

Thule Group

Year-end report, fourth quarter, October-December 2014

Fourth Quarter

- **The Thule Group was listed** through an initial public offering on November 26 on the Nasdaq Stockholm Mid Cap list under the ticker: THULE.
- **Net sales**¹ for the quarter amounted to SEK 976m (924) corresponding to an increase of 5.6 percent. Adjusted for exchange-rate fluctuations, sales declined 3.3 percent.
- **Underlying EBIT**¹ amounted to SEK 37m (45), corresponding to an operating margin of 3.8 percent (4.9). Operating income (EBIT)¹ was a negative SEK 21m (30) and **net income**¹ for the period was a negative SEK 100m (- 52).
- **Earnings per share before and after dilution**¹ amounted to negative SEK 1.11 (- 0.62).

Full year

- **The strategic realignment of Thule Group as a consumer brand company in the sport and outdoor industry has been completed.** Thule Group's Trailer Division and Towing Division were divested in 2014 and are reported as discontinued operations.
- **Net sales**¹ for the full year amounted to SEK 4,693m (4,331) corresponding to an increase of 8.4 percent. Adjusted for exchange-rate fluctuations, sales rose 3.5 percent.
- **Underlying EBIT**¹ amounted to SEK 686m (588), corresponding to an operating margin of 14.6 percent (13.6). Operating income¹ totaled SEK 599m (514) and **net income**¹ for the period was SEK 199m (299).
- **Cash flow from operating activities** for total operations² was SEK 355m (390).
- **Earnings per share before and after dilution**¹ amounted to SEK 2.32 (3.54).
- **The Board of Directors proposes a dividend** of SEK 2.00 per share for 2014 to be distributed over two payment dates, SEK 1.00 in May and SEK 1.00 in October.

	Oct-Dec 2014	Oct-Dec 2013	%	Jan-Dec 2014	Jan-Dec 2013	%
Net sales, SEKm ¹	976	924	+5.6	4 693	4 331	+8.4
Underlying EBIT, SEKm ¹	37	45	-18.5	686	588	+16.7
Operating income (EBIT), SEKm ¹	-21	30	-168.2	599	514	+16.5
Net income, SEKm ¹	-100	-52	-91.6	199	299	-33.3
Earnings per share, SEK ¹	-1.11	-0.62	-79.0	2,32	3,54	-34.5
Cash flow from operating activities, SEKm ²	-77	106	-172.6	355	390	-9.0

¹ Based on continuing operations, excluding operations discontinued during 2014. Correspondingly, the comparison periods have been divided into continuing and discontinued operations.

² Based on total operations, meaning both continuing and discontinued operations.

CEO's comments

Strategic realignment as a leading, global sport and outdoor company

In recent years, we have strengthened the Thule Group's position as a leading company in the sport and leisure industry. During the year, the strategic focus on brand-driven consumer products led to the divestment of the Trailer Division and the Towing Division. These divestments allow a more focused investment in continued growth in the Outdoor&Bags segment.

Continued growth in Outdoor&Bags

The sport and leisure market continued to post a positive trend and we reported growth of 6 percent during the quarter. In the Outdoor&Bags segment, sales increased 11.4 percent during the quarter (1.9 percent after currency adjustment) and 10.0 percent for the full year (5.1 percent after currency adjustment).

The Thule Group's sales during the quarter were positively impacted by exchange-rate effects of SEK 85m. After currency adjustment, sales declined 3.3 percent, primarily attributable to weak sales of snow chains in the Specialty segment (SEK 76m for the quarter compared with SEK 113m for the year-earlier period), due to limited snowfalls in Central Europe.

Underlying EBIT declined to SEK 37m (45), primarily attributable to increased expenses associated with product development and the launch of a broad range of entirely new product areas ahead of the 2015 season. For the full year, underlying EBIT was SEK 686m (588), up 16.7 percent and with a margin of 14.6 percent (13.6) for 2014.

Extremely positive response to launches

In the fourth quarter, we worked actively with our customers at the retailer level with follow up of the successful introductions of new products that we exhibited at the major international trade fairs in the second and third quarters ahead of the 2015 season. This year, these fairs were particularly exciting for us, since, we presented in addition to a wide range of new products in the categories where we are market leader, a wide range of products in a number of new product categories.

Retailers from around the world responded extremely positively to the launches, which included:

- The Active with Kids segment – sport strollers, child bike seats, bicycle trailers and multifunctional child carriers.
- Bags for sport and travel – backpacks for outdoor life, bike transport cases and bike bags.

- Cases/sleeves for home electronics –new models for cellphones, tablets and laptops.
- The Case Logic brand - revitalization with a large number of new products with modern design.

More efficient distribution and increased investment in testing

During the quarter, the construction continued of a distribution center in Eastern Europe, adjacent to our largest assembly plant in Huta, Poland. The warehouse, which entails an investment of more than SEK 60m, went operational in January 2015 and will enable more efficient distribution to the Eastern European market.

During the quarter, expansion continued of the Thule Test Center in Hillerstorp, Sweden, which by autumn 2015, will have doubled our testing capacity and, thereby, further strengthened our market leading position in safety.

Stock exchange listing

During the quarter, Thule was listed on Nasdaq Stockholm, under the ticker: THULE. I am proud of the substantial interest that was shown by investors and pleased to be able to welcome many new shareholders to the Thule Group.

In conjunction with the stock exchange listing, a new five-year loan facility was arranged that will, over time, reduce our borrowing costs and secure our operational flexibility. At the same time, previous loans were redeemed and together with the listing costs this meant that we posted a negative cash flow for the quarter of SEK 77m.

At an overall level, I can state that our strategy remains firm and we intend to continue driving profitable growth in the Outdoor&Bags and Specialty segments, in which we offer products that make it easier for people all over the world to live an active life.



Magnus Welander, CEO and President

Financial overview³

Trend for the fourth quarter

Net sales

In the fourth quarter of 2014, net sales totaled SEK 976m (924), corresponding to an increase of 5.6 percent, primarily attributable to new product launches and higher sales in the Outdoor & Bags segment. Adjusted for exchange-rate fluctuations, net sales for the Group declined 3.3 percent, mainly due to lower sales of snow chains in the Specialty segment.

In the Outdoor & Bags segment, sales increased primarily in Europe while, to some extent, sales in the US were negatively impacted in the quarter within the product category bags and cases for electronic devices. This was mainly due that we had fewer major promotional offers for our laptop sleeves under the brand Case Logic, than the preceding year, and that our sales of camera bags were negatively impacted by a weaker market for cameras.

	Oct-Dec	Jan-Dec
	2014	2014
Change in net sales		
Changes in exchange rates	8.9%	4.9%
Structural changes	0.0%	0.0%
Organic growth	-3.3%	3.5%
Total	5.6%	8.4%

Gross income

Gross income totaled SEK 337m (306), corresponding to a gross margin of 34.5 percent (33.2). Gross income was positively impacted by a favorable change in the product and channel mix.

Operating income

Operating income amounted to negative SEK 21m (30). Underlying EBIT amounted to SEK 37m (45), corresponding to an operating margin of 3.8 percent (4.9). Operating income for the quarter was negatively impacted, primarily by increased expenses for product development and the launches of a broad range of products in a number of new product categories. These products will be available to consumers in the first six months of 2015.

Changes in exchange rates had an overall positive impact of about SEK 5m on operating income, compared with the fourth quarter of 2013.

Items affecting comparability

In the fourth quarter, items affecting comparability were an expense of SEK 52m (expense: 10). Expenses pertain to listing costs of SEK 24m, restructuring costs of SEK 7m related to the Specialty segment (snow chains), SEK 7m for the merger of support functions in US operations, SEK 10m from the closure of the company's warehouse in Gembloux, Belgium and a provision of SEK 4m for potential environmental measures at the plant in Hillerstorp, Sweden.

Net financial items

The net interest expense was SEK 109m (63). Net financial items were negatively impacted by exchange-rate differences for loans and cash and cash equivalents of SEK 53m (- 28) and the impairment of capitalized financing costs for earlier financing of SEK 19m. The interest expense for borrowings was SEK 40m, of which SEK 37m was attributable to funding that was in place prior to the listing and SEK 3m to new funding following the listing.

³ Unless otherwise stated, the overview pertains to continuing operations excluding the Trailer and Towing divisions, which were discontinued in 2014. Correspondingly, the comparison periods have been divided into continuing and discontinued operations. Comparative figures pertain to the corresponding year-earlier period.

Net income from continuing operations for the period

In the fourth quarter of 2014, net income from continuing operations totaled a negative SEK 100m (- 52), corresponding to earnings per share of negative SEK 1.11 from continuing operations (before and after dilution).

Trend for the full year

Net sales

Net sales for the full-year 2014 amounted to SEK 4,693m (4,331) corresponding to an increase of 8.4 percent. Adjusted for exchange-rate fluctuations, net sales for the Group rose 3.5 percent.

Net sales for the full year were driven by the Outdoor & Bags segment, where sales grew SEK 380m, corresponding to an increase of 10.0 percent (up 5.1 percent after currency adjustment). Growth was particularly robust in the Europe and ROW region where sales increased SEK 332m due to a positive trend in most markets.

Net sales in the Specialty segment declined SEK 19m for the full year, corresponding to a decrease of 3.8 percent (down 8.4 percent after currency adjustment), due to extremely limited snowfall in Central European markets where the company sells snow chains. For the year, sales posted a year-on-year decline of SEK 42m for the snow chains product category, which means that 2014 was the year with the lowest sales of snow chains since the Thule Group started operations in this product category in 2004.

Gross income

Gross income amounted to SEK 1,832m (1,616) corresponding to a gross margin of 39.0 percent (37.3). Gross income was positively impacted, primarily by a favorable change in the product and channel mix.

Operating income

Operating income totaled SEK 599m (514). Underlying EBIT totaled SEK 686m (588), corresponding to an operating margin of 14.6 percent (13.6). Operating income was positively impacted by higher net sales, primarily, but also by improved gross margins. Changes in exchange rates had an overall positive impact of about SEK 45m on operating income, compared with 2013.

Items affecting comparability

For the full-year 2014, items affecting comparability amounted to an expense of SEK 70m (expense: 56). Expenses pertain primarily to listing expenses of SEK 32m, restructuring expenses of SEK 9m related to the Specialty segment (snow chains), SEK 9m for the merger of support functions and closure of a factory in US operations, SEK 11m from the closure of the company's warehouse in Gembloux, Belgium and a provision of SEK 4m for potential environmental measures at the plant in Hillerstorp, Sweden.

Net financial items

The net interest expense was SEK 324m (expense: 102). Net financial items were negatively impacted by exchange-rate differences of SEK 132m (positive: 22) on loans and cash and cash equivalents, and by financial derivatives of SEK 3m (61).

Taxes

Tax for the full year amounted to an expense of SEK 75m (expense: 114), corresponding to a tax rate of 27 percent (28) on income before tax (21 percent excluding extra provisions for the tax dispute in Germany). See also, Note 5 Taxes.

Net income from continuing operations

For the full-year 2014, net income from continuing operations totaled SEK 199m (299), corresponding to earnings per share of SEK 2.32 (3.54) from continuing operations before and after dilution.

Net income from discontinued operations

Discontinued operations comprise net income from the Trailer and Towing divisions, which previously comprised the Towing operating segment. The Trailer Division was divested in May 2014 and the Towing Division was deconsolidated in

September 2014. In the second quarter, a SEK 350m impairment of goodwill was made in relation to the towing operations' estimated net realizable value. The capital gain from these divestments was SEK 1m.

Cash flow from total operations

Cash flow for the fourth quarter

Cash flow from operating activities in the fourth quarter was a negative SEK 77m (106). The downturn was attributable to the slight decline in operating income and net financial items. Investments in tangible and intangible assets amounted to an expense of SEK 31m (expense: 34).

Cash flow for the full year

Cash flow from operating activities was SEK 355m (390) for the year. For the full year, investments in tangible and intangible assets totaled SEK 173m (101). Cash flow for the year was positively impacted by the divestment of the Trailer and Towing operations.

During the year, new issues were made totaling SEK 993m.

Premiums paid in on the issue of stock options totaled SEK 12m. For further information, please refer to the Related-party transactions section.

During the year, loans corresponding to SEK 4,542m (274) were repaid and new loans raised corresponding to SEK 2,300m in long-term bank loans and utilization of SEK 250m in a revolving credit facility.

In conjunction with the listing of the Thule Group, refinancing of the Group was carried out, whereby the previous financing agreement was terminated and a new five-year financing agreement entered into. The new agreement is a syndicated agreement comprising a framework of SEK 2,300m in long-term bank loans and SEK 600m in a revolving credit facility.

Financial position

At December 31, 2014, the Group's equity amounted to SEK 2,966m (1,802). The Group's assets and liabilities have changed during 2014 due to the divestment of the Trailer and Towing divisions. For additional information, refer to Note 3 Discontinued operations.

At December 31, 2014, net debt amounted to SEK 2,546m (4,335). Total long-term borrowing amounted to SEK 2,376m (4,436), comprising loans from credit institutions of SEK 2,390m (4,403), gross, and capitalized financing costs of SEK 14m (34). Total current financial liabilities amounted to SEK 292m (288) and mainly comprised utilized revolving credit facilities.

SEKm	Dec 31 2014	Dec 31 2013
Long-term loans, gross	2 390	4 403
Short-term loans, gross	254	249
Overdraft facilities	4	7
Financial derivative instruments	26	93
Capitalized financing costs	-14	-34
Accrued interest	0	2
Gross debt	2 660	4 720
Cash and cash equivalents	-114	-385
Net debt	2 546	4 335

The table pertains to total operations

Pledged assets for the Thule Group amounted to SEK 28m (7,084).

At December 31, 2014, goodwill amounted to SEK 4,038m. At December 31, 2013, goodwill pertaining to continuing operations totaled SEK 3,642m. The increase was fully attributable to currency effects.

At December 31, 2014, inventories amounted to SEK 795m. At December 31, 2013, inventories pertaining to continuing operations amounted to SEK 669m. The change was mainly due to negative exchange rates and inventory accumulations ahead of the 2015 season, when a substantial number of new products will be launched.

Other information

Strategic restructuring

In recent years, the Thule Group's position as a leading company in the sport and leisure industry has strengthened. The company's strategic focus on brand-driven consumer products continued during the year through divestment of the Towing Division and the Trailer Division with deconsolidation from May and September 2014 respectively.

These changes will enable the Thule Group to focus time and resources on implementing the company's long-term growth strategy for its segments: Outdoor&Bags (mainly products for transporting sport and leisure products, such as bicycles, skis and water sport carriers, various types of bags and a range of solutions for living an active life with children) and Specialty (mainly snow chains and transport solutions for pick-up trucks).

Seasonal variations

The Thule Group's sales and operating income are partially affected by seasonal variations. During the first quarter, sales are mainly affected in the Specialty segment (snow chains), depending on winter conditions. In the second and third quarters, primarily Outdoor & Bags, is impacted by how early the spring or summer arrives, while sales in individual quarters may be impacted by the quarter in which spring or summer occurs. In the fourth quarter, seasonal variations are primarily attributable to sales of winter-related products (such as snow chains and roof boxes), and sales of products in the Outdoor & Bags segment's bag category prior to major holidays.

Employees

The average number of employees in continuing operations was 2,128 (2,208).

Related-party transactions

As of September 30, Thule contracted to divest its shares in Brink Group B.V., the parent company of the Towing Division, to Thule Group AB's existing shareholders. The transfer was carried out at the market price for the operations, which was estimated at EUR 77m.

At the extraordinary general meeting of Thule Group AB on November 12, a resolution was passed to issue warrants as part of an incentive program for the management and the Chairman of the Board. Warrants have been issued to and subscribed for by Thule Group AB's subsidiary Thule AB.

Events after the balance-sheet date

No significant events that could impact the operations occurred after the end of the reporting period.

The Thule Group share

On November 26, the Thule Group was listed on the Nasdaq Stockholm Mid Cap list. The total number of shares in issue was 100,000,000.

Proposed dividend

For 2014, the Board of Directors proposes a dividend of SEK 2.00 per share for 2014. It is also proposed that dividends will be paid in two installments for a better adaptation to the Group's cash flow profile.

The proposed record date for the first dividend payment of SEK 1.00 is May 4, 2015 and the record date for the second payment of SEK 1.00 is proposed as October 9, 2015.

Shareholders

At December 31, 2014, Thule Group AB had 2,104 shareholders. At this date, the largest shareholders were NC Outdoor VI AB (corresponding to 38.9 percent of the votes), NC Outdoor VII AB (corresponding to 25.4 percent of the votes) and

AMF – Försäkring och Fonder (corresponding to 7.8 percent of the votes).

Annual General Meeting

The Annual General Meeting for the Thule Group is scheduled for Wednesday, April 29, 2015 in Malmö, Sweden.

Parent Company

Thule Group AB's principal activity pertains to head office functions such as Group-wide management and administration. The comments below refer to the period January 1-December 31, 2014. The Parent Company invoices its costs to Group companies. The Parent Company reported negative earnings of SEK 368m (0).

During the year, the Parent Company sold its shareholding in Brink Group B.V., which is the parent company of the companies included in the divested towing operations. This generated a capital loss of SEK 368m. A new financing agreement was signed in conjunction with the listing of Thule Group AB's shares. Previous financing agreements were signed by subsidiaries. Cash and cash equivalents and current investments amounted to SEK 0m (34). Long-term liabilities to credit institutions totaled SEK 2,363m (0).

The Parent Company's financial position is dependent on the financial position and development of its subsidiaries. The Parent Company is therefore indirectly impacted by the risks described in the Risks and uncertainties section.

Performance by business segment

Outdoor & Bags

SEKm	Oct-Dec		Change		Jan-Dec		Change	
	2014	2013	Rep.	Adjust. ¹	2014	2013	Rep.	Adjust. ¹
Net sales	809	726	11.4%	1.9%	4 205	3 824	10.0%	5.1%
- Region Europe & ROW	481	429	12.2%	6.0%	2 761	2 430	13.6%	8.4%
- Region Americas	328	298	10.2%	-3.5%	1 443	1 394	3.5%	-0.7%
Operating income	25	34	-24.6%		734	598	22.8%	
Underlying EBIT	47	47	1.5%	-5.2%	774	665	16.3%	8.8%
Operating margin, %	3.1%	4.6%			17.4%	15.6%		
Underlying EBIT margin, %	5.8%	6.4%			18.4%	17.4%		

¹ Adjustment for changes in exchange rates

In the fourth quarter of 2014, net sales in Outdoor&Bags rose to SEK 809m (726), corresponding to an increase of 11 percent. Adjusted for exchange-rate fluctuations, net sales rose 2 percent. Sales in this business segment grew mainly due to a strong trend in Europe, particularly in the Sport&Cargo Carriers product categories and Other Outdoor&Bags. In the Other Outdoor&Bags category, we noted strong sales of multifunctional child carriers but, also, of new products, such as child bike seats and bicycle trailers.

In the North American market, the trend within the product category of bags and cases for electronic devices was weak. This was mainly due that we had fewer major promotional offers for our laptop sleeves under the brand Case Logic, than the preceding year, and that our sales of camera bags were negatively impacted by a weaker market for cameras.

Net sales for the full-year 2014 amounted to SEK 4,205m (3,824), corresponding to an increase of 10 percent. Adjusted for exchange-rate fluctuations, net sales rose 5 percent.

In the fourth quarter of 2014, underlying EBIT totaled SEK 47m (47). Changes in exchange rates positively impacted operating income by a net amount of SEK 3m compared with the year earlier. During the quarter, overheads increased, primarily due to increased expenses for product development and launches for a number of new product categories ahead of the 2015 season, which added SEK 20m in overheads compared with the year-earlier period. The launches were extremely positively received and included:

- The "Active with Kids" segment – sport strollers, child bike seats, bicycle trailers for children and multifunctional child carriers.
- Bags for sport and travel – backpacks for outdoor life and bike bags.
- Sleeves and cases for home electronics – new case models for cellphones, tablets and laptops.

For the full-year 2014, underlying EBIT totaled SEK 774m (665), which means that the EBIT margin was 18.4 percent (17.4).



Thule Urban Glide – one of the company's new sport strollers launched during the quarter.

Specialty

SEKm	Oct-Dec		Change		Jan-Dec		Change	
	2014	2013	Rep.	Adjust. ¹	2014	2013	Rep.	Adjust. ¹
Net sales	166	198	-15.9%	-22.5%	487	506	-3.8%	-8.4%
- Snow Chains	76	113	-33.2%	-36.3%	136	178	-23.4%	-27.1%
- Work Gear	91	84	7.3%	-5.2%	351	328	7.0%	1.9%
Operating income	3	34	-92.0%		-3	31	-109.4%	
Underlying EBIT	12	34	-65.6%	-67.4%	6	31	-79.9%	-80.1%
Operating margin, %	1.7%	17.4%			-0.6%	6.1%		
Underlying EBIT margin, %	7.1%	17.4%			1.3%	6.1%		

¹ Adjustment for changes in exchange rates

In the fourth quarter of 2014, net sales in Specialty totaled SEK 166m (198), corresponding to a decrease of 16 percent. Adjusted for exchange-rate fluctuations, net sales declined 23 percent. Net sales in the Work Gear product category declined marginally in local currency compared with the year earlier, since one of our US customers, on our advice, made a downward adjustment of their inventory levels while sales for snow chains declined 36 percent after currency adjustment, due to extremely limited snowfall in the Central European markets where we sell snow chains.

Net sales for the full-year 2014 totaled SEK 487m (506), where Work Gear posted increased sales of products for building professionals (mainly toolboxes for pick-up trucks) in the North American market with net sales of SEK 351m (328). However, sales of snow chains were negatively impacted, mainly due to the snow-free winter in Europe in the first and fourth quarters. For the year, net sales posted a year-on-year decline of SEK 42m for the snow chains product category, which means that 2014 was the year with the lowest sales of snow chains since the Thule Group started operations in this product category in 2004.

In the fourth quarter of 2014, underlying EBIT totaled SEK 12m (34) and the margin amounted to 7.1 percent (17.4). The decline in operating income was primarily attributable to decreased sales of snow chains. Changes in exchange rates had a positive impact of SEK 2m on earnings, compared with the preceding year.

For the full-year 2014, underlying EBIT was SEK 6m (31).

The Board of Directors and the President provide their assurance that this year-end report provides a fair and accurate view of the Group's and the Parent Company's operations, financial position and earnings, and describes the material risks and uncertainties faced by the Parent Company and other companies in the Group.

February 12, 2015

Board of Directors

Review report

This report has not been reviewed by the company's auditor.

A selection of product launches during the period



Examples of products from two of the company's new product areas: **Thule Atmos X3**, a protective case for smartphones (available in stores from the first quarter of 2014) and the **Thule Capstone** backpacks for outdoor activities (available in stores from spring 2015).



Examples of product launches during the quarter in the Sport&Cargo Carrier segment: **Thule Trail** carrier basket.

Financial reports

(Unless otherwise stated, all amounts are in SEKm)

Consolidated Income Statement

	Note	Oct - Dec		Jan - Dec	
		2014	2013	2014	2013
Continuing operations					
Net sales	2	976	924	4 693	4 331
Cost of goods sold		-640	-618	-2 861	-2 715
Gross income		337	306	1 832	1 616
Other operating revenue		0	3	5	10
Selling expenses	1	-259	-202	-897	-797
Administrative expenses		-84	-80	-298	-301
Other operating expenses		-14	3	-44	-14
Operating income	2	-21	30	599	514
Net interest expense/income		-109	-63	-324	-102
Income before taxes		-130	-32	275	413
Taxes	5	30	-20	-75	-114
Net income		-100	-52	199	299
Discontinued operations					
Net income from discontinued operations	3	29	-279	-340	-237
Consolidated net income		-71	-331	-140	62
Consolidated net income pertaining to:					
Shareholders of Parent Company		-71	-329	-140	61
of which, pertaining to continuing operations		-100	-52	199	299
of which, pertaining to discontinued operations		29	-277	-340	-238
Non-controlling interest (pertaining to discontinued operations)		0	-2	0	1
Consolidated net income		-71	-331	-140	62
Earnings per share, SEK (before and after dilution)		-0.79	-3.90	-1.63	0.72
Earnings per share from continuing operations, SEK (before and after dilution)		-1.11	-0.62	2.32	3.54
Average number of shares (millions)		90.1	84.5	85.9	84.5

Consolidated Statement of Comprehensive Income

	Oct - Dec		Jan - Dec	
	2014	2013	2014	2013
Consolidated net income	-71	-331	-140	62
Items that have been carried over or can be carried over to consolidated net income				
Foreign currency translation	107	91	241	76
Cash-flow hedges	-24	-1	-26	1
Net investment hedge	49	-18	82	-64
Translation differences from foreign currency translation and net investments recognized in consolidated net income	-5	0	23	0
Tax on components in other comprehensive income	-6	4	-13	14
Tax on components in other comprehensive income recognized in consolidated net income	0	0	17	0
Items that cannot be carried over to consolidated net income				
Revaluation of defined-benefit pension plans	-15	8	-24	44
Tax pertaining to items that cannot be carried over to consolidated net income	4	0	6	-8
Other comprehensive income	108	84	304	63
Total comprehensive income	37	-247	164	125
Total comprehensive income pertaining to:				
Shareholders of Parent Company	37	-245	164	124
Non-controlling interest (pertaining to discontinued operations)	0	-2	0	1
Total comprehensive income	37	-247	164	125

Consolidated Balance Sheet

	Dec 31 2014	Dec 31 ² 2013
Assets		
Intangible assets	4 082	4 441
Tangible assets	559	891
Long-term receivables	6	5
Deferred tax receivables	520	478
Total fixed assets	5 167	5 815
Inventories	795	921
Tax receivables	11	15
Accounts receivable	754	803
Prepaid expenses and accrued income	52	42
Other receivables	60	54
Cash and cash equivalents	114	385
Total current assets	1 785	2 220
Total assets	6 952	8 035
Equity and liabilities		
Equity	2 966	1 802
Long-term interest-bearing liabilities	2 376	4 436
Pension provisions	136	135
Deferred income tax liabilities	154	185
Total long-term liabilities	2 665	4 756
Short-term interest-bearing liabilities	292	288
Accounts payable	497	511
Income taxes	69	46
Other liabilities	28	28
Accrued expenses and deferred income	327	532
Provisions	107	72
Total short-term liabilities	1 321	1 477
Total liabilities	3 986	6 233
Total equity and liabilities	6 952	8 035

² Pertains to total operations, meaning both continuing and discontinued operations.

Consolidated Statement of Changes in Equity

	Dec 31 2014			Dec 31 2013		
	Equity attributable to shareholders of Parent Company	Non-controlling interest	Total equity	Equity attributable to shareholders of Parent Company	Non-controlling interest	Total equity
Opening balance, January 1	1 797	5	1 802	1 673	4	1 678
Consolidated net income	-140		-140	61	1	62
Total other comprehensive income	304		304	63		63
Total comprehensive income	164		164	124	1	125
Transactions with the Group's owners	1 005	-5	1 000			
Closing balance	2 966	0	2 966	1 797	5	1 802

Consolidated Statement of Cash Flow²

	Oct - Dec 2014		Jan - Dec 2013	
	2014	2013	2014	2013
Income before taxes	-130	-32	275	413
Income from discontinued operations before taxes	26	-272	-326	-224
Adjustments for items not included in cash flow	-52	378	500	379
Paid income taxes	-10	-21	-55	-49
Cash flow from operating activities prior to changes in working capital	-166	54	394	520
Cash flow from changes in working capital				
Increase(-)/Decrease (+) in inventories	-55	37	-66	-53
Increase(-)/Decrease (+) in receivables	8	51	-156	108
Increase(+)/Decrease (-) in liabilities	136	-36	183	-185
Cash flow from operating activities	-77	106	355	390
Investing activities				
Business combinations, net impact on liquidity	0	0	0	-60
Sale of subsidiaries	337	0	527	0
Acquisition of intangible assets	-1	-5	-15	-5
Acquisition of tangible assets	-30	-29	-158	-96
Divestment of tangible assets	0	1	0	1
Cash flow from investing activities	306	-33	354	-160
Financing activities				
New issue of shares	1 004	0	1 005	0
Borrowings	2 550	0	2 550	0
Debt repaid	-4 390	-69	-4 542	-274
Cash flow from financing activities	-836	-69	-987	-274
Net cash flow	-607	4	-278	-44
Cash and cash equivalents at beginning of period	719	383	385	433
Effect of exchange rates on cash and cash equivalents	2	-2	7	-4
Cash and cash equivalents at end of period	114	385	114	385

² Pertains to total operations, meaning both continuing and discontinued operations.

Parent Company Income Statement

	Oct - Dec		Jan - Dec	
	2014	2013	2014	2013
Other operating revenue	6	0	9	0
Other operating expenses	-24	0	-400	0
Administrative expenses	-6	0	-9	0
Operating income	-24	0	-400	0
Net interest expense/income	1	0	1	0
Income before taxes	-23	0	-399	0
Appropriations	31	0	31	0
Taxes	0	0	0	0
Net income	8	0	-368	0

Parent Company Balance Sheet

	Dec 31	Dec 31
	2014	2013
Assets		
Financial fixed assets	4 971	1 000
Total fixed assets	4 971	1 000
Other current receivables	50	0
Cash and cash equivalents	0	34
Total current assets	50	34
Total assets	5 021	1 034
Equity and liabilities		
Equity	1 670	1 034
Liabilities to credit institutions	2 363	0
Liabilities to Group companies	368	0
Total long-term liabilities	2 731	0
Liabilities to credit institutions	250	0
Other current receivables	370	0
Total short-term liabilities	620	0
Total equity and liabilities	5 021	1 034
Pledged assets	0	1 034
Contingent liabilities	Inga	Inga

Disclosures, accounting policies and risk factors

Note 1 Accounting policies

This condensed consolidated year-end report has been prepared in accordance with IAS 34, *Interim Financial Reporting*, and the applicable provisions of the Swedish Annual Accounts Act. The year-end report for the Parent Company has been prepared in accordance with Chapter 9 of the Swedish Annual Accounts Act on interim financial reporting. The same accounting policies and calculation methods have been applied for the Group and Parent Company as in the most recent Annual Report, with the exception of changes to the functional classification of operating expenses, which are described below. Other new and revised IFRSs that became effective in 2014 have had no material impact on the Group's earnings and financial position.

In connection with the Group's revised business focus in 2014, the functional classification of operating expenses was reviewed and adapted. The change primarily entails that the "Research and development" function has been removed and mainly allocated to the Sales function. The change was implemented retroactively with restatement of the comparative periods. Operating income was not affected by changes to the functional classification. However, the consolidated income statement has also been impacted by discontinued operations, which, in accordance with IFRS 5, have been reported separately on a line at the foot of the income statement. Correspondingly, the comparison periods have been divided into continuing and discontinued operations. Amounts before adjustments therefore pertain to the functions of continuing operations.

Continuing operations	Oct 1-Dec 31 2013			Jan 1-Dec 31 2013		
	Before adjust.	Adjust.	After adjust.	Before adjust.	Adjust.	After adjust.
Selling expenses	-144	-58	-202	-616	-181	-797
Research and development expenses	-58	58	0	-181	181	0

Note 2 Operating segments

In 2014, the Thule Group implemented a reorganization that affected governance and monitoring, as well as classification of the Group as operating segments (business segments). Prior to the reorganization, there were two operating segments: Outdoor&Bags and Towing. The Towing segment was discontinued in 2014 through the divestment of the Trailer and the Towing operations. In Outdoor&Bags, operations in the snow chain product group and the toolboxes for pick-up trucks (Work Gear) product group in the US have now been transferred to the new operating segment known as Specialty.

The former Towing operating segment is reported as a discontinued operation. See Note 3 Discontinued operations. Comparative figures for the preceding year have been regrouped according to the new classification as operating segments, and the Towing operations have been excluded retroactively.

Net sales and operating income per segment

	Outdoor&Bags		Specialty		Group-wide		Eliminations		Group	
	Oct - Dec		Oct - Dec		Oct - Dec		Oct - Dec		Oct - Dec	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Sales to customers	809	726	166	198	0	0			976	924
Intercompany sales	4	3	0	0	0	0	-4	-3	0	0
Underlying EBITDA	60	57	16	38	-22	-35			53	60
Operating depreciation/amortization	-12	-10	-4	-4	-1	-1			-17	-15
Underlying EBIT	47	47	12	34	-23	-36			37	45
Other depreciation/amortization	-3	-3	0	0	-2	-2			-5	-4
Items affecting comparability	-19	-10	-9	0	-24	0			-52	-10
Operating income	25	34	3	34	-49	-38			-21	30
Net interest expense/income									-109	-63
Taxes									30	-20
Net income from discontinued operations									29	-279
Consolidated net income									-71	-331

	Outdoor&Bags		Specialty		Group-wide		Eliminations		Group	
	Jan - Dec		Jan - Dec		Jan - Dec		Jan - Dec		Jan - Dec	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Sales to customers	4 205	3 824	487	506	1	1			4 693	4 331
Intercompany sales	16	17	-1	3			-16	-19	0	0
Underlying EBITDA	818	704	19	44	-91	-104			747	644
Operating depreciation/amortization	-45	-39	-13	-13	-3	-4			-61	-57
Underlying EBIT	774	665	6	31	-94	-108			686	588
Other depreciation/amortization	-11	-12	0	0	-6	-6			-18	-18
Items affecting comparability	-29	-56	-9	0	-32	0			-70	-56
Operating income	734	598	-3	31	-132	-114			599	514
Net interest expense/income									-324	-102
Taxes									-75	-114
Net income from discontinued operations									-340	-237
Consolidated net income									-140	62

Note 3 Discontinued operations

	Jan - Dec	
	2014	2013
Revenue	913	1 372
Expenses	-890	-1 346
Goodwill impairment	-350	-250
Income before taxes	-327	-223
Taxes	-13	-14
Realization gain/loss from divestment of discontinued operations	1	0
Net income from discontinued operations	-340	-237
Earnings per share, discontinued operations, SEK (before and after dilution)	-3.95	-2.82

	Jan - Dec	
	2014	2013
Cash flow from discontinued operations		
Operating cash flow before investments	57	143
Operating cash flow after investments	14	48

Note 4 Fair value of financial instruments

	Fair value	
	Dec 31	Dec 31
	2014	2013
Assets - Financial derivatives		
Currency forward contracts	0	0
Currency swaps	4	5
Currency options	4	0
Total derivative assets	8	5
Liabilities - Financial derivatives		
Currency forward contracts	-23	-1
Currency swaps	-3	-6
Currency options	-7	-2
Interest-rate swaps	0	-89
Commodity derivatives	0	0
Total derivative liabilities	-34	-98

The carrying amount is considered to be an approximation of the fair value for all financial assets and liabilities. The Group's long-term liabilities are subject to floating interest rates, which means that changes in the basic interest rate will have no significant impact on the fair value of the liabilities. According to the company's assessment, neither have there been any changes in the credit margins that would significantly impact the fair value of the liabilities. The financial instruments valued at fair value in the balance sheet consist of derivative instruments that are held to hedge the Group's exposure to interest rates, currency rates and raw-material prices. All derivatives belong to Level 2 of the hierarchy for measuring fair value as described in IFRS 13.

Note 5 Taxes

The company is involved in an ongoing tax dispute in Germany and no further decisions were made on this matter during the year. During the year, the Group made an additional provision of SEK 19m (27), total provisions amounted to SEK 46m for tax/interest rates attributable to the above dispute. The effective tax rate for the period was 27.4 percent compared with 27.6 percent for the full-year 2013. The tax rates were impacted by the provisions made for the ongoing tax dispute in Germany. No other significant events affecting the Group's effective tax rate occurred during the January to December 2014 period.

Note 6 Risks and uncertainties

The Thule Group is an international company and its operations may be affected by a number of risk factors in the form of operational and financial risks. The operational risks are managed by the operational units and the financial risks by the central finance department. The operational risks comprise the overall economic trend, as well as consumption by both consumers and professional users, primarily in North America and Europe, where most of the Group's sales are conducted. An economic downturn in these markets could have a negative impact on the Group's sales and earnings. Changes in product technology and sales channel shifts could also affect the Group's sales and earnings negatively.

Demand for the Group's products is also partly dependent on the weather, particularly in the Specialty segment. A snow-free winter may reduce demand for such products as snow chains.

Thule's operations are also exposed to seasonal variations. Demand for consumer products for an active outdoor lifestyle (such as bike carriers or water sport-related products) is greatest during the warmer months of the year, while demand for cases for electronic products is greatest when schools start, at the end of the year and when new electronic products are launched. The Thule Group has adapted its production processes and supply chain in response to these variations.

Other relevant risk factors are disclosed in the prospectus *Invitation to acquire shares in Thule Group AB* and pertains to industry and market-related risks, operating risks and financial risks. No new risks have been identified compared with the prospectus.

Key figures

	Oct - Dec		Jan - Dec	
	2014	2013	2014	2013
Net sales, SEKm ¹	976	924	4 693	4 331
Net sales growth, % ¹	5.6%	-1.5%	8.4%	-0.7%
Net sales growth, adjusted % ^{1 2}	-3.3%	-1.7%	3.5%	1.9%
Gross margin, % ¹	34.5%	33.2%	39.0%	37.3%
Underlying EBIT, SEKm ¹	37	45	686	588
Underlying EBIT margin, % ¹	3.8%	4.9%	14.6%	13.6%
Operating income (EBIT), SEKm ¹	-21	30	599	514
Operating margin, % ¹	-2.1%	3.3%	12.8%	11.9%
Earnings per share, SEK ¹	-1.11	-0.62	2.32	3.54
Earnings per share, SEK ³	-0.79	-3.90	-1.63	0.72
Equity ratio, % ^{1 4}	42.7%	22.4%	42.7%	22.4%
Working capital, SEKm ^{1 4}	755	1 031	755	1 031
Debt/equity ratio ^{1 4}	3.4	5.4	3.4	5.4
Average number of employees ¹	2 128	2 208	2 128	2 208

¹ Continuing operations

² Adjustment for changes in exchange rates

³ Total operations (incl. discontinued operations)

⁴ The comparative period pertains to total operations

Definitions

Continuing operations Comprises the Outdoor & Bags and Specialty operating segments.

Debt/equity ratio Net debt divided by the rolling twelve-month EBITDA.

Discontinued operations Comprises the former Towing operating segment, comprising trailer and towing operations.

Earnings per share Net income for the period divided by the average number of shares during the period.

EBIT (Earnings Before Interest and Taxes) Income before net financial items and taxes.

EBIT margin EBIT as a percentage of net sales.

EBITDA (Earnings before interest, taxes, depreciation and amortization) Income before net financial items, taxes and depreciation/amortization and impairment of tangible and intangible assets.

EBITDA margin EBITDA as a percentage of net sales.

Equity per share Equity divided by the number of shares at the end of the period.

Equity ratio Equity as a percentage of total assets.

Gross debt Total long and short-term borrowing including overdraft facilities, financial derivative instruments, capitalized financing costs and accrued interest.

Gross income Net sales less cost of goods sold.

Gross margin Gross income as a percentage of net sales.

Net debt Gross debt less cash and cash equivalents.

Net investments Investments in tangible and intangible assets adjusted for disposals.

Underlying EBITDA EBITDA exclusive items affecting comparability.

Underlying EBIT EBIT exclusive items affecting comparability and depreciation/amortization excess values.

Working capital Comprises inventories, tax receivables, accounts receivable, prepaid expenses and accrued income, other receivables, cash and cash equivalents less accounts payable, income tax liabilities, other liabilities, accrued expenses and deferred income and provisions.

Financial calendar

Interim report, January-March 2015
Annual General Meeting
Interim report April-June 2015
Interim report July-September 2015

April 29, 2015
April 29, 2015
July 22, 2015
November 4, 2015

The Thule Group's Annual Report will be available at www.thulegroup.com from the week starting March 30, 2015.

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About the Thule Group

The Thule Group is a world leader in products that help you transport anything you care for safely, easily, and in style so you are free to live your active life. Guided by the motto of *Active Life, Simplified*, the company offers products in two segments: **Outdoor & Bags** (includes equipment for bicycles, water and winter sports, roof boxes, bicycle trailers, sport strollers, child bike seats, computer and camera bags, backpacks and cases for cellphones and other digital equipment), as well as **Specialty** (snow chains and toolboxes for pick-up trucks).

The Thule Group has about 2,200 employees at ten production facilities and 26 sales offices worldwide. The Group's products are sold in 136 markets and in 2014, sales amounted to SEK 4.7 billion. www.thulegroup.com



Thule Group >>

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