

Nokian Tyres plc: CEO's 100-day update: Short-term focus is on cash flow and cost control – a more thorough strategic review will be undertaken once the market has stabilized

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The COVID-19 pandemic has had a significant impact on global car and tire demand. Despite this, Nokian Tyres' short-term priorities are clear: "We will continue to provide our customers and consumers with world-class products and services, while at the same time keeping costs under strict control. We will prioritize cash flow by cutting back investments and actively managing working capital," says **Jukka Moisio**, President and CEO of Nokian Tyres. "In this volatile market environment, our focus in the second half of 2020 is tactical. A more thorough review of our longer-term growth strategy will take place once the market has stabilized."

After the first 100 days as the President and CEO of Nokian Tyres, Jukka Moisio will share his initial observations in a conference call today at 3:00 p.m. Finnish time. In the call, he will address the company's performance and immediate priorities in the current environment. Details of the call can be found at the end of this release.

Navigating through COVID-19 by the resilient Nokian Tyres team

"I am pleased that our rapidly implemented measures to limit the impact of COVID-19, by safeguarding the health of our employees and maintaining business continuity, have proven to be effective. This would not have been possible without a high level of commitment and flexibility from the whole Nokian Tyres team," says Moisio. "We have a valued brand, strong operations and a capable, experienced team – solid assets to build on."

"Nokian Tyres has a strong balance sheet and we strengthened our liquidity position further in the first half of the year. We have increased our focus on working capital management, taking manufacturing downtime to reduce inventory levels and reducing capital spending to ensure a healthy cash flow. As visibility to the market remains low, it is essential that we continue keeping costs under strict control."

Driving top-line growth by new products

Looking beyond the short-term tactical focus, driving top-line growth is Nokian Tyres' number one priority. To achieve that, Moisio highlights the importance of having the correct product line-up and an extensive pipeline of new product launches:

"We want to ensure that the innovation pipeline in Passenger Car Tyres and Heavy Tyres is strong and that we continuously launch new tires that meet the consumer and customer needs. We have a record number of new product launches planned for the coming months which will be a key driver for boosting sales," says Moisio.

"Penetration is still low in certain markets, so a lot more work needs to be done in expanding distribution, commercial marketing and convincing consumers," says Moisio. "As a premium tire manufacturer, Nokian Tyres is known for its high quality, innovative and safe products, and we will continue to build on this strength."

The heavy investment phase is behind – time to generate cash flow

Nokian Tyres has made significant investments in recent years: the new US factory, the testing center in Spain, and the Heavy Tyres capacity expansion in Finland.

"We have a unique production platform consisting of three factories that allows us to scale output up or down according to demand and further improve service levels. All three factories have important roles in Nokian Tyres' growth plan. In North America, we continue to ramp-up the new

factory. At the same time, we aim to maximize production in Russia. Our factory in Finland is the key location for R&D, prototyping, testing and manufacturing of more specialized tires, in addition to normal volume production. And our Heavy Tyres' growth is supported strongly by the expansion of the Finnish factory with the state-of-the-art technology."

"The investment phase is starting to be behind us, which will further support our free cash flow generation. Now we need to make sure that we benefit from these investments in the best possible way. The capacity and capability available will help us increase sales once the market rebounds," says Moisio.

To participate in the English-language conference call today at 3:00 p.m. Finnish time, please dial in 5-10 minutes before the beginning of the event:

FI: +358 981710310
SE: +46 856642651
UK: +44 3333000804
US: +1 6319131422

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There will be no presentation material for the call. A recording and a transcript will be available on the company's website later.

Nokian Tyres plc

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