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Operator: Hello and welcome to the Nokian Renkaat Q1 Interim Report 2020. Throughout the call all participants will be in 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 welcome to Nokian Tyres January–March 2020 results conference call. My name is Päivi Antola and I am the Head of Investor Relations in Nokian Tyres. And together with me in the call I have Hille Korhonen, the president and CEO of the company, and Teemu Kangas-Kärki, the CFO of Nokian Tyres. We will start the call as usual with a brief presentation by Hille and Teemu, and then continue with a Q&A. So Hille, please go ahead.

Hille Korhonen: Thank you Päivi, and good afternoon everybody. Thank you for joining us today. And I hope you are all safe and healthy and so are we. There are two topics that I want to focus today: overall business performance during the first quarter in 2020, including our actions in Russia and what has been the impact on the first quarter results, and then of course the corona pandemic, what are the measures we have taken and how it has been impacting our business during the first quarter and also how we are moving ahead towards end of the year as a company. So let's start from them corona and the measures we have taken immediately when it was realized that the pandemic situation will be spreading to Europe and North America as well as to Russia. So first of all the top priority for us is to take care of our people and also to make sure that we can continue the business in a safe way and continue to support our customers. We have been taking immediate action to ban travel and start remote working. Fortunately, we have global IT systems in place so that almost everybody has been working remotely since mid March and we don't see any direct impact on that on our business. And even customer meetings have been taking place through the video. There are then also additional operational measures that we have taken to secure our business. First and most important thing is to manage our production capacity according to demand that we are tracking twice a week. And we have also taken enhanced actions to monitor the customer payments in order to make sure that we have the financing position in place and securing the cashflow. Cost reductions have been planned already during the first quarter. And the biggest impact of those actions will be visible in the second quarter. We have been implementing temporary layoffs for both production personnel in Finland and in Russia as well as temporary layoff for white-collar workers and so-called kurzarbeit in central Europe for the white-collar workers. And the aim is of course to reduce the cost and also to make sure that we are working efficiently throughout the year. We have been suspended production temporarily in Russia, Finland and in the US, and this has been mainly driven by the local coronavirus restrictions. And now at the moment all the factories are in a mode of up and running except for the Russian factory which is due to Russian national holiday. But otherwise we have the preparedness to run the production and having safety measures in place. Regarding the financial situations, our board of directors proposed the AGM to divide our dividend into two halves. The first half, EUR 0.79 per share, has been paid already and for the rest the board has authorization to decide additional payment and timing until the next AGM. We have also carefully reviewed our CAPEX plan for this year, it was already on a lower, much lower, level compared to previous year. And we have taken down the CAPEX down to 170 million. Unfortunately, majority of that is already being spent during the first half and they are mainly related to completing our strategic investments in Dayton and regarding the Spanish test track. And we continue to look at all the CAPEX spend in a very careful manner. We have taken actions to further strengthen our liquidity position and it's also important at this time to have the strong balance sheet which is supporting us through this challenging and difficult time. Then going to the first quarter performance. It's clear that we are suffering from a low volume in passenger car tires which is impacting our net sales and operating profit. And the three key drivers behind our Russia, coronavirus and winter. In Russia this is resulting from the actions we have taken to reduce our channel inventories in distribution, and this is according to what we have been announcing already in February. So we are reducing the sell-in and taking actions to improve the sell-out support to our customers in order to take the inventory levels to a normal level. And this is mainly related to the winter tire inventories and there in the B segment. And regarding the winter, it's clear that none of our key markets had proper winter. And usually in the first quarter in Nordics and central Europe we are selling the winter volumes which are being replenished directly to the retail. And usually in the first quarter we start the Russian deliveries to the channel. Then what comes to the segments' operating profit, clearly lower compared to what we have been expecting. And the main impact is coming from Russia, 20 million, and corona virus is the thing that were not planning in a way, which is 10 million. And of course, when we have lower volume our whole supply chain is geared towards the higher capacity utilization and therefore we have a lot of extra costs which is not xxx by the volume. We will have a positive raw material effect as we go ahead and it was already visible in the first quarter. Regarding the guidance, it was already withdrawn in March as we saw that there is increased uncertainty in the market due to corona virus. Then let's take a look at the different markets. I start from the Nordics. In Nordics our volume decreased but the positive thing was that our market share increased in winter and also in large rim-sizes in summer and winter. So we have been keeping our high profitability in the market and we even had some price increases for the summer tires for the first quarter due to currency. The new car sales has been down and the biggest decline we have seen in Norway which is due to a very high comparison base and that has been also impacting our winter tire sales in the car dealer channel. In the Nordics the tire shops have been kept open and while the shopkeepers have been taking the virus safety measures very seriously it means that also the capacity of the tire shops is lower due to that. So that has been impacting the sell-out volume. In central Europe the volume has declined and at this point our volume decline was mainly related to lack of winter. So our winter tire sell-in worst about 50% lower compared to previous first quarter. And we have been actually increasing market share in summer tires and all-season tires. And the volume has been close to previous year level, which I think in this situation a very good achievement as the market has been declining by 19%. And in many countries the tire shops have been closed, the lockdowns have been preventing people to go out and sell-out from retail has been declining even up to 17% during end of March. We have seen geographically biggest volume decline in Italy, France and Spain. And anyway, the positive thing is that these have not been our focus countries. Our focus has been in the DACH area and in Eastern Europe. As we move forward, it's very important for us to stay in very close contact and collaboration with our customers. We have been restarting our sell-out support campaigns with the customers who have been now opening their doors. And we are focusing on supporting the DACH and Eastern Europe, and of course not neglecting the Southern European countries when they start to ramp up their businesses. Now in the in the second quarter it will be important for us to start collecting the winter season pre-orders. And we will make sure that we have availability for those products. In Russia, as I was explaining, we had significant decline in our sell-in during the first quarter which was over 40%. And was in our plans in order to make sure that we are reducing the winter tire inventory levels towards year end. So we are selling in the winter tires in the first half and the actual impact will be visible then towards the year end. So the second quarter will be similar to the first quarter when we are talking about sell-in in Russia compared previous year. As we all know, the coronavirus did not have any business impact on Russia during the first quarter. And we have seen the lockdown activities and other restrictions only starting in the second quarter. The new car sales have been increasing especially in March and this was mainly due to the fact that people wanted to buy cars before price increases due to weakening Rouble. And our estimate for the full year new car sales is roughly -20%, down to 1.4 million cars sold this year, and as we are already starting from a very low level. Then when we look at the corona virus impact further. At the moment in Russia they are changing summer tires and the season for summer tire sales has been extending because the big cities, they are basically in lockdown including Moscow. And it means that only online business can be conducted and this of course taking also the capacity down. So, all in all Russia and the corona virus impact on the economical situation together with the oil price changes is still a question mark. And that's why the visibility to the Russian forecast is still quite weak. Then when we take a look at North America. Our sales increased in USA and decreased in Canada. And in Canada, the strict measures taken due to corona closed many of the tire shops fully for a certain period of time. And when talking with our key customers, their capacity has been down even after up to 70% due to safety reasons. In US in the market the sell-in to replacement market declined over 10% and the biggest decline took place in March. So we have been increasing our market share by having growth in the quarter. Sell-out has been very much dependent on the state and restrictions taken in each of them. And what we have seen is that the value and economy segments have been gaining some market share in the sell-out, but very much it's regionally dependent. In general, when I look at the markets one note is related with the pricing. So pricing environment has been surprisingly stable. We have been, and also I know many competitors have been, adjusting the backend programs according to declining volumes but no major changes in pricing environment. And also it seems that the retail and wholesale sell-in has been lower compared to sell-out in many markets. And it's clear that in this kind of situation all the customers want to be very careful with their inventories and I think this will help everybody when the markets start to come back to normal and we will stay some replenishment of the inventory. We have been also taking actions to manage our mix very carefully. So when we saw that the winter tire market has been going down we have been increasing our share of summer tires and having sell-out programs, we have been increasing their share of premium and also share of bigger sizes. Then when we take a look at heavy tires, the markets have been still quite a stable. The replacement markets in the first quarter and the order stock has been on a good level. What has been impacting us mostly has been due to our OE customers having shortage of components and production stops, and this will continue to impact us during the second quarter. Let's then hand over to Teemu to take a look at the numbers and bridges.

Teemu Kangas-Kärki: Thank you, Hille. I will highlight some of the key figures on this slide. So the net sales growth or decline was on a level of 17% absolute terms reaching the level of 280 million, the segments' operating profit on the level of 16 million. So change compared to comparison period was on a level of 40 million decline. Then looking to the bridge, especially the equity ratio, there you can see that our balance sheet is strong. Equity ratio was almost on the level of 70% decline from the comparison period. And there it's good to remember that at the end of first quarter we got a negative translation difference from Rouble and that impact was about 112 million contributing to this decline on equity ratio. Cash flow from operating activities was negative on a level of -39 million. Less negative than in prior year which was on a level of -69. So I'm happy for that. And then our CAPEX was in the first quarter on a level of 51 million, slightly lower than last year. And the interest-bearing net debt was on the level of 121 million, increase of 80 million from the year end. Then in connection with our restated numbers, we also prepared this kind of a comparison for your benefit to get transparency how we are performing in terms of SG&A efficiency with our peers. And you can clearly see that we are in line with our peers or below. Having said that, we continue to work diligently to look our cost base every quarter in order to make sure that we have the resources in right places and the effectiveness is on an appropriate level. And then a few words about passenger car tires. Here the topline got a severe hit, report numbers were almost -25% decline reaching the level of 190 million. And the segment operating profit was on a level of 26 million. And as pointed out by Hille, the two main reasons were the Russia and the COVID-19 impacting also the low factory utilization rate. And naturally we have therefore, because of the weak demand, adjusted the production according to demand which is the normal practice for us starting with our Finnish factory. And here you can see the bridge in the first quarter. So small negative impact coming from the price mix as well as from currency. And then if we look at the segment operating profit movements, clearly the main two reasons are volume related, sales volume impacting negatively by 27 million, as well as then the lack of volume in the supply chain having a negative impact of 13 million. All the rest is net zero. And here you can see how we have been performing the prior quarters. Price mix negative, currency negative and as expected the first quarter we got a hit close to 23% down. In terms of heavy tires, there the reported topline growth was on a level of 6%. Small positive addition from the acquisition of Levypyörä which took place in the second half of last year and the segment operating profit almost on the same level as previous year, despite the fact that we have had more cost from the initiatives that we with which we are building a good future for heavy tire business, like new R&D centre and investments in the production at the Nokian site. And lastly going to Vianor figures, the mild winter season also affected the net sales there slightly. And the top line was on a level of 54 million and a segment operating loss was about 12 million which is common for Vianor business, as we all remember that the majority of the results made in the fourth quarter and then the second quarter is better than the first one.

Hille Korhonen: Thank you, Teemu. And coming back to the business and the product. As I said we will continue to support our customers in different geographies and business segments with new products. And despite the challenging year 2020 will be a record year of our new product launches. And in this business situation we need to be creative and have new approaches how to organize – go to market events and trainings. And we have we have done already quite a few events online. So this is hopefully not going to be a new normal, but new ways of conducting business as well. And as for summary: we are taking actions to manage both the Russian and corona virus impacts on our performance. And both of these topics will continue to impact our second quarter this year. Having said that, we have solid foundation so we have focus on the replacement market which in the past has been experiencing recovery from any drops faster than the OE market. We have strong positions in Nordics and in Russia and we have very efficient production platform as we move forward and also the big investments will be over and we are well-positioned to take advantage of the opportunities when the demand recovers. Thank you.

Päivi Antola: Thank you, Hille. Thank you, Teemu. And now we would be ready for questions from the audience. We would kindly ask you to limit the number of questions to one or two so that everyone has a chance to ask questions and we will have enough time to cover them all.

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 of Kai Mueller from Bank of America. Please go ahead.

Kai Mueller: Hi. Thank you very much for taking my question. The first one is really on your outlook going into the second quarter. You have seen significant declines already for you in your Russian business and the Nordics in Q1. Can you give us a bit of colour in terms of what you expect in going into the second quarter and also in particular maybe on Russia with regards to the low oil price and how that impacts the market outlook? I know you state you expect the market to be down 20% but are there risks that this number could be even lower due to that? And then the second point is just in terms of the general reporting that you'll be doing, I obviously saw that you're now taking out the ramp up costs out of your segment operating profit guidance or reporting. Is that what you will be going doing forward as well? And can you give us, you know you've obviously disclosed about 7 million related to North America in Q1, if you do report to this way what are you guiding for that specific number for the rest of the year?

Hille Korhonen: Thank you for the questions. I will start with the second quarter. So it's clear that the corona virus impact on businesses in our main markets will have a big impact on the businesses both in central Europe and Nordics and North America in the second quarter. And the Russian situation is coming a bit behind and there the virus and the lockdown of the big cities is delaying the sell-out of summer tires. Then additionally in Russia, as said, they have the oil crisis and weakening Rouble, and at this point of time it's very difficult to estimate how that will impact the rest of the year. But the second quarter will be heavily hit by corona impact and the Russian impact due to a decline of sell-in of winter tires.

Teemu Kangas-Kärki: And on top of that it's good to remember that the Rouble has weakened and if it stays on this level it has an impact on top of what was said already. And then about the reporting. And this is now the new normal for us, how we report, and your specific question regarding the Dayton ramp up, so you can assume that for the full year if you multiply the Q1 number by four, you are roughly on the right level.

Kai Mueller: OK perfect. And maybe on that, so it really was only Dayton so far because I know last time we came through sort of a tough situation in Russia, we also saw provisions being built. I haven't seen any of that so far. Is that a risk also going into the second quarter? That some of your dealerships just cannot handle it and you might have to write down some of your receivable?

Teemu Kangas-Kärki: So in the first quarter that's purely Dayton numbers that you see there, nothing else.

Kai Mueller: Yes. And in terms of, what is the risk, of what level could we be seeing for receivables having to be right written down throughout this year on this whole Russia situation? Is that something you currently are watching closely or you don't see a risk right now?

Teemu Kangas-Kärki: Naturally, we are following that closely and with our capabilities we feel that we have a good understanding of the situation and so far we feel that everything is under control there, but as you as you know things can change rapidly but at the moment, as we see it, it is under control.

Kai Mueller: OK. Thank you very much.

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

Henning Cosman: Hi Hille and Teemu, thank you for taking my question. Henning from HSBC. If I can just ask again, I'm not sure I completely understood when you were talking about the Russian impact being similar in the second quarter compared to the first. Were you referring there to the to the lower level of sell-in as well or to the 20 million impact on the EBIT? I'm quite surprised to be honest about the difference between the sales impact and the EBIT impact of Russia. In general it appears that the drop through that you've also referred to is especially highest. So when I add back the 20 million to the EBIT for Russia it appears the drop through and the rest was quite low. So if you could just talk around that a little bit more. How exactly the 20 million was composed again and if you expect that to continue into Q2 on a similar level or what you are referring to there? And the second question, if I may, is on the raw materials. Could you maybe give us an idea of what you're expecting therefore the full year or if it's not possible to give a guidance in absolute terms, if you could maybe remind us of the sensitivity when it comes to natural rubber and to oil itself and the related derivatives but maybe also a bit to the timing and the potential impact of that? Because I imagine you won't be seeing the full impact due to normal sensitivity because you won't be buying as much at the low price as you would otherwise. So that's my two questions please.

Teemu Kangas-Kärki: So there were several questions and I try to answer those in a right order. So if we start with the Russian impact and the quarter two. So as we have stated already in the beginning of the year, the negative volume hit before COVID-19 was expected to come in the first quarter and into second quarter, and that view is still intact. On top of that in Russia in the second quarter, we should expect also to have COVID-19 impact. And then on top of those two, we have this weaker Rouble impact. So if you calculate those, it doesn't look too strong the second quarter compared to the first quarter. What else did you ask?

Henning Cosman: No. So maybe just to clarify, so the 20 million similar to Q1 plus the currency effect plus the Corona effect. So not the 22 extrapolate but 20 underlying and then plus the two effects that we haven't had a Q1.

Teemu Kangas-Kärki: 20 is the underlying, on top of that COVID-19 and the weaker currency.

Henning Cosman: Understood. Thank you.

Teemu Kangas-Kärki: And then you asked about the raw materials. So that's the positive thing this year, because of the demand of raw materials we are expecting to continue to have a positive impact for the full year, for the raw materials.

Henning Cosman: And are you able to qualify that a little bit? I mean, I assume not multiplying by four, I guess it will be a little bit bigger but maybe not much bigger because you're not buying so much at these low levels now is that fair? So maybe between 50–100 million ballpark.

Teemu Kangas-Kärki: We are expecting that the raw material price will decline more than in the first quarter.

Henning Cosman: OK. Thank you.

Operator: And the next question comes from the line of Gabriel Adler from Citigroup. Please go ahead.

Gabriel Adler: Hi, thanks for taking my question. I'd just like to come back to raw materials, but having just mentioned, and more specifically the relationship with your pricing strategy. And if you could talk a little bit about how the lower material costs will impact your prices for the year and then should we be expecting price mix formats this year to be positive? Or do you anticipate pricing pressure because of the weaker volume environment to be greater than the benefit from the raw material prices? And then my second question is around CAPEX which came down slightly in Q1. And if you could provide some colour there on whether you need to cut CAPEX further with volume declining in Q2 or if you think that with the strength of your balance sheet actually means that we'll only see quite slight reductions of CAPEX this year especially given the continued investment in the Dayton factory? Thank you.

Hille Korhonen: If I take, thank you for the question, if I take first the pricing versus the raw material relationship. In heavy tires we have an equation in the contract with our OE customers. So the raw material price is impacting our pricing with some delay. And when we are then talking about our pricing in the replacement market for passenger car tires, this year we will have a weakening Krona in Norway and Sweden. And therefore, we have been taking our prices up slightly. In Russia as the as the Rouble is weakening, that might impact our pricing decisions further on depending on the competitors' actions. And in the rest of the markets, in central Europe and North America, we are talking about price positioning. And there, as we are not the market leader, we are following our competitors' prices. And if everybody's sensible in this industry it means that the prices would not be going down as much as the raw materials would imply.

Gabriel Adler: OK, perfect. And then the CAPEX.

Päivi Antola: Yes, the CAPEX for the second quarter.

Teemu Kangas-Kärki: For the second quarter, as said earlier by Hille, the first half, those are the more or less already committed investments and we are expecting to be more or less on a same level than in the first quarter. Then small decline in the second half in order to reach this 170 million level.

Gabriel Adler: Great. Thank you.

Operator: And the next question comes from the line of Akshat Kacker from JP Morgan. Please go ahead.

Akshat Kacker: Thank you. Akshat from JP Morgan. Two from my side please. The first one on price mix, are you willing to split up the 0.7% impact that we saw on the revenue bridge? I'm assuming that mix of season, of summer tires, was negative and like you sold more of your larger sizes, so I'm assuming it's a xxx back on mix and pricing was negative, but if you could provide more colour on that? And also, if you could share more details around the xxx pricing adjustments that you've taken in Russia and the overall environment as you see it in the first four month in Europe? That's the first one on price mix. And the second one. Hille, thank you for your comments on the sell-out and retail activity. You mentioned it was declining by 70% at the end of March. Any comments that you have on these activity levels in April would be helpful in your key markets. Thank you.

Teemu Kangas-Kärki: So in terms of the mix and price, so the mix impact is clearly positive and the price mix is also clearly negative. And then we also need to remember the country mix impacting to the positive mix net impact.

Hille Korhonen: So regarding the sell-out, overall it has been varying depending on the country and timing between -32 to -70% even. And we don't have the latest information from all the markets but the customers I have been talking with have been talking about -40 in April. So it has been still clearly below the normal level.

Akshat Kacker: So the -40 is in Nordics or is it just a general comment across your customers?

Hille Korhonen: It's generic. I would say it's a generic comment as in my report.

Akshat Kacker: OK. Thank you for that.

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

xxx xxx: Hi, thank you. I trust you all doing well. I have a follow up on the CAPEX guidance of 170 million. It seems like you're sort of pushing a bit of the investments forward here. So I'm just curious if this means that we may see sort of CAPEX not coming down in 2021 and 2022, maybe as we had expected before but rather that some of these investments will be pumped up?

Teemu Kangas-Kärki: So we are evaluating our CAPEX spend all the time and we are pushing it as low as possible and maybe it's too early to make any comments regarding next year, but we are for sure expecting to do everything to reduce the CAPEX spend in 21 as well.

xxx xxx: Great. And just one more question from my side. Looking at the closures that you've had of your factories, could you give us an indication of how many days that impacted production in Q1 and how many days of production has been impacted in the second quarter? Thank you.

Hille Korhonen: So the Russian factory started to work on the 9th of January as they always do. So the factory in Russia was closed only one, practically one day, during the first quarter. But the Finnish factory, there we had already negotiated in advance temporary layoffs just in case. And we had both lower daily output and we had, I would say, two weeks of production closure during the first quarter. And when we look at the second quarter, of course the volume or the number of days we have been closing the factories is much higher. But it's important to state here that we have specific products that we are producing in the Finnish factory and specific products that we are producing in the Russian factory. And we have to run both factories in order to secure the availability for our customers. And the most optimum situation is to run the Russian factory as high as possible.

xxx xxx: And just so that I understand you correctly because I recall some comments earlier in the quarter, or earlier in April, that there were public holidays announced in Russia which essentially was what forced the closure. So has there been any production in Russia in Q2 as of yet or are you still sort of in shutdown and starting to ramp up now?

Hille Korhonen: Yes, that's actually a good question. Actually, as you know Putin announced a national holiday with has been lasting for almost one month. And we closed the factory for one week and after one week we got a special permission to keep the production up and running as long as we are taking care of other the safety measures. We have two teams, so we have social distancing in the factory, and the other team is on layoff and the other team is working. So that's also securing us if there would be somebody getting sick that not everybody would be impacted. So yes we are running the factory now. Now in May, we have two weeks closure due to the 1st of May holiday which is kind of the normal holiday.

Päivi Antola: And Matias for your information, and for everybody else as well, we have updated information about the factory situations on our website under the newsroom so there you can find the up to date information about the factories.

xxx xxx: Great. Thank you.

Operator: And the next question comes from the line of Victoria Greer from Morgan Stanley. Please go ahead.

Victoria Greer: Hi there, a couple, firstly on Russia please. Could you talk a bit about what's happened in Russia by segment? You mentioned that it was mostly the B segment that was impacted but if you could take us through that a bit more in Q1 that will be helpful. And also where do you see your market share overall in Russia? Do you think you've lost some? Secondly you mentioned also that in restarting, for service centres and so on, some of the safety measures mean that capacity is a little bit reduced there. Could you talk about the magnitude of that, how long you think that might have to continue? And also, while we're talking about safety measures, do you see any overall reduction to your ability to produce in your factories with the new safety measures in place or are those quite manageable? Thanks.

Hille Korhonen: Thank you. In Russia the actions we are taking is to reduce the channel inventories of B segment winter tires. So we are selling less B segment winter tires to the channel during the first half of this year. And what comes to market shares, there has not been any major changes in our market shares for summer or winter as we speak. Then regarding the service centres, in Finland and in the Nordics where we have our own Vianor stores, we have kept them open all the time but as said the capacity is slightly lower but it has not been impacting our business that much yet. And what comes to our customer service centres, they need to follow their local regulations and as said, in some of the countries they have not been even able to keep the shops open. So like in Italy or even in Germany, they have been closed for a while. And then what comes to the safety measures in our factories. So we at the moment we have a full capability to run our factories both in Finland, in Russia and in US. And we are having social distancing, we are disinfecting the space, we have the masks for the other personnel and we are measuring, in Russia, we are measuring the person's temperatures every day. So we are fully aligned with the local restrictions and regulations.

Victoria Greer: Great. Thank you.

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

xxx xxx: Yes, this is xxx xxx from SEB. Thank you for taking my questions, two from my side. So you mentioned about cost reductions and the impact will be visible starting from Q2. Could you maybe talk about magnitude what we should be anticipating going forward? And the second question is relating to heavy tires and Vianor's quite resilient performance in Q1. What we should be assuming in terms of Q2? Should we, should there be any clear COVID-19 negative impacts? Could you please comment on these two questions?

Teemu Kangas-Kärki: So with regards to the cost-cutting measures, we are implementing measures to save salaries as we have announced in Finland also in other areas. And then we are cutting activities where we see it is feasible in a way that is not jeopardizing our sales. The magnitude is several millions.

Hille Korhonen: And then regarding the COVID impact on heavy tires. It's coming mainly because of the production stops at the OE customers mainly in forestry. So the second quarter will be impacted by that. And Vianor, the full-year impact will be visible of course later. But our estimate now is that the business is slowing down now after people have been changing their summer tires. So there will be negative impact during the second quarter as well.

xxx xxx: Alright. Thank you.

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

Peter Testa: Hi. Thank you. I just wanted to talk a bit about Russia and the 20 million. Is this essentially just reduced sell-in volume or was there any price support and take back activity that that also augmented that?

Teemu Kangas-Kärki: It was a combination as indicated in the beginning of the year of volume and the impact of price positioning.

Peter Testa: OK. Was it mostly volume or mostly price positioning?

Teemu Kangas-Kärki: The volume was the biggest one.

Peter Testa: OK. And then as you've had to execute this into a more difficult market environment with the winter effect and COVID, when you look at the carry forward effect into Q4, when you talk about you know given effect during the winter sell-out season, do you have a sense of how that influence might be changed now by virtue of the circumstances in which you've had to act?

Hille Korhonen: It's difficult to estimate at this point of time. Having the Russian economy being impacted by the COVID and the Rouble, we will know actually about the channel inventory of winter tires only at the year end.

Peter Testa: Right. OK. And then the last thing was just on central Europe, where you'd note that the inventory is a higher level than the previous year because of the soft environment, which obviously hasn't been made any easier in the last month or two. Can you just talk a bit about how you plan on managing your own production and sell-in the winter tires or inventory and price position? Just how you think you can manage your way through that to maintain your brand integrity?

Hille Korhonen: Regarding the winter tire season, of course the positive thing is that the COVID has not had any impact on that yet. And we are of course getting prepared to gather the preseason orders. But as I was explaining, most likely the customers will be buying the winter tires closer to the season and if there is no winter we are prepared to put a lot more focus on all-season tires and summer tires. So we are not only getting prepared for the for the winter tire sell in.

Peter Testa: OK. So my question was around the summer tire inventory that you remark upon it and how are you going to manage your way through that part of it?

Hille Korhonen: Well we don't have excess summer tires at our customers, so this is one reason why we have been able to keep our summer sell-in volumes on previous year level.

Peter Testa: Right. OK. So that was a market comment in the report, not specific to yours.

Hille Korhonen: Yes.

Peter Testa: OK. Yes. Thank you very much. Thanks for the answer.

Operator: And the last question comes from xxx xxx from Exane BNP. Please go ahead.

xxx xxx: OK. Thanks for taking my question. I just have one left in this delta between your segment operating profit and the reported operating profit for the passenger car tires, does that include the depreciation cost for Dayton as well? And how do you mean, like once the US plant starts ramping up fully, then how do you start accounting for this? And then also, what is the targeted volumes for the US plant in 2020 given that you postponed the second shift? Is it fair to assume it's maybe 300–400,000 that you are at best planning to produce in the US this year?

Teemu Kangas-Kärki: If I start with the bridge. So this part is a car tire segment operating profit excludes the Dayton ramp up costs.

Hille Korhonen: And what comes to the production volume, you are in the right ballpark. So between 200–400,000 would be the volume. And of cours,e the main focus is ramping up the new products that are specific to the North American market.

xxx xxx: Can I just clarify when you said it excludes the Dayton rampup cost, does that also exclude the increased depreciation costs that you have from the US plant or is this increase in rampup cost…

Teemu Kangas-Kärki: That includes the depreciation.

xxx xxx: Perfect. Thank you.

Päivi Antola: OK. Thank you. And now I'm afraid we have run out of time. So at this point I want to thank you all for participating. Thank you, Hille. Thank you, Teemu. And this ends today's conference call.

Hille Korhola: Thank you.

Teemu Kangas-Kärki: Thank you.

Operator: That concludes our conference call. Thank you all.