



Mr. Kim Gran, President and CEO

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**Net sales increased, market shares up and operating profit improved**

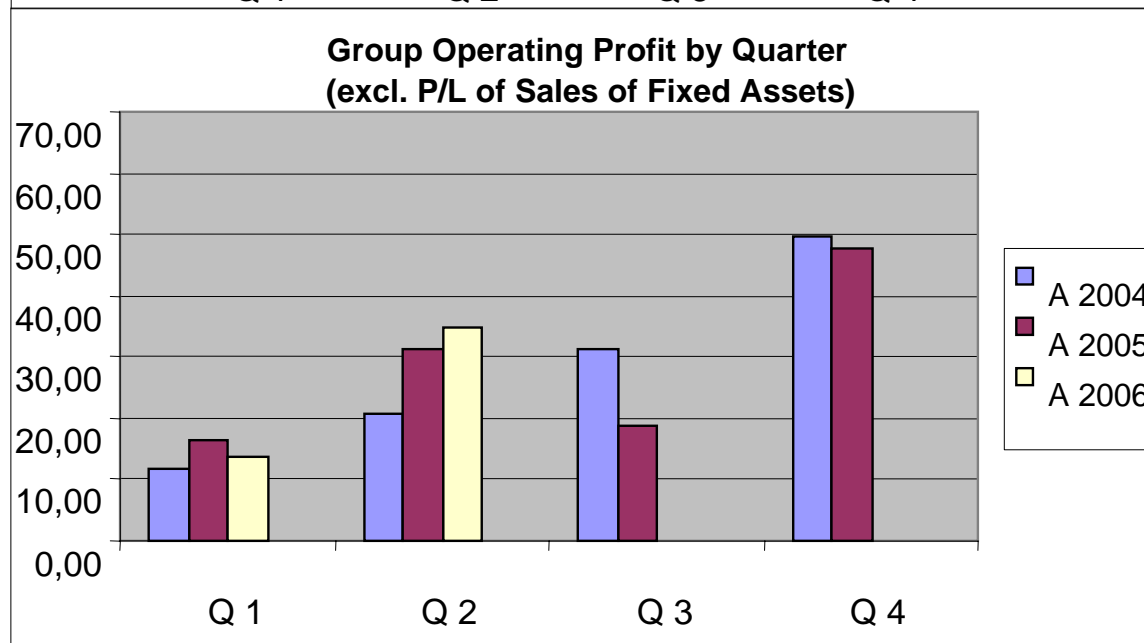
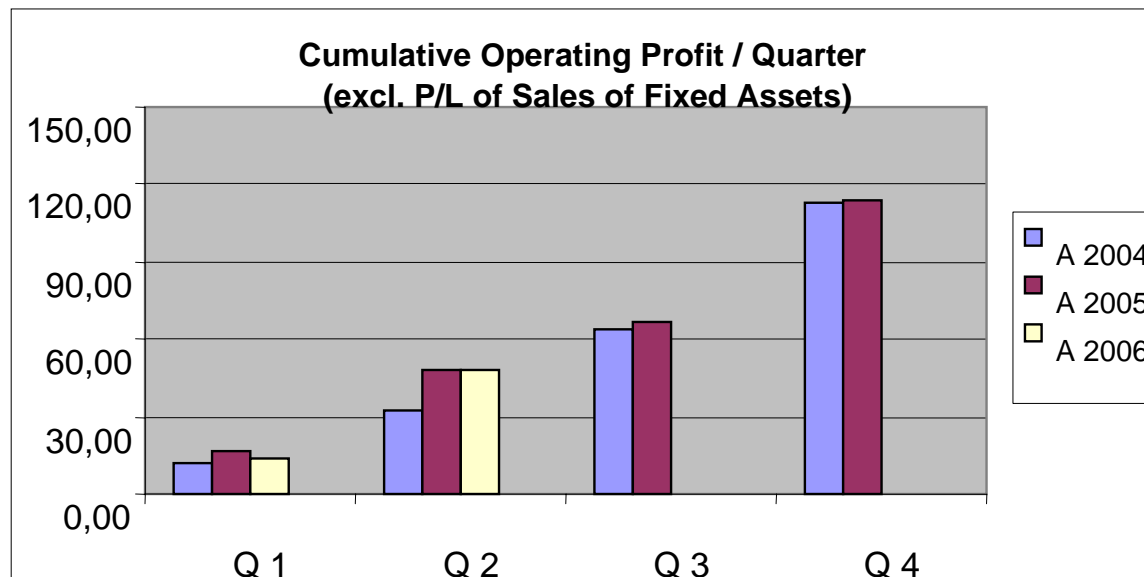
	Q2/06	Q2/05	Change	H1/06	H1/05	Change	2005	5 year's average growth/year (*)
<b>m€</b>								
Net sales	200.0	166.0	+20.5%	349.4	295.4	+18.3%	686.5	+11.5%
Operating profit	35.1	31.5	+11.5%	48.6	46.1	+5.3%	115.8	+23.1%
Profit before tax	31.9	33.4	-4.5%	42.0	47.1	-10.9%	112.6	+32.8%
Net Profit	24.9	23.9	+4.0%	31.8	33.3	-4.5%	82.2	+30.8%
EPS €	0.20	0.20		0.26	0.29	-10.3%	0.70	+28.3%
RONA, % (rolling 12 months)				16.7	23.6		18.1	
Cash Flow II	-27.1	-49.8		-91.9	-103.6		-17.1	
Gearing, %				56.2	48.9		25.4	

- strong sales growth and improved market shares in core products and markets
- seasonally high summer tyre share of sales and higher raw material costs
- net financial costs do not include exchange rate gains as in previous year
- NWC still to be improved

(\*contains years 2004-2005 according to IFRS and previous years according to FAS

# GROUP OPERATING PROFIT PER QUARTER 2006

- Net sales Q2/06  
200,0 m€; +20.5%  
(Q2/05 166.0 m€)
- EBIT Q2/06 35.1 m€  
(Q2/05 31.5 m€)
- Net sales H1/06  
349.4 m€; +18.3%  
(H1/05 295.4 m€)
- EBIT H1/06 48.6 m€  
(H1/05 46.1 m€)



### **Car and van tyres – competitive pricing environment**

- modest growth in car summer tyre demand in Central Europe and Nordic countries
- lower summer tyre prices due to tough competition
- strong market growth in Russia and Eastern Europe
- strong winter tyre growth in Central and Eastern Europe and Russia
- winter tyre price increases during H2; H1 prices on previous year's level

### **Heavy Tyres – shortage continues**

- forestry and industrial machine business booming
- global shortage of heavy special tyres

### **Raw material prices – keep going up**

- natural rubber price drive increasing material costs

### **Market position - clear improvement in core markets**

- + strong sales growth in all core markets and all product groups
- + good summer tyre season in Nordic countries and in Russia
- + market shares improved significantly
- + record-high sales of heavy tyres

### **Profitability and cash flow – improvement during Q2**

- + improved cash flow both in manufacturing business and Vianor
- higher share of summer tyres reduced average prices, summer tyre prices declined, winter tyre prices on previous year's level
- financial expenses increased; exchange losses 1,4 m€ (gains 4.8 m€ in H1/05)
- higher fixed costs due to growth investments, new distribution US and Sweden
- IFRS and share option costs
- provision for bad debt due to Italian importer 4,2 m€

### **Production volumes - grew as planned**

- + increased production volumes at the Russian factory with premium quality tyres
- + heavy tyre production volumes increased remarkably

### **Service capacity and network – well prepared to face the peak season**

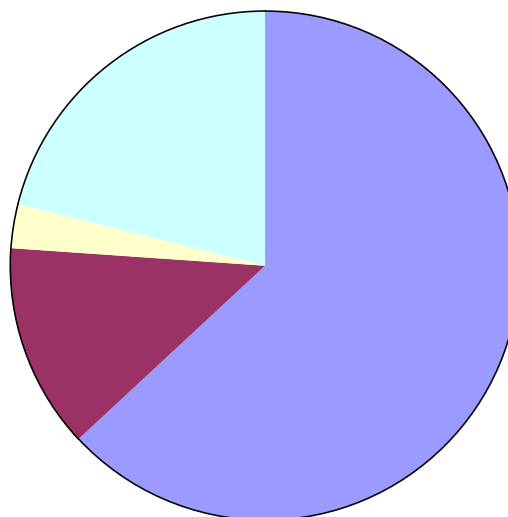
- + new Vianor outlets in Russia
- + enhanced sales and logistics in Russia, Eastern Europe and in the USA

# SHARE OF NET SALES BY PRODUCT AREA H1 2006

**Vianor** 21% (23%)  
**Net sales** 99.0 m€ (96.3 m€); +2.8%  
**Q2/06: 64.9 m€ (63.1 m€); +2.9%**  
**EBIT: -4.3 m€ (0.6 m€)**  
**Q2/06: 4.5 m€ (7.6 m€)**  
**EBIT margin: -4.4% (0.6%)**  
**Q2/06 6.9% (12.0%)**

**Truck tyres**

3% (3%)  
Net sales 9.9 m€ (8.9 m€);  
+11.5%



**Car tyres** 63% (63%)  
**Net sales** 222.1 m€ (185.2 m€);+19.9%  
**Q2/06: 120.3 m€ (94.3 m€); +27.5%**  
**EBIT 45.8 m€ (44.1 m€); +3.7%**  
**Q2/06: 26.8 m€ (20,7 m€); +29.9%**  
**EBIT margin: 20.6% (23.8%)**  
**Q2/06 22.3% (21.9%)**

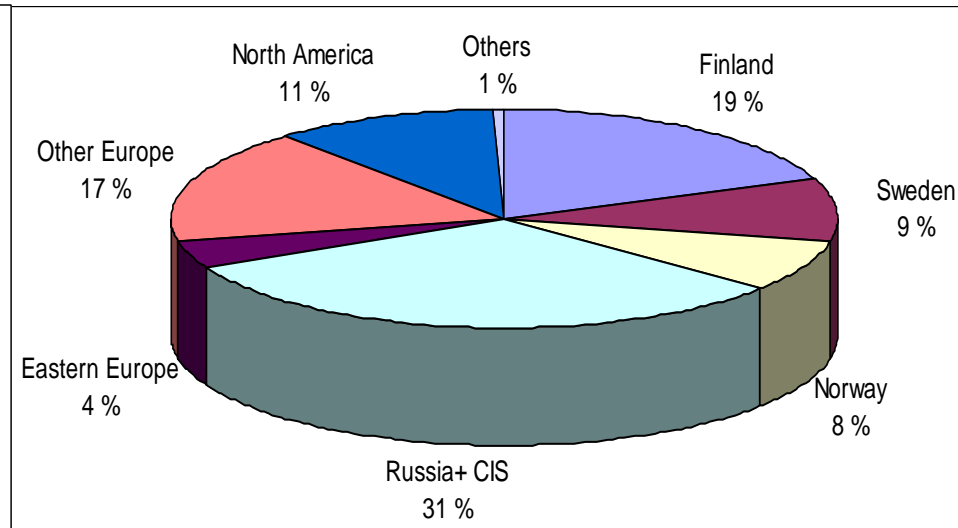
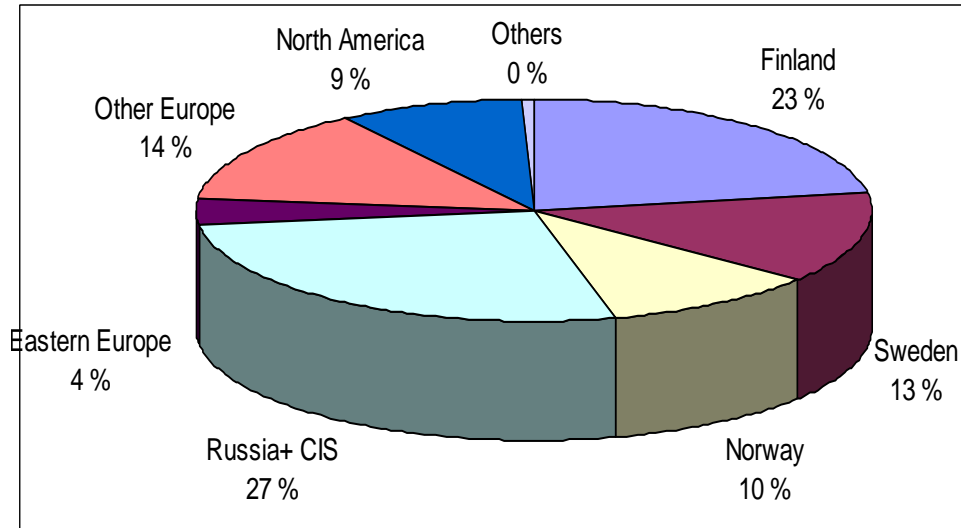
**Heavy tyres** 13% (11%)  
**Net sales** 45.2 m€ (36.3m€) +24.4%  
**Q2/06: 23.3 m€ (19.2 m€); +21.5%**  
**EBIT: 10.9 m€ (6.2 m€); +76.7%**  
**Q2/06: 5.4 m€ (3.1 m€); +78.1%**  
**EBIT margin: 24.1% (17.0%)**  
**Q2/06 23.3% (15.9%)**

(H1 and Q2 2005)

# GROSS SALES BY MARKET AREA H1 2006

Sales of Nokian Tyres group 349.4 m€, +18,3%

Sales of manufacturing units 284.5 m€; +23,5%

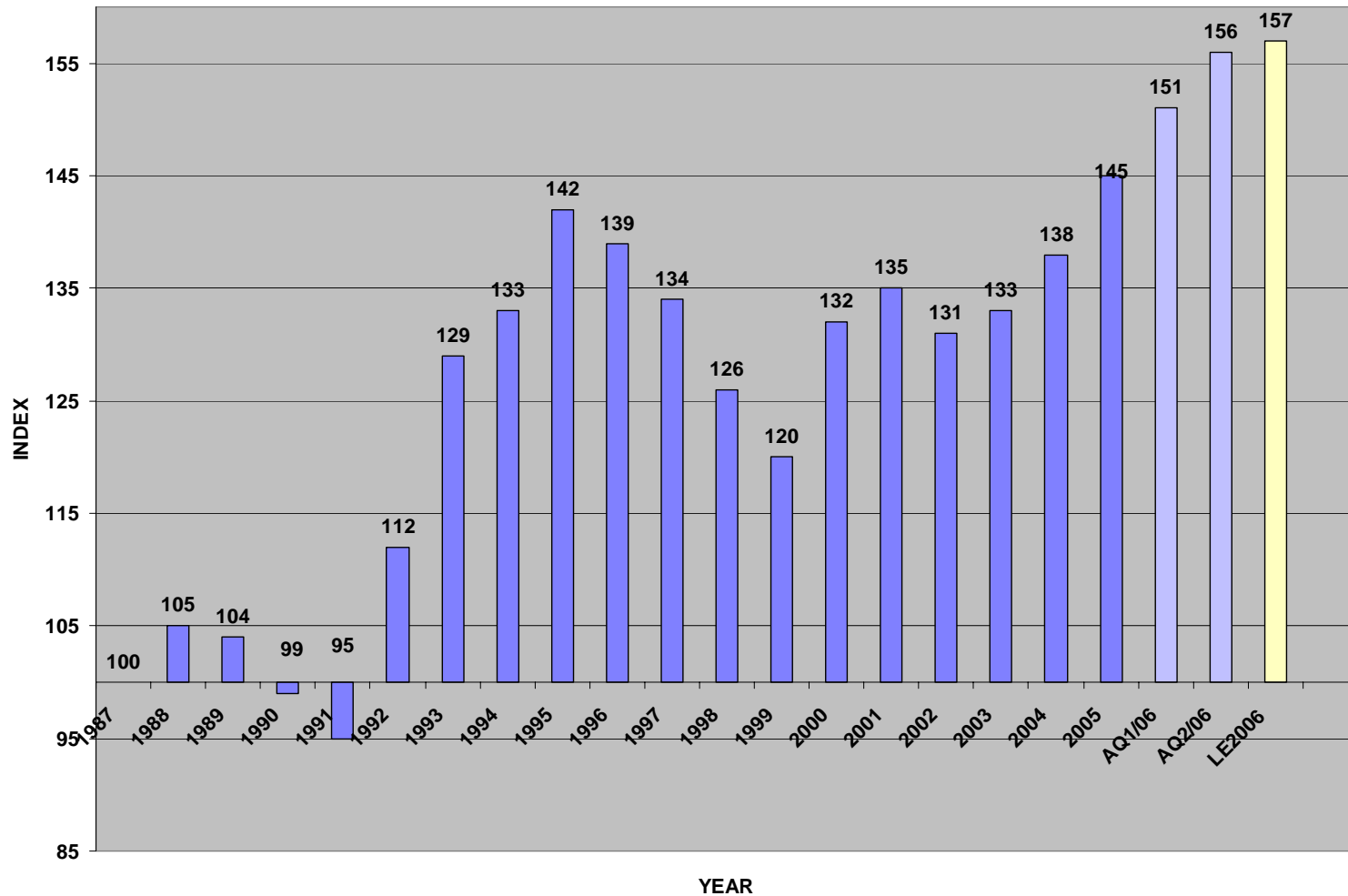


Sales increased:	
-Nordic countries	+3.9%
-Russia and CIS	+50.2%
-Eastern Europe	+35.7%
-North America	+22.0%

Sales increased:	
-Nordic countries	+6.6%
-Russia and CIS	+48.5%
-Eastern Europe	+39.7%
-North America	+22.0%



**RAW MATERIAL PRICE INDEX 1987 - 2006 (1987=100)**



- Cost of raw material increased 9.5% in H12006
- Cost of raw material to increase avr. 12.5% 2006 vs 2005

## CAR TYRES H1 2006

**NET SALES: 222.1 m€ (185.2 m€); +19.9%**

**2005: 416.2 m€**

**OPERATING PROFIT: 45.8 m€ (44.1 m€); +3.7%**

**101.9 m€**

**EBIT margin: 20.6% (23.8%)**

**24.5%**

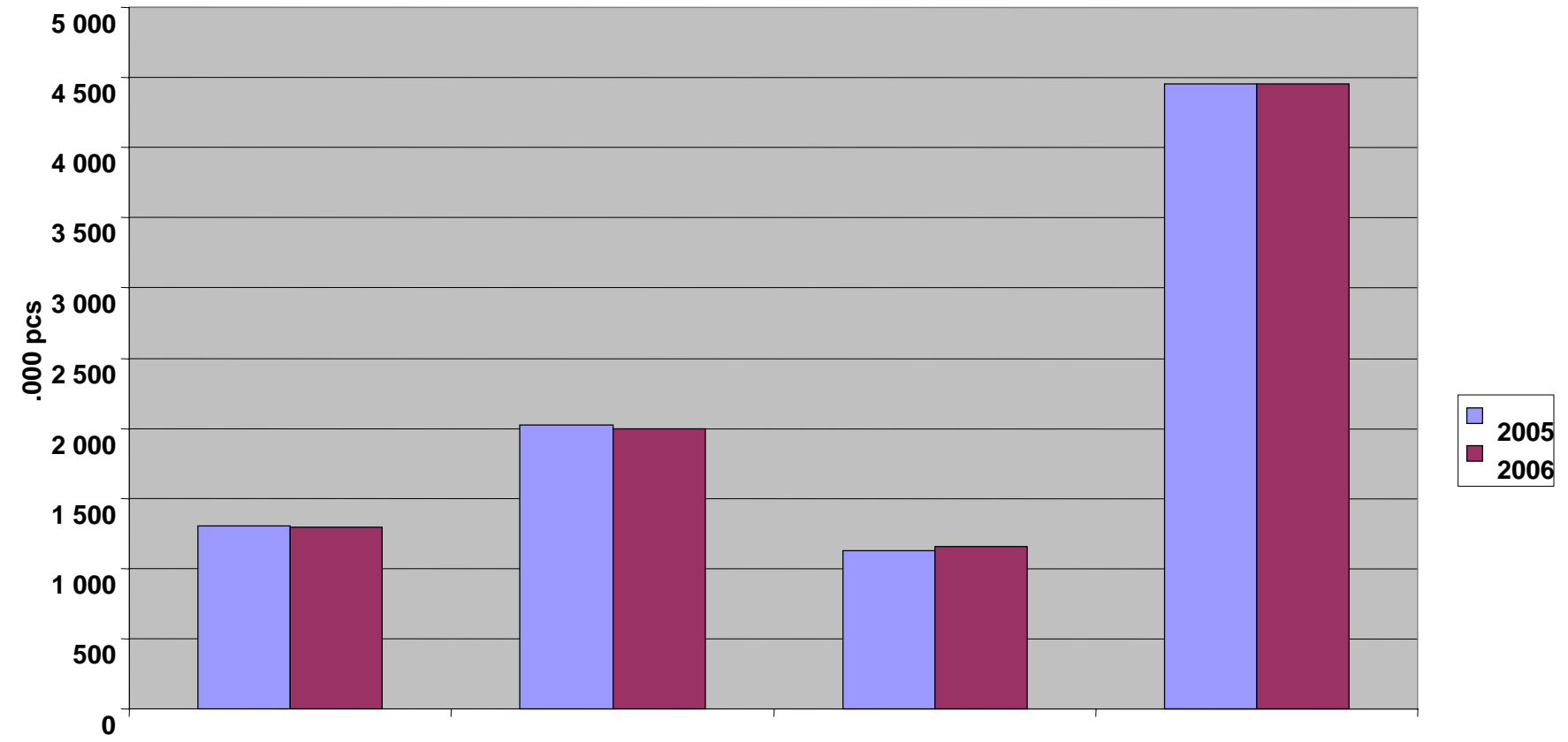
- + sales of summer and winter tyres up in all core markets
- + improved market shares in Nordic countries and in Russia in particular
- + winter tyre prices on previous year's level
- + improved distribution network in Russia and Nordic countries
- + increased production volumes
- + launch of two new winter tyre families
- weaker sales mix
- reduced summer tyre prices
- higher costs due to raw material increases

### **TARGETS 2006 – IMPROVE SALES AND CASH FLOW**

- strong sales growth in core markets >15%
- capacity increase and full utilization of the Finnish and Russian factories
- record launch of new products
- enhanced distribution and logistics in Russia
- productivity improvements at Nokia factory
- Improved NWC rotation; reduction of inventory levels
- Improve EBIT and cash flow



Replacement Market



Total replacement market

Nokian Tyres market share

Finland (-0,4%)

Sweden (-1,1%)

Norway (+2,1%)

Nordic tot. (-0,1%)

++

++

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SOM-% 21,2->25,9

**NET SALES: 45.2 m€ (36.3 m€); +24.4%**

**2005: 76.2 m€**

**OPERATING PROFIT: 10.9 m€ (6.2 m€); +76.7%**

**14.7 m€**

**EBIT margin: 24.1% (17.0%)**

**19.3%**

- + demand for special OTR heavy tyres increased – expected to continue 2007
- + sales increased in all product groups and in all core markets
- + share of forestry, radial and other special tyres increased
- + own production volumes increased by 17%
- + full capacity usage
- + investments to increase capacity in 2006 and 2007
- lack of capacity limited further growth

## **TARGETS 2006 – MAXIMIZE OUTPUT, SALES AND CASH FLOW**

- increase sales by > 15%
- increase production capacity
- increase prices
- increase EBIT and cash flow
- Nokian Heavy Tyres incorporation completed



**NET SALES: 99.0 m€ (96.3 m€); +2.8%**

**2005: 235.1 m€**

**OPERATING PROFIT: -4.3 m€ (0.6 m€)**

**5.3 m€**

**EBIT margin: -4.4% (0.6%)**

**2.2%**

*Year H1/2005 includes overvaluation of inventories by 3,7m€ (write down Q3/05).*

*Operational result on previous year's level.*

- + Vianor network expanded in Russia => a total of 39 outlets
- + structural change in Sweden progressed => 16 new partners
- + sales of new and retreaded truck tyres increased
- + cash flow improved
- costs of acquired new shops and closing unprofitable shops weakened profits

**TARGETS 2006 – IMPROVE RESULTS CHANGING STRUCTURE AND CONCEPT**

- expand the network and the share of partners especially in Russia
- cut small and unprofitable workshops early 2006
- increase sales of services
- improve especially seasonal wholesales and retail
- improve Vianor brand awareness
  - in Sweden and Russia
- improve EBIT and cash flow



Murmansk

# VIANOR OUTLETS 2006, August 3<sup>rd</sup>

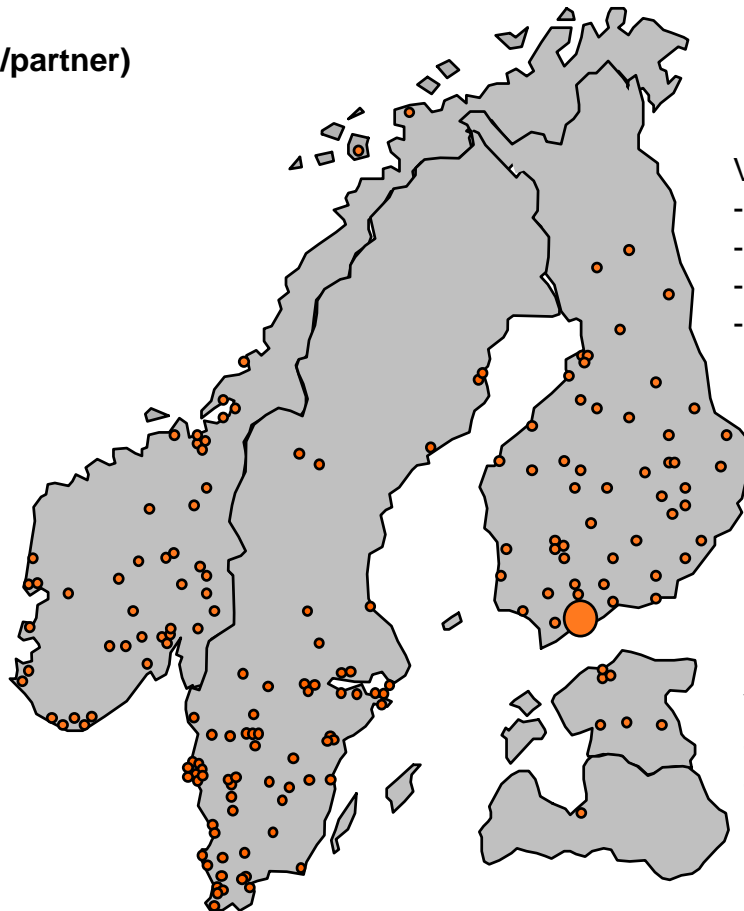


**TOTAL: 228 OUTLETS**  
(166 own, 62 franchising/partner)

● over 10 outlets

Vianor Norway  
- 43 own outlets  
- 2 partner outlets  
- 2 retreading plants  
- personnel ~260

Vianor Sweden  
- 54 own outlets  
- 16 partner outlets  
- 1 retreading plant  
- personnel ~360



Vianor Finland  
- 60 own outlets  
- 7 franchising outlets  
- 3 retreading plants  
- personnel ~440

Vianor Russia  
- 2 own outlets  
- 37 partner outlets

Vianor Estonia  
- 6 outlets  
- personnel ~35

Vianor Latvia  
- 1 outlet  
- personnel 7

## VIANOR IN RUSSIA

- June 30<sup>th</sup> 2006: 39 outlets
- additional contracts made
- planned outlets => approx 100 by the end of 2007
- organization established
- network expansion accelerating



**Net sales: 9.9 m€(8.9 m€); +11.5%**

**(2005: 30.1 m€)**

- + new truck tyres launched
- + increased sales of retreading materials
- + concentration of retreading operations increased efficiency and productivity

## TARGETS 2006

- increase sales in Sweden and Russia
- start sales in Central Europe and USA
- improve profits
- start production in China





# CAPEX AND GROWTH PLAN FOR 2006 =>

**Investments H1/2006: 52.6 m€ (63.3 m€)**

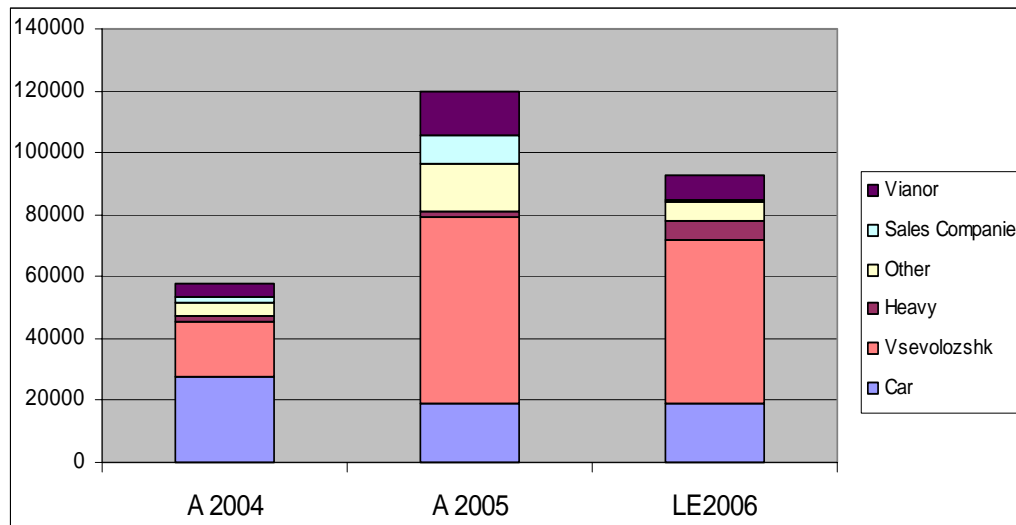
**Total investments for 2006 93 m€ (119.6 m€)**

## RUSSIA

- capacity ramp-up and investments
  - progressing according to plan
  - 51,4 m€ in 2006
  - 35,1 m€ in 2007
  - 4 million tyres in 2008

## VIANOR EXPANSION

- Nordic countries, Russia, Eastern Europe
- own outlets, franchising and tyre hotels
- approx. 10 m€ in 2006 -2007



### ASSUMPTIONS

- modest growth in European and Nordic replacement tyre markets
- strong market growth continues in Russia and Eastern Europe
- growing product segments: winter tyres, ultra high performance summer tyres, heavy special tyres
- normal winter climate season in Nordic countries and Russia
- healthy winter tyre inventory levels in core markets
- new winter tyre regulation in Germany to boost winter tyre demand
- raw material prices increase => more difficult to push on to tyre prices

### NOKIAN TYRES

- strong focus on sales, logistics and control of NWC
  - record year launching new products and good order book
  - expansion of distribution especially in Russia and Eastern Europe
  - ramp-up and utilization of the Russian production; start up of mixing locally
  - actions to boost productivity at Nokia factory
- ⇒ positioned to reach the target set for 2006: stable sales growth, improving profit and rotation of NWC

**SALES DEVELOPMENT IN RUSSIA**  
Growth H1 2006 + 50.2%

**Nokian Tyres clear # 1 in premium tyres**

4 mpcs



- strong sales growth continued
- clear market leader with approx. 30% market share in premium car winter tyres
- distribution expanded through partner agreements and Vianor shops
  
- two first production lines operate in 3 shifts
- production volumes and quality according to targets
- installation of the third production line to begin during H2/2006
- construction work of the mixing house and warehouse proceeded as planned
  - ⇒ new warehouse taken into use in June; 19,000 m<sup>2</sup> for approx. 600.000 tyres
  - ⇒ first mixing line to be taken into use in the autumn 2006 and the second line by the end of the year
  
- total number of personnel working in Russia 30.6.2006: 308



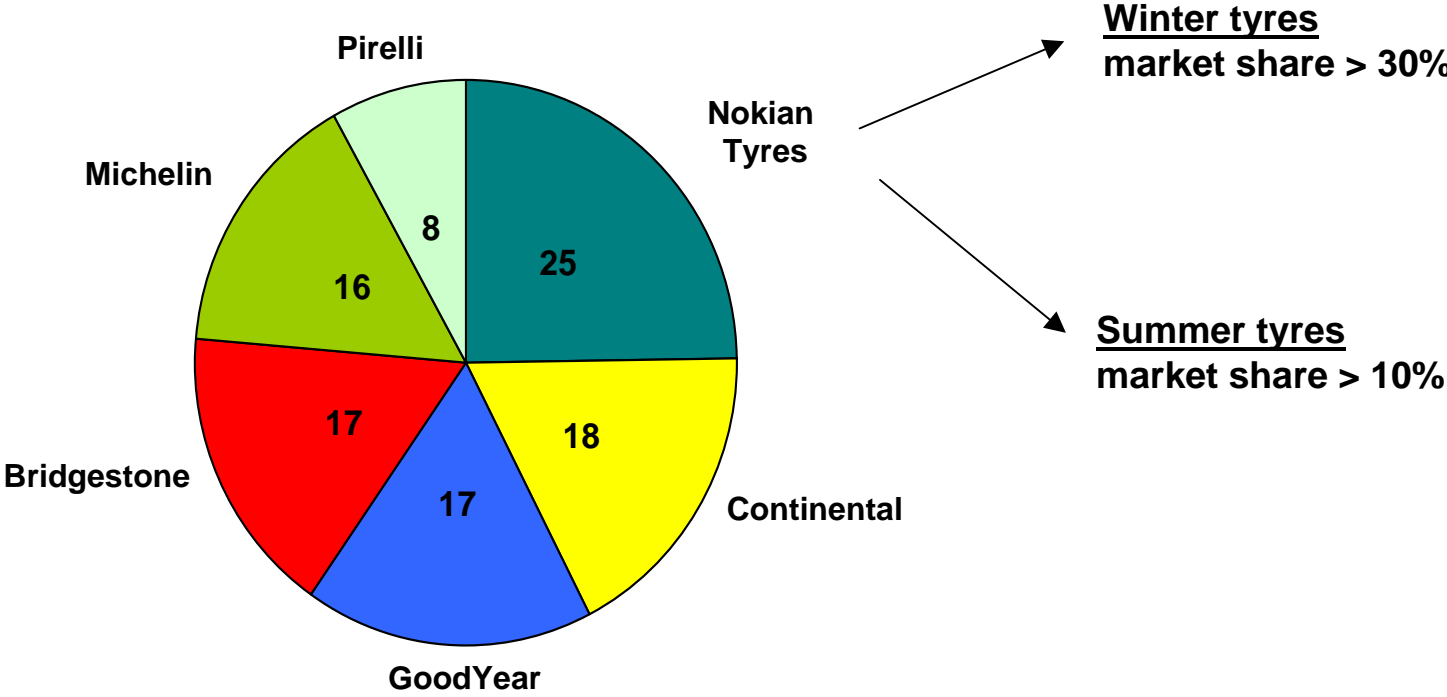
## WHY PRODUCTION IN RUSSIA?

### Benefits compared to production in Finland (2005):

- no import duties => 6-15 euros per tyre (min. 6.25 euros/tyre)
- lower personnel costs
  - => Finland EUR 45,000-50,000 per year
  - => Russia EUR 5,000 per year (inflation 8-12 % p.a.)
- 20-25% lower raw material costs (gap to narrow with time)
- 40% lower energy costs (gap to narrow with time)
- tax holiday for 10 years
- 4 million tyres => 80 MEUR/year benefit in favour of Russia if all benefits fully factored in at 2005 level

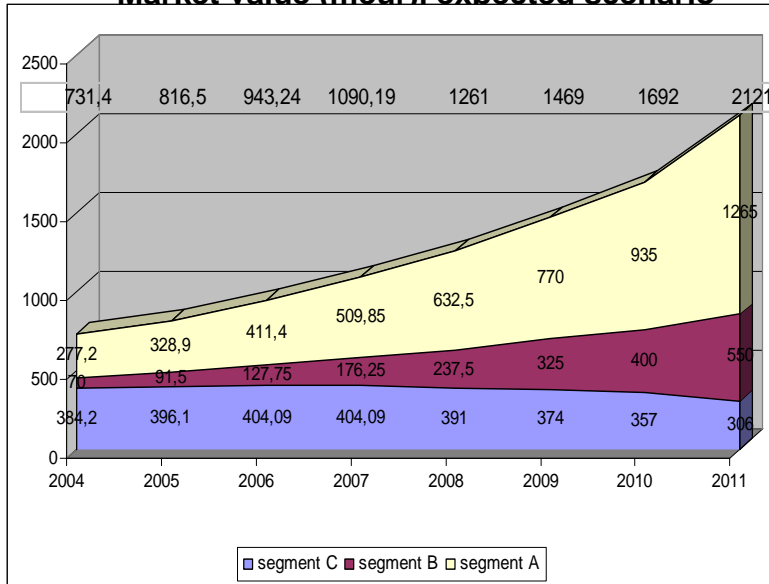


Estimated total A-segment market shares 2005 by sell-in volume

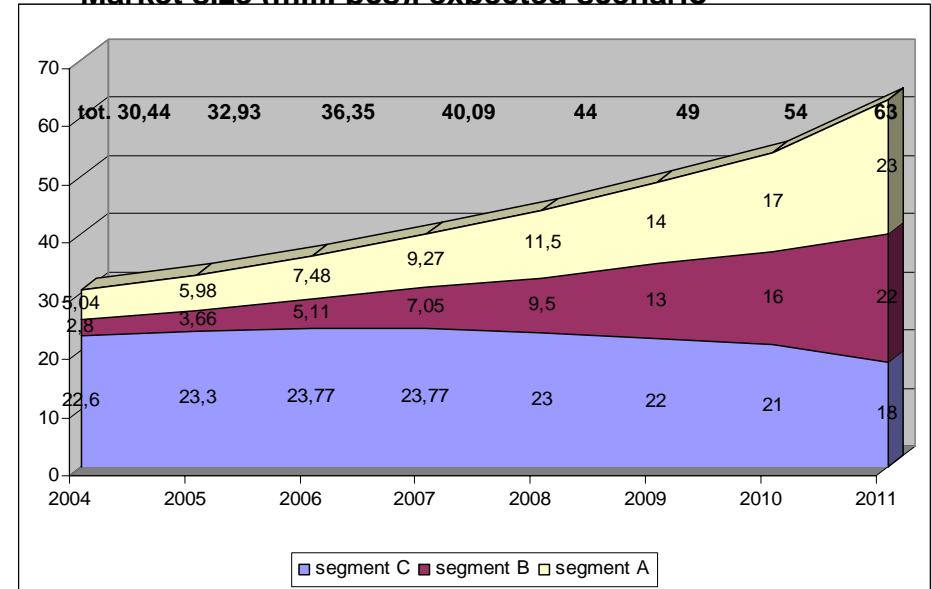


# MARKET PROJECTIONS – CAR AND VAN TYRE MARKET RUSSIA

**Market value (meur). expected scenario**



**Market size (mill. pcs). expected scenario**

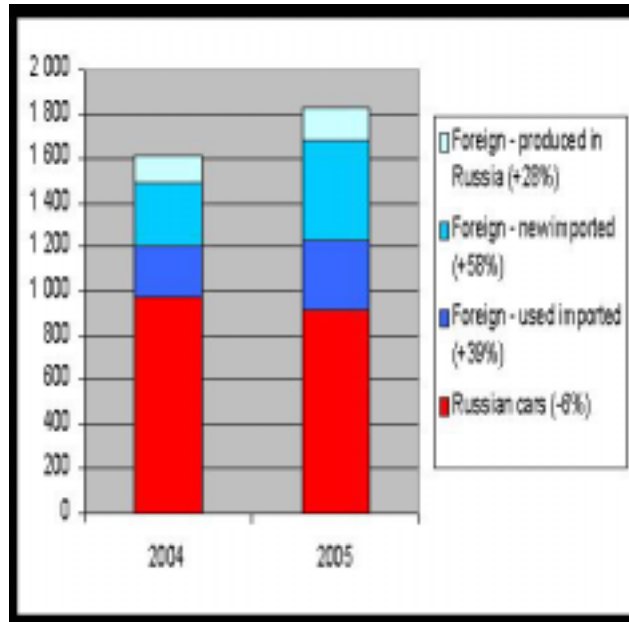


A = Top ranked branded western tyres

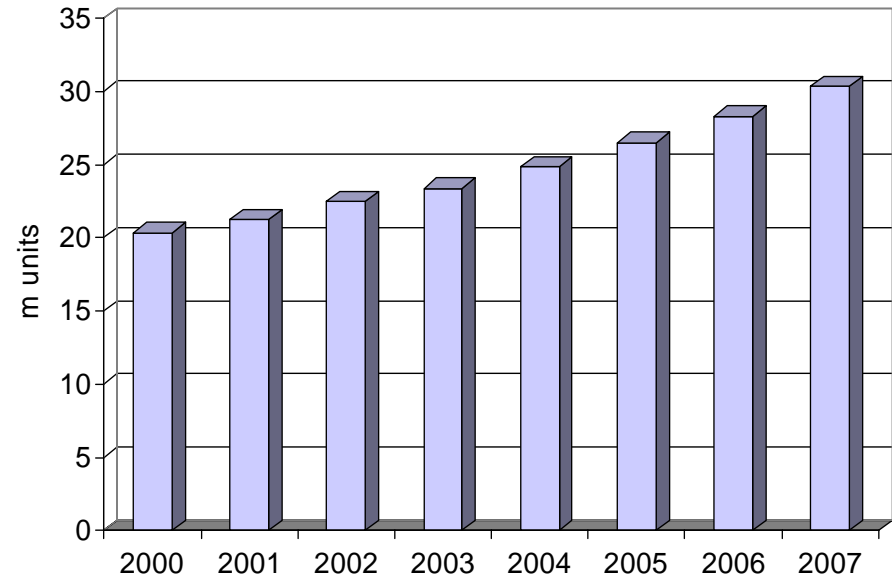
B = Secondline western & new Russian brands

C = Traditional Russian tyres

### Sales of new cars in Russia



### Car park forecast in Russia



Sales of new cars to grow to 2 million pcs by 2007

> 50% of car sales western brands



## Growth opportunity in Eastern Europe

- average winter tyre growth 30% H1/2006, 4%/year 2005, 15%/years 2001-2004
- core growth areas Poland, Check Republic, Slovak Republic, Hungary
- winter tyre market bigger than in Russia
- winter tyre market 2 x Scandinavia

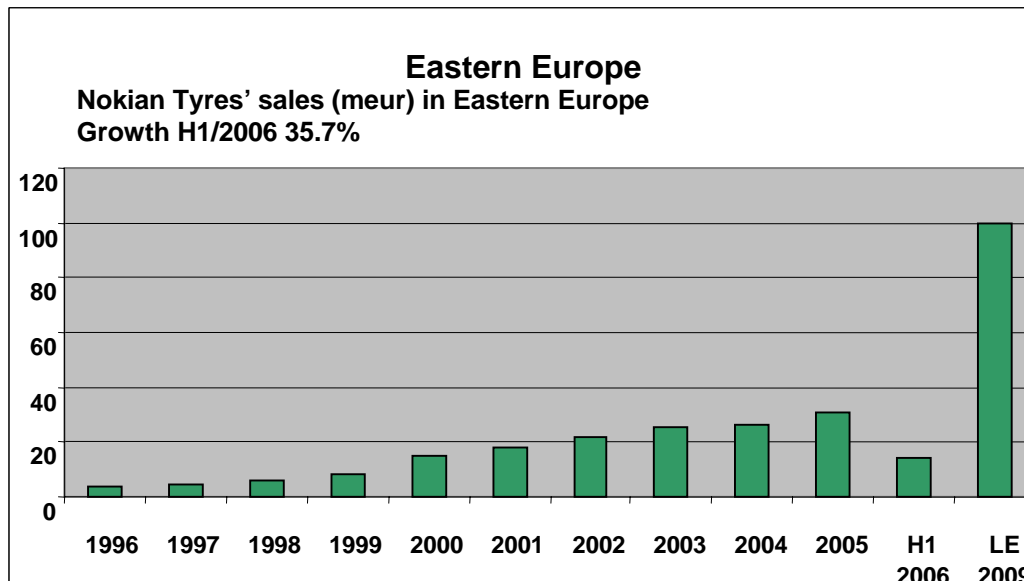
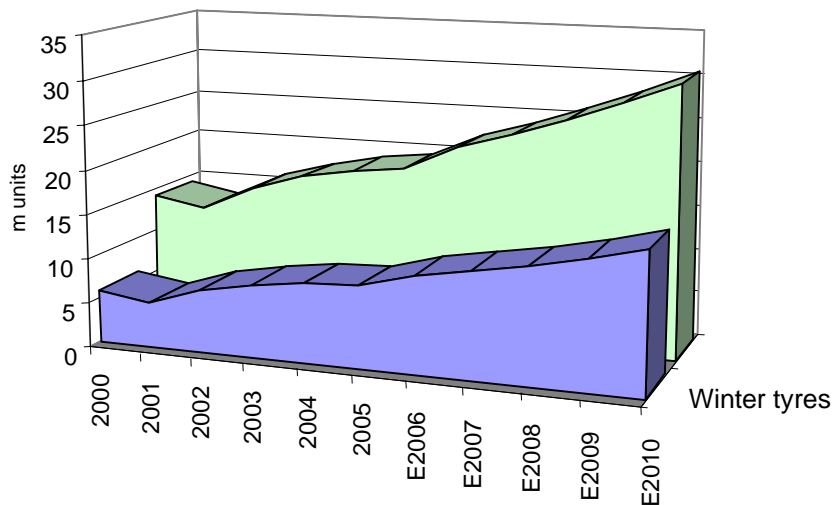
## Action plan 2006

- strengthen sales and distribution
  - Hungary, Check Republic, Slovak Republic, Ukraine
- launch of new products
- sales company in Ukraine

## Production capacity in CEE

- projects in development

Car tyre replacement market forecast in Eastern Europe



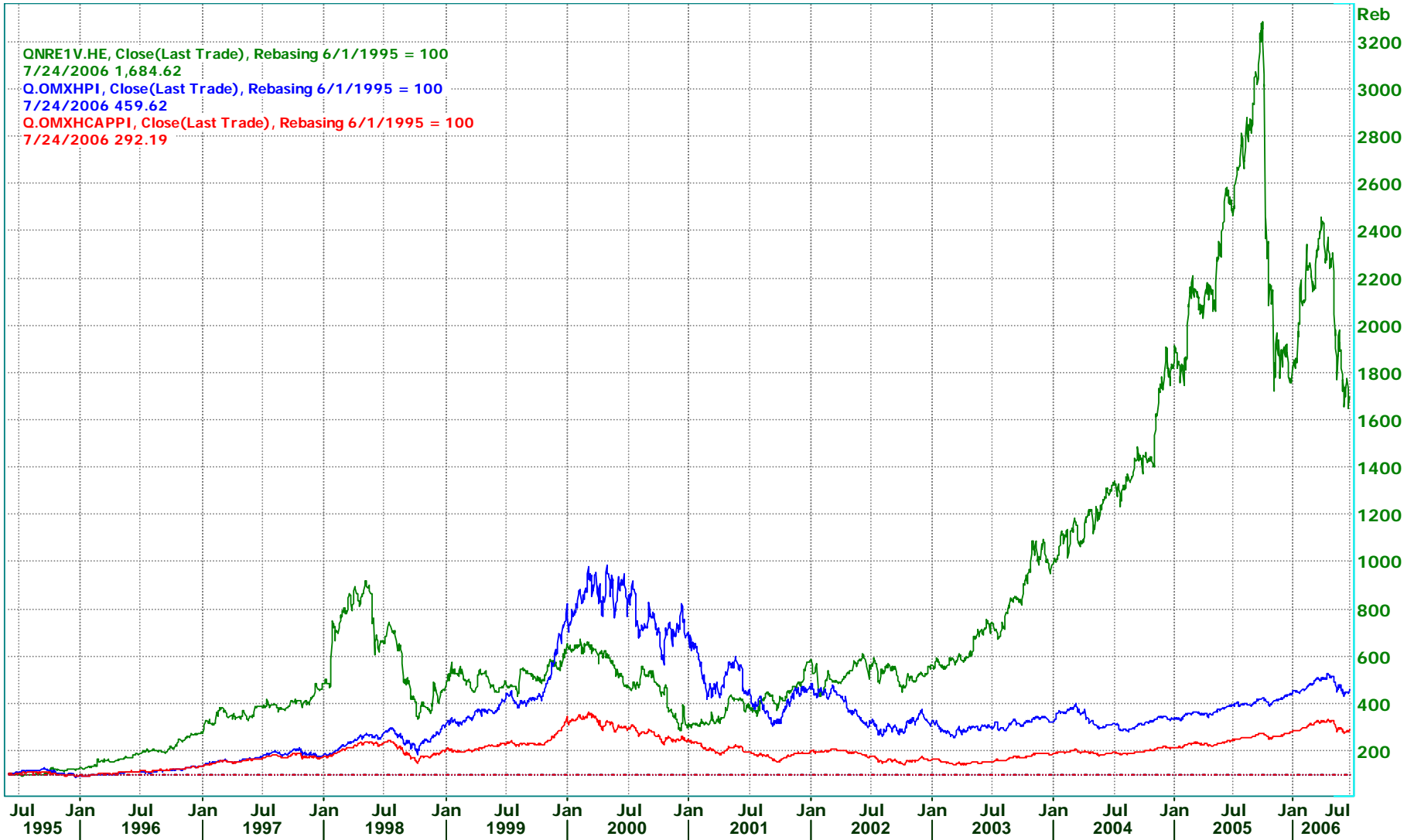
SHAREHOLDERS  
SHARE PRICE DEVELOPMENT  
KEY FIGURES JANUARY-JUNE 2006

## LARGEST SHAREHOLDERS

<b>MAJOR SHAREHOLDERS ON 30 JUNE, 2006</b>		
	<b>Shares</b>	<b>% of share</b>
1. Bridgestone Europe NV/SA (*)	20,000,000	16.40
2. Varma Mutual Pension Insurance Company	5,064,250	4.15
3. Ilmarinen Mutual Pension Insurance Company	2,233,407	1.83
4. Tapiola Mutual Pension Insurance Company	1,100,000	0.90
5. Etera Mutual Pension Insurance Company	1,035,150	0.85
6. The Local Government Pension Institute	951,700	0.78
7. Odin Norden	910,900	0.75
8. The State's Pension Institution	800,000	0.66
9. Odin Forvaltnings AS	726	0.60
10. Nordea Nordic Small Cap Fund	547,450	0.45
Major shareholders total	33,368,857	27.37
Total amount of shares, pcs	121,884,020	
Shares, pcs (free)		
2001A 32,785		
2001B 30,060		
2001C 52,479		
2004A 197,560		
2004B+C 490,000		
Foreign shareholders (*incl Bridgestone) 57,89% (30.6.2005 69.66%)		

<b>OWNERSHIP BY CATEGORY, %</b>	<b>30.6.2006</b>	<b>31.3.2006</b>	<b>30.12.2005</b>	<b>30.9.2005</b>	<b>30.6.2005</b>	<b>31.3.2005</b>	<b>31.12.2004</b>	<b>30.9.2004</b>	<b>30.6.2004</b>
Foreign shareholders (*)	57,89	60,59	60,11	69,85	69,66	69,93	68,44	66,9	65,77
Public organisations	10,75	9,56	9,17	7,66	8,55	8,6	10,95	11,54	12,27
Private individuals	17,15	16,54	17,76	11,01	10,09	8,75	8,21	7,95	7,76
Financial institutions	6,68	5,55	4,70	5,48	5,6	5,55	5,48	6,97	7,26
Non-profit organisations	4,13	4,07	3,92	3,45	3,47	3,76	4,38	4,07	3,97
Corporations	4,1	3,68	4,34	2,56	2,62	2,64	2,53	2,57	2,96
(* includes also shares registered in the name of a nominee)									

# SHARE PRICE DEVELOPMENT 1.6.1995 – 30.6.2006



# CONSOLIDATED PROFIT AND LOSS ACCOUNT

CONSOLIDATED INCOME STATEMENT							
Million euros		4-6/06	4-6/05	1-6/06	1-6/05	Last 12 months	1-12/05
Net sales		200,0	166,0	349,4	295,4	740,5	686,5
Cost of sales		-116,9	-91,3	-208,2	-166,0	-443,2	-401,0
Gross profit		83,2	74,7	141,2	129,3	297,3	285,5
Other operating income		0,5	0,3	0,9	0,5	5,0	4,6
Selling and marketing expenses		-38,6	-36,9	-74,5	-68,5	-149,1	-143,0
Administration expenses		-4,7	-3,6	-8,8	-6,5	-17,9	-15,6
Other operating expenses		-5,1	-3,0	-10,1	-8,7	-17,1	-15,8
Operating profit		35,1	31,5	48,6	46,1	118,2	115,8
Financial income		14,9	12,3	15,3	13,6	8,9	7,2
Financial expenses		-18,2	-10,3	-21,9	-12,6	-19,6	-10,4
Profit before tax		31,9	33,4	42,0	47,1	107,5	112,6
Tax expense (1)		-7,1	-9,5	-10,1	-13,8	-26,8	-30,4
Profit for the period		24,9	23,9	31,8	33,3	80,7	82,2
Attributable to:							
Equity holders of the parent		24,8	23,9	31,8	33,3	80,9	82,4
Minority interest		-0,1	0,0	0,0	0,0	-0,2	-0,2
Earnings per share from the profit attributable to equity holders of the parent							
basic, euros (2)		0,20	0,20	0,26	0,29	0,68	0,70
diluted, euros (2)		0,20	0,19	0,26	0,28	0,66	0,68
1) Tax expense in the consolidated income statement is based on the taxable profit for the period.							
2) The per-share data include the effect of the share split carried out on 15 April 2005.							

## SEGMENT INFORMATION

SEGMENT INFORMATION		4-6/06	4-6/05	1-6/06	1-6/05		1-12/05
Million euros							
Net sales							
Passenger car tyres		120,3	94,3	222,1	185,2		416,2
Heavy tyres		23,3	19,2	45,2	36,3		76,2
Vianor		64,9	63,1	99,0	96,3		235,1
Others and eliminations		-8,5	-10,6	-17,0	-22,5		-41,1
Total		200,0	166,0	349,4	295,4		686,5
Operating result							
Passenger car tyres		26,8	20,7	45,8	44,1		101,9
Heavy tyres		5,4	3,1	10,9	6,2		14,7
Vianor		4,5	7,6	-4,3	0,6		5,3
Others and eliminations		-1,6	0,2	-3,7	-4,8		-6,1
Total		35,1	31,5	48,6	46,1		115,8
Operating result, % of net sales							
Passenger car tyres		22,3	21,9	20,6	23,8		24,5
Heavy tyres		23,3	15,9	24,1	17,0		19,3
Vianor		6,9	12,0	-4,4	0,6		2,2
Total		17,6	19,0	13,9	15,6		16,9
Cash Flow II							
Passenger car tyres		-30,7	-52,7	-81,0	-99,0		-24,5
Heavy tyres		1,2	2,9	5,0	5,2		15,8
Vianor		0,9	-5,9	-2,0	-5,8		-6,1
Total		-27,1	-49,8	-91,9	-103,6		-17,1

# CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET	30.6.06	30.6.05	31.12.05
<b>Non-current assets</b>			
Property, plant and equipment	328,0	281,3	304,0
Goodwill	51,5	42,2	50,7
Other intangible assets	7,8	7,5	8,5
Investments in associates	0,1	0,5	0,1
Available-for-sale financial assets	0,3	0,6	0,3
Other receivables	1,8	2,1	2,1
Deferred tax assets	19,0	10,3	11,9
<b>Total non-current assets</b>	<b>408,4</b>	<b>344,6</b>	<b>377,6</b>
<b>Current assets</b>			
Inventories	173,7	134,1	146,1
Trade and other receivables	300,0	250,4	228,1
Cash and cash equivalents	17,0	38,1	45,7
<b>Total current assets</b>	<b>490,7</b>	<b>422,7</b>	<b>419,9</b>
<b>Equity</b>			
Share capital	24,4	24,0	24,2
Share premium	141,2	136,2	137,8
Translation reserve	2,7	1,6	5,7
Fair value and hedging reserves	-0,2	-0,9	-0,5
Retained earnings	310,7	250,4	303,4
Minority interest	0,0	0,4	0,7
<b>Total equity</b>	<b>478,6</b>	<b>411,7</b>	<b>471,4</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	23,2	21,9	22,7
Interest bearing liabilities	165,8	141,3	152,5
Other liabilities	2,0	2,9	2,1
<b>Total non-current liabilities</b>	<b>191,0</b>	<b>166,0</b>	<b>177,3</b>
<b>Current liabilities</b>			
Trade and other payables	108,3	90,6	135,1
Provisions	0,9	0,9	0,9
Interest-bearing liabilities	120,3	98,0	12,8
<b>Total current liabilities</b>	<b>229,5</b>	<b>189,5</b>	<b>148,7</b>
<b>Total assets</b>	<b>899,1</b>	<b>767,3</b>	<b>797,4</b>

## KEY RATIOS

KEY RATIOS	30.6.06	30.6.05	31.12.05
Equity ratio, %	53,2	53,7	59,1
Gearing, %	56,2	48,9	25,4
Equity per share, euro (2)	3,93	3,42	3,89
Interest-bearing net debt, mill. euros	269,1	201,2	119,5
Capital expenditure, mill. euros	52,6	63,3	119,6
Depreciation, mill. euros	20,0	18,9	35,6
Personnel, average	3 160	2 901	3 041
Number of shares (million units) at the end of period	121,88	120,17	121,00
in average	121,25	116,38	118,57
in average, diluted	124,80	120,22	121,96
2) The per-share data include the effect of the share split carried out on 15 April 2005.			



