

Thule Group»

2020 Jan-Sep Report
October 23, 2020

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2020/Q3: Season phasing and strong bike trend drives great quarter

2020/Q3

- Net sales of SEK 2,436m (1,682)
 - Global +45% (+52% excl. FX effect)
 - Region Europe & ROW +54% (+59% excl. FX effect)
 - Region Americas +23% (+36% excl. FX effect)
- Underlying EBIT of SEK 596m (274)
 - Underlying EBIT-margin of 24.5% (16.3)
- Net income of SEK 449m (181)
- Earnings per share of SEK 4.32 (1.75)
- Cash flow from operating activities SEK 764m (571)

2020 YTD

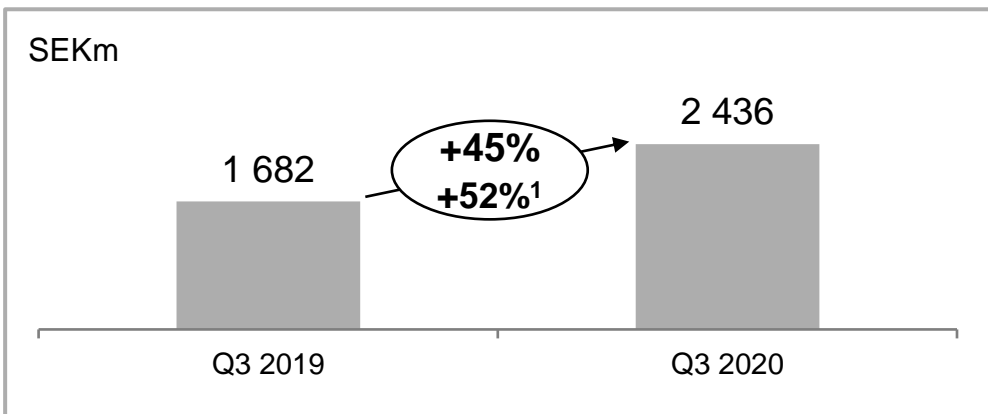
- Net Sales growth of SEK +396m, +7 % excl. FX effect
- Underlying EBIT growth of SEK +177m, +15%
- Underlying EBIT-margin of 21.7% (LTM at 19.1%)



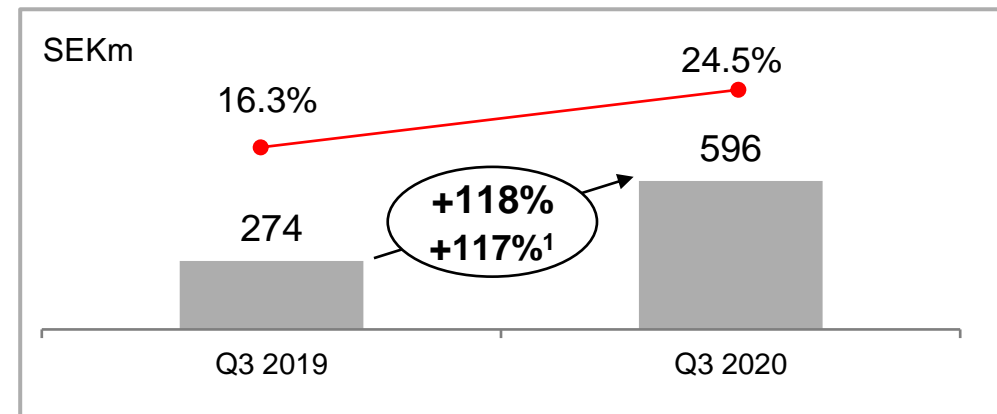
2020/Q3 – Net Sales and Underlying EBIT development

Q3

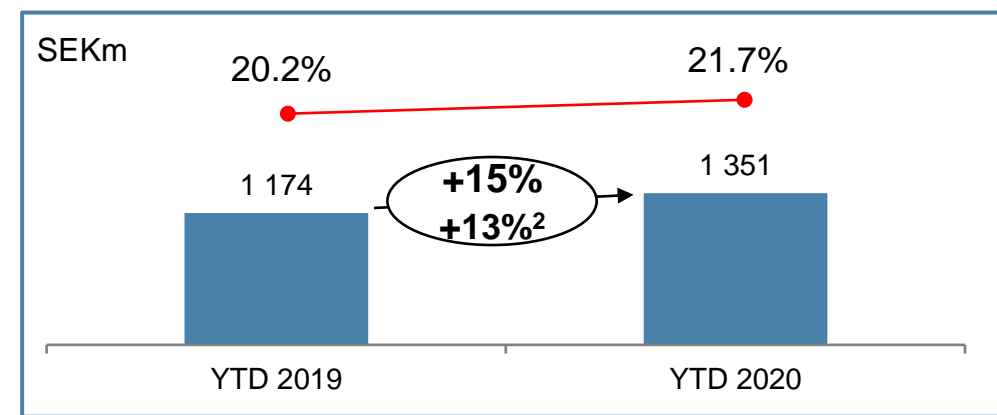
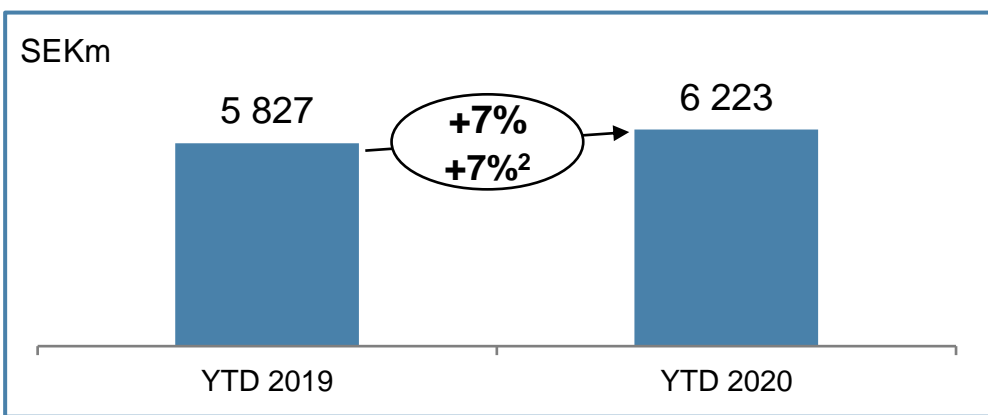
Reported Net Sales



Underlying EBIT and Margin



YTD



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

¹ Constant currency adjustment based on average FX rates 1 July 2020 – 30 September 2020.

² Constant currency adjustment based on average FX rates 1 January - 30 September 2020.

Region Europe & RoW: Strong bike category trend

- **2020/Q3 Net sales SEK 1,827m (1,188), +59% growth (constant currency)**
 - Strong growth across all European markets
 - Market leading portfolio in the bike category (bike racks, bicycle trailers and child bike seats), gained strong traction from a very positive bike trend
 - Roof Racks and Roof Boxes saw strong sales thanks to phasing from the spring lock-down leading to a pent-up need for our products during the summer
 - Stroller sales also grew during the quarter in all three models
 - RV Products category performed well, especially towards end of the Quarter
 - Many consumers chose this type of vacation with the possibility of living in their own, more private sphere, especially in Germany and Benelux region
 - RV manufacturers started catching up with production backlogs as they got access to more chassis
 - Bags trended negatively due to reduced travel and reduced sales of Back to Campus bags as a result of school closures



Region Americas: Bike products and strollers strongest performers

- **2020/Q3 Net sales SEK 609m (494), +36 % growth (constant currency)**
 - Growth was mainly driven by strong demand for bike products
 - Strong stroller sales with award winning Thule Urban Glide 2 all-terrain stroller (image) and new smaller Thule Spring stroller as drivers
 - Rooftop tents continue positive momentum as people prefer to stay in their “personal sphere” when traveling
 - Bag sales, which has higher share of total sales in this region, declined due to less national and international air travel
 - Sales in Latin America were weak during the quarter, due to the escalating pandemic situation in these markets and consequent caution among our distributors



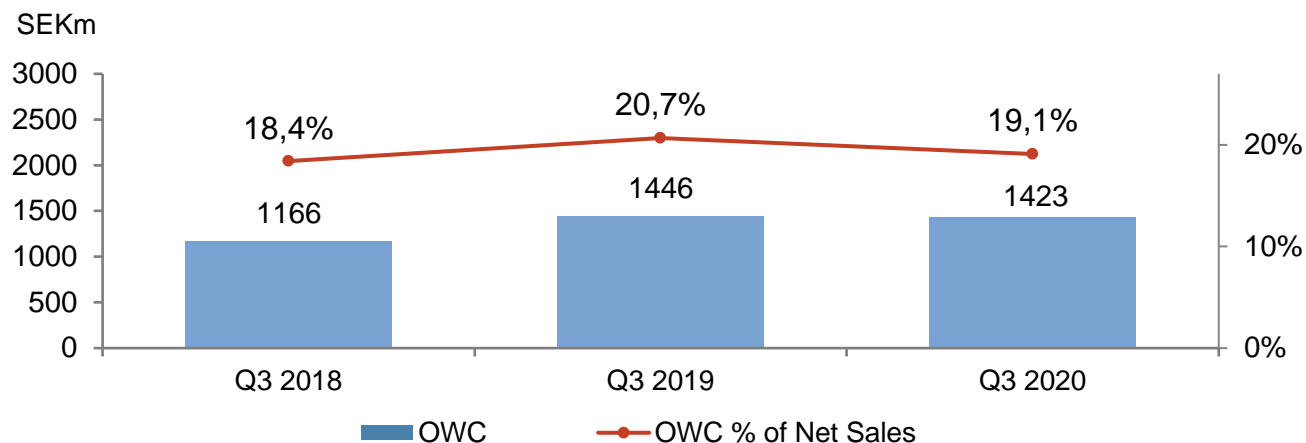
2020/Q3 and YTD – Reported Income Statement

SEKm	Q3 2020	Q3 2019	YTD 2020	YTD 2019	LTM
Net sales	2 436	1 682	6 223	5 827	7 434
Cost of goods sold	-1 392	-1 035	-3 636	-3 461	-4 384
Gross income	1 044	647	2 587	2 366	3 049
Gross Margin %	42,9%	38,5%	41,6%	40,6%	41,0%
Selling expenses	-351	-326	-978	-985	-1 307
Administrative expenses	-98	-73	-259	-233	-345
Other operating expenses	0	0	0	0	0
Operating income (EBIT)	596	249	1 350	1 148	1 397
EBIT Margin %	24,4%	14,8%	21,7%	19,7%	18,8%
Financial expenses/revenue	-15	-12	-46	-35	-60
Income before taxes	581	237	1 304	1 113	1 337
Taxes	-132	-56	-302	-260	-305
Net income	449	181	1 002	854	1 032
Net income pertaining to:					
Shareholders of Parent Company	449	181	1 002	854	1 032

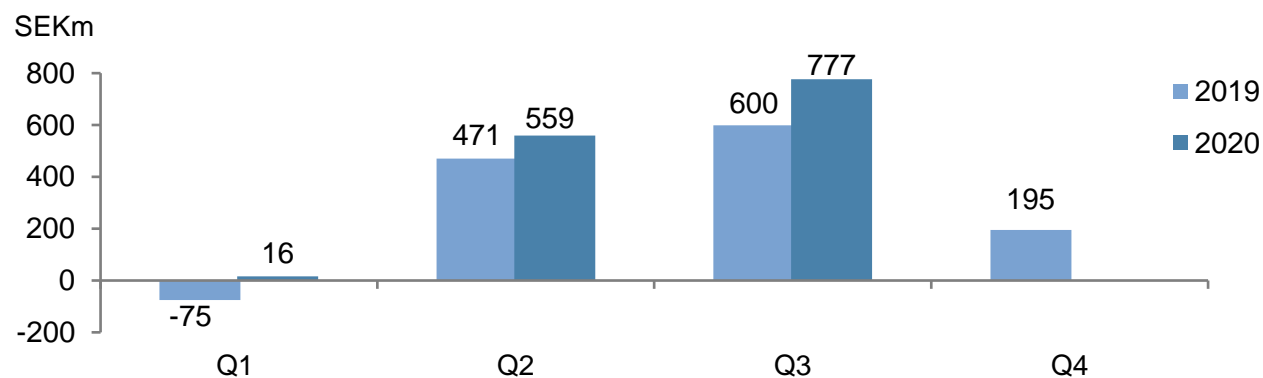
- Sales boosted by Spring sales phasing into Q3 and Bike category boom, 52% growth (Fx adj.)
- Gross Margin at 42.9% (38.5) in Q3 as sales volume drives absorption gains
 - Big shifts in product/market mix
 - Material costs continues to develop positively
- Underlying EBIT margin at 24.5% (16.3) in Q3 and 19.1% at rolling 12-month basis
 - Very good fall-through on additional sales
 - Continued push on product development
- Tax rate at 22.7% for the quarter

2020/Q3 – Operating Working Capital and Operational Cash Flow

Operating Working Capital



Operational Cash Flow



Operating Working Capital

- Q3: Delay of the peak season in 2020 by approx. 2-3 months and bike category related boost
- Operating working capital, 30 Sep. 2020:
 - Inventory: SEK 828m (978) *whereof currency SEK -50m*
 - Accounts receivables: SEK 1 238m (916) *whereof currency SEK -40m*
 - Accounts payable: SEK 643m (447) *whereof currency SEK -19m*
- Currency effect SEK -72m vs prior year - OWC excl currency impact is 20,1%

Operational Cash Flow

- Q3 operational cash flow SEK 777m (600), an increase by SEK 177m vs PY
 - Major impact coming from increased profit
 - CapEx SEK 32m (34) in the quarter

2020 YTD September – Performance vs. Financial Targets

Organic Growth	$\geq 5\%$	7.1%	Constant Currency Net Sales Growth (excl. Acquisitions)
Underlying EBIT Margin	$\geq 20\%$	21.7%	Q3/2019 at 20.2% (LTM at 19.1%)
Net Debt / EBITDA	1.5-2.5x	0.5x	Q3/2019 at 1.4x (Q3/2020 excl. IFRS16 at 0.3x)
Dividend Policy	$\geq 50\%$	0%	<i>On March 22, the Thule Group Board of Directors withdrew previously communicated dividend proposal of 7.50 SEK/share, due to uncertainty regarding possible future economic effects due to the corona-virus pandemic</i>

Executive Summary: Short-term uncertainties, but long-term confidence

- Still high levels of uncertainty from corona-virus pandemic
 - Several countries have implemented second round of lock-downs
 - Many Brick&Mortar stores are still closed or have special measures
 - Focus on handling social distancing and health&safety at own sites
 - Managing different local regulations with various forms of “lock-downs”
 - Very limited travelling
- Managing extreme flexibility as markets open up again
 - Continue to apply less statistically based forecasting than normal
 - Own plants work at different capacity depending on category
 - Close discussions with suppliers on capacity and timing
- 2020/Q4 small quarter with bigger exposure to weaker categories
 - Q4 is the quarter with the biggest exposure to Bags sales
 - Q4 has lowest share of sales from bike category – but, positive that bike season longer than normal and spilling over a few weeks into Q4
 - Winter vacation resort bookings vary greatly by country
 - Active with Kids category expected to continue to perform well
 - RV Products expected to benefit from RV manufacturers ramp-up for 2021
- Strong belief in mid-term staycation trend as a positive
 - Once pandemic measures normalize, we believe the active life focus that has been strong for years and recent staycation trend will continue
 - We are convinced about our ability to continue to win market share



Q&A



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