

Press release

Malmö, 26 October, 2018

CEO and President Magnus Welander comments on the Thule Group (publ) Interim Report for the third quarter, July-September, 2018

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.

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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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