# REPORT ON THE THIRD QUARTER 2019

| NET SALES | OPERATING PROFIT (EBIT) | OPERATING PROFIT (EBIT) BEFORE ITEMS AFFECTING COMPARABILITY | OPERATING CASH FLOW |
|---|---|---|---|
| **4,605** | **583** | **619** | **1,301** |
| SEK MILLION | SEK MILLION | SEK MILLION | SEK MILLION |
| (4,501) | (702) | (702) | (843) |

### THIRD QUARTER 2019

- Net sales for the quarter were SEK 4,605 m (4,501); an increase of 2%, of which -6% was organic growth.
- Operating profit before depreciation and amortization (EBITDA) for the quarter was SEK 792 m (835), representing a margin of 17.2% (18.6%).
- Operating profit (EBIT) for the quarter was SEK 583 m (702), representing a margin of 12.7% (15.6%).
- Items affecting comparability for the quarter were SEK -37 m (-) and related to initial restructuring measures executed in the quarter.
- Operating profit (EBIT) before items affecting comparability for the quarter was SEK 619 m (702), representing a margin of 13.5% (15.6%).
- Cash flow for the quarter was SEK 990 m (1,941). Operating cash flow was SEK 1,301 m (843).
- Profit for the quarter was SEK 372 m (435).
- Earnings per share: SEK 1.26 (1.47).
- In line with the strategic direction presented at the capital markets day, a global restructuring program was launched after the end of the quarter.

### NINE MONTHS 2019

- Net sales for the period were SEK 14,584 m (14,204); an increase of 3%, of which -6% was organic growth.
- Operating profit before depreciation and amortization (EBITDA) for the period was SEK 2,710 m (2,644), representing a margin of 18.6% (18.6%).
- Operating profit (EBIT) for the period was SEK 2,101 m (2,259), representing a margin of 14.4 % (15.9%).
- Items affecting comparability for the period were SEK -37 m (-) and related to initial restructuring measures executed in the period.
- Operating profit (EBIT) before items affecting comparability for the period was SEK 2,138 m (2,259), representing a margin of 14.7% (15.9%).
- Cash flow for the period was SEK 1,483 m (1,825). Operating cash flow was SEK 2,804 m (1,757).
- Profit for the period was SEK 1,278 m (1,440).
- Earnings per share: SEK 4.32 (4.87).

## FINANCIAL OVERVIEW

| SEK m | Q3 2019 | Q3 2018 | YTD 2019 | YTD 2018 | LTM 2019 | FY 2018 |
|---|---|---|---|---|---|---|
| Net sales | 4,605 | 4,501 | 14,584 | 14,204 | 18,654 | 18,274 |
| EBITDA | 792 | 835 | 2,710 | 2,644 | 3,179 | 3,113 |
| % of net sales | 17.2% | 18.6% | 18.6% | 18.6% | 17.0% | 17.0% |
| Operating profit (EBIT) | 583 | 702 | 2,101 | 2,259 | 2,429 | 2,587 |
| % of net sales | 12.7% | 15.6% | 14.4% | 15.9% | 13.0% | 14.2% |
| Operating profit (EBIT) before items affecting comparability | 619 | 702 | 2,138 | 2,259 | 2,558 | 2,679 |
| % of net sales | 13.5% | 15.6% | 14.7% | 15.9% | 13.7% | 14.7% |
| Profit for the period | 372 | 435 | 1,278 | 1,440 | 1,414 | 1,576 |
| Earnings per share, SEK | 1.26 | 1.47 | 4.32 | 4.87 | 4.78 | 5.33 |
| Cash flow for the period | 990 | 1,941 | 1,483 | 1,825 | 578 | 920 |
| Operating cash flow[(1)] | 1,301 | 843 | 2,804 | 1,757 | 3,663 | 2,616 |
| Core working capital | 4,031 | 4,317 | 4,031 | 4,317 | 4,031 | 3,986 |
| Capital expenditure in fixed assets | -71 | -100 | -247 | -305 | -364 | -422 |
| RoOC | 28.8% | 29.3% | 28.8% | 29.3% | 28.8% | 30.5% |

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

# CEO COMMENTS

Market conditions in the quarter remained similar to what we have seen throughout 2019. Despite a challenging global trading environment impacting us in the quarter, we are pleased with our underlying performance delivering net sales growth of 2 percent, continued high operating profit and a strong cash flow.

Our focus continues to be delivering on initiatives that support our long-term strategy. A number of key hirings are in place to drive new growth areas and aftermarket focus. The innovation index is rising and is now at 16 percent and we have seen a 14 percent SKU reduction during the first nine months. I am also pleased to see inventory reduction progressing at a good rate whilst the opening of a larger site in Mexico in August will make us more competitive going forward.

During the last 18 months we revised and started the execution of our strategy to build an even stronger and more profitable company long term by broadening our addressable market, increasing our efficiency and further reducing our exposure to cyclicality and seasonality. As part of our strategy, and considering the current market situation, we are now accelerating the optimization of operational structures by launching a global restructuring program. The program focuses on outsourcing of non-core activities and consolidation of locations. The execution of this program, in combination with a strong financial position, will allow us to deliver on our financial targets and take full advantage of the many opportunities ahead.

The restructuring program is estimated to generate positive annualized effects on earnings of approximately SEK 400 m when fully implemented. We anticipate that the effect will gradually become apparent from the beginning of 2021, achieving its full impact in the middle of 2022. The cost of implementing the program will be around SEK 750 m. It is estimated that the majority of the cost will be charged in the coming 18 months. Approximately 20 locations, including manufacturing, warehouses and offices, and 1,500 employees working in these locations will be affected by the program.

Americas reported net sales growth of -3 percent in the quarter, of which -12 percent was organic. The sales decline was driven by a negative development in Food & Beverage, while Other Applications showed a strong performance. The EBIT margin was 12.0 percent. The additional US tariffs and the continued volume decline in the US RV market could not be fully offset by all the actions taken in the Americas region. Total impact from tariffs was SEK 86 m in the quarter and SEK 176 m for the first nine months, and it has been more of a challenge to offset the impact to the same extent as during the first half of 2019. We will continue our efforts to reduce the tariff impact moving forward by pricing, transferring of production and outsourcing, and we expect to see improvements in 2020.

EMEA reported net sales growth of 13 percent in the quarter, of which 3 percent was organic. The sales growth was driven by a strong performance in Climate and Power & Control. Kampa continued to develop in a highly positive way, exhibiting strong growth and improved profitability. The EBIT margin was 13.8 percent, and the positive trend was a result of continued efficiency improvements and pricing.

APAC reported net sales growth of -3 percent in the quarter, of which -7 percent was organic. 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 20.9 percent, although impacted by a continued soft market in Pacific.

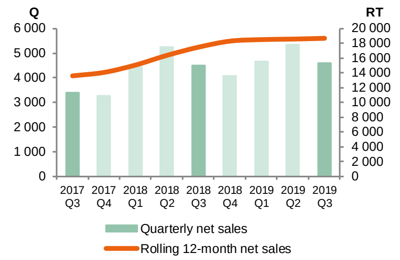
Operating cash flow was SEK 1,301 m, an increase of 54 percent compared with the same quarter last year. Leverage improved to 2.7x (3.0x) by the end of the third quarter 2019. Leverage is expected to continue to come down in a good way also during the fourth quarter, creating opportunities for acquisitive growth.

In the short term, the uncertainty in some of our markets remains. Due to continued challenging market conditions in the Americas and the additional impact of US tariffs, the new full year 2019 outlook is negative organic growth, an EBIT margin around 13.5 percent. Leverage excluding acquisitions is expected to be around 2.4x by the end of 2019.

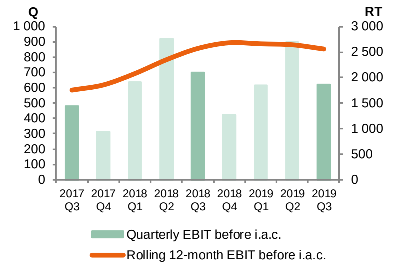
We are confident about the long-term positive trends in the Mobile Living industry and the opportunities for acquisitive growth, and we will continue to deliver on our strategic direction to take Dometic to the next level.

*Juan Vargues, President and CEO*

## Net sales (SEK m)




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




***Previous full year 2019 outlook (presented on July 17, 2019)****: negative organic growth and an EBIT margin above 14 percent. Leverage excluding acquisitions is expected to be around 2x by the end of 2019.*

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

## FINANCIAL SUMMARY – THIRD QUARTER 2019

**Net sales** were SEK 4,605 m (4,501), an increase of 2% compared with the same quarter last year. This comprised -6% organic growth, 6% currency translation and 2% M&A.

**Operating profit before depreciation and amortization (EBITDA)** was SEK 792 m (835). The EBITDA margin was 17.2% (18.6%).

**Operating profit (EBIT)** was SEK 583 m (702). The EBIT margin was 12.7% (15.6%). IFRS 16 impacted EBIT positively by SEK 1 m.

**Items affecting comparability** totaled SEK -37 m (-) and related to initial restructuring measures executed in the quarter.

**Operating profit (EBIT) before items affecting comparability** was SEK 619 m (702). The EBIT margin before items affecting comparability was 13.5% (15.6%).

**Financial items** totaled a net amount of SEK -82 m (-137), including SEK -110 m (-103) in interest on external bank loans and SEK -5 m (-) for interest on leases as an effect of IFRS 16 . FX revaluations and other items amounted to SEK 31 m (-35) whereof realized accrued bank fees after refinancing of outstanding bank loans amounted to SEK -18 m and financial income amounted to SEK 2 m (1).

**Taxes** totaled SEK -129 m (-130), corresponding to 26% (23%) of profit before tax. The total effective tax rate is higher compared with 2018 mainly due to BEAT (“Base Erosion Anti-avoidance Tax”), which is an additional minimum tax that was introduced in the 2017 US tax reform. In 2019, the BEAT tax rate increased from 5% to 10%. Current tax amounted to SEK -100 m (-70) and deferred tax to SEK -29 m (-60). Paid tax of 20% (4%) is higher compared with the same quarter last year, mainly due to the Group’s tax paying positions in Canada and the US.

**Profit for the quarter** was SEK 372 m (435).

**Earnings per share** were SEK 1.26 (1.47).

**Operating cash flow** was SEK 1,301 m (843).

**Cash flow for the quarter** was SEK 990 m (1,941).

**Financial position.** Leverage was 2.7x (3.0x) at the end of the third quarter. In constant currency, leverage was 2.6x.

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## FINANCIAL SUMMARY – NINE MONTHS 2019

**Net sales** were SEK 14,584 m (14,204), an increase of 3% compared with the same period last year. This comprised -6% organic growth, 6% currency translation and 3% M&A

**Operating profit before depreciation and amortization (EBITDA)** was SEK 2,710 m (2,644). The EBITDA margin was 18.6% (18.6%).

**Operating profit (EBIT)** was SEK 2,101 m (2,259). The EBIT margin was 14.4% (15.9%). IFRS 16 impacted EBIT positively by SEK 4 m.

**Items affecting comparability** totaled SEK -37 m (-) and related to initial restructuring measures executed in the period.

**Operating profit (EBIT) before items affecting comparability** was SEK 2,138 m (2,259). The EBIT margin before items affecting comparability was 14.7% (15.9%).

**Financial items** totaled a net amount of SEK -347 m (-335), including SEK -331 m (-302) in interest on external bank loans and SEK -14 m (-) for interest on leases as an effect of IFRS 16. FX revaluations and other items amounted to SEK -12 m (-39) whereof realized accrued bank fees after refinancing of outstanding bank loans amounted to SEK -35 m and financial income amounted to SEK 9 m (6).

**Taxes** totaled SEK -475 m (-484), corresponding to 27% (25%) of profit before tax. Total effective tax rate is higher compared with 2018 mainly due to BEAT (“Base Erosion Anti-avoidance Tax”), which is an additional minimum tax that was introduced in the 2017 US tax reform. In 2019, the BEAT tax rate increased from 5% to 10%. Current tax amounted to SEK -410 m (-242) and deferred tax to SEK -65 m (-242). Paid tax of 24% (13%) is higher compared with the same period last year, mainly due to the Group’s tax paying positions in Canada and the US.

**Profit for the period** was SEK 1,278 m (1,440).

**Earnings per share** were SEK 4.32 (4.87).

**Operating cash flow** was SEK 2,804 m (1,757).

**Cash flow for the period** was SEK 1,483 m (1,825).

**Significant events after the period.** Stefan Fristedt joined Dometic as the new CFO on October 1, 2019.

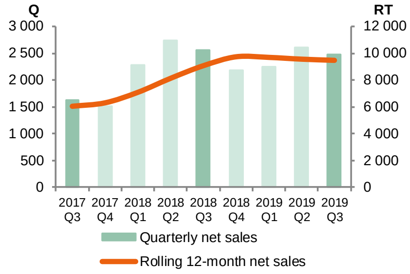
A global restructuring program was launched after the end of the quarter. Total estimated cost of the program amounts to SEK 750 m. The majority of the cost will be charged in the coming 18 months. The program is estimated to generate positive effects on earnings of around SEK 400 m when fully implemented, with full annualized impact in the middle of 2022.

| | Q3 | Q3 | Change (%) | | YTD | YTD | Change (%) | | LTM | FY |
|---|---|---|---|---|---|---|---|---|---|---|
| **SEK m** | **2019** | **2018** | **Rep.** | **Adj.**[1] | **2019** | **2018** | **Rep.** | **Adj.**[1] | **2019** | **2018** |
| Americas | 2,472 | 2,557 | -3% | -11% | 7,316 | 7,581 | -4% | -11% | 9,493 | 9,758 |
| EMEA | 1,732 | 1,530 | 13% | 10% | 6,023 | 5,290 | 14% | 10% | 7,438 | 6,706 |
| APAC | 402 | 414 | -3% | -6% | 1,245 | 1,333 | -7% | -9% | 1,723 | 1,810 |
| **Net sales** | **4,605** | **4,501** | **2%** | **-4%** | **14,584** | **14,204** | **3%** | **-3%** | **18,654** | **18,274** |
| Americas | 296 | 427 | -31% | -37% | 953 | 1,236 | -23% | -30% | 1,187 | 1,470 |
| EMEA | 239 | 183 | 31% | 26% | 918 | 728 | 26% | 21% | 1,004 | 814 |
| APAC | 84 | 91 | -8% | -16% | 267 | 295 | -10% | -16% | 367 | 395 |
| **Operating profit (EBIT) bef. i.a.c.**[2] | **619** | **702** | **-12%** | **-18%** | **2,138** | **2,259** | **-5%** | **-12%** | **2,558** | **2,679** |
| Americas | 12.0% | 16.7% | | | 13.0% | 16.3% | | | 12.5% | 15.1% |
| EMEA | 13.8% | 12.0% | | | 15.2% | 13.8% | | | 13.5% | 12.1% |
| APAC | 20.9% | 22.1% | | | 21.4% | 22.2% | | | 21.3% | 21.8% |
| **Operating profit % bef. i.a.c.**[2] | **13.5%** | **15.6%** | | | **14.7%** | **15.9%** | | | **13.7%** | **14.7%** |

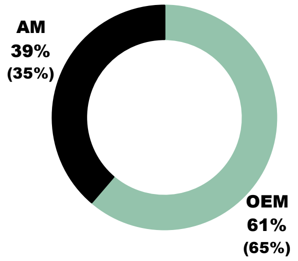
[1]Represents change in comparable currency. [2]Before items affecting comparability.

# AMERICAS

**Net sales (SEK m)**




**Sales split AM/OEM**




**Q3**

**NET SALES**

**2,472**

SEK MILLION
(2,557)

**OPERATING PROFIT (EBIT)***

**296**

SEK MILLION
(427)

**OPERATING MARGIN (EBIT%)***

**12.0%**

(16.7%)

**EBIT before items affecting comparability.*

## NET SALES AND OPERATING PROFIT (EBIT)

*Third quarter 2019*

Americas reported net sales of SEK 2,472 m (2,557), representing 54% of Group net sales. Total growth was -3%, of which -12% was organic growth, 9% currency translation and 0% M&A.

Operating profit (EBIT) was SEK 259 m (427); a decrease of 39% compared with the same quarter last year. The EBIT margin was 10.5% (16.7%). Total impact from tariffs was SEK 86 m in the quarter.

Items affecting comparability totaled SEK -37 m (-) and related to initial restructuring measures executed in the quarter.

Operating profit (EBIT) before items affecting comparability was SEK 296 m (427); a decrease of 31% compared with the same quarter last year. The EBIT margin was 12.0% (16.7%).

*Nine months 2019*

Americas reported net sales of SEK 7,316 m (7,581). Total growth was -4%, of which -12% was organic growth, 8% currency translation and 0% M&A.

Operating profit (EBIT) was SEK 916 m (1,236); a decrease of 26% compared with the same period last year. The EBIT margin was 12.5% (16.3%). Total impact from tariffs was SEK 176 m for the first nine months.

Items affecting comparability totaled SEK -37 m (-) and related to initial restructuring measures executed in the period.

Operating profit (EBIT) before items affecting comparability was SEK 953 m (1,236); a decrease of 23% compared with the same period last year. The EBIT margin was 13.0% (16.3%).

### Business highlights, Q3

Total OEM sales growth was -9%, of which growth in constant currency was -17%.
Total Aftermarket sales growth was 8%, of which growth in constant currency was -1%.

Food & Beverage reported negative sales growth, as a result of a weaker US RV OEM market. There was strong growth for mobile cooling.

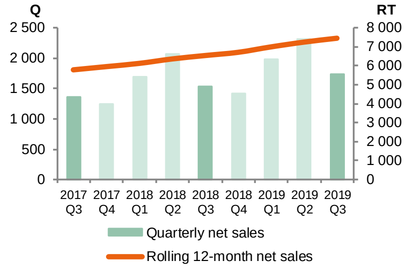
Climate reported negative sales growth affected by the weak RV OEM market. Professional workshop equipment reported strong growth.

Power & Control reported good sales growth.

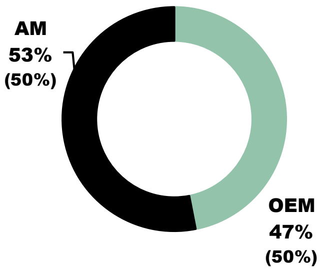
Other Applications reported strong sales growth, supported by a strong performance for spare parts.

# EMEA

## Net sales (SEK m)




## Sales split AM/OEM




## Q3

**NET SALES**

**1,732**

SEK MILLION
(1,530)

**OPERATING PROFIT (EBIT)***

**239**

SEK MILLION
(183)

**OPERATING MARGIN (EBIT%)***

**13.8%**

(12.0%)

**EBIT before items affecting comparability*

## NET SALES AND OPERATING PROFIT (EBIT)

*Third quarter 2019*

EMEA reported net sales of SEK 1,732 m (1,530), representing 38% of Group net sales. Total growth was 13%, of which 3% was organic growth, 3% currency translation and 7% M&A.

Operating profit (EBIT) was SEK 239 m (183), an increase of 31% compared with the same quarter last year. The EBIT margin was 13.8% (12.0%).

There were no Items affecting comparability (-).

*Nine months 2019*

EMEA reported net sales of SEK 6,023 m (5,290). Total growth was 14%, of which 3% was organic growth, 3% currency translation and 8% M&A.

Operating profit (EBIT) was SEK 918 m (728), an increase of 26% compared with the same period last year. The EBIT margin was 15.2% (13.8%).

There were no Items affecting comparability (-).

### Business highlights, Q3

Total OEM sales growth was 6%, of which growth in constant currency and excluding the acquisition of Kampa was 2%.
Total Aftermarket sales growth was 21%, of which growth in constant currency and excluding the acquisition of Kampa was 4%.

Food & Beverage reported sales growth. A positive trend for mobile cooling was partly offset by a negative performance for cooking products.

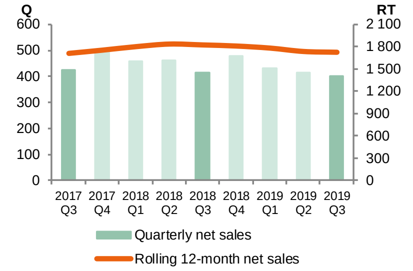
Climate reported strong sales growth, mainly driven by awnings, workshop equipment and climate control.

Power & Control reported strong sales growth, driven by new product launches such as the PLB40 portable battery and increased market presence.

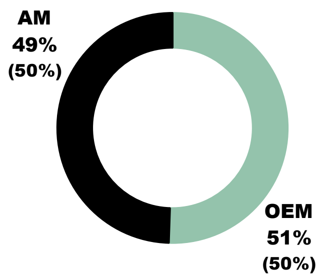
Other Applications reported negative sales growth, mainly as a result of lower sales for sanitation and complementary products.

# APAC

**Net sales (SEK m)**




**Sales split AM/OEM**




**Q3**

**NET SALES**

**402**

SEK MILLION
(414)

**OPERATING PROFIT (EBIT)***

**84**

SEK MILLION
(91)

**OPERATING MARGIN (EBIT%)***

**20.9%**

(22.1%)

**EBIT before items affecting comparability*

## NET SALES AND OPERATING PROFIT (EBIT)

*Third quarter 2019*

APAC reported net sales of SEK 402 m (414), representing 9% of Group net sales. Total growth was -3%, of which -7% was organic growth, 4% currency translation and 0% M&A.

Operating profit (EBIT) was SEK 84 m (91); a decrease of 8% compared with the same quarter last year. The EBIT margin was 20.9% (22.1%).

There were no Items affecting comparability (-).

*Nine months 2019*

APAC reported net sales of SEK 1,245 m (1,333). Total growth was -7%, of which -10% was organic growth, 3% currency translation and 0% M&A.

Operating profit (EBIT) was SEK 267 m (295); a decrease of 10% compared with the same period last year. The EBIT margin was 21.4% (22.2%).

There were no Items affecting comparability (-).

### Business highlights, Q3

Total OEM sales growth was -2%, of which growth in constant currency was -5%. Total Aftermarket sales growth was -4%, of which growth in constant currency was -8%.

Food & Beverage reported negative sales growth. Strong development for hot and cooking products was more than offset by weak development for RV refrigerators and a negative performance for mobile cooling.

Climate reported good sales growth, mainly as a result of strong development for climate control and workshop equipment.

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

Other Applications reported negative sales growth, mainly due to a weaker performance for complementary products.

## PARENT COMPANY DOMETIC GROUP AB (PUBL)

*Third 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 third quarter of 2019, the Parent Company had an operating profit (loss) of SEK 8 m (2), including administrative expenses of SEK -34 m (-42) and other operating income of SEK 42 m (44), of which the full amount relates to income from subsidiaries.

Profit (loss) from financial items totaled SEK -309 m (49), including interest income from subsidiaries of SEK 71 m (70), interest expenses to subsidiaries of SEK 0 m (0) and other financial expenses of SEK -379 m (-22).

Profit (loss) for the quarter amounted to SEK -3 m (-2).

*Nine months 2019*
For the first nine months of 2019, the Parent Company had an operating profit (loss) of SEK 6 m (-4), including administrative expenses of SEK -144 m (-134) and other operating income of SEK 150 m (130), of which the full amount relates to income from subsidiaries.

Profit (loss) from financial items totaled SEK -640 m (-470), including interest income from subsidiaries of SEK 219 m (188), interest expenses to subsidiaries of SEK 0 m (0) and other financial expenses of SEK -859 m (-657).

Profit (loss) for the first nine months amounted to SEK -14 m (-7).

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

Solna, October 24, 2019

Juan Vargues
President and CEO

## ANNUAL GENERAL MEETING

Dometic Group's Annual General Meeting will be held on April 7, 2020, in Stockholm.

## AUDITOR'S REPORT

Dometic Group AB (publ) reg. no. 556829-4390

**Introduction**
We have reviewed the condensed interim financial information (interim report) of Dometic Group AB (publ) as of 30 September 2019 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

**Scope of Review**
We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**
Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, October 24, 2019
PricewaterhouseCoopers AB

Anna Rosendal
Authorized Public Accountant

## 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 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

# CONSOLIDATED INCOME STATEMENT

| SEK m | Q3 2019 | Q3 2018 | YTD 2019 | YTD 2018 | FY 2018 |
|---|---|---|---|---|---|
| Net sales | 4,605 | 4,501 | 14,584 | 14,204 | 18,274 |
| Cost of goods sold | -3,081 | -2,962 | -9,789 | -9,529 | -12,323 |
| **Gross Profit** | **1,525** | **1,539** | **4,795** | **4,675** | **5,951** |
| Sales expenses | -620 | -569 | -1,809 | -1,686 | -2,259 |
| Administrative expenses | -237 | -213 | -690 | -631 | -855 |
| Other operating income and expenses | 27 | 0 | 67 | 61 | 61 |
| Items affecting comparability | -37 | – | -37 | – | -92 |
| Amortization of acquisition related intangible assets | -75 | -55 | -226 | -161 | -219 |
| **Operating profit** | **583** | **702** | **2,101** | **2,259** | **2,587** |
| Financial income | 2 | 1 | 9 | 6 | 11 |
| Financial expenses | -84 | -138 | -356 | -341 | -442 |
| **Loss from financial items** | **-82** | **-137** | **-347** | **-335** | **-431** |
| **Profit (loss) before tax** | **500** | **565** | **1,753** | **1,924** | **2,156** |
| Taxes | -129 | -130 | -475 | -484 | -580 |
| **Profit (loss) for the period** | **372** | **435** | **1,278** | **1,440** | **1,576** |
| Profit (loss) for the period attributable to owners of the Parent Company | 372 | 435 | 1,278 | 1,440 | 1,576 |
| Earnings per share before and after dilution, SEK - Owners of the Parent Company | 1.26 | 1.47 | 4.32 | 4.87 | 5.33 |
| Average number of shares, million | 295.8 | 295.8 | 295.8 | 295.8 | 295.8 |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| SEK m | Q3 2019 | Q3 2018 | YTD 2019 | YTD 2018 | FY 2018 |
|---|---|---|---|---|---|
| Profit (loss) for the period | 372 | 435 | 1,278 | 1,440 | 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 | -45 | 8 | -127 | 38 | -3 |
| | **-45** | **8** | **-127** | **38** | **-3** |
| Items that may be reclassified subsequently to profit or loss: | | | | | |
| Cash flow hedges, net of tax | 4 | -15 | -31 | -2 | 8 |
| Gains/losses from hedges of net investments in foreign operations, net of tax | -3 | 55 | -116 | -29 | -14 |
| Exchange rate differences on translation of foreign operations | 684 | -244 | 1,396 | 709 | 554 |
| | **684** | **-203** | **1,249** | **678** | **548** |
| **Other comprehensive income for the period** | **639** | **-195** | **1,122** | **716** | **545** |
| **Total comprehensive income for the period** | **1,011** | **240** | **2,400** | **2,156** | **2,121** |
| **Total comprehensive income for the period attributable to** | | | | | |
| Owners of the Parent Company | 1,011 | 240 | 2,400 | 2,156 | 2,121 |

# CONSOLIDATED BALANCE SHEET (IN SUMMARY)

| SEK m | Sep 30, 2019 | Sep 30, 2018 | Dec 31, 2018 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Goodwill and trademarks | 19,578 | 17,959 | 18,203 |
| Other intangible assets | 4,799 | 4,394 | 4,507 |
| Tangible assets | 2,178 | 2,083 | 2,111 |
| Right-of-use assets | 606 | – | – |
| Deferred tax assets | 479 | 623 | 627 |
| Derivatives, long-term | – | 6 | 0 |
| Other non-current assets | 97 | 73 | 71 |
| **Total non-current assets** | **27,737** | **25,138** | **25,519** |
| | | | |
| **Current assets** | | | |
| Inventories | 3,405 | 3,628 | 3,772 |
| Trade receivables | 2,182 | 2,045 | 1,705 |
| Current tax assets | 63 | 202 | 86 |
| Derivatives, short-term | 65 | 110 | 107 |
| Other current receivables | 611 | 615 | 681 |
| Prepaid expenses and accrued income | 116 | 112 | 128 |
| Cash and cash equivalents | 3,623 | 3,020 | 2,113 |
| **Total current assets** | **10,065** | **9,732** | **8,592** |
| **TOTAL ASSETS** | **37,802** | **34,870** | **34,111** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| | | | |
| **EQUITY** | **17,793** | **16,064** | **16,029** |
| | | | |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Liabilities to credit institutions, long-term | 12,703 | 11,338 | 11,217 |
| Deferred tax liabilities | 1,989 | 1,972 | 1,944 |
| Other non-current liabilities | 163 | 44 | 153 |
| Leasing liabilities, long-term | 456 | – | – |
| Provisions for pensions | 910 | 670 | 739 |
| Other provisions, long-term | 197 | 183 | 191 |
| **Total non-current liabilities** | **16,418** | **14,207** | **14,244** |
| | | | |
| **Current liabilities** | | | |
| Liabilities to credit institutions, short-term | – | 1,366 | 393 |
| Trade payables | 1,556 | 1,356 | 1,491 |
| Current tax liabilities | 392 | 363 | 399 |
| Advance payments from customers | 27 | 35 | 38 |
| Leasing liabilities, short-term | 164 | – | – |
| Derivatives, short-term | 61 | 80 | 108 |
| Other provisions, short-term | 296 | 250 | 295 |
| Other current liabilities | 221 | 303 | 203 |
| Accrued expenses and prepaid income | 874 | 846 | 911 |
| **Total current liabilities** | **3,591** | **4,599** | **3,838** |
| **TOTAL LIABILITIES** | **20,009** | **18,806** | **18,082** |
| **TOTAL EQUITY AND LIABILITIES** | **37,802** | **34,870** | **34,111** |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IN SUMMARY)

| SEK m | YTD 2019 | YTD 2018 | FY 2018 |
|---|---|---|---|
| **Opening balance for the period** | **16,029** | **14,514** | **14,514** |
| Profit (loss) for the period | 1,278 | 1,440 | 1,576 |
| Other comprehensive income for the period | 1,122 | 716 | 545 |
| **Total comprehensive income for the period** | **2,400** | **2,156** | **2,121** |
| **Transactions with owners** | | | |
| Dividend paid to shareholders of the Parent Company | -636 | -606 | -606 |
| **Total transactions with owners** | **-636** | **-606** | **-606** |
| **Closing balance for the period** | **17,793** | **16,064** | **16,029** |

# CONSOLIDATED STATEMENT OF CASH FLOW

| SEK m | Q3 2019 | Q3 2018 | YTD 2019 | YTD 2018 | FY 2018 |
|---|---|---|---|---|---|
| **Cash flow from operating activities** | | | | | |
| Operating profit | 583 | 702 | 2,101 | 2,259 | 2,587 |
| *Adjustment for other non-cash items* | | | | | |
| Depreciation and amortization | 209 | 133 | 609 | 385 | 526 |
| Adjustments for other non-cash items | 34 | 30 | 2 | 99 | 122 |
| *Changes in working capital* | | | | | |
| Changes in inventories | 224 | 22 | 637 | -76 | -41 |
| Changes in trade receivables | 465 | 433 | -342 | -477 | -112 |
| Changes in trade payables | -102 | -202 | 92 | -170 | -80 |
| Changes in other working capital | -41 | -175 | -48 | 42 | 36 |
| Income tax paid | -95 | -21 | -423 | -257 | -313 |
| **Net cash flow from operations** | **1,277** | **922** | **2,628** | **1,805** | **2,725** |
| **Cash flow from investments** | | | | | |
| Acquisition of operations, net of cash acquired | – | – | – | 16 | -492 |
| Investments in fixed assets | -71 | -100 | -247 | -305 | -422 |
| Proceeds from sale of fixed assets | 3 | 1 | 15 | 68 | 70 |
| Deposit | – | – | – | -233 | -233 |
| Other investing activities | -1 | -1 | -2 | -3 | 1 |
| **Net cash flow from investments** | **-69** | **-100** | **-234** | **-457** | **-1,076** |
| **Cash flow from financing** | | | | | |
| Borrowings from credit institutions | 5,060 | 2,736 | 9,762 | 3,174 | 3,183 |
| Repayment of loans to credit institutions | -5,073 | -1,483 | -9,546 | -1,717 | -2,849 |
| Payment of lease liabilities related to lease agreements | -43 | - | -120 | -287 | – |
| Paid interest | -134 | -100 | -309 | - | -376 |
| Received interest | 2 | 1 | 4 | 3 | 7 |
| Other financing activities | -30 | -35 | -66 | -90 | -88 |
| Dividend paid to shareholders of the Parent Company | – | - | -636 | -606 | -606 |
| **Net cash flow from financing** | **-218** | **1,119** | **-911** | **477** | **-729** |
| **Cash flow for the period** | **990** | **1,941** | **1,483** | **1,825** | **920** |
| Cash and cash equivalents at beginning of period | 2,618 | 1,089 | 2,113 | 1,159 | 1,159 |
| Exchange differences on cash and cash equivalents | 15 | -10 | 27 | 36 | 34 |
| **Cash and cash equivalents at end of period** | **3,623** | **3,020** | **3,623** | **3,020** | **2,113** |

# PARENT COMPANY INCOME STATEMENT

| SEK m | Q3 2019 | Q3 2018 | YTD 2019 | YTD 2018 | FY 2018 |
|---|---|---|---|---|---|
| Administrative expenses | -34 | -42 | -144 | -134 | -171 |
| Other operating income | 42 | 44 | 150 | 130 | 166 |
| **Operating profit** | **8** | **2** | **6** | **-4** | **-5** |
| Interest income subsidiaries | 71 | 70 | 219 | 188 | 259 |
| Interest expenses subsidiaries | 0 | 0 | 0 | 0 | – |
| Result from shares in subsidiaries | – | – | – | – | 528 |
| Other financial expenses | -379 | -22 | -859 | -657 | -777 |
| **Profit (loss) from financial items** | **-309** | **49** | **-640** | **-470** | **10** |
| Group contributions | 297 | -54 | 620 | 466 | 510 |
| **Profit (loss) before tax** | **-3** | **-2** | **-14** | **-7** | **516** |
| Taxes | – | 0 | – | 0 | 1 |
| **Profit (loss) for the period** | **-3** | **-2** | **-14** | **-7** | **517** |

# PARENT COMPANY BALANCE SHEET (IN SUMMARY)

| SEK m | Sep 30, 2019 | Sep 30, 2018 | Dec 31, 2018 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Shares in subsidiaries | 16,228 | 16,622 | 16,228 |
| Other non-current assets | 6,123 | 5,528 | 5,573 |
| **Total non-current assets** | **22,351** | **22,150** | **21,801** |
| **Current assets** | | | |
| Current assets | 699 | 2,043 | 1,825 |
| **Total current assets** | **699** | **2,043** | **1,825** |
| **TOTAL ASSETS** | **23,050** | **24,193** | **23,626** |
| **EQUITY** | **10,105** | **10,232** | **10,755** |
| **PROVISIONS** | | | |
| Provisions | 55 | 39 | 42 |
| **Total provisions** | **55** | **39** | **42** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Non-current liabilities | 12,703 | 11,338 | 11,217 |
| **Total non-current liabilities** | **12,703** | **11,338** | **11,217** |
| **Current liabilities** | | | |
| Current liabilities | 188 | 2,584 | 1,611 |
| **Total current liabilities** | **188** | **2,584** | **1,611** |
| **TOTAL LIABILITIES** | **12,945** | **13,961** | **12,870** |
| **TOTAL EQUITY AND LIABILITIES** | **23,050** | **24,193** | **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 is 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 Dometic is no exception. As a global Group with production and distribution all over the world, Dometic faces risks that can impact its ability to achieve established goals, including financial targets. Effective risk management of business and market risks, operational risks (including sustainability risks), compliance and regulatory risks and financial risks creates opportunities and effective risk protection.

Dometic works according to an established risk management process with risk identification, risk assessment, risk prioritization, risk response and monitoring. The risk universe together with global and regional risk registers, risk assessments, risk maps, risk owners and the Risk Committee constitute the cornerstones of the Group's risk management. Risk responses could be avoiding the risk, reducing the risk, sharing the risk or accepting the risk. Examples of risk responses are internal control frameworks, internal quality programs, whistle blowing functions, insurance programs and crisis management procedures for offices and management, as well as for local factories and warehouses, as part of business continuity plans, and also to follow the development of external risks in order to be able to act quickly. Risks and risk responses are assessed annually and documented in a risk register that generates risk maps at Group and regional levels. These risk maps are the foundation for the Group's operational risk ownership and also serve as a foundation for the Group's control functions, such as Internal Control and Internal Audit, for their prioritization of focus areas. Dometic's risk owners are members of Group senior management as well as specialists and functional heads of departments. Risk owners assess their respective risks in terms of likelihood and impact and discuss and approve risk responses in terms of risk mitigating activities.

The Risk Committee is the operational forum at Group level with the purpose to discuss and make decisions on risk-mitigating activities and is represented by Finance, Operations, Product Development, HR including Health and Safety, Legal, Quality, Internal Control and Internal Audit. The CFO is the chairman of the Risk Committee. The main tasks of the Risk Committee are to assess Group risks, discuss recent risk-related issues, facilitate input from Risk Committee members and review risk-related reports and evaluate and approve risk mitigating activities. Formal minutes with agreed actions are recorded and reviewed at the next meeting. The work of the Risk Committee is regularly reported to the Audit Committee and the Board of Directors annually.

Financial risks are risks associated with Dometic's global presence and can influence the profit and financial position, as well the ability to achieve established goals. Financial risks are managed in accordance with the Finance Policy approved by the Board. Financial risks are divided into currency risks, interest rate risks, liquidity risks, financing risks, credit risks and tax risks.

As Dometic is a global Group with operations in many countries, Dometic is exposed to both transaction risks and 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. Changes in interest rates can impact the Group's profit and cash flow. Liquidity risk refer to the inability to meet payment obligations due to insufficient funds or inability to meet payment obligation without significant higher financing cost. Maintaining the Group's capital structure and reducing the cost of capital through optimal capital structure are crucial for the Group's ability to continue to generate returns for shareholders. Failure by counterparties to meet payment obligations can have a negative impact on the Group's profit and financial position.

Changes in tax laws could increase Dometic's tax burden or otherwise have a material adverse effect on the company's business, financial position and profit. The cancellation or restriction on the use of the Group's tax loss carry forwards may have a significant impact on the Group's tax burden, including a potential imposition of tax surcharges, and could have a material adverse effect on the company's business, financial position and profit. Dometic's tax burden could increase if tax authorities consider that Dometic does not act in accordance with applicable rules on transfer pricing. Dometic's risk and risk management are described on pages 67-71 and on pages 97-100 of the 2018 Annual Report.

## 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 65 m (Q3 2018: SEK 116 m) and SEK 61 m, (Q3 2018: SEK 80 m). 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

| Sep 30, 2019 | Balance sheet carrying amount | Financial instruments at amortized cost | Financial instruments at fair value | Derivatives used for hedging |
|---|---|---|---|---|
| **Per category** | | | | |
| Derivatives | 65 | – | 6 | 59 |
| Financial assets | 6,513 | 6,513 | – | – |
| **Total financial assets** | **6,578** | **6,513** | **6** | **59** |
| Derivatives | 61 | – | 17 | 44 |
| Financial liabilities | 14,643 | 14,643 | – | – |
| **Total financial liabilities** | **14,704** | **14,643** | **17** | **44** |

## NOTE 4 | SEGMENT INFORMATION

| SEK m | Q3 2019 | Q3 2018 | YTD 2019 | YTD 2018 | FY 2018 |
|---|---|---|---|---|---|
| **Net sales, external** | | | | | |
| **Americas** | | | | | |
| OEM | 1,515 | 1,669 | 4,802 | 5,211 | 6,736 |
| Aftermarket | 957 | 888 | 2,514 | 2,370 | 3,022 |
| Americas net sales, external | 2,472 | 2,557 | 7,316 | 7,581 | 9,758 |
| RV | 1,333 | 1,472 | 3,921 | 4,462 | 5,595 |
| Marine | 1,040 | 970 | 3,098 | 2,821 | 3,757 |
| CPV | 44 | 63 | 145 | 171 | 229 |
| Other (Lodging and Retail) | 54 | 52 | 151 | 127 | 177 |
| Americas net sales, external | 2,472 | 2,557 | 7,316 | 7,581 | 9,758 |
| **EMEA** | | | | | |
| OEM | 813 | 770 | 2,771 | 2,649 | 3,532 |
| Aftermarket | 919 | 760 | 3,252 | 2,641 | 3,173 |
| EMEA net sales, external | 1,732 | 1,530 | 6,023 | 5,290 | 6,706 |
| RV | 833 | 686 | 2,993 | 2,442 | 3,180 |
| Marine | 192 | 191 | 659 | 606 | 805 |
| CPV | 478 | 450 | 1,474 | 1,414 | 1,769 |
| Other (Lodging and Retail) | 229 | 203 | 896 | 828 | 951 |
| EMEA net sales, external | 1,732 | 1,530 | 6,023 | 5,290 | 6,706 |
| **APAC** | | | | | |
| OEM | 203 | 207 | 599 | 655 | 857 |
| Aftermarket | 199 | 207 | 647 | 678 | 954 |
| APAC net sales, external | 402 | 414 | 1,245 | 1,333 | 1,810 |
| RV | 227 | 221 | 672 | 700 | 925 |
| Marine | 29 | 30 | 94 | 87 | 112 |
| CPV | 33 | 31 | 108 | 120 | 153 |
| Other (Lodging and Retail) | 114 | 132 | 373 | 426 | 620 |
| APAC net sales, external | 402 | 414 | 1,245 | 1,333 | 1,810 |
| **Net sales, external** | | | | | |
| Americas | 2,472 | 2,557 | 7,316 | 7,581 | 9,758 |
| EMEA | 1,732 | 1,530 | 6,023 | 5,290 | 6,706 |
| APAC | 402 | 414 | 1,245 | 1,333 | 1,810 |
| **Total net sales, external** | **4,605** | **4,501** | **14,584** | **14,204** | **18,274** |
| **Operating profit (EBIT) before i.a.c.** | | | | | |
| Americas | 296 | 427 | 953 | 1,236 | 1,470 |
| EMEA | 239 | 183 | 918 | 728 | 814 |
| APAC | 84 | 91 | 267 | 295 | 395 |
| **Total operating profit before i.a.c.** | **619** | **702** | **2,138** | **2,259** | **2,679** |
| **Items affecting comparability** | | | | | |
| Americas | -37 | – | -37 | – | -34 |
| EMEA | – | – | – | – | -57 |
| APAC | – | – | – | – | -1 |
| **Total items affecting comparability** | **-37** | **–** | **-37** | **–** | **-92** |
| **Operating profit (EBIT)** | | | | | |
| Americas | 259 | 427 | 916 | 1,236 | 1,437 |
| EMEA | 239 | 183 | 918 | 728 | 756 |
| APAC | 84 | 91 | 267 | 295 | 394 |
| **Total operating profit (EBIT)** | **583** | **702** | **2,101** | **2,259** | **2,587** |
| Financial income | 2 | 1 | 9 | 6 | 11 |
| Financial expenses | -84 | -138 | -356 | -341 | -442 |
| Taxes | -129 | -130 | -475 | -484 | -580 |
| **Profit (loss) for the period** | **372** | **435** | **1,278** | **1,440** | **1,576** |

| SEK m | Q3 2019 | Q3 2018 | YTD 2019 | YTD 2018 | FY 2018 |
|---|---|---|---|---|---|
| **Net sales, external** | | | | | |
| **Americas** | | | | | |
| Food & Beverage | 410 | 545 | 1,335 | 1,684 | 2,135 |
| Climate | 974 | 1,020 | 2,768 | 3,012 | 3,797 |
| Power & Control | 867 | 809 | 2,611 | 2,367 | 3,161 |
| Other applications | 221 | 183 | 601 | 519 | 664 |
| Americas net sales, external | 2,472 | 2,557 | 7,316 | 7,581 | 9,758 |
| **EMEA** | | | | | |
| Food & Beverage | 608 | 595 | 2,236 | 2,172 | 2,662 |
| Climate | 861 | 682 | 2,940 | 2,290 | 2,986 |
| Power & Control | 128 | 112 | 432 | 404 | 522 |
| Other applications | 135 | 141 | 414 | 425 | 536 |
| EMEA net sales, external | 1,732 | 1,530 | 6,023 | 5,290 | 6,706 |
| **APAC** | | | | | |
| Food & Beverage | 184 | 207 | 588 | 661 | 937 |
| Climate | 174 | 164 | 526 | 527 | 685 |
| Power & Control | 9 | 8 | 24 | 32 | 38 |
| Other applications | 35 | 35 | 109 | 113 | 150 |
| APAC net sales, external | 402 | 414 | 1,245 | 1,333 | 1,810 |
| **Net sales, external** | | | | | |
| Americas | 2,472 | 2,557 | 7,316 | 7,581 | 9,758 |
| EMEA | 1,732 | 1,530 | 6,023 | 5,290 | 6,706 |
| APAC | 402 | 414 | 1,245 | 1,333 | 1,810 |
| **Total net sales, external** | **4,605** | **4,501** | **14,584** | **14,204** | **18,274** |

Segment performance is primarily assessed based on sales and operating profit. Information regarding income 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 by region, by application area and by sales channels.

Inter-segment sales were as follows.

| SEK m | Q3 2019 | Q3 2018 | YTD 2019 | YTD 2018 | FY 2018 |
|---|---|---|---|---|---|
| Americas | 88 | 100 | 303 | 309 | 389 |
| EMEA | 91 | 97 | 292 | 372 | 464 |
| APAC | 607 | 747 | 1,947 | 2,491 | 3,165 |
| **Eliminations** | **785** | **945** | **2,542** | **3,172** | **4,017** |

## NOTE 5 | ITEMS AFFECTING COMPARABILITY

| SEK m | Q3 2019 | Q3 2018 | YTD 2019 | YTD 2018 | FY 2018 |
|---|---|---|---|---|---|
| Relocation China | – | – | – | – | 9 |
| Restructuring charges | – | – | – | – | -101 |
| Initial restructuring measures executed in Q3 | -37 | – | -37 | – | – |
| **Total** | **-37** | **–** | **-37** | **–** | **-92** |

The table below lists items affecting comparability by function.

| | Relocation China | | | | | Restructuring charges | | | | | Initial restructuring measures executed in Q3 | | | | | Total | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SEK m | Q3 2019 | Q3 2018 | YTD 2019 | YTD 2018 | FY 2018 | Q3 2019 | Q3 2018 | YTD 2019 | YTD 2018 | FY 2018 | Q3 2019 | Q3 2018 | YTD 2019 | YTD 2018 | FY 2018 | Q3 2019 | Q3 2018 | YTD 2019 | YTD 2018 | FY 2018 |
| Costs of goods sold | – | – | – | – | 9 | – | – | – | – | -66 | – | – | – | – | – | – | – | – | – | -57 |
| Sales expenses | – | – | – | – | – | – | – | – | – | -6 | – | – | – | – | – | – | – | – | – | -6 |
| Administrative expenses | – | – | – | – | – | – | – | – | – | -29 | -5 | – | -5 | – | – | -5 | – | -5 | – | -29 |
| Other operating income and expenses | – | – | – | – | – | – | – | – | – | – | -32 | – | -32 | – | – | -32 | – | -32 | – | – |
| **Total** | **–** | **–** | **–** | **–** | **9** | **–** | **–** | **–** | **–** | **-101** | **-37** | **–** | **-37** | **–** | **–** | **-37** | **–** | **-37** | **–** | **-92** |

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

| SEK m | | | Amortization Trademarks | Amortization of Customer Relationship Assets | Amortization of Technology | Amortization of intellectual property | Total |
|---|---|---|---|---|---|---|---|
| **Costs of goods sold** | | | | | | | |
| | **Q3** | **2019** | – | – | -11 | -6 | **-17** |
| | **Q3** | **2018** | – | – | -11 | -6 | **-17** |
| | **YTD** | **2019** | – | – | -35 | -17 | **-52** |
| | **YTD** | **2018** | – | – | -33 | -17 | **-50** |
| | **FY** | **2018** | – | – | -44 | -23 | **-67** |
| **Sales expenses** | | | | | | | |
| | **Q3** | **2019** | -11 | -47 | – | – | **-59** |
| | **Q3** | **2018** | – | -38 | – | – | **-38** |
| | **YTD** | **2019** | -36 | -138 | – | – | **-174** |
| | **YTD** | **2018** | – | -111 | – | – | **-111** |
| | **FY** | **2018** | – | -152 | – | – | **-152** |
| **Total Amortization of acquisition related intangible assets** | | | | | | | |
| | **Q3** | **2019** | **-11** | **-47** | **-11** | **-6** | **-75** |
| | **Q3** | **2018** | **–** | **-38** | **-11** | **-6** | **-55** |
| | **YTD** | **2019** | **-36** | **-138** | **-35** | **-17** | **-226** |
| | **YTD** | **2018** | **–** | **-111** | **-33** | **-17** | **-161** |
| | **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 609 m (385) includes depreciation of right-of-use assets of SEK 131 m (-) for the first nine months.

| | Depreciation and amortization | | | | |
|---|---|---|---|---|---|
| | **Q3** | **Q3** | **YTD** | **YTD** | **FY** |
| **SEK m** | **2019** | **2018** | **2019** | **2018** | **2018** |
| Depreciation and amortization | -209 | -134 | -609 | -385 | -526 |
| Add back depreciation related to right-of-use assets | 45 | – | 131 | – | – |
| **Total** | **-164** | **-134** | **-478** | **-385** | **-526** |

| | Right-of-use assets | | |
|---|---|---|---|
| **SEK m** | **Sep 30, 2019** | **Sep 30, 2018** | **Dec 31, 2018** |
| Buildings | 565 | – | – |
| Machinery, equipment and other technical installations | 41 | – | – |
| **Total** | **606** | **–** | **–** |

## 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 the first nine months of 2019.

## NOTE 9 | ACQUISITIONS AND DIVESTMENTS

**2019**

Dometic has not made any acquisitions or divestments during the first nine months of 2019.

**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 with SEK 12 m and operating profit of SEK -3.5 m, including step-up inventory of SEK -2.6 m.

## NOTE 10 | SIGNIFICANT EVENTS AFTER THE PERIOD.

Stefan Fristedt joined Dometic as the new CFO on October 1, 2019.

A global restructuring program was launched after the end of the quarter. Total estimated cost of the program amounts to SEK 750 m. The majority of the cost will be charged in the coming 18 months. The program is estimated to generate positive effects on earnings of around SEK 400 m when fully implemented, with full annualized impact in the middle of 2022.

# 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 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.

**Q3 2019**
July to September 2019 for Income Statement.

**Q3 2018**
July to September 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 September 2019 for Income statement.

**YTD 2018**
Year to date. January to September 2018 for Income statement.

# PRESENTATION OF THE INTERIM REPORT

Analysts and media are invited to participate in a telephone conference at 10.00 (CEST), October 24, 2019, 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 8 519 993 83
UK: +44 333 300 9261
US: +1 646 722 4956

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

## FOR FURTHER INFORMATION, PLEASE CONTACT

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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 CEST on October 24, 2019.*

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

## 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 8,000 people worldwide, had net sales of SEK 18.0 billion in 2018 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.

## FINANCIAL CALENDAR

**JANUARY 31, 2020:** Year-end report 2019
**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