

# BUILDING THE NEW NOKIAN TYRES ON TRACK

HALF YEAR FINANCIAL REPORT JANUARY-JUNE 2023

JULY 21, 2023

JUKKA MOISIO - CEO  
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**nokian<sup>®</sup>**  
**TYRES**



# STRATEGIC PROJECTS PROCEEDING AS PLANNED

- In Romania, building work underway at the factory site
  - Building permit received, groundbreaking in May 2023
  - Main equipment ordered already in 2022
  - First tires in H2/2024, commercial production in 2025
  - Application for an investment subsidy of up to EUR 99.5 million under EU review
- In Finland, passenger car tire capacity increased and in use
- In the US, ramp-up of the factory proceeding
  - Equipment installations ongoing, new production lines will be started by the end of the year
  - 125 new employees hired to production
- Contract manufacturing volume of ~1.5 million secured for 2023
  - First winter and all-season tires to the Central European market in H2/2023



# PROFITABILITY IMPROVED IN Q2

- **Segments net sales EUR 293.1 million (332.3), -7.3% with comparable currencies**
  - Lower passenger car tire supply volumes
  - Demanding car and tire market environment, incl. currency headwinds
- **Segments operating profit EUR 15.2 million (0.9)**
  - Price increases to combat cost inflation, leading to higher ASP
- **Segments EBITDA EUR 41.3 million (25.9)**
  - 14.1% (7.8) of segments net sales



# BUILDING THE NEW NOKIAN TYRES ON TRACK

EUR million	4-6/23	4-6/22	Change	CC* Change	1-6/23	1-6/22	Change	CC* Change	2022
Segments net sales	<b>293.1</b>	332.3	-11.8%	-7.3%	<b>529.5</b>	655.2	-19.2%	-16.1%	1,350.5
Segments EBITDA	<b>41.3</b>	25.9			<b>52.5</b>	84.9			118.7
Segments EBITDA, %	<b>14.1%</b>	7.8%			<b>9.9%</b>	13.0%			8.8%
Segments operating profit	<b>15.2</b>	0.9			<b>1.1</b>	35.5			17.8
Segments operating profit %	<b>5.2%</b>	0.3%			<b>0.2%</b>	5.4%			1.3%
Segments EPS, EUR	<b>0.05</b>	-1.62			<b>-2.50</b>	-1.24			-0.86
Segments ROCE, %**					<b>-0.5%</b>	-10.6%			0.9%

Equity ratio, %					<b>60.0%</b>	63.7%			64.9%
Gearing, %					<b>16.2%</b>	14.8%			9.8%
Interest-bearing net debt					<b>219.6</b>	243.0			140.9
Capital expenditure	<b>52.8</b>	18.7			<b>87.2</b>	32.8			129.7
Cash flow from operating activities	<b>-66.7</b>	-109.4			<b>-124.3</b>	-223.7			-4.3

\* Comparable currencies

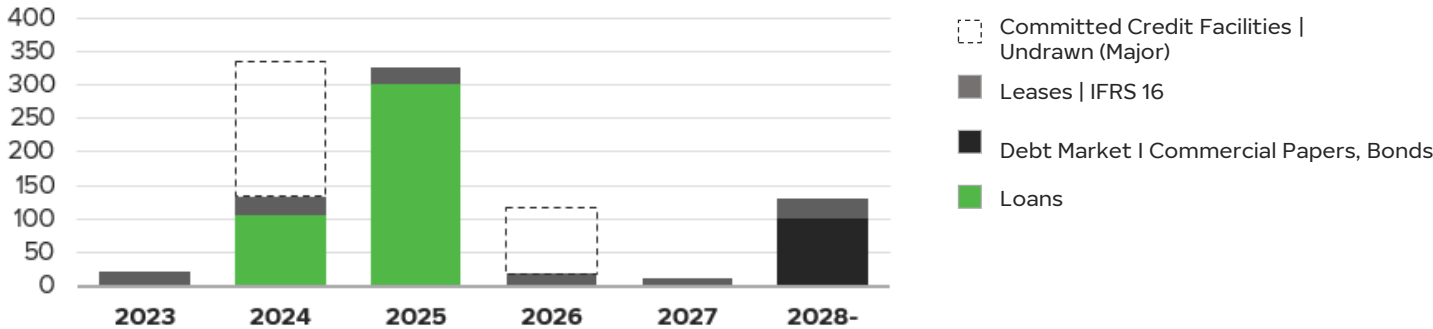
\*\* Restated rolling 12 months excluding Russia



# BUILDING DIVERSIFIED DEBT PORTFOLIO

- Committed credit limits and EUR 500 million commercial paper program in place
- EUR 300 million long-term bilateral credit facilities withdrawn in May to refinance EUR 150 million bilateral facilities and to finance investments
- EUR 100 million sustainability-linked 5Y bond issued in June
- Additional debt funding can be sourced from banks and/or debt capital markets in order to balance financing channels and to extend maturities

Maturity Structure as of Q2 2023, MEUR



## DEBT COMPOSITION AS OF Q2 2023



- Loans from financial institutions and pension loans
- Debt Market | Commercial Papers, Bonds
- Leases | IFRS 16

## Q2: PASSENGER CAR TYRES

Lower supply volumes affected net sales negatively

	4-6/ 23	4-6/ 22	Change	CC* Change	1-6/ 23	1-6/ 22	Change	CC* Change	2022
Net sales, M€	<b>152.6</b>	185.2	-17.6%	-13.6%	<b>285.9</b>	408.7	-30.0%	-27.5%	810.7
Segment operating profit, M€	<b>0.5</b>	-22.7			<b>-4.0</b>	20.3			-24.7
Segment operating profit, %	<b>0.4%</b>	-12.2%			<b>-1.4%</b>	5.0%			-3.1%

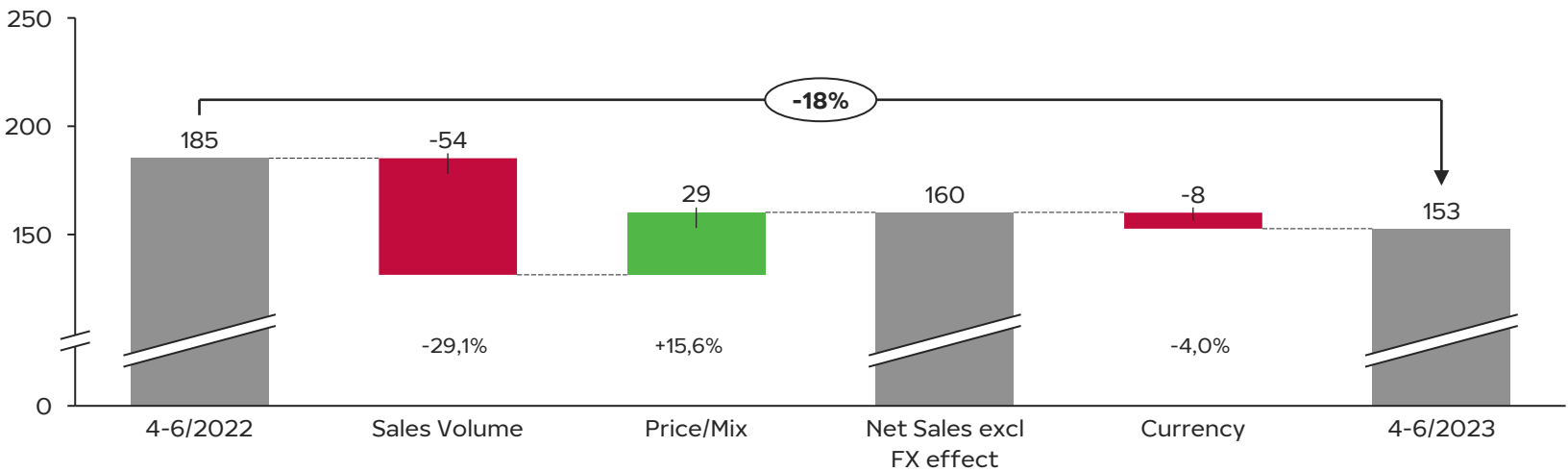
\* Comparable currencies

- Net sales decreased due to lower supply volumes, especially in Central Europe
  - ASP with comparable currencies increased strongly
  - Tire inventories in the distribution are on a high level
- Segment operating profit turned positive

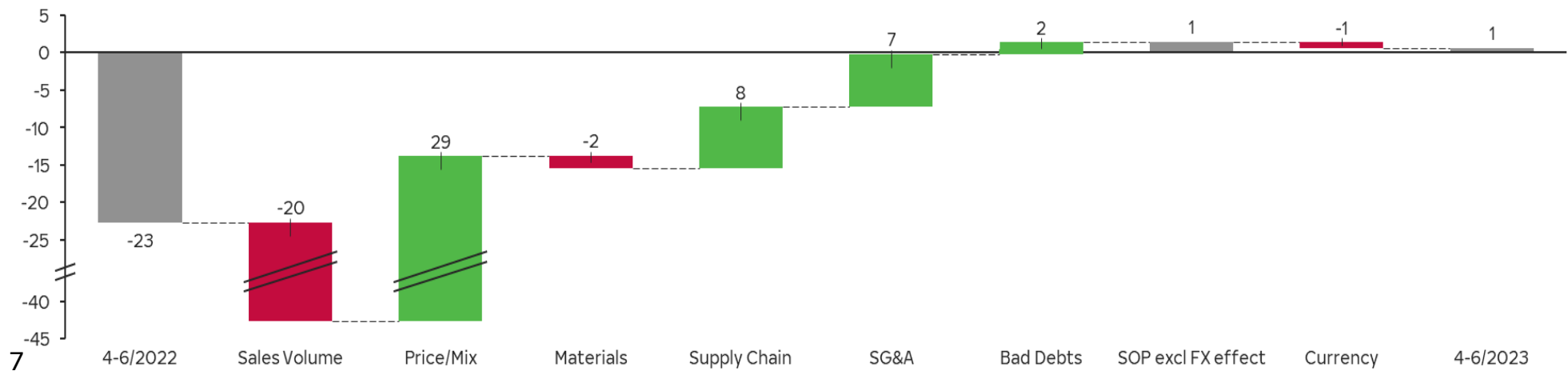
# Q2: PASSENGER CAR TYRES BRIDGE

Price/mix impacted segment operating profit positively by EUR 29 million

## NET SALES, M€



## SEGMENT OPERATING PROFIT, M€



## Q2: HEAVY TYRES

Net sales impacted by soft aftermarket

	4-6/ 23	4-6/ 22	Change	CC* Change	1-6/ 23	1-6/ 22	Change	CC* Change	2022
Net sales, M€	<b>67.5</b>	73.7	-8.4%	-6.4%	<b>135.7</b>	138.0	-1.7%	-0.4%	271.0
Segment operating profit, M€	<b>8.7</b>	16.8			<b>18.3</b>	28.9			44.1
Segment operating profit, %	<b>13.0%</b>	22.8%			<b>13.5%</b>	20.9%			16.3%

\* Comparable currencies

- Net sales decreased due to high inventory levels in the aftermarket distribution
- Segment operating profit declined due to lower volumes and cost inflation
- Production temporarily adapted during the summer break to meet the soft aftermarket demand



## Q2: VIANOR

### Stable sales performance

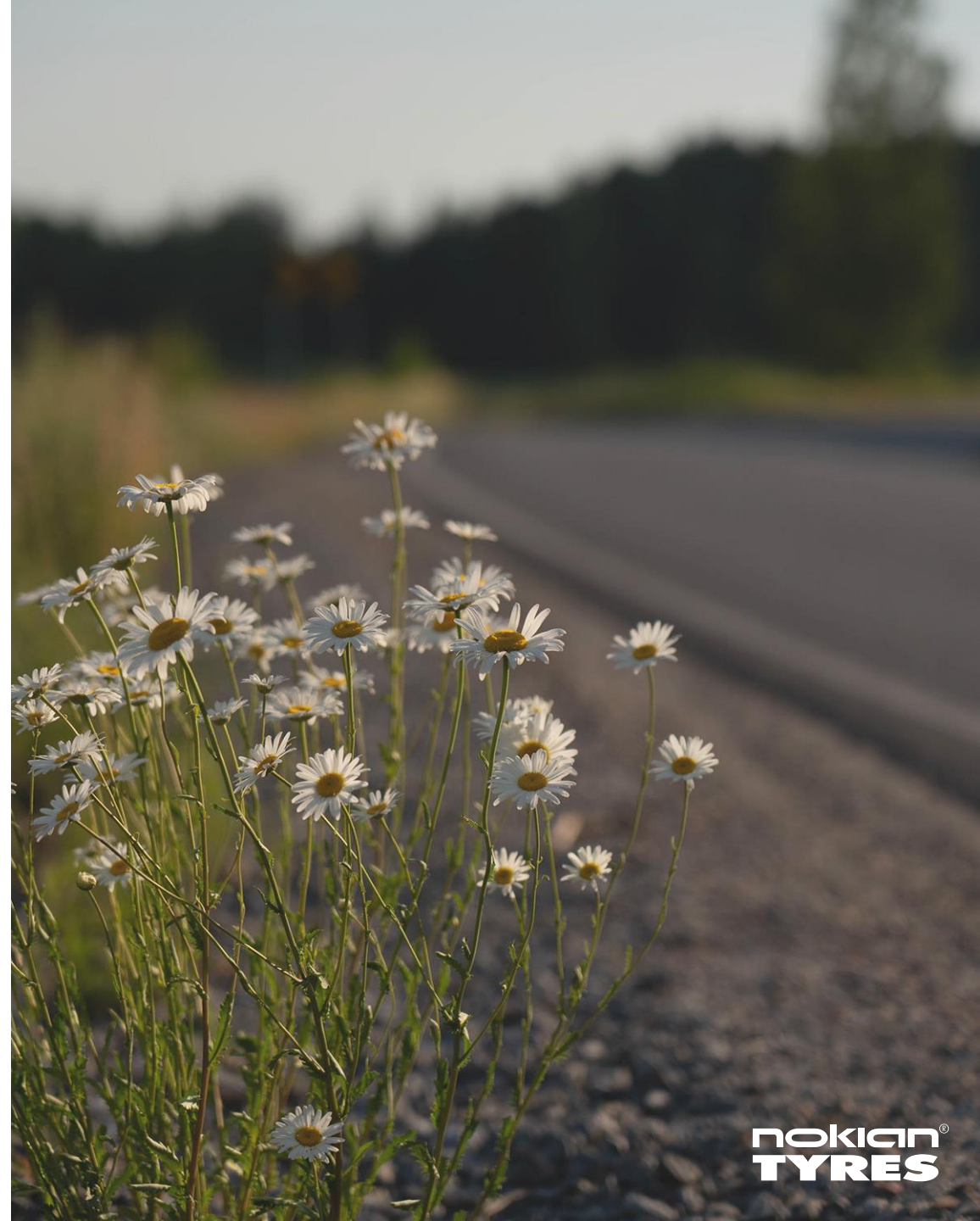
	4-6/ 23	4-6/ 22	Change	CC* Change	1-6/ 23	1-6/ 22	Change	CC* Change	2022
Net sales, M€	<b>94.4</b>	99.1	-4.7%	3.4%	<b>149.9</b>	156.2	-4.0%	3.1%	362.0
Segment operating profit, M€	<b>9.5</b>	9.6			<b>-4.0</b>	-2.5			3.1
Segment operating profit, %	<b>10.1%</b>	9.7%			<b>-2.7%</b>	-1.6%			0.9%
Number of own service centers at period end	<b>173</b>	174							173

\* Comparable currencies

- Net sales increased by 3.4% with comparable currencies
  - Significant currency headwind
- Segment operating profit was EUR 9.5 million

# TAKING STEPS FORWARD IN SUSTAINABILITY

- In March, we made a science-based commitment to achieve **Net-Zero Standard by 2050** to further reduce greenhouse gas emissions
- In May, we were awarded a **Platinum Medal from EcoVadis** for our sustainability performance, placing us in the top1 percentile of companies assessed
- In June, we issued a EUR 100 million **sustainability-linked bond**, based on the following GHG emission reduction targets:
  - Reduce Scope 1 and 2 GHG emissions intensity by 65% by 2030 from 2022 base year
  - Reduce Scope 3 GHG emissions intensity from product use by 20% by 2030 from 2022 base year



# ASSUMPTIONS FOR 2023

- The second half of the year is expected to be supported by the winter tire and all-season tire season and contract manufacturing volume.
- The general economic development may have a negative impact on demand in the second half of 2023.
- Changes in foreign currencies, especially in NOK, SEK, USD and CAD, are estimated to adversely affect net sales in 2023.





# GUIDANCE FOR 2023 (UNCHANGED)

In 2023, Nokian Tyres' segments net sales are expected to be between EUR 1,300–1,500 million and segments operating profit percentage of net sales between 6–8%. It is expected that due to seasonality, the segments operating profit will be generated in the second half of the year.

As of 2023, segments net sales and segments operating profit exclude Russia and other items, which are not indicative of Nokian Tyres' underlying business performance.



# BUILDING THE NEW NOKIAN TYRES TOGETHER

## PURPOSE

EMPOWER THE WORLD TO DRIVE SMARTER

## OUR LONG-TERM TARGETS

BACK TO  
EUR 2 BILLION  
NET SALES

### BUSINESS AREA AND UNIT ROLES

- **NORDICS:** Strengthen **#1** position
- **NORTH AMERICA:** Grow sales by **~100%**
- **CENTRAL EUROPE:** Safeguard market presence, then grow
- **HEAVY TYRES:** Grow sales to **EUR 400 million**
- **VIANOR:** Supporting Nordics market share

### FINANCIAL TARGETS

- Net sales EUR 2 billion
- Segments operating profit ~15%
- Net debt/Segments EBITDA 1-2

## FIVE CORNERSTONES for our success



SAFEST TIRES  
FOR ALL  
CONDITIONS



RESPONSIVE AND  
EFFECTIVE  
SUPPLY CHAIN



CONSUMER-  
TRUSTED  
PREMIUM BRAND



LEADER IN  
SUSTAINABILITY



NOKIAN TYRES  
TEAM

## VALUES

WE



Care



Drive  
innovation



Succeed

TOGETHER





# APPENDIX



# GROUP SEGMENTS OPERATING PROFIT PER QUARTER 2019–H1/2023

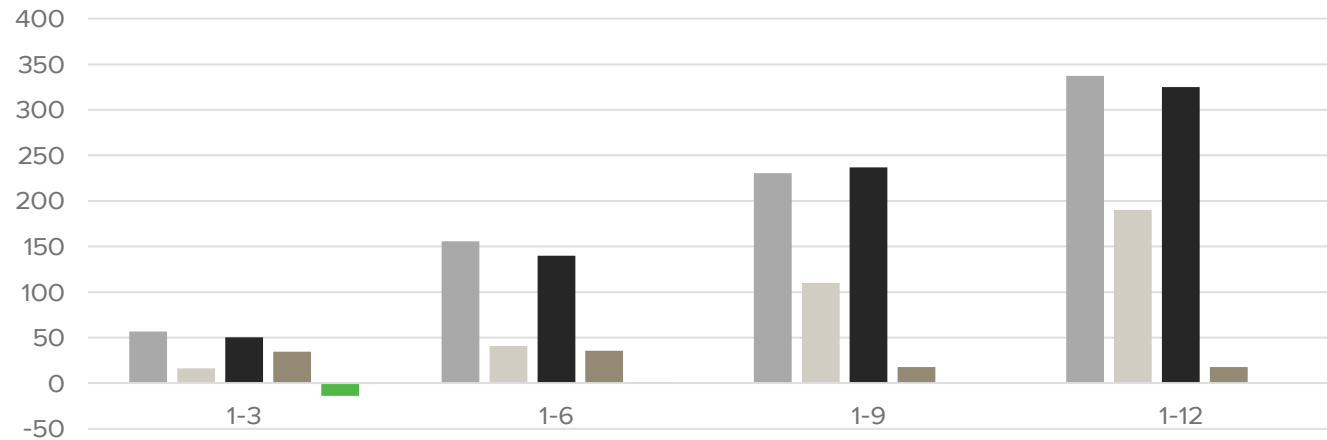
## 1–6/2023

- Segments net sales 529.5 M€ (655.2), -19.2%
- Segments operating profit 1.1 M€ (35.5)

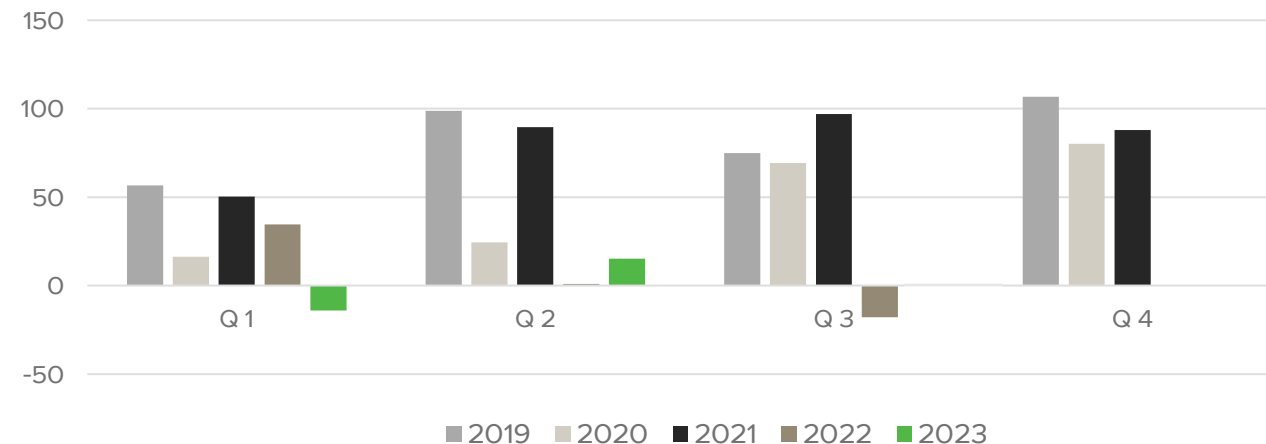
## 4–6/2023

- Segments net sales 293.1 M€ (332.3), -11.8%
- Segments operating profit 15.2 M€ (0.9)

Cumulative Segment Operating Profit per Review Period



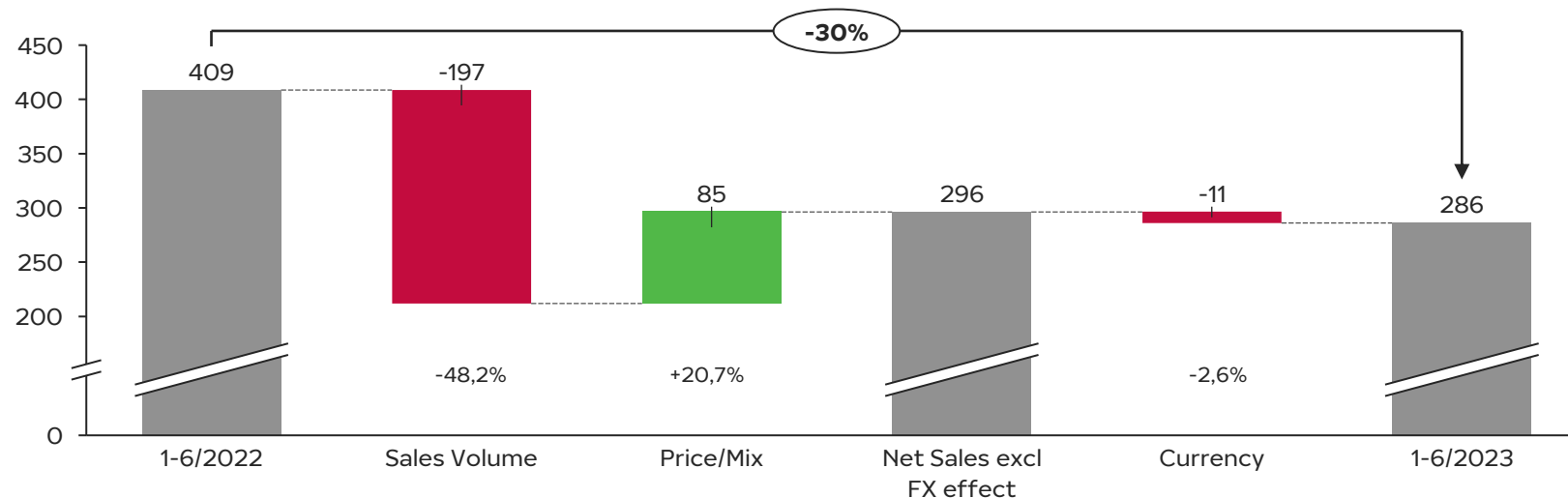
Segment Operating Profit per Quarter



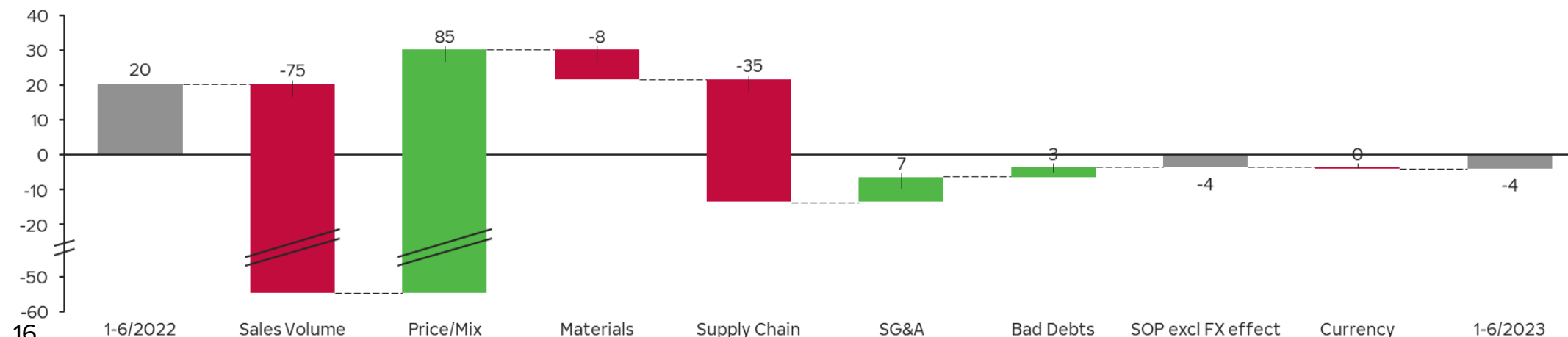
# H1: PASSENGER CAR TYRES BRIDGE

Price/mix impacted segment operating profit positively by EUR 85 million

## NET SALES, M€



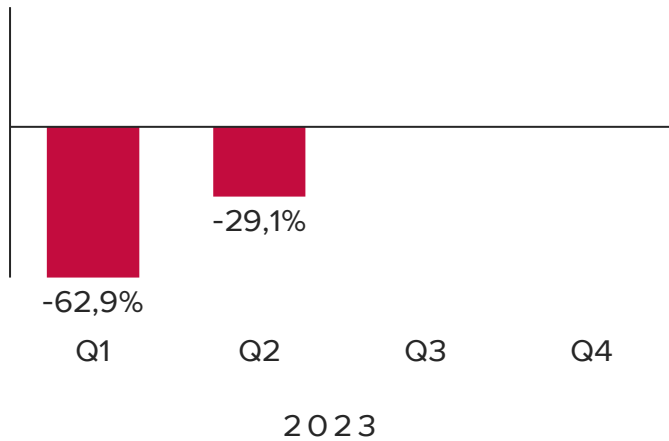
## SEGMENT OPERATING PROFIT, M€



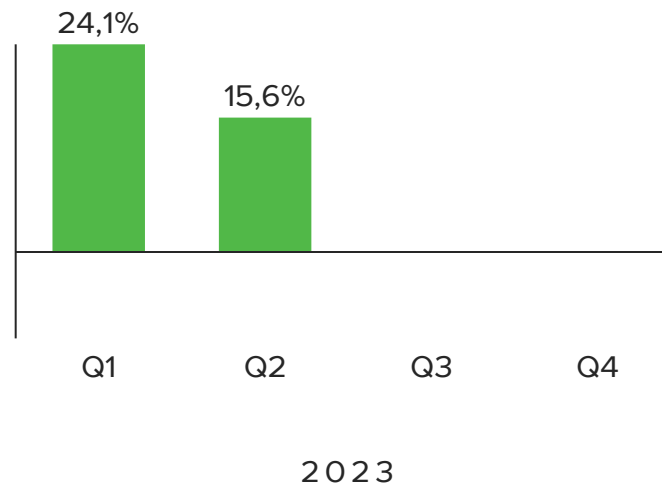
# PASSENGER CAR TYRES NET SALES - QUARTERLY CHANGES

YoY Change %

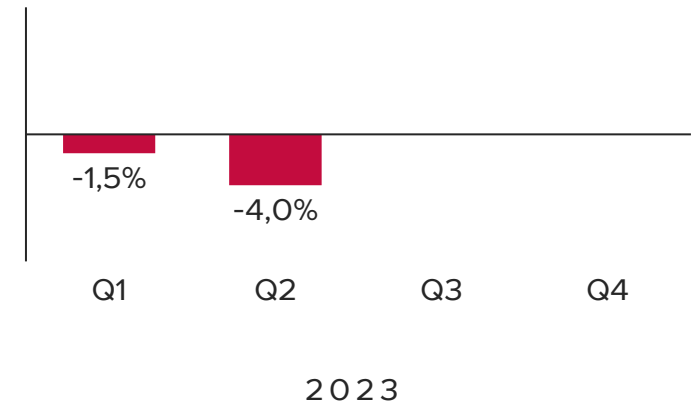
Sales Volumes



Price / Mix



Currency



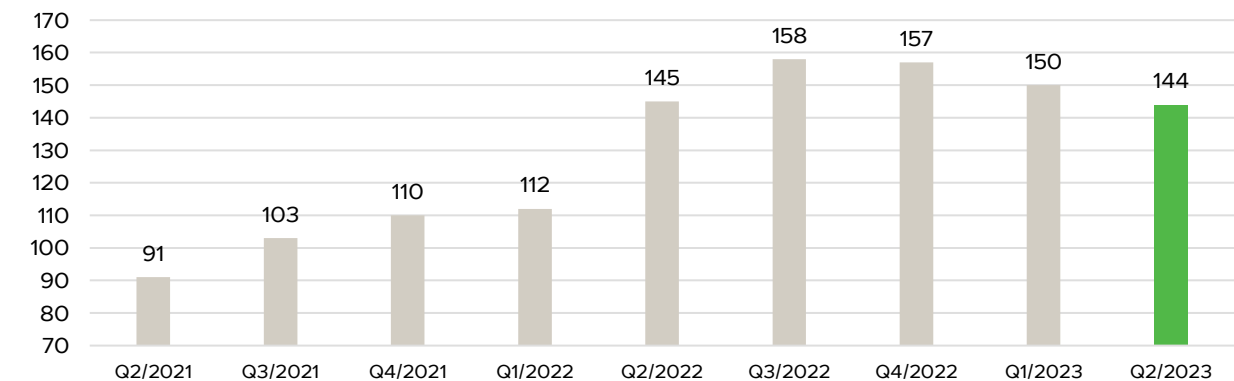
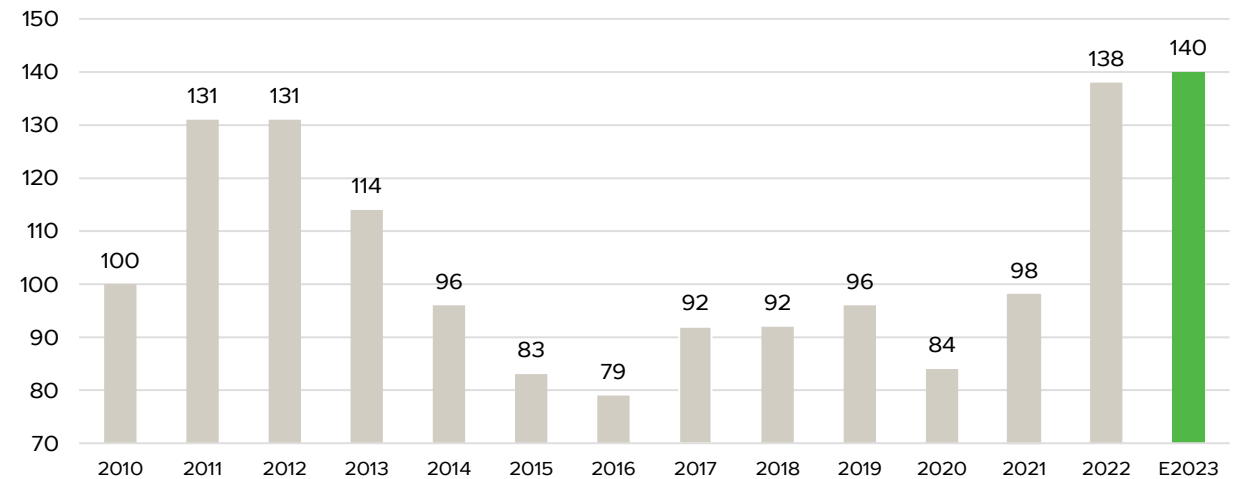


# MATERIAL COST DEVELOPMENT

## MATERIAL COSTS (€/KG)

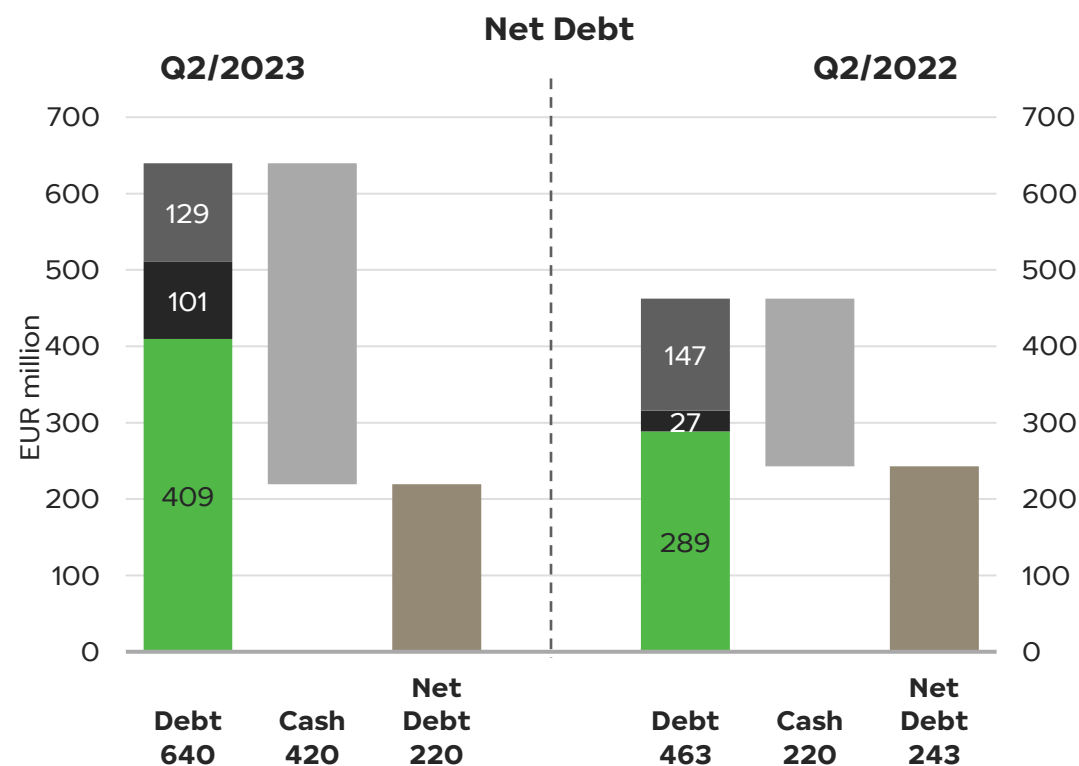
- Increased by 4.8% in Q2/2023 vs. Q2/2022
- Decreased by 4.4% in Q2/2023 vs. Q1/2023
- Increased by 11.0% in H1/2023 vs. H1/2022

MATERIAL COST DEVELOPMENT INDEX 2010-E2023

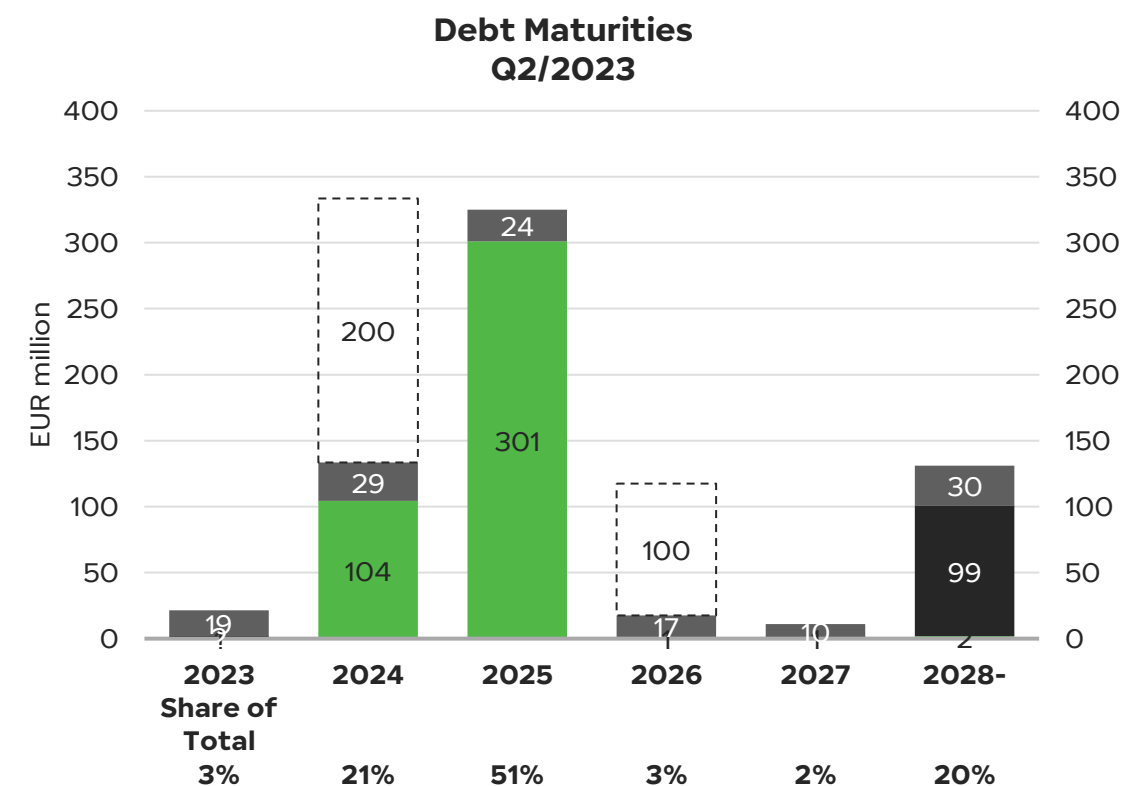


Incl. raw and other materials in reported currencies  
Incl. Russia except for 2023 figures

# NET DEBT AND DEBT MATURITIES



Available liquidity, EUR million	Q2/2023	Q2/2022
Cash	420	220
Committed undrawn credit facilities	305	305
Total	725	525



Committed Credit Facilities | Undrawn (Major)

Leases | IFRS 16

Debt Market | Commercial Papers, Bonds

Loans

# NOKIAN TYRES NETWORK

Vianor and NAD; -402 stores H1/2023

## VIANOR – 678 SERVICE CENTERS IN 11 COUNTRIES

- Nordic countries: 338 service centers (-1 vs. year-end 2022)
- Central Europe: 340 service centers (unchanged vs. year-end 2022)

## NAD – 1,752 STORES IN 14 COUNTRIES

- Central Europe: 1,092 stores (-443 vs. year-end 2022)
- North America: 660 stores (+42 vs. year-end 2022)







# nokian<sup>®</sup> TYRES

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