

Press release

Malmö, February 13, 2019

Thule Group CEO and President Magnus Welander comments on the Year-end report, fourth quarter, October-December 2018

Strong growth for the quarter and full year

After the fourth quarter, we can summarize another year of healthy sales growth of 6.0 percent and high profitability, with an EBIT margin of 18.0 percent. This is despite the fact that we invested 6 percent of sales in product development, which is in line with our focus on long-term organic growth.

Sales in the fourth quarter climbed to SEK 1,157m (1,006), an increase of 15.0 percent (8.0 percent after currency adjustment). During the quarter, EBIT declined SEK 1m, which was in line with our expectations. Factors that impacted profitability were the anticipated under-utilization of production capacity during the ramp-up phase for new products, the continued negative impact of higher material prices and major investments in product development during this quarter.

As communicated earlier, we ended the year with a deliberate build-up of inventory levels, mainly driven by future product launches. The higher inventory levels will continue until the summer of 2019.

Region Europe & ROW remains strong

In the fourth quarter, sales increased 13.0 percent (after currency adjustment) in Region Europe & ROW, which means that currency-adjusted growth for the full year was 10.3 percent.

Our largest category, Sport&Cargo Carriers, continued its rapid growth, with an increase of 9 percent for the full year.

Active with Kids grew by 24 percent during the year, with the most rapid expansion in the fourth quarter, driven by the launch of the Thule Sleek stroller.

The end to the year continued well for RV Products, which is a major category for the region and in which we achieved 14 percent growth for the year.

The only disappointment in the region was Packs, Bags & Luggage with a decline of 3 percent. Despite growth in the new focus categories (suitcases, backpacks, sports bags), we were unable to offset the sales decline that was greater than expected in the older categories that we term Legacy (camera bags, tablet cases).

Slightly more positive in Region Americas

In Region Americas, sales increased 0.2 percent after currency adjustment during the fourth quarter. This means that for the full year, currency-adjusted sales declined by 3.3 percent.

The planned phase-out of less profitable products linked to certain OE contracts in Sport&Cargo Carriers as well as Packs, Bags & Luggage reduced sales by SEK 16m for the quarter and with SEK 60m for the full year.

In Sport&Cargo Carriers, the fourth quarter was the strongest for the year, but sales for the full year declined 2 percent after currency adjustment.

Packs, Bags & Luggage, had a weak performance for the full year, partly due to the planned phase-out of certain OE contracts, but also due to a more significant decline than expected in sales of our Legacy products.

Active with Kids was the most rapidly expanding category in Region Americas and ended the year with growth of 13 percent.

RV Products, which is a marginal category for the region, grew by 2 percent in a challenging market.

A minor acquisition with many synergies

On December 18, we acquired Tepui Outdoors Inc., one of North America's leading manufacturers of Roof Top Tents, with sales of USD 6.1m in 2018. Sales of this type of products have steadily grown in recent years and the synergies between the Thule brand's market-leading position for solutions to take along equipment by car and Tepui's Roof Top Tents are obvious from a marketing and manufacturing perspective. The acquisition is not expected to have any material impact on the group's sales and earnings. Moving forward Roof Top Tents will be reported in the Sport&Cargo Carriers category.

An exciting spring season awaits

We are entering a very exciting year, with a broad range of new product launches in new sales channels for new categories. In the first quarter, the new hard suitcase series, Thule Revolve, will appear in stores and at the beginning of the second quarter, our updated portfolio of bike racks, roof boxes and roof racks, as well as our design-winning products for motorhomes will enter their high season. We will also continue the roll-out of the Thule Sleek strollers and launch a broader offering of backpacks.

Overall, the energy level is high within the company ahead of the upcoming important spring season and we are looking forward to a successful year with growth in both regions and in all categories.

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

Thule Group has about 2,300 employees at nine production facilities and 35 sales offices worldwide. The Group's products are sold in 140 markets and in 2018, sales amounted to SEK 6.5 billion.

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