



nokian[®]
TYRES

2013
Annual Report

Market position excellent!

Nokian Tyres increased its market shares in Russia, Nordic countries and Central Europe. The company has the strongest brand, price position and distribution in its core markets.

Key figures IFRS

EUR million	2013	2012	change%
Net sales	1,521.0	1,612.4	-5.7
Operating profit	385.5*	415.0	-7.1
% net sales	25.3	25.7	
Profit before tax	312.8	387.7	-19.3
% of net sales	20.6	24.0	
Return on capital employed (ROI), %	21.8	24.3	
Return on equity (ROE), %	13.0	25.2	
Interest bearing net debt	-56.4	-65.2	13.5
% of net sales	-0.9	-4.0	
Gross investments	125.6	209.2	-40.0
% of net sales	8.3	13.0	
Net cash flow from operating activities	317.6	388.7	-18.3
Earnings/share, EUR	1.39	2.52	-45.0
Cash flow per share (CFPS), EUR	2.39	2.96	-19.2
Shareholders equity per share, EUR	10.45	10.89	-4.1
Equity ratio, %	67.6	71.2	
Personnel, average during the year	4,194	4,083	

* Incl. bad debt provision of 8.4 m€ in Q4, (full year 14.3 m€)

This report is a translation. The original, which is in Finnish, is the authoritative version.

Year 2013

- Demand of passenger car tyres decreased in Russia, Nordic countries and Central Europe. Nokian Tyres' net sales were down by 5.7% due to the challenging markets.
- Profitability was good: Operating profit percentage was 25.3%. Winter tyres represented 79% (74%) of the company's sales volume, which improved mix and supported ASP. Raw material costs (€/kg) were down 12.9% year-over-year, which supported margins. The Passenger car tyre unit accounted for 95% of the company's operating profit.
- The company's product offering improved further with the launch of the new Hakkapeliitta winter tyre family in January 2013. Nokian Tyres' products achieved record-breaking success in magazine tests: Both summer and winter tyres won important tests in the Nordic countries, Russia, and Central Europe.
- Production on lines 12 and 13 commenced in Russia. The annual production capacity increased to 18 million tyres. The company's annual production output in the Finnish and Russian factories totalled 15.0 million passenger car tyres (-4% versus 2012). Productivity improved by 2%.
- Net profit was penalized by EUR 100 million of additional taxes in Finland relating to years 2007–2010. The taxation decision is disputable and the final ruling on the matter is likely to take place after several appeals and many years.

Market leader

Nordic countries and Russia

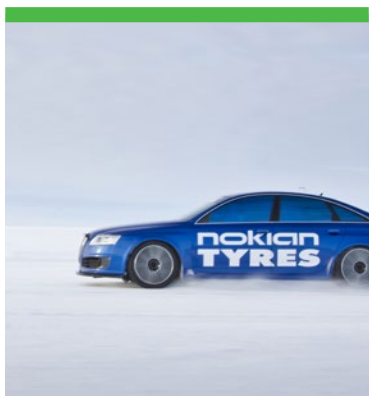
Nokian Tyres is the only tyre manufacturer in the world that focuses on products and services that facilitate safe transportation in northern conditions. The company's innovative passenger car, truck and heavy duty machinery tyres are mainly marketed in areas that have snow, forest and changing seasons that make driving conditions demanding. Nokian Tyres develops its products aiming at sustainable safety and environmental friendliness throughout the life cycle of the product.

Nokian Hakkapeliitta is a leading winter tyre brand in the Nordic countries and Russia. A quality image based on decades of experience and independent test results, as well as a strong distribution network and logistics expertise are the main competitive advantages behind Nokian Tyres' market and price leadership.

The products are mainly sold in the replacement market. The Group includes the Vianor tyre chain, which engages in retail and wholesale in Nokian Tyres' main markets. The company has three own factories in Finland and in Russia. From 2005 to 2013, Nokian Tyres has invested approximately EUR 1 billion in the factories that represent the absolute top in the field in terms of productivity and quality.

The company reported net sales in excess of EUR 1.5 billion in 2013 and had 4,170 employees at the end of the year. Nokian Tyres plc's shares are quoted on NASDAQ OMX in Helsinki.

Some highlights

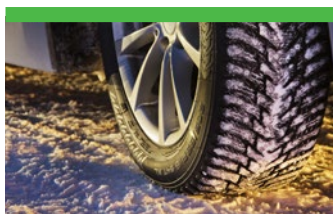


335.7 km/h

The new world record for fastest car on ice was achieved by Nokian Tyres, when test driver Janne Laitinen drove at a speed of 335.713 kilometres per hour (208.602 mph) on the ice of the Gulf of Bothnia in freezing winter weather. Grip and speed like never before were ensured by the new spearhead product – the Nokian Hakkapeliitta 8 studded tyre. Read more on page 17.

1,206

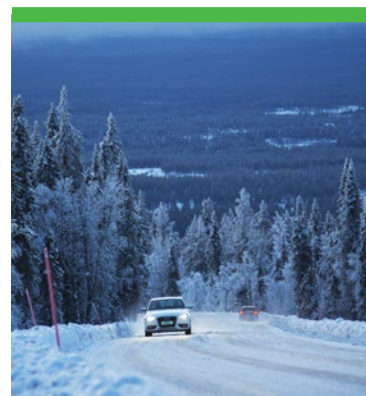
The Vianor tyre chain expanded by 169 stores in 2013 to a total of 1,206 in 27 countries.



Nokian Hakkapeliitta 8

Winter grip like never before! Supreme test winner in magazine tests in Finland, Sweden, Norway, and Russia.

Read more on page 19.



Grip!

Customer's feedback:

I just wanted to thank you for all your excellent work, and say from direct experience that Nokian is undoubtedly responsible for saving countless lives. Nokian rules.

Barry Egerton, Canada

Safest tyres for northern conditions

We have an innate ability to understand customers operating in northern conditions, as well as their needs and expectations. We operate in growing markets and focus on tyre products and services that offer sustainable added value to our customers in northern conditions. These elements provide the foundation for the company's profitable growth.



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Improving market position – aiming for growth

Dear Reader,

Nokian Tyres' strong market leader position in Russia and Nordic countries improved further in 2013 and we managed again to increase both market share and our distribution footprint. Despite the headwind from the markets in 2013 we maintained a reasonably good level of profitability and provided strong cash flow. The company is debt free with a strong balance sheet, which gives us a good platform to create further growth and improve owner value.

Even though the global economy has showed signs of improvement since late 2013, consumer confidence and spending were still modest in full year, reflecting the uncertainty and slow growth. The economies in the Nordic countries were relatively stable, whereas in Russia the usually higher growth rate dropped to 1.3%. During the summer 2013 the European economy turned to growth after 18 months of recession.

Nokian Tyres' sales in the Nordic countries were again solid, and our already strong market position was further improved by clear growth especially in Sweden. Our market winter tyre share in the Nordic region improved to an all-time high. Our sales growth in Russia took a breath, even though we managed again to grow winter tyre sales clearly in a weaker market. One of our highlights was a clear improvement in our CE sales. The expansion of our distribution network in CE is starting to pay dividends with sales volumes increasing faster than the average market demand. We showed clear growth in Germany, Poland and France.

We achieved reasonably good financial results in 2013. Our sales mix was strong securing an almost flat ASP in a challenging market. Our margins were good while the result was being pulled in two directions: a strong tailwind from material cost was challenged by the unfavourable exchange rate of the Russian Rouble and a tough pricing environment.

A reasonable utilization rate and an increased share of Russian production compensated for the increased depreciation and marketing costs. However, our net profit was hit hard by additional taxes of EUR 100.3 million in Finland. We strongly disagree with the tax decision, which we consider to be in conflict with legislation and tax agreements. We will appeal against this decision in all instances necessary, and trust that the decision will be revised.

Equipped for success

We are looking into the future with confidence, as our market geography is showing signs of improving demand. Growth is still slow in Russia and the Nordic countries, but both Central Europe and North America are expected to improve clearly.

We continue to thrive as the leading winter tyre manufacturer. A major overhaul of key winter product offering, altogether five new product ranges, was done in 2013. The biggest launch ever included the new generation of studded Nokian Hakkapeliitta 8 and non-studded Hakkapeliitta R2 targeting further growth in core markets. Nokian Tyres also introduced two new winter tyres for the Central European and North American markets. The new Nokian Hakkapeliitta 8 has dominated the winter tyre tests with victories in practically all

car magazines. Also the Central European winter tyre test results have been a success for Nokian Tyres with test wins in key markets. The new summer tyre range also won several car magazines' tests in the core markets and in Central Europe. All in all, our product offering at the moment is the best we have ever had. I expect this to materialize in our sales and market shares already in 2014.

Strong distribution is one of our key competences. Expanding our distribution network continued in 2013 as we opened 169 new Vianor stores, now totalling 1,206 stores in 27 countries. In Russia Nokian dealership programs now include nearly 3,300 tyre stores and car dealers. A new softer partner franchise model called Nokian Tyres Authorized Dealer (NAD) has also been rolled out with 432 shops contracted in Europe and China. Our objective is to continue to expand our distribution, and to open 140 new Vianors and double the amount of NADs in 2014.

We continued to develop and improve productivity and our industrial structure in 2013. We commissioned two new lines (12 and 13) in the new Russian factory, which took the annualized capacity in Russia to more than 15 million tyres. We have an inbuilt capability to increase our output rapidly without big investments to meet market growth.

In conclusion, I would like to thank our customers, personnel and other stakeholders for the past year. Our achievements did not come easy, but co-operation in true Hakkapeliitta spirit was our key driving force. We are committed to make the future years an addition to our success story.



Kim Gran



Our strategic focus

Northern conditions

We are the only tyre manufacturer in the world focusing on customer needs and products specific to northern conditions. We market our products in regions where there are snow, forests and demanding driving conditions caused by changing seasons.

Narrow product segments

Our special expertise in northern conditions creates added value for our customers. We utilise our special competence in narrow product segments like passenger car winter tyres and forestry tyres. Our other main products include light truck and SUV tyres, winter tyres for trucks as well as harbour and mining machinery tyres.

Replacement markets

All our Nokian-branded passenger car tyres and approximately 60% of our heavy tyres are sold in replacement markets through special tyre outlets, car dealers and other companies engaged in the tyre trade.

Efficient distribution

The Vianor chain is spearheading the growth of our company. Direct contact with the consumer gives us valuable information about the wishes and needs of end-users. Efficient distribution ensures successful season management as well as management of possible risks. We want the users of our products and services to be the most satisfied customers in the world.

Nokian Tyres' strategy is supported by:

Investments in product development, production, distribution and logistics

Product development is guided by a philosophy of sustainable safety, which entails the continued renewal of the product range with the objective of always being able to provide customers with value-added innovations.

- Own production concentrates on high-margin core products.
- New products should represent at least 25% of net sales annually.
- Consistent investment in continued improvement of quality, productivity and logistics.
- Investments in new production capacity according to the company's growth objectives and the development of the market.
- Distribution is developed by expanding the Vianor network and streamlining the processes.

Open and participatory corporate culture

A basic factor behind Nokian Tyres' success is the continuous process of personnel development, which is supported by an open and participatory corporate culture. The corporate culture aims to create a highly motivated working community that promotes the success of individuals and the company.

Key strategic objectives into 2018

- We offer our customers only the best. We know the end users of our tyres, their needs and wishes.
- We are the market leader in the Nordic countries. We have the highest customer loyalty and best services in the industry.
- We are market leaders in premium tyres in Russia and other CIS countries.
- We have a globally strong position in core products.
- We grow through a continuously improving product and service range. Profitable growth requires constant increase of capacity.
- We grow our profits through high productivity and the best customer processes in the industry.
- Our personnel are skilled and inspired with entrepreneurial attitude. We reach our goals and results by working together.

Key objectives 2014–2015

The target of Nokian Tyres is to continue to outperform competition in terms of growth and profitability and to further improve market position.

Development of our business 1898–2013

From an industrial manufacturer to a customer-driven enterprise

Manufacturing

- Suomen Gummitehdas was founded in 1898
- Nokia plant 1904
- 1st Russia plant 2005
- 2nd Russia plant 2012



Distribution

- Since late 1990's controlled distribution; a tool to improve market shares
- Vianor tyre chain to over 1,200 stores and Nokian Tyres Authorized Dealers to over 400 stores by the end of 2013



Consumers

- Since 2009 direct dialogue with end-users
- Electronic business, creating consumer relationship, improving interaction
- Proof-by-performance: Test wins and user testimonials



Values guide and support our strategy



Mika Nieminen, Nokian Heavy Tyres



World record on ice 2013



Targets indicating our company values

Customer satisfaction

We have the industry's highest customer satisfaction rate in the Nordic countries, Russia and CIS countries, and the highest satisfaction rate in our core products globally. All our activities are geared to increase customer satisfaction.

Personnel satisfaction

Nokian Tyres is a respected and attractive workplace. Our personnel is highly skilled and motivated. Our activities are characterised by our desire to continuously develop our personal skills as well as the company.

Shareholder satisfaction

We are the most profitable tyre manufacturer and tyre distributor in the industry. Our consistently good performance translates into good share price development and dividend policy.

The best processes in the business

Our key processes and our business network are efficient and represent the cutting edge in the industry. We uphold the principles of the responsible citizen in all of our activities.

Our company culture is called "Hakkapeliitta Spirit" which includes the following values:

INVENTIVENESS = WILL TO SURVIVE

We have the skill to survive and excel, even in the most challenging circumstances. Our competence is based on creativity and inquisitiveness, and the nerve to question the status quo. We are driven by a will to learn, develop and create something new.

ENTREPRENEURSHIP = WILL TO WIN

We thirst for profit, we are quick and brave. We set ambitious objectives and perform our work with persistence and perseverance. We are dynamic and punctual, and we always make customer satisfaction our first priority.

TEAM SPIRIT = WILL TO FIGHT

We work in an atmosphere of genuine joy and action. We work as a team, relying on each other and supporting each other, offering constructive feedback when needed. We embrace differences, and we also encourage our team members to individually pursue winning performances.



Jani Kiviniemi, Noktop



Katja Hurmerinta, Jukka Engström and Leo Pasto



Teemu Sainio, launch event in Ivalo

Nokian Tyres' success factors

- Focus on expertise in Northern conditions
- Own specialised R & D and unique winter testing
- Focus on replacement markets, growing market areas and product segments
- Share of value added products more than 90% of own production and sales
- Production of core products in own state-of-the-art factories
- Rapidly renewing product range and innovative products
- Car winter tyre range most extensive in the world
- Skilled personnel and Hakkapeliitta Spirit
- Strong reputation, brand and pricing power in core markets
- Strong, controlled distribution channel in core markets
- Efficient logistics and season management
- Direct contact with end users
- Special know-how in Russian and CIS markets

Tyre industry in a nutshell

The global value of tyre sales was nearly USD 190 billion in 2012, slightly less than in 2011. On average the market has grown 7% per year. The strongest growth is registered in winter tyres, high-speed summer tyres and SUV tyres. The Nordic countries' model, in which winter tyres are required by law, has lately been adopted in several other regions as well.

Consumer sales of passenger car tyres are mainly affected by new car sales rates, purchasing power development and the general level of consumer confidence. With winter tyres weather is also a factor: the more wintery and slippery the conditions, the bigger the demand for new winter tyres. In addition, the tyre manufacturer's sell-in to distributors is also influenced by the distributors' stock levels and the market prices of financing.

Heavy tyres' and truck tyres' demand follow the cycles and trends of machine manufacture and companies' general willingness to invest.

Season management in a key role

Heavy season fluctuation in passenger car tyre sales is a specific feature in Nokian Tyres' core markets. Most consumers buy their summer tyres during a few weeks around Easter. Winter tyre consumer sales take place from September to November, depending on the winter, and some 30% of winter tyres are sold in the ten days after the first snowfall. Seasonity poses big challenges to production and delivery capacity, underlining the key part played by an extensive distribution network and efficient logistics and IT systems.

Tyre manufacturers strive to offer the distribution chain advance deliveries with long terms of payment in order to ensure optimal availability from the very beginning of the season; during the peak season, the main focus is on supplement deliveries. The challenge lies in predicting sales and production needs several months ahead, given

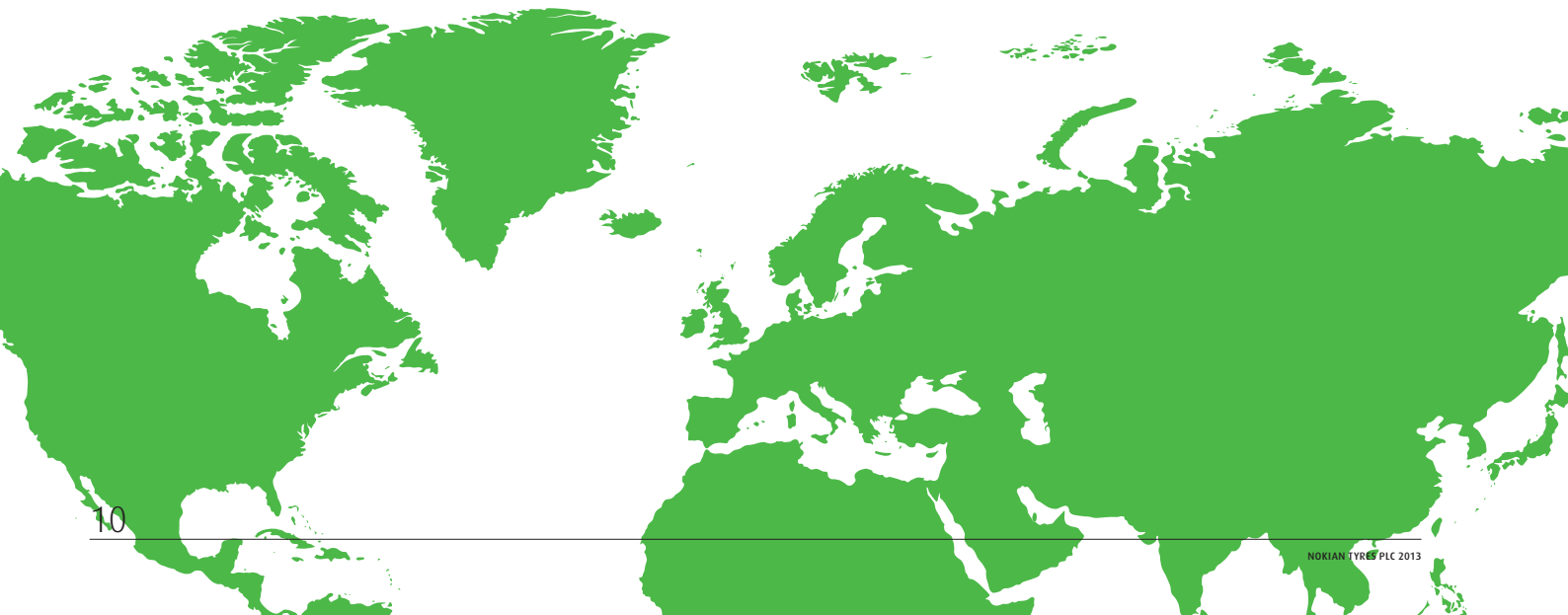
the fact that a typical tyre manufacturer's product range comprises of more than one thousand different tyre model and size combinations.

Distributors usually represent several tyre brands. Distributors' product policies, along with regional coverage, play an essential role in tyre manufacturers' success, because it is another specific feature of the industry that retail sales people can strongly influence the end user's tyre choice. This is why some tyre manufacturers – like Nokian Tyres – develop also their own distribution chains.

Pricing power and productivity drive profitability

The fixed costs of tyre manufacturing are high, and therefore it is essential to fully utilize the entire production capacity and to minimize production shutdowns in order to ensure profitability. The continuous growth of productivity through investments and process development is also a key success factor. Salary and energy costs vary between countries, but raw material prices are relatively equal all around the world.

In the tyre industry, the local market leader is usually also the price leader. Pricing power is supported by a strong brand, good reputation, reliable distribution and success in impartial tests arranged by car-industry media.



Market focus on northern conditions

Russia – Great potential

Russia is a big market with 2.8 million new cars and 40 million car and van tyres sold in 2013. The special drivers for tyre demand, characteristic to Russia, are GDP growth deriving from the price of oil as well as interest rates for car loans. In 2013 the estimated real GDP growth was a modest 1.3%, but the growth is expected to speed up: average GDP growth for 2014–2016 is estimated at 3–4% a year.

Two-thirds of replacement market tyre sales come from winter tyres. Russia has no winter tyre legislation, but the climate conditions in Nokian Tyres' operating region require the use of winter tyres during the winter months. Tyre market statistics is divided into three segments, where A equals premium products with highest prices, B-segment stands for mid-price tyres and C is for the low-end budget tyres. A and B segments are both estimated to grow 6–8% yearly, whereas C-segment growth rate expectation is 2–3%.

Nokian Tyres is the market leader and the biggest manufacturer of A and B segment tyres in Russia, especially in winter tyres. The company's consolidated sales in Russia and CIS amounted 576.7 million euros in 2013, which formed 34% of the total sales of Nokian Tyres. Fluctuation of the Russian Rouble exchange rate gives an extra challenge for Nokian Tyres and other international companies to secure and optimize their financial result.

Nokian Tyres has an extensive distribution network in Russia. At the end of 2013 the Hakka Guarantee network and other retail partners working closely with Nokian Tyres in Russia comprised of nearly 3,300 tyre stores, Vianor shops, car dealers, and web shops.

Nokian Tyres' factories located in Russia inside the customs borders combined with strong brands and an expanding distribution provides a significant competitive edge on the market.

Nordic countries – Strong position in mature markets

Annual sales in the Nordic countries total some 10 million tyres for passenger cars and vans, 6 million of which are winter tyres. The markets usually grow around 1–3% a year, and there are around 80 competing brands. The countries also have legislation that requires winter tyres to be used during the winter months.

Finland, Sweden and Norway accounted for some 36% of the sales of Nokian Tyres in 2013. The company is the market and price leader in the Nordic



Winter tyre market size, yearly sales (pcs)

Russia

23 million tyres



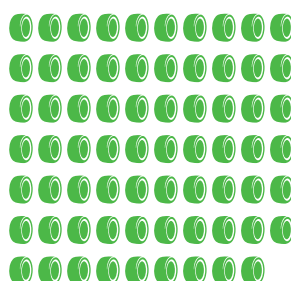
Nordic countries

6 million tyres



Other Europe

69 million tyres



North America

13 million tyres



countries. Nokian Tyres is the only local producer in the area and has the best distribution network, including the own Vianor tyre chain of 271 stores.

Central Europe – Position improving in the largest winter tyre market

The size of the European market, excluding the Nordic countries, was approximately 230 million car and van tyres in 2013. Winter tyre sales amounted to roughly 69 million tyres. After a slower period, growth is expected again for 2014. Winter tyre segment is growing faster than the total market. Central Europe is globally the biggest winter tyre market – the potential is 12 times that of Nordic Countries.

With tyre markets expanding and winter tyre legislation becoming more common, Central Europe has become one of Nokian Tyres' most important growth areas. Nokian Tyres customizes its tyres to meet the needs of consumers in different market areas. The non-studded winter tyres designed for Central and Eastern European winter conditions, as well as the summer tyres offered in the region, differ considerably from the products sold in the company's core markets. The company sells tyres to 32 European countries, in addition to the Nordic countries, Russia and CIS. Central Europe accounted for some 22% of the sales of Nokian Tyres in 2013. The company's market share was roughly 4% (9% in winter tyres), and the brand and price position improving in 2013.

The company further improved the product availability and distribution with the Ejpovice logistics and service centre providing 24 hour service to main markets. Expanding the retail channel was spearheaded by Vianor with a total of 238 stores in the area by the end of 2013.

North America – Focus on the winter tyre niche

In North America Nokian Tyres focuses on Canada and the USA snow belt area. Market potential for winter tyres there is twice as big as in the Nordic Countries. Winter tyre legislation in Canada supports the growth of demand.

Nokian Tyres has strong brand and product quality reputation in the North American winter tyre areas. The company has a policy of exclusive distribution partners in selected areas. Establishment of Vianor in New England has taken place with 50 tyre stores.



NOKIAN PASSENGER CAR TYRES

Grip

like never before

– Improved position in core markets

The Nokian Passenger Car Tyres unit develops, manufactures and markets summer and winter tyres for passenger cars, SUVs and vans. The key products are studded and non-studded winter tyres, SUV tyres and high-speed summer tyres, which are the fastest growing product segments and also have the best margins in the tyre business. Nokian Tyres' most important brands are Nokian Hakkapeliitta, Nokian Hakka and Nokian Nordman. In 2013, winter tyres represented 79% of Nokian passenger car tyres' sales volume.

Research and development of tyres are based mainly in Nokia, Finland. The production of tyres is based in the company's own factories in Nokia, Finland, and Vsevolozhsk, Russia. The tyres are sold in replacement markets. The main markets are the Nordic countries, Russia and the other CIS countries, the rest of Europe and North America.

A new generation of Hakkapeliittas and market share growth in 2013

The net sales of Nokian Passenger Car Tyres were over EUR 1.1 billion, showing growth in the Nordic countries and Central Europe. Operating profit amounted to almost EUR 380 million.

Nokian Tyres is the market and price leader in Nordic countries and Russia & CIS and a growing premium player in Central Europe. Nokian Tyres continued to win market share in Russia & CIS as a result of an expanding distribution and high brand awareness. In the Nordic countries and Central Europe Nokian Tyres also won market share, especially in winter tyres as well as in SUV winter and summer tyres.

Five new winter tyre ranges were launched as a result of major product renewal projects in 2013, including the new generation of studded Nokian Hakkapeliitta 8, non-studded Nokian Hakkapeliitta R2 and Nokian Hakkapeliitta R2 SUV. In addition to the Nordic product range, Nokian Tyres also introduced Nokian WR SUV 3 and Nokian WR G3, two new winter tyres for the Central European and North American markets.

The winter tyre magazine tests have been dominated by the new Nokian Hakkapeliitta 8 with victories in practically all car magazines. Nokian Tyres has also achieved victories and other success in the Central European winter tyre tests. The new summer tyre range with the spearhead products Nokian Hakka Black, Nokian Hakka Blue, Nokian Hakka Green and Nokian Line won several car magazines' tests in the core markets and in Central Europe.

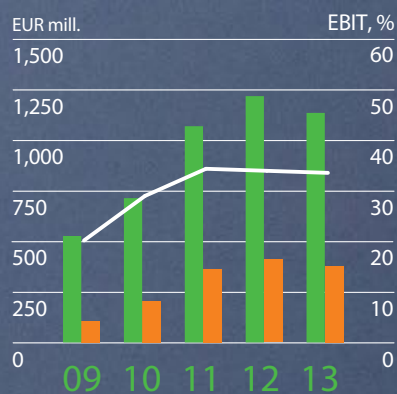
The production capacity increased as two new lines (12 and 13) commenced in Russia. The combined output of the Nokia and

Vsevolozhsk factories was 15.0 million car tyres in 2013. Some 80% of Nokian car tyres (pcs) were manufactured in the Russian factories. Increasing share of Russian production improved cost structure and productivity.

Other success stories for Nokian Tyres in 2013 were keeping the price position and gross margin level in a tight environment, improved supply capacity and fluent season logistics, higher online sales as well as keeping a tight ship on fixed costs.

PASSENGER CAR TYRES:

Net sales, Operating profit and Operating profit%



	2009	2010	2011	2012	2013
Net sales	527.3	714.7	1,071.1	1,220.1	1,137.0
Operating profit	106.2	205.5	365.1	410.8	378.5
Operating profit%	20.1	28.8	34.1	33.7	33.3

Pole position in winter safety

For over 80 years, the experience and pioneering attitude of R&D at Nokian Tyres has created patented solutions that improve safety and driving comfort in the demanding Northern conditions. The excellent success of our new Hakkapeliitta family of winter tyres, launched in 2013 on our core markets strengthened the company's position as the manufacturer of the world's finest winter tyres.



The comprehensive product range is carefully tailored for different markets, and it is renewed regularly; new products make up at least a quarter of our annual revenue. These new products help the company strengthen its position and maintain the necessary price and profit margins in a highly competitive market.

More than half of our R&D resources are spent on testing products. The company tests under authentic conditions in Ivalo, Finnish Lapland. North of the Arctic Circle, we develop test winner tyres that consumers around the world can rely on. Good winter tyres work logically and predictably under all conditions.

Continuous innovation

The R&D activities of the inventor of the winter tyre are guided by the concept of sustainable safety; the safety characteristics of the tyre should remain nearly unchanged for the service life of the product. The concept of sustainable safety also includes a promise of developing eco-friendly products and production technology.

Nokian Tyres was the first tyre manufacturer in the world to switch to only using purified, low aromatic oils. Eco-friendly products that save fuel and reduce noise as well as harmful emissions, and natural materials will also pave the way for Nokian Tyres in the future. Canola oil added to the rubber compounds improves the tear strength of winter tyres and provides more grip on snow and ice. In summer tyres, we use pine tree oil to improve wear resistance.

Continuous investments in new products and versatile testing allow the company to develop test-winning products with unique innovations, year after year. Intensive testing under actual operating conditions and laboratories, and a thorough understanding of winter and all the elements and characteristics of the product all work to serve the ultimate goal of product development – consumer safety.

In 2013, 56% of our winter tyre range consisted of “Nordic” winter tyres with high grip on ice. The proportion of tyres with especially low rolling resistance, which helps to reduce fuel consumption, was 64%. A total of 61% of the Nokian Tyres summer tyre products are in the very high wet grip category. The top tyres in terms of low rolling resistance and high wet grip correspond to categories A, B, and C of the EU’s rating system.

Versatile testing

Climate change poses new demands on winter tyres. Tyres need to ensure good grip on snow and ice as well as slushy and wet roads. The company co-operates closely with leading car manufacturers. The development of an entirely new passenger car tyre takes 2 to 4 years.

Our Ivalo Testing Center “White Hell” is expanding each year, simulating the extreme conditions of winter driving from November to May, both day and night. Our versatile testing center in Nokia offers flexible and unique conditions for utilizing high-speed photography and testing a tyre’s slush-planing properties, for example. To achieve comprehensive results, the tyres are also tested on several international tracks. In addition to our own tests, taxi businesses from the Nordic countries also take part in durability testing and the challenging development of new tyre models.

The wear resistance of Nokian Tyres’ products is based on careful structural development and testing. Our state-of-the-art testing machines allow for an even more effective comparison of the characteristics of rubber compounds, tread patterns, and tyre structures. Our high standard of testing was confirmed by FINAS (Finnish Accreditation Service), as it approved the company as an accredited testing laboratory.





nokian TYRES **WHITE HELL**

Testing at the extremes

Ivalo Testing Center "White Hell"

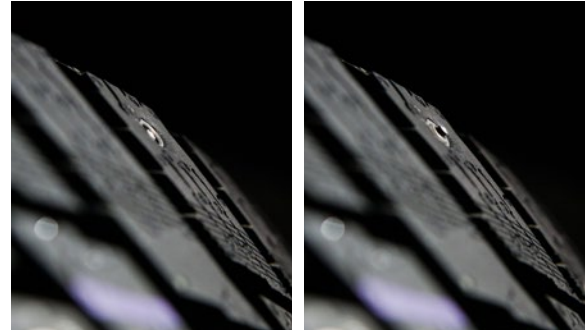
We test our tyres around the clock in the unique conditions of Finnish Lapland, using over twenty test tracks. The relentless testing and battle against the grip limits aim at even better winter products: more safety, more peace of mind. If a tyre works under the world's most demanding winter conditions, it will work everywhere.

- World's northernmost testing center
- Over 700 hectares of test area
- Temperature variations of up to 40°C in a day
- 6 months of testing per year
- Over 20,000 winter tyres
- Over 40,000 kilometers (25,000 miles) of testing per season
- A 700-meter long ice hall also works as a test track



youtu.be/f4T5gk_1TQU

The world's first winter tyre with retractable studs



With revolutionary Nokian Hakkapeliitta concept tyre and its unique stud technology the inventor of the winter tyre gives a hint of the things to come in the future. With a press of a button, the driver can bring out the studs to improve the grip of the tyre. When the studs are not needed, they can be retracted back into the tyre.

New hybrid winter tyre combines consumers' preferences: studded tyre for tough conditions to maximize safety and non-studded winter tyre for driving comfort. Studs are not used on dry roads and stable winter conditions, but they can be activated in icy weather for extreme safety. The studs on all four tyres raise and lower at the same time. The body of the stud remains in place, and the moving part is the hard metal pin in the middle of the stud.



youtu.be/qNXL2EEscuE

80 years since the birth of the winter tyre

Kelirengas "Weather Tyre" was the world's first winter tyre

The north is the natural home of the winter tyre. In 1934, Nokian Tyres manufactured the world's first winter tyre to match the winter frost. Two years later, the Northern winter witnessed the birth of Hakkapeliitta, the legendary snow road champion.

The Kelirengas was designed for trucks; together with buses, they formed most of the road traffic in the 1930s. The winter roads were rarely used and narrow, and plows were not commonly used. The first Kelirengas sets were manufactured in the size 7.50-20. The Kelirengas was mainly designed to keep the vehicle on the road when the conditions were soft and snowy. The strong tread made the Kelirengas a winter tyre, as its transverse grooves gripped the snow like a cog wheel. The tread pattern was loose and it could clean itself well while driving, which in turn improved the grip. The entire concept of the tyre was based on a tread pattern with excellent traction. As the advertisement stated, "braking is more effective, and sliding sideways in corners and turns is entirely eliminated"

- 1898 Suomen Gummitehdas Osakeyhtiö is established.
- 1932 Passenger car tyre production starts in Nokia.
- 1934 "Weather Tyre", first winter tyre in the world.
- 1936 The legendary Hakkapeliitta winter tyre is born.
- 1961 First winter tyre designed for studding. Kometa-Hakkapeliitta.
- 2002 Nokian WR, the world's first winter tyre with a W speed rating (270 km/h/167 mph).
- 2006 The world's largest winter tyre for passenger cars, the 22-inch Nokian Hakkapeliitta Sport Utility 5.
- 2013 New generation of Hakkapeliitta winter tyres. Nokian Hakkapeliitta 8 and Nokian Hakkapeliitta R2.
- 2013 Fastest on ice. World record for the fastest car on ice, 335.71 km/h (208.60 mph), and Nokian Hakkapeliitta 8.



youtu.be/3pb80e-Ki5c



World record for the fastest car on ice

Challenging the limits of the grip

The amazing world record for the fastest car on ice was set when test driver Janne Laitinen from Nokian Tyres achieved a speed of 335.713 kilometers per hour (208.602 mph) on the ice of the Gulf of Bothnia. Driving at these extreme speeds subjects the tyres to immense forces. The test vehicle drove at 93 meters (305 feet) per second on the bouncy ice track, and the studs hit the ice 43 times each second. Grip and speed like never before were ensured by the new Nokian Hakkapeliitta 8 studded winter tyre.



youtu.be/VW5GmSt32RM

Driver: Test driver Janne Laitinen

Vehicle: Audi RS6

Tyres: Nokian Hakkapeliitta 8, 255/35 R20 97 T XL

Location: Gulf of Bothnia, Oulu, Finland

Date: March 9th, 2013

Top speed: Over 340 km/h (211 mph)

Result: New world record for the fastest car on ice, 335.71 km/h (208.60 mph)



Have a safe trip

Nokian Tyres is the world's northernmost tyre manufacturer. It tailors its products for the different markets. The unique innovations of our test-winning products ensure that you can travel and arrive safely in any weather.

In addition to an entirely new generation of Hakkapeliitta winter tyres, we expanded our comprehensive selection of winter tyres by introducing special products. The Nokian WR SUV 3, designed for the Central European market, was especially made for driving in snow and slush, and it complemented the popular SUV tyre range. The Nokian WR G3, tailored for North American markets, continued our successful Nokian All Weather concept.

The Nokian Forest King F2, our new forestry tyre, provides tested, better track grip for demanding forestry. The Nokian Hakkapeliitta D, designed for long distance freight and coach traffic, provides professional drivers with excellent winter grip and unparalleled driving comfort.



New Nokian Hakkapeliitta 8


Winter grip like never before



Nokian Hakkapeliitta 8 – Ruler of the North

The sovereign champion of magazine tests in the Nordic countries and Russia during the winter of 2013 combines extreme winter safety and low road wear effect. The ground-breaking stud distribution and the new Eco Stud 8 concept create excellent winter properties: supreme grip during braking and acceleration, driving comfort, and light rolling.



 youtu.be/oAMQQ8VXT_I



Nokian Eco Stud 8 concept. More winter grip and driving comfort, less road wear. New-generation, multi-faceted anchor stud, a flange design that reduces stud impact, and the Eco Stud cushion that improves the operation of the stud and softens road contact.

190 studs (size 205/55 R16), each with a computer-optimized location.

Single studs weigh less than 1 g.

On average, road wear is 12% below the level required by Nordic legislation.

Supreme test winner in magazine tests in Finland, Sweden, Norway and Russia.

“Best grip on ice, acceleration on snow, and braking power on dry surfaces. Good handling on winter roads.”

Za Rulem 10/2013

“Handling is easy under all conditions.”

Tuulilasi 12/2013

“Amazing tyre on ice.”

Tekniikan Maailma 16/2013

New generation of winter tyres


Forget the forecasts



Nokian Hakkapeliitta R2 – Northern Comfort

The Nokian Hakkapeliitta R2, our new Nordic non-studded tyre, is the number one choice for drivers who value unique driving comfort and ecological travel. The tyre's safety characteristics on ice, snow, and wet roads were fine-tuned using a new-generation rubber compound, a tailored tread model, and the unique Cryo Crystal concept from Nokian Tyres.



 youtu.be/C72NcB0jvH0



Nokian Hakkapeliitta R2 SUV – Northern comfort and stability

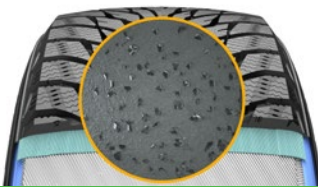
This full-fledged SUV tyre combines firm winter grip with carefree travel and precise, enjoyable handling. The non-studded Nokian Hakkapeliitta R2 SUV bears and manages its high wheel loads in a stable yet flexible fashion on both icy and wet roads. It is also excellent on snow and bare roads thanks to its Nokian Cryo Crystal concept, new tread model, and innovations that improve winter grip.



Nokian WR SUV 3 – Extreme performance in snow and slush

The Nokian WR SUV feels at home in the varying European winter conditions, and it has excellent winter grip and driving feel. It can reliably master all of the surprises that winter has in store. The new symmetric and directional tread model, heavy siping, and the winter silica compound tailored for high-powered SUVs ensure an exceptionally stable driving feel and relentless grip even at high speeds.

The latest innovations



Nokian Cryo Crystal concept

First-class winter grip, more precise handling. Diamond-tough grip particles that have the appearance of a multi-edged crystal have been added to the rubber compound in order to improve grip on ice by grabbing onto the driving surface.

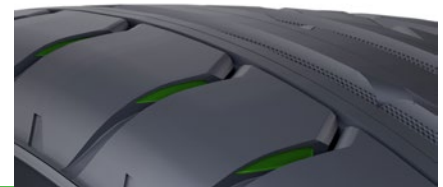
- > Nokian Hakkapeliitta R2
- > Nokian Hakkapeliitta R2 SUV



Grip claws

More grip on ice and snow. The grip claws located between the tread blocks improve grip on snow and ice, especially while braking and accelerating.

- > Nokian Hakkapeliitta R2
- > Nokian Hakkapeliitta R2 SUV



Swoop grooves

Effectively prevents aquaplaning. The elliptical slots on the transversal grooves on the inner shoulder store more water.

- > Nokian ZLine
- > Nokian Line

Industrial structure in place – ready to

accelerate



Nokian Tyres has factories in Nokia, Finland, and in Vsevolozhsk near St. Petersburg in Russia.

In connection with the Head office, product development and the manufacture of prototypes and test batches take place in Nokia. The Nokia factory manufactures passenger car tyres, heavy tyres and truck tyre treads. The annual capacity in Nokia factory in 2013 was around 3 million passenger car tyres and 18.5 thousand tonnes of heavy tyres.

The state-of-the-art Vsevolozhsk plant started operations in 2005, and the second Russian factory next to the first one commenced production in 2012. At the end of 2013 the 13 production lines have increased the Russian factories' annual capacity to approximately 15 million passenger car tyres. The company's investments in the Russian production plants has reached almost EUR 800 million. Tyres from Vsevolozhsk are delivered to over 40 countries, and Nokian Tyres is the largest exporter of consumer goods in Russia.

The combined output of the Nokia and Vsevolozhsk plants in 2012 was 15.0 million tyres and the annualized capacity at year-end was 18 million pcs. The company has an inbuilt capability to increase output rapidly without big investments to meet market growth.

The production costs of tyres are clearly lower in Russia than in Finland or other western countries. Production in Russia has been supported by tax relief based on the amount of investment and the location of the factory within customs barriers.

In addition to its own production facilities, the company has contract manufacturing in factories whose quality level meet Nokian Tyres' high requirements. The share of contract manufacturing in tyre sales in 2013 was around 3%.

Pavel Nagaev, Vsevolozhsk

Focus on customer needs

Our customers' needs are our top priority: We want to continuously improve our products and services creating a WOW effect.



Everyday contacts, joint development projects, as well as surveys and interviews, keep us in touch with our customers' desires. Most of their wishes are related to the various phases of our co-operation processes, such as logistics, marketing and product support. Nokian Tyres' strength lies in its flat organisation and its ability to quickly react to customer needs and changes in the market. We have personal, long-lasting relationships with many of our customers, and the sense of belonging to the Hakkapeliitta family is a strong binding factor.

Retail experts of great value

Consumers often find tyre purchases to be complicated and difficult. According to studies of purchasing behaviour, retailers play a crucial role in the process. It is important to both tyre manufacturers and consumers alike that the sales people are professional, know their products well, and are capable of helping consumers to select the right product for their needs. In addition to training events and personal guidance, Nokian Tyres has developed an online learning system that serves as a new tool in the training and guidance of tyre

retailers. Moreover, the company's technical customer service helps and advises distributors, consumers, professional users and other interest groups in the selection and use of tyres, as well as in any problematic situations.

Building loyalty, increasing product recommendations

For the purpose of quality and product development, it is important that tyre makers and developers hear about actual experiences and get feedback from the products' end users. Recently, the possibilities of establishing direct consumer contacts have significantly improved, thanks to the expansion of social media. Nokian Tyres has invested in tools that enhance direct dialogue online. As the company's online services have gained an increasingly community-oriented nature, the number of people committed to brand and recommending our products have significantly increased.

Season management

– a major competitive edge

The main markets of Nokian Tyres are served by the Group's own sales company or a representative with its own sales organisation. Typical customers include regional tyre wholesalers, tyre chains, car dealership chains and, as the latest addition, web shops. Since Nokian-branded tyre sales are of great importance to their business, the dealers are willing and well prepared to support and build the Nokian brand.

Focus on fluent logistics

Nokian Tyres has a strong focus on continuously developing its logistics. The good availability of tyres, as well as fast, accurate deliveries, play an increasing role in dealer customers' supplier choices. Well-functioning logistics also support Nokian Tyres' pricing position on the markets.

The company's innovative logistics solutions include the integration of order systems with customers, installation and packing lines tailored according to customer wishes, electronic transportation documentation management and utilizing container deliveries as a form of intermediate storage. The company is increasing the number of smaller, regional warehouses to gain a wider customer base, generate new sales and speed up its deliveries.

Competitive edge from strong presence in retail

One of Nokian Tyres' strategic aims is to get closer to the end users of the product. Comprehensive control over the distribution of its products enables the company to efficiently cut costs generated by additional links in the delivery chain, and it also helps to gain a better understanding of the end users and the reasons behind their purchase decisions. A wider distribution network also means greater visibility and a larger number of users recommending the company's products.

Nokian Tyres' Vianor tyre chain plays an important and growing role in the sales of Nokian-branded tyres, with a considerable part of the Group's sales handled through Vianor outlets. In addition to expanding the Vianor chain, Nokian Tyres is building the Nokian Tyres Authorized Dealer network in which dealer customers are engaged as committed, goal-oriented retail sellers under an agreement that covers training, marketing co-operation, and additional services. Nokian Tyres provides its dealers with a strong brand and innovative, continuously renewed, first-rate products, whose sales are profitable business for dealers. Enhanced customer service in peak seasons and the use of Vianor's chain for deliveries ensure that dealers get the tyres they need even during the busiest weeks of the season, when demand is at its highest.

Target markets

Nokian Tyres made sales in 67 different countries in 2013. Russia, Finland, Germany, Sweden and Norway combined formed 74% of the manufacturing units' total sales.

Sales companies

Finland (parent company), Sweden, Norway, Russia, Ukraine, Belarus, Kazakhstan, Germany, Switzerland, Czech Republic, USA, Canada and China.

Vianor

Total 1,206 stores in 27 countries (183 own and 1,023 franchising and partner). Nordic and Baltic countries 297, Russia and CIS countries 621, Central and Eastern Europe 238, USA 50 stores.

Nokian Tyres Authorized Dealers

The first 432 stores were contracted in 2013 in Italy, Germany, China, Bulgaria and Ukraine.

The goal is to expand to 4-5 new countries and to double the amount of NADs in 2014.

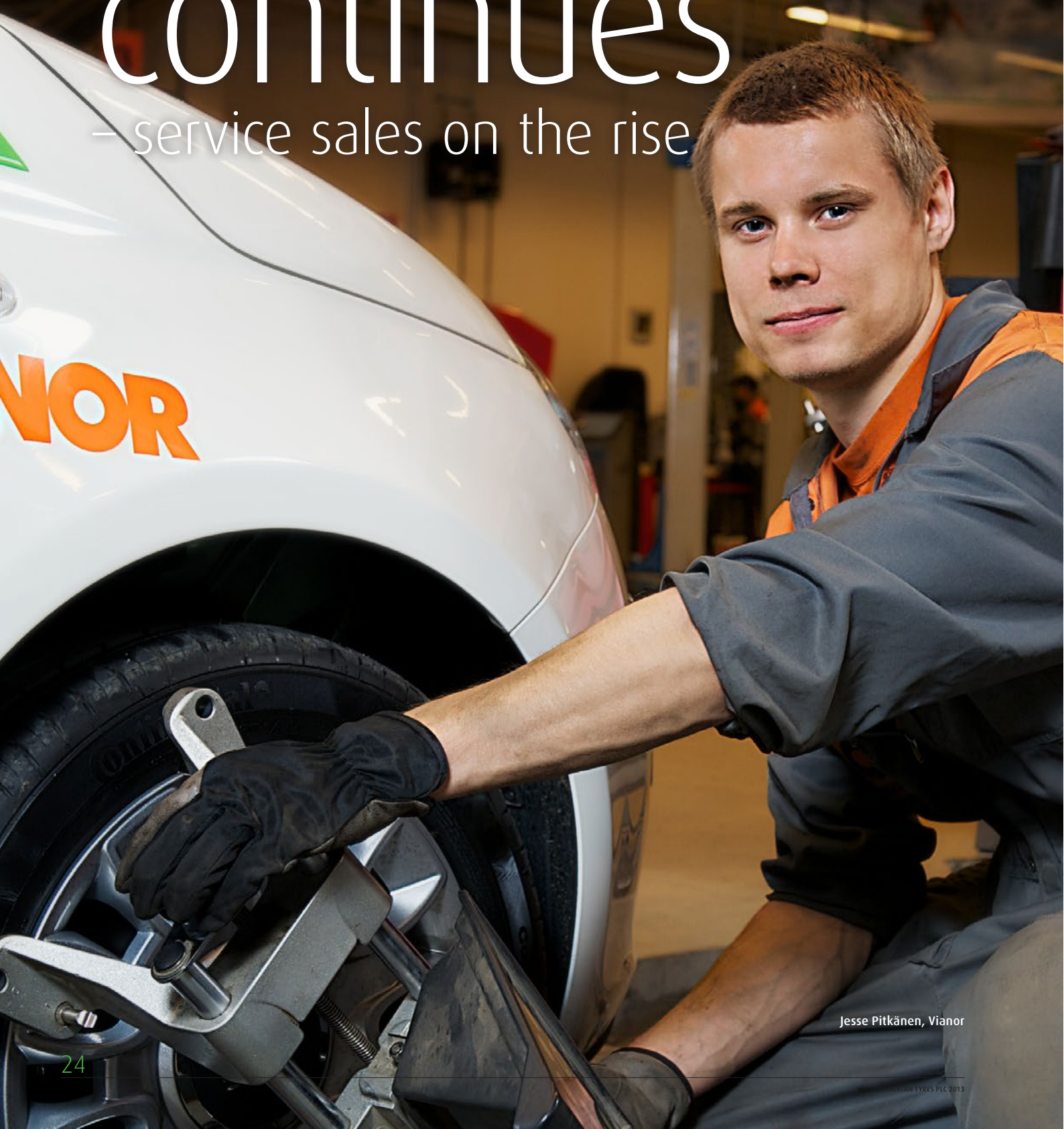
Russia

The Hakka Guarantee network and other retail partners working closely with Nokian Tyres in Russia comprised nearly 3,300 tyre stores, Vianor shops, car dealers, and web shops. A new retail concept, NTYRE was launched with first 12 shops in Russia.

VIANOR

Expansion continues

– service sales on the rise



Jesse Pitkänen, Vianor



Vianor is the biggest tyre chain in the Nordic countries, Russia and the CIS countries in terms of size and reach. In year-end 2013, Vianor chain comprised of 1,206 stores in 27 different countries in Nokian Tyres' core markets. Most of the stores operate on a franchising/partnership principle. The chain grew with 169 new outlets during 2013. Vianor had 183 equity-owned stores and Net sales amounted to EUR 312.5 million.

Vianor offers tyres for all major vehicles: passenger cars, vans, trucks and heavy machinery. In addition to Nokian-branded tyres, Vianor sells other leading tyre brands and a variety of motoring products, such as rims, batteries, and shock absorbers. Apart from retail sales, Vianor conducts wholesale and fleet customer sales. The heavy season fluctuations in tyre retail sales pose challenges for the year-round profitability of traditional tyre outlets. Therefore, Vianor's service range also includes tyre changes and mounting, as well as oil changes, car servicing and tyre hotels in some outlets. The goal is to make servicing a key part of Vianor's growth and profitability.

In its own sales outlet network, Vianor's key objective is to maximize the sales of Nokian-branded tyres, to maintain the target price level, and to develop service concepts and processes. Co-operation between Vianor and Nokian Tyres manufacturing brings synergy benefits. Advanced data systems improve planning, monitoring and reporting. Vianor offers Nokian Tyres a direct communication channel to the end user and provides the company with valuable information that can be used in service development.

In 2013, Vianor achieved its strategic goals: it was the price leader and offered the best network for the retail and wholesale of Nokian Tyres' products in its core market regions. Vianor also improved its winter tyre market shares in the Nordic countries. The service revenues continued to increase. The gradual change of operating model from tyre sales to full car service in the stores continued with investments and local acquisitions of car service shops. A total of 45 companies were purchased and their car servicing operations were integrated into existing Vianor outlets at the end of 2013.

Partner network growing with new concepts

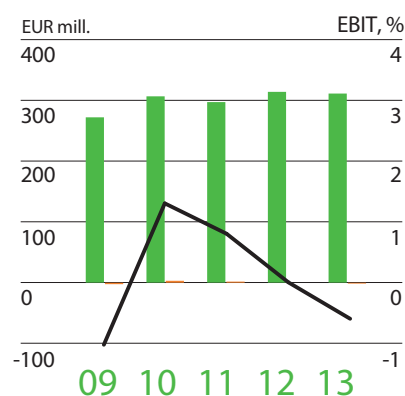
The Vianor tyre chain spearheads the Group's growth in markets that are strategically important to Nokian Tyres. Vianor is the leading tyre chain in the regions where it operates, building a foundation for permanent market shares for the Group's products.

The Vianor concept offers several business-friendly services to entrepreneurs in the partner network, such as strong brands, training

and technical support. Vianor outlets get support for advertising and sales promotion, and guaranteed quick deliveries especially during the peak season. At the end of 2013, Vianor had operations in 27 countries; most extensively in the Nordic countries, Russia and Ukraine.

New retail chain concepts are being launched for different needs in different areas. A new softer partner franchise model Nokian Tyres Authorized Dealer (NAD) has been rolled out with first 432 shops contracted in Europe and China. In Russia the Hakka Guarantee network and other retail partners working closely with Nokian Tyres comprised of nearly 3,300 stores.

VIANOR:
Net sales, operating result
and operating result%



	2009	2010	2011	2012	2013
Net sales	273.2	307.9	298.4	315.3	312.5
Operating result	-3.0	4.0	2.3	0.0	-1.8
Operating result%	-1.1	1.3	0.8	0.0	-0.6

NOKIAN HEAVY TYRES

The leading forestry tyre manufacturer



Nokian Heavy Tyres focus on high-quality special tyres. The key product groups are forestry tyres, harbour and mining tyres, special agricultural tyres and a variety of industrial tyres. The unique qualities of the products arise from the knowledge of extreme driving conditions and respect for nature. Key products are manufactured in Nokia, Finland. Key markets include the Nordic countries, as well as Central and Southern Europe, the USA and Canada, Russia and the CIS countries. Nokian Heavy Tyres is known for its professional, flexible customer service.

Nokian Heavy Tyres has a global market share of 30% in forestry tyres. The company has designed special tyres for forestry machines deploying the modern CTL (cut-to-length) method invented in the Nordic countries in the 1960s. Today it is the global market leader in this field. The company has the benefit of being closely located to the world's leading machine and equipment manufacturers. Co-operation in product development and testing has been intense. Sales to Original Equipment manufacturers have accounted for approximately 40% of the unit's net sales. The customers of Nokian Heavy Tyres appreciate tyres that are functional and economical overall. For them, economic hourly usage costs of tyres and machines are more important than low purchase prices.

Improved structure, recovering forestry tyre demand

In 2013 Net sales of Nokian Heavy Tyres totalled 96 million euros, and Operating profit was 10 million euros. To summarize the year, there was generally weak demand in special heavy tyres and machine building in Europe was slowing down. However, Nokian forestry tyre order book started to grow towards the end of 2013. Margins were supported by flat ASP in a challenging market, lower raw material cost and improved productivity.

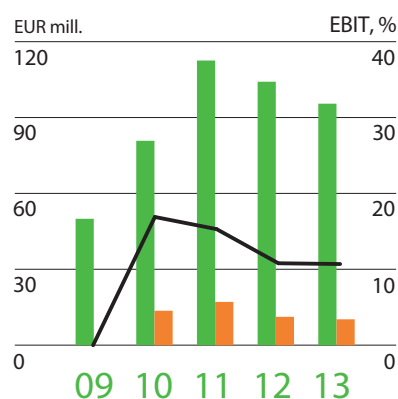
The production output was optimized and to control the inventory level, ending up 11% below the output tonnes in 2012. An investment program has been in progress to modernize the factory, to open bottlenecks in production and to increase radial tyre output. The upgrade of the factory will be completed in the beginning of 2014. The structural changes in manufacturing already reduced manning and improved product quality, flexibility, and productivity in 2013.

Nokian Heavy Tyres successfully developed its distribution network. New distribution agreements and an increase in the number of Vianor Industrial stores further improved customers' opportunities for personal technical service.

The Truck tyre division has been integrated to the Heavy Tyres division from the beginning of 2014. Synergies are expected to materialize both in sales and in fixed costs already in 2014.

NOKIAN HEAVY TYRES:

Net sales, operating profit and operating profit%



	2009	2010	2011	2012	2013
Net sales	50.1	81.0	112.8	104.4	95.7
Operating profit	0.0	13.7	17.2	11.3	10.3
Operating profit%	0.0	16.9	15.3	10.8	10.7





NOKIAN TRUCK TYRES

Market shares up in core markets

The Nokian Truck Tyres unit focuses on truck tyres and retreading products for demanding conditions. The Nordic countries are the core markets, while the biggest growth opportunities are found in Russia, other CIS countries, as well as Central and Southern Europe.

High-quality truck tyres are developed in Finland and manufactured as outsourced contract manufacturing in plants whose level of quality satisfies the tough requirements of Nokian Tyres. New products, such as the Nokian Hakkapeliitta Truck product range, further improve the first-rate winter tyre selection.

Retreading materials, which are mainly used in truck tyres and tyres for industrial machinery, are manufactured at the plant in Nokia, Finland. Winter treads for truck tyres are the key retreading products.

Successful product development benefits from close and confidential co-operation with transport operators and companies. Tyres – both new and retreaded – must perform reliably, be durable and ensure excellent grip. A low rolling resistance reduces fuel consumption, which is particularly important in professional driving.

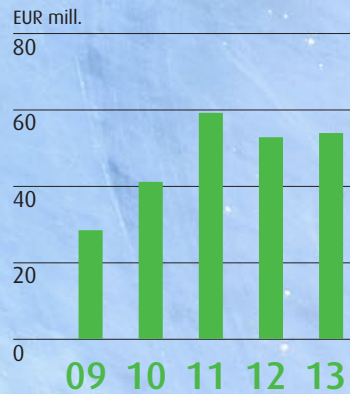
Profitable business with lean structure

In 2013 the truck tyre market was challenging in the Nordic countries with overall tyre industry sales down. Net sales of Nokian Truck Tyres increased to 54 million euros in 2013. Operating profit was 10 million euros. 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 premium winter tyre Hakkapeliitta Truck increased its share of total sales. The unit also continued its

expansion to Russia and CIS countries utilising the "Vianor Truck" service concept.

The Truck tyre division has been integrated to the Heavy Tyres division from the beginning of 2014.

NOKIAN TRUCK TYRES:
Net sales



	2009	2010	2011	2012	2013
EUR mill.	28.5	41.2	59.3	52.9	54.0



Opportunities

for contribution and
personal growth

Riikka Hyriäinen, R&D

The internal entrepreneurship, collaborative understanding and activity among our personnel all support competence development, profitable growth and the implementation of the strategy within our group. In our company, everyone has an opportunity for growth and personal development.

In our group, competence is developed in a strategic and proactive manner that addresses our future needs. As our company develops, and as we modernize our production processes and increase automation, 70% of the competence development takes place through on-the-job learning, 20% through learning from others, and 10% through traditional training. However, individuals always have the primary responsibility for developing their own competence. Personal development is supported by offering tailored internal training, vocational degrees, joint training within company networks, and internal job rotation. We support internal job rotation by arranging internal recruitment before posting open positions outside the company.

One essential tool for developing competence is our global Hakkapeliitta eAcademy online training portal. Its services are accessible by our personnel as well as our retailers and partners. We continually develop the content of Hakkapeliitta eAcademy. Currently, we offer over 40 courses in up to 17 different languages on topics ranging from strategy to product training.

In 2013, we focused on the training of production and maintenance supervisors in Russia and in Nokia, Finland. In Nokia, we also completed our additional two-year training programme for maintenance.

We extensively develop well-being

Well-being and equal treatment of our personnel are cornerstones of our operations, and we have a long history in their development. For decades, we have tracked the well-being at work of our personnel by carrying out an annual survey. In the fall of 2013, we introduced our new "Drive!" personnel research concept, which is a more effective tool

for developing our organization as well as identifying the strengths and areas for improvement within the operation of the work community. At the core of the research concept is engagement, which measures our personnel's positive attitude toward their own work, the organization, and the values it represents, as well as their willingness to go above and beyond their duties in order to achieve organizational goals. The opportunity to use external reference data in the interpretation of the results brings added value to the concept and enables taking into account country-specific cultural factors when comparing different units. The personnel research is carried out every other year, and it provides more time to effectively implement and track the measures taken at different units.

Overall, we look at the well-being of our personnel broadly with a perspective on the individual, work community, work environment, and competence. We support physical well-being with sports activities and events as well as diverse club activities. Through collaboration with occupational health care services, we promote the working ability and health of our personnel and improve our sports and well-being services. Psychological well-being is promoted through the supervision of work for individuals and groups, training sessions, different work schedule arrangements, and personnel events.

Activities that focus on inventiveness support leadership and the work of supervisors, and they enable our personnel to positively affect their work and the work environment. The purpose of such activities is to actively involve the personnel in the operation of our company and the development of their own work and to extensively utilize the idea potential of the personnel. Contribution increases the well-being of the personnel and that leads to good results for individuals as well as our company.

Responsibility

Present in our everyday activities

The high quality, safety, and eco-friendliness of our products and the responsible development of the company in all of its areas are the keys to all of our activities. Responsibility means manufacturing safe and eco-friendly products, having the most advanced processes in the industry, maintaining the profitable growth of our company, and promoting the well-being and safety of our personnel.

In 2013, we published our first corporate social responsibility report in accordance with the GRI (Global Reporting Initiative) guidelines; it provides a more detailed view of the different areas of corporate responsibility than our earlier environmental report. The annual corporate social responsibility reporting further increases the transparency and openness of our activities, and it provides a good way of monitoring our activities and the effects of our work on the world around us.

Profitability and responsibility support each other

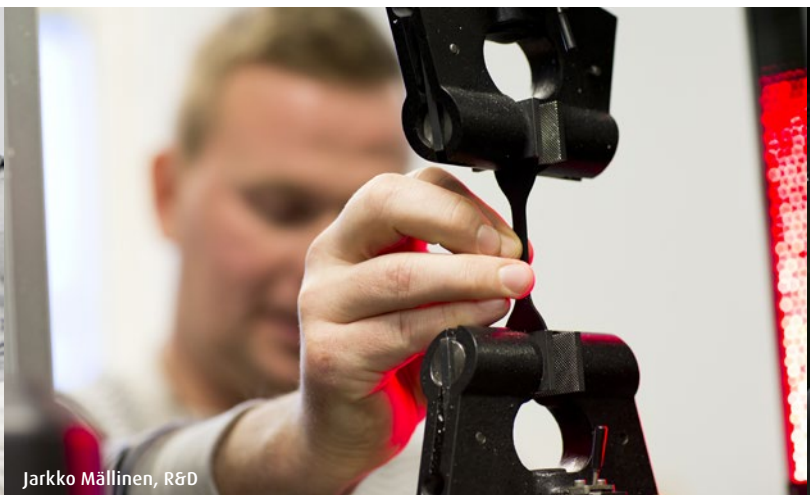
Since the beginning, environmental aspects and safety have been key factors in our product development, manufacturing, and marketing. As a company that takes corporate social responsibility seriously, we

take care of our personnel, customers, finances, the environment, and the quality and safety of our products. In addition to following all of the laws and regulations, we have always also aimed to exceed the limits set for our operations by doing things better than what is required and, at the same time, setting an example for the other companies in the tyre industry to follow.

We have a genuine desire to be a responsible pioneer in the tyre industry, and we have been able to develop our activities and build our success responsibly even under a general atmosphere of uncertainty and in an internationally challenging market situation. Our activities aim at growth and ensuring a common success and opportunities for further development. Profitable growth brings success and financial gain to our company, which in turn increases the well-being around us – from our investors to our personnel.



Kirsi-Marjut Dickman, Kalle Mikkonen, Katriina Markkula and Sami Helin



Jarkko Mällinen, R&D

Top quality is the key

The Quality and Process Development unit manages the environmental, health, and safety (EHS) issues as well as the quality and process development matters in our company. In addition to quality issues, its activities are focused on increasing the effectiveness of our key processes and in EHS management, whose goal is to prevent accidents in every area, to achieve uninterrupted production, and to ensure that the company remains a good corporate citizen.

In 2013, as per our goals, we received the automotive industry's ISO/TS 16949 approvals for all of our own factories. During the approval process, automatic error prevention functions were added to the production process, for example. Furthermore, the factories in Nokia and Vsevolozhsk, and our Swedish sales company Nokian Däck, are certified in accordance with the international ISO 14001 environmental management system standard and the ISO 9001 quality management system standard.

We continued to focus on achieving better quality for our products as well as our activities: modern production machinery and automatic measurement and confirmation functionalities that are built into our machines guarantee continuous high quality. The competence and quality attitude of our personnel and experts were improved by arranging quality training. We are using several different types of studies to stay current with and predict the needs of our customers: we want every customer to achieve a total, high-quality customer and user experience.

Safer work – healthier environment

We aim to manage the environmental effects of our products throughout their lifecycle, and to maintain a comprehensive and systematic approach to the safety and quality aspects of our activities. We strongly focus on the eco-friendliness of our products and processes. In accordance with the lifecycle approach, we take all of the environmental aspects into account from raw material acquisition to product design and the utilization of decommissioned tyres.

Several independent comparison tests show that our tyres are among the best in their class in terms of driving safety and environmental effects. We are committed to tackling the challenges of climate change. We will do our best to develop and manufacture products that help reduce the greenhouse effect, while maintaining a high level of safety.

We use risk management, continuous process development, and new investments to promote product and personnel safety. In 2013, we were successful in our efforts to reduce occupational accidents: the frequency of accidents at work was 40% lower than during the two previous years. We are visibly communicating and discussing safety, which has increased the activity of the personnel to report deviations at an even earlier stage than before. The development of safety culture will continue in 2014 across the entire group.

Working for our common well-being

We are interacting with different interest groups in order to develop our activities. We work while adhering to the ethical guidelines of our group; it is important for our company to do the right thing, both ethically and morally, and to take others into consideration. We are working to improve the well-being of our personnel in many different ways, from individual events to larger, long-term projects, such as the Hakkapeliitta Village.

The Hakkapeliitta Village is a social project the likes of which have not often been realized in Russia. In 2013, nearly 200 new apartments were built in the Hakkapeliitta Village that we constructed near our factory in Russia. The four buildings of the first phase were completed in 2009, and all of the apartments are located only 15 minutes away from our factories. The Hakkapeliitta Village has become a close-knit community whose inhabitants are happy with the high standard of living, the opportunities for exercise and daycare for children, and the safe and green environment.

Our group employs over 4,000 people around the world; together, we are building the unwavering and responsible success of our company.



Mikko Hangasmaa, Car Tyres



Residents of Hakkapeliitta Village

Management

31 December 2013



Kim Gran

Born 1954
President and CEO from 2000.
Bachelor of Science in Economics.
With the company since 1995.



Alexej von Bagh

Born 1968
Vice President, CEO of Vianor.
Master of Science (Eng.).
With the company since 1995.



Esa Eronen

Born 1957
Vice President, Production Service.
Technology Engineer.
With the company since 1988.



Rami Helminen

Born 1966
Vice President, Passenger Car Tyres.
Master of Economic Sciences.
With the company since 1990.



Teppo Huovila

Born 1963
Vice President, Quality.
Master of Science, MBA.
With the company since 1989.



Anne Leskelä

Born 1962
Vice President, Finance and Control & IR.
Master of Economic Sciences.
With the company since 1997.



Raimo Mansikkaoja
 Born 1962
 Director, Emerging Sales Channels.
 Master of Science, MBA.
 With the company since 1995.



Heikki Mattsson
 Born 1960
 Vice President, ICT.
 With the company since 2010.



Andrei Pantioukhov
 Born 1972
 Russian operations,
 General Manager, Vice President.
 MBA.
 With the company since 2004.



Manu Salmi
 Born 1975
 Vice President, Procurement.
 Master of Military Sciences,
 M.Sc. Economics.
 With the company since 2001.



Pontus Stenberg
 Born 1966
 Vice President, Nokian Heavy Tyres.
 Master of Economic Sciences.
 With the company since 2010.



Hannu Teininen
 Born 1960
 Vice President, Sales and Logistics.
 Engineer, MBA.
 With the company since 1984.



Antti-Jussi Tähtinen
 Born 1965
 Vice President, Marketing
 & Communications.
 Master of Arts.
 With the company since 2005.



Read QR Code with your smart phone or look at details of Management at www.nokiantyres.com/top-management

Board of Directors

31 December 2013



Petteri Walldén

Year of birth: 1948.
Master of Science (Engineering).
Member of the Board since 2005 and
Chairman. Chairman of the Nomination
and Remuneration Committee.
Independent of the company.
Shares: 14,343 pcs.



Kim Gran

Year of birth: 1954.
Bachelor of Science in Economics.
President and CEO of Nokian Tyres plc
since 2000.
Member of the Board since 2002.
Shares: 19,000 pcs.



Alexsey Vlasov

Year of birth: 1957.
Medical doctor.
Vice President, Synttech Group.
Member of the Board since 2006.
Independent of the company.
Shares: 5,871 pcs.



Hille Korhonen

Year of birth: 1961.
Licentiate of Science (Technology).
President and CEO, Alko Inc.
Member of the Board since 2006.
Member of the Nomination and
Remuneration Committee.
Independent of the company.
Shares: 5,871 pcs.



Hannu Penttilä

Year of birth: 1953.
Master of Laws.
CEO, Stockmann plc.
Member of the Board since 1999.
Member of the Nomination and
Remuneration Committee and Tax
Inspection Committee.
Independent of the company.
Shares: 7,499 pcs.



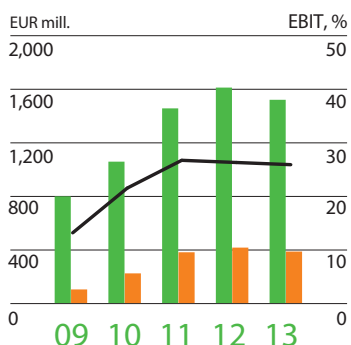
Risto Murto

Year of birth: 1963.
Doctor of Science (Economics),
Master of Science (Economics).
CIO, Executive Vice President Varma
Mutual Pension Insurance Company.
Member of the Board since 2012.
Member of the Nomination and
Remuneration Committee and Tax
Inspection Committee.
Independent of the company.
Shares: 1,202 pcs.



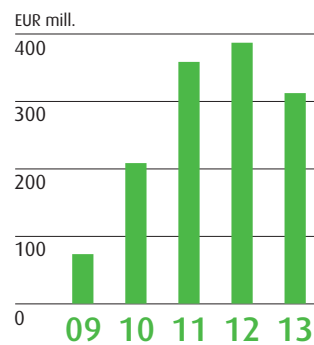
Read QR Code with your smart phone or look at details of Board of Directors including main positions of trusts as well as main job experience at www.nokiantyres.com/board-of-directors

Net sales, Operating profit and Operating profit%



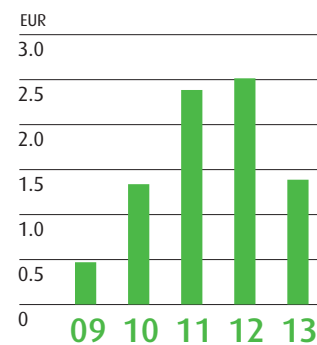
	2009	2010	2011	2012	2013
Net sales	798.5	1,058.1	1,456.8	1,612.4	1,521.0
Operating profit	102.0	222.2	380.1	415.0	385.5
Operating profit%	12.8	21.0	26.1	25.7	25.3

Profit before tax



	2009	2010	2011	2012	2013
EUR mill.	73.5	208.8	359.2	387.7	312.8

Earnings per share



	2009	2010	2011	2012	2013
EUR	0.47	1.34	2.39	2.52	1.39

Net sales by market area

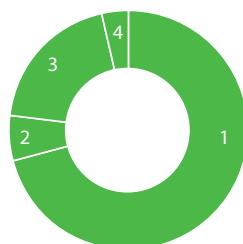
Share of group's sales, %



	2012	2013
1. Finland	14%	14%
2. Sweden	10%	11%
3. Norway	10%	11%
4. Russia and CIS	35%	34%
5. Central and Eastern Europe	23%	22%
6. North America	7%	7%

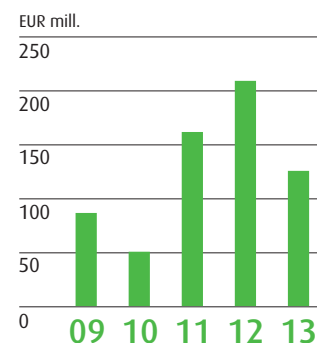
Net sales by profit centre

Share of group's sales, %



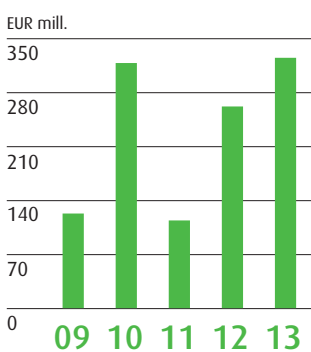
	2012	2013
1. Passenger Car Tyres	1,220.1	1,137.0
2. Heavy Tyres	104.4	95.7
3. Vianor	315.3	312.5
4. Truck Tyres	52.9	54.0

Gross investment



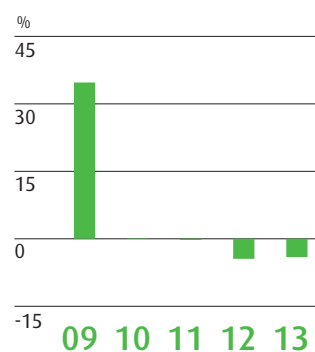
	2009	2010	2011	2012	2013
EUR mill.	86.5	50.5	161.7	209.2	125.6

Cash flow from operations



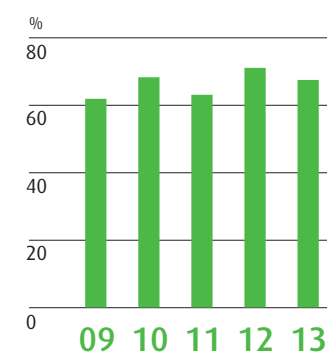
	2009	2010	2011	2012	2013
EUR mill.	123.1	318.8	114.1	262.3	325.6

Gearing



	2009	2010	2011	2012	2013
%	34.8	0.1	-0.3	-4.5	-4.1

Equity ratio



	2009	2010	2011	2012	2013
%	62.0	68.4	63.2	71.2	67.6

EUR million	1.1.-31.12.	Notes	2013	2012
Net sales		(1)	1,521.0	1,612.4
Cost of sales		(3)(6)(7)	-819.9	-900.7
Gross profit			701.0	711.7
Other operating income		(4)	3.9	1.9
Selling and marketing expenses		(6)(7)	-249.1	-238.5
Administration expenses		(6)(7)	-36.6	-34.7
Other operating expenses		(5)(6)(7)	-33.8	-25.4
Operating profit			385.5	415.0
Financial income		(8)	104.3	89.8
Financial expenses ⁽¹⁾		(9)	-177.0	-117.1
Profit before tax			312.8	387.7
Tax expense ^(2,3)		(10)	-129.1	-56.8
Profit for the period			183.7	330.9
Attributable to:				
Equity holders of the parent			183.7	330.9
Non-controlling interest			0.1	0.0
Earnings per share (EPS) for the profit attributable to the equity holders of the parent:		(11)		
Basic, euros			1.39	2.52
Diluted, euros			1.39	2.46
CONSOLIDATED OTHER COMPREHENSIVE INCOME				
Result for the period			183.7	330.9
Other comprehensive income, items that may be reclassified subsequently to profit and loss, net of tax				
Gains/Losses from hedge of net investment in foreign operations		(10)	-1.9	-13.4
Cash flow hedges		(10)	0.8	0.5
Translation differences on foreign operations			-65.6	33.9
			-66.7	21.0
Total comprehensive income for the period			117.0	351.9
Total comprehensive income attributable to:				
Equity holders of the parent			117.1	351.9
Non-controlling interest			0.1	0.1

¹⁾ Financial expenses in 2013 contain EUR 20.2 million expensed punitive interests for tax reassessment decisions on years 2007-2010.

²⁾ Tax expense in 2013 contains EUR 80.1 million expensed additional taxes with punitive tax increases for tax reassessment decisions on years 2007-2010.

³⁾ Otherwise tax expense in the consolidated income statement is based on the taxable result for the period.

EUR million	1.1.-31.12.	Notes	2013	2012
ASSETS				
Non-current assets				
Property, plant and equipment		(12)(13)	683.8	692.5
Goodwill		(2)(14)	69.9	67.9
Other intangible assets		(14)	24.7	26.4
Investments in associates		(16)	0.1	0.1
Available-for-sale financial assets		(16)	0.3	0.3
Other receivables		(15)(17)	11.3	18.2
Deferred tax assets		(18)	8.8	5.4
			798.8	810.8
Current assets				
Inventories		(19)	322.1	314.9
Trade and other receivables		(20)(29)	503.5	451.4
Current tax assets			13.8	12.3
Cash and cash equivalents		(21)	424.6	430.3
			1,264.1	1,208.9
Total assets		(1)	2,062.9	2,019.6
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
		(22)(23)		
Share capital			25.4	25.4
Share premium			181.4	181.4
Translation reserve			-128.5	-61.0
Fair value and hedging reserves			-0.7	-1.5
Paid-up unrestricted equity reserve			97.1	79.3
Retained earnings			1,217.9	1,213.2
			1,392.5	1,436.8
Non-controlling interest				
			0.2	0.3
Total equity			1,392.8	1,437.2
Liabilities				
Non-current liabilities				
		(24)		
Deferred tax liabilities		(18)	36.1	34.9
Provisions		(25)	0.1	0.1
Interest-bearing financial liabilities		(26)(27)(29)	185.8	323.1
Other liabilities			3.5	3.5
			225.4	361.7
Current liabilities				
Trade and other payables		(28)	255.2	161.3
Current tax liabilities			4.0	13.2
Provisions		(25)	3.1	4.3
Interest-bearing financial liabilities		(26)(27)(29)	182.4	42.0
			444.7	220.8
Total liabilities		(1)	670.1	582.5
Total equity and liabilities			2,062.9	2,019.6

EUR million	1.1.-31.12.	Notes	2013	2012
Cash flows from operating activities:				
Cash receipts from sales			1,469.9	1,577.9
Cash paid for operating activities			-1,045.5	-1,091.3
Cash generated from operations			424.3	486.6
Interest paid			-56.3	-45.0
Interest received			3.4	3.9
Dividends received			0.0	0.0
Income taxes paid			-53.9	-56.8
Net cash from operating activities (A)			317.6	388.7
Cash flow from investing activities:				
Acquisitions of property, plant and equipment and intangible assets			-151.8	-206.4
Proceeds from sale of property, plant and equipment and intangible assets			11.2	5.1
Acquisitions of Group companies, net of cash acquired		(2)	-2.7	-2.1
Change in Non-controlling interest			0.0	0.0
Net cash used in investing activities (B)			-143.4	-203.4
Cash flow from financing activities:				
Proceeds from issue of share capital		(22)	17.8	43.9
Change in current financial receivables			-1.2	0.0
Change in non-current financial receivables			3.8	-1.5
Change in financial current borrowings			-39.5	-233.7
Change in financial non-current borrowings			32.8	128.0
Dividends paid			-191.9	-156.6
Net cash from financing activities (C)			-178.1	-219.9
Net increase in cash and cash equivalents (A+B+C)			-4.0	-34.5
Cash and cash equivalents at the beginning of the period			430.3	464.5
Effect of exchange rate fluctuations on cash held			-1.8	0.3
Cash and cash equivalents at the end of the period		(21)	424.6	430.3
			-4.0	-34.5

Annual General Meeting 2014

The Annual General Meeting of Nokian Tyres plc will be held at Tampere-talo, in Tampere, Finland; address Yliopistonkatu 55 on Tuesday 8 April 2014, starting at 4 p.m. Registration of attendants and the distribution of ballots will begin at 3 p.m.

Shareholders registered by no later than 27 March 2014 in the company's shareholder register, which is maintained by Euroclear Oy are entitled to attend the Annual General Meeting.

The Annual Report, including the company's annual accounts, the Report of the Board of Directors and the Auditors Report is available on the company's website no later than 18 March 2014. Read more from the internet www.nokiantyres.com/AGM2014.

Dividend payment

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.45 per share be paid for the financial year 2013. The record date for the dividend payment will be 11 April 2014 and the dividend payment date 25 April 2014, provided that the Board's proposal is approved.

Share register

Shareholders are requested to notify any changes in their contact information to the bookentry register in which they have a bookentry securities account.

Financial reports

Nokian Tyres will publish financial information in Finnish and in English as follows:

- Interim Report for three months on 7 May 2014
- Interim Report for six months on 8 August 2014
- Interim Report for nine months on 31 October 2014
- Financial Statements Bulletin 2014 on 5 February 2015
- Annual Report 2014 on March 2015

Nokian Tyres publishes its Interim Reports, Financial Statements Bulletin and Annual Report on the internet at www.nokiantyres.com.

Principles of investor relations

The goal of Nokian Tyres' investor relations is to regularly and consistently provide the stock market with essential, correct, sufficient and up-to-date information used to determine the share value. The operations are based on equality, openness, accuracy and good service.

The Management of Nokian Tyres is strongly committed to serving the capital markets. The company's President & CEO and CFO are the main parties dealing with and answering questions from analysts and investors.

Nokian Tyres adopts a three-week period of silence before the publication of financial information and a six week period of silence before the publication of the Financial Statements Bulletin.

Analyst and investor meetings are mainly held both in Finland and abroad in conjunction with the publication of the company's financial results. At other times analysts and investors are mainly answered by phone or email.

Questions from analysts and investors:

Kim Gran, President and CEO
tel. +358 10 401 7336
email: ir@nokiantyres.com

Anne Leskelä, CFO, Investor Relations
tel. +358 10 401 7481
email: ir@nokiantyres.com
Requests for meetings and visits:

Request for meetings and visits:

Raija Kivimäki, Assistant to President and CEO
tel. +358 10 401 7438
email: ir@nokiantyres.com
Fax: +358 10 401 7378

Investor information:

Antti-Jussi Tähtinen, Vice President, Marketing and Communications
tel. +358 10 401 7940
email: info@nokiantyres.com

Anne Aittoniemi, Communications Assistant
tel. +358 10 401 7641
email: info@nokiantyres.com
Fax: +358 10 401 7799

Address:

Nokian Tyres plc
P.O. Box 20
(Visiting address: Pirkkalaistie 7)
FI-37101 Nokia

Nokian Tyres' share price development 1 January 2009 – 31 December 2013



Annual Report and Financial Review 2013

Nokian Tyres Financial Statements Bulletin/Financial Review 2013 is available only in electronic form on the company web site. Electronic Annual Report, above mentioned reports as well as contact details including analysts can be read from www.nokiantyres.com

