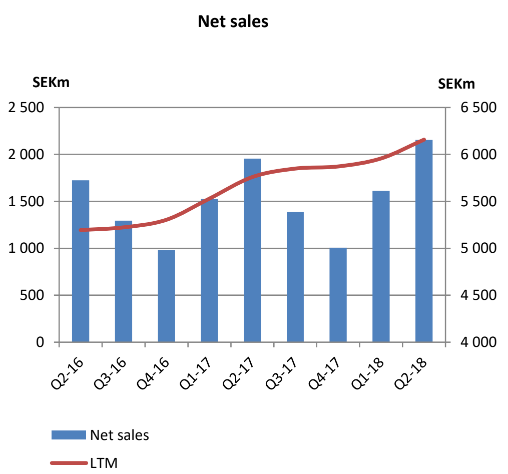
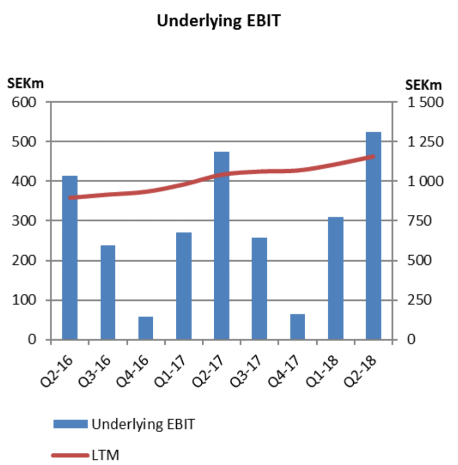
Thule Group

Interim report for the second quarter, April–June 2018

- **Net sales**[1] for the second quarter amounted to SEK 2,155m (1,955), corresponding to an increase of 10.2 percent. Adjusted for exchange rate fluctuations, sales rose 7.0 percent.
- **Operating income**[1] totaled SEK 523m (474), corresponding to an increase of 10.4 percent and a margin of 24.3 percent (24.2). Adjusted for exchange rate fluctuations, operating income rose 6.6 percent.
- **Net income**[1] was SEK 385m (348).
- **Cash flow from operating activities** totaled SEK 305m (416).
- **Earnings per share before dilution**[1] amounted to SEK 3.73 (3.41).
- **New financing agreement** — Thule Group has entered into a new loan agreement that replaces the agreement contracted in conjunction with the IPO in November 2014. The new loan agreement, which entered force on June 29, 2018, is a revolving credit facility of EUR 300m with a maturity of five years and an option for extension of up to two years.

	Apr-Jun 2018	Apr-Jun 2017	%	Jan-Jun 2018	Jan-Jun 2017	%	Full-year 2017
Net sales, SEKm	**2 155**	1 955	*+10.2*	**3 766**	3 481	*+8.2*	5 872
Underlying EBIT, SEKm	**524**	474	*+10.4*	**833**	745	*+11.8*	1 069
Operating income (EBIT), SEKm	**523**	474	*+10.4*	**832**	745	*+11.8*	1 067
Net income from continued operations, SEKm	**385**	348	*+10.7*	**605**	545	*+11.1*	690
Earnings per share, SEK	**3.73**	3.41	*+9.5*	**5.92**	5,35	*+10.7*	6.77
Cash flow from operating activities, SEKm	**305**	416	*-26.6*	**92**	244	*-62.4*	972





[1] The figures pertain to continuing operations, excluding the Specialty segment, which was divested in June 2017. The divested Specialty segment is reported as discontinued operations.

CEO's comments

Continued growth with good profitability

Continued strong sales in Region Europe & ROW boosted second quarter sales to SEK 2,155m (1,955), up 10.2 percent (7.0 percent after currency adjustment).

During the quarter, EBIT increased 10.4 percent (6.6 percent after currency adjustment) and the LTM EBIT margin is now 18.8 percent.

Region Europe & ROW remains strong

The very positive trend in Region Europe & ROW continued through the second quarter and sales rose 11.7 percent (after currency adjustment).

The major category Sport&Cargo Carriers posted very strong sales during the quarter in both bike carriers and roof boxes. The last two years' launches in premium tow bar mounted bike carriers and the new roof box family, Thule Motion XT, continue to reap major successes.

In RV Products, we continued to capture market shares in a market that we estimate grew 10 percent.

Active with Kids grew robustly, driven in particular by our award-winning Thule Chariot multisport trailers and the updated Thule Urban Glide 2 stroller.

Packs, Bags & Luggage also posted stable growth in the second quarter in our focus categories (luggage, smaller backpacks for daily use and sports bags), while sales in the area we term Legacy products (such as cases for tablets and camera bags) declined in line with expectations.

Especially France, Germany, Sweden and the Czech Republic reported excellent growth in this region.

Continued challenges in the US

During the quarter, sales declined in Region Americas by 4.2 percent (after currency adjustment), which was slightly below our expectations.

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

In addition to the sales decrease attributable to these OE contracts, a number of the major retail chains with multiple physical stores in the Sport&Outdoor channel experienced a tougher quarter than expected with a late spring and some store closures.

The expected decline in what we call Legacy categories negatively impacted sales in Packs, Bags & Luggage similar to what was seen in Region Eruope&ROW. However, the spring launches in sports bags (including the versatile hiking backpack, Thule AllTrail, and the innovative hydration backpack, Thule Vital) were strong and the categories of luggage and backpacks for daily use developed positively.

The Active with Kids category was stable during the quarter and the for this region limited RV Products category showed a strong growth.

Once again, Brazil and Canada were the region's strongest markets and trended favorably.

Secured financing and major investments

I am very pleased that we were able to secure flexible and cost-efficient long-term financing at the end of the quarter, through a new loan agreement extending for at least five years.

During the quarter, we have made major investments in product development and are now at the previously communicated level of 6 percent of sales spend on product developement. Cash flow was also affected in the quarter by the planned build up of stock levels ahead of major launches this autumn.

High season with fairs and retail launches

We are now entering the final phase of this year's peak season with the major delivery months of July and August. The fair season, when the new products for the 2019 season are exhibited to the retail trade, is also in full swing. And not least, during the quarter, the Active with Kids category's important new Thule Sleek urban stroller will start being sold in leading stores around the globe.

Magnus Welander,
CEO and President

Financial overview[2]

Trend for the second quarter

Net sales

In the second quarter of 2018, net sales amounted to SEK 2,155m (1,955), representing an increase of 10.2 percent. Adjusted for exchange rate fluctuations, net sales for the Group rose 7.0 percent.

In Region Europe & ROW, net sales totaled SEK 1,576m (1,337), up 17.9 percent, and 11.7 percent after currency adjustments. In Region Americas sales declined 4.2 percent year-on-year after currency adjustment, which was largely attributable to a planned phase-out of certain low-margin products.

Change in net sales	Apr-Jun 2018	Jan-Jun 2018
Changes in exchange rates	3.2%	1.8%
Structural changes	0.0%	0.0%
Organic growth	7.0%	6.4%
Total	**10.2%**	**8.2%**

Gross income

Gross income for the quarter totaled SEK 909m (825), corresponding to a gross margin of 42.2 percent (42.2). After currency adjustment, the margin increase totaled 0.3 percentage points. The increase was mainly due to a positive customer and product mix.

Operating income

Underlying EBIT amounted to SEK 524m (474), corresponding to a margin of 24.3 percent (24.3). Changes in exchange rates had an overall positive impact of SEK 17m on underlying EBIT, compared with the second quarter of 2017. After currency adjustment, we achieved a slightly lower year-on-year margin improvement, which was due to the substantial investments we are making in product development and marketing activities for new product categories, which increased about SEK 25m in the quarter year-on-year.

Change in underlying EBIT margin	Apr-Jun	Jan-Jun
Underlying EBIT 2018	524	833
Underlying EBIT margin 2018	24.3%	22.1%
Underlying EBIT 2017	474	745
Underlying EBIT margin 2017	24.3%	21.4%
Underlying EBIT 2017, currency adjusted	491	777
Underlying EBIT margin 2017, currency adjusted	24.4%	21.9%
Change in underlying EBIT margin, currency adjusted	**-0.1%**	**0.2%**

Net financial items

In the second quarter, net financial items amounted to an expense of SEK 13m (expense: 12). The refinancing of Thule Group, which was completed in the second quarter, resulted in an SEK 4m expense in net financial items and was attributable to the settlement of previously capitalized financing costs. Exchange rate differences on loans and cash and cash equivalents amounted to income of SEK 3m (1). The interest expense for borrowings was SEK 11m (expense: 11).

[2] Unless otherwise stated, the figures in the overview pertain to continuing operations, in other words excluding the operation divested in June 2017, which constitutes discontinued operations.

Net income for the period

In the second quarter, net income was SEK 385m, corresponding to earnings per share of SEK 3.73 before and after dilution. For the corresponding year-earlier period, net income for continuing operations totaled SEK 348m, corresponding to earnings per share of SEK 3.41 before dilution and SEK 3.39 per share after dilution.

Trend for the first six months

Net sales

In the first half of 2018, net sales amounted to SEK 3,766m (3,481), representing an increase of 8.2 percent. Adjusted for exchange rate fluctuations, net sales for the Group rose 6.4 percent.

In Region Europe & ROW, net sales totaled SEK 2,801m (2,420), up 15.7 percent, and 10.6 percent after currency adjustments. In Region Americas, after currency adjustment, sales declined 4.3 percent compared with the first six months of 2017, which was largely attributable to a planned phase-out of certain low-margin products.

Gross income

Gross income amounted to SEK 1,578m (1,449) corresponding to a gross margin of 41.9 percent (41.6). The increase was mainly due to a positive customer and product mix. After currency adjustment, the margin increase totaled 0.3 percentage points.

Operating income

Underlying EBIT amounted to SEK 833m (745), corresponding to a margin of 22.1 percent (21.4). Changes in exchange rates had an overall positive impact of SEK 31m on underlying EBIT, compared with the first six months of 2017. After currency adjustment, we achieved a year-on-year margin improvement of 0.2 percentage points in the period.

Net financial items

In the first half of the year, net financial items amounted to an expense of SEK 29m (expense: 23), and were impacted by exchange rate differences of a negative SEK 2m (pos: 2) on loans and cash and cash equivalents, and SEK 4m which was attributable to previously capitalized financing costs. For the first half of the year, the interest expense for borrowings was SEK 21m (expense: 23).

Net income for the period

For the first six months, net income was SEK 605m, corresponding to earnings per share of SEK 5.92 before dilution and SEK 5.91 after dilution. For the corresponding year-earlier period, net income for continuing operations totaled SEK 545m, corresponding to earnings per share of SEK 5.35 before dilution and SEK 5.32 after dilution.

Cash flow

Net cash flow for the period

Cash flow from operating activities was SEK 92m (244) for the first six months. The change compared with the year-earlier period was attributable to increased working capital and higher paid income taxes. Investments in tangible assets amounted to SEK 67m (81). During the period, shares were issued for SEK 138m as a result of the exercise of warrants and a dividend amounting to SEK 310m was paid to the company’s shareholders. In the second quarter, Thule Group entered into a new financing agreement and, in conjunction with the new agreement entering force, the existing loans under the old loan agreement were repaid, which was partially financed by borrowings under the new financing agreement, and partly from Thule Group’s cash balances, negative SEK 256m.

Financial position

At June 30, 2018, the Group's equity amounted to SEK 3,819m (3,308). The equity ratio amounted to 47.0 percent (43.7).

At June 30, 2018, net debt amounted to SEK 2,031m (2,220). Total long-term borrowing amounted to SEK 2,172m (2,439), and comprised loans from credit institutions of SEK 2,178m (2,436), gross, capitalized financing costs of SEK 13m (expense: 7) and the long-term portion of financial derivatives of SEK 7m (10). Total current financial liabilities amounted to SEK 68m (28) and comprised the short-term portion of financial derivatives and finance lease liabilities.

SEKm	Jun 30 2018	Jun 30 2017	Dec 31 2017
Long-term loans, gross	2 178	2 436	2 275
Financial derivative liability, long-term	7	10	13
Short-term loans, gross	7	6	7
Financial derivative liability, short-term	61	22	21
Overdraft facilities	0	0	0
Capitalized financing costs	-13	-7	-5
Accrued interest	0	0	0
Gross debt	**2 240**	**2 467**	**2 312**
Finanial derivative asset	-39	-15	-12
Cash and cash equivalents	-169	-232	-581
Net debt	**2 031**	**2 220**	**1 719**

Pledged assets for Thule Group amounted to SEK 0m (22).

At June 30, 2018, goodwill totaled SEK 4,432m (4,136). The increase was fully attributable to currency effects.

At June 30, 2018, inventories amounted to SEK 907m (726). Of the increase, SEK 32m was due to currency effects, and the remainder was mainly due to the predetermined build up of stock levels ahead of the major launches this autumn.

Other information

New financing

Thule Group has entered into a new loan agreement that replaces the agreement contracted in conjunction with the IPO in November 2014. The new loan agreement, which entered force on June 29, 2018, is a revolving credit facility of EUR 300m with a maturity of five years and an option for extension of up to two years.

The new loan agreement aims to secure the long-term financing of the company through a more flexible and more cost-efficient agreement than the one it replaced. The new loan agreement also includes a functionality for a possible future issuance of a commercial paper program of SEK 2,000m. In conjunction with the new agreement entering force, the existing loans under the old loan agreement were repaid, which was partially financed by borrowings under the new financing agreement, and partly from Thule Group's cash balances. The refinancing means that a nonrecurring cost of SEK 4m which was attributable to previously capitalized financing costs was charged to Thule Group's earnings in the second quarter of 2018.

The preconditions provided by the new loan agreement mean that Thule Group's annual financing costs are expected to decrease by SEK 12–15m over time. Commitments under the loan agreement are distributed equally between Nordea Bank AB (publ) and Swedbank AB (publ). Nordea Bank AB (publ) is acting as agent and coordinator of the transaction in their role as documentation agent.

Seasonal variations

Thule Group's sales and operating income are partially affected by seasonal variations. During the first quarter, sales are affected in the Sport&Cargo Carriers category (roof boxes, ski-racks, etc.) 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, snowsport backpacks, etc.) and sales of products in the bag category prior to major holidays.

Employees

The average number of employees was 2,504 (2,312). The increase was mainly attributable to early staffing for the season at our plants in Belgium, Poland and Sweden to manage increased sales volumes.

Thule Group's share

The shares of Thule Group AB are listed on the Nasdaq Stockholm Large Cap list. At June 30, 2018, the total number of shares in issue was 103,208,606.

Thule Group's 2014/2018 warrants program ended on March 5, 2018 and this meant that the number of shares in the company increased by 1,135,696 and a share issue for SEK 138m.

Dividend

The Annual General Meeting on April 25 resolved to distribute a dividend of SEK 6.00 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 3.00 per share was April 27, 2018. October 5, 2018, was set as the record date for the second payment of SEK 3.00 per share.

Shareholders

At June 30, 2018, Thule Group AB had 12,881 shareholders. At this date, the largest shareholders were AMF Försäkringar & Fonder (10.3 percent of the votes), Lannebo Fonder (5.4 percent of the votes), Nordea Fonder (5.4 percent of the votes), Handelsbanken Fonder (4.2 percent of the votes) and Swedbank Robur Fonder (4.2 percent of the votes).

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, 2018. The Parent Company invoices its costs to Group companies. The Parent Company reported negative net income of SEK 9m (neg: 6).

Cash and cash equivalents and current investments amounted to SEK 0m (0). Long-term liabilities to credit institutions totaled SEK 2,154m (2,417).

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 6, Risks and uncertainties.

Sales trend by region

SEKm	Apr - Jun 2018	2017	Change Rep.	Adjust.[1]	Jan - Jun 2018	2017	Change Rep.	Adjust.[1]
Net sales	2 155	1 955	*10.2%*	*7.0%*	3 766	3 481	*8.2%*	*6.4%*
- Region Europe & ROW	1 576	1 337	*17.9%*	*11.7%*	2 801	2 420	*15.7%*	*10.6%*
- Region Americas	579	618	*-6.3%*	*-4.2%*	965	1 061	*-9.0%*	*-4.3%*

[1]Adjusted for changes in exchange rates

In the second quarter of 2018, net sales amounted to SEK 2,155m (1,955), representing an increase of 7.0 percent after currency adjustment. The continued strong performance of Region Europe & ROW was the driving factor behind increased sales.

Region Europe & ROW

The very positive trend in Region Europe & ROW continued through the second quarter and sales increased SEK 239m to SEK 1,576m (1,337), up 11.7 percent (after currency adjustment). Accordingly, we posted growth of 10.6 percent (after currency adjustment) for the first six months.

The major category Sport&Cargo Carriers posted very strong sales during the second quarter in both bike carriers and roof boxes. The last two years' launches in tow bar mounted bike carriers, with Thule EasyFold XT and Thule VeloSpace XT, and the new roof box family, Thule Motion XT, continued to reap major successes in the region.

The RV Products market remained healthy with growth of around 10 percent (in our assessment) and we continued to grow faster than the market as a whole. This was driven by successful launches of awnings and bike racks, and a very close collaboration with leading RV manufacturers.

The Active with Kids category continued to grow rapidly for Thule Group in the second quarter, driven in particular by our award-winning Thule Chariot multisport trailers and the updated Thule Urban Glide 2 stroller.

Packs, Bags & Luggage posted stable growth also in the second quarter in our focus categories (luggage, smaller backpacks for daily use and sports bags), while sales in the area we term legacy products (such as cases for tablets and camera bags) continued to decline in line with our expectations.

In a generally upbeat trend for the region, France, Germany, Sweden and the Czech Republic stood out in particular with very good growth, driven by successful launches and investments with our retailers.

Region Americas

During the quarter, sales declined in Region Americas by SEK 39m to SEK 579m (618), down 4.2 percent (after currency adjustment). Accordingly, sales declined 4.3 percent (after currency adjustment).

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

In addition to the sales decrease attributable to these OE contracts, a number of the major retail chains with multiple physical stores in the Sport&Outdoor channel experienced a tough quarter with a late spring and some store closures.

The expected decline in Legacy categories negatively impacted sales in Packs, Bags & Luggage, while sports bags, suitcases and backpacks for daily use trended favorably.

The Active with Kids category was stable during the quarter and the for this region limited RV Products category showed a strong growth.

Once again, Brazil and Canada were the region's strongest markets and trended favorably, while Mexico reported a weaker 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 19, 2018

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

Review report

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

Selected key launches during the period

Thule VeloSpace XT — a versatile tow bar mounted bike rack for all types of bikes, from e-bikes and fatbikes to small children's bikes. The bike carrier can even be turned into a cargo carrier by adding the Thule BackSpace XT box, the perfect box for your golf bag or stroller.

Thule Vital — a Red Dot design award-winning innovative hydration backpack for mountainbike riders. The smart, patented magnetic ReTrakt hose return system means that the hose returns itself to its position and is held against the strap when you finish drinking.

Financial statements

(Unless otherwise stated, all amounts are in SEKm)

Consolidated Income Statement

		Apr - Jun		Jan - Jun			Full-year
	Note	2018	2017	2018	2017	LTM	2017
Continuing operations							
Net sales	*2*	2 155	1 955	3 766	3 481	6 157	5 872
Cost of goods sold		-1 246	-1 130	-2 188	-2 031	-3 611	-3 455
Gross income		**909**	**825**	**1 578**	**1 449**	**2 546**	**2 416**
Other operating revenue		0	4	0	4	0	4
Selling expenses		-312	-283	-596	-561	-1 088	-1 053
Administrative expenses		-73	-72	-150	-147	-302	-300
Other operating expenses		0	0	0	0	0	0
Operating income	*2*	**523**	**474**	**832**	**745**	**1 155**	**1 067**
Net interest expense/income		-13	-12	-29	-23	-58	-52
Income before taxes		**510**	**462**	**804**	**722**	**1 097**	**1 015**
Taxes	*5*	-125	-114	-199	-177	-347	-325
Net income from continuing operations		**385**	**348**	**605**	**545**	**750**	**690**
Discontinued operations							
Net income from discontinued operations	*3*	0	12	0	18	-2	17
Net income		**385**	**360**	**605**	**563**	**749**	**707**
Net income pertaining to:							
Shareholders of Parent Company		385	360	605	563	749	707
of which, pertaining to continuing operations		385	348	605	545	750	690
of which, pertaining to discontinued operations		0	12	0	18	-2	17
Net income		**385**	**360**	**605**	**563**	**749**	**707**
Earnings per share continuing operations, SEK before dilution		3.73	3.41	5.92	5.35		6.77
Earnings per share continuing operations, SEK after dilution		3.73	3.39	5.91	5.32		6.72
Earnings per share, SEK before dilution		3.73	3.53	5.92	5.53		6.93
Earnings per share, SEK after dilution		3.73	3.51	5.91	5.50		6.89
Average number of shares (millions)		103.2	102.1	102.2	101.8		101.9

Consolidated Statement of Comprehensive Income

	Apr - Jun		Jan - Jun			Full-year
	2018	2017	2018	2017	LTM	2017
Net income	385	360	605	563	749	707
Items that have been carried over or can be carried over to net income						
Foreign currency translation	199	-101	415	-125	429	-111
Cash flow hedges	10	-4	-26	1	-28	-1
Net investment hedge	-59	9	-147	17	-164	0
Period change in fair value of available for sale financial assets	0	24	0	24	0	24
Tax on components in other comprehensive income	-11	15	11	16	21	26
Items that cannot be carried over to net income						
Revaluation of defined-benefit pension plans	-9	-9	-14	-4	-24	-14
Tax pertaining to items that cannot be carried over to net income	2	2	3	1	6	4
Other comprehensive income	**131**	**-65**	**243**	**-70**	**240**	**-72**
Total comprehensive income	**517**	**296**	**848**	**493**	**989**	**634**
Total comprehensive income pertaining to:						
Shareholders of Parent Company	517	296	848	493	989	634
Total comprehensive income	**517**	**296**	**848**	**493**	**989**	**634**

Consolidated Balance Sheet

	Jun 30 2018	Jun 30 2017	Dec 31 2017
Assets			
Intangible assets	4 464	4 169	4 177
Tangible assets	705	623	645
Long-term receivables	13	10	9
Deferred tax receivables	354	461	324
Total fixed assets	**5 536**	**5 263**	**5 155**
Inventories	907	726	819
Tax receivables	89	0	26
Accounts receivable	1 205	1 131	580
Prepaid expenses and accrued income	67	54	49
Other receivables	146	161	76
Cash and cash equivalents	169	232	581
Total current assets	**2 583**	**2 304**	**2 129**
Total assets	**8 119**	**7 566**	**7 285**
Equity and liabilities			
Equity	**3 819**	**3 308**	**3 467**
Long-term interest-bearing liabilities	2 172	2 439	2 283
Provision for pensions	167	139	148
Deferred income tax liabilities	182	161	185
Total long-term liabilities	**2 520**	**2 738**	**2 617**
Short-term interest-bearing liabilities	68	28	29
Accounts payable	615	517	519
Tax liabilities	240	273	217
Other liabilities	349	232	29
Accrued expenses and deferred income	483	439	382
Provisions	25	31	25
Total short-term liabilities	**1 779**	**1 520**	**1 201**
Total liabilities	**4 299**	**4 258**	**3 817**
Total equity and liabilities	**8 119**	**7 566**	**7 285**

Consolidated Statement of Changes in Equity

	Jan - Jun		Full-year
	2018	2017	2017
Opening balance, January 1	3 467	3 826	3 826
Adjusted Equity as per 1 January	-2	0	0
Net income	605	563	707
Other comprehensive income	243	-70	-72
Total comprehensive income	**848**	**493**	**634**
Transactions with the Group's owners:			
New share issue	138	110	110
Dividend	-619	-1 113	-1 113
Other	-12	-8	10
Closing balance	**3 819**	**3 308**	**3 467**

Consolidated Statement of Cash Flow

	Apr - Jun		Jan - Jun	
	2018	2017	2018	2017
Income before taxes	510	462	804	722
Income from discontinued operations before taxes	0	32	0	41
Adjustments for items not included in cash flow	41	19	63	37
Paid income taxes	-90	-5	-245	-130
Cash flow from operating activities prior to changes in working capital	**462**	**508**	**623**	**670**
Cash flow from changes in working capital				
Increase(-)/Decrease (+) in inventories	94	157	-51	82
Increase(-)/Decrease (+) in receivables	-252	-270	-641	-588
Increase(+)/Decrease (-) in liabilities	1	20	161	79
Cash flow from operating activities	**305**	**416**	**92**	**244**
Investing activities				
Sale of subsidiaries	0	146	0	146
Acquisition/divestment of tangible/intangible assets	-53	-68	-67	-81
Cash flow from investing activities	**-53**	**78**	**-67**	**65**
Financing activities				
New issue of shares	0	0	138	110
Others	0	-2	-8	-8
Dividend	-310	-939	-310	-939
Debt repaid/new loans	-256	-2	-256	-1
Cash flow from financing activities	**-565**	**-943**	**-436**	**-839**
Net cash flow	-313	-449	-412	-530
Cash and cash equivalents at beginning of period	483	679	581	763
Effect of exchange rates on cash and cash equivalents	-1	2	-0	-1
Cash and cash equivalents at end of period	**169**	**232**	**169**	**232**

Condensed Parent Company Income Statement

	Apr - Jun 2018	Apr - Jun 2017	Jan - Jun 2018	Jan - Jun 2017	Full-year 2017
Other operating revenue	5	4	10	9	18
Administrative expenses	-7	-8	-17	-17	-40
Operating income	**-2**	**-4**	**-7**	**-8**	**-22**
Result from Shares in Subsidiaries	0	0	0	0	600
Interest income- and expense	-3	0	-2	1	3
Income after financial items	**-5**	**-3**	**-9**	**-6**	**581**
Appropriations	0	0	0	0	15
Net income before taxes	**-5**	**-3**	**-9**	**-6**	**596**
Taxes	0	0	0	0	1
Net income	**-5**	**-3**	**-9**	**-6**	**597**

Condensed Parent Company Balance Sheet

	Jun 30 2018	Jun 30 2017	Dec 31 2017
Assets			
Financial fixed assets	4 760	5 024	5 468
Total fixed assets	**4 760**	**5 024**	**5 468**
Other current receivables	12	3	18
Cash and cash equivalents	0	0	0
Total current assets	**12**	**3**	**18**
Total assets	**4 772**	**5 027**	**5 486**
Equity and liabilities			
Equity	**1 400**	**1 281**	**1 903**
Other provisions	9	6	7
Liabilities to credit institutions	2 154	2 417	2 261
Liabilities to Group companies	368	368	368
Total long-term liabilities	**2 531**	**2 791**	**2 636**
Liabilities to credit institutions	0	0	0
Liabilities to Group companies	516	769	927
Other current liabilities	325	186	20
Total short-term liabilities	**841**	**955**	**947**
Total equity and liabilities	**4 772**	**5 027**	**5 486**

Disclosures, accounting policies and risk factors

Disclosures in accordance with Paragraph 16A of IAS 34 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. In 2018, the Group started to apply IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. The effects of these standards were described in the latest annual report. There is an ongoing process to analyze the effects of the implementation of IFRS 16 Leasing. The standard will be effective from January 1, 2019.

Note 2 Operating segments and allocation of revenue

The two product groups (racks and other accessories for pick-up trucks) that were previously included in the Specialty operating segment are now recognized as part of continuing operations. Comparative figures have been recalculated retroactively. The remaining part of the Specialty operating segment, toolboxes for pick-up trucks, was divested in June 2017 and is reported as a discontinued operations. Refer to Note 3 Discontinued operations. As a result of the divestment of the Specialty operating segment, the Group now comprises one segment.

	Apr - Jun		Jan - Jun			Full-year
	2018	2017	2018	2017	LTM	2017
Sales to customers	**2 155**	**1 955**	**3 766**	**3 481**	**6 157**	**5 872**
- Region Europe & ROW	1 576	1 337	2 801	2 420	4 363	3 983
- Region Americas	579	618	965	1 061	1 794	1 889
Underlying EBITDA	**542**	**491**	**868**	**779**	**1 225**	**1 136**
Operational depreciation/amortization	-18	-17	-35	-34	-69	-67
Underlying EBIT	**524**	**474**	**833**	**745**	**1 156**	**1 069**
Other depreciation/amortization	0	0	-1	-1	-1	-1
Items affecting comparability	0	0	0	0	0	0
Operating income	**523**	**474**	**832**	**745**	**1 155**	**1 067**
Net interest expense/income	-13	-12	-29	-23	-58	-52
Taxes	-125	-114	-199	-177	-347	-325
Net income from discontinued operations	0	12	0	18	-2	17
Net income	**385**	**360**	**605**	**563**	**749**	**707**

All revenue is recognized at one point in time.

Note 3 Discontinued operations

	Jan - Jun 2018	Jan - Jun 2017
Revenue	-	131
Expenses	-	-114
Income before taxes	-	**18**
Realization gain/loss from divestment of discontinued operation	-	23
Taxes	-	-23
Net income from discontinued operations	**-**	**18**
Earnings per share, discontinued operations, SEK	-	0.18

	Jan - Jun 2018	Jan - Jun 2017
Cash flow from discontinued operations		
Operating cash flow before investments	-	31
Operating cash flow after investments	-	31

Note 4 Fair value of financial instruments

	Fair value Jun 30 2018	Jun 30 2017
Assets - Financial derivatives		
Currency forward contracts	11	4
Currency swaps	24	6
Currency options	3	4
Interest rate swaps	1	0
Total derivative assets	**39**	**15**
Liabilities - Financial derivatives		
Currency forward contracts	-48	-9
Currency swaps	-8	-9
Currency options	-5	-4
Interest rate swaps	-7	-10
Total derivative liabilities	**-68**	**-32**

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 5 Taxes

The effective tax rate for the period January–June 2018 was 24.7 percent. The effective tax rate for continuing operations in the corresponding period of 2017 was 24.6 percent. No significant events affecting the Group’s effective tax rate occurred during the period.

Note 6 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 carriers 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
	2018	2017	2018	2017	2017
Net sales, SEKm	2 155	1 955	3 766	3 481	5 872
Net sales growth, %	10.2%	13.3%	8.2%	15.0%	10.7%
Net sales growth, adjusted %[1]	7.0%	8.6%	6.4%	10.9%	9.5%
Gross margin, %	42.2%	42.2%	41.9%	41.6%	41.2%
Underlying EBIT, SEKm	524	474	833	745	1 069
Underlying EBIT-margin, %	24.3%	24.3%	22.1%	21.4%	18.2%
Operating income (EBIT), SEKm	523	474	832	745	1 067
Operating margin, %	24.3%	24.2%	22.1%	21.4%	18.2%
Earnings per share, SEK	3.73	3.41	5.92	5.35	6.77
Earnings per share (total operations), SEK	3.73	3.53	5.92	5.53	6.93
Equity ratio, %	47.0%	43.7%	47.0%	43.7%	47.6%
Working capital, SEKm	872	812	872	812	957
Leverage ratio	1.7	2.0	1.7	2.0	1.5

[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

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

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

EBIT margin EBIT as a percentage of net sales.

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.

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

Equity ratio Equity as a percentage of total assets.

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

Gross income Net sales less cost of goods sold.

Gross margin Gross income as a percentage of net sales.

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.

Leverage ratio Net debt divided by the underlying LTM EBITDA.

LTM Rolling 12-month.

Net debt Gross debt less cash and cash equivalents.

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

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.

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

Underlying EBITDA EBITDA excluding items affecting comparability.

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.

Financial calendar

Interim report, July–September 2018	October 26, 2018
Year-end report	February 13, 2019

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About Thule Group

Thule Group is world leader in products that make it easy to bring along 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 by car), **Packs, Bags & Luggage** (e.g. computer and camera bags, luggage and hiking backpacks), **RV Products** (awnings, bike carriers and tents for motorhomes and caravans) and **Active with Kids** (bike trailers, strollers and child bike seats).
Thule Group has about 2,200 employees at nine production facilities and 35 sales offices worldwide. The Group's products are sold in 140 markets and in 2017, sales amounted to SEK 5.9 billion. www.thulegroup.com

Thule Group

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