



**nokian  
TYRES**

**Danske Markets Equities  
Fact-Finding Trip: Russia  
21 March 2012, St. Petersburg**



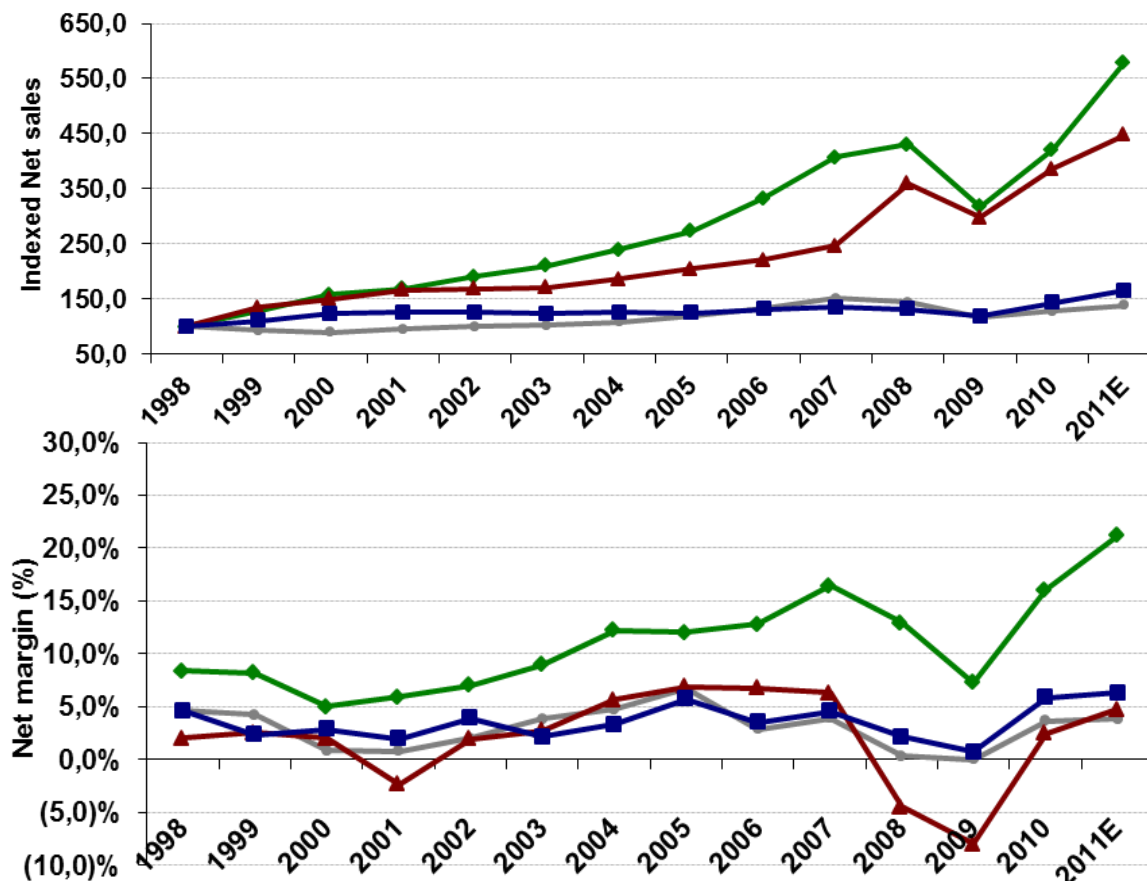
**Strong 2011 results –  
profitable growth to continue**

**Mr. Andrei Pantioukhov  
General Manager  
Vice President, Russian operations  
Nokian Tyres plc**

# GENERAL OVERVIEW

## Competitor comparison 1998-2011E: Nokian Tyres the most profitable tyre producer

*Nokian Tyres' operational performance (growth and profitability) has been clearly better than that of the main peers during the past 10 years. The clearly better profitability protects the company profits during recessions and potential downturns.*



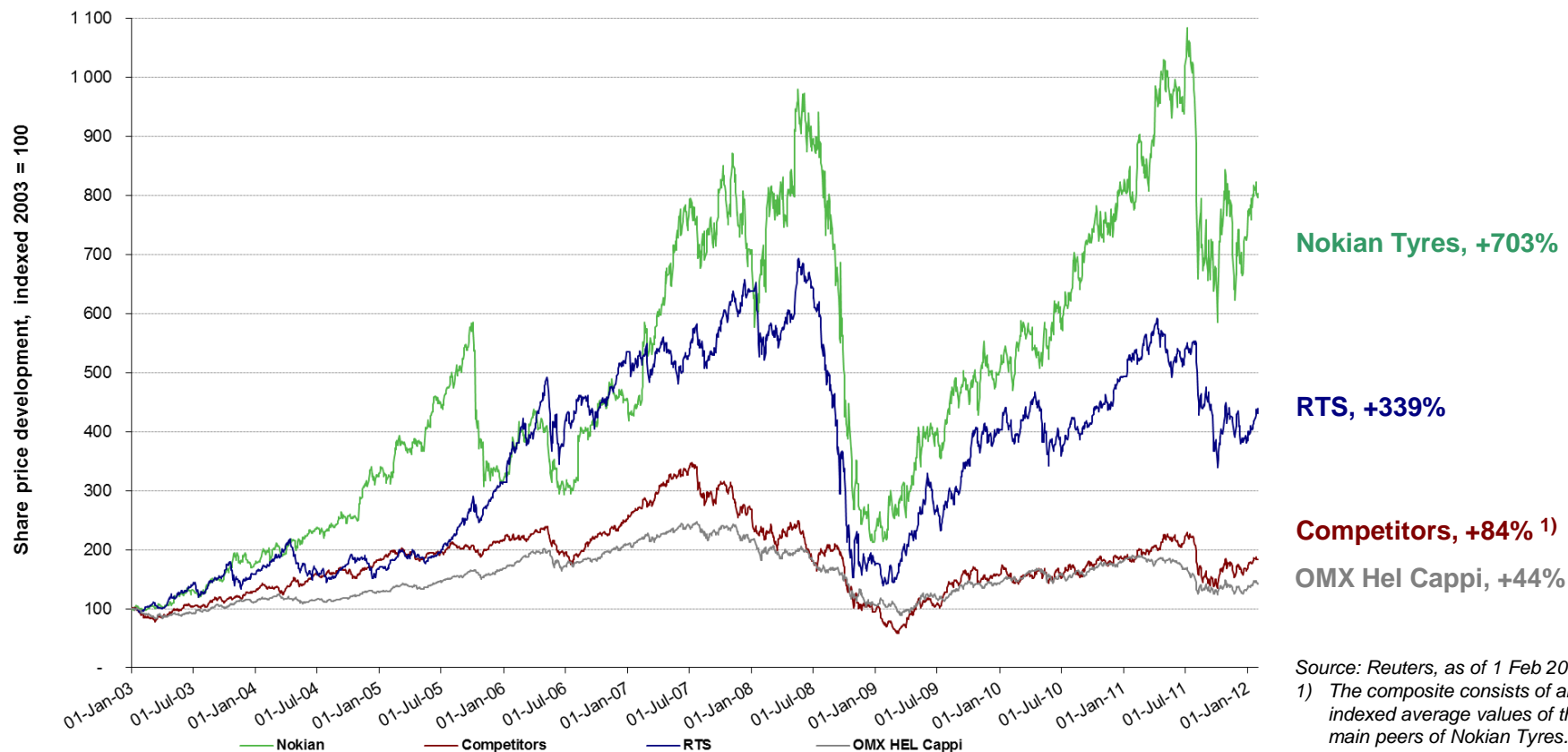
Net sales change	
CAGR 2008 – 2011E	
Nokian	10.5%
Michelin	8.0%
Bridgestone	-1.4%
Continental	n.m. <sup>1)</sup>
Net income 2011E	
Margin 2011E	
Nokian	21.2% (Actual)
Michelin	6.3%
Bridgestone	3.8%
Continental	4.8%

Source: Results 1998-2010 (company websites) and 2011 consensus estimates for the peers as per Reuters 28 Jan 2012.  
 Note: "n.m." means that the results would be non-meaningful or that the calculation is not possible due to negative results.  
 1) Continental sales for 2008 not comparable due to VDO acquisition.

**COMPETITORS' FIGURES 2011 ARE BASED ON CONSENSUS ESTIMATES, NOKIAN TYRES ON ACTUAL FIGURES.**

## GENERAL OVERVIEW

Comparing share price development to main indexes 1/2003 - 1/2012



### Nokian Tyres by Jan-31-2012

	Last 9 years	Last 3 years	Last 2 years	LTM	L6M	L3M	Last month
High	36,85	36,85	36,85	36,85	31,40	27,95	27,95
Average	16,75	21,65	25,41	28,48	24,93	25,30	26,94
Low	3,30	7,36	15,95	19,89	19,89	21,16	25,82

## GENERAL OVERVIEW

*Strategy: Focusing as a cornerstone*

### **Nordic conditions**

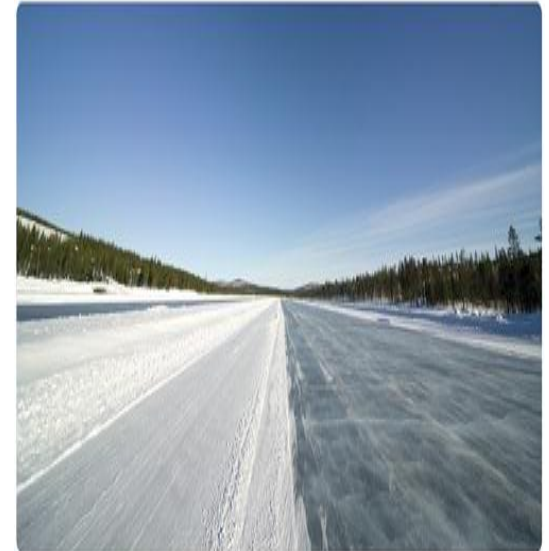
- Winter & Forest
- High growth potential – in product segments and market areas
- Russia and CIS, Eastern Europe, Nordic countries and North America

### **Narrow product segments**

- Special competence that gives added value to customers
- Winter tyres
- Light truck & SUV tyres
- Forestry, harbour and mining machinery tyres

### **Replacement markets**

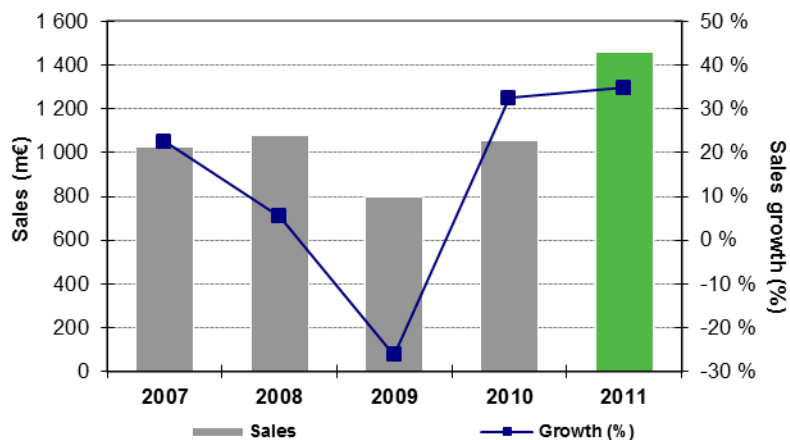
- Practically no sales to car manufacturers
- Sales mainly through specialised tyre dealers & outlets, car dealers etc.



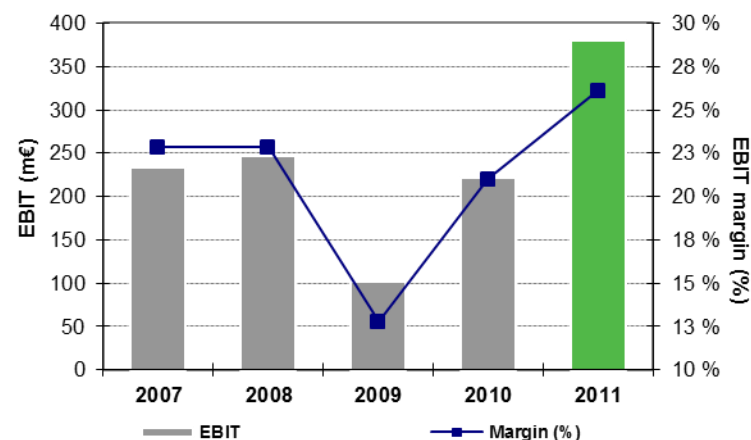
## GENERAL OVERVIEW OF 2011

*Strong results in 2011 – solid balance sheet*

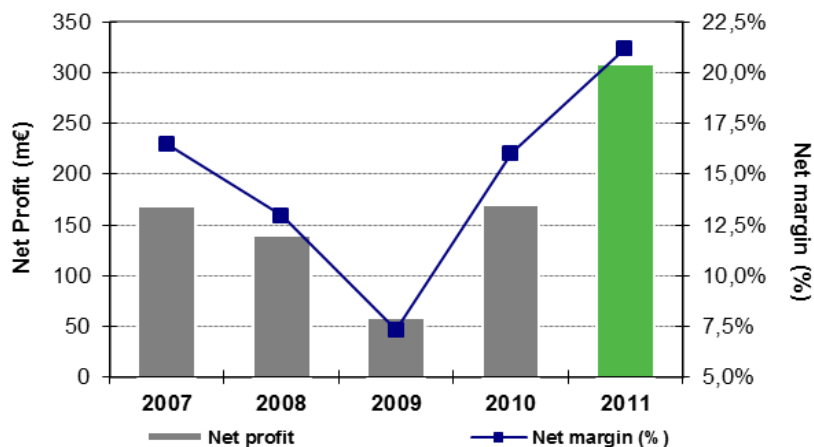
Net sales (m€) and Net sales growth (%)



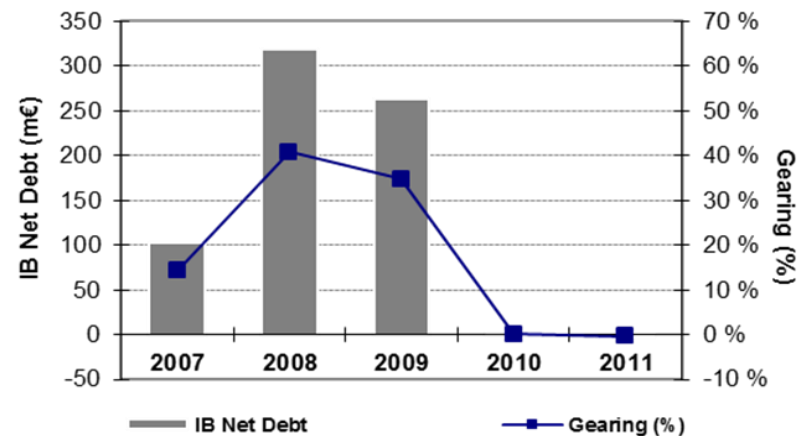
EBIT (m€) and EBIT margin (%)



Net profit (m€) and net margin (%)



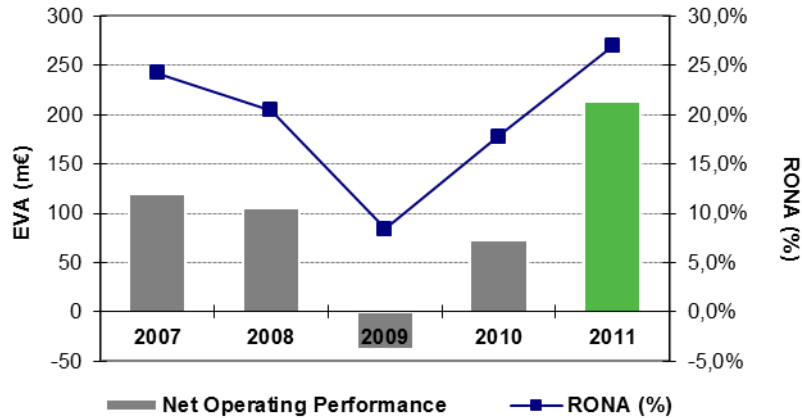
Interest bearing net debt (m€) and gearing (%)



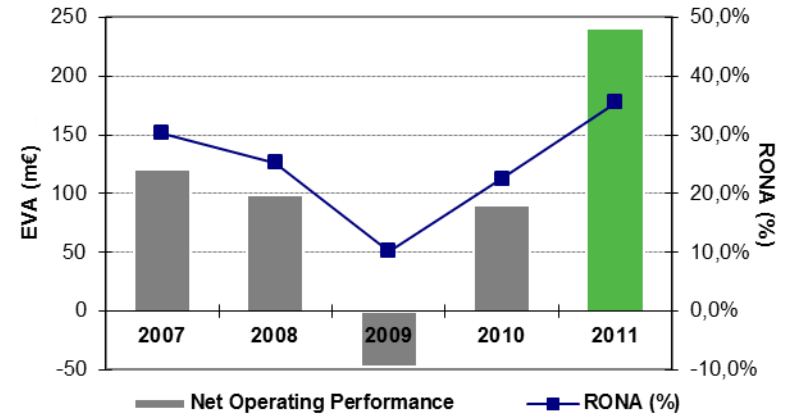
## GENERAL OVERVIEW

### RONA (%) and net operating performance (EVA) <sup>1)</sup> 2007-2011

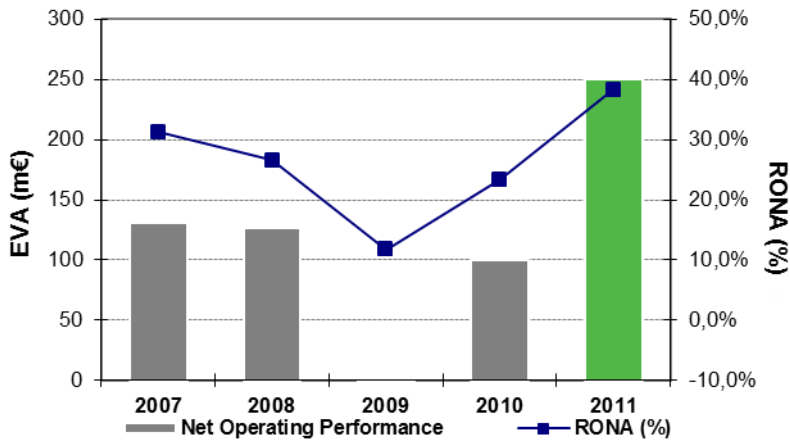
Group EVA (m€) and RONA (%)



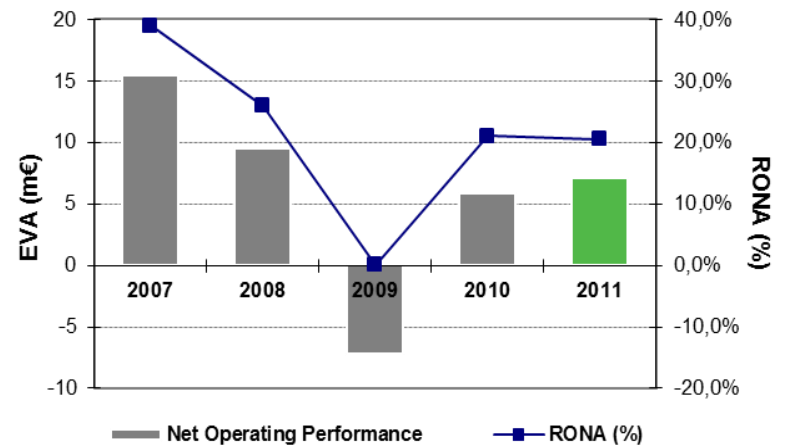
Manufacturing EVA (m€) and RONA (%)



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



Heavy Tyres EVA (m€) and RONA (%)

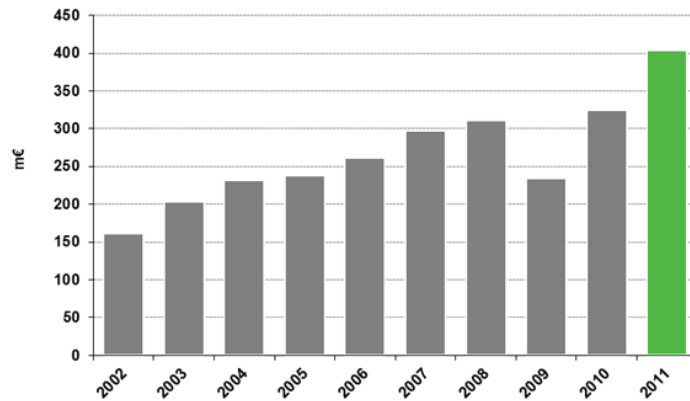


<sup>1)</sup> EVA is calculated based on 12% interest on capital employed.

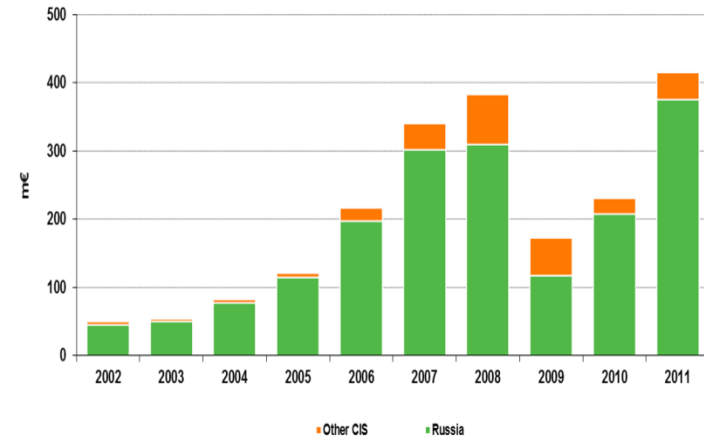
## GENERAL OVERVIEW

Sales development by area 2002-2011

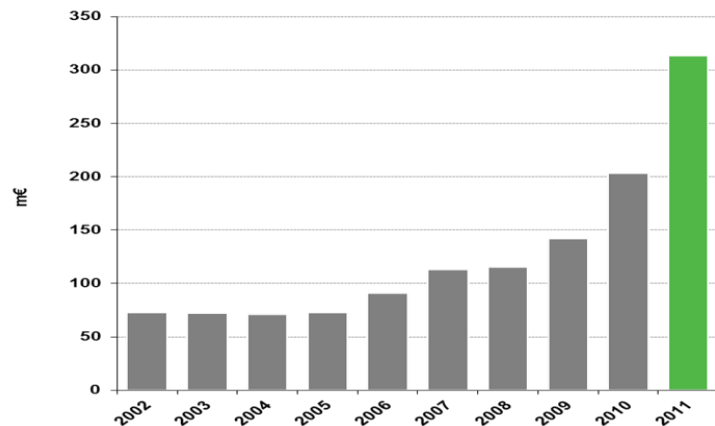
### Nordic countries



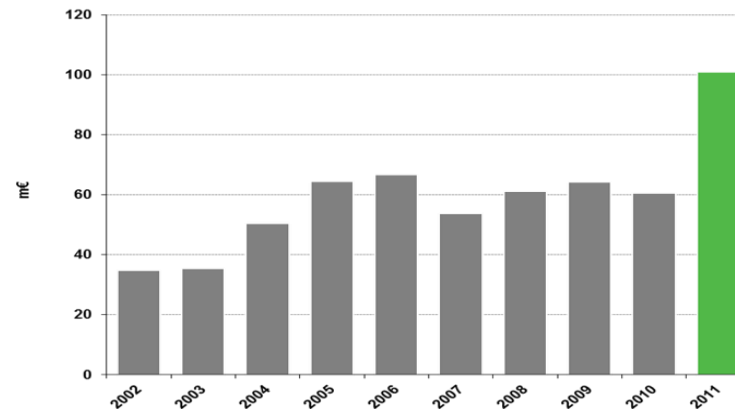
### Russia and CIS



### Central Europe



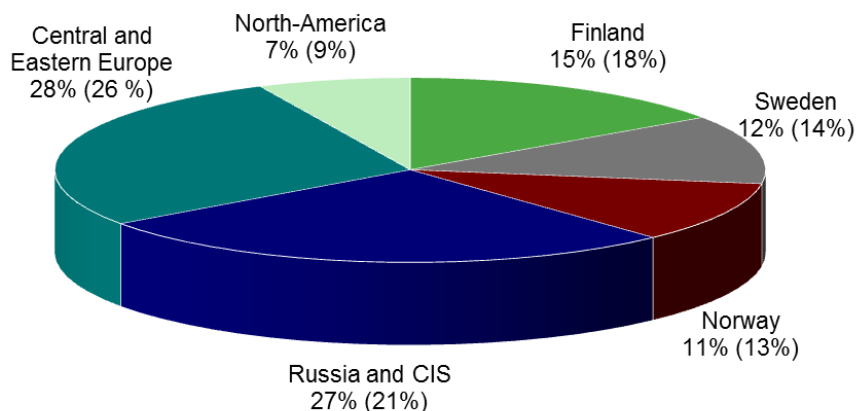
### North America



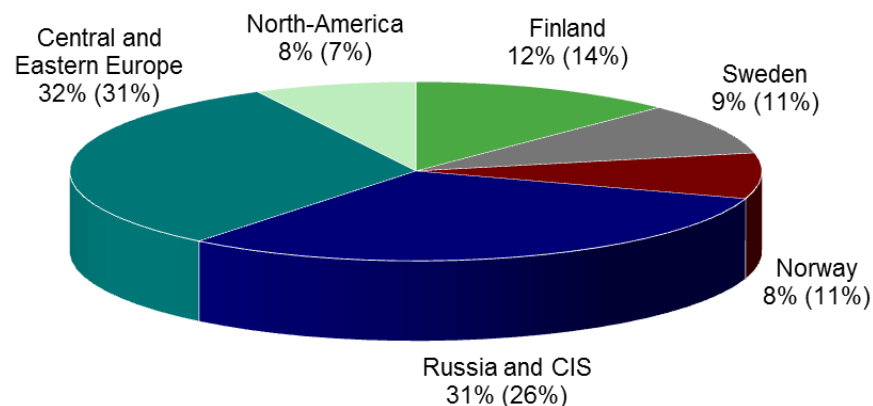
## FINANCIAL PERFORMANCE

### Gross sales by market area 2011

**Sales of Nokian Tyres Group: 1,542.2 m€, +37.6%**



**Sales of Manufacturing Units: 1,351.9 m€, +49.7%**



#### GROUP Sales development in euros

■ Nordic countries	+17.4%
■ Russia and CIS	+79.1%
■ Central and Eastern Europe	+49.1%
■ North America	+9.9%

#### MANUFACTURING Sales development in euros

■ Nordic countries	+24.6%
■ Russia and CIS	+79.1%
■ Central and Eastern Europe	+50.6%
■ North America	+66.7%



## FINANCIAL PERFORMANCE

### Group operating result per quarter 2007-2011

#### 2011

Net sales 1,456.8 m€

(1,058.1 m€), +37.7%

EBIT 380.1 m€

(222.2 m€), +71.1%

#### 10-12/2011

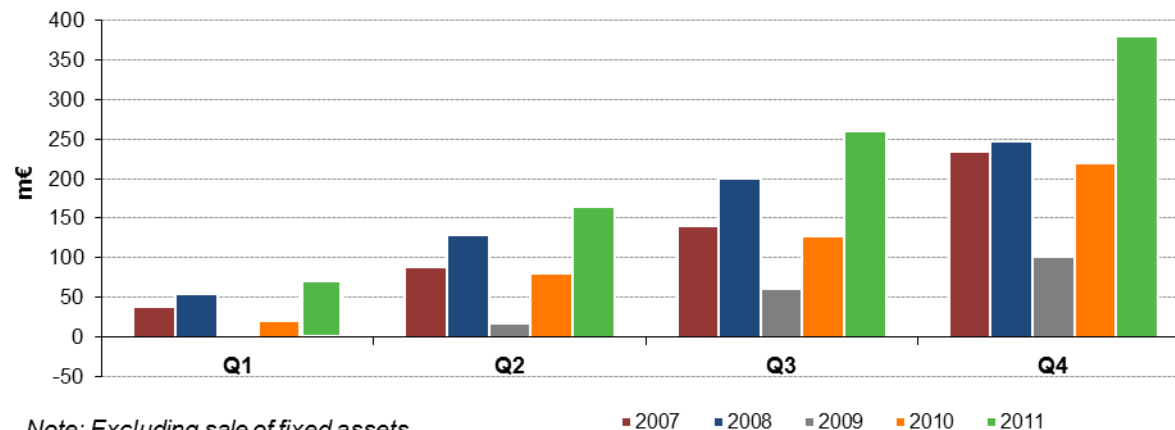
Net sales 482.5 m€

(368.7 m€), +30.9%

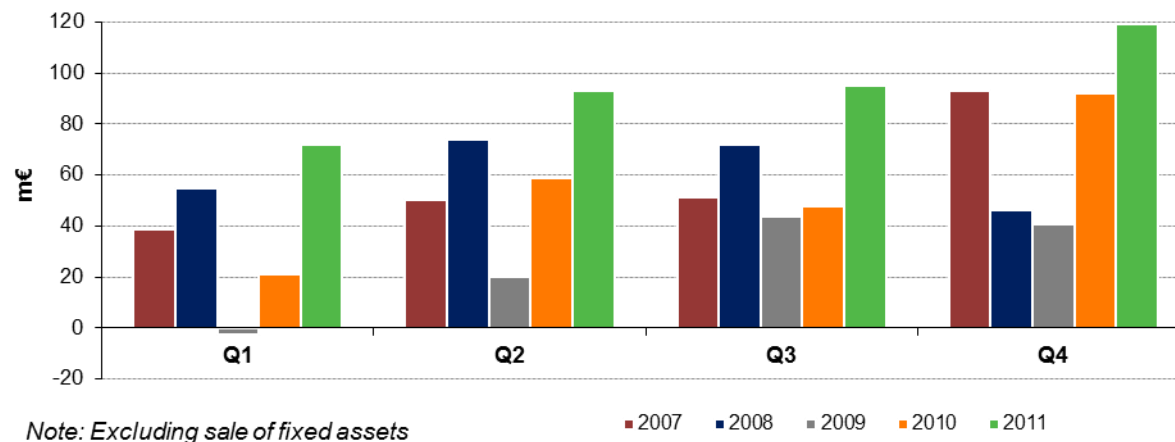
EBIT 119.1 m€

(91.8 m€), +29.7%

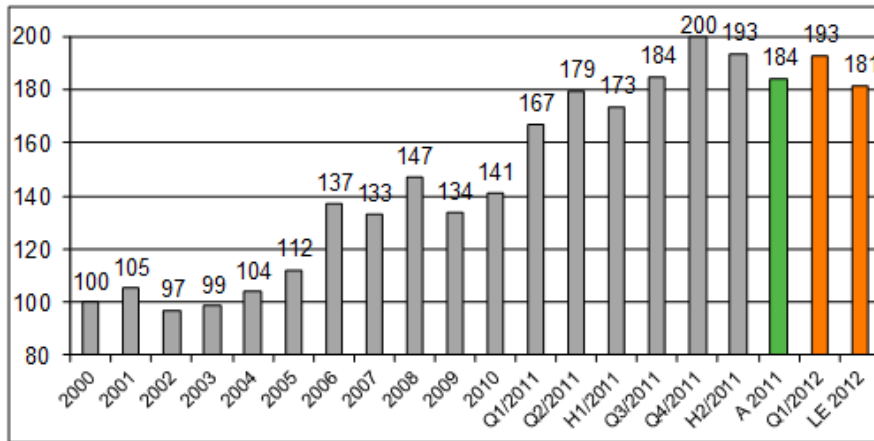
Cumulative operating result per quarter (m€)



Group operating result per quarter (m€)



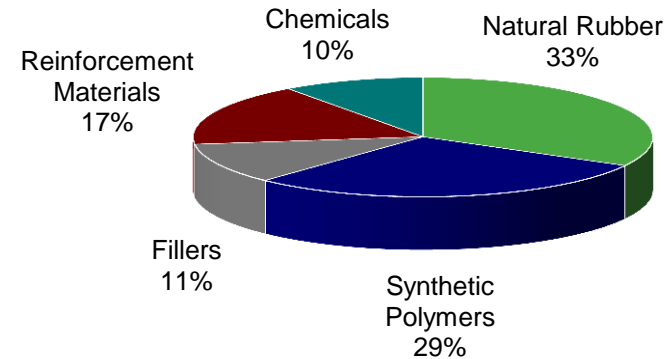
#### Raw material price development index 2000-E2012



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

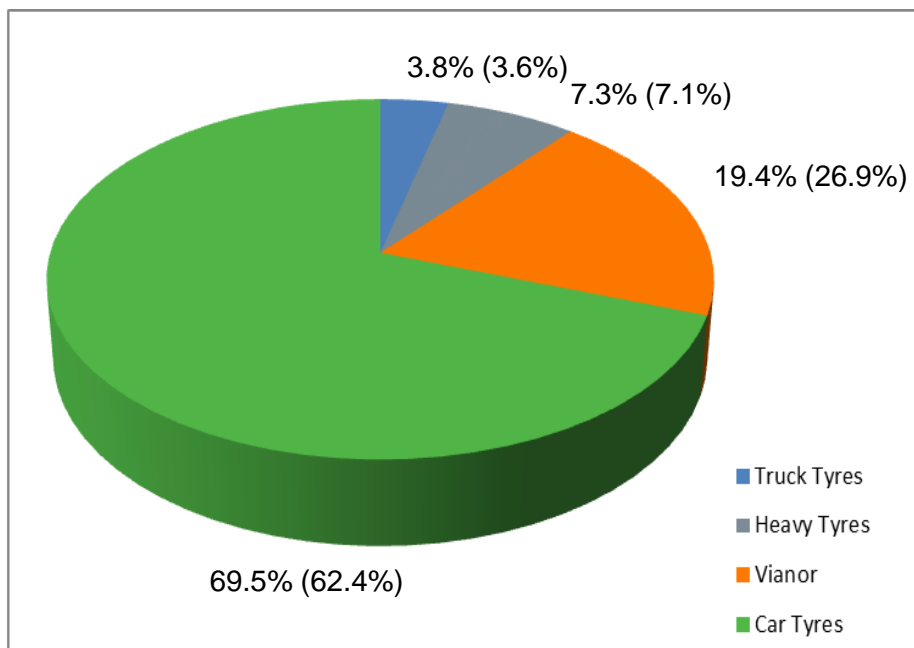
- **Raw material cost increased by**
  - 30.9% in 2011 vs. 2010
  - 33.3% in Q4/2011 vs. Q4/2010
  - 8.2% in Q4/2011 vs. Q3/2011
- **Raw material cost is estimated to**
  - decrease by 4% in Q1/2012 vs. Q4/2011
  - increase by 7% in H1/2012 vs. H1/2011
  - decrease by 0-2% in 2012 vs. 2011

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

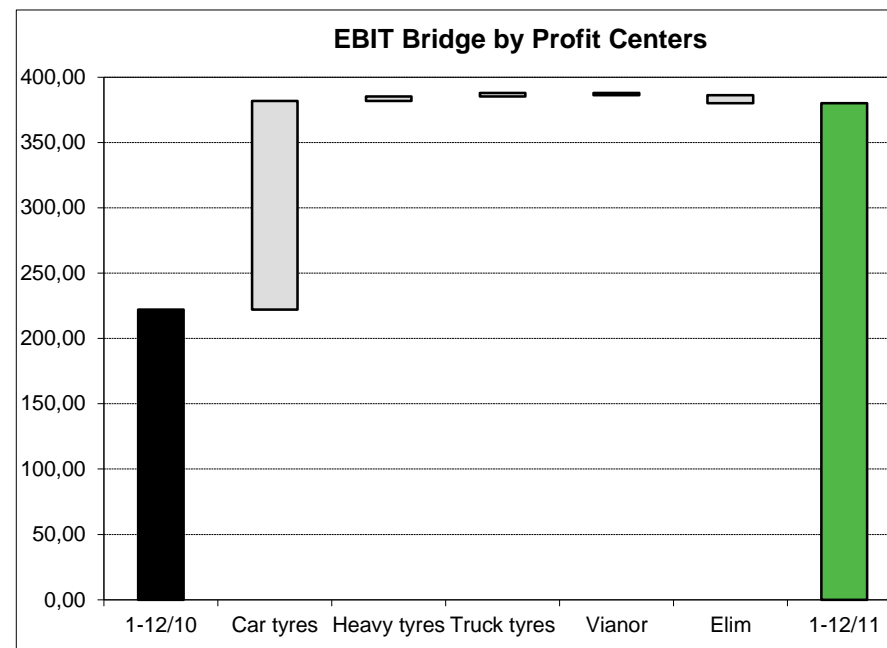


ASP improved >10% in 2011,  
which resulted in higher gross margin

Net sales 1,456.8 m€; +37.7%



EBIT 380.1 m€; +71.1%



### Passenger Car Tyres

- Net sales: 1,071.1 m€; +49.9%
- EBIT 365.1 m€; +77.6%
- EBIT margin: 34.1% (28.8%)
- Key products: studded and non-studded winter tyres, high-speed summer tyres

### Heavy Tyres

- Net sales: 112.8 m€; +39.2%
- EBIT: 17.2 m€; +25.7%
- EBIT margin: 15.3% (16.9%)
- Key products: tyres for forestry, industrial and agricultural machinery

### Truck Tyres

- Net sales: 59.3 m€; +44.1%
- Key products: truck tyres and retreading materials

### Vianor

- Net sales: 298.4 m€; -3.1%
- EBIT: 2.3 m€; -42.5%
- EBIT margin: 0.8% (1.3%)
- 910 stores in 23 countries in Nokian Tyres' core markets

## PROFIT CENTRES

### Passenger Car Tyres 2011: Russia spearheads sales growth

#### Performance in 2011

- + Sales & order book strong in all core markets
- + Healthy growth from SUV tyre sales in Russia
- + Market share up in Nordic countries, Russia and CE
- + Magazine test wins for summer and winter tyres
- + Improved sales mix and price increases → ASP up
- + Production up by 47% vs. 2010
- + Productivity up trailing the higher production volume
- + Capacity increase projects proceeded as planned
- Supply capacity a bottleneck → sales shifted to 2012
- Raw material cost increased 30.9% YOY

#### Key actions and targets for 2012

- Increase sales, especially in Russia and CE
- Improve market shares in core markets
- Optimize logistics, winter season management
- Improve sales mix & service level
- Defend brand and price position
- Increase production in Russia, lines 11&12 ramp-up
- Improve productivity, utilize full capacities
- Reduce NWC, secure collection of receivables

→ Focus on capacity increase, mix improvement and growth on core markets

#### Net sales:

2011: 1,071.1 m€ (714.7 m€); +49.9%

10-12/2011: 338.4 m€ (221.4 m€); +52.9%

#### EBIT:

2011: 365.1 m€ (205.5 m€); +77.6%

1-12/2011: 103.1 m€ (69.9 m€); +47.4%

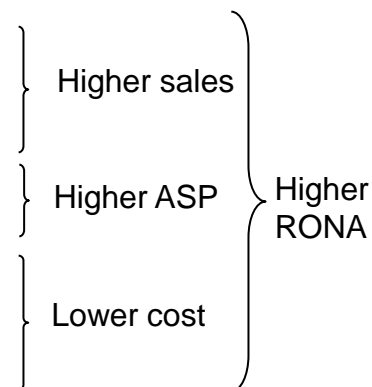
#### EBIT margin:

2011: 34.1% (28.8%)

10-12/2011: 30.5% (31.6%)



Test winner Nokian WR D3 and Nokian WR A3. New Central European winter tyre range 2011.



## PROFIT CENTRES: *The new products' test success continues – both in summer and in winter*

### SUMMER TYRES, spring 2012 (13 March)

#### Nokian Z G2 – Cool Performer

- Summer tyre for CE
- Test victories e.g.:
  - Auto Bild, the biggest car magazine in Europe
  - Gute Fahrt, Auto Bild Allrad

#### Nokian H summer tyre for CE – Test victory: Autozeitung

#### Nokian Hakka Blue for core markets

- Test victory: Tekniikan Maailma (Finland)



Nokian Z G2

### WINTER TYRES, autumn 2011

#### Nokian Hakkapeliitta 7 – Next generation studded tyre

- Studded winter tyre family for core markets.
- Test victories in magazine tests, e.g.:
  - Tuulilasi (Finland)
  - Vi Bilägare (Sweden)
  - AutoReview (Russia)
  - Auto Centre (Ukraine)



Nokian Hakkapeliitta 7

#### Nokian Hakkapeliitta R – Safe and reliable friction tyre

- Rolls lightly and gives excellent grip. Test victories:
  - Vi Bilägare (Sweden)
  - Tuulilasi (Finland)
  - Za Rulem (Russia)
  - Auto Centre (Ukraine)



#### Nokian WR D3 – for Central European winter

- Test victories e.g.:
  - Sport Auto (Germany)
  - Tekniikan Maailma (Finland)
  - Aftonbladet (Sweden)
  - Auto Centre (Ukraine)
  - Auto Plus (France)



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

## RUSSIA & CIS

**Strong growth – sales 415 m€ exceeded pre-crisis level**

- Sales and demand growing with improving car sales, growing replacement sales of tyres and low inventories of distributors
- Sales in Russia in 2011 grew by 81.0% YOY to 375.8 m€ (207.7 m€)
- Receivables discipline good, 18% of Group's year-end receivables in Russia
- Sales in CIS (excluding Russia) increased to 39.3 m€ (24.1 m€)

**→ Nokian Tyres is clear # 1 in premium tyres in Russia and CIS countries**

Russia and other CIS sales development



**Nokian Tyres' market position in Russia**

- State-of-the-art and efficient factory in Russia
  - Close access to markets
  - Within customs zone (duty 20% for import)
- Clear market and price leader in core product categories
- Widely recognised and strong brand – both company (Nokian Tyres) and products (Hakkapeliitta, Nordman)
- Strong distribution chain covering all of Russia – based on long-term and close customer relationships
- Only global producer with a controlled tyre distribution network – 491 Vianor stores in Russia and CIS

**→ Nokian Tyres to further strengthen its market leader position in Russia**

**Nokian Tyres' factory in Russia**

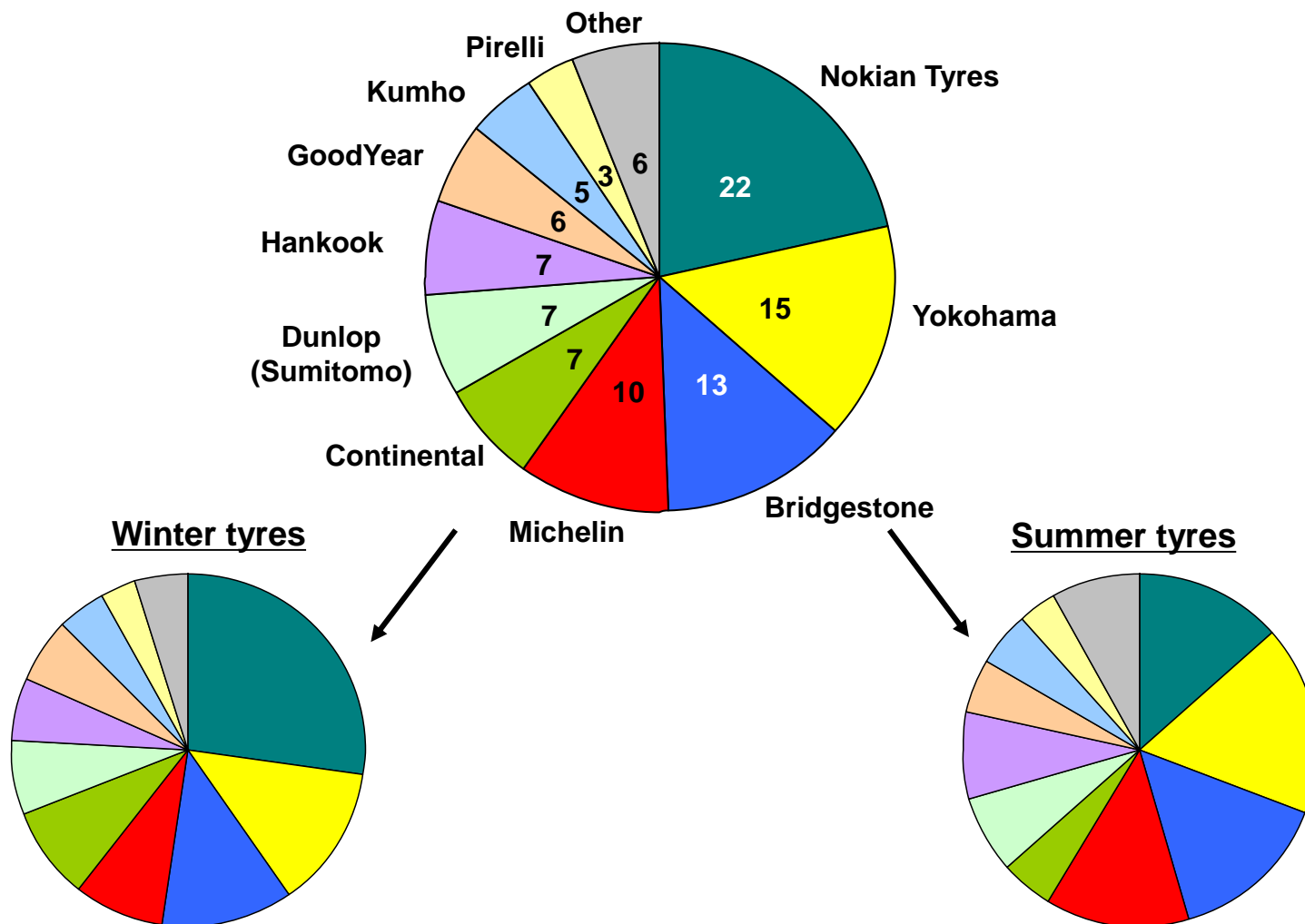
- 10 production lines operating – annual capacity increased to 11 million tyres
- New plant construction started; annual capacity increase of ~3 million tyres during 2012 with 2 new lines. Two more lines to be installed in 2013-2014
- State-of-the art machinery, high automation level and European quality standards
- Vsevolozhsk factory exports approximately 50% of its production to 35 countries: Biggest consumer goods exporter in Russia
- Housing project, Hakkapeliitta Village – phase II construction in 2012-2013
- Number of personnel on 31 December, 2011: 1,062 (851)



# RUSSIA

## Market share development in 2011

Estimated replacement A+B segments market shares 2011 by sell-in volume

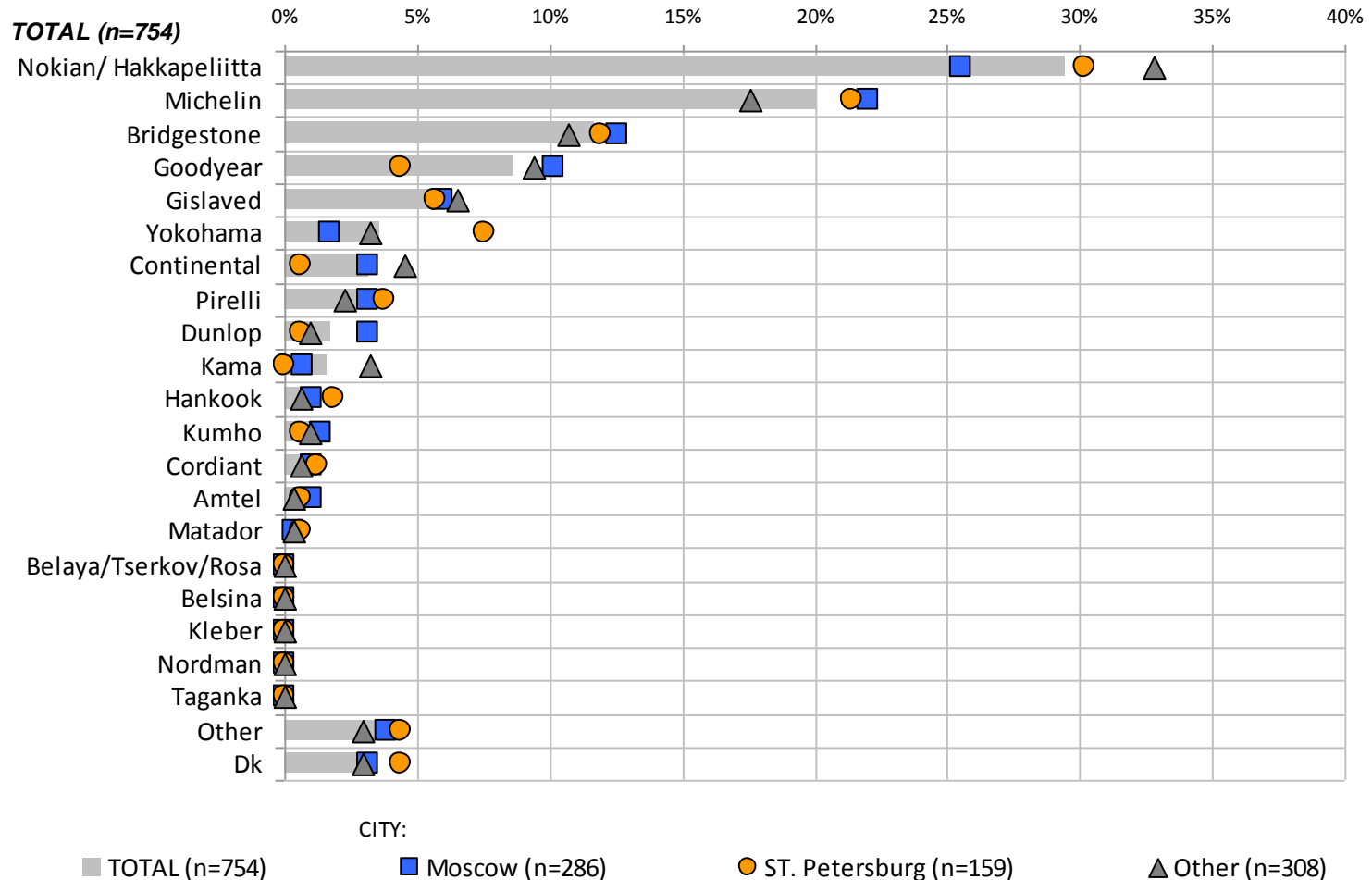




# BRAND SURVEY RUSSIA

## Winter tyre brands – Top of mind

Which passenger car winter tyre brands do you remember by name? - Top of mind



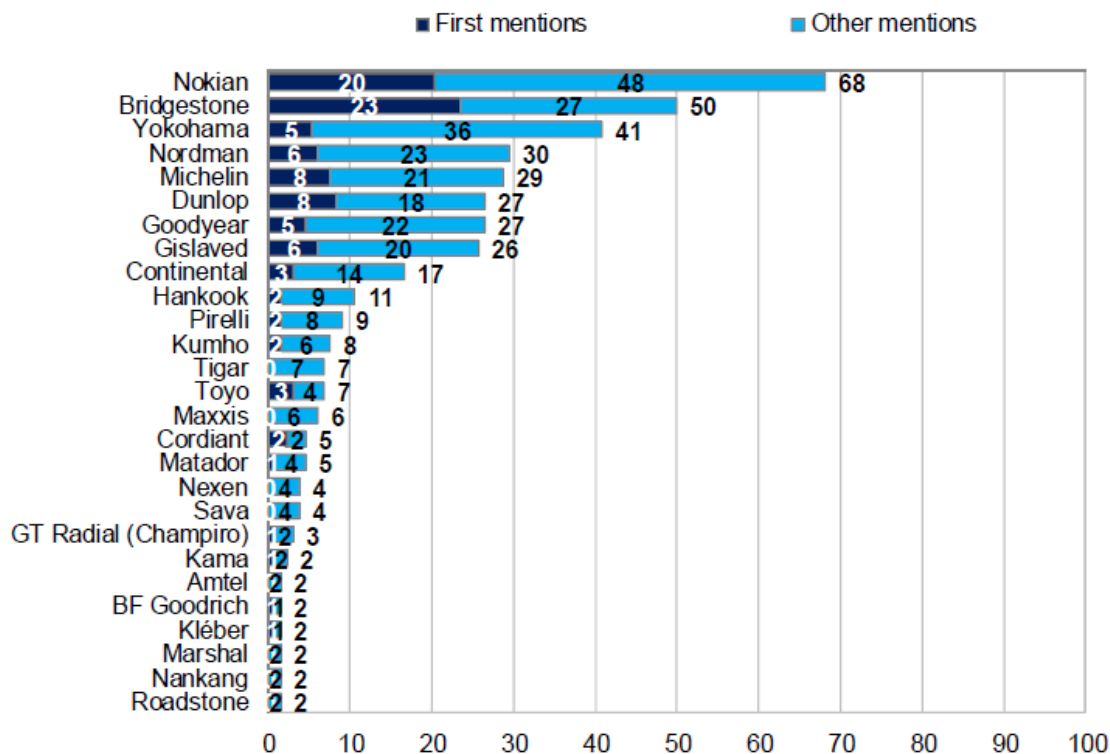
# BRAND SURVEY RUSSIA

## *Brands offered by retailers*

### BRANDS THAT THE COMPANY IS SELLING, RUSSIA

205/55R16

Spontaneous answers, dealers in Russia, n=132



1%: Barum, Cooper, Kelly, Lassa, Vredestein, Wanli, Nitto, Brasa, Contyre, Viatti %

## RUSSIA & CIS:

*Distributors, DSD-warehouses and Vianor stores 31 December, 2011*



● Distributors (34)

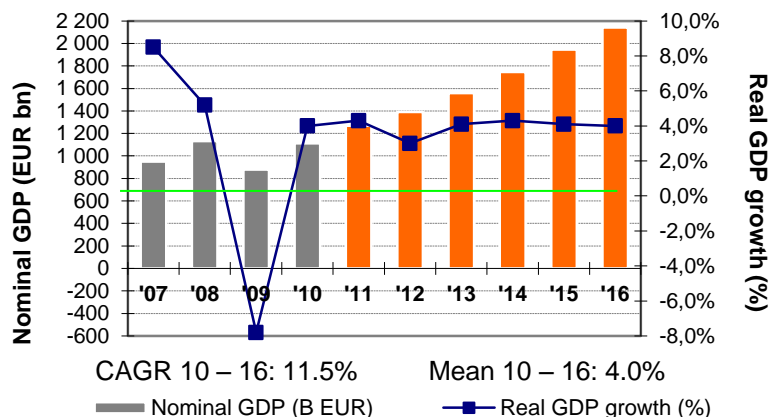
● DSD current cities (Moscow, SPb, Samara/Togliatti, Ekaterinburg, Chelyabinsk, N.Novgorod, Omsk, Rostov-on-Don, Perm, Ufa, Orenburg)

● 491 Vianor stores in 287 cities; +62 stores in 2011

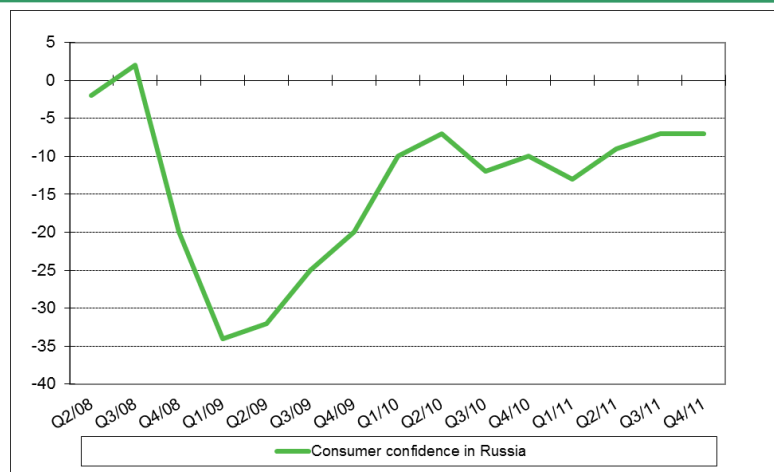
## RUSSIA

*Russia's economy recovering, but shadowed by global uncertainty*

### Russia's GDP growth



### Consumer confidence in Russia

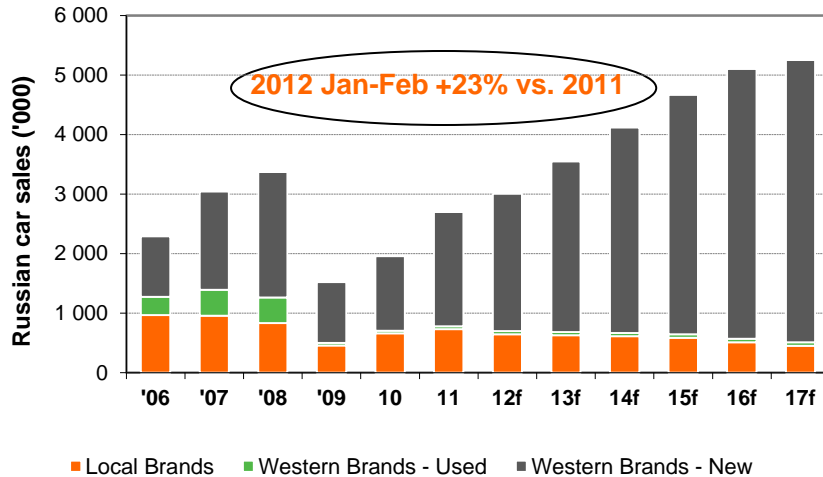


Source: RosStat, EIU and Nokian Tyres estimates Jan 2012

### Major trends and expectations

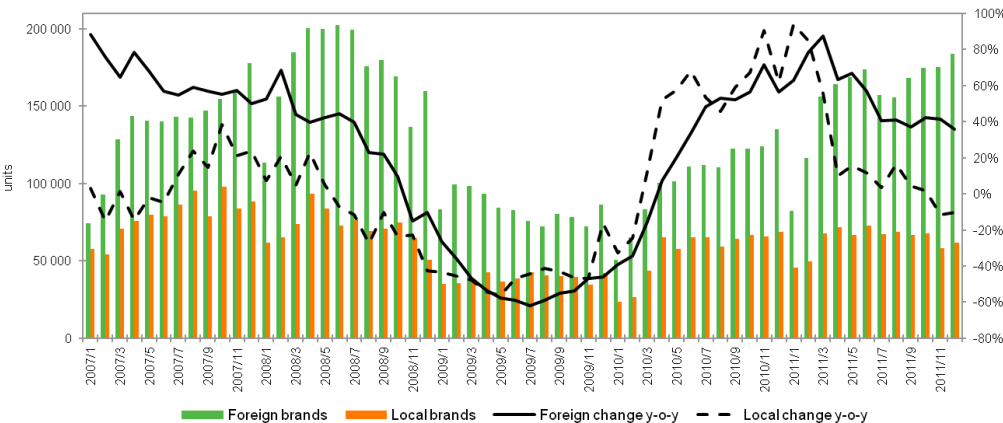
- Russia's economy is clearly recovering from the severe crisis of 2008 - 2009
- In 2009, economy fell into recession with an annual decrease in GDP of 7.9%, but in 2010 it grew by 4.0%
- Recovery kept momentum in 2011, backed by high oil and commodity prices
  - estimated annual real GDP growth in 2011 was 4.3%
- Overall growth trend is likely to continue unless major external shocks (e.g. collapse of oil prices) take place: in the base scenario, average GDP growth for 2012-2016 is estimated at >4% a year
- However, some uncertainty has spread in the economy, fueled by the global financial turmoil and the internal political situation
- Election cycle will dominate economic policy until mid 2012; political protests may affect policy making
- Consumer confidence has stabilized and practically reached its normal level
- Ruble exchange rate was stable in H1/2011, fluctuated in H2/2011 and returned to the previous level of ~40 RUB/EUR

#### Russian car sales forecast – base scenario



#### Monthly car sales

MONTHLY CAR AND LCV SALES



Source: AEB; IHS Global Insight; Nokian Tyres estimates Jan 2012

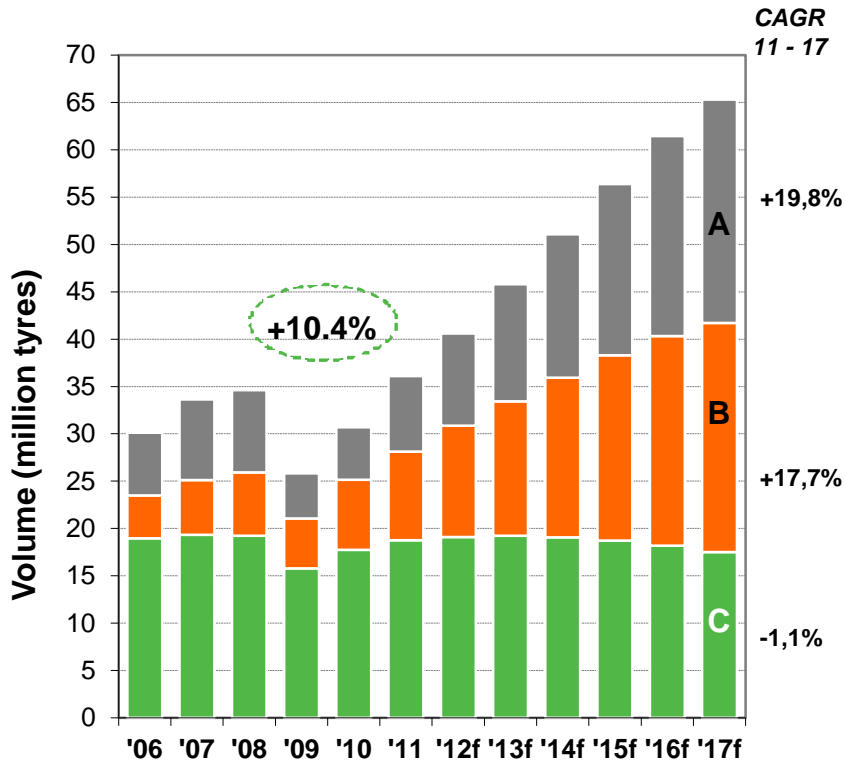
#### Car market summary

- Sales of new cars and LCVs in Russia increased by 39% in 2011 vs. 2010
  - Towards the end of the year the growth rate has slowed down due to a higher comparison base in H2/2010
  - However, even in Q4 growth was very impressive and above expectations (e.g. Dec 2011 +23% vs. Dec 2010)
- Government scrappage scheme brought very positive results, albeit supporting mostly cheap brands and models
  - The program, which has positively affected the whole year's car sales, has been fulfilled in mid 2011
- Due to rapid recovery of demand the lack of cars continues, as manufacturers have limited quotas for Russia
  - Long lead times remain for many popular brands and models (3 – 6 months, mostly for budget cars)
  - This deferred demand will continue to positively affect sales, at least in early 2012
- The car market is forecasted to exceed 3 million cars and LCVs in 2012, showing a 10 - 15% growth
- Financing of car purchases continues supporting car sales, with the share of sales financed by banks and car manufacturers reaching its pre-crisis level (up to 50%)

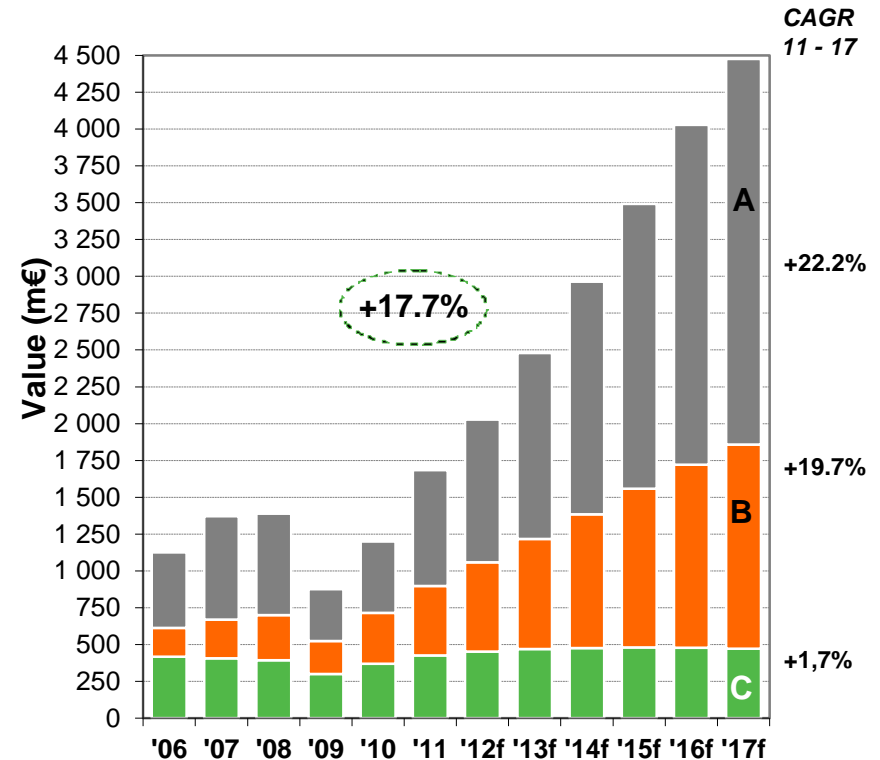
## RUSSIA

*Tyre market passed its pre-crisis level and continues to grow*

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



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



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

Source: Nokian Tyres estimates Jan 2012

## PROFIT CENTRES

### *Heavy Tyres 2011: Production & sales up*

#### Performance in 2011

- + Tyre demand and sales clearly up, especially in forestry, mining and radial tyres. Russian sales grew rapidly.
- + Price increases improved ASP and compensated for the increased raw material cost
- + Production volume up by 26% vs. 2010; capacity in Nokia in full use until December
- + New product category Beyond All-Steel Radial (BAS) launched
- Capacity a bottleneck for sales growth in Q1-Q3/2011
- Order book growth levelled off in Q4/2011

#### Key actions and targets for 2012

- Expand the distribution network, especially in Russia and CIS
  - Improve service concepts and logistics (i.e. Vianor Industrial)
  - Accelerate development of new radial and BAS products
  - Maximize sales of radial products
  - Improve sales mix and share of replacement market sales
  - Optimize use of capacity
  - Control inventory, reduce NWC
- **Focus to optimize production to demand, increase sales to replacement market and expand the Vianor industrial network**

#### **Net sales:**

2011: 112.8 m€ (81.0 m€); +39.2%

10-12/2011: 29.5 m€ (25.7 m€); +14.9%

#### **EBIT:**

2011: 17.2 m€ (13.7 m€); +25.7%

10-12/2011: 3.0 m€ (4.2 m€); -28.5%

#### **EBIT margin:**

2011: 15.3% (16.9%)

10-12/2011: 10.3% (16.5%)



Nokian Mine L-5S

**Performance in 2011**

- + Demand and sales clearly up in all geographical market areas
  - + Increased truck manufacturing
  - + Improved utilization rate in the transport sector
- + Market share improved in the Nordic countries, CE and Russia
- + Wider range for premium & standard truck tyres
- + Tyre price increases

**Key actions and targets for 2012**

- Increase off-take contract manufacturing
- Increase sales in Nordic countries, Russia and CIS
- Expand in Eastern Europe utilising the “Vianor truck” concept
- Utilize the combination of new & retreaded tyres as a sales concept
- Utilize the stronger winter product range (incl. Hakkapeliitta truck tyres)
- Improve the product range with new sizes
- Streamline logistics further

→ **Expand sales, utilize group distribution synergies and improve product offering**

**Net sales:**

2011: 59.3 m€ (41.2 m€); +44.1%

10-12 /2011: 14.8 m€ (12.9 m€); +14.4%



**Nokian Hakkapeliitta Truck F**



## PROFIT CENTRES

### *Vianor 2011: Partner network expanding as planned*

#### Performance in 2011

- + Vianor expanded to 910 stores in 23 countries; +139 in 2011
  - + New countries Italy, Azerbaijan and Romania
  - + Partner network started in USA
- + Vianor succeeded in its strategic goals acting as price leader and offering the best network of wholesale and retail for Nokian Tyres' products in core markets
- + Improved EBIT in Q4/2011 despite black winter
- + Improved car service and tyre hotel sales

#### Key actions and targets for 2012

- Improve tyre sales and market shares
- Increase sales of car services, tyre hotels and other services
- Increase e-commerce sales
- Continue to expand the network and the number of partners.  
Target: over 1 000 stores by the end of 2012

→ **Cement and improve market leader position as a distributor in Nokian Tyres' core markets**

#### **Equity-owned Vianor (179 stores)**

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

2011: 298.4 m€ (307.9 m€); -3.1%

10-12/2011: 117.3 m€ (122.6 m€); -4.3%

##### **EBIT:**

2011: 2.3 m€ (4.0 m€); -42.5%

10-12/2011: 13.0 m€ (11.8 m€); 9.7%

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

2011: 0.8% (1.3%)

10-12/2011: 11.1% (9.7%)



**New Vianor store in Italy**

## EXPANSION OF DISTRIBUTION CHANNEL

### *Vianor 2011: Foothold on core markets strengthening*

#### **Vianor – 910 stores in 23 countries**

- 37 new stores in Q4/2011, +139 in 2011
- 179 equity-owned, 731 franchising/partners
- Largest tyre chain in Nordic and Baltic countries: 257 stores (+5 in Q4/2011); +29/2011
- Largest tyre chain in Russia and CIS: 491 stores (+17 in Q4/2011) in 287 cities; +62/2011
- Expansion to Central Europe gained momentum: 146 stores (+12 in Q4/2011); +42/2011

#### **Vianor stores by segment:**

- Car tyres: over 850 stores
- Heavy tyres: nearly 200 stores
- Truck tyres: over 250 stores

#### **Vianor highlights in 2011:**

- New countries Italy, Azerbaijan & Romania
- Partner network start-up in USA

**Target 2012 → over 1 000 Vianor stores**

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



## NOKIAN TYRES GOING FORWARD

*Significant investments in 2011-2012  
to secure strong profitable growth*

### Investments in 2011

- Q4/2011: 53.5 m€ (19.8 m€)
- 161.7 m€ (50.5 m€)

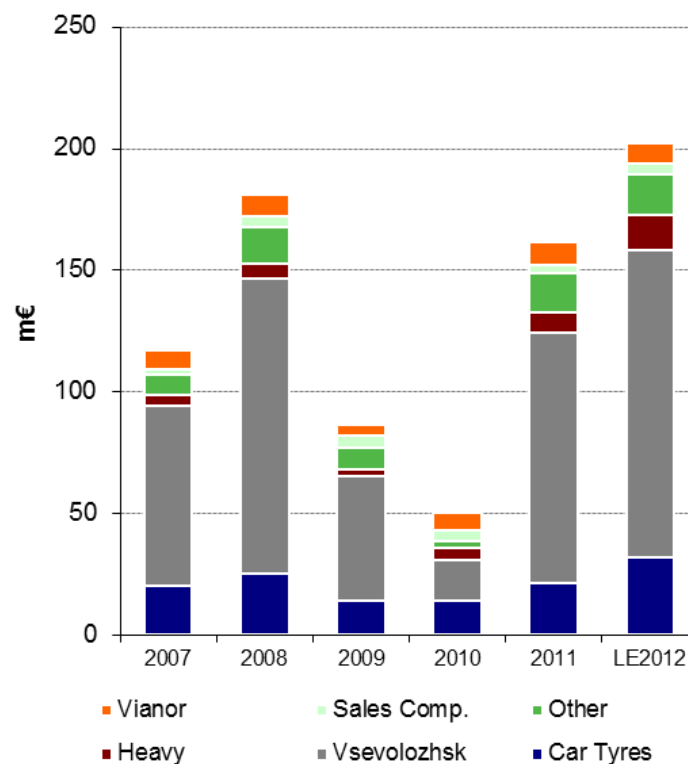
### Russia

- 108.2 m€ (26.7 m€)
  - Lines 9-10 in production H2 2011
  - New plant construction started Q2 2011

### Estimated investments for 2012

- Approximately 202 m€
  - Russia: 142 m€
  - Nokia plant (automation & moulds & ICT & R&D): 32 m€
  - Heavy Tyres: 15m€
  - Sales companies and Vianor: 13 m€

Nokian Tyres Capital expenditures (m€)



## NOKIAN TYRES GOING FORWARD

*Production plants: Capacity increases continue*



### Nokia, Finland

- R&D, administration and marketing
- Development of key processes
- Prototype production batches
- Special car tyres
- Heavy tyres, retreading materials
- Export to western markets

#### 2010:

- Car tyres to 6-day shift system
- Heavy tyres to 7-day full capacity utilisation

#### 2011:

- Car tyres to 7-day shift system in August
- Investments for increasing productivity through automation
- Approx. 200 new employees (temporary)
- Expansions in Heavy tyres factory



### Vsevolozhsk, Russia

- Production of the whole car tyre range with state-of-the-art production technology and lower production costs
- Tax relieves
- Inside the duty borders of Russia and CIS
- Export to all markets
- Possibility to expand in current premises & land area

#### 2010:

- Lines 7 and 8 were taken into use
- Approx. 200 new employees

#### 2011:

- Lines 9 and 10 & new technology into use
- Approx. 200 new employees

#### 2012:

- New factory next to the current one
- 2 new lines, total annual capacity increase ~3 million tyres

#### 2013-2014:

- 2 new lines, additional ~ 3 million tyres
- Total annual capacity ~17 million pcs

## NOKIAN TYRES GOING FORWARD

*Outlook for 2012: Sales to improve backed by increasing capacity*

### Assumptions

- Growing core market: Nordic countries, Russia & CIS
  - GDP growth Nordic 0-2%, Russia 3.5%
  - Strong sales of new cars
  - Russian economy growing, strong consumer confidence
  - Currencies on Nokian core markets expected to be stable
- ASP to increase single digits
- Raw material cost (€/kg) to decline
  - Cost estimated to decrease by 4% in Q1/2012 vs. Q4/2011
  - Cost estimated to decrease by 0-2% in 2012 vs. 2011
- Passenger car tyre operation environment
  - Demand strong in core markets
  - Normal carry-over distributor inventories
  - Demand improving for winter tyres, legislation in Europe
- Heavy tyre market demand
  - Demand softer in 2012 vs. 2011
- Nokian Tyres financial position remains solid
  - No major loans due for payment in 2012
  - Equity ratio 63.2% in 2011
  - Undrawn facilities available

### Outlook: Profitable growth

- Strong demand and order book → good visibility in H1/2012
- Raw material cost levelling off and estimated to decrease by 0-2% in 2012 vs. 2011
- Capacity ramp-up proceed as planned:
  - In Russia 10 lines in production
  - Plant in Nokia in 7 d/week full capacity
  - Building of new plant in Russia commenced, production with lines 11 and 12 to start during H2/2012
- Profitability supported by:
  - Improved cost structure, higher sales volume, better mix & ASP
  - Increasing share of Russian production → productivity up
- **Year 2012 guidance:**
  - **In 2012, the company is positioned to improve net sales and operating profit compared to 2011.**

#### Key figures, EUR million:

Key figures	10-12/11	10-12/10	Change (%)	1-12/11	1-12/10	Change (%)
Net Sales	482.5	368.7	30.9 %	1,456.8	1,058.1	37.7 %
Operating profit	119.1	91.8	29.7 %	380.1	222.2	71.1 %
Profit before tax	114.8	86.4	32.9 %	359.2	208.8	72.0 %
Profit for the period	94.2	62.6	50.6 %	308.9	169.7	82.0 %
EPS (EUR)	0.73	0.49	47.8 %	2.39	1.34	78.7 %
RONA (%), rolling 12 months				27.0	17.8	
Cash flow from operations	367.3	358.1	2.6 %	114.1	318.8	-64.2 %
Gearing (%)				-0.3	0.1	

#### Summary

- Strong demand, sales grew significantly on core markets
- Nokian Tyres' market shares up on all key markets, especially in Russia and Central Europe
- Successful launch of a new test winning CE winter tyre & strong sales of Hakkapeliitta range in Nordic countries and Russia fuelled growth and improved ASP
- Improved sales mix and price increases → car tyre margins up
- Nokian Tyres the market leader in brand, price position and distribution on core markets; clearly improved position and profitability in CE
- Vianor expanded to 910 stores, addition of 139 in 2011
- Production output (tons) up by 47%; weekly output of car tyres from 250 to 360 kpcs/week during 2011
- Result penalized by 7.5 m€ bad debt provision

#### Outlook: Profitable growth

- Strong demand and order book → good visibility in H1/2012
- Raw material cost levelling off and estimated to decrease by 0-2% in 2012 vs. 2011
- Capacity ramp-up proceed as planned:
  - In Russia 10 lines in production
  - Plant in Nokia in 7 d/week full capacity
  - Building of new plant in Russia commenced, production with lines 11 and 12 to start during H2/2012
- Profitability supported by:
  - Improved cost structure, higher sales volume, better mix & ASP
  - Increasing share of Russian production → productivity up
- **Year 2012 guidance:**
  - **In 2012, the company is positioned to improve net sales and operating profit compared to 2011.**

## APPENDIX

### *Market overview: Strong demand*

#### Car tyres

##### **Tyre market volumes improved clearly**

- Global economy's uncertainty factors had little effect on Nokian Tyres' core markets; economies in the Nordic countries and Russia improved, consumer confidence was strong and car sales picked up
- Demand grew in all Nokian Tyres' core markets, in Russia by >30%. Winter tyre deliveries in Nordic countries were up by 15%.
- Distributors' low inventory levels and a true, prolonged winter with heavy snowfall in spring 2011 boosted winter tyre sales. Inventories were at normal level after winter tyre consumer season in Q4/2011.

#### Heavy tyres

##### **Machinery and equipment production increased**

- Demand and prices of pulp, sawmill products, metals and food were strong
- Production of special machinery increased, although forestry machinery production started to decline in Q4/2011
- Tyre demand improved clearly in all product groups in Q1-Q3/2011
- Demand exceeded supply in some product groups and sizes

#### Currencies

##### **Currencies' effects relatively insignificant**

- Euro has weakened against RUB, SEK and USD towards the end of the year, approximately to the same level as in the beginning of 2011
- NOK was relatively stable during 2011

#### Raw material prices

##### **Raw material prices expected to level off**

- Raw material prices rose >30% YOY, levelled off in H2/2011

**APPENDIX*****Nokian Tyres performance: Strong sales and profitability*****Sales and  
market position****Volumes and market shares up**

- + Sales grew significantly in all manufacturing units
- + Strongest sales growth in Russia and SUV tyres
- + Test victories of Nokian summer and winter tyres boosted sales
- + Car tyres' market share improved in Nordic countries, CE and Russia
- + Strong forestry tyre sales
- Demand exceeded supply capacity in some product groups
- Demand growth for heavy tyres levelled off in Q4/2011

**Profitability****Improved ASP offset the increased raw material cost**

- Raw material cost rose by 30.9% YOY
- + Mix improved & price increases implemented → car tyre ASP up double digits
- + Increasing share of Russian sales and production improved margins
- + Profitability supported by higher sales volume vs. moderate growth of fixed costs
- + Price positioning and profitability clearly up in CE

**Production****Productivity boost from increased production volumes**

- + Lines 9 and 10 in Russia, production commenced
- + Plant in Nokia back in 7 d/week full capacity since August 2011
- + Output (tons) grew by 47% with higher utilization of capacity and growing share of Russian production
- + Building of new Russian plant commenced, production startup 2 lines during 2012

**Distribution****Vianor expanding**

- + Vianor expanded to 910 stores in 23 countries; increase by 139 in 2011
- + New countries Italy, Azerbaijan & Romania, partner network start-up in USA



## APPENDIX: Nordic Countries (Fin, Swe, Nor)

### Market and price leader – sales 404.3 m€, +24.6%

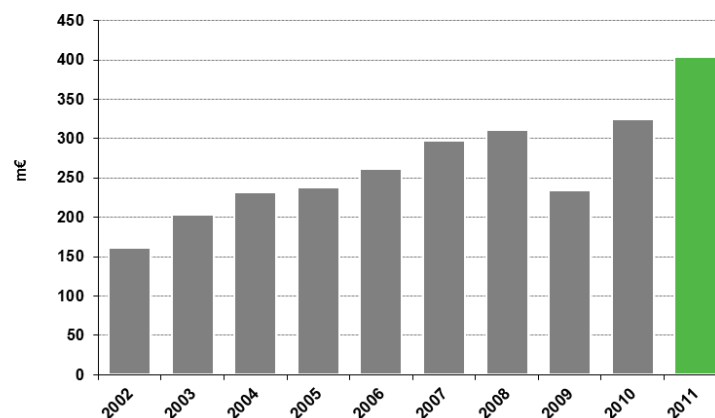
#### GENERAL

- Mature market with estimated annual growth 1-3% (in 2009 exceptionally -10%)
- Winter tyre legislation – use compulsory
- Three dominating brands (Nokian Tyres, Michelin and Continental) with more than 60% market share

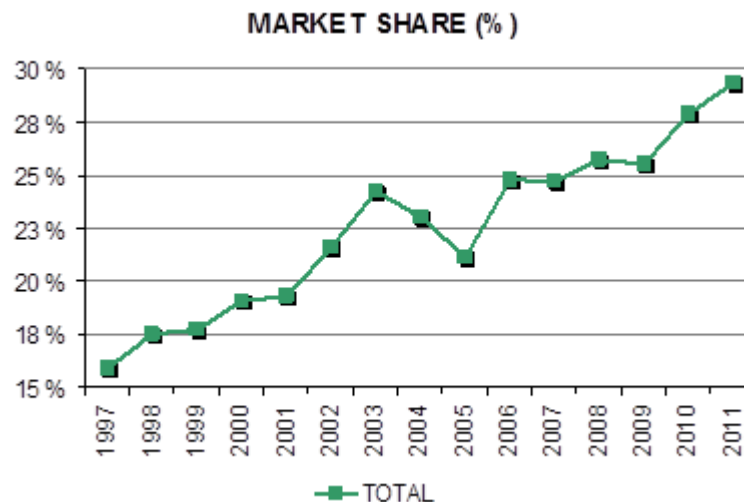
#### NOKIAN TYRES

- Market and price leader with over 35% market share in winter tyres and more than 20% in summer tyres
- Only local producer & best distribution network
- Strong role of own Vianor tyre chain; 235 stores
- Local player – product range and service specially designed for northern conditions
- The Nokian Hakkapeliitta 7 studded tyre has dominated impartial winter tyre tests which has boosted sales

#### (Manufacturing) Sales development in Nordic Countries



#### Market share in Nordic Countries



## APPENDIX: *Central and Eastern Europe*

*Growing sales, improving profitability – sales 313.4 m€, +50.6%*

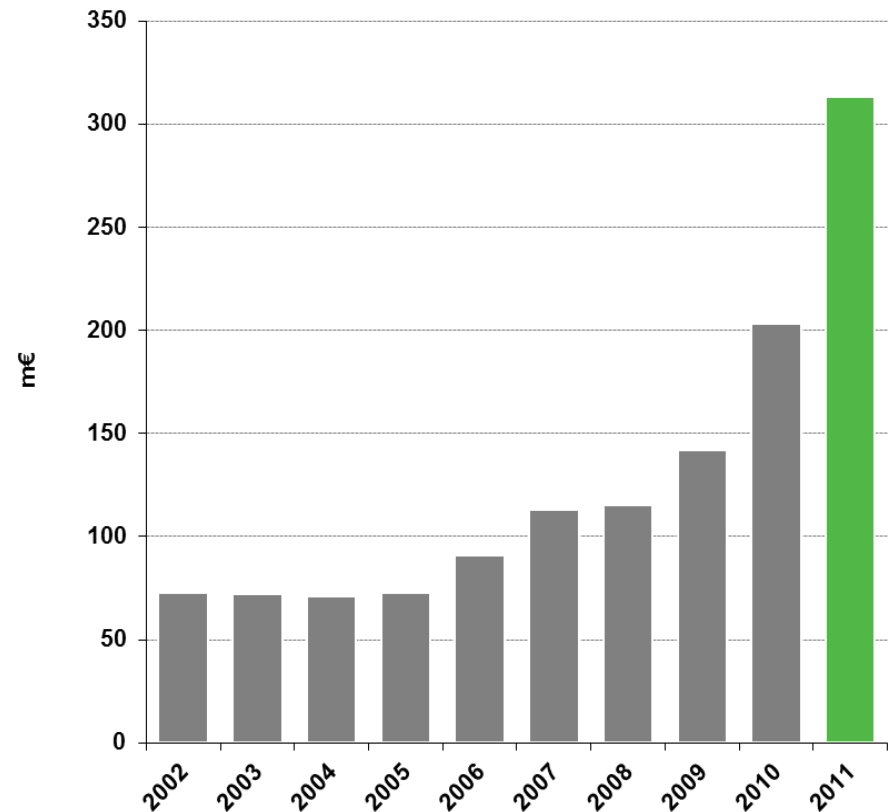
### GENERAL

- Alpine area, CEE and Balkans
- Globally the biggest winter tyre market – potential 8 times that of Nordic Countries
- Winter tyres is the fastest growing segment in CEE and Balkans

### NOKIAN TYRES

- Nokian Tyres brand position improving
- Vianor expansion to Europe – 146 stores
- Improved availability and distribution
- Logistics and service centre with 24 hour service to main markets
- Tailored product range

(Manufacturing) Sales in Central and Eastern Europe



## APPENDIX: *North America*

*A leap forward in 2011 – sales 100.9 m€, +66,7%*

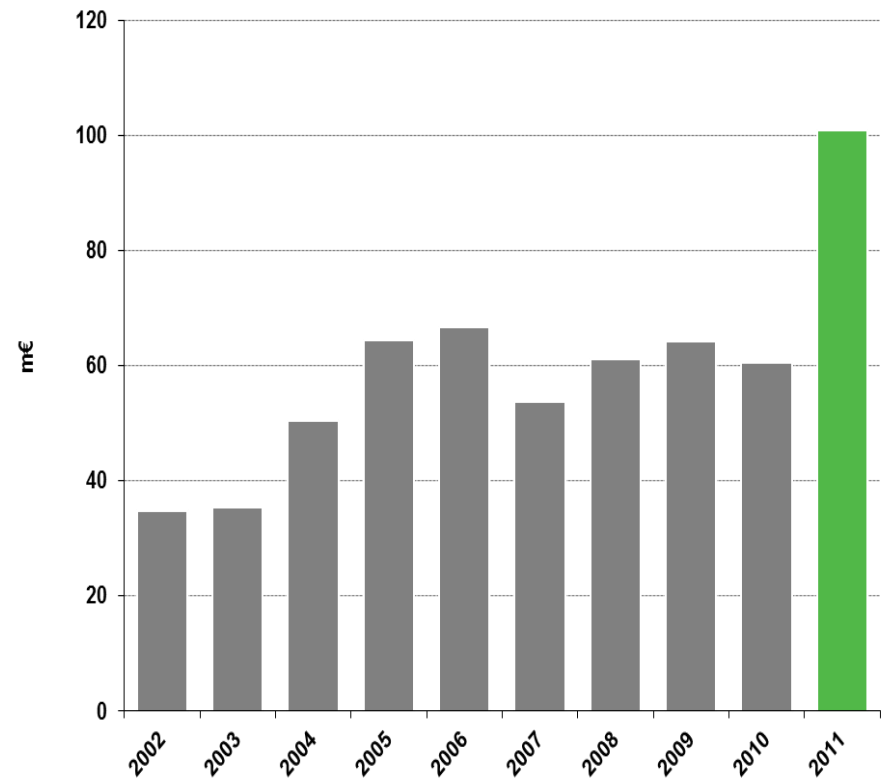
### GENERAL

- Canada & US snow belt area
- Market potential for winter tyres twice that of Nordic Countries
- Winter tyre legislation in Canada support the growth of demand

### NOKIAN TYRES

- Strong brand and product quality reputation in the winter tyre areas
- Exclusive distribution in selected areas
- Strong historical presence
- New start in 2008-2009 following improved market environment
- Establishment of Vianor in New England – 16 stores in North America

**(Manufacturing) Sales development in North America**

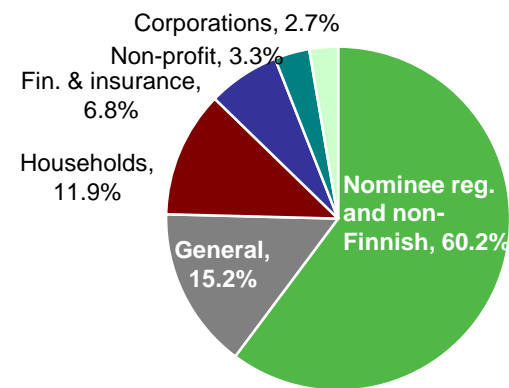


## APPENDIX

### Major shareholders as of 31 December, 2011

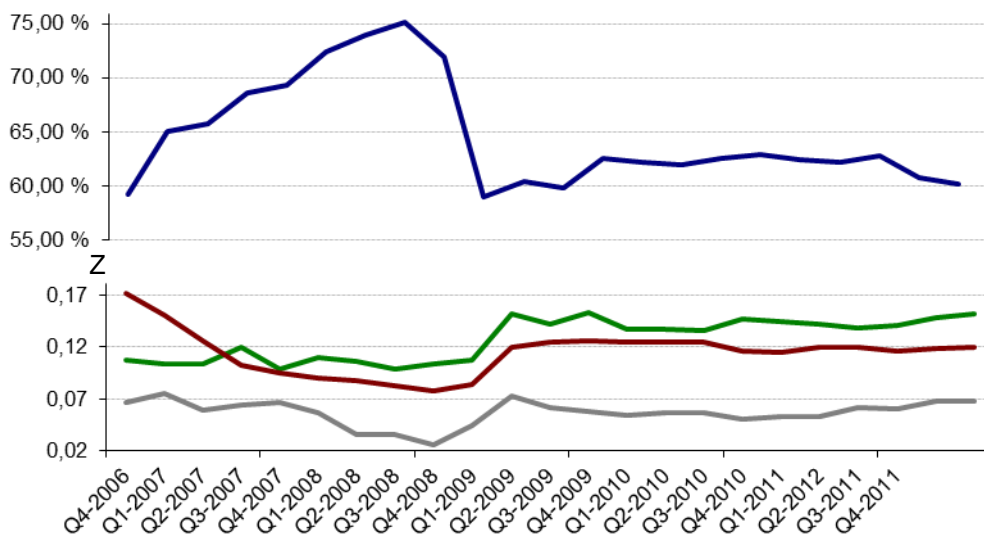
	Number of Shares	Share of Capital (%)	Change from previous month
<b>Major Domestic Shareholders</b>			
1 Varma Mutual Pension Insurance Company	9 565 000	7,38	300 000
2 Ilmarinen Mutual Pension Insurance Company	5 667 330	4,37	500 000
3 Nordea	1 598 282	1,23	165 363
4 OP Investment Funds	1 490 000	1,15	-10 000
5 The State Pension Fund	1 409 000	1,09	-530
6 Nordea Nordenfonden	828 888	0,64	185 938
7 Tapiola Mutual Pension Insurance Company	800 000	0,62	0
8 Mandatum Life Insurance Company Limited	664 717	0,51	350 177
9 Etera Mutual Pension Insurance Company	581 153	0,45	256 200
10 The Finnish Cultural Foundation	491 000	0,38	0
<b>Major Domestic Shareholders total</b>	<b>23 095 370</b>	<b>17,82</b>	
Foreign Shareholders <sup>1)</sup>	78 033 887	60,2%	
Bridgestone Europe NV/SA <sup>2)</sup>	20 000 000	15,4%	

### Division by Category as of 31 December 2011



Total number of shares: 129,609,840

### Shareholder development by category Q4/2006 - Q4/2011





Note: Options, outstanding (31 December, 2011)  
 2007B: 2,248,765 (423,690 in company's possession)  
 2007C: 1,938,361 (1,113,100 in company's possession)  
 2010A: 1,320,000 (22,089 in company's possession)  
 2010B: 1,340,000 (94,570 in company's possession)  
 2010C: 1,340,000 (1,340,000 in company's possession)

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

2) In the name of a nominee.

## APPENDIX

### Test wins – autumn 2011

	205/55R16 HKPL7 205/55R16 HKPL R worn 205/55R16 HKPL R new 205/55R16 HKPI 7 205/55R16 WR D3	1/8 1/7 1/7 1/5 1/10	Best tyre in test Best worn tyre Best tyre as new and worn Best grip on ice Excellent winter properties
	205/55R16 HKPL7 205/55R16 HKPL R worn 205/55R16 HKPL R new 205/55R16 HKPL 7	1/8 1/7 1/7 1/5	Best tyre in test Best worn tyre Best tyre as new and worn Excellent properties on snow, good grip and handling. Very good wet braking properties. Stable on dry asphalt.
	185/65R14 HKPL 7 185/65R14 HKPL R 185/65R14 WR D3 235/65R17 HKPL R SUV 235/65R17 WR D3 215/65R16 C HKPL CR 195/65R15 HKPL 7 195/65R15 HKPL R	1/7 1/5 1/8 1/6 1/2 1/5 1/2 1/2	Good grip and handling on ice Good grip on ice, good handling on snow Excellent properties on asphalt, comfortable tyres Good slush planing properties Good properties on all surfaces Excellent snow and ice properties Excellent properties on ice and snow
	175/65R14 HKPL R	1/6	Best acceleration on snow, very low rolling resistance
	205/55R16 WR D3	1/10	Good grip on ice and snow, good rolling resistance
	225/45R17 WR D3	1/5	By far the best snow properties
	205/55R16 WR D3	1/10	Good grip and driving properties, low rolling resistance
	235/65R17 HKPL R SUV 235/65R17 WR G2 SUV	1/6 1/3	Very balanced properties
	205/55R16 WR D3	1/8	Excellent ice properties
	205/55R16 WR D3	1/5	Best tyre on snow
	205/55R16 WR D3	1/10	Best tyre on ice
	215/65R16 HKPL 7 235/65R17 HKPL R SUV	Shared 1/9 Shared 1/12	Good slush planing properties, grip and handling on snow Good braking properties on ice and snow

## APPENDIX

### *Examples of new products and innovations*

#### **Nokian Hakka Blue – Summer tyre for core markets**

- Top performance for wet roads, comfort and economy from spring to autumn
- Tailor-made for the northern roads, the newest member of the Hakka summer tyre range offers the best possible traction and precise handling for challenging wet roads
- The new innovations, the Dry Touch Sipe and Swoop Grooves
- The Hakka Blue range will offer products in both the V (240 km/h) and W (270 km/h) speed ratings



#### **Nokian Hakka Green – Summer tyre for core markets**

- Environmentally friendly novelty, extremely low rolling resistance  
→ Fuel savings and less carbon dioxide emissions
- Superior grip and driving response
- If all Finnish car drivers would use use Nokian Hakka Green tyres, annual fuel savings would be over 114 million litres, which corresponds to 2,077 trailer loads. Carbon dioxide emissions would decrease by some 296,000 tonnes



#### **Nokian WR – Winter tyre for Central Europe**

- Advanced new-generation tyre family for any winter weather
- Environmentally friendly premium products feature nanotechnology, canola oil and the solid winter expertise of Nokian Tyres
- Nokian WR D3 for the economic driver (smaller sizes)
- Nokian WR A3 for sporty use (bigger sizes)



#### **Beyond All-Steel Radial – Challenging All-Steel special tyres**

- Revolutionary technology of the future, used in harbour, mining and earthmoving machinery tyres
- Unique technical solution combining a multi-layer textile structure with a modern radial structure
- Better stability, longer life time, enhanced safety
- First top product: the Nokian BAS HTS Straddle harbour tyre

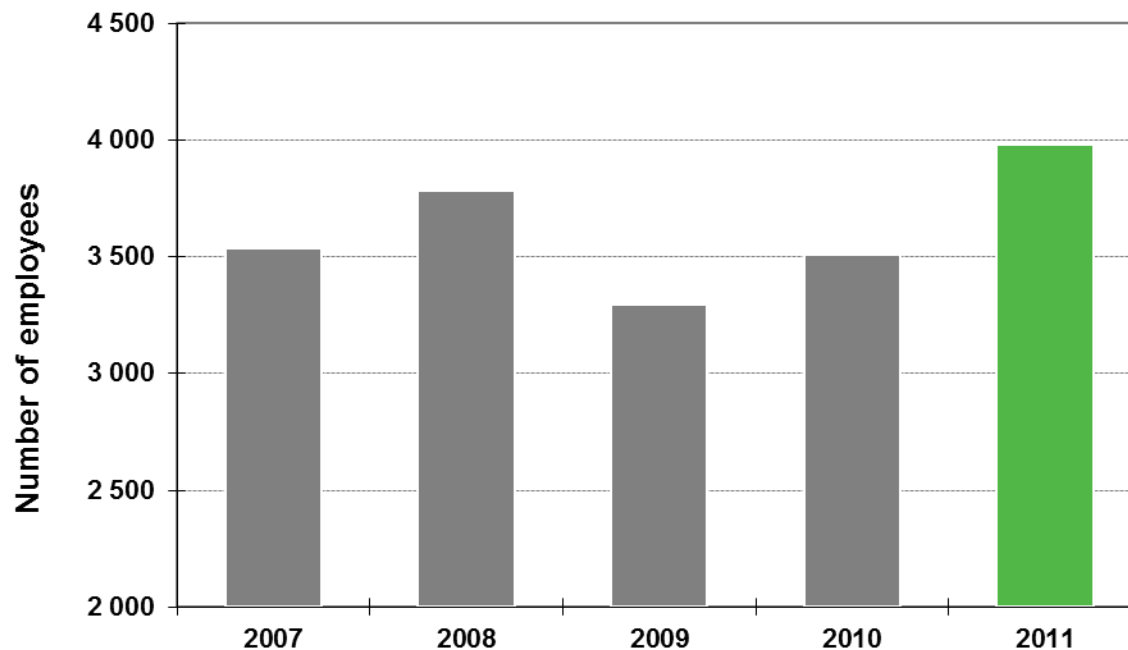


## APPENDIX

### *Personnel 31 December, 2011*

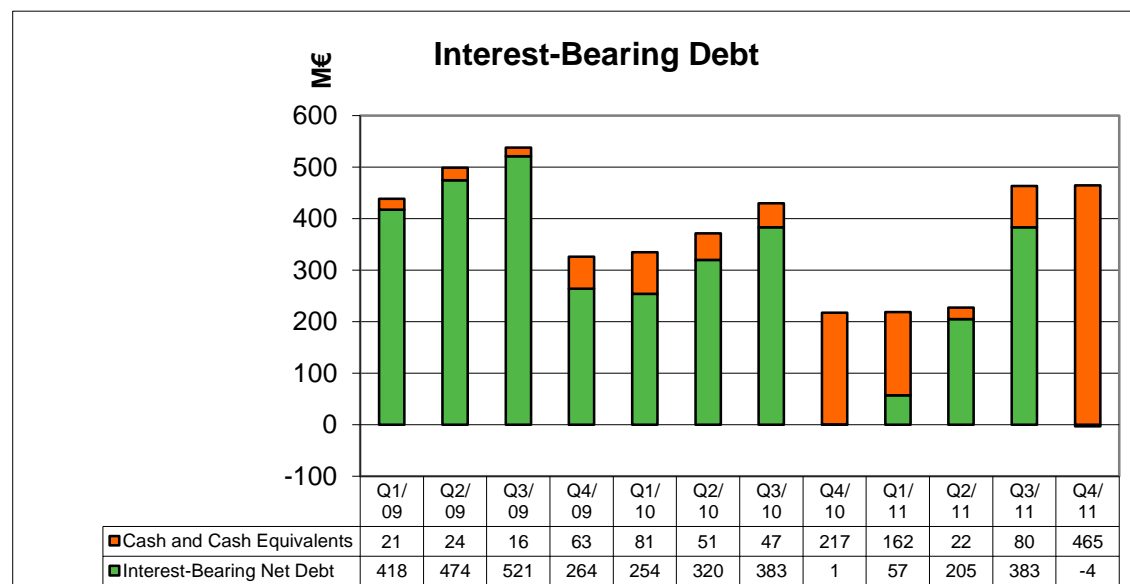
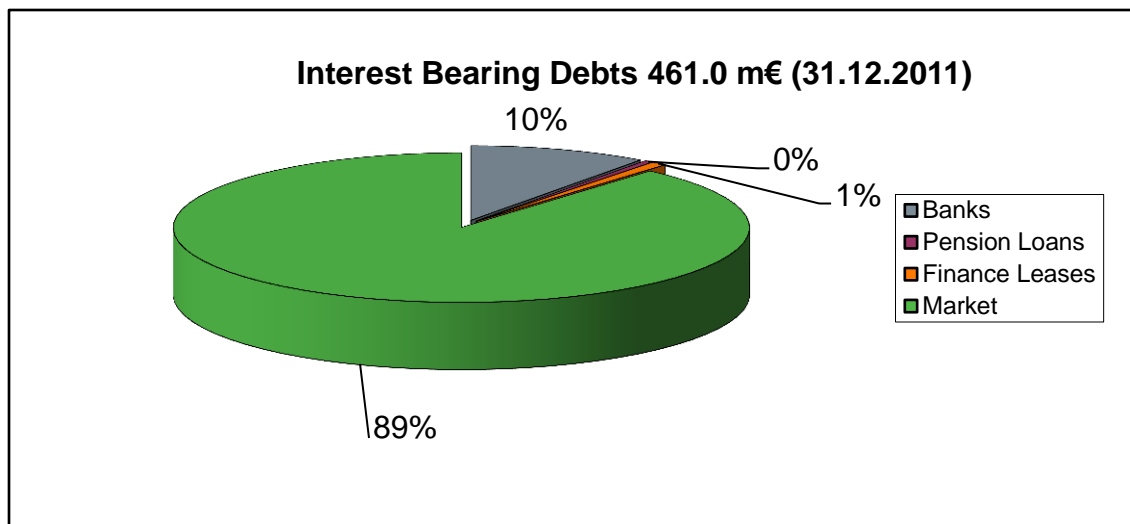
Personnel at the end of the review period: 3,981 (3,506)

- Equity-owned Vianor: 1,370 (1,409)
- Russia: 1,062 (851)



## APPENDIX

### Financing: Loans on 31 December, 2011

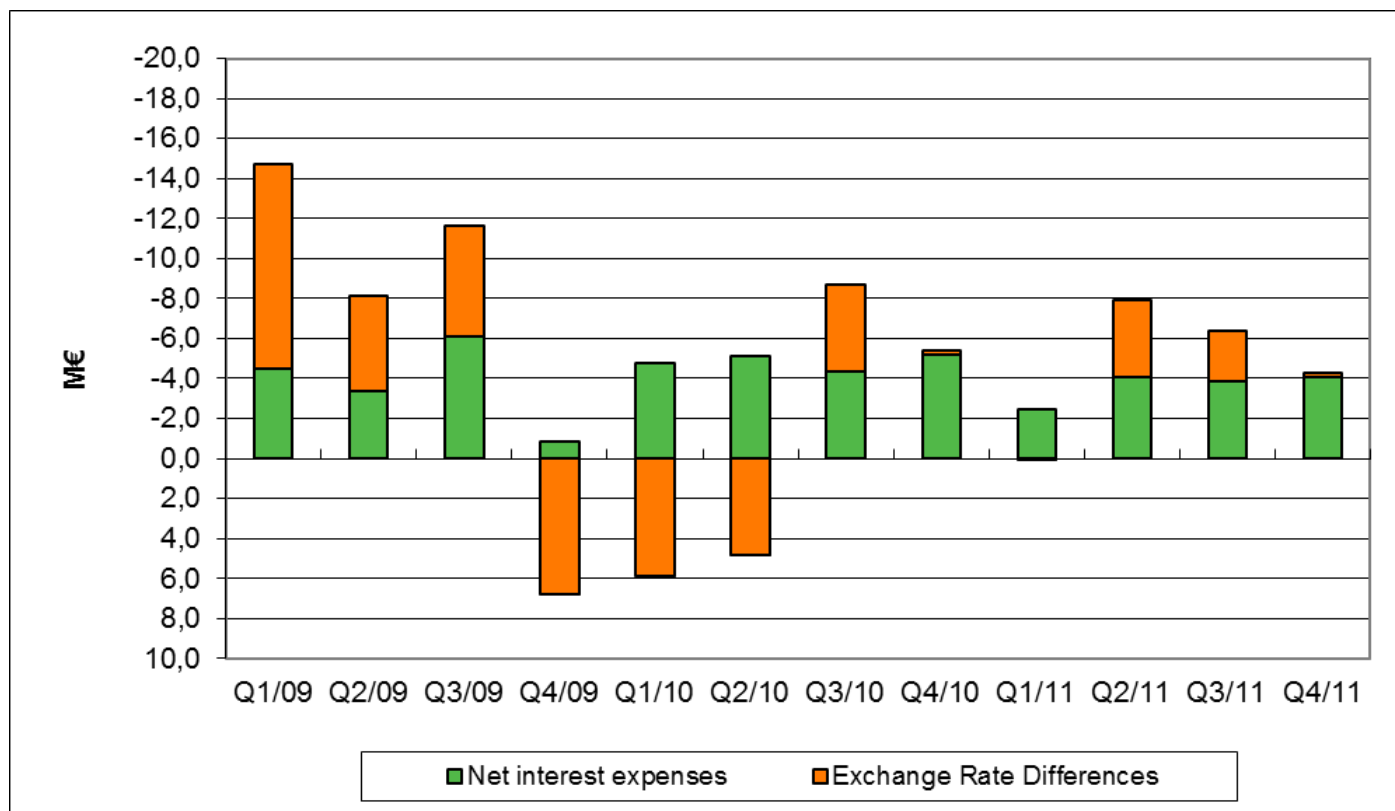




## APPENDIX

### *Financing: Net Financial Expense*

Net Financial Expense 2011: 20.9 m€ (2010: 13.3 m€)



## APPENDIX

### CONSOLIDATED INCOME STATEMENT

Million euros	10-12/11	10-12/10	1-12/11	1-12/10	Change %
Net sales	482,5	368,7	1 456,8	1 058,1	37,7
Cost of sales	-279,5	-205,2	-805,8	-604,0	-33,4
Gross profit	203,0	163,5	651,0	454,1	43,4
Other operating income	0,3	1,1	1,8	4,3	-59,4
Selling and marketing expenses	-64,5	-59,1	-216,5	-192,9	-12,3
Administration expenses	-8,5	-8,8	-29,4	-27,6	-6,4
Other operating expenses	-11,2	-4,8	-26,8	-15,8	-69,7
Operating profit	119,1	91,8	380,1	222,2	71,1
Financial income	27,7	24,7	90,9	96,3	-5,6
Financial expenses	-32,0	-30,1	-111,8	-109,7	-1,9
Profit before tax	114,8	86,4	359,2	208,8	72,0
Tax expense (1)	-20,5	-23,8	-50,3	-39,1	-28,5
Profit for the period	94,2	62,6	308,9	169,7	82,0
Attributable to:					
Equity holders of the parent	94,2	62,6	308,9	169,7	
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	0,73	0,49	2,39	1,34	78,7
diluted, euros	0,71	0,48	2,32	1,32	75,8
1)Tax expense in the consolidated income statement is based on the taxable result for the period.					

## APPENDIX

### CONSOLIDATED OTHER COMPREHENSIVE INCOME

Million euros	10-12/11	10-12/10	1-12/11	1-12/10
Profit for the period	94,2	62,6	308,9	169,7
Other comprehensive income, net of tax:				
Gains/Losses from hedge of net investments in foreign operations	-7,5	-2,5	-2,9	-17,9
Cash flow hedges	-1,0	0,3	-1,4	-0,6
Translation differences on foreign operations	21,3	13,0	-7,6	37,0
Total other comprehensive income for the period, net of tax	12,8	10,8	-11,9	18,5
Total comprehensive income for the period	107,0	73,4	297,0	188,2
Total comprehensive income attributable to:				
Equity holders of the parent	107,0	73,4	297,0	188,2
Non-controlling interest	0,0	0,0	0,0	0,0

## APPENDIX KEY RATIOS

KEY RATIOS	31.12.11	31.12.10		Change
				%
Equity ratio, %	63,2	68,4		-7,6
Gearing, %	-0,3	0,1		
Equity per share, euro	9,15	7,34		
Interest-bearing net debt, mill. euros	-3,6	0,7		
Capital expenditure, mill. euros	161,7	50,5		
Depreciation, mill. euros	71,6	69,4		
Personnel, average	3 866	3 338		
Number of shares (million units)				
at the end of period	129,61	127,70		
in average	129,12	126,75		
in average, diluted	135,70	132,96		

## APPENDIX: CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Million euros	31.12.11	31.12.10
<b>Non-current assets</b>		
Property, plant and equipment	560,4	483,6
Goodwill	63,8	58,8
Other intangible assets	22,6	19,7
Investments in associates	0,1	0,1
Available-for-sale financial assets	0,3	0,3
Other receivables	17,9	20,6
Deferred tax assets	5,4	22,3
<b>Total non-current assets</b>	<b>670,4</b>	<b>605,2</b>
<b>Current assets</b>		
Inventories	324,0	210,6
Trade receivables	335,3	258,9
Other receivables	74,0	69,6
Current tax assets	7,6	10,7
Cash and cash equivalents	464,5	216,6
<b>Total current assets</b>	<b>1 205,5</b>	<b>766,3</b>
<b>Equity</b>		
Share capital	25,4	25,4
Share premium	181,4	181,4
Translation reserve	-81,5	-71,1
Fair value and hedging reserves	-2,0	-0,6
Paid-up unrestricted equity reserve	35,4	8,0
Retained earnings	1 027,2	793,9
Non-controlling interest	0,3	0,0
<b>Total equity</b>	<b>1 186,1</b>	<b>937,2</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	31,2	39,3
Provisions	0,0	0,1
Financial liabilities	207,6	204,2
Other liabilities	2,5	1,9
<b>Total non-current liabilities</b>	<b>241,2</b>	<b>245,5</b>
<b>Current liabilities</b>		
Trade payables	88,4	81,0
Other current payables	91,4	84,2
Current tax liabilities	13,5	8,5
Provisions	1,8	2,2
Short-term financial liabilities	253,4	13,0
<b>Total current liabilities</b>	<b>448,5</b>	<b>189,0</b>
<b>Total assets</b>	<b>1 875,9</b>	<b>1 371,6</b>

## APPENDIX

### CONSOLIDATED STATEMENT OF CASH FLOWS

Million euros	1-12/11	1-12/10
Cash flows from operating activities:		
Cash generated from operations	272,2	372,7
Financial items and taxes	-39,3	-45,4
Net cash from operating activities	232,9	327,2
Cash flows from investing activities:		
Net cash used in investing activities	-158,3	-33,7
Cash flows from financing activities:		
Proceeds from issue of share capital	27,4	34,7
Change in current financial receivables and debt	239,6	-29,8
Change in non-current financial receivables and debt	-8,9	-95,2
Dividends paid	-83,7	-50,7
Net cash from financing activities	174,3	-141,0
Net change in cash and cash equivalents	248,9	152,6
Cash and cash equivalents at the beginning of the period	216,6	62,5
Effect of exchange rate changes	-0,9	1,5
Cash and cash equivalents at the end of the period	464,5	216,6
	248,9	152,6

## APPENDIX

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Million euros	Equity attributable to equity holders of the parent							
	A	B	C	D	E	F	G	H
Equity, Jan 1st 2010	25,0	155,2	-90,2	0,0	0,0	667,6	0,0	757,6
Profit for the period						169,7		169,7
Other comprehensive income, net of tax:								
Cash flow hedges				-0,6				-0,6
Net investment hedge			-17,9					-17,9
Translation differences			37,0					37,0
Total comprehensive income for the period			19,1	-0,6		169,7		188,2
Dividends paid						-50,7		-50,7
Exercised warrants	0,5	26,1			8,0			34,7
Share-based payments						7,3		7,3
Total transactions with owners for the period	0,5	26,1			8,0	-43,4		-8,7
Equity, Dec 31st 2010	25,4	181,4	-71,1	-0,6	8,0	793,9	0,0	937,2
Equity, Jan 1st 2011	25,4	181,4	-71,1	-0,6	8,0	793,9	0,0	937,2
Profit for the period						308,9	0,0	308,9
Other comprehensive income, net of tax:								
Cash flow hedges				-1,4				-1,4
Net investment hedge			-2,9					-2,9
Translation differences			-7,6					-7,6
Total comprehensive income for the period			-10,5	-1,4		308,9		297,0
Dividends paid						-83,7		-83,7
Exercised warrants					27,4			27,4
Share-based payments						8,1		8,1
Total transactions with owners for the period					27,4	-75,7		-48,3
Change in non-controlling interest							0,3	0,3
Equity, Dec 31st 2011	25,4	181,4	-81,5	-2,0	35,4	1 027,2	0,3	1 186,1

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

## APPENDIX SEGMENT INFORMATION

Million euros	10-12/11	10-12/10	1-12/11	1-12/10	Change
					%
Net sales					
Passenger car tyres	338,4	221,4	1 071,1	714,7	49,9
Heavy tyres	29,5	25,7	112,8	81,0	39,2
Vianor	117,3	122,6	298,4	307,9	-3,1
Other operations	19,9	13,2	73,8	41,6	77,3
Eliminations	-22,5	-14,1	-99,3	-87,2	-14,0
Total	482,5	368,7	1 456,8	1 058,1	37,7
Operating result					
Passenger car tyres	103,1	69,9	365,1	205,5	77,6
Heavy tyres	3,0	4,2	17,2	13,7	25,7
Vianor	13,0	11,8	2,3	4,0	-42,5
Other operations	-3,7	-3,2	-1,1	-1,6	31,4
Eliminations	3,7	9,0	-3,4	0,6	-649,4
Total	119,1	91,8	380,1	222,2	71,1
Operating result, % of net sales					
Passenger car tyres	30,5	31,6	34,1	28,8	
Heavy tyres	10,3	16,5	15,3	16,9	
Vianor	11,1	9,7	0,8	1,3	
Total	24,7	24,9	26,1	21,0	
Cash Flow II					
Passenger car tyres	306,1	298,9	151,9	291,2	-47,8
Heavy tyres	24,4	11,6	5,2	8,5	-38,2
Vianor	18,9	34,8	-23,3	12,4	-287,3
Total	367,3	358,1	114,1	318,8	-64,2



## APPENDIX

### CONTINGENT LIABILITIES

Million euros	31.12.11	31.12.10
FOR OWN DEBT		
Mortgages	1,1	1,1
Pledged assets	0,1	0,0
OTHER OWN COMMITMENTS		
Guarantees	3,3	6,2
Leasing and rent commitments	99,2	102,1
Purchase commitments	2,8	2,2
DERIVATIVE FINANCIAL INSTRUMENTS	31.12.11	31.12.10
Million euros		
INTEREST RATE DERIVATIVES		
Interest rate swaps		
Notional amount	41,3	30,7
Fair value	-1,4	-1,3
FOREIGN CURRENCY DERIVATIVES		
Currency forwards		
Notional amount	651,0	563,2
Fair value	-10,7	-3,3
ELECTRICITY DERIVATIVES		
Electricity forwards		
Notional amount	16,5	-
Fair value	-1,9	-

## **APPENDIX**

### ***DEFINITIONS OF CONSOLIDATED KEY FINANCIAL INDICATORS***

#### **Earnings per share, euro:**

Result for the period attributable to the equity holders of the parent / Average adjusted number of shares during the period

#### **Earnings per share (diluted), euro:**

Result for the period attributable to the equity holders of the parent / Average adjusted and diluted number of shares during the period

- The share options affect the dilution as the average share market price for the period exceeds the defined subscription price.

#### **Equity ratio, %:**

Total equity x 100 / (Total assets - advances received)

#### **Gearing, %:**

Interest-bearing net debt x 100 / Total equity

#### **Equity per share, euro:**

Equity attributable to equity holders of the parent / Adjusted number of shares on the reporting date

#### **Operating margin:**

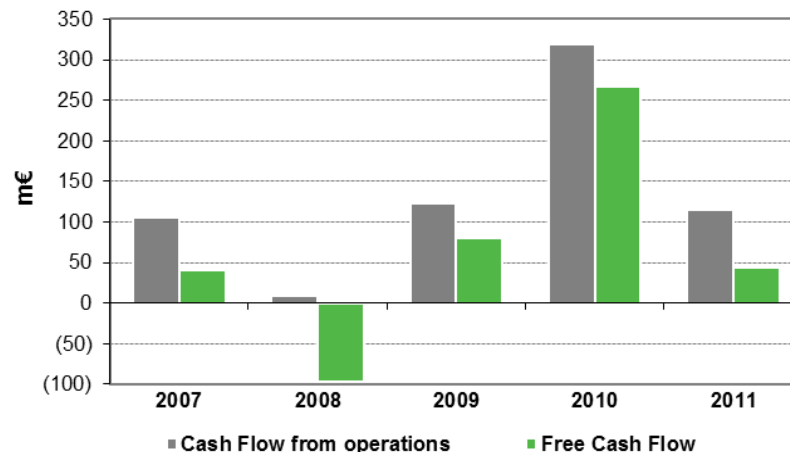
Operating result, % of net sales

## APPENDIX

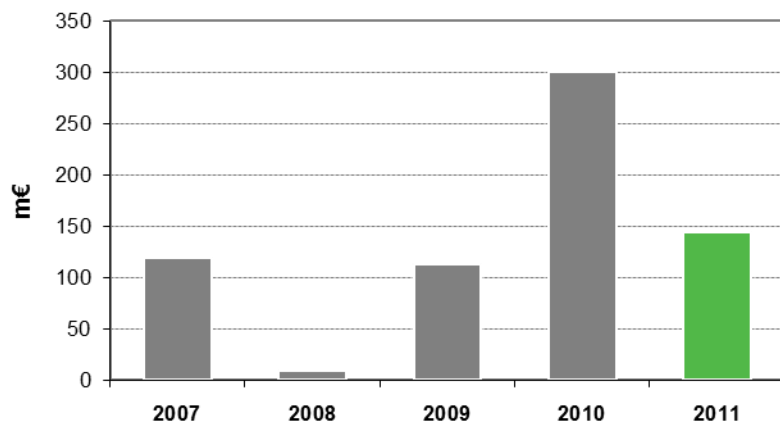
### Group Operating Cash Flow and Free Cash Flow 2007-2011

- Cash flow from operations: 114.1 m€ in 2011
  - Investments of 161.7 m€ (50.5) weakened the Cash flow
  - Inventories' and Trade receivables increased along with sales growth
  - Russian receivables 18% (24%) of total at year end
  - Vianor NWC high due to higher inventory and low interest free short term debts; investments 2,1m€ higher than previous year

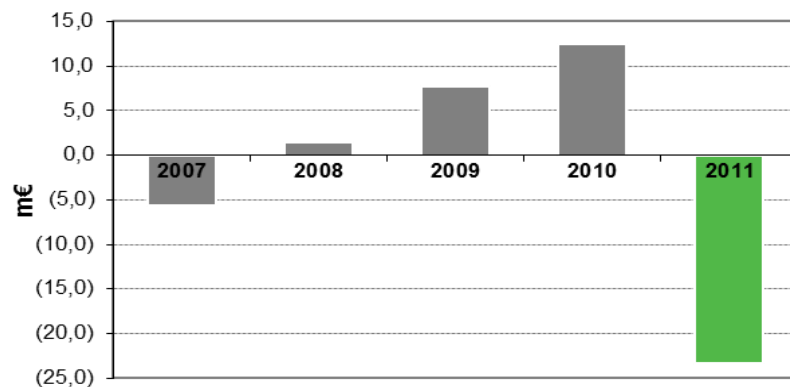
Group Cash Flow From Operations and Free Cash flow



Manufacturing Cash flow from operations



Vianor Cash flow from operations



The first.  
The fastest.

**nokian**  
**TYRES**

