Nokian Tyres plc   Stock Exchange Bulletin 5 May 2004 8.00 a.m.

INTERIM REPORT FOR NOKIAN TYRES PLC JANUARY-MARCH 2004

The Group's net sales increased, operating profit was positive and clearly better than the previous year. All profit centres improved their results. EPS rose to EUR 0.61 (EUR 0.06 for Q1 in 2003). Net sales grew by 17.8% to EUR 112.7 million (EUR 95.7 million), and the operating profit to EUR 10.7 million (EUR 3.2 million). The objective for 2004 is to outperform the 2003 results in terms of net sales and profit.

NET SALES AND PROFIT

Nokian Tyres' main markets and key product segments continued to show positive development. The markets for car winter tyres and high-speed summer tyres grew in the Nordic countries, Europe and Russia. Demand for tyres also picked up from the previous year in North America. Even though the summer tyre season started earlier than last year in the Nordic countries, winter tyres also sold well. New car sales increased clearly in the Nordic countries, boosting the demand for tyres. The manufacture of new forestry machinery was brisk and the demand for forestry tyres was high. The demand for retreading materials also picked up from the previous year. Following the increase in raw material prices, tyre manufacturers pushed up the prices of their products. The low US dollar undermined sales profits in the US markets.

The Group's net sales were up, operating profit was positive and clearly better than the previous year. All profit centres also improved their operating profits from the previous year. Sales of Nokian branded tyres increased clearly in the Nordic countries, Russia and in the USA, and the market shares improved particularly in Sweden and Norway. Tyre sales to the car dealers showed marked growth in the Nordic countries. The share of new products was high which, together with the implemented price increases, significantly boosted sales profits. Productivity and production volumes were up and delivery reliability improved.

Nokian Tyres Group recorded net sales of EUR 112.7 million (EUR 95.7 million) in the January to March period in 2004, showing an increase of 17.8%. Net sales from manufacturing totalled EUR 94.9 million (EUR 75.0 million) and from the Vianor tyre chain EUR 36.0 million (EUR 31.8 million).

The Group's invoicing increased from the previous year by 16.8% in the Nordic countries, 36.8% in Russia and other CIS countries and 41.8% in North America.

Prices for the raw materials required in manufacturing rose by 3% in compared to the first quarter in 2003. Fixed costs amounted to EUR 45.6 million (EUR 42.7 million). The proportion of fixed costs of net sales shrank to 40.4% (44.6%).

The operating profit of the Nokian Tyres Group rose to EUR 10.7 million (EUR 3.2 million). Operating profit generated by the manufacturing business was EUR 18.7 million (EUR 11.0 million). The Vianor tyre chain's operating result before the depreciation of goodwill was EUR -3.4 million (-5.2 million). The depreciation of goodwill amounted to EUR 1.8 million (EUR 1.7 million) and it involved the Vianor tyre chain only.

Net financial expenses decreased to EUR 1.0 million (EUR 1.6 million).

Profit before taxes rose to EUR 9.6 million (EUR 1.6 million). Net profit for the period totalled EUR 6.5 million (EUR 0.7 million). Profit per share was up to EUR 0.61 (EUR 0.06).

The return on net assets (RONA, rolling 12 months) was 20.9% (16.2%). Income financing after the change in working capital, investments and the disposal of fixed assets (cash flow II) totalled EUR –22.7 million (EUR –9.1 million). Equity ratio rose to 50.3% (43.2%) and included the capital loan booked under shareholders' equity.

The Group employed an average of 2,742 (2,549) people; 2,800 (2,595) at the end of the period. The tyre chain employed 1,235 (1,145) people at the end of the period.

PASSENGER CAR TYRES

The net sales of Nokian passenger car tyres were up to EUR 73.1 million (EUR 57.8 million), or 26.4%, on the previous year. Operating profit showed significant growth, totalling EUR 16.5 million (EUR 10.0 million).

The Nordic countries, Russia and the USA accounted for the strongest sales growth. Strong sales of new cars continued in Finland and Norway, which helped boost the demand for tyres. The sales of Nokian branded tyres to the Nordic car dealers picked up dramatically. The product range included a large number of new products, which fuelled sales growth. New products represented a large part of the total range, which together with the price increases improved sales profitability. Demand for winter tyres continued to rise, and they accounted for 48.0% (44.0%) of the profit centre's net sales.

In January, Nokian Tyres introduced a new non-studded winter tyre for passenger cars, the Nokian Hakkapeliitta RSi. This new product is designed for the Nordic, Russian and North American markets, and its consumer sales will start in autumn 2004.

The new summer tyre, Nokian NRHi, strengthened the company's position as a summer tyre manufacturer in the Nordic countries and especially in Germany. The Nokian NRHi attracted a lot of attention for being the first summer tyre in the world whose manufacturing process involves only environmentally safe, low aromatic oils. The product attracted even more interest after it won several tyre tests conducted by Nordic and Central European trade magazines.

Thanks to investments in production and the productivity-boosting measures, production volumes at the Nokia plant increased and productivity (kg/mh) improved from the previous year. Contract manufacturing of the Nokian branded tyres more than doubled from the previous year, which freed up more production capacity at the Nokia plant for high-profit special products. Nevertheless, the capacity was not sufficient to meet the increased demand in all market areas.

HEAVY TYRES

The Nokian heavy tyres business generated net sales of EUR 15.9 million (EUR 15.0 million), up 6.0% on the previous year. Operating profit rose to EUR 2.3 million (EUR 1.8 million).

Demand for heavy tyres was high, allowing the Nokian Heavy Tyres profit centre to break every month its previous first quarter sales records. Profitability improved significantly. Demand for original equipment installation for forestry tyres was particularly high as a result of increased forestry machinery production. Truck tyres and various machinery tyres sold better than in the previous year. Of export regions the strongest growth was seen in the USA.

Production volumes were up and the plant’s capacity utilisation improved. Contract manufacturing progressed as planned.

During the review period, Nokian Tyres signed an agreement with the Indian tyre manufacturer Balkrishna Tyres regarding the contract manufacture of agricultural tyres. The first test tyres will be ready in May and the actual production will start over the summer.

BICYCLE TYRES

The net sales from Nokian bicycle tyres was EUR 1.2 million (EUR 1.4 million); a decline of 12.6% on the previous year. Meanwhile operating profit improved from the previous year.

The manufacture of bicycles and the demand for tyres continued to be slow.

RETREADING MATERIALS

The retreading materials operations were reorganised at the end of 2003, and the new unit launched its activities at the beginning of 2004. The retreading materials business now comprises the manufacture of retreading materials at the Nokia plant, the retreading operations previously carried out by the Vianor organisation in Finland, Sweden and Norway, and the retreading factory purchased in St Petersburg in 2003.

The Nokian retreading materials business recorded net sales of EUR 4.8 million (EUR 2.1 million). Operating profit was positive. Owing to the reorganisation of operations, net sales and operating profit figures are not comparable.

The demand for retreading materials for trucks started to pick up in the Nordic countries at the beginning of the year.

ROADSNOOP

The demand for pressure watch devices continued to be weak and the market development was slower than anticipated. So far, the unit has not been able to make a profit.

VIANOR

The Vianor tyre chain generated net sales of EUR 36.0 million (EUR 31.8 million), showing an increase of 13.1% on the previous year. Operating result before the depreciation of goodwill improved to EUR –3.4 million (EUR -5.2 million). The depreciation of goodwill totalled EUR 1.8 million (EUR 1.7 million). Cash flow II was EUR –7.3 million (EUR –9.0 million).

The Nordic tyre market developed favourably from the previous year, and Vianor’s sales picked up in Finland, Sweden and Norway. The summer tyre season started earlier than last year, but winter tyres also sold very well at the beginning of the year. Wholesale of car winter tyres to the car dealers accounted for the strongest growth. In addition, new and retreaded truck tyres sold better than in the previous year. Nokian branded tyres increased their share of all tyres sold by Vianor, providing the manufacturing business with increased synergy benefits.

During the review period, the fourth tyre hotel was opened in Finland, and the tyre hotel concept was expanded to Sweden, Norway and Estonia.

INVESTMENTS

Investments totalled EUR 7.9 million (EUR 6.4 million).
Nokian Tyres has budgeted total investments of EUR 64.0 million (EUR 44.2 million) for 2004, including a start-up investment of EUR 22 million associated with the new factory in Russia. Other investments include production investments and moulds for new products for the Nokia plant.

OTHER MATTERS

Nokian Tyres’ projects in Russia

In March, Nokian Tyres announced its intentions to focus on the sales of Nokian branded A-segment products and the construction of its own tyre factory in Russia. The company initiated a process to discontinue the operations of its Russian joint venture Amtel-Nokian Tyres, which focused on the sale of Nordman branded B segment tyres.

Nokian Tyres took measures to construct its own tyre factory in the St Petersburg area with the objective to start passenger car tyre production during the course of 2005. The project has progressed as planned and construction work will begin in spring 2004. The total investments required for the factory in the first stage in the years 2004 and 2005 will be EUR 52 million.

Furthermore, Nokian Tyres established a logistics centre in the vicinity of Moscow in order to further strengthen the distribution and sales network for Nokian branded tyres.

Shares subscribed with option rights

After the increase in share capital registered on 10 December 2003 a total of 2,460 shares were subscribed with the 2001A option rights attached to the Nokian Tyres plc’s Option Program of 2001. The resulting increase in share capital of EUR 4,920 was entered in the Trade Register on 18 February 2004. Trading of the shares together with the old shares started on 19 February 2004.
After the increase, Nokian Tyres plc’s share capital is EUR 21,368,882.00.

MATTERS AFTER THE PERIOD UNDER REVIEW

Decisions made at the Annual General Meeting.

On 5 April, 2004, Nokian Tyres Annual General Meeting accepted the profit and loss statement for 2003 and discharged the Board of Directors and the President from liability. A decision was made on a dividend of EUR 1.56 per share. The matching date will be 8 April 2004 and the payment date 19 April 2004.

It was decided that the Board of Directors will have eight members. Rabbe Grönblom, Chairman of the Board, Kotipizza Oyj; Bo-Erik Haglund, Doctor of Science h.c.; Satu Heikintalo, Managing Director, G2 Helsinki Oy; Hannu Penttilä, Managing Director Stockmann plc; Henrik Therman, Master of Science; Matti Vuoria, Executive Vice President, Varma Mutual Pension Insurance Company and Kim Gran, President and CEO Nokian Tyres plc will continue as members of Nokian Tyres' Board of Directors. Mitsuhira Shimazaki, Director, Sales Administration, Bridgestone Europe NV/SA was elected a new Member of the Board of Directors. In the Board meeting held after the Annual General Meeting, Mr. Henrik Therman was elected Chairman of Nokian Tyres Board of Directors.

Authorised public accountants KPMG Wideri Oy continue as auditors.

The Annual General Meeting authorised the Board of Directors to decide upon 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 can be increased by a maximum of EUR 4 million. A maximum of 2,000,000 new shares can 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 there is a compelling financial reason for the company as 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 the terms and conditions of convertible bonds. The validity of the authorisation is one year from the date of the Annual General Meeting.

In addition, the Annual General Meeting decided to issue stock options to the personnel of the Nokian Tyres Group, as well as to its wholly owned subsidiary, Direnic Oy. The Board of Directors may also deviate from the shareholders pre-emptive subscription right as the stock options form a part of the incentive and commitment program for the Nokian Tyres Group's personnel. The maximum number of the stock options issued shall be 735,000.

Of the stock options 245,000 shall be marked with the symbol 2004A, 245,000 shall be marked with the symbol 2004B and 245,000 shall be marked with the symbol 2004C. The stock options entitle to subscription of a maximum total of 735,000 shares in Nokian Tyres plc. The intention of the Board of Directors is to distribute the stock options in spring 2004 (2004A-options), 2005 (2004B-options) and 2006 (2004C-options).

The share subscription price shall, for stock options 2004A, be the trading volume weighted average quotation of the Nokian Tyres plc share on the Helsinki Exchanges between 1 January and 31 March 2004, for stock options 2004B the trading volume weighted average quotation of the Nokian Tyres plc share on the Helsinki Exchanges between 1 January and 31 March 2005, and for stock options 2004C the trading volume weighted average quotation of the Nokian Tyres plc share on the Helsinki Exchanges between 1 January and 31 March 2006.

From the share subscription price of stock options shall, as per the dividend record date, be deducted the amount of the dividend decided after the beginning of the period for determination of the share subscription price but before share subscription. The share subscription period shall be 1 March 2006 - 31 March 2008 for warrants 2004A, 1 March 2007 – 31 March 2009 for warrants 2004B, and 1 March 2008 – 31 March 2010 for warrants 2004C.

As a result of the subscriptions with the 2004 stock options, the share capital of Nokian Tyres plc may be increased by a maximum of EUR 1,470,000 and the number of shares by a maximum of 735,000 new shares.

OUTLOOK FOR THE YEAR-END

Nokian Tyres is well positioned to reach the objective set for 2004, which is to outperform the 2003 results in terms of net sales and profit.
The global economic recovery and the growing tyre production in China create pressure to raise the prices of raw materials. Nokian Tyres estimates that its raw material prices will be about 4% higher at the end of the first quarter compared to the same time a year earlier. The value of the US dollar against the euro is expected to remain at the first quarter level.

Nokian Tyres will pursue its strategy and focus on expanding and profitable markets, and on product segments where the company is gaining an increasingly strong foothold. Demand for winter tyres for passenger cars and for high-performance summer tyres is expected to show sustained growth in the Nordic countries, Eastern Europe, Russia and the USA. Favourable development is also expected to continue in the heavy special tyres market, particularly as the manufacture of forestry machinery will be up. The order book for passenger car tyres and heavy tyres is very healthy.

Passenger car tyre production has prepared for a significant sales increase in the upcoming winter season. The production capacity at the Nokia plant will be increased with the objective to produce more than 6 million tyres in 2004. Investments will be made to eliminate production bottlenecks in order to boost productivity, and special attention will be paid to high-season logistics in order to improve distribution. The logistics centres set up in Russia will enhance the service provided to clients in the Moscow and St Petersburg area. With increasing contract manufacturing, more production capacity will be available at the Nokia plant for the manufacture of special products with high profit margins.

Sales mix will be even better as the product portfolio includes a number of novelties representing the top segments. Products entering the market in the course of 2004 include a new non-studded winter tyre for passenger cars, supplementary sizes to the studded novelty tyre range, and the novelties in the heavy tyre range that will be launched this year.

New products and the implemented price increases will raise the average tyre prices towards the year-end. Vianor will continue to boost its production efficiency, to increase the share of Nokian braded tyres, to increase the share of work and services sold, and to implement cost adjustment measures, particularly in Sweden and Norway.

Measures will be taken to obtain a higher return on capital and to curb the growth of fixed costs. Investments will focus on eliminating production bottlenecks at the Nokia plant and on establishing production in Russia.

NOKIAN TYRES
CONSOLIDATED PROFIT AND LOSS ACCOUNT

Million euros	1-3/04	1-3/03	Last 12 months	1-12/03
Net sales	112.7	95.7	545.7	528.7
Operating expenses	92.9	83.7	422.8	413.6
Depreciation according to plan	7.4	7.1	29.4	29.1
Operating result before non-recurring items and goodwill amortisations	12.5	4.9	93.5	86.0
Non-recurring items	0.0	0.0	0.0	0.0
Goodwill amortisations	1.8	1.7	7.0	6.9
Operating result	10.7	3.2	86.5	79.1
Financial income and expenses	-1.0	-1.6	-8.9	-9.5
Result before extra-ordinary items and tax	9.6	1.6	77.6	69.6
Extraordinary items	0.0	0.0	0.0	0.0
Direct tax for the period 1)	3.1	1.0	24.2	22.0
Profit applicable to minority shareholders	0.0	0.0	0.0	0.0
Net result	6.5	0.7	53.5	47.6

CONSOLIDATED BALANCE SHEET	31.3.04	31.3.03		31.12.03
Intangible assets	13.2	10.6		13.7
Goodwill	34.8	41.0		36.4
Tangible assets	202.2	193.5		202.4
Investments	0.7	0.5		0.7
Inventories	106.1	93.1		85.1
Receivables	130.4	114.4		118.9
Cash in hand and at bank	17.6	8.1		19.0

Shareholders' equity	218.1	163.2	211.2
Capital loan	36.0	36.0	36.0
Minority shareholders' interest	0.0	0.0	0.0
Long-term liabilities			
interest bearing	81.5	77.6	82.2
non interest bearing	22.0	20.9	22.0
Current liabilities			
interest bearing	58.2	67.4	36.8
non interest bearing	89.3	96.1	87.9
Total assets	505.1	461.2	476.1
Interest bearing net debt	122.1	136.8	100.0
Capital expenditures	7.9	6.4	44.2
Personnel average	2,742	2,549	2,650

CASH FLOW STATEMENT	1-3/04	1-3/03	1-12/03
Operating activities			
Cash flow from operating activities before the financial items and taxes	-17.2	-5.3	107.3
Financial items and taxes	-1.8	-3.3	-28.2
Cash flow from operating activities	-19.1	-8.6	79.0
Investing activities			
Cash flow from investing activities	-7.5	-5.9	-42.7
Financing activities			
Cash flow from financing activities			
Share issues	0.0	0.0	1.6
Change in short-term financial receivables and debt	25.7	22.1	-13.7
Change in long-term financial receivables and debt	-0.5	-20.0	-14.1
Dividends paid	0.0	0.0	-11.7
Cash flow from financing activities	25.2	2.1	-37.9
Change in cash and cash equivalents	-1.3	-12.3	-1.5

KEY RATIOS	31.3.04	31.3.03	Last 12 months	31.12.03
Earnings per share, euro	0.61	0.06	5.05	4.48
Equity ratio, % 2)	50.3	43.2		51.9
Equity ratio, %	43.2	35.4		44.4
Gearing, % 2)	48.0	68.7		40.5
Shareholders' equity per share, euro	20.41	15.42		19.77

Number of shares (1,000 units)	10,684	10,582	10,682

1) Direct tax in the consolidated profit and loss account is based on the taxable profit for the period.
2) Capital loan is included in equity

SEGMENT INFORMATION	1-3/04	1-3/03	1-12/03
Net sales	112.7	95.7	528.7
Manufacturing	94.9	75.0	372.3
Vianor	36.0	31.8	213.0
Operating result	10.7	3.2	79.1
Manufacturing	18.7	11.0	75.6
Vianor	-5.2	-7.0	4.9
Operating result before amortisations Vianor	-3.4	-5.2	11.8
Cash Flow II	-22.7	-9.1	65.7
Manufacturing	-20.0	-1.5	60.1
Vianor	-7.3	-9.0	1.8

CONTINGENT LIABILITIES Million euros	31.3.04	31.3.03	31.12.03
FOR OWN DEBT			
Mortgages	1.0	1.0	1.0
Pledged assets	0.5	0.0	0.5
ON BEHALF OF OTHER COMPANIES			
Guarantees	0.0	0.0	0.1
OTHER OWN COMMITMENTS			
Guarantees	1.0	1.0	1.0
Leasing and rent commitments	34.9	36.9	34.9
Acquisition commitments	0.7	1.1	0.7
INTEREST RATE DERIVATIVES			
Interest rate swaps			
Fair value	-2.2	-2.5	-2.2
Underlying value	36.5	46.5	36.5
CURRENCY DERIVATIVES			
Forward contracts			
Fair value	0.8	0.8	0.9
Underlying value	71.1	43.9	92.4

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)

Nokian Tyres Plc

Raila Hietala-Hellman
Vice President, Communications and IR
For further information, please contact: Mr Kim Gran, President and CEO, tel. +358 3 340 7336.
Distribution: HEX and major media