



Interim Report 2017/Q2  
Thule Group AB

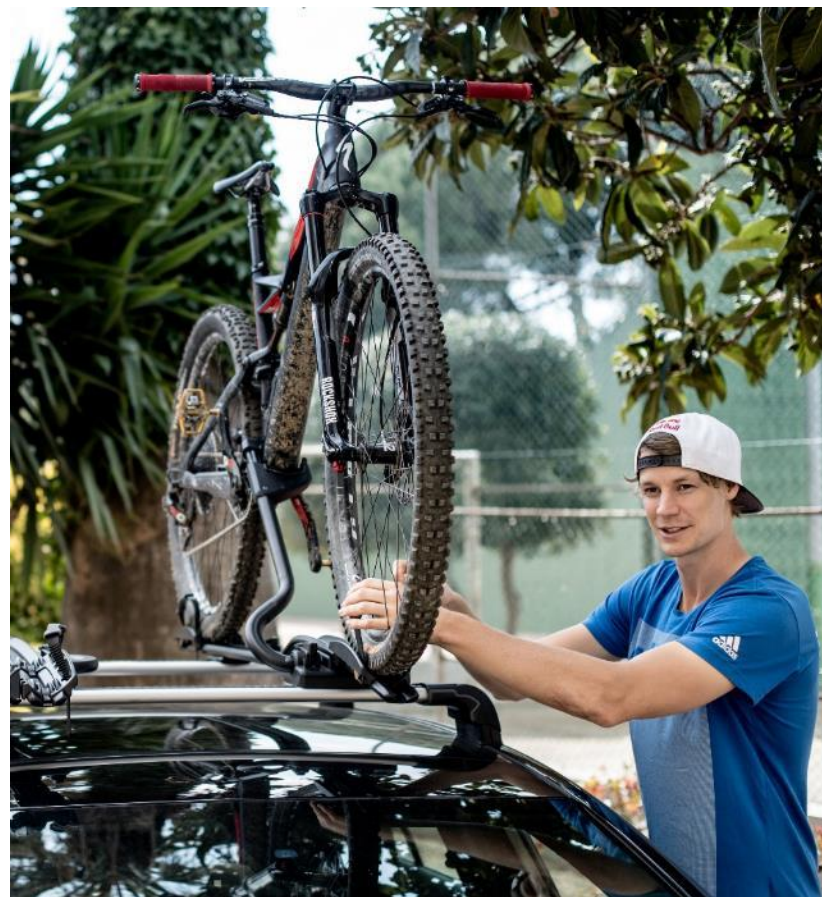
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2017-07-20

**Thule Group** >>

## 2017/Q2 – Another strong quarter

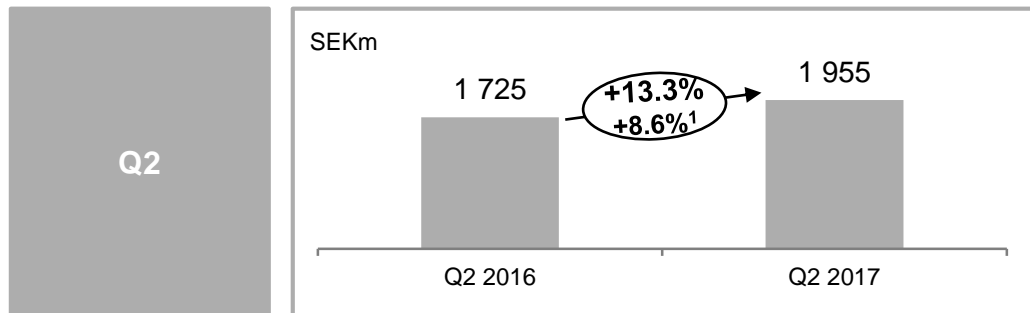
- **Net sales** of SEK 1,955m (1,725)
  - Thule Group +13.3 (+8.6% excluding currency effects)
- **Underlying EBIT** of SEK 474m (414) and **Underlying EBIT margin** of 24.3% (24.0)
  - Improvement by +1.2 percentage points in constant currency
  - Outdoor&Bags SEK 496m (439), +12.9% vs PY
- **Net income**, continuing operations of SEK 348m (304)
- **Earnings per share**, continuing operations of SEK 3.41 (3.01)
- **Cash flow**<sup>1</sup> from operating activities of SEK 416m (381)
  - Specialty divestment finalized by sale of US toolbox business
  - No Earn Out from divested Snowchains business, EUR -5m

<sup>1</sup> Based on total operations meaning both continuing and discontinued operations.

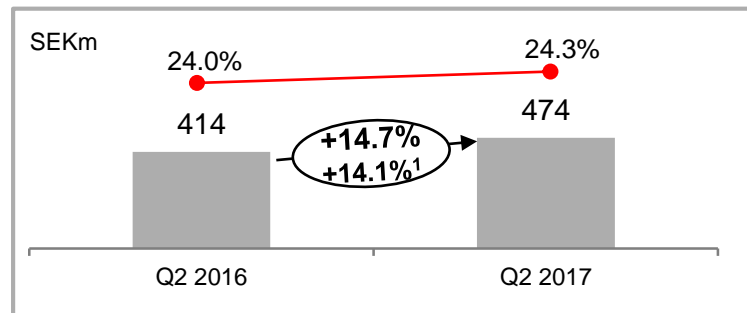


# 2017 Q2 and YTD – Sales growth drives EBIT growth

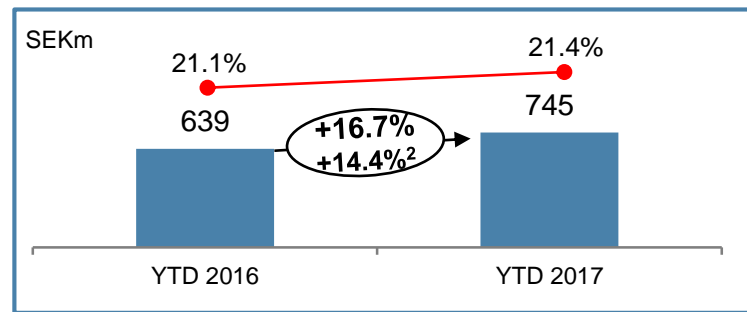
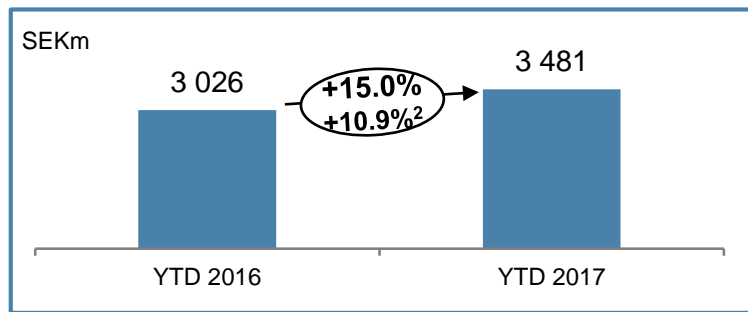
## Reported Net Sales



## Underlying EBIT and Margin



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 April - 30 June 2017. <sup>2</sup> Constant currency adjustment based on average FX rates 1 January 2017 - 30 June 2017.

# 2017/Q2 - Net Sales and EBIT Outdoor&Bags

## Outdoor&Bags

SEKm	Apr-Jun		Change		Jan-Jun		Change	
	2017	2016	Rep.	Adjust. <sup>1</sup>	2017	2016	Rep.	Adjust. <sup>1</sup>
Net sales	1 956	1 725	13.4%	8.7%	3 481	3 025	15.1%	10.9%
- Region Europe & ROW	1 339	1 157	15.7%	12.1%	2 421	2 069	17.0%	14.2%
- Region Americas	618	568	8.8%	2.0%	1 060	956	10.8%	3.9%
Operating income	496	436	13.7%		792	686	15.5%	
Underlying EBIT	496	439	12.9%	12.3%	792	691	14.5%	12.4%
Operating margin, %	25.4%	25.3%			22.8%	22.7%		
Underlying EBIT margin, %	25.4%	25.5%			22.8%	22.9%		

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

## 2017/Q2 Performance

- 8.7% growth, currency adjusted, for segment, incl. acquisition of GMG Yapp
- Organic 6.8% growth, currency adjusted
- Strong performance in Region Europe & ROW, 12.1% currency adjusted
- Growth in Region Americas, +2.0% currency adjusted

## 2017/Q2 – Key Events

- Region Americas continued stable growth
  - Q2 +2%
  - YTD +4%
- Region Europe & ROW strong growth continues
  - Q2 +12%
  - YTD +14%
- Key product launches late in Q1 received well across all markets
- Sport&Cargo Carriers - Strong quarter globally in core categories
- Other Outdoor&Bags - Continued growth at high rates
  - RV Products – Continued market share wins in a hot RV market
  - Active with Kids – Fast growth in relatively new category
    - Thule Chariot multisport trailer launch strong driver in Europe
    - Bike seats with wider assortment post Yepp acquisition grows well
    - Strollers continue to grow at fast pace across the globe
  - Sport&Travel Bags – Thule Subterra luggage drives growth and numerous listings shows promise for the future
- Bags for Electronic Devices – Still challenging, but positive signals
  - Daypacks a growing category global
  - Camera bags and legacy OEM cases however still decreasing



# 2017/Q2 – Key Events: New Thule Merchandizing and Store Concept presented



# 2017/Q2 – Reported Income Statement

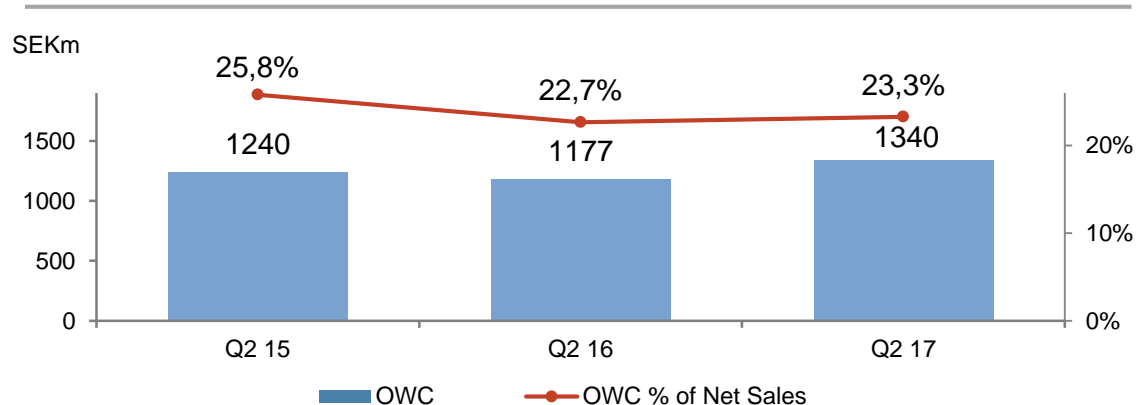
SEKm	Q2 2017	Q2 2016	YTD 2017	YTD 2016	LTM Q2 2017
<b>Net sales</b>	<b>1,955</b>	<b>1,725</b>	<b>3,481</b>	<b>3,026</b>	<b>5,759</b>
Cost of goods sold	-1,130	-989	-2,031	-1,746	-3,395
<b>Gross income</b>	<b>825</b>	<b>735</b>	<b>1,449</b>	<b>1,279</b>	<b>2,364</b>
Gross Margin %	42,2%	42,6%	41,6%	42,3%	41,0%
Other operating revenue	4	0	4	0	4
Selling expenses	-283	-249	-561	-495	-1,037
Administrative expenses	-72	-72	-147	-144	-302
Other operating expenses	0	-4	0	-8	5
<b>Operating income (EBIT)</b>	<b>474</b>	<b>410</b>	<b>745</b>	<b>632</b>	<b>1,034</b>
EBIT Margin %	24,2%	23,8%	21,4%	20,9%	18,0%
Financial expenses/revenue	-12	-10	-23	-17	-42
<b>Income before taxes</b>	<b>462</b>	<b>400</b>	<b>722</b>	<b>616</b>	<b>993</b>
Taxes	-114	-97	-177	-149	-262
<b>Net income from continuing operations</b>	<b>348</b>	<b>304</b>	<b>545</b>	<b>466</b>	<b>731</b>
Net income from discontinued operations	12	5	18	11	31
<b>Net income</b>	<b>360</b>	<b>308</b>	<b>563</b>	<b>477</b>	<b>762</b>
<b>Net income pertaining to:</b>					
Shareholders of Parent Company	360	308	563	477	762

- Gross Margin slightly down in the quarter
  - Negative currency impact main reason
  - Partly compensated by a positive product and customer mix shifts within product categories
- 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 rates in line with prior year and guidance
- Net income discontinued operations, 2017

SEKm	<u>Q2</u>	<u>YTD</u>
Toolboxes	60	66
Snowchains	<u>-48</u>	<u>-48</u>
<b>TOTAL</b>	<b>12</b>	<b>18</b>

# 2017/Q2 – Operating Working Capital and Operational Cash Flow

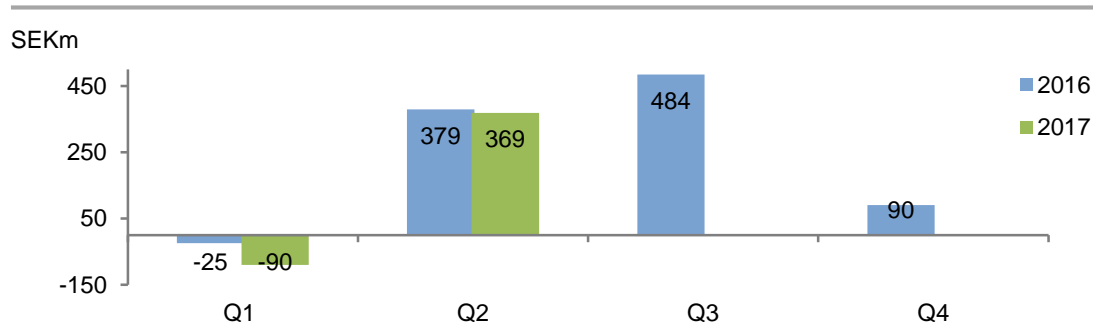
## Operating Working Capital



## Operating Working Capital

- Operating working capital, 30 Jun. 2017:
  - Inventory: SEK 726m (725)
  - Accounts receivables: SEK 1131m (1019)
  - Accounts payable: SEK 517m (567)
- Currency effect SEK -3m vs prior year
- Increase in OWC mainly due to higher sales and hence higher Accounts Receivables

## Operational Cash Flow



## Operational Cash Flow

- Q2 operational cash flow SEK 369m (379), a decrease by SEK 10m vs PY
- Capex in 2017 SEK 81m (49)
- 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) <b>+9.6%</b>	
Underlying EBIT Margin	≥ 17%	<b>21.4%</b>	LTM 2017/Q2 at <b>18.1%</b>
Net Debt / EBITDA	c. 2.5x	<b>2.0x</b>	1.6x (YE 2016)
Dividend Policy	≥ 50%	<b>51%*</b>	* Ordinary dividend of <b>SEK 3.40 per share</b> . In addition to the ordinary dividend an extraordinary dividend of <b>SEK 7.50 per share</b> was distributed to the shareholders in May.

# Focus areas for coming months – Continue to drive profitable growth

- End summer season sales successfully
  - Support retailers to drive sell-through to consumers
  - Ensure continued good product availability
- Continue to build the Thule brand
  - Focus on new retail channels for new categories
  - Continued roll-out of more emotional Social Media push
  - Ensure further PR traction in new media channels
  - Enhanced merchandizing and store concept focus
- Create market buzz around 2018 launch program
  - In traditional as well as newer product categories
  - Industry fairs and media
- Use operational efficiencies to offset raw material costs
  - Economies of scale with increased volumes
  - Capture efficiencies in improved distribution center set-up
- Deliver on strategic initiatives for the future
  - Initiatives in new retail channels for luggage & juvenile product launches
  - Prepare new assembly plant in Poland to be operational in 2017/Q4
  - Deliver on the Product Development projects for 2018 launches



Q&A



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