



INTERIM REPORT 1-9/2018

GROWTH IN ALL MAIN MARKETS. NEGATIVE IMPACT
FROM CURRENCIES, GUIDANCE UPDATED

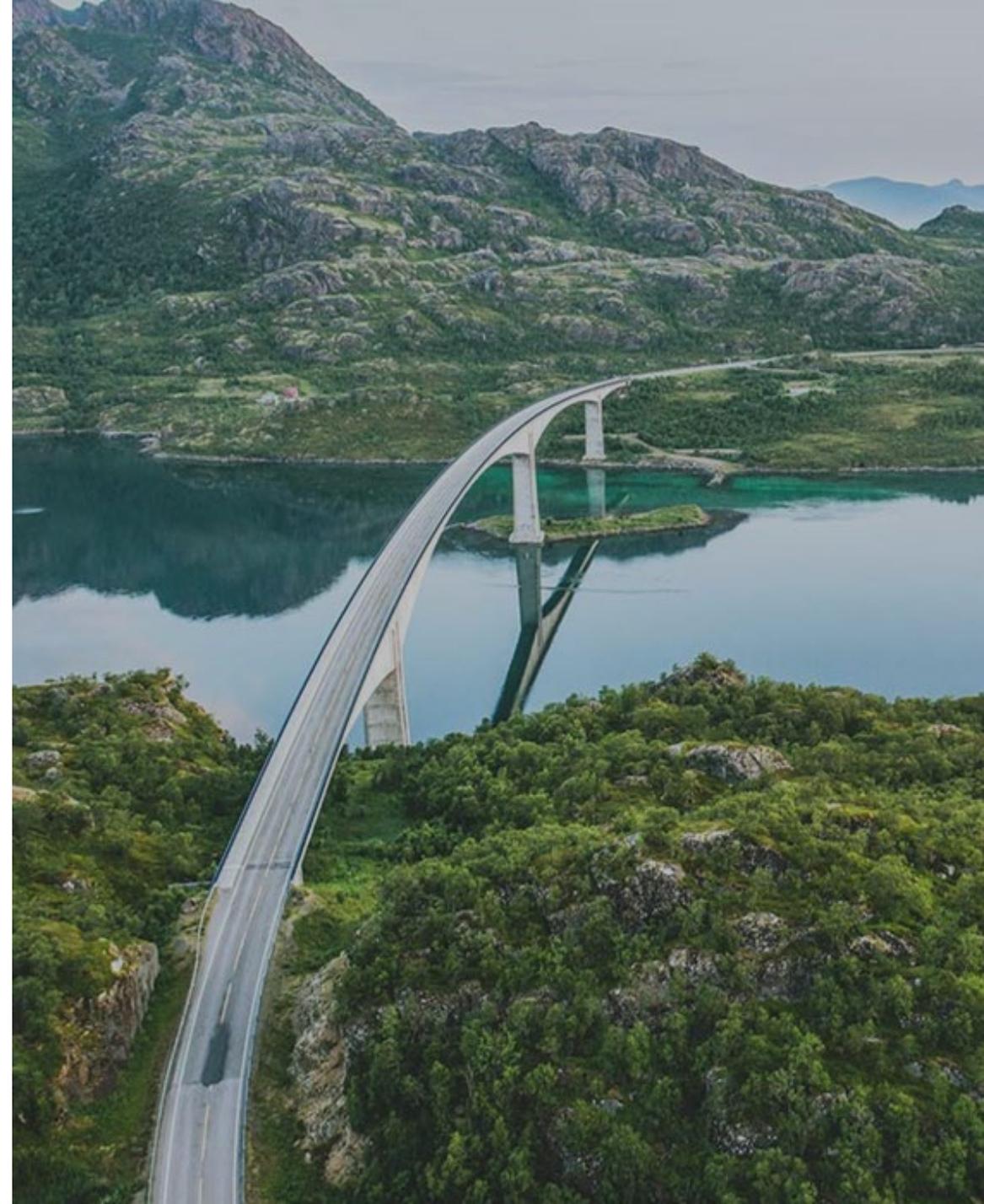
OCTOBER 31, 2018

HILLE KORHONEN
PRESIDENT AND CEO

nokian[®]
TYRES

GOOD PERFORMANCE WITH GROWTH IN ALL MAIN MARKETS

- **Net sales EUR 1,122.0 million (1,082.0), +8.7% with comparable currencies**
 - In Passenger Car Tyres, growth was driven by higher sales volumes and price/mix with comparable currencies
 - In Heavy Tyres, especially sales of agricultural tires and forestry tires performed well
- **Operating profit EUR 255.2 million (242.8)**
 - Operating profit increased slightly despite a significant negative currency impact
 - Raw material costs EUR/kg -2.9% positively impacted by currencies
- **Full year guidance for 2018 updated due to continued negative currency impact**



MARKET OVERVIEW AND NOKIAN TYRES PERFORMANCE 1-9/2018

Russian market continued growing

The Nordic countries	
New car sales	+1%
Car tire sell-in	+3%
Heavy tire segments *	
Nokian Tyres sales & SOM	
Car tire sales, pcs	+/-
Car tire SOM	-

Russia	
New car sales	+15%
Car tire sell-in	+8%
Heavy tire segments *	
Nokian Tyres sales & SOM	
Car tire sales, pcs	+
Car tire SOM	+

Europe (incl. the Nordic countries)	
New car sales	+2%
Car tire sell-in	+1%
Heavy tire segments *	
Nokian Tyres sales & SOM (Other Europe, excl. the Nordic countries)	
Car tire sales, pcs	+
Car tire SOM	+

North America	
New car sales	+0%
Car tire sell-in	+3%
Heavy tire segments *	
Nokian Tyres sales & SOM	
Car tire sales, pcs	+
Car tire SOM	+

- Lower new car sales in Sweden and Norway
- High inventory levels of summer tires in Russia and in Central Europe

Our ambition: double our sales in North America in five years

CONSTRUCTION OF THE US FACTORY PROCEEDING IN LINE WITH PLAN



- The initial capacity will be four million tires annually with potential to expand
- The site will also house a distribution facility with a storage capacity of 600,000 tires
- Commercial production is planned to begin in 2020

www.nokiantyres.com/daytonfactory/

Our ambition: increase our sales by 50% in Central Europe in five years

COMPETITIVE PRODUCT PORTFOLIO

NOKIAN POWERPROOF AND NOKIAN WETPROOF

- The development took over four years and included versatile testing, e.g. Nokian Powerproof over 800,000 km of road testing
- The unique Dual Zone Safety concept ensures an excellent combination of dry and wet performance
- Nokian Powerproof in the top tier of passenger car summer tires: the UHP category
- Products will be available in spring 2019



OUR FOCUS IS CLEAR

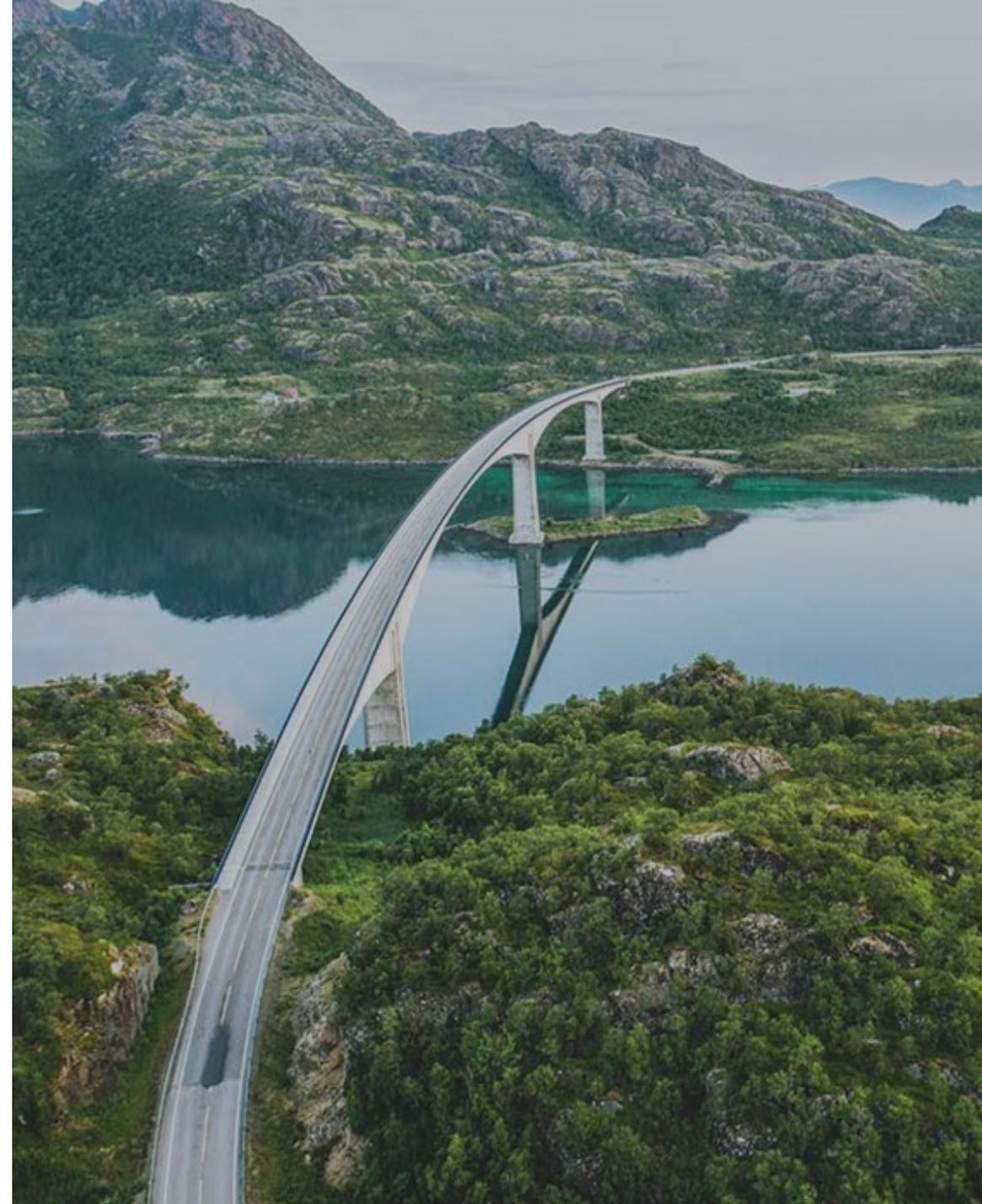
We will further strengthen our position in home and growth markets (CE, NA) for passenger car tires.

We will grow Nokian Heavy Tyres in a profitable manner.

We will continue to improve Vianor's profitability.

THROUGH

- Expanding distribution and implementing dealer services
- Implementing our renewed brand story
- Investing in new product lines, testing capabilities (Spain), and in our factories
- Building shared business platforms
- Creating a unified team with a shared mission



A scenic landscape featuring a range of rugged, forested mountains in the background. In the middle ground, a calm lake reflects the sky. The foreground is dominated by a lush field of green grass and various wildflowers, including small white and yellow blossoms. The overall atmosphere is peaceful and natural.

Q1-Q3/2018

KEY FIGURES 1-9/2018

	7-9 /18	7-9 /17	Change %	CC* Change %	1-9 /18	1-9 /17	Change %	CC* Change %	2017
Net sales	356.9	363.1	-1.7	1.2	1,122.0	1,082.0	3.7	8.7	1,572.5
Operating profit	85.9	89.8			255.2	242.8			365.4
Operating profit %	24.1	24.7			22.7	22.4			23.2
Profit before tax	82.8	67.4			248.2	213.4			332.4
Profit for the period	65.2	10.2			199.3	126.7			221.4
Earnings per share, EUR	0.48	0.08			1.45	0.93			1.63
Equity ratio, %					70.5	71.3			78.2
Cash flow from operating activities	-73.7	-88.1			76.9	-134.1			234.1
Gearing, %					1.8	8.5			-14.2
Interest-bearing net debt					25.8	116.6			-208.3
Capital expenditure	49.4	35.3			114.2	95.3			134.9

* Comparable currencies

PASSENGER CAR TYRES

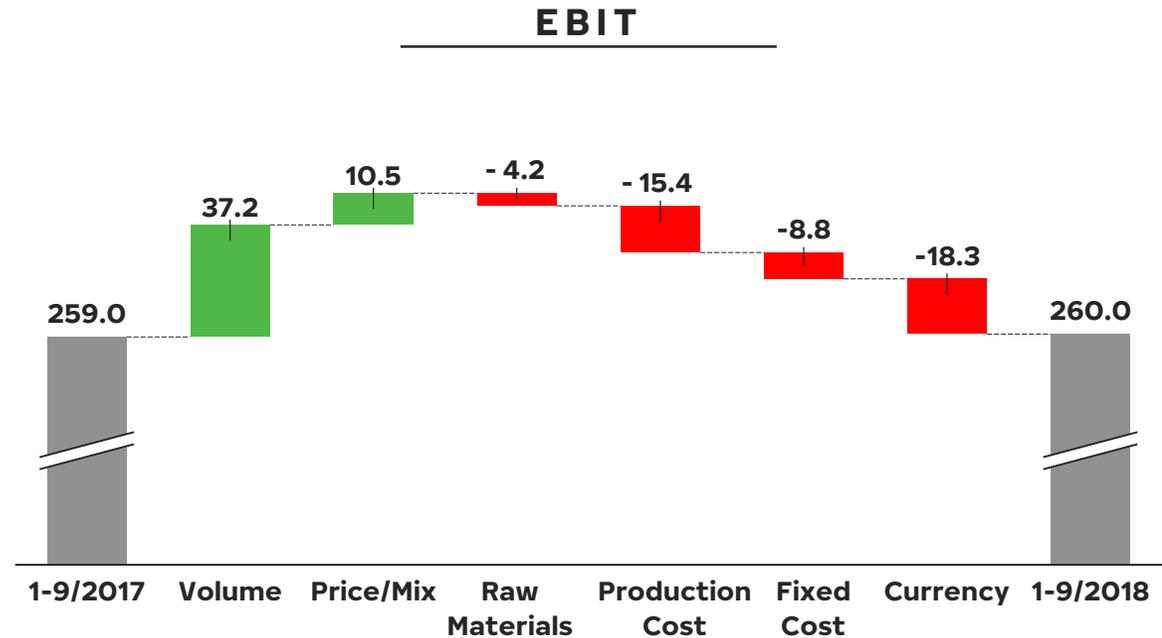
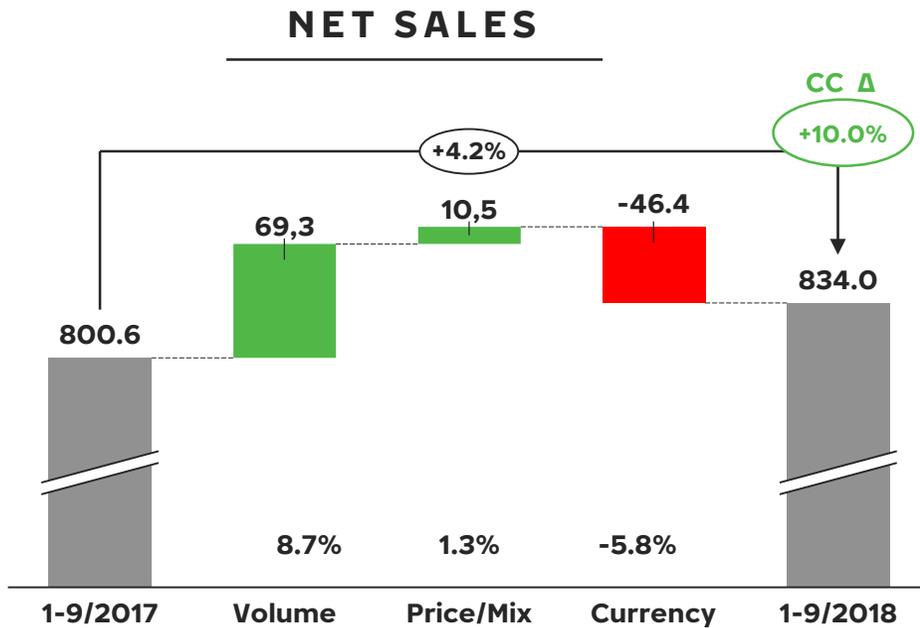
Sales +10.0% in 1-9/18 with comparable currencies

	7-9 /18	7-9 /17	Change %	CC Change %	1-9 /18	1-9 /17	Change %	CC Change %	2017
Net sales, M€	265.9	276.2	-3.7	-0.7	834.0	800.6	4.2	10.0	1,138.8
Operating profit, M€	91.5	98.3			260.0	259.0			359.9
Operating profit, %	34.4	35.6			31.2	32.4			31.6

- Growth driven by higher sales volumes and price/mix with comparable currencies. ASP with comparable currencies slightly up.
- Net sales in Q3 negatively impacted by high inventory levels of summer tires in Russia and lower new car sales in Sweden and Norway. Summer tire inventories at high level also in Central Europe.
- Operating profit negatively impacted by currencies and slightly lower volumes in Q3. Raw material costs -3.4%, including the currency effect. Investment in sales and marketing in Central Europe and North America, and into scalable business platforms.
- Production output (pcs) +8%.

PASSENGER CAR TYRES BRIDGE 1-9/18

Negative impact of EUR 18.3 million from currencies on EBIT



HEAVY TYRES

Sales +9.2%, good demand in core product groups

	7-9 /18	7-9 /17	Change %	CC Change %	1-9 /18	1-9 /17	Change %	CC Change %	2017
Net sales, M€	45.1	42.1	7.0	9.0	134.7	125.9	7.0	9.2	172.3
Operating profit, M€	5.9	7.9			19.0	22.8			32.2
Operating profit, %	13.0	18.8			14.1	18.1			18.7

- Sales of agricultural tires and forestry tires increased in particular.
- Operating profit decreased due to negative currency impact, inventory valuation, and increased costs related to the ongoing ramp-up of new production capacity.
- Production capacity in Finland will be increased by 50% in 2018–2020. Project proceeding in line with plan.

VIANOR

Profitability improving in line with plan

	7-9 /18	7-9 /17	Change %	CC Change %	1-9 /18	1-9 /17	Change %	CC Change %	2017
Net sales, M€	68.6	68.7	0.0	2.9	214.9	214.7	0.1	3.2	339.4
Operating profit, M€	-5.4	-7.0			-10.1	-18.9			-5.8
Operating profit, %	-7.9	-10.3			-4.7	-8.8			-1.7
Own service centers, pcs, at period end					191	196			194

- Net sales increased by 3.2% with comparable currencies.
- The improvement in profitability was driven by increased operational efficiency and sales management.

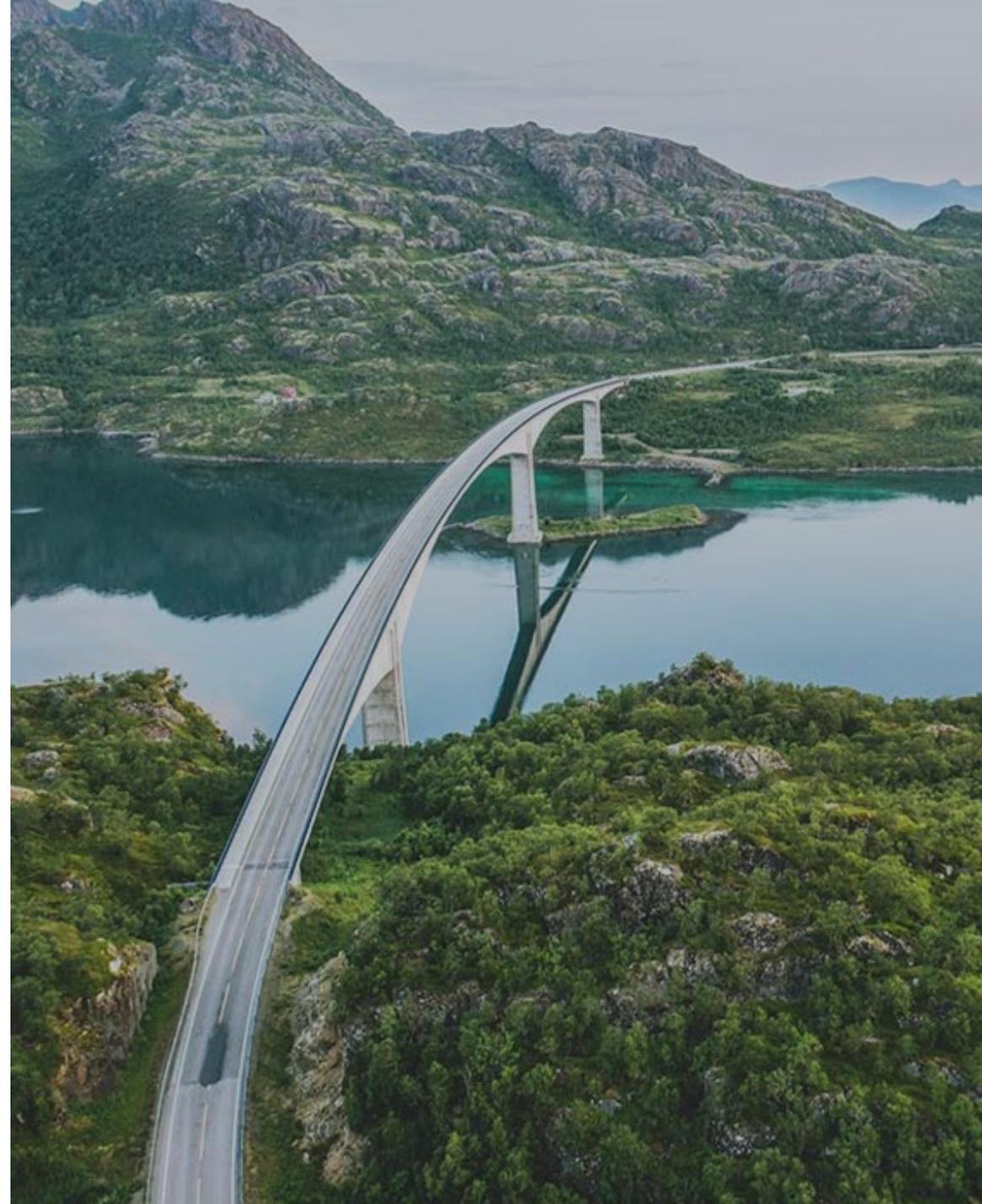
A woman with long, wavy brown hair, seen from behind, stands on a grassy bank looking out over a calm lake. The lake reflects the surrounding green mountains and a small village with red-roofed houses in the distance. The sky is overcast and grey. The word "OUTLOOK" is overlaid in large white letters on the left side of the image.

OUTLOOK

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GUIDANCE FOR 2018 - UPDATED

In 2018, net sales and operating profit are expected to be at the same level or slightly higher compared with 2017 due to continued negative currency impact.



An aerial photograph of a long, straight road covered in snow, stretching into the distance. The road is flanked by dense evergreen trees, also covered in snow. The sky is filled with soft, grey clouds, suggesting a twilight or dawn setting. The overall color palette is cool, dominated by blues, greys, and whites.

THANK YOU!

FINANCIAL STATEMENT BULLETIN 2018

FEBRUARY 5, 2019

WWW.NOKIANTYRES.COM/INVESTORS

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APPENDIX

GROUP OPERATING PROFIT PER QUARTER 2014–Q3/2018

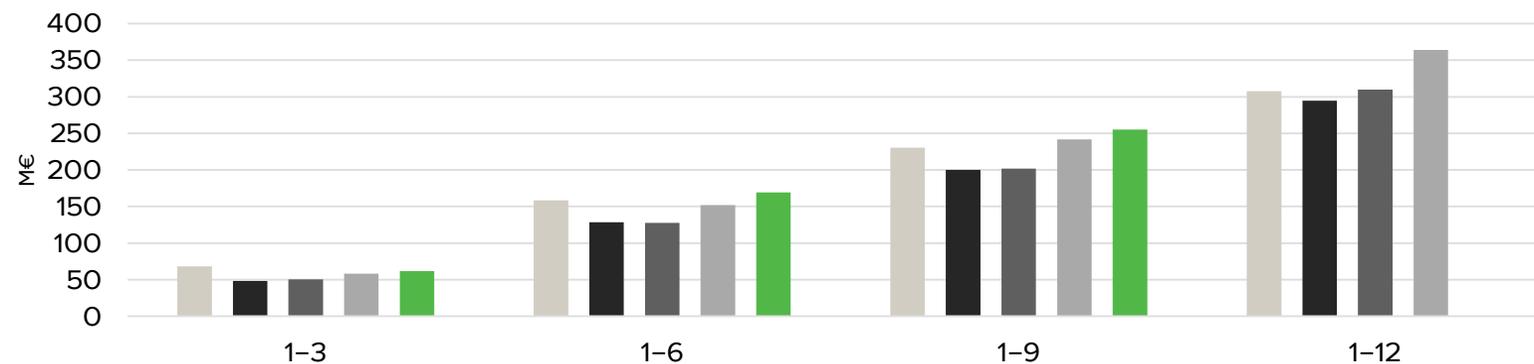
1–9/2018

- Net sales 1,122.0 M€
(1,082.0 M€), +3.7%
- Operating profit 255.2 M€
(242.8 M€)

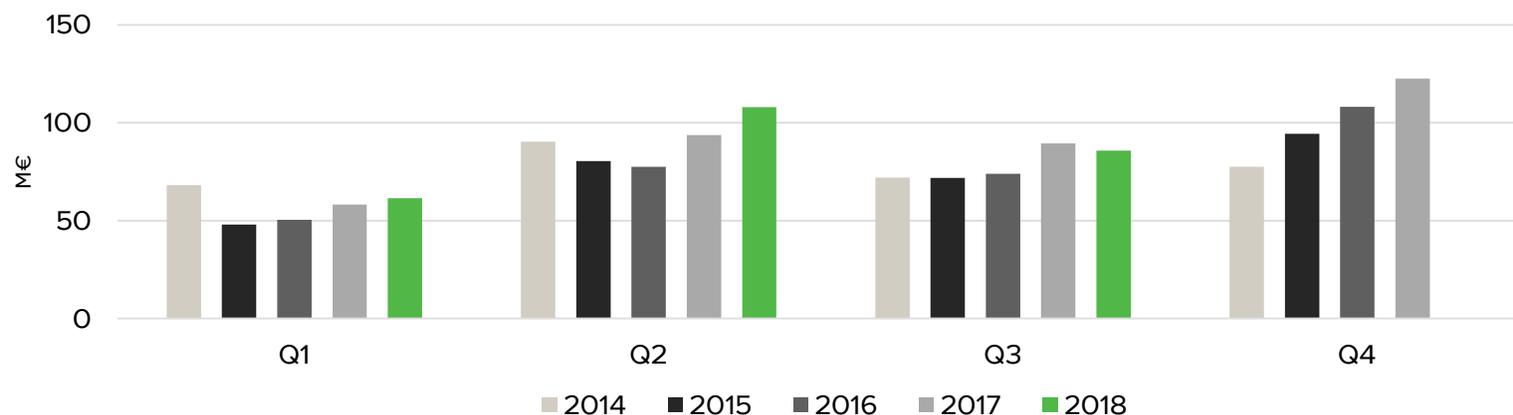
7–9/2018

- Net sales 356.9 M€
(363.1 M€), -1.7%
- Operating profit 85.9 M€
(89.8 M€)

CUMULATIVE OPERATING PROFIT PER REVIEW PERIOD



GROUP OPERATING PROFIT PER QUARTER



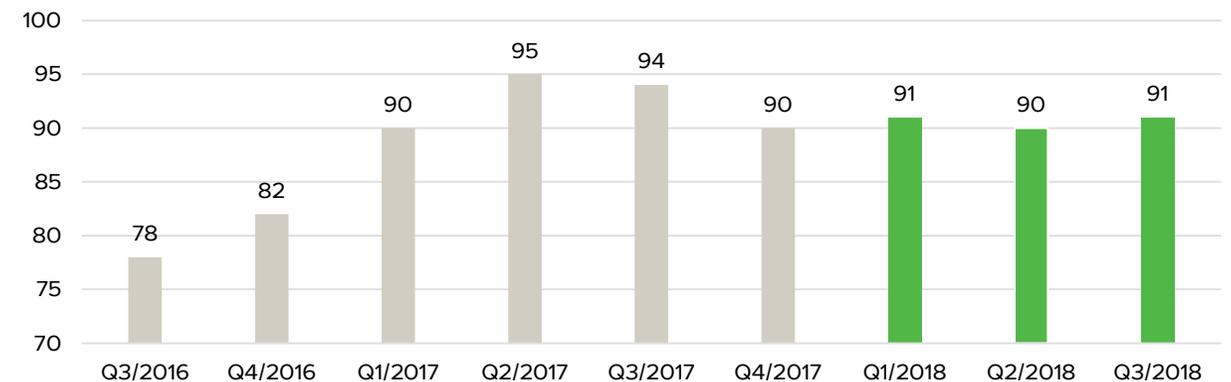
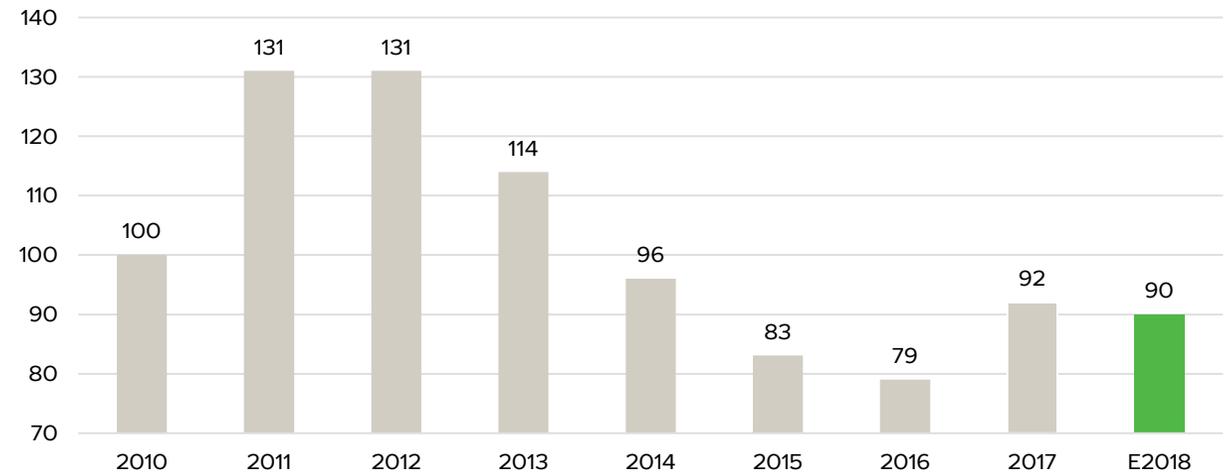
RAW MATERIAL COST DEVELOPMENT

Decreased slightly in 1-9/18

RAW MATERIAL COSTS (€/KG)

- decreased by 2.9% in 1-9/2018 vs. 1-9/2017 positively impacted by currencies
 - increased by 0.7% in Q3/2018 vs. Q2/2018
- Estimated to decrease slightly in 2018 compared with 2017, positively impacted by currencies

RAW MATERIAL COST DEVELOPMENT INDEX 2010-E2018



NETWORK DEVELOPMENT PROGRESSED

Vianor, NAD, N-Tyre; +29 stores in 1-9/2018

VIANOR – 1,393 SERVICE CENTERS IN 24 COUNTRIES

- 191 own stores and 1,202 partners
- Own -3, partner -70 vs. year-end 2017
- Largest tire chain in the Nordic and Baltic countries: 369 service centers (-5 vs. year-end 2017)
- Largest tire chain in Russia and CIS: 558 service centers (-54 vs. year-end 2017)
- Central Europe: 393 service centers (-4 vs. year-end 2017)
- USA: 73 service centers (-10 vs. year-end 2017)

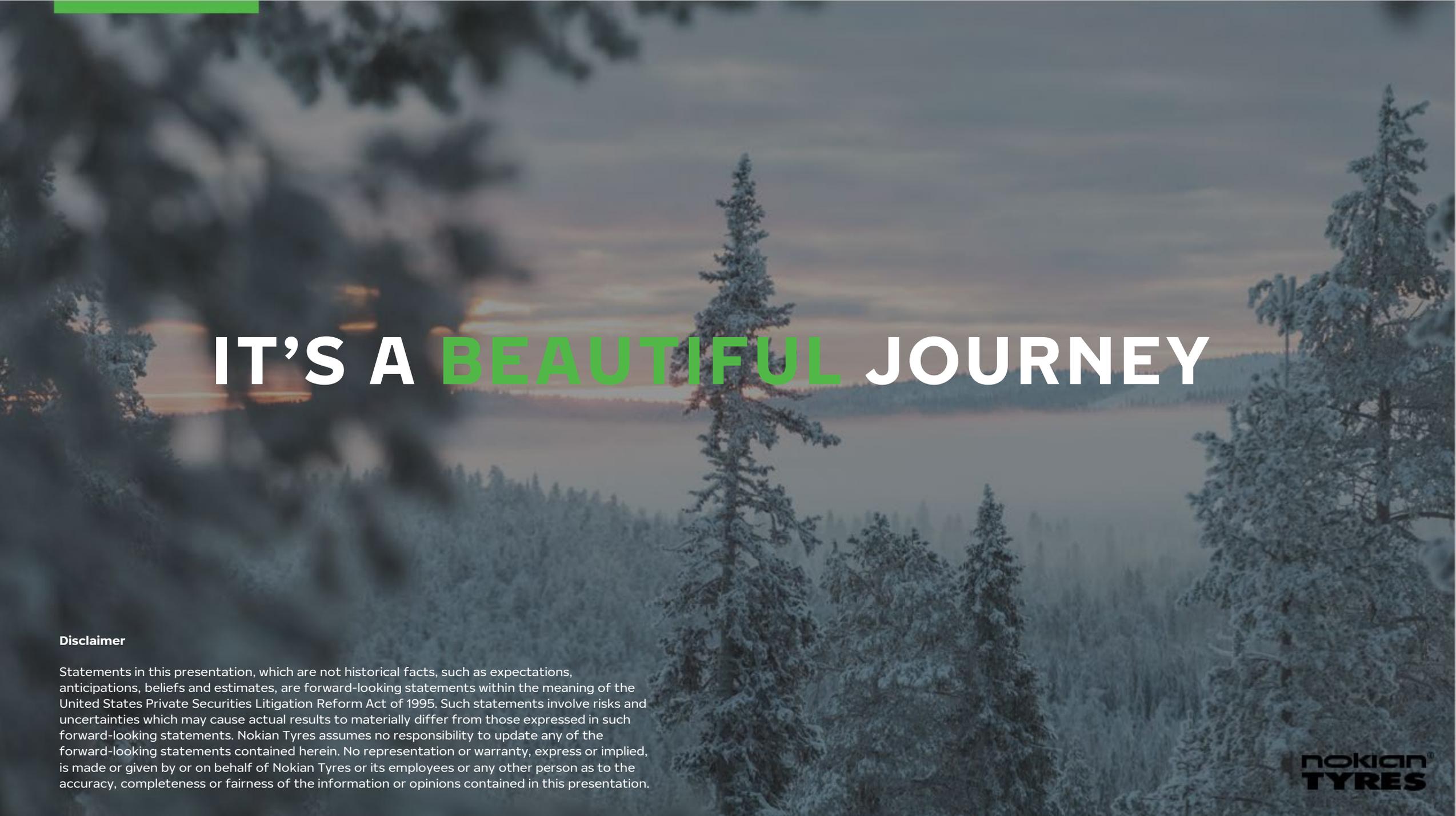
NOKIAN TYRES AUTHORIZED DEALERS (NAD) – 1,960 STORES

- in 24 European countries and China
- increase of 105 stores vs. year-end 2017

N-TYRE – 124 STORES

- in Russia, Kazakhstan and Belarus
- decrease of 3 stores vs. year-end 2017





IT'S A BEAUTIFUL JOURNEY

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