1962. Board member since 2015.*

<b>Education:</b>	B.Sc. in Business Administration and Economics from the Gothenburg School of Business, Economics and Law.
<b>Other current assignments:</b>	Member of the board of directors of Ritchie Bros. Auctioneers, Inc. Member of the board of directors and CEO of Mobile Mini, Inc. Member of the board of directors of the non-profit organization St Mary's Food Alliance.
<b>Previous assignments (last five years):</b>	Member of the board of directors and CEO of RSC Holdings, Inc.
<b>Shareholding in the Company:</b>	-

## Executive management

### ROGER JOHANSSON

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*Born 1965. CEO since 2012.*

<b>Education:</b>	B.Sc in International Business and Trade from Gothenburg School of Business, Economics and Law.
<b>Other current assignments</b>	CEO of Frostbite Holding AB. Chairman of the board of directors, member of the board of directors and/or CEO in several subsidiaries of Dometic Group AB (publ).
<b>Previous assignments (last five years):</b>	Chairman of the board of directors and Vice President of Trelleborg Automotive Group AB. Chairman of the board of directors of ArcelorMittal BE Group SSC AB and Trelleborg Sealing Solutions Kalmar AB. Member of the board of directors and CEO of BE Group AB (publ) and chairman of the board of directors, member of the board of directors and/or CEO in several subsidiaries of BE Group AB (publ). Member of the board of directors of Cucina Artigianale AB and Partner of RoTo Handelsbolag.
<b>Shareholding in the Company:</b>	1,315,200 <sup>31</sup>

<sup>31</sup> The shareholding is presented on the basis that the management incentive program has been terminated as described in section "Share capital and ownership structure – Ownership structure – Ownership changes in connection with the listing". In connection with the listing, shares will be sold to cover tax and costs associated to the sale of shares as well as to sell down a minor portion of the holding (not more than 10 per cent of the holding after costs associated to the sale of shares), as further set out in the table in section "Share capital and ownership structure – Ownership structure".

**PER-ARNE BLOMQUIST**

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*Born 1962. CFO since 2014.*

<b>Education:</b>	B.Sc. in Business Administration and Economics from Stockholm School of Economics.
<b>Other current assignments</b>	Chairman of the board of directors of Ceratiidae I AB and Ceratiidae II AB (publ). Member of the board of directors of Djurgården Hockey AB, Owein AB and Owein Kapitalförsäkringar AB. Chairman of the board of directors, member of the board of directors and/or CEO in several subsidiaries of Dometic Group AB (publ).
<b>Previous assignments (last five years):</b>	Chairman of the board of directors of TeliaSonera Sverige Aktiebolag, TeliaSonera Norge Holding AB, Mossen Hockey AB and LBU Stockholm AB. Member of the board of directors of SIBIR International AB, Lernia AB and Neste Oil Abp. Acting CEO and deputy CEO of TeliaSonera AB.
<b>Shareholding in the Company:</b>	1,015,760 <sup>32</sup>

**PER-NICKLAS HÖGLUND**

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*Born 1973. Head of Strategy, Group Projects and M&A since 2014.*

<b>Education:</b>	M.Sc degree in Civil Engineering from Chalmers University of Technology in Gothenburg and a M.Sc. degree in Accounting & Business Administration from School of business, economics and law at Gothenburg University.
<b>Other current assignments:</b>	Member of the board of directors of Dometic International AB and Mitte Holding AB. Deputy member of the board of directors of Acumen Associates AB.
<b>Previous assignments (last five years):</b>	Partner at McKinsey & Company and member of the board of directors of Mitte AB and Mitte Invest AB.
<b>Shareholding in the Company:</b>	824,840 <sup>33</sup>

**PETER KJELLBERG**

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*Born 1965. Chief Marketing Officer since 2015.*

<b>Education:</b>	Marketing economy, DIHM, IHM Business School.
<b>Other current assignments:</b>	Member of the board of directors of Dometic Aktiebolag, USWE Sports AB and Dometic Sweden AB. Deputy member of the board of directors of Dometic Seitz Aktiebolag. Sole proprietor of the sole proprietorship The Great Idea.
<b>Previous assignments (last five years):</b>	Member of the board of directors of Thule IP AB and Thule Merchandizing AB. Deputy member of the board of directors of SIBIR International Aktiebolag. Senior Vice President of brand and marketing of Thule Sweden AB.
<b>Shareholding in the Company:</b>	203,160 <sup>34</sup>

<sup>32</sup> The shareholding is presented on the basis that the management incentive program has been terminated as described in section "Share capital and ownership structure – Ownership structure – Ownership changes in connection with the listing". In connection with the listing, shares will be sold to cover tax and costs associated to the sale of shares as well as to sell down a minor portion of the holding (not more than 10 per cent of the holding after costs associated to the sale of shares), as further set out in the table in section "Share capital and ownership structure – Ownership structure".

<sup>33</sup> The shareholding is presented on the basis that the management incentive program has been terminated as described in section "Share capital and ownership structure – Ownership structure – Ownership changes in connection with the listing". In connection with the listing, shares will be sold to cover costs associated to the sale of shares as well as to sell down a minor portion of the holding (not more than 10 per cent of the holding after costs associated to the sale of shares), as further set out in the table in section "Share capital and ownership structure – Ownership structure".

<sup>34</sup> The shareholding is presented on the basis that the management incentive program has been terminated as described in section "Share capital and ownership structure – Ownership structure – Ownership changes in connection with the listing". In connection with the listing, shares will be sold to cover tax and costs associated to the sale of shares as well as to sell down a minor portion of the holding (not more than 10 per cent of the holding after costs associated to the sale of shares), as further set out in the table in section "Share capital and ownership structure – Ownership structure".

**FRANK MARCIANO**

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*Born 1959. President Americas since 2013.*

<b>Education:</b>	B.Sc. in Electrical Engineering from University of Pennsylvania.
<b>Other current assignments</b>	Chairman of the board of directors of Marciano Auto Group. Owner of the non-profit organization Sunlight Ministries.
<b>Previous assignments (last five years):</b>	-
<b>Shareholding in the Company:</b>	845,360 <sup>35</sup>

**JOACHIM KINSCHER**

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*Born 1957. President EMEA since 2013.*

<b>Education:</b>	Commercial college and MBA (Industriefachwirt) from Industrie & Handelskammer Siegen.
<b>Other current assignments</b>	CEO, member of the board of directors and/or member of the supervisory board in several subsidiaries of Dometic Group AB (publ).
<b>Previous assignments (last five years):</b>	Chairman of the board of directors and/or member of the board of directors in several subsidiaries of Dometic Group AB (publ).
<b>Shareholding in the Company:</b>	938,480 <sup>36</sup>

**TAT LI<sup>37</sup>**

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*Born 1949. President APAC since 2009.*

<b>Education:</b>	Higher Certificate Electrical Engineering from Hong Kong Technical College and Diploma in Management Study from Hong Kong Polytechnic University.
<b>Other current assignments</b>	Member of the board of directors in Atwood Trading (Shanghai) Limited and several subsidiaries of Dometic Group AB (publ).
<b>Previous assignments (last five years):</b>	-
<b>Shareholding in the Company:</b>	1,220,720 <sup>38</sup>

<sup>35</sup> The shareholding is presented on the basis that the management incentive program has been terminated as described in section "Share capital and ownership structure – Ownership structure – Ownership changes in connection with the listing". In connection with the listing, shares will be sold to cover tax and costs associated to the sale of shares as well as to sell down a minor portion of the holding (not more than 10 per cent of the holding after costs associated to the sale of shares), as further set out in the table in section "Share capital and ownership structure – Ownership structure".

<sup>36</sup> The shareholding is presented on the basis that the management incentive program has been terminated as described in section "Share capital and ownership structure – Ownership structure – Ownership changes in connection with the listing". In connection with the listing, shares will be sold to cover tax and costs associated to the sale of shares as well as to sell down a minor portion of the holding (not more than 10 per cent of the holding after costs associated to the sale of shares), as further set out in the table in section "Share capital and ownership structure – Ownership structure".

<sup>37</sup> Tat Li will retire during the first part of 2016, and will then be replaced with a suitable successor.

<sup>38</sup> The shareholding is presented on the basis that the management incentive program has been terminated as described in section "Share capital and ownership structure – Ownership structure – Ownership changes in connection with the listing". In connection with the listing, shares will be sold to cover costs associated to the sale of shares as well as to sell down a minor portion of the holding (not more than 10 per cent of the holding after costs associated to the sale of shares), as further set out in the table in section "Share capital and ownership structure – Ownership structure".



## MATTIAS NORDIN

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*Born 1967. Head of Product Management & Innovation since 2014.*

<b>Education:</b>	M.Sc in Engineering Physics and PhD in Applied Mathematics from the Royal Institute of Technology in Stockholm.
<b>Other current assignments:</b>	Partner in Nordin och Bodin Handelsbolag.
<b>Previous assignments (last five years):</b>	-
<b>Shareholding in the Company:</b>	164,960 <sup>39</sup>

## ANNA SMIESZEK

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*Born 1964. Group General Counsel since 2015.*

<b>Education:</b>	Masters of Laws from University of Silesia and Stockholm University. PhD studies at Oxford University, Diploma Program in International Law from Stockholm University.
<b>Other current assignments:</b>	Deputy member of the board of directors of CU Montage AB and JKO Service AB.
<b>Previous assignments (last five years):</b>	Member of the board of directors of Sapa AB and chairman of the board of directors, deputy member of the board of directors and/or CEO of several subsidiaries of Sapa AB. Member of the board of directors in Orkla Industriinvesteringar AB and Gränges Skultuna AB.
<b>Shareholding in the Company:</b>	-

## LISELOTTE BERGMARK

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*Born 1966. Head of Group HR since 2015.*

<b>Education:</b>	B.Sc. and M.Sc in Human Resources from Linköping University.
<b>Other current assignments:</b>	Member of the board of directors of several subsidiaries of Dometic Group AB (publ). Partner in S&L Consulting Handelsbolag.
<b>Previous assignments (last five years):</b>	Member of the board of directors of Sanitec Europe Oy and several subsidiaries of Sanitec Europe Oy.
<b>Shareholding in the Company:</b>	-

## Other information about the board of directors and executive management

There are no family ties between any of the members of the board of directors or executive management.

There are no conflicts of interest or potential conflicts of interest between the obligations of members of the board of directors and executive management of the Company and their private interests and/or other undertakings.

During the last five years, none of the members of the board of directors or the members of the executive management have (i) been sentenced for fraud-related offences, (ii) represented a company which has been

declared bankrupt or filed for liquidation, (iii) except as set out below, been the subject of sanctions or accused by authorities or bodies acting for particular professional groups under public law or (iv) been subject to injunctions against carrying on business.

The Swedish Tax Agency has during recent years performed a review of companies that are investment advisers to all major Swedish private equity funds as well as persons employed by the advisory companies. EQT Partners AB, investment adviser to EQT-funds, and persons employed, or previously employed, in EQT Partners AB, for example the Company's members of the board of directors Harry Klagsbrun and Albert Gustafsson have been subject to this review. The Swedish Tax Agency decided to reassess EQT Partners

<sup>39</sup> The shareholding is presented on the basis that the management incentive program has been terminated as described in section "Share capital and ownership structure – Ownership structure – Ownership changes in connection with the listing". In connection with the listing, shares will be sold to cover tax and costs associated to the sale of shares as well as to sell down a minor portion of the holding (not more than 10 per cent of the holding after costs associated to the sale of shares), as further set out in the table in section "Share capital and ownership structure – Ownership structure".

AB and the individuals concerned. These decisions were appealed to the Administrative Court. After the Administrative Court of Appeal in Stockholm rejected the Swedish Tax Agency's claim for reassessment in a similar matter, the Administrative Court annulled the Swedish Tax Agency's decision on reassessment of EQT Partners AB. The cases concerning Harry Klagsbrun and Albert Gustafsson are pending in the Administrative Court.

The Swedish Tax Agency's decision on reassessment of Harry Klagsbrun and Albert Gustafsson have been appealed to court. For these persons the Swedish Tax Agency is now of the opinion that dividends received as return on investments in certain funds shall not be taxed as capital income but according to the rules for so-called close companies (the so-called 3:12 rules).

All members of the board of directors and the members of the executive management are available at the Company's main office at Hemvärnsgatan 15, 171 54 Solna, Sweden.

### **Auditor**

PricewaterhouseCoopers has been the Company's auditor since 2011 and was, at the annual shareholders' meeting 2015, re-elected until the end of the annual shareholders' meeting 2016. Magnus Brändström (born 1962) is the auditor in charge. Magnus Brändström is an authorized public accountant and a member of FAR (professional institute for authorized public accountants). PricewaterhouseCoopers's office address is Torsgatan 21 (Bonnierhuset), SE-113 97 Stockholm, Sweden. PricewaterhouseCoopers has been auditor throughout the entire period which the historic financial information in the Prospectus covers.

## Corporate governance

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### Corporate governance

Dometic is a Swedish public limited liability company. Prior to the listing on Nasdaq Stockholm, corporate governance in the Company was based on Swedish law and internal rules and instructions. Once the Company has been listed on Nasdaq Stockholm, the Company will also comply with Nasdaq Stockholm's Rule Book for Issuers and apply the Swedish Corporate Governance Code (the "**Code**"). The Code applies to all Swedish companies with shares listed on a regulated market in Sweden and shall be fully applied from the listing. The Company is not obliged to comply with every rule in the Code as the Code itself provides for the possibility to deviate from the rules, provided that any such deviations and the chosen alternative solutions are described and the reasons therefore are explained in the corporate governance report (according to the so-called "comply or explain principle").

The Company will apply the Code from the time of the listing of the shares on Nasdaq Stockholm. Any deviation from the Code will be reported in the Company's corporate governance report, which will be prepared for the first time for the 2015 financial year. Currently, the Company does not expect to report any deviations from the Code in the corporate governance report.

### Shareholders' meeting

According to the Swedish Companies Act (2005:551) (Sw. *aktiebolagslagen*), the shareholders' meeting is the Company's ultimate decision-making body. At the shareholders' meeting, the shareholders exercise their voting rights in key issues, such as the adoption of income statements and balance sheets, appropriation of the Company's results, discharge from liability of members of the board of directors and the CEO, election of members of the board of directors and auditors and remuneration to the board of directors and the auditors.

The annual shareholders' meeting must be held within six months from the end of the financial year. In addition to the annual shareholders' meeting, extraordinary shareholders' meetings may be convened. According to the articles of association, shareholders' meetings are convened by publication of the convening notice in the Swedish National Gazette (Sw. *Post- och Inrikes Tidningar*) and on the Company's website. At the time of the notice convening the meeting, information regarding the notice shall be published in Svenska Dagbladet.

### Right to participate in shareholders' meetings

Shareholders who wish to participate in a shareholders' meeting must be included in the shareholders' register maintained by Euroclear Sweden on the day falling five workdays prior to the meeting, and notify the Company of their participation no later than on the date stipulated in the notice convening the meeting. Shareholders may attend the shareholders' meetings in person or by proxy and may be accompanied by a maximum of two assistants. Typically, it is possible for a shareholder to register for the shareholders' meeting in several different ways as indicated in the notice of the meeting. A shareholder may vote for all Company shares owned or represented by the shareholder.

### Shareholder initiatives

Shareholders who wish to have a matter brought before the shareholders' meeting must submit a written request to the board of directors. Such request must normally be received by the board of directors no later than seven weeks prior to the shareholders' meeting.

### Board of directors

The board of directors is the second-highest decision-making body of the Company after the shareholders' meeting and the highest executive body of the Company. According to the Swedish Companies Act, the board of directors is responsible for the organization of the company and the management of the company's affairs, which means that the board of directors is responsible for, among other things, setting targets and strategies, securing routines and systems for evaluation of set targets, continuously assessing the financial condition and profits as well as evaluating the operating management. The board of directors is also responsible for ensuring that annual reports and interim reports are prepared in a timely manner. Moreover, the board of directors appoints the CEO.

Members of the board of directors are normally appointed by the annual shareholders' meeting for the period until the end of the next annual shareholders' meeting. According to the Company's articles of association, the members of the board of directors elected by the shareholders' meeting shall be not less than three and not more than eight members with not more than three deputy members.

According to the Code, the chairman of the board of directors is to be elected by the shareholders' meeting and have a special responsibility for leading the work of the board of directors and for ensuring that the work of the board of directors is efficiently organized.

The board of directors applies written rules of procedure, which are revised annually and adopted by the inaugural board meeting every year. Among other things, the rules of procedure govern the practice of the board of directors, functions and the division of work between the members of the board of directors and the CEO. At the inaugural board meeting, the board of directors also adopts instructions for the CEO, including instructions for financial reporting.

The board of directors meets according to an annual predetermined schedule. In addition to these meetings, additional board meetings can be convened to handle issues which cannot be postponed until the next ordinary board meeting. In addition to the board meetings, the chairman of the board of directors and the CEO continuously discuss the management of the Company.

Currently, the Company's board of directors consists of seven ordinary members elected by the shareholders' meeting, who are presented in section "*Board of directors, executive management and auditor*".

### **Audit committee**

Dometic has an audit committee consisting of three members: Magnus Yngen (chairman), Albert Gustafsson and Rainer E. Schmückle. The audit committee shall, without it affecting the responsibilities and tasks of the board of directors, monitor the Company's financial reporting, monitor the efficiency of the Company's internal controls, internal auditing and risk management, keep informed of the auditing of the annual report and the consolidated accounts, review and monitor the impartiality and independence of the auditors and pay close attention to whether the auditors are providing other services besides audit services for the Company, and assist in the preparation of proposals for the shareholders' meeting's decision on election of auditors.

### **Remuneration committee**

Dometic has a remuneration committee consisting of four members: Harry Klagsbrun (chairman), Fredrik Cappelen, Erik Olsson and Gun Nilsson. The remuneration committee shall prepare proposals concerning remuneration principles, remuneration and other employment terms for the CEO and the executive management.

### **The CEO and other executive management**

The CEO is subordinated to the board of directors and is responsible for the everyday management and operations of the Company. The division of work between the board of directors and the CEO is set out in the rules of procedure for the board of directors and the CEO's instructions. The CEO is also responsible for the preparation of reports and compiling information

for the board meetings and for presenting such materials at the board meetings.

According to the instructions for the financial reporting, the CEO is responsible for the financial reporting in the Company and consequently must ensure that the board of directors receives adequate information for the board of directors to be able to evaluate the Company's financial condition.

The CEO must continuously keep the board of directors informed of developments in the Company's operations, the development of sales, the Company's result and financial condition, liquidity and credit status, important business events and all other events, circumstances or conditions which can be assumed to be of significance to the Company's shareholders.

The CEO and executive management are presented in section "*Board of directors, executive management and auditor*".

### **Remuneration to the members of the board of directors, CEO and executive management**

#### **Remuneration to the members of the board of directors**

Fees and other remuneration to the members of the board of directors, including the chairman, are resolved by the shareholders' meeting. At the extraordinary shareholders' meeting held on 10 November 2015, it was resolved that the fee to the chairman of the board of directors should be SEK 625,000 and each other member of the board of directors that are not employed by the Company shall receive SEK 325,000. Moreover, remuneration for committee work shall be paid with in total a maximum of SEK 450,000, whereof SEK 200,000 shall be allocated to the audit committee (whereof SEK 100,000 to the chairman of the committee and SEK 50,000 to each of the other two members) and SEK 250,000 to the remuneration committee (whereof SEK 100,000 to the chairman of the committee and SEK 50,000 to each of the other three members).

At the extraordinary shareholders' meeting held on 10 November 2015 it was further resolved that the chairman and each other member of the board of directors, except for Albert Gustafsson and Harry Klagsbrun, shall receive an additional remuneration amounting to SEK 325,000 for the board of director's extraordinary efforts in connection with the listing of the Company's shares on Nasdaq Stockholm. The resolutions on the remuneration to the board of directors are conditional upon the listing of the Company's shares on Nasdaq Stockholm.

The members of the board of directors are not entitled to any benefits following termination of their assignments as directors of the board.

## Remuneration to the board of directors during the 2014 financial year

The table below presents an overview of remuneration to the board of directors elected by the shareholders for the year ended 31 December 2014.

Name	Function	Board fee (EUR)
Fredrik Cappelen <sup>1</sup>	Chairman	50,000
Albert Gustafsson <sup>1</sup>	Board member	0
Rainer E. Schmückle <sup>1</sup>	Board member	25,000
Magnus Yngen <sup>1</sup>	Board member	25,000
Harry Klagsbrun <sup>1</sup>	Board member	0
Gun Nilsson <sup>2</sup>	Board member	-
Erik Olsson <sup>2</sup>	Board member	-
<b>Total</b>		<b>100,000</b>

<sup>1</sup> The board work has previously been carried out in and the board fee paid out by Dometic Holding AB.

<sup>2</sup> Gun Nilsson and Erik Olsson were elected board members during 2015.

## Guidelines for remuneration to the CEO and other executive management

The first annual shareholders' meeting to be held following the listing on Nasdaq Stockholm will resolve on guidelines which shall apply in relation to remuneration to the CEO and the other members of the executive management.

## Current employment agreements for the CEO and other executive management

Decisions as to the current remuneration levels and other conditions for employment for the CEO and the other members of the executive management have been resolved by the board of directors.

The table below presents an overview of remuneration to the CEO and other members of executive management for the 2014 financial year.

Name	Basic salary	Variable remuneration			Total
		Other benefits	Pension costs		
Roger Johansson, CEO (SEK)	5,012,911	2,017,400	263,103	1,494,289	8,787,703
Other member of executive management, Sweden (SEK)	13,707,410	4,437,310	1,317,962	4,207,023	23,669,705
Other member of executive management, China (HKD)	2,591,703	1,300,000	144,851	66,000	4,102,554
Other member of executive management, Germany (EUR)	330,958	44,363	25,000	29,261	429,582
Other member of executive management, the U.S. (USD)	369,486	65,132	3,201	10,400	448,219
<b>Total (SEK)<sup>1</sup></b>	<b>26,584,424</b>	<b>8,463,742</b>	<b>1,959,359</b>	<b>6,097,891</b>	<b>43,105,417</b>

<sup>1</sup> The total in SEK has been calculated based on the following exchange rates, SEK/HKD 0.889407308, SEK/EUR 9.095137935 and SEK/USD 6.898538166.

Agreements concerning pensions shall, wherever possible, be based on fixed premiums and should be in accordance with the levels, practice and collective bargaining agreements as applicable in the country where the relevant member of the executive management is employed. A few senior employees do, however, still retain individual older solutions where pensions are based on defined benefits.

Members of the executive management and their employers are generally entitled to a period of notice of twelve months if the agreement is terminated by the employer and six months if the agreement is terminated by the employee. However, the CEO and one other member of the executive management are only entitled to a mutual period of notice of six months and one other member of the executive management is entitled



to a mutual period of notice of twelve months. In addition, one member of the executive management is entitled to a mutual period of notice of six months, but terminations are required to be made six months before the year end to become effective. Members of the executive management are generally not entitled to severance pay, but the CEO is entitled to severance pay in the amount of twelve months' salary on top of the salary during the period of notice when notice is given by the Company. One other member of the executive management is employed under a so called "at will" employment which, *inter alia*, implies that both the employee and the employer may terminate the employment immediately, without any notice period. In connection with the termination of employment, the member of the executive management is entitled to a severance pay up to twelve months' salary as well as certain benefits (such as insurance coverage) during a period of twelve months.

### Auditing

The auditor shall review the Company's annual reports and accounting, as well as the management of the board of directors and the CEO. Following each financial year, the auditor shall submit an audit report and a consolidated audit report to the annual shareholders' meeting.

Pursuant to the Company's articles of association, the Company shall have not less than one and not more than two auditors and not more than two deputy auditors. The Company's auditor is PricewaterhouseCoopers, with Magnus Brändström as auditor in charge. The Company's auditor is presented in more detail in section "*Board of directors, executive management and auditor*".

In 2014, the total remuneration for auditing service of the Company's auditor amounted MSEK 10.

### Internal control

Internal control over financial reporting within Dometic is designed to achieve a high level of reliability in external reporting. The internal control over financial reporting is carried out in several steps and covers purchases, income statement, capital and cash flow, as well as securing the the Company's financing and overall capital structure. In addition to the financial reporting, the internal control function manages other identified risks and processes in the organization.

### Control environment

The control environment at Dometic constitutes the framework for the direction and culture communicated to the organization by the board of directors and group management. Internal guidance and control in accordance with established frameworks is a prioritized part of the management work. The board of directors and operating management define and formulate

decision-making channels, authority and responsibility which are communicated throughout the organization. The board of directors also strives to ensure that governance documents, such as internal policies and guidelines, cover identified and significant areas, and that they provide proper guidance for the relevant employees in the Company.

### Risk assessment

Risk assessment is made by the board and management through continuous discussion and review. The Company also has an audit committee, which carries out its tasks according to a yearly plan and identifies various areas to be reviewed. A self assessment is made in each legal unit once a year, to ensure that risks are identified and properly managed.

### Control activities

A number of control activities are put in place to ensure that transactions and investments are carried out correctly. This includes, e.g. a new IT system for investments, which ensures that the relevant individuals in the organization approve investments before they are made. Financial reports for the different legal entities and regions are reviewed on continuous basis by the central finance department. This entails a thorough monitoring of the financial results in accordance with a fixed plan for the financial year. In addition, the group manager meet the region managers and review the region's results on a monthly basis. A business review is carried out on a quarterly basis, where the central group heads meet their counterparties to discuss the business. The product portfolio is reviewed on a monthly and quarterly basis as part of the internal process for product development. Larger projects are reviewed at least on a quarterly basis.

### Information and communication

Information and communication is a key part of the internal control process. Quarterly and annual reports are announced in accordance with a stipulated plan, and policies are adopted to ensure the means and quality of the information to the market and overall communication. The CFO and IR function are responsible for the information and communication with relevant parties.

### Review

Assessment of the Company's financial position and strategy is made by the board and management through continuous discussion and review. These areas are discussed at each board meeting and the board further gets monthly reports of the current financial and operational issues. To maintain the quality of internal control, the Company has established a new function for internal control and the Company will continue to develop and improve the internal control in accordance with the arising needs.

## Share capital and ownership structure

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### General information

Pursuant to the Company's articles of association, the Company's share capital may not be less than SEK 500,000 and not more than SEK 2,000,000, and the number of shares may not be less than 200,000,000 and not more than 800,000,000. As at the date of the Prospectus, the Company has issued a total of 200,000,000 shares and the share capital amounts to 500,000. The shares are denominated in SEK and the quota value of each share is SEK 0.0025.

All shares in the Company have been issued pursuant to Swedish law. All issued shares have been fully paid and are freely transferrable.

The offered shares are not subject to a mandatory offering, redemption rights or sell-out obligation. No public takeover offer has been made for the offered shares during the current or preceding financial year.

### Certain rights associated with the shares

The offered shares are all of the same class. The rights associated with the shares issued by the Company, including those pursuant to the articles of association, can only be amended in accordance with the procedures set out in the Swedish Companies Act (2005:551).

### Voting rights

Each share in the Company entitles the holder to one vote at shareholders' meetings and each shareholder is entitled to cast votes equal in number to the number of shares held by the shareholder in the Company.

### Preferential rights to new shares etc.

If the Company issues new shares, warrants or convertibles in a cash issue or a set-off issue, shareholders shall, as a general rule, have preferential rights to subscribe for such securities proportionally to the number of shares held prior to the issue.

### Rights to dividends and balances in case of liquidation

All shares give equal rights to dividends and the Company's assets and possible surpluses in the event of liquidation.

Resolutions regarding dividend are passed by shareholders' meetings. All shareholders registered as shareholders in the share register maintained by Euroclear Sweden on the record date adopted by the shareholders' meeting shall be entitled to receive dividends. Dividends are normally distributed to shareholders as a cash payment per share through Euroclear Sweden, but may also be paid out in a manner other than cash (in-kind dividend). If shareholders cannot be reached through Euroclear Sweden, such shareholder still retains its claim on the Company to the dividend amount, subject to a statutory limitation of ten years. Upon the expiry of the period of limitations, the dividend amount shall pass to the company.

There are no restrictions on the right to dividends for shareholders domiciled outside Sweden. Shareholders not resident in Sweden for tax purposes must normally pay Swedish withholding tax, see also section "*Tax issues in Sweden*".

### Central securities register

The Company's shares are registered in a CSD register in accordance with the Swedish Financial Instruments Accounts Act (1998:1479). This register is managed by Euroclear Sweden AB, Box 191, SE-101 23 Stockholm. No share certificates have been issued for the Company's shares. The account operator is Skandinaviska Enskilda Banken AB (publ). The ISIN code for the Company's shares is SE007691613.

## Share capital development

The below table shows historic changes in the Company's shares and share capital since 2010, and the changes in the number of shares and the share capital which will be made in connection with the Offering and the listing of the Company's shares on Nasdaq Stockholm.

Time	Event	Number of shares		Share capital	
		Change	Total	Change	Total
6 December 2010	Formation	50,000	50,000	50,000	50,000
8 April 2011	New share issue	450,000	500,000	450,000	500,000
3 November 2011	Share split 10:1	4,500,000	5,000,000	-	500,000
23 October 2015	Share split 40:1	199,500,000	200,000,000	-	500,000
25 November 2015 <sup>1</sup>	New issue <sup>2</sup>	96,842,105	296,842,105 <sup>3</sup>	242,105	742,105

<sup>1</sup> Expected to be registered around 25 November 2015.

<sup>2</sup> Based on authorization in accordance with a resolution to issue shares passed at the extraordinary shareholders' meeting held on 10 October 2015, the board of directors will in connection with the Offering, resolve to issue a maximum of 106,976,744 shares. The change in the share capital is included as if all shares are issued. The shares will, for technical share issue reasons, be subscribed by SEB, on behalf of the entitled subscribers, in accordance with the Prospectus. The shares included in the Offering will thereby be issued at a subscription price of SEK 0.0025 per share, and SEB will thereafter, on behalf of the entitled subscribers, make a capital contribution to the Company with an amount that correspond to the difference between the final Offering Price and the subscription price of SEK 0.0025 (subject to deduction of certain transaction costs).

<sup>3</sup> Following completion of the Offering, the number of shares in the Company is 306,976,744 at the low end of the Offering Price Range, 296,842,105 at the mid-point of the Price Range and 288,461,538 at the high end of the Offering Price Range.

## Convertibles, warrants, etc.

At the listing of the Company's shares on Nasdaq Stockholm, there will be no outstanding warrants, convertibles or other share-related instruments in the Company. The Company intends to implement a market standard long term incentive program for top management at the next annual shareholders' meeting.

## Ownership structure

### Ownership changes in connection with the listing

On the date of the Prospectus, the Company has two shareholders, Frostbite Holding AB and the Selling Shareholder. On the date of the Prospectus, the Company's largest shareholder is Frostbite Holding AB, holding 182,000,000 shares, representing around 91% of the shares and votes in the Company. The ownership will be restructured in connection with the listing, entailing that the shares held by Frostbite Holding AB will be transferred to the Selling Shareholder.

In connection with the listing of Dometic's shares on Nasdaq Stockholm, the current management incentive program for certain current and previous key

employees of the Group will be terminated. Currently, the participants in the management incentive program hold shares and shareholder loans in Frostbite Holding AB. In connection with, and conditional on the agreement on placing of shares being entered into, the participants' shares and shareholder loans in Frostbite Holding AB will be exchanged for shares in Dometic. The shares in Dometic received in the exchange will be provided by Frostbite I S.à r.l. and the exchange is thus made outside of the Offering. The number of Dometic shares each participant will receive in the exchange will be based upon the current holding and rights in the current incentive program and will be converted based upon the market value of the shares and shareholder loans in Frostbite Holding AB and Dometic, respectively, as of 30 June 2015 (interest on Shareholder Loans and Preference Shares will accrue until cut-off date 31 August 2015). The market value was determined based upon EQT V's semi-annual valuation (audited by KPMG) and independent valuations from three top tier investment banks. In connection with the Offering, participants currently employed by the Company will be entitled to sell shares to Frostbite I S.à r.l. to cover tax costs and costs associated with the selling of shares and realize a smaller portion of their holdings (maximum 10% of the holding after coverage tax costs and costs associated with the selling of shares).

## Ownership structure

The table below sets forth Dometic's ownership structure immediately before the Offering and directly after completion of the Offering.

Shareholder	Shareholding before the Offering <sup>1</sup>		After the Offering (if the Over-allotment Option is not exercised) <sup>2,3</sup>		After the Offering (if the Over-allotment Option is exercised in full) <sup>2,3</sup>	
	Number	%	Number	%	Number	%
<i>Shareholders with holdings exceeding 5% of the shares</i>						
Frostbite I S.à r.l.	2,359,040	1.18	184,320,248	62.09	169,505,442	57.10
Frostbite Holding AB	182,000,000	91.00	-	0.00	-	0.00
<i>Shareholding members of the board of directors, executive management and other shareholders</i>						
Fredrik Cappelen, through company	1,004,600	0.50	904,140	0.30	904,140	0.30
Rainer E. Schmückle, through company	134,680	0.07	119,166	0.04	119,166	0.04
Magnus Yngen	309,400	0.15	278,460	0.09	278,460	0.09
Roger Johansson	1,315,200	0.66	895,346	0.30	895,346	0.30
Per-Arne Blomquist	1,015,760	0.51	691,298	0.23	691,298	0.23
Per-Nicklas Höglund, through company	824,840	0.41	742,356	0.25	742,356	0.25
Peter Kjellberg	203,160	0.10	138,266	0.05	138,266	0.05
Frank Marciano, together with related parties	845,360	0.42	661,882	0.22	661,882	0.22
Joachim Kinscher	938,480	0.47	735,709	0.25	735,709	0.25
Tat Li	1,220,720	0.61	1,098,648	0.37	1,098,648	0.37
Mattias Nordin	164,960	0.08	112,245	0.04	112,245	0.04
Other shareholders	7,663,800	3.83	7,378,966	2.49	7,378,966	2.49
<b>Total</b>	<b>200,000,000</b>	<b>100.00</b>	<b>198,076,730</b>	<b>66.73</b>	<b>183,261,924</b>	<b>61.74</b>
New shareholders <sup>4</sup>	-	0.00	98,765,375	33.27	113,580,182	38.26
<b>Total</b>	<b>200,000,000</b>	<b>100.00</b>	<b>296,842,105</b>	<b>100.00</b>	<b>296,842,105</b>	<b>100.00</b>

<sup>1</sup> The shareholding is presented on the basis that the management incentive program has been terminated, but prior to restructuring of Frostbite Holding AB's and Frostbite I S.à r.l.'s holding and divestment in connection with the Offering as described above in this section.

<sup>2</sup> Including divestments by shareholding members of the board of directors and executive management to Frostbite I S.à r.l. for sale in the Offering for the purpose of covering costs and taxes associated to the sale of shares as well as to sell down a minor part of the holding (not more than 10% of the holding after costs and tax associated to the sale of shares).

<sup>3</sup> The shareholding is presented on the basis that the final price in the Offering is set at the mid-point in the Offering Price Range (SEK 47.5).

<sup>4</sup> New shareholders include the Cornerstone Investors.

## Lock-up arrangements, etc.

Under the underwriting agreement which is expected to be entered into on or around 24 November, the Principal Owner, the Selling Shareholder and the members of the board of directors, executive management and key employees currently holding shares in the Company, will undertake, with certain exceptions, not to sell their respective holdings for a certain period after trading on Nasdaq Stockholm has commenced (the "**Lock-up period**"). For more information regarding the undertakings not to sell shares, see section "*Plan of distribution - Lock-up arrangements*".

## Dividends and dividend policy

### General

Holders of Dometic's shares will be entitled to receive future dividends, provided dividends are declared. It can not be guaranteed that any dividend will be proposed or distributed. The board of directors will not propose any dividend to the annual shareholders' meeting 2016.

### Dividend policy

The board of directors of Dometic has adopted a dividend policy according to which the board of directors aims to propose to the annual shareholders' meeting that at least 40% of its net profit for the period shall be distributed.

The board of directors shall take into account a number of additional factors, including the Company's future profits, investments needs, liquidity and development opportunities as well as general economic and business conditions, when proposing a dividend.

### Legal and regulatory requirements

The declaration of dividends or other capital contributions by Swedish companies is decided upon the shareholders' meeting. The amount that is available for distribution to the shareholders is determined based on the Company's last adopted balance sheet on an unconsolidated basis. Dividends or other capital contribution may only be declared to the extent that there is unrestricted equity (Sw. *fritt eget kapital*) available, meaning that there must be full coverage for the Company's restricted equity (Sw. *bundet eget kapital*) after the distribution (i.e., the book value of the Company's assets must amount to at least the restricted equity together with any provisions and liabilities following the distribution). Restricted equity includes, *inter alia*, the Company's share capital and its statutory reserve.

Furthermore, dividends or other capital distributions may only be declared to the extent that such declaration is prudent, taking into consideration:

- the demands with respect to the size of the equity which are imposed by the nature, scope and risks associated with the operations; and
- the need to strengthen the balance sheet, liquidity and financial position of the Company.

The shareholders may, as a general rule, not declare dividends in an amount higher than the board of directors proposed or approved. Under the Swedish Companies Act, minority shareholders that together represent at least 10% of all outstanding shares of the Company have the right to request a payment of dividend (to all shareholders) from the Company's profit. Following such request, the annual shareholders' meeting is required to resolve to distribute 50% of the remaining profit for the relevant year as reported on the balance sheet adopted by the annual shareholders' meeting after deductions made for (i) losses carried forward that exceed unrestricted reserves (Sw. *fria fonder*); (ii) amounts which, by law or the Articles of Association, must be transferred to restricted equity; and (iii) amounts which, pursuant to the Articles of Association, are to be used for any purpose other than distribution to the shareholders. However, the shareholders' meeting may not declare dividends to the extent that there will not be full coverage of the Company's restricted equity or in violation of the prudence rule described above.



## Articles of association

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Articles of association for Dometic Group AB (publ) (Reg. No. 556829-4390) adopted at the extraordinary shareholders' meeting on 15 October 2015.

### 1 § Name

The company's name is Dometic Group AB (publ).

### 2 § Registered office

The board of directors' registered office shall be situated in Stockholm.

### 3 § Object of the company's business

The object of the company's business is to, directly or indirectly, own and manage real property and chattels. The company shall also coordinate the business conducted by the company's subsidiaries and/or other group or affiliated companies and conduct other activities compatible therewith.

### 4 § Share capital

The company's share capital shall be not less than five hundred thousand SEK (500,000) and not more than two million SEK (2,000,000).

### 5 § Number of shares

The company shall have not less than two hundred million (200,000,000) shares and not more than eight hundred million (800,000,000) shares.

### 6 § CSD company

The company's shares shall be registered in a securities register in accordance with the Swedish Financial Instruments Accounts Act (1998:1479).

### 7 § Board of directors

The board of directors elected by the shareholders' meeting shall consist of not less than three (3) and not more than eight (8) members with not more than three (3) deputy board members.

### 8 § Auditor

The company shall have not less than one (1) and not more than two (2) auditors and two (2) deputy auditors. As auditor and, when applicable, deputy auditor, shall an authorized public accountant or a registered public accounting firm be elected.

### 9 § Notice of shareholders' meeting

Notice of shareholders' meetings shall be published in the Swedish Official Gazette and be kept available on the company's website. At the time of the notice, an announcement with information that the notice has been issued shall be published in Svenska Dagbladet.

### 10 § Participation in shareholders' meetings

Shareholders who wish to participate in a shareholders' meeting shall be registered as shareholders on a transcript of the entire share register as stipulated in Chapter 7, Section 28, third paragraph of the Swedish Companies Act (2005:551) that relates to the conditions prevailing five workdays prior to the meeting and shall also provide notification of their intention to attend the meeting no later than on the date stipulated in the notice convening the shareholders' meeting. The latter mentioned day must not be a Sunday, any other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and must not be more than the fifth weekday prior to the meeting. If a shareholder wishes to be joined by proxy (not more than two proxies) at the shareholders' meeting, the number of proxies must be stated in the notice of participation.

### 11 § Place for shareholder's meetings

Shareholder's meeting shall be held in Stockholm or Solna.

### 12 § Business at annual shareholders' meetings

The following business shall be addressed at annual shareholders' meetings:

1. Election of a chairman of the meeting;
2. Preparation and approval of the voting list;
3. Approval of the agenda;
4. Election of one or two persons who shall approve the minutes of the meeting;
5. Determination of whether the meeting was duly convened;
6. Submission of the annual report and the auditors' report and, where applicable, the consolidated financial statements and the auditors' report for the group;
7. Resolutions regarding:
  - a) adoption of the income statement and the balance sheet and, when applicable, the consolidated income statement and the consolidated balance sheet;
  - b) allocation of the company's profits or losses in accordance with the adopted balance sheet;

## ARTICLES OF ASSOCIATION

- c) discharge of the members of the board of directors and the managing director from liability;
- 8. Determination of the number of members and deputy members of the board of directors to be elected by the shareholders' meeting and, where applicable, the number of auditors and deputy auditors;
- 9. Determination of fees for members of the board of directors and auditors;
- 10. Election of the members of the board of directors
- 11. Election, where applicable, of auditors and deputy auditors;
- 12. Other matters, which should be resolved by the shareholders' meeting according to the Swedish Companies Act or the company's articles of association.

### **13 § Financial year**

The company's financial year shall be the calendar year.

## Legal considerations and supplementary information

### Legal group structure

The Company's business is conducted in accordance with the Swedish Companies Act (2005:551). The parent company Dometic Group AB (publ) (registration number 556829-4390) is a Swedish public limited liability company which was founded on 1 December 2010 and registered with the Swedish Companies Registration Office on 6 December 2010. The Company's registered office is situated in Stockholm.

The Company is currently the parent company of 61 subsidiaries, *inter alia* in the U.S., Germany, China, Hong Kong, Sweden and Italy.

The table below shows the most material Dometic Group Companies.

Subsidiary	Country	Shares and voting rights, %
Mobicool Electronic (Zhuhai) Co Ltd	China	100
Mobicool Electronic (Shenzhen) Co Ltd	China	100
Dometic WAECO International GmbH	Germany	100
Dometic GmbH	Germany	100
Dometic Seitz GmbH	Germany	100
Dometic Light Systems GmbH	Germany	100
Mobicool International Ltd	Hong Kong	100
Dometic Italy S.r.l.	Italy	100
Dometic Holding AB	Sweden	100
Dometic Sweden AB	Sweden	100
Dometic Group Services AB	Sweden	100
Dometic Koncern AB	Sweden	100
Dometic Corporation	the U.S.	100
Atwood Mobile Products, LLC	the U.S.	100

### Material agreements

#### Financing arrangements

For information regarding Dometic material financing arrangements, see "*Capitalization, indebtedness and other financial information - The Company's financing after the listing*".

#### Acquisition and divestments

##### ***The divestment of the global division Medical***

According to a share purchase agreement dated 19 February 2015 between Dometic Sweden AB and Dometic AB as sellers, Asclepius Holding Limited as buyer and Dometic Holding AB as guarantor of the obligations of the sellers, the Group has divested its medical system business division, including cooling and freezing products for transport and storage of vaccines, blood and pharmaceuticals (the global division Medical), through the sale of the indirect subsidiaries

Dometic Holding S.A., Dometic Luxembourg S.à r.l., Dometic S.à r.l. and Sibir International AB. Under the agreement the sellers have a total liability for breach of warranties that is limited to approximately EUR 75 million in case of breach of any fundamental warranties, and EUR 75 million (the purchase price received by the sellers) in case of breach of any fundamental warranties regarding, for example, the sellers' ownership of the divested shares and their authority and capacity to carry out the divestment, and EUR 7.5 million in case of breach of other warranties. The sellers' liability is limited in time to a period of 12-36 months, depending on the relevant claim, following the date of completion of the transaction. The divestiture was completed on March 10, 2015.

##### ***The acquisition of Atwood***

According to a purchase and sale agreement dated 2 September 2014 between Dometic Corporation as buyer and Atwood Holdings LLC as seller, Dometic Corporation agreed to purchase Atwood Investment Holdings LLC, a company producing heaters, cookers, air conditioning and ventilation for the RV sector, in

order to enhance Dometic's position in the U.S. In connection with entering into the purchase and sale agreement, and in accordance with the provisions included in such agreement, Dometic Sweden AB has acquired certain intellectual property assets from Atwood Mobile Products LLC, and all of the shares in Atwood Australia Holdings Pty Limited from Atwood Investment Holdings LLC. The transaction contemplated by the purchase and sale agreement was completed on 17 October 2014, with the exception of the acquisition of Atwood Australia Holdings Pty Limited, which was completed on 10 April 2015. During 2014, Atwood Investments Holdings LLC was absorbed by Dometic Corporation through a merger.

Under the purchase and sale agreement, the seller shall indemnify the buyer and its affiliated parties, such as Dometic Sweden AB, for breach of warranties and representations or failure to carry out any covenants or agreements under the purchase and sale agreement and the abovementioned associated acquisition agreements. Such liability is limited in time to a period of 15 months following the completion of the transaction, or - in relation to tax matters - until the expiration of applicable statutes of limitation, or - in relation to fundamental warranties regarding the authorisation and capacity to carry out the contemplated transaction - indefinitely. Furthermore, the seller shall only be liable for losses exceeding USD 2,100,000 and the seller's liability shall not exceed USD 8,400,000 (such liability cap is however not applicable in case of breach of the fundamental warranties or in relation to tax matters). All such liability shall be satisfied exclusively from the escrow account, where the buyer has deposited an amount of USD 8,400,000. The remaining escrow amount is subsequently payable to the seller 15 months following the completion of the transaction. Corresponding regulations and limitations apply as regards the buyer's liability with respect to the

seller, except for the provisions regarding escrow settlement. Dometic Corporation has further entered into buyer-side representation and warranty insurance policies whereunder Dometic Corporation may claim compensation in case of seller's breach of representations and warranties under the purchase and sale agreement, in the total amount of USD 200,000,000 for the time period until 17 October 2017, or - if the breach is in relation to fundamental warranties or tax matters - 17 October 2020.

### **Agreements with suppliers and customers**

Dometic's supply agreements are entered into by different companies within the Group. Most of the supply agreements are entered into on basis of Dometic's standard template agreements together with Dometic general terms and conditions of purchasing. However some of the material supply agreements are entered into on basis of the relevant supplier's template agreements. In many cases, no written contracts are entered into at all, and the relationship is instead based on legally binding orders in relation to its suppliers.

The terms and conditions of Dometic's customer agreements vary. When the customer agreements are entered into on basis of the relevant customers' template agreements, the agreements are in general customer friendly and include e.g. possibilities for the customers to impose sanctions and liabilities on the contracting Dometic company. However, should the non-fulfilment of the customer agreements be caused by a supplier of Dometic, the liability can in many cases, provided that the general terms and conditions of Dometic apply in relation to the supplier, be forwarded to the supplier. Generally, the material customer agreements do not include any provisions stating that the customer has an obligation to purchase any specific volume of products.

## Owned and leased property

The list below sets out the Group's owned and leased properties as well as information in respect of any servitudes, other easements, mortgages and land charges.

Owned/Leased	Property	Servitudes, easements, mortgages and land charges
Owned	Siegen, Germany; In der Steinwiese (Grundbuch Kaan-Marienborn 1545)	<ul style="list-style-type: none"> <li>Water conduit rights in favour of Wasserverband Siegen (municipal water provider)</li> <li>Land charge of EUR 21 million held by Nordea Bank AB that will disappear in connection with the Refinancing</li> </ul>
Owned	Emsdetten, Germany; Reckfeld and Hollefeldstrasse 63 (Grundbuch Emsdetten No. 9464)	<ul style="list-style-type: none"> <li>Water conduit, high voltage electricity line and gas pipeline rights in favour of Stadtwerke Emsdetten</li> <li>Rainwater and waste water tunnel and access facilities in favour of the city of Emsdetten</li> <li>Right of way for owners of neighbouring properties</li> <li>Four land charge certificates of In total EUR 9,893,494.90 held by Volksbank Steinfurt-Emsdetten</li> <li>Pre-emption right in favour of the city of Emsdetten for every case of divestment of the property plus a pending transfer of title registration in favour of the city of Emsdetten</li> </ul>
Owned	Altkrautheim, Germany; Altkrautheimer Strasse 28 (Grundbuch Krautheim No. 703)	
Owned	Altkrautheim, Germany; Am Messeplatz, (Grundbuch Altkrautheim No. 1358)	<ul style="list-style-type: none"> <li>Supply and waste disposal line rights in favour of the city of Krautheim</li> </ul>
Owned	Filakovo, Slovakia; Tehelná street	<ul style="list-style-type: none"> <li>Obligation to tolerate the entry of cars and construction machinery in order to build water pipe line and to operate, maintain, repair and reconstruct such device</li> </ul>
Owned*	Pinghu, Shenzhen, China	<ul style="list-style-type: none"> <li>The Group does not own the property, but has a land use right that will expire in 2052. The land can only be used for industrial purposes and at least five buildings owned by Mobicool Electronic (Shenzhen) Co. Ltd have been erected on the property</li> </ul>
Owned*	Shenzhen, China; Zhuoyue building	<ul style="list-style-type: none"> <li>The property has been used as a security for company loan with Shenzhen Cuizu Branch of China Merchants Bank. The amount of the loan is unclear</li> <li>The Group does not own the property. Mobicool Electronic (Shenzhen) Co. Ltd owns three office rooms within the building and a corresponding share of a land use right that will expire in 2051</li> </ul>

**LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION**

<u>Owned/Leased</u>	<u>Property</u>	<u>Servitudes, easements, mortgages and land charges</u>
Owned*	Zhuhai, China	<ul style="list-style-type: none"> <li>• 4 mortgages have been registered in favour of Zhuhai Branch of Bank of Communications</li> <li>• 3 mortgage certificates have been registered with respect to 9 owned buildings and the corresponding land use right. 1 mortgage is set on 22 owned buildings and the land to secure a loan with the amount of RMB 90 million</li> <li>• The Group does not own the property, but has a land use right that will expire in 2054. The land can only be used for industrial purposes and at least 22 buildings owned by Mobicool Electronic (Zhuhai) Co. Ltd have been erected on the property</li> </ul>
Owned*	Pinghu, Shenzhen, China	<ul style="list-style-type: none"> <li>• The Group does not own the property, but has a land use right that will expire in 2040. The land can only be used for industrial purposes and at least 2 buildings owned by Shenzhen Leimi Textile Co., Ltd have been erected on the property</li> </ul>
Leased	Louisville, Kentucky, USA; 13551 Triton Park Blvd	-
Leased	Elkhart, Indiana, USA; 2100 Industrial Parkway	-
Leased	Pompano Beach, Florida, USA; 2000 N Andrews Avenue	-
Leased	Riverside, California, USA; 12155 Magnolia Avenue	-
Leased	Elkhart, Indiana, USA; 2040 Toledo Road	-
Leased	Emsdetten, Germany; Gutenbergstr. 1	-
Leased	Dillenburg, Germany; Dillenburger Str. 59	-
Leased	Forli, Italy; Via Zignola n. 2/A,	-
Leased	Geluwe, Belgium; Lourdesstraat 84	-
Leased	Jászberény, Hungary; Necső telep 1.	-
Leased out	Elkhart, Indiana, USA; 201 East Simonton	-

\* In China all land is owned by the states or collectives and accordingly neither private individuals nor foreign investors are allowed to own land. Instead land use rights (similar to long term leaseholds) are granted or allocated, typically for 50 years in case of industrial use. There is no standardized register, but generally speaking land use grant/allocate contracts are registered with the relevant government authorities.



## Intellectual property

For a description of intellectual property, please refer to section “*Business overview – Intellectual property*”.

## Environment and permits

The Group conducts activities and undertakes production at several sites located in China, Belgium, Germany, Hungary, Italy, Slovakia, Spain, Sweden and the U.S. The Company believes that the Group holds all required material environmental permits in accordance with local legislation. The manufacturing units apply for necessary permits and report to the authorities in accordance with local legislation.

Dometic is in contact with the relevant authorities on a recurring basis but is currently not subject to any material environmental claims, lawsuits, penalties or other actions which could have a material adverse effect on the Company’s or the Group’s financial condition or profitability. For more information regarding environment and permit, see section “*Business overview – Regulation – Environment*”.

## Litigation and arbitration

At any given time, the Group may be party to litigation or subject to non-litigated claims arising out of the normal operation of its business, such as ordinary warranty claims, claims related to products delayed in transport, other product claims (for example claims that the Group has provided products that do not meet specifications), and claims from employees related to work injury or wrongful dismissal. Dometic does not expect any liability arising from any of these legal proceedings to have a material impact on Dometic’s results of operations, liquidity, capital resources or financial position. Dometic is not, and has not been, party to any legal proceedings during the last 12 months which may have, or have had, a material adverse effect on the Company’s or the Group’s financial condition or profitability. The outcome of legal proceedings, however, can be extremely difficult to predict with certainty, and Dometic can offer no assurances in this regard. For further information see “*Risk factors – Risks related to the Company – Dometic is exposed to the risk of litigation, investigations and other proceedings*”.

## Underwriting Agreement

For information regarding the underwriting agreement, see section “*Plan of distribution*”.

## Stabilization

In connection with the Offering, the Stabilization Manager may effect transactions aimed at supporting the market price of the shares at levels above those

which might otherwise prevail in the open market. For more information regarding stabilization, see section “*Plan of distribution – Stabilization*”.

## Related party transactions

Certain related party transactions are carried out between the Group and the Principal Owner relating to professional services. Within the Group, certain related party transactions are carried out with respect to management services, and the Group has also carried out certain intra-group transfers of subsidiaries. For more information about related party transactions, see note 8 and 26 of the Company’s consolidated financial statements.

Related party transactions are made on terms equivalent to those that prevail in arm’s length transactions. All transactions between Group companies are eliminated in the consolidated accounts.

## Interests of advisors

The Managers provide financial advisory and other services to the Company and the Selling Shareholder in connection with the Offering, for which they will receive a commission from the Company and the Selling Shareholder equal to 1.5% of the gross proceeds of the shares sold in the Offering. In addition, the Selling Shareholder may choose to pay to the Managers a discretionary fee, the amount and allocation of which is to be determined 39 days following the first day of trading in the Company’s shares on Nasdaq Stockholm, equal to maximum 1.25% of the gross proceeds of the shares sold in the Offering. The total compensation received by the Managers is dependent on the success of the Offering.

From time to time, the Managers provide services in the ordinary course of business to the Company and the Selling Shareholder and parties affiliated to the Company and the Selling Shareholder in connection with other transactions.

## Income and costs related to the Offering

Dometic’s gross revenue from the Offering amounts to approximately SEK 4.6 billion. Dometic will not receive any proceeds from the selling of shares from the Selling Shareholder in the Offering.

Dometic’s costs associated with the listing on Nasdaq Stockholm and the Offering are expected to amount to approximately SEK 200 million. Such costs are mainly related to costs for commission to Managers, auditors, attorneys, printing of the Prospectus, costs related to management presentations, etc. All costs will be reported in the fourth quarter of 2015, approximately 25% of SEK 200 million will impact the income statement and the remaining part the equity. Dometic’s

costs for commission to the Managers will not amount to more than SEK 127 million. As consideration for Managers work in connection with the admission to trading on Nasdaq Stockholm and the Offering, the Managers will, subject to certain reservations, be reimbursed by Dometic for certain costs incurred by them.

### Documents available for inspection

Dometic's and its subsidiaries' (i) articles of associations, and (ii) annual reports for the financial years 2012, 2013 and 2014, including auditors' reports, are available for inspection during office hours at the Company's head office at Hemvärnsgatan 15, SE-171 54 Solna, Sweden. These documents are also available in electronic form on Dometic's website, [www.dometicgroup.se](http://www.dometicgroup.se).

### Subscription undertakings

The Cornerstone Investors have agreed to, directly or indirectly through subsidiaries, acquire at the final Offering Price shares in the amount set out below and equivalent to the percentage of the Company's shares following completion of the Offering as set out below (based on a final price in the Offering corresponding to the mid-point of the Offering Price Range of SEK 47.5):

- AMF: SEK 500 million, 3.5%;
- Handelsbanken Fonder: SEK 500 million, 3.5%; and
- Nordea Funds: SEK 400 million, 2.8%.

Each Cornerstone Investor's commitment is subject to certain conditions, *inter alia* that: (i) listing of the Company's shares on Nasdaq Stockholm occurs no later than 25 November 2015; (ii) such Cornerstone Investor being allocated in full the shares in the Offering relating to its commitment; and (iii) the Offering price not exceeding SEK 52 (i.e. the high-end of the Offering Price Range).

The Cornerstone Investors will not receive any compensation for their respective undertakings and the Cornerstone Investors' investments are made on the same terms and conditions as for other investors in the Offering. The Joint Global Coordinators, the Principal Owner and Dometic's board of directors deem the Cornerstone Investors' credit worthiness sound and that they meet their respective undertakings. The Cornerstone Investors' undertakings are however not secured through a bank guarantee, blocked funds or pledge of collateral or similar arrangement. The Cornerstone Investors undertakings are associated with certain conditions relating to, among other things, the conditions stated above. In the event that any of these conditions are not fulfilled, there is a risk that the Cornerstone Investors do not fulfil their undertakings.

Cornerstone Investor	Subscription undertaking (% of the total number of shares in the Company after completion of the Offering)	Number of shares <sup>1</sup>
AMF	3.5	10,526,315
Handelsbanken Fonder	3.5	10,526,315
Nordea Funds	2.8	8,421,052
<b>Sum</b>	<b>9.9</b>	<b>29,473,682</b>

<sup>1</sup> Based on an Offering Price corresponding to the mid-point of the Offering Price Range (SEK 47.5).

### Description of the Cornerstone Investors

#### AMF

AMF is a limited liability life insurance company that is owned equally by the Swedish Trade Union Confederation (LO) and the Confederation of Swedish Enterprise. The company is run according to mutual principles, entailing that AMF's profits accrue in their entirety to the customers. With SEK 517 billion in assets managed as of 30 September 2015 for approximately 4 million customers, AMF is one of Sweden's leading pension companies and one of the largest owners on Nasdaq Stockholm. AMF has approximately 350 employees.

#### Handelsbanken Fonder

Handelsbanken Fonder is a wholly owned subsidiary of Svenska Handelsbanken and is a significant fund manager in Scandinavia. Handelsbanken Fonder offers funds that are targeted towards private individuals as well as institutional clients.

#### Nordea Funds

Funds in Nordea is managed by the leading fund managers in the Nordics, Nordea Funds Ltd and is part of the Nordea group. The company manages a total of 245 funds. Portfolio management and administration tasks are handled by Nordea Investment Management.

## Tax considerations in Sweden

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*Below is a summary of certain Swedish tax issues related to the Offering and the admission to trading of the shares in the Company on Nasdaq Stockholm for private individuals and limited liability companies that are residents of Sweden for tax purposes, unless otherwise stated. The summary is based on current legislation and is intended to provide only general information regarding the shares in the Company as from the admission to trading on Nasdaq Stockholm.*

*The summary does not cover:*

- *situations where shares are held as current assets in business operations;*
- *situations where shares are held by a limited partnership or a partnership;*
- *situations where shares are held in an investment savings account (Sw. investeringssparkonto) and subject to taxation on a standardised basis;*
- *the special rules regarding tax-free capital gains (including non-deductible capital losses) and dividends that may be applicable when the investor holds shares in the Company that are deemed to be held for business purposes (for tax purposes);*
- *the special rules which in certain cases may be applicable to shares in companies which are or have been so-called close companies or to shares acquired by means of such shares;*
- *the special rules that may be applicable to private individuals who make or reverse a so-called investor deduction (Sw. investeraravdrag);*
- *foreign companies conducting business through a permanent establishment in Sweden; or*
- *foreign companies that have been Swedish companies.*

*Furthermore, special tax rules apply to certain categories of companies. The tax consequences for each individual shareholder depend on such shareholder's particular circumstances. Each shareholder is advised to consult an independent tax advisor as to the tax consequences that could arise from the Offering and the admission to trading of the shares in the Company on Nasdaq Stockholm, including the applicability and effect of foreign tax legislation (including regulations) and provisions in tax treaties.*

### Private individuals

For private individuals resident in Sweden for tax purposes, capital income, such as interest income, dividends and capital gains, is taxed in the capital income category. The tax rate for the capital income category is 30%.

The capital gain or the capital loss is computed as the difference between the consideration, less selling

expenses, and the acquisition value. The acquisition value for all shares of the same class and type shall be added together and computed collectively in accordance with the so-called average method (Sw. *genomsnittsmetoden*). As an alternative, the so-called standard method (Sw. *schablonmetoden*) may be used at the disposal of listed shares. This method means that the acquisition value may be determined as 20% of the consideration less selling expenses.

Capital losses on listed shares are fully deductible against taxable capital gains realised in the same year on shares, as well as on listed securities taxed as shares (however not mutual funds (Sw. *värdepappersfonder*) or hedge funds (Sw. *specialfonder*) containing Swedish receivables only (Sw. *räntefonder*)). 70% of capital losses not absorbed by these set-off rules are deductible in the capital income category.

If there is a net loss in the capital income category, a reduction is granted of the tax on income from employment and business operations, as well as national and municipal property tax. This tax reduction is 30% of the net loss that does not exceed SEK 100,000 and 21% of any remaining net loss. A net loss cannot be carried forward to future tax years.

For private individuals resident in Sweden for tax purposes, a preliminary tax of 30% is withheld on dividends. The preliminary tax is normally withheld by Euroclear Sweden or, in respect of nominee-registered shares, by the nominee.

### Limited liability companies

For limited liability companies (Sw. *aktiebolag*) all income, including taxable capital gains and taxable dividends, is taxed as income from business operations at a rate of 22%. Capital gains and capital losses are calculated in the same way as described for private individuals above.

Deductible capital losses on shares may only offset taxable capital gains on shares and other securities taxed as shares. A net capital loss on shares that cannot be utilised during the year of the loss, may be carried forward (by the limited liability company that has suffered the loss) and offset taxable capital gains on shares and other securities taxed as shares in future years, without any limitation in time. If a capital loss cannot be deducted by the company that has suffered the loss, it may be deducted from another legal entity's taxable capital gains on shares and other securities taxed as shares, provided that the companies are entitled to tax consolidation (through so-called group contributions) and both companies request this treatment for a tax year having the same filing date for

each company (or, if one of the companies' accounting liability ceases, would have had the same filing date). Special tax rules may apply to certain categories of companies or certain legal persons (e.g. investment companies).

### Shareholders that are not tax resident in Sweden

For shareholders not resident in Sweden for tax purposes that receive dividends on shares of a Swedish limited liability company, Swedish withholding tax is normally withheld. The same withholding tax applies to certain other payments made by a Swedish limited liability company, such as payments as a result of redemption of shares and repurchase of shares through an offer directed to all shareholders or all holders of shares of a certain class. The withholding tax rate is 30%. The tax rate is, however, generally reduced under an applicable tax treaty. For example, under the U.S.-Sweden tax treaty the tax rate on dividends paid to U.S. holders entitled to the benefits of the U.S.-Sweden tax treaty should not exceed 15 percent. In Sweden, withholding tax deductions are normally carried out by Euroclear Sweden or, in respect of nominee-registered shares, by the nominee. The tax treaties Sweden has entered into generally enable the withholding tax

deduction to be made in accordance with the tax rate stipulated in the treaty, provided that Euroclear Sweden or the nominee, as applicable, has received the required information concerning the tax residency of the investor entitled to the dividend (this applies also under the U.S. - Sweden tax treaty). Further, investors entitled to reduced tax rates under applicable tax treaties may seek a refund from the Swedish tax authorities if the full withholding tax rate at 30 percent has been withheld.

Shareholders not resident in Sweden for tax purposes are normally not liable for capital gains taxation in Sweden upon disposals of shares. Shareholders may, however, be subject to taxation in their state of residence.

According to a special rule, private individuals not resident in Sweden for tax purposes are, however, subject to Swedish capital gains taxation upon disposals of shares in the Company if they have been residents of Sweden due to a habitual abode in Sweden or a stay in Sweden for six consecutive months at any time during the calendar year of disposal or the ten calendar years preceding the year of disposal. In a number of cases though, the applicability of this rule is limited by tax treaties.

## Plan of distribution

The Company, Frostbite Holding AB and the Selling Shareholder (the “**Current Shareholders**”) and the Managers expect to enter into the Underwriting Agreement on or about 24 November, 2015, with respect to the Offer Shares. Subject to certain conditions set forth in the Underwriting Agreement, the Company and the Selling Shareholder will agree to sell

shares to the purchasers procured by the Managers or, failing which, to the Managers themselves, and each of the Managers, severally but not jointly, will agree to procure purchasers for, or failing such procurement, to purchase from the Company or the Selling Shareholder the percentage of total number of Offer Shares offered specified below.

Managers	Percentage of Offer Shares
Jefferies International Limited	27.5%
Morgan Stanley & Co. International plc	20.0%
SEB Corporate Finance, Skandinaviska Enskilda Banken AB (publ)	27.5%
Carnegie Investment Bank AB (publ)	11.0%
Handelsbanken Capital Markets, a part of Svenska Handelsbanken AB (publ)	3.0%
UBS Limited	11.0%

The Underwriting Agreement will provide that the obligations of the Managers to procure purchasers for, or failing which, to purchase themselves, Offer Shares are subject to the fulfilment of certain conditions, including, among other things, delivery of opinions on certain legal matters from legal counsel to the Company and the Selling Shareholder. The Company and certain of its subsidiaries have agreed to indemnify the Managers against certain losses and liabilities arising out of or in connection with the Offering, including liabilities under the U.S. Securities Act. The Managers are not required to take or pay for the Offer Shares covered by the Managers’ Over-Allotment Option described below.

The Underwriting Agreement provides that the Offering may be terminated at any time upon the occurrence of certain defined events, such as a force majeure event, the effect of which makes it inadvisable or impracticable to market the Offer Shares or enforce contracts for sale of the Offer Shares, a material adverse change or prospective material adverse change affecting the financial condition, results of operations, assets or business of the Company, a breach by the Company or the Current Shareholders of any of the representations, warranties or covenants under the Underwriting Agreement or if certain documents related to the Offering are untrue, inaccurate or misleading in any material respect or a matter has arisen that constitutes a material omission from such documents. If the Managers elect to terminate their several commitments, the Offering may be cancelled and, if it is cancelled, no Offer Shares will be delivered. All dealings in the Offer Shares prior to delivery and settlement are at the sole risk of the parties concerned.

Pursuant to the Underwriting Agreement, the Managers will be granted an option to purchase up to an additional 16,335,002 Offer Shares, equal to up to 15%

of the total number of shares sold in the Offer, at the Offering Price from the Selling Shareholder, solely to cover over-allotments or short positions, if any, exercisable for a period of 30 calendar days after the first day of trading in and official listing of the Offer Shares. If any additional Offer Shares are agreed to be purchased under this option, each Manager will be obligated, subject to certain conditions contained in the Underwriting Agreement, to purchase a number of additional Offer Shares proportionate to that Manager’s initial percentage of Offer Shares reflected in the table above, and the Selling Shareholder will be obligated to sell a number of Offer Shares proportionate to the additional Offer Shares over which it has granted this option.

Purchasers of the Offer Shares may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the Offering Price.

Application has been made to admit the Offer Shares for trading and official listing on Nasdaq Stockholm and trading in the Offer Shares is expected to commence on 25 November 2015. The trading and official listing is subject to, among other things, Nasdaq Stockholm’s approval of the distribution of the Offer Shares. The Offer Shares are expected to be delivered to investors’ accounts on or around 27 November 2015. The Offer Shares will be accepted for delivery through the facilities of Euroclear Sweden against payment in immediately available funds. All dealings in the Offer Shares prior to settlement will be for the account of and at the sole risk of the parties involved.

In connection with the Offering, the Managers and any affiliates acting as investors for their own account may take up the Offer Shares and in that capacity may retain, purchase or sell the Offer Shares, for their own

## PLAN OF DISTRIBUTION

account and may offer or sell such securities otherwise than in connection with the Offering, in each case, in accordance with applicable law. The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Company and the Selling Shareholder have been advised by the Managers that: (i) the Managers, through their respective selling agents propose to sell the Offer Shares in the United States only to “qualified institutional buyers” as defined in Rule 144A (“**QIBs**”) in reliance on Rule 144A of the U.S. Securities Act, (ii) the Managers propose to sell the Offer Shares outside the United States in compliance with Regulation S; and (iii) the Managers propose to sell Offer Shares to retail and institutional investors in Sweden. The Company, the Selling Shareholder and the Managers have agreed that to the extent any Offer Shares are sold to QIBs, such Offer Shares shall be allocated from existing shares sold by the Selling Shareholder. Any offer or sale of Offer Shares in reliance on Rule 144A of the U.S. Securities Act will be made by broker dealers who are registered as such under the U.S. Exchange Act. Terms used in this paragraph have the meanings given to them by Regulation S and Rule 144A under the U.S. Securities Act.

No action has been or will be taken in any jurisdiction other than Sweden that would permit a public offering of the Offer Shares, or the possession, circulation or distribution of the Prospectus or any other material relating to the Company or the Offer Shares, in any jurisdiction where action for that purpose is required. Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, and neither the Prospectus nor any other offering material or advertisements in connection with the Offer Shares may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

The Company will agree with the Managers that it will not, except as set forth below, for a period of 180 days from the first day of trading and official listing of the Offer Shares, without the prior written consent of the Joint Global Coordinators: (i) issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any new or extend any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares, (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or (iii) submit to its shareholders a proposal to effect any of the foregoing.

The foregoing sentence shall not apply to: (i) the issue and sale of Offer Shares as described in the Prospectus (including in connection with any share investments made by employees using incentive payments received as a consequence of the changes to the incentive program in connection with the Offering); (ii) issues of shares to employee incentive plans or (iii) acceptance of a public tender offer made to all holders (or substantially all holders) of the shares of the Company or any other similar M&A transaction.

The Current Shareholders will agree with the Managers that they will not, except as set forth below, for a period of 180 days after the first day of trading and official listing of the Offer Shares, without the prior written consent of the Joint Global Coordinators: (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any new or extend any option, right or warrant to purchase, lend, cause the Company to issue, or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any of its shares, or any securities convertible into or exercisable or exchangeable for such shares in the Company, (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such shares, whether any such transactions described in clause (i) or (ii) above are to be settled by delivery of such shares or such other securities, in cash or otherwise; or (iii) propose any shareholders’ meeting of the Company, or convene or take action to convene any shareholders’ meeting for the purpose of proposing, any resolution of the Company authorising the issue of any shares or warrants to subscribe for shares. The foregoing sentence shall not apply to, *inter alia*: (i) the sale of the Offer Shares in the Offering; (ii) the lending of shares under the Underwriting Agreement; or (iii) acceptance of a public tender offer made to all holders (or substantially all holders) of the shares of the Company.

In addition, the current shareholding members of the Company’s board of directors and its senior management and key employees that hold shares, directly or indirectly, in the Company as of the date of the Prospectus will agree with the Managers that they will not, for a period of 360 days from the first day of trading in, and official listing of, the Offer Shares, without the prior written consent of the Joint Global Coordinators: (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any new or extend any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any shares or any securities convertible into or exercisable or exchangeable for such shares; (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such shares, whether any such transaction



## PLAN OF DISTRIBUTION

described in clause (i) or (ii) above is to be settled by delivery of such shares or such other securities, in cash or otherwise; or (iii) propose any shareholders' meeting of the Company, or convene or take action to convene any shareholders' meeting for the purpose of proposing any resolution of the Company authorising the issue of any shares or warrants to subscribe for shares. The foregoing shall not apply to: (i) a transfer of shares to a related party, provided such individual or entity agrees in writing to be bound by the lock-up agreement; (ii) acceptance of a public tender offer made to all holders (or substantially all holders) of the shares of the Company and made on terms that treat all holders of shares alike, or from executing and delivering an irrevocable undertaking to accept such public offer; and (iii) the sale of the Offer Shares in the Offering in accordance with the Prospectus.

In connection with the Offering, the Joint Global Coordinators may engage in transactions that stabilise, maintain or otherwise affect the price of the Offer Shares for up to 30 days from the first day of trading in and official listing of the Offer Shares on Nasdaq Stockholm. Specifically, the Managers, the Selling Shareholder and the Company have agreed that the stabilising manager on behalf of the Managers may over-allot Offer Shares by accepting offers to purchase a greater number of Offer Shares than for which they are obligated to procure purchasers under the Underwriting Agreement, creating a short position. A short sale is covered if the short position is no greater than the number of Offer Shares available for purchase by the stabilising manager on behalf of the Managers under the Over-allotment Option. The Managers can close out a covered short sale by exercising the Over-allotment Option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the Managers will consider, among other things, the open market price of shares compared to the price available under the Over-allotment Option. As an additional means of facilitating the Offering, the stabilising manager or its agents may effect transactions to stabilise the price of the shares. These activities may support the market price of the Offer Shares at a level higher than that which might otherwise prevail. Such transactions may be effected on Nasdaq Stockholm, in the over-the-counter markets or otherwise. The stabilising manager and its agents are not required to engage in any of these activities and, as such, there is no assurance that these activities will be undertaken; if undertaken, the stabilising manager or its agents may end any of these activities at any time and they must be brought to an end at the end of the 30-day period mentioned above. Save as required by law or regulation, the stabilising manager does not intend to disclose the extent of any stabilisation transactions during the stabilisation period.

Prior to the Offering, the Offer Shares have never been listed and there is currently no public market for the Offer Shares. The Offering Price will be determined by the Company's board of directors and the Principal Owner following consultation with the Managers, on the basis of a number of factors, including the following:

- the orders, in terms of price and quantity, received from potential institutional and retail investors;
- prevailing market conditions;
- the Company's historical, operational and financial performance;
- estimates of the Company's business potential and earning prospects; and
- the market valuation of publicly traded common stock of comparable companies.

The Offering Price is expected to be announced no later than 25 November 2015. The indicative Offering Price Range set forth elsewhere in the Prospectus is subject to change as a result of market conditions and other factors. See also "*Terms and Conditions - The Offering Price*". There can be no assurance that an active trading market will develop for the Offer Shares or that the Offer Shares will trade in the public market after the Offering at or above the Offering Price. See also "*Risk Factors - Risks relating to the Offering*".

Some of the Managers and their respective affiliates have from time to time engaged in, and may in the future engage in, commercial banking, investment banking and financial advisory transactions and services in the ordinary course of their business with the Company or the Selling Shareholders or any of their respective related parties. With respect to certain of these transactions and services, the sharing of information is generally restricted for reasons of confidentiality, internal procedures or applicable rules and regulations. The Managers have received and will receive customary fees and commissions for these transactions and services and may come to have interests that may not be aligned or could potentially conflict with potential investors' and the Company's interests.

## Selling restrictions

### United States

The Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States for offer or sale as part of their distribution and may not be sold within the United States except in certain transactions exempt from the registration requirements of the U.S. Securities Act. The Offer Shares may only be: (i) resold in the United States only to QIBs in reliance on Rule 144A under the U.S. Securities Act; and (ii) offered and sold outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and in accordance with applicable law. Any offer or sale of Offer Shares in reliance on Rule 144A will be made by broker-dealers who are registered as such under the U.S. Exchange Act. Terms used above shall have the meanings given to them by Regulation S and Rule 144A under the U.S. Securities Act.

### European Economic Area

The Offer Shares have not been, and will not be, offered to the public in any Member State of the EEA that has implemented the Prospectus Directive, excluding Sweden (each, a “**Relevant Member State**”). Notwithstanding the foregoing, an offering of the Offer Shares may be made in a Relevant Member State:

- to any legal entity that is a qualified investor as defined in the Prospectus Directive;
- to investors who acquire Offer Shares for a total consideration of at least EUR 100,000 per investor;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive;

*provided* that no such offer of Offer Shares shall result in a requirement for the publication by the Company, the Selling Shareholders or any Manager of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the Offer Shares so as to enable an investor to decide to purchase Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression “Prospectus Directive” means Directive

2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

### United Kingdom

The Prospectus has not been approved by an authorized person for the purposes of section 21 of the Financial Services and Markets Act 2000 (as amended). Accordingly, the Prospectus is only for distribution to and directed at: (i) in the United Kingdom, persons having professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the “**Order**”) and high net worth entities falling within Article 49(2)(a) to (d) of the Order; (ii) persons who are outside the United Kingdom; and (iii) any other person to whom it can otherwise be lawfully distributed (all such persons together being referred to as “Relevant Persons”). Any investment or investment activity to which the Prospectus relates is available only to and will be engaged in only with Relevant Persons. Persons who are not Relevant Persons should not take any action based upon the Prospectus and should not rely on it.

### Canada

The Offer Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Offer Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if the Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (**NI 33-105**), the Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

## PLAN OF DISTRIBUTION

### General

No action has been or will be taken in any country or jurisdiction other than Sweden that would, or is intended to, permit a public offering of the Offer Shares, or the possession or distribution of the Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required.

Persons into whose hands the Prospectus comes are required by the Company, the Selling Shareholders and

the Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Offer Shares or have in their possession or distribute such offering material, in all cases at their own expense. None of the Company, the Selling Shareholders or the Managers accept any legal responsibility for any violation by any person, whether or not a prospective subscriber or purchaser of any of the Offer Shares, of any such restrictions.

## Definitions

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The terms defined below are used in the Prospectus:

<b>Aftermarket</b>	Upgrade and replacement products, spare parts and consumables for the RV, CPV and Marine OEM Markets as well as vehicle independent Aftermarket products, e.g. Mobile coolers and hotel minibars.
<b>Atwood</b>	Atwood Mobile Products.
<b>CAA</b>	The Federal Clean Air Act.
<b>Carnegie</b>	Carnegie Investment Bank AB (publ).
<b>CERCLA</b>	The Comprehensive Environmental Response, Compensation, and Liability Act of 1980.
<b>Clean Water Act</b>	The Federal Water Pollution Control Act.
<b>Co-lead Manager</b>	Handelsbanken.
<b>Code</b>	The Swedish Code of Corporate Governance.
<b>Cornerstone Investors</b>	AMF, Handelsbanken Fonder <sup>1</sup> and Nordea Funds.
<b>CPV</b>	One of the Company's business areas characterized by sales of various products related to Heavy trucks and Premium cars.
<b>CPV OEM Market</b>	All products in the following product categories for sale to CPV OEMs: refrigerators, air conditioning (parking coolers), inverters, heating, rear view systems and certain other related products. <sup>2</sup>
<b>Credit Facilities</b>	A USD 60,034,818 amortising term loan facility, a EUR 37,140,400 amortising term loan facility and an AUD 24,989,170 amortising term loan facility; a USD 210,121,869 term loan facility, a EUR 129,991,403 term loan facility and an AUD 87,462,098 term loan facility; and a EUR 132,644,287 revolving credit facility (available for drawing in SEK, USD and EUR).
<b>Dometic, the Company or the Group</b>	Dometic Group AB (publ), the group in which Dometic Group AB (publ) is the parent company, as the context may require.
<b>ELV2</b>	The Directive of End of Life for Vehicles.
<b>EPCRA</b>	The Federal Emergency Planning and Community Right-to-Know Act.
<b>EQT V or the Principal Owner</b>	EQT V Limited, a limited liability company organised under the laws of the Island of Guernsey, with registered office at Level 4 North, St Julian's Court, St Julian's Avenue, St Peter Port, Guernsey, GY1 1WA acting in its capacity as general partner of EQT V (General Partner) LP, in turn acting in its capacity as (i) general partner of the EQT V (No. 1) Limited Partnership and EQT V (No. 2) Limited Partnership and EQT Dometic Co-investment LP Limited Partnership; (ii) manager of certain assets of Investor Netherlands B.V. and (iii) manager of the EQT V Co-Investment Scheme.
<b>ERP</b>	Enterprise Resource Planning.
<b>EUR</b>	Euro.
<b>Euroclear Sweden</b>	Euroclear Sweden AB.
<b>Existing Indebtedness</b>	The Company's existing indebtedness consisting of Pre-IPO Facilities, PIK Toggle Notes and local credit facilities.

<sup>1</sup> Handelsbanken Fonder is an affiliate of Svenska Handelsbanken AB (publ), an underwriter in the Offering through Handelsbanken Capital Markets.

<sup>2</sup> Market sizes are based on estimated value for 2015. Dometic's market shares, included in the "Market Overview" and "Business Overview", are management estimates, using net sales for the period 1 July 2014 to 30 June 2015 divided by the respective Market estimated for 2015.

## DEFINITIONS

<b>Facilities Agreement</b>	Term and multicurrency revolving credit facilities agreement entered into on 27 October 2015 with DNB Sweden AB, Nordea Bank AB (publ), Skandinaviska Enskilda Banken AB (publ) and Svenska Handelsbanken AB (publ) as lenders.
<b>F-Gas</b>	The EU regulation on fluorinated greenhouse gases.
<b>Handelsbanken</b>	Handelsbanken Capital Markets, a part of Svenska Handelsbanken AB (publ).
<b>HKD</b>	Hong Kong dollar.
<b>HNWI</b>	High net worth individuals.
<b>IFRS</b>	International Financial Reporting Standards, as adopted by the European Union.
<b>IMF</b>	International Monetary Fund.
<b>Installed base</b>	Number of products in use.
<b>Jefferies</b>	Jefferies International Limited.
<b>Joint Bookrunners</b>	Carnegie and UBS.
<b>Joint Global Coordinators</b>	Jefferies, Morgan Stanley and SEB.
<b>Lock-up period</b>	The Lock-up period as described under the section " <i>Plan of distribution - Lock-up arrangements</i> ".
<b>Lodging</b>	One of the Company's business areas characterized by sales of primarily minibars for use in hotel rooms or cruise ships.
<b>LTM</b>	Last twelve months.
<b>Managers</b>	Jefferies, Morgan Stanley, SEB, Carnegie, UBS and Handelsbanken.
<b>Marine</b>	One of the Company's business areas characterized by sales of various equipment for leisure and commercial boats.
<b>Marine OEM Market</b>	All products in the following product categories for sale to Pleasure and Work boat OEMs: air conditioning, sanitation, kitchens (including refrigerators) and certain other related products such as ice makers, water purifiers and vacuum cleaners. <sup>3</sup>
<b>Market</b>	The market for all products in the product categories in which Dometic has a product offering, or has near-term growth plans. The market is represented by the regions where Dometic is present, i.e. Americas, EMEA and APAC. For market information in the Prospectus, unless otherwise stated, EMEA is defined as the European countries and South Africa, Americas constitute the U.S. and APAC primarily constitute Australia. <sup>4</sup>
<b>Morgan Stanley</b>	Morgan Stanley & Co. International plc.
<b>MSEK</b>	Million Swedish kronor.
<b>Nasdaq Stockholm</b>	The regulated market operated by NASDAQ OMX Stockholm AB.
<b>OEM</b>	A sales channel characterized by customers who are original equipment manufacturers (with respect to the Company's RV, CPV and Marine business areas).
<b>Offering</b>	The offer of shares as set out in the Prospectus.
<b>Offering Price</b>	The final offering price which is expected to be determined within the range of SEK 43-52.
<b>Offering Price Range</b>	SEK 43-52 per share, set based on the anticipated investment interest from institutional investors.

<sup>3</sup> Market sizes are based on estimated value for 2015. Dometic's market shares, included in the "*Market Overview*" and "*Business Overview*", are management estimates, using net sales for the period 1 July 2014 to 30 June 2015 divided by the respective Market estimated for 2015.

<sup>4</sup> Market sizes are based on estimated value for 2015. Dometic's market shares, included in the "*Market Overview*" and "*Business Overview*", are management estimates, using net sales for the period 1 July 2014 to 30 June 2015 divided by the respective Market estimated for 2015.

## DEFINITIONS

<b>OPA</b>	The Federal Oil Pollution Act.
<b>Order</b>	Financial Services and Markets Act 2000 (Financial Promotion).
<b>OSHA</b>	The Federal Occupational Safety and Health Act.
<b>Over-Allotment Option</b>	The over-allotment option described in section “ <i>Plan of distribution</i> ”.
<b>PIK Interest</b>	Interest on PIK Toggle Notes which can be paid by increasing the principal amount of the notes or by issuing additional notes in a principal amount equal to such interest.
<b>PIK Toggle Notes</b>	Notes issued by Dometic on 24 June 2016 in the form of Senior PIK Toggle Notes with an aggregate principal amount of EUR 314 million due 2019.
<b>PMI</b>	Dometic’s organization for product management and innovation.
<b>Post-IPO Facilities</b>	A term loan and multicurrency revolving credit facilities agreement.
<b>PPA</b>	The Federal Pollution Prevention Act.
<b>Pre-IPO Facilities</b>	A senior secured term loan A facility (with one EUR, one AUD and two USD tranches); a senior secured term loan B facility (with two EUR, two AUD and three USD tranches); a senior secured capital expenditure facility; and a senior secured revolving facility.
<b>Pre-IPO Facilities Agreement</b>	A senior facilities agreement (as amended and restated) entered into on 8 March 2011 by Dometic Koncern AB, one of Dometic’s subsidiaries.
<b>Prospectus</b>	This Prospectus.
<b>Prostor</b>	Subsidiary of the Belgian company Brustor NV.
<b>QIBs</b>	Qualified institutional buyers.
<b>RCRA</b>	The Federal Resource Conservation and Recovery Act.
<b>REACH</b>	The Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals.
<b>Refinancing</b>	The refinancing of a portion of the Company’s existing indebtedness.
<b>Regulation S</b>	Regulation S under the Securities Act.
<b>Retail</b>	One of the Company’s business areas characterized by sales of primarily Mobile coolers for use in leisure activities.
<b>RoHS</b>	The European Union’s Restrictions on Hazardous Substances.
<b>RUB</b>	Russian ruble.
<b>Rule 144A</b>	Rule 144A under the Securities Act.
<b>RV</b>	One of the Company’s business areas characterized by sales of products related to Recreational Vehicles.
<b>RV OEM Market</b>	All products in the following product categories for RV OEMs: windows & doors, awnings, air conditioning, sanitation, refrigerators, kitchens, heaters, rear view systems and certain other related products such as bike racks and vacuum cleaners. <sup>5</sup>
<b>SDWA</b>	The Federal Safe Drinking Water Act.
<b>SEB</b>	SEB Corporate Finance, Skandinaviska Enskilda Banken AB (publ).
<b>Securities Act</b>	The U.S. Securities Act of 1933, as amended.
<b>SEK</b>	Swedish krona.
<b>Selling Shareholder</b>	Frostbite I S.å r.l.

<sup>5</sup> Market sizes are based on estimated value for 2015. Dometic’s market shares, included in the “*Market Overview*” and “*Business Overview*”, are management estimates, using net sales for the period 1 July 2014 to 30 June 2015 divided by the respective Market estimated for 2015.



## DEFINITIONS

<b>SG&amp;A programme</b>	Dometic's expense program in EMEA for lowering selling and administration costs.
<b>Stabilization Manager</b>	SEB.
<b>Third-party Market Report</b>	Third-party Market Report that the Company has commissioned from a leading international strategy consultancy firm.
<b>TSCA</b>	The Federal Toxic Substances Control Act.
<b>UBS</b>	UBS Limited.
<b>USD</b>	U.S. Dollar.
<b>Underwriting Agreement</b>	The agreement regarding placing of shares described in section " <i>Plan of distribution</i> ".
<b>WEEE</b>	Directive on Waste Electrical and Electronic Equipment.
<b>2010 PD Amending Directive</b>	Directive 2010/73/EU.

**Historical financial information**

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## Interim financial information for January - September 2015

### REPORT ON THE THIRD QUARTER 2015



#### Third quarter

- Net sales for the third quarter totaled SEK 2 885 million (2 147), an increase of 34%, of which 10% was organic growth, 15% acquisitions and 9% currencies.
- EBIT before items affecting comparability amounted to SEK 362 million (257), representing a margin of 12.6% (12.0%).
- Operating cash flow totaled SEK 388 million (416).
- The net result for the third quarter was SEK 112 million (-56).

#### First nine months of the year

- Net sales for the first nine months of the year totaled SEK 8 962 million (6 599) an increase of 36%, of which 8% was organic growth, 17% acquisitions and 11% currencies.
- EBIT before items affecting comparability amounted to SEK 1 212 million (855), representing a margin of 13.5% (13.0%).
- Operating cash flow totaled SEK 767 million (650).
- The net result for the first nine months was SEK 471 million (-497).

### FINANCIAL OVERVIEW (SUMMARY CONSOLIDATED FINANCIAL INFORMATION)

SEK million	Q3 2015	Q3 2014	YTD 2015	YTD 2014	LTM 2015	FY 2014
Net sales	2 885	2 147	8 962	6 599	11 169	8 806
EBITDA	441	305	1 472	976	1 638	1 143
% of net sales	15.3%	14.2%	16.4%	14.8%	14.7%	13.0%
<b>EBITDA before i.a.c.</b>	<b>436</b>	<b>305</b>	<b>1 431</b>	<b>994</b>	<b>1 661</b>	<b>1 224</b>
% of net sales	15.1%	14.2%	16.0%	15.1%	14.9%	13.9%
EBIT	367	257	1 253	837	1 353	937
% of net sales	12.7%	12.0%	14.0%	12.7%	12.1%	10.6%
<b>EBIT before i.a.c.</b>	<b>362</b>	<b>257</b>	<b>1 212</b>	<b>855</b>	<b>1 375</b>	<b>1 018</b>
% of net sales	12.6%	12.0%	13.5%	13.0%	12.3%	11.6%
Net result	112	-56	471	-497	140	-828
<b>Operating cash flow<sup>(1)</sup></b>	<b>388</b>	<b>416</b>	<b>767</b>	<b>650</b>	<b>1 104</b>	<b>987</b>
Core working capital	2 607	2 063	2 607	2 063	2 607	2 192
Capital expenditure	-58	-39	-188	-125	-254	-191
RoOC	36%	43%	36%	43%	36%	35%

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

## CEO'S COMMENTS

### ORGANIC GROWTH OF 10% AND IMPROVED EBIT MARGIN

The third quarter showed increased sales in essentially all businesses worldwide, with organic growth reaching 10%. All regions improved their EBIT margin and including our acquisitions, the Group margin increased from 12.0% to 12.7% in the quarter.

The RV markets continue to grow with Europe as the major driver. During the quarter we have seen considerable interest in all the RV shows in Europe and the US. It is a good sign that the major markets are experiencing healthy momentum for the coming year. It is also encouraging to see that our Marine and Commercial & Passenger Vehicles (CPV) businesses are seeing overall growth. Our second largest business area, CPV, was particularly successful, delivering 17% top line growth with increases in all three regions.

The Asia Pacific region has displayed more modest development in terms of sales, both in the third quarter as well as for the year to date. Our major markets in the region, Australia and New Zealand, are performing well. The regional result improvement for APAC in both absolute and relative terms shows that despite market conditions, we are able to strengthen our business.

Our cost reduction and efficiency initiatives are progressing according to our expectations. Furthermore, we are making a concerted effort to improve efficiency in logistics in our two largest regions. The integration of Atwood in the US is yielding the expected synergies and the new organization in Americas is already well established and focusing on strengthening the business.

We are continuing to work on our strategic initiatives for profitable growth through productivity improvements, new products and marketing activities.

Roger Johansson  
President and CEO

SEK million	Q3 2015	Q3 2014	Change (%) Rep.	Change (%) Adj. <sup>(1)</sup>	YTD 2015	YTD 2014	Change (%) Rep.	Change (%) Adj. <sup>(1)</sup>	LTM 2015	FY 2014
Americas	1 461	827	77%	46%	4 334	2 421	79%	46%	5 308	3 395
EMEA	1 082	932	16%	12%	3 552	3 130	13%	9%	4 383	3 961
Asia Pacific	342	297	15%	14%	1 007	825	22%	14%	1 314	1 131
Medical Systems <sup>(2)</sup>	0	91	n/a	n/a	69	223	-69%	-70%	164	319
<b>Total Net Sales</b>	<b>2 885</b>	<b>2 147</b>	<b>34%</b>	<b>22%</b>	<b>8 962</b>	<b>6 599</b>	<b>36%</b>	<b>22%</b>	<b>11 169</b>	<b>8 806</b>
Americas	180	107	68%	35%	551	313	76%	40%	616	379
EMEA	90	58	56%	51%	394	281	40%	30%	400	287
Asia Pacific	92	66	40%	27%	239	198	21%	4%	303	261
Medical Systems	0	26	n/a	n/a	28	63	-55%	-56%	56	91
<b>Total EBIT<sup>(3)</sup></b>	<b>362</b>	<b>257</b>	<b>41%</b>	<b>22%</b>	<b>1 212</b>	<b>855</b>	<b>42%</b>	<b>22%</b>	<b>1 375</b>	<b>1 018</b>

<sup>1)</sup> Represents change in comparable currency.

<sup>2)</sup> Medical Systems was divested in Q1-2015.

<sup>3)</sup> EBIT before i.a.c.

## FINANCIAL SUMMARY OF THE THIRD QUARTER

Net sales in the three months ending September 30, 2015, totaled SEK 2 885 million, representing an increase of 34 percent compared with SEK 2 147 million in the three months ending September 30, 2014. Adjusted for currency movements and acquired and divested units, net sales rose 10%. All regions report sales improvement in comparable currency. Starting from Q3 2015, the acquired Atwood results are split between Americas and APAC to match the organization.

EBIT totaling SEK 362 million in Q3 2015 before items affecting comparability displayed a 41% increase compared with SEK 257 million in Q3 2014. All regions report an improvement in earnings.

Items affecting comparability, net SEK +5 million, consist of costs for the integration of Atwood and insurance reimbursement relating to last year's fire in our manufacturing site in Filakovo, Slovakia.

**Financial items**, net expense of SEK 206 million, include, in addition to interest expenses mainly amortization of capitalized loan expenses. Leverage in Q3 2015 was 5.1 vs 6.6 in Q3 2014.

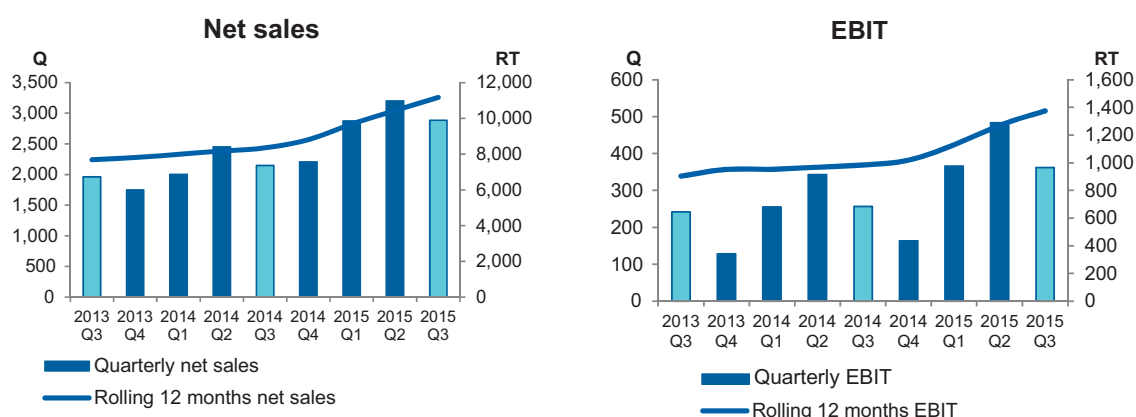
**Taxes** totaled 49 SEK million. The main reason for the decrease compared with last year is favorable revaluation of tax related to prior years. Tax charge rate in relation to operating profit was 13.3% vs 24.5% in Q3 2014. YTD our tax charge was 17.5% vs 20.2% in 2014.

**Operating cash flow** of SEK 388 million was lower than in the same quarter of last year, SEK 416 million, primarily as a result of negative changes in working capital, mainly related to timing issues.

**Net profit** of SEK 112 million compared with a net loss of SEK -56 million in Q3 2014.

## EVENTS DURING THE QUARTER

Gun Nilsson and Erik Olsson were appointed members of the Board. No other significant events occurred during the period.



## AMERICAS

SEK million	Q3 2015	Q3 2014	Change (%)		YTD 2015	YTD 2014	Change (%)		LTM 2015	FY 2014
			Rep.	Adj. <sup>(1)</sup>			Rep.	Adj. <sup>(1)</sup>		
Net sales	1 461	827	77%	46%	4 334	2 421	79%	46%	5 308	3 395
EBIT <sup>(2)</sup>	180	107	68%	35%	551	313	76%	40%	616	379

<sup>1)</sup> Represents change in comparable currency.

<sup>2)</sup> EBIT before i.a.c

### QUARTERLY NET SALES AND EBIT

Americas, which accounted for 51 percent of sales in Q3 2015, reported net sales of SEK 1 461 million. This represents a sales increase of 77 percent compared with Q3 2014. Atwood Americas sales of SEK 371 million are included in Q3 2015.

EBIT of SEK 180 million was 68 percent higher than last year. The addition of Atwood had a positive impact on EBIT, and the underlying result also experienced a positive margin development.

### Americas markets

In the US, growth in the volume of RV shipments from OEM manufacturers to dealers continues to grow, but at a slower pace. The past three months displayed 1 percent growth, compared with 8 percent in Q1 and 2 percent in Q2. However, good feedback from a recent Open House event in Elkhart, Indiana (the center for the US RV industry) confirms continued positive momentum in the market.

In the Pleasure boat market, most categories have seen an improvement compared with earlier in the year. Yachts over 40 feet, where we have the greatest content, continue to outpace the rest of the market by showing double digit growth.

### Sales by business area

Sales for Q3 in Americas, including Atwood, were split 67 percent OEM and 33 percent AM.

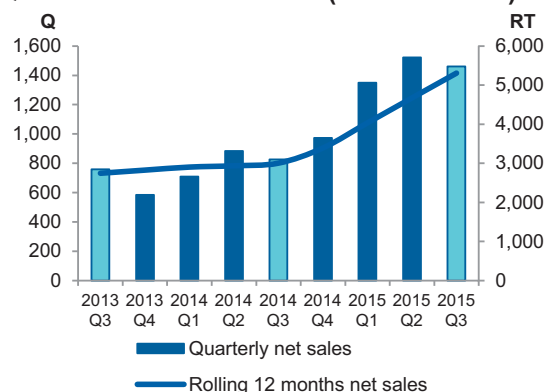
Sales in the RV business area increased in both the OEM and Aftermarket channels. OEM growth from market volume improvements was partially offset by price pressure in some product categories. Sales in the AM channel were positively affected by higher sales of air conditioners and awnings. The addition of Atwood increased the share of sales in the RV business area.

In the Marine business area, sales were higher than in Q3 2014, due to growth in both the OEM and Aftermarket channels. OEM growth occurred on back of an extended product offering and market growth.

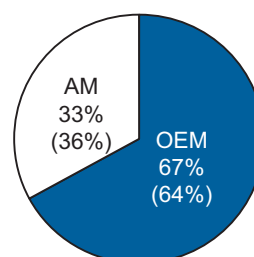
Sales in the CPV business area rose in both the OEM and AM channels. Sales of truck refrigerators continue to fuel healthy sales volumes.

The Retail business area increased sales while the Lodging business area declined in the quarter compared with the same period last year.

QUARTERLY NET SALES (SEK MILLION)



SALES Split AM/OEM





**EMEA**

SEK million	Q3	Q3	Change (%)		YTD	YTD	Change (%)		LTM	FY
	2015	2014	Rep.	Adj. <sup>(1)</sup>	2015	2014	Rep.	Adj. <sup>(1)</sup>	2015	2014
Net sales	1 082	932	16%	12%	3 552	3 130	13%	9%	4 383	3 961
EBIT <sup>(2)</sup>	90	58	56%	51%	394	281	40%	30%	400	287

<sup>1)</sup> Represents change in comparable currency.

<sup>2)</sup> EBIT before i.a.c

**QUARTERLY NET SALES AND EBIT**

EMEA, which represented 37 percent of sales in Q3 2015, reported net sales of SEK 1 082 million. This equates to a sales increase of 16 percent, compared with Q3 2014.

EBIT of SEK 90 million represented an increase of 56 percent compared with last year. Higher sales volume combined with lower operating costs are the main reasons for the improvement in earnings.

**EMEA markets**

The trend of increased RV registrations in the larger European markets continued into the third quarter. Growth over the past three months amounted to 14 percent compared with the same period last year, vs. growth of 11 percent in Q1 and 8 percent in Q2. For the first nine months of the year, almost all of the largest countries in Europe, except Sweden, showed a higher number of registrations than last year.

Heavy truck registrations in the past three months increased by 22 percent compared with the same period last year. This is slightly higher than the YTD development.

**Sales by business area**

Sales for Q3 in EMEA were split 46 percent OEM and 54 percent AM.

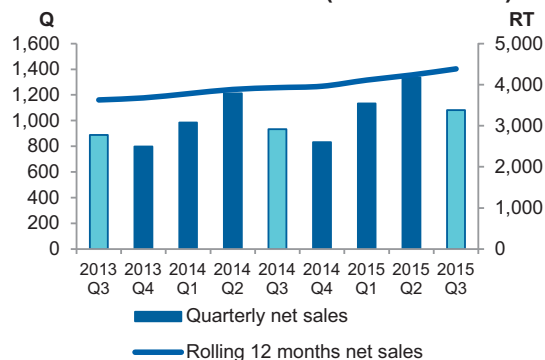
Sales in the RV business area rose in the quarter. Both the OEM and Aftermarket channels are benefiting from the positive momentum in the market. Recent annual caravan shows in Germany and Sweden confirm strong markets and increased interest in RVing.

The Marine business area showed a decline in sales with growth in AM, but softer development in OEM.

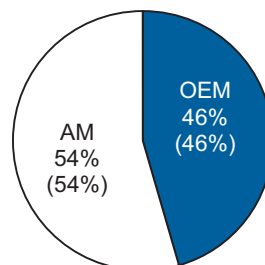
In the CPV business area, sales increased in both the OEM and Aftermarket channels, as sales of roof top air conditioners continue to develop well.

The Lodging and Retail business areas increased sales compared with the same period last year. Retail growth was mainly attributable to increased sales of wine cellars and portable cooling boxes.

**QUARTERLY NET SALES (SEK MILLION)**



**SALES Split AM/OEM**



## Asia Pacific

SEK million	Q3	Q3	Change (%)		YTD	YTD	Change (%)		LTM	FY
	2015	2014	Rep.	Adj. <sup>(1)</sup>	2015	2014	Rep.	Adj. <sup>(1)</sup>	2015	2014
Net sales	342	297	15%	14%	1 007	825	22%	14%	1 314	1 131
EBIT <sup>(2)</sup>	92	66	40%	27%	239	198	21%	4%	303	261

<sup>1)</sup> Represents change in comparable currency.

<sup>2)</sup> EBIT before i.a.c

### QUARTERLY NET SALES AND EBIT

APAC, which accounted for 12 percent of sales in Q3 2015, reported net sales of SEK 342 million. This corresponds to a sales increase of 15 percent compared with Q3 2014. APAC includes the Australian part of Atwood of SEK 43 million.

EBIT of SEK 92 million represented an increase of 40 percent on last year. The improvement in earnings was mainly due to the addition of Atwood but the underlying result also experienced a positive margin improvement.

### APAC markets

Statistics on Australian domestic RV production showed an increase of almost 4 percent in the past three months, compared with the same period last year. YTD August data indicate a growth of 7 percent.

### Sales by business area

Sales for Q3 in APAC were split 54 percent OEM and 46 percent AM.

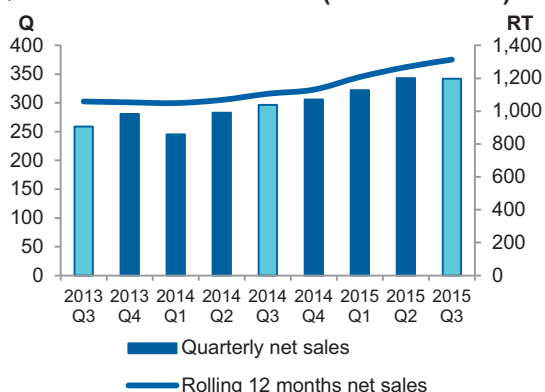
In the RV business area, sales rose in the quarter, with growth in both the Aftermarket and OEM channel. OEM customers tend to change their manufacturing volume to fit with the timing of RV shows, and in 2015 the shows came later than in 2014 which had a negative impact on volumes when comparing quarters year-on-year. The addition of Atwood increased the share of sales in the RV business area.

In the Marine business area, overall sales declined, with Aftermarket showing growth and OEM decreasing. The decline in OEM is mainly due to lower sales in Taiwan and Hong Kong. Growth in Aftermarket was attributable to increased sales in SE Asia and Australia.

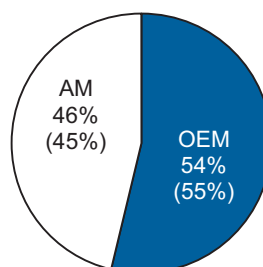
The CPV business area recorded higher sales, with a sales increase in the Aftermarket channel, and a softer development in the OEM. Both channels experienced negative sales development in China, partly offset by improvements in Australia.

Both the Lodging and Retail business areas showed sales growth. Retail growth was mainly driven by a strong performance in Australia, more than offsetting the weaker market in China.

QUARTERLY NET SALES (SEK MILLION)



SALES Split AM/OEM



## QUARTERLY FINANCIAL STATEMENTS CONSOLIDATED INCOME STATEMENT

SEK million	Q3 2015	Q3 2014	YTD 2015	YTD 2014	LTM 2015	FY 2014
Net sales	2 885	2 147	8 962	6 599	11 169	8 806
Cost of goods sold	-2 020	-1 460	-6 285	-4 520	-7 891	-6 126
<b>Gross Profit</b>	<b>865</b>	<b>687</b>	<b>2 677</b>	<b>2 079</b>	<b>3 278</b>	<b>2 680</b>
Sales expenses	-369	-316	-1 077	-905	-1 409	-1 237
Administrative expenses	-134	-110	-376	-319	-478	-421
Other operating income and expenses	17	-5	39	0	45	6
Items affecting comparability	5	0	41	-18	-22	-81
Amortization of customer relationship	-17	-	-51	-	-61	-10
<b>Operating profit</b>	<b>367</b>	<b>257</b>	<b>1 253</b>	<b>837</b>	<b>1 353</b>	<b>937</b>
Financial income	0	0	1	1	2	2
Financial expenses	-206	-250	-564	-1 166	-1 044	-1 646
<b>Loss from financial items</b>	<b>-206</b>	<b>-250</b>	<b>-563</b>	<b>-1 165</b>	<b>-1 042</b>	<b>-1 644</b>
<b>Profit (loss) before income tax</b>	<b>161</b>	<b>7</b>	<b>690</b>	<b>-328</b>	<b>311</b>	<b>-707</b>
Taxes	-49	-63	-219	-169	-171	-121
<b>Profit (loss) for the period</b>	<b>112</b>	<b>-56</b>	<b>471</b>	<b>-497</b>	<b>140</b>	<b>-828</b>
Profit (loss) for the period attributable to owners of the parent	112	-56	471	-497	140	-828

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	Q3 2015	Q3 2014	YTD 2015	YTD 2014	LTM 2015	FY 2014
<b>Profit (loss) for the period</b>	<b>112</b>	<b>-56</b>	<b>471</b>	<b>-497</b>	<b>140</b>	<b>-828</b>
<b>Other comprehensive income</b>						
<b>Items that will not be reclassified subsequently to profit or loss:</b>						
Remeasurements of defined benefit pension plans, net	0	0	3	0	-72	-75
	0	0	3	0	-72	-75
<b>Items that may be reclassified subsequently to profit or loss:</b>						
Cash flow hedges	-5	11	-2	20	24	46
Gains/losses from hedges of net investments in foreign operations, net of tax	27	-	-28	-	-28	-
Currency translation differences	-104	169	-2	577	550	1 129
	-82	180	-32	597	546	1 175
<b>Other comprehensive income for the period</b>	<b>-82</b>	<b>180</b>	<b>-29</b>	<b>597</b>	<b>474</b>	<b>1 100</b>
<b>Total comprehensive income for the period</b>	<b>30</b>	<b>124</b>	<b>442</b>	<b>100</b>	<b>614</b>	<b>272</b>
Total comprehensive income for the period attributable to owners of the parent	30	124	442	100	614	272

**QUARTERLY FINANCIAL STATEMENTS  
CONSOLIDATED BALANCE SHEET - SUMMARY**

SEK million	30 Sept 2015	30 Sept 2014	31 Dec 2014
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	12 970	11 020	13 322
Tangible assets	1 597	1 382	1 629
Deferred tax assets	101	94	180
Derivatives	66	4	41
Other non-current assets	44	39	46
<b>Total non-current assets</b>	<b>14 778</b>	<b>12 539</b>	<b>15 218</b>
<b>Current assets</b>			
Inventories	2 197	1 723	2 020
Trade receivables	1 246	1 046	924
Receivables related parties	22	22	22
Current tax assets	13	15	12
Other current assets	235	216	188
Prepaid expenses and accrued income	100	72	93
Cash and cash equivalents	522	477	592
<b>Total current assets</b>	<b>4 335</b>	<b>3 571</b>	<b>3 851</b>
<b>TOTAL ASSETS</b>	<b>19 113</b>	<b>16 110</b>	<b>19 069</b>
<b>EQUITY</b>	<b>6 901</b>	<b>5 289</b>	<b>6 459</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Liabilities to credit institutions	8 778	7 903	9 396
Deferred tax liabilities	524	533	536
Provisions for pensions	508	377	503
Other provisions	100	83	110
<b>Total non-current liabilities</b>	<b>9 910</b>	<b>8 896</b>	<b>10 545</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	85	92	85
Trade payables	835	705	753
Current tax liabilities	226	171	156
Advance payments from customers	19	14	15
Derivatives	33	12	22
Other provisions	252	206	192
Other current liabilities	197	154	148
Accrued expenses and prepaid income	655	571	694
<b>Total current liabilities</b>	<b>2 302</b>	<b>1 925</b>	<b>2 065</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>19 113</b>	<b>16 110</b>	<b>19 069</b>

**QUARTERLY FINANCIAL STATEMENTS**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

SEK million	Attributable to owners of the parent			
	Share capital	Other reserves	Retained earnings	Total equity
<b>Opening balance 2014-01-01</b>	<b>1</b>	<b>-78</b>	<b>5 266</b>	<b>5 189</b>
Profit for the period			-497	-497
<b>Other comprehensive</b>				
Remeasurements of defined benefit pension plans, net			0	0
Cash flow hedges, net of tax		20		20
Gains/losses from hedges of net investments in foreign operations, net of tax		-		-
Exchange differences on translation of foreign operations		577		577
<b>Total comprehensive income</b>		<b>597</b>	<b>-497</b>	<b>100</b>
<b>Transaction with owners</b>				
Shareholder contribution			-	-
<b>Total transactions with owners</b>			<b>-</b>	<b>-</b>
<b>Closing balance 2014-09-30</b>	<b>1</b>	<b>519</b>	<b>4 769</b>	<b>5 289</b>

SEK million	Attributable to owners of the parent			
	Share capital	Other reserves	Retained earnings	Total equity
<b>Opening balance 2015-01-01</b>	<b>1</b>	<b>1 097</b>	<b>5 361</b>	<b>6 459</b>
Profit for the period			471	471
<b>Other comprehensive</b>				
Remeasurements of defined benefit pension plans, net of tax			3	3
Cash flow hedges, net of tax		-2		-2
Gains/losses from hedges of net investments in foreign operations, net of tax		-28		-28
Exchange differences on translation of foreign operations		-2		-2
<b>Total comprehensive income</b>		<b>-32</b>	<b>474</b>	<b>442</b>
<b>Transaction with owners</b>				
Shareholder contribution			-	-
<b>Total transactions with owners</b>			<b>-</b>	<b>-</b>
<b>Closing balance 2015-09-30</b>	<b>1</b>	<b>1 065</b>	<b>5 835</b>	<b>6 901</b>

**QUARTERLY FINANCIAL STATEMENTS CONSOLIDATED CASH FLOW**

SEK million	Q3 2015	Q3 2014	YTD 2015	YTD 2014	FY 2014
<b>Cash flows from operations</b>					
Operating profit	367	257	1 253	837	937
Depreciation and amortization	74	48	219	139	206
Adjustment for result from sale of subsidiaries	1	-	-83	-	-
Adjustments for other non-cash items	12	-27	-10	24	47
Changes in working capital					
Changes in inventories	-1	47	-187	-54	55
Changes in accounts receivables	161	232	-378	-233	19
Changes in accounts payables	-184	-79	65	71	-37
Changes in other working capital	16	-23	76	-9	-49
Income tax paid	-43	-56	-78	-209	-238
<b>Net cash flow from operations</b>	<b>403</b>	<b>399</b>	<b>877</b>	<b>566</b>	<b>940</b>
<b>Cash flow from investments</b>					
Acquisitions	-2	-58	-12	-58	-2 210
Investments in fixed assets	-58	-39	-188	-125	-191
Proceeds from sale of fixed assets	2	8	3	9	12
Proceeds from sale of subsidiaries	-1	-	657	-	-
Other investing activities	2	0	2	0	0
<b>Net cash flow from investments</b>	<b>-57</b>	<b>-89</b>	<b>462</b>	<b>-174</b>	<b>-2 389</b>
<b>Cash flows from financing</b>					
Shareholder's contribution	-	-	-	-	998
Borrowings	50	-28	54	2 979	4 135
Repayment of loans	-97	-149	-861	-2 842	-2 898
Paid and received interest	-216	-95	-567	-314	-409
Other financing activities	-19	-45	-42	-300	-374
<b>Net cash flow from financing</b>	<b>-282</b>	<b>-317</b>	<b>-1 416</b>	<b>-477</b>	<b>1 452</b>
<b>Cash flow for the period</b>	<b>64</b>	<b>-7</b>	<b>-77</b>	<b>-85</b>	<b>3</b>
Cash and cash equivalents at beginning of period	462	475	592	539	539
Exchange differences on cash and cash equivalents	-4	9	7	23	50
<b>Cash and cash equivalents at end of period</b>	<b>522</b>	<b>477</b>	<b>522</b>	<b>477</b>	<b>592</b>



## CONDENSED NOTES ASSOCIATED WITH QUARTERLY FINANCIAL STATEMENTS

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### NOTE 1 - GENERAL INFORMATION

This interim report has been subject to limited review procedures performed in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity.

### NOTE 2 - ACCOUNTING PRINCIPLES

Dometic Group AB (publ) applies International Financial Reporting Standards (IFRS), as adopted by the EU. This consolidated Interim Financial Report has been prepared in accordance with IAS 34 'Interim Financial Reporting'. The Swedish Annual Accounts Act and RFR 2 Reporting for legal entities have been applied for the parent company.

The accounting policies applied correspond to those described in the 2014 Annual Report, except for with respect to a number of minor amendments to existing standards and new interpretations that took effect on January 1, 2015. These are not judged to have any material effect on the Group's result from operations, or its financial position or disclosures. In addition Dometic Group applies hedge accounting for net investment in foreign operations from January 1, 2015.

The Group consolidated accounts for 2014 have been adjusted due to an identified currency translation difference (SEK 16 million) related to the shareholder contributions received in October 2014. This has been adjusted as a restatement against retained earnings as of January 1, 2015.

For a detailed description of the accounting and valuation policies applied by the Group, see Notes 1, 2 and 4 in the 2014 Annual Report. The Annual Report is available at [www.dometicgroup.com](http://www.dometicgroup.com), under Investors.

### NOTE 3 - RISK AND UNCERTAINTIES

Dometic Group is a global company selling its products in almost 100 countries, and as such is exposed to a number of commercial and financial risks. Accordingly, risk management is an important process for Dometic Group in its work to achieve established targets.

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

Efficient risk management is an ongoing process conducted within the framework of business control, and is part of the ongoing review of operations and forward-looking assessment of operations.

Dometic Group's future risk exposure is assumed not to deviate from the inherent exposure associated with Dometic Group's ongoing business operations. For a more in-depth analysis of risks, please refer to Dometic Group's Annual Report for 2014.

### NOTE 4 - FINANCIAL INSTRUMENTS

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

The fair values of Dometic Group's derivative assets and liabilities were SEK 66 million (Q3 2014: SEK 4 million, Q4 2014: SEK 41 million) and SEK 33 million (Q3 2014: SEK 12 million, Q4 2014: SEK 22 million) respectively.

The value of derivatives is based on published prices in an active market. No transfers between levels of the fair value hierarchy have occurred during the period.

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

## NOTE 5 - SEGMENT INFORMATION

Segment information represents the integrated result of the regions.

SEK million	Q3 2015	Q3 2014	YTD 2015	YTD 2014	FY 2014
<b>Net sales, external</b>					
EMEA	1 082	1 023	3 621	3 353	4 280
Americas	1 461	827	4 334	2 421	3 395
APAC	342	297	1 007	825	1 131
<b>Total net sales, external</b>	<b>2 885</b>	<b>2 147</b>	<b>8 962</b>	<b>6 599</b>	<b>8 806</b>
<b>Operating profit</b>					
EMEA	105	84	486	342	320
Americas	170	107	528	307	368
APAC	92	66	239	188	249
<b>Total Operating profit</b>	<b>367</b>	<b>257</b>	<b>1 253</b>	<b>837</b>	<b>937</b>
Financial, net	-206	-250	-563	-1 165	-1 644
Taxes	-49	-63	-219	-169	-121
<b>Result for the period</b>	<b>112</b>	<b>-56</b>	<b>471</b>	<b>-497</b>	<b>-828</b>

## NOTE 6 - TRANSACTIONS WITH RELATED PARTIES

No transactions between Dometic Group and related parties that have significantly affected the Company's position and earnings took place during the third quarter 2015.

## NOTE 7 - ACQUISITIONS AND DIVESTMENTS

Final settlement of the divestment of the Medical business took place during the period. Furthermore, additional costs related to the acquisition of Atwood are included in the result for the period. Related amounts were insignificant.

## NOTE 8 - SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

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

## PARENT COMPANY DOMETIC GROUP AB

The Parent Company Dometic Group AB comprises the functions of the Group's head office.

For the first nine months 2015, the Parent Company Dometic Group AB had an operating profit of SEK 0 million (-1), including administrative expenses of SEK 30 million (31) and other operating income of SEK 30 million (30) of which the full amount relates to income from Group companies. Income after financial items was SEK 2 million (-231) including interest income from Group companies of SEK 216 million (222) and interest expenses to Group companies of SEK 5 million (0). Net profit/loss for the period amounted to SEK 2 million (-232)

The income statement and balance sheet for the Parent Company are presented on page 14.

Solna, October 16, 2015

Roger Johansson  
CEO

## REPORT OF REVIEW OF INTERIM FINANCIAL INFORMATION

### *Introduction*

We have reviewed the condensed interim financial information (interim report) of Dometic Group AB (publ) as of 30 September 2015 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### *Scope of Review*

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

### *Conclusion*

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

Stockholm, 16 October 2015  
PricewaterhouseCoopers

Magnus Brändström  
Authorized Public Accountant

## QUARTERLY FINANCIAL STATEMENTS PARENT COMPANY INCOME STATEMENT, SUMMARY

SEK million	Q3 2015	Q3 2014	YTD 2015	YTD 2014	FY 2014
Administrative expenses	-5	-9	-30	-31	-49
Other operating income	5	9	30	30	49
<b>Operating profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>0</b>
Interest income subsidiaries	75	70	216	222	299
Other Financial income	0	0	2	0	0
Interest expenses subsidiaries	-2	0	-5	0	0
Other Financial expenses	-77	-81	-211	-453	-529
<b>Loss from financial items</b>	<b>-4</b>	<b>-11</b>	<b>2</b>	<b>-231</b>	<b>-230</b>
<b>Appropriations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>234</b>
<b>Profit (loss) for the period</b>	<b>-4</b>	<b>-11</b>	<b>2</b>	<b>-232</b>	<b>4</b>

## PARENT COMPANY BALANCE SHEET, SUMMARY

SEK million	30 Sept 2015	30 Sept 2014	31 Dec 2014
<b>ASSETS</b>			
Shares in subsidiaries	6 983	5 969	6 983
Other non-current assets	2 952	2 867	2 980
Current assets	379	149	466
<b>TOTAL ASSETS</b>	<b>10 315</b>	<b>8 985</b>	<b>10 429</b>
<b>EQUITY</b>	<b>6 983</b>	<b>5 747</b>	<b>6 981</b>
<b>LIABILITIES</b>			
Provisions	7	4	15
Non-current liabilities	3 098	2 864	3 127
Current liabilities	227	370	306
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10 315</b>	<b>8 985</b>	<b>10 429</b>
<b>Pledged assets</b>	<b>6 983</b>	<b>5 969</b>	<b>6 983</b>
<b>Contingent liabilities</b>	<b>9 675</b>	<b>8 669</b>	<b>10 246</b>

**PRESENTATION OF INFORMATION AND FORWARD-LOOKING STATEMENTS**

***PRESENTATION OF FINANCIAL INFORMATION AND OTHER DATA***

Some information included in this quarterly report, including certain market share data and industry data, including competitive information, are management estimates and, although some components of such estimates are based on information derived from our accounting-related internal control system, such estimates are not part of our financial statements and have not been reviewed by an outside consultant or expert.

Information relating to markets, market size, market share, market position, average prices and other industry data pertaining to our business contained in this report consists of estimates based on data reports compiled by professional organizations and analysts, on data from other external sources, on our knowledge of our sales and markets and on our own calculations based on such information. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organizations) to validate market-related analyses and estimates, thus requiring us to rely on internally developed estimates. In respect of the presentation of estimates for addressable markets contained herein, such estimates are based on what we believe are the markets in Western Europe and the U.S. for the specific products that we produce. Those estimates are not, however, meant to represent the entire market related to the segments we serve or sub-categories in such segments but are intended to apply only to the specific categories we serve. Furthermore, any estimate of our market penetration is based on our estimate of the addressable market for our products divided by our sales with respect to such products. While we have compiled, extracted and reproduced market or other industry data from external sources, including third parties or industry or general publications, we have not

independently verified the data. We cannot provide assurance as to the accuracy and completeness of, and take no responsibility for, such data. Similarly, while we believe our internal estimates to be reasonable, they have not been verified by any independent sources, and we cannot provide assurance as to their accuracy.

In this interim report we include references to EBIT. EBIT measures are not based on IFRS or any other internationally accepted accounting principles, and you should not consider such items as an alternative to the corresponding IFRS measure. We believe that the presentation of these measures enhances an investor's understanding of the financial performance and our ongoing operations. EBIT measures are used by management to assess ongoing operating performance. In addition, we believe EBIT measures are commonly used by investors. These measures have important limitations as analytical tools and you should not consider them in isolation or as substitutes for analysis of our results as reported under IFRS.

**FORWARD-LOOKING STATEMENTS**

Some of the statements made in this quarterly report may be considered to be forward-looking statements, such as those including the words "expect", "continue", "estimate", "believe", "project", "plan", "anticipate", "should", "could", "intend", "probability", "risk", "may", "target", "goal", "objective" and similar expressions or variations on such expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Our actual results may differ materially as a result of various factors.

Readers are cautioned not to place undue reliance on these forward-looking statements, which only refer to the date hereof. We are under no obligation to release publicly the result of any revisions to these forward-looking statements, which may be made to reflect events or circumstances after the date hereof, including, without limitation, changes in our business or strategy or planned capital expenditures, or to reflect the occurrence of unanticipated events.

**FINANCIAL CALENDAR**

**February 19, 2016 – Interim Report Fourth Quarter 2015.**

**CONTACT DETAILS**

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**DEFINITIONS**

**Operating Profit (EBIT):** profit (loss) for the period before taxes and net finance items.

**Operating Profit (EBIT) Margin:** operating profit divided by net sales.

**EBITDA:** profit (loss) for the year before taxes, net finance items, amortization and depreciation.

**EBITDA margin:** EBITDA divided by net sales.

**Capital expenditure:** expenses related to the purchase of tangible and intangible assets.

**Core working capital:** consists of inventories and trade receivables less trade payables.

**Working capital:** core working capital plus other current assets less other current liabilities and provisions relating to operations.

**Operating capital:** interest-bearing debt plus equity minus cash and cash equivalents, excluding goodwill and trademarks.

**Operating cash flow:** EBITDA +/- change in working capital less net capital expenditure.

**RoOC – Return on Operating Capital:** EBIT divided by operating capital (based on average EBIT and operating capital previous four quarters).

**i.a.c. – Items Affecting Comparability:** represents income and expenses related to non-recurring events, occurring on an irregular basis and affecting comparability between the periods.

**OCI:** Other Comprehensive Income

**RV:** Recreational Vehicles

**CPV:** Commercial and Passenger Vehicles

**OEM:** Original Equipment Manufacturers

**AM:** Aftermarket

**Q3 2015:** July to September 2015 for Income Statement

**Q3 2014:** July to September 2014 for Income Statement

**FY 2014:** Financial Year ended December 31, 2014.

**LTM 2015:** Last Twelve Months, October 2014 to September 2015



## Auditors' report regarding historical interim financial information

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### Report of Review of Interim Financial Information

#### Introduction

We have reviewed the condensed interim financial information (interim report) of Dometic Group AB (publ) as of 30 September 2015 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

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#### Conclusion

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

Stockholm, 16 october 2015

PricewaterhouseCoopers

Magnus Brändström  
Authorized Public Accountant

## Consolidated annual report for 2012-2014

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### Consolidated Financial Statements 1 January - 31 December, 2014

(Reg.nr: 556829-4390)

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## KEY RATIOS

Amounts in Swedish million krona (SEKm)	2014	2013	2012
<b>Result</b>			
Net Sales	8 806	7 808	7 922
EBITDA before items affecting comparability	1 224	1 132	1 118
EBITDA	1 143	1 085	1 042
EBIT before items affecting comparability	1 018	952	937
EBIT	937	905	861
<b>Margins</b>			
Operating margin, % EBITDA before items affecting comparability	14%	15%	14%
Operating margin, %, EBITDA	13%	14%	13%
Operating margin, % EBIT before items affecting comparability	12%	12%	12%
Operating margin, %, EBIT	11%	12%	11%
<b>Return on operating capital</b>			
Return on operating capital	7%	7%	7%
Return on operating capital, excl. goodwill and trademarks	35%	43%	50%
<b>Financial position</b>			
Total assets	19 069	15 052	14 843
Interest bearing debt	9 984	7 646	9 105
Equity	6 459	5 189	3 312
Capital employed	16 442	12 835	12 417
Operating capital	15 850	12 296	11 941
Operating capital excluding goodwill and trademarks	3 606	2 004	1 637
Equity ratio, %	34%	34%	22%
<b>Employees</b>			
Average number of employees	6 349	6 247	6 400
Revenue per employee	1,39	1,25	1.24

### Definitions

EBITDA	Operating profit before depreciation, amortisation 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 Net Sales
Return on operating capital	EBIT / Average operating capital last four quarters
Items affecting comparability	Items affecting comparability represents income and expenses related to non-recurring events, occurring 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	2013-01-01	2012-01-01
		2014-12-31	2013-12-31	2012-12-31
Net Sales	5	8 806	7 808	7 922
Cost of goods sold		-6 126	-5 296	-5 434
<b>Gross profit</b>		<b>2 680</b>	<b>2 512</b>	<b>2 488</b>
Sales expenses		-1 237	-1 062	-901
Administrative expenses		-421	-457	-616
Other operating income and expense	9	6	-41	-34
Items affecting comparability		-81	-47	-76
Amortization of Customer relationship		-10	-	
<b>Operating profit</b>	6,7,8	<b>937</b>	<b>905</b>	<b>861</b>
Financial income	10	2	58	29
Financial expenses	10	-1 646	-646	-860
<b>Loss from financial items</b>		<b>-1 644</b>	<b>-588</b>	<b>-831</b>
<b>Profit/Loss before income tax</b>		<b>-707</b>	<b>317</b>	<b>30</b>
Taxes	11	-121	75	-121
<b>Profit/Loss for the year</b>		<b>-828</b>	<b>392</b>	<b>-91</b>
<b>Profit/Loss for the year attributable to</b>				
Owners of the parent		-828	392	-91

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		2014-01-01	2013-01-01	2012-01-01
		2014-12-31	2013-12-31	2012-12-31
<b>Profit/Loss for the year</b>		<b>-828</b>	<b>392</b>	<b>-91</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified subsequently to profit or loss:</b>				
Remeasurements of defined benefit pension plans, net of tax		-75	-2	-17
		-75	-2	-17
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Cash flow hedges, net of tax	3	46	49	-22
Currency translation differences		1 129	-104	-358
		1 175	-55	-380
<b>Other comprehensive income for the year</b>		<b>1 100</b>	<b>-57</b>	<b>-397</b>
<b>Total comprehensive income for the year</b>		<b>272</b>	<b>335</b>	<b>-488</b>
Total comprehensive income for the year attributable to Owners of the parent		272	335	-488

## CONSOLIDATED BALANCE SHEET

(SEKm)	Note	2014-12-31	2013-12-31	2012-12-31
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill	13	10 001	8 273	8 283
Trademarks	13	2 243	2 018	2 021
Other intangible assets	13	1 078	66	72
Buildings and land	14	881	808	836
Machinery and other technical installations	14	396	343	356
Equipment and installations	14	267	139	141
Construction in progress and advance payments	14	85	62	52
Deferred tax assets	11	180	155	94
Derivatives	3	41	14	5
Other non-current assets	12	46	43	54
<b>Total non-current assets</b>		<b>15 218</b>	<b>11 921</b>	<b>11 914</b>
<b>Current assets</b>				
Inventories	15	2 020	1 563	1 479
Trade receivables	16	924	762	669
Receivables related parties		22	22	14
Current tax assets		12	19	29
Other current assets		188	145	164
Prepaid expenses and accrued income	17	93	81	98
Cash and cash equivalents	24	592	539	476
<b>Total current assets</b>		<b>3 851</b>	<b>3 131</b>	<b>2 929</b>
<b>TOTAL ASSETS</b>		<b>19 069</b>	<b>15 052</b>	<b>14 843</b>
<b>EQUITY</b>				
	28			
<b>Equity attributed to owners of the parent</b>				
Share capital		1	1	1
Reserves		1 097	-78	-23
Retained earnings, including net profit/loss		5 361	5 266	3 334
<b>TOTAL EQUITY</b>		<b>6 459</b>	<b>5 189</b>	<b>3 312</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Liabilities to credit institutions	20, 22, 23	9 396	7 060	6 847
Liabilities to related parties	20, 22, 23	-	-	1 133
Deferred tax liabilities	11	536	502	674
Provisions for pensions	18	503	355	389
Other provisions	19	110	100	184
<b>Total non-current liabilities</b>		<b>10 545</b>	<b>8 017</b>	<b>9 227</b>
<b>Current liabilities</b>				
Liabilities to credit institutions	20, 22, 23	85	198	662
Trade payables		753	581	626
Current tax liabilities		156	264	111
Advance payments from customers		15	12	10
Derivatives	3	22	38	81
Other provisions	19	192	217	263
Other current liabilities		148	121	155
Accrued expenses and prepaid income	21	694	415	396
<b>Total current liabilities</b>		<b>2 065</b>	<b>1 846</b>	<b>2 304</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>19 069</b>	<b>15 052</b>	<b>14 843</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(SEKm)	Note	Attributable to owners of the parent			Total equity
		Share capital	Other Reserves	Retained Earnings	
<b>Opening balance 2012-01-01</b>	27	1	357	3 262	3 620
Effects of changes in accounting policy	11, 18			-45	-45
<b>Restated balance</b>		1	357	3 217	3 575
Loss for the period				-91	-91
<b>Other comprehensive income</b>					
Remeasurements of defined benefit plans, net	11, 18			-17	-17
Cash flow hedges, net	3		-22		-22
Currency translation differences			-358		-358
<b>Total comprehensive income</b>			-380	-108	-488
<b>Transactions with owners</b>					
Shareholder's contribution				225	225
<b>Total transactions with owners</b>				225	225
<b>Closing balance 2012-12-31</b>		1	-23	3 334	3 312
<b>Opening balance 2013-01-01</b>	27	1	-23	3 334	3 312
Loss for the period				392	392
<b>Other comprehensive income</b>					
Remeasurements of defined benefit plans, net of tax	11, 18			-2	-2
Cash flow hedges, net of tax	3		49		49
Tax on Cash flow hedges					
Currency translation differences			-104		-104
<b>Total comprehensive income</b>			-55	390	335
<b>Transactions with owners</b>					
Shareholder's contribution				1 542	1 542
<b>Total transactions with owners</b>				1 542	1 542
<b>Closing balance 2013-12-31</b>		1	-78	5 266	5 189
<b>Opening balance 2014-01-01</b>	27	1	-78	5 266	5 189
Profit for the period				-828	-828
<b>Other comprehensive income</b>					
Remeasurements of defined benefit plans, net of tax	11, 18			-75	-75
Cash flow hedges, net of tax	3		46		46
Currency translation differences			1 129		1 129
<b>Total comprehensive income</b>			1 175	-903	272
<b>Transactions with owners</b>					
Shareholders contribution				998	998
<b>Total transactions with owners</b>				998	998
<b>Closing balance 2014-12-31</b>		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	2012-01-01 2012-12-31
<b>Cash flows from operating activities</b>				
Operating profit		937	905	861
Depreciation and amortization	24	206	180	181
Adjustment for other non cash items	24	47	42	20
Changes in working capital				
Changes in inventories		55	-102	2
Changes in accounts receivables		19	-92	42
Changes in accounts payables		-37	-64	42
Changes in other working capital		-49	-137	-232
Income taxes paid		-238	-36	-88
<b>Net cash flow from operations</b>		<b>940</b>	<b>696</b>	<b>828</b>
<b>Cash flow from investments</b>				
Acquisitions		-2 210	-	-
Investments in fixed assets		-191	-167	-228
Proceeds from sale of fixed assets		12	12	11
Other investing activities		-	8	-13
<b>Net cash flow from investments</b>		<b>-2 389</b>	<b>-147</b>	<b>-230</b>
<b>Cash flows from financing</b>				
Shareholder's Contribution		998	400	225
Borrowings from credit institutions		4 135	320	182
Repayment of loans to credit institutions		-2 898	-780	-729
Paid interest, net		-409	-351	-509
Other financing activities		-374	-75	-30
<b>Net cash flow from financing</b>		<b>1 452</b>	<b>-486</b>	<b>-861</b>
<b>Cash flow for the year</b>		<b>3</b>	<b>63</b>	<b>-263</b>
Cash and cash equivalents at beginning of year		539	476	762
Exchange differences on cash and cash equivalents		50	0	-23
<b>Cash and cash equivalents at end of year</b>	24	<b>592</b>	<b>539</b>	<b>476</b>

## Notes to the consolidated financial statements

### Note 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 1 January to 31 December 2012) and were authorized for issue by the Board of Directors on April 28, 2015.

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

### Note 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 currently prepared 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, 'Revenue 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.

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 subsidiary 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:

- 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.

of an entity include the carrying amount of goodwill relating to the entity sold.

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.

**(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.

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

**(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.

Criteria 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.

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.

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 a 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.

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 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 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 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.

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 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.

## 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 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.

## Note 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's foreign net assets. As of 31 December 2014, 42 (2013:46, 2012:37) percent of the Group's borrowings were in EUR, 35 (2013:25, 2012:23) percent in USD and 18 (2013:22, 2012:23) percent in AUD. Loans in other

currencies amount to approximately 5 (2013:7, 2012:17) 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. 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 (2013:70, 2012:67) 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

Currency (maturity)	2014-12-31			2013-12-31			2012-12-31		
	Amount LOCm	Amount mSEK	Interest rate	Amount LOCm	Amount mSEK	Interest rate	Amount LOCm	Amount mSEK	Interest rate
AUD (2016)	207	1 321	2,7%	128	743	4,3%	142	959	4,3%
EUR (2016)	75	713	0,1%	86	775	2,3%	95	819	2,3%
USD (2016)	328	2 557	0,7%	247	1 611	1,1%	273	1 777	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**

<b>2012-12-31</b>	<b>Nominal value</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Current derivative financial instruments</b>			
Interest rate swaps – cash flow hedges	3 555	–	-74
Currency forwards & options – cash flow hedges	1 049	5	-7
<b>Total</b>		<b>5</b>	<b>-81</b>
Less non-current portion:		–	–
<b>Current portion</b>		<b>5</b>	<b>-81</b>
<b>2013-12-31</b>			
	<b>Nominal value</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Current derivative financial instruments</b>			
Interest rate swaps – cash flow hedges	3 128	–	-33
Currency forwards & options – cash flow hedges	1 087	14	-5
<b>Total</b>		<b>14</b>	<b>-38</b>
Less non-current portion:		–	–
<b>Current portion</b>		<b>14</b>	<b>-38</b>
<b>2014-12-31</b>			
	<b>Nominal value</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Current derivative financial instruments</b>			
Interest rate swaps – cash flow hedges	4 917	7	-7
Currency forwards & options – cash flow hedges	848	34	-15
<b>Total</b>		<b>41</b>	<b>-22</b>
Less non-current portion:		–	–
<b>Current portion</b>		<b>41</b>	<b>-22</b>

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 (2013:48, 2012:48), 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 (2013:42, 2012:51). This is a result of foreign exchange gains/losses of translation for the EUR, USD and AUD denominated borrowings. The effect from EUR would be SEK 5 million (2013:4, 2012:6), from USD SEK 36 million (2013:20, 2012:22) and from AUD SEK 19 million (2013:18, 2012:23).

A sensitivity analysis would show that if interest rates on Dometic's Pre-IPO Facilities were to increase by 1%, with all other variables held constant, profit after tax would be impacted by SEK 67 million for the year ended 31 December 2014, mainly as a result of higher interest expense on floating rate borrowings.

**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 (2013:539, 2012:476). 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 derivative 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.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
<b>At 31 december 2012</b>				
Borrowings	873	889	2 355	7 794
Derivative financial instruments	41	31	-	-
Forward foreign exchange contracts	2	-	-	-
Trade and other payables	626	-	-	-
<b>Total</b>	<b>1 542</b>	<b>920</b>	<b>2 355</b>	<b>7 794</b>
<b>At 31 december 2013</b>				
Borrowings	438	452	5 197	5 310
Derivative financial instruments	39	-	-	-
Forward foreign exchange contracts	5	-	-	-
Trade and other payables	581	-	-	-
<b>Total</b>	<b>1 063</b>	<b>452</b>	<b>5 197</b>	<b>5 310</b>
<b>At 31 december 2014</b>				
Borrowings	676	808	10 588	-
Derivative financial instruments	11	10	-	-
Forward foreign exchange contracts	15	-	-	-
Trade and other payables	753	-	-	-
<b>Total</b>	<b>1 455</b>	<b>818</b>	<b>10 588</b>	<b>-</b>

### 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.

	2014-12-31	2013-12-31	2012-12-31
Total borrowing (note 20)	9 481	7 258	8 642
Less: cash and cash equivalents	-592	-539	-476
<b>Net debt</b>	<b>8 889</b>	<b>6 719</b>	<b>8 166</b>
Total equity	6 459	5 189	3 312
<b>Total capital</b>	<b>15 348</b>	<b>11 908</b>	<b>11 478</b>
<b>Gearing ratio</b>	<b>58%</b>	<b>56%</b>	<b>71%</b>

**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.

**Note 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'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.

**Note 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 quantitative 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**

<b>2012-12-31</b>	<b>EMEA</b>	<b>Americas</b>	<b>APAC</b>	<b>Unallocated</b>	<b>Total</b>
External net sales	4 143	2 732	1 047		<b>7 922</b>
Operation profit before depr.	473	281	288		<b>1 042</b>
Depreciation	-95	-62	-24		<b>-181</b>
Operating profit	378	219	264		<b>861</b>
Financial, net				-831	<b>-831</b>
Taxes				-121	<b>-121</b>
<b>Loss for the period</b>					<b>-91</b>
Net assets <sup>1)</sup>	5 605	3 728	3 188	-	12 521
<b>2013-12-31</b>	<b>EMEA</b>	<b>Americas</b>	<b>APAC</b>	<b>Unallocated</b>	<b>Total</b>
External net sales	3 928	2 826	1 054	-	<b>7 808</b>
Operation profit before depr.	433	401	251		<b>1 085</b>
Depreciation	-91	-65	-24		<b>-180</b>
Operating profit	342	336	227	-	<b>905</b>
Financial, net				-588	<b>-588</b>
Taxes				75	<b>75</b>
<b>Profit for the period</b>					<b>392</b>
Net assets <sup>1)</sup>	5 683	3 751	3 209	-	12 643
<b>2014-12-31</b>	<b>EMEA</b>	<b>Americas</b>	<b>APAC</b>	<b>Unallocated</b>	<b>Total</b>
External net sales	4 280	3 395	1 131		<b>8 806</b>
Operation profit before depr.	419	444	280		<b>1 143</b>
Depreciation	-98	-76	-31		<b>-205</b>
Operating profit	320	368	249		<b>937</b>
Financial, net				-1 644	<b>-1 644</b>
Taxes				-121	<b>-121</b>
<b>Loss for the period</b>					<b>-828</b>
Net assets <sup>1)</sup>	6 103	4 598	3 442	-	14 143

<sup>1)</sup> Net assets at the end of the period excluding financial assets and liabilities and deferred taxes

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

**Expenses by nature**

	<b>2014-01-01</b>	<b>2013-01-01</b>	<b>2012-01-01</b>
	<b>2014-12-31</b>	<b>2013-12-31</b>	<b>2012-12-31</b>
Raw materials and manufacturing supplies	-4 606	-4 010	-3 922
Employee benefit expenses (Note 8)	-1 910	-1 659	-1 704
Transport expenses	-323	-231	-271
Amortisation, depreciation and impairment (Note 13 and 14)	-205	-180	-181
Warranty costs	-193	-172	-187
Marketing expenses	-181	-146	-144
Other	-451	-505	-652
<b>Total</b>	<b>-7 869</b>	<b>-6 903</b>	<b>-7 061</b>

## Expenses by function

	2014-01-01 2014-12-31	2013-01-01 2013-12-31	2012-01-01 2012-12-31
Cost of goods sold	-6 126	-5 296	-5 434
Sales expenses	-1 237	-1 062	-901
Administrative expenses	-421	-457	-616
Other operating income	41	29	8
Other operating expenses	-35	-70	-42
Amortization of Customer relationship	-10	-	-
Items affecting comparability <sup>1)</sup>	-81	-47	-76
<b>Total</b>	<b>-7 869</b>	<b>-6 903</b>	<b>-7 061</b>

<sup>1)</sup> Items affecting comparability, in total SEK -81 million (2013:-47, 2012:-76), 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.

## Note 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 (2013:84, 2012:87).

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

	2014-12-31	2013-12-31	2012-12-31
Within 1 year	-90	-68	-80
1-5 years	-126	-105	-125
over 5 years	-17	-25	-28
<b>Total</b>	<b>-233</b>	<b>-198</b>	<b>-233</b>

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

	2014-12-31	2013-12-31	2012-12-31
Within 1 year	1	3	2
1-5 years	3	4	1
over 5 years	-	3	-
<b>Total</b>	<b>4</b>	<b>10</b>	<b>3</b>

Lease income amounts to SEK 2 million (2013:3, 2012:2) and relates primarily to lease of factory premises.

## Note 8 Employee benefit expense

### Employee benefits

	2014-01-01 2014-12-31	2013-01-01 2013-12-31	2012-01-01 2012-12-31
Salaries and remunerations	-1 496	-1 325	-1 298
Social security costs	-243	-185	-222
Pension costs – defined contribution plans	-53	-37	-41
Pension costs – defined benefit plans	-13	13	-14
Other personnel costs	-105	-125	-129
<b>Total</b>	<b>-1 910</b>	<b>-1 659</b>	<b>-1 704</b>

**Whereof key management compensation**

	2014-01-01 2014-12-31	2013-01-01 2013-12-31	2012-01-01 2012-12-31
Salaries and remunerations	-38	-42	-38
Post-employment benefits	-6	-13	-7
<b>Total key management</b>	<b>-44</b>	<b>-55</b>	<b>-45</b>

Management includes the Board of Directors, CEO and other members of the Group Management.

(2013:1,3, 2012: 2,6). Salaries and remunerations include MSEK 0,5 (2013:0,4, 2012: 0,4) to the chairmen of the board.

Salaries and remunerations include compensation to CEO with MSEK 5,3 (2013: 5,5, 2012: 6,9) variable remunerations MSEK 2 (2013: 2, 2012: 0). Pensions costs for present and previous CEO amounts to MSEK 1,5

The CEO is entitled to a notice period of two years upon termination by the company. Corresponding period upon termination of the CEO is six months.

Swedish krona	Board remunerations
Fredrik Cappelen (ordf)	473 000
Lennart Freeman	238 000
Peter Grafoner	238 000
Rainer Schmückle	238 000
Magnus Yngen	238 000
<b>Total Board remunerations</b>	<b>1 425 000</b>

**Gender distribution for directors and senior executives:**

	2014-12-31		2013-12-31		2012-12-31	
	Number on closing dat	Of which male	Number on closing dat	Of which male	Number on closing dat	Of which male
<b>Group (including subsidiaries)</b>						
Board members	5	5	7	7	9	9
Executive director and other senior executives	9	8	10	8	9	7
<b>Group total</b>	<b>14</b>	<b>13</b>	<b>17</b>	<b>15</b>	<b>18</b>	<b>16</b>

Average number of employees during the period 1 January 2014 to 31 December 2014 was 6 349 (2013: 6 247; 2012: 6 400).

Average number of Employees

	2014-01-01 2014-12-31 Average number of employees	Of which male	2013-01-01 2013-12-31 Average number of employees	Of which male	2012-01-01 2012-12-31 Average number of employees	Of which male
Australia	110	78%	97	79%	92	76%
Austria	11	73%	9	67%	11	73%
Belgium	19	37%	5	40%	5	40%
Brazil	4	75%	-	-	-	-
China	2 462	62%	2 784	60%	2 747	60%
Denmark	15	80%	14	86%	16	75%
Dubai	11	64%	11	73%	9	67%
Finland	12	75%	12	75%	12	75%
France	40	48%	39	47%	49	49%
Germany	1 082	68%	987	68%	1 192	68%
Hong Kong	43	58%	38	58%	39	54%
Hungary	247	61%	233	61%	223	61%
Italy	187	79%	187	77%	216	77%
Japan	16	81%	13	60%	16	81%
Luxembourg	163	80%	154	81%	148	82%
Netherlands	33	76%	30	80%	32	72%
New Zealand	8	88%	7	86%	8	88%
Norway	11	91%	13	85%	14	86%
Poland	14	62%	10	70%	1	100%
Russia	19	89%	21	81%	21	76%
Singapore	5	60%	5	60%	5	60%
Slovakia	190	56%	238	64%	278	61%
South Africa	15	70%	12	50%	12	58%
Spain	32	55%	33	54%	32	63%
Sweden	218	69%	208	74%	208	75%
Switzerland	12	50%	12	92%	12	92%
United Kingdom	50	52%	50	56%	53	55%
United States of America	1 320	57%	1 025	57%	949	56%
<b>Group Total</b>	<b>6 349</b>	<b>63%</b>	<b>6 247</b>	<b>63%</b>	<b>6 400</b>	<b>63%</b>

## Note 9 Other operating income and expenses

### Other operating income

	2014-01-01 2014-12-31	2013-01-01 2013-12-31	2012-01-01 2012-12-31
Revenue from leasing	2	3	2
Gain on disposal of fixed assets	1	7	2
Insurance reimbursement	12	5	-
Environmental reserve reversal	4	-	-
Warranty income	-	4	-
Recycled production waste income	8		-
Other	15	10	4
<b>Total</b>	<b>42</b>	<b>29</b>	<b>8</b>

### Other operating expenses

	2014-01-01 2014-12-31	2013-01-01 2013-12-31	2012-01-01 2012-12-31
Rental contract deficit	-	-3	
Loss on disposal of fixed assets	-1	-	-1
Exchange rate difference	-3	-38	-20
Property damage	-3	-	-
Stock revaluation	-7	-	-
Litigation payment	-2	-	-
Severance cost	-2	-	-
Customs duty	-2	-	-
Maintenance	-2	-	-
Write off receivable	-2	-	-
Other	-12	-29	-21
<b>Total</b>	<b>-36</b>	<b>-70</b>	<b>-42</b>
<b>Other operating income and expenses</b>	<b>6</b>	<b>-41</b>	<b>-34</b>

## Note 10 Financial income and expenses

	2014-01-01 2014-12-31	2013-01-01 2013-12-31	2012-01-01 2012-12-31
<b>Financial income</b>			
Group contribution	-	8	-
Interest income	2	50	29
	<b>2</b>	<b>58</b>	<b>29</b>
<b>Financial expenses</b>			
Interest expense			
- Borrowing, credit institutions	-678	-733	-756
- Borrowing, related parties	-	-8	-101
Interest expense on pension liabilities and expected return on plan assets (note 18)	-13	-15	-16
Amortisation capitalised long-term financing expenses	-98	-98	-84
Acquisition expenses	-67	-	-
Refinancing expenses	-273	-	-
Exchange rate difference, net	-509	235	150
Other financial expenses	-8	-27	-53
	<b>-1 646</b>	<b>-646</b>	<b>-860</b>
<b>Loss from financial items</b>	<b>-1 644</b>	<b>-588</b>	<b>-831</b>

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

	2014-01-01 2014-12-31	2013-01-01 2013-12-31	2012-01-01 2012-12-31
Current tax on profit for the year	-114	-200	-106
Current tax in respect of prior year	7	6	-1
Deferred tax expense relating to origination and reversal of temporary differences	-14	269	-14
<b>Total income / expense</b>	<b>-121</b>	<b>75</b>	<b>-121</b>

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	2012-01-01 2012-12-31
Profit (loss) before income tax	-707	317	30
Income tax calculated in accordance with the Group's current tax rate <sup>1)</sup>	217	-95	-9
Non-taxable income	1	22	18
Non-deductible expenses	-26	-16	-32
Withholding tax	0	-	-11
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	24
Change in tax rates	-	-	1
Tax losses for which no deferred income tax asset was recognized	-252	-95	-111
Tax adjustments in respect of prior years	7	6	-1
<b>Total income / expense</b>	<b>-121</b>	<b>75</b>	<b>-121</b>
<sup>1)</sup> Estimated average tax rate in the group is:	30%	30%	30%





**Note 12 Other non-current assets**

	2014-12-31	2013-12-31	2012-12-31
Bonds and other securities	-	6	5
Environmental promissory note	4	8	8
Shares and participation in associated companies	2	2	2
Present value for life assurance	32	26	27
Other long-term receivables	8	1	12
<b>Closing book value</b>	<b>46</b>	<b>43</b>	<b>54</b>

**Note 13 Intangible assets**

2012	Trademarks	Research and development	Intellectual Property and other rights	Customer Relationship assets	Goodwill	Other intangible assets	Total
Opening balance	2 114	83			8 668	125	10 990
Investments	-	26			-	12	38
Sales and disposals	-	-16			-	-16	-32
Exchange differences	-93	-			-385	-5	-483
<b>Closing accumulated acquisition cost</b>	<b>2 021</b>	<b>93</b>			<b>8 283</b>	<b>116</b>	<b>10 513</b>
Opening amortisation		-41				-101	-142
Sales and disposals		16				13	29
Amortisation for the year		-20				-8	-28
Reclassifications						0	0
Exchange differences		0				4	4
<b>Closing accumulated amortisation</b>		<b>-45</b>				<b>-92</b>	<b>-137</b>
Opening net book value	2 114	42			8 668	24	10 848
<b>Closing net book value</b>	<b>2 021</b>	<b>48</b>			<b>8 283</b>	<b>24</b>	<b>10 376</b>

2013	Trademarks	Research and development	Intellectual Property and other rights	Customer Relationship 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
<b>Closing accumulated acquisition cost</b>	<b>2 018</b>	<b>88</b>			<b>8 273</b>	<b>126</b>	<b>10 505</b>
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
<b>Closing accumulated amortisation</b>		<b>-41</b>				<b>-107</b>	<b>-148</b>
Opening net book value	2 021	48			8 283	24	10 376
<b>Closing net book value</b>	<b>2 018</b>	<b>47</b>			<b>8 273</b>	<b>19</b>	<b>10 357</b>

2014	Trademarks	Research and development	Intellectual Property and other rights	Customer Relationship assets	Goodwill	Other intangible assets	Total
Opening balance	2 018	88			8 273	126	10 505
Acquired 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
<b>Closing accumulated acquisition cost</b>	<b>2 243</b>	<b>110</b>	<b>155</b>	<b>866</b>	<b>10 001</b>	<b>141</b>	<b>13 516</b>
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
<b>Closing accumulated amortisation</b>		<b>-59</b>	<b>-4</b>	<b>-7</b>		<b>-124</b>	<b>-194</b>
Opening net book value	2 018	47			8 273	19	10 357
<b>Closing net book value</b>	<b>2 243</b>	<b>51</b>	<b>151</b>	<b>859</b>	<b>10 001</b>	<b>17</b>	<b>13 322</b>

Amortization SEK 40 million (2013:28, 2012: 28) on intangible assets has been charged to cost of goods sold SEK 29 million (2013:24, 2012:23) marketing expenses SEK 1 million (2013:4, 2012: 3) administrative expenses SEK - (2013:-, 2012:2) and amortization of customer relationship SEK 10 million (2013:-, 2012: -). 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 (2013: 8 273, 2012: 8 283) whereof 9 247 million have been tested for impairment and are distributed to; Europe SEK 3 490 million (2013: 2 980, 2012: 2 647), Americas SEK 3 158 million (2013: 2 644, 2012: 2 647), Asia Pacific SEK 2 463 million (2013: 2 231, 2012: 2 233) and Medical SEK 136 million (2013: 418, 2012: 419).

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 2 243 million (2013: 2 018, 2012: 2 021) and are distributed to; Europe SEK 873 million (2013: 788, 2012: 789), Americas SEK 771 million (2013: 514, 2012: 515), Asia Pacific SEK 599 million (2013: 618, 2012: 618) and Medical SEK—million (2013: 98, 2012: 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% annual growth, which is 0,5% units lower compared to last year. 2% growth is also applicable for the long term growth. Group Weighted average cost of capital (WACC) is set to 10,75% 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.

**Note 14 Tangible fixed assets**

<b>2012</b>	<b>Land and land improvements</b>	<b>Buildings</b>	<b>Machinery and other technical installations</b>	<b>Equipment and installations</b>	<b>Construction in progress and Advanced payments</b>	<b>Total</b>
Opening balance	219	1 067	1 685	594	45	3 610
Investments	-	42	46	53	49	190
Sales and disposals	-	-3	-78	-34	-1	-116
Reclassifications	-	1	33	14	-48	0
Exchange differences	-8	-39	-80	-28	7	-148
<b>Closing accumulated acquisition cost</b>	<b>211</b>	<b>1 068</b>	<b>1 606</b>	<b>599</b>	<b>52</b>	<b>3 536</b>
Opening depreciation	-5	-276	-1 287	-457		-2 025
Sales and disposals	-	3	76	33		112
Depreciation for the year	-	-33	-78	-42		-153
Exchange differences	0	12	64	19		95
<b>Closing accumulated depreciation</b>	<b>-5</b>	<b>-294</b>	<b>-1 225</b>	<b>-447</b>		<b>-1 971</b>
Opening impairment	-39	-105	-63	-11		-218
Impairment charge for the year	-	-	38	-		38
<b>Closing accumulated impairment</b>	<b>-39</b>	<b>-105</b>	<b>-25</b>	<b>-11</b>		<b>-180</b>
Opening net book value	175	686	335	126	45	1 367
<b>Closing net book value</b>	<b>167</b>	<b>669</b>	<b>356</b>	<b>141</b>	<b>52</b>	<b>1 385</b>

<b>2013</b>	<b>Land and land improvements</b>	<b>Buildings</b>	<b>Machinery and other technical installations</b>	<b>Equipment and installations</b>	<b>Construction in progress and Advanced payments</b>	<b>Total</b>
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
<b>Closing accumulated acquisition cost</b>	<b>207</b>	<b>1 063</b>	<b>1 629</b>	<b>621</b>	<b>61</b>	<b>3 581</b>
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
<b>Closing accumulated depreciation</b>	<b>-5</b>	<b>-323</b>	<b>-1 262</b>	<b>-471</b>		<b>-2 061</b>
Opening impairment	-39	-105	-25	-11		-180
Impairment charge for the year	1	9	1	-		11
<b>Closing accumulated impairment</b>	<b>-38</b>	<b>-96</b>	<b>-24</b>	<b>-11</b>		<b>-169</b>
Opening net book value	167	669	356	141	52	1 385
<b>Closing net book value</b>	<b>164</b>	<b>644</b>	<b>343</b>	<b>139</b>	<b>61</b>	<b>1 351</b>

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<b>2014</b>	<b>Land and land improvements</b>	<b>Buildings</b>	<b>Machinery and other technical installations</b>	<b>Equipment and installations</b>	<b>Construction in progress and Advanced payments</b>	<b>Total</b>
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
<b>Closing accumulated acquisition cost</b>	<b>241</b>	<b>1 170</b>	<b>1 333</b>	<b>1 425</b>	<b>85</b>	<b>4 255</b>
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
<b>Closing accumulated depreciation</b>	<b>-6</b>	<b>-390</b>	<b>-913</b>	<b>-1 147</b>		<b>-2 457</b>
Opening impairment	-38	-96	-24	-11		-169
<b>Closing accumulated impairment</b>	<b>-38</b>	<b>-96</b>	<b>-24</b>	<b>-11</b>		<b>-169</b>
Opening net book value	164	644	343	139	61	1 351
<b>Closing net book value</b>	<b>197</b>	<b>684</b>	<b>396</b>	<b>267</b>	<b>85</b>	<b>1 629</b>

Depreciation expenses SEK 165 million (2013: 152, 2012: 153) has been charged to cost of goods sold SEK 132 million (2013: 139, 2012: 129), sales expenses SEK 7 million (2013: 9, 2012: 7), administrative expenses SEK 26 million (2013: 4, 2012: 17).

## Note 15 Inventories

<b>Acquisition value inventories</b>	<b>2014-12-31</b>	<b>2013-12-31</b>	<b>2012-12-31</b>
Raw materials and consumables and Products in Progress	904	632	625
Finished products	1 354	1 074	1 025
Advances to suppliers	6	30	5
<b>Total inventories before provisions</b>	<b>2 264</b>	<b>1 736</b>	<b>1 655</b>
<b>Provisions for obsolete inventories</b>	<b>2014-12-31</b>	<b>2013-12-31</b>	<b>2012-12-31</b>
Raw materials and consumables and Products in Progress	-81	-47	-42
Finished products	-163	-126	-133
<b>Total provisions</b>	<b>-244</b>	<b>-173</b>	<b>-175</b>
<b>Book value inventories</b>	<b>2014-12-31</b>	<b>2013-12-31</b>	<b>2012-12-31</b>
Raw materials and consumables	823	585	583
Finished products	1 191	948	891
Advances to suppliers	6	30	5
<b>Total book value</b>	<b>2 020</b>	<b>1 563</b>	<b>1 479</b>

**Note 16 Accounts receivable – trade**

	2014-12-31	2013-12-31	2012-12-31
Trade receivables	975	809	721
Less: provision for impairment of trade receivables	-51	-47	-52
<b>Trade receivables – net</b>	<b>924</b>	<b>762</b>	<b>669</b>

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

	2014-12-31	2013-12-31	2012-12-31
Opening balance	-47	-52	-62
Provision acquired in business combination	-2	-	-
Provision for receivables impairment	-23	-10	-11
Receivables written off during the period as uncollectible	10	5	1
Unused amounts reversed	11	12	19
Exchange rate differences and other changes	0	-2	1
<b>Closing provision for impairment of trade receivables</b>	<b>-51</b>	<b>-47</b>	<b>-52</b>

<b>Ageing analysis of accounts receivable</b>	2014-12-31	2013-12-31	2012-12-31
Accounts receivable, not due	762	619	569
<i>Past due:</i>			
- Less than two months	119	109	83
- 2-6 months	47	27	15
- 6-12 months	9	12	16
- More than 1 year	38	42	38
Total past due	213	190	152
Whereof impaired	-51	-47	-52
<b>Closing book value, net</b>	<b>924</b>	<b>762</b>	<b>669</b>

**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.



## Note 17 Prepaid expenses and accrued income

	2014-12-31	2013-12-31	2012-12-31
Prepaid rent	7	4	5
Prepaid insurance	41	33	37
Prepaid financing expenses	1	2	13
Prepaid market expenses	17	8	7
Prepaid personnel expenses	4	3	4
Prepaid administrative expenses	8	6	6
Prepaid consumable supplies	4	6	14
Prepaid costs, other	1	6	3
Accrued interest	7	4	1
Accrued income, other	3	9	8
<b>Closing book value</b>	<b>93</b>	<b>81</b>	<b>98</b>

## Note 18 Provision 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 10) 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 yields; if plan assets underperform this yield, this will create a deficit

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.

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

	2014-12-31	2013-12-31	2012-12-31
Present value of funded or partly funded obligations	726	533	552
Present value of plan assets	-245	-201	-187
<b>Net liabilities relating to funded obligations</b>	<b>481</b>	<b>332</b>	<b>365</b>
Present value of unfunded obligations	22	18	20
<b>Net liability in the balance sheet</b>	<b>503</b>	<b>350</b>	<b>385</b>
<b>Reconciliation to the balance sheet</b>			
Defined benefit pension plan, net	503	350	385
Other pensions	-	5	4
<b>Provision for pensions</b>	<b>503</b>	<b>355</b>	<b>389</b>

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

	2014-01-01 2014-12-31	2013-01-01 2013-12-31	2012-01-01 2012-12-31
Opening balance	551	572	526
Current service cost	13	15	14
Interest cost	23	22	24
Remeasurement	115	-23	55
Exchange difference	68	16	-25
Benefits paid	-21	-23	-22
Settlements	-1	-28	-
<b>Closing book value</b>	<b>748</b>	<b>551</b>	<b>572</b>

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

	2014-01-01 2014-12-31	2013-01-01 2013-12-31	2012-01-01 2012-12-31
Opening balance	201	187	174
Interest income	10	7	8
Remeasurement	3	13	7
Exchange differences	31	3	-9
Employer contributions	10	1	14
Benefits paid	-10	-10	-7
<b>Closing book value</b>	<b>245</b>	<b>201</b>	<b>187</b>

The amounts recognised in the income statement are as follows:

	2014-01-01 2014-12-31	2013-01-01 2013-12-31	2012-01-01 2012-12-31
Current service cost	13	15	14
Interest cost, net	13	15	16
Settlement		-28	
<b>Costs attributable to defined benefit plans</b>	<b>26</b>	<b>2</b>	<b>30</b>
Costs attributable to defined contribution plans	53	37	41
<b>Total costs as reported in the income statement</b>	<b>79</b>	<b>39</b>	<b>71</b>

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 (2013:7, 2012:8) has been charged by Alecta. The amount is expected to be immaterially changed for 2015.

The principal actuarial assumptions were as follows:

	2014-12-31	2013-12-31	2012-12-31
Discount rate, %	3,1%	3,8%	4,0%
Future salary increases, %	1,5%	2,9%	2,9%

## Note 19 Other provisions

2012-12-31	Guarantee commitments	Environmental reserve	Recall Reserve	Restructuring reserve	Other provisions	Total
<b>Opening balances</b>	152	66	71	159	69	517
Charged to the income statement:						
- Additional provisions	104	16	-	110	17	247
- Unused amounts reversed	-11	-50	-13	-16	-25	-115
Used during year	-91	-1	-16	-69	-13	-189
Exchange differences	-7	-1	-1	-2	-1	-13
<b>Closing book value</b>	<b>147</b>	<b>30</b>	<b>41</b>	<b>182</b>	<b>47</b>	<b>447</b>
Non-current	47	29	31	51	26	184
Current	100	1	10	131	21	263
<b>Closing book value</b>	<b>147</b>	<b>30</b>	<b>41</b>	<b>182</b>	<b>47</b>	<b>447</b>

2013-12-31	Guarantee commitments	Environmental reserve	Recall Reserve	Restructuring reserve	Other provisions	Total
<b>Opening balances</b>	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
<b>Closing book value</b>	<b>132</b>	<b>34</b>	<b>43</b>	<b>63</b>	<b>45</b>	<b>317</b>
Non-current	33	34	0	6	27	100
Current	99	0	43	57	18	217
<b>Closing book value</b>	<b>132</b>	<b>34</b>	<b>43</b>	<b>63</b>	<b>45</b>	<b>317</b>

2014-12-31	Guarantee commitments	Environmental reserve	Recall Reserve	Restructuring reserve	Other provisions	Total
<b>Opening balances</b>	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	1	28
<b>Closing book value</b>	<b>177</b>	<b>20</b>	<b>33</b>	<b>35</b>	<b>37</b>	<b>302</b>
Non-current	49	20	6	4	32	111
Current	128	-	27	31	5	192
<b>Closing book value</b>	<b>177</b>	<b>20</b>	<b>33</b>	<b>35</b>	<b>37</b>	<b>302</b>

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

## Note 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	2012-12-31
<b>Non-current</b>			
Senior term loans	6 557	4 739	4 990
Loans from related parties	-	-	1 133
Senior PIK notes	2 976	2 482	2 095
Accrued interest	-	50	42
Other bank loans	8	12	27
Amortised costs	-144	-223	-307
	<b>9 397</b>	<b>7 060</b>	<b>7 980</b>
<b>Current</b>			
Senior term loans	133	188	711
Other bank loans	50	110	36
Short term portion of amortised costs	-99	-99	-85
	<b>84</b>	<b>198</b>	<b>662</b>
<b>Total borrowings</b>	<b>9 481</b>	<b>7 258</b>	<b>8 642</b>

The amount granted on the Senior facilities in the Dometic Group amounts to SEK 7 270 million (2013:5 479, 2012:6 344) of which SEK 6 731 million (2013:4 943, 2012:5 701) was utilized per 31 December 2014. The amount granted on local facilities in the Dometic Group amounts to SEK 351 million (2013:252, 2012:255) of which SEK 58 million (2013:122, 2012:63) was utilized per 31 December 2014.

Of the long-term borrowings, excluding future capitalized interests on the PIK Notes, SEK 0 million (2013:2 532, 2012: 6 271) 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.

### 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%/10.250% 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 1086 million.

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

	2014-12-31	2013-12-31	2012-12-31
EUR	4 060	3 493	3 334
USD	3 411	1 905	2 105
AUD	1 761	1 626	2 105
Other currencies	434	434	294
<b>Total</b>	<b>9 666</b>	<b>7 459</b>	<b>7 838</b>
whereof current	133	188	711
<b>Total non-current</b>	<b>9 533</b>	<b>7 271</b>	<b>7 127</b>

The Group's definition of interest bearing debt SEK 9 985 million (2013:7 646, 2012:9 105), includes the following items: Senior loans SEK 9 666 million (2013:7 459, 2012:7 838), Other bank loans SEK 58 million (2013:122,

2012:63), amortised costs SEK -243 million (2013:-322, 2012:-392), derivative financial liabilities related to interest rate swaps SEK 1 million (2013:33, 2012:74), and provisions for pensions SEK 503 million (2013:355, 2012:389).

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<b>2012-12-31</b>	<b>Currency</b>	<b>SEKm</b>	<b>All-in Interest rate<sup>2)</sup></b>	<b>Margin</b>	<b>Final payment year</b>
<b>Senior secured term loan A</b>					
- Dometic Group Services AB	EUR	139	4.7%	4.50%	2017
- Dometic Group Services AB	USD	886	4.81%	4.50%	2017
- Dometic Group Services AB	AUD	886	7.99%	4.50%	2017
- Dometic Deutschland GmbH	EUR	270	4.7%	4.50%	2017
<b>Senior secured term loan B</b>					
- Dometic Group Services AB	EUR	215	5.2%	5.00%	2018
- Dometic Group Services AB	USD	1 219	5.31%	5.00%	2018
- Dometic Group Services AB	AUD	1 219	8.49%	5.00%	2018
- Dometic Deutschland GmbH	EUR	346	5.2%	5.00%	2018
<b>Senior secured term capex facility</b>					
- Dometic Group Services AB	SEK	294	5.8%	4.50%	2017
<b>Senior secured term revolving credit facility</b>					
- Dometic Group Services AB	EUR	227	4.7%	4.50%	2017
<b>Senior PIK Notes</b>					
- Dometic Group AB (publ)	EUR	2 137	12.75%		2019
<b>Total</b>		<b>7 838</b>			

<b>2013-12-31</b>	<b>Currency</b>	<b>SEKm</b>	<b>All-in Interest rate<sup>2)</sup></b>	<b>Margin</b>	<b>Final payment year</b>
<b>Senior secured term loan A</b>					
- 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
<b>Senior secured term loan B</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
<b>Senior secured term capex facility</b>					
- Dometic Group Services AB	SEK	434	5.53%	4.50%	2018
<b>Senior secured term revolving credit facility</b>					
- Dometic Group Services AB	EUR	45	4.73%	4.50%	2017
<b>Senior PIK Notes</b>					
- Dometic Group AB (publ) <sup>1)</sup>	EUR	2 532	12.75%		2019
<b>Total</b>		<b>7 459</b>			

2014-12-31	Currency	SEKm	All-in Interest rate <sup>1)</sup>	Margin	Final payment year
<b>Senior secured term loan A</b>					
- 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
<b>Senior secured term loan B</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
<b>Senior secured term capex facility</b>					
- Dometic Group Services AB	SEK	434	4,75%	4.50%	2018
<b>Senior secured term revolving credit facility</b>					
- Dometic Group Services AB	EUR/SEK	133	4,55%	4.50%	2017
<b>Senior PIK Notes</b>					
- Dometic Group AB (publ)	EUR	2 976	9,50%		2019
<b>Total</b>		<b>9 666</b>			

<sup>1)</sup> Long term accrued interest capitalized on PIK Note. 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 21 Accrued expenses and prepaid income

	2014-12-31	2013-12-31	2012-12-31
Prepaid income for extended guarantee period	13	14	16
Accrued employee-related items	238	159	144
Accrued bonus from customers	63	56	38
Accrued interest	227	56	53
Accrued production costs	22	29	29
Accrued administrative expenses	55	39	27
Accrued marketing expenses	38	30	39
Accrued finance expenses	3	0	14
Product liability claims	27	15	14
Other	8	17	22
<b>Total</b>	<b>694</b>	<b>415</b>	<b>396</b>

## Note 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.

	2014-12-31	2013-12-31	2012-12-31
For own liabilities and provisions:			
Net assets pledged for liabilities <sup>1)</sup>	6 457	5 179	3 365
	<b>6 457</b>	<b>5 179</b>	<b>3 365</b>



Shares/participation rights in the following companies are pledged.

**Consolidated**

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

(2013:7 459, 2012:7 838) and Letter of credits SEK 41 million (2013:16, 2012:23). In addition to the amount shown above, the guarantee commitments cover unutilized credits issued on balance sheet date amounting to SEK 540 million (2013:536, 2012:644). For further reference see note 20.

Guarantors are:

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

**Note 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 (2013:7 475, 2012:7 861). The pledged guarantees for the senior facilities are related to borrowings SEK 9 666 million

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

	2014-12-31	2013-12-31	2012-12-31
Bank guarantees for borrowings in the group	-	4	8
<b>Total</b>	<b>-</b>	<b>4</b>	<b>8</b>

Bank guarantees concern right of recourse for transferred receivables.

**Note 24 Cash flow details**

Cash and cash equivalents	2014-12-31	2013-12-31	2012-12-31
Cash and cash equivalents include:			
Cash on hand and balances with banks	592	539	476
<b>Total cash and cash equivalents</b>	<b>592</b>	<b>539</b>	<b>476</b>

<b>Adjustments for non-cash items</b>	<b>2014-12-31</b>	<b>2013-12-31</b>	<b>2012-12-31</b>
Depreciation and amortisation (Note 13, 14)	206	180	181
Exchange rate differences	-6	-41	-25
Changes in provision and reserves	-	90	46
Capital loss/gain on sale of fixed assets	-	-7	-1
Other non-cash items related to financing and non-recurrent items	53	-	-
<b>Total non-cash items</b>	<b>253</b>	<b>222</b>	<b>201</b>

## Note 25 Shares in group companies

<b>2014-12-31</b>			<b>Proportion of equity in %</b>	<b>Booked value SEKm</b>
<b>Company name</b>	<b>Reg. no.</b>	<b>Domicile</b>		
Dometic Koncern AB	556829-4424	Solna, Sweden	100	6 983

<b>Company name</b>	<b>Reg. no.</b>	<b>Domicile</b>	<b>Proportion of equity in %</b>
<b>Indirect shareholdings</b>			
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
Dometic do Brasil Ltda	04.935.880/0001-49	Brazil	100
Norceram Products Co.	3074451	Canada	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	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
Sunshine RV NV	559910229	Belgium	100
Dometic Deutschland GmbH	HR B 5557	Germany	100
Dometic Seitz GmbH	HR B 7731	Germany	100
Dometic GmbH	HR B 5558	Germany	100
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

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<b>Company name</b>	<b>Reg. no.</b>	<b>Domicile</b>	<b>Proportion of equity in %</b>
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 of America	100
Dometic CN, Inc.	3543464	United States of America	100
Atwood Mobile Products LLC	4333754	United States of America	100
Dometic Mexico, LLC	3457538	United States of America	100

## Note 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<sup>th</sup> 2014, Dometic Group received an unconditional shareholder's contribution in an amount of SEK 998 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.

## Note 27 Share capital and other paid in capital

	Number of shares	Ordinary share capital	Other paid in capital	Total
Shares and share capital	5 000 000	1	0	1
Shareholder contribution	-	-	4 215	4 215
Dividend to shareholders	-	-	-714	-714
<b>At 1 January 2012</b>	<b>5 000 000</b>	<b>1</b>	<b>3 501</b>	<b>3 502</b>
Shareholder contribution	-	-	225	225
<b>At 31 December 2012</b>	<b>5 000 000</b>	<b>1</b>	<b>3 726</b>	<b>3 727</b>
Shareholders contribution	-	-	1 542	1 542
<b>At 31 December 2013</b>	<b>5 000 000</b>	<b>1</b>	<b>5 268</b>	<b>5 269</b>
Shareholders contribution	-	-	998	998
<b>At 31 December 2014</b>	<b>5 000 000</b>	<b>1</b>	<b>6 266</b>	<b>6 267</b>

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.

## Note 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
<b>Fair value of net assets acquired</b>	<b>1 407</b>	<b>13</b>	<b>1 420</b>
Goodwill	701	41	742
<b>Total acquisition cost</b>	<b>2 108</b>	<b>54</b>	<b>2 162</b>
Less:			
Cash and cash equivalents acquired	15	5	20
<b>Cash outflow</b>	<b>2 093</b>	<b>49</b>	<b>2 142</b>

Dometic Group acquired 100% 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 a 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. Net sales and EBIT for the acquired companies would have amounted to SEK 1154 million and SEK +61 million for the full year 2014. Acquisition related costs amounted to SEK 67 million.

**Note 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 net sales 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.

## Auditors' report regarding historical annual financial information

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To the Board of Directors of Dometic Group AB (publ),  
Corporate Id No 556829-4390

### **Independent Auditors' Report on Historical Financial Information**

We have audited the financial statements for Dometic Group AB (publ) and its subsidiaries (the "Group") on pages F-18 to F-57, which comprise the balance sheet as of December 31 2014, 2013 and 2012 and the income statement and total comprehensive income, cash flow statement and statement of changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory notes.

### ***The Board of Directors' and the Chief Executive Officer's responsibility for the financial statements***

The Board of Directors and the Chief Executive Officer are responsible for the preparation and the fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU and the Annual Accounts Act and additional applicable framework. This responsibility includes designing, implementing and maintaining internal control relevant to preparing and appropriately presenting financial statements that are free from material misstatement, whether due to fraud or error. The Board is also responsible for the preparation and fair presentation in accordance with the requirements in the Commission Regulation (EC) No 809/2004.

### ***The 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 FAR's Recommendation RevR 5 *Examination of Prospectuses*. This recommendation requires that we comply with ethical requirements and have planned and performed the audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatements.

An audit in accordance with FAR's Recommendation RevR 5 *Examination of Prospectuses* involves performing procedures to obtain audit evidence corroborating the amounts and disclosures in the consolidated financial statements. The audit procedures

selected depend on our assessment of the risks of material misstatements in the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the company's preparation and fair presentation of the financial statements as a basis for designing audit procedures that are applicable under those circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also involves evaluating the accounting policies applied and the reasonableness of the significant accounting estimates made by the Board of Directors and the Chief Executive Officer and 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 opinion.

### ***Opinion***

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Dometic Group AB (publ) as of December 31 2014, 2013 and 2012 and its financial performance, statements of changes in equity and consolidated cash flows for these year, in accordance with International Financial Reporting Standards as adopted by the EU, and the Annual Accounts Act and additional applicable framework.

Stockholm 11 November 2015

PricewaterhouseCoopers AB

Magnus Brändström

Authorized Public Accountant



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