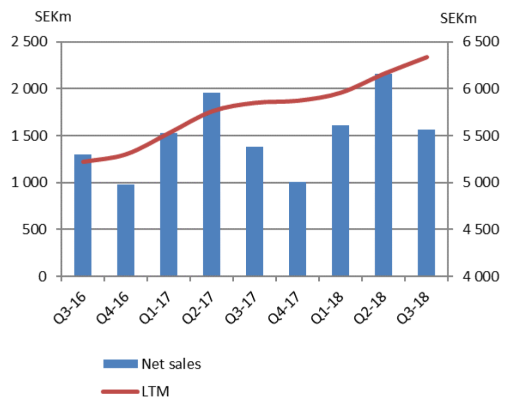
Interim report for the third quarter, July–September 2018

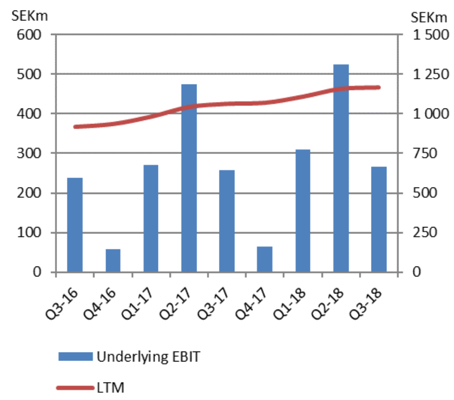
- **Net sales**[1] for the third quarter amounted to SEK 1,561m (1,385), corresponding to an increase of 12.7 percent. Adjusted for exchange rate fluctuations, sales rose 3.8 percent.
- **Operating income**[1] totaled SEK 267m (258), corresponding to an increase of 3.4 percent and a margin of 17.1 percent (18.6). Adjusted for exchange rate fluctuations, operating income decreased 3.0 percent.
- **Net income**[1] was SEK 189m (185).
- **Cash flow from operating activities** totaled SEK 499m (519).
- **Earnings per share before dilution**[1] amounted to SEK 1.83 (1.81).

	Jul-Sep 2018	Jul-Sep 2017	%	**Jan-Sep 2018**	Jan-Sep 2017	%	Full-year 2017
Net sales, SEKm	**1 561**	1 385	*+12.7*	**5 327**	4 866	*+9.5*	5 872
Underlying EBIT, SEKm	**267**	258	*+3.4*	**1 100**	1 003	*+9.6*	1 069
Operating income (EBIT), SEKm	**267**	258	*+3.4*	**1 099**	1 002	*+9.6*	1 067
Net income from continued operations, SEKm	**189**	185	*+1.9*	**794**	730	*+8.8*	690
Earnings per share, SEK	**1.83**	1.81	*+0.8*	**7.71**	7.16	*+7.7*	6.77
Cash flow from operating activities, SEKm	**499**	519	*-4.0*	**590**	763	*-22.6*	972

Net sales



Underlying EBIT



[1] The figures pertain to continuing operations, excluding the Specialty segment, which was divested in June 2017. The divested Specialty segment is reported as discontinued operations.

CEO's comments

A stable quarter with major launch efforts

Third quarter sales rose to SEK 1,561m (1,385), up 12.7 percent (3.8 percent after currency adjustment). Accordingly, sales increased SEK 461m (up 5.6 percent after currency adjustment) in the first three quarters of the year.

During the quarter EBIT increased 3.4 percent and for the first three quarters operating income has grown by SEK 97m (up 9.6 percent).

The third quarter was dominated by major launches for the future which led to increased development and launch costs of approx. SEK 25m year-on-year.

Thule's longstanding market leading position in Sport&Cargo Carriers was strengthened further with the introduction of an entirely new generation of roof racks, setting a completely new standard for user-friendliness, and two roof box models (the first will be in stores by winter 2018, and the second in autumn 2019). In parallel the Thule Sleek stroller sales started in store in the quarter, which opens great opportunities in the stroller category going forward.

Due to these launches, stock levels were also purposely built up in the quarter, and will remain relatively high over the next six months, to ensure that we can efficiently capture the expected increase in sales over the peak early spring period next year.

Region Europe & ROW remains strong

In the third quarter, sales increased 7.8 percent (after currency adjustment) in Region Europe & ROW, which means that currency-adjusted growth after the third quarter was 9.8 percent.

In Sport&Cargo Carriers, sales of roof boxes and bike racks continued to trend favorably, at the same time as we noted an expected slowdown among major customers for certain roof rack models ahead of the introduction of the recently launched new generation of roof racks.

RV Products continued to develop well in a healthy market, primarily in the German and French markets.

Sales of our new stroller, Thule Sleek, contributed to strong growth in Active with Kids. Generally, we are very pleased with the response from customers, media and consumers to the product.

Packs, Bags & Luggage continued the stable growth trend in our focus categories, while for our legacy products, sales declined in line with our expectations.

Challenging market in Region Americas

In Region Americas, sales declined by 4.4 percent after currency adjustment in the third quarter, which was in line with the trend posted earlier in the year.

The planned phase-out of lower margin products linked to certain OE contracts in Packs, Bags & Luggage reduced sales by around SEK 10m.

Other categories posted corresponding decline due largely to lower order volumes in Argentina and Colombia. Weaker local currencies in these countries resulted in our distributors being cautious about placing new orders during the quarter.

In the Sport&Cargo Carriers category, sales was in line with last year and as with Region Europe & ROW, we drove strong growth in Active with Kids.

The US market remains challenging and we have another half year ahead of us with negative effects due to the already communicated phase-out of certain OE contracts, corresponding to lower sales of around SEK 60m. However, the exciting launches in key categories combined with implemented organizational changes, mean we have a more optimistic outlook from spring 2019.

Import duties and phase-outs impact the US

It is well known that the US government has introduced import duties on a number of components and goods imported from China. An initial tariff of 10 percent was implemented with immediate effect at the end of September. From January 1 next year, these goods will be subject to an additional import duty of 15 percent.

We have informed our customers that we will pass on the effects of these duties, which we estimate at around SEK 50m. In general, we do not consider that this will affect us noticeably in terms of competition. At present, the potential effect on demand is difficult to speculate on.

Focus on key launches in the near future

Currently we focus big efforts on the broader roll-out of our new city-stroller, Thule Sleek, in more stores as well as on the sales start for our new roof rack program and the new roof box Thule Force XT, which have just been launched. We are also starting preparations for a very exciting spring with a broader product range and a stronger market position in all of our key categories.

Magnus Welander,
CEO and President

Financial overview[2]

Trend for the third quarter

Net sales

In the third quarter of 2018, net sales amounted to SEK 1,561m (1,385), representing an increase of 12.7 percent. Adjusted for exchange rate fluctuations, net sales for the Group rose 3.8 percent.

In Region Europe & ROW, net sales totaled SEK 1,090m (935), up 16.6 percent, and 7.8 percent after currency adjustments. In Region Americas, after currency adjustment, sales declined 4.4 percent compared with the third quarter of 2017, which was largely attributable to a planned phase-out of certain low-margin products, but also to lower sales in certain markets in Latin America.

Change in net sales	Jul-Sep 2018	Jan-Sep 2018
Changes in exchange rates	8.9%	3.9%
Structural changes	0.0%	0.0%
Organic growth	3.8%	5.6%
Total	**12.7%**	**9.5%**

Gross income

Gross income for the quarter totaled SEK 611m (570), corresponding to a gross margin of 39.2 percent (41.1). After currency adjustment, the margin decrease totaled 1.0 percentage point. The lower margin in the quarter stemmed mainly from continued higher purchase prices for our major material categories and the product mix during the quarter. In addition to the above, results were impacted marginally by certain start-up costs for building volume ahead of the major launches that were presented to the market during the quarter.

Operating income

Underlying EBIT amounted to SEK 267m (258), corresponding to an operating margin of 17.1 percent (18.6). Changes in exchange rates had an overall positive impact of SEK 17m on underlying EBIT, compared with the third quarter of 2017. After currency adjustment, we achieved a slightly lower margin in the quarter year-on-year, which was due to the substantial investments we are making in product development and marketing activities for major product launches, which increased about SEK 25m in the quarter year-on-year.

Change in underlying EBIT margin	Jul-Sep	Jan-Sep
Underlying EBIT 2018	267	1 100
Underlying EBIT margin 2018	17.1%	20.6%
Underlying EBIT 2017	258	1 003
Underlying EBIT margin 2017	18.6%	20.6%
Underlying EBIT 2017, currency adjusted	275	1 052
Underlying EBIT margin 2017, currency adjusted	18.3%	20.8%
Change in underlying EBIT margin, currency adjusted	**-1.2%**	**-0.2%**

[2] Unless otherwise stated, the figures in the overview pertain to continuing operations, in other words excluding the operation divested in June 2017, which constitutes discontinued operations.

Net financial items

In the third quarter, net financial items amounted to an expense of SEK 12m (expense: 14). Exchange rate differences on loans and cash and cash equivalents were an expense of SEK 3m (expense: 4). The interest expense for borrowings was SEK 8m (expense: 10).

Net income for the period

In the third quarter, net income was SEK 189m, corresponding to earnings per share of SEK 1.83 before dilution and SEK 1.82 per share after dilution. For the corresponding year-earlier period, net income from continuing operations totaled SEK 185m, corresponding to earnings per share of SEK 1.81 before dilution and SEK 1.80 per share after dilution.

Trend for the first three quarters

Net sales

Net sales for the first three quarters of 2018 amounted to SEK 5,327m (4,866), corresponding to an increase of 9.5 percent. Adjusted for exchange rate fluctuations, net sales for the Group rose 5.6 percent.

In Region Europe & ROW, net sales totaled SEK 3,890m (3,355), up 16.0 percent, and 9.8 percent after currency adjustments. In Region Americas, after currency adjustment, sales declined 4.3 percent compared with the first three quarters of 2017, which was largely attributable to a planned phase-out of certain low-margin products.

Gross income

Gross income amounted to SEK 2,190m (2,019) corresponding to a gross margin of 41.1 percent (41.5). After currency adjustment, the margin was unchanged compared with the year-earlier period.

Operating income

Underlying EBIT amounted to SEK 1,100m (1,003), corresponding to an operating margin of 20.6 percent (20.6). Changes in exchange rates had an overall positive impact of SEK 49m on underlying EBIT, compared with the first three quarters of 2017. After currency adjustment, we achieved a year-on-year margin decline of 0.2 percentage points in the period.

Net financial items

In the first three quarters, net financial items amounted to an expense of SEK 41m (expense: 37), and were negatively impacted by exchange rate differences of SEK 5m (neg: 2) on loans and cash and cash equivalents. The refinancing of Thule Group, which was completed in the second quarter, resulted in an SEK 4m expense in net financial items and was attributable to the settlement of previously capitalized financing costs. The interest expense for borrowings for the first three quarters was SEK 29m (expense: 32).

Net income for the period

For the first three quarters, net income was SEK 794m, corresponding to earnings per share of SEK 7.71 before dilution and SEK 7.70 per share after dilution. For the corresponding year-earlier period, net income from continuing operations totaled SEK 730m, corresponding to earnings per share of SEK 7.16 before dilution and SEK 7.12 per share after dilution.

Cash flow

Net cash flow for the period

Cash flow from operating activities for the first three quarters was SEK 590m (763). The change compared with the year-earlier period was attributable to increased working capital and higher income tax payments. Investments in tangible assets amounted to SEK 123m (115). During the period, shares were issued for SEK 138m as a result of the exercise of warrants and a dividend amounting to SEK 310m was paid to the company’s shareholders. During the year, Thule Group entered into a new financing agreement and, in conjunction with the new agreement entering force, the existing loans under the old loan agreement were repaid, which was partially financed by borrowings under the new financing agreement, and partly from Thule Group’s cash balances, resulting in an outflow of SEK 256m. A further SEK 100m was repaid during the quarter.

Financial position

At September 30, 2018, the Group's equity amounted to SEK 3,966m (3,433). The equity ratio amounted to 50.0 percent (46.0).

At September 30, 2018, net debt amounted to SEK 1,561m (1,664). Total long-term borrowing amounted to SEK 2,051m (2,394), and comprised loans from credit institutions of SEK 2,057m (2,392), gross, capitalized financing costs of SEK 12m (expense: 6) and the long-term portion of financial derivatives of SEK 5m (8). Total current financial liabilities amounted to SEK 33m (12) and comprised the short-term portion of financial derivatives and finance lease liabilities.

SEKm	Sep 30 2018	Sep 30 2017	Dec 31 2017
Long-term loans, gross	2 057	2 392	2 275
Financial derivative liability, long-term	5	8	13
Short-term loans, gross	6	5	7
Financial derivative liability, short-term	27	7	21
Overdraft facilities	0	0	0
Capitalized financing costs	-12	-6	-5
Accrued interest	0	0	0
Gross debt	**2 084**	**2 407**	**2 312**
Finanial derivative asset	-11	-10	-12
Cash and cash equivalents	-512	-733	-581
Net debt	**1 561**	**1 664**	**1 719**

Pledged assets for Thule Group amounted to SEK 0m (21).

At September 30, 2018, goodwill was SEK 4,370m (4,057). The increase was fully attributable to currency effects.

At September 30, 2018, inventories amounted to SEK 862m (640). Of the increase, SEK 38m was due to currency effects, and the remainder was mainly due to the predetermined build up of stock levels ahead of the major launches that were conducted toward stores during the quarter (new stroller Thule Sleek), and which will come into stores during winter 2018 (the new roof rack generations Thule Evo and Thule Edge, and the roof box Thule Force XT). In addition to these launches, at the end of the quarter, we started building up stocks of components with long lead times for high volume products to ensure that our suppliers and our internal final assembly would be able to cost-efficiently meet the expected increase in sales during the peak season next year.

Other information

New financing

During the year, Thule Group entered into a new loan agreement that replaced the agreement contracted in conjunction with the IPO in November 2014. The new loan agreement, which entered force on June 29, 2018, is a revolving credit facility of EUR 300m with a maturity of five years and an option for extension of up to two years.

The new loan agreement aims to secure the long-term financing of the company through a more flexible and more cost-efficient agreement than previous agreements. The new loan agreement also includes a functionality for a possible future issuance of a commercial paper program of SEK 2,000m. In conjunction with the new agreement entering force, the existing loans under the old loan agreement were repaid, which was partially financed by borrowings under the new financing agreement, and partly from Thule Group's cash balances. The refinancing means that a nonrecurring cost of SEK 4m was charged to Thule Group's earnings and was attributable to the settlement of previously capitalized financing costs.

The preconditions provided by the new loan agreement mean that Thule Group's annual financing costs are expected to decrease by SEK 12–15m over time. Commitments under the loan agreement are distributed equally between Nordea Bank AB (publ) and Swedbank AB (publ). Nordea Bank AB (publ) is acting as agent and coordinator of the transaction in their role as documentation agent.

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, where 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 2,438 (2,204). The increase is mainly attributable to early staffing for the season at our plants to manage increased sales volumes.

Thule Group's share

The shares of Thule Group AB are listed on the Nasdaq Stockholm Large Cap list. At September 30, 2018, the total number of shares in issue was 103,208,606.

Thule Group's 2014/2018 warrants program ended on March 5, 2018 and this meant that the number of shares in the company increased by 1,135,696 and a share issue for SEK 138m.

Dividend

The Annual General Meeting on April 25 resolved to distribute a dividend of SEK 6.00 per share and that the dividend be paid in two installments for a better adaptation to the Group's cash flow profile.

The record date for the first dividend payment of SEK 3.00 per share was April 27, 2018. October 5, 2018, was set as the record date for the second payment of SEK 3.00 per share.

Shareholders

At September 30, 2018, Thule Group AB had 13,181 shareholders. At this date, the largest shareholders were AMF Försäkringar & Fonder (10.6 percent of the votes), Nordea Fonder (5.4 percent of the votes), Lannebo Fonder (5.2 percent of the votes), Handelsbanken Fonder (5.0 percent of the votes) and SEB Fonder (4.4 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–September 30, 2018. The Parent Company invoices its costs to Group companies. The Parent Company reported negative net income of SEK 13m (neg: 11).

Cash and cash equivalents and current investments amounted to SEK 0m (0). Long-term liabilities to credit institutions totaled SEK 2,033m (2,374).

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.

Sales trend by region

SEKm	Jul-Sep 2018	Jul-Sep 2017	Change Rep.	Change Adjust.[1]	Jan-Sep 2018	Jan-Sep 2017	Change Rep.	Change Adjust.[1]
Net sales	1 561	1 385	*12.7%*	*3.8%*	5 327	4 866	*9.5%*	*5.6%*
- Region Europe & ROW	1 090	935	*16.6%*	*7.8%*	3 890	3 355	*16.0%*	*9.8%*
- Region Americas	472	450	*4.7%*	*-4.4%*	1 437	1 511	*-4.9%*	*-4.3%*

[1]Adjusted for changes in exchange rates

In the third quarter of 2018, net sales amounted to SEK 1,561m (1,385), representing an increase of 3.8 percent after currency adjustment. The continued strong performance of Region Europe & ROW was the driving factor behind the increased sales.

Region Europe & ROW

In the third quarter, sales increased 7.8 percent (after currency adjustment) in Region Europe & ROW, which means that, after the third quarter, currency-adjusted growth was 9.8 percent.

In Sport&Cargo Carriers, roof boxes and bike racks continued to trend favorably, at the same time as we noted an expected slowdown at major customers for certain roof rack models ahead of the introduction of the recently launched new roof rack generation, which will start to be sold in stores in the last quarter of the year. The new Thule Evo and Thule Edge roof racks will be launched in a number of stages over the next 18 months and set completely new standards in user-friendliness.

RV Products continued to develop well in a healthy market, and in this category awnings and bike racks continued to grow strongly, primarily in the large German and French markets.

Continued good development of the 3-wheel Thule Urban Glide 2 stroller and our Thule Chariot bike trailers and the sales start of the new Thule Sleek stroller, that was launched in stores during the quarter, drove healthy growth in Active with Kids. Generally, we are extremely pleased with how the Thule Sleek has been received by customers, media and consumers.

Packs, Bags & Luggage continued the trend shown earlier in the year with stable growth in our focus categories, while sales in the area we term legacy products declined in line with the market and our expectations.

In a generally upbeat trend for the region, the Nordic countries, Benelux and eastern Europe stood out in particular with extremely good growth, driven by successful launches and investments in our retailers.

Region Americas

In Region Americas, sales declined by 4.4 percent after currency adjustment in the third quarter, which was in line with the trend posted earlier in the year. The planned phase-out of less profitable products linked to certain OE contracts dragged down sales by SEK 10m and in other product categories sales declined SEK 10m, largely due to lower orders from certain markets in Latin America. Weaker local currencies in Argentina and Colombia in particular resulted in our distributors being cautious about placing new orders during the quarter.

In the Sport&Cargo Carriers category, sales tracked as last year and, as with Region Europe & ROW, we noted strong growth in Active with Kids, particularly at the end of the quarter.

As expected, the planned phase-out of certain contracts for cases and bags to OE customers negatively impacted Packs, Bags & Luggage in the quarter.

The US market continues to be challenging and we have another half year ahead of us with negative effects, corresponding to around SEK 60m, due to the announced phase-out of certain OE contracts. With important major product launches and the recently completed personnel changes on the sales side, combined with an a better product&customer mix following two years of phase-outs of less profitable OE contracts, we are however much more positive for the trend from the second quarter of 2019.

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.

October 26, 2018

Board of Directors

Auditor's report

To the Board of Directors of Thule Group AB (publ)
Corp. id. 556770-6311

Introduction

We have reviewed the condensed interim financial information (interim report) of Thule Group AB (publ) as of 30 September 2018 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Malmö 26 October 2018
PricewaterhouseCoopers AB

Eric Salander
Authorized Public Accountant
Auditor in charge

Magnus Jönsson
Authorized Public Accountant

Selected key launches during the period

Thule Sleek launched in stores during the quarter – A flexible and stylish stroller with several configurations for an active urban life. The stroller transforms easily into a double stroller and is the first four wheeled stroller from Thule.

Global launch of a new roof rack generation at the world's largest fair for car accessories – at the Automechanika fair in Frankfurt, which was held in September, the Thule Evo and Thule Edge roof racks were launched. These roof racks set new standards for user-friendliness and safety. The launch was celebrated by showing the story of how Thule has been a global market leader for more than 50 years in this category. The new roof racks will be launched in phases for different types of car roofs over the next one and a half years, and the first products will be in stores in winter 2018.

Financial statements

(Unless otherwise stated, all amounts are in SEKm)

Consolidated Income Statement

		Jul - Sep		Jan - Sep			Full-year
	Note	**2018**	**2017**	**2018**	**2017**	**LTM**	**2017**
Continuing operations							
Net sales	*2*	1 561	1 385	5 327	4 866	6 333	5 872
Cost of goods sold		-950	-816	-3 138	-2 847	-3 746	-3 455
Gross income		**611**	**570**	**2 190**	**2 019**	**2 587**	**2 416**
Other operating revenue		0	-0	0	4	-0	4
Selling expenses		-274	-240	-870	-801	-1 123	-1 053
Administrative expenses		-71	-72	-220	-219	-301	-300
Other operating expenses		0	0	0	0	0	0
Operating income	*2*	**267**	**258**	**1 099**	**1 002**	**1 164**	**1 067**
Net interest expense/income		-12	-14	-41	-37	-56	-52
Income before taxes		**254**	**244**	**1 058**	**966**	**1 108**	**1 015**
Taxes	*5*	-66	-59	-264	-236	-354	-325
Net income from continuing operations		**189**	**185**	**794**	**730**	**754**	**690**
Discontinued operations							
Net income from discontinued operations	*3*	0	-0	0	18	-1	17
Net income		**189**	**185**	**794**	**748**	**753**	**707**
Net income pertaining to:							
Shareholders of Parent Company		189	185	794	748	753	707
of which, pertaining to continuing operations		189	185	794	730	754	690
of which, pertaining to discontinued operations		0	-0	0	18	-1	17
Net income		**189**	**185**	**794**	**748**	**753**	**707**
Earnings per share continuing operations, SEK before dilution		1.83	1.81	7.71	7.16		6.77
Earnings per share continuing operations, SEK after dilution		1.82	1.80	7.70	7.12		6.72
Earnings per share, SEK before dilution		1.83	1.81	7.71	7.34		6.93
Earnings per share, SEK after dilution		1.82	1.80	7.70	7.30		6.89
Average number of shares (millions)		103.2	102.1	102.9	101.9		101.9

Consolidated Statement of Comprehensive Income

	Jul - Sep		Jan - Sep			Full-year
	2018	**2017**	**2018**	**2017**	**LTM**	**2017**
Net income	189	185	794	748	753	707
Items that have been carried over or can be carried over to net income						
Foreign currency translation	-86	-131	329	-255	474	-111
Cash flow hedges	30	8	4	9	-6	-1
Net investment hedge	21	43	-125	61	-187	-0
Period change in fair value of available for sale financial assets	0	0	0	24	0	24
Tax on components in other comprehensive income	-6	1	5	17	14	26
Items that cannot be carried over to net income						
Revaluation of defined-benefit pension plans	-2	-0	-16	-4	-25	-14
Tax pertaining to items that cannot be carried over to net income	0	0	3	1	6	4
Other comprehensive income	**-42**	**-78**	**200**	**-148**	**276**	**-72**
Total comprehensive income	**146**	**106**	**994**	**600**	**1 029**	**634**
Total comprehensive income pertaining to:						
Shareholders of Parent Company	146	106	994	600	1 029	634
Total comprehensive income	**146**	**106**	**994**	**600**	**1 029**	**634**

Consolidated Balance Sheet

	Sep 30 2018	Sep 30 2017	Dec 31 2017
Assets			
Intangible assets	4 399	4 089	4 177
Tangible assets	741	629	645
Long-term receivables	13	11	9
Deferred tax receivables	338	433	324
Total fixed assets	**5 492**	**5 161**	**5 155**
Inventories	862	640	819
Tax receivables	130	1	26
Accounts receivable	801	736	580
Prepaid expenses and accrued income	64	55	49
Other receivables	65	137	76
Cash and cash equivalents	512	733	581
Total current assets	**2 435**	**2 301**	**2 129**
Total assets	**7 926**	**7 462**	**7 285**
Equity and liabilities			
Equity	**3 966**	**3 433**	**3 467**
Long-term interest-bearing liabilities	2 051	2 394	2 283
Provision for pensions	168	139	148
Deferred income tax liabilities	175	156	185
Total long-term liabilities	**2 395**	**2 689**	**2 617**
Short-term interest-bearing liabilities	33	12	29
Accounts payable	497	399	519
Tax liabilities	258	278	217
Other liabilities	328	205	29
Accrued expenses and deferred income	424	416	382
Provisions	25	30	25
Total short-term liabilities	**1 566**	**1 340**	**1 201**
Total liabilities	**3 960**	**4 029**	**3 817**
Total equity and liabilities	**7 926**	**7 462**	**7 285**

Consolidated Statement of Changes in Equity

	Jan - Sep		Full-year
	2018	2017	2017
Opening balance, January 1	3 467	3 826	3 826
Adjusted Equity as per 1 January	-2	0	0
Net income	794	748	707
Other comprehensive income	200	-148	-72
Total comprehensive income	**994**	**600**	**634**
Transactions with the Group's owners:			
New share issue	138	110	110
Dividend	-619	-1 113	-1 113
Other	-12	10	10
Closing balance	**3 966**	**3 433**	**3 467**

Consolidated Statement of Cash Flow

	Jul - Sep		Jan - Sep	
	2018	2017	2018	2017
Income before taxes	254	244	1 058	966
Income from discontinued operations before taxes	0	-2	0	40
Adjustments for items not included in cash flow	52	14	115	51
Paid income taxes	-87	-41	-331	-171
Cash flow from operating activities prior to changes in working capital	**220**	**215**	**842**	**885**
Cash flow from changes in working capital				
Increase(-)/Decrease (+) in inventories	35	70	-16	152
Increase(-)/Decrease (+) in receivables	428	405	-213	-183
Increase(+)/Decrease (-) in liabilities	-184	-171	-23	-92
Cash flow from operating activities	**499**	**519**	**590**	**763**
Investing activities				
Sale of subsidiaries	0	-1	0	145
Acquisition/divestment of tangible/intangible assets	-56	-35	-123	-115
Cash flow from investing activities	**-56**	**-36**	**-123**	**29**
Financing activities				
New issue of shares	0	0	138	110
Others	0	18	-8	10
Dividend	0	0	-310	-939
Debt repaid/new loans	-100	1	-356	0
Cash flow from financing activities	**-100**	**19**	**-536**	**-820**
Net cash flow	343	502	-69	-28
Cash and cash equivalents at beginning of period	169	232	581	763
Effect of exchange rates on cash and cash equivalents	1	-1	0	-2
Cash and cash equivalents at end of period	**512**	**733**	**512**	**733**

Condensed Parent Company Income Statement

	Jul - Sep		Jan - Sep		Full-year
	2018	2017	2018	2017	2017
Other operating revenue	5	5	15	14	18
Administrative expenses	-9	-13	-26	-29	-40
Operating income	**-4**	**-8**	**-11**	**-15**	**-22**
Result from Shares in Subsidiaries	0	0	0	0	600
Interest income- and expense	-0	2	-2	3	3
Income after financial items	**-4**	**-6**	**-13**	**-12**	**581**
Appropriations	0	0	0	0	15
Net income before taxes	**-4**	**-6**	**-13**	**-12**	**596**
Taxes	0	1	0	1	1
Net income	**-4**	**-5**	**-13**	**-11**	**597**

Condensed Parent Company Balance Sheet

	Sep 30	Sep 30	Dec 31
	2018	2017	2017
Assets			
Financial fixed assets	4 639	4 981	5 468
Total fixed assets	**4 639**	**4 981**	**5 468**
Other current receivables	13	3	18
Cash and cash equivalents	0	0	0
Total current assets	**13**	**3**	**18**
Total assets	**4 651**	**4 984**	**5 486**
Equity and liabilities			
Equity	**1 396**	**1 294**	**1 903**
Other provisions	10	7	7
Liabilities to credit institutions	2 033	2 374	2 261
Liabilities to Group companies	368	368	368
Total long-term liabilities	**2 411**	**2 749**	**2 636**
Liabilities to credit institutions	0	0	0
Liabilities to Group companies	519	752	927
Other current liabilities	325	189	20
Total short-term liabilities	**844**	**941**	**947**
Total equity and liabilities	**4 651**	**4 984**	**5 486**

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 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. With the following exceptions, the same accounting policies and calculation methods have been applied for the Group and Parent Company as in the most recent Annual Report. In 2018, the Group started to apply IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. The effects of these standards were described in the latest annual report. Work is ongoing with evaluating the effect of implementing IFRS 16 Leases. The Group will apply the standard from January 1, 2019.

Note 2 Operating segments and allocation of revenue

The two product groups (racks and other accessories for pick-up trucks) that were previously included in the Specialty operating segment are now recognized as part of continuing operations. Comparative figures have been recalculated retroactively. The remaining part of the Specialty operating segment, toolboxes for pick-up trucks, was divested in June 2017 and is reported as a discontinued operation. Refer to Note 3 Discontinued operations. As a result of the divestment of the Specialty operating segment, the Group now comprises one segment.

	Jul - Sep		Jan - Sep			Full-year
	2018	2017	2018	2017	LTM	2017
Sales to customers	**1 561**	**1 385**	**5 327**	**4 866**	**6 333**	**5 872**
- Region Europe & ROW	1 090	935	3 890	3 355	4 518	3 983
- Region Americas	472	450	1 437	1 511	1 815	1 889
Underlying EBITDA	**286**	**275**	**1 154**	**1 054**	**1 237**	**1 136**
Operational depreciation/amortization	-19	-17	-54	-50	-71	-67
Underlying EBIT	**267**	**258**	**1 100**	**1 003**	**1 165**	**1 069**
Other depreciation/amortization	0	0	-1	-1	-1	-1
Items affecting comparability	0	0	0	0	0	0
Operating income	**267**	**258**	**1 099**	**1 002**	**1 164**	**1 067**
Net interest expense/income	-12	-14	-41	-37	-56	-52
Taxes	-66	-59	-264	-236	-354	-325
Net income from discontinued operations	0	0	0	18	-1	17
Net income	**189**	**185**	**794**	**748**	**753**	**707**

All revenue is recognized at one point in time.

Note 3 Discontinued operations

	Jan - Sep 2018	Jan - Sep 2017
Revenue	-	128
Expenses	-	-110
Income before taxes	-	**17**
Realization gain/loss from divestment of discontinued operation	-	22
Taxes	-	-22
Net income from discontinued operations	**-**	**18**
Earnings per share, discontinued operations, SEK	-	0,18

	Jan - Sep 2018	Jan - Sep 2017
Cash flow from discontinued operations		
Operating cash flow before investments	-	30
Operating cash flow after investments	-	30

Note 4 Fair value of financial instruments

	Fair value Sep 30 2018	Fair value Sep 30 2017
Assets - Financial derivatives		
Currency forward contracts	10	5
Currency swaps	1	3
Currency options	0	2
Interest rate swaps	0	0
Total derivative assets	**11**	**10**
Liabilities - Financial derivatives		
Currency forward contracts	-17	-5
Currency swaps	-10	-1
Currency options	0	-2
Interest rate swaps	-5	-8
Total derivative liabilities	**-33**	**-16**

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.

Note 5 Taxes

The effective tax rate for the January–September 2018 period was 25.0 percent. The effective tax rate for continuing operations in the corresponding period of 2017 was 24.4 percent. 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 racks or water sport-related products) is greatest during the warmer months of the year, while demand for smaller bags is greatest when schools start and at the end of the year. 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.

Key figures

	Jul - Sep		Jan - Sep		Full-year
	2018	2017	2018	2017	2017
Net sales, SEKm	1 561	1 385	5 327	4 866	5 872
Net sales growth, %	12.7%	6.9%	9.5%	12.6%	10.7%
Net sales growth, adjusted %[1]	3.8%	8.5%	5.6%	10.2%	9.5%
Gross margin, %	39.2%	41.1%	41.1%	41.5%	41.2%
Underlying EBIT, SEKm	267	258	1 100	1 003	1 069
Underlying EBIT-margin, %	17.1%	18.6%	20.6%	20.6%	18.2%
Operating income (EBIT), SEKm	267	258	1 099	1 002	1 067
Operating margin, %	17.1%	18.6%	20.6%	20.6%	18.2%
Earnings per share, SEK	1.83	1.81	7.71	7.16	6.77
Earnings per share (total operations), SEK	1.83	1.81	7.71	7.34	6.93
Equity ratio, %	50.0%	46.0%	50.0%	46.0%	47.6%
Working capital, SEKm	902	973	902	973	957
Leverage ratio	1.3	1.5	1.3	1.5	1.5

[1] Adjusted 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 and allocation of revenue. 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 debt Total long and short-term borrowing including overdraft facilities, financial derivatives, capitalized transaction costs and accrued interest.

Gross income Net sales less cost of goods sold.

Gross margin Gross income as a percentage of net sales.

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 LTM EBITDA.

LTM Rolling 12-month.

Net debt Gross debt less cash and cash equivalents.

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

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 EBIT EBIT excluding items affecting comparability and depreciation/amortization of consolidated excess values.

Underlying EBITDA EBITDA excluding items affecting comparability.

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

Year-end report	February 13, 2019
Interim report, January–March 2019	April 26, 2019
Thule Group AGM (Malmö)	April 26, 2019

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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 **Sport&Cargo Carriers** (e.g. roof racks, roof boxes and carriers for transporting bikes, water and winter equipment by car), **Active with Kids** (e.g. bike trailers, strollers and child bike seats), **RV Products** (e.g. awnings, bike carriers and tents for motorhomes and caravans) and **Packs, Bags & Luggage** (e.g. hiking backpacks, luggage and camera bags,).

Thule Group has about 2,200 employees at nine production facilities and 35 sales offices worldwide. The Group's products are sold in 140 markets and in 2017, sales amounted to SEK 5.9 billion. www.thulegroup.com

Thule Group

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