Interim Report Q3/2018

October 26, 2018

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Thule Group

Q3/2018 – Solid quarter with significant launches for future growth

- Net sales of SEK 1,561m (1,385)
  - +12.7% (+3.8% excluding currency effects)
  - Region Europe & ROW +7.8%
  - Region Americas -4.4%
- Significant Development and Launch push in Q3/2018
  - +25 MSEK vs. Q3/2017
  - Thule Sleek stroller roll-out in stores
  - New Roof Rack Generation and two new Roof Box models presented at key global trade fairs
- Underlying EBIT of SEK 267m (258) and Underlying EBIT margin of 17.1% (18.6)
- Net income, continuing operations of SEK 189m (185)
- Earnings per share, continuing operations SEK 1.83 (1.81)
- Cash flow[1] from operating activities SEK 499m (519)

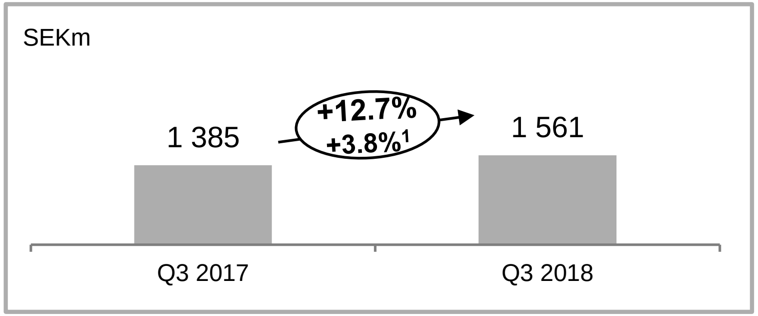
[1] *Based on total operations meaning both continuing and discontinued operations.*

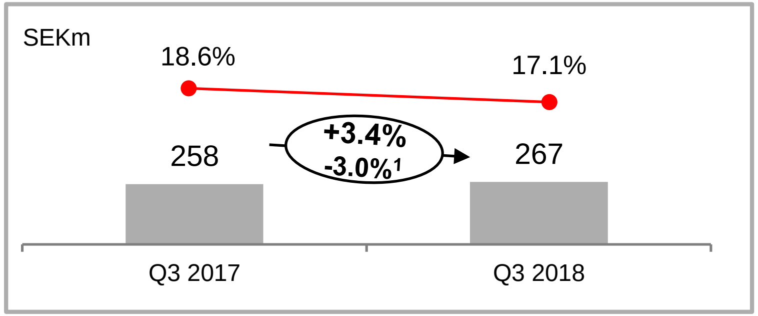
Q3 & YTD 2018 – Net Sales and Underlying EBIT development

Reported Net Sales

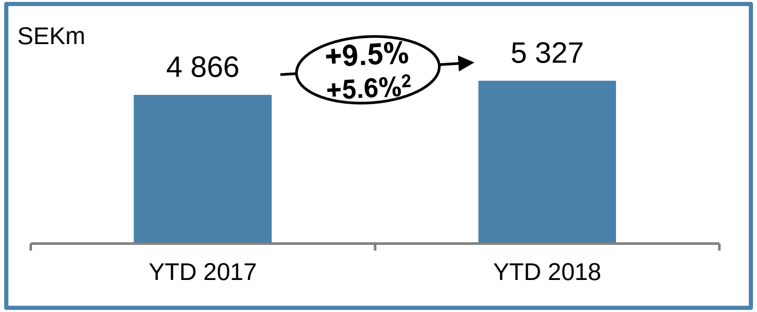
Underlying EBIT and Margin

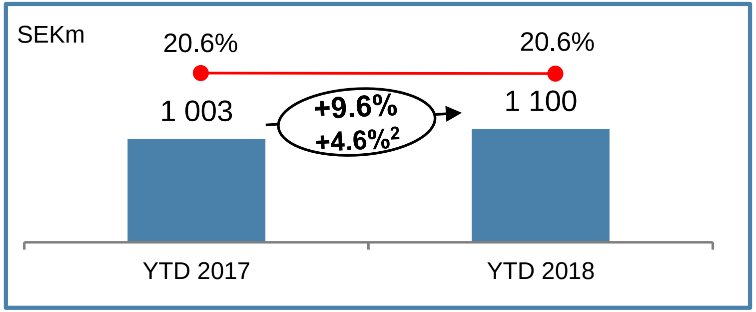
Q3





YTD





Note: EBIT adjusted for non-recurring items & depr/amort on excess values. [1] *Constant currency adjustment based on average FX rates 1 July - 30 September 2018.* [2] *Constant currency adjustment based on average FX rates 1 January - 30 September 2018.*

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Building for the future – Thule Sleek city stroller now in stores around the world

- The Thule Urban Glide 2 all-terrain stroller has opened the door for the Thule brand in Juvenile stores and continues to grow very well
- The Thule Sleek stroller is key to open up the much bigger market sub-segment of Premium 4-wheel City Strollers
- Thule Sleek in store in 2018/Q3
  - Strong listings with key retailers around the world
  - Positive media attention
  - Early sell-out signals are positive indicators for a full 2019 season
- Current Stroller Portfolio
  - Thule Glide 2: 3-wheel jogging stroller
  - Thule Urban Glide 2: all-terrain 3-wheel stroller
  - Thule Sleek: premium 4-wheel city stroller, with sibling extension
- Additional models will be launched in store 2020 and 2021

Image: Thule Sleek with sibling seat in Grey Melange color

Building for the future – Defining the new standard in Roof Racks

- Thule is the Global Market Leader in Roof Racks and our current offering was already “Best in Class”
- We decided it was time to raise the bar and set the new standard for Safety, Ease-of-Use and by launching the Next Generation Roof Racks (Thule Evo and Thule Edge)
  - Easier for retailers with fewer SKUs
  - Faster/Easier installation of Roof Rack on the car roof
  - Easier attachment of various equipment to roof rack
  - Increased load capacity
  - Improved look&feel
- Due to complexity of Roof Rack category and the number of models / SKUs in manufacturing as well as retail we selected a phased launch over 2 years
  - Four types of solutions for different types of car roofs
- First launch phase communicated to key retailers 2018/Q2 and in store by 2018/Q4
  - Smooth production start in completely new highly automized production lines in Hillerstorp (Sweden)
  - 2 additional launch phases in 2019 and 2020

Image: Thule Evo Clamp roof rack for cars without railing

Building for the future – Completing our modernized Roof Box portfolio

- Thule is the Global Market Leader in Roof Boxes and our current offering was already "Best in Class"
- We decided it was time to create a new portfolio with a Good/Better/Best approach in terms of features/design
- First new Roof Box with new design (Thule Motion XT) launched in 2017 has been a big winner in 2018
- Two additional models introduced to trade at the bi-annual Automechanika (the biggest Automotive Accessory fair in the World) in 2018/Q3 with very positive reception
- The new portfolio with a Good/Better/Best approach in terms of features/design will by 2019/Q3 be made up of:
  - "Good" - Thule Force XT (in stores as of October 2018)
  - "Better" - Thule Motion XT (in stores since January 2017)
  - "Best" – Thule Vector (in stores as of 2019/Q3)

Image: Thule Force XT roof box – lifting the design at the market mid-price level

Q3/2018 Region Americas – US market still challenging

- **Net sales SEK 472m (450),**
  - 4.4% decline (constant currency)
- Known and communicated phase-out of low-margin OE programs in the US continue, SEK -10m
  - Pick-up truck accessory OE program
  - Two OE programs of bags and cases
  - Negative effects of these program phase-outs will continue to impact until mid 2019 when the programs are fully phased out
- Continued good momentum within Active with Kids
- Growth in backpacks for everyday use offset by decline in legacy bags categories
- Brazil and Canada continue to be strong while other Latin Americas distributor markets struggle due to political reasons

Image: Thule HideAway awning for SUVs targeting the Overlanding consumer

Q3/2018 Region Europe & ROW - Another strong quarter

- **Net sales SEK 1,090m (935), +7.8% growth (constant currency)**
- Strong Q3 in Sport&Cargo Carriers
  - Continued strong Bike Carrier sales
  - Roof boxes continue to grow thanks to continued momentum with Thule Motion XT
  - Due to announced launch of new roof rack system Thule Evo some stock depletion at distributors/retailers affecting sales negative
- Active with Kids continue to grow at fast pace
  - Launch of new Thule Sleek well received
  - Thule Urban Glide 2 launch momentum continues
- RV Products continues to grow more than the market
- Packs, Bags & Luggage mixed picture
  - Decline in legacy products offset by growth categories

Image: Thule Yepp Nexxt Maxi and Mini Child Bike Seats

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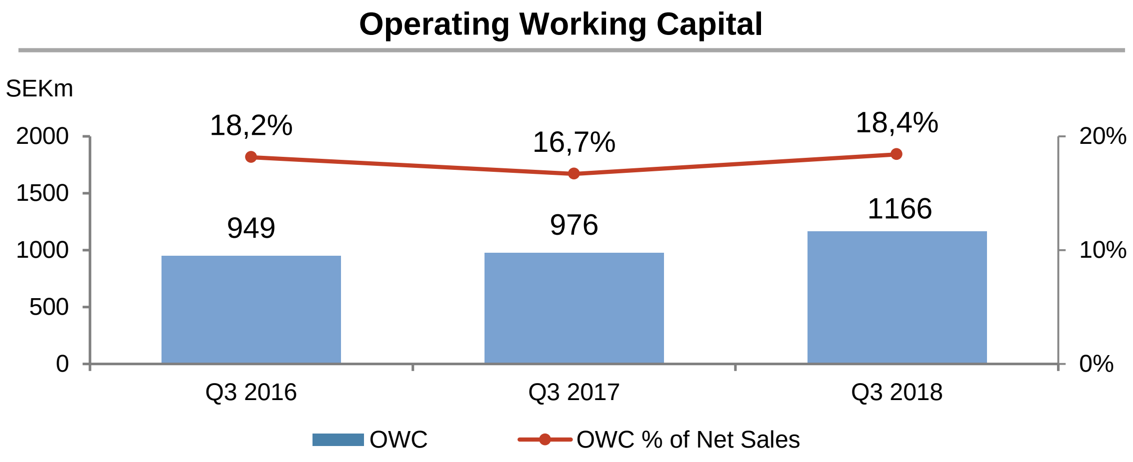
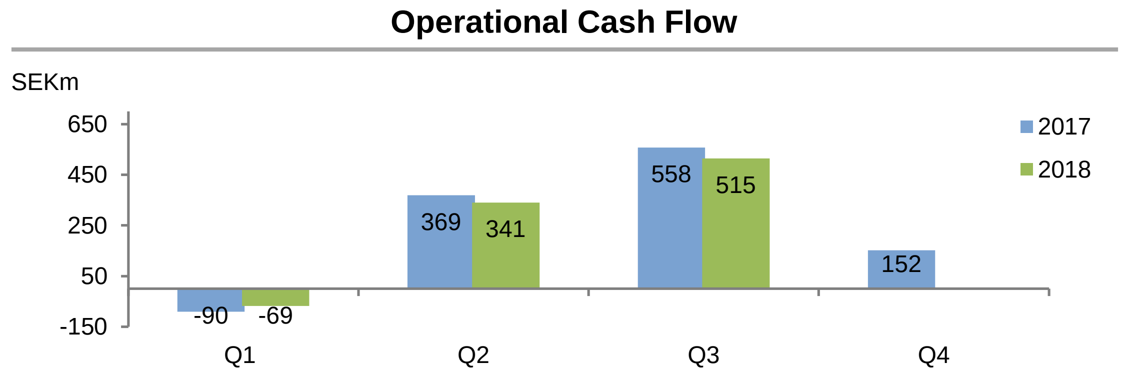
Q3/2018 – Reported Income Statement

SEKm	Q3 2018	Q3 2017	YTD 2018	YTD 2017	LTM
Net sales	1 561	1 385	5 327	4 866	6 333
Cost of goods sold	-950	-816	-3 138	-2 847	-3 746
Gross income	**611**	**570**	**2 190**	**2 019**	**2 587**
Gross Margin %	*39,2%*	*41,1%*	*41,1%*	*41,5%*	*40,9%*
Other operating revenue	0	-0	0	4	-0
Selling expenses	-274	-240	-870	-801	-1 123
Administrative expenses	-71	-72	-220	-219	-301
Other operating expenses	0	0	0	0	0
Operating income (EBIT)	**267**	**258**	**1 099**	**1 002**	**1 164**
EBIT Margin %	*17,1%*	*18,6%*	*20,6%*	*20,6%*	*18,4%*
Financial expenses/revenue	-12	-14	-41	-37	-56
Income before taxes	**254**	**244**	**1 058**	**966**	**1 108**
Taxes	-66	-59	-264	-236	-354
Net income from continuing operations	**189**	**185**	**794**	**730**	**754**
Net income from discontinued operations	0	-0	0	18	-1
Net income	**189**	**185**	**794**	**748**	**753**
Net income pertaining to:					
Shareholders of Parent Company	**189**	**185**	**794**	**748**	**753**

- Gross Margin decrease in quarter
  - Mainly related to currency, In constant currency lower by 1.0 percentage points
- EBIT margin at 18.4 % at rolling 12-month basis
  - SG&A decreases as percentage of sales in spite of increase in development- and marketing expenses related to new products
- Lower financial expenses
  - Lower interest rates due to new financing in place
- Tax rate at 25.0% YTD

Q3/2018 – Operating Working Capital and Operational Cash Flow





Operating Working Capital

- Operating Working Capital, 30 Sep. 2018:
  - Inventory: SEK 862m (640) *whereof currency SEK 38m*
  - Accounts receivables: SEK 801m (736) *whereof currency SEK 43m*
  - Accounts payable: SEK 497m (399) *whereof currency SEK 24m*
- Currency effect SEK 57m vs prior year
- Accounts Receivables in line with sales
- Increased inventory due to major product launches and preparations for early 2019 sales season start

Operational Cash Flow

- Q3 operational cash flow SEK 515m (558), a decrease by SEK 43m vs PY
- Decrease due to higher OWC
- Capex SEK 123m (115) – major investments in new Roof Rack generation in Hillerstorp, SE and extension of Distribution Center for E. Europe in Huta, PL

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YTD 2018 – Performance vs. Financial Targets

Organic Growth	**≥ 5%**	**Constant Currency Net Sales Growth (excl. Acquisitions)** **+5.6%**	
Underlying EBIT Margin	**≥ 20%**	**20.6%**	YTD 2017 at **20.6%** (LTM at 18.4%)
Net Debt / EBITDA	**1.5-2.5x**	**1.3x**	1.5x (Q3 2017)
Dividend Policy	**≥ 50%**	**87%**	Ordinary dividend of **SEK 6.00 per share** (3.40)

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Focus areas for the coming months

- Sales&Marketing focus
  - Introduction Phase 1 of Next Generation Roof Racks
  - Drive share wins with Thule force XT roof box at mid price
  - Win share of seasonal sales in focused Bags categories
  - Generate PR & Consumer buzz around Thule Sleek stroller

- Operations focus
  - Production ramp-up for Thule Revolve luggage launch (2019/Q1)
  - Finalize lay-out project in German roof box plant (ready 2018/Q4)
  - Expansion project of E. Europe Distribution Center (ready 2019/Q1)
  - Expansion project of small fabrication site in US (ready 2019/Q2)
  - Staying on top of volatile raw material market
  - Continued aggressive product development push for 2019

Q&A

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