

BUILDING THE NEW NOKIAN TYRES ON TRACK

FINANCIAL STATEMENT RELEASE 2023

JUKKA MOISIO, CEO

NIKO HAAVISTO, CFO

FEBRUARY 6, 2024



GETTING BACK TO GROWTH TRACK

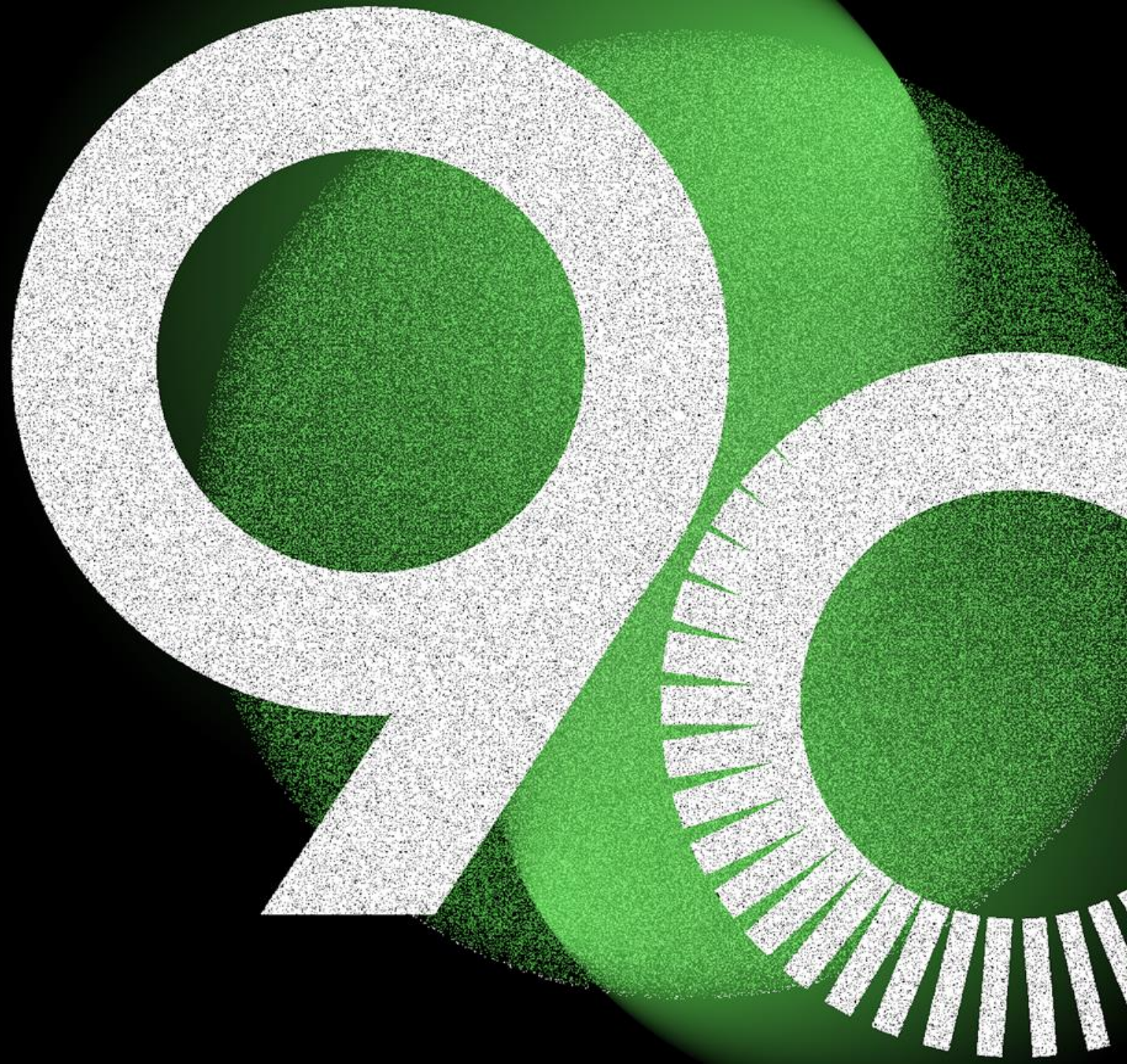
- Steadily improving performance and volume delivery
- Good progress in strategic investments to add capacity, incl. contract manufacturing
- Competitive and continuously evolving product portfolio
- Achievements in sustainability – toward net-zero emissions
- Important milestones to be reached in 2024

ANNIVERSARY 90 YEARS OF REINVENTING SAFETY

Striving for progress means continuously improving and making things for the first time in the world.

- 1934 world's first winter tire
- 2024 world's first zero CO2 emissions tire factory

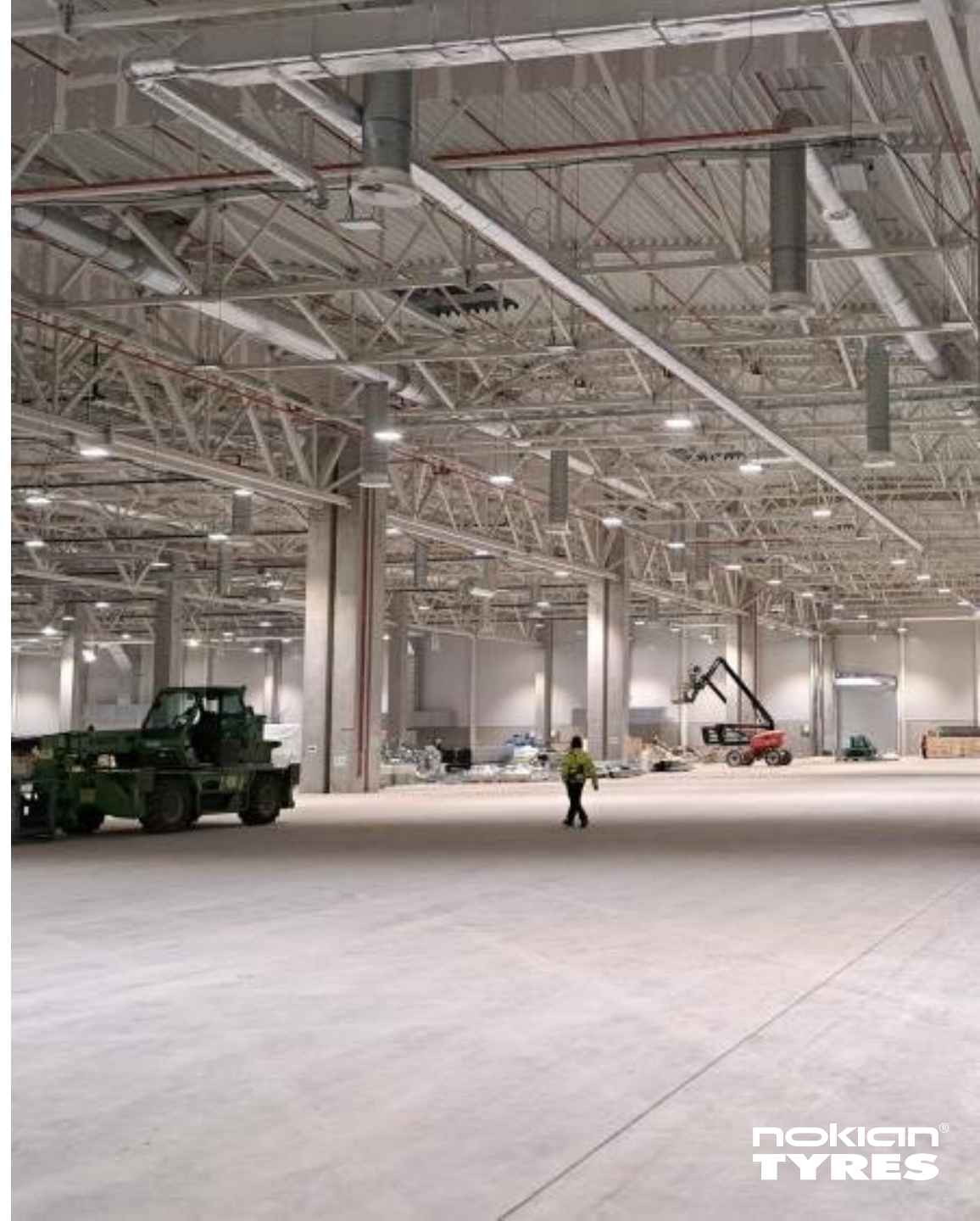
The specially made anniversary stamp is used through the year 2024.



ROMANIAN FACTORY IS PROCEEDING ON SCHEDULE

First tires to be produced in H2/2024

- Interior construction work continues in the production building, machine installations began in January
- Outer shell of the finished goods warehouse almost closed
- Building permit for the mixing building received, construction of foundations and the frame ongoing
- Recruitments ongoing, ~350 to be hired in 2024
- Production ramp-up plans are being prepared
- First tires in H2/2024, commercial production starts in 2025





NET SALES AND OPERATING PROFIT IMPROVED IN Q4

- **Net sales EUR 368.0 million (361.7), +6.3% with comparable currencies**
- **Segments EBITDA EUR 71.9 million (26.4)**
 - 19.5% (7.3%) of net sales
- **Segments operating profit EUR 44.5 million (0.2)**
 - Clear profitability improvement in Passenger Car Tyres



2023 PERFORMANCE IN LINE WITH PLANS

- **Net sales EUR 1,173.6 million (1,350.5), -9.2% with comparable currencies**
 - Demanding market environment, dealers focused on reducing their inventories
 - EUR 52 million negative impact from currencies
 - Market share gains in premium winter tires
- **Segments operating profit EUR 65.1 million (17.8)**
 - Price increases to combat cost inflation, leading to higher ASP
 - In the comparison period, logistics costs increased significantly due to extraordinary measures to secure tire supply and due to cost inflation
- **The Board proposes a dividend of 0.55 EUR/share to be paid in two installments**



STRONG BALANCE SHEET

EUR million	10-12/23	10-12/22	2023	2022
Net sales	368.0	361.7	1,173.6	1,350.5
Segments EBITDA	71.9	26.4	170.5	118.7
Segments EBITDA, %	19.5%	7.3%	14.5%	8.8%
Segments operating profit	44.5	0.2	65.1	17.8
Segments operating profit, %	12.1%	0.0%	5.5%	1.3%
Segments ROCE, %			4.0%	0.9%
Equity ratio, %			58.0%	64.9%
Gearing, %			16.6%	9.8%
Interest-bearing net debt			223.6	140.9
Capital expenditure	95.5	65.6	252.1	129.7
Cash flow from operating activities	297.6	318.6	82.4	-4.3

In addition to IFRS figures, Nokian Tyres publishes alternative non-IFRS segments figures, which exclude the ramp-up of the US factory, the preparations for the Romanian factory ramp-up and other possible items that are not indicative of the Group's underlying business performance.

STEPS FORWARD IN SUSTAINABILITY

Examples of achievements in 2023

- Construction at the world's first **zero CO2 emission tire factory** in Romania began
- Target to **cut our tire factories' CO2 emissions by 52% per production ton** between 2015–2030 was reached - factory CO2 emissions are at an industry-leading level
- We joined Polestar 0 project that aims to create a **climate-neutral car** by 2030
- We were again included in the **Dow Jones Sustainability Europe Index**, being among the most sustainable listed companies in Europe



Q4: PASSENGER CAR TYRES

Higher sales, improved profitability

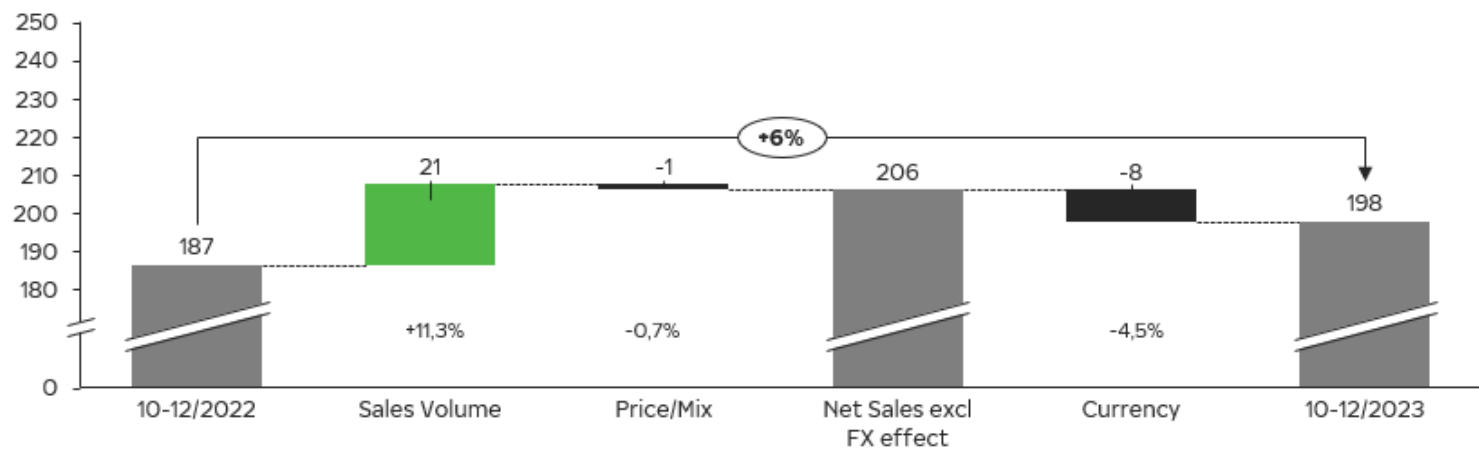
- Net sales developed positively
 - Good availability of premium winter tires, supported by contract manufacturing volume
 - ASP with comparable currencies increased slightly
- Clear profitability improvement
 - Driven by higher volumes and lower costs

EUR million	10-12/2023	10-12/2022	2023	2022
Net sales	197.9	186.5	653.4	810.7
Net sales change in comparable currencies, %	10.6%		-15.8%	
Segment operating profit	22.0	-27.0	36.7	-24.7
Segment operating profit, %	11.1%	-14.5%	5.6%	-3.1%

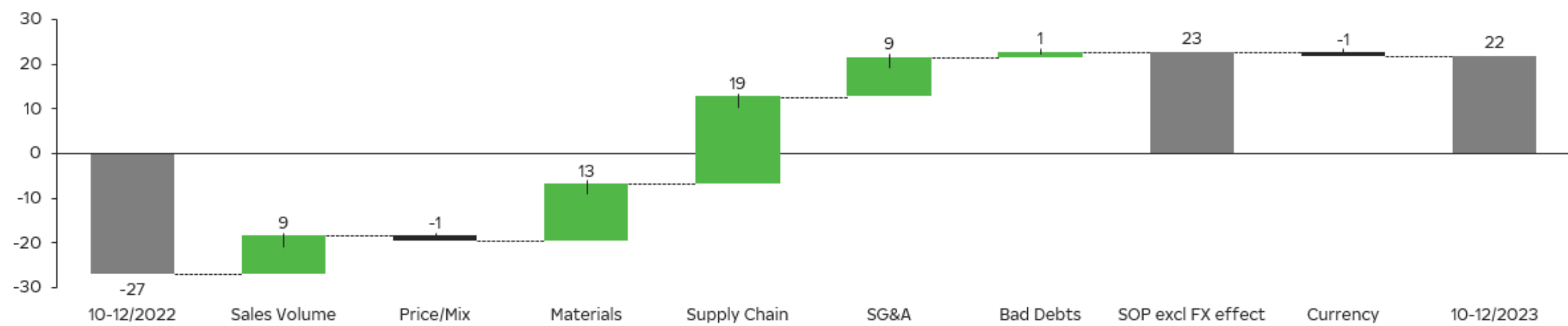
Q4: PASSENGER CAR TYRES BRIDGE

Supply chain impacted segment operating profit positively by EUR 19 million

NET SALES, EUR million

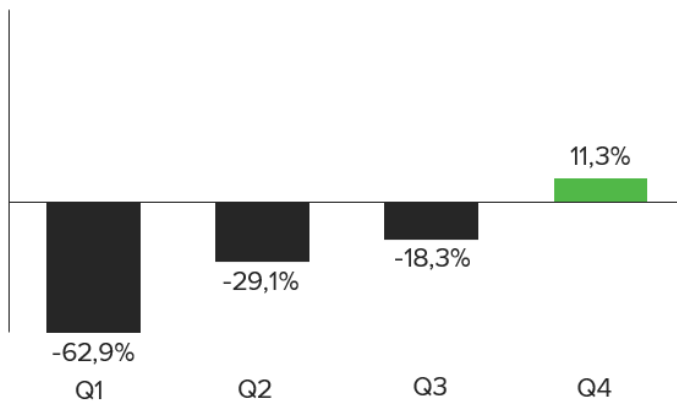


SEGMENT OPERATING PROFIT, EUR million

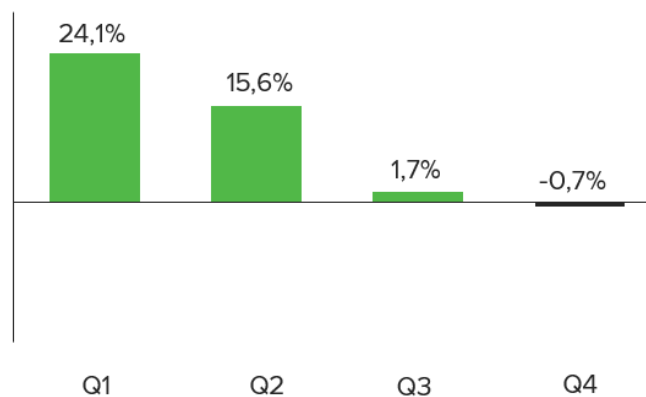


PASSENGER CAR TYRES NET SALES - QUARTERLY CHANGES IN 2023

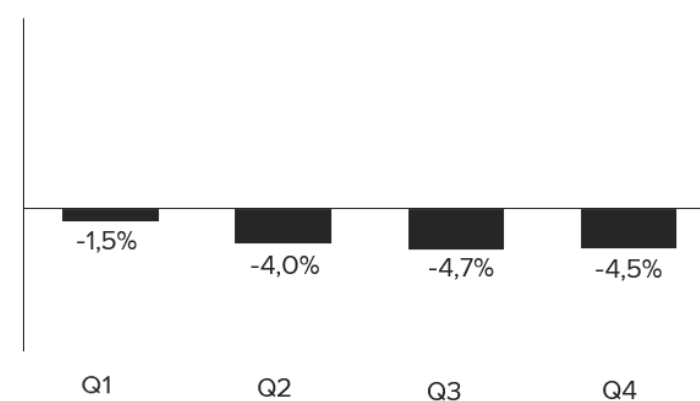
SALES VOLUMES



PRICE/MIX



CURRENCY



Q4: HEAVY TYRES

Solid performance

- Net sales decreased due to soft market
- Segment operating profit improved driven by lower costs
- Production temporarily adapted during the summer and Christmas breaks to reflect lower demand

EUR million	10-12/2023	10-12/2022	2023	2022
Net sales	61.8	64.6	257.1	271.0
Net sales change in comparable currencies, %	-2.6%		-3.4%	
Segment operating profit	7.3	6.1	32.8	44.1
Segment operating profit, %	11.8%	9.5%	12.8%	16.3%

Q4: VIANOR

Improved profitability, headwind from currencies

- Net sales with comparable currencies increased
 - Strong currency headwind from SEK and NOK
- Profitability improved due to increased focus on operational efficiency

EUR million	10-12/2023	10-12/2022	2023	2022
Net sales	126.0	129.4	344.0	362.0
Net sales change in comparable currencies, %	3.7%		1.8%	
Segment operating profit	12.1	10.7	3.4	3.1
Segment operating profit, %	9.6%	8.3%	1.0%	0.9%
Service centers at period end			174	173



BACK TO GROWTH IN 2024

nokian[®]
TYRES

2024 GUIDANCE AND ASSUMPTIONS

In 2024, Nokian Tyres' net sales with comparable currencies and segments operating profit are expected to grow significantly compared to the previous year.

- Sell-in in the replacement tire market is expected to grow in 2024. However, weak economic development in Nokian Tyres' main markets is expected to continue, which together with the low consumer confidence may have a negative impact on tire demand
- OEM demand for heavy tires may decrease due to high interest rates, which have a negative impact on machinery investments
- After peaking in early 2023, raw material cost is expected to moderate in 2024

OUR LONG-TERM FINANCIAL TARGETS

	FINANCIAL TARGETS	2023 STATUS
Growth	Net sales EUR 2 billion	EUR 1.17 billion
Profitability	<i>Segments EBITDA 23–25%</i>	14.5%
	Segments operating profit ~15%	5.5%
Capital structure	Net debt/Segments EBITDA 1–2	1.3

Dividend policy unchanged: Nokian Tyres' target is to pay a dividend of at least 50% of its net earnings

KEY FUNDAMENTALS FOR GROWTH

CLEAR STRATEGY

We continue executing on our clear strategy for growth and improving operational and commercial activities further in the Nordics, North America and Central Europe.

NEW CAPACITY AND PRODUCTS

Expanding capacity, market relevant products and enhancing commercial capabilities boost topline growth.

Margin improvement is driven by increasing sales volume and average sales price.

STRONG TEAM

Nokian Tyres team has proved its agility and resilience in a changing environment.

We continue to work together to build the new Nokian Tyres.

THIS IS OUR JOURNEY TOWARDS EUR 2 BILLION NET SALES AND STRONG PROFITS

INVESTMENT PHASE

2023-2025

- Capacity increase in Finland
- US factory completion
- New factory in Romania
- Growing contract manufacturing

GROWTH PHASE

2026-2027

Increasing market penetration built on:

- New products
- Increased capacity
- Enhanced operational capabilities

Heavy Tyres: Sales growth estimated to continue above market level growth
Vianor: Distribution excellence in the Nordics

NET SALES
**EUR
2 BILLION**



APPENDIX

GROUP SEGMENTS OPERATING PROFIT PER QUARTER 2019–2023

APPENDIX

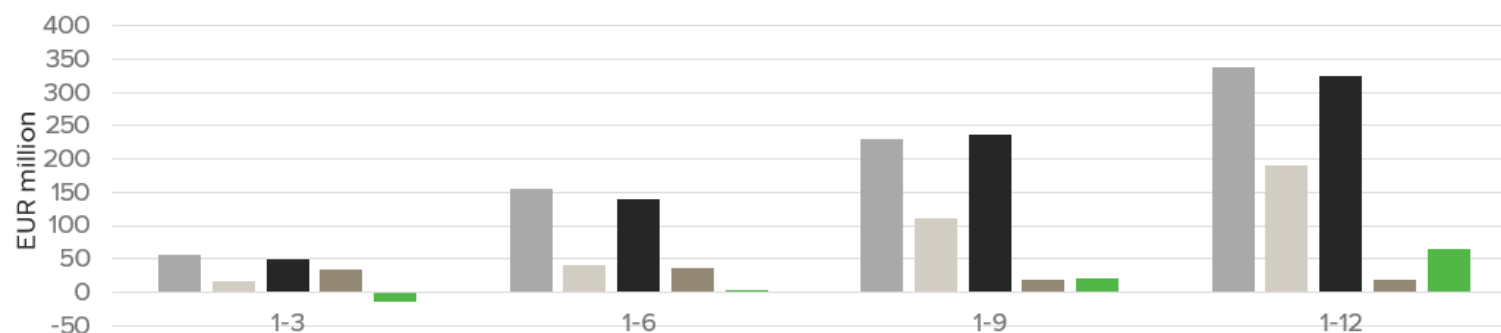
2023

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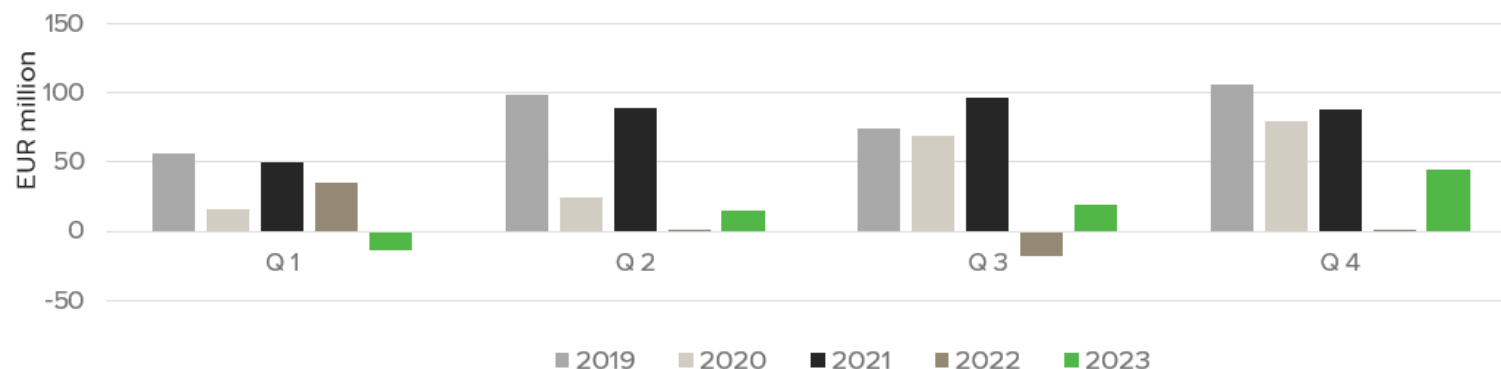
10–12/2023

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CUMULATIVE SEGMENTS OPERATING PROFIT
PER REVIEW PERIOD



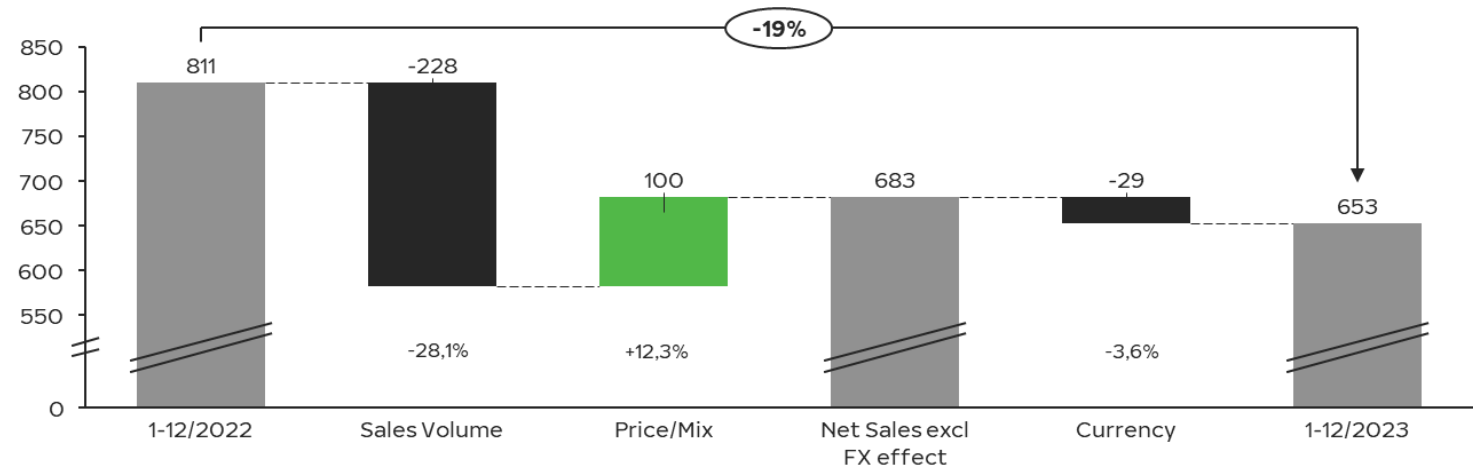
SEGMENTS OPERATING PROFIT PER QUARTER



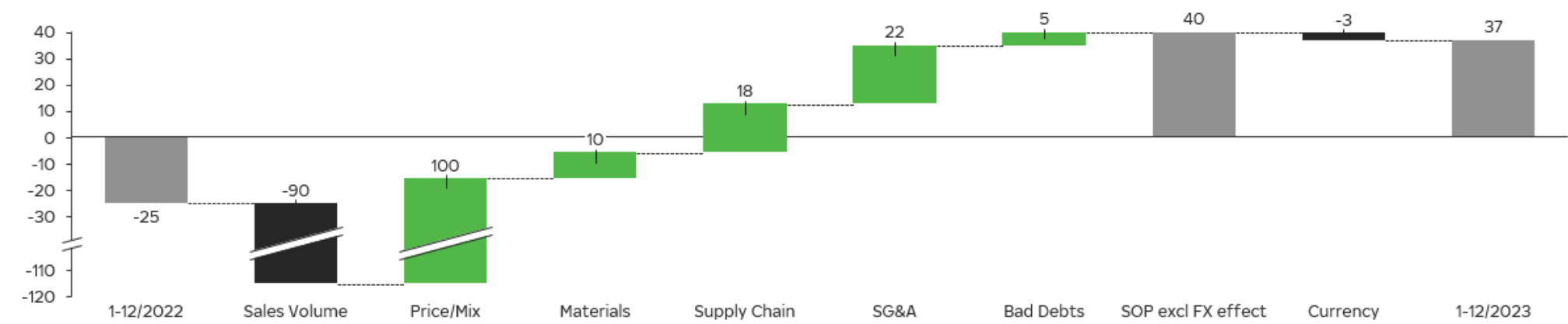
2023: PASSENGER CAR TYRES BRIDGE

Price/mix impacted segment operating profit positively by EUR 100 million

NET SALES, EUR million



SEGMENT OPERATING PROFIT, EUR million

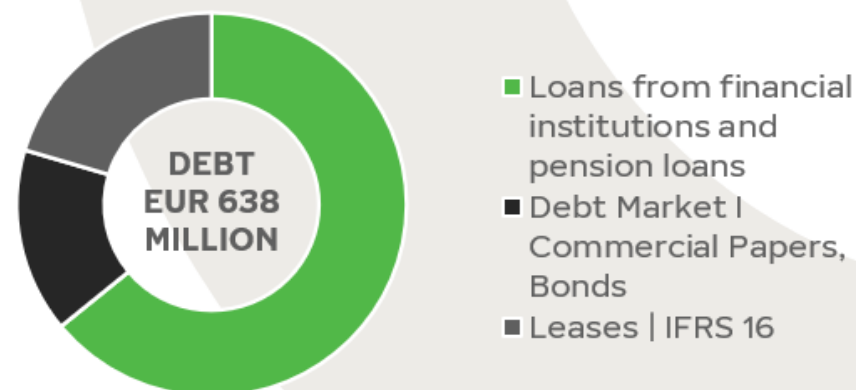


BUILDING DIVERSIFIED DEBT PORTFOLIO

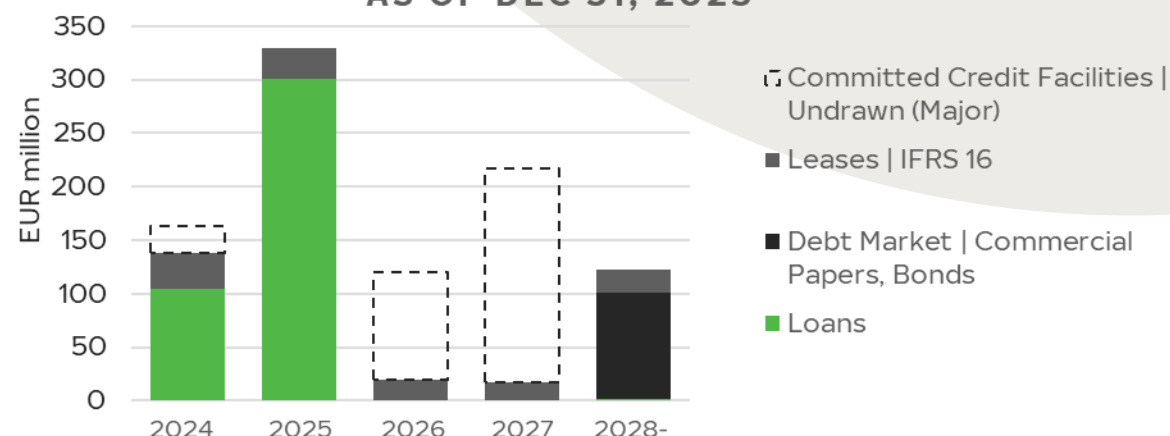
APPENDIX

- Committed credit limits and EUR 500 million commercial paper program in place
- EUR 300 million long term bilateral sustainability-linked credit facilities withdrawn in May 2023 to refinance EUR 150 million bilateral facilities and to finance investments
- EUR 100 million sustainability-linked five-year bond issued in June 2023
- EUR 200 million sustainability-linked RCF signed in December 2023
- Additional debt funding can be sourced from banks and/or debt capital markets to balance financing channels and to extend maturities

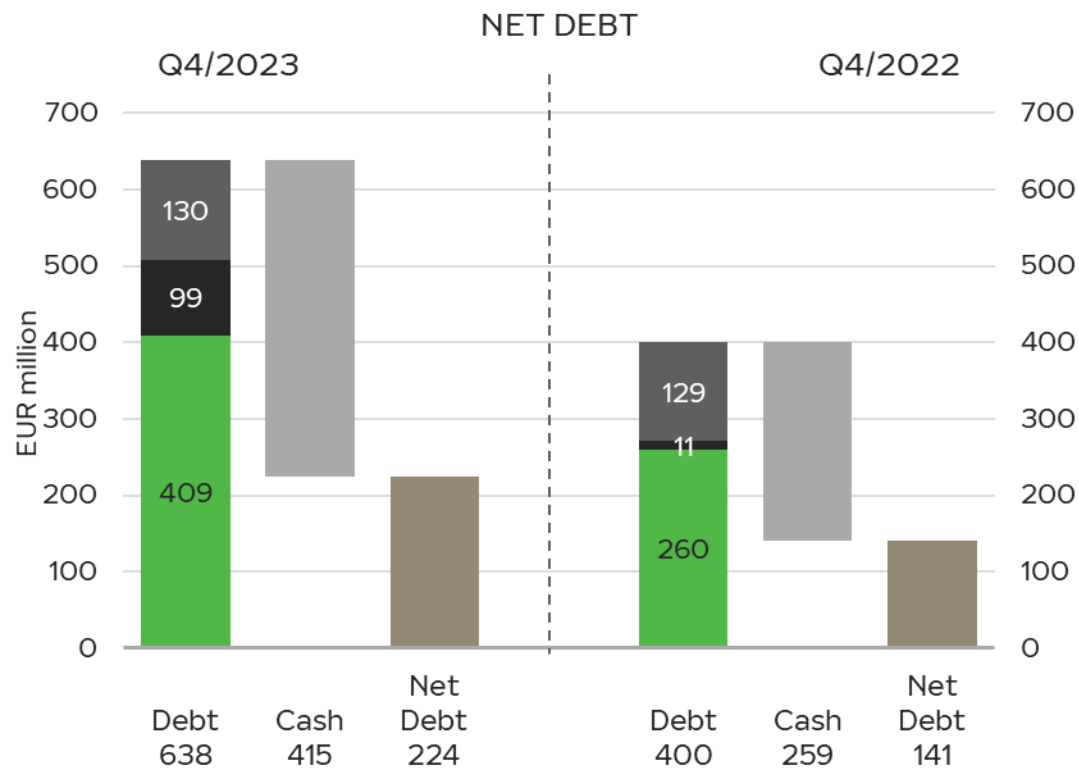
DEBT COMPOSITION AS OF DEC 31, 2023



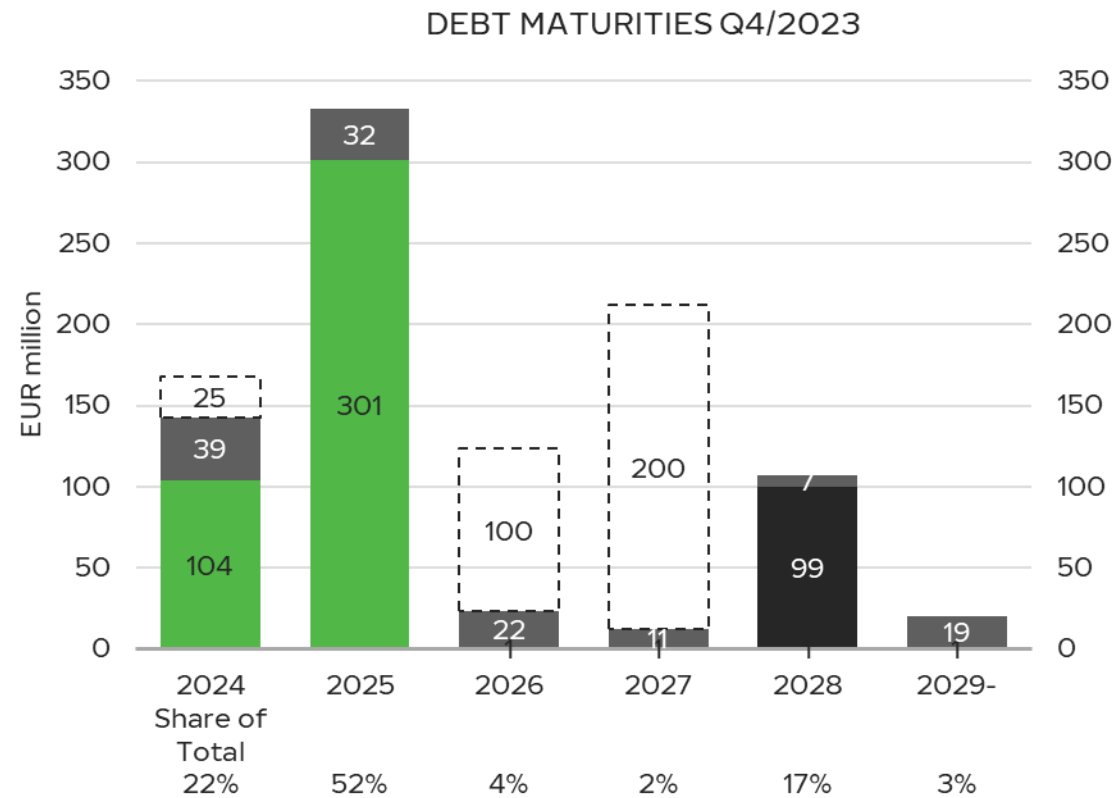
MATURITY STRUCTURES
AS OF DEC 31, 2023



NET DEBT AND DEBT MATURITIES



Available liquidity, EUR million	Q4/2023	Q4/2022
Cash	415	259
Committed undrawn credit facilities	330	305
Total	745	564



☐ Committed Credit Facilities | Undrawn (Major)

■ Leases | IFRS 16

■ Debt Market | Commercial Papers, Bonds

■ Loans

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