

An aerial photograph of a snowy, desolate landscape. A narrow, light-colored road or path winds through the snow-covered terrain. In the lower-left quadrant, there is a small, isolated building with a dark roof. The background shows a vast, flat expanse under a pale, overcast sky. The overall tone is cold and wintry.

# **BUILDING THE NEW NOKIAN TYRES STARTED: GREENFIELD FACTORY TO ROMANIA, AGREEMENT FOR THE SALE OF THE RUSSIAN OPERATIONS**

**INTERIM REPORT JANUARY-SEPTEMBER 2022**

**NOVEMBER 1, 2022**

**JUKKA MOISIO – CEO**  
**TEEMU KANGAS-KÄRKI – CFO**

**nokian<sup>®</sup>**  
**TYRES**



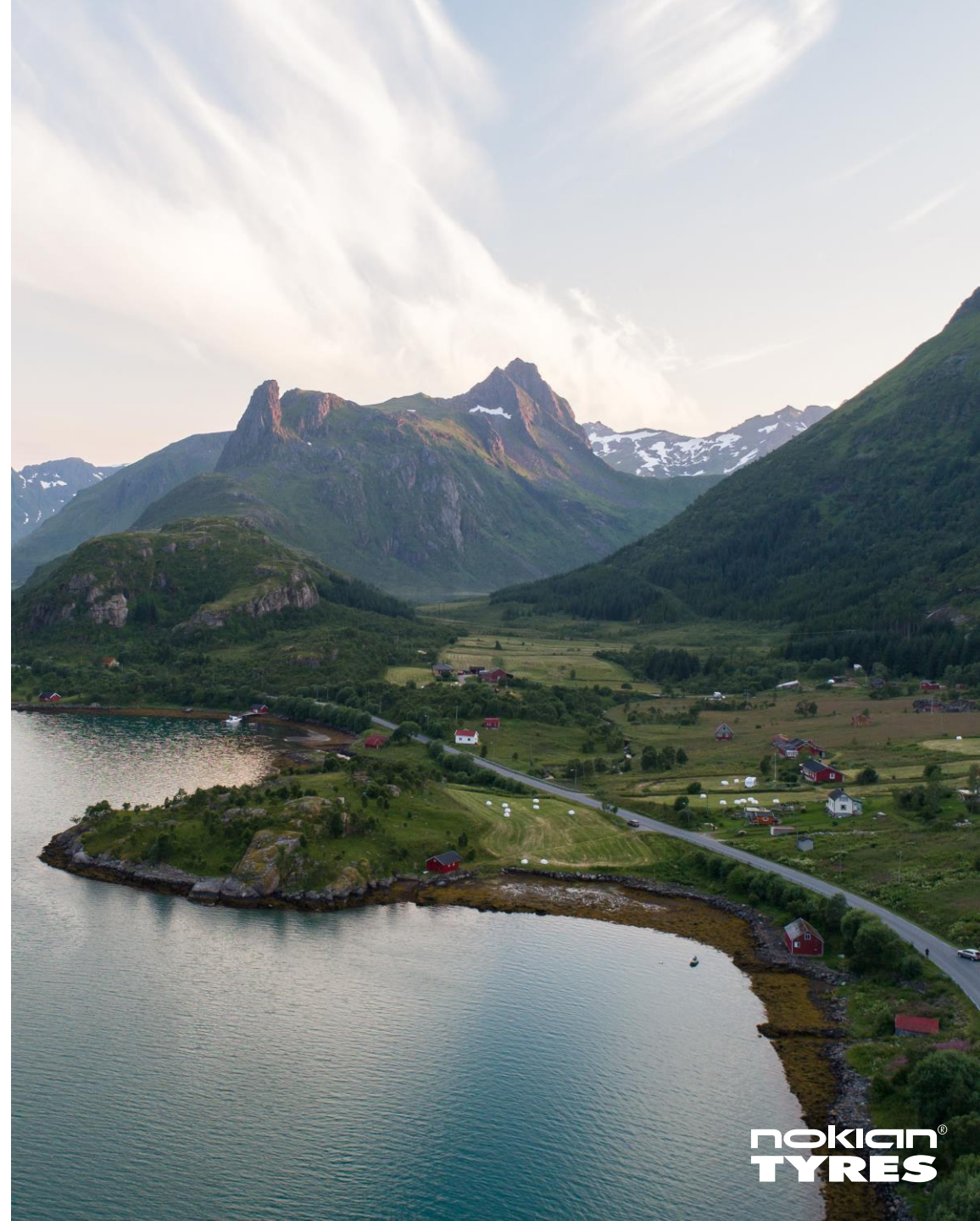
# TAKING THE FIRST STEPS TO BUILD THE NEW NOKIAN TYRES

- **Building a new greenfield factory to Romania**
  - ~EUR 650 million investment
  - Annual capacity 6 million tires, potential to expand further
  - First tires in H2/2024, commercial production in 2025
  - The first zero CO2 emission factory in the tire industry
- **Adding further supply capacity**
  - Capacity increasing at the Finnish and US factories
  - Land and property acquisitions in Finland secure future development opportunities
  - Outsourcing options are being developed
- **Exiting Russia**
  - Exit decision made in June
  - Agreement for the sale of the Russian operations signed on October 28
    - The debt free and cash free purchase price is expected to be ~EUR 400 million
    - The final purchase price is affected e.g. by net cash and working capital adjustment and changes in RUB/EUR exchange rate



# Q3 NET SALES AND PROFIT DECLINED DUE TO LOWER SUPPLY VOLUMES

- **Net sales EUR 466.2 million (443.5), -6.4% with comparable currencies**
  - Lower passenger car tire supply volumes as tire imports from Russia to Europe and North America ended in July
  - Heavy Tyres' net sales declined slightly due to supply constraints
- **Segments operating profit EUR 54.9 million (96.9)**
  - Lower passenger car tire supply volumes
  - Changed factory mix due to lower production in Russia
  - Price increases to combat cost inflation, leading to higher ASP



# STRONG BALANCE SHEET

1-9/22 cash flow impacted by higher working capital

EUR million	7-9/22	7-9/21	Change	CC* Change	1-9/22	1-9/21	Change	CC* Change	2021
Net sales	<b>466.2</b>	443.5	5.1%	-6.4%	<b>1,364.7</b>	1,201.5	13.6%	6.4%	1,714.1
Segments operating profit	<b>54.9</b>	96.9			<b>207.6</b>	236.8			324.8
Segments operating profit %	<b>11.8%</b>	21.8%			<b>15.2%</b>	19.7%			19.0%
Segments EPS, EUR	<b>0.26</b>	0.54			<b>1.19</b>	1.35			1.84
Segments ROCE, %**					<b>12.8%</b>	14.4%			15.8%
Equity ratio, %					<b>64.0%</b>	65.7%			68.4%
Cash flow from operating activities	<b>-99.2</b>	-81.0			<b>-322.9</b>	-96.1			396.5
Gearing, %					<b>22.2%</b>	15.9%			-6.1%
Interest-bearing net debt					<b>373.6</b>	251.0			-98.7
Capital expenditure	<b>26.9</b>	20.3			<b>59.6</b>	59.6			119.6

\* Comparable currencies

\*\* Rolling 12 months

The definitions of alternative performance measures (non-IFRS figures) are presented in the report by the Board of Directors in Nokian Tyres Financial Review 2021.



## Q3: PASSENGER CAR TYRES

Lower supply volumes affected net sales and profit negatively

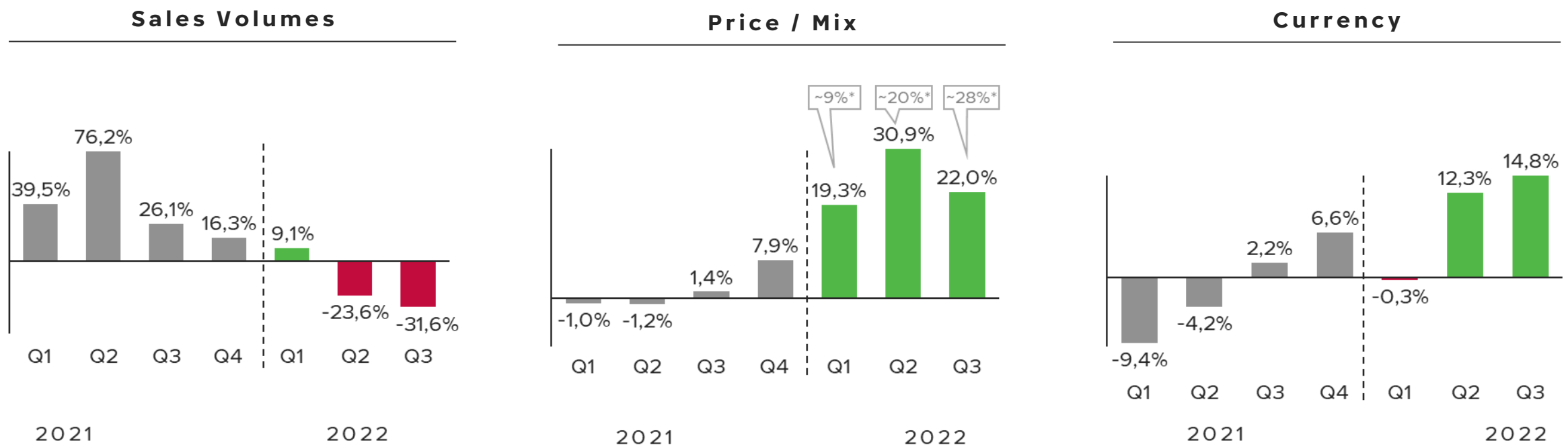
	7-9/22	7-9/21	Change	CC* Change	1-9/22	1-9/21	Change	CC* Change	2021
Net sales, M€	<b>348.2</b>	330.6	5.3%	-9.5%	<b>997.8</b>	856.4	16.5%	6.9%	1,199.2
Segment operating profit, M€	<b>54.7</b>	97.7			<b>192.7</b>	221.1			298.7
Segment operating profit, %	<b>15.7%</b>	29.6%			<b>19.3%</b>	25.8%			24.9%

\* Comparable currencies

- Net sales decreased due to lower supply volumes
  - Tire imports from Russia to Europe and North America ended in July
  - Lower tire supply impacted net sales negatively, specifically in Central Europe
  - ASP with comparable currencies increased strongly, especially in Russia
  - Inventories in the distribution are on a high level
- Segment operating profit declined driven by lower supply volumes and changed factory mix due to lower production in Russia
  - Price increases offset higher raw material and other cost inflation
  - Organizational restructuring in Central Europe to align resources

# PASSENGER CAR TYRES NET SALES - QUARTERLY CHANGES

YoY Change %

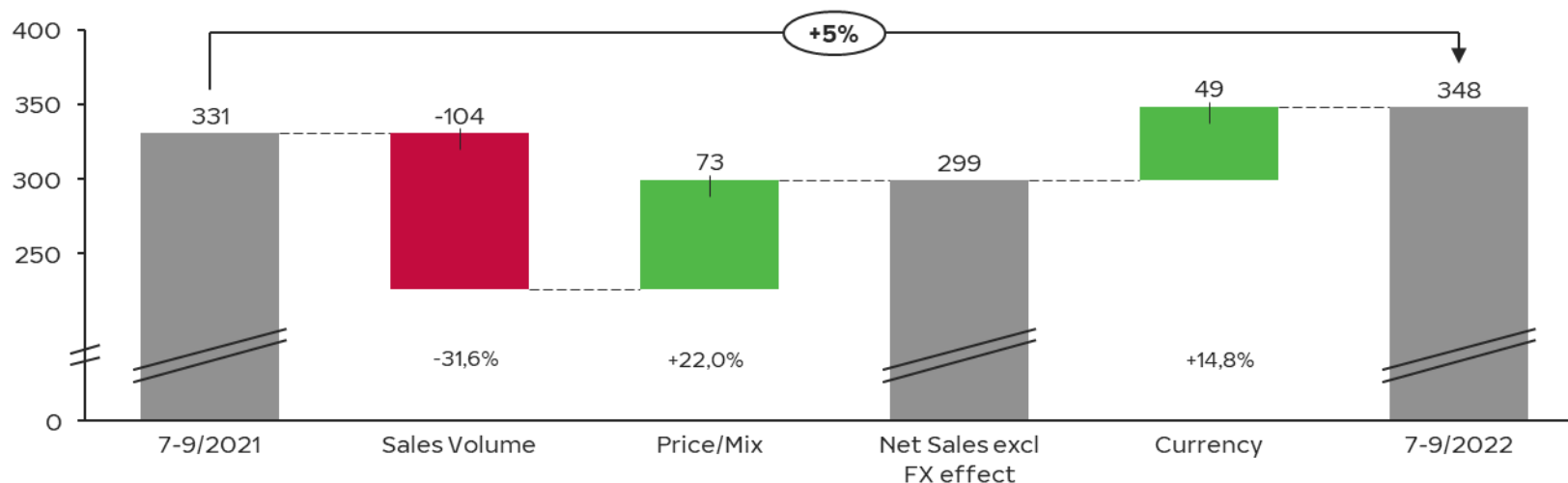


\* Price/Mix without Russia, changing region mix increasing impact

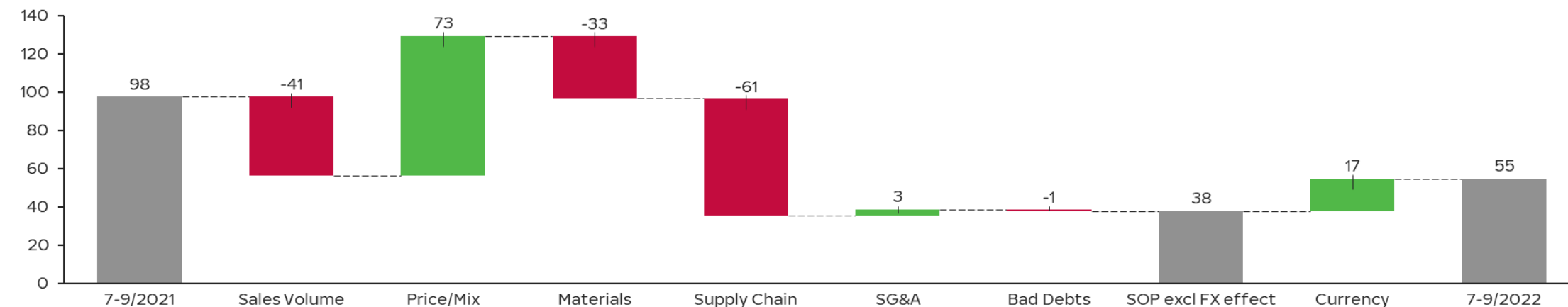
# Q3: PASSENGER CAR TYRES BRIDGE

Price/Mix impacted segment operating profit positively by EUR 73 million

## NET SALES, M€



## SEGMENT OPERATING PROFIT, M€



## Q3: HEAVY TYRES

Supply constraints impacted third quarter net sales

	7-9/22	7-9/21	Change	CC* Change	1-9/22	1-9/21	Change	CC* Change	2021
Net sales, M€	<b>68.3</b>	69.0	-0.9%	-3.3%	<b>208.7</b>	188.7	10.6%	8.7%	254.0
Segment operating profit, M€	<b>9.1</b>	11.9			<b>37.4</b>	36.2			40.3
Segment operating profit, %	<b>13.3%</b>	17.3%			<b>17.9%</b>	19.2%			15.9%

\* Comparable currencies

- Net sales decreased slightly due to supply constraints
- Segment operating profit declined due to lower sales volumes
  - Higher raw material and other cost inflation was offset by price increases



## Q3: VIANOR

Net sales increased in a seasonally low quarter

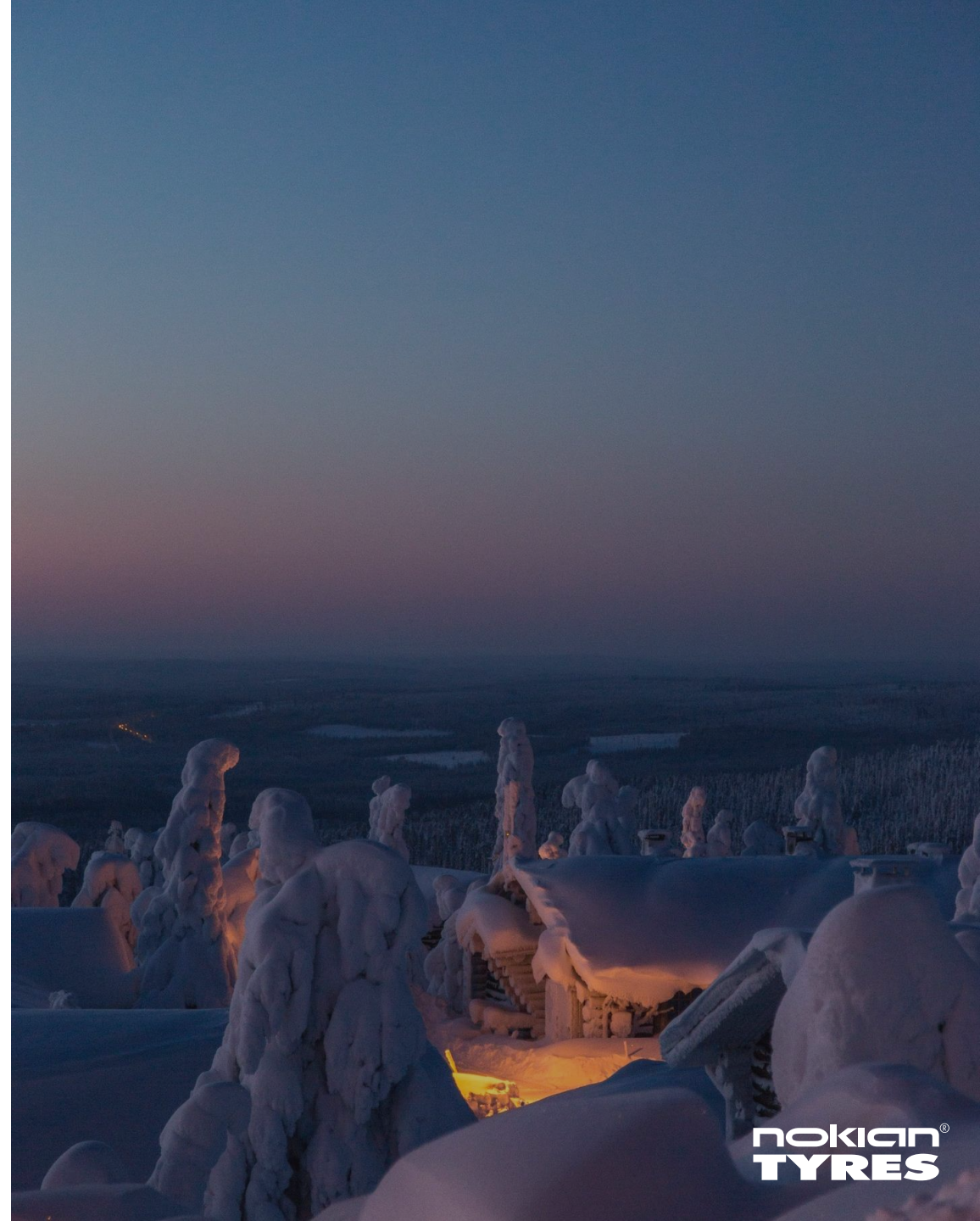
	7-9/22	7-9/21	Change	CC* Change	1-9/22	1-9/21	Change	CC* Change	2021
Net sales, M€	<b>76.5</b>	70.1	9.0%	9.3%	<b>232.7</b>	219.7	5.9%	6.1%	342.9
Segment operating profit, M€	<b>-5.1</b>	-4.5			<b>-7.7</b>	-4.3			4.1
Segment operating profit, %	<b>-6.7%</b>	-6.4%			<b>-3.3%</b>	-1.9%			1.2%
Number of own service centers at period end	<b>174</b>	175							175

\* Comparable currencies

- Net sales increased by 9.3% with comparable currencies driven by price increases to mitigate higher cost
- Segment operating profit declined
  - Increased costs due to inflation

# ASSUMPTIONS FOR 2022

- War in Ukraine and resulting sanctions severely impacting our supply capacity and performance
- Discontinued supply of tires from Russia will impact sales, especially in Central Europe
- Demand for passenger car tires and heavy tires estimated to be healthy
- Uncertainties related to the Russian ruble
  - Average EUR/RUB: 72.5 in 2019, 82.7 in 2020, 87.2 in 2021, 76.3 in January-Sept 2022, 58.1 at the end of Sept 2022
- Raw material and logistics costs estimated to continue to be on a high level



# GUIDANCE FOR 2022

Updated on October 28, 2022

The war in Ukraine and resulting sanctions have a significant negative impact on Nokian Tyres' supply capacity and performance.

In 2022, Nokian Tyres' net sales is expected to be at previous year's level or increase, and segments operating profit is expected to decrease significantly compared to 2021.





# PRIORITIES FOR THE COMING QUARTERS

- Adding further capacity, including the new greenfield factory project
- Closing the transaction to exit Russia
- Providing customers with world-class products and services
- Business units and areas to implement their specific plans: Nordics, North America, Central Europe, Heavy Tyres and Vianor
- Keeping costs in strict control and protecting cash flow



**“Going forward,  
we will focus on  
building the new  
Nokian Tyres.”**



A woman with blonde hair is sitting in the driver's seat of a car. She is wearing a light-colored knit beanie and a thick, grey, chunky-knit scarf. She is looking towards the camera with a slight smile. Her hand is resting on her head. In the foreground, the profile of a man's face is visible but blurred. The background shows a snowy landscape through the car window.

**THANK YOU!**

**nokian<sup>®</sup>**  
**TYRES**















A wide-angle photograph of a two-lane asphalt road stretching into the distance. The road is flanked by snow-covered embankments and dense evergreen forests. The sun is low in the sky, creating a warm, golden light and long shadows. The word "APPENDIX" is overlaid in white capital letters on the left side of the road, preceded by a short green horizontal line.

# APPENDIX



# CAR AND TIRE MARKETS IN 1-9/2022

The Nordic countries		Russia		Europe (excl. the Nordic countries)		North America	
 New car sales	<b>-15%</b>	 New car sales	<b>-60%</b>	 New car sales	<b>-9%</b>	 New car sales	<b>-13%</b>
 Car tire sell-in	<b>15%</b>	 Car tire sell-in	<b>-30%</b>	 Car tire sell-in	<b>5%</b>	 Car tire sell-in	<b>-5%</b>
 Heavy tire segments*	<b>➡</b>	 Heavy tire segments*	<b>-</b>	 Heavy tire segments*	<b>➡</b>	 Heavy tire segments*	<b>➡</b>

\* Nokian Tyres' core product segments, management's estimate for FY2022

# GROUP SEGMENTS OPERATING PROFIT PER QUARTER 2018–Q3/2022\*

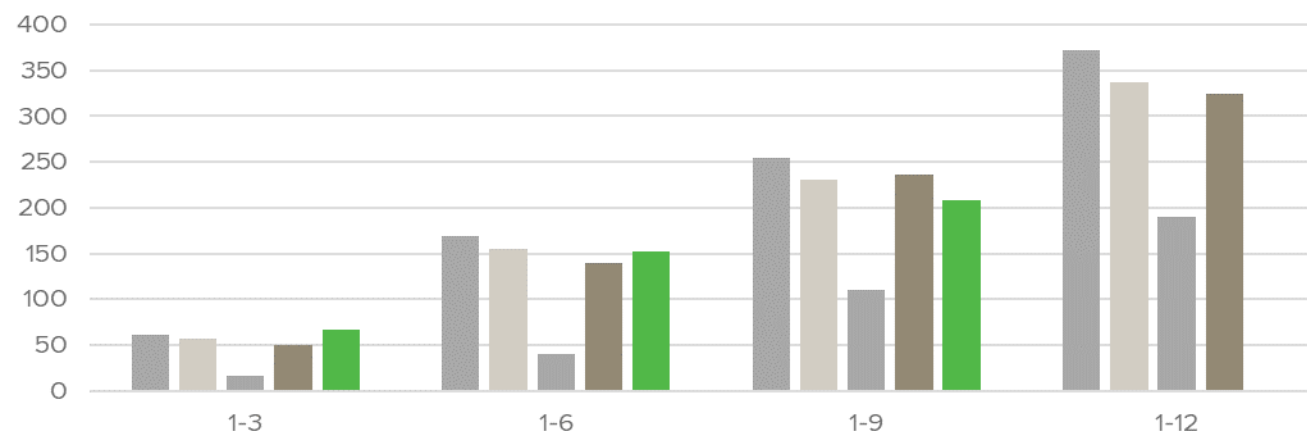
## 1–9/2022

- Net sales 1,364.7 M€  
(1,201.5), 13.6%
- Segments operating profit  
207.6 M€ (236.8)

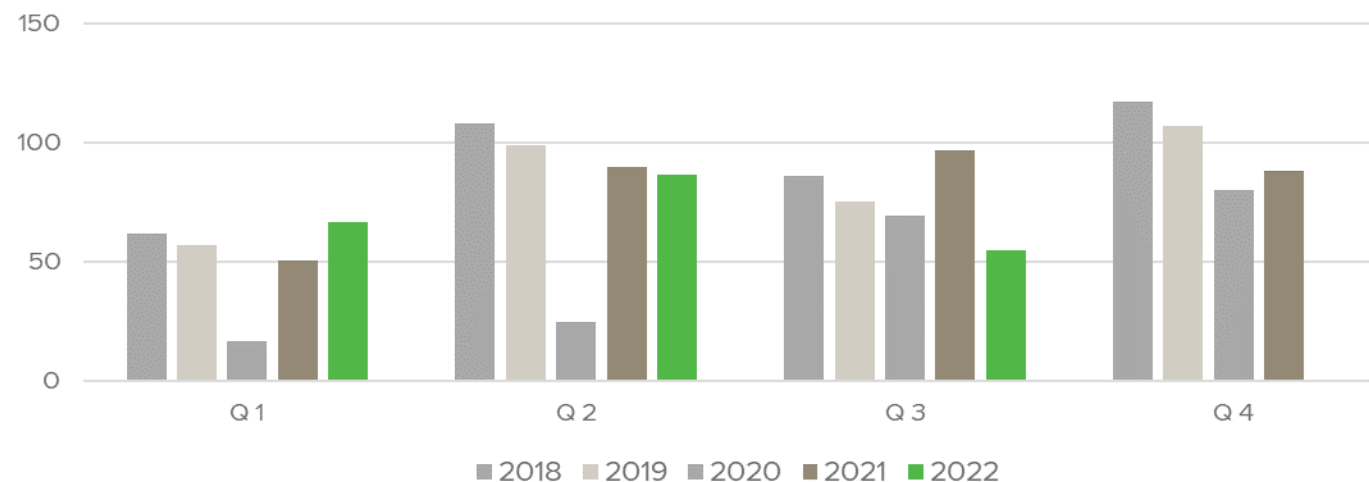
## 7–9/2022

- Net sales 466.2 M€  
(443.5), 5.1%
- Segments operating profit  
54.9 M€ (96.9)

Cumulative segments operating profit per review period



Segments operating profit per quarter



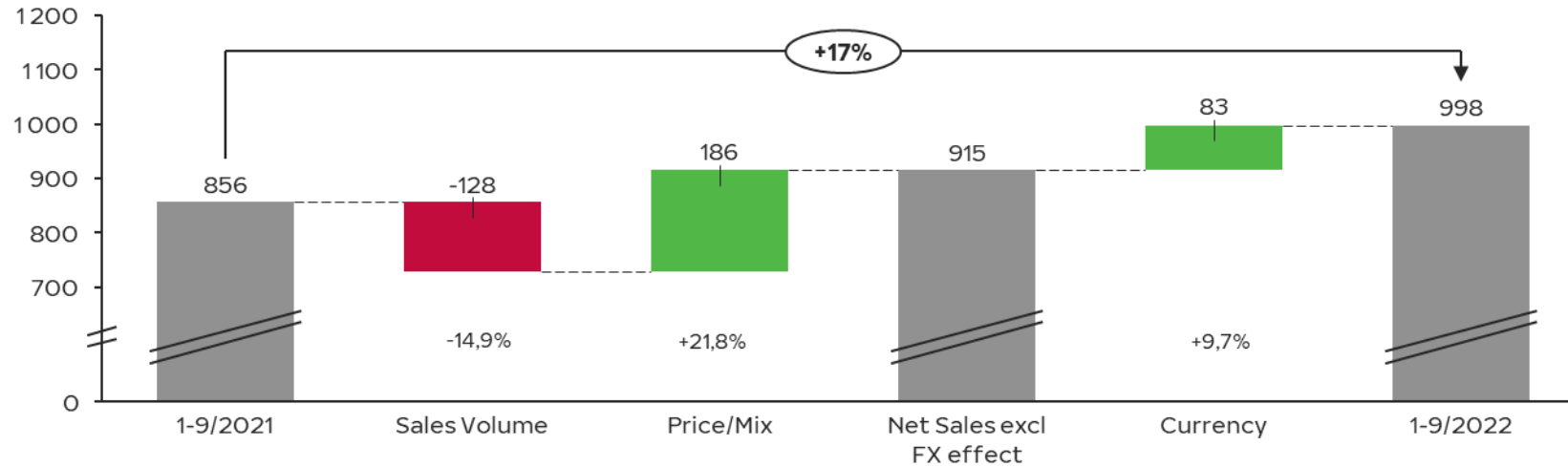
\*Comparable segments operating profit figures for 2019–2022, earlier years reported based on IFRS



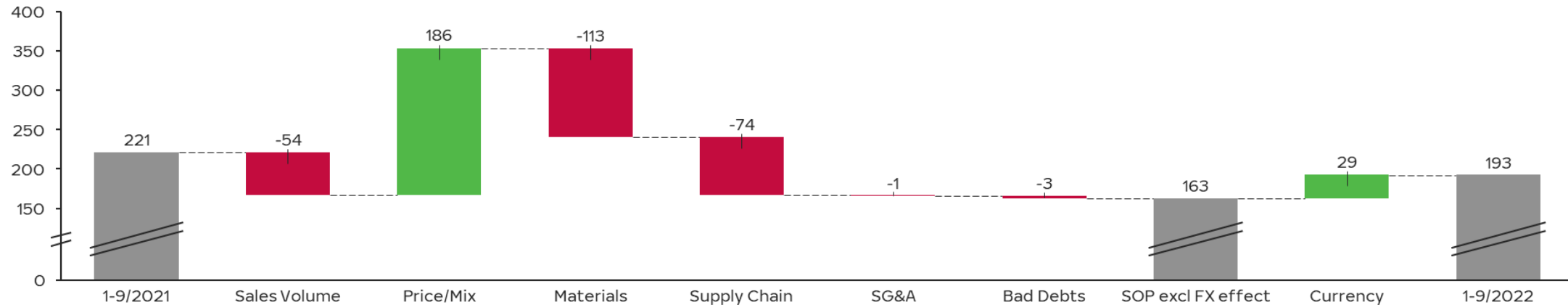
# 1-9: PASSENGER CAR TYRES BRIDGE

Price/Mix impacted segment operating profit positively by EUR 186 million

## NET SALES, M€



## SEGMENT OPERATING PROFIT, M€

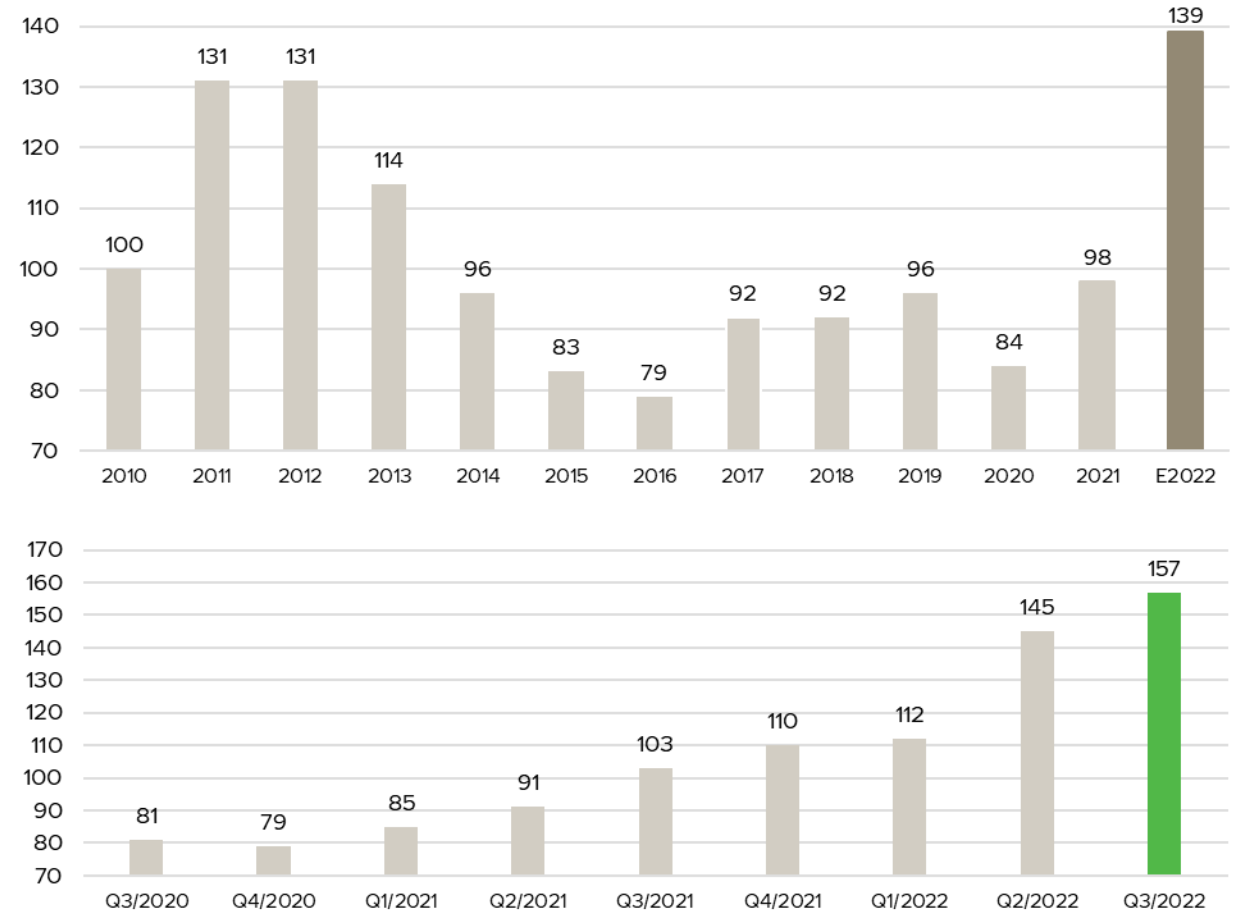


# MATERIAL COST DEVELOPMENT

## MATERIAL COSTS (€/KG)

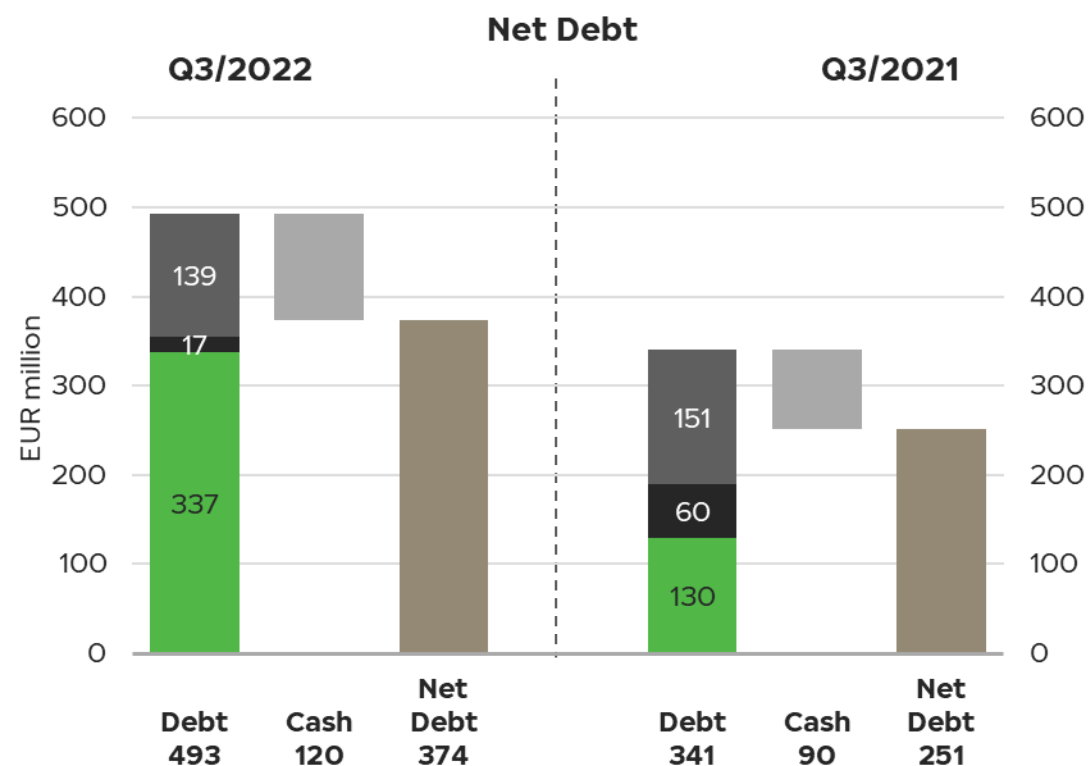
- Increased by 53.5% in Q3/2022 vs. Q3/2021
- Increased by 9.1% in Q3/2022 vs. Q2/2022
- Increased by 44.6% in 1-9/2022 vs. 1-9/2021

MATERIAL COST DEVELOPMENT INDEX 2010-E2022

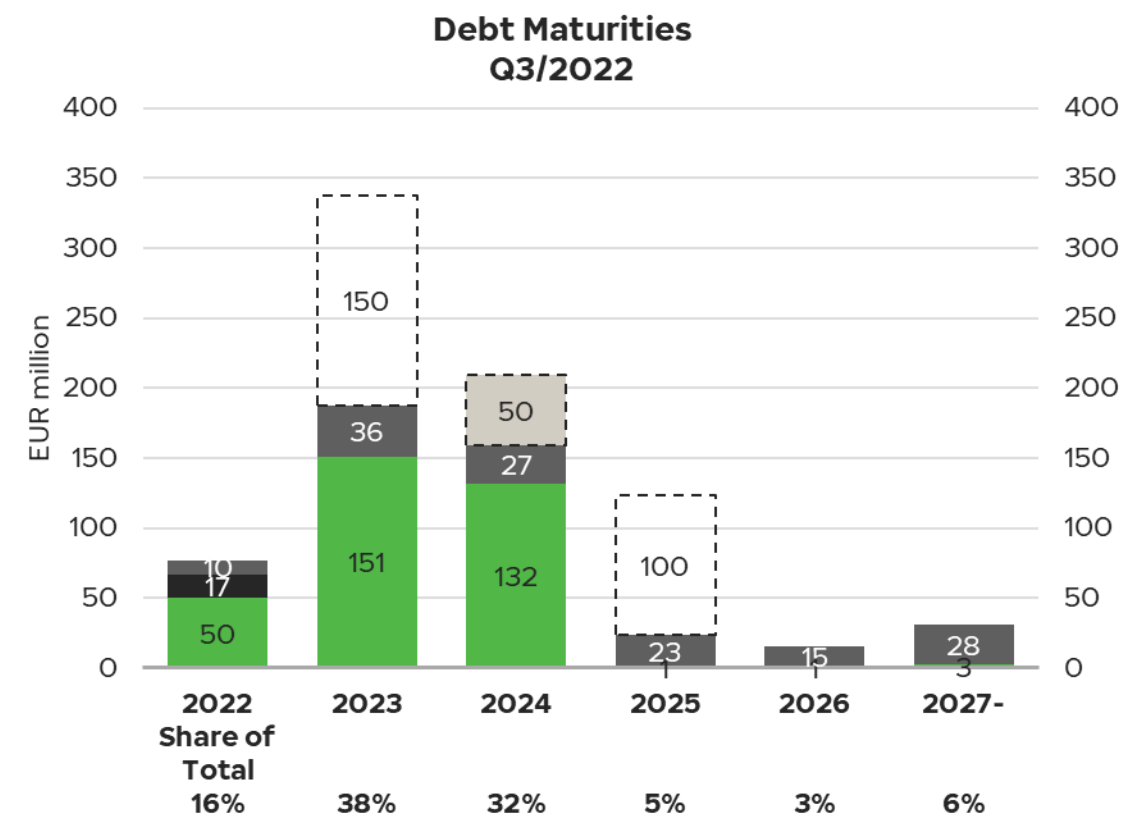


Incl. raw and other materials in reported currencies

# NET DEBT AND DEBT MATURITIES



Available liquidity, EUR million	Q3/2022	Q3/2021
Cash	120	90
Committed undrawn credit facilities	255	305
Total	375	395



■ Committed Credit Facilities | Withdrawn (Major) \*

□ Committed Credit Facilities | Undrawn (Major)

■ Leases | IFRS 16

■ Commercial Papers

■ Loans

\*Withdrawn loans due in Q4/2022

# NETWORK DEVELOPMENT

Vianor, NAD, N-Tyre; -39 stores in 1-9/2022

## VIANOR – 1,044 SERVICE CENTERS IN 13 COUNTRIES

174 own stores and 870 partners

Own -1; partner -2 vs. year-end 2021

- Largest tire chain in the Nordic countries: 340 service centers (+3 vs. year-end 2021)
- Russia and CIS: 338 service centers (+2 vs. year-end 2021). Permit to use Vianor brand in Russia to be revoked
- Central Europe: 366 service centers (-8 vs. year-end 2021)

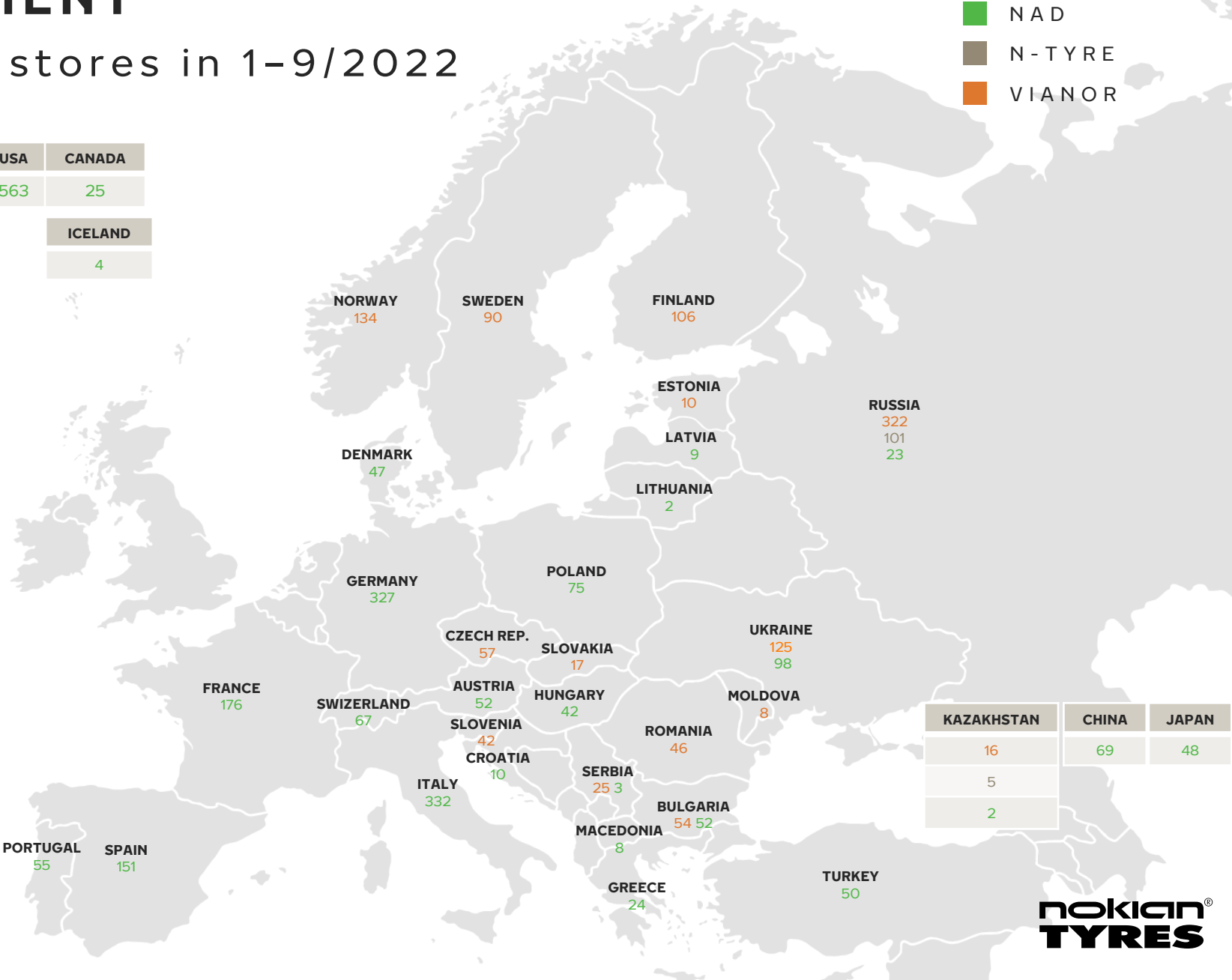
USA	CANADA
563	25
ICELAND	
4	

## NOKIAN TYRES AUTHORIZED DEALERS (NAD) – 2,314 STORES

- In 26 countries
- -32 stores vs. year-end 2021

## N-TYRE – 106 STORES

- In Russia and Kazakhstan
- -4 stores vs. year-end 2021







# nokian<sup>®</sup> TYRES

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