



COVID-19 AND RUSSIA IMPACTING SECOND QUARTER – STRONG BALANCE SHEET SUPPORTING IN DIFFICULT TIMES

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nokian[®]
TYRES

Q2 HIT BY COVID-19 RELATED ECONOMIC SLOWDOWN

- **Net sales EUR 270.7 million (415.7), -31.9% with comparable currencies**
 - Decline due to COVID-19 and measures taken to reduce high carry-over stocks in the Russian distribution channel
- **Segments operating profit EUR 24.4 million (98.8)**
 - Negatively impacted by COVID-19 (EUR -40 million), lower volumes in Russia (EUR -20 million), low factory utilization
 - Tailwind from lower raw material cost and cost-cutting measures
 - Vianor's performance was excellent: timely reaction to market decline



KEY FIGURES

Cash flow turned positive in Q2, balance sheet strong













EUR million	4-6 /20	4-6 /19	Change %	CC* Change %	1-6 /20	1-6 /19	Change %	CC* Change %	2019
Net sales	270.7	415.7	-34.9%	-31.9%	550.5	756.1	-27.2%	-25.0%	1,585.4
Segments operating profit	24.4	98.8			40.8	155.5			337.2
Segments operating profit %	9.0%	23.8%			7.4%	20.6%			21.3%
Segments EPS, EUR**	0.09	0.57			0.16	2.01			3.06
Segments ROCE, %***					10.6%	17.2%			18.6%
Equity ratio, %					63.3%	70.5%			75.9%
Cash flow from operating activities	25.3	-20.8			-13.6	-89.8			219.8
Gearing, %					16.3%	15.7%			2.3%
Interest-bearing net debt					254.1	252.0			41.1
Capital expenditure	36.6	93.7			87.5	148.0			299.6

* Comparable currencies

** EPS 1-6/2019 excl. the impact of the rulings on the tax disputes of EUR 1.08 were EUR 0.86. Segments EPS 1-6/2019 excl. the impact were EUR 0.93.

*** Rolling 12 months

NEW CAR SALES AND CAR TIRE SELL-IN DROPPED HEAVILY IN 1-6/2020

The Nordic countries		Russia		Europe (excl. the Nordic countries)		North America	
 New car sales	-25%	 New car sales	-23%	 New car sales	-40%	 New car sales	-25%
 Car tire sell-in	-11%	 Car tire sell-in	-33%	 Car tire sell-in	-19%	 Car tire sell-in	-22%
 Heavy tire segments*	➡	 Heavy tire segments*	➡	 Heavy tire segments*	➡	 Heavy tire segments*	➡

* Nokian Tyres' core product segments, management estimate 2020

Q2: PASSENGER CAR TYRES

Production adjusted to weakening demand

	4-6 /20	4-6 /19	Change %	CC* Change %	1-6 /20	1-6 /19	Change %	CC* Change %	2019
Net sales, M€	163.9	296.8	-44.8%	-42.0%	354.4	549.8	-35.5%	-33.4%	1,123.8
Segment operating profit, M€	13.6	84.7			39.5	150.7			308.5
Segment operating profit, %	8.3%	28.5%			11.1%	27.4%			27.4%

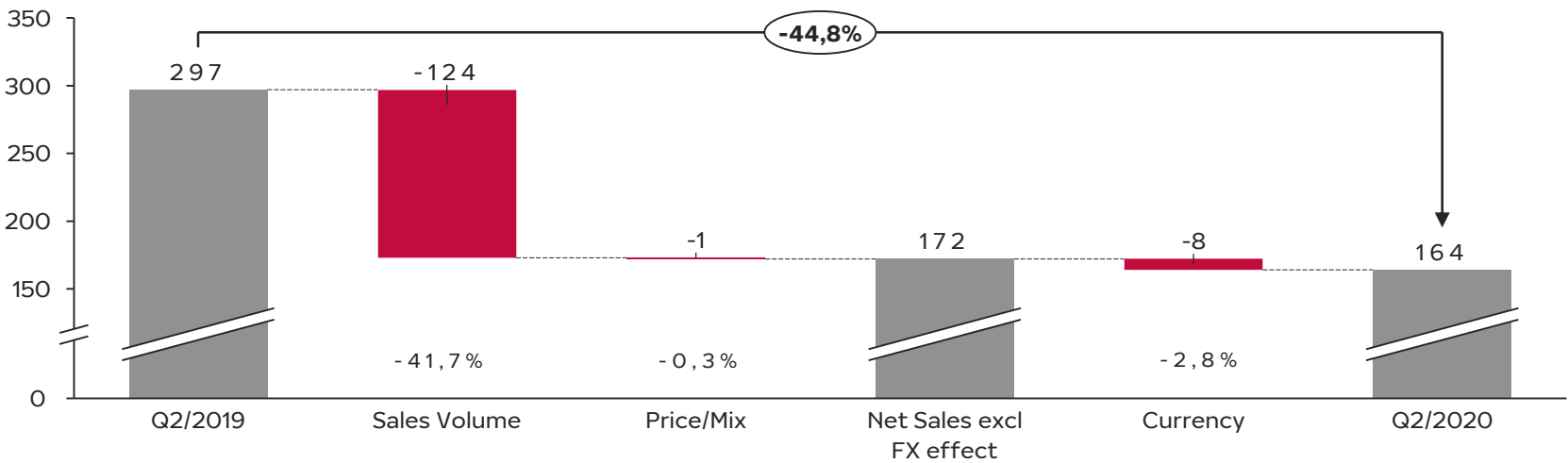
* Comparable currencies

- Net sales decreased as a result of COVID-19 and the measures taken in Russia to reduce high carry-over stocks in the distribution channel
- Segment operating profit declined mainly due to COVID-19 (impact EUR -35 million), lower volumes in Russia (impact EUR -20 million), and low factory utilization
- Production adjusted according to demand in Russia and Finland. In the US, recruitment of second shift postponed

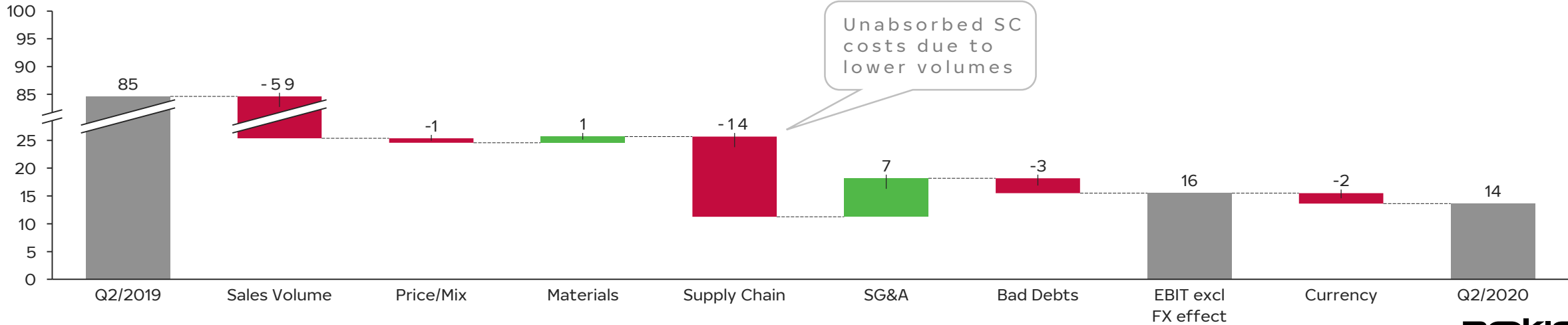
Q2: PASSENGER CAR TYRES BRIDGE

Negative impact of 59 M€ from volume on segment operating profit

NET SALES, M€



SEGMENT OPERATING PROFIT, M€



Q2: HEAVY TYRES

Weaker OE demand impacted net sales

	4-6 /20	4-6 /19	Change %	CC* Change %	1-6 /20	1-6 /19	Change %	CC* Change %	2019
Net sales, M€	40.5	47.8	-15.3%	-13.1%	91.6	96.1	-4.6%	-3.3%	202.7
Segment operating profit, M€	2.6	8.3			10.8	17.3			35.7
Segment operating profit, %	6.4%	17.4%			11.8%	18.0%			17.6%

* Comparable currencies

- Net sales decreased by 13.1% with comparable currencies due to lower OEM sales
 - Excluding the Levpyörä acquisition in August 2019, net sales declined by 21.9%
- Segment operating profit negatively impacted by lower volumes and low factory utilization

Q2: VIANOR

Excellent performance in difficult circumstances

	4-6 /20	4-6 /19	Change %	CC* Change %	1-6 /20	1-6 /19	Change %	CC* Change %	2019
Net sales, M€	80.8	89.8	-9.9%	-5.4%	135.3	146.7	-7.8%	-3.9%	336.5
Segment operating profit, M€	9.6	9.4			-2.8	-2.6			7.7**
Segment operating profit, %	11.8%	10.4%			-2.1%	-1.8%			2.3%
Number of own service centers at period end	186	188							189

* Comparable currencies

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

- Net sales decreased by 5.4% with comparable currencies
- Segment operating profit EUR 9.6 million. Timely reaction to market decline resulted in good performance
- At period end, Vianor had 186 own service centers in Finland, Sweden, Norway, and the USA

OUR PRIORITIES ARE CLEAR

- 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**



A wide-angle photograph of a golden wheat field. The wheat stalks are in sharp focus in the foreground, creating a textured, golden-brown appearance. The field extends to a flat horizon under a grey, overcast sky. The overall mood is serene and peaceful.

**PEACE OF MIND
IN ALL CONDITIONS**

APPENDIX



GROUP OPERATING PROFIT PER QUARTER 2016–H1/2020

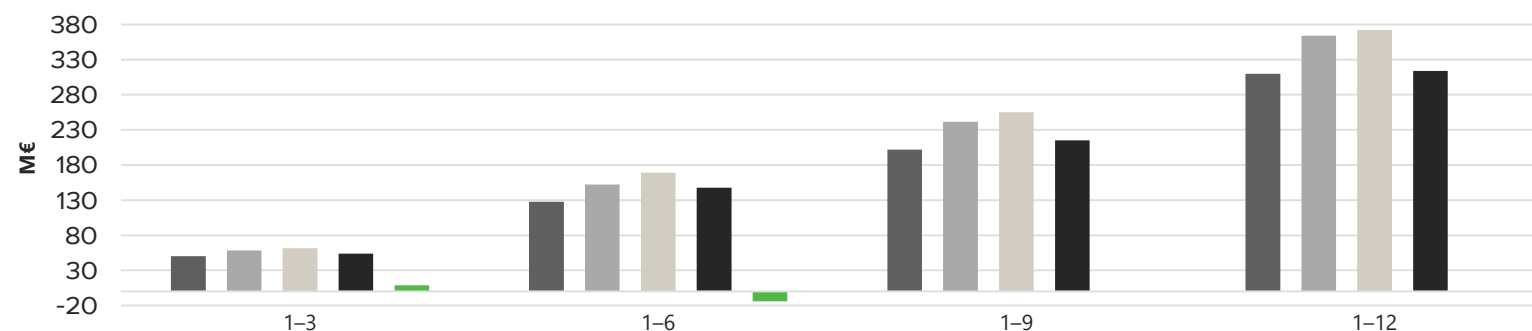
1–6/2020

- Net sales 550.5 M€
(756.1), -27.2%
- Operating profit -13.7 M€
(148.0)

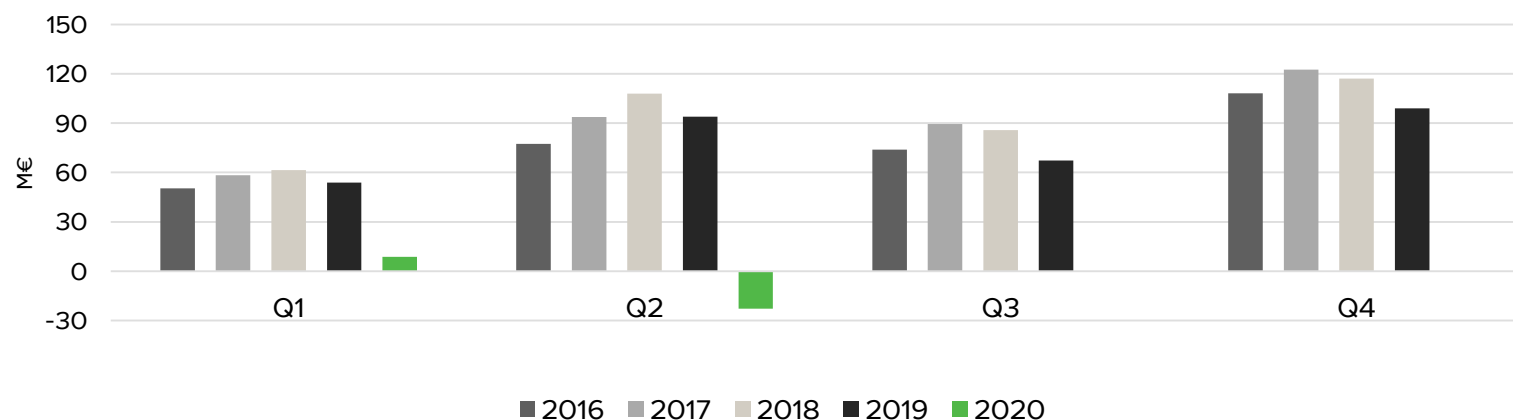
4–6/2020

- Net sales 270.7 M€
(415.7), -34.9%
- Operating profit -22.8 M€
(94.1)

CUMULATIVE OPERATING PROFIT PER REVIEW PERIOD



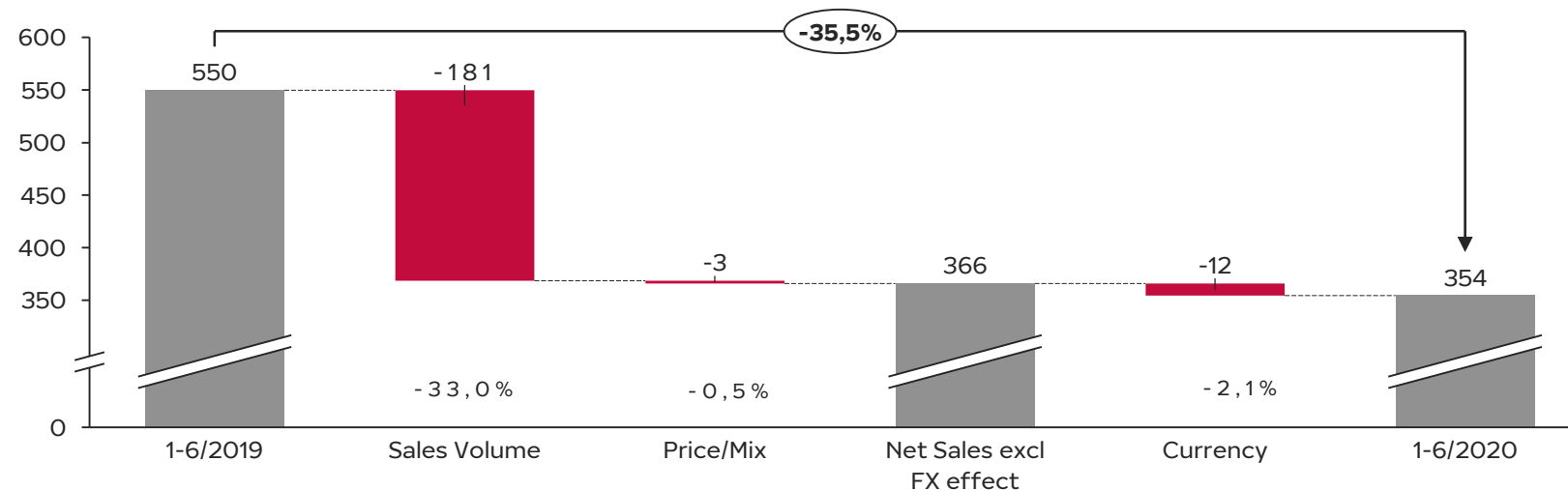
GROUP OPERATING PROFIT PER QUARTER



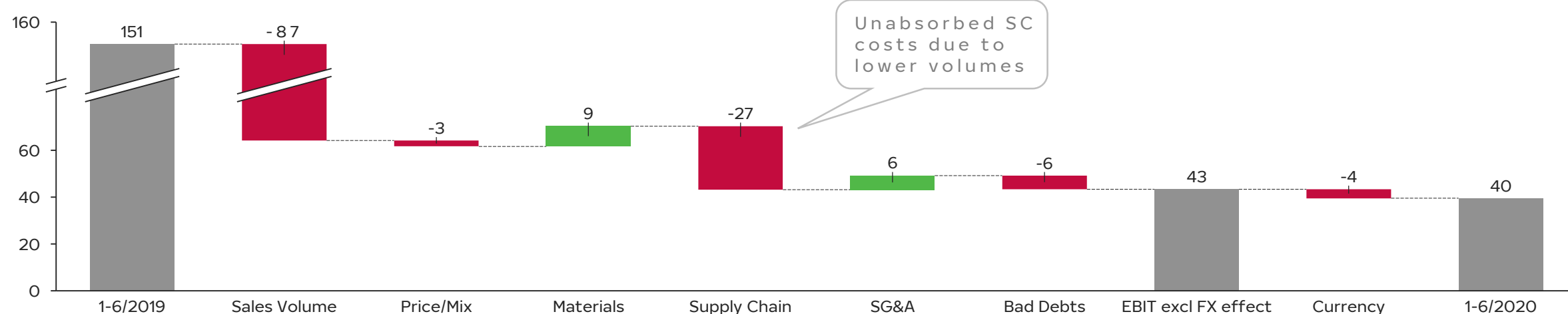
H1: PASSENGER CAR TYRES BRIDGE

Negative impact of 87 M€ from volume on segment operating profit

NET SALES, M€



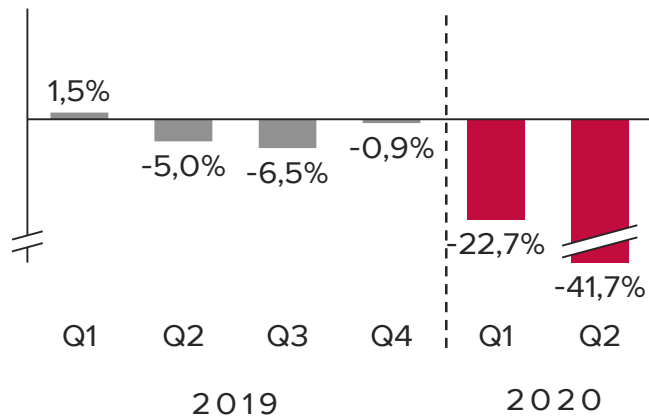
SEGMENT OPERATING PROFIT, M€



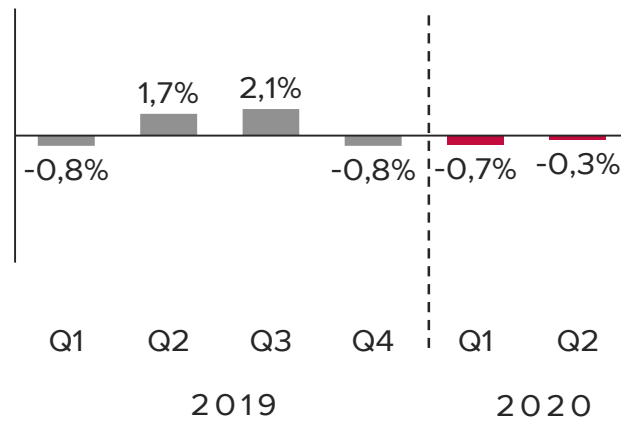
PASSENGER CAR TYRES NET SALES - QUARTERLY CHANGES

YoY Change %

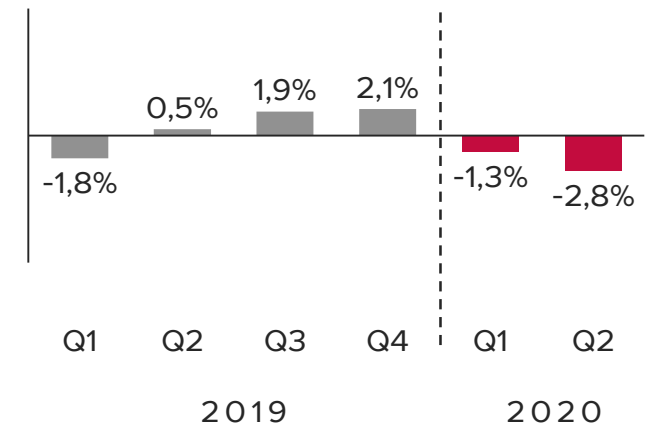
Sales Volumes



Price/Mix



Currency



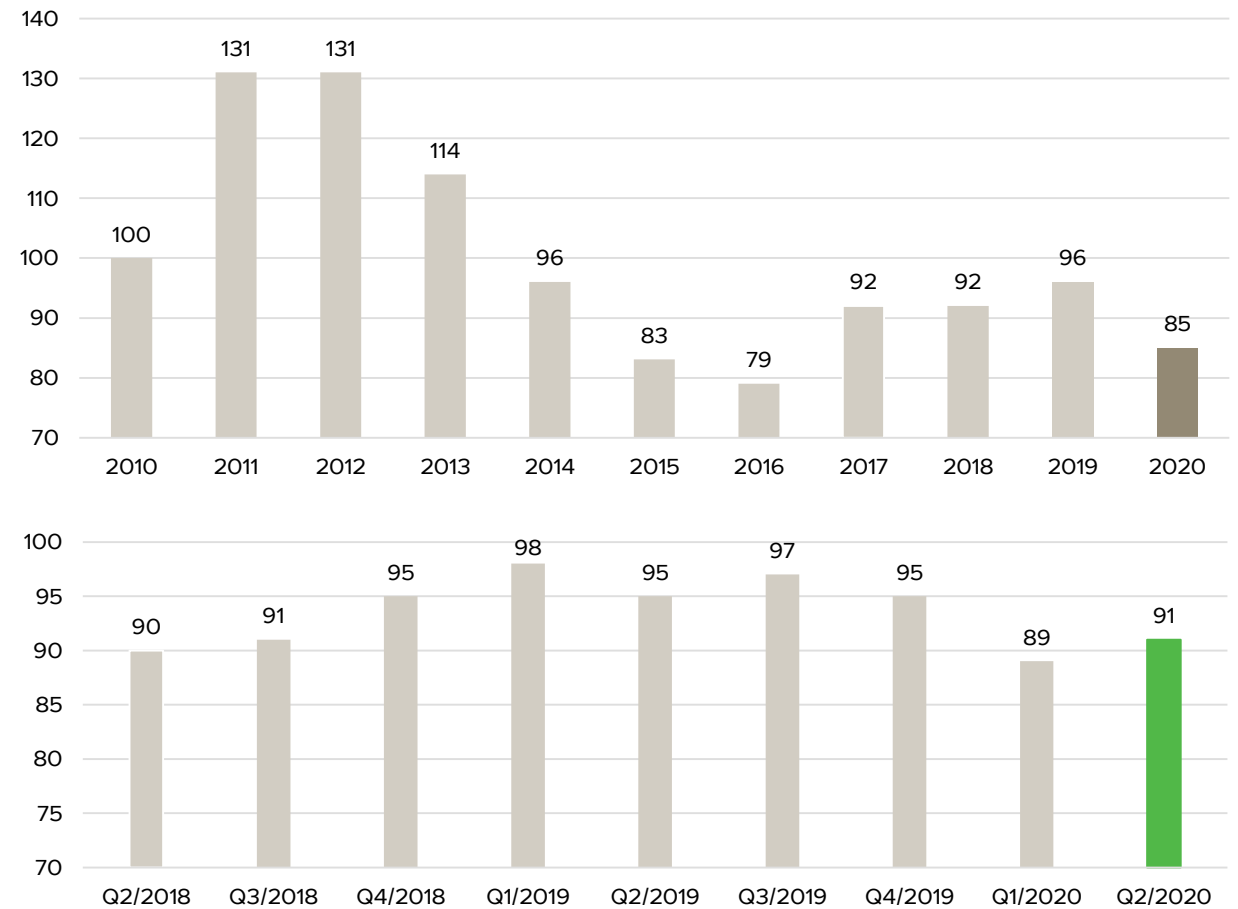
MATERIAL COST DEVELOPMENT

Decreased in H1/2020

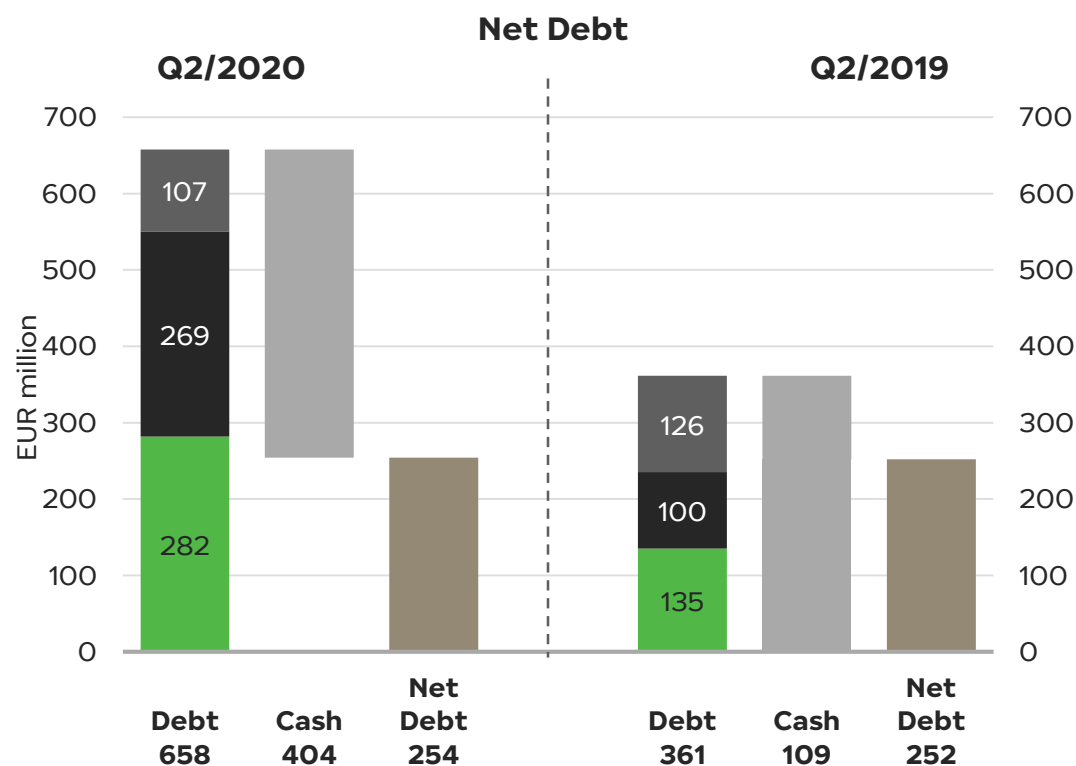
MATERIAL COSTS (€/KG)

- Decreased by 4.3% in Q2/2020 vs. Q2/2019
- Increased by 2.8% in Q2/2020 vs. Q1/2020
- Decreased by 7.1% in H1/2020 vs. H1/2019

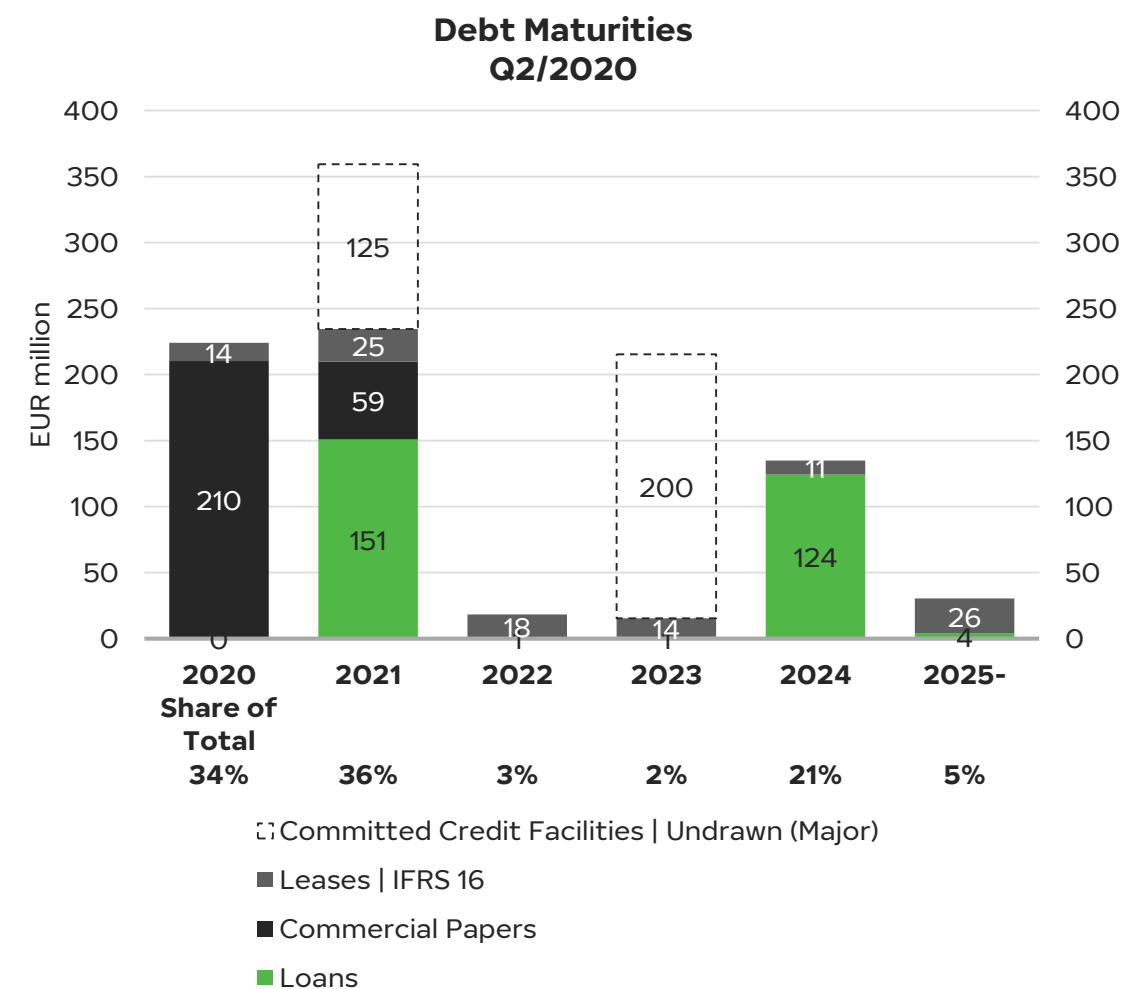
MATERIAL COST DEVELOPMENT INDEX 2010-E2020



NET DEBT AND DEBT MATURITIES



Available liquidity, EUR million	Q2/2020	Q2/2019
Cash	404	109
Committed undrawn credit facilities	330	206
Total	734	315



NETWORK DEVELOPMENT PROGRESSED

Vianor, NAD, N-Tyre; +25 stores in 1-6/2020

VIANOR – 1,152 SERVICE CENTERS IN 18 COUNTRIES

186 own stores and 966 partners

Own -3, partner -15 vs. year-end 2019

- Largest tire chain in the Nordic countries: 339 service centers (-8 vs. year-end 2019)
- Largest tire chain in Russia and CIS: 378 service centers (-9 vs. year-end 2019)
- Central Europe: 425 service centers (unchanged vs. year-end 2019)
- USA: 10 service centers (-1 vs. year-end 2019)

NOKIAN TYRES AUTHORIZED DEALERS (NAD) – 2,226 STORES

- In 24 European countries, USA, China and Japan
- Increase of 44 stores vs. year-end 2019

N-TYRE – 132 STORES

- In Russia, Kazakhstan and Belarus
- Decrease of 1 stores vs. year-end 2019





IT'S A BEAUTIFUL JOURNEY

Disclaimer

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