DOMETIC INTERNATIONAL AB
Interim report Januari-June 2004

- Net sales increased by 19.3 percent to 3 785 MSEK (3 173). The organic growth, adjusted for currency effects was 14.3 percent.
- Operating profit before goodwill amortization (EBITA) increased by 19.8 percent to 624 MSEK (521), which corresponds to an operating margin before goodwill amortizations of 16.5 percent (16.4).
- Net income for the period amounted to 185 MSEK (124), which corresponds to earnings per share before dilution of 7.76 SEK (5.20).
- Cash flow from operating activities amounted to 400 MSEK (160).
- Continued good development of sales in the marine business through TME
- Refinancing of the Group's present loans was completed on August 5, significantly reducing the Group's future interest costs.

Financial Summary

	3 months		6 months		12 months	12 months
	Apr – June		Jan – June		Jan - Dec	July-June
MSEK	**2004**	**2003**	**2004**	**2003**	**2003**	**2003-2004**
Net sales	1 983	1 626	3 785	3 173	6 288	6 900
Operating profit before depreciations and goodwill amortizations (EBITDA) *)	393	320	706	594	1 146	1 258
Operating profit before goodwill amortizations (EBITA) *)	351	287	624	521	981	1 084
Operating margin before goodwill amortizations (EBITA margin), % *)	17.7%	17.7%	16.5%	16.4%	15.6%	15.7%
Net income	107	74	185	124	203	264
Cash flow from operation activities	292	192	400	160	649	889
Earnings per share before dilution, SEK	4.49	3.11	7.76	5.20	8.52	11.08
Return on capital employed, % *)	-	-	-	-	12.2%	13.4%
Return on equity, % *)	-	-	-	-	10.5%	12.3%

*) The operating result in above for full year 2003 has been adjusted for external stock exchange listing costs (IPO costs) of 34 MSEK. Corresponding adjustment up to June 2003 is 8 MSEK, which in total occurred in the second quarter.

Operations
Dometic is the leading international supplier of products and systems developed, designed and manufactured for use in a variety of vehicles and boats with the purpose of meeting the end-users´ expectations of comfort as they travel away from home. Dometic also offers refrigerators for hotel rooms, wine storage and medical applications.

Dometic sells products in two business areas, *RV and Pleasure Boat Systems and Special Refrigeration Systems*. Dometic´s marketing and sales activities are divided into three geographical regions:

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- Americas
- Europe, Middle East and Africa (EMEA)
- Rest of the World (RoW)

Dometic has 21 sales companies in 14 countries, 6 regional offices and approximately 100 distributors in additional 80 Countries. Dometic also has 20 production facilities in 10 countries in North America, Europe and Africa.

The President and CEO comments on the first half year

"Net sales in the Dometic Group increased by 19.3 percent to 3 785 MSEK during the first half year 2004. Adjusted for currency effects and growth from the acquisition of TME in August 2003, organic growth in net sales avounted to 14.3 percent. The continued weakening of the USD relative to the SEK had a negative impact on net sales of 5,8%. Demand for RV and Pleasure Boats Systems in North America has remained strong. During the first half-year we have also seen a positive development in many areas of Europe and Australia for RV and Pleasure Boat Systems. Our acquisition of TME, the leading manufacturer of air conditioning systems for pleasure boats, has developed very well.

Operating profit has developed well and the EBITA margin improved slightly in first half year compared to last year to 16.5 percent (16.4). However, there is a risk that continued higher cost for material, primarily metals and higher oil prices, may have a negative effect on the second half of the year.

Net sales for Special Refrigeration Systems remained on the same level as last year. However, the EBITA margin decreased mainly due to a tougher price competition on our hotel products and the costs incurred for introducing a new model."

Net sales and profit

Net Sales for the period January-June increased by 19.3 percent to 3 785 MSEK (3 173). Adjusted for currency effects of -5.8 percent and growth from TME acquired in August 2003 of +10.8 percent, the organic growth amounted to +14.3 percent. The negative currency effects are mainly contributable to the continued strengthening of the SEK against the USD and the GBP. Due to the large amount of Group net sales in the US, a lower USD/SEK exchange rate has a considerable effect on Group net sales.

Operating profit before goodwill amortizations (EBITA) increased by 19.8 percent to 624 MSEK (521), which corresponds to an operating margin before goodwill amortizations of 16.5 percent (16.4). Including goodwill amortizations, the operating margin improved to 13.5 percent (13.1). Currency effects had a negative impact on operating profit amounting to approximately -7 percent. Dometic has hedged 53 percent of the expected coming inflow of USD during the remaining months of 2004 to an average exchange rate of 7.72 SEK.

Net financial items amounted to -53 MSEK (-82). The improvement is mainly attributable to lower interest rates and positive exchange rate effects on loans. Dometics interest rate coverage improved to 4.1 compared to 2.9 during the same period last year.

Taxes amounted to -201 MSEK (-144), which corresponds to a tax rate of 51 percent of income before taxes. The relatively high tax rate is due to the fact that Dometic's consolidated income statement contains a large amount of non-tax deductible goodwill amortizations. The tax rate in percent of income before taxes plus non-tax deductible goodwill amortizations amounted to 40 percent.

Net income amounted to 185 MSEK (124), which corresponds to net income per share before dilution of 7.76 SEK (5.20).

Second quarter 2004
Net sales for the second quarter amounted to 1 983 MSEK (1 626) and the operating profit before goodwill amortizations amounted to 351 MSEK (287), corresponding to an operating margin before goodwill amortizations of 17.7 percent (17.7). Operating margins in RV and Pleasure Boat Systems increased whereas the margin in Special Refrigeration Systems decreased.

Earnings per share before dilution increased to 4.49 SEK (3.11) compared to the same period last year.

Investments and cash flow
Cash flow from current operations before investments, amounted to 400 MSEK (160). Change in working capital amounted to -138 MSEK (-232). Accounts receivables normally increase during the first half of the year due to the fact that more than 50 percent of net sales occur during this period.

Investments in tangible fixed assets amounted to 102 MSEK (92). Included in these investments are investments in machinery and tools to manufacture new product generations of the hotel refrigerator in Siegen, portable boxes in Jászberény as well as a new side-by-side refrigerator in Motala. Research and development cost of 8 MSEK (4) have been capitalized.

Financial position
Capital employed amounted to 6 691 MSEK (6 265).

Net debt totaled 3 644 MSEK (3 557). The increase of 87 MSEK is mainly due to new loans of 750 MSEK to finance the acquisition of TME. Amortization of debt during the last 12 months has totaled 456 MSEK.

A renegotiation of the present loan structure was completed during July 2004, resulting in a cross-over financing facility with significantly better terms. The lower interest margins will reduce the Group's annual interest costs by over 100 MSEK compared to the former financing structure.

BUSINESS AREAS

Net sales per business area

	3 months Apr - June				6 months Jan – June				12 months Jan - Dec		12 months July - June	
MSEK	**2004**	**%**	**2003**	**%**	**2004**	**%**	**2003**	**%**	**2003**	**%**	**2003-2004**	**%**
Net sales												
RV and Pleasure Boat Systems *)	1 797	91%	1 458	90%	3 424	90%	2 812	89%	5 586	89%	6 198	90%
Special Refrigeration Systems	186	9%	168	10%	361	10%	361	11%	702	11%	702	10%
Total net sales	**1 983**	100%	**1 626**	100%	**3 785**	100%	**3 173**	100%	**6 288**	**100%**	**6 900**	**100%**
Operating result before goodwill amortization (EBITA)												
RV and Pleasure Boat Systems *)	322		259		572		455		868		985	
EBITA-margin	*17.9%*		*17.8%*		*16.7%*		*16.2%*		*15.5%*		*15.9%*	
Special Refrigeration Systems	29		28		52		66		113		99	
EBITA-margin	*15.6%*		*16.7%*		*14.4%*		*18.3%*		*16.1%*		*14.1%*	
Total operating result before goodwill amortization (EBITA)	**351**		**287**		**624**		**521**		**981**		**1 084**	

*) a wide range of products for different vehicles and boats are included

Recreation Vehicle (RV) and Pleasure Boat Systems
Net sales of RV and Pleasure Boat Systems during the period January-June increased by 22 percent to 3 424 MSEK (2 812). Operating result before goodwill amortizations (EBITA) amounted to 572 MSEK (455), which corresponds to an operating margin before goodwill amortizations of (EBITA-margin) of 16.7 percent (16.2). Demand in the US and Canada continued to be strong. The business area developed well in Europe, particularly sales of RV windows and doors. Also the Australian market continued to develop well.

Second quarter 2004
During the second quarter, which from a seasonal point of view is the strongest, the business developed very well. Net sales amounted to 1 797 MSEK (1 458) and operating result before goodwill amortization amounted to 322 MSEK (259), corresponding a operating margin before goodwill amortizations of 17.9 percent (17.8).

The increase in net sales is mainly attributable the strong development in the US and Canada. Implemented coordination activities in sales, purchasing and production contributed to an increase of the operating margin before amortization of goodwill.

Special Refrigeration Systems
Net sales in Special Refrigeration Systems showed no increase during the period January-June compared to last year. Operating result before goodwill amortization (EBITA) amounted to 52 MSEK (66), which corresponds to an operating margin before goodwill depreciation (EBITA margin) of 14.4 percent (18.3).

Second quarter 2004
Net sales increased moderately to 186 MSEK (168) and operating result before goodwill amortization increased to 29 MSEK (28), which corresponds to an operating margin before goodwill amortization of 15.6 percent (16.7).

The increase in net sales is mainly due to increased sales of Medical projects. The decrease in operating margin before goodwill amortization is mainly attributable tougher price competition in our hotel products combined with the incurred launch costs for a new model.

Net sales by geographic area

	3 months Apr - June		6 months Jan – June		12 months Jan-Dec	12 months July-June
MSEK	**2004**	**2003**	**2004**	**2003**	**2003**	**2003-2004**
Net sales						
Americas	1 031	830	1 919	1 610	3 260	3 569
Europe, Middle East and Africa	843	723	1 659	1 426	2 703	2 936
Rest of the World	109	73	207	137	325	395
Total net sales	**1 983**	**1 626**	**3 785**	**3 173**	**6 288**	**6 900**

Changes in Group structure
During the first quarter Dometic acquired the net assets in the German company TuS Spezialkühlanlagen und Vertriebs GmbH. The company manufactures products for rapid freezing of blood plasma and complements Dometics existing activities in medical refrigeration.

Parent company
The parent company conducts no sales activities of its own and thus reported no sales during the period. The parent company reports a net income of 1 MSEK (-2).

In conjunction with the AGM on April 28 Dr. Sven Stork was elected Chairman of the Board of Directors. The Board of Directors appointed Lars Johansson President and CEO. Lars Johansson assumed operational responsibility from Dr. Sven Stork as of April 28, 2004.

Jan Lindstedt has been appointed new CFO with effect from August 1, 2004. He succeeds Leif Lindgren who retires having reached the age of 65.

Employees
The number of employees at end of June was 4 654 (4 256). During 2003 the average number of employees was 4 361. The increase is due to the significant increase in production volume compared to last year.

Accounting principles
The interim report was prepared in accordance with recommendation RR20 (Interim reporting) issued by the Swedish Financial Accounting Standards Council.

As of January 1, 2004, Dometic applies recommendation RR29 (Remuneration to employees) Issued by the Swedish Financial Accounting Standards Council. Pensions to white collar employees in Sweden are covered via the so called ITP-plan, which is financed through pension insurance in Alecta. Alecta is currently not able to supply the information necessary to account for the defined benefits undertakings and vested assets and costs connected to the plan. Because of this the plan is considered to be a defined contribution plan although the ITP-plan is a defined benefits plan.

Accounting principles and methods of calculations correspond to those used in the latest annual report.

Stockholm
August 17, 2004

Lars Johansson
President and CEO Dometic International AB

Dometic International AB org. nr. 556598-2666

The interim report for the second quarter has not been subject to review by the company’s auditors.

Consolidated income statement

MSEK	3 months Apr – June 2004	3 months Apr – June 2003	6 months Jan - June 2004	6 months Jan - June 2003	12 months Jan – Dec 2003	12 months July-June 2003-2004
Net sales	1 983	1 626	3 785	3 173	6 288	6 900
Cost of goods sold	-1 302	-1 057	-2 517	-2 097	-4 146	-4 566
Gross profit	**681**	**569**	**1 268**	**1 076**	**2 142**	**2 334**
Selling expenses	-207	-171	-407	-338	-701	-770
Administrative expenses	-95	-69	-180	-139	-295	-336
Research and development expenses	-29	-34	-67	-68	-135	-134
Other operating income/expenses *)	1	-16	10	-18	-64	-36
Amortization of goodwill	-57	-52	-114	-105	-220	-229
Operating profit *)	**294**	**227**	**510**	**408**	**727**	**829**
Interest income and similar items	-3	1	9	3	27	33
Interest expense and similar items	-63	-56	-128	-140	-275	-263
Income after financial items	**228**	**172**	**391**	**271**	**479**	**599**
Tax	-118	-97	-201	-144	-270	-327
Minority share in net income	-3	-1	-5	-3	-6	-8
Net income	**107**	**74**	**185**	**124**	**203**	**264**
Total depreciations and goodwill amortizations	-99	-85	-196	-178	-385	-403
Earnings per share, before dilution	4.49	3.11	7.76	5.20	8.52	11.08
Earnings per share, after dilution	4.31	2.99	7.45	5.01	8.20	10.67
Earnings per share after dilution, excl. goodwill amortizations	6.59	5.07	12.02	9.22	17.03	19.83
Number of shares before dilution (thousands)	23 829	23 829	23 829	23 829	23 829	-
Average number of shares before dilution (thousands)	23 829	23 829	23 829	23 827	23 828	-
Number of shares after dilution (thousands)	24 930	24 930	24 930	24 930	24 930	-
Average number of shares after dilution (thousands)	24 930	24 930	24 930	24 928	24 929	-
Income statement related key ratios *)						
Operating margin, excl. goodwill amortization, %	17.7%	17.7%	16.5%	16.4%	15.6%	15.7%
Operating margin, %	14.8%	14.5%	13.5%	13.1%	12.1%	12.4%
Return on capital employed, %	-	-	-	-	12.2%	13.4%
Return on equity, %	-	-	-	-	10.5%	12.3%

*) Operating results for full year 2003 include external stock exchange listing costs (IPO costs) of 34 MSEK. Operating profit up to June 2003 includes 8 MSEK of these costs, which in total occurred in the second quarter. Calculations of above key ratios exclude these IPO costs.

Consolidated balance sheet

MSEK	30 June 2004	30 June 2003	31 Dec 2003
ASSETS			
Fixed assets			
Intangible assets			
Goodwill	4 118	4 004	4 173
Other intangible assets	115	107	117
Tangible assets	997	948	958
Financial assets			
Deferred tax	751	555	746
Other financial assets	61	28	39
Total fixed assets	**6 042**	**5 642**	**6 033**
Current assets			
Inventories	955	790	799
Accounts receivable	848	729	542
Other assets	215	134	158
Cash and bank balances	545	429	400
Total current assets	**2 563**	**2 082**	**1 899**
TOTAL ASSETS	**8 605**	**7 724**	**7 932**
EQUITY AND LIABILITIES			
Equity	**2 493**	**2 268**	**2 291**
Minority share	**9**	**11**	**9**
Provisions			
Pensions	224	203	217
Taxes	89	54	78
Other	288	217	214
Total provisions	**601**	**474**	**509**
Long-term liabilities			
Liabilities to credit institutions	3 914	3 673	3 924
Convertible debenture loan	43	43	43
Total long-term liabilities	**3 957**	**3 716**	**3 967**
Current liabilities			
Liabilities to credit institutions	232	270	255
Accounts payable	577	451	404
Other current liabilities	736	534	497
Total current liabilities	**1 545**	**1 255**	**1 156**
TOTAL EQUITY AND LIABILITIES	**8 605**	**7 724**	**7 932**

Changes in the Group's shareholders' equity

MSEK	30 jun 2004	30 jun 2003	31 dec 2003
Opening shareholder's equity	2 291	2 176	2 176
Change in translation differences	17	-33	-89
Net income	185	124	203
New share issue	0	1	1
Closing balance	2 493	2 268	2 291

Balance sheet-related key figures			
Equity/asset ratio	29.1%	29.5%	29.0%
Debt/Equity ratio, multiple	1.5	1.6	1.7
Interest bearing debt, MSEK	4 189	3 986	4 222
Net debt, MSEK	3 644	3 557	3 822
Capital employed, MSEK	6 691	6 265	6 522
Interest rate coverage, times	4.1	2.9	2.7

Consolidated cash flow statement

MSEK	3 months Apr – Jun 2004	3 months Apr – Jun 2003	6 months Jan – Jun 2004	6 months Jan – Jun 2003	12 months *) Jan – Dec 2003	12 months *) Jul – Jun 2003
Operating activities						
Income after financial items	228	172	391	271	479	599
Return of items not affecting liquidity						
Amortization and depreciation	99	85	196	178	385	403
Change in provisions	35	11	92	1	3	94
Adjustment for items not affecting cash flow	-12	-2	-1	22	-8	-31
	350	**266**	**678**	**472**	**859**	**1 065**
Taxes paid	-72	-28	-135	-75	-188	-248
Dividends paid by subsidiaries to minority owners	-5	-5	-5	-5	-9	-9
Cash flow from operating activities before changes in working capital	**273**	**233**	**538**	**392**	**662**	**808**
Changes in working capital						
Change in inventories	-95	-22	-155	-75	-5	-85
Change in accounts receivable	-29	-50	-306	-237	43	-26
Change in accounts payable	66	28	173	-1	-74	100
Change in other receivables/liabilities	77	3	150	81	23	92
Total change in working capital	19	-41	-138	-232	-13	81
Cash flow from operating activities	**292**	**192**	**400**	**160**	**649**	**889**
Investment activities						
Acquisition of net assets of subsidiaries	0	-3	-3	-28	-845	-820
Investments in intangible assets	-3	-4	-9	-6	-27	-30
Investments in tangible assets	-63	-52	-102	-92	-178	-188
Sale of tangible assets	4	1	4	1	3	6
Other fixed assets	-3	2	-22	2	-9	-33
Cash flow from investment activities	**-65**	**-56**	**-132**	**-123**	**-1 056**	**-1 065**
Financing activities						
Proceeds from new share issue	0	1	0	1	1	0
Change in loans	-117	-108	-129	-55	375	301
Cash flow from financing activities	**-117**	**-107**	**-129**	**-54**	**376**	**301**
Cash flow for the period	**110**	**29**	**139**	**-17**	**-31**	**125**
Liquid funds, opening balance	435	417	400	467	467	
Exchange-rate differences on liquid funds	0	-17	6	-21	-36	
Liquid funds, closing balance	**545**	**429**	**545**	**429**	**400**	

*) Cash flow statement for 2003 has been reclassified to achieve comparability with the cash flow data for 2004.

DEFINITIONS

FINANCIAL DEFINITIONS

Capital employed
Total assets less non-interest-bearing liabilities and provisions.

Net debt/equity ratio
Net debt divided by equity.

Earnings per share
Net income after tax divided by the average number of shares

Earnings per share
Net income after tax plus goodwill amortization divided by the average number of shares

EBITDA
Operating profit before depreciation and goodwill amortization.

EBITA
Operating profit before goodwill amortization.

Equity/asset ratio
Equity plus minority interest divided by total assets.

Equity per share
Equity divided by number of shares at year-end before dilution.

Gross margin
Gross profit divided by net sales.

Interest rate coverage
Operating profit plus interest income divided by total interest expenses.

Net debt
Interest-bearing liabilities less interest-bearing financial assets, including liquid funds.

Operating margin before goodwill amortization (EBITDA-margin)
Operating profit before goodwill amortization (EBITA) divided by net sales.

Return on capital employed
Operating profit (EBIT) plus interest income and similar profit/loss items divided by average capital employed.

Return on equity
Net income divided by average shareholders´ equity.

Working capital
Inventories plus accounts receivables less accounts payables and other receivables/liabilities

INDUSTRY DEFINITIONS

Pleasure Boat
Synonymous with boats above 7.5 meters used for leisure purposes.

Recreation Vehicle (RV)
Refers to caravans and motor homes in a range of sizes and designs.

Special refrigeration
Special refrigerators developed to resolve various types of advanced cooling problems – for example, in the medical industry, the hotel sector of the recreational industry.