

Nokian Tyres plc Financial Statement Bulletin 2014, 5 February 2015, 8 a.m.

Market share gains and improvements in operations mitigate the impact of the weak Russian economy. Strong cash flow enables stable dividends.

October-December 2014

- Net sales decreased by 7.7% to EUR 380.0 million (EUR 411.8 million in 10-12/2013).
- Operating profit was down by 16.9% to EUR 77.5 million (93.2). Operating profit percentage was 20.4% (22.6%).
- Profit for the period increased by 237.6% amounting to EUR 50.1 million (-36.4).
- Earnings per share were up by 232.1% to EUR 0.37 (EUR -0.28).

January-December 2014

- Net sales decreased by 8.7% to EUR 1,389.1 million (EUR 1,521.0 million in 2013). Currency rate changes cut Net sales by EUR 99.9 million compared with the rates in 2013.
- Operating profit was down by 19.9% to EUR 308.7 million (385.5). Operating profit percentage was 22.2% (25.3%).
- Profit for the period increased by 13.4% amounting to EUR 208.4 million (183.7).
- Earnings per share were up by 12.9% to EUR 1.56 (EUR 1.39).
- Cash flow from operations was EUR 458.3 million (325.6).

Dividend

The Board of director proposes a dividend of EUR 1.45 (EUR 1.45) per share.

Financial guidance

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

Key figures, EUR million

	10-12/14	10-12/13	Change%	2014	2013	Change%
Net sales	380.0	411.8	-7.7	1,389.1	1,521.0	-8.7
Operating profit	77.5	93.2	-16.9	308.7	385.5	-19.9
Operating profit %	20.4	22.6		22.2	25.3	
Profit before tax	65.0	57.7	12.7	261.2	312.8	-16.5
Profit for the period	50.1	-36.4	237.6	208.4	183.7	13.4
Earnings per share, EUR	0.37	-0.28	232.1	1.56	1.39	12.9
Equity ratio, %				67.5	67.6	
Cash flow from operations	579.1	515.9	12.2	458.3	325.6	40.7
RONA,% (roll. 12 months)				18.3	20.2	
Gearing, %				-13.6	-4.1	

Ari Lehtoranta, President and CEO:

“The drastic oil price drop combined with further weakening of Russian and CIS currencies and economies had a negative impact on our sales and thus on our financial performance. Our teams, however, were able to strengthen our market position in all markets and continue to improve our operational efficiency. This together with higher than estimated material cost reductions helped us to deliver good financial results. I am especially happy for the record strong cash flow.

Currency rate changes cut our full year Net sales directly by EUR 99.9 million, which together with the product mix change and price pressure caused our Operating profit to drop by 3.1 percentage points. Thanks to the declining raw material cost, improved productivity and running a tight ship, our profitability remained on a good 22% EBIT level.

Our distribution network continues to grow; the current number of Vianor stores is 1,355 and the NAD network has already grown to 869 stores. Additionally, we have launched a new N-Tyre partner concept in Russia and 53 stores are already in operation. The competitiveness of our product portfolio is in great shape; we have been winning the majority of professional tests not only with our winter tyres but also increasingly with our summer tyres. Our Heavy Tyres and Vianor business units continued to improve their profitability.

Even if the market development visibility in Russia and CIS is very poor at the moment, we remain confident about our future. We start 2015 with a strong balance sheet, better than ever product range, constantly expanding distribution and a well performing organization.”

Market situation

The geopolitical turmoil hurt the global economic growth in 2014. USA has continued to be the growth engine with supportive monetary policy, improved industrial production and strong employment ratio giving fuel for growth. The European economy showed growth in the beginning of 2014, but hit by the Ukraine conflict, the growth slowed down. In January 2015 the ECB announced to begin a 1.2 trillion-euro quantitative easing program, which is expected to improve the economic activity in the area. Even though many of the emerging economies are currently weak and geopolitical risks have remained, the global GDP is estimated to grow by 3.8% in 2015.

In the Nordic countries the new car sales increased in 2014 by 8% year-over-year. The market volume of car tyres showed a decrease of 1% compared to 2013. No considerable change in tyre demand is visible going into 2015. The Nordic countries area is estimated to show slow but comparatively stable development with a full year 2015 GDP growth of 2%.

In Europe the sales of new cars increased in 2014 by 6% year-over-year. Premium car tyre sell-in to distributors increased by 2% compared to 2013. Tyre demand is estimated to show growth in Central Europe in 2015. The pricing pressure is, however, tight.

Russia's economy and consumer markets continued to deteriorate due to the falling oil price resulting in significant devaluation of the Russian Rouble (over 60% against EUR). The fundamental weakness of the economy was further reinforced by the impact of the Ukraine conflict and US / EU sanctions against Russia. The consumer spending has been held back by the devalued Rouble combined with high inflation and interest rates. Russia's full year 2015 GDP growth estimates vary currently between -3% and -8%.

The sales of new cars in 2014 in Russia decreased by 10.3% compared to 2013. The car sales improved in December due to consumers actively investing their rapidly devaluing savings at still 'old' prices, but the overall trend continues to be negative. New car sales are estimated to decline by 20-25% in 2015 vs. 2014, in the basic scenario. However, the car park is growing every year by some 1 million units.

In 2014 the sell-in volume for A and B segment tyres in Russia is estimated to have decreased by 3-5%. The mid class B-segment tyres' increasing share of total market has weakened the product mix, which combined with the devaluation of the Ruble has resulted in lower Average Selling Prices in Russia. In the year-turn the tyre manufacturers have announced gradual price increases of 10-20% for year 2015, but the final outcome depends on how the Rouble exchange rate develops during the year. The overall pricing environment in Russia remains tight.

The demand for special heavy tyres varied strongly between product and market areas. OE forestry tyre demand was strong in 2014. The increasing use of wood and good profitability of pulp manufacturers will support forestry machine and tyre demand also in 2015.

Truck tyre demand improved in 2014; in Europe the sell-in of premium truck tyres was up by 4%, and in the Nordic countries the demand increased by 14% year-over-year. However, the premium truck tyre demand in Russia decreased by 6% compared to 2013. The truck tyre demand in 2015 is estimated to be on the same level than previous year in all Nokian Tyres' western markets; in Russia the demand is expected to decline.

Raw materials

The tailwind from tyre industry raw material prices continued through 2014. The raw material cost (€/kg) for Nokian Tyres was down 16.5% in 2014 year-over-year, savings of approximately EUR 64 million. The raw material cost is estimated to decrease by 5% in full year 2015, providing a tailwind of EUR 15 million versus 2014.

REVIEW OF OCTOBER-DECEMBER 2014

Nokian Tyres Group recorded Net sales of EUR 380.0 million (411.8), showing a decrease of 7.7% compared with 10-12/2013. In the Nordic countries sales increased by 1.3% year-over-year. Sales in Russia decreased by 31.6%. Russia and CIS consolidated sales dropped by 31.1%. In Other Europe sales were down by 15.7% and in North America sales increased by 7.7%.

Raw material cost (EUR/kg) in manufacturing decreased by 26.3% year-over-year and decreased by 19.6% versus the third quarter of 2014. Fixed costs amounted to EUR 109.6 million (112.8), accounting for 28.9% (27.4%) of Net sales.

Nokian Tyres Group's Operating profit amounted to EUR 77.5 million (93.2). The Operating profit was affected by expensed credit losses and provisions of EUR 4.0 million (8.4).

Net financial expenses were EUR 12.5 million (35.6). Net interest expenses were EUR 4.6 million (25.3). Net financial expenses include EUR 7.9 million (10.3) of exchange rate differences.

Profit before tax was EUR 65.0 million (57.7). Profit for the period amounted to EUR 50.1 million (-36.4), and EPS were EUR 0.37 (EUR -0.28).

REVIEW OF JANUARY-DECEMBER 2014

Nokian Tyres Group recorded Net sales of EUR 1,389.1 million (1,521.0), showing a decrease of 8.7% compared with 2013. Currency rate changes cut Net sales by EUR 99.9 million.

Gross sales growth by target markets

	Growth%	% of total sales in 2014	% of total sales in 2013
Nordic countries	1.2	40.3	35.8
Russia and CIS	-33.0	25.5	34.2
Other Europe	-2.0	24.4	22.4
North America	16.8	9.1	7.0

Net sales growth by business units

	Growth%	% of total sales in 2014	% of total sales in 2013
Passenger Car Tyres	-11.8	68.4	71.1
Heavy Tyres	-0.4	10.2	9.4
Vianor	0.7	21.5	19.5

Raw material cost (EUR/kg) in manufacturing decreased by 16.5% year-over-year. Fixed costs amounted to EUR 400.0 million (410.0), accounting for 28.8% (27.0%) of Net sales. Total salaries and wages were EUR 195.4 million (189.6).

Nokian Tyres Group's Operating profit amounted to EUR 308.7 million (385.5). The Operating profit was affected by the IFRS 2 -compliant option scheme write-off of EUR 9.6 million (13.2) and expensed credit losses and provisions of EUR 8.8 million (14.3).

Net financial expenses were EUR 47.5 million (72.7). Net interest expenses were EUR 16.7 million (38.5). Net financial expenses include EUR 30.8 million (34.2) of exchange rate differences.

Profit before tax was EUR 261.2 million (312.8). Profit for the period amounted to EUR 208.4 million (183.7), and EPS were EUR 1.56 (EUR 1.39).

Return on net assets (RONA, rolling 12 months) was 18.3% (20.2%). Income financing after the change in working capital, investments and the disposal of fixed assets (Cash flow from operations) improved by EUR 132.6 million and was EUR 458.3 million (325.6).

Investments

Investments in the review period amounted to EUR 80.6 million (125.6). This comprised of production investments in the Russian and Finnish factories, moulds for new products and the Vianor expansion projects.

Financial position on 31 December 2014

Gearing ratio was -13.6% (-4.1%). Interest-bearing net debt amounted to EUR -164.6 million (-56.4). Equity ratio was 67.5% (67.6%).

The Group's interest-bearing liabilities totalled EUR 275.2 million (368.1) of which current interest-bearing liabilities amounted to EUR 0.6 million (182.3). The average interest rate of interest-bearing liabilities was 3.6% (4.7%). Convertible bond of EUR 150 million, issued 2007, matured on 27 June 2014. Cash and cash equivalents amounted to EUR 439.9 million (424.6).

At the end of 2014 the company had unused credit limits amounting to EUR 606.5 million (656.6) of which EUR 255.7 million (305.8) 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 due to changes in the working capital.

Group's Total comprehensive income was negatively affected by translation differences on foreign operations by EUR 202.1 million. Total comprehensive income for the period amounted to EUR 4.4 million.

Tax rate

The Group's tax rate was 20.2% (41.3%) in 2014. Tax rate excluding the additional taxes was 16.4%. The tax rate was positively affected by tax incentives in Russia based on present investments and further investment-related incentive agreements. The new agreed tax benefits and incentives came into force in the beginning of 2013. The agreement will prolong the benefits and incentives until approximately 2020.

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

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 of Nokian Tyres Group in North America totally ignoring the business rationale and corresponding advance rulings presented by the company.

Nokian Tyres U.S. Finance Oy considers the reassessment decision of the Tax Administration as unfounded and has appealed against it by leaving the claim for rectification to the Board of Adjustment and, if necessary, the company will continue the appeal process in the Administrative Court.

Nokian Tyres Group has another pending dispute with the Finnish Tax Administration about EUR 100.3 million of additional taxes with punitive tax increases and interests, concerning years 2007-2010. The company has recorded the total sum in full in the financial statement and result of year 2013.

Nokian Tyres' viewpoint is expected to get support from a recent ruling in Finland. In another company's case the Finnish Supreme Administrative Court issued on 3 July 2014 a ruling, which includes an opposite view on transfer pricing compared to the interpretation of the Finnish Tax Administration. In the ruling it is clear that the interpretation of the Finnish legislation could not be extended on the basis of the OECD Transfer Pricing Guidelines.

The estimated tax rate going forward will depend on the timetable and final result of the appeal processes against the Finnish Tax Administration. If the claim to the Administrative Court does not lead to annulment of the tax decisions, the Group's corporate tax rate is expected to rise in the next 5 years, from the previously announced 17 per cent to a maximum of 22 per cent.

Personnel

The Group employed an average of 4,272 (4,194) people, and 4,204 (4,170) at the end of the year. The equity-owned Vianor tyre chain employed 1,508 (1,480) people and Russian operations 1,326 (1,319) people at the end of the year

BUSINESS UNIT REVIEWS

Passenger Car Tyres

	10-12/2014	10-12/13	Change%	2014	2013	Change%
Net sales, m€	237.9	271.6	-12.4	1,003.2	1,137.0	-11.8
Operating profit, m€	55.4	75.3	-26.4	292.2	378.5	-22.8
Operating profit, %	23.3	27.7		29.1	33.3	
RONA,% (roll.12 m.)				23.5	28.2	

The sales volume of Nokian car tyres was on par with the volume of 2013. Net sales dropped 11.8% due to currency devaluations, a weaker mix and price changes. Sales in Russia and CIS declined clearly due to a weaker sales mix, lower ASP and lower volumes in line with general market changes triggered by uncertainty and the Russian-Ukrainian crisis. While the sales were on the previous year's level in the Nordic countries and in Central Europe, sales growth was strong in North America. The company's market share and profitability improved in the Nordic countries, Central Europe and North America. The market share was up also in Russia/CIS.

The Average Selling Price decreased due to currency devaluations, a weaker sales mix and the price pressure still prevailing in all markets. For the most part the ASP drop results from the currency impact and secondly from the mix impact. A small part comes from price reductions, which reflect the tight competitive situation and reductions in material costs partly passing through to tyre prices. Winter tyres represented 79% (79%) of sales volume, but the share of mid segment tyres increased clearly.

Raw material costs (€/kg) were down by 17% year-over-year, which together with improved productivity and lower fixed costs supported margins.

In autumns 2013 and 2014 Nokian tyres dominated the winter tyre tests with several victories in Nordic and Russian car magazines. Particularly noteworthy were the Central European winter tyre test results, which were a success for Nokian Tyres. The new Nokian summer tyre range also won several car magazines' tests in the core markets and in Central Europe in spring 2014. In September 2014 Nokian Tyres introduced five new SUV summer tyres and a renewed van tyre selection. These special products that are tailored for the growing SUV segment are aimed at the company's main markets in the Nordic countries, Central Europe, and Russia.

The annualized capacity of the Finnish and Russian factories amounts to over 20 million tyres, with shift arrangements. In 2014 the capacity was not fully utilized, but production output (pcs) increased by 4.3% and productivity (kg/mh) improved by 5.1% year-over-year. In 2014, 80% (82%) of Nokian car tyres (pcs) were manufactured in the Russian factory.

Heavy Tyres

	10-12/2014	10-12/13	Change%	2014	2013	Change%
Net sales, m€	41.0	40.0	2.6	149.1	149.7	-0.4
Operating profit, m€	7.8	5.6	39.9	24.6	20.4	20.7
Operating profit, %	18.9	13.9		16.5	13.6	
RONA, % (roll.12 m.)				22.9	17.7	

Demand exceeded Nokian Heavy Tyres' delivery capacity in some product groups in 2014. Total sales were on par with 2013, with forestry tyre sales up by 15%. Negative currency effect cut sales in euros. Average Selling Price decreased year-over-year due to a challenging pricing environment.

Margins were supported by lower raw material cost and improved productivity. Fixed cost decreased, thus improving profitability.

The production output (tonnes) in 2014 was up by 19.8% year-over-year, but in the first half of the year it was not enough to meet the higher demand. A ramp-up of the production utilization rate from year-turn 65% to in excess of 90% has been completed during 2014. The factory modernization and automation have already opened bottlenecks, as well as improved product quality, flexibility, and productivity.

For Nokian truck tyres the Nordic countries and Russia continued to be the top markets by sales value. A restructuring of the Heavy Tyres operation to include also the Truck Tyre business unit was done in the end of 2013 and the new organization became effective from the beginning of 2014, creating synergies in all operations.

Vianor

Equity-owned operations

	10-12/2014	10-12/13	Change%	2014	2013	Change%
Net sales, m€	117.5	117.2	0.2	314.8	312.5	0.7
Operating profit, m€	13.1	12.8	2.7	2.1	-1.8	215.6
Operating profit, %	11.2	10.9		0.7	-0.6	
RONA, % (roll.12 m.)				1.2	-1.1	

At the end of the review period Vianor had 189 (183) equity-owned stores in Finland, Sweden, Norway, USA, Switzerland and Russia.

Vianor succeeded in its strategic task of expanding distribution and was able to win market shares in a challenging market situation. Net sales improved slightly year-over-year despite some unfavourable currency effect from SEK and NOK against the EUR. The strongest sales growth was recorded in car services and car spare parts. In local currencies Norway showed the strongest sales growth among target countries. Retail sales formed 52% of Vianor's total sales.

Vianor's investments decreased year-over-year. At the end of 2014 trade receivables and inventories were below previous year. Operating result improved and was positive.

The gradual change of operating model from tyre sales to full car service in the stores continues with investments and local acquisitions of car service shops. At the end of 2014 a total of 56 car service operations have been acquired and integrated with existing Vianor stores in the Nordic countries. Service sales increased by 6%, including car service sales growth of 23%. Results of a continuous customer satisfaction survey improved year-over-year.

Franchising and partner operations

Vianor expanded the retail network in Nokian Tyres' key markets by 149 stores during 2014. At the end of 2014 the Vianor network comprised of totally 1,355 stores of which 1,166 were partners. Vianor operates in 27 countries; most extensively in the Nordic countries, Russia and Ukraine. Nokian Tyres' market shares have improved as a result of the expansion in each respective country. Expanding the partner franchise network will continue.

A softer partner franchise model, Nokian Tyres Authorized Dealers (NAD), expanded in 2014 by 437 stores totalling 869 stores contracted in 14 Central European countries and China. N-Tyre, a new Nokian Tyres partner network, is operating with 53 stores in Russia and Kazakhstan.

SPECIAL REVIEWS

Russia and the CIS countries

Nokian Tyres' sales in 2014 in Russia decreased year-over-year by 30.1% to EUR 363.4 million (520.1). Sales in the CIS countries (excluding Russia) were EUR 23.2 million (56.6), Ukrainian sales being hit hard by the crisis situation. Consolidated sales in Russia and CIS decreased by 33.0% to EUR 386.7 million (576.7). The decrease of sales value relates mostly to currencies weakening significantly against the Euro.

Nokian Tyres managed to further improve its market share in A and B segments in Russia, but it was achieved by increasing sales of B-segment products, resulting in a weaker product mix and ASP.

The distribution network was extended by signing additional distribution agreements and expanding the Vianor network by 42 stores. There were a total of 663 Vianor stores in 368 cities in Russia and CIS countries at the end of 2014. The Hakka Guarantee network and other retail partners working closely with Nokian Tyres in Russia comprised of 3,600 tyre stores, Vianor shops, car dealers, and web shops. During 2014, Nokian Tyres launched a new franchising concept of a tyre shop – N-Tyre, with the total amount of opened shops reaching 53 by year-end. The new concept enables more retail partners to develop close cooperation with Nokian Tyres, as it implies somewhat softer requirements towards the format, setup and equipment of a tyre shop compared to the flagship Vianor chain.

The Nokian Tyres plant located in Russia inside the customs borders combined with strong brands and an expanding distribution provides a significant competitive edge on the market. Nokian Tyres will continue to target outperforming the market in Russia also in 2015, but the current market situation implies declined sales volume against the clearly falling market.

By Russia joining WTO, tyre duties will go down gradually; import duty of car and van tyres has decreased from 18% to 16% in September 2014 and the official target is 10% in 2017.

OTHER MATTERS

1. Stock options on the NASDAQ Helsinki Stock Exchange

The total number of stock options 2010A was 1,320,000. Each stock option 2010A entitled its holder to subscribe for one Nokian Tyres plc share. It was possible to subscribe shares with the stock options 2010A during 1 May 2012 - 31 May 2014. The last share subscription price with stock options 2010A was EUR 13.39/share. The dividends payable annually were deducted from the share subscription price.

The total number of stock options 2010B is 1,340,000. Each stock option 2010B entitles its holder to subscribe for one Nokian Tyres plc share. The shares can be subscribed with the stock options 2010B during 1 May 2013 - 31 May 2015. The present share subscription price with stock options 2010B is EUR 28.80/share. The dividends payable annually shall be deducted from the share subscription price.

The total number of stock options 2010C is 1,340,000. Each stock option 2010C entitles its holder to subscribe for one Nokian Tyres plc share. The shares can be subscribed with the stock options 2010C during 1 May 2014 - 31 May 2016. The present share subscription price with stock options 2010C is EUR 32.40/share. The dividends payable annually shall be deducted from the share subscription price.

2. Shares subscribed with option rights

After 13 December 2013 registered new shares a total of 57,595 Nokian Tyres plc's shares have been subscribed with the 2010A option rights and 40 shares with the 2010B option rights. New shares have been registered into the Trade Register on 19 February 2014, as of which date the new shares have established shareholder rights. The share capital will not increase with subscriptions made by 2010 option rights. The entire subscription price of EUR 855,919.80 was entered in the invested unrestricted equity reserve. As a result of the share subscriptions, the number of Nokian Tyres plc shares increased to 133,344,731 shares.

After 19 February 2014 registered new shares a total of 60 760 Nokian Tyres plc's shares have been subscribed with the 2010A option rights and 120 shares with the 2010B option rights. New shares have been registered into the Trade Register on 15 May 2014, as of which date the new shares have

established shareholder rights. The share capital will not increase with subscriptions made by 2010 option rights. The entire subscription price of EUR 818,808.65 was entered in the invested unrestricted equity reserve. As a result of the share subscriptions, the number of Nokian Tyres plc shares increased to 133,405,611 shares.

After 15 May 2014 registered new shares a total of 65,222 Nokian Tyres plc's shares have been subscribed with the 2010A option rights. These option rights are attached to the Nokian Tyres plc's Option Program of 2010. The subscription time with the 2010A option rights ended on 31 May 2014. New shares have been registered into the Trade Register on 20 August 2014, as of which date the new shares have established shareholder rights. The share capital will not increase with subscriptions made by 2010 option rights. The entire subscription price of EUR 873,322.58 was entered in the invested unrestricted equity reserve. As a result of the share subscriptions, the number of Nokian Tyres plc shares increased to 133,470,833 shares.

3. Authorizations

Year 2013 Annual General Meeting of Shareholders authorized the Board of Directors to resolve to repurchase a maximum of 300,000 shares in the Company by using funds in the unrestricted shareholders' equity to be used for share based incentive plan for the Group key employees. It was proposed that the authorization be effective until the 2014 Annual General Meeting of Shareholders, however, at most until 11 October 2014.

4. Own shares

No share repurchases were made in 2014, and the company did not possess any own shares on 31 December 2014.

Nokian Tyres has entered into an agreement with a third-party service provider concerning the share-based incentive program for key personnel. The third party owns the shares until the shares are given to the participants within the program.

5. Trading of shares

The Nokian Tyres' share price was EUR 20.29 (EUR 34.87) at the end of the review period. The volume weighted average share price during the period was EUR 26.74 (EUR 34.11), the highest EUR 36.19 (EUR 38.72) and the lowest EUR 18.82 (EUR 29.85). A total of 216,446,904 shares were traded during the period (127,823,377), representing 162% (96%) of the company's overall share capital. The company's market value at the end of the period amounted EUR 2.708 billion (EUR 4.648 billion). The amount of shareholders was 50,142 (32,306). The percentage of Finnish shareholders was 39.1% (35.7%) and 60.9% (64.3%) were foreign shareholders registered in the nominee register. This figure includes Bridgestone's ownership of approximately 15%.

6. Changes in ownership

Nokian Tyres received a notification from EuroPacific Growth Fund on 19 February 2014, according to which the total holding of EuroPacific Growth Fund in Nokian Tyres plc exceeded 5% as a result of a share transaction concluded on 18 February 2014.

Nokian Tyres received an announcement from Bridgestone Corporation on 16 May 2014, according to which Bridgestone's ownership of Nokian Tyres plc decreased below the level of 15%. As a result of the registration of shares subscribed with the 2010A and 2010B option rights on 15 May 2014, the number of Nokian Tyres' shares increased to 133,405,611. After the increase, the ownership of Bridgestone Corporation (20,000,000 shares) decreased below the level of 15% to 14.99% of shares and voting rights.

Nokian Tyres received a notification from EuroPacific Growth Fund on 25 July 2014, according to which the total holding of EuroPacific Growth Fund in Nokian Tyres plc fell below 5% as a result of a share transaction concluded on 23 July 2014.

Nokian Tyres has received a notification from Sprucegrove Investment Management Ltd. on 22 December 2014, according to which the total holding of Sprucegrove Investment Management Ltd. in Nokian Tyres plc exceeded 5% and rose to 5.04% as a result of a share transaction concluded on 19 December 2014.

7. Decisions made at the Annual General Meeting

On 8 April 2014, Nokian Tyres Annual General Meeting accepted the financial statements for 2013 and discharged the Board of Directors and the President and CEO from liability.

7.1. Dividend

The meeting decided that a dividend of EUR 1.45 per share shall be paid for the period ending on 31 December, 2013. The dividend was paid to shareholders included in the shareholder list maintained by Euroclear Finland Ltd on the record date of 11 April 2014. The dividend payment date was decided to be 25 April 2014.

7.2. Members of the Board of Directors and Auditor

The meeting decided that the Board of Directors has seven members. Current members Kim Gran, Hille Korhonen, Risto Murto, Hannu Penttilä and Petteri Walldén will continue in the Board of Directors. Two new members were chosen to the Board: Mr Raimo Lind and Ms Inka Mero. Authorised public accountants KPMG Oy Ab continue as auditors.

7.3. Remuneration of the Members of the Board of Directors

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

In addition, 50% of the annual fee be paid in cash and 50% in company shares, such that in the period from 9 April to 30 April 2014, EUR 40,000 worth of Nokian Tyres plc shares were purchased at the stock exchange on behalf of the Chairman of the Board and EUR 20,000 worth of shares on behalf of each Board member. This means that the final remuneration paid to Board members is tied to the company's share performance. No separate compensation will be paid to the President and CEO for Board work.

8. Committees of the Board of Directors

In the Board meeting on 8 April 2014 the members for two committees were decided. The members of the Nomination and Remuneration committee are Petteri Walldén (chairman), Hille Korhonen and Hannu Penttilä. The members of the Audit committee are Raimo Lind (chairman), Inka Mero and Risto Murto.

9. Corporate social responsibility

Nokian Tyres published its Corporate Sustainability Report in June 2014. The renewed report, which was implemented according to the revised GRI G4 guidelines, has been published as a web version at www.nokiantyres.com/company/sustainability. In addition to product safety and quality, profitable growth, good HR management, and environmental issues are important for the development of sustainable business operations in Nokian Tyres.

Nokian Tyres plc is qualified to 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 of the 40 leading NASDAQ Helsinki listed companies in terms of sustainability. The index criteria are based upon international guidelines for environmental, social and governance (ESG) issues. The index is calculated by NASDAQ in cooperation with GES Investment Services.

10. Forming of the new Heavy Tyres profit centre as of 1st January 2014

Nokian Tyres integrated the Heavy Tyres and Truck Tyres profit centers and formed a new profit centre as of 1st January 2014. The integration of two business units' resources, operations and management is expected to improve sales and profitability. The new unit employs about 280 people in Nokia, Finland.

11. New financial guidance on 3 April 2014

With a Stock exchange release on 3 April 2014 Nokian Tyres announced that in 2014, Net sales and Operating profit are to decline compared to 2013. It was explained that the clearly devalued Rouble has hurt Russian economy and the purchasing power of Russian consumers, thus weakening tyre demand and Nokian Tyres' sales in Russia. Nokian Tyres estimated growth in 2014 in all its western markets: Nordic countries, Central Europe and North America.

12. Ari Lehtoranta appointed new President and CEO of Nokian Tyres

The Board of Directors of Nokian Tyres announced on 27 May 2014 that it has appointed Mr. Ari Lehtoranta, 51, M.Sc. (Eng.), as the new President and Chief Executive Officer of Nokian Tyres plc. He started in Nokian Tyres on 1 September 2014 and as President and CEO on 1 October 2014.

Nokian Tyres' former President and CEO Kim Gran continued in his position until 30 September 2014 and then used his option to retire. Gran had been leading the company since 1 September 2000. He continues as a member of the Board of Directors of Nokian Tyres.

13. Nokian Tyres introduced five new SUV summer tyres and a renewed van tyre selection on 1st September 2014

The company is growing its product selection by five new SUV tyres. Its ever-expanding SUV product selection is the most modern on the market, utilising aramid fibre that is also employed by the aviation and military industries. The extremely strong sidewall structure provides much-needed durability and safety for demanding road conditions and unexpected situations.

Combined with precise handling, the unique durability provides exceptional driving pleasure to drivers of powerful SUVs. These special products that are tailored for the growing SUV segment are aimed at the company's main markets in the Nordic countries, Central Europe, and Russia.

14. Adjustments to production in the Finnish factory

The statutory negotiations at Nokian Tyres' Finnish factory concerning workers and staff in car tyre production, maintenance and quality departments ended on 9 October 2014. Adjustments to production capacity utilization as well as cost savings will be achieved mainly with temporary lay-offs and transfers to new positions. In addition, a pension plan for two employees comes into effect.

The car tyre production will be cut through temporary lay-offs by not more than 21 production days during 2014, and by a maximum of 38 production days in 2015, subject to the market situation.

The Nokian Tyres' Finnish factory has approximately 570 workers and staff in the car tyre production.

15. State-of-the-art green winter tyre technology for electric cars: The world's first winter tyre with an A energy rating by Nokian Tyres

On 11 December 2014 Nokian Tyres announced that it has developed the most energy efficient winter tyre model in the automotive industry. The new Nokian Hakkapeliitta R2 is a genuine non-studded winter tyre designed for BMW's unique i3 electric car, and it combines extremely low rolling resistance, first-class grip, and exceptional driving comfort. According to tests, the Nokian Hakkapeliitta R2 can reduce the rolling resistance of electric vehicles even 30%. The energy savings gained from the lower rolling resistance increase the vehicle's range.

According to the EU tyre label, the rolling resistance of the new model is in class A; this has not been achieved by any winter tyre before. The rolling resistance of competitors is in class C and E.

RISKS, UNCERTAINTY AND DISPUTES IN THE NEAR FUTURE

Russia and CIS consolidated sales formed 26% of the group's total sales in 2014. Due to the oil price levelling off, high interest rates, slow investments, and the prolonged Ukraine crisis, the growth in Russia is expected to be weak in 2015, with GDP growth estimated currently from -3% to -8%. Roughly 80% of present Nokian production volume of car tyres is in Russia. So far trade barriers by USA and the EU against Russia have to date had little to no effect on Nokian Tyres' operations in Russia. The indirect effects have gradually emerged in the form of weaker consumer purchasing power, and the product mix shifting to cheaper products in Russia and Ukraine. An escalation or prolongation of the Ukrainian crisis and additional trade barriers may have further negative effects on the company's sales and results. All in all the economic uncertainties may further weaken future demand for tyres and increase credit risk.

The company's receivables decreased in 2014. Tyre inventories are on a planned level. The company follows the development of NWC very closely. At the end of 2014 Russian trade receivables accounted for 33.0% (35.6%) of the Group's total trade receivables.

Around 40% of the Group's Net sales in 2015 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 Dollar.

Nokian Tyres' other risks and uncertainty factors relate to the challenging pricing environment of tyres. The maintaining of profitability in case of rising raw material prices depends on the company's ability to raise tyre prices in line with the increasing raw material cost.

Tax disputes

Nokian Tyres Group has a pending dispute with the Finnish Tax Administration about EUR 100.3 million of additional taxes with punitive tax increases and interests, concerning years 2007-2010. The Company has recorded the total sum in full in the financial statement and the result of year 2013. The Company has applied for and received a stay of execution from the Finnish Tax Administration and therefore additional taxes are not paid.

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

Nokian Tyres considers the reassessment decisions of the Tax Administration to be incorrect and has appealed against them by leaving the claim for rectification to the Board of Adjustment. If necessary, the Company will continue the appeal process in the Administrative Court. The Company will also, if needed, start a process with the competent authorities to negotiate for the elimination of the double taxation. The Company has initiated a separate process to determine the legality of the procedures used in the tax audit by Tax Administration and tax inspectors.

OUTLOOK FOR 2015

In January 2015, the ECB announced to begin 1.2 trillion-euro quantitative easing program, which is expected to improve the economic activity in Europe. Even though many of the emerging economies are currently weak and geopolitical risks have remained, the global GDP is estimated to grow by 3.8% in 2015.

The Nordic countries area is estimated to show slow but comparatively stable development with a full year 2015 GDP growth of 2%. In Russia the consumer spending has been held back by the devalued Rouble combined with high inflation and interest rates. Full year 2015 GDP growth estimates for Russia vary currently between -3% and -8%.

In 2015 market demand for replacement car tyres is expected to show growth in Central Europe and North America, and to be on the previous year's level in the Nordic countries. In Russia and CIS the overall uncertainty will decrease tyre demand in 2015.

The company's market position is expected to improve in 2015 in all core markets: Nordic countries, Russia and CIS, Central Europe and North America. In western markets the sales volume (pcs) growth of Nokian Tyres is expected to outperform the tyre market growth. In Russia and CIS the company's sales volume is expected to decline. Nokian Tyres' Net sales are expected to decrease due to weakened demand and currency in Russia. The pricing environment for 2015 remains tight for all tyre categories.

Nokian Tyres continues to have competitive advantages from having manufacturing inside Russia. Of the Russian production approximately 60% is exported and the margin between production costs in Roubles and export sales in Euros has improved along with the Rouble devaluation. In the case of demand upturn, Nokian Tyres' car tyre production capacity in Russia offers an inbuilt capability to increase output rapidly without capex, to meet market growth.

Raw material cost is estimated to decrease by 5%. This is not enough to fully compensate for the weaker market conditions in Russia and CIS.

Heavy tyre demand in Nokian core products is estimated to remain healthy. Nokian Heavy Tyres' delivery capability has improved, and therefore sales and EBIT are expected to continue to gradually improve.

Vianor is expected to continue expanding its retail network, to increase sales, to develop service business further and to show a positive Operating result in full year 2015. Other Nokian Tyres' partner networks, like Nokian Tyres Authorized Dealers (NAD) and N-Tyre network, will continue expanding.

Nokian Tyres' estimate for total investments in 2015 is EUR 100 million (80.6).

The competitiveness of Nokian Tyres' product offering is very strong. The number of magazine test wins is at highest level and a series of successful launches of new innovative products has resulted in a wider portfolio than ever before. A strong position in the core markets, an expanding distribution channel, and an improved cost structure combined with new test winner products give Nokian Tyres opportunities to strengthen its market leadership in the core markets and to provide healthy margins and a strong cash flow also in 2015.

Financial guidance

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

Nokia, 5 February 2015

Nokian Tyres plc

Board of Directors

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 financial statements bulletin has been prepared in accordance with IAS 34 Interim Reports standard. The company has adopted certain new or revised IFRS standards and IFRIC interpretations at the beginning of the financial period as described in the Financial Statements 2013. However, the adaptation of these new or amended standards has not yet had an effect on the reported figures in practice. On the other respects, the same accounting policies have been followed as in the Financial Statements 2013.

Nokian Tyres has entered into an agreement with a third-party service provider concerning administration and hedging of the share-based incentive program for key personnel. As part of this agreement, the service provider purchases and administers shares for hedging the underlying cash flow risk and implementing the program. The third party owns the shares until the shares are given to the participants within the program. Despite the legal form of the hedging arrangement, it has been accounted for as if the share purchases had been conducted directly by Nokian Tyres. During the period, a total number of 300,000 shares was acquired. At the end of the period the total number of shares was 300,000.

The figures in the financial statements bulletin are unaudited.

NOKIAN TYRES
CONSOLIDATED

INCOME STATEMENT	10-12/14	10-12/13	1-12/14	1-12/13	Change %
Million euros					
Net sales	380.0	411.8	1,389.1	1,521.0	-8.7
Cost of sales	-207.4	-223.5	-769.6	-819.9	6.1
Gross profit	172.6	188.4	619.5	701.0	-11.6
Other operating income	0.5	1.3	3.4	3.9	
Selling and marketing expenses	-73.6	-71.9	-246.5	-249.1	1.0
Administration expenses	-8.5	-9.7	-34.5	-36.6	5.7
Other operating expenses	-13.6	-14.9	-33.2	-33.8	1.7
Operating profit	77.5	93.2	308.7	385.5	-19.9
Financial income	176.5	36.4	268.4	104.3	157.2
Financial expenses (1	-189.0	-71.9	-315.9	-177.0	-78.4
Profit before tax	65.0	57.7	261.2	312.8	-16.5
Tax expense (2 (3	-14.9	-94.1	-52.8	-129.1	59.1
Profit for the period	50.1	-36.4	208.4	183.7	13.4
Attributable to:					
Equity holders of the parent	50.1	-36.4	208.4	183.7	
Non-controlling interest	0.0	0.0	0.0	0.1	
Earnings per share from the profit attributable to equity holders of the parent					
basic, euros	0.38	-0.28	1.56	1.39	12.9
diluted, euros	0.38	-0.30	1.56	1.39	12.9

CONSOLIDATED OTHER COMPREHENSIVE INCOME				
	10-12/14	10-12/13	1-12/14	1-12/13
Million euros				
Profit for the period	50.1	-36.4	208.4	183.7
Other comprehensive income, net of tax:				
Gains/Losses from hedge of net investments in foreign operations	0.0	0.0	0.0	-1.9
Cash flow hedges	-0.4	0.5	-1.9	0.8
Translation differences on foreign operations (4)	-152.7	-20.5	-202.1	-65.6
Total other comprehensive income for the period, net of tax	-153.1	-20.0	-204.0	-66.7
Total comprehensive income for the period	-103.0	-56.4	4.4	117.0
Total comprehensive income attributable to:				
Equity holders of the parent	-103.0	-56.4	4.4	117.1
Non-controlling interest	0.0	0.0	0.0	0.1

1) Financial expenses in 1-12/14 contain EUR 1.6 million expensed punitive interest for tax reassessment decisions on years 2008-2012 and in 10-12/13 and 1-12/13 EUR 20.2 million on years 2007-2010.

2) Tax expense in 1-12/14 contains EUR 9.4 million expensed additional taxes with punitive tax increases for tax reassessment decisions on years 2008-2012 and in 10-12/13 and 1-12/13 EUR 80.1 million on years 2007-2010.

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

4) Since the beginning of this year 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 on year 2014 is EUR -10.0 million and in 10-12/14 -3.0 million.

KEY RATIOS	31.12.14	31.12.13	Change %
Equity ratio, %	67.5	67.6	
Gearing, %	-13.6	-4.1	
Equity per share, euro	9.1	10.4	-13.1
Interest-bearing net debt, mill. euros	-164.6	-56.4	
Capital expenditure, mill. euros	80.6	125.6	
Depreciation, mill. euros	89.8	93.5	
Personnel, average	4,272	4,194	
Number of shares (million units)			
at the end of period	133.17	133.29	
in average	133.16	132.65	
in average, diluted	135.10	137.62	

CONSOLIDATED STATEMENT OF
FINANCIAL POSITION

Million euros

31.12.14 31.12.13

Non-current assets

Property, plant and equipment	502.8	683.8
Goodwill	73.3	69.9
Other intangible assets	19.8	24.7
Investments in associates	0.1	0.1
Available-for-sale financial assets	0.3	0.3
Other receivables	10.0	11.3
Deferred tax assets	9.1	8.8
Total non-current assets	615.4	798.8

Current assets

Inventories	288.3	322.1
Trade receivables	351.0	404.8
Other receivables	93.6	98.8
Current tax assets	8.9	13.8
Cash and cash equivalents	439.9	424.6
Total current assets	1,181.6	1,264.1

Total assets

1,797.0 2,062.9

Equity

Share capital	25.4	25.4
Share premium	181.4	181.4
Treasury shares	-8.6	-
Translation reserve	-202.0	-128.5
Fair value and hedging reserves	-2.6	-0.7
Paid-up unrestricted equity reserve	100.3	97.1
Retained earnings	1,114.5	1,217.9
Non-controlling interest	-	0.2
Total equity	1,208.5	1,392.8

Non-current liabilities

Deferred tax liabilities	26.7	36.1
Provisions	0.1	0.1
Interest bearing financial liabilities	274.7	185.8
Other liabilities	5.1	3.5
Total non-current liabilities	306.5	225.4

Current liabilities

Trade payables	63.9	65.8
Other current payables	196.0	189.4
Current tax liabilities	18.7	4.0
Provisions	2.8	3.1
Interest-bearing financial liabilities	0.6	182.4
Total current liabilities	282.0	444.7

Total equity and liabilities

1,797.0 2,062.9

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

CONSOLIDATED STATEMENT
OF CASH FLOWS

	1-12/14	1-12/13
Million euros		
Cash flows from operating activities:		
Cash receipts from sales	1,348.9	1,469.9
Cash paid for operating activities	-870.9	-1,045.5
Cash generated from operations	477.9	424.3
Financial items and taxes	-154.6	-106.9
Net cash from operating activities	323.4	317.6
Cash flows from investing activities:		
Net cash used in investing activities	-84.7	-143.4
Cash flows from financing activities:		
Proceeds from issue of share capital	2.6	17.8
Purchase of treasury shares	-8.6	-
Change in current financial receivables and debt	54.3	-40.7
Change in non-current financial receivables and debt	-83.0	36.6
Dividends received	0.4	-
Dividends paid	-193.4	-191.9
Net cash from financing activities	-227.7	-178.1
Net change in cash and cash equivalents	11.0	-4.0
Cash and cash equivalents at the beginning of the period	424.6	430.3
Effect of exchange rate changes	4.3	-1.8
Cash and cash equivalents at the end of the period	439.9	424.6
	11.0	-4.0

The company has received a stay of execution from the Finnish Tax Administration for the collection of the tax increases based on the tax reassessment decisions on years 2007-2010. In spite of this stay of execution the Finnish Tax Administration has taken funds in accordance with these aforesaid decisions from company's tax account setting off company's other tax refunds. Financial items and taxes in 2014 contain these set-offs by the Tax Administration in total of EUR 34.2 million.

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

Million euros	Equity attributable to equity holders of the parent								
	A	B	C	D	E	F	G	H	I
Equity, 1 Jan 2013	25.4	181.4	-	-61.0	-1.5	79.3	1,213.2	0.3	1,437.2
Profit for the period							183.8	-0.1	183.7
Other comprehensive income, net of tax:									
Cash flow hedges					0.8				0.8
Net investment hedge				-1.9					-1.9
Translation differences				-65.6					-65.6
Total comprehensive income for the period				-67.5	0.8		183.8	-0.1	117.0
Dividends paid							-191.9		-191.9
Exercised warrants						17.8			17.8
Share-based payments							12.9		12.9
Total transactions with owners for the period						17.8	-179.1		-161.3
Equity, 31 Dec 2013	25.4	181.4	-	-128.5	-0.7	97.1	1,217.9	0.2	1,392.8
Equity, 1 Jan 2014	25.4	181.4	-	-128.5	-0.7	97.1	1,217.9	0.2	1,392.8
Profit for the period							208.4		208.4
Other comprehensive income, net of tax:							0.2	-0.2	0.0
Cash flow hedges					-1.9				-1.9
Net investment hedge									0.0
Translation differences				-73.5			-128.7		-202.2
Total comprehensive income for the period				-73.5	-1.9		79.9	-0.2	4.4
Dividends paid							-193.4		-193.4
Exercised warrants						2.6			2.6
Acquisition of treasury shares			-8.6						-8.6
Share-based payments							9.9		9.9
Total transactions with owners for the period			-8.6			2.6	-183.5		-189.5
Changes in the shareholding of subsidiaries						0.7			
Acquisition of non-controlling interests, with no impact on control							0.2		0.2
Equity, 31 Dec 2014	25.4	181.4	-8.6	-202.0	-2.6	100.3	1,114.5	-	1,208.5

SEGMENT INFORMATION

Million euros	10-12/14	10-12/13	1-12/14	1-12/13	Change %
Net sales					
Passenger car tyres	237.9	271.6	1,003.2	1,137.0	-11.8
Heavy tyres	41.0	40.0	149.1	149.7	-0.4
Vianor	117.5	117.2	314.8	312.5	0.7
Other operations	5.4	4.3	13.5	14.1	-3.8
Eliminations	-21.9	-21.2	-91.5	-92.3	0.8
Total	380.0	411.8	1,389.1	1,521.0	-8.7
Operating result					
Passenger car tyres	55.4	75.3	292.2	378.5	-22.8
Heavy tyres	7.8	5.6	24.6	20.4	20.7
Vianor	13.1	12.8	2.1	-1.8	215.6
Other operations	-4.7	-6.4	-9.4	-13.1	28.1
Eliminations	5.9	6.0	-0.7	1.5	-151.1
Total	77.5	93.2	308.7	385.5	-19.9
Operating result, % of net sales					
Passenger car tyres	23.3	27.7	29.1	33.3	
Heavy tyres	18.9	13.9	16.5	13.6	
Vianor	11.2	10.9	0.7	-0.6	
Total	20.4	22.6	22.2	25.3	
Cash flow from operations					
Passenger car tyres	546.4	460.3	443.4	297.1	49.3
Heavy tyres	14.8	28.8	28.8	28.4	1.4
Vianor	20.3	31.1	-8.7	7.4	-216.7
Total	579.1	515.9	458.3	325.6	40.7

Nokian Tyres integrated the Heavy Tyres and Truck Tyres profit centers and formed a new profit centre called Heavy Tyres as of 1 Jan 2014.

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

Million euros	31.12.14	31.12.13
Opening balance	683.8	692.5
Capital expenditure	88.2	155.2
Decrease	-15.0	-22.6
Depreciation for the period	-80.1	-85.1
Exchange differences	-174.0	-56.3
Closing balance	502.8	683.8

CONTINGENT LIABILITIES	31.12.14	31.12.13		
Million euros				
FOR OWN DEBT				
Mortgages	1.0	1.1		
Pledged assets	4.7	0.2		
OTHER OWN COMMITMENTS				
Guarantees	4.6	3.3		
Leasing and rent commitments	53.7	63.3		
Purchase commitments	2.0	2.0		
CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES				
	31.12.14		31.12.13	
	Carrying amount	Fair value	Carrying amount	Fair value
Million euros				
FINANCIAL ASSETS				
Financial assets at fair value through profit or loss				
Derivatives held for trading	19.2	19.2	5.3	5.3
Money market instruments	-	-	-	-
Loans and receivables				
Other non-current receivables	10.0	7.0	11.3	14.3
Trade and other receivables	355.2	355.8	408.3	407.7
Cash in hand and at bank	439.9	439.9	424.6	424.6
Available-for-sale financial assets				
Unquoted shares	0.3	0.3	0.3	0.3
Derivative financial instruments designated as hedges	0.3	0.3	0.1	0.1
FINANCIAL LIABILITIES				
Financial liabilities at fair value through profit or loss				
Derivatives held for trading	13.8	13.8	1.8	1.8
Financial liabilities measured at amortised cost				
Interest-bearing financial liabilities	275.2	279.8	368.2	375.8
Trade and other payables	63.9	63.9	65.8	65.8
Derivative financial instruments designated as hedges	4.8	4.8	2.9	2.9

All fair value measurements have been classified to Level 2 in the fair value hierarchy. Level 2 includes Group's derivative financial instruments and money market investments. To establish the fair value of these instruments the Group uses generally accepted valuation models with inputs based on observable market data. There has been no transfers between the different levels in the fair value hierarchy.

DERIVATIVE FINANCIAL

INSTRUMENTS

31.12.14 31.12.13

Million euros

INTEREST RATE DERIVATIVES

Interest rate swaps

Notional amount 100.0 0.0

Fair value -2.3 0.0

FOREIGN CURRENCY DERIVATIVES

Currency forwards

Notional amount 303.8 225.8

Fair value -9.4 1.9

Currency options, purchased

Notional amount - 110.3

Fair value - 2.4

Currency options, written

Notional amount - 110.3

Fair value - -0.9

Interest rate and currency swaps

Notional amount 67.5 20.0

Fair value 14.9 0.1

ELECTRICITY DERIVATIVES

Electricity forwards

Notional amount 10.0 12.3

Fair value -2.3 -2.8

RELATED PARTY TRANSACTIONS

The related parties of the Group consist of members of the Board of Directors, the Presidents, other key management personnel, and close members of their families.

Transactions and outstanding balances with parties having significant influence

Million euros 1-12/14 1-12/13

Key management personnel

Total employee benefit expenses 7.2 8.1

Of which share-based payments 2.7 3.6

The Group has a loan receivable of EUR 87,000 from a VP in the other key management personnel of the company. No interest is charged and no collateral has been placed on the loan. The remaining loan balance will be paid back in March 2015.

No other loans, guarantees or collaterals have been granted to the related parties.

In 2014 the Presidents and other key management personnel were granted a total of 361,740 share options and 67,500 performance shares (in 2013 a total of 260,200 share options and 69,400 performance shares). The terms for performance share plan for the key management personnel and share option plans are equal to the plan terms directed at other personnel. On 31 December 2014 the key management personnel held 67,500 performance shares and 1,248,940 share options, with 737,500 exercisable (on 31 December 2013 63,700 performance shares and 894,700 share options, with 325,000 exercisable).

No performance shares nor share options have been granted to the other members of the Board of Directors.

BUSINESS COMBINATIONS

In 2014 the Group still executed only minor acquisitions.

In April the Group bought out the minority shareholding in the Chinese subsidiary Nokian Tyres Trading (Shanghai) Co Ltd and now holds the total stock. The Group held majority and exercised control prior to the acquisition and the company has already been consolidated as a group company before.

In November the Group acquired 32.3% shareholding in the Finnish Nokianvirran Energia Oy. Additionally, Vianor-chain has expanded further through several minor business combinations in Finland, Sweden, Norway and USA during the reported period.

Recognised amounts of identifiable assets acquired and liabilities assumed:

Property, plant and equipment	3.8
Inventories	0.9
Trade and other receivables	0.3
Cash and cash equivalents	0.0
Total Assets	5.0
Deferred tax liabilities	0.0
Financial liabilities	-0.1
Trade and other payables	-0.2
Total liabilities	-0.3
Total identifiable net assets	4.6
Composition of goodwill in the acquisition	
Consideration transferred	9.0
Total identifiable net assets	-4.6
Goodwill	4.3
Consideration paid in cash	7.7
Cash and cash equivalents in the subsidiaries acquired	0.0
Net cash outflow	7.7

The expectations relating to the growth in sales through increased customer base, and the future expectations on improved market area coverage and sales increase resulted in the recognition of goodwill. The shareholding in Nokianvirran Energia Oy is aimed at cost-effective energy supply.

Since these pieces of information are not material individually, the presentation is aggregated.

The profits of the acquired companies, totalling EUR 0.0 million, are included in the consolidated income statement. The actual acquisition dates and the nature of the operations taken into account the effect of the acquisition on the consolidated net sales and profit is not material even if they were combined as of the beginning of the financial year.

The acquisition related costs of EUR 0.0 million have been recorded as selling and marketing expenses. There were no other transactions recognised separately from these acquisitions. The consideration has been transferred in cash and no significant contingent consideration arrangements were included. No non-controlling interest remained in the acquiree. The identifiable assets acquired and liabilities assumed are recognised in fair value.

Goodwill is measured as the excess of the consideration transferred over the total identifiable net assets. None of the goodwill recognised is deductible for income tax purposes.

Additionally in Finland Vianor acquired the full ownership in Kumielo Oy on 1 January 2015. The total consideration paid in cash was EUR 6.3 million. Vianor acquired EUR 0.4 million of property, plant and equipment, EUR 2.2 million of inventories, EUR 1.0 million of receivables, EUR 0.6 million of cash and cash equivalents and a total of EUR 1.7 million in liabilities. Goodwill amounted to appr. EUR 3.7 million.

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

Cash flow from operations:

Income financing after the change in working capital, investments and the disposal of fixed assets

DEFINITIONS OF SALES AREAS

Nordic countries: Finland, Norway, Sweden.

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

Other Europe:

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

North America: Canada, USA.

Core markets: Nordic countries, Russia and CIS.

Nokian Tyres plc

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Nokian Tyres Financial Statement Bulletin 2014 was published on Thursday 5 February, 2015 at 8.00 a.m. Finnish time.

The result presentation for analysts and media will be held in Hotel Kämp in Helsinki at 10.00 a.m. Finnish time. The presentation can be listened through audiocast via internet at www.nokiantyres.com/resultinfo2014

To be able to ask questions during the event you can participate in the conference call. Please dial in 5-10 minutes before the beginning of the event:

Finland: +358 9 8171 0465

UK: +44 203 194 0550

US: +1 855 269 2605

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

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

Nokian Tyres Interim Report 1-3/2015 will be published on 8 May, 2015.

Releases and company information will be found from <http://www.nokiantyres.com>