

# Interim Report Q2 2015 July 22, 2015

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**Thule Group** »

## Q2 2015 Highlights – Strong performance in Outdoor&Bags in Europe

- **Net sales** of SEK 1 700m (1 416)
  - Thule Group +20.0% (+6.4% excluding currency effects)
  - Outdoor&Bags +18.2% (+5.6% excluding currency effects)
  - Specialty +49.2% (+16.4% excluding currency effects)
- **Underlying EBIT** of SEK 352m (300), underlying EBIT margin of 20.7% (21.2)
  - Underlying EBIT margin improved by +0.5% in constant currency
  - Outdoor&Bags shows an underlying EBIT of SEK 385m (332), +15.7% vs PY
  - Specialty reports EBIT of SEK -10m (-10), +2.6% vs PY
- **Net income** of SEK 254m (142)
- **Earnings per share** of SEK 2.54 (1.68)
- **Cash flow from operating activities**<sup>1</sup> was SEK 248m (170)
  
- Strong sales Outdoor&Bags Europe and ROW (+10.4% in constant currency)
- Positive market reception in new product categories (Technical Backpacks and Active with Kids)
- Bags for Electronic Devices in Americas show negative development
- Efficiency program implemented after Q2 closing with expected one-off costs of approximately SEK 10m and annualized savings of approximately SEK 20m as of Q3 2015

<sup>1</sup> Comparison period pertains to total operations meaning both continuing and discontinued operations.

# Q2 2015 and First Half 2015 - Net Sales and EBIT by Segment

## Outdoor&Bags

SEKm	Apr-Jun		Change		Jan-Jun		Change	
	2015	2014	Rep.	Adjust. <sup>1</sup>	2015	2014	Rep.	Adjust. <sup>1</sup>
Net sales	1 574	1 332	18.2%	5.6%	2 774	2 306	20.3%	7.1%
- Region Europe & ROW	1 039	895	16.1%	10.4%	1 867	1 579	18.2%	11.5%
- Region Americas	536	437	22.5%	-2.6%	907	727	24.7%	-1.0%
Operating income	382	331	15.1%		602	514	17.1%	
Underlying EBIT	385	332	15.7%	8.5%	608	518	17.4%	12.7%
Operating margin, %	24.2%	24.9%			21.7%	22.3%		
Underlying EBIT margin, %	24.4%	25.0%			21.9%	22.5%		

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

## Specialty

SEKm	Apr-Jun		Change		Jan-Jun		Change	
	2015	2014	Rep.	Adjust. <sup>1</sup>	2015	2014	Rep.	Adjust. <sup>1</sup>
Net sales	125	84	49.2%	16.4%	291	185	57.9%	25.5%
- Region Europe & ROW	11	-4			68	17	298.9%	277.4%
- Region Americas	114	88	30.3%	2.5%	223	167	33.2%	4.2%
Operating income	-10	-10			6	-16		
Underlying EBIT	-10	-10			6	-16		
Operating margin, %	-8.0%	-12.3%			2.0%	-8.8%		
Underlying EBIT margin, %	-8.0%	-12.3%			2.0%	-8.8%		

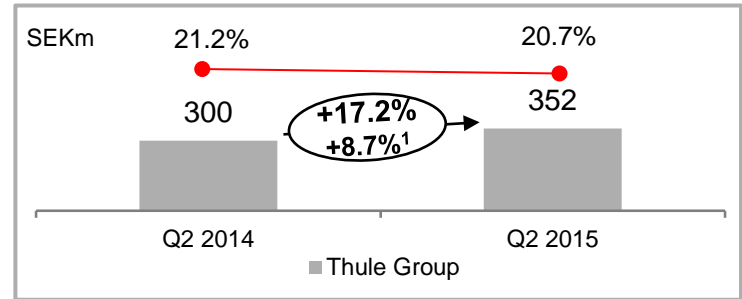
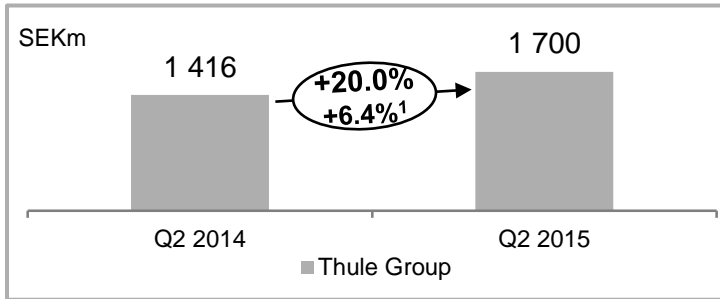
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# Q2 2015 – Financial highlights

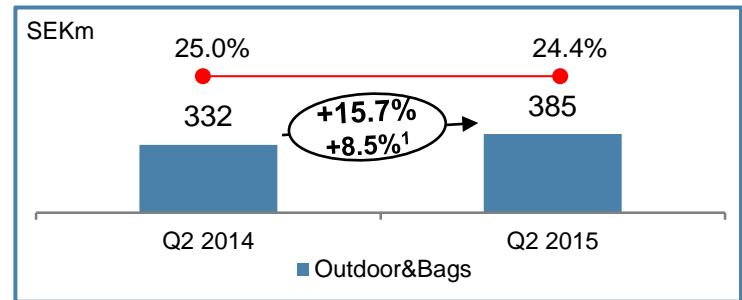
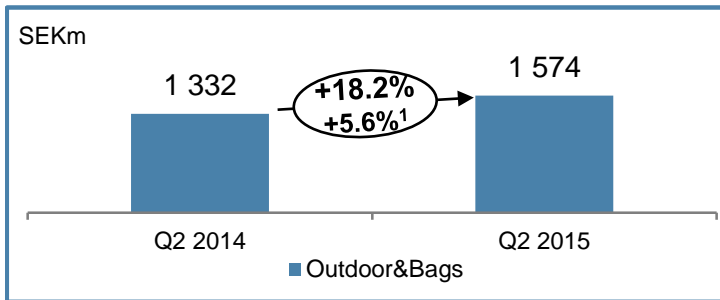
## Reported Net Sales

## Underlying EBIT and Margin

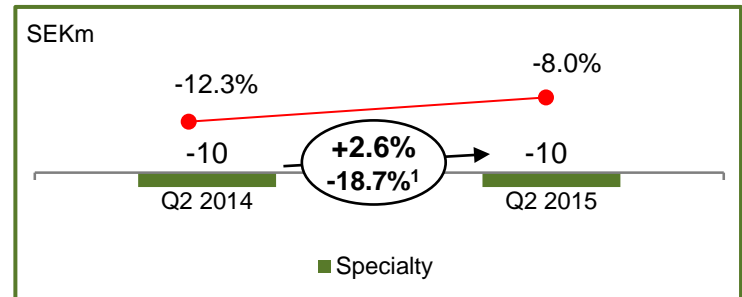
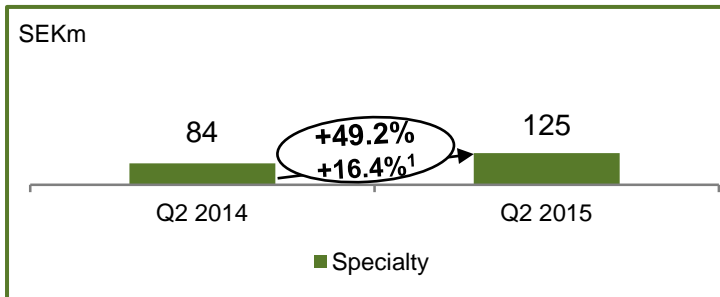
Thule Group



Outdoor & Bags



Specialty



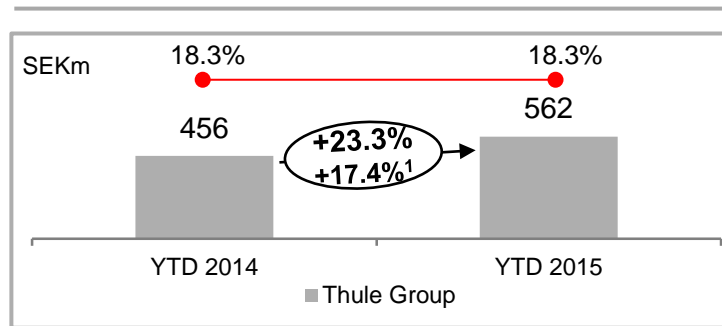
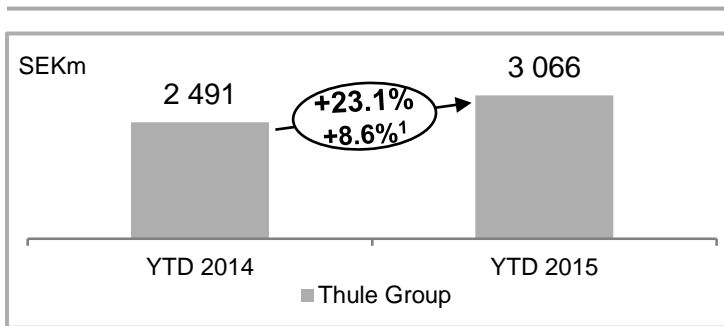
Note: EBIT adjusted for non-recurring items & depr/amort on excess values  
<sup>1</sup> Constant currency adjustment based on average FX rates 31 March - 30 June 2015

# First half 2015 – Financial highlights

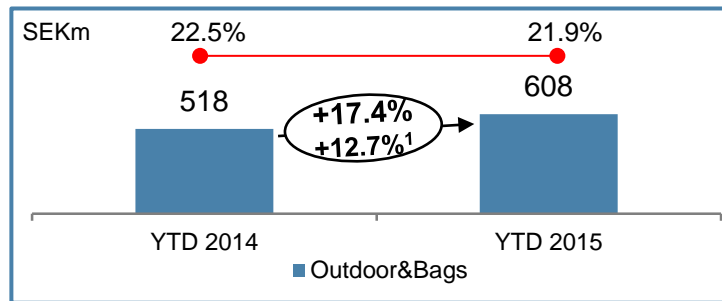
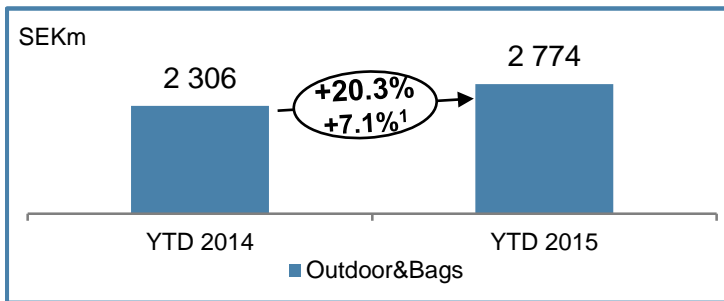
## Reported Net Sales

## Underlying EBIT and Margin

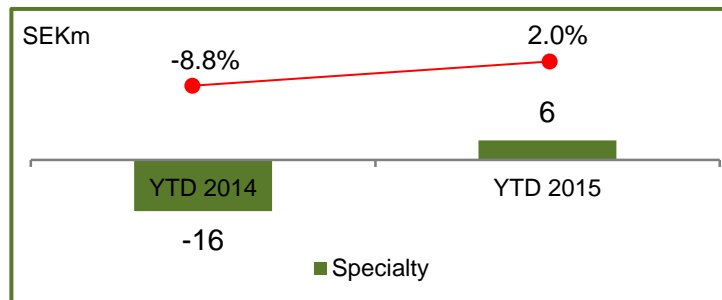
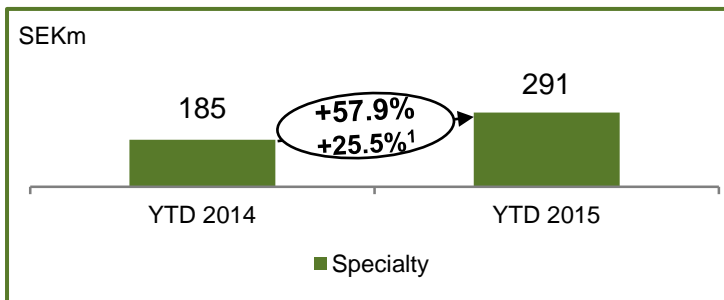
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Outdoor & Bags



Specialty



Note: EBIT adjusted for non-recurring items & depr/amort on excess values  
<sup>1</sup> Constant currency adjustment based on average FX rates 1 January-30 June 2015

## Q2 2015 – Selection of Consumer Launches



**Thule Legend** – GoPro action camera bags and cases



**Thule Sapling** – Child carrier backpacks

# Q2 2015 – Selection of Consumer Launches – Positive feedback on backpacks

## Examples of media feedback on our entry into Technical Backpacks category

### Thule Capstone hiking pack

Global leading outdoor publication Outside  
 Summer Buyer's Guide 2015 (May 2015) - Editor's Choice

*"If Apple designed packs, this is what they'd look like."*



### Thule Guidepost trekking pack

Global leading outdoor publication Backpacker  
 Gear Guide Summer 2015 (April 2015) – Editor's Choice

*"Get mega-load comfort, smart organization, and exceptional adjustability for the big and tall!"*



# The fair season 2015 has kicked off with OutDoor 2015 in Europe





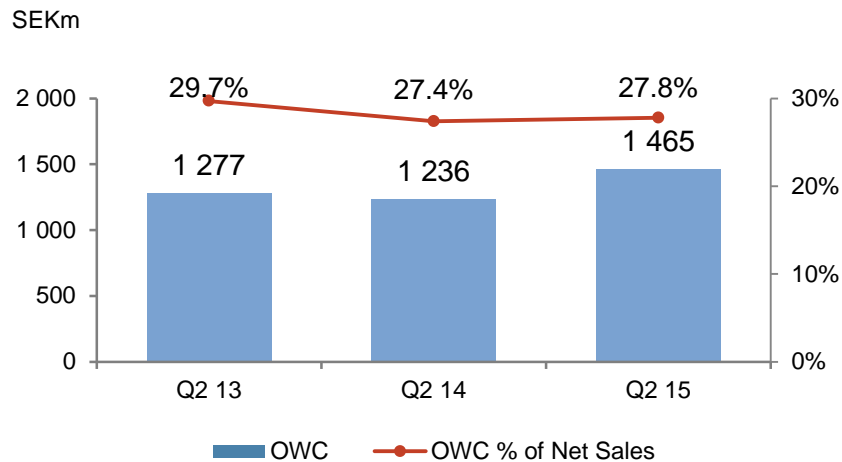
# Reported Income Statement – Thule Group

SEKm	Q2 2014	Q2 2015	Jan-Jun 2014	Jan-Jun 2015	LTM
<b>Net sales</b>	<b>1,416</b>	<b>1,700</b>	<b>2,491</b>	<b>3,066</b>	<b>5,267</b>
Cost of goods sold	-825	-1,025	-1,471	-1,853	-3,243
<b>Gross income</b>	<b>592</b>	<b>675</b>	<b>1,021</b>	<b>1,213</b>	<b>2,024</b>
Other operating revenue	1	1	5	4	3
Selling expenses	-221	-250	-422	-496	-971
Administrative expenses	-73	-81	-145	-163	-316
Other operating expenses	-2	1	-10	-4	-38
<b>Operating income (EBIT)</b>	<b>297</b>	<b>347</b>	<b>449</b>	<b>552</b>	<b>702</b>
Net interest expense/income	-87	-15	-138	-36	-222
<b>Income before taxes</b>	<b>210</b>	<b>332</b>	<b>311</b>	<b>517</b>	<b>480</b>
Taxes	-68	-77	-92	-121	-105
<b>Net income from continued operations</b>	<b>142</b>	<b>254</b>	<b>220</b>	<b>396</b>	<b>375</b>
Net income from discontinued operations	-375	0	-361	0	21
<b>Consolidated net income</b>	<b>-233</b>	<b>254</b>	<b>-141</b>	<b>396</b>	<b>397</b>
<i>Consolidated net income pertaining to:</i>					
Shareholders of Parent Company	-233	254	-143	396	398
Non-controlling interest	0	0	2	0	-2
<b>Consolidated net income</b>	<b>-233</b>	<b>254</b>	<b>-141</b>	<b>396</b>	<b>397</b>

Source: Company information

# Operating Working Capital and Operational Cash Flow

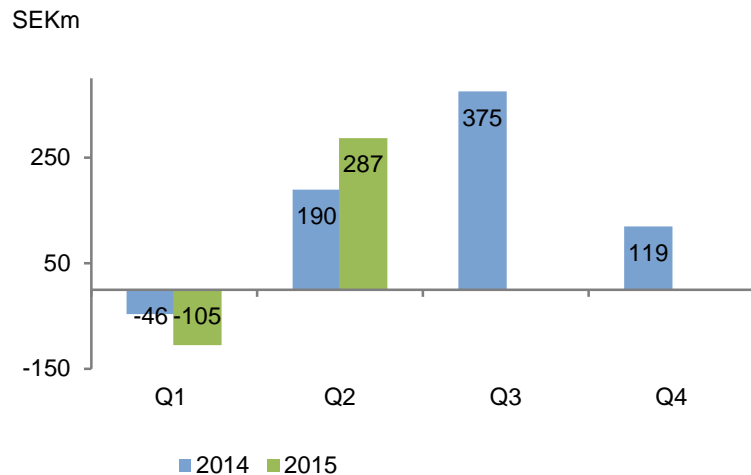
## Operating Working Capital



## Comments

- Operating working capital as of 30 June 2015 was as follows:
  - Inventory: SEK 915m (782)
  - Accounts receivables: SEK 1 103m (957)
  - Accounts payable: SEK 552m (502)
- Currency effect SEK 116m vs prior year

## Operational Cash Flow



## Comments

- Q2 Operational cash flow SEK 287m (190)
- Positive effect this year due to
  - Higher EBIT
  - Improved OWC
  - Less CapEx
- Following prior years' pattern
  - Negative in Q1
  - Positive flows start mid-way through Q2

Source: Company information

# First half 2015 in Summary – A good start to the year

## Sales

- Thule Group growth of +8.6% (excl. Fx)
- Outdoor&Bags (90% of sales YTD) growth of +7.1% (excl. Fx), driven by strong performance in Europe
- Specialty (10% of sales YTD) growth of +25.5% (excl. Fx), driven by improved Snow Chain sales in Q1
- Positive signals on initial sales in new product categories

## Operational

- E. European Distribution Center in Huta, Poland, operating smoothly
- W. European Distribution Center in Venlo, the Netherlands, operational for Bags for Electronic devices and preparing for Sport&Cargo Carriers
- Efficiency gains in operational and back-office processes enable savings via staff reductions

## Financial

- Gross Margin decreases 140bp to 39.6 percent, as currencies boost sales, but not gross profit
- Underlying EBIT margin flat at 18.3 percent, despite negative currency effect
- Cash flow from operating activities at SEK 97m
- Net debt / Underlying EBITDA at 3.0x
- Dividend of SEK 2.00 paid in two occasions  
SEK 1.00 was paid in May, and  
SEK 1.00 will be paid out in October



# Thule Group – First half 2015 Performance vs. Financial Targets

Organic Growth	≥5%	<p style="text-align: center;"><b>Constant Currency Net Sales Growth</b></p> <p style="text-align: center;"><b>8.6%</b>                      <b>7.1%</b>                      <b>25.5%</b></p> <p style="text-align: center;"><b>Thule Group</b>                      <b>Outdoor&amp;Bags</b>                      <b>Specialty</b></p>		
Underlying EBIT Margin	≥15%	<p style="text-align: center;"><b>18.3%</b>                      In line with first half 2014 (18.3%)</p> <p style="text-align: center;"><b>LTM at 15.0%</b></p>		
Net Debt / EBITDA	c. 2.5x	<p style="text-align: center;"><b>3.0x</b>                      3.4x (YE 2014)</p> <p style="text-align: center;">In line with plans to reach goal mid-term</p>		
Dividend Policy	≥50%	<p style="text-align: center;"><b>51%</b>                      Dividend of SEK 2.00 per share in 2015</p>		

Source: Company information

## Focus for 2<sup>nd</sup> half of 2015 is to Capture Profitable Growth

- Continue to Drive Profitable Organic Growth in Outdoor&Bags Segment
  - Continued strong performance in Sport&Cargo
  - Roll-out of new Active with Kids products portfolio
  - Roll-out of Technical Backpacks
  - Get growth in Bags for Electronic Devices in connection with "Back-to-Campus" season
- Continue to manage Specialty cost efficiently
  - Further steps in lean set-up in Snow Chains
  - Production efficiencies in Work Gear
- Capture gains from Operational Efficiency
  - Ramp-up W. European Distribution Center
  - Capture gains from more efficient supply chain and back-office process efficiency gains



# Q&A



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