



NOKIAN TYRES KEEPING A STRONG POSITION IN ITS HOME MARKETS – HEADWIND IN RUSSIA IN 2020

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PRESIDENT AND CEO

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TYRES

- Driving the growth strategy in North America and Central Europe
- Further strengthening the market position in the Nordics
- Russian market declined against expectations, impacting 2020



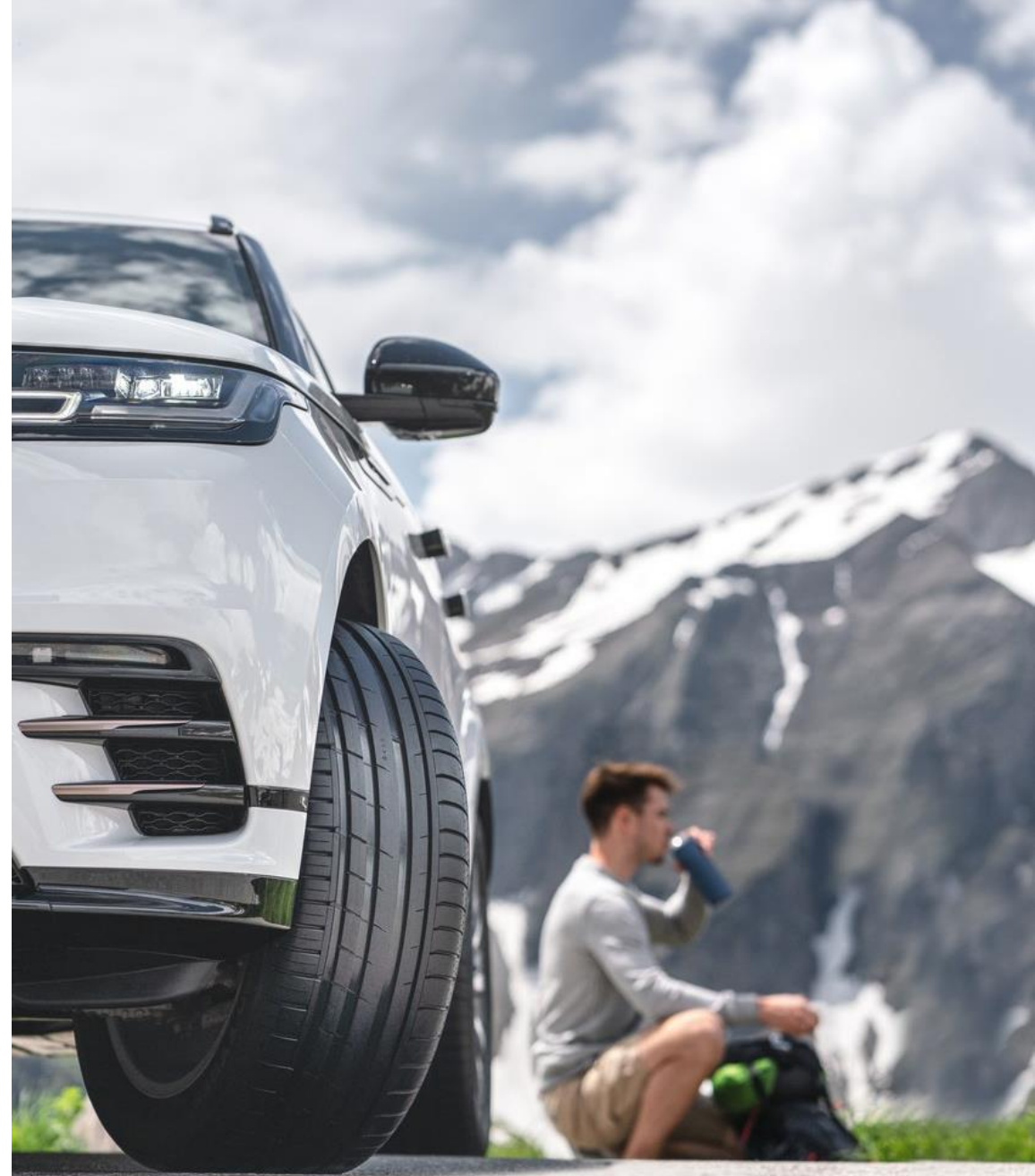
GOOD PROGRESS IN HEAVY TYRES AND VIANOR IN 2019

- **Net sales EUR 1,595.8 million (1,595.6), -0.3% with comparable currencies**
 - Record year in Heavy Tyres
- **Operating profit EUR 316.5 million (372.4)**
 - Lower volumes due to soft markets
 - Positive price/mix in all markets except for Central Europe
 - Increased opex investments including EUR 20 million to the US factory ramp-up, higher material costs
 - Heavy Tyres and Vianor's operating profit improved in line with the plan



Q4 IMPACTED BY WARM WINTER AND RUSSIA

- **Net sales EUR 475.8 million (473.6), -0.4% with comparable currencies**
 - Mild winter in key markets affected winter tire sales
 - Negative impact from one-time compensation accruals for distributors in order to support sell-out in Russia in 2020
- **Operating profit EUR 101.0 million (117.2)**



HIGH CARRY-OVER STOCKS IN RUSSIAN DISTRIBUTION - FOCUS IN 2020 ON DECREASING THESE LEVELS

- Russian market declined against expectations
- Winter tire inventories in distribution are clearly higher compared to year ago due to a combination of increased sell-in and decreased sell-out
 - Sell-out of Nokian Tyres' B segment winter products decreased due to a combination of overall weakness in demand and exceptionally good availability of tires, as well as aggressive pricing and sell-out support from competing brands
- Summer tire inventories have decreased compared to year ago, but their level after the season is still higher than normal
- In 2020, our focus is on increasing our sell-out and decreasing distributors' stock levels due to which sell-in of our winter tires is expected to decline in Russia especially during Q1 and Q2
- Our B segment winter products in Russia will be repositioned in order to make them more competitive

KEY FIGURES 2019

EUR million	10-12 /19	10-12 /18	Change %	CC* Change %	2019	2018	Change %	CC* Change %
Net sales	475.8	473.6	0.5%	-0.4%	1,595.8	1,595.6	0.0%	-0.3%
Operating profit	101.0	117.2			316.5	372.4		
Operating profit %	21.2%	24.7%			19.8%	23.3%		
Profit before tax	95.1	113.5			336.7	361.7		
Profit for the period	81.1	96.0			399.9	295.2		
Earnings per share, EUR**	0.58	0.70			2.89	2.15		
ROCE, %					17.6%	23.3%		
Equity ratio, %					75.9%	71.0%		
Cash flow from operating activities	398.2	460.0			219.8	536.9		
Gearing, %					2.3%	-21.2%		
Interest-bearing net debt					41.1	-315.2		
Capital expenditure	63.5	112.3			299.6	226.5		

* Comparable currencies

** EPS 2019 excl. the impact of the rulings on the tax disputes of EUR 1.08 were EUR 1.81

2019: PASSENGER CAR TYRES

Profitability hit by lower volumes

	10-12 /19	10-12 /18	Change %	CC* Change %	2019	2018	Change %	CC* Change %
Net sales, M€	318.3	316.8	0.5%	-1.7%	1,134.2	1,150.8	-1.4%	-2.2%
Operating profit, M€	76.4	96.5			287.7	356.5		
Operating profit, %	24.0%	30.5%			25.4%	31.0%		

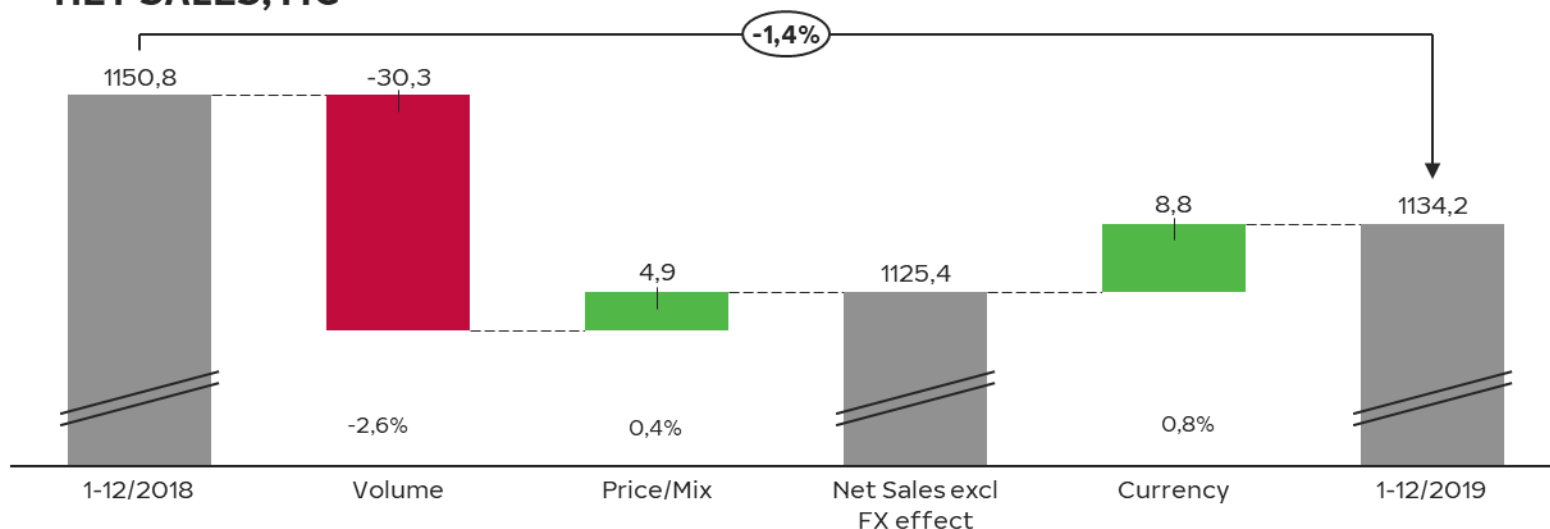
* Comparable currencies

- Net sales decreased due to lower volumes. Volume decline was partially offset by improved price/mix
 - In Q4, higher sales of summer and all-season tires, demand for winter tires was lower
 - Negative impact from one-time compensation accruals for distributors in order to support sell-out in Russia in 2020
- Operating profit decreased due to lower volumes, higher material costs and pricing pressure in Central Europe and Russia. Expansion costs of EUR 20 million in the US were in line with the plan
- Capacity utilization adjusted to be in line with the market demand and to balance own inventories

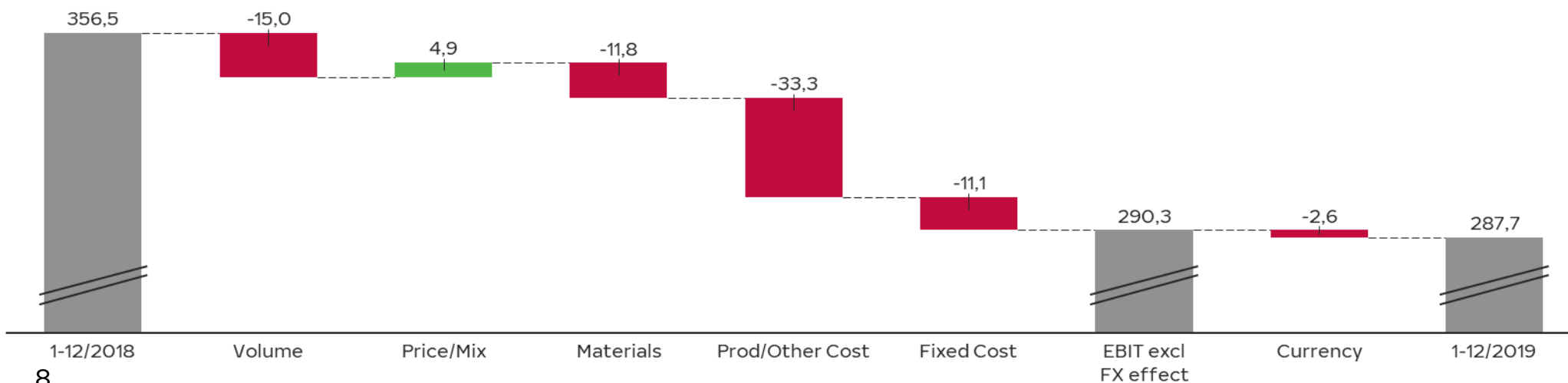
2019: PASSENGER CAR TYRES BRIDGE

Negative impact of EUR 15.0 million from volume on EBIT

NET SALES, M€



EBIT, M€

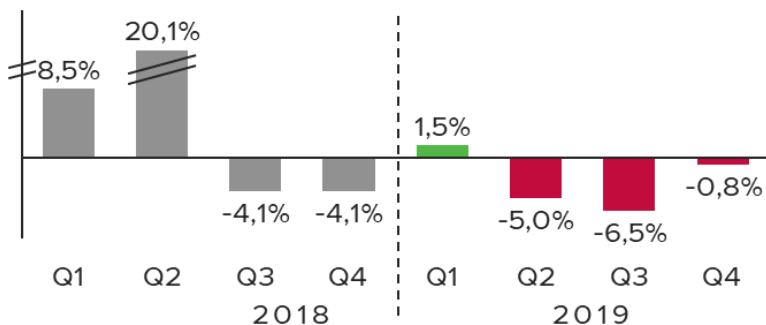


2019: PASSENGER CAR TYRES NET SALES – QUARTERLY CHANGES

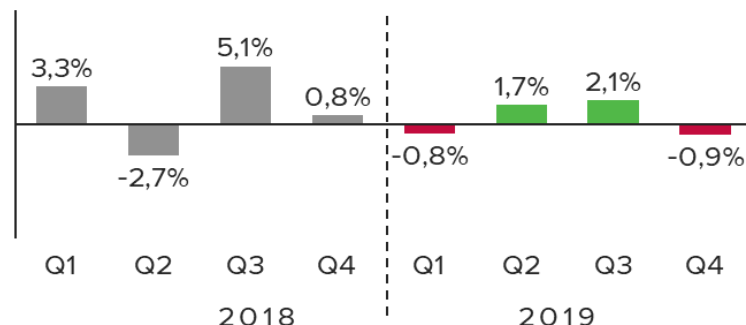
Currency impact turned positive towards year-end

YoY Change %

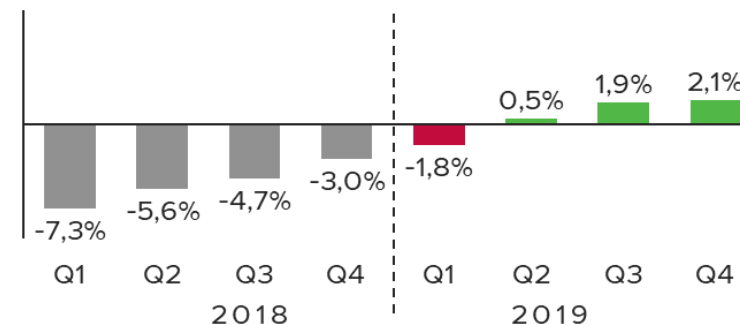
Volumes



Price/Mix



Currency



2019: HEAVY TYRES

Strong sales growth

	10-12 /19	10-12 /18	Change %	CC* Change %	2019	2018	Change %	CC* Change %
Net sales, M€	54.5	53.0	2.8%	3.0%	202.7	187.7	8.0%	8.0%
Operating profit, M€	10.1	9.6			35.7	28.6		
Operating profit, %	18.6%	18.0%			17.6%	15.2%		

* Comparable currencies

- Demand good in core product groups
- Net sales increased driven by improved availability due to the production capacity increase
- Operating profit increased due to the sales growth and previous year's negative inventory valuation impact
- Acquisition of Levypyörä Oy in August with annual net sales of EUR 18 million* supports the growth strategy

2019: VIANOR

Profitability improving in line with the plan

	10-12 /19	10-12 /18	Change %	CC* Change %	2019	2018	Change %	CC* Change %
Net sales, M€	120.0	122.3	-1.9 %	0.9%	336.5	337.2	-0.2%	1.5%
Operating profit, M€	14.1**	11.7			7.7**	1.6		
Operating profit, %	11.8%	9.6%			2.3%	0.5%		
Number of own service centers at period end	189	188			189	188		

* Comparable currencies

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

- Net sales increased by 1.5% with comparable currencies
- Operating profit improvement was driven by increased operational efficiency and better sales management

LATEST INNOVATIONS IN PASSENGER CAR TYRES

Peace of mind for drivers

Nokian Powerproof SUV & Nokian Wetproof SUV

- New generation SUV summer tires for Central European conditions offer steady performance and peace of mind in all conditions
- Equipped with Nokian Tyres' unique Aramid Sidewall Technology

Nokian ONE HT

- Premium, long-lasting and rugged all-season tire crafted for North American light trucks and SUVs
- Features brand new Aramid Armor Technology



LATEST PRODUCTS IN HEAVY TYRES

Connected to the terrain

Nokian Ground King

- A new agricultural tire that combines multi-terrain mobility and on-road performance

Nokian Forest King TRS 2+

- An advanced tire that brings next generation features for six-wheel forestry machinery in most demanding use



OUTLOOK

GUIDANCE FOR 2020

In 2020, net sales with comparable currencies are expected to decline and operating profit to be significantly below the level of 2019. In line with Nokian Tyres' updated 2018 strategy, the company is targeting further growth in Russia, Central Europe, and North America. In 2020 however, net sales and operating profit in Russia are expected to decline substantially due to the changed market dynamics.

Operating profit in 2020 will include costs related to the North American expansion and other investment programs to support long-term growth, as communicated in 2018.



STRATEGIC JOURNEY CONTINUES

Focus areas in 2020

- **In the Nordics**, we continue to strengthen our strong position supported by own equity Vianor retail chain
- **In Russia**, we focus on strengthening our market leader position and decreasing carry-over stock levels in the distribution channel
- **In Central Europe**, our growth is supported by new product launches and the new testing center in Spain
- **In North America**, our growth is supported by new product launches and efficient go-to-market activities together with increased number of new customers and points of sale

→ Building a more balanced global portfolio

→ Short-term capacity utilization and cost to be adjusted to the current market situation

→ Leading to a sustainable, positive impact on our long-term performance





**PEACE OF MIND
IN ALL CONDITIONS**

**nokian[®]
TYRES**

APPENDIX

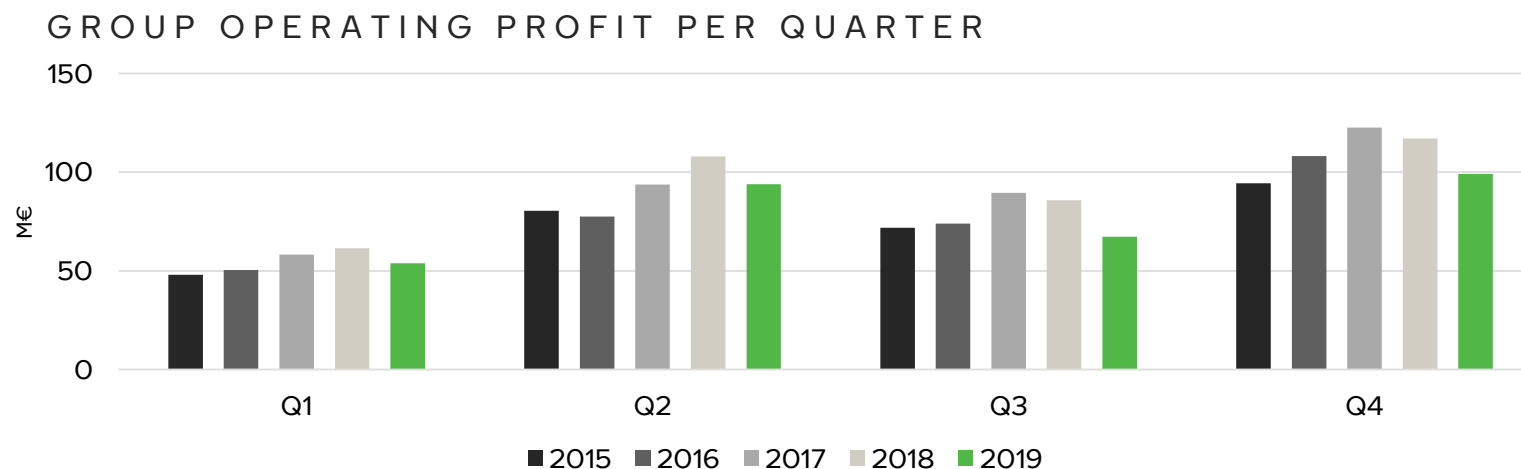
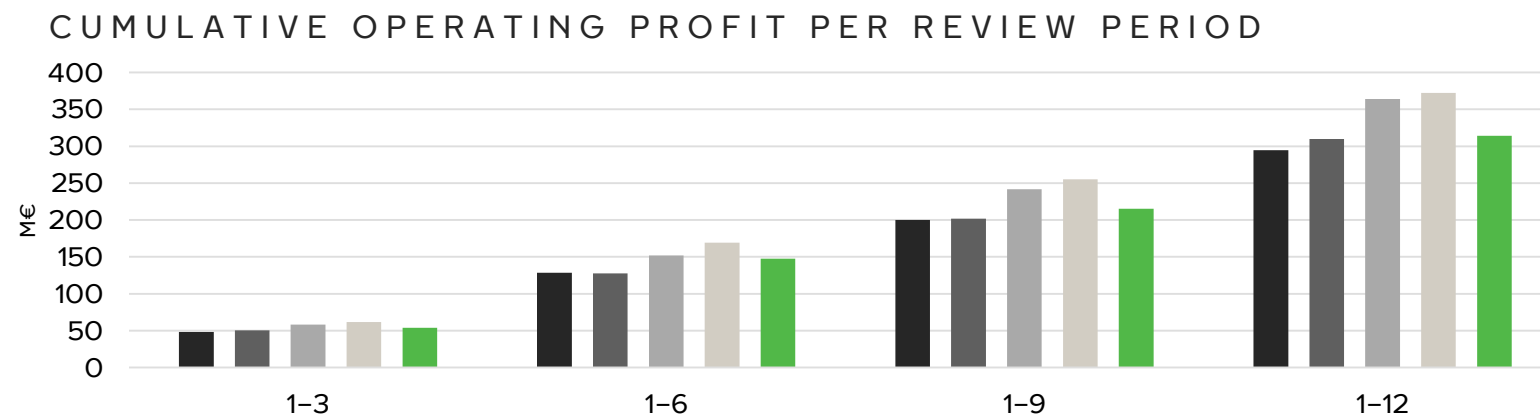
GROUP OPERATING PROFIT PER QUARTER 2015–2019

2019

- Net sales 1,595.8 M€
(1,595.6 M€), 0.0%
- Operating profit 316.5 M€
(372.4 M€)

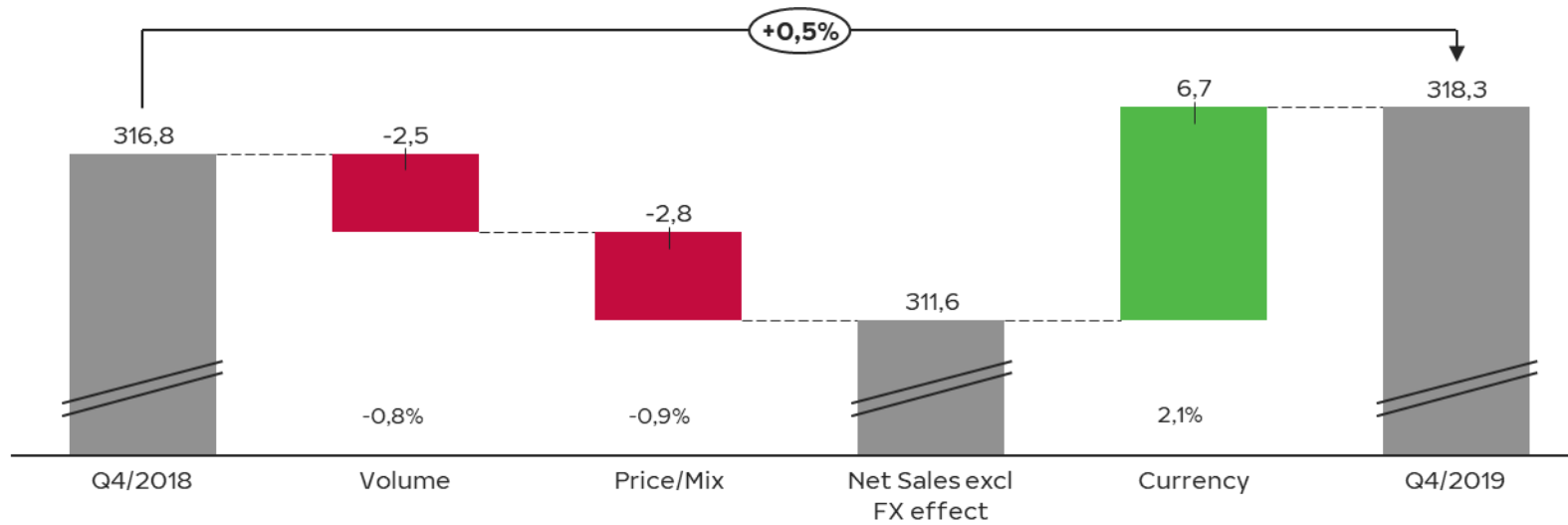
10–12/2019

- Net sales 475.8 M€
(473.6 M€), 0.5%
- Operating profit 101.0 M€
(117.2 M€)

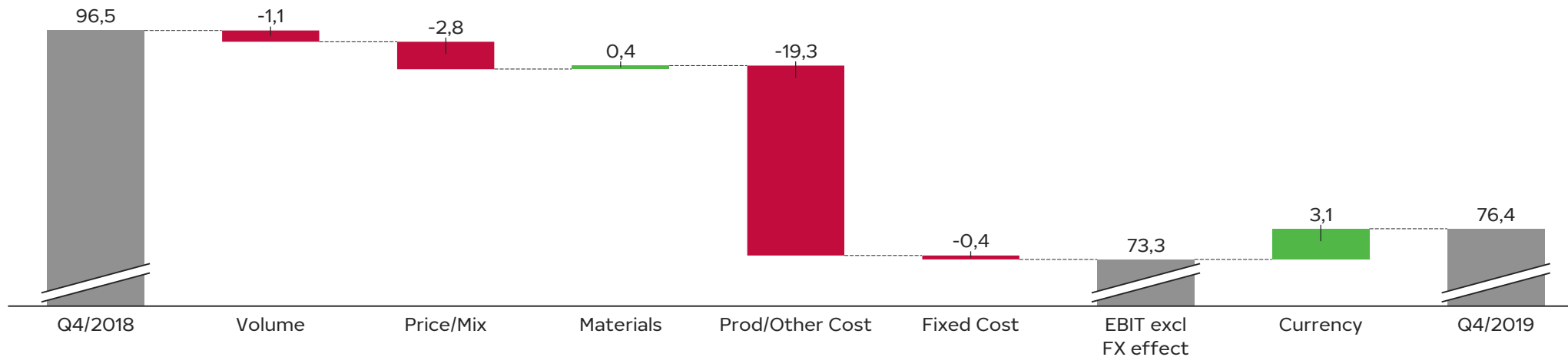


Q4/2019: PASSENGER CAR TYRES BRIDGE













NET SALES, M€



EBIT, M€



CAR TIRE SELL-IN DECLINED IN 2019 IN ALL MARKETS EXCEPT FOR NORTH AMERICA

The Nordic countries		Europe (incl. the Nordic countries)		Russia		North America	
 New car sales	-2%	 New car sales	+1%	 New car sales	-2%	 New car sales	-2%
 Car tire sell-in	-3%	 Car tire sell-in	-1%	 Car tire sell-in	-3%	 Car tire sell-in	+2%
 Heavy tire segments*	➡	 Heavy tire segments*	➡	 Heavy tire segments*	➡	 Heavy tire segments*	➡

* Nokian Tyres' core product segments, management estimate

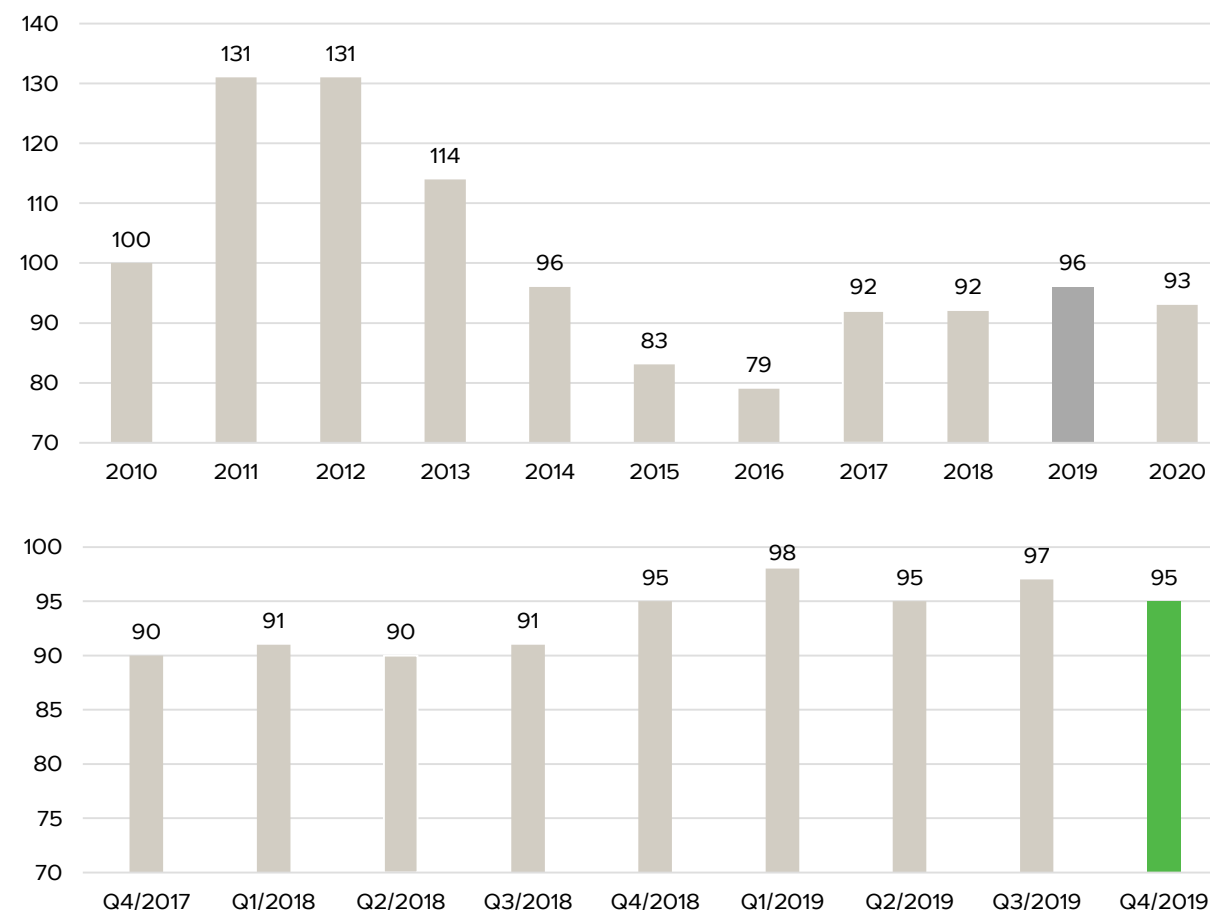
MATERIAL COST DEVELOPMENT

Increased in 2019

MATERIAL COSTS (€/KG)

- Increased by 5.2% in 2019 vs. 2018
- Decreased by 2.9% in Q4/2019 vs. Q3/2019

MATERIAL COST DEVELOPMENT INDEX 2010-E2020



NETWORK DEVELOPMENT PROGRESSED

Vianor, NAD, N-Tyre; -122 stores in 2019

VIANOR – 1,170 SERVICE CENTERS IN 19 COUNTRIES

189 own stores and 981 partners

Own +1, partner -149 vs. year-end 2018

- Largest tire chain in the Nordic countries: 347 service centers (+8 vs. year-end 2018)
- Largest tire chain in Russia and CIS: 387 service centers (+11 vs. year-end 2018)
- Central Europe: 425 service centers (-167 vs. year-end 2018)
- USA: 11 service centers (unchanged vs. year-end 2018)

NOKIAN TYRES AUTHORIZED DEALERS (NAD) – 2,182 STORES

- In 24 European countries, USA, China and Japan
- Increase of 20 stores vs. year-end 2018

N-TYRE – 133 STORES

- In Russia, Kazakhstan and Belarus
- Increase of 6 stores vs. year-end 2018





IT'S A BEAUTIFUL JOURNEY

Disclaimer

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