

Thule Group Interim Report 2019/Q3

October 25, 2019

Magnus Welander, CEO

Lennart Mauritzson, CFO



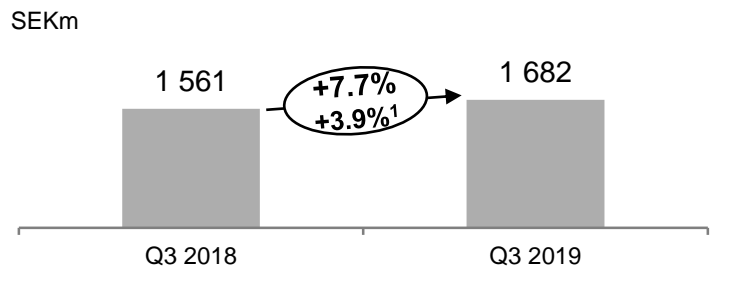
2019/Q3 – Good quarter in all markets except US

- **Net sales** of SEK 1,682m (1,561)
 - +7.7% growth (+3.9%, excl. currency effects)
 - Region Europe & ROW: +6.7% (excl. currency effects)
 - Region Americas: -2.0% (excl. currency effects)
- **Underlying EBIT** of SEK 274m (267) and **Underlying EBIT margin** of 16.3% (17.1)
- **EBIT** of SEK 249m (267)
 - Impacted by SEK 25m provision for product recall in RV Products
- **Net income** of SEK 181m (189)
- **Earnings per share** of SEK 1.75 (1.83)
- **Cash flow** from operating activities SEK 571m (499)

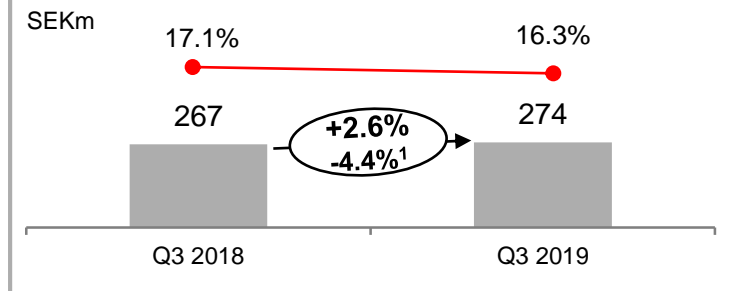


2019/Q3 – Net Sales and Underlying EBIT development

Reported Net Sales

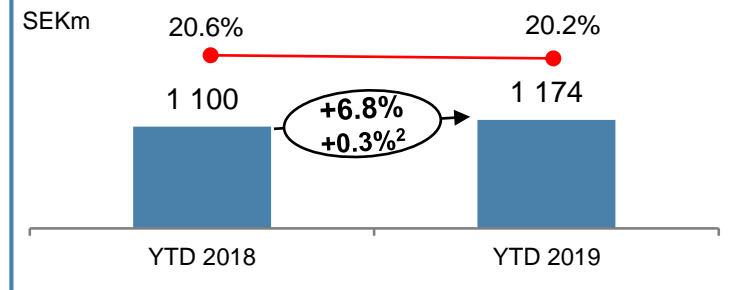
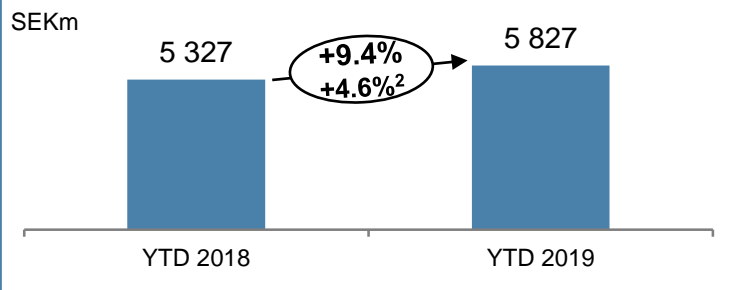


Underlying EBIT and Margin



Q3

YTD



Note: EBIT adjusted for non-recurring items & depr/amort on excess values. ¹ Constant currency adjustment based on average FX rates 1 July 2019 – 30 September 2019.

² Constant currency adjustment based on average FX rates 1 January - 30 September 2019.

Region Americas – Tough quarter in the US

- **Net sales SEK 494m (472)**
 - **-2.0% decline (excl. currency effects)**
- **YTD +0.1% growth (excl. currency effects)**
- Integration of Tepui acquisition tracking according to plan
 - Sales of SEK 14m in the quarter
 - YTD SEK 61m, an organic growth for Tepui by 24% vs PY
- Continued phase-out of low-margin OE programs
 - SEK -10m (-2.0% effect for the Region) in the quarter vs PY
 - YTD SEK -39m
- The US market declined 6% in the quarter
 - Additional tariff decisions/speculations increased uncertainty among retailers and less consumer purchases, affecting our key categories
- Canada, Brazil and rest of Latin America performed well with 15% growth
- With current performance and continued US market uncertainty we have decided to implement a restructuring program in the commercial part of the US organization. This is to be communicated in more detail during Q4



Region Europe & ROW - Solid performance ending summer season

- Net sales SEK 1,188m (1,090), +6.7% growth (excl. currency effects)
- YTD +6.4 growth (excl. currency effects)
- All major markets performed well
 - Nordics and Russia bounced back from weaker Q2
- Sales growth in Roof Racks
 - Preparing for 2nd phase of roll out
- RV Products sales higher than expected
 - Q4 uncertain remains due to manufacturers challenges in ensuring capacity of chassis with new Euro6D approved engines
- Active with Kids continues to perform well
- Good growth in Packs, Bags & Luggage
 - Broadened distribution of Luggage in several Asian markets
 - Everyday backpacks continue to gain traction



Image: Galeries Lafayette, Jakarta, Indonesia

2019/Q3 – Reported Income Statement

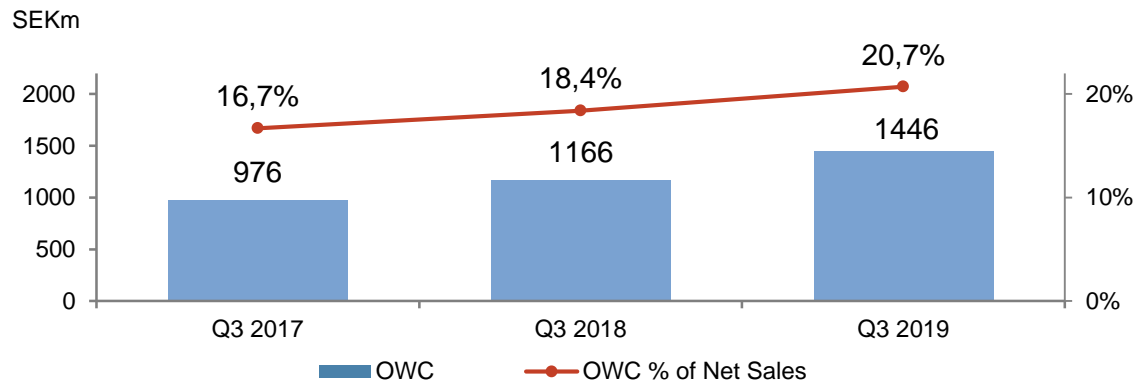
SEKm	Q3 2019	Q3 2018	YTD 2019	YTD 2018	LTM
Net sales	1 682	1 561	5 827	5 327	6 984
Cost of goods sold	-1 035	-950	-3 461	-3 138	-4 181
Gross income	647	611	2 366	2 190	2 803
Gross Margin %	38,5%	39,2%	40,6%	41,1%	40,1%
Selling expenses	-326	-274	-985	-870	-1 271
Administrative expenses	-73	-71	-233	-220	-320
Other operating expenses	0	0	0	0	0
Operating income (EBIT)	249	267	1 148	1 099	1 212
EBIT Margin %	14,8%	17,1%	19,7%	20,6%	17,4%
Financial expenses/revenue	-12	-12	-35	-41	-43
Income before taxes	237	254	1 113	1 058	1 169
Taxes	-56	-66	-260	-264	-272
Net income	181	189	854	794	897
Net income pertaining to:					
Shareholders of Parent Company	181	189	854	794	897

Q3 Comments

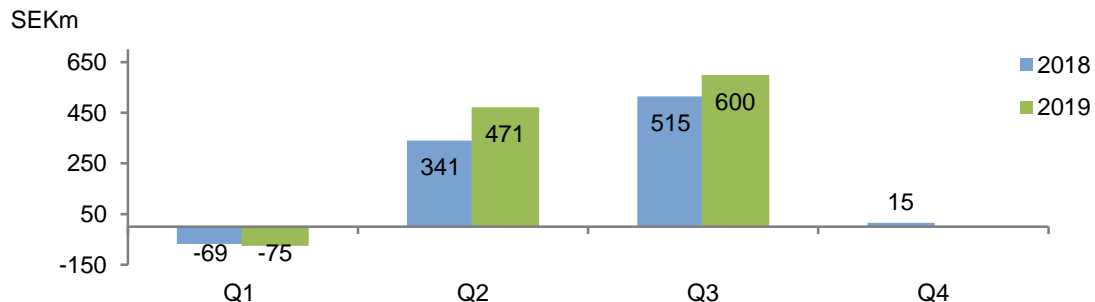
- Gross Margin fx adjusted down with -1.2 percentage points
 - Unfavorable product mix
 - Negative impact from Chinese tariffs for US purchased goods
 - Under absorption due to lower production volumes
- Overhead expenses increased by a product recall provision of SEK 25m
 - Fx adjusted increase excl. Tepui acquisition and the product recall provision SEK 11m
- EBIT margin at 17.4 % at rolling 12-month basis
 - Underlying EBIT margin at 17.7 % at rolling 12-month basis
 - Continued growth initiatives within Product Development and Sales & Marketing
- Tax rate at 23.7 % for the quarter (25.8%)
- Low IFRS 16 impact on IS
 - EBIT SEK +3m
 - Fin. Exp SEK -3m

2019/Q3 – Operating Working Capital and Operational Cash Flow

Operating Working Capital



Operational Cash Flow



Operating Working Capital

- Operating working capital, 30 Sep. 2019:
 - Inventory: SEK 978m (862)
whereof currency SEK 46m
 - Accounts receivables: SEK 916m (801)
whereof currency SEK 47m
 - Accounts payable: SEK 447m (497)
whereof currency SEK 22m
- Currency effect SEK 70m vs prior year – OWC excl currency impact = 19.6%
- Inventory reduced since Q2 by SEK 118m
- AR in line with sales growth

Operational Cash Flow

- Q3 operational cash flow SEK 600m (515), an increase by SEK 85m vs PY
 - Increase due to higher earnings and improved Operating Working Capital
 - CapEx SEK 34m (56) in the quarter, YTD we are at slightly lower levels vs PY SEK 103m (123)
- YTD operational cash flow SEK 996m (787), an increase by SEK 209m vs PY

2019/YTD – Performance vs. Financial Targets

Organic Growth	≥ 5%	Constant Currency Net Sales Growth (excl. Acquisitions) +3.5%	
Underlying EBIT Margin	≥ 20%	20.2%	Q3/2018 at 20.6% (LTM at 17.7%)
Net Debt / EBITDA	1.5-2.5x	1.4x	Q3/2018 at 1.3x (Q3/2019 excl. IFRS 16 at 1.3x)
Dividend Policy	≥ 50%	86%	Ordinary dividend of SEK 7.00 per share (6.00)

Ending the year with focus on growth for coming years

- Commercial focus coming months
 - Support in-store launch of new products, e.g.:
 - Broadened Luggage portfolio with our third full luggage collection, Thule Crossover 2 soft-sided luggage (2019/Q3-Q4)
 - Thule Vector – a new premium Roof Box (2019/Q4)
 - 2nd phase of new Roof Racks generation (2019/Q4-2020/Q1)
 - 2019 retail fair season ended with wide and deep portfolio of launches coming for 2020 presented, e.g.
 - Compact city stroller Thule Spring (see image)
 - Thule Helium hitch-mounted bike rack
 - Several everyday backpack collections and 2 luggage collections
- Operational focus coming months
 - Continued aggressive product development push for 2020 and beyond
 - Continued high On-Time-In-Full delivery performance and inventory management
 - Leverage efficiency gains in our plants after heavy investment period
 - Implement Region Americas restructuring program, to create a more flexible cost base overall
 - Go live with one common global ERP system with Region Americas also becoming integrated (2020/Q1)



Q&A



Disclaimer

- This presentation has been prepared by Thule Group AB (publ) (the “Company”) solely for use at this presentation and is furnished to you solely for your information and may not be reproduced or redistributed, in whole or in part, to any other person. The presentation does not constitute an invitation or offer to acquire, purchase or subscribe for securities. By attending the meeting where this presentation is made, or by reading the presentation slides, you agree to be bound by the following limitations.
- Statements in this presentation, which are not historical facts, such as expectations, anticipations, beliefs and estimates, are forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties which may cause actual results to materially differ from those expressed in such forward-looking statements.
- This presentation may contain various forward-looking statements that reflect management’s current views with respect to future events and financial and operational performance. The words “believe,” “expect,” “anticipate,” “intend,” “may,” “plan,” “estimate,” “should,” “could,” “aim,” “target,” “might,” or, in each case, their negative, or similar expressions identify certain of these forward-looking statements. Others can be identified from the context in which the statements are made. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which are in some cases beyond the Company’s control and may cause actual results or performance to differ materially from those expressed or implied from such forward-looking statements. These risks include but are not limited to the Company’s ability to operate profitably, maintain its competitive position, to promote and improve its reputation and the awareness of the brands in its portfolio, to successfully operate its growth strategy and the impact of changes in pricing policies, political and regulatory developments in the markets in which the Company operates, and other risks.
- The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice.
- No representation or warranty (expressed or implied) is made as to, and no reliance should be placed on, the fairness, accuracy or completeness of the information contained herein. Accordingly, none of the Company, or any of its principal shareholders or subsidiary undertakings or any of such person’s officers or employees accepts any liability whatsoever arising directly or indirectly from the use of this document.

www.thulegroup.com

Thule Group»

ACTIVE LIFE, SIMPLIFIED.