



# REVIEW BY THE PRESIDENT AND CEO

APRIL 2, 2020

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PRESIDENT AND CEO

**nokian<sup>®</sup>**  
**TYRES**



# HIGHLIGHTS OF THE YEAR

WE WERE  
AGAIN  
INCLUDED IN  
**DJSI WORLD**  
AND **DJSI EUROPE**  
SUSTAINABILITY  
INDICES

**THE FIRST  
TEST TIRE**  
WAS MANUFACTURED  
IN NEW US FACTORY

**VIANOR**  
CONTINUED TO  
IMPROVE ITS  
PROFITABILITY

NOKIAN TYRES  
INTUITU BROUGHT  
**DIGITAL  
CONNECTIVITY**  
TO TIRES

WE RETAINED  
**OUR STRONG MARKET POSITION**  
IN RUSSIA AND THE NORDIC COUNTRIES

**WE REDUCED ROLLING  
RESISTANCE BY 8%**  
ON AVERAGE IN 2013–2019

**NEW SUMMER TIRES**  
FOR CENTRAL EUROPEAN DRIVERS  
SHOWED GOOD COMMERCIAL SUCCESS

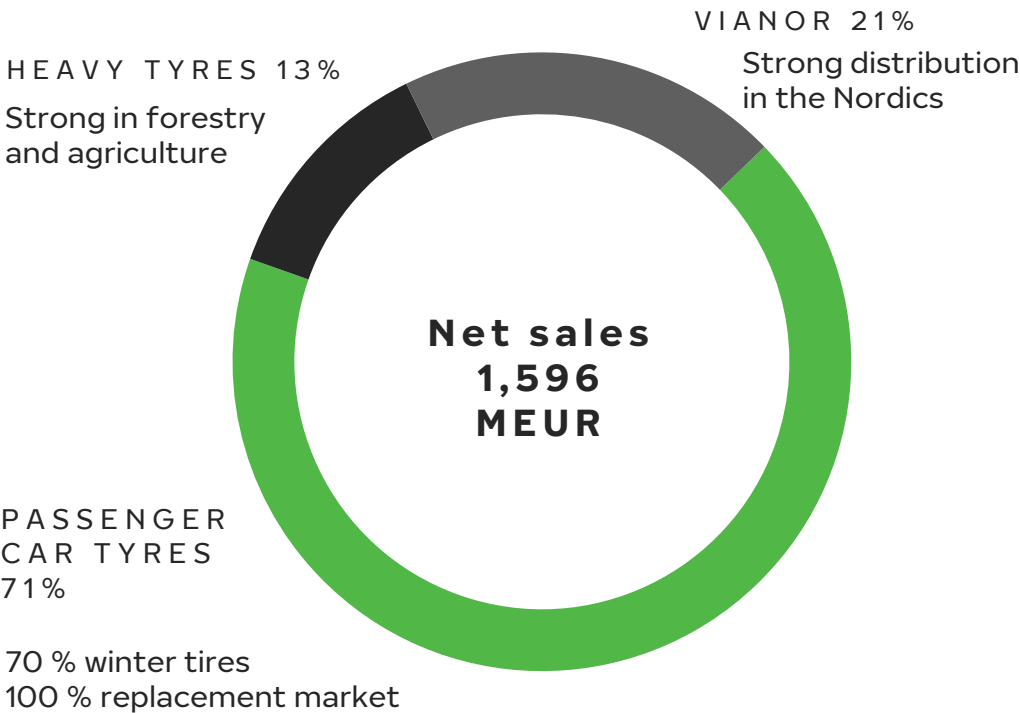
HEAVY TYRES REACHED  
A FULL YEAR WITH  
**ZERO LOST-TIME INJURIES**

**OVER 10 TEST TRACKS**  
IN OUR NEW TESTING CENTER IN SPAIN  
STARTED TO TAKE SHAPE

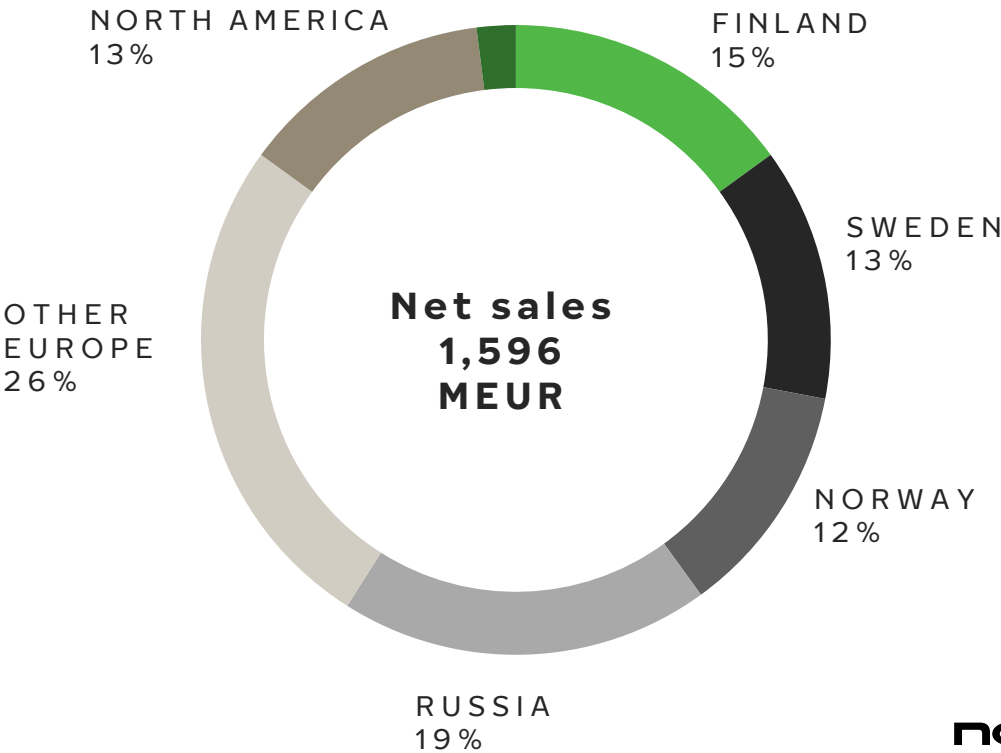
# NOKIAN TYRES TODAY

The world’s northernmost tire manufacturer and one of the most sustainable companies in the industry.

NET SALES  
BY BUSINESS UNIT 2019\*



NET SALES  
BY MARKET AREA 2019



# GOOD PROGRESS IN HEAVY TYRES AND VIANOR IN 2019

- **Net sales EUR 1,595.8 million (1,595.6), -0.3% with comparable currencies**
  - Record year in Heavy Tyres
- **Operating profit EUR 316.5 million (372.4)**
  - Lower volumes due to soft markets
  - Positive price/mix in all markets except for Central Europe
  - Increased opex investments including EUR 20 million to the US factory ramp-up, higher material costs
  - Heavy Tyres and Vianor's operating profit improved in line with the plan

	Net sales M€	Change % CC*	Operating profit M€
Passenger Car Tyres	1,134.2	-2.2%	287.7
Heavy Tyres	202.7	8.0%	35.7
Vianor	336.5	1.5%	7.7**

\* Comparable currencies

\*\* Including 2.0 M€ profit from sale of real estate





# KEY FIGURES 2019

EUR million	2019	2018	Change %	CC* Change %
Net sales	<b>1,595.8</b>	1,595.6	0.0%	-0.3%
Operating profit	<b>316.5</b>	372.4		
Operating profit %	<b>19.8%</b>	23.3%		
Profit before tax	<b>336.7</b>	361.7		
Profit for the period	<b>399.9</b>	295.2		
Earnings per share, EUR**	<b>2.89</b>	2.15		
ROCE, %	<b>17.6%</b>	23.3%		
Equity ratio, %	<b>75.9%</b>	71.0%		
Cash flow from operating activities	<b>219.8</b>	536.9		
Gearing, %	<b>2.3%</b>	-21.2%		
Interest-bearing net debt	<b>41.1</b>	-315.2		
Capital expenditure	<b>299.6</b>	226.5		

\* Comparable currencies

\*\* EPS 2019 excl. the impact of the rulings on the tax disputes of EUR 1.08 were EUR 1.81



A high-angle, wide shot of a winding asphalt road that curves through a lush green mountain valley. A small white car is seen from behind, driving away from the viewer along the road. The road is bordered by a low stone wall on the right side. In the background, majestic mountains with patches of snow rise against a sky filled with large, white, fluffy clouds. The overall scene conveys a sense of adventure and a journey through nature.

# STRATEGIC JOURNEY CONTINUES



# PROFITABLE GROWTH AT THE CORE OF OUR STRATEGY

## OUR DIFFERENTIATORS

**SAFEST TIRES FOR ALL  
CONDITIONS**

**CONSUMER-TRUSTED  
PREMIUM BRAND**

**PREFERRED PARTNER  
FOR CUSTOMERS**

**LEADER IN  
SUSTAINABILITY**

**RESPONSIVE AND  
EFFICIENT SUPPLY  
CHAIN**

**HIGH-PERFORMING  
ENGAGED TEAM**

## OUR AMBITION

We are the market leader in selected segments in the Nordic countries and Russia.

We increase our sales by 50% in Central Europe in 5 years.

We double our sales in North America in 5 years.

Our tires are available in all major winter tire markets.

We increase the EBITDA of equity-owned Vianor to +3% by the end of 2019. This target was reached in 2018.

We increase the sales of Heavy Tyres by 50% in 4 years.

# STRATEGIC PROJECTS ARE BUILDING A FOUNDATION FOR OUR LONG-TERM COMPETITIVENESS

## NEW US FACTORY

- Commercial production started in the beginning of 2020.
- Safe and sustainable products tailored to the needs of North American consumers.

## SPANISH TESTING CENTER

- Over 10 tracks for year-round testing of summer, all season and winter tires.
- The largest single investment in testing in Nokian Tyres' history.

## HEAVY TYRES CAPACITY INCREASE

- Production capacity will increase by 50% and the number of new products per year will more than double.
- A new R&D center opened in 2019 to speed up product development.



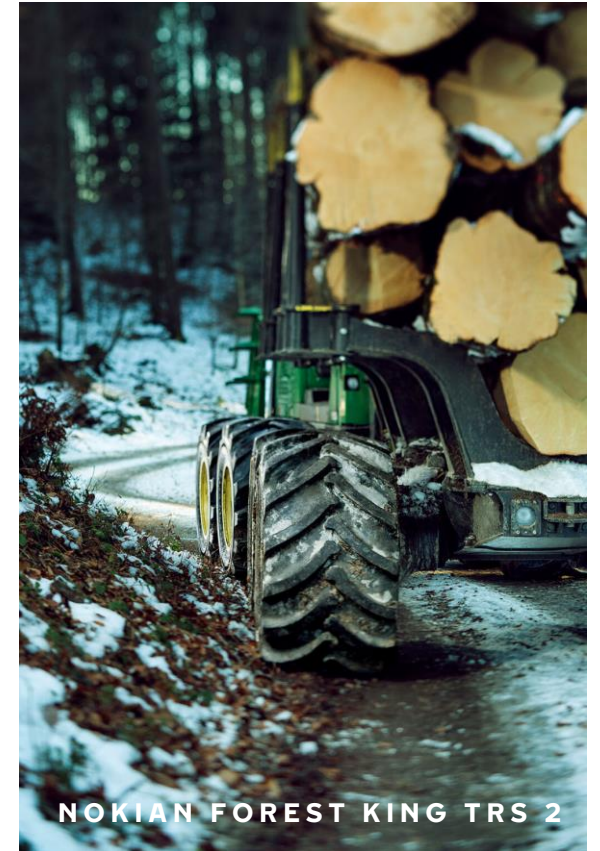
# WE CONTINUE TO BUILD A COMPETITIVE PRODUCT PORTFOLIO...

Focus on the most profitable tire segments

## Passenger Car Tyres



## Heavy Tyres



# ...AND TO PROVIDE INNOVATIVE SERVICES TO OUR CUSTOMERS

## Nokian Tyres Intuitu

- Digital tire monitoring system to provide drivers with real-time data on their tires



**TIRE PRESSURE**



**TIRE TEMPERATURE**



**TREAD WEAR**



**nokian<sup>®</sup>**  
**TYRES**



# WE WANT TO BE A LEADER IN SUSTAINABILITY

## IMPROVING ROAD SAFETY

- We have developed excellent grip and handling properties for our tires to prevent road accidents.

## FIGHTING CLIMATE CHANGE

- To save fuel and reduce CO2 emissions, we have managed to lower the rolling resistance of our tires in average by 8% since 2013.

## ELIMINATING HEALTH HAZARDS

- We are a pioneer in eliminating possible health hazards of raw materials. For example, we were the first in our industry to give up the use of harmful oils in rubber compounds.

## REDUCING GREENHOUSE GAS EMISSIONS

- We have set strict targets for reducing greenhouse gas emissions in line with the Science Based Targets initiative.

## AMONG THE MOST SUSTAINABLE COMPANIES

- In 2019, we were included in the Dow Jones' DJSI World sustainability index for the third year in a row.





# SUSTAINABILITY IS INTEGRATED IN EVERYTHING WE DO

Our achievements continued in 2019

**-51%**

**LOST TIME  
INJURIES**

(compared to 2018)

**-44%**

**CO2 EMISSIONS  
FROM PRODUCTION**

(since 2013)

**90%**

**SHARE OF  
MAJOR RUBBER  
PROCESSOR  
PLANTS AUDITED**

**“ As a premium  
tire manufacturer,  
we want to set an  
example as a  
responsible  
company that aims  
for sustainable  
growth.**





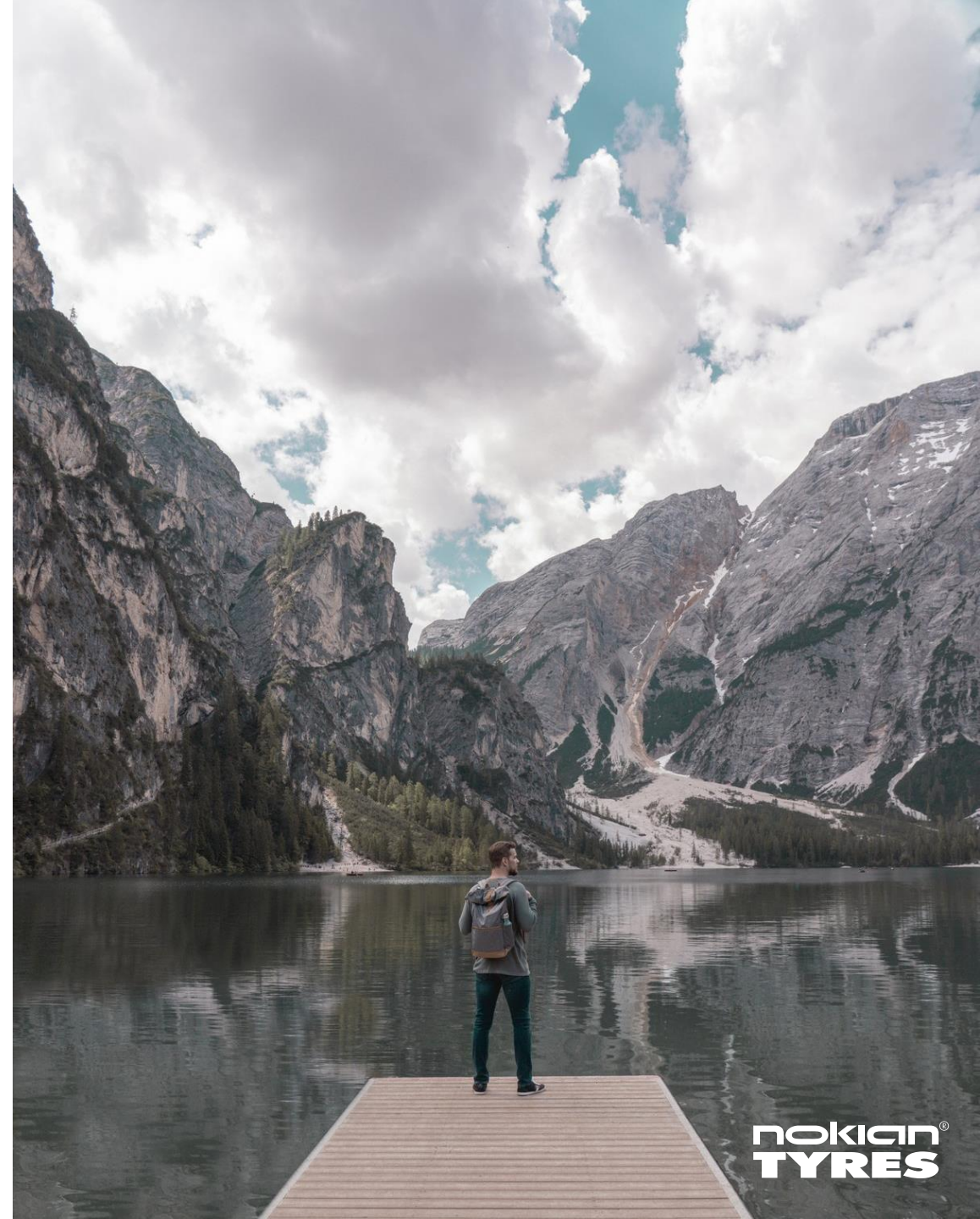
# OUTLOOK



# GUIDANCE FOR 2020

Due to the COVID-19 outbreak, which has increased the uncertainty in the car and tire market, the Board of Directors of Nokian Tyres plc decided on March 27 to withdraw the Company's financial guidance for 2020 published on February 4, 2020.

Due to the prevailing uncertainties, the Board is not in a position to give a new guidance.





# SUMMARY

1. Regardless of the headwind in the market, we focus on executing our growth strategy
2. Short-term capacity utilization and costs to be adjusted to the current market situation
3. We continue to build a more balanced portfolio across the Nordics, Russia, Central Europe and North America

**THESE ACTIONS WILL LEAD TO  
A SUSTAINABLE, POSITIVE IMPACT ON OUR  
LONG-TERM PERFORMANCE**

**“ Nokian Tyres  
has a valuable  
brand and  
competitive  
advantages to  
build on.**





# IT'S A BEAUTIFUL JOURNEY

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