

Hakkapeliitta



1936 *75* 2011

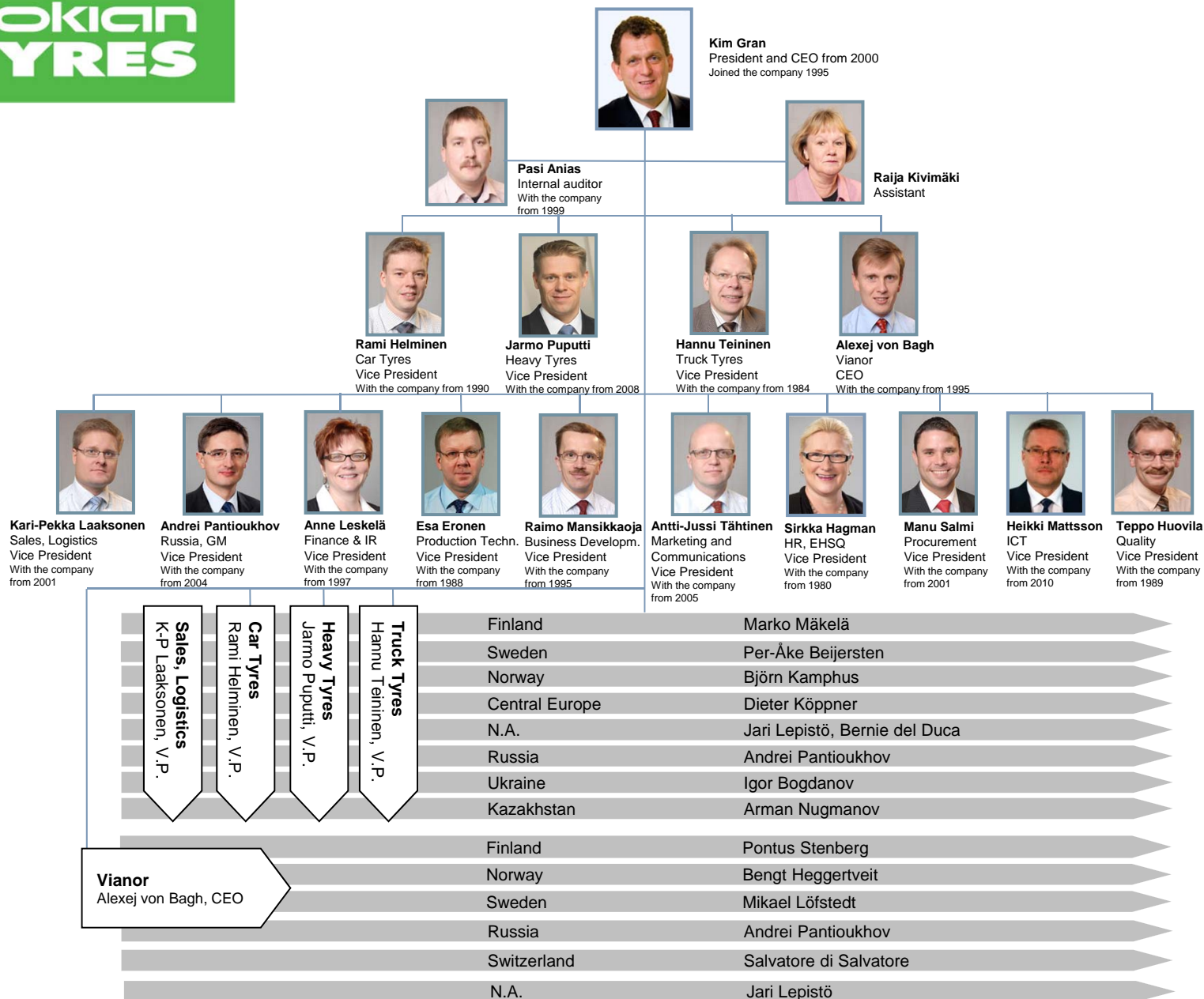
nokian
HAKKAPELIITTA

ANNUAL GENERAL MEETING
7 April 2011

Mr. Kim Gran
President and CEO
Nokian Tyres plc



NOKIAN TYRES MANAGEMENT 7 APRIL, 2011



RETURN TO THE PROFITABLE GROWTH PATH

Markets improved rapidly

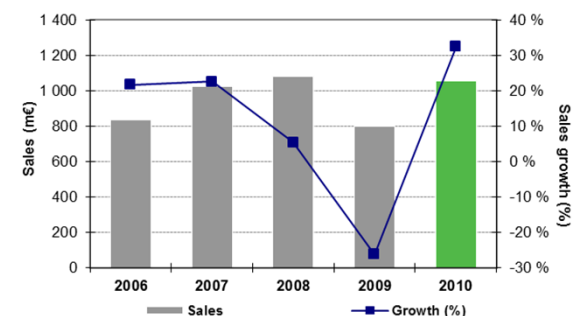
- Recovery of economies, increased car sales and improved financing possibilities increased tyre sales strongly in all product groups in Nokian Tyres' core markets
- The distributors' low inventories and the second consecutive winter with heavy snowfall increased demand for winter tyres
- Machine manufacture increased and the utilisation rate in the transport sector improved clearly

Nokian Tyres 2010 – Strong result

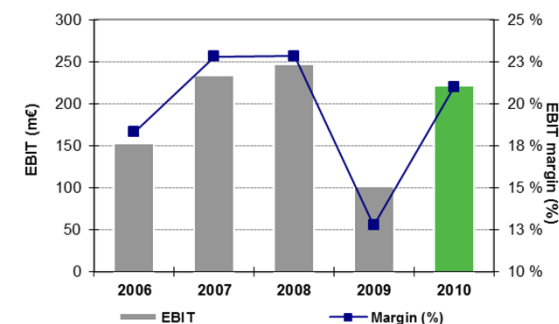
- ASP improved due to an improved sales mix and price increases
- Capacity ramp-up in Russia, restructuring and better capacity utilization improved productivity
- Net sales 1,058.1 m€, up 32.5%
- Operating profit 222.2 m€
- Pre-tax profit 208.8 m€
- Profit for the period 169.7 m€
- EPS 1.34 €

Result back to
pre-recession level

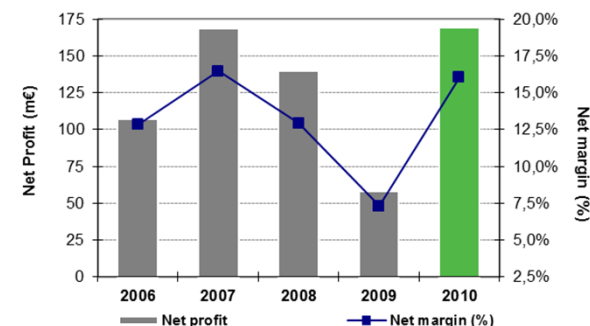
Net sales (m€) and Net sales growth (%)



EBIT (m€) and EBIT margin (%)



Net profit (m€) and net margin (%)



RETURN TO THE PROFITABLE GROWTH PATH

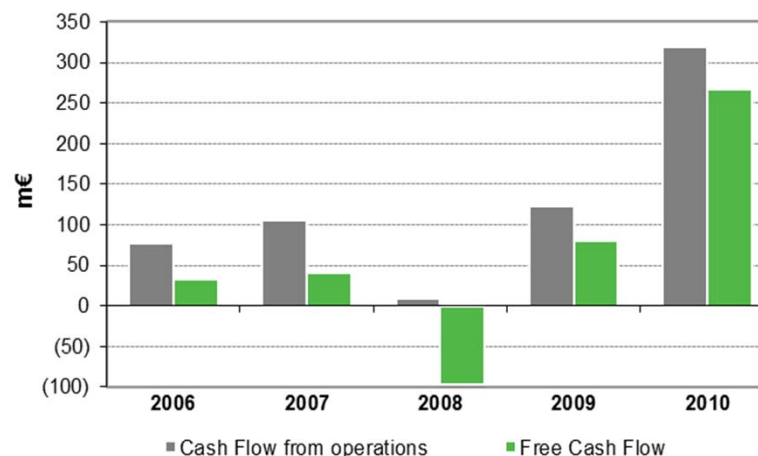
Cash flow all-time high

- Cash flow from operations 318.8 m€ all-time high due to improved NWC rotation
- Working capital was freed from inventories and receivables were collected as planned
- Inventories on very low level

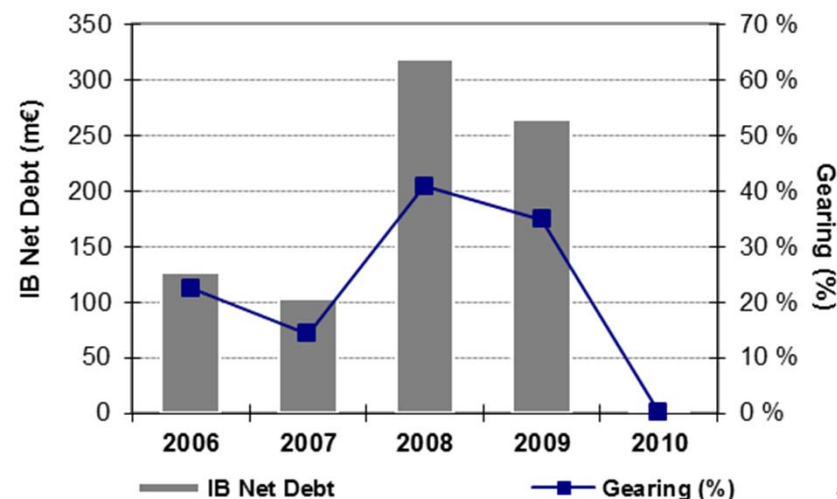
Strong Balance sheet

- The company was practically free of net debt at the end of the year
- Strong balance sheet enables growth investments

Group Cash flow from operations and Free Cash flow



Interest bearing net debt (m€) and gearing (%)



Nordic countries

- Sales increased by 29%
- Market share improved in all Nordic countries 25→28 %
- Estimate 2011: Tyre market will grow 5-10%

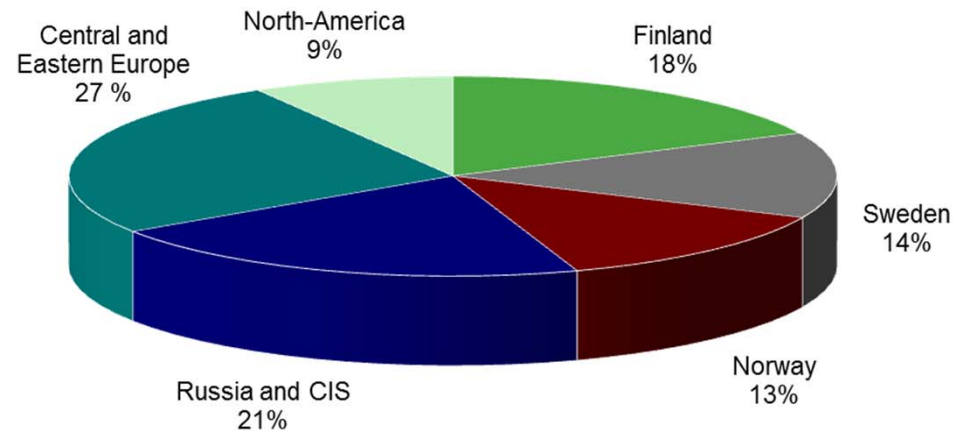
Russia

- Sales in Russia grew clearly by 78%
- Market shares in the premium and medium segment winter tyres rose clearly
- Estimate 2011: Tyre market will grow >30%

Central and Eastern Europe

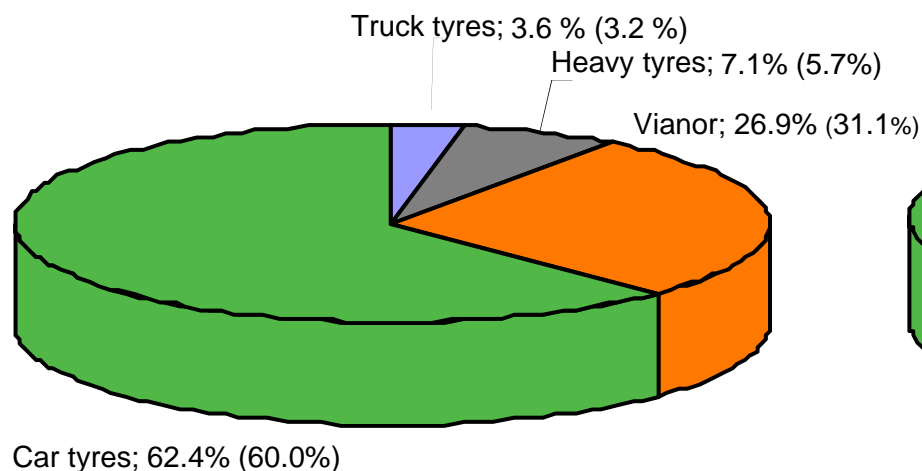
- Sales increased clearly by 44 %
- Price and market position improved clearly
- A new area of strong profitable growth
- Estimate 2011: Tyre market will grow 5-10%

Sales of Nokian Tyres Group: 1,121.2 m€ +32.2%

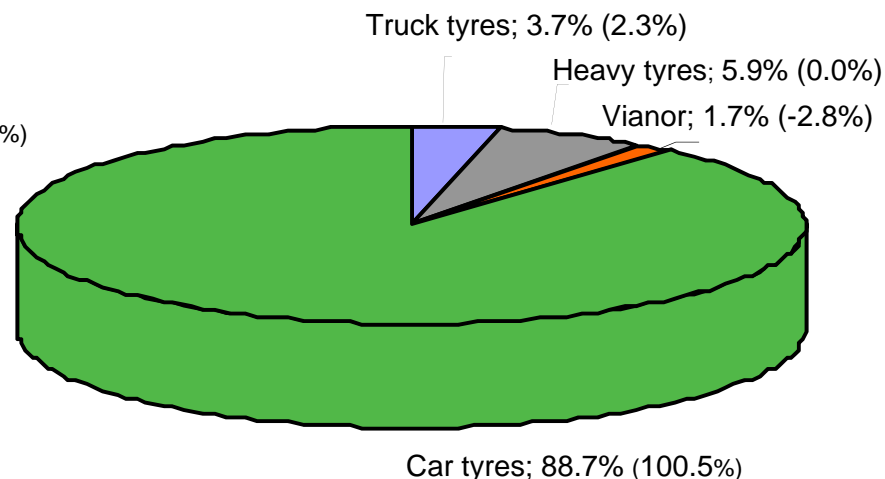


ALL PROFIT CENTRES SHOW PROFITABLE GROWTH

Net Sales 1,058.1 m€ +32.5%



EBIT 222,2 m€ +117,8 %



Car tyres

- **Net sales:** 714.7 m€; +35.5%
- **EBIT:** 205.5 m€; +94.5%
- **EBIT-%:** 28.8 % (20.1 %)

Vianor

- **Net sales:** 307.9 m€; +12.7 %
- **EBIT:** 4.0 m€; +233.7 %
- **EBIT-%:** 1.3 % (-1.1 %)

Heavy tyres

- **Net sales:** 81.0 m€; +61.8%
- **EBIT:** 13.7 m€; +76,435.9%
- **EBIT-%:** 16.9 % (0.0%)

Truck tyres

- **Net sales:** 41.2 m€; +44.3%

FURTHER EXPANSION OF VIANOR AND DISTRIBUTION CHANNEL

Vianor – 771 stores in 20 countries

- 148 new stores in 2010
- 169 equity-owned, 602 franchising/partners
- Largest tyre chain in the Nordic countries;
228 stores (+25 in 2010)
- Largest tyre chain in Russia and CIS;
429 stores (+76) in 260 cities
- Expansion to Central Europe gained momentum: 104 stores (+49)

Tyre assortment in Vianor stores:

- Car tyres: 771 stores
- Heavy tyres: nearly 200 stores
- Truck tyres: over 240 stores

New sales companies and distributors

- Belarus: New sales company & Vianor
- Vianor expansion in Europe: Germany, Czech, Slovakia, Poland, Bulgaria
- Vianor Master franchise contracts: Bulgaria
- Balkan: New importers in Bosnia & Croatia

2011:

- Sales company in China
- Vianor Master franchise: Italy
- New importers: Romania, Serbia

Target 2011 → over 900 Vianor stores

Vianor – Distribution spearhead for all product groups

Net sales:

2010: 307.9 m€ (273.2 m€); +12.7%

EBIT:

2010: 4.0 m€ (-3.0 m€); +233.7%

EBIT margin:

2010: 1.3% (-1.1%)



Vianor Oulu, Finland



HEAVY TYRES 2010: HIGHER DEMAND, PRODUCTION DOUBLED

Performance in 2010

- + Tyre demand and sales clearly up, especially in forestry tyres
- + Improved distribution network with new distributors
- + “Vianor industrial” service concept, 22 stores in Nordic countries
- + Production volume doubled vs. 2009; weekly capacity in Nokia in full use as from Dec/2010
- Large share of sales to OE customers with fixed prices until October & increased raw material cost → cut margins in H2

Net sales:

2010: 81.0 m€ (50.1 m€); +61.8%

EBIT:

2010: 13.7 m€ (0.0 m€); +76,435.9%

EBIT margin:

2010: 16.9% (0.0%)

Key actions and targets for 2011-

- Expand the distribution network, especially in Russia and CIS
- Improve service concepts and logistics
- Accelerate development of new products
- Increase prices further to offset the growing raw material cost
- Increase share of aftermarket sales
- Maximize production and sales of radial products
- Full utilization of capacity, improve production volumes & productivity
- Production increase, decision in 2011: New factory?
- Increase outsourced production

Higher sales

Higher ASP

Lower cost

Higher
RONA

- Focus on profitable growth and higher capacity
- Market outlook has strengthened clearly



Nokian Forest Rider

TRUCK TYRES 2010: GOOD PERFORMANCE IN RECOVERING MARKETS

Performance in 2010

- + Demand and sales clearly up in all geographical market areas
 - + Increased truck manufacturing
 - + Improved utilization rate in the transport sector
- + Market share improved in the Nordic countries, CE and Russia
- + New products → wider range for premium & standard truck tyres
- + Successful timing of purchases and tyre price increases, favourable currency rates → profitability all-time high

Net sales:

2010: 41.2 m€ (28.5 m€); +44.3%

Key actions and targets for 2011

- Increase sales further in Nordic countries, Russia and CIS
- Expand in Eastern Europe utilising the “Vianor truck” concept
- Utilize the combination of new & retreaded tyres as a sales concept
- Increase tyre prices to offset higher purchase costs
- Utilize the stronger winter product range (incl. Hakkapeliitta truck tyres)
- Improve the product range with new sizes
- Improve off-take contract manufacturing and logistics further

→ **Expand sales, utilize group synergies and the improved product offering**



Nokian Hakkapeliitta Truck F

PASSENGER CAR TYRES 2010: IMPROVED SALES AND PRODUCTIVITY

Performance in 2010

- + Sales and order book improved clearly in all core market areas
- + Market share up in Nordic countries, CE and Russia
- + Price increases implemented to offset higher raw material cost
- + Improved sales mix and favourable currency rates → higher ASP
- + Several magazine test wins for Nokian Hakka summer tyres and Nokian Hakkapeliitta 7 studded winter tyre
- + 2 new production lines on stream in Russia in 2010, totalling 8 lines

Key actions and targets for 2011

- | | | |
|--|---|---|
| <ul style="list-style-type: none"> ■ Increase sales in all areas, especially in Russia ■ Improve market shares in core markets ■ Increase prices to offset growing raw material cost ■ Improve sales mix ■ Defend brand and price position ■ Improve productivity ■ Increase production capacity, a new plant 2012- | <div style="display: flex; align-items: center;"> <div style="margin-right: 10px;"> <div style="font-size: 3em; line-height: 1;">}</div> <div style="font-size: 3em; line-height: 1;">}</div> <div style="font-size: 3em; line-height: 1;">}</div> </div> <div> <p>Higher sales</p> <p>Higher ASP</p> <p>Lower cost</p> </div> </div> | <div style="font-size: 3em; line-height: 1;">}</div> <p>Higher RONA</p> |
|--|---|---|
-
- **Focus on mix improvement and growth on core markets**
 - **Market outlook has strengthened clearly**

Net sales:

2010: 714.7 m€ (527.3 m€); +35.5%

EBIT:

2010: 205.5 m€ (106.2 m€); +93.5%

EBIT margin:

2010: 28.8% (20.1%)

- in core markets 31.6% (24.3%)
- In other markets 26.4% (18.6%)



Nokian Hakkapeliitta 7
Test winner in
several countries

RUSSIA AND CIS: STRONG GROWTH POTENTIAL

Russian economy and car sales in growth mode

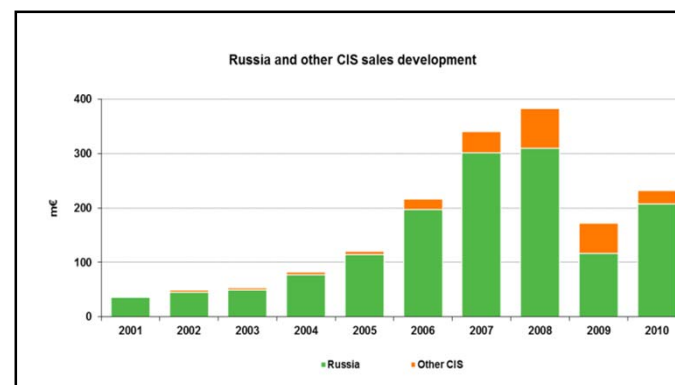
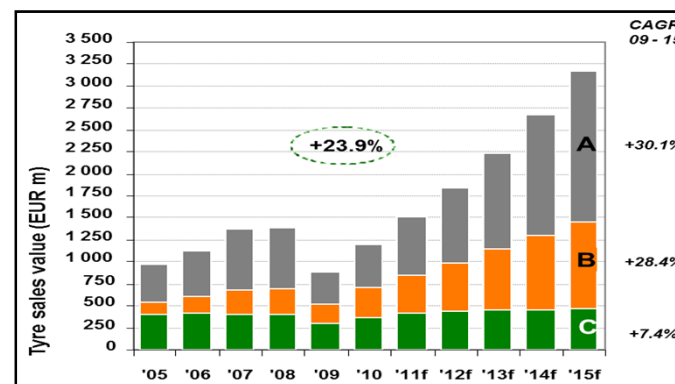
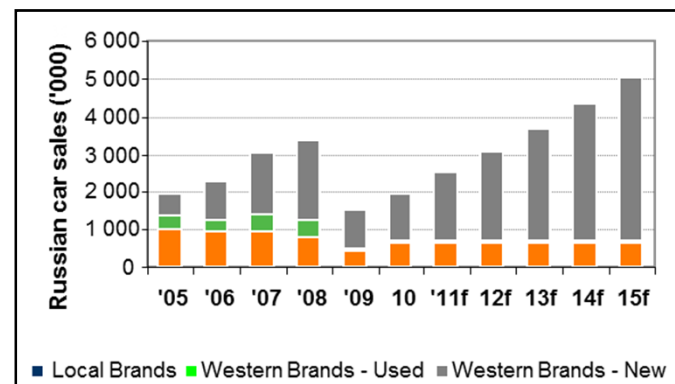
- GDP 2010: +8%, 2011-2012: +4-5%
- Car sales 2010: +30%, 2011: 25-35%
- Financing available with lower interest rates
- Russian government incentives for new car buyers have boosted sales in 2010-2011

Tyre sales in strong growth

- Car sales increase demand for winter tyres
- Replacement market growing
- Low inventories in the distribution channel

Sales in Russia and CIS

- Nokian sales in Russia increased by 78% in 2010
- Market leadership in premium and medium segments with Nokian and Nordman brands
- Estimate: strong growth in 2011
- Tyre demand will continue to grow for 5-7 years



PRODUCTION PLANTS: CAPACITY INCREASES CONTINUE



Nokia, Finland

- R&D, administration and marketing
- Development of key processes
- Prototype production batches
- Special car tyres
- Heavy tyres, retreading materials
- Export to western markets

2010:

- Car tyres to 6-day shift system
- Heavy tyres to 7-day full capacity utilisation
- 736 employees in production department at the end of 2010

2011:

- Investments for increasing productivity through automation
- Approx. 150 new employees



Vsevolozhsk, Russia

- Production of the whole car tyre range
- State-of-the-Art production technology
- Low production costs
- Tax relieves
- Inside the duty borders of Russia and CIS
- Export to all markets
- Possibility to expand in current premises & land area

2010:

- Lines 7 and 8 were taken into use
- Approx. 200 new employees, total 851 at the end of 2010 (722 in production department)

2011:

- Lines 9 and 10 & new technology into use
- Approx. 200 new employees

**New factory next to the current one in 2012-2014:
5-6 million tyres annual capacity, tax relieves and
infrastructure being finalized**

INVESTMENTS

Capex 2010 → Adjusted to maximize cash flow and utilize existing capacities

Capex 2011 → Significant investment to secure strong profitable growth

Investments in 2010

- 2010: 50.5 m€ (86.5 m€)

Russia 2010

- Capacity ramp-up and investments
 - Lines 7-8 completed with start-up in 2010

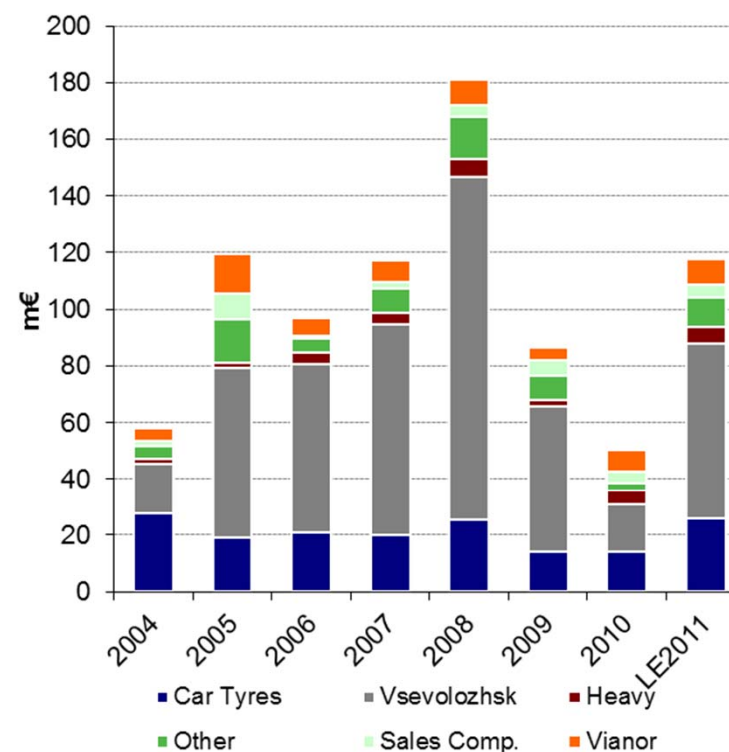
Estimated investments for 2011

- Approximately 117 m€
 - Lines 9-10 start-up in Russia in June-August
 - Moulds for new products 26m€
 - ICT and production bottlenecks 14 m€
 - Vianor chain 9 m€

Estimated investments for 2012-2013

- Approximately 120 m€ per year

Nokian Tyres Capital expenditures (m€)



THE NEW PRODUCTS' TEST SUCCESS CONTINUES – BOTH IN SUMMER AND IN WINTER

SUMMER TYRES, spring 2011

Nokian V

- Summer tyre for CE and North America
- Test victories e.g.:
 - Auto, Motor und Sport (Germany)
 - ADAC Motorwelt (Germany)



Nokian Hakka H for core markets

- Test victory: Za Rulem (Russia)

Nokian Hakka Green for core markets

- Test victory: Tuulilasi (Finland)



Nokian V

WINTER TYRES, autumn 2010

Nokian Hakkapeliitta 7 – Next generation studded tyre

- New studded winter tyre family for core markets. Winner in practically all magazine tests, e.g.:
 - Tekniikan Maailma (Finland)
 - Tuulilasi (Finland)
 - Vi Bilägare (Sweden)
 - Aftonbladet BIL (Sweden)
 - Za Rulem (Russia)
 - Avto Centr (Ukraine)



Nokian Hakkapeliitta 7

Nokian Hakkapeliitta R – Safe and reliable friction tyre

- Rolls lightly and gives excellent grip. Test victories e.g.:
 - Vi Bilägare (Sweden)
 - Za Rulem (Russia)
 - Avto Centr (Ukraine)



- Minimum 35% of car tyres' net sales are new products
- Technological leadership
- High investment on winter tyre development & testing

EXAMPLES OF NEW PRODUCTS AND INNOVATIONS - IN STORES 2011

Nokian Hakka Green – Summer tyre for core markets

- Environmentally friendly novelty, extremely low rolling resistance
→ Fuel savings and less carbon dioxide emissions
- Superior grip and driving response
- If all Finnish car drivers would use use Nokian Hakka Green tyres, annual fuel savings would be over 114 million litres, which corresponds to 2,077 trailer loads. Carbon dioxide emissions would decrease by some 296,000 tonnes



Nokian WR – Winter tyre for Central Europe

- Advanced new-generation tyre family for any winter weather
- Environmentally friendly premium products feature nanotechnology, canola oil and the solid winter expertise of Nokian Tyres
- Nokian WR D3 for the economic driver (smaller sizes)
- Nokian WR A3 for sporty use (bigger sizes)



Beyond All-Steel – Challenging All-Steel special tyres

- Revolutionary technology of the future, used in harbour, mining and earthmoving machinery tyres
- Unique technical solution combining a multi-layer textile structure with a modern radial structure
- Better stability, longer life time, enhanced safety
- First top product: the Nokian HTS Straddle harbour tyre





IN 2011 THE COMPANY IS POSITIONED TO PROVIDE STRONG SALES GROWTH AND TO IMPROVE OPERATING PROFIT CLEARLY COMPARED TO 2010

ASSUMPTIONS

- Growing core market: Nordic countries, Russia & CIS
 - GDP growth 3-5%
 - New car sales improving
 - Russian economy growing, consumer confidence improving
 - Currencies on Nokian core markets expected to be stable
- Further tyre price increases to offset higher raw material cost (€/kg)
 - Cost up by 30% in Q4/2010 vs. Q4/2009
 - Cost estimated to increase by 13% in Q1/2011 vs. Q4/2010
 - Cost estimated to increase by 25-28% in 2011 vs. 2010
- Passenger car tyre operation environment
 - Demand growing in core markets
 - Low carry-over distributor inventories offer growth opportunities
 - Demand improving for winter tyres, legislation in Europe
 - Receivable risks are back to normal
- Heavy tyre market demand
 - OE markets for OTR and heavy tyres continue to grow
 - Aftermarket demand continues to grow
- Nokian Tyres financial position remains solid
 - No major loans due for payment in 2011
 - Equity ratio 68.4%
 - Undrawn facilities available

NOKIAN TYRES OUTLOOK: Profitable growth

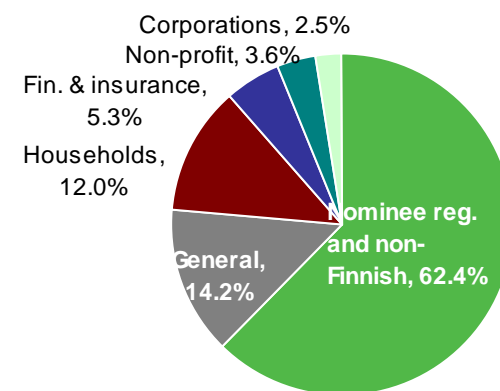
- Strong overall demand and order book
- Retailers' low inventories drive sales growth
- Further tyre price increases & mix improvement
- Raw material cost estimated to go up 25-28% in 2011
- Capacity increasing:
Lines 9&10 to be installed in Russia in 2011
- Profitability supported by
 - Improved cost structure and productivity
 - Higher sales volume, better mix and ASP
 - Increasing share of Russian production
→ productivity up
- Year 2011 estimates:
 - The company is positioned to provide strong sales growth and to improve operating profit clearly compared to 2010.

APPENDIX

Major shareholders as of 31 December, 2010

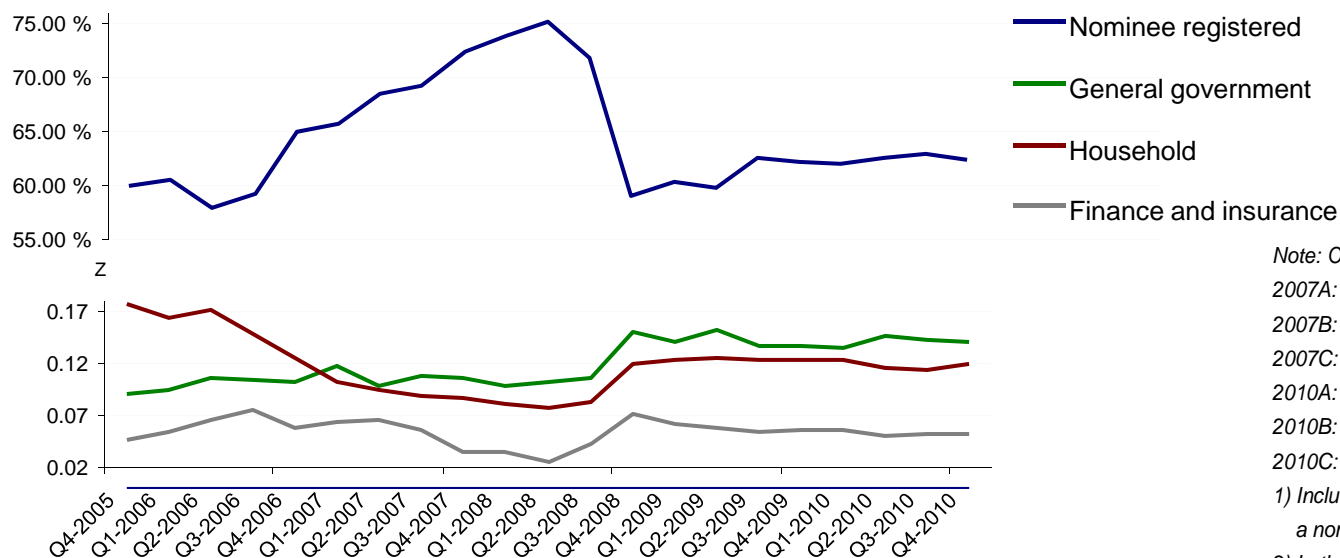
Major Domestic Shareholders	Number of Shares	Share of Capital (%)	Change from previous month
1 Varma Mutual Pension Insurance Company	8 747 564	6.85	0
2 Ilmarinen Mutual Pension Insurance Company	4 593 813	3.6	910 465
3 The State Pension Fund	1 289 530	1.01	-300 000
4 Tapiola Mutual Pension Insurance Company	1 150 000	0.9	-130 000
5 Nordea	1 057 263	0.83	88 755
6 OP Investment Funds	1 030 000	0.81	115 000
7 Svenska litteratursällskapet i Finland r.f.	826 000	0.65	0
8 Etera Mutual Pension Insurance Company	676 492	0.53	-61 261
9 Sijoitusrahasto Aktia Capital	510 000	0.4	0
10 Nordea Nordenfonden	506 707	0.4	50 628
Major Domestic Shareholders total	20 387 369	16.0%	
Foreign Shareholders ¹⁾	79 625 088	62.4%	
Bridgestone Europe NV/SA ²⁾	20 000 000	15.7%	

Division by Category as of 31 Dec, 2010



Total number of shares: 127702461

Shareholder development by category Q4/2005 - Q4/2010



Note: Options, free (31 December, 2010)

2007A: 1,736,744 (104,740 in company's possession)

2007B: 2,249,875 (423,940 in company's possession)

2007C: 2,250,000 (1,086,500 in company's possession)

2010A: 1,320,000 (74,850 in company's possession)

2010B: 1,340,000 (1,340,000 in company's possession)

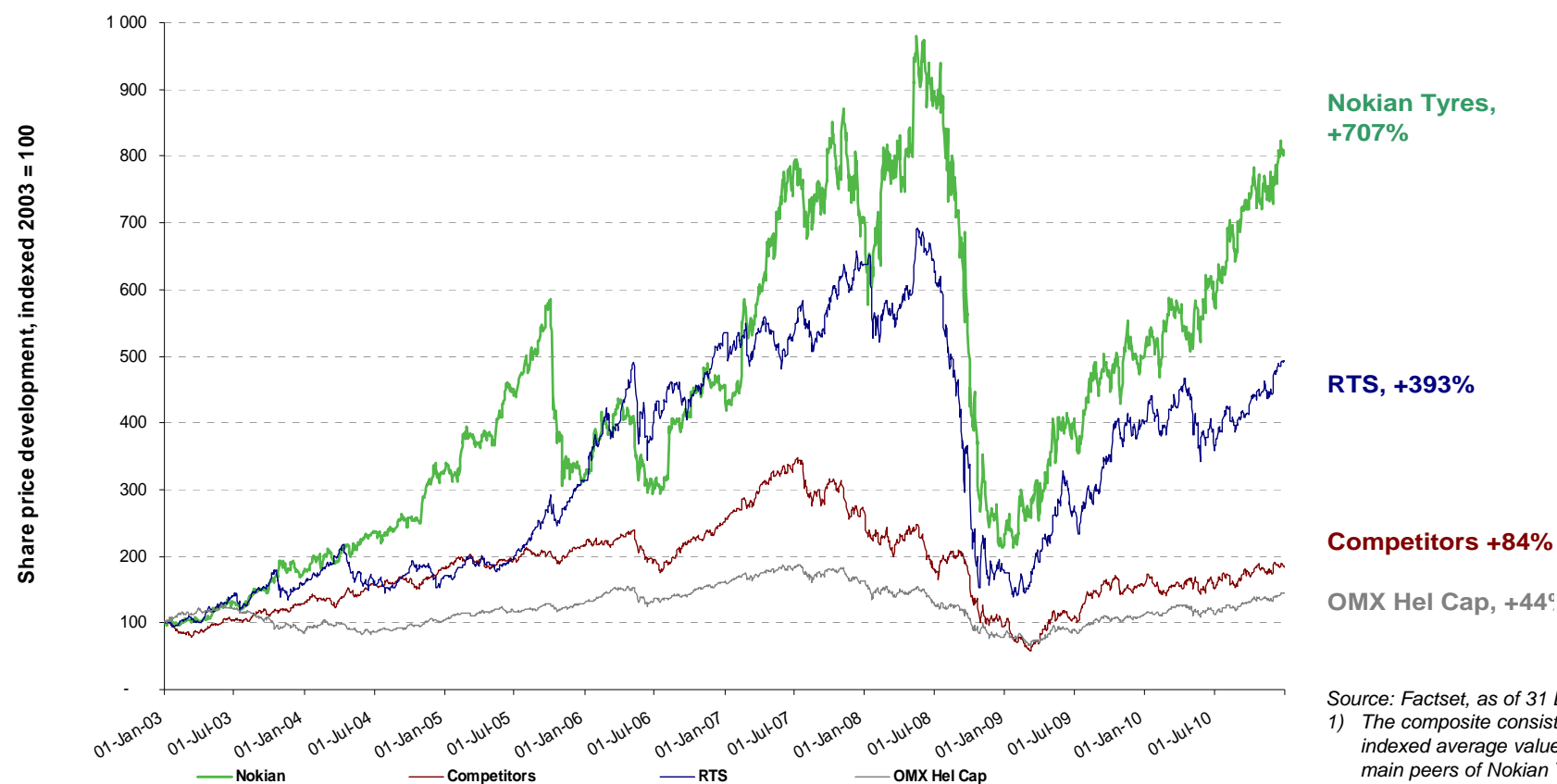
2010C: 1,340,000 (1,340,000 in company's possession)

1) Includes also shares registered in the name of a nominee.

2) In the name of a nominee.

APPENDIX

Comparing share price development to main indexes 2003-2010



Source: Factset, as of 31 Dec 2010.

- 1) The composite consists of an indexed average values of the main peers of Nokian Tyres.
- 2) OMX Helsinki Cap is calculated assuming a natural continuation of HEX Portfolio Index.

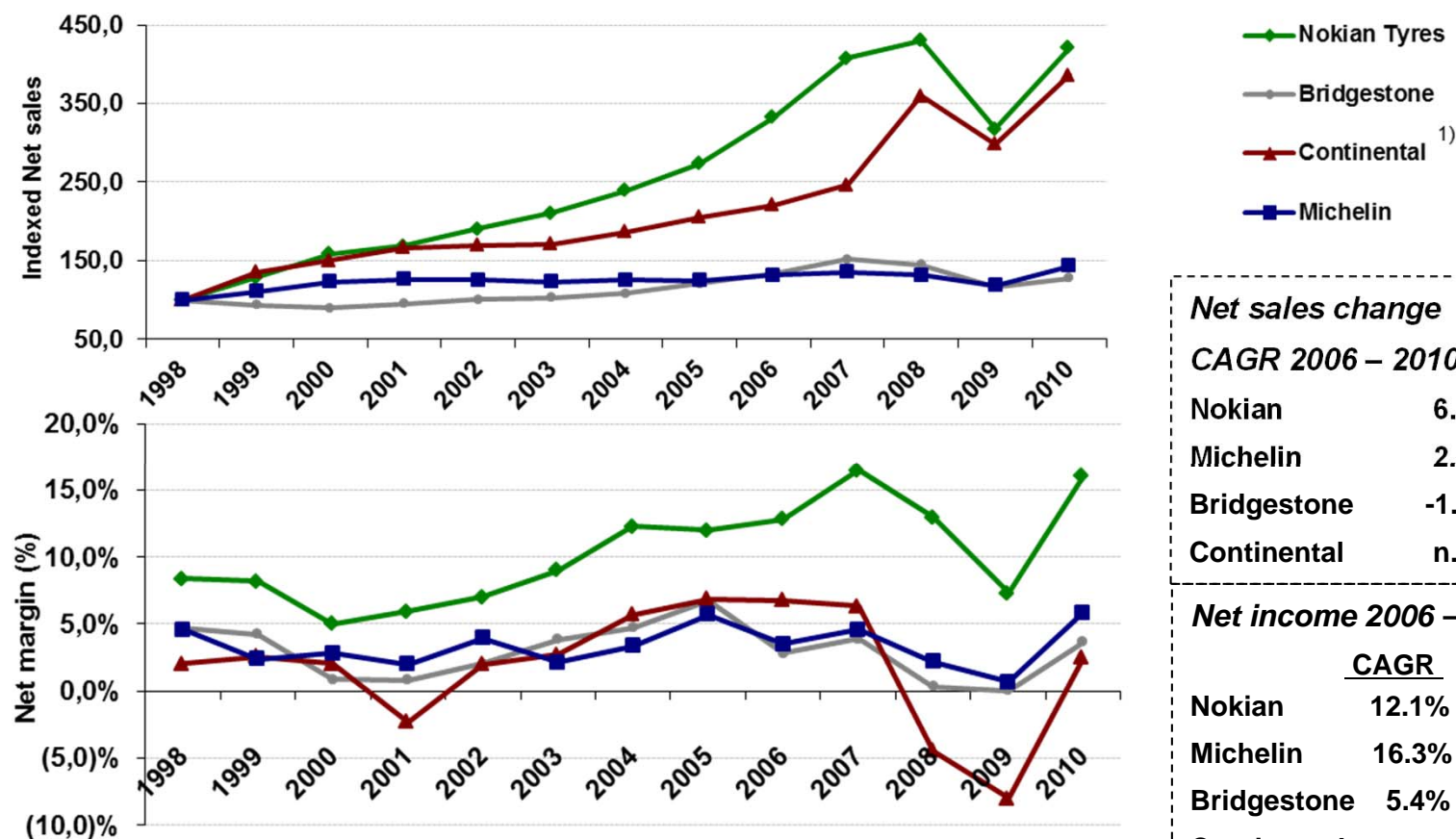
Nokian Tyres by Dec-31-2010	Last 8 years	Last 3 years	Last 2 years	LTM	L6M	L3M	Last month
High	33,30	33,30	27,99	27,99	27,99	27,99	27,99
Average	15,03	19,11	17,42	21,55	24,32	25,96	26,91
Low	3,30	7,23	7,27	15,95	19,40	24,51	25,33

APPENDIX

Competitor comparison 1998-2010:

Nokian Tyres the most profitable tyre producer

Nokian Tyres' operational performance (growth and profitability) has been clearly better than that of the main peers during the past 10 years. The clearly better profitability protects the company profits during recessions and potential downturns.



Net sales change

CAGR 2006 – 2010

Nokian	6.1%
Michelin	2.2%
Bridgestone	-1.1%
Continental	n.m. ¹⁾

Net income 2006 – 2010

	CAGR	Margin2010
Nokian	12.1%	16.0%
Michelin	16.3%	5.9%
Bridgestone	5.4%	3.7%
Continental	n.m.	2.5%

Source: Results 1998-2010 (company websites) of the peers.

Note: "n.m." means that the results would be non-meaningful or that the calculation is not possible due to negative results.

¹⁾ Continental sales for 2008 not comparable due to VDO acquisition.