

## Press release

Malmö, April 25, 2018

### **CEO and President Magnus Welanders comments on the Thule Group (publ) Interim Report for the first quarter, January-March, 2018**

#### **A good start to the year**

In the first quarter of the year we grew with healthy profitability. Sales increased 5.5 percent after currency adjustment, driven by strong sales in Region Europe & ROW. In parallel, we continued to improve our EBIT margin, which on a rolling annual basis now amounts to 18.6 percent, driven by a favorable product and customer mix.

#### **Region Europe & ROW remains strong**

In Region Europe & ROW, sales increased 9 percent after currency adjustment in the first quarter.

The product categories largely followed the trend we saw in 2017, with Active with Kids as the fastest growing product category, percentage-wise. During the quarter, growth was given a particular boost by the successful launch of the updated Thule Urban Glide 2 stroller.

Record highs were set in the quarter for new registrations of RVs, but much of this increase was due to the time for registering new RVs with an older emission class ended in February. Even disregarding this partly administrative effect, which did not drive true consumer sales, we estimate the market grew with around 10 percent, and that we continued to outperform the market.

Moreover, Sport&Cargo Carriers and Packs, Bags & Luggage performed in line with 2017.

In terms of our geographic markets, we drove growth particularly in the Nordic region, France and Australia, due to new customers in a number of categories in these markets.

#### **The US weighed down Region Americas**

In Region Americas, sales declined by 4 percent in the quarter. The decline in sales was due to the ongoing phase-out in the US of a number of low-margin OE contracts, which has been announced previously. These OE contracts relate to accessories for pick-up trucks sub-category in the Sport&Cargo Carriers category, and simpler bags and cases in the Packs, Bags & Luggage category.

In addition to the known sales decrease attributable to these OE contracts, the start of 2018 has also been relatively slow for retailers in the Sport&Outdoor channel. However, our assessment is that this is not indicative of consumers' interest in our products for the year as a whole, and is instead more due to caution among retailers ahead of the peak season in a continued turbulent US market.

The Active with Kids category grew very fast even in Region Americas, mainly due to strong sales of strollers and child bike seats.

Brazil and Canada were the strongest markets in the region.

## Product mix drives improved margins

Reduced sales of OE products with lower margins in the US, combined with our continued growth in Active with Kids and more profitable bags resulted in improved profitability.

Raw material costs remained relatively high, but a positive product and customer mix together with the new 2018 prices for our customers resulted in the gross margin rising 0.3 percent after currency adjustment for the quarter.

## Well prepared for the peak season

The personnel in all of the Group's assembly plants are working in line with plans to increase capacity ahead of the peak spring season. To ensure a steady and cost-efficient ramp-up ahead of the peak season, we took a conscious decision to increase the inventory of high-volume products. At the end of the quarter, the inventory totaled SEK 981m (SEK 902m for Q1, 2017) and comprised products we are sure will be sold during the peak season.

## Many exciting new products

Our heavy investment in product development continues and in the spring and summer we are both launching a broad range of innovative products in retail and introducing new products to trade that will be launched to consumers in 2019. Together with our efficient production and distribution as well as our strong global brand, this means that I am optimistic about the year ahead.

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## About Thule Group

Thule Group is world leader in products that make it easy to bring along 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 **Sport&Cargo Carriers** (roof racks, roof boxes and carriers for transporting cycling, water and winter equipment by car), **Packs, Bags & Luggage** (e.g. computer and camera bags, luggage and hiking backpacks), **RV Products** (awnings, bike carriers and tents for motorhomes and caravans) and **Active with Kids** (bike trailers, strollers and child bike seats).

Thule Group has approximately 2,200 employees at 9 production facilities and 35 sales offices worldwide. Its products are sold in more than 140 markets and sales in 2017 amounted to SEK 5.9 billion.

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