



# Review by President & CEO

---

**Andrei Pantioukhov**  
Interim President and CEO

---

**Nokian Tyres plc**  
**Annual General Meeting**  
**April 10, 2017**

# Management team April 10, 2017



**Andrei Pantioukhov**  
Interim President and CEO



**Andrei Pantioukhov**  
GM, Russia and  
EVP, Nokian Tyres



**Manu Salmi**  
Heavy Tyres



**Anna Hyvönen**  
Vianor &  
Partner Distribution



**Anne Leskelä**  
Finance & IR



**Tarja Kaipio**  
Human Resources



**Antti-Jussi Tähtinen**  
Marketing and  
Communications



**Juha Pirhonen**  
Research and  
Development



**Pontus Stenberg**  
Sales



**Esa Eronen**  
Supply Operations



**Teppo Huovila**  
Quality, Sustainability  
and ICT



**Timo Tervolin**  
Strategy and Corporate  
Development,  
Process Development

## 1. Nokian Tyres in brief

2. General overview 2016

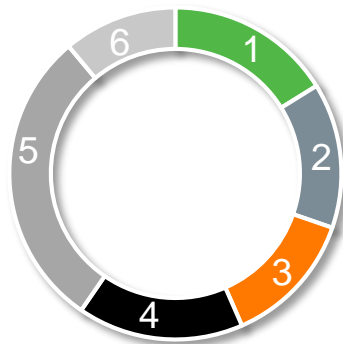
3. Outlook and guidance 2017



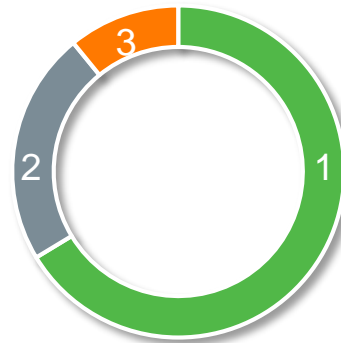
# Nokian Tyres in brief

Nokian Tyres is the northernmost tyre manufacturer in the world, working relentlessly for safer, more comfortable and eco-friendly transportation – year round.

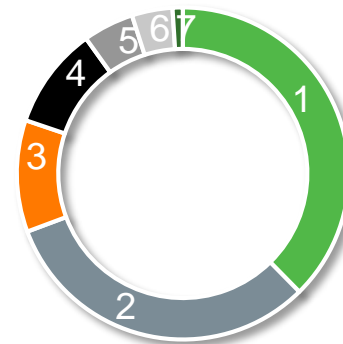
Net sales by market area



Net sales by business units



Personnel by area



Key figures	2016	2015
Net sales, M€	1.391,2	1.360,1
Operating profit, M€	310.5	296.0
Equity ratio	73.8%	70.8%
Cash flow from operating activities, M€	364.4	283.4
Share of foreign shareholders	> 76%	> 70%
Personnel	4,433	4,421

Country / Area	2016	2015
1. Finland	16%	16%
2. Sweden	14%	15%
3. Norway	13%	13%
4. Russia and the CIS	16%	17%
5. Other Europe	29%	26%
6. North America	11%	12%

Share of net sales

Business units	2016	2015
1. Passenger car tyres	67%	66%
2. Vianor	23%	23%
3. Heavy Tyres	11%	11%

Share of net sales

Country/Area	2016	2015
1. Finland	38%	41%
2. Russia	32%	31%
3. Sweden	11%	10%
4. Norway	10%	9%
5. North America	5%	4%
6. Central Europe	4%	3%
7. Others	1%	1%



# International Group

Own production, test centers, sales companies and network



**Nokia, Finland**  
– capacity 2.5M tyres  
– heavy tyres' own production



**Vsevolozhsk, Russia**  
– capacity >15M tyres

## Own production and test centers

- Own production: Nokia, Finland and Vsevolozhsk, Russia
- Own test centers: Ivalo and Nokia

## Sales companies

- Finland (parent company), Sweden, Norway, Russia, Ukraine, Kazakhstan, Germany, Switzerland, Czech Republic, Belarus, USA, Canada and China.

## Vianor

- 1,501 stores in 27 countries
- Increase of 26 stores in 2016.

## NAD (Nokian Tyres Authorized Dealers)

- 1,481 stores
- 19 European countries and China
- Increase of 242 stores in 2016.

## N-Tyre

- 120 stores
- Russia and the CIS
- Increase of 18 stores in 2016.

# Total 1,616 employees in Finland

Investments in Finland over 40 M€ in 2016

## Nokia's site

- Capacity 2.5M passenger car tyres
- Production of heavy tyres
- Head office and R&D
- Development of key processes
- Export mainly to the Nordic countries
- New biomass power plant launched in 2016

## Vianor

- Tyre sales, car servicing, tyre storage
- Approx. 100 units in Finland



## Major domestic shareholders March 31, 2017

Varma Mutual Pension Insurance Company  
Ilmarinen Mutual Pension Insurance Company  
The State Pension Fund  
Nordea  
Mandatum Life Insurance Company Limited  
Svenska litteratursällskapet i Finland r.f.  
OP Investment Funds  
Barry Staines Linoleum Oy  
The Finnish Cultural Foundation  
Etera Mutual Pension Insurance Company

# Profitable growth supported by development programmes

1. First choice for consumers

2. Preferred partner for customers

3. World's best tyres & increasing number of new services

4. Strong growth in CE & NA










1. Nokian Tyres in brief
2. **General overview 2016**
3. Outlook and guidance 2017





# Market overview 2016

Stable development in the West – Russia's situation stabilizing

	Nordics	Russia	Europe (incl. the Nordics)	North America
<b>GDP growth (E2016)</b>	+0.8% to +3.2%	-0.6%	+1.6%	+1.6%
<b>New car sales</b>	+7%	-11%	+7%	+0.6%
<b>Car tyre* sell-in</b>	0%	Approx. -5%	+2%	+1.4%
<b>Heavy tyre segments **</b>				
<b>Currency impact</b>			-	



\*) premium and mid-segment

\*\*) Nokian Tyres core product segments

# Nokian Tyres' performance 2016

Positive development in all key markets

Sales & SOM	Nordic countries	Russia and CIS	Other Europe	North America
Net sales	+1.8%	-3.6%	+13.5%	-8.3%
Car tyre sales pcs	+-	+	+	-
Car tyre SOM	+-	+	+	+-

Profitability	
Currency effect to net sales, M€	-29.9
Car tyre ASP (€/pcs)	
Raw material cost	-5.3%
Fixed costs	
Car tyre production volume (pcs)	+5%
Car tyre productivity (kg/mh)	+3%

Distribution	Units	Increase 1-12 (pcs)
Vianor equity-owned	212	+14
Vianor total	1,501	+26
NAD + N-Tyre	1,601	+260

# Summary 2016

Net sales and profitability improved, along with the market shares

Key figures, M€	2016	2015	Change%
Net sales	1,391.2	1,360.1	2.3
Operating profit	310.5	296.0	4.9
Operating profit %	22.3	21.8	
Profit before tax	298.7	274.2	8.9
Profit for the period	251.8	240.7	4.6
Earnings per share, EUR	1.87	1.80	3.6
Equity ratio, %	73.8	70.8	
Cash flow from operating activities	364.4	283.4	28.6
Gearing, %	-19.7	-16.9	
Interest-bearing net debt	-287.4	-209.7	
Capital expenditure	105.6	101.7	3.8

- The fourth quarter exceeded our expectations
- Russia was the biggest contributor to the growth in sales in Q4
- Winter season started early and continued strongly
- Production volumes higher than last year
- Productivity continued to develop positively
- Raw material costs started to increase as forecasted
- Investments in 2016 amounted to 105.6 M€, 2017 estimate 190 M€

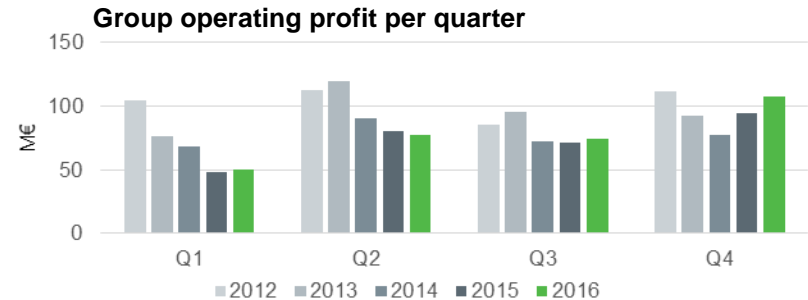
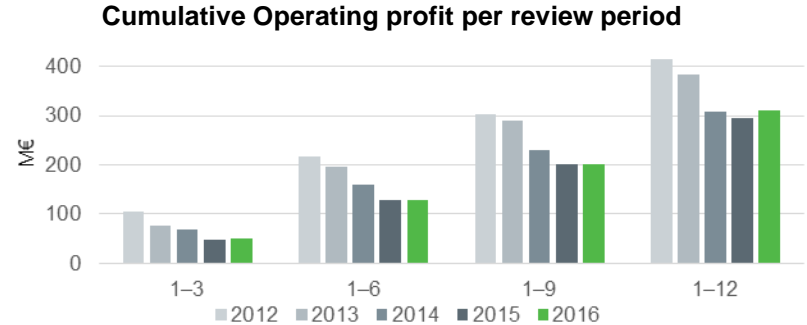
# Group Operating profit per quarter 2012–2016

## 2016

- Net sales 1,391.2 M€ (1,360.1 M€), 2.3%
- EBIT 310.5 M€ (296.0 M€), 4.9%

## 10–12/2016

- Net sales 460.7 M€ (422.3 M€), 9.1%
- EBIT 108.5 M€ (94.8 M€), 14.4%





# Business units 2016

Profitability remained at a good level

## Passenger Car Tyres

- Net sales: 981.1 M€; +3.1%
- EBIT: 305.8 M€; +7.1%
- EBIT margin: 31.2% (30.0%)

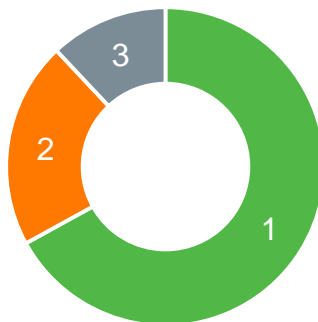
## Vianor

- Net sales: 334.8 M€; +2.2%
- EBIT: -8.1 M€; -330.4%
- EBIT margin: -2.4% (-0.6%)

## Heavy Tyres

- Net sales: 155.3 M€; 0.0%
- EBIT: 28.2 M€; -1.8%
- EBIT margin: 18.2% (18.5%)

Net sales 1,391.2 M€



Business units	2016	2015
1. Passenger car tyres	67%	66%
2. Vianor	23%	23%
3. Heavy Tyres	11%	11%



New Nokian Hakkapeliitta 9

# New products

New summer tyres for Nordic countries, Russia and Central Europe  
UHP All-Season tyre – all year round

## **Nokian Hakka Blue 2 – safe and balanced performer on rain-soaked roads**

- Premium summer tyre for Nordic countries and Russia

## **Nokian Rockproof – Ultimate durability**

- A new, strong special tyre for demanding professionals. Offers extreme durability for professional driving and off-road enthusiasts globally
- Nokian Rockproof is available in Europe and North America

## **Nokian zLine All-Season (A/S) – first class performance all year round**

- New premium All-Season tyre providing excellent mileage and fuel saving benefits and responds well to changing road conditions all year round

## **Tyres for Central Europe – strengthening competitiveness**

### **Nokian eLine 2 – Advanced safety and greener mobility**

- The new AA-rated summer tyre ensures reliable top performance under all weather conditions

### **Nokian iLine – Lightly rolling safety for varying weather**

- Especially for drivers who desire an enjoyable driving feel as well as uncompromising safety for any weather

## **Nokian Weatherproof All-Weather product family**



# New products 2017

New winter tyres for Nordic countries, Russia and North America

## Top class winter tyre expertise

**New Nokian Hakkapeliitta 9 and Nokian Hakkapeliitta 9 SUV** premium winter tyres for Nordic countries, Russia and North America

- The unique, patented **Nokian Tyres Functional Stud Concept** is at the heart of the new product



**New Nokian Nordman 7 and Nokian Nordman 7 SUV** studded tyres for Nordic countries, Russia and North America

- The reliable winter grip and soft road contact are ensured by **Air Claw Technology**

**Robust Nokian Hakkapeliitta 44** winter tyre is the newest top-of-the-line product resulting from the cooperation between Nokian Tyres and Arctic Trucks



# Nokian Tyres' retail network

Vianor, NAD, N-Tyre – +286 outlets in 2016

## Vianor – 1,501 stores in 27 countries

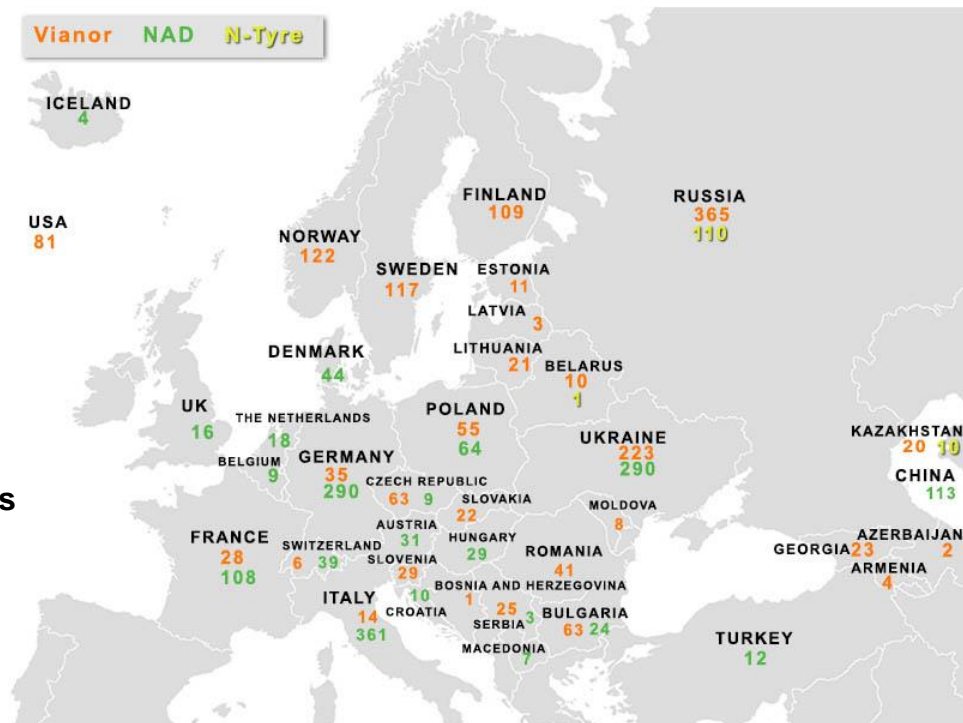
- 212 equity-owned, 1,289 partners
- Total +26 stores in 2016
- largest tyre chain in Nordic and Baltic countries:**  
383 stores (+27 in 2016)
- largest tyre chain in Russia and CIS:**  
655 stores (-51 in 2016)
- expansion to Central Europe:**  
382 stores (+45 in 2016)
- expansion to USA:**  
81 stores (+5 in 2016)

## Nokian Tyres Authorized Dealers (NAD) – 1,481 stores

- in 19 European countries and China
- increase of 242 stores in 2016

## N-Tyre – 120 stores

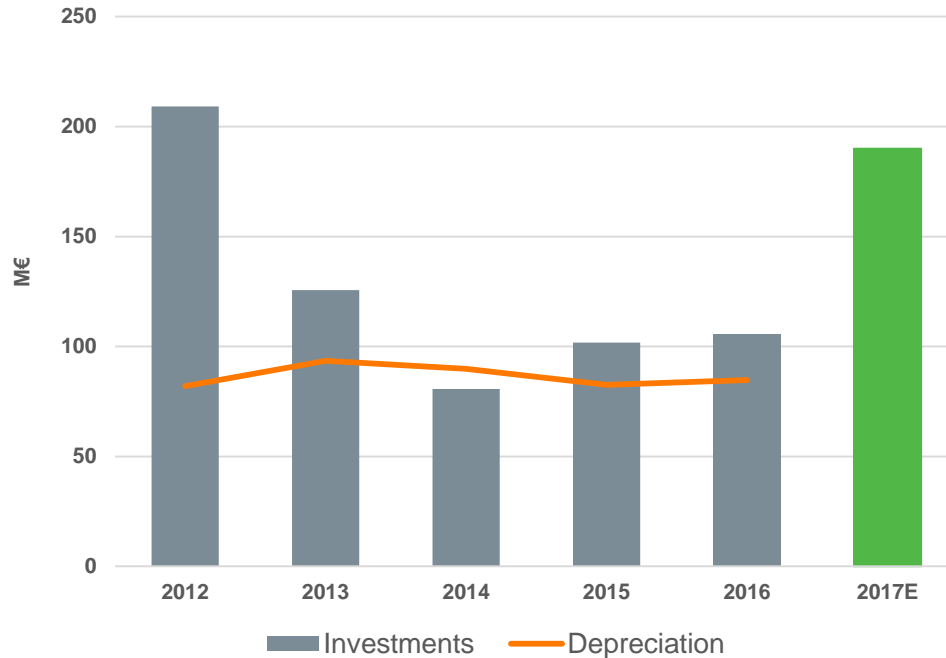
- in Russia and the CIS
- increase of 18 stores in 2016





# Total investments 2017E: 190 M€

Investments 105.6 M€ in 2016



## Investments 2017E:

**Expansion of the Vsevolozhsk factory capacity and investments in the automation**

- Capacity 15.5 M tyres → 17 M tyres
- Total 83 M€

**Nokia factory and global development projects**

- Total 78 M€

**Heavy Tyres, sales companies and Vianor chain**

- Total 29 M€

# The investment of the third factory

- The operative management has presented the plans regarding the third factory to the Board of Directors.
- The matter is under further investigation.
- The decision is to be made during spring 2017.



1. Nokian Tyres in brief
2. General overview 2016

### 3. Outlook and guidance 2017



# Outlook 2017

## Back to profitable growth

### Nokian Tyres' assumptions

- Markets
  - New car sales growth 2% in Europe
  - New car sales in Russia to increase by 5–10%
- Passenger car tyre markets
  - Demand in CE, North America, and the Nordic countries to grow
  - Demand in Russia (sell-in) to increase by 5–10%
- Raw material cost (€/kg) estimated to increase by approximately 15–20% in 2017 vs. 2016
- Investments approximately 190 M€ in 2017
- Heavy tyre market demand stable in Nokian Tyres' core product groups
- Nokian Tyres financial position remains solid

### Outlook 2017

- Nokian Tyres' position expected to improve in all key markets. In Russia, the company expects to retain and further strengthen its market position in the A + B segments in 2017.
- New flagship products will strengthen Nokian Tyres' position in core markets.
- Rapidly growing raw materials costs will force the global tyre industry to increase prices in 2017.
- Profitability supported by efficient cost structure and productivity on the back of high share of Russian production.

### Year 2017 guidance

- In 2017, with the current exchange rates, net sales and operating profit are expected to grow by at least 5% compared to 2016.



A low-angle photograph of a silver car's front left wheel and headlight on a cobblestone street. In the background, there is a modern glass building, green trees, and a cloudy sky. A green banner with the Nokia Tyres logo is in the top left corner, and the text 'Thank you!' is in the bottom right corner.

**nokia<sup>®</sup>**  
**TYRES**

***Thank you!***