ANNUAL REPORT 2016

MOBILE LIVING MADE EASY.

DOMETIC

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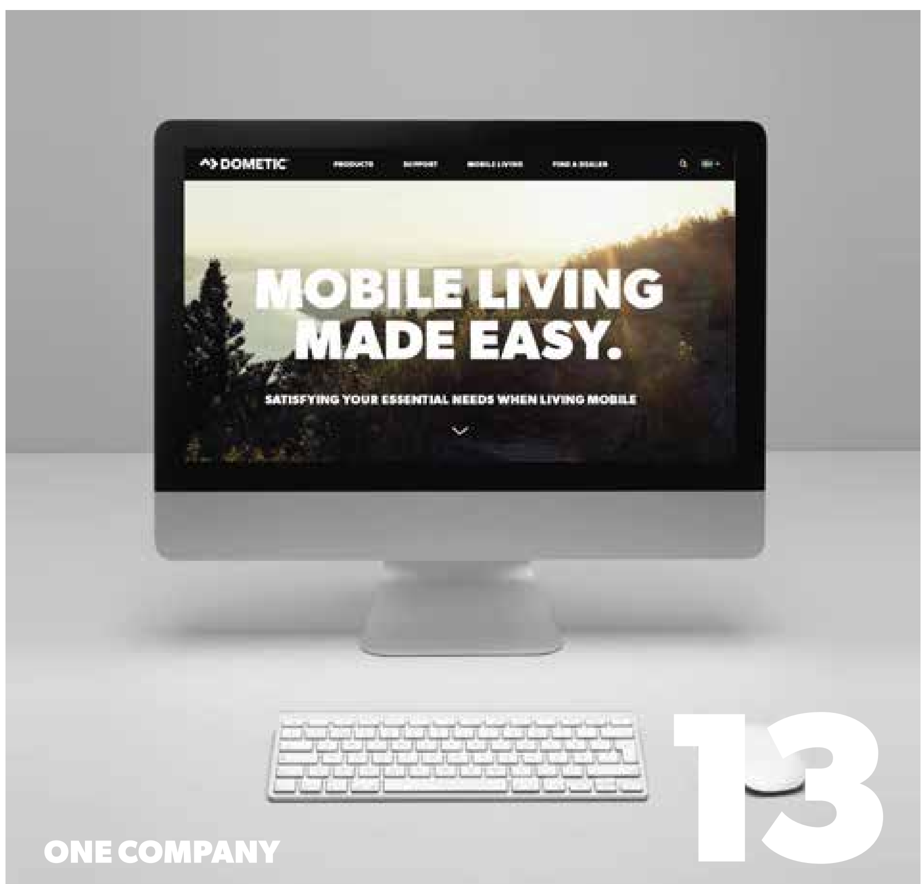


This is a translation of the original Swedish version. In the event of any discrepancies between the two versions, the original Swedish version shall take precedence.

SMART, RELIABLE PRODUCTS WITH OUTSTANDING DESIGN

There are millions of people around the world who use Dometic products. You all have one thing in common. You are going somewhere – whether you are an RV user, a boat owner, a truck driver or just a lover of the great outdoors.

Our job is to meet your essential needs on the journey. Like cooking, keeping food fresh, taking care of personal hygiene and maintaining a pleasant temperature. That way, you can explore more, see more and stay away longer. We call it mobile living made easy.

Enjoy the journey.

TWO SYNERGISTIC SALES CHANNELS

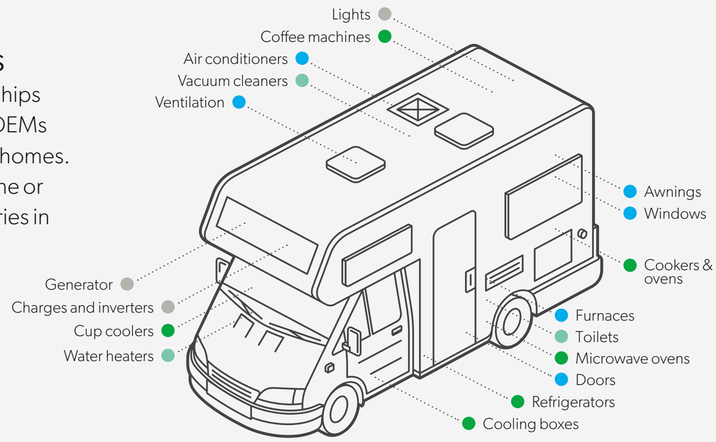
OEM | ORIGINAL EQUPIMENT MANUFACTURERS
OEM, Original Equipment Manufacturers, is Dometic's sales channel for products that are sold to manufacturers of recreational vehicles, pleasure boats, workboats, trucks and premium cars.

AM | AFTERMARKET
Aftermarket is sales of standalone aftermarket products, replacement products, spare parts and consumables. Approximately 50 percent of the Aftermarket sales are replacement sales. Our distribution network is the widest in the industry with 35,000 customers across more than 100 countries.

PRODUCTS

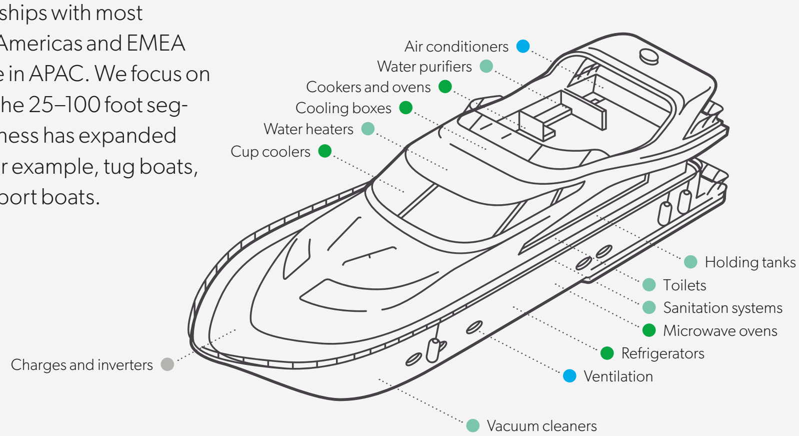
RV | RECREATIONAL VEHICLES

We have close business relationships with and sell to almost all larger OEMs of caravans, towables and motorhomes. Our market position is number one or two in almost all product categories in all three regions.



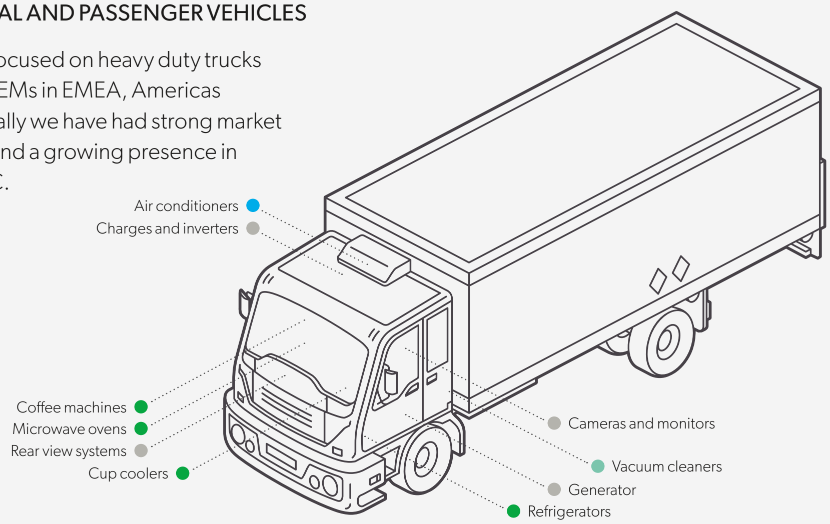
MARINE

We have strong relationships with most pleasure boat OEMs in Americas and EMEA and a growing presence in APAC. We focus on pleasure boat OEMs in the 25–100 foot segment. Recently our business has expanded into workboat OEMs, for example, tug boats, service boats and transport boats.



CPV | COMMERCIAL AND PASSENGER VEHICLES

Sales are primarily focused on heavy duty trucks and premium car OEMs in EMEA, Americas and APAC. Historically we have had strong market positions in EMEA and a growing presence in Americas and APAC.



PRODUCT CATEGORIES

- Climate
- Hygiene & Sanitation
- Food & Beverages
- Other

Climate

- Air conditioners
- Awnings
- Furnaces
- Windows
- Rooflights
- Doors
- Ventilation

Hygiene & Sanitation

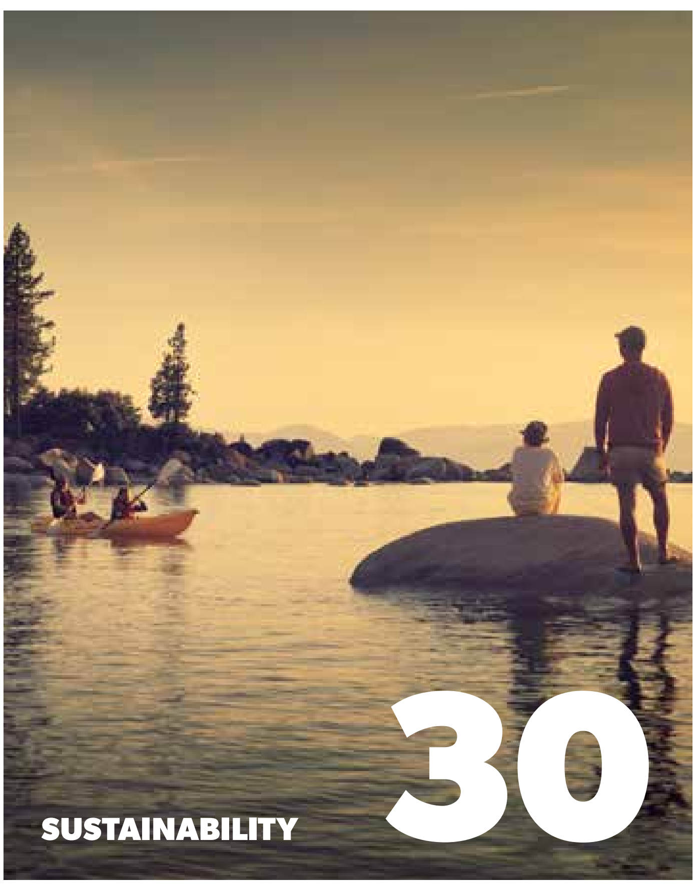
- Toilets
- Holding tanks
- Sanitation systems
- Water heaters
- Sanitation consumables
- Vacuum cleaners
- Water purifiers

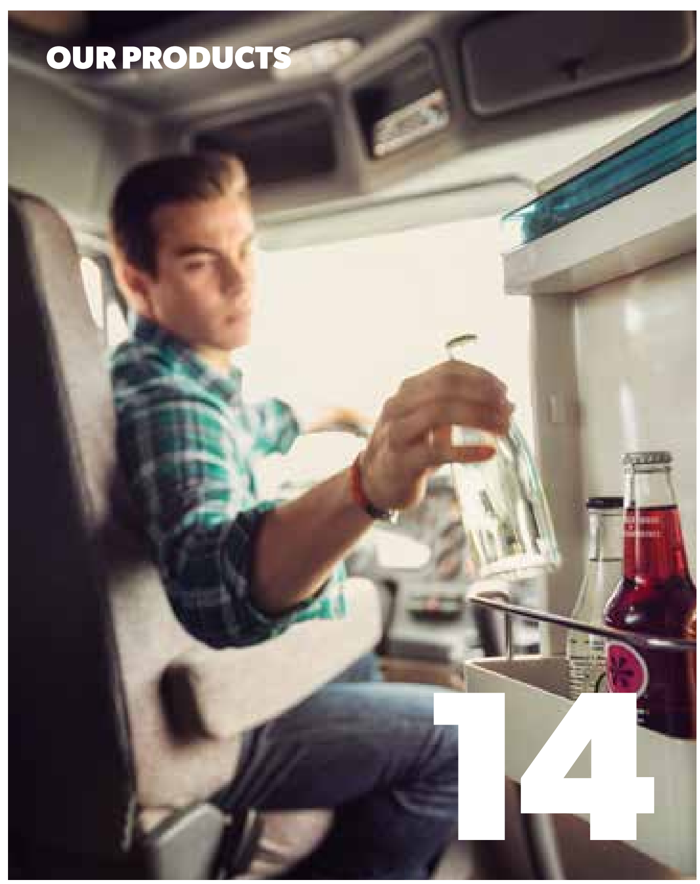
Food & Beverage

- Refrigerators
- Cooling boxes
- Cooktops and sinks
- Cookers and ovens
- Microwave ovens
- Cup coolers
- Coffee machines

Other

- Charges and inverters
- Control panels
- Cameras and monitors
- Rear view systems
- Generator
- Lights





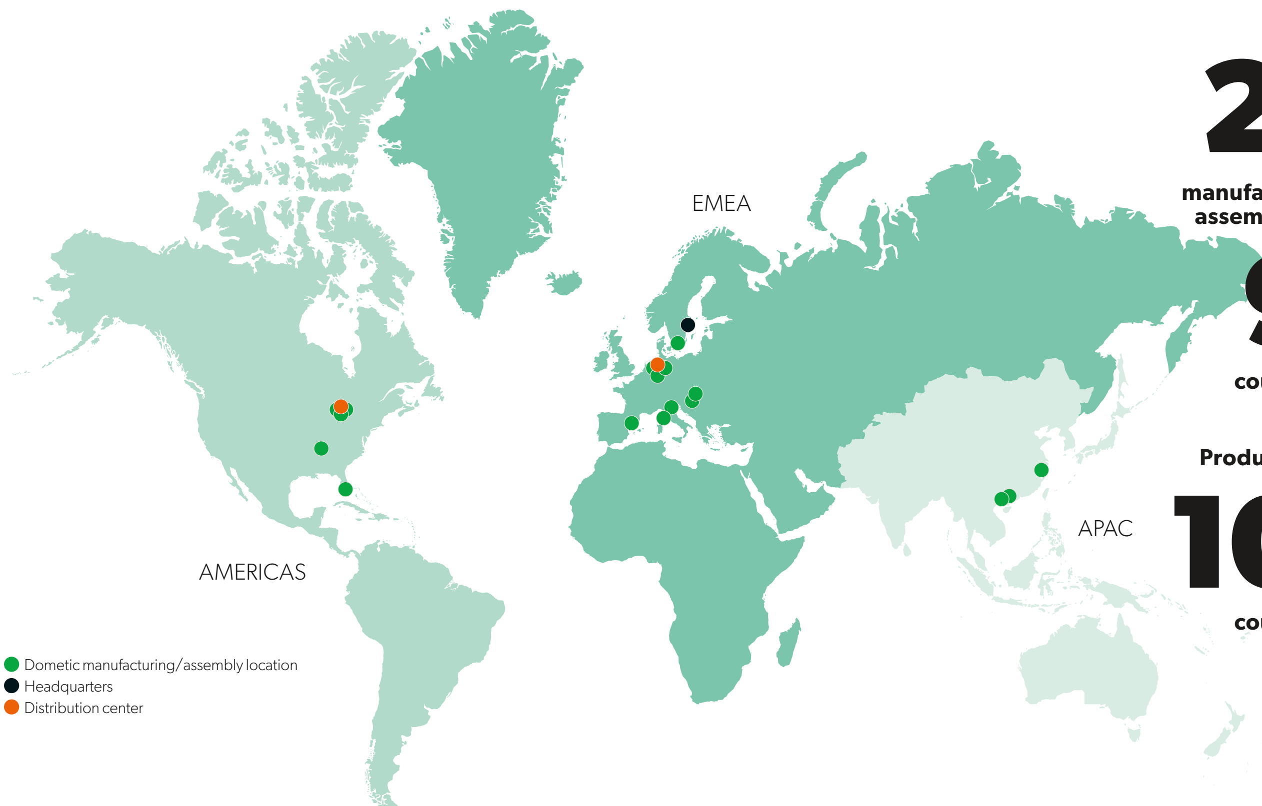
THIS IS DOMETIC

Dometic is a global leading provider of branded solutions for mobile living in the areas of Climate, Hygiene & Sanitation and Food & Beverage.

Dometic manufactures and sells a diverse range of products within Climate, Hygiene & Sanitation and Food & Beverage. The products are primarily for use in Recreational Vehicles, pleasure boats, work boats, trucks and premium cars. Dometic operates 22 manufacturing/assembly sites in nine countries and approximately 85 percent of the products sold in 2016 were manufactured in-house.

The products are sold in close to 100 countries throughout the world and are distributed through two sales channels: Original Equipment Manufacturers (OEM) and Aftermarket. OEM customers are manufacturers of RVs, pleasure boats, work boats, trucks and premium cars. The Aftermarket comprises upgrade and replacement products, parts and consumables, as well as standalone aftermarket products. In 2016, Aftermarket accounted for 40 percent of Group revenues, but more than half of operating earnings. The company markets and sells products under one main brand, Dometic, as well as supporting brands. Dometic is organized into three regions: Americas, EMEA and APAC. The headquarters are located in Stockholm, Sweden.

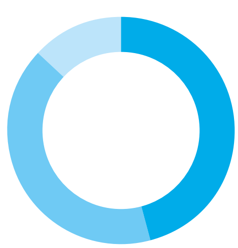
DOMETIC OVERVIEW 2016



22
manufacturing and assembly sites in
9
countries

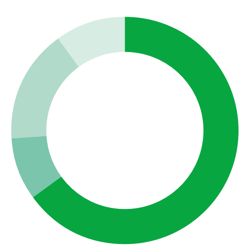
Products sold in
100
countries

Net sales by region



- Americas, 46%
- EMEA, 41%
- APAC, 13%

Net sales by business area



- Recreational Vehicles, RV, 65%
- Marine, 9%
- Commercial and Passenger Vehicles, CPV, 16%
- Other, 10% [1]

Net sales by channel

- Original Equipment Manufacturers, OEM, 60%
- Aftermarket, AM, 40%

[1] Lodging and Retail

Net sales growth in Americas

+4%

Net sales growth in EMEA

+14%

Net sales growth in APAC

+10%

2016

2016 was an active year for Dometic with a clear focus on profitable growth. All regions and almost all businesses improved both in terms of growth and profitability, based on favorable markets as well as our own company initiatives. All regions reported stable organic growth, with EMEA showing particular strength driven by the recovering RV market. In addition, the Group's performance was supported by past acquisitions and an active portfolio management. Operating cash flow remained stable compared to last year, mainly as a result of the strong earnings improvement.

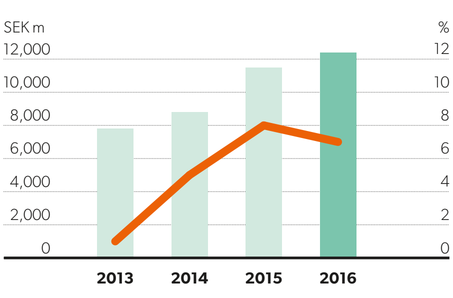
KEY EVENTS DURING THE YEAR

ACTIVE PORTFOLIO MANAGEMENT With the aim to create a more focused and competitive Dometic, several portfolio actions took place during the year. In the US, the seating and chassis component business of Atwood was divested, while the architectural products were phased out. In EMEA, the assets of IPV were acquired to strengthen Dometic's position for mobile coolers.

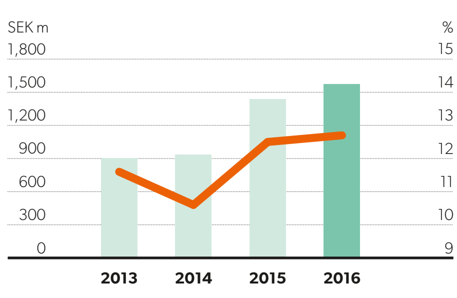
REGIONAL LEADERSHIP CHANGES During the year, new presidents of Dometic's three regions EMEA, Americas and APAC were appointed. The new leadership will continue to drive the growth agenda in each region.

LAUNCH OF NEW VISUAL IDENTITY As an important part of the strategic focus One Dometic, a new visual identity was launched in 2016. The change involves consolidation of our brands and enhancement of our digital platform in order to create a more accessible and modern Dometic.

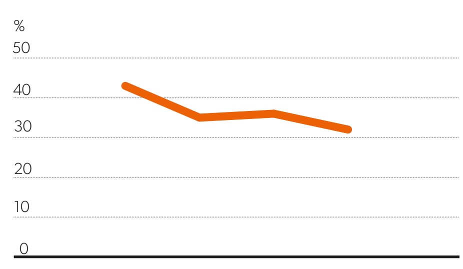
Net sales and organic growth



EBIT and EBIT margin



Return on operating capital



MID TO LONG-TERM FINANCIAL TARGETS

5%	15%	2×	40%
NET SALES GROWTH *	EBIT MARGIN OF AT LEAST 15 PERCENT	NET DEBT/EBITDA AROUND 2 ×	AT LEAST 40 PERCENT DIVIDEND OF REPORTED NET INCOME

*excluding larger acquisitions and effects from FX

+18%

STRONG GROWTH
IN RETAIL APAC

BECOMING ONE DOMETIC

2016 INCLUDED CONTINUED POSITIVE FINANCIAL DEVELOPMENT, WITH SALES GROWTH AND IMPROVED PROFITABILITY IN ALL REGIONS. WE REMAINED HIGHLY ACTIVE WITHIN PRODUCT DEVELOPMENT AND INTENSIFIED OUR EFFORTS TO CREATE A MORE FOCUSED DOMETIC.

ANOTHER YEAR OF GOOD PROGRESS

2016 was a successful year for Dometic. Revenues increased by 8 percent, with organic sales growth of 7 percent and an improvement in EBIT (before items affecting comparability) of 15 percent. It is encouraging to see the broad improvement throughout the Group, with revenue growth and higher profitability in all regions and almost all businesses.

I am especially pleased with the performance in EMEA, where sales development was strong throughout the year. This was partly thanks to growing OEM markets for RV and CPV in Europe, but we did also see strength in the Aftermarket business across our portfolio, driven by both our own sales initiatives and a strong underlying market. Our continuous ambition to improve efficiency in the Group contributed to strengthened margins. Strong demand at the beginning of the year did, however, result in some challenges for our distribution, which impacted delivery performance both in the US and in Europe. The situation was resolved in the latter part of the year, and we are now fully prepared for the peak season in 2017.

LEADERSHIP THROUGH PRODUCT INNOVATION

In order to be a leader and to drive growth, we must develop the best products in the market and continuously aim to further improve quality. Dometic's products should always be seen as smart and reliable, with outstanding design. In recent years, we have increased our investments in product development. Our ambition is to focus our engineering resources on fewer projects to ensure quality, innovation and timely launches. Several recently launched products were well received by the market in 2016. We saw strong sales development for the CFX range of cooling boxes with two cooling zones; products that are now being sold worldwide. Also, there was good demand for the new rooftop air conditioners, Blizzard NXT, which was launched in the North American market as well as the Dometic Harrier Inverter on the Australian market, the first ever air conditioner with an inverter for RV use.

ONE DOMETIC

We have continued our efforts in making Dometic a more integrated and focused company with a common value ground. In late November, we launched the new Dometic visual identity including a new digital platform. This goes hand in hand with the consolidation of our brand portfolio. We intend to focus on the Dometic brand, while a majority of the supporting brands will be gradually phased out. Our ambition is for Dometic from now on to be seen as a more accessible and modern company. I see great potential in further developing Dometic as a strong global brand within Mobile Living.

AFTERMARKET POTENTIAL

Our products are sold through two sales channels, with OEM being a prerequisite for a large portion of the Aftermarket business, which consists of replacements, upgrade products and consumables. We have gradually stepped up our sales efforts in the Aftermarket business and intend to further broaden our retail coverage. I am convinced that our updated visual identity and enhanced digital presence is an additional enabler to further strengthen our position among retailers and in digital channels.

WELL EQUIPPED FOR THE FUTURE

We are well equipped for continued growth. We have become a more integrated and efficient company, our balance sheet is healthy and we have a strong management team in place. I am truly grateful for the strong support that we have had from our previous main owner EQT during the past years. I am also pleased that during the year we successfully completed the succession with three new regional presidents, ready to take us to the next level.

We have a busy agenda for the coming year. In 2017, we will continue to work on becoming a more focused company and implementing the consolidation of our brand portfolio. We have demonstrated our ability to drive the development of smart solutions for our customers, and that remains of vital importance to us. Dometic will continue to actively work on optimizing the product portfolio, and our financial strength gives us the opportunity to look for complementary acquisitions. Overall, I am delighted with our development in 2016, and I want to thank the whole Dometic team for a solid performance and for their hard work. I would also like to thank all our customers worldwide for their business and relationships, and look forward to develop both of these further in 2017.

Stockholm, March 2017

Roger Johansson
President and CEO

IN ORDER TO BE A LEADER AND TO DRIVE GROWTH, WE MUST DEVELOP THE BEST PRODUCTS IN THE MARKET AND CONTINUOUSLY AIM TO FURTHER IMPROVE QUALITY.

A STRONG MARKET POSITION

The key drivers for growth in our markets are general economic development, as well as specific trends such as increased leisure spending and greater comfort requirements in the area of mobile living.

Dometic is a leading global provider in each of the RV, Marine and CPV OEM Markets, as well as in many segments of the Aftermarket. The company holds market leading positions across key products in each of its regions, and management estimates that approximately 75 percent of net sales are generated from product categories in which Dometic holds the first or second position. Dometic has a strong position in the value chain for the OEM business, as the company operates between a relatively fragmented base of component suppliers on one side and a partly fragmented base of OEM customers on the other. In addition, Dometic only has one or a few main competitors in many of its sub-markets.

DEVELOPMENT IN 2016

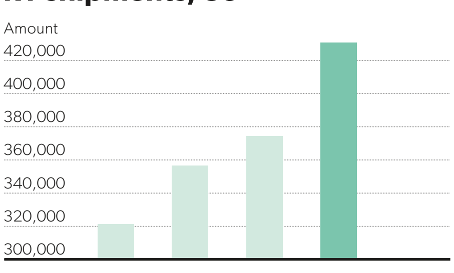
Regions

Americas is Dometic's largest region, followed by EMEA and APAC. The most important market within each region is the US in Americas, Germany in EMEA and Australia in APAC. In the US, growth in the volume of RV shipments was strong throughout 2016 with a full-year increase of 15 percent. In Europe, new RV registrations increased by 11 percent compared to 2015. The Australian domestic RV production showed a decline of 4 percent in 2016 compared to last year.

Key market drivers

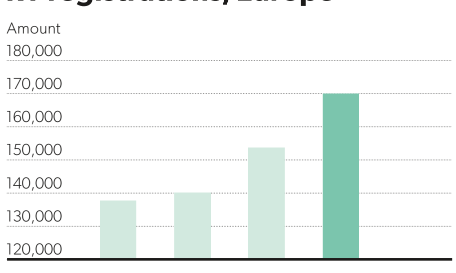
There are several market drivers that affect overall demand for Dometic's products. General economic development is important for demand growth, but the markets are also impacted over time by strong trends such as growth in leisure spending and greater comfort requirements when it comes to mobile living. Other factors that can have an impact on demand for Dometic's products are financing costs, weather conditions and fuel costs.

RV shipments, US



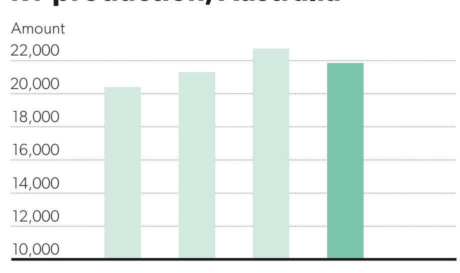
Source: RVIA

RV registrations, Europe



Source: ECF

RV production, Australia



Source: Caravan Industry Association of Australia

RV OEM
The main driver for the RV OEM market is the number of manufactured caravans and motorhomes. Volume development is dependent on cyclical factors such as GDP growth and consumer sentiment, as well as structural drivers like recreational spending and demographic development among customers. The initial installation penetration of Dometic's type of products is an important growth driver, and the mix of RVs sold does also have an impact, as large RVs in general have a higher content of Dometic's products.

Marine OEM
In Marine OEM, the number of boats built is affected by factors such as GDP growth, availability of financing and ownership trends. In the segment for large yachts, the number of high net worth individuals is an important market driver.

CPV OEM
The market for CPV OEM is largely driven by the degree of product penetration and to a lesser extent by new sales of trucks and passenger vehicles. In recent years, there has been a shortage of truck drivers on several markets, due in part to the working conditions, with long periods away from home. The industry is therefore increasingly focusing on improving driver comfort in order to attract drivers. This trend is a positive driver for demand for Dometic's product offerings.

Aftermarket
The Aftermarket business is dependent on several different drivers, such as the development of the total fleet of RVs, boats and trucks, as well as product replacement cycles. Changes in customer demand for convenience and comfort in mobile living also drive demand. New sales channels such as internet retailing offer opportunities to reach new customer groups that have not yet been exposed to certain products, such as stand-alone compressor coolers.

OUR MISSION IS TO MAKE MOBILE LIVING EASY

OUR STRATEGY

Dometic aims to be the leader in its niches for branded solutions for mobile living within Climate, Hygiene & Sanitation and Food & Beverage.
The strategy is focused on profitable growth.

STRENGTHEN OEM | **GROW AFTERMARKET** | **GEOGRAPHIC EXPANSION**

COMPETITIVE COST BASE

ONE DOMETIC

PROFITABLE GROWTH

MID TO LONG-TERM FINANCIAL TARGETS

5%

Net sales growth*

15%

EBIT margin of at least 15 percent

2×

Net debt/EBITDA around 2×

40%

At least 40 percent dividend of reported net income

*excluding larger acquisitions and effects from FX.

Objective	Strategy	Achievements 2016	Case study

Strengthen OEM	• Product leadership in all core RV OEM categories
	• Selective RV OEM product expansion (white spot elimination)
	• Systematic broadening of customer base and product portfolio in Marine OEM
	• Replicate EMEA CPV OEM story in APAC and Americas
		• Launch of several products with enhanced performance
		  • Blizzard AC for the US RV customers
		  • Dometic Harrier Inverter AC for the Australian RV customers
		  • Variable speed AC Varc 72 for the global Marine market
		• Several successful wins for cooling boxes and refrigerators with prioritized CPV OEMs with launch from 2018
			Successful exit of Architectural products and divestment of Seating and Chassis component business in the US in order to focus on OEM categories where Dometic holds a no. 1 or 2 position or has the potential to reach such position over time.

Grow Aftermarket business	• Grow with improved profitability through distinct offerings in large product categories, serving leading dealers and retailers with the industry's most competitive sales and delivery structure	• New cooling box range expansion with good market reception (e.g., CFX 28+95, MCF 40) • Continued profitable growth with prioritized internet retailers in EMEA and Americas • Capitalization on new refrigerant fluid regulation for EMEA CPV OEMs, leading to high growth in new AC Service station range	Strong growth with large offline and online retailers on the Australian market serving outdoor and recreation enthusiasts as well as owners of RVs and commercial passenger vehicles. Growth created through successful extensions of our range of CFX products as well as a significant growth of our retail base through launch of our new mass retail MCF fridge/freezer. During 2016, Dometic has strengthened its no. 1 position for compressor fridge/freezers on the Australian market.
Accelerate new geographies	• Make focused investments with carefully chosen products in countries with large longer term potential for our solutions in mobile living	• Revised business plan for China • Proactive work to develop the Chinese RV industry from a low base with good growth during the year • Launched new internet go-to-market approach in China ("Dometic internet showroom")	Dometic's effort in the China RV market paid off in 2016, with continued growth within the RV sector. New awning products were successfully launched in the market, and penetration of our cookers, sinks and sanitation continued to improve. In addition to this, to actively play a role in the development of the RV industry in China, Dometic hosted several Chinese industry representatives at trade shows in Europe.
Competitive cost base	• Secure competitive cost base by constantly working on improvements within production costs, warehousing & logistics, sales & marketing, administration	• Strengthening of lean capabilities in factories and launch of portfolio of initiatives • Further shift of sourcing volumes from EMEA and Americas to our purchasing organization in China • Remaining initiatives successfully executed in Atwood integration and the EMEA SG&A programs that were launched in 2015	Successful restructuring of sales offices in EMEA in 2016, e.g. in South Africa, Austria and Middle East. Organizations have become leaner and more efficient while securing sales volumes in prioritized product areas and with key customers.

One Dometic	• One set of values
	• One operating model
	• One product promise
	• One look
		• Major November launch:
		  • Consolidation of several brands into the Dometic brand
		  • Upgrade of Dometic's visual identity rolled out
		  • New global Web page with enhanced usability and digital product presentation
		  • Revised and harmonized product packaging
			In November 2016 a consolidated digital platform was launched, reducing the number of websites from 100+ to a single site. The new global brand site is running on a new `mobile first´ technology platform adapted to the needs of a demanding mobile target user group.
			A new global Digital Centre of Excellence has been established to secure effective alignment with group strategies and to improve time-to-market for new digital products and services.

ONE DOMETIC

Our initiatives within the One Dometic framework aim at creating one set of values, one operating model, one product promise and one look for the entire company. The historical growth of Dometic has partly been derived from a large number of acquisitions, the Group structure has been decentralized and relatively limited synergies have been extracted between the business units and the broad brand portfolio. The strategic focus of One Dometic is to become a more integrated company with a common culture and work processes, and to have a uniform external interface with the markets we are serving.

ONE SET OF VALUES
The Dometic way summarizes how we want to act and behave as Dometic employees. It should serve as an orientation for all our employees and give an idea to external stakeholders about what type of company we are. The core of the Dometic way is professionalism, integrity, passion for products and quality. Responsiveness, to customers as well as to colleagues, is another important element.

ONE OPERATING MODEL
We believe in clear responsibilities. Within Dometic, the business is driven in the regions under the leadership of the regional presidents. They own the customer relations and are fully responsible for the results in the regions. To leverage the advantage of our global presence and our global capabilities, we coordinate product generation globally where it makes sense. We also apply central control over engineering resources, processes and projects.

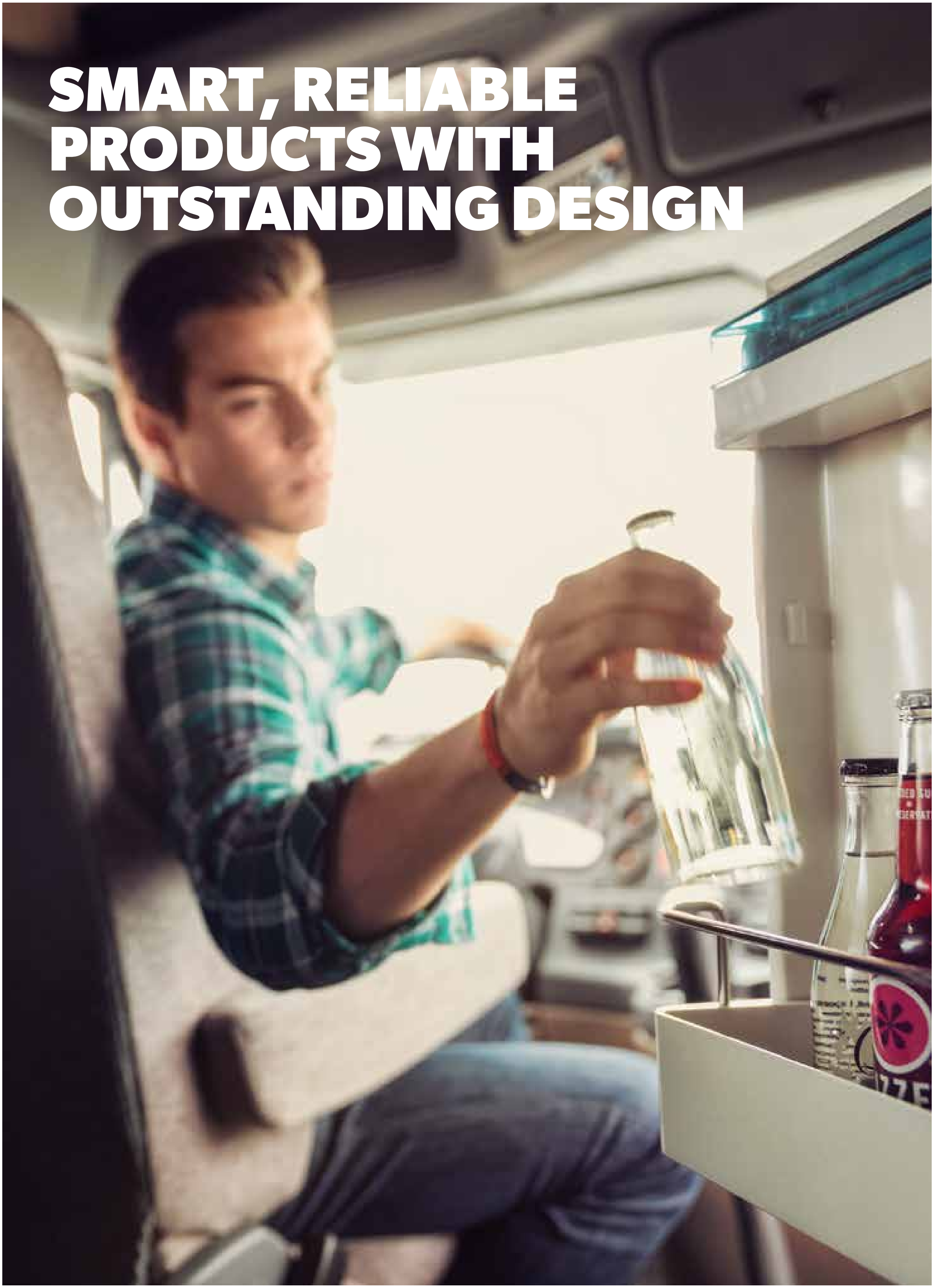
ONE PRODUCT PROMISE
Smart, reliable products with outstanding design is the common principle for all product projects that are initiated. We have an ambition to offer good, better and best ranges in most of our product categories. That means that we should both serve the customer who wants a premium product and the customer looking for a more affordable product that still fulfills their needs. We want all our customers to be excited about the experience they have with our products.

ONE LOOK
After many years of having different looks and appearances through a large number of brands and products, we are now moving towards a similar look in terms of web presence, fairs, buildings and also product design. Our aim is that Dometic should be recognized and provide inspiration for Mobile Living by the way we present ourselves.

THE DOMETIC WAY

- We act with a high level of integrity and have high ethical standards in everything we do.
- We are passionate about our products and their quality and we show attention to detail.
- We are fast and responsive towards customers but we know when to say "No".
- We understand our end-users.
- We focus on what is best for the company as a whole.
- We are performance driven and always strive towards continuous improvements.
- We keep our word and we work as a team.

SMART, RELIABLE PRODUCTS WITH OUTSTANDING DESIGN



PRODUCT LEADERSHIP

Mobile living made easy is at the core of our offering. Dometic is committed to delivering smart reliable products with outstanding design. Through this we will maintain and build product leadership within the three main product categories:

- **Climate:** Providing a controlled temperature inside the RV, boat or truck with parking coolers, heaters, weather protection with awnings, windows, doors and blinds.
- **Hygiene & Sanitation:** Providing sanitation solutions for RVs and boats. Providing hot water for cleaning.
- **Food & Beverage:** Keeping food fresh with refrigerators and cooling boxes. Cooking with cooktops, ovens or microwave ovens and coffee machines.

Great products require in-depth understanding of how the products are used by the end customer, today and in the future. We are spending more and more of our efforts in this area through targeted customer studies, or by our engineers directly.

Product technology is another key factor. We are market leaders in five areas in our business:

- Absorption cooling.
- Compressor cooling and heating, including variable speed solutions.
- Thermoelectric cooling and heating.
- Gas burners and combustion.
- Control and connectivity with efficient onboard solutions.

HOW WE WORK

The Group's Product Management and Innovation (PMI) organization consists of more than 300 engineers across 18 engineering sites, located close to the main production facilities. Global product area owners are responsible for their products throughout the product life cycle. Dometic is actively collecting end-user insights in order to further enhance the design and development of smart and user-friendly applications.

R&D spending has increased in recent years, from SEK 157m in 2012 to SEK 294m, or 2.4 percent of Group revenue in 2016. Dometic continued to improve global structures and processes during the year. Atwood and Prostor, which were acquired in 2014, are now fully integrated into the PMI organization. The project portfolio is continuously pruned in order to focus on the core segments where the Group holds product leadership. Dometic has increased its investments in the product development of smart and reliable products, with a focus on fewer development projects in product areas with high market potential. A new product design team was established in 2016, with the aim of improving and harmonizing product design and branding and aligning it with the Group's ongoing brand consolidation. Results from the updated product design will already be visible in 2017, with even larger impact expected to be seen in the markets from 2018 and onwards.

R&D spending and % of revenue

SEK 294 m
2.4%

SUCCESSFUL LAUNCHES FOR 2016 SEASON

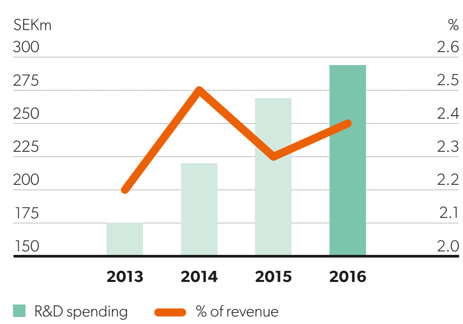
2015 was a record year in terms of product launches, which made a positive contribution to Group revenues in 2016. As one of the highlights, Dometic introduced the first mobile cooling boxes with full dual cooling zones on the market, CFX 95. We also launched other new compressor boxes such as CFX28 and MCF 40. These products were well received and are now being sold on a global basis. Within climate control, there has been good demand for the new rooftop air conditioner for RVs, Blizzard NXT; a product with significantly improved design and performance at a reduced cost compared to the previous version. For the EMEA truck market, we launched the new RTX parking coolers with almost doubled energy efficiency compared to the previous model.

TARGETING MAIN CATEGORIES WITH UNTAPPED BUSINESS POTENTIAL

Dometic is targeting development projects within its main product categories in segments where it sees considerable market potential. The product range within cooling boxes was further extended in 2016 with highlights such as CFX100 and MCF32. The world's most premium RV air conditioning, the Dometic Harrier Inverter, was launched in the second half of 2016 with best-in-class performance, low noise level and high energy efficiency through variable speed technology.

To meet the growing demand for connectivity and 'smart homes', one focus area of delivery in 2017 will be modern, well-designed control panels with full connectivity solutions for RVs.

R&D spending and % of revenue



CASE | CFX WIFI APP
RV, MARINE, TRUCK AND AFTERMARKET

While launching the CFX100W we have also expanded the number of models in the CFX family for which it is possible to monitor and control the temperature in the fridge/freezer using our CFX WiFi app. At the same time we have totally reworked our CFX app to enhance the customer experience and to support "mobile living made easy". All of the following models can from model year 2017 be monitored and controlled using the new CFX WiFi app; CFX35W, CFX40W, CFX50W, CFX65W, CFX95DZW, CFX95DZ2 and CFX100W.

CASE | CFX 100 W
RV, MARINE, TRUCK AND AFTERMARKET

An exciting new portable fridge/freezer was launched in the final months of 2016: CFX100W. Dometic CFX100W is the latest addition to the CFX family with our market-leading compressor fridge/freezers. The versatile CFX100W is developed and designed to serve as a portable fridge /freezer for RV owners, boat owners and truck drivers with requirements on smart, reliable products with an outstanding design.

CFX100W is equipped with all the advantages that characterize the CFX family. It can offer freezing down to -22°C even in very high ambient temperatures. The CFX100W is very efficient, lighter than many competing products and has the latest CFX design. CFX100W can be operated by both 12V/24V DC or 100V/240V AC and is equipped with reinforced corners and stainless steel hinges for tough environments.

AMERICAS

99% of the region's sales come from the US and Canada

Net sales growth

+4%

Net sales, SEK m

5,749

Number of employees

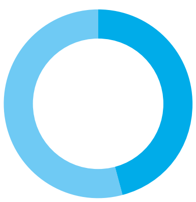
1,388

STEADY PERFORMANCE AND IMPROVED PROFITABILITY IN AMERICAS

"IT IS ENCOURAGING TO SEE THE INCREASED DEMAND FOR RECREATIONAL VEHICLES AMONG YOUNG CONSUMERS SEEKING AN OUTDOOR LIFESTYLE."

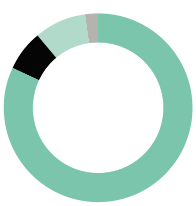
Scott Nelson – President of Americas

Region as a proportion of total sales



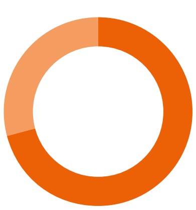
- The Americas, 46%
- Rest of Group, 54%

By business area



- RV, 82%
- Marine, 9%
- CPV, 7%
- Other, 2%

By channel



- OEM, 71%
- AM, 29%

The Americas region performed well in 2016. Sales increased by 4 percent, and EBIT were up by 16 percent. Underlying sales growth, adjusted for currency changes and the divested seating and chassis business as well as the phased out architectural business was 4 percent.

Dometic experienced some challenges related to its distribution set-up when the Atwood and Dometic logistics system for the whole region was merged during a period of high customer demand. This resulted in extra costs for additional resources and led to some delivery delays. It has been a key priority for management to improve distribution efficiency and to optimize inventory in order to be fully prepared to serve customers in the 2017 season.

Dometic continued to prune the product portfolio in order to focus on core segments. During the year, the loss-making architectural business was phased out and the production of seating and chassis components was divested. Both these businesses were a part of the Atwood acquisition in 2014.

Profitability improved in 2016 despite the additional distribution costs. The year also included costs for rebranding and legal costs for the class action in the US. The result improvement came from realized synergies from the Atwood acquisition and the divestment of lower margin businesses. In addition, the production structure in North America has become more efficient over the past few years, following restructuring.

Work to consolidate the brands on the American market started in the latter part of the year, as a part of the Group wide rebranding initiative and will to a large extent be implemented during 2017.

RV MARKET ATTRACTS NEW CUSTOMER GROUPS

Dometic's RV OEM business grew by 7 percent, adjusted for divested and phased out businesses, on the back of increased RV industry wholesale shipments in the US. The increased demand for RVs was driven both by economic factors and by a lifestyle trend towards more outdoor living. The industry has in recent years focused on developing smaller RVs, and the highest growth rate is currently noticeable in the market for affordable towable RVs. This is a segment that attracts a new demographic of young people to the market, but the average content value of Dometic products is generally lower for these than for more expensive RVs.

In terms of new products, Dometic saw considerable interest in the new innovative power channel track awning that offers easy cordless connection of a range of accessories, such as bluetooth audio speakers, fans and LED lights to the awning roller tube. Within climate control, there has been healthy demand for the new rooftop air conditioner for RVs, Blizzard NXT; a product with significantly improved design at a lower cost compared to the previous version.

STEADY PERFORMANCE WITHIN MARINE

The Marine business showed steady performance, with relatively high demand from pleasure boat owners, especially the larger 30–90 feet cruisers. Dometic gained market share within marine air conditioning, thanks to strong sales of the new series of chillers featuring titanium-based heat exchangers. These products offer a significant improvement in quality as wear and corrosion is eliminated, compared to standard chillers with heat exchangers that are based on

KEY FIGURES	2014	2015	2016
Net sales, SEK m	3,394	5,538	5,749
Net Sales change, %	20	63	4
Organic growth, %	6	7	2
Operating margin, %	11.2	11.7	13.1

CuNi. Sales of marine products to the commercial market remained subdued due to the depressed oil price, which kept demand from the offshore industry at a low level.

SLOW YEAR IN THE HEAVY TRUCK MARKET

Following the opening of a Detroit office in 2014, Dometic has continued to increase marketing and sales activity in the automotive region. The Group supplies American vehicle manufacturers with products such as cup coolers, cooling boxes and other products, primarily for SUVs. In 2016, CPV OEM sales fell due to a sharp decline in the American heavy truck market.

A BROADER PRODUCT OFFERING IN THE AFTERMARKET

Aftermarket sales were up in 2016 on the back of a generally strong market. Dometic saw continued high customer demand for its new series of portable cooling boxes. The Group considers its product range in this segment to be the broadest and most innovative in the market, and intends to continue to prioritize marketing of these products.

During the year, the Group started to sell Atwood's products through Dometic's dealer network. As the companies have complementary products, Dometic now offers a much broader range of Aftermarket products for mobile living in the region. The distribution model for Atwood was adjusted during the year so that the products are now also sold directly from the production units to the retailers, as opposed to almost exclusively via distributors This change had a positive impact on profitability for the Aftermarket business.

The logistical challenges that were experienced had a somewhat negative impact on Aftermarket volumes, as Dometic prioritized OEM deliveries in order to keep up with the RV manufacturer's production plans.

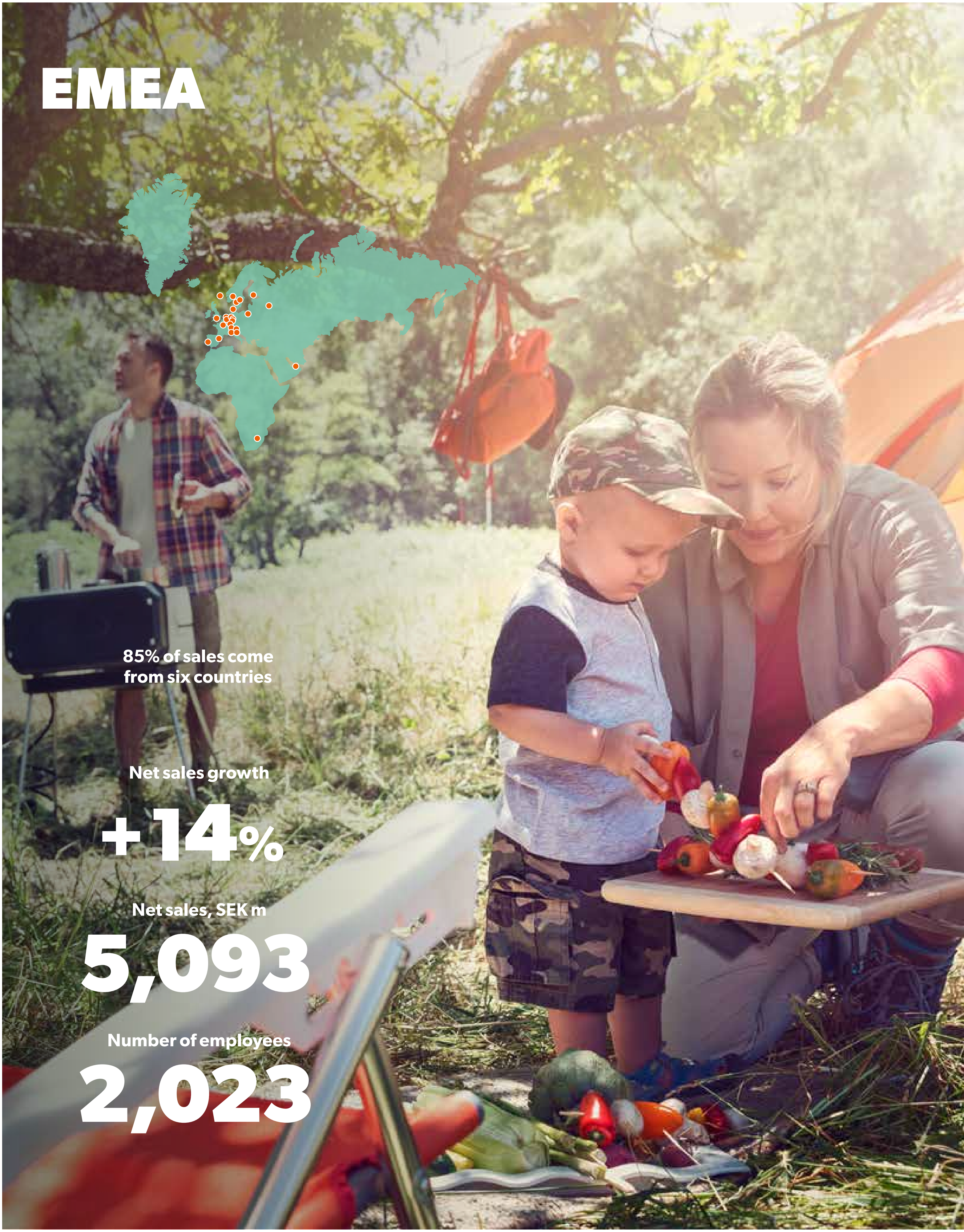
CASE | CFX SERIES
RV, TRUCK, MARINE AND AFTERMARKET

In 2016 Dometic launched an extended line of its award-winning CFX series of portable fridge/freezers for the North American market. The CFX family is targeted to provide campers, tailgaters and outdoor enthusiasts with smart and reliable products with outstanding design. The range now also includes the CFX28 and the CFX95DZ.

The CFX is a powerful fridge/freezer that runs on 12V or 24V DC power from a car, truck, boat or RV; or, plug it into a 120V AC power source. The rugged CFX keeps food and drinks colder than a fridge at home, even in scorching hot weather. The smaller units – the CFX-28, CFX-35, CFX-40 and CFX-50 – can operate either as a refrigerator or freezer, depending on where you set the thermostat. The larger, “dual-zone” units, the CFX-65DZ and CFX-95DZ each have separate compartments for storing fresh refrigerated food and frozen food simultaneously.

All CFX models come with a soft-touch digital thermostat. A quick-chill turbo function runs compressors at maximum performance until desired temperatures are reached, from -22 °C to 10 °C. CFX units can run on 120V AC, 12V DC or 24V DC power. Once the temperature is reached, the CFX draws just 1 amp of power to maintain the temperature. The Dometic CFX family of fridge/freezers is a leader in performance, features and value and true to our mission – mobile living made easy.

EMEA



85% of sales come from six countries

Net sales growth

+14%

Net sales, SEK m

5,093

Number of employees

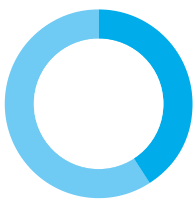
2,023

A SUCCESSFUL YEAR IN THE EMEA REGION

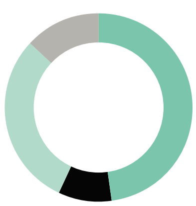
"THE NUMBER OF VISITORS AT CAMPING SITES REACHED RECORD-HIGH LEVELS ON SEVERAL EUROPEAN MARKETS, AND THERE IS A GENERAL TREND OF PEOPLE INCREASINGLY WANTING TO ENJOY OUTDOOR LIVING."

Bengt Thorsson – President of EMEA

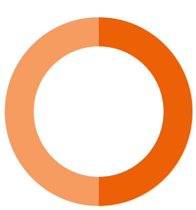
Region as a proportion of total sales



By business area



By channel



Dometic experienced a good year in the EMEA region in 2016 as the economic recovery on the core markets that began in 2015 continued. Sales and operating results were up by 14 percent and 33 percent respectively. Sales development was in fact positive on all the main markets in the region, supported by improved consumer confidence and low financing costs. Momentum in the RV markets remained strong in Central Europe, while the markets in Southern Europe picked up from very low levels, driven by an accumulated need for private spending. The number of visitors at camping sites reached record-high levels on several European markets, and there is a general trend of people increasingly wanting to enjoy outdoor living and have full flexibility during their vacations.

Dometic experienced some disturbances in the supply chain related to a change of logistics system at the European central warehouse in Germany. This happened during the peak season when market demand was high, and it had a negative effect on output. The situation was gradually improved in the latter part of the year and the company is now fully prepared to deliver to the market for the 2017 season.

CONTINUED RECOVERY IN THE EUROPEAN RV MARKET

Sales for RV OEM in EMEA were up by 18 percent in 2016, driven by underlying market momentum combined with strong volumes for Windows and Doors. The European RV market was weak for an extended period following the economic crisis in 2008, but recovery began in 2015, which accelerated in 2016. Interest in camping and outdoor living in Europe is clearly on the rise, and it is encouraging to see increased demand from young consumers who are entering the RV market for the first time. European RV registrations were up by 11 percent during the year, and the market grew on all main markets in the EMEA region, and within most product categories.

A STABLE MARINE BUSINESS

The Marine OEM business has stabilized in the past few years following a period of sluggish market activity. There are fewer boats being built than in the past, but the size of the mega-yachts is increasing and with that comes growing demand for tailor-made products such as air conditioners and sanitation products. Development for Marine OEM in EMEA is to some extent dependent on end-user demand in the US, as a relatively large portion of sales comes via European producers of yachts and sailing boats that are being sold to the US. Sales to the mega-yacht segment have been at a relatively low level, as the low oil price has had a negative effect on demand in markets like Russia and the Middle East. The launch of a new variable speed compressor chiller range, together with a new PLC platform based chiller, reinforced the market position during the year.

Dometic has gradually strengthened its position in the commercial workboat segment, but it is still a fairly small business for the company in the EMEA region. During the year, the workboat market remained somewhat negatively affected by the low oil price, which kept demand from the oil service industry at a relatively low level.

INCREASED DRIVER COMFORT IS KEY

The CPV OEM business in EMEA grew in 2016 on the back of solid underlying market momentum volumes, which were up significantly in the commercial vehicle segment. Heavy truck

KEY FIGURES[1]	2014	2015	2016
Net sales, SEK m	3,961	4,479	5,093
Net Sales change, %	8	13	14
Organic growth, %	4	9	13
Operating margin, %	7.2	8.9	10.5

[1] excl. Medical

registrations in Europe surged by 11 percent in 2016 and reached their highest level since the previous peak in 2008. Dometic's sales within CPV OEM are to a large extent dependent on the degree of product penetration rather than new sales of trucks and cars. There is a shortage of truck drivers on several markets, and the industry is focusing heavily on improving driver comfort in order to attract drivers. The new RTX rooftop air conditioner that was successfully launched during the year is one good example of a new product that is both environmentally friendly and greatly improves comfort for long-haul truck drivers.

GOOD PERFORMANCE FOR THE AFTERMARKET

Dometic reported double digit sales growth in the Aftermarket business, despite some negative effects from the distribution challenges that were experienced during the peak season. Aftermarket sales did develop positively in all the main markets in the region and for most of Dometic's product groups. The recently launched range of cooling boxes has performed very well in the market, and sales of lodging products showed a solid increase during the year. As an example, Dometic was the chosen supplier of mini bars to the new extensive hotel town that is being built in Mecca, Saudi Arabia. One important contributor to Aftermarket sales was the growth in sales to air condition service stations. New legislation stipulates that Europe's automotive manufacturers will be obliged to use an eco-friendly refrigerant in the air conditioning systems of their vehicles. This has resulted in very strong growth in demand for both service equipment and for spare parts to service stations.

CASE | COOLAIR RTX 2000

TRUCKS

High performance cabin cooling for trucks. Combining high performance with easy installation and usage, the CoolAir rooftop air conditioners for trucks offer the perfect solution for in-cabin truck temperature control. They feature excellent cooling capabilities, energy efficiency and quiet operation, and there are versions to fit most cabin types, including one specifically for trucks that cannot accommodate a roof-mounted unit.

Self-contained and battery operated truck roof parking cooler with up to 6 h running time. Highly efficient: only 9.5 A consumption in Eco mode. Can be installed in existing roof hatch.

Maximum cooling, minimum energy. The third generation CoolAir from Dometic comes with an entirely new technology. The ingenious Dometic CoolAir RTX 2000 provides added cooling performance and runtime compared to its predecessor model - without consuming more energy! The variable speed inverter compressor allows for excellent cooling and operates both quietly and efficiently.

APAC

75% of regional sales come from Australia and New Zealand

Net sales growth

+10%

Net sales, SEK m

1,546

Number of employees

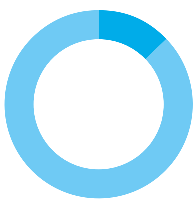
3,039

CONTINUED GROWTH AND HIGH PROFITABILITY IN APAC

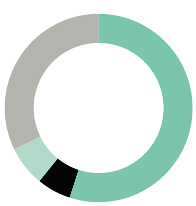
"THE AUSTRALIAN MARKET OFFERS DOMETIC A UNIQUE POSITION, WITH LIFESTYLE AND CLIMATE BEING THE DRIVING FORCES BEHIND PRODUCT DEVELOPMENT."

Chialing Hsueh – President of APAC

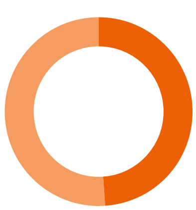
Region as a proportion of total sales



By business area



By channel



Dometic holds leading market positions in all its main product segments in Australia, which currently accounts for 73 percent of revenues in the APAC region. The Australian market offers Dometic a unique position, with lifestyle and climate being the driving forces behind product development, particularly in the RV market and within mobile cooling. Dometic is gradually expanding its presence in China, where the main focus is on retail products sold through digital channels as well as CPV OEM. Over time, there is potential for the RV markets to grow in other countries in the region, albeit from very low levels.

The Group operates with several brands in the APAC region, with WAECO being the main brand in Australia. A process to migrate to the Dometic brand in the region has recently started, with the exception of the Mobicool brand, which will be kept on the Chinese retail market.

The APAC region continued to show increased revenues and high profitability in 2016 and there were several successful product launches during the year. The Aftermarket business maintained its robust performance and benefitted from strong sales from recently launched products. However, the OEM business in Australia did slow down due to excess supply at the beginning of the year, combined with some uncertainty in the market.

RV OEM MARKET STABILIZES

Sales in the RV OEM business were largely unchanged during the year, as the RV market in Australia stabilized compared to the strong growth seen in the previous year. RV production was high in Australia in 2015, which resulted in an overstocking situation among local RV producers at the beginning of the year. General economic activity in Australia was somewhat negatively affected by uncertainty ahead of the Australian federal election, which was held on July 2, 2016, and by currency fluctuations. There were some encouraging signs of a recovery in the market in the latter part of the year. The Group strengthened its market position in 2016, and there was solid demand for new products such as the recently launched Dometic Harrier Inverter rooftop air conditioner. The pipeline of new products is extensive, with planned launches across most of the important product categories.

The RV market in China is showing good potential, supported by announcements of government incentives for outdoor activities. Some local vehicle manufacturers have started to manufacture RVs to meet an anticipated increase in demand, but the RV market remains very small. With Dometic's good reputation and the flexibility of having RV sales teams in several locations in China, the company is well positioned to capture future market share once the market begins to develop from the current low levels. Dometic performed well in China in 2016, and there are some encouraging signs that the market is about to take off, but the slowing Chinese economy has been an offsetting factor.

MARINE GROWTH IN SOUTH EAST ASIA

The key marine OEM markets in APAC are currently Australia, Taiwan and China, with smaller markets like Japan and Thailand emerging. The Marine OEM business reported a sales increase in 2016, partly driven by increased sales of marine air conditioners in South East Asia. Dometic is aiming to expand within

KEY FIGURES	2014	2015	2016
Net sales, SEK m	1,131	1,400	1,546
Net Sales change, %	7	24	10
Organic growth, %	7	6	9
Operating margin, %	23.1	23.9	21.4

the workboat segment, and there were some promising indications in this market.

CPV OEM GROWING IN CHINA FROM A SMALL BASE

The CPV OEM business in China consists of products such as inverters, thermoelectric cup holders, and compressor-driven car coolers for Chinese luxury car manufacturers. Recent anti-corruption efforts in China have resulted in a drop in sales of international luxury cars, which has benefitted the domestic producers. On the other hand, the weak economy in China has dampened demand for extra features in new cars sold. Despite market challenges, Dometic sees good potential for continued growth in China from the current low level and is gradually increasing its presence on the Chinese market.

CONTINUED GOOD PERFORMANCE IN THE AFTERMARKET

Dometic's Aftermarket business in APAC continued to perform well in 2016. The company holds a strong market position in Australia, and continued to consolidate its position among the large retail chains during the year. Sales were supported by the launch of the award-winning portable CFX cooling boxes, and this range is being further expanded to include additional products featuring smart, user-friendly applications.

The Aftermarket business in China is largely an online business and market conditions were challenging, with intense competition from local producers.

CASE | DOMETIC HARRIER INVERTER
RV

The new Dometic Harrier Inverter features the first use of a variable speed compressor with an inverter in an RV application; this can help eliminate start-up current issues when running from generators or when current supply is restricted.

The Dometic Harrier Inverter has a variable speed compressor that is extremely quiet, even when running at maximum speed and has a powerful 3.1 kW cooling capacity (tested to ISO5151) making it the most powerful in its class.

The compressor in the Dometic Harrier Inverter slows down or speeds up in order to maintain the output as needed and in turn reduces energy consumption, as well as noise and vibration, to the minimum required.

In addition to its efficiency, the new Dometic Harrier Inverter also has a number of useful comfort features, including remote controlled oscillating vents and cold plasma air purification.

The innovative sleep mode function also reduces the compressor speed, in addition to the usual fan speeds, to further reduce the noise and vibration levels while sleeping.

The Dometic Harrier Inverter is suitable to fit in 360×360 mm and 400×400 mm roof openings straight out of the box, without the need for additional components or accessories.

SUSTAINABILITY

To Dometic, sustainability means balancing our environmental, economic and social impact throughout our value chain. We are committed to increasing value creation by conducting our business in a responsible way, taking various stakeholders' perspectives into account. Sustainability is embedded in Dometic's business and operations and our key focus areas are Products, Environment, Ethics and People.

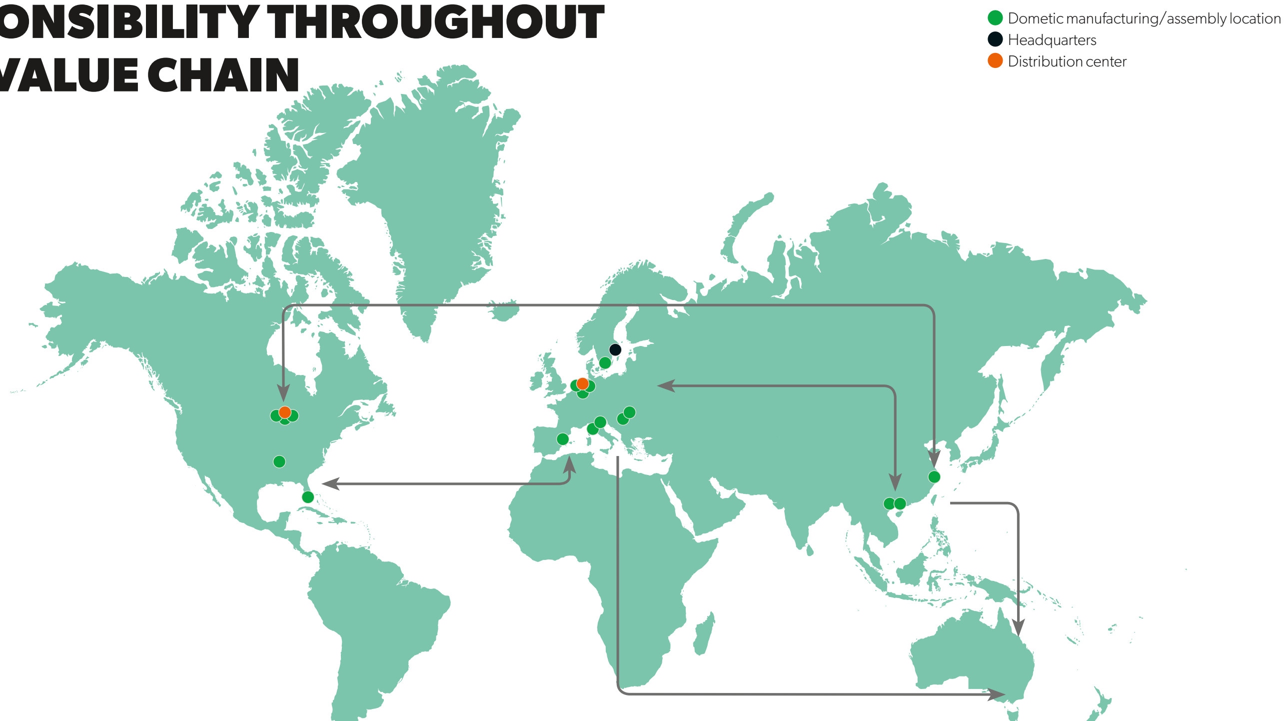
DOMETIC'S ROLE IN SOCIETY – MOBILE LIVING MADE EASY

As a market leader in solutions for mobile living, Dometic strives to take an active role in important sustainability issues in our industry. Millions of people around the world buy and use Dometic products: RV users, boat owners, truck drivers, campers, people who enjoy the outdoors. All are part of a growing movement – of people longing for an active and mobile lifestyle, freedom and adventure, people who desire to explore the world and to stay away for extended periods of time.

Our aim is to meet a growing demand for the mobile living lifestyle, while increasing resource efficiency and reducing the environmental and social footprint of our business. Examples of benefits from our solutions are:

- Reduced food waste through refrigeration products.
- Reduced water usage and waste through smart sanitary solutions in RVs and boats.
- Improved working environment in commercial vehicles through smart climate control solutions.
- Improved life cycle energy efficiency through innovative new product lines.

RESPONSIBILITY THROUGHOUT OUR VALUE CHAIN



2
MAIN DISTRIBUTION CENTERS

3,000
SUPPLIERS IN 35 COUNTRIES

85%
OF DOMETIC'S PRODUCTS ARE PRODUCED IN HOUSE

22
MANUFACTURING AND ASSEMBLY SITES IN THE US, EUROPE AND CHINA

Dometic's operational activities have been organized to achieve higher efficiency, with a level of vertical integration that is designed to improve cost level and speed.

FOOTPRINT AND SUPPLY CHAIN

As Dometic has a large impact on people, the environment and society, it is vital to take active responsibility for our footprint throughout the value chain.

Purchasing

The company has a global purchasing function with regional execution, sourcing from 3,000 suppliers in 35 countries. All suppliers are expected to comply with the Dometic Code of Conduct. The purchasing organization reports directly to the CFO.

Manufacturing and assembly

Dometic's current footprint balances customer proximity requirements with global cost benefits. Manufacturing and assembly of our products takes place at 22 Dometic plants across China, the US and Europe. There is a high level of vertical integration in certain products, such as refrigerators for vehicle OEMs. For a number of other products, however, Dometic relies on suppliers for better economies of scale and speciality skills in component manufacturing and assembly. Our manufacturing operations use resources including raw materials, components, chemicals, water and energy, and generate emissions as well as waste.

Logistics

Dometic has two main distribution centers for finished products – Emsdetten in Germany and Goshen in the US. There are also a number of local warehouses in key countries within each of the three regions, to enable fast local delivery. We seek to optimize logistics through local presence. Still, transportation of goods across the world accounts for a significant amount of Dometic's greenhouse gas emissions from energy use.

Sourcing countries

Raw material spend

SUSTAINABILITY FOCUS AREAS

In 2016, Dometic performed a strategic sustainability review based on macro trends, input from key stakeholders and our business strategy. Four focus areas were established as part of the review. Focusing on these areas will further enhance value creation, reduce environmental impact and mitigate sustainability risks. Dometic has identified improvement areas and activities for each focus area, which will be followed up on regularly.

STAKEHOLDERS AND STAKEHOLDER DIALOGUE

Dometic receives valuable input regarding focus and development areas, primarily from stakeholder dialogues, through customer and employee surveys, meetings with customers, suppliers and other business partners, as well as individual meetings with investors. In order to prioritize continued efforts, stakeholder dialogue on key issues will be structured and intensified in 2017.

Dometic sustainability focus areas – overview

FOCUS AREA	KEY ACTIVITIES 2016	KEY ACTIVITIES 2017
1 PRODUCTS • Safe and reliable • Energy efficient • Life span and reparability	• New products launched with enhanced environmental performance. • Global compliance management system implemented • New environmental solutions for water & sanitation (boat toilets) • Expanded after-sales offering with 10-year spare parts promise	• Innovation and product design for next-generation products • Improved product efficiency via smart phone app, built in energy efficiency intelligence, weight reduction and increased reparability and recyclability • Energy source flexibility for products (gas, solar) • Customer information
2 ENVIRONMENT • Responsible use of materials and energy • Reduce emissions and waste	• Reduced energy consumption in production via efficiency measures at factories • Small-scale recycling of plastics • Method for safe end-of-life handling of absorption refrigerators in Germany implemented	• Reduced energy consumption and emissions in production • Increased recycling and reduction of waste • Developed end-of-life handling of refrigerators/Expand the absorption recycling technique to additional markets • Lower emissions in transportation/logistics
3 ETHICS • Responsible sourcing and supply chain • Business practices	• Supplier evaluation and self assessments • Procurement of global whistleblowing system • Code of Conduct and anti-corruption workshops and training • Responsible sourcing of conflict minerals from certified suppliers	• Global Compact participation • Strengthened sourcing organization and Code of Conduct follow up • Global implementation of new whistleblowing system • Further training of employees and suppliers regarding Code of Conduct and anti-corruption
4 PEOPLE • Health & Safety • Equal opportunity and non-discrimination • Competence development	• Health & Safety standard system to identify improvement measures • Diversity efforts in recruitment and development process • HR development strategy implemented	• Activities to increase focus on workplace safety • Diversity-enhancing measures in recruitment and development process • Continued performance management and competence development activities

1 PRODUCTS

Products are the backbone of Dometic. We deliver smart and reliable products that are safe to use and developed for resource-efficiency during their entire life cycle. Environmental considerations are integral aspects of a product's design, energy efficiency, reparability and recyclability.

Several of our product categories, such as air conditioning, heating and refrigeration, consume a significant amount of energy. Increased energy efficiency during the product life cycle is a key strategy in reducing Dometic's environmental footprint.

The RTX line of truck parking coolers for EMEA is one example in which energy efficiency has been almost doubled compared to other models. Our CFX cooling boxes are another showcase product that has best-in-class energy performance.

We aim to take a proactive role in selected regulatory and industry bodies, working to prepare future legislation and standards. Internally, Dometic has programs to further strengthen global control and to manage both current and future legislations. Currently, more than 100 specific regulations apply to our products globally.

2 ENVIRONMENT

Reduced environmental impact is a key priority in order to secure a long-term, sustainable business model. Important areas include reduced energy consumption in production, lower emissions of CO_2 gases from production and transportation, responsible use of raw materials, water and waste in production, as well as increased energy efficiency during a product's life cycle. Dometic's production units have individual targets to improve their environmental performance based on their production profile, local environment and improvement potential.

Material use

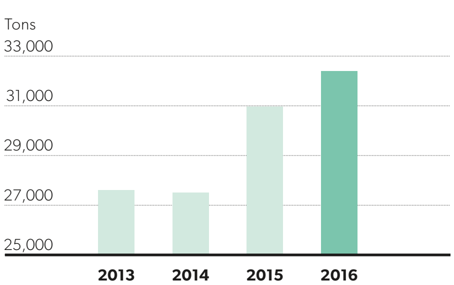
The main materials used in Dometic products are plastics, steel, aluminum and copper. To minimize the use of resources, our ambition is to increase the use of recycled materials, along with enhanced reparability and recyclability in future generations of products. Currently, the use of recycled materials in Dometic products is limited to recycled plastics at a very low scale. In addition, components made in cardboard and steel have a certain percentage of recycled material.

During the year Dometic has also implemented a 10-year spare parts guarantee with the aim of prolonging product life.

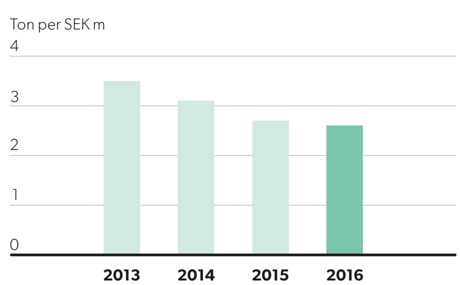
Energy consumption

Energy efficiency is one of the cornerstones and key challenges for Dometic. Dometic initiated an energy-saving program in 2013 with the aim of reducing energy consumption for each site by 15 percent compared to the 2012 levels by 2016. By the end of 2016, Dometic had reduced its energy consumption on Group level by 73 percent compared to 2012. Total energy use in 2016 was 74.9 (71.1) GWh. The improved energy efficiency was achieved mainly through:

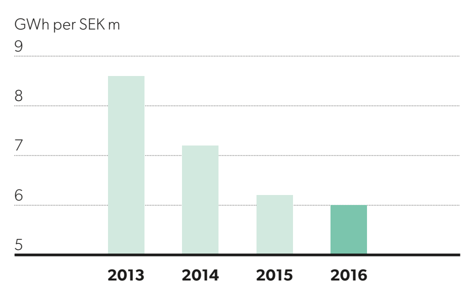
Group total CO_2 emissions



Group total CO_2 emissions in proportion to net sales



Group total energy consumption in proportion to net sales

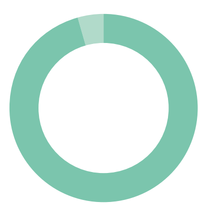


SUSTAINABILITY FOCUS AREAS

- Improved compressor technologies (i.e. compressed air)
- Installed LED lighting systems
- Heat recovery
- Improved heating systems
- Implementation of energy management systems

The share of energy from renewable sources is expected to increase during the upcoming years, in line with Dometic's aim to reduce CO_2 emissions. Updated energy consumption targets will be set during 2017.

Waste in tons 2016



- Non-hazardous waste, 7,966 tons
- Hazardous waste, 350 tons

Chemicals

Dometic comply with applicable chemicals legislation, including REACH and RoHs, with the aim of phasing out hazardous chemicals. Important issues also include responsible end-of life handling of cooling agents. Dometic has implemented end-of-life handling of cooling liquids in refrigerators at its absorption production sites in the US, China, Germany and Hungary.

Waste

In 2016, the total waste amounted to 8,316 tons, of which 350 was hazardous waste. 57 percent of waste was recycled, including packaging, plastics and metals. In most countries, Dometic has access to developed systems for recycling and energy recovery, and endeavors to achieve recycling solutions in all markets.

214,170m³

DOMETIC'S TOTAL WATER CONSUMPTION

3

ETHICS

Dometic's Code of Conduct and related policies set the framework for how we act and follow up on our business practices. The Code of Conduct applies to all employees, customers, business partners and suppliers.

Our relations with business partners and suppliers are based on high standards and ethical business practices, and contribute to global efforts to prevent corruption, fraudulent actions, facilitation payments and money laundering.

Dometic has more than 3,000 suppliers in 35 countries. To ensure that they are aligned with our demands regarding responsible and ethical business practices, we require them to apply the principles in our Code of Conduct. The company's procurement organization monitors compliance with our Code of Conduct using self-assessments and supplier audits. Monitoring compliance with our Code of Conduct will be enhanced in 2017, which will involve an increased number of audits with an emphasis on high-risk suppliers.

4

PEOPLE

Dometic is committed to ensuring that our workplaces are attractive. Important areas include creating diverse work environments and ensuring we apply equal opportunity considerations when recruiting and in developing employees to their full potential. By having a work environment built on Dometic's shared values and Code of Conduct, we create a great place to work for both current and future employees.

The Dometic Way

The Dometic Way is the foundation for the corporate culture. It sets the standards for everything we do and how we interact with each other and external parties. Four core values provide direction for our leaders and employees: Passion for Products, Ownership, Responsibility and Teamwork. In practice, this is defined as the Dometic Way (see page 13).

Gender distribution

In 2016, Dometic employed a total of 6,503 people, of whom 37 percent were women. The Group management team comprised in total 10 people, of whom 3 were women, i.e. 30 percent. Dometic continuously works with the gender distribution at all levels in the Group by enhancing our processes for recruitment and development of our people.

Health and Safety

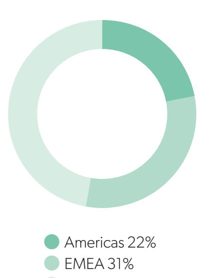
Dometic has introduced the Dometic Loss Prevention Standard (DLPS) to ensure a sustained level of safety, quality and delivery. The DLPS is designed to guide the Group's production sites regarding appropriate safety and security levels. Based on DLPS, a risk-scoring model is used to ensure compliance with good industrial practices. In addition to local work, Dometic performs regular and continous assessments of all its 22 production sites to analyze potential risks. During 2016, Dometic assessed 15 operations sites across all three regions.

Dometic applies Job Safety Analysis (JSA) when identifying hazards relating to specific tasks, in order to proactively identify and reduce the risk of injury to workers. JSA is also used to prevent accidents. Workers are trained in how to carry out their job safely and to ensure adequate technical safety, as well as in usage of personal protective equipment. Health and safety processes are key components of our factory management systems. In 2016, 77 incidents related to health and safety were reported.

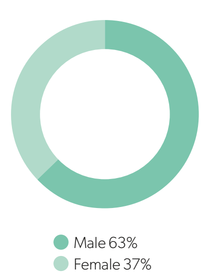
Competence development

Knowledge is a key success factor for employees as well as business partners. In 2016, learning efficiency was a key focus area. A central learning management system hosts all training opportunities globally. This digital infrastructure contains eLearning sessions, tutorials and webinars available to all employees. In addition, Dometic supports its employees through practical skills training programs to gain new knowledge and build leadership capabilities. In total, more than 2,000 participants participated in 100 training activities throughout all our markets in 2016.

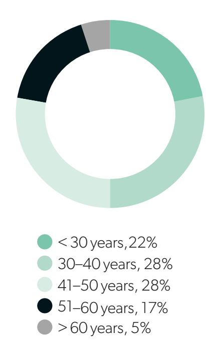
No. of employees



Gender, %



Age structure, %



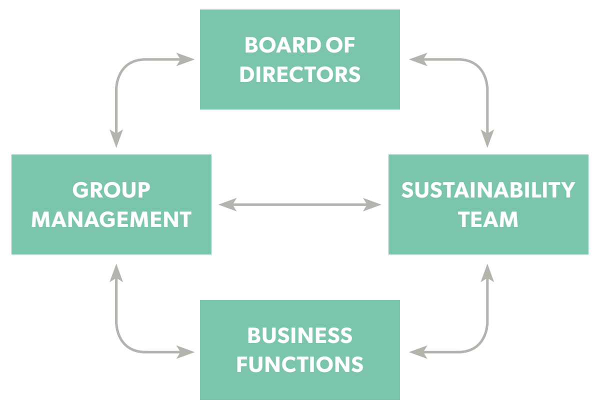
ORGANIZATION & GOVERNANCE

Dometic's Board of Directors has overall responsibility for monitoring the Group's sustainability work and performing an annual evaluation of progress. The Head of Group HR is responsible for coordinating the work and ensuring that sustainability is an integral aspect of core values, leadership training and internal communications.

Dometic has created a sustainability team to manage the Group's work. The team consists of the CEO, CFO and other key Group Management roles, as well as supporting specialists. The team sets the overall ambition level, focus areas, targets and activities and meets regularly to follow up on results. Responsibilities also include ongoing stakeholder dialogue, close monitoring of macro trends and drivers, as well as incorporating global sustainability initiatives into Dometic's business strategy, operations and reporting.

CODE OF CONDUCT & POLICIES

The principles in Dometic's Code of Conduct are built on our shared values, international and national legislation, support and respect for international standards and agreements, including the UN Global Compact and OECD's guidelines for multinational companies.



Key stakeholder dialogues

STAKEHOLDER GROUP	TYPE OF DIALOGUE	KEY TOPICS DISCUSSED
CAPITAL MARKETS • Shareholders • Investors • Analysts	• Individual meetings • Annual General Meeting • Investor requests and questionnaires	• General strategy/focus areas • Code of Conduct implementation • US class action • Environmental impact
BUSINESS PARTNERS • OEMs • Customers • End-users • Suppliers	• Individual meetings • Sales meetings • Trade exhibitions • Customer requests and questionnaires	• General strategy/focus areas • Product performance • Code of Conduct implementation • Environmental impact
EMPLOYEES • Current employees • Potential employees	• Employee surveys • Performance evaluation meetings • Interviews	• General strategy/focus areas • The Dometic Way and Code of Conduct • Health & Safety • Work Environment • Competence Development

Our manufacturing plants and certificates

LOCATION	MAIN PRODUCTS	CERTIFICATES
EMEA		
Geluwe, Belgium	Awnings	*
Dillenburg, Germany	Lights	ISO 50001
Emsdetten, Germany	EDC, automotive cooling	ISO 9001, 14001, 50001
Krautheim, Germany	Windows and doors	ISO 9001, 14001, 50001
Siegen, Germany	Minibars and RV refrigerators	ISO 9001, 14001, EMAS
Jaszbereny, Hungary	Compact refrigerators and mobile cooling boxes	ISO 9001, 14001, 50001
Bassano, Italy	Cooking appliances (sub-supplier to Filakovo)	ISO 9001
Forli, Italy	Generators	ISO 9001, 14001
Milano, Italy	Marine air conditioners	*
Filakovo, Slovakia	Kitchen appliances, sinks, AC service stations, blinds	ISO 9001, 14001
Girona, Spain	Safes	*
Tidaholm, Sweden	Window components	ISO 9001, 14001
AMERICAS		
Big Prairie, Ohio, USA	Sanitation	ISO 14001
Elkhart, Indiana, USA	Refrigerators	ISO 14001
Elkhart, Indiana, USA	Power vents	*
Greenbrier, Tennessee, USA	Water heaters, ranges	ISO 9001
LaGrange, Indiana, USA	Awnings	ISO 14001
Pompano Beach, Florida, USA	Marine air conditioners	ISO 9001, 14001
APAC		
Shenzhen, China	Mobile cooling and power electronics, mainly for CPV	ISO 9001, 14001, TS16949, OHSAS18001, SA8000
Wuhu, China	Water heaters, wire harnesses, next generation blowers	*
Zhuhai, China	Refrigerators and air conditioners for RVs and trucks	ISO 14001

*Certifications only applicable to plants with more than 50 employees

RISKS AND RISK MANAGEMENT

As all businesses, Dometic is exposed to a number of risks that could have a material impact on the Group. These risks are factors that impact Dometic's ability to achieve established Group targets. This applies to both financial targets and targets in other areas outlined in Dometic's business strategy.

The risks that Dometic is exposed to are classified into four main categories below, where each category has underlying risks. These risks can be both internal and external. The internal risks are mainly managed and controlled by Dometic whereas the external risk factors are not caused nor can be controlled by Dometic but the effects can be limited by an effective risk management. The risks described are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition or results of the operations.

Dometic has during 2016 established a risk management process with an executive risk committee. The quarterly executive risk committee meetings and administrated by an appointed risk coordinator. The Chairman of the executive risk committee is the CFO. The executive risk committee consists of representatives from regional operations, product market and innovation (PMI), finance, HR, legal, and internal audit. The main tasks of the executive risk committee are to evaluate company risks and risk assessment, discuss recent risk-related issues, evaluate and approve risk-related actions and activities, discuss and approve risk governance (policies and activities), and facilitate input from executive risk committee members and significant risk-related reports. The committee is the internal forum to address risks. A summary of the committee's work is presented to the audit committee and the board of directors of Dometic (the "Board").

Dometic performs annual risk analysis by assessing each defined risks likelihood and impact and the related risk activities with risk's owners in a risk register, resulting in global and regional risk maps used as foundation for the companies control activities.

RISK ANALYSIS
- Risk register
- Risk assessment
- Risk maps

Business and market risks

Operational risks

Compliance & regulatory risks

Financial risks

BUSINESS AND MARKET RISKS

Dometic needs to continue to invest in research and development combined with innovation and design of our products in order to attract and retain consumers. Failure to innovate and design new products or modify existing products may damage Dometic's brands and could result in a decrease in net revenue. The ability to successfully launch new products to the right customers and markets could also result in a negative impact on the company growth, sales and margins. If Dometic cannot anticipate consumer preferences or is unable to modify its products in line with customer needs, Dometic may lose customers or become subject to greater pricing pressure and impact on operating results. Demand may also increase or decrease drastically as a result of a change in customers' taste and desire for certain products. Customers of Dometic's products often consider owning and using an RV as a lifestyle choice rather than only a specific holiday alternative.

The OEM consolidation trend could cause pricing pressure and loss of major customers which could negatively affect the business. Dometic operates in a niche market with many different competitors depending on business area and region. The Group faces price competition, as well as competition based on other factors, such as product development, design, quality and service offering, among others. Some of the Company's competitors focus only on a small range of products and therefore may outpace Dometic in developing new or advanced products in their specialized product areas. 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. Mergers and acquisitions can expose Dometic to risks related to integration, retaining key employees, anticipated synergies that do not materialize as expected, operational liabilities and environmental indemnities.

Weather fluctuations may affect Dometic's operating results and our ability to maintain our sales volume. A majority of the company's sales are characterized by higher demand in the summer seasons, particularly in the northern hemisphere, with a sharp drop in sales during holiday seasons. Dometic's operations may be adversely affected by

BUSINESS AND MARKET RISKS	OPERATIONAL RISKS	COMPLIANCE & REGULATORY RISKS	FINANCIAL RISKS
• Product innovation risks • Market/customer changes • Competition and competitors • Reputational risk • M&A risks • Economy fluctuations • Weather fluctuations	• Product management risks • Manufacturing risks • Facility and equipment • Supply chain risk • Supplier risk • IT operation and IT security risks • Availability of skilled labor • Employee health and safety • Strikes and other industrial action	• Non compliance with company policies • Non compliance with regulatory requirements • Disputes and litigations risks • Infringements of intellectual property rights	• Currency exposure risks • Interest rate risks • Credit risks • Liquidity and refinancing risks • Reporting risks • Tax risks

unseasonably cool weather, which has the effect of diminishing customer demand for our products and decreasing our sales volumes.

Because Dometic purchases raw materials and builds up inventory prior to the peak selling season, expense levels are substantially based on future revenue expectations. Insufficient inventory may result in inability to satisfy customer demands. Dometic's business is primarily focused on products that are considered discretionary items for consumers, especially vehicles into which our products are installed. Consumer purchases of discretionary items tend to decline during economic downturns when disposable income is lower. The leisure goods industry is particularly vulnerable to general economic conditions because sales of leisure consumer products, such as RVs and leisure boats, depend on discretionary consumer spending.

OPERATIONAL RISKS

Despite having flexible manufacturing operations that can respond to surges in demand, Dometic could potentially be unable to satisfy an unanticipated period of exceptionally high demand. Also, certain company products have a long order-to-delivery lead time, which inhibits the capacity to respond quickly to changes in customer demand. Further, Dometic's ability to meet customer demand may be limited by supply constraints of key materials.

Significant product design or manufacturing defects could lead to major costs related to recalling or reworking products. In the event of a product recall, a reserve is required to cover the estimated costs until completion of a recall is recognized. Despite seeking to provide significant recall provisions, a recall would divert managerial and financial resources and may adversely affect Dometic's reputation with its customers as a manufacturer of safe, quality products, which could have a material adverse effect on the business. Even if a product liability claim is not successful or is not fully pursued, the negative publicity surrounding a product recall could damage the Company's brand identity and reputation with existing and potential customers and have a material adverse effect on Dometic's business, financial condition and results of operations.

Dometic's product liability insurance policies have limits that, if exceeded, may result in substantial costs that would have an adverse effect on operational results. In addition, warranty claims are not covered by our product liability insurance and certain product liability claims may also not be covered by our product liability insurance.

Dometic operates numerous production facilities across the globe. A failure in any of these could lead to interruptions in service that may cause product delivery delays, which cannot be absorbed by other facilities. It is also possible that repeated or extended delays could damage our reputation and thus lead to a loss of customers. Being a manufacturing company, breaches in health and safety may negatively affect Dometic's personnel and ability to maintain production.

Risks or breaches in IT operation, its hardware and software, IT security or improperly managed IT changes could negatively impact Dometic's ability to support the business and affect its ability to reach business goals.

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. Strikes and other industrial action as well as the negotiation of new collective bargain agreements could disrupt the Company's operations or make it more costly to operate its facilities.

COMPLIANCE & REGULATORY RISKS

Dometic is subject to stringent environmental and other regulatory requirements, which may change or result in additional costs or liability, or restrict our operations. Any failure to comply with laws and regulations exercised through an extensive body of European Union and national legislation could subject Dometic to future liabilities or result in the limitation or suspension of the sale or production of a product. 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. The introduction of new laws and regulations, the discovery of previously unknown contamination or the imposition of new or increased requirements could require Dometic to incur costs and affect cash available for operations and, as a result, adversely affect the company's business, financial condition or results of operations.

Dometic's policies, including the Code of Conduct, establish the rules of conduct within the Group, outlining the responsibilities of both employees and employer. Non-compliance with the Group policies might harm the business and have a negative impact on the result.

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. 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.

Dometic's patent and design portfolio contains approximately 880 individual patent, utility model and design applications and/or granted registrations in countries all over the world. The Management believes that it is the wide extent of the portfolio that is of importance from a strategic and competitive perspective. Failure to protect these brand and label names and other intellectual property rights or prevent their unauthorized use by third parties could materially adversely affect 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.

FINANCIAL RISKS

Dometic is exposed to financing risks referring to possible delays, increased costs or cancellations related to financing of the Group's capital requirements and refinancing of outstanding loans. Through the debt portfolio, Dometic is also exposed to interest rate risk. This is defined as the risk that changes in interest rates will impact the Group's earnings and cash flow.

Foreign exchange risks relate to the impact on the financial statements as a result of fluctuations in the currency market. Foreign exchange risks exist in the form of transaction and translation risks. The Swedish Krona (SEK) is the functional currency of Dometic, hence changes in the value of the Swedish Krona against other major currencies in the Group will affect Dometic's consolidated financial statements. The transaction exposure occurs in conjunction with products and services being bought or sold in currencies other than the entities' local currency.

The credit risks are mainly related to trade receivables and failure to meet payment obligations by Dometic's customers. The Group's financial risks are handled in accordance with the Treasury Policy that has been adopted by the Board. The financial risks and the financial risk management are further described in note 3.

Dometic verifies, at least annually, the value of goodwill and trademarks for possible impairment. The valuation is sensitive to volatilities in the market and assumptions made in the calculations. For example, changes in assumptions in excess of a certain threshold could lead to indications of impairment. For further information on intangible assets, see note 14.

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. Dometic has substantial tax losses that may be restricted or cancelled either as a result of future changes in tax law or, under the current rules, as a result of a change of control through which one or several shareholders together hold shares, acquired during a specific time frame, representing a majority of the votes. The cancellation or restriction on the use of the Group's tax loss carry forwards 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.

THE DOMETIC SHARE AND SHAREHOLDERS

SHARE PRICE AND TRADING

Dometic's shares have been listed on Nasdaq Stockholm since November 25, 2015. In 2016, the share price increased by 23.3 percent. The closing price was SEK 66.95 on the last business day of the year, corresponding to a market capitalization of SEK 19.8 billion. The highest price paid during 2016 was SEK 70.15 and the lowest price paid was SEK 48.21.

A total of 224.2 million shares were traded during the year, with a total value of SEK 13.6 billion, corresponding to an average daily trading volume of 0.9 million shares.

SHARE CAPITAL AND CAPITAL STRUCTURE

As of December 31, 2016, the share capital amounted to SEK 739,583, divided into 295,833,333 shares. All shares are of the same class and carry equal rights in all respects. According to the Articles of Association, the company should have no less than 200,000,000 shares and not more than 800,000,000 shares. The company's share capital shall not be less than SEK 500,000 and not more than SEK 2,000,000. The company's shares are registered with Euroclear Sweden AB, which manages the company's share register and registers the shares for individuals.

DIVIDEND AND 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 AGM that at least 40 percent of its net profit for the period shall be distributed to the shareholders. The Board shall consider a number of additional factors, including the company's future profits, investment needs, liquidity and development opportunities, as well as general economic and business conditions, when proposing a dividend.

The Board of Directors proposes a dividend of SEK 1.85 (n/a) per share for 2016, equivalent to a total distribution of SEK 547.3 million. The proposed dividend corresponds to 40.2 percent of the net profit for the period. Based on the Dometic share price at the end of 2016, the dividend yield is 2.8 percent.

SHAREHOLDERS

On December 31, 2016, Dometic had 10,089 shareholders according to the register kept by Euroclear Sweden AB. Swedbank Robur Fonder was the largest shareholder, with 8.5 percent of the shares. Dometic's ten largest owners held shares corresponding to 47.0 percent of the capital and votes. Institutional ownership amounted to 96.4 percent of the capital. 58.7 percent of the capital was held by Swedish institutions, mutual funds and private investors, whereas foreign owners held 41.3 percent. Foreign investors are not always recorded in the share register, as foreign banks and other custodians may be registered for one or several customers' shares. This explains why the actual owners are not normally displayed in the register.

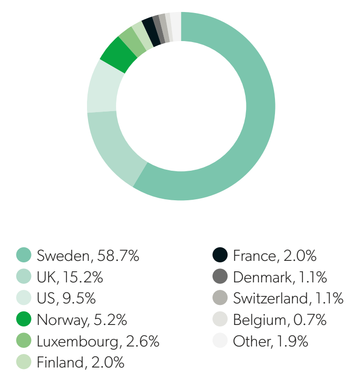
In 2016, Dometic's previous principal beneficial shareholder EQT V divested its holding in Dometic through a number of accelerated book building processes. On November 21, 2016, the last remaining shares were sold. In total, 169,661,428 shares, corresponding to 57.35 percent of the capital and votes, were sold during the year.

The investors that increased their holdings the most during 2016 were Swedbank Robur Fonder, Alecta Pensionsförsäkring and Norges Bank.

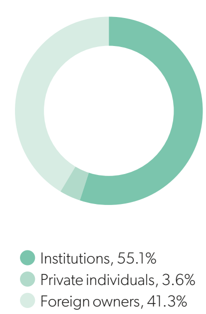
ANALYST COVERAGE

At year-end 2016, analysts from Carnegie, Handelsbanken, Jefferies, Morgan Stanley, SEB and UBS had an active coverage of the Dometic share.

Shareholder countries, % of capital and votes



Shareholder categories



10 largest shareholders

Shareholders	Share capital, %	Voting rights, %
1 Swedbank Robur Fonder	8.5	8.5
2 Carnegie Fonder	6.0	6.0
3 Handelsbanken Fonder	5.4	5.4
4 Nordea Fonder	4.8	4.8
5 Alecta Pensionsförsäkring	4.5	4.5
6 Norges Bank	4.2	4.2
7 Lannebo Fonder	4.2	4.2
8 Vanguard	2.1	2.1
9 Länsförsakringar Fonder	2.1	2.1
10 Columbia Threadneedle	1.9	1.9

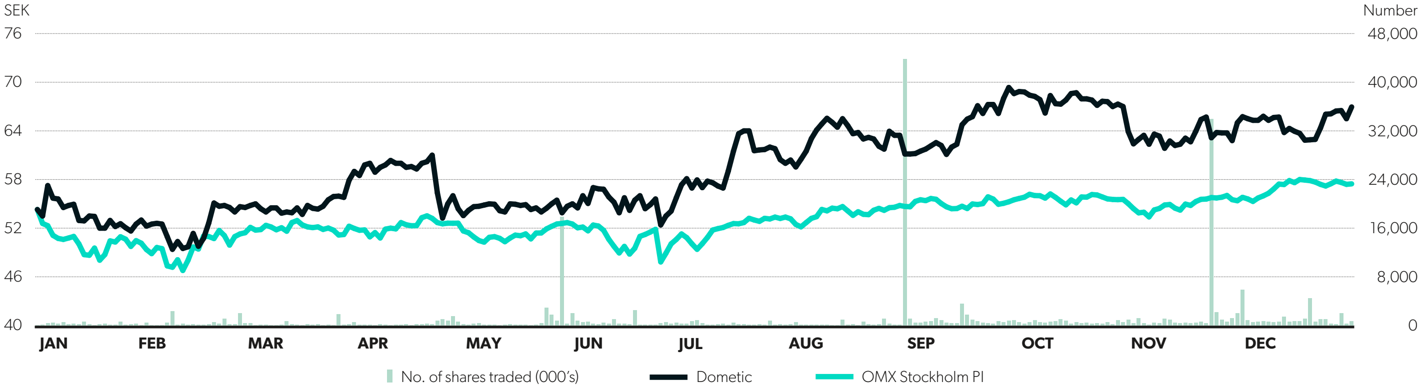
Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority as of December 31, 2016.

Shareholding by size

	No. shares	Share capital, %	Voting rights, %	No. shareholders	Share of votes and capital, %
1–100	110,279	0.0	0.0	2,064	20.5
101–200	553,533	0.2	0.2	2,974	29.5
201–500	642,817	0.2	0.2	1,725	17.1
501–1,000	1,104,843	0.4	0.4	1,340	13.3
1,001–2,000	1,253,357	0.4	0.4	793	7.9
2,001–5,000	1,924,337	0.7	0.7	557	5.5
5,001–10,000	1,577,326	0.5	0.5	207	2.1
10,001–20,000	1,907,656	0.6	0.6	124	1.2
20,001–50,000	2,670,161	0.9	0.9	83	0.8
50,001–100,000	3,674,802	1.2	1.2	49	0.5
100,001–200,000	5,528,991	1.9	1.9	39	0.4
200,001–500,000	15,232,601	5.1	5.1	46	0.5
500,001–1,000,000	21,881,883	7.4	7.4	29	0.3
1,000,001–2,000,000	34,284,123	11.6	11.6	25	0.2
2,000,001–5,000,000	73,219,058	24.8	24.8	24	0.2
5,000,001–10,000,000	19,085,998	6.5	6.5	3	0.0
10,000,001–20,000,000	86,078,445	29.1	29.1	6	0.1
20,000,001–	25,103,123	8.5	8.5	1	0.0
Total	**295,833,333**	**100.0**	**100.0**	**10,089**	**100.0**

Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority as of December 31, 2016.

Share price development 2016



WHY INVEST IN DOMETIC

1 THE GLOBAL MARKET LEADER WITH A STRONG BRAND IN HIGHLY ATTRACTIVE MOBILE LIVING NICHES

- Number 1 or number 2 in 75 percent of the relevant markets.
- High barriers to entry thanks to high product requirements and tailor-made product dimension.
- Strong and long-term established relationships with our customers.
- Clear economy of scale in the niches, which are under the radar for large appliance manufacturers.

2 FAVORABLE MACRO AND CUSTOMER TRENDS SUPPORTING LONG TERM GROWTH

- Structural drivers in RVOEM such as demographic changes, increased leisure spending and more focus on outdoor lifestyle.
- High demand in CPVOEM for improved driver comfort, also supported by new regulations on idling.
- Shorter replacement cycles and higher spending on leisure and outdoor products in Aftermarket.

3 LARGE AND PROFITABLE AFTERMARKET WITH GROWTH POTENTIAL

- Untapped growth potential in core product areas such as cooling boxes, parking coolers and sanitation products.
- Possibility to enter new product categories where Dometic's unique distribution can facilitate growth.

4 WELL-INVESTED BUSINESS WITH STRONG PROFITABILITY AND RETURNS

- Investments have been made during more than 40 years as part of Electrolux and as an independent company.
- Out of our 22 sites only 10 are regarded as major production entities, whereas the remaining are focused on assembly.
- Low continued investment needs of 2–2.5 percent of net sales in capex and product development respectively.

5 DIVERSIFICATION ACROSS GEOGRAPHIES, PRODUCTS AND CUSTOMERS ADDS RESILIENCE

- Three regions with eight different businesses per region giving 24 businesses with own P&L. This reduces risk and cyclicality.

6 GROWTH STRATEGY WITH LARGE UPSIDE POTENTIAL

- Strengthen OEM business within attractive niche positions.
- Growing Aftermarket business by widening the customer base and product portfolio.
- Strong balance sheet enables acquisitions of small and large companies that fit into Dometic's main product areas.

BOARD OF DIRECTORS' REPORT

The Board of Directors and the President of Dometic Group AB (publ), company registration number 556829-4390 (the Company), hereby submit the following Annual Report and Consolidated Financial Statements covering the period January 1 to December 31, 2016.

Business and organization

Dometic Group ("Dometic", the "Group") is a global market leader in branded solutions for mobile living in the areas of Climate, Hygiene & Sanitation and Food & Beverage. Dometic provides products for use in recreational vehicles, pleasure boats, workboats trucks, premium cars and for a variety of other uses. Dometic offers products and solutions that enrich people's experiences away from home, whether in a motorhome, caravan, boat or a truck. Dometic´s focus is to create smart and reliable products with outstanding design.

Dometic operates 22 manufacturing/assembly sites in nine countries, with sales in approximately 100 countries and manufactures approximately 85% of products sold in-house. Dometic has a global distribution and dealer network in place to serve the aftermarket.

The Group is organized into three regions: Americas, EMEA (Europe, Middle East and Africa) , and APAC (Asia Pacific).

Dometic employs approximately 6,500 (6,500) persons worldwide, and has its headquarters in Stockholm, Sweden.

Significant events in the fiscal year

Changes in Group Management

Ms Chialing Hsueh was appointed new President for Asia Pacific on December 11, 2015 with effect from March 1, 2016. Ms Chialing Hsueh succeeded Mr Tat Li who, after 20 years with Dometic, decided to retire at the age of 65.

July 7 it was announced that Bengt Thorsson was appointed as new Regional President of EMEA with full effect from October 1, 2016. Bengt Thorsson succeeds Joachim Kinscher, who after more than 40 years of service with the company has chosen to step down from his role as Regional President of EMEA and take on an advisory position for the Group.

October 31, 2016 it was announced that Scott Nelson was appointed as new Regional President of Americas effective December 2, 2016. Scott succeeds Frank Marciano, who will retire after more than 25 years of service with Dometic.

Class action complaint

On April 21, 2016 a class action complaint was filed in California and an amended complaint was subsequently filed on July 8, 2016. The California action consists of 7 named plaintiffs. Dometic filed a motion to dismiss the action, which is now fully briefed and the Court heard the argument in November 2016. The Court has not yet made a decision. Plaintiffs served their first request for documents in January 2017. Dometic´s objections and responses thereto were made on February 6, 2017.

On June 24, 2016 a similar class action complaint was filed in Florida and an amended complaint was subsequently filed on August 23, 2016. Dometic filed a motion to dismiss the action on September 6, 2016 and, as of October 3, 2016, the motion was fully briefed. The Florida action previously consisted of 14 named plaintiffs. The complaint was withdrawn with respect to the plaintiff in Virginia. On February 7, 2017 the court granted Dometic's motion to dismiss regarding 10 of the remaining plaintiffs, leaving only 3 plaintiffs with only one cause of action. The court granted, however, the plaintiffs permission to amend their complaint by the end of February, 2017. On February 22, 2017, Plaintiffs filed their second amended complaint in which they attempt to bring seven causes of action on behalf of ten named plaintiffs.

Legal costs connected to the class action complaint are taken as a part of the result when the costs occur. No provision has been made as the case is still at an early stage. Dometic remains firm that the allegations are without merit.

Acquisitions and divestments

October 27, 2016 Dometic entered an agreement to sell the seating and chassis component business of its subsidiary Atwood Mobile Products ("Atwood") to Lippert Components, Inc., a wholly owned subsidiary of Dew Industries Incorporated. The transaction was completed on November 13, 2016. The divestment includes a production site in Elkhart, Indiana. Sales of the divested business for 2015 were approximately USD 30 m. The selling price USD 12.5 m was paid in cash. The transaction triggered a write-down mainly related to intangible assets of USD 3.0 m.

On December 22, it was announced that Dometic acquired the assets of IPV, a Germany-based aftermarket provider of coolers and other outdoor products. The acquisition strengthens Dometic's position in the EMEA market for mobile coolers. The purchase price was EUR 3.5 m, and the transaction was closed on January 3, 2017.

Business, result and position at Dometic

2016 was characterized by continued organic revenue growth in all regions of the Group. During the year, the seating and chassis component business was divested. The European RV market has recovered and reports growth in almost all major markets.

Net sales

The net sales totaled SEK 12,388 m (11,486), an increase of 8%, of which 7% was organic growth, 2% currency translation and –1% divestments.

Americas, which accounted for 46% of sales in 2016, reported net sales of SEK 5,749 m (5,538). This corresponds to a sales increase of 4% compared to 2015, of which 2% was organic.

EMEA, which represented 41% of sales in 2016, reported net sales of SEK 5,093 m (4,548 including Medical). This equates to a sales increase of 12% compared to 2015, of which 13% was organic.

APAC, which accounted for 13% of sales in 2016, reported net sales of SEK 1,546 m (1,400). This corresponds to a sales increase of 10% compared to 2015, of which 9% was organic.

Operating profit

Operating profit totaled SEK 1,573 m (1,436). Operating profit (EBIT) before items affecting comparability amounted to SEK 1,621 m (1,412), representing an 15% improvement and a margin of 13.1% (12.3). In comparable currencies the increase amounted to 13%. Operating profit includes cost items relating to re-branding and class action legal fees of SEK 77 m.

Items affecting comparability

Items affecting comparability totaled SEK –48 m (+24), consisting of Divestment Seating and chassis component business SEK –25 m, phase out Architectural business SEK –25 m, Filakovo-related cost/insurance reimbursement SEK +16 m, closedown of a manufacturing line in China SEK –6 m, transaction related costs Atwood integration SEK –7 m and other SEK –1 m.

Research and development

Research and development costs amounted to SEK 294 m (269), or 2.4% (2.3) of the net sales. Product Development and Innovation (PMI) is responsible for the product development in close cooperation with the sales and production teams in the regions.

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Financial items

Financial expenses amounted to SEK 124 m (1,104) and included interest expenses for: Senior loan facilities of SEK 117 m (627), SEK 7 m for amortization of capitalized financing expenses (243) and interest expenses on pension liabilities amounted to SEK 13 m (12). Financial expenses year end 2015 also included refinancing expenses of SEK 214 m. The volatility in the currency market 2016 resulted in a positive exchange rate difference of SEK 24 m (19).

Other finance expenses impacted the expenses with SEK 11 m (27). Interest income of SEK 6 m (2) reduced the costs and resulted in a total financial net of SEK –118 m (–1,102).

Taxes

Taxes totaled SEK –93 m (+698), which corresponds to 6% (–209%) of profit before tax. Current tax amounted to SEK –158 m (–169) and deferred tax to SEK +65 m (+867). The deferred tax income in 2016 is related to recognition of deferred tax on interest expense carryforwards (non-recurring. The deferred tax income in 2015 was related to recognition of deferred tax on loss carry-forwards (non-recurring.

Investments

Investments in tangible fixed assets for the period amounted to SEK 205 m (223) of which SEK 78 m (81) refers to machinery, equipment and tools and SEK 24 m (25) to buildings. Construction in progress and advance payments of SEK 103 m (117) are also included. Investments in intangible assets amounted to SEK 21 m (17). Total investments in intangible and tangible fixed assets amounted to SEK 225 m (240).

Cash flow from financing and financial position

Cash flow from financing, including paid interest, amounted to SEK 572 m (–1,708). The cash flow was negatively impacted by paid costs related to the shareholders' contribution received during 2015 in connection with the IPO SEK –74 m (4,500), and net changes in borrowing of SEK –362 m (–5,283). Paid interest/received interest net amounted to SEK –94 m (–833), and other financing activities SEK –42 m (–92).

Interest-bearing liabilities, excluding pension provisions, amounted to SEK 4,782 m (4,815). The debts are expressed in EUR, USD and AUD.

Group cash and cash equivalents at the year-end amounted to SEK 1,599 m (833). In addition, the Group has unutilized loan facilities under the revolving credit facility of SEK 1,260 m (904), and unutilized local loan facilities of SEK 239 m (337). For further information on the term of the loans, see note 21.

There are no pledged assets or securities in the Senior Facilities Agreement. The financing package is conditioned with covenants, assessed on a quarterly basis are net debt/EBITDA and interest cover. Other financial risks are described in note 3.

The equity ratio amounted to 63% (60). Net debt/EBITDA amounted to 1.7 (2.4).

Financial instruments

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

The fair values of Dometic's derivative assets and liabilities were SEK 64 m (34) and SEK 52 m (39), 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. For information on Financial risk management and financial instruments, see Note 3.

Parent Company

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

For the full year 2016, the Parent Company Dometic Group AB (publ), had an operating profit (loss) of SEK –3 m (–6), including administrative expenses of SEK –130 m (–54) and other operating income of SEK 127 (48), of which the full amount relates to income from Group companies.

Loss from financial items amounted to SEK –351 m (–115), including interest income from Group companies of SEK 71 m (257) and interest expenses to Group companies of SEK 0 m (–7). Net profit for the period amounted to SEK –1 m (136).

The Parent Company has 0 (0) branch offices. In total, the Group has 3 (2) branch offices.

Significant events after the reporting period

On January 18, it was announced that Mattias Nordin Head of Product Management & Innovation in Dometic's Group Management and Dometic have agreed to part ways.

On February 7, Dometic acquired Oceanair, a UK-based market-leading manufacturer of marine blinds, screens and soft furnishings for the Leisure marine and Super Yacht segments. For the fiscal year of 2015/2016 the company reported revenues of GBP 11.4 m. Oceanair has its main operations and manufacturing in the UK, with an additional manufacturing facility in the US. The company has sales to customers in 32 countries and it employs approximately 200 people in total. The initial purchase price was GBP 14.0 m in cash, with additional earn-out consideration of maximum GBP 2.5 m subject to the achievement of certain performance-related targets over the next 16 months. The acquisition strengthens Dometic's presence in the marine market and broadens the product portfolio.

Future development

Outlook of the coming year

Dometic Group has set its financial targets as outlined below and has a roadmap of initiatives with which the Group will continue to implement its strategy. In light of this and the current conditions of Dometic's markets, the Group's outlook remains positive for 2017. Dometic expects to deliver net growth in line with its mid to long-term target of 5% and continue increasing its EBIT margin towards its 15% target. Dometic also aims to strengthen its portfolio further through additional acquisitions.

The Group's medium- to long-term financial targets

Dometic's Board of Directors adopted 2015 the following medium- to long-term financial targets over the cycle:

- Net sales growth of 5% at constant currency excluding larger acquisitions i.e. an acquisition of a company with more than SEK 100 m in net sales
- Reported operating profit (EBIT) margin of at least 15%
- Net debt/EBITDA around 2.0x
- Dividend of at least 40% of its net profit shall be distributed

Risks and risk management

As all businesses, Dometic is exposed to a number of risks that could have a material impact on the Group. These risks are factors that impact Dometic's ability to achieve established Group targets. This applies to both financial targets and targets in other areas outlined in Dometic's business strategy.

The risks that Dometic is exposed to are classified into the four main categories below, where each category has underlying risks. These risks can be both internal and external. The internal risks are mainly managed and controlled by Dometic, whereas the external risk factors are not caused nor can be controlled by Dometic but the effects can be limited by effective risk management. The risks described are not the only risks Dometic face. Additional risks and uncertainties not currently known to Dometic or that Dometic currently deem to be immaterial may also materially adversely affect the Group´s business, financial condition or results of the operations.

Dometic has during 2016 established a risk management process with an executive risk committee, quarterly executive risk committee meetings and administrated by an appointed risk coordinator. Chairman of the executive risk committee is the CFO. The executive risk committee consists of representatives from regional operations, product market and innovation (PMI), finance, HR, legal, and internal audit. The main tasks of the executive risk committee are to evaluate company risks and risk assessment, discuss recent risk related issues, evaluate and approve risk related actions and activities, discuss and approve risk governance (policies and activities), and facilitate input from executive risk committee members and significant risk related reports. The committee is the internal forum to address risks. A summary of the committee's work is presented to the audit committee and the board of directors of Dometic (the "Board").

Dometic performs annual risk analysis by assessing each defined risk's likelihood and impact and the related risk activities with risk owners in a risk's register, resulting in global and regional risk maps used as foundation for the companies' control activities.

Business and Market Risks

Dometic needs to continue to invest in research and development combined with innovation and design of its products in order to attract and retain consumers. Failure to innovate and design new products or modify existing products may damage Dometic's brands and could result in a decrease in net revenue. The ability to successfully launch new products to the right customers and markets could also result in a negative impact on the company growth, sales and margins. If Dometic cannot anticipate consumer preferences or is unable to modify its products in line with customer needs, Dometic may lose customers or become subject to greater pricing pressure and impact on operating results. Demand may also increase or decrease drastically as a result of a change in customers' taste and desire for certain products. Customers of Dometic's products often consider owning and using an RV as a lifestyle choice rather than only a specific holiday alternative.

The OEM consolidation trend could cause pricing pressure and loss of major customers, which could negatively affect the business. Dometic operates in a niche market with many different competitors depending on business area and region. The Group faces price competition, as well as competition based on other factors, such as product development, design, quality and service offering among others. Some of the Company's competitors focus only on a small range of products and therefore may outpace Dometic in developing new or advanced products in their specialized product areas. 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. Mergers and acquisitions can expose Dometic to risks related to integration, retaining key employees, anticipated synergies that do not materialize as expected, operational liabilities and environmental indemnities.

Weather fluctuations may affect Dometic's operating results and its ability to maintain its sales volume. A majority of the Company's sales are characterized by higher demand in the summer seasons, particularly in the northern hemisphere with a sharp drop in sales during holiday seasons. Dometic's operations may be adversely affected by unseasonably cool weather, which has the effect of diminishing customer demand for our products and decreasing Dometic´s sales volumes.

Because Dometic purchases raw materials and builds up inventory prior to the peak selling season, expense levels are substantially based on future revenue expectations. Insufficient inventory may result in inability to satisfy customer demands. Dometic's business is primarily focused on products that are considered discretionary items for consumers, especially vehicles into which Dometic´s products are installed. Consumer purchases of discretionary items tend to decline during economic downturns when disposable income is lower. The leisure goods industry is particularly vulnerable to general economic conditions because sales of leisure consumer products, such as RVs and leisure boats, depend on discretionary consumer spending.

Operational Risks

Despite having flexible manufacturing operations that can respond to surges in demand, Dometic could potentially be unable to satisfy an unanticipated period of exceptionally high demand. Also, certain company products have along order to delivery lead time, which inhibits the capacity to respond quickly to changes in customer demand. Further, Dometic's ability to meet customer demand may be limited by supply constraints of key materials.

Significant product design or manufacturing defects could lead to major costs related to recalling or reworking products. In the event of a product recall a reserve to cover the estimated costs until completion of a recall is recognized. Despite seeking to provide significant recall provisions, a recall would divert managerial and financial resources and may adversely affect Dometic's reputation with its customers as a manufacturer of safe, quality products, which could have a material adverse effect on the business. Even if a product liability claim is not successful or is not fully pursued, the negative publicity surrounding a product recall could damage the Company's brand identity and reputation with existing and potential customers and have a material adverse effect on Dometic's business, financial condition and results of operations.

Dometic's product liability insurance policies have limits that, if exceeded, may result in substantial costs that would have an adverse effect on operational results. In addition, warranty claims are not covered by Dometic´s product liability insurance and certain product liability claims may also not be covered by its product liability insurance.

Dometic operates numerous production facilities across the globe. A failure in any of these could lead to interruptions in service that may cause product delivery delays, which cannot be absorbed by other facilities. It is also possible that repeated or extended delays could damage Dometic´s reputation and thus lead to a loss of customers. Being a manufacturing company, breaches in health and safety may negatively affect Dometic's personnel and ability to maintain production.

Risks or breaches in IT operation, its hardware and software, IT security or improperly managed IT changes could negatively impact Dometic's ability to support the business and affect its ability to reach business goals.

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. Strikes and other industrial actions as well as the negotiation of new collective bargain agreements could disrupt the Company's operations or make it more costly to operate its facilities.

Compliance & Regulatory Risks

Dometic is subject to stringent environmental and other regulatory requirements, which may change or result in additional costs or liability, or restrict the Group´s operations. Any failure to comply with laws and regulations exercised through an extensive body of European Union and national legislation could subject Dometic to future liabilities or result in the limitation or suspension of the sale or production of a product. 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. The introduction of new laws and regulations, the discovery of previously unknown contamination or the imposition of new or increased requirements could require Dometic to incur costs and cash available for operations and, as a result, adversely affect the Company's business, financial condition or results of operations.

Dometic's policies, including the Code of Conduct, establish the rules of conduct within the Group, outlining the responsibilities of both employees and employer. Non-compliance with the Group policies might harm the business and have a negative impact on the result.

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. 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.

Dometic's patent and design portfolio contains approximately 880 individual patent, utility model and design applications and/or granted registrations in countries all over the world. Management believes that it is the wide extent of the portfolio that is of importance from a strategic and competitive perspective. Failure to protect these brand and label names and other intellectual property rights or prevent their unauthorized use by third parties could materially adversely affect 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.

Financial Risks

Dometic is exposed to financing risks referring to possible delays, increased costs or cancellations related to financing of the Group's capital requirements and refinancing of outstanding loans. Through the debt portfolio, Dometic is also exposed to interest rate risk. This is defined as the risk that changes in interest rates will impact the Group's earnings and cash flow.

Foreign exchange risks relate to the impact on the financial statements as a result of fluctuations in the currency market. Foreign exchange risks exist in the form of transaction and translation risks. The Swedish Krona (SEK) is the functional currency of Dometic, hence changes in the value of the Swedish Krona against other major currencies in the Group will affect Dometic's consolidated financial statements. The transaction exposure occurs in conjunction with products and services being bought or sold in currencies other than the entities' local currency.

The credit risks are mainly related to trade receivables and failure to meet payment obligations by Dometic's customers. The Group's financial risks are handled in accordance with the Treasury Policy that has been adopted by the Board. The financial risks and the financial risk management are further described in note 3.

Dometic verifies, at least annually, the value of goodwill and trademarks for possible impairment. The valuation is sensitive to volatilities in the market and assumptions made in the calculations. For example, changes in assumptions in excess of certain threshold could lead to indications of impairment. For further information on intangible assets, see note 14.

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. Dometic has substantial tax losses that may be restricted or cancelled either as a result of future changes in tax law or, under the current rules, as a result of a change of control through which one or several shareholders together hold shares, acquired during a specific time frame, representing a majority of the votes. The cancellation or restriction on the use of the Group's tax loss carry forwards 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.

Employees and remuneration

Number of employees

The average number of employees was 6,503 (6,518).

The Board of Directors' proposal on guidelines for remuneration of the Executive Management

The annual shareholders' meeting held on April 25, 2016 resolved, in accordance with the proposal by the Board of Directors, to adopt the following guidelines for remuneration for the period until the 2017 annual shareholders' meeting.

Total remuneration

The overall principles for remuneration shall be based on the position held, individual performance, performance of the Dometic Group and be competitive in the country of employment. The overall remuneration package may consist of the base salary, variable salary based on short-term annual performance targets, long-term incentives, pension and other benefits, including non-monetary benefits.

Base salary and variable salary

Base salary shall be the basis for total remuneration. The salary shall be market relevant and reflect the degree of responsibility involved in the position. The salary levels shall be reviewed annually.

Members of the Group Management shall, in addition to the base salary, dependent on an annual decision by the Board of Directors, be eligible for variable salary that is based on short-term annual performance targets. The variable salary potential shall be dependent on the position and may for the CEO amount to a maximum of 75% of the base salary and for the Group Management members be within the interval 30–50%, according to individual agreements.

Long-term incentive programs

The Board of Directors may propose that the annual shareholders' meeting resolves to adopt a long-term incentive program (LTI). Such program shall be designed to ensure a long-term commitment to Dometic Group's development, be implemented on market terms and have a term of no less than three years. Share related LTI programs shall be approved by the shareholders' meeting.

Pensions and insurance

Pension and disability benefits shall reflect regulations and practice in the country of employment. The value of the benefits shall match accepted levels in the country and shall not exceed 30% of the annual base salary. If possible, pension plans shall in line with the Group remuneration policy be defined contribution plans. The retirement age is normally 65 years.

Other benefits

Other benefits, such as company car, health insurance or similar, may be part of the total remuneration and shall aim to facilitate the Group Management's duties and correspond to what is considered reasonable in relation to market practice in the country of employment.

Notice of termination and severance pay

Members of the Group Management have a 6 months' notice period when notice is given by the employee. If the notice is given by the Company between 6–12 months' notice is applied. The CEO is given 6 months' notice by the Company, with an additional one year base salary as severance payment. Severance pay shall not form a basis for vacation pay or pension benefits. Local employment laws and regulations may influence the terms and conditions for notice given by the Company.

The Group Management shall be obliged not to compete with the Company during the notice period.

Authority for the Board of Directors to deviate from the principles

Under special circumstances, the Board of Directors may in an individual case deviate from these guidelines. In case of such deviation, the next annual shareholders' meeting shall be informed of the reasons.

Environmental impact

Dometic undertakes production at some 22 wholly owned factories in Americas, EMEA and APAC. Manufacturing comprises mainly assembly of components sourced from external suppliers. Other processes include processing of metal, sheet metal and plastic, welding, vacuum forming, foaming and painting.

The product portfolio consists of absorption refrigerators and air conditioning systems, windows, doors and other equipment for caravans and motor homes and many other types of accessories/appliances to the automotive industry and absorption refrigerators for hotels.

The most important environmental aspects primarily constitute energy consumption, noise and waste. Studies of the total environmental impact of the Group's products during their entire lifetime, i.e. from production and use to recycling, indicate that the largest environmental impact is generated when the products are used. The Group has a long history of collecting and monitoring environmental data from its production sites and among other things reports on wastewater, and energy consumption. All Dometic factories with more than 50 employees are expected to maintain ISO 14001 certification of their operations. Dometic´s manufacturing units adjust their operations, apply for necessary permits and report to the authorities in accordance with local legislation. The permits cover e.g. thresholds or maximum permissible values for air- and waterborne emissions and noise.

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

The share, shareholders and proposed distribution of earnings

The share

Dometic's shares have been listed on Nasdaq Stockholm since November 25, 2015; the share capital amounted to SEK 739,583 divided into 295,833,333 shares. The quotient value (nominal value) of the share is SEK 0.0025 per share. All the shares are of the same class and carry equal rights in all respects. At general meetings of shareholders, each share carries one vote and each shareholder is entitled to vote the full number of shares such shareholder holds in the Company.

Largest shareholders

On December 31, 2016, the number of shareholders amounted to 10,089 according to the share register kept by Euroclear Sweden AB. Of the total share capital 55.1% was owned by Swedish institutions and mutual funds, 41.3% by foreign investors and 3.6% by Swedish private investors. Swedbank Robur Fonder is the largest shareholder, holding 8.5% of the share capital and 8.5% of the voting rights. Carnegie Fonder is the second largest owner, holding 6.0% of the share capital and 6.0% of the voting rights. The ten largest shareholders accounted for approximately 47.0% of the share capital and 47.0% of the voting rights in the Company.

Articles of Association

The articles of association contain no separate provisions pertaining to the appointment and dismissal of Board members, nor to amendment of the articles of association.

Proposed distribution of earnings

The following earnings (SEK thousands) are at the disposal of the annual shareholders' meeting:

Profit brought forward	11,578,759
Profit for the year	–744
Total	**11,578,015**

The Board of Directors proposes that earnings be distributed as follows:

A dividend to the shareholders of SEK 1.85 per share, totaling	547,292
To be carried forward	11,030,723
Total	**11,578,015**

CORPORATE GOVERNANCE REPORT

Dometic is a global market leader in branded solutions for mobile living in the areas of Climate, Hygiene & Sanitation and Food & Beverage. Dometic operates in Americas, EMEA and Asia Pacific, providing products for use in recreational vehicles, trucks and premium cars, pleasure and workboats, and for a variety of other uses. Dometic offers products and solutions that enrich people's experiences away from home, whether in a motorhome, caravan, boat or a truck. The Company's motivation is to create smart and reliable products with outstanding design. Dometic operates 22 manufacturing/assembly sites in nine countries, sells products in approximately 100 countries and manufactures approximately 85% of the products sold in-house. Dometic has a global distribution and dealer network in place to serve the aftermarket. In 2016 Dometic had sales of SEK 12.388 billion and 6,503 employees worldwide.

Dometic Group AB (publ) ("Dometic" or the "Company") is a Swedish public limited liability company listed on Nasdaq Stockholm Large Cap List. Dometic's corporate governance is mainly regulated by the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq Stockholm's Rule Book for Issuers and the Swedish Corporate Governance Code (the "Code"). Dometic has applied the Code from November 25, 2015, when Dometic's share started to be traded on Nasdaq Stockholm. The 2016 Corporate Governance Report describes Dometic's corporate governance, management and administration and the internal control over the financial reporting. Below is Dometic's formal governance structure.

Dometic aims at implementing strict norms and efficient processes to ensure that all operations create long-term value for shareholders and other stakeholders. This involves the maintenance of:

- an efficient organizational structure;
- systems for internal control and risk management; and
- transparent internal and external reporting.

Regulatory compliance

External governance systems

The external governance systems that constitute the framework for corporate governance at Dometic primarily comprise the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq Stockholm's Rule Book for Issuers, the Code and other applicable laws, rules and regulations.

The Code is available on the Swedish Corporate Governance Board's website, http://www.corporategovernanceboard.se/the-code/current-code.

Internal governance systems

The Company's articles of association adopted by the shareholders' meeting and the rules of procedure for the board of directors of Dometic (the "Board"), instructions for the CEO and instructions for the Remuneration and Audit Committees, as adopted by the Board, as well as the Code of Conduct are the most important internal governance documents. In addition, the Company has a number of policies, guidelines and instructions containing rules and principles for the group's employees and operations.

The complete articles of association are available on the Company's website, www.dometic.com.

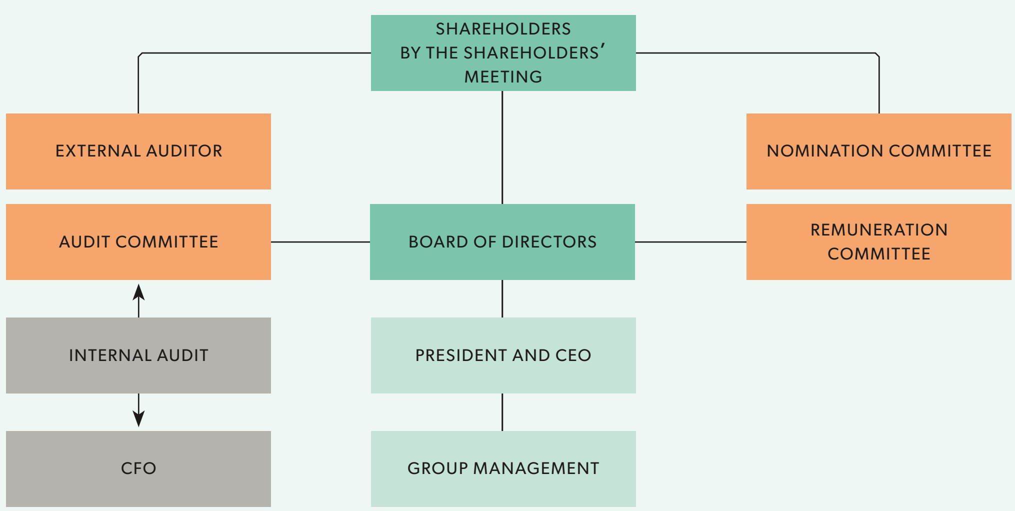
Deviations from the Code

As the Company had been listed on Nasdaq Stockholm on November 25, 2015 and wished to communicate its first quarterly report to the market, it decided to have the said report reviewed by the auditors (instead of the second or third quarterly report, as is normally applicable pursuant to rule 7.6 of the Code).

Shareholders' meeting

Pursuant to the Swedish Companies Act, the shareholders' meeting is the Company's highest decision-making body and the shareholders exercise their voting rights at such meetings. Shareholders who are listed in the share register

Dometic's corporate governance structure



on the record date and have notified the Company of their intention to participate in the shareholders' meeting not later than the date and time indicated in the notice are entitled to attend the shareholders' meeting in person or by proxy. Resolutions are made at the shareholders' meeting normally by a simple majority. However, in certain matters, the Swedish Companies Act stipulates that a certain level of attendance is required to form a quorum or a qualified majority of votes.

Annual shareholders' meeting shall be held within six months from the end of each fiscal year. Dometic's annual shareholders' meeting shall be held each calendar year in Stockholm, Sweden, before the end of June. The annual shareholders' meeting shall resolve on such matters as the adoption of statutory financial statements, disposition of the Company's result, discharge from liability of the Board and the CEO, principles for the appointment and work of the Nomination Committee, principles for the terms of remuneration and employment for the CEO and other executive management, and, if applicable, adoption of long-term incentive programs, repurchase and transfer of the Company's own shares and authorization to resolve on the issuance of new shares. The annual shareholders' meeting shall also resolve on matters proposed by the Nomination Committee, such as election of the chairman of the meeting, number of Board members, remuneration to the Board members and external auditor, and election of Board members and chairman of the Board and of external auditor. At the annual shareholders' meeting, shareholders shall have the opportunity to ask questions about the Company and its results for the past year.

In addition to the annual shareholders' meeting, extraordinary shareholders' meetings can be held if specifically required.

Written documentation presented at the shareholders' meeting may be downloaded from the Company's website and shall also be sent to shareholders upon request. The minutes recorded at the shareholders' meeting shall normally be published within a few days and not later than two weeks following the shareholders' meeting. A press release containing the decisions made by the shareholders' meeting shall be published immediately after the shareholders' meeting.

Individual shareholders may request that the Board includes a specific issue in the agenda of a shareholders' meeting through an address provided on the Company's website seven weeks prior to the meeting.

In accordance with the Company's articles of association, notice of a shareholders' meeting shall be published in the Swedish Official Gazette (Sw. Post- och Inrikes Tidningar) and on the Company's website, www.dometic.com. In conjunction with notice being given, an announcement with information that the notice has been issued shall be published in the Swedish daily newspaper Svenska Dagbladet.

2016 annual shareholder's meeting

The 2016 annual shareholders' meeting was held on April 25, 2016, in Stockholm, Sweden. The complete minutes for and information about the 2016 annual shareholders' meeting are available on the Company's website at www.dometic.com. The annual shareholders' meeting resolved to adopt the submitted income statement and balance sheet and the consolidated income statement and consolidated balance sheet. In accordance with the Board's proposal, the annual shareholders' meeting resolved that no dividend for the fiscal year 2015 should be paid to the shareholders. It was also resolved that the Company's profit should be carried forward. The meeting discharged the Board members and the CEO from liability in respect of their management of the Company's business during the period covered by the annual report and resolved on the remuneration to the Board members. The meeting approved the Board's proposal regarding the remuneration of the executive management.

2017 annual shareholders' meeting

The 2017 annual shareholders' meeting of Dometic shall be held on Friday April 7, 2017, at 13.00-17.00 p.m. at Meeting Room, Alströmergatan 20, 112 47, Stockholm, Sweden. For more information regarding the meeting and how to register the attendance, please refer to Dometic's website at www.dometic.com.

Nomination Committee

The annual shareholders' meeting on April 25, 2016, resolved to adopt the following principles for the appointment of the Nomination Committee for the 2017 annual shareholders' meeting.

The Nomination Committee shall be composed of the chairman of the Board together with one representative of each of the three largest shareholders, based on ownership in the Company as of the expiry of the third quarter of the financial year. Should any of the three largest shareholders renounce its right to appoint one representative to the Nomination Committee, such right shall transfer to the shareholder who then in turn, after these three, is the largest shareholder in the Company. The Board shall convene the Nomination Committee. The member representing the largest shareholder shall be appointed chairman of the Nomination Committee, unless the Nomination Committee unanimously appoints someone else. Should a shareholder having appointed a representative to the Nomination Committee no longer be among the three largest shareholders at a point in time falling three months before the annual shareholders' meeting at the latest, the representative appointed by such shareholder shall resign and the shareholder who is then among the three largest shareholders shall have the right to appoint one representative to the Nomination Committee. Should such change in the ownership occur during the three month period prior to the annual shareholders' meeting, the already established composition of the Nomination Committee shall remain unchanged. Should a member resign from the Nomination Committee before his or her work is completed, the shareholder who has appointed such member shall appoint a new member, unless that shareholder is no longer one of the three largest shareholders, in which case the largest shareholder in turn shall appoint the substitute member. A shareholder who has appointed a representative to the Nomination Committee shall have the right to discharge such representative and appoint a new representative. Changes to the composition of the Nomination Committee shall be announced immediately. The term of the office for the Nomination Committee ends when the next Nomination Committee has been appointed. The Nomination Committee shall carry out its duties as set out in the Code.

The Nomination Committee shall present proposals to the annual shareholders' meeting regarding the chairman of the Board and other Board members together with an explanatory statement for the proposal, the fees and other remuneration for Board assignments for each of the Board members, including any remuneration for committee work, the external auditor and the auditor's fees, and the chairman of the annual shareholders' meeting and, where appropriate, propose changes to the appointment of the Nomination Committee. In addition, the Nomination Committee shall assess the independence of the Board members in relation to the Company and the largest shareholders. The Nomination Committee's proposals shall be publicly announced not later than on the date of notification of the annual shareholders' meeting.

The composition of the Nomination Committee for the annual shareholders' meeting shall normally be announced on the Company's website six months before the annual shareholders' meeting.

No remuneration shall be paid to members of the Nomination Committee. The Company shall pay any necessary expenses that the Nomination Committee may incur in its work.

Nomination Committee prior to 2017 annual shareholders' meeting

The composition of the Nomination Committee was published on the Company's website www.dometic.com on November 30, 2016. The Nomination Committee prior to the 2017 annual shareholders' meeting comprises Mr. Joachim Spetz (Swedbank Robur Fonder), Mr. Simon Blecher (Carnegie Fonder), Mr. Christian Brunlid (Handelsbanken Fonder) and Mr. Fredrik Cappelen, the chairman of the Board. Mr. Simon Blecher has been appointed the chairman of the Nomination Committee.

Nomination Committee

Name	Appointed by	Percentage of votes, November 30, 2016
Joachim Spetz	Swedbank Robur Fonder	7.80
Simon Blecher	Carnegie Fonder	6.35
Christian Brunlid	Handelsbanken Fonder	5.24
Fredrik Cappelen	Chairman of the Board of Dometic	0.31

After the 2016 annual shareholders' meeting and until the date on which this annual report was presented, the Nomination Committee has held six meetings. As a basis for its proposals to the 2017 annual shareholders' meeting, the Nomination Committee assessed whether the current Board was appropriately composed and meets the requirements imposed on the Board considering the Company's operations, financial position and other circumstances. The Nomination Committee discussed and assessed the main requirements that should be imposed on Board members, including the competence and the independence of members given the number of Board assignments that they have in other companies. The Nomination Committee also considered that a variety as regards gender, age, nationality, educational background and term of office is represented among the Board members.

The Board of Directors

The Board shall be responsible for organizing the Company and the management of the Company's operations on behalf of the shareholders. The Board shall also issue guidelines and instructions for the CEO. In addition, the Board shall ensure that the Company's organization with respect to accounting, management of funds and the Company's financial position is satisfactory controlled.

Composition in 2016

Under the Company's articles of association, the Board shall comprise no fewer than three and not more than eight members appointed by the annual shareholders' meeting for a term until the end of the next annual shareholders' meeting. The Board is currently comprised of seven members without deputies. Seven Board members were re-elected at the annual shareholders' meeting on April 25, 2016: Mr. Fredrik Cappelen, Mr. Albert Gustafsson, Mr. Harry Klagsbrun, Mr. Magnus Yngen, Mr. Rainer Schmückle, Mr. Erik Olsson and Mrs. Gun Nilsson. No member of the Group Management is a Board member. However, both the CEO and the CFO of Dometic participate in Board meetings and the Company's General Counsel serves as Secretary to the Board. Other members of the Group Management or other senior managers of the Company participate in Board meetings when presenting separate issues.

Independence of the Board

In accordance with the Code, a majority of the members of the Board elected by the shareholders' meeting shall be independent in relation to the Company, its executive management and major shareholders. The independence of the Board members is presented in the table on the composition of the Board on page 54. All of the members of the Board are independent in relation to the Company, its executive management, and its major shareholders[1]. Accordingly, the Company is in compliance with the Code's independence requirement.

Responsibilities of the chairman

The chairman of the Board shall lead and manage the Board's work and ensure that activities are conducted efficiently. The chairman shall ensure that the Swedish Companies Act and other applicable laws and regulations are followed and that the Board receives the necessary training and improves its knowledge of the Company and its operations. The chairman shall prepare the agendas for Board meetings in consultation with the CEO, monitor the operations in close dialog with the CEO, convey opinions from shareholders to other Board members and serve as a spokesman for the Board. The chairman shall also be responsible for providing the other members of the Board with information and decision basis and for implementing Board decisions. In addition, the chairman shall be responsible for ensuring that the work of the Board is evaluated every year.

Board responsibilities and work

The main task of the Board shall be to manage Dometic's operations in such a manner as to assure that the interests of the owners, in terms of a long-term return on capital, are being met in the best possible manner. The duties of the Board are primarily set out in the Swedish Companies Act and the Code. In addition, the work of the Board is governed by rules of procedure that the Board adopts every year at its statutory meeting, which shall be held directly after the annual shareholders' meeting. The rules of procedure regulate the allocation of work and responsibility between the Board, chairman of the Board and the CEO, as well as stipulate procedures for financial reporting by the CEO to the Board. The Board also adopts instructions for the Board's committees.

The Board shall establish strategies, business plans and budgets as well as submit interim financial statements, annual accounts, and adopt policies. The Board shall also follow the financial developments, ensure the quality of financial reporting and control functions, and evaluate the Company's operations based on the established goals and guidelines adopted by the Board. Finally, the Board shall also take decisions regarding major investments, acquisitions and divestments, appointment of and, if necessary, dismissal of the CEO, and organizational and operational changes in the Company. In addition, the Board shall, via its audit committee, annually evaluate the efficiency of the Company's internal control. Within the Company the internal audit function evaluates the Company's control environment and effectiveness of its control functions.

The current rules of procedure state that the Board shall hold at least four meetings per calendar year in addition to the statutory meeting following election. The Board held nine meetings during 2016 in addition to the statutory

[1] Please note that until November 21, 2016, four of the members had been independent in relation to the Company's major shareholders.

meeting, of which one was held per capsulam. All Board meetings follow a predetermined agenda. Attendance at Board meetings is presented in the table on the composition of the Board on page 54.

In 2016, the Board mainly addressed matters regarding the operations, financing investments, acquisitions, and other ongoing accounting and company law issues. The Board decided on all investments exceeding SEK 10 m. Major issues addressed by the Board during 2016 included, inter alia, the following matters:

- Acquisition of the assets of IPV, a German-based aftermarket provider of coolers and other outdoor products.
- Acquisition of Oceanair, a UK-based market-leading manufacturer of marine blinds, screens and soft furnishings primarily for the Leisure Marine and Super Yacht segments.
- Divestment of the seating and chassis component business of Dometic's subsidiary Atwood Mobile Products to Lippert Components, Inc., a wholly-owned subsidiary of Drew Industries Incorporated. The divestment included a production site in Elkhart, Indiana.
- Appointment of new President for Americas and for EMEA.
- Class action complaint filed against Dometic in the US.
- Launch of Dometic's new corporate identity.
- Actions to improve the logistics in the US.
- Actions to streamline Dometic's activities.
- Actions for an efficient order-to-delivery system.
- Actions for a pro-active process to identify quality problems.

Board work evaluation

The Board evaluates its work annually with regard to working procedures and the working climate, as well as regards the focus of the Board work. This evaluation also focuses on access to and requirements of special competence in the Board. The evaluation is a tool for the development of the Board work and also serves as input for the Nomination Committee's work. The evaluation of the Board is each year initiated and lead by the Chairman of the Board. Evaluation tools include discussions. The results of the evaluation of the Board work was reviewed and discussed at a Board meeting. Based on the results, the Board focused on the following areas: (i) competence in the Board; (ii) competence in the management; and (iii) effectiveness of the Board work.

Board committees

The Board has two committees, the Audit Committee and the Remuneration Committee. The committees report on the issues addressed either verbally or in writing. The work of the respective committee is carried out pursuant to written instructions and rules of procedure from the Board. The major tasks of these committees are preparatory and advisory, but the Board may delegate decision-making powers on specific issues to the committees. Minutes of the committees' meetings are circulated to all Board members in advance of the following Board meeting. The members and the chairman of the committees are appointed annually at the statutory Board meeting following election of Board members, or when a committee member needs to be replaced.

Remuneration Committee

The Remuneration Committee shall prepare the Board's decisions on principles for remuneration and other terms of employment for the CEO and other executive management. The Committee shall also propose changes in remuneration to the CEO for resolution by the Board and shall review changes in remuneration to other members of Group Management on proposal by the CEO.

The work shall involve the preparation of proposals for guidelines for items, such as the allocation between fixed and variable remuneration, the relationship between performance and compensation, the main terms of bonus and incentive programs, conditions for other benefits, pensions, termination and severance pay, and the preparation of proposals for individual remuneration packages for the CEO and the Company's executive management. Furthermore, the Remuneration Committee shall also monitor and evaluate the outcome of variable remuneration, and how the Company complies with the remuneration guidelines adopted by the annual shareholders' meeting.

The current instructions for the Remuneration Committee state that the committee shall consist of at least two members and that the committee shall meet at least two times a year. The Remuneration Committee comprises three members: Mr. Harry Klagsbrun (chairman), Mr. Fredrik Cappelen and Mr. Erik Olsson. The Remuneration Committee held three meetings in 2016. The attendance of the members at these meetings is presented in the table on the composition of the Board on page 54. The Company's Head of Human Resources participated in the meetings and was responsible for preparations of the meetings and keeping the minutes of the meetings. The Company's CEO also participated in the meetings of the Remuneration Committee.

Audit Committee

The main task of the Audit Committee shall be to ensure that the Board meets the supervision requirements relating to internal control, auditing, internal audit, risk management, accounting and financial reporting, and prepares accounting and auditing matters. The Audit Committee shall review internal audit reports submitted by the group's internal audit function. The Audit Committee shall also review processes and procedures for accounting and financial control and prepare the Board's report on internal control. In addition, the Audit Committee shall monitor the impartiality and independence of the external auditor, evaluate the audit work and discuss coordination between the external audit and the internal work on internal control issues with the auditor. The Audit Committee shall also assist the Company's Nomination Committee when preparing proposals for external auditor and recommendations for auditor's fees.

The current instructions for the Audit Committee state that the committee shall consist of at least three members and shall meet at least three times a year. The Audit Committee comprises four members: Mr. Magnus Yngen (chairman), Mr. Albert Gustafsson, Mr. Rainer Schmückle and Mrs. Gun Nilsson. The Audit Committee meets all the requirements in relation to auditing and accounting competence as stipulated in the Swedish Companies Act.

The Audit Committee held six meetings in 2016. The members' attendance at these meetings is presented in the table on the composition of the Board on page 54. The CFO, the Company's General Counsel, the Heads of Accounting, Business Control, Internal Audit, Internal Control, Tax, and Treasury participated in the meetings of the Audit Committee. The General Counsel serves as secretary at the Audit Committee meetings.

THE BOARD OF DIRECTORS


1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1. FREDRIK CAPPELEN
Chairman since 2013

2. ALBERT GUSTAFSSON
Board member since 2011

3. HARRY KLAGSBRUN
Board member since 2014

4. GUN NILSSON
Board member since 2015

5. ERIK OLSSON
Board member since 2015

6. RAINER E. SCHMÜCKLE
Board member since 2011

7. MAGNUS YNGEN
Board member since 2012

Board of Directors	Fredrik Cappelen	Albert Gustafsson	Harry Klagsbrun
	Chairman Born 1957. Sweden. Bachelor of Business Administration and A-level Diploma in Political Science, University of Uppsala. Elected 2013. Member of the Remuneration Committee.	Born 1977. Sweden. B.Sc. in Business Administration and Economics, Gothenburg School of Business, Economics and Law. Elected 2011. Member of the Audit Committee.	Born 1954. Sweden. B.A. in Journalism, Stockholm University, M.Sc. in Business Administration, Stockholm School of Economics, and MBA from New York University. Elected 2014. Chairman of the Remuneration Committee.
Position and Board membership[1)]	Chairman of the board of Dustin AB, Terveystalo Oy and Frostbite Holding AB. Member of the board of Transcom AB and Securitas AB.	Employed in EQT Partners AB as Director. Member of the board of Scandic Hotels Group AB and Frostbite Holding AB.	Employed in EQT Partners AB as Partner. Member of the board of AcadeMedia AB, Piab AB and PressGaney Inc.
Previous positions	Chairman of the board of Byggmax AB, Sanitec Oy, Granngården AB, Svedbergs AB and several subsidiaries of Dometic Group AB (publ). Vice chairman of the board of Munksjö AB. CEO of Nobia AB (1994–2008). Member of the board of Carnegie Investment Bank AB and Cramo Oy. Managing Director and member of the Group Management of STORA Building-products AB. Vice President Marketing and Sales and member of Group Management of STORA Finepaper AB. Managing Director of Kauko GmbH and Kauko International.	Member of the board of Cimbria Bulk Technology AS, GG Holding AB, Granngården AB and several subsidiaries of Dometic Group AB (publ).	Member of the board of Gambro AB, Securitas Direkt AB, ISS AS and Duni AB.
Board meeting attendance	10/10	10/10	7/10
Remuneration Committee attendance	3/3		3/3
Audit Committee attendance		6/6	
Holdings in Dometic[2)]	904,140[3)]	–	–
Independence[4)] in relation to the company and its executive management/In relation to major shareholders	Yes/Yes[5)]	Yes/Yes[5)]	Yes/Yes[5)]

1) Position and board membership as of December 31, 2016.
2) Holdings in Dometic Group AB (publ) as of December 31, 2016.
3) Shareholding in Dometic through related party.
4) For further information about the independence assessment, see page 51.
5) Please note that until Frostbite I S.á.r.l. divested its shares in Dometic Group AB (publ) on November 21, 2016 the said Board member had not been independent in relation to the Company's major shareholder.

Gun Nilsson	Erik Olsson	Rainer Schmückle	Magnus Yngen
Born 1955. Sweden. M.Sc. in Business Administration, Stockholm School of Economics. Elected 2015. Member of the Audit Committee.	Born 1962. Sweden. B.Sc. in Business Administration and Economics, Gothenburg School of Business, Economics and Law. Elected 2015. Member of the Remuneration Committee.	Born 1959. Germany. Degree in Industrial Engineering, University of Karlsruhe. Elected 2011. Member of the Audit Committee.	Born 1958. Sweden. M.Sc. and Licentiate of Technology, Royal Institute of Technology in Stockholm. Elected 2012. Chairman of the Audit Committee.
CFO of IP-Only Holding AB. Member of the board of Hexagon AB (publ), Albert Bonnier AB, Bonnier Holding AB and Capio AB (publ).	Member of the board of Ritchie Bros. Auctioneers, Inc. Member of the board and CEO of Mobile Mini, Inc. Member of the board of the non-profit organization St Mary's Food Bank Alliance.	Member of the board of Autoneum Holding Ltd and Autoneum AG.	President, CEO and member of the board of Camfil AB. Chairman of the board of Sveba-Dahlén Group AB and Duni AB. Member of the board of Intrum Justitia AB.
CFO of Sanitec Corporation. Chairman of the board of Ido Badrum AB, Royal Sanitec AB, Sanitec Holdings Sweden and Ifö Sanitar AB. Member of the board of Contura Steel AB.	Member of the Board and CEO of RSC Holdings, Inc.	Member of the board of Wittur GmbH, Frostbite Holding AB and several subsidiaries of Dometic Group AB (publ). CEO of MAG IAS GmbH. COO Automotive of Johnson Controls, Inc. and COO of Mercedes Cars of Daimler AG.	CEO and member of the board of Husqvarna AB. Chairman of the board, member of the board and/or CEO in several subsidiaries of Dometic Group AB (publ). Member of the board of Frostbite Holding AB and of the non-profit organizations Teknikarbetsgivarna i Sverige and Teknikföretagen i Sverige.
10/10	10/10	10/10	10/10
	3/3		
6/6		6/6	6/6
4,000	–	118,895[3)]	278,460
Yes/Yes	Yes/Yes	Yes/Yes	Yes/Yes

CEO and Group Management

The Dometic Group Management consists of the CEO, the heads of the regions as well as the heads of the group staff functions.

The Company's CEO is Mr. Roger Johansson (born 1965). Mr. Johansson has a B.Sc. in International Business and Trade from Gothenburg School of Business, Economics and Law. Roger Johansson has been President of Trelleborg Automotive and CEO of BE Group AB (publ). Before that he spent sixteen years with General Motors Corporation leading purchasing and also powertrain operations in Europe. He holds 905 180 shares in the Company as of December 31, 2016. Mr. Johansson has no significant assignments outside Dometic.

The CEO is appointed by and subordinate to the Board and is responsible for the day-to-day management and operations of the Company. The division of work between the Board and the CEO is set out in the rules of procedure for the Board and instructions for the CEO. The CEO is also responsible for the preparation of reports and compiling information from management for Board meetings and for presenting such material at Board meetings. According to the instructions for financial reporting, the CEO is responsible for the financial reporting in the Company and consequently shall ensure that the Board receives adequate information for the Board to be able to evaluate the Company's and the group's financial position.

The CEO shall keep the Board continuously informed of developments in the Company's operations, the development of sales, the Company's results and financial position, liquidity and credit status, important business events and all other events, circumstances or conditions that can be assumed to be of significance to the Company's shareholders.

The CEO appoints all other members of the Group Management. Information about remuneration and terms of employment for the CEO and other executive management is available on the Company's website at www.dometic.com.

The heads of the regions shall be responsible for the revenues, costs and use of capital in their respective operations.

Group staff functions shall be responsible for the coordination of general issues of importance to the group, development of policies, instructions and guidelines as well as support for the business units that apply them. The tasks of staff functions include consolidation and reporting of financial results, financing, treasury, tax, internal audit, internal control, IT, IR, legal matters, risk management and insurance, health and safety, environmental and sustainability issues, compliance, personnel issues, internal communication as well as external communication with media and the capital markets, brand and marketing, quality and business development.

In 2016 the Group Management held monthly meetings to review the previous month's results, update forecasts and plans and discuss strategic issues.

External Auditor

The Company's external auditor is elected at the annual shareholders' meeting every year.

The Company's auditor shall review the financial reports and accounts and the annual report and consolidated financial statements for the Company and the administration of the Board and the CEO. The auditor shall follow an audit plan that shall be discussed with the Audit Committee.

The auditor shall participate at the Board meeting that addresses the annual report and consolidated financial statements. At this meeting, the auditor shall present the financial information and discuss the audit with the Board members. The auditor shall also attend the annual shareholders' meeting and describe their audit activities and observations made in an audit report.

In 2016 the auditor presented reports to the Audit Committee during the course of the audit and finally to the Board as a whole when the year-end report was adopted.

During the year, the auditor performed certain audit-related consulting assignments in addition to the audit, mainly pertaining to tax consultancy and consulting in accounting issues.

PricewaterhouseCoopers AB (PwC) is responsible for auditing all of the important subsidiaries in the group. PricewaterhouseCoopers AB has been the Company's auditor since 2011. Mr. Magnus Brändström is the auditor in charge.

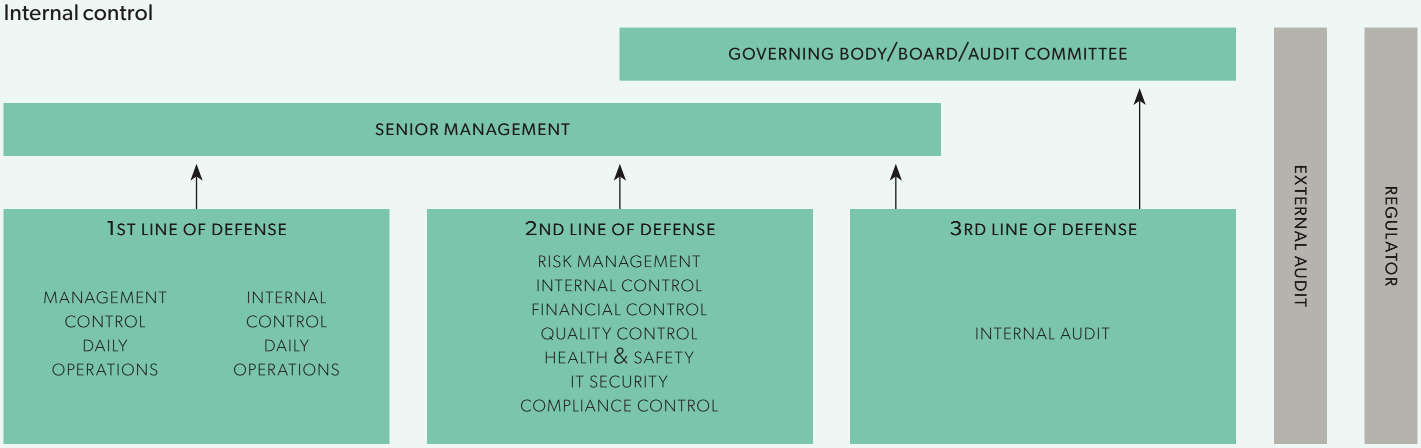
Pursuant to the decision of the 2016 annual shareholders' meeting, the auditor's fee until the 2017 annual shareholders' meeting shall be paid on the basis of approved invoices.

Information and Communication

The Company's governance documents for financial reporting primarily comprise policies, guidelines and instructions that are continuously updated and reviewed yearly and communicated to the appropriate employees via relevant information channels. In addition, other policies relevant for internal control over financial reporting can be accessed on the group's intranet by all relevant personnel.

An information policy is in place for internal and external communication that provides guidelines on how such information shall be provided. The purpose of the policy is to ensure that the Company complies with the requirements for disseminating correct and complete information to the market.

Internal control



Internal Control

Internal control over financial reporting within Dometic is designed to ensure reliable financial reporting. The internal control of the financial reporting is carried out in several steps and covers income statement, capital and cash flow including supporting documentation. In addition to the financial reporting, the internal control procedures shall also support the organization in managing other identified risks and processes in the organization. Dometic's system for internal control is based on the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Control environment

The control environment at Dometic constitutes the framework for the direction and culture communicated to the organization by the Board and the Group Management.

Internal guidance and control in accordance with established frameworks is a prioritized part of the management work. The Board and the Group Management define and formulate decision-making channels, authority and responsibilities which are communicated throughout the organization. The Board 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 group.

Risk assessment

Dometic has during 2016 established a risk management process with an executive risk committee and quarterly executive risk committee meetings administrated by an appointed risk coordinator. The chairman of the executive risk committee is the CFO. The executive risk committee consists of representatives from the regional operations, product market and innovation (PMI), finance, HR, legal, and internal audit. The main tasks of the executive risk committee include: to evaluate group risks, conduct risk assessment, discuss recent risk related issues, evaluate and approve risk related actions and activities, discuss and approve the risk governance framework (policies and activities) and facilitate input from the executive risk committee members and from significant risk related reports. The committee is the internal forum to address risks. A summary of the committee's work is presented to the Audit Committee and the Board.

Dometic performs annual risk analysis by assessing each defined risks likelihood and impact and the related risk activities with risk owners in a risk register, resulting in global and regional risk maps used as a foundation for the group control activities.

Control activities

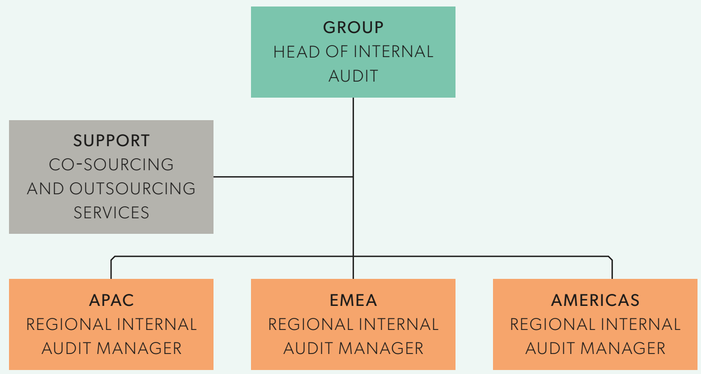
Dometic maintains a comprehensive financial reporting system for the monitoring of operations, which enables identification of possible deviations in financial reporting. Financial reports for the different legal entities and regions are reviewed on a continuous basis by the central finance department. This entails a thorough monitoring of the financial results in accordance with a fixed plan for the financial year.

Financial data is reported by nearly seventy reporting units and the CFO as well as other representatives of the central finance function meet the region managers and review the region's results every month in accordance with the standardized routines for reporting that are stipulated in Dometic's finance manual. These reports are the basis for the group's consolidated financial reporting.

To ensure that risks are identified and properly managed, Dometic has developed a tool for developing, assessing, reporting and monitoring internal control, the MICR (minimum internal control requirements). MICR consists of a number of controls divided into eight key processes and underlying sub processes, and will after the roll out during 2017, be conducted as an entity self-assessment with selected follow ups performed by the company control functions.

Business reviews are carried out on a quarterly basis, where the CEO, the CFO and relevant representatives of the central functions meet the management of the respective region to discuss the business.

Dometic's internal audit organization



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.

Internal control

To maintain the quality of internal control and further strengthen Dometic's control processes a new central function for internal control was established in November 2015. During 2016 a systematic tool for self-assessment, MICR, has been established that will be further rolled out during 2017. Internal control provides a reasonable risk based control over financial reporting and ensures compliance with the group policies and procedures for efficient operations.

Internal audit

An internal audit function was established in November 2015 to improve operations through systematic evaluation of the effectiveness of the corporate governance, risk management and internal control. Internal audit reports to the chairman of the Audit Committee and to the CFO, as described in the corporate governance structure on page 49. Internal audit identifies weaknesses and suggests actions for improvement to the Audit Committee and the Group Management. The internal audit function has been strengthen and improved during 2016 with new regional internal audit managers appointed.

Dometic uses risk based audits based on the outcome of annual risk assessments. From 2017 internal audits will be conducted based on regional audit plans with input from regional senior management. Audit plans are presented by the Head of Internal Audit and approved by the Audit Committee. Dometic's Internal Audit policy is approved by the Board and a global Internal Audit Instruction is guiding how to perform audit in each region.

Monitoring

The Audit Committee evaluates the Company's internal control and received input from its control functions. At Audit Committee meetings a number of the Company control functions are present to inform the Audit Committee of internal control deficiencies.

The Board is ultimately responsible for internal control over financial reporting. Efficient performance by the Board is thus the basis for satisfactory internal control. Assessment of Dometic's financial position and strategy is made by the Board and the Group Management through continuous discussion and reviews. These areas are discussed at each Board meeting and the Board further receives monthly reports of the current financial and operational issues.

GROUP MANAGEMENT

1. ROGER JOHANSSON

Born 1965. CEO since 2012.

B.Sc. in International Business and Trade from Gothenburg School of Business, Economics and Law.

Shareholding: 905,180

2. LISELOTTE BERGMARK

Born 1966. Head of Group HR since 2015.

B.Sc. and M.Sc. in Human Resources from Linköping University.

Shareholding: 4,700

3. PER-ARNE BLOMQUIST

Born 1962. CFO since 2014.

B.Sc. in Business Administration and Economics from Stockholm School of Economics.

Member of the Board of Directors of Djurgården Hockey AB.

Shareholding: 701,172

4. CHIALING HSUEH

Born 1963. President APAC since 2016.

M.Sc. in Marketing, University of Massachusetts, USA. B.Sc., Soochow University, Taiwan.

Shareholding: 0

5. PER-NICKLAS HÖGLUND

Born 1973. Head of Strategy, Group Projects and M&A since 2014.

M.Sc. degree in Civil Engineering from Chalmers University of Technology in Gothenburg and M.Sc. degree in Accounting & Business Administration from School of Business, Economics and Law at Gothenburg University.

Shareholding: 742,356 through related party

6. PETER KJELLBERG

Born 1965. Chief Marketing Officer since 2015.

Marketing Economy, DIHM, IHM Business School.

Member of the Board of Directors of USWE Sports AB and XO Boats.

Shareholding: 138,241

7. SCOTT NELSON

Born 1964. President The Americas since 2016.

B.Sc. in Economics & Management, Albion College, USA and MBA studies, Indiana University, USA.

Shareholding: 0

8. ANNA SMIESZEK

Born 1964. Group General Counsel since 2015.

Masters of Laws from University of Silesia and Stockholm University.

PhD studies at Oxford University, Diploma Program in International Law from Stockholm University.

Shareholding: 2,500

9. BENGT THORSSON

Born 1964. President EMEA since 2016.

B.Sc. degree from Gothenburg School of Business, Sweden.

Shareholding: 25,000 through related party

KEY RATIOS

SEK million	2016	2015	2014
Result			
Net sales	12,388	11,486	8,806
Organic growth, %	7	8	5
EBITDA	1,871	1,727	1,143
EBITDA before items affecting comparability	1,919	1,703	1,224
Operating profit (EBIT)	1,573	1,436	937
Operating profit (EBIT) before items affecting comparability	1,621	1,412	1,018
Net result	1,362	1,032	–828
Margins			
Operating margin, %, EBITDA	15.1	15.0	13.0
Operating margin, % EBITDA before items affecting comparability	15.5	14.8	13.9
Operating margin, %, operating profit (EBIT)	12.7	12.5	10.6
Operating margin, % operating profit (EBIT) before items affecting comparability	13.1	12.3	11.6
Return on operating capital			
Return on operating capital	9.1	9.0	6.8
Return on operating capital, excl. goodwill and trademarks	31.6	35.9	35.2
Financial position			
Total assets	22,308	19,959	19,069
Interest bearing debt	5,318	5,291	9,984
Net debt/EBITDA	1.7	2.4	7.5
Equity	13,977	11,883	6,459
Operating capital	17,696	16,341	15,850
Operating capital excluding goodwill and trademarks	4,971	4,434	3,606
Equity ratio, %	63	60	34
Share			
Earnings per share before dilution, SEK	4.60	3.49	–
Earnings per share after dilution, SEK	4.60	3.49	–
Dividend per share, SEK[1)]	1.85	–	–
Number of shares (Note 28)	295,833,333	295,833,333	–
Employees			
Average number of employees	6,503	6,518	6,349
Revenue per employee	1.90	1.76	1.39

1) Proposed by Board of Directors.

CONSOLIDATED INCOME STATEMENT

SEK million	Note	2016	2015
Net sales	5, 6	12,388	11,486
Cost of goods sold		–8,463	–8,127
Gross profit		**3,925**	**3,359**
Sales expenses		–1,651	–1,433
Administrative expenses	7	–604	–510
Other operating income and expenses	10	20	64
Items affecting comparability	6	–48	24
Amortization of customer relationship		–69	–68
Operating profit	6, 8, 9	**1,573**	**1,436**
Financial income	11	6	2
Financial expenses	11	–124	–1,104
Loss from financial items		**–118**	**–1,102**
Profit (loss) before tax		**1,455**	**334**
Taxes	12	–93	698
Profit (loss) for the year		**1,362**	**1,032**
Profit (loss) for the year attributable to owners of the Parent		**1,362**	**1,032**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	Note	2016	2015
Profit (loss) for the year		1,362	1,032
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit pension plans, net of tax		–16	19
		–16	**19**
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges, net of tax	3	13	–18
Gains/losses from hedges of net investments in foreign operations, net of tax		–149	–66
Exchange rate differences on translation of foreign operations		887	–9
		751	**–93**
Other comprehensive income for the year		**735**	**–74**
Total comprehensive income for the year		**2,097**	**958**
Total comprehensive income for the year attributable to			
Owners of the Parent Company		2,097	958
Earnings per share	28		
before dilution, SEK		4.60	3.49
after dilution, SEK		4.60	3.49
Average number of shares	28		
before dilution		295,833,333	295,833,333
after dilution		295,833,333	295,833,333

CONSOLIDATED BALANCE SHEET

SEK million	Note	December 31, 2016	December 31, 2015
ASSETS			
Non-current assets			
Goodwill	14	10,327	9,660
Trademarks	14	2,398	2,247
Other intangible assets	14	1,016	1,058
Buildings, land and land improvements	15	830	827
Machinery and other technical installations	15	366	379
Tools, equipment and installations	15	289	279
Construction in progress and advance payments	15	90	82
Deferred tax assets	12	1,226	1,092
Derivatives, long-term	3	7	34
Other non-current assets	13	52	46
Total non-current assets		16,601	15,704
Current assets			
Inventories	16	2,637	2,199
Trade receivables	17	1,041	906
Current tax assets		47	27
Derivatives, short-term	3	57	–
Other current assets		237	179
Prepaid expenses and accrued income	18	89	111
Cash and cash equivalents	25	1,599	833
Total current assets		5,707	4,255
TOTAL ASSETS		22,308	19,959

CONSOLIDATED BALANCE SHEET

SEK million	Note	December 31, 2016	December 31, 2015
EQUITY			
Equity attributed to owners of the Parent			
Share capital	28	1	1
Reserves		1,755	1,004
Retained earnings, including net profit (loss)		12,221	10,878
TOTAL EQUITY		13,977	11,883
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions, long-term	21, 23, 24	4,453	4,353
Deferred tax liabilities	12	593	554
Provisions for pensions	19	536	476
Other provisions, long-term	20	117	74
Total non-current liabilities		5,699	5,457
Current liabilities			
Liabilities to credit institutions, short-term	21, 23, 24	329	462
Trade payables		1,024	1,000
Current tax liabilities		294	207
Advance payments from customers		29	14
Derivatives, short-term	3	52	39
Other provisions, short-term	20	197	243
Other current liabilities		134	174
Accrued expenses and prepaid income	22	573	480
Total current liabilities		2,632	2,619
TOTAL LIABILITIES		8,331	8,076
TOTAL EQUITY AND LIABILITIES		22,308	19,959

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		ATTRIBUTABLE TO OWNERS OF THE PARENT			
SEK million	**Note**	**Share capital**	**Other reserves**	**Retained earnings**	**Total equity**
Opening balance, January 1, 2015	28	1	1,097	5,361	6,459
Profit (loss) for the year				1,032	1,032
Other comprehensive income					
Remeasurements of defined benefit plans, net of tax				19	19
Cash flow hedges, net of tax			–18		–18
Gains/losses from hedges of net investment in foreign operations, net of tax			–66		–66
Exchange rate differences on translation of foreign operations			–9		–9
Total comprehensive income			–93	1,051	958
Transactions with owners					
Shareholders' contribution				4,466	4,466
Total transactions with owners				4,466	4,466
Closing balance, December 31, 2015		1	1,004	10,878	11,883
Opening balance, January 1, 2016	28	1	1,004	10,878	11,883
Profit (loss) for the year				1,362	1,362
Other comprehensive income					
Remeasurements of defined benefit plans, net of tax				–16	–16
Cash flow hedges, net of tax			13		13
Gains/losses from hedges of net investment in foreign operations, net of tax			–149		–149
Exchange rate differences on translation of foreign operations			887		887
Total comprehensive income			751	1,346	2,097
Transactions with owners					
Costs related to shareholders' contribution, net of tax				–3	–3
Total transactions with owners				–3	–3
Closing balance, December 31, 2016		1	1,755	12,221	13,977

CONSOLIDATED STATEMENT OF CASH FLOW

SEK million	Note	2016	2015
Cash flow from operating activities			
Operating profit		1,573	1,436
Adjustment for other non-cash items			
Depreciation and amortization	25	298	291
Adjustment for result sale of subsidiaries	25	–	–83
Adjustment for other non-cash items	25	68	17
Changes in working capital			
Changes in inventories		–364	–203
Changes in trade receivables		–83	–47
Changes in accounts payables		43	180
Changes in other working capital		–14	39
Income taxes paid		–107	–89
Net cash flow from operations		**1,414**	**1,541**
Cash flow from investments			
Acquisition of operations		–	–13
Investments in fixed assets	14, 15	–225	–240
Proceeds from sale of fixed assets		133	1
Proceeds from sale of subsidiaries		–	657
Net cash flow from investments		**–92**	**405**
Cash flows from financing			
Shareholders' contribution/Paid costs related to the shareholders' contribution		–74	4,500
Borrowings from credit institutions		64	4,827
Repayment of loans to credit institutions		–426	–10,110
Paid interest		–97	–847
Received interest		3	14
Other financing activities		–42	–92
Net cash flow from financing		**–572**	**–1,708**
Cash flow for the year		**750**	**238**
Cash and cash equivalents at beginning of year	25	833	592
Exchange differences on cash and cash equivalents		16	3
Cash and cash equivalents at end of year		**1,599**	**833**

PARENT COMPANY INCOME STATEMENT

SEK million	Note	2016	2015
Administrative expenses	7	–130	–54
Other operating income		127	48
Operating profit	6, 9	**–3**	**–6**
Interest income subsidiaries	11	71	257
Interest expense subsidiaries	11	–	–7
Other financial expenses	11	–422	–365
Loss from financial items		**–351**	**–115**
Group contributions		353	293
Profit (loss) before tax		**–1**	**172**
Taxes	12	–	–36
Profit (loss) for the year		**–1**	**136**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK million	Note	2016	2015
Profit (loss) for the year		–1	136
Other comprehensive income			
Other comprehensive income		–	–
Total comprehensive income for the year		**–1**	**136**

PARENT COMPANY BALANCE SHEET

SEK million	Note	December 31, 2016	December 31, 2015
ASSETS			
Non-current assets			
Shares in subsidiaries	26	13,563	13,563
Other intangible assets	2, 14	2	–
Equipment and installations	15	1	–
Deferred tax assets	12	3	2
Receivables from subsidiaries		–	–
Other non-current assets	11, 13	11	7
Total non-current assets		13,580	13,572
Current assets			
Receivables from subsidiaries		2,731	2,868
Other current assets		4	6
Prepaid expenses and accrued income	18	10	1
Total current assets		2,745	2,875
TOTAL ASSETS		16,325	16,447
EQUITY	28		
Equity attributed to owners of the parent company			
Restricted equity			
Share capital		1	1
Unrestricted equity			
Retained earnings		11,579	11,446
Profit/Loss for the year		–1	136
TOTAL EQUITY		11,579	11,583
LIABILITIES			
Non-current liabilities			
Other provisions	20	13	9
Liabilities to credit institutions	21, 23, 24	4,453	4,353
Liabilities to subsidiaries		–	–
Total non-current liabilities		4,466	4,362
Current liabilities			
Liabilities to credit institutions	21, 23, 24	206	404
Trade payables		10	66
Liabilities to subsidiaries		–	1
Other current liabilities		11	6
Accrued expenses and prepaid income	22	53	25
Total current liabilities		280	502
TOTAL LIABILITIES		4,746	4,864
TOTAL EQUITY AND LIABILITIES		16,325	16,447

PARENT COMPANY EQUITY

SEK million	Note	Share capital	Other reserves	Retained earnings	Total equity
Opening balance, January 1, 2015	28	1	–	6,980	6,981
Profit (loss) for the year				136	136
Other comprehensive income				–	–
Total comprehensive income		–	–	136	136
Transactions with owners					
Shareholder contribution				4,466	4,466
Total transactions with owners		–	–	4,466	4,466
Closing balance, December 31, 2015		1	–	11,582	11,583
Opening balance, January 1, 2016	28	1	–	11,582	11,583
Profit (loss) for the year				–1	–1
Other comprehensive income				–	–
Total comprehensive income		–	–	–1	–1
Transactions with owners					
Costs related to the shareholders’ contribution, net of tax		–	–	–3	–3
Total transactions with owners		–	–	–3	–3
Closing balance, December 31, 2016		1	–	11,578	11,579

PARENT COMPANY CASH FLOW

SEK million	Note	2016	2015
Cash flow from operating activities			
Operating profit		–4	–6
Adjustment for other non-cash items	25	5	–16
Changes in working capital			
Changes in accounts payable		–56	0
Changes in other working capital		190	–2,716
Income taxes paid		0	–
Net cash flow from operations		135	–2,738
Cash flow from investments			
Shareholder contribution, subsidiaries		–3	–6,580
Investments in intangible fixed assets		–2	–
Investments in fixed assets		0	–
Other investing activities		–	2,976[1)]
Net cash flow from investments		–5	–3,604
Cash flow from financing			
Shareholder contribution		–	4,500
Borrowings from credit institutions		–	1,664
Repayment of loans to credit institutions		–132	–
Group contribution		353	293
Paid interest		–422	–467
Received interest		71	352
Net cash flow from financing		–130	6,342
Cash flow for the year		–	0
Cash and cash equivalents at beginning of year	25	–	0
Exchange differences on cash and cash equivalents		–	–
Cash and cash equivalents at end of year		–	–

1) Divestment of financial assets.

NOTES

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 approximately 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 January 1 to December 31, 2016 (comparative figures January 1 to December 31, 2015), and the financial statements were authorized for issue by the Board of Directors on March 15, 2017.

The balance sheets and income statements are subject to approval by the annual shareholders' meeting on April 7, 2017.

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

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 summary below.

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,except for modified financial assets and financial liabilities, including derivative instruments accounted for at fair value through profit or loss.

Some additional information is disclosed based on the standard RFR 1 from the Swedish Financial Reporting Board and the Swedish Annual Accounts Act.

The Parent Company applies the same accounting principles as the Group, except in the cases specified below in the section entitled Parent Company accounting principles.

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.

Since January 1, 2015 Dometic Group applies hedge accounting for net investment in foreign operations.

2.1.1 Changes in accounting policies

New or amended accounting policies for 2016:
There are no new accounting principles and interpretations that have had any significant impact on the Group's financial statement, that came into effect as of January 1, 2016.

New or amended accounting policies for 2017 and later:
A number of accounting standards and interpretations have been published, but have not yet become effective.

IFRS 9 'Financial instruments'
IFRS 9 Financial instruments, will replace the earlier IAS 39 Financial instruments. IFRS 9 has new guidance for classification and valuation of financial instruments, a new credit loss matrix model for calculation of impairment of financial assets and new guidance for hedge accounting. The accounting of derivatives in Dometic Group will stay unchanged, since IFRS 9 are in accordance with the existing IAS 39, i.e. recognized at fair value through profit and loss statement.

The Group's work to develop and implement the new impairment model by gathering and analyzing data for historical credit losses is ongoing. The Group is still assessing the possible impact of the effects of the implementation. By introducing the matrix model for expected credit losses, some impact is expected based on historical experience. Earlier applied hedge accounting models remain unchanged, which is why the Group does not expect any impact.

The standard is effective from January 1, 2018. Dometic Group will not apply earlier adaption.

IFRS 15, 'Revenue from contracts with customers'
IFRS 15 Revenue from contracts with customers 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 replaces IAS 11 Construction contracts and IAS 18 Revenue. The Group has assessed the possible impact on the Group's financial statements of the implementation of IFRS15, Revenue from contracts with customers. Future application of the new standard will not have any impact in all material respects on the financial position and performance of the Group.

There is no evidence in the implementation process so far that the amount of revenue or the timing of when revenue is recognized will be impacted to any significant extent.

Long-term contract and contracts with multiple-element arrangements are rare in the Group. There are no elements of financing components in the present contracts in the Group, as sales are normally made with a credit term of 30–60 days.

The work performed during 2016 of the present contract and routines has been closed. The next step in the implementation process is to extend Group financial reporting in order to start collection of 2017 financial data under IFRS 15 requirements in parallel to the ordinary group reporting.

The Group will be prepared on the effective date to start applying the new standard on January 1, 2018 and to give information for the comparison year 2017.

IFRS 16 Leases
IFRS 16 was issued in January 2016 and will replace IAS 17 Leases and related interpretations IFRIC 4, SIC-15, and SIC-27. The new standard will have an impact on the lessee accounting, but the accounting for lessors will in all material aspects be unchanged. With the new standard there will be no difference between operational and financial leases. The standard requires that all lease agreements other than short-term leases or "low-value" leases be accounted for in the balance sheet, i.e. similar to today's financing leases. Dometic Group has operational leases, such as office premises, production and warehouse space, IT and office equipment. The total assets/and equity and liabilities will increase, but as of today the ongoing review of the agreements does not so far indicate any large effects on the Group.

The standard is effective from January 1, 2019, Dometic Group will not apply earlier adaption. EU has not yet adopted the standard.

2.2 Principles for 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.

NOTE 2 cont.

(b) Associates

Associates are companies over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 and 50% 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 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.

Exchange rates		Average rate		Closing rate as of Dec 31	
Country	Currency	2016	2015	2016	2015
Australia	AUD	6.3721	6.2866	6.5608	6.1127
Canada	CAD	6.5012	6.5283	6.7343	6.0364
China	CNY	1.2921	1.3253	1.3072	1.2904
Denmark	DKK	1.2692	1.2473	1.2890	1.2266
Euro Zone	EUR	9.4508	9.3055	9.5833	9.1533
Great Britain	GBP	11.6506	12.7542	11.1732	12.4106
Hong Kong	HKD	1.1055	1.0738	1.1707	1.0806
Japan	JPY	0.0778	0.0694	0.0777	0.0695
Norway	NOK	1.0232	1.0432	1.0546	0.9594
Poland	PLN	2.1631	2.2254	2.1661	2.1576
United States	USD	8.5800	8.3243	9.0783	8.3753

2.4 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 categorized 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 recognized on the trade-date. Investments are initially recognized 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 recognized at fair value, and transaction costs are expensed in the income statement.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired and substantially all risks and rewards of ownership are transferred. Loans and receivables are subsequently carried at amortized 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 recognized amounts and there is an intention to settle on a net basis or realize 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 recognized in the income statement. For practical reasons 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 recognized, the reversal of the previously recognized impairment loss is recognized in the income statement.

2.5 Derivative financial instruments and hedging activities

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

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Amounts accumulated in equity are reversed in the income statement in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings are recognized in the financial net. The gain or loss relating to the ineffective portion is recognized in the income statement. The deferred amounts are ultimately recognized in the operating result. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement.

Net investment hedges

From January 1, 2015 Dometic Group applies hedge accounting for net investment in foreign operations. Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

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

2.6 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 recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.7 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.

Borrowings are classified as current liabilities unless the Group has the right to defer settlement of the liability for at least 12 months after the balance sheet date. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

2.8 Employee benefits

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.

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.

2.9 Parent Company accounting principles

The Parent Company's annual report was prepared in accordance with the Annual Accounts Act and through the application of the Swedish Financial Reporting Board's Recommendation RFR 2, Accounting for legal entities. This means that IFRS is applied with the deviations and additions presented below.

Financial statements

In accordance with the requirements in RFR 2, the Parent Company's financial statements deviate from those presented for the Group. The Parent Company has the following five statements in the Annual Report: income statement, statement of comprehensive income, balance sheet, statement of cash flow and statement of changes in equity.

Financial instruments: Recognition and measurement

The Parent Company does not apply IAS 39 Financial instruments: Recognition and measurement. Instead measurements are based on the acquisition cost of assets and liabilities.

Ownership of Subsidiaries

Holdings in subsidiaries are recognized in the Parent Company's financial statements according to the cost method of accounting. The value of subsidiaries are tested for impairment when there is an indication of a decline in the value.

Group contributions

The Parent Company recognizes all Group contributions, paid and received, as appropriations in the Income Statement.

Shareholders' contributions

Shareholders' contributions from the Parent Company are recognized directly in the receiver's equity and capitalized in the shares and participations of the Parent Company, to the extent that impairment is not required.

NOTE 3 | FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

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 describes the financial risks that Dometic Group may accept, as well as how such risks are limited and managed. The treasury policy also establishes a distribution of responsibilities between Dometic Group's subsidiaries and Dometic Group's central finance function.

Risk management is carried out by a central treasury department ("Group Treasury") under a policy approved by Dometic Group's Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with Dometic Group'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.

Currency risk

As Dometic Group 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 when conducting financial transactions. Dometic Group's transaction exposure is primarily related to the euro, U.S. dollar, Australian dollar and Chinese yuan. 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 Group 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 CNY, EUR, USD, AUD and JPY to be hedged utilizing spot and currency exchange contracts, currency swaps and currency options. In addition, Dometic Group's treasury policy requires that contracted exposure in projects and firm commitments amounting to more than SEK 2 million is hedged per currency.

Dometic Group manages translation exposure principally through borrowing in the relevant foreign currencies. To meet the largest exposures, as of December 31, 2016, 33% (38) of Dometic Group's borrowings were in euro, 52% (47) were in U.S. dollars and 15% (14) in Australian dollars. Loans in other currencies as of December 31, 2016 amounted to 0% (1) of total loans. Regarding the currency risk on the Senior Facilities, a change of 1% in the respective currencies, with all other variables held constant, profit after tax would be impacted by SEK 47 million for the year ended December 31, 2016. 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 16 million, the effect from USD would be SEK 24 million and the effect from AUD would be SEK 7 million. Equity hedging is used to reduce the translation effect on the borrowings in foreign currencies.

Interest rate risk

Dometic Group defines interest rate risk as the risk that changes in interest rates will have a negative impact on its earnings and cash flow. Dometic Group's interest rate risks arise from long-term loans.

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 December 31, 2016 Dometic Group has hedged 56% (75) of cash flow exposure on its senior facility term loans 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.

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 (see currency risk) and interest rate swaps with external counterparts, as reported below.

Interest swaps per currency

	December 31, 2016			December 31, 2015		
Currency (maturity date)	Nominal value in currency	Amount SEK million	Interest rate, %	Nominal value in currency	Amount SEK million	Interest rate, %
AUD (2016)	80	525	1.8	84	513	1.8
EUR (2016)	0	0	–	126	1,151	–0.2
USD (2016)	230	2,088	1.0	204	1,707	0.6
SEK (2016)	0	0	–	0	0	–

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 December 31, 2016 no such financial contracts were in place.

Market value derivatives

December 31, 2015	Nominal value	Assets	Liabilities
Current derivative financial instruments			
Interest rate swaps – cash flow hedges	3,371	4	–
Currency forwards & options – cash flow hedges	1,378	30	–39
Total		**34**	**–39**
Less non-current portion:		–	–
Total		**–**	**–**
Current portion		**34**	**–39**

December 31, 2016	Nominal value	Assets	Liabilities
Current derivative financial instruments			
Interest rate swaps – cash flow hedges	2,612	16	–
Currency forwards & options – cash flow hedges	1,496	49	–52
Total		**64**	**–52**
Less non-current portion:		7	–
Total		**64**	**–52**
Current portion		**57**	**–52**

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 -27 million (before taxes) have been moved from OCI to realized hedge result. As of December 31, 2016, a net of SEK –16 million is reported in OCI (Other comprehensive income).

Sensitivity analysis

The table below shows the impact on the result if no hedges were in place if the currency and interest rate increased 1%/decrease -1%. The translation effect on the senior loans would also have the same impact on equity.

Currency	Variable	Change	Impact on the result before income taxes for the year ended December 31, 2015
Transaction effect	USD/CNY	+ one percentage	12
	EUR/USD	+ one percentage	7
	EUR/AUD	+ one percentage	–2
	AUD/USD	+ one percentage	5
Currency translation impact on loans	EUR/SEK	+ one percentage	18
	USD/SEK	+ one percentage	23
	AUD/SEK	+ one percentage	7

Interest rate	Variable	Change	Impact on the result before income taxes for the year ended December 31, 2015
Interest rate effect	Interest rate	+ one percentage	-45

Currency	Variable	Change	Impact on the result before income taxes for the year ended December 31, 2015
Transaction effect	USD/CNY	– one percentage	-12
	EUR/USD	– one percentage	-7
	EUR/AUD	– one percentage	2
	AUD/USD	– one percentage	-5
Currency translation impact on loans	EUR/SEK	– one percentage	-18
	USD/SEK	– one percentage	-23
	AUD/SEK	– one percentage	-7

Interest rate	Variable	Change	Impact on the result before income taxes for the year ended December 31, 2015
Interest rate effect	Interest rate	– one percentage	37

Currency	Variable	Change	Impact on the result before income taxes for the year ended December 31, 2016
Transaction effect	USD/CNY	+ one percentage	18
	EUR/USD	+ one percentage	11
	EUR/AUD	+ one percentage	–3
	AUD/USD	+ one percentage	6
Currency translation impact on loans	EUR/SEK	+ one percentage	16
	USD/SEK	+ one percentage	24
	AUD/SEK	+ one percentage	7

Interest rate	Variable	Change	Impact on the result before income taxes for the year ended December 31, 2016
Interest rate effect	Interest rate	+ one percentage	-40

Currency	Variable	Change	Impact on the result before income taxes for the year ended December 31, 2016
Transaction effect	USD/CNY	– one percentage	-18
	EUR/USD	– one percentage	-11
	EUR/AUD	– one percentage	3
	AUD/USD	– one percentage	-6
Currency translation impact on loans	EUR/SEK	– one percentage	-16
	USD/SEK	– one percentage	-24
	AUD/SEK	– one percentage	-7

Interest rate	Variable	Change	Impact on the result before income taxes for the year ended December 31, 2016
Interest rate effect	Interest rate	– one percentage	22

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 Group seeks to mitigate this risk by holding cash primarily in well rated counterparties with a high credit rating. As of December, 31 2016, Dometic Group's financial credit risk was equal to the balance sheet value of cash and cash equivalents of SEK 1,599 million (833). All derivative transactions are covered by ISDA netting agreements to reduce the credit risk. No credit losses were incurred during 2016, neither on external investments nor on derivative positions.

	Assets	Liabilities
December 31, 2016		
Derivatives		
Net amount recognized in the balance sheet	64	52
ISDA agreements whose transactions are not offset in the balance sheet	–46	–46
Net after offsetting in accordance with ISDA agreements	**18**	**5**

Liquidity risk

Liquidity risk is Dometic Group's risk of being unable to meet its payment obligations due to insufficient availability of cash and cash equivalents or being unable to meet its payment obligations without significantly higher financing costs. The overall objective of Dometic Group's liquidity management is to ensure that Dometic Group 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.

The table below analyses 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. For 2016, after the first year, an annual undiscounted cash flow of SEK 287 million is expected up until the maturity of the long-term debt obligations.

December 31, 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	More than 4years
Long-term debt obligations including future undiscounted in interest payments	588	307	302	229	3,809
Derivative financial instruments	0	–	–	–	–
Forward foreign exchange contracts	39	–	–	–	–
Trade and other payables	1,000	–	–	–	–
Total	**1,627**	**307**	**302**	**229**	**3,809**

December 31, 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	More than 4 years
Long-term debt obligations including future undiscounted in interest payments	417	287	283	4,110	0
Derivative financial instruments	0	0	0	–	–
Forward foreign exchange contracts	52	–	–	–	–
Trade and other payables	1,024	–	–	–	–
Total	**1,493**	**287**	**283**	**4,110**	**0**

NOTE 3 cont.

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, through its financing agreements, has to be compliant with bank covenants. From June 2016 the covenants' leverage ratio and interest cover covenants are measured. At year-end the headroom was sufficient in both covenants. The headroom in the leverage ratio was 167% and in the interest cover covenant 367%. 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. Also, a negotiated solution between owners, lenders and Group Management would be sought in order to keep the Group as a going concern.

Capital risk	December 31, 2016	December 31, 2015
Total Borrowing	4,782	4,814
Less: cash and cash equivalents	–1,599	–833
Net Debt	**3,183**	**3,981**
Total Equity	13,977	11,883
Total Capital	**17,160**	**15,864**
Gearing Ratio, %	19	25

Fair value estimation

Valuation of financial instruments and derivatives at fair value is done at the most recent updated market prices. The valuation is performed on a regular basis to capture changes in financial assets and liabilities over time. Standard methods such as discounting future cash flows based on observable market rates for each respective maturity and currency are used. Fair value of financial instruments with option elements is valued using the Black-Scholes model. At year end 2016 no option instruments were in place.

For currency forwards the fair market value of the foreign-exchange spot rate is used to convert the outstanding value of the derivate into SEK. For interest rate derivates the present value market price is converted into SEK at closing rate.

At year-end 2016 the fair value for level 2 financial assets was SEK 64 million (34) and for the total financial liabilities SEK 52 million (39).

Making fair value estimations requires a 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.

The outstanding loan facilities would if renewed today be around the same margin, therefore the carrying amount is reasonable approximation of fair value.

Financial instruments by category

December 31, 2016	Balance sheet carrying amount	Financial assets or liabilities at amortized cost	Financial assets or liabilities at fair value	Derivatives used for hedging	Derivatives at fair value
Financial assets					
Other non-current assets	52	52	–	–	–
Derivatives, long-term	7	–	–	7	–
Derivatives, short-term	57	–	–	56	1
Trade receivables	1,041	1,041	–	–	–
Other current assets	237	237	–	–	–
Cash and cash equivalents	1,599	1,599	–	–	–
Total assets	**2,993**	**2,929**	**–**	**63**	**1**
Current portion	**2,934**	**2,877**	**–**	**56**	**1**

December 31, 2016	Balance sheet carrying amount	Financial assets or liabilities at amortized cost	Financial assets or liabilities at fair value	Derivatives used for hedging	Derivatives at fair value
Financial liabilities					
Liabilities to credit institutions, long-term	4,453	4,453	–	–	–
Derivatives, short-term	52	–	–	52	–
Liabilities to credit institutions, short term	329	329	–	–	–
Trade payables	1,024	1,024	–	–	–
Other current liabilities	134	134	–	–	–
Total liabilities	**5,992**	**5,940**	**–**	**52**	**–**
Current portion	**1,539**	**1,487**	**–**	**52**	**–**

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 14.

Impairment test of Deferred Tax Assets

Estimates are made to determine both current and deferred tax liabilities and assets, not least the value of deferred tax assets. The possibility of making deductions against future taxable profits and thereby utilizing the deferred tax assets is also determined based on estimates. The actual results may differ from these estimates, for instance due to changes in the projections of future taxable profits, changed tax legislation or the outcome of the final review by tax authorities and tax courts of filed tax returns. During 2016, deferred tax has been recognized for interest expenses carry forwards as a result of change in estimates. Thus, it has been considered likely that the interest expenses carry forwards can be utilized to offset future taxable profits. See, further note 12.

Assumptions upon Pension and Post Retirement Commitments

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds. Dometic Group has both defined benefit and defined contribution plans. The value of the pension commitments depends on the assumptions made by management and used by actuaries when calculating these amounts. Assumptions and actuarial calculations are made separately for the respective country where Dometic Group has operations which result in such post-employment obligations.

These assumptions include discount rate, inflation, salary trends, development of pensions over time, mortality, trends in cost of health care, and other factors. The assumption about inflation is based on external market indications and the assumption of salary increase reflects the historical development of salary costs, short-term forecasts and expected inflation. Mortality is based on official statistics. Sensitivity analysis for the main assumptions is presented in Note 19.

Warranty obligation

Within Dometic Group's line of business many products are covered by a warranty, which is included in the price and valid for a predetermined amount of time. Provisions for warranties are calculated based on past experience of costs for repairs, etc. See, further note 20.

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. See, further note 20.

Status of Dometic Class Actions

On April 21, 2016 a class action complaint was filed in California and an amended complaint was subsequently filed on July 8, 2016. The California action consists of 7 named plaintiffs. Dometic filed a motion to dismiss the action, which is now fully briefed and the Court heard the argument in November 2016. The Court has not yet made a decision. Plaintiffs served their first request for documents in January 2017. Our objections and responses thereto were made on February 6, 2017.

On June 24, 2016 a similar class action complaint was filed in Florida and an amended complaint was subsequently filed on August 23, 2016. Dometic filed a motion to dismiss the action on September 6, 2016 and, as of October 3, 2016, the motion was fully briefed. The Florida action previously consisted of 14 named plaintiffs. The complaint was withdrawn with respect to the plaintiff in Virginia. On February 7, 2017 the court granted Dometic's motion to dismiss 10 of the remaining plaintiffs, leaving only 3 plaintiffs with only one cause of action. The court granted, however, the plaintiffs permission to amend their complaint by the end of February, 2017. On February 22, 2017, Plaintiffs filed their second amended complaint in which they attempt to bring seven causes of action on behalf of ten named plaintiffs.

Legal costs connected to the class action complaint are taken as a part of the result when the costs occur. No provision has been made as the case is still at an early stage. Dometic remains firm in its position that the allegations are without merit.

NOTE 5 | SEGMENT INFORMATION

Consolidated operating segments

2015	Americas	EMEA	APAC	Un-allocated	Total
Net sales, external	5,538	4,548	1,400	–	11,486
Operating profit before depreciation and amortization	**760**	**597**	**370**	**–**	**1,727**
Depreciation and amortization	–162	–95	–34	–	–291
Operating profit	**598**	**502**	**336**	**–**	**1,436**
Financial income	–	–	–	2	2
Financial expenses	–	–	–	–1,104	–1,104
Taxes	–	–	–	698	698
Profit (loss) for the period	**–**	**–**	**–**	**–**	**1,032**
Investments in intangible and tangible assets	–	–	–	240	240
Net assets [1)]	6,989	5,386	3,424	–	15,799

2016	Americas	EMEA	APAC	Un-allocated	Total
Net sales, external	5,749	5,093	1,546	–	12,388
Operating profit before depreciation and amortization	**861**	**646**	**364**	–	**1,871**
Depreciation and amortization	–163	–96	–39	–	–298
Operating profit	**698**	**550**	**325**	–	**1,573**
Financial income	–	–	–	6	6
Financial expenses	–	–	–	–124	–124
Taxes	–	–	–	–93	–93
Profit (loss) for the period	–	–	–	–	**1,362**
Investments in intangible and tangible assets	–	–	–	225	225
Net assets [1)]	7,579	5,813	3,669	–	17,061

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

Dometic Group is organized into three reportable segments i.e. regions; Americas (North and South America), EMEA (Europe, Middle East and Africa) and APAC (Asia Pacific).

These segments are reported in a manner consistent with the internal reporting provided to the Group Management and the Board of Directors. The operating segments are regularly reviewed by the President and CEO, the Group's chief operating decision maker.

The performance of the segments is primarily assessed based on sales and operating profit. Information regarding income for each region is based on from which geography sales is carried out. Information regarding the assets is based on geographic regions, where the benefit of the assets is consumed. Sales between segments are carried out on market conditions with arm's length principles and are eliminated on consolidation, and therefore not presented in the tables.

Investments in fixed assets are monitored on a Group and legal entity level, hence not allocated to segments. In operational follow up net assets are allocated to segments.

Management follow up is based on integrated results in each segment, i.e. intra segment sale is eliminated in the result of the segment. A simplified way of describing an integrated result is a local result in each segment combined with profit/loss allocated from the factories in other segments based on production volume.

The Group has no customer from which it generates income that accounts for more than 10% of the company's net sales.

Net sales in % by business area are as follows for 2016; Recreational Vehicles (RV) 65%, Marine 9%, Commercial and Passenger Vehicles (CPV) 16% and Other (Lodging and Retail) 10%.

Geographical information

Net sales by country	2016	2015
United States	5,541	5,267
Germany	2,225	1,910
Australia	1,133	1,065
United Kingdom	524	475
France	509	449
Italy	358	326
Sweden	228	217
Canada	226	191
The Netherlands	226	214
Other	1,418	1,372
Total	**12,388**	**11,486**

Net sales attributable to countries on the basis of the customer's location.

Non-current assets in Sweden

Non-current assets located in Sweden amount to SEK 221 million (211).

NOTE 6 | NET SALES AND OPERATING PROFIT

Revenue recognition and additional information on net sales

Net sales 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. Net sales are shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

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

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.

Dometic Group net sales amounted to SEK 12,388 m (11,486).

Costs of goods sold and additional information on costs by nature

Cost of goods sold consists of direct costs of producing products such as cost of materials, labor costs and factory costs. It also includes warranties and stock value adjustments and costs of assembly of products. The most significant components of Dometic Group's costs of goods sold include materials (including both raw materials and component parts), which represented 52% (53) of Dometic Group's net sales at year-end.

As Dometic Group manufactures a wide range of products, Dometic Group's direct materials are highly diversified, with no individual type of raw material or component being dominant. Other significant components of goods sold include factory and material overheads and direct and indirect labor, which together typically represent a quarter of Dometic Group's cost of goods sold.

Cost of goods sold also includes PMI costs of SEK 294 m (269), which consists of expenses incurred in connection with Dometic Group'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.

	Group		Parent	
Expenses by nature	**2016**	**2015**	**2016**	**2015**
Raw materials and manufacturing supplies	–6,446	–6,095	–	–
Employee benefit expenses (Note 9)	–2,391	–2,305	–63	–39
Transport expenses	–522	–460	–	–
Amortization and depreciation (Note 14 and 15)	–298	–291	–	–
Warranty costs	–291	–269	–	–
Marketing expenses	–257	–178	–	–
Other [1]	–610	–452	60	33
Total	**–10,815**	**–10,050**	**–3**	**–6**

[1] The Parent Company has reported other operating income of SEK 127 million (48) of which the full amount relates to income from Group Companies.

	Group		Parent	
Expenses by function	**2016**	**2015**	**2016**	**2015**
Cost of goods sold	–8,463	–8,127	–	–
Sale expenses	–1,651	–1,433	–	–
Administrative expenses	–604	–510	–130	–54
Other operating income	55	125	127	48
Other operating expenses	–35	–61	–	–
Items affecting comparability	–48	24	–	–
Amortization of customer relationship	–69	–68	–	–
Total	**–10,815**	**–10,050**	**–3**	**–6**

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.

Administrative expenses

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

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.

Items affecting comparability	2016	2015
Redundancy costs	–	–30
Transaction related costs	–	–35
Divestment Seating and chassis component business	–25	–
Phase out of Architectural business	–25	–
Transaction related cost, Atwood integration	–7	–
Filakovo related costs/insurance settlement	16	11
Close down manufacturing line China	–6	–
Sales of Medical division	–	83
Other costs	–1	–5
Total	**–48**	**24**

NOTE 7 | AUDIT FEES

	Group		Parent	
	2016	2015	2016	2015
PricewaterhouseCoopers (PwC)				
Audit fees [1]	–12	–13	–2	–2
Audit-related fees [2]	–4	–1	–	–
Tax fees [3]	–6	–9	0	–5
All other fees [4]	–2	–9	–	–8
Total fees to PwC	**–24**	**–32**	**–2**	**–15**
Other auditors				
Audit fees to other audit firms	–1	–1	–	–
Audit related fees	–	–1	–	–
Tax fees	–1	–2	–	–
All other fees	–3	–2	–	–1
	–5	**–6**	**–**	**–1**
Total fees to auditors	**–29**	**–38**	**–2**	**–16**

1) Audit fees – fees for the annual audit-services and other audit services, i.e. services that only the external auditors reasonably can provide, and include the Company audit, statutory audits and comfort letters.
2) Audit related fees – fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements or that are traditionally performed by the external auditors, and include consultations concerning financial accounting and reporting standards.
3) Tax fees – fees for transfer pricing, tax-compliance services, tax consultations and advice related to acquisitions, divestments and other projects and assistance with tax audits.
4) All other fees - fees for other services. In 2015 other fees mainly related to the IPO transaction support services.

NOTE 8 | LEASING AGREEMENTS

Leasing objects in the Group are office premises, production and warehouse space under leasing agreements and it also has leasing contracts for IT and office equipment and transport vehicles.

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

Leases of property, plant and equipment in which Dometic Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term. The Group has no material financial leases.

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.

Operational lease 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 151 million (126). The parent company holds no operational lease agreements.

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

	December 31, 2016	December 31, 2015
Within 1 year	–151	–124
1–5 years	–281	–231
Over 5 years	–28	–27
Total	**–460**	**–382**

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

	December 31, 2016	December 31, 2015
Within 1 year	1	3
1–5 years	2	2
Over 5 years	–	2
Total	**3**	**7**

Lease income amounts to SEK 1 million (3) and relates primarily to lease of factory premises.

NOTE 9 | EMPLOYEE BENEFIT EXPENSE AND REMUNERATION

Salaries, wages, other remuneration and social security costs

	Group		Parent	
Employee benefits	2016	2015	2016	2015
Salaries and remunerations	–1,829	–1,843	–35	–31
Social security costs	–298	–264	–17	–11
Pension costs – defined contribution plans	–47	–48	–8	–5
Pension costs – defined benefit plans	–14	–14	0	–
Other personnel costs	–203	–136	–2	–
Total	**–2,391**	**–2,305**	**–63**	**–47**

Total employee benefits are overall related to the principles in Dometic Group's remuneration policy. Remuneration is applied based on local market conditions and collective agreements. Defined benefit pension plans have been closed for new entries and defined contribution plans are in line with the remuneration policy applied in the Dometic Group.

The total cost for employee benefits amounted in 2016 to SEK 2,391 m (2,305).

Remuneration the Board of Directors

Remuneration to the Board of Directors during the 2015 fiscal year	SEK thousands
Fredrik Cappelen, Chairman	783
Albert Gustafsson, Board member	–
Erik Olsson, Board member (elected August 2015)	325
Gun Nilsson, Board member (elected August 2015)	325
Harry Klagsbrun, Board member	–
Magnus Yngen, Board member	554
Rainer E. Schmückle, Board member	554
Total remuneration to the Board of Directors	2,541

Remuneration to the Board of Directors during the 2016 fiscal year	SEK thousands
Fredrik Cappelen, Chairman	675
Albert Gustafsson, Board member	375
Erik Olsson, Board member	375
Gun Nilsson, Board member	375
Harry Klagsbrun, Board member	425
Magnus Yngen, Board member	425
Rainer E. Schmückle, Board member	375
Total remuneration to the Board of Directors	3,025

Remuneration to representatives in the Board of Directors for Board and Committee work amounts to SEK 3,025 thousands (2,541). Remuneration for the committee work (the audit committee and the remuneration committee) until the next annual shareholders' meeting amounts to SEK 450 thousands (of which SEK 100 thousands to the Chairman of each committee and SEK 50 thousands to the committee members).

In 2015, in addition to its ordinary remuneration, the Board of Directors received an additional remuneration amounting to SEK 325 thousand per member for its extraordinary efforts in connection with the company´s IPO on Nasdaq Stockholm.

Remuneration to the CEO and Group Management

2015 SEK thousands	Annual fixed salary	Variable salary for 2015	Other benefits	Pension contribution	Total
President and CEO	5,543	2,156	113	1,673	9,485
Other members of Group Management	22,684	9,510	854	4,591	37,639
Total	**28,227**	**11,666**	**967**	**6,264**	**47,124**

2016 SEK thousands	Annual fixed salary	Variable salary for 2016	Other benefits	Pension contribution	Total
President and CEO	5,837	2,899	112	1,676	10,524
Other members of Group Management	25,479	11,826	1,901	8,989	48,195
Total	**31,316**	**14,725**	**2,013**	**10,665**	**58,719**

Group Management includes the CEO and other members of Group Management. The roles represented in the Group Management and directly reporting to the CEO are the three Regional Heads of the heads of the Group functions of Finance, Human Resources, Legal, Marketing, Product Management and Innovation (PMI) and Business Strategy.

The first annual shareholders' meeting that was held following the listing on Nasdaq Stockholm determined the guidelines which shall apply in relation to remuneration to the CEO and the other members of the Group Management. Current employment agreements and remunerations have been determined by the Board of Directors, who apply the remuneration policy as the basis for decisions.

Dometic's objective is to offer competitive remuneration levels and other employment conditions required to attract, motivate and retain high caliber executives needed to maintain success of the business. Remuneration is built upon a total reward approach allowing for a market relevant, but not leading, and cost effective remuneration based on the following components: base and variable salary, pension and other benefits. Currently Dometic Group has a short term incentive plan for managers and senior specialists, and during 2016 preparatory work for introduction of a long term incentive cash plan has been initiated and approved by the Remuneration Committee and Board of Directors for implementation in the beginning of 2017.

Salaries and Remuneration to the CEO and Group Management 2016 totaled SEK 58,719 thousands. During 2016 three new regional Presidents were recruited. The base salary increase from 2015 is related to new job holders with higher remuneration than their predecessors. The variable pay target achievement was higher for 2016 than for 2015. In addition to Dometic's short term incentive plan the variable pay reported also contains discretionary bonuses governed by the Remuneration Committee for extraordinary projects or situations.

Pension benefits

Group Management agreements concerning pensions are in general defined contribution pension plans. A defined contribution pension plan provides premium contributions to the pension plan as a percentage of the pensionable salary. According to the remuneration policy for the CEO and Group Management, the pension shall reflect regulations and practice in the country of employment and not exceed 30% of the annual base salary. An employment contract for one of the Group Management members allowing for a pensionable bonus has been adjusted during the year and from 2017 the conditions for all Group Management members are within the framework of the Remuneration policy.

The level of the pension benefits at retirement will be determined by the contributions paid and the return on investments and the costs associated with the plan. Currently this is the praxis for all Group Management members, with the exception of one Group Management member who remains on a defined benefit pension plan. General retirement age is 65. Contributions to the pension scheme will cease at retirement or earlier if leaving the Company for any other reason. Total pension expenses paid for the CEO and Group Management during 2016 were SEK 10, 665 thousands.

NOTE 9 cont.

Notice period and severance

Members of the Group Management have a 6 months' notice period when notice is given by the employee. If the notice is given by the Company between 6–12 months' notice is applied. The CEO has 6 months' notice by the Company, with an additional severance payment in form of an amount equal to one year's base salary. Severance pay shall not form a basis for vacation pay or pension benefits. Local employment laws and regulations may influence the terms and conditions for notice given by the Company.

Average number of employees and gender distribution

The average number of employees in Dometic Group during the period 1 January 2016 to 31 December 2016 was 6,503 (6,518). Out of the total number of employees 37% are women.

In the Group Management team 3 executives out of 10 are women.

Gender distribution for Board of Directors and Group Management

	December 31, 2016		December 31, 2015	
	Number on closing date	Of which men	Number on closing date	Of which men
Group (including subsidiaries)				
Board members	7	6	7	6
CEO and other senior executives	10	7	10	8
Group total	17	13	17	14

	2016		2015	
	Average number of employees	Of which men, %	Average number of employees	Of which men, %
Parent				
Sweden	8	75	7	71
Total	8	75	7	71
Subsidiary				
Australia	134	75	133	77
Austria	6	83	10	70
Belgium	20	75	30	70
Brazil	4	75	3	100
China	2,803	63	2,632	63
Denmark	14	86	15	87
United Arab Emirates	12	67	11	64
Finland	12	83	12	75
France	34	51	35	49
Germany	942	69	893	69
Hong Kong	70	46	65	49
Hungary	246	62	249	61
Italy	196	77	183	78
Japan	18	88	16	81
Netherlands	34	74	33	76
New Zeeland	9	78	8	76
Norway	9	78	10	80
Poland	12	50	12	58
Russia	22	73	20	75
Singapore	5	60	5	60
Slovakia	208	68	142	59
South Africa	5	60	10	50
Spain	19	61	31	55
Sweden	216	68	210	71
Switzerland	11	91	12	92
United Kingdom	48	52	50	50
United States of America	1,374	56	1,671	57
Other	12	64	10	70
Group Total	6,503	63	6,518	63

NOTE 10 | OTHER OPERATING INCOME AND EXPENSES

Other operating income	2016	2015
Revenue from leasing	–	3
Gain on disposal of fixed assets	2	1
Insurance reimbursement	2	0
Exchange rate effect changes	40	107
Recycled production waste income	–	1
Other	16	13
Total	**60**	**125**

Other operating expenses	2016	2015
Loss on disposal of fixed assets	–2	–3
Exchange rate effect changes	–34	–26
Stock revaluation	–	–12
Severance cost	–	–4
Customs duty	–	–2
Maintenance	–	0
Other	–4	–14
Total	**–40**	**–61**
Other operating income and expenses	**20**	**64**

Parent Company
Other operating income amounts to SEK 127 million (48) of which the full amount relates to income from subsidiaries.

NOTE 11 | FINANCIAL INCOME AND EXPENSES

	Group		Parent	
	2016	2015	2016	2015
Financial income				
Interest income subsidiaries	–	–	71	257
Interest income	6	2	–	–
Total financial income	**6**	**2**	**71**	**257**
Financial expenses				
Interest expense				
– Borrowing, credit institutions	–117	–627	–111	–264
– Borrowing, subsidiaries	–	–	–	–7
Interest expense on pension liabilities and expected return on plan assets (note 19)	–13	–12	–	–
Amortization capitalized long-term financing expenses	–7	–243	–7	–1
Refinancing expenses	–	–214	–	–194
Exchange rate difference, net	24	19	–296	96
Other finance expenses	–11	–27	–8	–2
Total financial expenses	**–124**	**–1,104**	**–422**	**–372**
Loss from financial items	**–118**	**–1,102**	**–351**	**–115**

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

NOTE 12 | TAXES

	Group		Parent	
	2016	2015	2016	2015
Current tax on profit for the year	–194	–169	–1	–38
Current tax in respect of prior year	36	0	–	–
Deferred tax income/expense (–)	65	867	1	2
Total income/expense	**–93**	**698**	**–**	**–36**

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

	Group		Parent	
	2016	2015	2016	2015
Profit (loss) before income tax	1,455	334	–1	172
Income tax calculated in accordance with the Group's current tax rate [1]	–436	–100	0	–38
Non-taxable income	1	2	0	0
Non-deductible expenses	–17	–22	–1	–1
Temporary differences for which no deferred income tax was previously recognized	64	81	0	2
Tax losses for which no deferred tax was recognized	–1	0	–	–
Recognition of deferred tax on prior year losses	4	727	–	–
Effect of change in tax rates	–3	–2	–	–
Other revaluation and recognition of deferred tax related to prior year	145	12	1	1
Current tax in respect of prior year	36	0	–	–
Other differences	114	–	–	–
Total income/expense	**–93**	**698**	**–**	**–36**
[1] Estimated average tax rate is, %	30	30	22	22

The basis for estimating the average tax rate for the Group is the statutory tax rates in countries where Dometic Group conducts the major part of its business. The estimated tax rate for the Parent Company corresponds to the statutory tax rate in Sweden.

Temporary differences exist when the reported value and the fiscal value of the assets or liabilities are different. The Group's temporary differences have resulted in deferred tax assets and liabilities attributable to the following:

	Group		Parent	
SEK million	2016	2015	2016	2015
Deferred tax assets				
Deductible goodwill amortization	3	14	–	–
Pension commitments	116	56	3	2
Tax loss carry-forwards	972	998	–	–
Provisions	55	56	–	–
Inventories, including internal profit in inventories	123	88	–	–
Derivatives	11	8	–	–
Other assets and liabilities	293	71	–	–
Total deferred tax assets	**1,573**	**1,291**	**3**	**2**
Netting of assets/liabilities	–347	–199	–	–
Net deferred tax asset	**1,226**	**1,092**	**3**	**2**

	Group		Parent	
SEK million	2016	2015	2016	2015
Deferred tax liabilities				
Trademarks	–538	–496	–	–
Other intangible assets	–274	–183	–	–
Tangible assets	–97	–58	–	–
Derivatives	–14	–6	–	–
Other assets and liabilities	–17	–10	–	–
Total deferred tax liabilities	**–940**	**–753**	**–**	**–**
Netting of assets/liabilities	347	199	–	–
Net deferred tax liabilities	**–593**	**–554**	**–**	**–**
Net deferred tax	**633**	**538**	**3**	**2**

	Group		Parent	
Change in net deferred tax	2016	2015	2016	2015
Opening balance	538	–356	2	–
Deferred tax recognized in other comprehensive income	46	17	–	–
Tax income (expense) during the period recognized in profit or loss	65	867	1	2
Exchange rate differences	–16	10	–	–
Closing balance	**633**	**538**	**3**	**2**

Of total deferred tax recognized in equity of SEK 46 million (17), SEK 8 million (–7) relates to pensions and SEK 38 million (24) financial hedges.

Deferred tax assets related to tax losses carry-forwards are recognized to the extent that it is likely that the loss carry-forwards can be utilized to offset future taxable profits.

At the end of the period, total tax losses carry-forward for which no deferred tax asset is recognized are estimated to SEK 188 million (189).

Tax loss carry-forwards with time limits total SEK 280 million, of which SEK 269 million will expire after more than five years.

Current and deferred income tax

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.

NOTE 13 | OTHER NON-CURRENT ASSETS

	December 31, 2016	December 31, 2015
Environmental promissory note	7	6
Shares and participation in associated companies	2	1
Present value for life assurance	40	34
Other long-term receivables	3	5
Closing balance	52	46

Parent Company

Other non-current assets in the Parent Company consist of capital insurance of SEK 11 million (7).

NOTE 14 | INTANGIBLE ASSETS

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.

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.

Customer Relationships and Intellectual Property

All Customer Relationships and Intellectual Property (IP) are acquired in a business combination and recognized 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 amortization. Amortization is calculated using the straight-line method to allocate the value over their estimated useful lives set to 20 years for Customer Relationships and 7 years for Intellectual Property.

Other intangible assets/capitalized development expenses

Research expenditures are recognized as an expense as incurred. Expenditures for development projects are capitalized as intangible assets only if certain criteria 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 their useful life from the time when it is available for use. The depreciation period equals five years.

Costs associated with maintaining computer software programs 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 recognized as intangible assets when certain criteria are met. Computer software development costs recognized as assets are amortized over their estimated useful lives, which are not expected to exceed three 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.

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.

NOTE 14 cont.

2015	Goodwill	Trademarks	Other intangible assets: Customer Relationship assets	Intellectual property and other rights	Capitalized development expenses	Other intangible assets	Total
Acquisition costs							
Opening balance	10,001	2,243	866	155	110	141	13,516
Acquired in business combinations	5	–	–	–	–	–	5
Investments for the year	–	–	–	–	9	8	17
Sales and disposals	–285	–	–	–	–10	0	–295
Exchange rate differences	–61	4	60	0	–1	–3	–1
Closing balance	**9,660**	**2,247**	**926**	**155**	**108**	**146**	**13,242**
Accumulated amortization							
Opening balance	0	0	–7	–4	–59	–124	–194
Sales and disposals	–	–	–	–	7	0	7
Amortization for the year	–	–	–46	–22	–17	–7	–92
Exchange rate differences	–	–	–1	0	0	3	2
Closing balance	**0**	**0**	**–54**	**–26**	**–69**	**–128**	**–277**
Net carrying amount December 31, 2014	10,001	2,243	859	151	51	17	13,322
Net carrying amount December 31, 2015	**9,660**	**2,247**	**872**	**129**	**39**	**18**	**12,965**

2016	Goodwill	Trademarks	Other intangible assets: Customer Relationship assets	Intellectual property and other rights	Capitalized development expenses	Other intangible assets	Total
Acquisition costs							
Opening balance	9,660	2,247	926	155	108	146	13,242
Acquired in business combinations	–	–	–	–	–	0	0
Investments for the year	–	–	–	2	8	11	21
Sales and disposals	0	–	–46	–	–10	–3	–59
Exchange rate differences	667	151	74	1	1	7	901
Closing balance	**10,327**	**2,398**	**954**	**158**	**107**	**161**	**14,105**
Accumulated amortization							
Opening balance	0	0	–54	–26	–69	–128	–277
Sales and disposals	–	–	5	–	10	1	16
Amortization for the year	–	–	–47	–23	–13	–8	–91
Exchange rate differences	–	–	–7	0	0	–5	–12
Closing balance	**0**	**0**	**–103**	**–49**	**–72**	**–140**	**–364**
Net carrying amount December 31, 2015	9,660	2,247	872	129	39	18	12,965
Net carrying amount December 31, 2016	**10,327**	**2,398**	**851**	**109**	**35**	**21**	**13,741**

Other intangible assets consists of customer relationship assets, intellectual property and other rights, capitalized development expenses and other intangible assets, which altogether amount to SEK 1,016 million.

Amortization for the year SEK 91 million (92) on intangible assets has been charged to cost of goods sold SEK 21 million (24), marketing expenses SEK – million (–), and amortization of customer relationship SEK 70 million (68). The latter line includes amortization of customer relationship SEK 47 million (46) and intellectual property SEK 23 million (22). The primary portion of investments in cost of goods sold includes internally generated capitalized development expenses.

Parent Company

Other intangible assets amount to SEK 2 million (–), which all are patents and licenses.

2016	Intellectual property and other rights	Total
Acquisition costs		
Opening balance	–	–
Investments for the year	2	2
Closing balance	**2**	**2**
Accumulated amortization		
Opening balance	–	–
Amortization for the year	0	0
Closing balance	**0**	**0**
Net carrying amount, December 31, 2015	–	–
Net carrying amount, December 31, 2016	**2**	**2**

Impairment test Goodwill and Trademarks

Dometic Group holds assets with indefinite life in the 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 (Americas, EMEA and APAC). The cash-generating unit from earlier years, Global division Medical, was sold during 2015.

Measured Trademarks are Dometic, WAECO, Mobicool, Marineair, Cruiseair, Sealand and Condaria. These are established trademarks which the Dometic Group will evaluate how to develop going forward as a part of the global re-branding initiative,' One Dometic'. This initiative includes a transition over time towards more products branded Dometic. Management will assess the value of the trademarks. As of December 31, 2016 the impairment test of the measured of Goodwill and Trademarks shows no indication of impairment.

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization. On a yearly basis, or whenever indications of impairment arise that the carrying amount may not be recoverable, an impairment test of goodwill and trademarks is performed. The recoverable amount for goodwill and trademarks has been established using a value-in-use method (VIU) covering five years. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Discounted cash flows are compared with the carrying amount of the cash-generating unit and an impairment requirement may exist if the present value of the discounted cash flows is less than the carrying amount. Managements judgments are that this year there are no reasonably possible changes in any of the key assumptions that would have resulted in an impairment write down in any of the cash-generating units.

There is no impairment recognized in the year-end profit and loss at year-end 2016 (SEK – million).

Key assumptions in valuation

The following key assumptions have been applied:

The weighted average cost of capital (WACC) rates used are based on equity beta set in comparison with Nordic peers'; local prerequisites for each regions' inflation, regional long term bonds and regional market risk build the return on equity. This together with the Group capital structure build a discount rate, which Management judges to be on an adequate market level for acquisitions.

Group weighted average cost of capital (WACC) is set to 10.49% (10.73) pre tax and by region as follows:

Goodwill, Trademarks and discount rate	Goodwill		Trademarks		Average WACC pre tax %	
	2016	2015	2016	2015	2016	2015
Americas	4,530	4,179	897	827	11.57	11.58
EMEA	3,220	3,081	884	845	8.71	9.45
APAC	2,577	2,400	617	575	12.00	12.30
Group	**10,327**	**9,660**	**2,398**	**2,247**	**10.49**	**10.73**

Budget and estimates are based on reasonable assumptions by region 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 in the business in which we operate.

The calculations use five year cash flow projections. The first year is based on financial budget approved by the Board. The following four years are based on the Strategic plan approved by Management. Cash flows beyond the five year period are extrapolated using a growth rate of 2% for all cash-generating units.

Impact of possible changes in key assumptions

If the pre-tax discount rate applied to the cash flow projections of Dometic Group are 1% higher than Management's estimate, there are no impairment needs in the Dometic Group.

If the estimated perpetual growth rate is 0.5% lower than Management's estimate, there are no impairment needs for the Dometic Group.

A sensitivity analysis as of December 31, 2016 on the level cash-generating unit, the regions, an increase of WACC with 1% for Americas and EMEA does not imply a write-down requirement of goodwill in the Group but an increase of 1% for APAC, imply a write-down requirement of SEK 14 million. The sensitivity at a change in WACC for the respective region of 1% corresponds to a change in future cash flows of SEK 0.5 billion (APAC), SEK 2.1 billion (EMEA) and SEK 1.5 billion (Americas). Impairment testing indicates higher sensitivity in one cash-generating unit, therefore Dometic monitors performance of the cash-generating unit whose surplus value is dependent on the fulfillment of the Dometic Group's assessment. An impairment of goodwill is not affecting the cash flow.

The Group 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.

NOTE 15 | TANGIBLE FIXED ASSETS

2015	Land and land improvements	Buildings	Machinery and other technical installations	Equipment and installations	Tools	Construction in progress and advanced payments	Total
Acquisition costs							
Opening balance	241	1,170	1,333	1,425	–	85	4,255
Investments for the year	–	25	21	31	29	117	223
Sales and disposals	–	–97	–92	–90	4	–15	–290
Reclassifications	–2	18	–6	–907	999	–104	–2
Exchange rate differences	2	–2	11	2	–12	–1	0
Closing balance	**241**	**1,114**	**1,267**	**461**	**1,020**	**82**	**4,186**
Accumulated depreciation							
Opening balance	–6	–390	–913	–1,147	–	0	–2,457
Sales and disposals	–	36	81	74	3	–	194
Depreciation for the year	–	–37	–73	–36	–53	–	–199
Reclassifications	1	–	38	743	–781	–	1
Exchange rate differences	–	2	1	–3	9	–	9
Closing balance	**–5**	**–389**	**–866**	**–369**	**–822**	**0**	**–2,452**
Accumulated impairment							
Opening balance	–38	–96	–24	–11	–	0	–169
Sales and disposals	–	–	2	0	–	–	2
Closing balance	**–38**	**–96**	**–22**	**–11**	**0**	**0**	**–167**
Net carrying amount December 31, 2014	197	684	396	267	–	85	1,629
Net carrying amount December 31, 2015	**198**	**629**	**379**	**81**	**198**	**82**	**1,567**

2016	Land and land improvements	Buildings	Machinery and other technical installations	Equipment and installations	Tools	Construction in progress and advanced payments	Total
Acquisition costs							
Opening balance	241	1,114	1,267	461	1,020	82	4,186
Investments for the year	–	24	21	27	30	103	205
Sales and disposals	–8	–40	–98	–38	–22	–6	–212
Reclassifications	1	16	52	6	20	–93	2
Exchange rate differences	7	46	60	16	55	4	188
Closing balance	**241**	**1,160**	**1,302**	**472**	**1,103**	**90**	**4,368**
Accumulated depreciation							
Opening balance	–5	–389	–866	–369	–822	0	–2,452
Sales and disposals	–	12	82	33	19	–	146
Depreciation for the year	0	–37	–75	–30	–65	–	–207
Reclassifications	–1	1	–20	0	18	–	–2
Exchange rate differences	0	–18	–39	–12	–45	–	–114
Closing balance	**–6**	**–431**	**–918**	**–378**	**–895**	**0**	**–2,628**
Accumulated impairment							
Opening balance	–38	–96	–22	–11	0	0	–167
Impairment charge for the year	–	–	4	1	–3	–	2
Closing balance	**–38**	**–96**	**–18**	**–10**	**–3**	**0**	**–165**
Net carrying amount December 31, 2015	198	629	379	81	198	82	1,567
Net carrying amount December 31, 2016	**197**	**633**	**366**	**84**	**205**	**90**	**1,575**

Land, land improvements and buildings amount in total to SEK million 830. The total of equipment and installations and tools amounts to SEK million 289.

In the consolidated income statement depreciation expenses of SEK 207 million (199) have been charged to the following: Cost of goods sold, SEK 166 million (165), sales expenses, SEK 9 million (9) and administrative expenses, SEK 32 million (25).

Parent Company

Equipment and installation in the parent company SEK 1 million (–).

2016	Equipment and installations	Total
Acquisition costs		
Opening balance	–	–
Investments for the year	1	1
Closing balance	**1**	**1**
Accumulated depreciation		
Opening balance	–	–
Depreciation for the year	0	0
Closing balance	**0**	**0**
Net carrying amount, December 31, 2015	–	–
Net carrying amount, December 31, 2016	**1**	**1**

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, as it is considered to have an unlimited useful life. 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.

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

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

NOTE 16 | INVENTORIES

	December 31, 2016	December 31, 2015
Acquisition value inventories		
Raw materials and consumables and products in progress	960	943
Finished products	2,007	1,504
Advances to suppliers	14	5
Total inventories before provisions	**2,981**	**2,452**
Provisions for obsolete inventories		
Raw materials and consumables and products in progress	–54	–61
Finished products	–290	–192
Total provisions	**–344**	**–253**
Book value inventories		
Raw materials and consumables and products in progress	906	882
Finished products	1,717	1,312
Advances to suppliers	14	5
Total book value	**2,637**	**2,199**

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. Provisions for obsolescence are included in the value for inventory.

NOTE 17 | ACCOUNTS RECEIVABLE — TRADE

	December 31, 2016	December 31, 2015
Trade receivables	1,090	955
Less provision for impairment of trade receivables	–49	–49
Trade receivables – net	**1,041**	**906**

	December 31, 2016	December 31, 2015
Opening balance	–49	–51
Provision for receivables impairment	–14	–14
Receivables written off during the period as uncollectible	7	8
Unused amounts reversed	10	7
Exchange rate differences and other changes	–3	1
Closing provision for impairment of trade receivables	**–49**	**–49**

Ageing analysis of trade receivables	December 31, 2016	December 31, 2015
Trade receivables, not due	851	779
Past due:		
Less than two months	141	102
2–6 months	49	22
6–12 months	11	11
More than 1 year	38	41
Total past due	**239**	**176**
Whereof impaired	–49	–49
Closing book value, net	**1,041**	**906**

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 recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

As of December 31, 2016, provisions for impairment of trade receivables amounted to SEK 49 million (49).

Movements on the Group provision for impairment of trade receivables are as illustrated above.

Credit risk

Credit risk is divided into two categories: credit risk in accounts receivable 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 environments. By having banks confirm the letters of credit, the political and commercial credit risk exposures to the Group are mitigated.

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

NOTE 18 | PREPAID EXPENSES AND ACCRUED INCOME

	December 31, 2016	December 31, 2015
Prepaid rent	5	5
Prepaid insurance	34	34
Prepaid financing expenses	–	1
Prepaid market expenses	2	8
Prepaid personnel expenses	3	3
Prepaid administrative expenses	13	9
Prepaid consumable supplies	10	7
Prepaid costs, other	6	8
Accrued income, insurance	–	28
Accrued interest	4	1
Accrued income, other	12	7
Closing book value	**89**	**111**

Parent Company

The Parent Company had prepaid expenses and accrued income of SEK 10 million (1), whereof prepaid consumer supplies SEK 5 million, accrued interest SEK 4 million, and accrued income, insurance SEK 1 million.

NOTE 19 | PROVISIONS FOR PENSIONS

Pension obligations

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

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 recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

The defined benefit plan typically defines 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 statement. 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.

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.

Risk

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.

Plan assets, investment strategy and risk management

The Group has delegated the investments and allocation of the pension plan assets to external providers. As a part of the agreement with the external providers, the investment strategy mitigates risk to the pension assets by closely aligning our diversification with the projected liabilities of the plans.

Swedish plan

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 2016, Alecta reports a plan surplus of 149% (153). 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.

Of the cost for defined contribution plans, SEK 7 million (7) has been charged by Alecta. The amount is expected to be immaterially changed for 2017.

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

	December 31, 2016	December 31, 2015
Present value of funded or partly funded obligations	790	707
Present value of plan assets	–276	–251
Net liabilities relating to funded obligations	**514**	**456**
Present value of unfunded obligations	22	20
Net liability in the balance sheet	**536**	**476**
Reconciliation to the balance sheet		
Defined benefit pension plan, net	536	476
Other pensions	–	–
Provision for pensions	**536**	**476**

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

	December 31, 2016	December 31, 2015
Opening balance	727	748
Current service cost	14	14
Interest expense	23	21
Remeasurements:		
Actuarial changes arising from changes in demographic assumptions	–8	–
Actuarial changes arising from changes in financial assumptions	30	–33
Experience adjustments	7	–1
Exchange difference	48	6
Benefits paid	–28	–26
Settlements	–	–2
Closing book value	**812**	**727**

NOTE 19 cont.

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

	December 31, 2016	December 31, 2015
Opening balance	251	245
Interest income	9	9
Remeasurements:		
Return on plan assets, excluding amounts included in interest	4	–9
Exchange difference	19	11
Employer contributions	4	8
Benefits paid	–12	–13
Closing book value	**276**	**251**

	December 31, 2016	December 31, 2015
Present value of funded or partly funded obligations	812	727
Present value of plan assets	–276	–251
Net liabilities relating to funded obligations	**536**	**476**

Breakdown by country	December 31, 2016	December 31, 2015
Of which Funded plan Germany and USA	514	456
Of which Unfunded plan Other	22	20
Closing book value	**536**	**476**

The amounts recognized in the income statement are as follows:

	2016	2015
Current service cost	14	14
Interest cost, net	13	12
Costs attributable to defined benefit plans	**27**	**26**
Costs attributable to defined contribution plans	47	48
Total cost in the Income statement	**74**	**74**

Major assumptions for the valuation of the liability:

Major actuarial assumptions	December 31, 2016			December 31, 2015		
	Germany	USA	Other	Germany	USA	Other
Discount rate, %	1.80	4.11	1.87	2.21	4.32	2.15
Expected salary increase rate, %	2.50	2.50	1.50	2.50	2.50	3.00

Major categories of plan assets	December 31, 2016	December 31, 2015
Cash, cash equivalent	1	6
Equity instrument	113	100
Debt instrument	84	77
Investment funds	78	68
Closing book value	**276**	**251**

The administered assets principally consist of Debt Instruments, Investment funds & equity funds. No administered assets consist of financial instruments in Dometic Group or assets that are used within the Dometic Group. None of the assets on the balance sheet date were traded on active markets in which market quotations are used for valuation of the assets.

Expected contributions to plan next year amounts to SEK 7 million.

Average duration of obligation, years is 13.01 in Germany, 15.19 years in USA and 12.75 years in other.

Sensitivity analysis

Below is the sensitivity analysis for the main financial assumption and the potential impact on the present value of the defined benefit obligation in the Group.

Change of obligation, increased obligation (+)	Amount SEK million
Discount rate + 0,5%	–11
Discount rate – 0,5%	1
Price inflation, incl. salary inflation + 0,5%	–4
Price inflation, incl. salary inflation – 0,5%	–10

NOTE 20 | OTHER PROVISIONS

	Warranty commitments	Environmental reserve	Recall reserve	Restructuring reserve	Other	Total
Opening balance January 1, 2015	**177**	**20**	**33**	**35**	**37**	**302**
Divested in business combinations	–6	–	–	–	–	–6
Charged to the income statement:						
– Additional/revaluation provisions	16	2	–	44	29	91
– Unused amounts reversed	–	–	–	–11	–	–11
Used during year	–	–	–11	–49	–3	–63
Exchange rate differences	4	–1	2	–	–1	4
Closing balance December 31, 2015	**191**	**21**	**24**	**19**	**62**	**317**
Provisions consist of:						
Long-term	19	21	4	–	30	74
Short-term	172	–	20	19	32	243
Total	**191**	**21**	**24**	**19**	**62**	**317**

	Warranty commitments	Environmental reserve	Recall reserve	Restructuring reserve	Other	Total
Opening balance January 1, 2016	**191**	**21**	**24**	**19**	**62**	**317**
Charged to the income statement:						
– Additional/revaluation provisions	0	2	0	1	7	10
– Unused amounts reversed	–	–1	–	–4	0	–5
Used during year	–	–	–8	–12	–3	–23
Exchange rate differences	11	1	2	0	1	15
Closing balance December 31, 2016	**202**	**23**	**18**	**4**	**67**	**314**
Provisions consist of:						
Long-term	46	23	10	–	38	117
Short-term	156	–	8	4	29	197
Total	**202**	**23**	**18**	**4**	**67**	**314**

Parent Company

Provisions for the Parent Company consist of provisions for other post employment benefits of SEK 13 million (9) and restructuring of SEK - million (0).

Provisions for environmental restoration, restructuring costs and legal claims are recognized when the Group has a present legal or constructive obligation as a result of past events, and 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.

Warranty commitments

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

Environmental provisions

This relates to reserves for handling of electric and electronic waste, known as the WEEE-directive, and the timing of the outflows for environmental provisions is uncertain.

Recall reserve

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. The timing of any outflow is uncertain.

Restructuring provision

The restructuring provisions are expected to be consumed within twelve months.

Other

Other provisions consist for example of other post employee benefits and other liabilities where the timing of any outflows is uncertain.

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

NOTE 21 | LIABILITIES TO CREDIT INSTITUTIONS

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

	Group		Parent	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Non-current				
Senior term loans, long-term	4,453	4,353	4,453	4,353
Accrued interest	–	–	–	–
Other bank loans	–	–	–	–
	4,453	**4,353**	**4,453**	**4,353**
Current				
Senior term loans, short term	206	404	206	404
Other bank loans	123	58	–	–
	329	**462**	**206**	**404**
Total borrowings	**4,782**	**4,815**	**4,659**	**4,756**

The amount granted on the Senior facilities in the Dometic Group amounts to SEK 5,945 million (5,695), of which SEK 4,686 million (4,791) was utilized per December 31, 2016. The amount granted on local facilities in the Dometic Group amounts to SEK 239 million (345), of which SEK 5 million (8) was utilized per December 31, 2016.

Of the long-term borrowings SEK 0 million (0) 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. June 2016 the measurement of the Net debt/EBITDA and the interest cover covenants started. The new covenants are set with generous headroom, so the risk of breaching the covenants is limited. At year end 2016 the headroom was sufficient for both covenants. The headroom in the Net debt/EBITDA was 167% and for the interest cover covenant 367%.

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 239 million (337), of which SEK 5 million (0) was drawn at December 31, 2016. These facilities are with local Chinese Banks and with Svenska Handelsbanken AB (publ). The local loan in Germany outstanding as per December 31, 2015 of SEK 8 million has been amortized in 2016.

Entrusted loans

Dometic Group's subsidiaries in China have the possibility to allocate internal funds between them by entering into what is known as an "entrusted loan" agreement. An entrusted loan is set up by Dometic Group 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 Group Hong Kong then borrowing the deposited money from Svenska Handelsbanken Hong Kong. This means that Dometic Group Hong Kong incurs a debt obligation in its balance sheet, whereas Dometic Group China reports a corresponding external deposit. As of December 31, 2016, an amount corresponding to SEK 118 million (50) was deposited and borrowed in this manner, respectively.

Credit Facilities/Senior term loans

In connection with the listing of Dometic Group's shares on Nasdaq Stockholm November 2015, the Group refinanced certain of its existing indebtedness (an existing senior facilities agreement and PIK Toggle notes) by entering into a term loan and 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 Facilities Agreement consists of an amortizing term loan facility (equivalent of SEK 1,000 million available for drawing in USD, EUR and AUD), a term loan facility (equivalent of SEK 3,500 million available for drawing in USD, EUR and AUD) and a revolving credit facility (SEK 1,260 million available for drawing in SEK, USD and EUR), the Credit Facilities.

The aggregate principal amount under the Credit Facilities is at December 31, 2016 equivalent to SEK 5,945 million. 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 now consists of the Credit Facilities, which are unsecured. The Group's previous indebtedness (with the exception of, inter alia, certain local loan facilities in China, see section "Local loan facilities") has been repaid with the proceeds from the issue of new shares in connection with the Offering.

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 Group and its subsidiaries, such as maintaining authorizations, 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 Group'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/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 with a change of control of Dometic Group or a delisting of Dometic Group 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.

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

	December 31, 2016	December 31, 2015
EUR	1,566	1,841
USD	2,398	2,263
AUD	722	687
Other currencies	–	–
Total	**4,686**	**4,791**
of which current	213	411
Total non-current	**4,473**	**4,380**

Interest bearing debt

The Group's definition of interest bearing debt of SEK 5,318 million (5,298) includes the following items: Senior term loans SEK 4,686 million (4,791), Other bank loans SEK 123 million (58), amortized costs SEK -27 million (–34) and provisions for pensions SEK 536 million (476). Derivative financial liabilities related to interest rate swaps was SEK 0 million (7).

December 31, 2015	Currency	SEK million	All-in Interest rate, %	Margin, %	Final payment year
Senior unsecured term loan A					
Dometic Group Services AB	EUR	340	1.75	1.75	2020
Dometic Group Services AB	USD	503	2.40	1.75	2020
Dometic Group Services AB	AUD	152	4.59	2.00	2020
Senior unsecured term loan B					
Dometic Group Services AB	EUR	1,190	1.75	1.75	2020
Dometic Group Services AB	USD	1,760	2.40	1.75	2020
Dometic Group Services AB	AUD	535	4.59	2.00	2020
Senior unsecured term revolving credit facility					
Dometic Group Services AB	EUR	311	1.75	1.75	2020
Total		4,791			

December 31, 2016	Currency	SEK million	All-in Interest rate, %	Margin, %	Final payment year
Senior unsecured term loan A					
Dometic Group Services AB	EUR	320	1.25	1.25	2020
Dometic Group Services AB	USD	491	2.10	1.25	2020
Dometic Group Services AB	AUD	148	3.26	1.50	2020
Senior unsecured term loan B					
Dometic Group Services AB	EUR	1,246	1.25	1.25	2020
Dometic Group Services AB	USD	1,908	2.10	1.25	2020
Dometic Group Services AB	AUD	574	3.26	1.50	2020
Senior unsecured term revolving credit facility					
Dometic Group Services AB	EUR	–	–	1.25	2020
Total		4,686			

NOTE 22 | ACCRUED EXPENSES AND PREPAID INCOME

	Group		Parent	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Prepaid income for extended guarantee period	14	13	–	–
Accrued employee-related items	244	219	20	7
Accrued bonus from customers	77	64	–	–
Accrued interest	36	14	29	10
Accrued production costs	30	40	–	–
Accrued administrative expenses	60	52	–	0
Accrued marketing expenses	47	39	–	–
Accrued finance expenses	3	1	–	–
Product liability claims	43	21	–	–
Other	19	17	4	8
Total	**573**	**480**	**53**	**25**

NOTE 23 | PLEDGED ASSETS

December 31, 2016 the local loan facilities in China are partly supported by pledged assets of SEK 231 million (119).

In connection with the IPO/Listing in November 2015 all pledged assets (with the exception of certain security provided for local loan facilities in Germany and China) were released. The conditions for the borrowings under the senior facilities agreement state that the Group has to be compliant with covenants. In the event that the covenants are not complied with, the lenders have the right to accelerate the outstanding loans and demand immediate repayment of principal and accrued interest.

Parent Company

There are no pledged assets in the parent company on December 31, 2016 (–).

NOTE 24 | CONTINGENT LIABILITIES

There are no outstanding contingent liabilities as per December 31, 2016. In connection with the IPO/Listing in November 2015 all guarantees provided by Group companies in connection with the previous senior facilities agreement were released.

NOTE 25 | CASH FLOW DETAILS

	Group		Parent	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Cash and cash equivalents include				
Cash in hand and balances with banks	1,599	833	–	–
Total cash and cash equivalents	**1,599**	**833**	**–**	**–**
Adjustments for non-cash items				
Depreciation and amortization (Note 14, 15)	298	291	–	–
Sale of the Medical division	–	–83	–	–
Exchange rate differences	12	4	–	–
Divestment Seating and chassis business	41	–	–	–
Other non-cash items	15	13	5	–16
Total non-cash items	**366**	**225**	**5**	**–16**

Cash and cash equivalents

Cash and cash equivalents include 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.

NOTE 26 | SHARES IN SUBSIDIARIES

Dometic Group AB (publ)

Company name	Corp. id. no	Domicile	Number of shares	Proportion of equity in %	2016 booked value SEK million
Direct shareholdings					
Dometic Koncern AB	556829-4424	Solna, Sweden	50,000	100	13,563

Company name	Corp. id. no	Domicile	Proportion of equity in %
Indirect shareholdings			
Aircommand Australia Pty Ltd	164415445	Australia	100
Atwood Australia Holdings Pty Ltd	164389557	Australia	100
Dometic Australia PTY LTD	086366305	Australia	100
Dometic Austria GmbH	FN290460y	Austria	100
Sunshine RV NV	0559910229	Belgium	100
Dometic do Brasil Ltda.	04.935.880/0001-49	Brazil	100
Atwood Mobile Products (Wuhu) Co., Ltd.	340200400006657	China	100
Atwood Trading (Shanghai) Co., Ltd.	310000400720486	China	100
Dometic WAECO Trading (Shenzhen) Company Limited	440301503461582	China	100
Mobicool Electronic (Shenzhen) Co Ltd	440301503313206	China	100
Mobicool Electronic (Zhuhai) Co Ltd	440400400007941	China	100
Shenzen Leimi Textile Co Ltd	440307105161627	China	100
Zhuhai UCT Electronics Co Ltd	440400400022221	China	100
Dometic Denmark A/S	25 70 51 30	Denmark	100
Dometic Finland Oy	0885413-1	Finland	100
Dometic S.A.S	438636425 R.C.S SENLIS	France	100
Dometic Deutschland GmbH	HRB 5557	Germany	100
Dometic Dienstleistungs-GmbH	HRB 7887	Germany	100
Dometic GmbH	HRB 5558	Germany	100
Dometic Light Systems GmbH	HRB 7855	Germany	100
Dometic Marketing Solutions GmbH	HRB 3843	Germany	100
Dometic Seitz GmbH	HRB 7731	Germany	100
EZetil GmbH	HRB 8917	Germany	100
Dometic WAECO International GmbH	HRB 3716	Germany	100
Dometic UK Ltd.	04190363	Great Britain	100
Mobicool International Ltd	14979283-000-02-10-1	Hong Kong	100
Mobigroup Holding Ltd	17208219-000-07	Hong Kong	100
U C T Ltd	33068257-000-07	Hong Kong	100

Company name	Corp. id. no	Domicile	Proportion of equity in %
United Cooling Technologies Ltd	33068249-000-07-10-4	Hong Kong	100
Waeco Impex Ltd	22342626-000-03	Hong Kong	100
Dometic Hűtőgépgyártó és Kereskedelmi Zrt. (Dometic Zrt)	Cg.16-10-001727	Hungary	100
Condaria 87 S.r.l.	08934890156	Italy	100
Dometic Italy S.r.l.	00718330400	Italy	100
SMEV S.r.l.	03410350247	Italy	100
Dometic KK	0104-01-045566	Japan	100
DHAB II S.á r.l	B148161	Luxembourg	100
DHAB III S.á r.l	B148162	Luxembourg	100
Dometic Mx, S DE RL DE CV	DMX011121UB6	Mexico	100
Dometic Benelux B.V.	KvK Zuidwest-Nederland 20051965	Netherlands	100
Dometic WAECO Holding B.V.	K.V.K. Zuidwest-Nederland Nr. 06050846	Netherlands	100
Dometic New Zealand Ltd	2084564	New Zealand	100
Dometic Norway AS	841914422	Norway	100
Dometic Poland Spólka z ograniczoną odpowiedzialnością (Dometic Poland Sp. z o.o.)	0000374897	Poland	100
Dometic Pte Ltd	200003050k	Singapore	100
Dometic Slovakia s.r.o.	31617298	Slovakia	100
Dometic (Pty) Ltd	1973/010155/07	South Africa	100
Dometic Spain SL	C.I.F.: B82837071	Spain	100
Dometic AB	556014-3074	Sweden	100
Dometic Group Services AB	556829-4416	Sweden	100
Dometic Holding AB	556677-7370	Sweden	100
Dometic International AB	556598-2666	Sweden	100
Dometic Scandinavia AB	556305-2033	Sweden	100
Dometic Seitz AB	556528-1093	Sweden	100
Dometic Sweden AB	556598-2674	Sweden	100
Dometic Switzerland AG	CH-020.3.906.004-9	Switzerland	100
Dometic RUS Limited Liability Company	1107746208338	The Russian Federation	100
Dometic Middle East FZCO	2774	United Arab Emirates	100
Atwood Mobile Products LLC	4333754	USA	100
Dometic Corporation	3951108	USA	100
Dometic Mexico LLC	3457538	USA	100

Shares in Subsidiaries	December 31, 2016	December 31, 2015
Acquisition cost, opening balance	13,563	6,983
Shareholders contribution, cash	–	6,580
Accumulated acquisition cost, closing balance	13,563	13,563

NOTE 27 | TRANSACTIONS WITH RELATED PARTIES

November 25, 2015 Dometic Group was listed on Nasdaq Stockholm. Before being listed, Dometic Group AB (publ) was owned to 91% by Frostbite Holding AB, Sweden and the remaining 9% by Frostbite I S.à.r.l., Luxembourg. The Group was ultimately controlled by EQT V. All of the Group companies presented in note 26 are considered to be related parties. Shares in subsidiaries are specified in note 26.

Transactions take place between Dometic Group companies concerning deliveries of goods and services, and financial and intangible services are provided. Market terms and pricing are applied to all transactions. All transactions between Group companies are eliminated in the consolidated accounts.

Remuneration for the Group Management and individual members of the Board are presented in Note 9. Dometic Group has not provided guarantees or sureties to or on behalf of Board members or senior executives. The Board has not identified any transactions with other related parties.

NOTE 28 | EARNINGS PER SHARE AND PROPOSED DISTRIBUTION OF EARNINGS

Share capital

Ordinary shares are classified as equity. The share capital of Dometic Group AB comprises SEK 739,583 divided into 295,833,333 fully paid. The quotient value is SEK 0.0025 per share.

Weighted average number of shares

Average number of shares equals actual number of shares.

Earnings per share	December 31, 2016	December 31, 2015
Earnings per share before dilution		
Earnings attributable to the Parent Company´s shareholders (thousands)	1,362,134	1,031,914
Weighted average number of shares issued	295.833,333	295.833,333
Earnings per share before dilution (SEK per share)	**4.60**	**3.49**
Earnings per share after dilution		
Earnings attributable to the Parent Company´s shareholders (thousands)	1,362,134	1,031,914
Weighted average number of shares issued	295.833,333	295.833,333
Earnings per share after dilution (SEK per share)	4.60	3.49

NOTE 28 cont.

Proposed distribution of earnings

The following earnings (SEK thousands) are at the disposal of the annual shareholders' meeting:

Profit brought forward	11,578,759
Profit for the year	–744
Total	11,578,015

The Board of Directors proposes that earnings be distributed as follows:

A dividend to the shareholders of SEK 1.85 per share, totaling	547,292
To be carried forward	11,030,723
Total	11,578,015

NOTE 29 | BUSINESS COMBINATIONS

2016

On December 22, it was announced that Dometic would acquire the assets of IPV, a Germany-based aftermarket provider of coolers and other outdoor products. The acquisition strengthens Dometic's position in the EMEA market for mobile coolers. The purchase price was EUR 3.5 million, and the transaction was closed on January 3, 2017.

2015

In March 2015 Dometic completed the divestment of its global division Medical including one production plant and a global sales organization to Navis Capital Partners. The result from the sale of Medical is presented in Note 6.

Furthermore, additional costs related to the acquisition of Atwood in 2014 are included in the result for the period. Related amounts were insignificant. The acquisition balances for the acquisitions made in 2014 are now final.

NOTE 30 | SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On January 18, it was announced that Mattias Nordin, Head of Product Management & Innovation in Dometic's Group Management and Dometic have agreed to part ways.

On February 7, Dometic acquired Oceanair (Oceanair Marine Limited, registered number 02504653, England and Wales), a UK-based market-leading manufacturer of marine blinds, screens and soft furnishings for the Leisure marine and Super Yacht segments. For the fiscal year of 2015/2016 the company reported revenues of GBP 11.4 m. Oceanair has its main operations and manufacturing in the UK, with an additional manufacturing facility in the US. The company has sales to customers in 32 countries and it employs approx. 200 people in total. The initial purchase price is GBP 14.0 m in cash with additional earn-out consideration of maximum GBP 2.5 m subject to the achievement of certain performance-related targets over the next 16 months. The acquisition strengthens Dometic's presence in the marine market and broadens the product portfolio.

NOTE 31 | DEFINITIONS

Operating Profit (EBIT)
Operating profit; result before financial items and taxes.

Operating Profit (EBIT) Margin
Operating profit divided by net sales.

EBITDA*
Operating profit before depreciations, amortizations and impairment.

EBITDA Margin*
EBITDA divided by net sales.

Profit margin
Net profit as a margin of net sales.

EPS — Earnings Per Share
Net profit for the period divided by average number of shares.

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 less cash and cash equivalents.

Operating capital excluding goodwill and trademarks
Interest-bearing debt plus equity less cash and cash equivalents, excluding goodwill and trademarks.

Operating cash flow*
EBITDA +/– change in working capital less net capital expenditure.

Organic growth*
Sales growth excluding acquisitions/divestments and currency translation effects.

RoOC — Return on Operating Capital
Operating profit (EBIT) divided by operating capital. Based on the operating profit (EBIT) for the four previous quarters, divided by the average operating capital for the previous four quarters, excluding goodwill and trademarks for the previous 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.

Equity ratio
Equity as a percentage of total assets.

Interest bearing debt
Liabilities to credit institutions plus liabilities to related parties plus provisions for pensions.

Leverage*
Net debt excluding pensions and accrued interest in relation to EBITDA.

Net debt*
Total borrowings including pensions and accrued interest less cash and cash equivalents.

OCI
Other Comprehensive Income.

RV
Recreational Vehicles.

CPV
Commercial and Passenger Vehicles.

OEM
Original Equipment Manufacturers.

AM
Aftermarket.

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

PROPOSED DISTRIBUTION OF EARNINGS

The following earnings (SEK thousands) are at the disposal of the annual shareholders' meeting:

Profit brought forward	11,578,759
Profit for the year	–744
Total	**11,578,015**

The Board of Directors proposes that earnings be distributed as follows:

A dividend to the shareholders of SEK 1.85 per share, totaling	547,292
To be carried forward	11,030,723
Total	**11,578,015**

The Board of Directors propose April 11, 2017, as the record day for the right to dividend.

The Board of Directors has proposed that the Annual General Meeting 2017 resolves on a dividend to the shareholders of SEK 1.85. On account thereof, the Board of Directors hereby makes the following statement according to chapter 18 section 4 of the Swedish Companies Act.

The Board of Directors finds that there will be full coverage for the restricted equity of the Parent Company, after distribution of the proposed dividend.

It is the Board of Directors' assessment that after distribution of the proposed dividend, the equity of the Parent Company will be sufficient with respect to the kind, extent, and risk of the operations. The Board of Directors has hereby considered, among other things, the Parent Company's and the Group's historical development, the budgeted development and the state of the market.

After the proposed dividend, the financial strength of the Parent Company and the Group is assessed to continue to be good in relation to the industry in which the Group is operating. The dividend will not affect the ability of the Parent Company and the Group to comply with its payment obligations. The Board of Directors finds that the Parent Company and the Group are well prepared to handle any changes in respect of liquidity, as well as unexpected events.

The Board of Directors is of the opinion that the Parent Company and the Group have the ability to take future business risks and also cope with potential losses. The proposed dividend will not negatively affect the Parent Company's and the Group's ability to make further commercially motivated investments in accordance with the strategy of the Board of Directors.

The Board of Directors and the President and CEO certify that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations.

The statutory Administration Report of the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm March 15, 2017

Fredrik Cappelen
Chairman of the Board

Roger Johansson
President and CEO

Rainer Schmückle
Board member

Harry Klagsbrun
Board member

Albert Gustafsson
Board member

Magnus Yngen
Board member

Erik Olsson
Board member

Gun Nilsson
Board member

Our Auditor's Report was issued on March 15, 2017

PricewaterhouseCoopers AB

Magnus Brändström
Authorized public accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Dometic Group AB (publ), corporate identity number 556829-4390

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Dometic Group AB (publ) for the year 2016, with the exception of the Corporate Governance Report on pages 49–59 of the printed version of this document. The annual accounts and consolidated accounts of the company are included on pages 44–99 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2016 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2016 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinion does not cover the corporate governance report on pages 49–59. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Our audit approach

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered areas where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The financial statements of the Dometic Group consists of some 60 reporting units operating in 30 countries all over the world. The operations are managed and monitored through three regions – Europe, Middle East and Africa (EMEA), Americas and Asia Pacific (APAC). In terms of net sales by country (attributable on the basis of the customer's location), United States, Germany and Australia are the most significant markets representing 72% of the Group's total sales in 2016.

In establishing the overall group audit strategy and plan, we determined the type of work that needed to be performed at the reporting unit level by component auditors. For the most significant entities we required a full audit on their complete financial information and for other entities specified audit procedures were performed for the most significant balance sheet and profit and loss line items. In the individual subsidiaries, inventories and trade receivables are considered significant balance sheet items. In addition, local statutory audit procedures are performed for all legal entities within the Group subject to such requirements according to local law.

The group consolidation, financial statement disclosures and a number of complex non-recurring transactions were audited by the Group engagement team. These included impairment of goodwill and trademarks.

Our audit is carried out continuously during the year. In 2016, with respect to the interim reports for the third quarter and year-end, we reported our observations to Group management and the Audit Committee. At year-end, we also reported our main observations to the entire Board of Directors. For the first quarter of 2016, we issued a public review report.

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter	*How our audit addressed the Key audit matter*
Impairment test – goodwill and trademarks Goodwill and trademarks (Dometic, WAECO, Mobicool, Marineair, Cruiseair, Sealand and Condaria) amount to SEK 10,327 and 2,398 million respectively as of December 31, 2016 (57 percent of total assets). The items are not only significant in terms of the amount, but also by nature, since they are influenced by management judgment. This is why we have considered this a key audit matter in our audit, and the risk that we focused on in the audit is that the balances may be overstated. Goodwill and trademarks with indefinite life are tested for impairment on an annual basis. In assessing if there is a need of impairment, cash flow models are used based on management's calculations of future cash flows based on budget and strategic plans. Budgets and estimates are based on assumptions such as volume, price and mix to determine future growth and gross margins. Goodwill and trademarks are allocated to the three regions; EMEA, Americas and APAC which constitute Cash-generating units (CGU), the level on which the impairment test is performed. No impairment charges have been recorded by management against these balances in the current financial year. Refer to the Annual Report Note 4 – Critical accounting estimates and assumptions and Note 14 Intangible assets	In our audit we have performed a number of procedures in order to verify mathematical correctness in the company's impairment test, accuracy of the impairment test model as such and to challenge and assess reasonability of management's key assumptions. First, we assessed the model of use as such, in order to make sure it was in line with valuation methodology, that is was mathematically accurate and that the allocation of assets to each CGU was reasonable and following a consistent approach. We performed an independent calculation of working capital and compared this to working capital in the impairment test model and found no significant deviations. We also found the approach applied by the company in allocating assets to each CGU, and to proportionally allocate Group common costs to each CGU based net sales as a reasonable approach. A key assumption in the impairment test is the weighted average cost of capital (WACC). We have performed independent calculations to compare with the WACC used by Dometic in their impairment test and found the WACC for Americas and APAC to be within a reasonable range, and the WACC for EMEA to be on the lower end of a reasonable range, as a result of the low market risk premium. We have also compared the EBIT projections and growth rate by region/CGU with comparable peers and found that these were in line with comparable peers. Finally, we have performed our own sensitivity analysis by used different WACCs for each CGU. We found there is headroom in all CGU, however the headroom for APAC is the smallest (there is SEK 2,6 billion in goodwill for APAC. Based on our work, we had no material observations for the overall audit on Dometic's impairment test of goodwill and trademarks.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–43 and page 103. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsnämndens website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Dometic Group AB (publ) for the year 2016 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsnämndens website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor's report.

The auditors' examination of the corporate governance report

The Board of Directors is responsible for the Corporate Governance Report on pages 49–59 of this document having been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance report is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance report. This means that our examination of the corporate governance report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance report has been prepared. Disclosures in accordance with Chapter 6, Section 6, the second paragraph, points 2–6 of the Annual Accounts Act and Chapter 7, Section 31, the second paragraph of the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm March 15, 2017

PricewaterhouseCoopers AB

Magnus Brändström
Authorized public accountant
Partner in charge

THE HISTORY OF DOMETIC
MILESTONES

In 1922, Carl Munters and Baltzar von Platen invented the absorption technology that to this date still is used in many of Dometic's products. Through innovative product development, geographical expansion and acquisitions, the company has grown into a global leader in mobile living.

2016
- Dometic acquires IPV, Germany
- Dometic divests the seating and chassis component business of Atwood

2015
- Dometic is listed on Nasdaq Stockholm
- Dometic divests its Medical business

2014
- Dometic acquires the Prostor RV awning business
- Dometic acquires Atwood Mobile Products LLC, USA

2013
- Dometic acquires Livos Technologies, USA

2011
- Dometic acquires DG Line Group, Russia

2007
- Dometic acquires SMEV, Italy
- Dometic acquires WAECO, Germany

2006
- Dometic acquires Eskimo Ice (and Icebonics), USA

2004
- Dometic acquires TUS, Germany
- Dometic acquires Polar Bay, USA
- Dometic acquires Oyster, Spain

2003
- Dometic acquires TME – Pleasure boat air conditioners and refrigeration systems, USA

2002
- Dometic acquires SeaLand – Pleasure Boat sanitation systems, USA

2000
- Electrolux acquires Seitz – RV windows, Germany

1988
- Electrolux acquires A&E Systems – RV awnings and accessories, USA

1986
- Electrolux acquires Origoverken, Cookers and Ovens for pleasure craft, Sweden

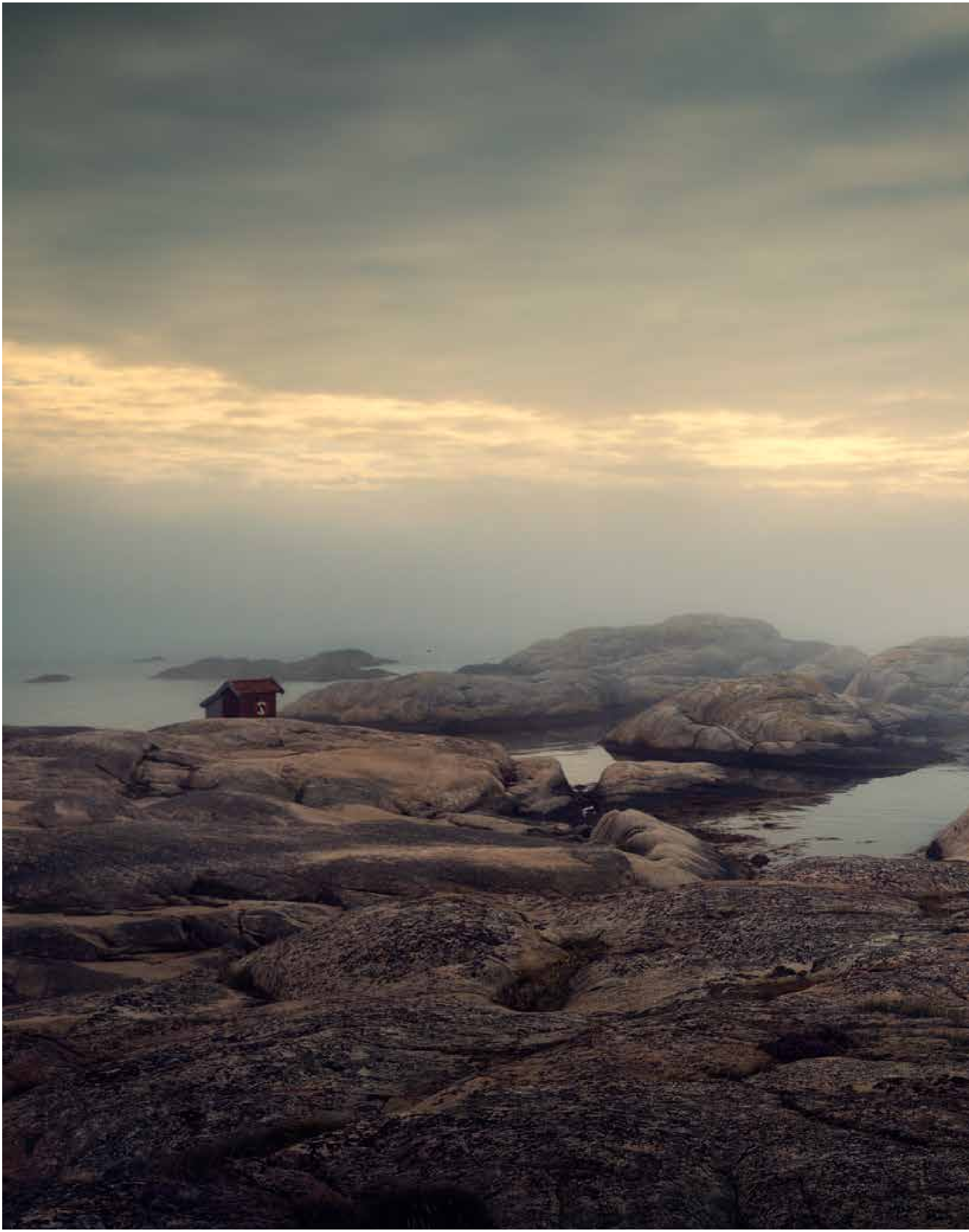
1985
- Electrolux acquires Duo-Therm Corporation – RV air conditioners, USA

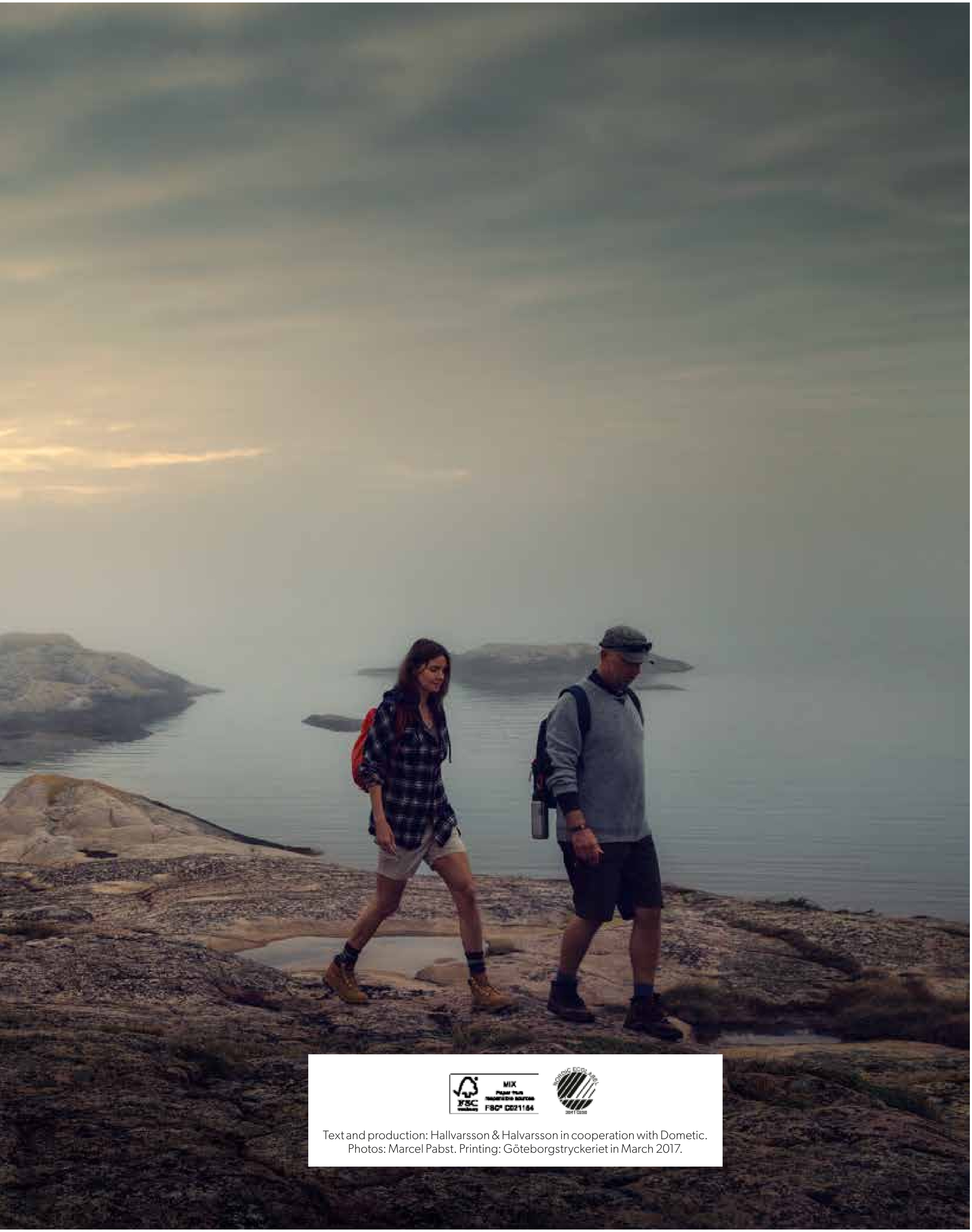
1973
- Electrolux acquires Siegas Metallwaren-fabrik, Germany

1968
- Electrolux establishes Dometic Corporation of the US

1925
- Electrolux acquires AB Arctic and initiates mass production of absorption refrigerators

1922
- Carl Munters and Baltzar von Platen invent the absorption technology (AB Arctic)





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DOMETIC

Mobile living made easy is at the core of our offering.
Dometic is committed to delivering smart reliable products with outstanding design.
Through this we will maintain and build product leadership within our main product categories
Climate, Hygiene & Sanitation and Food & Beverage.