

Press release

Malmö, 19 July, 2018

CEO and President Magnus Welanders comments on the Thule Group (publ) Interim Report for the second quarter, April-June, 2018

Continued growth with good profitability

Continued strong sales in Region Europe & ROW boosted second quarter sales to SEK 2,155m (1,955), up 10.2 percent (7.0 percent after currency adjustment).

During the quarter, EBIT increased 10.4 percent (6.6 percent after currency adjustment) and the LTM EBIT margin is now 18.8 percent.

Region Europe & ROW remains strong

The very positive trend in Region Europe & ROW continued through the second quarter and sales rose 11.7 percent (after currency adjustment).

The major category Sport&Cargo Carriers posted very strong sales during the quarter in both bike carriers and roof boxes. The last two years' launches in premium tow bar mounted bike carriers and the new roof box family, **Thule Motion XT**, continue to reap major successes.

In RV Products, we continued to capture market shares in a market that we estimate grew 10 percent.

Active with Kids grew robustly, driven in particular by our award-winning **Thule Chariot** multisport trailers and the updated **Thule Urban Glide 2** stroller.

Packs, Bags & Luggage also posted stable growth in the second quarter in our focus categories (luggage, smaller backpacks for daily use and sports bags), while sales in the area we term Legacy products (such as cases for tablets and camera bags) declined in line with expectations.

Especially France, Germany, Sweden and the Czech Republic reported excellent growth in this region.

Continued challenges in the US

During the quarter, sales declined in Region Americas by 4.2 percent (after currency adjustment), which was slightly below our expectations.

Similar to the first quarter, the decline in sales was mainly due to the ongoing phase-out in the US of a number of larger low-margin OE contracts. These OE contracts relate to accessories for pick-up trucks in the Sport&Cargo Carriers category, and simpler bags and cases in the Packs, Bags & Luggage category.

In addition to the sales decrease attributable to these OE contracts, a number of the major retail chains with multiple physical stores in the Sport&Outdoor channel experienced a tougher quarter than expected with a late spring and some store closures.

The expected decline in what we call Legacy categories negatively impacted sales in Packs, Bags & Luggage similar to what was seen in Region Europe&ROW. However, the spring launches in sports bags (including the versatile hiking backpack, **Thule AllTrail**, and the innovative hydration backpack, **Thule Vital**) were strong and the categories of luggage and backpacks for daily use developed positively.

The Active with Kids category was stable during the quarter and the for this region limited RV Products category showed a strong growth.

Once again, Brazil and Canada were the region's strongest markets and trended favorably.

Secured financing and major investments

I am very pleased that we were able to secure flexible and cost-efficient long-term financing at the end of the quarter, through a new loan agreement extending for at least five years.

During the quarter, we have made major investments in product development and are now at the previously communicated level of 6 percent of sales spend on product development. Cash flow was also affected in the quarter by the planned build up of stock levels ahead of major launches this autumn.

High season with fairs and retail launches

We are now entering the final phase of this year's peak season with the major delivery months of July and August. The fair season, when the new products for the 2019 season are exhibited to the retail trade, is also in full swing. And not least, during the quarter, the Active with Kids category's important new **Thule Sleek** urban stroller will start being sold in leading stores around the globe.

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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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