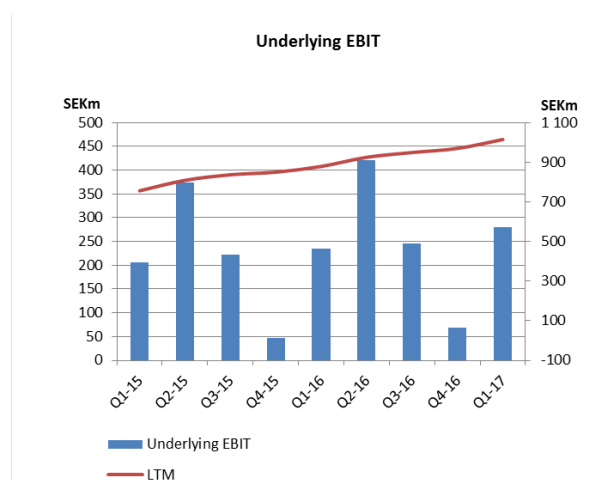
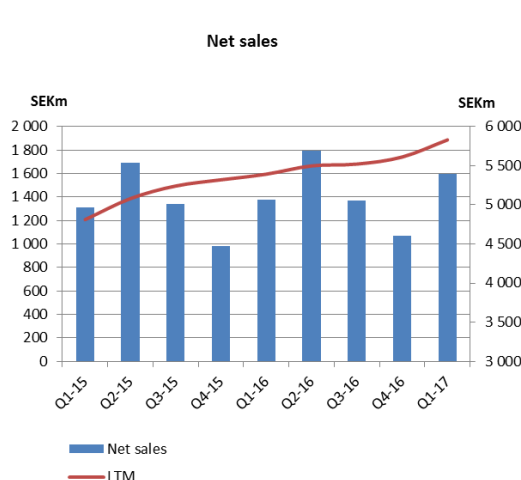


# Thule Group

## Interim report for the first quarter, January-March 2017

- **Net sales** for the quarter amounted to SEK 1,599m (1,380), corresponding to an increase of 15.9 percent. Adjusted for exchange rate fluctuations, sales rose 12.3 percent.
- **Underlying EBIT** amounted to SEK 280m (235), corresponding to an increase of 19.4 percent and a margin of 17.5 percent (17.0). After adjustment for exchange rate fluctuations, underlying EBIT rose 14.0 percent and the margin improved 0.3 percentage points.
- **Net income** amounted to SEK 203m (169).
- **Cash flow from operating activities** was a negative SEK 172m (neg: 31).
- **Earnings per share before dilution** amounted to SEK 2.00 (1.67).
- **Divestment of Specialty** is proceeding on schedule.

	Jan - Mar 2017	Jan - Mar 2016	%	LTM	Full-year 2016	%
Net sales, SEKm	1 599	1 380	+15.9	5 830	5 611	+3.9
Underlying EBIT, SEKm	280	235	+19.4	1 015	970	+4.7
Operating income (EBIT), SEKm	280	231	+20.9	1 005	957	+5.0
Net income, SEKm	203	169	+20.1	710	676	+5.0
Earnings per share, SEK	2,00	1,67	+19.8	-	6,69	-
Cash flow from operating activities, SEKm	-172	-31	-	736	878	-16.1



## CEO's comments

### A very strong first quarter

2017 started well, with sales growth of 14 percent (after currency adjustment) for our Outdoor&Bags operations and continued favorable profitability.

Region Europe & ROW once again proved to be a strong driving force in terms of growth, surpassing our expectations with sales growth of 17 percent (after currency adjustment). I am also pleased that Region Americas delivered growth of 7 percent (after currency adjustment), despite a continued challenging market situation for retailers in the U.S.

Our EBIT improved 14 percent (after currency adjustment), despite global launches within suitcases and multisport trailers as well as major investments in product development. This shows that we continue to maintain a good balance between profitability and a focus on driving long-term growth.

### Thule products with a winning design

We have always been proud of our products, with their smart solutions and outstanding design. During the first quarter, we once again had reason to celebrate our winning design skills. Our Thule Chariot Sport trailers and Thule Yepp Nexxt child bike seats won two of the 75 highly prestigious IF Product Design Gold Awards, considered by many to be the Oscars of the design world.

### Growth in Region Americas

Sales in Region Americas increased 7 percent (after currency adjustment) during the quarter, which was particularly gratifying given that sports and outdoor retailers in the U.S. continue to face a relatively shaky market.

Sport&Cargo Carriers performed well in all product groups. Growth was driven by successful product launches, a strong winter season and the fact that retailers entered the season with a better balance in terms of their opening inventory levels. Other Outdoor&Bags delivered another quarter of strong growth, driven by our child-related products.

Deliveries from our new distribution center in the Western U.S. began during the quarter, which means that we have now successfully and seamlessly completed the most important steps in the reorganization of our distribution structure.

### Europe bolstered by a hot RV market

Sales in Region Europe & ROW increased an impressive 17 percent (after currency adjustment) during the quarter.

The trend in the European motorhome and caravan market was highly positive during the period and we were able to respond to the rapid growth in volumes driven by a booming market and our continued increase in market shares. In our opinion, it is unlikely that the market will continue to develop at the same pace as the year progresses, but we feel confident that we will continue to capture market shares with our strong product offering.

Sport& Cargo Carriers continued to perform extremely well in the region and the large-scale launch of a new family of Thule Chariot multisport trailers garnered an even better reception than anticipated.

The introduction of the Thule Subterra family of luggage for the modern business traveler was well received in the market and sales for the first few months were promising. Bags for Electronic Devices also delivered a number of highlights during the quarter, with growth reported for bags for everyday use as well as smaller backpacks and laptop cases.

### Divestment of Specialty according to plan

The process to divest the operations specializing in toolboxes for pick-up trucks is proceeding according to plan. As anticipated, sales declined during the quarter due to the phasing out of private label products for Home Depot.

### Rising raw material costs

Like most companies, we expected a certain increase in raw material costs during the year compared with the relatively favorable levels prevailing in 2016. Although we factored this into our prices for 2017, the price increases for steel and aluminum in recent months have been higher than foreseen. We expect to be able to offset this, primarily as a result of a positive product mix as well as through efficiency enhancements in our production and distribution operations.

### We look forward to an exciting peak season

Following a strong start to the year and with many exciting new products hitting the shelves, we look forward to an exciting spring and summer season.



Magnus Welander,  
CEO and President

# Financial overview

## Trend for the first quarter

### Net sales

In the first quarter of 2017, net sales amounted to SEK 1,599m (1,380), representing an increase of 15.9 percent. Adjusted for exchange rate fluctuations, net sales for the Group rose 12.3 percent.

In the Outdoor&Bags segment, net sales totaled SEK 1,524m (1,300), corresponding to an increase of 17.2 percent and 13.8 percent after currency adjustments. In Region Europe & ROW, net sales increased 17.0 percent after currency adjustment, while Region Americas' sales grew 6.8 percent after currency adjustments, although the region continues to be negatively impacted by weaker sales in the Bags for Electronic Devices product category.

In the Specialty segment, net sales totaled SEK 74m (80), a decline of 7.6 percent and 12.4 percent after currency adjustments. The segment now only comprises the toolboxes for pick-up trucks operation, which is to be divested. The two smaller product groups that were formerly included in the Specialty segment, racks for pick-up trucks and accessories for pick-up trucks, which are not being divested, are now included in the Outdoor&Bags segment under Region Americas. Comparative figures have been recalculated retroactively.

	Jan - Mar
Change in net sales	2017
Changes in exchange rates	3.5%
Structural changes	0.7%
Organic growth	11.7%
<b>Total</b>	<b>15.9%</b>

### Gross income

Gross income for the quarter totaled SEK 639m (562), corresponding to a gross margin of 40.0 percent (40.7). The gross margin declined somewhat due to a changed product- and customer mix in the product categories, and to a lesser degree due to rising raw materials costs.

### Operating income

Operating income totaled SEK 280m (231). Underlying EBIT was SEK 280m (235), corresponding to a margin of 17.5 percent (17.0). Changes in exchange rates had an overall positive impact of SEK 11m on underlying EBIT, compared with the first quarter of 2016. After currency adjustment, we achieved a year-on-year margin improvement of 0.3 percentage points in the quarter, compared with the year-earlier period. The improvement was achieved through volume growth as well as the efficiency initiatives implemented in inventory and logistics.

	Jan - Mar
Change in underlying EBIT margin	
Underlying EBIT 2017	280
Underlying EBIT margin 2017	17.5%
Underlying EBIT 2016	235
Underlying EBIT margin 2016	17.0%
Underlying EBIT 2016, currency adjusted	246
Underlying EBIT marginal 2016, currency adjusted	17.2%
<b>Change in underlying EBIT margin, currency adjusted</b>	<b>0.3%</b>

### Net financial items

In the first quarter, net financial items amounted to an expense of SEK 11m (expense: 7). Exchange rate differences on loans and cash and cash equivalents were SEK 1m (5). The interest expense for borrowings was SEK 11m (expense: 12).

### Net income for the period

In the first quarter, net income was SEK 203m, corresponding to earnings per share of SEK 2.00 before dilution (SEK 1.99 after dilution). For the year-earlier period, net income totaled SEK 169m, corresponding to earnings per share of SEK 1.67 before dilution (SEK 1.66 after dilution).

### Cash flow

#### Net cash flow for the period

Cash flow from operating activities in the first quarter was negative SEK 172m (neg: 31). The change compared with the year-earlier period is attributable to increased working capital and higher tax payments. Investments in tangible assets amounted to an expense of SEK 13m (expense: 33). During the period, a share issue valued at SEK 110m was carried out as a result of the exercise of warrants.

### Financial position

At March 31, 2017, the Group's equity amounted to SEK 4,125m (3,402). The equity ratio amounted to 50.6 percent (47.3).

Net debt was SEK 1,772m (2,047) at March 31, 2017. Total long-term borrowing amounted to SEK 2,448m (2,349), and comprised loans from credit institutions and the long-term portion of finance lease liabilities of SEK 2,445m (2,346), gross, as well as capitalized transaction costs of SEK 8m (expense: 11) and the long-term portion of financial derivatives of SEK 11m (14). Total current financial liabilities amounted to SEK 25m (13) and comprised the short-term portion of financial derivatives and finance lease liabilities.

SEKm	Mar 31 2017	Mar 31 2016	Dec 31 2016
Long-term loans, gross	2 445	2 346	2 453
Financial derivative liability, long-term	11	14	22
Short-term loans, gross	5	6	6
Financial derivative liability, short-term	20	7	28
Overdraft facilities	0	0	0
Capitalized financing costs	-8	-11	-8
Accrued interest	0	0	0
<b>Gross debt</b>	<b>2 473</b>	<b>2 363</b>	<b>2 501</b>
Financial derivative asset	-22	-21	-34
Cash and cash equivalents	-679	-295	-763
<b>Net debt</b>	<b>1 772</b>	<b>2 047</b>	<b>1 704</b>

Pledged assets for Thule Group amounted to SEK 21m (21).

At March 31, 2017, goodwill totaled SEK 4,189m (3,973). Of the increase, SEK 68m pertains to the acquisition of GMG B.V. in July 2016. A reclassification of SEK 17m has been made to assets held for sale, and the remaining change is attributable to currency effects.

At March 31, 2017, inventories amounted to SEK 902m (780). The increase is mainly attributable to inventory accumulation for product launches to be made during the spring.

## Other information

### Specialty — planned divestment of toolboxes for pick-up trucks operation

The process that has commenced to divest the toolboxes for pick-up trucks operation is proceeding according to plan and is expected to be completed during the year. Assets and liabilities attributable to this area of operation are shown in the balance sheet as assets and liabilities held for sale, see Note 3 for further information.

The two smaller product groups that were historically reported under the Specialty segment (racks for pick-up trucks and accessories for pick-up trucks) and which will not be divested, are reported in the Outdoor&Bags segment under the Sport&Cargo Carrier product category in Region Americas. Comparative figures have been recalculated retroactively.

### 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 2,360 (2,239). The increase was mainly attributable to early staffing for the season at our Belgian, Polish and Swedish plants to manage increased sales volumes.

### Events after the balance-sheet date

In April, a settlement was reached with the German tax agency regarding some of the decisions appealed by the company. The agreement implies that the potential increase in tax based on the German tax agency's decision is to be lowered by EUR 9.6m, meaning that for this portion, the company has settled at EUR 1.3m, which is covered by provisions made in earlier years. The remaining EUR 8.3m has been written off as demands from the tax agency. The amount was already paid earlier. Otherwise, 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. At March 31, 2017, the total number of shares in issue was 102,072,910.

Thule Group's 2014/2017 warrants program ended on February 14, 2017 and this meant that the number of shares in the company increased by 1,036,455 and an issue of SEK 110m.

### Proposed dividend

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

#### *Ordinary dividend*

The Board of Directors proposes an ordinary dividend of SEK 3.40 per share, corresponding to SEK 347m based on the number of shares outstanding at March 31, 2017. The proposed dividend amounts to 51 percent of earnings per share. It is also proposed that dividends 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 1.70 per share is April 28, 2017 and the proposed record date for the second payment of SEK 1.70 per share is October 6, 2017.

#### *Extraordinary dividend*

In addition to an ordinary dividend, the Board of Directors proposes an extraordinary dividend of SEK 7.50 per share, corresponding to SEK 766m based on the number of shares outstanding at March 31, 2017. The proposed record date for payment 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 installment of the ordinary dividend and the extraordinary dividend, amounting to a combined total of SEK 9.20 per share, are expected to be paid by Euroclear starting May 4, 2017, while the second installment of the ordinary dividend of SEK 1.70 per share is expected to be paid starting October 11, 2017.

### **Shareholders**

At March 31, 2017, Thule Group AB had 9,567 shareholders. At this date, the largest shareholders were AMF – Försäkringar & Fonder (11.5 percent of the votes), Lannebo Fonder (6.2 percent of the votes), Nordea Fonder (5.2 percent of the votes) and Swedbank Robur Fonder (5.0 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-March 31, 2017. The Parent Company invoices its costs to Group companies. The Parent Company reported negative net income of SEK 3m (neg: 2).

Cash and cash equivalents and current investments amounted to SEK 0m (0). Long-term liabilities to credit institutions totaled SEK 2,426m (2,325).

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 6, Risks and uncertainties.

## Performance by business segment

### Outdoor&Bags

SEKm	Jan - Mar		Change		Full-year	
	2017	2016	Rep.	Adjust. <sup>1</sup>	LTM	2016
Net sales	1 524	1 300	17.2%	13.8%	5 526	5 302
- Region Europe & ROW	1 082	911	18.7%	17.0%	3 651	3 481
- Region Americas	443	389	13.7%	6.8%	1 875	1 822
Operating income	296	249	18.7%		1 069	1 023
Underlying EBIT	296	252	17.4%	12.6%	1 078	1 034
Operating margin, %	19.4%	19.2%			19.3%	19.3%
Underlying EBIT margin, %	19.4%	19.4%			19.5%	19.5%

<sup>1</sup> Adjustment for changes in exchange rates

In the first quarter of 2017, net sales in Outdoor&Bags rose to SEK 1,524m (1,300), an increase of 17.2 percent. Adjusted for exchange rate fluctuations, net sales rose 13.8 percent.

While sales in this business segment mainly increased thanks to our continued strong performance in Region Europe & ROW, it was also gratifying to note that we grew in Region Americas, despite a generally challenging market situation for U.S. retailers.

Sales in Region Americas rose 6.8 percent after currency adjustment, following two quarters with declining sales. The strongest driver behind this trend was the increase in sales in Sport&Cargo Carriers, with growth reported in all sub-categories. A number of successful launches combined with a strong winter season and more balanced opening inventory levels at the retail level meant that our sales followed the trend reported by our customers with respect to consumer sales. However, the sports and outdoor industry remains somewhat shaky in the U.S., where a number of chains with physical stores are facing a challenging situation and several companies have filed for Chapter 11 bankruptcy protection.

As previously announced, we did not expect to increase our sales in Bags for Electronic Devices in the U.S. in the quarter. However, although we did not succeed in reversing the negative trend in this product category, the category of smaller backpacks delivered a number of highlights, which meant that the performance in the quarter was not as negative as in the preceding year.

During the quarter we began delivering products from our newly opened distribution center for the western U.S. The new distribution center marked the final major step in the restructuring program we have been carrying out for the past two years to enable more cost-efficient handling of quick deliveries to a growing number of customers with short lead times.

In Region Europe & ROW, we further improved on our already strong performance trend from 2016, achieving impressive growth of 17 percent (after currency adjustment). The European motorhome and caravan market boomed during the quarter, with rapid production growth and increased orders from essentially all manufacturers in the region. Given that we on top of that continued to capture market shares, RV Products performed extremely well during the quarter.

The new Thule Chariot multisport trailers, a broader range of child bike seats and continued growth in market shares for our sport strollers enabled us to continue our rapid expansion in the Active with Kids product category. We also continued to report a positive trend in Sport&Travel Bags as a result of the launch of our new Thule Subterra luggage series for the modern business traveler.

As part of the launch of the Thule Subterra luggage family, we participated in leading bag industry trade fairs during the quarter – trade fairs where we had never previously been an exhibitor. Along with our focus on the launch of the new Thule Chariot multisport trailers (which has been updated for the first time since Chariot was purchased in 2011) and increased investments in product development in our newer product categories, this resulted in higher development and marketing costs in the quarter compared with the corresponding quarter in the preceding year. Nevertheless, we maintained an underlying EBIT margin of 19.4 percent (19.4) and underlying EBIT for the first quarter of 2017 amounted to SEK 296m (252).

## Specialty

SEKm	Jan - Mar		Change		Full-year	
	2017	2016	Rep.	Adjust. <sup>1</sup>	LTM	2016
Net sales	74	80	-7.6%	-12.4%	301	307
- Work Gear	74	80	-7.6%	-12.4%	301	307
Operating income	9	9	-1.5%		34	34
Underlying EBIT	9	9	-1.5%	-7.4%	34	34
Operating margin, %	12.4%	11.7%			11.4%	11.2%
Underlying EBIT margin, %	12.4%	11.7%			11.4%	11.2%

<sup>1</sup> Adjustment for changes in exchange rates

Net sales for the first quarter amounted to SEK 74m (80), corresponding to a decrease of 7.6 percent, driven primarily by a lower volume of private label toolboxes for Home Depot. Adjusted for exchange rate fluctuations, net sales decreased 12.4 percent.

Underlying EBIT for the first quarter totaled SEK 9m (9) and the operating margin was 12.4 percent (11.7). This increased EBIT margin was attributable to an improvement in production efficiency and a positive customer mix.

The planned divestment is proceeding according to plan and the aim is for the divestment to be completed in 2017.



The Board of Directors and the President provide their assurance that this interim 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.

April 26, 2017

Board of Directors

**Review report**

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

A selection of product launches during the period



**Thule Subterra** – this new luggage series, including 13 bags in three colors for modern business travelers combining business and leisure travel, is the first step in the Group's long-term focus on this globally growing category.



**Thule Chariot Sport** – the new family of Thule Chariot multisport trailers sets a new standard for the concept of “one trailer, four activities,” making it easy to cycle, walk, run or go cross-country skiing with children. Featuring numerous technical improvements and a more modern design, the updated models have garnered considerable recognition, including the IF Product Design Gold Award.

# Financial statements

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

## Consolidated Income Statement

	Note	Jan - Mar		Full-year	
		2017	2016	LTM	2016
Net sales	2	1 599	1 380	5 830	5 611
Cost of goods sold		-960	-819	-3 495	-3 354
<b>Gross income</b>		<b>639</b>	<b>562</b>	<b>2 334</b>	<b>2 257</b>
Other operating revenue		0	0	0	0
Selling expenses		-282	-252	-1 020	-990
Administrative expenses		-77	-74	-310	-308
Other operating expenses		0	-4	1	-3
<b>Operating income</b>	2	<b>280</b>	<b>231</b>	<b>1 005</b>	<b>957</b>
Net interest expense/income		-11	-7	-40	-36
<b>Income before taxes</b>		<b>269</b>	<b>225</b>	<b>965</b>	<b>921</b>
Taxes	5	-66	-56	-255	-245
<b>Net income</b>		<b>203</b>	<b>169</b>	<b>710</b>	<b>676</b>
Consolidated net income pertaining to:					
Shareholders of Parent Company		203	169	710	676
<b>Net income</b>		<b>203</b>	<b>169</b>	<b>710</b>	<b>676</b>
Earnings per share, SEK before dilution		2.00	1.67		6.69
Earnings per share, SEK after dilution		1.99	1.66		6.64
Average number of shares (millions)		101.6	100.9		101.0

## Consolidated Statement of Comprehensive Income

	Jan - Mar		Full-year	
	2017	2016	LTM	2016
Net income	203	169	710	676
<b>Items that have been carried over or can be carried over to net income</b>				
Foreign currency translation	-24	-68	286	241
Cash flow hedges	5	-14	-5	-24
Net investment hedge	8	13	-95	-90
Period change in fair value of available for sale financial assets	0	0	-24	-24
Tax on components in other comprehensive income	1	-3	0	-5
<b>Items that cannot be carried over to net income</b>				
Revaluation of defined-benefit pension plans	5	-8	3	-10
Tax pertaining to items that cannot be carried over to net income	-1	2	-1	3
<b>Other comprehensive income</b>	<b>-5</b>	<b>-79</b>	<b>165</b>	<b>92</b>
<b>Total comprehensive income</b>	<b>198</b>	<b>90</b>	<b>875</b>	<b>767</b>
Total comprehensive income pertaining to:				
Shareholders of Parent Company	198	90	875	767
<b>Total comprehensive income</b>	<b>198</b>	<b>90</b>	<b>875</b>	<b>767</b>

## Consolidated Balance Sheet

	Mar 31 2017	Mar 31 2016	Dec 31 2016
<b>Assets</b>			
Intangible assets	4 219	3 998	4 240
Tangible assets	581	513	579
Long-term receivables	10	52	8
Deferred tax receivables	503	507	495
<b>Total fixed assets</b>	<b>5 314</b>	<b>5 070</b>	<b>5 323</b>
Inventories	902	780	825
Tax receivables	0	8	7
Accounts receivable	907	860	584
Prepaid expenses and accrued income	56	53	44
Other receivables	201	124	215
Cash and cash equivalents	679	295	763
Assets held for sale	3 100	0	124
<b>Total current assets</b>	<b>2 845</b>	<b>2 120</b>	<b>2 561</b>
<b>Total assets</b>	<b>8 159</b>	<b>7 189</b>	<b>7 883</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>4 125</b>	<b>3 402</b>	<b>3 826</b>
Long-term interest-bearing liabilities	2 448	2 349	2 467
Provision for pensions	129	129	131
Deferred income tax liabilities	161	173	157
<b>Total long-term liabilities</b>	<b>2 738</b>	<b>2 651</b>	<b>2 755</b>
Short-term interest-bearing liabilities	25	13	34
Accounts payable	552	535	522
Taxes	211	164	271
Other liabilities	54	39	31
Accrued expenses and deferred income	385	354	379
Provisions	31	32	32
Liabilities attributable to assets held for sale	3 36	0	34
<b>Total short-term liabilities</b>	<b>1 294</b>	<b>1 136</b>	<b>1 302</b>
<b>Total liabilities</b>	<b>4 033</b>	<b>3 787</b>	<b>4 057</b>
<b>Total equity and liabilities</b>	<b>8 159</b>	<b>7 189</b>	<b>7 883</b>

## Consolidated Statement of Changes in Equity

	Jan - Mar		Full-year
	2017	2016	2016
Opening balance, January 1	3 826	3 228	3 228
Net income	203	169	676
Total other comprehensive income	-5	-79	92
<b>Total comprehensive income</b>	<b>198</b>	<b>90</b>	<b>767</b>
Transactions with the Group's owners:			
New share issue	110	88	88
Dividend	0	0	-253
Other	-8	-4	-4
<b>Closing balance</b>	<b>4 125</b>	<b>3 402</b>	<b>3 826</b>

## Consolidated statement of Cash Flow

	Jan - Mar		Full-year
	2017	2016	2016
Income before taxes	269	225	921
Adjustments for items not included in cash flow	18	10	91
Paid income taxes	-125	-35	-176
<b>Cash flow from operating activities prior to changes in working capital</b>	<b>162</b>	<b>200</b>	<b>836</b>
<b>Cash flow from changes in working capital</b>			
Increase(-)/Decrease (+) in inventories	-75	-64	-72
Increase(-)/Decrease (+) in receivables	-318	-284	11
Increase(+)/Decrease (-) in liabilities	59	118	103
<b>Cash flow from operating activities</b>	<b>-172</b>	<b>-31</b>	<b>878</b>
<b>Investing activities</b>			
Sale of subsidiaries	0	0	-92
Acquisition/divestment of tangible assets	-13	-33	-131
<b>Cash flow from investing activities</b>	<b>-13</b>	<b>-33</b>	<b>-222</b>
<b>Financing activities</b>			
New issue of shares	110	88	88
Buy back of warrants	-6	-4	-4
Dividend	0	0	-253
Debt repaid/new loans	1	-0	0
<b>Cash flow from financing activities</b>	<b>104</b>	<b>84</b>	<b>-169</b>
Net cash flow	-81	21	487
Cash and cash equivalents at beginning of period	763	274	274
Effect of exchange rates on cash and cash equivalents	-3	0	2
<b>Cash and cash equivalents at end of period</b>	<b>679</b>	<b>295</b>	<b>763</b>

## Parent Company Income Statement

	Jan - Mar		Full-year
	2017	2016	2016
Other operating revenue	5	5	18
Other operating expenses	0	0	0
Administrative expenses	-9	-8	-37
<b>Operating income</b>	<b>-4</b>	<b>-4</b>	<b>-19</b>
Result from Shares in Subsidiaries	0	0	1 000
Interest income- and expense	1	1	4
<b>Income after financial items</b>	<b>-3</b>	<b>-3</b>	<b>985</b>
Appropriations	0	0	12
<b>Net income before taxes</b>	<b>-3</b>	<b>-3</b>	<b>997</b>
Taxes	0	0	1
<b>Net income</b>	<b>-3</b>	<b>-2</b>	<b>998</b>

## Parent Company Balance Sheet

	Mar 31	Mar 31	Dec 31
	2017	2016	2016
<b>Assets</b>			
Financial fixed assets	6 034	4 932	6 041
<b>Total fixed assets</b>	<b>6 034</b>	<b>4 932</b>	<b>6 041</b>
Other current receivables	1	2	14
Cash and cash equivalents	0	0	0
<b>Total current assets</b>	<b>1</b>	<b>2</b>	<b>14</b>
<b>Total assets</b>	<b>6 035</b>	<b>4 934</b>	<b>6 055</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>2 397</b>	<b>1 550</b>	<b>2 298</b>
Other provisions	5	2	5
Liabilities to credit institutions	2 426	2 325	2 433
Liabilities to Group companies	368	368	368
<b>Total long-term liabilities</b>	<b>2 799</b>	<b>2 695</b>	<b>2 806</b>
Liabilities to credit institutions	0	0	0
Liabilities to Group companies	820	672	931
Other current liabilities	19	17	20
<b>Total short-term liabilities</b>	<b>839</b>	<b>689</b>	<b>951</b>
<b>Total equity and liabilities</b>	<b>6 035</b>	<b>4 934</b>	<b>6 055</b>

## Disclosures, accounting policies and risk factors

Disclosures in accordance with Paragraph 16A of IAS 34 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 interim report has been prepared in accordance with IAS 34, *Interim Financial Reporting*, and the applicable provisions of the Swedish Annual Accounts Act. The interim 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. Revised IFRSs that became effective in 2017 have had no material impact on the Group's earnings and financial position.

### Note 2 Operating segments

The two product groups (racks for pick-up trucks and other accessories for pick-up trucks) that were previously included in the Specialty operating segment are now recognized as part of the Outdoor&Bags operating segment. These product categories have a strong link to our market-leading category and are included in the Outdoor&Bags operating segment in our internal reporting as of January 1. Comparative figures have been recalculated retroactively. The Specialty segment now exclusively includes the operation that is for sale, toolboxes for pick-up trucks.

	Outdoor&Bags		Specialty		Group common		Eliminations		Group	
	Jan - Mar		Jan - Mar		Jan - Mar		Jan - Mar		Jan - Mar	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Sales to customers</b>	<b>1 524</b>	<b>1 300</b>	<b>74</b>	<b>80</b>	<b>1</b>	<b>0</b>			<b>1 599</b>	<b>1 380</b>
Intercompany sales	1	1	0	0	0	0	-1	-1	0	0
<b>Underlying EBITDA</b>	<b>312</b>	<b>266</b>	<b>10</b>	<b>10</b>	<b>-24</b>	<b>-26</b>			<b>298</b>	<b>250</b>
Operating depreciation/amortization	-16	-14	-1	-1	-1	-1			-18	-16
<b>Underlying EBIT</b>	<b>296</b>	<b>252</b>	<b>9</b>	<b>9</b>	<b>-25</b>	<b>-27</b>			<b>280</b>	<b>235</b>
Other depreciation/amortization	0	-3	0	0	0	0			0	-3
<b>Operating income</b>	<b>296</b>	<b>249</b>	<b>9</b>	<b>9</b>	<b>-25</b>	<b>-27</b>			<b>280</b>	<b>231</b>
Net interest expense/income									-11	-7
Taxes									-66	-56
<b>Consolidated net income</b>									<b>203</b>	<b>169</b>

### Note 3 Assets held for sale

	Jan - Mar	Jan - Mar
	2017	2016
<b>Assets classified as held for sale</b>		
Intangible assets	17	-
Tangible assets	22	-
Inventories	19	-
Accounts receivable and other receivables	42	-
	100	-
<b>Liabilities classified as held for sale</b>		
Accounts payable and other liabilities	36	-
	36	-

## Note 4 Fair value of financial instruments

	Fair value	
	Mar 31	Mar 31
	2017	2016
<b>Assets - Financial derivatives</b>		
Financial receivables	24	46
Currency forward contracts	10	9
Currency swaps	3	5
Currency options	9	7
Interest rate swaps	0	0
<b>Total derivative assets</b>	<b>46</b>	<b>67</b>
<b>Liabilities - Financial derivatives</b>		
Currency forward contracts	-11	-2
Currency swaps	-4	-1
Currency options	-4	-4
Interest rate swaps	-11	-14
<b>Total derivative liabilities</b>	<b>-31</b>	<b>-22</b>

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 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 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 5 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. After the balance-sheet date, a settlement was reached with the German tax agency regarding some of the decisions appealed by the company. The agreement implies that the potential increase in tax based on the German tax agency's decision is to be lowered by EUR 9.6m, meaning that for this portion, the company has settled at EUR 1.3m, which is covered by provisions made in earlier years. The remaining EUR 8.3m has been written off as demands from the tax agency. The amount was already paid earlier; see below.

Regarding the tax audit in Germany for the years 2009-2012, the German tax agency made a decision in 2016 that entailed a further approximately EUR 10m in taxes and accrued interest. The company intends to appeal the ruling.

The company had already made a provision of SEK 66m for taxes/interest for the tax audits. 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. Tax payments of SEK 139m have already been made pertaining to a partial payment 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-March 2017 period was 24.6 percent compared with 24.9 percent for the year-earlier period. No significant events affecting the Group's effective tax rate occurred during the period.

## Note 6 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 5 Taxes above.

## Key figures

	Jan - Mar		Full-year	
	2017	2016	LTM	2016
Net sales, SEKm	1 599	1 380	5 830	5 611
Net sales growth, %	15.9%	5.5%	-	5.5%
Net sales growth, adjusted % <sup>1</sup>	12.3%	6.0%	-	4.9%
Gross margin, %	40.0%	40.7%	40.0%	40.2%
Underlying EBIT, SEKm	280	235	1015	970
Underlying EBIT-margin, %	17.5%	17.0%	17.4%	17.3%
Operating income (EBIT), SEKm	280	231	1005	957
Operating margin, %	17.5%	16.8%	17.2%	17.1%
Earnings per share, SEK	2.00	1.67	-	6.69
Equity ratio, %	50.6%	47.3%	50.6%	48.5%
Working capital, SEKm	1 512	997	1 512	1 203
Leverage ratio	1.6	2.2	1.6	1.6

<sup>1</sup> 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 4), 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

**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 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 transaction 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, income 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

Thule Group AGM (Malmö)

April 26, 2017

Interim report April-June 2017

July 20, 2017

Interim report, July-September 2017

October 27, 2017

Year-end report

February 13, 2018

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## 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](http://www.thulegroup.com)



# Thule Group >>

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