Nokian Tyres plc  Stock Exchange Release 9 May 2012, 8 a.m.

**Nokian Tyres plc Interim Report January-March 2012:**
**A flying start, good Q1 results and continuing growth in 2012**

Nokian Tyres group's net sales increased by 32.9% to EUR 384.3 million (EUR 289.2 million in Q1/2011). Operating profit grew to EUR 105.0 million (EUR 72.3 million). Earnings per share increased to EUR 0.67 (EUR 0.49).

**Outlook:**
The demand and order book for Nokian car tyres are strong on all Nokian Tyres' core markets, especially in Russia. For Nokian Tyres the growing production capacity offers further growth potential and productivity gains, and a declining fixed cost ratio supports profitability. In Central Europe there are uncertainties due to the economic situation and distributors' high carry-over winter tyre stocks. Nokian Heavy Tyres' sales in 2012 are estimated to decrease compared to 2011 due to a softer demand.

**Financial guidance:**
In 2012, the company is positioned to improve net sales and operating profit compared to 2011.

**Key figures, EUR million:**

| | Q1/12 | Q1/11 | Change% | Q2/11 | Q3/11 | Q4/11 | 2011 |
|---|---|---|---|---|---|---|---|
| Net sales | 384.3 | 289.2 | 32.9 | 338.8 | 346.3 | 482.5 | 1,456.8 |
| Operating profit | 105.0 | 72.3 | 45.3 | 93.3 | 95.4 | 119.1 | 380.1 |
| Profit before tax | 102.2 | 69.9 | 46.2 | 85.4 | 89.1 | 114.8 | 359.2 |
| Profit for the period | 87.6 | 62.4 | 40.3 | 74.2 | 78.1 | 94.2 | 308.9 |
| Earnings per share, EUR | 0.67 | 0.49 | 38.3 | 0.57 | 0.60 | 0.73 | 2.39 |
| Equity ratio, % | 74.3 | 71.0 | | | | | 63.2 |
| Cash flow from operations | -121.3 | -52.3 | -131.9 | -49.9 | -150.9 | 367.3 | 114.1 |
| RONA,% (roll. 12 months) | 27.3 | 21.6 | | | | | 27.0 |
| Gearing, % | 10.3 | 5.5 | | | | | -0.3 |

**Kim Gran, President and CEO:**

"We got a flying start also for 2012 as both sales and production output improved clearly. Sales improved in all our markets with growth in Russia again outshining other areas. Productivity gains, a tight ship and an improved ASP guaranteed a good financial result.

Sales in Q1 were up in all of our main markets and we continued to win market share in Russia, reinforcing our position as the market leader. Our sales came in equally from our strong winter tyre range and the new test winning summer tyre range spearheaded by novelty products Nokian Hakka Blue and Hakka Green. The ratio summer versus winter tyre sales remained at approximately previous year's level at 50/50. However, the weight of SUV tyres in our sales mix continued to increase, which improved ASP.

The expansion of the Vianor chain continued as we opened 22 new stores in the first quarter. The chain now totals 932 stores in 24 countries, which is one cornerstone and the spearhead to improve sales and market shares further. We are well on track to reach our target of exceeding 1,000 stores by the end of 2012.

Both our factories were operating at full utilization with improving productivity, which helped us to increase our production output (tons) by 38% versus Q1/2011. The ramp-up of capacity continues as the new factory in Russia will commence production with two new lines during 2012. Personnel for the new lines are being recruited and are already in training. First tyres from the new plant will be produced in June.

We are well positioned to improve operations in our core markets in 2012, as especially Russia & CIS offer continued growth potential. Our car tyre order book is strong and inventory levels in distribution are normal in our core markets, which improve visibility to our first half sales and results. However, distributors' high winter tyre carry-over stocks in Central Europe cause some uncertainty when planning the production levels for H2/2012."

**Market situation**

The global GDP is projected to grow at 3.5% in 2012 with the advanced economies growing at only 1.3% and emerging market growth slowing down to 5-6%. The Eurozone was in recession in Q1/2012. The recession is expected to be short but growth in 2012 to be weak. The uncertainty related to the governmental borrowing of the PIGS, and its effects to financial markets continues and the outcome is not fully visible. Growth in Nokian Tyres core markets, Nordic countries and Russia, continue to show comparatively positive development. The currency exchange rates have fluctuated in recent months without a clear direction, although the Euro has been slightly weakening against the Russian Rouble and the Norwegian Krona.

Drivers for growth in Nokian Tyres' core markets are still intact. Annual GDP growth estimates averaged 1% in the Nordic countries and approximately 4% in Russia in Q1/2012 versus Q1/2011. The new car sales in Q1/2012 increased in the Nordic countries by approximately 8% year-over-year. In Russia the new car sales were up by 19% versus the corresponding period a year earlier, with western brands growing 30%. In Russia the new car sales is estimated to grow by 10-15% in 2012.

The sales volume for replacement market car tyres in the Nordic countries in Q1/2012 shows an increase of 2% year-over-year, whereas total replacement tyre sales in Europe declined by 12%. In Russia tyre industry deliveries to distributors increased by over 25% compared to Q1/2011, trailing the improving economy and continued growth in new car sales.

The late start of winter and prolonged snowfall into late Q1/2012 delayed the start of the consumer summer tyre season. Some sales of summer tyres in Northern Europe have been postponed to the second quarter of 2012.

The demand for forestry tyres which weakened before the turn of the year is showing signs of recovery. The growth is supported by an improved number of orders in machine manufacturing. Demand for special heavy tyres for mining, harbours and industrial equipment continue to grow although at a low rate.

The demand for truck tyres and retreads has fallen clearly in all Europe.

Raw material prices dropped at the end of 2011 and availability came back to normal. Prices and tyre industry raw material cost decreased in Q1/2012 compared to Q4/2011, but were clearly higher than in Q1/2011. The raw material cost is expected to go up again in H2/2012. For the full year the cost is estimated grow slightly compared to 2011.

Tyre supply and demand for passenger car tyres seem to be balanced for premium tyres whereas signs of overcapacity for economy tyres are visible. The pricing discipline continues to be good for premium tyres in all regions.

**January-March 2012**

Nokian Tyres Group recorded net sales of EUR 384.3 million (289.2), showing an increase of 32.9% compared with Q1/2011. In the Nordic countries sales increased by 10.8% representing 27.3% (33.2%) of the group's total sales. Sales in Russia increased by 66.9%. Russia and CIS consolidated sales grew by 66.2% and formed 44.0% (35.7%) of the group's total sales. In Central and Eastern Europe sales were up by 18.7% year-over-year representing 21.8% (24.7%) of the group's total sales. In North America sales increased by 44.8% and were 6.3% (5.8%) of the group's total sales.

Sales of passenger car tyres were up by 37.5% representing 77.9% (74.0%) of the group's total sales. Heavy tyres' sales decreased by 4.8% and were 6.7% (9.1%) of the group's total sales. Vianor's sales increased by 19.4% forming 12.3% (13.5%) of the group's total sales. The sales of Other operations were up by 19.4% representing 3.1% (3.4%) of the group's total sales.

Raw material cost (EUR/kg) in manufacturing increased by 15.7% year-over-year. Fixed costs amounted to EUR 92.8 million (81.3), accounting for 24.1% (28.1%) of net sales. Total salaries and wages were EUR 47.6 million (40.7).

Nokian Tyres Group's Operating profit amounted to EUR 105.0 million (72.3). The Operating profit was negatively affected by the IFRS 2 -compliant option scheme write-off of EUR 2.7 million (1.9) and expensed credit losses and provisions of EUR 3.5 million (0.5).

Net financial expenses were EUR 2.8 million (2.4). Net interest expenses were EUR 2.7 million (2.4) including EUR 2.2 million (2.0) in non-cash expenses related to convertible bonds. Net financial expenses include EUR -0.1 million (0.1) of exchange rate differences.

Profit before tax was EUR 102.2 million (69.9). Profit for the period amounted to EUR 87.6 million (62.4), and EPS were EUR 0.67 (EUR 0.49).

Return on net assets (RONA, rolling 12 months) was 27.3% (21.6%). Income financing after the change in working capital, investments and the disposal of fixed assets (Cash flow from operations) was EUR -121.3 million (-52.3).

The Group employed an average of 3,937 (3,587) people, and 3,972 (3,653) at the end of the period. The equity-owned Vianor tyre chain employed 1,343 (1,276) people and Russian operations 1,074 (911) people at the end of the period.

**Financial position on 31 March 2012**

Gearing ratio was 10.3% (5.5%). Interest-bearing net debt amounted to EUR 137.3 million (57.0). Equity ratio was 74.3% (71.0%).

The Group's interest-bearing liabilities totalled EUR 216.9 million (218.7) of which current interest-bearing liabilities amounted to EUR 6.1 million (13.0). The average interest rate of interest-bearing liabilities was 5.6% (5.3%). The average interest rate of interest-bearing liabilities was 1.6% (1.5%) with calculatory non-cash expenses related to the convertible bond eliminated.

At the end of the review period the company had unused credit limits amounting to EUR 557.0 million (536.6) of which EUR 306.2 million (235.9) were committed. The current credit limits and the commercial paper program are used to finance inventories, trade receivables, subsidiaries in distribution chains and thus control the typical seasonality in the Group's cash flow due to changes in the working capital.

**Tax rate**

In the review period the Group's tax rate was 14.3% (10.7%). In 2011 the tax rate was 14.0% (18.7%). The tax rate is affected by tax relieves in Russia based on present investments and further investment-related incentive agreements. A new agreement has been completed with authorities in Russia concerning additional investment in the existing factory and building the new factory. The agreement will prolong the tax benefits and incentives until approximately 2020. The estimated tax rate going forward for the next 5 years is 17%.

## PASSENGER CAR TYRES

| | Q1/12 | Q1/11 | Change% | Q2/11 | Q3/11 | Q4/11 | 2011 |
|---|---|---|---|---|---|---|---|
| Net sales, m€ | 315.9 | 229.7 | 37.5 | 238.8 | 264.2 | 338.4 | 1,071.1 |
| Operating profit, m€ | 118.7 | 84.1 | 41.2 | 83.9 | 94.0 | 103.1 | 365.1 |
| Operating profit, % | 37.6 | 36.6 | | 35.2 | 35.6 | 30.5 | 34.1 |
| RONA,% (roll.12 m.) | 38.9 | 29.3 | | | | | 38.3 |

The net sales of Nokian Passenger Car Tyres totalled EUR 315.9 million (229.7), up by 37.5% from the corresponding period a year earlier. Operating profit increased to EUR 118.7 million (84.1). Operating profit percentage improved to 37.6% (36.6%).

Nokian car tyres' sales showed growth in all market areas. The majority of the sales growth came from Russia where both the winter tyre and the summer tyre sales grew significantly. SUV tyres showed the strongest growth among product groups. Winter tyres represented 50% (54%) of the total sales volume in the review period. Nokian car tyres' market share improved in Russia and Central Europe.

The new summer tyre range with the spearhead products Nokian Hakka Blue and Nokian Z G2 won several car magazines' tests in the core markets and in Central Europe.

A good sales mix combined with successful price increases during 2011 raised the Average Selling Price year-over-year, thus compensating for the raw material cost (€/kg) increase of 15.7% versus Q1/2011.

Production output (pcs) grew by 39% compared to the corresponding period in the previous year, boosted by the increasing capacity in Russia. The plants in Nokia and Vsevolozhsk were operating 7 days/week full capacity. Productivity improved along with high utilization and capacity increases.

Fixed costs increased moderately compared to the sales growth which helped to improve margins. Inventories and receivables grew along with increased sales.

Construction of the new plant and warehouse next to the current ones in Russia has proceeded on schedule. The new plant is estimated to commence production with two lines during 2012. Capacity will increase further with two more lines being added during 2013-2014.

The order book for 2012 is strong, especially in Russia. However, the sales development in Central Europe is still uncertain for 2012. The focus this year will be on optimizing the tyre supply capacity and the logistics for growing deliveries as well as on controlling the inventories and trade receivables.

## HEAVY TYRES

| | Q1/12 | Q1/11 | Change% | Q2/11 | Q3/11 | Q4/11 | 2011 |
|---|---|---|---|---|---|---|---|
| Net sales, m€ | 27.0 | 28.4 | -4.8 | 28.3 | 26.6 | 29.5 | 112.8 |
| Operating profit, m€ | 3.8 | 5.4 | -30.2 | 4.6 | 4.2 | 3.0 | 17.2 |
| Operating profit, % | 14.0 | 19.1 | | 16.2 | 15.6 | 10.3 | 15.3 |
| RONA,% (roll.12 m.) | 18.0 | 22.5 | | | | | 20.5 |

The net sales of Nokian Heavy Tyres totalled EUR 27.0 million (28.4), down by 4.8% year-over-year. Operating profit was EUR 3.8 million (5.4), and the Operating profit percentage 14.0% (19.1%).

Nokian Heavy Tyres' sales decreased due to weaker forestry tyre sales compared to Q1/2011. Sales of mining harbour and radial tyres however showed growth especially in Russia and North America. In total the Nokian Heavy Tyres' order book, including forestry tyres, improved by the end of Q1/2012 compared to Q4/2011, trailing the recovery in machine building.

Sales mix improved due to a bigger share of sales to replacement market. Sales ASP was up supported by price increases made during 2011, offsetting higher raw material cost.

Production volume (tons) decreased by 10% year-over-year. During the first quarter the production was optimized to match a lower demand from OE customers. By the end of the quarter demand has started to pick up and capacity utilization has been increased again. The utilization rate going forward in 2012 is expected to improve from Q1 with improved sales of core products. Investments are being made to open bottlenecks in production and to increase capacity in 2012-2013 by approximately 20% from 2011 level.

Nokian Heavy Tyres' sales in 2012 are estimated to decrease compared to 2011 due to a softer demand. The focus in 2012 will be on increasing sales to the replacement market, expanding the Industrial Vianor concept and optimizing production.

## VIANOR

### Equity-owned operations

| | Q1/12 | Q1/11 | Change% | Q2/11 | Q3/11 | Q4/11 | 2011 |
|---|---|---|---|---|---|---|---|
| Net sales, m€ | 50.1 | 41.9 | 19.4 | 78.7 | 60.6 | 117.3 | 298.4 |
| Operating result, m€ | -10.4 | -13.1 | 20.8 | 5.9 | -3.5 | 13.0 | 2.3 |
| Operating result, % | -20.8 | -31.3 | | 7.5 | -5.8 | 11.1 | 0.8 |
| RONA,% (roll.12 m.) | 3.0 | -2.1 | | | | | 1.4 |

At the end of the review period Vianor had 179 (172) equity-owned stores in Finland, Sweden, Norway, USA, Switzerland and Russia. Vianor's net sales amounted to EUR 50.1 million (41.9), up by 19.4% compared with Q1/2011. Operating result was EUR -10.4 million (-13.1) and the Operating result percentage was -20.8% (-31.3%).

The strongest sales growth was achieved in service sales and tyre retail sales. Retail amounted to 49% of the total sales. Margins improved but the operating result was still negative due to strong seasonality. The spring season in the Nordic countries with high summer tyre consumer sales started mainly in the beginning of Q2 delayed by a prolonged winter.

The gradual change of operating model from tyre sales to full car service in the stores continues with investments and local acquisition of car service shops. In the review period six car service operations were acquired and integrated to existing Vianor stores.

In 2012 the focus will be on improving sales and market shares further, developing the car services business and improving cost efficiency.

### Franchising and partner operations

Vianor expanded the network on Nokian Tyres' key markets by 22 stores during Q1/2012. At the end of the review period, the global Vianor network comprised of 932 stores of which 753 were partners. Vianor operates in 24 countries; most extensively in the Nordic countries, Russia and Ukraine. During the first quarter Serbia joined as a new country in the network. Nokian Tyres' market shares improved as a result of the expansion.

Expanding the partner franchise network will continue according to plans; the target is to have more than 1,000 stores by the end of 2012.

## OTHER OPERATIONS

### Truck Tyres

The net sales of Nokian Truck Tyres were EUR 12.6 million (10.6), up by 19.4% compared to Q1/2011. Nokian truck tyres' market share increased in the Nordic countries as well as in Central and Eastern Europe due to an improved product range in both premium and standard tyres. The order book, however, started to decline during the first quarter due to a rapidly weakening demand in Central Europe. At present the visibility for sales development in 2012 is poor.

In 2012 the focus will be on increasing sales efforts, improving market share in a declining market as well as on controlling the tyre inventory and trade receivables. The expansion to Russia, CIS and Eastern Europe utilizing the "Vianor Truck" service concept will continue.

## RUSSIA AND THE CIS COUNTRIES

Nokian Tyres' sales in Russia increased year-over-year by 66.9% to EUR 171.5 million (102.8). Sales in CIS countries (excluding Russia) were EUR 9.0 million (5.8). Consolidated sales in Russia and CIS increased by 66.2% to EUR 180.5 million (108.6).

Sales in Russia grew significantly prompted by a good economic situation and continued growth in new car sales along with improved production and supply capacity of Nokian Tyres. Summer and winter tyre sales increased significantly, both in premium and mid-price segments. Nokian Tyres improved further its market shares and the market leader position in Russia.

The distribution network was extended by signing additional distribution agreements and expanding the Vianor network. There were a total of 498 Vianor stores in 290 cities in Russia and CIS countries at the end of the review period. Nokian Tyres' e-commerce development proceeded according to plans.

By the end of 2011 the annual capacity in the Russian factory increased to approximately 11 million tyres. The company commenced building a new plant next to the current one, which will increase the annual car tyre capacity further by 5-6 million tyres. The new plant is estimated to commence production with two lines during 2012. Capacity will increase further with two more lines being added during 2013-2014.

The Russian economy grew at an estimated real GDP growth of 4% in Q1/2012 versus Q1/2011. Consumer confidence was strong and purchasing power improved. Russia is expected to show a healthy GDP growth of 3.5% in 2012.

New car sales, the main driver for premium tyres, increased by 19% with western brands growing by 30% in the first quarter compared to Q1/2011. The new car sales were supported by the moderate credit rates offered by banks (including loans subsidized by car manufacturers). The car sales annual growth in 2012 is forecasted to be in the range of 10-15% with a return to 2008 volume. The sales of used cars are also strong with demand exceeding supply. Western cars that were acquired in large volumes before 2009 are now in need of both summer and winter replacement tyres.

The market potential with strong underlying consumer demand in Russia is evident with strong growth in car and tyre sales. Tyre industry deliveries to distributors increased by over 25% in Q1/2012 year-over-year. The market is expected to show healthy growth throughout 2012.

The Nokian Tyres plant located in Russia inside the customs borders (duty 20% for imported tyres) combined with an expanding Vianor chain provides a significant competitive edge on the market. By Russia joining WTO, the tyre duties will go down gradually; duty of car and van tyres will decrease from 20% to 10% in 5 years.

## INVESTMENTS

Investments in the first quarter of 2012 amounted to EUR 39.1 million (15.0). This comprises of production investments in the Russian and Finnish factories, moulds for new products and the Vianor expansion projects.

## OTHER MATTERS

### 1. Stock options on the NASDAQ OMX Helsinki Stock Exchange

The total number of stock options 2007C is 2,250,000. Each stock option 2007C entitles its holder to subscribe for one Nokian Tyres plc share. The shares can be subscribed with the stock options 2007C during 1 March 2011 - 31 March 2013. In the aggregate, the stock options 2007C entitle their holders to subscribe for 2,250,000 shares. The present share subscription price with stock options 2007C is EUR 6,39/share. The dividends payable annually shall be deducted from the share subscription price.

### 2. Shares subscribed with option rights

After 14 December 2011 registered new shares a total of 761,322 Nokian Tyres plc's shares have been subscribed with the 2007B option rights and 125,233 with the 2007C option rights. These option rights are attached to the Nokian Tyres plc's Option Programs of 2007. New shares have been registered into the Trade Register on 21 February 2012. After the subscription the number of Nokian Tyres plc shares increased to 130,496,395 shares.

### 3. Share price development

The Nokian Tyres' share price was EUR 36.54 (EUR 30.03) at the end of the review period. The volume weighted average share price during the period was EUR 31.92 (EUR 28.65), the highest EUR 37.77 (EUR 31.13) and the lowest EUR 24.84 (EUR 26.07). A total of 55,415,625 shares were traded during the period (43,927,658), representing 42% (34%) of the company's overall share capital. The company's market value at the end of the period amounted EUR 4.768 billion (EUR 3.869 billion).The company's percentage of Finnish shareholders was 37.7% (37.8) and 62.3% (62.2) were foreign shareholders registered in the nominee register. This figure includes Bridgestone's ownership of approximately 15.4%.

### 4. Decisions made at the Annual General Meeting

On 12 April 2012, Nokian Tyres Annual General Meeting accepted the financial statements for 2011 and discharged the Board of Directors and the President and CEO from liability.

The meeting decided that a dividend of EUR 1.20 per share shall be paid for the period ending on 31 December, 2011. The dividend was decided to be paid to shareholders included in the shareholder list maintained by Euroclear Finland Ltd on the record date of 17 April 2012. The proposed dividend payment date was decided to be 3 May 2012.

#### 4.1. Members of the Board of Directors and Auditor

The meeting decided that the Board of Directors has seven members. Kim Gran, Hille Korhonen, Hannu Penttilä, Benoît Raulin, Aleksey Vlasov and Petteri Walldén will continue in the Nokian Tyres' Board of Directors. Risto Murto was elected as a new member of the Board. Authorised public accountants KPMG Oy Ab continue as auditors.

#### 4.2. Remuneration of the Members of the Board of Directors

The meeting decided that the fee paid to the Chairman of the Board is EUR 80,000 per year, while that paid to Board members is set at EUR 40,000 per year. With the exception of the President and CEO, members of the Board and the Nomination and Remuneration Committee are also granted an attendance fee of EUR 600 per meeting.

In addition, 50% of the annual fee be paid in cash and 50% in company shares, such that in the period from 12 April to 30 April 2012, EUR 40,000 worth of Nokian Tyres plc shares will be purchased at the stock exchange on behalf of the Chairman of the Board and EUR 20,000 worth of shares on behalf of each Board member. This 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. Authorization for a share issue

The Annual General Meeting authorized the Board of Directors to make a decision to offer no more than 25,000,000 shares through a share issue, or by granting special rights under chapter 10 section 1 of the Finnish Companies Act that entitle to shares (including convertible bonds) on one or more occasions. The Board may decide to issue new shares or shares held by the company. The maximum number of shares included in the authorization accounts for approximately 19% of the company's entire share capital.

The authorization includes the right to issue shares or special rights through private offering, in other words to deviate from the shareholders' pre-emptive right subject to provisions of the law.

Under the authorization, the Board of Directors will be entitled to decide on the terms and conditions of a share issue, or the granting of special rights under chapter 10, section 1 of the Finnish Companies Act, including the recipients of shares or special rights entitling to shares, and the compensation to be paid. This authorization was given to be exercised for purposes determined by the Board of Directors.

The subscription price of new shares shall be recognized under unrestricted equity reserve. The consideration payable for Company's own shares shall be recognized under unrestricted equity reserve.

The authorization will be effective for five years from the decision made at the Annual General Meeting. This authorization invalidates all other Board authorizations regarding share issues and convertible bonds.

### 5. Events after the reporting period

Nokian Tyres received a notification from JPMorgan Chase & Co on 12 April 2012, according to which the total ownership of J.P. Morgan Securities Ltd, JPMorgan Asset Management (UK) Limited, JPMorgan Asset Management (Taiwan) Limited, JP Morgan Chase Bank National Association and J.P. Morgan Investment Management Inc. rose to 5.26% of the share capital in Nokian Tyres plc as a result of a share transaction concluded on 11 April 2012.

Nokian Tyres received a notification from JPMorgan Chase & Co on 18 April 2012, according to which the total holding of J.P. Morgan Securities Ltd, JPMorgan Asset Management (UK) Limited, JPMorgan Asset Management (Taiwan) Limited, JP Morgan Chase Bank National Association and J.P. Morgan Investment Management Inc. in Nokian Tyres plc fell below 5% as a result of a share transaction concluded on 17 April 2012.

## RISKS, UNCERTAINTY AND DISPUTES IN THE NEAR FUTURE

Based on economic data the Eurozone was in a recession in Q1/2012. The recession is expected to be short but growth in 2012 to be weak. Ongoing uncertainty related to governmental borrowing in Europe may still cause disruption in the financial markets. The global economy is expected to improve in 2012 driven by growth in China and the continuing moderate recovery of the U.S. economy.

Receivables have increased in Q1/2012 in line with increased sales and the business model. Tyre inventories are on a normal level in Nokian Tyres' core markets. Special attention is drawn to controlling net working capital. At the end of the review period Russian trade receivables accounted for 42% of the Group's total trade receivables.

Around 36% of the Group's net sales in 2012 are estimated to be generated from Euro-denominated sales. The most important sales currencies in addition to the Euro are the Russian Rouble, the Swedish and Norwegian Krona, the US Dollar and the Ukrainian Hryvnia.

Nokian Tyres' other risks and uncertainty factors relate to the prices of raw materials. The maintaining of profitability in case of rising raw material prices depends on the company's ability to raise tyre prices in line with the increasing raw material cost. An efficient ramp-up of new production lines in Russia will depend on the success of recruiting and retaining work force in a tightening labour market.

Nokian Tyres group has no pending disputes or litigations expected to have material effect on the performance or future outlook of the group.

## OUTLOOK FOR 2012

The demand and order book for Nokian car tyres are strong in Nokian Tyres' core markets, especially in Russia. In Central Europe, however, there are uncertainties due to the economic situation and distributors' high carry-over winter tyre stocks. Inventory levels in Nokian Tyres' core markets, the Nordic countries and Russia, are normal both for summer and winter tyres.

In 2012 the car tyre demand is expected to continue to grow globally at a rate of 2-4% driven by growth in emerging markets. Europe is expected to show negative growth with northern countries performing comparatively well. Demand in Russia is forecasted to continue to show healthy growth on the back of growth in GDP, car sales and an expanding replacement market. Nokian Heavy Tyres' sales in 2012 are estimated to decrease compared to 2011 due to a softer demand.

Growing production capacity offers Nokian Tyres further growth potential and productivity gains. Production has been increased during H2/2011 by investment and start-up of two new lines in the Russian plant and by shifting the plant in Nokia to 7 days/week full capacity. The company is also building a new plant in Russia next to the current one, which will increase the annual car tyre capacity by 5-6 million tyres. The new plant is estimated to commence production with two lines during 2012. Capacity will increase further with two more lines being added during 2013-2014. The company and Russian authorities have signed agreements which will prolong incentives and tax relieves until approximately 2020.

Nokian Tyres' raw material cost has been levelling off but for full year 2012 it is estimated to increase by 2% versus 2011.

Strong demand, a healthy order book in the core markets, an expanding distribution channel, fluent seasonal logistics, an improved cost structure with majority of production inside duty borders of Russia and CIS as well as new test winner products will give Nokian Tyres a good chance to strengthen its market leadership in the core markets and to continue strong profitable growth.

**Financial guidance:**
In 2012, the company is positioned to improve net sales and operating profit compared to 2011.

## INVESTMENTS IN 2012

Nokian Tyres' budget for total investments in 2012 is EUR 210 million (161.7). EUR 150 million will be invested in Russia, including the start of the new production facilities. The balance comprises of investments in Nokia plant (automation, moulds, ICT, R&D) EUR 32 million, Heavy tyres EUR 15 million and sales companies including Vianor chain with its acquisitions EUR 13 million.

Nokia, 9 May 2012

Nokian Tyres plc

Board of Directors

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The above-said information contains forward-looking statements relating to future events or future financial performance of the company. In some cases, such forward-looking statements can be identified by terminology such as ”may”, ”will”, ”could”, ”expect”, ”anticipate”, ”believe” ”estimate”, ”predict”, or other comparable terminology. Such statements are based on the current expectations, known factors, decisions and plans of the management of Nokian Tyres. Forward-looking statements involve always risks and uncertainties, because they relate to events and depend on circumstances that may or may not occur in the future. Future results may thus vary even significantly from the results expressed in, or implied by, the forward-looking statements.

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This financial statements bulletin has been prepared in accordance with IFRS compliant recognition and measurement principles and the same accounting policies as in the most recent annual financial statements, but it has not been prepared in compliance with all requirements set out in IAS 34 'Interim Financial Reporting'.

| **NOKIAN TYRES CONSOLIDATED INCOME STATEMENT** Million euros | 1-3/12 | 1-3/11 | Last 12 months | 1-12/11 | Change % |
|---|---|---|---|---|---|
| Net sales | 384.3 | 289.2 | 1,551.9 | 1,456.8 | 32.9 |
| Cost of sales | -207.3 | -155.6 | -857.5 | -805.8 | -33.2 |
| Gross profit | 177.0 | 133.5 | 694.5 | 651.0 | 32.5 |
| Other operating income | 0.4 | 0.7 | 1.5 | 1.8 | |
| Selling and marketing expenses | -55.0 | -51.5 | -220.1 | -216.5 | -6.9 |
| Administration expenses | -8.4 | -6.2 | -31.5 | -29.4 | -33.9 |
| Other operating expenses | -9.0 | -4.2 | -31.6 | -26.8 | -113.9 |
| Operating profit | 105.0 | 72.3 | 412.8 | 380.1 | 45.3 |
| Financial income | 37.1 | 34.6 | 93.4 | 90.9 | 7.2 |
| Financial expenses | -39.9 | -36.9 | -114.7 | -111.8 | -7.9 |
| Profit before tax | 102.2 | 69.9 | 391.5 | 359.2 | 46.2 |
| Tax expense (1 | -14.7 | -7.5 | -57.4 | -50.3 | -95.6 |
| Profit for the period | 87.6 | 62.4 | 334.0 | 308.9 | 40.3 |
| | | | | | |
| Attributable to: | | | | | |
| Equity holders of the parent | 87.6 | 62.4 | 334.1 | 308.9 | |
| Non-controlling interest | 0.0 | 0.0 | 0.0 | 0.0 | |
| | | | | | |
| Earnings per share from the profit attributable to equity holders of the parent | | | | | |
| basic, euros | 0.67 | 0.49 | | 2.39 | 38.3 |
| diluted, euros | 0.65 | 0.48 | | 2.32 | 36.1 |

| **CONSOLIDATED OTHER COMPREHENSIVE INCOME** | 1-3/12 | 1-3/11 | 1-12/11 |
|---|---|---|---|
| Million euros | | | |
| Profit for the period | 87.6 | 62.4 | 308.9 |
| Other comprehensive income, net of tax: | | | |
| Gains/Losses from hedge of net investments in foreign operations | -9.4 | 0.2 | -2.9 |
| Cash flow hedges | 0.3 | 1.6 | -1.4 |
| Translation differences on foreign operations | 45.4 | 6.2 | -7.6 |
| Total other comprehensive income for the period, net of tax | 36.2 | 8.0 | -11.9 |
| Total comprehensive income for the period | 123.8 | 70.4 | 297.0 |
| Total comprehensive income attributable to: | | | |
| Equity holders of the parent | 123.8 | 70.4 | 297.0 |
| Non-controlling interest | 0.0 | 0.0 | 0.0 |

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

| **KEY RATIOS** | 31.3.12 | 31.3.11 | 31.12.11 | Change % |
|---|---|---|---|---|
| Equity ratio, % | 74.3 | 71.0 | 63.2 | |
| Gearing, % | 10.3 | 5.5 | -0.3 | |
| Equity per share, euro | 10.19 | 8.03 | 9.15 | 27.0 |
| Interest-bearing net debt, mill. euros | 137.3 | 57.0 | -3.6 | |
| Capital expenditure, mill. euros | 39.1 | 15.0 | 161.7 | |
| Depreciation, mill. euros | 19.7 | 17.6 | 71.6 | |
| Personnel, average | 3,937 | 3,587 | 3,866 | |
| Number of shares (million units) | | | | |
| at the end of period | 130.50 | 128.85 | 129.61 | |
| in average | 130.00 | 128.16 | 129.12 | |
| in average, diluted | 136.61 | 135.29 | 135.70 | |

| **CONSOLIDATED STATEMENT OF FINANCIAL POSITION** | 31.3.2012 | 31.3.2011 | 31.12.11 |
|---|---|---|---|
| Million euros | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 602.7 | 485.7 | 560.4 |
| Goodwill | 64.3 | 60.4 | 63.8 |
| Other intangible assets | 22.8 | 18.9 | 22.6 |
| Investments in associates | 0.1 | 0.1 | 0.1 |
| Available-for-sale financial assets | 0.3 | 0.3 | 0.3 |
| Other receivables | 19.9 | 21.0 | 17.9 |
| Deferred tax assets | 7.4 | 27.5 | 5.4 |
| Total non-current assets | 717.5 | 613.8 | 670.4 |
| **Current assets** | | | |
| Inventories | 385.1 | 263.2 | 324.0 |
| Trade receivables | 509.2 | 336.3 | 335.3 |
| Other receivables | 98.5 | 84.6 | 81.6 |
| Cash and cash equivalents | 79.7 | 161.8 | 464.5 |
| Total current assets | 1,072.5 | 845.9 | 1,205.5 |
| **Equity** | | | |
| Share capital | 25.4 | 25.4 | 25.4 |
| Share premium | 181.4 | 181.4 | 181.4 |
| Translation reserve | -45.5 | -64.6 | -81.5 |
| Fair value and hedging reserves | -1.8 | 1.0 | -2.0 |
| Paid-up unrestricted equity reserve | 53.4 | 33.1 | 35.4 |
| Retained earnings | 1,117.5 | 858.3 | 1,027.2 |
| Non-controlling interest | 0.2 | 0.0 | 0.3 |
| Total equity | 1,330.6 | 1,034.5 | 1,186.1 |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | 21.7 | 31.2 | 31.2 |
| Provisions | 0.1 | 0.1 | 0.0 |
| Interest bearing financial liabilities | 210.8 | 205.8 | 207.6 |
| Other liabilities | 2.5 | 1.3 | 2.5 |
| Total non-current liabilities | 235.1 | 238.4 | 241.2 |
| **Current liabilities** | | | |
| Trade payables | 108.6 | 91.6 | 88.4 |
| Other current payables | 108.3 | 80.1 | 104.9 |
| Provisions | 1.4 | 2.2 | 1.8 |
| Interest-bearing financial liabilities | 6.1 | 13.0 | 253.4 |
| Total current liabilities | 224.4 | 186.8 | 448.5 |
| | | | |
| **Total assets** | 1,790.0 | 1,459.7 | 1,875.9 |

Changes in net working capital arising from operative business are partly covered by EUR 250 million domestic commercial paper programme.

| **CONSOLIDATED STATEMENT OF CASH FLOWS** Million euros | 1-3/12 | 1-3/11 | 1-12/11 |
|---|---|---|---|
| Cash flows from operating activities: | | | |
| Cash generated from operations | -69.8 | -33.3 | 272.2 |
| Financial items and taxes | -45.7 | -31.1 | -39.3 |
| Net cash from operating activities | -115.5 | -64.4 | 232.9 |
| | | | |
| Cash flows from investing activities: | | | |
| Net cash used in investing activities | -37.8 | -15.4 | -158.3 |
| | | | |
| Cash flows from financing activities: | | | |
| Proceeds from issue of share capital | 17.9 | 25.0 | 27.4 |
| Change in current financial receivables and debt | -247.3 | 0.0 | 239.6 |
| Change in non-current financial receivables and debt | -2.6 | -0.4 | -8.9 |
| Dividends paid | 0.0 | 0.0 | -83.7 |
| Net cash from financing activities | -232.0 | 24.7 | 174.3 |
| | | | |
| Net change in cash and cash equivalents | -385.2 | -55.2 | 248.9 |
| | | | |
| Cash and cash equivalents at the beginning of the period | 464.5 | 216.6 | 216.6 |
| Effect of exchange rate changes | 0.4 | 0.4 | -0.9 |
| Cash and cash equivalents at the end of the period | 79.7 | 161.8 | 464.5 |
| | -385.2 | -55.2 | 248.9 |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

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

| | Equity attributable to equity holders of the parent | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Million euros | A | B | C | D | E | F | G | H |
| Equity, Jan 1st 2011 | 25.4 | 181.4 | -71.1 | -0.6 | 8.0 | 793.9 | 0.0 | 937.2 |
| Profit for the period | | | | | | 62.4 | | 62.4 |
| Other comprehensive income, | | | | | | | | |
| net of tax: | | | | | | | | |
| Cash flow hedges | | | | 1.6 | | | | 1.6 |
| Net investment hedge | | | 0.2 | | | | | 0.2 |
| Translation differences | | | 6.2 | | | | | 6.2 |
| Total comprehensive | | | | | | | | |
| income for the period | | | 6.4 | 1.6 | | 62.4 | | 70.4 |
| Exercised warrants | | | | | 25.0 | | | 25.0 |
| Share-based payments | | | | | | 1.9 | | 1.9 |
| Total transactions with owners | | | | | | | | |
| for the period | | | | | 25.0 | 1.9 | | 26.9 |
| Equity, Mar 31st 2011 | 25.4 | 181.4 | -64.6 | 1.0 | 33.1 | 858.3 | 0.0 | 1,034.5 |
| | | | | | | | | |
| Equity, Jan 1st 2012 | 25.4 | 181.4 | -81.5 | -2.0 | 35.4 | 1,027.2 | 0.3 | 1,186.1 |
| Profit for the period | | | | | | 87.6 | 0.0 | 87.6 |
| Other comprehensive income, | | | | | | | | |
| net of tax: | | | | | | | | |
| Cash flow hedges | | | | 0.3 | | | | 0.3 |
| Net investment hedge | | | -9.4 | | | | | -9.4 |
| Translation differences | | | 45.4 | | | | 0.0 | 45.4 |
| Total comprehensive | | | | | | | | |
| income for the period | | | 36.0 | 0.3 | | 87.6 | | 123.8 |
| Exercised warrants | | | | | 17.9 | | | 17.9 |
| Share-based payments | | | | | | 2.7 | | 2.7 |
| Total transactions with owners | | | | | | | | |
| for the period | | | | | 17.9 | 2.7 | | 20.6 |
| Equity, Mar 31st 2012 | 25.4 | 181.4 | -45.5 | -1.8 | 53.4 | 1,117.5 | 0.2 | 1,330.6 |

**SEGMENT INFORMATION**

| Million euros | 1-3/12 | 1-3/11 | 1-12/11 | Change % |
|---|---|---|---|---|
| Net sales | | | | |
| Passenger car tyres | 315.9 | 229.7 | 1,071.1 | 37.5 |
| Heavy tyres | 27.0 | 28.4 | 112.8 | -4.8 |
| Vianor | 50.1 | 41.9 | 298.4 | 19.4 |
| Other operations | 14.9 | 12.8 | 73.8 | 15.8 |
| Eliminations | -23.5 | -23.7 | -99.3 | 0.9 |
| Total | 384.3 | 289.2 | 1,456.8 | 32.9 |
| | | | | |
| Operating result | | | | |
| Passenger car tyres | 118.7 | 84.1 | 365.1 | 41.2 |
| Heavy tyres | 3.8 | 5.4 | 17.2 | -30.2 |
| Vianor | -10.4 | -13.1 | 2.3 | 20.8 |
| Other operations | -3.1 | 0.5 | -1.1 | -746.1 |
| Eliminations | -4.0 | -4.6 | -3.4 | 12.3 |
| Total | 105.0 | 72.3 | 380.1 | 45.3 |
| | | | | |
| Operating result, % of net sales | | | | |
| Passenger car tyres | 37.6 | 36.6 | 34.1 | |
| Heavy tyres | 14.0 | 19.1 | 15.3 | |
| Vianor | -20.8 | -31.3 | 0.8 | |
| Total | 27.3 | 25.0 | 26.1 | |
| | | | | |
| Cash Flow II | | | | |
| Passenger car tyres | -89.4 | -14.1 | 151.9 | -534.2 |
| Heavy tyres | -9.5 | -7.8 | 5.2 | -20.6 |
| Vianor | -5.5 | -12.2 | -23.3 | 55.1 |
| Total | -121.3 | -52.3 | 114.1 | -131.9 |

| **CONTINGENT LIABILITIES** | 31.3.12 | 31.3.11 | 31.12.11 |
|---|---|---|---|
| Million euros | | | |
| | | | |
| FOR OWN DEBT | | | |
| Mortgages | 1.1 | 1.0 | 1.1 |
| Pledged assets | 0.1 | 0.0 | 0.1 |
| | | | |
| OTHER OWN COMMITMENTS | | | |
| Guarantees | 3.3 | 6.2 | 3.3 |
| Leasing and rent commitments | 93.2 | 97.8 | 99.2 |
| Purchase commitments | 3.0 | 1.8 | 2.8 |

| DERIVATIVE FINANCIAL INSTRUMENTS | 31.3.12 | 31.3.11 | 31.12.11 |
|---|---|---|---|
| Million euros | | | |
| | | | |
| INTEREST RATE DERIVATIVES | | | |
| Interest rate swaps | | | |
| Notional amount | 41.0 | 30.3 | 41.3 |
| Fair value | -1.5 | -0.2 | -1.4 |
| | | | |
| FOREIGN CURRENCY DERIVATIVES | | | |
| Currency forwards | | | |
| Notional amount | 802.9 | 591.6 | 651.0 |
| Fair value | 0.4 | 3.0 | -10.7 |
| Currency options. purchased | | | |
| Notional amount | 4.5 | 24.0 | - |
| Fair value | 0.1 | 0.2 | - |
| Currency options. written | | | |
| Notional amount | 18.1 | 24.0 | - |
| Fair value | -0.1 | 0.0 | - |
| | | | |
| ELECTRICITY DERIVATIVES | | | |
| Electricity forwards | | | |
| Notional amount | 16.2 | 13.5 | 16.5 |
| Fair value | -2.1 | 1.6 | -1.9 |

**Definitions of consolidated key financial indicators**

Earnings per share, euro:
Profit for the period attributable to the equity holders of the parent / Average adjusted number of shares during the period

Earnings per share (diluted), euro:
Profit 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

**Definitions of sales areas**

Nordic countries: Finland, Norway, Sweden.

Russia and CIS:

Russia, Armenia, Belarus, Georgia, Kazakhstan, Moldova, Ukraine.

Central and Eastern Europe:

Albania, Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, The Former Yugoslav Republic of Macedonia, Montenegro, Netherlands, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Switzerland, Turkey, United Kingdom.

North America: Canada, USA.

Core markets: Nordic countries, Russia and CIS.

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Nokian Tyres plc

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Nokian Tyres Interim Report January-March was published on Wednesday 9 May, 2012 at 8.00 a.m. Finnish time.

The result presentation to analysts and media will be held in Hotel Kämp in Helsinki at 10.00 a.m. Finnish time. The presentation can be listened through audiocast via internet at http://www.nokiantyres.com/resultinfoq12012

To be able to ask questions during the event you can participate in the conference call. Please dial in 5-10 minutes before the beginning of the event: +358 (0)9 2313 9202 (Finland) or +44 (0)207 1620 177 (UK). Password: 915832.

Stock exchange release and presentation material will be available before the event from http://www.nokiantyres.com/ir-calendar

After the event the audio recording can be downloaded from the same page.

Nokian Tyres interim report January-June will be published on Wednesday 8 August, 2012. Releases and company information will be found from http://www.nokiantyres.com