nokian TYRES

# 2016

## Financial Statement Release

February 2, 2017

Nokian Tyres plc Financial Statement Release 2016, February 2, 2017, 8.00 a.m.

**Nokian Tyres plc Financial Statement Release 2016:**
**Strong performance in challenging market environment**

**October–December 2016**

- Net sales increased by 9.1% to EUR 460.7 million (422.3 in 10–12/2015). Currency exchange rate changes affected net sales positively by EUR 4.1 million compared with the rates in 10–12/2015.
- Operating profit increased by 14.4% to EUR 108.5 million (94.8). Operating profit percentage was 23.5% (22.5%).
- The profit for the period increased by 643% to EUR 91.2 million (-16.8, including additional taxes and punitive interest of EUR 94.1 million in 2015).
- Earnings per share were EUR 0.67 (-0.13).
- Cash flow from operating activities was EUR 456.9 million (398.9).

**January–December 2016**

- Net sales increased by 2.3% to EUR 1,391.2 million (1,360.1 in 2015). Currency exchange rate changes affected net sales negatively by EUR 29.9 million compared with the rates in 2015.
- Operating profit increased by 4.9% to EUR 310.5 million (296.0). Operating profit percentage was 22.3% (21.8%).
- The profit for the period increased by 4.6% to EUR 251.8 million (240.7). The net effect of the Finnish Tax Authorities' tax decisions related to the 2007–2010 tax dispute was positive by EUR 4.9 million for the full financial year 2016. The tax dispute for 2007–2010 is thoroughly described in the section "Tax rate".
- Earnings per share were EUR 1.87 (1.80).
- Cash flow from operating activities was EUR 364.4 million (283.4), which was affected by the payment of EUR 51.0 million in additional taxes with punitive tax increases and interest concerning the tax years 2007–2010. The company paid the amount in January 2016.

**Dividend**

The Board of Directors proposes a dividend of EUR 1.53 (1.50) per share.

**Financial guidance**

In 2017, with the current exchange rates, net sales and operating profit are expected to grow by at least 5% compared to 2016.

**Key figures, EUR million**

| | 10–12 /16 | 10–12 /15 | Change % | 2016 | 2015 | Change % |
|---|---|---|---|---|---|---|
| Net sales | 460.7 | 422.3 | 9.1 | 1,391.2 | 1,360.1 | 2.3 |
| Operating profit | 108.5 | 94.8 | 14.4 | 310.5 | 296.0 | 4.9 |
| Operating profit % | 23.5 | 22.5 | | 22.3 | 21.8 | |
| Profit before tax | 106.3 | 72.9 | 45.8 | 298.7 | 274.2 | 8.9 |
| Profit for the period | 91.2 | -16.8 | 643 | 251.8 | 240.7 | 4.6 |
| Earnings per share, EUR | 0.67 | -0.13 | 621 | 1.87 | 1.80 | 3.6 |
| Equity ratio, % | | | | 73.8 | 70.8 | |
| Cash flow from operating activities | 456.9 | 398.9 | 14.6 | 364.4 | 283.4 | 28.6 |
| Gearing, % | | | | -19.7 | -16.9 | |
| Interest-bearing net debt | | | | -287.4 | -209.7 | |
| Capital expenditure | 31.1 | 29.0 | 7.2 | 105.6 | 101.7 | 3.8 |

**Andrei Pantioukhov, Interim President and CEO:**

“In 2016, Nokian Tyres demonstrated strong performance in all its main market areas despite quite challenging market environment. Our net sales and profitability improved, along with the market shares.

The fourth quarter exceeded our expectations. Sales in all our main markets increased compared to the same period in the previous year. Russia was the biggest contributor to the growth in sales in Q4 – for the first time in a few years. The first encouraging signals that we reported in connection with the Q3 results continued to come from Russia. Russia’s economy and consumer markets continue to gradually stabilize, but we expect the growth in 2017 to be moderate.

The winter season started early and continued strongly, especially in CE, the Nordic countries and Russia. We have succeeded in improving our market share in our target areas despite all the challenges, especially in Russia and Central Europe. Our overall performance in the fourth quarter was excellent, and led to a strong full-year result.

Our production volumes were higher than last year, and productivity continued to develop positively. Raw material costs started to increase, as forecasted. We estimate that the raw material costs will increase by approximately 15–20% for the full year 2017 vs. 2016. This development will definitely lead to price increases in the whole industry. We have already started to implement the necessary price increases in order to maintain our profitability.

The cash flow from operating activities was EUR 81 million better than last year. Investments in 2016 amounted to EUR 105.6 million. Profitability was weakened by bad debt provisions of EUR 18.6 million, most of which related to customer bankruptcies originated in year 2015 in Russia (EUR 16.9 million). However, the collection rate of 2016 current receivables in Russia was 100%.

The fourth quarter net sales in Passenger car tyres went up from last year, and so did the operating profit. ASP decreased only slightly this quarter, mainly due to currency effects. In Heavy Tyres, we continued making the necessary investments for the future. Net sales and operating profit were practically flat year-over-year.

Vianor’s net sales increased slightly, but profitability was below the targeted level driven by operational challenges and non-recurrent items (ICT development project write-offs). In order for Vianor to achieve a positive result, a comprehensive profit improvement program will be launched in 2017. The growth of our distribution network was positive, despite large-scale tyre shop closures in Russia caused by difficult economic situation in Russia. The number of Vianor, NAD, and N-Tyre outlets in our network grew by 286 in 2016. Currently, the network includes 3,102 stores in total.

We launched top quality products during 2016, and our products continued to perform very well in magazine tests. The new flagship products for our winter tyre range, the Nokian Hakkapeliitta 9 and Nokian Hakkapeliitta 9 SUV, along with new value-for-money products Nokian Nordman 7 and Nokian Nordman 7 SUV, will make our product portfolio even stronger.

Nokian Tyres is in great shape, and I am proud to be the interim President & CEO to lead the company forward. High customer satisfaction, an engaged organization, and the upcoming flow of new world’s safest tyres create an excellent ground for future growth. In 2017, we expect net sales and operating profit to grow by at least 5% compared to 2016.”

**Market situation**

The global recovery continues. As we enter 2017, all regions are showing positive development. In 2017 and 2018, the rate of growth is estimated to be slightly higher than in previous years. It is estimated that the global GDP will grow by 3.3% in 2017 (3.1% in 2016). The GDP growth estimates for the Nordic countries are from +1.0% to +2.3%, for Europe (including the Nordics) +1.3%, and for the US +2.1%. In Russia, the GDP is estimated to grow by approximately 1%.

In Europe, the sales of new cars increased in 2016 by 7% year-over-year. Car tyre sell-in to distributors was up 2% year-over-year, with winter tyre demand increasing by 3%. Overall, tyre demand is estimated to grow slightly year-over-year in Central Europe in 2017. Rapidly growing raw materials costs will force the global tyre industry to increase prices in 2017.

In the Nordic countries, new car sales increased in 2016 by 7% year-over-year. The market volume of car tyres was flat year-over-year. For the full year of 2017, car tyre demand is estimated to remain at the same level year-over-year.

In the US, the estimated new car sales were up by 0.6% in 2016 vs. 2015. The market volume of car tyres was up by 1.4% year-over-year. However, demand for winter tyres decreased. For the full year of 2017, car tyre demand is estimated to increase slightly year-over-year.

Russia’s economic decline has slowed down but has not turned into growth yet. The economy continued to stabilize. The Russian consumers’ confidence and purchasing power continued to gradually improve, but still remain at a low level. The sales of new cars in 2016 continued to decrease: the whole year showed a decline of 11% and December was down by 1% vs. the same period last year. In 2017, the new car market is expected to return to growth. For the whole year 2017, the new car sales is expected to grow in the range of 5–10% vs. 2016. The total replacement tyre market sell-in in Russia declined in 2016 by approximately 5%. In 2017, the tyre market is expected to grow by 5–10% vs. 2016.

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

In 2016, the sell-in of premium truck tyres was up by 3% in Europe, while in the Nordic countries demand was down by 3%. In Russia, the demand for premium truck tyres increased by 33% compared to 2015. Truck tyre demand in 2017 is estimated to show some increase or to remain at the same level as in the previous year in all of Nokian Tyres’ western markets; in Russia, demand is showing some positive signals.

**Raw materials**

Nokian Tyres' raw material costs (EUR/kg) were down by 5.3% in 2016 year-over-year. The raw material costs are estimated to increase by approximately 15–20% in the full year of 2017, providing a headwind of approximately EUR 40–55 million versus 2016.

## OCTOBER–DECEMBER 2016

Nokian Tyres Group recorded net sales of EUR 460.7 million (422.3), with an increase of 9.1% compared with Q4/2015. Currency exchange rate changes affected net sales positively by EUR 4.1 million. In the Nordic countries, sales increased by 0.9% year-over-year. The sales in Russia increased by 44.4%. The consolidated sales in Russia and the CIS increased by 43.4%. In Other Europe, sales were up by 15.7%, and in North America, sales increased by 7.8%.

The raw material costs (EUR/kg) in manufacturing increased by 2.8% year-over-year and increased by 5.3% versus the third quarter of 2016. Fixed costs amounted to EUR 133.2 million (114.2), thereby accounting for 28.9% (27.0%) of net sales.

Nokian Tyres Group's operating profit amounted to EUR 108.5 million (94.8), with an increase of 14.4% compared with Q4/2015. The operating profit was negatively affected by the recognition of credit losses and provisions of EUR 7.3 million (11.3).

Net financial expenses were EUR 2.2 million (21.9). Net interest expenses were EUR 3.6 million (21.0). In Q4/2015, net interest expenses included EUR 19.2 million in penalty interest related to the tax dispute of 2007–2010. Net financial expenses include EUR 1.5 million gain (0.9 loss) of exchange rate differences.

Profit before tax was EUR 106.3 million (72.9). The profit for the period amounted to EUR 91.2 million (-16.8), and EPS were EUR 0.67 (-0.13). In Q4/2015, profit was penalized by the additional taxes of EUR 94.1 million in Finland, including punitive tax increases and interest based on the renewed reassessment decisions from the Tax Administration related to the tax dispute for 2007–2010 received in December 2015 and January 2016. In Q4/2016, taxes were decreased by EUR 4.9 million according to the decision of the Board of Adjustment in November 2016.

Cash flow from operating activities was EUR 456.9 million (398.9). In Q4/2016, the Tax Administration returned EUR 4.9 million according to the decision of the Board of Adjustment in November 2016.

## JANUARY–DECEMBER 2016

Nokian Tyres Group recorded net sales of EUR 1,391.2 million (1,360.1), with an increase of 2.3% compared with 2015. Currency exchange rates affected net sales negatively by EUR 29.9 million.

**Net sales development by market area**

| | Growth% | % of total sales in 1–12/2016 | % of total sales in 1–12/2015 |
|---|---|---|---|
| Nordic countries | 1.8 | 43.1 | 43.5 |
| Russia and the CIS | -3.6 | 16.0 | 17.1 |
| Other Europe | 13.5 | 29.3 | 26.5 |
| North America | -8.3 | 10.8 | 12.1 |

**Net sales development by business unit**

| | Growth% | % of total sales in 1–12/2016 | % of total sales in 1–12/2015 |
|---|---|---|---|
| Passenger Car Tyres | 3.1 | 66.7 | 66.3 |
| Heavy Tyres | 0.0 | 10.6 | 10.8 |
| Vianor | 2.2 | 22.8 | 22.8 |

The raw material costs (EUR/kg) in manufacturing decreased by 5.3% year-over-year. Fixed costs amounted to EUR 431.0 million (403.8), thereby accounting for 31.0% (29.7%) of net sales. Total salaries and wages were EUR 197.6 million (197.1).

Nokian Tyres Group's operating profit amounted to EUR 310.5 million (296.0), with an increase of 4.9% compared with 2015. The operating profit was negatively affected by the IFRS 2-compliant accrual for share option and performance share plans of EUR 15.0 million (9.1) and expensed credit losses and provisions of EUR 18.6 million (17.7), most of which related to customer bankruptcies in year 2015 in Russia (EUR 16.9 million).

Net financial expenses were EUR 11.8 million (21.8). Net interest expenses were EUR 8.0 million (10.7). In Q3/2015, financial expenses included a EUR 2.7 million premium related to Nokian Tyres' voluntary buy-back of a company bond maturing in 2017 amounting to EUR 62.3 million. In Q1/2015, the financial expenses were adjusted with a EUR 20.2 million reversal of interest on back tax as the reassessment decisions on the years 2007–2010 were annulled and returned to the Tax Administration for reprocessing. In Q4/2015, net interest expenses included EUR 19.2 million in penalty interest based on the renewed reassessment decisions from the Tax Administration received in December 2015 and January 2016. The net effect of the above described tax decisions was EUR 1.0 million positive for the full financial year 2015. Net financial expenses include EUR 3.8 million loss (11.1 loss) in exchange rate differences.

Profit before tax was EUR 298.7 million (274.2). The profit for the period amounted to EUR 251.8 million (240.7), and the EPS were EUR 1.87 (1.80). In Q1/2015, the tax expense was adjusted by EUR 80.1 million as the tax reassessment decisions for the years 2007–2010 were annulled and returned to the Tax Administration for reprocessing. In Q4/2015, the tax expense was again adjusted by EUR 74.9 million based on the renewed reassessment decisions received in December 2015 and January 2016. In total in Q1/2015, based on the annulment decision made by the Board of Adjustment of Finnish Tax Administration, the company returned total additional taxes and punitive interest of EUR 100.3 million to the financial result, and in Q4/2015, based on the renewed reassessment decisions, the company recorded total additional taxes and punitive interest of EUR 94.1 million to the financial result. The net effect of the above described tax decisions was EUR 6.2 million positive for the full financial year 2015. In Q4/2016, taxes were again decreased by EUR 4.9 million according to the decision of the Board of Adjustment in November 2016. Tax disputes are thoroughly described in the section "Tax rate". Excluding the tax decisions, the profit for the period increased by 5.3% compared to 2015.

Cash flow from operating activities, EUR 364.4 million (283.4), was affected by the payment of EUR 51.0 million in additional taxes with punitive tax increases and interest concerning the tax years 2007–2010. The company paid the amount in January 2016. The company received the reassessment decisions of EUR 94.1 million in December 2015 and in January 2016. Previously, the Tax Administration had already set off EUR 43.1 million of the amount despite the stay of execution. In Q4/2016, the Tax Administration in turn returned EUR 4.9 million according to the decision of the Board of Adjustment in November 2016.

**Investments**

Investments in the review period amounted to EUR 105.6 million (101.7). This comprises production investments in the Russian and Finnish factories, molds for new products, ICT and process development projects and the Vianor expansion projects.

**Financial position on December 31, 2016**

The gearing ratio was -19.7% (-16.9%). Interest-bearing net debt amounted to EUR -287.4 million (-209.7). Equity ratio was 73.8% (70.8%).

The Group's interest-bearing liabilities totaled EUR 225.8 million (219.6), of which the current interest-bearing liabilities amounted to EUR 88.8 million (19.9). The average interest rate for interest-bearing liabilities was 3.1% (3.2%). Cash and cash equivalents amounted to EUR 513.2 million (429.3).

At the end of the review period, the company had unused credit limits amounting to EUR 508.7 million (508.7), of which EUR 155.7 million (155.7) were committed. The current credit limits and the commercial paper program are used to finance inventories, trade receivables and subsidiaries in distribution chains, thereby controlling the typical seasonality in the Group's cash flow.

The Group's total comprehensive income was positively affected by translation differences for foreign operations by EUR 121.8 million (-55.2). The total comprehensive income for the period amounted to EUR 373.4 million (185.2).

**Tax rate**

**Dispute concerning 2007–2010**

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

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

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

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

In November 2016, the Company announced that The Board of Adjustment of the Finnish Tax Administration held in force the reassessment decision from the Tax Administration related to additional taxes of EUR 62.8 million, but decreased the amount of punitive tax increases and interests from EUR 31.3 million to EUR 26.4 million concerning the tax years 2007–2010. The Company considers the decision unfounded and appealed against it by filing a claim with the Administrative Court.

The reassessment decision regarding the year 2011 has not been received yet, and the later years have not been tax audited by the Finnish Tax Administration.

**Dispute concerning the US subsidiary 2008–2012**

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

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

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

## Tax rate outcome and estimate

The Group's tax rate was 15.7% in the review period; and 17.4% excluding the decrease of the punitive tax increases and interests in 2016. In 2015, the tax rate was 12.2%, and 14.2% excluding the additional taxes in 2015. The tax rate is positively affected by tax incentives in Russia for current investments and further future investments. The latest agreed tax benefits and incentives for the factory came into force at the beginning of 2013 and, for the sales company, these were renewed in August 2016. The agreements will extend the benefits and incentives until approximately 2020. Due to the renewed agreement and changes in Russia's legislation, the estimate for the Group's tax rate is expected to be 19% for 2017–2019.

The tax rate in the coming years will depend on the timetable and final outcome of the ongoing back tax disputes with the Finnish Tax Administration. The Group's corporate annual tax rate may rise as a result of these cases.

## Personnel

In 2016 the Group employed, on average, 4,433 (4,421) people, and 4,392 (4,389) at the end of the review period. In Finland, the Group employed 1,616 (1,732) people at the end of the review period, and 1,368 (1,327) people in Russia. The equity-owned Vianor tyre retail chain employed 1,742 (1,681) people at the end of the review period.

## BUSINESS UNIT REVIEWS

### Passenger Car Tyres

| | 10–12 /16 | 10–12 /15 | Change % | 2016 | 2015 | Change % |
|---|---|---|---|---|---|---|
| Net sales, M€ | 314.0 | 276.5 | 13.6 | 981.1 | 951.5 | 3.1 |
| Operating profit, M€ | 94.4 | 80.3 | 17.6 | 305.8 | 285.5 | 7.1 |
| Operating profit, % | 30.1 | 29.0 | | 31.2 | 30.0 | |

Net sales of Nokian Passenger Car Tyres totaled EUR 981.1 million (951.5) in 2016, up by 3.1% year-over-year. Operating profit was EUR 305.8 million (285.5). Operating profit percentage was 31.2% (30.0%).

Net sales increased slightly during the review period, mainly due to the increased sales in Other Europe. In 2016, net sales in Russia and North America declined and in the Nordic countries remained at the same level year-over-year. In Q4, sales increased especially in Russia. The winter season was good, especially in Other Europe, the Nordic countries and Russia. In most countries, the volumes were up. In Europe, the trend of sales shifting towards the consumer season has continued. Nokian Tyres' summer tyre sales continued to increase in all key markets.

In 2016, the Average Selling Price in euros decreased slightly mainly due to currency impacts. The share of winter tyres in the sales mix was 67% (71%), the share of summer tyres was 24% (21%) and the share of All-Season tyres was 9% (8%). Some price reductions have taken place in a few countries, which reflects the tight competitive situation and reductions in material costs partly passing through to tyre prices. Pricing environment during 2016 was tight, but shifted towards more neutral towards the end of the year due to increasing raw material prices.

Raw material costs (€/kg) were down by 5.3% year-over-year, which, together with improved productivity, supported the margins.

Nokian Tyres succeeded in the winter tyre tests once again, with several car magazine test victories all over the world. The summer tyre range also won several car magazine tests. Read more: www.nokiantyres.com/test-success/. A flow of product launches with new innovations – improving safety, comfort and eco-friendly driving – continued in the review period. For example, the Nokian Hakka Blue 2 summer tyre for Nordic countries and Russia, Nokian Rockproof – a strong special tyre, Nokian zLine all season for North American markets as well as Nokian iLine and Nokian eLine 2 for CE were introduced during the review period.

In the review period, the capacity utilization increased year-over-year, and the production output (pcs) increased by 5%. Productivity (kg/mh) improved by 3% year-over-year. In 2016, 86% (81%) of Nokian passenger car tyres (pcs) were manufactured at the Russian factory.

**Heavy Tyres**

| | 10–12 /16 | 10–12 /15 | Change % | 2016 | 2015 | Change % |
|---|---|---|---|---|---|---|
| Net sales, M€ | 41.7 | 41.8 | -0.2 | 155.3 | 155.3 | 0.0 |
| Operating profit, M€ | 7.2 | 6.7 | 7.7 | 28.2 | 28.7 | -1.8 |
| Operating profit, % | 17.2 | 15.9 | | 18.2 | 18.5 | |

Net sales of Nokian Heavy Tyres totaled EUR 155.3 million (155.3) in 2016, remaining at the same level year-over-year. Operating profit was EUR 28.2 million (28.7). Operating profit percentage was 18.2% (18.5%).

In the Western markets, demand was moderate in most of Nokian Heavy Tyres' core product groups. Sales of forestry tyres were strong. Sales remained at a good level in the Nordic countries and increased in Russia. In Other Europe, sales declined due to decreased Agri sales. In North America sales decreased slightly. Especially new product sales developed well. The operating profit decreased slightly year-over-year due to the decreased average selling prices and higher level of marketing activities. The raw material cost savings in the beginning of the year supported full year profitability.

In 2016, the Average Selling Price decreased year-over-year due to a challenging pricing environment, a bigger share of OE sales, and the product mix. During the review period, sales volumes of the company's own production increased year-over-year. Productivity increased.

Production output (metric tons) increased vs. 2015, and continuous investments into production technology improved productivity.

## Vianor

### Equity-owned operations

| | 10–12 /16 | 10–12 /15 | Change % | 2016 | 2015 | Change % |
|---|---|---|---|---|---|---|
| Net sales, M€ | 125.0 | 119.4 | 4.6 | 334.8 | 327.6 | 2.2 |
| Operating profit, M€ | 7.8* | 11.1 | -29.8 | -8.1** | -1.9 | -330.4 |
| Operating profit, % | 6.2* | 9.3 | | -2.4** | -0.6 | |

* Excluding non-recurring items: Operating profit EUR 10.4 million, operating profit percentage 8.3%.
** Excluding non-recurring items: Operating profit EUR -4.5 million, operating profit percentage -1.3%.

Net sales totaled EUR 334.8 million (327.6) in 2016, up by 2.2% year-over-year. Operating profit was EUR -8.1 million (-1.9). Operating profit percentage was -2.4% (-0.6%). Non-recurring items amounting to EUR 3.6 million include the write-off of ICT development projects.

In 2016, Net sales increased in the Nordic countries year-over-year. Service sales increased by 4.1%. Retail sales accounted for 51% of Vianor’s total sales. In Q4/2016, the retail business environment was very challenging. In order for Vianor to achieve a positive result, a comprehensive profit improvement program will be launched in 2017 focusing on service sales development, pricing management, retail structure optimization, and cost reduction.

Vianor outlets are being developed towards one-stop shops, where the customer can get tyres, tyre services and car services. At the end of the review period, Vianor had 212 (198) equity-owned stores in Finland, Sweden, Norway, USA, Switzerland, and Russia.

### Retail network operations

Nokian Tyres’ retail network includes Vianor’s equity-owned chain, Vianor’s partner chains, Nokian Tyres Authorized Dealers (NAD), and N-Tyre.

In Nokian Tyres’ key markets, the total number of Vianor outlets increased by 26 stores during 2016 (equity +14, partner +12). At the end of the review period, the Vianor network comprised 1,501 stores in total, of which 1,289 were partners. Vianor operates in 27 countries; most extensively in the Nordic countries, Russia, and Ukraine. The expansion of the partner network will continue.

A softer partner model, Nokian Tyres Authorized Dealers (NAD), has expanded in the review period by 242 stores and comprises 1,481 stores under contract in 19 European countries and China. N-Tyre, a Nokian Tyres partner network, is operating with 120 stores in Russia and the CIS, and it has expanded in the review period by 18 stores.

## OTHER MATTERS

### 1. Stock options on the Nasdaq Helsinki Stock Exchange

The total number of stock options 2010C was 1,340,000. Each stock option 2010C entitled its holder to subscribe to one share in Nokian Tyres plc. The shares were subscribed with the stock options 2010C during the period of May 1, 2014 to May 31, 2016.

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

The total number of stock options 2013B is 1,150,000. Each stock option 2013B entitles its holder to subscribe to one share in Nokian Tyres plc. The shares can be subscribed with the stock options 2013B during the period of May 1, 2016 to May 31, 2018. The present share subscription price with stock options 2013B is EUR 26.59/share. The dividends payable annually are deducted from the share subscription price.

### 2. Authorizations

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

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

### 3. Own shares

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

In 2014, Nokian Tyres 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. In accordance with IFRS, these repurchased 300,000 shares have been reported as treasury shares in the Consolidated Statement of Financial Position. This number of shares corresponds to 0.2% of the total shares and voting rights of the company.

### 4. Trading in shares

Nokian Tyres’ share price was EUR 32.04 (33.10) at the end of the review period. The volume weighted average share price during the period was EUR 31.75 (28.06), the highest was EUR 36.74 (37.57) and the lowest was EUR 27.48 (19.23). A total of 138,561,065 shares were traded in Nasdaq Helsinki during the period (195,229,321), representing 102% (145%) of the company’s overall share capital. Nokian Tyres’ shares are also traded on alternative exchanges, such as Bats CXE, Turquoise, and BATS. The total trading volume on these alternative exchanges was 127,537,938 shares during the review period. The company’s market capitalization at the end of the period was EUR 4.814 billion (4.458 billion). The company had 35,483 (38,304) shareholders. The percentage of Finnish shareholders was 23.1% (27.5%), and 76.9% (72.5%) were non-Finnish holders and foreign shareholders registered in the nominee register. This figure includes Bridgestone’s holding of approximately 14.7%.

### 5. Changes in ownership

Nokian Tyres has received announcements from BlackRock, Inc. on January 11, 2016, on January 15, 2016, on January 22, 2016, on February 16, 2016, on March 4, 2016, on March 9, 2016, on March 10, 2016, on March 14, 2016, on March 18, 2016, on April 22, 2016, on May 2, 2016, and on May 3, 2016, according to which the holdings of the mutual funds managed by BlackRock, or indirect holding in Nokian Tyres shares, exceeded the level of 5% of the share capital in Nokian Tyres plc, as a result of a share transactions concluded on January 8, 2016, on January 14, 2016, on January 21, 2016, on February 15, 2016, on March 3, 2016, on March 8, 2016, on March 9, 2016, on March 11, 2016, on March 17, 2016, on April 21, 2016, on April 29, 2016, and on May 2, 2016.

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

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

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

Nokian Tyres has received an announcement from The Capital Group Companies, Inc. on June 9, 2016, according to which the holdings of the mutual funds managed by The Capital Group Companies, Inc. exceeded the level of 5% of the share capital in Nokian Tyres plc, as a result of share transactions concluded on June 8, 2016.

Nokian Tyres has received an announcement from The Income Fund of America (IFA) on September 15, 2016, according to which the shares owned by The Income Fund of America exceeded the level of 5% of the share capital in Nokian Tyres plc, as a result of share transactions concluded on September 14, 2016.

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

## 6. Decisions made at the Annual General Meeting

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

### 6.1 Dividend

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

### 6.2. Members of the Board of Directors and Auditor

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

Authorized public accountants KPMG Oy Ab continue as auditors.

### 6.3. Remuneration of the Members of the Board of Directors to remain unchanged

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

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

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

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

## 8. Corporate social responsibility

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

Nokian Tyres plc is included in the OMX GES Sustainability Finland GI index. The index is designed to provide investors with a liquid, objective, and reliable benchmark for responsible investment. The benchmark index comprises the 40 leading Nasdaq Helsinki listed companies in terms of sustainability. The index criteria are based on international guidelines for environmental, social, and governance (ESG) issues. The index is calculated by Nasdaq in cooperation with GES Investment Services. Nokian Tyres is also included in the STOXX Global ESG Leaders indices, and is a constituent of the FTSE4Good Index.

The new biomass power plant in Nokia started its operations in April 2016. The plant reduces the use of fossil fuels and increases the use of local energy sources. Nokian Tyres is one of three partners. The total investment was EUR 42 million. According to initial calculations, the proportion of renewable energy sources could increase from the current 40% to approximately 70%, thereby significantly decreasing the Nokia factory’s greenhouse gas emissions in the future.

### Nokian Tyres received good grades for corporate responsibility

Nokian Tyres has received consistently good results in the global Dow Jones Sustainability Index. The evaluations review the corporate responsibility of the companies' operations from 18 different perspectives, including environmental affairs, human rights, accountability in the procurement chain, and safety in the workplace. In the 2016 evaluation, Nokian Tyres was graded above average for its sector in almost all of the 18 sub-areas. The evaluation is carried out by a Swiss company named RobecoSam.

## 9. Nokian Tyres participating in UN Global Compact initiative

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

**10. Changes in operational structure and management team**

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

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

**11. Agreement on work time flexibility supports preserving the role of the Nokia factory**

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

**12. Nokian Hakkapeliitta R2 winter tyre wins the Tire technology of the year 2016 award**

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

**13. Nokian Tyres' incentive scheme to be updated**

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

**14. Test tyre policies and processes at Nokian Tyres**

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

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

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

**16. Nokian Tyres signed a EUR 100 million Revolving Credit Facility**

On May 12, 2016, Nokian Tyres announced that it has signed a EUR 100 million Revolving Credit Facility for 5 years with an international bank syndicate. The Facility will be used for refinancing the existing EUR 100 million Multicurrency Revolving Credit Facility that was signed March 31, 2011 as well as for general corporate purposes.

**17. Nomination to Nokian Tyres' management team**

On May 18, 2016, Nokian Tyres announced that Timo Tervolin has been appointed as Vice President, Strategy and Corporate Development and a member of Nokian Tyres' management team. His responsibilities include leading the company's strategy process and strategic programs, mergers and acquisitions, and monitoring the markets and competition. Timo Tervolin joined Nokian Tyres on June 6, 2016 and reports to the President and CEO.

**18. Nomination to Nokian Tyres' management team**

On July 1, 2016, Nokian Tyres announced that Tarja Kaipio has been appointed as Vice President, Human Resources and member of the management team of Nokian Tyres plc as of August 8, 2016. She will be responsible for human resources functions and will report to the President and CEO.

More detailed information on management team can be found at https://www.nokiantyres.com/company/investors/corporate-governance/the-groups-management-team/.

**19. Nokian Tyres plc: Shares subscribed with option rights**

On August 18, 2016, Nokian Tyres announced that after May 16, 2016, registered new shares, a total of 1,219,996 Nokian Tyres plc's shares have been subscribed with the 2010C option rights, a total of 40 shares with the 2013A option rights, and a total of 145 shares with the 2013B option rights. As a result of the share subscriptions, the number of Nokian Tyres plc shares increased to 135,911,395 shares.

**20. Nokian Tyres introduced new products**

On September 9, 2016, Nokian Tyres introduced new products: the Nokian Hakka Blue 2 summer tyre, and Nokian Rockproof – a new, strong special tyre.

**21. Nokian Tyres constructs an all-new technology center in Spain**

On September 20, 2016, Nokian Tyres announced that it will construct a new technology center in Spain, in Santa Cruz de la Zarza. This development center will be located south of Madrid, and it will span approximately 300 hectares. In the future, it will be especially used for testing summer tyres with high speed ratings as well as the characteristics of winter tyres. The final construction of the center will be finished in late 2019, but the first stage will be completed already during 2017. The value of the investment is approximately EUR 16 million. Construction is scheduled to begin in early 2017.

**22. Nokian Tyres' President and CEO to change**

On September 27, 2016, Nokian Tyres announced that the President and CEO Ari Lehtoranta has resigned from his position in order to pursue new opportunities outside of Nokian Tyres. He continues in his present position until the end of 2016. The company's Board of Directors will start the recruitment process to select a new President and CEO for the company. Read more: https://www.nokiantyres.com/company/news-article/nokian-tyres-president-and-ceo-to-change/.

**23. Nokian Tyres plc: Managers' transactions**

Nokian Tyres announced managers’ transactions on November 4, 2016, on November 10, 2016, on November 11, 2016, on November 14, 2016, on November 15, 2016, on November 16, 2016, on November 18, 2016, on November 22, 2016, on November 24, 2016, on December 9, 2016, on December 12, 2016, and on December 13, 2016. Read more: https://www.nokiantyres.com/company/publications/releases/2016/managementTransactions/.

**24. Nokian Tyres’ tax dispute proceeds. The Company is now finally in a position to appeal to the Administrative Court**

On November 7, 2016, Nokian Tyres announced that The Board of Adjustment of the Finnish Tax Administration held in force the reassessment decision from the Tax Administration related to additional taxes of EUR 62.8 million, but decreased the amount of punitive tax increases and interests from EUR 31.3 million to EUR 26.4 million concerning the tax years 2007–2010. The decision of the Board of Adjustment was not unanimous. The Company has already recorded the total additional taxes of EUR 94.1 million from the tax years 2007–2010 in full in the financial statement and result of year 2015, based on the Tax Administrations decisions from December 2015 and January 2016. The Company considers the decision unfounded and will appeal against it by filing a claim with the Administrative Court. The ruling of The Board of Adjustment of the Finnish Tax Administration does not affect the Company's dividend policy.

**25. Andrei Pantioukhov appointed interim President and CEO of Nokian Tyres plc**

On December 21, 2016, Nokian Tyres announced that The Board of Directors of Nokian Tyres plc has appointed MBA Andrei Pantioukhov, 44, as the interim President and CEO starting January 1, 2017. Mr. Pantioukhov currently serves as Nokian Tyres’ General Manager, Russian operations, and also continues in this role. He has been in the Company since 2004, a member of the management since 2009, and Executive Vice President since the beginning of 2016.

**MATTERS AFTER THE REVIEW PERIOD**

**26. Nokian Tyres introduces new flagship products for its winter tyre range: the Nokian Hakkapeliitta 9 and Nokian Hakkapeliitta 9 SUV utilize unique stud technology**

On January 3, 2017, Nokian Tyres announced that Nokian Tyres renews its studded tyre range by launching its new flagship products: the Nokian Hakkapeliitta 9, designed for passenger cars, and the Nokian Hakkapeliitta 9 SUV for sports utility vehicles. In addition to the Nokian Hakkapeliitta winter tyres, the Company is also introducing new studded Nokian Nordman 7 and Nokian Nordman 7 SUV winter tyres. The Nokian Nordman product family offers an alternative to the premium products in terms of the price to quality ratio and supplements Nokian Tyres’ product range for different consumer groups. Key markets for both product families are the Nordic countries, Russia and North America.

## RISKS, UNCERTAINTY, AND DISPUTES IN THE NEAR FUTURE

The global recovery continues. As we enter 2017, all regions are showing positive development. In 2017 and 2018, the growth rate is estimated to be slightly higher than in previous years. It is estimated that the global GDP will grow by 3.3% in 2017 (3.1% in 2016). The GDP growth estimates for the Nordic countries are from +1.0% to +2.3%, for Europe (including the Nordics) +1.3%, and for the US +2.1%. In Russia, the GDP is estimated to grow by approximately 1%. Possible effects related to US presidential election will be seen in coming months. An escalation of the Ukraine crisis could cause serious disruption, additional trade barriers, and a slowdown of economic development in Russia and Finland. Brexit as such has practically no effect on Nokian Tyres' business.

In 2016, the company's receivables increased compared to the previous year due to pre-summer tyre sales in Russia. The tyre inventories are at the planned level. The company follows the development of NWC very closely. At the end of the review period, Russian trade receivables accounted for 37% (31%) of the Group's total trade receivables. Russian receivable risk compared to 2015 is clearly lower. The collection rate of 2016 current receivables in Russia was 100%.

Approximately 40% of the Group's net sales in 2017 are estimated to be generated from Euro-denominated sales. The most important sales currencies in addition to the euro are the Russian ruble, the Swedish and Norwegian krona, and the US and Canadian dollar.

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

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

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

### Tax disputes

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

**OUTLOOK FOR 2017**

The global recovery continues. As we enter 2017, all regions are showing positive development. In 2017 and 2018, the rate of growth is estimated to be slightly higher than in previous years. It is estimated that the global GDP will grow by 3.3% in 2017 (3.1% in 2016). The GDP growth estimates for the Nordic countries are from +1.0% to +2.3%, for Europe (including the Nordics) +1.3%, and for the US +2.1%. In Russia, the GDP is estimated to grow by approximately 1%.

In 2017, market demand for replacement car tyres is expected to show growth in Central Europe, North America, and the Nordic countries. In Russia, the market is expected to return to growth, but the pace of the recovery is likely to be quite moderate.

The company’s replacement tyre market position (sell-in) is expected to improve in 2017 in all key markets. In Russia, the company expects to retain and further strengthen its market leader position in the A+B segments in 2017.

The raw material cost is estimated to increase by approximately 15–20% in 2017 versus 2016. Rapidly growing raw materials costs will force the global tyre industry to increase prices in 2017.

Nokian Tyres retains competitive advantage by manufacturing in Russia. Approximately 70% of the Russian production was exported in 2016, and the margin between production costs in rubles and export sales in euros has improved along with the devaluation of the ruble. Nokian Tyres will invest in 2017 in the expansion of the Vsevolozhsk factory capacity and further improvements in the automation of production. As a result of these investments, the total annual nominal capacity of the Vsevolozhsk factory will increase from the current 15.5 million tyres to 17 million tyres.

Demand in Nokian Heavy Tyres’ core products is estimated to remain healthy. The raw material cost increases cause pressure on pricing. Nokian Heavy Tyres’ production capacity and delivery capability have improved and, therefore, the sales and EBIT are expected to increase slightly year-over-year.

Vianor (equity-owned) is expected to increase sales, to develop the service business further and to improve operating result in the full year 2017. Vianor (partners) and other Nokian Tyres’ partner channels, such as Nokian Tyres Authorized Dealers (NAD) and the N-Tyre network, will continue to expand.

Nokian Tyres’ budget for total investments in 2017 is EUR 190 million (105.6), of which EUR 83 million will be invested in Russia. EUR 78 million is planned to invest in Nokia factory and global development projects and the balance goes to Heavy Tyres, sales companies, and Vianor chain.

The operative management has presented the initial plans regarding the third factory to the Board of Directors in December 2016. The matter is under further investigation. The decision is to be made during spring 2017.

**Financial guidance**

In 2017, with the current exchange rates, net sales and operating profit are expected to grow by at least 5% compared to 2016.

**The proposal for the use of profits by the Board of Directors**

The distributable funds in the Parent company total EUR 608.6 million.
The Board of Directors proposes to the Annual General Meeting that
the distributable funds be used as follows:

| | |
|---|---|
| A dividend of | 1.53 EUR/share |
| be paid out, totaling | EUR 207.9 million |
| retained in equity | EUR 400.7 million |
| Total | EUR 608.6 million |

No material changes have taken place in the financial position of the company since the end of the financial year. The liquidity of the company is good, and the proposed distribution of profits does not compromise the financial standing of the company, as perceived by the Board of Directors.

Nokia, February 2, 2017

Nokian Tyres plc

Board of Directors

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

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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 2015. 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 previous Financial Statements.

The figures in the financial statements bulletin are unaudited.

| NOKIAN TYRES CONSOLIDATED INCOME STATEMENT | 10-12/16 | 10-12/15 | 1-12/16 | 1-12/15 | Change |
|---|---|---|---|---|---|
| Million euros | | | | | % |
| | | | | | |
| Net sales | 460.7 | 422.3 | 1,391.2 | 1,360.1 | 2.3 |
| Cost of sales | -236.1 | -223.6 | -724.2 | -733.7 | 1.3 |
| Gross profit | 224.6 | 198.6 | 667.0 | 626.4 | 6.5 |
| Other operating income | 1.4 | 0.3 | 3.9 | 3.7 | 5.0 |
| Selling and marketing expenses | -81.1 | -75.2 | -267.6 | -256.2 | -4.4 |
| Administration expenses | -20.6 | -10.2 | -49.4 | -35.3 | -40.1 |
| Other operating expenses | -15.8 | -18.7 | -43.4 | -42.6 | -1.9 |
| Operating profit | 108.5 | 94.8 | 310.5 | 296.0 | 4.9 |
| Financial income | 48.3 | 64.1 | 140.1 | 200.9 | -30.3 |
| Financial expenses (1 | -50.4 | -86.0 | -151.8 | -222.7 | 31.8 |
| Profit before tax | 106.3 | 72.9 | 298.7 | 274.2 | 8.9 |
| Tax expense (2 (3 | -15.1 | -89.7 | -46.9 | -33.5 | -40.2 |
| Profit for the period | 91.2 | -16.8 | 251.8 | 240.7 | 4.6 |
| | | | | | |
| Attributable to: | | | | | |
| Equity holders of the parent | 91.2 | -16.8 | 251.8 | 240.7 | |
| Non-controlling interest | - | - | - | - | |
| | | | | | |
| Earnings per share from the profit attributable to equity holders of the parent | | | | | |
| basic, euros | 0.67 | -0.13 | 1.87 | 1.80 | 3.6 |
| diluted, euros | 0.67 | -0.13 | 1.86 | 1.80 | 3.2 |

| CONSOLIDATED OTHER COMPREHENSIVE INCOME<br>Million euros | 10-12/16 | 10-12/15 | 1-12/16 | 1-12/15 |
|---|---|---|---|---|
| Profit for the period | 91.2 | -16.8 | 251.8 | 240.7 |
| Other comprehensive income, items that may be reclassified subsequently to profit and loss, net of tax: | | | | |
| Gains/Losses from hedge of net investments in foreign operations | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash flow hedges | 0.0 | 1.2 | -0.3 | -0.3 |
| Translation differences on foreign operations 4) | 56.3 | -46.4 | 121.8 | -55.2 |
| Total other comprehensive income for the period, net of tax | 56.3 | -45.2 | 121.6 | -55.5 |
| Total comprehensive income for the period | 147.5 | -62.0 | 373.4 | 185.2 |
| | | | | |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the parent | 147.5 | -62.0 | 373.4 | 185.2 |
| Non-controlling interest | - | - | - | - |

1) Financial expenses in 1-12/15 have been adjusted with EUR 20.2 million reversal of interests on back taxes as the tax reassessment decisions on years 2007-2010 were annulled and returned to the Tax Administration for reprocessing. Additionally financial expenses in 10-12/15 and 1-12/15 contain EUR 19.2 million expensed punitive interest for reprocessed tax reassessment decisions on years 2007-2010. These decrease financial expenses in 1-12/15 with EUR 1.0 million net.
2) Tax expense in 10-12/16 and 1-12/2016 has been adjusted with EUR 4.9 million according to the decision of the Board of Adjustment. Previously in 1-12/15 tax expense has been adjusted with EUR 80.1 million as the tax reassessment decisions on years 2007-2010 were annulled and returned to the Tax Administration for reprocessing. Additionally tax expense in 10-12/15 and 1-12/15 contains EUR 74.9 million expensed additional taxes with punitive tax increases for reprocessed tax reassessment decisions on years 2007-2010. These decrease tax expense in 1-12/15 with EUR 5.2 million net.
3) Otherwise tax expense in the consolidated income statement is based on the taxable result for the period.
4) Since the beginning of year 2014 the Group has internal loans that are recognized as net investments in foreign operations in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates". The impact in 1-12/16 is EUR -1.3 million and 1-12/15 EUR was -13.7 million.

| KEY RATIOS | 31.12.16 | 31.12.15 | Change % |
|---|---|---|---|
| Equity ratio, % | 73.8 | 70.8 | |
| Gearing, % | -19.7 | -16.9 | |
| Equity per share, euro | 10.75 | 9.24 | 16.4 |
| Interest-bearing net debt, mill. euros | -287.4 | -209.7 | |
| Capital expenditure, mill. euros | 105.6 | 101.7 | |
| Depreciation, mill. euros | 84.7 | 82.6 | |
| Personnel, average | 4,433 | 4,421 | |
| Number of shares (million units) | | | |
| at the end of period | 135.68 | 134.39 | |
| in average | 134.86 | 133.63 | |
| in average, diluted | 135.56 | 133.74 | |

| CONSOLIDATED STATEMENT OF FINANCIAL POSITION | 31.12.16 | 31.12.15 |
|---|---|---|
| Million euros | | |
| Non-current assets | | |
| Property, plant and equipment | 542.3 | 485.0 |
| Goodwill | 86.5 | 79.2 |
| Other intangible assets | 37.1 | 19.4 |
| Investments in associates | 0.1 | 0.1 |
| Available-for-sale financial assets | 0.7 | 0.3 |
| Other receivables | 10.4 | 8.8 |
| Deferred tax assets | 12.4 | 7.5 |
| Total non-current assets | 689.5 | 600.2 |
| Current assets | | |
| Inventories | 304.3 | 271.3 |
| Trade receivables | 374.3 | 356.9 |
| Other receivables | 78.3 | 84.1 |
| Current tax assets | 16.1 | 13.0 |
| Cash and cash equivalents | 513.2 | 429.3 |
| Total current assets | 1,286.2 | 1,154.6 |
| Total assets | 1,975.7 | 1,754.8 |
| Equity | | |
| Share capital | 25.4 | 25.4 |
| Share premium | 181.4 | 181.4 |
| Treasury shares | -6.7 | -8.6 |
| Translation reserve | -264.1 | -385.9 |
| Fair value and hedging reserves | -3.1 | -2.9 |
| Paid-up unrestricted equity reserve | 168.9 | 133.0 |
| Retained earnings | 1,356.6 | 1,299.2 |
| Non-controlling interest | - | - |
| Total equity | 1,458.5 | 1,241.6 |
| Non-current liabilities | | |
| Deferred tax liabilities | 50.6 | 25.7 |
| Provisions | 0.1 | 0.5 |
| Interest-bearing financial liabilities | 137.0 | 199.7 |
| Other liabilities | 1.0 | 2.1 |
| Total non-current liabilities | 188.8 | 228.0 |
| Current liabilities | | |
| Trade payables | 78.0 | 55.7 |
| Other current payables | 141.4 | 186.7 |
| Current tax liabilities | 16.8 | 20.0 |
| Provisions | 3.5 | 2.8 |
| Interest-bearing financial liabilities | 88.8 | 19.9 |
| Total current liabilities | 328.5 | 285.1 |
| Total equity and liabilities | 1,975.7 | 1,754.8 |

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 | 1-12/16 | 1-12/15 |
|---|---|---|
| Million euros | | |
| Profit for the period | 251.8 | 240.7 |
| Adjustments for | | |
| Depreciation, amortisation and impairment | 100.5 | 100.4 |
| Financial income and expenses | 11.8 | 21.8 |
| Gains and losses on sale of intangible assets, other changes | -7.9 | -10.5 |
| Income Taxes | 46.9 | 33.5 |
| Cash flow before changes in working capital | 403.2 | 385.8 |
| Changes in working capital | | |
| Current receivables, non-interest-bearing, increase (-) / decrease (+) | 46.3 | -27.6 |
| Inventories, increase (-) / decrease (+) | -9.8 | 8.2 |
| Current liabilities, non-interest-bearing, increase (+) / decrease (-) | 6.5 | 4.0 |
| Changes in working capital | 43.0 | -15.4 |
| Financial items and taxes | | |
| Interest and other financial items, received | 15.5 | 2.9 |
| Interest and other financial items, paid | -27.8 | -49.8 |
| Dividens received | 0.0 | 0.0 |
| Income taxes paid | -69.4 | -40.0 |
| Financial items and taxes | -81.7 | -87.0 |
| Cash flow from operating activities (A) | 364.4 | 283.4 |
| Cash flows from investing activities | | |
| Acquisitions of property, plant and equipment and intangible assets | -101.5 | -100.0 |
| Proceeds from sale of property, plant and equipment and intangible assets | 0.6 | 1.4 |
| Acquisitions of Group companies | -11.7 | -6.7 |
| Change in non-controlling interest | - | - |
| Acquisitions of other investments | -0.4 | 0.0 |
| Cash flows from investing activities (B) | -113.0 | -105.3 |
| Cash flow from financing activities: | | |
| Proceeds from issue of share capital | 35.9 | 33.3 |
| Purchase of treasury shares | - | - |
| Change in current financial receivables, increase (-) / decrease (+) | 28.6 | -6.0 |
| Change in non-current financial receivables, increase (-) / decrease (+) | 5.1 | 0.4 |
| Change in current financial borrowings, increase (+) / decrease (-) | 48.9 | 48.5 |
| Change in non-current financial borrowings, increase (+) / decrease (-) | -85.1 | -73.4 |
| Dividens received | 0.5 | 0.4 |
| Dividends paid | -202.0 | -193.5 |
| Cash flow from financing activities ( C) | -168.1 | -190.2 |
| Change in cash and cash equivalents, increase (+) / decrease (-) (A+B+C) | 83.2 | -12.2 |
| Cash and cash equivalents at the beginning of the period | 429.3 | 439.9 |
| Effect of exchange rate fluctuations on cash held | 0.8 | 1.6 |
| Cash and cash equivalents at the end of the period | 513.2 | 429.3 |

Based on the annulled and later renewed tax reassessment decisions on years 2007-2010 the financial items and taxes contain paid tax increases of EUR 51.0 million in 1-12/2016 and EUR 6.1 million in 1-12/2015. Additionally in 1-12/2016 the Tax Administration refunded EUR 4.9 million tax increases according to the latest decision of the Board of Adjustment.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

| | Equity attributable to equity holders of the parent | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Million euros | A | B | C | D | E | F | G | H | I |
| Equity, 1 Jan 2015 | 25.4 | 181.4 | -8.6 | -330.7 | -2.6 | 100.3 | 1,243.2 | - | 1,208.5 |
| Profit for the period | | | | | | | 240.7 | | 240.7 |
| Other comprehensive income, net of tax: | | | | | | | | | |
| Cash flow hedges | | | | | -0.3 | | | | -0.3 |
| Net investment hedge | | | | | | | | | - |
| Translation differences | | | | -55.2 | | | | | -55.2 |
| Total comprehensive income for the period | | | | -55.2 | -0.3 | | 240.7 | | 185.2 |
| Dividends paid | | | | | | | -193.5 | | -193.5 |
| Exercised warrants | | | | | | 33.3 | | | 33.3 |
| Acquisition of treasury shares | | | | | | | | | - |
| Share-based payments | | | | | | | 9.1 | | 9.1 |
| Total transactions with owners for the period | | | | | | 33.3 | -184.5 | | -151.2 |
| Changes in the shareholding of group companies | | | | | | -0.7 | | | -0.7 |
| Equity, 31 Dec 2015 | 25.4 | 181.4 | -8.6 | -385.9 | -2.9 | 133.0 | 1,299.2 | - | 1,241.6 |
| | | | | | | | | | |
| Equity, 1 Jan 2016 | 25.4 | 181.4 | -8.6 | -385.9 | -2.9 | 133.0 | 1,299.2 | - | 1,241.6 |
| Profit for the period | | | | | | | 251.8 | | 251.8 |
| Other comprehensive income, net of tax: | | | | | | | | | |
| Cash flow hedges | | | | | -0.3 | | | | -0.3 |
| Net investment hedge | | | | | | | | | - |
| Translation differences | | | | 121.8 | | | | | 121.8 |
| Total comprehensive income for the period | | | | 121.8 | -0.3 | | 251.8 | | 373.4 |
| Dividends paid | | | | | | | -201.6 | | -201.6 |
| Exercised warrants | | | | | | 35.9 | | | 35.9 |
| Acquisition of treasury shares | | | | | | | | | - |
| Share-based payments | | | 1.9 | | | | 7.2 | | 9.1 |
| Total transactions with owners for the period | | | 1.9 | | | 35.9 | -194.4 | | -156.5 |
| Equity, 31 Dec 2016 | 25.4 | 181.4 | -6.7 | -264.1 | -3.1 | 168.9 | 1,356.6 | - | 1,458.5 |

| SEGMENT INFORMATION | 10-12/16 | 10-12/15 | 1-12/16 | 1-12/15 | Change |
|---|---|---|---|---|---|
| Million euros | | | | | % |
| | | | | | |
| Net sales | | | | | |
| Passenger car tyres | 314.0 | 276.5 | 981.1 | 951.5 | 3.1 |
| Heavy tyres | 41.7 | 41.8 | 155.3 | 155.3 | 0.0 |
| Vianor | 125.0 | 119.4 | 334.8 | 327.6 | 2.2 |
| Other operations | 4.9 | 4.9 | 13.7 | 15.4 | -10.7 |
| Eliminations | -24.9 | -20.4 | -93.8 | -89.7 | -4.6 |
| Total | 460.7 | 422.3 | 1,391.2 | 1,360.1 | 2.3 |
| | | | | | |
| Operating result | | | | | |
| Passenger car tyres | 94.4 | 80.3 | 305.8 | 285.5 | 7.1 |
| Heavy tyres | 7.2 | 6.7 | 28.2 | 28.7 | -1.8 |
| Vianor | 7.8 | 11.1 | -8.1 | -1.9 | -334.0 |
| Other operations | -6.9 | -7.6 | -14.6 | -13.9 | -5.3 |
| Eliminations | 6.0 | 4.4 | -0.8 | -2.5 | 67.6 |
| Total | 108.5 | 94.8 | 310.5 | 296.0 | 4.9 |
| | | | | | |
| Operating result, % of net sales | | | | | |
| Passenger car tyres | 30.1 | 29.0 | 31.2 | 30.0 | |
| Heavy tyres | 17.2 | 15.9 | 18.2 | 18.5 | |
| Vianor | 6.2 | 9.3 | -2.4 | -0.6 | |
| Total | 23.5 | 22.5 | 22.3 | 21.8 | |

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

| Million euros | 31.12.16 | 31.12.15 |
|---|---|---|
| Opening balance | 485.0 | 502.8 |
| Capital expenditure | 105.6 | 118.9 |
| Decrease | -11.2 | -39.5 |
| Depreciation for the period | -84.7 | -67.8 |
| Exchange differences | 47.6 | -29.3 |
| Closing balance | 542.3 | 485.0 |

| CONTINGENT LIABILITIES | 31.12.16 | 31.12.15 |
|---|---|---|
| Million euros | | |
| | | |
| FOR OWN DEBT | | |
| Mortgages | 1.0 | 1.0 |
| Pledged assets | 4.7 | 4.8 |
| | | |
| ON BEHALF OF OTHER COMPANIES | | |
| Guarantees | 0.4 | 0.4 |
| | | |
| OTHER OWN COMMITMENTS | | |
| Guarantees | 10.9 | 5.2 |
| Leasing and rent commitments | 71.2 | 82.6 |
| Purchase commitments | - | 1.6 |

| CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES | 31.12.16 | | 31.12.15 | |
|---|---|---|---|---|
| | Carrying | Fair | Carrying | Fair |
| Million euros | amount | value | amount | value |
| FINANCIAL ASSETS | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Derivatives held for trading | 17.6 | 17.6 | 8.9 | 8.9 |
| Money market instruments | 16.0 | 16.0 | 6.0 | 6.0 |
| Loans and receivables | | | | |
| Other non-current receivables | 10.4 | 8.6 | 8.8 | 6.8 |
| Trade and other receivables | 375.1 | 375.8 | 360.1 | 360.7 |
| Cash in hand and at bank | 497.3 | 497.3 | 423.3 | 423.3 |
| Available-for-sale financial assets | | | | |
| Unquoted shares | 0.7 | 0.7 | 0.3 | 0.3 |
| Derivative financial instruments designated as hedges | 9.8 | 9.8 | 19.9 | 19.9 |
| Total financial assets | 926.8 | 925.7 | 827.2 | 825.8 |
| | | | | |
| FINANCIAL LIABILITIES | | | | |
| Financial liabilities at fair value through profit or loss | | | | |
| Derivatives held for trading | 9.4 | 9.4 | 15.4 | 15.4 |
| Financial liabilities measured at amortised cost | | | | |
| Interest-bearing financial liabilities | 225.8 | 228.5 | 219.6 | 224.2 |
| Trade and other payables | 78.0 | 78.0 | 55.7 | 55.7 |
| Derivative financial instruments designated as hedges | 6.9 | 6.9 | 5.5 | 5.5 |
| Total financial liabilities | 320.1 | 322.7 | 296.1 | 300.8 |

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<br>Million euros | 31.12.16 | 31.12.15 |
|---|---|---|
| INTEREST RATE DERIVATIVES | | |
| Interest rate swaps | | |
| Notional amount | 100.0 | 100.0 |
| Fair value | -2.2 | -2.4 |
| FOREIGN CURRENCY DERIVATIVES | | |
| Currency forwards | | |
| Notional amount | 545.3 | 497.9 |
| Fair value | 8.2 | -6.6 |
| Interest rate and currency swaps | | |
| Notional amount | 87.5 | 87.5 |
| Fair value | 5.8 | 19.8 |
| ELECTRICITY DERIVATIVES | | |
| Electricity forwards | | |
| Notional amount | 7.7 | 7.0 |
| Fair value | -0.7 | -3.0 |

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

| Key management personnel | 1-12/16 | 1-12/15 |
|---|---|---|
| Total employee benefit expenses | 11.0 | 6.1 |
| Of which share-based payments | 6.2 | 2.0 |

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

Shares and share options granted to the President and other key management personnel. The share option plan terms for the key management are equal to the share options directed at other personnel.

| Granted (pcs) | 1-12/16 | 1-12/15 |
|---|---|---|
| Shares | 303,875 | 128,600 |
| Share options | 48,025 | 233,400 |

| Held (pcs) | 31.12.16 | 31.12.15 |
|---|---|---|
| Shares | 362,442 | 111,800 |
| Share options | 334,325 | 634,800 |
| Exercisable | 168,900 | 229,700 |

No incentives were paid to the members of the Board of Directors.

BUSINESS COMBINATIONS

Vianor chain has expanded further through minor business combinations in Sweden, Norway, Finland and USA.

Recognized amounts of identifiable assets acquired and liabilities assumed:

| | |
|---|---|
| Property, plant and equipment | 3.8 |
| Inventories | 2.8 |
| Trade and other receivables | 1.2 |
| Cash and cash equivalents | 1.0 |
| Total Assets | 8.7 |
| | |
| Deferred tax liabilities | 0.3 |
| Financial liabilities | 2.1 |
| Trade and other payables | 0.3 |
| Total liabilities | 2.7 |
| | |
| Total identifiable net assets | 6.0 |

Composition of goodwill in the acquisition

| | |
|---|---|
| Consideration transferred | 12.9 |
| Total identifiable net assets | 6.0 |
| Goodwill | 6.9 |
| | |
| Consideration paid in cash | 12.8 |
| Cash and cash equivalents in the subsidiaries acquired | 1.0 |
| Net cash outflow | 11.7 |

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 region of goodwill.

Since these pieces on information are not material individually, the presentation is aggregated. The profits of the acquired companies, totaling EUR 0.4 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 all 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 recognized 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 recognized in fair value. Goodwill is measured as the excess of the consideration transferred over the total identifiable net assets. None of the goodwill recognized is deductible for income tax purposes.

## DEFINITIONS OF CONSOLIDATED KEY FINANCIAL INDICATORS

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

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

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

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

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

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

## DEFINITIONS OF SALES AREAS

Nordic countries: Finland, Norway, Sweden.

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

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

North America: Canada, USA.

Core markets: Nordic countries, Russia and the CIS.

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Nokian Tyres Financial Statement Release 2016 was published on February 2, 2017 at 8.00 a.m. Finnish time

The result presentation for analysts and media will be held on February 2, 2017 at 10.00 a.m. Finnish time at Hotel Kämp (address Pohjoisesplanadi 29, Helsinki). Interim President and CEO Andrei Pantioukhov will present the result for 2016 and answer questions from the audience.

The presentation can be listened through audiocast via internet at [www.nokiantyres.com/resultinfo-Q4-2016](www.nokiantyres.com/resultinfo-Q4-2016) starting at 10 a.m.

The event can also be attended via conference call. Please dial in 5-10 minutes before the beginning of the event:
FI: +358 9 8171 0495

UK: +44 20 3194 0552
SE: +46 8 5664 2702
US: +1 855 7161 597

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

The 2016 Annual Report, Annual Financial Report, Corporate Governance Statement and Remuneration Statement for 2016 will be published on week 11 at the latest.

Interim Report January–March 2017 will be published on May 3, 2017. Releases and company information will be available at: https://www.nokiantyres.com/company/investors/.

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Annual General Meeting 2017

The Annual General Meeting of Nokian Tyres plc will be held on April 10, 2017. The Annual Report, including the company's annual accounts, the Report of the Board of Directors and the Auditors Report is available on the company's website no later than week 11, 2017. Read more at www.nokiantyres.com/annualgeneralmeeting2017

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Nokian Tyres plc

Antti-Jussi Tähtinen, Vice President, Marketing and Communications

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