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Russian Tire Sales Give Nokian Boost in Q3

By The Moscow Times

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HELSINKI — Profits at winter car tire specialist Nokian Renkaat almost doubled in the third quarter, helped by strong demand in Russia where it is due to open a second production plant next year, the Finnish company said Friday.

Quarterly sales in Russia rose by 63.2 percent due to low inventories, stronger consumer demand, and easier credit for car buyers. The company said it expects the Russian market to be back at pre-crisis levels this year.

Retailers have had to restock after heavy snow in the past two winters emptied their inventories, it said.

Its operating profit rose to 95.4 million euros ($131 million) from 48.3 million a year ago, with profits for the first nine months doubling to 261 million euros.

"Our production output increased by 51 percent year on year, both factories running full utilization, but not enough to fully satisfy the growth in demand," chief executive Kim Gran said.

Nokian Renkaat has a strong focus in Russia, with a factory that currently produces 30,000 to 33,000 tires per day, as well as its own tire distribution chain, and plans to build a new tire plant in Vsevolozhsk, near St. Petersburg.

The new plant is due to raise its annual production capacity in Russia by 6 million tires to up to 21 million tires by 2014.

The company also said natural rubber prices are leveling off after a strong increase earlier in the year, also bolstering the company's bottom line.

Gran said the company, which also has a plant in Finland, is mulling another plant project in Eastern Europe.

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