

Nokian Tyres plc Interim Report 31 October 2014, 8 a.m.

Nokian Tyres plc Interim Report January-September 2014: Economic situation in Russia and CIS impacts results - performance in western markets improved

7-9/2014

Nokian Tyres Group's Net sales decreased by 8.2% to EUR 327.7 million (EUR 357.0 million in 7-9/2013). Operating profit was down by 24.6% to EUR 72.1 million (95.7). Operating profit percentage was 22.0% (26.8%). Profit for the period decreased by 24.6% amounting to EUR 53.4 million (70.9). Earnings per share were down by 24.1% to EUR 0.40 (EUR 0.53).

1-9/2014

Nokian Tyres Group's Net sales decreased by 9.0% to EUR 1,009.2 million (EUR 1,109.1 million in 1-9/2013). Currency rate changes cut Net sales by EUR 60.0 million compared with the rates in the corresponding period in 2013. Operating profit was down by 20.9% to EUR 231.2 million (292.2). Operating profit percentage was 22.9% (26.3%). Profit for the period decreased by 28.1% amounting to EUR 158.3 million (220.1). Earnings per share were down by 28.5% to EUR 1.19 (EUR 1.66).

Key figures, EUR million:

	7-9/14	7-9/13	Change%	1-9/14	1-9/13	Change%	2013
Net sales	327.7	357.0	-8.2	1,009.2	1,109.1	-9.0	1,521.0
Operating profit	72.1	95.7	-24.6	231.2	292.2	-20.9	385.5
Operating profit %	22.0	26.8		22.9	26.3		25.3
Profit before tax	61.7	83.4	-26.1	196.2	255.1	-23.1	312.8
Profit for the period	53.4	70.9	-24.6	158.3	220.1	-28.1	183.7
Earnings per share, EUR	0.40	0.53	-24.1	1.19	1.66	-28.5	1.39
Equity ratio, %				63.3	65.6		67.6
Cash flow from operations	-95.3	-94.3	-1.1	-120.8	-190.2	36.5	325.6
RONA,% (roll. 12 months)				18.1	21.6		20.2
Gearing, %				27.7	28.9		-4.1

Financial guidance (updated)

In 2014, Net sales and Operating profit are to decline compared to 2013. Operating profit is estimated to be approximately EUR 300-320 million.

Previous guidance from 8 Aug 2014

In 2014, Net sales and Operating profit are to decline compared to 2013.

Ari Lehtoranta, President and CEO:

"We have been fighting this year to compensate the negative impacts from the effects of the Russia-Ukraine crisis; currencies in Russia and CIS weakened clearly against the Euro, and the purchasing power started to fall. This made consumers buy less and cheaper products. These factors resulted in a clearly weakened ASP for Nokian Tyres. Our team in Nokian Tyres has provided solid results in this turbulent business environment. We reached the same sales volume as in the first nine months of 2013, and when excluding Russia and CIS, our profitability has improved. We will make a strong Cash flow in full year 2014.

Currency rate changes cut our Net sales directly by EUR 60 million, which was one factor to cause our profitability to drop by 3.4 percentage points. Thanks to the declining raw material cost, improved productivity and running a tight ship, our profitability remained on a good 23% EBIT level.

The mid-term visibility is poor at the moment, but we are in a good position to pursue future success. The company has a strong balance sheet and an efficient industrial structure with potential to grow. The continuous success of our product line in the European tyre tests is expected to reward us in coming years. Our distribution is expanding with a good pace; the current number of Vianor stores is

1,302 and the NAD network has already grown to 773 stores. We are targeting to maintain our tradition of improving our market position in our core markets, both in good and in bad times. Despite the current turmoil, in the Russian economy in particular, Nokian Tyres continues to be a profitable, growth-seeking company.”

Market situation

The geopolitical turmoil threatens the global economic growth. So far USA has been 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 the year, but hit by the Ukraine conflict, the growth has slowed down. Even though many of the emerging economies are currently weak and geopolitical risks have remained, the global GDP is expected to grow by 3.4% in 2014.

In Nokian Tyres' core markets the Nordic countries continue to show slow but comparatively stable development with a full year 2014 GDP growth estimate of 1-2%. Due to the prolonged Ukraine crisis, oil price levelling off, and slow investments, the growth in Russia is expected to be weak with full year 2014 GDP growth estimated currently at 0%.

In Russia the consumer spending has been held back by the devalued Rouble combined with high inflation and interest rates. The sales of new cars in 1-9/2014 in Russia decreased by 13.0% compared to 1-9/2013. The decline of car sales has slowed down due to the renewed government program of car recycling and trade-in support, but overall trend continues to be negative. New car sales are estimated to decline 15-17% in full year 2014 vs. 2013. However, the total amount of vehicles on the road is growing every year by some 0.8–1.0 million units.

In the review period the sell-in volume for A and B segment tyres in Russia decreased, and the full year 2014 tyre market volume is estimated to decline by 5-10%. The mid class B-segment tyres' share of total market increases weakening market mix, which combined with the devaluation of the Rouble results in lower average sales prices in Russia. During the review period the tyre industry has not succeeded in passing through price increases. The overall pricing environment in Russia is currently tight.

In Europe the sales of new cars increased in the review period by 6% year-over-year. Replacement car tyre sell-in to distributors increased by 5% compared to 1-9/2013. Inventory levels in distribution have been lower than a year ago and tyre demand is estimated to show healthy growth in Central Europe in 2014. The pricing pressure has, however, tightened in Central Europe.

In the Nordic countries the new car sales in 1-9/2014 increased by 9% year-over-year. The market volume of car tyres showed a decrease of 2% compared to 1-9/2013.

The demand for special heavy tyres has started to recover. Forestry tyre and radial heavy tyre demand have turned back to growth and are expected to continue improving during the rest of 2014.

Truck tyre demand has been recovering during the review period. In Europe the sell-in of premium truck tyres was up by 6%, and in the Nordic countries the demand increased by 13% year-over-year. The recovery is expected to continue in all Nokian Tyres' western markets in 2014. However, the premium truck tyre demand in Russia decreased by 13% compared to 1-9/2013.

Raw materials

The tailwind from tyre industry raw material prices is expected to continue in 2014. The raw material cost (€/kg) for Nokian Tyres was down 13.9% in 1-9/2014 year-over-year, savings of approximately EUR 42.8 million. The raw material cost is estimated to decrease by 10% in H2/2014 versus H2/2013 and to decrease by 13% in full year 2014, providing a tailwind of EUR 50 million versus 2013.

July-September 2014

Nokian Tyres Group recorded Net sales of EUR 327.7 million (357.0), showing a decrease of 8.2% compared with Q3/2013. In the Nordic countries sales increased by 1.2% year-over-year. Sales in Russia decreased by 22.4%. Russia and CIS consolidated sales dropped by 33.9%. In Other Europe sales were down by 12.1% and in North America sales increased by 11.9%.

Raw material cost (EUR/kg) in manufacturing decreased by 10.3% year-over-year and decreased by 6.7% versus the second quarter of 2014. Fixed costs amounted to EUR 93.3 million (95.0), accounting for 28.5% (26.6%) of Net sales.

Nokian Tyres Group's Operating profit amounted to EUR 72.1 million (95.7). The Operating profit was negatively affected by expensed credit losses and provisions of EUR 1.2 million (2.5).

Net financial expenses were EUR 10.5 million (12.3). Net interest expenses were EUR 3.0 million (5.4). Net financial expenses include EUR 7.5 million (6.8) of exchange rate differences.

Profit before tax was EUR 61.7 million (83.4). Profit for the period amounted to 53.4 million (70.9), and EPS were EUR 0.40 (EUR 0.53).

Income financing after the change in working capital, investments and the disposal of fixed assets (Cash flow from operations) was EUR -95.3 million (-94.3).

January-September 2014

Nokian Tyres Group recorded Net sales of EUR 1,009.2 million (1,109.1), showing a decrease of 9.0% compared with 1-9/2013. Currency rate changes cut Net sales by EUR 60.0 million. In the Nordic countries sales increased by 1.1% representing 36% (32%) of the group's total sales. Sales in Russia decreased by 29.7%. Russia and CIS consolidated sales were down by 33.5% and formed 27% (37%) of the group's total sales. In Other Europe sales were up by 2.6% year-over-year representing 26% (23%) of the group's total sales. In North America sales increased by 20.2% and were 9% (7%) of the group's total sales.

Sales of Passenger Car Tyres were down by 11.6% representing 71% (74%) of the group's total sales. Heavy Tyres' sales decreased by 1.5% and were 10% (9%) of the group's total sales. Vianor's sales increased by 1.0% forming 18% (17%) of the group's total sales.

Raw material cost (EUR/kg) in manufacturing decreased by 13.9% year-over-year. Fixed costs amounted to EUR 290.3 million (297.2), accounting for 28.8% (26.8%) of Net sales. Total salaries and wages were EUR 142.4 million (136.7).

Nokian Tyres Group's Operating profit amounted to EUR 231.2 million (292.2). The Operating profit was negatively affected by the IFRS 2 -compliant option scheme write-off of EUR 8.0 million (10.2) and expensed credit losses and provisions of EUR 4.8 million (5.9).

Net financial expenses were EUR 35.0 million (37.1). Net interest expenses were EUR 12.1 million (13.3) including EUR 1.6 million penalty interests related to additional taxes. Net financial expenses include EUR 22.9 million (23.9) of exchange rate differences.

Profit before tax was EUR 196.2 million (255.1). Profit for the period amounted to EUR 158.3 million (220.1), and EPS were EUR 1.19 (EUR 1.66).

Return on net assets (RONA, rolling 12 months) was 18.1% (21.6%). Income financing after the change in working capital, investments and the disposal of fixed assets (Cash flow from operations) improved by EUR 69.4 million and was EUR -120.8 million (-190.2), indicating a strong Cash flow in full year 2014.

The Group employed an average of 4,235 (4,153) people, and 4,271 (4,201) at the end of the period. The equity-owned Vianor tyre chain employed 1,534 (1,497) people and Russian operations 1,338 (1,344) people at the end of the period.

Investments

Investments in the review period amounted to EUR 59.1 million (104.8). This comprises of production investments in the Russian and Finnish factories, moulds for new products and the Vianor expansion projects.

Financial position on 30 September 2014

Gearing ratio was 27.7% (28.9%). Interest-bearing net debt amounted to EUR 362.3 million (417.2). Equity ratio was 63.3% (65.6%).

The Group's interest-bearing liabilities totalled EUR 415.3 million (502.8) of which current interest-bearing liabilities amounted to EUR 129.9 million (316.9). The average interest rate of interest-bearing liabilities was 2.5% (3.5%). Convertible bond of EUR 150 million, issued 2007, matured on 27 June 2014. Cash and cash equivalents amounted to EUR 53.0 million (85.7).

At the end of the review period the company had unused credit limits amounting to EUR 476.7 million (536.7) of which EUR 255.8 million (305.9) were committed. The current credit limits and the commercial paper program are used to finance inventories, trade receivables, subsidiaries in distribution chains and thus control the typical seasonality in the Group's cash flow due to changes in the working capital.

Tax rate

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.

Due to the additional taxes, the Group's tax rate was 19.3% (13.7%) in the review period. Tax rate excluding the additional taxes was 14.6%. 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 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.

PASSENGER CAR TYRES

	7-9/14	7-9/13	Change%	1-9/14	1-9/13	Change%	2013
Net sales, m€	244.7	273.8	-10.6	765.3	865.4	-11.6	1,137.0
Operating profit, m€	73.3	96.3	-23.9	236.8	303.3	-21.9	378.5
Operating profit, %	30.0	35.2		30.9	35.0		33.3
RONA,% (roll.12 m.)				24.2	29.9		28.2

The Net sales of Nokian Passenger Car Tyres totalled EUR 765.3 million (865.4), down by 11.6% from the corresponding period a year earlier. Operating profit amounted to EUR 236.8 million (303.3). Operating profit percentage was 30.9% (35.0%).

The global sales volume of Nokian car tyres increased slightly in 1-9/2014 year-over-year. Net sales dropped 11.6% due to currency devaluations and a weaker mix. 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. Passenger car tyre sales volume excluding Russia/CIS showed growth and the company's market share and profitability improved in the Nordic countries, Central Europe and North America. The market share was flat 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 80% (80%) of sales volume. The share of mid segment tyres and sales to CE increased clearly.

Raw material costs (€/kg) were down by 14% 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, which are expected to boost winter tyre sales in 2014. Particularly noteworthy were the Central European winter tyre test results, which have been a success for Nokian Tyres with test wins in key markets. The new Nokian summer tyre range 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 will not be fully utilized. In the review period 79% (81%) of Nokian car tyres (pcs) were manufactured in the Russian factory. Production output (pcs) increased in 1-9/2014 by 5.7% and productivity (kg/mh) improved by 4.4% year-over-year.

The target for 2014 is to increase sales volume (pcs) in all western markets, to win market share in Russia, the Nordic countries and Central Europe with new products, to expand distribution further and to improve productivity.

HEAVY TYRES

	7-9/14	7-9/13	Change%	1-9/14	1-9/13	Change%	2013
Net sales, m€	36.9	39.9	-7.6	108.1	109.8	-1.5	149.7
Operating profit, m€	6.9	6.2	11.8	16.8	14.8	13.6	20.4
Operating profit, %	18.8	15.5		15.6	13.5		13.6
RONA,% (roll.12 m.)				20.5	16.2		17.7

The Net sales of Nokian Heavy Tyres totalled EUR 108.1 million (109.8), down by 1.5% year-over-year. Operating profit increased to EUR 16.8 million (14.8), and the Operating profit percentage improved to 15.6% (13.5%).

Heavy machinery tyres

The demand is recovering in many of the heavy tyre product groups. The order book of Nokian Heavy Tyres is healthy and the demand exceeded delivery capacity in some product groups in the review period. Sales were up by 2% in 1-9/2014 year-over-year, with forestry tyre sales up by 17%. Average Selling Price decreased year-over-year due to a challenging pricing environment. Margins were supported by lower raw material cost and improved productivity.

The production output (tonnes) in 1-9/2014 was up by 7% year-over-year, but 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 Q3/2014. The factory modernization and automation have already opened bottlenecks, as well as improved product quality, flexibility, and productivity.

Truck tyres and retreading materials

In the review period the sales of Nokian truck tyres decreased 7.5% year-over-year. The highest growth figures in demand and sales were shown in Finland, Czech Republic and North America. In Russia and CIS the sales declined due to the economic uncertainty.

A restructuring of the Heavy Tyres operation to include also the Truck tyre profit center was done in the end of 2013 and the new organization has become effective from the beginning of 2014. Synergies are expected to materialize both in sales and in fixed costs already in 2014.

The demand in Nokian core heavy machinery tyres as well as truck tyres are estimated to grow in OEM and in the replacement market in 2014. The focus is to increase sales especially in forestry, radial heavy tyres and truck winter tyres, to increase production output, and to improve productivity.

VIANOR

Equity-owned operations

	7-9/14	7-9/13	Change%	1-9/14	1-9/13	Change%	2013
Net sales, m€	66.7	65.3	2.3	197.3	195.3	1.0	312.5
Operating result, m€	-4.1	-4.7	12.6	-11.1	-14.6	24.3	-1.8
Operating result, %	-6.2	-7.2		-5.6	-7.5		-0.6
RONA,% (roll.12 m.)				1.0	-1.6		-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's Net sales amounted to EUR 197.3 million (195.3), up by 1.0% compared with 1-9/2013. Operating result was EUR -11.1 million (-14.6) and the Operating result percentage was -5.6% (-7.5%).

Vianor succeeded in its strategic task of expanding distribution and was able to win market shares in a challenging market situation. Net sales improved year-over-year despite some unfavourable currency effect from SEK and NOK against the EUR. The strongest sales growth was recorded in car services, truck tyres and car spare parts. Operating result improved but was seasonally negative, as expected. Operating result is estimated to be positive in full year 2014.

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 the review period 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 24%.

The expansion of the network, increasing consumer tyre sales and the development of service sales are proceeding as planned.

Franchising and partner operations

Vianor expanded the retail network in Nokian Tyres' key markets by 96 stores during 1-9/2014. At the end of the review period the Vianor network comprised of totally 1,302 stores of which 1,113 were partners. Vianor operates in 27 countries; most extensively in the Nordic countries, Russia and Ukraine. Nokian Tyres' market shares improved as a result of the expansion in each respective country. Expanding the partner franchise network will continue according to plans; the target is to have 1,340 Vianor stores by the end of 2014.

A softer partner franchise model, Nokian Tyres Authorized Dealers (NAD), expanded in 1-9/2014 by 341 stores totalling 773 stores contracted in 9 Central European countries and China. The target of the expansion is to reach 900 NAD stores by the end of 2014.

RUSSIA AND THE CIS COUNTRIES

Nokian Tyres' sales 1-9/2014 in Russia decreased year-over-year by 29.7% to EUR 289.3 million (411.7). Sales in CIS countries (excluding Russia) were EUR 12.8 million (42.4), Ukrainian sales being hit hard by the crisis situation. Consolidated sales in Russia and CIS decreased by 33.5% to EUR 302.1 million (454.0).

The sales volume decreased due to the economic turmoil in Russia and CIS. Sales were also negatively affected by distributors' carry-over stocks from two consecutive weak summer tyre consumer seasons in 2012-2013. The decrease of sales value (€) and ASP relates mostly to currencies weakening against the Euro, and a weaker sales mix caused by an increase in the B-segment share of winter tyres.

The distribution network was extended by signing additional distribution agreements and expanding the Vianor network by 30 stores. There were a total of 651 Vianor stores in 371 cities in Russia and CIS countries at the end of the review period. 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.

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 in 2014, but in the current market situation this implies flat or slightly declined sales volume against the clearly falling market. The weaker Rouble will have a clear negative impact on reported sales in Euros.

By Russia joining WTO, the 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 OMX 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. Share price development

The Nokian Tyres' share price was EUR 23.88 (EUR 37.54) at the end of the review period. The volume weighted average share price during the period was EUR 28.60 (EUR 33.56), the highest EUR 36.19 (EUR 38.49) and the lowest EUR 22.84 (EUR 29.85). A total of 149,576,611 shares were traded during the period (97,837,785), representing 112% (74%) of the company's overall share capital. The company's market value at the end of the period amounted EUR 3.187 billion (EUR 4.996 billion). The percentage of Finnish shareholders was 39.9% (36.4%) and 60.1% (63.6%) were foreign shareholders registered in the nominee register. This figure includes Bridgestone's ownership of approximately 15%.

4. 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.

4.1. 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.

4.2. 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.

4.3. 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 will be 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.

5. 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 Wallden (chairman), Hille Korhonen and Hannu Penttilä. The members of the Audit committee are Raimo Lind (chairman), Inka Mero and Risto Murto.

6. Corporate social responsibility

Nokian Tyres published its Corporate Sustainability Report on 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.

7. 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 combined Net sales of the two profit centres were approximately EUR 150 million in 2013 and they employ about 280 people in Nokia, Finland. The integration of two business units' resources, operations and management is expected to improve sales and profitability.

8. 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.

9. 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.

10. 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.

11. 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 surprising 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.

12. Matters after the review period

12.1. 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.

RISKS, UNCERTAINTY AND DISPUTES IN THE NEAR FUTURE

Russia and CIS consolidated sales formed 27% of the group's total sales in the review period. 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 with full year 2014 GDP growth estimated currently at 0%. About 80% of present Nokian production volume of car tyres is in Russia. Trade barriers by USA and EU against Russia have to date had little to no effect on Nokian Tyres' operations as such. 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 weaken future demand for tyres and increase credit risk.

The company's receivables increased in the review period due to seasonality and business model. Tyre inventories are on a planned level. The company follows the development of NWC very closely. At the end of the review period the Russian trade receivables accounted for 41% (39%) of the Group's total trade receivables.

Around 35% of the Group's Net sales in 2014 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 2014

The geopolitical turmoil threatens the global economic growth. The European economy has turned to growth, but hit by the Ukraine conflict, at a slower pace than expected. Even though many of the emerging economies are currently weak and geopolitical risks have remained, the global GDP is expected to grow by 3.4% in 2014.

In Nokian Tyres' core markets the Nordic countries continue to show slow but comparatively stable development with a full year 2014 GDP growth estimate of 1-2%. The growth in Russia is expected to be weak with full year 2014 GDP growth estimated currently at 0%.

The full year 2014 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, the Ukrainian crisis, and the clearly devalued currencies have hurt the economies, thus weakening growth in GDP, sales of new cars and tyre demand.

The sales volume (pcs) of Nokian Tyres is expected to show growth and the market position to improve in 2014 in the Nordic countries, Central Europe and North America. In Russia and CIS the company's sales volume is expected to decline. Nokian Tyres' Net sales are expected to decrease due to currency devaluations combined with weaker sales mix and ASP, especially in Russia. The pricing environment for 2014 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. Raw material cost is estimated to decrease by 13%. However, this is not enough to fully compensate for the weaker market conditions in Russia and CIS.

Nokian Tyres' car tyre production capacity in Russia and a rebuilt heavy tyre production in Finland offer growth potential and productivity gains, and a cut of fixed costs in 2014 supports profitability. There is an inbuilt capability to increase output rapidly without capex to meet market growth.

Heavy tyre demand is recovering in Nokian core products and sales and EBIT are expected to continue to gradually improve.

Vianor is expected to add 140 stores to the retail network in 2014 and to reach 1,340 stores, to increase sales, to develop service business further and to show a positive Operating result in full year 2014. Nokian Tyres Authorized Dealer (NAD) network is expected to reach 900 stores by the end of 2014.

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 2014.

Financial guidance (updated)

In 2014, Net sales and Operating profit are to decline compared to 2013. Operating profit is estimated to be approximately EUR 300-320 million.

Previous guidance from 8 Aug 2014

In 2014, Net sales and Operating profit are to decline compared to 2013.

INVESTMENTS IN 2014

Nokian Tyres' estimate for total investments in 2014 is EUR 100 million (125.6). Approximately EUR 20 million will be invested in Russia. The balance comprises of investments in Nokia plant (automation, moulds, ICT, R&D), Heavy tyres and sales companies including Vianor chain.

Nokia, 31 October 2014

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 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'.

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 interim report figures are unaudited.

NOKIAN TYRES
CONSOLIDATED

INCOME STATEMENT	7-9/14	7-9/13	1-9/14	1-9/13	Last 12 months	1-12/13	Change %
Million euros							
Net sales	327.7	357.0	1,009.2	1,109.1	1,421.0	1,521.0	-9.0
Cost of sales	-186.7	-190.6	-562.3	-596.5	-785.7	-819.9	5.7
Gross profit	141.0	166.4	446.9	512.7	635.3	701.0	-12.8
Other operating income	0.9	0.8	2.9	2.6	4.2	3.9	
Selling and marketing expenses	-56.1	-56.5	-173.0	-177.2	-244.8	-249.1	2.4
Administration expenses	-8.0	-8.6	-26.1	-26.9	-35.7	-36.6	3.2
Other operating expenses	-5.6	-6.5	-19.6	-18.9	-34.5	-33.8	-3.8
Operating profit	72.1	95.7	231.2	292.2	324.5	385.5	-20.9
Financial income	20.1	29.0	91.9	68.0	128.3	104.3	35.3
Financial expenses (1	-30.5	-41.3	-126.9	-105.1	-198.9	-177.0	-20.8
Profit before tax	61.7	83.4	196.2	255.1	253.9	312.8	-23.1
Tax expense (2 (3	-8.2	-12.5	-38.0	-35.0	-132.0	-129.1	-8.5
Profit for the period	53.4	70.9	158.3	220.1	121.8	183.7	-28.1
Attributable to:							
Equity holders of the parent	53.4	71.0	158.3	220.3	121.8	183.8	
Non-controlling interest	0.0	-0.1	0.0	-0.1	0.0	-0.1	
Earnings per share from the profit attributable to equity holders of the parent							
basic, euros	0.40	0.53	1.19	1.66		1.39	-28.5
diluted, euros	0.40	0.53	1.19	1.64		1.39	-27.5

CONSOLIDATED OTHER COMPREHENSIVE

INCOME	7-9/14	7-9/13	1-9/14	1-9/13	1-12/13
Million euros					
Profit for the period	53.4	70.9	158.3	220.1	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	-1.9
Cash flow hedges	-0.7	0.7	-1.5	0.3	0.8
Translation differences on foreign operations (4)	-26.6	10.8	-49.4	-45.1	-65.6
Total other comprehensive income for the period, net of tax	-27.3	11.5	-50.9	-46.7	-66.7
Total comprehensive income for the period	26.1	82.5	107.4	173.4	117.0
Total comprehensive income attributable to:					
Equity holders of the parent	26.1	82.5	107.4	173.5	117.1
Non-controlling interest	0.0	-0.1	0.0	-0.1	-0.1

1) Financial expenses in 1-9/14 contain EUR 1.6 million expensed punitive interest for tax reassessment decisions on years 2008-2012 and in 1-12/13 EUR 20.2 million on years 2007-2010.

2) Tax expense in 1-9/14 contains EUR 9.4 million expensed additional taxes with punitive tax increases for tax reassessment decisions on years 2008-2012 and in 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 7-9/14 is EUR 0.3 million and on 1-9/14 EUR -7.0 million.

KEY RATIOS	30.9.14	30.9.13	31.12.13	Change %
Equity ratio, %	63.3	65.6	67.6	
Gearing, %	27.7	28.9	-4.1	
Equity per share, euro	9.83	10.85	10.45	-9.4
Interest-bearing net debt, mill. euros	362.3	417.2	-56.4	
Capital expenditure, mill. euros	59.1	104.8	125.6	
Depreciation, mill. euros	69.5	71.1	93.5	
Personnel, average	4,235	4,153	4,194	
Number of shares (million units)				
at the end of period	133.17	133.07	133.29	
in average	133.16	132.47	132.65	
in average, diluted	135.76	137.60	137.62	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	30.9.14	30.9.13	31.12.13
Million euros			
Non-current assets			
Property, plant and equipment	630.6	682.9	683.8
Goodwill	74.0	69.9	69.9
Other intangible assets	22.5	25.0	24.7
Investments in associates	0.1	0.1	0.1
Available-for-sale financial assets	0.3	0.3	0.3
Other receivables	14.1	12.5	11.3
Deferred tax assets	11.5	8.9	8.8
Total non-current assets	753.1	799.5	798.8
Current assets			
Inventories	340.9	351.5	322.1
Trade receivables	830.4	853.3	404.8
Other receivables	103.2	112.8	112.6
Cash and cash equivalents	53.0	85.7	424.6
Total current assets	1,327.3	1,403.3	1,264.1
Equity			
Share capital	25.4	25.4	25.4
Share premium	181.4	181.4	181.4
Treasury shares	-8.6	-	-
Translation reserve	-166.6	-83.9	-128.5
Fair value and hedging reserves	-2.2	-1.2	-0.7
Paid-up unrestricted equity reserve	99.6	93.9	97.1
Retained earnings	1,179.9	1,227.7	1,217.9
Non-controlling interest	0.0	0.2	0.2
Total equity	1,309.0	1,443.6	1,392.8
Non-current liabilities			
Deferred tax liabilities	27.8	28.4	36.1
Provisions	0.1	0.1	0.1
Interest bearing financial liabilities	285.4	186.0	185.8
Other liabilities	4.7	3.8	3.5
Total non-current liabilities	317.9	218.3	225.4
Current liabilities			
Trade payables	98.3	95.7	65.8
Other current payables	222.2	127.1	193.4
Provisions	3.1	1.3	3.1
Interest-bearing financial liabilities	129.9	316.9	182.4
Total current liabilities	453.5	540.9	444.7
Total assets	2,080.4	2,202.8	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

	1-9/14	1-9/13	1-12/13
Million euros			
Cash flows from operating activities:			
Cash receipts from sales	580.1	651.9	1,469.9
Cash paid for operating activities	-663.9	-747.7	-1,045.5
Cash generated from operations	-83.7	-95.7	424.3
Financial items and taxes	-85.7	-79.3	-106.9
Net cash from operating activities	-169.4	-175.1	317.6
Cash flows from investing activities:			
Net cash used in investing activities	-60.4	-103.6	-143.4
Cash flows from financing activities:			
Proceeds from issue of share capital	2.6	14.6	17.8
Purchase of treasury shares	-8.6	-	-
Change in current financial receivables and debt	138.9	57.8	-40.7
Change in non-current financial receivables and debt	-82.5	54.0	36.6
Dividends paid	-193.4	-191.9	-191.9
Net cash from financing activities	-143.0	-65.5	-178.1
Net change in cash and cash equivalents	-372.7	-344.2	-4.0
Cash and cash equivalents at the beginning of the period	424.6	430.3	430.3
Effect of exchange rate changes	1.1	-0.5	-1.8
Cash and cash equivalents at the end of the period	53.0	85.7	424.6
	-372.7	-344.2	-4.0

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							220.3	-0.1	220.1
Other comprehensive income, net of tax:									
Cash flow hedges					0.3				0.3
Net investment hedge				-1.9					-1.9
Translation differences				-21.0			-24.1		-45.1
Total comprehensive income for the period				-22.9	0.3		196.2	-0.1	173.4
Dividends paid							-191.9		-191.9
Exercised warrants						14.6			14.6
Share-based payments							10.2		10.2
Total transactions with owners for the period						14.6	-181.7		-167.1
Equity, 30 Sep 2013	25.4	181.4	-	-83.9	-1.2	93.9	1,227.7	0.2	1,443.6
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							158.3		158.3
Other comprehensive income, net of tax:							0.2	-0.2	0.0
Cash flow hedges					-1.5				-1.5
Net investment hedge									0.0
Translation differences				-38.0			-11.3		-49.4
Total comprehensive income for the period				-38.0	-1.5		147.1	-0.2	107.4
Dividends paid							-193.4		-193.4
Exercised warrants						2.6			2.6
Acquisition of treasury shares			-8.6						-8.6
Share-based payments							8.0		8.0
Total transactions with owners for the period						2.6	-185.3	0.0	-182.8
Changes in the shareholding of subsidiaries									
Acquisition of non-controlling interests, with no impact on control							0.2		0.2
Equity, 30 Sep 2014	25.4	181.4	-8.6	-166.6	-2.2	99.6	1,179.9	0.0	1,309.0

SEGMENT INFORMATION

Million euros	7-9/14	7-9/13	1-9/14	1-9/13	1-12/13	Change %
Net sales						
Passenger car tyres	244.7	273.8	765.3	865.4	1,137.0	-11.6
Heavy tyres	36.9	39.9	108.1	109.8	149.7	-1.5
Vianor	66.7	65.3	197.3	195.3	312.5	1.0
Other operations	3.9	3.7	8.1	9.8	14.1	-16.9
Eliminations	-24.5	-25.6	-69.7	-71.1	-92.3	2.0
Total	327.7	357.0	1,009.2	1,109.1	1,521.0	-9.0
Operating result						
Passenger car tyres	73.3	96.3	236.8	303.3	378.5	-21.9
Heavy tyres	6.9	6.2	16.8	14.8	20.4	13.6
Vianor	-4.1	-4.7	-11.1	-14.6	-1.8	24.3
Other operations	-0.8	-1.1	-4.7	-6.7	-13.1	30.7
Eliminations	-3.2	-1.0	-6.7	-4.5	1.5	-47.3
Total	72.1	95.7	231.2	292.2	385.5	-20.9
Operating result, % of net sales						
Passenger car tyres	30.0	35.2	30.9	35.0	33.3	
Heavy tyres	18.8	15.5	15.6	13.5	13.6	
Vianor	-6.2	-7.2	-5.6	-7.5	-0.6	
Total	22.0	26.8	22.9	26.3	25.3	
Cash flow from operations						
Passenger car tyres	-86.7	-77.3	-103.1	-163.3	297.1	36.9
Heavy tyres	6.8	-3.7	14.0	-0.4	28.4	3,631.6
Vianor	-18.4	-15.2	-29.0	-23.7	7.4	-22.4
Total	-95.3	-94.3	-120.8	-190.2	325.6	36.5

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.

CONTINGENT LIABILITIES	30.9.14	30.9.13	31.12.13
Million euros			
FOR OWN DEBT			
Mortgages	1.0	1.1	1.1
Pledged assets	2.7	0.2	0.2
OTHER OWN COMMITMENTS			
Guarantees	3.6	3.4	3.3
Leasing and rent commitments	58.0	82.5	63.3
Purchase commitments	2.0	2.0	2.0
DERIVATIVE FINANCIAL INSTRUMENTS	30.9.14	30.9.13	31.12.13
Million euros			
INTEREST RATE DERIVATIVES			
Interest rate swaps			
Notional amount	160.0	99.2	0.0
Fair value	-2.0	-0.7	0.0
FOREIGN CURRENCY DERIVATIVES			
Currency forwards			
Notional amount	582.1	260.2	225.8
Fair value	6.4	0.2	1.9
Currency options, purchased			
Notional amount	21.2	379.4	110.3
Fair value	0.0	2.9	2.4
Currency options, written			
Notional amount	32.8	560.9	110.3
Fair value	-0.4	-1.3	-0.9
Interest rate and currency swaps			
Notional amount	20.0	20.0	20.0
Fair value	3.2	2.1	0.1
ELECTRICITY DERIVATIVES			
Electricity forwards			
Notional amount	10.3	12.3	12.3
Fair value	-2.0	-1.7	-2.8

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

Antti-Jussi Tähtinen, Vice President, Marketing and Communications

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Distribution: NASDAQ Helsinki, media, www.nokiantyres.com

Nokian Tyres Interim Report January-September was published on Friday 31 October 2014 at 8.00 a.m. Finnish time.

The result presentation to 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/resultinfo-Q3-2014

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 result 2014 will be published on 5 February, 2015.

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