



Interim Report Q1/2018
April 25, 2018

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Thule Group >>

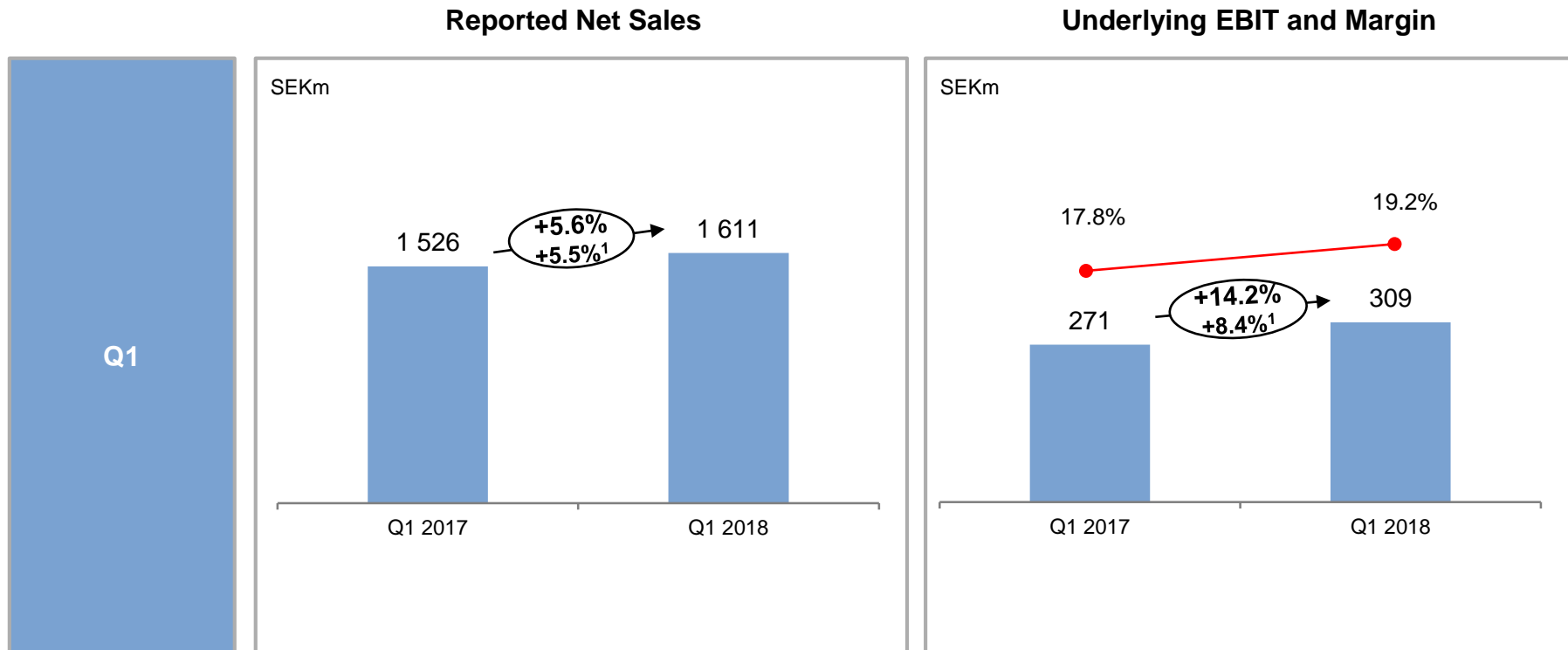
Q1/2018 – Solid start to the year

- **Net sales** of SEK 1,611m (1,526)
 - +5.6% (+5.5% excluding currency effects)
- **Underlying EBIT** of SEK 309m (271) and **Underlying EBIT margin** of 19.2% (17.8)
- **Net income**, continuing operations of SEK 220m (197)
- **Earnings per share**, continuing operations of SEK 2.15 (1.94)
- **Cash flow**¹ from operating activities SEK -214m (-172)

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



Q1/2018 – Net Sales and Underlying EBIT development



Note: EBIT adjusted for non-recurring items & depr/amort on excess values. ¹ Constant currency adjustment based on average FX rates 1 January - 31 March 2018.

Region Americas – Slow start due to expected decline in low-margin OE

- **Net sales SEK 386m (443),
- 4.4% decline (constant currency)**
- Known and communicated phase-out of low-margin OE programs in the US reason behind decline
 - 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
- Cautious Outdoor Retail sector impacts end of Q1
 - With spring coming late we saw a very cautious retail sector in the US at the end of Q1, despite good sell-through in Q1
 - We expect to see this business pick up in Q2 and Q3 as the season comes
- Active with Kids continue to grow at fast pace
 - Thule Urban Glide 2 launch successful
 - Child Bike Seats continue to grow at fast pace



Region Europe & ROW - Strong start to the year

- **Net sales SEK 1,225m (1,083), +9.1% growth (constant currency)**
- Strong start in Sport&Cargo Carriers
 - Roof racks and roof boxes have strong start
 - Key volume gains in Nordics, France and Australia
- Packs, Bags & Luggage OK start
 - Decline in legacy products offset by growth categories
- Active with Kids continue to grow at fast pace
 - Thule Urban Glide 2 launch successful and bike trailers and child bike seats continue to grow
- RV Products continues to grow at fast pace
 - To note in Q1/2018 is that European motor home registration statistics show an inflated increase of >20% (due to forced last registration of vehicles with old emission standards), which artificially boosts RV market statistics in Q1 and does not mirror real market growth
 - We estimate true market growth around 10%



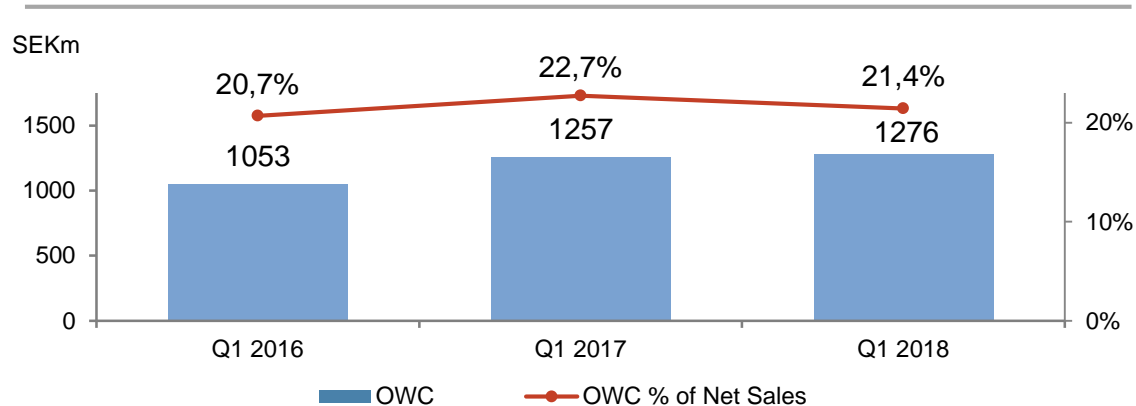
Q1/2018 – Reported Income Statement

SEKm	Q1 2018	Q1 2017	LTM	Full-year 2017
Net sales	1 611	1 526	5 957	5 872
Cost of goods sold	-942	-902	-3 495	-3 455
Gross income	670	624	2 462	2 416
Gross Margin %	41,6%	40,9%	41,3%	41,2%
Other operating revenue	0	0	4	4
Selling expenses	-284	-279	-1 058	-1 053
Administrative expenses	-77	-75	-302	-300
Other operating expenses	0	0	0	0
Operating income (EBIT)	309	271	1 106	1 067
EBIT Margin %	19,2%	17,7%	18,6%	18,2%
Financial expenses/revenue	-16	-11	-57	-52
Income before taxes	294	259	1 049	1 015
Taxes	-74	-63	-336	-325
Net income from continuing operations	220	197	713	690
Net income from discontinued operations	0	6	11	17
Net income	220	203	724	707
Net income pertaining to:				
Shareholders of Parent Company	220	203	724	707

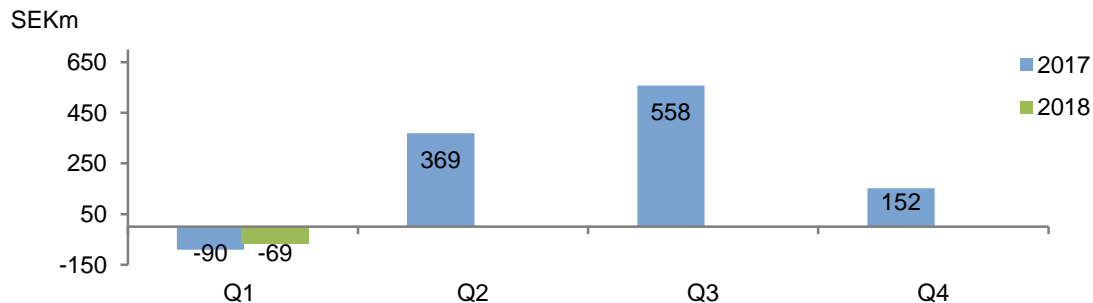
- Gross Margin improved in the quarter
 - Improvement by +0.3 percentage points in constant currency
 - Higher raw material costs offset by positive customer- and product mix
- EBIT margin at 18.6 % at rolling 12-month basis
 - SG&A decreases as percentage of sales in spite of increase in product Development (as communicated)
- Higher financial expenses
 - Negative fx effect on revaluation of fx accounts in local entities
- Tax rate in line with guidance
 - Effective tax rate 25.1% (24.2).

Q1/2018 – Operating Working Capital and Operational Cash Flow

Operating Working Capital



Operational Cash Flow



Operating Working Capital

- Operating working capital, 31 Mar. 2018:
 - Inventory: SEK 981m (902)
 - Accounts receivables: SEK 944m (907)
 - Accounts payable: SEK 649m (552)
- Currency effect SEK -13m vs prior year
- Inventory increase as we follow plan to smooth out seasonal ramp-up and enter Q2 with more finished goods

Operational Cash Flow

- Q1 operational cash flow SEK -69m (-90), an increase by SEK 21m vs PY
- Following prior years' pattern
 - Negative in Q1
 - Positive flows start mid-way through Q2

Q1/2018 – Performance vs. Financial Targets

Organic Growth	$\geq 5\%$	Constant Currency Net Sales Growth (excl. Acquisitions) +5.5%
Underlying EBIT Margin	$\geq 20\%$	19.2% Q1/2017 at 17.8% (LTM at 18.6%)
Net Debt / EBITDA	1.5-2.5x	1.6x 1.6x (Q1/2017)
Dividend Policy	$\geq 50\%$	87%* * Ordinary dividend of SEK 6.00 per share (3.40)

Focus areas for coming months

- Sales&Marketing focus
 - Support Retail with in-store materials and PR push
 - Prepare for consumer launch of Thule Sleek stroller
 - Prepare for 2018 fairs with new fairs in Travel & Duty Free
- Operations focus
 - Production ramp-up in all plants as spring has come
 - Continued high On-Time-In-Full delivery performance from all Distribution Centres
 - Preparation in Pila (PL) plant for Thule Sleek launch in Q3
 - Expansion of E. Europe DC
 - Tracking and staying on top of volatile raw material market
 - Continued aggressive product development push for 2019



Q&A



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