

Thule Groups' CEO and President, Mattias Ankarberg, comments on the third quarter, 2023

Good profitability in a tough market

During my first quarter as President and CEO of Thule Group, I've had the chance to more closely experience many of the strengths I previously observed as a board member. We help consumers live active lives, we make the world's best products in several categories with long term tailwinds and we invest for long term profitable organic growth. During some intense first months, I've also had the chance to experience more of the Thule spirit, and I am therefore – if possible – even more convinced that our market leading positions in several product categories will be joined by more.

Sales in the third quarter increased 1 percent (in constant currency) compared with the year-earlier period. As expected, sales increased markedly for bike-related products, especially in Europe. This growth should be considered within the context of bike retailers drastically reducing their orders in the year-earlier period in order to manage excessively high inventory levels. At the same time, I would like to highlight that Thule Epos, our most recent and most premium bike carrier that was launched in spring, significantly contributed to sales growth. However, sales decreased in the RV Products ("recreational vehicle") category and in Region Americas during the quarter. The RV segment is Thule Group's only exposure to a historically cyclical market segment and North American consumers turned less optimistic during the autumn.

The gross margin increased to 39.7 percent (33.9). As in the second quarter, the gross margin was strong compared to the same period before the pandemic, with a positive impact from product and channel mix, and a negative impact from an underutilized production capacity. The EBIT margin for the quarter amounted to 15.5 percent (9.0), a strong increase compared with the previous year.

We are in the most ambitious product development phase in the history of Thule Group. During the last twelve months, we have invested 6.9 percent of sales in product development. Despite high development costs, the EBIT margin for the quarter was in line with pre-pandemic levels.

Cash flow from operations was the strongest ever for a single quarter, amounting to SEK 838m (543). Our inventory levels continued to decline at a rapid pace during the quarter.

Continue to build on our strengths

I am a strong proponent of the "build on your strengths" principle. In recent months, we've started working on identifying our biggest strengths. We will preserve what has made us strong and be precise in what we continue to build on and what we will adjust.

I experienced a telling example when I visited the world's largest RV trade fair in the German city of Düsseldorf after the summer. In one of Europe's largest exhibition centers, an industry currently facing challenges displayed an impressive optimism (17 fully-booked exhibition halls!). Thule's booth was one of the most visited and industry colleagues were impressed that we launched no fewer than five entirely new products. These products were introduced by enthusiastic Thule colleagues from

several countries, who spent their coffee breaks already now discussing what we could do even better next year. The largest public draw was the world's first tow bar mounted tent, the Thule Outset. We took the idea and concept from our rooftop tents and created a tent that, in a few minutes, folds up and is fastened on the tow bar. It received a great deal of attention – one journalist's post on social media had over 20 million views a few days later!

This anecdote illustrates several of Thule's strengths. We are global market leaders in several of our product categories and we have a unique ability to develop world-leading products. We are positioned in product categories with long-term tailwinds and we are investing over the long term for profitable growth, even if the industry suffers occasional headwinds. The best way to experience Thule's brand is to experience our products, which is illustrated by the lines to our Thule Outset demonstration and the aforementioned journalist's digital post. And last but by no means least, we have many enthusiastic employees with an incredible knowledge of our products!

Continued focus on product development, and more focus on consumers

Product development – our ability to create growth ourselves through innovation and improved products – will remain the basis of our strategy. We will also build on our strong brand, premium position, high sustainability ambitions and culture of always striving to be better.

Our product-driven strategy will really become apparent next year. As already announced, we will soon enter two exciting new product categories. Our first two dog transport products – the collision-proof dog crate Thule Allax and our bike trailer Thule Bexey – will be launched online and in stores during the first quarter and summer, respectively. Our innovative and user-friendly car seats will be launched in Europe during the summer, and in addition to several new products for RVs, consumers will meet the next generations of best-selling products such as the world's leading premium bike trailer, Thule Chariot.

Our first additional priority will be focusing on moving closer to consumers. We are primarily a product company and sell largely through competent retailers. Selling – and maybe more importantly, communicating – directly to consumers will, however, help us succeed in new product categories and increase our growth. The launch of Thule Outset is a good first example. For the first time, we've allowed consumers to register their interest on thule.com, and that list is already far longer than what we can produce next year.

Another adjustment is reducing excess capacity in our supply chain. Our own production capacity is proven flexible and the utilization will increase as we continue to grow.

However, there is room for further streamlining in our operations by e.g., reducing external warehouse services during the coming year.

The future is bright

Thule is in a good place and our future is bright. More consumers in more parts of the world want to live active lives, which gives us a tailwind, and we are ourselves creating more products that support an active lifestyle. I'm full of energy from having joined "Team Thule" full-time and look forward to continue build on – and add to – our strengths!

Mattias Ankarberg
CEO and president

Press Release

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About Thule Group

Thule Group is a global sports and outdoor company. We offer high-quality products with smart features and a sustainable design that make it easy for people across the globe to live an active life. Under the motto *Active Life, Simplified* — and with a focus on consumer-driven innovation and long-term sustainability — we develop, manufacture and market products within the product categories **Sport&Cargo Carriers** (roof racks, roof boxes and carriers for transporting cycling, water and winter sports equipment, and rooftop tents mounted on a car), **Juvenile & Pet Products** (strollers, bike trailers and child bike seats), **RV Products** (awnings, bike carriers and tents for RVs and caravans) and **Packs, Bags & Luggage** (hiking backpacks, luggage and camera bags).

Thule Group has about 2,600 employees at nine production facilities and 35 sales offices worldwide. The Group's products are sold in 138 markets and in 2022, sales amounted to SEK 10.1 billion. www.thulegroup.com

Image Attachments

[Mattias Ankarberg In Thule Store](#)

[Mattias Ankarberg Thule Group](#)

Attachments

[Thule Groups' CEO and President, Mattias Ankarberg, comments on the third quarter, 2023](#)