

CEO and President Magnus Welander comments on the Thule Group (publ) Interim Report for the third quarter, 2019

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 Welanders,
CEO and President

Contacts

Fredrik Erlandsson SVP Communications and Investor Relations
Tel: +46 70 309 00 21
E-mail: fredrik.erlandsson@thule.com

Press release

25 October 2019 07:47:00 CEST



About Us

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 equipment, and roof top tents mounted on car), **Active with Kids** (bike trailers, strollers and child bike seats), **RV Products** (awnings, bike carriers and tents for motorhomes and caravans) and **Packs, Bags & Luggage** (e.g. computer and camera bags, luggage and hiking backpacks).

Thule Group has about 2,300 employees at nine 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

Image Attachments

[Magnus Welander Thule Group](#)

Attachments

[CEO and President Magnus Welander comments on the Thule Group \(publ\) Interim Report for the third quarter, 2019](#)