2016

Interim Report 1-3/2016

4 May 2016

Nokian Tyres plc Interim Report 4 May 2016, 8 a.m.

Sales grew in CE and Nordics, profitability improved

January-March 2016

- Net sales decreased by 1.9% to EUR 275.8 million (281.3 in 1-3/2015). Currency rate changes affected net sales negatively by EUR 14.6 million compared with the rates in 1-3/2015.
- Operating profit increased by 4.6% to EUR 50.5 million (48.3). Operating profit percentage was 18.3% (17.2%).
- Profit for the period decreased by 70.5% to EUR 39.9 million (135.3). In Q1/2015, the company returned the 2007-2010 total additional taxes and punitive interests of EUR 100.3 million to the financial result, based on the annulment decision made by the Board of Adjustment of Finnish Tax Administration. Excluding the tax decision, profit for the period increased by 13.8% compared to Q1/2015.
- Earnings per share were EUR 0.30 (1.02).
- Cash flow from operating activities EUR -61.4 million (-16.8) was affected by the payment of EUR 51.0 million of additional taxes with punitive tax increases and interests concerning the tax years 2007-2010.

Financial guidance (updated)

In 2016, with current exchange rates, net sales and operating profit are to remain at the same level compared to 2015. Q2/2016 will be weaker than Q2/2015 due to sales shifting nearer to the season and customers' high winter tyre inventory levels in Russia and North America.

Previous guidance (5 Feb 2016)

In 2016, with current exchange rates, net sales and operating profit are to remain at the same level compared to 2015.

Key figures, EUR million

	1-3 /16	1-3 /15	Change %	4-6/ 15	7-9/ 15	10-12/ 15	2015
Net sales	275.8	281.3	-1.9	345.5	311.0	422.3	1,360.1
Operating profit	50.5	48.3	4.6	80.6	72.4	94.8	296.0
Operating profit %	18.3	17.2		23.3	23.3	22.5	21.8
Profit before tax	48.5	63.5	-23.7	73.2	64.6	72.9	274.2
Profit for the period	39.9	135.3	-70.5	64.5	57.7	-16.8	240.7
Earnings per share, EUR	0.30	1.02	-70.8	0.48	0.43	-0.13	1.80
Equity ratio, %	74.5	71.7					70.8
Cash flow from operating activities	-61.4	-16.8					283.4
Gearing, %	-8.5	-8.0					-16.9
Interest-bearing net debt	-111.8	-112.6					-209.7
Capital expenditure	19.1	21.9	-12.9	26.3	24.5	29.0	101.7

Ari Lehtoranta, President and CEO:

“Our market performance has started in line with our expectations. Challenges in Russia continue with declining new car sales and tyre market. Winter tyre deliveries both for North America and Russia have been lower than last year because of the higher customer inventory levels. We have been able to increase summer tyre sales in all our markets and winter tyre sales especially to Central Europe. We have gained market share in most of our markets keeping our strong position in the Nordics.

Heavy Tyres’ sales remained at the last year’s level but the profitability improved. Productivity continued to develop with double-digit numbers in Heavy Tyres and 4% in Passenger car tyres. Vianor’s results were impacted by later start of the spring season.

Production volumes were higher than last year. The raw material cost decline continued and our lower production cost supported profitability. Negative impact came from the ASP development. ASP was impacted by currencies and several mix issues, but also by local price reductions. Negative ASP development took down the net sales by 1.9% from last year. Currencies caused a EUR 14.6 million negative impact; thus the net sales would have grown by 3% with comparable currencies. All above resulted in improved profitability. Operating profit improved by 4.6% from last year.

The growth of our branded distribution network was slower. The number of Vianor, NAD and N-Tyre outlets in our network grew by 18, and the current number of Vianor stores is 1,475 and the NAD/N-Tyre network has already grown to 1,377 stores. Economic situation in Russia and CIS causes some slowdown in the growth of the network as some partner outlets have been closed.

We reiterate our full year guidance. As said already in February, the sales will be more second half weighted this year than last year. Considering all the timing changes of the deliveries, the second quarter will be weaker than corresponding quarter last year.

In the first months of the year we had some excellent but also negative news. We managed to make a common agreement for the Nokian passenger car tyre factory. The agreement increases the flexibility of the production and guarantees our employees at least two and a half years of relief of layoffs. Immediately after this we told about the magazine test practices from the past and how we corrected them in our own processes. We continue working with all relevant parties to develop industry-wide test principles.

Thanks again for our employees in delivering good results in a difficult environment. Our customers in distribution are very satisfied with recent developments on how we support and service them. I am proud of what we do and, after correcting the practices in magazine tests, also proud of the way we do things. This gives me confidence on a positive future.”

Market situation

The global economy is likely to see continued subdued growth in 2016 and 2017, despite the boost from low oil prices, low interest rates and less drag from emerging markets. However, the worst market turbulence is already behind us. Although the projected recovery is rather shallow and surrounded by uncertainty, the risk of a global recession in 2016 is low. It is estimated that the global GDP will grow by 3.1% in 2016. The GDP growth estimates for the Nordic countries are +0.5% – +3.8%, for Europe (including Nordics) +1.3% and for the US +2.0%. In Russia, the GDP is expected to further decline by 1% – 2%.

In the Nordic countries, new car sales increased in January-March 2016 by 9% year-over-year. The market volume of car tyres showed an increase of 1% vs. Q1/2015, for the full year 2016, the increase is expected to remain stable.

In Europe, sales of new cars increased in the first quarter by 8% year-over-year. Car tyre sell-in to distributors was up 3% year-over-year, with winter tyre demand increasing by 18%. Overall tyre demand is estimated to grow slightly in Central Europe in 2016. Pricing pressure is, however, tight.

In the US, estimated new car sales were up by 3% in Q1/2016 vs. Q1/2015. The market volume of car tyres was up by 6% year-over-year. Car tyre demand in North America is expected to grow by 0.3% in 2016 year-over-year.

In Russia, sales of new cars in Q1/2016 continued to decline: the whole quarter showed a decline of 17% and March was down by 10% vs. the same period last year, which resulted in the market being at historically its lowest levels. The car manufacturers talk about gradually moving closer to hitting the bottom. The whole year decline is likely to be in the range of 10 – 20% vs. 2015. Overall tyre market sell-out is expected to decline by ~10 – 15% vs. 2015 and sell-in by ~15 – 20% due to high carry-over stocks from season 2015. Russia's economic decline has slowed down but has not turned into growth yet. Russia's Central Bank estimates annualized GDP decline to reach 1.7 – 2.5% in Q1/2016. Russian consumers' purchasing power remains weak. The performance of the economy will depend on the oil price scenario and the rouble exchange rate.

The global demand for special heavy tyres continued to vary strongly between product and market areas in January–March 2016. OE forestry tyre demand continued to be strong. The increased use of wood and good profitability of pulp manufacturers will also support forestry machine and tyre demand during the following quarters.

In the first quarter of 2016, the sell-in of premium truck tyres was up by 6% in Europe, while in the Nordic countries demand was down by 13%. Demand in North America showed growth. In Russia, demand for premium truck tyres increased by 22% compared to Q1/2015. Truck tyre demand in 2016 is estimated to show some increase or to be at the same level as in the previous year in all Nokian Tyres' western markets; in Russia, demand is expected to remain weak even though there was growth in Q1.

Raw materials

Raw material costs (EUR/kg) for Nokian Tyres were down by 12.2% in Q1/2016 year-over-year. Raw material costs are estimated to decrease by around 5% in the full year 2016, providing a tailwind of approximately EUR 15 million versus 2015.

JANUARY-MARCH 2016

Nokian Tyres Group recorded net sales of EUR 275.8 million (281.3) and a decrease of 1.9% compared to Q1/2015. Currency rate changes cut net sales by EUR 14.6 million.

Net sales development by market areas

	Growth%	% of total sales in 1-3/2016	% of total sales in 1-3/2015
Nordic countries	3.5	40.8	38.2
Russia and CIS	-29.0	19.1	26.1
Other Europe	17.7	25.2	20.8
North America	-5.7	13.9	14.3

Net sales development by business units

	Growth%	% of total sales in 1-3/2016	% of total sales in 1-3/2015
Passenger Car Tyres	-2.5	68.9	69.1
Heavy Tyres	-0.2	12.8	12.5
Vianor	-2.3	18.3	18.3

The raw material cost (EUR/kg) in manufacturing decreased by 12.2% year-over-year and decreased by 5.8% versus the fourth quarter of 2015. Fixed costs amounted to EUR 96.1 million (94.4), thereby accounting for 34.8% (33.6%) of net sales. Total salaries and wages were EUR 44.2 million (44.9).

Nokian Tyres Group's operating profit amounted to EUR 50.5 million (48.3), an increase of 4.6% compared with Q1/2015. The operating profit was negatively affected by the IFRS 2-compliant accrual for share option and performance share plans of EUR 2.7 million (1.9) and expensed credit losses and provisions of EUR 4.2 million (1.8).

Net financial expenses were EUR 2.0 million (-15.3). Net interest expenses were EUR 1.6 million (-17.7). In Q1/2015, financial expenses were adjusted with a EUR 20.2 million reversal of interest on back tax as the reassessment decision on the years 2007-2010 was annulled and returned to the Tax Administration for reprocessing. Net financial expenses include EUR -0.4 million (-3.2) of the exchange rate differences.

Profit before tax was EUR 48.5 million (63.5). Profit for the period amounted to EUR 39.9 million (135.3), and the EPS were EUR 0.30 (1.02). In Q1/2015, the company returned the 2007-2010 total additional taxes and punitive interests of EUR 100.3 million to the financial result based on the annulment decision made by the Board of Adjustment of Finnish Tax Administration. Excluding the tax decision, profit for the period increased by 13.8% compared to Q1/2015.

Cash flow from operating activities EUR -61.4 million (-16.8) was affected by the payment of EUR 51.0 million of additional taxes with punitive tax increases and interests concerning the tax years 2007-2010. Company received the reassessment decisions of EUR 94.1 million in December 2015 and in January 2016. Tax administration had already earlier set off EUR 43.1 million of the amount despite the stay of execution.

Investments

Investments in the review period amounted to EUR 19.1 million (21.9). This comprises production investments in the Russian and Finnish factories, moulds for new products, ICT and process development projects and the Vianor expansion projects.

Financial position on 31 March 2016

The gearing ratio was -8.5% (-8.0%). Interest-bearing net debt amounted to EUR -111.8 million (-112.6). Equity ratio was 74.5% (71.7%).

The Group's interest-bearing liabilities totalled EUR 221.7 million (285.7), of which the current interest-bearing liabilities amounted to EUR 21.4 million (0.0). The average interest rate for interest-bearing liabilities was 3.2% (3.9%). Cash and cash equivalents amounted to EUR 333.5 million (398.3).

At the end of the review period, the company had unused credit limits amounting to EUR 508.6 million (607.3), of which EUR 155.7 million (255.7) were committed. The current credit limits and the commercial paper program are used to finance inventories, trade receivables and subsidiaries in distribution chains and thus control the typical seasonality in the Group's cash flow.

Tax rate

Dispute concerning 2007-2010

In April 2015, the Board of Adjustment of the Finnish Tax Administration annulled the reassessment decision from the Tax Administration, according to which the Company was obliged to pay EUR 100.3 million in additional taxes with punitive tax increases and interest concerning the tax years 2007-2010, and returned the matter to the Tax Administration for reprocessing. According to the Board of Adjustment, the Tax Administration neglected the obligation to hear the taxpayer. Because of the procedural fault by the Tax Administration, the Board of Adjustment annulled the decision without considering the actual substance of the matter.

The Company returned the 2007-2010 total additional taxes of EUR 100.3 million in full to the financial statement and result for the first quarter of 2015. The Company had recorded the same amounts as expenses in full in the financial statement and result for 2013.

In December 2015 and January 2016, the Company received renewed reassessment decisions from the Tax Administration, according to which the Company is obliged to pay EUR 94.1 million additional taxes with punitive tax increases and interests concerning the tax years 2007-2010. The company paid the amount in January 2016. The total sum demanded by the tax authorities is EUR 94.1 million, of which EUR 62.8 million are additional taxes and EUR 31.3 million are punitive tax increases and interests. The Company considers the decision unfounded and appealed against it by filing a claim with the Board of Adjustment.

Based on the renewed reassessment decisions, the Company has recorded the total additional taxes of EUR 94.1 million as expenses in full in the financial statement and result for 2015.

Dispute concerning the US subsidiary 2008-2012

Nokian Tyres U.S. Finance Oy, a subsidiary of Nokian Tyres plc (ownership 100% of shares), received a reassessment decision from the Finnish Tax Administration, according to which the company is obliged to pay EUR 11.0 million in additional taxes with punitive tax increases and interest concerning the tax years 2008 to 2012. EUR 7.9 million of this is are additional taxes and EUR 3.1 million are punitive tax increases and interest. The company recorded them in full in the financial statement and result for Q1/2014.

The Large Taxpayers' Office carried out a tax audit concerning the Finnish Business Tax Act, where the Tax Administration raised an issue about the restructuring of the sales company and acquisitions by Nokian Tyres Group in North America, totally ignoring the business rationale and corresponding precedent rulings presented by the company.

Nokian Tyres U.S. Finance Oy considered the reassessment decision of the Tax Administration as unfounded and submitted a claim for rectification to the Board of Adjustment. If necessary, the company will continue the appeal process in the Administrative Court.

Tax rate outcome and estimate

The Group’s tax rate was 17.7% (-113.1%) in the review period. The tax rate was positively affected by tax incentives in Russia for current investments and further investments in the future. The new agreed tax benefits and incentives came into force in the beginning of 2013. The agreement will extend the benefits and incentives until approximately 2020.

The tax rate in the coming years will depend on the timetable and final result of the ongoing back tax disputes with the Finnish Tax Administration. The Group's corporate annual tax rate may rise from its medium-term average of 17% as a result of these cases.

Personnel

In January-March 2016 the Group employed an average of 4,242 (4,264) people, and 4,389 (4,361) at the end of the review period. In Finland, the Group employed 1,698 (1,811) people at the end of the review period, and in Russia 1,352 (1,319) people. The main increase occurred in the equity-owned Vianor tyre chain, which employed 1,731 (1,635) people at the end of the review period.

BUSINESS UNIT REVIEWS

Passenger Car Tyres

	1-3 /16	1-3 /15	Change %	4-6/ 15	7-9/ 15	10-12/ 15	2015
Net sales, M€	202.4	207.6	-2.5	241.2	226.3	276.5	951.5
Operating profit, M€	62.3	60.1	3.7	69.6	75.6	80.3	285.5
Operating profit, %	30.8	28.9		28.9	33.4	29.0	30.0

Net sales of Nokian Passenger Car Tyres totalled in Q1/2016 EUR 202.4 million (207.6), down by 2.5% year-over-year. Operating profit was EUR 62.3 million (60.1). Operating profit percentage was 30.8% (28.9%).

Net sales declined slightly in Q1/2016 mainly due to decreased sales volumes in Russia and the devaluation of the rouble. In all other market areas volumes were up. In Europe the trend of sales shifting towards the consumer season continued. Nokian Tyres summer tyre sales increased in all key markets.

In Q1/2016, the Average Selling Price in euros decreased due to currency rate devaluations, mix issues and local price reductions. The share of winter tyres in the sales mix was 44% (52%), the share of summer tyres was 44% (39%) and the share of All-Season tyres was 12% (9%). There were some changes in the mix during the review period - the All-Season tyre sales increased clearly and the share of summer tyres increased. Some price reductions have taken place in a few countries, which reflect the tight competitive situation and reductions in material costs partly passing through to tyre prices.

Raw material costs (€/kg) were down by 11.2% year-over-year, which together with improved productivity supported the margins.

The company announced in February 2016 that its practices concerning tyre tests in the past have not always been in line with the sustainable approach of Nokian Tyres. Although the practices have substantially improved over the years, the company decided to launch an investigation into the matter in the autumn of 2015. Following the investigation, Nokian Tyres has ensured that any possible improper practices related to testing have been rectified. At the same time, the company has completed a review of its practices in order to increase openness and transparency in all activities. In order to ensure transparency in future tests and to codify the principles and processes that the industry should observe, Nokian Tyres is already working with other players in the industry to accomplish ethical tyre testing standards. More information: http://www.nokiantyres.com/testtyre-faq/.

During the review period, Nokian Tyres won the highly respected award, Tire technology of the year 2016, with the Nokian Hakkapeliitta R2 winter tyre. Test success was also received: for example Nokian Hakka Green 2 won the summer tyre tests in the Finnish magazines Tuulilasi and Tekniikan Maailma and in the Russian magazine Za Rulem. Nokian Weatherproof All-Weather tyre was the test winner of the French L´argus tyre test. Nokian Line was rated good in the German ADAC summer tyre test. A flow of product launches with new innovations – improving safety, comfort and ecological driving - continued in the review period.

In the review period, capacity was not fully utilized, but the production output (pcs) increased by 5%. Productivity (kg/mh) improved by 4% year-over-year. In Q1/2016, 85% (80%) of Nokian car tyres (pcs) were manufactured in the Russian factory.

Heavy Tyres

	1-3 /16	1-3 /15	Change %	4-6/ 15	7-9/ 15	10-12/ 15	2015
Net sales, M€	37.6	37.6	-0.2	38.0	37.9	41.8	155.3
Operating profit, M€	8.9	6.7	32.7	7.5	7.8	6.7	28.7
Operating profit, %	23.7	17.9		19.8	20.6	15.9	18.5

Net sales of Nokian Heavy Tyres totalled in Q1/2016 EUR 37.6 million (37.6), stable compared with Q1/2015. Operating profit was EUR 8.9 million (6.7). Operating profit percentage was 23.7% (17.9%).

Demand was moderate in the Western markets in most of Nokian Heavy Tyres' core product groups. Sales of forestry tyres remained at a good level. Other product groups developed moderately. Sales in the Nordic countries remained at a good level and increased in Russia. In North America and Other Europe, sales declined due to the different timing of deliveries.

The Average Selling Price decreased year-over-year due to a challenging pricing environment and the product mix. Operating profit, however, improved clearly on the back of increased sales volumes of own production, a smaller share of OE sales and productivity improvement. Raw material cost savings supported profitability.

Production output (tonnes) was stable vs. Q1/2015, but continuous investments into production and new products increased productivity.

Vianor

Equity-owned operations

	1-3 /16	1-3 /15	Change %	4-6/ 15	7-9/ 15	10-12/ 15	2015
Net sales, M€	53.8	55.0	-2.3	86.7	66.4	119.4	327.6
Operating profit, M€	-14.7	-12.6	-16.9	5.7	-6.0	11.1	-1.9
Operating profit, %	-27.3	-22.9		6.5	-9.1	9.3	-0.6

Net sales totalled in Q1/2016 EUR 53.8 million (55.0), down by 2.3% year-over-year. Operating profit was EUR -14.7 million (-12.6). Operating profit percentage was -27.3% (-22.9%).

At the end of the review period, Vianor had 201 (195) equity-owned stores in Finland, Sweden, Norway, USA, Switzerland, and Russia.

Net sales decreased in the Nordic countries year-over-year. Net sales decreased in Finland and Sweden, but increased in Norway. Car tyre sales increased slightly. Truck tyre sales decreased year-over-year. Heavy tyre sales decreased. Service sales increased by 2.3%, including growth of 2.0% in car service sales. Retail sales formed 47% of Vianor's total sales. Due to the lack of winter conditions and the delayed season, the operating profit decreased compared with Q1/2015.

The gradual change in the operating model from tyre sales to full car service in the stores continues with investments and local acquisitions of car service shops. At the end of the review period, a total of 65 car service operations have been acquired and integrated with the existing Vianor stores in the Nordic countries.

Franchising and partner operations

The total number of outlets in Vianor's retail network remained unchanged during Q1/2016. At the end of the review period, the Vianor network comprised 1,475 stores in total, of which 1,274 were partners. Vianor operates in 26 countries; most extensively in the Nordic countries, Russia and Ukraine. Expansion of the partner franchise network will continue.

A softer partner model, Nokian Tyres Authorized Dealers (NAD), expanded in the review period by 13 stores and totals 1,270 stores under contract in 19 European countries and China. N-Tyre, Nokian Tyres partner network, is operating with 107 stores in Russia and CIS, and expanded in the review period by 5 stores.

OTHER MATTERS

1. Stock options on the Nasdaq Helsinki Stock Exchange

The total number of stock options 2010C is 1,340,000. Each stock option 2010C entitles its holder to subscribe to one share in Nokian Tyres plc. The shares can be subscribed with the stock options 2010C during the period of 1 May 2014 to 31 May 2016. The present share subscription price with stock options 2010C is EUR 29.45/share. The dividends payable annually are deducted from the share subscription price.

The total number of stock options 2013A is 1,150,000. Each stock option 2013A entitles its holder to subscribe to one share in Nokian Tyres plc. The shares can be subscribed with the stock options 2013A during the period of 1 May 2015 to 31 May 2017. The present share subscription price with stock options 2013A is EUR 27.86/share. The dividends payable annually are deducted from the share subscription price.

2. Authorizations

In 2012, the Annual General Meeting authorized the Board of Directors to make a decision to offer no more than 25,000,000 shares through a share issue. The authorization is effective for five years from that decision.

In 2016, the Annual General Meeting authorized the Board of Directors to decide on the repurchase of a maximum of 5,000,000 the company’s own shares. The authorization is effective at most until 12 October 2017.

3. Own shares

No share repurchases were made in the review period, and the company did not possess any own shares on 31 March 2016.

In 2014, Nokian Tyres entered into an agreement with a third-party service provider concerning the share-based incentive programme for key personnel. The third party owns the shares until the shares are given to the participants within the programme. In accordance with IFRS, these repurchased 300,000 shares have been reported as treasury shares in the Consolidated Statement of Financial Position. This number of shares corresponds to 0.2% of the total shares and voting rights of the company.

4. Trading in shares

Nokian Tyres’ share price was EUR 31.02 (27.85) at the end of the review period. The volume weighted average share price during the period was EUR 30.60 (24.94), the highest was EUR 34.38 (28.23) and the lowest was EUR 27.48 (19.23). A total of 47,283,283 shares were traded in Nasdaq Helsinki during the period (68,078,058), representing 35% (51%) of the company's overall share capital. A total of 22,220,752 shares were traded in Chi-X during the period. The company’s market capitalization at the end of the period was EUR 4.178 billion (3.717 billion).The company had 37,057 (48,389) shareholders. The percentage of Finnish shareholders was 24.7% (34.4%) and 75.3% (65.6%) were foreign shareholders registered in the nominee register. This figure includes Bridgestone's holding of approximately 14.8%.

5. Changes in ownership

Nokian Tyres has received announcements from BlackRock, Inc. on 11 January 2016, on 15 January 2016, on 22 January 2016, on 16 February 2016, on 4 March 2016, on 9 March 2016, on 10 March 2016, on 14 March 2016, and on 18 March, according to which the holdings of the mutual funds managed by BlackRock, or indirect holding in Nokian Tyres shares, exceeded the level of 5% of the share capital in Nokian Tyres plc, as a result of a share transactions concluded on 8 January 2016, on

14 January 2016, on 21 January 2016, on 15 February 2016, on 3 March 2016, on 8 March 2016, on 9 March 2016, on 11 March 2016, and on 17 March 2016.

Nokian Tyres has received announcements from BlackRock, Inc. on 14 January 2016, on 21 January 2016, on 25 January 2016, 18 February 2016, on 7 March 2016, on 11 March 2016, on 16 March 2016, on 21 March 2016, and on 23 March, according to which the holdings of the mutual funds managed by BlackRock, or indirect holding in Nokian Tyres shares, fell below level of 5% of the share capital in Nokian Tyres plc, as a result of share transactions concluded on 13 January 2016, on 20 January 2016, on 22 January 2016, 17 February 2016, 4 March 2016, on 10 March 2016, on 15 March 2016, on 18 March 2016, and on 22 March 2016.

Nokian Tyres has received an announcement from Sprucegrove Investment Management Ltd. on 26 February 2016 and a revised announcement on 1 March 2016, according to which the holdings of the mutual funds managed by Sprucegrove Investment Management Ltd. fell below level of 5% of the share capital in Nokian Tyres plc, as a result of share transactions concluded on 25 February 2016. According to Nokian Tyres, the holdings of the funds have fallen below the level of 5% already previously due to Nokian Tyres increasing its total number of shares during 2015.

Nokian Tyres has received an announcement from The Capital Group Companies, Inc. on 24 March 2016, according to which the holdings of the mutual funds managed The Capital Group Companies, Inc. fell below level of 5% of the share capital in Nokian Tyres plc, as a result of share transactions concluded on 23 March 2016.

More detailed information on flaggings can be found at http://www.nokiantyres.com/company/investors/share/flagging-notifications/.

6. Decisions made at the Annual General Meeting

On 12 April 2016, the Annual General Meeting of Nokian Tyres approved the financial statements for 2015 and discharged the Board of Directors and the President and CEO from liability.

6.1 Dividend

The meeting decided that a dividend of EUR 1.50 per share be paid for the period ending on 31 December 2015. It was decided to pay the dividend to shareholders included in the shareholder list maintained by Euroclear Finland Ltd on the record date of 14 April 2016. The dividend payment date was 28 April 2016.

6.2. Members of the Board of Directors and Auditor

The meeting decided that the Board of Directors has seven members. Existing members Hille Korhonen, Tapio Kuula, Raimo Lind, Inka Mero and Petteri Walldén were elected to continue on the Board of Directors. Mr. Heikki Allonen and Ms. Veronica Lindholm were elected as new members of the Board.

Authorized public accountants KPMG Oy Ab continue as auditors.

6.3. Remuneration of the Members of the Board of Directors unchanged

The meeting decided that the fee paid to the Chairman of the Board is EUR 80,000 per year, while the remuneration to the Board members is set at EUR 40,000 per year. Members of the Board are also granted a fee of EUR 600 for every Board meeting and Committee meeting attended. Travel expenses will be compensated in accordance with the company’s travel policy.

In accordance with current practice, 50% of the annual fee is paid in cash and 50% in company shares. It was decided that, in the period of 13 April to 30 April 2016, EUR 40,000 worth of Nokian Tyres plc shares be purchased on the stock exchange on behalf of the Chairman of the Board and EUR 20,000 worth of shares on behalf of each Board member. This means that the final remuneration paid to Board members is tied to the company's share performance.

7. Chairman of the Board and Committees of the Board of Directors

In the Board meeting on 12 April 2016, Petteri Walldén was elected chairman of the Board. The members of the Personnel and Remuneration committee are Tapio Kuula (chairman), Hille Korhonen and Petteri Walldén. The members of the Audit committee are Raimo Lind (chairman), Heikki Allonen and Inka Mero.

8. Corporate social responsibility

Nokian Tyres published its Corporate Sustainability Report in April 2016. The Corporate Sustainability Report is available in Finnish and English on the company's website at www.nokiantyres.com/company/sustainability/. The report is based on the international, widely adopted GRI G4 guidelines that divide sustainability into three main groups (financial, environmental and social sustainability and their different subgroups). Product safety and quality, as well as profitable growth, good HR management, and environmental issues are important for the development of sustainable business operations at Nokian Tyres. The report is the third GRI report from Nokian Tyres and, in the interests of quality assurance, it has now been externally assured for the first time.

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

9. Nokian Tyres participating in UN Global Compact initiative

On 11 January 2016, Nokian Tyres announced that it has signed the United Nations' Global Compact initiative and is registered as a supporting member of the initiative as of 23 December 2015. Signing the initiative further strengthens the Group's commitment to profitable business and responsible methods.

10. Changes in operational structure and management team

On 20 January 2016, Nokian Tyres announced that it is going to change its operational structure and responsibilities in the management team to strengthen the Company's further expansion, and to improve the distribution and the development and harmonization of processes.

Nokian Tyres' Management team as of 1 April 2016
Ari Lehtoranta, President and CEO
Alexej von Bagh, Process Development
Esa Eronen, Supply Operations
Teppo Huovila, Quality, Sustainability and ICT
Anna Hyvönen, Vianor and Partner Distribution
Anne Leskelä, Finance & IR
Ville Nurmi, Human Resources
Andrei Pantioukhov, Executive Vice President, General Manager of Russian Operations
Juha Pirhonen, Research and Development
Manu Salmi, Heavy Tyres
Pontus Stenberg, Sales
Antti-Jussi Tähtinen, Marketing and Communications

11. Agreement on worktime flexibility supports preserving the role of the Nokia factory

On 29 January 2016, Nokian Tyres announced that it has signed an agreement in the Nokia factory on worktime flexibility in the coming years. The agreement improves flexibility in production and supports the competitiveness of the company. The agreement also supports maintaining a significant role for the Nokia factory in the future, in terms of both tyre production and the development of new products and production methods. During the agreement period, there will be no temporary or permanent layoffs due to financial or production-related reasons at the factory. The agreement is in effect until 30 June 2018.

12. Award for Nokian Hakkapeliitta R2 winter tyre – Tire technology of the year 2016

On 18 February 2016, Nokian Tyres announced that it has won the highly respected award Tire technology of the year 2016 with Nokian Hakkapeliitta R2 winter tyre.

13. Nokian Tyres' incentive scheme to be updated

On 24 February 2016, Nokian Tyres announced that the Board of Directors of Nokian Tyres plc has decided to update the Group's incentive schemes. The update aims to clarify and improve the schemes, and to offer a competitive rewarding system for all personnel. Nokian Tyres has decided to launch a new share-based incentive scheme for a group of key personnel, and a new profit-sharing bonus scheme for all other personnel. The incentive scheme has long focused on options, which are due to expire in 2019.

14. Test tyre policies and processes in Nokian Tyres

On 29 February 2016, Nokian Tyres published a stock exchange release concerning the company's test tyre policies and processes. The company announced in the 24 February issue of the newspaper Kauppalehti that its practices concerning tyre tests in the past have not always been in line with the sustainable approach of Nokian Tyres. Although the practices have substantially improved over the years, the company decided to launch an investigation into the matter in the autumn of 2015. Following the investigation, Nokian Tyres has ensured that any possible improper practices related to testing have been rectified. At the same time, the company has completed a review of its practices in order to increase openness and transparency in all activities. Read more: http://www.nokiantyres.com/testtyre-faq/.

15. Nokian Tyres introduced a new winter product for Central Europe

On 21 March 2016, Nokian Tyres announced that it is adding a new winter tyre to its product selection for varying Central European winter weather. The sporty new Nokian WR A4 winter tyre optimally combines high-performance handling and reliable winter grip. The new Nokian WR A4 complements Nokian Tyres' Central European winter tyre selection, which is one the widest and most modern in the business.

MATTERS AFTER THE REVIEW PERIOD

16. Nokian Tyres: Disclosure under chapter 9, section 10 of the securities market act

Nokian Tyres has received announcements from BlackRock, Inc. on 22 April 2016, and on 2 May 2016, according to which the holdings of the mutual funds managed by BlackRock, or indirect holding in Nokian Tyres shares, exceeded the level of 5% of the share capital in Nokian Tyres plc, as a result of a share transactions concluded on 21 April 2016, and on 29 April 2016.

Nokian Tyres has received announcement from BlackRock, Inc. on 25 April 2016, according to which the holdings of the mutual funds managed by BlackRock, or indirect holding in Nokian Tyres shares, fell below level of 5% of the share capital in Nokian Tyres plc, as a result of share transactions concluded on 22 April 2016.

More detailed information on flaggings can be found at http://www.nokiantyres.com/company/investors/share/flagging-notifications/.

RISKS, UNCERTAINTY AND DISPUTES IN THE NEAR FUTURE

Growth in Russia is expected to be negative with a full year 2016 GDP decline in the range of 1% – 2% due to the low oil price, high interest rates, slow investments and sanctions following the Ukraine crisis. An escalation of the Ukraine crisis could cause serious disruption, additional trade barriers and a further slowdown of economic development in Russia, CIS and Finland. All in all, the uncertainties may weaken future demand for tyres and increase the credit risk.

The company’s receivables declined compared to the previous year. Tyre inventories are at the planned level. The company follows the development of NWC very closely. At the end of the review period, Russian trade receivables accounted for 42% (44%) of the Group’s total trade receivables. The collecting environment in Russia remains very tough.

Around 40% of the Group’s net sales in 2016 are estimated to be generated from Euro-denominated sales. The most important sales currencies in addition to the euro are the Russian rouble, the Swedish and Norwegian krona, and the US and Canadian dollar.

Nokian Tyres’ other risks and uncertainty factors relate to the challenging pricing environment for tyres. If raw material prices rise, maintaining profitability depends on the company’s ability to raise tyre prices in line with increasing raw material costs.

The company announced in February 2016 that its practices concerning tyre tests in the past have not always been in line with the sustainable approach of Nokian Tyres. The company emphasises that its tyres have always been safe and this has never been compromised on. There are no court cases in process related to the matter.

More detailed information relating to risks can be found at http://www.nokiantyres.com/annual-reports, Financial review 2015, pages 42-47 and 66-67.

Tax disputes

Nokian Tyres Group has pending disputes with the Finnish Tax Administration that are described in the section “Tax rate” earlier in this report.

OUTLOOK FOR 2016

The global economy is likely to see continued subdued growth in 2016 and 2017, despite the boost from low oil prices, low interest rates and less drag from emerging markets. However, the worst market turbulence is already behind us. Although the projected recovery is rather shallow and surrounded by uncertainty, the risk of a global recession in 2016 is low. It is estimated that the global GDP will grow by 3.1% in 2016. The GDP growth estimates for the Nordic countries are +0.5% – +3.8%, for Europe (including Nordics) +1.3% and for the US +2.0%. In Russia, the GDP is expected to further decline by 1% – 2%.

In 2016, market demand for replacement car tyres is expected to show growth in Central Europe, North America and the Nordic countries. In Russia and the CIS, the overall uncertainty will decrease tyre demand in 2016.

The company's replacement tyre market position (sell-in) is expected to improve in 2016 in all key markets. In Russia, the company expects to retain its market leader position in the A + B segments.

The raw material cost is estimated to decrease around 5% in 2016 versus 2015. The pricing environment for 2016 remains tight for all tyre categories.

Nokian Tyres continues to gain competitive advantages by manufacturing in Russia. About 61% of the Russian production was exported in Q1/2016 and the margin between production costs in roubles and export sales in euros has improved along with the rouble devaluation. If there is an upturn in demand, Nokian Tyres' car tyre production capacity in Russia offers an inbuilt capability to increase output rapidly without capex to meet market growth.

Demand in Nokian Heavy Tyres' core products is estimated to remain healthy. Nokian Heavy Tyres' delivery capability has improved and, therefore, the sales and EBIT are expected to remain at a good level in 2016.

Vianor (equity-owned) is expected to increase sales, develop the service business further and show a positive operating result in the full year of 2016. Vianor (partners) and other Nokian Tyres' partner networks, such as Nokian Tyres Authorized Dealers (NAD) and the N-Tyre network, will continue expanding.

Nokian Tyres' estimate for total investments in 2016 is EUR 130 million (102).

A strong position in the core markets, investments in growth markets, an expanding distribution channel, and an improved cost structure combined with competitive products give Nokian Tyres opportunities to strengthen its position and to provide healthy margins and a strong cash flow also in 2016.

Financial guidance (updated)
In 2016, with current exchange rates, net sales and operating profit are to remain at the same level compared to 2015. Q2/2016 will be weaker than Q2/2015 due to sales shifting nearer to the season and customers' high winter tyre inventory levels in Russia and North America.

Previous guidance (5 Feb 2016)
In 2016, with current exchange rates, net sales and operating profit are to remain at the same level compared to 2015.

Nokia, 4 May 2016

Nokian Tyres plc
Board of Directors

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

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

The interim report figures are unaudited.

NOKIAN TYRES
CONSOLIDATED

INCOME STATEMENT Million euros	1-3/16	1-3/15	1-12/15	Change %
Net sales	275.8	281.3	1,360.1	-1.9
Cost of sales	-146.7	-158.5	-733.7	7.4
Gross profit	129.1	122.8	626.4	5.1
Other operating income	1.3	0.8	3.7	72.2
Selling and marketing expenses	-61.5	-58.5	-256.2	-5.1
Administration expenses	-8.8	-8.9	-35.3	1.4
Other operating expenses	-9.6	-7.8	-42.6	-22.6
Operating profit	50.5	48.3	296.0	4.6
Financial income	41.9	61.1	200.9	-31.5
Financial expenses (1	-43.9	-45.9	-222.7	4.4
Profit before tax	48.5	63.5	274.2	-23.7
Tax expense (2 (3	-8.6	71.8	-33.5	-112.0
Profit for the period	39.9	135.3	240.7	-70.5
Attributable to:				
Equity holders of the parent	39.9	135.3	240.7	
Non-controlling interest	-	-	-	
Earnings per share from the profit attributable to equity holders of the parent				
basic, euros	0.30	1.02	1.80	-70.8
diluted, euros	0.30	1.02	1.80	-70.9

CONSOLIDATED OTHER COMPREHENSIVE INCOME	1-3/16	1-3/15	1-12/15
Million euros			
Profit for the period	39.9	135.3	240.7
Other comprehensive income, items that may be reclassified subsequently to profit and loss, net of tax:			
Gains/Losses from hedge of net investments in foreign operations	0.0	0.0	0.0
Cash flow hedges	-1.6	-2.7	-0.3
Translation differences on foreign operations 4)	37.5	70.1	-55.2
Total other comprehensive income for the period, net of tax	35.9	67.4	-55.5
Total comprehensive income for the period	75.8	202.7	185.2
Total comprehensive income attributable to:			
Equity holders of the parent	75.8	202.7	185.2
Non-controlling interest	-	-	-

1) Financial expenses in 1-3/15 and 1-12/15 have been adjusted with EUR 20.2 million reversal of interests on back taxes as the tax reassessment decisions on years 2007-2010 were annulled and returned to the Tax Administration for reprocessing. Additionally financial expenses in 1-12/15 contain EUR 19.2 million expensed punitive interest for reprocessed tax reassessment decisions on years 2007-2010. These decrease financial expenses in 1-12/15 with EUR 1.0 million net.
2) Tax expense in 1-3/15 has been adjusted with EUR 80.1 million as the tax reassessment decisions on years 2007-2010 were annulled and returned to the Tax Administration for reprocessing. Additionally tax expense in 1-12/15 contains EUR 74.9 million expensed additional taxes with punitive tax increases for reprocessed tax reassessment decisions on years 2007-2010. These decrease tax expense in 1-12/15 with EUR 5.2 million net.
3) Otherwise tax expense in the consolidated income statement is based on the taxable result for the period.
4) Since the beginning of year 2014 the Group has internal loans that are recognised as net investments in foreign operations in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates".
The impact in 1-3/16 is EUR -8.6 million, in 1-3/15 EUR -3.3 million and 1-12/15 EUR -13.7 million.

KEY RATIOS	31.3.16	31.3.15	31.12.15	Change %
Equity ratio, %	74.5	71.7	70.8	
Gearing, %	-8.5	-8.0	-16.9	
Equity per share, euro	9.82	10.61	9.24	-7.5
Interest-bearing net debt, mill. euros	-111.8	-112.6	-209.7	
Capital expenditure, mill. euros	19.1	21.9	101.7	
Depreciation, mill. euros	18.9	20.7	82.6	
Personnel, average	4,242	4,264	4,421	

Number of shares (million units)			
at the end of period	134.39	133.17	134.39
in average	134.39	133.17	133.63
in average, diluted	134.76	133.17	133.74

CONSOLIDATED STATEMENT OF FINANCIAL POSITION Million euros	31.3.16	31.3.15	31.12.15
Non-current assets			
Property, plant and equipment	498.5	546.3	485.0
Goodwill	80.4	78.7	79.2
Other intangible assets	19.2	18.7	19.4
Investments in associates	0.1	0.1	0.1
Available-for-sale financial assets	0.3	0.3	0.3
Other receivables	9.3	11.8	8.8
Deferred tax assets	7.4	7.5	7.5
Total non-current assets	615.2	663.5	600.2
Current assets			
Inventories	302.2	332.3	271.3
Trade receivables	399.4	424.3	356.9
Other receivables	120.8	156.0	97.1
Current tax assets	0.0	0.0	13.0
Cash and cash equivalents	333.5	398.3	429.3
Total current assets	1,155.9	1,311.0	1,154.6
Total assets	1,771.2	1,974.4	1,754.8
Equity			
Share capital	25.4	25.4	25.4
Share premium	181.4	181.4	181.4
Treasury shares	-8.6	-8.6	-8.6
Translation reserve	-348.5	-260.7	-385.9
Fair value and hedging reserves	-4.4	-5.3	-2.9
Paid-up unrestricted equity reserve	133.0	100.3	133.0
Retained earnings	1,341.2	1,380.4	1,299.2
Non-controlling interest	-	-	-
Total equity	1,319.5	1,413.0	1,241.6
Non-current liabilities			
Deferred tax liabilities	28.4	27.9	25.7
Provisions	0.2	0.1	0.5
Interest-bearing financial liabilities	200.2	285.7	199.7
Other liabilities	3.1	8.6	2.1
Total non-current liabilities	232.0	322.3	228.0

Current liabilities			
Trade payables	74.2	87.9	55.7
Other current payables	119.2	148.1	206.7
Current tax liabilities	0.0	0.0	20.0
Provisions	2.8	3.2	2.8
Interest-bearing financial liabilities	21.4	0.0	19.9
Total current liabilities	217.7	239.1	285.1
Total equity and liabilities	1,771.2	1,974.4	1,754.8

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

The presentation of translation differences has been adjusted from the 1-3/15 interim report by presenting all translation differences in translation reserve. On 31 March 2015 the adjustment is EUR -90.9 million and the adjusted translation reserve is EUR -260.7 million. The adjustment has been made between translation reserve and retained earnings and has no effect on total equity.

CONSOLIDATED STATEMENT OF CASH FLOWS	1-3/16	1-3/15	1-12/15
Million euros			
Profit for the period	39.9	135.3	240.7
Adjustments for			
Depreciation, amortisation and impairment	18.9	22.5	100.4
Financial income and expenses	2.0	-15.3	21.8
Gains and losses on sale of intangible assets, other changes	-0.1	-2.2	-10.5
Income Taxes	8.6	-71.8	33.5
Cash flow before changes in working capital	69.2	68.6	385.8
Changes in working capital			
Current receivables, non-interest-bearing, increase (-) / decrease (+)	-38.3	-37.4	-27.6
Inventories, increase (-) / decrease (+)	-25.3	-29.7	8.2
Current liabilities, non-interest-bearing, increase (+) / decrease (-)	-7.3	-4.1	4.0
Changes in working capital	-71.0	-71.2	-15.4
Financial items and taxes			
Interest and other financial items, received	1.1	0.7	2.9
Interest and other financial items, paid	-16.8	-3.2	-49.8
Dividens received	0.0	0.0	0.0
Income taxes paid	-43.8	-11.8	-40.0
Financial items and taxes	-59.5	-14.2	-87.0
Cash flow from operating activities (A)	-61.4	-16.8	283.4
Cash flows from investing activities			
Acquisitions of property, plant and equipment and intangible assets	-17.2	-21.9	-100.0
Proceeds from sale of property, plant and equipment and intangible assets	0.1	0.2	1.4
Acquisitions of Group companies	0.0	-0.1	-6.7
Change in non-controlling interest	-	-	-
Acquisitions of other investments	0.0	-	0.0
Cash flows from investing activities (B)	-17.1	-21.8	-105.3
Cash flow from financing activities:			
Proceeds from issue of share capital	0.0	0.0	33.3
Purchase of treasury shares	-	-	-
Change in current financial receivables, increase (-) / decrease (+)	-10.8	6.8	-6.0
Change in non-current financial receivables, increase (-) / decrease (+)	-1.8	0.0	0.4
Change in current financial borrowings, increase (+) / decrease (-)	-1.9	-15.7	48.5
Change in non-current financial borrowings, increase (+) / decrease (-)	-2.5	7.0	-73.4
Dividens received	0.0	0.0	0.4
Dividends paid	0.0	0.0	-193.5
Cash flow from financing activities (C)	-17.0	-2.0	-190.2
Change in cash and cash equivalents (A+B+C)	-95.5	-40.5	-12.2
Cash and cash equivalents at the beginning of the period	429.3	439.9	439.9
Effect of exchange rate fluctuations on cash held	-0.2	-1.0	1.6
Cash and cash equivalents at the end of the period	333.5	398.3	429.3

Based on the annulled and later renewed tax reassessment decisions on years 2007-2010 the financial items and taxes contain paid tax increases of EUR 51.0 million in 1-3/16, EUR 3.4 million in 1-3/15 and EUR 6.1 million in 1-12/15.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A = Share capital
B = Share premium
C = Treasury shares
D = Translation reserve
E = Fair value and hedging reserves
F = Paid-up unrestricted equity reserve
G = Retained earnings
H = Non-controlling interest
I = Total equity

	Equity attributable to equity holders of the parent								
Million euros	A	B	C	D	E	F	G	H	I
Equity, 1 Jan 2015	25.4	181.4	-8.6	-330.7	-2.6	100.3	1,243.2	-	1,208.5
Profit for the period							135.3		135.3
Other comprehensive income, net of tax:									
Cash flow hedges					-2.7				-2.7
Net investment hedge									0.0
Translation differences				70.1					70.1
Total comprehensive income for the period				70.1	-2.7	0.0	135.3		202.7
Dividends paid									0.0
Exercised warrants									0.0
Acquisition of treasury shares									0.0
Share-based payments							1.9		1.9
Total transactions with owners for the period							1.9		1.9
Equity, 31 Mar 2015	25.4	181.4	-8.6	-260.7	-5.3	100.3	1,380.4	-	1,413.0
Equity, 1 Jan 2016	25.4	181.4	-8.6	-385.9	-2.9	133.0	1,299.2	-	1,241.6
Profit for the period							39.9		39.9
Other comprehensive income, net of tax:									
Cash flow hedges					-1.6				-1.6
Net investment hedge									0.0
Translation differences				37.5					37.5
Total comprehensive income for the period				37.5	-1.6	0.0	39.9		75.8
Dividends paid									0.0
Exercised warrants									0.0
Acquisition of treasury shares									0.0
Share-based payments							2.1		2.1
Total transactions with owners for the period							2.1		2.1
Equity, 31 Mar 2016	25.4	181.4	-8.6	-348.5	-4.4	133.0	1,341.2	-	1,319.5

In 2015 the presentation of translation differences has been adjusted from the 2014 financial statements by presenting all translation differences in translation reserve. On 1 January 2015 the adjustment is EUR -128.7 million and the adjusted translation reserve is EUR -330.7 million. The adjustment has been made between translation reserve and retained earnings and has no effect on total equity.

SEGMENT INFORMATION	1-3/16	1-3/15	1-12/15	Change
Million euros				%
Net sales				
Passenger car tyres	202.4	207.6	951.5	-2.5
Heavy tyres	37.6	37.6	155.3	-0.2
Vianor	53.8	55.0	327.6	-2.3
Other operations	2.6	2.9	15.4	-8.3
Eliminations	-20.6	-21.8	-89.7	5.6
Total	275.8	281.3	1,360.1	-1.9
Operating result				
Passenger car tyres	62.3	60.1	285.5	3.7
Heavy tyres	8.9	6.7	28.7	32.7
Vianor	-14.7	-12.6	-1.9	-16.9
Other operations	-2.5	-2.7	-13.9	7.5
Eliminations	-3.5	-3.2	-2.5	-8.0
Total	50.5	48.3	296.0	4.6
Operating result, % of net sales				
Passenger car tyres	30.8	28.9	30.0	
Heavy tyres	23.7	17.9	18.5	
Vianor	-27.3	-22.9	-0.6	
Total	18.3	17.2	21.8	

CONTINGENT LIABILITIES	31.3.16	31.3.15	31.12.15
Million euros			
FOR OWN DEBT			
Mortgages	1.0	1.0	1.0
Pledged assets	4.8	4.7	4.8
ON BEHALF OF OTHER COMPANIES			
Guarantees	0.4	-	0.4
OTHER OWN COMMITMENTS			
Guarantees	8.6	4.6	5.2
Leasing and rent commitments	81.0	54.4	82.6
Purchase commitments	1.6	2.0	1.6

DERIVATIVE FINANCIAL INSTRUMENTS Million euros	31.3.16	31.3.15	31.12.15
INTEREST RATE DERIVATIVES			
Interest rate swaps			
Notional amount	100.0	100.0	100.0
Fair value	-3.0	-2.5	-2.4
FOREIGN CURRENCY DERIVATIVES			
Currency forwards			
Notional amount	525.2	247.4	497.9
Fair value	4.2	-8.6	-6.6
Interest rate and currency swaps			
Notional amount	87.5	87.5	87.5
Fair value	25.4	9.7	19.8
ELECTRICITY DERIVATIVES			
Electricity forwards			
Notional amount	6.3	9.0	7.0
Fair value	-2.9	-2.4	-3.0

DEFINITIONS OF CONSOLIDATED KEY FINANCIAL INDICATORS

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

Earnings per share (diluted), euro:
Profit for the period attributable to the equity holders of the parent / Average adjusted and diluted number of shares during the period excluding treasury shares

The share options affect the dilution as the average share market price for the period exceeds the defined subscription price.

Equity ratio, %:
Total equity x 100 / (Total assets - advances received)

Gearing, %:
Interest-bearing net debt x 100 / Total equity

Equity per share, euro:
Equity attributable to equity holders of the parent / Adjusted number of shares on the reporting date excluding treasury shares

DEFINITIONS OF SALES AREAS

Nordic countries: Finland, Norway, Sweden.

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

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

North America: Canada, USA.

Core markets: Nordic countries, Russia and CIS.

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Nokian Tyres plc

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Press and analyst meetings

The result presentation for analysts and media will be held in Hotel Kämp in Helsinki on 4 May 2016 at 10.00 a.m. Finnish time. The presentation can be listened starting at 10 a.m. through audiocast via internet at www.nokiantyres.com/resultinfo-Q1-2016.

The event can also be attended via conference call. Please dial in 5-10 minutes before the beginning of the event: FI +358 9 8171 0495, UK +44 20 31940552, US +1 855 7161597.

Stock exchange release and presentation material will be available before the event from https://www.nokiantyres.com/company/investors/.

An audio file of the event will be available on the company's website later same day.

Nokian Tyres interim report January-June 2016 will be published on 9 August 2016.

Releases and company information will be found from https://www.nokiantyres.com/company/investors/