



Year End Report 2016

February 10, 2017

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Thule Group»

Q4/2016 Highlights – Continued strong profitability and strategic review finalized

- **Net sales** of SEK 1,069m (980)
 - Thule Group +9.2% (+2.5% excluding currency effects)
 - Outdoor&Bags +9.3% (+2.7% excluding currency effects)
 - Specialty +7.9% (+1.4% excluding currency effects)
- **Underlying EBIT** of SEK 68m (48), underlying EBIT margin of 6.4% (4.9)
 - Underlying EBIT margin improved by +0.2 percentage points in constant currency
 - Outdoor&Bags shows an underlying EBIT of SEK 81m (55), +47.5% vs PY
 - Specialty reports an underlying EBIT of SEK 17m (18), -3.8% vs PY
- **Net income** of SEK 37m (22)
- **Earnings per share** of SEK 0.36 (0.22)
- **Cash flow from operating activities**¹ of SEK 91m (153)
 - Outdoor&Bags Region Europe and ROW strong across product categories and posting another very strong quarter (+8.2% sales growth in constant currency)
 - Outdoor&Bags Region Americas declined 5.1% in the quarter as Bags for Electronic Devices (which due to seasonal reasons is a major category in the quarter) continued to decline
 - Strategic review regarding Work Gear finalized and partial divestment process initiated

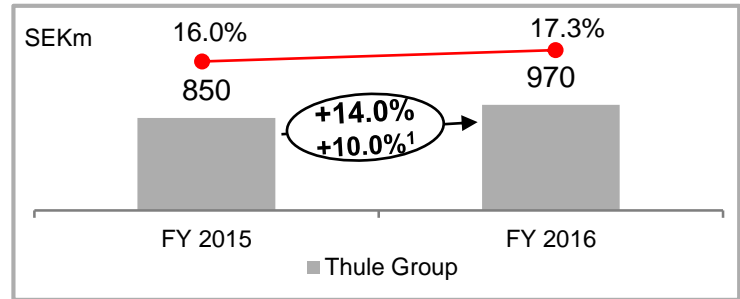
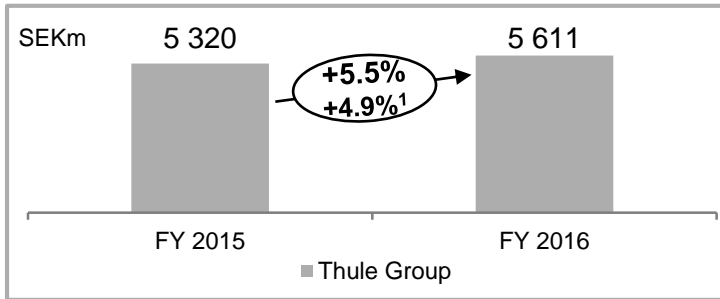
¹ Comparison period pertains to total operations meaning both continuing and discontinued operations.

Full Year 2016 – Strong organic growth drives EBIT growth

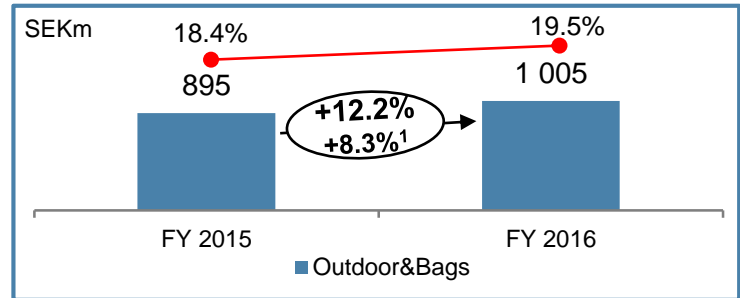
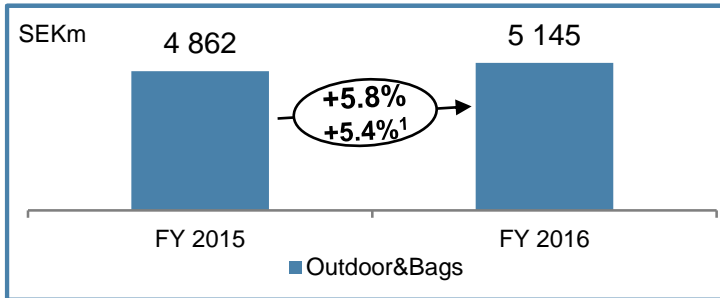
Reported Net Sales

Underlying EBIT and Margin

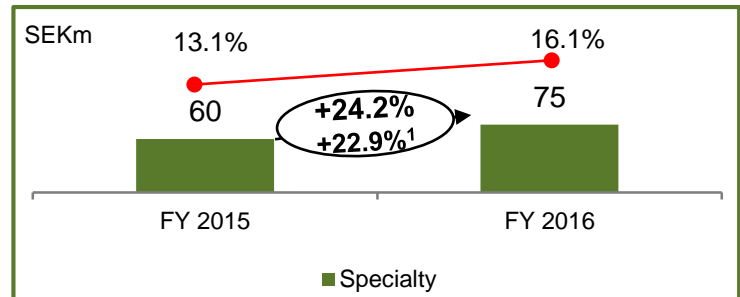
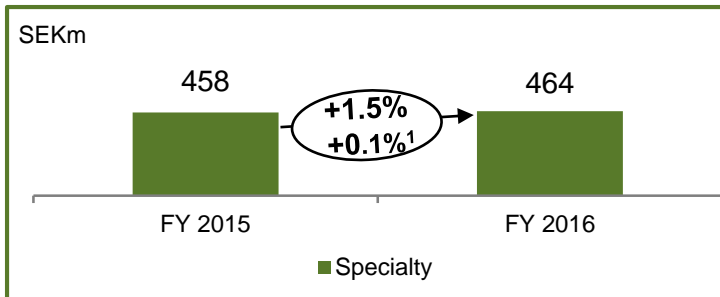
Thule Group



Outdoor & Bags



Specialty



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

¹ Constant currency adjustment based on average FX rates 1 January-31 December 2016

Q4 2016 and Full-year 2016 - Net Sales and EBIT by Segment

Outdoor&Bags

SEKm	Oct - Dec		Change		Jan - Dec		Change	
	2016	2015	Rep.	Adjust. ¹	2016	2015	Rep.	Adjust. ¹
Net sales	944	864	9.3%	2.7%	5 145	4 862	5.8%	5.4%
- Region Europe & ROW	583	513	13.8%	8.2%	3 494	3 156	10.7%	10.6%
- Region Americas	361	351	2.9%	-5.1%	1 650	1 706	-3.2%	-4.2%
Operating income	77	52	49.9%		993	872	13.9%	
Underlying EBIT	81	55	47.5%	13.4%	1 005	895	12.2%	8.3%
Operating margin, %	8.2%	6.0%			19.3%	17.9%		
Underlying EBIT margin, %	8.5%	6.3%			19.5%	18.4%		

¹ Adjustment for changes in exchange rates

Specialty

SEKm	Oct - Dec		Change		Jan - Dec		Change	
	2016	2015	Rep.	Adjust. ¹	2016	2015	Rep.	Adjust. ¹
Net sales	125	116	7.9%	1.4%	464	458	1.5%	0.1%
- Toolboxes pick-up trucks	86	78	11.1%	4.5%	307	303	1.4%	0.1%
- Racks and other accessories pick-up trucks	39	38	1.5%	-4.8%	158	155	1.7%	0.0%
Operating income	17	18	-3.8%		75	60	24.2%	
Underlying EBIT	17	18	-3.8%	-10.0%	75	60	24.2%	22.9%
Operating margin, %	13.9%	15.6%			16.1%	13.1%		
Underlying EBIT margin, %	13.9%	15.6%			16.1%	13.1%		

¹ Adjustment for changes in exchange rates

Full Year 2016 – Net Sales by Product Category in Segment Outdoor&Bags

Sport&Cargo Carriers



Other Outdoor&Bags

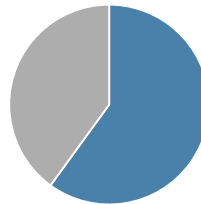


Bags for El. Devices

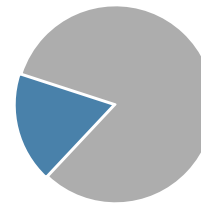


Share of
Thule Group
Sales 2016
(2015)

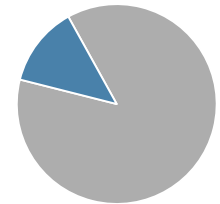
60%
(60%)



18%
(15%)



13%
(16%)



Growth
2016 vs 2015
(Constant Currency)

+5.3%

+25.8%

-13.2%

Strategic
Focus

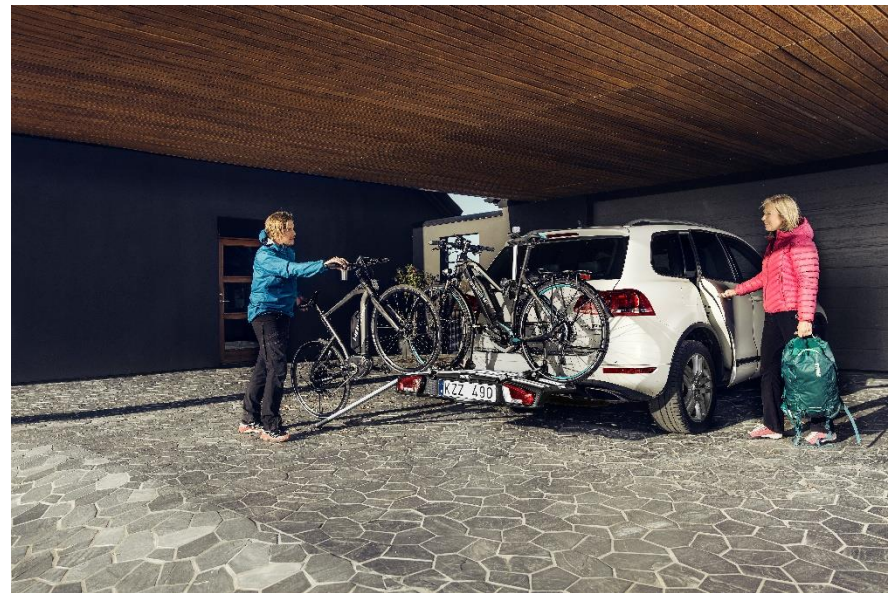
Continue to drive growth via product innovation and retail partner program

Continue to drive growth via widened offer in new product categories and increased listings in key retail channels

Focus on more stable growing categories with less device dependency

Sport&Cargo Carriers – A strong Europe&ROW Region drives growth

- Fantastic year in Europe with growth across all sub-categories and markets
- Bike carrier development in Europe driven by two major product launches
 - Thule ProRide 598 – the most sold top-of-car bike rack in the world
 - Thule VeloSpace – the best tow-bar mounted bike rack for e-bikes in the world
- New volume driving roof box Thule Motion XT family launched in Europe in end of Q4/2016 and will also be launched in Americas in Q1/2017
- Region Americas hurt by difficult market situation in US – but market share kept
 - Major bankruptcies in the spring
 - Bike market decline in Q3 vs strong 2015
 - Successful launch of Thule T2 Pro hitch bike rack



Other Outdoor&Bags – Continued fast growth across the world

- **RV Products – Share growth in hot European market**
 - European market estimated to have grown with 13%
 - Market share wins on top of hot market via strong product launches and Key Account Management
- **Active with Kids – Acquisition boosts growing category**
 - Jogging strollers Thule Glide and Thule Urban Glide continue to grow fast
 - Thule Chariot multisport trailer growth (despite completely new collection for Q1/2017, launched in August)
 - Child bike seats strong growth via Thule RideAlong share gains and GMG B.V. acquisition, which broadens offer and creates market leading position in BeNeLux
- **Sport&Travel Bags – Widened offer and new listings**
 - Launch of broadened offer of Technical Backpacks into light-weight hiking with Thule Stir and Thule Versant hiking packs
 - Launch of broadened offer of Thule RoundTrip winter-sport transport packs
 - Launch of Thule Shield bike pannier bags
 - Continued broadened listings in sport specific stores



Bags for Electronic Devices – Old heritage categories still in rapid decline

- Disappointing development, especially in US
- Old heritage Case Logic product categories continue to show rapid decline
 - Camera bags – as category continues to decline with reduced camera sales and as niche competitors prepared to drop prices significantly to capture necessary volumes
 - Tablet sleeves – reduced average prices on tablets drive increase of cheaper non-branded sleeves
- Daypacks (small backpacks with laptop space as well as space for your everyday stuff) the only positive category
 - European development strong
 - Still have not got major new wins with US retail
- Cost efficiency focus and improved sourcing
 - Despite reduced sales we got improved contribution from the category in 2016



Strategic Review Work Gear finalized – Partial Divestment Process Initiated

- Board decision to divest major part of Work Gear – Pick-up truck toolboxes product segment
 - Toolboxes for pick-up trucks for handymen
 - Sold under UWS brand and Private Label in DIY automotive accessory channel
 - Dedicated factory in Florida, US
 - Turnover in 2016 SEK 307m
 - Private Label business to Home Depot will be phased out during 2017 (approx. 1/3 of 2016 turnover)
 - EBIT margin in 2016 of 11.2%
- Keep Racks and Other Accessories for pick-up trucks
 - Turnover in 2016 SEK 158m
 - Keeps world-leading rack competence within Thule Group
 - Products in part purchased by consumers for recreational purposes to carry e.g. surfboards and kayaks
 - Produced in Sport&Cargo Carriers factory in Connecticut, US
 - Overlap in channels/customers with Sport&Cargo Carriers
 - Will be reported in Sport&Cargo Carriers product category from 2017/Q1 and onwards
- Next steps
 - Divestment process initiated and advisors appointed
 - Expected closing of transaction during 2017
 - Pro-forma historical reported numbers to be presented once transaction is completed



Divestment: Pick-up truck toolboxes



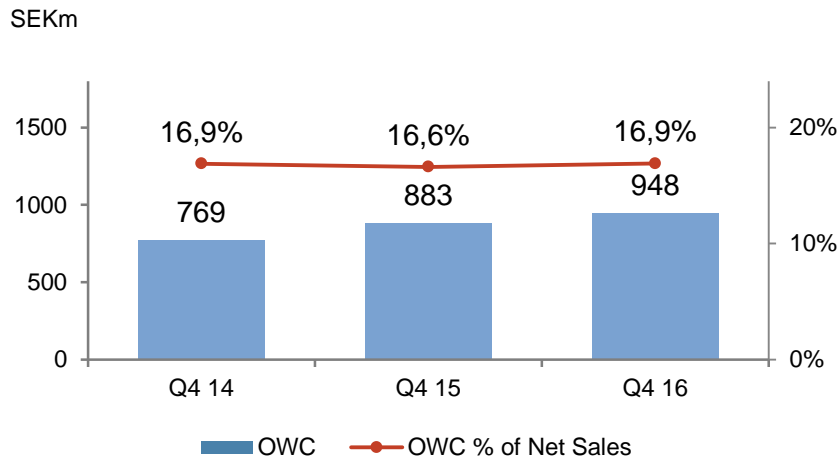
Kept: Pick-up truck racks

Reported Income Statement

SEKm	Q4 2016	Q4 2015	YTD 2016	YTD 2015
Net sales	1,069	980	5,611	5,320
Cost of goods sold	-679	-638	-3,354	-3,269
Gross income	391	341	2,257	2,051
<i>Gross Margin %</i>	<i>36.6%</i>	<i>34.8%</i>	<i>40.2%</i>	<i>38.6%</i>
Other operating revenue	0	0	0	1
Selling expenses	-241	-218	-990	-927
Administrative expenses	-85	-77	-308	-299
Other operating expenses	0	-2	-3	-2
Operating income (EBIT)	65	44	957	825
<i>EBIT Margin %</i>	<i>6.1%</i>	<i>4.5%</i>	<i>17.1%</i>	<i>15.5%</i>
Financial expenses/revenue	-9	-11	-36	-60
Income before taxes	56	33	921	765
Taxes	-19	-11	-245	-178
Net income from continuing operations	37	22	676	587
Net income from discontinued operations	-	3	-	-143
Consolidated net income	37	25	676	444
<i>Consolidated net income pertaining to:</i>				
Shareholders of Parent Company	37	25	676	444
Consolidated net income	37	25	676	444

Operating Working Capital and Operational Cash Flow

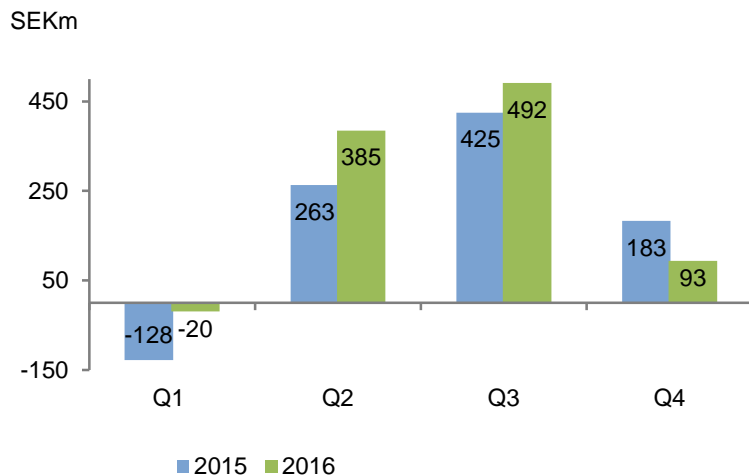
Operating Working Capital



Comments

- Operating working capital as of 31 Dec. 2016:
 - Inventory: SEK 847m (722)
 - Accounts receivables: SEK 643m (610)
 - Accounts payable: SEK 542m (449)
- Currency effect SEK 53m vs prior year
- Inventory build up in Q4/2016
 - Heavy product launches in growth categories early in the season 2017
 - Start up of Eastern DC in US in Q1/2017

Operational Cash Flow



Comments

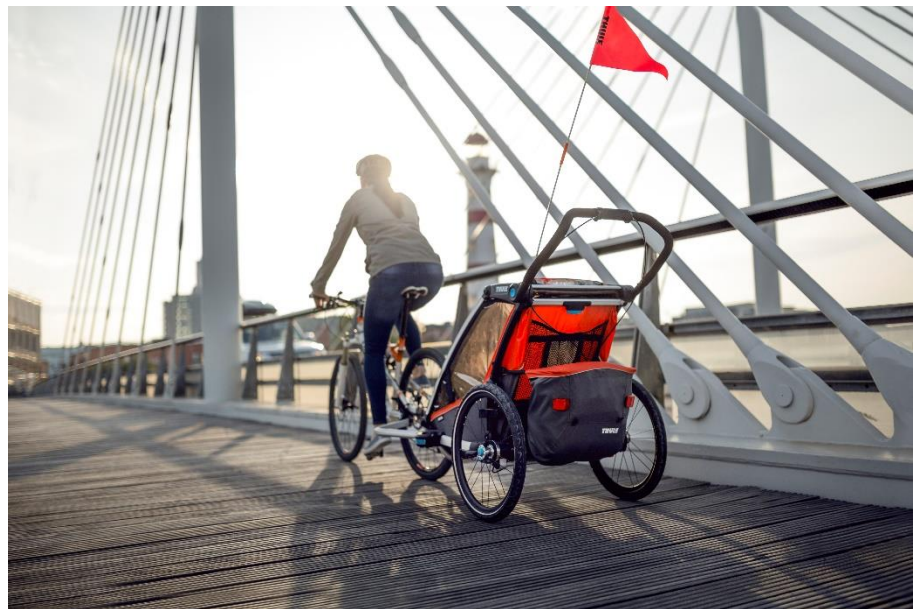
- Cash Conversion of 92% (OCF/EBITDA)
- Q4 Operational cash flow SEK 93m (183), a decrease by SEK 90m
- YTD Operational cash flow SEK 950m (742), an improvement by SEK 208m
- Capex SEK 132m (2.4% of sales)
- Positive effect this year due to:
 - Higher EBITDA
 - Improved OWC (lower inventory and accounts receivables)

Thule Group – YTD 2016 Performance vs. Financial Targets

Organic Growth	≥ 5%	<p align="center">Constant Currency Net Sales Growth (excl Acquisition)</p> <p align="center"> 4.6% 5.0% 0.1% Thule Group Outdoor&Bags Specialty </p>		
Underlying EBIT Margin	≥ 17%	<p align="center" style="font-size: 1.5em; color: green;">17.3%</p> <p align="center">2015 FY at 16.0%</p>		
Net Debt / EBITDA	c. 2.5x	<p align="center" style="font-size: 1.5em; color: green;">1.6x</p> <p align="center">2.3x (YE 2015)</p>		
Dividend Policy	≥ 50%	<p align="center" style="font-size: 1.5em; color: green;">51%*</p> <p align="center">Ordinary dividend of SEK 3.40* per share in 2016 proposed by the Board. In addition the Board proposes an extraordinary dividend of SEK 7.50 per share</p>		

After a very good 2016 we look forward to an even more exciting 2017

- 2016 was a very good year
 - Sales growth in Outdoor&Bags at 5% organic growth despite very tough US market and underperforming shrinking Bags for Electronic Devices
 - EBIT growth from SEK 850m to SEK 970m
 - EBIT margin at 17.3% better than mid-term target
 - Strong operational cash flow generation (SEK 950m) enables high dividend as well as “dry powder” to execute possible M&A
 - Sustainability improvements across all major areas
 - Continued Thule brand building with multiple design wins and retail partner program extension
 - Well executed opening of new box factory in US and Distribution Centre moves (last DC change in Q1/2017)
 - Strategic review of Specialty segment finalized
- 2017 promises to be an even more exciting year
 - Best ever launch program across all product categories
 - True volume traction in newer product categories where we are starting to make a real name for ourselves
 - Distribution Centre structure in place and tested ahead of peak season
 - Opportunity to focus all energy on profitable growth



Q&A



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