



Interim Report Q2/2018

July 19, 2018

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Thule Group >>

2018/Q2 – Strong performance in Europe

- **Net sales** of SEK 2,155m (1,955)
 - +10.2% (+7.0% excluding currency effects)
 - Region Europe & ROW +11.7%
 - Region Americas -4.2%
- **Underlying EBIT** of SEK 524m (474) and **Underlying EBIT margin** of 24.3% (24.3)
- **Net income**, continuing operations of SEK 385m (348)
- **Earnings per share**, continuing operations of SEK 3.73 (3.41)
- **Cash flow**¹ from operating activities SEK 305m (416)
- New financing in place
 - The new financing agreement secures a long-term financing for the company which is more flexible and cost efficient than the old agreement

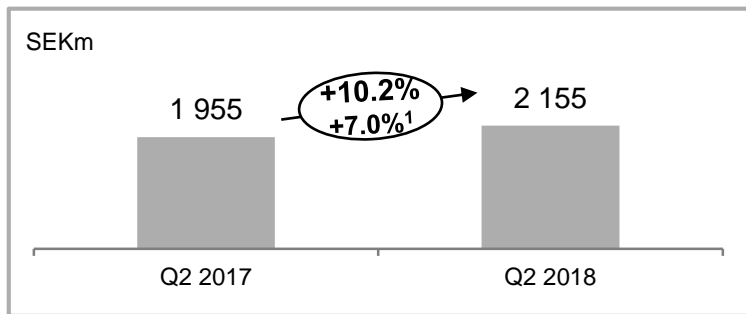
¹ Based on total operations meaning both continuing and discontinued operations.



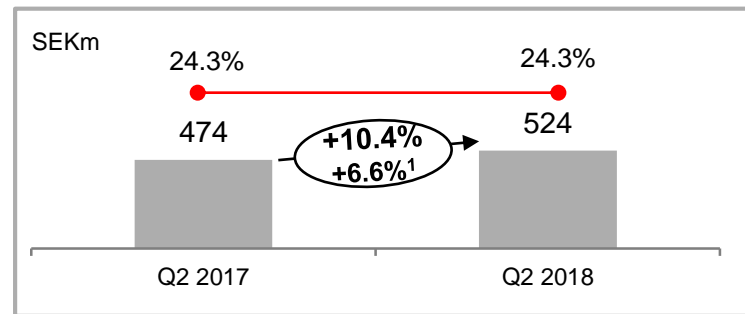
2018/Q2 and YTD – Net Sales and Underlying EBIT development

Reported Net Sales

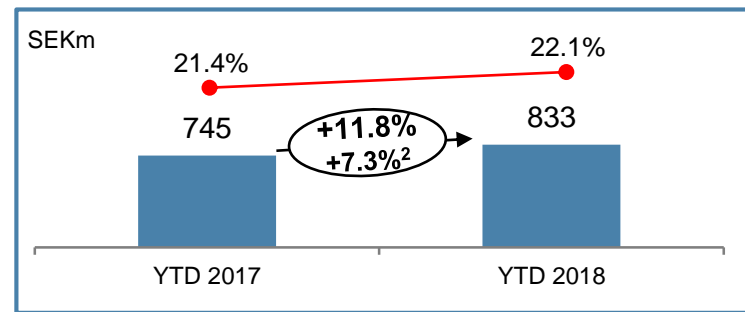
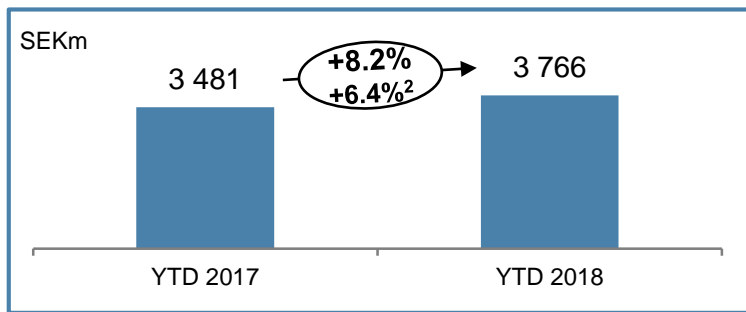
Q2



Underlying EBIT and Margin



YTD



Note: EBIT adjusted for non-recurring items & depr/amort on excess values. ¹ Constant currency adjustment based on average FX rates 1 April - 30 June 2018. ² Constant currency adjustment based on average FX rates 1 January - 30 June 2018.

Region Americas – US market still challenging

- **Net sales SEK 579m (618),
- 4.2% decline (constant currency)**
- Known and communicated phase-out of low-margin OE programs in the US still main 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
- In the US, the cautious Outdoor Retail sector and late spring impacts Q2 slightly more than expected
 - 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
- Growth in luggage and backpacks for everyday use
- Successful launch of niche RV Products for vans & SUVs
- Brazil and Canada continue to be strong



Region Europe & ROW - Very strong Q2 with growth across the Region

- **Net sales SEK 1,576m (1,337), +11.7% growth (constant currency)**
- Strong Q2 in Sport&Cargo Carriers
 - Very strong Bike Carrier sales (after weaker Q1) as spring finally arrived
 - Roof boxes continue to grow thanks to continued momentum with Thule Motion XT
- Active with Kids continue to grow at fast pace
 - Thule Urban Glide 2 launch momentum continues
 - Bike trailers continue to grow very well
- RV Products continues to grow faster than the market
- Packs, Bags & Luggage OK start
 - Decline in legacy products offset by growth categories



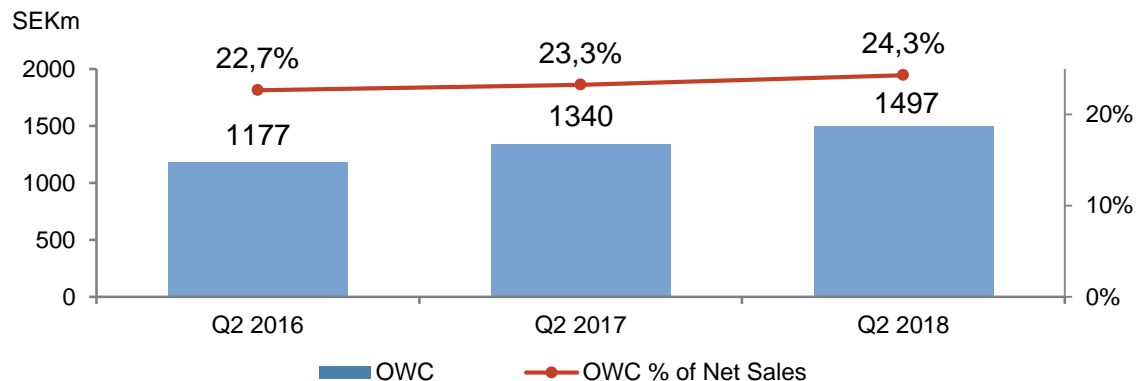
2018/Q2 – Reported Income Statement

SEKm	Q2 2018	Q2 2017	YTD 2018	YTD 2017	LTM
Net sales	2 155	1 955	3 766	3 481	6 157
Cost of goods sold	-1 246	-1 130	-2 188	-2 031	-3 611
Gross income	909	825	1 578	1 449	2 546
Gross Margin %	42,2%	42,2%	41,9%	41,6%	41,3%
Other operating revenue	0	4	0	4	0
Selling expenses	-312	-283	-596	-561	-1 088
Administrative expenses	-73	-72	-150	-147	-302
Other operating expenses	0	0	0	0	0
Operating income (EBIT)	523	474	832	745	1 155
EBIT Margin %	24,3%	24,2%	22,1%	21,4%	18,8%
Financial expenses/revenue	-13	-12	-29	-23	-58
Income before taxes	510	462	804	722	1 097
Taxes	-125	-114	-199	-177	-347
Net income from continuing operations	385	348	605	545	750
Net income from discontinued operations	0	12	0	18	-2
Net income	385	360	605	563	749
Net income pertaining to:					
Shareholders of Parent Company	385	360	605	563	749

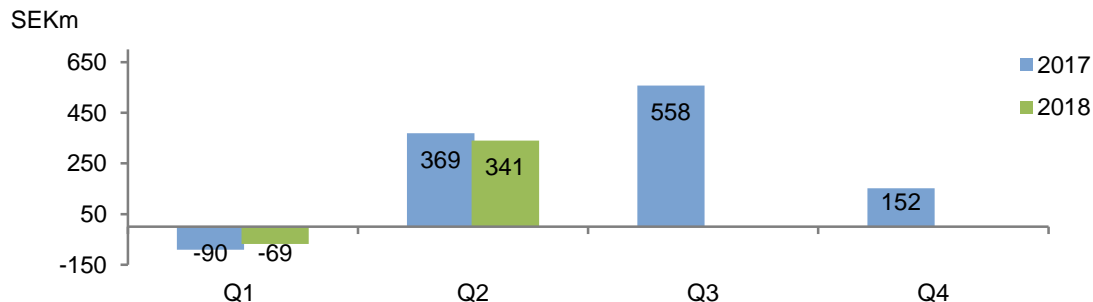
- Gross Margin stable in the quarter
 - Improvement by +0.3 percentage points in constant currency
 - Positive customer- and product mix
- EBIT margin at 18.8 % at rolling 12-month basis
 - SG&A decreases as percentage of sales in spite of increase in development- and marketing expenses related to product development and Q3 product launches
- Higher financial expenses
 - Dissolved financing costs offset by positive fx effect on revaluation of fx accounts
- Tax rate in line with guidance
 - Effective tax rate 24.5% (24.7)

2018/Q2 – Operating Working Capital and Operational Cash Flow

Operating Working Capital



Operational Cash Flow



Operating Working Capital

- Operating working capital, 30 Jun. 2018:
 - Inventory: SEK 907m (726)
whereof currency SEK 32m
 - Accounts receivables: SEK 1 205m (1 131)
whereof currency SEK 51m
 - Accounts payable: SEK 615m (517)
whereof currency SEK 22m
- Currency effect SEK 62m vs prior year
- AR in line with sales growth
- Increased inventory due to ramp-down planning in production, product mix and preparation for Q3 key product launches

Operational Cash Flow

- Q2 operational cash flow SEK 341m (369), a decrease by SEK 28m vs PY
- Decrease due to higher Operating Working Capital

2018/YTD – Performance vs. Financial Targets

Organic Growth	≥ 5%	<p>Constant Currency Net Sales Growth (excl. Acquisitions)</p> <p>+6.4%</p>	
Underlying EBIT Margin	≥ 20%	22.1%	YTD 2017 at 21.4% (LTM at 18.8%)
Net Debt / EBITDA	1.5-2.5x	1.7x	2.0x (2017/Q2)
Dividend Policy	≥ 50%	87%*	* Ordinary dividend of SEK 6.00 per share (3.40)

Focus areas for coming months

- Sales&Marketing focus
 - Support Retail with sell-out at end of peak summer season
 - Launch of Thule Sleek city stroller (see image)
 - Execute successful 2018 retail fair season with wide and deep portfolio of launches coming for 2019
- Operations focus
 - Continued high On-Time-In-Full delivery performance
 - Pila (PL) production ramp-up for Thule Sleek launch
 - Finalization of lay-out project in Hillerstorp (SE) roof rack plant
 - 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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