

# MARKET ENVIRONMENT CHALLENGING, BUILDING THE NEW NOKIAN TYRES ON TRACK

INTERIM REPORT  
JANUARY—SEPTEMBER 2023

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OCTOBER 31, 2023



# ROMANIA FACTORY PROGRESSING AS PLANNED

## – FIRST TIRES TO BE PRODUCED IN H2/2024

- Building permit received and groundbreaking in May 2023
- Main excavation work completed in August, frame erected, and wall and roof installations are ongoing including warehouse
- Foundation and construction work inside the building to commence for machine installations early 2024 - Main equipment ordered already in 2022
- First hires made during summer, recruitments accelerate in 2024
- First tires to be produced in H2/2024, commercial production starts in 2025
- Application for an investment subsidy of up to EUR 99.5 million submitted and approved by the Romanian government, application currently under EU review



# THE PRODUCTION AND UTILITY BUILDINGS ARE STARTING TO TAKE SHAPE

October 2023



Total built-up area ~100,000 m<sup>2</sup>



# OWN CAPACITY GRADUALLY INCREASING, SUPPLEMENTED BY CONTRACT MANUFACTURING

- In Finland, passenger car tire capacity increased and in use
- In the US, equipment installations ongoing, new production lines will be started by the end of the year
  - 125 new employees hired to production
  - Product portfolio expanding, light truck tire production starts
- Contract manufacturing volume of ~1.5 million secured for 2023
  - First winter and all-season tires to the Central European market in H2/2023



# WE ARE CREATING A BALANCED AND SCALABLE MANUFACTURING NETWORK FOR PASSENGER CAR TYRES

Own capacity at 15+ million tires in 2027





# PROFITABILITY IMPROVED IN Q3

- **Segments net sales EUR 276.1 million (333.5), -12.7% with comparable currencies**
  - Demanding market environment, inventories in the distribution on a high level
  - EUR 15 million negative impact from currencies
  - Market share gains in premium winter tires
- **Segments EBITDA EUR 46.1 million (7.4)**
  - 16.7% (2.2%) of segments net sales
- **Segments operating profit EUR 19.6 million (-17.9)**
  - Clear profitability improvement in Passenger Car Tyres
- **Second dividend installment of EUR 0.20 per share to be paid in December**



# STRONG BALANCE SHEET

EUR million	7-9/23	7-9/22	CC* Change	1-9/23	1-9/22	CC* Change	2022
Segments net sales	<b>276.1</b>	333.5	-12.7%	<b>805.6</b>	988.8	-14.9%	1,350.5
Segments EBITDA	<b>46.1</b>	7.4		<b>98.6</b>	92.3		118.7
Segments EBITDA, %	<b>16.7%</b>	2.2%		<b>12.2%</b>	9.3%		8.8%
Segments operating profit	<b>19.6</b>	-17.9		<b>20.7</b>	17.6		17.8
Segments operating profit %	<b>7.1%</b>	-5.4%		<b>2.6%</b>	1.8%		1.3%
Segments EPS, EUR	<b>0.09</b>	0.25		<b>-2.41</b>	-0.99		-0.86
Segments ROCE, %**				<b>1.4%</b>	4.9%		0.9%

Equity ratio, %				<b>60.1%</b>	64.0%		64.9%
Gearing, %				<b>28.2%</b>	22.2%		9.8%
Interest-bearing net debt				<b>386.2</b>	373.6		140.9
Capital expenditure	<b>69.5</b>	26.9		<b>156.6</b>	59.6		129.7
Cash flow from operating activities	<b>-90.8</b>	-99.2		<b>-215.2</b>	-322.9		-4.3

\* Comparable currencies

\*\* Restated rolling 12 months excluding Russia

# Q3: PASSENGER CAR TYRES

## Lower sales, good margins

- Net sales decreased due to demanding car and tire market
  - Tire inventories in the distribution are on a high level
  - ASP with comparable currencies increased slightly
- Clear profitability improvement
  - Margins on a good level, supported by lower costs

EUR million	7-9/23	7-9/22	CC* Change	1-9/23	1-9/22	CC* Change	2022
Net sales	169.6	215.5	-16.6%	455.5	624.2	-23.7%	810.7
Segment operating profit	18.8	-18.1		14.8	2.2		-24.7
Segment operating profit, %	11.1%	-8.4%		3.2%	0.3%		-3.1%

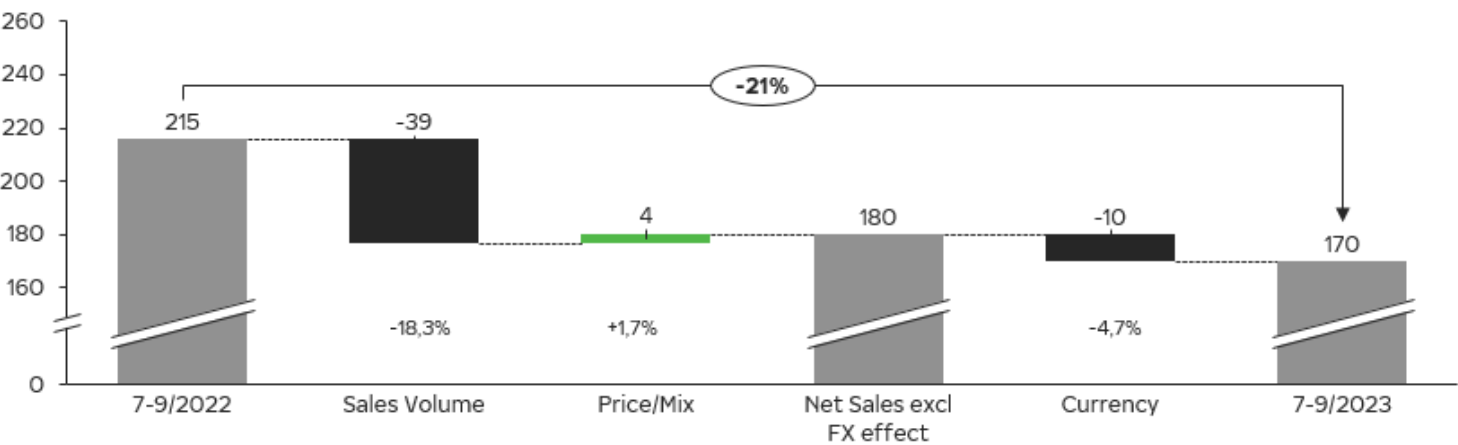
\* Comparable currencies



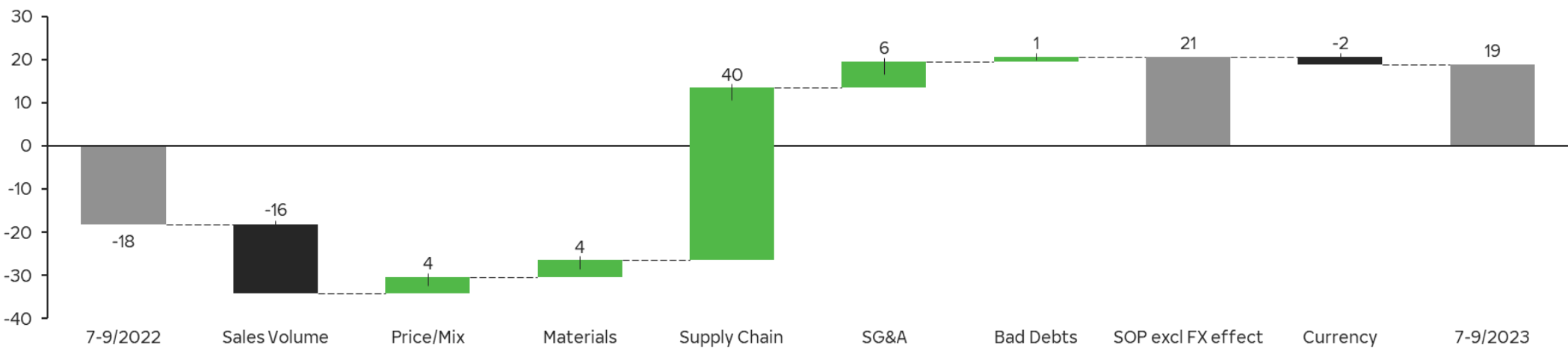
# Q3: PASSENGER CAR TYRES BRIDGE

Supply chain impacted segment operating profit positively by EUR 40 million

## NET SALES, M€

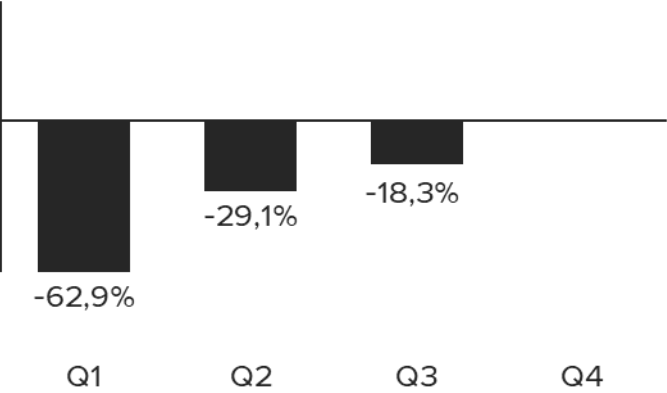


## SEGMENT OPERATING PROFIT, M€

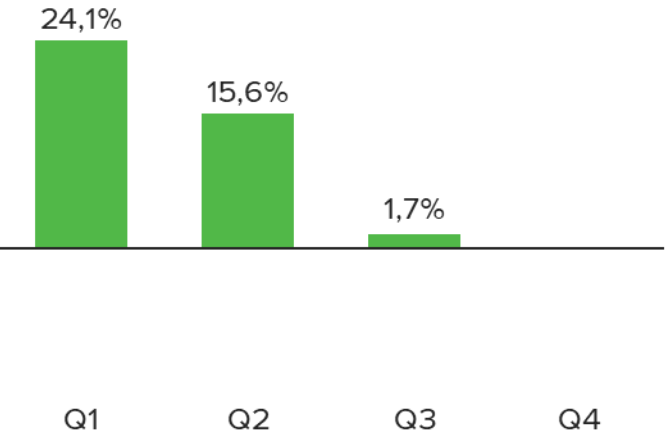


# PASSENGER CAR TYRES NET SALES - QUARTERLY CHANGES IN 2023

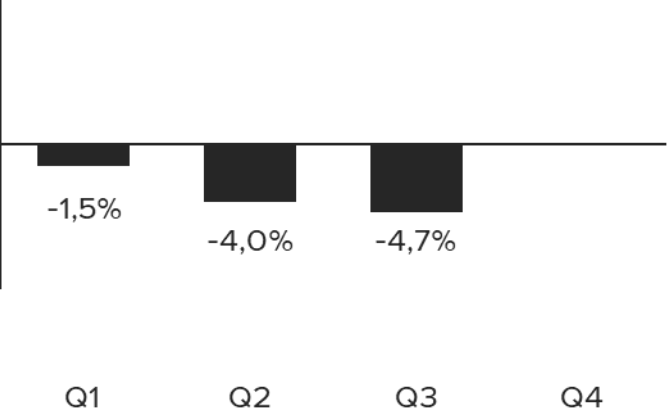
SALES VOLUMES



PRICE/MIX



CURRENCY





## Q3: HEAVY TYRES

### Net sales decreased due to soft aftermarket

- Net sales decreased due to high inventory levels in the aftermarket distribution
- Segment operating profit declined driven by lower volumes and negative currency impact
- Production temporarily adapted during the summer break to reflect lower demand

EUR million	7-9/23	7-9/22	CC* Change	1-9/23	1-9/22	CC* Change	2022
Net sales	59.7	68.4	-10.1%	195.3	206.4	-3.6%	271.0
Segment operating profit	7.2	9.1		25.5	37.9		44.1
Segment operating profit, %	12.1%	13.2%		13.1%	18.4%		16.3%

\* Comparable currencies

## Q3: VIANOR

### Strong currency headwind impacted net sales

- Net sales decreased by 4.2% with comparable currencies in a seasonally low quarter
  - Strong currency headwind from SEK and NOK
- Segment operating profit was EUR -4.8 million

EUR million	7-9/23	7-9/22	CC* Change	1-9/23	1-9/22	CC* Change	2022
Net sales	<b>68.1</b>	76.5	-4.2%	<b>218.0</b>	232.7	0.7%	362.0
Segment operating profit	<b>-4.8</b>	-5.1		<b>-8.8</b>	-7.7		3.1
Segment operating profit, %	<b>-7.0%</b>	-6.7%		<b>-4.0%</b>	-3.3%		0.9%
Service centers at period end	<b>174</b>	174					173

\* Comparable currencies



# GUIDANCE FOR 2023

Updated on October 24, 2023

In 2023, Nokian Tyres' segments net sales are expected to be approximately EUR 1,150–1,200 million and segments operating profit percentage of net sales approximately 5.5–6%.

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–Q3/2023

APPENDIX

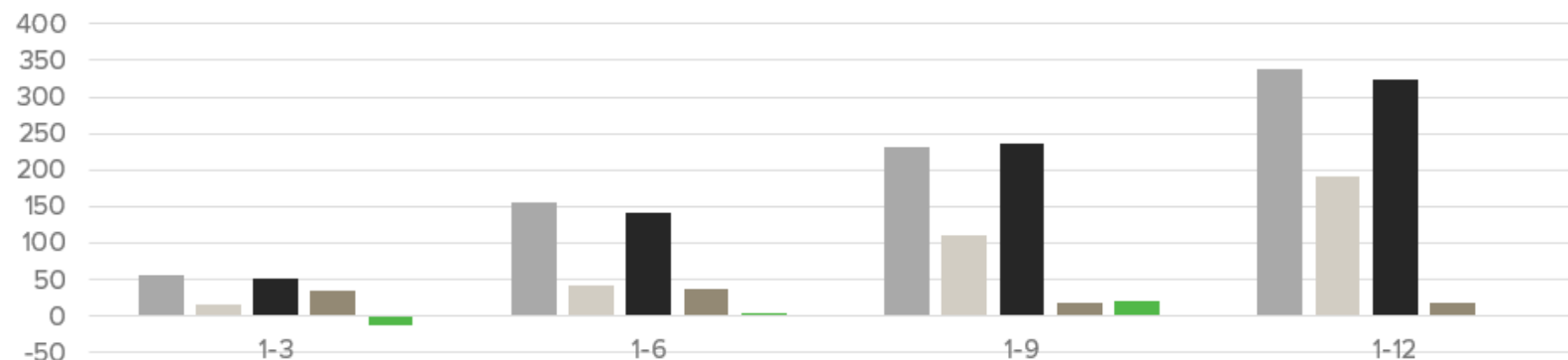
## 1–9/2023

- Segments net sales  
805.6 M€ (988.8), -18.5%
- Segments operating  
profit 20.7 M€ (17.6)

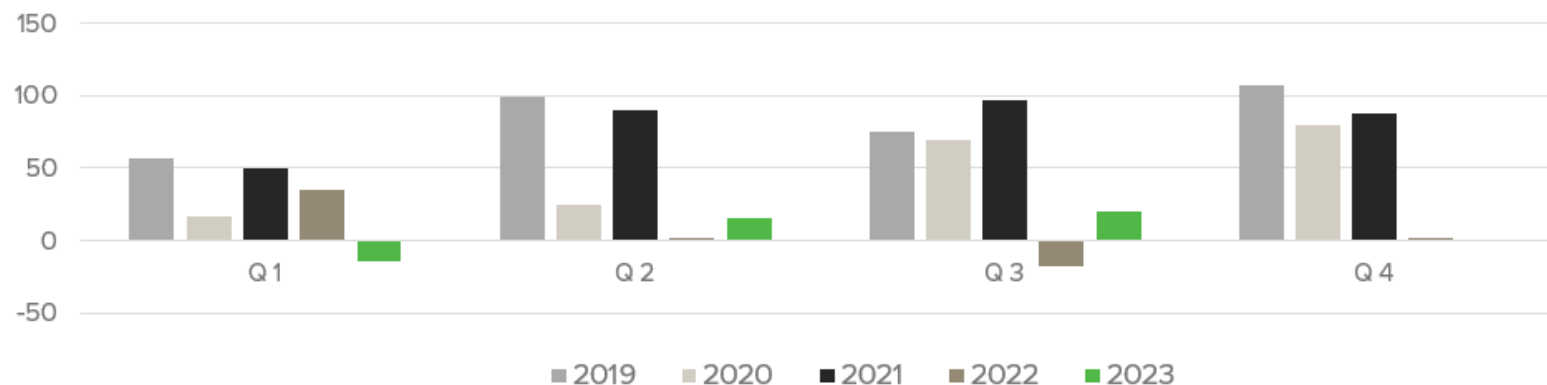
## 7–9/2023

- Segments net sales  
276.1 M€ (333.5), -17.2%
- Segments operating  
profit 19.6 M€ (-17.9)

CUMULATIVE SEGMENTS OPERATING PROFIT PER REVIEW  
PERIOD



SEGMENTS OPERATING PROFIT PER QUARTER

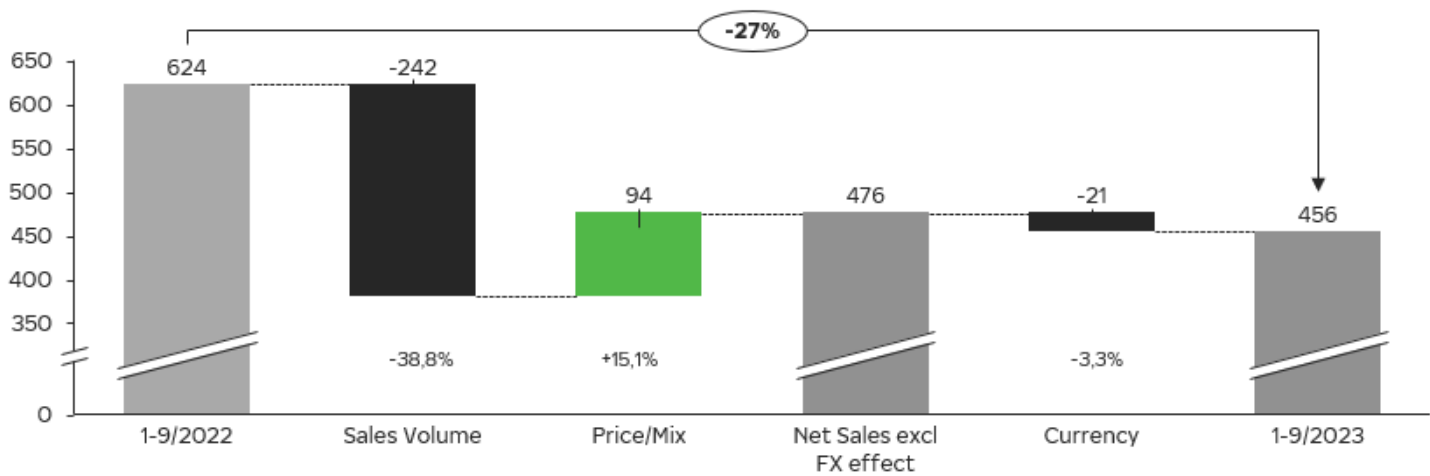




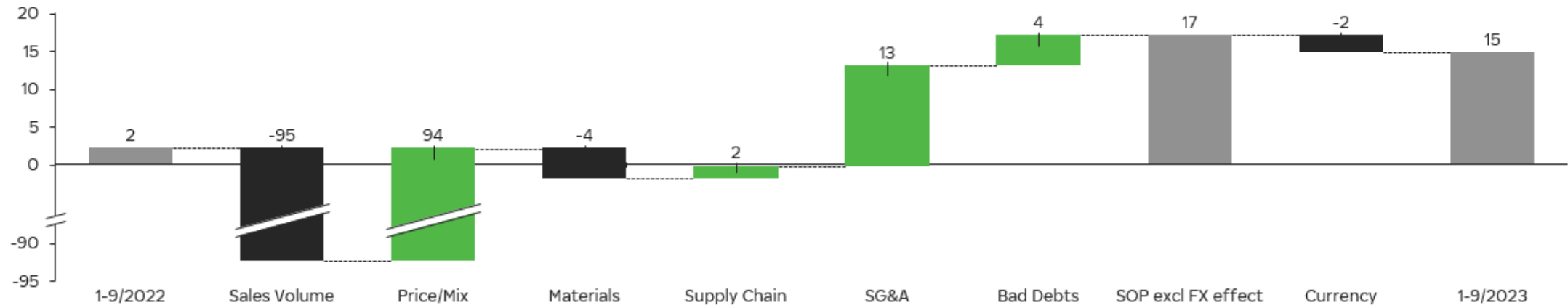
# 1-9: PASSENGER CAR TYRES BRIDGE

Price/mix impacted segment operating profit positively by EUR 94 million

## NET SALES, M€



## SEGMENT OPERATING PROFIT, M€



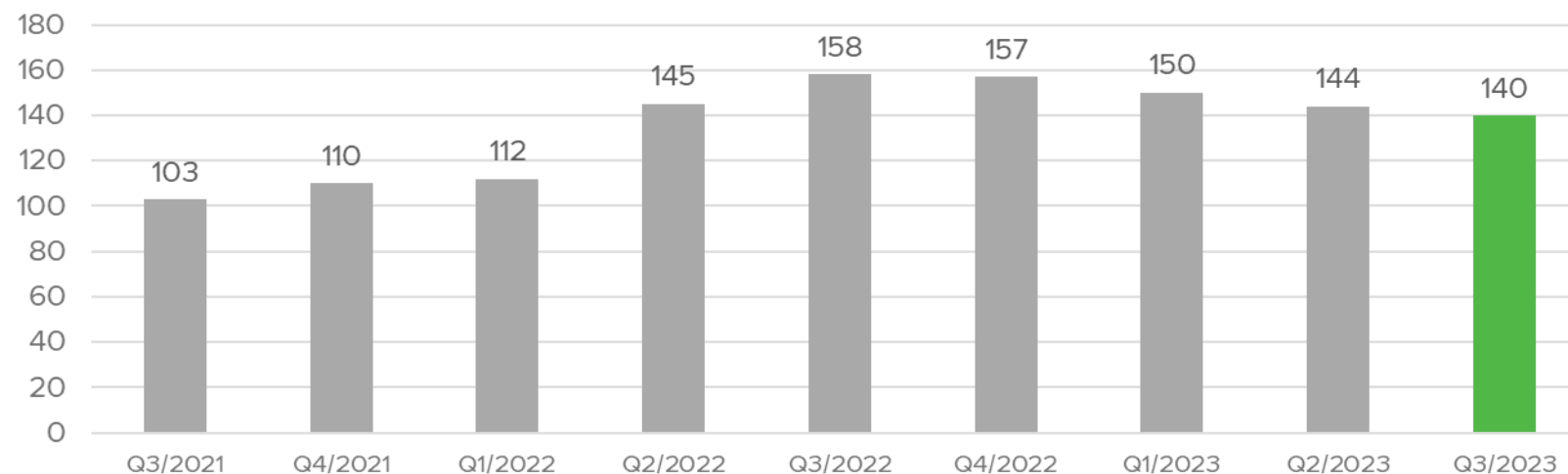
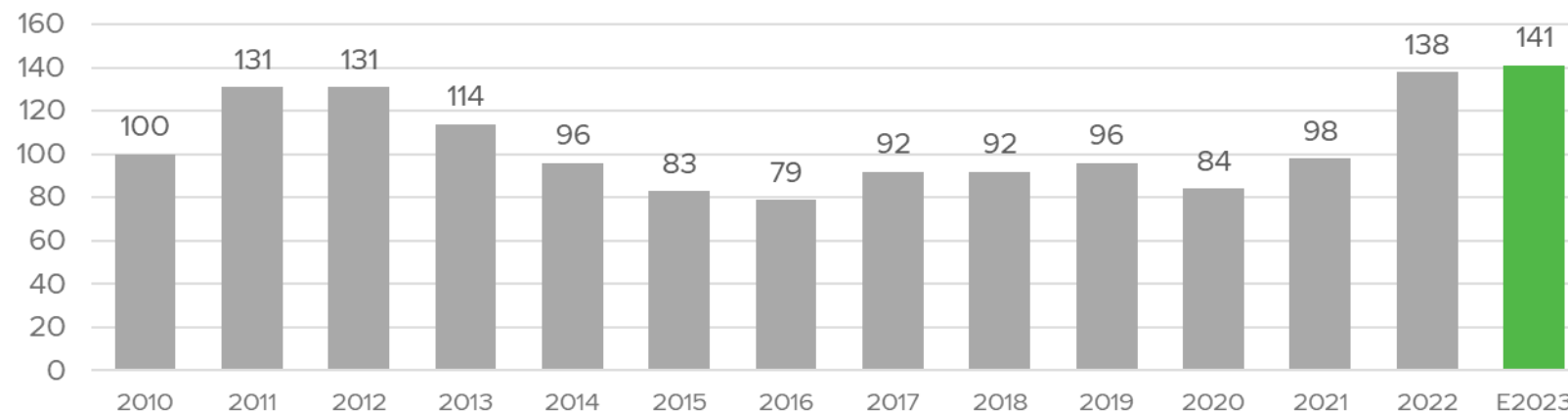
## Material costs (€/kg)

- Decreased by 7.0% in Q3/2023 vs. Q3/2022
- Decreased by 2.4% in Q3/2023 vs. Q2/2023
- Increased by 4.7% in 1–9/2023 vs. 1–9/2022

Incl. raw and other materials in reported currencies

Incl. Russia except for 2023 figures

MATERIAL COST DEVELOPMENT INDEX 2010–E2023





# BUILDING DIVERSIFIED DEBT PORTFOLIO

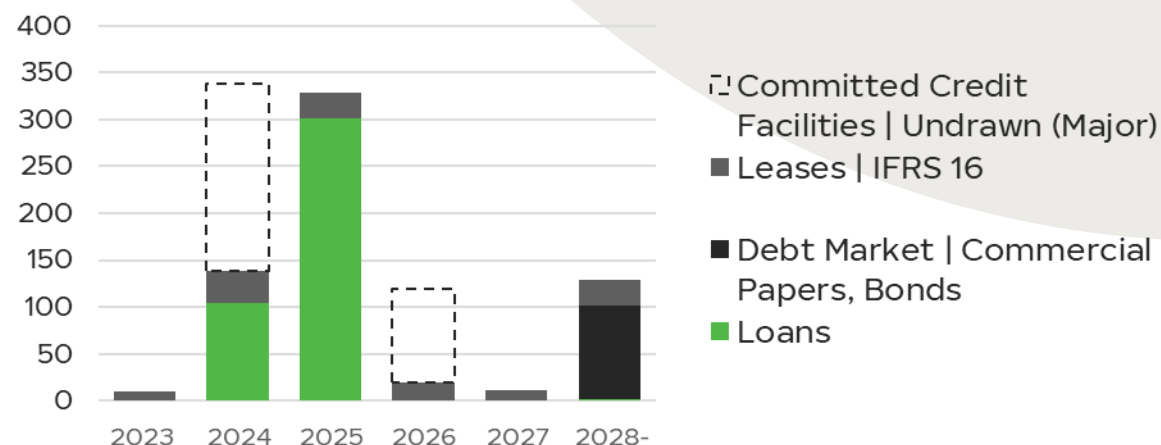
APPENDIX

- 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 five-year 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

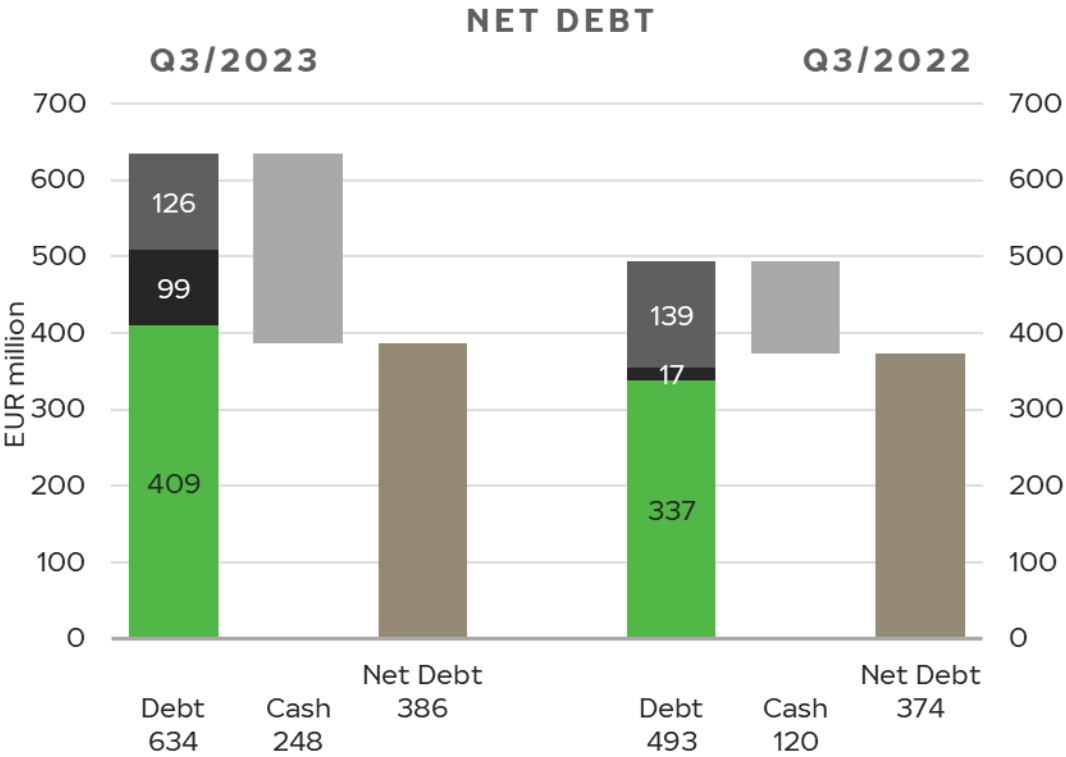
DEBT COMPOSITION Q3/2023



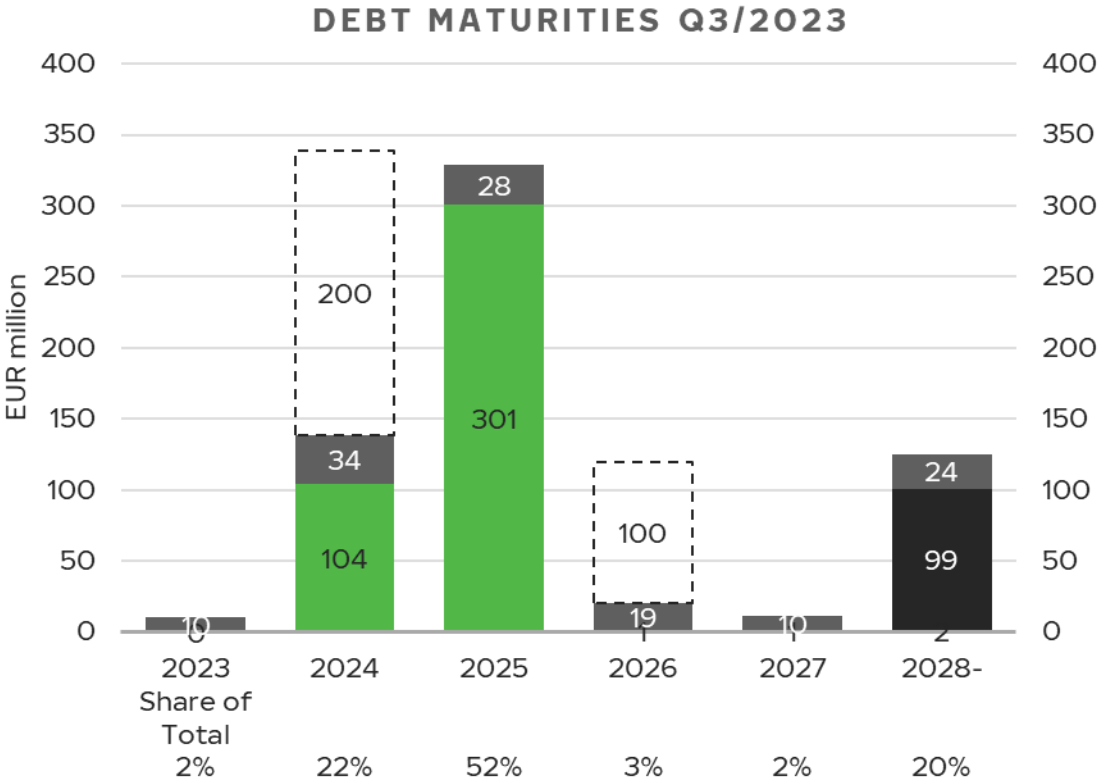
DEBT MATURITIES Q3/2023, MEUR



# NET DEBT AND DEBT MATURITIES



Available liquidity, EUR million	Q3/2023	Q3/2022
Cash	248	120
Committed undrawn credit facilities	305	255
Total	553	375



▬ Committed Credit Facilities | Undrawn (Major)

■ Leases | IFRS 16

■ Debt Market | Commercial Papers, Bonds

■ Loans



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