

The image features a close-up of a car's front wheel with a silver alloy rim and a black tire. The tire has 'Line SUV' and 'REX' printed on it. The car is parked on a grassy field with a blurred background of green hills and a blue sky with white clouds. In the top left corner, there is a green rectangular box containing the 'NOKIAN TYRES' logo in white text.

**NOKIAN<sup>®</sup>  
TYRES**

# Handelsbanken Russia Seminar

22 May, 2015

President and CEO Ari Lehtoranta

**Growth in the west – Russia remains challenging**

Nokian Tyres is the northernmost tyre manufacturer in the world, working relentlessly for safer, more comfortable and eco-friendly transportation – year round.

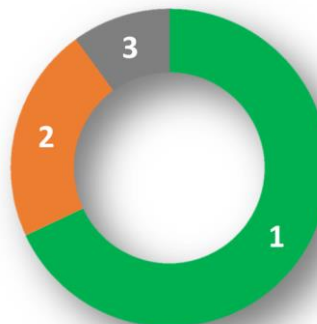
Net sales by market areas



Country / Area	2013	2014
1. Finland	14%	15%
2. Sweden	11%	13%
3. Norway	11%	12%
4. Russia and CIS	34%	26%
5. Central Europe	22%	24%
6. North America	7%	9%

Share of turnover

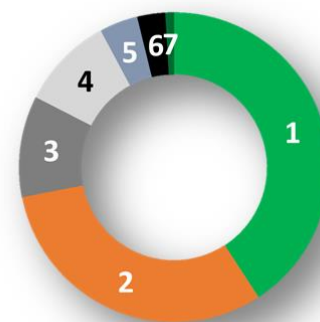
Net sales by business units



Business units	2013	2014
1. Passenger car tyres	71%	68%
2. Vianor	20%	22%
3. Heavy Tyres	9%	10%

Share of turnover

Personnel by area

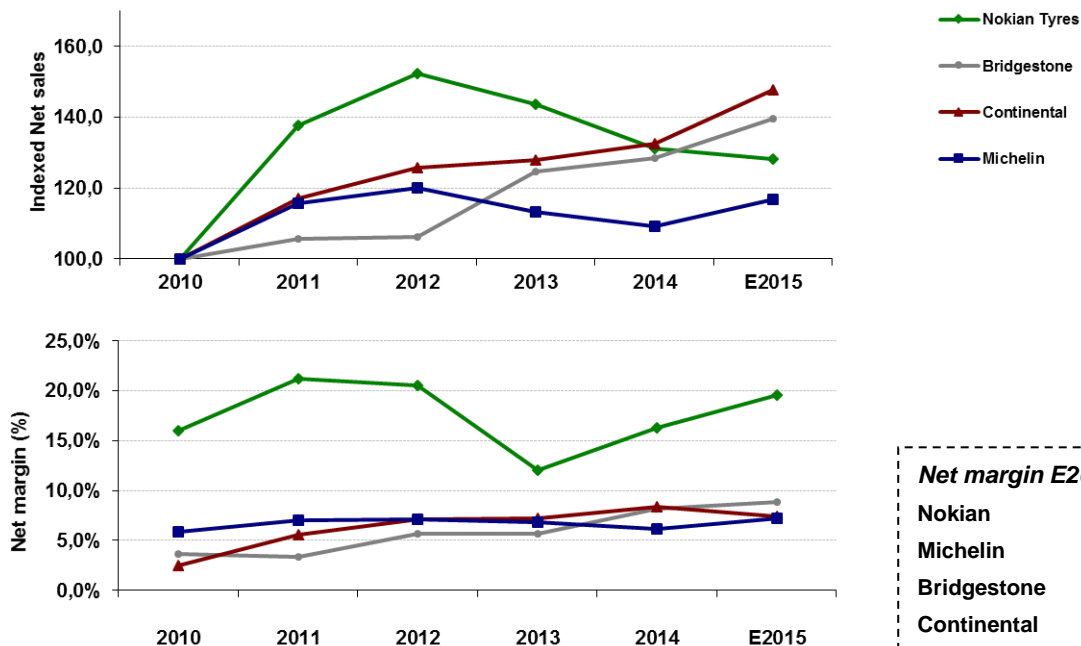


Country / Area	2014
1. Finland	41%
2. Russia	31%
3. Sweden	11%
4. Norway	10%
5. North America	4%
6. Central Europe	3%
7. Others	1%
Total	4,272

Key figures	2014
Net sales	M€ 1,389.1
Operating profit	M€ 308.7
Equity ratio	67.5%
Cash flow	M€ 458.3
Share of foreign shareholders	>60%
Personnel	4,272

# General overview

Nokian Tyres the most profitable tyre producer



Net margin E2015	
Nokian	19.5%
Michelin	7.2%
Bridgestone	8.8%
Continental	7.5%

Source: Consensus estimates for the peers as per Thomson Reuters 29 Apr 2015.  
**E2015 FIGURES ARE BASED ON CONSENSUS ESTIMATES, NOT NOKIAN TYRES GUIDANCE.**

# General overview

Indexed share price development 2010-Q1/2015



# Market overview 1-3/2015

Growth in the west – Russia remains challenging

Estimates	Nordic countries	Russia	Europe (incl. Nordics)	North America
GDP growth	+1-2%	-2...-3%	+1-2%	+0.2%
New car sales	+4%	-36%	+8%	+6%
Car tyre* sell-in	+9%	-20%	+2%	-2...-5
Heavy tyre segments **	↑	↓	↑	↑
Currency impact	●	●	-	●

\*) premium and mid-segment



\*\*) Nokian Tyres core product segments

# Nokian Tyres' performance 1-3/2015

North America booming, Russia struggling

Sales & SOM	Nordic countries	Russia and CIS	Other Europe	North America
Gross sales	+6.8%	-43.4%	5.6%	+49.0%
Car tyre sales pcs	+	-	+	+
Car tyre SOM	-	-	+	+

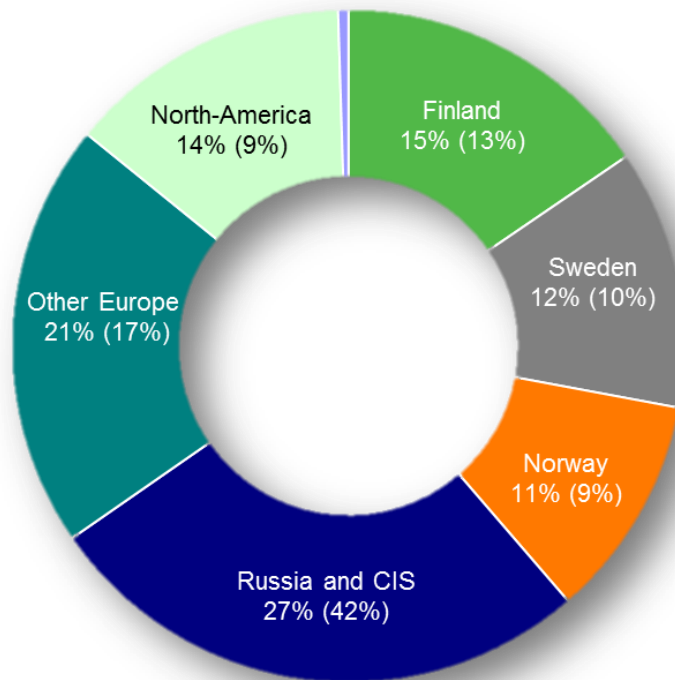
  

Profitability		Distribution	Units	Incr. Q1
Car tyre ASP (€/pcs)		Vianor equity-owned	195	+6
Raw material cost	-15.4%	Vianor total	1,371	+16
Fixed costs		NAD (+N-Tyre)	997	+75
Currency effect to Net sales, M€	29.1			
Car tyre production volume, pcs	-11.7%			
Car tyre productivity (kg/mh)	+5.3%			

# Gross sales by market area 1-3/2015

Western markets' weight up

- More balanced geographical sales split
- North America boosted by market share gain and strong USD/CAD



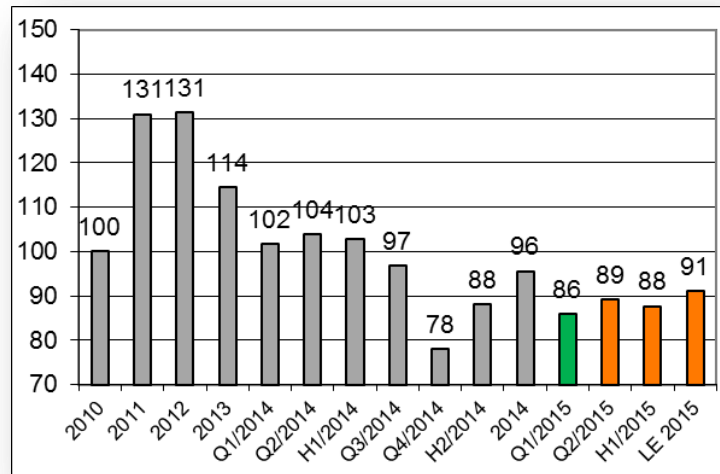
# Raw material cost development

Cost decrease levelling off

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

- decreased by 15.4% in Q1/2015 vs. Q1/2014
- increased by 10.5% in Q1/2015 vs. Q4/2014
- is estimated to decrease by 5% in 2015 vs. 2014

→ Estimated tailwind in 2015 vs. 2014: **15 M€**



Raw material cost development index 2010-E2015



# Business units 1-3/2015

Passenger car tyre unit took a hit from Russia/CIS

## Passenger Car Tyres

- Net sales: 207.6 M€; -15.9%
- EBIT: 60.1 M€; -25.0%
- EBIT margin: 28.9% (32.4%)

## Vianor

- Net sales: 55.0 M€; +11.2%
- EBIT: -12.6 M€; -5.0%
- EBIT margin: -22.9% (-24.2%)

## Heavy Tyres

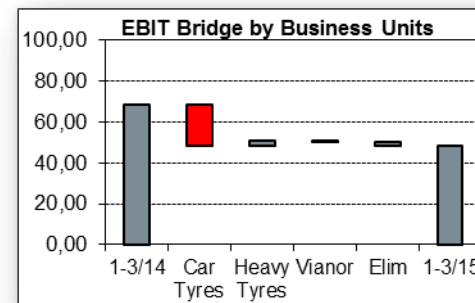
- Net sales: 37.6 M€; +8.8%
- EBIT: 6.7 M€; +50.1%
- EBIT margin: 17.9% (12.9%)

Net sales 281.3 M€



Business units	Q1/2015	Q1/2014
1. Passenger car tyres	69%	75%
2. Vianor	18%	15%
3. Heavy Tyres	13%	10%

EBIT 48.3 M€



# Nokian Tyres' retail partner network

Expansion of distribution continued

## Vianor – 1,371 stores

- in 27 countries
- increase of 16 stores in Q1/2015

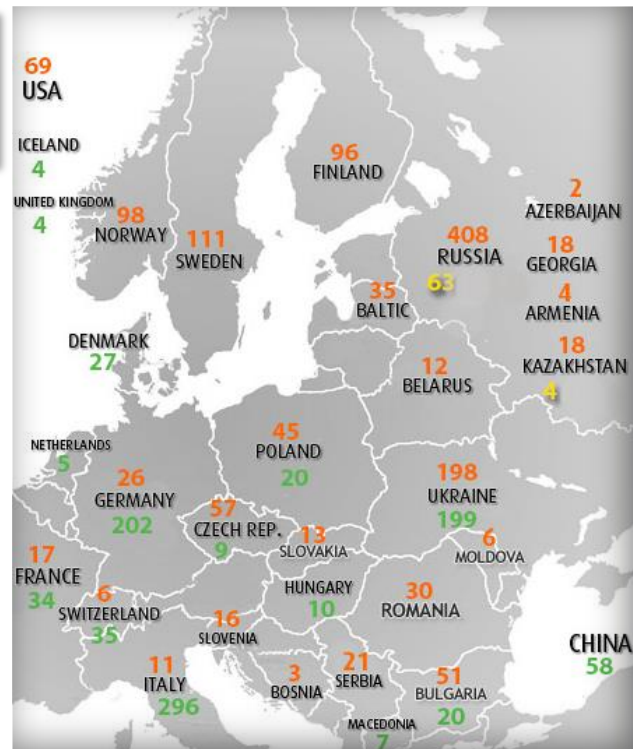
## Nokian Tyres Authorized Dealers (NAD) – 930 stores

- in 14 European countries and China
- increase of 61 stores in Q1/2015

## N-Tyre – 67 stores

- in Russia and Kazakhstan

**Vianor**  
**NAD**  
**N-Tyre**



# Passenger Car Tyres

Net sales cut by currencies and sales decline in Russia

## Performance in 1-3/2015

- + Sales up in western markets, especially in North America
- + Magazine test success continued with summer tyres
- + Tailwind from decreasing raw material cost supported margins
- + Productivity improved
- + Fixed costs decreased
- Sales in Russia fell clearly
- ASP decreased due to currency devaluations

	Q1/2015	Q1/2014	Change%	2014
<b>Net sales, M€</b>	207.6	246.9	-15.9%	1,003.2
<b>EBIT, M€</b>	60.1	80.0	-25.0%	292.2
<b>EBIT%</b>	28.9	32.4		29.1
<b>RONA%,roll.12 m.</b>	23.0	27.6		23.5

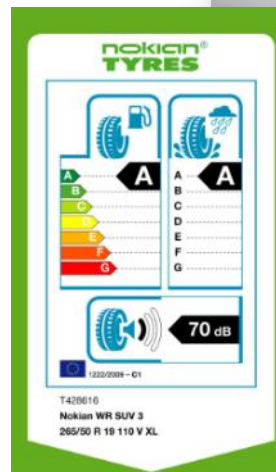


# State of the art know-how

The world's first winter tyre with class A wet grip and fuel efficiency

## The EU tyre label's top AA category is now a reality in winter tyres

- Nokian Tyres will in the autumn of 2015 offer European SUV drivers the world's first winter tyre that achieves the best possible class A in the EU tyre label's wet grip and fuel efficiency
- The modern Nokian WR SUV 3 (size 265/50 R19 V) targets the Central European market
- This genuine SUV winter tyre is excellently suited for versatile use on different sports utility vehicles
- The industry's finest snow and wet grip and fuel efficiency as well as precise handling combined with excellent durability

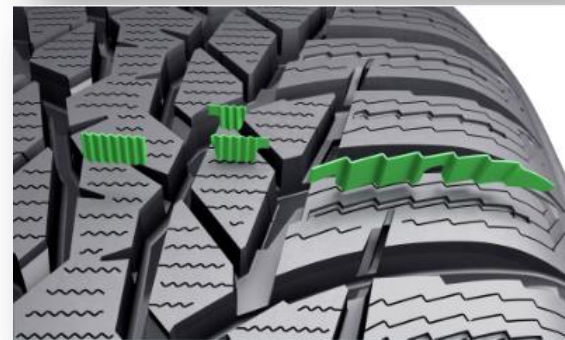


# Product launches 2015

Improving competitive strength in Central Europe

## The Nokian WR winter tyre family is renewing and growing

- Central Europe is the world's largest market area for winter tyres. Winter tyre segment is growing faster than the overall market
- As the tyre markets expand and winter tyre legislation becomes more common, Central Europe has become one of Nokian Tyres' most important areas for growth
- Three new winter tyre families for varying Central European winter weather
  - Nokian WR D4 passenger car tyre
  - Nokian WR C3 for versatile use on vans
  - Nokian Weatherproof product family for truly safe year-round use



**Nokian Block Optimized Siping.**  
More winter grip, better steering feel.

# Magazine tests 2015

Nokian Hakka Blue SUV test winner in Norway

- New Nokian Hakka Blue SUV was the crystal clear winner in the Norwegian Auto Motor og Sport magazine (5/2015).
- The magazine tested six premium SUV summer tyres in size 235/65R17.
- Nokian Hakka Blue SUV was the only one reaching the grade "Very Good"

DEKKTEST						
DEKKMERKE	NOKIAN	BRIDGESTONE	GOODYEAR	MICHELIN	CONTINENTAL	PIRELLI
Modell	Hakka Blue SUV	Dueter HP Sport	Efficient Grip SUV	Latitude Tour HP	4x4 Contact	Scorpion Zero
Sarmløst vektet poengsum: 33 (N:50%, T:40%, M:10%) (10)	9,7	8,5	7,8	7,2	7,1	6,6
BRISQ Prestigepremie	KONKLUSJON MEGET GODT	GODT	GODT	MODERAT BRA	MODERAT BRA	MINDRE BRA



# Russia and CIS countries

Oil price and currency devaluations hurt the economies

## Economy, car sales and tyre sales down

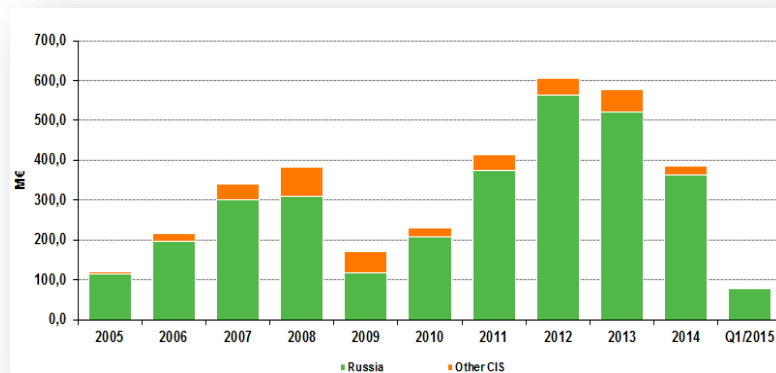
- RUB devaluation has cut purchasing power
- Interest rates for car loans very high
- Car sales -36%, tyre sales -20% in Q1

## Nokian Tyres' sales value down

- Sales decreased due to currency rate effects and lower volumes
- Market leadership in A&B segments with Nokian Hakkapeliitta/Hakka & Nordman solid despite the delay of winter tyre sales start

## Tyre demand growing in the long term

- Replacement market growing with expanding car park
- When economy recovers, growing car sales to increase demand for winter tyres



Nokian Tyres' sales in Russia and CIS

# Production facilities

Annualized production capacity >20 million tyres with shift arrangements. Potential to increase further by 1.5 mpcs in existing factories.



## 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

### 2012-2014:

- Car tyres 5-day shift system
- Temporary production cuts
- Modernization and ramp up of Heavy tyre production



## Vsevolozhsk, Russia

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

### 2012:

- New factory next to the current one
- Own electricity generation

### 2013-2014:

- 13 lines in production. Capacity > 15 Mpcs.



# Outlook 2015

## Full year guidance for 2015 reiterated

### Assumptions

- Core markets
  - New car sales growth 5% in Europe
  - New car sales in Russia to decline 20-25%
  - Russia and CIS currencies weak against EUR
  - Sales shift from A to B segment in Russia shadow ASP development
- Raw material cost (€/kg) to decrease 5% in 2015 vs. 2014
- Investments approximately 100 M€
- Passenger car tyre markets
  - Demand in North America and CE to grow
  - Demand in Nordic countries to be stable
  - Demand in Russia & CIS to decline 20%
- Heavy tyre market demand stable in Nokian core product groups
- Nokian Tyres financial position remains solid

### Outlook 2015

- Nokian Tyres' position to improve in all markets
- Pricing environment tight for all tyre categories
- Profitability supported by efficient cost structure and productivity on the back of high share of Russian production

### Year 2015 guidance

- In 2015, with current exchange rates, Net sales and Operating profit are to decline slightly compared to 2014.

Thank you!

**NORTH  
PROOF**  
BY nokian<sup>®</sup>  
**TYRES**