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NOKIAN TYRES INTERIM REPORT FOR JANUARY-SEPTEMBER 2009: SEASONAL IMPROVEMENT, RESTRUCTURING IMPLEMENTED - MARKET HEADWIND STABILIZED

Nokian Tyres’ net sales decreased by 32.3% to EUR 550.8 million (EUR 813.2 million in Jan-Sep 2008). Operating result amounted to EUR 61.2 million (200.5) and Earnings per share was EUR 0.23 (EUR 1.22).

Sales and operating result improved clearly in the third quarter compared to previous quarters but were still down versus previous year. Sales and operating margin improved compared to previous quarters due to preseason deliveries of winter tyres, restocking of heavy tyres by OE customers, production restructuring and reduced raw material cost.

In January-September cash flow improved as planned by EUR 162.6 million year-over-year due to cost cuts, lower investments and reduced trade receivables. Wages and salaries were cut by EUR 30.6 million and fixed costs excluding salaries by EUR 17.5 million compared to the corresponding period a year earlier. Trade receivables reduced by EUR 189.9 million year-over-year.

In order to adapt the production to seasonal changes in demand Nokian Tyres plans to temporarily stop the car tyre production in the Nokia plant for 17 working days starting on December 7, 2009. Year-end production will also be cut at the Russian plant.

Outlook and guidance for 2009 (updated):
Net sales for 2009 are estimated to be EUR 760-810 million with second half of the year showing clear improvement in profitability versus the first half of 2009. Fourth quarter operating margin is estimated to be lower than third quarter due to a weaker mix in sales and production. Full year 2009 cash flow is expected to be significantly better but net sales and operating profit significantly lower than in 2008.

Key figures, EUR million:

	7-9/09	7-9/08	1-9/09	1-9/08	2008
Net sales	204.1	282.8	550.8	813.2	1,080.9
Operating result	43.7	71.9	61.2	200.5	247.0
Result before tax	32.1	67.5	26.7	185.9	173.8
Result for the period	27.5	52.4	29.0	151.5	139.9
Earnings per share, EUR	0.22	0.42	0.23	1.22	1.12
Equity ratio, %			50.5	51.6	54.8
Cash flow from operations, (Cash Flow II)	-37.5	-141.8	-126.1	-288.7	9.5
RONA, % (rolling 12 months)			8.6	26.0	20.5
Gearing, %			72.0	63.6	41.0

Kim Gran, President and CEO:

“Uncertainty in the market continues but the strong headwind has changed to a more stable breeze. The underlying drivers for the economy on Nokian Tyres’ core markets seem to have stabilized and tyre demand shows some signs of a slow recovery.

Third quarter sales and operating profit of car and also heavy tyres were satisfactory when reviewing them against the market situation. Seasonal demand and preseason sales were in line with plans and helped to improve productivity. The launch of our new winter tyre, Hakkapeliitta 7, has been a great success and has helped to maintain healthy prices and strengthen our market leader position on our core markets. Our market shares improved on all markets except in Russia where we maintained our market leader position.

Russian market is still weak, although our customers have been showing inventory meltdown. In spite of some good signs in sales, we will still base our actions on a gradual rather than a rapid recovery.

The streamlining measures aiming at a lighter cost structure and full utilization of a lower cost production in the Russian plant have been implemented. Our cost saving program of annual sustainable savings of approximately 50 million euros is running ahead of plan. Raw material cost has decreased in line with our estimates and will be down approximately 20% in H2 versus H1 of 2009.

The results of our actions are already visible and will have a strong impact for years to come. This year we will provide significantly stronger cash flow by reducing inventory and receivables by more than 100 million euros and cutting investments by 96 million euros compared with 2008. To support the strong cash flow, we plan to stop the car tyre production in Nokia for 17 working days in the end of the year and also to stop production in Russia at year-end. This will cut margins in Q4 versus Q3/2009.

A full collection of our receivables in Russia and CIS by the end of the winter tyre season is our target. Overdue trade receivables have decreased roughly by 60% compared to year-end 2008 and payments are running in as planned.

A strong growing distribution, good seasonal logistics, local low cost production inside duty borders and new products will give us a good chance to strengthen our market leadership in the core markets and to return to profitable growth already in 2010.”

Market situation

The sharp downturn in the global economy that started in late 2008 continued during the review period. In key markets this resulted in a clear decrease in car sales and machine manufacture. The aftermarket sales volume for passenger car tyres declined in the Nordic countries by an estimated 12% and elsewhere in Europe by 4%. Tyre deliveries shrank drastically to less than half in Russia and the CIS countries, trailing the declining economy and reduced car sales.

As car manufacture volumes decreased significantly, there was an excess supply of summer tyres which resulted in price erosion of some volume sizes. USA introduced a duty program in September for the next three years (35%,30%,25%) for car tyres manufactured in China. This is expected to put further pressure on economy segment summer tyre prices on all non-US markets.

Prices for winter tyres have resisted the general price erosion better than summer tyres. In early 2009, tyre manufacturers implemented significant price increases in order to offset the currency devaluation in Russia, Ukraine, Sweden and Norway. Despite some sales of carry-over stocks from 2008, prices have increased in local currencies. Heavy snowfall in October has boosted sales in Central Europe and an earlier consumer sales start in the Nordic countries has created shortage in the market of some tyre dimensions.

The truck tyre market declined in Europe by roughly 30%, and the demand for special heavy tyres shrank to less than half of the previous year. Overall, the market environment has become more competitive.

Raw material prices dropped significantly at the end of 2008 and the first half of 2009 but carry-over stocks and contracts penalized tyre industry results early 2009. Raw material suppliers’ requests for price increases have intensified during second half, however, having small effects on industry profits in H2/2009.

July–September 2009

In the third quarter of 2009 Nokian Tyres Group recorded net sales of EUR 204.1 million (282.8), showing a decrease of 27.8% on the corresponding period a year earlier. Sales decreased in the Nordic countries by 19.1%. In Russia and the other CIS countries sales decreased by 53.4% and in North America by 14.5%. In Central and Eastern Europe sales grew by 4.7%.

Raw material cost (eur/kg) in manufacturing in the third quarter were down by 20% year-over-year and down by 15% versus the second quarter of 2009. Fixed costs were EUR 62.1 million (73.0), accounting for 30.4% (25.8%) of net sales.

Nokian Tyres Group’s operating result was EUR 43.7 million (71.9). Net financial expenses were EUR 11.7 million (4.4). Financial expenses include EUR 2.0 million (1.9) in non-cash expenses related to convertible bonds. Net financial expenses include EUR -5.5 million (2.6) of exchange rate differences. Since 1.1.2009 exchange rate differences contain interest rate differential from foreign currency derivatives. Comparison information is modified accordingly.

Result before tax was EUR 32.1 million (67.5). Result for the period amounted to EUR 27.5 million (52.4), and EPS was EUR 0.22 (EUR 0.42).

Income financing after the change in working capital, investments and the disposal of fixed assets (cash flow II) was EUR -37.5 million (-141.8).

January–September 2009

Nokian Tyres Group’s net sales in January-September totalled EUR 550.8 million (813.2), signifying a 32.3% year-over-year decrease. In the Nordic countries sales decreased by 22.2% representing 43% (37%) of the group’s total sales. In Russia and CIS sales fell by 63.1% and formed 22% (40%) of the group’s total sales. In Central and Eastern Europe sales was down by 0.2% year-over-year representing 24% (16%) of the group’s total sales. In North America sales grew by 11.5% and was 11% (7%) of the group’s total sales.

Sales of passenger car tyres were down by 34.5% representing 64% (67%) of the group’s total sales. Heavy tyres’ sales declined by 55.3% and was 6% (9%) of the group’s total sales. Vianor’s sales fell by 12.0% forming 27% (21%) of the group’s total sales. The sales of Other operations was down by 21.3% representing 3% (3%) of the group’s total sales.

Raw material cost (eur/kg) decreased by 1% year-over-year in the first nine months, penalized by raw material purchases in 2008. Fixed costs amounted to EUR 199.0 million (221.3), accounting for 36.1% (27.2%) of net sales. Total salaries and wages were EUR 93.9 million (124.5) representing a saving of EUR 30.6 million year-over-year.

Nokian Tyres Group’s operating result was EUR 61.2 million (200.5). This was negatively affected by the IFRS 2 -compliant option scheme write-off of EUR 9.0 million (13.5) and credit loss reserves of EUR 4.0 million (5.4).

Net financial expenses were EUR 34.5 million (14.6). Net Interest Expenses were EUR 14.0 million (13.7) including EUR 5.7 million (5.4) in non-cash expenses related to convertible bonds. Net financial expenses include EUR -20.5 million (-0.9) of exchange rate differences of which EUR -10.3 million (-2.0) were born in the first quarter of the year due to exceptionally high hedging costs related to Russian rouble and Kazakhstan tenge. Since 1.1.2009 exchange rate differences contain interest rate differential from foreign currency derivatives. Comparison information is modified accordingly.

Result before tax was EUR 26.7 million (185.9). Result for the period amounted to EUR 29.0 million (151.5), and EPS was EUR 0.23 (EUR 1.22).

Return on net assets (RONA, rolling 12 months) was 8.6% (26.0%). Income financing after the change in working capital, investments and the disposal of fixed assets (cash flow II) was EUR -126.1 million (-288.7).

The Group employed an average of 3,536 (3,766) people, and 3,259 (3,877) at the end of the period. The Vianor tyre chain employed 1,341 (1,506) people and Russian operations 640 (671) people at the end of the period.

Financial position by September 30, 2009

Gearing ratio was 72.0% (63.6%). Interest-bearing net debt amounted to EUR 521.2 million (521.6). Equity ratio was 50.5% (51.6%).

The Group’s interest-bearing liabilities totalled EUR 537.5 million (535.4) of which current interest-bearing liabilities amounted to EUR 322.8 million (239.8). The average interest rate of interest-bearing liabilities was 3.35% (5.34%). The average interest rate of interest-bearing liabilities was 1.97% (3.82%) with calculatory non-cash expenses related to the convertible bond eliminated.

At the end of the review period the company had unused credit limits amounting to EUR 255.6 million of which EUR 186.0 million were committed. The current credit limits and the commercial paper program are used to finance inventories, trade receivables, subsidiaries in distribution chains and thus control the typical seasonality in the Group’s cash flow due to changes in the working capital.

The multicurrency revolving credit facility of EUR 180 million due April 2010 will be refinanced and signed in the last quarter of 2009. The arrangement fee will burden fourth quarter result.

Tax rate

The Group’s tax rate is effected by tax relieves in Russia. The tax relieves are valid for as long as the company accrues tax on yields corresponding to the amount of the Russian investment, and for two years thereafter.

The Group anticipates the tax rate on the entire year 2009 to remain at previous year’s level or increase slightly due to a lower share of taxable profit made in Russia.

PASSENGER CAR TYRES

	7-9/09	7-9/08	Change%	1-9/09	1-9/08	Change%	2008
Net sales, m€	146.7	212.1	-30.8	391.7	597.8	-34.5	741.6
Operating result, m€	43.3	72.9	-40.6	78.1	201.7	-61.3	230.0
Operating result,%	29.5	34.4		19.9	33.7		31.0
RONA,% (rolling 12 months)				11.4	34.9		26.6

The net sales of Nokian passenger car tyres decreased in January-September by 34.5% year-over-year, amounting to EUR 391.7 million (597.8). Operating result was EUR 78.1 million (201.7) and the operating result percentage 19.9% (33.7%).

The year-over-year car tyre sales deficit was mainly due to significantly weaker sales in Russia and CIS, which derives mainly from the collapse of car sales, customers' high winter tyre inventories and lack of financing. Sales grew in North America as well as in Central and Eastern Europe. Winter tyre market share improved in the Nordic countries, North America and in Central and Eastern Europe.

Decreased sales in Russia and CIS resulted in a weaker sales mix and a lower average price. The currency devaluations in core markets, affecting some 60% of total sales, weakened profits. The implemented price increases improved summer tyre prices but a weaker country and product mix reduced the winter tyre average price.

The deployed streamlining measures decreased fixed costs and improved cash flow significantly compared to the corresponding period a year earlier. Actions to adjust production were implemented and by the end of the review period the inventories were reduced below previous year's level. Trade receivables decreased significantly year-over-year. Investments were cut clearly and carried out mainly in the first half of the year. The increased proportion of less expensive production in Russia and decreasing raw material prices became gradually visible in the financial result.

The cash flow of passenger car tyres in 2009 is estimated to improve significantly due to the restructuring of operations, personnel adjustments, reduced inventory levels, investment cuts and cost-cutting program including all cost types. The other main objectives for 2009 are utilizing new sales opportunities in the western markets, securing the market position in Russia and CIS, defending tyre price levels and controlling the receivables.

The new spearhead product of "Nordic studded tyres", Nokian Hakkapeliitta 7, won practically all car magazine tests in the Nordic countries and in Russia. This is expected to have further positive effect on sales in the winter season.

HEAVY TYRES

	7-9/09	7-9/08	Change%	1-9/09	1-9/08	Change%	2008
Net sales, m€	12.0	24.4	-50.7	34.8	77.8	-55.3	97.7
Operating result, m€	1.8	4.1	-55.3	-2.2	15.5	-114.4	17.7
Operating result,%	15.1	16.7		-6.4	19.9		18.1
RONA,% (rolling 12 months)				-0.03	32.0		25.9

In January-September the net sales of Nokian Heavy Tyres totalled EUR 34.8 million (77.8), showing a decrease of 55.3% year-over-year. The operating result was EUR -2.2 million (15.5) and the operating result percentage -6.4% (19.9%). The financial performance suffered from weak sales volumes and drastic production cuts taken due to weak demand and carry-over stock from 2008.

Heavy tyres sales decreased in all product categories. Although the average price remained on previous year's level, the market has become more competitive in some product groups. Exceptionally low volumes of machine manufacture cut the demand for forestry tyres. The demand for harbour and mining tyres, as well as for various special machinery tyres decreased by more than 50% due to the slowdown in the global economy. Orders, however, started to recover gradually at the end of the second quarter, due to customers' low inventories and some regaining of trust on the markets.

The positive effects of the production cuts that were initiated late last year and continued all 2009, were fully visible at the end of the review period. Fixed costs were reduced according to plan. Inventories decreased significantly and reached the target level. Low tyre inventory has enabled some increase in production volumes, which together with the decreased raw material cost have started to improve productivity and profitability.

In 2009 Nokian Heavy Tyres focuses on bringing in new customers, speeding up the development process for new products as well as launching new logistics and customer service concepts. In 2009, cash flow is expected to be clearly positive.

VIANOR

Equity-owned operations

	7-9/09	7-9/08	Change%	1-9/09	1-9/08	Change%	2008
Net sales, m€	57.3	64.5	-11.2	168.7	191.8	-12.0	308.3
Operating result, m€	-2.2	-2.2	1.7	-10.8	-6.7	-61.5	4.4
Operating result,%	-3.8	-3.4		-6.4	-3.5		1.4
RONA,% (rolling 12 months)				0.4	3.4		3.0

In January-September Vianor's net sales decreased by 12.0% year-over-year, amounting to EUR 168.7 million (191.8). Operating result was EUR -10.8 million (-6.7) and the operating result percentage -6.4% (-3.5%).

Low demand in all customer segments cut Vianor’s sales and operating result. Operating result in the third quarter was on par with the corresponding period in 2008 due to lower fixed costs.

By the end of the review period, Vianor completed a big share of its structural cost adjustment measures for 2009, which included shutting down non-profitable outlets and making personnel cuts. Most of the savings have started to realise in the third quarter of the year. The stock levels have been reduced and optimised for the most profitable product groups. Cash flow improved and it is estimated to be clearly positive in year 2009, due to reduced fixed costs and stock levels.

Franchising and partner operations

During the review period Vianor managed to further expand the franchise and partner network on Nokian Tyres’ core markets. At the end of the review period, Vianor operated in 17 countries; most extensively in the Nordic countries, in Russia and in Ukraine. In the third quarter, as a part of the expansion scheme, Vianor started operations in Moldova. The global Vianor network comprised of 585 outlets of which 414 were partners and 171 equity-owned. During the third quarter the network grew with 44 outlets. Market shares improved as a result of the expansion.

In the fourth quarter focus will be on improving sales and market shares, maintaining tyre prices as well as controlling costs. Expanding the partner franchise network will continue according to earlier plans.

OTHER OPERATIONS

Truck tyres

The net sales of Nokian truck tyres were EUR 19.2 million (24.4), down by 21.3% compared to the previous year. Nokian increased its market share in the European market which declined roughly 30%. Nokian truck tyres sales were expanded to new market regions in Eastern Europe. Contract manufacturing volumes were reduced and the inventory levels cut to the target.

The clear majority of Nokian truck tyre sales derive from winter products during the second half of the year. Sales will however be lower than in 2008. New product launches in the review period expand sales opportunities.

RUSSIA AND THE CIS COUNTRIES

Nokian Tyres’ sales in Russia and the CIS countries totalled EUR 127.9 million (347.0) in the review period. This entails a 63.1% decrease from the previous year. Sales in Russia were EUR 81.1 million (284.6). Sales in CIS (excluding Russia) were EUR 46.9 million (62.4). Nokian Tyres’ sales declined due to lower demand, customers’ high carry-over inventories and their lack of financing.

The distribution network was extended by signing additional distribution agreements and expanding the Vianor network. The Vianor tyre chain expanded by 36 outlets in Q3 and there were a total of 325 Vianor franchising outlets in Russia and the other CIS countries at the end of the review period.

Six out of seven production lines of the Russian plant were operating with limited capacity. A significant share of the production was exported due to the decline in demand in Russia. New mixing machines were installed, and a storage extension was taken in use during the review period. The fully completed production process creates logistics and raw material cost savings compared to 2008. The Hakkapeliitta Village with 4 houses and 167 flats was completed. Flats will be sold at cost to employees during Q4 in 2009.

Overall, the Russian economy seems to have adapted to the new reality and, for the most part, stabilized. Russian economy declined at an estimated real GDP growth of -8.6% year-over-year at the end of the review period. Full year 2009 GDP decrease is estimated at 6-8% but will depend primarily on commodity prices i.e. oil and gas. Consumer purchasing power is lower in 2009 than last year but it is expected to improve from 2010 onwards. Key to growth is availability of financing. Consumer credit in the housing sector with interest rates of 12-14% has re-emerged in Q3/2009 indicating improvement into other consumable sectors in the future. For the next years 2008-2014 GDP growth is estimated to average 4% a year.

The decrease of car sales, the main driver for premium tyres, has continued all 2009 (-51% in January-September). A decline of over 50% is currently forecasted for full year 2009. A recovery of car sales with growth starting in 2010 and gaining momentum in 2011–2012 is presently forecasted.

The devaluation of the Rouble against major currencies exceeded 20% from late 2008 to early 2009. Further devaluation is presently unlikely due to higher oil prices although risks still exist long run.

The good market potential has not disappeared; there is still strong underlying consumer demand. The Nokian Tyres plant located in Russia, inside the customs borders (duty 20% for imported tyres), combined with an expanding Vianor chain provides a significant competitive edge on the market.

INVESTMENTS

Investments during the review period amounted to EUR 76.9 million (114.2). The company’s total investments in 2009 will be approximately EUR 85 million (181.2). EUR 50 million (121) will be spent on completing projects started in 2008 concerning the Russian plant’s operations and extension. The remainder comprises production investments in the Nokia plant, moulds for new products and the Vianor expansion projects.

OTHER MATTERS

1. Stock options on the NASDAQ OMX Helsinki Stock Exchange

The Board of Directors of Nokian Tyres plc resolved to apply for listing of the stock options 2007A on the NASDAQ OMX Helsinki Ltd so that the listing would commence on 1 March 2009.

The total number of stock options 2007A is 2,250,000. Each stock option 2007A entitles its holder to subscribe for one Nokian Tyres plc share. The shares can be subscribed with the stock options 2007A during 1 March 2009 - 31 March 2011. In the aggregate, the stock options 2007A entitle their holders to subscribe for 2,250,000 shares. The present share subscription price with stock options 2007A is EUR 16,08/share. The dividends payable annually will be deducted from the share subscription price.

2. Shares subscribed with option rights

After December 9, 2008 registered increase in share capital a total of 400 Nokian Tyres plc's shares have been subscribed with the 2004B option rights and 200 shares with 2004C option rights. These option rights are attached to the Nokian Tyres plc's Option Programs of 2004. An increase in share capital totalling 120 euros was entered into the Trade Register on February 25, 2009. The shares are traded on the NASDAQ OMX Helsinki Ltd together with the old shares as of February 26, 2009. After the increase, the number of Nokian Tyres shares is 124,846,590 and the share capital is EUR 24,969,318.

After February 25, 2009 registered increase in share capital a total of 1,900 Nokian Tyres plc's shares have been subscribed with the 2004B option rights. These option rights are attached to the Nokian Tyres plc's Option Programs of 2004. An increase in share capital totalling 380 euros was entered into the Trade Register on May 25, 2009. The shares are traded on the NASDAQ OMX Helsinki Ltd together with the old shares as of May 26, 2009. After the increase, the number of Nokian Tyres shares is 124,848,490 and the share capital is EUR 24,969,698.00.

After May 25, 2009 registered increase in share capital a total of 400 Nokian Tyres plc's shares have been subscribed with the 2004C option rights. These option rights are attached to the Nokian Tyres plc's Option Programs of 2004. An increase in share capital totalling 80 euros was entered into the Trade Register on August 20, 2009. The shares are traded on the NASDAQ OMX Helsinki Ltd together with the old shares as of August 21, 2009. After the increase, the number of Nokian Tyres shares is 124,848,890 and the share capital is EUR 24,969,778.00.

3. Share price development

The Nokian Tyres' share price was EUR 15.93 at the end of the review period (EUR 16.80). The average share price during the period was EUR 12.15(EUR 26.62), the highest EUR 17.37(EUR 33.73) and the lowest EUR 7.00(EUR 16.28). A total of 179,873,310 shares were traded during the period (208,230,495), representing 144% (167%) of the company's overall share capital. The company’s market value at the end of the period amounted EUR 1.989 billion (EUR 2.097 billion). The company’s percentage of Finnish shareholders was 37.4% (28.0%) and 62.6% (72.0%) were foreign shareholders registered in the nominee register. This figure includes Bridgestone's ownership of approximately 16%.

4. Decisions made at the Annual General Meeting

The Annual General Meeting of Nokian Tyres held on April 2, 2009 accepted the profit and loss statement for 2008 and discharged the Board of Directors and the President from liability. The final dividend was set at EUR 0.40 per share. The matching date was April 7, 2009 and the payment date April 21, 2009.

4.1 Board of Directors and auditor

The number of Board members was set at seven. Kim Gran, Hille Korhonen, Hannu Penttilä, Aleksey Vlasov, Petteri Walldén and Kai Öistämö will continue as Board members. Yasuhiko Tanokashira was elected as a new member of the Board. In a meeting held after the Annual General Meeting, Petteri Walldén was elected Chairman of the Board. Authorised public accountants KPMG Oy Ab continue as auditors.

4.2 Remuneration of the Board members

The Annual General Meeting decided that the monthly fee paid to the Chairman of the Board would be EUR 5,833, or EUR 70,000 per year, while that paid to Board members was set at EUR 2,917 or EUR 35,000 per year. It was also decided that each member of the Committee will receive a meeting fee of EUR 500 for each Committee meeting attended.

In addition, it was decided that, according to the existing practices, 60% of the annual fee be paid in cash and 40% in company shares, such that in the period from April 3 to April 30, 2009, EUR 28,000 worth of Nokian Tyres plc shares will be purchased at the stock exchange on behalf of the Chairman of the Board and EUR 14,000 worth of shares on behalf of each Board member. This decision means that the final remuneration paid to Board members is tied to the company’s share performance. No separate compensation will be paid to the President and CEO for Board work.

5. Adjustment measures and cost-cutting programme

At the turn of the year, Nokian Tyres initiated measures to adjust its production and structure, the goal being to improve productivity and achieve annual cost savings of approximately EUR 50 million. The company informed about the statutory negotiations decisions related to adjustment issues in stock exchange releases on Nov 19 and Dec 19, 2008, as well as Jan 20 and Mar 9, 2009.

The production of Nokia plant was changed from a continuous three-shift seven-day model to a five-day (discontinued) three-shift model. As a result of the adjustments, the annual production capacity of

Nokian passenger car tyres at the Nokia plant will decrease from the previous 6 million to approximately 4 million tyres.

Vianor adjusted its structure and costs by shutting down non-profitable outlets and making personnel cuts. In the review period the total group personnel was cut by 525 employees. Lay-offs were carried out in all business units according to the cost-cutting programme.

By the end of the review period the company is ahead of realizing the cost saving program with EUR 30.6 million saved in labour and EUR 17.5 million in fixed (excluding labour) costs.

RISKS, UNCERTAINTY FACTORS AND DISPUTES IN THE NEAR FUTURE

The Group’s short term risks are derived from continuing uncertainty of the world economy and the impact on the tyre markets. A decrease in demand may have a negative effect on sales volume and lead to decreasing profits.

In terms of exchange rate risks, the main risks facing Nokian Tyres in the near future are related to the development of the Russian rouble, the Ukrainian hryvnia and the Kazakhstanian tenge.

A little over 35% of the Group’s net sales are generated from euro-denominated sales. The most important sales currencies in addition to the euro are the Russian rouble, the Ukrainian hryvnia, the US dollar, and the Swedish and Norwegian krona.

Nokian Tyres’ other risks and uncertainty factors in the near future have to do with the shortage of financing for customers in Russia and CIS, the success of sales in the key markets, the repatriation of receivables and the development of the financial markets. Special attention has been drawn to securing customer payments. Russian receivables account for around 30% of the Group’s total receivables. All overdue trade receivables have been restructured and incoming payments are in line with the agreements.

Nokian Tyres has certain pending legal proceedings and litigations in some countries. At this moment, the company does not expect these proceedings to have any material impact on the performance or future outlook.

OUTLOOK FOR 2009

The level of tyre demand seems to have stabilized and some signs of a slow recovery can be seen. The incentive programs to activate car sales in Europe and an early start of the winter tyre sales have had a positive effect on tyre sales. Overall demand levels remain however comparatively low. Carry-over tyre inventories caused by the crisis seem to be melting on all markets. The receivable level combined with a devaluation risk blocking business on Nokian Tyres’ core markets is gradually easing off. Currencies on Nokian core markets (excl.

Ukraine) have stabilized since early 2009 and show some signs of strengthening.

The recovery of profitability and productivity at Nokian Tyres is supported by the increasing share of Russian production, already implemented structural changes and cost cutting. Raw material cost is estimated to drop by approximately 20% during second half-year compared to the first half of 2009.

The share of Russian and CIS sales in the sales portfolio will fall this year and is partly compensated by increased sales in North America and in Central and Eastern Europe. This will have an adverse effect on average sales prices in 2009.

In order to adapt the production to seasonal changes in demand Nokian Tyres plans to temporarily stop the car tyre production in the Nokia plant for 17 working days starting on December 7, 2009. Year-end production will also be cut at the Russian plant.

A strong expanding distribution, good seasonal logistics, local low cost production inside duty borders and new products will give Nokian Tyres a good chance to strengthen its market leadership in the core markets and to return to profitable growth already in 2010.

Outlook and guidance for 2009 (updated):
Net sales for 2009 are estimated to be EUR 760-810 million with second half of the year showing clear improvement in profitability versus the first half of 2009. Fourth quarter operating margin is estimated to be lower than third quarter due to a weaker mix in sales and production. Full year 2009 cash flow is expected to be significantly better but net sales and operating profit significantly lower than in 2008.

Previous guidance of August 6, 2009 was:
“Market headwind will continue all 2009 but the winter tyre season, improving sales mix, restructuring and lower raw material cost are expected to improve sales and operating margin clearly during the second half compared to the first half of the year. Cash flow is expected to be significantly better than in 2008. However, the net sales and operating result for full year 2009 will be significantly lower than in 2008.”

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The above-said information contains forward-looking statements relating to future events or future financial performance of the company. In some cases, such forward-looking statements can be identified by terminology such as ”may”, ”will”, ”could”, ”expect”, ”anticipate”, ”believe” ”estimate”, ”predict”, or other comparable terminology. Such statements are based on the current expectations, known factors, decisions and plans of the management of Nokian Tyres. Forward-looking statements involve always risks and uncertainties, because they relate to events and depend on circumstances that may or may not occur in the future. Future results may thus vary even significanty from the results expressed in, or implied by, the forward-looking statements.

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This interim report has been prepared in accordance with IFRS compliant recognition and measurement principles. Since 1.1.2009 the Group has applied amendment to the IAS 1 'Presentation of Financial Statements' affecting the disclosure of the consolidated income statement and statement of changes in equity. In addition, the Group has adopted new IFRS 8 'Operating Segments' affecting the disclosure of the notes to the consolidated financial statements. Otherwise this interim report has been prepared in accordance with the same accounting policies as in the most recent annual financial statements, but it has not been prepared in compliance with all requirements set out in IAS 34 'Interim Financial Reporting'.

The interim report figures are unaudited.

NOKIAN TYRES
CONSOLIDATED
INCOME STATEMENT

Million euros	7-9/09	7-9/08	1-9/09	1-9/08	Last12 months	1-12/08	Change %
Net sales	204.1	282.8	550.8	813.2	818.5	1,080.9	-32.3
Cost of sales	-109.9	-150.9	-334.6	-435.9	-486.9	-588.1	-23.2
Gross profit	94.2	131.9	216.2	377.3	331.6	492.7	-42.7
Other operating income	0.2	0.4	1.2	1.0	2.4	2.2	24.2
Selling and marketing expenses	-39.4	-47.0	-124.4	-143.3	-179.8	-198.8	-13.2
Administration expenses	-5.3	-6.5	-18.0	-17.9	-27.6	-27.4	0.7
Other operating expenses	-5.9	-6.9	-13.8	-16.6	-19.0	-21.8	-17.0
Operating result	43.7	71.9	61.2	200.5	107.7	247.0	-69.5
Financial income	15.1	5.3	73.5	27.2	157.4	111.1	170.0
Financial expenses	-26.8	-9.8	-108.0	-41.8	-250.5	-184.3	158.6
Result before tax	32.1	67.5	26.7	185.9	14.5	173.8	-85.6
Tax expense (1	-4.5	-15.1	2.3	-34.5	2.9	-33.9	-106.7
Result for the period	27.5	52.4	29.0	151.5	17.4	139.9	-80.8
Attributable to:							
Equity holders of the parent	27.5	52.4	29.0	151.5	17.4	139.9	
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	
Earnings per share from the profit attributable to equity holders of the parent							
basic, euros	0.22	0.42	0.23	1.22	0.14	1.12	-80.9
diluted, euros	0.22	0.43	0.26	1.17	0.18	1.10	-78.1

CONSOLIDATED OTHER COMPREHENSIVE INCOME Million euros	7-9/09	7-9/08	1-9/09	1-9/08	1-12/08
Result for the period	27.5	52.4	29.0	151.5	139.9
Other comprehensive income, net of tax:					
Gains/Losses from hedge of net investments in foreign operations	-3.5	-2.5	-14.3	0.9	6.2
Interest rate swaps	0.0	-0.1	0.0	0.1	-0.1
Translation differences on foreign operations(2	-0.5	8.9	-25.8	-2.7	-46.4
Total other comprehensive income for the period, net of tax	-4.0	6.3	-40.1	-1.7	-40.3
Total comprehensive income for the period	23.5	58.7	-11.0	149.7	99.6
Total comprehensive income attributable to:					
Equity holders of the parent	23.5	58.7	-11.0	149.7	99.6
Minority interest	0.0	0.0	0.0	0.0	0.0

1)Tax expense in the consolidated income statement is based on the taxable result for the period.
2)Since the beginning of this year the Group has internal loans that are recognised as net investments in foreign operations in accordance with IAS 21 'The Effects of Changes in Foreign Exchange Rates'.

KEY RATIOS	30.9.09	30.9.08	31.12.08	Change %
Equity ratio, %	50.5	51.6	54.8	
Gearing, %	72.0	63.6	41.0	
Equity per share, euro	5.80	6.57	6.20	-11.8
Interest-bearing net debt, mill. euros	521.2	521.6	319.0	
Capital expenditure, mill. euros	76.9	114.2	181.2	
Depreciation and amortisations, mill. euros	45.8	40.8	56.2	
Personnel, average	3,536	3,766	3,812	
Number of shares (million units)				
at the end of period	124.85	124.83	124.85	
in average	124.85	124.54	124.61	
in average, diluted	129.41	132.40	131.47	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION Million euros	30.9.09	30.9.08	31.12.08
Non-current assets			
Property, plant and equipment	509.6	493.3	499.8
Goodwill	54.9	54.9	53.9
Other intangible assets	19.6	13.8	19.0
Investments in associates	0.1	0.1	0.1
Available-for-sale financial assets	0.2	0.3	0.2
Other receivables	10.4	14.0	11.6
Deferred tax assets	31.4	27.8	20.3
Total non-current assets	626.2	604.2	604.9
Current assets			
Inventories	249.4	275.0	290.9
Trade receivables	408.2	598.1	268.4
Other receivables	132.9	101.2	143.0
Cash and cash equivalents	16.3	13.8	113.2
Total current assets	806.8	988.0	815.5
Equity			
Share capital	25.0	25.0	25.0
Share premium	155.2	155.0	155.2
Translation reserve	-93.1	-14.7	-53.0
Fair value and hedging reserves	-0.1	0.1	-0.1
Retained earnings	636.6	655.2	647.6
Minority interest	0.0	0.0	2.7
Total equity	723.6	820.6	777.3
Non-current liabilities			
Deferred tax liabilities	27.5	28.0	27.6
Provisions	1.2	0.0	1.1
Interest-bearing liabilities	214.7	295.6	394.5
Other liabilities	2.1	2.2	2.1
Total non-current liabilities	245.4	325.8	425.3
Current liabilities			
Trade and other payables	140.1	204.9	178.9
Provisions	1.1	1.1	1.1
Interest-bearing liabilities	322.8	239.8	37.8
Total current liabilities	464.0	445.8	217.8
Total assets	1,433.0	1,592.2	1,420.4

CONSOLIDATED STATEMENT OF CASH FLOWS Million euros	1-9/09	1-9/08	1-12/08
Cash flows from operating activities:			
Cash generated from operations	-67.8	-158.8	201.1
Financial items and taxes	-5.7	-78.0	-182.7
Net cash from operating activities	-73.5	-236.8	18.4
Cash flows from investing activities:			
Net cash used in investing activities	-76.9	-126.2	-177.2
Cash flows from financing activities:			
Proceeds from issue of share capital	0.0	6.3	6.4
Change in current financial receivables and debt	281.3	228.6	25.1
Change in non-current financial receivables and debt	-177.4	45.9	147.5
Dividends paid	-49.9	-62.3	-62.3
Net cash from financing activities	54.0	218.5	116.7
Net change in cash and cash equivalents	-96.3	-144.5	-42.1
Cash and cash equivalents at the beginning of the period	113.2	158.1	158.1
Effect of exchange rate changes	0.6	-0.2	2.8
Cash and cash equivalents at the end of the period	16.3	13.8	113.2
	-96.3	-144.5	-42.1

The effect of exchange rate changes 0.6 million euros are included in the net cash from operating activities. Year 2008 that effect was -0.2 million euros.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Million euros

	Share capital	Share premium	Translation reserve	Fair value and hedging reserves	Retained earnings	Minority interest	Tot.
Equity, Jan 1st 2008	24.7	149.0	-12.8	0.0	551.9	0.0	712.8
Dividends paid					-62.3		-62.3
Exercised warrants	0.2	6.1					6.3
Share-based payments					13.5		13.5
Other changes					0.4		0.4
Total comprehensive income for the period			-1.8	0.1	151.5		149.8
Change in minority interest							0.0
Equity, Sep 30th 2008	25.0	155.0	-14.7	0.1	655.2	0.0	820.6
Equity, Jan 1st 2009	25.0	155.2	-53.0	-0.1	647.6	2.7	777.3
Dividends paid					-49.9		-49.9
Exercised warrants	0.0	0.0					0.0
Share-based payments					9.0		9.0
Other changes					0.9		0.9
Total comprehensive income for the period			-40.1	0.0	29.0		-11.0
Change in minority interest						-2.7	-2.7
Equity, Sep 30th 2009	25.0	155.2	-93.1	-0.1	636.6	0.0	723.6

SEGMENT INFORMATION

The segment information is reported according to the business segments. Segments are based on the internal profit centre organisation and financial reporting structure. The segments comprise of entities with products and services subject to marketing strategies, distribution channels, risks and returns that are different from those of other segments. They are also managed separately.

Application of IFRS 8 has not changed the reported business segments of the Group as the segment information has been based on financial reporting structure also before where the measurement principles are in accordance with IFRS standards.

Pricing of the inter-segment transactions reflect current market prices. Evaluation of profitability and decicions on resource allocation are based on operating result of each segment.

Segments are:

Passenger car tyres -profit centre develops, produces and obtains revenues from sales of summer and winter tyres for cars and vans.

Heavy tyres -profit centre obtains its revenues from tyres for forestry machinery, special tyres for agricultural machinery and industrial machinery.

Vianor-tyre chain sells car and van tyres, truck tyres as well as other automotive products and services. In addition to Nokian brand, Vianor sells also other leading tyre brands.

Other operations include Truck Tyre business. In addition, Other operations contain business development and Group management unallocated to the segments.

Million euros	7-9/09	7-9/08	1-9/09	1-9/08	1-12/08	Change %
Net sales						
Passenger car tyres	146.7	212.1	391.7	597.8	741.6	-34.5
Heavy tyres	12.0	24.4	34.8	77.8	97.7	-55.3
Vianor	57.3	64.5	168.7	191.8	308.3	-12.0
Other operations	9.7	12.0	19.2	24.4	33.4	-21.5
Eliminations	-21.6	-30.2	-63.6	-78.7	-100.2	
Total	204.1	282.8	550.8	813.2	1,080.9	-32.3
Operating result						
Passenger car tyres	43.3	72.9	78.1	201.7	230.0	-61.3
Heavy tyres	1.8	4.1	-2.2	15.5	17.7	-114.3
Vianor	-2.2	-2.2	-10.8	-6.7	4.4	-61.2
Other operations	1.0	-0.5	-2.8	-4.5	-6.4	38.1
Eliminations	-0.3	-2.3	-1.0	-5.4	1.2	
Total	43.7	71.9	61.2	200.5	247.0	-69.5
Operating result, % of net sales						
Passenger car tyres	29.5	34.4	19.9	33.7	31.0	
Heavy tyres	15.1	16.7	-6.4	19.9	18.1	
Vianor	-3.8	-3.4	-6.4	-3.5	1.4	
Total	21.4	25.4	11.1	24.7	22.8	
Cash Flow II						
Passenger car tyres	-20.4	-142.6	-102.1	-244.1	-2.3	58.2
Heavy tyres	-1.2	-4.0	-0.6	-7.9	10.6	92.4
Vianor	-10.7	-13.1	-18.6	-30.3	1.4	38.6
Total	-37.5	-141.8	-126.1	-288.7	9.5	56.3

CONTINGENT LIABILITIES Million euros	30.9.09	30.9.08	31.12.08
FOR OWN DEBT			
Mortgages	0.9	1.0	0.9
Pledged assets	35.1	42.4	37.4
OTHER OWN COMMITMENTS			
Guarantees	3.0	1.9	2.1
Leasing and rent commitments	105.9	103.2	104.9
Purchase commitments of property, plant and equipment	4.2	2.4	1.5

DERIVATIVES Million euros	30.9.09	30.9.08	31.12.08
INTEREST RATE DERIVATIVES			
Interest rate swaps			
Notional amount	4.0	14.6	14.4
Fair value	-0.2	0.1	-0.1
FOREIGN CURRENCY DERIVATIVES			
Currency forwards			
Notional amount	438.1	651.3	396.5
Fair value	-12.4	-0.1	24.4
Currency options, purchased			
Notional amount	47.4	40.8	5.0
Fair value	0.3	1.4	0.5
Currency options, written			
Notional amount	91.4	74.2	10.1
Fair value	-0.9	-1.2	-0.3

The fair value of interest rate derivatives is defined by cash flows due to contracts. Interest rate swaps are wholly designated as cash flow hedges and their changes in fair value relating to the effective portion of the hedge is recognised in equity and the potential ineffective portion is recognised in the income statement.

The fair value of forward exchange contracts is calculated at the forward rates on the reporting date on the basis of cash flows arising from contracts. The fair value of currency options is calculated using the Garman-Kohlhagen option valuation model.

Foreign currency derivatives are only used to hedge the Group's net exposure. The changes in fair value of foreign currency derivatives are reported in the income statement excluding the foreign currency derivatives that are hedging the foreign currency denominated net investment in a foreign subsidiary. Hedge accounting is applied for those hedges and for hedges meeting the hedge accounting criteria the changes in fair value are wholly deferred in equity except for the potential ineffective portion and the time value of currency options, which are recognised in the income statement.

The notional amount of foreign currency derivatives is the euro equivalent of the contracts' currency denominated amount on the reporting date.

DEFINITIONS OF CONSOLIDATED KEY FINANCIAL INDICATORS

Earnings per share, euro:
Result for the period attributable to the equity holders of the parent / Average adjusted number of shares during the period

Earnings per share (diluted), euro:
Result for the period attributable to the equity holders of the parent / Average adjusted and diluted number of shares during the period

The share options affect the dilution as the average share market price for the period exceeds the defined subscription price.

Equity ratio, %:
Total equity x 100 / (Total assets - advances received)

Gearing, %:
Interest-bearing net debt x 100 / Total equity

Equity per share, euro:
Equity attributable to equity holders of the parent / Adjusted number of shares on the reporting date

Operating margin:
Operating result, % of net sales

DEFINITIONS OF SALES AREAS

Nordic countries:
Finland, Norway, Sweden.
Russia and CIS:
Russia, Armenia, Belarus, Georgia, Kazakhstan, Moldova, Ukraine.
Central and Eastern Europe:
Albania, Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, The Former Yugoslav Republic of Macedonia, Montenegro, Netherlands, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Switzerland, Turkey, United Kingdom.
North America:
Canada, USA.

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Nokian Tyres plc will publish the interim report January-September on Tuesday November 3, 2009 at 8.00 am Finnish time.

The result presentation to analysts and media will be held in Helsinki at 10.00 am Finnish time. The presentation can be listened through audiocast via internet at http://www.nokiantyres.com/resultinfo2009q3

To be able to ask questions during the event you can participate in the conference call. Please dial in 5-10 minutes before the beginning of the event: +44 (0)20 7162 0025. Password: Nokian Tyres

Stock exchange release and presentation material will be available before the event from http://www.nokiantyres.com/ir-calendar
After the event the audio recording can be downloaded from the same page.

Nokian Tyres result 2009 will be published on February 2010. Releases and company information will be found from http://www.nokiantyres.com