

Thule Group

Year-end report, fourth quarter, October-December 2016¹

Fourth Quarter

- **Net sales¹** for the quarter amounted to SEK 1,069m (980), corresponding to an increase of 9.2 percent. Adjusted for exchange rate fluctuations, sales rose 2.5 percent.
- **Operating income¹** amounted to SEK 65m (44). Underlying EBIT¹ was SEK 68m (48), corresponding to an increase of 42.7 percent and a margin of 6.4 percent (4.9). After adjustment for exchange rate fluctuations, underlying EBIT improved 0.2 percentage points.
- **Earnings per share before dilution¹** amounted to SEK 0.36 (0.22).
- **Strategic focusing of the Group.** The review of the Specialty segment has led to the decision to divest the toolboxes for pick-up trucks business in 2017.

Full-year

- **Net sales¹** for the full-year were SEK 5,611m (5,320) corresponding to an increase of 5.5 percent. Adjusted for exchange rate fluctuations, sales rose 4.9 percent.
- **Operating income¹** totaled SEK 957m (825). Underlying EBIT¹ amounted to SEK 970m (850), corresponding to an increase of 14.0 percent and a margin of 17.3 percent (16.0). After adjustment for exchange rate fluctuations, underlying EBIT rose 10.0 percent and the margin improved 0.8 percentage points.
- **Net income¹** was SEK 676m (587).
- **Cash flow from operating activities²** totaled SEK 878m (662).
- **Earnings per share before dilution¹** amounted to SEK 6.69 (5.87).
- **The Board of Directors proposes an ordinary dividend** of SEK 3.40 per share, which corresponds to a dividend of SEK 344m calculated based on the number of outstanding shares at February 10, 2017. The proposed ordinary dividend will be paid in two instalments (SEK 1.70 in May and SEK 1.70 in October), and comprises 51 percent of earnings per share. The Board also proposes an extraordinary dividend of SEK 7.50 per share, corresponding to a dividend of SEK 758m, calculated based on the number of outstanding shares at February 10, 2017, to be distributed in May. Accordingly, the total proposed dividend is SEK 10.90 per share.

	Okt - Dec 2016	Okt - Dec 2015	%	Jan - Dec 2016	Jan - Dec 2015	%
Net sales, SEKm	1 069	980	+9.2	5 611	5 320	+5.5
Underlying EBIT, SEKm	68	48	+42.7	970	850	+14.0
Operating income (EBIT), SEKm	65	44	+46.2	957	825	+16.0
Net income from continued operations, SEKm	37	22	+64.3	676	587	+15.0
Earnings per share, SEK	0.36	0.22	+62.6	6.69	5.87	+14.0
Cash flow from operating activities, SEKm ²	91	153	-40.5	878	662	+32.6

¹ Unless otherwise stated, the comparative figures in the overview pertain to continuing operations, excluding the Snow Chain division, which was divested in 2015. In addition to financial definitions under IFRS, alternative performance measures are used to describe the underlying development in operations and to enhance comparability between periods.

² The comparative figures are based on the total operations, meaning both continuing operations and operations that were discontinued in 2015.

CEO's comments

A very successful year and focused operations moving forward

The decision to initiate the process of divesting the toolboxes for pick-up trucks business means we can now place all our focus on growth in sports and outdoor products.

2016 was a very positive year and successful product launches were the most important factor driving continued stable sales growth of 5.5 percent and achieving an EBIT margin of 17.3 percent. The improvements of our distribution structure continued during the year. These changes will mean a more cost-efficient supply chain and improved service to our customers as well as reduced environmental impact.

Strong growth in Outdoor&Bags

In the fourth quarter, the Group's smallest in terms of sales, the Outdoor&Bags segment increased sales to SEK 944m, up 2.7 percent after currency adjustment. For the full-year, sales growth was in line with our long-term financial targets for organic growth and increased 5.0 percent after currency adjustment. We are extremely pleased with the growth in the two largest product categories: Sport&Cargo Carriers and Other Outdoor&Bags. However, the decline in sales in the Bags for Electronic Devices category was a disappointment.

Sport&Cargo Carriers strong in Europe

The growth in Sport&Cargo Carriers (up 5.3 percent after currency adjustment) was driven by Region Europe & ROW, while sales in Region Americas remained on a par with last year. The US market was impacted by a soft outdoor sector during the year, following the bankruptcies of two store chains in the spring, and by caution in the bike category.

In 2017, we intend to drive growth in this key category and to strengthen our existing market-leading position by launching a multitude of new, exciting products, broadening the investment in the Thule Retail Partner program for retailers and by leveraging the improvements made in distribution.

New products drive Other Outdoor&Bags

With rapid growth in all product categories and total currency-adjusted growth of 26 percent during the year, Other Outdoor&Bags is now our second largest product category (18 percent of sales in 2016).

Our Europe-focused RV Products category grew quickly in a strong motorhome market, which is a positive trend we expect to continue in 2017. Our growth in the Active with Kids category was strong for all product groups. The acquisition of GMG B.V.

in the summer makes us even stronger in child bike seats and, together with the launch of an entirely new family of multisport trailers in spring 2017, generate a very positive outlook for us in this category. A broader product portfolio in the fast-growing Sport&Travel Bags category means that we are very optimistic.

Tough market in the bags category

Some product groups in Bags for Electronic Devices have continued to be exposed to tough market conditions (camera bags and tablet cases), and the 13 percent decline in sales was larger than expected. Growth in the prioritized smaller backpacks category was one of the bright spots in a tough market.

Great performance in Region Europe & ROW

Region Europe & ROW drove the Group forward in 2016, with currency-adjusted sales growth, excluding the acquisition of GMG B.V., of 7.1 percent in the quarter and 10.0 percent for the year.

Sales in Region Americas was in line with expectations during the quarter (down 5.1 percent after currency adjustment). For the full-year, sales decreased 4.2 percent after currency adjustment, but despite this, we maintained our market share.

Strategic review of Specialty completed

We have started the sales process for the main part of the US Work Gear operations, namely toolboxes for pick-up trucks. These operations, which had sales of SEK 307m in 2016, have operated separately with a dedicated factory in Florida and with sales under the UWS brand and as a private label.

Moving forward, we will integrate two smaller product groups that were previously reported under Specialty (racks and smaller accessories for pick-up trucks) in our Sport&Cargo Carriers category, since they have a strong technical connection to this category and are also used by consumers for leisure activities.

An exciting year lies ahead of us

Having closed the chapter on a strong year, a wealth of exciting product launches and a streamlined company, we look forward to continued sales successes in traditional and new categories.



Magnus Welander,
CEO and President

Financial overview ³

Trend for the fourth quarter

Net sales

Net sales for the fourth quarter amounted to SEK 1,069m (980), corresponding to an increase of 9.2 percent. Adjusted for exchange rate fluctuations, sales rose 2.5 percent.

In the Outdoor&Bags segment, sales increased 2.7 percent after currency adjustment during the quarter. In the Europe & ROW region, sales increased 8.2 percent after currency adjustment, with strong growth in the Other Outdoor&Bags and Sports&Cargo Carriers product categories. However, in Region Americas, sales declined 5.1 percent after currency adjustment, in the face of a challenging market and continued decline for the Bags for Electronic Devices product category.

In the Specialty segment, sales increased 1.4 percent after currency adjustment during the quarter. Sales totaled SEK 125m (116). The toolboxes for pick-up trucks operations in the process of being divested reported sales of SEK 86m (78), up 4.5 percent after currency adjustment. The two smaller product groups that were previously reported under the Specialty segment (racks and smaller accessories for pick-up trucks) and which will not be divested, posted sales of SEK 39m (38) in the fourth quarter, down 4.8 percent after currency adjustment.

	Okt-Dec	Jan-Dec
Change in net sales	2016	2016
Changes in exchange rates	6.7%	0.6%
Structural changes	0.5%	0.3%
Organic growth	2.0%	4.6%
Total	9.2%	5.5%

Gross income

Gross income for the quarter totaled SEK 391m (341), corresponding to a gross margin of 36.6 percent (34.8). Gross income was positively impacted by currency effects (0.6 percentage points). Most other improvements derived from an advantageous product and market mix as well as from efficiency enhancements in distribution.

Operating income

Operating income amounted to SEK 65m (44). Underlying EBIT was SEK 68m (48), corresponding to an underlying EBIT margin of 6.4 percent (4.9). Changes in exchange rates had an overall positive impact of about SEK 16m on underlying EBIT, compared with the fourth quarter of 2015. After currency adjustment, the margin improved 0.2 percentage points in the quarter.

	Okt - Dec	Jan - Dec
Change in underlying EBIT-margin		
Underlying EBIT 2016	68	970
Underlying EBIT-margin 2016	6.4%	17.3%
Underlying EBIT 2015	48	850
Underlying EBIT-margin 2015	4.9%	16.0%
Underlying EBIT 2015, currency adjusted	64	881
Underlying EBIT-margin 2015, currency adjusted	6.2%	16.5%
Change in underlying EBIT-margin, currency adjusted	0.2%	0.8%

³ Unless otherwise stated, the comparative figures in the overview pertain to continuing operations, excluding the Snow Chain division, which was divested in 2015.

Net financial items

In the fourth quarter, net financial items amounted to an expense of SEK 9m (expense: 11). Exchange rate differences on loans and cash and cash equivalents were SEK 2m (1). The interest expense for borrowings was SEK 10m (expense: 9).

Net income for the period

In the fourth quarter, net income was SEK 37m, corresponding to earnings per share of SEK 0.36 before and after dilution. For the corresponding year-earlier period, net income from continuing operations totaled SEK 22m, corresponding to earnings per share of SEK 0.22 before and after dilution.

Trend for the full-year

Net sales

Net sales for the full-year 2016 amounted to SEK 5,611m (5,320) corresponding to an increase of 5.5 percent. Adjusted for exchange rate fluctuations, net sales for the Group rose 4.9 percent, of which organic growth in the segment that will continue to be in focus for the company (Outdoor&Bags) was 5.0 percent.

Sales for the Outdoor&Bags segment rose 10.6 percent in the Europe & ROW region after currency adjustment, while the Group's sales in the Americas region — primarily the US — were negatively impacted by the sales trend mainly in the Bags for Electronic Devices product category and net sales fell 4.2 percent after currency adjustment.

In the Specialty segment, net sales totaled SEK 464m (458), up 1.5 percent or 0.1 percent after currency adjustment.

Gross income

Gross income amounted to SEK 2,257m (2,051) corresponding to a gross margin of 40.2 percent (38.6). Gross income was positively impacted by currency effects (0.5 percentage points). The improvement in gross margin was brought about by a favorable change in the product mix of the major product categories, with a smaller share of sales in the product category with the lowest average gross margins, namely, Bags for Electronic Devices, and by a positive price trend as well as efficiency enhancements in sourcing and logistics.

Operating income

Operating income totaled SEK 957m (825). The increase during the period compared with the year-earlier was partly attributable to operating income in the preceding year being charged with items affecting comparability amounting to SEK 12m for a reorganization of the Outdoor&Bags segment. Underlying EBIT was SEK 970m (850), corresponding to a margin of 17.3 percent (16.0). The improvement was achieved due to a positive product mix and initiatives to enhance sourcing and logistics efficiency.

Changes in exchange rates had an overall positive impact of SEK 31m on underlying EBIT, compared with the full-year 2015. After currency adjustment, the Group achieved a year-on-year margin improvement of 0.8 percentage points.

Net financial items

For the full-year, net financial items amounted to an expense of SEK 36m (expense: 60), and were positively impacted by exchange rate differences of SEK 8m (expense: 7) on loans and cash and cash equivalents. For the full-year, the interest expense for borrowings was SEK 40m (expense: 50). The improvement was due to the lower debt/equity ratio.

Net income for the period

For the full-year 2016, net income was SEK 676m, corresponding to earnings per share of SEK 6.69 before dilution (SEK 6.64 after dilution). For the corresponding year-earlier period, net income from continuing operations totaled SEK 587m, corresponding to earnings per share of SEK 5.87 before dilution (SEK 5.84 after dilution). Net income for the period was also charged with provisions of SEK 20m for the German tax audit for the years 2009–2012, see Note 6 Taxes for further information.

Cash flow ⁴

Cash flow from operating activities was SEK 91m (153) for the fourth quarter. The slight decline in cash flow from operating activities was mainly due to the increase in inventory during the period. The increase in inventory pertains partly to products being launched in the first quarter of 2017 in the rapidly growing Active with Kids and Sport&Travel Bags categories, and partly to a larger inventory to ensure we can maintain our excellent delivery precision in conjunction with opening our new distribution center in the eastern US during the quarter. Cash flow was also impacted by investments in tangible assets of SEK 63m (expense: 25) and a dividend distribution of SEK 126m (100).

Cash flow from operating activities was SEK 878m (662) for the full-year. The sharp year-on-year improvement in cash flow was the result of improvements in operating income and working capital. Cash flow for the year was negatively impacted by a tax payment of SEK 97m (42) pertaining to a partial payment of the German tax agency claim on Thule Deutschland Holding GmbH; see Note 6 Taxes. Cash flow from investing activities was impacted by SEK 92m related to the acquisition of GMG B.V. made in July. Investments in tangible assets amounted to an expense of SEK 131m (expense: 99). During the year, an issue valued at SEK 88m was carried out as a result of the exercise of warrants.

Financial position

At December 31, 2016, the Group's equity amounted to SEK 3,826m (3,228). The equity ratio amounted to 48.5 percent (46.8).

At December 31, 2016, net debt amounted to SEK 1,704m (2,079). Total long-term borrowing amounted to SEK 2,467 (2,363), and comprised loans from credit institutions of SEK 2,453 (2,361), gross, capitalized transaction costs of SEK 8m (11) and the long-term portion of financial derivatives of SEK 22 (13). Total current financial liabilities amounted to SEK 34m (18) and mainly comprised the short-term portion of financial derivatives.

SEKm	Dec 31 2016	Dec 31 2015
Long-term loans, gross	2 453	2 361
Financial derivative liability, long-term	22	13
Short-term loans, gross	6	5
Financial derivative liability, short-term	28	13
Overdraft facilities	0	0
Capitalized financing costs	-8	-11
Accrued interest	0	0
Gross debt	2 501	2 381
Financial derivative asset	-34	-28
Cash and cash equivalents	-763	-274
Net debt	1 704	2 079

Pledged assets for Thule Group amounted to SEK 21m (20). Goodwill at December 31, 2016, amounted to SEK 4,208m. Goodwill pertaining to continuing operations totaled SEK 4,032m at December 31, 2016. Of the increase, SEK 68m pertained to the acquisition of GMG B.V.

At December 31, 2016, inventories amounted to SEK 825m (722).

⁴ The comparative period is based on total operations, meaning both continuing and discontinued operations.

Other information

Strategic review of Specialty — planned divestment of toolboxes for pick-up trucks operations

Following the strategic review of the Specialty segment during the year, the Board decided to divest the US toolboxes for pick-up trucks operations, including these operations' dedicated factory in Florida in the US. The divestment process has been initiated and is expected to be completed in 2017. Net sales in this product category were SEK 307m for the full-year 2016. Geographically, the operations are limited to North America and are mainly focused on building professionals under the Group's UWS brand (which is included in the operations being divested) and of private label deliveries to Home Depot (a contract that will be phased out in 2017). The assets and liabilities attributable to these operations have been reclassified and are shown in the balance sheet as assets and liabilities held for sale, see Note 4 for more information.

The two smaller product groups that were previously reported under the Specialty segment (racks and smaller accessories for pick-up trucks) and which will not be divested, will in the future, be reported under the Sport&Cargo Carrier product category in Region Americas.

Acquisition of GMG B.V.

On July 4, Thule Group acquired the Dutch company GMG B.V., the leading manufacturer of child bike seats in the Benelux markets. In 2015, GMG B.V. reported sales of EUR 6.1m, specializing in child bike seat under the Yepp brand. GMG B.V. has operated with a lean, product-focused sales and marketing organization with six employees and an office in Zwanenburg in the Netherlands. The total purchase consideration was EUR 10.0m on a debt-free basis. Of the purchase consideration, EUR 7m has been provisionally attributed to goodwill and EUR 2m to the brand. The products will be sold under the Thule Yepp brand. The company was consolidated in the Group as of July. The acquisition has contributed sales amounting to SEK 18m and operating income of negative SEK 6m, due to non-recurring development costs ahead of the launch of a completely new generation of child bike seats that will be in stores in spring 2017. Had the acquisition occurred on January 1, it is estimated that sales would have increased SEK 33m and operating income approximately SEK 5m. The acquisition is included in the Outdoor&Bags segment under the Active with Kids product category.

Seasonal variations

Thule Group's sales and operating income are partially affected by seasonal variations. During the first quarter, sales are affected in the Sport&Cargo Carriers category (roof boxes, ski-racks, etc.) by winter conditions. The second and third quarters are impacted by how early the spring or summer arrives, while sales in individual quarters may be impacted by the quarter in which the spring or summer occurs. In the fourth quarter, seasonal variations are primarily attributable to sales of winter-related products (roof boxes, ski-racks, snowsport backpacks, etc.) and sales of products in the bag category prior to major holidays.

Employees

The average number of employees was 2,180 (2,075).

Events after the balance-sheet date

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

Thule Group's share

The shares of Thule Group AB are listed on the Nasdaq Stockholm Large Cap list (change of segment from Mid Cap took place on January 1, 2017). At December 31, 2016, the total number of shares in issue was 101,036,455.

Thule Group's 2014/2016 warrants program ended on January 12, 2016 and this meant that the number of shares in the company increased by 1,036,455.

Proposed dividend

The Board of Directors proposes a dividend for 2016 of SEK 10.90 per share, whereof SEK 3.40 per share is ordinary dividend and SEK 7.50 per share is extraordinary dividend.

Ordinary dividend

The Board of Directors proposes an ordinary dividend of SEK 3.40 per share which corresponds to SEK 344m, calculated based on the number of shares outstanding at February 10, 2017. The proposed dividend comprises 51 percent of the earnings per share. It is also proposed that the dividend will be paid in two instalments for a better adaptation to the group's cash flow profile.

The proposed record date for the first dividend payment of SEK 1.70 per share is April 28, 2017 and for the second payment of SEK 1.70 per share is October 6, 2017.

Extraordinary dividend

In addition to the ordinary dividend, the Board of Directors proposes an extraordinary dividend of SEK 7.50 per share which corresponds to SEK 758m, calculated based on the number of shares outstanding at February 10, 2017. The proposed record date for distribution of the extraordinary dividend of SEK 7.50 per share is April 28, 2017.

Payment

If the annual general meeting resolves in accordance with the proposal, the first instalment of the ordinary dividend and the extraordinary dividend, together in total SEK 9.20 per share, is expected to be distributed by Euroclear starting May 4, 2017 and the second instalment of the ordinary dividend of SEK 1.70 per share starting October 11, 2017.

Annual General Meeting

The Annual General Meeting for Thule Group is scheduled for Wednesday, April 26, 2017 in Malmö, Sweden.

Shareholders

At December 31, 2016, Thule Group AB had 4,026 shareholders. At this date, the largest shareholders (reported as each owner flags its holdings) were AMF – Försäkring och Fonder (12.4 percent of the votes), Lannebo Fonder (6.9 percent of the votes) and Swedbank Robur Fonder (5.5 percent of the votes).

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, 2016. The Parent Company invoices its costs to Group companies. The Parent Company reported a net income of SEK 998m (neg: 2).

Cash and cash equivalents and current investments amounted to SEK 0m (0). Long-term liabilities to credit institutions totaled SEK 2,433m (2,338).

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 Note 7, Risks and uncertainties.

Performance by segment

Outdoor&Bags

SEKm	Oct - Dec		Change		Jan - Dec		Change	
	2016	2015	Rep.	Adjust. ¹	2016	2015	Rep.	Adjust. ¹
Net sales	944	864	9.3%	2.7%	5 145	4 862	5.8%	5.4%
- Region Europe & ROW	583	513	13.8%	8.2%	3 494	3 156	10.7%	10.6%
- Region Americas	361	351	2.9%	-5.1%	1 650	1 706	-3.2%	-4.2%
Operating income	77	52	49.9%		993	872	13.9%	
Underlying EBIT	81	55	47.5%	13.4%	1 005	895	12.2%	8.3%
Operating margin, %	8.2%	6.0%			19.3%	17.9%		
Underlying EBIT margin, %	8.5%	6.3%			19.5%	18.4%		

¹ Adjustment for changes in exchange rates

In the fourth quarter of 2016, net sales in Outdoor&Bags rose to SEK 944m (864), corresponding to an increase of 9.3 percent. For the full-year, net sales rose to SEK 5,145m (4,862), corresponding to an increase of 5.8 percent. This meant that adjusted for exchange rate fluctuations and the acquisition of GMG B.V., net sales at Outdoor&Bags rose 5.0 percent organically for the full-year.

The sales increase was driven by Region Europe & ROW, which increased 8.2 percent after currency adjustment, driven by positive trends in the Sport&Cargo Carriers and Other Outdoor&Bags product categories. These two categories also grew in Region Americas during the quarter, but Region Americas was negatively impacted by the Bags for Electronic Devices category. In total, net sales in Region Americas declined 5.1 percent after currency adjustment.

During the year, we successfully grew in the Group's largest product category Sport&Cargo Carriers, where we are global market leaders. Sales in Sport&Cargo Carriers grew 5.3 percent after currency adjustment, primarily driven by Region Europe & ROW and successful product launches for bike carriers and growth in roof racks, and the continued success of the investment in the Thule Retail Partner concept with retailers.

During the year, our continued venture into becoming a major player in the three product categories in Other Outdoor&Bags has been very successful on a global scale, with sales growth of 26 percent after currency adjustment. In RV Products, we were helped by a strong European motorhome and caravan market, where we in addition captured market shares through successful product launches. In the Active with Kids category, our acquisition of GMG has made us stronger in child bike seats and, together with strong growth in multisport trailers and strollers, sales grew rapidly in both regions. A broader product portfolio in the fast growing Sport&Travel Bags category also contributed to rapid growth in Region Americas and Region Europe & ROW.

In Bags for Electronic Devices, the negative trend continued throughout the year and we ended with a sales decline of 13 percent, which was larger than expected. The decline was largely due to continued exposure to tougher than expected market conditions in certain categories (camera bags and tablet cases), but we are also not satisfied with the trend in the US for those categories that are less dependent on specific electronic gadgets (for example, smaller laptop cases or backpacks).

In the fourth quarter of 2016, operating income amounted to SEK 77m (52) and underlying EBIT to SEK 81m (55), corresponding to a margin of SEK 8.5 percent (6.3). After currency adjustment, the margin improved by 0.8 percentage points. Operating income was SEK 993m (872) for the full-year. The increase during the period compared with the year-earlier was partly attributable to operating income in the preceding year being charged with items affecting comparability amounting to SEK 12m for a reorganization. Underlying EBIT was SEK 1,005m (895), corresponding to a margin of 19.5 percent (18.4). Accordingly, the EBIT margin improved 0.5 percent after currency adjustment.

Specialty

SEKm	Oct - Dec		Change		Jan - Dec		Change	
	2016	2015	Rep.	Adjust. ¹	2016	2015	Rep.	Adjust. ¹
Net sales	125	116	7.9%	1.4%	464	458	1.5%	0.1%
- Toolboxes pick-up trucks	86	78	11.1%	4.5%	307	303	1.4%	0.1%
- Racks and other accessories pick-up trucks	39	38	1.5%	-4.8%	158	155	1.7%	0.0%
Operating income	17	18	-3.8%		75	60	24.2%	
Underlying EBIT	17	18	-3.8%	-10.0%	75	60	24.2%	22.9%
Operating margin, %	13.9%	15.6%			16.1%	13.1%		
Underlying EBIT margin, %	13.9%	15.6%			16.1%	13.1%		

¹ Adjustment for changes in exchange rates

Given the strategic decision to divest the US operations for pick-up truck tool boxes, we have decided that going forward we will report sales in the two smaller product groups, racks and smaller accessories for pick-up trucks, which have historically been part of the Specialty segment, under the Sport&Cargo Carriers product category in Region Americas. We have taken a strategic decision to keep these product categories (racks and smaller accessories for pick-up trucks) within the Group, since they have a strong technical connection to our market-leading category and are also manufactured in our Sport&Cargo Carrier assembly plant in Connecticut in the US, and are, to some extent, used by consumers for leisure activities.

During the fourth quarter of 2016, net sales for Specialty increased to SEK 125m (116), corresponding to an increase of 7.9 percent. For the full-year, net sales rose to SEK 464m (458), corresponding to an increase of 1.5 percent. After currency adjustment, net sales rose 0.1 percent. For the full-year 2016, the operations being sold (toolboxes for pick-up trucks) reported sales of SEK 307m (303). During the quarter, we were also notified with regard to toolboxes for pick-up trucks that the major private label contract that the Group has had with Home Depot will be phased out in the second half of 2017. Accordingly, the focus for these operations will be on increasing product sales under the UWS brand, which is included in the planned divestment.

Net sales for the two product groups (racks for pick-up trucks and smaller accessories for pick-up trucks), which will be reported as part of Sport&Cargo Carriers under Region Americas in the future, increased to SEK 158m (155) for the full-year, up 1.7 percent. Sales consist partly of racks for pick-up trucks under the Group's TracRac brand, which are sold to retailers, and partly of simpler products that are sold to pick-up truck manufacturers.

In the fourth quarter of 2016, operating income amounted to SEK 17m (18) and underlying EBIT to SEK 17m (18), corresponding to a margin of SEK 13.9 percent (15.6). For the full-year, operating income amounted to SEK 75m (60) and underlying EBIT to SEK 75m (60), corresponding to a margin of SEK 16.1 percent (13.1). Accordingly, the EBIT margin improved 3.0 percent.

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 10, 2017

Board of Directors

Review report

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

Key events during the period



Thule Motion XT — an updated roof box family that was launched to consumers in Europe at the end of the fourth quarter. The products will be launched in the rest of the world in the first quarter of 2017.



TracRac rack systems for pick-up trucks — given the strategic decision to retain certain products previously reported under the Specialty segment, sales of rack systems for pick-up trucks and certain other smaller accessories sold to pick-up truck manufacturers in the US will be consolidated under the Sport&Cargo Carriers product category. These categories will be retained in the Group, since they are technically closely linked to the roof racks where the Group is the global market leader and are, to some extent, used by consumers for different sports and leisure activities (as in the above example, for transporting kayakers).

Financial statements

(Unless otherwise stated, all amounts are in SEK m)

Consolidated Income Statement

	Note	Okt - Dec		Jan - Dec	
		2016	2015	2016	2015
Continuing operations					
Net sales	2	1 069	980	5 611	5 320
Cost of goods sold		-679	-638	-3 354	-3 269
Gross income		391	341	2 257	2 051
Other operating revenue		0	0	0	1
Selling expenses		-241	-218	-990	-927
Administrative expenses		-85	-77	-308	-299
Other operating expenses		0	-2	-3	-2
Operating income	2	65	44	957	825
Net interest expense/income		-9	-11	-36	-60
Income before taxes		56	33	921	765
Taxes	6	-19	-11	-245	-178
Net income from continued operations		37	22	676	587
Discontinued operations					
Net income from discontinued operations	3	0	3	0	-143
Net income		37	25	676	444
Consolidated net income pertaining to:					
Shareholders of Parent Company		37	25	676	444
of which, pertaining to continuing operations		37	22	676	587
of which, pertaining to discontinued operations		0	3	0	-143
Net income		37	25	676	444
Earnings per share continuing operations, SEK before dilution		0.36	0.22	6.69	5.87
Earnings per share continuing operations, SEK after dilution		0.36	0.22	6.64	5.84
Earnings per share, SEK before dilution		0.36	0.25	6.69	4.44
Earnings per share, SEK after dilution		0.36	0.25	6.64	4.42
Average number of shares (millions)		101.0	100.0	101.0	100.0

Consolidated Statement of Comprehensive Income

	Okt - Dec		Jan - Dec	
	2016	2015	2016	2015
Net income	37	25	676	444
Items that have been carried over or can be carried over to net income				
Foreign currency translation	84	-119	241	9
Cash flow hedges	12	14	-24	34
Net investment hedge	-15	51	-90	21
Translation differences from foreign currency translation and net investments recognized in net income	0	0	0	-26
Period change in fair value of available for sale financial assets	0	0	-24	0
Tax on components in other comprehensive income	-14	-6	-5	-20
Tax on components in other comprehensive income recognized in net income	0	0	0	-6
Items that cannot be carried over to net income				
Revaluation of defined-benefit pension plans	7	-3	-10	4
Tax pertaining to items that cannot be carried over to net income	-1	1	3	-1
Other comprehensive income	73	-62	92	17
Total comprehensive income	110	-37	767	461
Total comprehensive income pertaining to:				
Shareholders of Parent Company	110	-37	767	461
Total comprehensive income	110	-37	767	461

Consolidated Balance Sheet

	Note	Dec 31 2016	Dec 31 2015
Assets			
Intangible assets		4 240	4 061
Tangible assets		579	485
Long-term receivables		8	51
Deferred tax receivables		495	508
Total fixed assets		5 323	5 106
Inventories		825	722
Tax receivables		7	12
Accounts receivable		584	610
Prepaid expenses and accrued income		44	54
Other receivables		215	121
Cash and cash equivalents		763	274
Assets held for sale	4	124	0
Total current assets		2 561	1 794
Total assets		7 883	6 899
Equity and liabilities			
Equity		3 826	3 228
Long-term interest-bearing liabilities		2 467	2 363
Provision for pensions		131	120
Deferred income tax liabilities		157	184
Total long-term liabilities		2 755	2 666
Short-term interest-bearing liabilities		34	18
Accounts payable		522	449
Taxes		271	129
Other liabilities		31	28
Accrued expenses and deferred income		379	341
Provisions		32	40
Liabilities pertaining to assets held for sale	4	34	0
Total short-term liabilities		1 302	1 005
Total liabilities		4 057	3 671
Total equity and liabilities		7 883	6 899

Consolidated Statement of Changes in Equity

	Dec 31 2016	Dec 31 2015
Opening balance, January 1	3 228	2 966
Net income	676	444
Total other comprehensive income	92	17
Total comprehensive income	767	461
Transactions with the Group's owners:		
New share issue	88	0
Dividend	-253	-200
Other	-4	0
Closing balance	3 826	3 228

Consolidated Statement of Cash Flow⁵

	Okt - Dec		Jan - Dec	
	2016	2015	2016	2015
Income before taxes	56	33	921	765
Income from discontinued operations before taxes	0	3	0	-146
Adjustments for items not included in cash flow	18	17	91	216
Paid income taxes	-49	-36	-176	-137
Cash flow from operating activities prior to changes in working capital	24	17	836	697
Cash flow from changes in working capital				
Increase(-)/Decrease (+) in inventories	-152	-40	-72	-81
Increase(-)/Decrease (+) in receivables	161	117	11	81
Increase(+)/Decrease (-) in liabilities	58	59	103	-36
Cash flow from operating activities	91	153	878	662
Investing activities				
Acquisition of subsidiaries	0	0	-92	0
Sale of subsidiaries	0	-4	0	62
Acquisition/divestment of tangible assets	-63	-25	-131	-99
Cash flow from investing activities	-63	-29	-222	-37
Financing activities				
New issue of shares	0	0	88	0
Other	-0	0	-4	0
Dividend	-126	-100	-253	-200
Debt repaid/new loans	0	-10	0	-265
Cash flow from financing activities	-126	-110	-169	-465
Net cash flow	-98	15	487	160
Cash and cash equivalents at beginning of period	861	259	274	114
Effect of exchange rates on cash and cash equivalents	0	-0	2	-0
Cash and cash equivalents at end of period	763	274	763	274

⁵Comparative figures are based on total operations, meaning both continuing and discontinued operations.

Parent Company Income Statement

	Okt - Dec		Jan - Dec	
	2016	2015	2016	2015
Other operating revenue	4	6	18	24
Administrative expenses	-11	-9	-37	-32
Operating income	-7	-3	-19	-9
Result from Shares in Subsidiaries	1 000	0	1 000	0
Interest income- and expense	1	1	4	4
Income after financial items	994	-2	985	-4
Appropriations	12	2	12	2
Net income before taxes	1 006	-1	997	-3
Taxes	-1	0	1	1
Net income	1 005	-0	998	-2

Parent Company Balance Sheet

	Dec 31	Dec 31
	2016	2015
Assets		
Financial fixed assets	6 041	4 946
Total fixed assets	6 041	4 946
Other current receivables	14	4
Cash and cash equivalents	0	0
Total current assets	14	4
Total assets	6 055	4 950
Equity and liabilities		
Equity	2 298	1 469
Other provisions	5	2
Liabilities to credit institutions	2 433	2 338
Liabilities to Group companies	368	368
Total long-term liabilities	2 806	2 708
Liabilities to credit institutions	0	0
Liabilities to Group companies	931	757
Other current liabilities	20	15
Total short-term liabilities	951	773
Total equity and liabilities	6 055	4 950

Disclosures, accounting policies and risk factors

Disclosures in accordance with Paragraph 16A of IAS 34 *Interim Financial Reporting* can be found in the financial statements and the associated notes as well as in other sections of the interim report.

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. New and revised IFRSs that became effective in 2016 have had no material impact on the Group's earnings and financial position. As of July 3, 2016, the European Securities and Markets Authority's (ESMA) *Guidelines on Alternative Performance Measures* have been applied. In accordance with these guidelines, disclosures have been expanded to include financial performance indicators not defined under IFRS. The alternative performance measures published in this report should not be regarded as a substitute for financial performance indicators defined in accordance with IFRS but rather as a complement and these do not need to be comparable with similarly entitled performance measures presented by other companies.

Note 2 Operating segments

The Snow Chain division that was previously included in the Specialty operating segment was divested in 2015 and is reported as a discontinued operation. Refer to Note 3 Discontinued operations. Comparative figures for the Snow Chain division have been excluded retroactively.

	Outdoor&Bags		Specialty		Group common		Eliminations		Group	
	Okt - Dec		Okt - Dec		Okt - Dec		Okt - Dec		Okt - Dec	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Sales to customers	944	864	125	116	0	0			1 069	980
Intercompany sales	1	1	0	0	0	0	-1	-1	0	0
Underlying EBITDA	97	69	19	19	-29	-24			87	64
Operating depreciation/amortization	-17	-14	-1	-1	-1	-1			-19	-16
Underlying EBIT	81	55	17	18	-30	-25			68	48
Other depreciation/amortization	-3	-3	0	0	0	-1			-3	-3
Items affecting comparability	0	0	0	0	0	0			0	0
Operating income	77	52	17	18	-30	-25			65	44
Net interest expense/income									-9	-11
Taxes									-19	-11
Net income from discontinued operations									0	3
Consolidated net income									37	25

	Outdoor&Bags		Specialty		Group common		Eliminations		Group	
	Okt - Dec		Okt - Dec		Okt - Dec		Okt - Dec		Okt - Dec	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Sales to customers	5 145	4 862	464	458	2	1			5 611	5 320
Intercompany sales	3	7	0	0	0	0	-3	-7	0	0
Underlying EBITDA	1 066	948	79	65	-107	-102			1 038	912
Operating depreciation/amortization	-61	-53	-5	-5	-3	-3			-69	-61
Underlying EBIT	1 005	895	75	60	-110	-105			970	850
Other depreciation/amortization	-12	-12	0	0	-1	-2			-13	-14
Items affecting comparability	0	-12	0	0	0	0			0	-12
Operating income	993	872	75	60	-111	-107			957	825
Net interest expense/income									-36	-60
Taxes									-245	-178
Net income from discontinued operations									-	-143
Consolidated net income									676	444

Note 3 Discontinued operations

	Jan - Dec 2016	Jan - Dec 2015
Revenue	-	84
Expenses	-	-102
Income before taxes	-	-19
Taxes	-	3
Realization gain/loss from divestment of discontinued operation	-	-128
Net income from discontinued operations	-	-143
Earnings per share, discontinued operations, SEK	-	-1.43

	Jan - Dec 2016	Jan - Dec 2015
Cash flow from discontinued operations		
Operating cash flow before investments	-	69
Operating cash flow after investments	-	67

Note 4 Assets classified as held for sale

	Jan - Dec 2016	Jan - Dec 2015
Intangible assets	17	-
Tangible assets	24	-
Inventories	22	-
Accounts receivable and other receivables	60	-
	124	-
Liabilities classified as held for sale		
Accounts payable and other liabilities	34	-
	34	-

Note 5 Fair value of financial instruments

	Fair value	
	Dec 31 2016	Dec 31 2015
Assets - Financial derivatives		
Long-term financial receivables	24	46
Currency forward contracts	10	12
Currency swaps	3	4
Currency options	12	4
Interest rate swaps	9	8
Total derivative assets	58	73
Liabilities - Financial derivatives		
Currency forward contracts	-13	-2
Currency swaps	-5	-7
Currency options	-10	-4
Interest rate swaps	-22	-13
Total derivative liabilities	-50	-27

The carrying amount is an approximation of the fair value for all financial assets and liabilities. The Group's long-term liabilities are subject to variable interest rates, which means that changes in the basic interest rate will not have a 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 measured at fair value in the balance sheet consist of derivatives held to hedge the Group's exposure to interest rates, currency rates and raw material prices. All derivatives belong to Level 2. The Group's financial asset pertaining to the additional purchase consideration that has arisen in conjunction with the divestment of the Snow Chain division belongs to Level 3 of the hierarchy for measuring fair value as described in IFRS 13.

Note 6 Taxes

The company is involved in an ongoing tax dispute in Germany. As the company announced earlier, the German tax agency has issued a judgment on an increase in the tax base for the years 2005–2008, which would add another approximately EUR 17.6m in further taxes and accrued interest for the company. The company has appealed the decision. Regarding the tax audit in Germany for the years 2009–2012, the German tax agency made a decision during the year that entailed an increase in the tax base that would bring a further approximately EUR 10m in taxes and accrued interest. The company had already made a provision of SEK 46m for taxes/interest for the tax audits for 2005–2008. As a result of the German tax agency's decision for the years 2009–2012, the Group made a further provision of SEK 20m during the year. The provisions are based, for example, on an assumption that the company may not win an appeal and would thus be compelled to pay tax for income in Germany instead of Sweden. A tax payment of SEK 97m was paid during the year and SEK 42m was paid in 2015 for a share of the demands that the German tax agency claims to have. These payments do not constitute an admission in any way, but have only been made to prevent any interest increases.

The effective tax rate for the January–December 2016 period was 26.6 percent compared with 23.2 percent for the year-earlier period (adjusted for the provision regarding the tax audit in Germany, the effective tax rate for January–December 2016 was 24.5 percent). No other significant events affecting the Group's effective tax rate occurred during the period.

Note 7 Risks and uncertainties

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.

Thule Group'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. Thule Group has adapted its production processes and supply chain in response to these variations.

Other relevant risk factors are described in Thule Group's Annual Report and pertain to industry and market-related risks, operating, legal and fiscal risks as well as financial risks. For tax-related risks, see also Note 6 Taxes above.

Key figures

	Okt - Dec		Jan - Dec	
	2016	2015	2016	2015
Net sales, SEKm	1 069	980	5 611	5 320
Net sales growth, %	9.2%	8.8%	5.5%	16.8%
Net sales growth, adjusted % ¹	2.5%	3,0%	4.9%	5.1%
Gross margin, %	36.6%	34.8%	40.2%	38.6%
Underlying EBIT, SEKm	68	48	970	850
Underlying EBIT margin, %	6.4%	4.9%	17.3%	16.0%
Operating income (EBIT), SEKm	65	44	957	825
Operating margin, %	6.1%	4.5%	17.1%	15.5%
Earnings per share, SEK	0.36	0.22	6.69	5.87
Earnings per share, SEK (total operations)	0.36	0.25	6.69	4.44
Equity ratio, %	48.5%	46.8%	48.5%	46.8%
Working capital, SEKm	1 203	807	1 203	807
Leverage ratio	1.6	2.3	1.6	2.3

¹ Adjustment for changes in exchange rates

Alternative performance measures

Alternative performance measures are used to describe the underlying development of operations and to enhance comparability between periods. These are not defined under IFRS but correspond to the methods applied by Group management to measure the company's financial performance. The alternative performance measures used are net debt (see table on page 5), underlying EBIT and underlying EBITDA. Underlying denotes that we have made adjustments for specific items, see Note 2 Operating segments. For further information, please refer to the Definitions section. These performance measures should not be viewed as a substitute for financial information presented in accordance with IFRS but rather as a complement.

Definitions

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

Discontinued operations Comprises the Snow Chain division.

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

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.

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

EBIT margin EBIT 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 margin Gross income as a percentage of net sales.

Gross income Net sales less cost of goods sold.

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

Items affecting comparability Profit/loss items that are by their very nature unusual and significantly impact profit or loss. These play an important part in understanding the underlying business performance.

Leverage ratio Net debt divided by the underlying rolling 12-month EBITDA.

LTM Rolling 12-month.

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

Net debt Gross debt less cash and cash equivalents.

Operational depreciation/amortization The Group's total depreciation/amortization excluding depreciation/amortization of consolidated excess values. Other depreciation/amortization comprises depreciation/amortization of consolidated excess values.

Underlying EBITDA EBITDA excluding items affecting comparability.

Underlying EBIT EBIT excluding items affecting comparability and depreciation/amortization of consolidated 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. Working capital in the cash flow excludes cash and cash equivalents.

Financial calendar

Interim report, January–March 2017
Thule Group AGM (Malmö)
Interim report April–June 2017
Interim report, July–September 2017

April 26, 2017
April 26, 2017
July 20, 2017
October 27, 2017

Thule Group's Annual Report will be available at www.thulegroup.com from March 31, 2017.

Contacts

Fredrik Erlandsson, Senior Vice President Communications and IR
Tel: +46 (0)70-309 00 21, e-mail: fredrik.erlandsson@thule.com
Lennart Mauritzson, CFO
Tel: +46 (0)70-552 05 57, e-mail: lennart.mauritzson@thule.com

About Thule Group

Thule Group is a world leader in products that make it easy to bring the things you care for — easily, securely and in style — when living an active life. Under the motto *Active Life, Simplified* — we offer products within these product categories: **Sport&Cargo Carriers** (e.g. roof racks, roof boxes, holders for bikes, water and winter sports equipment being transported by car), **Active with Kids** (e.g. bicycle trailers, strollers, child bike seats), **RV Products** (e.g. awnings, bike carriers and tents for motorhomes and caravans), **Sport&Travel Bags** (e.g. hiking backpacks, suitcases) and **Bags for Electronic Devices** (e.g. computer and camera bags).

Thule Group has about 2,200 employees at eight production facilities and 35 sales offices worldwide. The Group's products are sold in 140 markets and in 2016, sales amounted to SEK 5.6 billion. www.thulegroup.com



Thule Group»

Thule Group AB (publ)
Fosievägen 13
SE-214 31 Malmö, Sweden
Corp. Reg. No: 556770-6311
www.thulegroup.com