

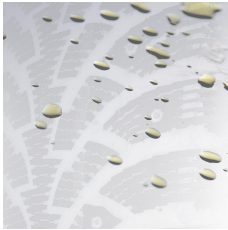


Group's net sales increased, result was positive and better than the previous year.

EPS increased to EUR 0.06 (EUR -0.31 in Q1/2002). Net sales rose by 13.2% to EUR 95.7 million (EUR 84.5 million).

Operating profit improved to EUR 3.2 million (EUR -1.0 million). Return on net assets and equity ratio improved.

Main objective for 2003 is to outperform the results of 2002 in terms of net sales and profit.



## NET SALES AND PROFIT

Passenger car tyre markets saw strong growth in the Nordic countries, as well as other major markets in Europe and in Russia and European manufacturers clearly increased their tyre deliveries compared to the previous year. The summer tyre season did not yet fully start, and a considerable number of winter tyres were still sold in the Nordic countries and Russia. An increase in the sales of new cars accelerated the growth of tyre markets in the Nordic countries. Strong growth in the demand for heavy special tyres continued.

Nokian Tyres grew in line with market growth and improved its market shares in winter tyres. In addition the sales of heavy tyres increased remarkably. The company's net sales increased on the previous year with a positive and improved operating profit. Vianor tyre chain also recorded an increased operating profit. The increase in sales was most notable in the Nordic countries and Russia. High profit margin products, such as tyres for passenger cars and other special products, accounted for the majority of the sales volume. The decreased value of the dollar reflected in the sales profitability in the USA.

In the period January to March, Nokian Tyres Group booked net sales of EUR 95.7 million (EUR 84.5 million), showing an increase of 13.2% on the corresponding period a year earlier. Fixed costs amounted to EUR 42.7 million (EUR 41.5 million). Fixed costs represented 44.6% (49.1%) of the net sales.

Raw material costs in manufacturing increased by 5% on the corresponding period of the previous year. As a result of the increase in raw material costs, the tyre industry implemented price increases. The average prices of Nokian Tyres' passenger car tyres increased by 5.2% on the previous year.

Nokian Tyres Group's operating profit improved, being EUR 3.2 million (EUR -1.0 million). The operating profit of the manufacturing business was EUR 11.0 million (EUR 8.3 million). Vianor tyre chain's operating profit before the depreciation of goodwill was EUR -5.2 million (EUR -6.7 million). The depreciation of goodwill amounted to EUR 1.7 million (EUR 1.8 million) and concerned in their entirety the Vianor tyre chain.

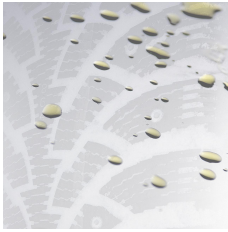
Net financial expenses were EUR 1.6 million (EUR 2.9 million). Profit before taxes improved to EUR 1.6 million (EUR -4.0 million). The net result for the period under review was EUR 0.7 million (EUR -3.3 million). Earnings per share were up to EUR 0.06 (EUR -0.31). The return on net assets (RONA, rolling 12 months) was 16.2% (13.0%). Income financing after the change in the working capital, investments and the sales of fixed assets (Cash flow II) was EUR -9.1 million (EUR -19.0 million). Equity ratio was 43.2% (39.0%) and included the capital loan.

The Group employed an average of 2,549 (2,637) people, and 2,595 (2,601) at the end of the period. The tyre chain employed 1,145 (1,206) people at the end of the period.

### Passenger car tyres

Net sales from Nokian passenger car tyres were up by 20.4% on the previous year to EUR 57.8 million (EUR 48.1 million). Operating profit improved, totalling EUR 10.0 million (EUR 7.1 million).

Sales of winter tyres for passenger cars increased by 30.2% on the previous year. The growth in sales was particularly notable in Russia and other CIS countries, as well as in Finland. In Finland, tyre sales were boosted by the sales of new cars and the company's enhanced service to car dealers. The company reorganised its domestic sales to car dealers from Vianor to the parent company at the year-end 2002. The sales of Nokian brand tyres also developed favourably in Sweden and in Norway. Winter tyres represented 44.0% (38.3%) of the product area net sales. Tyre prices were raised, and the average prices were up by 5.2 % from the previous year.



Due to the investments in production and the productivity-boosting measures taken, production volumes increased and productivity (kg/mh) improved on the previous year. During the period under review, the company introduced a new studded winter tyre, Nokian Hakkapeliitta 4, designed for the Nordic and Russian markets. The tyre's grip is improved by innovations developed for the product, such as a new square stud design and the environmentally friendly rape-seed oil used in the tread mixture. The tyre will be available for consumers in autumn 2003.

### **Heavy tyres**

Net sales of Nokian heavy tyres business totalled EUR 15.0 million (EUR 12.0 million), showing an increase of 25.6% on the corresponding period of the previous year. The operating profit for heavy tyres improved, totalling EUR 1.8 million (EUR 0.9 million).

The demand for heavy special tyres continued to grow with favourable sales on both the original equipment installation and replacement markets. The speed of forestry machinery manufacture was high. The season for so-called flotation tyres designed for agriculture started early and the demand was high. The sales of Nokian branded truck tyres in the Nordic countries also increased clearly compared to the previous year. The strongest growth areas for heavy tyres were Finland, Norway and Germany. Planned price increases were implemented and the prices were up by an average of 3.1%. Production volumes increased and profitability clearly improved on the previous year.

### **Bicycle tyres**

Net sales from Nokian bicycle tyres were down by 11.0% on the previous year to EUR 1.4 million (EUR 1.5 million). Operating profit and cash flow were positive and better than the previous year. The number of bicycles manufactured was low, as well as the demand for bicycle tyres. The most favourable sales development was seen on the Central-European original equipment installation market.

### **Retreading materials**

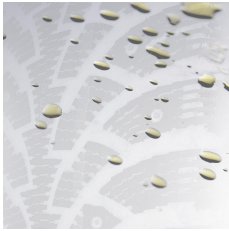
Net sales from Nokian retreading materials were up by 5.0% on the previous year to EUR 2.1 million (EUR 2.0 million). Operating profit and cash flow were positive and better than the previous year. The sales of Nokian Noktop retreading materials were favourable in Finland and in Sweden. In addition, sales of car tyre retreading materials increased in Finland and in the Baltic countries.

### **Vianor**

Vianor's net sales were EUR 31.8 million (EUR 32.3 million), a decrease of 1.4% on the corresponding period of the previous year. However, the comparable sales growth was 8%. The reason for the decrease in net sales compared to the previous year was the reorganisation of the company's domestic sales to car dealers from Vianor to the parent company at the end of 2002. Vianor's net sales figure 2002 included the sales to car dealers, whilst in 2003 these figures are included in the net sales of the Nokian passenger car product area.

Vianor's operating profit before the depreciation of goodwill improved, totalling EUR -5.2 million (EUR -6.7 million). The depreciation of goodwill amounted to EUR 1.7 million (EUR 1.8 million). Cash flow II totalled EUR -9.0 million (EUR -11.4 million). Sales margin improved throughout Vianor. Net sales, sales margin and operations in total improved particularly in Vianor Sweden.

Consumer sales did not yet fully start due to the late timing of Easter, yet the sales to wholesalers were favourable in Finland and in Sweden. The demand for new and treaded truck tyres was yet somewhat low in the beginning of the year.



### **Roadsnoop**

The production of RoadSnoop pressure watches began in April, and the first products were delivered to customers. The sales of this product have had a promising start. The product is sold globally and specifically to the major markets of Nokian Tyres. Retailers include the company's own Vianor outlets as well as other tyre shops. RoadSnoop's production capacity will be increased gradually during the summer and the autumn.

Several versions of the currently marketed pressure watch have been developed for different type of end users. Plans are underway to introduce a pressure watch designed for frequently travelling professional drivers, such as taxi drivers, policemen and ambulance drivers.

### **Investments**

Investments during the period under review amounted to EUR 6.4 million (EUR 6.7 million). The company's investments in 2003 will total EUR 42.0 million instead of the EUR 52.0 million announced earlier. The decrease in investments is due to the decision to implement the investment of EUR 10 million planned for the joint venture with Amtel as a leasing arrangement, which does not burden company's cash flow or balance sheet. The investments for 2003 mainly include production investments and moulds for new products.

### **Contract manufacturing**

Co-operation with Amtel has progressed as planned, and the contract manufacturing of Nordman tyres at Amtel's Kirov plant has progressed as agreed. The renovation work at Amtel's Voronez plant has progressed to the installation stage of the first machinery. It is the target to get Voronez plant ready for test production during the current year and to start full operations from the beginning of 2004. Until now, contract manufacturing has mainly focused on Nordman branded winter tyres. Summer tyre production will be increased and a new car tyre brand will be introduced at the year-end. The capacity at Voronez factory will be increased during 2004 to meet with the annual production target of 2 million tyres. Contract manufacturing volumes in Slovakia and Indonesia further increased.

## **DECISIONS MADE AT THE ANNUAL GENERAL MEETING OF NOKIAN TYRES PLC**

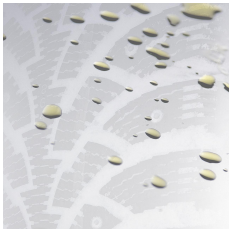
On March 26, 2003, Nokian Tyres Annual General Meeting accepted the profit and loss statement for 2002 and discharged the Board of Directors and the President from liability. A decision was made on a dividend of EUR 1.11 per share. The matching date was 31 March 2003 and the payment date 7 April 2003.

The meeting decided that the Board of Directors will have seven members. Rabbe Grönblom, Chairman of the Board, Kotipizza Oyj; Bo-Erik Haglund, Doctor of Science h.c.; Satu Heikintalo, M.Sc (Econ); Hannu Penttilä, Managing Director Stockmann plc; Henrik Therman, Master of Science; Matti Vuoria, Chairman of the Board, Fortum Oyj; Kim Gran, President and CEO Nokian Tyres plc were elected. Authorised public accountants KPMG Wideri Oy continue as auditors.

The Annual General Meeting authorised the Board of Directors to make a decision about increasing the share capital on one or more occasions by an issue of new shares and/or convertible bonds. The share capital of the company may be increased by a maximum of EUR 4 million. A maximum of 2,000,000 new shares may be issued, each bearing a nominal value of EUR 2.00.

The Board of Directors may also deviate from the shareholders pre-emptive subscription right, provided that there is a compelling financial reason for the company referred to in chapter 4:2a of the Companies Act, such as acquisitions and other corporate arrangements.





The Board of Directors has the right to decide upon the parties who are entitled to subscribe, as well as the subscription prices, terms and conditions of share subscription and terms and conditions of convertible bonds. The validity of the authorisation is one year from the date of the Annual General Meeting. At the same time, any other effective authorisations to increase the share capital are nullified.

In the Board meeting, held after the Annual General meeting, Mr Matti Vuoria was elected Chairman of the Nokian Tyres Board of Directors.

## **MATTERS AFTER THE PERIOD IN REVIEW**

Nokian Tyres and Amtel Holdings announced 25th of March, 2003 that they have formed and officially registered in Russian Federation joint venture company Amtel-Nokian Tyres LLC. Amtel-Nokian Tyres LLC or ANT has been formed according to the Framework Agreement signed between the two tire manufacturers in December 2002. ANT will start its operations immediately with target of selling 600.000 Nordman branded tyres in 2003 and 2 million tyres in 2004. Nokian Tyres owns 50% and Amtel Holdings owns 50% of the joint venture company.

## **OUTLOOK FOR THE YEAR-END**

The development trend of the global economy remains uncertain. The raw material price increases continue to reflect in the tyre industry, and the weak exchange rate of the US dollar is affecting the profitability of tyre sales in the USA. During the first half of the current year, raw material prices are estimated to be 6% higher than in the corresponding period last year.

The demand for car winter tyres, high-speed summer tyres and heavy special tyres is estimated to continue its growth in Nokian Tyres' major market areas. The first part of the year started favourably, and the company is well positioned to meet the growth in demand for the entire year. The company's position on its core markets is stronger and its product range includes a large amount of new products. The new ultra high performance summer tyres, Nokian NRVi and Nokian NRY, designed for the summer tyre top segment, are now in the salesmix for the first time and the novelties have received a lot of interest. During the next winter tyre season, a new studded winter tyre, Nokian Hakkapeliitta 4, will be introduced. Car winter tyre prices will be raised in line with the summer tyre price increase made early this year.

The share of contract manufacturing is growing steadily, and it enables the company to better meet the strong market growth in Russia and Eastern Europe.

Vianor continues its measures to boost the efficiency of its operations. In addition, the share of own products in Vianor sales will be increased and costs will be adjusted, particularly in Sweden and Norway.

The production volumes at the Nokian plant are increasing and profitability is improving. Operations at the Russian JV-company will begin and the sales will start during the latter half of the year. Return on net assets will be improved and the growth of fixed costs will be limited.

The main objective of Nokian Tyres for 2003 is to outperform the results of 2002 in terms of net sales and profit.



**CONSOLIDATED PROFIT AND  
LOSS ACCOUNT**  
MEUR

	1-3/2003	1-3/2002	Last 12 mo.	1-12/2002	Change-%
Net sales	95.7	84.5	490.3	479.2	13.2
Operating expenses	83.7	77.0	390.8	384.2	8.6
Depreciation according to plan	7.1	6.7	27.4	27.0	5.5
Operating result before non-recurring items and Goodwill amortisations	4.9	0.8	72.1	68.0	527.3
Goodwill amortisations	1.7	1.8	7.8	7.9	5.7
<b>Operating result</b>	<b>3.2</b>	<b>-1.0</b>	<b>64.3</b>	<b>60.1</b>	<b>410.3</b>
Financial income and expenses	-1.6	-2.9	-10.7	-12.1	-46.3
Result before extraordinary items and tax	1.6	-4.0	53.6	48.0	141.3
Extraordinary items	0.0	0.0	0.0	0.0	
Direct tax for the period 1)	1.0	-0.7	16.1	14.4	241.6
Profit applicable to minority shareholders	0.0	0.0	0.0	0.0	
<b>Net result</b>	<b>0.7</b>	<b>-3.3</b>	<b>37.5</b>	<b>33.6</b>	<b>120.2</b>

1) Direct tax in the consolidated profit and loss account is based on the taxable profit for the period.

**CONSOLIDATED BALANCE  
SHEET**  
MEUR

	31.3.03	31.3.02	31.12.02
Intangible assets	10.6	13.8	12.5
Goodwill	41.0	46.1	40.8
Tangible assets	193.5	197.1	195.4
Investments	0.5	0.4	0.6
Inventories	93.1	102.8	78.8
Receivables	114.4	99.2	102.2
Cash in hand and at bank	8.1	7.8	20.5
Shareholders' equity	163.2	146.1	175.4
Capital loan	36.0	36.0	36.0
Long-term liabilities			
interest bearing	77.6	136.8	98.0
non interest bearing	20.9	19.8	20.5
Current liabilities			
interest bearing	67.4	54.2	44.9
non interest bearing	96.1	74.5	76.1
<b>Total assets</b>	<b>461.2</b>	<b>467.3</b>	<b>450.9</b>
Interest bearing net debt	136.8	183.2	122.5
Capital expenditures	6.4	6.7	26.0
Personnel average	2,549	2,637	2,663

**CASH FLOW STATEMENT**

MEUR

**31.3.03****31.3.02****31.12.02****Operating activities**Cash flow from operating activities  
before the financial items and taxes

-5.3

-13.6

91.3

Financial items and taxes

-3.3

-4.1

-22.0

Cash flow from operating activities

-8.6

-17.7

69.3

**Investing activities**

Cash flow from investing activities

-5.9

-7.6

-26.2

**Financing activities**

Cash flow from financing activities

Change in short-term financial  
receivables and debt

22.1

15.2

5.3

Change in long-term financial receivables  
and debt

-20.0

-0.4

-37.4

Dividends paid

0.0

0.0

-8.8

Cash flow from financing activities

2.1

14.8

-40.9

**Change in cash and cashequivalents****-12.3****-10.5****2.2****KEY RATIOS**

MEUR

**31.3.03****31.3.02****Last 12 mo.****31.12.02****Change-%**

Earnings per share, euro

0.06

-0.31

3.55

3.17

120.2

Equity ratio, % 2)

43.2

39.0

46.9

Equity ratio, %

35.4

31.3

38.9

Gearing, % 2)

68.7

100.6

57.9

Shareholders' equity per share, euro

15.42

13.80

16.57

11.8

Number of shares (1,000 units)

10,582

10,582

10,582

2) Capital loan is included in equity

SEGMENT INFORMATION	1-3/2003	1-3/2002	1-12/2002	Change-%
MEUR				
<b>Net sales</b>	<b>95.7</b>	<b>84.5</b>	<b>479.2</b>	
Manufacturing	75.0	63.5	314.5	18.1
Vianor	31.8	32.3	216.2	1.4
<b>Operating result</b>	<b>3.2</b>	<b>-1.0</b>	<b>60.1</b>	<b>410.3</b>
Manufacturing	11.0	8.3	59.5	31.6
Vianor	-7.0	-8.5	0.9	18.7
Operating result before amortisations	-5.2	-6.7	8.9	22.2
Vianor	<b>-9.1</b>	<b>-19.0</b>	<b>70.1</b>	<b>52.0</b>
<b>Cash Flow II</b>				
Manufacturing	-1.5	-8.2	59.3	82.2
Vianor	-9.0	-11.4	10.3	21.3
<b>CONTINGENT LIABILITIES</b>	<b>1-3/2003</b>	<b>1-3/2002</b>	<b>1-12/2002</b>	
MEUR				
FOR OWN DEBT				
Mortgages	1.0	0.7	1.0	
Pledged assets	0.0	0.0	0.0	
ON BEHALF OF OTHER COMPANIES				
Guarantees	0.0	0.0	0.0	
OTHER OWN COMMITMENTS				
Guarantees	1.0	1.2	1.0	
Leasing and rent commitments	36.9	38.5	38.7	
Acquisition commitments	1.1	0.2	1.2	
Not entered interest on				
INTEREST RATE DERIVATIVES				
Interest rate swaps				
Fair value	-2.5	-0.8	-2.1	
Underlying value	46.5	46.5	46.5	
Options, purchased				
CURRENCY DERIVATIVES				
Forward contracts				
Fair value	0.8	-0.6	0.8	
Underlying value	43.9	42.9	50.5	
Currency derivatives are used to hedge the Group's net exposure.				
Currency derivatives are included in the financial result at market value except for those relating to order stock and budgeted net currency positions, which are entered in the profit and loss account as the cash flow is received.				
(Unaudited figures)				