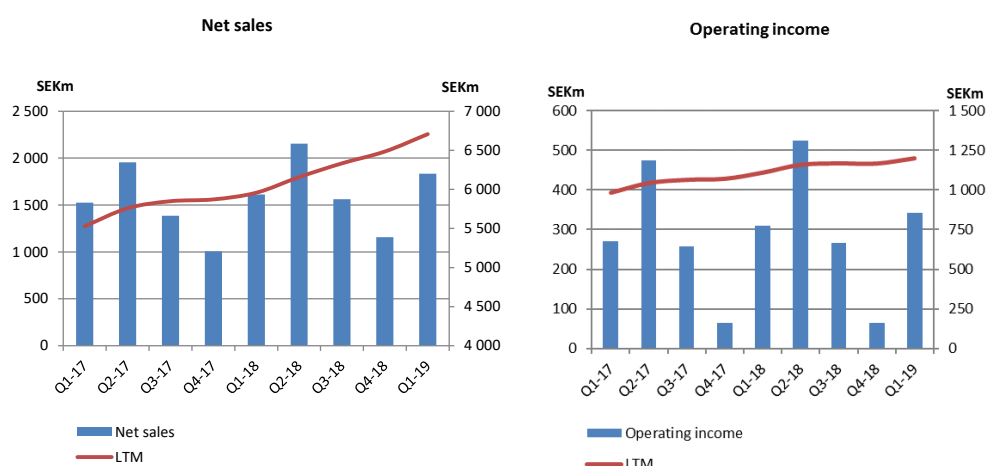


Thule Group

Interim report for the first quarter, January–March 2019

- **Net sales** for the quarter amounted to SEK 1,834m (1,611), corresponding to an increase of 13.8 percent. Adjusted for exchange rate fluctuations, sales rose 7.5 percent.
- **Operating income¹** totaled SEK 342m (309), corresponding to an increase of 10.7 percent and a margin of 18.7 percent (19.2). Adjusted for exchange rate fluctuations, operating income rose 6.2 percent.
- **Net income¹** was SEK 253m (220).
- **Cash flow from operating activities** amounted to an outflow of SEK 145m (outflow: 214).
- **Earnings per share before dilution** amounted to SEK 2.46 (2.15).

	Jan-Mar 2019	2018	%	LTM	Full-year 2018	%
Net sales, SEKm	1 834	1 611	+13.8	6 707	6 484	+3.4
Operating income (EBIT), SEKm	342	309	+10.7	1 196	1 163	+2.8
Net income, SEKm	253	220	+15.2	871	837	+4.0
Earnings per share, SEK	2.46	2.15	+14.3	-	8.13	-
Cash flow from operating activities, SEKm	-145	-214	+31.9	674	606	+11.2



¹ The comparative figures are not adjusted to include the effects of the new accounting standard IFRS 16 Leases. Refer to Note 1 to see the effects.

CEO's comments

A good start to the year

2019 started with a continued positive trend for Thule Group, driven by currency-adjusted sales growth of 7.5 percent and continued high profitability. Moreover, increased spend in product development and sales and marketing impacted the quarter. These initiatives strengthen us ahead of the peak season and create a solid base for long-term organic growth.

Sales in the first quarter increased to SEK 1,834m (1,611), an increase of 13.8 percent (7.5 percent after currency adjustment). EBIT increased by SEK 33m during the quarter, which means that we achieved an EBIT margin of 18.7 percent.

Mix effects in terms of customers and models within the product categories, together with the phasing of certain sales and marketing costs compared with last year, impacted the profitability negatively in the quarter.

Region Europe & ROW continues to deliver

Sales in Region Europe & ROW rose 10.3 percent (after currency adjustment), which was in line with the full-year 2018.

All four product categories grew in the quarter, with particularly strong contributions from a number of sub-categories. In Sport&Cargo Carriers, bike racks continued to post rapid growth, driven by very strong sales in higher priced and more advanced towbar mounted bike racks, such as the Thule EasyFold XT and Thule VeloSpace XT models.

All three Active with Kids sub-categories, bike trailers, child bike seats and strollers, posted very healthy growth.

The new hard-shell luggage collection, Thule Revolve, was launched in the quarter and the Thule Subterra collection trended positively which were key factors behind the growth in Packs, Bags & Luggage.

Europe's leading manufacturers of motorhomes and caravans reported a slight decline in production of new motorhomes in the quarter. However, sales to consumers continued to increase in the quarter and we continued to capture market shares, and thereby posted good growth in the category.

Region Americas in line with expectations

In Region Americas, sales decreased 0.7 percent after currency adjustment during the first quarter. Excluding the growth in roof top tents through the acquisition of Tepui and the negative effects of the announced phase-out of less profitable products linked to certain OE contracts, sales declined 2 percent after currency adjustment.

The important US market made a slightly better start to 2019 compared with 2018, despite retail chain concerns linked to uncertainties regarding how tariffs would impact consumer demand.

The region's second largest market, Canada, posted a decline in sales year-on-year, due to that we had a certain amount of early seasonal sales in the first quarter of 2018. We are confident that Canada will return to healthy growth in the second quarter of the year.

In Brazil, our largest Latin American market and the only country in the region where we have our own sales organization, we continued to post double-digit growth. However, conditions in some of the other countries in the region were challenging due to the general state of the economy.

The integration of Tepui, which was acquired in the preceding quarter, continued as planned and sales of roof top tents increased organically year-on-year.

Good momentum ahead of the peak season

The spring and summer peak season will be very exciting, with a large and broad range of new product launches and new customers within the newer product categories. We are currently entering the most intensive phase for production, at the same time as we are preparing for the first of the season's trade fairs at the end of the quarter where we will be showcasing forthcoming launches for 2020 for our retailers.

As planned, our inventory levels are high ahead of the season and will continuously decline over the summer. In parallel, the major projects at our factories have progressed well and in the second quarter we will have implemented the major changes at our assembly plants in Connecticut in the US and in Belgium.

High inventory levels and assembly plants at full speed make me confident in promising high delivery precision with short lead times for our test-winning products to all our customers, and make me look forward with anticipation to this year's peak season.



Magnus Welanders,
CEO and President

Financial overview¹

Trend for the first quarter

Net sales

In the first quarter of 2019, net sales amounted to SEK 1,834m (1,611), representing an increase of 13.8 percent. Adjusted for exchange rate fluctuations, net sales for the Group rose 7.5 percent.

In Region Europe & ROW, net sales totaled SEK 1,406m (1,225), up 14.8 percent and 10.3 percent after currency adjustment. In Region Americas, sales decreased 0.7 percent after currency adjustment compared with the first quarter of 2018.

	Jan-Mar
Change in net sales	2019
Changes in exchange rates	6.3%
Structural changes	1.1%
Organic growth	6.4%
Total	13.8%

Gross income

Gross income for the quarter totaled SEK 746m (670), corresponding to a gross margin of 40.7 percent (41.6). After currency adjustment, the margin decrease totaled 0.5 percentage points. The somewhat lower margin in the quarter stemmed partly from continued higher raw material prices, and partly from the product category mix changes in parallel with the tariffs introduced by the US on imports from China. As previously notified, with regard to the effect of the tariffs, we have chosen to only increase prices by amounts corresponding to the tariffs, which thus have a negative effect on the gross margin.

Operating income

Operating income amounted to SEK 342m (309), corresponding to an operating margin of 18.7 percent (19.2). After currency adjustment, we achieved a slightly lower margin year-on-year, down 0.2 percentage points, mainly due to the continued substantial investments we are making in sales and marketing activities, as well as product development.

	Jan-Mar
Change in operating margin	2019
Operating income 2019	342
Operating margin 2019	18.7%
Operating income 2018	309
Operating margin 2018	19.2%
Operating income 2018, currency adjusted	322
Operating margin 2018, currency adjusted	18.9%
Change in operating margin, currency adjusted	-0.2%

Net financial items

In the first quarter, net financial items amounted to an expense of SEK 13m (expense: 16). Exchange rate differences on loans and cash and cash equivalents were an expense of SEK 2m (expense: 5). The net interest expense for borrowings was SEK 10m (expense: 10).

¹ The comparative figures are not adjusted to include the effects of the new accounting standard IFRS 16 Leases. Refer to Note 1 to see the effects.

Net income for the period

In the first quarter, net income was SEK 253m, corresponding to earnings per share of SEK 2.46 before dilution and SEK 2.45 after dilution. For the year-earlier period, net income totaled SEK 220m, corresponding to earnings per share of SEK 2.15 before and after dilution.

Cash flow

Cash flow from operating activities in the quarter was a negative SEK 145m (neg: 214). The change compared with the year-earlier period was attributable to a slightly increased working capital but lower income tax payments. Investments in tangible assets amounted to SEK 35m (14).

Financial position

At March 31, 2019, the Group's equity amounted to SEK 4,398m (3,922). The equity ratio amounted to 50.6 percent (49.0).

Net debt was SEK 2,413m (1,926) at March 31, 2019. Total long-term borrowing amounted to SEK 2,552m (2,373) and comprised loans from credit institutions of SEK 2,372m (2,356) gross, long-term finance lease liabilities of SEK 182m (10), capitalized financing costs of SEK 10m (expense: 5) and the long-term portion of financial derivatives of SEK 8m (12). Total current financial liabilities amounted to SEK 73m (62) and comprised the short-term portion of financial derivatives and finance lease liabilities.

SEKm	Mar 31 2019	Mar 31 2018	Dec 31 2018
Long-term loans, gross	2 555	2 366	2 153
Financial derivative liability, long-term	8	12	5
Short-term loans, gross	51	6	9
Financial derivative liability, short-term	22	56	19
Overdraft facilities	0	0	0
Capitalized financing costs	-10	-5	-11
Accrued interest	0	0	0
Gross debt	2 626	2 436	2 175
Financial derivative asset	-18	-27	-16
Cash and cash equivalents	-195	-483	-186
Net debt	2 413	1 926	1 974

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

At March 31, 2019, goodwill totaled SEK 4,586m (4,306). Of the increase, SEK 89m pertained to the acquisition of Tepui Outdoors Inc. At March 31, 2019, inventories amounted to SEK 1,186m (981). SEK 40m of the increase was attributable to currency effects. The increase otherwise pertains to a deliberate build-up of inventory levels ahead of the forthcoming peak season.

Other information

Seasonal variations

Thule Group's sales and operating income are partially affected by seasonal variations. During the first quarter, sales in the Sport&Cargo Carriers category (roof boxes, ski-racks, etc.) are affected by winter conditions. The second and third quarters are impacted by how early the spring or summer arrives, while 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, snow sport backpacks, etc.) and sales of products in the bag category prior to major holidays.

Employees

The average number of employees was 2,588 (2,417).

Thule Group's share

The shares of Thule Group AB are listed on the Nasdaq Stockholm Large Cap list. At March 31, 2019, the total number of shares in issue was 103,208,606.

Proposed dividend

The Board of Directors has proposed a dividend of SEK 7.0 per share which corresponds to SEK 722m based on the number of shares outstanding at March 31, 2019. The proposed dividend amounts to 86 percent of earnings per share. It is also proposed that dividends be paid in two installments for a better adaptation to the Group's cash flow profile. The proposed record date for the first dividend payment of SEK 3.50 per share is April 30, 2019 and the proposed record date for the second payment of SEK 3.50 per share is October 7, 2019.

Shareholders

At March 31, 2019, Thule Group AB had 14,109 shareholders. At this date, the largest shareholders were AMF Försäkringar & Fonder (10.4 percent of the votes), Lannebo Fonder (5.3 percent of the votes), Nordea Fonder (5.1 percent of the votes), Handelsbanken Fonder (4.4 percent of the votes) and BlackRock (3.5 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–March 31, 2019. The Parent Company invoices its costs to Group companies. The Parent Company reported negative net income of SEK 6m (neg: 4).

Cash and cash equivalents and current investments amounted to SEK 0m (0). Long-term liabilities to credit institutions totaled SEK 2,362m (2,351).

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 5 Risks and uncertainties.

Sales trend by region

SEKm	Jan-Mar		Change		Full-year	
	2019	2018	Rep.	Adj. ¹	LTM	2018
Net sales	1 834	1 611	13.8%	7.5%	6 707	6 484
- Region Europe & ROW	1 406	1 225	14.8%	10.3%	4 813	4 632
- Region Americas	428	386	10.8%	-0.7%	1 894	1 852

¹ Adjusted for changes in exchange rates

In the first quarter of 2019, net sales amounted to SEK 1,834m (1,611), representing an increase of 7.5 percent after currency adjustment. The continued strong performance of Region Europe & ROW was the driving factor behind increased sales.

Region Europe & ROW

In the first quarter, sales in Region Europe & ROW rose 10.3 percent (after currency adjustment), with healthy growth in most markets and in all four product categories.

Large, mature Western European markets such as Germany, France, the UK and the Benelux region grew strongly and successfully in the more traditional Sport&Cargo Carriers and RV Products categories as well as in the newer Active with Kids and Packs, Bags & Luggage categories. In the Nordic region, sales declined during the quarter due to a comparative quarter with a major campaign for roof boxes last winter. In Eastern Europe development continued to outperform the average for the region. In the rest of the world, the year started in line with expectations.

- In Sport&Cargo Carriers, sales of towbar mounted bike racks and winter sports products performed exceedingly well.
- RV Products continued to develop well in a somewhat more cautious European motorhome and caravan market, in which awnings and bike racks, in particular, continued their strong growth.
- Healthy growth was recorded in all three sub-categories in Active with Kids, with strollers the fastest growing sub-category.
- In Packs, Bags & Luggage, growth in our focus categories outweighed the decline in legacy products, with the new suitcase collection, Thule Revolve, and the travel backpack, Thule Landmark, comprising key products.

Region Americas

Sales declined 0.7 percent after currency adjustment in the first quarter. The phase-out of less profitable products linked to certain OE contracts reduced sales by SEK 12m, while the remaining part increased sales by SEK 9m, driven by the Tepui acquisition and the roof top tent category.

Sales in the US tracked to expectations, which was also valid for the new roof top tent category, which is primarily sold in the US. The region's second largest market, Canada, noted a slight decline in sales due to a large number of new customers in the year-earlier period and thus substantial sales at the end of the quarter. We are confident that Canada will return to healthy growth in the second quarter of the year.

In Brazil, our largest Latin American market and the only country in the region where we have our own sales organization, we continued to post double-digit growth. However, conditions in some of the other countries in the region were challenging due to the general state of the economy.

- In Sport&Cargo Carriers, sales of roof racks, towbar mounted bike racks and winter sports products performed well and, moreover, we noted year-on-year growth in the roof top tent category that was acquired in the fourth quarter of 2018.
- Three major customers in the region in the Active with Kids category deferred some orders from the last week in March to the first weeks in April compared with last year, which shifted growth between the quarters.
- In Packs, Bags & Luggage growth in luggage remained positive (from a small base), driven by the launch of the Thule Revolve hard shell luggage collection. In this region too, the new Thule Landmark travel backpack sold very well. Lower sales for legacy products and the specific OE programs that we are in the process of phasing out had a negative impact on the quarter.

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.

April 26, 2019

Board of Directors

Review report

This report has not been reviewed by the company's auditor.

Selected key events during the period



Thule Revolve luggage collection launched in stores in the quarter – Thule Revolve is a stylish and resilient hard shell luggage collection that maximizes packing space for travelers, allowing them to easily navigate from doorstep to destination due to its easy maneuverability, stable handles and different sized, freely spinning, front and rear wheels. The luggage is manufactured in the Group's own plant in Poland.



Thule Landmark travel backpack launched in stores – Thule Landmark is a family of extended adventure backpacks where the two largest models (60 liter and 70 liter) come with a detachable daypack (that can be worn comfortably over the stomach or on the back while carrying the large backpack), built-in safety features and a backpanel cover to prevent wear and tear. The backpacks are sold in different versions for men and women to ensure a comfortable fit.

Financial statements

(Unless otherwise stated, all amounts are in SEK m)

Consolidated Income Statement

	Note	Jan - Mar			Full-year
		2019	2018	LTM	2018
Net sales	2	1 834	1 611	6 707	6 484
Cost of goods sold		-1 087	-942	-4 003	-3 858
Gross income		746	670	2 703	2 626
Selling expenses		-326	-284	-1 198	-1 156
Administrative expenses		-78	-77	-309	-307
Other operating expenses		0	0	0	0
Operating income	2	342	309	1 196	1 163
Net interest expense/income		-13	-16	-46	-48
Income before taxes		329	294	1 150	1 114
Taxes	4	-76	-74	-279	-277
Net income		253	220	871	837
Net income pertaining to:					
Shareholders of Parent Company		253	220	871	837
Net income		253	220	871	837
Earnings per share, SEK before dilution		2.46	2.15		8.13
Earnings per share, SEK after dilution		2.45	2.15		8.12
Average number of shares (millions)		103.2	102.4		103.0

Consolidated Statement of Comprehensive Income

	Jan - Mar			Full-year
	2019	2018	LTM	2018
Net income	253	220	871	837
Items that have been carried over or can be carried over to net income				
Foreign currency translation	201	217	302	318
Cash flow hedges	-6	-36	43	13
Net investment hedge	-28	-88	-59	-118
Tax on components in other comprehensive income	-1	22	-23	-0
Items that cannot be carried over to net income				
Revaluation of defined-benefit pension plans	-9	-4	-18	-13
Tax pertaining to items that cannot be carried over to net income	2	1	5	4
Other comprehensive income	158	111	250	203
Total comprehensive income	412	331	1 121	1 040
Total comprehensive income pertaining to:				
Shareholders of Parent Company	412	331	1 121	1 040
Total comprehensive income	412	331	1 121	1 040

Consolidated Balance Sheet

	Mar 31 2019	Mar 31 2018	Dec 31 2018
Assets			
Intangible assets	4 618	4 338	4 476
Tangible assets	986	659	778
Long-term receivables	14	12	13
Deferred tax receivables	376	350	341
Total fixed assets	5 994	5 358	5 609
Inventories	1 186	981	1 078
Tax receivables	50	53	16
Accounts receivable	1 063	944	655
Prepaid expenses and accrued income	74	72	69
Other receivables	127	109	85
Cash and cash equivalents	195	483	186
Total current assets	2 695	2 642	2 089
Total assets	8 689	8 001	7 697
Equity and liabilities			
Equity	4 398	3 922	4 012
Long-term interest-bearing liabilities	2 552	2 373	2 147
Provision for pensions	179	156	169
Deferred income tax liabilities	219	184	221
Total long-term liabilities	2 951	2 713	2 537
Short-term interest-bearing liabilities	73	62	28
Accounts payable	639	649	564
Tax liabilities	100	169	78
Other liabilities	73	47	47
Accrued expenses and deferred income	433	414	406
Provisions	22	25	25
Total short-term liabilities	1 340	1 366	1 148
Total liabilities	4 291	4 079	3 685
Total equity and liabilities	8 689	8 001	7 697

Consolidated Statement of Changes in Equity

	Mar 31 2019	Mar 31 2018	Dec 31 2018
Opening balance, January 1	4 012	3 467	3 467
Adjustment to Equity, January 1	-26	-2	-2
Net income	253	220	837
Other comprehensive income	158	111	203
Total comprehensive income	412	331	1 040
Transactions with the Group's owners:			
New share issue	0	138	138
Dividend	0	0	-619
Buy back of warrants	0	-12	-12
Closing balance	4 398	3 922	4 012

Consolidated Statement of Cash Flow

	Jan - Mar 2019	2018	Full-year 2018
Income before taxes	329	294	1 114
Adjustments for items not included in cash flow	37	22	118
Paid income taxes	-108	-155	-369
Cash flow from operating activities prior to changes in working capital	257	161	863
Cash flow from changes in working capital			
Increase(-)/Decrease (+) in inventories	-78	-146	-222
Increase(-)/Decrease (+) in receivables	-438	-389	-79
Increase(+)/Decrease (-) in liabilities	113	160	44
Cash flow from operating activities	-145	-214	606
Investing activities			
Acquisition of subsidiaries	0	0	-75
Acquisition/divestment of tangible/intangible assets	-35	-14	-178
Cash flow from investing activities	-35	-14	-253
Financing activities			
New issue of shares	0	138	138
Buy back of warrants	0	-8	-12
Dividend	0	0	-619
Debt repaid/new loans	189	0	-256
Cash flow from financing activities	189	129	-749
Net cash flow	8	-99	-396
Cash and cash equivalents at beginning of period	186	581	581
Effect of exchange rates on cash and cash equivalents	1	1	2
Cash and cash equivalents at end of period	195	483	186

Condensed Parent Company Income Statement

	Jan - Mar		Full-year
	2019	2018	2018
Other operating revenue	5	5	20
Administrative expenses	-8	-10	-32
Operating income	-4	-5	-12
Result from Shares in Subsidiaries	0	0	700
Interest income- and expense	-3	1	-3
Income after financial items	-7	-4	685
Appropriations	0	0	12
Net income before taxes	-7	-4	697
Taxes	1	0	1
Net income	-6	-4	697

Condensed Parent Company Balance Sheet

	Mar 31	Mar 31	Dec 31
	2019	2018	2018
Assets			
Financial fixed assets	4 978	5 550	5 449
Total fixed assets	4 978	5 550	5 449
Other current receivables	702	11	15
Cash and cash equivalents	0	0	0
Total current assets	702	11	15
Total assets	5 680	5 561	5 464
Equity and liabilities			
Equity	2 100	2 024	2 106
Other provisions	11	8	11
Liabilities to credit institutions	2 362	2 351	2 133
Liabilities to Group companies	368	368	368
Total long-term liabilities	2 742	2 728	2 512
Liabilities to credit institutions	0	0	0
Liabilities to Group companies	826	786	834
Other current liabilities	12	24	11
Total short-term liabilities	839	810	846
Total equity and liabilities	5 680	5 561	5 464

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. The Group has applied IFRS 16 Leases from January 1, 2019. A description of IFRS 16 and the effects of the transition were described in Note 1 in the latest annual report. As the Group has applied the modified retrospective approach, the comparative figures have not been restated. The following extracts from the financial statements have been recalculated as if IAS 17 had been applied in 2019. Operating income, shown in table below, the net impact of reversed operating lease expenses and depreciation for right-of-use assets is shown.

Comparative figures as if IAS 17 had been applied in 2019.

Extract from income statement	IFRS 16			IAS 17			Extract from balance sheet	IFRS 16			IAS 17		
	Jan - Mar							31 mar			31 mar		
	2019	2019	2018		2019	2019	2018	2019	2019	2018	2019	2019	2018
EBITDA	372	360	327	Assets									
Underlying EBIT	342	341	309	Tangible assets	986	805	659						
Operating income	342	340	309	Deferred tax receivables	376	368	350						
Net interest expense/income	-13	-11	-16	Equity	4 398	4 425	3 922						
Income before taxes	329	329	294	Liabilities									
Net income	253	254	220	Long-term interest-bearing liabilities	2 552	2 386	2 373						
				Short-term interest-bearing liabilities	73	25	62						

Note 2 Operating segments and allocation of revenue

Thule Group comprises one segment. Though the Group has shared global processes for product development, purchasing, manufacture, logistics and marketing, its sales are managed in two regions, Region Europe & ROW and Region Americas. Internal monthly follow-up focuses on the Group as a whole, in addition to the geographic sales data, which is presented at other levels than Group level.

	Jan - Mar		Full-year	
	2019	2018	LTM	2018
Sales to customers	1 834	1 611	6 707	6 484
- Region Europe & ROW	1 406	1 225	4 813	4 632
- Region Americas	428	386	1 894	1 852
Underlying EBITDA	372	327	1 284	1 238
Operating depreciation/amortization	-30	-17	-87	-74
Underlying EBIT	342	309	1 197	1 164
Other depreciation/amortization	0	0	-1	-1
Items affecting comparability	0	0	0	0
Operating income	342	309	1 196	1 163
Net interest expense/income	-13	-16	-46	-48
Taxes	-76	-74	-279	-277
Net income	253	220	871	837

All revenue is recognized at one point in time.

Note 3 Fair value of financial instruments

	Fair value	
	Mar 31	Mar 31
	2019	2018
Assets - Financial derivatives		
Currency forward contracts	11	7
Currency swaps	1	17
Currency options	0	1
Interest rate swaps	6	1
Total derivative assets	18	27
Liabilities - Financial derivatives		
Currency forward contracts	-14	-54
Currency swaps	-3	-4
Currency options	-1	-2
Interest rate swaps	-13	-8
Total derivative liabilities	-30	-68

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 4 Taxes

The effective tax rate for the January–March 2019 period was 23.0 percent. The effective tax rate for the corresponding period in 2018 amounted to 25.1 percent. No significant events occurred during the year that could affect the Group's effective tax rate.

Note 5 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

	Jan - Mar		Full-year	
	2019	2018	LTM	2018
Net sales, SEKm	1 834	1 611	6 707	6 484
Net sales growth, %	13.8%	5.6%	-	10.4%
Net sales growth, adjusted % ¹	7.5%	5.5%	-	6.0%
Gross margin, %	40.7%	41.6%	40.3%	40.5%
Underlying EBIT, SEKm	342	309	1 197	1 164
Underlying EBIT margin, %	18.7%	19.2%	17.8%	18.0%
Operating income (EBIT), SEKm	342	309	1 196	1 163
Operating margin, %	18.7%	19.2%	17.8%	17.9%
Earnings per share, SEK	2.46	2.15	-	8.13
Equity ratio, %	50.6%	49.0%	50.6%	52.1%
Working capital, SEKm	1 428	1 338	1 428	969
Leverage ratio	1.9	1.6	1.9	1.6

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 4), 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.

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.

EBIT (Earnings before interest and taxes) Income before net financial items and taxes.

EBIT margin EBIT 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 margin Gross income as a percentage of net sales.

Gross income Net sales less cost of goods sold.

Gross debt Total long and short-term borrowing including overdraft facilities, financial derivatives, capitalized transaction costs and accrued interest.

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 investments Investments in tangible and intangible assets adjusted for disposals.

Net debt Gross debt less cash and cash equivalents.

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 EBITDA EBITDA excluding items affecting comparability.

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

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

Thule Group AGM (Malmö)

April 26, 2019

Interim report April–June 2019

July 18, 2019

Interim report July–September 2019

October 25, 2019

Year-end report

February 12, 2020

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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 rooftop tents mounted on a 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. hiking backpacks, luggage and camera bags).

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. www.thulegroup.com



Thule Group»

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