

**nokian
TYRES**

**Handelsbanken Russia Seminar
29 May, 2012**

**A flying start, good Q1 results
and continuing growth in 2012**

**Mr. Kim Gran
President and CEO
Nokian Tyres plc**

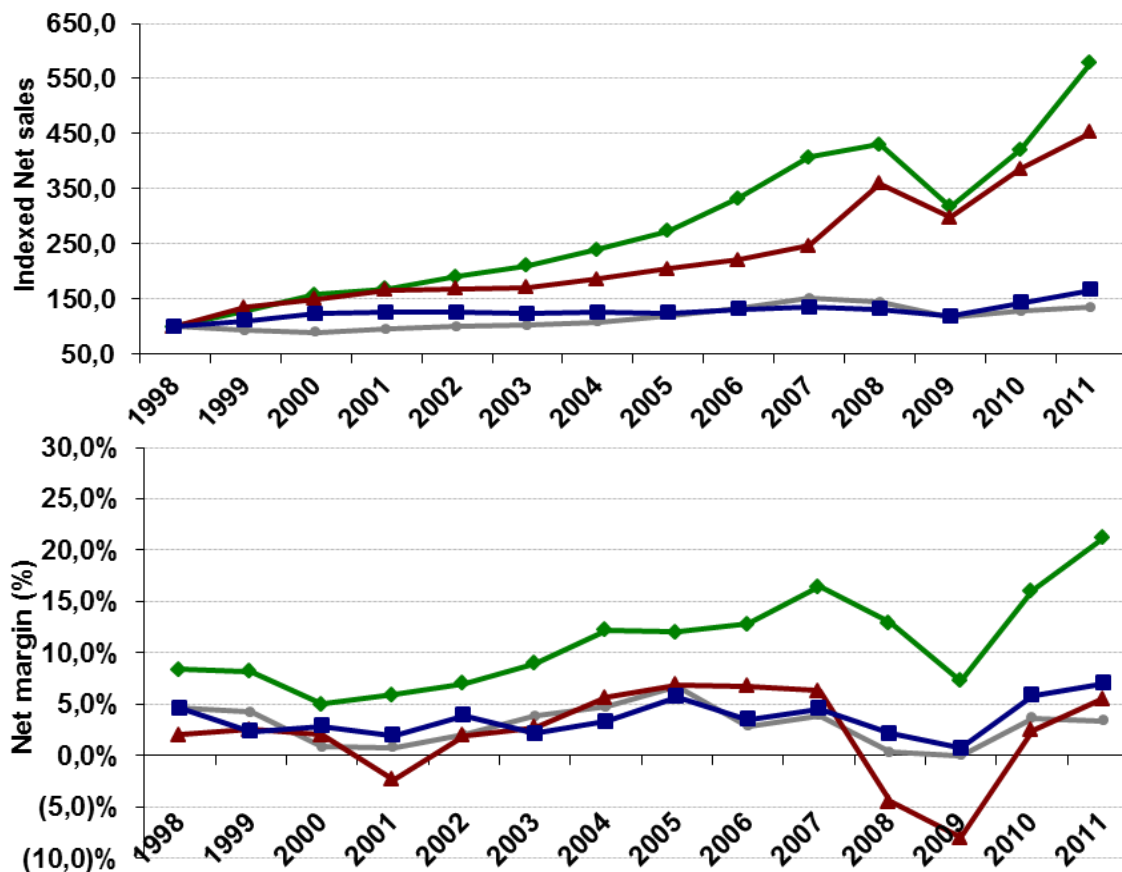


GENERAL OVERVIEW

Competitor comparison 1998-2011:

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 – 2011	
Nokian	10.5%
Michelin	8.1%
Bridgestone	-2.2%
Continental	n.m. ¹⁾
Net margin 2011	
Nokian	22.1%
Michelin	7.1%
Bridgestone	3.4%
Continental	5.5%

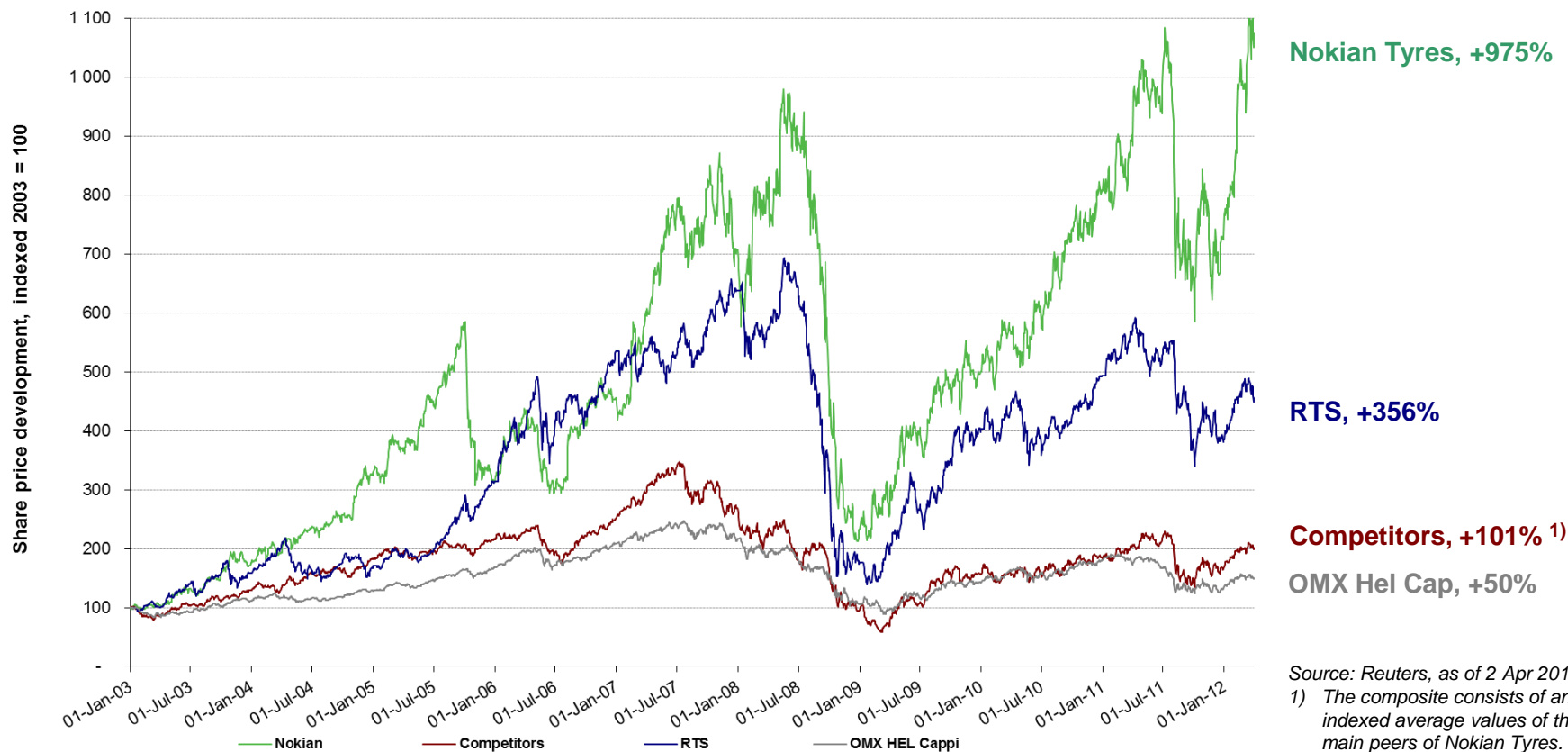
Source: Results 1998-2011 (company websites).

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.

GENERAL OVERVIEW

Comparing share price development to main indexes 1/2003 - 3/2012



Nokian Tyres

by Mar-30-2012

	Last 9 years	Last 3 years	Last 2 years	LTM	L6M	L3M	Last month
High	37,48	37,48	37,48	37,48	37,48	37,48	37,48
Average	17,31	23,02	26,70	29,33	28,22	31,71	35,49
Low	3,47	9,03	17,24	19,89	19,89	25,82	31,94

GENERAL OVERVIEW

Strategy: Focusing as a cornerstone

Nordic conditions

- Winter & Forest
- High growth potential – in product segments and market areas
- Russia and CIS, Central 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.



Nokian Tyres Fastest on Ice with an electric car:
New World Record 252.09 km/h

GENERAL OVERVIEW

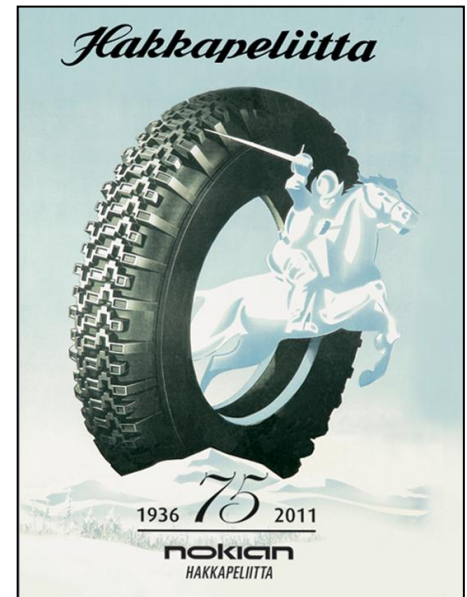
Strategy: Supporting elements

Investments in R&D, production, distribution and logistics

- Philosophy of sustainable safety
- Own production concentrates on high-margin key products
- New products make at least 25% of net sales annually
- Continuous improvement of processes, quality, productivity and logistics

Corporate culture

- Open and participatory culture, “Hakkapeliitta Spirit”
- Continuous personnel development
 - Highly motivated working community
 - Success of individuals and the company



”The original winter tyre”

Manufacturing



Manufacturing

- Suomen Gummitehdas was founded in 1898
- Nokia plant in 1904
- Russia plant in 2005

Distribution



Distribution

- Since the late 1990's controlled distribution and contact to end users; a tool to improve market shares
→ Vianor tyre chain

Consumers



Consumers

- In 2009 desire to be closer to consumers
- Electronic business, creating consumer relationship, improving interaction
→ "Close to customer"

GENERAL OVERVIEW OF 1-3/2012

A flying start, good Q1 results and continuing growth in 2012

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

Summary

- Sales grew on all key markets, especially in Russia
- Nokian Tyres' market shares up in Russia and Central Europe
- Strong sales of Hakkapeliitta range in Nordic countries and Russia plus new test-winning summer tyre range fuelled growth and improved ASP
- Improved sales mix with more SUV's → car tyre margins up
- Vianor expanded to 932 stores, addition of 22 in Q1/2012
- Capacity increases: production output (tons) up by 38%
- Uncertainty in Central Europe increased

Outlook: Profitable growth

- Strong demand and order book, especially in Russia
- Raw material cost stabilizing and estimated to increase by 2% in 2012 vs. 2011
- Capacity ramp-up proceed as planned:
 - New plant in Russia in installation phase, production with lines 11 and 12 to start during 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.**

FINANCIAL PERFORMANCE

Group operating result per quarter 2007-2012

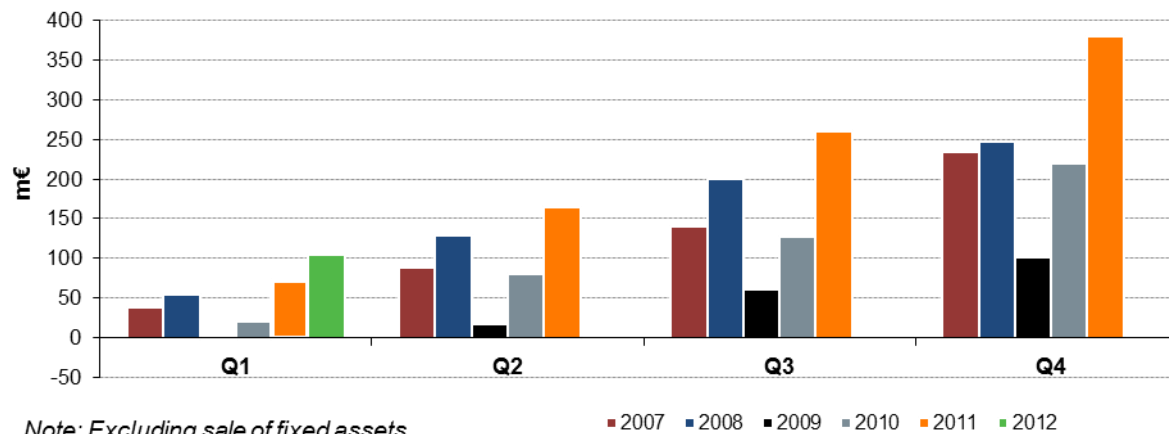
1-3/2012

Net sales 384.3 m€
(298.2 m€), +32.9%

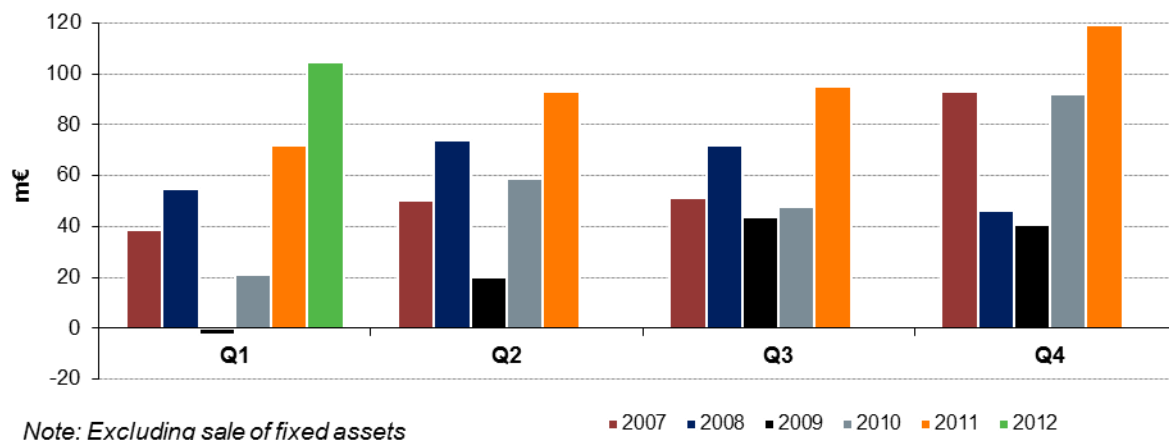
EBIT 105.0 m€
(72.3 m€), +45.3%

- All-time high Q1

Cumulative operating profit per quarter (m€)



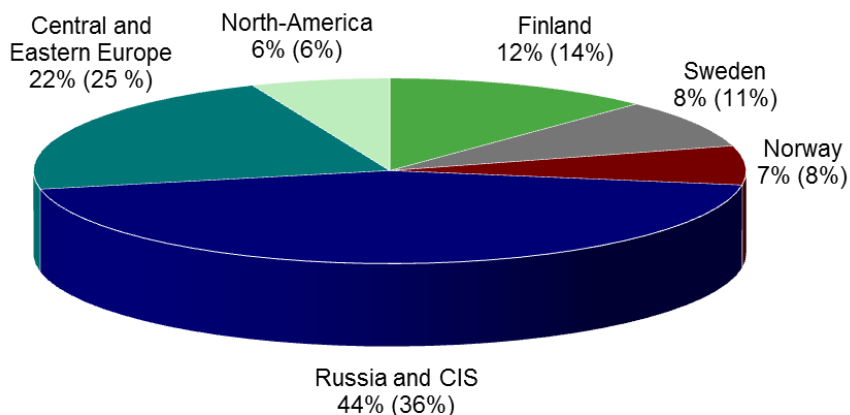
Group operating profit per quarter (m€)



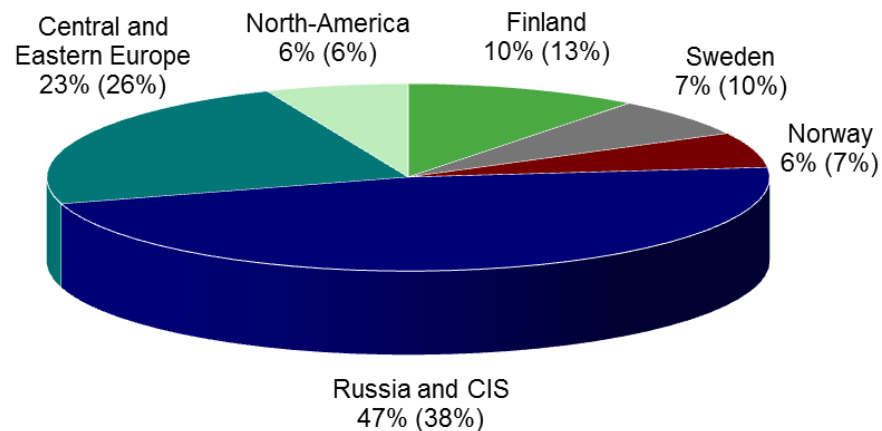
FINANCIAL PERFORMANCE

Gross sales by market area 1-3/2012

Sales of Nokian Tyres Group: 411.9 m€, +35.1%



Sales of Manufacturing Units: 387.7 m€, +34.3%



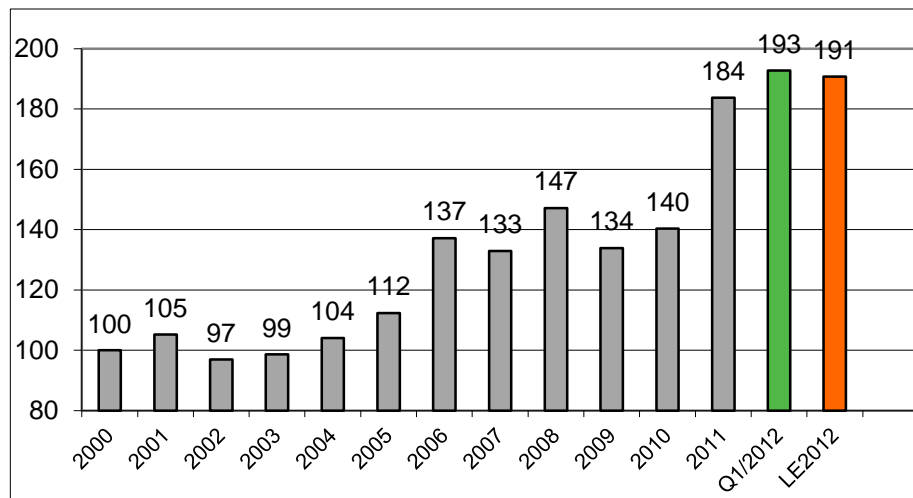
GROUP Sales development in euros

▪ Nordic countries	+10.8%
▪ Russia and CIS	+66.2%
▪ Central and Eastern Europe	+18.7%
▪ North America	+44.8%

MANUFACTURING Sales development in euros

▪ Nordic countries	+3.2%
▪ Russia and CIS	+66.1%
▪ Central and Eastern Europe	+18.9%
▪ North America	+49.9%

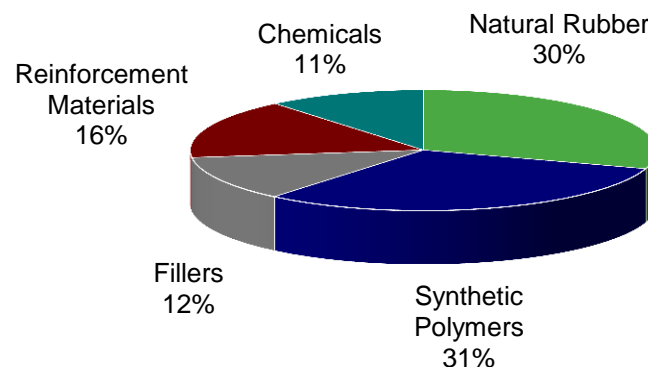
Raw material price development index 2000-E2012



Nokian Tyres raw material cost (€/kg)

- **Raw material cost**
 - increased by 15.7% in Q1/2012 vs. Q1/2011
 - decreased by 3.6% in Q1/2012 vs. Q4/2011
- **Raw material cost is estimated to**
 - decrease by 4% in Q2/2012 vs. Q1/2012
 - increase by 9% in H1/2012 vs. H1/2011
 - increase by 2% in 2012 vs. 2011

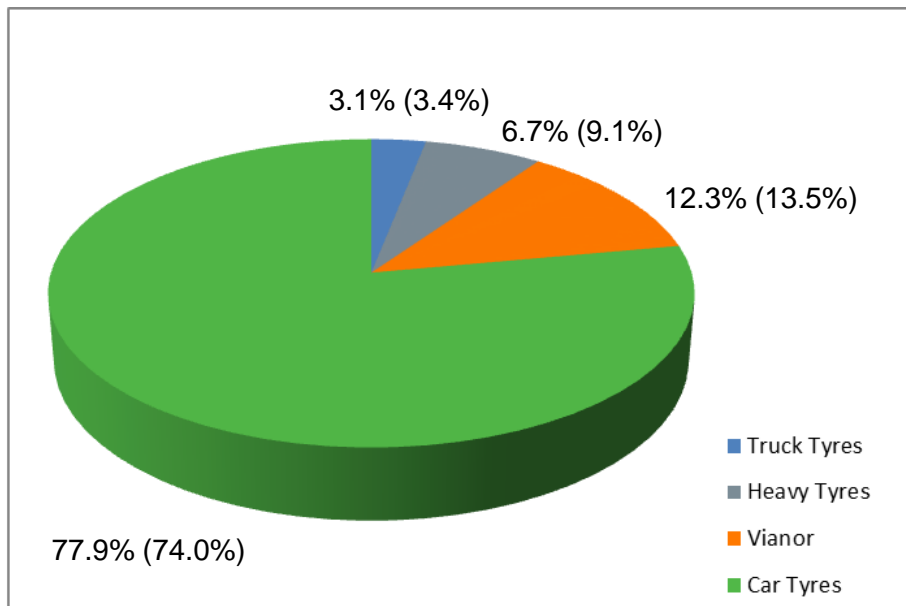
Value of raw material consumption (%)



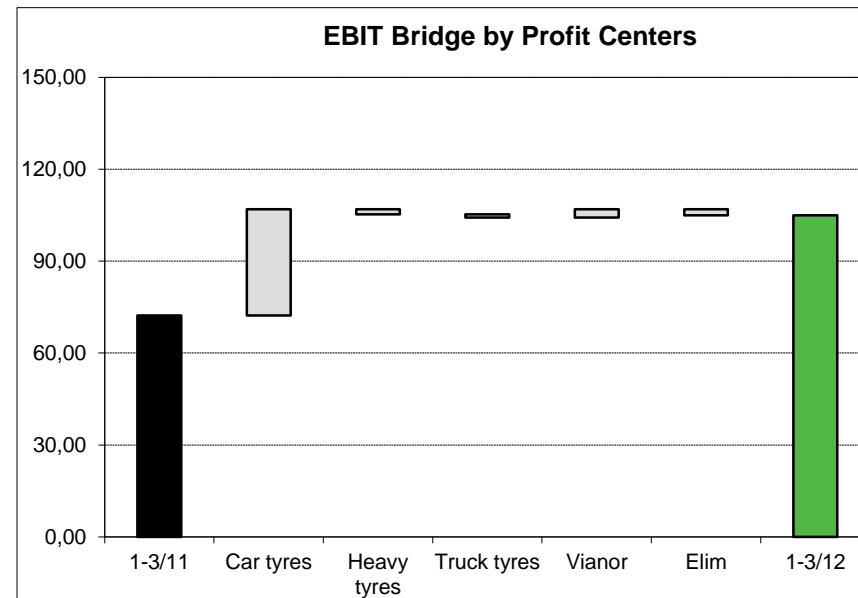
PROFIT CENTRES

General overview 1-3/2012

Net sales 384.3 m€; +32.9%



EBIT 105.0 m€; +45.3%



Passenger Car Tyres

- Net sales: 315.9 m€; +37.5%
- EBIT 118.7 m€; +41.2%
- EBIT margin: 37.6% (36.6%)
- Key products: studded and non-studded winter tyres, high-speed summer tyres

Heavy Tyres

- Net sales: 27.0 m€; -4.8%
- EBIT: 3.8 m€; -30.2%
- EBIT margin: 14.0% (19.1%)
- Key products: tyres for forestry, industrial and agricultural machinery

Truck Tyres

- Net sales: 12.6 m€; +19.4%
- Key products: truck tyres and retreading materials

Vianor

- Net sales: 50.1 m€; +19.4%
- EBIT: -10.4 m€; +20.8%
- EBIT margin: -20.8% (-31.3%)
- 932 stores in 24 countries in Nokian Tyres' core markets

PROFIT CENTRES

Passenger Car Tyres 1-3/2012: Russia spearheads sales growth

Performance in 1-3/2012

- + Record-high Q1 sales, significant growth in Russia
- + Healthy growth from SUV tyre sales
- + Order book strong in Russia and the Nordic countries
- + Market share up in Russia and CE
- + Magazine test wins for summer tyres both in Nordic and CE
- + Improved sales mix and previous year's price increases → ASP up
- + Production (pcs) up by 39% vs. Q1/2011
- + Productivity up trailing the higher production volume
- + Capacity increase projects proceeded as planned
- Raw material cost increased 15.7% YOY
- Order book in CE started to decline

Key actions and targets for 2012

- Increase sales, especially in Russia
- 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
- Secure collection of receivables

→ Focus on optimizing supply capacity & logistics for growing deliveries and controlling inventories & trade receivables

Net sales:

1-3/2012: 315.9 m€ (229.7 m€); +37.5%

EBIT:

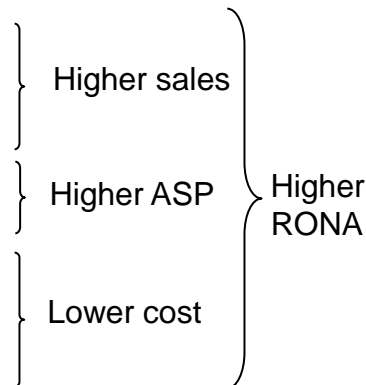
1-3/2012: 118.7 m€ (84.1 m€); +41.2%

EBIT margin:

1-3/2012: 37.6% (36.6%)



New Nokian Hakka Blue, multiple test winner in the core markets.



MAGAZINE TESTS

Test success continues – both in summer and in winter

SUMMER TYRES, spring 2012

Nokian Hakka Blue – Wet Performer

Summer tyre for core markets

- Test victories e.g.: Tekniikan Maailma, (Finland), Aftonbladet BIL (Sweden), Motor/NAF (Norway), AutoReview (Russia), Auto Centre (Ukraine)

Nokian Hakka Green – Naturally safe

- Test victories: Tuulilasi, (Finland), Vi Bilägare (Sweden)

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, Auto Test

Nokian H summer tyre for CE

- Test victory: Autozeitung



Nokian Hakka Blue



Nokian Hakkapeliitta 7

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:

- Tuulilasi (Finland), Vi Bilägare (Sweden)
- 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 sales growth

- Sales in Russia in 1-3/2012 grew by 66.9% to 171.5 m€ (102.8 m€)
 - Good economic situation and continued growth in new car sales
 - Improved production and supply capacity of Nokian Tyres
- Sales in CIS (excluding Russia) increased to 9.0 m€ (5.8 m€)

→ **Nokian Tyres is clear market leader in premium tyres in Russia and CIS countries**

Russia and other CIS sales development



RUSSIA

Nokian Tyres is the strongest player in Russia

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, will gradually decrease to 10% in 5 years)
- 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 – 498 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 38 countries: Biggest consumer goods exporter in Russia
- Housing project, Hakkapeliitta Village – phase II construction in 2012-2013
- Number of personnel in Russia on 31 March, 2012: 1,074 (911)



RUSSIA & CIS:

Distributors, DSD-warehouses and Vianor stores 31 March, 2012

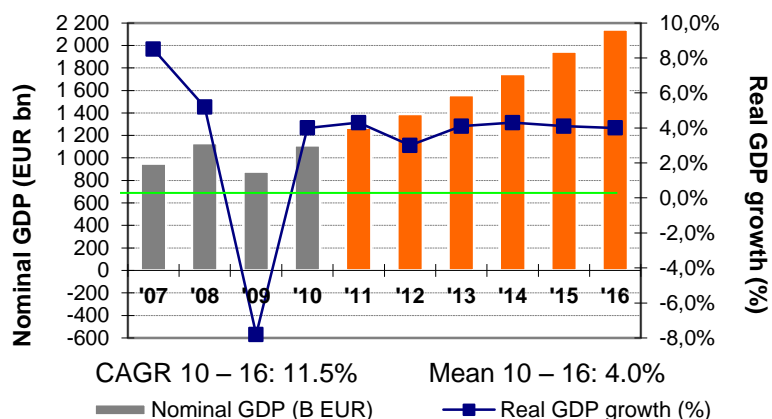


- Distributors (34)
- DSD current cities (Moscow, SPb, Samara/Togliatti, Ekaterinburg, Chelyabinsk, Kazan, N. Novgorod, Omsk, Rostov-on-Don, Perm, Ufa, Orenburg)
- 498 Vianor stores in 290 cities; +7 stores in Q1/2012

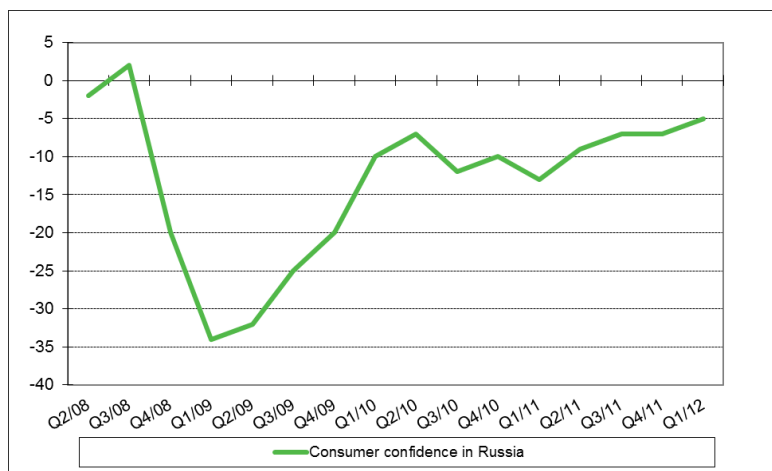
RUSSIA

Russia's economy recovering, but shadowed by global uncertainty

Russia's GDP growth



Consumer confidence in Russia

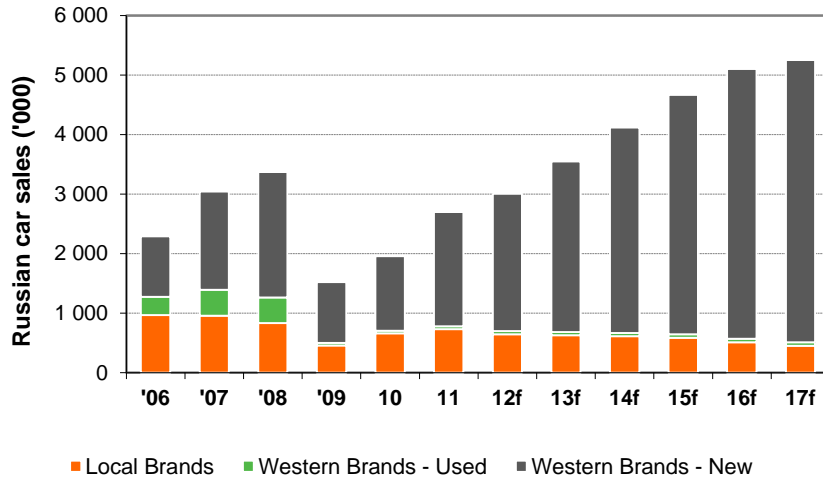


Source: RosStat, EIU and Nokian Tyres estimates Apr 2012

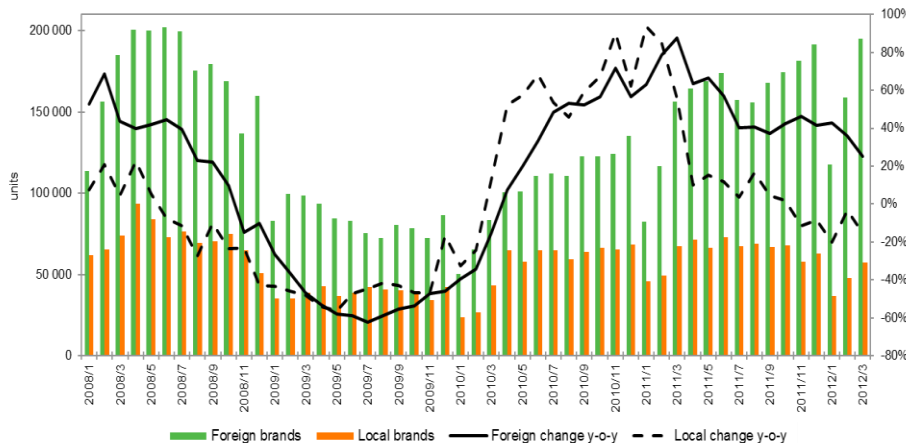
Major trends and expectations

- Russia's economy has clearly recovered 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
 - 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 has dominated economic policy since autumn 2011; further economic policy will be determined when a new government is formed after the new president's inauguration in May
- Consumer confidence has stabilized and practically reached its normal level
- Ruble exchange rate has strengthened against major currencies: in early 2012 the RUR/EUR rate stabilized at 38-39

Russian car sales forecast – base scenario



Monthly car sales



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

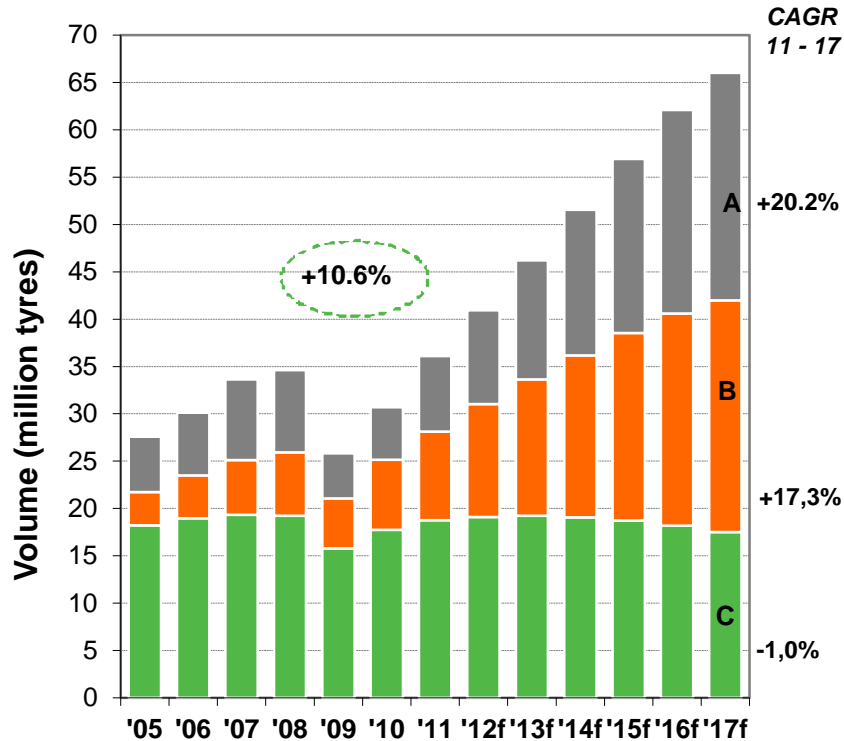
Car market summary

- 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)
- In Q1/2012 growth continued, albeit at a slower pace in March than in previous months
 - The whole Q1/2012 showed a 19% increase vs. Q1/2011, but in March the increase was 13% compared to the same month last year
- 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 throughout 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%)

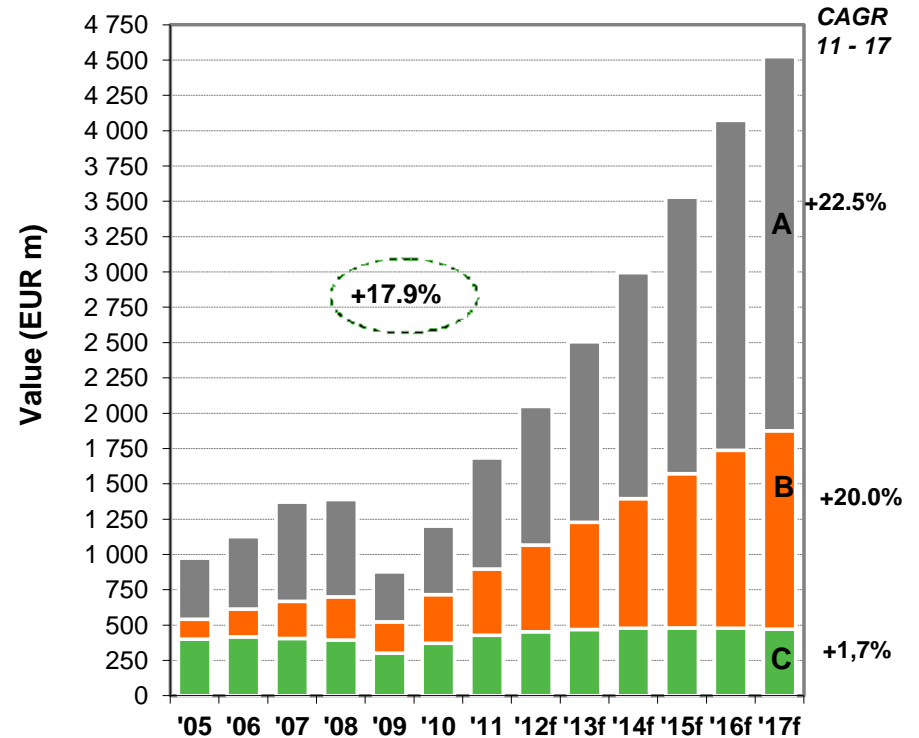
RUSSIA

Tyre market passed 2008 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 April 2012

PROFIT CENTRES

Vianor 1-3/2012: Result improved, network expanding as planned

Performance in 1-3/2012

- + Expansion to 932 stores in 24 countries; +22 stores in Q1/2012.
New country: Serbia
- + Equity-owned stores' sales improved, especially in tyre retail, car services and tyre hotel services
- + Six car service operations were acquired and integrated to existing Vianor stores
- Operating result negative due to strong seasonality

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:

1-3/2012: 50.1 m€ (41.9 m€); 19.4%

EBIT:

1-3/2012: -10.4 m€ (-13.1 m€); 20.8%

EBIT margin:

1-3/2012: -20.8% (-31.3%)



Vianor store in Germany

EXPANSION OF DISTRIBUTION CHANNEL

Vianor 1-3/2012: Foothold on core markets strengthening

Vianor – 932 stores in 24 countries

- 22 new stores in Q1/2012
- 179 equity-owned, 753 franchising/partners
- Largest tyre chain in Nordic and Baltic countries:
265 stores (+8 in Q1)
- Largest tyre chain in Russia and CIS:
498 stores (+7 in Q1) in 290 cities
- Expansion to Central Europe:
152 stores (+6 in Q1)

Vianor stores by segment:

- Car tyres: over 870 stores
- Heavy tyres: nearly 200 stores
- Truck tyres: over 250 stores

Vianor expansion Q1/2012:

- New country: Serbia

Target 2012 → over 1,000 Vianor stores

Vianor – Distribution spearhead for all product groups



NOKIAN TYRES GOING FORWARD

Significant investments in 2012 to secure strong profitable growth

Investments in 1-3/2012

- 39.1 m€ (15.0 m€)

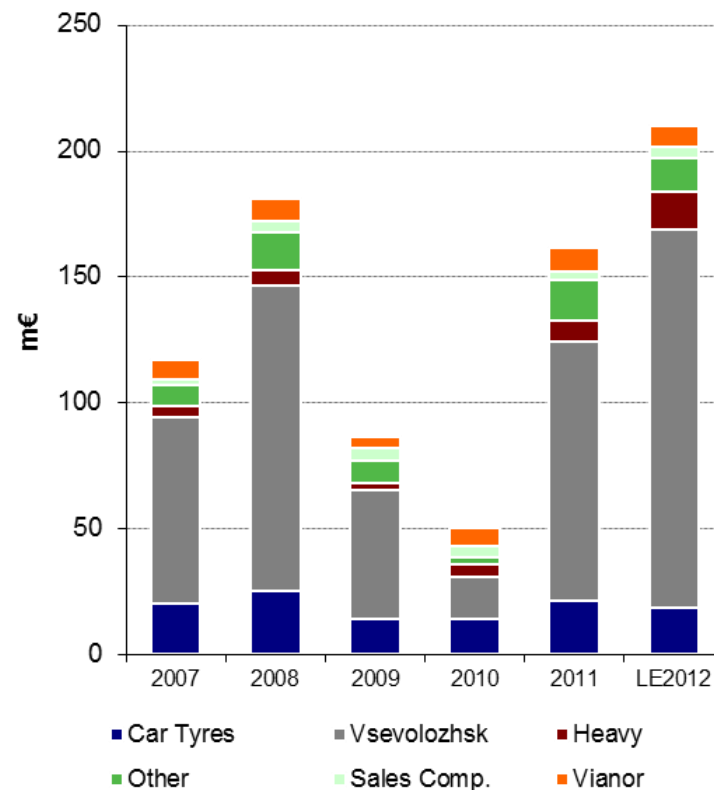
Russia

- Capacity ramp-up and investments
 - 10 lines installed
 - Production lines 11-12 to be installed in 2012
 - Hakkapeliitta Village 2nd stage started

Estimated investments for 2012

- Approximately 210 m€
 - Russia 150 m€
 - Nokia plant 32 m€ (automation & moulds & ICT & R&D)
 - Heavy Tyres 15 m€
 - 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: Russia & CIS, Nordic countries
 - 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) estimations
 - Cost estimated to decrease by 4% in Q2/2012 vs. Q1/2012
 - Cost estimated to increase by 2% in 2012 vs. 2011
- Passenger car tyre operation environment
 - Demand strong in core markets
 - Normal carry-over distributor inventories in core markets
 - Demand improving for winter tyres, legislation in Europe
- Heavy tyre market demand
 - Demand in 2012 softer than in 2011
- Nokian Tyres financial position remains solid
 - No major loans due for payment in 2012
 - Equity ratio 74.3% in Q1/2012
 - Undrawn facilities available

Outlook: Profitable growth

- Strong demand and order book, especially in Russia
- Raw material cost stabilizing and estimated to increase by 2% in 2012 vs. 2011
- Capacity ramp-up proceed as planned:
 - New plant in Russia in installation phase, production with lines 11 and 12 to start during 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.**

nokian[®]
TYRES

Enjoy the water.

