

Thule Groups' (publ) CEO and President, Magnus Welander, comments on the second quarter, 2023

High profitability despite weak start to the quarter.

Compared with an exceptionally strong second quarter in the previous year, sales in the second quarter were 15 percent lower after currency adjustment.

Sales at the start of the quarter was weak. The main reason being, as with the previous three quarters, lower sales of bike-related products to our retailers, who continued to lower their inventory levels. This can be compared with the year-earlier period when the same retailers were in the middle of an aggressive phase of inventory build-up.

I am very pleased that, faced with this reality, we achieved an EBIT margin of 23.5 percent (24.7) for the quarter, thanks to a record high gross margin. This was achieved despite a considerably underutilized production capacity, a disadvantageous product mix, continued generally high costs for materials and continued ambitious investments for future growth. The price increases implemented in summer 2022, lower freight costs, a positive channel mix and healthy margins for new product launches had a positive impact.

Cash flow was SEK 718m, which was achieved in part thanks to the quarter's reduction of the Group's own inventory by SEK 308m, which was in line with our assumptions.

Region Europe & RoW – bike sector begins to return to more normal inventory levels

During the quarter, sales in the region posted a year-on-year decline of 14 percent after currency adjustment. The decline in sales mainly resulted from lower sales of bike-related products at the beginning of the quarter. This is compared with the year-earlier period that had exceptionally strong sales. We also experienced a generally cautious retail chain, including for the Group's other sports and outdoor products.

France was the weakest market, with cautious major retail chains and a generally larger share of sales in the mid-price segment, where inventory levels remain high. However, UK and Poland reported positive trends.

Region Americas – challenges persist for the major North American markets

During the quarter, sales in the region posted a year-on-year decline of 18 percent after currency adjustment. Also here we noted a decline in sales of bike-related products compared with the strong year-earlier quarter.

Just as with Europe, we experienced a cautious retail chain in terms of other sports and outdoor products in the major markets of the US and Canada. However, we noted a continued positive trend in the smaller Latin America markets in the quarter.

The decision was taken to phase out some older low-margin segments in Packs, Bags & Luggage. This had a negative impact on the quarter in the region. The primary focus will be on duffel bags, luggage and backpacks for daily use moving forward.

Ambitious plans drive high development costs

As previously announced, we are in the most ambitious launch period of new products in the history of the Group. In the next 18 months, several new important products both in existing and in entirely new categories will be visible in stores across the globe. The heavy launch phase has led to us investing a full 7.1 percent of sales on product development in the past 12 months.

The world's best tow bar mounted bike carrier, Thule Epos, the innovative cargo box Thule Arcos that is mounted on the back of the car's tow bar and the roof platform Thule Caprock were some of the products launched in store to consumers during the quarter.

We also introduced a number of very exciting products to retailers that have release dates next year. We presented an entirely new generation of the world's leading premium bike trailer, Thule Chariot, and our first bike trailer for dogs at the Eurobike bike fair. We have also displayed the collision-proof dog crate Thule Allax, which will arrive in stores as early as autumn 2023.

Strong market position, well-invested plants and many new products make the future look bright

This, my 35th quarterly report on the stock market as CEO and President for Thule Group, is my last. As announced, I will pass the reins as CEO to the current Board member Mattias Ankarberg on August 9.

I therefore like to take this opportunity to thank all of the great colleagues that I have had the benefit of working with during my 17 years at the company. Together, we have created a fantastic company! Today, Thule is a globally established lifestyle brand with a considerable focus on sustainability, efficient factories, many test-winning products and a deeply rooted winning culture.

Market trends in the product categories where we are market leaders are positive in the long term. This, combined with growth plans in the new categories that we are entering into, make the future look very bright.

I am convinced that Mattias, with your assistance, will continue to develop Thule into an even more successful company. I will remain an active supporter, albeit now it will only be from the stands.

Magnus Welanders,
CEO and President

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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

[Magnus Welander 8](#)

[Magnus Welander 14](#)

Attachments

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