

# SEB Nordic Seminar 2016

January 8, 2016, Copenhagen

A photograph of two hikers on a mountain peak. A woman stands on the left, wearing a green long-sleeved shirt, light-colored shorts, and a large red backpack. She is holding a small white camera up to take a picture. A man sits on the right, wearing a dark jacket, dark shorts, and a large yellow backpack. He is looking towards the camera. The background shows a vast mountain range under a clear blue sky.

**Thule Group»**



## The Thule Group Vision – Active Life, Simplified.

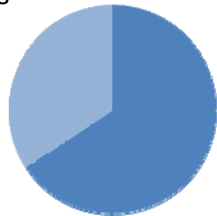


# We are a Global Premium Branded Sports&Outdoor Company

## Net Sales by Segment 2014

### Outdoor&Bags

Region  
Americas  
**34%**



Region  
Europe and ROW  
**66%**

Sport&Cargo  
Carriers  
**60%**



Bags for  
Electronic  
Devices  
**17%**

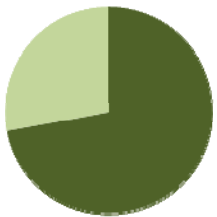


Other  
Outdoor&Bags  
**13%**



### Specialty

Snow  
Chains  
**28%**



Work Gear  
**72%**

Work Gear  
**7%**



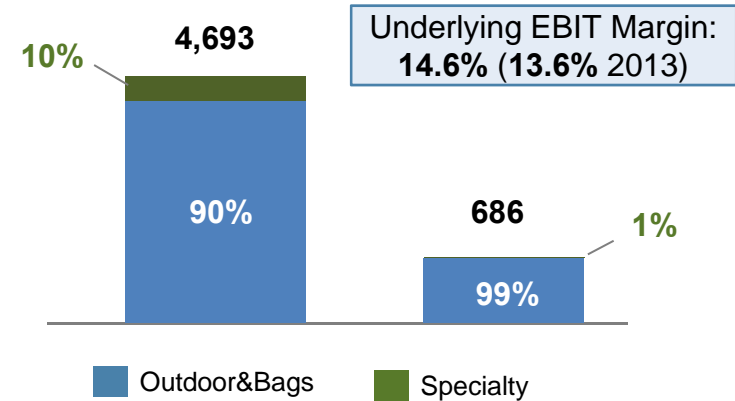
Snow Chains  
**3%**



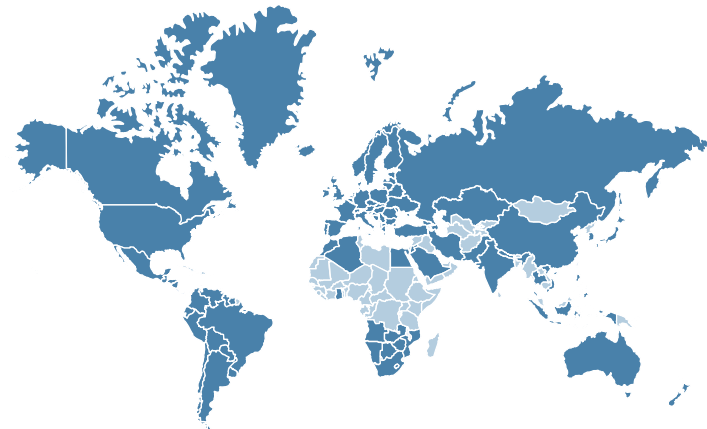
Source: Company information

## Net Sales and Underlying EBIT Breakdown

2014 (SEKm)



## Global Reach – Sales in 139 Countries





# A Compelling Story in the Attractive Sports&Outdoor Market

1

**We Operate in  
an Attractive Market**



- Favorable Mega-Trends Driving Long-Term Market Growth

2

**We have Everything in Place to  
Deliver Profitable Growth**



- Strong User-influenced Innovation and Product Development
- Differentiated Premium Brand
- Global Route-to-Market Strategy and Implementation
- Strong Position in the Value Chain
- Sustainable business approach



# 1 Favorable Mega-Trends in the Sports&Outdoor Market

## Favorable Trends



Increased consumer focus on active lives



Consumers are enjoying multiple activities



Emergence of new sports



Consumers are active longer



Parents want to continue to enjoy their activities with their small kids



Consumers want to be connected at all times and share their experiences



Consumers are increasingly aware of which brands and products they seek



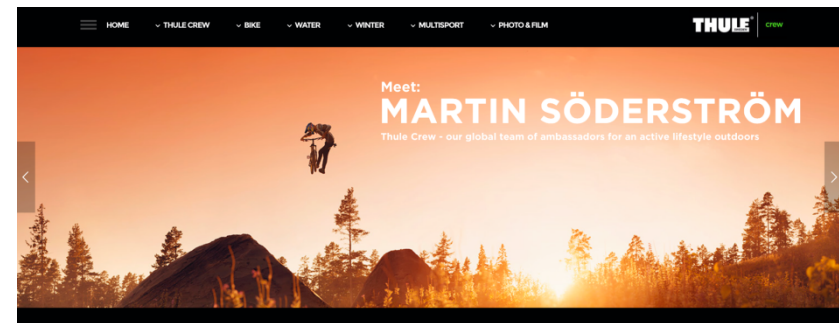
Growing GDP and increasing consumer interest in sport and outdoor activities in developing economies



## 2 A Premium Brand that Captures the Emotions of the Outdoors



› Bring your board.  
Bring your bike.  
Bring your skis.  
Bring your love.  
Bring your passion.  
Bring your dreams.  
Bring your life.



### › Thule Crew



Martin Söderström



Aline Bock



Flo Orley



Sherpas Cinema



Matthias Giraud



Garret McNamara



Eva Nyström



Jenny Rissveds



Pedro Oliva



Yoshitaku Nagasako



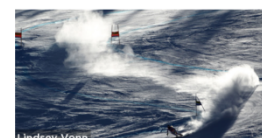
Chris Van Dine



Thule Adventure Team



Matt Elsäßer



Lindsey Vonn





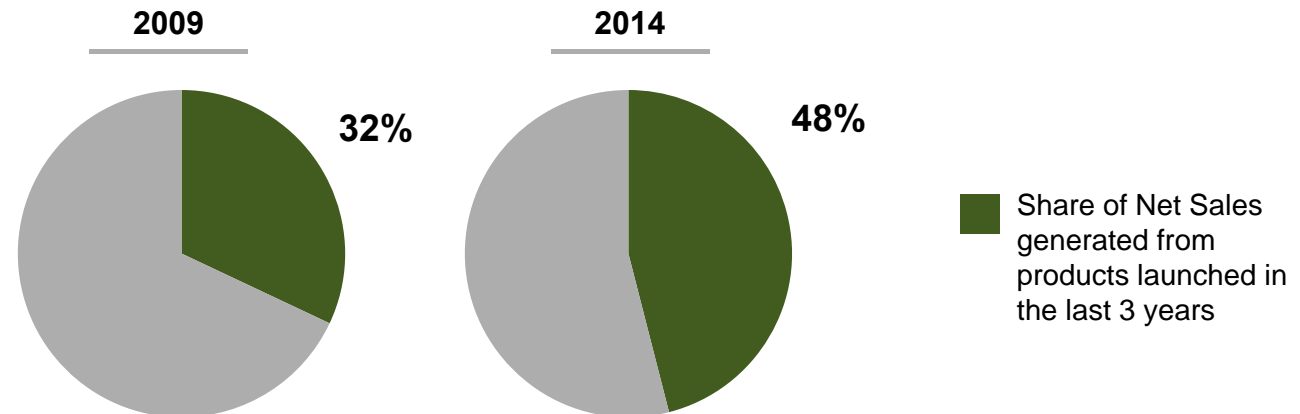
## 2 Market Leading Product Development with Strong User Focused DNA

**“Product is King”  
mind-set in entire  
organization**

- Top Management focus area
- Passionate users within the company
- Close co-operation with athletes and consumers to get user input
- 140 FTEs dedicated to product design and development
- Product Development spend as share of sales has increased from 2.8% (2009) to more than 4% in 2013-2015



**High  
Share of Sales  
From  
New Products**



- Product replacement cycles have been reduced by 1/3 in the last 5 years



## 2 A Proven Distribution Strategy Implemented from 2010

### A Structured Go-To-Market Approach

Category Captaincy Approach  
with Key Retail Chains

Thule Retail Partner Program for  
Smaller Stores

Product Assortment Focus and  
Support for Look&Feel in Store

Training of Store Staff

### Creating a Global Thule Retail Presence



#### Outdoor&Bags

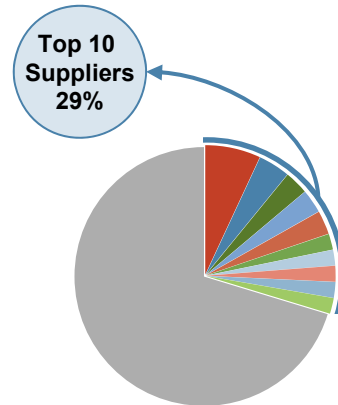
- > 2,500 Key Account doors
- > 2,500 Thule Retail Partner doors



## 2 A Strong Position in the Value Chain

Broad  
Supply Base

Direct Material Spend by Supplier (2014)

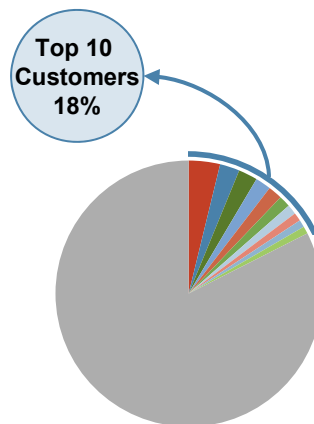


9 Thule Group Assembly Sites

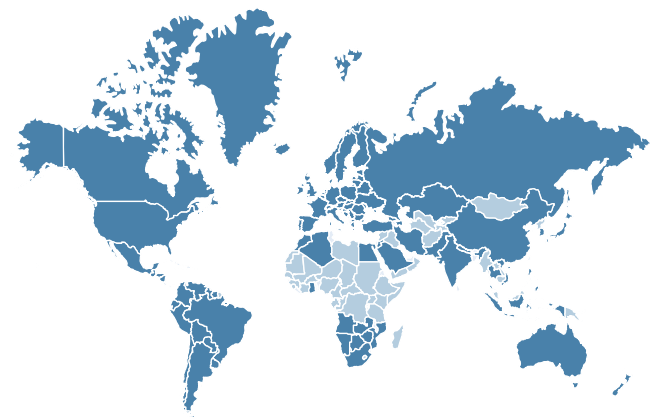


Broad  
Customer  
Base

Sales by Customer (2014)



Sales in 139 Countries

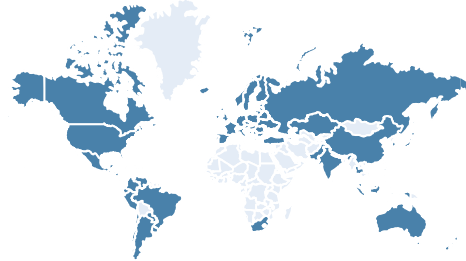


Source: Company information

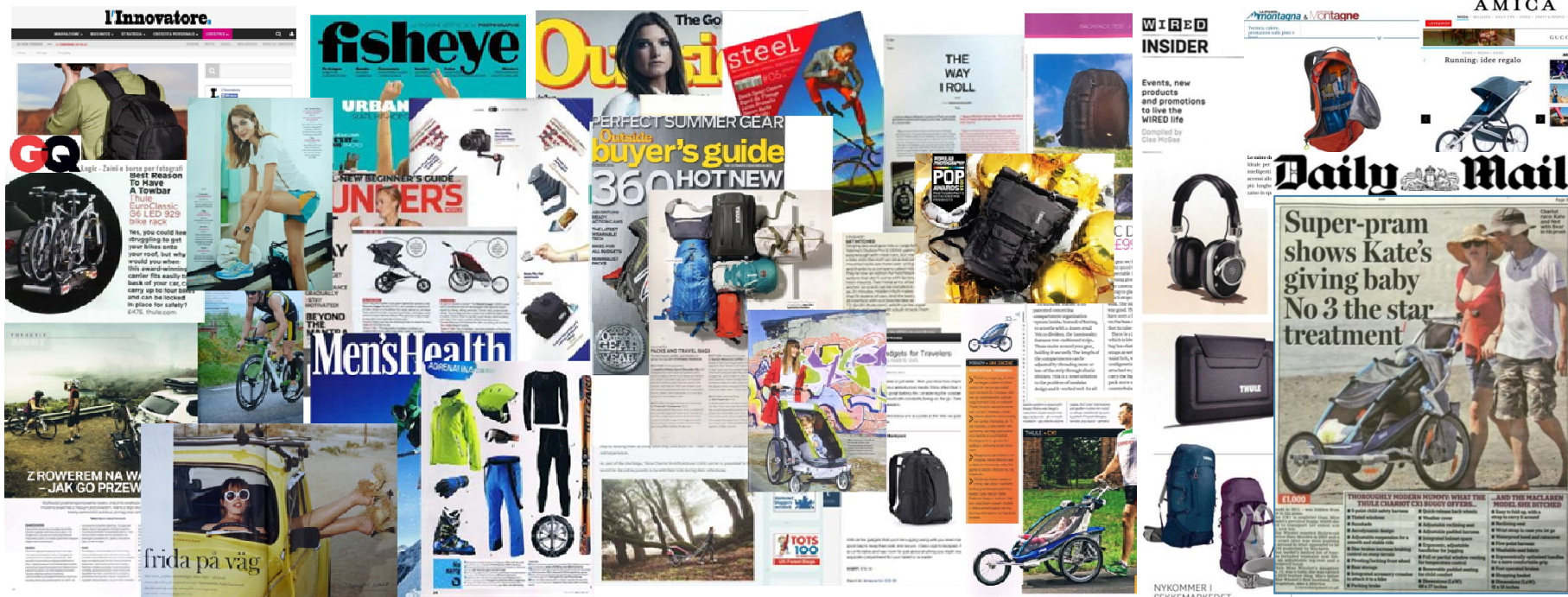


## 2 A Modern Approach to Consumer Communication

Mobile device focused online platform (81 market version in 24 languages)



Earned Media with PR and User Content as Driver





## Product Categories





# Future Top-line Growth Derived from Several Sources within Outdoor&Bags

## A Sport&Cargo Carriers



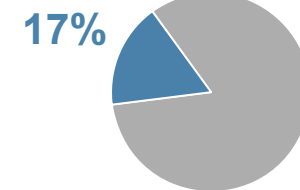
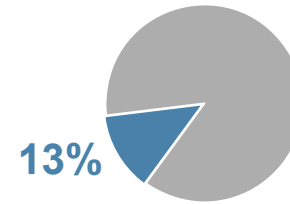
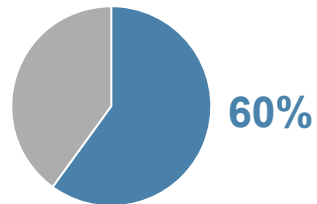
## B Other Outdoor&Bags



## C Bags for El. Devices



Share of  
Thule Group  
Sales  
(2014)



Market Position  
(2015)

**No. 1**

**New entrant**  
(except RV Products in EU)

**Top 5 Player**

Market Growth  
(2016-2018) \*

**+3-4% CAGR**

**+3-4% CAGR**

**Varying**  
**by Sub-Category**

Strategic  
Focus

Continue to drive growth  
via product innovation  
and retail partner program

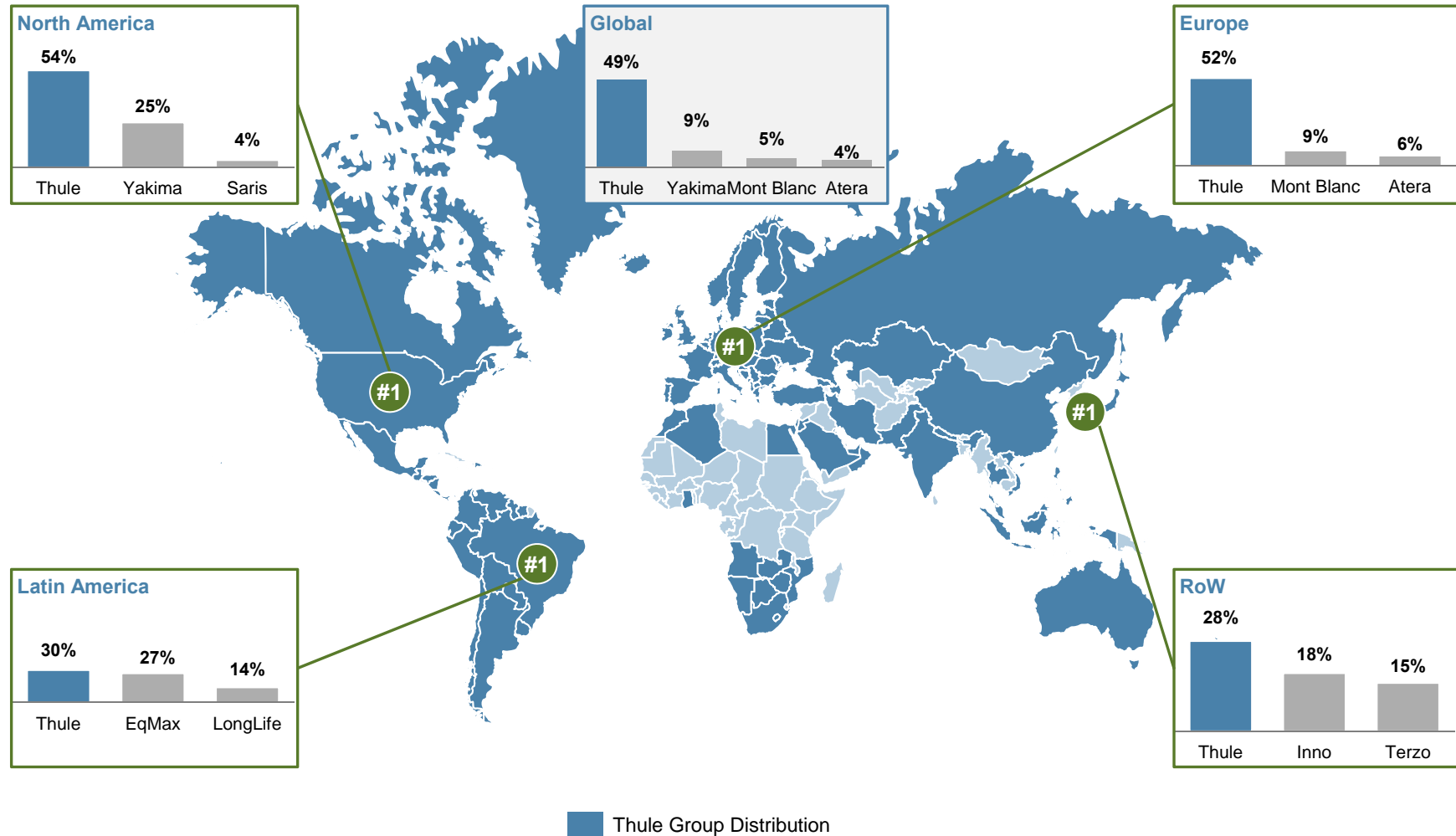
Continue to drive growth  
via widened offer in new  
product categories

Focus on more stable  
growing categories with  
less device dependency

\* Source: Arthur D. Little analysis and Management estimates

## A Sport&Cargo Carriers – Leading Market Positions in All Regions

### Overview of Global Market Shares for Sport&Cargo Carriers



Source: Arthur D. Little analysis and Management estimates



## **B Other Outdoor&Bags - Broad New Product Expansions 2014-2015**



- Generally attractive product categories
  - Globally sold categories with positive trends
  - Quality, functionality and design play a significant role in the consumer's choice, not only price
- Product Categories that are logical for us with aim to mid-term become “podium player”
  - Active Consumers wanting to bring the things they cherish the most
  - Product development, sourcing and supply chain similarities to what we do
  - Sales channel overlap and/or similarities



## C Bags for Electronic Devices – Focus on growing sub-categories

### Key Focus for Growth 2016-2017

#### Focus on Growth Categories



#### Dual Brand Approach

- Brand refresh in 2015 (30 year anniversary)
- Mid-price brand
- Broad assortment
- Broad distribution in CE channel
- Urban, practical, fashion



- Used in category since 2012
- Premium price brand
- Targeted assortment
- More targeted distribution
- Protective, outdoor/sport inspiration



Use Economies of Scale in Sourcing



## 2015 First Three Quarters Results



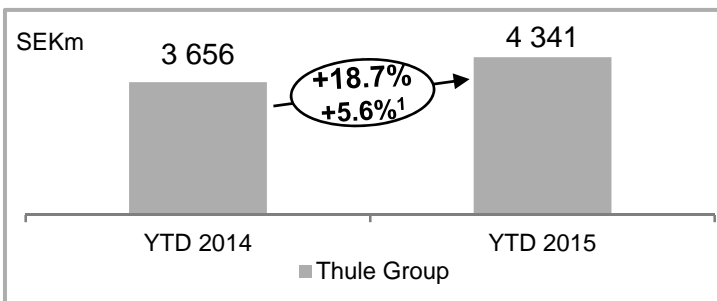
## Thule Group – First three quarters 2015 Performance vs. Financial Targets

Organic Growth	≥5%	Constant Currency Net Sales Growth		
		5.6%	5.7%	4.6%
		Thule Group	Outdoor&Bags	Specialty
Underlying EBIT Margin	≥15%	First nine months 2014 (18.7%)		
		18.5%	LTM at 16.0%	
Net Debt / EBITDA	c. 2.5x	3.4x (YE 2014)		
		2.4x	Strong cash flow generation in Q3 in line with plans	
Dividend Policy	≥50%	51%		
		Dividend of SEK 2.00 per share in 2015		

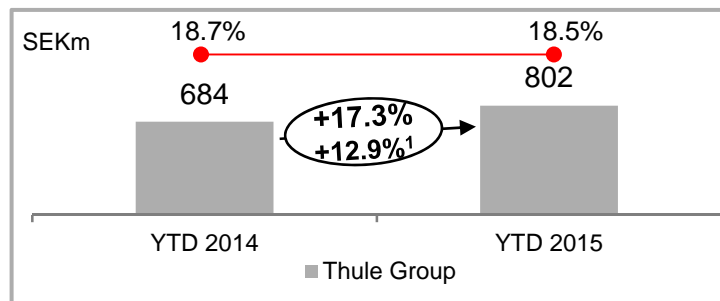
## 2015 Q1-Q3: Financial Highlights

### Reported Net Sales

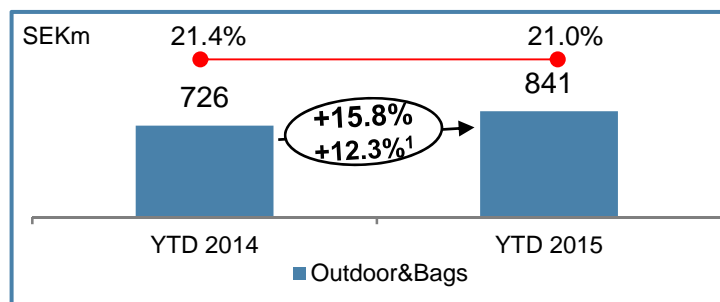
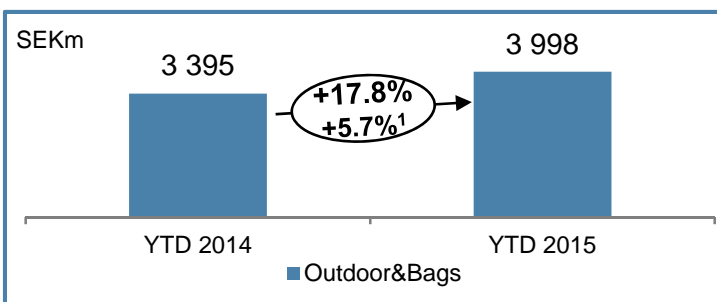
Thule Group



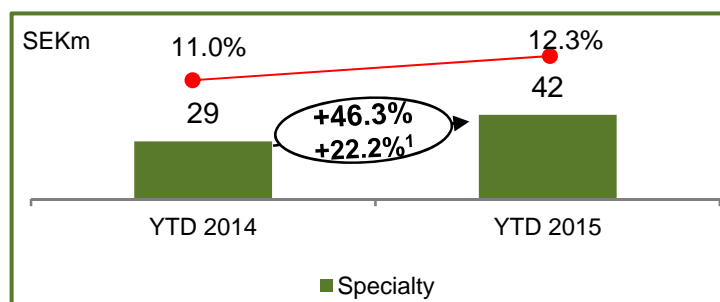
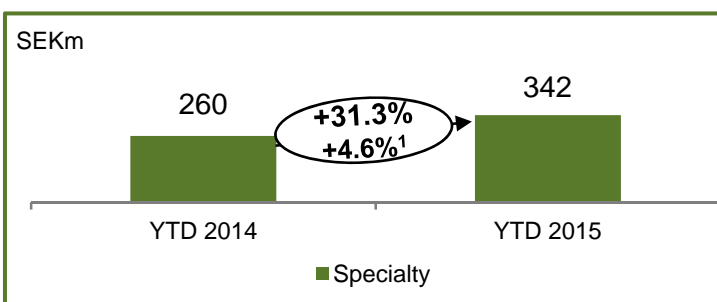
### Underlying EBIT and Margin



Outdoor & Bags



Specialty



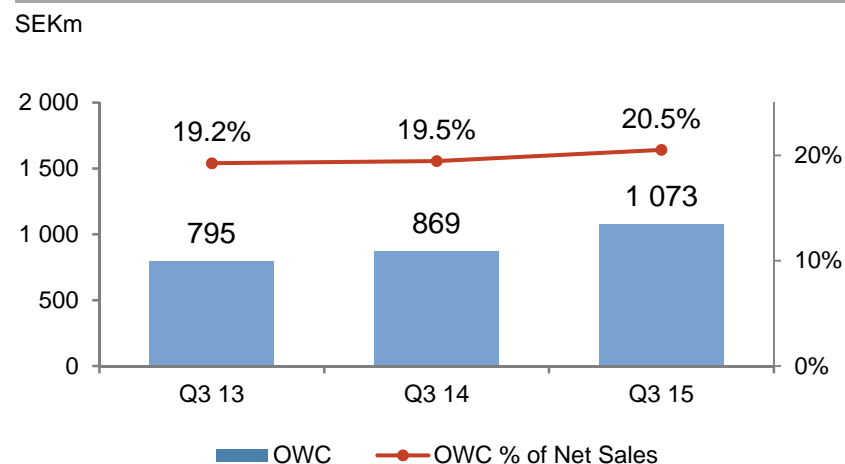
Note: EBIT adjusted for non-recurring items & depr/amort on excess values

¹ Constant currency adjustment based on average FX rates 1 January-30 September 2015



## 2015 Q1-Q3: Operating Working Capital and Operational Cash Flow

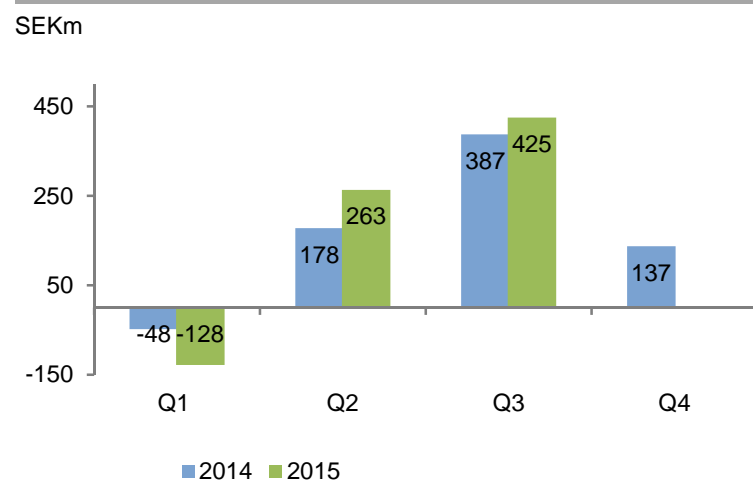
### Operating Working Capital



### Comments

- Operating working capital as of 30 September 2015 was as follows:
  - Inventory: SEK 694m (529)
  - Accounts receivables: SEK 745m (683)
  - Accounts payable: SEK 366m (343)
- Currency effect SEK 119m vs prior year

### Operational Cash Flow



### Comments

- Q3 Operational cash flow SEK 425m (387)
- 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

Focus 2016



## Focus 2016: Drive Profitable Growth and Continue to Build for the Future

- Continue to Drive Profitable Organic Growth
  - Continued strong performance in traditional categories in Sport&Cargo Carriers with broader and deeper product offer than ever for season 2016
  - Grow sales in Other Outdoor&Bags via new products
    - Continued market share gains in RV with strong motorhome market
    - Sales push with broader Active with Kids products portfolio
    - New product additions in Sport&Travel Bags (Technical Backpacks)
  - Slow down and turn around the negative trend in Bags for Electronic Devices with new products and retail listings
- Continue to manage Specialty cost efficiently
  - Focus on production efficiencies in Work Gear to drive profitable growth
  - Carry out strategic review of category
- Capture gains from Operational Efficiency and prepare for 2016 season
  - Ramp-up W. European Distribution Center
  - Implement new Distribution Center structure in Asia and N. America
  - Production ramp-up in new US box site
  - Capture gains from more efficient supply chain and back-office process efficiency gains





Q&A



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