



Interim Report Q1/2019

April 26, 2019

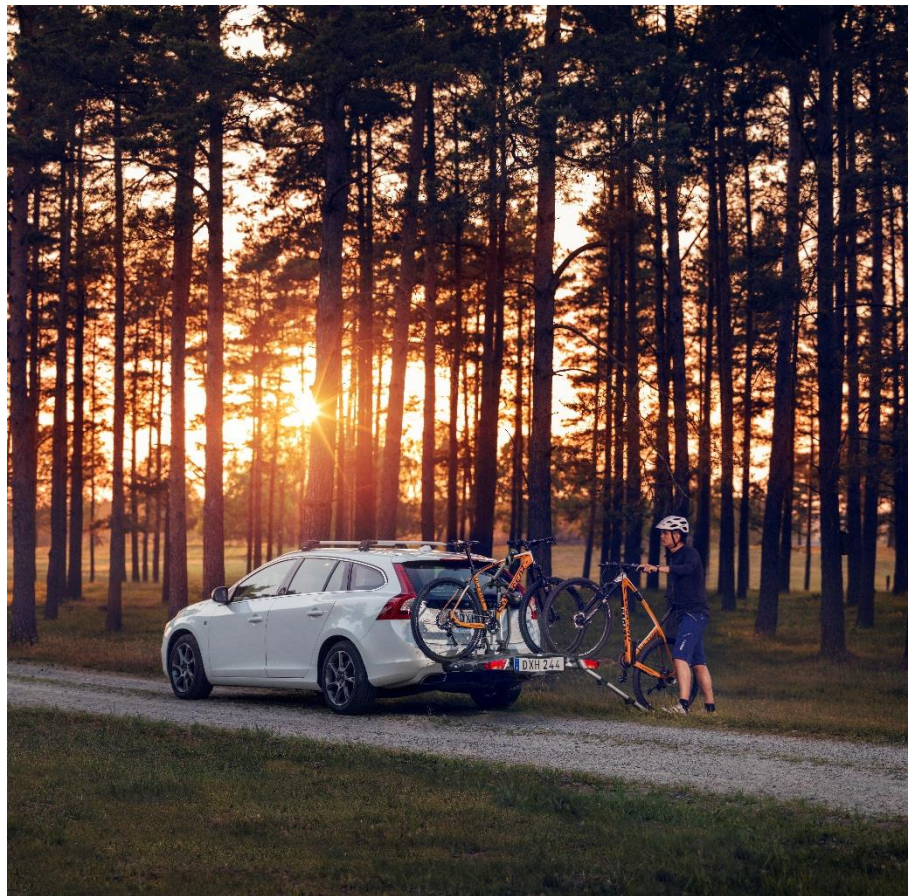
Magnus Welander, CEO

Lennart Mauritzson, CFO

**Thule Group** >>

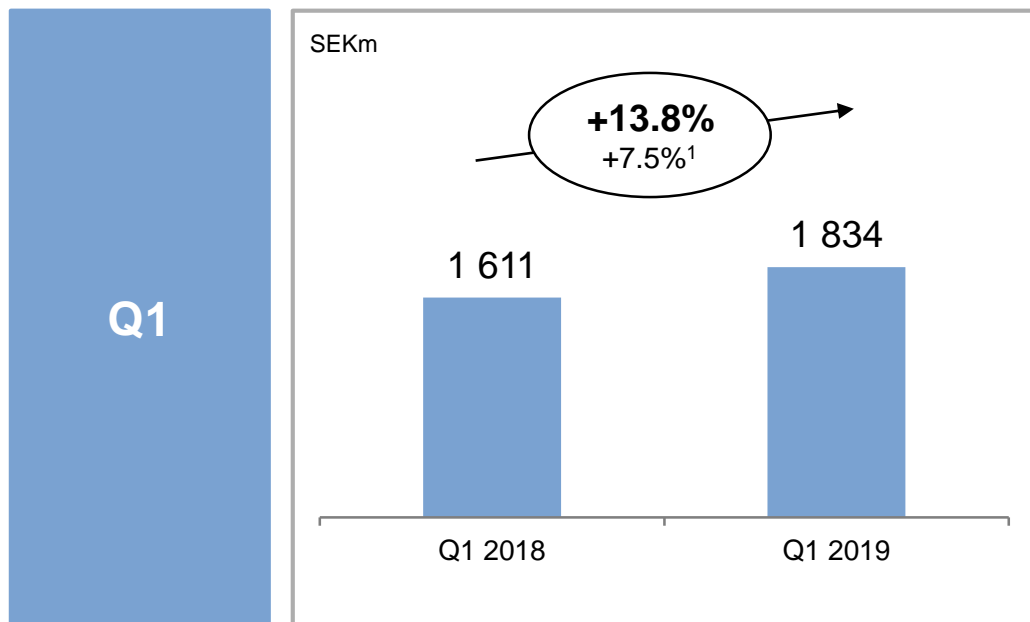
## 2019/Q1 – Promising start of the year

- Net sales of SEK 1,834m (1,611)
  - +13.8% (+7.5% excluding currency effects)
  - Region Europe & ROW +10.3%
  - Region Americas -0.7%
- EBIT of SEK 342m (309) and EBIT margin of 18.7% (19.2)
- Net income of SEK 253m (220)
- Earnings per share of SEK 2.46 (2.15)
- Cash flow from operating activities of SEK -145m (-214)
- Proposed ordinary dividend of SEK 7.00 per share (6.00)

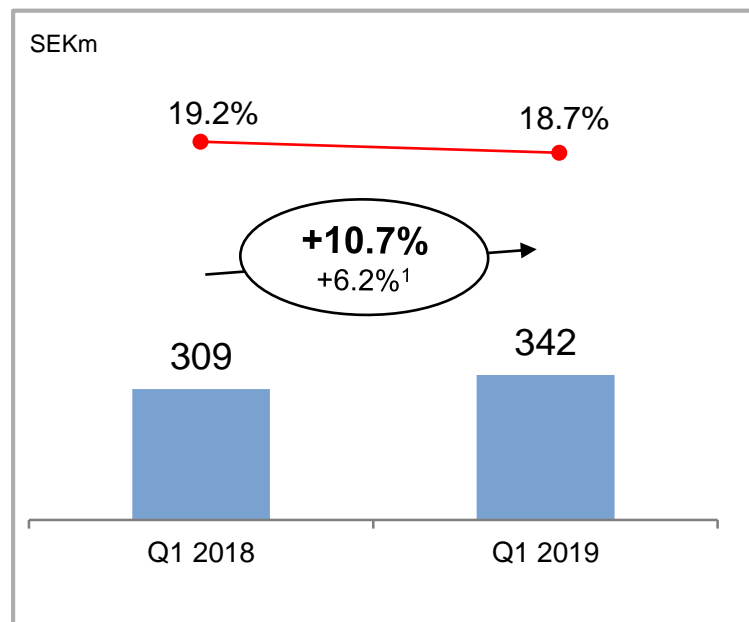


# 2019/Q1 – Net Sales and EBIT development

## Reported Net Sales



## EBIT and Margin



<sup>1</sup> Constant currency adjustment based on average FX rates 1 January 2019 - 31 March 2019.

# Region Americas – Slow start to the year, as expected

- **Net sales SEK 428m (386), 0.7% decline (constant currency)**
- Integration of Tepui acquisition going well – Sales of SEK 18m in first quarter
- Known and communicated phase-out of low-margin OE programs in the US negative effect of -2.6% (SEK -12m)
  - Pick-up truck accessory OE program
  - Two OE programs in bags and cases
- Decline in Q1 is partly a question of phasing
  - US: Late spring combined with bike dealers cash strains after purchasing high quantities of bikes in 2018/Q4 (to avoid expected increase of Chinese tariffs) affected bike rack pre-season sales negatively in Q1 with shift into Q2
  - Canada: Compared to a very strong 2018/Q1 a slight decline this quarter, but we hold to positive outlook for the full year
  - Latin America: Challenged overall economy in Costa Rica, Colombia, Argentina and Panama
- Commercial launches of new products doing well
  - New roof rack generation well perceived in the market
  - Thule Revolve luggage and Thule Sleek stroller listings according to plan



# Region Europe & ROW - Strong performance continues

- **Net sales SEK 1,406m (1,225), +10.3% growth (constant currency)**
- Sport&Cargo Carriers – Strong start
  - Driven mostly by earlier start of bike rack season than PY
- Packs, Bags & Luggage – Solid start
  - Commercial launch of Thule Revolve hard-case luggage according to plan
  - Good performance in the growth categories (luggage & backpacks)
  - Less impact of decline in shrinking legacy products
- Active with Kids continue to grow at fast pace
  - Multisport / bike trailers continue very strong performance
  - Thule Sleek stroller continues to be rolled out to more stores and is being well received
- RV Products continues to grow well and at faster pace than the market. This is happening in a somewhat less overall optimistic market in terms of motor home production volumes



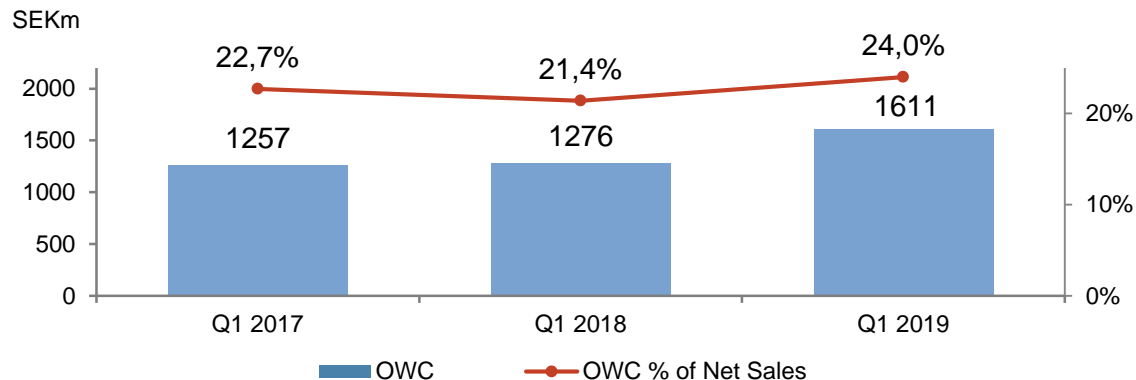
# 2019/Q1 – Reported Income Statement

SEKm	Q1 2019	Q1 2018	LTM	Full-year 2018
<b>Net sales</b>	1 834	1 611	6 707	6 484
Cost of goods sold	-1 087	-942	-4 003	-3 858
<b>Gross income</b>	<b>746</b>	<b>670</b>	<b>2 703</b>	<b>2 626</b>
Gross Margin %	40.7%	41.6%	40.3%	40.5%
Selling expenses	-326	-284	-1 198	-1 156
Administrative expenses	-78	-77	-309	-307
Other operating expenses	0	0	0	0
<b>Operating income (EBIT)</b>	<b>342</b>	<b>309</b>	<b>1 196</b>	<b>1 163</b>
EBIT Margin %	18.7%	19.2%	17.8%	17.9%
Financial expenses/revenue	-13	-16	-46	-48
<b>Income before taxes</b>	<b>329</b>	<b>294</b>	<b>1 150</b>	<b>1 114</b>
Taxes	-76	-74	-279	-277
<b>Net income</b>	<b>253</b>	<b>220</b>	<b>871</b>	<b>837</b>
<b>Net income pertaining to:</b>				
Shareholders of Parent Company	<b>253</b>	<b>220</b>	<b>871</b>	<b>837</b>

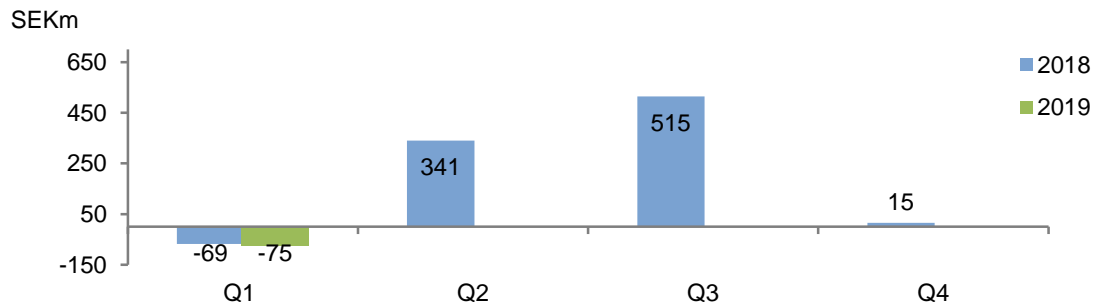
- Gross Margin slightly down in the quarter, fx adjusted down with -0.5 percentage points
  - Continued negative raw material prices and impact from China tariffs for US purchased goods
- EBIT margin at 17.8 % at rolling 12-month basis
  - Continued ongoing initiatives within sales & marketing and product development in order to create a solid base for peak season sales and mid-term organic growth
- Lower financial expenses
  - New financing in place with lower borrowing costs
- Tax rate at 23.0 % for the quarter
- Minimal IFRS 16 impact on IS
  - EBIT SEK +1m
  - Fin. Exp SEK -2m
  - Net Income SEK -1m

# 2019/Q1 – Operating Working Capital and Operational Cash Flow

## Operating Working Capital



## Operational Cash Flow



## Operating Working Capital

- Operating working capital, 31 Mar. 2019:
  - Inventory: SEK 1 186m (981)  
*whereof currency SEK 40m*
  - Accounts receivables: SEK 1 063m (944)  
*whereof currency SEK 36m*
  - Accounts payable: SEK 639m (649)  
*whereof currency SEK 20m*
- Currency effect SEK 56m vs prior year
- AR in line with sales growth

## Operational Cash Flow

- Q1 operational cash flow SEK -75m (-69), a decrease by SEK 6m vs PY
- Decrease due to higher OWC
- CapEx SEK 35m (14)

## 2019 – Performance vs. Financial Targets

Organic Growth	$\geq 5\%$	Constant Currency Net Sales Growth (excl. Acquisitions) <b>+6.4%</b>
Underlying EBIT Margin	$\geq 20\%$	<b>18.7%</b> Q1/2018 at <b>19.2%</b> (LTM at <b>17.8%</b> )
Net Debt / EBITDA	1.5-2.5x	<b>1.9x</b> Q1/2018 at <b>1.6x</b> (Q1/2019 excl. IFRS 16 at <b>1.7x</b> )
Dividend Policy	$\geq 50\%$	<b>86%*</b> * Ordinary dividend of <b>SEK 7.00 per share</b> (6.00) – Proposed to AGM 2019



# 2019 – Focus areas for coming months

## ■ Sales&Marketing focus

- Continued work to open up more doors in new categories (Luggage and Strollers) combined with continued strong retail support to drive sell-out
- Ensure key launches within Sport&Cargo Carriers are rolled out in all markets

## ■ Product Development focus

- Several large development projects across categories to be presented at this summer's global fairs
- Product Development spend remain at around 6% of sales

## ■ Operations focus

- Handle peak season in Sport&Cargo Carriers and RV Products
- Capture efficiencies in process improvement projects implemented during 2018 in plants in Poland, Germany and the UK
- Finalize plant improvement projects in Belgium, Sweden and US during the year to gain further efficiencies in 2020



Q&A



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