



GOOD PERFORMANCE IN 2018

STRONG GROWTH IN RUSSIA AND NORTH AMERICA,
HEADWIND FROM CURRENCIES

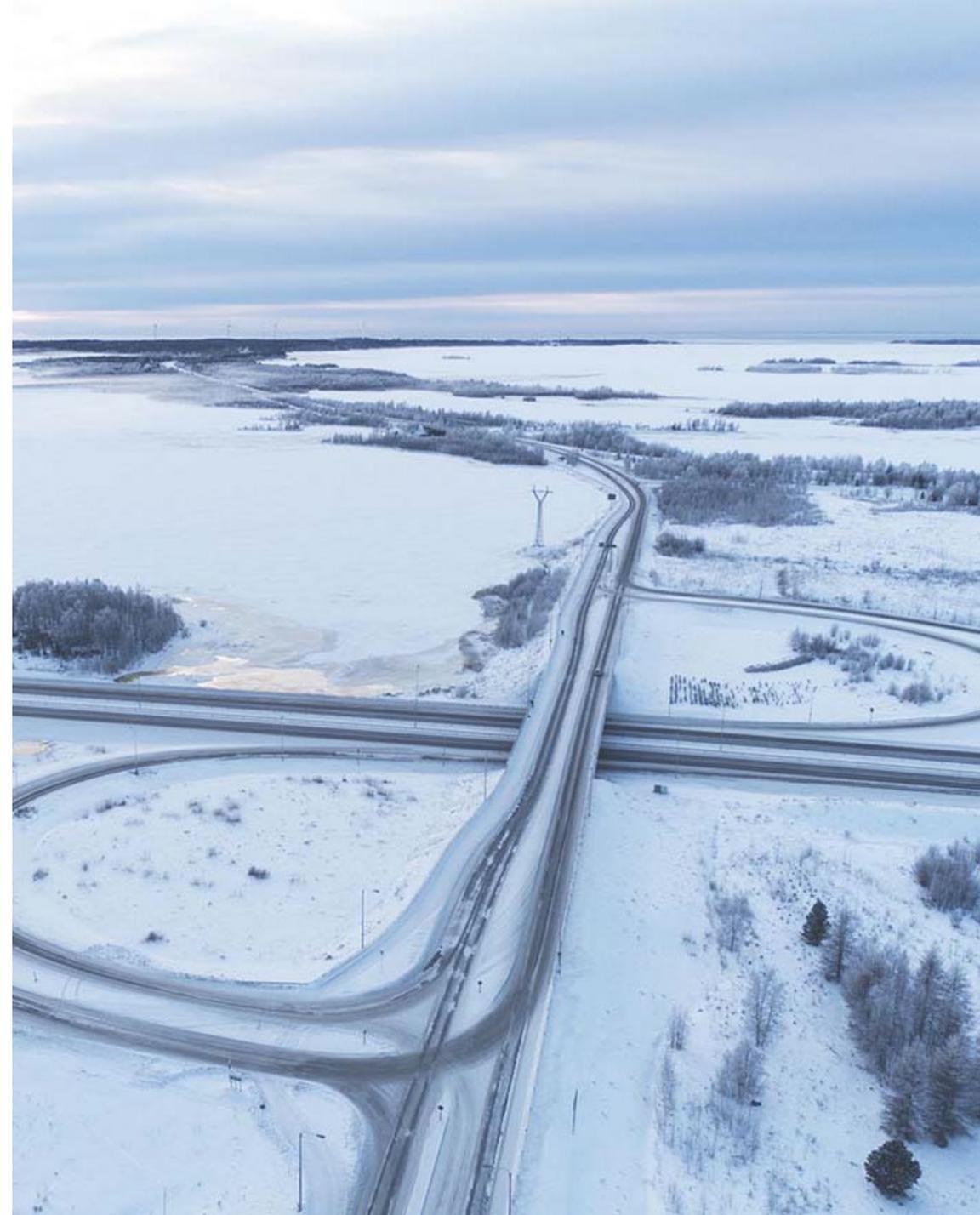
FEBRUARY 5, 2019

HILLE KORHONEN
PRESIDENT AND CEO

nokian[®]
TYRES

GOOD PROGRESS IN RUSSIA AND NORTH AMERICA IN 2018

- **Net sales EUR 1,595.6 million (1,572.5), +5.7% with comparable currencies**
 - Growth driven by Passenger Car Tyres, despite the negative impact of a delayed summer and lower new car sales in Sweden and Norway. Russia +14.7%, North America +17.0%.
 - In Heavy Tyres, good demand in core product groups.
- **Operating profit EUR 372.4 million (365.4)**
 - Significant negative currency impact
 - Raw material costs EUR/kg -1.0% positively impacted by currencies
- **Dividend proposal EUR 1.58 (1.56) per share**



TIRE MARKET IN CENTRAL EUROPE GOT HIGHLY COMPETITIVE, RUSSIA CONTINUED GROWING IN 2018

The Nordic countries	
New car sales	-5%
Car tire sell-in	+2%
Heavy tire segments *	
Nokian Tyres sales & SOM	
Car tire sales, pcs	-
Car tire SOM	-

Russia	
New car sales	+13%
Car tire sell-in	+8-10%
Heavy tire segments *	
Nokian Tyres sales & SOM	
Car tire sales, pcs	+
Car tire SOM	+

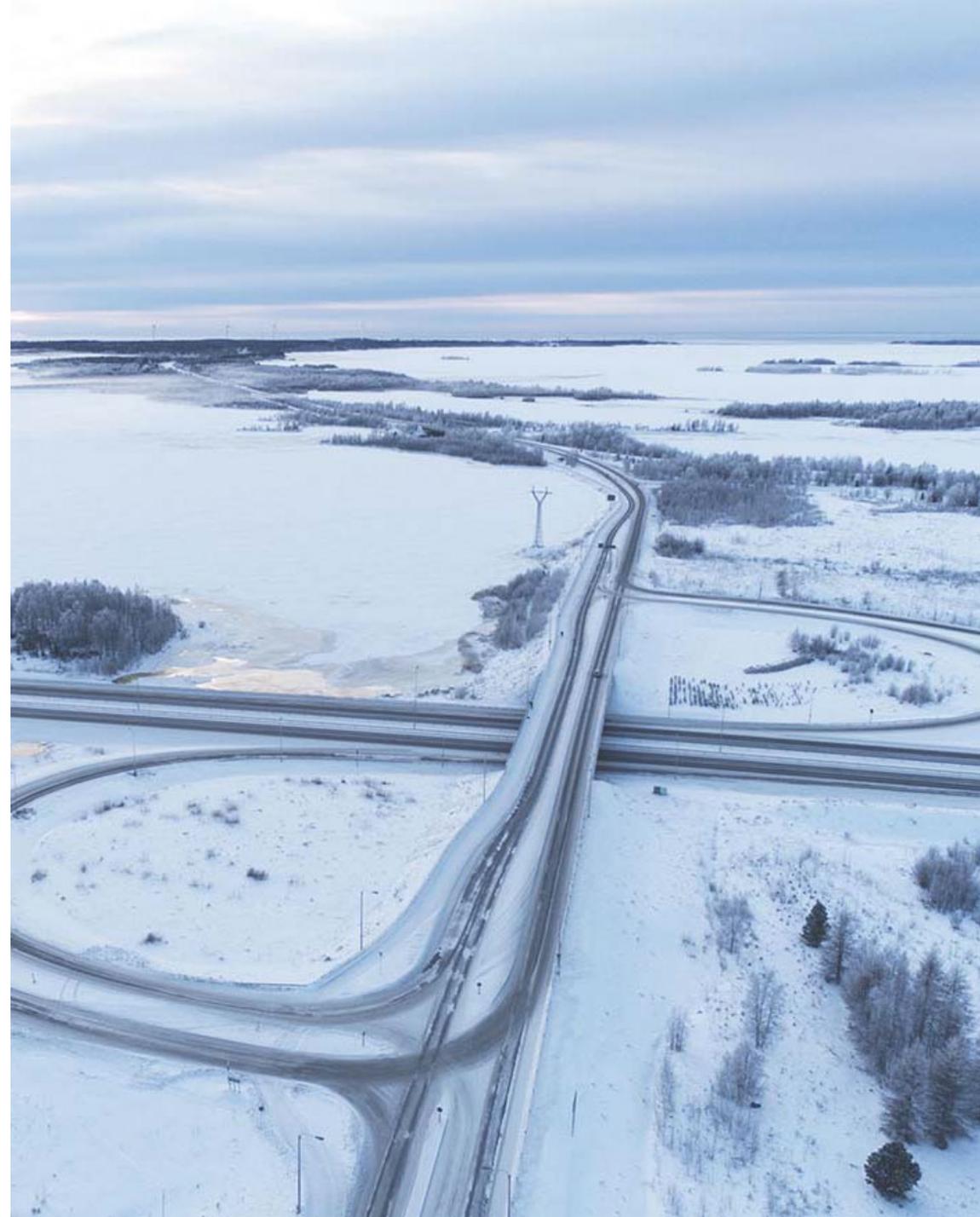
Europe (incl. the Nordic countries)	
New car sales	-0%
Car tire sell-in	+3%
Heavy tire segments *	
Nokian Tyres sales & SOM (Other Europe, excl. the Nordic countries)	
Car tire sales, pcs	-
Car tire SOM	-

North America	
New car sales	+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 Central Europe
- Winter season started late in Central Europe and in the Nordic countries

Q4: GROWTH IN NORTH AMERICA AND RUSSIA OFFSET BY A DECLINE IN CENTRAL EUROPE

- **Net sales EUR 473.6 million (490.4), -1.0% with comparable currencies**
 - Solid growth in North America and Russia was offset by a decline in Central Europe
- **Operating profit EUR 117.2 million (122.6)**
 - Raw material costs EUR/kg +4.4% compared with Q3/2018



ENTERING OUR NEXT PHASE OF GROWTH

OUR DIFFERENTIATORS

**SAFEST TIRES FOR ALL
CONDITIONS**

**CONSUMER-TRUSTED
PREMIUM BRAND**

**PREFERRED PARTNER
FOR CUSTOMERS**

**FORERUNNER IN
SELECTED SPECIALTY
TIRE PRODUCTS**

**RESPONSIVE AND
EFFICIENT SUPPLY
CHAIN**

**HIGH-PERFORMING
ENGAGED TEAM**

OUR AMBITION

We are the market leader in selected segments in the Nordic countries and Russia

We increase our sales by 50% in Central Europe in five years

We double our sales in North America in five years

Our tires are available in all major winter tire markets

We increase the EBITDA of Vianor (own) to +3% by the end of 2019

We increase the sales of Heavy Tyres by 50% in four years

FINANCIAL TARGETS FOR 2019-2021

Growing faster than the market:

Above 5% CAGR with comparable currencies

Good returns for our shareholders:

Dividend above 50% of net earnings

Healthy profitability:

EBIT at the level of 22%

FINANCIAL TARGETS 2016-2018 (at stable currency exchange rates)

Growing faster than the market:
Average annual sales growth of 4-5% at a minimum

Good returns for our shareholders:
Dividend of at least 50% of net earnings

Healthy profitability:
The best operating profit level in the industry, a minimum of 22%



YEAR 2018

**nokian[®]
TYRES**

KEY FIGURES 2018

	10-12 /18	10-12 /17	Change %	CC* Change %	2018	2017	Change %	CC* Change %
Net sales	473.6	490.4	-3.4	-1.0	1,595.6	1,572.5	1.5	5.7
Operating profit	117.2	122.6			372.4	365.4		
Operating profit %	24.7	25.0			23.3	23.2		
Profit before tax	113.5	118.9			361.7	332.4		
Profit for the period	96.0	94.7			295.2	221.4		
Earnings per share, EUR	0.70	0.69			2.15	1.63		
ROCE, %					23.3	22.4		
Equity ratio, %					71.0	78.2		
Cash flow from operating activities	460.0	368.3			536.9	234.1		
Gearing, %					-21.2	-14.2		
Interest-bearing net debt					-315.2	-208.3		
Capital expenditure	112.3	39.6			226.5	134.9		

* Comparable currencies

PASSENGER CAR TYRES

Sales +6.1% in 2018 with comparable currencies

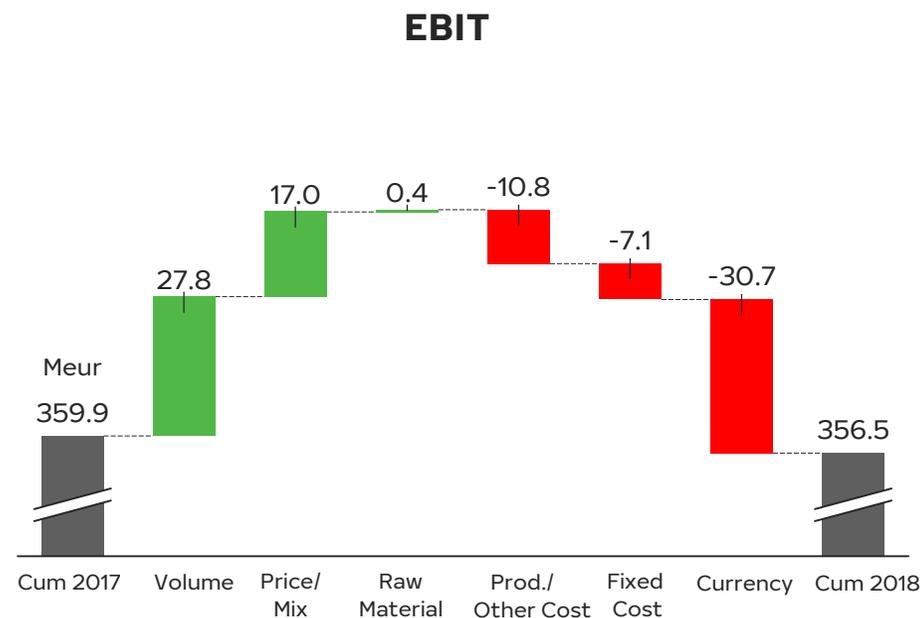
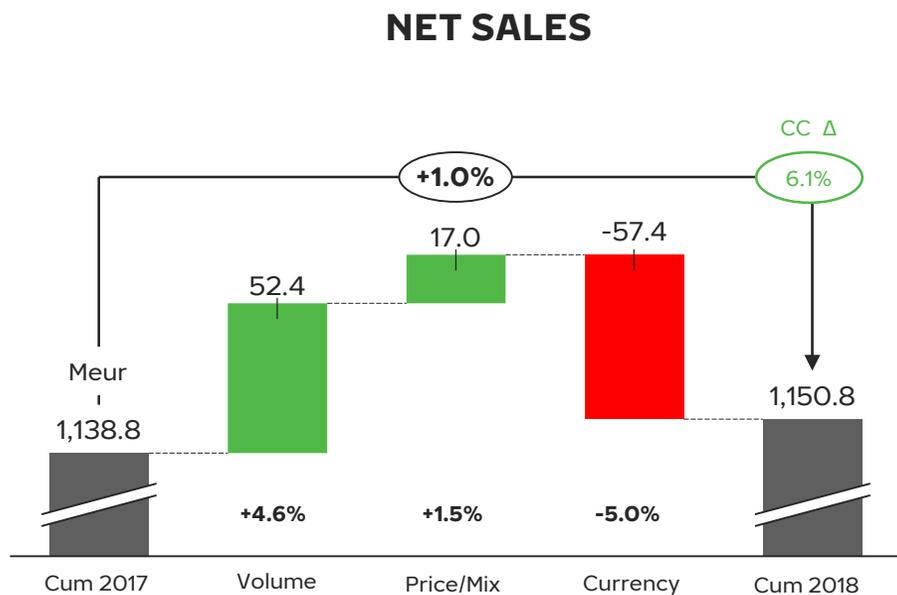
	10-12 /18	10-12 /17	Change %	CC* Change %	2018	2017	Change %	CC* Change %
Net sales, M€	316.8	338.3	-6.3	-3.4	1,150.8	1,138.8	1.0	6.1
Operating profit, M€	96.5	100.9			356.5	359.9		
Operating profit, %	30.5	29.8			31.0	31.6		

* Comparable currencies

- Growth driven by higher sales volumes and price/mix with comparable currencies. Average Sales Price with comparable currencies slightly up.
- Operating profit negatively impacted by currencies and lower volumes in the second half of the year. Raw material costs -1.7%, positively impacted by currencies. Investment in sales and marketing in Central Europe and North America, and into scalable business platforms.
- Production output (pcs) +6%.
- Utilization rate of increased capacity in Finland is planned to be adjusted as the Central European car tire market is not as robust as we estimated a year ago.

PASSENGER CAR TYRES BRIDGE 2018

Negative impact of EUR 30.7 million from currencies on EBIT



HEAVY TYRES

Sales +10.7% with comparable currencies, good demand in core product groups

	10-12 /18	10-12 /17	Change %	CC* Change %	2018	2017	Change %	CC* Change %
Net sales, M€	53.0	46.5	14.1	15.1	187.7	172.3	8.9	10.7
Operating profit, M€	9.6	9.4			28.6	32.2		
Operating profit, %	18.0	20.3			15.2	18.7		

* Comparable currencies

- 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 output (metric tons) increased slightly compared with 2017.
- 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

	10-12 /18	10-12 /17	Change %	CC* Change %	2018	2017	Change %	CC* Change %
Net sales, M€	122.3	124.7	-1.9	-0.4	337.2	339.4	-0.6	1.9
Operating profit, M€	11.7	13.1			1.6	-5.8		
Operating profit, %	9.6	10.5			0.5	-1.7		
Own service centers, pcs, at period end	188				188	194		

* Comparable currencies

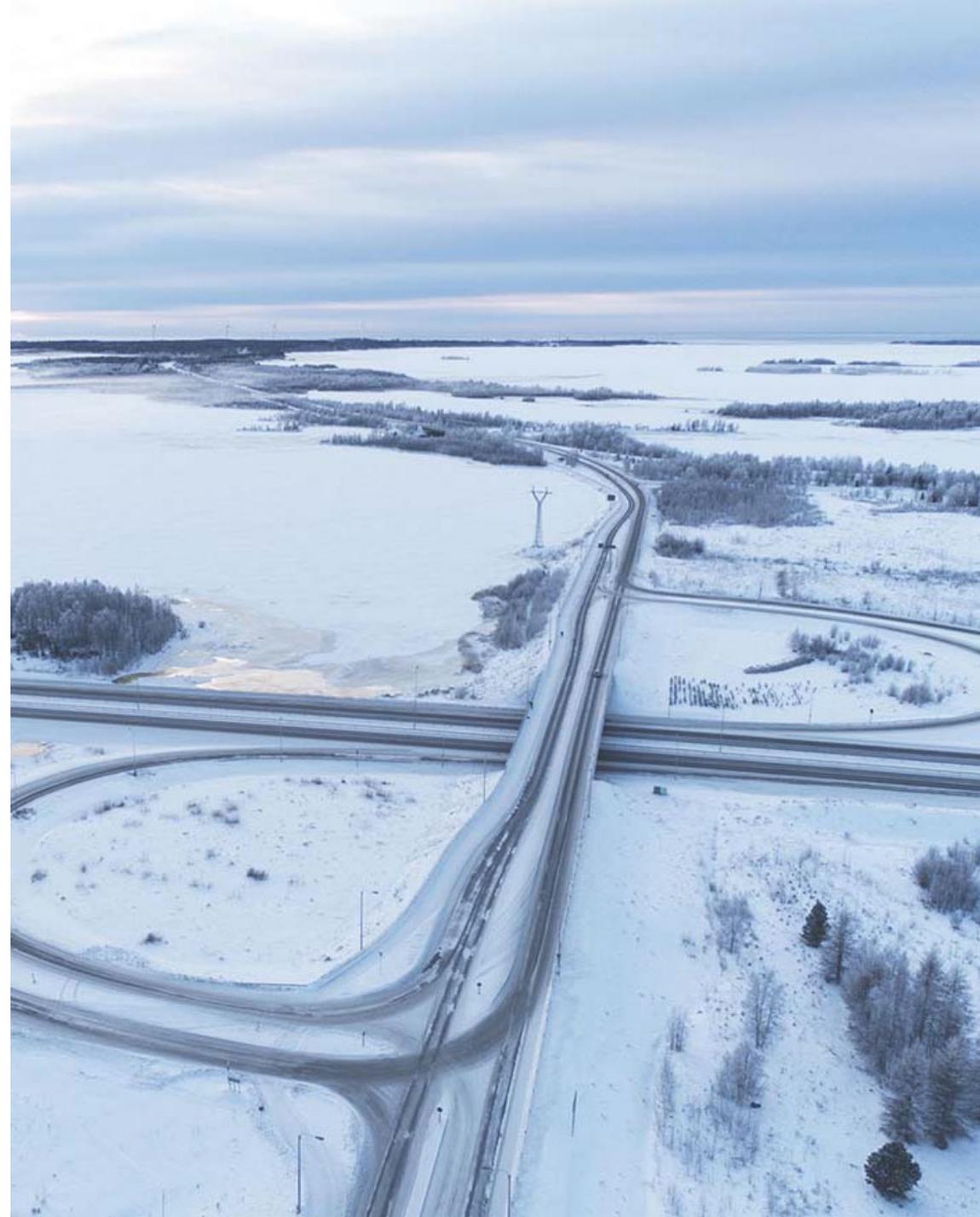
- Net sales increased by 1.9% with comparable currencies.
- Operating profit improvement was driven by increased operational efficiency, and better sales management.



OUTLOOK

GUIDANCE FOR 2019

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



An aerial, high-angle shot of a long, straight road covered in snow, stretching from the foreground into the distance. The road is flanked by dense evergreen trees, also heavily laden with 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.

**PEACE OF MIND
IN ALL CONDITIONS**

**nokian[®]
TYRES**

APPENDIX

GROUP OPERATING PROFIT PER QUARTER 2014–2018

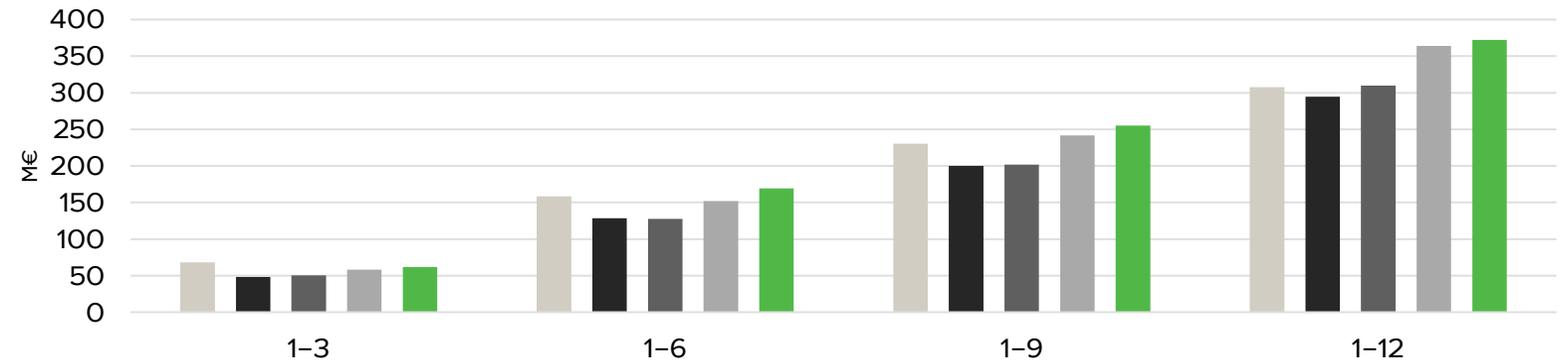
2018

- Net sales 1,595.6 M€
(1,572.5 M€), +1.5%
- Operating profit 372.4 M€
(365.4 M€)

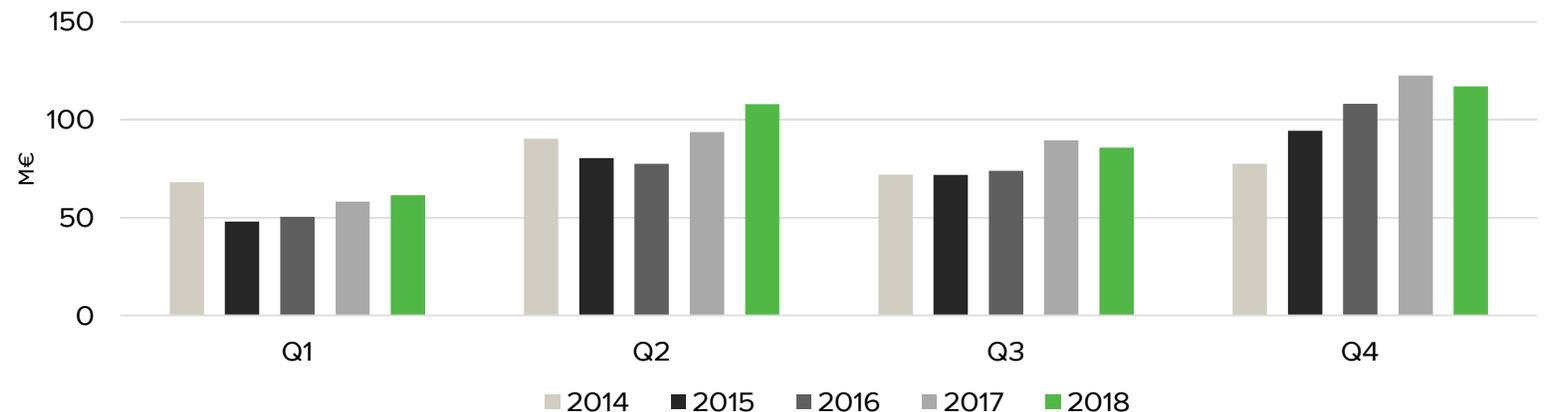
10–12/2018

- Net sales 473.6 M€
(490.4 M€), -3.4%
- Operating profit 117.2 M€
(122.6 M€)

CUMULATIVE OPERATING PROFIT PER REVIEW PERIOD



GROUP OPERATING PROFIT PER QUARTER



RAW MATERIAL COST DEVELOPMENT

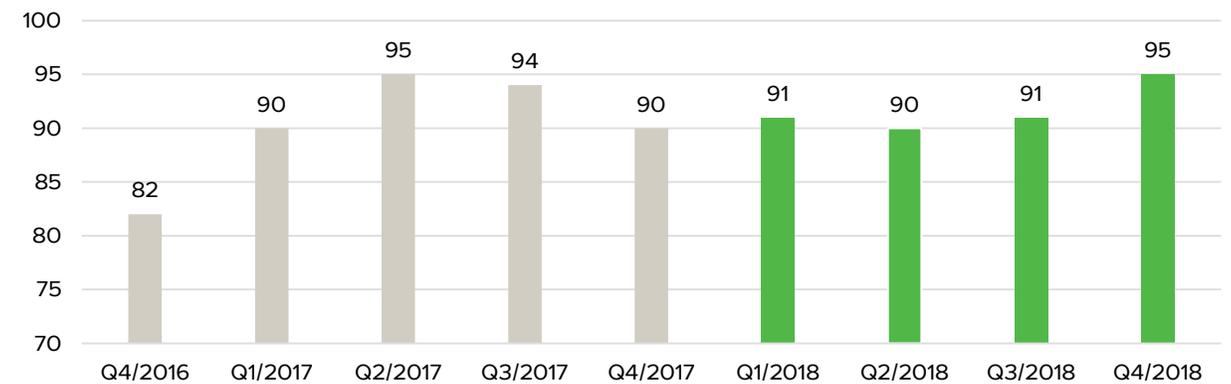
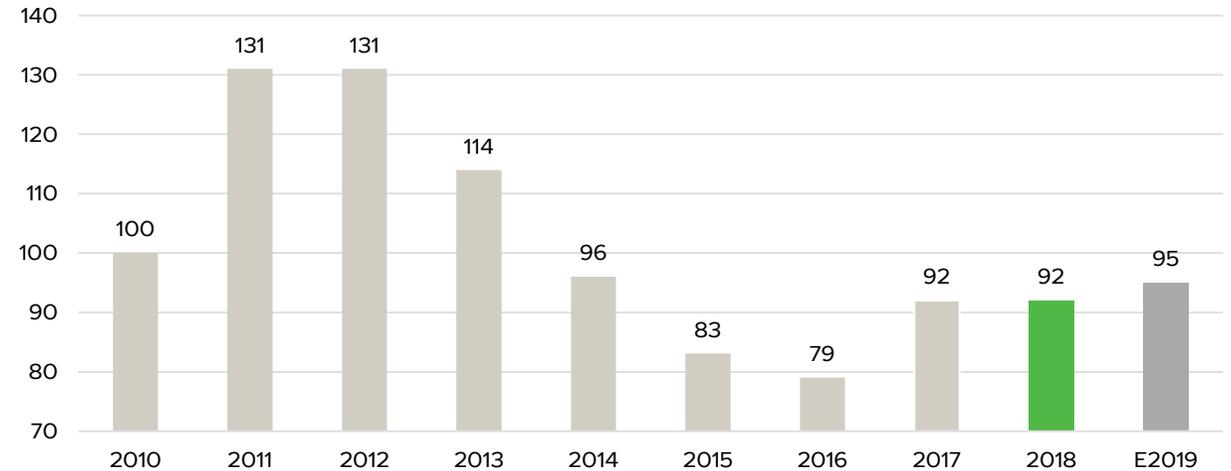
Decreased slightly in 2018

RAW MATERIAL COSTS
(€/KG)

- decreased by 1.0% in 2018 vs. 2017 positively impacted by currencies
- increased by 4.4% in Q4/2018 vs. Q3/2018

➤ **Estimated to increase slightly in 2019 compared with 2018**

RAW MATERIAL COST DEVELOPMENT INDEX 2010-E2019



NETWORK DEVELOPMENT PROGRESSED

Vianor, NAD, N-Tyre; +159 stores in 2018

VIANOR – 1,318 SERVICE CENTERS IN 24 COUNTRIES

- 188 own stores and 1,130 partners
- Own -6, partner -142 vs. year-end 2017
- Largest tire chain in the Nordic countries: 339 service centers (-7 vs. year-end 2017)
- Largest tire chain in Russia and CIS: 376 service centers (-236 vs. year-end 2017)
- Central Europe*: 592 service centers (195 vs. year-end 2017)
- USA: 11 service centers (-72 vs. year-end 2017)

NOKIAN TYRES AUTHORIZED DEALERS (NAD) – 2,162 STORES

- In 24 European countries, USA and China
- Increase of 307 stores vs. year-end 2017

N-TYRE – 127 STORES

- In Russia, Kazakhstan and Belarus
- Unchanged vs. year-end 2017



IT'S A BEAUTIFUL JOURNEY

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