

A detailed, high-contrast black and white photograph of a tire tread. The focus is on a central stud, which is a small, light-colored, rectangular object embedded in a circular hole. The tread pattern around the stud features several teardrop-shaped sipes. To the right, a zigzag siping pattern is visible. The overall texture of the rubber is rough and granular.

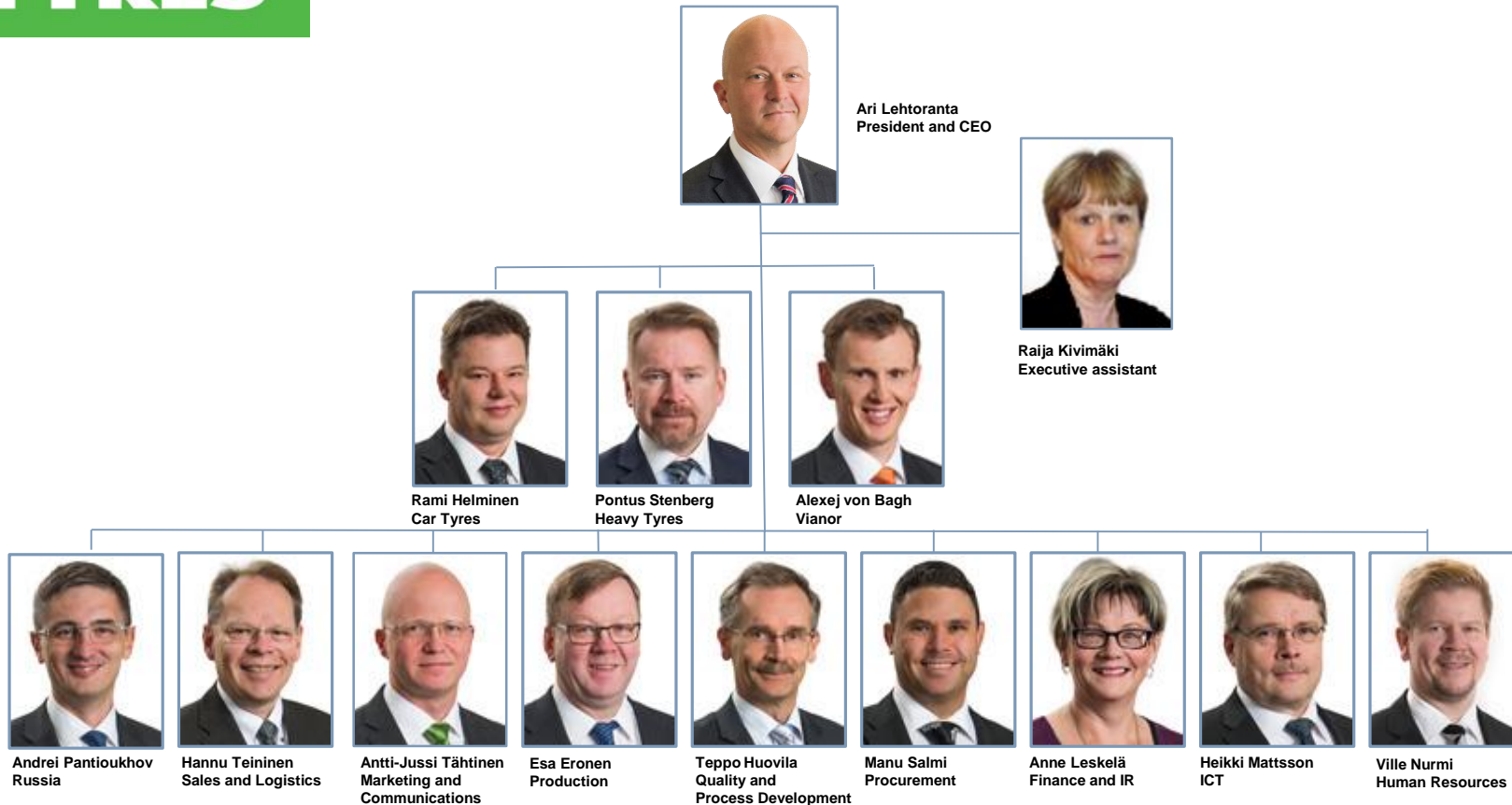
Review by the President and CEO – Nokian Tyres plc Annual General Meeting 8.4.2015

Ari Lehtoranta

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2. General overview 2014
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Nokian Tyres' management 1 Jan 2015



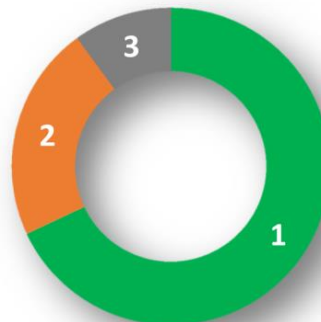
Nokian Tyres 2014

Nokian Tyres is the northernmost tyre manufacturer in the world, working relentlessly for safer, more comfortable and eco-friendly transportation – year round.

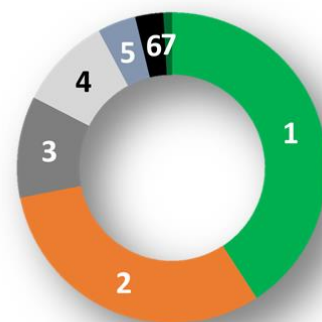
Net sales by market areas



Net sales by business units



Personnel by area



| Key figures | 2014 |
|-------------------------------|------------|
| Net sales | M€ 1,389.1 |
| Operating profit | M€ 308.7 |
| Equity ratio | 67.5% |
| Cash flow | M€ 458.3 |
| Share of foreign shareholders | >60% |
| Personnel | 4,272 |

| Country / Area | 2013 | 2014 |
|-------------------|------|------|
| 1. Finland | 14% | 15% |
| 2. Sweden | 11% | 13% |
| 3. Norway | 11% | 12% |
| 4. Russia and CIS | 34% | 26% |
| 5. Central Europe | 22% | 24% |
| 6. North America | 7% | 9% |

Share of turnover

| Business units | 2013 | 2014 |
|------------------------|------|------|
| 1. Passenger car tyres | 71% | 68% |
| 2. Vianor | 20% | 22% |
| 3. Heavy Tyres | 9% | 10% |

Share of turnover

| Country / Area | 2014 |
|-------------------|-------|
| 1. Finland | 41% |
| 2. Russia | 31% |
| 3. Sweden | 11% |
| 4. Norway | 10% |
| 5. North America | 4% |
| 6. Central Europe | 3% |
| 7. Others | 1% |
| Total | 4,272 |



HAKKAPELIITTA WAY

The road to success

Strategy – our focus areas



2. Premium-quality special products



3. Sales to consumers in replacement markets



4. Effective distribution, Vianor spearheading our growth

Values – the basis of our success

Inventiveness

We develop, create, and openly question beliefs



1. Special expertise in Northern conditions

Team spirit

We respect and support each other!

Entrepreneurship

We want to be the best in the world!

Offering the best for our customers

Continuing global growth

Improving results and profitability

Market leadership in our core markets

Skilled, enthusiastic and healthy personnel



Targets – what we aim at

Building success together – every day!

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Market overview 2014

Slow growth in the west, Russian economy in crisis

| Estimates | Nordic countries | Russia | Europe (incl. Nordics) | North America |
|---------------------------|------------------|--------|------------------------|---------------|
| GDP growth | +1-2% | 0% | +0.8% | +2.3% |
| New car sales | +8% | -10% | +6% | +6% |
| Car and van tyre* sell-in | -1% | 0% | +2% | +3% |
| Heavy tyre segments ** | ↑ | ↓ | ↑ | ↑ |
| Currency impact | ● | ● | - | ● |

*) A-C segments

**) Nokian Tyres core product segments

Nokian Tyres' performance 2014

Market shares improved, sales value in Russia dived

| Sales & SOM | Nordics | Russia and CIS | Other Europe | North America |
|--------------------|---------|----------------|--------------|---------------|
| Gross sales | +1.2% | -33.0% | -2.0% | +16.8% |
| Car tyre sales pcs | + | - | + | + |
| Car tyre SOM | + | + | + | + |

| Profitability | |
|-------------------------------|--------|
| Car tyre product mix | ↓ |
| Car tyre country mix | ↓ |
| Car tyre ASP (€/pcs) | ↓ |
| Raw material cost | -16% |
| Fixed costs | ↓ |
| Currency effect to Net sales | 100 M€ |
| Car tyre production volume | +4% |
| Car tyre productivity (kg/mh) | +5% |

| Distribution | Units | Increase 2014 (pcs) |
|---------------------|-------|---------------------|
| Vianor equity-owned | 189 | +6 |
| Vianor total | 1.355 | +149 |
| NAD (+N-Tyre) | 922 | +490 |

Summary 2014

Market shares up, strong cash flow, Russia/CIS weak

| Key figures, EUR million: | 2014 | 2013 | Change% |
|---------------------------|---------|---------|---------|
| Net sales | 1,389.1 | 1,521.0 | -8.7 |
| Operating profit | 308.7 | 385.5 | -19.9 |
| Operating profit % | 22.2 | 25.3 | |
| Profit before tax | 261.2 | 312.8 | -16.5 |
| Profit for the period | 208.4 | 183.7 | 13.4 |
| Earnings per share, EUR | 1.56 | 1.39 | 12.9 |
| Equity ratio, % | 67.5 | 67.6 | |
| Cash flow from operations | 458.3 | 325.6 | 40.7 |
| RONA,% (roll. 12 months) | 18.3 | 20.2 | |
| Gearing, % | -13.6 | -4.1 | |

- Sales and ASP hit by Russian and CIS currency rate effects and mix; partially compensated through good development in other markets
- Profitable business supported by raw material cost, productivity and fixed cost development
- Positive development in Vianor and Nokian Heavy Tyres
- Strong Cash flow
- Competitiveness improved through expanding distribution and product range

Business units 2014

Passenger car tyre unit took a hit from Russia/CIS

Passenger Car Tyres

- Net sales: 1,003.2 M€; -11.8%
- EBIT: 292.2 M€; -22.8%
- EBIT margin: 29.1% (33.3%)

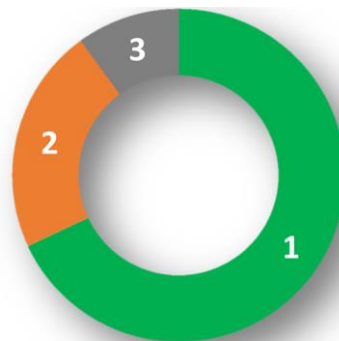
Vianor

- Net sales: 314.8 M€; +0.7%
- EBIT: 2.1 M€; +215.6%
- EBIT margin: 0.7% (-0.6%)

Heavy Tyres

- Net sales: 149.1 M€; -0.4%
- EBIT: 24.6 M€; +20.7%
- EBIT margin: 16.5% (13.6%)

Net sales 1,389.1 M€; -8.7%



| Business units | 2013 | 2014 |
|------------------------|------|------|
| 1. Passanger car tyres | 71% | 68% |
| 2. Vianor | 20% | 22% |
| 3. Heavy Tyres | 9% | 10% |

Share of turnover



Product launches 2014

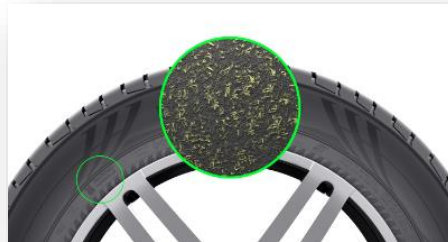
Summer tyre range increased strongly

New SUV tyres for varying summer conditions in Nordic and Central Europe

- New Nokian Hakka Blue SUV and Nokian Black SUV
- New Nokian Line SUV and Nokian zLine SUV
- New Nokian Hakka C2 and Nokian cLine

Tailored product range also for NA market

- Nokian eNTYRE 2.0, Nokian Rotiiva AT Plus, Nokian Rotiiva HT



Product launches 2014

Nokian Hakkapeliitta winter tyres

New Nokian Hakkapeliittas for the world's most demanding winter conditions

- New studded Nokian Hakkapeliitta C3 and non-studded Nokian Hakkapeliitta CR3 for vans and delivery vehicles
- New Nokian Hakkapeliitta 8 SUV studded tyre, sturdy big brother of the multiple test winner
- New Nokian Hakkapeliitta LT2 AT 35 special tyre for heavy-duty 4 × 4 vehicles developed together with Arctic Trucks



Product launches 2014

Special tyres for demanding professional use

Nokian Heavy Tyres special products for professionals

- New Nokian Hakkapeliitta TRI – World's first winter tyre for tractor contracting, grip and high-performance for heavy use
- Nokian Hakkapeliitta Truck D – Winter grip and stability for the main roads, an ever-expanding size range
- Nokian Hakka Truck 844 designed for all-season long and medium distance transport



Magazine tests 2014

Test success continued – both in winter and in summer

Winter tyres, autumn 2014 – more than 40 test victories

- Nokian Hakkapeliitta 8 – Multiple test winner
- Nokian Hakkapeliitta R2 – Northern Comfort
- New Nokian Hakkapeliitta 8 SUV and Hakkapeliitta R2 SUV
- Nokian WR D3 – Forget the Forecasts
- New Nokian WR SUV 3 – Ultimate snow and slush performance

Summer tyres, spring 2014 – increasing number of test victories

- Nokian Line – Multiple test winner
- Nokian Z SUV – Durable champion of extreme conditions
- Nokian Hakka Blue – Multiple test winner
- Nokian Hakka Green (2013) – Naturally safe



Know-how and future technology

State-of-the-art green winter tyre technology for electric cars

- The new non-studded Nokian Hakkapeliitta R2 (155/70R19) is a genuine winter tyre designed for BMW's unique i3 electric car
- First ever EU tyre label class A (rolling resistance) winter tyre; The Nokian Hakkapeliitta R2 (155/70R19) can reduce the rolling resistance of electric vehicles up to 30%
- New size 215/45R20 for BMW's new i8 hybrid vehicle
- New features will be gradually launched for the rest of the Hakkapeliitta R2 -range



Nokian Tyres Intelligent eSilica.
Increased range, maximises winter grip
Comfortable and quiet to drive



Heavy Tyres

Profitability up

Performance in 2014

- + Forestry tyres up 15%, healthy order book
- + Lower raw material cost supported margins
- + Structural changes in manufacturing improved product quality, flexibility and productivity
- Production ramp-up delays in H1 impacted volumes
- ASP decreased due to tight pricing environment

| | 2014 | 2013 | Growth |
|--------------|-------|-------|--------|
| Net sales | 149.1 | 149.7 | -0.4% |
| EBIT | 24.6 | 20.4 | 20.7% |
| EBIT% | 16.5 | 13.6 | |
| RONA,r.12 m. | 22.9 | 17.7 | |



Performance in 2014

- + 1,355 stores in 27 countries; +149 stores in 2014
- + Market share improved
- + 56 car service operations acquired and integrated to existing Vianor stores by the end of 2014
- + Service revenues increased by 6%, car services +23%
- + EBIT improved
- Mild weather in the beginning of winter hurt sales in Q4
- Strong Euro against SEK and NOK cut sales value

| Equity-owned stores (189) | 2014 | 2013 | Growth |
|---------------------------|-------|-------|--------|
| Net sales | 314.8 | 312.5 | 0.7% |
| EBIT | 2.1 | -1.8 | 215.6% |
| EBIT% | 0.7 | -0.6 | |
| RONA, r.12 m. | 1.2 | -1.1 | |



Russia and CIS countries

Oil price and currency devaluations hurt the economies

Negative development of economy and car sales

- RUB devaluation cut purchasing power
- Interest rates for car loans very high

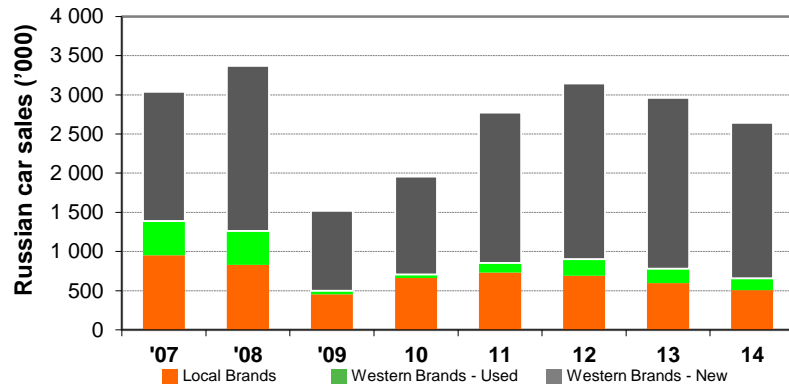
Nokian Tyres' sales value down

- Sales decreased due to currency rate effects, mix change and lower CIS volumes
- Market leadership in A&B segments with Nokian Hakkapeliitta/Hakka and Nordman brands solid and to continue

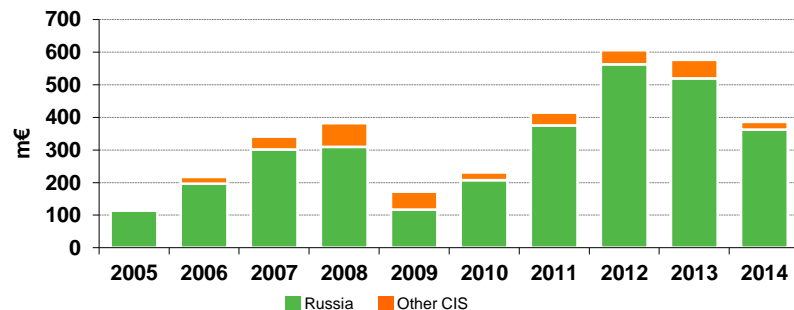
Tyre demand growing in the long term

- Growing car sales to increase demand for winter tyres
- Replacement market growing with expanding car park

Russian car sales



Nokian Tyres' sales in Russia and CIS



Nokian Tyres' retail partner network

Expansion of distribution continued

Vianor

- 1 355 stores in 27 countries
- Increase of 149 stores in 2014

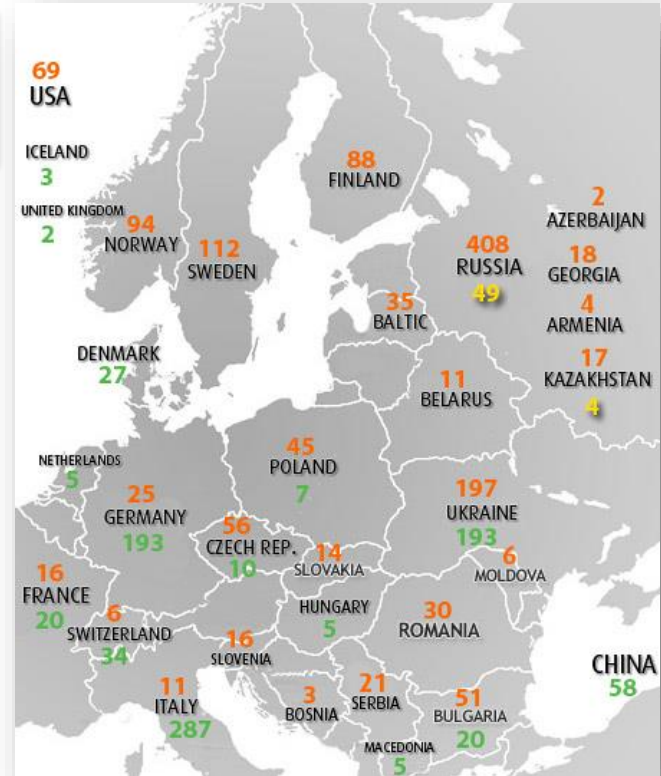
Vianor
NAD
N-Tyre

Nokian Tyres Authorized Dealers (NAD)

- 869 stores in Central Europe (14 countries) and China
- Increase of 437 Stores in 2014

N-Tyre

- 53 stores in Russia and Kazakhstan





Building our success in Hakkapeliitta spirit



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Outlook 2015

Net sales and Operating profit to decline slightly

Assumptions

- Sales of new cars to grow 3% in Europe and decrease by 20-25 % in Russia
- Sales shift from A to B segment in Russia shadow ASP development
- Demand for passenger car tyres to grow in North America and CE, remain stable in Nordic countries and to decrease in Russia and CIS-countries
- Heavy tyre market demand stable in Nokian Tyres' core product groups
- Raw material cost (€/kg) to decrease 5% in 2015 vs. 2014
- Russia and CIS currencies weak against EUR
- Investments approximately 100 M€

Outlook 2015

- Nokian Tyres' position to improve in all markets
- Pricing environment tight for all tyre categories
- Profitability supported by efficient cost structure and productivity on the back of high share of Russian production

Year 2015 guidance

- In 2015, with stable exchange rates, Net sales and Operating profit are to decline slightly compared to 2014.
- First quarter Operating profit will be significantly below last year, as a delayed start of winter tyre sales in Russia will result in sales shifting to the following quarters.

Additional taxes from 2007-2010

- Nokian Tyres plc has consistently applied transfer pricing according to tax laws and OECD guidelines prevailing at the time. Previous tax audit in the company ended to fiscal year 2006, and in its tax audit report the Tax Administration did not require any corrections to the transfer pricing between the company and its subsidiaries already operating at that time in Russia.
- The Company has prepared a transfer pricing documentation which the Tax Administration has ignored during the tax audit without any appropriate grounds
- The Company considers the reassessment decision of the Tax Administration as unfounded and has appealed against it by leaving the claim for rectification to the Board of Adjustment 19 February 2014
- The Company appealed 20 February 2014 to the Administrative Court to obligate the Tax Authorities to present the minutes of the interviews for the Company's comments. The Administrative Court ruled the matter in favour of the Company 3 December 2014
- In March the Board of Adjustment annulled the reassessment decision from the Tax Administration and returned it back to the Tax Administration for reprocessing
- The Company will return the 2007-2010 total additional taxes of EUR 100.3 million in full to the financial statement and result of the first quarter result 2015.
- The Company also expects the Tax Administration to return immediately EUR 43.1 million it has already set off despite of the stay of execution
- According to our understanding tax years 2007-2008 are now expired. The share of these two years from the annulled reassessment was EUR 59 million.

The background of the advertisement is a photograph of a snowy road winding through a forest of evergreen trees. The sun is low on the horizon, creating a warm orange and yellow glow that silhouettes the trees. A utility pole with power lines is visible on the right side of the road.

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TYRES

**NORTH
PROOF**
BY **nokian[®]**
TYRES