

# BALANCED FINANCIAL TARGETS

supporting EUR 2 billion ambition

September 9, 2021

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CFO

nokian®  
TYRES

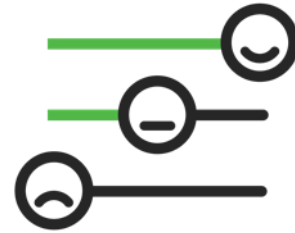
# WE HAVE BALANCED FINANCIAL TARGETS FOR LONG-TERM SHAREHOLDER VALUE

**GROWING  
FASTER THAN  
THE MARKET**



Net sales  
**EUR 2 billion**

**HIGH RETURNS &  
PROFITABILITY**



Segments Operating Profit  
& Segments ROCE  
**at the level of 20%\***

Asset velocity ~ 1,0

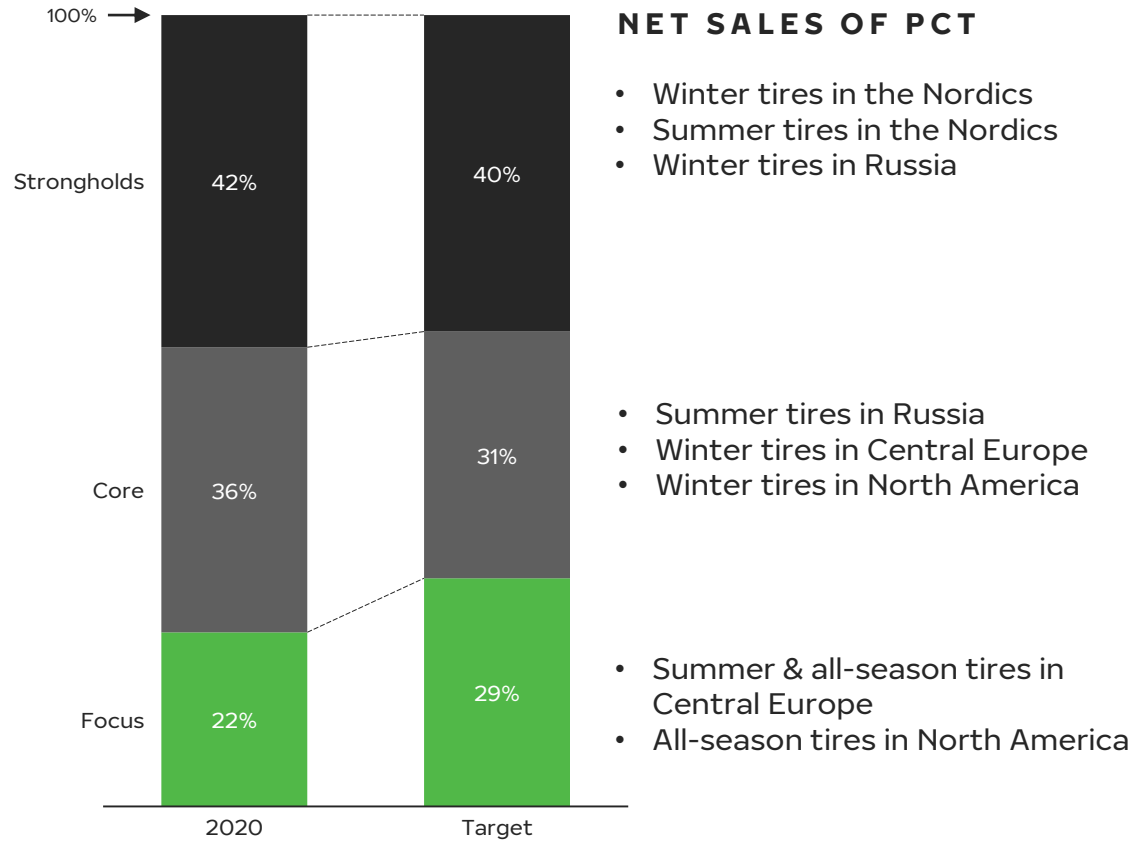
**GROWING  
ORDINARY  
DIVIDEND**



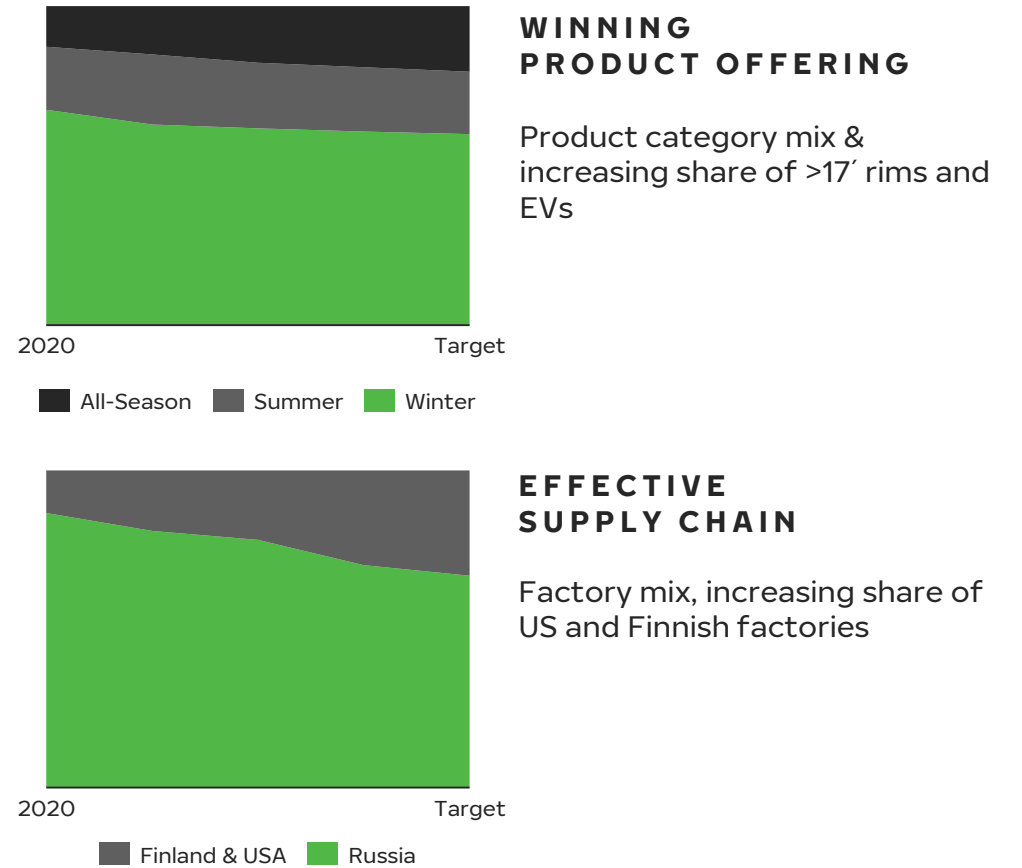
**>50%**  
of net earnings

*\*Using constant currency rates of H1/2021  
and key factor being Russian ruble*

# EUR 2 BILLION GROWTH PLAN AND DIVERSIFYING PORTFOLIO IMPROVES OUR RISK ADJUSTED RETURN



Directional mix development in Passenger Car Tyres



Directional development in Passenger Car Tyres

# PRICING IN THE FOCUS - MITIGATING THE IMPACT OF COST INFLATION

## Current Passenger Car Tyres performance decomposition

REGION NET-ASP\*

- Nordics
- North America
- Group, CE
- Russia

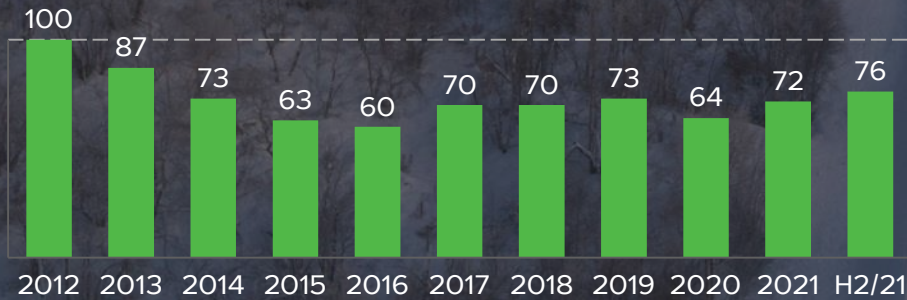
REGION GM %

- Nordics
- Russia, CE
- Group
- North America

CATEGORY GM %

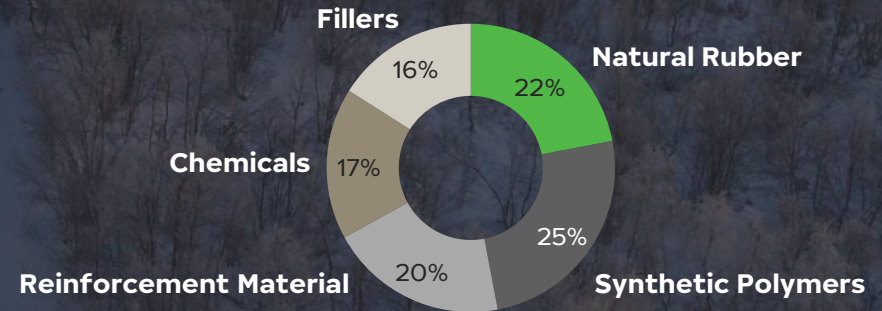
- Winter
- Group
- Summer
- All-season

MATERIAL COST DEVELOPMENT



Index 100 = 2012 Incl. currency impact

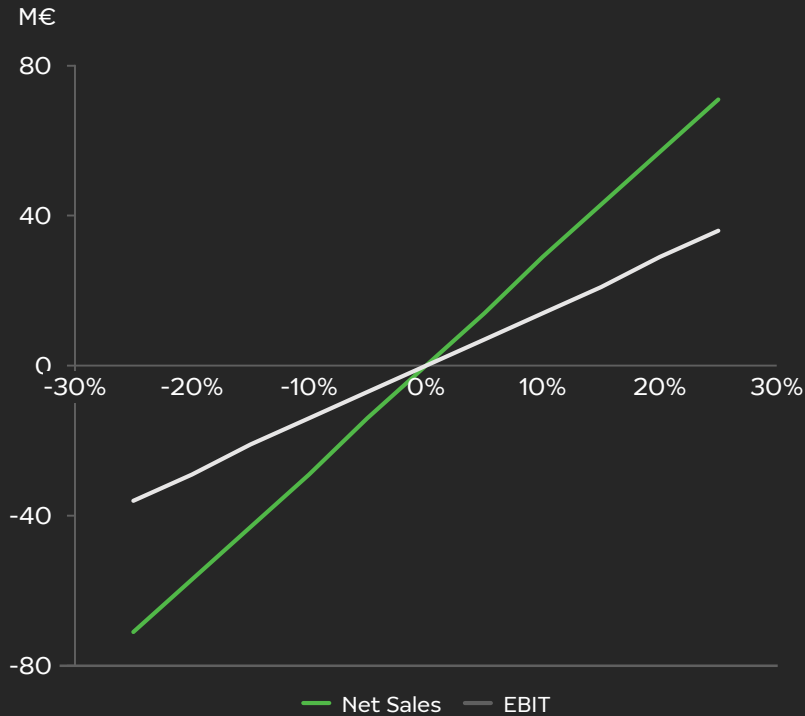
RAW MATERIAL COST



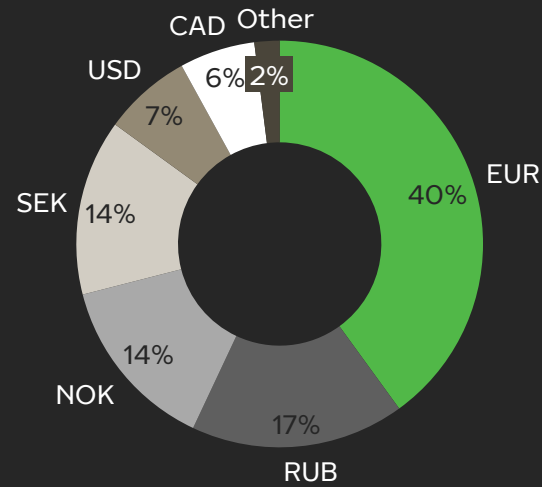
# RUSSIAN RUBLE HAS A SIGNIFICANT IMPACT ON OUR PERFORMANCE

## Key currency sensitivities

RUBLE FX IMPACT ON NET SALES & EBIT M€



NET SALES BY CURRENCY 2021



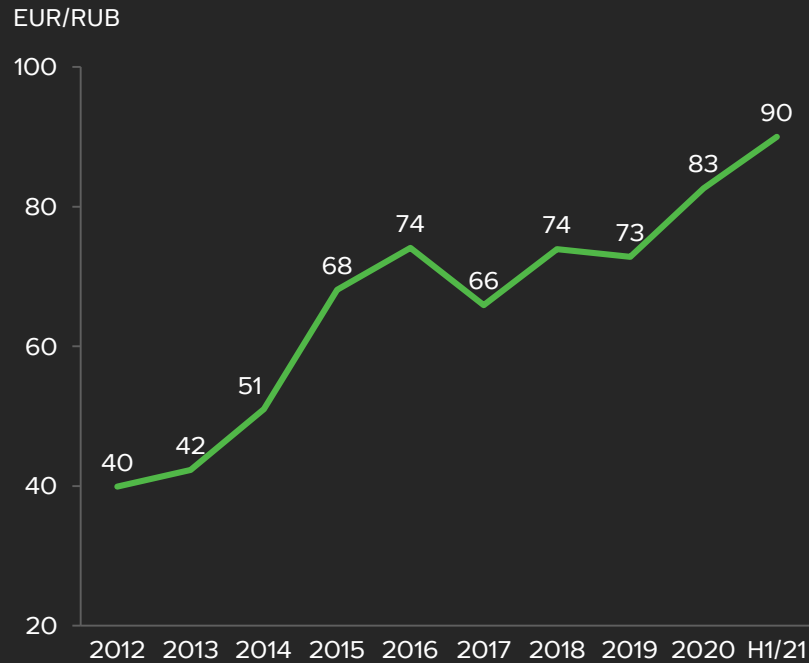
FX IMPACT ON EBIT M€



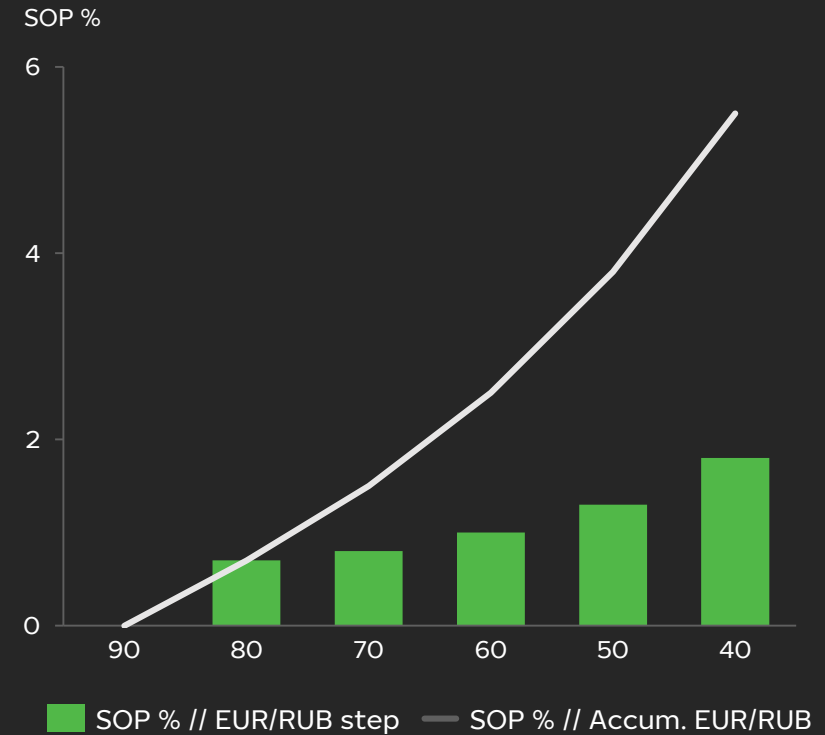
- Ruble has been the most volatile currency in the past decade
- USD impact is opposite to other currencies because of the net short position of USD due to raw material purchases

# ILLUSTRATIVE SENSITIVITY IMPACT OF RUSSIAN RUBLE ON GROUP PROFITABILITY

EUR/RUB DEVELOPMENT  
2012-2021



FX IMPACT ON SEGMENTS  
OPERATING PROFIT %

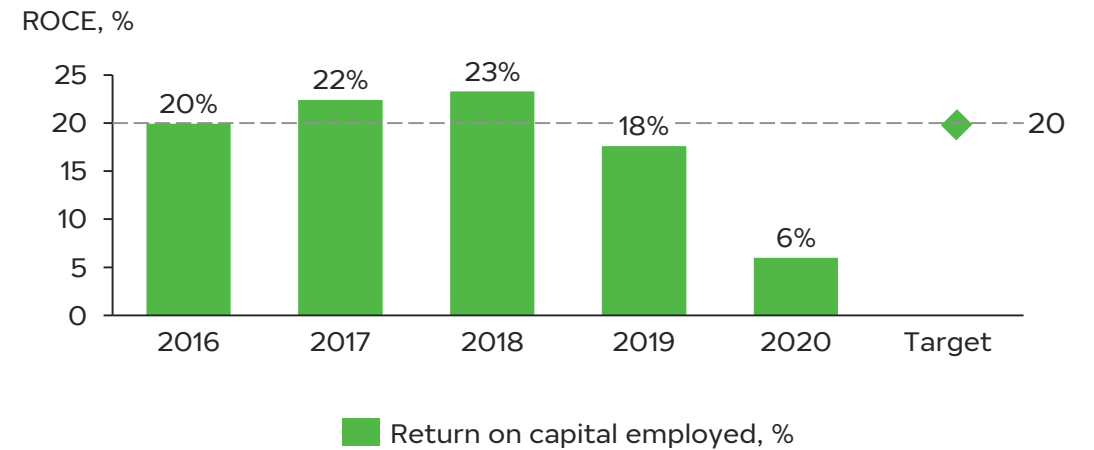
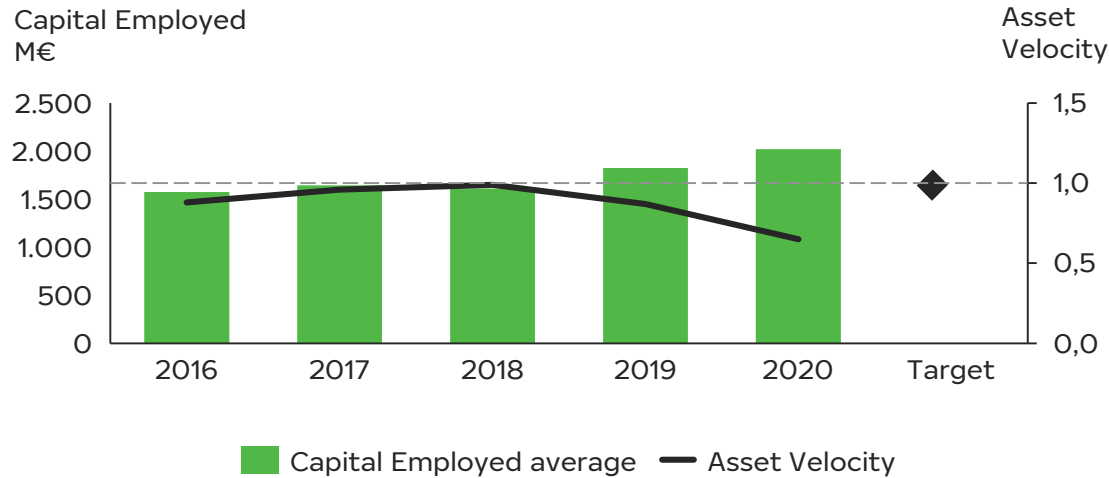


- Russian ruble has weakened against euro since 2012
- Graph shows the impact on profitability with different Russian ruble exchange rates

- Illustrative impact is based on several assumptions such as:
  - Share of Russian sales volume at the average annual level
  - Production volume of Russia factory at the current level

# MAJOR PART OF INVESTMENT PHASE COMPLETED, GROWTH CONTINUES

Resilient growth, profitability and asset velocity performance



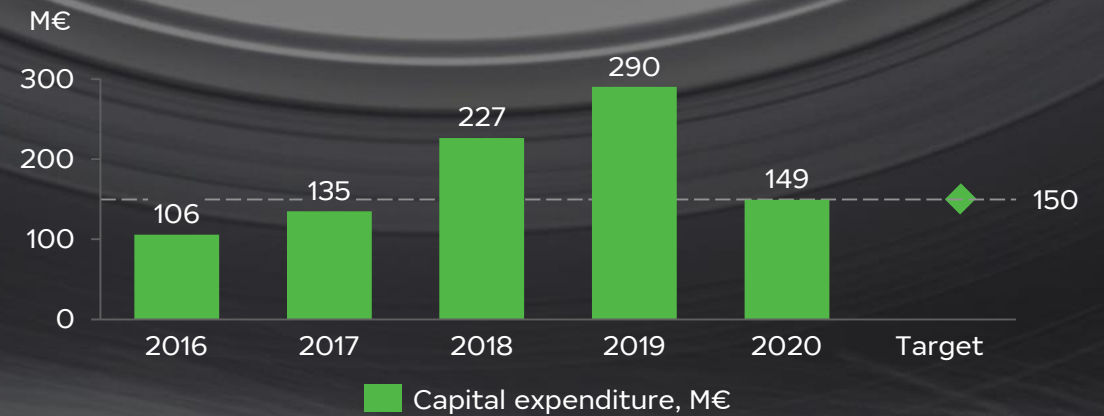
# SUSTAINED ROBUST CASH FLOW AND CASH CONVERSION

Provides various options to create shareholder value

## FREE CASH FLOW COMPONENTS

Segments Operating Profit	At the level of 20%*
Depreciation	Approx. 9% of net sales
Working capital, net	Improved rotation
Income taxes paid, net	Approx. 19% of PBT
Capex	Approx. 150 Meur

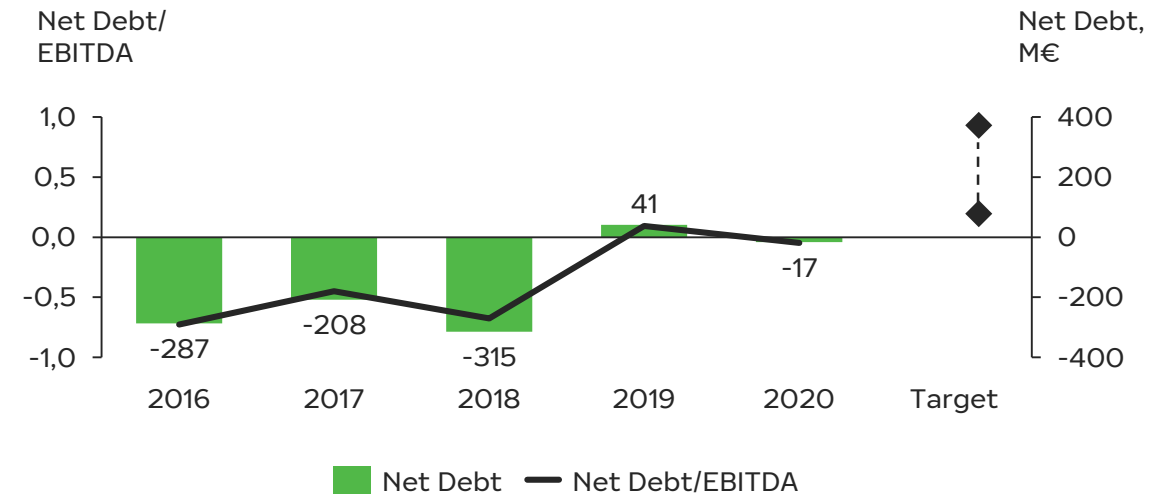
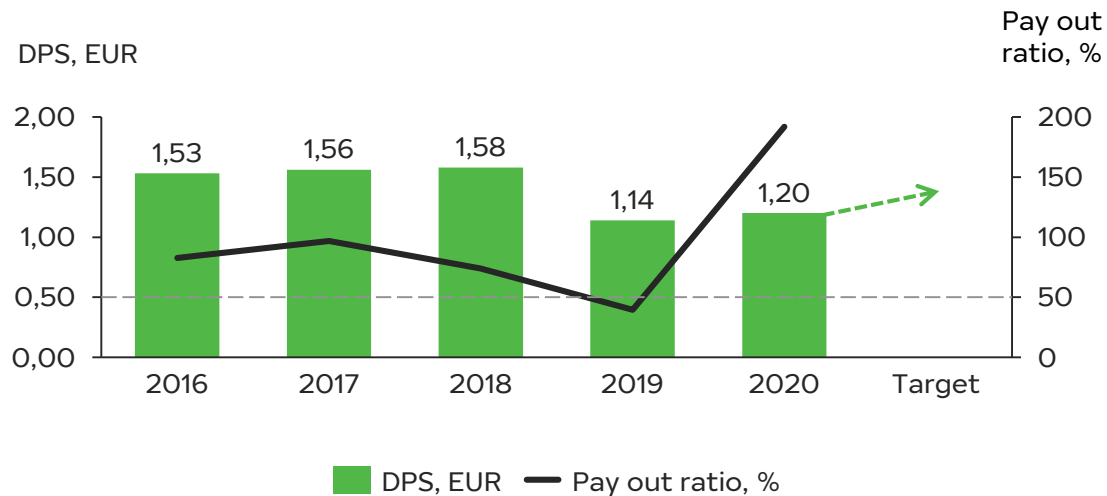
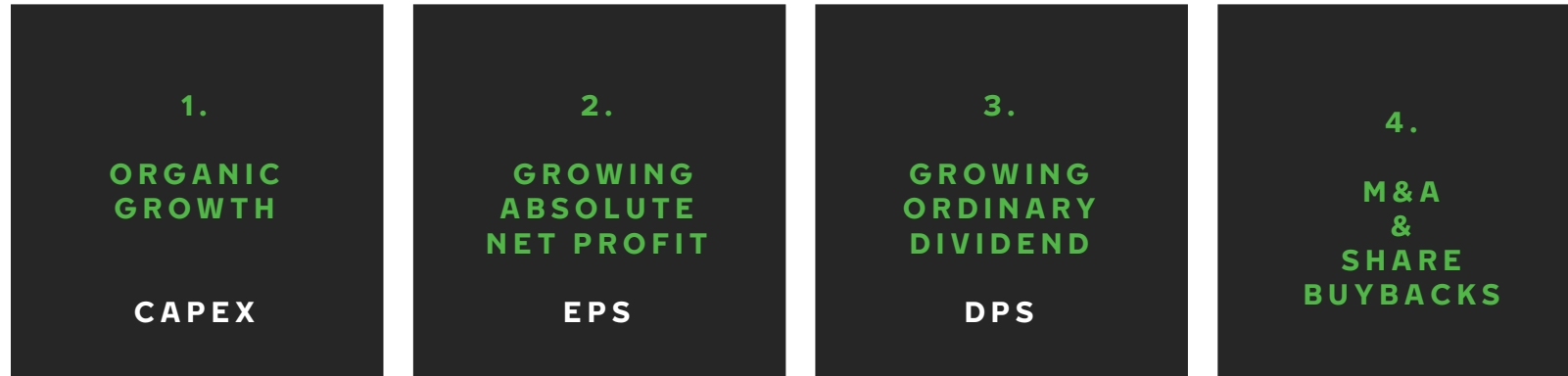
\*Using constant currency rates of H1/2021 and key factor being Russian ruble



- Segment Operating Profit being on a strong level
- Focusing on the balance sheet efficiency and improving working capital rotation
- Income taxes paid as a % of profit before taxes being stable
- Capex level being approx. 150 Meur
  - Normalized level ~120 Meur, 30 Meur being debottlenecking of supply operations



# WE CONTINUE TO DELIVER SUSTAINABLE SHAREHOLDER VALUE WITH BALANCED CAPITAL ALLOCATION



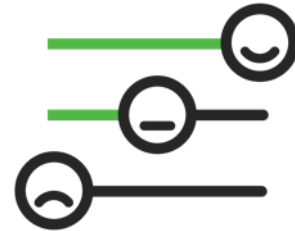
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A romantic couple in winter attire embracing in a snowy landscape. A dark car is parked on the snow, with a close-up of a tire showing a white grid-like tread pattern. The scene is set against a soft, golden sunset sky. The text 'nokia TYRES' is overlaid in the center.

**nokia<sup>®</sup>**  
**TYRES**