

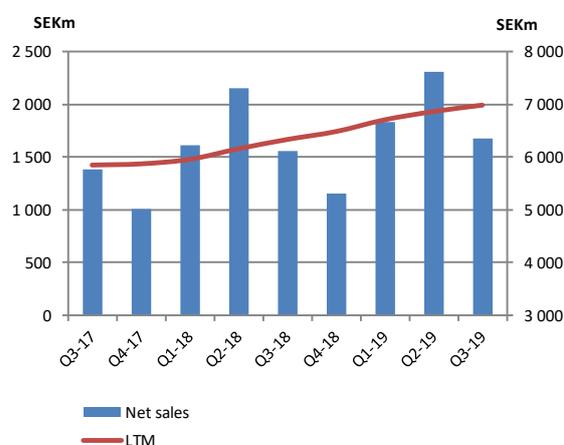
# Thule Group

## Interim report for the third quarter, July–September 2019

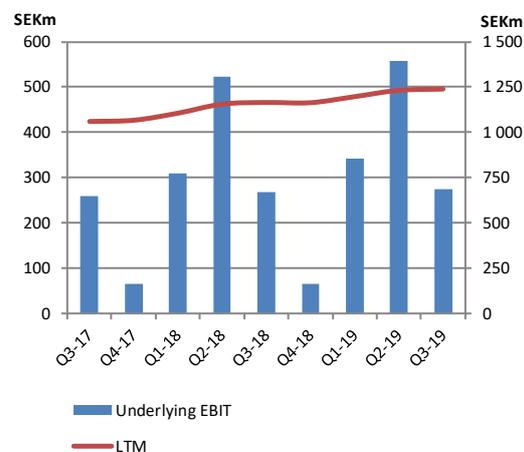
- **Net sales** for the quarter amounted to SEK 1,682m (1,561), corresponding to an increase of 7.7 percent. Adjusted for exchange rate fluctuations, sales rose 3.9 percent.
- **Underlying EBIT<sup>1</sup>** amounted to SEK 274m (267), corresponding to an increase of 2.6 percent and a margin of 16.3 percent (17.1). Adjusted for exchange rate fluctuations, the margin declined 1.4 percentage points.
- **Operating income<sup>1</sup>** totaled SEK 249m (267) and was impacted by a cost of SEK 25m pertaining to a product recall.
- **Net income<sup>1</sup>** was SEK 181m (189).
- **Cash flow from operating activities** totaled SEK 571m (499).
- **Earnings per share before dilution** amounted to SEK 1.75 (1.83).

	Jul-Sep 2019	Jul-Sep 2018	%	Jan-Sep 2019	Jan-Sep 2018	%	Full-year 2018
Net sales, SEKm	1 682	1 561	+7.7	5 827	5 327	+9.4	6 484
Underlying EBIT, SEKm	274	267	+2.6	1 174	1 100	+6.8	1 164
Operating income (EBIT), SEKm	249	267	-6.8	1 148	1 099	+4.5	1 163
Net income, SEKm	181	189	-4.2	854	794	+7.5	837
Earnings per share, SEK	1.75	1.83	-4.2	8.27	7.71	+7.3	8.13
Cash flow from operating activities, SEKm	571	499	+14.4	856	590	+45.0	606

Net sales



Underlying EBIT



<sup>1</sup> The comparative figures are not adjusted to include the effects of the new accounting standard IFRS 16 Leases. Refer to Note 1 to see the effects.

## CEO's statement

### Good quarter except in the US

During the third quarter of 2019, growth was healthy in all markets except in the US. Sales in the third quarter amounted to SEK 1,682m (1,561), an increase of 7.7 percent (3.9 percent after currency adjustment).

Underlying EBIT increased to SEK 274m (267) during the quarter, meaning that for the first three quarters of the year we achieved an underlying EBIT margin of 20.2 percent (20.6). The margin was negatively affected to a certain extent by import tariffs put into place in the US, but primarily by low capacity utilization in our nine assembly plants.

The third quarter was dominated by important trade fairs where we presented a large number of new products. Among these, the city stroller Thule Spring and several new bag collections enjoyed a very positive reception from retailers. The products will arrive in stores next year.

### Region Europe & ROW – stable growth

During the quarter, sales in the region rose 6.7 percent (after currency adjustment), which entails a currency-adjusted growth of 6.4 percent for the year.

It is especially positive to note the strong bag sales in Asia in the quarter and the growth in the Nordic region and Russia after a weak start to 2019.

Roof rack sales increased in the quarter, which strengthens our assumptions that the downturn we saw in the spring was due to the inventory levels of the previous generation of products at some distributors.

Sales in the RV Products category were healthy during the quarter, helped to a certain extent by a more stable motorhome and caravan market after the shaky conclusion to the second quarter. Over the summer we have received reports in this category that two models of motorized awnings, on a limited number of occasions, opened unexpectedly. No accidents have been reported, but since we always prioritize safety we have decided to initiate a product recall. In collaboration with our partners, RV manufacturers and dealers, we are ensuring that consumers can upgrade their product.

### Region Americas – affected by a weak US

In Region Americas, sales decreased 2.0 percent after currency adjustment during the third quarter. This meant that sales during the first nine months were in line with the preceding year.

Summer sales remained weak in the US. Additional tariffs of 15 percent, in place since July on goods produced in China, created further uncertainty in the market. This resulted in several retailers reducing inventory levels, and to some extent that higher prices and uncertainty about mid-term prices had a negative effect on sales to consumers.

The other markets in the region demonstrated healthy growth, and it was especially gratifying to see the volatile Latin American market post a strong quarter, which means that these markets show growth for the year.

Uncertainty in the US market requires operational flexibility and we have therefore decided to review our commercial organization in the country. Any changes will be communicated and implemented during the fourth quarter.

### Long-term investments continue

Our strategic agenda remains firm, with continued major investments in sustainable product development of fantastic products, building a strong global brand, cost-effective, modern assembly plants and efficient logistics in close collaboration with retailers.

From a shorter-term perspective, this strategy means focus on market initiatives for our growing product portfolio in categories that are relatively new to us. We are also taking ambitious steps with the expansion of our global development center in Sweden and continue to focusing on efficiency measures in our assembly plants to realize the potential after a number of years major investments in improved assembly set-up.

I am confident in our long-term strategy and the development is positive in most of our markets and product categories, even if we need to address a certain amount of uncertainty in the US market for the coming time.



Magnus Welander,  
CEO and President

# Financial overview<sup>1</sup>

## Trend for the third quarter

### Net sales

In the third quarter of 2019, net sales amounted to SEK 1,682m (1,561), representing an increase of 7.7 percent. Adjusted for exchange rate fluctuations, net sales for the Group rose 3.9 percent.

In Region Europe & ROW, net sales totaled SEK 1,188m (1,090), up 9.0 percent, and 6.7 percent after currency adjustments. Net sales in Region Americas amounted to SEK 494m (472), down 2.0 percent after currency adjustment year-on-year.

	Jul-Sep	Jan-Sep
Change in net sales	2019	2019
Changes in exchange rates	3.8%	4.8%
Structural changes	0.8%	1.1%
Organic growth	3.1%	3.5%
<b>Total</b>	<b>7.7%</b>	<b>9.4%</b>

### Gross income

Gross income for the quarter totaled SEK 647m (611), corresponding to a gross margin of 38.5 percent (39.2). After currency adjustment, the margin decrease totaled 1.2 percentage points. The lower margin is attributable to a negative product mix, the effects of the tariffs introduced in the US on imports from China and primarily under absorption at our own production facilities due to production volumes that were slightly lower than planned.

### Operating income

Underlying EBIT amounted to SEK 274m (267), corresponding to an operating margin of 16.3 percent (17.1). Changes in exchange rates had a positive impact of SEK 20m. The lower gross margin and higher selling expenses had a negative impact on profitability during the quarter.

Operating income totaled SEK 249m (267) and was impacted by an estimated cost of SEK 25m pertaining to a product recall during the quarter. The product recall is ongoing and the final cost has not yet been established. Even if we at Thule Group are focused on quality and safety, and test our products extensively both in accordance with strict requirements, both legal and internal, it can happen that despite solid processes we need to recall a product after it reaches the market. During the quarter, we initiated a recall within the RV products category of two models of motorized awnings. Over the summer we received reports that they, on a limited number of occasions, opened unexpectedly. No accidents have been reported, but since we always prioritize safety we have decided to initiate a product recall in collaboration with our partners, RV manufacturers and retailers, to ensure that consumers can upgrade the product.

<sup>1</sup> The comparative figures are not adjusted to include the effects of the new accounting standard IFRS 16 Leases. Refer to Note 1 to see the effects.

	Jul-Sep	Jan-Sep
<b>Change in underlying EBIT margin</b>		
Underlying EBIT 2019	274	1 174
Underlying EBIT margin 2019	16.3%	20.2%
Underlying EBIT 2018	267	1 100
Underlying EBIT margin 2018	17.1%	20.6%
Underlying EBIT 2018, currency adjusted	287	1 171
Underlying EBIT margin 2018, currency adjusted	17.7%	21.0%
<b>Change in underlying EBIT margin, currency adjusted</b>	<b>-1.4%</b>	<b>-0.9%</b>

### Net financial items

In the quarter, net financial items amounted to an expense of SEK 12m (expense: 12). Exchange rate differences on loans and cash and cash equivalents were SEK 2m (expense: 3). The interest expense for borrowings was SEK 14m (expense: 9).

### Net income for the period

In the third quarter, net income was SEK 181m, corresponding to earnings per share of SEK 1.75 before and after dilution. For the year-earlier period, net income totaled SEK 189m, corresponding to earnings per share of SEK 1.83 before dilution and SEK 1.82 after dilution.

### Trend for the first three quarters

#### Net sales

Net sales for the first three quarters of 2019 amounted to SEK 5,827m (5,327), representing an increase of 9.4 percent. Adjusted for exchange rate fluctuations, net sales for the Group rose 4.6 percent.

In Region Europe & ROW, net sales totaled SEK 4,261m (3,890), up 9.5 percent, and 6.4 percent after currency adjustments. Net sales in Region Americas amounted to SEK 1,566m (1,437), an increase of 9.0 percent and 0.1 percent after currency adjustments compared with the first three quarters of 2018.

#### Gross income

Gross income amounted to SEK 2,366m (2,190) corresponding to a gross margin of 40.6 percent (41.1). After currency adjustment, the margin decrease totaled 0.8 percentage points. The somewhat lower margin is attributable to the effects of the tariffs introduced in the US on imports from China and under absorption at our own production facilities due to production volumes that were slightly lower than planned.

#### Operating income

Underlying EBIT amounted to SEK 1,174m (1,100), corresponding to an operating margin of 20.2 percent (20.6). After currency adjustment, the margin decrease was 0.9 percentage points year-on-year, mainly due to lower gross income and the continued substantial investments we are making in sales and marketing activities as well as product development. Operating income amounted to SEK 1,148m (1,099), corresponding to an operating margin of 19.7 percent (20.6), and has been affected by an estimated costs of SEK 25m pertaining to a product recall during the third quarter.

### Net financial items

In the first three quarters, net financial items amounted to an expense of SEK 35m (expense: 41). The interest expense for borrowings was SEK 37m (expense: 36). Exchange rate differences on loans and cash and cash equivalents amounted to SEK 2m (expense: 5).

### Net income for the period

In the first three quarters, net income was SEK 854m, corresponding to earnings per share of SEK 8.27 before dilution and SEK 8.26 after dilution. For the year-earlier period, net income totaled SEK 794m, corresponding to earnings per share of SEK 7.71 before dilution and SEK 7.70 after dilution.

## Cash flow

Cash flow from operating activities for the quarter was SEK 571m (499). The change compared with the year-earlier period was attributable to a slight improvement in working capital and lower income tax payments. Cash flow from operating activities for the first three quarters was SEK 856m (590). Investments in tangible/intangible assets amounted to SEK 103m (123). During the period, a dividend amounting to SEK 361m was paid to the company's shareholders.

## Financial position

At September 30, 2019, the Group's equity amounted to SEK 4,430m (3,966). The equity ratio amounted to 49.7 percent (50.0).

At September 30, 2019, net debt amounted to SEK 1,909m (1,561). Total long-term borrowing amounted to SEK 2,395m (2,051), and comprised loans from credit institutions of SEK 2,222m (2,045) gross, long-term finance lease liabilities of SEK 169m (13), capitalized financing costs of SEK 10m (12) and the long-term portion of financial derivatives of SEK 15m (5). Total current financial liabilities amounted to SEK 73m (33) and comprised the short-term portion of financial derivatives and finance lease liabilities.

SEKm	30 Sep 2019	30 Sep 2018	31 Dec 2018
Long-term loans, gross	2 391	2 057	2 153
Financial derivative liability, long-term	15	5	5
Short-term loans, gross	61	6	9
Financial derivative liability, short-term	12	27	19
Overdraft facilities	0	0	0
Capitalized financing costs	-10	-12	-11
Accrued interest	0	0	0
<b>Gross debt</b>	<b>2 469</b>	<b>2 084</b>	<b>2 175</b>
Financial derivative asset	-20	-11	-16
Cash and cash equivalents	-540	-512	-186
<b>Net debt</b>	<b>1 909</b>	<b>1 561</b>	<b>1 973</b>

At September 30, 2019, goodwill totaled SEK 4,725m (4,370). Of the increase, SEK 89m pertained to the acquisition of Tepui Outdoors Inc. At September 30, 2019, inventories amounted to SEK 978m (862). SEK 46m of the increase was attributable to currency effects.

## Other information

### Seasonal variations

Thule Group's sales and operating income are partially affected by seasonal variations. During the first quarter, sales in the Sport&Cargo Carriers category (roof boxes, ski-racks, etc.) are affected by winter conditions. The second and third quarters are impacted by how early the spring or summer arrives, while sales in individual quarters may be impacted by the quarter in which the spring or summer occurs. In the fourth quarter, seasonal variations are primarily attributable to sales of winter-related products (roof boxes, ski-racks, snow sport backpacks, etc.) and sales of products in the bag category prior to major holidays.

### Employees

The average number of employees was 2,544 (2,438).

### Thule Group's share

The shares of Thule Group AB are listed on the Nasdaq Stockholm Large Cap list. At September 30, 2019, the total number of shares in issue was 103,208,606.

### **Dividend**

The Annual General Meeting on April 26 resolved to distribute a dividend of SEK 7.0 per share and that the dividend be paid in two installments for a better adaptation to the Group's cash flow profile.

The record date for the first dividend payment of SEK 3.50 per share was April 30, 2019. October 7, 2019, was set as the record date for the second payment of SEK 3.50 per share.

### **Shareholders**

At September 30, 2019, Thule Group AB had 14,362 shareholders. At this date, the largest shareholders were AMF Försäkringar & Fonder (12.0 percent of the votes), Nordea Fonder (4.7 percent of the votes), Lannebo Fonder (4.4 percent of the votes), Handelsbanken Fonder (4.0 percent of the votes) and ODIN Fonder (3.1 percent of the votes). See [www.thulegroup.com](http://www.thulegroup.com) for further information on Thule Group's shareholders.

### **Parent Company**

Thule Group AB's principal activity pertains to head office functions such as Group-wide management and administration. The comments below refer to the period January 1–September 30, 2019. The Parent Company invoices its costs to Group companies. The Parent Company reported net loss of SEK 16m (loss: 13). Cash and cash equivalents and current investments amounted to SEK 0m (0). Long-term liabilities to credit institutions totaled SEK 2,212m (2,033).

The Parent Company's financial position is dependent on the financial position and development of its subsidiaries. The Parent Company is therefore indirectly impacted by the risks described in Note 5, Risks and uncertainties.

## Sales development by region

SEKm	Jul-Sep		Change		Jan-Sep		Change	
	2019	2018	Rep.	Adj. <sup>1</sup>	2019	2018	Rep.	Adj. <sup>1</sup>
Net sales	1 682	1 561	7.7%	3.9%	5 827	5 327	9.4%	4.6%
- Region Europe & ROW	1 188	1 090	9.0%	6.7%	4 261	3 890	9.5%	6.4%
- Region Americas	494	472	4.7%	-2.0%	1 566	1 437	9.0%	0.1%

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

In the third quarter of 2019, Thule Group net sales amounted to SEK 1,682m (1,561), representing an increase of 7.7 percent (3.9 percent after currency adjustment). Growth for the first three quarters was 9.4 percent (4.6 percent after currency adjustment).

### Region Europe & ROW

In the third quarter, sales increased 6.7 percent (after currency adjustment) in Region Europe & ROW, which means that currency-adjusted growth for the first nine months was 6.4 percent.

The following was notable for the third quarter as it relates to categories and markets that we commented in connection with our report for the second quarter:

- Sales in both the Nordics region and Russia grew during the quarter after demonstrating negative development during the first half of the year. Growth in the Nordics region was expected, since a number of temporary factors affected comparison figures during the first half of the year, but growth was also healthy in Russia.
- Roof rack sales increased again in the quarter after a weak start to the year. This strengthens our assumptions that the downturn we saw in the spring was temporary and due to our underestimation of inventory levels of the previous generation of products at some distributors. We are now in phase two in the launch of our next generation roof rack, which is a three-phase process lasting until the end of 2020 in the region, and we have therefore not yet completed the transition, but we are positive about the long-term trend.
- The expected decrease in sales previously communicated for RV Products, which was accentuated by a sharp reduction in motorhome and caravan production during the end of the second quarter, did not materialize as expected in the third quarter. We still expect a weaker market during end of the year, as the RV manufacturers are now adapting the production of motorhomes based on the availability of chassis of the new eco-class (Euro 6D) engines, after which we forecast stable growth in what remains positive market conditions in terms of consumer purchases of motorhomes.

In the quarter, we grew at a somewhat lower rate in Sport&Cargo Carriers than during the first half of the year. After a very strong first half of the year within bike racks, the growth rate slowed at the end of the cycling season, as expected. The other two major categories (roof racks and roof boxes), however, performed better year-on-year than had been the case earlier in the year.

It is also especially worth noting that in the third quarter, there was good growth in Packs, Bags & Luggage in Asia, where we are continuing to establish ourselves within the luggage segment in a number of stores. With more collections and more time to establish the brand, we are optimistic that we long-term will be able to become a significant player in this region within this category, even if the journey will be long and bumpy.

## Region Americas

In Region Americas, sales increased 4.7 percent (down 2.0 after currency adjustment) during the third quarter. Sales of roof top tents increased SEK 14m, which was driven by the acquisition of Tepui as well as organic growth compared with Tepui sales for the same time in the preceding year. The announced phase-out of less profitable products linked to certain OE contracts decreased sales by SEK 10m. Organic sales development in the remainder of the business declined with 3.0 percent during the quarter.

In the first three quarters, sales grew 9.0 percent (0.1 percent after currency adjustment).

The quarter was a disappointment in terms of sales in the largest market, the US. Several external factors were in play during the quarter:

- The previously communicated phaseout of low-margin OE contracts (SEK -10m in the quarter)
- Major retailers became more cautious as a result of the additional 15 percent tariff on goods from China announced in May and implemented in July), which undoubtedly led to lost sales opportunities
- The major cost increases of the tariffs have entailed, primarily within the bike segment (since the majority of bicycles sold in the US are made in China), that many consumers have waited to change bicycles in the hopes that prices will come down, either because of changes in tariffs or because retailers need to sell out.

In addition to this, Group management together with the business area management have initiated necessary changes within the Group's commercial structure in the US to improve the flexibility to cost-efficiently capture market shares in growing categories/channels. This coincides with the final phase of implementing a global ERP system, which will be finalized in the first half of 2020, and we will therefore present more detailed review of non-recurring costs and on-going savings for this initiative during the next quarter.

A positive note for the quarter is that we demonstrated continued healthy growth in the other two markets where we have our own sales companies, Canada and Brazil. It was also gratifying to note that strong sales, primarily within the Packs, Bags & Luggage category, contributed to strong growth in several other countries in Latin America. Our distributors captured market shares largely based on our new bag products, despite overall economic conditions that remain very challenging.

The Board of Directors and the President provide their assurance that this interim report provides a fair and accurate view of the Group's and the Parent Company's operations, financial position and earnings, and describes the material risks and uncertainties faced by the Parent Company and other companies in the Group.

October 25, 2019

Board of Directors

## Auditor's report

To the Board of Directors of Thule Group AB (publ)  
Corp. Reg. No: 556770-6311

### Introduction

We have reviewed the condensed interim financial information (interim report) of Thule Group AB (publ) as of September 30, 2019 and the nine-month period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Malmö, October 25, 2019  
PricewaterhouseCoopers AB

Eric Salander  
Authorized Public Accountant  
Auditor in Charge

Magnus Jönsson  
Authorized Public Accountant

## Selected key events during the period



**Thule luggage in leading department store** – We launched a number of new luggage models in collaboration with the department store Isetan in September at Malaysia’s KLCC Shopping Mall, which attracted a great deal of attention in local media.



**New stroller model Thule Spring debuts at Kind&Jugend** – In connection with the world’s largest trade fair for children’s products, Kind&Jugend in Cologne, Thule invited the media and store partners to the launch of the new Thule Spring stroller model, which continues to broaden the Thule brand in the category.

# Financial statements

(Unless otherwise stated, all amounts are in SEK m)

## Consolidated Income Statement

	Note	Jul - Sep		Jan - Sep		LTM	Full-year 2018
		2019	2018	2019	2018		
Net sales	2	1 682	1 561	5 827	5 327	6 984	6 484
Cost of goods sold		-1 035	-950	-3 461	-3 138	-4 181	-3 858
<b>Gross income</b>		<b>647</b>	<b>611</b>	<b>2 366</b>	<b>2 190</b>	<b>2 803</b>	<b>2 626</b>
Selling expenses		-326	-274	-985	-870	-1 271	-1 156
Administrative expenses		-73	-71	-233	-220	-320	-307
Other operating expenses		0	0	0	0	0	0
<b>Operating income</b>	2	<b>249</b>	<b>267</b>	<b>1 148</b>	<b>1 099</b>	<b>1 212</b>	<b>1 163</b>
Net interest expense/income		-12	-12	-35	-41	-43	-48
<b>Income before taxes</b>		<b>237</b>	<b>254</b>	<b>1 113</b>	<b>1 058</b>	<b>1 169</b>	<b>1 114</b>
Taxes	4	-56	-66	-260	-264	-272	-277
<b>Net income</b>		<b>181</b>	<b>189</b>	<b>854</b>	<b>794</b>	<b>897</b>	<b>837</b>
Net income pertaining to:							
Shareholders of Parent Company		181	189	854	794	897	837
<b>Net income</b>		<b>181</b>	<b>189</b>	<b>854</b>	<b>794</b>	<b>897</b>	<b>837</b>
Earnings per share, SEK before dilution							
		1.75	1.83	8.27	7.71		8.13
Earnings per share, SEK after dilution							
		1.75	1.82	8.26	7.70		8.12
Average number of shares (millions)							
		103.2	103.2	103.2	102.9		103.0

## Consolidated Statement of Comprehensive Income

	Jul - Sep		Jan - Sep		LTM	Full-year 2018
	2019	2018	2019	2018		
Net income	181	189	854	794	897	837
<b>Items that have been carried over or can be carried over to net income</b>						
Foreign currency translation	204	-86	435	329	424	318
Cash flow hedges	-2	30	-8	4	1	13
Net investment hedge	-29	21	-78	-125	-70	-118
Tax on components in other comprehensive income	-6	-6	-4	5	-9	-0
<b>Items that cannot be carried over to net income</b>						
Revaluation of defined-benefit pension plans	-11	-2	-42	-16	-39	-13
Tax pertaining to items that cannot be carried over to net income	2	0	9	3	9	4
<b>Other comprehensive income</b>	<b>158</b>	<b>-42</b>	<b>313</b>	<b>200</b>	<b>315</b>	<b>203</b>
<b>Total comprehensive income</b>	<b>339</b>	<b>146</b>	<b>1 166</b>	<b>994</b>	<b>1 212</b>	<b>1 040</b>
Total comprehensive income pertaining to:						
Shareholders of Parent Company	339	146	1 166	994	1 212	1 040
<b>Total comprehensive income</b>	<b>339</b>	<b>146</b>	<b>1 166</b>	<b>994</b>	<b>1 212</b>	<b>1 040</b>

## Consolidated Balance Sheet

	Sep 30 2019	Sep 30 2018	Dec 31 2018
<b>Assets</b>			
Intangible assets	4 757	4 399	4 476
Tangible assets	1 027	741	778
Long-term receivables	16	13	13
Deferred tax receivables	403	338	341
<b>Total fixed assets</b>	<b>6 203</b>	<b>5 492</b>	<b>5 609</b>
Inventories	978	862	1 078
Tax receivables	118	130	16
Accounts receivable	916	801	655
Prepaid expenses and accrued income	69	64	69
Other receivables	84	65	85
Cash and cash equivalents	540	512	186
<b>Total current assets</b>	<b>2 703</b>	<b>2 435</b>	<b>2 089</b>
<b>Total assets</b>	<b>8 906</b>	<b>7 926</b>	<b>7 697</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>4 430</b>	<b>3 966</b>	<b>4 012</b>
Long-term interest-bearing liabilities	2 395	2 051	2 147
Provision for pensions	228	168	169
Deferred income tax liabilities	214	175	221
<b>Total long-term liabilities</b>	<b>2 837</b>	<b>2 395</b>	<b>2 537</b>
Short-term interest-bearing liabilities	73	33	28
Accounts payable	447	497	564
Tax liabilities	221	258	78
Other liabilities	410	328	47
Accrued expenses and deferred income	440	424	406
Provisions	47	25	25
<b>Total short-term liabilities</b>	<b>1 639</b>	<b>1 566</b>	<b>1 148</b>
<b>Total liabilities</b>	<b>4 476</b>	<b>3 960</b>	<b>3 685</b>
<b>Total equity and liabilities</b>	<b>8 906</b>	<b>7 926</b>	<b>7 697</b>

## Consolidated Statement of Changes in Equity

	Sep 30 2019	Sep 30 2018	Dec 31 2018
Opening balance, January 1	4 012	3 467	3 467
Adjustment to Equity, January 1	-26	-2	-2
Net income	854	794	837
Other comprehensive income	313	200	203
<b>Total comprehensive income</b>	<b>1 166</b>	<b>994</b>	<b>1 040</b>
Transactions with the Group's owners:			
New share issue	0	138	138
Dividend	-722	-619	-619
Buy back of warrants	-1	-12	-12
<b>Closing balance</b>	<b>4 430</b>	<b>3 966</b>	<b>4 012</b>

## Consolidated Statement of Cash Flow

	Jul - Sep		Jan - Sep	
	2019	2018	2019	2018
Income before taxes	237	254	1 113	1 058
Adjustments for items not included in cash flow	71	52	159	115
Paid income taxes	-64	-87	-246	-331
<b>Cash flow from operating activities prior to changes in working capital</b>	<b>244</b>	<b>220</b>	<b>1 026</b>	<b>842</b>
<b>Cash flow from changes in working capital</b>				
Increase(-)/Decrease (+) in inventories	144	35	157	-16
Increase(-)/Decrease (+) in receivables	432	428	-216	-213
Increase(+)/Decrease (-) in liabilities	-249	-184	-111	-23
<b>Cash flow from operating activities</b>	<b>571</b>	<b>499</b>	<b>856</b>	<b>590</b>
<b>Investing activities</b>				
Acquisition/divestment of tangible/intangible assets	-34	-56	-103	-123
<b>Cash flow from investing activities</b>	<b>-34</b>	<b>-56</b>	<b>-103</b>	<b>-123</b>
<b>Financing activities</b>				
New issue of shares	0	0	0	138
Buy back of warrants	0	0	-1	-8
Dividend	0	0	-361	-310
Debt repaid/new loans	-225	-100	-39	-356
<b>Cash flow from financing activities</b>	<b>-225</b>	<b>-100</b>	<b>-401</b>	<b>-536</b>
Net cash flow	312	343	352	-69
Cash and cash equivalents at beginning of period	227	169	186	581
Effect of exchange rates on cash and cash equivalents	1	1	3	0
<b>Cash and cash equivalents at end of period</b>	<b>540</b>	<b>512</b>	<b>540</b>	<b>512</b>

## Condensed Parent Company Income Statement

	Jul - Sep		Jan - Sep		Full-year
	2019	2018	2019	2018	2018
Other operating revenue	5	5	14	15	20
Administrative expenses	-6	-9	-25	-26	-32
<b>Operating income</b>	<b>-2</b>	<b>-4</b>	<b>-10</b>	<b>-11</b>	<b>-12</b>
Result from Shares in Subsidiaries	0	0	0	0	700
Interest income- and expense	-3	-0	-9	-2	-3
<b>Income after financial items</b>	<b>-4</b>	<b>-4</b>	<b>-19</b>	<b>-13</b>	<b>685</b>
Appropriations	0	0	0	0	12
<b>Net income before taxes</b>	<b>-4</b>	<b>-4</b>	<b>-19</b>	<b>-13</b>	<b>697</b>
Taxes	1	0	4	0	1
<b>Net income</b>	<b>-4</b>	<b>-4</b>	<b>-16</b>	<b>-13</b>	<b>697</b>

## Condensed Parent Company Balance Sheet

	Sep 30	Sep 30	Dec 31
	2019	2018	2018
<b>Assets</b>			
Financial fixed assets	4 832	4 639	5 449
<b>Total fixed assets</b>	<b>4 832</b>	<b>4 639</b>	<b>5 449</b>
Other current receivables	2	13	15
Cash and cash equivalents	0	0	0
<b>Total current assets</b>	<b>2</b>	<b>13</b>	<b>15</b>
<b>Total assets</b>	<b>4 834</b>	<b>4 651</b>	<b>5 464</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>1 367</b>	<b>1 396</b>	<b>2 106</b>
Other provisions	13	10	11
Liabilities to credit institutions	2 212	2 033	2 133
Liabilities to Group companies	368	368	368
<b>Total long-term liabilities</b>	<b>2 593</b>	<b>2 411</b>	<b>2 512</b>
Liabilities to credit institutions	0	0	0
Liabilities to Group companies	502	519	834
Other current liabilities	372	325	11
<b>Total short-term liabilities</b>	<b>874</b>	<b>844</b>	<b>846</b>
<b>Total equity and liabilities</b>	<b>4 834</b>	<b>4 651</b>	<b>5 464</b>

## Disclosures, accounting policies and risk factors

Disclosures in accordance with Paragraph 16A of IAS 34 *Interim Financial Reporting* can be found in the financial statements and the associated notes as well as in other sections of the interim report.

### Note 1 Accounting policies

This condensed consolidated interim report has been prepared in accordance with IAS 34, *Interim Financial Reporting*, and the applicable provisions of the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with Chapter 9 of the Swedish Annual Accounts Act on interim financial reporting. With the following exceptions, the same accounting policies and calculation methods have been applied for the Group and Parent Company as in the most recent Annual Report. The Group has applied IFRS 16 Leases from January 1, 2019. A description of IFRS 16 and the effects of the transition were described in Note 1 of the latest annual report. As the Group has applied the modified retrospective approach, the comparative figures have not been restated. The following extracts from the financial statements have been recalculated as if IAS 17 had been applied in 2019. Operating income, shown in the table below, the net impact of reversed operating lease expenses and depreciation for right-of-use assets is shown.

Comparative figures as if IAS 17 had been applied in 2019.

Extract from income statement	IFRS 16			IAS 17		
	Jul - Sep			Jan - Sep		
	2019	2019	2018	2019	2019	2018
Underlying EBITDA	308	291	286	1 271	1 226	1 154
Underlying EBIT	274	271	267	1 174	1 166	1 100
Operating income	249	246	267	1 148	1 140	1 099
Net interest expense/income	-12	-9	-12	-35	-29	-41
Income before taxes	237	237	254	1 113	1 112	1 058
Net income	181	181	189	854	852	794

Extract from balance sheet	IFRS 16		IAS 17	
	30 Sep		30 Sep	
	2019	2019	2018	2018
Assets				
Tangible assets	1 027	848	741	
Deferred tax receivables	403	395	338	
Equity	4 430	4 456	3 966	
Liabilities				
Long-term interest-bearing liabilities	2 395	2 242	2 051	
Short-term interest-bearing liabilities	73	14	33	

### Note 2 Operating segments and allocation of revenue

Thule Group comprises one segment. Though the Group has shared global processes for product development, purchasing, manufacture, logistics and marketing, its sales are managed in two regions, Region Europe & ROW and Region Americas. Internal monthly follow-up focuses on the Group as a whole, in addition to the geographic sales data, which is presented at other levels than Group level.

	Jul - Sep		Jan - Sep		Full-year	
	2019	2018	2019	2018	LTM	2018
<b>Sales to customers</b>	<b>1 682</b>	<b>1 561</b>	<b>5 827</b>	<b>5 327</b>	<b>6 984</b>	<b>6 484</b>
- Region Europe & ROW	1 188	1 090	4 261	3 890	5 002	4 632
- Region Americas	494	472	1 566	1 437	1 982	1 852
<b>Underlying EBITDA</b>	<b>308</b>	<b>286</b>	<b>1 271</b>	<b>1 154</b>	<b>1 355</b>	<b>1 238</b>
Operating depreciation/amortization	-34	-19	-96	-54	-116	-74
<b>Underlying EBIT</b>	<b>274</b>	<b>267</b>	<b>1 174</b>	<b>1 100</b>	<b>1 238</b>	<b>1 164</b>
Other depreciation/amortization	0	0	-1	-1	-1	-1
Items affecting comparability	-25	0	-25	0	-25	0
<b>Operating income</b>	<b>249</b>	<b>267</b>	<b>1 148</b>	<b>1 099</b>	<b>1 212</b>	<b>1 163</b>
Net interest expense/income	-12	-12	-35	-41	-43	-48
Taxes	-56	-66	-260	-264	-272	-277
<b>Net income</b>	<b>181</b>	<b>189</b>	<b>854</b>	<b>794</b>	<b>897</b>	<b>837</b>

All revenue is recognized at one point in time.

### Note 3 Fair value of financial instruments

	Fair value	
	30 Sep	30 Sep
	2019	2018
<hr/>		
Assets - Financial derivatives		
Currency forward contracts	4	10
Currency swaps	7	1
Currency options	0	0
Interest rate swaps	9	0
<b>Total derivative assets</b>	<b>20</b>	<b>11</b>
<hr/>		
Liabilities - Financial derivatives		
Currency forward contracts	-9	-17
Currency swaps	-3	-10
Currency options	0	0
Interest rate swaps	-15	-5
<b>Total derivative liabilities</b>	<b>-27</b>	<b>-33</b>

The carrying amount is an approximation of the fair value for all financial assets and liabilities. The Group's long-term liabilities are subject to variable interest rates, which means that changes in the basic interest rate will not have a significant impact on the fair value of the liabilities. According to the company's assessment, neither have there been any changes in the credit margins that would significantly impact the fair value of the liabilities. The financial instruments measured at fair value in the balance sheet consist of derivatives held to hedge the Group's exposure to interest rates, currency rates and raw material prices. All derivatives belong to Level 2.

### Note 4 Taxes

The effective tax rate for the January–September 2019 period was 23.3 percent. The effective tax rate for the corresponding period in 2018 amounted to 25.0 percent. No significant events occurred during the year that could affect the Group's effective tax rate.

### Note 5 Risks and uncertainties

Thule Group is an international company and its operations may be affected by a number of risk factors in the form of operational and financial risks. The operational risks are managed by the operational units and the financial risks by the central finance department. The operational risks comprise the overall economic trend as well as consumption by both consumers and professional users, primarily in North America and Europe, where most of the Group's sales are conducted. An economic downturn in these markets could have a negative impact on the Group's sales and earnings. Changes in product technology and sales channel shifts could also affect the Group's sales and earnings negatively.

Thule Group's operations are also exposed to seasonal variations. Demand for consumer products for an active outdoor lifestyle (such as bike racks or water sport-related products) is greatest during the warmer months of the year, while demand for smaller bags is greatest when schools start and at the end of the year. Thule Group has adapted its production processes and supply chain in response to these variations.

Other relevant risk factors are described in Thule Group's Annual Report and pertain to industry and market-related risks, operating, legal and fiscal risks as well as financial risks.

## Key figures

	Jul - Sep		Jan - Sep		Full-year
	2019	2018	2019	2018	2018
Net sales, SEKm	1 682	1 561	5 827	5 327	6 484
Net sales growth, %	7.7%	12.7%	9.4%	9.5%	10.4%
Net sales growth, adjusted % <sup>1</sup>	3.9%	3.8%	4.6%	5.6%	6.0%
Gross margin, %	38.5%	39.2%	40.6%	41.1%	40.5%
Underlying EBIT, SEKm	274	267	1 174	1 100	1 164
Underlying EBIT margin, %	16.3%	17.1%	20.2%	20.6%	18.0%
Operating income (EBIT), SEKm	249	267	1 148	1 099	1 163
Operating margin, %	14.8%	17.1%	19.7%	20.6%	17.9%
Earnings per share, SEK	1.75	1.83	8.27	7.71	8.13
Equity ratio, %	49.7%	50.0%	49.7%	50.0%	52.1%
Working capital, SEKm	1 138	902	1 138	902	969
Leverage ratio	1.4	1.3	1.4	1.3	1.6

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

### Alternative performance measures

Alternative performance measures are used to describe the underlying development of operations and to enhance comparability between periods. These are not defined under IFRS but correspond to the methods applied by Group management to measure the company's financial performance. The alternative performance measures used are net debt (see table on page 5), underlying EBIT and underlying EBITDA. Underlying denotes that we have made adjustments for specific items, see Note 2 Operating segments and allocation of revenue. For further information, please refer to the Definitions section. These performance measures should not be viewed as a substitute for financial information presented in accordance with IFRS but rather as a complement.

## Definitions

**Gross margin** Gross income as a percentage of net sales.

**Gross income** Net sales less cost of goods sold.

**Gross debt** Total long and short-term borrowing including overdraft facilities, financial derivatives, capitalized transaction costs and accrued interest.

**EBITDA** (Earnings before interest, taxes, depreciation and amortization) Income before net financial items, taxes and depreciation/amortization and impairment of tangible and intangible assets.

**EBITDA margin** EBITDA as a percentage of net sales.

**EBIT** (Earnings before interest and taxes) Income before net financial items and taxes.

**EBIT margin** EBIT as a percentage of net sales.

**Equity per share** Equity divided by the number of shares at the end of the period.

**Items affecting comparability** Profit/loss items that are by their very nature unusual and significantly impact profit or loss. These play an important part in understanding the underlying business performance.

**Net investments** Investments in tangible and intangible assets adjusted for disposals.

**Net debt** Gross debt less cash and cash equivalents.

**Operational depreciation/amortization** The Group's total depreciation/amortization excluding depreciation/amortization of consolidated excess values. Other depreciation/amortization comprises depreciation/amortization of consolidated excess values.

**LTM** Rolling 12-month.

**Earnings per share** Net income for the period divided by the average number of shares during the period.

**Working capital** Comprises inventories, tax receivables, accounts receivable, prepaid expenses and accrued income, other receivables, cash and cash equivalents less accounts payable, income tax liabilities, other liabilities, accrued expenses and deferred income and provisions. Working capital in the cash flow excludes cash and cash equivalents.

**Leverage ratio** Net debt divided by the underlying LTM EBITDA.

**Equity ratio** Equity as a percentage of total assets.

**Underlying EBITDA** EBITDA excluding items affecting comparability.

**Underlying EBIT** EBIT excluding items affecting comparability and depreciation/amortization of consolidated excess values.

## Financial calendar

Year-end report  
Interim report January–March 2020  
Thule Group AGM (Malmö)

February 12, 2020  
April 28, 2020  
April 28, 2020

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## About Thule Group

Thule Group is a world leader in products that make it easy to bring the things you care for — easily, securely and in style — when living an active life. Under the motto *Active Life, Simplified* — we offer products within **Sport&Cargo Carriers** (roof racks, roof boxes and carriers for transporting cycling, water and winter sports equipment, and roof top tents mounted on a car), **Active with Kids** (bicycle trailers, strollers and child bike seats), **RV Products** (awnings, bike racks and tents for motorhomes and caravans) and **Packs, Bags & Luggage** (e.g. hiking backpacks, luggage and camera bags).

Thule Group has about 2,300 employees at 9 production facilities and 35 sales offices worldwide. The Group's products are sold in 140 markets and in 2018, sales amounted to SEK 6.5 billion. [www.thulegroup.com](http://www.thulegroup.com)



# Thule Group»

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