



**Sales and EBIT growth in Q2,  
improving position in core markets**

**Interim Report  
January-June 2013  
9 August, 2013**

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

## INDEX

1. **General overview 1-6/2013**
2. **Nokian Tyres financial performance**
3. **Profit centres (incl. Russian operations)**
4. **Nokian Tyres going forward**
5. **Appendixes**



**Nokian Tyres Fastest on Ice 9 March, 2013:  
New Nokian Hakkapeliitta 8 sets New World Record 335.713 km/h!**

## GENERAL OVERVIEW 1-6/2013

### Sales and EBIT growth in Q2, improving position in core markets

#### Key figures, EUR million:

	4-6/13	4-6/12	Change%	1-6/13	1-6/12	Change%	2012
Net sales	419.1	413.8	1.3	752.2	798.0	-5.7	1,612.4
Operating profit	120.2	112.7	6.7	196.6	217.7	-9.7	415.0
Operating profit %	28.7	27.2		26.1	27.3		25.7
Profit before tax	98.8	108.0	-8.5	171.7	210.3	-18.4	387.7
Profit for the period	85.6	95.4	-10.2	149.2	182.9	-18.4	330.9
Earnings per share, EUR	0.65	0.73	-11.2	1.13	1.40	-19.5	2.52
Equity ratio, %				67.6	62.8		71.2
Cash flow from operations	-0.9	-42.5	97.9	-96.0	-163.9	41.4	262.3
RONA,% (roll. 12 months)				21.1	26.4		23.0
Gearing, %				22.4	25.9		-4.5

#### Summary

- Market share and market leadership strengthened in Russia and the Nordic countries
- Sales and EBIT up in Q2/2013 yoy despite soft market
- ASP (€/kg) flat yoy due to improved mix
- Strong tailwind from raw material cost supported margins and offset higher depreciation costs
- Industrial structure improving further: new lines 12 & 13 take Russian capacity to > 15 million tyres by end 2013
- Expanding distribution
  - Vianor 1,121 stores in 26 countries, +84 stores in H1
  - In Russia over 2,700 Hakka Guarantee stores
  - Nokian Authorized Dealers (NAD) network building up in Europe and China
- Unrealized exchange rate difference on internal loan booked in line with IFRS rules

#### Outlook: Flat to some growth in a challenging market

- Sales in Russia, Nordic countries and N-America expected to show some growth in 2013, CE to grow in H2
- Pricing environment 2013 challenging for all tyre categories
- Raw material cost (€/kg) estimate -9.5% full year 2013. Tailwind some 45 m€ in 2013.
- New Hakkapeliitta range supports winter tyre sales and ASP
- Capacity ramp-up in Russia proceeds
  - Line 12 on stream Q1/2013, line 13 installed in Q2/2013
  - Inbuilt capability to increase output by 50%
- Profitability supported by improved cost structure and productivity on the back of increasing share of Russian production

#### Year 2013 guidance (updated):

- In 2013, the company is positioned to show flat to some growth in Net sales and Operating profit compared to 2012.

## MARKET OVERVIEW 1-6/2013

*Demand stable in Russia, Nordic countries and CE slightly down*

### Car tyres

#### Challenging markets

- Uncertainty and slowing growth in global economy
- Economies in the Nordic countries and Russia relatively stable
- Car sales in Russia -6%, Europe -7%, Nordics -8% yoy
- Car tyre demand in Russia flat (winter up, summer down), Europe -6% (winter -23%), Nordics -2% yoy
- Distributors' carry-over stocks of summer tyres in CE and Russia
- Pricing environment for 2013 challenging

### Heavy tyres

#### Uncertainty continued in heavy tyres' markets

- Demand soft in all product groups

### Currencies

#### RUB weakened against EUR

- RUB weakened due to financial uncertainties from RUB/EUR 40.33 to 42.85 during H1/2013

### Raw material prices

#### Raw material prices in downward trend

- Nokian Tyres' raw material cost (€/kg) down by 9.6% in H1/2013 vs. H1/2012.
- Raw material cost to decrease by 9.5% in 2013 vs. 2012. Tailwind some 45 m€ yoy.

# NOKIAN TYRES PERFORMANCE 1-6/2013

*Q1 reasonable, Q2 improved results*

## Sales and market position

### Sales and market share up in the core markets

- + Sales growth in Russia, Nordic countries and in winter tyres
- + Car tyres' market share improved in all markets, especially in Russia and the Nordic countries
- + Test success continued
- CE sales down due to clear drop in winter tyre pre-season demand

## Profitability

### Tailwind from decreasing raw material cost

- + Raw material cost down 9.6% yoy
- + Increasing share of Russian sales and production
- + Average Selling Price (€/kg) on par with H1/2012
- + Winter tyres 73% (64%) of sales volume in H1/2013 → supported mix and ASP
- Commissioning of the new factory in Russia increased depreciation

## Production

### Capacity increases continued

- + Line 12 in Russia commenced production in Q1/2013, line 13 installed in Q2/2013
- + Output increased Q2/2013 yoy

## Distribution

### Vianor expanding as planned, new partner concepts booming

- + Vianor expanded to 1,121 stores in 26 countries; +84 stores in H1/2013
- + Over 2,700 Hakka Guarantee tyre stores in Russia and CIS
- + Nokian Authorized Dealer (NAD) network has already been rolled out in Italy, Germany and China

## INDEX

1. General overview of 1-6/2013
2. Nokian Tyres financial performance
  - Operating result per quarter
  - Gross sales by market area
  - Raw material cost development
3. Profit centres (incl. Russian operations)
4. Nokian Tyres going forward
5. Appendixes



# FINANCIAL PERFORMANCE

## Group Operating profit per quarter 2009-6/2013

**1-6/2013**

Net sales 752.2 m€,  
(798.0 m€) -5.7%

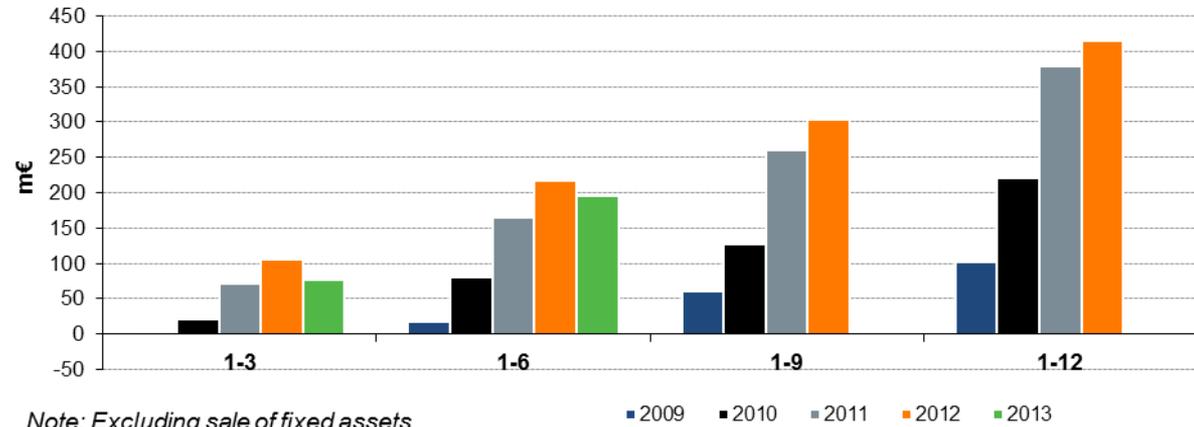
EBIT 196.6 m€,  
(217.7 m€) -9.7%

**4-6/2013**

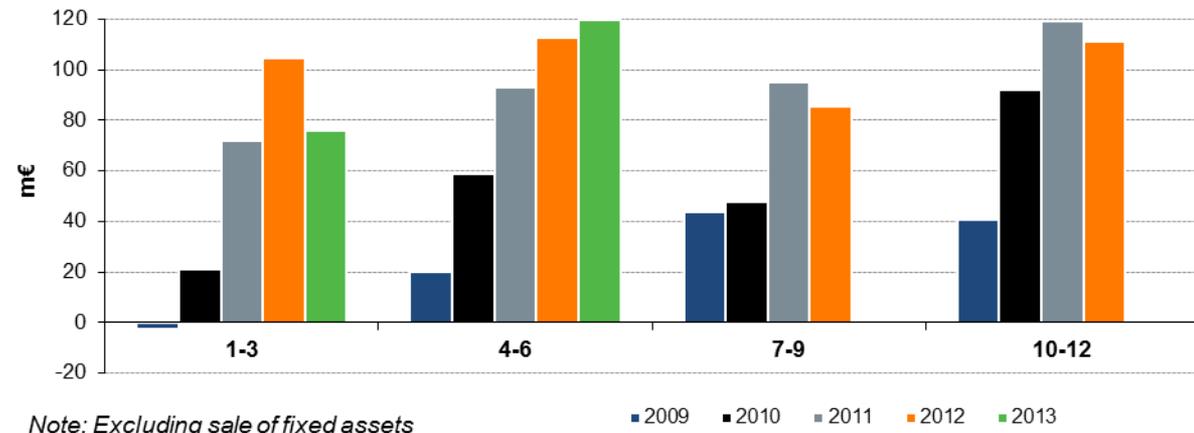
Net sales 419.1 m€,  
(413.8 m€) +1.3%

EBIT 120.2 m€,  
(112.7 m€) +6.7%

Cumulative Operating profit per review period (m€)



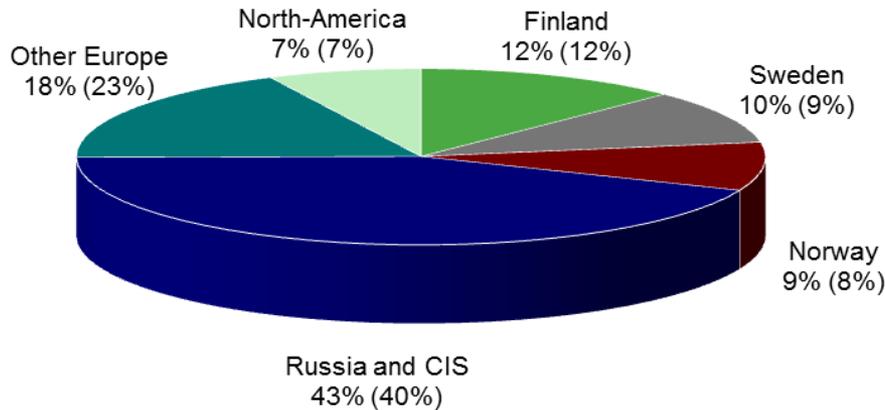
Group Operating profit per quarter (m€)



# FINANCIAL PERFORMANCE 1-6/2013

## Gross sales by market area

**Sales of Nokian Tyres Group: 822.5 m€, -3.9%**

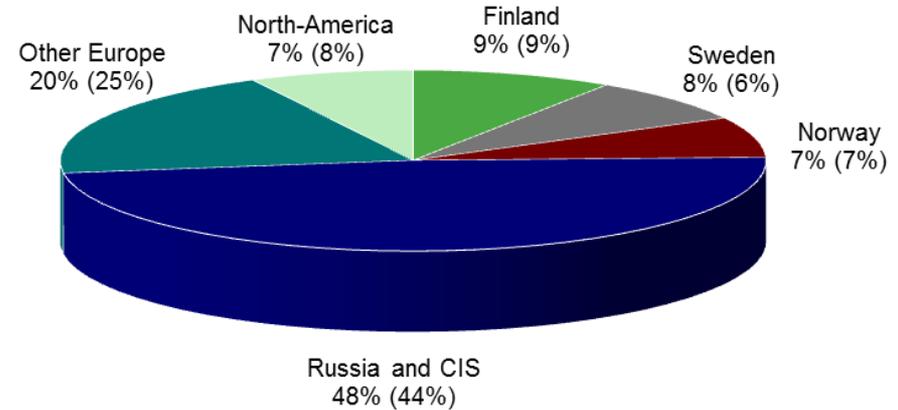


### GROUP

#### Sales development in euros

▪ Nordic countries	+2.6%
▪ Russia and CIS	+4.3%
▪ Other Europe	-24.4%
▪ North America	-4.5%

**Sales of Manufacturing Units: 742.1 m€, -4.9%**

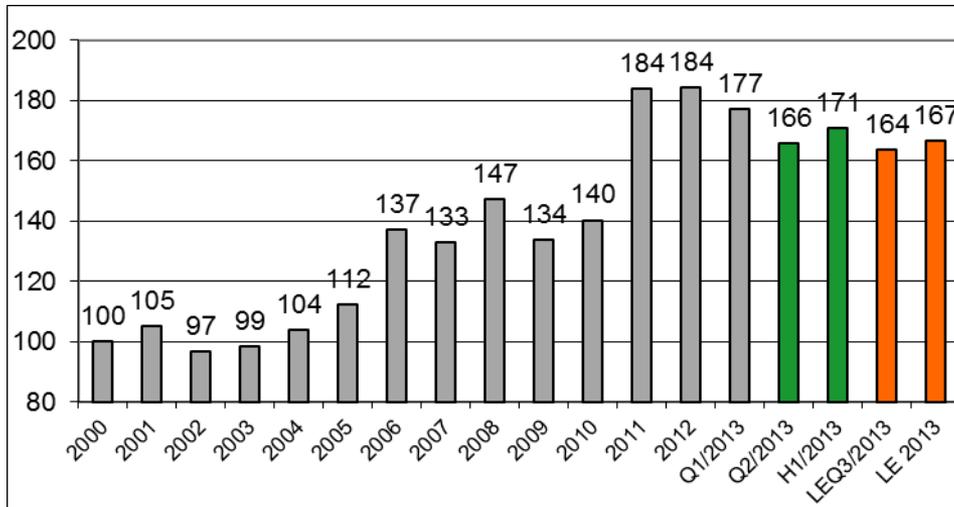


### MANUFACTURING

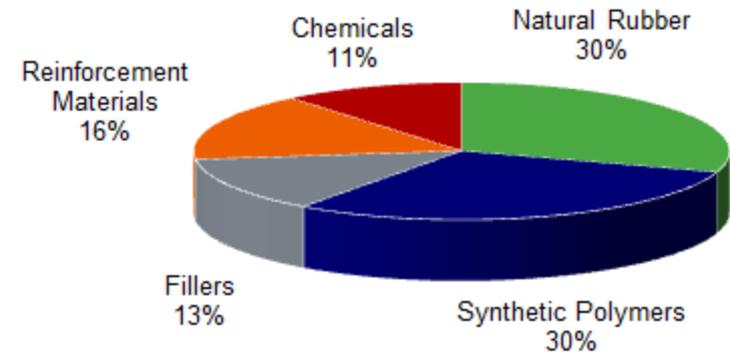
#### Sales development in euros

▪ Nordic countries	+1.2%
▪ Russia and CIS	+4.3%
▪ Other Europe	-24.7%
▪ North America	-4.8%

**Raw material cost development index 2000-E2013**



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



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

- **Raw material cost**
  - decreased by 10.2% in Q2/2013 vs. Q2/2012
  - decreased by 6.4% in Q2/2013 vs. Q1/2013
  - decreased by 9.6% in H1/2013 vs. H1/2012
- **Raw material cost is estimated to**
  - decrease by 1.5% in Q3/2013 vs. Q2/2013
  - decrease about 9.5% in 2013 vs. 2012

**Estimated tailwind in 2013: 45 m€**

## INDEX

1. General overview of 1-6/2013
2. Nokian Tyres financial performance
3. Profit centres
  - General overview
  - Passenger Car Tyres (incl. Russian operations)
  - Vianor
  - Heavy Tyres
  - Truck Tyres
4. Nokian Tyres going forward
5. Appendixes

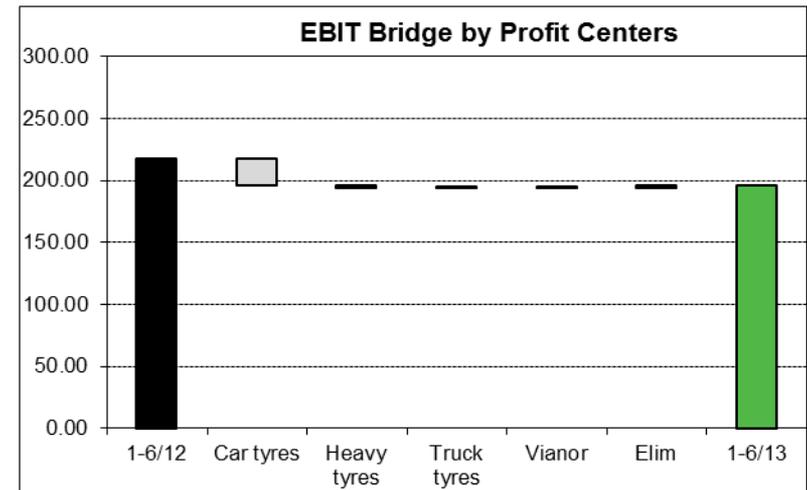
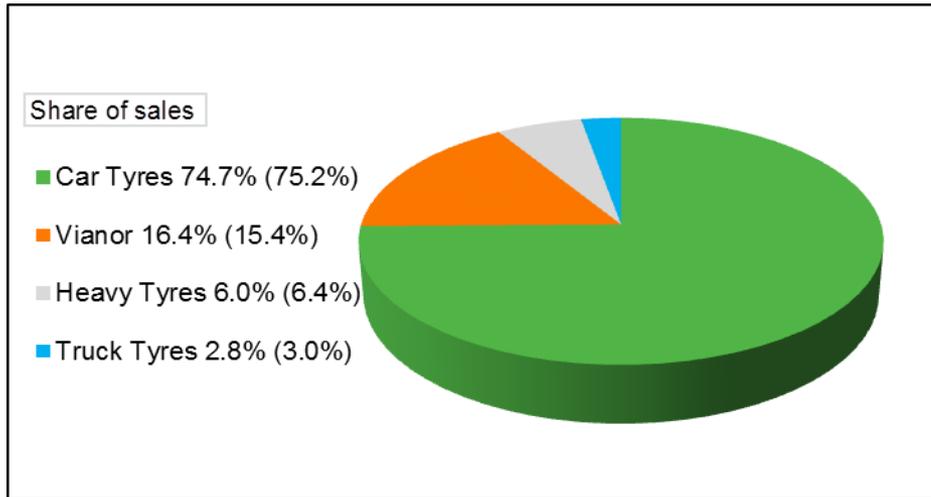


# PROFIT CENTRES 1-6/2013

## General overview

**Net sales 752.2 m€; -5.7%**

**EBIT 196.6 m€; -9.7%**



### Passenger Car Tyres

- **Net sales:** 591.6 m€; -6.5%
- **EBIT** 207.0 m€; -9.5%
- **EBIT margin:** 35.0% (36.1%)
- **Key products:** studded and non-studded winter tyres, high-speed summer tyres

### Vianor

- **Net sales:** 130.0 m€; +0.5%
- **EBIT:** -9.9 m€; -38.0%
- **EBIT margin:** -7.6% (-5.5%)
- 1,121 stores in 26 countries in Nokian Tyres' core markets

### Heavy Tyres

- **Net sales:** 47.4 m€; -11.4%
- **EBIT:** 4.9 m€; -23.1%
- **EBIT margin:** 10.3% (11.9%)
- **Key products:** tyres for forestry, industrial and agricultural machinery

### Truck Tyres

- **Net sales:** 22.4 m€; -11.5%
- **Key products:** truck tyres and retreading materials

# PROFIT CENTRES 1-6/2013

## Passenger Car Tyres: Sales and market share up in core markets

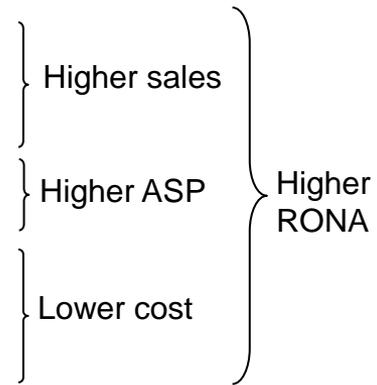
### Performance in 1-6/2013

- + Q2 sales and Operating profit improved
- + Sales and market share growth in Russia and in Nordic countries
- + Magazine test success continued in core markets
- + Tailwind from decreasing raw material cost supported margins
- + Capacity increased with line 12 in Q1 and line 13 installation in Q2
- + ASP €/kg flat yoy despite challenging pricing environment
- + Improved cash flow
- H1 sales decreased:
  - Weak winter tyre demand in CE
  - Sales growth stagnated in Russia
  - Manufacturing contract with Bridgestone ended
- Depreciation up due to commissioning of the new factory

### Key actions and targets for 2013

- Maximize sales with renewed product offering
- Improve market shares in core markets
- Expand distribution, special focus CE
- Improve sales mix & service level
- Defend brand and price position
- Increase production in Russia, ramp-up of new lines
- Improve productivity and utilization of capacities
- Secure collection of receivables

→ Maximize sales of new winter range, expand distribution in CE, improve productivity – Improve sales and EBIT



### Net sales:

1-6/2013: 591.6 m€ (633.0 m€); -6.5%

4-6/2013: 317.9 m€ (317.1 m€); +0.3%

### EBIT:

1-6/2013: 207.0 m€ (228.7 m€); -9.5%

4-6/2013: 114.6 m€ (110.0 m€); +4.2%

### EBIT margin:

1-6/2013: 35.0% (36.1%)

4-6/2013: 36.0% (34.7%)



New Nokian Hakkapeliitta 8

## MAGAZINE TESTS

*Test success continues – both in summer and in winter*

### WINTER TYRES, autumn 2012

#### Nokian Hakkapeliitta 7 – Multiple test winner

- Studded winter tyre family for core markets. Test victories in magazine tests, e.g.: Tekniikan Maailma, Tuulilasi (Finland), Motor Auto, Motor og Sport, (Norway); Aftonbladet BIL, Auto, Motor & Sport, Vi Bilägare (Sweden); Za Rulem, AutoReview (Russia), Auto Centre (Ukraine)

#### Nokian Hakkapeliitta R (non-studded) – Safe and reliable

- Test victories e.g. Tekniikan Maailma, Tuulilasi (Finland), Motor, Auto, Motor og Sport (Norway); Auto, Motor & Sport, Vi Bilägare (Sweden) Za Rulem, AutoReview (Russia), Auto Centre (Ukraine)

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

- Test victories e.g.: Auto, Motor und Sport, ADAC, AUTO Strassenverkehr, Firmenauto (Germany), Aftonbladet BIL, AMS (Sweden)

#### Nokian WR A3 – for Central European winter

- Test victory: AutoBild (Germany)



**Nokian Hakkapeliitta 7:**  
Over 30 test wins in car magazines between years 2009 and 2012

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

### SUMMER TYRES, spring 2012

#### Nokian Hakka Blue – Wet performer

- 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 e.g.: Tuulilasi (Finland), Vi Bilägare (Sweden)

#### Nokian Z G2 – Cool Performer

- Test victories e.g.: Auto Bild, Gute Fahrt, Auto Bild Allrad, auto TESTest

### SUMMER TYRES, spring 2013

#### Nokian Hakka Blue

- Test victory: Tuulilasi (Finland)

#### Nokian Hakka Green and Nokian Hakka SUV

- Test victories: Za Rulem (Russia), Auto Centre (Ukraine)

#### Nokian Line – NEW

- Test victories or best reviews e.g.: Auto Bild, auto TEST, Auto, Motor & Sport, ADAC, Stiftung Warentest (Germany)



**Nokian Hakka Blue**

# MAJOR REVAMP OF PRODUCT OFFERING 2013

## *Examples of new products and innovations*

### WINTER TYRES

#### **Nokian Hakkapeliitta 8 – Ruler of the North**

- Based on the Nokian Hakkapeliitta 7 with over 30 test victories 2009-2012

#### **Nokian Hakkapeliitta R2 – Northern comfort**

- The new non-studded winter tyre will safely tackle all winter conditions

#### **Nokian Hakkapeliitta R2 SUV – Northern comfort and stability**

- The non-studded winter tyre, specially tailored for sport utility vehicles

#### **Nokian WR SUV 3**

- Developed for Central Europe's varying winter conditions in SUV segment

#### **Nokian WR G3**

- An extension of the Nokian Tyres' All Weather Plus line for North America

### **New range puts winter grip on an awesome new level!**

### SUMMER TYRES

#### **Nokian eLine – Next generation summer tyre for all markets**

- Fuel efficiency and wet grip are at the top of the new EU tyre label, class A

#### **Nokian Hakka Black – UHP tyre for core markets**

- Cool performance for fast driving, stable and precise from spring to autumn

#### **Nokian zLine – Ultra High Performance summer tyres for CE**

- New top class tyre family for varying Central European summer conditions



**Nokian Hakkapeliitta 8**



**Nokian Hakkapeliitta R2**



**Nokian Hakka Black**

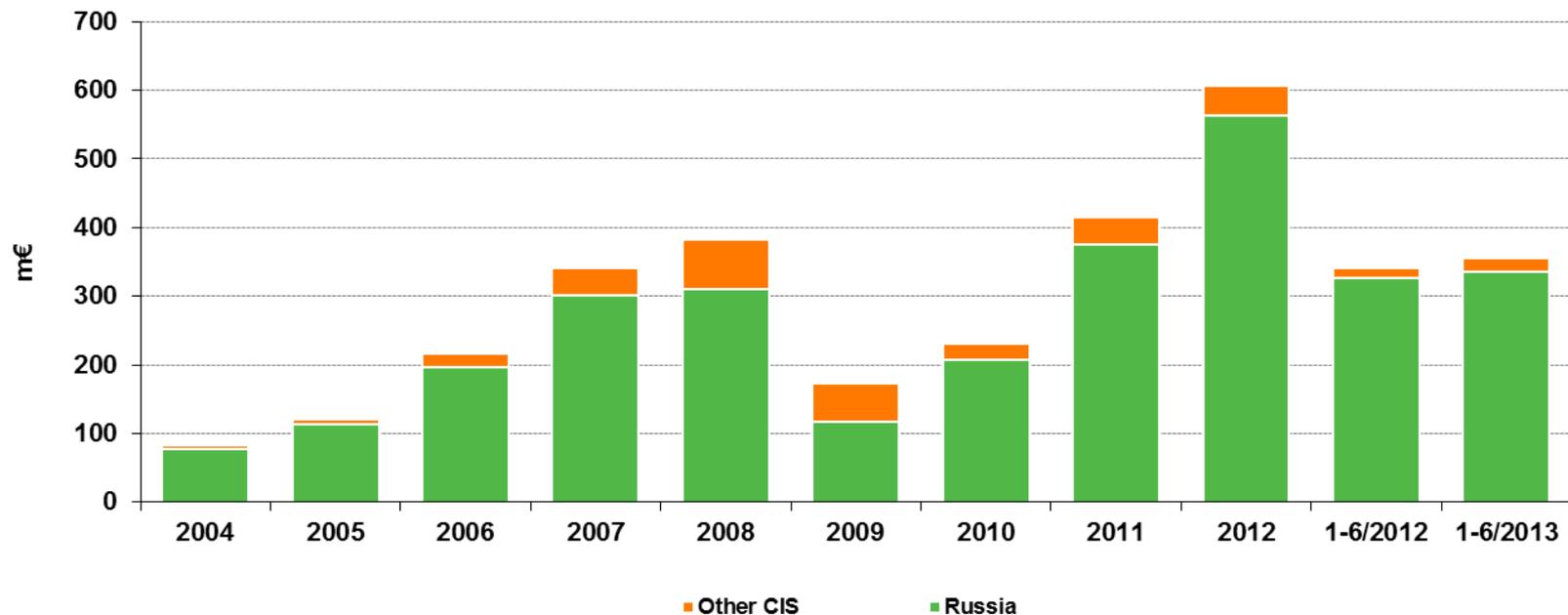
## RUSSIA & CIS

**Growth continues – H1 sales up 4.3%**

- Sales in Russia in 1-6/2013 grew by 2.6% to 336.4 m€ (327.9 m€)
  - Slower growth rate in the economy, new car sales down
  - Nokian Tyres: Improved supply capacity, expanding distribution, higher market share
- Sales in CIS (excluding Russia) were 20.3 m€ (14.1 m€), up 44%.

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

**Russia and other CIS sales development**



## RUSSIA & CIS

*Distributors, DSD-warehouses, Vianors and Hakka Guarantee network:  
581 Vianor shops (+48 in H1) – over 2,700 retail partner points of sale*



- Distributors (37)
- DSD current cities (Moscow, SPb, Samara/Togliatti, Yekaterinburg, Chelyabinsk, N.Novgorod, Omsk, Rostov-on-Don, Perm, Ufa, Orenburg, Kazan, Voronezh, Tyumen, Volgograd, Novosibirsk)
- 581 Vianor stores in 344 cities (+48 stores in H1)

Nokian Hakka Guarantee dealership program includes over 2,700 tyre stores and car dealers

**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 decrease to 18% in 2013 and 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
  - The biggest controlled tyre distribution network – 581 Vianor stores / over 2,700 partner stores in Russia & CIS
- ***Nokian Tyres continues to strengthen its market leader position in Russia***

**Nokian Tyres' factories in Russia**

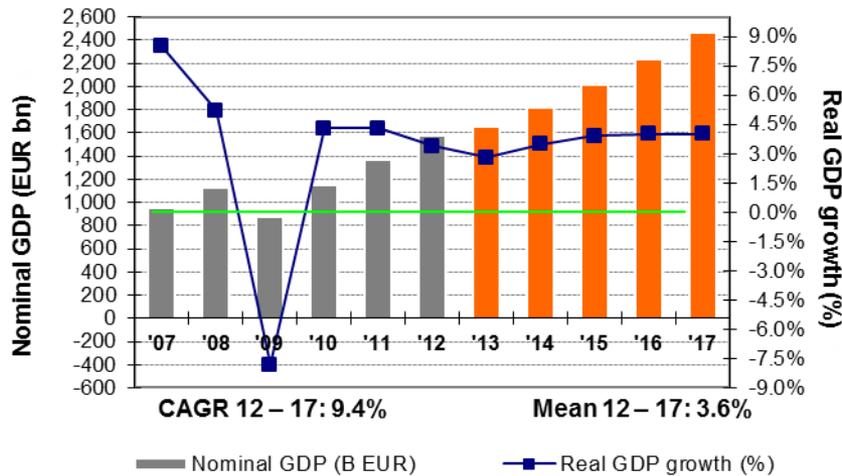
- At the beginning of 2013 annual capacity in Russia was 14 million tyres with 2 factories, 11 lines operating and line 12 installed
- Line 12 commenced production in Q1/2013
- Line 13 installed in Q2/2013 → Annual capacity to >15 million tyres by end 2013
- State-of-the art machinery, high automation level and European quality standards
- Vsevolozhsk factory exports approximately 50% of its production to over 40 countries:  
Biggest consumer goods exporter in Russia
- Housing project, Hakkapeliitta Village –  
343 flats for employees ready in summer 2013
- Number of personnel in Russia on 30 June 2013: 1,309 (1,187)
- CAPEX by end 2012: 704 m€



# RUSSIA

*Russia's economy growing, but with a slower pace*

## Russia's GDP growth



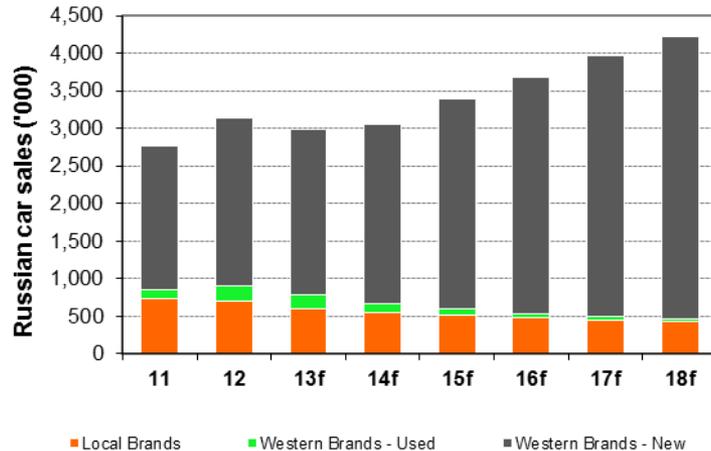
## Consumer confidence in Russia



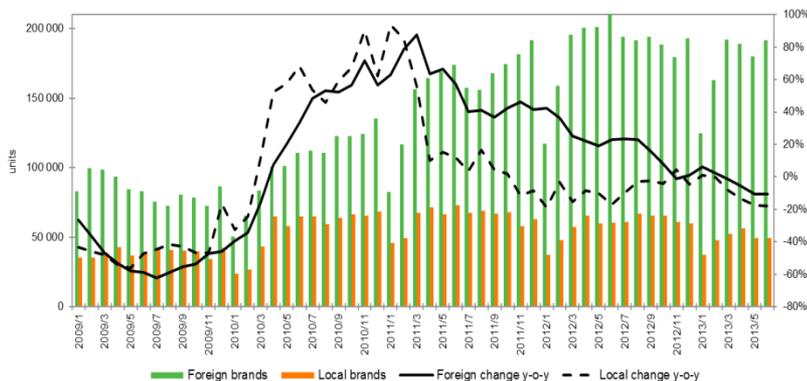
## Major trends and expectations

- After a severe crisis of 2008-2009, Russia's economy grew by ~4% a year in 2010-2011
- In 2012 the economic growth continued, but slowed down to 3.4%
- In H1/2013 the slowdown continued: the estimated real GDP growth was a modest 1.7% (in Q2: 1.9%), reflecting weaker investment and consumer consumption
- The forecast for 2013 has been downgraded to 2.4% by the government; market expectations vary between 2.0 and 2.8%
- Weaker expectations are based on lower oil and other commodity prices
- 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 2014-2016 is estimated at 3 - 4% a year
- Consumer confidence has stabilized and practically reached its normal level
- Ruble exchange rate has fluctuated in 2012, stabilized at its long-time average level of 40 RUB / EUR and then slightly devalued (to ~42.5); generally, it is expected to remain quite stable with fluctuations between 40 and 44 RUB / EUR

### Russian car sales forecast – base scenario



### Monthly car sales

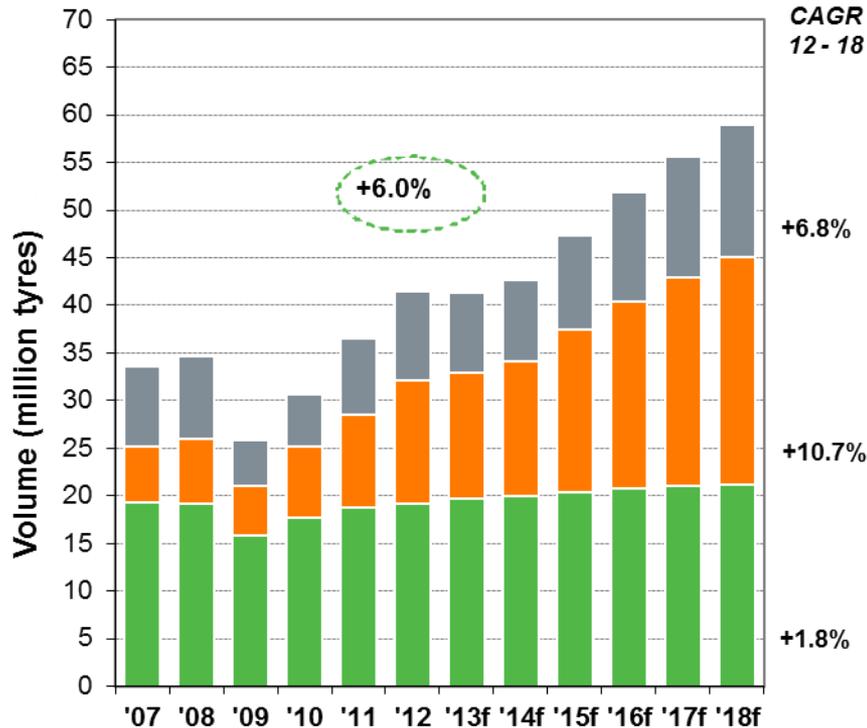


Source: AEB; IHS Global Insight; Nokian Tyres estimates July 2013

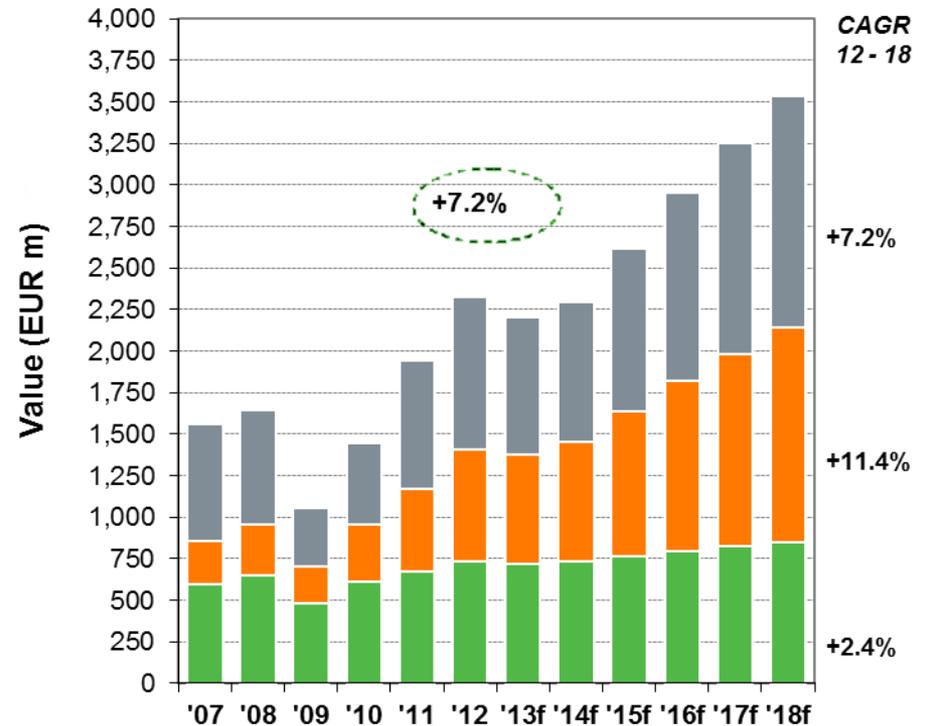
### Car market summary

- Sales of new cars and LCVs in Russia continued to grow in 2012, albeit with a clearly declining growth in H2; full-year growth was 11% vs. 2011
- Year 2013 started quite slowly, as expected: Q1 showed zero growth and in Q2 sales of new cars started to decline; totally 6% less cars were sold in H1/2013 vs. the same period of 2012, in June the decrease was 11%
- In H2/2013 the new car market is expected to gradually return to the growth track, but the full-year dynamics will stay negative: according to the updated forecast sales of new cars and LCV will decline by 2-5% in 2013, reaching ~2.8 million units
- This slowdown of the car market is seen as a temporary phase, not a sign of fundamental maturity of the market – as global and Russia economies improve, the car market will continue to grow, as the unrealized potential has not disappeared
- In July 2013 the Russian government re-launched the program of supporting car loans: it will subsidize 5.5 p.p. (2/3 of the Central Bank refinancing rate) of car loans provided by banks to finance purchase of cars with the maximum price of 750,000 RUB. The program will continue at least until mid 2014 and is expected to cover ~200,000 car loans and thus support the overall market (share of car purchases financed through loans is already over 40%)

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 July 2013

## PROFIT CENTRES 1-6/2013

*Vianor: Q2 sales and EBIT up vs. Q2/2012, EBIT 7%*

### Performance in 1-6/2013

- + 1,121 stores in 26 countries; +84 stores in H1/2013
- + Sales and EBIT of equity-owned stores up in Q2/2013 yoy
- + Strategic tasks to expand distribution and set market prices for Nokian products succeeded
- + 40 car service operations acquired and integrated to existing Vianor stores by the end of H1/2013
- H1/2013 EBIT negative due to seasonality

### Key actions and targets for 2013

- Improve tyre sales and market shares
- Increase sales of car services, tyre hotels and other services
- Increase e-commerce sales
- Process evaluation & ERP renewal
- Continue to expand the network and the number of partners
  - Target: over 1,180 stores by the end of 2013

→ **Cement and improve market leader position as a distributor in Nokian Tyres' core markets – H2 and full year EBIT positive**

### Equity-owned Vianor (183 stores)

#### Net sales:

1-6/2013: 130.0 m€ (129.4 m€); +0.5%

4-6/2013: 86.4 m€ (79.4 m€); +8.8%

#### EBIT:

1-6/2013: -9.9 m€ (-7.2 m€); -38.0%

4-6/2013: 6.0 m€ (3.2 m€); +87.0%

#### EBIT margin:

1-6/2013: -7.6% (-5.5%)

4-6/2013: 7.0% (4.0%)



Vianor Friedrichshafen, Germany

## EXPANSION OF DISTRIBUTION CHANNEL 1-6/2013

**Vianor:** *Foothold on core markets strengthening, +84 shops*

**NAD:** *New soft franchise launch, 217 shops*

### Vianor – 1,121 stores in 26 countries

- 84 new stores in H1/2013; +44 in Q2/2013
- 183 equity-owned, 938 franchising/partners
- **Largest tyre chain in Nordic and Baltic countries:**  
288 stores (+17 in H1/2013)
- **Largest tyre chain in Russia and CIS:**  
581 stores (+48 in H1/2013) in 344 cities
- **Expansion to Central Europe:**  
210 stores (+12 in H1/2013)

### Vianor stores by segment

- Car tyres: over 1,000 stores
- Heavy tyres: over 240 stores
- Truck tyres: over 300 stores

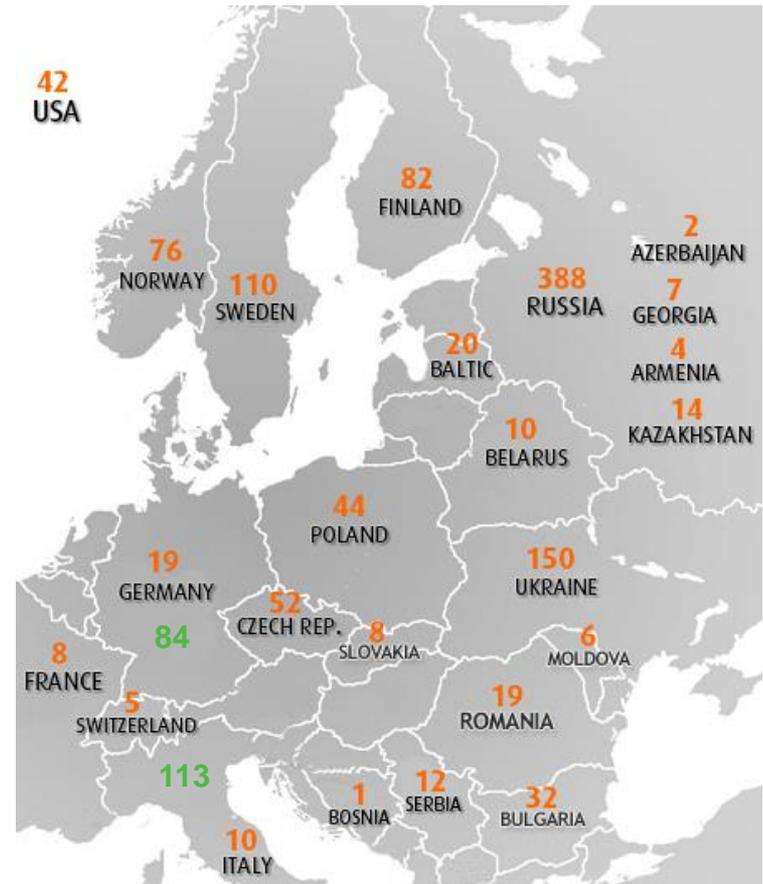
**Target 2013 → over 1,180 Vianor stores**

### Nokian Authorized Dealers (NAD)

- H1/2013: 217 stores in Italy, Germany and China
- Estimate 2013: >300 in 3 countries

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

**NAD** – Nokian Authorized Dealer



## EXPANDING DISTRIBUTION

*Nokian Authorized Dealers (NAD)*

### Requirements for NADs

- Minimum purchases from Nokian Tyres and a strong visibility in the store
- Professional tyre services
- Soft Nokian Tyres outdoor branding, indoors Nokian Tyres shop-in-shop

### Benefits for NADs

- NAD terms and conditions
- Product seminars, launch events
- Advertising materials, web visibility

### Target 2013

- Over 300 stores in 3 countries by end of 2013



## PROFIT CENTRES 1-6/2013

*Heavy Tyres: Improved structure, soft demand*

### Performance in 1-6/2013

- + Structural changes in manufacturing reduced manning and improved product quality, flexibility, and productivity
- + ASP was flat yoy despite challenging market situation
- + Productivity improved
- Sales down due to weaker demand and machine building in Europe
- Production adjusted to demand; profitability suffered from lower utilization rate

### Key actions and targets for 2013

- Maximize sales
  - Improve sales mix and share of replacement market sales
  - Expand the distribution network, especially in Russia and CIS
  - Accelerate development of new radial products
  - Finalize factory modernization project
  - Optimize production output
- Increase sales to replacement market, optimize production output and improve productivity – Maintain EBIT

#### Net sales:

1-6/2013: 47.4 m€ (53.6 m€); -11.4%

4-6/2013: 25.3 m€ (26.5 m€); -4.6%

#### EBIT:

1-6/2013: 4.9 m€ (6.3 m€); -23.1%

4-6/2013: 2.7 m€ (2.6 m€); +4.0%

#### EBIT margin:

1-6/2013: 10.3% (11.9%)

4-6/2013: 10.5% (9.6%)



Nokian Mine L-5S

## PROFIT CENTRES 1-6/2013

### *Truck Tyres: Market shares up in core markets*

#### Performance in 1-6/2013

- + Market share improved in the Nordic countries and Russia
- + Wider range for premium & standard truck tyres
- + Operating profit on a healthy level
- Sales down trailing weaker demand in the Nordic countries

#### Key actions and targets for 2013

- Increase sales and market shares in core markets
- Expand in Eastern Europe utilising the “Vianor truck” concept
- Utilize the combination of new & retreaded tyres as a sales concept
- Utilize the stronger winter product range (incl. Hakkapeliitta truck tyres)
- Optimize off-take contract manufacturing

→ Focus on increasing sales, improving market shares and expanding distribution

#### Net sales:

1-6/2013: 22.4 m€ (25.3 m€); -11.5%

4-6/2013: 11.4 m€ (12.7 m€); -10.5%



Nokian Hakkapeliitta Truck D

## INDEX

1. General overview of 1-6/2013
2. Nokian Tyres financial performance
3. Profit centres (incl. Russian operations)
4. Nokian Tyres going forward
  - Investments
  - Production plants
  - Outlook for 2013
5. Appendixes



## Investment in 1-6/2013

- 88.8 m€ (109.8 m€)

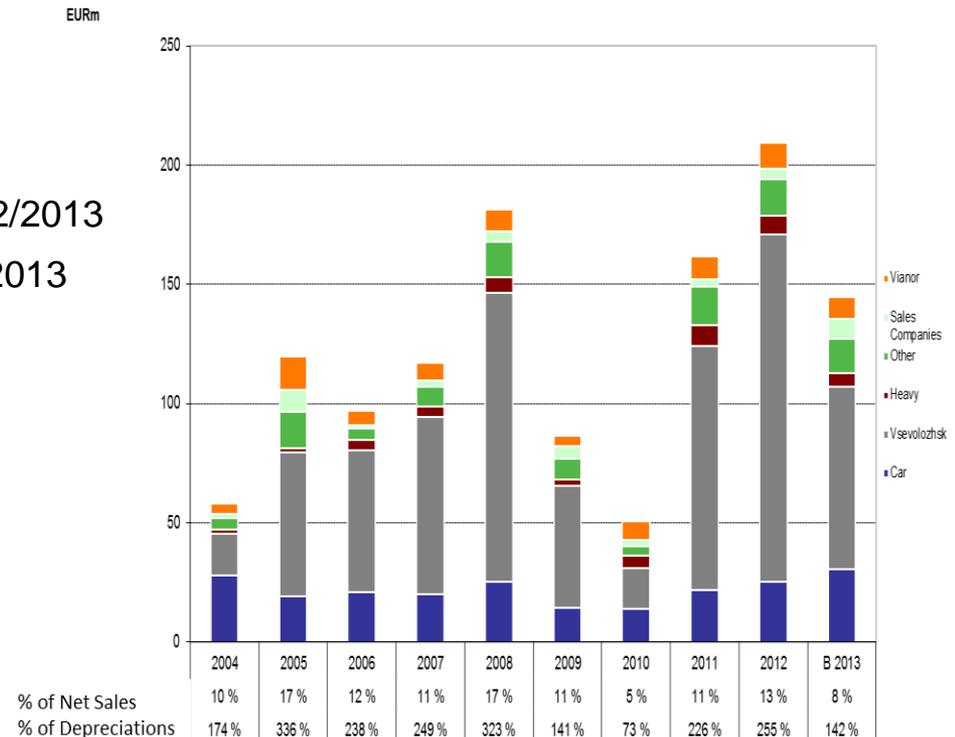
## Russia

- Capacity ramp-up and investments
  - 12 lines in production since Q1/2013
  - Line 13 installed Q2/2013, in production H2/2013
  - Hakkapeliitta Village 2<sup>nd</sup> stage completed 2013

## Estimated investment for 2013

- Approximately 144 m€
  - Russia: 83 m€
  - Nokia plant 44 m€ (automation & moulds & ICT & R&D)
  - Heavy Tyres 6 m€
  - Sales companies and Vianor 11 m€

## Nokian Tyres Capital expenditures (m€)



## PRODUCTION PLANTS

*Production capacity in 2013: 18 million tyres*  
*Potential to increase output by 50% by 2014*



### 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
- Expansions in Heavy tyres factory

#### 2012:

- Car tyres to 5-day shift system at the end of Q2
- Further temporary production cuts in Q4

#### 2013:

- Temporary production cuts in Q1



### 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

#### 2011:

- Lines 9 and 10 & new technology into use

#### 2012:

- New factory next to the current one
- New line (11) commenced production
- Own electricity generation

#### 2013:

- Line 12 on stream in March 2013
- Line 13 installation completed in Q2/2013

# NOKIAN TYRES GOING FORWARD

## *Outlook for 2013: Flat to some growth in Net sales and EBIT*

### Assumptions

- Core markets growing slowly
  - GDP growth Russia 2.4%, Nordic 1%
  - In Russia uncertainty increased, full year car sales down 2-5%
  - Currencies on Nokian core markets to be stable
- Price pressure may affect ASP
- Raw material cost (€/kg) estimations
  - Cost to decrease by 1.5% in Q3/2013 vs. Q2/2013
  - Cost to decrease by 9.5% in 2013 vs. 2012
- Passenger car tyre operation environment
  - Demand in core markets flat compared to 2012
  - Demand improving for winter tyres in long term; legislation in Europe, Russia & CIS
- Heavy tyre market demand
  - Demand in 2013 flat vs. 2012
- Nokian Tyres financial position remains solid
  - No major loans due for payment in 2013
  - Equity ratio 67.6% at the end of H1/2013
  - Undrawn facilities available

### Outlook: Flat to some growth in a challenging market

- Sales in Russia, Nordic countries and N-America expected to show some growth in 2013, CE to grow in H2
- Pricing environment 2013 challenging for all tyre categories
- Raw material cost (€/kg) estimate -9.5% full year 2013. Tailwind some 45 m€ in 2013.
- New Hakkapeliitta range supports winter tyre sales and ASP
- Capacity ramp-up in Russia proceeds
  - Line 12 on stream Q1/2013, line 13 installed in Q2/2013
  - Inbuilt capability to increase output by 50%
- Profitability supported by improved cost structure and productivity on the back of increasing share of Russian production

### Year 2013 guidance (updated):

- In 2013, the company is positioned to show flat to some growth in Net sales and Operating profit compared to 2012.

Please press  and  to inform the operator that you have a question to the speaker.

## INDEX

1. General overview of 1-6/2013
2. Nokian Tyres financial performance
3. Profit centres (incl. Russian operations)
4. Nokian Tyres going forward
5. **Appendixes**
  - Major shareholders
  - Share price development
  - Competitor comparison
  - Magazine test results
  - Winter tyre legislation in Europe
  - Personnel
  - Financing: Loans and Net Financial Expenses
  - Tables of financial figures



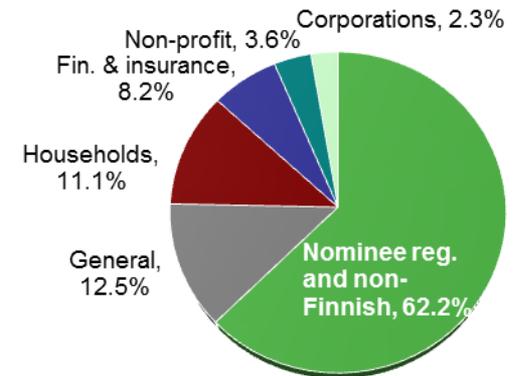
## APPENDIX

### Major shareholders as of 30 June, 2013

		Number of Shares	Share of Capital (%)	Change from previous month
<b>Major Domestic Shareholders</b>				
1	Varma Mutual Pension Insurance Company	9,000,000	6.79	0
2	Ilmarinen Mutual Pension Insurance Company	3,294,947	2.48	0
3	OP Investment Funds	2,360,736	1.78	151633
4	Nordea	1,876,969	1.42	144230
5	The State Pension Fund	1,565,000	1.18	0
6	Nordea Nordenfonden	1,115,586	0.84	281728
7	Tapiola Mutual Pension Insurance Company	1,100,000	0.83	0
8	Mandatum Life Insurance Company Limited	1,060,000	0.8	128495
9	Svenska litteratursällskapet i Finland r.f.	742,100	0.56	3000
10	Schweizer Nationalbank	736,862	0.56	-8056
<b>Major Domestic Shareholders total</b>		<b>22,852,200</b>	<b>17.24</b>	
Foreign Shareholders <sup>1)</sup>		82,525,622	62.20	
Bridgestone Corporation <sup>2)</sup>		20,000,000	15.08	

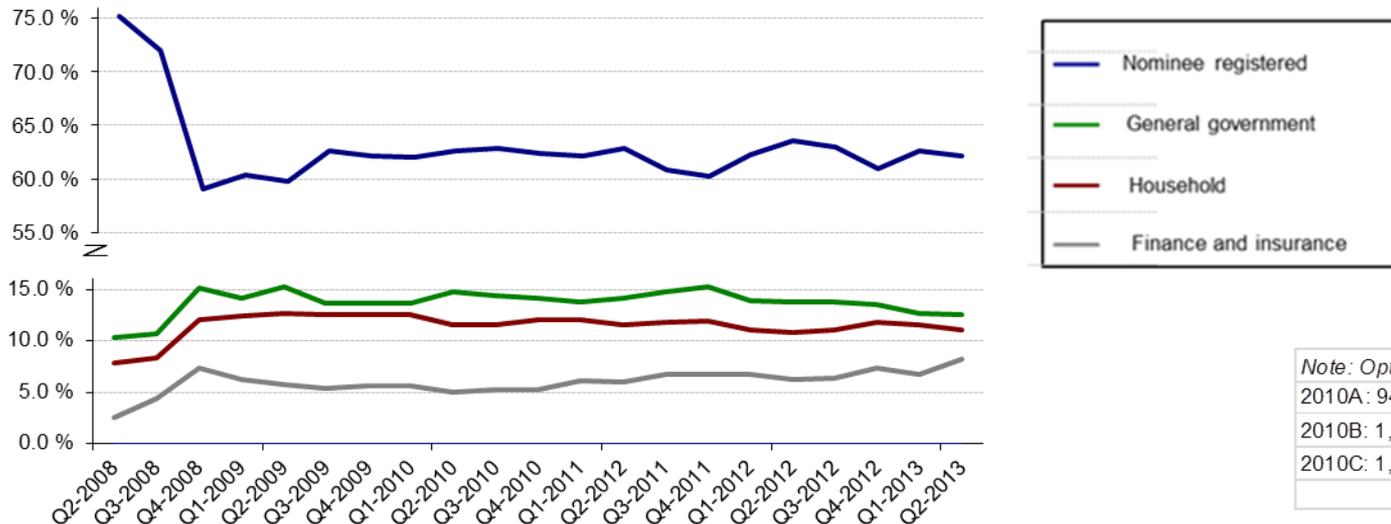
1) Includes also shares registered in the name of a nominee; 2) In the name of a nominee.

Division by Category as of 30 June, 2013



Total number of shares: 132,609,496

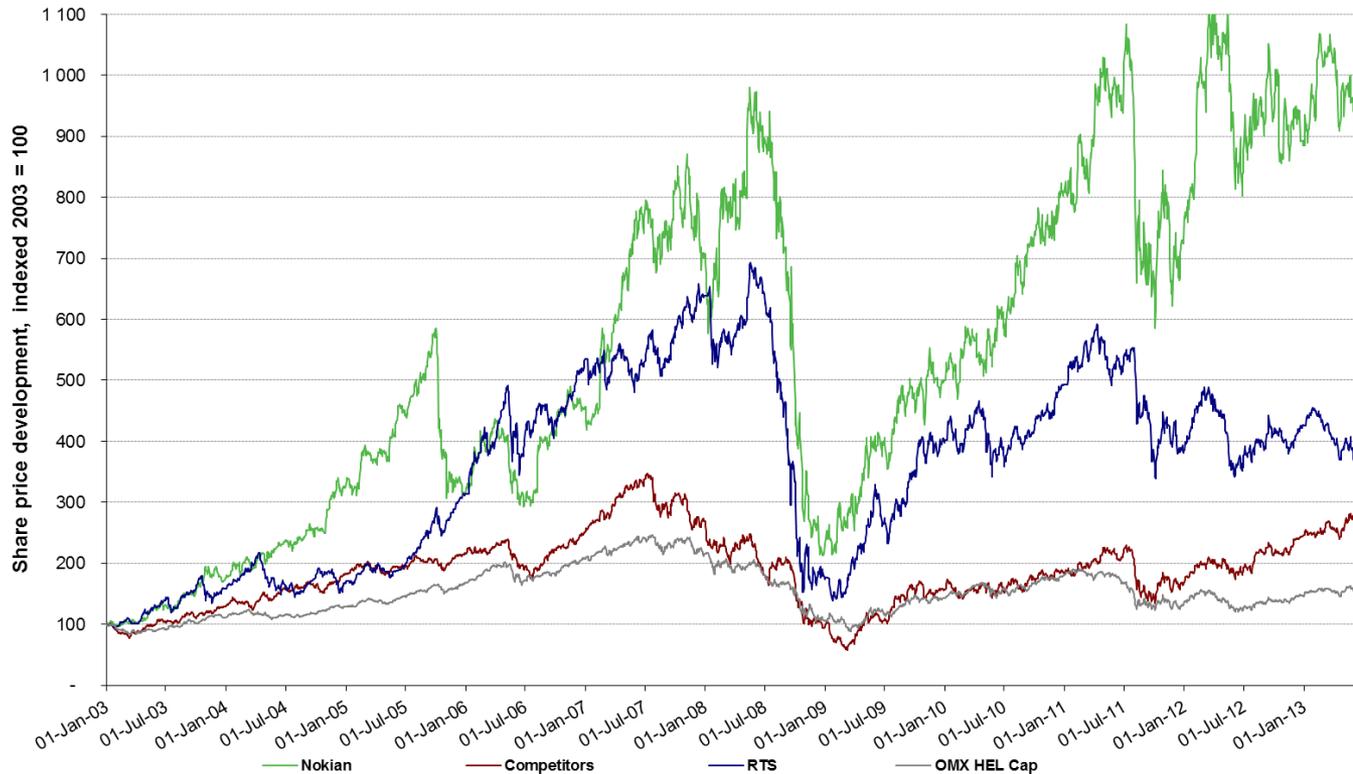
Shareholder development by category Q2/2008 - Q2/2013



Note: Options, outstanding (30 June, 2013)  
 2010A: 944,054 (77,689 in company's possession)  
 2010B: 1,339,960 (126,890 in company's possession)  
 2010C: 1,340,000 (114,920 in company's possession)

# APPENDIX

## Comparing share price development to main indexes 1/2003 - 6/2013



**Nokian Tyres, +821%**

**RTS, +255%**

**Competitors, +188% <sup>1)</sup>**

**OMX Hel Cap, +48%**

Source: Thomson Reuters, as of 9 Jul 2013. The composite consists of an indexed average values of the main peers of Nokian Tyres.

### Nokian Tyres by Jun-30-2013

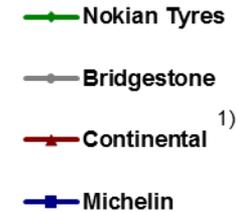
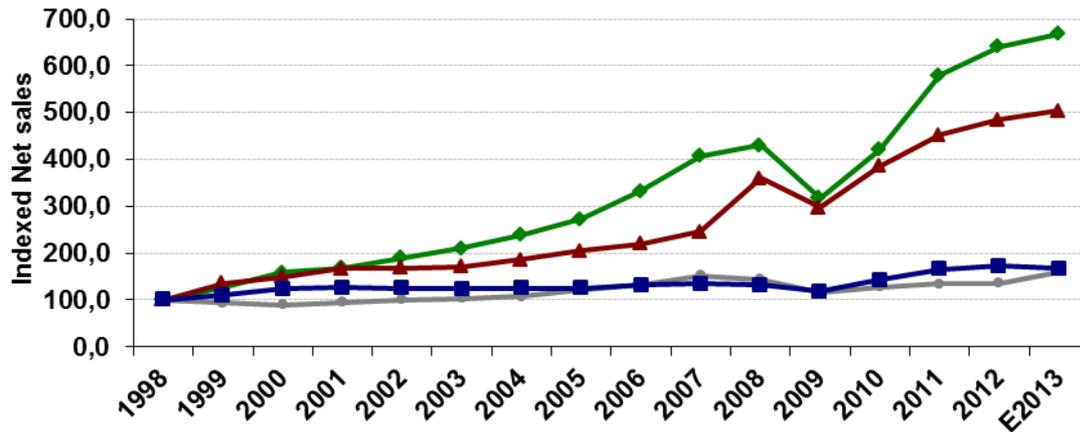
	Last 10 years	Last 5 years	Last 3 years	LTM	L6M	L3M	Last month
<b>High</b>	37,88	37,88	37,88	36,31	36,31	35,53	32,17
<b>Average</b>	19,55	24,18	29,74	32,36	33,13	32,50	31,22
<b>Low</b>	4,08	7,23	19,40	29,09	30,10	30,10	30,10

# APPENDIX

## Competitor comparison 1998-E2013

### 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 15 years. The clearly better profitability protects the company profits during recessions and potential downturns.*



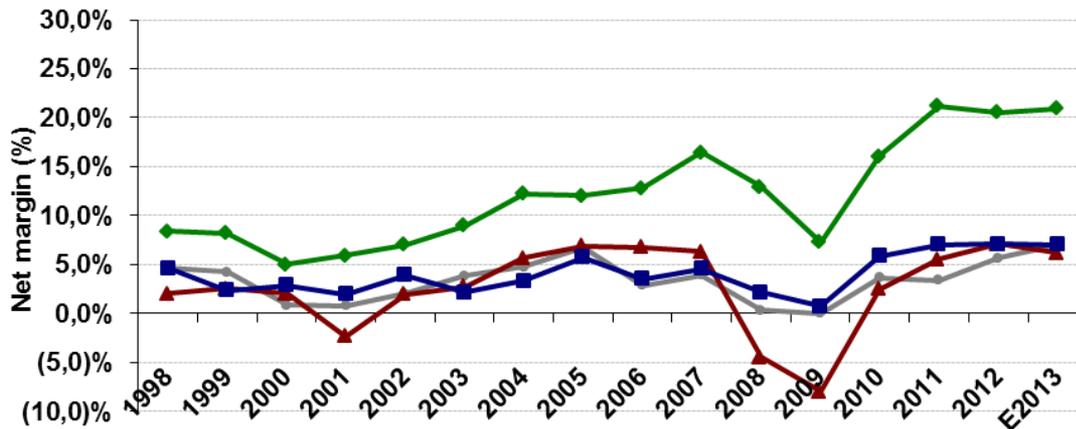
#### Net sales change

#### CAGR 2010 – E2013

Nokian	16.6%
Michelin	5.3%
Bridgestone	7.8%
Continental	9.3%

#### Net margin E2013

Nokian	20.9%
Michelin	7.0%
Bridgestone	6.9%
Continental	6.2%



Source: Results 1998-2012 (company websites) and 2013 consensus estimates for the peers as per Thomson Reuters 9 Jul 2013.

**PLEASE NOTE: ESTIMATE 2013 IS BASED ON CONSENSUS ESTIMATES, NOT NOKIAN TYRES GUIDANCE.**

# APPENDIX - Test wins autumn 2012 1(2)

Autumn 2012	Magazine	Position	Comments
<b>CENTRAL EUROPE</b>			
	Auto Motor und Sport (21/2012, Germany)	<b>1<sup>st</sup> place</b> Nokian WR D3 205/55R16 "BESTER im Test"	Exceptional performance on snow. Well balanced handling properties.
	AutoBild (43/2012, Germany)	<b>Shared 1<sup>st</sup> place</b> Nokian WR A3 225/40 R18 "Vorbildlich"	Exemplary handling properties on snowy, wet and dry road. Precise steering response. Low fuel consumption.
	ADAC (10/2012, Germany)	„Good“ Nokian WR D3 205/55R16 „Gut“	Well balanced tyre, good on snow.
	Stiftung Warentest (10/2012, Germany)	„Good“ Nokian WR D3 205/55R16 „Gut“	Well balanced tyre, good on snow.
	ÖAMTC (10/2012, Austria)	„Especially recommendable“ Nokian WR D3 205/55R16 „Sehr Empfehlenswert“	Well balanced tyre, good on snow.
	TCS (10/2012, Switzerland)	„Especially recommendable“ Nokian WR D3 205/55R16 „Sehr Empfehlenswert“	Well balanced tyre, good on snow.
	AUTO Strassenverkehr (2012, Germany)	<b>1<sup>st</sup> place</b> Nokian WR D3 205/55R16	Outstanding performance on snow, short braking distance on dry, balanced handling properties.
	Firmenauto (22/2012, Germany)	<b>1<sup>st</sup> place</b> Nokian WR D3 205/55R16	Excellent performance on snow, short braking distance on dry surface. Well balanced handling
<b>FINLAND</b>			
	Tekniikan Maailma (17/2012)	<b>Shared 1<sup>st</sup> place</b> Nokian Hakkapeliitta 7 205/55R16	Optimum driving properties for winter. Excellent grip.
	Tekniikan Maailma (17/2012)	<b>1<sup>st</sup> place</b> Nokian Hakkapeliitta R 205/55R16	Very good ice and snow grip. Silent and easy to drive. Lowest rolling resistance.
	Tuulilasi (13/2012)	<b>1<sup>st</sup> place</b> Nokian Hakkapeliitta 7 205/55R16	Very good and balanced driving properties in all conditions.
	Tuulilasi (14/2012)	<b>1<sup>st</sup> place</b> Nokian Hakkapeliitta R 205/55 R16	Excellent grip on ice. Well balanced driving properties. Lowest rolling resistance.

Autumn 2012	Magazine	Position	Comments
<b>SWEDEN</b>			
	Vi Bilägare (13/2012)	<b>1<sup>st</sup> place</b> Nokian Hakkapeliitta R 205/55R16 "Testvinnare"	Excellent properties on snow, slush, wet and dry roads. Very low rolling resistance.
	ViBilägare (14/2012)	<b>1<sup>st</sup> place</b> Nokian Hakkapeliitta 7 205/55R16	Excellent grip on ice, snow and slush. Balanced and safe on the extreme situations on dry conditions.
	Auto, Motor & Sport (21/2012)	<b>Shared 1<sup>st</sup> place</b> Nokian Hakkapeliitta 7 205/55R16	Excellent grip on ice and snow. Easy to handle in challenging driving situations.
	Auto, Motor & Sport (21/2012)	<b>1<sup>st</sup> place</b> Nokian Hakkapeliitta R 205/55R16	Very good performance on ice and snow. Well balanced handling properties.
	Auto, Motor & Sport (22/2012)	<b>1<sup>st</sup> place</b> Nokian WR D3 205/55R16	Exceptional on snow. Best braking result on dry asphalt and well balanced handling properties.
	Aftonbladet BIL (7/2012)	<b>Shared 1<sup>st</sup> place</b> Nokian WR D3 205/55R16	Very good on snow and even moderate grip on ice. Excellent grip and handling on dry surfaces. Low rolling resistance.
	Aftonbladet BIL (7/2012)	<b>Shared 1<sup>st</sup> place</b> Nokian Hakkapeliitta 7 205/55R16	Excellent performance on all surfaces and balanced handling, test group's favourite.

<b>NORWAY</b>			
	Motor (7/2012)	<b>Shared 1<sup>st</sup> place</b> Nokian Hakkapeliitta 7 205/55R16	Optimum driving properties for winter. Good grip, stability and the predictable behaviour in extreme driving situations.
	Motor (7/2012)	<b>1<sup>st</sup> place</b> Nokian Hakkapeliitta R 205/55R16	Good ice and snow grip. Safe driving properties.
	Auto, Motor og Sport (11/2012)	<b>1<sup>st</sup> place</b> Nokian Hakkapeliitta R 205/55 R16	Very good performance on ice and snow. Well balanced handling properties.
	Auto, Motor og Sport (11/2012)	<b>Shared 1<sup>st</sup> place</b> Nokian Hakkapeliitta 7 205/55 R16	Excellent grip on ice and snow. Easy to handle in challenging driving situations.
<b>RUSSIA</b>			
	Za Rulem (10/2012)	<b>1<sup>st</sup> place</b> Nokian Hakkapeliitta 7 205/55R16	Best longitudinal grip properties on snow and ice.
	Za Rulem (10/2012)	<b>Shared 1<sup>st</sup> place</b> Nokian Hakkapeliitta R 195/65R15	Best grip properties on ice. Lowest fuel consumption.
	Za Rulem (9/2012)	<b>1<sup>st</sup> place</b> Nokian Hakkapeliitta 7 175/65R14	Excellent properties on snow, well balanced, excellent grip.
	AutoReview (18/2012)	<b>1<sup>st</sup> place</b> Nokian Hakkapeliitta 7 215/55R17	Excellent grip and handling on ice and snow. Very good braking properties on wet roads.
	AutoReview (19/2012)	<b>Shared 1<sup>st</sup> place</b> Nokian Hakkapeliitta 7 205/55R16	Optimum driving properties for winter. Excellent grip.
	AutoReview (19/2012)	<b>1<sup>st</sup> place</b> Nokian Hakkapeliitta R 205/55R16	Very good ice and snow grip. Silent and easy to drive. Lowest rolling resistance.
<b>UKRAINE</b>			
	Auto Centre (41/2012)	<b>1<sup>st</sup> place</b> Nokian Hakkapeliitta R 195/65R15	Good grip on ice. Precise and easy to handle on snow. High performance also on wet and dry asphalt.
	Auto Centre (42/2012)	<b>1<sup>st</sup> place</b> Nokian Hakkapeliitta 7 185/65R14	Logical and well balanced handling properties. Perfect grip on ice and snow. <b>36</b>

Spring 2013	Magazine	Position	Comments
<b>CENTRAL EUROPE</b>			
	Auto Bild 9/2013 Germany	1 <sup>st</sup> place shared "Exemplary" Nokian Line 195/65R15	Well-balanced premium tyre with outstanding braking abilities, low rolling noise, good comfort.
	auto TEST 4/2013 Germany	„auto TEST test winner2013“ Nokian Line 195/65R15 V	Well-balanced premium tyre with outstanding braking abilities, low rolling noise, good comfort.
	ADAC 3/2013 Germany	„Good“ Nokian Line 185/60R15	Very well-balanced tyre, good on wet surfaces, relatively low fuel consumption.
	Stiftung Warentest 3/2013 Germany	„Good“ Nokian Line 185/60R15	Good for wet surface, dry surface, wear resistance, fuel consumption.
	Auto Motor und Sport 6/2013 Germany	“Especially recommended” 2 <sup>nd</sup> place Nokian Line 205/55R16 V	Very good traction, harmonious driving behaviour, excellent braking.
	AUTO 8/2013 Germany	„Especially recommended“ 2 <sup>nd</sup> place Nokian Line 205/55R16 V	Very good traction, harmonious driving behaviour, excellent braking.

Spring 2013	Magazine	Position	Comments
<b>CENTRAL EUROPE</b>			
	gute Fahrt 3/2013 Germany	„Very good -“ gute Fahrt recommendation Nokian Line 205/55R16 V	Great on wet surfaces, handling and braking „Very good“; on dry surfaces good stability and steering reaction. Good comfort, too.
	Firmenauto 4/2013 Germany	“especially recommended” 2 <sup>nd</sup> place Nokian Line 205/55R16 V	Very good traction, harmonious driving behaviour, excellent braking.
	ÖAMTC 3/2013 Austria	„Highly recommended“ Nokian Line 185/60R15	Very good fuel consumption, good on dry surfaces and in the wet.
	TCS 3/2013 Switzerland	„Highly recommended“ Nokian Line 185/60R15	Very balanced tyre, good in all safety relevant disciplines.
	Konsument 3/2013 Austria	„GUT“ Nokian Line 185/60 R15	Good for wet roads, dry roads, wear-resistance, fuel consumption.

## APPENDIX - Test wins spring 2013 2(2)

Spring 2013	Magazine	Position	Comments
<b>RUSSIA</b>			
	Za Rulem 3/2013 Russia	Testwinner Nokian Hakka Green 185/60R14	Best braking properties on wet road. Excellent handling properties and steering accuracy. Economical and low noise level.
	Za Rulem 4/2013 Russia	Testwinner Nokian Hakka SUV 215/65R16	Very good grip properties both on wet and dry road surfaces. Stable and safe driving properties on all weather conditions. Low fuel consumption.
<b>FINLAND</b>			
	Tuulilasi 4/2013 Finland	1 <sup>st</sup> place shared Nokian Hakka Blue 205/55R16	Best handling properties both on dry and wet surfaces. Magnificent driving comfort. Easy to drive in all conditions.
	Tekniikan Maailma 5/2013 Finland	2 <sup>nd</sup> place Nokian Hakka Blue 205/55R16	Excellent handling properties on wet road. Ranked best on dry surface. Comfortable and silent.
<b>SWEDEN</b>			
	Aftonbladet BIL 3/2013 Sweden	2 <sup>nd</sup> place shared Nokian Hakka Blue 205/55R16	Best handling properties both in dry and wet surfaces. Silent and very good driving comfort.

Spring 2013	Magazine	Position	Comments
<b>NORWAY</b>			
	NAF/Motor 2/2013 Norway	2 <sup>nd</sup> place shared Nokian Hakka Blue 205/55R16	Best handling properties both in dry and wet surfaces. Excellent in extreme situations.
<b>UKRAINE</b>			
	Auto Centre 12/2013 Ukraine	Testwinner Nokian Hakka Green 195/65R15	Best handling properties both on dry and wet surfaces. Top level grip properties both wet and dry conditions. Best rolling resistance.
	Auto Centre 13/2013 Ukraine	Testwinner Nokian Hakka SUV 215/65R16	Highly recommended. Clear number one on all wet condition tests. Extremely good grip properties on wet and dry conditions. Safe and accurate driving properties on all road surfaces.

## APPENDIX

### Winter tyre legislation in Europe

	Austria	Bosnia Herzegovina	Croatia	Czech Republic	Estonia	Finland	France	Germany	Latvia	Lithuania	Norway	Romania	Serbia	Slovakia	Slovenia	Spain	Sweden	Switzerland
Winter tyres are legally mandatory		●			●	●			●	●		●	●	●	●		●	
Winter tyres are mandatory <u>if</u> weather conditions so require	●		●					●			●							
Winter tyres are mandatory <u>only if there is a specific road sign</u>				●			●									●		●

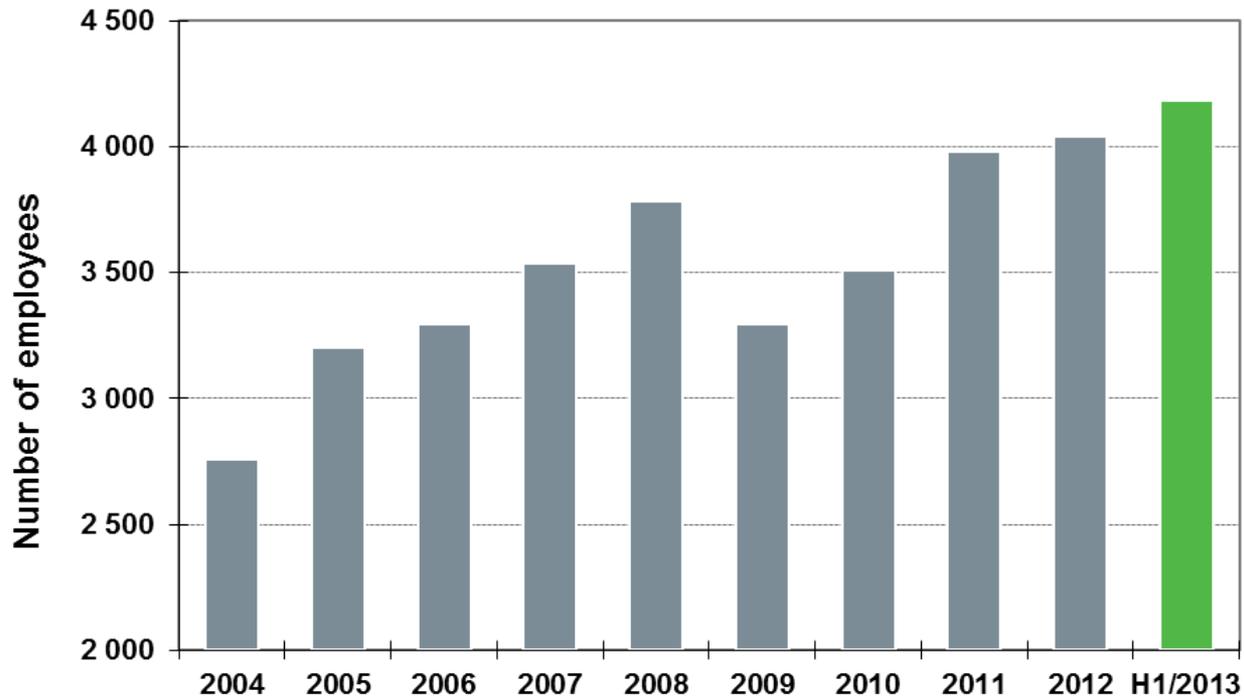
Source: Nokian Tyres 7/2013

## APPENDIX

### *Personnel 30 June, 2013*

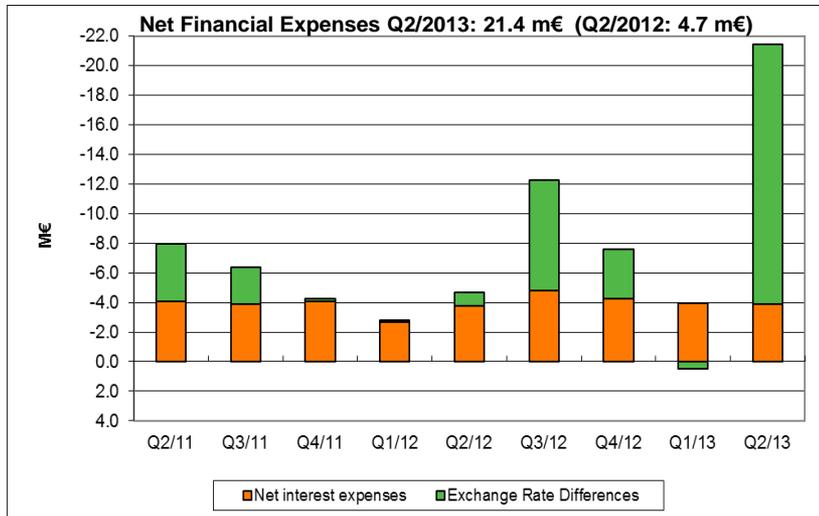
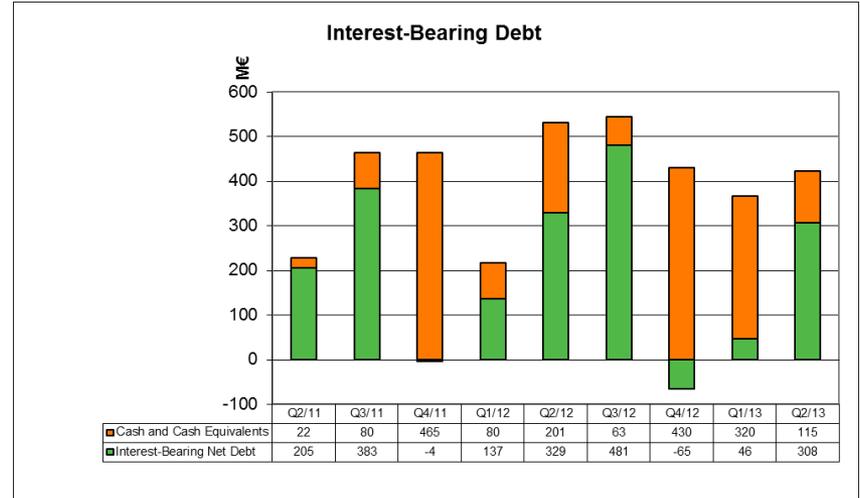
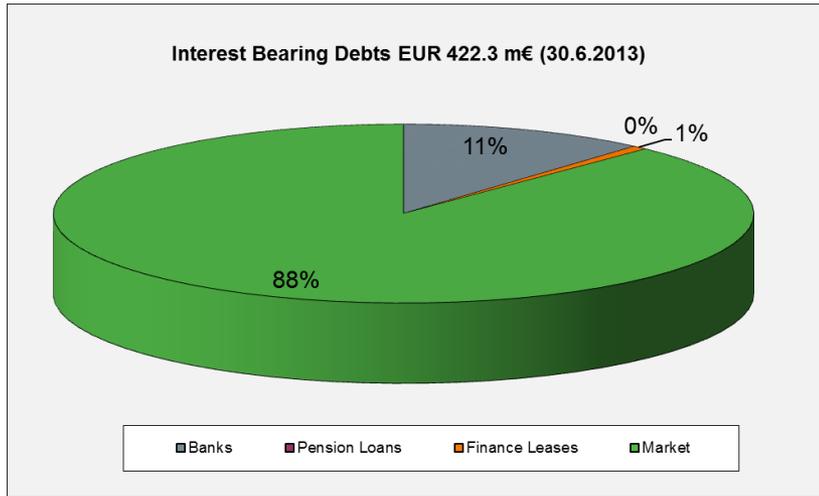
Personnel at the end of the review period: 4,184 (4,155)

- Equity-owned Vianor: 1,489 (1,413)
- Russia: 1,309 (1,187)



## APPENDIX

### Financing: Loans on 30 June, 2013 and Net Financial Expense



## APPENDIX - Consolidated Income Statement

Million euros	4-6/13	4-6/12	1-6/13	1-6/12	Last 12 months	1-12/12	Change %
Net sales	419.1	413.8	752.2	798.0	1,566.5	1,612.4	-5.7
Cost of sales	-221.0	-228.2	-405.9	-435.5	-871.1	-900.7	6.8
Gross profit	198.0	185.5	346.2	362.5	695.4	711.7	-4.5
Other operating income	0.6	0.4	1.7	0.8	2.8	1.9	112.6
Selling and marketing expenses	-61.6	-57.3	-120.7	-112.3	-246.9	-238.5	-7.5
Administration expenses	-9.3	-8.6	-18.3	-16.9	-36.1	-34.7	-8.0
Other operating expenses	-7.5	-7.3	-12.4	-16.4	-21.4	-25.4	24.2
Operating profit	120.2	112.7	196.6	217.7	393.8	415.0	-9.7
Financial income	20.6	26.9	38.9	64.0	64.8	89.8	-39.1
Financial expenses	-42.0	-31.5	-63.8	-71.4	-109.5	-117.1	10.6
Profit before tax	98.8	108.0	171.7	210.3	349.1	387.7	-18.4
Tax expense (1)	-13.2	-12.7	-22.5	-27.3	-51.9	-56.8	17.9
Profit for the period	85.6	95.4	149.2	182.9	297.2	330.9	-18.4
Attributable to:							
Equity holders of the parent	85.6	95.4	149.3	182.9	297.2	330.9	
Non-controlling interest	0.0	0.0	-0.1	0.0	0.0	0.0	
Earnings per share from the profit attributable to equity holders of the parent							
basic, euros	0.65	0.73	1.13	1.40		2.52	-19.5
diluted, euros	0.64	0.71	1.11	1.36		2.45	-18.4
1) Tax expense in the consolidated income statement is based on the taxable result for the period.							42

## APPENDIX - Consolidated Other Comprehensive Income

Million euros	4-6/13	4-6/12	1-6/13	1-6/12	1-12/12
Profit for the period	85.6	95.4	149.2	182.9	330.9
Other comprehensive income, items that may be reclassified subsequently to profit and loss, net of tax:					
Gains/Losses from hedge of net investments in foreign operations	3.0	0.9	-1.9	-8.5	-13.4
Cash flow hedges	-0.2	0.0	-0.4	0.2	0.5
Translation differences on foreign operations (2)	-45.2	-25.8	-32.1	19.6	33.9
Total other comprehensive income for the period, net of tax	-42.4	-24.9	-34.5	11.3	21.0
Total comprehensive income for the period	43.2	70.5	114.7	194.3	351.9
Total comprehensive income attributable to:					
Equity holders of the parent	43.1	70.5	114.7	194.3	351.9
Non-controlling interest	0.1	0.0	0.0	0.0	0.0
2) According to Board's decision foreign net investments in subsidiaries are no longer hedged.					

## APPENDIX - Key Ratios

KEY RATIOS	30.6.13	30.6.12	31.12.12	Change %
Equity ratio, %	67.6	62.8	71.2	
Gearing, %	22.4	25.9	-4.5	
Equity per share, euro	10.36	9.65	10.89	7.4
Interest-bearing net debt, mill. euros	307.2	329.3	-65.2	
Capital expenditure, mill. euros	88.8	109.8	209.2	
Depreciation, mill. euros	47.7	39.6	81.9	
Personnel, average	4,138	4,078	4,083	
Number of shares (million units)				
at the end of period	132.61	131.86	131.96	
in average	132.30	130.55	131.24	
in average, diluted	137.71	137.07	137.39	

## APPENDIX: Consolidated Statement Of Financial Position

Million euros	30.6.13	30.6.12	31.12.12
Non-current assets			
Property, plant and equipment	698.9	629.5	692.5
Goodwill	68.9	65.7	67.9
Other intangible assets	26.3	24.6	26.4
Investments in associates	0.1	0.1	0.1
Available-for-sale financial assets	0.3	0.3	0.3
Other receivables	13.4	19.5	18.2
Deferred tax assets	10.0	6.9	5.4
Total non-current assets	817.7	746.6	810.8
Current assets			
Inventories	338.1	378.4	314.9
Trade receivables	652.5	609.0	375.7
Other receivables	112.5	94.5	88.0
Cash and cash equivalents	115.1	201.4	430.3
Total current assets	1,218.2	1,283.2	1,208.9
Equity			
Share capital	25.4	25.4	25.4
Share premium	181.4	181.4	181.4
Translation reserve	-76.4	-70.4	-61.0
Fair value and hedging reserves	-1.9	-1.8	-1.5
Paid-up unrestricted equity reserve	87.0	78.7	79.3
Retained earnings	1,158.0	1,058.7	1,213.2
Non-controlling interest	0.3	0.3	0.3
Total equity	1,373.8	1,272.3	1,437.2

	30.6.13	30.6.12	31.12.12
Non-current liabilities			
Deferred tax liabilities	25.7	26.5	34.9
Provisions	0.1	0.1	0.1
Interest bearing financial liabilities	187.3	336.0	323.1
Other liabilities	4.3	3.0	3.5
Total non-current liabilities	217.4	365.6	361.7
Current liabilities			
Trade payables	101.2	78.1	75.5
Other current payables	104.3	117.7	99.0
Provisions	4.3	1.4	4.3
Interest-bearing financial liabilities	234.9	194.6	42.0
Total current liabilities	444.7	391.9	220.8
Total assets	2,035.9	2,029.8	2,019.6

## APPENDIX: Consolidated Statement Of Cash Flows

Million euros	1-6/13	1-6/12	1-12/12
Cash flows from operating activities:			
Cash generated from operations	-44.9	-53.1	486.6
Financial items and taxes	-52.9	-61.0	-97.9
Net cash from operating activities	-97.8	-114.1	388.7
Cash flows from investing activities:			
Net cash used in investing activities	-87.1	-98.6	-203.4
Cash flows from financing activities:			
Proceeds from issue of share capital	7.7	43.3	43.9
Change in current financial receivables and debt	-0.6	-58.8	-233.7
Change in non-current financial receivables and debt	55.1	121.5	126.5
Dividends paid	-191.9	-156.6	-156.6
Net cash from financing activities	-129.7	-50.7	-219.9
Net change in cash and cash equivalents	-314.5	-263.4	-34.5
Cash and cash equivalents at the beginning of the period	430.3	464.5	464.5
Effect of exchange rate changes	-0.7	0.2	0.3
Cash and cash equivalents at the end of the period	115.1	201.4	430.3
	-314.5	-263.4	-34.5

## APPENDIX: Consolidated Statement Of Changes In Equity

Million euros	Equity attributable to equity holders of the parent							
	A	B	C	D	E	F	G	H
Equity, Jan 1st 2012	25.4	181.4	-81.5	-2.0	35.4	1,027.2	0.3	1,186.1
Profit for the period						182.9	0.0	182.9
Other comprehensive income, net of tax:								
Cash flow hedges				0.2				0.2
Net investment hedge			-8.5					-8.5
Translation differences			19.6				0.0	19.6
Total comprehensive income for the period			11.1	0.2		0.0	0.0	194.3
Dividends paid						-156.6		-156.6
Exercised warrants					43.3			43.3
Share-based payments						5.2		5.2
Total transactions with owners for the period					43.3	-151.4		-108.1
Equity, Jun 30th 2012	25.4	181.4	-70.4	-1.8	78.7	1,058.7	0.3	1,272.3
Equity, Jan 1st 2013	25.4	181.4	-61.0	-1.5	79.3	1,213.2	0.3	1,437.2
Profit for the period						149.3	-0.1	149.2
Other comprehensive income, net of tax:								
Cash flow hedges				-0.4				-0.4
Net investment hedge			-1.9					-1.9
Translation differences (2)			-13.4			-18.7	0.0	-32.1
Total comprehensive income for the period			-15.4	-0.4		130.6	-0.1	114.7
Dividends paid						-191.9		-191.9
Exercised warrants					7.7			7.7
Share-based payments						6.1		6.1
Total transactions with owners for the period					7.7	-185.7		-178.0
Equity, Jun 30th 2013	25.4	181.4	-76.4	-1.9	87.0	1,158.0	0.3	1,373.8

A = Share capital  
 B = Share premium  
 C = Translation reserve  
 D = Fair value and hedging reserves  
 E = Paid-up unrestricted equity reserve  
 F = Retained earnings  
 G = Non-controlling interest  
 H = Total equity

## APPENDIX: Segment Information

Million euros	4-6/13	4-6/12	1-6/13	1-6/12	1-12/12	Change %
Net sales						
Passenger car tyres	317.9	317.1	591.6	633.0	1,220.1	-6.5
Heavy tyres	25.3	26.5	47.4	53.6	104.4	-11.4
Vianor	86.4	79.4	130.0	129.4	315.3	0.5
Other operations	15.4	16.4	28.5	31.3	66.7	-8.7
Eliminations	-25.9	-25.7	-45.5	-49.2	-94.1	7.7
Total	419.1	413.8	752.2	798.0	1,612.4	-5.7
Operating result						
Passenger car tyres	114.6	110.0	207.0	228.7	410.8	-9.5
Heavy tyres	2.7	2.6	4.9	6.3	11.3	-23.1
Vianor	6.0	3.2	-9.9	-7.2	0.0	-38.0
Other operations	0.4	0.1	-1.9	-3.0	-5.5	37.5
Eliminations	-3.4	-3.1	-3.5	-7.2	-1.6	50.9
Total	120.2	112.7	196.6	217.7	415.0	-9.7
Operating result, % of net sales						
Passenger car tyres	36.0	34.7	35.0	36.1	33.7	
Heavy tyres	10.5	9.6	10.3	11.9	10.8	
Vianor	7.0	4.0	-7.6	-5.5	0.0	
Total	28.7	27.2	26.1	27.3	25.7	
Cash Flow II						
Passenger car tyres	-14.5	-33.0	-91.8	-122.4	258.4	25.0
Heavy tyres	2.5	-2.1	1.9	-11.5	8.2	116.2
Vianor	2.1	-3.0	-8.5	-8.5	-1.4	0.1
Total	-0.9	-42.5	-96.0	-163.9	262.3	41.4

## APPENDIX: *Changes In property, Plant And Equipment And Contingent Liabilities*

Million euros			30.6.13	30.6.12	31.12.12
Opening balance			692.5	560.4	560.4
Capital expenditure			92.7	106.4	202.3
Decrease			-12.3	-3.0	-8.3
Depreciation for the period			-44.0	-36.6	-75.4
Exchange differences			-30.0	2.2	13.6
Closing balance			698.9	629.5	692.5
<b>CONTINGENT LIABILITIES</b>			<b>30.6.13</b>	<b>30.6.12</b>	<b>31.12.12</b>
Million euros					
<b>FOR OWN DEBT</b>					
Mortgages			1.1	1.1	1.1
Pledged assets			0.2	0.1	0.2
<b>OTHER OWN COMMITMENTS</b>					
Guarantees			3.4	3.3	3.4
Leasing and rent commitments			80.7	89.5	84.8
Purchase commitments			2.0	3.0	3.0

## APPENDIX: Carrying Amounts And Fair Values Of Financial Assets And Liabilities

	30.6.13		31.12.12	
Million euros	Carrying amount	Fair value	Carrying amount	Fair value
<b>FINANCIAL ASSETS</b>				
Financial assets at fair value through profit or loss				
Derivatives held for trading	15.6	15.6	1.8	1.8
Money market instruments	-	-	41.5	41.5
Loans and receivables				
Other non-current receivables	13.3	14.9	18.1	20.3
Trade and other receivables	656.3	656.9	378.5	378.9
Cash in hand and at bank	115.1	115.1	388.8	388.8
Available-for-sale financial assets				
Unquoted shares	0.3	0.3	0.3	0.3
Derivative financial instruments designated as hedges	0.3	0.3	0.7	0.7
<b>FINANCIAL LIABILITIES</b>				
Financial liabilities at fair value through profit or loss				
Derivatives held for trading	7.6	7.6	1.5	1.5
Financial liabilities measured at amortised cost				
Interest-bearing financial liabilities	422.3	431.5	365.1	379.7
Trade and other payables	101.2	101.2	75.5	75.5
Derivative financial instruments designated as hedges	3.8	3.8	5.9	5.9

## APPENDIX: *Derivative Financial Instruments and Related Party Transactions*

DERIVATIVE FINANCIAL INSTRUMENTS				
Million euros		30.6.13	30.6.12	31.12.12
INTEREST RATE DERIVATIVES				
Interest rate swaps				
Notional amount		69.2	70.7	40.1
Fair value		-0.8	-1.6	-1.3
FOREIGN CURRENCY DERIVATIVES				
Currency forwards				
Notional amount		347.4	655.7	538.4
Fair value		3.3	9.2	-1.3
Currency options, purchased				
Notional amount		299.4	47.8	9.5
Fair value		9.7	0.6	0.1
Currency options, written				
Notional amount		454.6	96.1	19.1
Fair value		-6.5	-1.1	-0.1
Interest rate and currency swaps				
Notional amount		20.0	-	20.0
Fair value		1.4	-	-0.2
ELECTRICITY DERIVATIVES				
Electricity forwards				
Notional amount		12.9	15.2	13.3
Fair value		-2.7	-2.2	-1.9
RELATED PARTY TRANSACTIONS				
The Group has related party relationships with members of the Board of Directors, the President, other key management personnel, and close members of their families.				
Bridgestone Group is no longer considered as a related party.				
Transactions and outstanding balances with parties having significant influence				
Key management personnel		1-6/13	1-6/12	1-12/12
Total employee benefit expenses		4.2	3.4	7.7
Of which share-based payments		2.2	1.5	3.4

## APPENDIX

### *Definitions Of Consolidated Key Financial Indicators*

**Earnings per share, euro:**

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

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

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

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

**Equity ratio, %:**

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

**Gearing, %:**

Interest-bearing net debt x 100 / Total equity

**Equity per share, euro:**

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

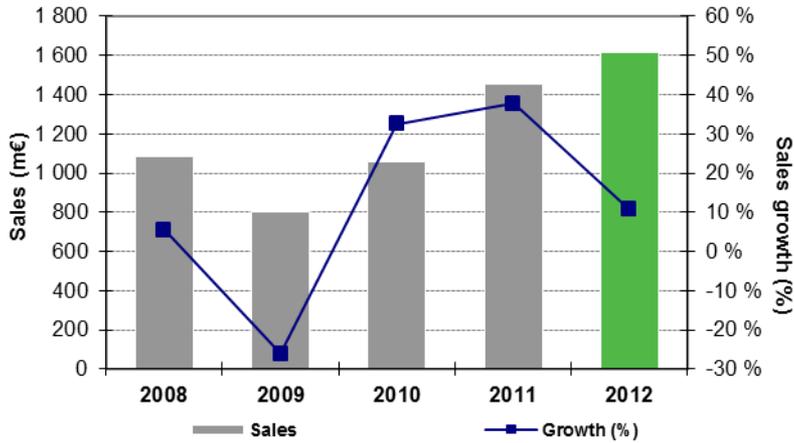
**Operating margin:**

Operating result, % of net sales

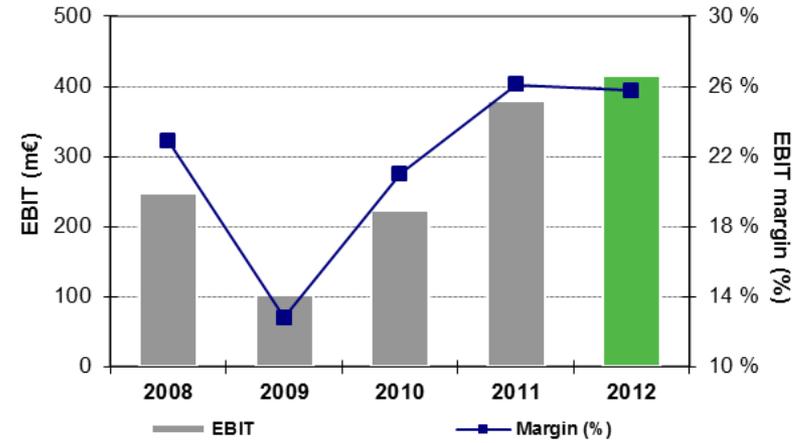
# APPENDIX

## Key figures 2008 -2012

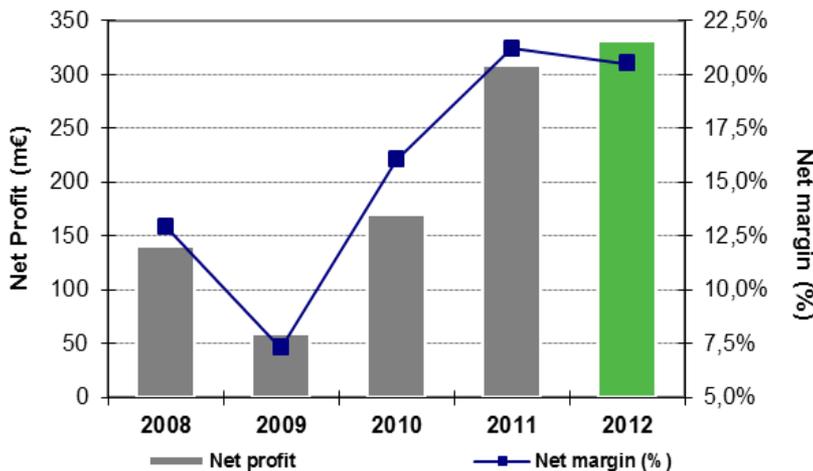
**Net sales (m€) and Net sales growth (%)**



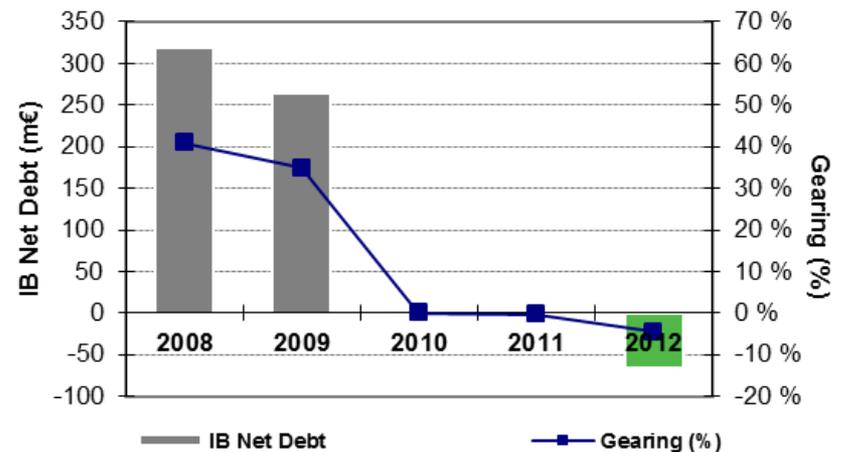
**EBIT (m€) and EBIT margin (%)**



**Net profit (m€) and net margin (%)**



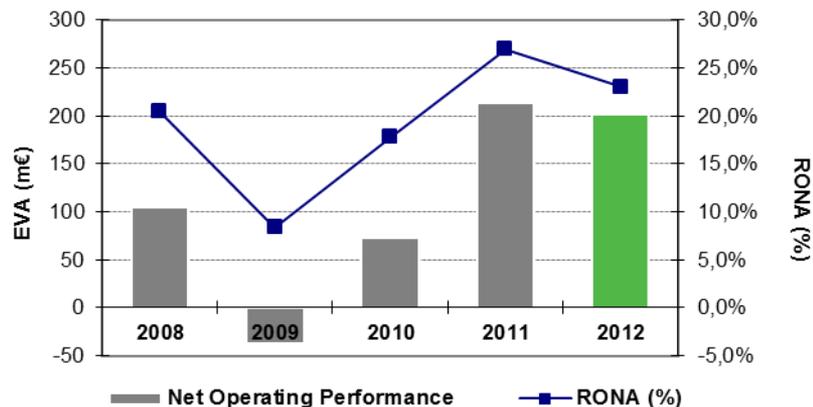
**Interest bearing net debt (m€) and gearing (%)**



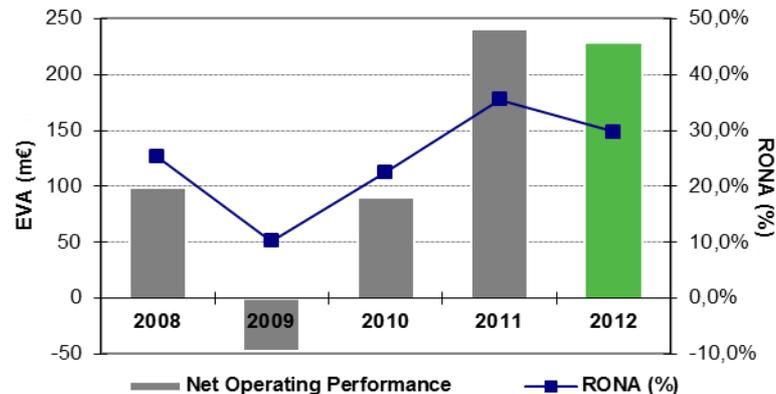
# APPENDIX

## RONA (%) and net operating performance (EVA) <sup>1)</sup> 2008-2012

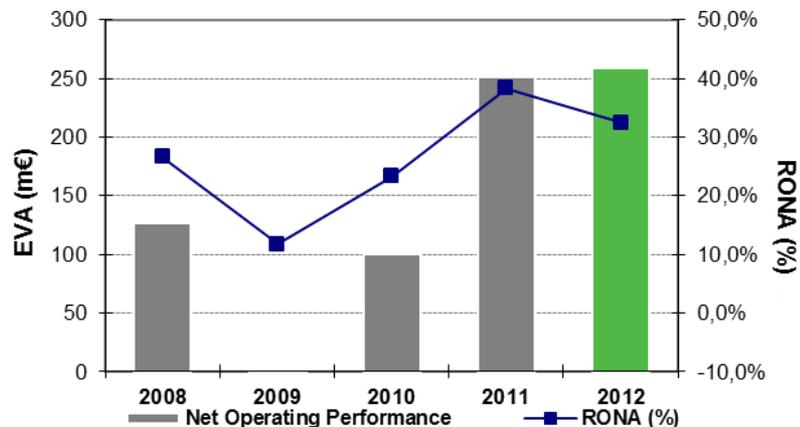
### Group EVA (m€) and RONA (%)



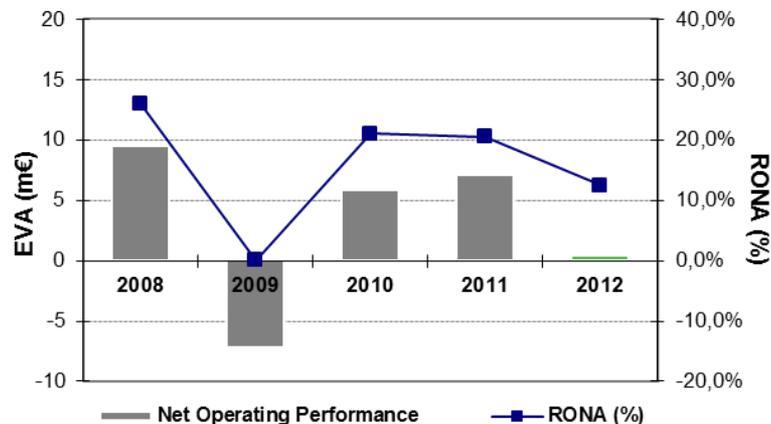
### Manufacturing EVA (m€) and RONA (%)



### Passenger Car Tyres EVA (m€) and RONA (%)



### Heavy Tyres EVA (m€) and RONA (%)



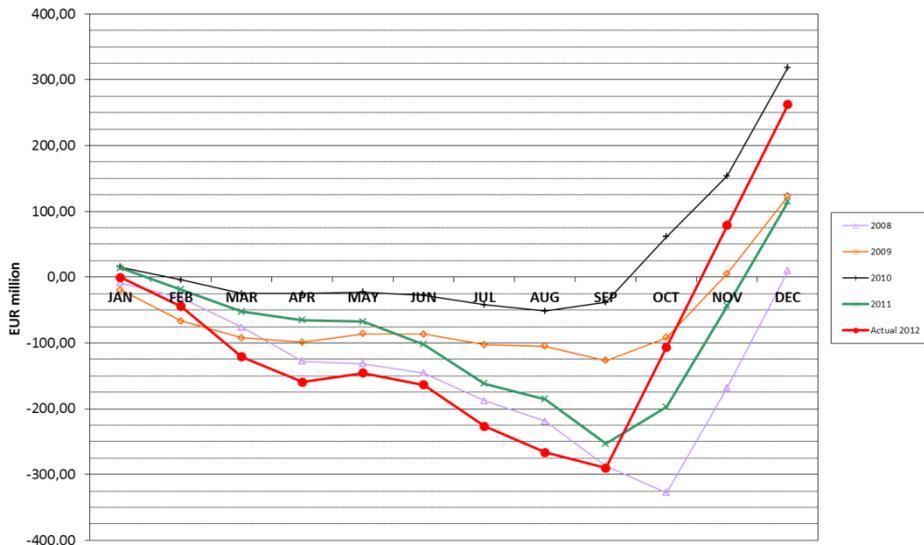
<sup>1)</sup> EVA is calculated based on 12% interest on capital employed.

# APPENDIX

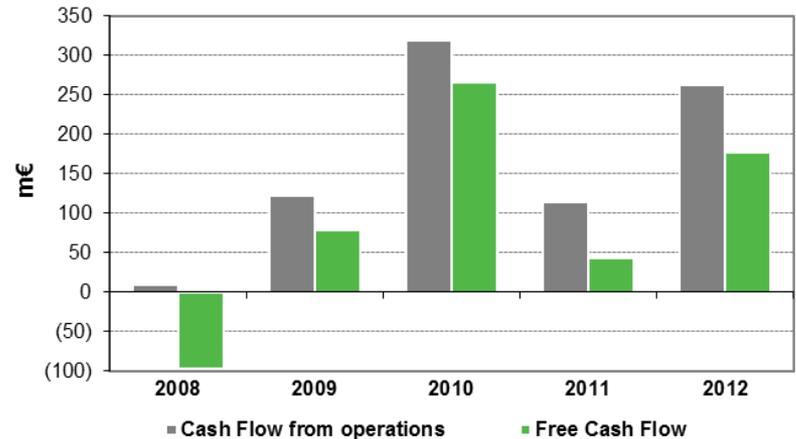
## Group Operating Cash Flow and Free Cash Flow 2008-2012

- Cash flow from operations: 262.3 m€ in 2012
  - Investments of 209.2 m€ (161.7) weakened the cash flow

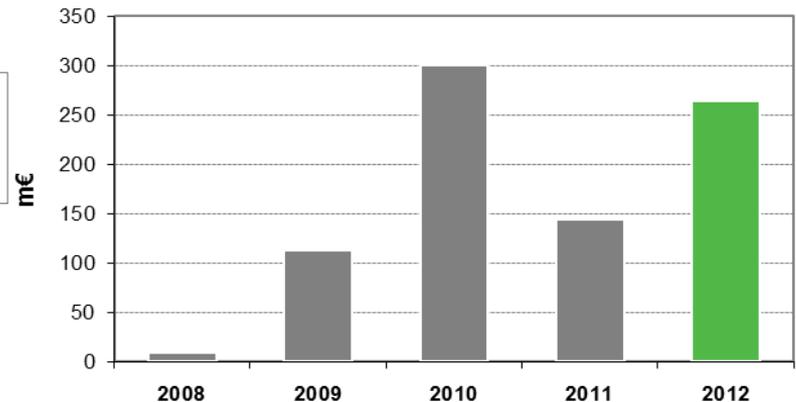
Monthly cumulative Group Cash flow from operations



Group Cash Flow From Operations and Free Cash flow



Manufacturing Cash flow from operations



**nokian<sup>®</sup>**  
**TYRES**

