

Year End Report 2017

February 13, 2018

Magnus Welander, CEO

Lennart Mauritzson, CFO

Thule Group»

2017/Q4 – Continued good performance in smallest quarter of the year

- **Net sales** of SEK 1,006m (983)
 - +2.3% (+6.5% excluding currency effects)
- **Underlying EBIT** of SEK 65m (59) and **Underlying EBIT margin** of 6.5% (6.0)
- **Net income**, continuing operations of SEK -40m (30)
- **Earnings per share**, continuing operations of SEK -0.39 (0.30)
- **Cash flow**¹ from operating activities of SEK 209m (91)
- **Proposed ordinary dividend** of SEK 6.00 per share (3.40)

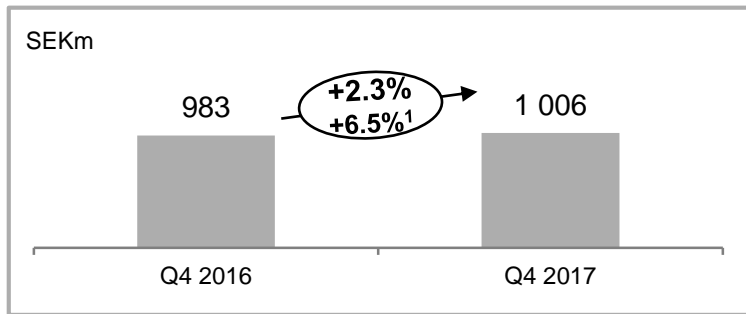
¹ Based on total operations meaning both continuing and discontinued operations.



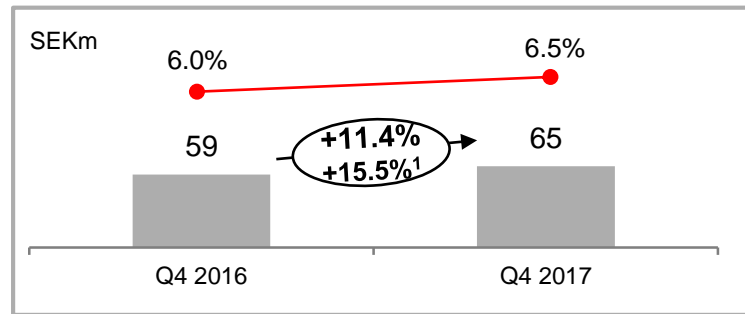
2017/Q4 and Full Year - Solid end of the year concludes Best Year Ever

Reported Net Sales

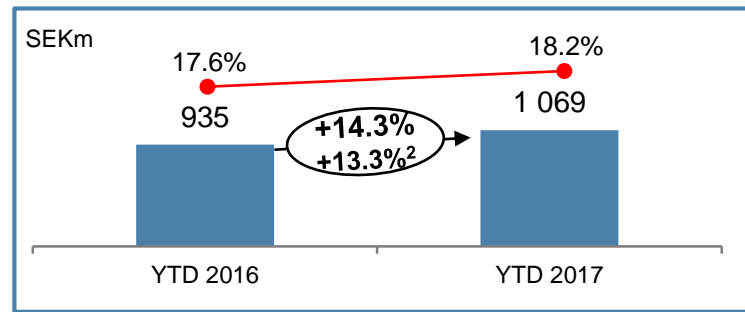
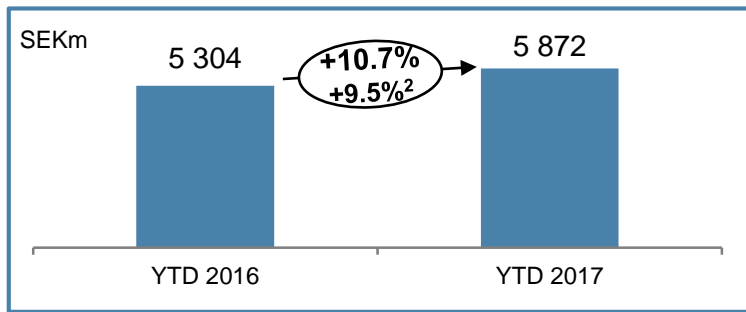
Q4



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 October - 31 December 2017. ² Constant currency adjustment based on average FX rates 1 January 2017 - 31 December 2017.

2017/Q4 – Key Events

- Region Americas 4th consecutive quarter of growth (+2.5% Q4, +3.4% YTD)
- Region Europe & ROW strong growth continues (+9.1% Q4, +12.7% YTD)
- Increased Product Development push with Focus on future growth and specifically 2018/2019 launches
- New Polish plant operational in October (images)
- Final tax settlement reached in Germany for tax audits in periods 2005-2008 and 2009-2012 with positive outcome
- US Tax reform negative impact of USD 13,4m (write down of deferred tax assets due to changed Federal tax rate)



2017/Q4 and Full Year - Sales by Region

SEKm	Oct - Dec		Change		Jan - Dec		Change	
	2017	2016	Rep.	Adjust. ¹	2017	2016	Rep.	Adjust. ¹
Net sales	1 006	983	2,3%	6,5%	5 872	5 304	10,7%	9,5%
- Region Europe & ROW	628	576	9,0%	9,1%	3 983	3 482	14,4%	12,7%
- Region Americas	378	407	-7,1%	2,5%	1 889	1 822	3,7%	3,4%

¹ Adjustment for changes in exchange rates

Region Europe & ROW

- Strong growth in Europe, +9.1% currency adjusted continues strong positive trend
- Strong quarter in all categories except Pack, Bags & Luggage

Region Americas

- Growth in Americas, +2.5% currency adjusted – 4th consecutive quarter with growth
- Positive growth in all categories except Packs, Bags & Luggage

2017 Full Year – Sales Development by Product Category

Sport&Cargo Carriers



Packs, Bags & Luggage



RV Products



Active with Kids



Share of
Thule Group
Sales 2017 FY
(2016)

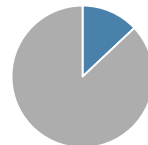
65%
(67%)



14%
(15%)



13%
(11%)



8%
(7%)



Share of
Regional
Sales 2017 FY
(2016)

Eur&ROW
62%
(65%)

Americas
70%
(70%)

Eur&ROW
9%
(11%)

Americas
23%
(25%)

Eur&ROW
19%
(17%)

Americas
1%
(1%)

Eur&ROW
10%
(8%)

Americas
5%
(5%)

Sales Growth
2017 vs 2016
(Constant Currency)

+6.4%

-3.3%

+27.9%

+40.4%

+8%

+4%

-2%

-4%

+27%

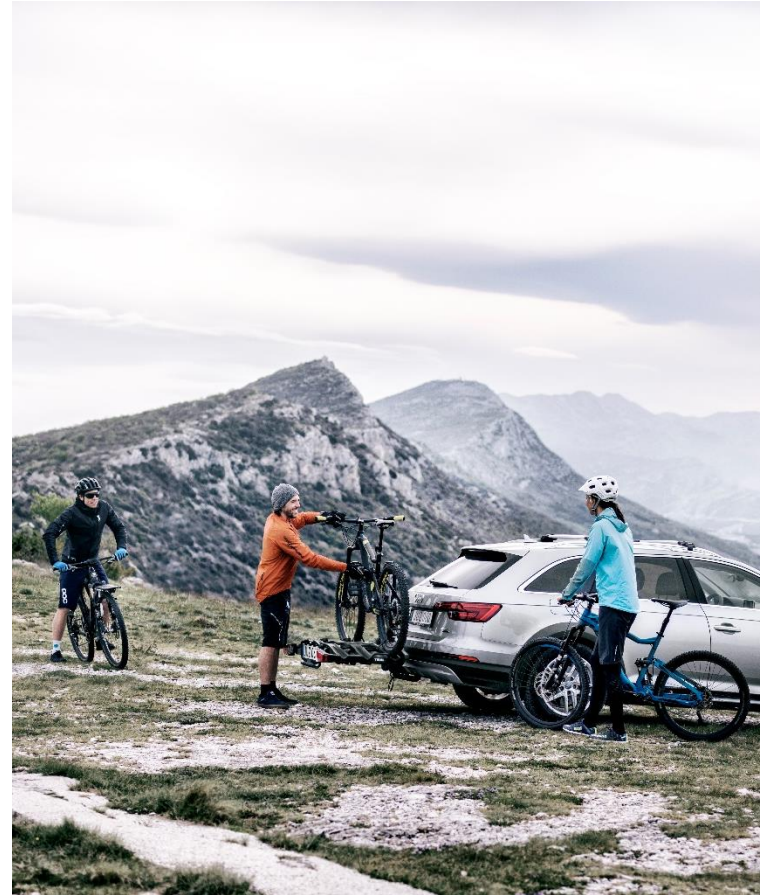
+70%

+45%

+26%

Sport&Cargo Carriers – Continued strong growth as market leader

- We continue to grow our market leading position driven by:
 - Successful product launches
 - Strong delivery performance
 - Improved retail support
- Key product launches during 2017
 - Thule EasyFold XT – award-winning foldable tow-bar bike carrier
 - Thule Motion XT – modern roof box family
- 2017 - Strong performance in both Regions
 - Europe & ROW: growth with +8%, with growth across all markets
 - Americas: growth with +4% despite negative effect of declining pick-up truck accessory sub-category which was moved from Specialty segment at divestment
- Focus 2018 - Continue to build on same core strengths
 - Successful product launches
 - Strong delivery performance
 - Improved retail support



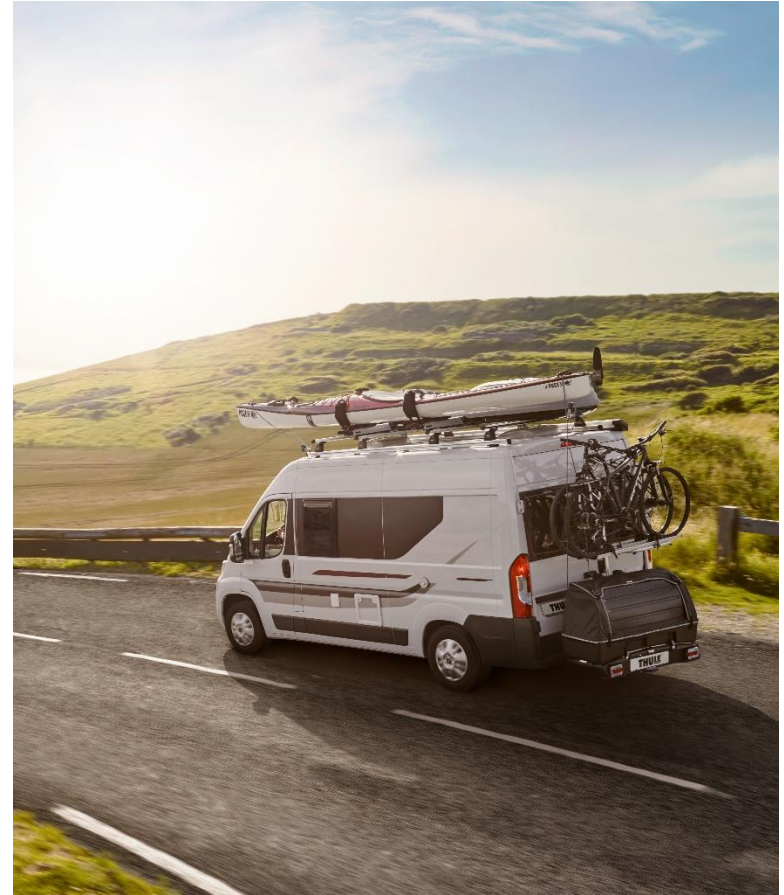
Packs, Bags & Luggage – Growth in categories where focus for the future is

- The category performance differs by sub-category
 - Legacy&OE - continued double-digit decline as expected
 - Smaller everyday bags - Steady performance, but below expectations
 - Sport&Outdoor Packs - fast growth as we gain credibility
 - Luggage - fast growth as new player with Thule Subterra collection
- Key product launches during 2017
 - Thule Subterra luggage collection – making real entry into the category
- 2017 – Small decline in both Regions
 - Europe & ROW: decline with -2%, but promising listings in Luggage
 - Americas: decline with -4%, the category is a more significant part of the Regions overall sale and large Legacy/OE decline impacts, but strong Luggage listings shows promise
- Focus for 2018 – Growth plans in Luggage and Sport Packs
 - Legacy&OE – continued decline expected
 - Smaller everyday bags – growth via new collections and broader listing
 - Sport&Outdoor Packs – continued fast growth with more listings
 - Luggage – opening of doors drives growth and preparing 2019 launches



RV Products – Big market share wins in hot market

- Great performance in the niches where we are No.1
 - Successful product launches
 - Strong delivery performance in booming market
- Key product launches during 2017
 - Thule Van life program – targeting the younger active RV user
- 2017 - Europe region delivers great year
 - Europe & ROW: growth with 27% in a market we expect grew with 15% shows that our formula of leading brand, great products and close partnership with OE manufacturers works
 - Americas: small base, but growing sales with target on small niche of premium products in a lower-end market for our core products awnings
- Focus for 2018 – Growth push with best-in-class products
 - Successful product launches to drive market share gains
 - Strong delivery performance in a market we expect to grow, but at slower pace



Active with Kids – Very strong growth driven by successful launches

- Great performance in all three sub-categories
 - Bike / Multisport Trailers – Fast growth with Thule Chariot refresh launch
 - Child Bike Seats – New Thule Yepp Nexxt seat drives global growth
 - Strollers – Continued increased store placements of our first generation jogging stroller Thule Urban Glide drives strong growth
- Key product launches during 2017
 - Thule Yepp Nexxt – IF Product Design and Red Dot award winning seat
 - Thule Chariot multisport trailer – IF Product Design award winning product that has enabled big market share wins
- 2017 - Strong growth across the world
 - Europe & ROW: growth with 45% driven by big multisport trailer gains in Central European and Nordic markets where people bike commute with their children and growth around the region in strollers and child bike seats
 - Americas: growth with 26% driven by jogging strollers and child bike seats
- Focus for 2018 – Two big Stroller launches
 - Multisport trailers and child bike seat - continued push with great portfolio
 - Strollers - Strong growth push with Thule Urban Glide 2 launch in Q1 and Thule Sleek 4-wheel stroller launch in Q3



reddot award 2017
best of the best



GOLD AWARD
2017



GOLD AWARD
2017



2017/Q4 and Full Year – Reported Income Statement

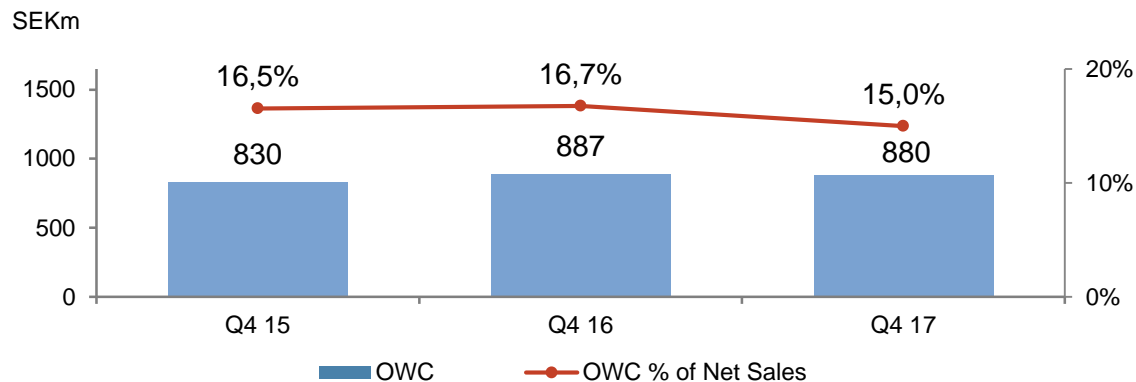
	Q4	Q4	YTD	YTD
SEKm	2017	2016	2017	2016
Net sales	1 006	983	5 872	5 304
Cost of goods sold	-608	-611	-3 455	-3 110
Gross income	398	373	2 416	2 194
Gross Margin %	39,6%	37,9%	41,2%	41,4%
Other operating revenue	-0	0	4	0
Selling expenses	-252	-240	-1 053	-970
Administrative expenses	-81	-82	-300	-299
Other operating expenses	0	5	0	-3
Operating income (EBIT)	65	55	1 067	922
EBIT Margin %	6,5%	5,6%	18,2%	17,4%
Financial expenses/revenue	-16	-9	-52	-36
Income before taxes	49	46	1 015	887
Taxes	-89	-16	-325	-234
Net income from continuing operations	-40	30	690	653
Net income from discontinued operations	-1	6	17	23
Net income	-41	37	707	676
Net income pertaining to:				
Shareholders of Parent Company	-41	37	707	676

- Gross Margin slightly down for the year
 - Negative raw material prices partly compensated by a positive product and customer mix and price increases within Sport&Cargo Carriers
- SG&A decreases as percentage of sales
 - Admin expenses flat to allow development and sales initiatives to fuel future growth
- Higher financial expenses - negative fx effect on revaluation of fx accounts in local entities
- Taxes affected by two major one off items
 1. US Tax reform – write down of deferred tax assets due to changed Federal tax rate (from 35% to 21%) – negative hit by SEK 114m
 2. German Tax case – settlement reached for the two audits for 2005-2008 and 2009-2012 – positive outcome (vs accrued for) by SEK 37m
 - Effective tax rate excl. one off's 24.4% in 2017
- Net income discontinued operations, 2017 (YTD)

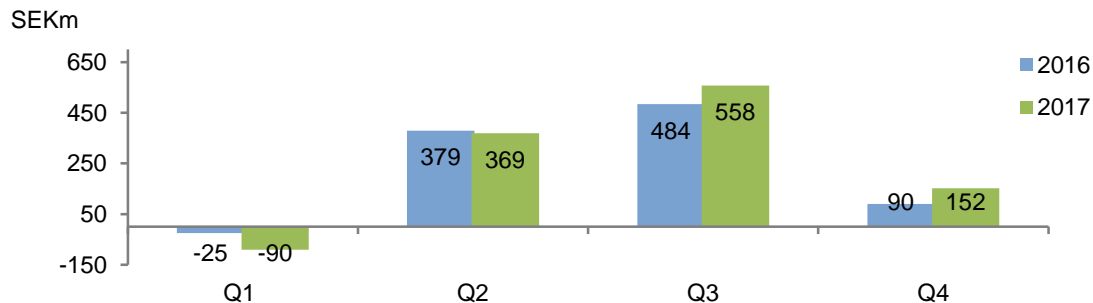
SEKm	
Toolboxes	65
Snowchains	<u>-48</u>
TOTAL	17

2017/Q4 – Operating Working Capital and Operational Cash Flow

Operating Working Capital



Operational Cash Flow



Operating Working Capital

- Operating working capital, 31 Dec. 2017:
 - Inventory: SEK 819m (825)
 - Accounts receivables: SEK 580m (584)
 - Accounts payable: SEK 519m (522)
- Currency effect SEK -35m vs prior year

Operational Cash Flow

- Q4 operational cash flow SEK 152m (90), an increase by SEK 62m vs PY
- FY operational cash flow 988 MSEK (929)
- Capex in 2017 SEK 144m (126), i.e. 2.5% of net sales
- Cash Conversion 87% (93)

2017 Full Year – Performance vs. Financial Targets

Organic Growth	≥ 5%	Constant Currency Net Sales Growth (excl. Acquisitions) +8.8%	
Underlying EBIT Margin	≥ 20%	18.2%	2016 at 17.6%
Net Debt / EBITDA	1.5-2.5x	1.5x	1.6x (YE 2016)
Dividend Policy	≥ 50%	87%*	* Ordinary dividend of SEK 6.00 per share (3.40) proposed by the Board

We are looking forward to our most exciting year ever in 2018

- Strategy has worked and remains unchanged
 - Drive profitable organic sales growth via great products
 - Continuously strengthen the Thule brand with motto *Bring your life*
 - Become a serious contender in large categories Strollers & Luggage
 - Utilize strong back-end organization to generate cost efficient growth
- Product portfolio and development push to fuel future growth
 - Several large development projects in Strollers and Luggage
 - Major launches planned within Sport&Cargo Carriers for 2019
 - Peak of spend at around 6% of sales during 2018
- Continuous improvements in our Supply Chain set-up
 - New Polish plant will generate efficiencies as volume grows
 - Large process improvement projects underway in three major plants
 - Enhancements of newly established Distribution Centre set-up
- Increased roll-out of sales supporting tools for retail
 - Improved online sales tools rolled out during 2018
 - New Retail Partner Program Brick&Mortar concept roll-out
- Strong cash generation that enables M&A and dividends



Q&A



Disclaimer

- This presentation has been prepared by Thule Group AB (publ) (the “Company”) solely for use at this presentation and is furnished to you solely for your information and may not be reproduced or redistributed, in whole or in part, to any other person. The presentation does not constitute an invitation or offer to acquire, purchase or subscribe for securities. By attending the meeting where this presentation is made, or by reading the presentation slides, you agree to be bound by the following limitations.
- Statements in this presentation, which are not historical facts, such as expectations, anticipations, beliefs and estimates, are forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties which may cause actual results to materially differ from those expressed in such forward-looking statements.
- This presentation may contain various forward-looking statements that reflect management’s current views with respect to future events and financial and operational performance. The words “believe,” “expect,” “anticipate,” “intend,” “may,” “plan,” “estimate,” “should,” “could,” “aim,” “target,” “might,” or, in each case, their negative, or similar expressions identify certain of these forward-looking statements. Others can be identified from the context in which the statements are made. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which are in some cases beyond the Company’s control and may cause actual results or performance to differ materially from those expressed or implied from such forward-looking statements. These risks include but are not limited to the Company’s ability to operate profitably, maintain its competitive position, to promote and improve its reputation and the awareness of the brands in its portfolio, to successfully operate its growth strategy and the impact of changes in pricing policies, political and regulatory developments in the markets in which the Company operates, and other risks.
- The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice.
- No representation or warranty (expressed or implied) is made as to, and no reliance should be placed on, the fairness, accuracy or completeness of the information contained herein. Accordingly, none of the Company, or any of its principal shareholders or subsidiary undertakings or any of such person’s officers or employees accepts any liability whatsoever arising directly or indirectly from the use of this document.

www.thulegroup.com

Thule Group»

ACTIVE LIFE, SIMPLIFIED.