

# Year End Report, Q4/2020

2021-02-10

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**Thule Group**»

# 2020/Q4 Results – Strong end to the year caps of exceptional H2

- Net Sales of SEK 1,605m (1,211), +45% Fx adjusted vs. PY
  - Region Europe & ROW: +43% Fx adjusted
  - Region Americas: +48% Fx adjusted
- EBIT of SEK 241m (71)  
EBIT Margin at 15.0% (5.9%)
- Cash flow from operating activities of SEK 319m (174)
- Net income of SEK 164m (30)
- Earnings per share of SEK 1.57 (0.29)
- Proposed ordinary dividend of SEK 8.00 (0) per share and extraordinary dividend of SEK 7.50 per share (equal to planned 2019 dividend)





# Key Events: Ambitious product development efforts continue to pay off

## Thule products continue to be recognized in awards and tests

- Thule Tepui Foothill rooftop tent wins prestigious ISPO Gold Award
  - In stores as of Spring 2021



## Continued investments in R&D for future growth

- 5.1% of sales allocated to Product Development in 2020
- New development centre (SEK 100m investment) opened in January 2021
  - Hillerstorp, (Sweden) adjacent to Thule Test Center and Roof Rack plant
  - 5,000 square meters dedicated to design, development and prototype assembly
- Further expansion (SEK 80m) of Thule Test Centre started (ready 2022/Q2)

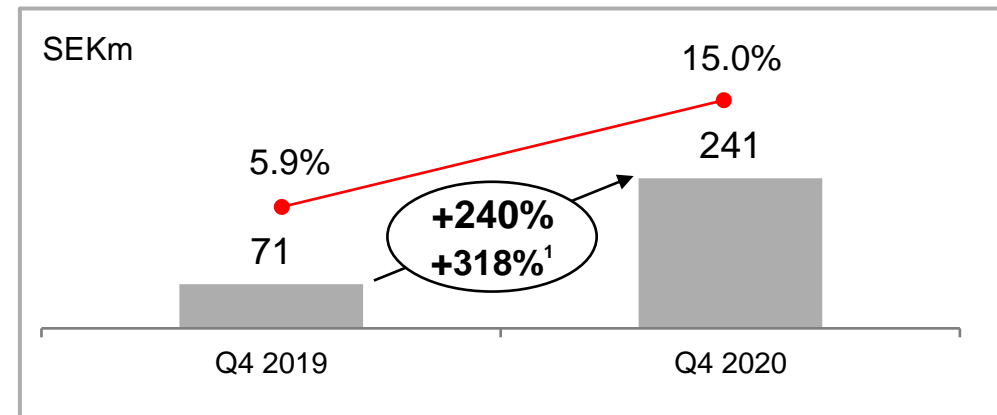
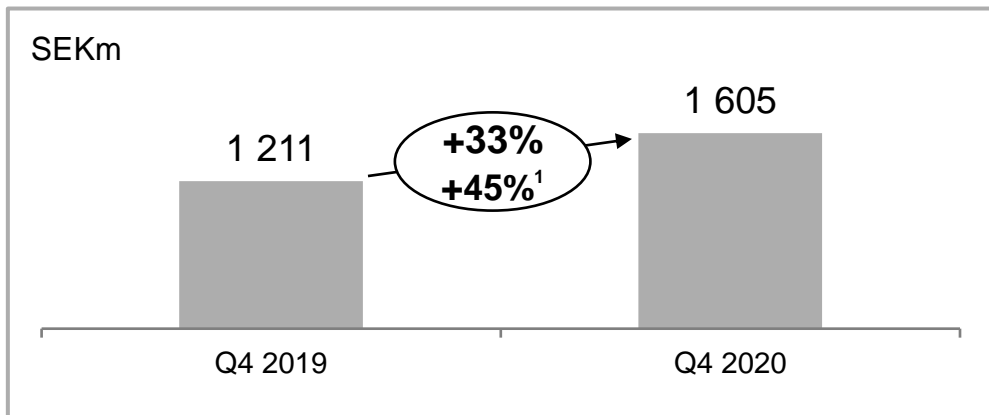


# 2020/Q4 and 2020/FY– Net Sales and underlying EBIT development

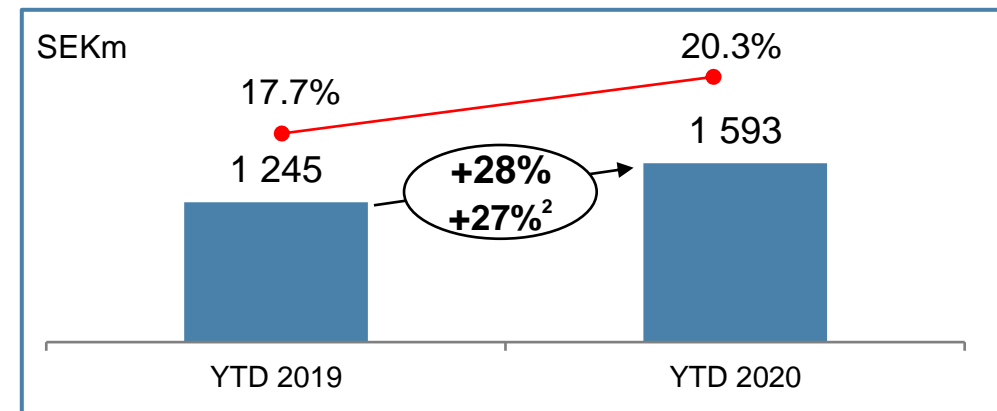
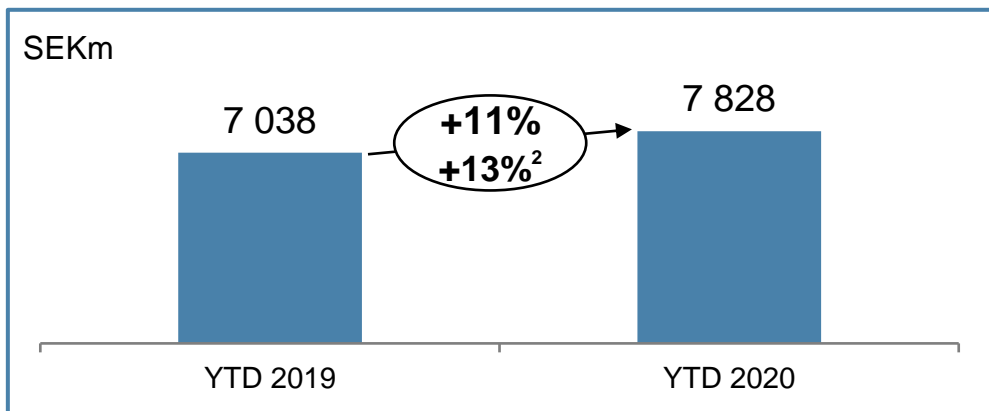
## Reported Net Sales

## Underlying EBIT and Margin

Q4



YTD



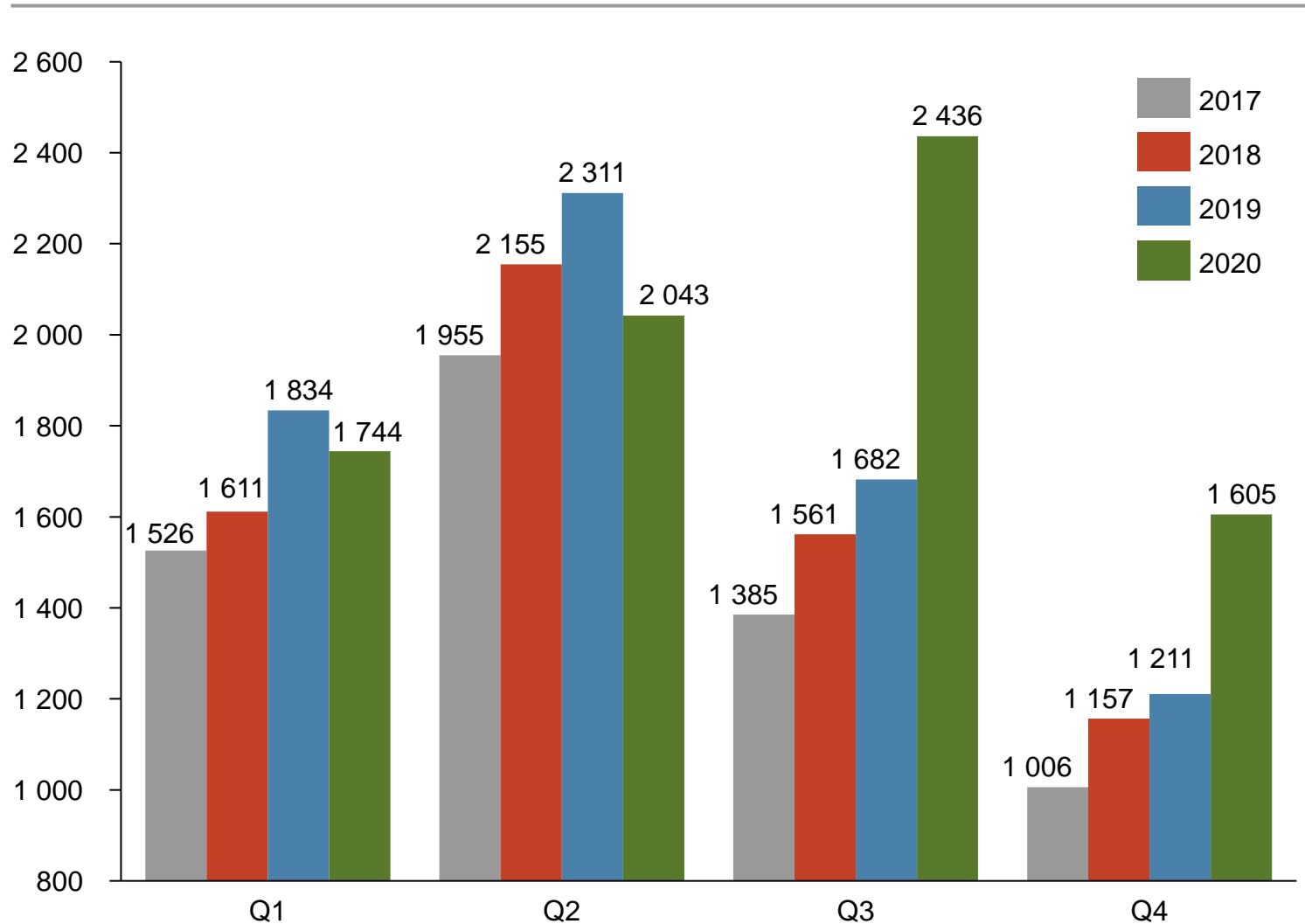
Note: EBIT adjusted for non-recurring items & depr/amort on excess values.

<sup>1</sup> Constant currency adjustment based on average FX rates 1 October 2020 – 31 December 2020.

<sup>2</sup> Constant currency adjustment based on average FX rates 1 January - 31 December 2020.

# Pandemic-impacted season phasing in 2020 - Will also impact 2021 comps

Thule Group Sales by Quarter (Reported Currency)



- 2020 impacted by pandemic lock-downs
- Q1 (-8% Fx adj.) started well and ended badly
  - Mid-march first lock-downs due to Covid-pandemic
- Q2 (-12% Fx adj.) started badly and ended strong
  - Sales halved in April as major markets experienced significant lock-downs
  - May performance varied by market due to degree of lock-downs and restrictions
  - June strong in most markets
- Q3 (+52% FX adj) fantastic throughout the quarter
  - Sport&Cargo Carriers boosted as normal late spring/early summer sales compressed into Q3
  - Bike related categories boosted by strong trend
- Q4 (+45% FX adj.) very strong performance
  - Spill-over sales in Bike categories from Q3
  - Mild start of winter boosts activities not related to winter sports in the outdoors
  - RV Products strong growth as RV manufacturers ramp up production for 2021 deliveries in what normally is a period of low production levels

# Thule Group 2020/Q4 and 2020/FY: Sales Development by region

SEKm	Oct-Dec		Change		Jan-Dec		Change	
	2020	2019	Rep.	Adjust. <sup>1</sup>	2020	2019	Rep.	Adjust. <sup>1</sup>
Net sales	1 605	1 211	32,6%	44,6%	7 828	7 038	11,2%	13,1%
- Region Europe & ROW	1 074	797	34,9%	42,9%	5 721	5 057	13,1%	14,2%
- Region Americas	531	414	28,2%	48,0%	2 107	1 980	6,4%	10,1%

<sup>1</sup> Adjusted for changes in exchange rates

## Region Europe & ROW

- 2020/Q4: Sales +43% fx adjusted
  - Bike boom, prolonged season and RV Products sales
- Full year: Sales +14% fx adjusted
  - Sport & Cargo Carriers +18%
  - Packs, Bags & Luggage -23%
  - Active with Kids +33%
  - RV Products +7%

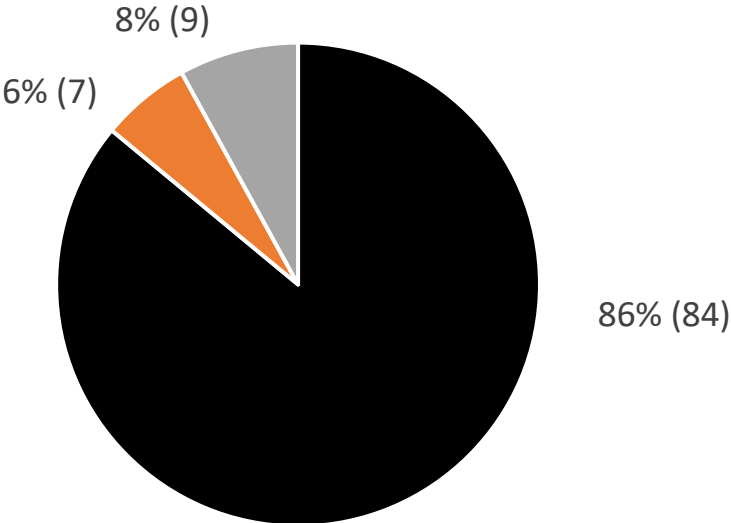
## Region Americas

- 2020/Q4: Sales +48% fx adjusted
  - Bike boom, prolonged season and strong stroller sales
- Full year: Sales +10% fx adjusted
  - Sport & Cargo Carriers +13%
  - Packs, Bags & Luggage -19%
  - Active with Kids +57%
  - RV Products +73%



# 2020 Full year: Sales Development by Brand

Share of Sales by Brand 2020



■ Thule ■ Other Thule Group ■ OEM & Private label

- Thule brand continues to outpace overall growth and grew +17% in 2020
- Case Logic still biggest brand within Other Thule Group (4% of sales)
- OEM & Private Label flat vs. 2019



# 2020 Full Year: Sales Development by Product Category and Region

Sport&Cargo Carriers



RV Products



Active with Kids



Packs, Bags & Luggage



Share of  
Thule Group  
Sales 2020 FY  
(2019 FY)

**64%**  
(63%)

**15%**  
(15%)

**13%**  
(10%)

**8%**  
(12%)

Share of  
Regional  
Sales 2020 FY  
(2019 FY)

Europe&ROW  
**61%**  
(59%)

Americas  
**73%**  
(71%)

Europe&ROW  
**20%**  
(21%)

Americas  
**3%**  
(1%)

Europe&ROW  
**14%**  
(12%)

Americas  
**9%**  
(7%)

Europe&ROW  
**5%**  
(8%)

Americas  
**15%**  
(21%)

Sales Growth  
2020 FY vs 2019 FY  
(Constant Currency)

**+17%**

**+9%**

**+37%**

**-21%**

**+18%**

**+13%**

**+7%**

**+73%**

**+33%**

**+57%**

**-23%**

**-19%**



# Sport&Cargo Carriers – Winner in strong bike market

- Growth of +17% Fx adjusted
  - Region Europe & ROW +18%
  - Region Americas +13%
- 2020 - Awarded products, flexible supply chain and biking boom
  - Bike Racks: Strong market May-Oct even continues into Nov-Dec
  - Roof Racks: Very strong H2 secures growth for full year
  - Boxes: N. America strong while closures in ski resorts in Alps hurt Europe
  - Roof Top Tents: Fast growth with global roll-out and staycation trend
- 2021 – Continue to drive growth using our core strengths
  - Flexible supply chain with own plants close to main markets key in season that will be difficult to forecast
  - Bike Racks: Several new products top-of-car and trunk mounted
  - Roof Racks: continue to use market leading portfolio
  - Boxes: Capture staycation trend in summer after more challenging winter
  - Roof Top Tents: Fast growth with new product and staycation trend





# RV Products – Staycation trend helped European RV market to recover in H2

- Growth of +9% Fx adjusted
  - Region Europe & ROW +7%
  - Region Americas +73%
- 2020 – Strong consumer trend, but manufacturers challenged
  - Staycation trend and possibility to flexible travel in your own small bubble
  - Smaller vans continue to be winners with younger active consumers
  - Challenges for manufacturers to get complex supply chain going, with stronger out levels only from September
  - Older models sold out from dealerships, which cleans up supply chain
  - Thule Group continues to win share thanks to flexible operations
- 2021 – European RV Market expected to have strong H1
  - Staycation trend and possibility to flexible travel in your own small bubble
  - Less vehicles at dealers creates strong orderbooks ahead of season
  - Supply chains running better, but similar challenges as truck and car industry on specific component shortages potentially disturbing
  - Continued investments in Thule Group plants to meet demands
  - Niche products in van segment continues to do well in N. America





# Active with Kids – Another very strong growth year

- Growth of +37% Fx adjusted
  - Region Europe & ROW +33%
  - Region Americas +57%
- 2020 – Biking boom and broadened stroller assortment
  - Bike trailers: E-bike and bike commuting trend continues
  - Child Bike Seats: Boosted by biking boom with lower priced bike sales
  - Strollers: Continued broadened distribution and now 3 models in market
  - Strollers: US competitor returns to normal price levels and we win share
- 2021 – Continue to take share with broadened offer & distribution
  - New colors and accessories to award winning core products
  - Bike related products expected to continue to see growth with more bikes, reduced public transport commuting and improved infrastructure
  - Stroller growth to continue with more broadly known brand and proven portfolio with retailers





# Packs, Bags & Luggage – Hurt by pandemic lock-downs and travel slump

- Decline of -21% Fx adjusted
  - Region Europe & ROW -23%
  - Region Americas -19%
- 2020 – Luggage sector hit hard and no Back-to-Campus season
  - Everyday bags: Hurt as Back-to-Campus/Work sales skips a year
  - Luggage: Travel sector hit with dramatic decline
  - Sport bags & Tech packs: Hiking packs do well, travel style packs hurt
- 2021 – Air travel slow to pick up and still work/study from home
  - Continued challenging markets, but with lower comps
  - Everyday bags: Will Back-to-Campus/Work season materialize?
  - Luggage: Travel sector slowly recovers, but far from 2019 levels
  - Sport bags & Tech packs: Continued staycation trend positive



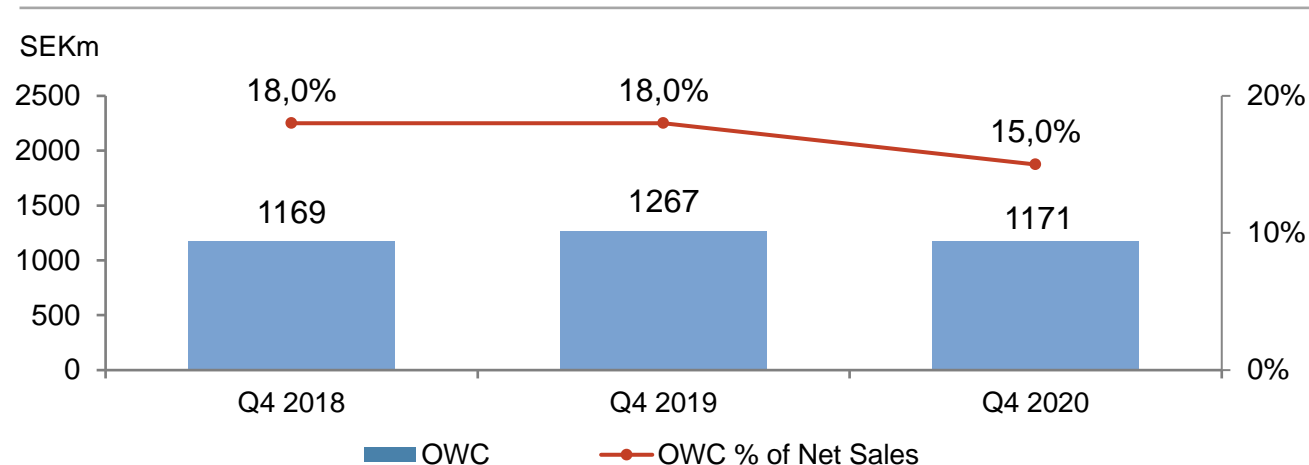
# 2020/Q4 and Full Year – Reported Income Statement

SEKm	Q4 2020	Q4 2019	YTD 2020	YTD 2019
<b>Net sales</b>	1 605	1 211	7 828	7 038
Cost of goods sold	-962	-748	-4 599	-4 209
<b>Gross income</b>	<b>643</b>	<b>463</b>	<b>3 230</b>	<b>2 829</b>
Gross Margin %	40,0%	38,2%	41,3%	40,2%
Selling expenses	-322	-330	-1 300	-1 315
Administrative expenses	-80	-86	-338	-319
Other operating expenses	0	0	0	0
<b>Operating income (EBIT)</b>	<b>241</b>	<b>47</b>	<b>1 591</b>	<b>1 195</b>
EBIT Margin %	15,0%	3,9%	20,3%	17,0%
Financial expenses/revenue	-18	-14	-64	-49
<b>Income before taxes</b>	<b>223</b>	<b>33</b>	<b>1 527</b>	<b>1 146</b>
Taxes	-59	-3	-361	-263
<b>Net income</b>	<b>164</b>	<b>30</b>	<b>1 166</b>	<b>883</b>
<b>Net income pertaining to:</b>				
Shareholders of Parent Company	<b>164</b>	<b>30</b>	<b>1 166</b>	<b>883</b>

- Sales in Q4 +45% growth (Fx adj.) and Full year with +13% growth (Fx adj.)
- Gross Margin at 40.0% (38.2) in Q4 with increased production volumes and positive product mix
- EBIT margin at 15.0% (3.9) in Q4 and 20.3% (17.0) at year-end, exceeding our financial target of >20%
  - Very good fall-through on sales growth
- Tax rate at 26.6% for the quarter and 23.7 % for the year

# Thule Group Financials 2020/Q4: Operational Cash Flow

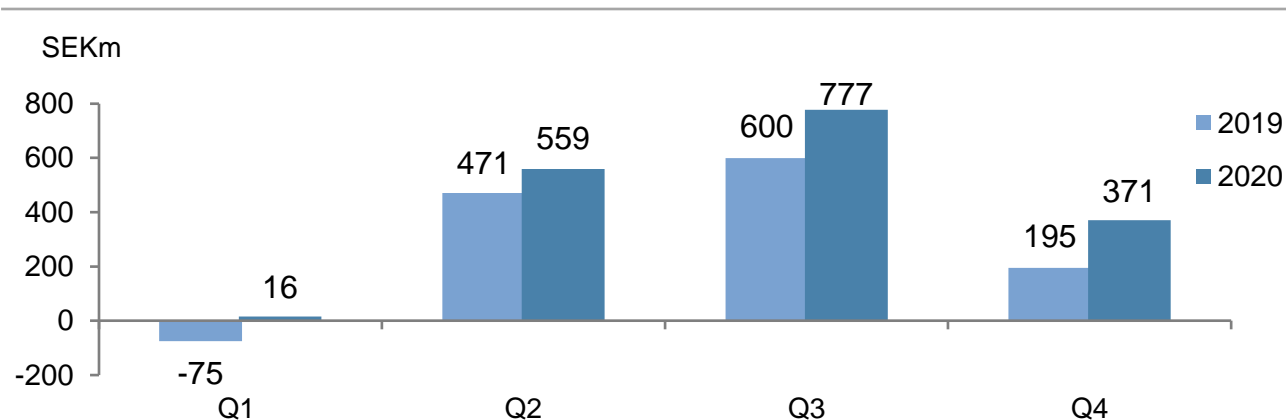
## Operating Working Capital



## Operating Working Capital

- Operating working capital, 31 Dec. 2020:
  - Inventory: SEK 1 068m (1 092) *whereof currency SEK -85m*
  - Accounts receivables: SEK 762m (704) *whereof currency SEK -52m*
  - Accounts payable: SEK 660m (529) *whereof currency SEK -36m*
- Currency effect SEK -101m vs. prior year (OWC excl currency impact at 16,2%)
- Inventory changed from (a low level) last quarter by SEK 240m (115)

## Operational Cash Flow



## Operational Cash Flow

- Q4 operational cash flow SEK 371m (195), an increase by SEK 176m vs. PY
  - Major impact coming from increased profit
  - CapEx SEK 54m (58) in the quarter



# Thule Group 2020 YTD Dec. – Performance vs. Financial Targets

Organic Growth	≥ 5%	<b>+13%</b> Constant Currency Net Sales Growth (excl. Acquisitions)
Underlying EBIT Margin	≥ 20%	<b>20.3%</b> 2019 at 17.7%
Net Debt / EBITDA	1.5-2.5x	<b>0.2x</b> 2019 at 1.5x (2020 excl. IFRS16 at 0.1x)
Dividend Policy	≥ 50%	<p><b>138%</b> <b>(78%)*</b></p> <p><b>Proposal from Board</b>            Total dividend: 15.50 SEK/share            Ordinary: 8.00 SEK/share relating to 2020            Extraordinary: 7.50 SEK/share relating to 2019 (withheld ordinary)</p> <p>* Dividend ratio 78% for dividend pay-out related to Net Income 2019 and 2020</p>

# 2021 Focus – We continue to drive our winning growth oriented strategy

- Growth focused strategy remains unchanged
  - Drive profitable organic sales growth via great products
  - Strengthen the Thule brand by using the motto *Bring your life*
  - Utilize strong back-end organization to drive cost efficient growth
  - Continue to steadily roll out Direct to Consumer
- Product portfolio and development push to fuel growth
  - Spend just above 5% of sales
  - New development center up and running
  - Significant expansion of Thule Test Center (operational 2022/Q2)
- Continuous improvements in our Supply Chain set-up
  - Gain efficiencies initiatives in 2018-20 in 6 out of 9 plants
  - Continue to expand main Polish plant in Huta for Bike Rack assembly
  - Expansion of Pila (PL) plant to double size
- Increased roll-out of sales supporting tools for retail
  - Build on success of digital sales tools implemented in 2020
  - Further enhancements of homepage
  - Increased SoMe push
- Strong cash generation that enables M&A and increased dividends
  - Above average CapEx year (plants and development facilities)
- *Still many uncertainties around the world so we need to be as quick to act and as flexible as in 2020*





Q&A





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