



ENTERING OUR NEXT PHASE OF GROWTH

NOVEMBER 13, 2018

HILLE KORHONEN
PRESIDENT & CEO

nokian[®]
TYRES



**NOKIAN TYRES IS A LIFE
DRIVEN COMPANY.
OUR MISSION IS TO GIVE
YOU PEACE OF
MIND IN ALL CONDITIONS.**

OUR THREE-YEAR PLAN

1. NOKIAN TYRES HAS A STRONG PLATFORM FOR GROWTH
2. HIGH-MARGIN WINTER TIRES CONTINUE TO BE OUR CORE BUSINESS
3. WE WILL SEIZE THE OPPORTUNITY FOR GROWTH IN RUSSIA, CENTRAL EUROPE AND NORTH AMERICA AND IN OTHER WINTER AREAS
4. WE WILL CONTINUE TO DELIVER PROFITABLE GROWTH, AHEAD OF THE MARKET

NOKIAN TYRES TODAY

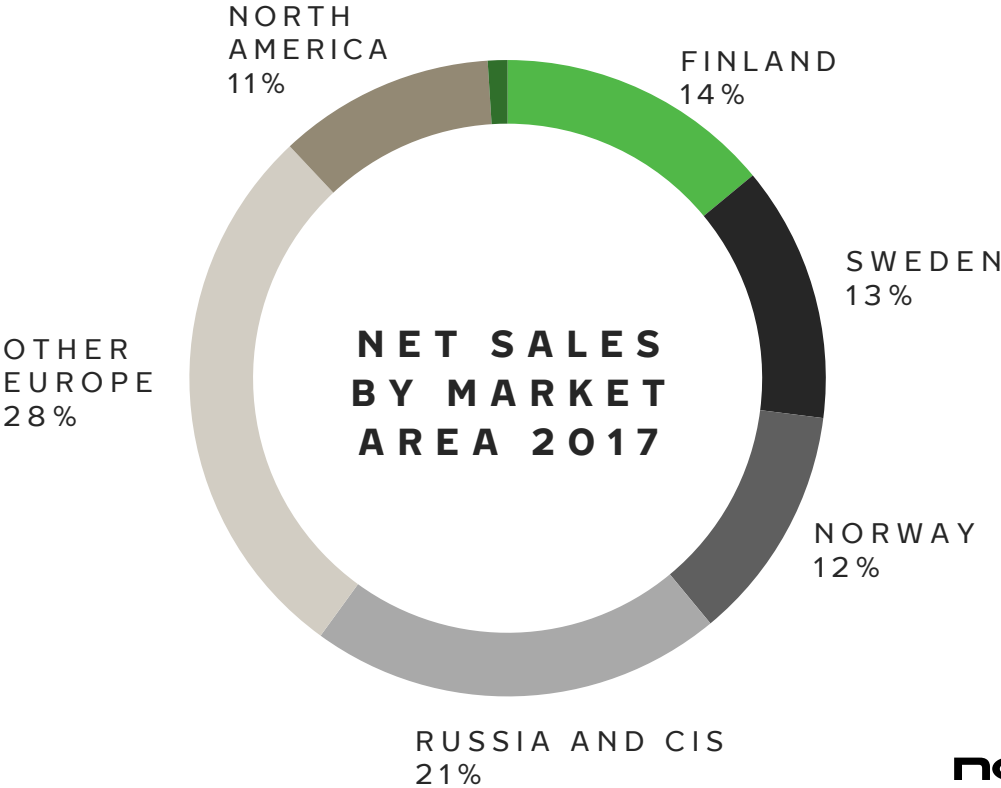
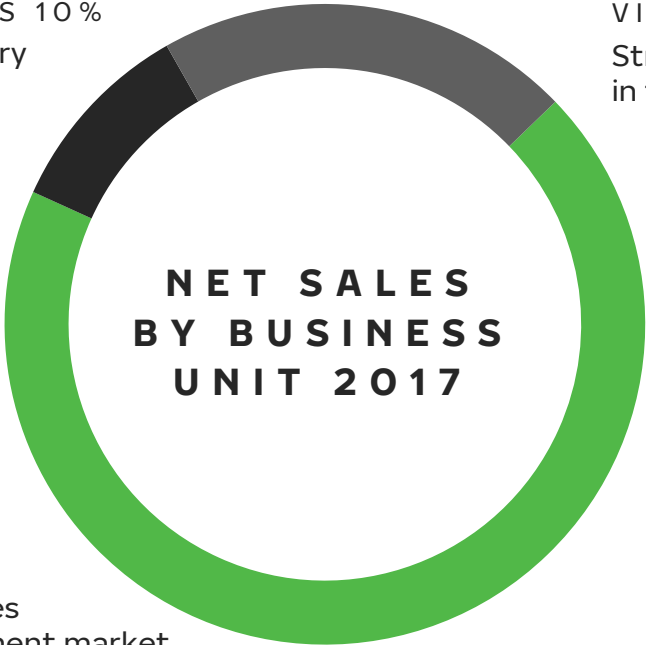
One of the most sustainable tire companies in the world, included in DJSI World and DJSI Europe

NET SALES EUR 1,572.5 million	EBIT EUR 365.4 million	PERSONNEL 4,630
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HEAVY TYRES 10 %
Strong in forestry
and agriculture

VIANOR 21%
Strong distribution
in the Nordics

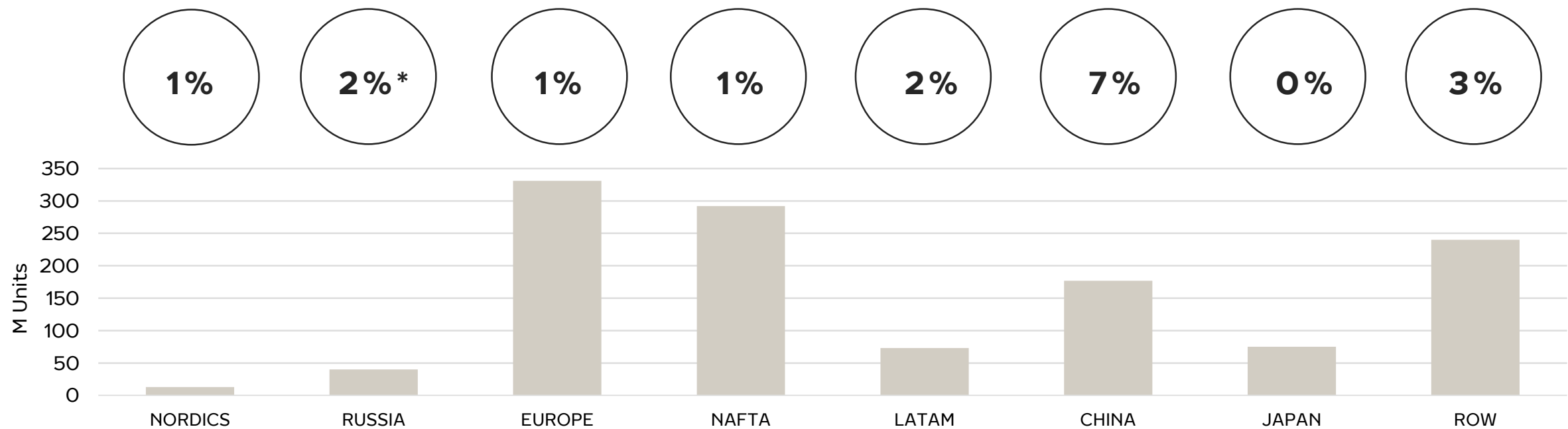
PASSENGER
CAR TYRES
69 %
70 % winter tires
100 % replacement market



REPLACEMENT TIRE MARKET SHOWING SLIGHT GROWTH

As a niche player, Nokian Tyres grows faster than the market

Market forecast E2018-E2021, CAGR



Source: LMC%

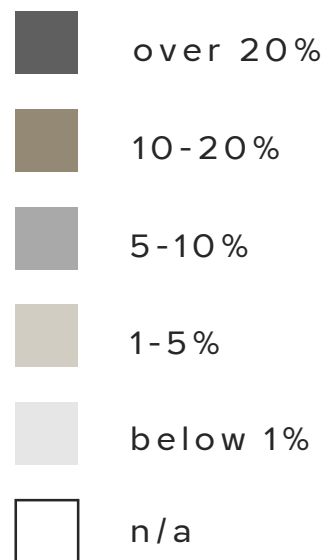
*Management estimate is 6%

Targeting a 270 million unit market

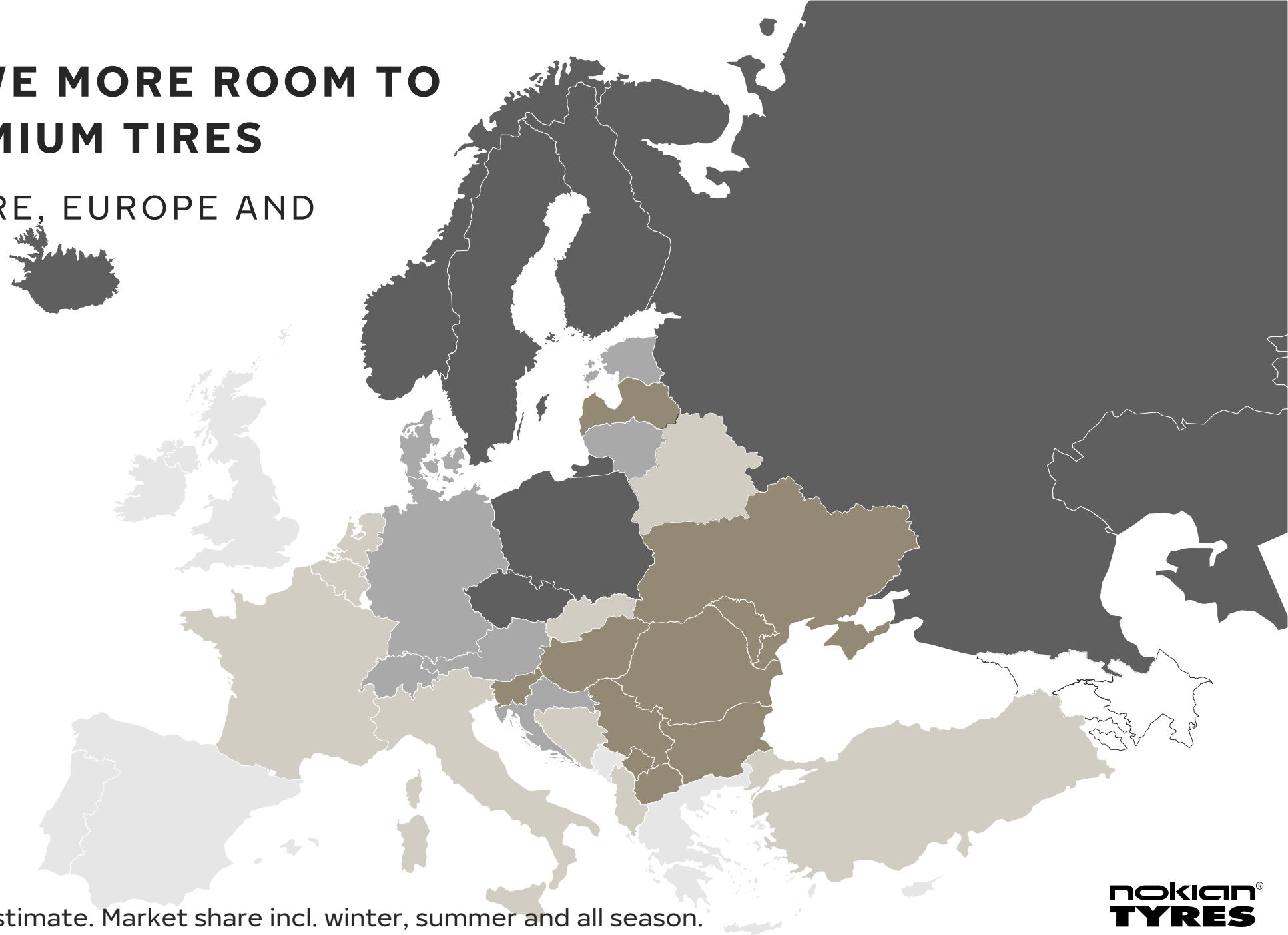


... AND WE HAVE MORE ROOM TO GROW IN PREMIUM TIRES

OUR MARKET SHARE, EUROPE AND RUSSIA



NORTH AMERICA



A photograph of a winding asphalt road through a dense forest. Sunlight filters through the tall trees, creating a bright path of light down the center of the road. The trees are dark green and the overall atmosphere is serene and forward-looking.

**WE HAVE A
STRONG
PLATFORM
FOR
GROWTH**

OUR SUCCESS IS BUILT ON SIX DIFFERENTIATORS

OUR DIFFERENTIATORS

**SAFEST TIRES FOR ALL
CONDITIONS**

**CONSUMER-TRUSTED
PREMIUM BRAND**

**PREFERRED PARTNER
FOR CUSTOMERS**

**FORERUNNER IN
SELECTED SPECIALTY
TIRE PRODUCTS**

**RESPONSIVE AND
EFFICIENT SUPPLY
CHAIN**

**HIGH-PERFORMING
ENGAGED TEAM**

SAFEST TIRES FOR ALL CONDITIONS

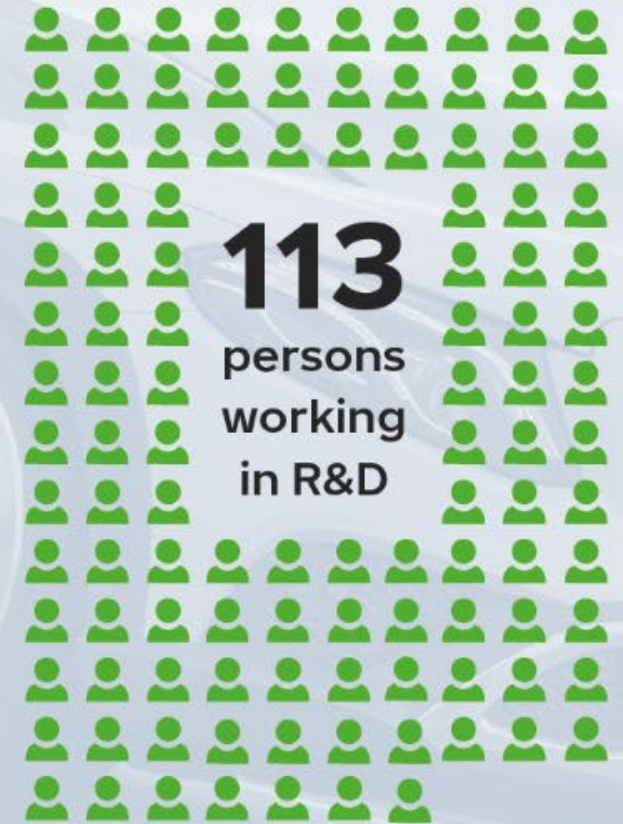
Competitive
NEW PRODUCTS
for all main markets



R&D is guided by the principles
of **SAFETY, SUSTAINABILITY** and
INNOVATION

Each year over
7,000,000
kilometres of testing

THE DEVELOPMENT OF AN ENTIRELY
NEW PASSENGER CAR TIRE TAKES
2-4 years



INNOVATIONS:

- ✓ **DOUBLE STUD CONCEPT** in Nokian Hakkapeliitta 9
- ✓ **DUAL SAFETY ZONE CONCEPT** in new Nokian Powerproof and Nokian Wetproof
- ✓ The world's first winter tire with **RETRACTABLE STUDS** (concept tire)
- ✓ The world's first winter tire with **CLASS A ENERGY LABELLING**

STATE OF THE ART TESTING CAPABILITIES



White Hell in Ivalo, Finland

- The 700 hectare testing area is the world's largest and most versatile winter tire testing area

New testing center to be built in Spain

- The 300 hectare testing area will have 10+ test tracks
- Allows year-round testing of summer, all season and winter tires
- Boosting especially UHP and ecofriendly tire development
- Fully operational in 2020

PREFERRED PARTNER FOR CUSTOMERS

- BUILDING CONSUMER-TRUSTED PREMIUM BRAND

**PEACE
OF MIND**

**PREMIUM
CONSUMER**
**AWARE, READY,
WILLING &
ABLE**

**RIGHT
PRODUCT**

**RIGHT
CHANNEL**
Vianor 1,393
NAD 1,960
N-Tyre 124

**RIGHT
COMPANY**



WE HAVE A RESPONSIVE AND EFFICIENT SUPPLY CHAIN...

Securing superior service level throughout the seasons

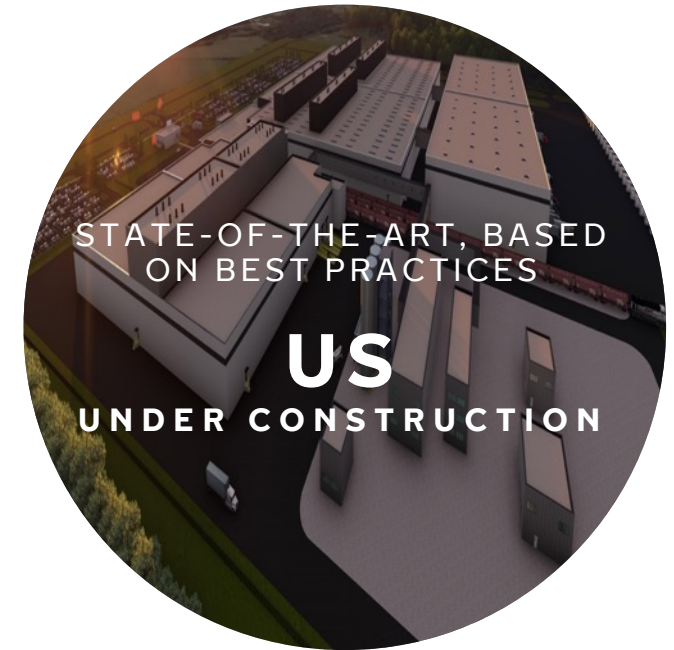


Passenger car tire capacity 3M tires
(4M in 2019), approx. 16% of total

Heavy tires' own production 20 Mkg
(32 Mkg in 2020)



Passenger car tire capacity 17M tires,
approx. 84% of total



Passenger car tire capacity 1M tires
in 2020, 4M in 2022

...AS WELL AS A HIGH-PERFORMING ENGAGED TEAM

Unifying our way of working

**AGILE AND
SCALABLE
ORGANIZATION**

**HAKKAPELIITTA
SPIRIT AND
MODERN
WORKING
CULTURE**

**TOWARDS
GLOBAL
PROCESSES
AND IT**

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OUR DIFFERENTIATORS

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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 five years

We double our sales in North America in five years

Our tires are available in all major winter tire markets

We increase the EBITDA of Vianor (own) to +3% by the end of 2019

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

OUR AMBITION: WE ARE THE MARKET LEADER IN SELECTED SEGMENTS IN THE NORDIC COUNTRIES

Strong market presence
in all channels

the Nordic
countries

STATUS TODAY

- A big winter tire market and our home market
- Strong market position with high brand awareness
- Solid distribution setup

KEY INITIATIVES

- Leading product portfolio both in winter and summer segments
- Superior service level
- Vianor, strong own distribution channel

OUR AMBITION: WE ARE THE MARKET LEADER IN SELECTED SEGMENTS IN THE NORDIC COUNTRIES

Example: Vianor has
a wide footprint in
the Nordic countries



the Nordic
countries

OUR AMBITION: WE ARE THE MARKET LEADER IN SELECTED SEGMENTS IN RUSSIA

STATUS TODAY

- The world's second biggest winter tire market and our home market
- Strong brand image
- Country-wide multi-channel distribution coverage, long-term partnership with distributors
- Large-scale, highly efficient local production provides a strong competitive advantage

KEY INITIATIVES

- Winning market share in A+B segments
- Further development of direct distribution in selected regions
- Effective support of customers' sell-out
- Development of direct and indirect online sales channels

Russia

OUR AMBITION: WE INCREASE OUR SALES BY 50% IN CENTRAL EUROPE IN FIVE YEARS

STATUS TODAY

- Biggest winter tire area, with already strong Nokian Tyres presence in Eastern Europe
- Low market share - room to grow in selected segments and markets
- Our premium products and brand are well-aligned with regional consumer preferences

KEY INITIATIVES

- Market-relevant products
- Building selective distribution in focus markets
- Brand building through Vianor partners, NADs and focused marketing

Central
Europe

Our ambition: We increase our sales by 50% in Central Europe in five years

EXAMPLE: MARKET-RELEVANT PRODUCT PORTFOLIO

NOKIAN POWERPROOF AND NOKIAN WETPROOF

- The development took over four years and included versatile testing, e.g. Nokian Powerproof over 800,000 km of road testing
- The unique Dual Zone Safety concept ensures an excellent combination of dry and wet performance
- Nokian Powerproof in the top tier of passenger car summer tires: the UHP category
- Products will be available in spring 2019



Central
Europe

The F1 World Champion
Mika Häkkinen is also part
of our R&D team

nokian
TYRES

OUR AMBITION: DOUBLE OUR SALES IN NORTH AMERICA IN FIVE YEARS

STATUS TODAY

- After 30 years of market presence, a solid position in the Canadian winter tire market
- Premium winter tire brand known for superior technical performance
- Consumer segment valuing safety and sustainability

KEY INITIATIVES

- Expanding our market-relevant product offering
- Extending the geographic footprint by partnering with key retailers/independent distributors in all season markets
- Starting in 2020, local manufacturing will improve our service throughout North America

North
America

OUR AMBITION: OUR TIRES ARE AVAILABLE IN ALL MAJOR WINTER TIRE MARKETS

Japan and China are potential future
growth markets for Nokian Tyres

All major
winter tire
markets

FUTURE POTENTIAL

- Northern China has a sizable and growing premium winter tire market
- Japan has an established winter tire market, which offers a good strategic fit with our product portfolio and brand

KEY INITIATIVES

- Building distribution and logistics setup in selected areas in China
- Distribution partnership in Japan

— OUR AMBITION: TARGETING 3% EBITDA OF NOKIAN TYRES OWNED VIANOR BY THE END OF 2019

STATUS TODAY

- Unleashing the full potential of Vianor as a market-leading tire chain
- Shifting focus from expansion to profitable growth
- Vianor supports Nokian Tyres home market position

KEY INITIATIVES

- Focus on operational efficiency
- Improve fixed cost management
- Optimize service center network
- Improve sales and pricing management
- Reform Vianor partner concept

Vianor

OUR AMBITION: WE INCREASE THE SALES OF HEAVY TYRES BY 50% IN FOUR YEARS

STATUS TODAY

- \$26bn global market with CAGR of 5% 2017-2022
- A long history of niche innovation in Forestry and Agriculture, together with OE customers
- Market leader in Forest CTL
- Industry leading productivity

KEY INITIATIVES

- Capacity expansion 20 Mkg → 32 Mkg
- More than 200 new products by 2022 with new technologies
- Focus markets: the Nordic Countries, Central Europe and North America
- Focus segments: Forestry, Agriculture and Off-The-Road (OTR)
- Grow in aftermarket

Heavy Tyres



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PEACE OF MIND IN ALL CONDITIONS

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