



Interim Report 2017/Q3 Thule Group AB

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2017-10-27

Thule Group 

2017/Q3 – Strong ending of summer season

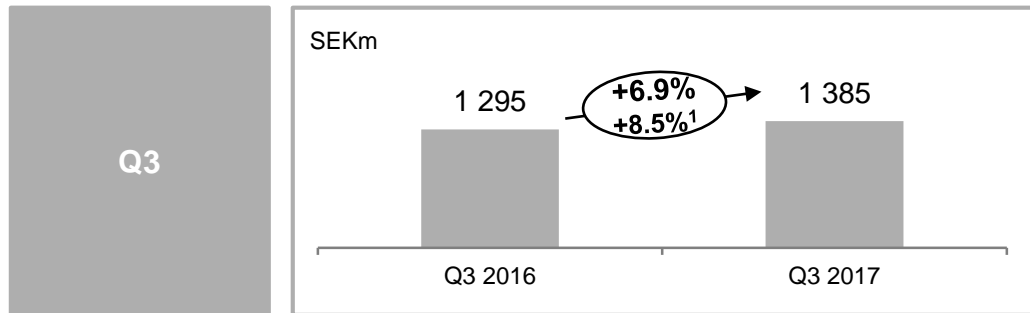
- **Net sales** of SEK 1,385m (1,295)
 - +6.9 (+8.5% excluding currency effects)
- **Underlying EBIT** of SEK 258m (238) and **Underlying EBIT margin** of 18.6% (18.4)
- **Net income**, continuing operations of SEK 185m (156)
- **Earnings per share**, continuing operations of SEK 1.81 (1.55)
- **Cash flow**¹ from operating activities of SEK 519m (436)
- **New financial targets presented** on the Capital Markets Day in September

¹ Based on total operations meaning both continuing and discontinued operations.

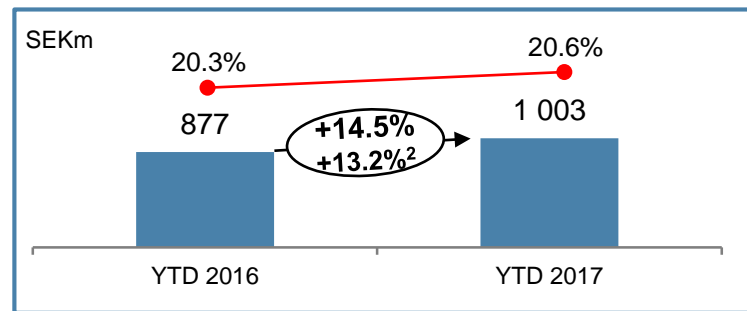
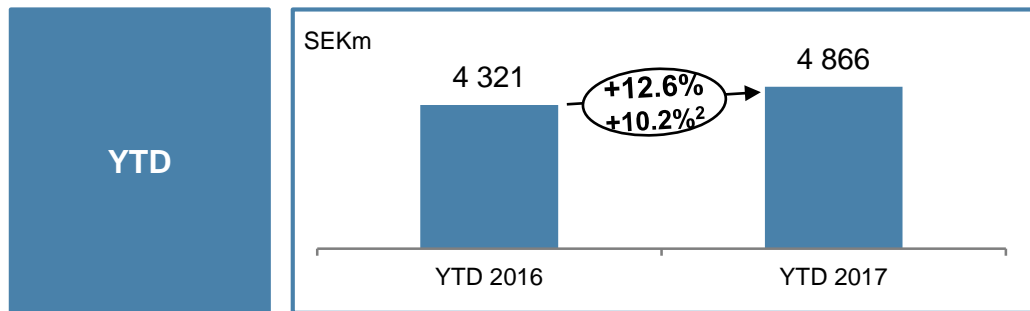
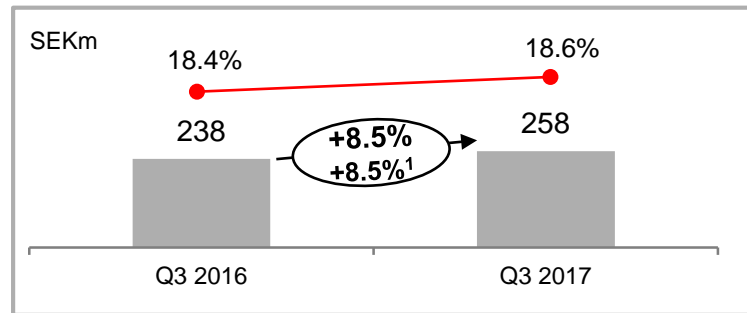


2017/Q3 and YTD – Strong sales continue in Q3 with solid EBIT growth

Reported Net Sales



Underlying EBIT and Margin



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 2017.

² Constant currency adjustment based on average FX rates 1 January 2017 - 30 September 2017.

2017/Q3 and YTD – Net Sales by Region

SEKm	Jul - Sep		Change		Jan - Sep		Change	
	2017	2016	Rep.	Adjust. ¹	2017	2016	Rep.	Adjust. ¹
Net sales	1 385	1 295	6.9%	8.5%	4 866	4 321	12.6%	10.2%
- Region Europe & ROW	934	839	11.4%	11.2%	3 355	2 908	15.4%	13.3%
- Region Americas	451	457	-1.2%	3.4%	1 511	1 413	6.9%	3.8%

¹ Adjustment for changes in exchange rates

- Thule Group: +8.5% currency adjusted
- Europe & ROW: +11.2% currency adjusted with strong performance across the Region
- Americas: +3.4% currency adjusted with growth in both North America and Latin America

2017/Q3 – Key Events

- Region Americas continued stable growth (+3% Q3, +4% YTD)
- Region Europe & ROW strong growth continues (+11% Q3, +13% YTD)
- Key 2017 product launches sell well during summer season
- Sport&Cargo Carriers - Strong quarter globally in core categories
 - Decision to focus on profitability margins rather than volume for OE related in Pick-up truck accessories (previously reported in Specialty segment) reduces sales volumes
- Packs, Bags & Luggage – Still a mixed bag
 - Luggage and Sport&Outdoor Packs shows strong growth with new launches
 - Everyday bags (daypacks, laptop bags) OK performance
 - Legacy/OE bags still a challenge and will continue to be so
- Active with Kids – Fast growth across the category
- RV Products – Continued market share wins in a hot RV market
- Trade Introductions of key products were well received at major global fairs
- New Financial Targets presented at Capital Markets Day on Sep. 20
- New Polish plant operational in October (as per plan, see images)



2017/Q3 Key Events: Trade Introduction of new Strollers



Image: Thule fair booth at the World's biggest juvenile fair, Kind&Jugend, in Germany Sep. 2017



Thule Urban Glide 2 – for active parents on the go
Launch: Spring 2018



Thule Sleek – city strolling in style
Launch: Autumn 2018

2017/Q3 Key Events: Trade Introduction of new Sport&Cargo Carrier products



Image: Thule fair booth at the World's biggest bike fair, Eurobike, in Germany August 2017



Thule VeloSpace XT – versatile bike carrier ideal for e-bikes
Launch: Spring 2018



Thule UpRide – maximum frame protection and universal fit
Launch: Spring 2018

2017/Q3 Key Events: Trade Introduction of new Sport&Outdoor Packs



Image: Thule fair booth at the World's biggest juvenile fair, Kind&Jugend, in Germany Sep. 2017

Thule AllTrail – hiking packs
Launch: Spring 2018



Thule Vital – bike hydration packs
Launch: Spring 2018



2017/Q3 Key Events: Trade Introduction of new Everyday Bags



Image: Thule and Case Logic fair booth at the Europe's largest consumer electronics fair, IFA, in Berlin Sep. 2017



Thule Lithos – daypacks
Launch: Spring 2018



Case Logic Era – daypacks and laptop bags
Launch: Spring 2018

2017/Q3 Key Events: Trade Introduction of new RV Products



Image: Thule fair booth at Caravan Salon, the world's largest trade fair for motor homes and caravans, in Düsseldorf Aug. - Sep. 2017



Thule VeloSlide – innovative “garage”-style bike carrier
Launch: Spring 2018



Thule Crew member Aline Book sharing her project *#alivanlife* and sharing stories with media and customers about how the Thule Van concept products enables her super-active life.

2017/Q3 Key Events: Capital Markets Day

- Capital Markets Day 2017 – Stockholm 20 Sep.
- Two main focus areas:
 - New Financial Targets
 - New Product Category structure
- New Financial Targets with raised ambition level
 - Long-term EBIT-margin target raised to $\geq 20\%$ ($\geq 17\%$)
 - Net debt /EBITDA 1.5 – 2.5x (c. 2.5x)
 - Organic growth ($\geq 5\%$) and Dividend ($\geq 50\%$ of Net profit) kept
- New Product Categories
 - Sport&Cargo Carriers
 - Packs, Bags & Luggage
 - Bags for Electronic devices
 - Luggage and Sport&Outdoor Packs from Other Outdoor&Bags
 - Active with Kids
 - Previously part of Other Outdoor&Bags
 - RV Products
 - Previously part of Other Outdoor&Bags



2017/Q3 – Reported Income Statement

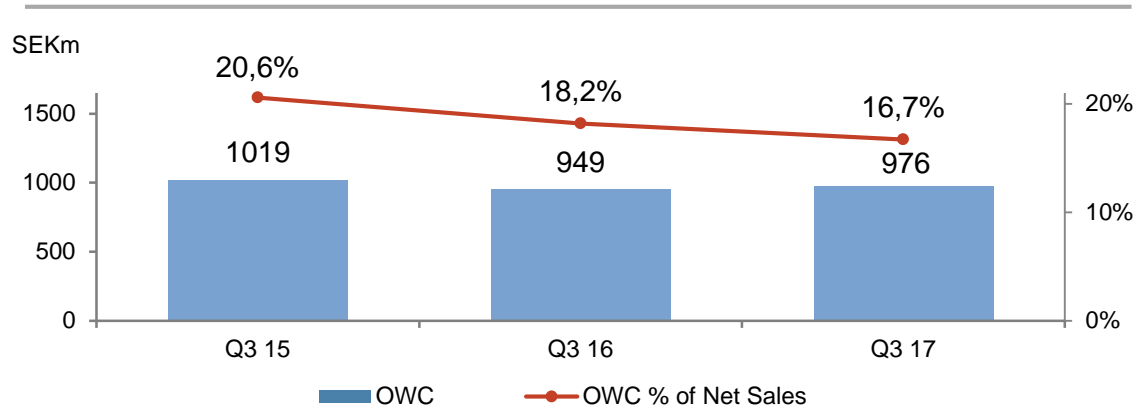
SEKm	Q3 2017	Q3 2016	YTD 2017	YTD 2016	LTM Q3 2017
Net sales	1 385	1 295	4 866	4 321	5 849
Cost of goods sold	-816	-753	-2 847	-2 500	-3 458
Gross income	570	542	2 019	1 821	2 391
Gross Margin %	41,1%	41,8%	41,5%	42,1%	40,9%
Other operating revenue	-0	0	4	0	4
Selling expenses	-240	-235	-801	-730	-1 041
Administrative expenses	-72	-73	-219	-217	-301
Other operating expenses	0	0	0	-7	5
Operating income (EBIT)	258	235	1 002	867	1 058
EBIT Margin %	18,6%	18,1%	20,6%	20,1%	18,1%
Financial expenses/revenue	-14	-10	-37	-27	-46
Income before taxes	244	225	966	841	1 012
Taxes	-59	-68	-236	-218	-252
Net income from continuing operations	185	156	730	623	760
Net income from discontinued operations	-0	6	18	16	24
Net income	185	162	748	639	784
Net income pertaining to:					
Shareholders of Parent Company	185	162	748	639	784

- Gross Margin slightly down in the quarter
 - Negative raw material prices main reason
 - Partly compensated by a positive product mix
- Continued increased product development and sales initiatives in order to fuel future growth
- EBIT margin improvement mainly due to increased sales without increased overhead beyond growth initiatives
- Tax rate is in line with guidance
- Net income discontinued operations, 2017

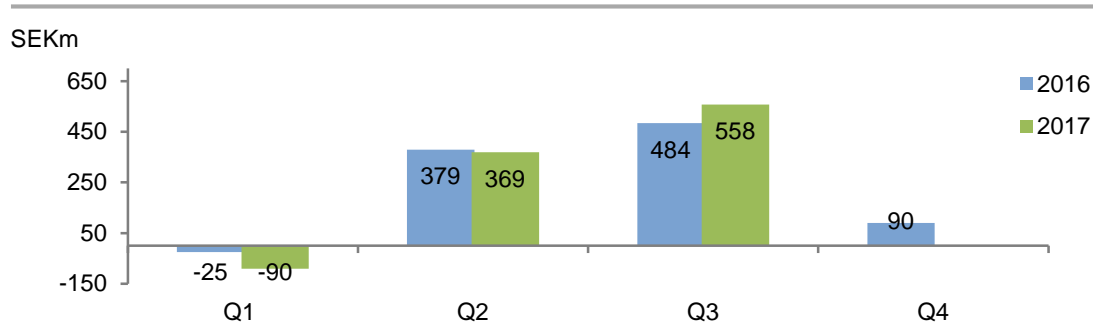
SEKm	<u>YTD</u>
Toolboxes	66
Snowchains	<u>-48</u>
TOTAL	18

2017/Q3 – Operating Working Capital and Operational Cash Flow

Operating Working Capital



Operational Cash Flow



Operating Working Capital

- Operating working capital, 30 Sep. 2017:
 - Inventory: SEK 640m (652)
 - Accounts receivables: SEK 736m (685)
 - Accounts payable: SEK 399m (387)
- Currency effect SEK -28m vs. prior year

Operational Cash Flow

- Q3 operational cash flow SEK 558m (484), an increase by SEK 74m vs. PY
- Capex in 2017 SEK 115m (65)
- Following prior years' pattern
 - Negative in Q1
 - Positive flows start mid-way through Q2

2017 YTD – Performance vs. Financial Targets

Organic Growth	≥ 5%	Constant Currency Net Sales Growth (excl. Acquisitions) +9.3%	
Underlying EBIT Margin	≥ 20%	20.6%	LTM 2017/Q3 at 18.2%
Net Debt / EBITDA	1.5-2.5x	1.5x	1.6x (YE 2016)
Dividend Policy	≥ 50%	51%*	* Ordinary dividend of SEK 3.40 per share . In addition to the ordinary dividend an extraordinary dividend of SEK 7.50 per share was distributed to the shareholders in May.

Focus areas for coming months – Q4 sales growth and preparing for 2018

- Drive growth in Q4, the smallest quarter of the year
 - Continued push for momentum in Packs, Bags & Luggage, which is proportionally bigger in Q4
 - Ensure continued good product availability
- Create market buzz around 2018 launch program
 - Strong portfolio in Sport&Cargo Carriers and RV Products as the market would expect from the Market Leader
 - Key new strollers in Active with Kids
 - Thule Urban Glide 2 in spring
 - Thule Sleek in autumn
 - Several new collections in Packs, Bags & Luggage and first full year with Thule Subterra luggage
 - Utilize successful Global fair introductions in Q3 to create local momentum at smaller regional events and with key retailers
- Significant push in Product Development
 - Deliver on the Product Development projects for 2018 launches
 - Significant push for 2019 introductions across all channels
- Deliver on strategic initiatives for the future
 - New assembly plant in Poland ramp-up in 2017/Q4 – 2018/Q1
 - Initiatives in new retail channels for luggage & juvenile product launches



Q&A



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