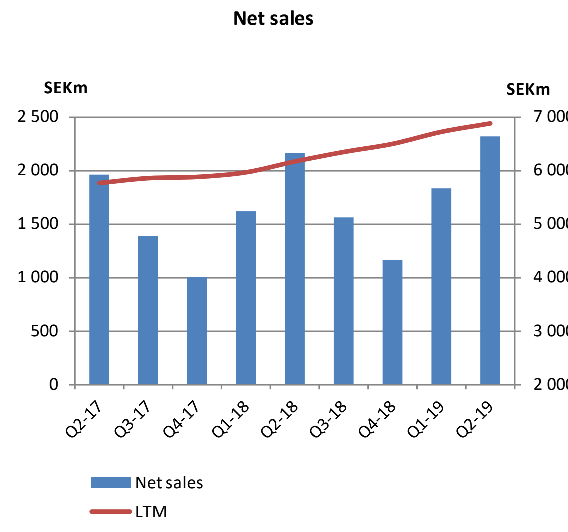
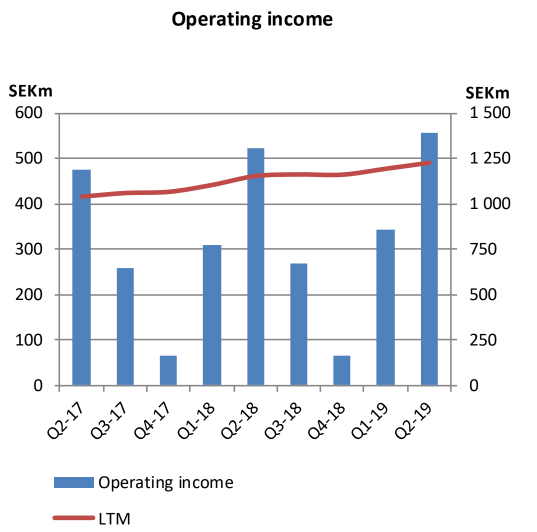
Interim report for the second quarter, April-June 2019

- **Net sales** for the quarter amounted to SEK 2,311m (2,155), corresponding to an increase of 7.3 percent. Adjusted for exchange rate fluctuations, sales rose 3.0 percent.
- **Operating income**[1] totaled SEK 558m (523), corresponding to an increase of 6.6 percent and a margin of 24.1 percent (24.3). Adjusted for exchange rate fluctuations, operating income declined 0.6 percent.
- **Net income**[1] was SEK 419m (385).
- **Cash flow from operating activities** totaled SEK 431m (305).
- **Earnings per share before dilution** amounted to SEK 4.06 (3.73).

	Apr-Jun 2019	Apr-Jun 2018	%	Jan-Jun 2019	Jan-Jun 2018	%	Full-year 2018
Net sales, SEKm	**2 311**	2 155	*+7.3*	**4 145**	3 766	*+10.1*	6 484
Operating income (EBIT), SEKm	**558**	523	*+6.6*	**900**	832	*+8.1*	1 163
Net income, SEKm	**419**	385	*+8.9*	**673**	605	*+11.2*	837
Earnings per share, SEK	**4.06**	3.73	*+8.9*	**6.52**	5.92	*+10.1*	8.13
Cash flow from operating activities, SEKm	**431**	305	*+41.2*	**285**	92	*+211.6*	606





[1] 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 comments

Continued growth in the second quarter, albeit at slightly slower pace

After a very strong start to 2019, our growth rate was slower at the end of the second quarter. Sales in the second quarter amounted to SEK 2,311m (2,155), an increase of 7.3 percent (3.0 percent after currency adjustment). Growth for the first six months of the year was 10.1 percent (4.9 percent after currency adjustment).

EBIT increased SEK 34m to SEK 558m (523) during the quarter, which means that we achieved an EBIT margin of 24.1 percent. For the first six months, we thus posted an EBIT margin of 21.7 percent.

Region Europe & ROW – rate of growth impacted by Nordic region and Russia

During the quarter, sales rose 3.2 percent (after currency adjustment) in the region, leading to a growth of 6.3 percent (after currency adjustment) for the first half of the year, with most markets delivering stable growth.

As communicated in conjunction with the report for the first quarter, sales were strong in the closing days of March, which meant that customers entered the second quarter with relatively large inventories.

A number of key customers in the Nordic region and Russia faced general challenges, impacting also our sales. We are seeing some brightening in the Nordic region, while we expect a continued challenged situation in Russia for the remainder of the year.

Roof rack sales were lower than expected and we believe that we underestimated the number of older roof racks that distributors and retailers had in inventory prior to the launch of our new roof rack generation. We believe that this is a temporary negative effect and that we will see a stronger momentum at the end of this and beginning of next year.

The anticipated decline in sales of products to RV manufacturers became apparent at the end of the quarter. We expect a weaker market during the second half of the year, since the RV manufacturers and retailers are selling off their inventory of older motorhome models. In terms of consumer purchasing of motorhomes, market conditions remain positive, which makes us positive in regards to the market trend in the long term.

The Active with Kids category continues to develop well, mainly driven by our broadened offer of strollers and the strong growth of bike trailers.

Our sales of luggage and sport bags developed well and drove growth in Packs, Bags & Luggage.

Region Americas – growth despite weak Latin America and tariff impact in the US

In Region Americas, sales increased 2.3 percent after currency adjustment during the second quarter. Excluding the growth in roof top tents through the acquisition of Tepui and the negative effects of the announced phaseout of less profitable products linked to certain OE contracts, sales increased 0.3 percent after currency adjustment.

The integration of Tepui has been completed and sales of roof top tents increased organically year-on-year. At the summer's Outdoor trade fairs, we informed that, as of 2020, we will sell these products under the Thule brand.

After a strong April and stable May, growth in the month of June was a disappointment in the US as store owners became more cautious as a result of the additional 15 percent tariff on Chinese goods announced in May.

Most of the emerging markets in Latin America continued to have very challenging economic conditions and we experienced reduced sales during the second quarter.

The bright notes were that the region's second largest market, Canada, made a return to healthy growth as expected and that Brazil continued to develop well. The new categories, luggage and strollers, also grew rapidly during the quarter.

Continued confidence in our growth plan

Despite slightly weaker growth during the second quarter, I am convinced of the recipe for success in our long-term plan to deliver highly profitable growth driven by fantastic products, a strong brand, cost-effective marketing and close collaboration with our retail customers.

In June, we began the intensive period of showing new design-winning products for the outdoor industry and will during the third quarter continue to present products including new luggage, cycling products and strollers that will appear in shops next year.

Finally, I hope that you are enjoying an active summer with the opportunity to use many Thule products.

Magnus Welander,
CEO and President

Financial overview[1]

Trend for the second quarter

Net sales

In the second quarter of 2019, net sales amounted to SEK 2,311m (2,155), representing an increase of 7.3 percent. Adjusted for exchange rate fluctuations, net sales for the Group rose 3.0 percent.

In Region Europe & ROW, net sales totaled SEK 1,667m (1,576), up 5.8 percent, and 3.2 percent after currency adjustments. In Region Americas, sales increased 2.3 percent after currency adjustment year-on-year.

Change in net sales	Apr-Jun 2019	Jan-Jun 2019
Changes in exchange rates	4.3%	5.2%
Structural changes	1.3%	1.2%
Organic growth	1.7%	3.7%
Total	**7.3%**	**10.1%**

Gross income

Gross income for the quarter totaled SEK 972m (909), corresponding to a gross margin of 42.1 percent (42.2). After currency adjustment, the margin decrease totaled 0.7 percentage points. The somewhat lower margin is attributable to the effects of the tariffs introduced in the US on imports from China and the under absorption in our own production facilities due to production volumes that were slightly lower than planned.

Operating income

Operating income amounted to SEK 558m (523), corresponding to an operating margin of 24.1 percent (24.3). Changes in exchange rates had an overall positive impact of SEK 38m on operating profit. After currency adjustment, we achieved a slightly lower margin year-on-year, down 0.9 percentage points. The lower gross margin and higher sales and marketing costs had a negative impact on profitability during the quarter.

Change in operating margin	Apr-Jun	Jan-Jun
Operating income 2019	558	900
Operating margin 2019	24.1%	21.7%
Operating income 2018	523	832
Operating margin 2018	24.3%	22.1%
Operating income 2018, currency adjusted	561	883
Operating margin 2018, currency adjusted	25.0%	22.4%
Change in operating margin, currency adjusted	**-0.9%**	**-0.7%**

Net financial items

In the quarter, net financial items amounted to an expense of SEK 10m (expense: 13). Exchange rate differences on loans and cash and cash equivalents amounted to SEK 2m (3). The interest expense for borrowings was SEK 11m (expense: 11).

Net income for the period

In the second quarter, net income was SEK 419m, corresponding to earnings per share of SEK 4.06 before dilution and SEK 4.05 after dilution. For the year-earlier period, net income totaled SEK 385m, corresponding to earnings per share of SEK 3.73 before and after dilution.

[1] 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.

Trend for the first six months

Net sales

In the first half of 2019, net sales amounted to SEK 4,145m (3,766), representing an increase of 10.1 percent. Adjusted for exchange rate fluctuations, net sales for the Group rose 4.9 percent.

In Region Europe & ROW, net sales totaled SEK 3,073m (2,801), up 9.7 percent, and 6.3 percent after currency adjustments. Net sales in Region Americas amounted to SEK 1,072m (965), an increase of 11.1 percent and 1.1 percent after currency adjustments compared with the first half of 2018.

Gross income

Gross income amounted to SEK 1,719m (1,578) corresponding to a gross margin of 41.5 percent (41.9). After currency adjustment, the margin decrease totaled 0.6 percentage points. The somewhat lower margin is attributable to the effects of the tariffs introduced in the US on imports from China and the under absorption in our own production facilities due to production volumes that were slightly lower than planned.

Operating income

Operating income amounted to SEK 900m (832), corresponding to an operating margin of 21.7 percent (22.1). After currency adjustment, the margin decrease was 0.7 percentage points year-on-year, mainly due to the continued substantial investments we are making in sales and marketing activities, as well as product development.

Net financial items

In the first half of the year, net financial items amounted to an expense of SEK 23m (expense: 29). The interest expense for borrowings was SEK 21m (expense: 21).

Net income for the period

For the first six months, net income was SEK 673m, corresponding to earnings per share of SEK 6.52 before dilution and SEK 6.51 after dilution. For the year-earlier period, net income totaled SEK 605m, corresponding to earnings per share of SEK 5.92 before dilution and SEK 5.91 after dilution.

Cash flow

Cash flow from operating activities for the quarter was SEK 431m (305). 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 was SEK 285m (92) for the first six months. Investments in tangible assets amounted to SEK 69m (67). During the period, a dividend amounting to SEK 361m was paid to the company’s shareholders and SEK 200m was drawn on the company’s credit facility.

Financial position

At June 30, 2019, the Group's equity amounted to SEK 4,091m (3,819). The equity ratio amounted to 46.0 percent (47.0).

At June 30, 2019, net debt amounted to SEK 2,410m (2,031). Total long-term borrowing amounted to SEK 2,573m (2,172), and comprised loans from credit institutions of SEK 2,392m (2,167) gross, long-term finance lease liabilities of SEK 178m (11), capitalized financing costs of SEK 10m (13) and the long-term portion of financial derivatives of SEK 13m (7). Total current financial liabilities amounted to SEK 84m (68) and comprised the short-term portion of financial derivatives and finance lease liabilities.

SEKm	30 jun 2019	30 jun 2018	31 dec 2018
Long-term loans, gross	2 570	2 178	2 153
Financial derivative liability, long-term	13	7	5
Short-term loans, gross	60	7	9
Financial derivative liability, short-term	24	61	19
Overdraft facilities	0	0	0
Capitalized financing costs	-10	-13	-11
Accrued interest	0	0	0
Gross debt	**2 658**	**2 240**	**2 175**
Finanial derivative asset	-21	-39	-16
Cash and cash equivalents	-227	-169	-186
Net debt	**2 410**	**2 031**	**1 973**

Pledged assets for Thule Group amounted to SEK 0m (0).

At June 30, 2019, goodwill totaled SEK 4,591m (4,432). Of the increase, SEK 89m pertained to the acquisition of Tepui Outdoors Inc. At June 30, 2019, inventories amounted to SEK 1,096m (907). SEK 19m 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 2,675 (2,504). The increase in staff was mostly associated with production staff, driven by start of production on hard suitcases in Poland, which is a new product for the Group, as well as to a certain degree mix changes with sales growth of products assembled in our own plants. In addition we continued to add staff within product development.

Thule Group's share

The shares of Thule Group AB are listed on the Nasdaq Stockholm Large Cap list. At June 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 June 30, 2019, Thule Group AB had 14,112 shareholders. At this date, the largest shareholders were AMF Försäkringar & Fonder (10.5 percent of the votes), Lannebo Fonder (5.1 percent of the votes), Nordea Fonder (5.0 percent of the votes), Handelsbanken Fonder (4.3 percent of the votes) and ODIN Fonder (3.0 percent of the votes). See 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–June 30, 2019. The Parent Company invoices its costs to Group companies. The Parent Company reported a net loss of SEK 12m (loss: 9).

Cash and cash equivalents and current investments amounted to SEK 0m (0). Long-term liabilities to credit institutions totaled SEK 2,383m (2,154).

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 trend by region

SEKm	Apr-Jun 2019	2018	Change Rep.	Adj.[1]	Jan-Jun 2019	2018	Change Rep.	Adj.[1]
Net sales	2 311	2 155	*7.3%*	*3.0%*	4 145	3 766	*10.1%*	*4.9%*
- Region Europe & ROW	1 667	1 576	*5.8%*	*3.2%*	3 073	2 801	*9.7%*	*6.3%*
- Region Americas	644	579	*11.3%*	*2.3%*	1 072	965	*11.1%*	*1.1%*

[1] Adjusted for changes in exchange rates

In the second quarter of 2019, net sales amounted to SEK 2,311m (2,155), representing an increase of 7.3 percent (3.0 percent after currency adjustment). Growth for the first six months of the year was 10.1 percent (4.9 percent after currency adjustment).

Region Europe & ROW

In the second quarter, sales increased 3.2 percent (after currency adjustment) in Region Europe & ROW, which means that currency-adjusted growth for the first six months was 6.3 percent.

As communicated in conjunction with the report for the first quarter, we saw a slightly positive effect from our spring sales into March, which we expected would have a negative impact on growth in the second quarter. This proved correct. However, sales at the end of the quarter slowed down, impacted primarily by three factors:

- A number of key customers in the Nordic region and Russia have had general challenges, which also impacted our sales to them. In the Nordic region, the comparative figures were also impacted by our very successful sales campaign in 2018 for roof boxes in partnership with a major car brand. This campaign was not repeated in 2019. Looking forward, we see some brightening in the Nordic region, while we expect a continued challenging situation in Russia for the remainder of the year.
- In Sport&Cargo Carriers, sales of roof racks were lower than expected and we now believe that we earlier underestimated the number of older model roof racks that international distributors and retailers had in inventory and which are now being sold in conjunction with the launch of our new roof rack generation. As we now see the end of the first phase of this launch, we deem that this fact will have less of a negative impact on the second half of the year.
- Sales of products to RV manufacturers declined as expected, since the industry has a need to adjust to large inventories of motorhomes. We communicated earlier our belief that this effect would occur earlier in the year and be more gradual. Instead, it arrived more abruptly at the end of the second quarter. We expect a weaker market during the second half of the year, as the RV manufacturers are now adapting the production of motorhomes based on the chassis of the new eco-class (Euro 6D) engines, after which we forecast stable growth in what remains a positive market situation in terms of consumer purchases of motor homes.

In Active with Kids, bike trailers and strollers continued to post strong growth. Our Thule Chariot multisport trailers are continuing to win in tests (most recently a large test conducted by the important Stiwa test institute in Germany) and in strollers, we are increasing the number of stores offering the products as well as sales per store, although at a slightly slower pace than we would like. The various brands in the premium category of strollers are generally highly active with launches of new models and we are convinced of the importance of the upcoming launch of a third stroller model, to be shown at the fairs this autumn and to be in store next year to be a driver to continue to gain store space and become more recognized by end-consumers in this category. Sales of child bike seats declined in the major Dutch market, where we are the clear market leader, as a result of two competitors launching new models with highly aggressive pricing and thereby capturing market shares. We continue to be convinced that the Dutch consumers in a longer perspective will find their way back to our testwinning products.

The performance in the newer categories of Packs, Bags & Luggage, that is, luggage and sports bags, remained strong during the quarter. Sales growth was driven by new models, Thule Revolve (hard, four-wheel cabin bags and suitcases) and Thule Landmark (a series of backpacking packs) as the most important contributory factors. We continue to see reduced sales in the product group we call legacy, where camera bags and cases for tablets, in particular, continued to decline during the quarter.

Apart from the markets already mentioned, i.e. the Nordic region and Russia, the trend in other parts of the region was positive during the first six months.

Region Americas

In Region Americas, sales increased 11.3 percent (up 2.3 percent after currency adjustment) during the second quarter. Excluding the growth in roof top tents, through the acquisition of Tepui, sales declined 2.3 percent, with the announced phase-out of less profitable products linked to certain OE contracts decreasing sales by SEK 17m. Excluding the acquisition and the phased-out OE sales, sales increased 0.3 percent after currency adjustment.

The integration of Tepui was successfully completed and sales of roof top tents increased organically year-on-year. In conjunction with the summer's Outdoor trade fairs, we provided the information to customers and consumers that, as of 2020, we will sell our products globally under the Thule brand.

Similar to the first quarter, the decline in sales was mainly due to the on-going phase-out in the US of a number of larger low-margin OE contracts. These OE contracts relate to the accessories for pick-up trucks sub-category in the Sport&Cargo Carriers category, and simpler bags and cases in the Packs, Bags & Luggage category.

After a very strong April and stable May, growth in the month of June was a disappointment in the US as store owners became more cautious as a result of the additional 15 percent tariff on goods from China announced in May.

Most of the emerging markets in Latin America continued to have very challenging economic conditions and we experienced reduced sales during the second quarter.

The bright notes were that the region's second largest market, Canada, made a return to healthy growth as expected and that Brazil continued to develop well. The new categories, luggage and strollers, also grew rapidly during the quarter.

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.

July 18, 2019

Bengt Baron Chairman of the Board	Mattias Ankarberg Board member	Hans Eckerström Board member
Liv Forhaug Board member	Heléne Mellquist Board member	Helene Willberg Board member
Magnus Welander President and CEO		

Review report

This report has not been reviewed by the company's auditor.

Selected key events during the period

Thule luggage in leading department store – In June, the premium department store La Rinascente, in Milan, Italy, chose to focus on Thule products to attract the Milanese and tourists to buy their luggage in their department store. Thule Revolve hard suitcases and Thule Subterra soft suitcases were shown in one of the most attractive display windows in Italy and became yet another example of the Thule brand slowly but surely becoming established in the luggage category.

City to Summit Showcase – In conjunction with North America's largest trade fair for leisure products, Outdoor Retailer in Denver, Thule invited media and store partners to their own dedicated multicategory presentation, at which the entire offering within the brand was presented. At this event, we also informed the market that the roof top tents from Tepui will be sold globally under the Thule brand as of the 2020 season.

Financial statements

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

Consolidated Income Statement

	Note	Apr - Jun 2019	Apr - Jun 2018	Jan - Jun 2019	Jan - Jun 2018	LTM	Full-year 2018
Net sales	2	2 311	2 155	4 145	3 766	6 863	6 484
Cost of goods sold		-1 339	-1 246	-2 426	-2 188	-4 096	-3 858
Gross income		**972**	**909**	**1 719**	**1 578**	**2 767**	**2 626**
Selling expenses		-333	-312	-659	-596	-1 219	-1 156
Administrative expenses		-82	-73	-160	-150	-318	-307
Other operating expenses		0	0	0	0	0	0
Operating income	2	**558**	**523**	**900**	**832**	**1 230**	**1 163**
Net interest expense/income		-10	-13	-23	-29	-43	-48
Income before taxes		**547**	**510**	**876**	**804**	**1 187**	**1 114**
Taxes	4	-128	-125	-204	-199	-282	-277
Net income		**419**	**385**	**673**	**605**	**905**	**837**
Net income pertaining to:							
Shareholders of Parent Company		419	385	673	605	905	837
Net income		**419**	**385**	**673**	**605**	**905**	**837**
Earnings per share, SEK before dilution		4.06	3.73	6.52	5.92		8.13
Earnings per share, SEK after dilution		4.05	3.73	6.51	5.91		8.12
Average number of shares (millions)		103.2	103.2	103.2	102.2		103.0

Consolidated Statement of Comprehensive Income

	Apr - Jun 2019	Apr - Jun 2018	Jan - Jun 2019	Jan - Jun 2018	LTM	Full-year 2018
Net income	419	385	673	605	905	837
Items that have been carried over or can be carried over to net income						
Foreign currency translation	30	199	232	415	134	318
Cash flow hedges	0	10	-6	-26	34	13
Net investment hedge	-20	-59	-49	-147	-20	-118
Tax on components in other comprehensive income	3	-11	2	11	-9	-0
Items that cannot be carried over to net income						
Revaluation of defined-benefit pension plans	-22	-9	-30	-14	-30	-13
Tax pertaining to items that cannot be carried over to net income	5	2	7	3	7	4
Other comprehensive income	**-4**	**131**	**155**	**243**	**115**	**203**
Total comprehensive income	**416**	**517**	**828**	**848**	**1 020**	**1 040**
Total comprehensive income pertaining to:						
Shareholders of Parent Company	416	517	828	848	1 020	1 040
Total comprehensive income	**416**	**517**	**828**	**848**	**1 020**	**1 040**

Consolidated Balance Sheet

	Jun 30 2019	Jun 30 2018	Dec 31 2018
Assets			
Intangible assets	4 623	4 464	4 476
Tangible assets	1 012	705	778
Long-term receivables	15	13	13
Deferred tax receivables	377	354	341
Total fixed assets	**6 027**	**5 536**	**5 609**
Inventories	1 096	907	1 078
Tax receivables	77	89	16
Accounts receivable	1 274	1 205	655
Prepaid expenses and accrued income	77	67	69
Other receivables	124	146	85
Cash and cash equivalents	227	169	186
Total current assets	**2 875**	**2 583**	**2 089**
Total assets	**8 902**	**8 119**	**7 697**
Equity and liabilities			
Equity	**4 091**	**3 819**	**4 012**
Long-term interest-bearing liabilities	2 573	2 172	2 147
Provision for pensions	201	167	169
Deferred income tax liabilities	214	182	221
Total long-term liabilities	**2 989**	**2 520**	**2 537**
Short-term interest-bearing liabilities	84	68	28
Accounts payable	633	615	564
Tax liabilities	174	240	78
Other liabilities	416	349	47
Accrued expenses and deferred income	493	483	406
Provisions	22	25	25
Total short-term liabilities	**1 822**	**1 779**	**1 148**
Total liabilities	**4 811**	**4 299**	**3 685**
Total equity and liabilities	**8 902**	**8 119**	**7 697**

Consolidated Statement of Changes in Equity

	Jun 30 2019	Jun 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	673	605	837
Other comprehensive income	155	243	203
Total comprehensive income	**828**	**848**	**1 040**
Transactions with the Group's owners:			
New share issue	0	138	138
Dividend	-722	-619	-619
Buy back of warrants	-1	-12	-12
Closing balance	**4 091**	**3 819**	**4 012**

Consolidated Statement of Cash Flow

	Apr - Jun		Jan - Jun	
	2019	2018	2019	2018
Income before taxes	547	510	876	804
Adjustments for items not included in cash flow	50	41	87	63
Paid income taxes	-73	-90	-181	-245
Cash flow from operating activities prior to changes in working capital	**525**	**462**	**782**	**623**
Cash flow from changes in working capital				
Increase(-)/Decrease (+) in inventories	91	94	13	-51
Increase(-)/Decrease (+) in receivables	-210	-252	-649	-641
Increase(+)/Decrease (-) in liabilities	25	1	138	161
Cash flow from operating activities	**431**	**305**	**285**	**92**
Investing activities				
Acquisition/divestment of tangible/intangible assets	-34	-53	-69	-67
Cash flow from investing activities	**-34**	**-53**	**-69**	**-67**
Financing activities				
New issue of shares	0	0	0	138
Buy back of warrants	-1	0	-1	-8
Dividend	-361	-310	-361	-310
Debt repaid/new loans	-3	-256	186	-256
Cash flow from financing activities	**-365**	**-565**	**-176**	**-436**
Net cash flow	31	-313	40	-412
Cash and cash equivalents at beginning of period	195	483	186	581
Effect of exchange rates on cash and cash equivalents	0	-1	1	-0
Cash and cash equivalents at end of period	**227**	**169**	**227**	**169**

Condensed Parent Company Income Statement

	Apr - Jun		Jan - Jun		Full-year
	2019	2018	2019	2018	2018
Other operating revenue	5	5	10	10	20
Administrative expenses	-10	-7	-18	-17	-32
Operating income	**-5**	**-2**	**-9**	**-7**	**-12**
Result from Shares in Subsidiaries	0	0	0	0	700
Interest income- and expense	-3	-3	-6	-2	-3
Income after financial items	**-8**	**-5**	**-15**	**-9**	**685**
Appropriations	0	0	0	0	12
Net income before taxes	**-8**	**-5**	**-15**	**-9**	**697**
Taxes	2	0	3	0	1
Net income	**-6**	**-5**	**-12**	**-9**	**697**

Condensed Parent Company Balance Sheet

	Jun 30	Jun 30	Dec 31
	2019	2018	2018
Assets			
Financial fixed assets	4 999	4 760	5 449
Total fixed assets	**4 999**	**4 760**	**5 449**
Other current receivables	6	12	15
Cash and cash equivalents	0	0	0
Total current assets	**6**	**12**	**15**
Total assets	**5 005**	**4 772**	**5 464**
Equity and liabilities			
Equity	**1 371**	**1 400**	**2 106**
Other provisions	12	9	11
Liabilities to credit institutions	2 383	2 154	2 133
Liabilities to Group companies	368	368	368
Total long-term liabilities	**2 764**	**2 531**	**2 512**
Liabilities to credit institutions	0	0	0
Liabilities to Group companies	496	516	834
Other current liabilities	374	325	11
Total short-term liabilities	**870**	**841**	**846**
Total equity and liabilities	**5 005**	**4 772**	**5 464**

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		IFRS 16	IAS 17	
	Apr - Jun			Jan - Jun		
	2019	2019	2018	2019	2019	2018
EBITDA	590	575	542	962	934	868
Underlying EBIT	558	555	524	900	895	833
Operating income	558	554	523	900	895	832
Net interest expense/income	-10	-9	-13	-23	-20	-29
Income before taxes	547	546	510	876	875	804
Net income	419	418	385	673	672	605

Extract from balance sheet	IFRS 16	IAS 17	
	30 Jun	30 Jun	30 Jun
	2019	2019	2018
Assets			
Tangible assets	1 012	824	705
Deferred tax receivables	377	369	354
Equity	4 091	4 116	3 819
Liabilities			
Long-term interest-bearing liabilities	2 573	2 411	2 172
Short-term interest-bearing liabilities	84	26	68

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.

	Apr - Jun		Jan - Jun			Full-year
	2019	2018	2019	2018	LTM	2018
Sales to customers	**2 311**	**2 155**	**4 145**	**3 766**	**6 863**	**6 484**
- Region Europe & ROW	1 667	1 576	3 073	2 801	4 904	4 632
- Region Americas	644	579	1 072	965	1 959	1 852
Underlying EBITDA	**590**	**542**	**962**	**868**	**1 332**	**1 238**
Operating depreciation/amortization	-32	-18	-62	-35	-101	-74
Underlying EBIT	**558**	**524**	**900**	**833**	**1 231**	**1 164**
Other depreciation/amortization	0	0	-1	-1	-1	-1
Items affecting comparability	0	0	0	0	0	0
Operating income	**558**	**523**	**900**	**832**	**1 230**	**1 163**
Net interest expense/income	-10	-13	-23	-29	-43	-48
Taxes	-128	-125	-204	-199	-282	-277
Net income	**419**	**385**	**673**	**605**	**905**	**837**

All revenue is recognized at one point in time.

Note 3 Fair value of financial instruments

	Fair value	
	30 jun 2019	30 jun 2018
Assets - Financial derivatives		
Currency forward contracts	7	11
Currency swaps	5	24
Currency options	0	3
Interest rate swaps	9	1
Total derivative assets	**21**	**39**
Liabilities - Financial derivatives		
Currency forward contracts	-9	-48
Currency swaps	-12	-8
Currency options	0	-5
Interest rate swaps	-16	-7
Total derivative liabilities	**-37**	**-68**

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–June 2019 period was 23.2 percent. The effective tax rate for the corresponding period in 2018 amounted to 24.7 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

	Apr - Jun		Jan - Jun		Full-year
	2019	2018	2019	2018	2018
Net sales, SEKm	2 311	2 155	4 145	3 766	6 484
Net sales growth, %	7.3%	10.2%	10.1%	8.2%	10.4%
Net sales growth, adjusted %[1]	3.0%	7.0%	4.9%	6.4%	6.0%
Gross margin, %	42.1%	42.2%	41.5%	41.9%	40.5%
Underlying EBIT, SEKm	558	524	900	833	1 164
Underlying EBIT margin, %	24.1%	24.3%	21.7%	22.1%	18.0%
Operating income (EBIT), SEKm	558	523	900	832	1 163
Operating margin, %	24.1%	24.3%	21.7%	22.1%	17.9%
Earnings per share, SEK	4.06	3.73	6.52	5.92	8.13
Equity ratio, %	46.0%	47.0%	46.0%	47.0%	52.1%
Working capital, SEKm	1 137	872	1 137	872	969
Leverage ratio	1.8	1.7	1.8	1.7	1.6

[1] 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

Interim report July–September 2019	October 25, 2019
Year-end report	February 12, 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 equipment, and roof top tents mounted on a car), **Active with Kids** (bike 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 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

Thule Group

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