



nokian[®]
TYRES

ANNUAL REPORT
2012

Year 2012: The strong position in Russia improved further

Key figures, IFRS

| EUR million | 2012 | 2011 | change% |
|---|---------|---------|---------|
| Net sales | 1,612.4 | 1,456.8 | 10.7 |
| Operating profit | 415.0 | 380.1 | 9.2 |
| % net sales | 25.7 | 26.1 | |
| Profit before tax | 387.7 | 359.2 | 8.0 |
| % of net sales | 24.0 | 24.7 | |
| Return on capital employed (ROI), % | 24.3 | 27.4 | |
| Return on equity (ROE), % | 25.2 | 29.1 | |
| Interest bearing net debt | -65.2 | -3.6 | 1 724.2 |
| % of net sales | -4.0 | -0.2 | |
| Gross investments | 209.2 | 161.7 | 29.4 |
| % of net sales | 13.0 | 11.1 | |
| Net cash flow from operating activities | 388.7 | 232.9 | 66.9 |
| Earnings/share, EUR | 2.52 | 2.39 | 5.4 |
| Cash flow per share (CFPS), EUR | 2.96 | 1.80 | 64.2 |
| Shareholders equity per share, EUR | 10.89 | 9.15 | 19.0 |
| Equity ratio, % | 71.2 | 63.2 | |
| Personnel, average during the year | 4,083 | 3,866 | |

Year 2012 in brief

- Demand of passenger tyres increased in Russia but decreased clearly in Central Europe. The operating environment was challenging in the second half of the year.
- Nokian Tyres' net sales grew 10.7%. The company increased its winter tyre market shares in Russia and the Nordic countries. In Russia, Nokian Tyres grew three times faster than the market. The company has the strongest brand, price position and distribution in its core markets.
- Profitability was excellent: On the back of improved sales mix the Average Selling Price increased, while raw material costs remained at the previous year's level. The Passenger car tyre unit accounted for 95% of the company's operating profit.
- Nokian Tyres' products achieved record-breaking success in magazine tests: Both summer and winter tyres won the most important tests in the Nordic countries, Russia, and Central Europe. The company's product offering improved significantly with the launch of the new Hakkapeliitta winter tyre family in January 2013.
- The Vianor tyre chain expanded by 127 stores in 2012 to a total of 1,037 in 26 countries.
- Production volume increased by 11% and productivity by 6%. A new factory and its production line 11 were commenced in Russia, and line 12 was installed. The company's annual production totalled 15.7 million passenger car tyres, and its annual production capacity increased to 18 million tyres.

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This report is a translation. The original, which is in Finnish, is the authoritative version.



Safest tyres for northern conditions

We have an innate ability to understand customers operating in northern conditions, as well as their needs and expectations. We operate in growing markets and focus on tyre products and services that offer sustainable added value to our customers in northern conditions. Our range also provides the foundation for the company's profitable growth.



Number one in winter tyres in Nordic countries and Russia

Nokian Tyres is the only tyre manufacturer in the world that focuses on products and services that facilitate safe transportation in northern conditions. The company's innovative passenger car, truck and heavy duty machinery tyres are mainly marketed in areas that have snow, forest and changing seasons that make driving conditions demanding. Nokian Tyres develops its products aiming at sustainable safety and environmental friendliness throughout the life cycle of the product.

Nokian Hakkapeliitta is a leading winter tyre brand in the Nordic countries and Russia. A quality image based on decades of experience and independent test results, as well as a strong distribution network and logistics

expertise are the main competitive advantages behind Nokian Tyres' market and price leadership.

The products are mainly sold in the replacement market. The Group includes the Vianor tyre chain, which engages in retail and wholesale in Nokian Tyres' main markets. The company has three own factories in Finland, and in Russia. From 2005 to 2012, Nokian Tyres invested approximately EUR 900 million in the factories that represent the absolute top in the field in terms of productivity and quality.

The company reported net sales in excess of EUR 1.6 billion in 2012 and had 4,039 employees at the end of the year. Nokian Tyres plc's shares are quoted on NASDAQ OMX in Helsinki.

A solid year behind us – confidence in the future

Dear Reader,

In 2012, Nokian Tyres performed well in a challenging environment and recorded all time high sales and profits combined with excellent cash flow. Our position is very strong in core markets, the company is debt-free and we are able to further develop our business from a healthy position.

Uncertainty and slowing growth continued in the global economy. Doubt about the direction of the US economy, slower growth in China and continuing problems in Europe weakened the economic situation, and with it consumer confidence and spending. From an economic development point of view, our core markets Russia and the Nordic countries were among the best of the developed world.

Nokian Tyres sales in Russia grew more than three times faster than the overall market, by almost 50%, further strengthening our market leader position. In the Nordic countries sales came in as planned, we gained winter tyre market share and continue to be a clear market leader. The weak economic situation in Central Europe combined with high carry-over inventories in distribution resulted, however, in a dramatic drop in demand in the region, and in the second half of the year our sales also suffered.

Due to decisive and rapid changes in production, allocating a higher share of our production and sales to Russia and support from reduced costs we managed to end the year with reasonably good results. We managed to increase car tyre sales volumes, improve sales mix and overall ASP, and to improve our market position.

Strong market position

For many reasons, we are looking into 2013 with confidence. Our main markets in Russia and Northern Europe are looking comparatively healthy, offering us a good base for profitable business. Europe's economies are also expected to recover towards the end of 2013, which we expect will give a boost to demand and sales growth.

Our product range is better than ever before, which has improved our competitive position. This is a result of our overwhelming test wins in 2012 combined with the greatest launch in our history as three-quarters of our range of winter tyre models will be revamped for 2013. I expect that the new generation of Hakkapeliitta winter tyres and top-class summer tyres will strengthen our position at the top of sales statistics.

Increasing our sales and market share require an extensive, well-managed distribution chain. It is again encouraging that we managed to open 127 new Vianor



Sales in Russia grew more than three times faster than the overall market, by almost 50%, further strengthening our market leader position.

outlets, now totalling 1,037 in 26 countries. The latest countries to be added to the network were France, Serbia and Bosnia-Herzegovina. Our objective is to continue to strengthen our distribution channels, and to open more than 100 new stores in 2013.

The growth of our production capacity continued with the opening of a new factory next to the current one in Russia. The factory's degree of automation, productivity and quality represent the absolute peak in the industry. For this reason, our productivity improved and our production output increased despite a harsh market environment. With the new factory up and running, we presently have an inbuilt capability to increase output rapidly to meet market growth without capital expenditure, and further to increase output by 50%, merely by adding lines in Russia.

I would like to thank our customers for their faith in us, and our personnel for their fine performance in 2012. Through seamless co-operation, we will continue to achieve excellent results. I am convinced that we have the capacity to continue with profitable growth and thus to create added value for all our stakeholders in the coming years.

Kim Gran

Our strategic focus

1 NORTHERN CONDITIONS

We are the only tyre manufacturer in the world focusing on customer needs and products specific to northern conditions. We market our products in regions where there are snow, forests and demanding driving conditions caused by changing seasons.

2 NARROW PRODUCT SEGMENTS

Our special expertise in northern conditions creates added value for our customers. We utilise our special competence in narrow product segments like passenger car winter tyres and forestry tyres. Our other main products include light truck and SUV tyres, winter tyres for trucks as well as harbour and mining machinery tyres.

3 REPLACEMENT MARKETS

All our Nokian-branded passenger car tyres and approximately 60% of our heavy tyres are sold in replacement markets through special tyre outlets, car dealers and other companies engaged in the tyre trade.

4 EFFICIENT DISTRIBUTION

The Vianor chain is spearheading the growth of our company. Direct contact with the consumer gives us valuable information about the wishes and needs of end-users. Efficient distribution ensures a successful season and the management of possible risks. We want the users of our products and services to be the most satisfied customers in the world.

Nokian Tyres' strategy is supported by:

Investments in product development, production, distribution and logistics

Product development is guided by a philosophy of sustainable safety, which entails the continued renewal of the product range with the objective of always being able to provide customers with value-added innovations.

- Own production concentrates on high-margin core products.
- New products should represent at least 25% of net sales annually.
- Consistent investment in continued improvement of quality, productivity and logistics.
- Investments in new production capacity according to the company's growth objectives and the development of the market.
- Distribution is developed by expanding the Vianor network and streamlining the processes.

Open and participatory corporate culture

A basic factor behind Nokian Tyres' success is the continuous process of personnel development, which is supported by an open and participatory corporate culture. The corporate culture aims to create a highly motivated working community that promotes the success of individuals and the company.

Key strategic objectives into 2017

- We offer our customers only the best. We know the end users of our tyres, their needs and wishes.
- We are the market leader in the Nordic countries. We have the highest customer loyalty and best services in the industry.
- We are market leaders in premium tyres in Russia and other CIS countries.
- We have a globally strong position in core products.
- We grow through a continuously improving product range and services. Profitable growth requires constant increase of capacity.
- We grow our profits through high productivity and the best customer processes in the industry.
- Our personnel are skilled and inspired with entrepreneurial attitude. We reach our goals and results by working together.

Key objectives 2013–2014

Growth in Nokian Tyres’ core markets is expected to be stronger than the global market growth in 2013–2014. The target of Nokian Tyres is to continue to outperform competition in terms of growth and profitability and to further improve market position.

Development of our strategy 1898–2012

Manufacturing

- Suomen Gummitehdas was founded in 1898
- Nokia plant 1904
- 1st Russia plant 2005
- 2nd Russia plant 2012



Distribution

- Since the late 1990’s controlled distribution and contact to end users; a tool to improve market shares
→ Vianor tyre chain to over 1,000 stores



Consumers

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



Values that guide and support the strategy

Our company culture is called "Hakkapeliitta Spirit" which includes the following values:

INVENTIVENESS = WILL TO SURVIVE

We have the skill to survive and excel, even in the most challenging circumstances. Our competence is based on creativity and inquisitiveness, and the nerve to question the status quo. We are driven by a will to learn, develop and create something new.

Targets indicating our company values

Customer satisfaction

We have the industry's highest customer satisfaction rate in the Nordic countries, Russia and CIS countries, and the highest satisfaction rate in our core products globally. All our activities are geared to support the customer service personnel.

Personnel satisfaction

Nokian Tyres is a respected and attractive workplace. Our personnel are highly skilled and motivated. Our activities are characterised by our desire to continuously develop our personal skills as well as the company.

Shareholder satisfaction

We are the most profitable tyre manufacturer and tyre distributor in the industry. Our consistently good performance translates into good share price development and dividend policy.

The best processes in the business

Our key processes and our business network are efficient and represent the cutting edge in the industry. We uphold the principles of the responsible citizen in all of our activities.



ENTREPRENEURSHIP = WILL TO WIN

We thirst for profit, we are quick and brave. We set ambitious objectives and perform our work with persistence and perseverance. We are dynamic and punctual, and we always make customer satisfaction our first priority.

TEAM SPIRIT = WILL TO FIGHT

We work in an atmosphere of genuine joy and action. We work as a team, relying on each other and supporting each other, offering constructive feedback when needed. We embrace differences, and we also encourage our team members to individually pursue winning performances.

Nokian Tyres' success factors

- Focus on expertise in Northern conditions
- Own specialised R & D and unique winter testing
- Focus on replacement markets, growing market areas and product segments
- Share of value added products more than 90% of own production and sales
- Production of core products in own state-of-the-art factories
- Rapidly renewing product range and innovative products
- Car winter tyre range most extensive in the world
- Skilled personnel and Hakka-peliitta Spirit
- Strong reputation, brand and pricing power in core markets
- Strong, controlled distribution channel in core markets
- Efficient logistics and seasonal management
- Direct contact with end users
- Special know-how in Russian and CIS markets

Tyre industry background

The global value of tyre sales was approximately USD 190 billion in 2011. The market has grown, on average, 7% per year. The strongest growth is registered in winter tyres, high-speed summer tyres and SUV tyres. The Nordic countries' model, in which winter tyres are required by law, has lately been adopted in several other regions as well.

Consumer sales of passenger car tyres are mainly affected by new car sales rates, purchasing power development and the general level of consumer trust. With regard to winter tyres, weather is also a factor: the more wintry and slippery the conditions, the bigger the demand for new winter tyres. In addition, the tyre manufacturer's sales to distributors are also influenced by the distributors' stock levels and the market prices of financing.

Heavy tyres' and truck tyres' demand follows the cycles and trends of machine manufacture and companies' general willingness to invest.

Competitive edge from logistics management during peak seasons

Heavy seasonal fluctuation in passenger car tyre sales is a specific feature in Nokian Tyres' core markets. Most consumers buy their summer tyres during a few weeks around Easter. Winter tyre consumer sales take place from September to November, depending on the winter, and some 30% of winter tyres are sold in the ten days after the first snowfall. Seasonality poses big challenges to production and delivery capacity, underlining the key part played by an extensive distribution network and efficient logistics and IT systems.

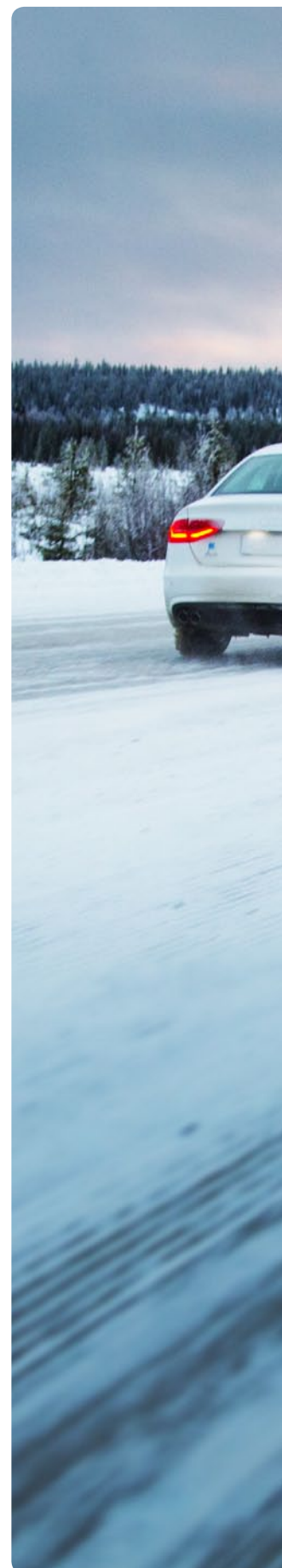
Tyre manufacturers strive to offer the distribution chain advance deliveries with long terms of payment in order to ensure optimal availability from the very beginning of the season; during the peak season, the main focus is on additional deliveries. The challenge lies in predicting sales and production needs several months ahead, given the fact that a typical tyre manufacturer's product range comprises more than one thousand different tyre model and size combinations.

Distributors usually represent several tyre brands. Distributors' product policies, along with regional coverage, play an essential role in tyre manufacturers' success, because it is another specific feature of the industry that retail sellers can strongly influence the end user's tyre choice. This is why some tyre manufacturers - like Nokian Tyres - develop their own distribution chains.

Profitability comes from productivity and pricing power

The fixed costs of tyre manufacturing are high, and therefore it is essential to fully utilize the entire production capacity and to minimise any interruptions in order to ensure profitability. The continuous growth of productivity through investments and process development is also a key success factor. Salary and energy costs vary between countries, but raw material prices are relatively equal all around the world.

In the tyre industry, the local market leader is usually also the price leader. Pricing power is supported by a strong brand, good reputation, reliable distribution and success in impartial tests arranged by car-industry media.





Three strong market areas for Nokian Tyres

Nordic countries: Solid development

Finland, Sweden and Norway accounted for some 34% of the net sales of Nokian passenger car tyres in 2012. The company is the market and price leader in the Nordic countries. Annual sales in these countries total some 10 million tyres for passenger cars and vans, 6 million of which are winter tyres. The markets usually grow around 1–3% a year, and there are around 80 competing brands. The countries also have legislation that requires winter tyres to be used during the winter months.

Russia: Strong growth

Nokian Tyres is the market leader and the biggest manufacturer of premium tyres in Russia. In 2012, the share of Russia and the CIS countries rose to 35% of the total net sales of Nokian Tyres. Russia has no winter tyre legislation, but the climate conditions in Nokian Tyres' operating region require the use of winter tyres during the winter months. An estimated 41 million car and van tyres were sold in Russia in 2012. The market for premium tyres is estimated to grow on the average by 10% yearly.

Central Europe: Promising possibilities

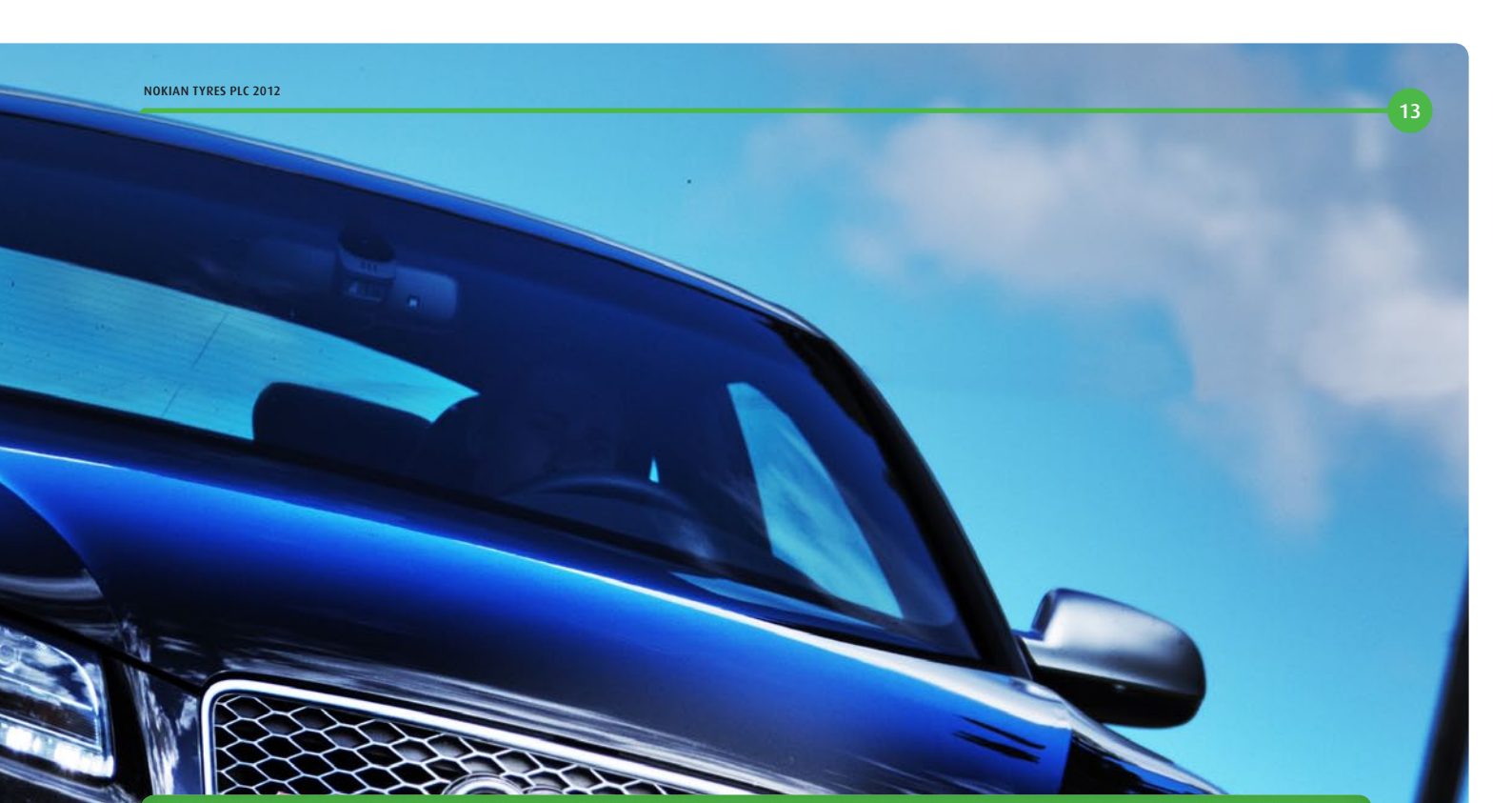
With tyre markets continuously expanding and winter tyre legislation becoming more common, Central Europe has become one of Nokian Tyres' most important growth areas. The size of the European market, excluding the Nordic countries, was approximately 230 million car and van tyres in 2012. The total market growth is slow, but the winter tyre segment is growing faster. Nokian Tyres customises its tyres to meet the needs of consumers in different market areas. The non-studded winter tyres designed for Central and Eastern European winter conditions, as well as the summer tyres offered in the region, differ considerably from the products sold in the company's core markets.



Nokian Passenger Car Tyres

Position in core markets strengthened

The Nokian Passenger Car Tyres unit develops, manufactures and markets summer and winter tyres for passenger cars and delivery vans as well as SUVs. Our key products are studded and non-studded winter tyres and high-speed summer tyres, which are the fastest growing product segments and also have the best margins in the tyre business. Nokian Tyres' most important brands are Nokian Hakkapeliitta, Nokian Hakka and Nokian Nordman. In 2012, winter tyres represented 74% of Nokian passenger car tyres' sales volume.



All of the unit's tyres are developed in Finland. The main products are manufactured in the company's own plants in Nokia, Finland, and Vsevolozhsk, Russia and are sold in replacement markets. The main markets are the Nordic countries, Russia and the other CIS countries, the rest of Europe and North America.

Record year in 2012 and a good position for continuous growth

The net sales of Nokian passenger car tyres rose to a record level of more than EUR 1.2 billion, showing an increase of 13.9% from the previous year. The engine for growth was Russia, where the company's sales grew nearly 50%, three times faster than the market. Operating profit grew to more than EUR 410 million.

Nokian Tyres' market share clearly improved in premium and mid tyre segments in Russia as a result of an expanding distribution and high brand awareness. The market share in winter tyres also improved in the Nordic countries.

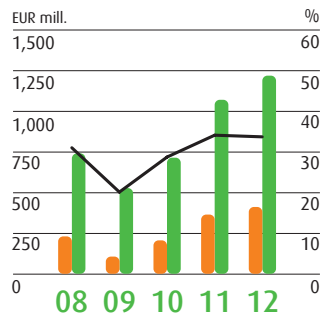
The construction and commissioning of the new plant and warehouse next to the current ones in Russia proceeded as planned and on schedule. The first line in the new plant commenced production in June, and the second line (line 12) was installed at the end of the year. Production output (pcs) grew by 11% compared to the previous year, boosted by the increasing capacity in Russia. The combined output of the Nokia and Vsevolozhsk plants in 2012 was 15.7 million tyres and the annualised capacity at year end 18 million tyres.

The new summer tyre range, with the spearhead products Nokian Hakka Blue and Nokian Z G2, won several car magazines' tests in the core markets and in Central Europe. In October, Nokian Tyres dominated the winter tyre tests with several victories in

Nordic and Russian car magazines. The Central European winter test results have also been a huge success for Nokian Tyres, with test wins in key markets.

A major overhaul of our key winter product offering, altogether five new product ranges, took place in January 2013. The biggest launch ever included the new generation of the studded Hakkapeliitta 8 as well as the non-studded Hakkapeliitta R2 and the Hakkapeliitta R2 SUV, targeting further growth in core markets. In addition to the Nordic product range, Nokian Tyres is also introducing two new winter tyres for the Central European and North American markets: Nokian WR G3 and Nokian WR SUV 3.

**Passenger car tyres:
Net sales, operating profit
and operating profit%**



| | | | | | |
|-------------------|-------|-------|-------|--------|--------|
| Net sales | 741.6 | 527.3 | 714.7 | 1071.1 | 1220.1 |
| Operating profit | 230.0 | 106.2 | 205.5 | 365.1 | 410.8 |
| Operating profit% | 31.0 | 20.1 | 28.8 | 34.1 | 33.7 |



Vianor

Own distribution chain spearheads Nokian Tyres' market share growth

Vianor is the biggest tyre chain, in terms of size and reach, in the Nordic countries, Russia and the CIS countries. In year-end 2012, the chain comprised 1,037 sales outlets in 26 different countries in Nokian Tyres' core market regions. In 2012, the chain grew with 127 new outlets. The Nokian Tyres Group owns 182 Vianor outlets, while the rest operate on a franchising/partnership principle.

Vianor offers passenger car, van and truck tyres, as well as heavy tyres. In addition to Nokian-branded tyres, the chain sells other leading tyre brands and a variety of motoring products, such as rims, batteries, and shock absorbers. Apart from retail sales, Vianor conducts wholesale and fleet customer sales. The heavy seasonal fluctuations in tyre retail sales pose challenges for the year-round profitability of traditional tyre outlets. Therefore, Vianor's service range also includes tyre changes and mounting, as well as oil changes, car servicing and tyre hotels in some outlets. The goal is to make servicing a key part of Vianor's growth and profitability.

In its own sales outlet network, Vianor's key objective is to maximise the sales of Nokian-branded tyres, to maintain the target price level, and to develop service concepts and processes. Co-operation between Vianor and Nokian Tyres manufacturing offers synergy benefits. Advanced data systems improve design, monitoring and reporting. Vianor offers Nokian Tyres a direct communication channel to the end user and provides the company with valuable information that can be used in service development.

In 2012, Vianor achieved its strategic goals: it was the price leader and offered the best network for the retail and wholesale of Nokian Tyres' products in its core market regions. Servicing, truck tyre and retail sales grew. Research results indicated that Vianor also improved its recognition rate and market shares in the Nordic countries. The gradual change of operating model from tyre sales to full car service in the stores continued with investments and local acquisitions of car service shops. A total of 25 companies were purchased and their car servicing operations were integrated into existing Vianor outlets in 2012.

Partner network spearheads growth in new markets

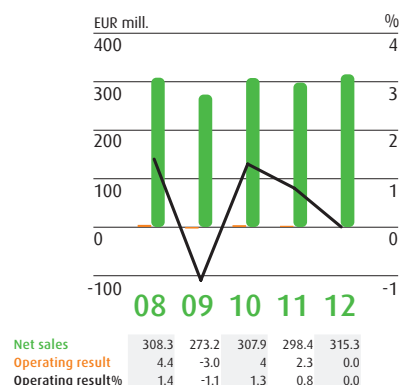
The Vianor tyre chain spearheads the Group's growth in markets that are strategically important to Nokian Tyres. Vianor is the leading tyre chain in the regions where it operates, building a foundation for permanent market shares for the Group's products.

The Vianor concept offers several business-friendly services to entrepreneurs in the partner network, such as strong

brands, training and technical support. Vianor outlets get support for advertising and sales promotion, and guaranteed quick deliveries especially during the peak season.

In the end of 2012, Vianor had operations in 26 countries; most extensively in the Nordic countries, Russia and Ukraine. In 2012, Vianor expanded to 3 new countries: Serbia, France and Bosnia-Herzegovina. Expanding the partner network will continue in 2013 according to earlier plans.

Vianor: Net sales, operating result and operating result%



Nokian Heavy Tyres Market leader in tyres for modern forestry machinery

Nokian Heavy Tyres manufactures high-quality special tyres. The key product groups are forestry tyres, harbour and mining tyres, special agricultural tyres and a variety of industrial tyres. Key products are manufactured at our plant in Nokia, Finland. The unique qualities of the products arise from our familiarity with extreme driving conditions and our respect for nature. Key markets include the Nordic countries, as well as Central and Southern Europe, the USA and Canada, Russia and the CIS countries. Nokian Heavy Tyres is known for its professional, flexible customer service – the best in its field.

Nokian Heavy Tyres has a global market share of 30% in forestry tyres. The company has designed special tyres for forestry machines deploying the modern CTL (cut-to-length) method invented in the Nordic countries in the 1960s, and it is the global market leader in this field. The company has the benefit of being closely located to the world’s leading machine and equipment manufacturers, with which it co-operates closely in the field of product development and testing, and OE sales have, on average, accounted for approximately 40% of the unit’s net sales. The customers of Nokian Heavy Tyres appreciate tyres that are

functional and economical overall. For them, economic hourly usage costs of tyres and machines are more important than low acquisition prices.

Successful structural changes in 2012

Sales of mining and radial tyres showed growth both in OEM and replacement markets, especially in North America and Russia. However, the unit’s total sales decreased due to a weaker forestry tyre demand and a slowing down of machine building in Europe. ASP increased by 6% due

to an improved sales mix, combined with price increases and a higher share of sales to the replacement market.

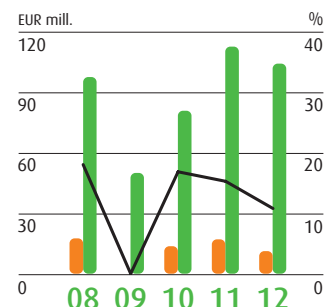
The production volume (tonnes) decreased by 13% year-over-year. During 2012, the production was optimised to match a lower demand from OE customers and to reduce the inventory level. The results were penalized by the lower utilisation rate and structural changes relating to renewing product specifications throughout the year. The structural changes are targeted to improve product quality, flexibility and productivity for 2013.

Investments are in progress to modernise the factory, to open bottlenecks in production and to increase radial tyre output. The upgrade of the factory will be completed in 2013.

Nokian Heavy Tyres successfully developed its distribution network. New distribution agreements and an increase in the number of Vianor Industrial stores further improved customers’ opportunities for personal technical service.



Nokian Heavy Tyres: Net sales, operating profit and operating profit%



| | | | | | |
|-------------------|------|------|------|-------|-------|
| Net sales | 97.7 | 50.1 | 81.0 | 112.8 | 104.4 |
| Operating profit | 17.7 | 0.0 | 13.7 | 17.2 | 11.3 |
| Operating profit% | 18.1 | 0.0 | 16.9 | 15.3 | 10.8 |

Nokian Truck Tyres

Profitable business with lean structure

The Nokian Truck Tyres unit focuses on truck tyres and retreading products for demanding conditions. The core markets lie in the Nordic countries, while the biggest growth opportunities are found in Russia, other CIS countries, as well as Central and Southern Europe.

High-quality truck tyres are developed in Finland and manufactured as outsourced contract manufacturing in plants whose level of quality satisfies the tough requirements of Nokian Tyres. New products, such as the Nokian Hakkapeliitta Truck product range, further improve the first-rate winter tyre selection.

Retreading materials, which are mainly used in truck tyres and tyres for industrial machinery, are manufactured at the plant in Nokia, Finland. Winter treads for truck tyres are our key retreading products.

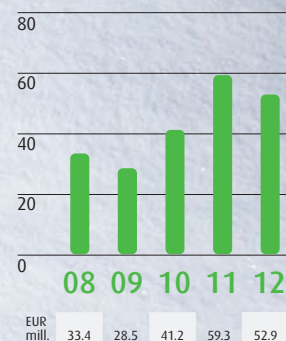
Successful product development benefits from close and confidential co-operation with transport operators and companies. Tyres – both new and retreaded – must perform reliably, be durable and ensure excellent grip. A low rolling resistance reduces fuel consumption, which is particularly important in professional driving.

Improving market shares in key markets

The truck tyre market was challenging in 2012 in Europe, with demand down by 19% from the previous year. At the end of the year, demand began to grow as a result of the increasing demand for winter tyres. In 2012, net sales for Nokian Truck Tyres and retreading materials were down by 10.9% year-over-year, amounting to EUR 52.9 million. Operating profit and cash flow were at a healthy level.

In the core markets, Nordic countries and Russia, Nokian Tyres' market share increased due to an improved product range in both premium and standard tyres. The premium winter tyre Hakkapeliitta Truck increased its share of total sales. The unit also continued its expansion to Russia and CIS countries utilising the "Vianor Truck" service concept.

**Nokian Truck Tyres:
Net sales**



Industry leading distribution key to customer success

Nokian Tyres has four core market areas: the Nordic countries, Russia and other CIS countries, Central and Eastern Europe, as well as North America.

The main sales countries are served by the Group's own sales company or a representative with its own sales organisation. Typical customers include regional tyre wholesalers, tyre chains, car dealership chains and, as the latest addition, web shops. Since Nokian-branded tyre sales are of great importance to their business, the dealers are willing and well prepared to support and build the Nokian brand.

Strong presence at the distribution level is a strategic choice

One of Nokian Tyres' strategic aims is to get closer to the end users of the product. Comprehensive control over the distribution of its products enables the company to efficiently cut costs generated by additional links in the delivery chain, and it also helps to gain a better understanding of the end users and the reasons behind their purchase decisions. A wider distribution network also means greater visibility and a larger number of users recommending the company products.

Nokian Tyres' Vianor tyre chain plays an important and growing role in the sales of Nokian-branded tyres, with a considerable

part of the Group's sales handled through Vianor outlets. In addition to expanding the Vianor chain, Nokian Tyres is building the Nokian Tyres Authorized Dealer network in which dealer customers are engaged as committed, goal-oriented retail sellers under an agreement that covers training, marketing co-operation, and additional services. Nokian Tyres provides its dealers with a strong brand and innovative,

continuously renewed, first-rate products, whose sales are profitable business for dealers. Enhanced customer service in peak seasons and the use of Vianor's chain for deliveries ensure that dealers get the tyres they need even during the busiest weeks of the season, when demand is at its highest.

The importance of logistics increasing

Nokian Tyres has a strong focus on continuously developing its logistics. The good availability of tyres, as well as fast, accurate deliveries, plays an increasing role in dealer customers' supplier choices. Well-functioning logistics also support Nokian Tyres' pricing position on the markets.

The company's innovative logistics solutions include the integration of order systems with customers, installation and packing lines tailored according to customer wishes, electronic transportation documentation management, and utilising container deliveries as a form of intermediate storage. The company is increasing the number of smaller, regional warehouses to gain a wider customer base, generate new sales and speed up its deliveries.

OWN PRODUCTION

Nokia, Finland and Vsevolozhsk, Russia. Also contract manufacturing roughly 3% of sales volume in 2012.

SALES COMPANIES

Finland (parent company), Sweden, Norway, Russia, Ukraine, Belarus, Kazakhstan, Germany, Switzerland, Czech Republic, USA, Canada and China.

VIANOR

Total 1037 stores in 26 countries (182 own and 855 franchising and partner). Nordic and Baltic countries 271, Russia and CIS countries 533, Central and Eastern Europe 198, USA 35 stores.

Vianor opened its store number 1,000 in Southern Germany

The fast-growing Vianor tyre retail and car service chain opened its 1,000th store in Friedrichshafen, Germany. In the vicinity of the borders of Southern Germany, Austria and Switzerland, Friedrichshafen represents the varied and demanding weather conditions of Central Europe.

Vianor Master Franchisee in Bavaria and Baden-Württemberg is Reifen-Straub GmbH. There has been a long and good co-operation between Nokian Tyres and the owner Eugen Straub since 1995. The Vianor store in Friedrichshafen is also owned by Reifen-Straub. The new store

offers comprehensive car repair services in addition to tyre services.

Eugen Straub: The benefit in the long run will be that I am part of a constantly developing European tyre and car service chain which gets national awareness by its large size. Thus I can take better care of my major customers in the fleet business. My customers are very satisfied with the professional advertising and the strong branding both in TV and on internet. This also helps me to reach regular consumers.



Eugen Straub (left) and Dieter Köppner, Nokian Tyres Managing Director Central Europe

A woman wearing a white knit hat, a dark winter jacket, and blue gloves is smiling warmly at the camera. She is leaning over a surface covered in snow, possibly working on a vehicle or a piece of equipment. The background is slightly blurred, showing what appears to be a building or structure. The overall scene is bright and cheerful, suggesting a winter or outdoor setting.

Closer to the customer

Our customer can encounter our products, our company representatives or partners in various contexts. This gives us the opportunity to impress people time and time again. Our customers' needs are our top priority: We want to continuously offer more and better products and services. We are close to our customers, we listen to them, and meet as many of their need as possible.

Everyday contacts, joint development projects, as well as surveys and interviews, keep us in touch with our corporate customers' desires. Most of their wishes are related to the various phases of our co-operation processes, such as logistics, and marketing and product support. Nokian Tyres' strength lies in its flat organisation and its ability to quickly react to customer needs and changes in the market. We have personal, long-lasting relationships with many of our customers, and the sense of belonging to the Hakkapeliitta family is a strong binding factor.

Tyre professionals in a key role

Consumers often find tyre purchases to be complicated and difficult. According to studies of purchasing behaviour, retailers play a crucial role in the process. This makes it important to both tyre manufacturers and consumers that the sales people are professional, know their products as well as possible, and are capable of helping consumers to select the right product for their needs. In addition to training events and personal guidance, Nokian Tyres has

developed an online learning module that serves as a new tool in the training and guidance of tyre retailers. Moreover, the company's technical customer service helps and advises distributors, consumers, professional users and other interest groups in the selection and use of tyres, as well as in any problematic situations.

Closer to the end user

For the purpose of quality and product development, it is important that tyre makers and developers hear about actual experiences and get feedback from the products' end users. Recently, the possibilities of establishing direct consumer contacts have significantly improved, thanks to the expansion of social media. Nokian Tyres has invested in tools that enhance direct dialogue online. As the company's online services have gained an increasingly community-oriented nature, the number of people recommending our products and committed to our brand has significantly increased.



Hakkapeliitta Test Driver programme

Authentic experiences, direct feedback and earned trust

Since autumn 2011, Nokian Tyres has shared the experiences of real-life tyre testers on its website in the form of Hakkapeliitta Test Drivers' blogs featuring experiences of normal drivers with our products. This test driver programme is a new, innovative

way to promote traffic safety. The local-level programme involves regular drivers in all areas where Nokian tyres are used. The tyre experiences shared by our test drivers also reach other drivers who are looking for information to support their purchase

Hakkapeliitta Test Drivers from Finland had a unique chance to test the new generation of Hakkapeliitta winter tyres in Ivalo above the Arctic Circle, at the Ivalo Testing Center White Hell. From the left: Antti Luukkanen, Janne Moilanen, Marko Päivähonka, Mikko Heimo, Pasi Aittokumpu and Jasu Voipio.

decisions. Initially launched in Finland, Sweden and Norway, the programme was extended to Germany, the Czech Republic, North America and Russia in 2012.

One test driver programme, multiple personal tyre blogs!

Christian Sørensen Drammen, Norway

This programme has really opened my eyes to the importance of tyres. I have started to educate my family and friends about such things as braking distance, rolling resistance and fuel efficiency. I have also asked them to test my car equipped with Nokian tyres. After a test drive, each of them have bought a new set of Nokian tyres. In total, my friends have bought seven sets of tyres, that means 28 Nokian tyres. And more will follow!

Erik Fische Trondheim, Norway

I have become much more aware of the tyres' behaviour in different conditions. I have told my family and friends that there is only one tyre brand for those driving in northern conditions - after all, they wouldn't buy skis developed in the Sahara!

Annsofi Nilsson Sunne, Sweden

As soon as I had Hakkapeliitta winter tyres installed on my car, I realised how poor my earlier tyres had been. Now, I feel safe about driving in the winter, and I often even smile behind the wheel. I talk about

"The idea of letting ordinary people serve as test drivers is an excellent example of how well Nokian Tyres listens to the everyman."

Janne Moilanen

the importance of good winter tyres to all my friends. My daughter has poor winter tyres on her car, and she has promised to buy Nokian Hakkapeliitta tyres for the next winter.

Mikko Heimo Kangasala, Finland

Blogging is interesting: you can write whatever you think. Many of my friends, especially those who are car enthusiasts, are very interested in this test driver programme, even though some of them doubt whether I could honestly share even negative thoughts. But I can. Being a test driver has also increased my awareness of tyres and their development. I wish other

people would start to see tyres as more than just round pieces of black rubber under the car. Tyres make a really big difference for safety!

Antti Luukkanen Hämeenlinna, Finland

It is really great to test tyres, share my experiences and educate other drivers about taking good care of their tyres and observing traffic safety. Once in my life I have lost control of my car, and that was all due to poor tyres. I was lucky because all I hit was soft snow. But the feeling of being just a passenger behind the wheel is something I never want to experience again! New tyres may feel like an expensive investment to pay at once, but they are, after all, pretty cheap life insurance for yourself and your loved ones.

Janne Moilanen Pudasjärvi, Finland

As a Hakkapeliitta test driver, I can contribute to better traffic safety, which benefits all of us. Through the test driver programme, messages communicated by tyre users are conveyed all the way to those developing the tyres.

Forerunner of winter safety

Nokian Tyres carries out innovative research and development work in order to provide consumers with safe, high-quality products for demanding northern conditions. Extensive investments in new products and thorough testing reinforced the company's position as the manufacturer of the world's best winter tyres and heavy special tyres in 2012.

The comprehensive product range is carefully tailored for different markets and renewed at a quick pace: new products account for at least 25% in the company's annual net sales. New products enable the company to strengthen its position and maintain its target prices and margins in tough competition.

More than one-half of the R&D inputs are used for product testing. Nokian Tyres tests its products in unique conditions in Ivalo, Finnish Lapland. These arctic conditions provide an optimal setting for developing test winner tyres that serve consumers around the world reliably in any weather.

High technology and test success

The Nokian Hakkapeliitta tyres, created by the inventor of winter tyres, have achieved numerous victories in impartial tyre tests over the years. Hakkapeliitta tyres have done particularly well in snow and ice grip, the main elements of good winter safety.

In 2012, Nokian-branded winter and summer tyres gained incredible test success in the Nordic countries, Russia and Central Europe. The multiple test winner Hakkapeliitta 7 celebrated a world record with more than 30 victories in car magazine tests between 2009 and 2012. The Nokian Z G2, tailored for fast driving and aimed at Central European markets, won the comprehensive summer tyre comparison of the biggest European car magazine, Auto Bild.

Today's tyres are a complex combination of physics, nanotechnology and advanced materials, each of which has a specific task. One example of a state-of-the-art modern product is the new Nokian eLine summer tyre with fuel efficiency and wet grip values representing the highest category available in the new EU tyre labelling system, the A class. The unique material and structural solutions of Nokian eLine will also be featured in future tyres.

In 2012, Nokian Tyres' winter product selection was complemented with the Nokian Hakkapeliitta LT2 special winter tyres aimed at demanding SUV use. In 2013, the new generation of Hakkapeliitta winter tyres will roll out to consumers. Adding to the Nokian Hakka summer tyre family, the sporty Nokian Hakka Black was introduced. Moreover, Nokian Tyres revamped its entire summer tyre range aimed at Central Europe.

Leading the way in environmental friendliness

Nokian Tyres has acted as a bold frontrunner in environmental friendliness by being the first tyre manufacturer in the world to introduce tyres that are made using only purified, low-aromatic oils. Environmentally friendly products with lower fuel consumption and lower level of harmful emissions, as well as natural materials, will also play a key role in the future. Canola oil added to the rubber compounds provides higher resistance to tearing and improves ice and snow grip. The pine oil used in summer tyres improves wear resistance.





Watch the video. Testing in extreme conditions.

Ivalo Testing Center - White Hell
<http://youtu.be/2GON0xE9t00>

Innovative, environmentally friendly solutions are explored in the spirit of sustainable safety: the tyre's properties must remain nearly unchanged throughout its life cycle.

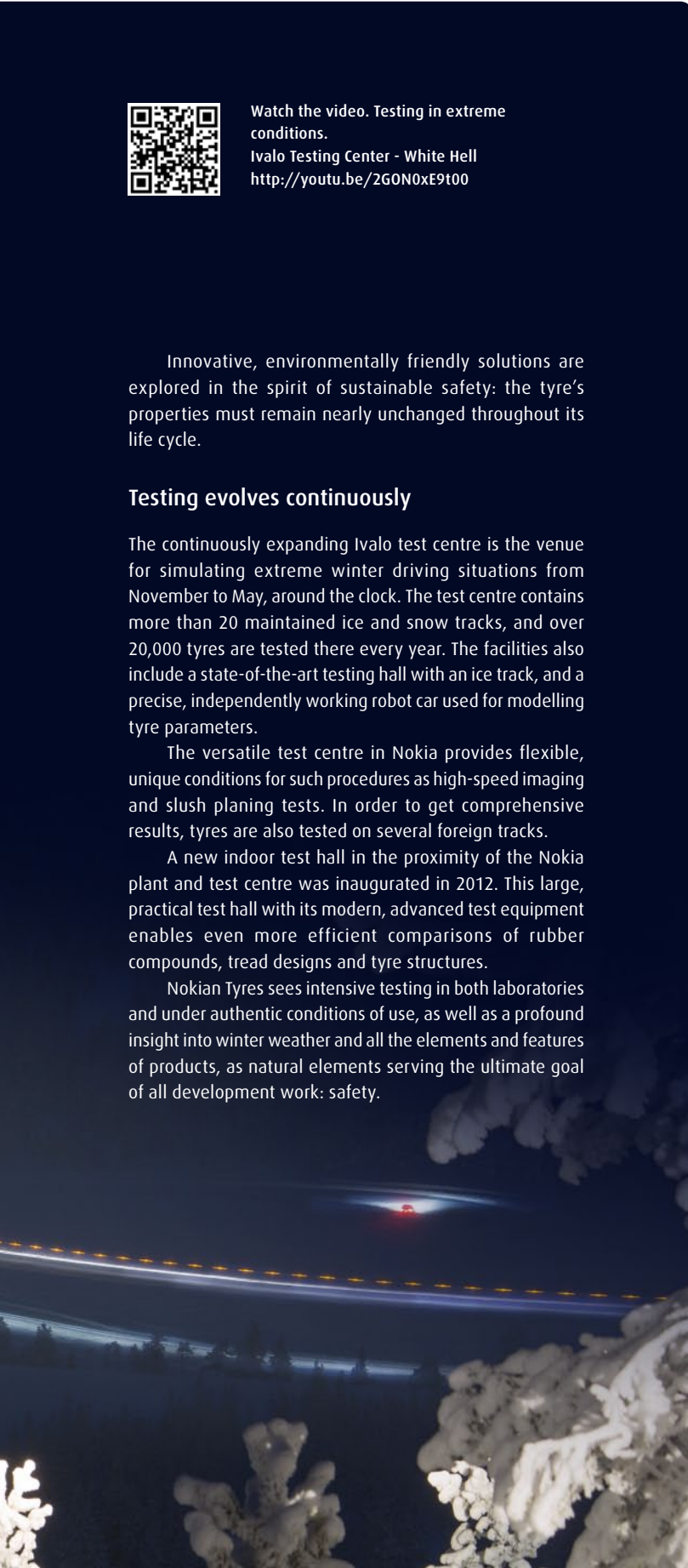
Testing evolves continuously

The continuously expanding Ivalo test centre is the venue for simulating extreme winter driving situations from November to May, around the clock. The test centre contains more than 20 maintained ice and snow tracks, and over 20,000 tyres are tested there every year. The facilities also include a state-of-the-art testing hall with an ice track, and a precise, independently working robot car used for modelling tyre parameters.

The versatile test centre in Nokia provides flexible, unique conditions for such procedures as high-speed imaging and slush planing tests. In order to get comprehensive results, tyres are also tested on several foreign tracks.

A new indoor test hall in the proximity of the Nokia plant and test centre was inaugurated in 2012. This large, practical test hall with its modern, advanced test equipment enables even more efficient comparisons of rubber compounds, tread designs and tyre structures.

Nokian Tyres sees intensive testing in both laboratories and under authentic conditions of use, as well as a profound insight into winter weather and all the elements and features of products, as natural elements serving the ultimate goal of all development work: safety.



Another ice driving world record, now with an electric car

Nokian Tyres' multiple record holder, test driver Janne Laitinen, achieved the impressive speed of 252.09 km/h with the E-RA electric car on the ice of lake Ukonjärvi in Inari. This full-blooded sports car has an engine power of 280 kW, and its maximum speed in subzero temperatures exceeded 260 km/h. Such extreme speeds call for reliable grip and stable driving response, which were guaranteed by Nokian Hakkapeliitta 7 studded tyres.

– With this record attempt, we wanted to demonstrate that an electric car can function reliably in sub-zero temperatures, even at very high speeds on slippery ice. Pushing the limits boosts technical development that will, eventually, benefit regular consumers, says Sami Ruotsalainen, leader of the E-RA team. The record-breaking test drive took place in March 2012.



Watch the video. Fastest on ice – Nokian Hakkapeliitta and E-RA (Electric RaceAbout).
<http://youtu.be/lx8TN4jMAeo>



New products lead the way to success: Better response, increased safety and peace of mind

The new generation of Hakkapeliitta is taking over



Nokian Tyres renews its winter tyre range for northern conditions by introducing three new products into the unique Hakkapeliitta winter tyre family. Consumers will get to enjoy the fine-tuned safety and driving properties of the new Hakkapeliitta generation in autumn 2013.

The studded Nokian Hakkapeliitta 8 is an excellent product for the northern winter. With its unprecedented grip, extreme safety and low road-wear rate, the Hakkapeliitta 8 represents a whole new era. Various new innovations bring noticeable improvements to the winter driver. The groundbreaking stud distribution and the new Eco Stud 8 concept create fantastic winter properties: supreme lateral and longitudinal grip, better wear resistance and driving comfort.

The new, Nordic non-studded winter tyre Nokian Hakkapeliitta R2 is the best choice for those who appreciate unique driving comfort and greener driving. Thanks to the new-generation rubber compound, tailored tread design and the unique Nokian Cryo Crystal concept, the tyre has supreme safety properties on ice, snow and wet roads. The winter grip improvement is particularly evident on slippery ice.

The world's northernmost tyre manufacturer is also introducing the non-studded Nokian Hakkapeliitta R2 SUV winter tyre, specially tailored for sport utility vehicles. The new innovations in the tread patterns and compounds of this stable, rugged new product ensure that the Nokian Hakkapeliitta R2 SUV's handling and grip properties are best in class.



Nokian Hakka Black – cool performance for the northern summer



The stylish Nokian Hakka Black summer tyre offers an impressively precise driving response. The Hakka Black

masters demanding driving situations with its new-generation tread compound, multi-layer structure featuring nanotechnology, and a tread pattern designed for fast driving. This new UHP tyre upholds its family's solid traditions and complements the versatile Hakka summer tyre range that is designed for northern roads. The environmentally friendly Nokian Hakka Green and the master of wet roads, the Nokian Hakka Blue, are both well-known test winners.

Nokian zLine and Nokian Line – high-performance summer tyres for Central European roads



The sporty Nokian zLine moves nicely and steadily in the varying Central European summer weather.

Designed for high speeds, the Nokian zLine represents the UHP category, the top class of passenger car tyres. In addition to the precise steering response, its many advanced technical features are reflected in the excellent driving comfort.

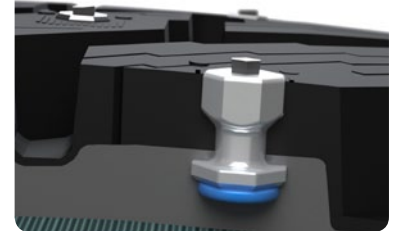
The Nokian Line is easy to control and behaves logically, and the new innovations, the Cross-Block siping and Swoop Grooves, ensure precise steering and excellent grip, even on rainy, slippery roads.



Unique innovations

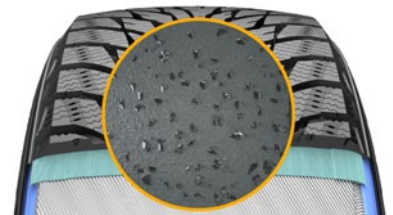
Nokian Eco Stud 8 Concept

Excellent winter safety and lower impact on the road. Better winter grip, driving comfort and wear resistance. Developed for the Nokian Hakkapeliitta 8, the Eco Stud 8 concept includes an environmentally friendly new-generation anchor stud, a flange design that reduces stud impact, and the Eco Stud cushion that softens road contact. The unique stud division proceeds evenly across the entire tread surface, thanks to computerised optimisation. Studs are offset and not overlapping, which ensures the best possible grip under all conditions.



Nokian Cryo Crystal Concept

Supreme winter grip, more precise driving response. The rubber compound of Nokian Hakkapeliitta R2 and Nokian Hakkapeliitta R2 SUV winter tyres contains diamond-tough grip particles that have the appearance of a multi-edged crystal that grip the surface and particularly improve the tyre's grip on ice. As the tyre wears down, the eco-friendly crystals, which have been evenly distributed into the tread surface, are exposed and continue to offer solid grip.



Hydro Grooves

Better driving stability, excellent wet grip and aquaplaning resistance properties. In Nokian Hakka Black and Nokian zLine summer tyres, the longitudinal ribs next to the inner shoulder are dominated by deep lateral grooves that stabilise handling. At the same time, the new Hydro Grooves innovation effectively prevents aquaplaning by storing water from between the road surface and the tyre, and by guiding the water into the longitudinal grooves.





Production capacity continues to grow

Nokian Tyres has a production plant in Nokia, Finland and two plants in Vsevolozhsk near St. Petersburg in Russia. In connection with the Head office, the Nokian plant manufactures passenger car tyres, heavy tyres and truck tyre treads.

Product development and the manufacture of prototypes and test batches happen centrally in Nokia. The annual production capacity of the Nokia plant at the end of 2012 was around 4 million passenger car tyres and 18.5 thousand tonnes of heavy tyres.

The state-of-the-art Vsevolozhsk plant started operations in 2005, and the second Russian plant next to the first one commenced production in 2012. The first line in the new plant commenced production in June, and the second line (line 12), which will increase the Russian plants' annual capacity to approximately 14 million passenger car tyres, was installed at the end of the year. The company's investments in the Russian production plants exceed EUR 700 million. Tyres from Vsevolozhsk are delivered to over 40 countries, and Nokian Tyres is the largest exporter of consumer goods in Russia.

Boosted by the increasing capacity in Russia, the overall production output grew by 11% compared with the previous year. The combined output of the Nokia and Vsevolozhsk plants in 2012 was 15.7 million tyres and the annualised capacity at year-end was 18 million pcs. Capacity will increase further as line 13 will be installed in Russia in 2013.

The production costs of tyres are clearly lower in Russia than in Finland and other western countries. Production in Russia has been supported by tax relief based on the amount of investment and the location of the factory within customs barriers. By Russia joining WTO, the tyre duties will go down gradually; duty of car and van tyres will decrease from 20% to 18% in 2013 and gradually to 10% in 5 years.

In addition to its own production facilities, the company has contract manufacturing in factories whose quality level meets Nokian Tyres' high requirements. The share of contract manufacturing in tyre sales in 2012 was around 3%.



Our competitive edge: Skilled and motivated personnel

The well-being of our employees is very important for us. All members of our organisation are offered opportunities for professional growth, development and career moves. Professionally skilled, inventive and enthusiastic employees are an essential driver in our operations.

The staff's activity, initiative and internal entrepreneurship provide good support for developing the Group's competence and strategy. We see competence development as a long-term activity that foresees future needs. In keeping with this ideology, we offer our employees a wide range of language courses, vocational qualification, tailored training and joint network training opportunities.

Leadership training supports competitiveness

A good example of planned leadership development is our Future Leadership project. Launched in 2010, this leadership culture reform and internationalisation project aims at enhancing and unifying the international leadership culture and practices in our organisation. The pilot training was completed in August 2012, and it resulted in international networks and project assignments on the development of various functions and processes.

Production supervisors' training courses were launched in Nokia and Vsevolozhsk

last year, and they, together with the international 360 evaluations, also ensure competence and leadership growth in the future. Our revamped intranet, Insite, contains a Supervisor's Toolkit forum for facilitating everyday work and increasing communication between supervisors.

Inventiveness programme supports well-being

In addition to training, the personnel's well-being at work is supported by a wide range of sports offerings, versatile club activities, personnel events, inventiveness activities as well as individual and work-time arrangements. The workgroup for occupational well-being matters (TYHY) worked actively all year and brought up employees' thoughts and development ideas about enhancing well-being in the work community.

Personnel well-being and collaboration between units are monitored with performance appraisals and annual surveys focusing on well-being at work

and on customer satisfaction. Last year, an e-learning course was created on Hakkapeliitta eAcademy to support the performance appraisals, and an electronic tool for easier documentation and filing was introduced.

Inventiveness activities have long traditions at Nokian Tyres and are an important part of the company culture. They enable employees to influence their own work and working environment, in addition to supporting management and the work of supervisors. The goal of inventiveness activities is to encourage employees to actively participate in the company's operations and in the development of their own work, while also making wide-ranging use of the staff's potential for ideas. In 2012, a new electronic system was introduced for inventiveness activities, and it boosted the creation of many new, active inventiveness groups. Employees who are actively involved in company activities feel better about their work and, consequently, achieve good results for both themselves and the entire company.

Corporate responsibility – considered in every decision

The key values Nokian Tyres pursues in its operations are promoting safety, showing respect for the environment, fostering well-being and ensuring high quality. Responsibility translates into safe and environmentally friendly products, the most advanced production processes in the industry, and personnel safety and well-being.

In 2012, environmental, health and safety (EHS) management was integrated into the Quality and Process department’s tasks. EHS management aims at preventing accidents in all areas, ensuring uninterrupted production and overseeing good corporate citizenship. The development of operations relies on the best possible practices and advanced solutions, and takes into account human values in addition to financial considerations. Measures that promote safety include risk management, continuous process development, and new investments.

Furthermore, the plants in Nokia and in Vsevolozhsk, Russia, as well as the Swedish sales company Nokian Däck, are certified

for compliance with the international ISO 14001 environmental standard and the ISO 9001 quality standard. In addition, the plant in Nokia is certified for compliance with the EU EMAS (EcoManagement and Audit Scheme) regulation. Preparations to gain the International Automotive Task Force’s ISO/TS 16949 approval for all our plants started in the second half of 2012.

Only the best is good enough

In 2012, the extensive investments in developing the high quality of our products and activities continued. The modern production machinery, featuring new

integrated automatic metering and securing functions, forms an excellent foundation for constantly producing high quality. In addition, we have made significant inputs in developing our employees’ skills and quality-related attitudes. We conduct various surveys to monitor and prognosticate our customers’ needs. We want to offer every customer a high-quality overall customer and user experience.

The Group employs over 4,000 people all over the world. It’s always been important for us to operate in an ethical and moral manner, taking others into account. The purpose of common ethical guidelines is to support even better corporate citizenship and sustainable



development. In 2013, corporate responsibility will play an even more visible role, as we will publish our first comprehensive corporate responsibility report.

Over decades, Nokian Tyres has worked to make winter driving safer by developing tyres particularly suited for the northern conditions, but we also believe that the drivers' knowledge and skills are important. In 2012, we introduced the Hakkapeliitta Winter Driving School on our website, offering a versatile package of information and insight about winter driving that is useful for all consumers. Enhancing traffic safety with our products and in other ways available is very important for us.

Focus on environment and employee well-being

Environmental and safety perspectives have played a crucial role in our product

development, manufacturing and marketing from the very beginning. As a socially responsible corporation, we look after our personnel, customers, economy, environment and the quality and safety of our products. In all our operations, we follow international responsibility recommendations.

The starting point in our environmental protection activities is the life-cycle thinking: we assume responsibility for the environmental impact of our activities and products throughout their life cycle. The environmental friendliness of our products and processes is a significant focus area for us. Nokian Tyres is also involved in the tyre recycling company Suomen Rengaskierrätys Oy. The company takes care of the collecting and recycling of used tyres in all of Finland.

Thanks to its sustained development efforts in safety and environmental issues, Nokian Tyres can be considered a frontrunner

in the tyre industry. It was the world's first tyre manufacturer to discontinue the use of high-aromatic oils in rubber compounds back in 2005, and its example has helped to speed up the adoption of purified, low-aromatic oils in tyre manufacturing in Europe. The import and sales of tyres containing high-aromatic oils has been prohibited in the European Union as of the beginning of 2010.

The tyres manufactured by Nokian Tyres represent the cutting edge in terms of safety and environmental impacts during use, as proven in a number of independent comparison tests. We are committed to responding to the challenges brought about by climate change. The company will make every effort in its product development and manufacture to fight climate change without compromising safety.



Nokian Tyres continues on the road of responsibility: In 2013 the previously published extensive Environmental report will be replaced and the company will publish its first comprehensive Corporate Responsibility report.

1
Kim Gran
 Born 1954
 President and CEO from 2000.
 Bachelor of Science in
 Economics.
 With the company
 since 1995.

2
Alexej von Bagh
 Born 1968
 Vice President, CEO of
 Vianor. Master of
 Science (Eng.).
 With the company
 since 1995.

3
Esa Eronen
 Born 1957
 Vice President,
 Production Service.
 Technology Engineer.
 With the company
 since 1988.

4
Rami Helminen
 Born 1966
 Vice President,
 Passenger Car Tyres.
 Master of Economic Sciences.
 With the company
 since 1990.

5
Teppo Huovila
 Born 1963
 Vice President, Quality
 Master of Science, MBA.
 With the company
 since 1989.

6
Anne Leskelä
 Born 1962
 Vice President, Finance
 and Control & IR.
 Master of Economic
 Sciences.
 With the company
 since 1997.

7
Raimo Mansikkaoja
 Born 1962
 Vice President, Business
 Development.
 Master of Science, MBA.
 With the company
 since 1995.

8
Heikki Mattsson
 Born 1960
 Vice President, ICT
 With the company
 since 2010.



9
Andrei Pantioukhov
 Born 1972
 Russian operations,
 General Manager, Vice
 President. MBA.
 With the company
 since 2004.

10
Jarmo Puputti
 Born 1965
 Director, Nokian Heavy
 Tyres Ltd. Master of
 Science (Eng.).
 With the company
 since 2008.

11
Manu Salmi
 Born 1975
 Vice President,
 Procurement. Master
 of Military Sciences,
 M.Sc. Economics.
 With the company since
 2001.

12
Pontus Stenberg
 Born 1966
 Vice President, Truck
 tyres.
 Master of Economic
 Sciences
 With the company
 since 2010.

13
Hannu Teininen
 Born 1960
 Vice President, Sales and
 Logistics
 Engineer, MBA.
 With the company
 since 1984.

14
Antti-Jussi Tähtinen
 Born 1965
 Vice President,
 Marketing &
 Communications.
 Master of Arts.
 With the company
 since 2005.



Read QR Code with your smart phone
 or look at details of Management at
www.nokiantyres.com/top-management





Petteri Walldén

Year of birth: 1948. Master of Science (Engineering). Member of the Board since 2005 and Chairman. Chairman of the Nomination and Remuneration Committee. Independent of the company.
Shares: 13,056 pcs.



Kim Gran

Year of birth: 1954. Bachelor of Science in Economics. President and CEO of Nokian Tyres plc since 2000. Member of the Board since 2002. Shares: 19,000 pcs; stock options, pcs: 2010A 90,000; 2010B 90,000 and 2010C 90,000.



Hille Korhonen

Year of birth: 1961. Licentiate of Science (Technology). VP, operations, Fiskars Corporation until 31.12.2012. (President and CEO, Alko Inc. starting 1.1.2013) Member of the Board since 2006. Member of the Nomination and Remuneration Committee. Independent of the company.
Shares: 5,228 pcs.



Risto Murto

Year of birth: 1963. Doctor of Science (Economics), Lic. Pol. Sc (Economics), Master of Science (Economics). CIO, Executive Vice President Varma Mutual Pension Insurance Company. Member of the Board since 2012. Member of the Nomination and Remuneration Committee. Independent of the company
Shares: 559 pcs.



Hannu Penttilä

Year of birth: 1953. Master of Laws. CEO, Stockmann plc. Member of the Board since 1999. Member of the Nomination and Remuneration Committee. Independent of the company.
Shares: 6,856 pcs.



Benoît Raulin

Year of birth: 1967. Masters in Finance and Management Managing Director, Bridgestone France-Benelux. Member of the Board since 2011.
Shares: -



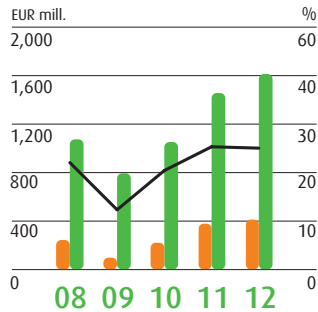
Alexsey Vlasov

Year of birth: 1957. Medical doctor. Vice President, Synttech Group. Member of the Board since 2006. Independent of the company.
Shares: 5,228 pcs.



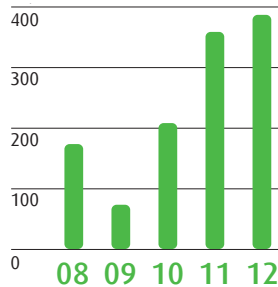
Read QR Code with your smart phone or look details of Board of Directors including main positions of trusts as well as main job experience at www.nokiantyres.com/board-of-directors

Net sales, operating profit and operating profit%



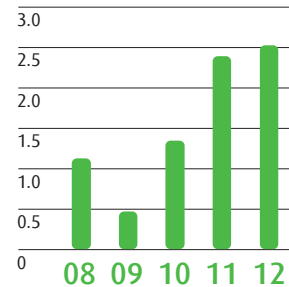
| | 08 | 09 | 10 | 11 | 12 |
|-------------------|---------|-------|---------|---------|---------|
| Net sales | 1,080.9 | 798.5 | 1,058.1 | 1,456.8 | 1,612.4 |
| Operating profit | 247.0 | 102.0 | 222.2 | 380.1 | 415.0 |
| Operating profit% | 22.8 | 12.8 | 21.0 | 26.1 | 25.7 |

Profit before tax



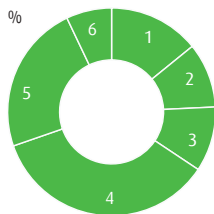
| Year | Profit before tax (EUR mill.) |
|------|-------------------------------|
| 08 | 173.8 |
| 09 | 73.5 |
| 10 | 208.8 |
| 11 | 359.2 |
| 12 | 387.7 |

Earnings per share



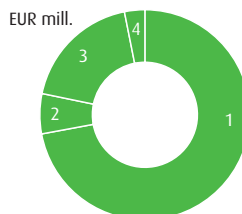
| Year | Earnings per share (EUR) |
|------|--------------------------|
| 08 | 1.12 |
| 09 | 0.47 |
| 10 | 1.34 |
| 11 | 2.39 |
| 12 | 2.52 |

Net sales by market area 2012 (2011)



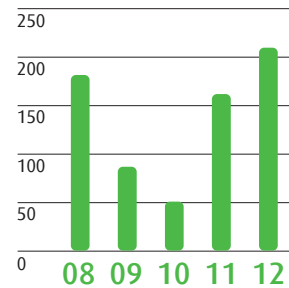
| | | |
|-------------------------------|-----|-------|
| 1. Finland | 14% | (15%) |
| 2. Sweden | 10% | (12%) |
| 3. Norway | 10% | (11%) |
| 4. Russia and CIS | 35% | (27%) |
| 5. Central and Eastern Europe | 23% | (28%) |
| 6. North America | 7% | (7%) |

Net sales by profit centre 2012 (2011)



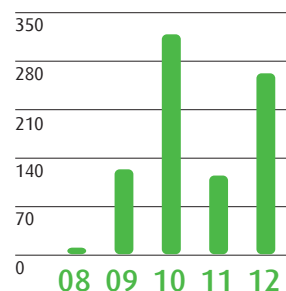
| | | |
|------------------------|---------|-----------|
| 1. Passenger Car Tyres | 1,220.1 | (1,071.1) |
| 2. Heavy Tyres | 104.4 | (112.8) |
| 3. Vianor | 315.3 | (298.4) |
| 4. Truck Tyres | 52.9 | (59.3) |

Gross investment



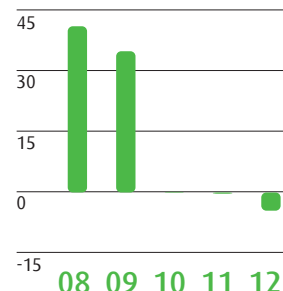
| Year | Gross investment (EUR mill.) |
|------|------------------------------|
| 08 | 181.2 |
| 09 | 86.5 |
| 10 | 50.5 |
| 11 | 161.7 |
| 12 | 209.2 |

Cash flow from operations



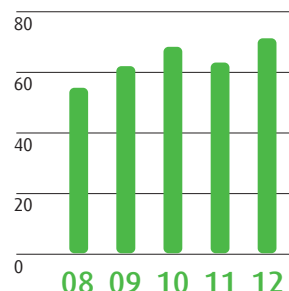
| Year | Cash flow from operations (EUR mill.) |
|------|---------------------------------------|
| 08 | 9.5 |
| 09 | 123.1 |
| 10 | 318.8 |
| 11 | 114.1 |
| 12 | 262.3 |

Gearing



| Year | Gearing (%) |
|------|-------------|
| 08 | 41.0 |
| 09 | 34.8 |
| 10 | 0.1 |
| 11 | -0.3 |
| 12 | -4.5 |

Equity ratio



| Year | Equity ratio (%) |
|------|------------------|
| 08 | 54.8 |
| 09 | 62.0 |
| 10 | 68.4 |
| 11 | 63.2 |
| 12 | 71.2 |

| EUR million | 1.1.-31.12. | Notes | 2012 | 2011 |
|--|-------------|-----------|---------|---------|
| Net sales | | (1) | 1,612.4 | 1,456.8 |
| Cost of sales | | (3)(6)(7) | -900.7 | -805.8 |
| Gross profit | | | 711.7 | 651.0 |
| Other operating income | | (4) | 1.9 | 1.8 |
| Selling and marketing expenses | | (6)(7) | -238.5 | -216.5 |
| Administration expenses | | (6)(7) | -34.7 | -29.4 |
| Other operating expenses | | (5)(6)(7) | -25.4 | -26.8 |
| Operating profit | | | 415.0 | 380.1 |
| Financial income | | (8) | 89.8 | 90.9 |
| Financial expenses | | (9) | -117.1 | -111.8 |
| Profit before tax | | | 387.7 | 359.2 |
| Tax expense ⁽¹⁾ | | (10) | -56.8 | -50.3 |
| Profit for the period | | | 330.9 | 308.9 |
| Attributable to: | | | | |
| Equity holders of the parent | | | 330.9 | 308.9 |
| Non-controlling interest | | | 0.0 | 0.0 |
| Earnings per share (EPS) for the profit attributable to the equity holders of the parent: | | (11) | | |
| Basic, euros | | | 2.52 | 2.39 |
| Diluted, euros | | | 2.46 | 2.32 |
| CONSOLIDATED OTHER COMPREHENSIVE INCOME | | | | |
| Result for the period | | | 330.9 | 308.9 |
| Other comprehensive income, net of tax | | | | |
| Gains/Losses from hedge of net investment in foreign operations ⁽²⁾ | | (10) | -13.4 | -2.9 |
| Cash flow hedges | | (10) | 0.5 | -1.4 |
| Translation differences on foreign operations | | | 33.9 | -7.6 |
| Other comprehensive income for the period | | | 21.0 | -11.9 |
| Total comprehensive income for the period | | | 351.9 | 297.0 |
| Total comprehensive income attributable to | | | | |
| Equity holders of the parent | | | 351.9 | 297.0 |
| Non-controlling interest | | | 0.1 | 0.0 |

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

2) In 2009-2011 the Group had internal loans that were recognised as net investments in foreign operations in accordance with IAS 21 'The Effects of Changes in Foreign Exchange Rates'.

| EUR million | 31.12. | Notes | 2012 | 2011 |
|--|--------------|-------|---------|---------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | (12)(13) | | 692.5 | 560.4 |
| Goodwill | (2)(14) | | 67.9 | 63.8 |
| Other intangible assets | (14) | | 26.4 | 22.6 |
| Investments in associates | (16) | | 0.1 | 0.1 |
| Available-for-sale financial assets | (16) | | 0.3 | 0.3 |
| Other receivables | (15)(17) | | 18.2 | 17.9 |
| Deferred tax assets | (18) | | 5.4 | 5.4 |
| | | | 810.8 | 670.4 |
| Current assets | | | | |
| Inventories | (19) | | 314.9 | 324.0 |
| Trade and other receivables | (20)(29) | | 451.4 | 409.3 |
| Current tax assets | | | 12.3 | 7.6 |
| Cash and cash equivalents | (21) | | 430.3 | 464.5 |
| | | | 1,208.9 | 1,205.5 |
| Total assets | (1) | | 2,019.6 | 1,875.9 |
| EQUITY AND LIABILITIES | | | | |
| Equity attributable to equity holders of the parent | | | | |
| | (22)(23) | | | |
| Share capital | | | 25.4 | 25.4 |
| Share premium | | | 181.4 | 181.4 |
| Translation reserve | | | -61.0 | -81.5 |
| Fair value and hedging reserves | | | -1.5 | -2.0 |
| Paid-up unrestricted equity reserve | | | 79.3 | 35.4 |
| Retained earnings | | | 1,213.2 | 1,027.2 |
| | | | 1,436.8 | 1,185.9 |
| Non-controlling interest | | | | |
| | | | 0.3 | 0.3 |
| Total equity | | | 1,437.2 | 1,186.1 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| | (24) | | | |
| Deferred tax liabilities | (18) | | 34.9 | 31.2 |
| Provisions | (25) | | 0.1 | - |
| Interest-bearing financial liabilities | (26)(27)(29) | | 323.1 | 207.6 |
| Other liabilities | | | 3.5 | 2.5 |
| | | | 361.7 | 241.2 |
| Current liabilities | | | | |
| Trade and other payables | (28) | | 161.3 | 186.1 |
| Current tax liabilities | | | 13.2 | 7.2 |
| Provisions | (25) | | 4.3 | 1.8 |
| Interest-bearing financial liabilities | (26)(27)(29) | | 42.0 | 253.4 |
| | | | 220.8 | 448.5 |
| Total liabilities | (1) | | 582.5 | 689.7 |
| Total equity and liabilities | | | 2,019.6 | 1,875.9 |

| EUR million | 1.1.-31.12. Notes | 2012 | 2011 |
|---|-------------------|---------------|---------------|
| Cash flows from operating activities: | | | |
| Cash receipts from sales | | 1,577.9 | 1,379.7 |
| Cash paid for operating activities | | -1,091.3 | -1,107.5 |
| Cash generated from operations | | 486.6 | 272.2 |
| Interest paid | | -45.0 | -12.4 |
| Interest received | | 3.9 | 3.7 |
| Dividends received | | 0.0 | 0.0 |
| Income taxes paid | | -56.8 | -30.6 |
| Net cash from operating activities (A) | | 388.7 | 232.9 |
| Cash flow from investing activities: | | | |
| Acquisitions of property, plant and equipment and intangible assets | | -206.4 | -159.8 |
| Proceeds from sale of property, plant and equipment and intangible assets | | 5.1 | 3.1 |
| Acquisitions of Group companies, net of cash acquired | (2) | -2.1 | -1.9 |
| Change in Non-controlling interest | | | 0.3 |
| Net cash used in investing activities (B) | | -203.4 | -158.4 |
| Cash flow from financing activities: | | | |
| Proceeds from issue of share capital | (22) | 43.9 | 27.4 |
| Change in current financial receivables | | 0.0 | 0.0 |
| Change in non-current financial receivables | | -1.5 | 0.1 |
| Change in financial current borrowings | | -233.7 | 239.6 |
| Change in financial non-current borrowings | | 128.0 | -9.0 |
| Dividends paid | | -156.6 | -83.7 |
| Net cash from financing activities (C) | | -219.9 | 174.3 |
| Net increase in cash and cash equivalents (A+B+C) | | -34.5 | 248.8 |
| Cash and cash equivalents at the beginning of the period | | 464.5 | 216.6 |
| Effect of exchange rate fluctuations on cash held | | 0.3 | -0.9 |
| Cash and cash equivalents at the end of the period | (21) | 430.3 | 464.5 |
| | | -34.5 | 248.8 |

Annual General Meeting 2013

The Annual General Meeting of Nokian Tyres plc will be held at Tampere-talo, in Tampere, Finland; address Yliopistonkatu 55 on Thursday 11 April 2013, starting at 4 p.m. Registration of attendants and the distribution of ballots will begin at 3 p.m.

Shareholders registered by no later than 28 March 2013 in the company's shareholder register, which is maintained by Euroclear Oy are entitled to attend the Annual General Meeting.

Shareholders who wish to attend must register by 10:00 am on 8 April 2013 either in writing to Nokian Tyres plc, P.O. Box 20, FI-37101 Nokia, by phone at +358 10 401 7641, by fax at +358 10 401 7799, or by internet www.nokiantyres.com/AGM2013.

The Annual Report, including the company's annual accounts, the Report of the Board of Directors and the Auditors Report is available on the company's website no later than 19 March 2013.

Financial Statements and the Board proposals will be available for one week prior to the Annual General Meeting at the company's headquarters.

Dividend payment

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.45 per share be paid for the financial year 2012. The record date for the dividend payment will be 16 April 2013 and the dividend payment date 26 April 2013, provided that the Board's proposal is approved.

Share register

Shareholders are requested to notify any changes in their contact information to the bookentry register in which they have a bookentry securities account.

Financial reports

Nokian Tyres will publish financial information in Finnish and in English as follows:

- Interim Report for three months on 30 April 2013
- Interim Report for six months on 9 August 2013
- Interim Report for nine months on 31 October 2013
- Financial Statements Bulletin 2013 on 7 February 2014
- Annual Report 2013 on March 2014

Nokian Tyres publishes its Interim Reports, Financial Statements Bulletin and Annual Report on the internet at www.nokiantyres.com.

Principles of investor relations

The goal of Nokian Tyres' investor relations is to regularly and consistently provide the stock market with essential, correct, sufficient and up-to-date information used to determine the share value. The operations are based on equality, openness, accuracy and good service.

The Management of Nokian Tyres is strongly committed to serving the capital markets. The company's President & CEO and CFO are the main parties dealing with and answering questions from analysts and investors.

Nokian Tyres adopts a three-week period of silence before the publication of financial information and a six week period of silence before the publication of the Financial Statements Bulletin.

Analyst and investor meetings are mainly held both in Finland and abroad in conjunction with the publication of the company's financial results. At other times analysts and investors are mainly answered by phone or email.

Questions from analysts and investors:

Kim Gran, President and CEO
tel. +358 10 401 7336
email: ir@nokiantyres.com

Anne Leskelä, CFO, Investor Relations
tel. +358 10 401 7481
email: ir@nokiantyres.com

Requests for meetings and visits:

Raija Kivimäki, Assistant to President and CEO
tel. +358 10 401 7438
email: ir@nokiantyres.com
Fax: +358 10 401 7378

Investor information:

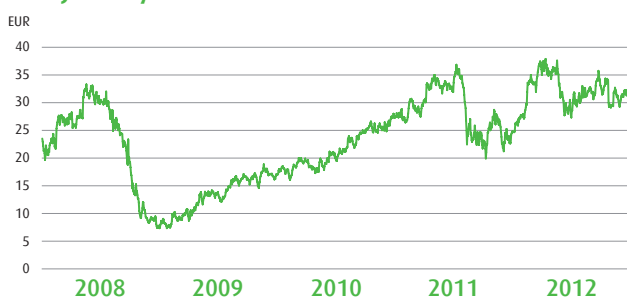
Antti-Jussi Tähtinen, Vice President, Marketing and Communications
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email: info@nokiantyres.com

Anne Aittoniemi, Communications Assistant
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Fax: +358 10 401 7799

Address:

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P.O. Box 20
(Visiting address: Pirkkalaistie 7)
FI-37101 Nokia

Nokian Tyres' share price development 1 January 2008 – 31 December 2012



Annual Report and Financial Review 2012

Nokian Tyres Financial Statements Bulletin/Financial Review 2012 is available only in electronic form on the company web site. Electronic Annual Report, above mentioned reports as well as contact details including analysts can be read from www.nokiantyres.com

