



**nokian
TYRES**

**Bank of America Merrill Lynch:
Pan European Capital Goods,
Autos, Aerospace & Defence
Conference
20 March, 2012**



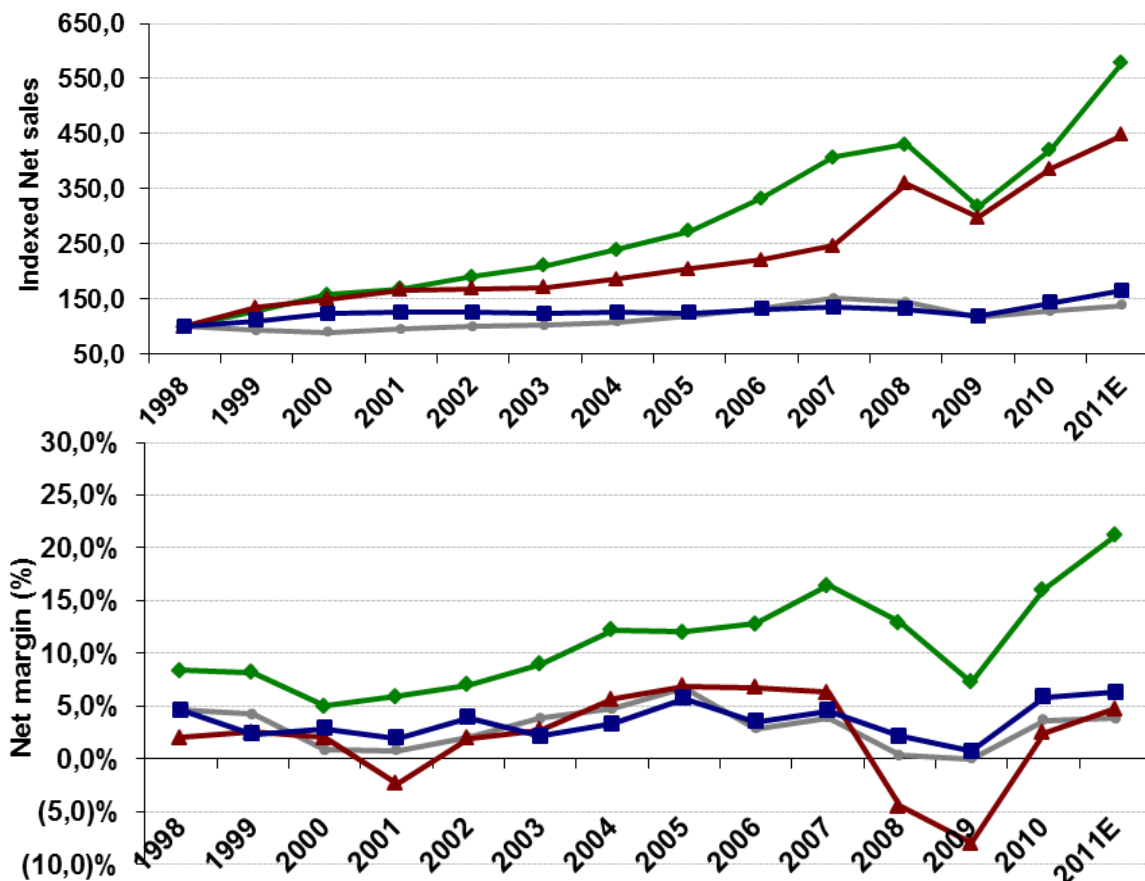
**Strong 2011 results –
profitable growth to continue**

**Mr. Kim Gran
President and CEO
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.



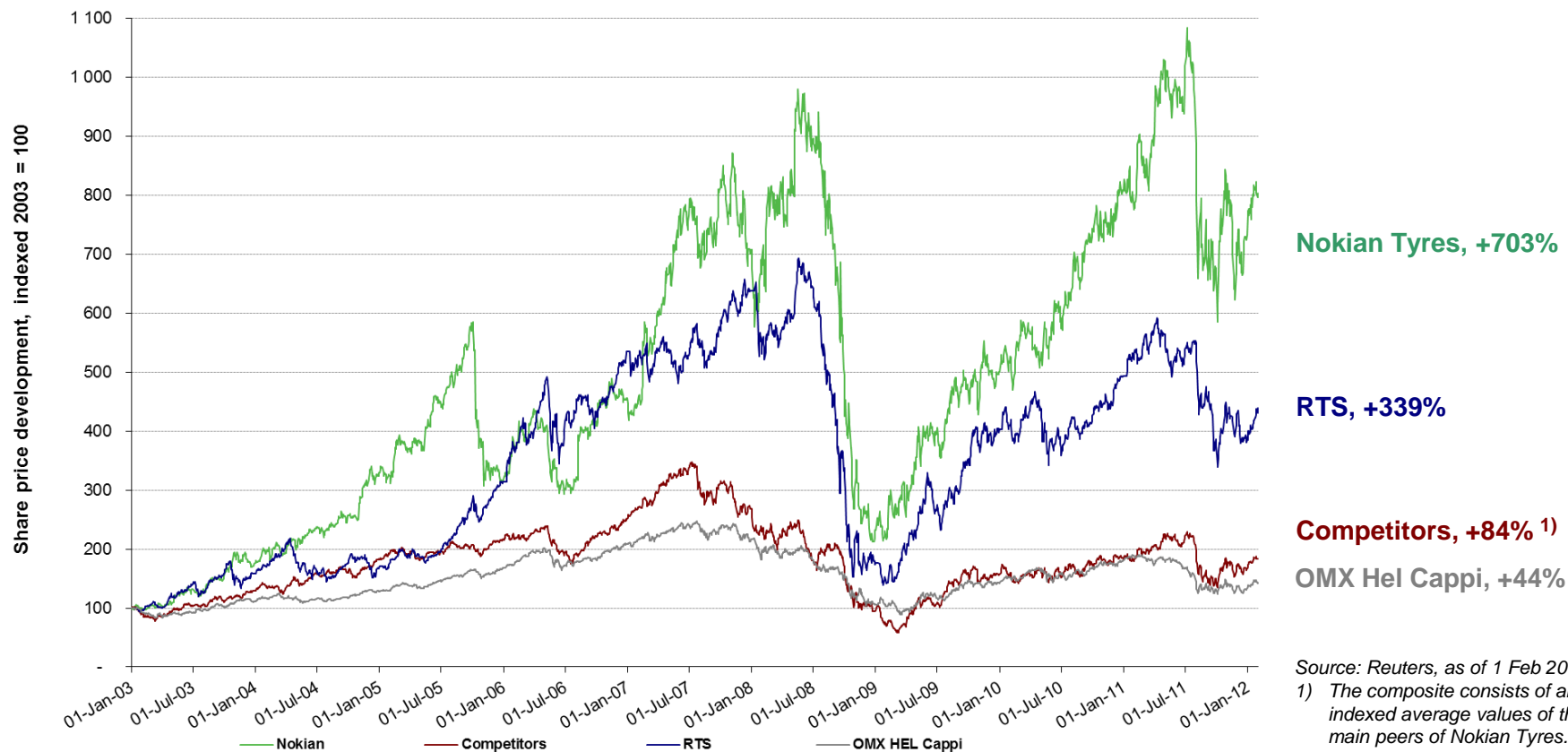
Net sales change	
CAGR 2008 – 2011E	
Nokian	10.5%
Michelin	8.0%
Bridgestone	-1.4%
Continental	n.m. ¹⁾
Net income 2011E	
	Margin 2011E
Nokian	21.2% (Actual)
Michelin	6.3%
Bridgestone	3.8%
Continental	4.8%

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

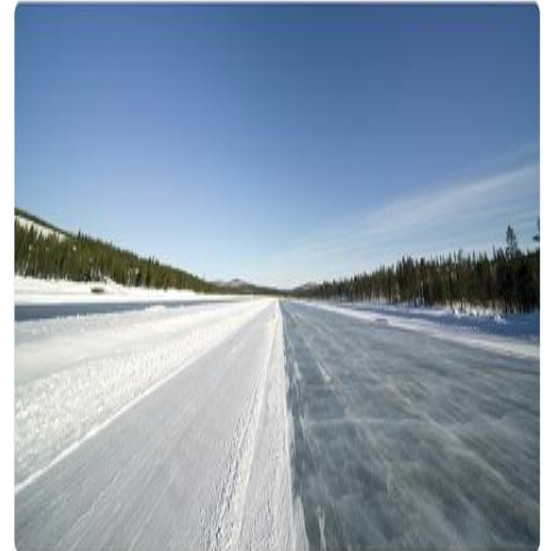
- Winter & Forest
- High growth potential – in product segments and market areas
- Russia and CIS, Eastern Europe, Nordic countries and North America

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

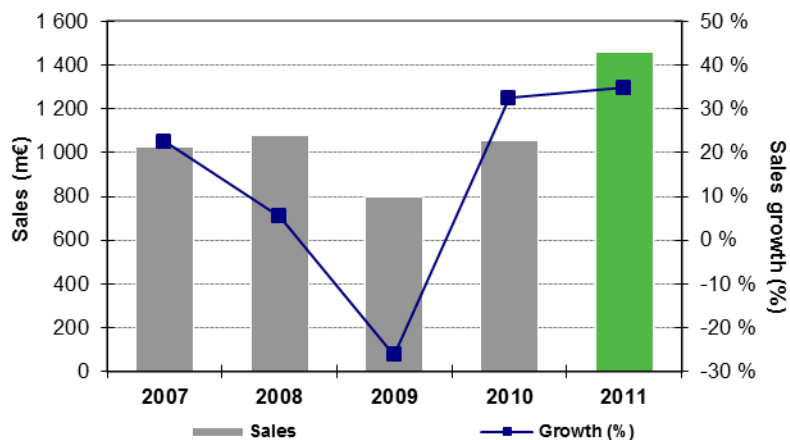
- Practically no sales to car manufacturers
- Sales mainly through specialised tyre dealers & outlets, car dealers etc.



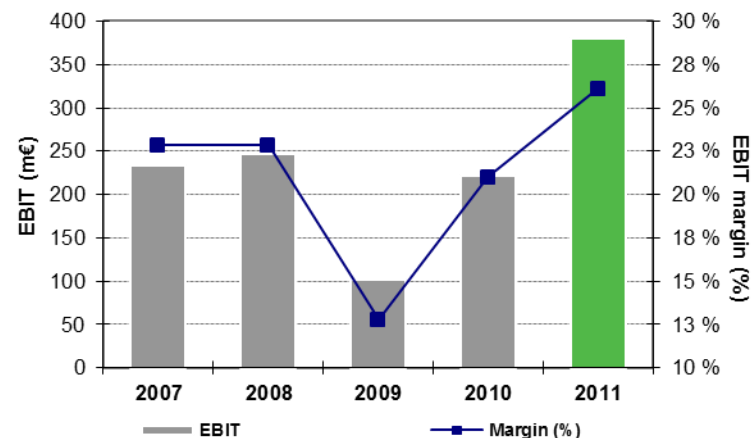
GENERAL OVERVIEW OF 2011

Strong results in 2011 – solid balance sheet

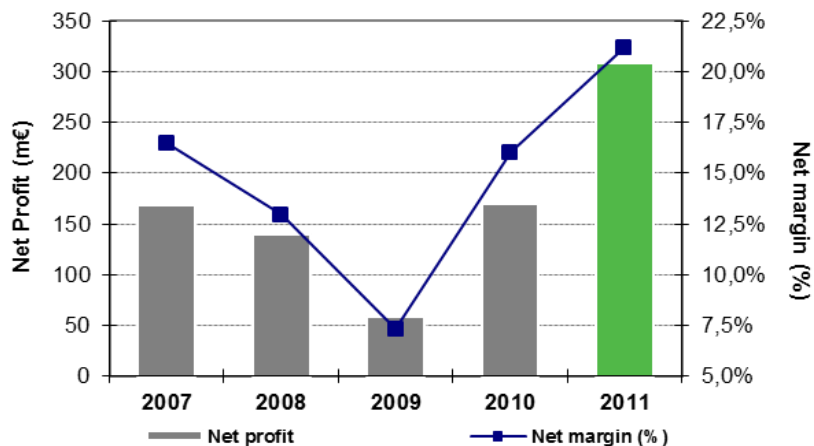
Net sales (m€) and Net sales growth (%)



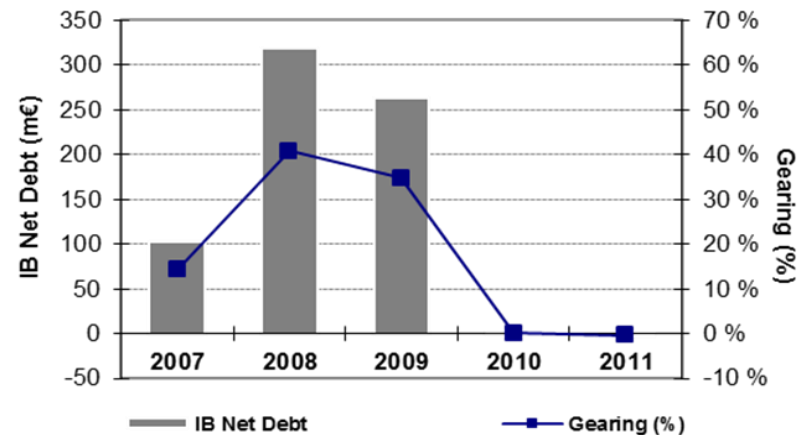
EBIT (m€) and EBIT margin (%)



Net profit (m€) and net margin (%)



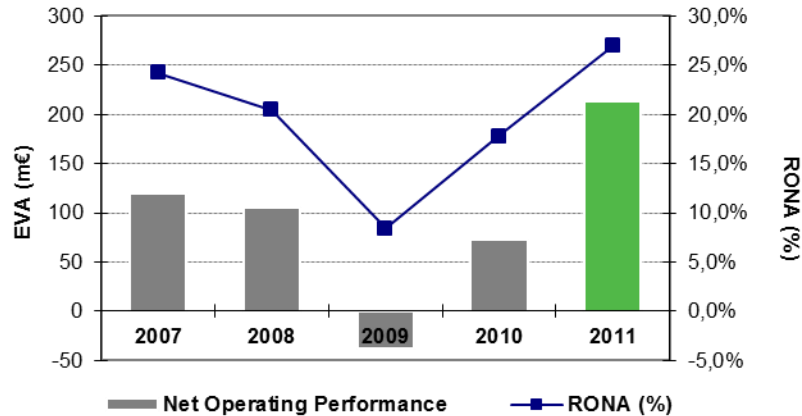
Interest bearing net debt (m€) and gearing (%)



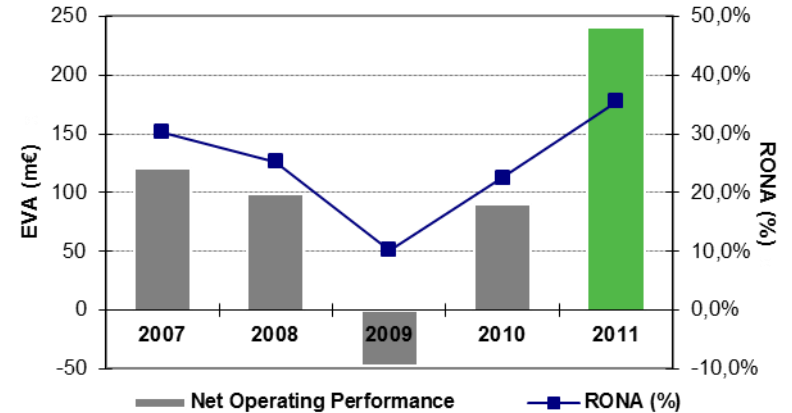
GENERAL OVERVIEW

RONA (%) and net operating performance (EVA) ¹⁾ 2007-2011

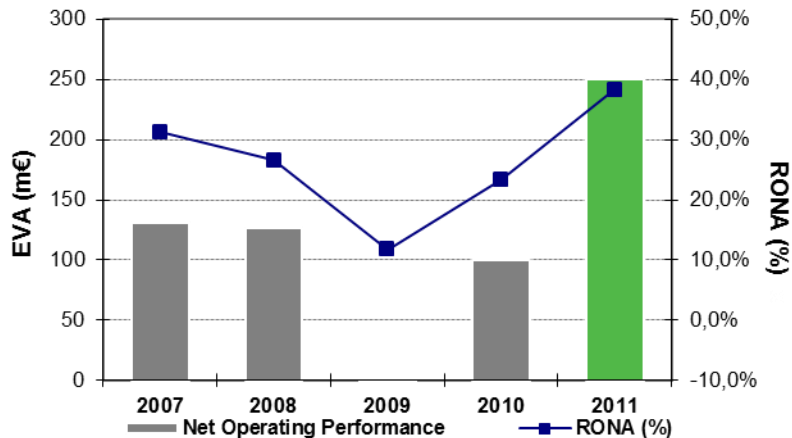
Group EVA (m€) and RONA (%)



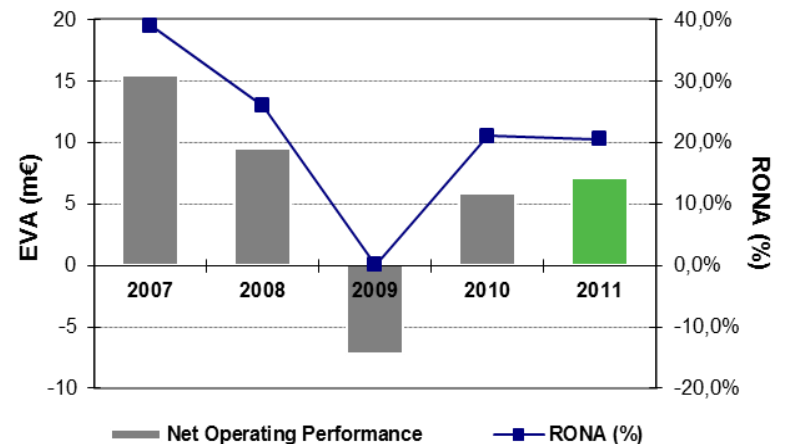
Manufacturing EVA (m€) and RONA (%)



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



Heavy Tyres EVA (m€) and RONA (%)

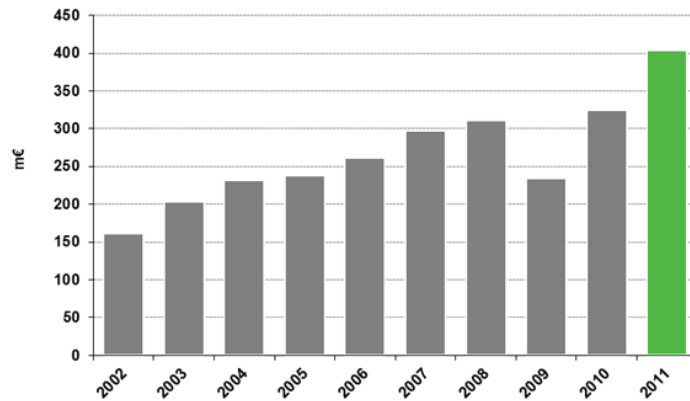


¹⁾ EVA is calculated based on 12% interest on capital employed.

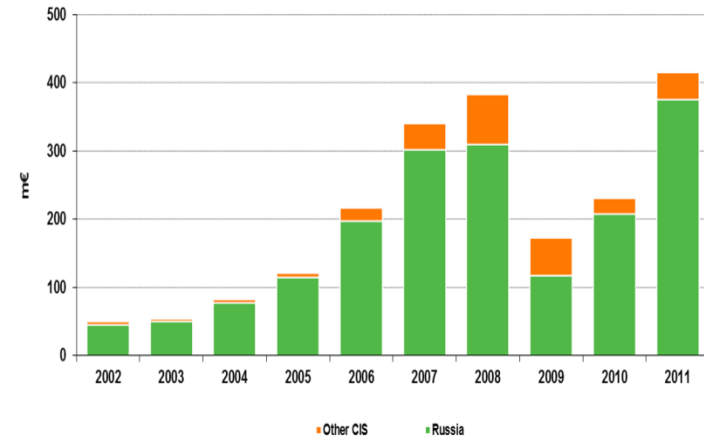
GENERAL OVERVIEW

Sales development by area 2002-2011

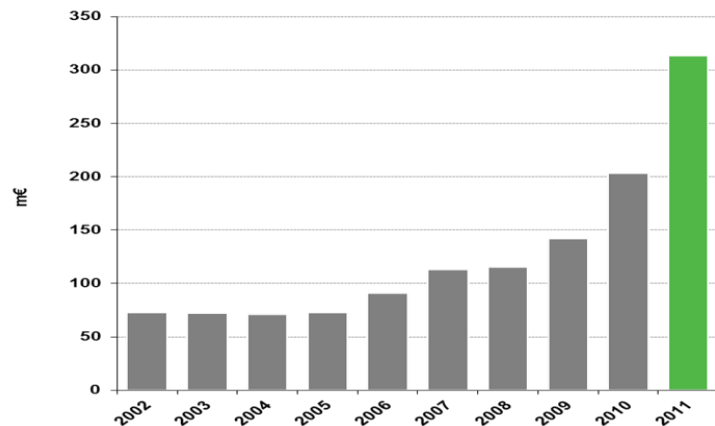
Nordic countries



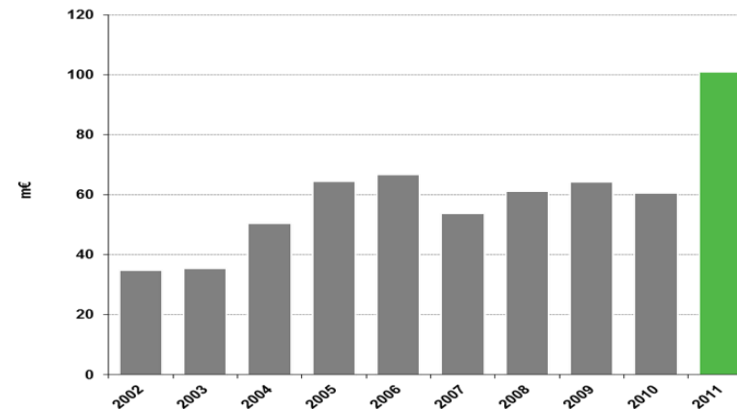
Russia and CIS



Central Europe



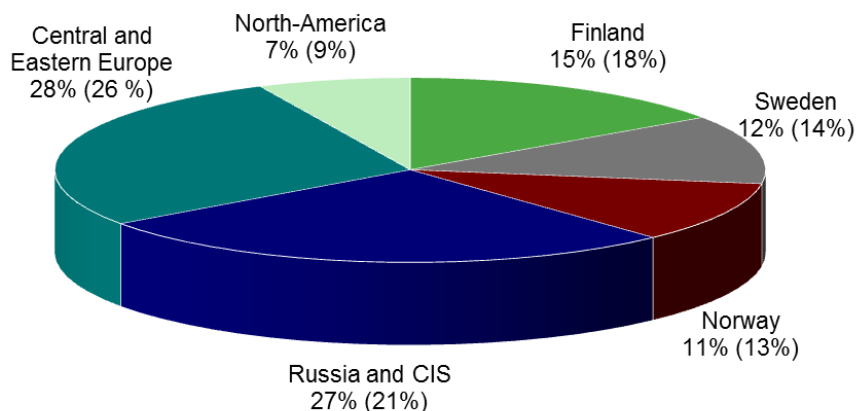
North America



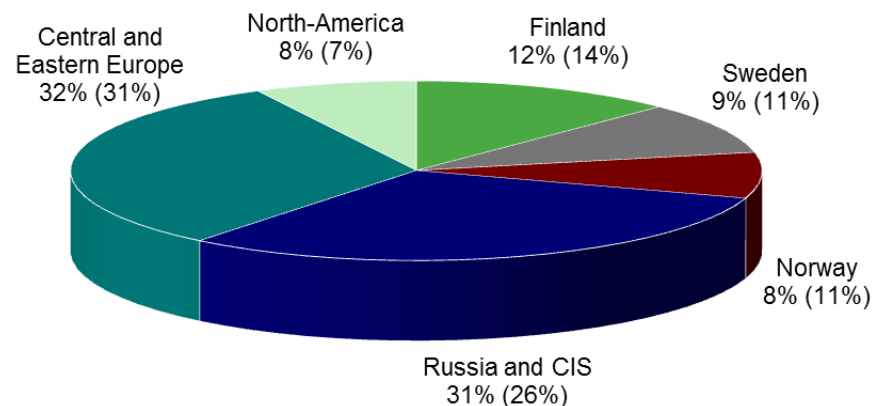
FINANCIAL PERFORMANCE

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

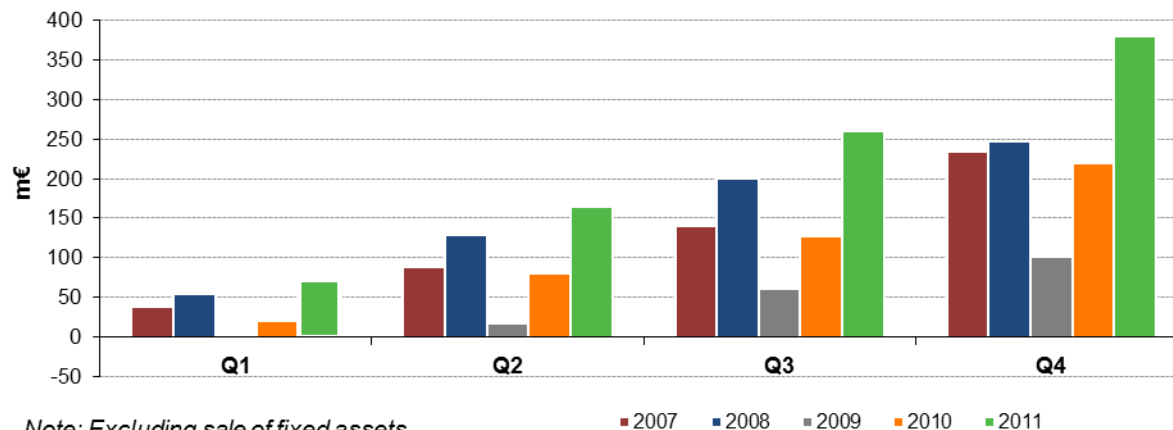
Net sales 482.5 m€

(368.7 m€), +30.9%

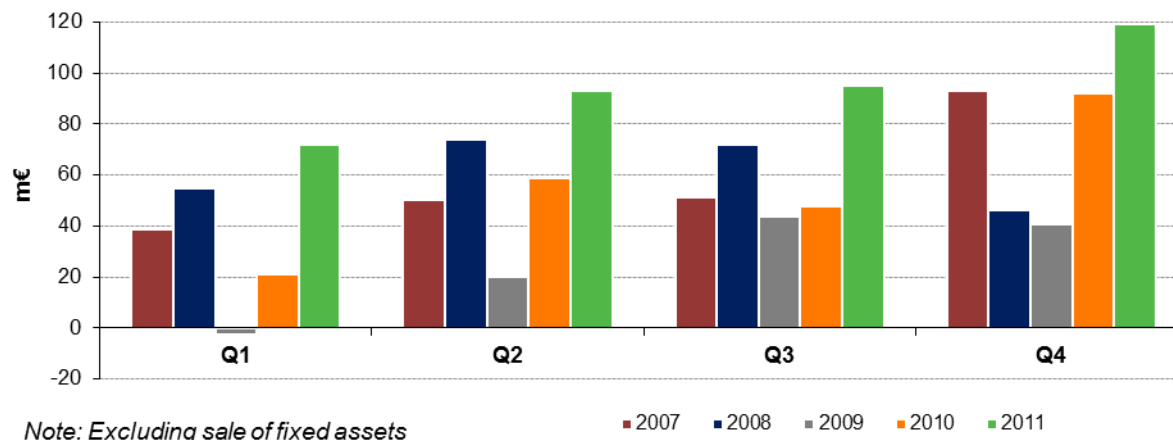
EBIT 119.1 m€

(91.8 m€), +29.7%

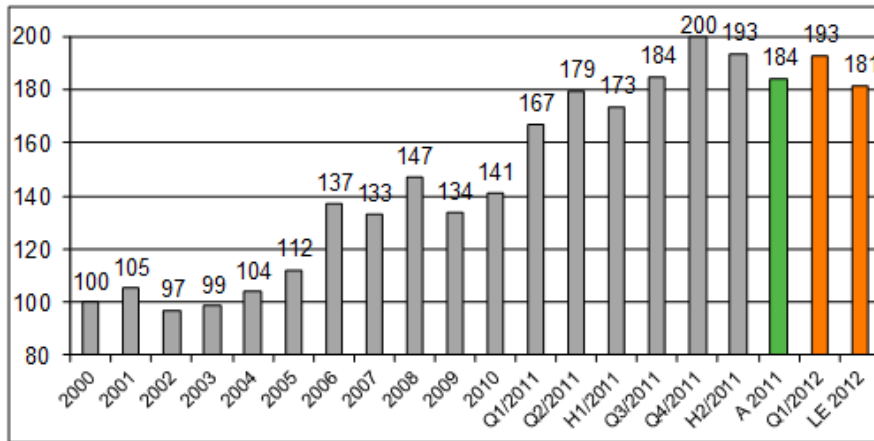
Cumulative operating result per quarter (m€)



Group operating result per quarter (m€)



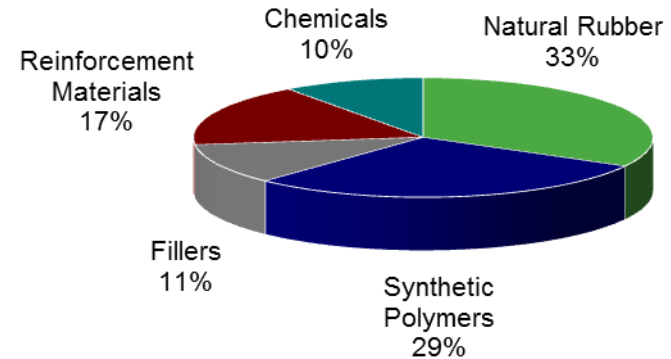
Raw material price development index 2000-E2012



Nokian Tyres raw material cost (€/kg)

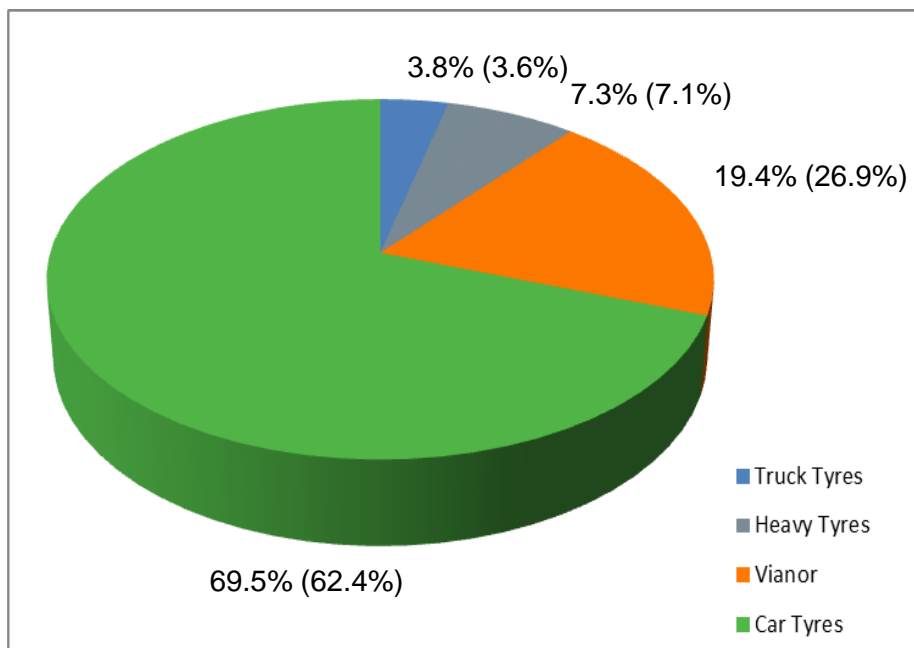
- **Raw material cost increased by**
 - 30.9% in 2011 vs. 2010
 - 33.3% in Q4/2011 vs. Q4/2010
 - 8.2% in Q4/2011 vs. Q3/2011
- **Raw material cost is estimated to**
 - decrease by 4% in Q1/2012 vs. Q4/2011
 - increase by 7% in H1/2012 vs. H1/2011
 - decrease by 0-2% in 2012 vs. 2011

Value of raw material consumption (%)

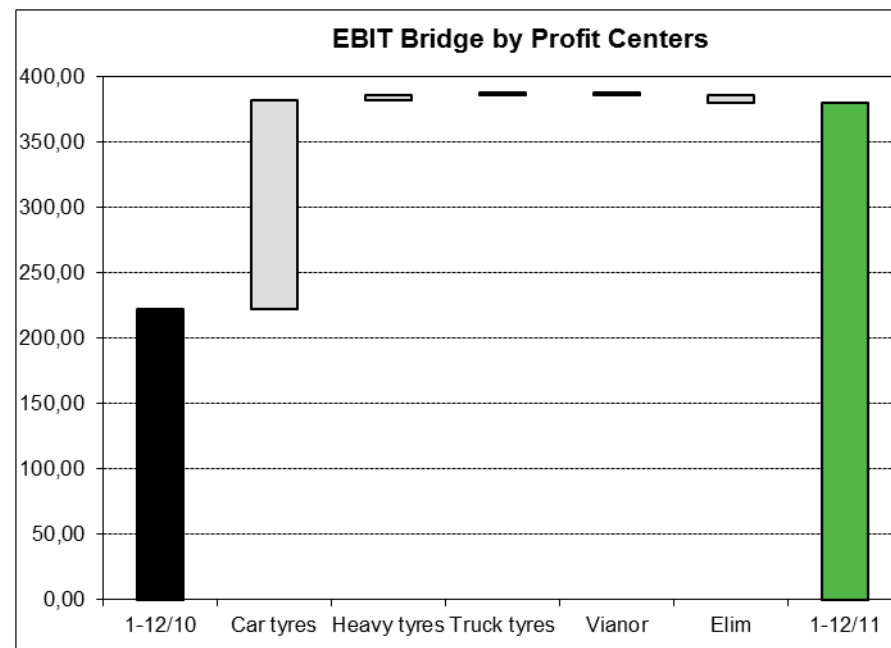


ASP improved >10% in 2011,
which resulted in higher gross margin

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%

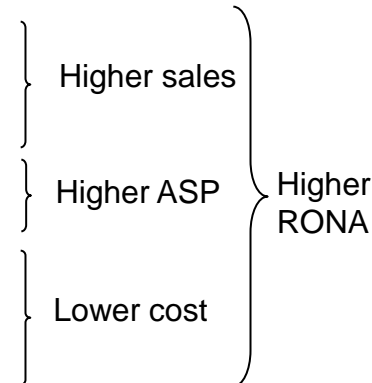
EBIT margin:

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 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)



Nokian Hakkapeliitta 7

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

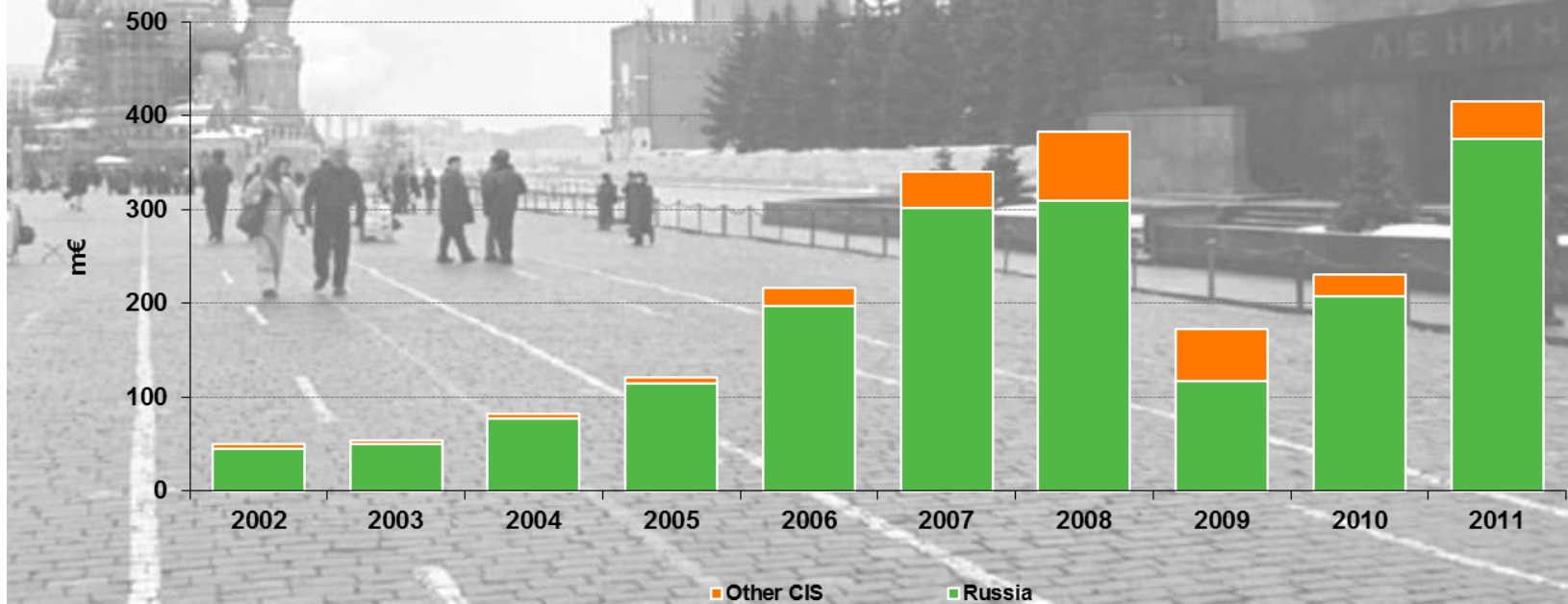
RUSSIA & CIS

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

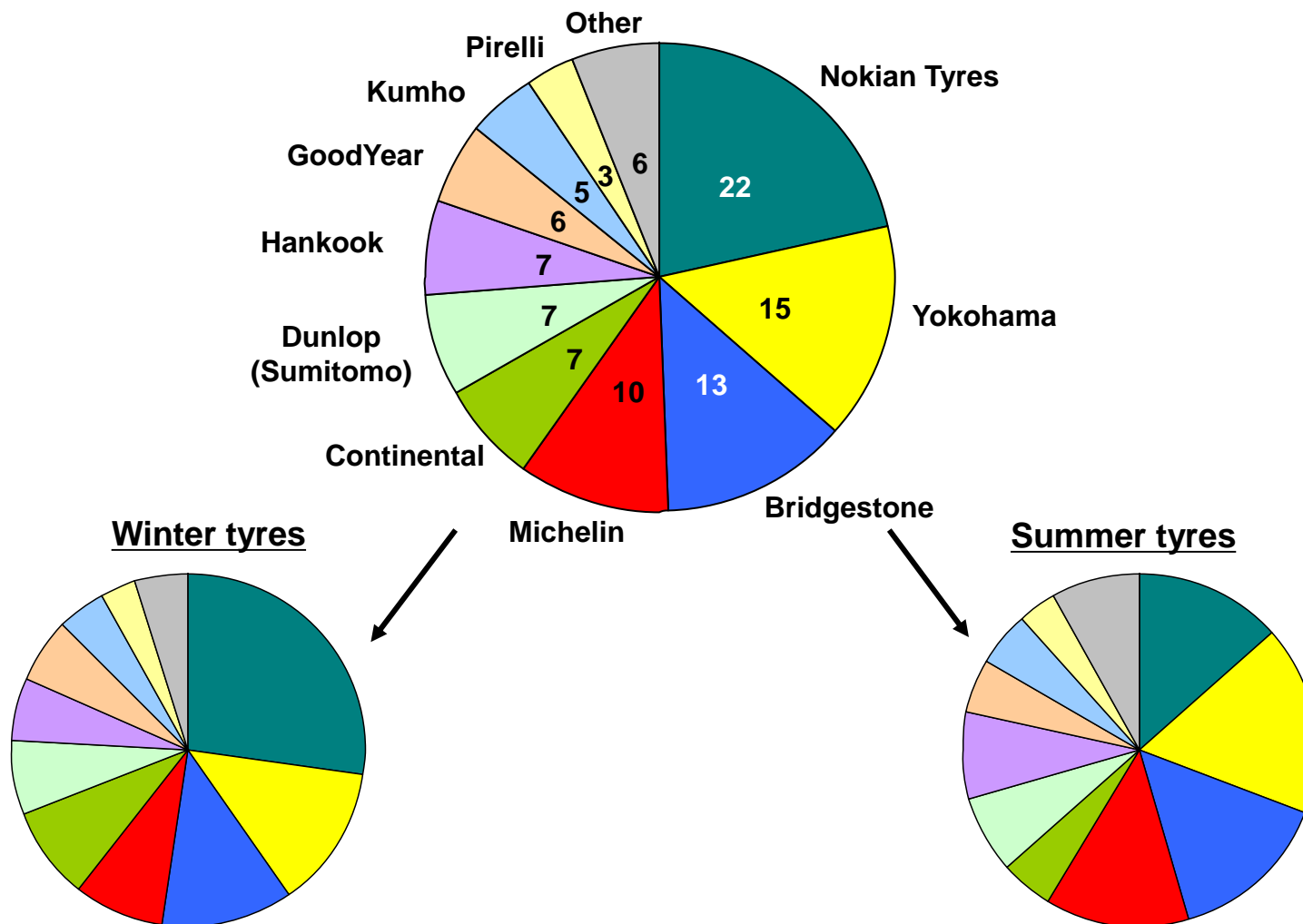
- 10 production lines operating – annual capacity increased to 11 million tyres
- New plant construction started; annual capacity increase of ~3 million tyres during 2012 with 2 new lines. Two more lines to be installed in 2013-2014
- State-of-the art machinery, high automation level and European quality 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

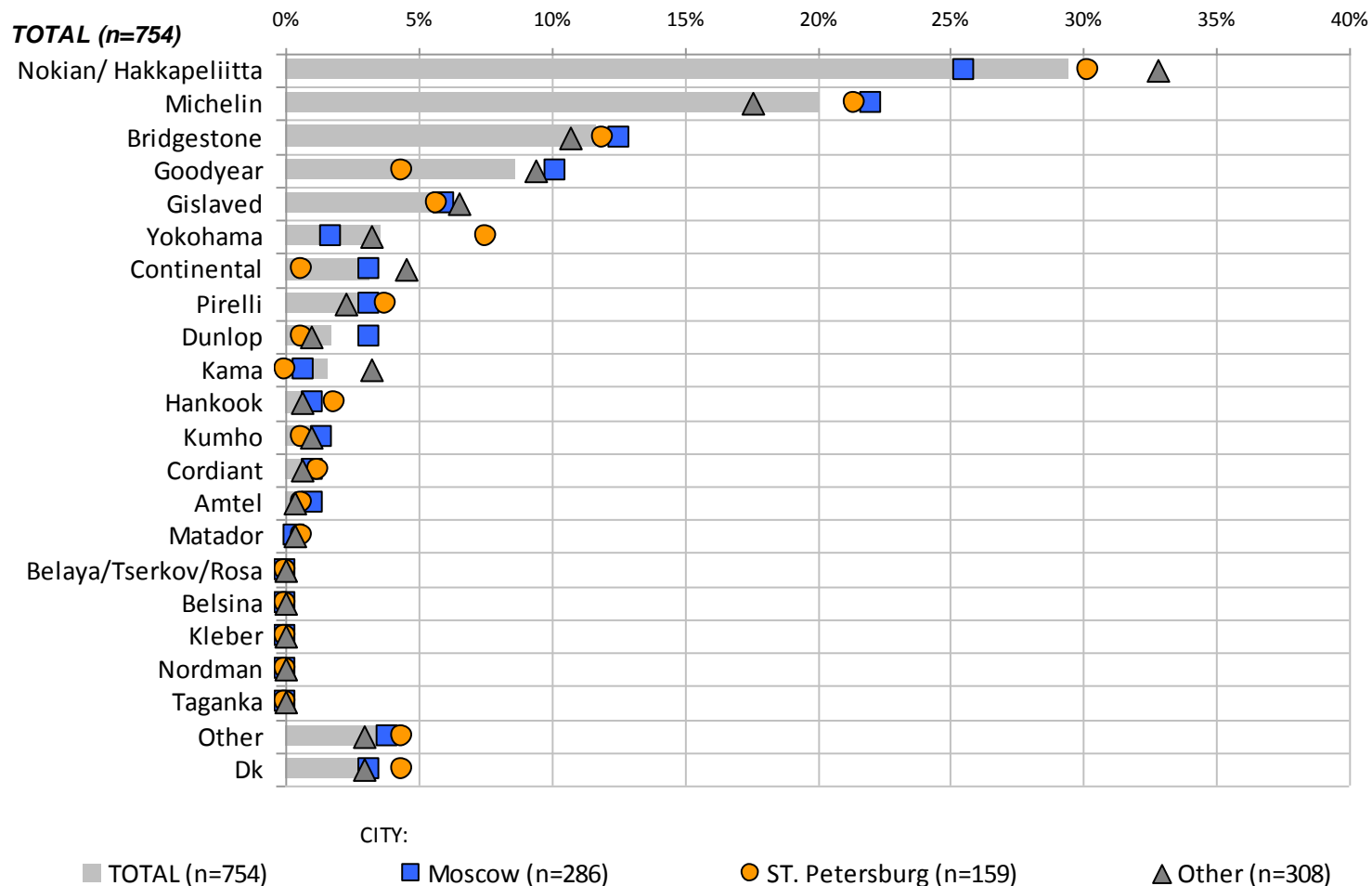
Estimated replacement A+B segments market shares 2011 by sell-in volume



BRAND SURVEY RUSSIA

Winter tyre brands – Top of mind

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



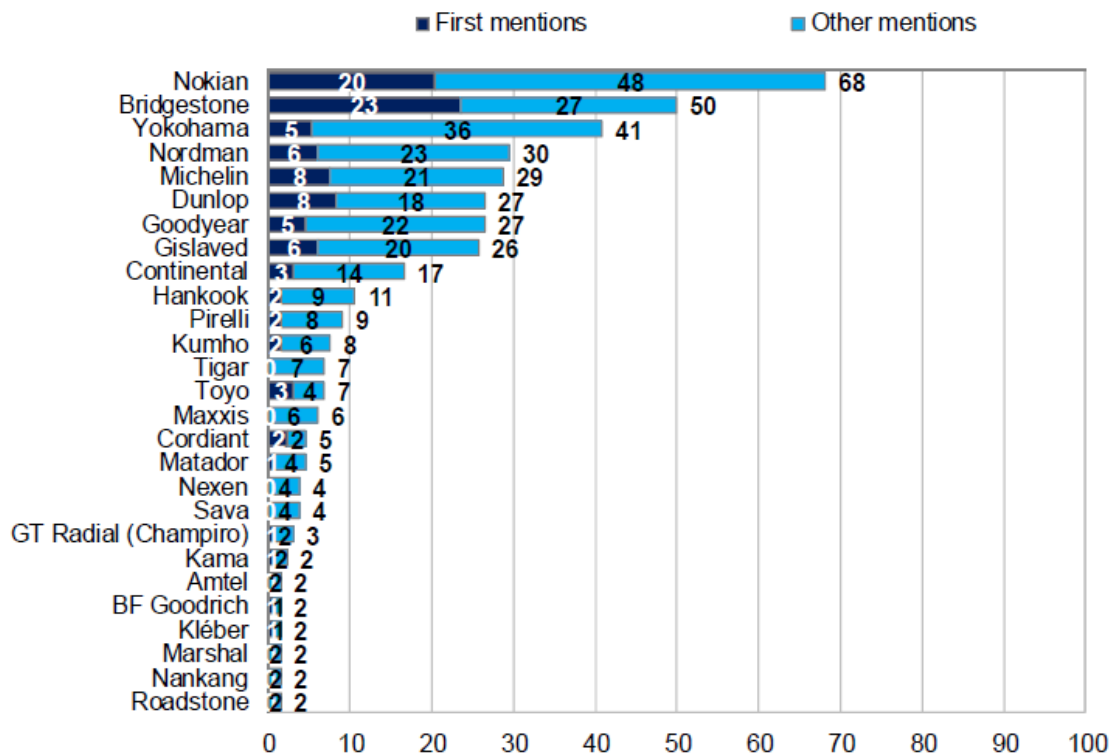
BRAND SURVEY RUSSIA

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)

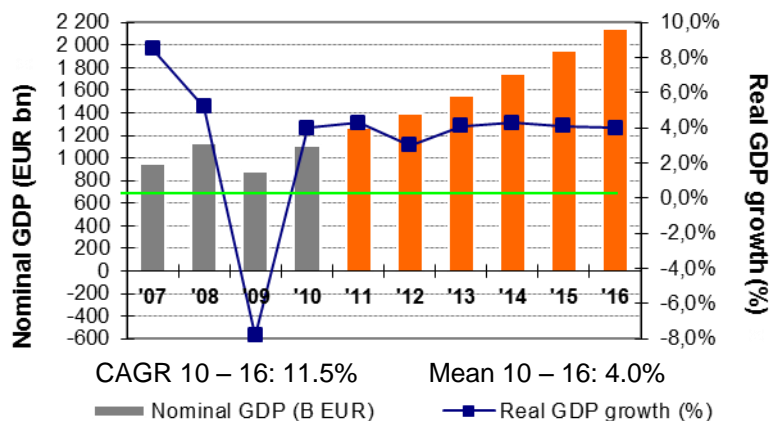
● DSD current cities (Moscow, SPb, Samara/Togliatti, Ekaterinburg, Chelyabinsk, N.Novgorod, Omsk, Rostov-on-Don, Perm, Ufa, Orenburg)

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

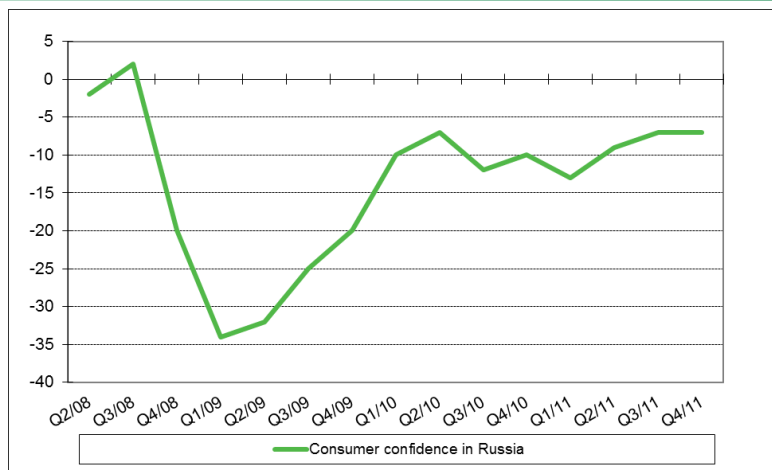
RUSSIA

Russia's economy recovering, but shadowed by global uncertainty

Russia's GDP growth



Consumer confidence in Russia

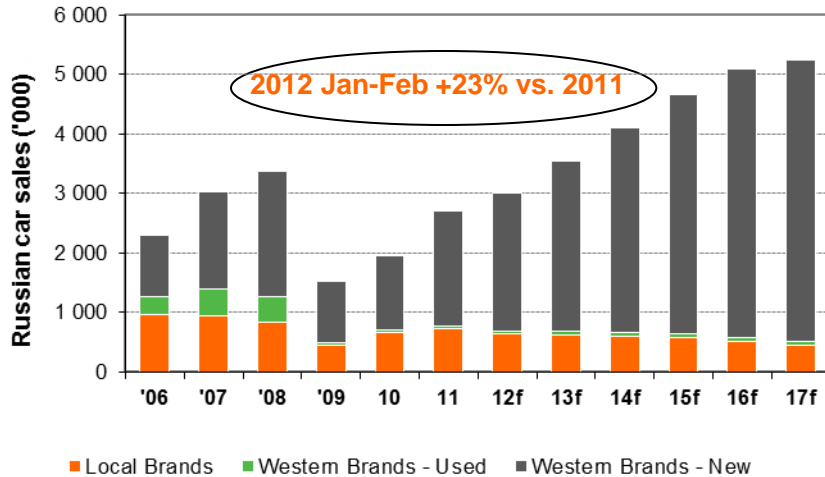


Source: RosStat, EIU and Nokian Tyres estimates Jan 2012

Major trends and expectations

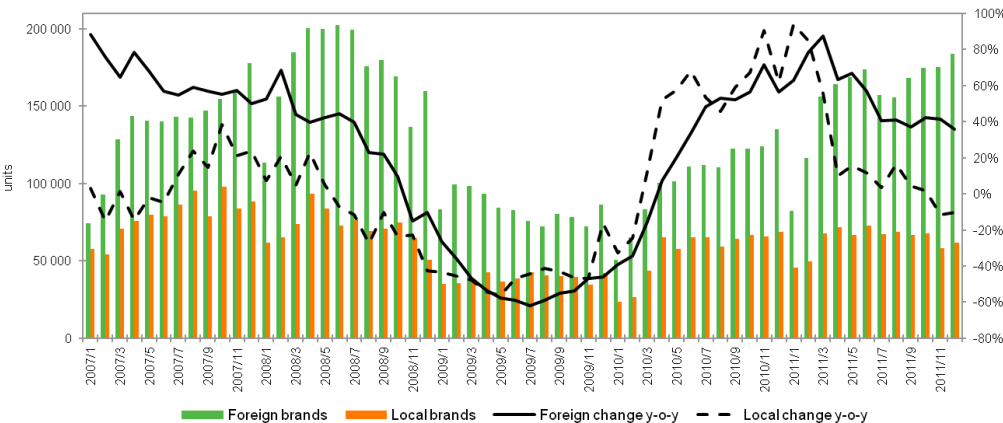
- Russia's economy is clearly recovering from the severe crisis of 2008 - 2009
- In 2009, economy fell into recession with an annual decrease in GDP of 7.9%, but in 2010 it grew by 4.0%
- Recovery kept momentum in 2011, backed by high oil and commodity prices
 - estimated annual real GDP growth in 2011 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

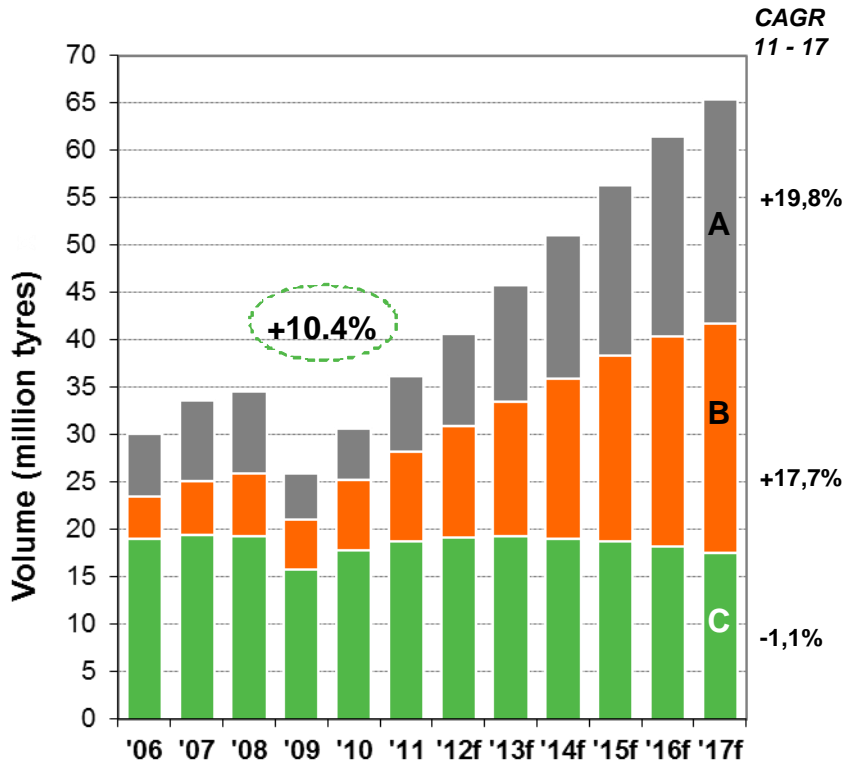
MONTHLY CAR AND LCV SALES



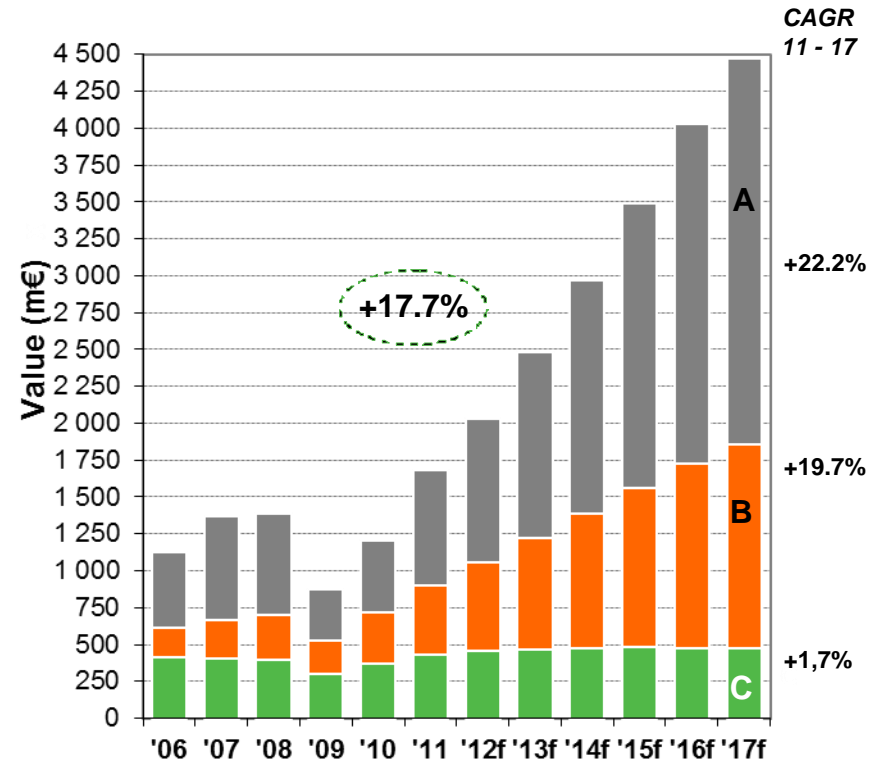
Car market summary

- 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%)

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

PROFIT CENTRES

Truck Tyres 2011: Profitable growth

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€)

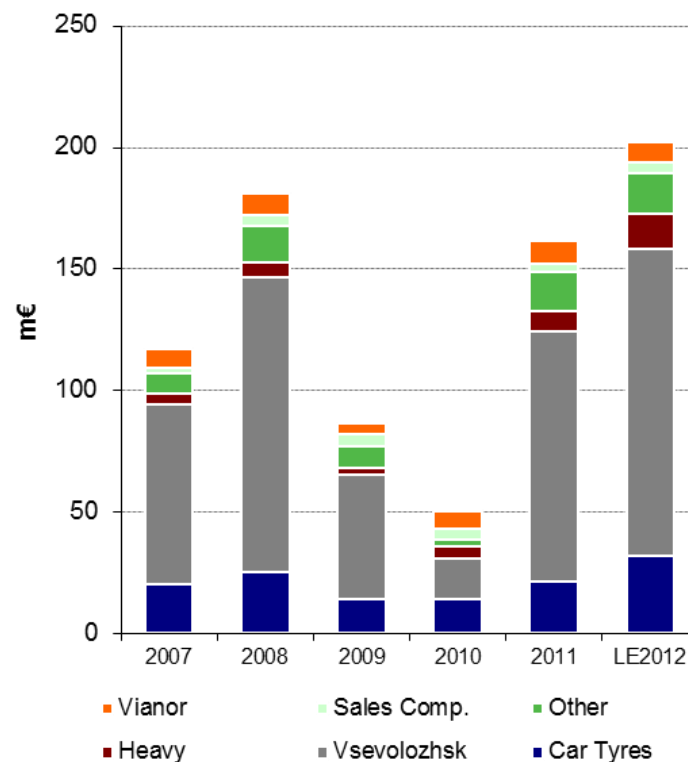
Russia

- 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.**

The first.
The fastest.

nokian
TYRES

