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Speakers:	Hille Korhonen, President and CEO Teemu Kangas-Kärki, CFO Päivi Antola, Head of Investor Relations
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Operator: Hello and welcome to the Nokian Tyres Q3 interim report 2019. Throughout the call all participants will be in a listen-only mode and afterwards there will be a question and answer session. Today I'm pleased to present Päivi Antola, please go ahead with your meeting.

Päivi Antola: Good afternoon from Helsinki and the welcome to the Nokian Tyres is Q3 2019 and results conference call. My name is Päivi Antola and I am the Head of Industry Relations in Nokian Tyres and together with me in this call I have Hille Korhonen, the president and CEO of the company and Teemu Kangas-Kärki, the CFO. We will start the call as usual with a brief presentation by Hille and Teemu, and then continue with the Q and A. So Hille, please go ahead.

Hille Korhonen: Thank you, Päivi. And thank you everybody for joining us this afternoon. As we all know there is softness in the tyre replacement market. And what we at Nokian Tyres do is that we continue to focus on executing our strategy, leveraging our product expertise in all the markets we are in, benefiting from our efficient and cost competitive manufacturing platform and building on the Nokian Tyres brand. Despite the turbulence in the market, we continue to work toward our targets with are to safeguard our strong position in Nordics, further exploit Russian market as the market leader, and grow both in Central European and North American markets. So let's now look at the year to date and the third quarter results. Group net sales is on the previous year level after first three quarters of 2019, and when we look at the passenger car tyre sales, it's slightly below last year level. Volumes are down but at the same time we have had positive price mix development. Our average sales prices are actually up in all markets except Central Europe where we see pricing pressure to continue. We have implemented price increases in our home markets, both in Nordics and Russia. Heavy tyres continues to deliver good growth in net sales up by 10% and the growth is coming from the key segments. We have been investing in forestry and agricultural tyres, definitely the growth is supported by new product launches and new innovations. And for example, we have been now coming up with a sensor which will be launched at the Agrifair. Our operating profit has been impacted by lower volumes in passenger car tyres, raw material cost increase, currencies and expansion costs. As we have earlier indicated these additional costs are related to Dayton factory project which will be all together 20 million euros in 2019 as estimated already earlier. Additionally, there are IT, R&D and additional competencies related costs needed all of them in our strategic journey. As you know, our organization is very lean to start with and all these projects re-require additional competencies.

We have already taken measures to adjust our capacity to demand and we have tight control of recruitment and development projects, setting clear priorities for all of them. Operating profit has improved both in heavy tyres and Vianor according to plan. Then when we look at the third quarter 2019, clearly the main issue was lower volumes in passenger car tyres. And there, Russian volumes were down due to weakening of the market. Having said that, net sales have been improving supported by a program with our dealers to improve share of A-segment in our sell-in in Russia. When we look at the passenger car tyres overall price mix was positive and the share of SUV sizes has been increasing as planned.

Then let's take a look at the development in various markets. As already indicated, Russian market has been turning weaker throughout the whole year. This is not what we have been expecting beginning of the year. Our original full-year estimate for Russia regarding new car sales was 6% growth and replacement market improving by 5% to 7%. When we look at the situation after third quarter, new car sales in Russia has actually declined by 2% due to stagnating economy as the consumer purchasing power is not improving. And at the same time the replacement market has been declining. What we already know after summer tyre season, is that sell-in has been declining significantly due to high leftover stock from previous year. This is as such not a surprise. Distribution channel inventories is for summer tyres have gone down from previous year due to lower sell-in and a normal sell-out.

Hille Korhonen: When we look at the distribution channel inventories in total in Russia, they are still on the higher level as winter tyre inventories are now higher than normal. And as we know, winter season has not yet started in any of the key areas in Russia and therefore we are not able to provide any estimates about winter season yet. When we take a look at the Nordics there our aim is to continue to maintain strong profitability and grow market share despite of slight replacement market decline, which is minus 4% in the third quarter. The market decline is resulting from weak new car sales and weakening consumer confidence.

New car sales are roughly -10 to -12%, whereas Norway is slightly up due to Tesla improved availability compared to last year. When we look at the Central Europe, the market continues to be soft with declining replacement market and additional volumes from declining OE business and this is definitely generating the pricing pressure I mentioned earlier. However, there are some highlights, our new generation summer tyres are really performing well, and we have been increasing market share in summer tyres. If we are excluding difficulties with one of our key distributors rest of the business is volume-wise on last year's level and definitely we continue to work on our distribution plans in order to close the gap. Regarding the inventory situation in Central Europe, I would say that after summer season our data indicates that the summer tyre inventories have been going down due to lower sell-in compared to sell-out, and this example is from Germany.

In North America we continue to expand our customer base and grow according to plan. At the same time, two of our biggest customers are reducing their inventory levels, which is now having some negative impact on this year's volumes. Average sales price is up due to better mix and previous season price increase. And then I hand over to Teemu to go through the key figures.

Teemu Kangas-Kärki: All right, if we start with the year to date top line. So the net sales reached the level of 1.12 billion in the first two months and it is slightly below the last year's number. Operating profit was as commented by Hille on a level of 250 million, reduction from previous year figure. And if you look our earnings per share on a comparable basis, the EPS was euro 23 cents compared to the 1.45€ cents last year. And there we have this positive tax dispute impact in this year. Looking at our cash flow, which is negative 178 million compared a positive number in last year. There we have again, the positive impact of 150 in the year 2018 and then, this year trade receivables have been increasing especially in Russia. The interest bearing debt has increased and one big part of the increase is coming, from IFRS16 and the impact in our numbers is 118 million. And the capital expenditure for the first nine months has increased according to our strategic plan and was on a level of 236 million of which roughly half is coming from the Dayton factory project.

Then looking to the passenger car tyre performance. So the third quarter we were on a level of 259 million on net sales on a comparable currencies down by 4%, which is driven by the volume drop in the quarter, and the operating profit was on a level of 68 million. As said by Hille, the ASP with comparable currencies has been improving due to improve sales mix, especially in Russia as we have been indicating already earlier. And the operating profit has been impacted by the lower volumes, material cost and expansion cost, and the continued pricing pressure in Central Europe that we have been seeing throughout the year. And we will adjust the capacity utilization in our factories accordingly.

And here you can see it, the passenger car tyre bridge for the first nine months and there it is clearly visible, the volume decline and then we will have positive impact from the price and mix and also from the currency is now, almost flat in the first nine months. And then looking to the operating profit there we can see our expansion costs both in the production and the other cost bucket as well as in the fixed cost. Year to date headwind from the currencies is a about 6 million.

And if we look at the quarterly changes in our passenger car tyre business, you can see that the world has changed clearly in the second half of last year. And then that decline has continued this year in Q1 this year as indicated, we thought it to be the tyre sales in Russia and therefore we had a positive volume development. But all together it has been negative. One positive comment on this side is that the currency is turning from the negative to the neutral or slightly positive. You can see two examples of our innovations: the Nokian power proof and wet proof is the example of new generation SUV Summer tyres for Central Europe, and then the Nokian 1HD is an all-season tyre crafted for North American light trucks and SUVs. In terms of heavy tyres, it has continued the good performance throughout the year. The sales were strong in the third quarter with a double-digit growth, 15% and the operating profit increasing to reach the level of slightly above 8 million. The demand has been good in all core product groups and the production capacity increase has improved our availability and we have been able to deliver the products according to the good demand in the market.

And from the heavy tyre side, one example of our latest innovation. Here you can see the Nokian tyres intuition, which is a digital tyre monitoring system, providing drivers real time data on their everyday work. And Vianor has continued on the planned track and top line was developing positively reaching almost a 70 million and operating loss was smaller than in the comparison year reaching the level of minus 3.8 million. And then going to the outlook as announced last week, we updated our guidance and today our guidance is that net sales with comparable currencies, expected to be approximately at the level of last year and operating profit margin to be approximately at the level of 20%.

Hille Korhonen: Thank you Teemu. And then continuing with our strategic project update, the key highlight definitely during the third quarter was the grand opening of our Dayton factory. As you can tell from the picture, it looks fantastic. We had a large team of local authorities, governors and of course customers participating in that. And the project has been our priority number one during the last two years. And I'm extremely proud that everything has gone in line with plans–on schedule and on budget. So I really want to thank our experienced team who has been involved in the project. And this has really been a stretch effort involving key people from all functions to set up, not only the factory but whole business area organization, way of working and implementing the Nokian tyres Hakkapeliitta culture. When looking at a 2020 and onwards, execution of the strategic journey requires us to continue investing common IT systems, processes and competencies enabling one company way of working, efficient supply chain management and digitalization in customer interface and factories as an example. We also continue to invest in C&D and development of competitive offering to support growth in central Europe and North America. This includes additional product lines and sizes. As we know the markets are very different. And as an example Teemu was showing already, we launched first purely through North American market designed all season product Nokian 1HD in connection with the grand opening.

And as a reminder of the other exciting projects that we have ongoing, building the test track in Spain, which will enable us to have full year-round testing capabilities and will speed up the product development cycle. I was visiting the track couple of weeks ago the fantastic curves of the seven-kilometre oval round were under construction. So it really looks great.

Couple of words about safety and sustainability. Sustainability is absolutely critical for us as a company. Nokian Tyres brand stand for safety and sustainability and we really want consumers to recognize us as one of the forerunners in our industry to strive these values. We are naturally proud of being selected in Dow Jones sustainability index again, but even more important is to do things right in everything we are working on. I give you an example, for 10% of energy to drive our production in Dayton will be supplied by solar panels, which are being installed in the parking lot, covering off an area, 16,000 square meters.

We want all our employees to be able to return home safe after working day without any accidents. And we believe that safety is a choice for each one of us and we are demonstrating the results by having zero occupational accidents leading to absence in heavy tyres within one year. And as a reminder, heavy tyres was actually the worst one like three years ago. So they have made huge progress in this.

Päivi Antola: That it's really an excellent result. Thank you Hille. Thank you Teemu and now operator, we can move on to the Q&A. Thank you.

Operator: Thank you. Ladies and gentlemen, if you have a question for the speakers, please press zero one on your telephone keypad. Our first question comes from the line XXX from JP Morgan. Please go ahead.

XXX: Thank you. I have three questions and if I can take them one by one. The first one is on Central Europe. Can you discuss generally the pricing environment in the market and the actions you're taking there given competitors have announced price increases, please.

Hille Korhonen: I can confirm what I have been also already stating that the pricing pressure is tough. And when we look at the prices they are going down. And of course, there are some of the market leaders who are able to keep the price levels. But I would say in the next levels, there is pricing pressure generated by a lot of volume being pushed to replacement market.

XXX: Ok. And the second one is an overall cost actions that you're taking. We know that end markets have continued to be weak. When you do your budgeting for next year, can you give us a broad initial field or estimate on the total cost savings that you are targeting for 2020, including personal adjustments and both direct and indirect costs?

Teemu Kangas-Kärki: So the next year budget, we are seeing as all competitors that the market will remain soft in 2020, and we are adjusting accordingly into areas where we have rooms to adjust.

XXX: Any initial feel of the quantum being targeted here?

Teemu Kangas-Kärki: No, not at this point.

XXX: Ok. The third question is, I was wondering if there's an update to the financial target of EBIT margins of 22% between 2019 and 2021. Is a 19 to 20% range now more realistic and can you give us the broad levers that can help get us back to 22% margins eventually?

Teemu Kangas-Kärki: So the capital markets guidance for the coming three years, that was predicated on their assumption, that the market is growing in the coming years and therefore as we see already this year the margin is under pressure. And in terms of midterm outlook, I don't want to comment at this point about any midterm targets with this weak visibility how the market is developing, but clearly the profitability is under pressure due to the weak market.

XXX: Sure. Just one follow up please. How much of the Dayton ramp up costs have you already booked in the third quarter? Out of the 20 million for the full year?

Teemu Kangas-Kärki: As we have indicated that the majority of the costs are coming, in the second half and that is quite even split between Q3 and Q4.

XXX: Thank you.

Operator: And the next question comes from the line of Thomas XXX from XXX. Please go ahead.

XXX: Thank you very much. I have a first question on your cashflow for this year, please. Can you confirm, the amount of capex you're going to spend for the full year, and the level we should expect for the year end? And can you remind us how much you plan to spend in 2020 and whether that amount could be diminished, given the weak market environment you've indicated.

Teemu Kangas-Kärki: So as a reminder, our guidance of the capex level this year is on a level of 300 million and the inflow is coming in the Q4. So we should expect a strong cashflow in the in the fourth quarter as done every year. The past years are good proxy for the inflow in Q4. And then in terms of the capex level in 2020 as indicated already earlier, it will go down from this peak level and clearly we are taking actions to see that what are the investments that we can also push forward if not necessarily needed in 2020.

XXX: Ok, great. Thank you. Can you talk about a bit more about this years rising receivables you've mentioned for Russia, and whether there is reason to be concerned?

XXX: Sorry, can you repeat the question please?

XXX: Sure. You mentioned raising receivable in Q3 in Russia. Could you indicate whether there is any reason to be concerned with or you think you may have to write down part of this?

Teemu Kangas-Kärki: In terms of receivables in Russia, it relates with the early deliveries that we have been doing in there. So in terms of the quality of the receivables, no change at all.

XXX: Great. I have one last small question please. You mentioned issues with the dealer, with the distributor. Can you be more explicit and explain us what you are doing to solve that, please?

Hille Korhonen: Well yes, that's related to one, one dealer in Central Europe and of course when the market is declining, the business is becoming more tough. And, of course we are working on solving the challenges with the dealer. But of course, for the long term it's important that we are able to then establish new partnerships in that market.

XXX: Ok. Very good. Thank you very much.

Operator: And the next question comes from Mattias Holmberg from DMB markets. Please go ahead.

Mattias Holmberg: Thank you. Just looking back at my notes from your conference call in September, I got the perception that you, with the guidance that you had at that point, we're sort of basing it on the assumption of a more or less what do you call the normal winter season and that you would need some summer tyre sell-in in Q4. And just given that you reasonably can't really have any visibility on either the winter season, as it hasn't started yet or the summer tyre sell-in, I was quite surprised to see you lower guidance with the timing that you gave. So could you please just tell us a bit on what your visibility actually is for Q4 and sort of how confident you are on your current guidance for the year?

Hille Korhola: This guidancing is based on our current visibility and plans moving forward.

Mattias Holmberg: And would you say that you have any visibility on Q4 or the winter season yet?

Hille Korhola: We are expecting a normal winter season.

Mattias Holmberg: Okay, thank you. I have one follow up as well on the cost associated to Dayton. Don't you already helped us here a bit, which is very thankful, but could you please just give an indication of what the impact was in Q 3 to of how much of the weakness in the passenger car tyres margin was related to, to the ramp up costs. So we can sort of factor it in appropriate way for Q4.

Teemu Kangas-Kärki: So they are as calculated from the 20 million. So they are significant part of that is in Q3. In addition, that has not mentioned earlier, some of the logistic and warehouse costing have been increasing in Q3 due to the fact that we have been touching to the tyres, more times than normally due to the market conditions.

Mattias Holmberg: Ok. And thank you very much.

Operator: And the next question comes from the line of XXX from SEB. Please go ahead.

XXX: Yes this is XXX from SEB. A couple of questions from my side and I will take those one by one. First one, relating to pricing environment. And you have been still commenting about tough conditions in Central Europe. Could you maybe comment whether there are, any changes, what comes to summer tyres and winter tyres and the basically the first question is relating to it?

Hille Korhola: I would say that there are no major differences between summer tyres and winter tyres. Of course, the volume overall is bigger in summer tyres.

XXX: Ok. And the second question is relating to initial comments about 2020 and I knows that the visibility is not that good right now, but what is your sorts of working assumption in terms of a key markets? Do we expect those to be basically flat or go up or maybe down next year?

Hille Korhola: Yes, we are expecting the softness to continue in 2020 as well.

XXX: Ok. And the last one is related to your production adjustments and basically what comes to Finnish factory. Can you use a scale back for the volumes on Finnish plant or are you basically running that at the minimum right now, and the adjustments are needed to be taken at Russian factory going forward?

Hille Korhola: We have this week completed the cooperative discussion with the unions and workers. And the conclusion of is that we have flexibility still this year to reduce the number of working days and for next year we will be having possibility to reduce 90 days, so roughly eight weeks all together and we will be using these options as needed.

XXX: Ok. Very good. That's all from my side. Thank you.

Operator: And the next question comes from the line of Gabriel XXX from Citi group. Please go ahead.

XXX: Hi. Thank you for taking my question. So a good follow up from the previous question on production. Your inventories have increased slightly and I under now around about 30% of the sales, which you touched on in the presentation. My question is how much would this relates to slow winter tyres sell-in? And how much of it relates to summer tyres and will you need to cut production further in order to normalize this in fourth Q?

Hille Korhola: Share of summer tyres in our production is comparably small because we are having 70% of our production related to winter tyres. And timing wise, the inventories are clearly winter tyre focused at this point of time. So we will start production of summer tyres only in the first quarter. And when we look at our inventory levels, they are reflecting the season and they are of course, slightly reflecting the weaker demand. But we will not be producing more than needed. So that's why we have the flexibility in our factories to react.

XXX: Okay. Thank you.

Operator: And the next question comes from line of XXX from Danske bank. Please go ahead.

XXX: Yes, thank you. I just wanted to ask on Russia where you are now taking a more cautious tone in comments. Basically, what are you seeing there? Is this more kind of Q4 related weakness related to winter inventories or is this a change of a, of a longer term declining trend? And I'm asking this because, if I look at your own numbers, the growth in Russia was not so different in Q3 compared to first half there. So if there's something that you expect to happen going forward?

Hille Korhola: So of course, the main driver for weakening a replacement market is the decline in new car sales because that's kind of impacting one third of the replacement market demand. So that's clearly weaker than what we have been expecting beginning of the year. And when we look at the sell-out for the winter after the summer season it's still taking place quite slowly and consumers are saving money and, and buying, rather budget and mid-segment tyres. So there is overall weakening of the market and inventories are quite full at this point of time.

XXX: Okay. Thank you.

Operator: And the next question comes from the line of Pasi Väisänen from Nordea bank. Please go ahead.

Pasi Väisänen: Thanks. This is Pasi from Nordea. Just to confirm, so, are you now planning to reduce production volumes also in Russia or only in Finland? And what was the amount for Finland when looking at the kind of production adjustments? And then secondly, when you are going to reach these 2 million tyres in Dayton factory, are you going to scale down the production in Russia after that point or what's going to happen in the volumes then after the Dayton has reached 2 million tyres?

Hille Korhola: Thank you. So, of course we are having the possibility to reduce the working days in Nokia and we are using that as kind of priority one tool. And we have possibilities to adjust the daily production volume in Russia as needed. And when we are looking at the 2020 volumes, our plan for Dayton factory will be 1 million tyres. And naturally we are looking at the global capacity as a one, and adjusting as needed so when the production volume in North America is going up, we have the possibility to sell more in both Russia and Central Europe, and utilize the Russian capacities that way.

Pasi Väisänen: Okay, great. Thanks.

Operator: And the next question comes from the line of XXX from HSBC. Please go ahead.

XXX: Hi, this is XXX from HSBC. My question is on the midterm and particularly on the capacities required to meet your targets of doubling sales in North America and 50% growth in Europe. With regards to that, is the 4 billion capacity at the new US plant enough to achieve these targets and the rest is coming from price mix or do you think that there is a need to invest in a further green field project elsewhere? That's my first question.

Hille Korhola: Ok. So we are now planning to bring the production up in Dayton from zero to 4 million in couple of year's time. So by 2020-23. After that if we need more capacity, of course we have in Finland, we can add, manning in the factory and take the capacity up. We have some possibilities still in our Russian factory to increase the capacity by investing in, some new production lines. And, further to that we have space in North America where we can then further expand, the 4 million plus 4 million plus 4 million. So all together there we have possibilities to have 12 million capacity.

XXX: Okay. Thank you for that. And my second question then is on your near term. So these cost escalations that we have seen, around 24 million in fixed cost and production of their costs in nine months 2019 with the start of production in Dayton. Would these costs now normalize in 2020 or would they remain at these high elevated levels in 2020?

Teemu Kangas-Kärki: As we have been indicating already earlier that there will be additional costs in 2020 relating to the Dayton ramp up and there we will get additional cost from the expansion.

XXX: Any ballpark magnitude that you can share for that, relative to the Euro 20 million that you have given for 2019?

Teemu Kangas-Kärki: So the figure is on a ball park of 35 million being the baseline 2018.

XXX: Ok. Thank you. Thank you.

Operator: And just as a reminder, if you do wish to ask a question, please press zero one on your telephone keypad now. The next question comes from the line of XXX XXX XXX

XXX: Hi, thanks for taking my questions.The first one's on the North American organic growth decline that you've seen in Q3, which is a bit surprising given the market growth that we've seen. So just wondering whether this is a quarterly de-stocking effect that you're having before, the Dayton plan ramps up, or this is something that we should expect to reverse in the fourth quarter?

Hille Korhola: So in North America, we have a couple of very big customers that we have been working with for many many years already. At the same time, we have been expanding our customer base and, the new customer base is growing well and according to plan but the couple of these, bigger customers are now managing their inventories and reducing overall inventory levels, so their orders have been temporarily declining during this autumn.

XXX: Ok. But this has got nothing to do with preparing for the Dayton ramp. Right. So you would expect incremental volumes once the Dayton ramp starts?

Hille Korhola: Yes.

XXX: Okay. And then the I know this question's been asked a couple of times before, but in terms of your capacity for 2020, and you kind of commented on the fact that you're looking at all three plans is one global capacity. Then your previous comment was you agreeing to take the Finnish capacity down to 3 million? I believe that was for 2019. Just wondering what would be the effective capacity that you are looking at for the Finnish plant to go down in 2020? Is it more like 2 million and then the Russian planned around 17 million and the US at 1 million? So is roughly 20 million the current capacity estimate that we should have for you for 2020?

Hille Korhola: So, as said we have flexibility in Finland to take the capacity between 2 and 3 million tyres in 2020. And then the Russian factory there we have nominal capacity of 17 million and we can make a slight adjustments to that by reducing those daily production levels. And the North American plan is, is to produce roughly 1 million tyres. And when saying that we are looking at the capacity as whole, we are in a good position because we are able to produce any products any sizes between Finland and Russia. And we are also flexible in which products we are taking first in Dayton.

XXX: Okay. This last question from my side, when you talk about additional cost of 35 million from the Dayton ramp up was this 2018, are you only talking about the cost base of the fixed cost increase and not taking into account the benefit you'll have from the revenue side? So should this 35 million should only represent the fixed cost part of the bridge and we should have some benefit from 2020 that should flow through the volume bucket. Is that correct?

Teemu Kangas-Kärki: That's correct. That that we are, we are talking about the cost base with these numbers that I indicated earlier. And just to reiterate what I said earlier in the call that, our TMD outlook for the three years was based on the growing market, which now seems to be different which will have a pressure on our margin.

XXX: Ok thank you.

Operator: And the next question comes from the line of Peter Testa from One Investments please go ahead.

Peter Testa: Thank you. I'm just following up on that the topic on North America, can you give some sense please as to how now that Dayton is a sort of reality for customers to see how this is impacting your ability to build up the pipe of customers and the mix of product in North American in anticipation of the launch?

Hille Korhola: Of course the customers are very excited about the products where you can see that they are made in USA and this capacity will enable us to have wider assortment, more sizes and more North American specific product lines. And we have the product development pipeline agreed. And as said this year we have been launching one product that and this will follow then, with some other products next year, et cetera. So I would say that we have plans and the pipeline available and according to the ramp up plan, we are then starting to produce next year the US specific products there.

Peter Testa: Ok. But if you look at the ability to sign up new distribution and deepen your distribution, is there been a notable difference since the production started on the one product or is it pretty similar or what? Just some understanding of how that's helping you on in a more tangible way on distribution building.

Hille Korhola: Okay. So at this point of time, we don't have any commercial production in Dayton yet, so we will be starting the commercial production in January onwards and it means that we are ramping up product by product. So that's why the lead time to get everything up and running is quite long. And then in order to get the volumes out. But on the side, we are developing the market specific products and of course that will help us to open new distribution. And of course, there you need to have certain size range available with we have not had earlier. And also we are very excited to come up with, some of the new niche products like for this light trucks which our customers have been already asking earlier.

Peter Testa: Right. And then the other sort of related question is, as you were planning to build the US production in an environment with the, say a more solid European demand as you're transferring, I say, volume in production to from Europe, to North American to Dayton. Can you give some sort of sense as to how you feel the flexibility you have to do to manage both the current market situation and the product transfer? Just what other what flexibility you have to manage both and what you need to do to manage this and maybe how it might affect the speed of Dayton ramp?

Hille Korhola: Of course, we have to be very sensitive to the market situation and to the demand situation and we are moving ahead with the transfer plan, according to the original plan, and then ramping up the volumes as the market requires.

Peter Testa: Right. Okay. All right. Thank you.

Operator: And the next question comes from the line of Sasha XXX from Jefferies. Please go ahead.

XXX: Yes, good afternoon everyone. I have one question left actually on your comments about pricing. Can you comment about the pricing in the different segments of your business, i.e. winter versus all season and potentially some, do you see bigger differences in how you can enforce price points?

Hille Korhola: Of course. The different price points are very much dependent on the market as well and our position. So when we look at the Russian market and Nordic market our pricing is, pricing capabilities, are stronger. And for example, in Russia when we are the market leader, we are able to set the prices on a level that is then taking into account the raw material price increases as well. And the same applies to Nordics this where we have stronger pricing power and this is of course very valid with the winter tyres. And when we look at the summer tyres which is not our core, there we are more like following the market leader in our pricing.

XXX: Thank you very much.

Operator: As there are no further questions, I'll hand back to the speakers.

Hille Korhola: So I would like to thank you for, for all the questions and hopefully you got good answers. And let me summarize key takeaways from this call. So in passenger car tyres, there is headwind in the market which is impacting our volumes. At the same time, we have been able to improve our price mix during the past two quarters. Heavy tyres and Vianor net sales profitability is improving as planned. Despite of market softness we are moving ahead with execution of our strategic investments as planned and we are very excited about our Dayton factory and testing centre project in Spain.

Päivä Antola: And this concludes today's call. Thank you all.