



ANNUAL GENERAL MEETING 11 APRIL 2013

Kim Gran
President and CEO
Nokian Tyres plc





NOKIAN TYRES MANAGEMENT APRIL 11, 2013



The year indicates when the person started working for Nokian Tyres.



GENERAL OVERVIEW 2012

Strong result

Demand comparatively good in core markets

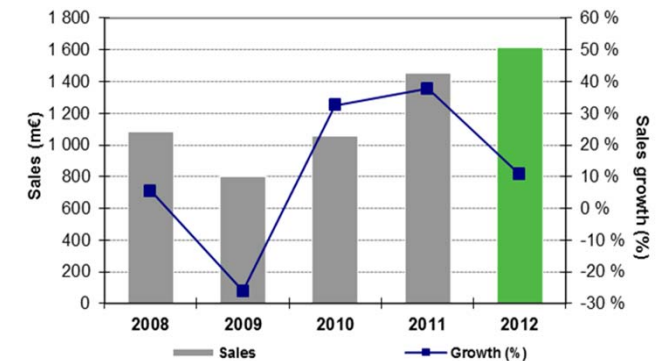
- Russian economy stable, car sales increased
→ strong growth in tyre sales
- Nordic countries relatively stable
- Demand in Central Europe dropped

Nokian Tyres 2012 – strong result

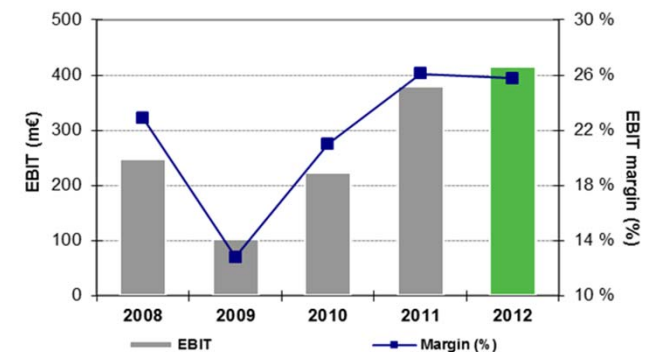
- Record high sales and Operating profit
- Strong sales and market share growth in Russia
- Market leadership in Russia and Nordic countries
- Sales mix and ASP increase supported profitability
- Production increased 11%
- Car tyre production 15.7 million tyres, capacity increased to 18 million tyres

- Net sales 1,612.4 m€, up 10.7%
- Operating profit 415,0 m€
- Profit before tax 387.7 m€
- Profit for the period 330.9 m€
- Earnings per share 2.52 €

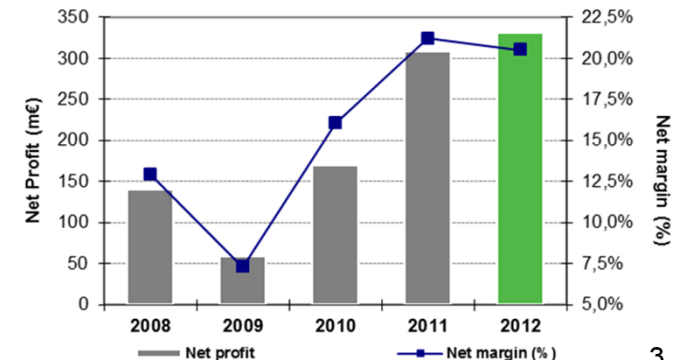
Net sales (m€) and Net sales growth (%)



EBIT (m€) and EBIT margin (%)



Net profit (m€) and net margin (%)



GENERAL OVERVIEW 2012

Strong financial position

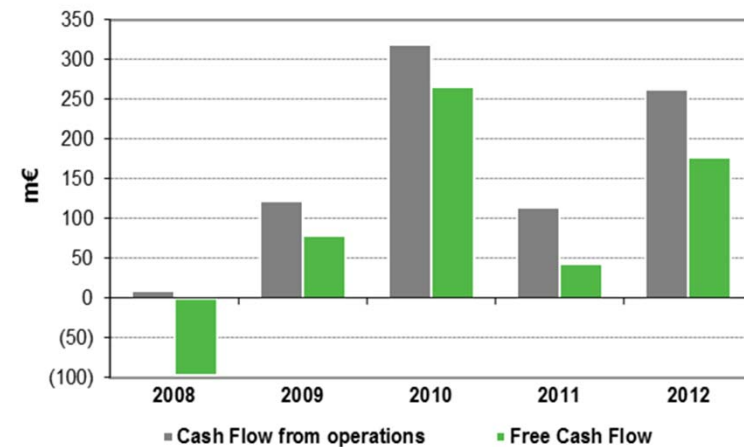
Cash flow from operations: 262.3 m€

- Investments 209.2 m€ (161.7) weakened Cash flow
- Inventories' and Trade receivables increased along with sales growth

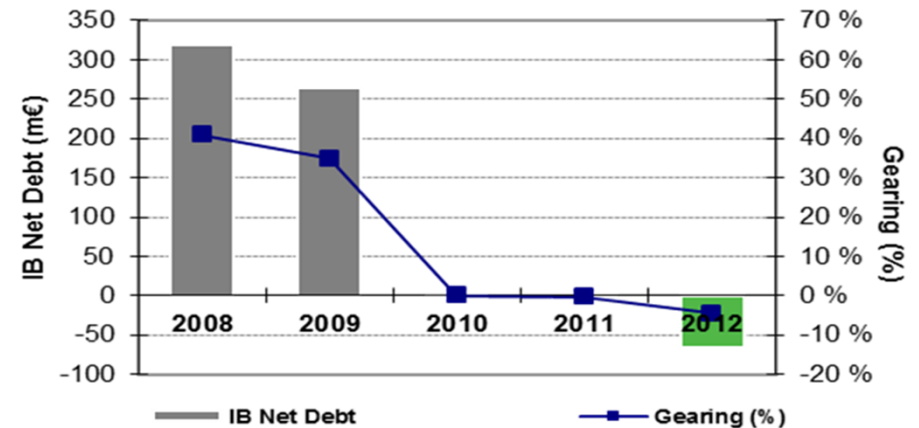
Strong balance sheet

- The company was free of net debt at the end of 2012
- Strong balance sheet enables investments for growth

Group Cash Flow From Operations and Free Cash flow



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



GENERAL OVERVIEW 2012

Market position improved

Nordic countries – Solid market leadership

- Sales growth 1.7% (market -5%)
- Car tyre market share 29% in Nordic countries
- Vianor expanded to 251 stores (+16 in 2012)

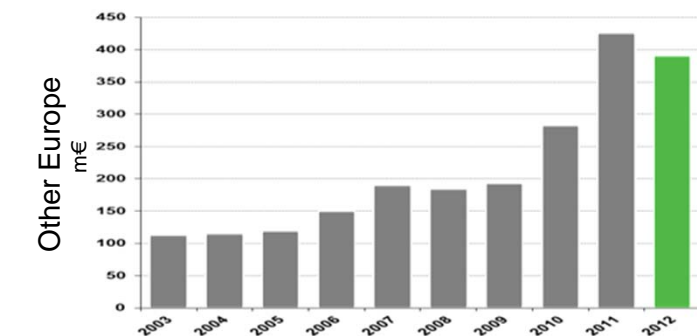
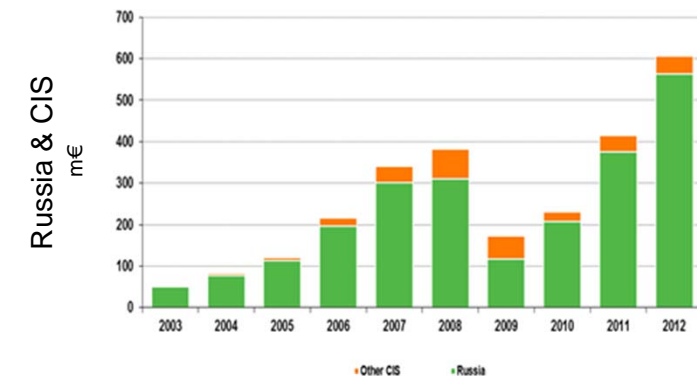
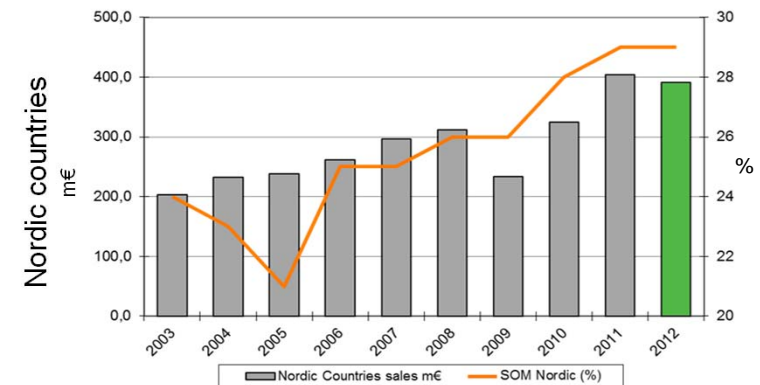
Russia & CIS – Market leadership strengthened

- Sales in Russia increased 50% (market +15%)
- Market shares in A and B segment summer and winter tyres improved clearly
- Vianor expanded to 533 stores (+42 in 2012) in 319 cities

Other Europe – Demand dropped

- Sales decreased by 8.3% (market -13%)
- Market position stable
- Vianor expanded to 198 stores (+52 in 2012)

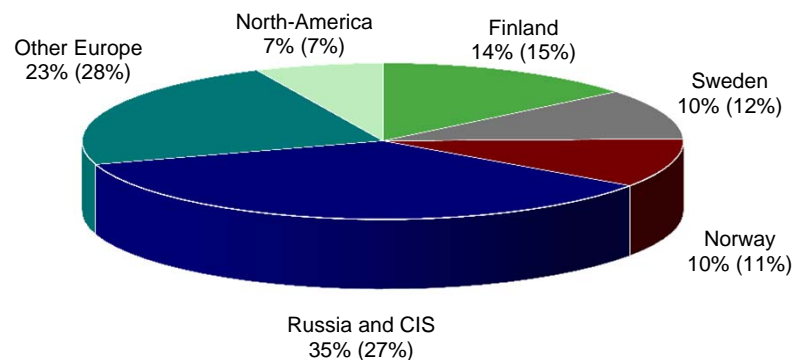
Sales development 2003-2012



GENERAL OVERVIEW 2012

Gross sales by market area

Sales of Nokian Tyres Group: 1,731.7 m€ +12.3%

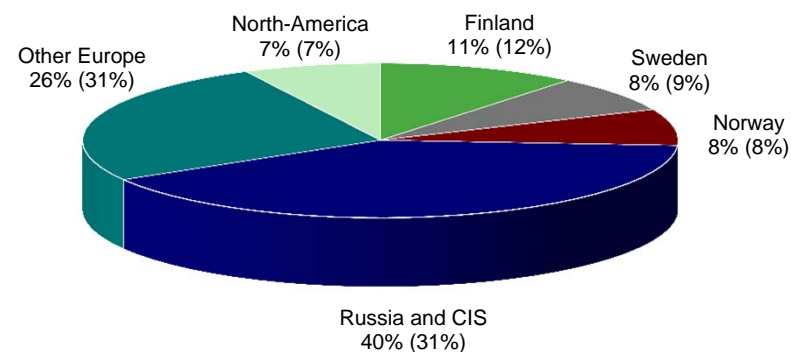


GROUP

Sales development in euros

■ Nordic countries	+1.7%
■ Russia and CIS	+46.2%
■ Other Europe	-8.3%
■ North America	+10.7%

Sales of Manufacturing Units: 1,518.4 m€ +12.3%



MANUFACTURING

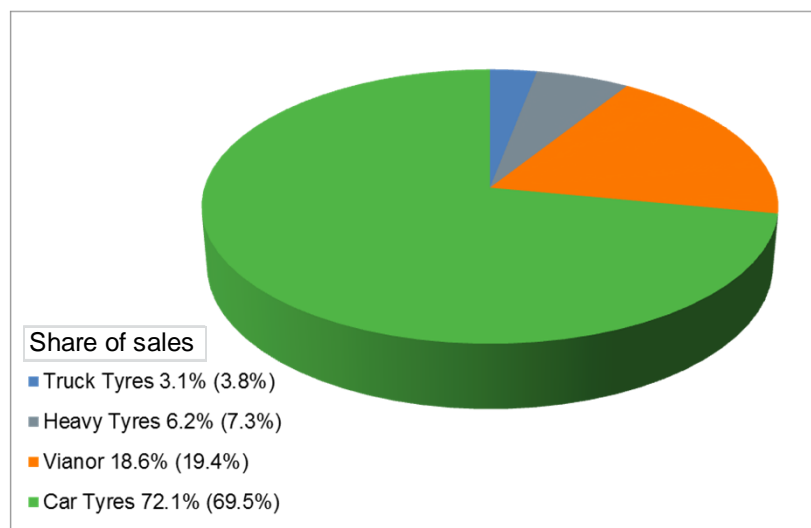
Sales development in euros

■ Nordic countries	-3.3%
■ Russia and CIS	+46.2%
■ Other Europe	-8.2%
■ North America	+11.3%

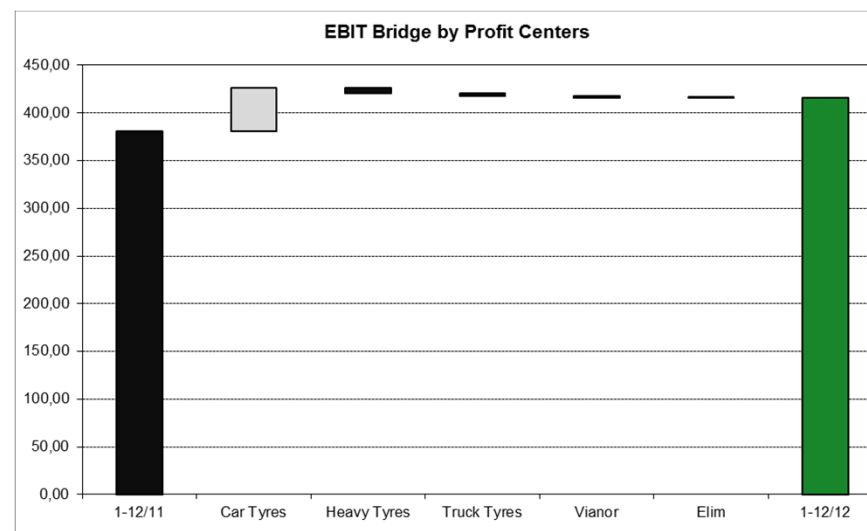
PROFIT CENTRES

General overview 2012

Net sales 1,612.4 m€ +10.7%



EBIT 415,0 m€ +9.2%



Passenger Car Tyres

- Net sales: 1,220.1 m€, +13.9%
- EBIT 410.8 m€, +12.5%
- EBIT margin: 33.7% (34.1%)
- Key products: studded and non-studded winter tyres, high-speed summer tyres

Heavy Tyres

- Net sales: 104.4 m€, -7.4%
- EBIT: 11.3 m€, -34.3%
- EBIT margin: 10.8% (15.3%)
- Key products: tyres for forestry, industrial and agricultural machinery

Truck Tyres

- Net sales: 52.9 m€, -10.9%
- Key products: truck tyres and retreading materials

Vianor

- Net sales: 315.3 m€, +5.7%
- EBIT: 0.0 m€, -98.2%
- EBIT margin: 0.0% (0.8%)
- 1,037 stores in 26 countries in Nokian Tyres' core markets



PASSENGER CAR TYRES

Russia spearheading sales growth

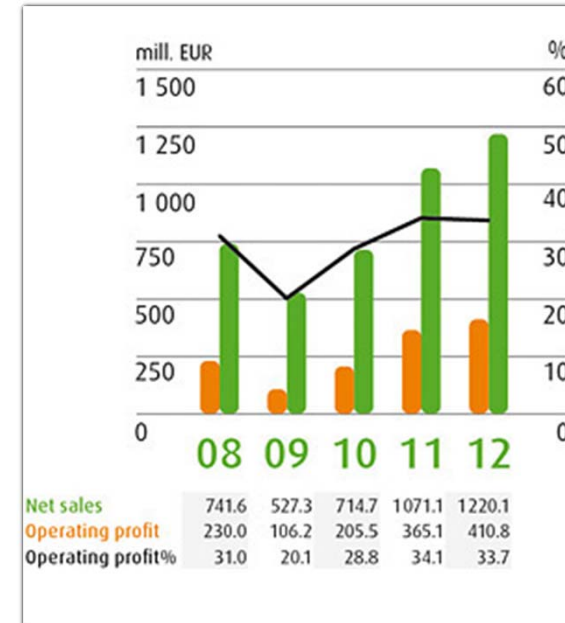
Performance in 2012

- + Strong sales and market share growth in Russia
- + Healthy growth from SUV and winter tyre sales
- + Improved sales mix and price increases → ASP up by 5%
- + Production 15.7 million tyres, up by 11% vs. 2011
- + Annual capacity increased to 18 million tyres
- H2 sales lower than expected due to weak demand in CE

Key actions and targets for 2013

- Maximize sales with renewed product offering
- Improve market shares in core markets
- Expand distribution, special focus CE
- Improve productivity and utilization of capacities

→ **Maximize sales of new winter range, expand distribution in CE, improve productivity**





RUSSIA & CIS

Significant growth potential

Russian economy and car sales in growth mode, although slower growth in 2013

- GDP 2012: +3.6%, estimated GDP growth in 2013: +3-4%
- Car sales 2012: +11%
- Car sales estimate 2013: 2-5%. Q1/2013: +1%
- Financing available with moderate interest rates

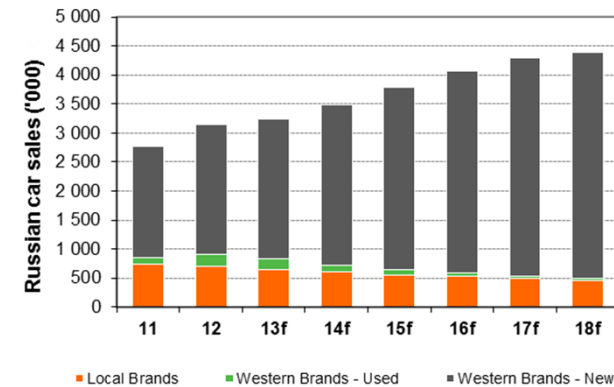
Tyre sales growing

- Car sales increase demand for winter tyres
- Replacement market growing

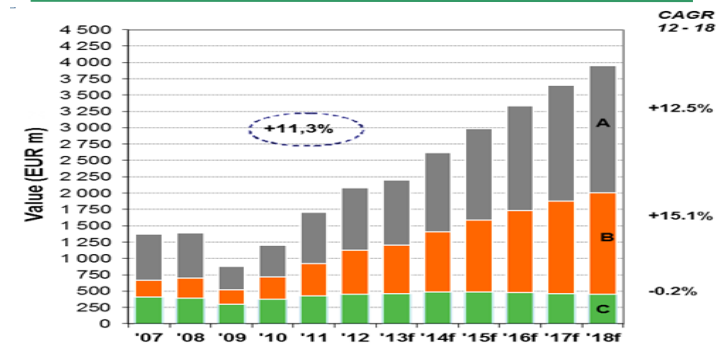
Sales in Russia and CIS

- Nokian sales in Russia increased by 49.8% in 2012
- Market leadership in premium and medium segments with Nokian and Nordman brands
- Estimate: growth in 2013
- Growth of tyre demand estimated to continue for at least 4-5 years

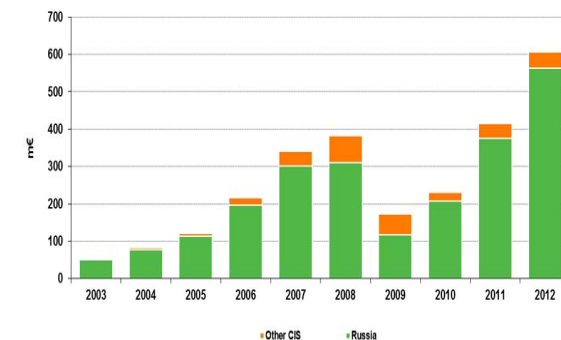
New car sales in Russia



Tyre sales (m€) in replacement market



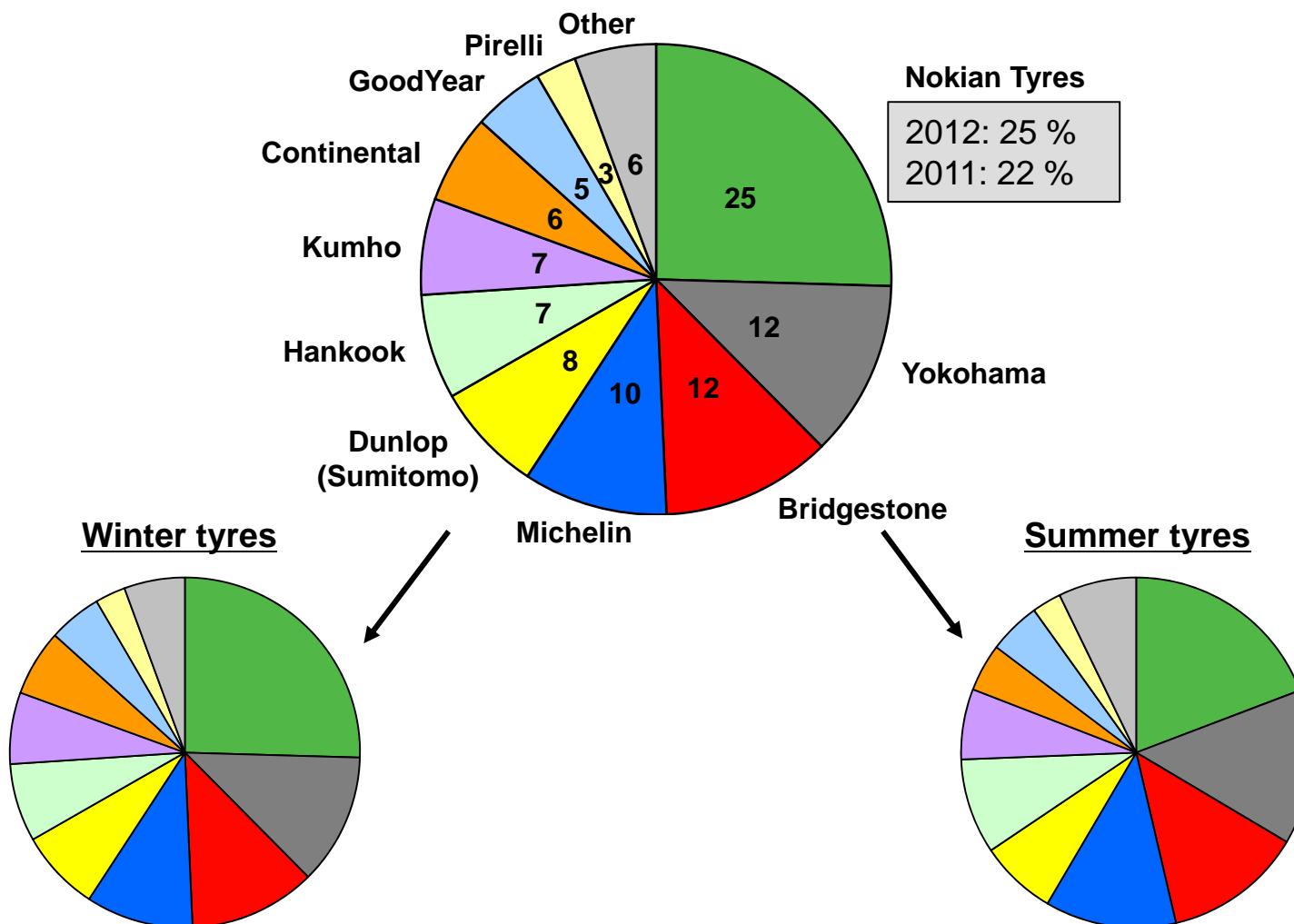
Nokian Tyres' car tyre sales in Russia & CIS





RUSSIA Market shares in 2012

Estimated replacement A+B segments market shares 2012 by sell-in volume



Source: Nokian Tyres estimates



MAGAZINE TESTS

Test success continues – both in summer and in winter

WINTER TYRES, autumn 2012

Nokian Hakkapeliitta 7 – Multiple test winner

- Studded winter tyre family for core markets. Test victories in magazine tests, e.g.: Tekniikan Maailma, Tuulilasi (Finland), Motor Auto, Motor og Sport, (Norway); Aftonbladet BIL, Auto, Motor & Sport, Vi Bilägare (Sweden); Za Rulem, AutoReview (Russia), Auto Centre (Ukraine)

Nokian Hakkapeliitta R (non-studded) – Safe and reliable

Test victories e.g. Tekniikan Maaailma, Tuulilasi (Finland), Motor, Auto, Motor og Sport (Norway); Auto, Motor & Sport, Vi Bilägare (Sweden) Za Rulem, AutoReview (Russia), Auto Centre (Ukraine)

Nokian WR D3 – for Central European winter

Test victories e.g.: Auto, Motor und Sport, ADAC, AUTO
Strassenverkehr, Firmenauto (Germany), Aftonbladet BIL, AMS
(Sweden)

Nokian WR A3 – for Central European winter

Test victory: AutoBild (Germany)



**Nokian Hakkapeliitta 7:
Over 30 test wins in car magazines
between years 2009 and 2012**

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

SUMMER TYRES, spring 2012

Nokian Hakka Blue

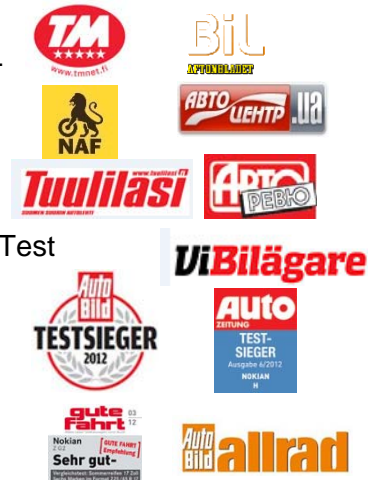
- Test victories e.g.: Tekniikan Maaailma (Finland), Aftonbladet BIL (Sweden), Motor/NAF (Norway), AutoReview (Russia), Auto Centre (Ukraine)

Nokian Hakka Green

- Test victories e.g.: Tuulilasi (Finland), Vi Bilägare (Sweden).

Nokian Z G2 – Cool Performer

- Test victories e.g.: Auto Bild, Gute Fahrt, Auto Bild Allrad, Auto Test



Nokian Hakka Blue

- ## SUMMER TYRES, spring 2013

Nokian Hakka Blue – Wet performer

- Test victory: Tuulilasi (Finland)

Nokian Hakka Green – Naturally safe

- Test Victory: Za Rulem (Russia), Auto Centre (Ukraine)

Nokian Line – NEW

- Best reviews e.g.: Auto Bild, ADAC, Stiftung Warentest



MAJOR REVAMP OF PRODUCT OFFERING 2013

Examples of new products and innovations

WINTER TYRES

Nokian Hakkapeliitta 8 – Ruler of the North

- Based on the Nokian Hakkapeliitta 7 with over 30 test victories 2009-2012.

Nokian Hakkapeliitta R2 – Northern comfort

- The new non-studded winter tyre will safely tackle all winter conditions.

Nokian Hakkapeliitta R2 SUV – Northern comfort and stability

- The non-studded winter tyre, specially tailored for sport utility vehicles.

Nokian WR SUV 3

- Developed for Central Europe's varying winter conditions in SUV segment

Nokian WR G3

- An extension of the Nokian Tyres' All Weather Plus line for the North American market

New range puts winter grip on an awesome new level!

SUMMER TYRES

Nokian eLine – Next generation summer tyre for all markets

- Fuel efficiency and wet grip are at the top of the new EU tyre label, class A

Nokian Hakka Black – UHP tyre for core markets

- Cool performance for fast driving, stable and precise from spring to autumn

Nokian zLine – Ultra High Performance summer tyres for CE

- New top class tyre family for varying Central European summer conditions



Nokian Hakkapeliitta 8



Nokian Hakkapeliitta R2



Nokian Hakka Black

STRATEGY

Development 1898-2012: From manufacturing to consumer sales

Manufacturing



Manufacturing

- Suomen Gummitehdas was founded in 1898
- Nokia plant in 1904
- 1st Russian plant in 2005
- 2nd Russian plant in 2012

Distribution



Distribution

- Since the late 1990's controlled distribution and contact to end users; a tool to improve market shares
→ Vianor tyre chain includes over 1,000 stores

Consumers



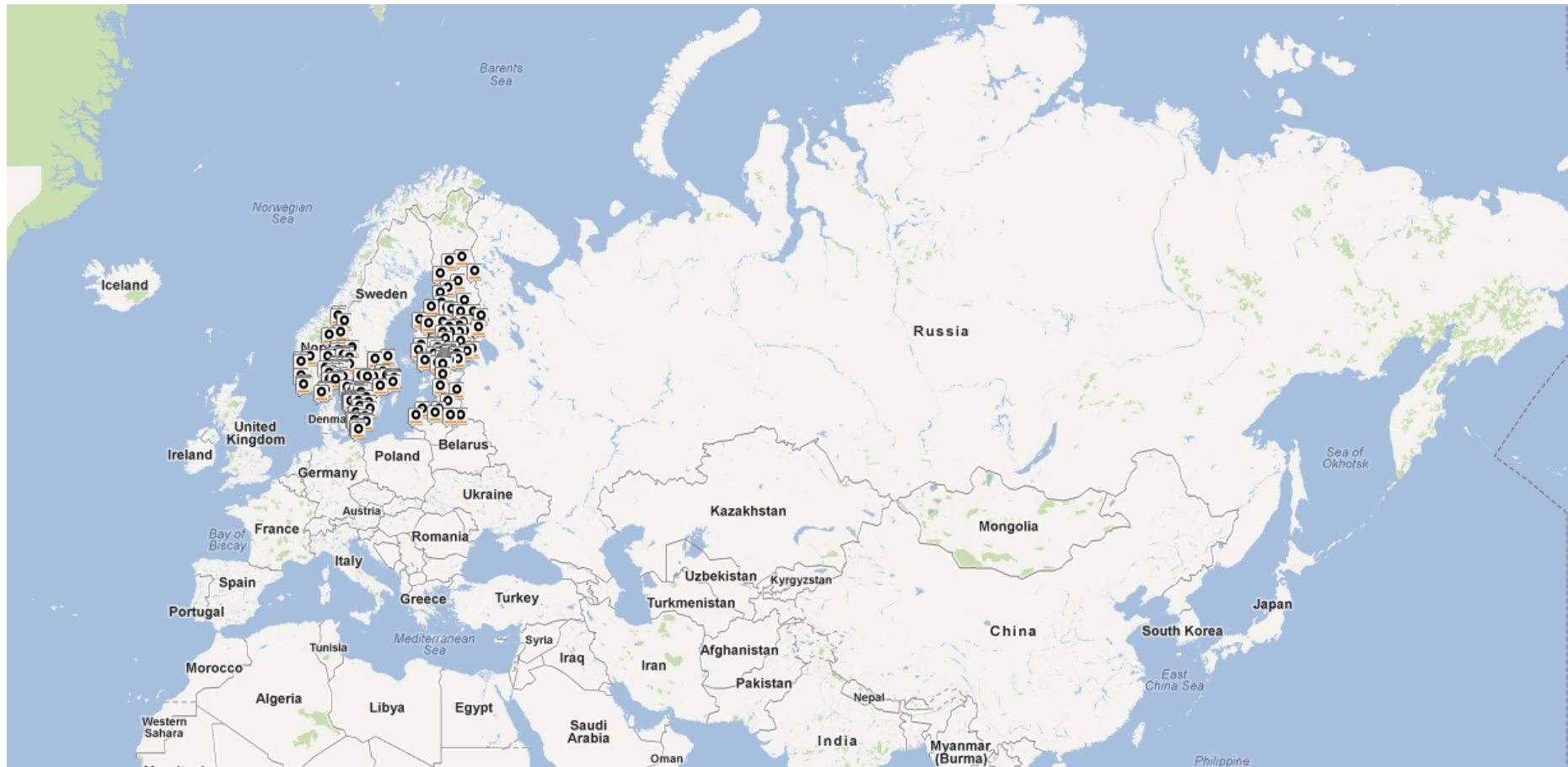
Consumers

- In 2009 desire to be closer to consumers
- Electronic business, creating consumer relationship, improving interaction
→ "Close to customer"



VIANOR

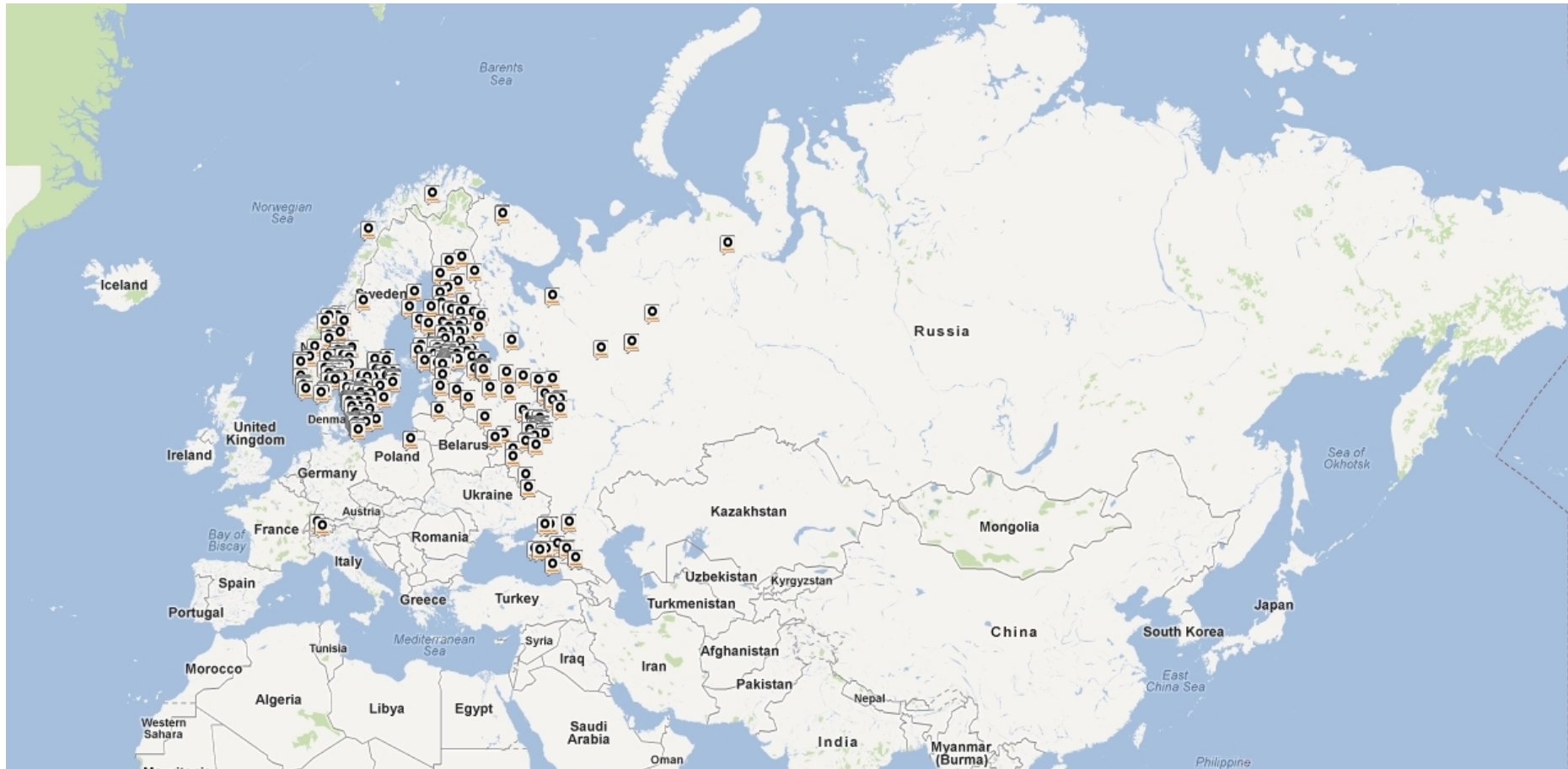
Vianor network Q1/2002





VIANOR

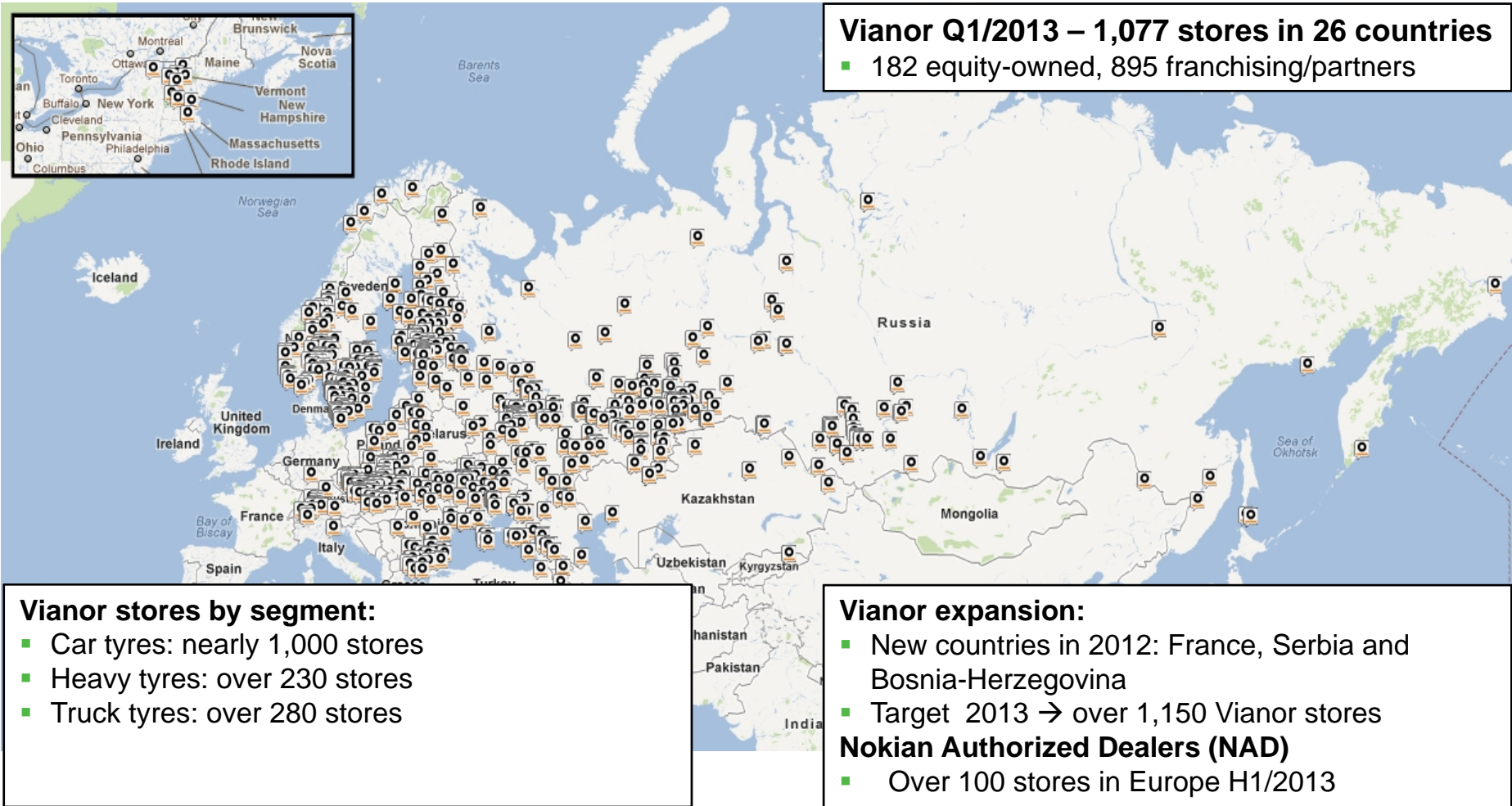
Vianor network Q1/2007





VIANOR

Vianor network – 127 new stores in 2012



**nokian[®]
TYRES**

VIANOR

1000th store on 16th November 2012: Friedrichshafen, Germany





EXPANDING DISTRIBUTION

Nokian Authorized Dealers (NAD)

Requirements for NADs:

- Minimum purchases from Nokian Tyres and a strong visibility in the store
- Professional tyre services
- Soft Nokian Tyres outdoor branding, indoors Nokian Tyres shop-in-shop

Benefits for NADs:

- NAD terms and conditions
- Product seminars, launch events
- Advertising materials, web visibility

Target 2013:

- Over 200 stores by the end of the year in Europe
- Concept launch in China



HEAVY TYRES

Successful restructuring, soft demand in 2012

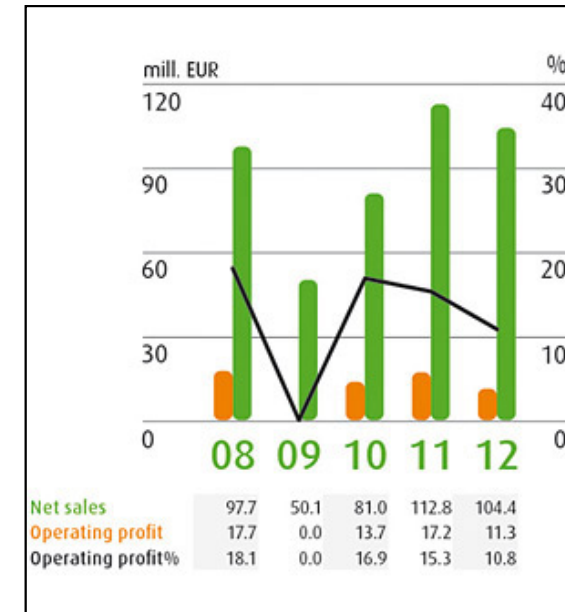
Performance in 2012

- + Sales of mining and radial agricultural tyres increased
- + Sales in Russia and North America grew clearly
- + Production restructuring will support 2013 results
- Total sales down due to weaker forestry tyre demand and machine building in Europe

Key actions and targets for 2013

- Improve sales, sales mix and share of replacement market sales
- Expand the distribution network, especially in Russia and CIS
- Factory modernization to improve quality, flexibility and productivity
- Optimize production output

→ Increase sales to replacement market, optimize production output and improve productivity



Nokian Mine L-5S



TRUCK TYRES

Market shares up in core markets

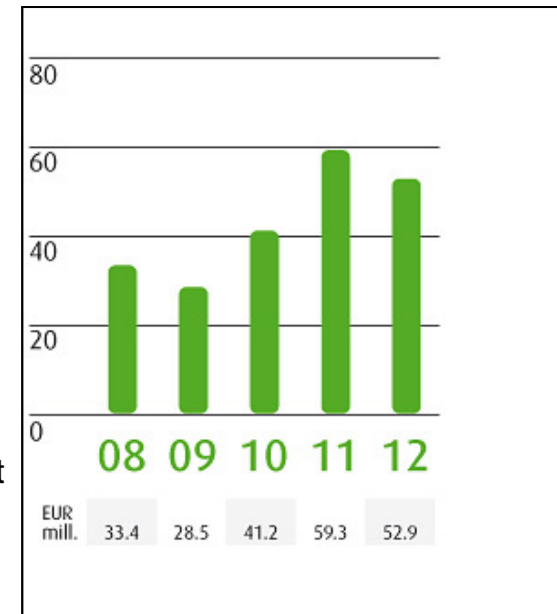
Performance in 2012

- + Market share improved in the Nordic countries and Russia
- + Wider range for premium & standard truck tyres
- + Tyre inventory decreased
- Sales down trailing weaker demand in CE

Key actions and targets for 2013

- Increase sales and market shares in core markets
- Expand in Eastern Europe utilising the “Vianor truck” concept
- Utilize the combination of new & retreaded tyres as a sales concept
- Utilize the stronger winter product range (incl. Hakkapeliitta truck tyres)

→ Focus on increasing sales and improving market shares



Nokian Hakkapeliitta Truck D

PRODUCTION PLANTS

Production capacity in 2013: 18 million tyres

Potential to increase output by 50% by 2014



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

2011:

- Car tyres to 7-day shift system in August
- Investments for increasing productivity through automation
- Expansions in Heavy tyres factory

2012:

- Car tyres to 5-day shift system at the end of Q2
- Further temporary production cuts in Q4

2013:

- Temporary production cuts in Q1



Vsevolozhsk, Russia

- Production of the whole car tyre range with state-of-the-art production technology and lower 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

2011:

- Lines 9 and 10 & new technology into use

2012:

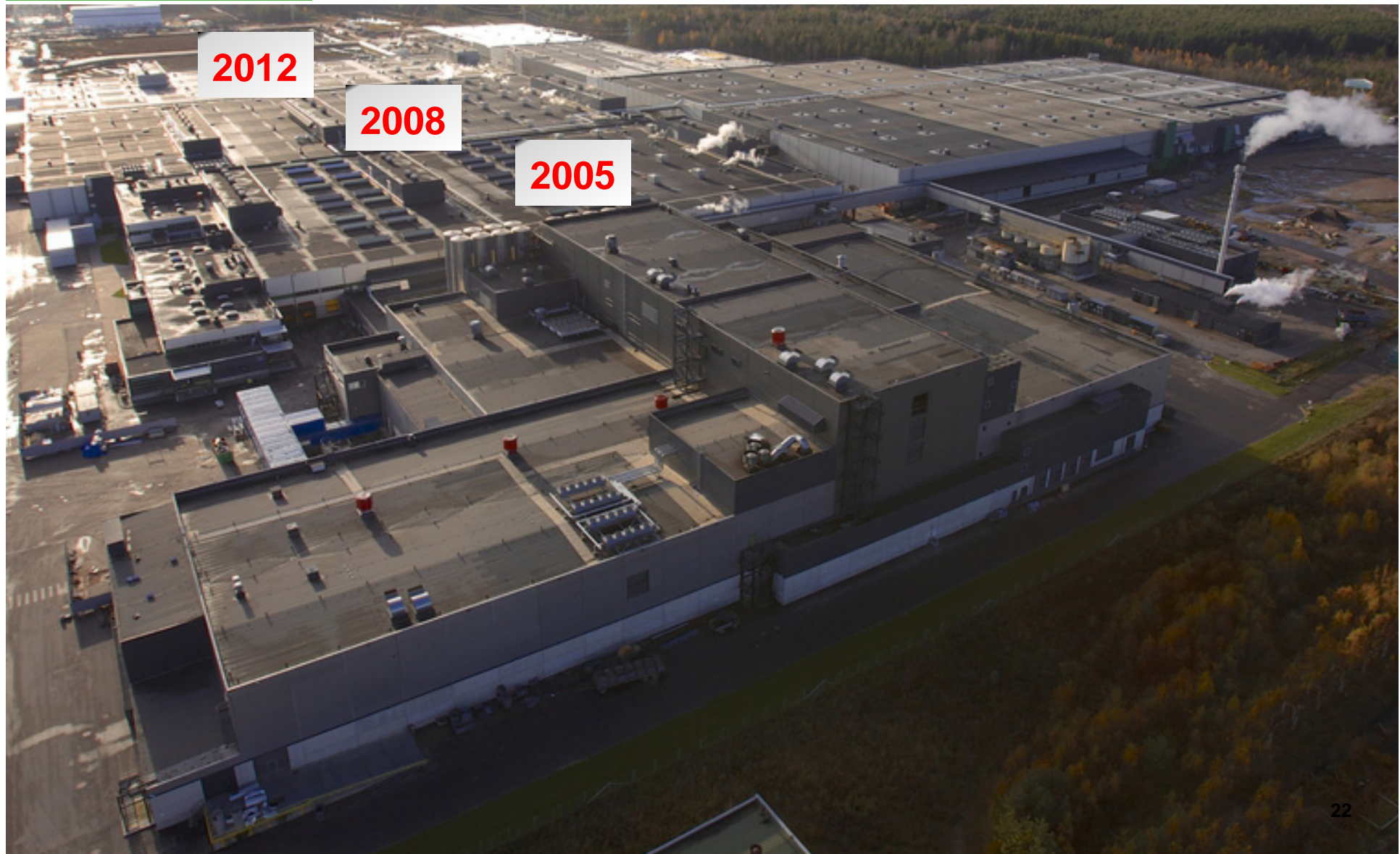
- New factory next to the current one
- New line (11) commenced production
- Own electricity generation

2013:

- Line 12 on stream in H1/2013
- Line 13 to be installed in 2013

PRODUCTION PLANTS

Vsevolozhsk, Russia – new factory commenced production in 2012



NOKIAN TYRES GOING FORWARD

Investments continue to prepare for future demand upturn

Investments in 2012

- Q4/2012: 40.7 m (53.5 m€)
- Full year: 209.2 m€ (161.7 m€)

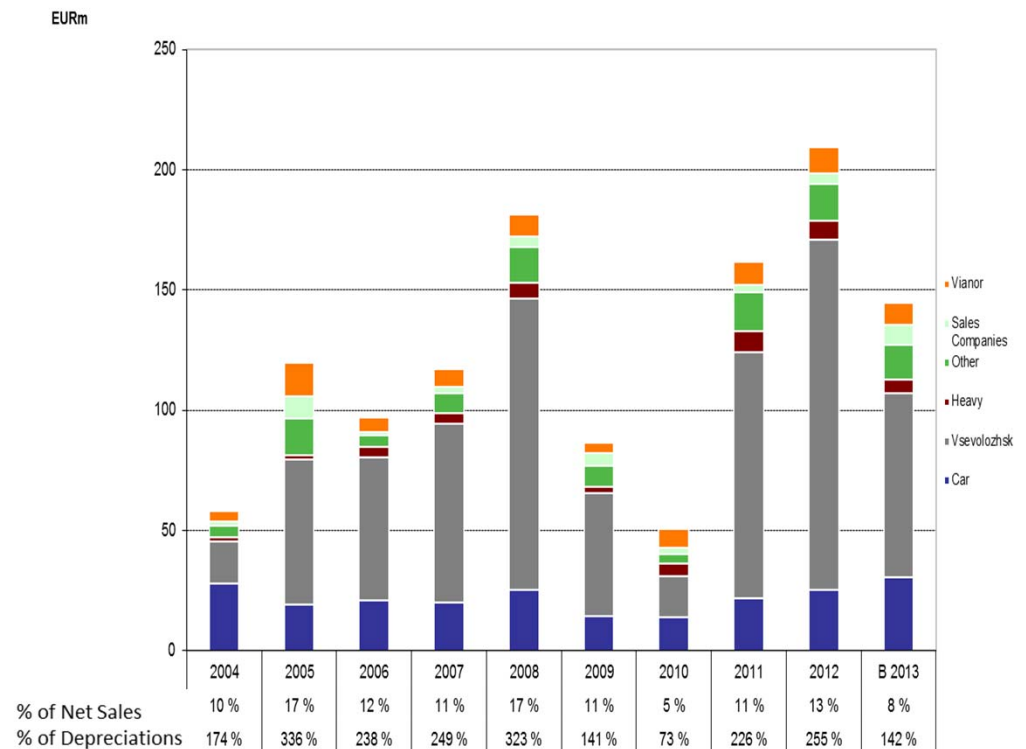
Russia

- Capacity ramp-up and investments
 - 11 lines in production
 - Line 12 to start production in H1/2013
 - Line 13 to be installed in 2013
 - Hakkapeliitta Village 2nd stage started

Estimated investments for 2013

- Approximately 144 m€
 - Russia 83 m€
 - Nokia plant 44 m€ (automation, moulds, ICT, R&D)
 - Heavy Tyres 6 m€
 - Sales companies and Vianor 11 m€

Nokian Tyres Capital expenditures (m€)





NOKIAN TYRES GOING FORWARD

Outlook for 2013: Full year sales to improve with weaker Q1/2013

Outlook: Some growth in a challenging market

- Car tyre demand expected to grow 1-2% in Europe, 2% in Nordic countries and 2-5% in Russia in 2013
- Pricing environment for 2013 challenging for all tyre categories
- Margins supported by easing of raw material costs (€/kg)
 - Q1/2013: -10% yoy, full year 2013: -4% yoy
- Further improved product offering with the new Hakkapeliitta range supports Nokian winter tyre sales
- Capacity ramp-up proceeds according to revised plan:
 - First line in the new factory (11th in Russia) operative in 6/2012
 - Line 12 on stream in H1/2013, line 13 to be installed in 2013
 - Inbuilt capability to increase output by 50%
- Profitability supported by improved cost structure and productivity on the back of increasing share of Russian production

Year 2013 guidance:

- In 2013, the company is positioned to show some growth in Net sales and Operating profit. The first quarter Operating profit, however, is expected to be clearly weaker than in 2012.