

RUSSIA, COVID-19 AND MILD WINTER IMPACTING FIRST QUARTER – STRONG BALANCE SHEET SUPPORTING IN DIFFICULT TIMES

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PRESIDENT AND CEO



nokian
TYRES

IMMEDIATE MEASURES TAKEN TO MINIMIZE THE IMPACTS OF COVID-19

HEALTH AND SAFETY

- Top priority to ensure the health and safety of our employees
- Preventive measures taken at an early stage: travel and visitor restrictions, remote working, health guidelines

OPERATIONAL MEASURES

- Working capital management: production capacity adjustments to manage inventory levels, enhanced actions to monitor customer payments
- Cost reductions, including labor cost
- Temporarily suspended production in Russia, Finland and the US
- Management Team salary reduction equivalent to one month's salary

FINANCIAL ACTIONS













- Dividend EUR 0.79/share (2019: EUR 1.58), the Board authorized to decide on an additional dividend payment up to EUR 0.79/share
- Capex reduction from ~EUR 200 million to ~EUR 170 million
- Actions to further strengthen liquidity position
- Strong balance sheet supporting in difficult times

Q1: LOWER VOLUMES IN PASSENGER CAR TYRES IMPACTING NET SALES AND OPERATING PROFIT

- **Net sales EUR 279.8 million (340.3), -16.5% with comparable currencies**
 - Decline due to measures taken to reduce high carry-over stocks in the Russian distribution channel, slowing economic activity caused by COVID-19, and mild winter in all main markets
 - Solid performance in Heavy Tyres continued
- **Segments operating profit EUR 16.3 million (56.7)**
 - Lower volumes in Russia (impact EUR -20 million), COVID-19 (impact EUR -10 million), and low factory utilization rate weighed on profitability
 - Positive raw material effect
- **Guidance withdrawn in March** due to increased uncertainty in the market



CAR TIRE SELL-IN DECLINED IN 1-3/2020 IN ALL MARKETS

The Nordic countries		Russia		Europe (excl. the Nordic countries)		North America	
 New car sales	-10%	 New car sales	+2%*	 New car sales	-27%	 New car sales	-13%
 Car tire sell-in	-13%	 Car tire sell-in	-30%	 Car tire sell-in	-19%	 Car tire sell-in	-10%
 Heavy tire segments**	➡	 Heavy tire segments**	➡	 Heavy tire segments**	➡	 Heavy tire segments**	➡

*The increase was driven by a surge in demand for cars, mostly premium and mid-class cars, in March, caused by price hike expectations by consumers in the wake of the RUB devaluation. As a result, sales of many premium cars were boosted by over 30% in March, positively affecting the total market (+4% vs. March 2019).

** Nokian Tyres' core product segments, management estimate 2020



KEY FIGURES 1-3/2020

EUR million	1-3/ 2020	1-3 /2019	Change %	CC* Change %	2019
Net sales	279.8	340.3	-17.8%	-16.5%	1,585.4
Segments operating profit	16.3	56.7			337.2
Segments operating profit %	5.8%	16.7%			21.3%
Segments EPS, EUR**	0.09	1.44			3.06
Segments ROCE, %***	14.4%				18.6%
Equity ratio, %	69.4%	75.7%			75.9%
Cash flow from operating activities	-38.9	-68.9			219.8
Gearing, %	7.3%	-3.2%			2.3%
Interest-bearing net debt	120.9	-54.9			41.1
Capital expenditure	50.9	54.3			299.6

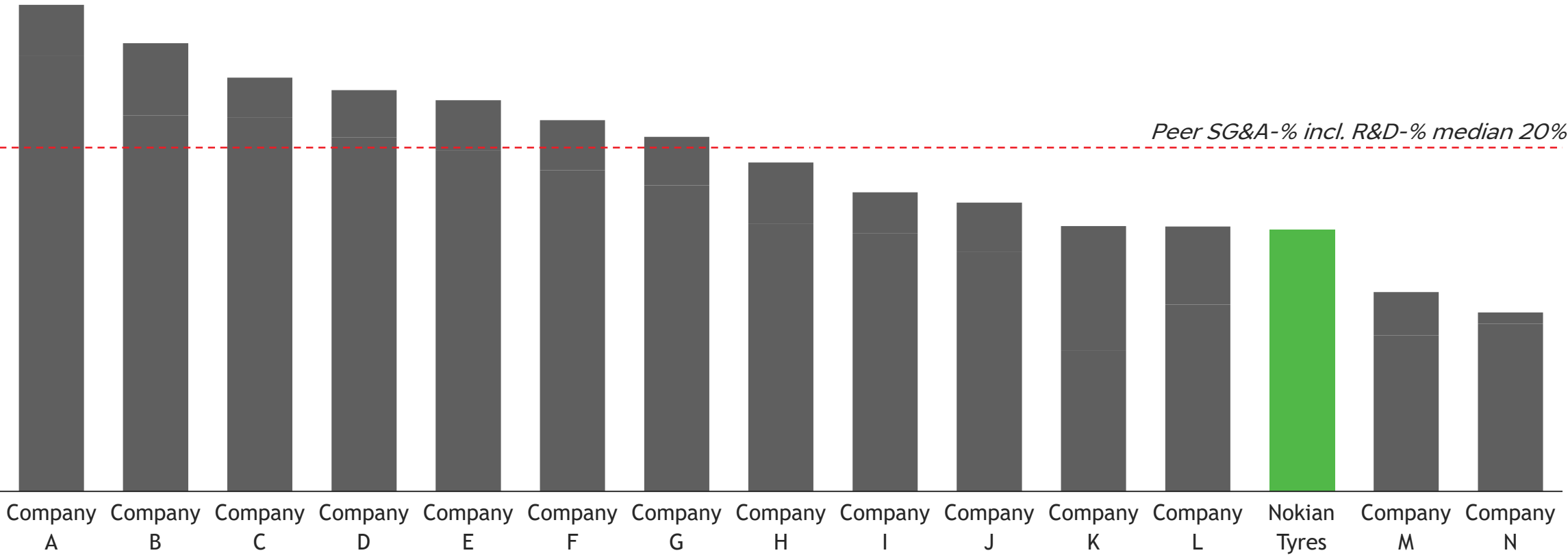
* Comparable currencies

** Segments EPS 1-3/2019 excl. the impact of the rulings on the tax disputes of EUR 1.08 were 0.36

*** Rolling 12 months

NOKIAN TYRES OVERALL SG&A COST LEVEL IN LINE OR BELOW PEERS

SG&A incl. R&D share of sales (%)



Note: Last available year; Annual average currency exchange rates used
Source: Nokian Tyres; Company annual reports; Capital IQ

1-3/2020: PASSENGER CAR TYRES

Headwinds from Russia, COVID-19, and mild winter

	1-3 /20	1-3 /19	Change %	CC* Change %	2019
Net sales, M€	190.5	253.0	-24.7%	-23.4%	1,123.8
Segment operating profit, M€	25.8	66.0			308.5
Segment operating profit, %	9.7%	25.0%			27.4%

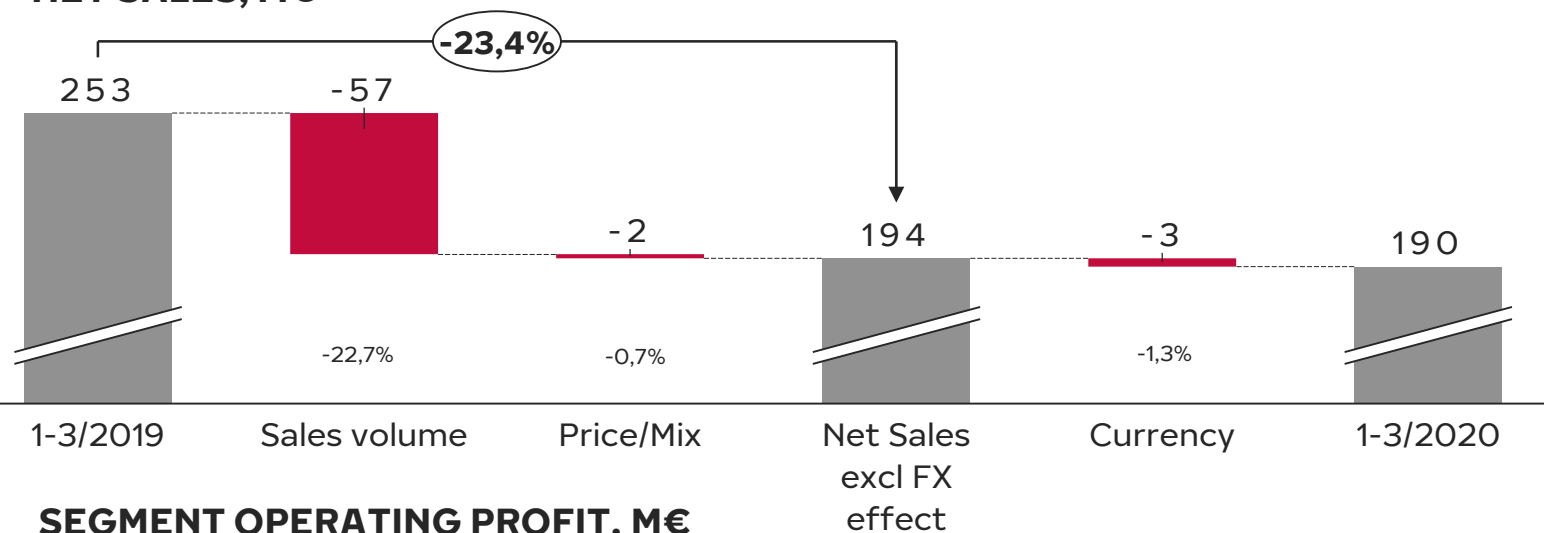
* Comparable currencies

- Net sales declined due to measures taken in Russia to reduce high carry-over stocks in the distribution channel, the outbreak of COVID-19 in Europe and North America toward the end of Q1, and mild winter in all main markets
- Segment operating profit declined mainly due to lower volumes in Russia (impact EUR -20 million), COVID-19 (impact EUR -10 million), and low factory utilization rate
- Production adjusted according to demand, maximizing capacity utilization in Russia and utilizing negotiated temporary layoffs in Finland. In the US, recruitment of second shift postponed
- Strong market position maintained in Nordics, summer tire market share improved in Central Europe

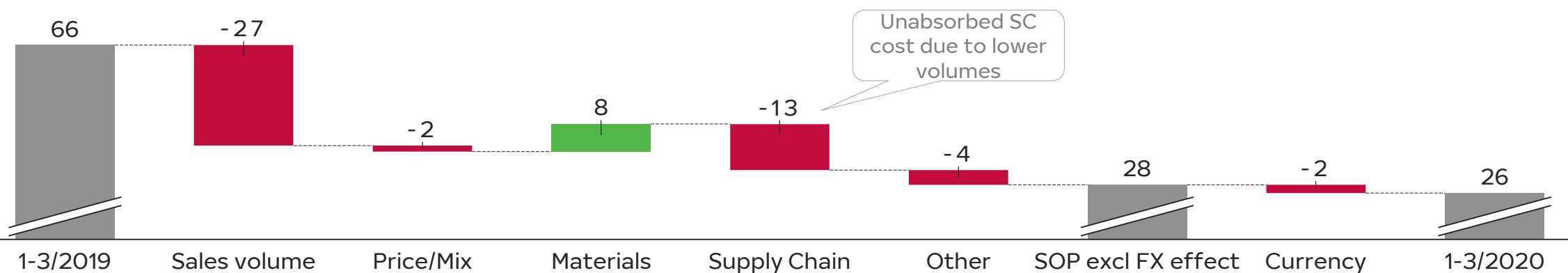
1-3/2020: PASSENGER CAR TYRES BRIDGE

Negative impact of EUR 27 million from sales volume on SOP

NET SALES, M€



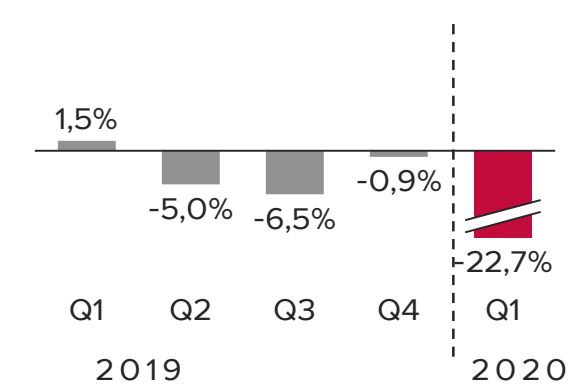
SEGMENT OPERATING PROFIT, M€



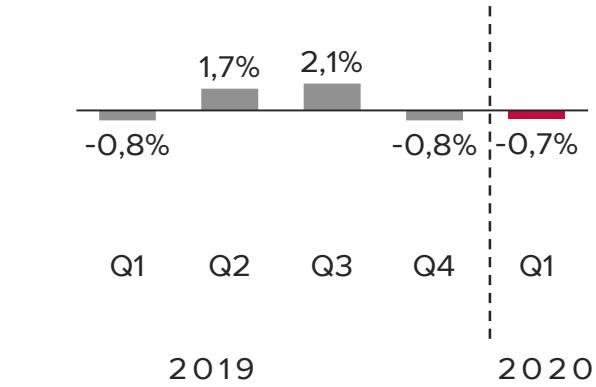
PASSENGER CAR TYRES NET SALES - QUARTERLY CHANGES

YoY Change %

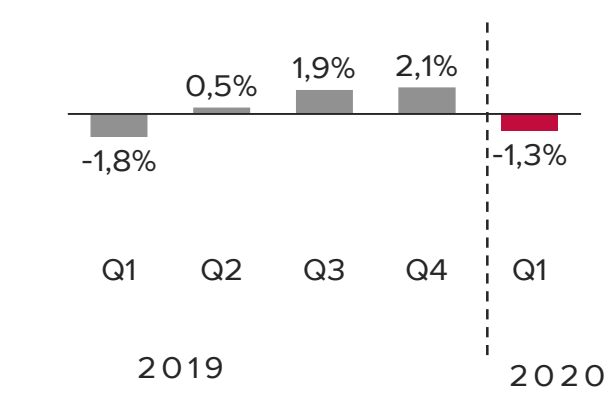
Sales volumes



Price/Mix



Currency



1-3/2020: HEAVY TYRES

Sales growth continued

	1-3 /20	1-3 /19	Change %	CC* Change %	2019
Net sales, M€	51.2	48.3	6.0%	6.4%	202.7
Segment operating profit, M€	8.2	9.0			35.7
Segment operating profit, %	16.1%	18.7%			17.6%

* Comparable currencies

- Demand was good in core product groups
- Net sales +6.4% with comparable currencies, driven by Levypyörä acquisition and improved availability due to the production capacity increase
- Segment operating profit negatively impacted by the start of the new R&D center and investments in production

1-3/2020: VIANOR

Mild winter season affected net sales

	1-3 /20	1-3 /19	Change %	CC* Change %	2019
Net sales, M€	54.4	57.0	-4.4%	-1.7%	336.5
Segment operating profit, M€	-12.4	-12.0			7.7**
Segment operating profit, %	-22.8%	-21.0%			2.3%
Number of own service centers at period end	186	187			189

* Comparable currencies

** Includes EUR 2.0 million profit from sale of real estate

- Net sales -1.7% with comparable currencies
- Segment operating profit EUR -12.4 million
 - The first quarter is seasonally low in Vianor, therefore negative in profitability. The summer tire season starts in the second quarter
- At period end, Vianor had 186 own service centers in Finland, Sweden, Norway, and the USA

WE CONTINUE TO BUILD A COMPETITIVE PRODUCT PORTFOLIO- LATEST PRODUCTS

Passenger Car Tyres



New UHP tire for Central European
Winter conditions launched in March



New generation SUV summer tire
for Central European conditions

Heavy Tyres



New Nokian Hakkapeliitta truck
tire family launched in March



Nokian Tractor King tire family got
several new sizes

FOCUS ON IMMEDIATE ACTIONS AND LONG-TERM COMPETITIVENESS

Strict cost control and efficient cash flow management

Short-term capacity utilization adjusted to the current operating environment

Continuous monitoring of the market situation

Employee health a top priority

- **Our solid foundation, including a strong balance sheet, will help Nokian Tyres to navigate through the difficult situation**
- **We are well positioned to take advantage of the opportunities when the demand recovers**



**PEACE OF MIND
IN ALL CONDITIONS**

**nokian[®]
TYRES**

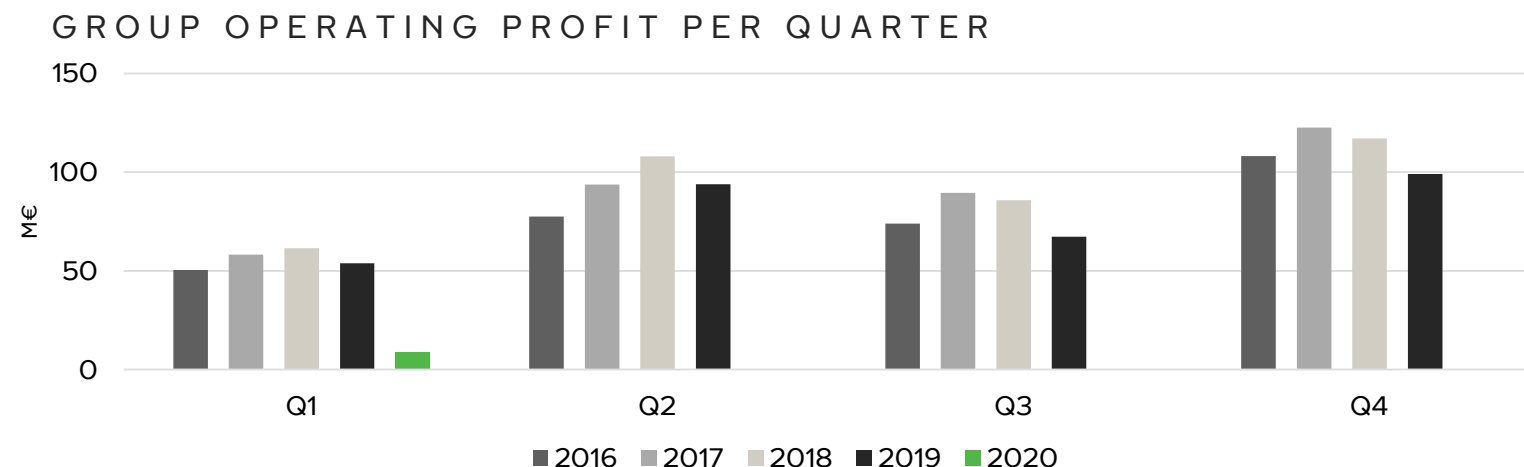
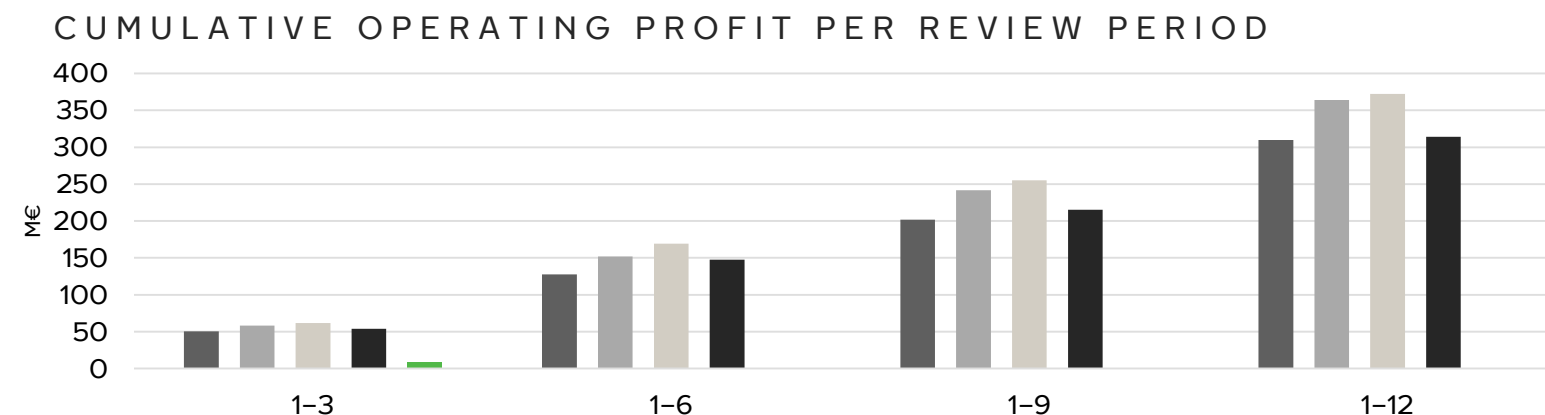


APPENDIX

GROUP OPERATING PROFIT PER QUARTER 2016–Q1/2020

1–3/2020

- Net sales 279.8 M€
(340.3 M€), -17.8%
- Operating profit 9.0 M€
(53.9 M€)



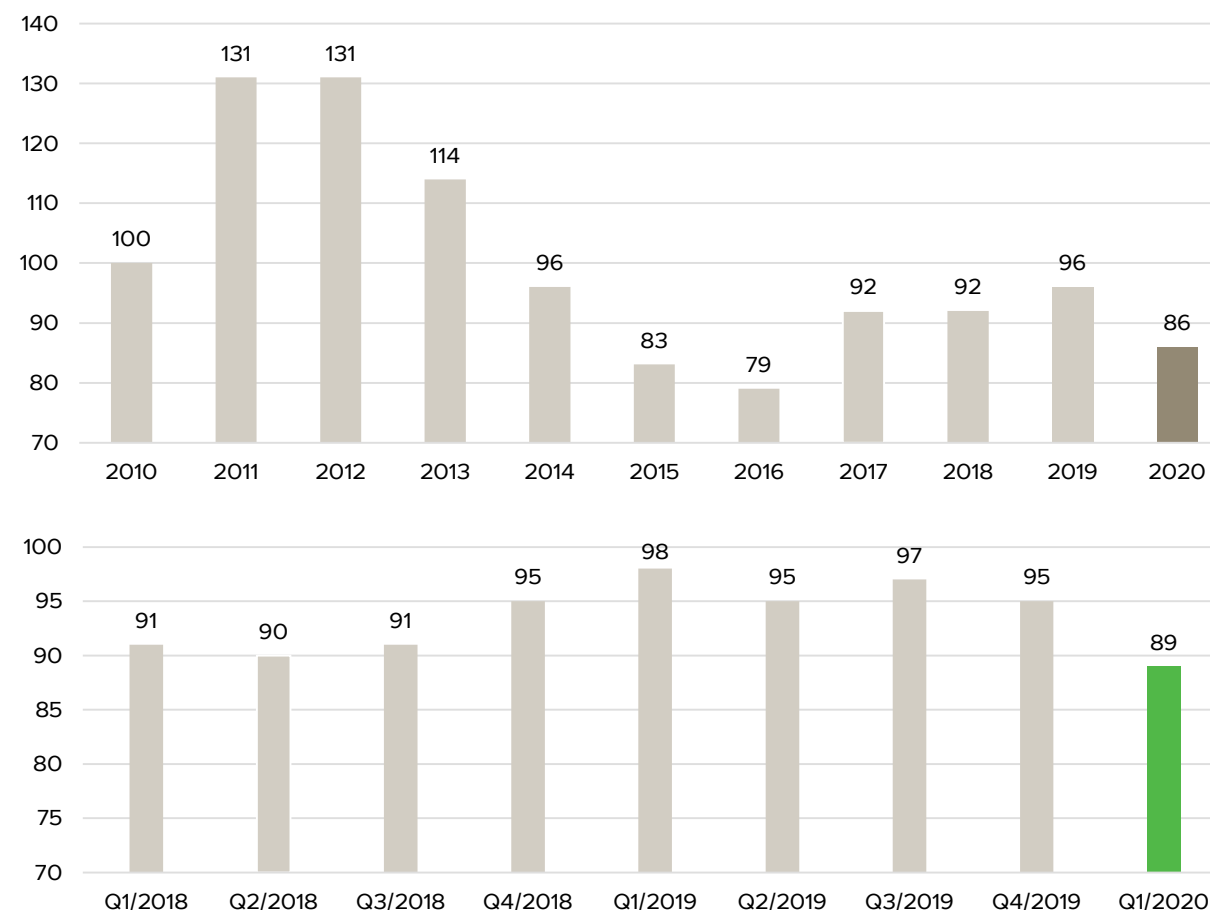
MATERIAL COST DEVELOPMENT

Decreased in Q1/2020

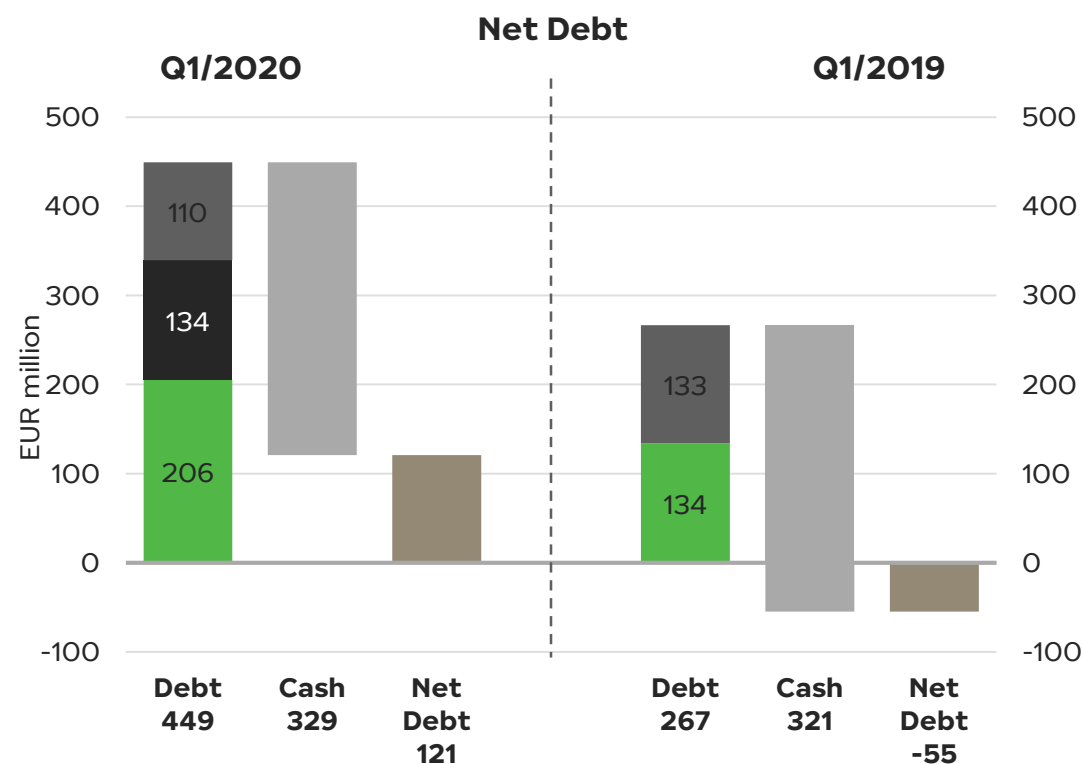
MATERIAL COSTS (€/KG)

- Decreased by 9.2% in Q1/2020 vs. Q1/2019
- Decreased by 6.3% in Q1/2020 vs. Q4/2019

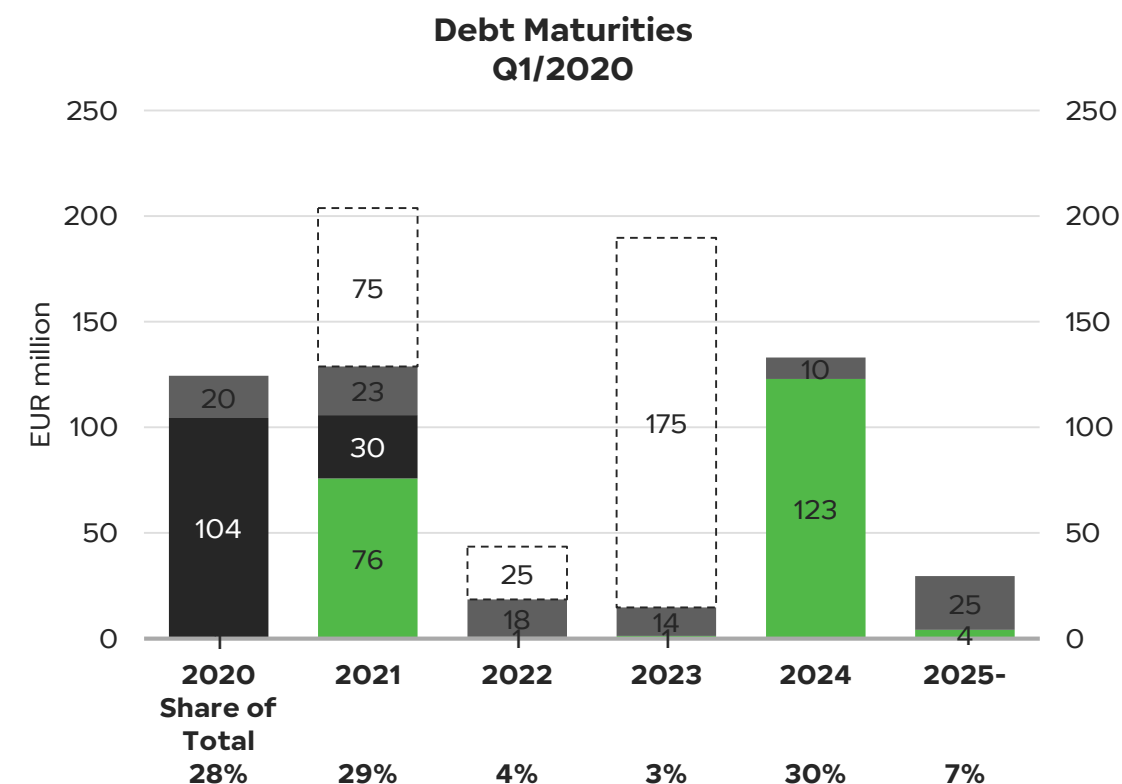
MATERIAL COST DEVELOPMENT INDEX 2010-E2020



NET DEBT AND DEBT MATURITIES



Available liquidity, EUR million	Q1/2020	Q1/2019
Cash	329	321
Committed undrawn credit facilities	280	206
Total	609	527



□ Committed Credit Facilities | Undrawn (Major)

■ Leases | IFRS 16

■ Commercial Papers

■ Loans

NETWORK DEVELOPMENT PROGRESSED

Vianor, NAD, N-Tyre; +14 stores in 1-3/2020

VIANOR – 1,165 SERVICE CENTERS IN 19 COUNTRIES

186 own stores and 979 partners

Own -3, partner -2 vs. year-end 2019

- Largest tire chain in the Nordic countries: 343 service centers (-4 vs. year-end 2019)
- Largest tire chain in Russia and CIS: 389 service centers (+2 vs. year-end 2019)
- Central Europe: 423 service centers (-2 vs. year-end 2019)
- USA: 10 service centers (-1 vs. year-end 2019)

NOKIAN TYRES AUTHORIZED DEALERS (NAD) – 2,202 STORES

- In 24 European countries, USA, China and Japan
- Increase of 20 stores vs. year-end 2019

N-TYRE – 132 STORES

- In Russia, Kazakhstan and Belarus
- Decrease of 1 stores vs. year-end 2019





IT'S A BEAUTIFUL JOURNEY

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