

A person wearing a dark jacket and a backpack is walking away from the camera through a vast, snow-covered mountain landscape. The sky is a pale, hazy blue. The text is overlaid on a semi-transparent white band across the middle of the image.

# GOOD PERFORMANCE IN AN UNPRECEDENTED MARKET ENVIRONMENT

Q4 AND FULL-YEAR RESULTS 2020

FEBRUARY 9, 2021

JUKKA MOISIO – CEO  
TEEMU KANGAS-KÄRKI – CFO

**nokian**<sup>®</sup>  
**TYRES**

# Q4 IMPACTED BY COVID-19 AND DELAYED WINTER

- **Net sales EUR 413.4 million (474.8), -7.1% with comparable currencies**
  - COVID-19 and delayed winter affected Passenger Car Tyres' sales
  - Heavy Tyres and Vianor performed well
- **Segments operating profit EUR 80.1 million (106.8)**
  - Negative impact from lower passenger car tire sales
  - Tailwind from lower raw material unit cost



# SOLID END TO AN EXCEPTIONAL YEAR

- **Strong performance by the Nokian Tyres team**
- **Net sales EUR 1,313.8 million (1,585.4 ), -13.3% with comparable currencies**
  - Negatively impacted by COVID-19, measures taken in Russia, and mild winter 2019–2020
- **Segments operating profit EUR 190.2 million (337.2)**
  - Decline mainly due to COVID-19, measures taken in Russia and low factory utilization rate
  - Tailwind from lower raw material cost and cost-cutting measures
- **The Board proposes a dividend of EUR 1.20 per share to be paid in two instalments**



# CASH FLOW IMPROVED SIGNIFICANTLY - BALANCE SHEET CONTINUES TO BE STRONG

EUR million	10- 12/20	10- 12/19	Change	CC* Change	2020	2019	Change	CC* Change
Net sales	<b>413.4</b>	474.8	-12.9%	-7.1%	<b>1,313.8</b>	1,585.4	-17.1%	-13.3%
Segments operating profit	<b>80.1</b>	106.8			<b>190.2</b>	337.2		
Segments operating profit %	<b>19.4%</b>	22.5%			<b>14.5%</b>	21.3%		
Segments EPS, EUR**	<b>0.44</b>	0.63			<b>1.04</b>	3.06		
Segments ROCE, %					<b>9.3%</b>	18.6%		
Equity ratio, %					<b>65.3%</b>	75.9%		
Cash flow from operating activities	<b>429.0</b>	398.2			<b>422.4</b>	219.8		
Gearing, %					<b>-1.1%</b>	2.3%		
Interest-bearing net debt					<b>-17.2</b>	41.1		
Capital expenditure	<b>31.6</b>	65.4			<b>149.9</b>	290.1		

\* Comparable currencies

\*\* Segments EPS 2019 excl. the impact of the rulings on the tax disputes of EUR 1.08 were EUR 1.98

# Q4/2020: PASSENGER CAR TYRES

Profitability impacted by lower volumes and currencies

	10– 12/20	10– 12/19	Change	CC* Change	2020	2019	Change	CC* Change
Net sales, M€	<b>262.0</b>	317.3	-17.4%	-9.8%	<b>871.3</b>	1,123.8	-22.5%	-18.0%
Segment operating profit, M€	<b>66.5</b>	82.2			<b>177.8</b>	308.5		
Segment operating profit, %	<b>25.4%</b>	25.9%			<b>20.4%</b>	27.4%		

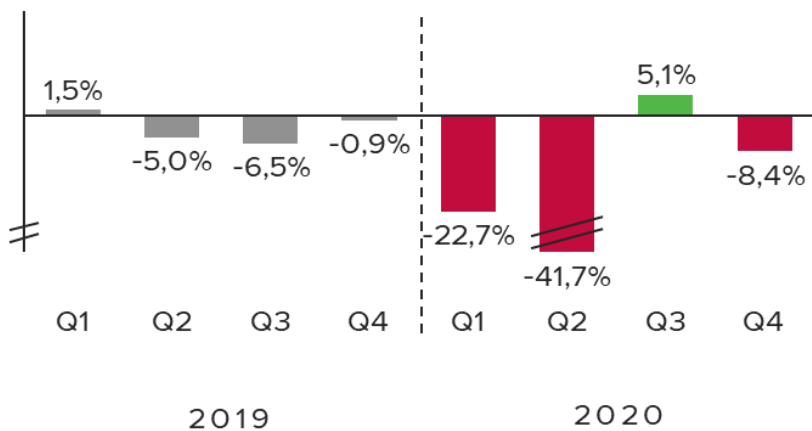
\* Comparable currencies

- Net sales decreased in all main markets as a result of COVID-19 and delayed winter
- Average Sales Price with comparable currencies decreased, while the product mix improved
- Segment operating profit declined mainly due to lower sales volumes and negative currency impact, partly offset by lower raw material unit cost and increasing production volumes

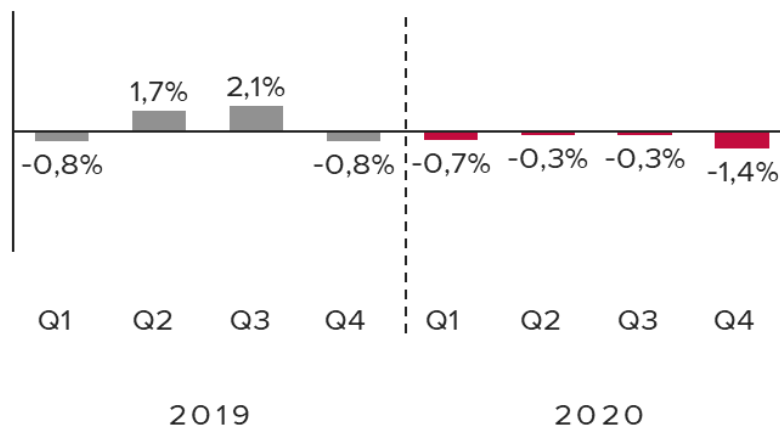
# PASSENGER CAR TYRES NET SALES - QUARTERLY CHANGES

YoY Change %

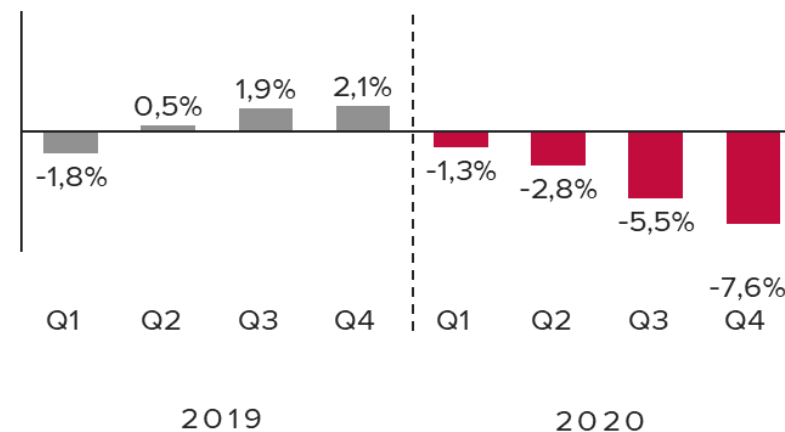
### Sales Volumes



### Price/Mix



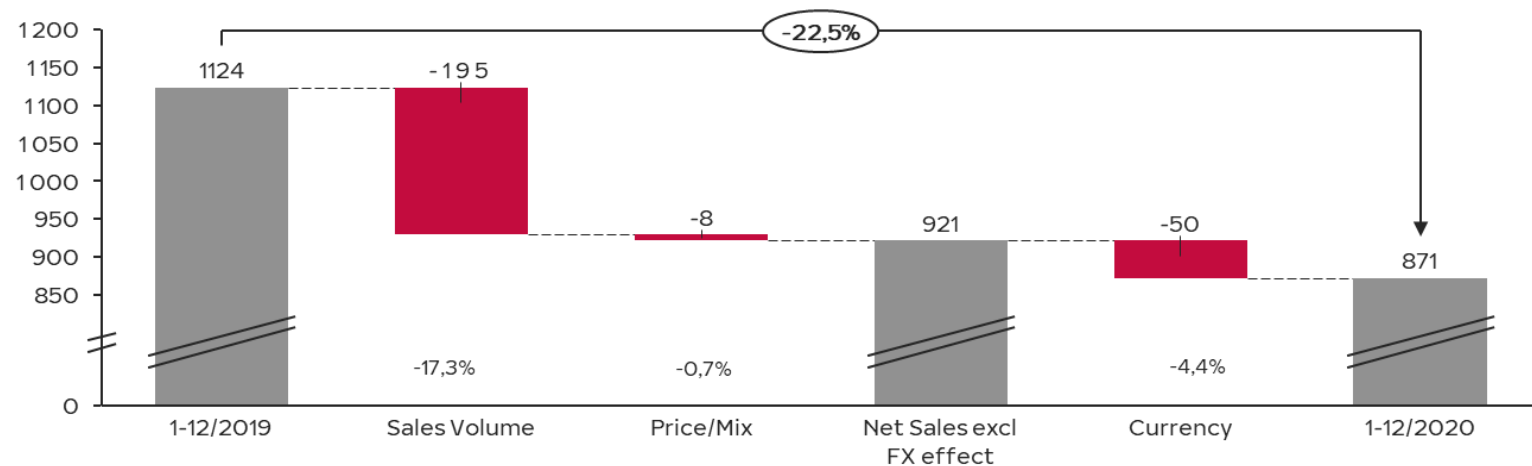
### Currency



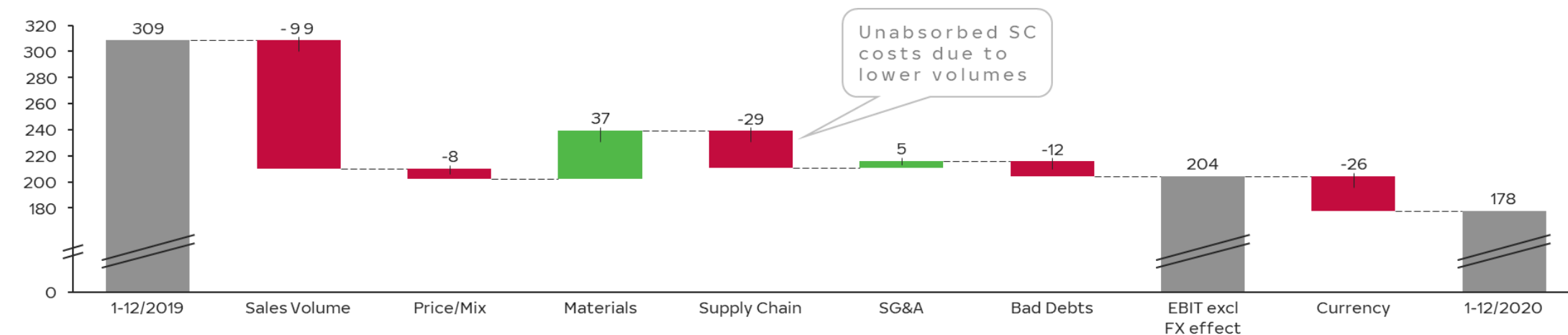
# 2020: PASSENGER CAR TYRES BRIDGE

Negative impact of EUR 99 million from volume on segment operating profit

## NET SALES, M€



## SEGMENT OPERATING PROFIT, M€



# Q4/2020: HEAVY TYRES

Net sales at a good level

	10– 12/20	10– 12/19	Change	CC* Change	2020	2019	Change	CC* Change
Net sales, M€	<b>53.2</b>	54.5	-2.5%	0.9%	<b>194.6</b>	202.7	-4.0%	-1.8%
Segment operating profit, M€	<b>5.0</b>	10.1			<b>23.7</b>	35.7		
Segment operating profit, %	<b>9.5%</b>	18.6%			<b>12.2%</b>	17.6%		

\* Comparable currencies

- Net sales increased by 0.9% with comparable currencies
- Segment operating profit declined due to planned production shutdown in December, inventory reductions, and maintenance work in production



# Q4/2020: VIANOR

Good performance in seasonally important quarter

	10– 12/20	10– 12/19	Change	CC* Change	2020	2019	Change	CC* Change
Net sales, M€	<b>115.4</b>	120.0	-3.9%	-2.4%	<b>318.1</b>	336.5	-5.5%	-2.8%
Segment operating profit, M€	<b>10.0</b>	14.1**			<b>4.0</b>	7.7**		
Segment operating profit, %	<b>8.7%</b>	11.8%			<b>1.3%</b>	2.3%		
Number of own service centers at period end					<b>174</b>	189		

\* Comparable currencies

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

- Net sales decreased by 2.4% with comparable currencies
- Continuous operative improvements despite COVID-19
- At period end, Vianor had 174 own service centers in Finland, Sweden and Norway

# 2020 HIGHLIGHTS IN SUSTAINABILITY



## WE WERE THE FIRST

in the tire industry to have SBT targets for reducing CO2 emissions approved

## SAFETY FIRST

Our LTIF\* dropped to record low: 3.7  
(2019: 4.3)

## FIGHTING CLIMATE CHANGE

Rolling resistance of our tires on average 8.5% lower than in 2013

## IN THE TOP 10%

Selected again for the DJSI sustainability indices, listing most sustainable companies

## NEW INNOVATIONS

We bring new environmental & safety innovations to our products



A photograph of a long, straight road covered in snow, flanked by dense evergreen trees also heavily laden with snow. The road leads towards a bright, hazy horizon, creating a sense of depth and perspective. The overall tone is cold and serene.

**2021 WE FOCUS ON  
GROWTH AND CASH FLOW**

# OUR PRIORITIES FOR THE COMING QUARTERS

Growth and cash flow

- **Driving growth** through new product launches and continuous improvements in go-to-market activities
- **Protecting cash flow** by prioritizing investments, capex expected to be lower than 2020

→ **With a valued brand, strong expertise and enhanced production capacity, we are well positioned to develop our business further**



# NEW PRODUCTS - BUILDING OUR COMPETITIVENESS

## PASSENGER CAR TYRES

### NOKIAN TYRES ENCOMPASS AW01



A versatile all-weather tire designed to bring drivers year-round peace of mind in all conditions. Exclusively available at Discount Tire.

### NOKIAN TYRES ONE



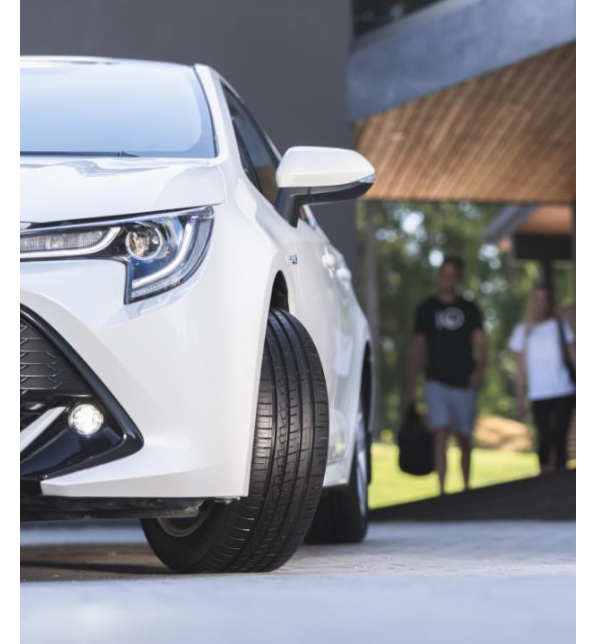
One for safety, One for durability, One for sustainability. The first passenger all-season tire in the North American line-up to have Aramid Sidewall technology.

### NOKIAN NORDMAN 8 & NOKIAN NORDMAN 8 SUV



Reliable winter grip for northern winter. New Nokian Nordman studded tires are balanced and safe both on ice and snow.

### NOKIAN HAKKA GREEN 3



The new summer tire designed for varying northern weather. Combines safety in wet weather with light rolling.

# NOKIAN HAKKAPELIITTA 10

- **Superior winter grip**
  - New studs, oriented studs on shoulder areas
  - Increased amount of studs
  - New tread compound
- **Comfort and reduced noise level**
  - Eco Stud 10 concept
  - Increased base layer thickness softens stud impact and lowers interior noise
  - Computer optimized tread pattern and stud displacement
- **Better on-road stability**
- **SilentDrive™ technology:** noise cancelling acoustic foam used in Nokian Hakkapeliitta 10 EV tires
- **Over 140 products**



# NEW PRODUCTS - BUILDING OUR COMPETITIVENESS

## HEAVY TYRES

### NOKIAN TYRES INTUITU™



Nokian Tyres Intuitu™ smart tractor tires, sales started in Finland.

### NOKIAN GROUND KING



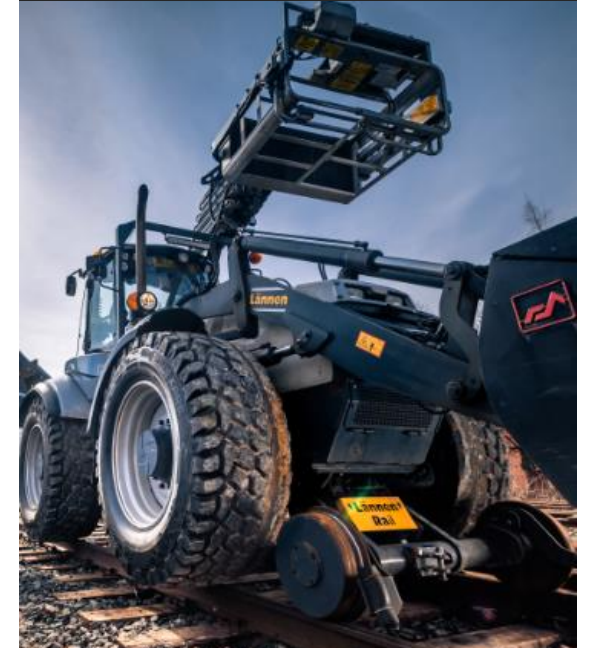
Nokian Ground King tire family for multi-use machinery upgraded with several new sizes.

### NOKIAN E-Truck 17.5 & 19.5



Nokian E-Truck tire range for delivery trucks expanded with new sizes.

### NOKIAN GROUND KARE SEMI-SLICK



Nokian Ground Kare semi-slick for backhoes in railroad operations - the first of its kind in the world.

# ASSUMPTIONS FOR 2021

- Demand for **replacement car tires** expected to increase, driven by stronger demand and increasing new car sales
- Demand for **Nokian Heavy Tyres' core products** estimated to increase
- Uncertainties due to **COVID-19 pandemic and Russian ruble**
  - Average EUR/RUB: 72.5 in 2019, 82.7 in 2020, and 90.6 in January 2021
- **Raw material unit costs** estimated to increase





# GUIDANCE FOR 2021

In 2021, Nokian Tyres' net sales with comparable currencies and segments operating profit are expected to grow significantly.

The global car and tire demand is expected to pick up, but the COVID-19 pandemic continues to cause uncertainties for the development.

















PEACE OF MIND  
IN ALL CONDITIONS

nokian<sup>®</sup>  
TYRES



# APPENDIX

# CAR AND TIRE MARKETS DECLINED IN 2020

The Nordic countries		Russia		Europe (excl. the Nordic countries)		North America	
 New car sales	<b>-14%</b>	 New car sales	<b>-9%</b>	 New car sales	<b>-25%</b>	 New car sales	<b>-15%</b>
 Car tire sell-in	<b>-8%</b>	 Car tire sell-in	<b>-25%</b>	 Car tire sell-in	<b>-12%</b>	 Car tire sell-in	<b>-13%</b>
 Heavy tire segments*	➔	 Heavy tire segments*	➔	 Heavy tire segments*	➔	 Heavy tire segments*	➔

\* Nokian Tyres' core product segments

# GROUP SEGMENTS OPERATING PROFIT PER QUARTER 2016–2020\*

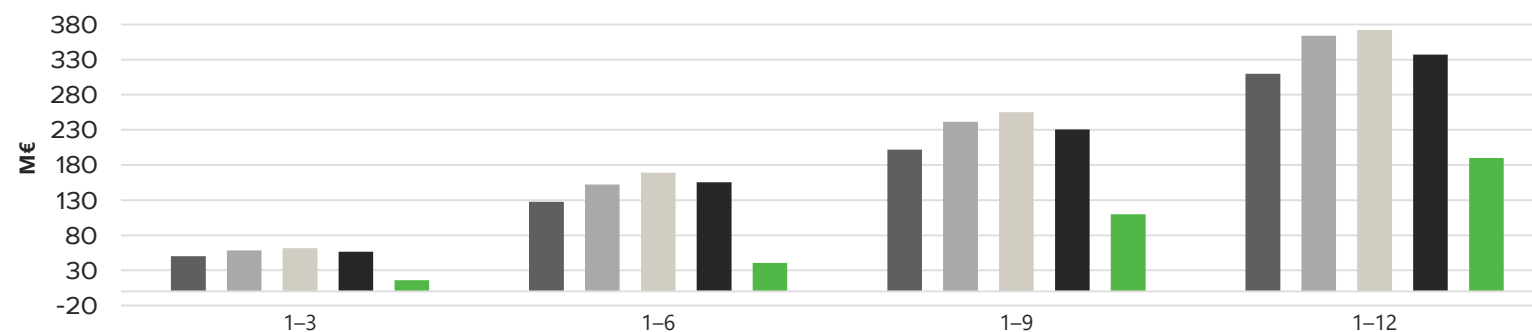
## 2020

- Net sales 1,313.8 M€ (1,585.4), -17.1%
- Segments operating profit 190.2 M€ (337.2)

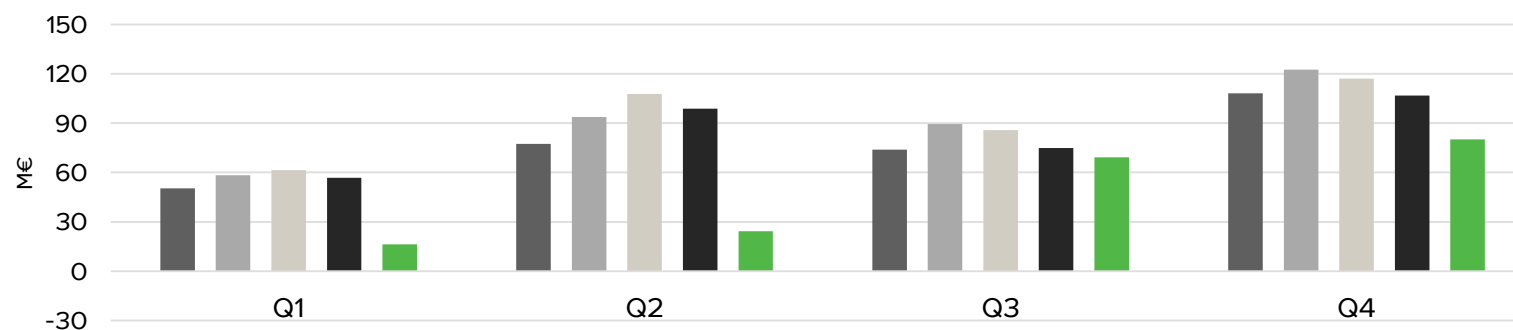
## 10–12/2020

- Net sales 413.4 M€ (474.8), -12.9%
- Segments operating profit 80.1 M€ (106.8)

CUMULATIVE SEGMENTS OPERATING PROFIT PER REVIEW PERIOD



SEGMENTS OPERATING PROFIT PER QUARTER



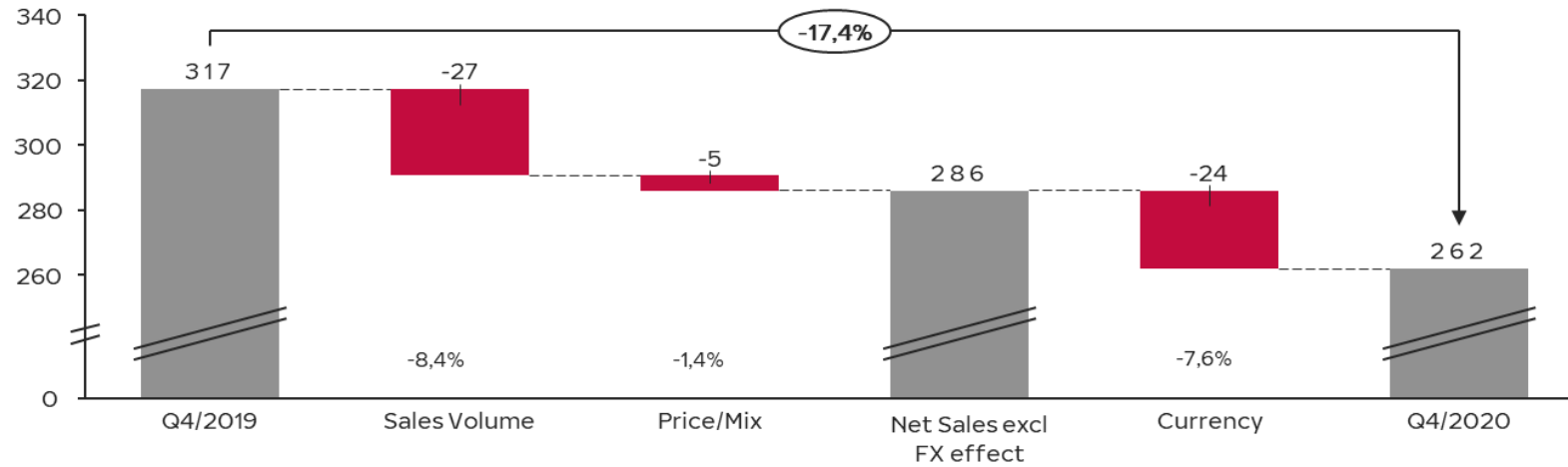
■ 2016 ■ 2017 ■ 2018 ■ 2019 ■ 2020

\*Comparable segments operating profit figures for 2019–2020, earlier years reported based on IFRS

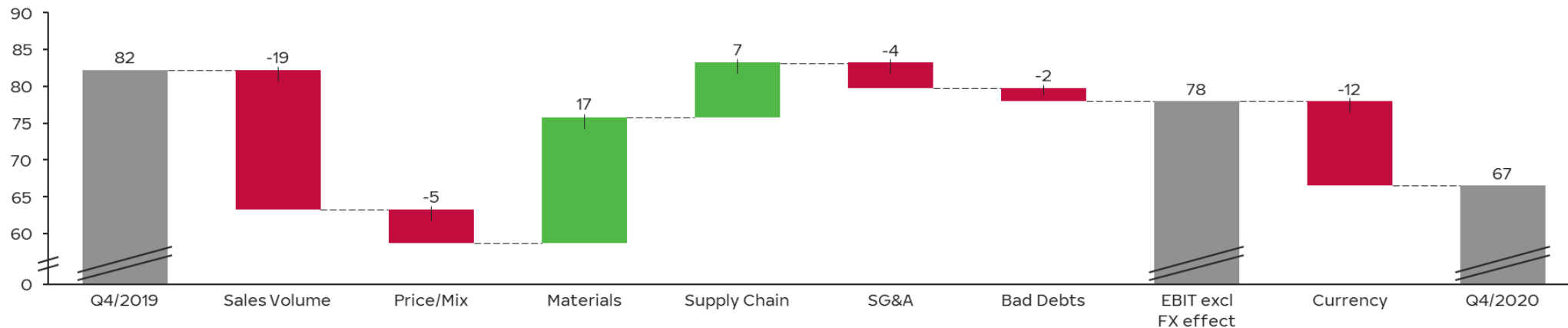
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Negative impact of EUR 19 million from volume on segment operating profit

## NET SALES, M€



## SEGMENT OPERATING PROFIT, M€



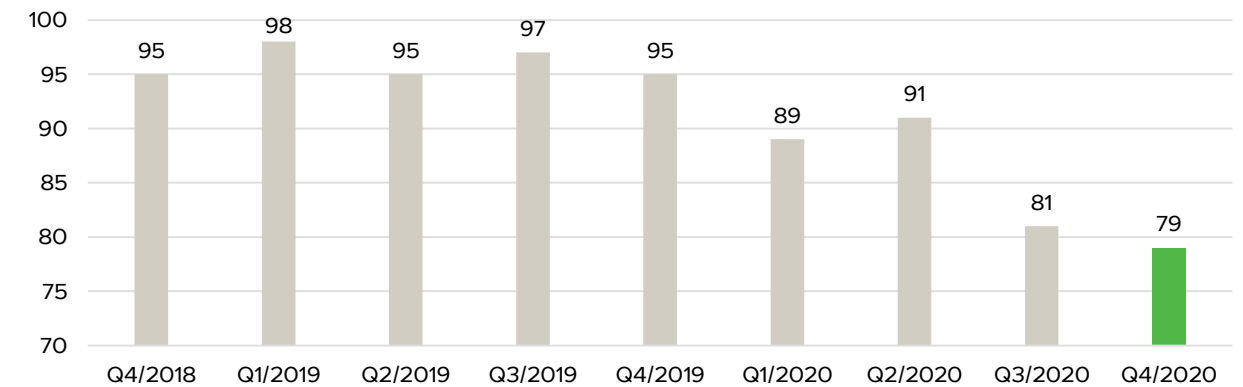
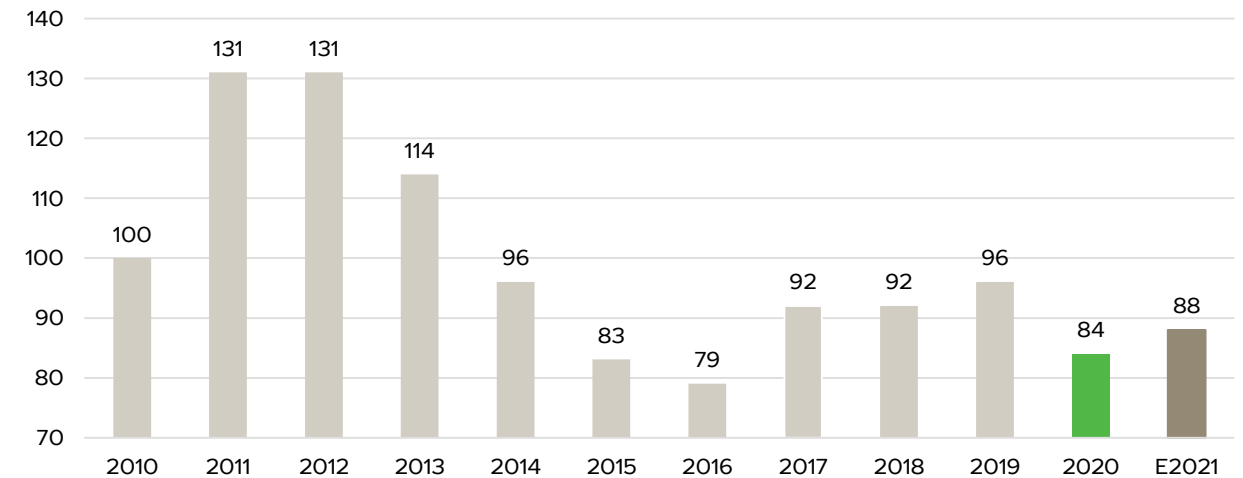
# MATERIAL COST DEVELOPMENT

Decreased in 2020

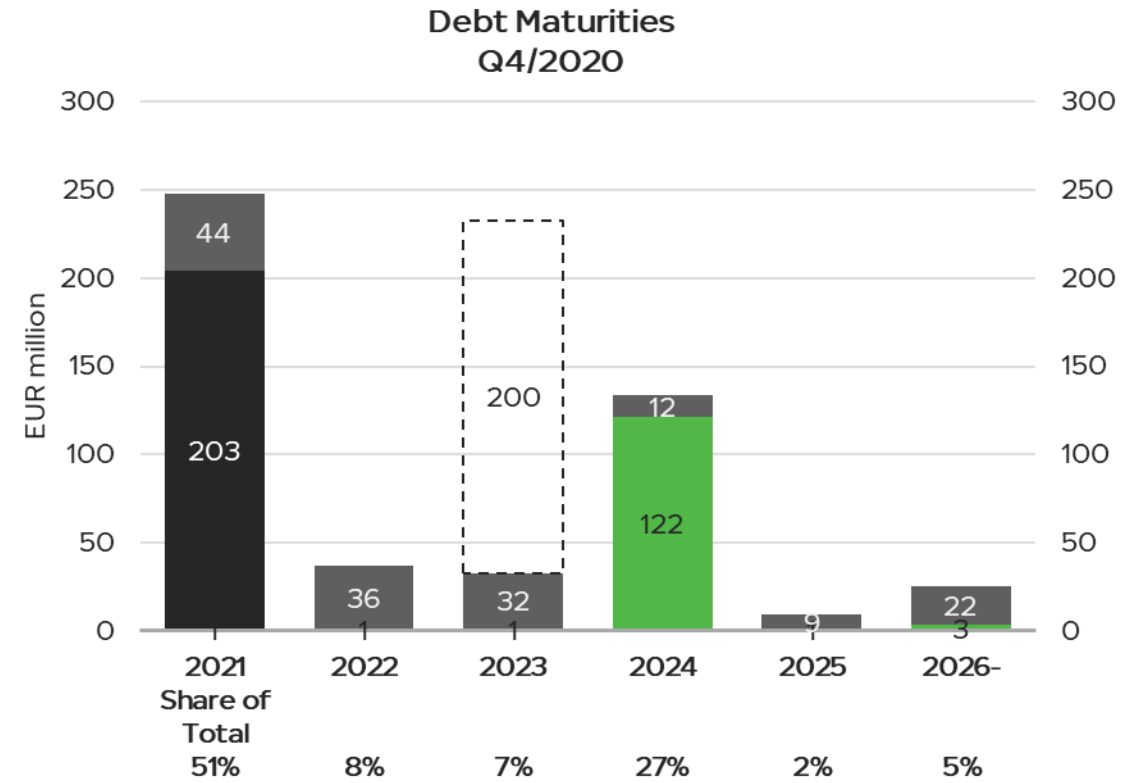
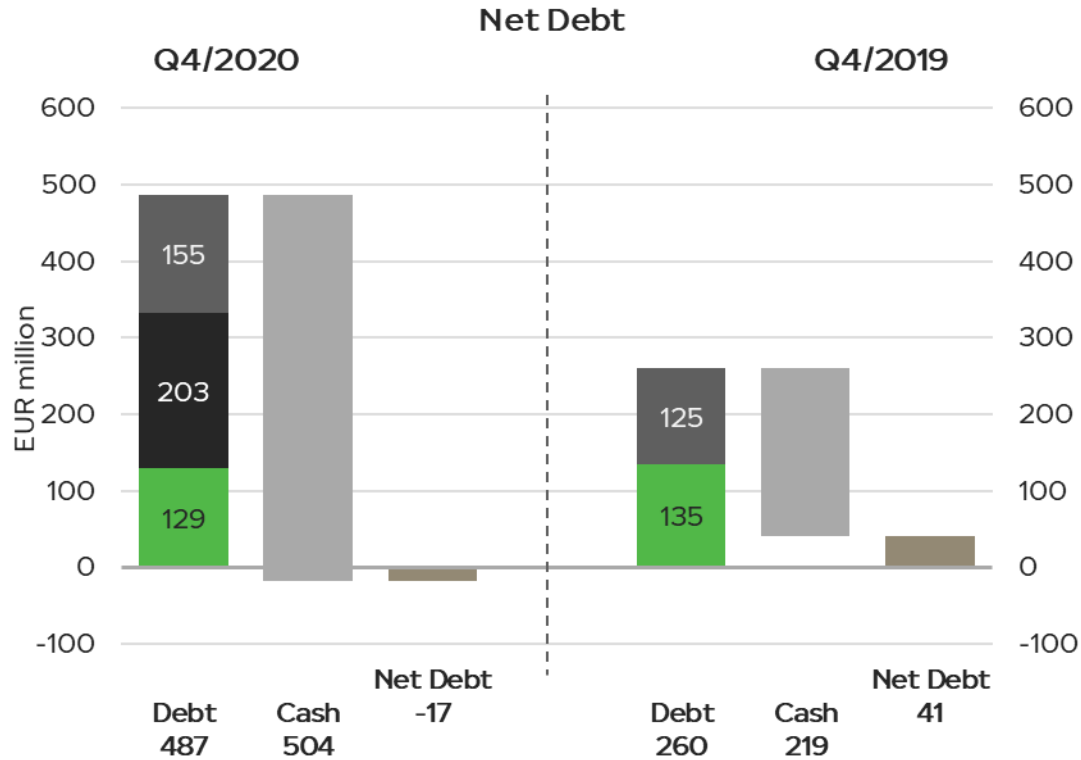
## MATERIAL COSTS (€/KG)

- Decreased by 12.7% in 2020 vs. 2019
- Decreased by 3.0% in Q4/2020 vs. Q3/2020

MATERIAL COST DEVELOPMENT INDEX 2010-E2021



# NET DEBT AND DEBT MATURITIES



Available liquidity, EUR million	Q4/2020	Q4/2019
Cash	504	219
Committed undrawn credit facilities	205	205
<b>Total</b>	<b>710</b>	<b>424</b>

- ☐ Committed Credit Facilities | Undrawn (Major)
- Leases | IFRS 16
- Commercial Papers
- Loans



# NETWORK DEVELOPMENT PROGRESSED

## Vianor, NAD, N-Tyre; +38 stores in 2020

### VIANOR – 1,117 SERVICE CENTERS IN 17 COUNTRIES

174 own stores and 943 partners

Own -15, partner -38 vs. year-end 2019

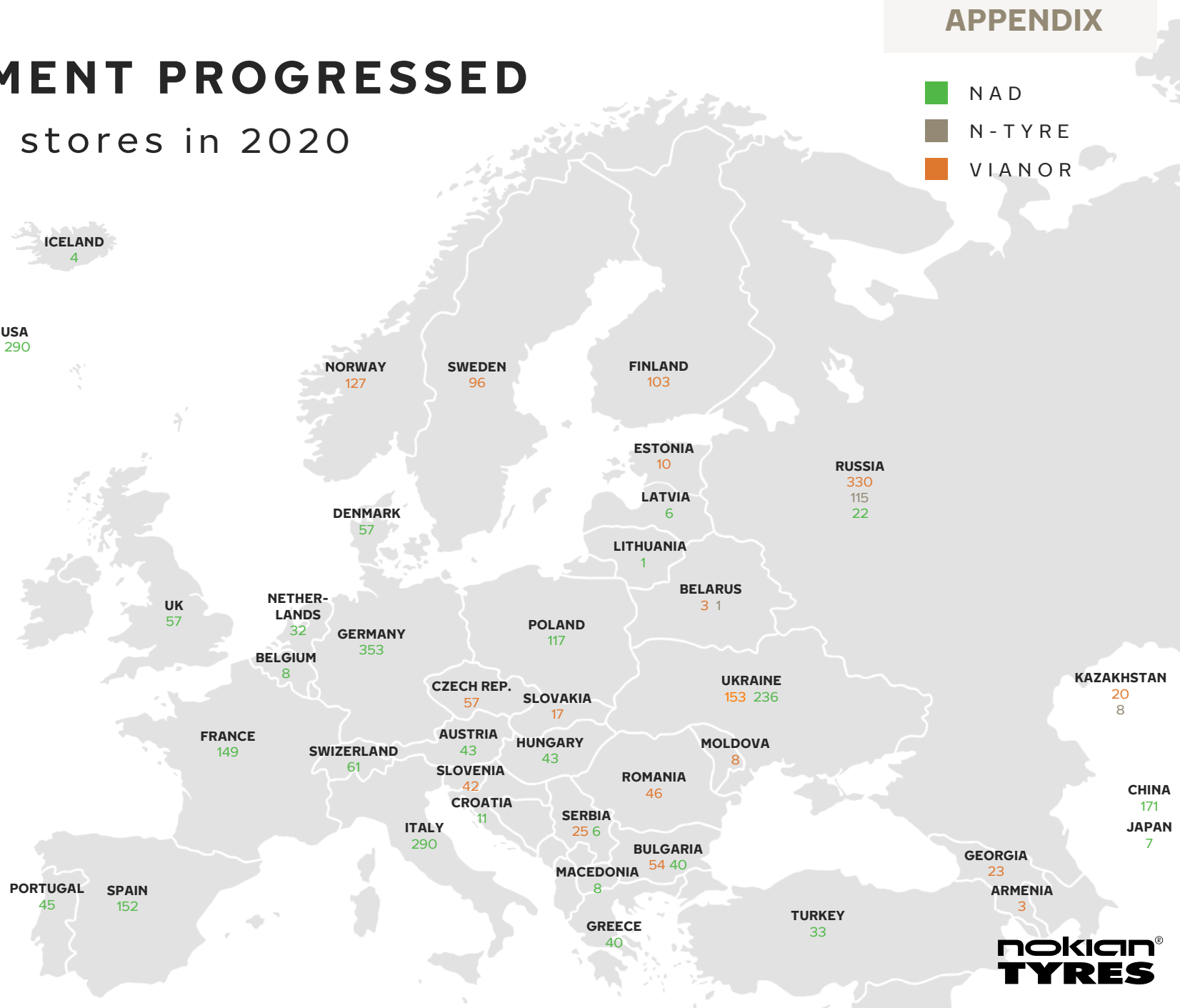
- Largest tire chain in the Nordic countries: 326 service centers (-21 vs. year-end 2019)
- Largest tire chain in Russia and CIS: 379 service centers (-8 vs. year-end 2019)
- Central Europe: 412 service centers (-13 vs. year-end 2019)

### NOKIAN TYRES AUTHORIZED DEALERS (NAD) – 2,282 STORES

- In 24 European countries, USA, China and Japan
- Increase of 100 stores vs. year-end 2019

### N-TYRE – 124 STORES

- In Russia, Kazakhstan and Belarus
- Decrease of 9 stores vs. year-end 2019





IT'S A BEAUTIFUL JOURNEY

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