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NOKIAN TYRES FINANCIAL STATEMENTS BULLETIN 2004

Group's net sales and profit increased in each quarter, and in the entire review period. All profit centres improved their results. Net sales increased by 13.9% to EUR 602.2 million (2003: EUR 528.7 million). Operating profit was EUR 108.1 million (EUR 79.1 million). EPS were up to EUR 6.23 (EUR 4.48). The Board of Directors proposes that a dividend of EUR 2.17 (EUR 1.56) per share, be distributed.

NET SALES AND PROFIT

The demand for car winter tyres and high-speed summer tyres remained high during the whole period in review. Also the sales of forestry tyres and special tractor tyres were brisk. The strongest market growth was seen in the Nordic countries, Russia and Eastern Europe. The value of the US dollar against the euro weakened and raw material prices increased.

The winter season started late in the Nordic countries and Russia and the sales period was therefore shorter than a year earlier. Regardless, Nokian Tyres' manufacturing business and Vianor tyre chain increased net sales and improved profits. Market shares increased in the core markets. Sales growth was fastest in the Nordic countries, Russia and the USA. Vianor sold more Nokian-branded tyres than the previous year and synergy benefits with the manufacturing business increased. Seasonal management was enhanced. The majority of sales consisted of winter tyres and other special products with high profit margins. Material costs in production were higher than a year ago due to the increased raw material prices, but the new products and implemented price increases improved sales profitability. Own production volumes rose and contract manufacturing volumes increased.

October-December 2004

Consolidated net sales were up by 12.5%, totalling EUR 210.5 million (EUR 187.2 million for the corresponding period in 2003). Net sales from manufacturing increased by 21.6% to EUR 146.1 million (EUR 120.2 million). Vianor's net sales equalled the previous year's level at EUR 83.9 million (EUR 83.8 million).

Fixed costs increased by 5.8% and amounted to EUR 53.3 million (EUR 50.3 million), representing 25.3% (26.9%) of net sales.

The Group's operating profit was EUR 48.0 million (EUR 40.7 million). Operating profit from the manufacturing business amounted to EUR 35.9 million (EUR 28.3 million), and Vianor's operating profit before the depreciation of goodwill was EUR 7.3 million (EUR 9.8 million). Vianor's operating profit was reduced by one off costs of 3 MEUR. The depreciation of goodwill totalled EUR 1.8 million (EUR 1.7 million) and related entirely to the Vianor tyre chain. Consolidated operating profit includes the sales profit of EUR 0.4 million resulting from the sale of the bicycle tyre business, booked in the last quarter.

Profit before taxes improved to EUR 43.2 million (EUR 37.8 million) and the net profit for the period was EUR 28.9 million (EUR 25.8 million).

January-December 2004

Consolidated net sales totalled EUR 602.2 million (EUR 528.7 million), or 13.9% more than the year before. Net sales from manufacturing rose by 23.4% to EUR 459.5 million (EUR 372.3 million). Vianor’s net sales rose by 5.1% to EUR 223.9 million (EUR 213.0 million).

Operations outside Finland generated 70% (68%) of net sales. The Group’s invoicing to the Nordic countries grew by 8%, to Russia and other CIS countries by 53%, and to North America by 43%.

Price increases, an improved sales mix featuring new products, and better productivity resulted in more profitable sales.

Raw material costs in manufacturing were 4.8% higher than the average prices in the previous year. Fixed costs increased by EUR 15.7 million, or 9.0%, totalling EUR 190.4 million (EUR 174.7 million). They represented 31.6% (33.0%) of net sales. Vianor’s fixed costs increased by EUR 3.6 million.

The Group’s operating profit improved, totalling EUR 108.1 million (EUR 79.1 million). Operating profit from the manufacturing business amounted to EUR 107.0 million (EUR 75.6 million), and Vianor’s operating profit before the depreciation of goodwill was EUR 11.8 million (EUR 11.8 million). The depreciation of goodwill amounted to EUR 7.2 million (EUR 6.9 million) and related entirely to the Vianor tyre chain.

The Group’s net financial expenses amounted to EUR 10.2 million (EUR 9.5 million), representing 1.7% (1.8%) of net sales.

Profit before taxes improved and totalled EUR 99.9 million (EUR 69.6 million), including a net change in deferred taxes totalling EUR 2.0 million, booked in extraordinary items in the second quarter, due to a reduction of the Finnish corporate tax rate. Net profit for the period improved, amounting to EUR 68.9 million (EUR 47.6 million). Earnings per share were up by 38.9 % to EUR 6.23(EUR 4.48).

The return on net assets (RONA, rolling 12 months) was 24.6% (19.5%). Income financing after the change in working capital, investments and the disposal of fixed assets (Cash flow II) was EUR 39.8 million (EUR 65.7 million). The equity ratio picked up from 51.9% to 54.8%, including the capital loan booked under shareholders’ equity. The capital loan will mature on 29 April 2005. Product development expenses totalled EUR 9.6 million (EUR 8.3 million), or 2.1% of net sales from manufacturing.

During the financial year the Group employed 2,843 (2,650) and the parent company 1,455 (1,368) people on average. At the end of the financial year the Group employed 2,757 (2,736) and the parent company 1,399 (1,398) people. Vianor employed 1,220 (1,230) people at year end.

MANUFACTURING BUSINESS

Passenger car tyres

Net sales from Nokian passenger car tyres increased by 22.8% to EUR 363.6 million (EUR 296.0 million). Operating profit improved, totalling EUR 98.5 million (EUR 69.5 million).

Sales picked up from the previous year, especially in Russia, North America and Nordic countries. Summer tyre sales were good and the increase in contract manufacturing of summer tyres supported core product sales. Winter tyre sales hit record numbers, even though the season started later than the year before. The season’s novelty was the new studless winter tyre, Nokian Hakkapeliitta Rsi, which performed well in tyre tests carried out by trade magazines. The best-selling product, however, was the studded Nokian Hakkapeliitta 4 winter tyre. Winter tyres accounted for 80% (75%) and new products for 36% (50.2%) of the profit centre's net sales. Nokian-branded tyres increased their market share in the Nordic countries from 24.3% to 25.5%, while the market share of winter tyres rose from 29.8% to 30.2%. Enhanced customer service and logistics solutions brought a considerable improvement to seasonal delivery capacity.

A good sales mix and price increases raised average tyre prices. As a result of production investments and productivity-boosting measures the Nokia plant’s production volumes in tons increased by 13,9%, and totalled 5.9 million (5.4 million) tyres. The productivity of work (kg/mh) improved by 7%. Increased contract manufacturing of low-speed summer tyres released the own capacity for the manufacture of core products. Even so, the capacity was not sufficient to cater for the increased demand in all markets.

Despite the weakened US dollar, sales were also good in the USA. Increased sales volumes, a better sales mix and price increases compensated for the impact of the dollar value.

The environmentally friendly summer tyre, Nokian NRHi, boosted the company’s position as a summer tyre manufacturer in the Nordic countries and, especially, in Germany. A new W-speed category (270 km/h) summer tyre for passenger cars, the Nokian Z, was introduced in the autumn. The novelty forms part of the strongly growing Ultra High Performance segment and will become available to consumers in the spring of 2005. The tyre is manufactured without high-aromatic oils that are labelled as harmful.

Heavy tyres

The net sales of Nokian heavy tyres business totalled EUR 65.4 million (EUR 58.8 million), showing an increase of 11.3% on the previous year. Operating profit improved, totalling EUR 8.6 million (EUR 5.0 million).

The heavy tyre markets improved clearly from the previous year. The increased manufacture of machinery and equipment boosted the forestry tyre sales in particular. Similarly, special tractor tyres and various tyres for industrial machines sold better than a year earlier. A good sales mix and price increases improved sales profitability. The strongest growth areas were the Nordic countries and Germany.

Original equipment installation represented 43.8 % and new products 11.3 % of the unit’s net sales. Annual production capacity increased by 12%, amounting to 10,494 tons (9,317 tons). The plant operated at full capacity, and production volumes were at a record high in the latter part of the year. Productivity of work (kg/mh) improved by 5% on the previous year. Contract manufacturing also increased.

The main novelty of the season was the Nokian TRI2 tyre designed for road maintenance machinery and tractors. Its rubber compound only contains environmentally friendly low-aromatic oils. All of the heavy tyre manufacturing switched over to using rubber compounds made exclusively of low-aromatic oils.

Bicycle tyres

The net sales from Nokian bicycle tyres amounted to EUR 5.3 million (EUR 5.1 million), an increase of 3.7% on the previous year.

Nokian Tyres sold its bicycle tyres business to Suomen Rengastehdas Oy. The new owner also took over the manufacture of heavy inner tubes and will provide Nokian Tyres with contract manufacturing services in this area in the future. The unit’s 59 employees were employed by the new owner under their existing contracts as of 1 December 2004. The total sales price amounted to EUR 3.6 million. The sales profit of EUR 0.4 million was booked in the last quarter.

Retreading business

An organisational change was carried out in the retreading unit at the end of 2003. The unit now includes the manufacture of retreading materials and retreading factories and thus the figures for 2004 are not comparable with the previous year's figures. Net sales from retreading business amounted to EUR 25.0 million (EUR 11.0 million), while operating profit was EUR 3.2 million (EUR 1.5 million).

The summer season was good in the retreading business, but the winter season started later than the previous year. The sales of retreaded tyres declined, but the sales of retreading materials increased. The growing export regions were Norway, the Baltic States and the USA. New products boosted sales volumes and improved profitability. The Group’s own products were used more frequently in the company’s own retreading plants. The share of new products in material sales accounted for 17.8% of net sales. Production volumes amounted to 4,383 (4,318) tons.

In Russia, the retreading factory moved to the new premises in St. Petersburg, and the project of concentrating Finnish retreading operations in Nurmijärvi and Kuopio proceeded as planned. The construction of the new Nurmijärvi plant was completed and it will handle all retreading needs in Finland in the future, jointly with the plant in Kuopio. The retreading of passenger car tyres came to an end in December when the operations were sold to the Swedish company Mac Ripper AB.

RoadSnoop

The markets for pressure watch devices continued to develop slowly. The RoadSnoop unit was integrated to Nokian Tyres’ product development in December, the aim being to develop a pressure watch application for original equipment installation.

VIANOR

Vianor’s net sales totalled EUR 223.9 million (EUR 213.0 million), or 5.1% more than the year before. Operating profit before the depreciation of goodwill remained at previous’ years level totalling EUR 11.8 million (EUR 11.8 million). A one off cost of 3 MEUR was booked in Q4. The depreciation of goodwill amounted to EUR 7.2 million (EUR 6.9 million). Cash flow II was EUR –6.0 million (EUR 1.8 million).

The summer season was good, but the winter season started clearly later than the previous year, hence sales and profits from the last quarter were below target levels. Enhanced customer service and logistics solutions made seasonal management more effective than the year before. Vianor’s total market share in Nordic countries rose from 19.2% to 20.0%. The consumer prices of tyres, as well as Vianor’s service prices, were raised. Nokian-branded tyres clearly increased their share over the previous year. Vianor had an important role in increasing Nokian Tyres’ market share and prices in Nordic and Baltic countries.

Vianor was able to maintain a moderate cost level and raise the average prices of products. Franchising expanded in Finland, and new tyre hotels were opened.

INVESTMENTS

Nokian Tyres spent a total of EUR 57.8 million (EUR 44.2 million) on investments in 2004. Production and operating investment at the Nokia factory accounted for some EUR 33.8 million. The majority of investments concerned moulds for new products, as well as machinery and equipment purchases to remove production bottlenecks at the factory in Nokia. Vianor’s investments amounted to EUR 4.5 million (EUR 7.4 million). The total investment related to the tyre plant in Russia was EUR 17.8 million.

CONTRACT MANUFACTURING

Contract manufacturing of Nokian-branded passenger car tyres in Indonesia, Slovakia and the USA progressed as planned with the production volume almost doubling compared to the previous year. In September the company signed an agreement that made the Chinese company Giti Tires a new contract manufacturer for Nokian Tyres. The tyres manufactured in China will initially cover Nokian-branded summer tyres intended primarily for the North American markets. The objective is to manufacture 500,000 tyres in 2005 and to gradually increase the volume to 1.5 million tyres.

In November Nokian Tyres and Matador AS agreed on increasing the contract manufacturing of passenger car tyres at Matador’s plant in Slovakia. The parties also signed an agreement on machinery purchases, under which Nokian Tyres will spend some EUR 3 million on machinery for Matador’s tyre plant to ensure production capacity. The objective is to raise production volumes from 300,000 to 500,000 tyres in 2005 and to gradually increase the volume to 1.0 million tyres. The tyres will be mainly Nokian-branded passenger car tyres for the Central European markets.

The contract manufacturing of Nokian-branded truck tyres will be transferred from the Michelin plants in Poland and Hungary to Bridgestone’s Bilbao facility in Spain in early 2005.

OTHER MATTERS

Nokian Tyres’ projects in Russia

In March Nokian Tyres announced that its Russian operations would focus on the sales of Nokian-branded tyres and on the construction of its own tyre plant in the St. Petersburg region. The company decided to terminate the operations of its Russian joint venture, Amtel-Nokian Tyres, which was in charge of Nordman-branded tyre sales.

Land construction for the new plant began in the spring, and a contracting agreement on plant construction was signed with Lemcon Oy in May. The contract is worth EUR 21 million. The cornerstone of the new plant was laid in June. The construction work has progressed as planned and on schedule. Topping out took place in January, and the first machine installations will be carried out in the spring. Production will start in 2005, the objective being to manufacture some 1.5 million tyres in 2006. The Nokian-branded passenger car tyres manufactured at the plant will be sold primarily in Russia. In the initial phase, the plant will employ approximately 200 people, most of them Russian.

The first phase of the plant will have a total area of some 21,000 square metres, which provides capacity for an annual production of approximately 4 million tyres. The plant will be gradually expanded with additional investments, aiming at a capacity of some 8 million tyres. A decision was made to accelerate the construction and machinery investments of the second phase earlier in order to reach the capacity of 4 million tyres already in 2008.

The logistics centres established in the vicinity of Moscow and St. Petersburg further strengthened the distribution and sales network of Nokian-branded tyres in Russia.

Extension of logistics centre in Nokia

In September Nokian Tyres and Nordisk Renting signed an agreement on the construction of an extension to the logistics centre in Nokia. Nokian Tyres signed a 15-year lease for the property, with a purchase option. The investment is worth some EUR 17 million. The extension, covering some 34,000 square metres, will be completed in late 2005 and will provide storage capacity for 600,000 tyres.

Shares subscribed for with bonds with warrants

After the increase in share capital registered on 10 December 2003, a total of 2,460 shares were subscribed for with the 2001A bonds with warrants attached to the Option Program of 2001. The increase in share capital resulting from the subscription, EUR 4,920, was entered in the Trade Register on 18 February 2004. Trading of the shares along with the old shares started on 19 February 2004. The company’s share capital after the increase is EUR 21,368,882.00.

After the increase in share capital registered on 18 February 2004, a total of 15,250 shares were subscribed for with the 2001A bonds with warrants attached to the Option Program of 2001 and 36,785 shares with the 2001B warrants. The increase in share capital resulting from the subscription, EUR 104,070, was entered in the Trade Register on 14 May 2004. Trading of the shares along with the old shares began on 17 May 2004. After the increase, the number of Nokian Tyres shares is 10,736,476 and the share capital is EUR 21,472,952.00.

After the increase in share capital registered on 14 May 2004, a total of 13,270 shares were subscribed for with the 2001A bonds with warrants attached to the Option Program of 2001 and 51,965 shares with the 2001B warrants. The increase in share capital resulting from the subscription, EUR 130,470, was entered in the Trade Register on 16 August 2004. Trading of the shares along with the old shares began on 17 August 2004. After the increase, the number of Nokian Tyres shares is 10,801,711 and the share capital is EUR 21,603,422.00.

After the increase in share capital registered on 16 August 2004, a total of 6,070 shares were subscribed for with the 2001A bonds with warrants attached to the Option Program of 2001 and 22,430 shares with the 2001B warrants. The increase in share capital resulting from the subscription, EUR 57,000, was entered in the Trade Register on 5 November 2004. Trading of the shares along with the old shares began on 8 November 2004. After the increase, the number of Nokian Tyres shares is 10,830,211 and the share capital is EUR 21,660,422.00.

After the increase in share capital registered on 5 November 2004, a total of 5,410 shares were subscribed for with the 2001A bonds with warrants attached to the Option Program of 2001 and 17,260 shares with the 2001B warrants. The increase in share capital resulting from the subscription, EUR 45,340, was entered in the Trade Register on 27 December 2004. Trading of the shares along with the old shares began on 28 December 2004. After the increase, the number of Nokian Tyres shares is 10,852,881 and the share capital is EUR 21,705,762.00.

DECISIONS MADE AT THE ANNUAL GENERAL MEETING

The Annual General Meeting of Nokian Tyres held on 5 April 2004 accepted the profit and loss statement for 2003 and discharged the Board of Directors and the President from liability. The final dividend was set at EUR 1.56 per share, the matching date on 8 April 2004 and the payment date on 19 April 2004.

The meeting decided that the Board of Directors would 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, President and CEO Varma Mutual Pension Insurance Company; and Kim Gran, President and CEO Nokian Tyres plc, were elected as Board members. Mitsuhira Shimazaki, Director, Sales Administration, Bridgestone Europe NV/SA, was appointed as a new member to the Board. At its meeting following the Annual General meeting, the Board elected Henrik Therman as Chairman of the Board.

Authorised public accountants KPMG Wideri Oy were appointed as auditors.

Authorisations granted to the Board of Directors

As previously noted the Annual General Meeting authorised the Board of Directors to make a decision regarding an increase in the share capital on one or more occasions by issuing 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 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 the light of the numerous attractive expansion opportunities, the company continues to evaluate its capital structure on an ongoing basis, in regards to both debt and equity, in order to optimise the cost of capital and maintain financial flexibility.

Bonds with warrants

The Annual General Meeting decided to issue bonds with warrants to the staff of the Nokian Tyres Group and to Direnic Oy, a wholly owned subsidiary of Nokian Tyres plc. A deviation will be made from the shareholders' pre-emptive subscription right because the warrants are designed to be part of the Group's incentive scheme. The number of warrants is 735,000. A total of 245,000 warrants will be marked with the symbol 2004A, 245,000 with the symbol 2004B and 245,000 with the symbol 2004C. The warrants entitle the subscription of a maximum of 735,000 Nokian Tyres plc shares. The Board presented its intention to issue the shares in the spring of 2004 (2004A warrants), 2005(2004B warrants) and 2006 (2004C warrants).

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

The price of shares subscribed for with warrants shall be reduced by the amount of dividends paid after the commencement of the period for which the subscription price was determined, and dividends paid before the subscription on the record date of each dividend payment. The share subscription period for warrants 2004A is 1 March 2006–31 March 2008, for warrants 2004B 1 March 2007–31 March 2009, and for warrants 2004C 1 March 2008–31 March 2010. As a result of the subscriptions with the 2004 bonds with warrants, the share capital may be increased by a maximum of EUR 1,470,000 and the number of shares by a maximum of 735,000 new shares.

The Board of Directors' decision regarding the distribution of bonds with warrants

The Board of Directors of Nokian Tyres plc approved the distribution of bonds with warrants directed to the personnel of the Group and to the wholly owned subsidiary of Nokian Tyres plc, issued by the Annual General Meeting of Shareholders on 5 April 2004. A total of 211,875 2004A bonds with warrants were distributed to the Nokian Tyres personnel. The remaining bonds with warrants were granted to Direnic Oy, a wholly owned subsidiary of Nokian Tyres, to be further distributed to the present and future personnel of the Group.

The maximum number of Nokian Tyres plc shares that can be subscribed for with the bonds with warrants is 735,000. The share subscription price for warrants 2004A is EUR 62.96 (the trade volume weighted average quotation of the Nokian Tyres plc share in the Helsinki Exchanges between January and March 2004), for warrants 2004B the trade volume weighted average quotation of the Nokian Tyres plc share in the Helsinki Exchanges between January and March 2005, and for warrants 2004C the trade volume weighted average quotation of the Nokian Tyres plc share in the Helsinki Exchanges between January and March 2006.
The subscription period for warrants 2004A is 1 March 2006-31 March 2008, for warrants 2004B 1 March 2007–31 March 2009, and for warrants 2004C 1 March 2008–31 March 2010.

The Annual General Meeting approved the issue of bonds with warrants on 5 April 2004, and the terms and conditions of the bonds with warrants were published in a stock exchange release on 12 February 2004.

Adoption of IFRS

Nokian Tyres is ready to adopt IFRS when the new reporting procedures come into force. The move will not have any material impact on the company's profit or balance sheet. In the first quarter of 2005 Nokian Tyres will disclose its opening balance sheet, comparison figures and accounting principles with balancing calculations based on the Finnish accounting standards valid in 2004. Further information on the adoption of IFRS is available on the company's web site at www.nokiantyres.com.

MATTERS AFTER THE PERIOD UNDER REVIEW

Change in share of ownership

Threadneedle Asset Management Limited (registered in England and Wales No 573204) informed that it owns a total of 563,595 Nokian Tyres' shares as of January 24, 2005 and its share of Nokian Tyres' share capital and voting rights has increased to 5.193%.

Vianor expansion

Nokian Tyres informed February 7, 2005 that the Vianor tyre chain is expanding in Russia and in Sweden. New Vianor outlets have been opened in the towns of Rostov and St. Petersburg in Russia. In Sweden Nokian Tyres' has acquired two tyre shops. Nokian Tyres will invest approx. EUR 10 million in establishing own Vianor outlets in Moscow and St. Petersburg. It is the target to open a total of 30, mainly franchising based Vianor outlets in Russia during 2005. Mr. Juri Melnik, a former importer of Nokian branded tyres, will manage the Vianor operations in Russia.

Vianor chain expands also in Sweden where Nokian Tyres has acquired two new tyre shops, Sjögrens Vulk AB and Degerfors Vulkcentral. Vianor will continue to grow in Sweden through franchising and acquisitions.

Acquisition of Andel Export-Import

Nokian Tyres informed February 8, 2005 that it has acquired its importer and a tyre wholesaler Andel Export-Import spol s.r.o in the Czech Republic. The agreement was signed February 7, 2005. The acquisition enables Nokian Tyres to concentrate its Eastern and Western European logistics operations in Prague. The company aims at getting a stronger foothold in the rapidly growing East European winter tyre markets.

OUTLOOK FOR 2005

Nokian Tyres will continue to grow and to focus operations in line with its strategy, aiming to outperform the results of 2004 in terms of net sales and profit. Similar to previous years, the first-quarter profit will be low, with most of the profit generated in the second half of the year, due to the winter season.

Raw material prices will continue to increase, as will tyre prices. Nokian Tyres estimates its raw material costs in the first quarter to be some 7% higher than those of the corresponding period last year. The value of the US dollar against the euro is likely to remain low.

Healthy demand for passenger car winter tyres, high-performance summer tyres and heavy special tyres will continue in the Group's main markets, where the company has a strong position. An upgraded product range, increasing production volumes and effective logistics make Nokian Tyres more capable to meet with growing demand in its core areas.

The production capacity at the Nokia plant and the productivity will be increased. Distribution will particularly focus on seasonal management. The growth in contract manufacturing will release capacity at the Nokia plant for the production of core products. The Vianor store network will be expanded and measures will be taken to improve cost efficiency.

The main projects aiming at growth in 2005 and the years to come are related to the construction of the Russian factory, the further development of the local sales organisation, the expansion of the Vianor chain in the Nordic countries and Russia, as well as to expand the distribution network in the USA and Eastern Europe, and to build capacity in Eastern Europe.

The construction of the Russian plant will be accelerated. A total of EUR 140 million will be invested in order to reach a production volume of four million tyres by 2008 instead of 2009 as previously announced. The Vianor chain will be expanded through franchising and by acquiring own sales outlets in the Nordic countries and Russia. The company is targeting growth in Eastern Europe by acquisitions, an increase in contract manufacturing and investment in production capacity.

Total investment for 2005 is EUR 85 million (EUR 57.8 million). Investment in Russia is EUR 50 million, the rest being investment in future expansion in Finland and acquisitions of Vianor.

Nokia, 10 February 2005

Nokian Tyres plc

Board of Directors

NOKIAN TYRES
CONSOLIDATED PROFIT AND LOSS ACCOUNT

Million euros	10-12/04	10-12/03	1-12/04	1-12/03	Change %
Net sales	210.5	187.2	602.2	528.7	13.9
Operating expenses	148.8	137.1	452.0	413.6	9.3
Depreciation according to plan	8.5	7.6	31.5	29.1	8.1
Operating result before non-recurring items and goodwill amortisations	53.2	42.4	118.7	86.0	38.1
Non-recurring items	-3.4	0.0	-3.4	0.0	
Goodwill amortisations	1.8	1.7	7.2	6.9	4.3
Operating result	48.0	40.7	108.1	79.1	36.7
Financial income and expenses	-5.0	-2.9	-10.2	-9.5	-7.9
Result before extra-ordinary items and tax	42.9	37.8	97.9	69.6	40.7
Extraordinary items	0.3	0.0	2.0	0.0	
Direct tax for the period 1)	14.3	12.0	31.0	22.0	40.9
Profit applicable to minority shareholders	0.0	0.0	0.0	0.0	
Net result	28.9	25.8	68.9	47.6	44.7

CONSOLIDATED BALANCE SHEET	31.12.04	31.12.03
Intangible assets	12.4	13.7
Goodwill	30.2	36.4
Tangible assets	223.8	202.4
Investments	0.8	0.7
Inventories	98.6	85.1
Receivables	164.1	118.9
Cash in hand and at bank	23.9	19.0
Shareholders' equity	267.3	211.2
Capital loan	36.0	36.0
Minority shareholders' interest	0.0	0.0
Long-term liabilities		
interest bearing	77.9	82.2
non interest bearing	20.5	22.0
Current liabilities		
interest bearing	53.5	36.8
non interest bearing	98.7	87.9
Total assets	553.8	476.1
Interest bearing net debt	107.4	100.0
Capital expenditures	57.8	44.2
Personnel average	2,843	2,650

CASH FLOW STATEMENT	31.12.04	31.12.03
Operating activities		
Cash flow from operating activities before the financial items and taxes	96.0	107.3
Financial items and taxes	-39.1	-28.2
Cash flow from operating activities	56.9	79.0
Investing activities		
Cash flow from investing activities	-53.2	-42.7
Financing activities		
Cash flow from financing activities		
Share issues	3.6	1.6
Change in short-term financial receivables and debt	18.5	-13.7
Change in long-term financial receivables and debt	-4.3	-14.1
Dividends paid	-16.7	-11.7
Cash flow from financing activities	1.2	-37.9
Change in cash and cash equivalents	4.9	-1.5

NOKIAN TYRES

KEY RATIOS	31.12.04	31.12.03	Change %
Earnings per share, euro	6.23	4.48	38.9
Earnings per share, diluted, euro	6.03	4.37	38.1
Equity ratio, % 2)	54.8	51.9	
Equity ratio, %	48.3	44.4	
Gearing, % 2)	35.4	40.5	
Shareholders' equity per share, euro	24.63	19.77	24.6
Number of shares (1,000 units)	10,853	10,682	

No company shares are owned by the Parent company or the Group.

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	10-12/04	10-12/03	1-12/04	1-12/03	Change %
Net sales	210.5	187.2	602.2	528.7	13.9
Manufacturing	146.1	120.2	459.5	372.3	23.4
Vianor	83.9	83.8	223.9	213.0	5.1
Operating result	48.0	40.7	108.1	79.1	36.7
Manufacturing	35.9	28.3	107.0	75.6	41.6
Vianor	5.5	8.1	4.6	4.9	-4.9
Operating result before amortisations					
Vianor	7.3	9.8	11.8	11.8	0.5
Cash Flow II	90.6	114.0	39.8	65.7	-39.5
Manufacturing	77.5	95.5	46.1	60.1	-23.3
Vianor	11.4	16.0	-6.0	1.8	-437.3

CONTINGENT LIABILITIES Million euros	31.12.04	31.12.03
FOR OWN DEBT		
Mortgages	1.0	1.0
Pledged assets	0.0	0.5
ON BEHALF OF OTHER COMPANIES		
Guarantees	0.0	0.1
OTHER OWN COMMITMENTS		
Guarantees	1.0	1.0
Leasing and rent commitments	35.5	34.9
Acquisition commitments	0.9	0.7

INTEREST RATE DERIVATIVES		
Interest rate swaps		
Fair value	-1.5	-2.2
Underlying value	26.5	36.5
CURRENCY DERIVATIVES		
Forward contracts		
Fair value	1.1	0.9
Underlying value	68.1	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.

NOKIAN TYRES PLC

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