



**STRATEGIC JOURNEY CONTINUES  
DESPITE SOFTNESS IN THE MARKET**

**OCTOBER 30, 2019**

**HILLE KORHONEN**  
PRESIDENT AND CEO

**nokian<sup>®</sup>  
TYRES**

# 1-9/2019: PROGRESS IN HEAVY TYRES AND VIANOR

- **Net sales EUR 1,120.1 million (1,122.0), -0.3% with comparable currencies**
  - Good progress in Heavy Tyres continued
- **Operating profit EUR 215.5 million (255.2)**
  - Lower volumes and higher material costs
  - Price increases obtained in Russia and the Nordics, but pricing pressure in Central Europe
  - Increased opex investments to support our strategic journey
  - Heavy Tyres and Vianor profitability improved in line with the plan
- **Profit for the period EUR 318.8 million (199.3)**
  - Positively impacted by EUR 149.6 million related to the rulings on the tax disputes



# LOWER VOLUMES IN PASSENGER CAR TYRES IMPACTING Q3

7-9/2019

- **Net sales EUR 357.3 million (356.9), -1.2% with comparable currencies**
  - Positive sales mix in Passenger Car Tyres
- **Operating profit EUR 67.5 million (85.9)**
- **Profit for the period EUR 51.1 million (65.2)**



# 1-9/2019: SOFT CAR AND TIRE MARKET

The Nordic countries	
New car sales	-9%
Car tire sell-in	-3%
Heavy tire segments *	➔
Nokian Tyres sales & SOM	
Car tire sales, pcs	-
Car tire SOM	+

Russia	
New car sales	-2%
Car tire sell-in	-2%
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	-3%
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	-2%
Car tire sell-in	+3%
Heavy tire segments *	➔
Nokian Tyres sales & SOM	
Car tire sales, pcs	-
Car tire SOM	-

- Car tire sell-in declined in the Nordics, Central Europe and Russia
- Lower inventories of summer tires in Central Europe compared to the previous year due to stronger sell-out
- In Russia, summer tire inventories decreased compared to the previous year, but current level still higher than normal. Winter tire inventories also on a higher level

\* Nokian Tyres' core product segments, management estimate

1-9/2019



# KEY FIGURES 1-9/2019

EUR, million	7-9 /19	7-9 /18	Change %	CC* Change %	1-9 /19	1-9 /18	Change %	CC* Change %	2018
Net sales	<b>357.3</b>	356.9	0.1%	-1.2%	<b>1,120.1</b>	1,122.0	-0.2%	-0.3%	1,595.6
Operating profit	<b>67.5</b>	85.9			<b>215.5</b>	255.2			372.4
Operating profit %	<b>18.9%</b>	24.1%			<b>19.2%</b>	22.7%			23.3%
Profit before tax	<b>62.1</b>	82.8			<b>241.7</b>	248.2			361.7
Profit for the period	<b>51.1</b>	65.2			<b>318.8</b>	199.3			295.2
Earnings per share, EUR **	<b>0.37</b>	0.48			<b>2.31</b>	1.45			2.15
ROCE, % ***					<b>17.9%</b>	24.2%			23.3%
Equity ratio, %					<b>66.3%</b>	70.5%			71.0%
Cash flow from operating activities	<b>-88.7</b>	-73.7			<b>-178.5</b>	76.9			536.9
Gearing, %					<b>25.0</b>	1.8			-21.2%
Interest-bearing net debt					<b>422.6</b>	25.8			-315.2
Capital expenditure	<b>88.1</b>	49.4			<b>236.1</b>	114.2			226.5

\* Comparable currencies

\*\* EPS 1-9/19 excl. the impact of the rulings on the tax disputes of EUR 1.08 were EUR 1.23

\*\*\* Rolling 12 months

# 1-9/2019: PASSENGER CAR TYRES

Capacity adjustments ongoing

	7-9 /19	7-9 /18	Change %	CC* Change %	1-9 /19	1-9 /18	Change %	CC* Change %	2018
Net sales, M€	<b>259.5</b>	265.9	-2.4%	-4.3%	<b>816.0</b>	834.0	-2.2%	-2.4%	1,150.8
Operating profit, M€	<b>68.2</b>	91.5			<b>211.3</b>	260.0			356.5
Operating profit, %	<b>26.3%</b>	34.4%			<b>25.9%</b>	31.2%			31.0%

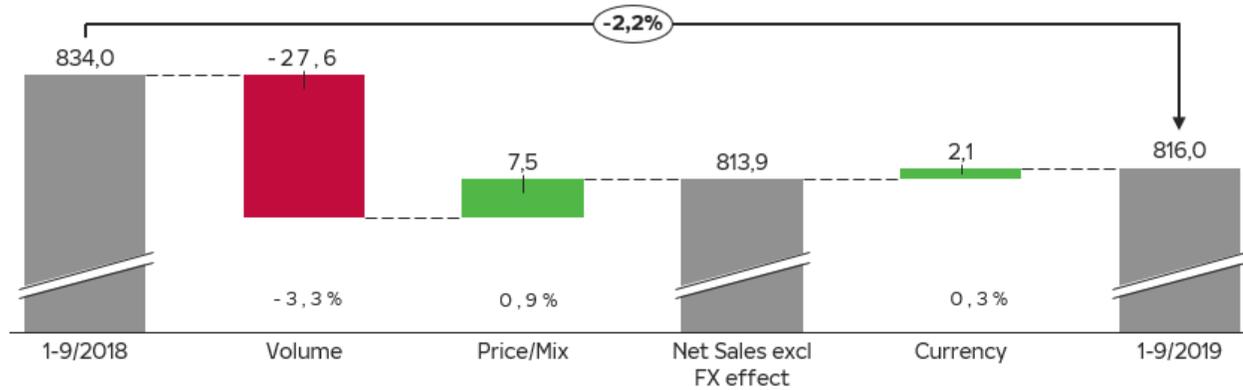
\* Comparable currencies

- Average Sales Price with comparable currencies increased due to improved sales mix
- Operating profit decreased due to lower volumes, higher material and expansion costs, and pricing pressure in Central Europe
- To address the weaker market demand, we continue to adjust capacity in our factories accordingly

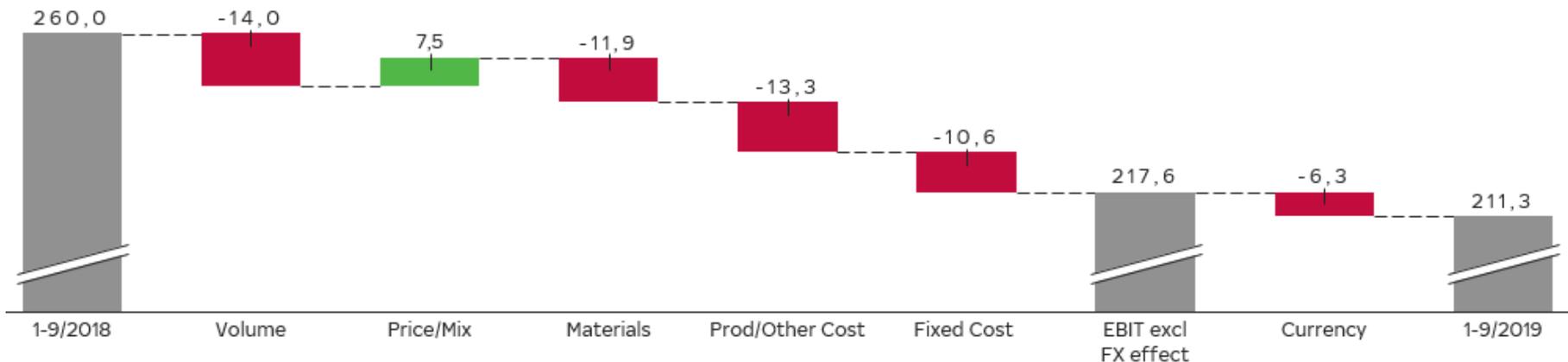
# 1-9/2019: PASSENGER CAR TYRES BRIDGE

Negative impact of EUR 14.0 million from volume on EBIT

## NET SALES, M€



## EBIT, M€

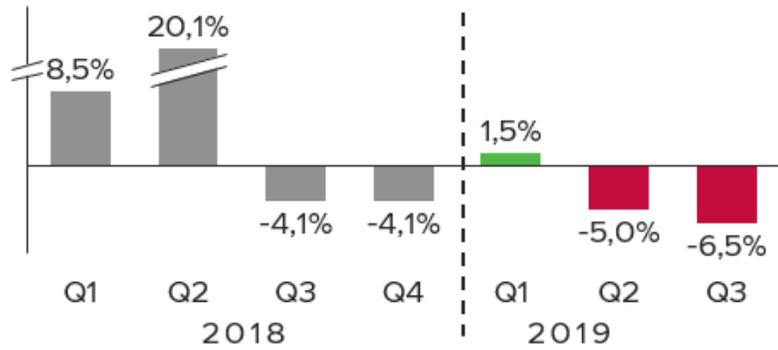


# 1-9/2019: PASSENGER CAR TYRES NET SALES - QUARTERLY CHANGES

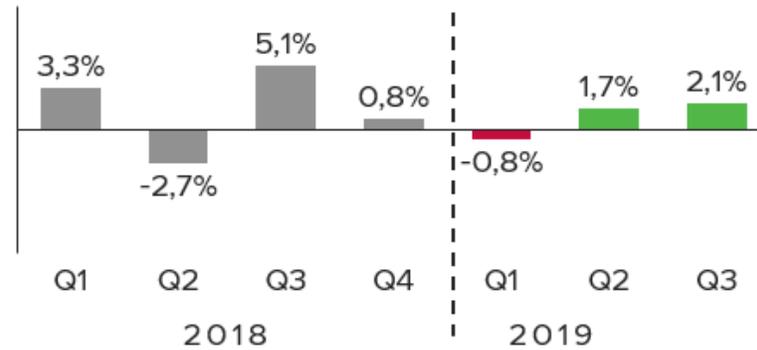
Tailwind from currencies increased in Q3

YoY Change %

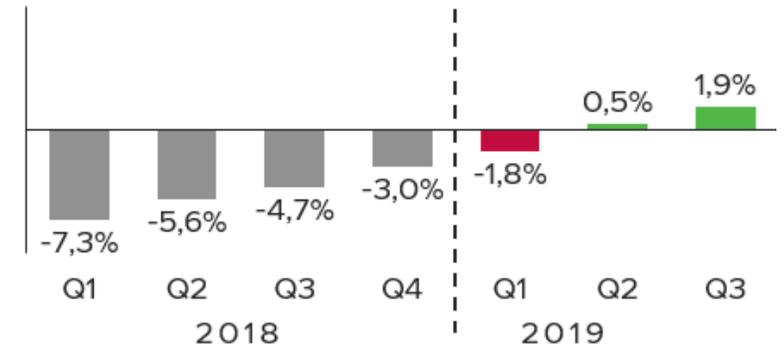
Volumes



Price/Mix



Currency



# LATEST PRODUCT INNOVATIONS

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



# 1-9/2019: HEAVY TYRES

Strong sales growth

	7-9 /19	7-9 /18	Change %	CC* Change %	1-9 /19	1-9 /18	Change %	CC* Change %	2018
Net sales, M€	<b>52.2</b>	45.1	15.7%	15.8%	<b>148.2</b>	134.7	10.0%	10.0%	187.7
Operating profit, M€	<b>8.3</b>	5.9			<b>25.6</b>	19.0			28.6
Operating profit, %	<b>15.9%</b>	13.0%			<b>17.3%</b>	14.1%			15.2%

\* Comparable currencies

- Demand good in core product groups
- Operating profit increased due to the sales growth, production capacity increase and inventory valuations that had a negative impact on the previous year's operating profit
- Production capacity gradually increased, new R&D center will be ready by the end of 2019
- Acquisition of Levypyörä Oy in August supports the growth strategy
  - Annual net sales of EUR 18 million, of which ~30% has been sales to Nokian Tyres

# LATEST INNOVATIONS

Towards digital tire management

## Nokian Tyres Intuitu

- Digital tire monitoring system to provide drivers with real-time data on their tires



**TIRE PRESSURE**



**TIRE TEMPERATURE**



**TREAD WEAR**



# 1-9/2019: VIANOR

Profitability improving in line with the plan

	7-9 /19	7-9 /18	Change %	CC* Change %	1-9 /19	1-9 /18	Change %	CC* Change %	2018
Net sales, M€	<b>69.7</b>	68.6	1.5%	3.0%	<b>216.4</b>	214.9	0.7%	1.9%	337.2
Operating profit, M€	<b>-3.8</b>	-5.4			<b>-6.4</b>	-10.1			1.6
Operating profit, %	<b>-5.5%</b>	-7.9%			<b>-3.0%</b>	-4.7%			0.5%
Number of own service centers at period end	<b>189</b>	191							188

\* Comparable currencies

- Net sales increased by 1.9% with comparable currencies
- Operating profit improvement was driven by increased operational efficiency, and better sales management

A high-angle, wide shot of a winding asphalt road in a mountainous region. The road curves through a valley, flanked by steep, forested slopes. In the distance, majestic mountains are partially covered in snow under a sky filled with large, white clouds. A small white car is visible on the road, moving away from the viewer. The overall scene conveys a sense of adventure and exploration in a natural, rugged environment.

# OUTLOOK

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**TYRES**

# GUIDANCE FOR 2019 (UPDATED OCT 22)

In 2019, net sales with comparable currencies are expected to be approximately at the level of 2018 and operating profit margin to be approximately at the level of 20%.

In line with Nokian Tyres' updated 2018 strategy, the company is targeting further growth in Russia, Central Europe, and North America. As a result of ongoing investment programs to support the growth, operating profit in 2019 will include significant additional operating costs.



# GRAND OPENING OF OUR NORTH AMERICAN FACTORY

## Dayton factory brings many advantages starting in 2020

- Safe and sustainable products tailored to the needs of North American consumers
- Shorter delivery times for customers
- Opens capacity at our other global factories
- Commercial tire production starts in January 2020. Project on time and on budget



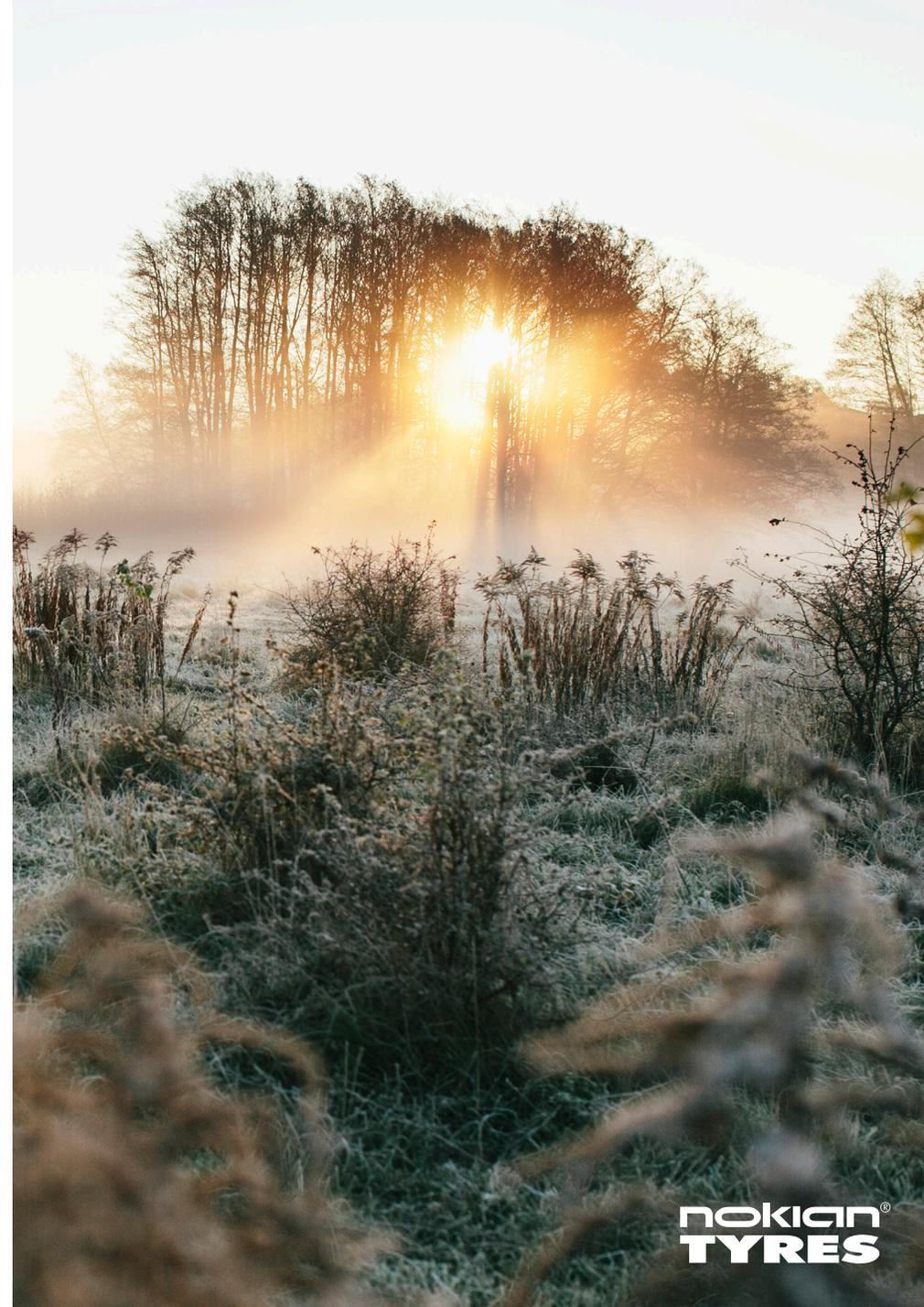
# SAFETY AND SUSTAINABILITY AT THE HEART OF OUR WORK

## Sustainability

- In September, Nokian Tyres was again selected in Dow Jones Sustainability Index
- In the U.S. factory, solar panels will be installed in the parking lot. Excess materials that result from production will be recycled

## Safety

- Nokian Heavy Tyres has been an entire year without occupational accidents leading to absence



A silver car is shown from the rear passenger side, parked on a paved road. The road has yellow dashed lines and leads into the distance. The background features a range of mountains under a soft, hazy sky at sunset or sunrise. The overall mood is serene and peaceful.

**PEACE OF MIND  
IN ALL CONDITIONS**

**nokian<sup>®</sup>  
TYRES**

# APPENDIX

# GROUP OPERATING PROFIT PER QUARTER 2015–Q3/2019

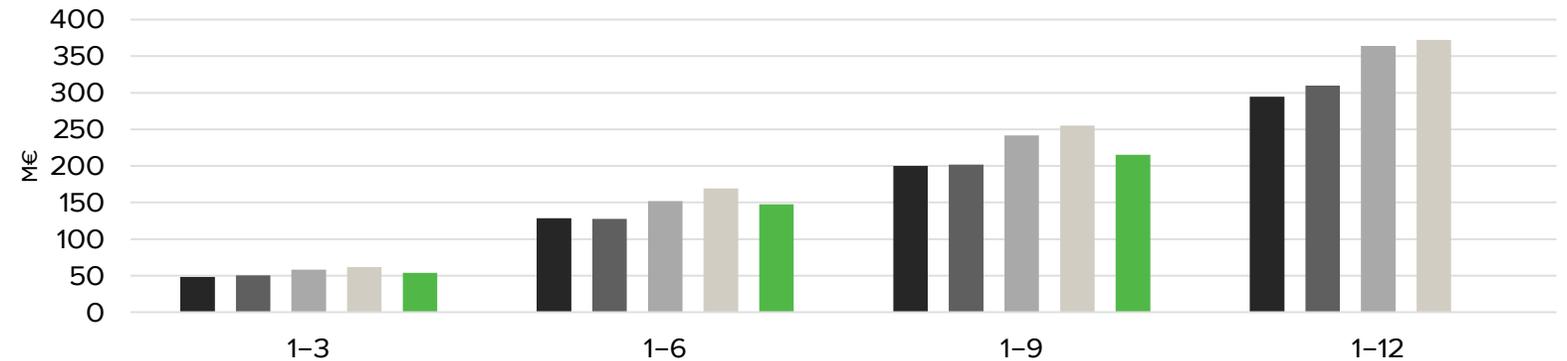
## 1–9/2019

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(1,122.0 M€), -0.2%
- Operating profit 215.5 M€  
(255.2 M€)

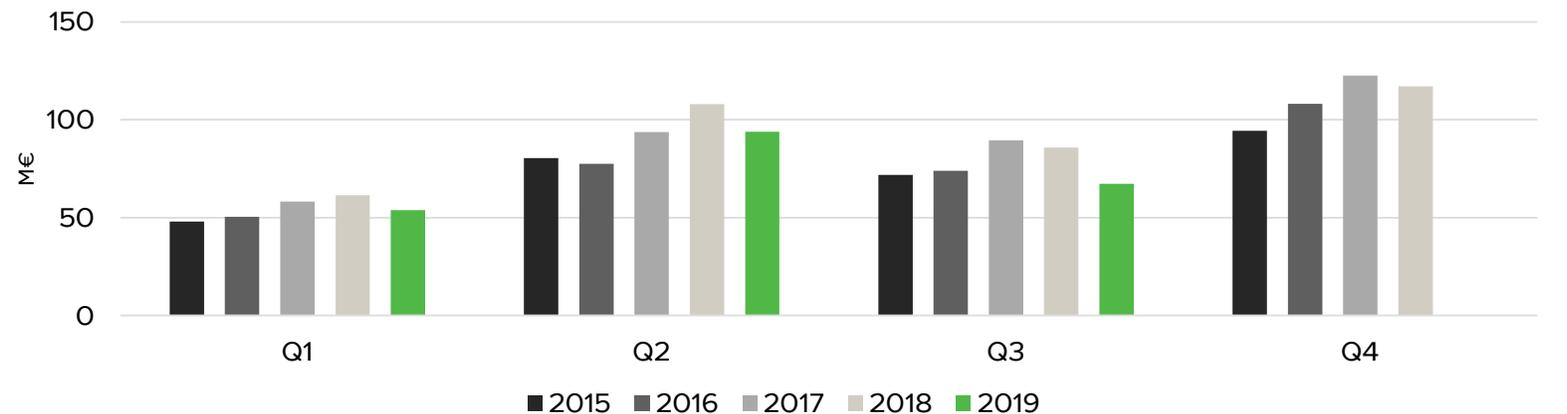
## 7–9/2019

- Net sales 357.3 M€  
(356.9 M€), 0.1%
- Operating profit 67.5 M€  
(85.9 M€)

CUMULATIVE OPERATING PROFIT PER REVIEW PERIOD



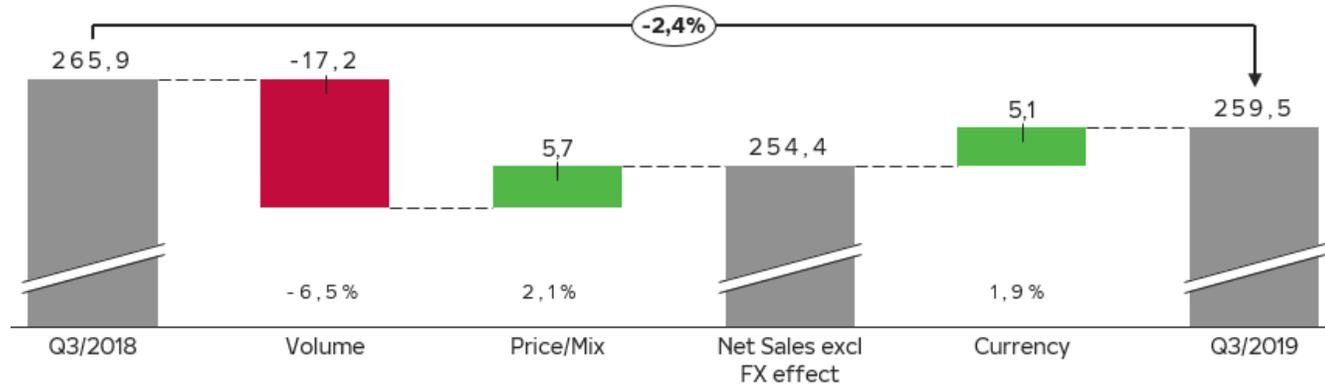
GROUP OPERATING PROFIT PER QUARTER



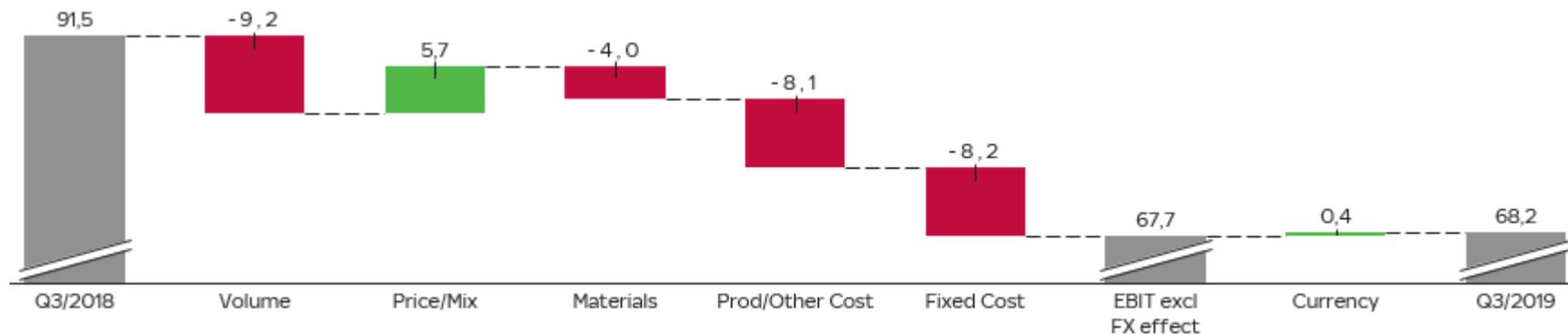
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## NET SALES, M€



## EBIT, M€



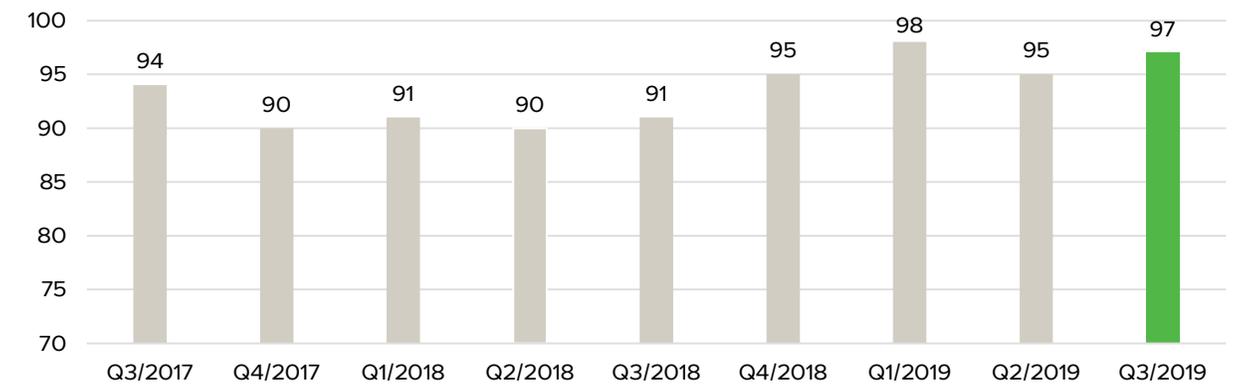
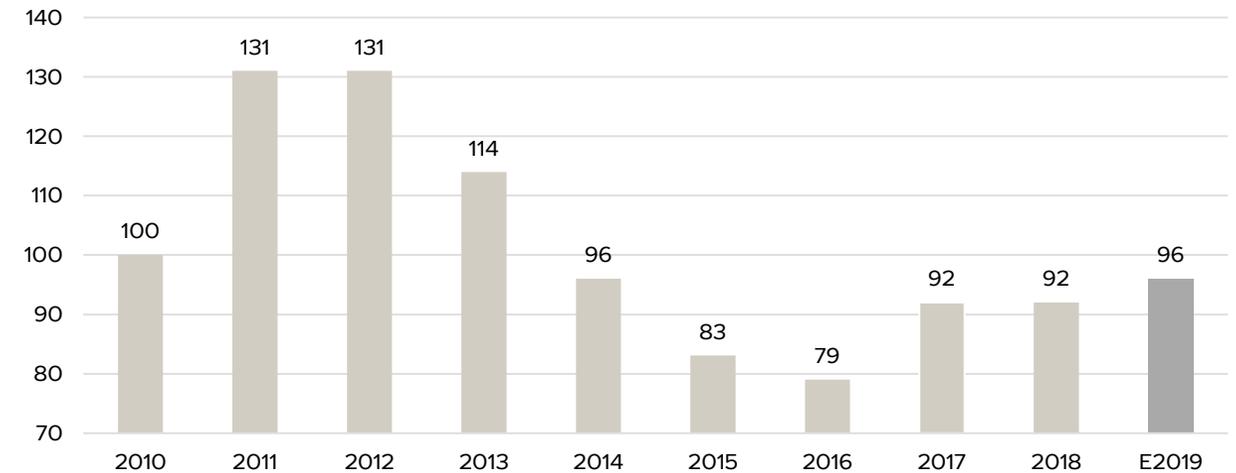
# MATERIAL COST DEVELOPMENT

Increased in 1-9/2019

## MATERIAL COSTS (€/KG)

- Increased by 6.9% in 1- 9/2019 vs. 1- 9/2018
- Increased by 1.1% in Q3/2019 vs. H1/2019

MATERIAL COST DEVELOPMENT INDEX 2010-E2019



# NETWORK DEVELOPMENT PROGRESSED

Vianor, NAD, N-Tyre; -8 stores in 1-9/2019

## VIANOR – 1,180 SERVICE CENTERS IN 19 COUNTRIES

189 own stores and 991 partners

Own +1, partner -139 vs. year-end 2018

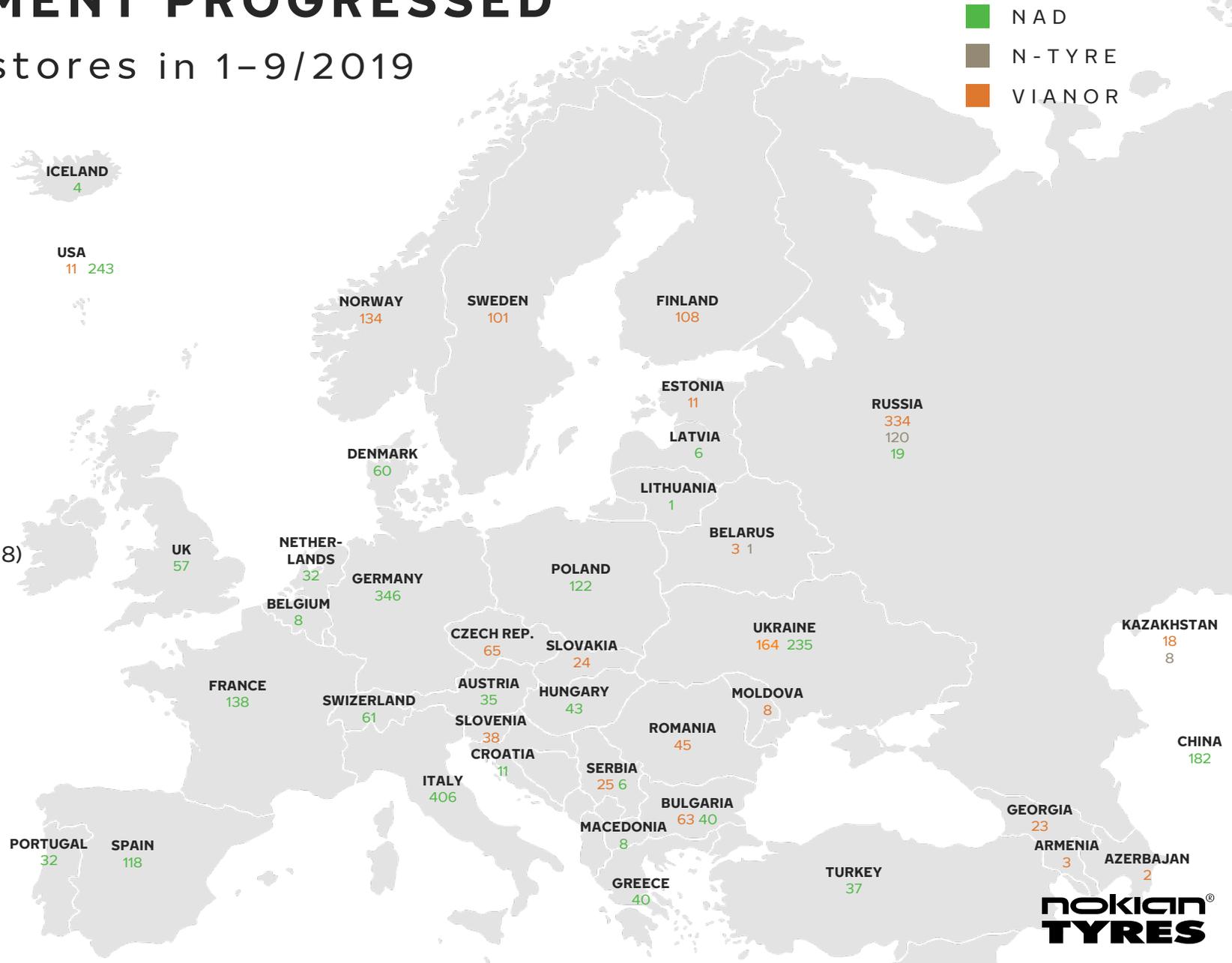
- Largest tire chain in the Nordic countries: 343 service centers (+4 vs. year-end 2018)
- Largest tire chain in Russia and CIS: 383 service centers (+7 vs. year-end 2018)
- Central Europe: 443 service centers (-149 vs. year-end 2018)
- USA: 11 service centers (unchanged vs. year-end 2018)

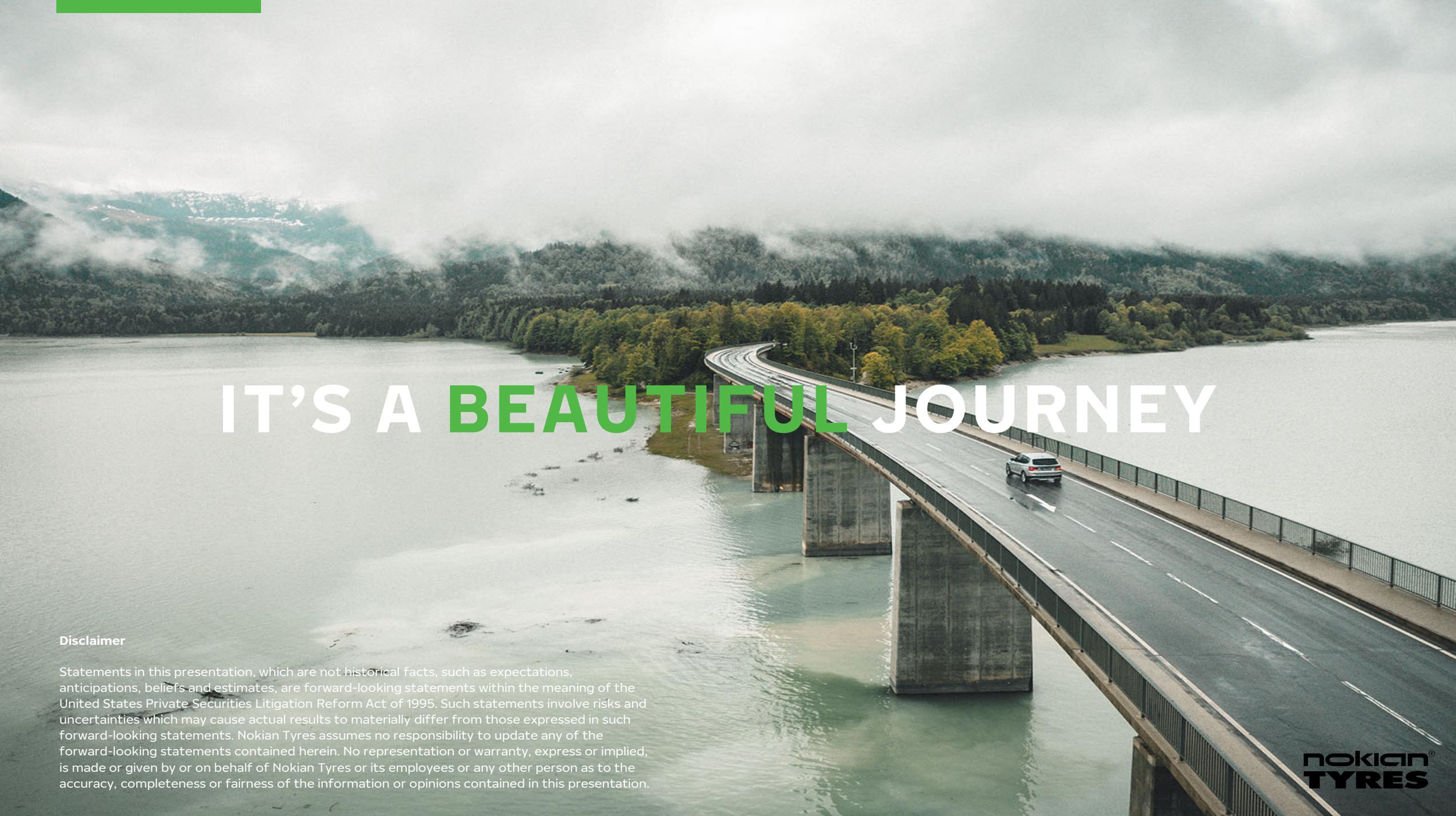
## NOKIAN TYRES AUTHORIZED DEALERS (NAD) – 2,290 STORES

- In 24 European countries, USA and China
- Increase of 128 stores vs. year-end 2018

## N-TYRE – 129 STORES

- In Russia, Kazakhstan and Belarus
- Increase of 2 stores vs. year-end 2018





# IT'S A BEAUTIFUL JOURNEY

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