



2020 Jan-Mar Report

April 28, 2020

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Thule Group»

2020/Q1 – A quarter with two distinct phases due to the corona-virus pandemic

- Net sales of SEK 1,744m (1,834)
 - -4.9% (-7.5% excluding Fx effects)
 - Region Europe & ROW -3.7% (-5.7% excl. Fx effect)
 - Region Americas -8.8% (-13.1% excl. Fx effect)
 - Growth until mid March and then significant drop in sales
- Underlying EBIT of SEK 326m (342) and Underlying EBIT margin of 18.7% (18.7)
- Net income of SEK 241m (253)
- Earnings per share of SEK 2.33 (2.46)
- Cash flow from operating activities of SEK 8m (-145)

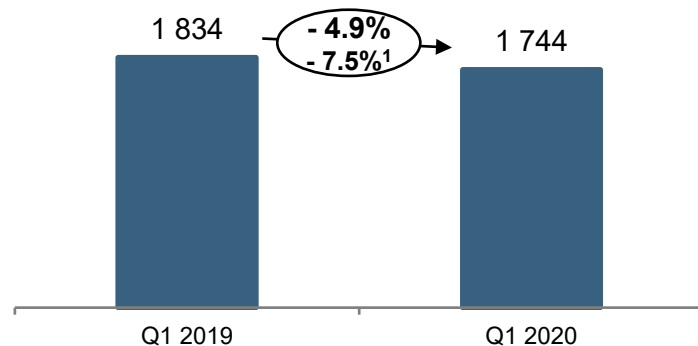


2020/Q1 – Net Sales and Underlying EBIT development

Reported Net Sales

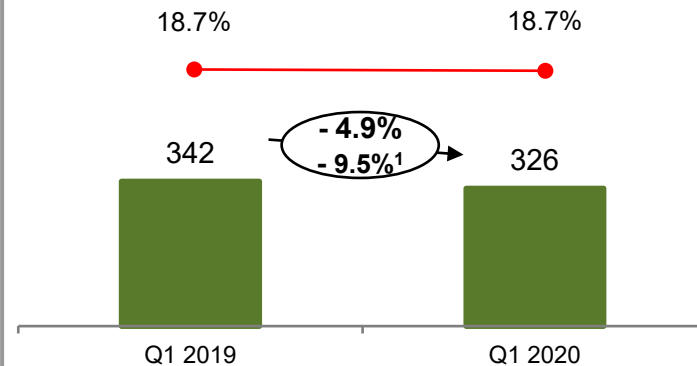
SEKm

Q1



Underlying EBIT and Margin

SEKm



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

¹ Constant currency adjustment based on average FX rates 1 January 2020 - 31 March 2020.

Region Europe & ROW

- **Net sales SEK 1,354m (1,406),
-5.7% decline (constant currency)**
- Growth until mid-March and then significant decline
 - As communicated PY, 2019/Q1 had very strong end of Q1 thanks to early spring season sales of Bike Carriers
- Decline fully related to Covid-19 lock-downs
 - Most significant drop end of March in countries with most far-reaching lock-downs (e.g. Italy, France, Spain, UK)
 - Only markets with limited Covid-19 lock-downs grew in Q1 (e.g. S. Korea, Russia)
- Active with Kids only growth category
 - New stroller launch Thule Spring well received
 - Continued momentum in other categories
 - Also saw weaker performance 2nd half of March
- All sites operational at lower levels due to demand
 - Short-term furloughs implemented



Region Americas

- **Net sales SEK 390m (428),
-13.1% decline (constant currency)**
- Growth until mid-March after strong winter season and then significant decline as lock-down were implemented
- Decline fully related to Covid-19 lock-downs
 - Most significant drop end of March in regions with most far-reaching lock-downs (e.g. California, New England, Quebec, Ontario)
 - Best performing market was Brazil with the least Covid-19 lock-downs implemented to date
- Active with Kids and small RV Products categories grew
 - Stroller sales shows strong performance thanks to new Thule Spring stroller and return to good growth in jogging strollers
 - Some new models launched in niche RV Products segment
- All sites operational at lower levels due to demand
 - Short-term furloughs implemented



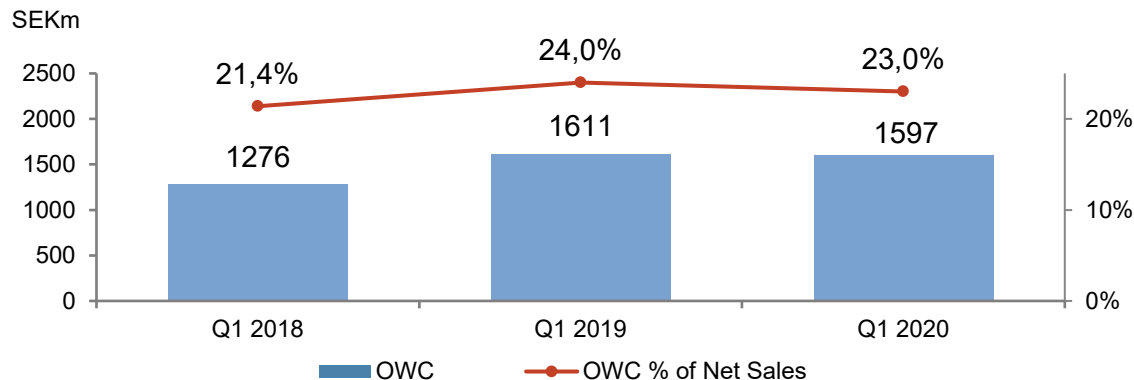
2020/Q1 – Reported Income Statement

SEKm	Q1 2020	Q1 2019	LTM	Full-year 2019
Net sales	1 744	1 834	6 948	7 038
Cost of goods sold	-1 031	-1 087	-4 153	-4 209
Gross income	713	746	2 795	2 829
Gross Margin %	40.9%	40.7%	40.2%	40.2%
Selling expenses	-309	-326	-1 297	-1 315
Administrative expenses	-79	-78	-320	-319
Other operating expenses	0	0	0	0
Operating income (EBIT)	325	342	1 178	1 195
EBIT Margin %	18.7%	18.7%	17.0%	17.0%
Financial expenses/revenue	-11	-13	-46	-49
Income before taxes	315	329	1 132	1 146
Taxes	-74	-76	-261	-263
Net income	241	253	871	883
Net income pertaining to:				
Shareholders of Parent Company	241	253	871	883

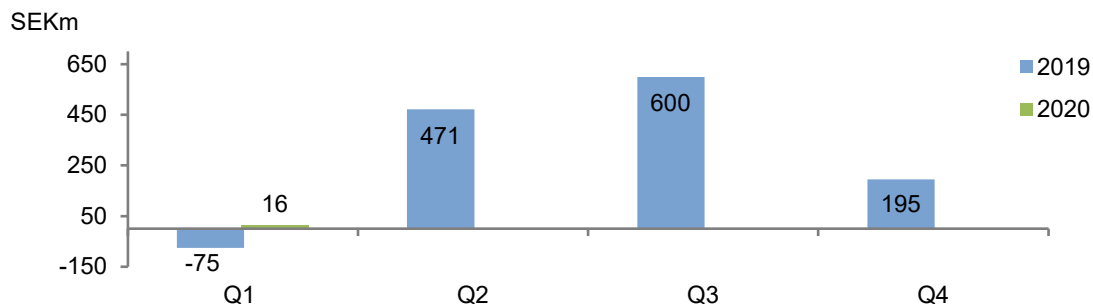
- Gross Margin slightly up in the quarter
 - Positive Fx effect of +0.4 ppt
 - Positive contributions from price increases versus raw material increases
 - Efficiency gains in plants
 - Underabsorption effect at end of quarter due to rapid drop of sales volumes from mid March
- EBIT-margin at 18.7% equal to 2019/Q1
⇒ 17.7% on rolling 12-month basis
 - Continued push in product development
 - First quarter with savings from N. American reorganization announced in 2019/Q4
 - Management implemented initiatives as indications came in Asia of corona virus spread
- Tax rate at 23.5% for the quarter

2020/Q1– Operating Working Capital and Operational Cash Flow

Operating Working Capital



Operational Cash Flow



Operating Working Capital

- Operating working capital, 31 Mar. 2020:
 - Inventory: SEK 1172m (1186)
whereof currency SEK 42m
 - Accounts receivables: SEK 1084m (1063)
whereof currency SEK 42m
 - Accounts payable: SEK 659m (639)
whereof currency SEK 18m
- Currency effect SEK 66m vs prior year – OWC excl currency impact = 22%
- Inventory increased since last quarter by SEK 80m (108)

Operational Cash Flow

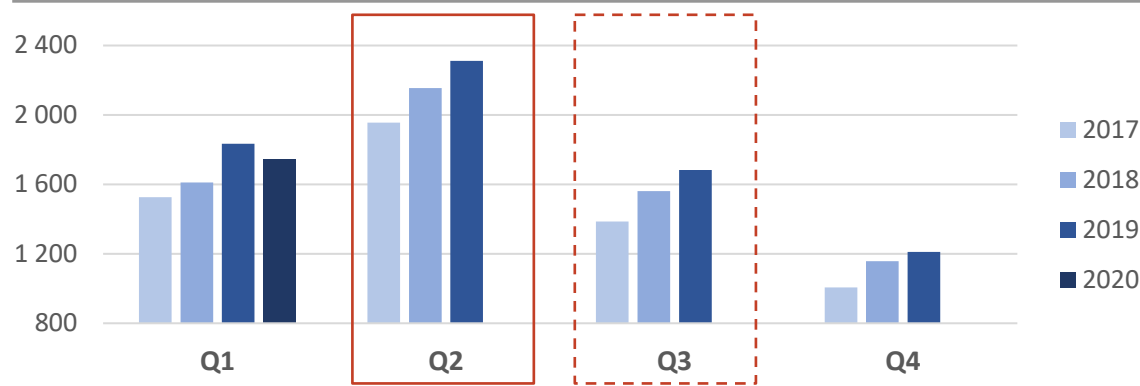
- Cash flow from operating activities SEK 16m (-75), an increase by SEK 91m vs PY
 - CapEx SEK 50m (35) in the quarter

2020/Q1 – Performance vs. Financial Targets

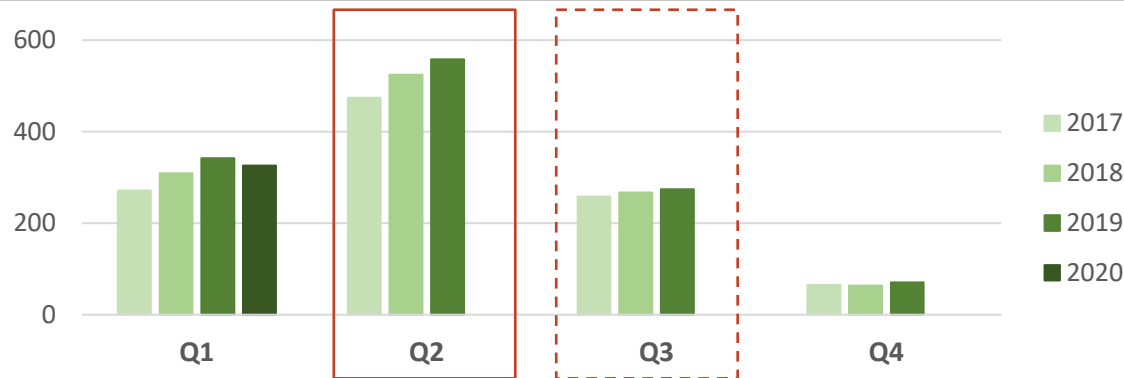
Organic Growth	$\geq 5\%$	-7.5%	Constant Currency Net Sales Growth (excl. Acquisitions)
Underlying EBIT Margin	$\geq 20\%$	18.7%	Q1/2019 at 18.7% (LTM at 17.7%)
Net Debt / EBITDA	1.5-2.5x	1.7x	Q1/2019 at 1.9x
Dividend Policy	$\geq 50\%$	0%	<i>On March 22, the Thule Group Board of Directors withdrew previously communicated dividend proposal of 7.50 SEK/share, due to current uncertainty regarding possible future economic effects due to the corona virus pandemic</i>

2020 Focus – Managing new reality with lock-down impact in peak season

Quarterly Sales 2017-2020 (reported currency, SEKm)



Quarterly Underlying EBIT 2017-2020 (reported currency, SEKm)



- Our peak season is Spring-Summer
 - From late March to early August
 - When most people in northern hemisphere are most active with friends and family
- Current Covid-19 lock-down measures will impact us significantly
 - All major markets are affected
 - Many key markets have taken some of the most significant measures to limit pandemic
 - US, France, UK, Canada, Italy, Spain
 - Key general public sporting events cancelled
 - Community bike/triathlon/watersport races
- Q2 is normally our key quarter
 - Sales: 33% of full year (2017-2019)
 - Underlying EBIT: 45% of full year (2017-2019)
- Key first part of Q3 also challenged
 - Potential highly dependant on how late in Q2 various lock-down exit plans will be started
 - Which activities will be allowed in various stages of lock-down exit-plans

2020 Focus – Managing short-term reality, while maintaining long-term strategy

Short-term reality demands focus

- Focus on Health&Safety of employees
 - Work from home for positions where possible in place
 - Social distancing set-up in plants
 - Additional cleaning & hygiene procedures
- Handling short-term sales drops in peak season
 - Short-term furlough implemented at all assembly sites and in majority of white-collar functions globally
 - Close discussions with all suppliers on timing of deliveries
- Manage necessary flexibility as markets open up again
- Implement right level of initiatives
- Strong cash position and solid financing in place

Long-term Strategy virtually unchanged

- Long-term growth focused strategy remains
 - 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
- Product portfolio and development push to fuel growth
 - Several large development projects in Strollers
 - Volume ramp-up of key Sport&Cargo Carriers launches
- Continuous improvements in our Supply Chain set-up
 - Gain efficiencies in process improvement projects implemented during 2018-19 in 6 out of 9 plants
- Increased roll-out of sales supporting tools for retail
 - Further updates of category specific on-line sales tools
 - Continued roll-out of new sales tools for expanding on-line and Brick&Mortar Retail Partner Program
- Strong cash position and solid financing in place
- *Minor adjustments to strategy*
 - *Increased focus and speed on planned on-line sales driving initiatives*
 - *Less aggressive Luggage growth plans due to travel slow-down*

Q&A



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