



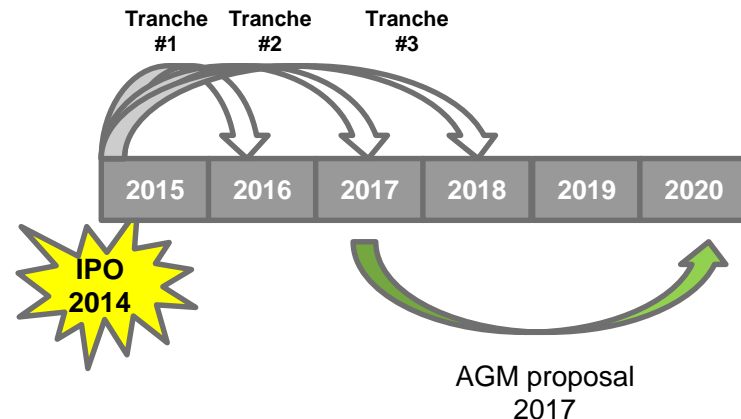
Thule Group AB
Annual Shareholders Meeting 2017
Long Term Incentive Program - Proposal

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Committee*

Thule Group»

Introduction – existing program and guidelines for proposal

- The Thule Group has had a good share price development since the IPO on November 26, 2014
 - IPO was made at SEK 70 per share
 - Current trading is around SEK 155 per share, >120% in 2.5 years
- A management incentive program was launched in connection with the IPO
 - The program was divided into the tranches which incentivized both medium- and long-term performance
- The long-term benefit of the current program for top management is diminishing
 - Current program expires during 2018 (8 – 20 months from today)
- The proposed new program follows guidelines ensuring value creation for shareholders, including
 1. Management should risk own money
 2. Only excess value creation is rewarded
 3. Management should get some financial gearing compared to acquiring shares
 4. Instruments are acquired at market value
 5. Only those staying should reap the benefits of excess return for excess performance
 6. There should be a cap to avoid excessive pay-outs
 7. The design of the program should be done by the board and not management



Introduction – evaluation of previous program and benefits to shareholders

Evaluation of the prior programs

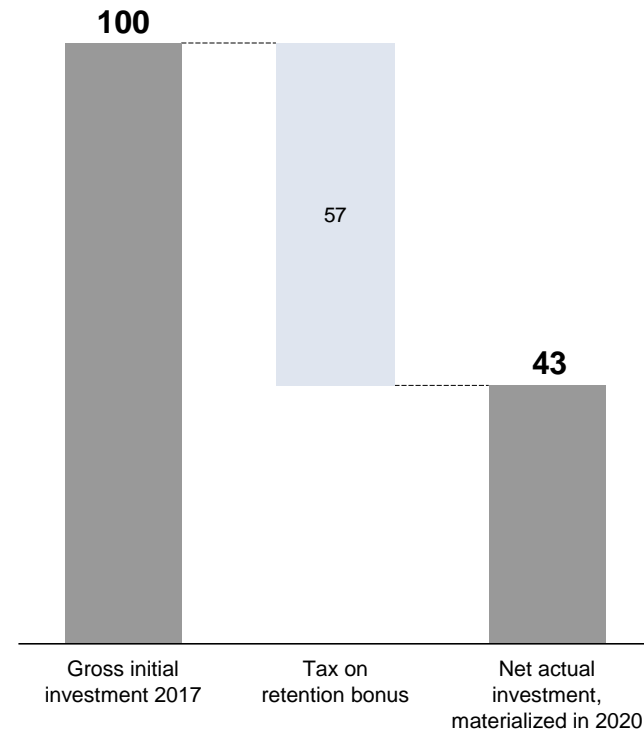
- A number of the key executives have been invested in various programs over the last 10 years and the different programs have yielded varying returns and thus there is significant experience in the team relating to equity related investments
- The 3-stage option program that was launched in connection with the IPO has been a success for both management and shareholders
 - The board has been able to see high motivation and incentive to drive shareholder value
 - The CEO has reported strong group dynamics and the program has been used for existing managers as well as retaining key personell and in connection with top level recruitments
 - Good returns for shareholders have resulted in excellent returns for participants

Benefits to shareholders of proposed program for overall incentivization and compensation

- The Board and Remuneration Committee believes the key managers are essential for continued value creation and building on the current good trajectory of the performance
- The Board and Remuneration Committee further believes that factors influencing retention is a mix of different factors
 - Good working environment between management and board – **EXISTING**
 - Continued strategic development of the group providing interesting challenges to each individual – **EXISTING**
 - Competitive compensation as well as potential equity related rewards – **AGM 2017 PROPOSAL**
- The board and remuneration committee believes comp and benefits are competitive and further it is our conviction that the proposed program will fulfill the needs to provide an overall attractive workplace for managers allowing the company to retain and attract the best possible necessary talent

Alignment of owner and management incentives – design components

- Warrant are sold to management at fair market value according to Black & Scholes valuation, verified by PWC
 - Each participant pays for the options with own funds in cash
 - Each participant will be invited to acquire options for approximately 50% of their annual gross salary, i.e., approximately 12 months net salary (given 50% tax rate)
- The strike price is 119% of current share price and can be exercised in 2020, a period of 2.5 – 3.5 years
 - This implies a share price increase in excess of Thule Group's financial sales target of 5% p.a.
 - There is a cap at a share price of SEK 235 to avoid excessive pay-outs
- All managers that are still employed on 2020-12-31 are entitled to a retention bonus corresponding to their gross investment
 - The retention bonus implies a 43% discount on the purchase of the options (given Swedish 57% marginal tax)
- Overall approximately 15 key managers will be invited to participate, a reserve will also be kept for future recruitments



Alignment of owner and management incentives – potential outcome


Current shareprice*	145
Strike indexation	119%
Term, years	3.5
Strikeprice*	172
Cap*	[235]?

Share price	145	165	172.1	179.3	186.9	194.6	202.5	210.7	219.2	227.8	236.7	245.9
Annual value creation	0.0%	3.8%	5.0%	6.3%	7.5%	8.8%	10.0%	11.3%	12.5%	13.8%	15.0%	16.3%
Total value creation	0	2,019	2,734	3,471	4,229	5,010	5,814	6,642	7,492	8,367	9,267	10,191
Capital gain on options	-10.8	-10.8	-10.2	6.2	23.1	40.5	58.4	76.8	95.7	115.2	135.3	135.3
Value creation to shareholders	11	2,030	2,744	3,465	4,206	4,970	5,756	6,565	7,396	8,252	9,132	10,056
Share of value creation to management	-0.5%	-0.4%	0.2%	0.5%	0.8%	1.0%	1.2%	1.3%	1.4%	1.5%	1.3%	
xMM for options, net of bonus		0.7	0.7	2.2	3.8	5.4	7.1	8.8	10.5	12.3	14.2	14.2

* The program will be recalculated and priced according to current shareprice when it is launched

- Only excess value creation is rewarded over the next 3.5 years
 - Unless there is value creation in excess of SEK 3,000m there is no additional value to participants
 - As shareholders have c. SEK 5,000m to SEK 10,000m of value increase management will receive SEK 58 to SEK 135m, corresponding to c. 1.0 – 1.5% of value creation
- There is a cap to the options at SEK 235 per share

Concluding remarks

- The board and remuneration committee believes comp and benefits are competitive at Thule Group
 - It is our conviction that the proposed program will fulfill the needs to provide an overall attractive workplace for managers allowing the company to retain and attract the best possible necessary talent
 - It is our ambition to continue to raise the targets for performance
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- The Board and Remuneration Committee recommends the shareholders to approve the proposed program



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