ANNUAL REPORT 2017

MOBILE LIVING MADE EASY.

DOMETIC

CONTENTS

SMART, RELIABLE PRODUCTS WITH OUTSTANDING DESIGN

TWO SALES CHANNELS

OEM | ORIGINAL EQUIPMENT 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.

61%

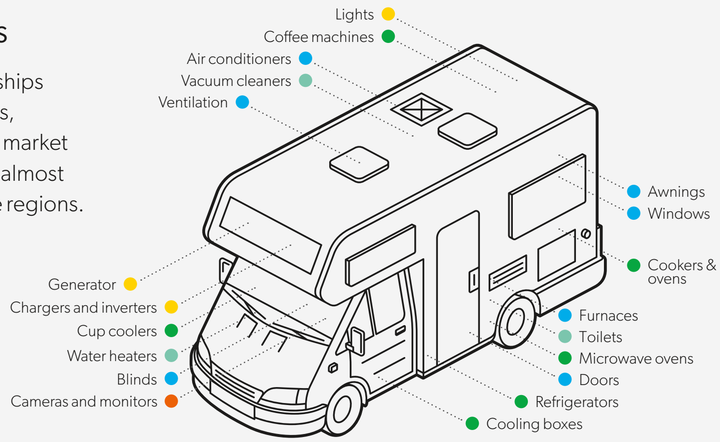
AM | AFTERMARKET
Aftermarket is sales of standalone aftermarket products, replacement products, spare parts and consumables. Approximately 50 percent of the Aftermarket sales are replacement sales. Our distribution network is the widest in the industry with 35,000 customers across 100 countries.

39%

BUSINESS AREAS

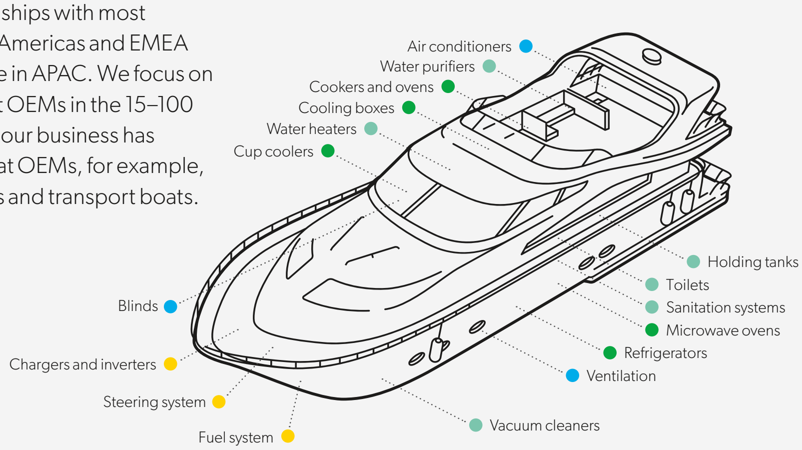
RV | RECREATIONAL VEHICLES

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



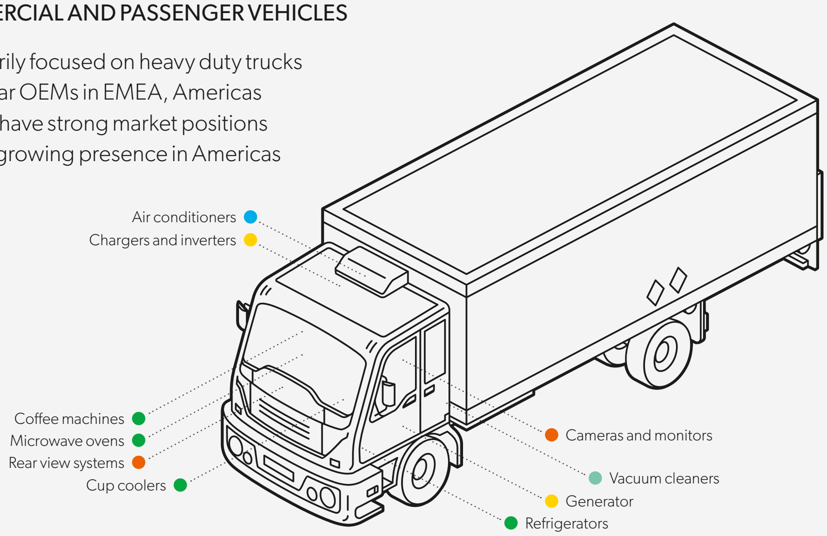
MARINE

We have strong relationships with most pleasure boat OEMs in Americas and EMEA and a growing presence in APAC. We focus on sport and pleasure boat OEMs in the 15–100 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. We have strong market positions in EMEA and a growing presence in Americas and APAC.



PRODUCT CATEGORIES

- CLIMATE
- HYGIENE & SANITATION
- FOOD & BEVERAGE
- POWER & CONTROL
- SAFETY & SECURITY

Climate

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

Hygiene & Sanitation

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

Food & Beverage

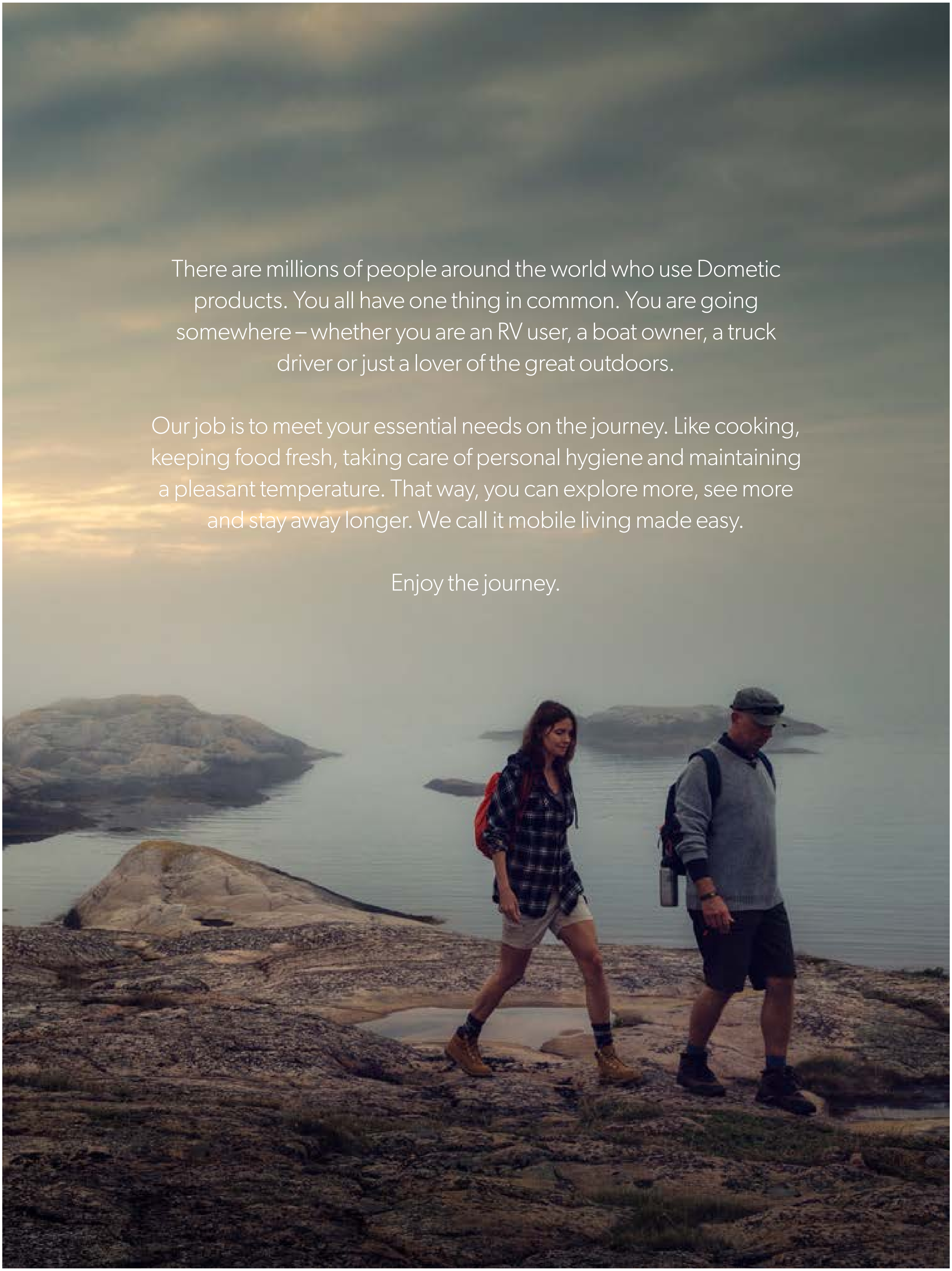
- Coffee machines
- Cooktops and sinks
- Cookers and ovens
- Cooling boxes
- Cup coolers
- Microwave ovens
- Refrigerators

Power & Control

- Chargers and inverters
- Control panels
- Fuel system
- Generator
- Lights
- Steering system

Safety & Security

- Cameras and monitors
- Rear view systems



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.

THIS IS DOMETIC GROUP

28
manufacturing and assembly sites

11
countries

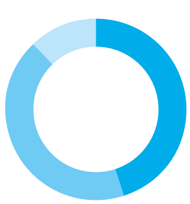
Products sold in
100
countries

Dometic manufactures and sells a diverse range of products within Climate, Hygiene & Sanitation, Food & Beverage, Power & Control and Safety & Security. The products are primarily for use in Recreational Vehicles, pleasure boats, work boats, trucks and premium cars. Dometic operates 28 manufacturing and assembly sites in 11 countries and approximately 85 percent of the products sold in 2017 were manufactured in-house.

The products are sold in 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 2017, Aftermarket accounted for 39 percent of Group revenues, but more than half of operating profit (EBIT). 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.

Net sales by region



- Americas, 45% (46)
- EMEA, 43% (41)
- APAC, 12% (13)

Net sales by business area

- Recreational Vehicles, RV, 65% (65)
- Marine, 11% (9)
- Commercial and Passenger Vehicles, CPV, 14% (16)
- Lodging and Retail, 10% (10)

Net sales by channel

- Original Equipment Manufacturers, OEM, 61% (60)
- Aftermarket, AM, 39% (40)

2017

In 2017 Dometic continued to focus on profitable growth. Total net sales were SEK 14,044 m (12,388), with organic growth of 12 percent (7) and operating profit (EBIT) amounted to SEK 1,860 m (1,621), corresponding to an operating margin of 13.2 percent (13.1). Almost all businesses improved in terms of both growth and profitability, driven by a combination of successful implementation of internal initiatives and favorable underlying markets. Growth was particularly strong in EMEA and Americas, driven by recovering RV markets. Dometic's position was further strengthened by the acquisitions of SeaStar Solutions, Oceanair and IPV. Several new products were launched in most product categories. Operating cash flow improved compared with the previous year, mainly as a result of the strong improvement in earnings.

QUARTER 1

- Net sales of SEK 3,443 m, corresponding to organic growth of 11 percent
- Operating profit (EBIT) of SEK 418 m, corresponding to an operating margin of 12.1 percent[1)]
- Profit for the quarter of SEK 296m
- Acquisitions of Oceanair (Marine) and IPV (Aftermarket)
- Launch of the Dometic Harrier Inverter and the CFX 100 portable cooler

QUARTER 2

- Net sales of SEK 3,949 m, corresponding to organic growth of 9 percent
- Operating profit (EBIT) of SEK 650 m, corresponding to an operating margin of 16.5 percent[1)]
- Profit for the quarter of SEK 474 m
- Strong results from local initiatives in Americas
- Launch of Dometic MWO 24 microwave oven

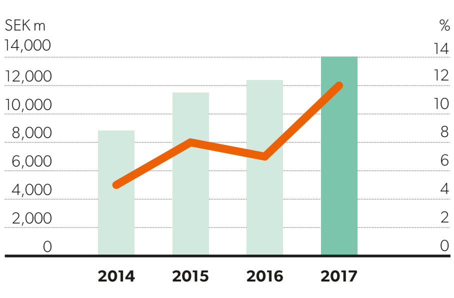
QUARTER 3

- Net sales of SEK 3,399 m, corresponding to organic growth of 11 percent
- Operating profit (EBIT) of SEK 482 m, corresponding to an operating margin of 14.2 percent[1)]
- Profit for the quarter of SEK 448 m
- Announcement of CEO shift at Dometic
- Divestment of manufacturing facility in China

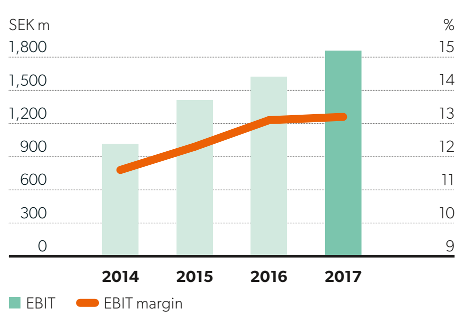
QUARTER 4

- Net sales of SEK 3,252 m, corresponding to organic growth of 16 percent
- Operating profit (EBIT) of SEK 310 m, corresponding to an operating margin of 9.5 percent[1)]
- Profit for the quarter of SEK 277 m
- Acquisition of SeaStar Solutions (Marine)
- Several product awards

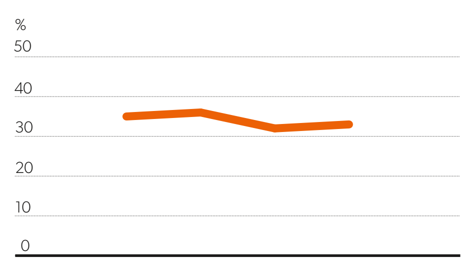
Net sales and organic growth



EBIT and EBIT margin[1)]



Return on operating capital



1) Operating profit (EBIT) before items affecting comparability

A WELL POSITIONED DOMETIC – READY FOR THE NEXT PHASE

I am proud to conclude 2017 as a year with great progress for key initiatives within our strategy of profitable growth. We have intensified our product development, addressed operational efficiencies across the whole organization, implemented structures that will build a solid foundation for future scalability and added acquisitions of great significance to strengthen our positions in new attractive market niches. In other words, we have taken important steps in becoming a more focused and competitive Dometic.

PERFORMANCE IN 2017

2017 was another strong year for Dometic. Continued good demand in underlying markets, in combination with our execution on strategic initiatives, resulted in organic sales growth of 12 percent and EBIT growth of 15 percent. There was sales growth in six out of eight businesses and EBIT improvement in seven out of eight businesses.

The OEM business continues to show strong growth in most regions and product categories, with total growth of 16 percent. The RV industry experienced double-digit growth in Americas and EMEA and we have been successful in capturing the current growth on all markets. We have also performed well in the marine business, where our strong market position and product leadership have allowed Dometic to outgrow the underlying market. We continue to see good interest from the CPV industry in Europe and we are also observing promising development on the US market.

The aftermarket business continues to be a prioritized area and we have done well during 2017, even though performance is somewhat subdued by the strong OEM sales and a cold summer in Europe. Total aftermarket growth was 9 percent. We have seen strong growth within mobile cooling and launched a set of initiatives to build an even stronger market presence, especially in the US. The RV aftermarket business remains in good shape and our great local presence is essential to capture the replacement business. I also conclude that the broad program we are driving to further strengthen the Dometic brand and modernize our marketing is starting to pay off in terms of increased awareness and interest in our products among end-users.

I am also truly excited about our three strategic acquisitions during the year. Through the acquisitions of SeaStar Solutions and Oceanair we have greatly strengthened and broadened our position in the marine business. We now have a strong platform and capability to accelerate our ambition to build global marine leadership. It was also a strategically important step in our ambition to increase presence in attractive areas to complement the strong RV business. The acquisition of IPV further improved our footprint in the area of mobile cooling in EMEA and will help us to further penetrate this rapidly growing market segment.

STRONG EXECUTION ON THE PROFITABLE GROWTH STRATEGY

The Dometic approach to profitable growth comes from a well-defined set of focus areas:

Strengthen OEM, grow the aftermarket business, accelerate new geographies, create a competitive cost base and create One Dometic. Additionally, we should add value through accretive, strategic acquisitions. I am pleased to say that Dometic has performed well in all areas. We have strengthened our position in the OEM business through the launch of new products with improved quality, functionality and design, combined with great improvements in manufacturing and logistics to meet the current high demand. The aftermarket sales continue to grow through our local presence, high level of support and successful initiatives in the mobile cooling box business. The organization is also driving a large set of cost reduction initiatives. This has generated good improvements in SG&A, manufacturing and US logistics and distribution. We are also becoming One Dometic more and more, with each day that passes. With a strong set of global values, one operating model and the product rebranding initiative for the Dometic brand, we are becoming a stronger organization both internally and for our customers. Finally, we have added acquisitions that will allow us to capture new opportunities and provide an even stronger offering to the market.

STRENGTHENED MARKET POSITION

The organization's strong strategy execution on all fronts has been the essential driver for the strengthened market position in our businesses. We have introduced many new products to the market in 2017, addressing all major product areas and adding value for our customers. More rigorous testing and validation processes have been implemented to ensure our products meet the high expectations of Dometic's products. We remain more committed than ever to offering unrivalled customer support and to being a dedicated and reliable long-term business partner. And we have kept our promise as a trusted supplier even in times of high demand and production disruptions due to tragic weather conditions in Florida and Asia. It is really quite simple: Dometic's' strengthened position comes from a superior offering, a professional organization and a dedication to every aspect of the business.

SUSTAINABILITY IS PART OF EVERYTHING WE DO

For Dometic, market leadership also means that we should be the driving force in sustainability in our industry. Our sustainability focus is based on the areas of products, environment, ethics and employees and is currently an integral part of our strategy and a key element in everything we do. In 2017, we broadened our approach to sustainability by signing the UN Global Compact. We are convinced that a continuous focus on making smarter, more resource-efficient and sustainably manufactured products will make Dometic even stronger moving forward.

A BRIGHT FUTURE

After five years of focused work Dometic is well positioned for further profitable growth and achieving the financial targets. Today EBIT is approximately SEK 1 billion higher compared to 2012. We have become a more integrated and efficient company. We have a strong financial position, providing a good foundation for strategic acquisitions. The pipeline for new products is more exciting than ever, with the clear objective of making mobile living easy.

As I am now leaving Dometic, I can honestly say that it has been the most inspiring assignment in my career. Dometic's journey has still just begun and I have never been more firm in my belief that the company will truly be the driving force in the industry. I would like to warmly thank all of the passionate employees who strive every day to make Dometic a world-class company. I also want to thank all of our customers and all of our shareholders who continue to put their trust in us. Finally, I feel convinced that Juan Vargues is the right person to lead Dometic into the next phase. I wish him great success in his new role as President and CEO of Dometic, and I am confident that he will be driving the business with the dedication, focus and professionalism that our partners, customers and stakeholders have come to expect.

Stockholm, March 2018

Roger Johansson
President and CEO

Organic sales growth 2017

+12%

EBIT improvement

+15%

Operating cash flow

+33%

GLOBAL MARKET TRENDS DRIVING DEMAND

Demand for Dometic's products is driven by strong, global leisure trends and economic development. The growing interest in an active and outdoor lifestyle creates opportunities to offer smarter, innovative products in the area of mobile living. Dometic is currently the world-leading supplier with sales in 100 countries and 28 factories worldwide.

Dometic's products can be found in many different settings, with one important thing in common: they make mobile living easy. Dometic is currently the market-leading supplier in the area of recreational vehicles, marine, commercial and passenger vehicles as well as in the aftermarket segment addressing these businesses. Over the past years, the markets have been growing mainly due to increased participation in mobile and outdoor living. Dometic is predominantly focused on mature markets in Western Europe, North America and Australia. As economic development and wealth increase in emerging markets, new geographic areas will become increasingly important in the coming decade.

Market drivers

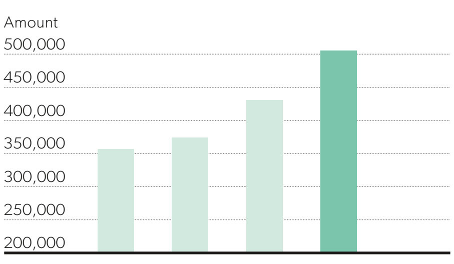
The growing interest in a mobile and active lifestyle has been the main driver for the strong growth in the industry over the past few years. Today, demand for products related to the area of outdoor living is growing across all age groups. New technologies and improved products are also playing an increasingly important part, with growing demand for connected solutions and increased requirements for quality, functionality and design. The market for mobile living is also affected by the general macroeconomic environment, financing costs and interest rates, fuel prices and weather conditions.

Strong market position

As the most global player with a local presence on all major markets, Dometic has competitive advantages in terms of manufacturing setup, local knowledge and strong partnerships. Strong brands will be in the front position on global markets as modern consumers are well-informed and set high demands for both products and the companies behind them.

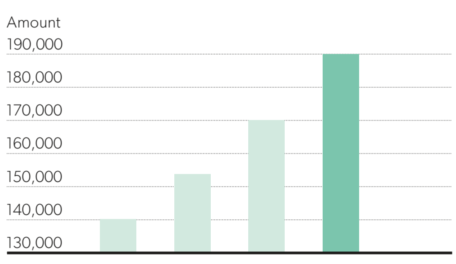
Dometic holds market-leading positions in all key product areas. Through local presence, customer focus and product innovation, 80 percent of sales come from product categories in which Dometic is the number one or number two player. Competition is typically limited to a handful of players within each regional product segment. Some of the most important competitors are Thetford (US), Truma (Germany) and Lippert Components (US).

RV shipments, US



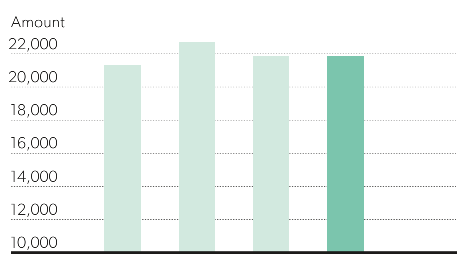
Source: RVIA

RV registrations, Europe



Source: ECF

RV production, Australia



Source: Caravan Industry Association of Australia

RV OEM

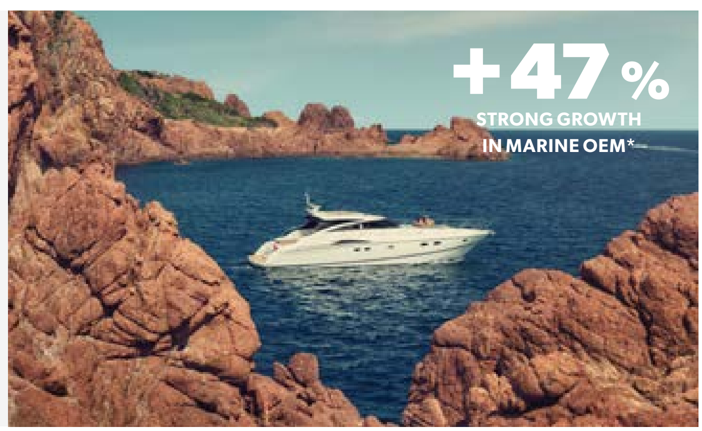
The main driver for the RV OEM market is the number of manufactured caravans and motorhomes. Demand depends on structural factors such as lifestyle trends and demographic development, but also on cyclical factors such as GDP growth and financing costs. Product penetration with OEM manufacturers is an important driver for growth, and Dometic has a strong position with RV manufacturers across the world.

CPV OEM

The market for CPV OEM is largely driven by the degree of product penetration and to a lesser extent by sales of new trucks and passenger vehicles. The truck industry is increasingly focused on improving driver experience through the installation of products such as microwaves and refrigerators to make life on the road more comfortable. For similar reasons, there is increased interest among automotive manufacturers to install products for greater comfort in passenger vehicles.

MARINE OEM

The market for Marine OEM is affected by the number of boats built. GDP growth, financing and ownership trends have a large impact on demand. In the segment for large yachts, the number of high net worth individuals is an important market driver. There are high requirements on product quality and robust solutions.



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 active cooling boxes.

* Total growth excl. currency effect

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, Food & Beverage, Power & Control and Safety & Security. 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 2017	CASE STUDY
Strengthen OEM	• Product leadership in all core RV OEM categories • Selective RV OEM product expansion • Broaden leisure boat presence and product offering in Marine OEM • Grow CPV OEM through focus on truck driver comfort and refrigeration solutions for US passenger and commercial vehicles	• Launch of several new innovative products in RV, e.g., fridges for all regions, slide-out kitchen for outdoor cooking, 360 degree camera, Dometic control panel with open system to simplify control of RV appliances • Expansion of Marine offering and market presence through acquisitions of Oceanair and SeaStar Solutions • Several new contracts awarded for CPV OEM in Americas	The acquisition of Oceanair in early 2017 broadened our product offering in Marine by adding blinds and other adjacent products. The strong product portfolio and engineering expertise have strengthened Dometic's offering for large boats/Super Yachts, providing opportunities to introduce new darkening solutions to the high-end RV OEM market
Grow Aftermarket	• Grow in Mobile Cooling and other outdoor products • Develop and broaden online and offline retail sales • Improve B2C brand building and marketing • Increased focus on spare part sales	• Acquisition of SeaStar Solutions with an unrivalled distribution network in the Marine Aftermarket • Expansion of product offering in mobile cooling through new models of CFX range, new Cool-Ice passive coolers and improved TE boxes • Integration of IPV (acquisition completed in December 2016) • Launch of "Pathfinder" project to accelerate Mobile Cooling growth in North America	SeaStar Solutions has a long history in Marine Aftermarket distribution and is the #1 independent aftermarket player in the US. The company sells their products through a large network of distributors and wholesalers serving marine dealers. The complementary strengths of SeaStar Solutions's and Dometic's aftermarket network represent one of the most important synergy opportunities behind the acquisition
Geographic expansion	• Continue to implement growth plans in China • Expand sales in South East Asia • Secure positions for future growth in Brazil and Russia	• Continue to develop the Chinese RV industry with strong growth in 2017 • Initial product launches targeting mobile healthcare market in China	Portable cooling box designed for healthcare applications in China was launched in September and became the leader in eCommerce high-end segment. In November, it was successfully launched in pharmaceutical chain stores. The box is now listed and sold through over 30 stores in Shanghai
Competitive cost base	• Secure competitive cost base by constantly working on improvements within: – Direct material purchasing and plant productivity – Logistics and warehousing – SG&A	• Systematic LEAN transformation involving all EMEA factories initiated with good progress • Further shift of sourcing volumes to our purchasing organization in China • Major program to improve delivery performance and reduce costs in our North Americas warehouse and logistics network • Upgrade of procedures in EMEA central logistics and warehousing to stabilize material flows and increase efficiency	Initiatives focusing on supply chain and logistics in Americas in 2017 have paid off in both improved delivery performance to our OEM and AM customers and improved logistics costs. Major initiatives during the year include an upgrade of several warehouses, re-routing of goods flow to reduce costs, renegotiation of transportation rates and further shift toward factory-direct deliveries to OEM customers
One Dometic	• One set of core values • One operating model • One product promise • One look	• Revised global sustainability guidelines launched in the Group • Increased investment in Global Design center to modernize and align product designs • Continue to enhance consumer experience through market-leading brand platform • Increase marketing efficiency and reduce production costs through Digital first policy	• New design and harmonization of ice coolers for Australia • New design lineup of gas cookers and Range for America • Global Design Language implemented in all refrigerator projects for the three regions

HOW DOMETIC CREATES VALUE

Mobile living made easy. Satisfying your essential needs when living mobile.

DRIVING FORCES AND TRENDS

Increased willingness to invest in leisure activities and greater demand for comfort in "mobile living".

Increased prosperity in developed countries and emerging markets generates demand and growth for Dometic products.

Growing interest in outdoor activities among younger target groups.

Global trend that people spend their vacation in their own country with mobile recreational vehicles and boats with high comfort.

Fuel costs and weather conditions impact demand.

RESOURCES

GLOBAL MARKET LEADER

- Dometic is a leading global OEM and Aftermarket supplier for recreational vehicles, boats, trucks and cars
- 80 percent of net sales are within product areas in which Dometic ranks first or second

HIGH MARKET ENTRY BARRIERS

- High and specific product requirements
- Tailored product dimensions
- Strong brands in many attractive markets and product groups
- Strong established customer relations
- Niche segments
- Clear economies of scale

FINANCIAL CAPITAL

- Well invested asset base
- Strong balance sheet/Equity
- Strong cash flow generation
- High return on operating capital

HUMAN CAPITAL

- 8,800 employees in 29 countries, 35 percent of whom are women and 65 percent men
- Over 300 engineers in 18 development centers

PRODUCTION CAPITAL

28 manufacturing and assembly sites in 11 countries

NATURAL CAPITAL

Raw materials, components, chemicals, water and energy

STRATEGY AND BUSINESS MODEL

STRATEGY
- Strengthen OEM
- Grow aftermarket
- Geographic expansion
- Competitive cost base
- One Dometic

REGIONS
Americas, EMEA, APAC

BUSINESS AREAS
RV (Recreational Vehicles), Marine, CPV (Commercial & Passenger Vehicles), Aftermarket

PRODUCT CATEGORIES
Climate Temperature control in recreational vehicles, boats or trucks, such as air conditioning, blinds and ventilation.

Hygiene & Sanitation solutions for recreational vehicles and boats such as toilets, pumps and accessories.

Food & Beverage Refrigerators and coolers, as well as stoves, ovens, microwaves and coffee machines.

Power & Control Dometic offers a full range of electrical and control solutions, including steering systems, inverters, generators and chargers.

Safety & Security The product range includes security doors, alarms and safes.

CREATED VALUE

FOR CUSTOMERS
- Smart and reliable products with outstanding design
- Quality throughout the value chain
- Many new products in 2017
- R&D expenditure SEK 309 m; 2.2 percent of sales

FOR SHAREHOLDERS
- Strong profitability and return
- Growth strategy with considerable value growth potential
- Profit for the year SEK 1,495 m
- Earnings per share: SEK 5.05
- Dividend per share: SEK 2.05

FOR EMPLOYEES
- Jobs
- Skills development
- Salaries and benefits SEK 2,031 m

SUPPLIERS
- Long-term relationships and job creation
- Purchase of direct material of SEK 6,700 m

FOR THE COMMUNITY
- Number of new innovative products for greater energy efficiency
- Reduced energy consumption and environmental impact through recycled materials. In 2017, energy consumption as percent of sales improved by 0.6 percent to 5.4 percent compared to 6.0 percent in 2016
- Reduced water consumption and less waste with smart sanitation solutions for boats
- Social security contributions, pension costs and income tax, SEK 619 m

HIGH PACE IN INNOVATION


Camera systems, Cam 55


Heki Micro

Connect

As more and more people across all age groups are attracted to the world of mobile living, the need for smart, reliable products grows. Dometic is dedicated to being the product leader in the main product areas. A maintained focus on product development is a key driver for organic growth and reaching the target of 15 percent operating (EBIT) margin.

PRODUCT LEADERSHIP

Dometic is a product-driven company committed to making mobile living easy. Product development is at the core of Dometic's offering. Delivering smart, reliable products with outstanding design is how the Group aims to be the preferred supplier among partners and end customers. Dometic strives to maintain and build product leadership within the main product categories:

Climate Temperature control in recreational vehicles, boats or trucks, such as air conditioning, blinds and ventilation.

Hygiene & Sanitation solutions for recreational vehicles and boats such as toilets, pumps and accessories.

Food & Beverage Refrigerators and coolers, as well as stoves, ovens, microwaves and coffee machines.

Power & Control Dometic offers a full range of electrical and control solutions, including steering systems, inverters, generators and chargers.

Safety & Security The product range includes security doors, alarms and safes.

DEVELOPMENT PROCESS BUILT ON MARKET INSIGHTS

Dometic strives to develop outstanding products that meet and exceed the expectations of increasingly demanding customers. This requires a deep understanding of how the products are used and quality testing, but also a sustainability mindset in terms of design, raw material usage and carbon footprint. Increased efforts are aimed toward customer studies and market analysis. The market insights are crucial for ensuring that Dometic can continue to transform good ideas into innovative and leading solutions. All products also undergo extensive testing before reaching the market. Dometic's products are in many cases used in demanding conditions, where robustness and reliability are of the utmost importance. Structured development and testing processes ensure that end users can trust the products to work for many years.

R&D investments and % of net sales

SEK 309 m
2.2%

AN EFFICIENT ORGANIZATION

The Product Development organization consists of more than 300 engineers across 18 development sites, located close to the main production facilities. Global product area owners are responsible for their products throughout the product life cycle. R&D investments has increased in recent years, from SEK 157 m in 2012 to SEK 309 m, or 2.2 percent of Group net sales in 2017. Dometic continued to improve global structures and processes during the year. 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 harmonizing product design, branding and improving the product user experience. The rebranding project was successfully rolled out during 2016 and was completed by the end of 2017.

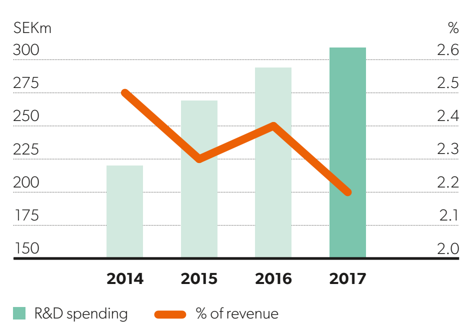
AREAS WITH UNTAPPED BUSINESS POTENTIAL

Dometic is targeting development projects within its main product categories in segments where it sees considerable market potential. The product range within the fast-growing cooling box segment was further extended in 2017 with highlights such as CFX75DC. During the second half of the year, Dometic Connect, a control panel with remote connectivity was launched at the Düsseldorf trade fair. The solution offers the end user remote access to and control of connected units installed in the vehicle. To meet the growing demand for connectivity and "smart homes", one focus area going forward is to broaden and enhance full connectivity solutions and active control panels with remote access.

SUCCESSFUL LAUNCHES IN 2017

- CFX100
- CFX75
- Cool-Ice range
- New camera systems
- Micro Heki
- Dometic Connect

R&D investments and % of revenue



CASE | DOMETIC CONNECT
RV AND AFTERMARKET

Comfort control for recreational vehicles turns motorhomes into mobile smart homes
Dometic Connect, presented at the Caravan Salon show in Düsseldorf, is a comfort control system that turns motorhomes and caravans into mobile smart homes. Air conditioning, heating, lights and many other comfort functions can be controlled and monitored via a single device. An elegant touch control panel from Dometic serves as the central base unit. Alternatively, a smart phone or tablet computer can be used.

The core component of the Dometic Connect system is a touch screen control panel which regulates just about everything that contributes to the well-being of travelers – from indoor climate to heating and lights. Motorhomers and caravanners can also check the charging state of the starter and leisure batteries, or see, at the touch of a button, if the fresh water and gray water tanks are fully operational for the next stretch of the trip. When a tank is empty, the integrated alarm function reminds them to refill.

The system is easy to handle and requires no special technical knowledge. A clearly structured menu with graphic symbols allows intuitive operation. The Quick Access Menu provides the option to save favorite settings, e.g. the mood lighting for a cozy evening, or the night mode for the air conditioner, heating or battery charger.

Remote control by smart phone or tablet computer is just as easy and convenient. Using a special app, the mobile devices can be simply linked to the Dometic Connect base unit via an optional Bluetooth interface or the Dometic 3G Gateway, which is also available as an accessory.

The system's open architecture supports a multitude of upgrading options. Besides additional Dometic devices, the comfort control also integrates CI-bus compatible products of other manufacturers.

CASE | SLIDE OUT KITCHEN
RV AND AFTERMARKET

Designed to slide out of the side of recreational vehicles, the Dometic Slide Out Kitchen saves valuable space in the kitchen area, while maximizing performance.

The Dometic Slide Out Kitchen offers a number of different functions for those living mobile; it functions as a 3-burner cooktop, BBQ, sink, and benchtop for serving.

Extensive research has been undertaken when developing the Dometic Slide Out Kitchen, and the results are sure to impress. The unit features a modular aluminum construction that is approximately 40 percent lighter than similar units on the market, making the Dometic Slide Out Kitchen easy to slide out and use.

A must for every kitchen, the Dometic Slide Out Kitchen features a large amount of built-in storage to keep dining and cooking equipment secure.

A range of accessories is available to maximize the functionality of the Dometic Slide Out Kitchen, including a BBQ plate, serving tray, chopping board, cup holders and utensil holders.

AMERICAS

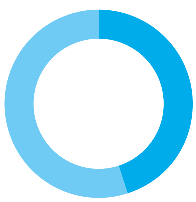
Organic sales growth	Net sales, SEK m	Number of employees
+13%	**6,329**	**2,474**

STRONG GROWTH AND IMPROVED UNDERLYING PROFITABILITY

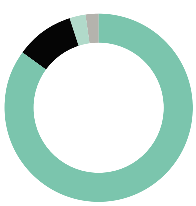
"Sales continued to develop at a high rate in 2017 and for the first time Americas is Dometic's largest region. Demand for RV OEM was particularly strong, with shipments reaching record levels. Operational initiatives and efficiency measures contributed to an increase in operating profit (EBIT) and a strongly improved underlying operating margin."

Scott Nelson – President of Americas

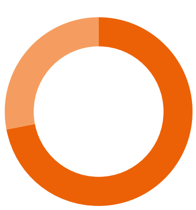
Region as a proportion of net sales



By business area



By channel



The Americas region had a strong 2017. Total sales increased by 10 percent, of which 13 percent was organic growth. EBIT was up by 17 percent*. Growth was mainly driven by continued strong demand for RV OEM in the US. In North America, the important US market grew for the ninth consecutive year and demand remained robust in most segments. Canada showed solid growth. The Latin American markets experienced a mixed performance, although growth in Mexico, the largest market, was buoyed by the general manufacturing environment. Despite class action legal costs and an unfavorable product mix with OEM growing at a fast pace, operating margin improved as a result of operational efficiency gains.

A key priority in 2017 was to improve logistical efficiency and inventory optimization. Last year Dometic experienced some distribution-related issues when the Atwood and Dometic logistics systems merged during a period of strong customer demand. These problems were successfully solved during the year through improvements in freight routing, inventory planning and warehouse management. The high demand in the US RV market creates challenges in many parts of the organization to produce and deliver on time while maintaining quality. Optimizing production and logistics to best serve the market continues to be an area of focus going forward.

The brand consolidation initiated in 2016 was successfully implemented during the year. The 18-month objective of rebranding all facilities, literature, packaging and products was achieved by the end of 2017. The branding initiative is an important step in driving the Dometic brand, both regionally and globally and has built momentum and enthusiasm among customers, channel partners and employees. Increased efforts focused on digital launches resulted in better communication via the Dometic website and social media to build brand awareness and affinity with customers.

* Operating profit (EBIT) before I.A.C.

RV

The US RV market grew by 17 percent in 2017, to more than 500,000 unit shipments.

Dometic's RV OEM business grew by 16 percent, while the RV AM business grew by 4 percent.

Demand remains high in most parts of the market and growth is mainly driven by strong lifestyle trends, though also by favorable economic factors. Millennials and baby boomers looking for compact and affordable towables comprise the fastest growing segment, and addressing this target group with smart solutions is becoming increasingly important. Several new products were launched during the year, with especially good growth for refrigerators and air conditioners. Dometic's ability to leverage its global manufacturing footprint to meet increasing demand has been a competitive advantage during a year with high demand. New innovations and value engineering are important factors for continued growth and profitability expansion.

Marine

The US Marine industry grew by 4–5 percent. Dometic's Marine OEM business grew by 27 percent, while the Marine AM business grew by 24 percent. Dometic holds a strong position in climate control, and continues to focus on building industry partnerships and product development.

KEY FIGURES	2015	2016	2017[1]
Net sales, SEK m	5,538	5,749	6,329
Net sales growth, %	63	4	10
Organic growth, %	7	2	13
EBIT margin, %[2]	11.7	13.1	14.0

[1] Including Sea Star Solutions
[2] EBIT margin before I.A.C

The line of chillers launched in 2016 delivered good growth. Compared with traditional chillers, the titanium-based products offer a significant quality improvement by eliminating corrosion. Demand has also been strong for the new line of Spot Zero water products. The commercial sector bounced back to growth after a challenging 2016.

SeaStar Solutions

In December Dometic closed the acquisition of SeaStar Solutions, a leading provider of vessel control systems and aftermarket products to the attractive leisure marine industry. SeaStar Solutions operates some of the strongest and most recognized brands in the market, such as SeaStar, Xtreme, MOELLER, Optimus and Sierra. The acquisition significantly broadens Dometic's marine offering in North America and creates a strong, global platform for further expansion and potential for profitable growth. The combination of Dometic's existing strong position in marine air conditioners, refrigeration and sanitation, with SeaStar Solutions's leadership in vessel control, fuel systems and system integration, will enable the enlarged Dometic to develop and provide an unrivalled offering to the market and fully utilize the broad network of distributors and strong relationships with manufacturers.

CPV

Dometic's CPV business declined in 2017. Interest in the automotive industry continues to grow, with car manufacturers increasingly interested in installing cooling products in vehicles. During the year Dometic established partnerships with three automotive OEMs for products to be featured in future models. Dometic continues to increase marketing and sales activity in the automotive business to further drive interest and penetration. The heavy truck market continues to decline. During the year refrigeration and climate control product development programs were launched to address the truck market. Growth in the heavy truck business is less dependent on new registrations, but will come as penetration rates increase.

Aftermarket

Aftermarket growth was 7 percent. Demand for active cooling boxes continued to grow. During the year, the regional organization increased efforts to build a nationwide network of retailers and create market awareness. The number of US retailers carrying Dometic's active coolers surpassed 200 by the end of the year, a sharp increase from the previous year. Initiatives to reach specific end-customer groups such as 4x4 enthusiasts were launched throughout North America. Active coolers is an area with good growth potential as more people are spending time outdoors and are looking for efficient ways to keep food and drinks fresh and cold for extended periods.

Climate control products experienced a year of strong growth as a result of investments in logistics and supply chain to improve inventory availability and on-time delivery. The network of distributors focusing on the RV aftermarket was strengthened with new partners and enhanced relationships, creating more opportunities to serve a growing installed base of RVs.

CASE | 310 TOILET
RV AND AFTERMARKET

A smart solution to the requests of RVers, the aftermarket version of the 310 Toilet offers users reliability while on the road. A standard slow-close wood seat has been added, which is also available as a replacement for an existing plastic seat. Additionally, the slow close seat allows for a quiet close and eliminates slamming and pinched fingers. Overall, Dometic's 310 Toilet is an upgrade to the typical RV bathroom with updated design. It has a full-size, easy-to-clean ceramic bowl and powerflush technology with 360 degree coverage due to its unique rimless design.

The product offers enhanced performance and savings of resources, using only one pint of water per flush. The ergonomic foot pedal allows users to press partially to add water, or press fully to flush.

Dometic's 310 toilet is available in white or bone, tall or short, and can come with an optional hand spray.

CASE | POWER AWNING PRO
RV AND AFTERMARKET

Remote Control & Wind Sensor for Any Power Awning
This Dometic Power Awning Pro control system works with any power awning on the market, giving you remote control of the awning up to 100 ft/30 m away from your campsite. You can open and close the awning and control the awning's LED lights (on, off, and dim) remotely. The Power Awning Pro includes an advanced wind sensor that closes the awning automatically when high winds are detected. An ignition interlock prevents the awning from being opened accidentally while the RV is moving, for more safety on the road.

The Power Awning Pro is installed in parallel with the existing awning switch of any power awning and uses the receiver to control the awning based on input from the remote, the wind sensor, and the awning switch.

EMEA

Organic sales growth

+10%

Net sales, SEK m

5,962

Number of employees

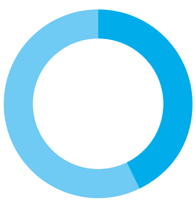
2,385

A STRENGTENED MARKET POSITION AND ACQUSITIONS CREATE A FOUNDATION FOR FURTHER GROWTH

"The rising interest in outdoor living and recreation continued in most European markets. Product innovations created favorable momentum and customer enthusiasm both in recreational vehicles and in the marine segment."

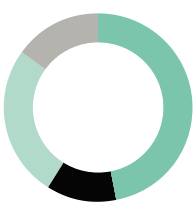
Bengt Thorsson – President of EMEA

Region as a proportion of net sales



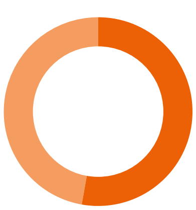
- EMEA, 43%
- Rest of Group, 57%

By business area



- RV, 47%
- Marine, 12%
- CPV, 26%
- Other, 15%

By channel



- OEM, 53%
- Aftermarket, 47%

Growth remains strong in the EMEA region, with sales driven by RV OEM. Total sales increased by 17 percent, of which 10 percent was organic growth. EBIT increased by 16 percent*. The interest in outdoor activities and mobile living continues to grow in most European markets. The Marine and Aftermarket businesses were strengthened by the acquisitions of Oceanair and IPV. A number of initiatives were launched during the year to address operational efficiency and profitability.

Dometic's strong position in EMEA creates a solid foundation for growth as interest in outdoor living grows and many European markets continue to experience economic recovery and improved consumer confidence. Central Europe remained robust, with growth in most business areas of the important German market. Southern Europe is still in a recovery phase, with demand growing at a steady pace. Campgrounds across many parts of the region continue to report high levels of visitors. A program addressing profitability was launched during the second half of the year, mainly focusing on cost reductions and efficiency to improve overall operations in the region. Several strategically important products were successfully launched, addressing both the OEM and the Aftermarket businesses, creating new opportunities and strengthening Dometic's position in relation to manufacturers and end customers.

RV OEM

The RV market in EMEA continues to thrive, with interest in camping and outdoor living a key driver. Dometic performed well in line with the underlying market, with growth of 17 percent. The trend of increased demand from young consumers entering the RV market for the first time was also noteworthy in 2017. The rental market, which has a shorter replacement cycle, is also growing at a high pace, creating good opportunities in the aftermarket. The world's largest RV trade show in Düsseldorf in August once again drew a record high number of visitors, about 30 percent of whom were first time visitors. The European RV markets lag a few years behind the US market in terms of recovery from the financial crisis and the level of new registrations is below the previous peek in 2016.

CPV OEM

The CPV OEM business in EMEA grew by 27 percent, driven by continued high volumes in the commercial vehicle segment and increased penetration. Heavy truck registrations in Europe surged by 11 percent in 2016, reaching their highest level since the previous peak in 2008 and levels remained steady in 2017. However, increased penetration of Dometic's products in the existing fleet of vehicles is the key factor for growth. The truck driver shortage has created demand for products that improve driver comfort and safety, and Dometic is working closely with manufacturers to develop products that meet high demands for both functionality and quality. Customers in the passenger vehicle market are primarily high-end manufacturers looking to offer the ultimate experience to end customers. Demand for center-console cooling solutions increased during the year and Dometic has strong relationships with premium manufacturers in Europe.

Marine OEM

The solid growth shown in the general market, along with positive indicators of a sustained upturn, have contributed to a successful 2017 where Dometic maintained and consolidated its leading position with OEMs. A significant

* Operating profit (EBIT) before I.A.C.

KEY FIGURES[1]	2015	2016	2017
Net sales, SEK m	4,479	5,093	5,962
Net sales growth, %	13	14	17
Organic growth, %	9	13	10
EBIT margin, %[2]	8.9	10.5	10.4

[1] Excluding Medical
[2] EBIT margin before I.A.C

amount of product innovations and an increase in new boat models maintained the favorable momentum and high levels of customer enthusiasm. In addition, the recovery among British boat builders combined with the positive currency impact are further boosting exports of vessels produced in EMEA. Trade shows around the region promoted a positive sentiment in the EMEA marine market during the year. The acquisition of Oceanair broadened Dometic's offering and was successfully integrated during the year. Oceanair is a UK-based market-leading manufacturer of marine blinds, screens and soft furnishings primarily for the Leisure Marine and Super Yacht segments.

Aftermarket

The important aftermarket grew by 10 percent during the year. Growth was especially high during the first half of the year, while bad weather during the summer had a slightly negative impact. CPV was boosted by customized projects, as well as continued success with the RTX air conditioner for trucks. The lodging business continued to grow as a result of continued investments from hoteliers in new construction and renovations across EMEA. IPV was acquired during the year to further reinforce the strong position in mobile cooling. Demand for smarter products in the area of mobile cooling remains strong.

CASE | DOMETIC CAM 360 BIRDVIEW
RV AND AFTERMARKET

Advanced driving support systems not only make the work day easier for professional drivers. They also give motorhome and caravan enthusiasts an undiminished vacation experience, because they eliminate a major stress factor – the stress associated with maneuvering a bulky vehicle on difficult terrain. With the CAM 360 BirdView even the trickiest parking maneuver becomes easy. Four 180° wide-angle cameras – installed at the front, the rear, the left and right-hand side of the vehicle – watch from a bird's eye perspective everything that might get in the way while maneuvering.

The smart electronics system then brings all the data together and provides exactly the view that is currently required for maneuvering: front, sides, rear or the complete 360° all-around view. Using the remote control supplied with each system, the driver can select the required view at the touch of a button – or switch between the individual views.

The CAM 360 BirdView system is suitable for vehicles up to ten meters long and up to 3.5 meters tall.

CASE | MWO 24
TRUCKS AND AFTERMARKET

Truck microwave oven with integrated 24 V power supply

Built for the road, with ruggedness and convenient features to make truckers' lives a little easier: the Dometic MWO 24 microwave oven has three cooking levels and a defrosting function – no more and no less than required in a truck kitchen. It is easy to use and just as easy to clean, because it has a firmly integrated ceramic plate instead of the usual turntable. Installation is a simple task, too. The MWO 24 comes with an integrated 24-volt supply, so there's no need for an extra inverter. Its housing has a truck-specific shape that fits snugly into many storage compartments. The fixing base gives a firm hold.

APAC

Organic sales growth

+12%

Net sales, SEK m

1,753

Number of employees

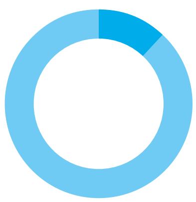
3,857

STRONG GROWTH DRIVEN BY INCREASED MARKET SHARE AND NEW PRODUCTS

"The leading position in Australia creates opportunity to drive market growth and product innovation. Outside the Pacific region there is a long-term potential in the emerging Asian markets."

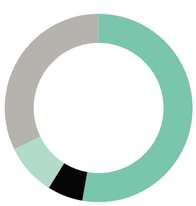
Chialing Hsueh – President of APAC

Region as a proportion of net sales



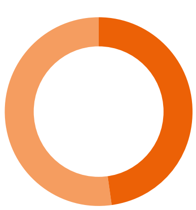
- APAC, 12%
- Rest of Group, 88%

By business area



- RV, 53%
- Marine, 6%
- CPV, 9%
- Other, 32%

By channel



- OEM, 48%
- Aftermarket, 52%

APAC reported a strong trend in 2017, with double-digit growth in both OEM and Aftermarket. Total sales increased by 13 percent, of which 12 percent was organic growth. EBIT increased by 8 percent*. Dometic continues to perform well on the important Australian market, driven by further strengthened market positions and successful launches of new products. New markets such as China and Japan showed good growth. The focus on operational efficiencies and manufacturing continued across the region.

Australia remains a key market in the region, accounting for 73 percent of sales in APAC. Despite somewhat weak demand in the general Australian RV market, Dometic continues to strengthen its position and see high demand for new innovations. Occupying the leading positions in all main product segments in Australia creates a unique opportunity to be the driving force behind product innovation and market development. The RV and retail businesses remain important growth drivers. Dometic is gradually expanding its presence in other markets. During the year China showed strong double-digit organic growth, driven by retail products sold through digital channels and CPV OEM. While interest in the RV industry remains low in China, there is potential for growth over time as more and more campgrounds are established with the necessary infrastructure evolving at a good pace. The increase in e-commerce creates opportunities in the retail business in China.

A key focus during the year has entailed gathering local brands under the Dometic brand name as part of the global rebranding strategy. The process of migrating to the Dometic brand is progressing according to plan and will provide increased brand awareness, harmonized offerings and operational efficiency.

The APAC region continued to show high profitability, with an EBIT margin of 20.4 percent*. The OEM business remains robust in most areas. The aftermarket business remained strong, benefitting from good sales of recently launched retail products in mobile cooling.

RV OEM

Sales in the RV OEM business remained solid during the year. Underlying demand in the Australian market remained relatively unchanged compared with the previous year, following a few years of good demand. Dometic outperformed the market in all product categories and continued to improve its leading position. Demand was high for recently launched air conditioning products, as well as for heaters, awnings and windows. End customers continue to appreciate high-quality products, innovative features and added value. Although the RV market in Japan continues to grow and interest in outdoor living is becoming increasingly popular, Dometic is capturing market shares through strong relationships with leading manufacturers, with a particularly strong performance in windows and doors. Sales to the top three RV customers in the market resulted in a significant gain in market share.

CPV OEM

The CPV OEM business in APAC focuses primarily on the Chinese luxury car industry, with products such as inverters, thermoelectric cup holders, and compressor-driven car coolers. The CPV OEM business surged in China during the year, mainly due to high demand for invert-

* Operating profit (EBIT) before I.A.C.

KEY FIGURES	2015	2016	2017
Net sales, SEK m	1,400	1,546	1,753
Net sales growth, %	24	10	13
Organic growth, %	6	9	12
EBIT margin, %[1)]	23.9	21.4	20.4

[1)] EBIT before I.A.C

ers in the automotive industry. Dometic sees good potential for future growth in China and will continue to strive for increased penetration and strong relationships with key customers.

Marine OEM

Australia, Taiwan and China are the key marine markets in APAC. Growth was mainly driven by new air conditioning and sanitation products in Australia, while China and Taiwan showed a solid performance with good profitability. Expansion efforts in the workboat segment are showing good results, with secured contracts and promising indications in this market. Hurricane Irma in Florida had a slightly negative impact on business during the third quarter due to delayed shipments to APAC.

Aftermarket

Similar to the RV OEM industry, the general Australian aftermarket showed moderate growth. However, Dometic continued to perform well in 2017. The company holds a strong market position in Australia, and continued to consolidate its position among large retailers during the year. Sales were boosted by good demand for products in mobile cooling, such as CFX 75 and the CFX WiFi version. The retail offer will continue to expand with products featuring smart user-friendly applications. Demand for mobile cooling products is also showing good growth in the Korean retail market. A portable insulin box and cold chain products were successfully launched in China during the second half of the year.

CASE | COOL-ICE
RV, MARINE AND AFTERMARKET

Dometic Cool-Ice Box
The Cool-Ice (CI) range of versatile ice boxes from Dometic provides ice boxes that are smart, reliable and have an outstanding design. The range is especially developed for people who love the mobile lifestyle such as fishermen, 4x4 users, hunters and overlanders. The new range provides comfort while traveling thanks to the smart integrated accessory slot system providing versatile use of accessories. The range of accessories includes a drink holder, rod holder and bottle opener which all can be easily clipped into the accessory bracket and maximize functionality for the user. The design also offers dividers, baskets, seat cushions and tie down kits, providing a superior experience for consumers.

CASE | RUA & RUC REFRIGERATORS
RV AND AFTERMARKET

The Dometic RUA & RUC refrigerators are available in both absorption and compressor variations and provide the reliable refrigeration performance that the RV market has come to expect from Dometic refrigerators. The T-rated cooling systems ensure excellent performance in both high and low ambient temperatures, making the RUA & RUC refrigerators an excellent choice for the demanding Australian climate.

The built-in circulation fans ensure that food and beverages are cooled quickly and provide an even distribution of air, eliminating hot spots in the cabinet.

The stylish control panel is intuitive and easy to use; it allows users to select the interior compartment temperature, power source, and a variety of preset modes. Users can simply click and turn the selection wheel to navigate through the settings on the TFT color display.

It features a range of new innovations for the storage compartments. A full-width crisper with humidity control allows fruit and vegetables to be kept in the perfect environment at all times. The bottom shelf can be lowered at the back to securely store bottles and cans.

SUSTAINABILITY

To Dometic, sustainability means balancing the Group's environmental, economic and social impact throughout the value chain. Dometic is committed to increasing value creation by conducting business responsibly, while taking the perspectives of our various stakeholders into account.

OUR PROMISE

Dometic will use its market position and influence to drive sustainability improvements in the industry, share knowledge and cooperate with others to reduce the environmental impact of mobile living.

Dometic's ambitions

- **Deliver safe, reliable and energy efficient products for mobile living.** New models of Dometic products will offer higher energy efficiency, reparability and recycling
- **Improve environmental impact** through responsible use of raw materials, energy and water as well as lower emissions, improved waste management and phasing out harmful materials
- **Responsible sourcing and business** practices that secure human rights, along with acceptable labor practices and business ethics throughout the value chain
- **Safe, diverse and dynamic workplaces** where we work together to achieve our goals and to create value for our stakeholders and for society

For a description of Dometic's business model, please see page 11.
For a description of risks relating to sustainability, please see page 36.
For a description of Dometic Group, please see note 26 on page 99.

DOMETIC'S ROLE IN SOCIETY – MOBILE LIVING MADE EASY

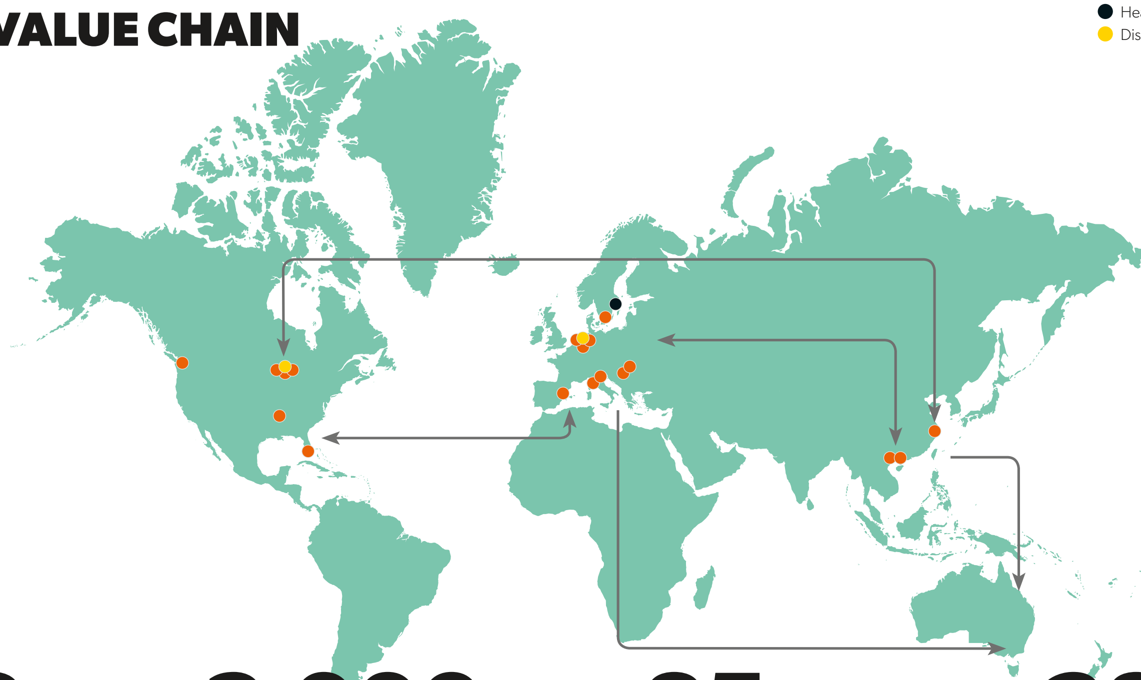
As a market leader in mobile living solutions, Dometic strives to take an active role in key sustainability issues in the industry. Millions of people around the world buy and use Dometic products: RV users, boat owners, truck drivers, campers, people who enjoy the outdoors. All are part of a growing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

The aim is to meet the growing demand for the mobile living lifestyle, while increasing resource efficiency and reducing our environmental and social footprint.

Examples of benefits from Dometic's 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



3
MAIN DISTRIBUTION CENTERS

3,000
SUPPLIERS IN 35 COUNTRIES

85%
OF DOMETIC'S PRODUCTS ARE PRODUCED IN HOUSE

28
MANUFACTURING AND ASSEMBLY SITES

Dometic's operational activities have been organized to achieve higher efficiency, with a level of vertical integration that is designed to improve costs 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 Group has a Global Purchasing Board with regional execution and 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

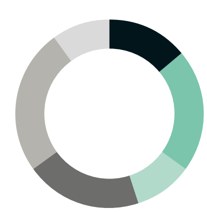
Dometic's current footprint balances customer proximity requirements with global cost benefits. The products are manufactured and assembled at 28 Dometic sites across China, North America and Europe. There is a high level of vertical integration in certain products, such as refrigerators for vehicle OEMs. For several other products, however, Dometic relies on suppliers for better economies of scale and specialty skills in component manufacturing and assembly. The manufacturing operations use resources including raw materials, components, chemicals, water and energy, and generate emissions as well as waste.

Logistics

Dometic has three main distribution centers for finished products – Emsdetten in Germany and Goshen and Litchfield in the US. Several local warehouses in key countries in each of the three regions enable fast local delivery. While the Group strives to optimize logistics through a local presence, transportation of goods across the world accounts for a significant amount of Dometic's greenhouse gas emissions.

Sourcing by region*

Raw material spend*



* Excluding SeaStar Solutions

SUSTAINABILITY FOCUS AREAS

In 2017, Dometic performed a strategic sustainability review based on macro trends, input from key stakeholders and our business strategy. The review highlighted four focus areas that we will address to further enhance value creation, reduce environmental impact and mitigate sustainability risks. Dometic has identified areas for improvement and activities for each focus area, which will be followed up regularly. For relevant sustainability aspects and risk management, please see page 36.

STAKEHOLDERS AND STAKEHOLDER DIALOGUE

Dometic gathers valuable input regarding focus and development areas, primarily from stakeholder dialogues, 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 dialogues on key issues have been structured and intensified in 2017.

Dometic sustainability focus areas – overview

FOCUS AREA	KEY ACTIVITIES 2017	KEY ACTIVITIES 2018–2020
1 PRODUCTS • Safe and reliable • Energy efficient • Life span and reparability	• 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	• Innovation and product design for next-generation products • Sustainability checkpoints integrated in project management methodology • Energy source flexibility for products (gas, solar) • Customer information
2 ENVIRONMENT • Responsible use of materials and energy • Reduce emissions and waste	• Reduced energy consumption and emissions in production • Increased recycling and reduction of waste • Business impact analysis workshops in all three regions • Implemented energy management systems in EMEA (ISO50001 or equivalent) • Water recycling system in the Zhuhai plant	• Further reduction of energy and emissions in production • Increased recycling and reduction of waste • Standardize business contingency planning • Phase out CMR chemicals • Evaluate opportunities to measure emissions in transportation/logistics throughout the value chain
3 ETHICS • Responsible sourcing and supply chain • Business practices	• Global Compact participation • Code of Conduct awareness program • Global implementation of new whistle-blowing system available in all languages • Established Risk Management Committee • Preparations for GDPR	• Strengthened sourcing organization, process and Code of Conduct follow up • Further strengthen awareness among employees and suppliers regarding Code of Conduct and anti-corruption
4 PEOPLE • Health & Safety • Equal opportunity and non-discrimination • Skills development	• Introduced Global Health & Safety Guideline with audit readiness in 2018 • Expanded eLearning opportunities • LEAN implementation in EMEA	• Activities to reduce workplace incident rate • Continued focus on diversity and equal opportunity • Continued performance management and skills development

1 PRODUCTS

Products are the backbone of Dometic. The Group delivers 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 the design, energy efficiency, reparability and recyclability of each product. In addition, sustainability checkpoints are used when developing new products.

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

Dometic aims 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 legislation. Currently, the products are subject to more than 100 specific regulations worldwide.

2 ENVIRONMENT

Reduced environmental impact is a key priority in order to achieve 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 throughout the life cycle of each product. 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, aluminium and copper. To minimize the use of resources, the ambition is to increase the use of recycled materials, along with enhanced reparability and recyclability in future product generations. Currently, the use of recycled materials in Dometic products is limited to recycled plastics on a very low scale. In addition, a certain percentage of recycled material is included in components made of cardboard and steel. Since 2016, Dometic has also implemented a ten-year spare parts guarantee with the aim of prolonging product life.

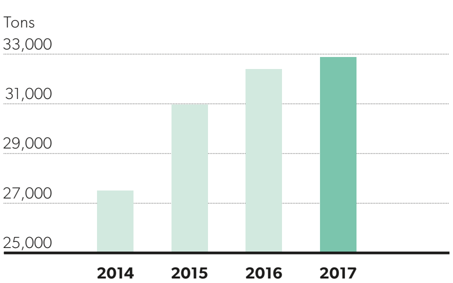
Energy consumption

Energy efficiency is one of the cornerstones and key challenges for Dometic. For years the Group has worked proactively with energy-saving programs aimed at reducing energy consumption at all facilities. Total energy use in 2017 was 76.1 GWh (74.9). Energy consumption in proportion to net sales improved to 5.4 percent (6.0), mainly driven by:

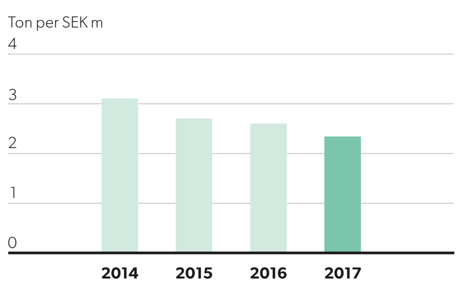
- Improved compressor technologies (i.e. compressed air)
- Installation of LED lighting systems
- Heat recovery
- Improved heating systems
- Implementation of energy management systems

Dometic expects to increase the percentage of energy from renewable sources over the next few years, in line with its aim to reduce CO_2 emissions.

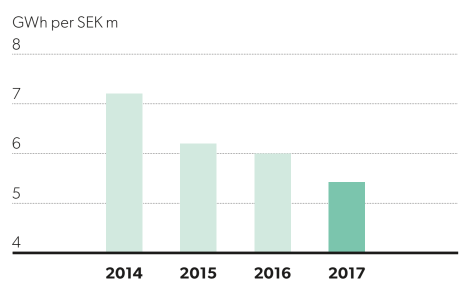
Group total CO_2 emissions



Group total CO_2 emissions in proportion to net sales



Group total energy consumption in proportion to net sales

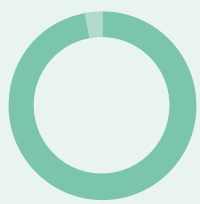


2 ENVIRONMENT CONT.

Chemicals
Dometic complies with applicable chemical legislation, including REACH and RoHs, with the aim of phasing out CMR chemicals. Key issues also include responsible end-of-life handling of cooling agents. Dometic has developed an end-of-life technology for emptying cooling units in absorption refrigerators. This technology is also used in Dometic's production units worldwide.

Waste
In 2017, total waste amounted to 7,019 (8,316) tons, of which 196 (350) were hazardous waste. In all, 62 (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.

Waste in tons 2017



- Non-hazardous waste, 6,823 tons (7,966)
- Hazardous waste, 196 tons (350)

Total water consumption

221,410m³

3 ETHICS

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

In 2017, a Code of Conduct awareness program for employees was launched globally, specifically tailored to Dometic's values and ethics, with hands-on examples from the workplace. By the end of 2017, the majority of the staff had received information concerning the Code of Conduct.

The Group's relationships 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.

As stated in the Code of Conduct, Dometic's policy strictly prohibits engaging in or facilitating any kind of corruption, including fraudulent actions, bribery, facilitation payments or money laundering.

Suppliers
Dometic has more than 3,000 suppliers in 35 countries. To ensure that they meet the standards for responsible and ethical business practices, the suppliers are required to comply with the principles of our Code of Conduct. The Group's procurement organisation monitors compliance with the Code of Conduct using self-assessments and supplier audits.

Anti-corruption
The Dometic Group shall not participate in or facilitate any kind of corruption, including fraudulent actions, bribery, facilitation payments or money laundering.

Whistleblowing
In 2017, Dometic implemented a new whistleblower system called the Dometic SpeakUp Line, available in all Dometic Group languages. It offers Dometic's employees an anonymous channel to report any business activities or behaviors that are potentially in breach of the Code of Conduct. Dometic's SpeakUp Line is managed by a third party vendor to ensure full privacy.

4

PEOPLE

Dometic is committed to ensuring that the workplaces are attractive. Key areas include creating diverse work environments and ensuring that the Group complies with our equal opportunity policy when hiring and when providing development opportunities to our employees to enable them to reach 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 of the corporate culture. It sets the standards for everything Dometic does and how the Group interacts with each other and external parties. Four core values provide direction for the leaders and employees: Passion for Products, Ownership, Responsibility and Teamwork. In practice, this is defined as the Dometic Way.

Gender distribution

In 2017, Dometic employed a total of 8,800 people, 35 percent of whom were women. The Group management team comprised 9 people, of which 3 were women (33.3 percent). Dometic continually works with gender distribution at all levels in the Group by enhancing our hiring processes and skills development opportunities. Out of a total of 546 Group managers, 22 percent are women.

Health and Safety

Another key area for Dometic is health and safety, from both a regulatory and a business perspective. The company works proactively to reduce the number of work-related incidents and increase control of the work environment, with the aim of boosting product quality and output.

To further emphasize the importance of health and safety, the theme was introduced as part of the Dometic Way in 2017. Consequently, all business reviews as well as daily start-up meetings on the shop floors start with a health and safety review. Dometic's Health & Safety Guidelines were introduced during the year at all legal entities to ensure a common standard across the Group, as well as adherence to local regulations. The guidelines were implemented in preparation for the 2018 health and safety audits.

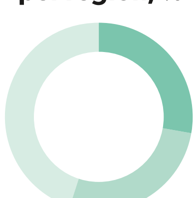
As part of the Health & Safety Guidelines, Dometic conducts a Job Safety Analysis (JSA) to identify hazards related to specific tasks in a proactive effort to reduce the risk of injury to workers and to prevent accidents. Workers receive training to carry out their jobs safely and ensure adequate technical safety, including the use of personal protective equipment. Health and safety processes are key components of our factory management systems. In 2017, 74 minor health and safety-related incidents were reported.

Dometic has introduced the Dometic Loss Prevention Guideline (DLPG) to reduce risk and maintain high standards for safety, quality and delivery. The DLPG is designed to guide the Group's production sites regarding appropriate safety and security levels. Based on DLPG, a risk-scoring model is used to ensure compliance with good industrial practices. In addition to local work, Dometic regularly conducts assessments together with a third party at all production sites to analyze potential risks. In 2017, Dometic assessed 15 operations sites across all three regions.

Skills development

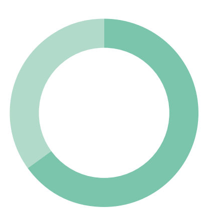
Knowledge is a key success factor for employees as well as business partners. A central learning management system hosts all training opportunities globally. This digital infrastructure contains eLearning sessions, tutorials and webinars available to all employees. In 2017, the system was also connected to an eBook library, where employees can download business-related books, as well as titles on stress reduction, language skills and IT software. In addition, Dometic supports its employees through practical skills training programs to gain new knowledge and build leadership skills. In total, more than 2,000 employees participated in over 300 training activities across all our markets in 2017.

No. of employees per region, %



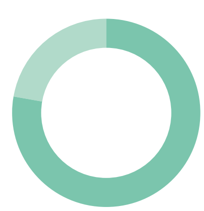
- Americas 28% (22)
- EMEA 27% (31)
- APAC 45% (47)

Gender, %



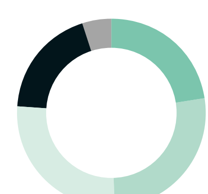
- Male 65% (63)
- Female 35% (37)

Manager gender, %



- Male 78%
- Female 22%

Age structure, %



- < 30 years, 23% (22)
- 30–40 years, 27% (28)
- 41–50 years, 27% (28)
- 51–60 years, 19% (17)
- > 60 years, 5% (5)

ORGANIZATION & GOVERNANCE

DOMETIC'S ORGANIZATION

BOARD OF DIRECTORS
Responsible for monitoring the Group's sustainability policies and work

CEO AND GROUP MANAGEMENT
Incorporating global sustainability initiatives into Dometic's business strategy, operations and overview of reporting and financial performance

SUSTAINABILITY TEAM
Manages the Group's sustainability work

BUSINESS FUNCTIONS
Execute and report on sustainability development activities, progress and key performance

Dometic´s **Board of Directors** has overall responsibility for monitoring the Group's sustainability policies and work.

The **CEO and Group Management** are incorporating global sustainability initiatives into Dometic's business strategy, operations and overview of reporting and financial performance.

Dometic's **Sustainability Team** manages the Group's sustainability work. The team consists of the CEO, CFO, Group HR and other key members of Group Management, as well as supporting specialists.

The Head of Group HR coordinates the work and ensures that sustainability is an integral aspect of core values, leadership training and internal communications.

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 dialogues and close monitoring of macro trends and drivers.

Business functions execute and report on sustainability development activities, progress and key performance.

GOVERNING POLICIES

- Code of Conduct
- Remuneration policy
- Finance policy (incl. Tax policy, Treasury policy and Credit policy)
- Information policy
- Insider policy
- Internal Audit policy
- Dividend policy
- IT and Infrastructure Services Security policy

CODE OF CONDUCT

The principles of Dometic's Code of Conduct are based on our shared values, international and national legislation, and international standards and agreements, including the UN Global Compact and OECD's guidelines for multinational companies. They serve as the foundation of Dometic's way of working.

Monitoring and reporting

The Dometic Group's legal and HR departments monitor compliance with the Code of Conduct in an ongoing process that the Dometic Group undertakes in light of applicable circumstances (i.e. sector, operating context, size and similar factors). Employees are encouraged to report any conduct that they believe, in good faith, to be in breach of applicable laws, regulations and/or the Code of Conduct, to their manager or via the whistleblower procedure called the Dometic SpeakUp line, which is run by a third party vendor to ensure privacy. This system enables employees to report potential cases in their native language via either a website or a toll-free phone call. Dometic expects managers to seriously address issues and work to ensure satisfactory resolution in compliance with applicable laws and/or the Code of Conduct.

Dometic's policies are available on Dometic's website www.dometic.com.

Key stakeholder dialogues

STAKEHOLDER GROUP	TYPE OF DIALOGUE	KEY TOPICS DISCUSSED
CAPITAL MARKETS		
• Shareholders • Investors • Analysts	• Individual meetings • Annual Shareholder Meeting • Investor requests and questionnaires	• General strategy/ focus areas • Code of Conduct implementation and follow-up • 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	• Management meetings • Intranet • Performance appraisal meetings • Interviews	• The Dometic Way and Code of Conduct • Health & Safety • Work Environment • Competence Development

Auditor's report on the statutory sustainability report
To the general meeting of the shareholders in Dometic Group AB, corporate identity number 556829-4390

Engagement and responsibility
It is the board of directors who is responsible for the statutory sustainability report for the year 2017 on pages 28–35 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit
Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and 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 opinion.

Opinion
A statutory sustainability report has been prepared.

Stockholm March 15, 2018
PricewaterhouseCoopers AB

Magnus Brändström
Authorized Public Accountant

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
Milan, 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
Hungen, Germany	Mobile cooling	*
Selsey, UK	Blinds and fabrics	*
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
Vancouver, British Columbia, Canada	Hydraulic & electronic steering	ISO 9001
Limerick, Pennsylvania, USA	Mechanical steering	ISO 9001
Sparta, Pennsylvania, USA	Fuel systems	ISO 9001
Stuart, Florida, USA	Digital integration boating systems	*
Manchester, Vermont, USA	Blinds and fabrics	*
APAC		
Shenzhen, China	Mobile cooling and power electronics, mainly for CPV	ISO 9001, 14001, TS16949, HSAS18001, 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 in any business, Dometic is exposed to a number of risks that could have a material impact on the Group. These risks impact Dometic's ability to achieve established Group targets, including financial targets, as well as targets in other areas outlined in Dometic's business strategy.

The main risks to which Dometic is exposed are classified below into four main categories, each of which has underlying risks. These risks can be both internal and external. Internal risk is mainly managed and controlled by Dometic, whereas the Group neither causes, nor can it control, external risk. However, the effects can be limited by effective risk management. The risks described are not the only risks Dometic faces. Additional risks and uncertainties not currently known, or currently deemed to be immaterial, could have a material adverse effect on the business, financial condition and results of operations.

In 2016, Dometic established a risk management process with an risk committee. The quarterly risk committee meetings are administrated by an appointed risk coordinator. The Chairman of the risk committee is the CFO. The risk committee consists of representatives from regional operations, product development and innovation, finance, HR, legal, quality and internal audit. The main tasks of the 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 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 conducts an annual risk assessment of the likelihood and impact of each defined risk and related risk activities. As part of this assessment, risk owners are listed in a risk register, and global and regional risk maps are drawn and used as a foundation for Dometic's control activities, especially internal control and internal audit plans.

RISK ANALYSIS
- Risk register
- Risk assessment
- Risk maps

Business and market risks

Operational risks

Compliance and regulatory risks

Financial risks

Sustainability risks

BUSINESS AND MARKET RISKS
- Product innovation risks
- Market/customer changes
- Competition and competitors
- Reputational risk
- M&A risks
- Economy fluctuations
- Weather fluctuations

OPERATIONAL RISKS
- 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

COMPLIANCE AND REGULATORY RISKS
- Non compliance with company policies
- Non compliance with regulatory requirements
- Disputes and litigation risks
- Infringements of intellectual property rights
- Reporting risks

FINANCIAL RISKS
- Currency risks
- Interest rate risks
- Financial credit risks
- Financing risks
- Tax risks

SUSTAINABILITY RISKS

BUSINESS AND MARKET RISKS

To attract and retain customers, Dometic must continue to invest in research and development, as well as in design and innovation. Failure to innovate and design new products, or to modify existing products, may damage Dometic's brands and could result in a decrease in net sales. Failure to successfully launch new products to the right customers and markets could also have a negative impact on the Group's growth, net 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, with an impact on operating profit. Demand could also increase or decrease as a result of changes in consumer demand and preference for certain products. Dometic's end customer products often consider owning and using the vehicle as a lifestyle choice, rather than just for limited vacation use.

Dometic operates in several niche markets with many different competitors, depending on the 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. Some of the competitors focus 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 successfully compete, the Group's share of industry sales, sales volumes and selling prices may be adversely affected, which in turn could have a material adverse effect on the business, financial condition and results of operations. Mergers and acquisitions can expose Dometic to risk 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 profit and the ability to maintain sales volume. A majority of the Group's sales are characterized by higher demand in the summer, particularly in the northern hemisphere, with a drop in sales during the winter holidays. Dometic's operations may be adversely affected by unseasonably cool weather, which has the effect of lower customer demand for the products and decreasing sales volumes.

Because Dometic purchases raw materials and builds up inventory prior to the peak selling season, expense levels are substantially based on future sales expectations. Insufficient inventory may result in inability to meet customer demand. Dramatic increases of raw material prices can also affect costs and earnings. Dometic's business primarily focuses on products that are considered to be discretionary items for consumers, especially vehicles into which the 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 the general economy because sales of leisure consumer products, such as RVs and leisure boats, depend on discretionary consumer spending.

OPERATIONAL RISKS

Despite its 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 products have a long order-to-delivery lead time, which limits the capacity to rapidly respond to changes in customer demand. Further, Dometic's ability to meet customer demand may be limited by supply constraints of key materials. Dependancy on key suppliers may also constitute an operational risk.

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 the recall is completed. Despite efforts to allow for a substantial provision for recalls, a recall would divert managerial and financial resources and could 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 brand 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 operating profit. In addition, warranty claims are not covered by the Group's product liability insurance. Moreover, certain product liability claims might not be covered by product liability insurance.

Dometic operates numerous production facilities across the globe. A failure at any of these facilities could disrupt production, which may result in delivery delays that cannot be absorbed by other facilities. Repeated or extended delays could also damage the reputation and thus lead to a loss of customers. As a manufacturing company, Dometic is susceptible to breaches in health and safety that could negatively affect its personnel and its ability to continue 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 Group's management and other key employees, or an inability to attract such management or other key employees, could impact the business. Strikes and other industrial action, as well as negotiations for new collective bargaining agreements could disrupt Dometic's operations or make it more costly to operate its facilities.

COMPLIANCE AND 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 applicable environmental laws and regulations, the technical requirements of which are becoming increasingly complex and stringent and therefore more difficult to achieve. 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 Group's business, financial condition or results of operations.

Dometic's policies, including the Code of Conduct, outline the responsibilities of both employees and employer. Noncompliance with Group policies might harm the business and have a negative impact on operating profit.

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 1,400 individual patents, utility models and design applications and/or granted registrations in countries all over the world. Management believes that it is the broad scope 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 to prevent their unauthorized use by third parties could materially adversely affect the Group's business. These protections may not be adequate to prevent competitors from copying or reverse engineering the products, or from developing and marketing products that are substantially equivalent or superior to the Group's own.

FINANCIAL RISKS

Dometic is exposed to financing risks due 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 risks. This is defined as the risk that changes in interest rates will impact the Group's earnings and cash flow.

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

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

Dometic verifies, at least annually, the value of goodwill and trademarks and other intangible assets 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 Group's business, financial condition and results of operations. Dometic has substantial tax loss carryforwards 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. Cancellation or restriction of the use of the Group's tax loss carryforwards 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 Dometic'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 2017, the share price increased by 25 percent (23.3). The closing price was SEK 83.55 (66.95) on the last business day of the year, corresponding to a market capitalization of SEK 24.7 billion (19.8). The highest price paid during 2017 was SEK 91.25 (70.15) and the lowest price paid was SEK 61.45 (48.21).

A total of 195.9 million shares were traded during the year, with a total value of SEK 14.1 billion, corresponding to an average daily trading volume of 717,587 million shares.

SHARE CAPITAL AND CAPITAL STRUCTURE

As of December 31, 2017, 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 of Directors' assess 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 considered, among other things, the Parent Company's and the Group's historical development, the budgeted development and the state of the market.

The Board of Directors proposes a dividend of SEK 2.05 (1.85) per share for 2017, equivalent to a total distribution of SEK 606.5 million. The proposed dividend corresponds to 40.6 percent of the net profit for the period. Based on the Dometic share price at the end of 2017, the dividend yield is 2.5 percent.

SHAREHOLDERS

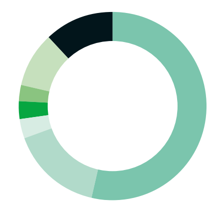
On December 31, 2017, Dometic had 11,915 shareholders according to the register kept by Euroclear Sweden AB. Swedbank Robur Funds was the largest shareholder, with 7.5 percent of the shares. Dometic's ten largest owners held shares corresponding to 40.9 percent of the shares. Institutional ownership amounted to 81.8 percent of the shares.

Of the total share capital, 48.5 percent was owned by Swedish institutions and mutual funds. 3.7 percent was held by Swedish private investors and the remaining 47.8 percent was held by foreign and non-disclosed owners. 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.

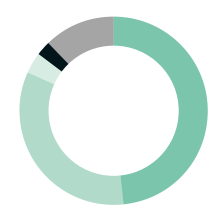
ANALYST COVERAGE

During 2017, analysts from Carnegie, Handelsbanken, Jefferies, Morgan Stanley, SEB Enskilda and Nordea 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 Funds	7.5	7.5
2 Carnegie Funds	5.8	5.8
3 Nordea Funds	5.1	5.1
4 Alecta Pension Insurance	4.8	4.8
5 Handelsbanken Funds	4.5	4.5
6 Columbia Threadneedle	3.4	3.4
7 SEB Funds	3.0	3.0
8 Vanguard	2.3	2.3
9 JP Morgan Asset Management	2.3	2.3
10 Lannebo Funds	2.2	2.2
Total top 10	40.9	40.9

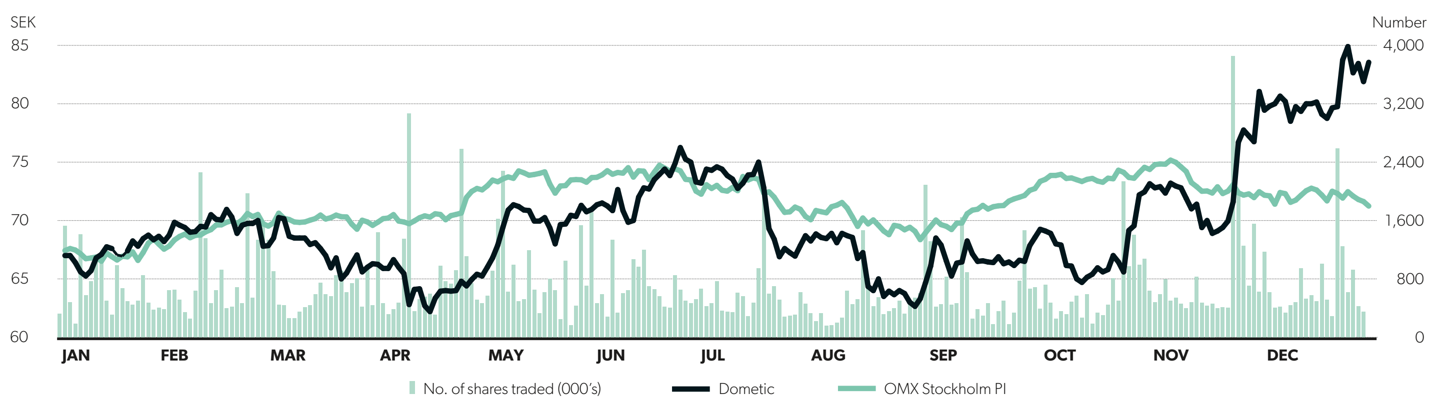
Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority as of December 31, 2017.

SHAREHOLDING BY SIZE

	No. of shares	Capital, %	Votes, %	Number of known owners	Part of known owners
1–100	171,017	0.06%	0.06%	4,009	33.65%
101–200	531,163	0.18%	0.18%	2,955	24.80%
201–300	246,804	0.08%	0.08%	924	7.75%
301–400	199,002	0.07%	0.07%	535	4.49%
401–500	287,012	0.10%	0.10%	592	4.97%
501–1,000	1,040,239	0.35%	0.35%	1,265	10.62%
1,001–2,000	1,094,784	0.37%	0.37%	696	5.84%
2,001–5,000	1,451,172	0.49%	0.49%	423	3.55%
5,001–10,000	1,272,386	0.43%	0.43%	167	1.40%
10,001–20,000	1,488,448	0.50%	0.50%	100	0.84%
20,001–50,000	2,134,313	0.72%	0.72%	66	0.55%
50,001–100,000	2,345,382	0.79%	0.79%	33	0.28%
100,001–500,000	18,878,935	6.38%	6.38%	77	0.65%
500,001–1,000,000	15,218,980	5.14%	5.14%	22	0.18%
1,000,001–5,000,000	79,475,796	26.87%	26.87%	38	0.32%
5,000,001–10,000,000	46,744,643	15.80%	15.80%	7	0.06%
10,000,001–15,000,000	37,617,192	12.72%	12.72%	3	0.03%
15,000,001–	54,456,883	18.41%	18.41%	3	0.03%
Anonymous ownership	31,179,182	10.54%	10.54%		
Total	295,833,333	100.00%	100.00%	11,915	100.00%

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, 2017.

SHARE PRICE DEVELOPMENT 2017



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 80 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 28 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, 2017.

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, Food & Beverage, Power & Control and Safety & Security. 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 28 manufacturing/assembly sites in 11 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 8,800 (6,500) persons worldwide, and has its headquarters in Stockholm, Sweden.

Significant events in the fiscal year

Changes in Group Management

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 July 18, 2017 it was announced that Juan Vargues was appointed as new President and CEO of Dometic, effective January 8, 2018. Juan Vargues succeeds Roger Johansson, who decided to leave Dometic after 5 years as President and CEO.

Class action complaint

The substantial majority of the plaintiffs' claims filed against Dometic Corporation in the Northern District of California in April 2016 (as amended in July 2016) was dismissed by the court with leave to amend in October, 2017. Thereafter, in October 2017, the plaintiffs filed a motion to transfer all the putative class actions to California in a multi-district litigation, and in November 2017, they filed an amended complaint. As a response to plaintiffs' motion to transfer, Dometic moved to transfer the said action to the Southern District of Florida and is awaiting a court ruling on this transfer motion.

The Varner class action complaint, filed against Dometic Corporation in the Southern District of Florida in June 2016, was dismissed by the court on July 27, 2017. The court granted summary judgment for Dometic on the grounds that the named plaintiffs had not establish any actual or imminent injury. The plaintiffs filed a motion for reconsideration of the decision, which the court denied on October 20, 2017. The time for appeal has since expired.

After the Florida court had issued its summary judgment order in Varner, the Varner attorneys filed another similar class action complaint in Florida (Zucconi) with different named plaintiffs. Zucconi was subsequently transferred to the Varner judge and consolidated with Varner. Shortly thereafter, on September 19, 2017, the same attorneys filed another similar class action complaint in California (Zimmer). Dometic moved to transfer the Zimmer case to Florida so that it could be consolidated with Varner/Zucconi. Given the pendency of the various transfer motions, which seek to consolidate all actions in one forum, the actions remain effectively stayed until a transfer decision is reached.

Dometic remains firm in its position that the allegations in the cases are without merit.

During 2017 the company had been negotiating with insurance the coverage for incurred and future defense costs related to the said actions, which resulted in an agreement pursuant to which insurance will reimburse the company for a certain portion of the said costs.

Acquisitions and divestments

On January 3, 2017, Dometic closed the acquisition of IPV, a Germany-based 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.

On February 7, 2017, Dometic announced the 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. The acquisition was closed on February 7, 2017. For the fiscal year 2015/2016, the company reported revenues of GBP 11.4 million. The initial purchase price amounts to GBP 14.0 million in cash with additional earn-out consideration of maximum GBP 2.5 million subject to the achievement of certain performance-related targets over the next 16 months. Oceanair has its main operations and manufacturing in the UK, with an additional manufacturing facility in the US.

On November 21, 2017, Dometic entered into an agreement to acquire SeaStar Solutions, a leading global provider of vessel control, fuel systems and system integration to the leisure marine industry. The cash purchase price amounts to USD 868 million. SeaStar Solutions is expected to report pro forma sales of USD 320 million and EBITDA of USD 85 million for 2017. The acquisition was closed on December 15, 2017. SeaStar Solutions is based in North America, operates 8 facilities and employs approximately 1,250 people.

Business, result and position at Dometic

2017 was characterized by continued organic revenue growth in all regions of the Group. During the year, the US RV market reached record high levels of more than 500,000 new registrations. The European RV market recovered and reports growth on most major markets.

Net sales

The net sales totaled SEK 14,044 m (12,388), an increase of 13%, of which 12% was organic growth, 0% currency translation and –1% M&A.

Americas, representing 45% of sales in 2017, reported net sales of SEK 6,329 m (5,749). This corresponds to a sales increase of 10% compared to 2016, of which 13% was organic, –1% currency translation and –2% M&A.

EMEA, representing 43% of sales in 2017, reported net sales of SEK 5,962 m (5,093). This corresponds to a sales increase of 17% compared to 2016, of which 10% was organic, 1% currency translation and 6% M&A.

APAC, representing 12% of sales in 2017, reported net sales of SEK 1,753 m (1,546). This corresponds to a sales increase of 13% compared to 2016, of which 12% was organic, 1% currency translation and 0% M&A.

Operating profit

Operating profit totaled SEK 1,907 m (1,573). Operating profit (EBIT) before items affecting comparability amounted to SEK 1,860 m (1,621), representing an 15% improvement and a margin of 13.2% (13.1). In comparable currencies the increase amounted to 15%. Operating profit includes a net effect of SEK 64 m relating to re-branding, US class action legal cases and acquisition-related costs.

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Items affecting comparability
Items affecting comparability totaled SEK 47 m (–48), of which SEK +166 m related to the consolidation of manufacturing in China, transaction costs for SeaStar Solutions of SEK –58 m, costs of SEK –61 m related to the EMEA profitability improvement program.

Research and development
Research and development costs amounted to SEK 309 m (294), or 2.2% (2.4) 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.

Financial items
Financial items amounted to a net of SEK –206 m (–118), including SEK –112 m in interest on external bank loans (–117) and SEK –16 m for revaluation of unrealized exchange result on cas h (1). Other foreign currency exchange revaluations and other items amounted to SEK –85 m (–7) and financial income to SEK 6 m (6).

Taxes
Taxes totaled SEK –206 m (–93), which corresponds to 12% (6%) of profit before tax. Current tax amounted to SEK –218 m (–158) and deferred tax to SEK +12 m (+65). Due to the new US tax reform (Tax Cuts & Jobs Act), signed on December 22, 2017, the corporate income tax rate in the US has decreased from 35% to 21%. This will have a limited effect on the tax rate for the Group. The US tax reform had a negative impact on the valuation of deferred tax assets related to Dometic Group by SEK –20 m (non-recurring), and a positive impact on the valuation of deferred tax liabilities related to identified surplus values in the purchase price allocation of SeaStar Solutions by SEK +298 m (non-recurring). Furthermore, the repatriation charge imposed by the US tax reform had a negative impact on current tax by SEK –51 m (non-recurring). The deferred tax income in 2016 is related to recognition of deferred tax on interest expense carryforwards (non-recurring).

Investments
Investments in tangible fixed assets for the period amounted to SEK 285 m (205) of which SEK 76 m (78) refers to machinery, equipment and tools and SEK 17 m (24) to buildings. Construction in progress and advance payments of SEK 192 m (103) are also included. Investments in intangible assets amounted to SEK 21 m (21). Total investments in intangible and tangible fixed assets amounted to SEK 306 m (225).

Cash flow from financing and financial position
Cash flow from financing, including paid interest, amounted to SEK 5,308 m (–572). The cash flow includes net changes in borrowing of SEK 6,072 m (–362), including related financing SEK 6,260 m of the acquisition of SeaStar Solutions. Paid interest/received interest net amounted to SEK –94 m (–94), and other financing activities to SEK –122 m (–42).

Interest-bearing liabilities, excluding pension provisions, amounted to SEK 10,544 m (4,782). The debts are expressed in EUR, USD and AUD.

Group cash and cash equivalents at the year-end amounted to SEK 1,159 m (1,599). In addition, the Group has unutilized loan facilities under the revolving credit facility of SEK 1,292 m (1,260), and unutilized local loan facilities of SEK 101 m (239). 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, 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 47% (63). Net debt/EBITDA amounted to 3.3x (1.7x).

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 91 m (64) and SEK 45 m (52), 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 2017, the Parent Company Dometic Group AB (publ), had an operating profit (loss) of SEK –3 m (–3), including administrative expenses of SEK –133 m (–130) and other operating income of SEK 130 m (127), of which the full amount relates to income from Group companies.

Loss from financial items amounted to SEK –28 m (–351), including interest income from Group companies of SEK 50 m (71) and interest expenses to Group companies of SEK – m (–). Net profit (loss) for the period amounted to SEK –186 m (–1). The loss for the peroid is due to timing issues related to the process of simplifying the legal structure in Sweden. The loss will be recovered in 2018.

The Parent Company has 0 (0) branch offices. In total, the Group has 4 (3) branch offices. For information on the number of employees, salaries and remuneration, see note 9. For information on shares in subsidiaries see note 26.

Other significant events
Authorization to repurchase shares in Dometic Group AB (publ)
The Board of Directors proposes that the annual shareholders' meeting authorizes to the Board of Directors to resolve to acquire shares in Dometic Group AB (publ), on one or several occasions until the next annual shareholders' meeting, equivalent to the previous mandate.

The purpose of the authorization to acquire shares in Dometic Group AB (publ) is to be able to adapt the Company's capital structure, thereby contributing to increased shareholder value.

Significant events after the reporting period
Juan Vargues, new president and CEO of Dometic, joined the company on January 8, 2018.

On January 9, it was announced that Liselotte Bergmark, Head of Group Human Resources is leaving Dometic for another assignment.

On February 23, Dometic announced that Anton Lundqvist was appointed new Chief Technology Officer. Anton Lundqvist joins the Group Management team to lead Dometic's new Innovation Organization, where global CTO and Product Development activities will be coordinated.

On February 27, it was announced that Bengt Thorsson, President of the EMEA region had decided to leave Dometic for another assignment outside the group. Bengt will continue to lead EMEA until his replacement has been appointed.

On March 5, Dometic announced that Silke Ernst was appointed new Head of Group HR. Silke Ernst will as of August 28 join Dometic from Mycronic where she most recently held the position as Senior VP Human Resources.

There have been no other significant events with effect on the financial reporting after the balance sheet date.

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 2018. 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 in 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 in any business, Dometic is exposed to a number of risks that could have a material impact on the Group. These risks impact Dometic's ability to achieve established Group targets, including financial targets, as well as targets in other areas outlined in Dometic's business strategy.

The main risks to which Dometic is exposed are classified below into four main categories, each of which has underlying risks. These risks can be both internal and external. Internal risk is mainly managed and controlled by Dometic, whereas the Group neither causes, nor can it control, external risk. However, the effects can be limited by effective risk management. The risks described are not the only risks Dometic faces. Additional risks and uncertainties not currently known, or currently deemed to be immaterial, could have a material adverse effect on the business, financial condition and results of operations.

In 2016, Dometic established a risk management process with an risk committee. The quarterly risk committee meetings are administrated by an appointed risk coordinator. The Chairman of the risk committee is the CFO. The risk committee consists of representatives from regional operations, product development and innovation, finance, HR, legal, quality and internal audit. The main tasks of the 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 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 conducts an annual risk assessment of the likelihood and impact of each defined risk and related risk activities. As part of this assessment, risk owners are listed in a risk register, and global and regional risk maps are drawn and used as a foundation for Dometic's control activities, especially internal control and internal audit plans.

Business and Market Risks

To attract and retain customers, Dometic must continue to invest in research and development, as well as in design and innovation. Failure to innovate and design new products, or to modify existing products, may damage Dometic's brands and could result in a decrease in net sales. Failure to successfully launch new products to the right customers and markets could also have a negative impact on the Group's growth, net 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, with an impact on operating profit. Demand could also increase or decrease as a result of changes in consumer demand and preference for certain products. Dometic's end customer products often consider owning and using the vehicle as a lifestyle choice, rather than just for limited vacation use.

Dometic operates in several niche markets with many different competitors, depending on the 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. Some of the competitors focus 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 successfully compete, the Group's share of industry sales, sales volumes and selling prices may be adversely affected, which in turn could have a material adverse effect on the business, financial condition and results of operations. Mergers and acquisitions can expose Dometic to risk 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 profit and the ability to maintain sales volume. A majority of the Group's sales are characterized by higher demand in the summer, particularly in the northern hemisphere, with a drop in sales during the winter holidays. Dometic's operations may be adversely affected by unseasonably cool weather, which has the effect of lower customer demand for the products and decreasing sales volumes.

Because Dometic purchases raw materials and builds up inventory prior to the peak selling season, expense levels are substantially based on future sales expectations. Insufficient inventory may result in inability to meet customer demand. Dramatic increases of raw material prices can also affect costs and earnings. Dometic's business primarily focuses on products that are considered to be discretionary items for consumers, especially vehicles into which the 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 the general economy because sales of leisure consumer products, such as RVs and leisure boats, depend on discretionary consumer spending.

Operational Risks

Despite its 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 products have a long order-to-delivery lead time, which limits the capacity to rapidly respond to changes in customer demand. Further, Dometic's ability to meet customer demand may be limited by supply constraints of key materials. Dependancy on key suppliers may also constitute an operational risk.

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 the recall is completed. Despite efforts to allow for a substantial provision for recalls, a recall would divert managerial and financial resources and could 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 brand 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 operating profit. In addition, warranty claims are not covered by the Group's product liability insurance. Moreover, certain product liability claims might not be covered by product liability insurance.

Dometic operates numerous production facilities across the globe. A failure at any of these facilities could disrupt production, which may result in delivery delays that cannot be absorbed by other facilities. Repeated or extended delays could also damage the reputation and thus lead to a loss of customers. As a manufacturing company, Dometic is susceptible to breaches in health and safety that could negatively affect its personnel and its ability to continue 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 Group's management and other key employees, or an inability to attract such management or other key employees, could impact the business. Strikes and other industrial action, as well as negotiations for new collective bargaining agreements could disrupt Dometic's operations or make it more costly to operate its facilities.

Compliance and 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 applicable environmental laws and regulations, the technical requirements of which are becoming increasingly complex and stringent and therefore more difficult to achieve. 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 Group's business, financial condition or results of operations.

Dometic's policies, including the Code of Conduct, outline the responsibilities of both employees and employer. Noncompliance with Group policies might harm the business and have a negative impact on operating profit.

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 1,400 individual patents, utility models and design applications and/or granted registrations in countries all over the world. Management believes that it is the broad scope 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 to prevent their unauthorized use by third parties could materially adversely affect the Group's business.

These protections may not be adequate to prevent competitors from copying or reverse engineering the products, or from developing and marketing products that are substantially equivalent or superior to the Group's own.

Financial Risks

Dometic is exposed to financing risks due 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 risks. This is defined as the risk that changes in interest rates will impact the Group's earnings and cash flow.

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

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

Dometic verifies, at least annually, the value of goodwill and trademarks and other intangible assets 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 Group's business, financial condition and results of operations. Dometic has substantial tax loss carryforwards 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. Cancellation or restriction of the use of the Group's tax loss carryforwards 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 Dometic's business, financial condition and results of operations.

Employees and remuneration

Number of employees

The average number of employees was 8,769 (6,503).

The Board of Directors' Proposal regarding Guidelines for Remuneration for the CEO and the Group Management

The Board of Directors of Dometic Group AB (publ) ("Dometic Group") will propose that the 2018 annual shareholders' meeting resolve to adopt the following guidelines for remuneration for the CEO and the Dometic Group management (the "Group Management") for the period until the 2019 annual shareholders' meeting.[1] The proposed guidelines for remuneration for 2018 correspond to the guidelines for remuneration approved by the 2017 annual shareholders' meeting.

Total remuneration

The total 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 the total remuneration. The base salary shall be market relevant and reflect the degree of responsibility involved in the position. The base 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 to variable salary that is based on short-term annual predetermined and measurable 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 other members of the Group Management be within the interval 30–50% of the base salary, according to individual agreements.

Long-term incentive programs

In addition to base salary and variable salary, long-term incentive programs may be implemented. Such programs 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 or share price 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 be in line with market practice 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 shall have 6 months' notice period when notice is given by the employee. If the notice is given by the company 6–12

[1] The principles for remuneration set out in these guidelines shall apply to arrangements entered into following the adoption of the guidelines for remuneration by the annual shareholders' meeting, as well as to any changes made in existing agreements following the adoption of the guidelines for remuneration.

months' notice shall be applied. The CEO shall have 6 months' notice by the company, with up to 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 guidelines for remuneration

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

As regards the guidelines for remuneration adopted by the 2017 annual shareholders' meeting, the board of directors has excercised its mandate given by the 2017 annual shareholders' meeting to deviate from the guidelines for remuneration in connection with the recruitment of the new CEO. The pension of the new CEO has been agreed to 35% of the base salary instead of 30% that is the maximum level in the guidelines for remuneration adopted by the 2017 annual shareholders' meeting. The notice period to be given by the company to the new CEO, in case of termination of the employment, has been agreed to 12 months instead of 6 months. The new CEO will also be compensated for parts of lost compensation from the previous employer up to a maximum of SEK 15 million.

Sustainability and environmental impact

Sustainability

For more information on Dometic Group and sustainability, read the full sustainability report on page 28–35 in the Annual Report 2017. For a description of subsidiaries in Dometic Group, see note 26 p 99.

Environmental impact

Dometic undertakes production at some 28 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 refrigerators, air conditioning systems, windows, doors, steering systems and other equipment and appliances in the areas of RV, Marine, CPV, Retail and Lodging.

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.

Shareholders

On December 31, 2017, the number of shareholders amounted to 11,915 according to the share register kept by Euroclear Sweden AB. Of the total share capital, 48.5% was owned by Swedish institutions and mutual funds. 3.7% was held by Swedish private investors and the remaining 47.8% was held by foreign and non-disclosed owners. Swedbank Robur Fonder is the largest shareholder, holding 7.5% of the share capital and 7.5% of the voting rights. Carnegie Fonder is the second largest owner, holding 5.8% of the share capital and 5.8% of the voting rights. The ten largest shareholders accounted for approximately 40.9% of the share capital and 40.9% 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	11,030,723
Profit (loss) for the year	–186,282
Total	10,844,441

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

A dividend to the shareholders of SEK 2.05 per share, totaling	606,458
To be carried forward	10,237,983
Total	10,844,441

CORPORATE GOVERNANCE REPORT

Dometic is a global market leader in branded solutions for mobile living in the areas of Climate, Hygiene & Sanitation, Food & Beverage, Power & Control and Safety & Security. Dometic operates in the Americas, EMEA and Asia Pacific, providing products for use in recreational vehicles, pleasure boats, work boats, 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 motivation is to create smart and reliable products with outstanding design. Dometic operates 28 manufacturing and assembly sites in 11 countries, sells products in approximately 100 countries and manufactures approximately 85 percent of the products sold in-house. Dometic has a global distribution and dealer network in place to serve the aftermarket. In 2017, Dometic had net sales of SEK 14.0 billion and approximately 8,800 employees worldwide.

The parent company of the Dometic group of companies (the "Group") is Dometic Group AB (publ) ("**Dometic**" or the "**Company**"), registered under number 556829-4390 with the Swedish Companies Registration Office. The registered office of the Board of Directors of Dometic (the "Board") is in Solna, Sweden. The address of the Group headquarters is Hemvärnsgatan 15, SE-171 54 Solna, Sweden.

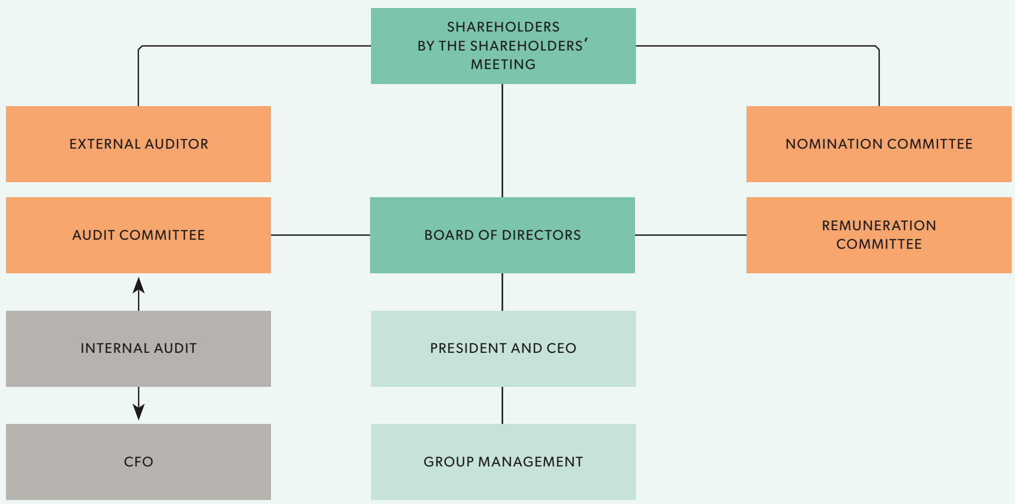
Dometic is a public Swedish limited liability company. The Company's shares are listed on the Nasdaq Stockholm Large Cap List.

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.

The governance of Dometic is based on the Swedish Companies Act, the Swedish Annual Accounts Act, the Rule Book for Issuers at Nasdaq Stockholm and the Swedish Corporate Governance Code (the "Code") and other applicable Swedish and foreign laws, rules and regulations as well as internal governance documents, jointly named Dometic's governing documents. The Code is published on the website of the Swedish Corporate Governance Board, which administrates the Code: www.corporategovernanceboard.se. Dometic's formal governance structure is presented below.

This corporate governance report has been drawn up as a part of Dometic's application of the Code. Dometic does not report any deviations from the Code in 2017. There has been no infringement by Dometic of the applicable stock exchange rules and no breach of good practice on the securities market reported by the disciplinary committee of Nasdaq Stockholm or the Swedish Securities Council in 2017.

Dometic's corporate governance structure



Major external laws, rules and regulations	Major internal regulations (incl. governing policies)
• Swedish Companies Act. • Swedish Annual Accounts Act. • Rule Book for Issuers at Nasdaq Stockholm. • Swedish Corporate Governance Code.	• Articles of Association. • Rules of procedure for the Board of Directors. • Instructions for the CEO. • Instructions for the Remuneration and Audit Committees. • Instructions for the reporting of financial situation of Dometic Group AB (publ) and the Dometic Group. • Finance policy (incl. Tax policy, Treasury policy and Credit policy). • Information policy. • Insider policy. • Internal Audit policy. • Dividend policy. • IT and Infrastructure Services Security policy. • Processes for internal control and risk management. • Remuneration policy. • Code of Conduct.

Highlights 2017

- Re-election of Fredrik Cappelen as the Chairman of the Board and election of Heléne Vibbleus, Jacqueline Hoogerbrugge and Peter Sjölander as new Board members.
- CEO shift. Roger Johansson, President and CEO, decided in joint understanding with the Board to leave his assignment. Juan Vargues, Head of Entrance Systems at ASSA ABLOY, was appointed as new President and CEO of Dometic as from January 8, 2018.
- Introduction and implementation of a performance-based, long-term incentive program from 2017 for selected senior managers and key specialists in form of a three year rolling cash-based plan.
- Closing of the acquisition of IPV, a Germany-based provider of coolers and other outdoor products. The acquisition strengthens Dometic's position in the EMEA market for mobile coolers. The acquisition was closed on January 3, 2017.
- 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. The acquisition strengthens Dometic's presence in the marine market and broadens the product portfolio. The acquisition was closed on February 7, 2017.
- Acquisition of SeaStar Solutions, a leading North American-based provider of vessel control systems and aftermarket products to the leisure marine industry. The acquisition strengthens and expands Dometic's position as a global supplier to the marine industry through new product areas and a broader distribution network and market presence. The acquisition was closed on December 15, 2017.

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. At the annual shareholders' meeting, shareholders have the opportunity to ask questions about the Company and its results for the past year. The annual shareholders' meeting of Dometic is held in Stockholm, Sweden, usually in April or May.

The annual shareholders' meeting resolves upon:
- The adoption of statutory financial statements.
- Disposition of the Company's result and dividend.
- Discharge from liability of the Board members and the CEO.
- Principles for the appointment and work of the Nomination Committee.
- Guidelines for remuneration for the CEO and the Group management, and, if applicable, adoption of long-term incentive programs.
- Election of Board members, Chairman of the Board and external auditor.
- Remuneration to Board members and external auditor.
- Other important matters, such as repurchase and transfer of the Company's shares, issuance of new shares, amendments to the Articles of Association, if applicable.

Extraordinary shareholders' meetings may be held at the discretion of the Board or, if requested, by the external auditor or by shareholders owning at least 10% of all shares in the Company.

Participation in decision-making requires the shareholder's presence at the meeting, either personally or through a proxy. In addition, the shareholder shall be registered in the share register by a stipulated date prior to the meeting and shall provide notice of participation in the manner prescribed in the notice convening the meeting. According to the Company's Articles of Association, meetings are convened by publication of the convening notice in the Swedish National Gazette (Sw. Post- och Inrikes Tidningar) and on the Group's website. At the time of the notice convening the meeting, information regarding the notice is published in the Swedish daily newspaper Svenska Dagbladet. The Articles of Association of Dometic are available on the Group's website, www.dometic.com.

Individual shareholders may request that the Board includes a specific issue in the agenda of a shareholders' meeting. The address and the last date for making such a request for the respective meeting shall be published on the Group's website.

Decisions at the meeting are usually taken on the basis of a simple majority. However, as regards certain issues, the Swedish Companies Act stipulates that proposals must be approved by shareholders representing a larger number of the votes cast and the shares represented at the meeting. The minutes recorded at the meeting shall be published on the Group's website not later than two weeks following the meeting. A press release containing the decisions made by the shareholders' meeting shall be published on the Group's website immediately after the meeting.

All shares in the Company carry equal voting rights, namely one vote per share.

The Articles of Association do not have any specific provisions regarding the appointment and dismissal of directors or about amending the Articles.

Annual Shareholder's Meeting 2017

The 2017 annual shareholders' meeting was held at Meeting Room in Stockholm, Sweden, on April 7, 2017. 215 shareholders representing a total of 53.7% of the votes were represented at the meeting. The CEO's speech was recorded and is available on the Group's website together with the minutes.

Decisions at the 2017 annual shareholders' meeting included:

- Adoption of statutory financial statements.
- Discharge from liability of the Board members and the CEO.
- Approval of the dividend payment of SEK 1.85 per share for fiscal year 2016. The record date for the dividend was set for April 11, 2017. The dividend was paid out to shareholders on April 18, 2017.
- Election of Heléne Vibbleus, Jacqueline Hoogerbrugge and Peter Sjölander as new Board members and re-election of the Board members: Fredrik Cappelen, Rainer Schmückle, Magnus Yngen and Erik Olsson.
- Re-election of Fredrik Cappelen as the Chairman of the Board.
- Re-election of the audit firm PricewaterhouseCoopers as external auditor, with Magnus Brändström as the auditor in charge.
- Approval of remuneration to the Board members and the external auditor.
- Approval of the guidelines for renumeration for the CEO and the Group management.
- Introduction and implementation of a performance-based, long-term incentive program from 2017 for selected senior managers and key specialists in form of a three year rolling cash-based plan.
- Authorization for the Board to acquire shares.
- Adoption of the principles for the appointment and work of the Nomination Committee.

Annual Shareholders' Meeting 2018

The 2018 annual shareholders' meeting of Dometic will be held on Tuesday, April 10, 2018, at Meeting Room, Alströmergatan 20, 112 47, Stockholm, Sweden. For additional information regarding the next annual shareholders' meeting and how to register attendance, see the Group's website, www.dometic.com.

Nomination Committee

The 2017 annual shareholders' meeting resolved to adopt the following principles for the appointment of the Nomination Committee for the 2018 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 the 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 composition of the Nomination Committee for the annual shareholders' meeting is publicly announced on the Company's website no later than six months before the annual shareholders' meeting.

The Nomination Committee's tasks include preparing a proposal for the next annual shareholders' meeting regarding:

- Chairman of the annual shareholders' meeting.
- Board members.
- Chairman of the Board.
- Remuneration to Board members.
- Remuneration for committee work.
- Amendments of the principles for the appointment of the Nomination Committee, if deemed necessary.
- External auditor and external auditor's fee.

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 are publicly announced not later than on the date of notification of the annual shareholders' meeting. Shareholders wishing to submit proposals to the Nomination Committee should send a letter to Nomination Committee, Dometic Group AB (publ), Hemvärnsgatan 15, 6th floor, SE-171 54 Solna, Sweden.

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

Further information regarding the Nomination Committee and its work can be found on the Group's website; www.dometic.com.

Nomination Committee for the 2017 Annual Shareholders' Meeting

The Nomination Committee for the 2017 annual shareholders' meeting was comprised of four members. Simon Blecher of Carnegie funds led the Nomination Committee's work.

For the proposal for the 2017 annual shareholders' meeting, the Nomination Committee made an assessment of the composition and size of the then current Board as well as the Group's operations. Areas of particular interest were Dometic's strategies and goals and the demands on the Board that were expected from the Group's positioning for the future. The Nomination Committee also considered that a breadth and variety as regards age, nationality, gender, educational background, experience, competence and term of office were represented among the Board members.

The Nomination Committee proposed Heléne Vibbleus, Jacqueline Hoogerbrugge and Peter Sjölander as new Board members, the re-election of the Board members: Fredrik Cappelen, Rainer Schmückle, Magnus Yngen and Erik Olsson and the re-election of Fredrik Cappelen as the Chairman of the Board. After the election at the 2017 annual shareholders' meeting, two out of seven Board members are women.

Nomination Committee for the 2018 Annual Shareholders' Meeting
The Nomination Committee for the 2018 annual shareholders' meeting is based on the Company ownership structure as of September 30, 2017. The composition of the Nomination Committee was announced on the Group's website on October 10, 2017, i.e. six months prior to the 2018 annual shareholders' meeting, in accordance with the Code's announcement requirement.

The Nomination Committee's members are: Joachim Spetz (Swedbank Robur funds), Simon Blecher (Carnegie funds), Christian Brunlid (Handelsbanken funds) and Fredrik Cappelen, Chairman of the Board. Joachim Spetz is the Chairman of the Nomination Committee.

Nomination Committee

Name	Appointed by	Percentage of votes, September 30, 2017
Joachim Spetz	Swedbank Robur funds	8.1
Simon Blecher	Carnegie funds	7.1
Christian Brunlid	Handelsbanken funds	4.9
Fredrik Cappelen	Chairman of the Board of Dometic	0.31

The Board of Directors
The Board has the overall responsibility for the Company's organization and administration by continuously monitoring the operations, ensuring an appropriate organization, management, internal regulations and internal control. The Board establishes strategies and goals and makes decisions concerning major investments and operational changes. The Chairman has a leading role and is responsible for ensuring that the Board's work is well organized and performed efficiently.

Composition of the Board
The Board is comprised of seven members without deputies, who are elected by the annual shareholders' meeting. The annual shareholders' meeting elects the Chairman of the Board. Directly after the annual shareholders' meeting, the Board holds a meeting for formal constitution at which the members of the committees of the Board are elected. The Chairman of the Board is Fredrik Cappelen.

Two of the seven Board members are not Swedish citizens. All members of the Board are non-executive members.

For additional information regarding the Board members, see page 55 and the table on page 56–57. The information is updated regularly at the Group's website, www.dometic.com.

Diversity Policy
The Nomination Committee shall apply the Swedish Corporate Governance Code article 4.1 as its diversity policy in respect of the Board. The goal of the policy is for the Board to have a composition appropriate to the Company's operations, phase of development and other relevant circumstances. The Board members elected by the shareholders' meeting are collectively to exhibit diversity and breadth of qualifications, experience and background. The Company shall strive for gender balance on the Board.

As set out in the Nomination Committee's proposal on election of the Board members for the 2017 annual shareholders' meeting, the Nomination Committee applied article 4.1 of the Swedish Corporate Governance Code as diversity policy in its nomination process. The 2017 annual shareholders' meeting resolved to appoint the Board members in accordance with the Nomination Committee's proposal. After the election at the 2017 annual shareholders' meeting, two out of seven Board members are women (28.5 % women).

The above mentioned assessment and application of the diversity policy has also been made in respect of the Nomination Committee's preparation of the proposals for the 2018 annual shareholders' meeting. While the Nomination Committee has explicitly stated that diversity and equal gender balance is a prioritized matter, the Nomination Committee has not proposed any changes to the composition of the Board, considering that three out of seven Board members have served on the Board for less than one year. According to the Nomination Committee's proposal all seven Board members should be re-appointed, of which two are women and five are men.

Independence
The Board is considered to be in compliance with relevant requirements for independence. The assessment of each Board member's independence is presented in the table on page 56–57. All Board members have been considered independent. Accordingly, the Company is in compliance with the Code's independence requirement.

The Board's Tasks
One of the main tasks of the Board is to manage the Group's operations in such a manner as to assure that the interests of the owners in terms of a long-term profitable growth and value creation are being met in the best possible manner. The Board's work is governed by the major external laws, rules and regulations and the major internal regulations that constitute the framework for corporate governance at Dometic.

The Board deals with and decides on the Group-related issues, such as:
- Main goals.
- Strategic orientation.
- Essential issues related to financing, investments, acquisitions and divestments.
- Follow-up and control of operations, communication and organization, including evaluation of the Group's operational management.
- Appointment of and, if necessary, dismissal of the CEO.
- Overall responsibility for establishing an effective system of internal control and risk management as well as a satisfactory process for monitoring the Company's compliance with the major external laws, rules and regulations as well as the major internal regulations.

For information regarding the major external laws, rules and regulations and the major internal regulations, see the table on page 50.

Working Procedures and Board Meetings
The Board determines its working procedures, documented in the rules of procedure for the Board of Directors, each year and reviews these rules of procedure as required. The rules of procedure describe the Chairman's specific role and tasks as well as the responsibilities delegated to the committees appointed by the Board.

In accordance with the rules of procedure and the Code, the Chairman shall, among other things:

- Organize and distribute the Board's work.
- Ensure that the Board discharges its duties and has relevant knowledge of the Company.
- Secure the efficient functioning of the Board.
- Ensure that the Board's decisions are implemented efficiently.
- Ensure that the Board evaluates its work annually.

The rules of procedure stipulate that the meeting for the formal constitution of the Board shall be held directly after the annual shareholder's meeting. Decisions at such statutory meeting include the election of members of the committees of the Board and authorization to sign on behalf of the Company. In addition to the statutory Board meeting, the Board shall hold at least four other ordinary meetings during the year. Meetings are held in conjunction with the publication of the Company's full-year report, interim reports and annual report, in connection with visits to the Group manufacturing facilities and coordinated with the most important processes at the Company, such as strategy, budget and risk. Additional meetings, including telephone conferences, are held when necessary.

The Board's Work in 2017

During the year, the Board held twelve meetings, including statutory, extraordinary and per capsulam meetings. The attendance of each Board member at these meetings is presented in the table on page 56–57.

Ordinary Board meetings follow a calendar that is established annually. In addition to the Board meetings, the Chairman of the Board and the CEO have continuous contact pertaining to operations and other important matters. All Board meetings during the year followed an agenda, which, together with the documentation for each item on the agenda, was sent to Board members in advance of the meetings. Meetings usually last for half a day or one entire day in order to allow time for presentations and discussions. Normally the CEO and the CFO are present at ordinary Board meetings and Dometic's General Counsel serves as secretary at the Board meetings.

Each scheduled Board meeting includes a review of the Group's business and the results and financial position as well as the outlook for the forthcoming quarters, as presented by the CEO and the CFO. The meetings also deal with investments, the establishment of new operations acquisitions and divestments. The Board decides on all investments exceeding SEK 10m.

Major issues addressed by the Board during 2017 included:

- Dividend payment for the fiscal year 2016.
- Closing of the acquisition of IPV, a Germany-based 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.
- Acquisition of SeaStar Solutions, a leading North American-based provider of vessel control systems and aftermarket products to the leisure marine industry.
- CEO shift.
- Appointment of the CFO as Deputy CEO.
- Divestment of Dometic's industrial property in Shenzhen, China.
- Introduction and implementation of a performance-based, long-term incentive program from 2017 for selected senior managers and key specialists in form of a three year rolling cash-based plan.

Ensuring Quality in Financial Reporting

The rules of procedure for the Board of Directors determined annually by the Board include detailed instructions on the type of financial reports and similar information which shall be submitted to the Board. In addition to the full-year report, interim reports and the annual report, the Board reviews and evaluates comprehensive financial information regarding the Group as a whole and the entities within the Group.

The Board also reviews, primarily through the Board's Audit Committee, the most important accounting principles applied by the Group in financial reporting as well as major changes in these principles. The tasks of the Audit Committee also include reviewing reports regarding internal control, internal audit and financial reporting processes.

The Company's external auditor reports to the Board as necessary. The external auditor also attend the meetings of the Audit Committee. The Audit Committee reports to the Board after each of its meetings. Minutes are taken at all meetings and are made available to all Board members and to the external auditor.

Board Work Evaluation

The Board evaluates its work annually with regard to its rules of procedure for the Board of Directors 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.

In 2017 the annual evaluation was carried out in survey form. All Board members responded to the written questionnaire. The result of the evaluation was discussed at a Board meeting and also presented for the Nomination Committee by the Chairman of the Board.

The Board's work is progressing well. The members are making a constructive contribution to both the strategic discussion and the governance of the Company. The discussions are seen as open and the dialogue between the Board and the management is also considered positive and constructive.

Remuneration to Board Members

Remuneration to Board members is determined by the annual shareholders' meeting. The remuneration to the Chairman and the Board members was revised during 2017. For an overview of remuneration to Board members please see the table below.

Remuneration to the Board of Directors 2016–2017 (applicable from the respective annual shareholders' meeting)

SEK	2017	2016
Chairman of the Board	725, 000	625,000
Board member	360,000	325,000
Chairman of the Audit Committee	100,000	100,000
Member of the Audit Committee	50,000	50,000
Chairman of the Remuneration Committee	100,000	100,000
Member of the Remuneration Committee	50,000	50,000

Committees of the Board

The Board has established an Audit Committee and a Remuneration Committee. The work of the respective committee is carried out pursuant to the rules of procedure for the Board of Directors and the instructions for the Audit and Remuneration Committees. The major tasks of these committees are preparatory and advisory, but the Board may delegate decision-making powers on specific issues to the committees. The issues considered at committee meetings shall be recorded in minutes of the meetings and reported at the following Board meeting. The members and Chairmen of the committees are appointed at the statutory Board meeting following election of Board members, or when a committee member needs to be replaced.

Audit Committee

The Audit Committee shall primarily ensure the quality of the financial reporting and the effectiveness of the Company's risk management and internal control as well as regulatory compliance.

The Audit Committee is as from the 2017 annual shareholders' meeting comprised of four members: Magnus Yngen (Chairman), Rainer Schmückle, Jacqueline Hoogerbrugge and Heléne Vibbleus. The Audit Committee meets all the requirements in relation to auditing and accounting competence as stipulated in the Swedish Companies Act.

At least three meetings are held annually. Additional meetings are held as needed. In 2017, the Audit Committee held five meetings, which were recorded in minutes. The attendance of each member at these meetings is shown in the table on page 56–57. Dometic's CFO, the Heads of Internal Audit, Accounting, Business Control, Internal Control, Tax and Treasury have participated in the Audit Committee meetings. The General Counsel serves as secretary at the Audit Committee meetings. The external auditor has participated in the ordinary Audit Committee meetings.

The Audit Committee's tasks include:

- To monitor and review the financial reporting.
- To monitor the effectiveness of the internal control, internal audit and risk management, concerning the financial reporting.
- To maintain regular contact with the external auditor and keep itself informed of the outcome of the external audit of the Company and the Group, including the audit of the financial statements and the consolidated financial statements and the conclusions from the quality control carried out by the Swedish Inspectorate of Auditors (Sw. Revisorsinspektionen).
- To inform the Board of the outcome of the external audit and explain how the audit contributed to the integrity of the financial reporting and of the role of the Committee in that process.
- To review and monitor the objectivity and independence of the external auditor as well as the external auditor's engagements in other tasks than audit services.
- To prepare the Board's proposal concerning election of external auditor for adoption by the annual shareholders' meeting.

In 2017, the work of the Audit Committee focused mainly on monitoring improvements pertaining to the financial reporting and financial processes, with a special focus on identifying risks and evaluating the internal control environment as well as following up the results of the review by external auditor. The review of the Company's financial reports, examination of the Company risks and examination of internal control were standing items on the agenda. During the financial year the Audit Committee also reviewed the annual impairment test, evaluated the Company's dividend policy, and reviewed the audit plans of the external auditor.

Remuneration Committee

One of the Remuneration Committee's primary tasks is to prepare the Board's proposal concerning remuneration principles, remuneration and other employment terms for the CEO and the Group management for adoption by the annual shareholders' meeting. The Remuneration Committee monitors and evaluates the applied remuneration structure and remuneration levels in the Company, as well as programs for variable remuneration, both ongoing and those that have ended during the year, for the CEO and the Group management. The Remuneration Committee also monitors the application of the guidelines for remuneration for the CEO and the Group management adopted by the annual shareholders' meeting.

The Remuneration Committee is as from the 2017 annual shareholders' meeting comprised of three members as follows: Erik Olsson (Chairman), Fredrik Cappelen and Peter Sjölander. At least two meetings are convened annually. Additional meetings are held as needed.

In 2017 the Remuneration Committee held three meetings, which were recorded in minutes. The attendance of each member at these meetings is shown in the table on page 56–57. Significant issues addressed include review and preparation of a performance-based, long-term incentive program for selected senior managers and key specialists and review and preparation of guidelines for remuneration for the CEO and the Group management for adoption by the 2017 annual shareholders' meeting as well as preparation of a proposal for the remuneration to the new President and CEO. The Head of Human Resources participated in the meetings and was responsible for meeting preparations. The CEO also participated in the meetings, however, not as regards the items on the agenda that related to remuneration of the CEO.

The Remuneration Committee's tasks include among others:

- To review and recommend to the Board the guidelines for remuneration for the CEO and the Group management.
- To review and make a recommendation to the Board for any changes in the compensation of the CEO and the Group management.
- To monitor and evaluate programs for variable remuneration, both ongoing and those that have ended during the year, for the CEO and the Group management.
- To monitor and evaluate compliance with the guidelines for remuneration adopted by the annual shareholders' meeting, as well as the current remuneration structures and levels in the Company.
- To prepare any proposals for shareholders' resolutions regarding share or share-price related incentive programs.
- To prepare any Board resolutions regarding short-term variable salary and incentive programs not requiring shareholder approval (i.e. variable cash remuneration schemes) for the CEO and the Group management.

THE BOARD OF DIRECTORS

1. FREDRIK CAPPELEN
Chairman since 2013

2. HELÉNE VIBBLEUS
Board member since 2017

3. ERIK OLSSON
Board member since 2015

4. JACQUELINE HOOGERBRUGGE
Board member since 2017

5. PETER SJÖLANDER
Board member since 2017

6. MAGNUS YNGEN
Board member since 2012

7. RAINER SCHMÜCKLE
Board member since 2011

Board of Directors	Fredrik Cappelen	Heléne Vibbleus	Erik Olsson
	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 1958. Sweden. B.Sc. in Business Administration and Economics University of Linköping. Elected 2017. Member of the Audit Committee.	Born 1962. Sweden. B.Sc. in Business Administration and Economics, Gothenburg School of Business, Economics and Law. Elected 2015.Chairman of the Remuneration Committee.
Position and Board membership[1]	Chairman of the board of directors of Dustin Group AB and Terveystalo Oy. Chairman and member of the board of directors of Transcom AB. Member of the board of Securitas AB.	Vice President, Internal Audit, CAE, of Autoliv Inc. Member of the board of directors and Chairman of the Audit Committee of Scandi Standard AB.	Member of the board of directors of Ritchie Bros. Auctioneers, Inc. Member of the board of directors and CEO of Mobile Mini, Inc. Member of the board of directors of the non-profit organization St Mary's Food Bank Alliance.
Previous positions	Chairman of the board of directors of Byggmax Group AB, Granngården AB, Svedbergs AB, Sanitec Oy.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 directors and Chairman of the Audit Committee of Trelleborg AB. Member of the board of directors and the Audit Commitee and Chairman of the Remuneration Committee of Trade-Doubler AB. Member of the board of directors and the Audit Committee of Marine Harvest ASA. Member of the board of directors, the Audit Committee and the Remuneration Committee of Renewable Energy Corporation ASA. Member of the board of directors and Chairman of the Audit Committee of Orio AB. Member of the board of directors and the Risk and Audit Committee of Swedbank Sjuhärad AB. Member of the board of directors of Tyréns AB. Member and Vice Chairman of the board of directors of SIDA. Member and Chairman of the board of directors of Nordic Growth Market NGM AB. Chairman of the board of directors of Invisio Communications AB. Chief Audit Executive, CAE of Elekta AB. Senior Vice President Group Controller of AB Electrolux. Partner (authorized public accountant) and Member of the board of directors of PricewaterhouseCoopers PwC.	Member of the board and CEO of RSC Holdings, Inc. Various senior positions in the United States, Brazil, and Sweden with Atlas Copco Group.
Board meeting attendance	12/12	9/10[2]	11/12
Remuneration Committee attendance	3/3		3/3
Audit Committee attendance		3/3[2]	
Holdings in Dometic[3]	904,140[4]	2,500	12,000
Independence in relation to the company and its executive management/In relation to major shareholders[5]	Yes/Yes	Yes/Yes	Yes/Yes

1) Position and board membership as of December 31, 2017.
2) Board member as from the annual shareholders' meeting held on April 7, 2017.
3) Holdings in Dometic Group AB (publ) as of December 31, 2017.
4) Shareholding in Dometic through related party.
5) For further information about the independence assessment, see page 52.

Jacqueline Hoogerbrugge	Peter Sjölander	Magnus Yngen	Rainer Schmückle
Born 1963. The Netherlands. M.Sc. in Chemical Engineering from Rijks Universiteit Groningen. Elected 2017. Member of the Audit Committee.	Born 1959. Sweden. M.Sc. in Economics from Gothenburg University. Elected 2017. Member of the Remuneration Committee.	Born 1958. Sweden. M.Sc. and Licentiate of Technology, Royal Institute of Technology in Stockholm. Elected 2012. Chairman of the Audit Committee.	Born 1959. Germany. Degree in Industrial Engineering, University of Karlsruhe. Elected 2011. Member of the Audit Committee.
Member of the board of directors of Swedish Match and IKEA Industries	Senior Executive Advisor of Altor. Senior advisor to F&S (London, UK). Member of the board of directors of Eton Group AB, Fiskars Oy, SATS Elixia, Fit Flop Ltd. and Varier Furniture (Oslo, Norway). Chairman of the board of directors of Grundéns Rainwear and Revolution Race (Borås, Sweden).	Chairman of the board of directors of Fractal Design AB and Duni AB. Deputy Chairman of the board of directors of Intrum Justitia AB.	Member of the board of directors of Autoneum Holding Ltd, Autoneum AG and Kunstoffteile Schwanden AG.
President Operations of Cloetta. Member of the board of directors of Cederroth International. Vice President Operations Medical Division Danone and Vice President Procurement of Danone's Worldwide Baby Division. Procurement Director, Factory Director, Supply Chain Manger, Operations Manager and Services Manager of Unilever. Sales Manager Hydrocarbon Sector, Marketing Co-ordinator and Process Engineer of Fluor Daniel.	CEO of Helly Hansen AS. SVP; Product & Brand Europe, CMO Global Brand & Global Licensing of Electrolux AB. General Manager Central Europe NIKE CEE and Global Business Director, Nike ACG of Nike Inc. European Director of Footwear, Marketing Director European Outdoor and Director of Marketing Nordics of Nike Europe BV. Marketing and Buying Director of Intersport. Brand Director of Mölnlycke AB. Member of the board of directors of Swims AS, BTX Group A/S, OBH Nordica Group and Stadium AB.	President and CEO of Camfil AB. 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). Chairman of the board of Sveba-Dahlén Group AB. Member of the board of Intrum Justitia AB, Camfil AB, Frostbite Holding AB and of the non-profit organizations Teknikarbetsgivarna i Sverige and Teknikföretagen i Sverige.	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. President and CEO of Freightliner Corporation.
9/10[2)]	10/10[2)]	11/12	12/12
	2/3[2)]		
3/3[2)]		5/5	5/5
10,000	–	278,460	78,895[4)]
Yes/Yes	Yes/Yes	Yes/Yes	Yes/Yes

CEO and Group Management

Group management includes the CEO, the CFO, the three regional presidents and four group staff heads. The CEO is appointed by the Board. The CEO, in turn, appoints other members of the Group management and shall administer the Company's and the Group's on-going operations pursuant to the instructions and directives issued by the Board. Group management holds monthly meetings to review the previous month's results, to update forecasts and plans and to discuss strategic issues. The CEO reports to the Board and ensures that the Board receives the information required to be able to make well-founded decisions.

The Company's CEO in 2017 was 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, 2017. Mr. Johansson had no significant assignments outside Dometic.

For details regarding members of Group management, see pages 60–61. The information is updated regularly at the Group's website, www.dometic.com.

Changes in Group Management during 2017 and 2018

Mattias Nordin, Head of Product Management & Innovation, left the Company on January 18, 2017.

On July 18, 2017, it was announced that Juan Vargues (born 1959) was appointed President and CEO of Dometic, effective January 8, 2018. Juan Vargues succeeded Roger Johansson, who had decided in joint understanding with the Board to leave Dometic after 5 years as President and CEO.

Anton Lundqvist was appointed Chief Technology Officer as from February 23, 2018.

On February 27, 2018, it was announced that Bengt Thorsson, President of the EMEA region, had decided to leave Dometic for another assignment outside the Group.

On March 5, 2018, it was announced that Silke Ernst was appointed Head of Group Human Resources, effective August 28, 2018. She succeeds Liselotte Bergmark, who had decided to leave Dometic for another assignment outside the Group.

Remuneration for the CEO and the Group Management

Guidelines for remuneration for the CEO and the Group management (the "Group Management") are resolved upon by the annual shareholders' meeting, based on the proposal from the Board. Remuneration to the CEO is then resolved upon by the Board, based on proposals from the Remuneration Committee. Changes in the remuneration to other members of Group Management are resolved upon by the Remuneration Committee, based on proposals from the CEO, and reported to the Board.

The total remuneration shall be based on the position held, individual performance, performance of the Group and be competitive in the country of employment.

Remuneration may comprise of:

- Base salary.
- Variable salary.
- Other benefits such as pension and insurance.

Members of the Group Management shall, in addition to the base salary, dependent on an annual decision by the Board, be eligible to variable salary that is based on short-term annual predetermined and measurable performance targets.

Each year, the Board will evaluate whether or not a long-term incentive program shall be proposed to the annual shareholders' meeting. The 2017 annual shareholders' meeting decided on a performance-based, long-term incentive program for selected senior managers and key specialists in form of a three year rolling cash-based plan.

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

As regards the guidelines for remuneration adopted by the 2017 annual shareholders' meeting, the Board has exercised its mandate given by the 2017 annual shareholders' meeting to deviate from the guidelines for remuneration in connection with the recruitment of a new CEO. The pension of the new CEO has been agreed to 35% of the base salary instead of 30% that is the maximum level in the guidelines for remuneration adopted by the 2017 annual shareholders' meeting. The notice period to be given by the company to the new CEO, in case of termination of the employment, has been agreed to 12 months instead of 6 months. The new CEO will also be compensated for parts of lost compensation from the previous employer up to a maximum of 15 MSEK.

The guidelines for remuneration for the CEO and the Group Management can be found on the Group's website, www.dometic.com.

External Auditor

The 2017 annual shareholders' meeting re-elected PricewaterhouseCoopers AB (PwC) as the Company's external auditor for a one-year period until the annual shareholders' meeting in 2018. Authorized Public Accountant Magnus Brändström is the auditor in charge of the Company.

The external auditor provides an audit opinion on the income statement and the balance sheet for the Company and the Group and recommends the annual shareholders' meeting on appropriation of the profit based on the proposal in the statutory administration report and on the discharge of liability for the financial year for the Board members and the CEO. The external auditor provides a review report of the interim report for the third quarter.

Pursuant to the decision of the 2017 annual shareholders' meeting, the external auditor's fee until the 2018 annual shareholders' meeting is paid on the basis of approved invoice.

When PwC is engaged to provide services other than the ordinary audit, decisions pertaining to the nature, scope and fees for such work are made by the Audit Committee.

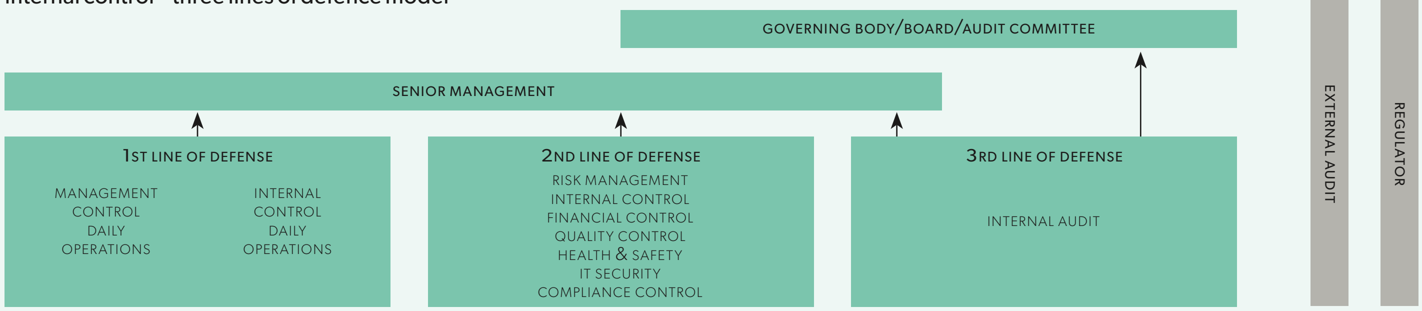
The audit is conducted in accordance with the Swedish Companies Act, International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden.

Audits of local statutory financial statements for legal entities outside of Sweden are performed as required by law or applicable regulations in the respective countries and as required by IFAC GAAS, including issuance of audit opinions for the various legal entities.

Dometic's Governing Documents

Dometic's governing documents, in the form of policies and guidelines, insofar as they concern the financial reporting, are updated at least once per year and mainly communicated via the intranet. There is also a financial manual with principles for financial reporting according to applicable accounting standards. The

Internal control – three lines of defence model



financial manual is updated continuously based on changes in external requirements or changes in Dometic's operations and processes.

An information policy is in place describing how external information shall be communicated. 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 over financial reporting within Dometic is designed, in line with the generally accepted COSO framework[1], to ensure reliable financial reporting. In addition to the financial reporting, the internal control procedures support the organization in managing identified risks and processes in the organization. Dometic has developed an internal system for internal control with control functions, such as financial and business control, functions for quality control, internal control and internal audit, in line with the generally accepted three lines of defense model.

Control Environment

The control environment at Dometic constitutes the framework and tone at the top for the direction and culture communicated to the organization by the Board, the CEO 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

In 2016, Dometic established a risk management process with a risk committee. The quarterly risk committee meetings are ministrated by an appointed risk coordinator. The Chairman of the risk committee is the CFO. The risk committee consists of representatives from regional operations, product development and innovation, finance, HR, legal, quality and internal audit. The main tasks of the 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 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.

Dometic conducts an annual risk assessment of the likelihood and impact of each defined risk and related risk activities. As part of this assessment, risk owners are listed in a risk register, and global and regional risk maps are drawn and used as a foundation for Dometic's control activities, especially internal control and internal audit plans.

Control Activities

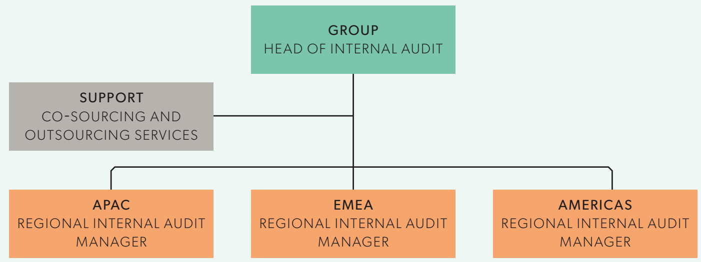
Dometic maintains a comprehensive financial reporting system which enables comprehensive monitoring of Group performance. Financial reports for the different legal entities and regions are reviewed on a continuous basis by the central finance function. This entails a thorough monitoring of the financial results in accordance with the financial reporting calendar for the financial year.

Financial data is reported by approximately eighty 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.

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.

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.

Dometic's internal audit organization



Dometic has implemented an internal control framework, so called Minimum Internal Control Requirements (MICR), which covers eight key processes (entity level controls, purchase to pay, production, inventory, order to cash, payroll, fixed assets and financial closing). The MICR framework was rolled-out in 2016 and further developed during 2017. MICR self-assessments are conducted on entity level. MICR is supported by regional coordinators and monitored by the Company's central internal control function and evaluated by the internal audit function.

Internal Control

Since November 2015 Dometic has a central function for internal control to maintain the quality of internal control and strengthen Dometic's internal control processes. In 2016 the Company implanted a systematic tool for self-assessment, MICR, which during 2017 has undergone several improvements and adjustments to suit the Company's current needs. Internal control provides a risk based control over financial reporting and ensures compliance with the Group policies and guidelines for efficient operations. The MICR framework has a risk based and dynamic approach and its goal is to add value to the Company by primarily reducing and preventing losses and increase efficiency.

Internal Audit

Dometic's internal audit function was established in November 2015 and strengthened during 2016 with regional internal audit managers in each of the three regions reporting directly to the Head of Internal Audit. The Head of Internal Audit reports to the chairman of the Audit Committee and to the Group's CFO, as described on page 49. The function has a risk based and dynamic approach, where besides providing reasonable assurance of the effectiveness of the corporate governance, risk management and internal control, it strives for adding value to the operations by identifying weaknesses that can lead to none-compliance with the Company policies and guidelines, unexpected losses and inefficiency. Internal audit reports quarterly to the Audit Committee.

Dometic uses regional internal audit plans based on the outcome of the annual global and regional risk assessments to secure internal audit targeting and input from regional senior management to capture business needs. Since 2017 internal audits are conducted systematically in line with a defined internal audit process that includes several steps resulting in formal internal audit reports and follow up on agreed actions. Internal 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 internal audit shall be performed in each region.

Monitoring

The Audit Committee evaluates the Company's internal control based on the result of the work performed by the Company's control functions that has a role to play in the control over financial reporting. Important governing documents, frameworks and processes are the financial manual, the information policy, the internal control framework and the internal audit process. These Company's control functions are present at the Audit Committee's meetings to report on the effectiveness of internal control over financial reporting when the Company's full-year report, interim reports and annual report are on the agenda for the Audit Committee. The Audit Committee reports the results of it's work to the Board.

The Board is ultimately responsible for internal control over financial reporting.

1) The 2013 COSO (The Committee of Sponsoring Organizations of the Treadway Commission) Framework and Appendices.

GROUP MANAGEMENT

1. ROGER JOHANSSON

Born 1965. President and CEO since 2012.

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

Shareholding: 905,180

2. JUAN VARGUES

Born: 1959. New President and CEO from January 8th 2018.

Management Education IMD Lausanne (CH), Executive MBA Lunds Universitet (EFL), High School Degree in Mechanical Engineering Tekniska Vuxengymnasiet, Göteborg

Shareholding: 240,183

3. LISELOTTE BERGMARK

Born 1966. Head of Group HR since 2015.

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

Shareholding: 4,700

4. PER-ARNE BLOMQUIST

**Born 1962. CFO since 2014.
Deputy CEO since 2017.**

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

5. CHIALING HSUEH

Born 1963. President APAC since 2016.

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

Shareholding: 0

6. 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

7. 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

8. 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

9. 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

10. 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 m	2017	2016	2015
Result			
Net sales	14,044	12,388	11,486
Organic growth, %	12	7	8
EBITDA	2,228	1,871	1,727
EBITDA before items affecting comparability	2,181	1,919	1,703
Operating profit (EBIT)	1,907	1,573	1,436
Operating profit (EBIT) before items affecting comparability	1,860	1,621	1,412
Net result	1,495	1,362	1,032
Margins			
Operating margin, %, EBITDA	15.9	15.1	15.0
Operating margin, % EBITDA before items affecting comparability	15.5	15.5	14.8
Operating margin, %, operating profit (EBIT)	13.6	12.7	12.5
Operating margin, % operating profit (EBIT) before items affecting comparability	13.2	13.1	12.3
Return on operating capital			
Return on operating capital	9.8	9.1	9.0
Return on operating capital, excl. goodwill and trademarks	32.9	31.6	35.9
Financial position			
Total assets	31,005	22,308	19,959
Interest bearing debt	10,543	5,318	5,291
Net debt/EBITDA	3.3	1.7	2.4
Equity	14,514	13,977	11,883
Operating capital	24,585	17,696	16,341
Operating capital excluding goodwill and trademarks	7,569	4,971	4,434
Equity ratio, %	47	63	60
Share			
Earnings per share before dilution, SEK	5.05	4.60	3.49
Earnings per share after dilution, SEK	5.05	4.60	3.49
Dividend per share, SEK[1]	2.05	1.85	–
Number of shares (note 28)	295,833,333	295,833,333	295,833,333
Employees			
Average number of employees	8,769	6,503	6,518
Revenue per employee[2]	1.60	1.90	1.76

[1] Proposed by Board of Directors.
[2] Including SeaStar Solutions acquired December 15, 2017.

CONSOLIDATED INCOME STATEMENT

SEK m	Note	2017	2016
Net sales	5, 6	14,044	12,388
Cost of goods sold		–9,599	–8,463
Gross profit		**4,445**	**3,925**
Sales expenses		–1,791	–1,651
Administrative expenses	7	–667	–604
Other operating income and expenses	10	–52	20
Items affecting comparability	6	47	–48
Amortization of acquisition related intangible assets		–76	–69
Operating profit	6, 8, 9	**1,907**	**1,573**
Financial income	11	6	6
Financial expenses	11	–212	–124
Loss from financial items		**–206**	**–118**
Profit (loss) before tax		**1,700**	**1,455**
Taxes	12	–206	–93
Profit (loss) for the year		**1,495**	**1,362**
Profit (loss) for the year attributable to owners of the Parent Company		**1,495**	**1,362**
Earnings per share	28		
before dilution, SEK		5.05	4.60
after dilution, SEK		5.05	4.60
Average number of shares	28		
before dilution		295,833,333	295,833,333
after dilution		295,833,333	295,833,333

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Note	2017	2016
Profit (loss) for the year		1,495	1,362
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit pension plans, net of tax		0	–16
		0	**–16**
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges, net of tax	3	25	13
Gains/losses from hedges of net investments in foreign operations, net of tax		66	–149
Exchange rate differences on translation of foreign operations		–502	887
		–411	**751**
Other comprehensive income for the year		**–411**	**735**
Total comprehensive income for the year		**1,084**	**2,097**
Total comprehensive income for the year attributable to			
Owners of the Parent Company		1,084	2,097

CONSOLIDATED BALANCE SHEET

SEK m	Note	December 31, 2017	December 31, 2016
ASSETS			
Non-current assets			
Goodwill	14	13,280	10,327
Trademarks	14	3,736	2,398
Other intangible assets	14	4,260	1,016
Buildings, land and land improvements	15	958	830
Machinery and other technical installations	15	470	366
Tools, equipment and installations	15	318	289
Construction in progress and advance payments	15	206	90
Deferred tax assets	12	897	1,226
Derivatives, long-term	3	1	7
Other non-current assets	13	65	52
Total non-current assets		**24,191**	**16,601**
Current assets			
Inventories	16	3,350	2,637
Trade receivables	17	1,485	1,041
Current tax assets		180	47
Derivatives, short-term	3	90	57
Other current assets		418	237
Prepaid expenses and accrued income	18	132	89
Cash and cash equivalents	25	1,159	1,599
Total current assets		**6,814**	**5,707**
TOTAL ASSETS		31,005	22,308

CONSOLIDATED BALANCE SHEET

SEK m	Note	December 31, 2017	December 31, 2016
EQUITY			
Equity attributed to owners of the Parent Company			
Share capital	28	1	1
Other paid in capital		11,446	11,446
Reserves		1,344	1,755
Retained earnings, including net profit (loss)		1,723	775
TOTAL EQUITY		14,514	13,977
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions, long-term	21, 23, 24	9,810	4,453
Deferred tax liabilities	12	1,901	593
Provisions for pensions	19	687	536
Other provisions, long-term	20	131	117
Total non-current liabilities		12,529	5,699
Current liabilities			
Liabilities to credit institutions, short-term	21, 23, 24	733	329
Trade payables		1,459	1,024
Current tax liabilities		371	294
Advance payments from customers		23	29
Derivatives, short-term	3	45	52
Other provisions, short-term	20	289	197
Other current liabilities		264	134
Accrued expenses and prepaid income	22	778	573
Total current liabilities		3,962	2,632
TOTAL LIABILITIES		16,491	8,331
TOTAL EQUITY AND LIABILITIES		31,005	22,308

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		ATTRIBUTABLE TO OWNERS OF THE PARENT				
SEK m	**Note**	**Share capital**	**Other paid in capital[1)]**	**Other reserves**	**Retained earnings**	**Total equity**
Opening balance, January 1, 2016	28	1	11,446	1,004	–568	11,883
Profit (loss) for the year					1,362	1,362
Other comprehensive income						
Remeasurements of defined benefit plans, net of tax[2)]					–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	11,446	1,755	775	13,977
Opening balance, January 1, 2017	28	1	11,446	1,755	775	13,977
Profit (loss) for the year					1,495	1,495
Other comprehensive income						
Remeasurements of defined benefit plans, net of tax[3)]					0	0
Cash flow hedges, net of tax				25		25
Gains/losses from hedges of net investment in foreign operations, net of tax				66		66
Exchange rate differences on translation of foreign operations				–502		–502
Total comprehensive income				–411	1,495	1,084
Transactions with owners						
Dividend paid to shareholders of the Parent Company					–547	–547
Total transactions with owners					–547	–547
Closing balance, December 31, 2017		1	11,446	1,344	1,723	14,514

1) Shareholders contribution reclassified from retained earnings to other paid in capital SEK 11,446 million, has been done as an opening balance sheet adjustment as per January 1, 2016.
2) 2016 Remeasurements of defined benefit plans amounted to SEK –24 m, and the tax related reameasurements of defined benefit plans amounted to SEK 8 m.
3) 2017 Remeasurements of defined benefit plans amounted to SEK 12 m, and the tax related reameasurements of defined benefit plans amounted to SEK –12 m.

CONSOLIDATED STATEMENT OF CASH FLOW

SEK m	Note	2017	2016
Cash flow from operating activities			
Operating profit		1,907	1,573
Adjustment for other non-cash items			
Depreciation and amortization	25	321	298
Adjustment for other non-cash items	25	–99	68
Changes in working capital			
Changes in inventories		–361	–364
Changes in trade receivables		–151	–83
Changes in accounts payables		296	43
Changes in other working capital		120	–14
Income taxes paid		–105	–107
Net cash flow from operations		**1,928**	**1,414**
Cash flow from investments			
Acquisition of operations, net of cash acquired		–7,482	–
Investments in fixed assets	14, 15	–306	–225
Proceeds from sale of fixed assets		139	133
Other investing activities		–4	–
Net cash flow from investments		**–7,653**	**–92**
Cash flows from financing			
Paid costs related to the shareholders' contribution		–	–74
Borrowings from credit institutions	25	6,301	64
Repayment of loans to credit institutions	25	–229	–426
Paid interest		–99	–97
Received interest		5	3
Other financing activities		–122	–42
Dividend paid to shareholders of the Parent Company		–547	–
Net cash flow from financing		**5,308**	**–572**
Cash flow for the year		**–417**	**750**
Cash and cash equivalents at beginning of year	25	1,599	833
Exchange differences on cash and cash equivalents		–23	16
Cash and cash equivalents at end of year		**1,159**	**1,599**

PARENT COMPANY INCOME STATEMENT

SEK m	Note	2017	2016
Administrative expenses	7	–133	–130
Other operating income		130	127
Operating profit	6, 9	**–3**	**–3**
Interest income subsidiaries	11	50	71
Interest expense subsidiaries	11	–	–
Other financial expenses	11	–77	–422
Loss from financial items		**–28**	**–351**
Group contributions		–157	353
Profit (loss) before tax		**–188**	**–1**
Taxes	12	2	–
Profit (loss) for the year		**–186**	**–1**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK m	Note	2017	2016
Profit (loss) for the year		–186	–1
Other comprehensive income			
Other comprehensive income		–	–
Total comprehensive income for the year		**–186**	**–1**

PARENT COMPANY BALANCE SHEET

SEK m	Note	December 31, 2017	December 31, 2016
ASSETS			
Non-current assets			
Shares in subsidiaries	26	16,622	13,563
Other intangible assets	2, 14	4	2
Equipment	15	1	1
Deferred tax assets	12	4	3
Receivables from subsidiaries		5,092	–
Other non-current assets	11, 13	15	11
Total non-current assets		**21,738**	**13,580**
Current assets			
Receivables from subsidiaries		873	2,731
Other current assets		4	4
Prepaid expenses and accrued income	18	16	10
Total current assets		**893**	**2,745**
TOTAL ASSETS		**22,631**	**16,325**
EQUITY	28		
Equity attributed to owners of the parent company			
Restricted equity			
Share capital		1	1
Unrestricted equity			
Retained earnings		11,030	11,579
Profit/Loss for the year		–186	–1
TOTAL EQUITY		**10,845**	**11,579**
PROVISIONS			
Other provisions	20	27	13
Total provisions		**27**	**13**
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions, long-term	21, 23, 24	9,810	4,453
Total non-current liabilities		**9,810**	**4,453**
Current liabilities			
Liabilities to credit institutions, short-term	21, 23, 24	602	206
Trade payables		17	10
Liabilities to subsidiaries		1,253	–
Other current liabilities		12	11
Accrued expenses and prepaid income	22	65	53
Total current liabilities		**1,949**	**280**
TOTAL LIABILITIES		**11,786**	**4,746**
TOTAL EQUITY AND LIABILITIES		**22,631**	**16,325**

PARENT COMPANY CHANGES IN EQUITY

SEK m	Note	Share capital	Other reserves	Retained earnings	Total equity
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
Opening balance, January 1, 2017	28	1	–	11,578	11,579
Profit (loss) for the year				–186	–186
Other comprehensive income					
Total comprehensive income		–	–	–186	–186
Transactions with owners					
Dividend paid to shareholders of the Parent Company				–547	–547
Total transactions with owners		–	–	–547	–547
Closing balance, December 31, 2017		1	–	10,844	10,845

PARENT COMPANY CASH FLOW

SEK m	Note	2017	2016
Cash flow from operating activities			
Operating profit		–3	–4
Adjustment for other non-cash items			
Depreciation and amortization	25	1	–
Adjustment for other non-cash items	25	–303	5
Changes in working capital			
Changes in accounts payable		7	–56
Changes in other working capital		2,197	190
Income taxes paid		–	0
Net cash flow from operations		**1,899**	**135**
Cash flow from investments			
Shareholder contribution, subsidiaries		–2,143	–3
Investments in intangible fixed assets		–3	–2
Investments in fixed assets		–	0
Other investing activities		–	–
Net cash flow from investments		**–2,146**	**–5**
Cash flow from financing			
Borrowings from credit institutions	25	6,299	–
Repayment of loans to credit institutions	25	–217	–132
Group contribution		–157	353
Paid interest		–70	–422
Received interest		41	71
Other financing activities	25	–5,101	–
Dividend paid to shareholders of the Parent Company		–547	–
Net cash flow from financing		**247**	**–130**
Cash flow for the year		–	–
Cash and cash equivalents at beginning of year	25	–	–
Exchange differences on cash and cash equivalents		–	–
Cash and cash equivalents at end of year		–	–

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 climate, hygiene and sanitation, food and beverage, power and control, safety and security and other comfort and safety products that make life away from home more comfortable. The products are sold in 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, 2017 (comparative figures January 1 to December 31, 2016), and the financial statements were authorized for issue by the Board of Directors on March 15, 2018.

The balance sheets and income statements are subject to approval by the annual shareholders' meeting on April 10, 2018.

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

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

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 the 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 2017:

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, 2017.

Dometic Group has applied the Disclosure initiative amendments to IAS 7 Statement of Cash Flows. Going forward the standard requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

New or amended accounting policies for 2018 and later:

A number of accounting standards and interpretations have been published, but have not yet become effective.

IFRS 9 'Financial instruments'

IIFRS 9 Financial instruments, will replace the earlier IAS 39 Financial instruments. IFRS 9 provides new guidance for the 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 and hedge accounting in Dometic Group will stay unchanged, since IFRS 9 is in accordance with the existing IAS 39, i.e. recognized at fair value through profit and loss statement, which is why the Group will not be impacted. With IFRS 9 a new impairment model for financial assets is introduced which has an effect on how the provision for bad debt is calculated.The Group's work to develop and implement the new expected credit loss model has been completed. The simplified approach for trade receivables has been applied as a practical expedient, which means that the loss allowance is based on lifetime expected credit losses.

As expected and described in the previous Annual report there will be an impact on Dometic's financial reporting from this new model. However, even with a changed model and policy the now concluded and calculated effect is immaterial. The expected credit loss model includes estimates and assumptions about the future. A thorough analysis has to be done in the closings. Credit losses have historically been at a low level in the Group.

The standard IFRS 9 is effective as of January 1, 2018.

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 potential impact on the Group's financial statements of the implementation of IFRS15, Revenue from Contracts with Customers. The investigation, training and implementation processes are closed and we can conclude that at transition neither the amount of revenue nor the timing will be impacted to any significant extent.

Our business offers mainly contracted or off-the-shelf finished products via purchase orders. An insignificant part of Group external sales constitutes a mix of customized products and services in bundled agreements which is why the guidance about identifying distinct performance obligations and allocating the transaction price in a contract has not lead to any material adjustments compared to the present revenue accounting. Revenue from variable consideration, mainly various discounts, has under current practice been considered in a comparable way to IFRS 15 which is why the revenue pattern in this aspect will also be similar under the new standard. Long-term contracts 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.

Thus, as already stated in the previous Annual report, the application of the new Revenue from Contracts with Customers IFRS 15 standard will not have any material impact on the financial position and performance of the Group at the date of transition. Therefore there are no material transition effects to be disclosed.

The Group is now prepared to start applying the new standard on the effective date January 1, 2018.

Dometic Group has chosen the full retrospective transition method.

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 remain 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.

NOTE 2 cont.

Currently, Dometic is assessing the impact of the new standard. On-going activities include further analysis of lease terms in agreements. Indications so far in the investigation phase, where contracts have been gathered and analyzed at a high level, are that some impact is expected on the financial reporting from 2019. Note 8 discloses the future cash flows for today's operating leases. Depending on the final analysis made of the majority of these cash flows, discounted to present value, the Group will see an increase of the assets and liabilities in the balance sheet.

The Group is not able to quantify the impact on financial consolidated statements at this stage of the project. Dometic Group is also evaluating various system solutions to achieve a stable support to the financial reporting from 2019 and onwards.

The transition method has not yet been decided on. The standard is effective as of January 1, 2019. Dometic Group will not apply earlier adaption.

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.

(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 Other Comprehensive Income "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 December 31	
Country	Currency	2017	2016	2017	2016
Australia	AUD	6.5185	6.3721	6.4196	6.5608
Canada	CAD	6.5535	6.5012	6.5515	6.7343
China	CNY	1.2637	1.2921	1.2619	1.3072
Denmark	DKK	1.2945	1.2692	1.3221	1.2890
Euro Zone	EUR	9.6303	9.4508	9.8339	9.5833
Great Britain	GBP	11.0629	11.6506	11.0849	11.1732
Hong Kong	HKD	1.0921	1.1055	1.0508	1.1707
Japan	JPY	0.0760	0.0778	0.0730	0.0777
Norway	NOK	1.0295	1.0232	1.0019	1.0546
Poland	PLN	2.2643	2.1631	2.3568	2.1661
United States	USD	8.5082	8.5800	8.2123	9.0783

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. 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.

Dividend from subsidiaries

A dividend is accounted for when the right for dividend is deemed as probable.

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 risks

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 m 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, 2017, 34% (33) of Dometic Group's borrowings were in euro, 60% (52) were in U.S. dollars and 6% (15) in Australian dollars. Loans in other currencies as of December 31, 2017 amounted to 0% (0) 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 105 m for the year ended December 31, 2017. 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 36 m, the effect from USD would be SEK 62 m and the effect from AUD would be SEK 7 m. Equity hedging is used to reduce the translation effect on the borrowings in foreign currencies.

Interest rate risks

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, 2017 Dometic Group has hedged 56% (56) of cash flow exposure on its senior facility term loans by using interest swaps to move from floating interest rates to fixed interest rates. USD is hedged 86%, AUD 76% and EUR 0%. 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, 2017			December 31, 2016		
Currency (maturity date)	Nominal value in currency	Amount SEK m	Interest rate, %	Nominal value in currency	Amount SEK m	Interest rate, %
AUD (2017)	80	514	1.8	80	525	1.8
USD (2017)	230	1,889	1.0	230	2,088	1.0
USD (2019)	420	3,449	2.0	0	0	–
		5,852			2,612	

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, 2017 no such financial contracts were in place.

Market value derivatives

December 31, 2016	Nominal value	Assets	Liabilities
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	–
Current portion		**57**	**–52**

December 31, 2017	Nominal value	Assets	Liabilities
Derivative financial instruments			
Interest rate swaps – cash flow hedges	5,852	15	–
Currency forwards & options – cash flow hedges	3,141	76	–45
Total		**91**	**–45**
Less non-current portion:		1	–
Current portion		**90**	**–45**

Interest rate swaps mature on a quarterly basis whereas currency forward hedges mature on a monthly basis. During the period SEK –3 m (before taxes) have been moved from OCI to realized hedge result. As of December 31, 2017, a net of SEK 44 m 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, 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

Currency	Variable	Change	Impact on the result before income taxes for the year ended December 31, 2017
Transaction effect	USD/CNY	+ one percentage	23
	EUR/USD	+ one percentage	12
	EUR/AUD	+ one percentage	–5
	AUD/USD	+ one percentage	7
Currency translation impact on loans	EUR/SEK	+ one percentage	36
	USD/SEK	+ one percentage	62
	AUD/SEK	+ one percentage	7

Interest rate	Variable	Change	Impact on the result before income taxes for the year ended December 31, 2017
Interest rate effect	Interest rate	+ one percentage	–105

Currency	Variable	Change	Impact on the result before income taxes for the year ended December 31, 2017
Transaction effect	USD/CNY	– one percentage	–23
	EUR/USD	– one percentage	–12
	EUR/AUD	– one percentage	5
	AUD/USD	– one percentage	–7
Currency translation impact on loans	EUR/SEK	– one percentage	–36
	USD/SEK	– one percentage	–62
	AUD/SEK	– one percentage	–7

Interest rate	Variable	Change	Impact on the result before income taxes for the year ended December 31, 2017
Interest rate effect	Interest rate	– one percentage	69

Financial credit risks

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, 2017, Dometic Group's financial credit risk was equal to the balance sheet value of cash and cash equivalents of SEK 1,159 m (1,599) and the positive unrealized results from derivatives positions of SEK 46 m (18). All derivative transactions are covered by ISDA netting agreements to reduce the credit risk. No credit losses were incurred during 2017, on external investments or on derivative positions. Credit risk is divided into two categories: financial credit risk and credit risk in accounts receivable (see note 17, Accounts receivable – trade).

December 31, 2017	Assets	Liabilities
Derivatives		
Net amount recognized in the balance sheet	91	45
ISDA agreements whose transactions are not offset in the balance sheet	–45	–45
Net after offsetting in accordance with ISDA agreements	**46**	**–**

Financing risks

Liquidity risks

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 analyzes the Group's financial liabilities and derivative liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows for the liabilities. For 2017, after the first year, an annual undiscounted cash flow of SEK 934 m is expected up until the maturity of the long-term debt obligations.

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**

December 31, 2017	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	1,087	934	4,570	573	4,609
Derivative financial instruments	0	0	0	–	–
Forward foreign exchange contracts	45	–	–	–	–
Trade and other payables	1,459	–	–	–	–
Total	**2,591**	**934**	**4,570**	**573**	**4,609**

NOTE 3 cont.

Capital risks

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 27% and in the interest cover covenant 138%. 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, 2017	December 31, 2016
Total Borrowing	10,544	4,782
Less: cash and cash equivalents	–1,159	–1,599
Net Debt	**9,385**	**3,183**
Total Equity	14,514	13,977
Total Capital	**23,899**	**17,160**
Gearing Ratio, %	39	19

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 2017 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 2017 the fair value for level 2 financial assets was SEK 91 m (64) and for the total financial liabilities SEK 45 m (52).

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 on an average around the same margin; therefore the carrying amount is a reasonable approximation of fair value.

Financial instruments by category

December 31, 2017	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	65	65	–	–	–
Derivatives, long-term	1	–	–	1	–
Derivatives, short-term	90	–	–	79	11
Trade receivables	1,485	1,485	–	–	–
Other current assets	418	418	–	–	–
Cash and cash equivalents	1,159	1,159	–	–	–
Total assets	**3,218**	**3,127**	**–**	**80**	**11**
Current portion	**3,152**	**3,062**	**–**	**79**	**–**

December 31, 2017	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	9,810	9,810	–	–	–
Derivatives, short-term	45	–	–	36	9
Liabilities to credit institutions, short term	733	733	–	–	–
Trade payables	1,459	1,459	–	–	–
Other current liabilities	264	264	–	–	–
Total liabilities	**12,311**	**12,266**	**–**	**36**	**9**
Current portion	**2,501**	**2,456**	**–**	**36**	**9**

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**

NOTE 3 cont.

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.

Deferred Tax Assets and Deferred Tax Liabilities

Estimates are made to determine the value of both current and deferred tax assets and deferred tax liabilities. 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. In 2017 deferred tax assets and deferred tax liabilities in the US have been impacted by the revaluation due to the US tax reform. See 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 note 20.

Status of Dometic Class Actions

The substantial majority of the plaintiffs' claims filed against Dometic Corporation in the Northern District of California in April 2016 (as amended in July 2016) was dismissed by the court with leave to amend in October, 2017. Thereafter, in October 2017, the plaintiffs filed a motion to transfer all the putative class actions to California in a multi-district litigation, and in November 2017, they filed an amended complaint. As a response to plaintiffs' motion to transfer, Dometic moved to transfer the said action to the Southern District of Florida and is awaiting a court ruling on this transfer motion.

The Varner class action complaint, filed against Dometic Corporation in the Southern District of Florida in June 2016, was dismissed by the court on July 27, 2017. The court granted summary judgment for Dometic on the grounds that the named plaintiffs had not establish any actual or imminent injury. The plaintiffs filed a motion for reconsideration of the decision, which the court denied on October 20, 2017. The time for appeal has since expired.

After the Florida court had issued its summary judgment order in Varner, the Varner attorneys filed another similar class action complaint in Florida (Zucconi) with different named plaintiffs. Zucconi was subsequently transferred to the Varner judge and consolidated with Varner. Shortly thereafter, on September 19, 2017, the same attorneys filed another similar class action complaint in California (Zimmer). Dometic moved to transfer the Zimmer case to Florida so that it could be consolidated with Varner/Zucconi. Given the pendency of the various transfer motions, which seek to consolidate all actions in one forum, the actions remain effectively stayed until a transfer decision is reached.

Dometic remains firm in its position that the allegations in the cases are without merit. During 2017 the company had been negotiating with insurance the coverage for incurred and future defense costs related to the said actions, which resulted in an agreement pursuant to which insurance will reimburse the company for a certain portion of the said costs.

NOTE 5 | SEGMENT INFORMATION

Consolidated operating segments

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

2017	Americas	EMEA	APAC	Un-allocated	Total
Net sales, external	6,329	5,962	1,753	–	14,044
Operating profit before depreciation and amortization	**997**	**671**	**561**	–	**2,228**
Depreciation and amortization	–170	–114	–38		–321
Operating profit	**827**	**557**	**523**	–	**1,907**
Financial income	–	–	–	6	6
Financial expenses	–	–	–	–212	–212
Taxes				–206	–206
Profit (loss) for the period	–	–	–	–	**1,495**
Investments in intangible and tangible assets	–	–	–	306	306
Net assets [1]	15,530	6,311	3,712	–	25,553

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

Dometic Group is organized into three 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 are 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 2017: Recreational Vehicles (RV) 65%, Marine 11%, Commercial and Passenger Vehicles (CPV) 14% and Other (Lodging and Retail) 10%. Net sales by sales channel are 61% for OEM and 39% for Aftermarket.

Geographical information

	Net sales by country	
	2017	2016
United States	6,154	5,541
Germany	2,465	2,225
Australia	1,274	1,133
United Kingdom	646	524
France	619	509
Italy	433	358
Sweden	273	228
The Netherlands	250	226
Canada	218	226
Other	1,712	1,418
Total	**14,044**	**12,388**

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

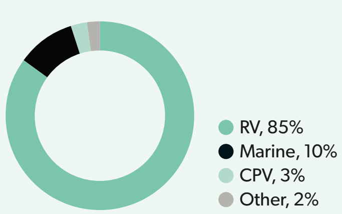
Non-current assets

	Non-current assets by country	
	2017	2016
United States	11,839	6,554
Germany	4,237	4,119
Australia	3,091	3,161
Canada	2,374	0
Italy	388	377
China	382	377
Sweden	264	264
United Kingdom	231	45
Hongkong	114	128
Other	308	291
Total	**23,228**	**15,315**

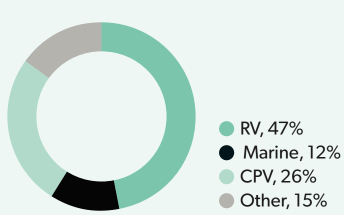
Non-current assets located in Sweden amount to SEK 264 m (264).

Net sales, external by region and business area

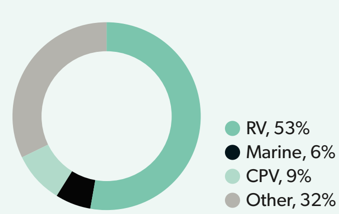
Americas



EMEA



APAC



NOTE 6 | NET SALES AND OPERATING PROFIT

Revenue recognition and additional information on net sales

The Group´s main type of revenue is the fair value of the consideration received or receivable for the sale of products in the area of mobile living through the two sales channels Original Equipment Manufacturer (OEM) and Aftermarket (AM). Net sales are shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. Dometic manufactures and sells a diverse range of products within Climate, Hygiene & Sanitation, Food & Beverage, Power & Control and Safety & Security. The products are primarily for use in Recreational Vehicles, pleasure boats, work boats, trucks and premium cars. The level of sale of services is insignificant.

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, 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. The Group does not expect to have any material contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year as sales are normally made with a credit term of 30–60 days consistent with market practice.

Dometic Group net sales amounted to SEK 14,044 m (12,388).

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 manufacturing supplies), which represented 54% (52) 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 309 m (294), 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	2017	2016	2017	2016
Raw materials and manufacturing supplies	–7,518	–6,446	–	–
Employee benefit expenses (note 9)	–2,622	–2,391	–66	–63
Transport expenses	–425	–522	–	–
Amortization and depreciation (note 14 and 15)	–321	–298	–	–
Warranty costs	–293	–291	–	–
Marketing expenses	–243	–257	–	–
Other [1]	–715	–610	63	60
Total	**–12,137**	**–10,815**	**–3**	**–3**

[1] The Parent Company has reported other operating income of SEK 130 m (127) of which the full amount relates to income from Group Companies.

	Group		Parent	
Expenses by function	2017	2016	2017	2016
Cost of goods sold	–9,599	–8,463	–	–
Sale expenses	–1,791	–1,651	–	–
Administrative expenses	–667	–604	–133	–130
Other operating income	13	55	130	127
Other operating expenses	–65	–35	–	–
Items affecting comparability	47	–48	–	–
Amortization of acquisition-related intangible assets	–76	–69	–	–
Total	**–12,137**	**–10,815**	**–3**	**–3**

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

Items affecting comparability are events or transactions with significant financial effects, which are relevant for understanding the financial performance when comparing profit for the current period with previous periods. Items included are for example restructuring programs, expenses related to major revaluations, gains and losses from acquisitions or disposals of subsidiaries.

Items affecting comparability	2017	2016
Relocation China	166	–
Acquistion-related costs SeaStar Solutions	–58	–
EMEA profitability improvement program	–61	–
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
Close down manufacturing line China	–	–6
Other costs	–	–1
Total	**47**	**–48**

NOTE 7 | AUDIT FEES

	Group		Parent	
	2017	2016	2017	2016
PricewaterhouseCoopers (PwC)				
Audit fees [1]	–15	–12	–3	–2
Audit-related fees [2]	0	–4	0	–
Tax fees [3]	–6	–6	–1	0
All other fees [4]	–1	–2	–1	–
Total fees to PwC	**–22**	**–24**	**–5**	**–2**
Other auditors				
Audit fees to other audit firms	–4	–1	–	–
Audit-related fees	0	–	–	–
Tax fees	–8	–1	–1	–
All other fees	–6	–3	–2	–
Total fees other auditors	**–18**	**–5**	**–3**	**–**
Total fees to auditors	**–40**	**–29**	**–8**	**–2**

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.

Audit fees for PwC Sweden during 2017 amount to SEK –3 m, tax fees SEK –1 m and all other fees to SEK –1 m.

NOTE 8 | LEASING AGREEMENTS

Leasing objects in the Group are office premises, production and warehouse space under leasing agreements. The Group 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 outstanding finance balance. 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 145 m (151). 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, 2017	December 31, 2016
Within 1 year	–145	–151
1–5 years	–486	–281
Over 5 years	–56	–28
Total	**–687**	**–460**

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

	December 31, 2017	December 31, 2016
Within 1 year	2	1
1–5 years	–	2
Over 5 years	–	–
Total	**2**	**3**

Lease income amounts to SEK 2 m (1) and relates primarily to lease of factory premises.

NOTE 9 | EMPLOYEE BENEFIT EXPENSE AND REMUNERATION

Salaries, wages, other remuneration and social security costs

Employee benefits	Group 2017	Group 2016	Parent 2017	Parent 2016
Salaries and remunerations	–2,031	–1,829	–39	–35
Social security costs	–332	–298	–14	–17
Pension costs – defined contribution plans	–54	–47	–8	–8
Pension costs – defined benefit plans	–14	–14	–	0
Other personnel costs	–191	–203	–5	–2
Total	**–2,622**	**–2,391**	**–66**	**–63**

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 in 2017 amounted to SEK 2,622 m (2,391).

Remuneration the Board of Directors

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 the Board of Directors during the 2017 fiscal year	SEK thousands
Fredrik Cappelen, Chairman	775
Jacqueline Hoogerbrugge, Board member	410
Erik Olsson, Board member	460
Peter Sjölander, Board member	410
Rainer E. Schmückle, Board member	410
Magnus Yngen, Board member	460
Heléne Vibbleus, Board member	410
Total remuneration to the Board of Directors	**3,335**

Remuneration to representatives in the Board of Directors for Board and Committee work amounts to SEK 3,335 thousand (3,025). Remuneration for the committee work (the Audit Committee and the Remuneration Committee) until the next annual shareholders' meeting amounts to SEK 450 thousand (of which SEK 100 thousands to the Chairman of each committee and SEK 50 thousand to the committee members).

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 and the Heads of the Group functions; Finance, Human Resources, Legal, Marketing, Product Management and Innovation (PMI) and Business Strategy. During 2017, the CEO was acting in the role of Head of Product Management and Innovation.

The shareholders' meeting held on April 7th 2017 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. Dometic Group has a short-term incentive plan for managers and senior specialists, and during 2017 a long-term incentive cash plan was introduced, following the approval by the Remuneration Committee and Board of Directors. The long-term incentive plan is a three-year plan, targeting selected senior managers and key specialists.

Salaries and Remuneration to the CEO and Group Management 2017 totaled SEK 56,459 thousand (58,719). 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. The lower level of variable salary for 2017 is mainly related to the fact that the Head of the PMI role has been vacant. Other benefits includes allowances and other benefits such as company car, health care and termination benefits. During 2017, the cost for termination benefits totaled SEK 2,897 Thousand.

Information regarding remuneration and conditions for the new CEO (as from January 8th, 2018) can be found in the Board of Director's report.

Pension benefits

Group Management agreements concerning pensions are 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.

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. 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 2017 were SEK 8,162 thousand (10,665).

Remuneration to the CEO and Group Management

2016

SEK thousand	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**

2017

SEK thousand	Annual fixed salary	Variable salary for 2017	Other benefits	Pension contribution	Total
President and CEO	6,439	2,951	122	1,986	11,498
Other members of Group Management	25,364	8,560	4,861	6,176	44,961
Total	**31,803**	**11,511**	**4,983**	**8,162**	**56,459**

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.

Salaries and remunerations by Senior executives and Other employees

Salaries and remunerations by senior executives and other employees	Group 2017	Group 2016
Board, president and other senior executives	52	51
Other employees	1,979	1,778
Total	**2,031**	**1,829**

Average number of employees and gender distribution

The average number of employees in Dometic Group during the period 1 January 2017 to 31 December 2017 was 8,769 (6,503). Out of the total number of employees 35% are women.

In the Group Management team 3 executives out of 9 are women.

Gender distribution for Board of Directors and Group Management

	December 31, 2017		December 31, 2016	
	Number on closing date	Of which men	Number on closing date	Of which men
Group (including subsidiaries)				
Board members	7	5	7	6
CEO and other senior executives	9	6	10	7
Group total	16	11	17	13

	2017		2016	
	Average number of employees	Of which men, %	Average number of employees	Of which men, %
Parent				
Sweden	6	67	8	75
Total	6	67	8	75
Subsidiary				
Australia	127	73	134	75
Austria	6	83	6	83
Belgium	19	63	20	75
Brazil	5	80	4	75
Canada	408	81	–	–
China	3,629	66	2,803	63
Denmark	14	86	14	86
Finland	12	83	12	83
France	36	53	34	51
Germany	989	70	942	69
Hong Kong	65	44	70	46
Hungary	257	61	246	62
Italy	190	72	196	77
Japan	21	81	18	88
Netherlands	36	78	34	74
New Zeeland	10	79	9	78
Norway	10	70	9	78
Poland	13	62	12	50
Russia	22	73	22	73
Singapore	5	60	5	60
Slovakia	208	67	208	68
South Africa	5	60	5	60
Spain	26	58	19	61
Sweden	249	67	216	68
Switzerland	11	91	11	91
United Arab Emirates	12	75	12	67
United Kingdom	317	54	48	52
United States of America	2,053	57	1,374	56
Other	8	50	12	64
Group Total	8,769	65	6,503	63

NOTE 10 | OTHER OPERATING INCOME AND EXPENSES

Other operating income	2017	2016
Gain on disposal of fixed assets	2	2
Insurance reimbursement	–	2
Exchange rate effect changes	5	40
Other	6	16
Total	**13**	**60**

Other operating expenses	2017	2016
Loss on disposal of fixed assets	–2	–2
Exchange rate effect changes	–54	–34
Other	–9	–4
Total	**–65**	**–40**
Other operating income and expenses	**–52**	**20**

Parent Company

Other operating income amounts to SEK 130 m (127) of which the full amount relates to income from subsidiaries.

NOTE 11 | FINANCIAL INCOME AND EXPENSES

	Group		Parent	
	2017	2016	2017	2016
Financial income				
Interest income subsidiaries	–	–	50	71
Interest income	6	6	–	–
Total financial income	**6**	**6**	**50**	**71**
Financial expenses				
Interest expense				
– Borrowing, credit institutions	–112	–117	–105	–111
– Borrowing, subsidiaries	–	–	–	–
Interest expense on pension liabilities and expected return on plan assets (note 19)	–12	–13	–	–
Amortization capitalized long-term financing expenses	–7	–7	–7	–7
Exchange rate difference, net	–67	24	224	–296
Other finance expenses	–15	–11	–189	–8
Total financial expenses	**–212**	**–124**	**–77**	**–422**
Loss from financial items	**–206**	**–118**	**–28**	**–351**

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

Parent Company

Other finance expenses includes a net of anticipated dividend write-down of the participation of group companies of SEK –180 m related to the process of simplifying the legal structure in Sweden.

NOTE 12 | TAXES

	Group		Parent	
	2017	2016	2017	2016
Current tax on profit for the year	–183	–194	–	–1
Current tax in respect of prior year	–35	36	–	–
Deferred tax income/expense (–)	12	65	2	1
Total tax income/expense	**–206**	**–93**	**2**	**–**

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	
	2017	2016	2017	2016
Profit (loss) before income tax	1,700	1,455	–188	–1
Income tax calculated in accordance with the Group's current tax rate 1)	–510	–436	–41	0
Non-taxable income2)	1	1	–8,034	0
Non-deductible expenses3)	–30	–17	8,075	–1
Temporary differences for which no deferred income tax was previously recognized	4	64	–	0
Tax losses for which no deferred tax was recognized	–1	–1	–	–
Recognition of deferred tax on prior year losses	2	4	–	–
Effect of change in tax rates	278	–3	–	–
Other revaluation and recognition of deferred tax related to prior year	70	145	2	1
Current tax in respect of prior year	–35	36	–	–
Other differences	15	114	–	–
Total tax income/expense	**–206**	**–93**	**2**	**–**
1) Estimated average tax rate is, %	30	30	22	22

2) The Parent Company's non-taxable income include anticipated dividend from Group companies which arose as part of the process of simplifying the legal structure in Sweden.
3) The Parent Company's non-deductible expenses include impairment of shares in Group companies which arose as part of the process of simplifying the legal structure in Sweden.

The basis for estimating the average tax rate for the Group is the statutory tax rates in countries where the 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	
	2017	2016	2017	2016
Deferred tax assets				
Deductible goodwill amortization	2	3	–	–
Pension commitments	134	116	4	3
Tax loss carry-forwards	687	972	–	–
Provisions	56	55	–	–
Inventories, including internal profit in inventories	147	123	–	–
Derivatives	10	11	–	–
Other assets and liabilities	207	293	–	–
Total deferred tax assets	**1,243**	**1,573**	**4**	**3**
Netting of assets/liabilities	–346	–347	–	–
Net deferred tax asset	**897**	**1,226**	**4**	**3**

	Group		Parent	
	2017	2016	2017	2016
Deferred tax liabilities				
Trademarks	–962	–538	–	–
Other intangible assets	–813	–274	–	–
Tangible assets	–107	–97	–	–
Derivatives	–20	–14	–	–
Other assets and liabilities	–1	–17	–	–
Total deferred tax liabilities	**–1,903**	**–940**	**–**	**–**
Netting of assets/liabilities	2	347	–	–
Net deferred tax liabilities	**–1,901**	**–593**	**–**	**–**
Net deferred tax	**–1,004**	**633**	**4**	**3**

	Group		Parent	
Change in net deferred tax	2017	2016	2017	2016
Opening balance	633	538	3	2
Deferred tax recognized in other comprehensive income	–38	46	–	–
Tax income (expense) during the period recognized in profit or loss	12	65	2	1
Operations/Acquisitions	–1,247	–	–	–
Exchange rate differences	–364	–16	–	–
Closing balance	**–1,004**	**633**	**4**	**3**

Of total deferred tax recognized in equity of SEK –38 m (46), SEK –12 m (8) relates to pensions and SEK –26 m (38) to 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 180 m (188).

Tax loss carry-forwards with time limits total SEK 147 m, of which SEK 133 m will expire after more than five years.

Effects of US tax reform

Due to the new US tax reform (Tax Cuts & Jobs Act), signed on December 22, 2017, the corporate income tax rate in the US has decreased from 35% to 21%. This will have a limited effect on the tax rate for the Group. The US tax reform had a negative impact on the valuation of deferred tax assets related to Dometic Group by SEK –20 m (non-recurring) and a positive impact on the valuation of deferred tax liabilities related to identified surplus values in the purchase price allocation of SeaStar Solutions by SEK +298 m (non-recurring). Furthermore, the repatriation charge imposed by the US tax reform had a negative impact on current tax by SEK –51 m (non-recurring).

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, 2017	December 31, 2016
Environmental promissory note	–	7
Shares and participation in associated companies	2	2
Present value for life assurance	48	40
Other long-term receivables	15	3
Closing balance	65	52

Parent Company

Other non-current assets in the Parent Company consist of capital insurance of SEK 15 m (11).

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.

Acquisition-related intangible assets

All customer relationships, technology 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 15 - 25 years for Customer Relationships, Technology up to 25 years 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 are normally five to ten years.

NOTE 14 cont.

2016	Goodwill	Trademarks	Other intangible assets: Customer Relationship assets	Technology	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**
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**

2017	Goodwill	Trademarks	Other intangible assets: Customer Relationship assets	Technology	Intellectual property and other rights	Capitalized development expenses	Other intangible assets	Total
Acquisition costs								
Opening balance	10,327	2,398	954	–	158	107	161	14,105
Acquired in business combinations	3,440	1,427	2,414	1,007	2	–	19	8,309
Investments for the year	–	–	–	–	–	0	21	21
Sales and disposals	–	–	–	–	–	–22	–	–22
Exchange rate differences	–487	–89	–116	–6	0	–1	1	–698
Closing balance	**13,280**	**3,736**	**3,252**	**1,001**	**160**	**84**	**202**	**21,714**
Amortization								
Opening balance	0	0	–103	–	–49	–72	–140	–364
Acquired in business combinations	–	–	–	–	–	–	–6	–6
Sales and disposals	–	–	–	–	–	18	–	18
Amortization for the year	–	–	–52	–2	–23	–11	–9	–96
Exchange rate differences	–	–	11	0	0	1	–1	11
Closing balance	**0**	**0**	**–144**	**–2**	**–72**	**–64**	**–156**	**–437**
Net carrying amount December 31, 2016	10,327	2,398	851	–	109	35	21	13,741
Net carrying amount December 31, 2017	**13,280**	**3,736**	**3,108**	**999**	**88**	**20**	**46**	**21,276**

Other intangible assets consists of customer relationship assets, technology, intellectual property and other rights, capitalized development expenses and other intangible assets, which altogether amount to SEK 4,261 m (1,016).

Amortization for the year SEK 96 m (91) on intangible assets has been charged to cost of goods sold at SEK 20 m (21), marketing expenses SEK – m (–), and amortization of acquisition-related intangible assets SEK 77 m (70). The latter line includes amortization of customer relationships at SEK 52 m (47), technology at SEK 2 m (–) and intellectual property at SEK 23 m (23). The primary portion of investments in cost of goods sold includes internally generated capitalized development expenses.

Parent Company

Other intangible assets amount to SEK 4 m (2), which include patents, licenses and IT systems.

2017	Other intangible assets: Intellectual property rights	IT system	Total
Acquisition costs			
Opening balance	2	–	2
Investments for the year	–	3	3
Closing balance	**2**	**3**	**5**
Amortization			
Opening balance	0	–	0
Amortization for the year	–1	0	–1
Closing balance	**–1**	**0**	**–1**
Net carrying amount, December 31, 2016	2	–	2
Net carrying amount, December 31, 2017	**1**	**3**	**4**

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).

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 rebranding initiative, 'One Dometic'. This initiative includes a transition over time toward more products branded Dometic. As of December 31, 2017 the impairment test of the measured Goodwill and Trademarks shows no indication of impairment. Goodwill and Trademarks from SeaStar acquisition have not been part of the impairment test as the transaction was closed on December 15, 2017 and the purchase price allocation is based on fair value. Hence no need for impairment test.

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. Management judgment is 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 2017 (SEK – m).

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 peer´s, local prerequisites for each region´s 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.

The Group pre-tax discount rate applied to cash flow projections is set to 10.05% (10.49) and set by region along with the carrying amounts as follows:

Goodwill, Trademarks and discount rate	Goodwill		Trademarks		Average discount rate pre tax %	
	2017	2016	2017	2016	2017	2016
Americas*	7,388	4,530	2,174	897	10.81	11.57
EMEA	3,380	3,220	958	884	8.90	8.71
APAC	2,512	2,577	604	617	11.03	12.00
Group	13,280	10,327	3,736	2,398	10.05	10.49

*of which Goodwill SEK 3,290 m and Trademarks SEK 1,363 m on December 31, 2017 related to the acquisition of SeaStar Solutions.

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 past performance and external reports on market growth in the business in which we operate. Assumptions are judged to remain the same between the years.

The calculations use five-year cash flow projections. The first year is based on the 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. This growth assumption set in comparison to global GDP (2.7% annual increase since 1993) can be considered conservative.

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, 2017 on the level of cash-generating unit, the regions indicates that an increase of WACC by 1% for Americas, EMEA and APAC does not imply a write-down requirement of goodwill in the Group. The sensitivity at a change in WACC for the respective region of 1% corresponds to a change in future cash flows of SEK 0.6 billion (0.5) for APAC), SEK 2.4 billion (2.1) for EMEA and SEK 1.7 billion (1.5) for Americas. An impairment of goodwill does not affect 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

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**
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**
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**

2017	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	1,160	1,302	472	1,103	90	4,368
Acquired in business combinations	13	155	157	20	52	76	473
Investments for the year	–	17	22	32	22	192	285
Sales and disposals	0	–10	–33	–26	–7	–1	–77
Reclassifications	4	18	75	11	41	–147	2
Exchange rate differences	–5	–15	–27	–2	–14	–4	–67
Closing balance	**253**	**1,325**	**1,496**	**507**	**1,197**	**206**	**4,984**
Depreciation							
Opening balance	–6	–431	–918	–378	–895	0	–2,628
Acquired in business combinations	0	–23	–51	–13	–21	–	–108
Sales and disposals	–	8	30	24	6	–	68
Depreciation for the year	–1	–39	–81	–32	–73	–	–225
Reclassifications	–	1	–	–1	–	–	–
Exchange rate differences	1	5	13	0	10	–	29
Closing balance	**–6**	**–479**	**–1,007**	**–400**	**–973**	**–**	**–2,864**
Impairment							
Opening balance	–38	–96	–18	–10	–3	–	–165
Impairment charge for the year	–	–1	–1	–	–	–	–2
Closing balance	**–38**	**–97**	**–19**	**–10**	**–3**	**–**	**–167**
Net carrying amount December 31, 2016	197	633	366	84	205	90	1,575
Net carrying amount December 31, 2017	**209**	**749**	**470**	**97**	**221**	**206**	**1,952**

Land, land improvements and buildings amount in total to SEK 958 m (830). The total of equipment, installations and tools amounts to SEK 318 m (289).

In the consolidated income statement depreciation expenses of SEK 225 m (207) have been charged to the following: cost of goods sold, SEK 185 m (166), sales expenses, SEK 9 m (9) and administrative expenses, SEK 31 m (32).

Parent Company

Equipment in the parent company SEK 1 m (1).

2017	Equipment	Total
Acquisition costs		
Opening balance	1	1
Investments for the year	–	–
Closing balance	**1**	**1**
Depreciation		
Opening balance	0	0
Depreciation for the year	0	0
Closing balance	**0**	**0**
Net carrying amount, December 31, 2016	1	1
Net carrying amount, December 31, 2017	**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 of 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, 2017	December 31, 2016
Acquisition value inventories		
Raw materials and consumables and products in progress	1,315	960
Finished products	2,511	2,007
Advances to suppliers	20	14
Total inventories before provisions	**3,846**	**2,981**
Provisions for obsolescence		
Raw materials and consumables and products in progress	–70	–54
Finished products	–426	–290
Total provisions for obsolescence	**–496**	**–344**
Book value inventories		
Raw materials and consumables and products in progress	1,245	906
Finished products	2,085	1,717
Advances to suppliers	20	14
Total book value	**3,350**	**2,637**

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, 2017	December 31, 2016
Trade receivables	1,514	1,090
Less provision for impairment of trade receivables	–29	–49
Trade receivables – net	**1,485**	**1,041**

	December 31, 2017	December 31, 2016
Opening balance	–49	–49
Provision for receivables impairment	–8	–14
Receivables written off during the period as uncollectible	25	7
Unused amounts reversed	2	10
Exchange rate differences and other changes	1	–3
Closing provision for impairment of trade receivables	**–29**	**–49**

Ageing analysis of trade receivables	December 31, 2017	December 31, 2016
Trade receivables, not due	1,194	851
Past due:		
Less than two months	235	141
2–6 months	54	49
6–12 months	15	11
More than 1 year	16	38
Total past due	**320**	**239**
of which impaired	–29	–49
Closing book value, net	**1,485**	**1,041**

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, 2017, provisions for impairment of trade receivables amounted to SEK 29 m (49). The change compared to last year is due to earlier gross reported overdue trade receivables and bad debt reserve in Italy, which have been netted with SEK 20 m in 2017, and the change had no effect on the consolidated balance sheet or on the income statement.

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, 2017	December 31, 2016
Prepaid rent	6	5
Prepaid insurance	34	34
Prepaid financing expenses	2	–
Prepaid market expenses	1	2
Prepaid personnel expenses	3	3
Prepaid administrative expenses	21	13
Prepaid consumable supplies	25	10
Prepaid costs, other	15	6
Accrued interest	11	4
Accrued income, other	14	12
Total	132	89

Parent Company

The Parent Company had prepaid expenses and accrued income of SEK 16 m (10), of which prepaid consumer supplies amounts to SEK 4 m (5), accrued interest amounts to SEK 11 m (4), and accrued income, insurance amounts to SEK 1 m (1).

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 an 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 the income statement. Interest costs 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 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 2017, Alecta reports a plan surplus of 154 % (149). 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 m (7) has been charged by Alecta. The amount is expected to be immaterially changed for 2018.

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

	December 31, 2017	December 31, 2016
Present value of funded or partly funded obligations	1,168	790
Present value of plan assets	–503	–276
Net liabilities relating to funded obligations	**665**	**514**
Present value of unfunded obligations	22	22
Net liability in the balance sheet	**687**	**536**
Reconciliation to the balance sheet		
Defined benefit pension plan, net	687	536
Other pensions	–	–
Provision for pensions	**687**	**536**

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

	December 31, 2017	December 31, 2016
Opening balance	812	727
Current service cost	14	14
Interest expense	21	23
Remeasurements:		
Actuarial changes arising from changes in demographic assumptions	–2	–8
Actuarial changes arising from changes in financial assumptions	17	30
Experience adjustments	2	7
Exchange difference	–35	48
Benefits paid	–30	–28
Acquired in business combinations	391	–
Closing balance	**1,190**	**812**

NOTE 19 cont.

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

	December 31, 2017	December 31, 2016
Opening balance	276	251
Interest income	9	9
Remeasurements:		
Return on plan assets, excluding amounts included in interest	28	4
Exchange difference	–26	19
Employer contributions	26	4
Benefits paid	–30	–12
Acquired in business combinations	221	–
Closing balance	**503**	**276**

	December 31, 2017	December 31, 2016
Present value of funded or partly funded obligations	1,190	812
Present value of plan assets	–503	–276
Net liabilities relating to funded obligations	**687**	**536**

Breakdown by country	December 31, 2017	December 31, 2016
Of which Funded plan Germany and USA	665	514
Of which Unfunded plan Other	22	22
Closing balance	**687**	**536**

The amounts recognized in the income statement are as follows:

	2017	2016
Current service cost	15	14
Interest cost, net	12	13
Costs attributable to defined benefit plans	**27**	**27**
Costs attributable to defined contribution plans	54	47
Total cost in the income statement	**81**	**74**

Major assumptions for the valuation of the liability:

Major actuarial assumptions	December 31, 2017			December 31, 2016		
	Germany	USA	Other	Germany	USA	Other
Discount rate, %	1.84	3.70	1.84	1.80	4.11	1.87
Expected salary increase rate, %	2.50	2.77	1.75	2.50	2.50	1.50

Major categories of plan assets	December 31, 2017	December 31, 2016
Cash, cash equivalent	1	1
Equity instruments	244	113
Debt instruments	166	84
Real estate	11	–
Investment funds	82	78
Closing balance	**503**	**276**

The administered assets principally consist of debt instruments, investment funds and 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 the plan next year amounts to SEK 38 m (7).

Average duration of obligation is 12.96 years in Germany, 13.68 years in the US and 10.21 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 m
Discount rate + 0.5%	–72
Discount rate – 0.5%	84
Price inflation, incl. salary inflation + 0.5%	4
Price inflation, incl. salary inflation –0.5%	–3
Life expectancy +1 year	–33
Life expectancy – 1 year	37

NOTE 20 | OTHER PROVISIONS

	Warranty commitments	Environmental provisions	Recall provision	Restructuring provision	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

	Warranty commitments	Environmental provisions	Recall provision	Restructuring provision	Other	Total
Opening balance January 1, 2017	202	23	18	4	67	314
Charged to the income statement:						
– Acquired in business combinations	12	–	–	–	–	12
– Additional/revaluation provisions	14	2	–	78	46	140
– Unused amounts reversed	–	–4	–	–	–	–4
Used during year	–	–	–14	–9	–7	–30
Exchange rate differences	–10	1	–1	0	–1	–11
Closing balance December 31, 2017	217	22	3	73	105	420
Provisions consist of:						
Long-term	46	22	3	1	60	131
Short-term	171	–	0	72	45	289
Total	217	22	3	73	105	420

Parent Company

Provisions for the Parent Company consist of provisions for other post employment benefits of SEK 21 m (13) and other provisions of SEK 6 m (–) in total SEK 27 m (13).

Provisions

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 provision

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 provision

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, and are related to the EMEA profitability improvement program and relocation China.

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, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Non-current				
Senior term loans, long-term	9,810	4,453	9,810	4,453
Other bank loans	–	–	–	–
	9,810	4,453	9,810	4,453
Current				
Senior term loans, short-term	602	206	602	206
Accrued interest	35	–	35	–
Other bank loans	131	123	–	–
	768	329	637	206
Total borrowings	10,578	4,782	10,447	4,659

The amount granted on the senior facilities in the Dometic Group amounts to SEK 11,762 m (5,945), of which SEK 10,469 m (4,686) was utilized as of December 31, 2017. The amount granted on local facilities in the Dometic Group amounts to SEK 101 m (239), of which SEK 0 m (5) was utilized as of December 31, 2017.

Of the long-term borrowings SEK 0 m (0) falls due for payment more than five 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. In 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 2017 the headroom was sufficient for both covenants. The headroom in the Net debt/EBITDA was 27% (167) and for the interest cover covenant 138% (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 101 m (239), of which SEK 0 m (5) was drawn at December 31, 2017. These facilities are with local Chinese Banks and with Svenska Handelsbanken AB (publ).

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, 2017, an amount corresponding to SEK 131 million (118) was deposited and borrowed in this manner, respectively.

Credit Facilities/Senior term loans

In connection with the acquisition of SeaStar Solutions in December 2017 the Group updated the existing Senior Facilities Agreement and added a new loan of USD 750 m. USD 250 m of the drawn amount was exchanged to a euro loan (EUR 212 m). The current term loan and revolving credit facilities agreement is with DNB Sweden AB, Nordea Bank AB (publ), Skandinaviska Enskilda Banken AB (publ) and Svenska Handelsbanken AB (publ) as lenders. The updated Facilities Agreement consists of an amortizing term loan facility (equivalent of SEK 2,776 m available for drawing in USD, EUR and AUD), a term loan facility (equivalent of SEK 7,693 m available for drawing in USD, EUR and AUD) and a revolving credit facility (SEK 1,292 m available for drawing in SEK, USD and EUR), the Credit Facilities.

As of December 31, 2017 the aggregate principal amount under the Credit Facilities is equivalent to SEK 11,762 m (5,945). The original Credit Facilities (SEK 4,278 m outstanding) has a final maturity date falling five years from the date of the Offering in November 2015. The added facility (SEK 6,192 m outstanding) has maturity 5 years after the drawdown at December 14, 2017. The Group's main loan financing now consists of the Credit Facilities, which are unsecured.

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, 2017	December 31, 2016
EUR	3,619	1,566
USD	6,177	2,398
AUD	674	722
Other currencies	–	–
Total	10,469	4,686
of which current	616	213
Total non-current	9,853	4,473

Interest bearing debt

The Group's definition of interest bearing debt of SEK 11,230 m (5,318) includes the following items: senior term loans SEK 10,469 m (4,686), other bank loans SEK 131 m (123), amortized costs SEK –57 m (–27) and provisions for pensions SEK 687 m (536). Derivative financial liabilities related to interest rate swaps were SEK 0 m (0).

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

December 31, 2017	Currency	SEK m	All-in Interest rate, %	Margin, %	Final payment year
Senior unsecured term loan A					
Dometic Group AB	EUR	256	2.00	2.00	2020
Dometic Group AB	EUR	695	2.50	2.50	2022
Dometic Group AB	USD	345	3.33	2.00	2020
Dometic Group AB	USD	1,369	4.07	2.50	2022
Dometic Group AB	AUD	112	4.00	2.25	2020
Senior unsecured term loan B					
Dometic Group AB	EUR	1,278	2.00	2.00	2020
Dometic Group AB	EUR	1,390	2.50	2.50	2022
Dometic Group AB	USD	1,726	3.33	2.00	2020
Dometic Group AB	USD	2,737	4.07	2.50	2022
Dometic Group AB	AUD	561	4.00	2.25	2020
Senior unsecured term revolving credit facility					
Dometic Group AB	EUR	–	–	1.25	2020
Total		10,469			

NOTE 22 | ACCRUED EXPENSES AND PREPAID INCOME

	Group		Parent	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Prepaid income for extended guarantee period	14	14	–	–
Accrued employee-related items	309	244	17	20
Accrued bonus from customers	80	77	–	–
Accrued interest	55	36	45	29
Accrued production costs	53	30	–	–
Accrued administrative expenses	84	60	–	–
Accrued marketing expenses	50	47	–	–
Accrued finance expenses	1	3	–	–
Product liability claims	76	43	–	–
Other*	56	19	3	4
Total	778	573	65	53

* Includes accrued transaction expenses related to the SeaStar acquisition of SEK 26 million.

NOTE 23 | PLEDGED ASSETS

December 31, 2017 the local loan facilities in China are partly supported by pledged assets of SEK 215 m (231).

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, 2017 (–).

NOTE 24 | CONTINGENT LIABILITIES

There are no outstanding contingent liabilities as per December 31, 2017 (–).

NOTE 25 | CASH FLOW DETAILS

	Group		Parent	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Cash and cash equivalents includes				
Cash in hand and balances with banks	1,159	1,599	–	–
Total cash and cash equivalents	**1,159**	**1,599**	–	–
Adjustments for non-cash items				
Depreciation and amortization (Note 14, 15)	321	298	1	–
Relocation China*	–166	–	–	–
Exchange rate differences	28	12	–329	–
Divestment Seating and chassis business	–	41	–	–
Other non-cash items	39	15	26	5
Total non-cash items	**222**	**366**	**–302**	**5**

* As announced on July 13, Dometic divested an industrial facility in China as part of a strategic consolidation. The selling price amounted to CNY 160 m. A net gain before tax of CNY 131.5 m is recognized in the third quarter 2017.

Reconciliation of liabilities arising from financing activities

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.

Group

		Changes arising from cashflow			Non-cash changes			
2017	At January 1, 2017	Change in cash and cash equivalents	Amortization of senior term loans	New senior term loans in connection with acquisition	Change accrued interest	Foreign exchange movements	Acquired provisions for pensions, net	At December 31, 2017
Senior term loans, long-term	4,473	–	–229	5,888	–	–280	–	9,852
Senior term loans, short-term	336	–	–	413	–	–	–	749
Provisions for pensions	536	–	–	–	–	–9	160	687
Finance lease liabilities	–	–	–	–	–	–	–	–
Accrued interest	25	–	–	–	10		–	35
	5,370	–	**–229**	**6,301**	**10**	**–289**	**160**	**11,323**
Cash and Cash equivalents	1,599	–417	–	–	–	–23	–	1,159
Net debt	**3,771**							**10,163**

Parent Company

		Changes arising from cashflow			Non-cash changes			
2017	At January 1, 2017	Change in cash and cash equivalents	Amortization of senior term loans	New senior term loans in connection with acquisition	Change accrued interest	Foreign exchange movements	Acquired provisions for pensions, net	At December 31, 2017
Senior term loans, long-term	4,453	–	–217	5,886	–	–312		9,810
Senior term loans, short-term	206	–	–	413	–	–17	–	602
Finance lease liabilities	–	–	–	–	–	–	–	–
Accrued interest	29	–	–	–	6	–	–	35
	4,688	**–**	**–217**	**6,299**	**6**	**–329**	**–**	**10,447**
Cash and Cash equivalents	–	–	–	–	–	–	–	–
Net debt	**4,688**							**10,447**

Other financing activities

Other financing activities includes an intercompany receivable on Dometic Corporation of SEK –5,091 m, and paid financial fees of SEK –9 m in total SEK –5,101 m.

NOTE 26 | SHARES IN SUBSIDIARIES

Dometic Group AB (publ)

Company name	Corp. id. no	Domicile	Number of shares	Proportion of equity in %	2017 booked value SEK m
Direct shareholdings					
Dometic Koncern AB	556829-4424	Solna, Sweden	50,000	100	0
Dometic Group Services AB	556829-4416	Solna,Sweden	50,000	100	0
Dometic Holding AB	556677-7370	Solna, Sweden	1,001	100	11,831
Dometic International AB	556598-2666	Solna, Sweden	23,829,409	100	395
Dometic Sweden AB	556598-2674	Solna, Sweden	22,100,000	100	4,396
Total					16,622

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
Marine Canada Acquistion Inc.	853832533RC0003	Canada	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 COMPIEGNE	France	100
Marine Acquisition (France) S.A.R.L	410 253 660 R.C.S LORIENT	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
Oceanair Marine Limited	02504653	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
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.	20051965	Netherlands	100
Dometic WAECO Holding B.V.	06050846	Netherlands	100
Sierra Netherlands Coöperatief U.A	59086122	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

NOTE 26 cont.

Company name	Corp. id. no	Domicile	Proportion of equity in %
Marine Acquisition (Singapore) Pte.Ltd	197000956M	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 Scandinavia AB	556305-2033	Sweden	100
Dometic Seitz AB	556528-1093	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	99-0378974	USA	100
Dometic Corporation	32-0145464	USA	100
Dometic Mexico LLC	3457538	USA	100
ASP Marine Holdings, Inc	46-4240119	USA	100
Galene Holdings, LLC	46-1860755	USA	100
Marine Acquisition Holdings, Inc	27-5496313	USA	100
Marine Acquisition Corp.	27-5496404	USA	100
Marine Acquisition (US) Inc.	23-2467492	USA	100
Sierra International LLC	36-2643586	USA	100
Inca Products Acquisition Corp.	46-2862973	USA	100
Marine Digital Integration LLC	46-4518541	USA	100
Summit Marine Sales, LLC	27-3481958	USA	100
Sierra Netherlands Holdings, LLC	46-3981447	USA	100
Seloc Publishing Inc.	36-2643586	USA	100

Change analysis of shares in subsidiaries	December 31, 2017	December 31, 2016
Opening balance	13,563	13,563
Acquisitions*	37,613	–
Shareholder´s contribution, cash	2,143	–
Impairment losses*	–36,697	–
Closing balance	16,622	13,563

* During 2017 a process of simplifying the legal structure in Sweden was initiatied.

NOTE 27 | TRANSACTIONS WITH RELATED PARTIES

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.

Parent company administrative expenses amounted to SEK –133 m (–130); of this SEK 130 m (127) was charged out to subsidiaries in accordance to a service agreement. The charged-out expenses are being classified as other operating income in the income statement.

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 amounted to SEK 739,583 divided into 295,833,333 shares. 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, 2017	December 31, 2016
Earnings per share before dilution		
Earnings attributable to the Parent Company´s shareholders (thousands)	1,494,613	1,362,134
Weighted average number of shares issued	295,833,333	295.833,333
Earnings per share before dilution (SEK per share)	5.05	4.60
Earnings per share after dilution		
Earnings attributable to the Parent Company´s shareholders (thousands)	1,494,613	1,362,134
Weighted average number of shares issued	295,833,333	295.833,333
Earnings per share after dilution (SEK per share)	5.05	4.60

Proposed distribution of earnings

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

Profit brought forward	11,030,723
Loss for the year	–186,282
Total	10,844,441

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

A dividend to the shareholders of SEK 2.05 per share, totaling	606,458
To be carried forward	10,237,983
Total	10,844,441

NOTE 29 | BUSINESS COMBINATIONS

Acquisition calculations are subject to final adjustment up to one year after the date of acquisition.

2017

Acquisition of SeaStar Solutions

On November 21, 2017, Dometic announced the acquisition of SeaStar Solutions, leading provider of vessel control, fuel and system integration systems to the leisure marine industry. SeaStar Solutions is based in North America and employs 1,250 people. The transaction was closed on December 15, 2017 after all approvals from relevant competition authorities were obtained, and Dometic has consolidated the company as of that date. The consideration transferred net acquired cash amounted to USD 868 m (SEK 7,286 m). In the purchase price allocation below, calculations of intangible assets and goodwill are only preliminary. Goodwill is justified by new potential customers and new future technologies with SeaStar Solution's leading position in vessel control, fuel systems and system integration and strong relationships with manufacturers. Acquisition-related costs amount to SEK 58 m, reported as items affecting comparability in Q4 2017. Sales and cost synergies of USD 20 m per annum will be fully realized within 3 years. The acquisition has affected consolidated net sales from the date of the acquisition by SEK 108 m and operating profit by SEK 5 m, including step-up costs for fair value revaluation of inventory of SEK 9 m. If the acquisition had been consolidated as of January 1, 2017, the effect on pro forma net sales would have been USD 320 m and EBITDA of USD 85 m.

While the Company uses its best estimates and assumptions as part of the purchase price allocation process to value assets acquired and liabilities assumed at the acquisition date, the purchase price allocation for acquisition is preliminary for up to 12 months after the acquisition date and is subject to refinement as more detailed analyses are completed and additional information about the fair values of the assets and liabilities becomes available. The acquisition is included in region Americas. Goodwill is not tax deductible.

Purchase price allocation SeaStar Solutions	Preliminary
Trademarks and tradenames	1,376
Oher intangible assets	3,365
Tangible assets	347
Other non-current assets	1
Operating assets	937
Cash and cash equivalents	1
Provisions and other non-current liabilities	–1,777
Operating liabilities	–251
Fair value of net assets	**3,999**
Goodwill	3,361
Purchase price	**7,361**
Consideration transferred	**–7,286**

Acquisition of IPV and Oceanair Marine Limited

On December 22, 2016, Dometic announced the acquisition of the assets of IPV, a Germany-based aftermarket provider of coolers and other outdoor products. The acquisition strengthens Dometic's position in the EMEA market for mobile coolers. The purchase price was EUR 3.5 m, and the transaction was closed on January 3, 2017.

On February 7, 2017, Dometic acquired Oceanair Marine Limited, a UK-based market-leading manufacturer of marine blinds, screens and soft furnishings for the Leisure Marine and Super Yacht segments. The acquisition strengthens Dometic's presence in the marine market and broadens the product portfolio. The company reported revenues of GBP 11.4 m for the 2015/2016 fiscal year. The initial purchase price was GBP 14.0 m in cash, with an additional earn-out consideration of a maximum of GBP 2.5 m subject to the achievement of certain performance-related targets over the next 16 months.

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

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

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.

NOTE 30 | SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Juan Vargues, new president and CEO of Dometic, joined the company on January 8, 2018.

On January 9, it was announced that Liselotte Bergmark, Head of Group Human Resources is leaving Dometic for another assignment.

On February 23, Dometic announced that Anton Lundqvist was appointed new Chief Technology Officer. Anton Lundqvist joins the Group Management team to lead Dometic's new Innovation Organization, where global CTO and Product Development activities will be coordinated.

On February 27, it was announced that Bengt Thorsson, President of the EMEA region had decided to leave Dometic for another assignment outside the group. Bengt will continue to lead EMEA until his replacement has been appointed.

On March 5, Dometic announced that Silke Ernst was appointed new Head of Group HR. Silke Ernst will as of August 28 join Dometic from Mycronic where she most recently held the position as Senior VP Human Resources.

There have been no other significant events with effect on the financial reporting after the balance sheet date.

NOTE 31 | DEFINITIONS

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

Dometic presents some financial measures in this annual report, which are not defined by IFRS. The company believes that these measures provide valuable additional information to investors and management for evaluating the company's financial performance, financial position and trends in 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 prepared in accordance with IFRS. See Dometic's website www. dometic.com for the detailed reconciliation.

Core working capital
Consists of inventories and trade receivables less trade payables.

EBITDA
Earnings before Interest, Taxes, Depreciation and Amortization.

EBITDA margin
EBITDA divided by net sales.

Net debt/EBITDA (Leverage ratio)
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.

Operating cash flow
EBITDA +/- change in working capital excluding paid tax, after capital expenditure.

Organic growth
Sales growth excluding acquisitions/divestments and currency translation effects. Quarters calculated at comparable currency, applying latest period average rate.

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

DEFINITIONS AND KEY RATIOS

AM
Aftermarket.

Capital expenditure
Expenses related to the purchase of tangible and intangible assets.

CPV
Commercial and Passenger Vehicles.

EPS – Earnings per share
Net profit for the period divided by average number of shares.

Equity ratio
Equity as a percentage of total assets.

I.A.C. – Items Affecting Comparability
Items affecting comparability are events or transactions with significant financial effects, which are relevant for understanding the financial performance when comparing profit for the current period with previous periods. Items included are for example restructuring programs, expenses related to major revaluations, gains and losses from acquisitions or disposals of subsidiaries.

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

Net profit
Profit for the period.

OCI
Other comprehensive income.

OEM
Original Equipment Manufacturers.

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

Operating profit (EBIT) margin
Operating profit divided by net sales.

Profit margin
Net profit as a margin of net sales.

RV
Recreational Vehicles.

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

PROPOSED DISTRIBUTION OF EARNINGS

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

Profit brought forward	11,030,723
Profit for the year	–186,282
Total	**10,844,441**

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

A dividend to the shareholders of SEK 2.05 per share, totaling	606,458
To be carried forward	10,237,983
Total	**10,844,441**

The Board of Directors propose April 11, 2018, as the record day for the right to dividend.

The Board of Directors has proposed that the Annual Shareholder Meeting 2018 resolves on a dividend to the shareholders of SEK 2.05. 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, 2018

Fredrik Cappelen
Chairman of the Board

Juan Vargues
President and CEO

Rainer Schmückle
Board member

Jacqueline Hoogerbrugge
Board member

Peter Sjölander
Board member

Magnus Yngen
Board member

Erik Olsson
Board member

Heléne Vibbleus
Board member

Our Auditor's Report was issued on March 15, 2018

PricewaterhouseCoopers AB

Magnus Brändström
Authorized public accountant

AUDITORS' 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 2017, with the exception of the Corporate Governance Report on pages 49–61 of the printed version of this document. The annual accounts and consolidated accounts of the company are included on pages 44–103 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 2017 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 2017 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 49–61 . 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.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

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. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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 consolidated 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 70% of the Group's total sales in 2017.

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. In addition, local statutory audit procedures are performed for all legal entities within the Group subject to such requirements according to local law.

Our audit is carried out continuously during the year. In 2017, 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 third quarter 2017, 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 9,990 and 2,373 million respectively as of December 31, 2017 (excluding goodwill of SEK 3,290 million and trademarks of SEK 1,363 million relating to the acquisition of SeaStar Solutions). These 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 particularly 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 followed a consistent 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 all CGUs to be within a reasonable range. We have also compared Dometic's forecasts of EBIT margin and EBIT growth by region/CGU with analyst estimates for noted comparable peers. Finally, we have performed a sensitivity analysis by applying different WACCs for each CGU. We found there is headroom in all CGUs, however the headroom for APAC is the smallest (goodwill relating to APAC amount to SEK 2,5 billion as of December 31, 2017). Based on our work, we had no material observations for the overall audit on Dometic's impairment test of goodwill and trademarks.
Acquisition of SeaStar Solutions SeaStar Solutions (SeaStar) was acquired on December 15, 2017 (closing date of the transaction) and consolidated for the first time at that date. The consideration transferred net acquired cash amounted to SEK 7,286 million. A preliminary Purchase Price Allocation (PPA) has been performed resulting in trademarks and tradenames of SEK 1,376 million, other intangible assets of SEK 2,265 million and goodwill of SEK 3,361 million. Goodwill is justified by new potential customers and new future technologies. The balances and transactions relating to the acquisition of SeaStar are significant both by nature and amount, and there are judgments and significant assumptions made with respect to the preliminary PPA. 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 acquired balances may be overstated. Refer to the Annual Report Note 29 – Business Combinations.	Our audit procedures included, but were not limited to the following: • We involved valuation specialists in our audit in order to assess accuracy behind the PPA model as such, test mathematical accuracy and verify the model against valuation methodology and principles in general; • We performed audit procedures on fair values assigned to acquired assets and liabilities; • We tested key assumptions applied in the preliminary PPA and performed sensitivity analysis, and; • We assessed disclosures made in the annual report based on the requirements in IFRS 3 Business combinations. Based on our work, we had no material observations for the overall audit on the preliminary PPA of SeaStar Solutions.

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 107. 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 Revisorsinspektionen's website www.revisorsinspektionen.se/revisornsansvar. 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 2017 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 fulfill 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 Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

The auditor's examination of the corporate governance report

The Board of Directors is responsible for that the Corporate Governance Report on pages 49–61 has 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 statement. This means that our examination of the corporate governance statement 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 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.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of Dometic Group AB (publ) by the general meeting of the shareholders on April 7, 2017 and has been the company's auditor since June 15, 2001.

Stockholm March 15, 2018
PricewaterhouseCoopers AB

Magnus Brändström
Authorized Public Accountant

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.

2017

- Dometic acquires Oceanair, UK
- Dometic acquires SeaStar Solutions, North America

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 Metallwarenfabrik, Germany

1968

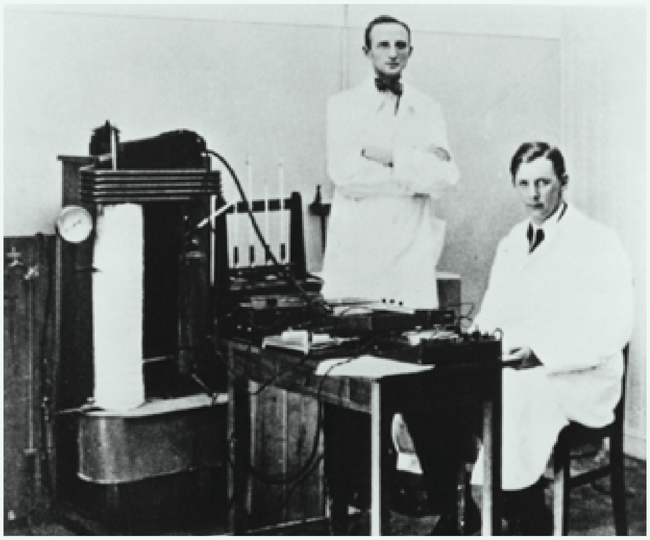
- Electrolux establishes Dometic Corporation of the US

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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This Annual Report is an English translation of the Swedish original.
In the event of any discrepancies, the Swedish version shall govern.

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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, Food & Beverage, Power & Control and Safety & Security.