

REPORT ON THE FOURTH QUARTER 2019

FOURTH QUARTER 2019

- Net sales for the quarter were SEK 3,919 m (4,070); a decrease of -4%, of which -9% was organic growth.
- Operating profit before depreciation and amortization (EBITDA) for the quarter was SEK 445 m (469), representing a margin of 11.4% (11.5%).
- Operating profit (EBIT) before items affecting comparability for the quarter was SEK 298 m (420), representing a margin of 7.6% (10.3%).
- Items affecting comparability for the quarter were SEK -60 m (-92), of which SEK -80 m related to restructuring costs for the quarter from the global restructuring program presented in the interim report for the third quarter 2019.
- Operating profit (EBIT) for the quarter was SEK 238 m (328), representing a margin of 6.1% (8.1%).
- Cash flow for the quarter was SEK 679 m (-906). Operating cash flow was SEK 918 m (859).
- Profit for the quarter was SEK 47 m (136).
- Earnings per share for the quarter were SEK 0.16 (0.46).

FULL YEAR 2019

- Net sales for the period were SEK 18,503 m (18,274); an increase of 1%, of which -7% was organic growth.
- Operating profit before depreciation and amortization (EBITDA) for the period was SEK 3,155 m (3,113), representing a margin of 17.1% (17.0%).
- Operating profit (EBIT) before items affecting comparability for the period was SEK 2,435 m (2,679), representing a margin of 13.2% (14.7%).
- Items affecting comparability for the period were SEK -97 m (-92), of which SEK -116 m related to restructuring costs for the period from the global restructuring program presented in the interim report for the third quarter 2019.
- Operating profit (EBIT) for the period was SEK 2,338 m (2,587), representing a margin of 12.6% (14.2%).
- Cash flow for the period was SEK 2,162 m (920). Operating cash flow was SEK 3,721 m (2,616).
- Profit for the period was SEK 1,325 m (1,576).
- Earnings per share for the period were SEK 4.48 (5.33).
- The Board of Directors propose a dividend of SEK 2.20 (2.15) per share for 2019.

FINANCIAL OVERVIEW

SEK m	Q4	Q4	FY	FY
	2019	2018	2019	2018
Net sales	3,919	4,070	18,503	18,274
EBITDA	445	469	3,155	3,113
% of net sales	11.4%	11.5%	17.1%	17.0%
Operating profit (EBIT) before items affecting comparability ⁽¹⁾	298	420	2,435	2,679
% of net sales	7.6%	10.3%	13.2%	14.7%
Operating profit (EBIT)	238	328	2,338	2,587
% of net sales	6.1%	8.1%	12.6%	14.2%
Profit for the period	47	136	1,325	1,576
Earnings per share, SEK	0.16	0.46	4.48	5.33
Cash flow for the period	679	-906	2,162	920
Operating cash flow ⁽²⁾	918	859	3,721	2,616
Core working capital	3,238	3,986	3,238	3,986
Investments in fixed assets	-114	-117	-361	-422
RoOC	28.3%	30.5%	28.3%	30.5%

⁽¹⁾ See Note 5 Items affecting comparability.

⁽²⁾ Net cash flow from operations after investments in fixed assets and excluding income tax paid.

CEO COMMENTS



2019 was an important year for Dometic. It was a year in which we clearly embarked on the journey of transforming as a company, started to execute on many strategic initiatives across the entire organization and raised our ambitions by establishing new financial targets.

Our strategy is the foundation for actions taken during the year. Despite a challenging trading environment in areas of our business and US trade tariffs, we have managed to deliver 1 percent net sales growth for the full year. We also demonstrated a strong ability to react immediately to changing market conditions by taking actions leading to continued high profitability and the best operating cash flow in the history of Dometic. At the same time, we have increased our investments in innovation, in building the commercial organization for the new growth areas and in IT to become even more competitive in the years to come. We achieved our ambitious targets relating to the innovation index and SKU reduction for the year.

We summarize a fourth quarter characterized by a similar trading environment seen all throughout the year. Total net sales growth was -4%, mainly impacted by a continued weak US market. We are pleased to see that we have started to execute on the restructuring program and we are satisfied how we have managed this so far.

Americas reported net sales growth of -8 percent in the quarter. The sales decline was driven by a negative development in Food & Beverage, while Other Applications showed a strong performance. The EBIT margin was 7.1 percent. The additional US tariffs and the continued volume decline in the US market could not be fully offset by all the actions taken in the Americas region. The gross impact from tariffs was SEK -81 m in the quarter and SEK -258 m for the full year.

EMEA reported net sales growth of 2 percent in the quarter. A good performance in Power & Control and Climate, boosted by the acquisition of Kampa, was offset by a weaker development in Food & Beverage. The EBIT margin was 4.1 percent, mainly negatively impacted by lower volumes and currency effects.

APAC reported net sales growth of -4 percent in the quarter. Climate and Power & Control displayed a positive sales trend. Food & Beverage was negatively impacted by a weak performance in Australia. The EBIT margin remained at a high level at 20.7 percent despite a negative development in the Pacific.

Since the announcement of the global restructuring program in connection with the report for the third quarter 2019, we have shifted two more production lines from China to the new manufacturing site in Mexico, consolidated one manufacturing site in Americas and initiated the closure of two manufacturing sites in EMEA. A total of 10 sites and around 200 employees have been affected during the quarter. In January, we took further action in the US affecting one manufacturing site and around 200 employees. We remain confident that we will deliver on the previously communicated target of estimated annualized effects on earnings of approximately SEK 400 m when fully implemented, with full impact in the middle of 2022. The execution of this program will allow us to reach our financial targets and take full advantage of the many opportunities ahead.

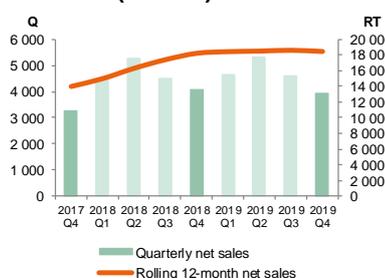
Operating cash flow was SEK 918 m, an increase of 7 percent compared with the same quarter last year. Leverage improved to 2.4x (2.8x) by the end of the quarter.

As we enter 2020, we will continue to drive improvements in all areas in line with our strategy. We will continue to invest in new growth opportunities and innovation, while persisting with our efforts to reduce complexity, execute on the global restructuring program and improve efficiency every day in 2020. The many actions across the entire organization will demand full attention in order to secure successful and timely execution.

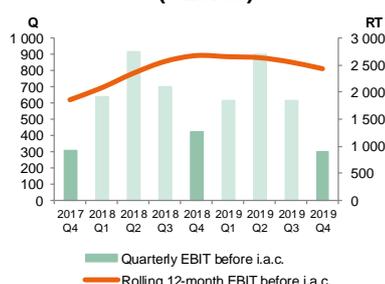
We are confident about the long-term positive trends in the Mobile Living industry and the opportunities for acquisitive growth, and we will continue to deliver on our strategic direction to take Dometic to the next level.

Juan Vargues, President and CEO

Net sales (SEK m)



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



Short-term outlook: The near-term demand for Dometic's products is expected to remain challenging.

All references to EBIT and EBIT margin on this page refer to EBIT before items affecting comparability unless otherwise stated

FINANCIAL SUMMARY – FOURTH QUARTER 2019

Net sales were SEK 3,919 m (4,070), a decrease of -4% compared with the same quarter last year. This comprised -9% organic growth, 4% currency translation and 1% M&A.

Operating profit before depreciation and amortization (EBITDA) was SEK 445 m (469). The EBITDA margin was 11.4% (11.5%).

Operating profit (EBIT) before items affecting comparability was SEK 298 m (420). The EBIT margin before items affecting comparability was 7.6% (10.3%).

Items affecting comparability totaled SEK -60 m (-92), of which SEK -80 m related to restructuring costs for the quarter from the global restructuring program presented in the interim report for the third quarter 2019

Operating profit (EBIT) was SEK 238 m (328). The EBIT margin was 6.1% (8.1%). IFRS 16 impacted EBIT positively by SEK 2 m.

Financial items totaled a net amount of SEK -160 m (-96), including SEK -103 m (-106) in interest on external bank loans and SEK -6 m (0) for interest on leases as an effect of IFRS 16. Other FX revaluations and other items amounted to SEK -57 m (6) and financial income amounted to SEK 5 m (5).

Taxes totaled SEK -30 m (-96), corresponding to 39% (41%) of profit before tax. Current tax amounted to SEK -180 m (-54) and deferred tax to SEK 151 m (-42). Deferred tax mainly related to timing differences. Paid tax of 138% (24%) is higher compared with the same quarter last year, mainly due to the Group's tax paying positions in Canada and the US, but also due to payments of withholding tax on intercompany dividends.

Profit for the quarter was SEK 47 m (136).

Earnings per share for the quarter were SEK 0.16 (0.46).

Operating cash flow for the quarter was SEK 918 m (859).

Cash flow for the quarter was SEK 679 m (-906).

Financial position. Leverage was 2.4x (2.8x) at the end of the fourth quarter 2019.

Global restructuring program. During the quarter, total costs relating to the global restructuring program amounted to SEK -80 m.

FINANCIAL SUMMARY – FULL YEAR 2019

Net sales were SEK 18,503 m (18,274), an increase of 1% compared with the same period last year. This comprised -7% organic growth, 5% currency translation and 3% M&A.

Operating profit before depreciation and amortization (EBITDA) was SEK 3,155 m (3,113). The EBITDA margin was 17.1% (17.0%).

Operating profit (EBIT) before items affecting comparability was SEK 2,435 m (2,679). The EBIT margin before items affecting comparability was 13.2% (14.7%).

Items affecting comparability totaled SEK -97 m (-92), of which SEK -80 m related to restructuring costs for the period.

Operating profit (EBIT) was SEK 2,338 m (2,587). The EBIT margin was 12.6% (14.2%). IFRS 16 impacted EBIT positively by SEK 6 m.

Financial items totaled a net amount of SEK -508 m (-431), including SEK -434 m (-408) in interest on external bank loans and SEK -19 m (0) for interest on leases as an effect of IFRS 16. Other FX revaluations and other items amounted to SEK -68 m (-34) and financial income amounted to SEK 14 m (11).

Taxes totaled SEK -505 m (-580), corresponding to 28% (27%) of profit before tax. The total effective tax rate is higher compared with 2018 mainly due to the BEAT tax rate ("Base Erosion Anti-avoidance Tax) in the US. In 2019, the BEAT tax rate was increased from 5% to 10%. Current tax amounted to SEK -591 m (-296) and deferred tax to SEK 86 m (-284). Paid tax of 29% (15%) is higher compared with the same period last year, mainly due to the Group's tax paying positions in Canada and the US, but also due to payments of withholding tax on intercompany dividends as well as payment of capital gains tax on the sale of real estate in China in 2017, which had been postponed to this year.

Profit for the period was SEK 1,325 m (1,576).

Earnings per share for the period were SEK 4.48 (5.33).

Operating cash flow for the period was SEK 3,721 m (2,616).

Cash flow for the period was SEK 2,162 m (920).

Global restructuring program. During the period, total costs relating to the global restructuring program amounted to SEK -116 m.

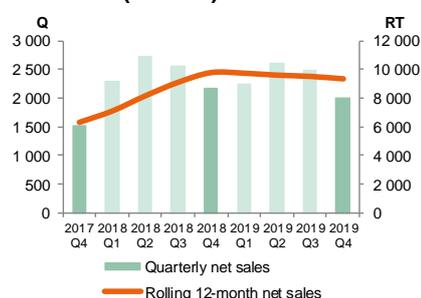
Significant events after the period. There were no significant events after the period.

SEK m	Q4	Q4	Change (%)		FY	FY	Change (%)	
	2019	2018	Rep.	Adj. ⁽¹⁾	2019	2018	Rep.	Adj. ⁽¹⁾
Americas	2,010	2,177	-8%	-12%	9,325	9,758	-4%	-11%
EMEA	1,449	1,415	2%	0%	7,472	6,706	11%	8%
APAC	460	478	-4%	-5%	1,707	1,810	-6%	-8%
Net sales	3,919	4,070	-4%	-7%	18,503	18,274	1%	-4%
Americas	143	234	-39%	-42%	1,096	1,470	-25%	-31%
EMEA	59	86	-31%	-33%	978	814	20%	15%
APAC	95	100	-4%	-8%	362	395	-8%	-14%
Operating profit (EBIT) bef. i.a.c.⁽²⁾	298	420	-29%	-32%	2,435	2,679	-9%	-15%
Americas	7.1%	10.8%			11.8%	15.1%		
EMEA	4.1%	6.1%			13.1%	12.1%		
APAC	20.7%	20.9%			21.2%	21.8%		
Operating profit % bef. i.a.c.⁽²⁾	7.6%	10.3%			13.2%	14.7%		

⁽¹⁾Represents change in comparable currency. ⁽²⁾Before items affecting comparability.

AMERICAS

Net sales (SEK m)



NET SALES AND OPERATING PROFIT (EBIT)

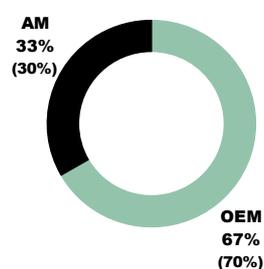
Fourth quarter 2019

Americas reported net sales of SEK 2,010 m (2,177), representing 51% of Group net sales. Total growth was -8%, of which -12% was organic growth, 4% currency translation and 0% M&A.

Operating profit (EBIT) before items affecting comparability was SEK 143 m (234); a decrease of -39% compared with the same quarter last year. The EBIT margin was 7.1% (10.8%).

Items affecting comparability totaled SEK -4 m (-34), of which SEK -23 m related to restructuring costs for the quarter from the global restructuring program presented in the interim report for the third quarter 2019.

Sales split AM/OEM



Operating profit (EBIT) was SEK 139 m (200); a decrease of -30% compared with the same quarter last year. The EBIT margin was 6.9% (9.2%). The gross impact from tariffs was SEK -81 m in the quarter.

Full year 2019

Americas reported net sales of SEK 9,325 m (9,758). Total growth was -4%, of which -11% was organic growth, 7% currency translation and 0% M&A.

Operating profit (EBIT) before items affecting comparability was SEK 1,096 m (1,470); a decrease of -25% compared with the same period last year. The EBIT margin was 11.8% (15.1%).

Items affecting comparability totaled SEK -41 m (-34), of which SEK -60 m related to restructuring costs for the period from the global restructuring program presented in the interim report for the third quarter 2019.

Operating profit (EBIT) was SEK 1,055 m (1,437); a decrease of -27% compared with the same period last year. The EBIT margin was 11.3% (14.7%). The gross impact from tariffs was SEK -258 m for the period.

Q4

NET SALES

2,010

SEK MILLION
(2,177)

OPERATING PROFIT (EBIT)*

143

SEK MILLION
(234)

OPERATING MARGIN (EBIT%)*

7.1%

(10.8%)

Business highlights, Q4

Total OEM sales growth was -12%, of which growth in constant currency was -16%.

Total Aftermarket sales growth was 3%, of which growth in constant currency was -2%.

Food & Beverage reported negative sales growth, mainly driven by weak demand for RV refrigeration products. Strong growth for mobile cooling.

Climate reported negative sales growth, mainly due to a weak performance for climate control and awnings products.

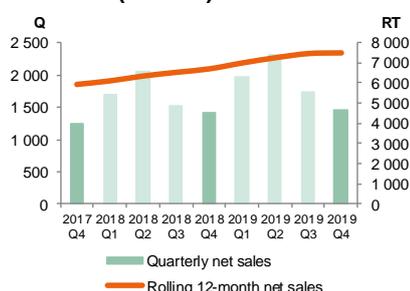
Power & Control reported negative sales growth, driven by a weaker development for steering systems.

Other Applications reported strong sales growth, supported by a strong performance for spare parts.

*EBIT before items affecting comparability.

EMEA

Net sales (SEK m)



NET SALES AND OPERATING PROFIT (EBIT)

Fourth quarter 2019

EMEA reported net sales of SEK 1,449 m (1,415), representing 37% of Group net sales. Total growth was 2%, of which -4% was organic growth, 2% currency translation and 4% M&A.

Operating profit (EBIT) before items affecting comparability was SEK 59 m (86); a decrease of -31% compared with the same quarter last year. The EBIT margin was 4.1% (6.1%), mainly negatively impacted by lower volumes and currency effects.

Items affecting comparability totaled SEK -51 m (-57) and related to restructuring costs for the quarter from the global restructuring program presented in the interim report for the third quarter 2019.

Operating profit (EBIT) was SEK 8 m (29); a decrease of -72% compared with the same quarter last year. The EBIT margin was 0.6% (2.1%).

Full year 2019

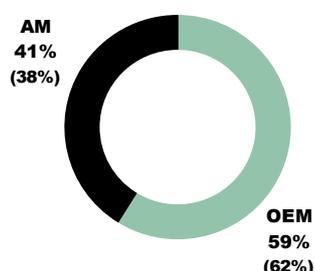
EMEA reported net sales of SEK 7,472 m (6,706). Total growth was 11%, of which 1% was organic growth, 3% currency translation and 7% M&A.

Operating profit (EBIT) before items affecting comparability was SEK 978 m (814); an increase of 20% compared with the same period last year. The EBIT margin was 13.1% (12.1%).

Items affecting comparability totaled SEK -51 m (-57) and related to restructuring costs for the period from the global restructuring program presented in the interim report for the third quarter 2019.

Operating profit (EBIT) was SEK 926 m (756), an increase of 22% compared with the same period last year. The EBIT margin was 12.4% (11.3%).

Sales split AM/OEM



Q4

NET SALES

1,449

SEK MILLION
(1,415)

OPERATING PROFIT (EBIT)*

59

SEK MILLION
(86)

OPERATING MARGIN (EBIT%)*

4.1%

(6.1%)

Business highlights, Q4

Total OEM sales growth was -3%, of which growth in constant currency and excluding the acquisition of Kampa was -6%.

Total Aftermarket sales growth was 12%, of which growth in constant currency and excluding the acquisition of Kampa was -2%.

Food & Beverage reported negative sales growth. Good growth for hot & cooking products was more than offset by a weak performance for mobile cooling and refrigeration products.

Climate reported good sales growth, mainly driven by awnings and climate control products.

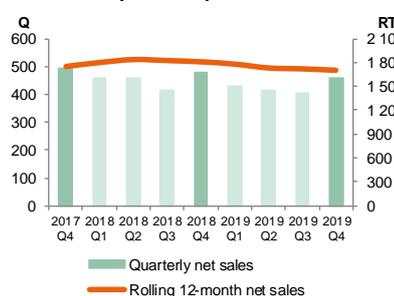
Power & Control reported strong sales growth, driven by generators and battery products.

Other Applications reported strong sales growth, mainly as a result of strong development for spare parts.

*EBIT before items affecting comparability

APAC

Net sales (SEK m)



NET SALES AND OPERATING PROFIT (EBIT)

Fourth quarter 2019

APAC reported net sales of SEK 460 m (478), representing 12% of Group net sales. Total growth was -4%, of which -5% was organic growth, 1% currency translation and 0% M&A.

Operating profit (EBIT) before items affecting comparability was SEK 95 m (100); a decrease of -5% compared with the same quarter last year. The EBIT margin was 20.7% (20.9%).

Items affecting comparability totaled SEK -5 m (-1) and related to restructuring costs for the quarter from the global restructuring program presented in the interim report for the third quarter 2019.

Operating profit (EBIT) was SEK 90 m (99); a decrease of -9% compared with the same quarter last year. The EBIT margin was 19.6% (20.7%).

Full year 2019

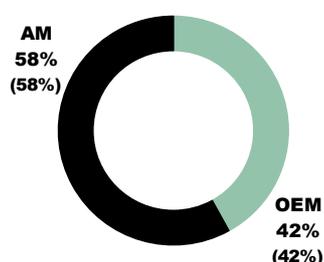
APAC reported net sales of SEK 1,707 m (1,810). Total growth was -6%, of which -8% was organic growth, 2% currency translation and 0% M&A.

Operating profit (EBIT) before items affecting comparability was SEK 362 m (395); a decrease of -8% compared with the same period last year. The EBIT margin was 21.2% (21.8%).

Items affecting comparability totaled SEK -5 m (-1) and related to restructuring costs for the period from the global restructuring program presented in the interim report for the third quarter 2019.

Operating profit (EBIT) was SEK 357 m (394); a decrease of -9% compared with the same period last year. The EBIT margin was 20.9% (21.8%).

Sales split AM/OEM



Q4

NET SALES

460

SEK MILLION
(478)

OPERATING PROFIT (EBIT)*

95

SEK MILLION
(100)

OPERATING MARGIN (EBIT%)*

20.7%

(20.9%)

Business highlights, Q4

Total OEM sales growth was -4%, of which growth in constant currency was -6%. Total Aftermarket sales growth was -3%, of which growth in constant currency was -5%.

Food & Beverage reported negative sales growth. A good development for refrigeration products was more than offset by weak sales for mobile cooling.

Climate reported good sales growth, mainly as a result of a strong performance for climate control products.

Power & Control reported sales growth, impacted by a positive development for generators and battery products.

Other Applications reported sales growth, mainly due to a strong performance for sanitation products and spare parts.

*EBIT before items affecting comparability

PARENT COMPANY DOMETIC GROUP AB (PUBL)

Fourth quarter 2019

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

For the fourth quarter of 2019, the Parent Company had an operating profit (loss) of SEK -5 m (-1), including administrative expenses of SEK -40 m (-37) and other operating income of SEK 35 m (36), of which the full amount relates to income from subsidiaries.

Profit (loss) from financial items totaled SEK 187 m (480), including interest income from subsidiaries of SEK 60 m (72), interest expenses to subsidiaries of SEK 0 m (0), result from shares in subsidiaries of SEK – m (528) and other financial income and expenses of SEK 127 m (-119).

Profit (loss) for the quarter amounted to SEK -39 m (524).

Full year 2019

For the full year of 2019, the Parent Company had an operating profit (loss) of SEK 0 m (-5), including administrative expenses of SEK -185 m (-171) and other operating income of SEK 185 m (166), of which the full amount relates to income from subsidiaries.

Profit (loss) from financial items totaled SEK -453 m (10), including interest income from subsidiaries of SEK 279 m (259), interest expenses to subsidiaries of SEK 0 m (0), result from shares in subsidiaries of SEK – m (528) and other financial income and expenses of SEK -732 m (-777).

Profit (loss) for the period amounted to SEK -54 m (517).

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

ANNUAL GENERAL MEETING

Dometic Group AB's (publ) Annual General Meeting will be held on Tuesday, April 7, 2020, at 13:00 at At Six, Brunkebergstorg 6, Stockholm, Sweden.

NOMINATION COMMITTEE – ANNUAL GENERAL MEETING 2020

In accordance with the resolution taken by the 2019 Annual General Meeting (AGM), the Nomination Committee ahead of the 2020 AGM shall be composed of the Chairman of the Board of Directors together with one representative of each of the three largest shareholders, based on the ownership structure as of August 31, 2019. More details about the Nomination Committee are available on our website. www.dometic.com

PROPOSED DIVIDEND

For the 2019 full year, the Board of Directors propose a cash dividend of SEK 2.20 (2.15).

Solna, January 31, 2020

Board of Directors

REVIEW

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

CONSOLIDATED INCOME STATEMENT

SEK m	Q4	Q4	FY	FY
	2019	2018	2019	2018
Net sales	3,919	4,070	18,503	18,274
Cost of goods sold	-2,715	-2,794	-12,504	-12,323
Gross Profit	1,204	1,276	5,999	5,951
Sales expenses	-603	-573	-2,411	-2,259
Administrative expenses	-228	-224	-918	-855
Other operating income and expenses	2	-1	68	61
Items affecting comparability	-60	-92	-97	-92
Amortization of acquisition related intangible assets	-77	-58	-303	-219
Operating profit	238	328	2,338	2,587
Financial income	5	5	14	11
Financial expenses	-165	-101	-522	-442
Loss from financial items	-160	-96	-508	-431
Profit (loss) before tax	77	232	1,830	2,156
Taxes	-30	-96	-505	-580
Profit (loss) for the period	47	136	1,325	1,576
Profit (loss) for the period attributable to owners of the Parent Company	47	136	1,325	1,576
Earnings per share before and after dilution, SEK - Owners of the Parent Company	0.16	0.46	4.48	5.33
Average number of shares, million	295.8	295.8	295.8	295.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Q4	Q4	FY	FY
	2019	2018	2019	2018
Profit (loss) for the period	47	136	1,325	1,576
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit pension plans, net of tax	58	-41	-69	-3
	58	-41	-69	-3
Items that may be reclassified subsequently to profit or loss:				
Cash flow hedges, net of tax	0	10	-30	8
Gains/losses from hedges of net investments in foreign operations, net of tax	75	14	-41	-14
Exchange rate differences on translation of foreign operations	-611	-155	784	554
	-536	-130	713	548
Other comprehensive income for the period	-478	-171	644	545
Total comprehensive income for the period	-431	-35	1,969	2,121
Total comprehensive income for the period attributable to Owners of the Parent Company	-431	-35	1,969	2,121

CONSOLIDATED BALANCE SHEET (IN SUMMARY)

SEK m	Dec 31, 2019	Dec 31, 2018
ASSETS		
Non-current assets		
Goodwill and trademarks	18,875	18,203
Other intangible assets	4,560	4,507
Tangible assets	2,110	2,111
Right-of-use assets	623	–
Deferred tax assets	583	627
Derivatives, long-term	2	0
Other non-current assets	99	71
Total non-current assets	26,852	25,519
Current assets		
Inventories	2,957	3,772
Trade receivables	1,695	1,705
Current tax assets	74	86
Derivatives, short-term	36	107
Other current receivables	641	681
Prepaid expenses and accrued income	136	128
Cash and cash equivalents	4,289	2,113
Total current assets	9,828	8,592
TOTAL ASSETS	36,681	34,111
EQUITY AND LIABILITIES		
EQUITY	17,363	16,029
LIABILITIES		
Non-current liabilities		
Liabilities to credit institutions, long-term	12,288	11,217
Deferred tax liabilities	1,895	1,944
Other non-current liabilities	165	153
Leasing liabilities, long-term	475	–
Provisions for pensions	821	739
Other provisions, long-term	198	191
Total non-current liabilities	15,842	14,244
Current liabilities		
Liabilities to credit institutions, short-term	–	393
Trade payables	1,414	1,491
Current tax liabilities	468	399
Advance payments from customers	20	38
Leasing liabilities, short-term	163	–
Derivatives, short-term	32	108
Other provisions, short-term	266	295
Other current liabilities	206	203
Accrued expenses and prepaid income	907	911
Total current liabilities	3,476	3,838
TOTAL LIABILITIES	19,318	18,082
TOTAL EQUITY AND LIABILITIES	36,681	34,111

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IN SUMMARY)

SEK m	FY 2019	FY 2018
Opening balance for the period	16,029	14,514
Profit (loss) for the period	1,325	1,576
Other comprehensive income for the period	644	545
Total comprehensive income for the period	1,969	2,121
Transactions with owners		
Dividend paid to shareholders of the Parent Company	-636	-606
Total transactions with owners	-636	-606
Closing balance for the period	17,363	16,029

CONSOLIDATED STATEMENT OF CASH FLOW

SEK m	Q4 2019	Q4 2018	FY 2019	FY 2018
Cash flow from operating activities				
Operating profit	238	328	2,338	2,587
<i>Adjustment for other non-cash items</i>				
Depreciation and amortization	208	141	817	526
Adjustments for other non-cash items	-30	22	-29	122
<i>Changes in working capital</i>				
Changes in inventories	333	35	970	-41
Changes in trade receivables	422	366	81	-112
Changes in trade payables	-39	90	53	-80
Changes in other working capital	-100	-6	-148	36
Income tax paid	-106	-56	-529	-313
Net cash flow from operations	926	920	3,553	2,725
Cash flow from investments				
Acquisition of operations, net of cash acquired	-	-508	-	-492
Investments in fixed assets	-114	-117	-361	-422
Proceeds from sale of fixed assets	0	2	15	70
Deposit	-	-	-	-233
Other investing activities	0	4	-2	1
Net cash flow from investments	-114	-619	-348	-1,076
Cash flow from financing				
Borrowings from credit institutions	-	0	9,762	3,183
Repayment of loans to credit institutions	-	-1,124	-9,546	-2,849
Payment of lease liabilities related to lease agreements	-46	-	-166	-
Paid interest	-60	-89	-369	-376
Received interest	4	4	8	7
Other financing activities	-31	2	-96	-88
Dividend paid to shareholders of the Parent Company	-	-	-636	-606
Net cash flow from financing	-133	-1,207	-1,043	-729
Cash flow for the period	679	-906	2,162	920
Cash and cash equivalents at beginning of period	3,623	3,020	2,113	1,159
Exchange differences on cash and cash equivalents	-13	-1	14	34
Cash and cash equivalents at end of period	4,289	2,113	4,289	2,113

PARENT COMPANY INCOME STATEMENT

SEK m	Q4	Q4	FY	FY
	2019	2018	2019	2018
Administrative expenses	-40	-37	-185	-171
Other operating income	35	36	185	166
Operating profit	-5	-1	0	-5
Interest income subsidiaries	60	72	279	259
Interest expenses subsidiaries	0	0	0	-
Result from shares in subsidiaries	-	528	-	528
Other financial income and expenses	127	-119	-732	-777
Profit (loss) from financial items	187	480	-453	10
Group contributions	-233	44	387	510
Profit (loss) before tax	-51	523	-66	516
Taxes	12	1	12	1
Profit (loss) for the period	-39	524	-54	517

PARENT COMPANY BALANCE SHEET (IN SUMMARY)

SEK m	Dec 31, 2019	Dec 31, 2018
ASSETS		
Non-current assets		
Shares in subsidiaries	16,228	16,228
Other non-current assets	5,844	5,573
Total non-current assets	22,072	21,801
Current assets		
Current assets	532	1,825
Total current assets	532	1,825
TOTAL ASSETS	22,604	23,626
EQUITY	10,066	10,755
PROVISIONS		
Provisions	53	42
Total provisions	53	42
LIABILITIES		
Non-current liabilities		
Non-current liabilities	12,288	11,217
Total non-current liabilities	12,288	11,217
Current liabilities		
Current liabilities	197	1,611
Total current liabilities	197	1,611
TOTAL LIABILITIES	12,538	12,870
TOTAL EQUITY AND LIABILITIES	22,604	23,626

CONDENSED NOTES

NOTE 1 | ACCOUNTING PRINCIPLES

Dometic Group AB (publ) and its subsidiaries (together “the Dometic Group”, “Dometic” or “the Group”) applies International Financial Reporting Standards (IFRS), as adopted by the EU. This consolidated Interim Financial Report has been prepared in accordance with IAS 34 ‘Interim Financial Reporting’. The accounting and valuation principles in this interim report correspond to principles applied by the Group in the 2018 Annual Report and should be read in conjunction with that Annual Report, available at www.dometic.com.

The Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities, issued by the Swedish Financial Reporting Board, have been applied for the Parent Company. The interim report comprises pages 1-18 and pages 1-11 are thus an integral part of this financial report (IAS 34.16A).

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

New and amended accounting principles for 2019 adopted by the Group

IFRS 16 Leases

IFRS 16 Leases came into effect as of January 1, 2019. The Group has adopted IFRS 16 Leases and it has been applied by the Group since January 1, 2019. This supersedes all lease requirements under IFRS.

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

The Group uses the practical expedient for non-lease components, which means that each lease component and any associated non-lease component will not be treated separately but accounted for as one. Leases with similar characteristics can as a practical expedient be treated under the so-called portfolio approach. Dometic Group does not use this practical expedient but will account for leases on an individual basis. Dometic Group is using the recognition exemption for short-term leases and low-value leases and classifies all IT and office equipment as low-value assets and hence does not include them in the balance sheet.

The impact on the Group’s consolidated financial statements was an opening balance increase, deriving from a lease liability and right-of-use asset of around SEK 500 m, each adjusted by the amount of prepaid or accrued lease payment. There was no effect in equity. The details below illustrate the link to recognized IFRS 16 opening lease liabilities from the previously classified operating lease commitments of IAS 17 Leases.

Future minimum lease charges for operating leases at nominal value on December 31, 2018 amounted to SEK 698 m. This amount is reduced by short-term lease agreements of SEK 164 m, low-value asset lease agreements of SEK 16 m, increased by lease term extensions of SEK 25 m, and reduced by the impact

of discounting of SEK 26 m. This results in an opening lease liability of SEK 517 m for January 1, 2019.

The detailed description of the accounting and valuation principles for leases applied by the Group in this interim report can be found in Note 2.1.1 Changes in accounting policies, New and amended accounting policies for 2019 and later, of the 2018 Annual Report.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 – Interpretation 23 Uncertainty over Income Tax Treatments is effective as of January 1, 2019. The transition has no impact. The Group has applied IFRIC 23 as of January 1, 2019.

NOTE 2 | RISKS AND UNCERTAINTIES

Risks are part of any business and as a global Group with production and distribution all over the world Dometic faces risks that can impact its ability to achieve established strategic and other objectives, including financial targets. Effective risk management of strategic, execution, compliance & regulatory and reporting risks creates opportunities and effective risk mitigation. The key to effective risk management is identifying known risks and preparing for any unknown risks to which the Group is exposed. While mitigating risks usually comes at a cost, effective risk management adds value by establishing clear risk and process ownership combined with risk identification, assessment and prioritization of risk mitigating actions and effective monitoring.

In line with Dometic’s established model for three lines of responsibility, risk management as part of the second line of responsibility constitutes an important role by providing and supporting management and the business with a risk framework including a risk management process used in identification, assessment and prioritization of risk mitigating actions and effective monitoring.

During the year, the risk framework was updated to increase the focus on strategic risks and improved alignment with the Group strategic objectives and strategy toolbox for execution. Each defined tool in the strategy toolbox represents both risks and opportunities that, correctly managed help the Group deliver on its strategy.

Risks in the risk framework and especially the strategic risks are connected to the objectives defined for each of the three pillars in the Group strategy being; Profitable expansion in mobile living, Product leadership through innovation and Continuous cost reductions.

The risk committee, which from 2019 comprises the members of Group management held four quarterly meetings in connection with Group management meetings, during which significant time was dedicated to risk identification, risk assessment and discussion of mitigating actions. Strategic risks are since 2019 primarily assessed via a top down approach through Group management, while execution, compliance & regulatory and reporting risks are primarily assessed via a bottom up approach through regional risk and process owners, with an additional top-down assessment from Group management as needed. The Risk

Committee discusses and makes decisions on risk mitigating activities and the members of Group management act as global risk and process owners as applicable.

The work of the Risk Committee is regularly reported to the Audit Committee and annually to the Board of Directors.

With strategic, execution, compliance & regulatory and reporting risks identified and assessed within the risk framework, the results in terms of agreed risks maps raise risk awareness and guide management and operations at different levels in the organization in prioritization of risk mitigation actions i.e. risk responses. Risk maps also serve as a foundation for the Group's control functions, such as Internal Control and Internal Audit, for their prioritization of focus areas.

Risk mitigating actions i.e. risk responses within the risk framework could include avoiding the risk, reducing the risk, sharing the risk or accepting the risk. Monitoring is executed in the daily operations and more formally at the quarterly risk committee meetings as well as at the Audit Committee and Board of Directors meetings respectively.

Dometic's risk and risk management are described on pages 67-71 and on pages 97-100 in the 2018 Annual Report, available at www.dometic.com.

NOTE 3 | FINANCIAL INSTRUMENTS

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

The fair values of Dometic's derivative assets and liabilities were SEK 38 m (107) and SEK 32 m, (108). The value of derivatives is based on published prices in an active market. No transfers between levels of the fair value hierarchy have occurred during the period.

For financial assets and liabilities other than derivatives, fair value is assumed to be equal to the carrying amount.

TABLE TO NOTE 3 – FINANCIAL INSTRUMENTS

Dec 31, 2019	Balance sheet carrying amount	Financial instruments at amortized cost	Financial instruments at fair value	Derivatives used for hedging
Per category				
Derivatives	38	–	6	32
Financial assets	6,724	6,724	–	–
Total financial assets	6,763	6,724	6	32
Derivatives	32	–	15	17
Financial liabilities	14,073	14,073	–	–
Total financial liabilities	14,105	14,073	15	17

NOTE 4 | SEGMENT INFORMATION

SEK m	Q4 2019	Q4 2018	FY 2019	FY 2018
Net sales, external				
Americas				
OEM	1,340	1,525	6,142	6,736
Aftermarket	670	652	3,183	3,022
Americas net sales, external	2,010	2,177	9,325	9,758
RV	1,017	1,133	4,938	5,595
Marine	896	937	3,994	3,757
CPV	39	58	184	229
Other (Lodging and Retail)	58	50	209	177
Americas net sales, external	2,010	2,177	9,325	9,758
EMEA				
OEM	853	883	3,624	3,532
Aftermarket	596	532	3,848	3,173
EMEA net sales, external	1,449	1,415	7,472	6,706
RV	802	737	3,795	3,180
Marine	186	199	845	805
CPV	333	356	1,807	1,769
Other (Lodging and Retail)	128	123	1,024	951
EMEA net sales, external	1,449	1,415	7,472	6,706
APAC				
OEM	193	202	792	857
Aftermarket	267	276	914	954
APAC net sales, external	460	478	1,707	1,810
RV	210	225	881	925
Marine	29	26	123	112
CPV	31	33	139	153
Other (Lodging and Retail)	190	194	564	620
APAC net sales, external	460	478	1,707	1,810
Net sales, external				
Americas	2,010	2,177	9,325	9,758
EMEA	1,449	1,415	7,472	6,706
APAC	460	478	1,707	1,810
Total net sales, external	3,919	4,070	18,503	18,274
Operating profit (EBIT) before i.a.c.				
Americas	143	234	1,096	1,470
EMEA	59	86	978	814
APAC	95	100	362	395
Total operating profit before i.a.c.	298	420	2,435	2,679
Items affecting comparability				
Americas	-4	-34	-41	-34
EMEA	-51	-57	-51	-57
APAC	-5	-1	-5	-1
Total items affecting comparability	-60	-92	-97	-92
Operating profit (EBIT)				
Americas	139	200	1,055	1,437
EMEA	8	29	926	756
APAC	90	99	357	394
Total operating profit (EBIT)	238	328	2,338	2,587
Financial income	5	5	14	11
Financial expenses	-165	-101	-522	-442
Taxes	-30	-96	-505	-580
Profit (loss) for the period	47	136	1,325	1,576

SEK m	Q4 2019	Q4 2018	FY 2019	FY 2018
Net sales, external				
Americas				
Food & Beverage	346	452	1,681	2,135
Climate	736	786	3,504	3,797
Power & Control	757	795	3,368	3,161
Other applications	171	145	772	664
Americas net sales, external	2,010	2,177	9,325	9,758
EMEA				
Food & Beverage	458	489	2,695	2,662
Climate	733	696	3,672	2,986
Power & Control	134	118	566	522
Other applications	124	111	538	536
EMEA net sales, external	1,449	1,415	7,472	6,706
APAC				
Food & Beverage	251	277	839	937
Climate	164	158	690	685
Power & Control	8	7	31	38
Other applications	38	36	147	150
APAC net sales, external	460	478	1,707	1,810
Net sales, external				
Americas	2,010	2,177	9,325	9,758
EMEA	1,449	1,415	7,472	6,706
APAC	460	478	1,707	1,810
Total net sales, external	3,919	4,070	18,503	18,274

Segment performance for each region is primarily assessed based on net sales and operating profit. Information for each region is based on where customers are located. Management follow-up is based on the integrated result in each segment. For further information, please refer to Note 5 of the 2018 Annual Report. As part of the strategic repositioning of Dometic presented on May 28, 2019, Dometic identified four application areas. Dometic will during a transition period from Q2 2019 to Q4 2019 report net sales by region, by application area, by business area and by sales channels. As of Q1 2020, regions will remain as segments and net sales will be reported by region, by application area and by sales channels. Inter-segment sales were as follows.

SEK m	Q4 2019	Q4 2018	FY 2019	FY 2018
Americas	60	80	363	389
EMEA	67	92	359	464
APAC	422	674	2,369	3,165
Eliminations	550	845	3,092	4,017

NOTE 5 | ITEMS AFFECTING COMPARABILITY

SEK m	Q4 2019	Q4 2018	FY 2019	FY 2018
Relocation China	–	9	–	9
Restructuring charges	–	-101	–	-101
Global restructuring program	-80	–	-116	–
Other	19	–	19	–
Total	-60	-92	-97	-92

The table below lists items affecting comparability by function.

SEK m	Relocation China				Restructuring charges				Global restructuring program				Total			
	Q4 2019	Q4 2018	FY 2019	FY 2018	Q4 2019	Q4 2018	FY 2019	FY 2018	Q4 2019	Q4 2018	FY 2019	FY 2018	Q4 2019	Q4 2018	FY 2019	FY 2018
Costs of goods sold	–	9	–	9	–	-66	–	-66	-82	–	-113	–	-82	-57	-113	-57
Sales expenses	–	–	–	–	–	-6	–	-6	–	–	–	–	–	-6	–	-6
Administrative expenses	–	–	–	–	–	-29	–	-29	3	–	-3	–	3	-29	-3	-29
Other operating income and expenses	–	–	–	–	–	–	–	–	19	–	19	–	19	–	19	–
Total	–	9	–	9	–	-101	–	-101	-60	–	-97	–	-60	-92	-97	-92

NOTE 6 | AMORTIZATION OF ACQUISITION-RELATED INTANGIBLE ASSETS BY FUNCTION

SEK m			Amortization of		Amortization of		Total
			Amortization of Trademarks	Customer Relationship Assets	Amortization of Technology	Amortization of intellectual property	
Cost of goods sold							
	Q4	2019	–	–	-12	-6	-17
	Q4	2018	–	–	-11	-6	-17
	FY	2019	–	–	-47	-23	-70
	FY	2018	–	–	-44	-23	-67
Sales expenses							
	Q4	2019	-12	-47	–	–	-60
	Q4	2018	–	-41	–	–	-41
	FY	2019	-49	-185	–	–	-234
	FY	2018	–	-152	–	–	-152
Total Amortization of acquisition related intangible assets							
	Q4	2019	-12	-47	-12	-6	-77
	Q4	2018	–	-41	-11	-6	-58
	FY	2019	-49	-185	-47	-23	-303
	FY	2018	–	-152	-44	-23	-219

NOTE 7 | RIGHT-OF-USE ASSETS

Right-of-use assets information is specified below:

Total depreciation and amortization of SEK 817 m (526) includes depreciation of right-of-use assets of SEK 180 m (-) for 2019.

SEK m	Depreciation and amortization			
	Q4 2019	Q4 2018	FY 2019	FY 2018
Depreciation and amortization	-208	-141	-817	-526
Add back depreciation related to right-of-use assets	49	–	180	–
Total	-159	-141	-637	-526

SEK m	Right-of-use assets	
	Dec 31, 2019	Dec 31, 2018
Buildings	573	–
Machinery, equipment and other technical installations	50	–
Total	623	–

NOTE 8 | TRANSACTIONS WITH RELATED PARTIES

No transactions between Dometic and related parties that have significantly affected the company's position and earnings took place during 2019.

NOTE 9 | ACQUISITIONS AND DIVESTMENTS 2019

Dometic has not made any acquisitions or divestments during 2019.

The purchase price allocation of Kampa is considered as final. No changes have been made.

2018*Acquisition of Kampa*

On December 3, 2018, Dometic acquired Kampa, an innovative provider of Retail and Aftermarket products based in the UK. Kampa significantly broadens Dometic's Retail and Aftermarket offering in EMEA, with good potential for further expansion and profitable growth.

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

If the acquisition had been consolidated as of January 1, 2018, the effect on proforma net sales would have been GBP 40 m and EBITDA of 7 m. Aftermarket sales account for 100% of revenue. The business operates with a small fixed asset base, which requires limited Capex each year.

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

Goodwill is justified by new potential customer relationships and market position. Acquisition-related costs in the consolidated income statement for Q4 2018 amount to SEK 10 m. Sales and cost synergies are expected to be limited. The acquisition has affected consolidated net sales in the amount of SEK 12 m and operating profit by SEK -3.5 m, including step-up inventory of SEK -2.6 m.

NOTE 10 | SIGNIFICANT EVENTS AFTER THE PERIOD.

There were no significant events after the period.

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

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

Core working capital

Consists of inventories and trade receivables less trade payables.

EBITDA

Operating profit (EBIT) before Depreciation and Amortization. Depreciation also includes depreciation of right-of-use assets as of January 1, 2019, when IFRS 16 Leases came into effect.

EBITDA margin

EBITDA divided by net sales.

Leverage

Net debt excluding pensions and accrued interest in relation to EBITDA before items affecting comparability and including acquisitions proforma. Any cash deposits with tax authorities are treated as cash in leverage calculation.

Net debt

Total borrowings including pensions and accrued interest less cash and cash equivalents.

Operating cash flow

Cash flow from operations after investments in fixed assets excluding income tax paid.

Organic growth

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

RoOC – Return on Operating Capital

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

DEFINITIONS AND KEY RATIOS

AM

Aftermarket.

Capital expenditure

Expenses related to the purchase of tangible and intangible assets.

CPV

Commercial and Passenger Vehicles.

EPS – Earnings per share

Net profit for the period divided by average number of shares.

FY 2019

Financial Year ended December 31, 2019.

FY 2018

Financial Year ended December 31, 2018.

i.a.c. – items affecting comparability

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

Interest-bearing debt

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

LTM

Last twelve months.

Net profit

Profit (loss) for the period.

OCI

Other Comprehensive Income.

OEM

Original Equipment Manufacturers.

Operating capital excluding goodwill and trademarks

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

Operating profit (EBIT)

Operating profit (EBIT) before financial items and taxes.

Operating profit (EBIT) margin

Operating profit (EBIT) divided by net sales.

RV

Recreational Vehicles.

Q4 2019

October to December 2019 for Income Statement.

Q4 2018

October to December 2018 for Income Statement.

Working capital

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

YTD 2019

Year to date. January to December 2019 for Income statement.

YTD 2018

Year to date. January to December 2018 for Income statement.

PRESENTATION OF THE INTERIM REPORT

Analysts and media are invited to participate in a telephone conference at 10.00 (CET), January 31, 2020, during which President and CEO, Juan Vargues and CFO, Stefan Fristedt, will present the report and answer questions. To participate in the webcast/telephone conference, please dial in five minutes prior to the start of the conference call:

Sweden: +46 8 505 583 52

UK: +44 333 300 92 65

US: +1 646 722 49 57

The webcast URL and presentation are available at www.dometic.com

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This information is information that Dometic Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on January 31, 2020.

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

FINANCIAL CALENDAR

MARCH 16, 2020: Annual Report 2019 published

APRIL 7, 2020: Annual General Meeting

APRIL 24, 2020: Interim report for the first quarter 2020

JULY 16, 2020: Interim report for the second quarter 2020

OCTOBER 23, 2020: Interim report for the third quarter 2020

ABOUT DOMETIC

Dometic is a global market leader in branded solutions for mobile living in the areas of Food & Beverage, Climate, Power & Control and Other Applications. Dometic operates in the Americas, EMEA and APAC, providing products for use in recreational vehicles, pleasure and workboats, trucks and premium cars, and for a variety of other uses. Our motivation is to create smart and reliable products with outstanding design. We have a global distribution and dealer network in place to serve the aftermarket. Dometic employs approximately 7,200 people worldwide, had net sales of SEK 18.5 billion in 2019 and is headquartered in Stockholm, Sweden.

DISCLAIMER

Some statements herein are forward-looking and the actual outcome could be materially different. In addition to the factors explicitly commented upon, the actual outcome could be materially affected by other factors, (a) changes in economic, market and competitive conditions, (b) success of business and operating initiatives, (c) changes in the regulatory environment and other government actions, (d) fluctuations in exchange rates and (e) business risk management.