Nokian Tyres plc Stock Exchange Release 30 April 2013, 8 a.m.

**Nokian Tyres plc Interim Report January-March 2013:**
**Russia going strong – targeting growth in a slower market**

Nokian Tyres Group's net sales decreased by 13.3 % to EUR 333.1 million (EUR 384.3 million in Q1/2012). Operating profit was EUR 76.3 million (EUR 105.0 million). Profit for the period amounted to EUR 63.6 million (87.6). Earnings per share amounted to EUR 0.48 (EUR 0.67).

**Outlook:**
The demand for replacement car tyres in 2013 is expected to be on previous year's level in Nordic countries, but to remain weak in Central Europe. In Russia demand is estimated to show growth in winter tyres but be flat for summer tyres. The pricing environment for 2013 is challenging for all tyre categories. Margins, however, will be supported by easing of raw material costs (€/kg) by approximately 6% in the full year 2013. Nokian Tyres' sales are expected to show flat to some growth during 2013. Sales in Russia and North America are expected to grow whereas sales in Nordic countries and Central Europe are expected to be flat.

**Financial guidance:**
In 2013, the company is positioned to show some growth in Net sales and Operating profit compared to 2012. On the back of Q1 results, Net Sales and Operating profit in H1 are, however, still going to be weaker than in 2012.

**Key figures, EUR million:**

| | Q1/13 | Q1/12 | Change% | Q2/12 | Q3/12 | Q4/12 | 2012 |
|---|---|---|---|---|---|---|---|
| Net sales | 333.1 | 384.3 | -13.3 | 413.8 | 368.0 | 446.4 | 1,612.4 |
| Operating profit | 76.3 | 105.0 | -27.3 | 112.7 | 85.5 | 111.8 | 415.0 |
| Profit before tax | 72.9 | 102.2 | -28.7 | 108.0 | 73.2 | 104.2 | 387.7 |
| Profit for the period | 63.6 | 87.6 | -27.4 | 95.4 | 59.6 | 88.3 | 330.9 |
| Earnings per share, EUR | 0.48 | 0.67 | -28.5 | 0.73 | 0.45 | 0.67 | 2.52 |
| Equity ratio, % | 71.2 | 74.3 | | | | | 71.2 |
| Cash flow from operations | -95.1 | -121.3 | 21.7 | -42.5 | -125.9 | 552.0 | 262.3 |
| RONA,% (roll. 12 months) | 20.8 | 27.3 | | | | | 23.0 |
| Gearing, % | 3.1 | 10.3 | | | | | -4.5 |

**Kim Gran, President and CEO:**

"Our strong market leader position in the core markets in Russia and Nordic countries is intact and helped us to book reasonable Q1 results. Headwind was heavy with the European economy, car sales and replacement tyre market demand being clearly down. We do not foresee any major improvement in the market for 2013 but target to grow and excel on the back of our renewed winter tyre range, expanding distribution and our strong industrial structure.

In the first quarter our strongest card was, once again, Russia. A significant increase in winter tyre sales and market share brought us most of our profits. We expect the good performance to continue with our new winter tyres spearheaded by Hakkapeliitta 8 coming on stream from Q2 onwards. The Russian tyre market is growing modestly in 2013 but offer still further growth opportunities in replacement winter tyres. The Central European market was as bad as expected in Q1 with a clear drop in demand. Sales in all Europe suffered from a prolonged winter, which for both Nokian and Vianor caused most of the consumer summer tyre sales and profit to shift to Q2.

Our profitability remained on a reasonably good level, price €/kg was flat due to improved mix and tailwind from raw material cost supported margins, but a lower utilization rate in production penalized operations.

During the present phase of slower market growth we continue to develop and improve productivity and our industrial structure. In Q1 we commissioned another line (line 12) in the Russian factory and will follow up in H2 with completion of line 13. This is taking the annualized capacity in Russia to more than 15 million tyres by end of 2013.

We continue to develop our growth engine and expand our distribution network spearheaded by Vianor. We opened 40 new Vianor stores, now totalling 1,077 stores in 26 countries. In Russia and CIS Nokian Hakka Guarantee dealership program includes over 2,300 tyre stores and car dealers. A new softer partner franchise model Nokian Authorized Dealer (NAD) has also been rolled out in Q1 with 175 shops contracted in Italy, Germany and China.

We are looking into the rest of 2013 with confidence and fighting Hakkapeliitta spirit. After a slow start for the year in Q1 we expect the market to present us with some growth opportunities. With overwhelming test wins in 2012, the newly launched next generation of Hakkapeliitta winter tyres and test winner summer tyres, our product offering will be by far the best ever. Vianor and NAD are to be expanded again by more than 200 shops and our market geography in Russia and Northern Europe is looking comparatively healthy offering us a good base for profitable business."

**Market situation**

The global economy continues to be characterized by uncertainty and slow growth. Big question marks relating to US fiscal cliff, slower growth in China and continued problems in Europe have reduced confidence and economic activity. The problems in the economic environment are hardly solved but some positive and encouraging signs are starting to emerge. The fiscal cliff has turned into a fiscal drag and the housing sector is improving giving hope for some GDP growth in US. Estimates for growth in China have improved with GDP expectations of 8%. Europe seems to be stabilizing although at zero growth in 2013. Consensus expectation is that global economy will turn for the better late 2013 with further improvement in 2014-2015 with the exception of Europe which remains weak.

Economies in Nokian Tyres' core markets continue to show slow but comparatively stable development. GDP growth in the first quarter was approximately 1% in Russia with full year growth estimated at 2.7%. In Nordic countries the full year 2013 GDP growth is estimated to be 1%.

The sales of new cars in Q1 in Russia were 616,700 units, which are on the same level as in Q1/2012. The new car sales in 2013 are estimated to be flat in H1 and turn to growth in H2 with full year sales of 3.1 million, up 2-5% versus 2012. Consumer confidence has stabilized and reached practically pre-crisis levels. Consumer spending have, however, been held back by increased interest rates and uncertainty relating to global economic turmoil. In 2013 demand for tyres is expected to exceed 40 million units and to grow 2-5% with majority of growth being generated by winter tyre sales. The pricing for tyres in Russia has remained stable in all tyre categories.

In Europe the weak economy has had a clear negative effect on consumer confidence and spending. In the first quarter of 2013 the sales of new cars dropped by 9.8%. Replacement car tyre sales decreased by 13%, with winter tyres sell-in to distributors tumbling down by 33%. De-stocking by distributors of winter tyre carry-over inventories, combined with a prolonged winter which delayed the start of the consumer summer tyre season, have postponed summer tyre sales to the second quarter of 2013. There is pricing pressure both in premium and economy tyres in Central Europe and sell-in prices of the tyre industry have declined due to the challenging market situation.

In the Nordic countries the new car sales decreased in Q1/2013 by 22% year-over-year. Due to weak car sales and a delayed summer tyre season the market volume of car tyres showed a decrease of 8%. The sales of new cars and tyres are estimated to pick up starting in Q2 and the volumes are to reach previous year's level.

The demand for heavy tyres remains comparatively weak. The demand for forestry tyres had a downturn in 2012 and is expected to remain relatively soft in 2013. Demand for mining machinery tyres has been healthy but is predicted to slowly decrease along with the weakening prices of metals.

At the beginning of 2013 there have been some signs of recovery in truck tyre demand. In Europe demand for premium truck tyres was down by 1%, in the Nordic countries down by 17% but in Russia demand increased by 25%. The new truck winter tyre legislation in Sweden came into effect in the beginning of 2013, which increased the public awareness throughout Europe on tyres and winter safety.

**Raw materials**

Tyre industry raw material prices have continued to decrease in the beginning of 2013 and the tailwind in raw material prices is expected to continue all 2013. The raw material cost (€/kg) for Nokian Tyres was down 8.2% in Q1/2013 year-over-year and is estimated to decrease 6.8% in H1/2013 versus H1/2012 and 6% full year offering a tailwind of some EUR 30 million in 2013 vs. 2012.

**January-March 2013**

Nokian Tyres Group recorded net sales of EUR 333.1 million (384.3), showing a decrease of 13.3% compared with Q1/2012. In the Nordic countries sales decreased by 12.1% representing 27.4% (27.3%) of the group’s total sales. Sales in Russia increased by 2.8%. Russia and CIS consolidated sales grew by 3.2% and formed 51.8% (44.0%) of the group’s total sales. In Other Europe sales were down by 44.8% year-over-year representing 13.7% (21.8%) of the group’s total sales. In North America sales decreased by 7.4% and were 6.6% (6.3%) of the group’s total sales.

Sales of passenger car tyres were down by 13.4% representing 78.1% (77.9%) of the group’s total sales. Heavy tyres’ sales decreased by 18.1% and were 6.3% (6.7%) of the group’s total sales. Vianor’s sales decreased by 12.8% forming 12.5% (12.3%) of the group’s total sales. The sales of Other operations were down by 12.4% representing 3.2% (3.1%) of the group’s total sales.

Raw material cost (EUR/kg) in manufacturing decreased by 8.2% year-over-year. Fixed costs amounted to EUR 100.4 million (92.8), accounting for 30.1% (24.1%) of net sales. Total salaries and wages were EUR 45.0 million (47.6).

Nokian Tyres Group's Operating profit amounted to EUR 76.3 million (105.0). The Operating profit was negatively affected by the IFRS 2 -compliant option scheme write-off of EUR 3.0 million (2.7) and expensed credit losses and provisions of EUR 0.2 million (3.5).

Net financial expenses were EUR 3.5 million (2.8). Net interest expenses were EUR 3.9 million (2.7) including EUR 2.3 million (2.2) in non-cash expenses related to convertible bonds. Net financial expenses include EUR 0.5 million (-0.1) of exchange rate differences.

Profit before tax was EUR 72.9 million (102.2). Profit for the period amounted to EUR 63.6 million (87.6), and EPS were EUR 0.48 (EUR 0.67).

Return on net assets (RONA, rolling 12 months) was 20.8% (27.3%). Income financing after the change in working capital, investments and the disposal of fixed assets (Cash flow from operations) was EUR -95.1 million (-121.3).

The Group employed an average of 4,030 (3,937) people, and 4,080 (3,972) at the end of the period. The equity-owned Vianor tyre chain employed 1,408 (1,343) people and Russian operations 1,269 (1,074) people at the end of the period.

**Investments**

Investments in the review period amounted to EUR 47.6 million (39.1). This comprises of production investments in the Russian and Finnish factories, moulds for new products and the Vianor expansion projects.

**Financial position on 31 March 2013**

Gearing ratio was 3.1% (10.3%). Interest-bearing net debt amounted to EUR 46.3 million (137.3). Equity ratio was 71.2% (74.3%).

The Group’s interest-bearing liabilities totalled EUR 366.4 million (216.9) of which current interest-bearing liabilities amounted to EUR 41.2 million (6.1). The average interest rate of interest-bearing liabilities was 4.5% (5.6%). The average interest rate of interest-bearing liabilities was 2.2% (1.6%) with calculatory non-cash expenses related to the convertible bond eliminated. Cash and cash equivalents amounted to EUR 320.1 million (79.7).

At the end of the review period the company had unused credit limits amounting to EUR 657.0 million (557.0) of which EUR 306.1 million (306.2) were committed. The current credit limits and the commercial paper program are used to finance inventories, trade receivables, subsidiaries in distribution chains and thus control the typical seasonality in the Group's cash flow due to changes in the working capital.

### Tax rate

In the review period the Group's tax rate was 12.7% (14.3%). In 2012 the tax rate was 14.7%. The tax rate is affected by tax relieves in Russia based on present investments and further investment-related incentive agreements. A new agreement has been completed with authorities in Russia concerning additional investment in the existing factory and building the new factory. The agreement will prolong the tax benefits and incentives until approximately 2020. The estimated tax rate going forward for the next 5 years is 17%.

The authorities' final approvals of the new factory building in Russia took place at the end of 2012 and the new agreed tax benefits and incentives came into force in the beginning of January 2013.

## PASSENGER CAR TYRES

| | Q1/13 | Q1/12 | Change% | Q2/12 | Q3/12 | Q4/12 | 2012 |
|---|---|---|---|---|---|---|---|
| Net sales, m€ | 273.7 | 315.9 | -13.4 | 317.1 | 282.9 | 304.2 | 1,220.1 |
| Operating profit, m€ | 92.4 | 118.7 | -22.2 | 110.0 | 87.9 | 94.1 | 410.8 |
| Operating profit, % | 33.8 | 37.6 | | 34.7 | 31.1 | 30.9 | 33.7 |
| RONA,% (roll.12 m.) | 29.6 | 38.9 | | | | | 32.5 |

The net sales of Nokian Passenger Car Tyres totalled EUR 273.7 million (315.9), down by 13.4% from the corresponding period a year earlier. Operating profit amounted to EUR 92.4 million (118.7). Operating profit percentage was 33.8% (37.6%).

Nokian car tyres' sales continued to grow and win market share in Russia and CIS, and the company is the clear market leader in the premium and mid segments. Total sales in Q1, however, dropped due to weak demand in Central Europe and the consumer summer tyre season in Nordic countries being delayed by a prolonged winter. Half of the sales reduction related to Nokian stopping contract manufacturing of tyres to Bridgestone which in previous years was done in Q1.

The Average Selling Price (€/kg) improved slightly due to mix and a high share of winter tyre sales. Winter tyres represented 59% (50%) of sales volume in Q1/2013. The share of mid segment tyres was high with the launch and deliveries of the new winter tyre Hakkapeliitta range scheduled mainly to Q2 and Q3.

Raw material costs were down 8% year-over-year which supported margins.

The new summer tyre range with the spearhead products Nokian Hakka Blue, Hakka Green, Nokian Z G2 and Nokian Line won several car magazines' tests in the core markets and in Central Europe in 2012 and spring 2013. In October 2012 Nokian tyres dominated the winter tyre tests with several victories in Nordic and Russian car magazines. Also the Central European winter tyre test results have been a success for Nokian Tyres with test wins in key markets. A major overhaul of key winter product offering, altogether five new product ranges, is done in H1/2013. The biggest launch ever include the new generation of studded Hakkapeliitta 8, non-studded Hakkapeliitta R2 and Hakkapeliitta R2 SUV targeting further growth in core markets. In addition to the Nordic product range, Nokian Tyres is also introducing two new winter tyres for the Central European and North American markets: Nokian WR G3 and Nokian WR SUV 3.

Fixed costs increased due to the commissioning of the new factory in Russia which increased depreciation, and due to increased marketing costs relating to the launch of new products.

Production output (pcs) was cut in January and February compared to Q1/2012, due to seasonality, lower demand in Q1 in CE and to control tyre inventories. Production was ramped up again starting in

March with the commissioning of an additional line in the new plant (line 12) in Russia. Another line (line 13) in Russia is in installation.

The target for 2013 is to increase sales, to win market share in core markets with new products, to expand distribution further and to improve productivity and the utilization of capacities.

## HEAVY TYRES

| | Q1/13 | Q1/12 | Change% | Q2/12 | Q3/12 | Q4/12 | 2012 |
|---|---|---|---|---|---|---|---|
| Net sales, m€ | 22.1 | 27.0 | -18.1 | 26.5 | 25.0 | 25.9 | 104.4 |
| Operating profit, m€ | 2.2 | 3.8 | -41.3 | 2.6 | 3.5 | 1.4 | 11.3 |
| Operating profit, % | 10.1 | 14.0 | | 9.6 | 14.2 | 5.5 | 10.8 |
| RONA,% (roll.12 m.) | 10.7 | 18.0 | | | | | 12.5 |

The net sales of Nokian Heavy Tyres totalled EUR 22.1 million (27.0), down by 18.1% year-over-year. Operating profit was EUR 2.2 million (3.8), and the Operating profit percentage 10.1% (14.0%).

Nokian Heavy Tyres' sales decreased due to weak demand in forestry tyres and softer demand and slowing down of machine building in Europe in all heavy end use product groups. Average Selling Price remained on the same level year-over-year despite a challenging market situation. Margins were supported by lower raw material cost.

The production volume in Q1 was cut by reducing working days to match a lower demand and to control the inventory level. The low utilization rate with fixed structure penalized the profits.

An investment program is in progress to modernize the factory, to open bottlenecks in production and to increase radial tyre output. The upgrade of the factory will be completed in 2013. The structural changes in manufacturing have already reduced manning and improved product quality, flexibility, and productivity in Q1/2013.

The outlook in 2013 remains challenging with demand at a comparatively low level. The focus for 2013 is to maximize sales and to optimize production output.

## VIANOR

### Equity-owned operations

| | Q1/13 | Q1/12 | Change% | Q2/12 | Q3/12 | Q4/12 | 2012 |
|---|---|---|---|---|---|---|---|
| Net sales, m€ | 43.7 | 50.1 | -12.8 | 79.4 | 64.6 | 121.3 | 315.3 |
| Operating result, m€ | -15.9 | -10.4 | -53.1 | 3.2 | -4.6 | 11.8 | 0.0 |
| Operating result, % | -36.4 | -20.8 | | 4.0 | -7.0 | 9.7 | 0.0 |
| RONA,% (roll.12 m.) | -3.1 | 3.0 | | | | | 0.0 |

At the end of the review period Vianor had 182 (179) equity-owned stores in Finland, Sweden, Norway, USA, Switzerland and Russia. Vianor's net sales amounted to EUR 43.7 million (50.1), down by 12.8% compared with Q1/2012. Operating result was EUR -15.9 million (-10.4) and the Operating result percentage was -36.4% (-20.8%).

Vianor succeeded in its strategic task of expanding distribution and setting market prices for Nokian products and was able to win market shares in a challenging market situation. Sales and Operating result were, however, down due to strong seasonality; the spring season in the Nordic countries with high summer tyre consumer sales did not start until in the beginning of Q2, delayed by a prolonged winter.

The gradual change of operating model from tyre sales to full car service in the stores continues with investments and local acquisitions of car service shops. At the end of Q1/2013 a total of 33 car service operations had been acquired and integrated to existing Vianor stores which caused some consolidation costs.

In 2013 there are on-going special projects in expanding the network, developing consumer tyre sales and the car services business, improving the customer experience further, updating all the processes (Vianor Way) and renewing the ERP-system.

### Franchising and partner operations

Vianor expanded the shop network on Nokian Tyres' key markets by 40 stores during Q1/2013. At the end of the review period the Vianor network comprised of totally 1,077 stores of which 895 were partners. Vianor operates in 26 countries; most extensively in the Nordic countries, Russia and Ukraine. Nokian Tyres' market shares improved as a result of the expansion in each respective country. Expanding the partner franchise network will continue according to plans; the target is to have more than 1,150 Vianor stores by the end of 2013.

A new softer partner franchise model Nokian Authorized Dealer (NAD) was rolled out in Q1/2013 with first 175 shops contracted in Italy, Germany and China.

## OTHER OPERATIONS

### Truck Tyres

The net sales of Nokian Truck Tyres were EUR 11.0 million (12.6), down by 12.4% compared to Q1/2012. Operating profit and cash flow improved and were on a healthy level.

The truck tyre market was challenging in Q1/2013 in the Nordic countries with overall tyre industry sales down by 17%. However, in the core markets, Nordic countries and Russia, Nokian Tyres' market share increased due to an improved product range in both premium and standard tyres.

The distributors' low truck tyre inventories in the Nordic countries and a growing demand for premium truck tyres in Russia are expected to support sales in 2013.

In 2013 the focus will be on increasing sales and improving market shares in the core markets. Expansion to Russia and CIS utilizing the "Vianor Truck" service concept will continue.

## RUSSIA AND THE CIS COUNTRIES

Nokian Tyres' sales in Russia increased year-over-year by 2.8% to EUR 176.3 million (171.5). Sales in CIS countries (excluding Russia) were EUR 10.0 million (9.0). Consolidated sales in Russia and CIS increased by 3.2% to EUR 186.4 million (180.5).

Sales in Russia grew although economic uncertainty has somewhat increased and the growth of new car sales stagnated in Q1/2013. Nokian winter tyre sales increased significantly, both in premium and mid-price segments. Summer tyre sales were slower because a bulk of summer tyres for 2013 was sold already in Q4/2012. Nokian winter tyre market shares improved clearly and the company strengthened its market leader position in Russia. Payments of customers' trade receivables and governmental tax incentives came in as planned.

The distribution network was extended by signing additional distribution agreements and expanding the Vianor network. There were a total of 556 Vianor stores in 329 cities in Russia and CIS countries at the end of the review period. The Hakka Guarantee retail network in Russia, working closely with Nokian, comprised of 2,119 tyre stores, Vianors and car dealers in 252 cities. Nokian Tyres' e-commerce development proceeded according to plans.

The second line in the new factory (line 12) became on stream in Q1/2013. In the beginning of 2013 the annual maximum capacity in the Russian factory was approximately 14 million tyres. Capacity will increase further as machinery for line 13 will be installed during 2013. The utilization rate in 2013 will depend on tyre demand.

The Nokian Tyres plant located in Russia inside the customs borders (duty 20% for imported tyres) combined with strong brands and an expanding Vianor chain provides a significant competitive edge on the market. By Russia joining WTO, the tyre duties will go down gradually; duty of car and van tyres will decrease from 20% to 18% in 2013 and gradually to 10% in 5 years.

## OTHER MATTERS

### 1. Stock options on the NASDAQ OMX Helsinki Stock Exchange

The total number of stock options 2010A is 1,320,000. Each stock option 2010A entitles its holder to subscribe for one Nokian Tyres plc share. The shares can be subscribed with the stock options 2010A during 1 May 2012 - 31 May 2014. In the aggregate, the stock options 2010A entitle their holders to subscribe for 1,320,000 shares. The present share subscription price with stock options 2010A is EUR 14.84/share. The dividends payable annually shall be deducted from the share subscription price.

### 2. Shares subscribed with option rights

After 17 December 2012 registered new shares a total of 116,427 Nokian Tyres plc's shares have been subscribed with the 2007C option rights and 248,376 with the 2010A option rights. These option rights are attached to the Nokian Tyres plc's Option Programs of 2007 and 2010.

New shares have been registered into the Trade Register on 19 February 2013, as of which date the new shares will establish shareholder rights.

The share capital will not increase with subscriptions made by 2007 and 2010 option rights. The entire subscription price of EUR 4,790,013.57 will be entered in the invested unrestricted equity reserve. As a result of the share subscriptions, the number of Nokian Tyres plc shares will increase to 132,321,930 shares.

### 3. Share price development

The Nokian Tyres' share price was EUR 34.70 (EUR 36.54) at the end of the review period. The volume weighted average share price during the period was EUR 33.72 (EUR 31.92), the highest EUR 36.63 (EUR 37.77) and the lowest EUR 30.00 (EUR 24.84). A total of 37,976,168 shares were traded during the period (55,415,625), representing 29% (42%) of the company's overall share capital. The company's market value at the end of the period amounted EUR 4.592 billion (EUR 4.768 billion).The company's percentage of Finnish shareholders was 37.4% (37.7%) and 62.6% (62.3%) were foreign shareholders registered in the nominee register. This figure includes Bridgestone's ownership of approximately 15.1%.

### 4. Decisions made at the Annual General Meeting

On 11 April 2013, Nokian Tyres Annual General Meeting accepted the financial statements for 2012 and discharged the Board of Directors and the President and CEO from liability.

The meeting decided that a dividend of EUR 1.45 per share shall be paid for the period ending on 31 December, 2012. The dividend shall be paid to shareholders included in the shareholder list maintained by Euroclear Finland Ltd on the record date of 16 April 2013. The dividend payment date was decided to be 26 April 2013.

### 4.1. Members of the Board of Directors and Auditor

The meeting decided that the Board of Directors has six members. Current members Kim Gran, Hille Korhonen, Risto Murto, Hannu Penttilä, Aleksey Vlasov and Petteri Walldén will continue in the Nokian Tyres' Board of Directors.

Authorised public accountants KPMG Oy Ab continue as auditors.

### 4.2. Remuneration of the Members of the Board of Directors

The meeting decided that the fee paid to the Chairman of the Board is EUR 80,000 per year, while that paid to Board members is set at EUR 40,000 per year. With the exception of the President and CEO, members of the Board and the Nomination and Remuneration Committee are also granted an attendance fee of EUR 600 per meeting.

In addition, 50% of the annual fee be paid in cash and 50% in company shares, such that in the period from 12 April to 30 April 2013, EUR 40,000 worth of Nokian Tyres plc shares will be purchased at the stock exchange on behalf of the Chairman of the Board and EUR 20,000 worth of shares on behalf of each Board member. This means that the final remuneration paid to Board members is tied to the company's share performance. No separate compensation will be paid to the President and CEO for Board work.

### 4.3. Issue of stock options

The Board of Directors decided that stock options will be issued by the General Meeting of Shareholders to the personnel of the Nokian Tyres Group as well as to a wholly owned subsidiary of Nokian Tyres plc.

The Company has a weighty financial reason for the issue of stock options, since the stock options are intended to form part of the incentive and commitment program for the personnel. The purpose of the stock options is to encourage the personnel to work on a long-term basis to increase shareholder value. The purpose of the stock options is also to commit the personnel to the Company.

The maximum total number of stock options issued will be 3,450,000 and they will be issued gratuitously. Of the stock options, 1,150,000 are marked with the symbol 2013A, 1,150,000 are marked with the symbol 2013B and 1,150,000 are marked with the symbol 2013C. The stock options entitle their owners to subscribe for a maximum total of 3,450,000 new shares in the Company or existing shares held by the Company. The stock options now issued can be exchanged for shares constituting a maximum total of 2.5 percent of all of the Company's shares and votes of the shares, after the potential share subscription, if new shares are issued in the share subscription.

The share subscription period for stock options 2013A, will be 1 May 2015 - 31 May 2017, for stock options 2013B, 1 May 2016 - 31 May 2018 and for stock options 2013C, 1 May 2017 - 31 May 2019.

The share subscription price for stock option 2013A is the trade volume weighted average quotation of the Company's share on NASDAQ OMX Helsinki Ltd. during 1 January - 30 April 2013, for stock option 2013B, the trade volume weighted average quotation of the share on NASDAQ OMX Helsinki Ltd. during 1 January - 30 April 2014, and for stock option 2013C, the trade volume weighted average quotation of the share on NASDAQ OMX Helsinki Ltd. during 1 January - 30 April 2015. The share subscription price will be credited to the reserve for invested unrestricted equity.

The Board of Directors will decide on the distribution of stock options annually in spring 2013, 2014 and 2015.

A share ownership plan shall be incorporated with the 2013 stock options, obliging the Group's senior management to acquire the Company's shares with a proportion of the income gained from the stock options.

Terms and conditions of the Stock options and the Share ownership plan are presented in the appendix of the press release dated 11 April 2013.

### 4.4. Authorizing the Board of Directors to resolve to repurchase treasury shares

The Annual General Meeting of Shareholders authorized the Board of Directors to resolve to repurchase a maximum of 300,000 shares in the Company by using funds in the unrestricted shareholders' equity. The proposed number of shares corresponds 0.2 per cent of all shares of the Company.

The price paid for the shares repurchased under the authorization shall be based on the market price of the Company's share in public trading. The minimum price to be paid would be the lowest market price of the share quoted in public trading during the authorization period and the maximum price the highest market price quoted during the authorization period.

The Board decides how treasury shares will be repurchased. Treasury shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase).

The authorization will be used for purposes determined by the Board of Directors, among other things, for the Company's incentive plans.

The authorization be effective until the next Annual General Meeting of Shareholders, however, at most until 11 October 2014.

### 5. Corporate social responsibility

Nokian Tyres plc is qualified to the OMX GES Sustainability Finland index. The index is designed to provide investors with a liquid, objective and reliable benchmark for responsible investment. The benchmark index comprises of the 40 leading NASDAQ OMX Helsinki listed companies in terms of sustainability. The index criteria are based upon international guidelines for environmental, social and governance (ESG) issues. The index is calculated by NASDAQ OMX in cooperation with GES Investment Services.

Nokian Tyres will publish its Corporate Responsibility Report by the end of May, 2013.

## RISKS, UNCERTAINTY AND DISPUTES IN THE NEAR FUTURE

The overall global economy is still characterized by uncertainty. China is the engine by estimated 8% GDP growth for this year. In Europe the GDP is expected to be near zero for 2013. The development is however very uneven across the region. On the other hand economies in Nokian Tyres' core markets continue to show slow but comparatively stable development. GDP growth in the first quarter was approximately 1% in Russia with full year growth estimated at 2.7%. In Nordic countries the full year 2013 GDP growth is estimated to be 1%. All in all the economic uncertainties may weaken future demand for tyres and increase credit risk.

The company's receivables increased in the review period due to seasonality and business model. Tyre inventories are on a planned level. The company follows the development of NWC very closely. At the end of the review period Russian trade receivables accounted for 48% of the Group's total trade receivables.

Around 32% of the Group's Net sales in 2013 are estimated to be generated from Euro-denominated sales. The most important sales currencies in addition to the Euro are the Russian Rouble, the Swedish and Norwegian Krona, the US Dollar and the Ukrainian Hryvnia.

Nokian Tyres' other risks and uncertainty factors relate to the challenging pricing environment of tyres. The maintaining of profitability in case of rising raw material prices depends on the company's ability to raise tyre prices in line with the increasing raw material cost. An efficient ramp-up of new production lines in Russia will depend on the success of recruiting and retaining work force in a tightening labour market.

Nokian Tyres Group has no pending disputes or litigations expected to have material effect on the performance or future outlook of the Group.

## OUTLOOK FOR 2013

Consensus expectation is that global economy will turn for the better late 2013 with further improvement in 2014-2015 with the exception of Europe which remains weak. Economies in Nokian Tyres' core markets continue to show slow but comparatively stable development. GDP growth in the first quarter was approximately 1% in Russia with full year growth estimated at 2.7%. In Nordic countries the full year 2013 GDP growth is estimated to be 1%.

The demand for replacement car tyres in 2013 is expected to be on previous year's level in Nordic countries, but to remain weak in Central Europe. In Russia demand is estimated to show growth in winter tyres but be flat for summer tyres. The pricing environment for 2013 is challenging for all tyre categories. Margins, however, will be supported by easing of raw material costs (€/kg) by approximately 6% in the full year 2013. Nokian Tyres sales are expected to show flat to some growth during 2013. Sales in Russia and North America are expected to grow whereas sales in Nordic countries and Central Europe are expected to be flat.

Nokian Tyres' growing car tyre production capacity in Russia offers growth potential, productivity gains, and a moderate growth of fixed costs supports profitability. Production output in Nokia, Finland has been cut to support growth of production in Russia. The Russian factory has 12 production lines operational with line 13 to be installed during 2013. The combined annualized capacity of the Nokia and Vsevolozhsk plants in the beginning of the year was 18 million pcs with present shift patterns. The production utilization rate in 2013 will depend on tyre demand.

The demand for heavy tyres remains comparatively weak. The outlook for Nokian Heavy Tyres for 2013 remains stable compared to 2012. The focus for 2013 is to increase sales and to optimize production output.

Vianor is expected to add more than 100 stores to the retail network and to reach 1,150 stores, increase sales, develop service business further and to show a positive operating result in Q2 and in full year 2013.

A strong position in the core markets, an expanding distribution channel, an improved cost structure with majority of production inside duty borders of Russia and CIS combined with new test winner Hakkapeliitta products give Nokian Tyres a good chance to strengthen its market leadership in the core markets and to show growth also in the more challenging market environment.

**Financial guidance**
In 2013, the company is positioned to show some growth in Net sales and Operating profit compared to 2012. On the back of Q1 results, Net Sales and Operating profit in H1 are, however, still going to be weaker than in 2012.

## INVESTMENTS IN 2013

Nokian Tyres' budget for total investments in 2013 is EUR 144 million (209.2). EUR 83 million will be invested in Russia. The balance comprises of investments in Nokia plant (automation, moulds, ICT, R&D) EUR 44 million, Heavy tyres EUR 6 million and sales companies including Vianor chain with its acquisitions EUR 11 million.

Nokia, 30 April 2013

Nokian Tyres plc

Board of Directors

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The above-said information contains forward-looking statements relating to future events or future financial performance of the company. In some cases, such forward-looking statements can be identified by terminology such as ”may”, ”will”, ”could”, ”expect”, ”anticipate”, ”believe” ”estimate”, ”predict”, or other comparable terminology. Such statements are based on the current expectations, known factors, decisions and plans of the management of Nokian Tyres. Forward-looking statements involve always risks and uncertainties, because they relate to events and depend on circumstances that may or may not occur in the future. Future results may thus vary even significantly from the results expressed in, or implied by, the forward-looking statements.

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This financial statements bulletin has been prepared in accordance with IFRS compliant recognition and measurement principles and the same accounting policies as in the most recent annual financial statements, but it has not been prepared in compliance with all requirements set out in IAS 34 'Interim Financial Reporting'.

| NOKIAN TYRES CONSOLIDATED INCOME STATEMENT Million euros | 1-3/13 | 1-3/12 | 1-12/12 | Change % |
|---|---|---|---|---|
| Net sales | 333.1 | 384.3 | 1,612.4 | -13.3 |
| Cost of sales | -184.9 | -207.3 | -900.7 | 10.8 |
| Gross profit | 148.2 | 177.0 | 711.7 | -16.3 |
| Other operating income | 1.2 | 0.4 | 1.9 | 168.4 |
| Selling and marketing expenses | -59.1 | -55.0 | -238.5 | -7.4 |
| Administration expenses | -9.0 | -8.4 | -34.7 | -8.0 |
| Other operating expenses | -4.9 | -9.0 | -25.4 | 45.2 |
| Operating profit | 76.3 | 105.0 | 415.0 | -27.3 |
| Financial income | 18.4 | 37.1 | 89.8 | -50.4 |
| Financial expenses | -21.8 | -39.9 | -117.1 | 45.2 |
| Profit before tax | 72.9 | 102.2 | 387.7 | -28.7 |
| Tax expense (1 | -9.2 | -14.7 | -56.8 | 36.9 |
| Profit for the period | 63.6 | 87.6 | 330.9 | -27.4 |
| | | | | |
| Attributable to: | | | | |
| Equity holders of the parent | 63.6 | 87.6 | 330.9 | |
| Non-controlling interest | 0.0 | 0.0 | 0.0 | |
| | | | | |
| Earnings per share from the profit attributable to equity holders of the parent | | | | |
| Basic, euros | 0.48 | 0.67 | 2.52 | -28.5 |
| Diluted, euros | 0.47 | 0.65 | 2.46 | -27.7 |

| CONSOLIDATED OTHER COMPREHENSIVE INCOME<br>Million euros | 1-3/13 | 1-3/12 | 1-12/12 |
|---|---|---|---|
| Profit for the period | 63.6 | 87.6 | 330.9 |
| Other comprehensive income, net of tax: | | | |
| Gains/Losses from hedge of net investments in foreign operations | -4.9 | -9.4 | -13.4 |
| Cash flow hedges | -0.2 | 0.3 | 0.5 |
| Translation differences on foreign operations | 13.1 | 45.4 | 33.9 |
| Total other comprehensive income for the period, net of tax | 7.9 | 36.2 | 21.0 |
| Total comprehensive income for the period | 71.5 | 123.8 | 351.9 |
| | | | |
| Total comprehensive income attributable to: | | | |
| Equity holders of the parent | 71.6 | 123.8 | 351.9 |
| Non-controlling interest | 0.0 | 0.0 | 0.1 |

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

| KEY RATIOS | 31.3.13 | 31.3.12 | 31.12.12 | Change % |
|---|---|---|---|---|
| Equity ratio, % | 71.2 | 74.3 | 71.2 | |
| Gearing, % | 3.1 | 10.3 | -4.5 | |
| Equity per share, euro | 11.46 | 10.19 | 10.89 | -6.4 |
| Interest-bearing net debt, mill. euros | 46.3 | 137.3 | -65.2 | |
| Capital expenditure, mill. euros | 47.6 | 39.1 | 209.2 | |
| Depreciation, mill. euros | 23.9 | 19.7 | 81.9 | |
| Personnel, average | 4,030 | 3,937 | 4,083 | |
| | | | | |
| Number of shares (million units) | | | | |
| at the end of period | 132.32 | 130.50 | 131.96 | |
| in average | 132.12 | 130.00 | 131.24 | |
| in average, diluted | 137.92 | 136.61 | 137.39 | |

| CONSOLIDATED STATEMENT OF FINANCIAL POSITION<br>Million euros | 31.3.13 | 31.3.12 | 31.12.12 |
|---|---|---|---|
| Non-current assets | | | |
| Property, plant and equipment | 723.3 | 602.7 | 692.5 |
| Goodwill | 69.1 | 64.3 | 67.9 |
| Other intangible assets | 26.2 | 22.8 | 26.4 |
| Investments in associates | 0.1 | 0.1 | 0.1 |
| Available-for-sale financial assets | 0.3 | 0.3 | 0.3 |
| Other receivables | 16.6 | 19.9 | 18.2 |
| Deferred tax assets | 10.4 | 7.4 | 5.4 |
| Total non-current assets | 846.0 | 717.5 | 810.8 |
| Current assets | | | |
| Inventories | 346.4 | 385.1 | 314.9 |
| Trade receivables | 519.2 | 509.2 | 375.7 |
| Other receivables | 103.5 | 98.5 | 88.0 |
| Cash and cash equivalents | 320.1 | 79.7 | 430.3 |
| Total current assets | 1,289.2 | 1,072.5 | 1,208.9 |
| Equity | | | |
| Share capital | 25.4 | 25.4 | 25.4 |
| Share premium | 181.4 | 181.4 | 181.4 |
| Translation reserve | -52.9 | -45.5 | -61.0 |
| Fair value and hedging reserves | -1.7 | -1.8 | -1.5 |
| Paid-up unrestricted equity reserve | 84.1 | 53.4 | 79.3 |
| Retained earnings | 1,279.8 | 1,117.5 | 1,213.2 |
| Non-controlling interest | 0.3 | 0.2 | 0.3 |
| Total equity | 1,516.5 | 1,330.6 | 1,437.2 |
| Non-current liabilities | | | |
| Deferred tax liabilities | 41.6 | 21.7 | 34.9 |
| Provisions | 0.1 | 0.1 | 0.1 |
| Interest bearing financial liabilities | 325.2 | 210.8 | 323.1 |
| Other liabilities | 4.2 | 2.5 | 3.5 |
| Total non-current liabilities | 371.1 | 235.1 | 361.7 |
| Current liabilities | | | |
| Trade payables | 96.8 | 108.6 | 75.5 |
| Other current payables | 104.8 | 108.3 | 99.0 |
| Provisions | 4.8 | 1.4 | 4.3 |
| Interest-bearing financial liabilities | 41.2 | 6.1 | 42.0 |
| Total current liabilities | 247.5 | 224.4 | 220.8 |
| Total assets | 2,135.1 | 1,790.0 | 2,019.6 |

Changes in net working capital arising from operative business are partly covered by EUR 350 million domestic commercial paper programme.

| CONSOLIDATED STATEMENT OF CASH FLOWS<br>Million euros | 1-3/13 | 1-3/12 | 1-12/12 |
|---|---|---|---|
| Cash flows from operating activities: | | | |
| Cash generated from operations | -46.3 | -69.8 | 486.6 |
| Financial items and taxes | -21.7 | -45.7 | -97.9 |
| Net cash from operating activities | -68.0 | -115.5 | 388.7 |
| | | | |
| Cash flows from investing activities: | | | |
| Net cash used in investing activities | -46.2 | -37.8 | -203.4 |
| | | | |
| Cash flows from financing activities: | | | |
| Proceeds from issue of share capital | 4.8 | 17.9 | 43.9 |
| Change in current financial receivables and debt | -2.2 | -247.3 | -233.7 |
| Change in non-current financial receivables and debt | 1.0 | -2.6 | 126.5 |
| Dividends paid | 0.0 | 0.0 | -156.6 |
| Net cash from financing activities | 3.6 | -232.0 | -219.9 |
| | | | |
| Net change in cash and cash equivalents | -110.6 | -385.2 | -34.5 |
| | | | |
| Cash and cash equivalents at the beginning of the period | 430.3 | 464.5 | 464.5 |
| Effect of exchange rate changes | 0.3 | 0.4 | 0.3 |
| Cash and cash equivalents at the end of the period | 320.1 | 79.7 | 430.3 |
| | -110.6 | -385.2 | -34.5 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

| | | | Equity attributable to equity holders of the parent | | | | | |
|---|---|---|---|---|---|---|---|---|
| Million euros | 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 | | | | | | 87.6 | 0.0 | 87.6 |
| Other comprehensive income, net of tax: | | | | | | | | |
| Cash flow hedges | | | | 0.3 | | | | 0.3 |
| Net investment hedge | | | -9.4 | | | | | -9.4 |
| Translation differences | | | 45.4 | | | | 0.0 | 45.4 |
| Total comprehensive income for the period | | | 36.0 | 0.3 | | 87.6 | 0.0 | 123.8 |
| Exercised warrants | | | | | 17.9 | | | 17.9 |
| Share-based payments | | | | | | 2.7 | | 2.7 |
| Total transactions with owners for the period | | | | | 17.9 | 2.7 | | 20.6 |
| Equity, Mar 31st 2012 | 25.4 | 181.4 | -45.5 | -1.8 | 53.4 | 1,117.5 | 0.2 | 1,330.6 |
| | | | | | | | | |
| 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 | | | | | | 63.6 | 0.0 | 63.6 |
| Other comprehensive income, net of tax: | | | | | | | | |
| Cash flow hedges | | | | -0.2 | | | | -0.2 |
| Net investment hedge | | | -4.9 | | | | | -4.9 |
| Translation differences | | | 13.1 | | | | 0.0 | 13.1 |
| Total comprehensive income for the period | | | 8.2 | -0.2 | | 63.6 | 0.0 | 71.5 |
| Exercised warrants | | | | | 4.8 | | | 4.8 |
| Share-based payments | | | | | | 3.0 | | 3.0 |
| Total transactions with owners for the period | | | | | 4.8 | 3.0 | | 7.8 |
| Equity, Mar 31st 2013 | 25.4 | 181.4 | -52.9 | -1.7 | 84.1 | 1,279.8 | 0.3 | 1,516.5 |

SEGMENT INFORMATION

| Million euros | 1-3/13 | 1-3/12 | 1-12/12 | Change % |
|---|---|---|---|---|
| Net sales | | | | |
| Passenger car tyres | 273.7 | 315.9 | 1,220.1 | -13.4 |
| Heavy tyres | 22.1 | 27.0 | 104.4 | -18.1 |
| Vianor | 43.7 | 50.1 | 315.3 | -12.8 |
| Other operations | 13.2 | 14.9 | 66.7 | -11.4 |
| Eliminations | -19.5 | -23.5 | -94.1 | 17.0 |
| Total | 333.1 | 384.3 | 1,612.4 | -13.3 |
| | | | | |
| Operating result | | | | |
| Passenger car tyres | 92.4 | 118.7 | 410.8 | -22.2 |
| Heavy tyres | 2.2 | 3.8 | 11.3 | -41.3 |
| Vianor | -15.9 | -10.4 | 0.0 | -53.1 |
| Other operations | -2.2 | -3.1 | -5.5 | 27.5 |
| Eliminations | -0.1 | -4.0 | -1.6 | 96.4 |
| Total | 76.3 | 105.0 | 415.0 | -27.3 |
| | | | | |
| Operating result, % of net sales | | | | |
| Passenger car tyres | 33.8 | 37.6 | 33.7 | |
| Heavy tyres | 10.1 | 14.0 | 10.8 | |
| Vianor | -36.4 | -20.8 | 0.0 | |
| Total | 22.9 | 27.3 | 25.7 | |
| | | | | |
| Cash Flow II | | | | |
| Passenger car tyres | -77.3 | -89.4 | 258.4 | 13.6 |
| Heavy tyres | -0.7 | -9.5 | 8.2 | 92.9 |
| Vianor | -10.5 | -5.5 | -1.4 | -92.0 |
| Total | -95.1 | -121.3 | 262.3 | 21.7 |

| CONTINGENT LIABILITIES<br>Million euros | 31.3.13 | 31.3.12 | 31.12.12 |
|---|---|---|---|
| | | | |
| FOR OWN DEBT | | | |
| Mortgages | 1.1 | 1.1 | 1.1 |
| Pledged assets | 0.2 | 0.1 | 0.2 |
| | | | |
| OTHER OWN COMMITMENTS | | | |
| Guarantees | 3.4 | 3.3 | 3.4 |
| Leasing and rent commitments | 84.2 | 93.2 | 84.8 |
| Purchase commitments | 2.0 | 3.0 | 3.0 |

| DERIVATIVE FINANCIAL INSTRUMENTS<br>Million euros | 31.3.13 | 31.3.12 | 31.12.12 |
|---|---|---|---|
| | | | |
| INTEREST RATE DERIVATIVES | | | |
| Interest rate swaps | | | |
| Notional amount | 39.8 | 41.0 | 40.1 |
| Fair value | -1.1 | -1.5 | -1.3 |
| | | | |
| FOREIGN CURRENCY DERIVATIVES | | | |
| Currency forwards | | | |
| Notional amount | 545.3 | 802.9 | 538.4 |
| Fair value | -6.0 | 0.4 | -1.3 |
| Currency options. purchased | | | |
| Notional amount | 130.5 | 4.5 | 9.5 |
| Fair value | 1.3 | 0.1 | 0.1 |
| Currency options. written | | | |
| Notional amount | 262.8 | 18.1 | 19.1 |
| Fair value | -2.0 | -0.1 | -0.1 |
| Interest rate and currency swaps | | | |
| Notional amount | 20.0 | - | 20.0 |
| Fair value | -0.3 | - | -0.2 |
| | | | |
| ELECTRICITY DERIVATIVES | | | |
| Electricity forwards | | | |
| Notional amount | 13.3 | 16.2 | 13.3 |
| Fair value | -1.9 | -2.1 | -1.9 |

## DEFINITIONS OF CONSOLIDATED KEY FINANCIAL INDICATORS

Earnings per share, euro:
Profit for the period attributable to the equity holders of the parent / Average adjusted number of shares during the period

Earnings per share (diluted), euro:
Profit 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

## DEFINITIONS OF SALES AREAS

Nordic countries: Finland, Norway, Sweden.

Russia and CIS:
Russia, Armenia, Belarus, Georgia, Kazakhstan, Moldova, Ukraine.

Other Europe:
Albania, Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, The Former Yugoslav Republic of Macedonia, Montenegro, Netherlands, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Switzerland, Turkey, United Kingdom.

North America: Canada, USA.

Core markets: Nordic countries, Russia and CIS.

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Nokian Tyres plc

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Nokian Tyres Interim Report January-March was published on Tuesday 30 April, 2013 at 8.00 a.m. Finnish time.

The result presentation to analysts and media will be held in Hotel Kämp in Helsinki at 10.00 a.m. Finnish time. The presentation can be listened through audiocast via internet at http://www.nokiantyres.com/resultinfoq12013

To be able to ask questions during the event you can participate in the conference call. Please dial in 5-10 minutes before the beginning of the event +44 (0)20 7162 0077. Password: 930829.

Stock exchange release and presentation material will be available before the event from http://www.nokiantyres.com/ir-calendar

After the event the audio recording can be downloaded from the same page.

Nokian Tyres interim report January-June will be published on Friday 9 August, 2013. Releases and company information will be found from http://www.nokiantyres.com