



**nokian<sup>®</sup>**  
**TYRES**

**Position improving in all markets –  
devaluations penalize sales**

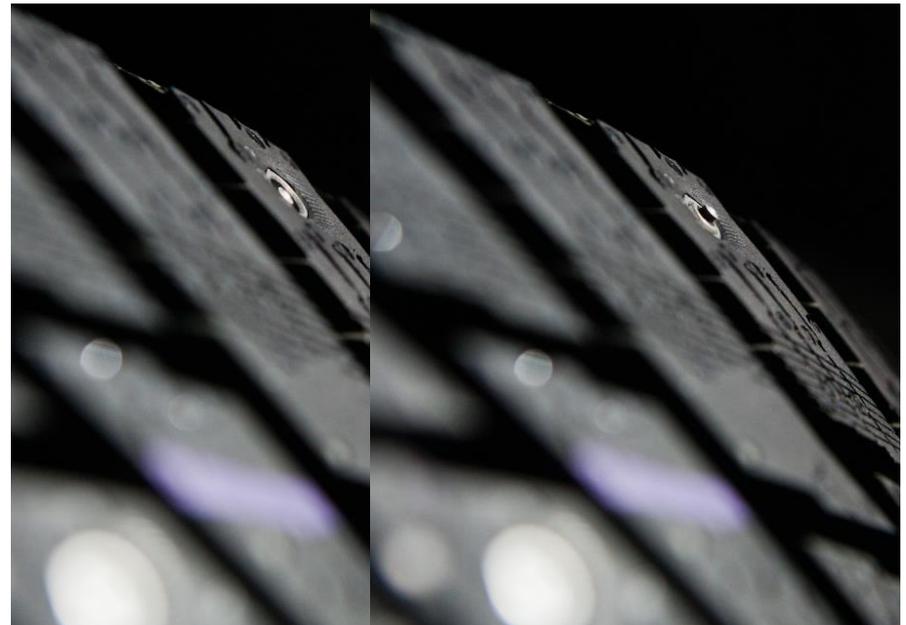
**Result January-March 2014**  
**7 May, 2014**



**Mr. Kim Gran**  
**President and CEO**  
**Nokian Tyres plc**

## INDEX

1. **General overview**
2. **Nokian Tyres financial performance**
3. **Profit centres (incl. Russian operations)**
4. **Nokian Tyres going forward**
5. **Appendixes**



### **CONCEPT TYRE**

The world's first non-studded winter tyre with studs. With a press of a button, the driver can bring out the studs to improve the grip of the tyre.

## GENERAL OVERVIEW 1-3/2014

*Position improving in all markets – devaluations penalize sales*

### Key figures, EUR million:

	Q1/14	Q1/13	Change%	Q2/13	Q3/13	Q4/13	2013
Net sales	311.9*	333.1	-6.3	419.1	357.0	411.8	1,521.0
Operating profit	68.4	76.3	-10.4	120.2	95.7	93.2	385.5
Operating profit, %	21.9	22.9		28.7	26.8	22.6	25.3
Profit before tax	55.9	72.9	-23.2	98.8	83.4	57.7	312.8
Profit for the period	38.7	63.6	-39.1	85.6	70.9	-36.4	183.7
Earnings per share, EUR	0.29	0.48	-39.6	0.65	0.53	-0.28	1.39
Equity ratio, %	66.8	71.2					67.6
Cash flow from operations	-3.7	-95.1	96.1	-0.9	-94.3	515.9	325.6
RONA,% (roll. 12 months)	20.1	20.8					20.2
Gearing, %	-1.3	3.1					-4.1

\*) Incl. fx effect of -32.4 m€

### Summary

- Sales volume increased in all key market areas
- Market share improved in Russia and Nordic countries
- Strong growth in western markets; CE +19%, North America +17%, Nordic countries +11%
- Sales and ASP hit by currency rate effects (-32.4 m€) and mix
- Strong tailwind from raw material cost supported profitability
- Improved margins of Russian exports
- Production output and productivity improved
- Expanding distribution
  - Vianor 1,235 stores in 27 countries, +29 stores in Q1/2014
  - In Russia 3,400 stores within Nokian dealership programs
  - Nokian Tyres Authorized Dealers (NAD) network grew by 104 new stores in Q1/2014, now totalling 536 stores in Europe and China

### Outlook 2014

- Car tyre demand: growth in Nordics, CE and North America, Russia at best flat
- Nokian Tyres' sales volume to grow and position to improve in all key markets
- Net sales to decrease due to currency devaluations and weaker mix in Russia and CIS
- Improved margins of Russian exports due to weak RUB
- Pricing environment 2014 tight for all tyre categories
- Raw material cost (€/kg) -12.5% full year 2014, tailwind of 50 m€ vs. 2013
- Profitability supported by improved cost structure and productivity on the back of high share of Russian production

### Year 2014 guidance

- In 2014, Net sales and Operating profit are to decline compared to 2013.

## MARKET OVERVIEW 1-3/2014

*Recovery in western economies, Russia & CIS hurt by currencies*

### Car tyres

#### **Markets turned positive in the west**

- Signs of recovery in global economy, excluding Russia and CIS
- Economies in the Nordic countries relatively stable
- New car sales in Russia -2% (western brands +2%), Europe +8%, Nordics +15% yoy
- Car tyre demand picked up in Europe by 10% (winter +24%) yoy. Demand in Nordics +4%, in Russia A+B segment +4%.
- Pricing environment in 2014 challenging, but signs of improvement

### Heavy tyres

#### **Heavy tyres' markets started to recover**

- Demand of forestry and radial industrial tyres improved
- Manufacturers' delivery times have become longer

### Currencies

#### **EUR strengthened, especially against RUB**

- RUB weakened from EUR/RUB 39.76 to 48.78 (end Q1/2013 vs. end Q1/2014)
- Other important currencies SEK, NOK, CAD, USD also weakened against EUR

### Raw material prices

#### **Raw material prices have continued to decrease**

- Nokian Tyres' raw material cost (€/kg) down by 19.4% vs. Q1/2013
- Raw material cost to decrease by 12.5% in 2014 vs. 2013, tailwind 50 m€

## NOKIAN TYRES PERFORMANCE 1-3/2014

*Sales volume and market shares up, currencies hurt sales value*

### Sales and market position

#### Market share up in all markets

- + Car tyre sales volume up 9%, growth in all key markets
- + Car tyres' market share improved in all markets
- + Test success continued with summer tyres
- Sales value down due to currency devaluation and a weaker mix in Russia

### Profitability

#### Tailwind from decreasing raw material cost, improved productivity

- + Raw material cost down 19.4% in Q1/2014 yoy
- + Car tyre production volume up 15%, productivity (kg/mh) improved by 6%
- + Winter tyres' share of sales volume increased in Q1 yoy
- + Fixed costs decreased yoy
- Average Selling Price (€/kg) decreased due to weaker mix in Russia and tight pricing environment

### Production

#### Capacity to meet future market growth

- + Annualized capacity over 15 million tyres in the Russian factories with 13 lines, inbuilt capability to increase group output rapidly without capex to > 20 million pcs
- + Production output and productivity increased in Q1 yoy

### Distribution

#### Vianor expanding as planned, new partner concepts booming

- + Vianor expanded to 1,235 stores in 27 countries; +29 stores in Q1/2014
- + 3,400 tyre stores in Nokian dealership programs in Russia
- + Nokian Tyres Authorized Dealer (NAD) network comprises of 536 stores in Italy, Germany, Ukraine, China, Denmark and Bulgaria. +104 stores in Q1/2014.

## INDEX

1. General overview
2. Nokian Tyres financial performance
  - Operating result per quarter
  - Gross sales by market area
  - Raw material cost development
3. Profit centres (incl. Russian operations)
4. Nokian Tyres going forward
5. Appendixes



Ari Nieminen and Aki Panula, Nokia factory.

# FINANCIAL PERFORMANCE

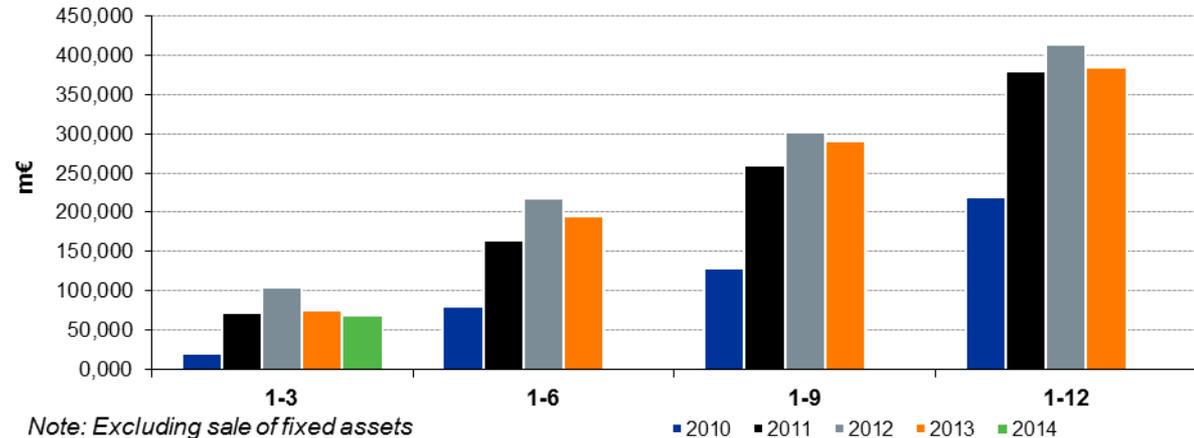
## Group Operating profit per quarter 2010-Q1/2014

### Q1/2014

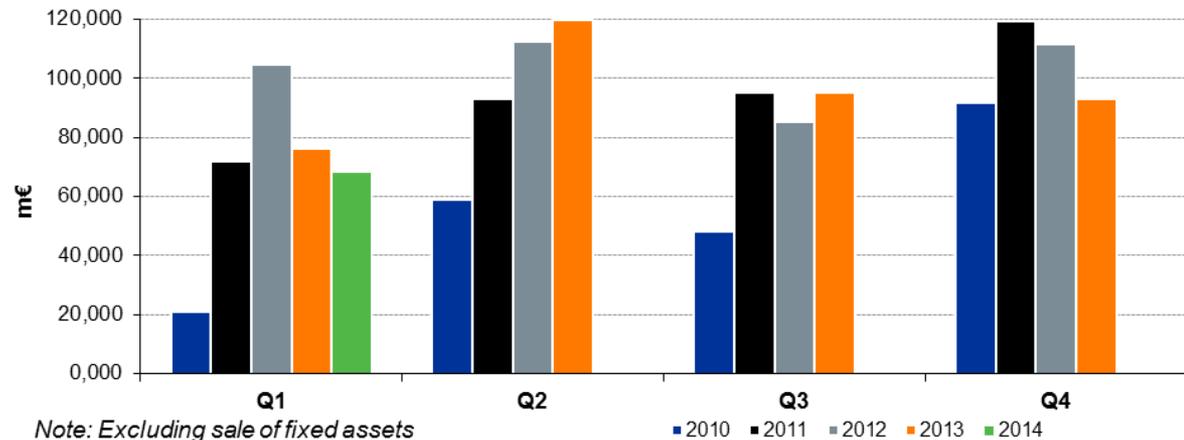
Net sales 311.9 m€,  
(333.1 m€) -6.3%

EBIT 68.4 m€,  
(76.3 m€) -10.4%

Cumulative Operating profit per review period (m€)



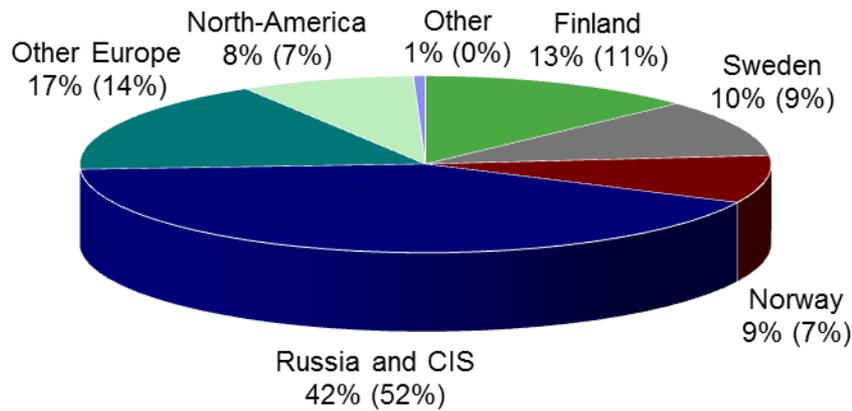
Group Operating profit per quarter (m€)



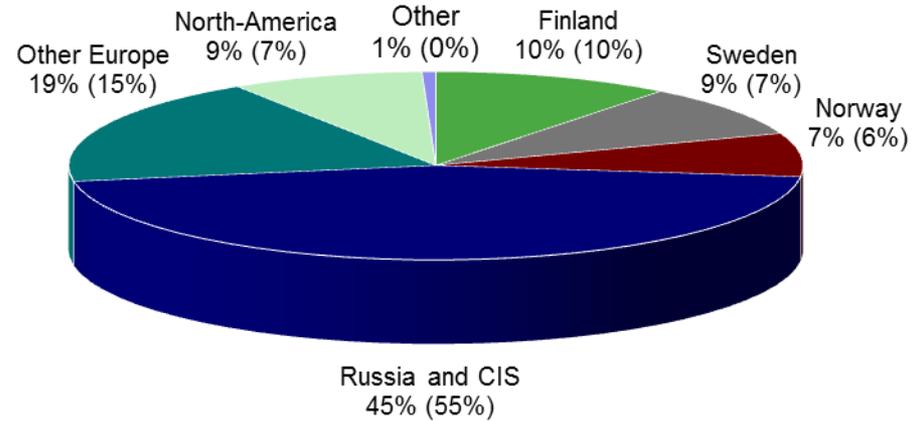
# FINANCIAL PERFORMANCE

## Gross sales by market area 1-3/2014

**Sales of Nokian Tyres Group: 341.4 m€, -6.1%**



**Sales of Manufacturing Units: 314.3 m€, -8.0%**



### GROUP

#### Sales development in euros

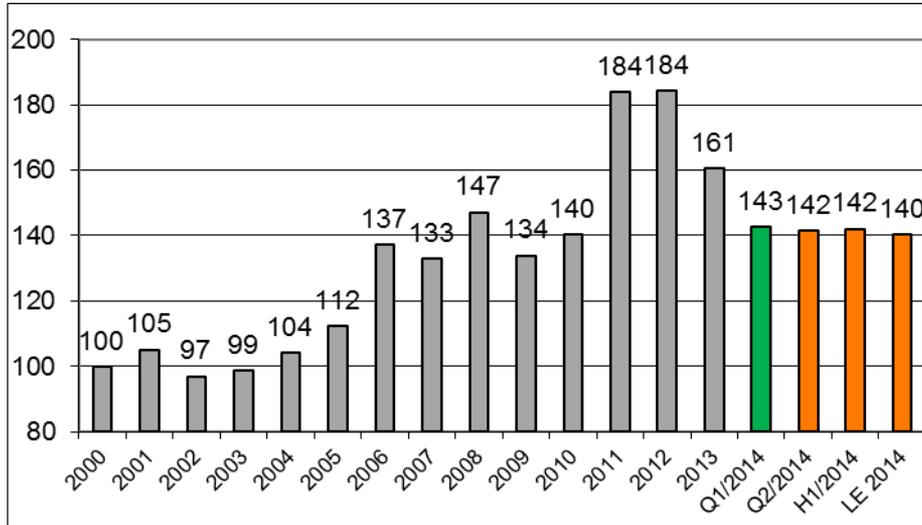
- Nordic countries +11.4%
- Russia and CIS -23.4%
- Other Europe +19.4%
- North America +16.6%

### MANUFACTURING

#### Sales development in euros

- Nordic countries +8.0%
- Russia and CIS -23.5%
- Other Europe +19.1%
- North America +17.5%

**Raw material cost development index 2000-E2014**



**Nokian Tyres raw material cost (€/kg)**

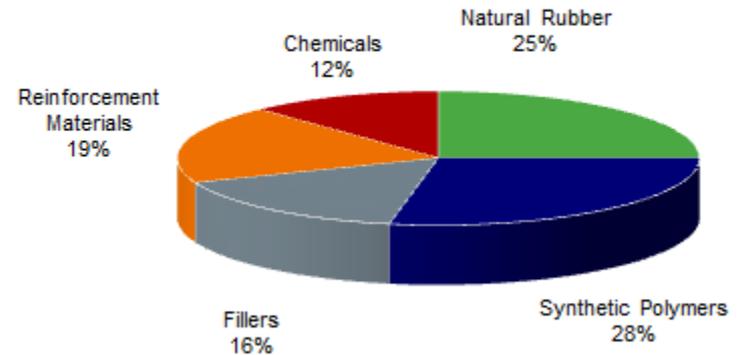
**Raw material cost**

- decreased by 3.9% in Q1/2014 vs. Q4/2013
- decreased by 19.4% in Q1/2014 vs. Q1/2013

**Raw material cost is estimated to**

- decrease by 14.6% in Q2/2014 vs. Q2/2013
- decrease by 16.8% in H1/2014 vs. H1/2013
- decrease by 12.5% in 2014 vs. 2013

**Value of raw material consumption (%)**



**Tailwind 20 m€ in Q1/2014 vs. Q1/2013**

**Estimated tailwind 50 m€ in 2014 vs. 2013**

## INDEX

1. General overview
2. Nokian Tyres financial performance
3. Profit centres
  - General overview
  - Passenger Car Tyres (incl. Russian operations)
  - Vianor and NAD
  - Heavy Tyres
4. Nokian Tyres going forward
5. Appendixes



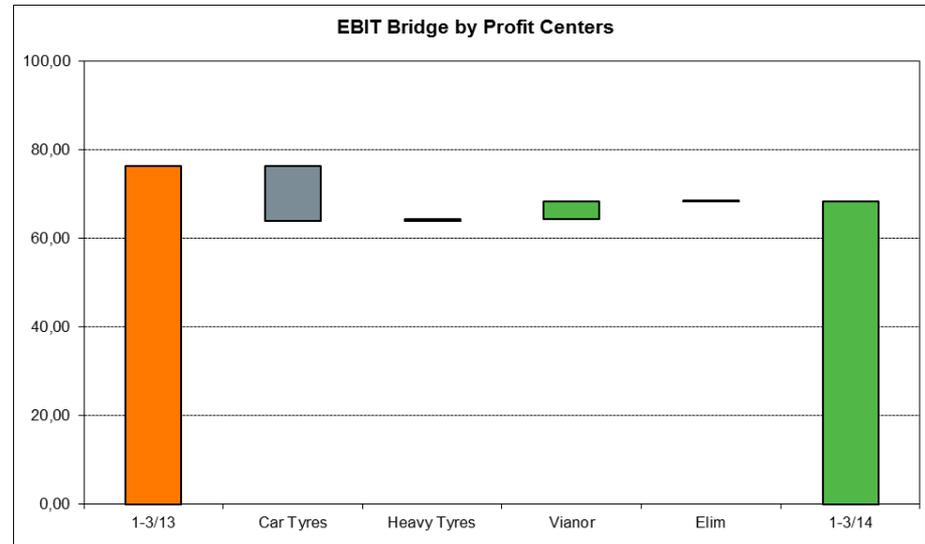
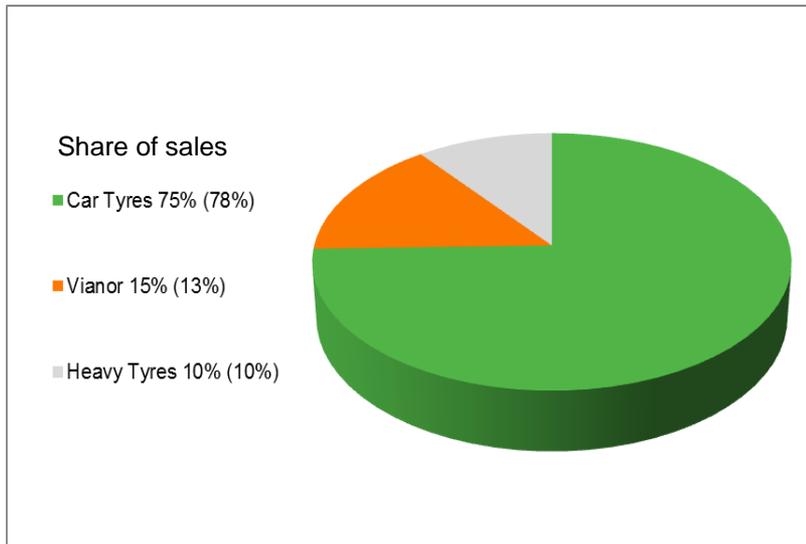
Stella Sharmatava and Anna Onufrieva,  
Vsevolozhsk, Russia

# PROFIT CENTRES 1-3/2014

## General overview

**Net sales 311.9 m€; -6.3%**

**EBIT 68.4 m€; -10.4%**



### Passenger Car Tyres

- **Net sales:** 246.9 m€; -9.8%
- **EBIT:** 80.0 m€; -13.3%
- **EBIT margin:** 32.4% (33.8%)
- **Key products:** studded and non-studded winter tyres, high-speed summer tyres

### Vianor

- **Net sales:** 49.5 m€; +13.4%
- **EBIT:** -12.0 m€; +24.7%
- **EBIT margin:** -24.2% (-36.4%)
- 1,235 stores in 27 countries in Nokian Tyres' core markets
- 186 equity-owned stores consolidated in result

### Heavy Tyres

- **Net sales:** 34.6 m€; +4.3%
- **EBIT:** 4.5 m€; +10.7%
- **EBIT margin:** 12.9% (12.2%)
- **Key products:** tyres for forestry, industrial and agricultural machinery; truck tyres and retreading materials

## PROFIT CENTRES 1-3/2014

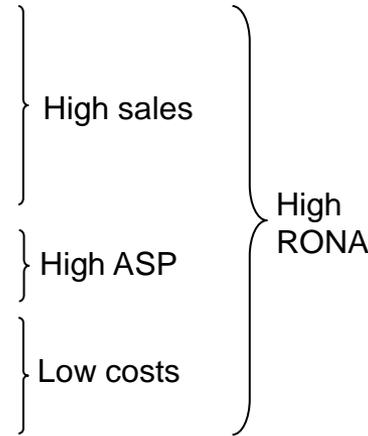
### *Car Tyres: Sales volume and market shares up*

#### Performance in Q1/2014

- + Sales volume and market share growth in all key markets
- + Magazine test success continued with summer tyres
- + Tailwind from decreasing raw material cost supported margins
- + Production output and productivity improved
- + Fixed costs decreased
- + Good profitability and cash flow
- Sales value in Euros decreased
- ASP €/kg decreased due to currency devaluations and weaker mix in Russia & CIS

#### Key actions and targets for 2014

- Strong sales growth in the west to compensate for most of the decline in Russia and CIS
- Improve market shares further in core markets and CE
- Expand distribution, special focus CE
- Secure delivery capability for the winter season
- Defend sales mix & improve service level
- Defend brand and price position
- Improve productivity and utilization of capacities
- Secure collection of receivables
- Limit fixed cost growth



→ **Beat market growth in car and SUV tyre sales, improve price position with new products, expand distribution, improve productivity and capacity utilization**

#### **Net sales:**

Q1/2014: 246.9 m€ (273.7 m€); -9.8%

#### **EBIT:**

Q1/2014: 80.0 m€ (92.4 m€); -13.3%

#### **EBIT margin:**

Q1/2014: 32.4% (33.8%)



**New Nokian Hakkapeliitta 8**

# MAGAZINE TESTS 2013-2014

*Test success continues – both in summer and in winter*

## WINTER TYRES, autumn 2013 – OVER 20 TEST VICTORIES

### **Nokian Hakkapeliitta 8 – New multiple test winner**

- Studded winter tyre family for core markets

### **New Nokian Hakkapeliitta R2 – Northern Comfort**

- Non-studded winter tyre family for core markets

### **New Nokian WR SUV 3 – Ultimate snow and slush performance**

- New high-performance SUV tyre for Central European winter

### **Nokian WR D3 – Forget the Forecasts**

- Reliable winter tyre for Central Europe

## SUMMER TYRES, spring 2014 – SEVERAL TEST VICTORIES

### **Nokian Hakka Blue – Multiple test winner**

- Summer tyre family for core markets

### **Nokian Hakka Green – Naturally safe**

- Summer tyre family for core markets

### **Nokian Line – Multiple test winner**

- Summer tyre family for Central European markets

### **Nokian Z SUV – Durable champion of extreme conditions**

- High-performance SUV tyre for Central European summer



**Nokian Hakkapeliitta 8: Superior test winner in Nordic countries and Russia**

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



**New Nokian Hakkapeliitta R2**

**Nokian Hakkapeliitta 8 SUV – Provides grip and durability like never before**

- The Nokian Hakkapeliitta 8 SUV, the new studded tyre for SUVs, uses completely new innovations to tame the extremes of the Northern winter.
- The most modern stud technology (Nokian Eco Stud 8 Concept) in the business provides grip like never before on ice and snow.
- The durability of the sidewall is optimised by means of aramid fibres (Nokian Aramid Sidewall technology), widely used in the aerospace and defence industries.



**Nokian Hakkapeliitta 8 SUV**

**Nokian Hakkapeliitta C3 – Winter grip and efficiency for professionals**

- The new Nokian Hakkapeliitta C3 studded tyre makes life easier for heavy duty professionals. These durable studded tyres can master harsh winter conditions; in addition to the balanced winter grip that is synonymous with the Hakkapeliitta brand, it offers stable handling
- The new square steel stud ensures excellent winter grip
- The steel belt package and rubber compound, optimised for heavy use, provide structural durability and high-end performance for the rough Northern roads



**Nokian Hakkapeliitta C3**

**Nokian Hakkapeliitta CR3 – Driving comfort for demanding professional use**

- The new Nordic non-studded winter tyre, Nokian Hakkapeliitta CR3, is developed for versatile use on delivery vehicles and vans. It provides excellent winter grip and driving comfort.
- In addition to the extremely low rolling resistance, developments have also been made in handling on ice, snow, and wet roads.
- The new non-studded van tyre effectively utilises the Nokian Cryo Crystal Concept that was used to maximise the ice grip of the Nokian Hakkapeliitta R2 passenger car tyre.



**Nokian Hakkapeliitta CR3**

**Nokian WR G3 SUV – Ultimate All-Weather Performance**

- New high-performance Nokian WR G3 SUV all-weather tyre for varied use on sports utility vehicles for the North American market.

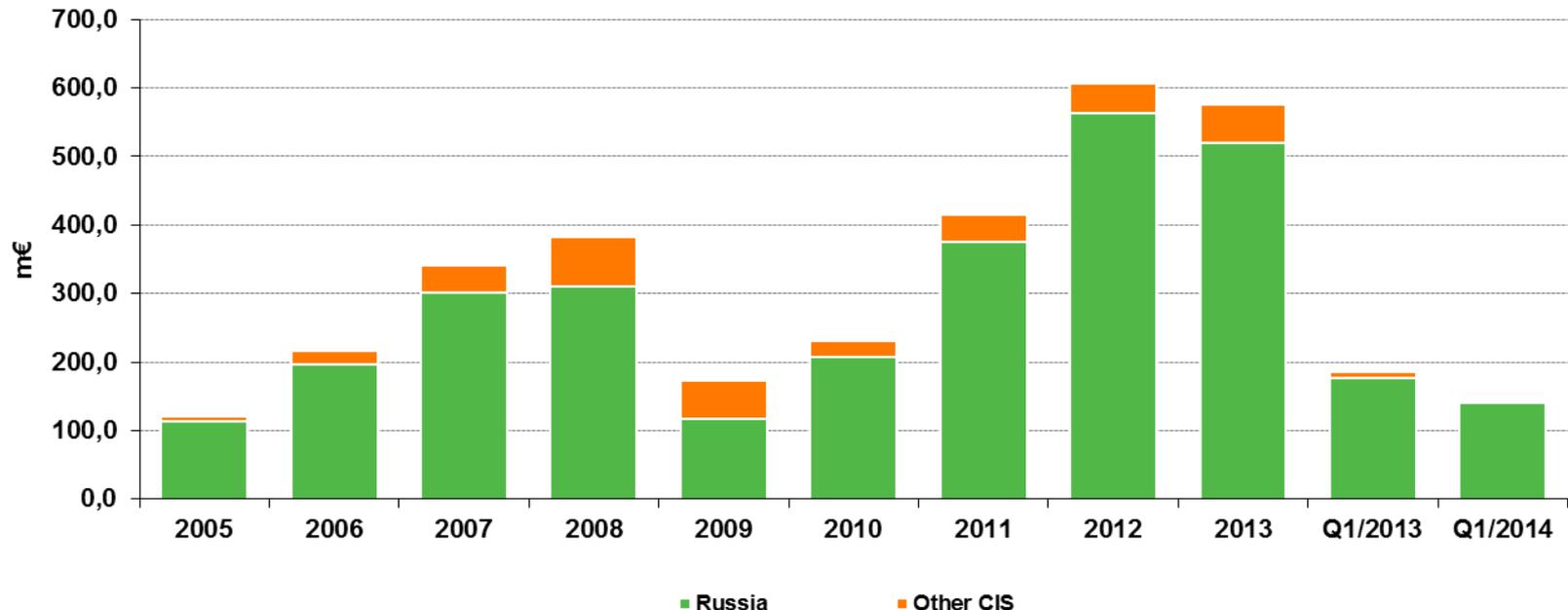
## RUSSIA & CIS

### *Market share and sales volume up – ASP hit by devaluation*

- Sales in Russia in Q1/2014 down by 20.2% to 140.7 m€ (176.3 m€)
  - Sales drop caused by a strong devaluation of RUB and a weaker mix
  - Nokian Tyres sales volume (pcs) in Russia increased
- Sales in CIS (excluding Russia) 2.0 m€ (10.0 m€), cut due to Ukraine-Crimea crisis
- Nokian Tyres: Higher market share, improved supply capacity, expanding distribution

**→ Nokian Tyres is clear market leader in premium tyres in Russia and CIS countries**

Russia and other CIS sales development



## RUSSIA & CIS

*Distributors, DSD-warehouses, Vianors and other partners: 630 Vianor stores (+9 in Q1/2014) – in Russia 3,400 retail partner points of sale*



- Distributors (38)
- DSD current cities (Moscow, SPb, Samara/Togliatti, Yekaterinburg, Chelyabinsk, N. Novgorod, Omsk, Rostov-on-Don, Perm, Ufa, Orenburg, Kazan, Voronezh, Tyumen, Volgograd, Novosibirsk)
- 630 Vianor stores in 367 cities; +9 stores in Q1/2014

Nokian dealership programs include 3,400 tyre stores and car dealers in Russia

## RUSSIA

*Nokian Tyres is the strongest player in Russia*

### Nokian Tyres' market position in Russia

- State-of-the-art and efficient factory in Russia
    - Close access to markets
    - Within customs zone. Import duty for tyres 18% (in 2013 and early 2014) will gradually decrease to 10% in 2017
  - Clear market and price leader in core product categories
  - Widely recognised and strong brand – both company (Nokian Tyres) and products (Hakkapeliitta, Nordman)
  - Strong distribution chain covering all of Russia – based on long-term and close customer relationships
  - The biggest controlled tyre distribution network – 630 Vianor stores / 3,400 partner stores in Russia
- ***Nokian Tyres continues to strengthen its market leader position in Russia***

### Nokian Tyres' factories in Russia

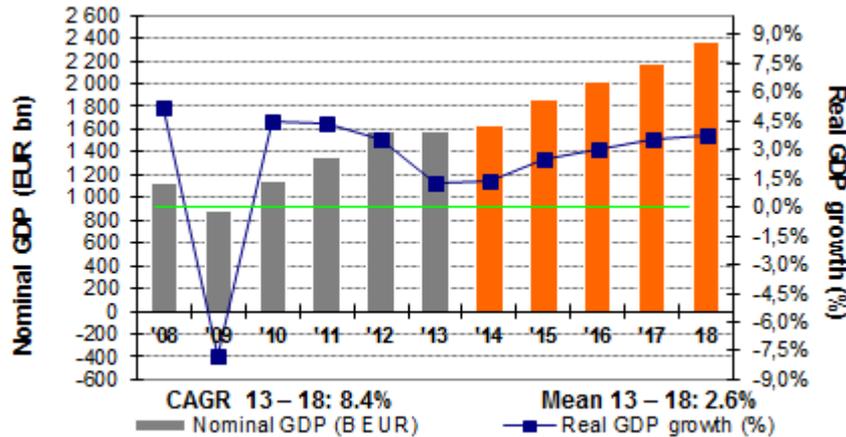
- 13 production lines → Annual capacity >15 million tyres with current shift arrangements
- State-of-the art machinery, high automation level and European quality standards
- Vsevolzhsk factories export approximately 55% of its production to over 40 countries: Biggest consumer goods exporter in Russia
- Housing project, Hakkapeliitta Village – 343 flats for employees commenced
- Number of personnel in Russia on 31 March 2014: 1,345 (1,269)
- CAPEX by end 2013: 796 m€



# RUSSIA

## Russia's economy growth clearly slowed down

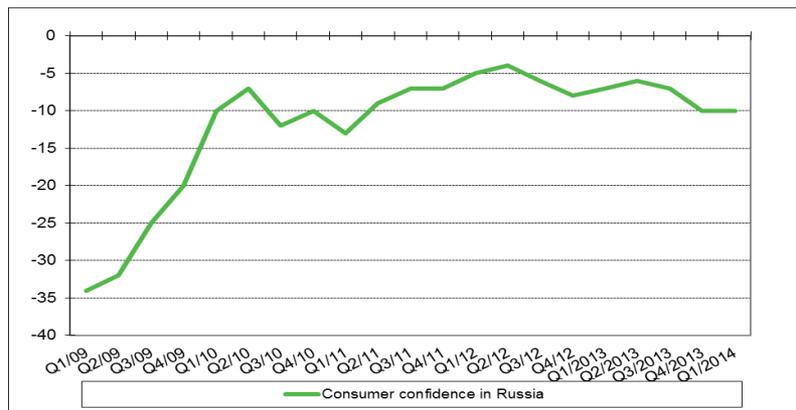
### Russia's GDP growth



### Major trends and expectations

- After a severe crisis of 2008-2009, Russia's economy grew by ~4% a year in 2010-2012
- In 2013 the economy clearly slowed down: the real GDP growth in 2013 was a modest 1.3%, reflecting weaker investment and consumer consumption
- The growth is expected to remain sluggish (in the range 0 – 1%) in 2014 driven by both fundamental and short-term factors such as the Ukraine crisis and the US and EU sanctions against Russia
- Overall growth trend is likely to resume once the current crisis in Russia's relations with the West is overcome and both foreign and domestic investors' confidence is restored
- Consumer confidence slightly declined in late 2013 and stabilized in Q1 2014; consumer spending and retail sales remain sluggish (nominal growth of 3 – 4%)
- The recent sharp devaluation of the ruble (~25% in a year against the EUR) was first driven by the overall trend in emerging markets' currencies and then reinforced by the Ukrainian crisis and consequent sale of Russian assets and capital flight from Russia; forecasts of further exchange rate development vary from predictions of continued devaluation of the ruble to expectations of its strengthening back to the 2013 levels; now the EUR/RUB rate has stabilized at the level of 48 – 50.

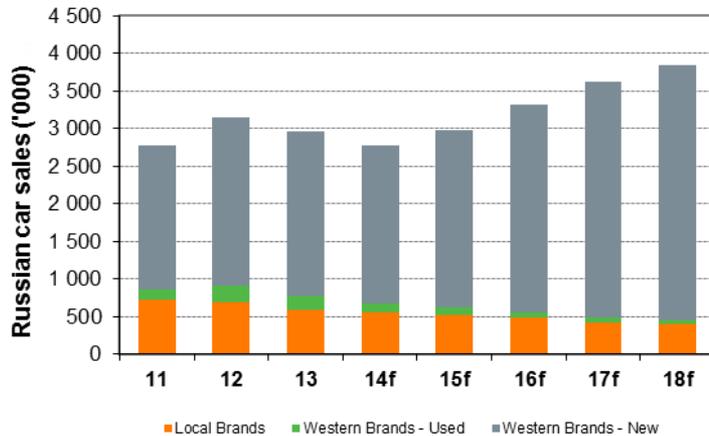
### Consumer confidence in Russia



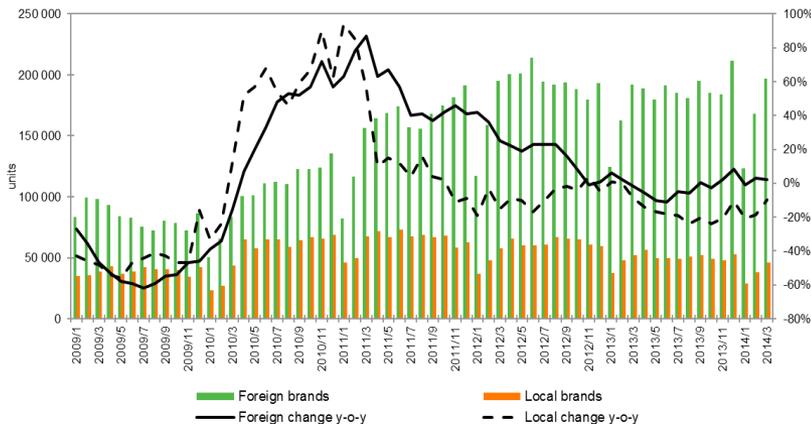
# RUSSIA

## Car sales remain sluggish until a turnaround in the economy

### Russian car sales forecast – base scenario



### Monthly car sales



Source: AEB; IHS Global Insight; Nokian Tyres estimates Apr 2014

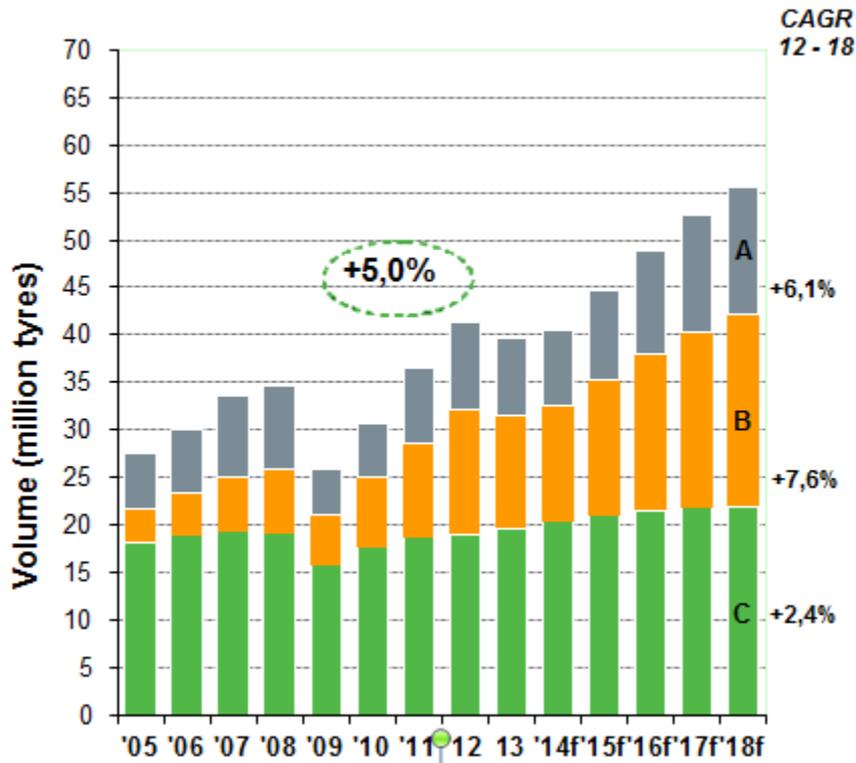
### Car market summary

- The 11% growth in the new car sales in 2012 turned into a 5% decline in 2013
- As the result, the Russian new car and LCV market reached 2.78 million units sold in 2013
- Year 2014 started quite slowly with the cumulative sales for three months (Jan – Mar) showing a decline of 2% (Mar 2014 was flat vs. Mar 2013)
- The first cautious signs of market improvement in late 2013 were replaced by the renewed negative dynamics caused by the general weakening of the economy and consumer confidence; the ruble devaluation has supported car sales in Feb - Mar 2014 on the back of consumer concerns about devaluation and resulting increases in car prices; further development will depend on the overall situation
- For 2014 the optimistic forecast is the same result as in 2013, whereas many experts expect some decline (5 – 7%) as more realistic; growth is unlikely at this point
- However, this slowdown of the car market is seen as a temporary phase caused by external factors, not a sign of fundamental maturity of the market – as global and Russia economies improve, the car market will continue to grow, as the unrealized potential has not disappeared

# RUSSIA

*Growth of tyre market slowed down, but potential still exists*

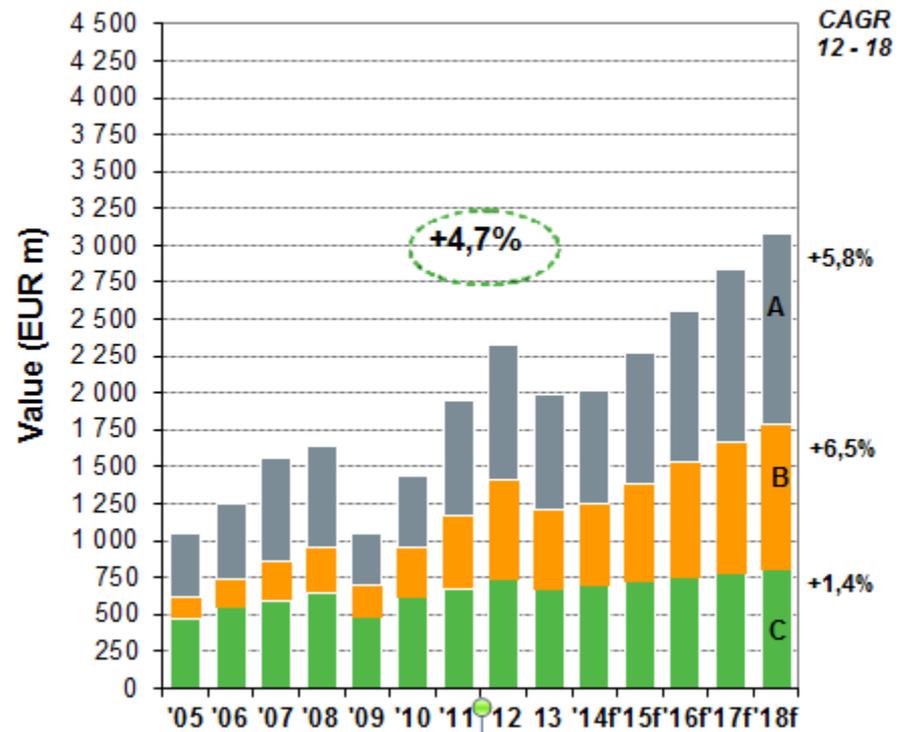
**Car and van tyre replacement market (volume)**



Note: Tyre market volume for 2014 based on assumed optimistic car tyre market development (same level as in 2013, i.e. ~2.8 mln cars)

Source: Nokian Tyres estimates Apr 2014

**Car and van tyre replacement market (value)**



Note: market value estimated at a constant exchange rate EUR/RUB 44

Traditional segments / price positioning:  
index 100 = market leader; A: > 80; B: 60 – 80; C: <60

## PROFIT CENTRES 1-3/2014

### *Vianor: Network of shops expands*

#### Performance in Q1/2014

- + 1,235 stores in 27 countries; +29 stores in Q1/2014
- + Strategic tasks to expand distribution and set market prices for Nokian products succeeded
- + 50 car service operations acquired and integrated to existing Vianor stores by the end of Q1/2014
- + Service revenues increased by 36%
- EBIT negative due to seasonality

#### Key actions and targets for 2014

- Improve tyre sales and market shares
  - Increase sales of car services, tyre hotels and other services
  - Optimize seasonal sales
  - Continue to expand the network and the number of partners
    - Target: 1,340 stores by the end of 2014
- Cement and improve market leader position as a distributor in Nokian Tyres' core markets

#### **Equity-owned Vianor (186 stores)**

##### **Net sales:**

Q1/2014: 49.5 m€ (43.7 m€); +13.4%

##### **EBIT:**

Q1/2014: -12.0 m€ (-15.9 m€); +24.7%

##### **EBIT margin:**

Q1/2014: +1.3% (-3.1%)



Vianor Jihlava, Czech

## EXPANSION OF DISTRIBUTION CHANNEL 1-3/2014

**Vianor:** Foothold on core markets strengthening, +29 stores

**NAD:** New soft franchise launch, +104 stores

### Vianor – 1,235 stores in 27 countries

- +29 in Q1/2014
- 186 equity-owned, 1,049 franchising/partners
- **Largest tyre chain in Nordic and Baltic countries:** 306 stores (+9 in Q1/2014)
- **Largest tyre chain in Russia and CIS:** 630 stores (+9 in Q1/2014) in 367 cities
- **Expansion to Central Europe:** 246 stores (+8 in Q1/2014)

### Vianor stores by segment

- Car tyres: over 1,100 stores
- Heavy tyres: about 270 stores
- Truck tyres: about 330 stores

**Target 2014 → over 1,340 Vianor stores**

### Nokian Tyres Authorized Dealers (NAD)

- Q1/2014: +104 stores
- 536 stores in Italy, Germany, China, Bulgaria, Ukraine and Denmark
- Estimate by end of 2014: 900 stores

**Vianor** – Distribution spearhead for all product groups

**NAD** – Nokian Tyres Authorized Dealer



## PROFIT CENTRES 1-3/2014

### *Heavy Tyres: Recovering forestry tyre demand*

#### Performance in Q1/2014

- + Forestry tyre sales increased in Q1 by 43% yoy
- + Lower raw material cost supported margins
- + Structural changes in manufacturing reduced manning and improved product quality, flexibility, and productivity
- Production ramp-up still insufficient to meet growth in demand
- ASP decreased due to still tight pricing environment
- Truck tyre sales decreased yoy

#### Key actions and targets for 2014

- Increase sales, especially in forestry, radial and truck winter tyres
- Improve sales mix and share of replacement market sales
- Expand the distribution network, especially in Russia and CIS
- Launch new forestry and industrial radial products
- Maximize production output
- Utilize the combination of new & retreaded truck tyres as a sales concept
- Optimize off-take contract manufacturing
- Utilize synergies from the integrated new division

→ Increase sales, maximize production output and improve productivity

#### **Net sales:**

Q1/2014: 34.6 m€ (33.2 m€); +4.3%

#### **EBIT:**

Q1/2014: 4.5 m€ (4.0 m€); +10.7%

#### **EBIT margin:**

Q1/2014: 12.9% (12.2%)



Nokian Forest King F

## INDEX

1. General overview
2. Nokian Tyres financial performance
3. Profit centres (incl. Russian operations)
4. Nokian Tyres going forward
  - Investments
  - Production plants
  - Outlook for 2014
5. Appendixes



Dmitry Maslatsov and Evgeniy Dubovitskiy, Vsevolozhsk

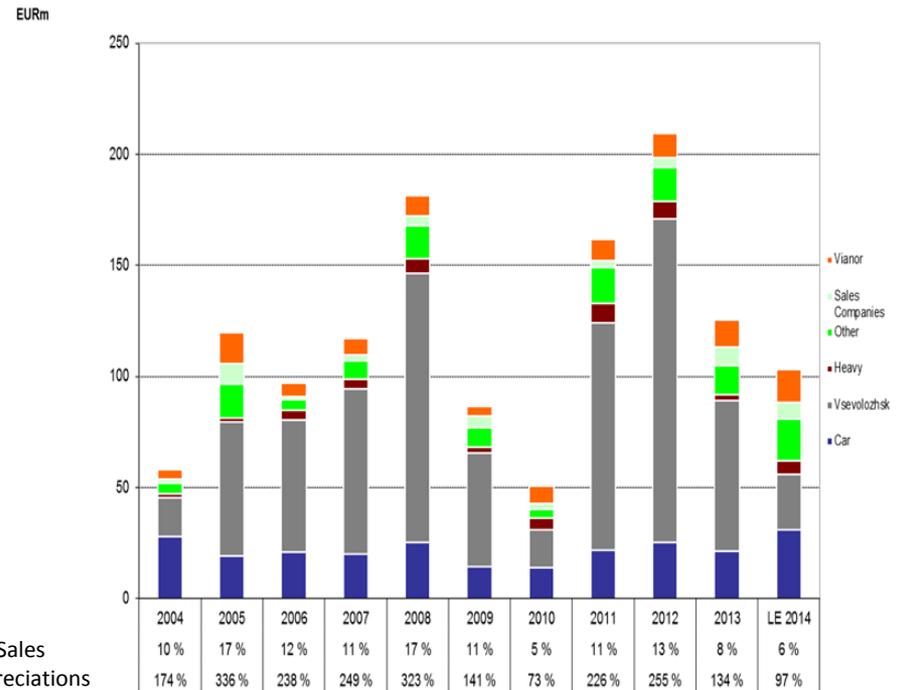
## Investments in Q1/2014

- 17.1 m€ (47.6 m€)

## Estimated investment for 2014

- Approximately 103 m€
  - Russia: 25 m€
  - Nokia plant 51 m€ (automation & moulds & ICT & R&D)
  - Heavy Tyres 6 m€
  - Sales companies and Vianor 17 m€
  - Tyre chain acquisitions 5 m€

## Nokian Tyres Capital expenditures (m€)



## PRODUCTION PLANTS

*Production capacity in 2014: 18 million tyres*

*Potential to increase output to over 20 million tyres in existing factories*



### **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

#### **2012-2013:**

- Car tyres 5-day shift system
- Temporary production cuts



### **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 March 2013
- Line 13 installation in Q2/2013

# NOKIAN TYRES GOING FORWARD

*Outlook 2014: Market position to improve, sales value to decline*

## Assumptions

- Core markets growing slowly
  - GDP growth 2014 in Russia 0-1%, Nordics 2%
  - New car sales growth in CE and Nordic countries
  - New car sales at best flat in Russia
  - RUB weak against EUR
- Price pressure and sales shift from A to B segment in Russia shadow ASP development
- Raw material cost (€/kg) to decline
  - Cost to decrease by 14.6% in Q2/2014 vs. Q2/2013
  - Cost to decrease by 12.5% in 2014 vs. 2013
- Passenger car tyre markets
  - Demand in Nordic countries to grow 2-4%
  - Demand in CE countries to grow 5-8%
  - Demand in Russia & CIS to be at best flat
  - Demand improving for winter tyres long term; legislation in Europe, Russia & CIS
- Heavy tyre market demand
  - Demand to improve in Nokian core product groups
- Nokian Tyres financial position remains solid
  - Equity ratio 66.8% at the end of Q1/2014
  - Undrawn facilities available
  - Convertible bond 150 m€ due June 2014

## Outlook 2014

- Car tyre demand: growth in Nordics, CE and North America, Russia at best flat
- Nokian Tyres' sales volume to grow and position to improve in all key markets
- Net sales to decrease due to currency devaluations and weaker mix in Russia and CIS
- Improved margins of Russian exports due to weak RUB
- Pricing environment 2014 tight for all tyre categories
- Raw material cost (€/kg) -12.5% full year 2014, tailwind of 50 m€ vs. 2013
- Profitability supported by improved cost structure and productivity on the back of high share of Russian production

## Year 2014 guidance

- In 2014, Net sales and Operating profit are to decline compared to 2013.

## INSTRUCTIONS TO CONFERENCE CALL ATTENDEES

Please press  and  to inform the operator that you have a question to the speaker.

## INDEX

1. General overview
2. Nokian Tyres financial performance
3. Profit centres (incl. Russian operations)
4. Nokian Tyres going forward
5. **Appendixes**
  - Major shareholders
  - Share price development
  - Competitor comparison
  - Examples of new products and innovations
  - Magazine test results
  - Winter tyre legislation in Europe
  - Personnel
  - Vianor and NAD
  - Financing: Loans and Net Financial Expenses
  - Tables of financial figures
  - Key figures 2009-2013



Pavel Nagaev in Vsevolozhsk factory

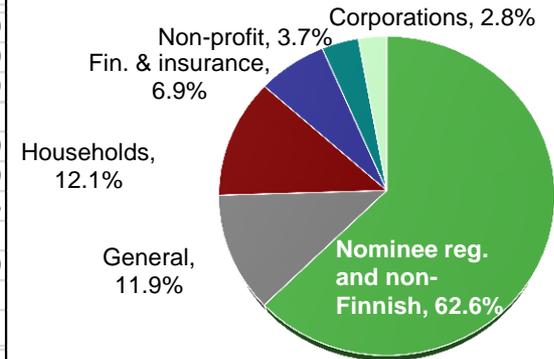
# APPENDIX

## Major shareholders as of 31 March, 2014

		Number of Shares	Share of Capital (%)	Change from previous month
<b>Major Domestic Shareholders</b>				
1	Varma Mutual Pension Insurance Company	9 000 000	6.7	0
2	Ilmarinen Mutual Pension Insurance Company	3 268 947	2.5	-500000
3	Nordea	2 244 875	1.7	-131159
4	Elo Pension Company	1 450 000	1.1	-274534
5	The State Pension Fund	1 250 000	0.9	50000
6	Mandatum Life Insurance Company Limited	1 199 757	0.9	0
7	OP Investment Funds	1 090 000	0.8	-476828
8	Nordea Nordenfonden	797 446	0.6	-238771
9	Svenska litteratursällskapet i Finland r.f.	745 100	0.6	0
10	Schweizer Nationalbank	648 430	0.5	-57841
<b>Major Domestic Shareholders total</b>		<b>21 694 555</b>	<b>16.3</b>	
Foreign Shareholders <sup>1)</sup>		83 484 242	62.6	
Bridgestone Corporation <sup>2)</sup>		20 000 000	15.0	

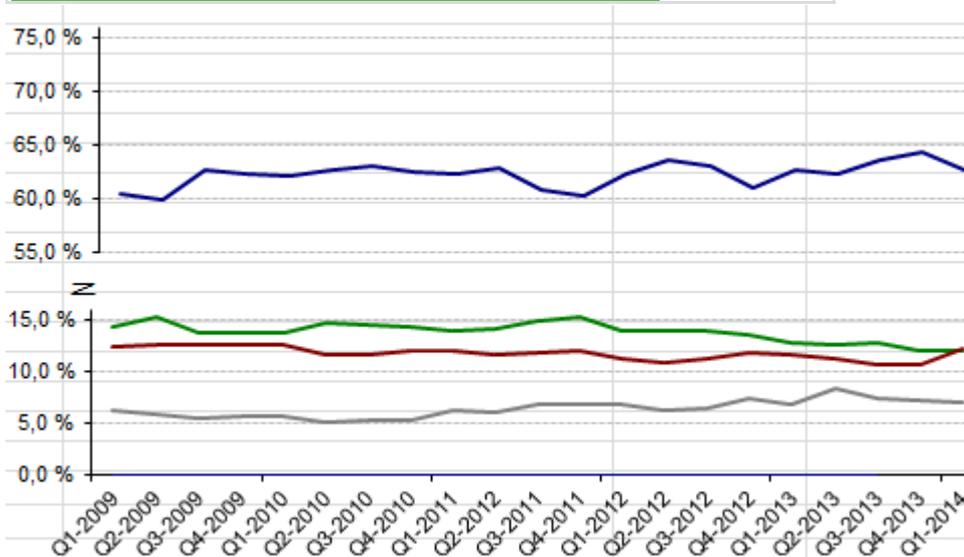
1) Includes also shares registered in the name of a nominee 2) In the name of a nominee.

Division by Category as of 31 March, 2014



Total number of shares: 133,344,731

Shareholder development by category Q1/2009 - Q1/2014



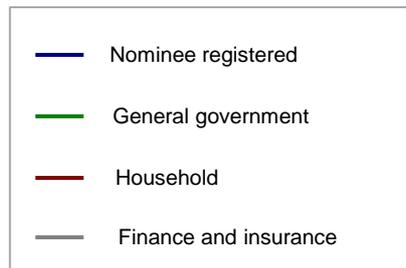
Note: Options, outstanding (31 March, 2014)

2010A: 205,454 (77,789 in company's possession)

2010B: 1,339,880 (126,890 in company's possession)

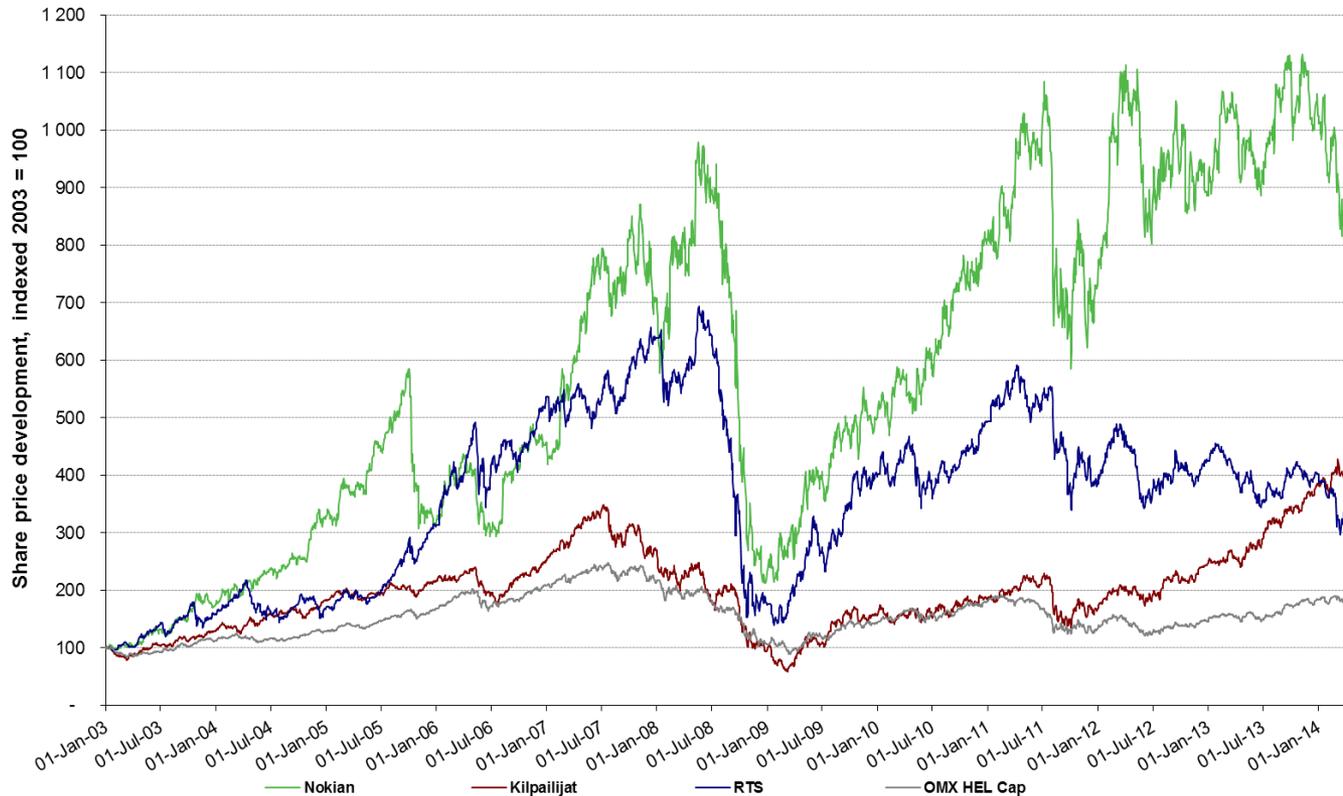
2010C: 1,340,000 (109,910 in company's possession)

2013A: 1,150,000 (96,294 in company's possession)



# APPENDIX

## Comparing share price to main indexes 1/2003 – 28 Apr 2014



**Nokian Tyres, +719%**

**Competitors, +304% <sup>1)</sup>**

**RTS, +217%**

**OMX Hel Cap, +82%**

Source: Thomson Reuters, 29 Apr 2014.  
The composite consists of an indexed average values of the main peers of Nokian Tyres.

### Nokian Tyres by Apr-28-2014

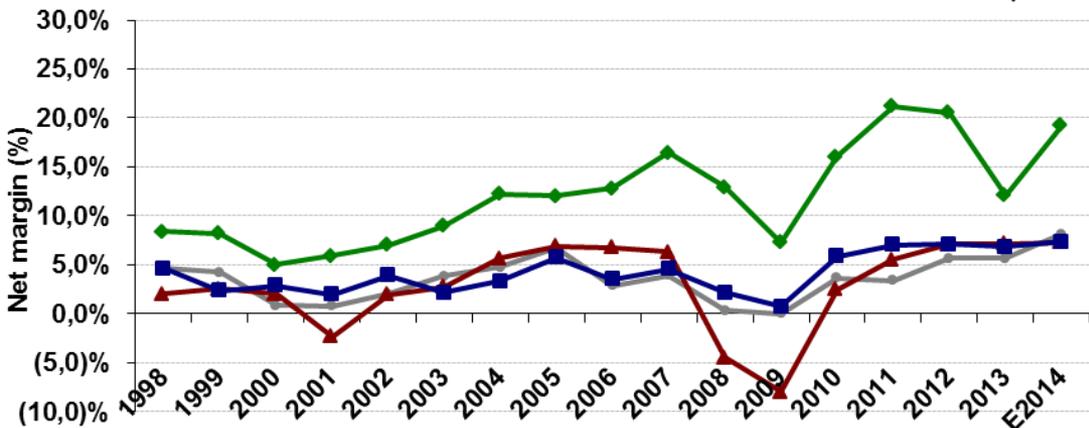
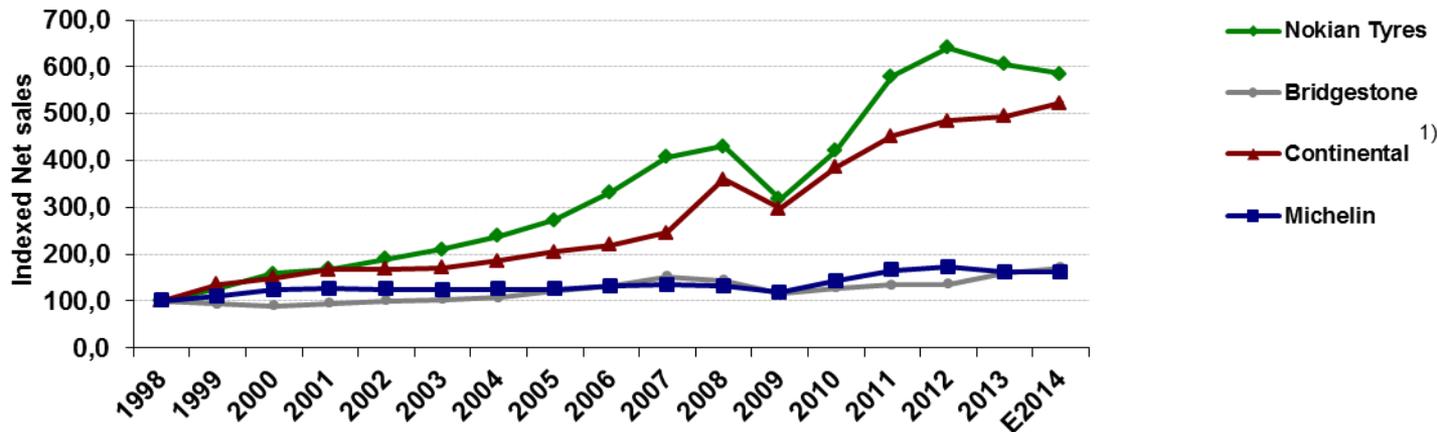
	Last 10 years	Last 5 years	Last 3 years	LTM	L6M	L3M	Last month
High	38,46	38,46	38,46	38,46	38,46	34,17	30,69
Average	21,88	27,39	31,80	33,59	33,02	30,34	28,73
Low	6,77	11,58	19,89	27,03	27,03	27,03	27,03

# APPENDIX

## Competitor comparison 1998-E2014

### 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 15 years. The clearly better profitability protects the company profits during recessions and potential downturns.*



Net margin E2014	
Nokian	19.2%
Michelin	7.4%
Bridgestone	8.1%
Continental	7.3%

Source: Results 1998-2013 (company websites) and 2014 consensus estimates for the peers as per Thomson Reuters 29 Apr 2014.  
**PLEASE NOTE: ESTIMATE 2014 IS BASED ON CONSENSUS ESTIMATES, NOT NOKIAN TYRES GUIDANCE.**

Note: Nokian Net Result 2013 affected by disputable additional taxes of 100.3 MEUR in Finland concerning years 2007-2010

## APPENDIX

### *Car tyres - examples of new products and innovations 1(2)*

#### **Nokian Hakkapeliitta 8 – Ruler of the North**

- Nokian Hakkapeliitta 8 is a superior test winner in Nordics and Russia. Nokian Hakkapeliitta 8 – winter grip like never before – has won practically all winter tyre magazine tests
- The ground-breaking stud distribution and the **Eco Stud 8 Concept** create fantastic winter properties: supreme grip during braking and acceleration, better wear resistance, and peace of mind through driving comfort.
- The design of this next-generation studded Hakkapeliitta tyre is based on the Nokian Hakkapeliitta 7. This multiple test winner holds a world record in its field: over 30 test wins in car magazines between 2009 and 2012.

#### **Nokian Hakkapeliitta R2 – Northern comfort**

- The new non-studded winter tyre, will safely tackle even the trickiest winter conditions.
- The new innovations like **Nokian Cryo Crystal Concept** maximise the grip of this Nordic non-studded tyre on ice.
- Nokian Hakkapeliitta R2 is the number one choice for those who value unique driving comfort and eco-friendly travelling. In addition to the extremely low rolling resistance, developments have also been made in handling on ice, snow, and wet roads, all for the benefit of drivers.

#### **Nokian Hakkapeliitta R2 SUV – Northern comfort and stability for SUVs**

- The non-studded Nokian Hakkapeliitta R2 SUV winter tyre, specially tailored for sport utility vehicles.
- The new innovations, like **Nokian Cryo Crystal Concept**, in the tread patterns and compounds of this stable, rugged new product ensure that the Nokian Hakkapeliitta R2 SUV's handling and grip properties are top-notch.

#### **Nokian WR SUV 3 – Ultimate snow and slush performance**

- Developed for Central Europe's varying winter conditions and the ever-increasing SUV segment

#### **Nokian WR G3 and Nokian WR G3 SUV – Forget the Forecast**

- Extensions of the Nokian Tyres' All Weather Plus product line for the North American market.

***New range puts winter grip on an awesome new level!***



**Nokian Hakkapeliitta 8**



**Nokian Hakkapeliitta R2**



**Nokian Hakkapeliitta R2 SUV**

## APPENDIX

### *Car tyres - examples of new products and innovations 2(2)*

#### **Nokian Hakka Black – Ultra high Performance summer tyre for core markets**

- Cool performance for fast driving, stable and precise driving feel
- Tailor-made for the northern roads, the newest member of the Hakka summer tyre range offers optimal handling and safety in demanding driving situations
- The new innovations, Multi-layered structure, Nokian Intelligent UHP Silica, Hydro Grooves and Silent Groove Design.
- Top performance in both the W (270 km/h) and Y (300 km/h) speed categories

#### **Nokian zLine – Ultra High Performance summer tyre for Central Europe**

- New top class tyre family for varying Central European summer conditions
- New Nokian zLine - sporty, cool performance for fast driving
- Precise driving feel, uncompromisingly safe and comfortable travel

#### **Nokian Line – Safety and top performance for wet roads**

- Offers the best possible traction and precise handling especially for wet roads, for varying Central European driving conditions
- The new innovations maximize wet grip, the Cross-Block sipes and Surge Grooves
- The structural solutions and tread design were tailored to rise to the challenge of the different fast speeds in T, H, V and W speed categories

#### **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, Nokian WR A3 for sporty use



**Nokian Hakka Black**



**Nokian zLine**



**Nokian WR**

## APPENDIX

### Test wins and success, autumn 2013 1(3)

#### Germany

Auto Bild 40/2013	<b>"RECOMMENDED"</b> Nokian WR D3 195/65R15	One of the Best of the Best and a true winner: Winter tread with good steering precision and short braking distances on snow and on dry roads, good aquaplaning safety reserves, low rolling resistance.
Stiftung Warentest 10/2013	<b>„GOOD“</b> Nokian WR D3 185/60R15 T	Good: wet road, snow, dry road, ice, wear, fuel consumption.
Auto 22/2013	<b>"BESONDERS EMPFEHLENSWERT"</b> Nokian WR D3 225/50R17 V	Top-Bremswerte, exaktes Fahrverhalten bei Trockenheit und sicher auf Schnee.
 Testurteil Ausgabe 20/2013 Besonders Empfehlenswert NOKIAN WR D3 225/50 R 17 H/V auto motor und sport 20/2013	<b>"ESPECIALLY RECOMMENDED"</b> Nokian WR D3 225/50R17 V	Top braking scores, exact driving behaviour on dry asphalt and safe on snow.
 SUV MAGAZIN 5/2013	<b>TEST WINNER "HIGHLY RECOMMENDED"</b> Nokian WR SUV 3 235/65R17	Unbeatable on snow and ice. Convincing on asphalt, reaching the best overall grade in wet properties. Very predictable in dry handling.
 ADAC 10/2013	<b>„GOOD“</b> Nokian WR D3 185/60R15 T	Well balanced tyre properties. Best tyre on dry asphalt. Good on snow and wet asphalt.
Auto Bild tuning 2/2013	<b>"GOOD"</b> Nokian WR D3 225/50R17 V	Dynamically sporty handling qualities with precise steering on dry road surfaces, short dry braking distances. Balanced safe driving behaviour on wet surfaces. Low rolling resistance.



Autozeitung  
21/2013

**2ND PLACE „HIGHLY RECOMMENDED“**  
Nokian WR D3  
195/65R15

Very balanced performance and gives it the highest points on snow. It also reached top points in dry braking and is described as very stable in the wet handling course.

FIRMENAUTO  
11/2013

**"ESPECIALLY RECOMMENDED"**  
Nokian WR D3  
225/50R17 V

Top braking scores, exact driving behaviour in the dry, safe on snow.

Auto Bild sportscars  
11/2013

**"GOOD"**  
Nokian WR D3  
225/50R17 V

Dynamically sporty handling qualities with precise steering on dry road surfaces, short dry braking distances. Balanced safe driving behaviour on wet surfaces. Low rolling resistance.

Auto Bild allrad  
11/2013

**„RECOMMENDED“**  
Nokian WR D3  
235/65R17

Very high aquaplaning safety, almost as good as a summer tyre in dry properties.

auto TEST  
11/2013

**„RECOMMENDED“**  
Nokian WR D3  
195/65R15

Winter tread with good steering precision and short braking distances on snow and on dry roads, good aquaplaning safety reserves, low rolling resistance.

[Back to top](#)

#### Switzerland



OFF ROAD  
10/2013

**TEST WINNER "HIGHLY RECOMMENDED"**  
Nokian WR SUV 3  
235/65R17

Unbeatable on snow and ice. Convincing on asphalt, reaching the best overall grade in wet properties. Very predictable in dry handling.



TCS  
10/2013

**„HIGHLY RECOMMENDED“**  
Nokian WR D3  
185/60R15 T

Very balanced tyre. Top rating on dry road. Good on wet road and on snow.

## APPENDIX

### Test wins and success, autumn 2013 2(3)

#### Austria



„HIGHLY RECOMMENDED“  
Nokian WR D3  
185/60R15 T

The best on dry road, good on the wet and on snow.

ÖAMTC  
10/2013

[Back to top](#)

#### Finland



Tuulilasi  
13/2013

**TEST WINNER**  
Nokian Hakkapeliitta R2  
205/55R16

Excellent and reliable driving behaviour on demanding winter roads. Good grip properties in winter conditions. Lowest fuel consumption.



Tuulilasi  
12/2013

**TEST WINNER**  
Nokian Hakkapeliitta 8  
205/55R16

Best handling properties on ice and snow. Best grade in handling test on wet surface. Logical and calm in various driving situations. The most silent tyre in the test.



Tekniikan Maailma  
16/2013

**2ND PLACE**  
Nokian Hakkapeliitta R2  
205/55R16

Excellent on ice, braking on ice is even better than the winner of the test. Special recognition from quietness. Lowest rolling resistance.



Auto Bild Suomi  
20/2013

**TEST WINNER**  
Nokian Hakkapeliitta R2  
205/55R16

Set a new norm for the winter grip. Lowest fuel consumption.



Tekniikan Maailma  
16/2013

**TEST WINNER**  
Nokian Hakkapeliitta 8  
205/55R16

Amazing tyre on ice. Grip and handling are excellent on icy road, and properties are excellent also on snow.

#### Sweden



Vi Bilägare  
13/2013

**TEST WINNER**  
Nokian Hakkapeliitta 8  
205/55R16

Very good winter grip. Best tyre in the test on ice, snow, and bare roads, very good handling and steering.



auto motor & sport  
21/2013

**TEST WINNER**  
Nokian Hakkapeliitta 8  
205/55R16

Truly enjoyable to drive, very good on ice and snow, precise and quick steering, impressive braking power on dry surface.



auto motor & sport  
22/2013

**TEST WINNER**  
Nokian Hakkapeliitta R2  
205/55R16

Excellent grip on ice and snow. Slush planning no problem. Short braking distance on asphalt.



Vi Bilägare  
14/2013

**TEST WINNER**  
Nokian Hakkapeliitta R2  
205/55R16

Excellent handling on ice and snow. The best Nordic non studded tyres in slush. Lowest fuel consumption in test.



Teknikens Värld  
22/2013

**TEST WINNER**  
Nokian Hakkapeliitta R2  
205/55R16

Set a new norm for the winter grip for this kind of tyre. Lowest rolling resistance on the test.



Aftonbladet Bil  
2013-10-17

**TEST WINNER**  
Nokian Hakkapeliitta 8  
205/55R16

The tyre is supreme on ice, even insanely good. Top-notch grip on snow, as well.



Motorföraren  
8/2013

**TEST WINNER**  
Nokian Hakkapeliitta 8  
205/55R16

Very good handling on ice and snow, precise and quick reaction to steering. Very good braking on dry surfaces.

#### Great Britain



Auto Express  
45/2013

**TEST WINNER**  
Nokian WR D3  
225/45R17

Effective in all conditions. Excellent on snow. Top for fuel economy.

## APPENDIX

### Test wins and success, autumn 2013 3(3)

#### Norway

**motor**  
NAF/Motor  
7/2013

**TEST WINNER**  
Nokian Hakkapeliitta 8  
205/55R16

The tyre has excellent grip on ice, and its performance was excellent in all of the subtests. The tyre steers well and it has good overall winter characteristics.

**motor**  
NAF/Motor  
7/2013

**TEST WINNER**  
Nokian Hakkapeliitta R2  
205/55R16

The tyre has excellent grip on ice, and its performance was excellent in all of the subtests. The tyre steers well and it has good overall winter characteristics.

**auto motor og sport**  
auto motor og sport  
10/2013

**TEST WINNER**  
Nokian Hakkapeliitta R2  
205/55R16

Strengthened behavior on asphalt without weakening the winter properties. The grip on both ice and snow is top class. Lowest rolling resistance.

**auto motor og sport**  
auto motor og sport  
8/2013

**TEST WINNER**  
Nokian Hakkapeliitta 8  
205/55R16

This tyre was fastest on the handling track, and it was a pure pleasure to drive the car... Nokian winter tyres traditionally behaves well on snow. The response is quick, on steering as well as on acceleration.

#### Russia

**Зарулем**  
Za Rulem  
9/2013

**TEST WINNER**  
Nokian Hakkapeliitta 8  
175/65R14

Best grip on ice & snow, deep snow ability, best fuel consumption, handling and stability on asphalt, comfort. Best tyres in almost all characteristics.

**Зарулем**  
Za Rulem  
9/2013

**TEST WINNER**  
Nokian Hakkapeliitta R2  
175/65R14

Best winter gripping, low fuel consumption, high comfort level, good asphalt stability. Tyres are leaders in almost all points.

**АВТО РЕВЮ**  
Autoreview  
18/2013

**SHARED 1ST PLACE**  
Nokian Hakkapeliitta 8  
205/55R16

Best grip on ice and snow, handling on ice and snow, best braking on dry asphalt, best rolling resistance (lowest fuel consumption) – this feature was not included to the mandatory test program.

**Зарулем**  
Za Rulem  
10/2013

**TEST WINNER**  
Nokian Hakkapeliitta 8  
205/55R16

Best grip on ice, acceleration on snow, braking on the dry asphalt; good handling on winter road (ice & snow); high average of deep snow ability & comfort. Best tyres almost in all aspects, are good to all winter roads and off-roads.

**АВТО РЕВЮ**  
Autoreview  
19/2013

**TEST WINNER**  
Nokian Hakkapeliitta R2  
205/55R16

Excellent grip on ice and snow. Best braking performance on wet and dry asphalt. Has the lowest rolling resistance in the test.

#### Ukraine

**АВТО РЕВЮ**  
Auto Centre  
42/2013

**TEST WINNER**  
Nokian Hakkapeliitta R2  
195/65R15

Perfect grip on ice and snow. Excellent handling on dry asphalt.

**АВТО РЕВЮ**  
Auto Centre  
41/2013

**2ND PLACE**  
Nokian Hakkapeliitta R2  
205/55R16

Excellent handling and grip on snowy and ice road, even during fast maneuvers. Low rolling resistance.

**Motor NEWS**  
Motor News  
11/2013

**TEST WINNER**  
Nokian WR D3  
225/45R17

Good grip on dry and wet asphalt. Stable and predictable behavior on ice and snow road.

**АВТО РЕВЮ**  
Auto Centre  
41/2013

**TEST WINNER**  
Nokian Hakkapeliitta 8  
205/55R16

Excellent grip. The safest tyre on ice. Perfect handling on the winter roads.

**АВТО РЕВЮ**  
Auto Centre  
42/2013

**TEST WINNER**  
Nokian Hakkapeliitta 8  
195/65R15

Perfect grip on icy and snowy road. Excellent handling on ice. Stable and logical driving behavior.

#### Belarus

**Auto Bild .by**  
AutoBild  
10/2013

**TEST WINNER**  
Nokian Hakkapeliitta R2  
205/55R16

Best handling on ice. Lowest rolling resistance. Effectively resist slushplaning.

**Auto Bild .by**  
AutoBild  
10/2013

**TEST WINNER**  
Nokian WR D3  
205/55R16

Best braking on snow. Best results in slushplaning prevention. Low rolling resistance.

**Auto Bild .by**  
AutoBild  
10/2013  
Canada

**TEST WINNER**  
Nokian Hakkapeliitta 8  
205/55R16

Best acceleration and braking on ice. High-class driving properties on snow. Low rolling resistance and effective slushplaning prevention.

**LA PRESSE**  
La Presse

**TEST WINNER**  
Nokian Hakkapeliitta R2 SUV  
225/65R17

Awesome grip on ice and snow. Excellent drivability on ice and snow. Good driving properties on dry surfaces.

### 2014 Summer

#### Germany



**TEST WINNER GROUP „GOOD“**  
Nokian Line  
195/65R15 V

Very well-balanced tyre. Good on wet and dry surfaces.

ADAC  
Summer tyre test 2014



**TEST WINNER GROUP „GOOD“**  
Nokian Line  
175/65R14 T

Very well-balanced tyre. Good on wet and dry surfaces.

ADAC  
Summer tyre test 2014



**TEST WINNER**  
Nokian Z SUV  
235/65R17

Top rating for braking and handling on dry and wet surfaces.

OFF ROAD  
4/2014



**TEST WINNER**  
Nokian Z SUV  
235/65R17

Top rating for braking and handling on dry and wet surfaces.

SUV Magazin  
1/2014

**TEST WINNER GROUP „GOOD“**  
Nokian Line  
195/65R15 V

Good on wet and dry surface. Good wear resistance. Low fuel consumption.

Stiftung Warentest  
Summer tyre test 2014

**TEST WINNER GROUP „GOOD“**  
Nokian Line  
175/65R14 T

Good on wet and dry surface. Good wear resistance. Low fuel consumption.

Stiftung Warentest  
Summer tyre test 2014



Sportauto  
5/2014

**RECOMMENDABLE**  
Nokian Line  
225/40R18

The wet specialist of the test: good at braking and cornering. Comfortable to drive and silent.

[Back to top](#)

#### Switzerland



TCS  
Summer tyre test 2014

**TEST WINNER GROUP „VERY RECOMMENDED“**  
Nokian Line  
195/65R15 V

Very balanced tyre. Good in all safety-related disciplines. Good on dry surface.



TCS  
Summer tyre test 2014

**TEST WINNER GROUP „VERY RECOMMENDED“**  
Nokian Line  
175/65R14 T

Very balanced tyre. Good in all safety-related disciplines. Good on dry surface.

[Back to top](#)

#### Austria



ÖAMTC  
Summer tyre test 2014

**TEST WINNER GROUP „VERY RECOMMENDED“**  
Nokian Line  
195/65R15 V

Very good on dry surface. Good on wet surface.



ÖAMTC  
Summer tyre test 2014

**TEST WINNER GROUP „VERY RECOMMENDED“**  
Nokian Line  
175/65R14 T

Very good on dry surface. Good on wet surface.

**TEST WINNER GROUP „GOOD“**  
Nokian Line  
195/65R15 V

Wet surface good, dry surface good, wear resistance good, fuel consumption good.

Konsument  
Summer tyre test 2014

**TEST WINNER GROUP „GOOD“**  
Nokian Line  
175/65R14 T

Wet surface good, dry surface good, wear resistance good, fuel consumption good.

Konsument  
Summer tyre test 2014

### Finland



**SHARED 2ND PLACE**  
Nokian Hakka Blue  
205/55R16

Excellent handling on wet surfaces. Pleasantly quiet. Low rolling resistance.

Tekniikan Maailma  
5/2014



**SHARED 3RD PLACE**  
Nokian Hakka Blue  
205/55R16

Among the best in all tests on wet roads. Good handling, excellent steering response. Low rolling resistance, silent.

Tuulilasi  
4/2014

### Sweden



**SHARED 2ND PLACE**  
Nokian Hakka Blue  
205/55R16

Very good on wet surfaces, easy to drive, low rolling resistance.

Auto, Motor & Sport  
7/2014



**SHARED 3RD PLACE**  
Nokian Hakka Blue  
205/55R16 V

Among the best in all tests on wet roads. Low rolling resistance, quiet.

Vi Bilägare  
4/2014



**SHARED 3RD PLACE**  
Nokian Hakka Blue  
205/55R16 V

Excellent wet grip characteristics, safe and sure handling properties on wet conditions and convincing driving behavior overall.

Teknikens Värld  
8/2014

### Norway



**SHARED 2ND PLACE**  
Nokian Hakka Blue  
205/55R16

Best of all tyres while maintaining stability and wet - and dry handling.

Motor  
2/2014

### Russia



**2ND PLACE**  
Nokian Hakka Green  
185/60R14

Best wet grip in the test. Excellent handling on dry and wet roads. Low fuel consumption.

ZaRulem  
3/2014



**3RD PLACE**  
Nokian Hakka Blue  
205/55R16

Best wet grip among tested tyres. Excellent stability and handling on all road conditions.

ZaRulem  
4/2014

Back

### Ukraine



**TEST WINNER**  
Nokian Hakka Green  
195/65R15

Best wet grip properties among tested tyres. Safe and convincing driving behavior on wet and dry conditions. Hakka Green is also environmentally friendly tyre with low rolling resistance.

Auto Centre  
12/2014

MotorNews  
3/2014

**TEST WINNER**  
Nokian Hakka Z SUV  
235/65R17

Consistent and accurate drivability on wet road. Excellent grip and handling properties on dry. Silent and comfortable.

Back

### Belarus



**TEST WINNER**  
Nokian Hakka Blue  
205/55R16

Safest tyre for demanding summer conditions. Best wet grip and aquaplaning resistance properties. Excellent driving properties with low rolling resistance.

AutoBild  
3/2014

## APPENDIX

### Winter tyre legislation in Europe

	Austria	Bosnia Herzegovina	Croatia	Czech Republic	Estonia	Finland	France	Germany	Latvia	Lithuania	Norway	Romania	Serbia	Slovakia	Slovenia	Spain	Sweden	Switzerland
Winter tyres are legally mandatory	●	●			●	●			●	●			●		●		●	
Winter tyres are mandatory <u>if</u> weather conditions so require			●	●				●			●	●		●				
Winter tyres are mandatory <u>only</u> if there is a specific road sign							●									●		●

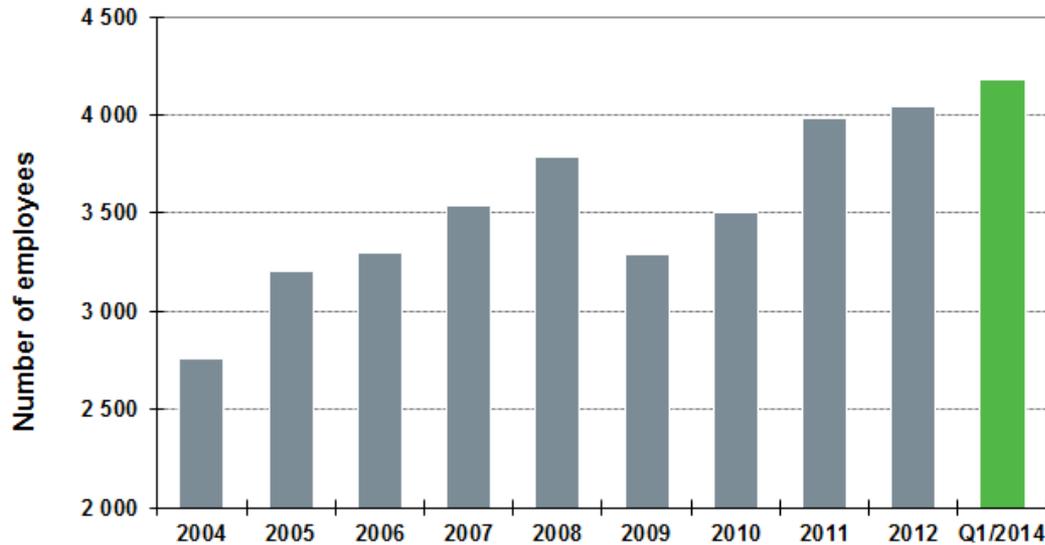
Source: Nokian Tyres 04\_2014

## APPENDIX

### *Personnel 31 March, 2014*

Personnel at the end of the review period

- Nokian Tyres Group: 4,176 (4,080)
- Equity-owned Vianor: 1,496 (1,408)
- Russia: 1,345 (1,269)



Natalia Belichenko, Nadezhda Nikiforova and Alexandra Mizintseva, Vsevolozhsk

## APPENDIX

### *Vianor & Nokian Tyres Authorized Dealers (NAD)*



#### **Requirements for Vianors**

- Minimum purchases and minimum share from Nokian Tyres and a strong visibility in the store
- Professional tyre services, fulfillment of Vianor operative standards
- Full Vianor branding, Nokian Tyres shop-in-shop

#### **Key benefits for Vianors**

- Vianor terms and conditions
- Access to Vianor central purchase program
- Vianor fleet customer program
- Vianor Academy training program
- Marketing program, Vianor clothing



#### **Requirements for NADs**

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

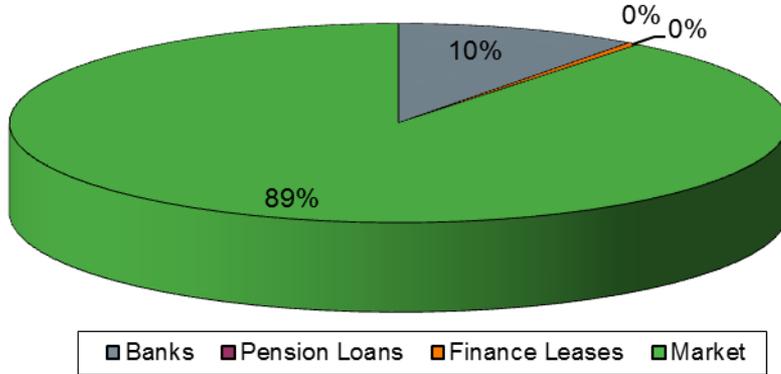
#### **Key benefits for NADs**

- NAD terms and conditions
- Product and sales training program
- Seminars, launch events
- Advertising materials, web visibility

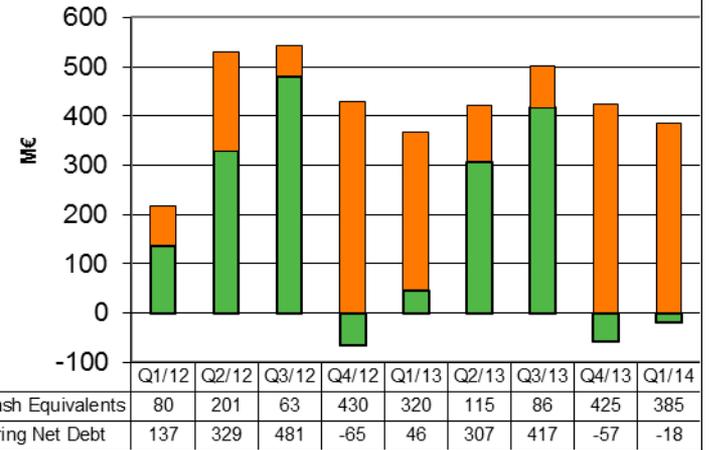
## APPENDIX

### Financing: Loans on 31 March, 2014 Net Financial Expenses and currency effect

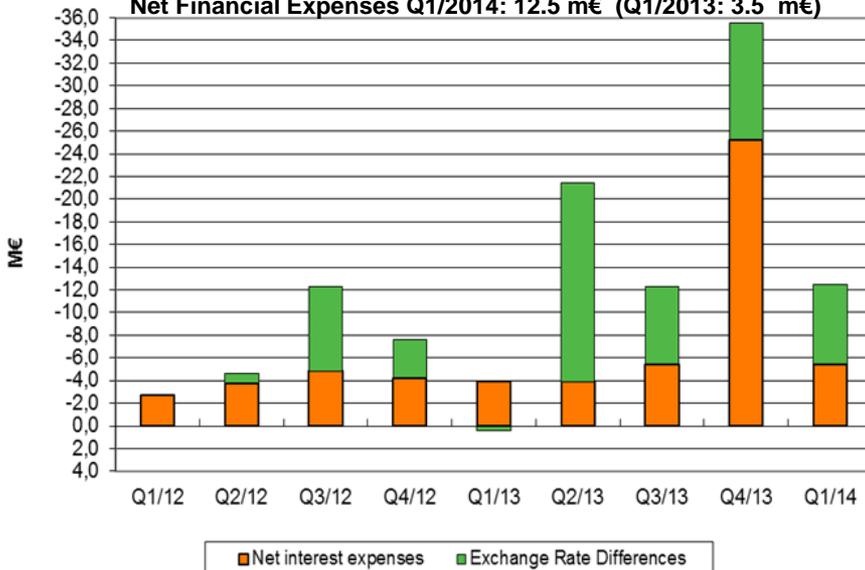
Interest Bearing Debts  
EUR 367.7m (31.3.2014)



Interest-Bearing Debt



Net Financial Expenses Q1/2014: 12.5 m€ (Q1/2013: 3.5 m€)



Net financial items/exchange rate difference (mEUR)

	RUB	NOK	SEK	USD	CAD	other	Total
Underlying 1)	-7,1	0,4	-0,6	0,0	-0,1	-6,5	-13,8
Hedging	5,6	-0,4	0,5	-0,1	0,0	3,4	9,1
Hedging cost	-1,4	-0,1	-0,1	0,0	-0,1	-0,5	-2,3
<b>Total</b>	<b>-2,8</b>	<b>-0,1</b>	<b>-0,2</b>	<b>-0,1</b>	<b>-0,2</b>	<b>-3,6</b>	<b>-7,0</b>

1) AP, AR, Internal loans/deposits

## APPENDIX

### *Consolidated Income Statement*

Million euros	1-3/14	1-3/13	1-12/13	Change	
				%	
Net sales	311.9	333.1	1,521.0	-6.3	
Cost of sales	-169.2	-184.9	-819.9	8.5	
Gross profit	142.7	148.2	701.0	-3.7	
Other operating income	1.1	1.2	3.9	-6.9	
Selling and marketing expenses	-59.1	-59.1	-249.1	0.0	
Administration expenses	-9.0	-9.0	-36.6	0.6	
Other operating expenses	-7.4	-4.9	-33.8	-49.0	
Operating profit	68.4	76.3	385.5	-10.4	
Financial income	40.4	18.4	104.3	119.9	
Financial expenses (1	-52.8	-21.8	-177.0	-142.0	
Profit before tax	55.9	72.9	312.8	-23.2	
Tax expense (2 (3	-17.2	-9.2	-129.1	-85.7	
Profit for the period	38.7	63.6	183.7	-39.1	
Attributable to:					
Equity holders of the parent	38.8	63.6	183.8		
Non-controlling interest	0.0	0.0	-0.1		
Earnings per share from the profit attributable to equity holders of the parent					
basic, euros	0.29	0.48	1.39	-39.6	
diluted, euros	0.30	0.47	1.39	-37.0	
1) Financial expenses in 1-3/14 contain EUR 1.6 million expensed punitive interest for tax reassessment decisions on years 2008-2012 and in 1-12/13 EUR 20.2 million on years 2007-2010.					
2) Tax expense in 1-3/14 contains EUR 9.4 million expensed additional taxes with punitive tax increases for tax reassessment decisions on years 2008-2012 and in 1-12/13 EUR 80.1 million on years 2007-2010.					
3) Otherwise tax expense in the consolidated income statement is based on the taxable result for the period.					

## APPENDIX

### *Consolidated Other Comprehensive Income*

Million euros	1-3/14	1-3/13	1-12/13
Profit for the period	38.7	63.6	183.7
Other comprehensive income, items that may be reclassified subsequently to profit and loss, net of tax:			
Gains/Losses from hedge of net investments in foreign operations	0.0	-4.9	-1.9
Cash flow hedges	-0.3	-0.2	0.8
Translation differences on foreign operations 4)	-45.2	13.1	-65.6
Total other comprehensive income for the period, net of tax	-45.5	7.9	-66.7
Total comprehensive income for the period	-6.8	71.5	117.0
Total comprehensive income attributable to:			
Equity holders of the parent	-6.7	71.6	117.1
Non-controlling interest	0.0	0.0	-0.1

4) 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".

## APPENDIX

### Key Ratios

	31.3.14	31.3.13	31.12.13	Change
				%
Equity ratio, %	66.8	71.2	67.6	
Gearing, %	-1.3	3.1	-4.1	
Equity per share, euro	10.38	11.46	10.45	9.7
Interest-bearing net debt, mill. euros	-17.7	46.3	-56.4	
Capital expenditure, mill. euros	17.1	47.6	125.6	
Depreciation, mill. euros	23.3	23.9	93.5	
Personnel, average	4,151	4,030	4,194	
Number of shares (million units)				
at the end of period	133.04	132.32	133.29	
in average	133.27	132.12	132.65	
in average, diluted	137.42	137.92	137.62	

## APPENDIX

### *Consolidated Statement Of Financial Position*

Million euros	31.3.14	31.3.13	31.12.13
Non-current assets			
Property, plant and equipment	643.9	723.3	683.8
Goodwill	70.8	69.1	69.9
Other intangible assets	23.1	26.2	24.7
Investments in associates	0.1	0.1	0.1
Available-for-sale financial assets	0.3	0.3	0.3
Other receivables	8.9	16.6	11.3
Deferred tax assets	4.9	10.4	8.8
Total non-current assets	751.9	846.0	798.8
Current assets			
Inventories	336.3	346.4	322.1
Trade receivables	496.1	519.2	404.8
Other receivables	101.5	103.5	112.6
Cash and cash equivalents	385.4	320.1	424.6
Total current assets	1,319.4	1,289.2	1,264.1
Equity			
Share capital	25.4	25.4	25.4
Share premium	181.4	181.4	181.4
Treasury shares	-8.6	-	-
Translation reserve	-173.7	-52.9	-128.5
Fair value and hedging reserves	-1.0	-1.7	-0.7
Paid-up unrestricted equity reserve	97.9	84.1	97.1
Retained earnings	1,260.1	1,279.8	1,217.9
Non-controlling interest	0.2	0.3	0.2
Total equity	1,381.7	1,516.5	1,392.8

Non-current liabilities			
Deferred tax liabilities	41.7	41.6	36.1
Provisions	0.1	0.1	0.1
Interest bearing financial liabilities	183.2	325.2	185.8
Other liabilities	3.7	4.2	3.5
Total non-current liabilities	228.6	371.1	225.4
Current liabilities			
Trade payables	82.3	96.8	65.8
Other current payables	190.9	104.8	193.4
Provisions	3.2	4.8	3.0
Interest-bearing financial liabilities	184.6	41.2	182.4
Total current liabilities	460.9	247.5	444.7
Total assets	2,071.2	2,135.1	2,062.9
Changes in net working capital arising from operative business are partly covered by EUR 350 million domestic commercial paper programme.			

## APPENDIX

### Consolidated Statement Of Cash Flows

Million euros	1-3/14	1-3/13	1-12/13
Cash flows from operating activities:			
Cash generated from operations	-8.5	-46.3	424.4
Financial items and taxes	-15.2	-21.7	-106.9
Net cash from operating activities	-23.8	-68.0	317.6
Cash flows from investing activities:			
Net cash used in investing activities	-17.5	-46.2	-143.4
Cash flows from financing activities:			
Proceeds from issue of share capital	0.9	4.8	17.8
Change in current financial receivables and debt	4.6	-2.2	-40.7
Change in non-current financial receivables and debt	-2.5	1.0	36.6
Dividends paid	0.0	0.0	-191.9
Net cash from financing activities	3.0	3.6	-178.1
Net change in cash and cash equivalents	-38.3	-110.6	-4.0
Cash and cash equivalents at the beginning of the period	424.6	430.3	430.3
Effect of exchange rate changes	-0.9	0.3	-1.8
Cash and cash equivalents at the end of the period	385.4	320.1	424.6
	-38.3	-110.6	-4.0

## APPENDIX

### Consolidated Statement Of Changes In Equity

Million euros	Equity attributable to equity holders of the parent								
	A	B	C	D	E	F	G	H	I
Equity, Jan 1st 2013	25.4	181.4	-	-61.0	-1.5	79.3	1,213.2	0.3	1,437.2
Profit for the period							63.6	0.0	63.6
Other comprehensive income, net of tax:									
Cash flow hedges					-0.2				-0.2
Net investment hedge				-4.9					-4.9
Translation differences				13.1				0.0	13.1
Total comprehensive income for the period				8.2	-0.2		63.6	0.0	71.5
Exercised warrants						4.8			4.8
Share-based payments							3.0		3.0
Total transactions with owners for the period						4.8	3.0		7.8
Equity, Mar 31st 2013	25.4	181.4	-	-52.9	-1.7	84.1	1,279.8	0.3	1,516.5
Equity, Jan 1st 2014	25.4	181.4	-	-128.5	-0.7	97.1	1,217.9	0.2	1,392.8
Profit for the period							38.8	0.0	38.8
Other comprehensive income, net of tax:									
Cash flow hedges					-0.3				-0.3
Net investment hedge									0.0
Translation differences				-45.2					-45.2
Total comprehensive income for the period				-45.2	-0.3	0.0	38.8	0.0	-6.7
Dividends paid							0.0		0.0
Exercised warrants						0.9			0.9
Acquisition of treasury shares			-8.6						-8.6
Share-based payments							3.3		3.3
Total transactions with owners for the period						0.0	3.3		3.3
Equity, Mar 31st 2014	25.4	181.4	-8.6	-173.7	-1.0	97.9	1,260.1	0.2	1,381.7

A = Share capital	
B = Share premium	
C = Treasury shares	
D = Translation reserve	
E = Fair value and hedging reserves	
F = Paid-up unrestricted equity reserve	
G = Retained earnings	
H = Non-controlling interest	
I = Total equity	

## APPENDIX

### Segment Information

Million euros	1-3/14	1-3/13	1-12/13	Change %
Net sales				
Passenger car tyres	246.9	273.7	1,137.0	-9.8
Heavy tyres	34.6	33.2	149.7	4.3
Vianor	49.5	43.7	312.5	13.4
Other operations	1.6	2.1	14.1	-26.3
Eliminations	-20.6	-19.5	-92.3	-5.6
Total	311.9	333.1	1,521.0	-6.3
Operating result				
Passenger car tyres	80.0	92.4	378.5	-13.3
Heavy tyres	4.5	4.0	20.4	10.7
Vianor	-12.0	-15.9	-1.8	24.7
Other operations	-3.1	-4.0	-13.1	24.4
Eliminations	-1.1	-0.1	1.5	-657.9
Total	68.4	76.3	385.5	-10.4
Operating result, % of net sales				
Passenger car tyres	32.4	33.8	33.3	
Heavy tyres	12.9	12.2	13.6	
Vianor	-24.2	-36.4	-0.6	
Total	21.9	22.9	25.3	
Cash Flow II				
Passenger car tyres	6.4	-77.3	297.1	108.2
Heavy tyres	1.0	-1.8	28.4	156.5
Vianor	-12.4	-10.5	7.4	-17.4
Total	-3.7	-95.1	325.6	96.1
Nokian Tyres integrated the Heavy Tyres and Truck Tyres profit centers and formed a new profit centre called Heavy Tyres as of 1st January 2014.				

## APPENDIX

### *Contingent liabilities*

CONTINGENT LIABILITIES				
Million euros		31.3.14	31.3.13	31.12.13
FOR OWN DEBT				
Mortgages		1.1	1.1	1.1
Pledged assets		0.2	0.2	0.2
OTHER OWN COMMITMENTS				
Guarantees		3.2	3.4	3.3
Leasing and rent commitments		58.9	84.2	63.3
Purchase commitments		2.0	2.0	2.0

## APPENDIX

### *Derivative Financial Instruments*

Million euros	31.3.14	31.3.13	31.12.13
<b>INTEREST RATE DERIVATIVES</b>			
Interest rate swaps			
Notional amount	0.0	39.8	0.0
Fair value	-0.1	-1.1	0.0
<b>FOREIGN CURRENCY DERIVATIVES</b>			
Currency forwards			
Notional amount	556.9	545.3	225.8
Fair value	-0.9	-6.0	1.9
Currency options, purchased			
Notional amount	13.1	130.5	110.3
Fair value	0.1	1.3	2.4
Currency options, written			
Notional amount	13.1	262.8	110.3
Fair value	-0.1	-2.0	-0.9
Interest rate and currency swaps			
Notional amount	20.0	20.0	20.0
Fair value	3.6	-0.3	0.1
<b>ELECTRICITY DERIVATIVES</b>			
Electricity forwards			
Notional amount	11.2	13.3	12.3
Fair value	-3.3	-1.9	-2.8

## APPENDIX

### *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

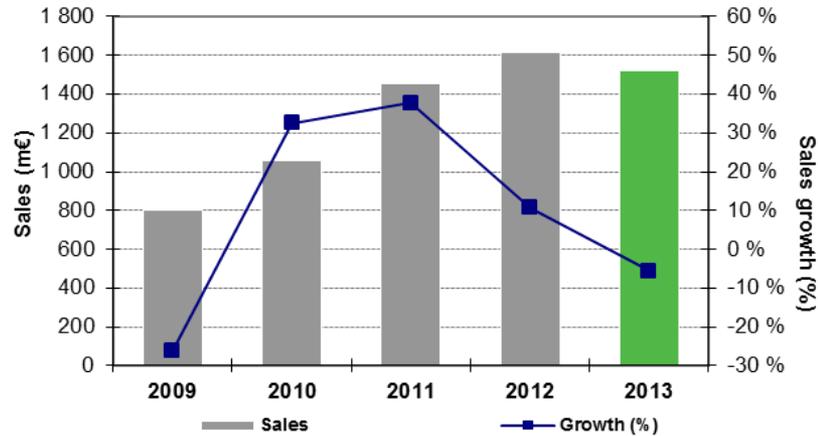
**Operating margin:**

Operating result, % of net sales

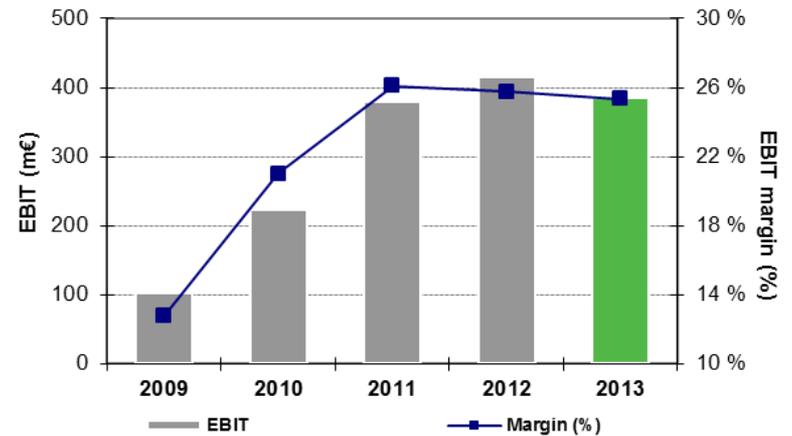
# APPENDIX

## Key figures 2009-2013

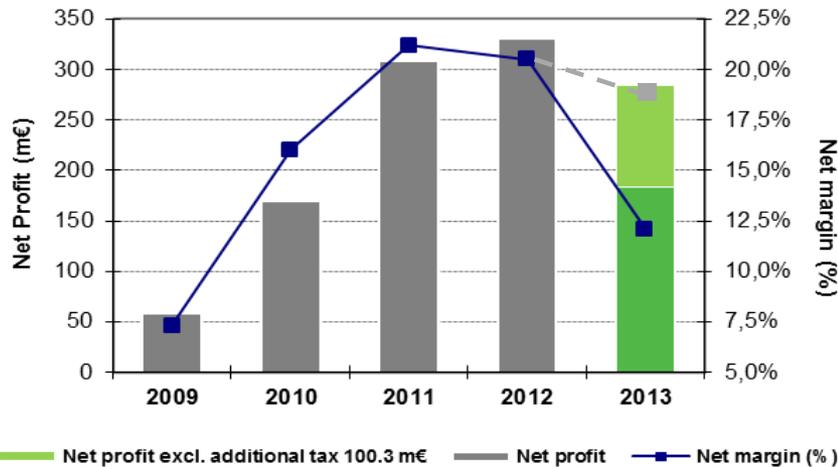
Net sales (m€) and Net sales growth (%)



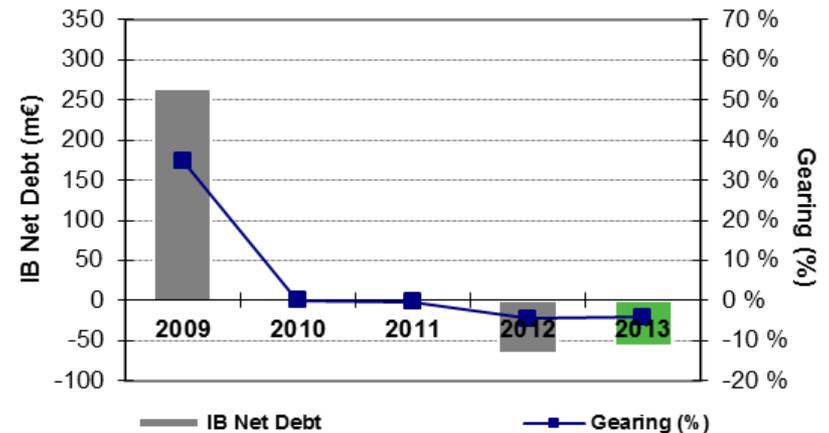
EBIT (m€) and EBIT margin (%)



Net profit (m€) and net margin (%)



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

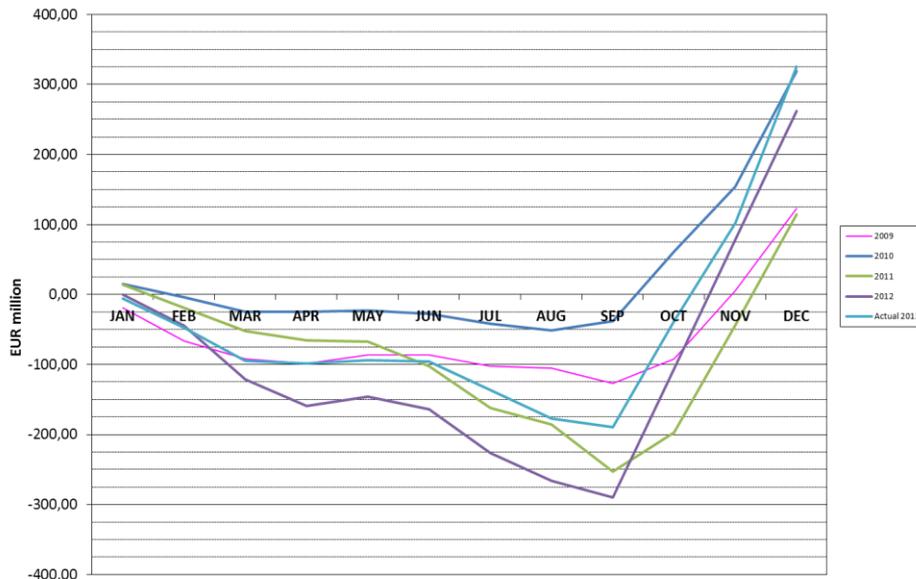


## APPENDIX

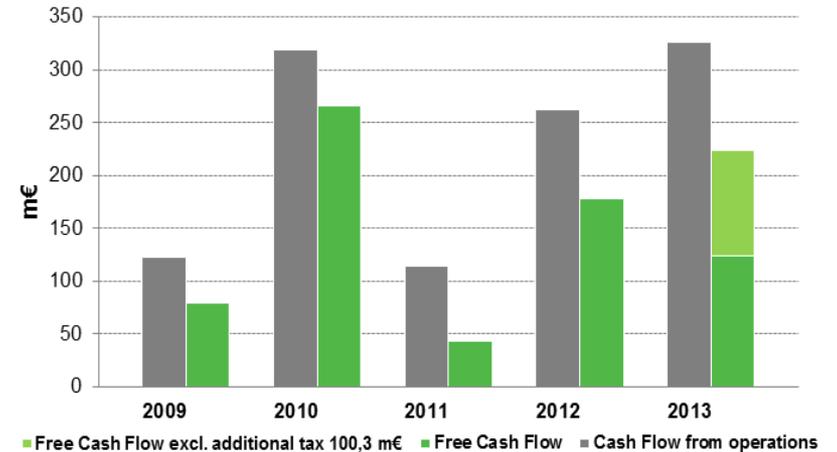
### Group Operating Cash Flow and Free Cash Flow 2009-2013

- Cash flow from operations: 325.6 m€ in 2013
  - CapEx 83,6 m€ lower than previous year
  - Free cash flow 123.9 m€
  - Free cash flow 224.2 m€ excl. additional tax

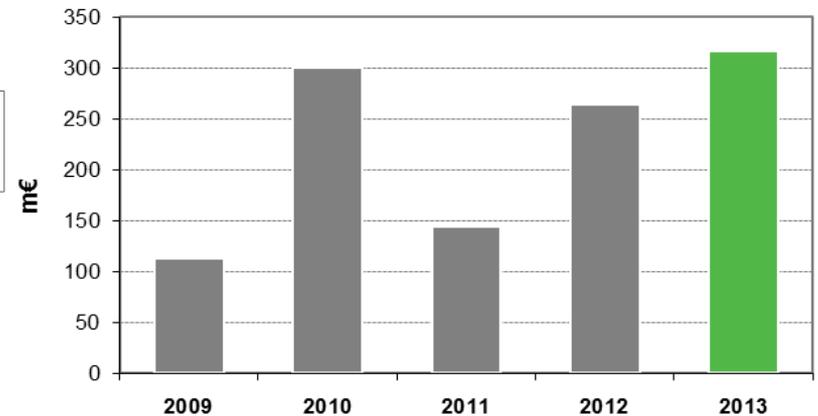
Monthly cumulative Group Cash flow from operations



Group Cash Flow From Operations and Free Cash flow



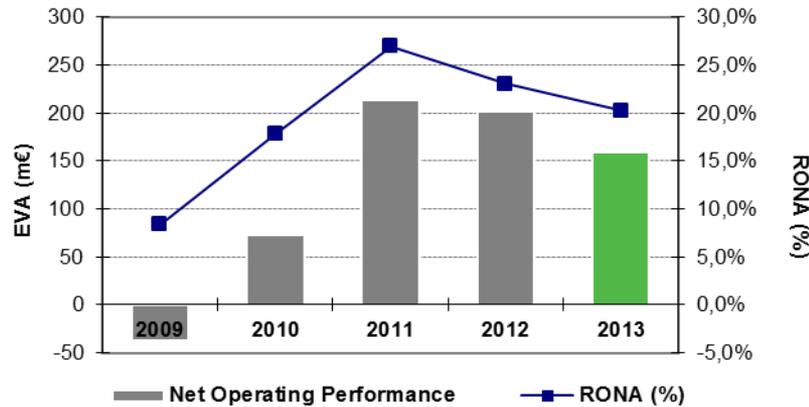
Manufacturing Cash flow from operations



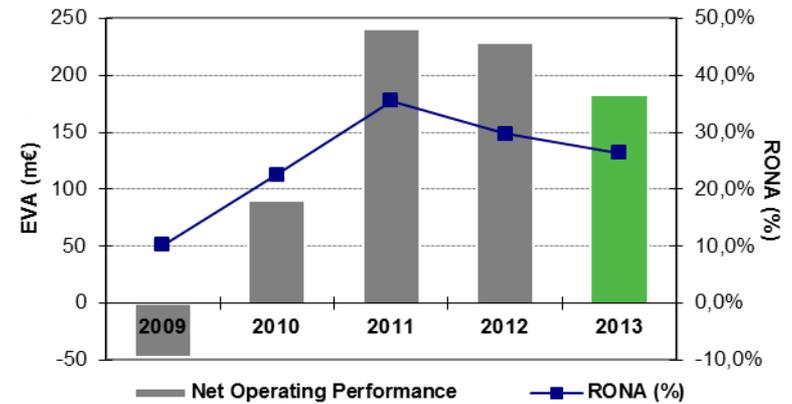
## APPENDIX

### RONA (%) and Net operating performance (EVA) <sup>1)</sup> 2009-2013

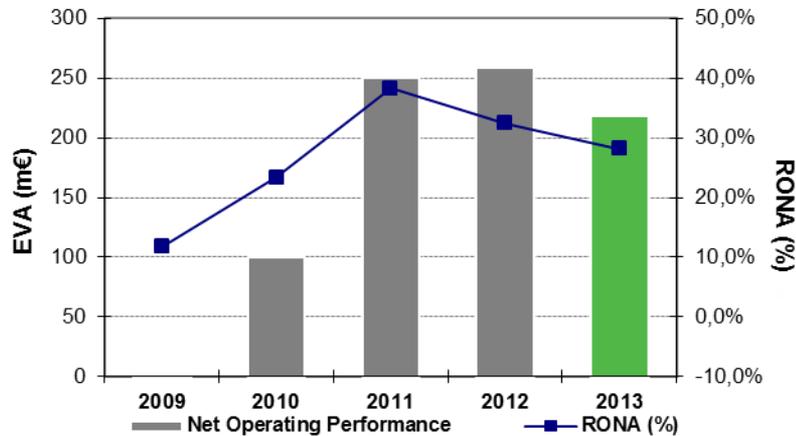
Group EVA (m€) and RONA (%)



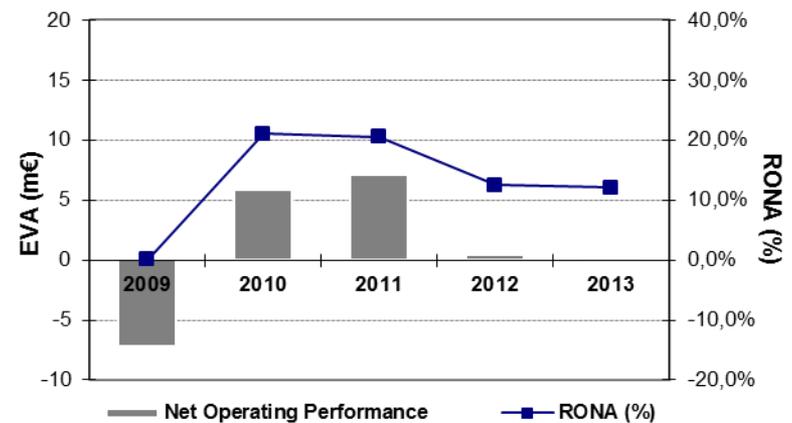
Manufacturing EVA (m€) and RONA (%)



Passenger Car Tyres EVA (m€) and RONA (%)



Heavy Tyres EVA (m€) and RONA (%)



<sup>1)</sup> EVA is calculated based on 12% interest on capital employed.

**nokian**<sup>®</sup>  
**TYRES**

*Thank you!*

