

Q3 Interim Report 2016
October 28, 2016

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Thule Group >>

Q3 2016 Highlights – Continued strong profitability and strong cash generation

- **Net sales** of SEK 1,366m (1,343)
 - Thule Group +1.7% (+1.7% excluding currency effects)
 - Outdoor&Bags +2.4% (+2.4% excluding currency effects)
 - Specialty -5.6% (-5.9% excluding currency effects)
- **Underlying EBIT** of SEK 246m (223), underlying EBIT margin of 18.0% (16.6)
 - Underlying EBIT margin improved by +0.9 percentage point in constant currency
 - Outdoor&Bags shows an underlying EBIT of SEK 252m (232), +8.4% vs PY
 - Specialty reports an underlying EBIT of SEK 17m (18), -5.4% vs PY
- **Net income** of SEK 162m (148)
- **Earnings per share** of SEK 1.60 (1.48)
- **Cash flow from operating activities**¹ was SEK 436m (412)
 - Outdoor&Bags Europe and ROW strong across product categories and posting another fantastic quarter (+9.0% sales growth in constant currency)
 - Outdoor&Bags Americas declined 8.8% in the quarter as Bags for Electronic devices continued to decline and as retailers were cautious following US retail bankruptcies during the spring and generally lower bike sales
 - On July 4, acquisition of Dutch child bike seat company GMG, with the brand Yepp

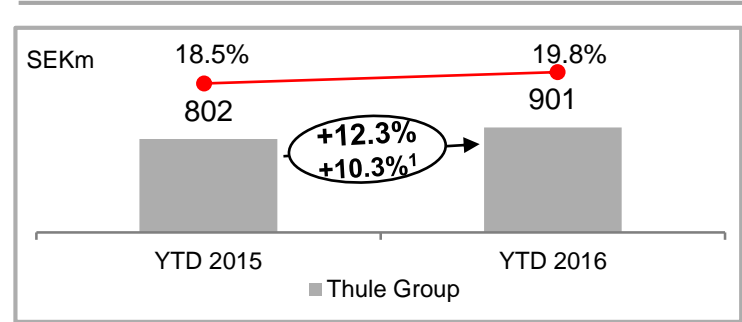
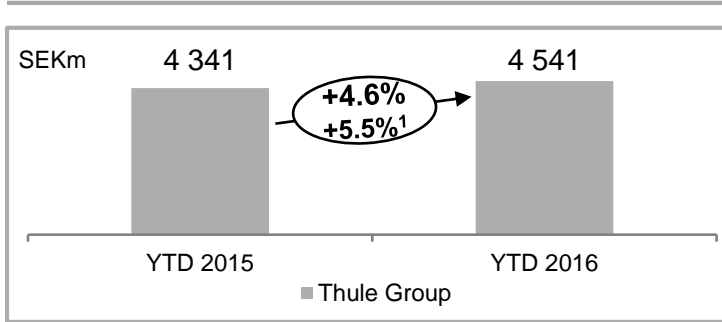
¹ Comparison period pertains to total operations meaning both continuing and discontinued operations.

YTD September 2016 – Strong organic growth drives EBIT growth

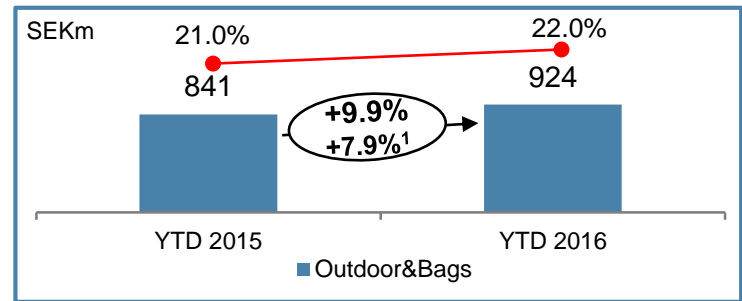
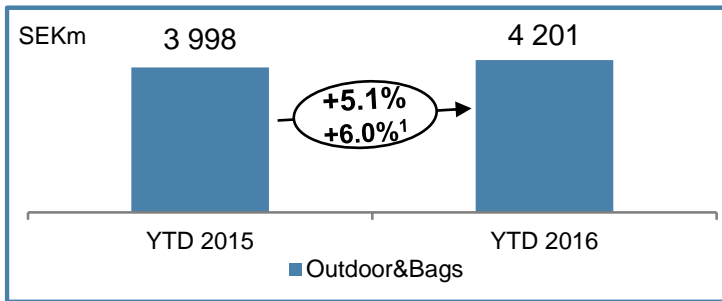
Reported Net Sales

Underlying EBIT and Margin

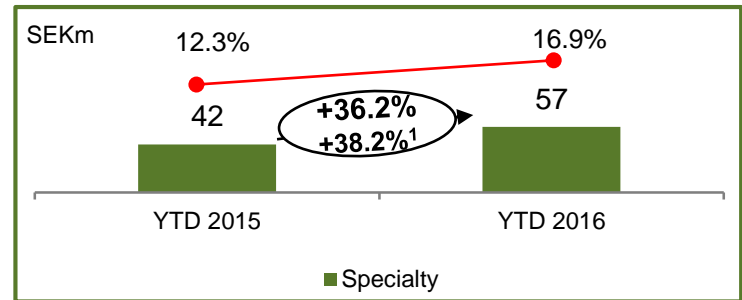
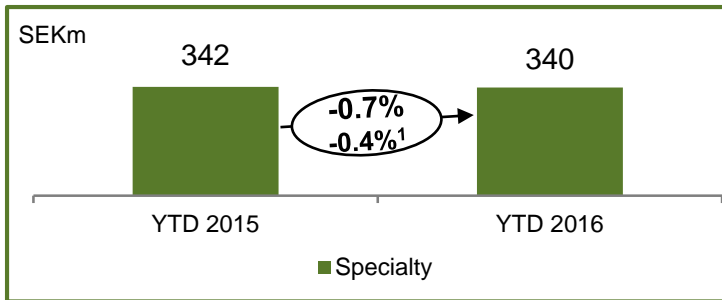
Thule Group



Outdoor & Bags



Specialty



Note: EBIT adjusted for non-recurring items & depr/amort on excess values

¹ Constant currency adjustment based on average FX rates 1 January-30 September 2016

YTD September 2016 - Net Sales and EBIT by Segment

Outdoor&Bags

| SEKm | Jul - Sep | | Change | | Jan - Sep | | Change | |
|---------------------------|-----------|-------|--------|----------------------|-----------|-------|--------|----------------------|
| | 2016 | 2015 | Rep. | Adjust. ¹ | 2016 | 2015 | Rep. | Adjust. ¹ |
| Net sales | 1 253 | 1 224 | 2.4% | 2.4% | 4 201 | 3 998 | 5.1% | 6.0% |
| - Region Europe & ROW | 842 | 776 | 8.4% | 9.0% | 2 911 | 2 643 | 10.1% | 11.1% |
| - Region Americas | 412 | 448 | -8.1% | -8.8% | 1 289 | 1 355 | -4.8% | -4.0% |
| Operating income | 249 | 218 | 14.3% | | 916 | 820 | 11.6% | |
| Underlying EBIT | 252 | 232 | 8.4% | 4.7% | 924 | 841 | 9.9% | 7.9% |
| Operating margin, % | 19.9% | 17.8% | | | 21.8% | 20.5% | | |
| Underlying EBIT margin, % | 20.1% | 19.0% | | | 22.0% | 21.0% | | |

¹ Adjustment for changes in exchange rates

Specialty

| SEKm | Jul - Sep | | Change | | Jan - Sep | | Change | |
|---------------------------|-----------|-------|--------|----------------------|-----------|-------|--------|----------------------|
| | 2016 | 2015 | Rep. | Adjust. ¹ | 2016 | 2015 | Rep. | Adjust. ¹ |
| Net sales | 112 | 119 | -5.6% | -5.9% | 340 | 342 | -0.7% | -0.4% |
| - Work Gear | 112 | 119 | -5.6% | -5.9% | 340 | 342 | -0.7% | -0.4% |
| Operating income | 17 | 18 | -5.4% | | 57 | 42 | 36.2% | |
| Underlying EBIT | 17 | 18 | -5.4% | -5.4% | 57 | 42 | 36.2% | 38.2% |
| Operating margin, % | 15.3% | 15.3% | | | 16.9% | 12.3% | | |
| Underlying EBIT margin, % | 15.3% | 15.3% | | | 16.9% | 12.3% | | |

¹ Adjustment for changes in exchange rates

Key Events – Successful fair season for products to hit market in 2017

- Broadest and deepest launch program ever to trade.
- Successful fairs in Q3 with strong launches
 - Q3 is always the most busy fair season when we introduce new products to the Trade for the coming season
- Major Global/Regional fairs with key launches:
 - Outdoor Retailer (Outdoor trade, US)
 - Eurobike (Bike trade, Global)
 - Automechanika (Car Accessory trade, Global)
 - Caravan Salon (RV Products trade and consumer, Global)
 - IFA (Consumer Electronics, Global)
 - Kind&Jugend (Juvenile trade, Global)



Caravan Salon (Düsseldorf, Germany)



Kind&Jugend (Köln, Germany)



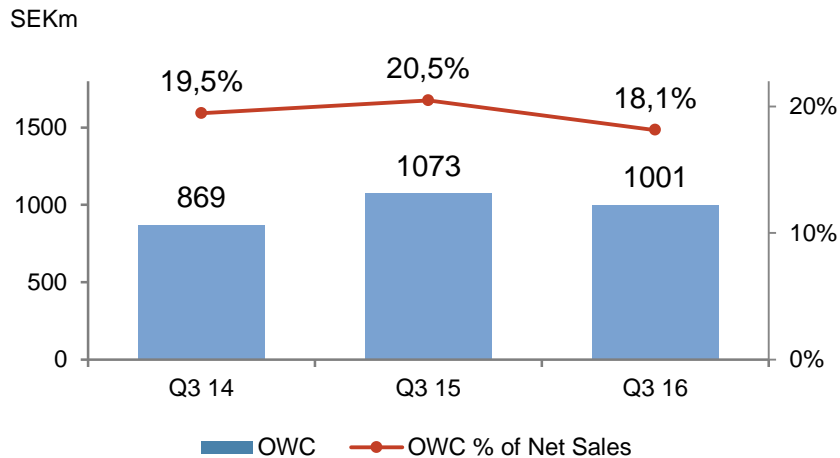
Automechanika (Frankfurt, Germany)

Reported Income Statement

| SEKm | Q3 2016 | Q3 2015 | YTD 2016 | YTD 2015 | LTM Q3 2016 |
|---|--------------|--------------|--------------|--------------|----------------|
| Net sales | 1,366 | 1,343 | 4,541 | 4,341 | 5,521 |
| Cost of goods sold | -808 | -835 | -2,675 | -2,631 | -3,313 |
| Gross income | 558 | 508 | 1,866 | 1,710 | 2,207 |
| Other operating revenue | 0 | -2 | 0 | 2 | 0 |
| Selling expenses | -240 | -232 | -744 | -709 | -962 |
| Administrative expenses | -75 | -72 | -223 | -222 | -299 |
| Other operating expenses | 0 | 4 | -7 | 0 | -9 |
| Operating income (EBIT) | 243 | 208 | 892 | 780 | 936 |
| Financial expenses/revenue | -10 | -14 | -27 | -49 | -37 |
| Income before taxes | 233 | 194 | 865 | 732 | 899 |
| Taxes | -71 | -46 | -226 | -167 | -237 |
| Net income from continuing operations | 162 | 148 | 639 | 565 | 661 |
| Net income from discontinued operations | - | -125 | - | -146 | 3 |
| Consolidated net income | 162 | 23 | 639 | 419 | 664 |
| <i>Consolidated net income pertaining to:</i> | | | | | |
| Shareholders of Parent Company | 162 | 23 | 639 | 419 | 664 |
| Consolidated net income | 162 | 23 | 639 | 419 | 664 |

Operating Working Capital and Operational Cash Flow

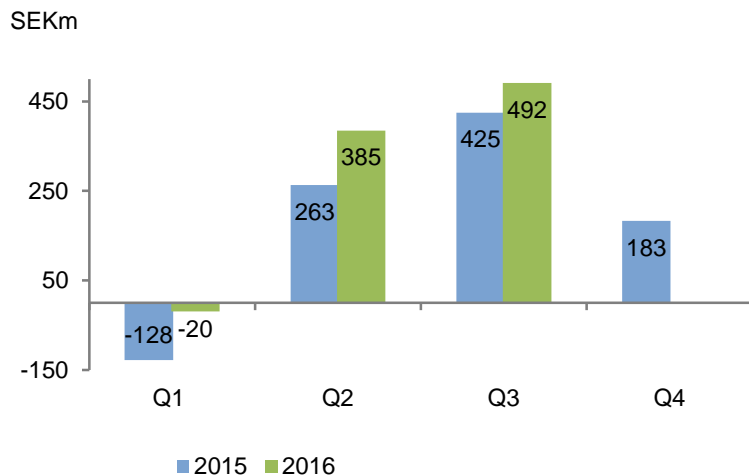
Operating Working Capital



Comments

- Operating working capital as of 30 September 2016:
 - Inventory: SEK 678m (694)
 - Accounts receivables: SEK 728m (745)
 - Accounts payable: SEK 406m (366)
- Despite strong sales growth we have lowered inventory and accounts receivables, in absolute numbers, vs PY
- Currency effect SEK 17m vs prior year

Operational Cash Flow



Comments

- Q3 Operational cash flow SEK 492m (425), an improvement by SEK 67m
- YTD Operational cash flow SEK 857m (560), an improvement by SEK 297m
- Positive effect this year due to:
 - Higher EBITDA
 - Improved OWC (lower inventory and accounts receivables)

Thule Group – YTD 2016 Performance vs. Financial Targets

| | | | |
|------------------------|---------|--|--|
| Organic Growth | ≥ 5% | <p>Constant Currency Net Sales Growth (excl. Acquisitions)</p> <p>5.2% 5.7% -0.4%</p> <p>Thule Group Outdoor&Bags Specialty</p> | |
| Underlying EBIT Margin | ≥ 17% | <p>19.9% September 2016 LTM at 17.2%</p> | |
| Net Debt / EBITDA | c. 2.5x | <p>1.6x 2.3x (YE 2015)</p> | |
| Dividend Policy | ≥ 50% | <p>56% Dividend of SEK 2.50 per share in 2015 decided by the AGM in April</p> | |

Continued focus on Profitable Growth and preparing for Spring 2017 season

- Continue to Drive Profitable Organic Growth
 - Continue to drive European momentum in Sport&Cargo Carriers and manage US retail struggles by offering great service
 - Drive growth in Active with Kids and Sport&Travel Bags via new products and retail expansion
 - Successful fast integration of GMG Bike Child Seat business
 - RV Products - Continued market share gains in strong motorhome market via product innovation
 - Bags – Continue to push in the growth segment of “everyday bags” (backpacks and laptop bags) at higher price points
- Capture gains from Operational Efficiency and execute on Distribution strategy
 - Secure continued cost efficient handling with high On-Time-In-Full performance across all sites
 - Finalize Phase 2 in North America distribution center efficiency projects
 - Prepare for season ramp-up and growth expectations with pre-build of some key products to enable easier distribution center moves
 - Start building work on new assembly plant in Poland
- Create market buzz for retailers and consumers for our 2017 launch program in traditional as well as new product categories
- Continue to drive profitability in Specialty, while concluding Strategic Review
 - Focus on production efficiencies
 - Finalize strategic review of category and communicate direction



Image of the new Thule Chariot Cross multi-sport trailer with jogging kit

Q&A



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