

A photograph of a person with long hair leaning out of the open window of a car. The car is on a road with patches of snow. In the background, there are large, rugged mountains covered in snow under a cloudy sky. A semi-transparent dark band is overlaid across the middle of the image, containing the main title and report information.

# GOOD PERFORMANCE IN A VOLATILE MARKET ENVIRONMENT

JANUARY-SEPTEMBER 2020 INTERIM REPORT  
OCTOBER 27, 2020

JUKKA MOISIO – CEO  
TEEMU KANGAS-KÄRKI – CFO

**nokian<sup>®</sup>**  
**TYRES**

# SALES INCREASED IN Q3 WITH COMPARABLE CURRENCIES

- **Net sales EUR 349.9 million (354.5), 3.3% with comparable currencies**
  - Good performance by the team in all business units in a volatile market
  - Passenger Car Tyres' growth driven by North America and Central Europe
  - Some sales shifted from Q2 into Q3
- **Segments operating profit EUR 69.3 million (74.9)**
  - Negatively impacted by lower passenger car tire sales in Russia (EUR -10 million) and currencies
  - Tailwind from lower raw material cost and cost-cutting measures
- **The Board decided on the payment of a second dividend instalment of EUR 0.35 per share**





# CASH FLOW IMPROVED SIGNIFICANTLY

## - BALANCE SHEET CONTINUES TO BE STRONG













EUR million	7-9 /20	7-9 /19	Change %	CC* Change %	1-9 /20	1-9 /19	Change %	CC* Change %	2019
Net sales	<b>349.9</b>	354.5	-1.3%	3.3%	<b>900.4</b>	1,110.6	-18.9%	-15.9%	1,585.4
Segments operating profit	<b>69.3</b>	74.9			<b>110.1</b>	230.4			337.2
Segments operating profit %	<b>19.8%</b>	21.1%			<b>12.2%</b>	20.7%			21.3%
Segments EPS, EUR**	<b>0.44</b>	0.43			<b>0.60</b>	2.43			3.06
Segments ROCE, %***					<b>9.5%</b>	22.1%			18.6%
Equity ratio, %					<b>57.5%</b>	66.3%			75.9%
Cash flow from operating activities	<b>7.1</b>	-88.7			<b>-6.6</b>	-178.5			219.8
Gearing, %					<b>18.5%</b>	25.0%			2.3%
Interest-bearing net debt					<b>280.6</b>	422.6			41.1
Capital expenditure	<b>31.0</b>	88.1			<b>118.5</b>	236.1			299.6

\* Comparable currencies

\*\* EPS 1-9/2019 excl. the impact of the rulings on the tax disputes of EUR 1.08 were EUR 1.23. Segments EPS 1-9/2019 excl. the impact were EUR 1.35.

\*\*\* Rolling 12 months

# NEW CAR SALES AND CAR TIRE SELL-IN IN 1-9/2020

The Nordic countries		Russia		Europe (excl. the Nordic countries)		North America	
 New car sales	<b>-18%</b>	 New car sales	<b>-14%</b>	 New car sales	<b>-30%</b>	 New car sales	<b>-19%</b>
 Car tire sell-in	<b>-12%</b>	 Car tire sell-in	<b>-28%</b>	 Car tire sell-in	<b>-16%</b>	 Car tire sell-in	<b>-15%</b>
 Heavy tire segments*	➡	 Heavy tire segments*	➡	 Heavy tire segments*	➡	 Heavy tire segments*	➡

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



## Q3: PASSENGER CAR TYRES

Improvement in all areas except Russia

	7-9 /20	7-9 /19	Change %	CC* Change %	1-9 /20	1-9 /19	Change %	CC* Change %	2019
Net sales, M€	<b>254.9</b>	256.7	-0.7%	4.8%	<b>609.2</b>	806.5	-24.5%	-21.3%	1,123.8
Segment operating profit, M€	<b>71.8</b>	75.6			<b>111.3</b>	226.3			308.5
Segment operating profit, %	<b>28.2%</b>	29.5%			<b>18.3%</b>	28.1%			27.4%

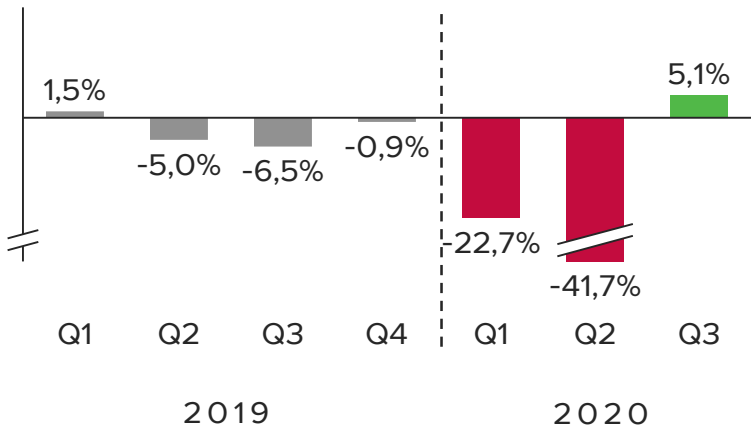
\* Comparable currencies

- Net sales increased in all areas except Russia, where measures to reduce high carry-over stocks in the distribution channel continued
- Segment operating profit declined mainly due to lower sales in Russia and negative currency impact, partly offset by lower raw material unit cost
- Production started to normalize in Russia and was adjusted according to demand in Finland. In the US factory, recruitment of the second shift is in progress
- In the Finnish factory, we will continue to increase heavy tires production. Passenger car tire manufacturing will focus on the production of premium car tires and prototyping

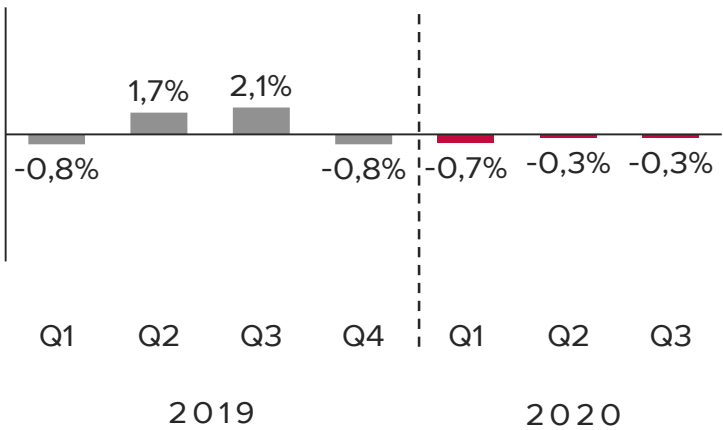
# PASSENGER CAR TYRES NET SALES - QUARTERLY CHANGES

YoY Change %

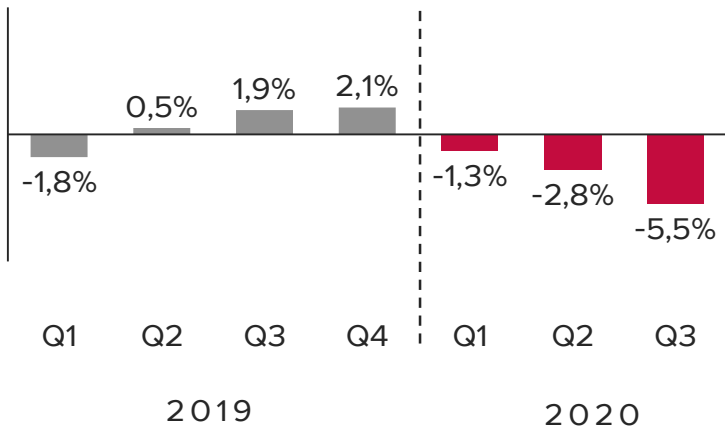
Sales Volumes



Price/Mix



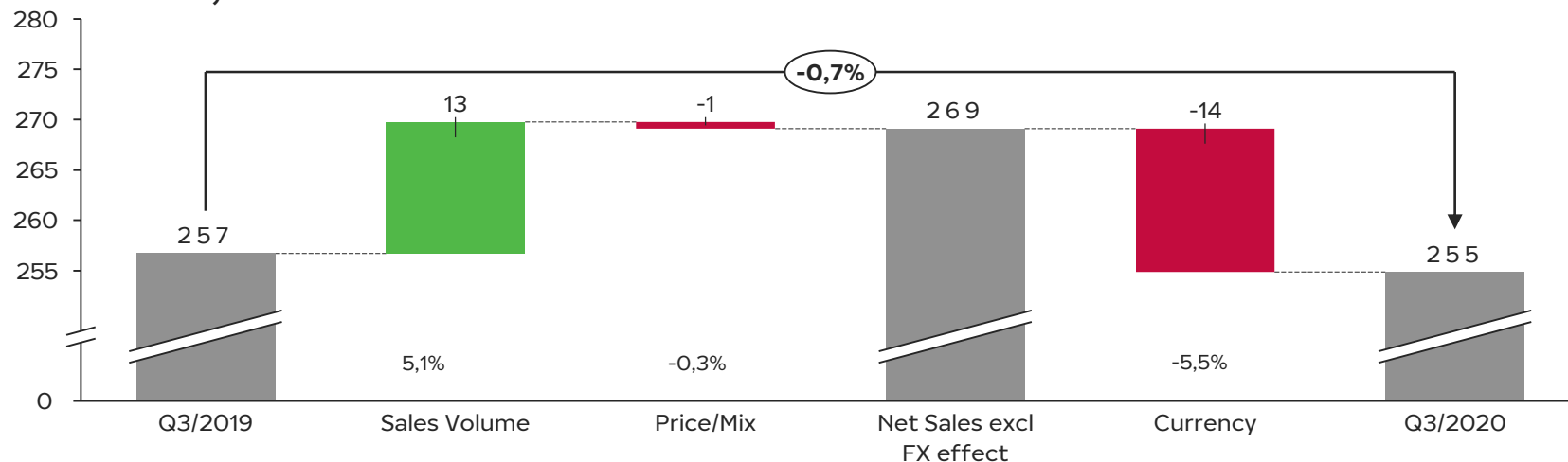
Currency



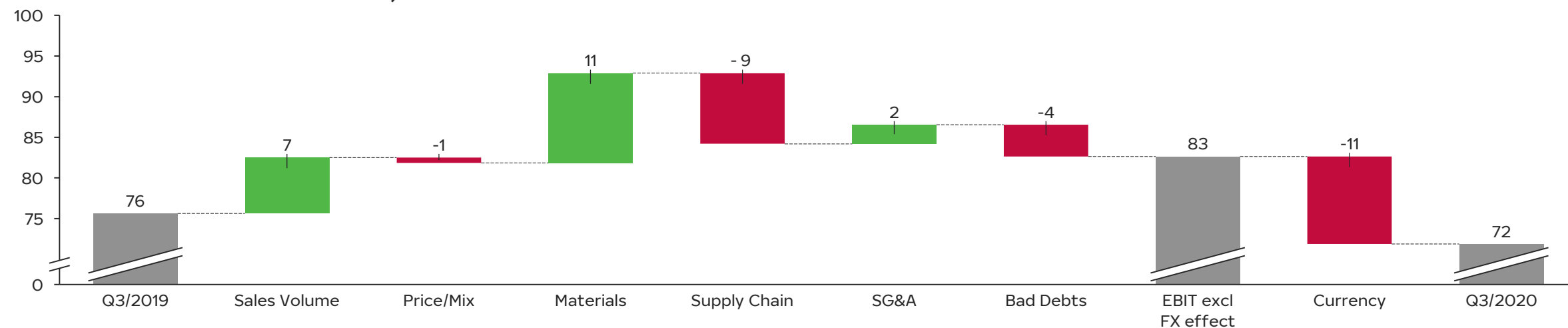
# Q3: PASSENGER CAR TYRES BRIDGE

Positive impact from volume and materials on segment operating profit

## NET SALES, M€



## SEGMENT OPERATING PROFIT, M€



## Q3: HEAVY TYRES

Weaker OE demand impacted net sales

	7-9 /20	7-9 /19	Change %	CC* Change %	1-9 /20	1-9 /19	Change %	CC* Change %	2019
Net sales, M€	<b>49.8</b>	52.2	-4.5%	-2.0%	<b>141.4</b>	148.2	-4.6%	-2.8%	202.7
Segment operating profit, M€	<b>7.8</b>	8.3			<b>18.7</b>	25.6			35.7
Segment operating profit, %	<b>15.8%</b>	15.9%			<b>13.2%</b>	17.3%			17.6%

\* Comparable currencies

- Net sales decreased by 2.0% with comparable currencies due to lower OEM sales
  - Excluding the Levypyörä acquisition in August 2019, net sales declined by 3.2%
- Segment operating profit at the previous year's level



## Q3: VIANOR

Good performance in a typically low season

	7-9 /20	7-9 /19	Change %	CC* Change %	1-9 /20	1-9 /19	Change %	CC* Change %	2019
Net sales, M€	<b>67.4</b>	69.7	-3.3%	-1.2%	<b>202.7</b>	216.4	-6.4%	-3.1%	336.5
Segment operating profit, M€	<b>-3.2</b>	-3.8			<b>-6.0</b>	-6.4			7.7**
Segment operating profit, %	<b>-4.8%</b>	-5.5%			<b>-3.0%</b>	-3.0%			2.3%
Number of own service centers at period end	<b>175</b>	189							189

\* Comparable currencies

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

- Net sales decreased by 1.2% with comparable currencies
- Segment operating profit EUR -3.2 million
- Vianor US network, including ten service centers, was sold in August
- At period end, Vianor had 175 own service centers in Finland, Sweden and Norway

# OUR PRIORITIES ARE CLEAR

Sales, cost control and cash flow

- Providing customers with world-class products and services
- Keeping costs in strict control
- Protecting cash flow by cutting back investments, managing working capital, and delaying activities

→ **With a valued brand, strong expertise and enhanced production capacity, we are well positioned to develop our business further as the market rebounds**







**PEACE OF MIND  
IN ALL CONDITIONS**



A scenic view of a forest with tall, thin trees and a path leading to a body of water. Two people are walking away on the path.

# APPENDIX



# GROUP OPERATING PROFIT PER QUARTER 2016–Q3/2020

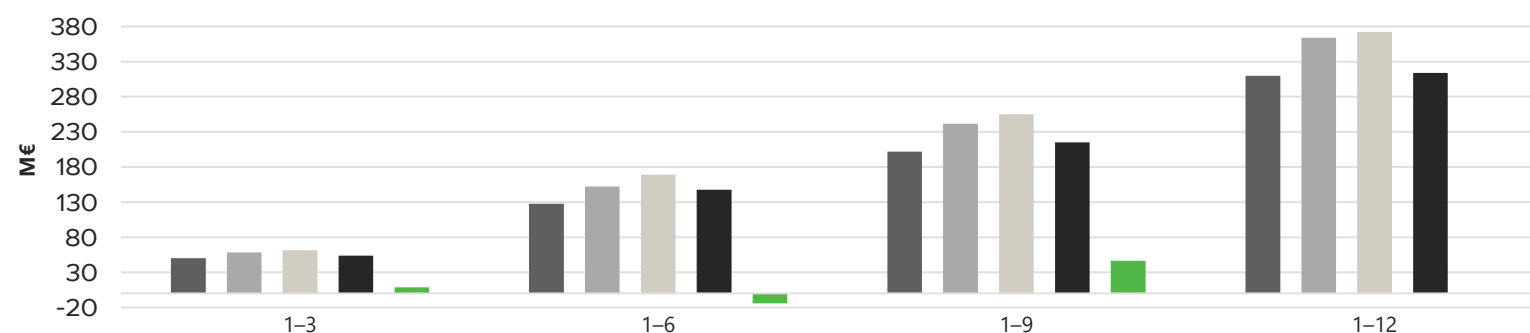
## 1–9/2020

- Net sales 900.4 M€  
(1,110.6), -18.9%
- Operating profit 48.6 M€  
(215.5)

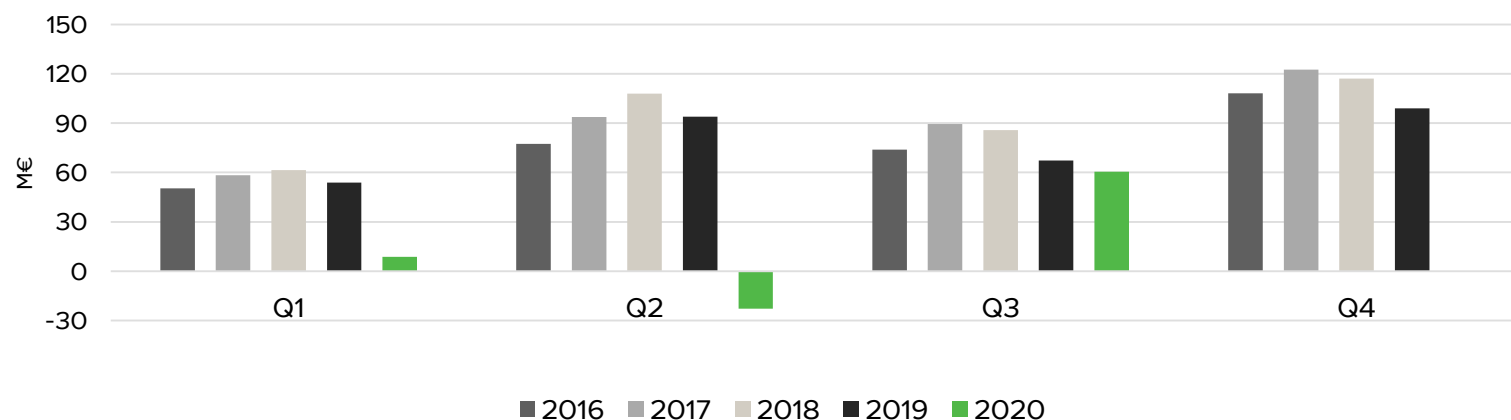
## 7–9/2020

- Net sales 349.9 M€  
(354.5), -1.3%
- Operating profit 62.3 M€  
(67.5)

CUMULATIVE OPERATING PROFIT PER REVIEW PERIOD



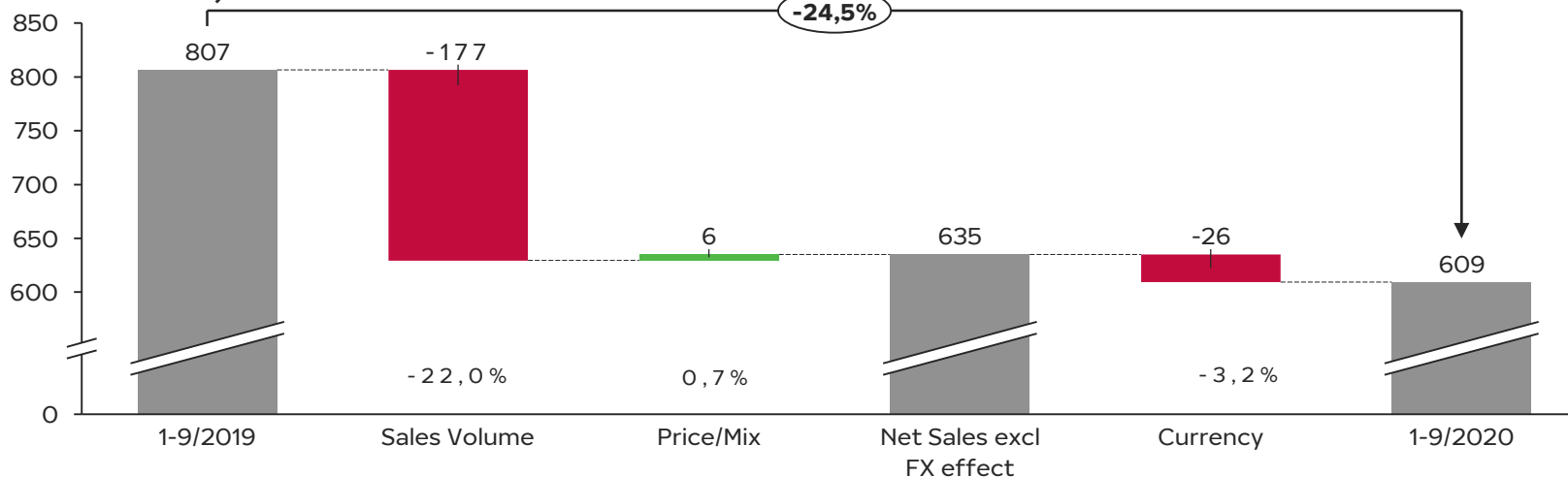
GROUP OPERATING PROFIT PER QUARTER



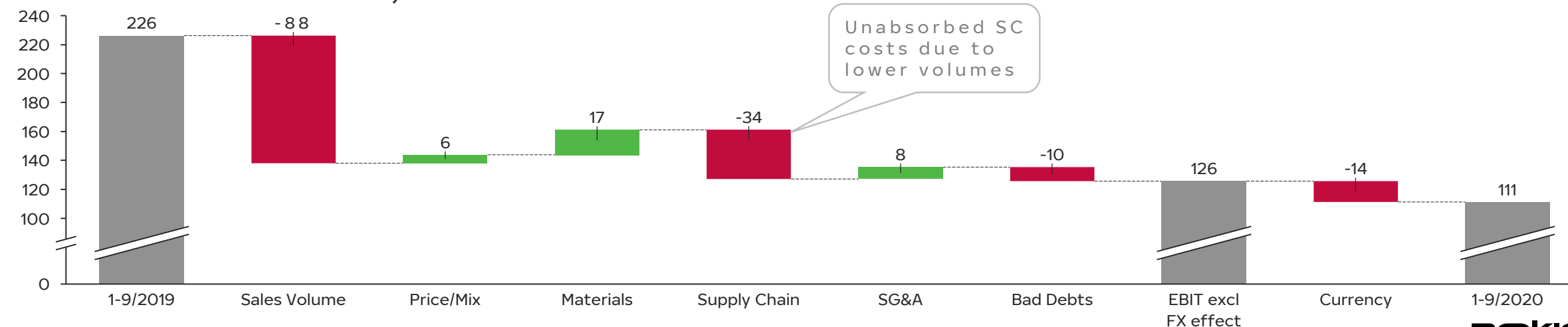
# 1-9/2020: PASSENGER CAR TYRES BRIDGE

Negative impact of EUR 88 million from volume on segment operating profit

## NET SALES, M€



## SEGMENT OPERATING PROFIT, M€



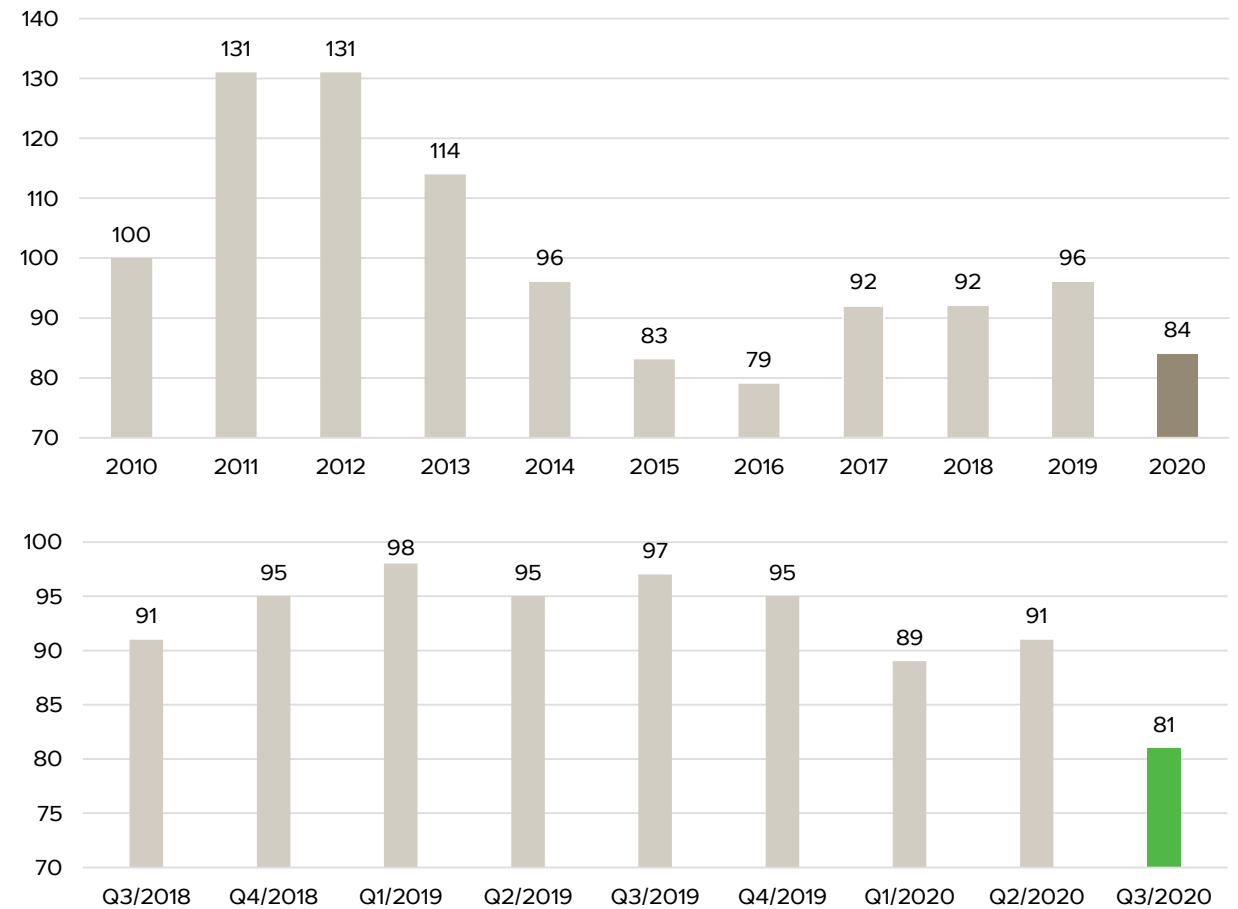
# MATERIAL COST DEVELOPMENT

Decreased in Q3/2020

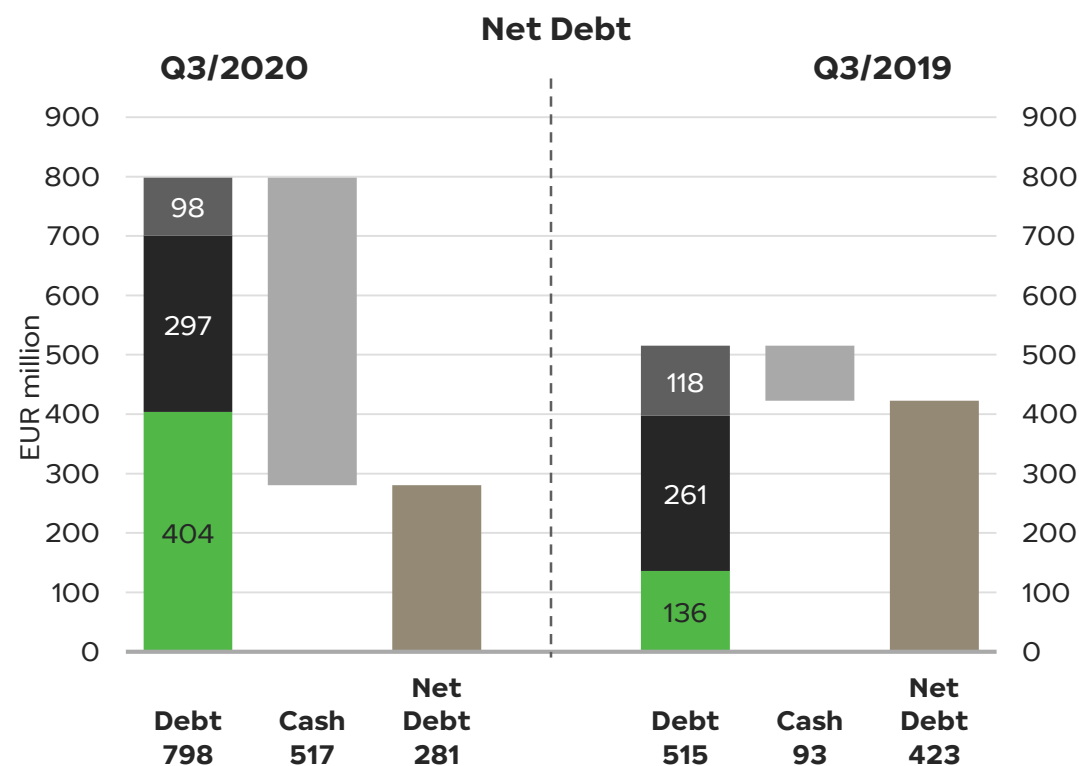
## MATERIAL COSTS (€/KG)

- Decreased by 18.4% in Q3/2020 vs. Q3/2019
- Decreased by 14.4% in Q3/2020 vs. Q2/2020
- Decreased by 10.8% in 1-9/2020 vs. 1-9/2019

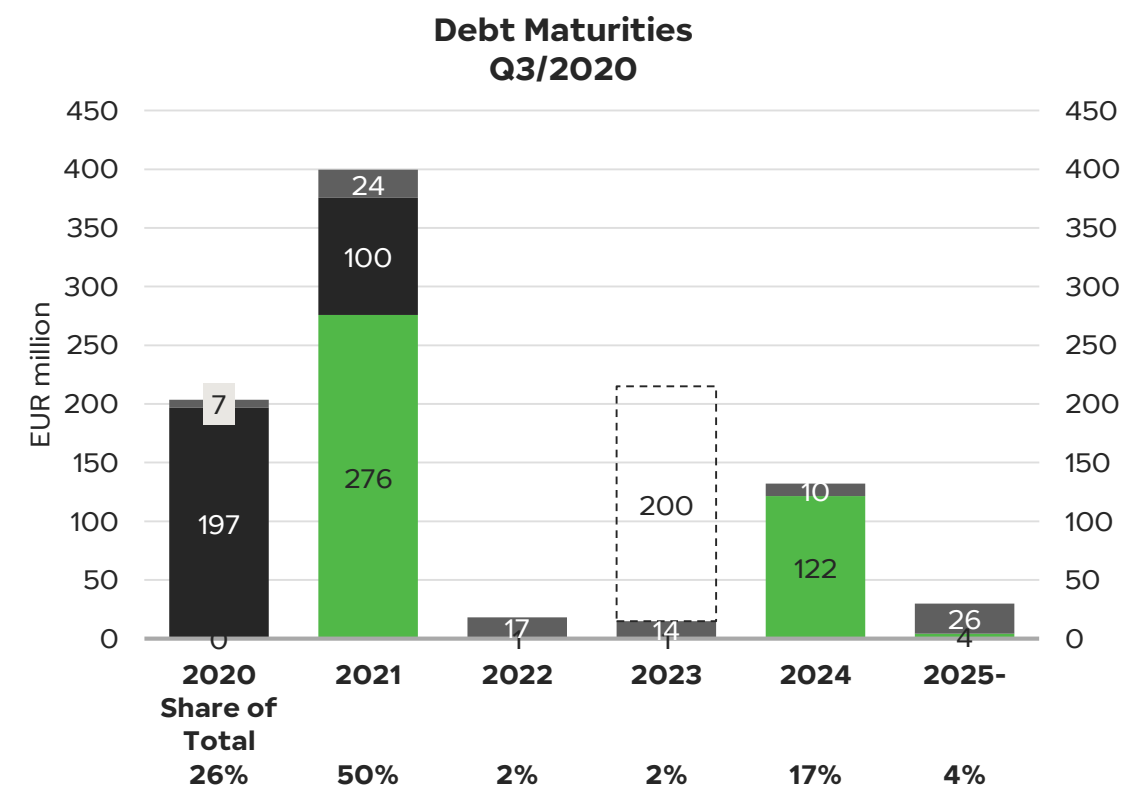
MATERIAL COST DEVELOPMENT INDEX 2010-E2020



# NET DEBT AND DEBT MATURITIES



Available liquidity, EUR million	Q3/2020	Q3/2019
Cash	517	93
Committed undrawn credit facilities	205	205
Total	723	298



Committed Credit Facilities | Undrawn (Major)

Leases | IFRS 16

Commercial Papers

Loans



# NETWORK DEVELOPMENT PROGRESSED

Vianor, NAD, N-Tyre; -15 stores in 1-9/2020

## VIANOR – 1,115 SERVICE CENTERS IN 17 COUNTRIES

175 own stores and 940 partners

Own -14, partner -41 vs. year-end 2019

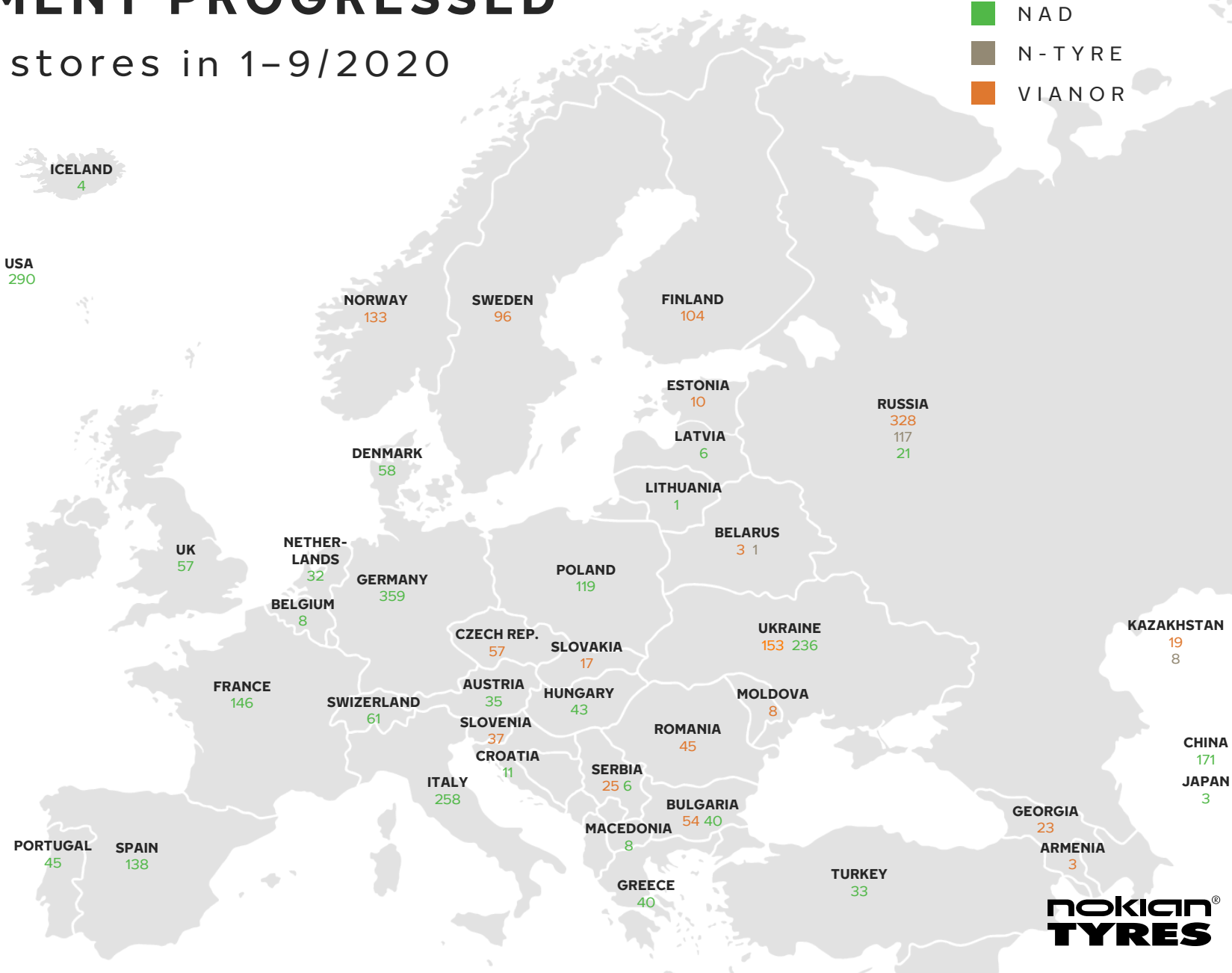
- Largest tire chain in the Nordic countries: 333 service centers (-14 vs. year-end 2019)
- Largest tire chain in Russia and CIS: 376 service centers (-11 vs. year-end 2019)
- Central Europe: 406 service centers (-19 vs. year-end 2019)

## NOKIAN TYRES AUTHORIZED DEALERS (NAD) – 2,229 STORES

- In 24 European countries, USA, China and Japan
- Increase of 47 stores vs. year-end 2019

## N-TYRE – 126 STORES

- In Russia, Kazakhstan and Belarus
- Decrease of 7 stores vs. year-end 2019





An aerial photograph of a winding asphalt road through a snowy, mountainous landscape. The road curves through a dense forest of evergreen trees. A small building is visible in the upper right corner. The text "IT'S A BEAUTIFUL JOURNEY" is overlaid in the center, with "BEAUTIFUL" in green and the rest in white.

# IT'S A BEAUTIFUL JOURNEY

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