DOMETIC INTERNATIONAL AB
Interim report January - September 2004

- Net sales increased by 14.1 percent to 5 497 MSEK (4 818). The organic growth, adjusted for currency effects, was 11.6 percent
- Net income for the period amounted to 249 MSEK (210), which corresponds to earnings per share before dilution of 10.45 SEK (8.81)
- Operating profit before goodwill amortization (EBITA) increased by 13.4 percent to 899 MSEK (793), which corresponds to an operating margin before goodwill amortizations of 16.4 percent (16.5)
- Cash flow from operating activities amounted to 411 MSEK (475)
- Refinancing of the Group's old acquisition loans was completed on August 5, significantly reducing the Group's future interest costs

Financial summary

	3 months		9 months		12 months	12 months
	July - Sept		Jan – Sept		Jan - Dec	Oct - Sep
MSEK	**2004**	**2003**	**2004**	**2003**	**2003**	**2003-2004**
Net sales	1 712	1 645	5 497	4 818	6 288	6 967
Operating profit before depreciations and goodwill amortizations (EBITDA) *)	317	313	1 023	907	1 146	1 262
Operating profit before goodwill amortizations (EBITA) *)	275	272	899	793	981	1 087
Operating margin before goodwill amortizations (EBITA margin), % *)	16,1%	16,5%	16,4%	16,5%	15,6%	15,6%
Net income **)	64	86	249	210	203	242
Cash flow from operating activities **)	11	315	411	475	649	585
Earnings per share before dilution, SEK **)	2,69	3,61	10,45	8,81	8,52	10,16
Return on capital employed, % *)	-	-	-	-	12,2%	13,4%
Return on equity, % *)	-	-	-	-	10,5%	11,4%

*) The operating result for the full year 2003 has been adjusted for external stock exchange listing costs (IPO costs) of 34 MSEK. Corresponding adjustment up to September 2003 is 16 MSEK, of which 8 MSEK occurred in the third quarter.

**) The third quarter has been affected by non-recurring costs of 56 MSEK in conjunction with the renegotiation of the Group's loan structure.

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Dometic is a customer driven, world-leading provider of innovative leisure products for the caravan, motorhome and marine markets. Dometic offers a complete range of air conditioners, refrigerators, awnings, cookers, sanitation systems, lighting, windows, doors and other equipment that makes leisure life more comfortable away from home.

Dometic also provides refrigerators for specific use in hotel rooms, offices and for storage of medical products and wine. Dometic's products are sold in almost 100 countries and are produced mainly in Dometic's own production facilities around the world. Annual sales amount to approximately 750 MEUR. Dometic has more than 4.400 employees.

The President and CEO's comments on the first three quarters

"Net sales in the Dometic Group increased by 14.1 percent to 5 497 MSEK. Organic growth, that is the increase in net sales adjusted for currency effects and acquisitions, amounted to 11.6 percent. The development in the Group has on a whole been favorable. Demand on the North American market for RV and Pleasure Boat Systems has been robust during the period. The positive development also continues in Europe. Australia maintains its strong development. TME, which we acquired in August 2003, is now fully integrated and constitutes an important contribution to our Group.

Dometic continues to benefit from the fact that the mobile leisure life becomes more exclusive. We see a significant increase in sales of more exclusive products for the home, not least for kitchens and bathrooms in the western world. This trend is quickly spreading to the mobile leisure life where the total value of products installed in new caravans, motorhomes and boats is increasing. End-consumers are to a greater extent seeking the same level of comfort they have at home. It is clear that recreation vehicles and boats more often are standard equipped to meet this demand. One example of this is OEMs that to a greater extent are installing airconditioning units as a standard feature on European caravans and motorhomes. This is very positive for Dometic as we, together with the OEMs, are well positioned to meet end-consumers needs.

Net sales and the profitability in Special Refrigeration Systems have decreased somewhat compared to last year. Price competition continues, however we do see some signs of recovery on the global hotel market. It is also pleasing that our products for medical refrigeration is in demand in many parts of the world and that investments in this sector have increased.

Our operating profit has developed well during the period. However, coordination activities in sales, purchasing and production continue to be important in several areas of the Group. Price increases on different types of material, primarily steel and plastic, have already had a negative effect on our profitability. Despite this, the Group's development for the period lies well in line with the Group's goals for growth and profitability. Further increases are expected in these material groups."

Market development

The market for Dometic's products in RV & Pleasure Boat Systems has as a whole developed better than last year. The low interest rate and the favorable demographics continue to be important underlying factors for the increased demand for recreation vehicles. Increased comfort in caravans and motorhomes has attracted new categories of recreation vehicle owners. In the US shipments of new caravans and motorhomes increased by 18 and 27 percent respectively during the first half of the year.[1] A certain increase in dealer inventory during the third quarter may imply that OEMs reduce production during the remainder of 2004. The long-term industry trends in North America, however, remain positive. In Europe, registration of new caravans increased by 5 percent and new motorhomes by 9 percent for the same period.[2] Demand continued to increase strongly in Australia. In general, sales of more well-equipped motorhomes continues to grow faster than the sale of caravans. The marine industry continues its recovery although industry growth has slowed somewhat during the third quarter.

The market for Dometic's products within Special Refrigeration Systems is slightly more stable compared to the same period last year. A less uncertain political climate would mean increased investments in new hotel projects and a reactivation of dormant projects. The market for Dometic's products for medical refrigeration is mainly project based and dependent on government spending, why sales can vary from year to year. During 2004 the market for these products has developed favorably.

Net sales and profit

Net sales during January-September increased by 14.1 percent to 5 497 MSEK (4 818). Adjusted for currency effects of –5.8 percent and growth from TME acquired in August 2003 of +8,3 percent, the organic growth amounted to +11.6 percent. The negative currency effects are mainly attributable to the strengthening of the SEK against the USD. Due to the large

[1] Source US RVIA, Recreation Vehicle Industry Association.
[2] Source ECF, European Caravan Federation.

amount of net sales in the US, a change in the USD/SEK exchange rate has a considerable effect on the Group's net sales.

Operating profit before goodwill amortizations (EBITA) increased by 13.4 percent to 899 MSEK (793), which corresponds to an operating margin before goodwill amortizations (EBITA-margin) of 16.4 percent (16.5). Including goodwill amortizations, the operating margin improved to 13.2 percent (13.1). Currency effects had a negative impact of –8.7 percent on the operating profit. Dometic has hedged 58 percent of the expected coming inflow of USD during the remaining months of 2004 to an average exchange rate of 7.44 SEK.

Net financial items amounted to -206 MSEK (-178). Net financial items include nonrecurring costs of 56 MSEK for the refinancing of the Group's old acquisition loans. Interest expenses have decreased due to lower interest rates and positive exchange rate effects on loans. Dometic's interest rate coverage improved to 3.3 compared to 3.1 during the same period last year.

Taxes amounted to -265 MSEK (-223), which corresponds to a tax rate of 51 percent (51) 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. Excluding non-tax deductible goodwill amortizations, the tax rate in the Group amounted to 38 percent.

Net income amounted to 249 MSEK (210), which corresponds to earnings per share before dilution of 10.45 SEK (8.81).

Cash flow and investments
Cash flow from operating activities before investments during the period amounted to 411 MSEK (475). Cash flow during the third quarter is affected by costs of 56 MSEK in conjunction with the refinancing of the Group's loans. Change in working capital amounted to -263 MSEK (-87). The change is mainly attributable to inventory build-up during the third quarter.

Investments in tangible assets was 161 MSEK (124). A significant part of these investments relate to the expansion of the Group's production facility for windows and doors in Krautheim. Research and development costs of 10 MSEK (8) have been capitalized.

Financial position
Capital employed amounted to 6 580 MSEK (6 828).

Net debt totaled 3 663 MSEK (3 936). The decrease of 273 MSEK is mainly due to the positive cash flow before cash flow from financing activities.

A renegotiation of the present loan structure was completed on August 5 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.

Third quarter 2004
Net sales for the third quarter totaled 1 712 MSEK (1 645). Adjusted for currency effects of –5.8 percent and growth from TME acquired in August 2003 of +3,5 percent, the organic growth amounted to +6.4 percent.

Operating profit before goodwill amortizations amounted to 275 MSEK (272), corresponding to an operating margin before goodwill amortizations of 16.1 percent (16.5). During the quarter the operating margin before goodwill amortizations decreased somewhat for RV and Pleasure Boat Systems while it increased marginally for Special Refrigeration Systems.

Earnings per share before dilution decreased to 2,69 SEK (3,61) compared to the same period last year. 0.97 SEK of the decrease is attributable to non-recurring costs of 56 MSEK in conjunction with the renegotiation of the Group's loan structure.

BUSINESS AREAS

Net sales per business area

	3 months				9 months				12 months		12 months	
	July – Sept				Jan – Sept				Jan - Dec		Oct - Sept	
MSEK	**2004**	**%**	**2003**	**%**	**2004**	**%**	**2003**	**%**	**2003**	**%**	**2003-2004**	**%**
Net sales												
RV and Pleasure Boat Systems	1 548	90%	1 478	90%	4 972	90%	4 290	89%	5 586	89%	6 268	90%
Special Refrigeration Systems	164	10%	167	10%	525	10%	528	11%	702	11%	699	10%
Total net sales	1 712	100%	1 645	100%	5 497	100%	4 818	100%	6 288	100%	6 967	100%
Operating result before goodwill amortizations (EBITA)												
RV and Pleasure Boat Systems	257		254		829		704		868		993	
EBITA-marginal	*16,6%*		*17,2%*		*16,7%*		*16,4%*		*15,5%*		*15,8%*	
Special Refrigeration Systems	18		18		70		89		113		94	
EBITA-marginal	*11,0%*		*10,8%*		*13,3%*		*16,9%*		*16,1%*		*13,4%*	
Total operating result before goodwill amortization (EBITA)	275		272		899		793		981		1 087	

Recreation Vehicle (RV) and Pleasure Boat Systems
Net sales for RV and Pleasure Boat Systems during the period increased by 15.9 percent to 4 972 MSEK (4 290). Adjusted for currency effects of –5.8 percent and growth from TME acquired in August 2003 of +9.5 percent, the organic growth amounted to +12.2 percent. Demand in the US and Canada continued to be robust, especially for awnings and air conditioning. In Europe the business area continued to develop well, in particular windows, doors and cookers. Also growth in the Australian market remains strong. Sales of products to the marine industry are developing favorably, although the growth rate slowed somewhat during the third quarter.

Operating profit before goodwill amortizations (EBITA) amounted to 829 MSEK (704), which corresponds to an operating margin before goodwill amortizations of 16.7 percent (16.4). Implemented coordination activities in sales, purchasing and production helped to improve operating margin before goodwill amortizations.

Third quarter 2004
Net sales increased 5.0 percent during the third quarter to 1 548 MSEK (1 478). Adjusted for currency effects of –4.1 percent and growth from TME acquired in August 2003 of +4.1 percent, the organic growth amounted to +5.0 percent. The increase in net sales is mainly related to the strong development in sales of products to recreation vehicles. The increase in demand slowed somewhat compared to the first two quarters due to higher energy prices and bad weather conditions in both Europe and the US. The in some areas extreme weather conditions mainly had a negative effect on the Group’s aftermarket sales.

Operating profit before goodwill amounted to 257 MSEK (254), corresponding to an operating margin before goodwill amortizations of 16.6 percent (17.2). The operating margin has been negatively affected by higher material prices and price competition in some segments.

Special Refrigeration Systems
Net sales in Special Refrigeration Systems decreased somewhat during the period and amounted to 525 MSEK (528). Currency effects had little impact on net sales in the business area. The demand for hotel products continued to decrease while the demand for products for medical refrigeration continued to increase compared to the same period last year.

Operating profit before goodwill amortizations (EBITA) amounted to 70 MSEK (89), corresponding to an operating margin before goodwill amortizations of 13.3 percent (16.9). The decrease in operating margin is partly due to costs incurred for the launch of the Group’s new generation miniBar, but is also due to increased price competition on hotel products.

Third quarter 2004
Net sales decreased to 164 MSEK (167). Currency effects had little impact on net sales in the business area during the quarter. The weaker demand for hotel products was partly offset by the increased demand for medical refrigeration in Africa and Asia. The sale of wine cellars was better than during the same quarter last year.

Operating profit before goodwill amortizations amounted to 18 MSEK (18), corresponding to an operating margin before goodwill amortizations of 11.0 percent (10.8). The operating margin before goodwill amortizations is positively affected by the sale of several medical refrigeration projects.

Net sales by geographic area

	3 months		9 months		12 months	12 months
	July - Sept		January - September		Jan - Dec	Oct - Sept
MSEK	**2004**	**2003**	**2004**	**2003**	**2003**	**2003-2004**
Net sales						
Americas	952	941	2 871	2 551	3 260	3580
Europe, Middle East and Africa	652	629	2 311	2 055	2 703	2959
Rest of the World	108	75	315	212	325	428
Total net sales	**1 712**	**1 645**	**5 497**	**4 818**	**6 288**	**6967**

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 Dometic's existing activities in medical refrigeration.

After the closing of the third quarter and as per October 5, Dometic acquired Polar Bay LLC, an American manufacturer of air conditioning systems for the marine industry. Per October 15, Dometic acquired Oyster Electronics S.L., a Spanish manufacturer of safes for hotel rooms.

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 0 MSEK (-6).

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 the period was 4 302 (4 337) and compared to 4 128 at the beginning of the year. During 2003 the average number of employees was 4 361. The increase during 2004 is due to the 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.

Please see Dometic's annual report 2003 for definition of key ratios.

Stockholm
October 27, 2004

Lars Johansson
President and CEO Dometic International AB

Dometic International AB org. nr. 556598-2666

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

Consolidated income statement

MSEK	3 months July - Sept 2004	3 months July - Sept 2003	9 months Jan – Sept 2004	9 months Jan – Sept 2003	12 months Jan - Dec 2003	12 months Oct - Sep 2003-2004
Net sales	1 712	1 645	5 497	4 818	6 288	6 967
Cost of goods sold	-1 144	-1 072	-3 661	-3 169	-4 146	-4 638
Gross profit	**568**	**573**	**1 836**	**1 649**	**2 142**	**2 329**
Selling expenses	-188	-189	-595	-527	-701	-769
Administrative expenses	-76	-59	-256	-198	-295	-353
Research and development expenses	-29	-32	-96	-100	-135	-131
Other operating income/expenses *)	0	-29	10	-47	-64	-7
Amortization of goodwill	-58	-56	-172	-161	-220	-231
Operating profit *)	**217**	**208**	**727**	**616**	**727**	**838**
Interest income and similar items	15	23	24	26	27	25
Interest expense and similar items **)	-102	-64	-230	-204	-275	-301
Income after financial items	**130**	**167**	**521**	**438**	**479**	**562**
Tax	-64	-79	-265	-223	-270	-312
Minority share in net income	-2	-2	-7	-5	-6	-8
Net income	**64**	**86**	**249**	**210**	**203**	**242**
Total depreciations and goodwill amortizations	-100	-97	-296	-275	-385	-406
Earnings per share, before dilution	2,69	3,61	10,45	8,81	8,52	10,16
Earnings per share, after dilution	2,58	3,47	10,03	8,47	8,20	9,78
Earnings per share after dilution, excl. goodwill amortizations	4,91	5,71	16,92	14,93	17,03	19,03
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	23 828	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	24 929	24 929	
Income statement related key ratios *)						
Operating margin, excl. goodwill amortization, %	16,1%	16,5%	16,4%	16,5%	15,6%	15,7%
Operating margin, %	12,7%	13,1%	13,2%	13,1%	12,1%	12,4%
Return on capital employed, %	-	-	-	-	12,2%	13,4%
Return on equity, %	-	-	-	-	10,5%	11,4%

*) Operating results for full year 2003 include external stock exchange listing costs (IPO costs) of 34 MSEK. Operating profit up to September 2003 includes 16 MSEK of these costs, of which 8 MSEK occured in the third quarter. Calculations of above key ratios exclude these IPO costs.

**) The interest expense includes non-recurring costs of 56 MSEK in conjunction with the renegotiation of the Group's loan structure during the third quarter.

Consolidated balance sheet

MSEK	30 Sept 2004	30 Sept 2003	31 Dec 2003
ASSETS			
Fixed assets			
Intangible assets			
Goodwill	4 021	4 243	4 173
Other intangible assets	112	112	117
Tangible assets	1 004	952	958
Financial assets			
Deferred tax	725	762	746
Other financial assets	63	28	39
Total fixed assets	**5 925**	**6 097**	**6 033**
Current assets			
Inventories	916	769	799
Accounts receivable	752	710	542
Other assets	212	173	158
Cash and bank balances	369	581	400
Total current assets	**2 249**	**2 233**	**1 899**
TOTAL ASSETS	**8 174**	**8 330**	**7 932**
EQUITY AND LIABILITIES			
Equity	**2 537**	**2 298**	**2 291**
Minority share	**11**	**13**	**9**
Provisions			
Pensions	228	210	217
Taxes	88	53	78
Other	269	212	214
Total provisions	**585**	**475**	**509**
Long-term liabilities			
Liabilities to credit institutions	3 911	4 061	3 924
Convertible debenture loan	43	43	43
Total long-term liabilities	**3 954**	**4 104**	**3 967**
Current liabilities			
Liabilities to credit institutions	78	413	255
Accounts payable	405	432	404
Other current liabilities	604	595	497
Total current liabilities	**1 087**	**1 440**	**1 156**
TOTAL EQUITY AND LIABILITIES	**8 174**	**8 330**	**7 932**

Changes in the Group's shareholders' equity

MSEK	30 Sept 2004	30 Sept 2003	31 Dec 2003
Opening shareholder's equity	2 291	2 176	2 176
Change in translation differences	-3	-89	-89
Net income	249	210	203
New share issue	0	1	1
Closing balance	2 537	2 298	2 291

Balance sheet-related key figures

Equity/asset ratio	31,2%	27,7%	29,0%
Debt/Equity ratio, multiple	1,4	1,7	1,7
Interest bearing debt, MSEK	4 032	4 517	4 222
Net debt, MSEK	3 663	3 936	3 822
Capital employed, MSEK	6 580	6 828	6 522
Interest coverage ratio, multiple	3,3	3,1	2,7

Consolidated cash flow statement

MSEK	3 months July - Sept 2004	3 months July - Sept 2003	9 months Jan - Sept 2004	9 months Jan - Sept 2003	12 months *) Jan - Dec 2003	12 months *) Oct - Sept 2003
Operating activities						
Income after financial items	130	167	521	438	479	562
Return of items not affecting liquidity						
Amortization and depreciation	100	97	296	275	385	406
Change in provisions	-16	-14	76	-13	3	92
Adjustment for items not affecting cash flow	11	-22	10	0	-8	2
	225	**228**	**903**	**700**	**859**	**1 062**
Taxes paid	-89	-58	-224	-133	-188	-279
Dividends paid by subsidiaries to minority owners	0	0	-5	-5	-9	-9
Cash flow from operating activities before changes in working capital	**136**	**170**	**674**	**562**	**662**	**774**
Changes in working capital						
Change in inventories	38	93	-117	18	-5	-140
Change in accounts receivable	96	114	-210	-123	43	-44
Change in accounts payable	-172	-48	1	-49	-74	-24
Change in other receivables/liabilities	-87	-14	63	67	23	19
Total change in working capital	-125	145	-263	-87	-13	-189
Cash flow from operating activities	**11**	**315**	**411**	**475**	**649**	**585**
Investment activities						
Acquisition of net assets of subsidiaries	0	-805	-3	-833	-845	-15
Investments in intangible assets	-2	-9	-11	-15	-27	-23
Investments in tangible assets	-59	-32	-161	-124	-178	-215
Sale of tangible assets	1	0	5	1	3	7
Other fixed assets	-2	-3	-24	-1	-9	-32
Cash flow from investment activities	**-62**	**-849**	**-194**	**-972**	**-1 056**	**-278**
Financing activities						
Proceeds from new share issue	0	0	0	1	1	0
Change in loans	-119	690	-248	635	375	-508
Cash flow from financing activities	**-119**	**690**	**-248**	**636**	**376**	**-508**
Cash flow for the period	**-170**	**156**	**-31**	**139**	**-31**	**-201**
Liquid funds, opening balance	545	429	400	467	467	
Exchange-rate differences on liquid funds	-6	-4	0	-25	-36	
Liquid funds, closing balance	**369**	**581**	**369**	**581**	**400**	

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