Nokian Tyres plc Stock Exchange Release 11 February 2009 at 8:00 a.m.

NOKIAN TYRES PLC FINANCIAL STATEMENTS BULLETIN 2008

Sales and operating profit up; visibility for full year 2009 limited

Net sales of the Nokian Tyres Group were up by 5.5% in 2008, i.e. EUR 1,080.9 million (2007: EUR 1,025.0 million). Operating profit was EUR 247.0 million (EUR 234.0 million). EPS were EUR 1.12 (EUR 1.37), and profit for the period was EUR 139.9 million (EUR 168.9 million). The Board of Directors proposes a dividend of EUR 0.40 (EUR 0.50) per share. The financial crisis makes it difficult to draw up precise forecasts for demand for the full year 2009. The company expects the first-quarter net sales and operating profit to be clearly below the previous year.

Key figures

EUR million:	10-12 2008	10-12 2007	1-12 2008	1-12 2007
Net sales	267.7	356.4	1,080.9	1,025.0
Operating profit	46.5	93.2	247.0	234.0
Result before tax	-12.2	85.0	173.8	213.8
Result for the period	-11.6	61.4	139.9	168.9
Earnings per share, EUR	-0.09	0.50	1.12	1.37
Equity ratio, %			54.8	61.8
Cash flow from operations, (Cash Flow II)	298.2	319.4	9.5	105.6
RONA, % (rolling 12 months)			20.5	24.2
Gearing, %			41.0	14.3

Kim Gran, President and CEO:

“On the annual level, the sales and operating profit of Nokian Tyres improved, although the last quarter was clearly weaker year-over-year. Sales and market shares grew in all key markets, especially in Russia and the Ukraine. Sales also grew in the Nordic countries and North America. The Vianor chain expanded as planned and now consists of over 500 outlets. Most of the sales receivables due for payment were repatriated.

The steep slowdown in the global economy reduced clearly the demand for tyres at the end of 2008 in all product groups. We started to adjust our operations and cost structure decisively to comply with weaker demand. We have implemented price increases to cover changes in exchange rates and are now in a good position to face a period of economic slowdown. We have a strong balance sheet, good profitability and high market shares in our key markets. Our focus in 2009 will be on securing cash flow and managing risks. Nokian Tyres has good opportunities to boost its market position. It is our target to increase our market shares and return to a growth path as soon as the economic business environment stabilises”.

Market situation

The replacement market for passenger car tyres grew strongly in the first half of the year in Russia and other CIS countries, but all markets began to slide in the latter part of the year. The decline in the global economy, falling oil prices and the bank crisis led to a steep fall in tyre demand in the last quarter, especially in Russia and other CIS countries. The growth in the car trade, which had boosted the positive development in the tyre market, dried up in the fourth quarter.

In annual terms, the tyre markets decreased slightly in the Nordic countries and elsewhere in Western Europe. No significant changes took place in the Eastern European market. In North America, the winter tyre market grew as a result of the new winter tyre regulation that took effect in Quebec. The slowdown in the global economy reduced the manufacture of industrial machinery and equipment suffering a decline in the demand for heavy tyres, i.e. forestry tyres.

Several tyre manufacturers raised prices over the year in response to the higher raw material prices. At the end of the year, the prices of raw materials plunged and are estimated to continue to fall in 2009.

The risks in Russia and other CIS countries have increased, and growth has stopped. The 7% growth in Russia’s GDP recorded in 2008 is expected to fall to 0% in 2009. It is, as yet, impossible to fully predict the repercussions of the financial crisis for car and tyre demand in 2009. According to current estimates, the sales of new cars will decrease by 20-30%.

Nokian Tyres October to December 2008

In the period from October to December 2008, the Nokian Tyres Group recorded net sales of EUR 267.7 million (EUR 356.4 million), representing a decrease of 24.9% over the corresponding period a year earlier. The Group’s invoicing in the Nordic countries was down by 7.8%, in Russia and other CIS countries by 69.7%, in Eastern Europe by 13.8% and in the USA by 13.1%.

Raw material costs in manufacturing (EUR/kg) increased by 2,5% in the final quarter compared to the corresponding period a year earlier. Fixed costs amounted to EUR 88.3 million (EUR 84.5 million), accounting for 33.0% (23.7%) of net sales. In compliance with IFRS, the operating profit for the review period was burdened by an option scheme non-cash write-off of EUR 5.1 million (EUR 4.3 million). Operating profit is also weakened by a recognised expense of EUR 3.7 million, which was made to cover the notice costs resulting from the statutory negotiations carried out at the end of 2008.

Nokian Tyres Group’s operating profit was EUR 46.5 million (EUR 93.2 million). Net financial expenses were EUR 58.6 million (EUR 8.2

million). Financial expenses include EUR 1.9 million (EUR 1.8 million) in calculatory non-cash expenses related to convertible bonds. Net financial items contain expenses of EUR 44.0 million (EUR -3.1 million) resulting from exchange rate differences. EUR 34 million of these came from the parent company's USD-denominated loan receivable from the Ukrainian subsidiary. The non-liquidity in the rouble derivative market in December resulted in exchange rate losses of EUR 7.9 million due to the open rouble position.

Result before tax was EUR -12.2 million (EUR 85.0 million). Result for the period amounted to EUR -11.6 million (EUR 61.4 million), while earnings per share were EUR -0.09 (EUR 0.50).

Income financing after the change in working capital, investments and the disposal of fixed assets (cash flow II) was EUR 298.2 million (EUR 319.4 million).

January to December 2008

In the period from January to December 2008, the Nokian Tyres Group booked net sales of EUR 1,080.9 million (EUR 1,025.0 million), representing an increase of 5.5% over the corresponding period a year earlier. The Group's invoicing to the Nordic countries grew by 1.5%, to Russia and the other CIS countries by 12.3% and to the USA by 11.9% over the previous year. Invoicing to Eastern Europe was down 5.2%.

Raw material purchase prices in manufacturing (EUR/kg) increased by 8.5% compared to the previous year. Price increases and a good sales mix resulted in average manufacturing prices/kg rising by 1.1% (8.3%). Fixed costs amounted to EUR 309.6 million (EUR 277.4 million), accounting for 28.6% (27.1%) of net sales.

Nokian Tyres Group's operating profit was EUR 247.0 million (EUR 234.0 million). The figure comprises a provision for losses on loans and advances amounting to EUR 6.4 million (EUR 5.8 million). In compliance with IFRS, the operating profit for the review period was burdened by an option scheme non-cash write-off of EUR 18.6 million (EUR 13.3 million). Operating profit is also weakened by a recognised expense of EUR 3.7 million, which was made to cover the notice costs resulting from the statutory negotiations carried out at the end of 2008.

Net financial expenses were EUR 73.2 million (EUR 20.2 million). Financial expenses include EUR 7.3 million (EUR 3.6 million) in calculatory non-cash expenses related to convertible bonds. Net financial expenses contain EUR 43.8 million (EUR -3.1 million) of exchange rate differences.

Profit before tax was EUR 173.8 million (EUR 213.8 million). The Group's tax rate was 19.5% (21%). Profit for the period amounted to EUR 139.9 million (EUR 168.9 million), and EPS were EUR 1.12 (EUR 1.37).

Return on net assets (RONA, rolling 12 months) was 20.5% (24.2%). Income financing after the change in working capital, investments and the disposal of fixed assets (cash flow II) was EUR 9.5 million (EUR 105.6 million). Equity ratio was 54.8% (61.8%).

The Group employed an average of 3,812 (3,462) people over the period, and 3,784 (3,535) at the end of it. The Vianor tyre chain had 1,440 (1,241) employees at the end of the period. The number of employees in Russia was 684 (511).

Tax rate

The company’s tax rate has decreased as a consequence of tax reliefs in Russia. The tax relief is valid for as long as the company accrues tax on yields corresponding to the amount of the Russian investment, and for two years thereafter.

Due to changes in tax and incentive legislation in Russia, payments of incentives were interrupted in 2008. All agreements related to the tax incentives have been updated in compliance with new legislation which became effective during Q4/2008. The authorities have recognised its liabilities and pledged to pay in full the outstanding payments. At the end of 2008 receivables contained a 638 million Rouble receivable from Leningrad Oblast. The total outstanding debt is 929 million Rouble.

PASSENGER CAR TYRES

	10-12 2008	10-12 2007	Change %	1-12 2008	1-12 2007	Change %
Net sales, EUR m	143.9	233.5	-38.4	741.6	691.2	7.3
Operating profit, EUR m	28.4	74.2	-61.8	230.0	212.0	8.5
Operating profit %	19.7	31.8		31.0	30.7	
RONA, % (rolling 12 months)				26.6	31.2	

The net sales of Nokian passenger car tyres in January to December totalled EUR 741.6 million (EUR 691.2 million), up 7.3% from the previous year. Operating profit was EUR 230.0 million (EUR 212.0 million), and the operating profit percentage was 31.0% (30.7%).

Overall sales grew in 2008, and operating profit improved over the previous year. Sales increased especially in Russia and the Ukraine, and market shares rose in all key markets. However, Russian sales fell short of expectations due to the weaker last quarter of the year. In the Nordic countries and in North America, sales improved from the previous year. The average prices of tyres increased by 2% year-on-year.

The best-selling winter tyre products were the studded Nokian Hakkapeliitta 5 tyre, as well as the Nokian Hakkapeliitta R friction tyre, which saw its first season of sales to consumers. Both tyres received several test wins in tyre comparison tests performed by trade magazines in the Nordic countries and Russia. Winter tyres accounted for 77.7% (83.9%) and new products for 31.4% (53.0%) of the unit's net sales.

The production volume rose as planned due to capacity increase at the Russian plant. Weaker demand raised inventory levels in the fourth quarter, and measures to adjust production in line with the demand started in December.

To avoid risks related to receivables, Nokian Tyres withdrew EUR 24 million worth of tyres from customers in Russia, the Ukraine and Kazakhstan. Most of the sales receivables due for payment were repatriated by the end of the year, and for the rest, payment plans were made jointly with customers.

HEAVY TYRES

	10-12 2008	10-12 2007	Change %	1-12 2008	1-12 2007	Change %
Net sales, EUR m	19.9	27.1	-26.7	97.7	100.8	-3.0
Operating profit,EUR m	2.2	5.4	-59.2	17.7	22.3	-20.8
Operating profit, %	11.1	19.9		18.1	22.1	
RONA, % (rolling 12 months)				25.9	39.0	

The January–December net sales of Nokian Heavy Tyres totalled EUR 97.7 million (EUR 100.8 million), down 3.0% on the corresponding period of the previous year. Operating profit was EUR 17.7 million (EUR 22.3 million), and the operating profit percentage was 18.1% (22.1%).

Heavy tyres sold well in the first half of the year in all product groups. The slowdown in machinery and equipment manufacture began to reduce demand, especially for forestry tyres, in the second half. The focus of manufacture was shifted in line with demand to tyres for harbour and mining machinery and to special tyres for agricultural and industrial machinery. In November and December, the demand for these products also dropped clearly. The demand for radial agricultural tyres has remained nearly unchanged from the previous year. Measures to adapt production to demand were initiated at the end of the year. Tyre prices were raised following an increase in material and raw material prices.

Original equipment installation represented 50.0% (42.0%) of the unit's net sales.

VIANOR

	10-12 2008	10-12 2007	Change %	1-12 2008	1-12 2007	Change %
Net sales,EUR m	116.5	108.1	7.7	308.3	278.5	10.7
Operating profit,EUR m	11.1	11.9	-6.1	4.4	8.4	-47.2
Operating profit, %	9.6	11.0		1.4	3.0	
RONA, %				3.0	6.0	

(rolling 12 months)

Vianor’s net sales in January to December were EUR 308.3 million (EUR 278.5 million), up 10.7% on the previous year. Operating profit was EUR 4.4 million (EUR 8.4 million), and the operating profit percentage was 1.4% (3.0%).

Vianor’s sales increased in the last quarter and over the whole review period. Sales growth came from the chain expanding in Switzerland and the USA. Sales also increased in Finland. Service sales accounted for a bigger share than the previous year. Vianor’s market shares remained at the previous year’s levels.

The mild winter with reduced sales in combination with weaker currences in Sweden and Norway limited growth and reduced profits. Costs related to the expansion and structural cost remained too high in relation to sales. Vianor continued its cost reduction measures and restructuring in the equity owned outlets simultaneously expanding rapidly the franchise. The target of creating a superior franchise based distribution network in core markets for Group products proceeded in line with plans.

At the end of the review period, the Vianor network comprised 507 outlets in 15 countries, i.e. in Nordic countries, Russia, the Ukraine, Kazakhstan, Armenia, the Baltic countries, the USA and Central Europe. Of these, 327 were partner and franchising outlets. Over the year, the chain opened 141 new outlets, 38 of which saw daylight in the last quarter. Expanding the partner network will continue as planned in 2009.

OTHER OPERATIONS

Truck tyres

The January–December net sales of Nokian truck tyres were EUR 33.4 million (EUR 32.8 million), up 1.7% on the previous year. The sales of new truck tyres increased in Russia, the Ukraine and elsewhere in Eastern Europe. New products, such as Nokian Hakkapeliitta Truck E, were well received in the Nordic countries. The sales of retreading materials were down from the previous year, as a result of a drop in transports.

INVESTMENTS

Investments in the fourth quarter amounted to EUR 67.0 million (EUR 34.1 million) and EUR 181.2 million (EUR 117.1 million) for the entire year 2008. EUR 121.0 million (EUR 92 million) was spent on the Russian plant’s expansion. Other investments included production investments at the Nokia plant, moulds for new products, and business acquisitions associated with Vianor’s growth plans.

RUSSIA AND THE CIS COUNTRIES

In 2008, sales in Russia and the CIS countries amounted to EUR 382.4 million (EUR 340.3 million). Sales were up 12.3% on the previous year, and the market shares improved. The distribution network was extended by signing additional distribution agreements and through Vianor's activities. A total of 260 Vianor franchise outlets were in operation in Russia and CIS at the year end 2008.

The number of production lines at the Russian plant increased in the second quarter. The plant now has six lines, which run constantly in three shifts. The plant's production volume and quality were on target. Production capacity increased on schedule, and the new lines were launched into full-scale operation at the beginning of the third quarter. The seventh production line installed in the fourth quarter was left unmanned for now, due to weak demand.

The roofing ceremonies of the mixing department and the product warehouse were celebrated at the end of the review period. The installation of mixing equipment started in November 2008, as scheduled. Part of the warehouse expansion became available for use in late 2008. The Hakkapeliitta Village, a housing area for the staff, is also under construction.

KAZAKHSTAN

The tyre factory construction project, on which an agreement was signed with the Kazakhstanian conglomerate Ordabasy Corporation JSC in 2007, was put on hold in mutual agreement due to tighter financing conditions. The project may be launched, at the earliest, in late 2010. An agreement has been made to return the advance payment for technical support, totalling EUR 12 million, to Ordabasy.

OTHER MATTERS

1. Stock options on the Main List of the Helsinki Stock Exchange

The Board of Directors of Nokian Tyres plc has decided to apply for the listing of stock options 2004C on the Helsinki Stock Exchange effective as of 1 March 2008.
There are a total of 245,000 2004C stock options. Each of them entitles the holder to subscribe for ten Nokian Tyres plc shares. The subscription period for options 2004C commenced on 1 March 2008 and expires on 31 March 2010. The total number of shares available for subscription with options 2004C is 2,450,000. The current subscription price with stock options 2004C is EUR 11.78/share. The annually paid dividends shall be deducted from the share subscription price.

2. Shares subscribed for with stock options

After the increase in share capital registered on 20 December 2007, a total of 898,690 shares were subscribed for with the 2004A stock options attached to the Nokian Tyres' Option Scheme of 2004 and 35,730 shares with the 2004B options. The increase in share capital resulting from the subscription, EUR 186,884, was entered in the Trade Register on 26 February 2008. Trading of the shares, along with the old shares, began on 27 February 2008. Following the increase, the number of Nokian Tyres shares is 124,630,700 and the share capital is EUR 24,926,140.

After the increase in share capital registered on 26 February 2008, a total of 192,150 shares were subscribed for with the 2004A stock options attached to the Nokian Tyres' Option Scheme of 2004, 3,130 shares with the 2004B options and 1,560 shares with the 2004C options. As a result of the subscriptions, an increase in share capital totalling EUR 39,368 was entered in the Trade Register on 20 May 2008.
Trading of the shares, along with the old shares, began on 21 May 2008. Following the increase, Nokian Tyres has a total of 124,827,540 shares and a share capital of EUR 24,965,508.

After the increase in share capital registered on 20 May 2008, a total of 2,550 shares were subscribed for with the 2004B stock options attached to the Nokian Tyres' Option Scheme of 2004 and 1,100 shares with the 2004C stock options. The increase in share capital resulting from the subscription, EUR 730, was entered in the Trade Register on 20 August 2008. Trading of the shares, along with the old shares, began on 21 August 2008. Following the increase, the number of Nokian Tyres shares is 124,831,190, and the share capital is EUR 24,966,238.

After the increase in share capital registered on 20 August 2008, a total of 6,650 shares were subscribed for with the 2004B stock options attached to the Nokian Tyres' Option Scheme of 2004 and 3,350 shares with the 2004C stock options. The increase in share capital resulting from the subscription, EUR 2,000, was entered in the Trade Register on 12 November 2008. Trading of the shares, along with the old shares, began on 13 November 2008. Following the increase, the number of Nokian Tyres shares is 124,841,190 and the share capital is EUR 24,968,238.

After the increase in share capital registered on 12 November 2008, a total of 4,800 shares were subscribed for with the 2004B stock options attached to the Option Scheme of 2004. The increase in share capital resulting from the subscription, EUR 960, was entered in the Trade Register on 9 December 2008. Trading of the shares, along with the old shares, began on 10 December 2008. Following the increase, the number of Nokian Tyres shares is 124,845,990 and the share capital is EUR 24,969,198.

3. Share price development

Nokian Tyres’ share price was EUR 7.91 at the end of the review period (EUR 24.05). The average share price during the period was EUR 22.62 (EUR 23.11), the highest EUR 33.73 (EUR 29.92) and the lowest EUR 7.17 (EUR 13.99). A total of 309,290,887 shares were traded during the period (236,332,864), representing 248% (191%) of the company's overall share capital. The company’s market value at the end of the period was EUR 987 million (EUR 2.975 billion). Finnish nationals accounted for 41.0% (27.6%) and foreign nationals registered in the nominee register for 59.0% (72.4%) of the company’s shareholders. The latter figure includes Bridgestone's ownership of approximately 16%.

4. Decisions made at the Annual General Meeting

The Annual General Meeting of Nokian Tyres held on 3 April 2008 approved the profit and loss statement for 2007 and discharged the Board of Directors and the President from liability. The final dividend was set at EUR 0.50 per share. The record date was 8 April 2008 and the payment date on 15 April 2008.

4.1 Board of Directors and auditor

The number of Board members was set at seven. Kim Gran, Hille Korhonen, Hannu Penttilä, Koki Takahashi, Aleksey Vlasov and Petteri Walldén will continue as Board members. Kai Öistämö was elected as a new member of the Board. At its meeting held after the Annual General Meeting, the Board elected Petteri Walldén as Chairman of the Board.

Authorised public accountants KPMG Oy Ab continue as auditors.

4.2 Remuneration of the Board members

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

A decision was made to follow existing practices and pay 60% of the annual fee in cash and 40% in company shares, so that in the period from 4 April to 30 April 2008, EUR 28,000 of Nokian Tyres plc shares will be purchased at the stock exchange on behalf of the Chairman of the Board and EUR 14,000 of shares on behalf of each Board member. This decision means that the final remuneration paid to Board members is tied to the company’s share performance. No separate compensation will be paid to the President and CEO for Board work.

4.3 Amendments to the Articles of Association

The Annual General Meeting decided to make the following amendments to the Articles of Association:

- Sections 3 and 4 of the present Articles of Association will be removed and the numbering will be revised correspondingly.

- Section 5 of the Articles of Association will be changed to the following: “The company’s shares belong to the book-entry securities system.”

- Section 8 of the Articles of Association will be changed to the following:

“Both the Managing Director and the Chairman of the Board may represent the company alone, and the Members of the Board, two together.”

- Section 10 of the Articles of Association will be changed to the following:
“The company will have one auditor, who must be approved by the Central Chamber of Commerce. The term of office of the auditor ends with the election of the following auditor at the Annual General Meeting.”

- Section 11 of the Articles of Association will be changed to the following:
“The invitation to the Annual General Meeting must be published no earlier than three months and no later than one week before the date referred to in Chapter 4, section 2, subsection 2 of the Limited Liabilities Companies Act, in accordance with the Board decision, on the company’s website and in one national and in one Tampere regional daily newspaper.”

- Section 12 of the Articles of Association will be changed to the following:
“In order to participate in the Annual General Meeting, shareholders must inform the company no later than the day stated in the meeting invitation, which may be no earlier than ten days before the meeting. The method of voting is determined by the chairman of the Annual General Meeting.”

- Section 13 of the Articles of Association will be changed to the following:
“The Annual General Meeting must be held annually on a date specified by the Board of Directors before the end of May. The Annual General Meeting is held in accordance with the decision by the Board, either at the registered office of the company or in Tampere or in Helsinki.”

The Annual General Meeting must present
1. the annual accounts, including the profit and loss account, balance sheet and annual report,
2. the auditor’s report;
must decide on
3. the confirmation of the company’s annual accounts,
4. the use of profit based on the balance sheet,
5. the discharge from liability of the Board members and the Managing Director,
6. the remuneration for the Board members and auditor,
7. the number of Board members
must elect
8. the Board members,
9. the auditor.

- Section 14 of the Articles of Association will be changed to the following:
”The annual accounts, the Board’s annual report and other documents relating to company operations must be submitted to the auditor by

the end of March, and the auditor must submit his/her report to the Board before 15th April."

5. Changes in share ownership

On 5 May 2008, Nokian Tyres received a notification from Grantham, Mayo, Van Otterloo & CO LLC, according to which Grantham, Mayo, Van Otterloo & Co LLC's holding in Nokian Tyres had dropped under the limit of 5 per cent as a consequence of the share transaction on 30 April 2008. Grantham, Mayo, Van Otterloo & Co LLC now holds a total of 6,220,002 Nokian Tyres' shares, which represents 4.99% of the company's 124,630,700 shares and voting rights.

On 16 October 2008, Nokian Tyres was notified of the ownership of Varma Mutual Pension Insurance Company (business ID 0533297-9) exceeding the 5-percent limit following share transactions carried out on 16 October 2008. Varma Mutual Pension Insurance Company announced its ownership of 6,870,657 Nokian Tyres shares, which represents 5.50% of the company's 124,831,190 shares and voting rights.

6. Adjustment measures and cost-cutting programme

At the turn of the year, Nokian Tyres initiated measures to adjust its production and structure, the goal being to improve productivity and achieve annual cost savings of approximately EUR 50 million. The company informed about the statutory negotiations related to these issues in stock exchange releases on 31 October, 9 December and 19 December 2008.

The measures taken to date have been a 10-day lay-off at the Nokia plant in Finland at the turn of the year and the lay-off of some 280 employees at Heavy Tyres for approximately six months starting in January. Adjustments continued in passenger car tyres in January: personnel was cut by 232 employees, 440 employees will be laid off in cycles of nine weeks and 62 employees will be laid off until further notice. The production of passenger car tyres was changed from a continuous three-shift seven-days model to a five-day (discontinued) three-shift model. As a result of the adjustments, the annual production volume of Nokian passenger car tyres at the Nokia plant will decrease from the previous 6 million to 4 million tyres in 2009.

The Vianor chain will adjust operations by cutting its personnel by 80 in the Nordic countries.

On 20 January 2009, Nokian Heavy Tyres Ltd started new statutory negotiations to discuss the adoption of a five-day, discontinued three-shift model in the production of Nokian Heavy Tyres and talk about restructuring operations. The statutory negotiations affect the whole staff and all personnel groups at Nokian Heavy Tyres, a total of some 280 people. Estimates put the need for job cuts at 50 and for fixed-term or open-ended lay-offs at 230.

RISKS, UNCERTAINTY FACTORS AND DISPUTES IN THE NEAR FUTURE

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

In terms of exchange rate risks, the main risks facing Nokian Tyres in the near future are related to the development of the Russian rouble, the Ukrainian hryvnia and the Kazakhstanian tenge. If financial uncertainties continue, the derivatives markets for the rouble and tenge may suffer from disturbances, which prevent the Group from complying with its normal currency hedging policy.

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

Nokian Tyres’ other risks and uncertainty factors in the near future have to do with the shortage of financing for customers in Russia and the other CIS countries, the success of sales in the key markets, the repatriation of receivables and the development of the financial markets. Russian receivables account for around half of the Group’s total receivables. Special attention has been drawn to securing customer payments.

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

MATTERS AFTER THE PERIOD UNDER REVIEW

On 12 January 2009, Nokian Tyres announced the introduction of a new studded Hakkapeliitta winter tyre. The Nokian Hakkapeliitta 7 is designed for the demanding and changeable northern winter conditions. The Air claw technology developed for the new tyre merges the silence of unstudded tyres with the superior grip of studded tyres.

OUTLOOK FOR 2009

The global recession is expected to have a widespread negative impact on demand for tyres. Financing has become scarcer, making business more challenging to tyre distributors. The clear drop in new car sales in all market areas, will reduce the demand for tyres. The manufacture of industrial machinery and equipment will decrease from the previous year.

Raw material prices will drop clearly, and the resulting savings will take full effect from the second quarter. As for all of 2009, the average price of raw materials is expected to decrease clearly year-over-year.

The last six months of the year, and especially the fourth quarter, have traditionally had the biggest impact on the sales and performance of Nokian Tyres, due to the seasonal nature of operations and the high share of winter tyres. In 2009, the timing of sales is expected to revert to the traditional model with preseason winter tyre sales being done later than in 2008.

The profitability of Nokian Tyres will be supported by the increasing share of Russian manufacture, structural changes and the cost-cutting measures that affect all Group operations and will lead to annual savings. Sales prices have been increased in Russia and CIS to cover changes in exchange rates.

Nokian Tyres has good opportunities to improve cash flow, boost its market position, increase market shares and return to a growth path as soon as the economic business environment stabilises. The company has a strong balance sheet and good profitability. Its product range includes several new products, and its distribution network is robust in the key markets. Own production inside the Russian customs barriers further strengthens the company’s position.

The financial crisis makes it difficult to draw up precise forecasts for demand in the tyre market in 2009. The company expects the first-quarter net sales and operating profit to fall clearly short of the previous year.

INVESTMENTS IN 2009

Nokian Tyres’ total investments in 2009 will be approximately EUR 90.0 million (EUR 181.2 million). Some EUR 56.0 million (EUR 121.0 million) will be spent on the Russian plant’s operations and extension.

Nokia, February 11, 2009

Nokian Tyres plc

Board of Directors

This interim report has been prepared in accordance with IAS 34 'Interim Financial Reporting' and the same accounting policies as in the most recent annual financial statements.

NOKIAN TYRES
CONSOLIDATED INCOME STATEMENT

Million euros	10-12/08	10-12/07	1-12/08	1-12/07	Change %
Net sales	267.7	356.4	1,080.9	1,025.0	5.5
Cost of sales	-152.3	-196.6	-588.1	-569.1	3.3
Gross profit	115.4	159.8	492.7	455.8	8.1
Other operating income	1.2	1.0	2.2	2.4	-8.2
Selling and marketing expenses	-55.5	-55.0	-198.8	-179.4	10.8
Administration expenses	-9.6	-7.5	-27.4	-23.5	16.5
Other operating expenses	-5.2	-5.0	-21.8	-21.3	2.3
Operating profit	46.5	93.2	247.0	234.0	5.5
Financial income	83.9	42.2	111.1	63.1	76.2
Financial expenses	-142.6	-50.4	-184.3	-83.3	121.3
Result before tax	-12.2	85.0	173.8	213.8	-18.7

Tax expense (1	0.6	-23.6	-33.9	-44.9	-24.5
Result for the period	-11.6	61.4	139.9	168.9	-17.2
Attributable to:					
Equity holders of the parent	-11.6	61.4	139.9	168.9	
Minority interest	0.0	0.0	0.0	0.0	
Earnings per share from the profit attributable to equity holders of the parent					
basic, euros	-0.09	0.50	1.12	1.37	-18.3
diluted, euros	-0.07	0.47	1.10	1.31	-15.6

KEY RATIOS	31.12.08	31.12.07	Change %
Equity ratio, %	54.8	61.8	
Gearing, %	41.0	14.3	
Equity per share, euro	6.20	5.76	8.0
Interest-bearing net debt, mill. euros	319.0	102.0	
Capital expenditure, mill. euros	181.2	117.1	
Depreciation and amortisations, mill. euros	56.2	47.1	
Personnel, average	3,812	3,462	
Number of shares (million units)			
at the end of period	124.85	123.70	
in average	124.61	122.95	
in average, diluted	131.47	129.09	

1) Tax expense in the consolidated income statement is based on the taxable profit for the period.

CONSOLIDATED BALANCE SHEET	31.12.08	31.12.07
Non-current assets		
Property, plant and equipment	499.8	419.9
Goodwill	53.9	52.8
Other intangible assets	19.0	7.5
Investments in associates	0.1	0.1
Available-for-sale financial assets	0.2	0.2
Other receivables	11.6	12.8
Deferred tax assets	20.3	17.7
Total non-current assets	604.9	511.0
Current assets		
Inventories	290.9	193.2
Trade receivables	268.4	225.3
Other receivables	143.0	67.7
Cash and cash equivalents	113.2	158.1
Total current assets	815.5	644.3
Equity		
Share capital	25.0	24.7
Share premium	155.2	149.0
Translation reserve	-53.0	-12.8
Fair value and hedging reserves	-0.1	0.0
Retained earnings	647.6	551.9
Minority interest	2.7	0.0
Total equity	777.3	712.8

Non-current liabilities		
Deferred tax liabilities	27.6	30.1
Provisions	1.1	0.0
Interest-bearing liabilities	394.5	248.7
Other liabilities	2.1	2.4
Total non-current liabilities	425.3	281.1
Current liabilities		
Trade and other payables	178.9	148.9
Provisions	1.1	1.1
Interest-bearing liabilities	37.8	11.4
Total current liabilities	217.8	161.4
Total assets	1,420.4	1,155.4

CONSOLIDATED CASH FLOW STATEMENT Million euros	1-12/08	1-12/07
Cash flows from operating activities:		
Cash generated from operations	201.1	206.2
Financial items and taxes	-182.7	-36.3
Net cash from operating activities	18.4	169.9
Cash flows from investing activities:		
Net cash used in investing activities	-177.2	-117.7
Cash flows from financing activities:		
Proceeds from issue of share capital	6.4	6.5
Change in current financial receivables and debt	25.1	-44.4
Change in non-current financial receivables and debt	147.5	143.9
Dividends paid	-62.3	-38.0
Net cash from financing activities	116.7	68.0
Net change in cash and cash equivalents	-42.1	120.3
Cash and cash equivalents at the beginning of the period	158.1	39.0
Effect of exchange rate changes	2.8	1.2
Cash and cash equivalents at the end of the period	113.2	158.1
	-42.1	120.3

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Million euros

	Share capital	Share premium	Translation reserve	Fair value and hedging reserves	Retained earnings	Minority interest	Total
Equity, 1 Jan 2007	24.5	142.7	-2.2	-0.1	391.6	0.0	556.6
Interest rate							

swaps, net of tax				0.2			0.2
Translation differences			-13.2				-13.2
Gains/losses from hedge of net investments in foreign operations, net of tax			2.6				2.6
Profit for the period					168.9		168.9
Total recogni-sed income and expenses for the period	0.0	0.0	-10.7	0.2	168.9	0.0	158.4
Dividends paid					-38.0		-38.0
Exercised warrants	0.3	6.3					6.5
Share-based payments					13.3		13.3
Equity component of the convertible bond					16.0		16.0
Other changes							0.0
Change in minority interest							0.0
Equity, 31 Dec 2007	24.7	149.0	-12.8	0.0	551.9	0.0	712.8
Equity, 1 Jan 2008	24.7	149.0	-12.8	0.0	551.9	0.0	712.8
Interest rate swaps, net of tax				-0.1			-0.1
Translation differences			-46.4				-46.4
Gains/losses from hedge of net investments in foreign operations, net of tax			6.2				6.2
Profit for the period					139.9		139.9
Total recogni-sed income and expenses for the period	0.0	0.0	-40.2	-0.1	139.9	0.0	99.6
Dividends paid					-62.3		-62.3
Exercised warrants	0.2	6.2					6.4
Share-based payments					18.7		18.7
Equity component of the convertible bond							0.0
Other changes					-0.6		-0.6
Change in minority							

interest						2.7	2.7
Equity, 31 Dec 2008	25.0	155.2	-53.0	-0.1	647.6	2.7	777.3

SEGMENT INFORMATION Million euros	10-12/08	10-12/07	1-12/08	1-12/07	Change %
Net sales					
Passenger car tyres	143.9	233.5	741.6	691.2	7.3
Heavy tyres	19.9	27.1	97.7	100.8	-3.0
Vianor	116.5	108.1	308.3	278.5	10.7
Others and eliminations	-12.6	-12.4	-66.8	-45.6	-46.5
Total	267.7	356.4	1,080.9	1,025.0	5.5
Operating result					
Passenger car tyres	28.4	74.2	230.0	212.0	8.5
Heavy tyres	2.2	5.4	17.7	22.3	-20.8
Vianor	11.1	11.9	4.4	8.4	-47.2
Others and eliminations	4.8	1.8	-5.2	-8.7	40.1
Total	46.5	93.2	247.0	234.0	5.5
Operating result, % of net sales					
Passenger car tyres	19.7	31.8	31.0	30.7	
Heavy tyres	11.1	19.9	18.1	22.1	
Vianor	9.6	11.0	1.4	3.0	
Total	17.4	26.2	22.8	22.8	
Cash Flow II					
Passenger car tyres	241.8	288.4	-2.3	102.3	-102.3
Heavy tyres	18.5	15.9	10.6	21.0	-49.5
Vianor	31.8	13.6	1.4	-5.6	125.2
Total	298.2	319.4	9.5	105.6	-91.0

CONTINGENT LIABILITIES Million euros	31.12.08	31.12.07
FOR OWN DEBT		
Mortgages	0.9	1.0
Pledged assets	37.4	0.0
OTHER OWN COMMITMENTS		
Guarantees	2.1	1.0
Leasing and rent commitments	104.9	89.9
Purchase commitments of property, plant and equipment	1.5	28.2
INTEREST RATE DERIVATIVES		
Interest rate swaps		
Notional amount	14.4	15.0
Fair value	-0.1	0.1
FOREIGN CURRENCY DERIVATIVES		
Currency forwards		
Notional amount	396.5	312.1
Fair value	24.4	2.6
Currency options, purchased		
Notional amount	5.0	4.8
Fair value	0.5	0.1
Currency options, written		

Notional amount	10.1	4.8
Fair value	-0.3	0.0

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

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

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

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

Nokian Tyres plc

Raila Hietala-Hellman
Vice President, Corporate Communications

Further information: Kim Gran, President and CEO, tel. +358 10 401 7336

Distribution: NASDAQ OMX, media and www.nokiantyres.com

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Nokian Tyres will publish the result 2008 on Wednesday 11th February 2009 at 8:00 am.

The results will be presented in English at an event for analysts and the press on the same day at 10:00 am at Hotel Kämp in Helsinki.

The event can be followed live on the Internet on Wednesday 11th February, 10:00 am, at:
http://www.nokiantyres.com/resultinfo2008

A telephone conference in English will be arranged in conjunction with the event. To participate in the conference, dial the following number 5 to 10 minutes before the event: +44 (0)20 7162 0025. The password is "Nokian Tyres".

The stock exchange release and presentation material will be available for download before the beginning of the event at: http://www.nokiantyres.com/ir-calendar

A recording of the telephone conference will be available from the same page after the event.

Nokian Tyres Q1 2009 result will be published on May 7th, 2009. Releases and company information will be found from Internet www.nokiantyres.com