



Interim Report 1-3/2016

4 May, 2016

President and CEO Ari Lehtoranta

SALES GREW IN CE AND NORDICS, PROFITABILITY IMPROVED

1. General overview

- 2. Nokian Tyres financial performance
- 3. Business units
- 4. Nokian Tyres going forward

Market overview 1-3/2016

Growth in the west – Russia's decline continued

	Nordics	Russia	Europe (incl. Nordics)	North America
GDP growth (E2016)	+0.5% – +3.8%	-1% – -2%	+1.3%	+2.0%
New car sales	+9%	-17%	+8%	+3%
Car tyre* sell-in	+1%	~ -10%	+3%	+6%
Heavy tyre segments **	➡	➡	➡	⬆
Currency impact	●	●	-	●



*) premium and mid-segment

**) Nokian Tyres core product segments

Nokian Tyres' performance 1-3/2016

Sales grew in CE and Nordics

Sales & SOM	Nordics	Russia and CIS	Other Europe	North America
Net sales	+3.5%	-29.0%	+17.7%	-5.7%
Car tyre sales pcs	+	-	+	+
Car tyre SOM	+	+-	+	+

Profitability	
Currency effect to net sales, M€	-14.6
Car tyre ASP (€/pcs)	
Raw material cost	-12.2%
Fixed costs	
Car tyre production volume, pcs	+5%
Car tyre productivity (kg/mh)	+4%

Distribution	Units	Increase 1-3 (pcs)
Vianor equity-owned	201	+6
Vianor total	1,475	+-0
NAD + N-Tyre	1,377	+18

1. General overview

2. Nokian Tyres financial performance

- Summary
- Net sales by market area
- Raw material cost development

3. Business units

4. Nokian Tyres going forward

Summary 1-3/2016

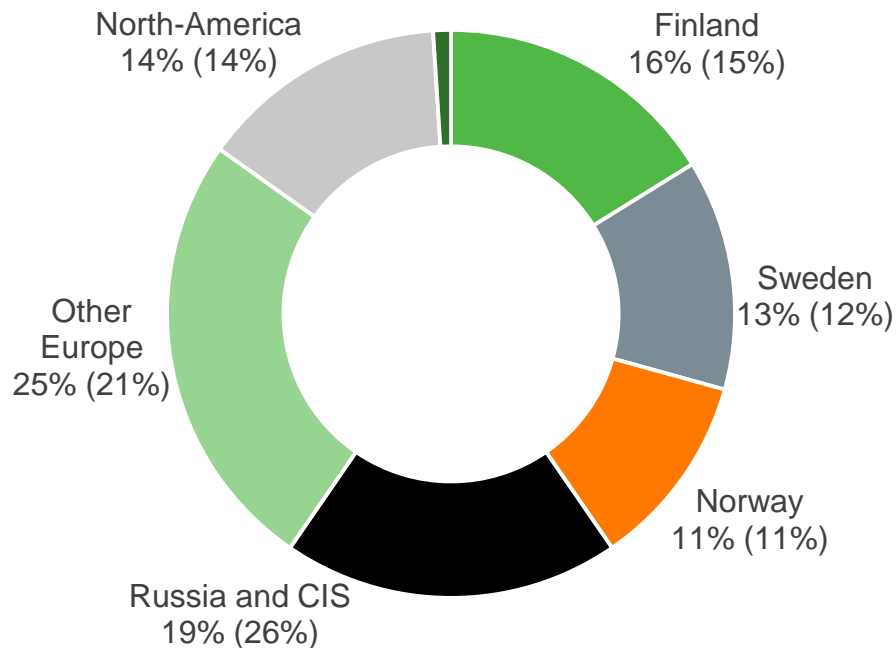
Sales grew in CE and Nordics, profitability improved

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

- Operating profit improved by 4.6% from last year
- Production volumes higher than last year
- Raw material cost decline continued and lower production cost supported profitability
- Negative impact from the ASP development
- Profitability and productivity improved in Heavy Tyres
- Investments in Q1/2016 amounted to 19.1 M€, 2016 estimate 130 M€
- Excluding the tax decision, profit for the period increased 13.8% compared with Q1/2015

Net sales by market area 1-3/2016

Balanced geographical sales split



Raw material cost development

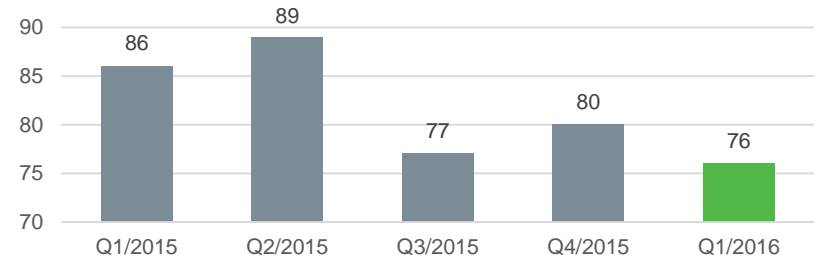
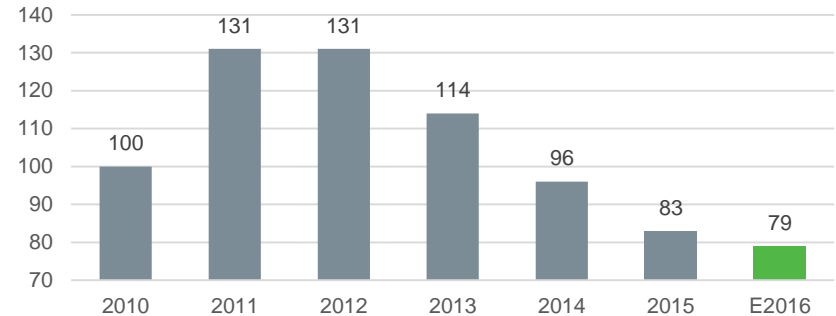
Favourable development in 1-3/2016

Nokian Tyres raw material cost (€/kg)

- decreased by 12.2% in Q1/2016 vs. Q1/2015
- decreased by 5.8% in Q1/2016 vs. Q4/2015
- is estimated to decrease around 5% in 2016 vs. 2015

→ Estimated tailwind in 2016 vs. 2015:
approximately 15 M€

Raw material cost development index 2010–E2016



1. General overview
2. Nokian Tyres financial performance

3. Business units

- General overview
- Passenger Car Tyres
- Heavy Tyres
- Vianor and retail network

4. Nokian Tyres going forward



Business units 1-3/2016

Heavy Tyres strong, Passenger Car Tyres affected by Russia

Passenger Car Tyres

- Net sales: 202.4 M€; -2.5%
- EBIT: 62.3 M€; +3.7%
- EBIT margin: 30.8% (28.9%)

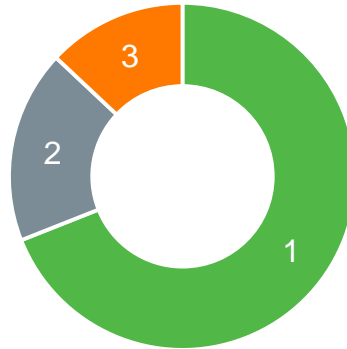
Vianor

- Net sales: 53.8 M€; -2.3%
- EBIT: -14.7 M€; -16.9%
- EBIT margin: -27.3% (-22.9%)

Heavy Tyres

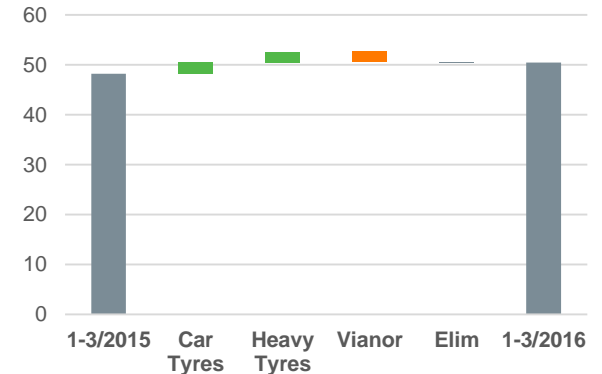
- Net sales: 37.6 M€; -0.2%
- EBIT: 8.9 M€; +32.7%
- EBIT margin: 23.7% (17.9%)

Net sales 275.8 M€



Business units	Q1/2016	Q1/2015
1. Passenger car tyres	69%	69%
2. Vianor	18%	18%
3. Heavy Tyres	13%	13%

EBIT 50.5 M€
EBIT Bridge by Business Units



International Group

Own production, test centers, sales companies and Vianor



Nokia, Finland
– capacity 2.5M tyres
– heavy tyres' own production



Vsevolozhsk, Russia
– capacity >15M tyres

Own production and test centers

- Own production: Nokia, Finland and Vsevolozhsk, Russia
- Own test centers: Ivalo and Nokia

Sales companies

- Finland (parent company), Sweden, Norway, Russia, Ukraine, Kazakhstan, Germany, Switzerland, Czech Republic, Belarus, USA, Canada and China.

Vianor

- 1,475 stores in 26 countries
- The net amount remained unchanged in Q1/2016.

NAD (Nokian Tyres Authorized Dealers)

- 1,270 stores
- 19 Central European countries and China
- Increase of 13 stores in Q1/2016.

N-Tyre

- 107 stores
- Russia and CIS
- Increase of 5 stores in Q1/2016.

Passenger Car Tyres

The trend of sales shifting continued

Performance in 1-3/2016

- + Volumes were up in Nordic, CE and North America
- + All-Season tyre sales increased clearly
- + Success in products continued
- + Decreasing raw material cost supported margins
- + Productivity improved by 4%
- + Worktime flexibility agreement for Nokian plant
- Sales in Russia decreased
- ASP decreased due to currency rate devaluations, mix issues and local price reductions
- Magazine test practices corrected

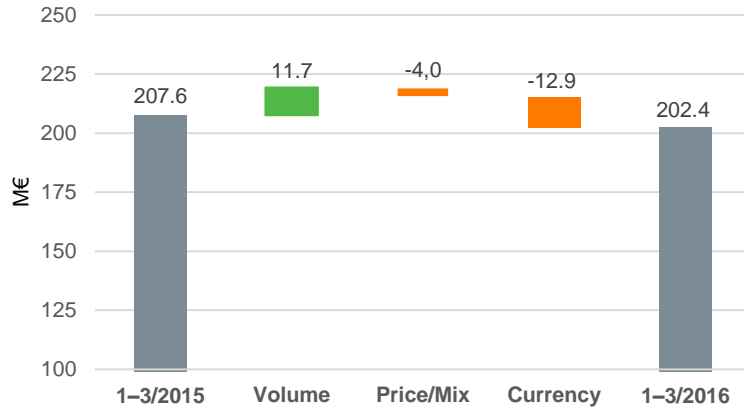


	1-3/2016	1-3/2015	Change %	4-6/15	7-9/15	10-12/15	2015
Net sales, M€	202.4	207.6	-2.5	241.2	226.3	276.5	951.5
EBIT, M€	62.3	60.1	3.7	69.6	75.6	80.3	285.5
EBIT%	30.8	28.9		28.9	33.4	29.0	30.0

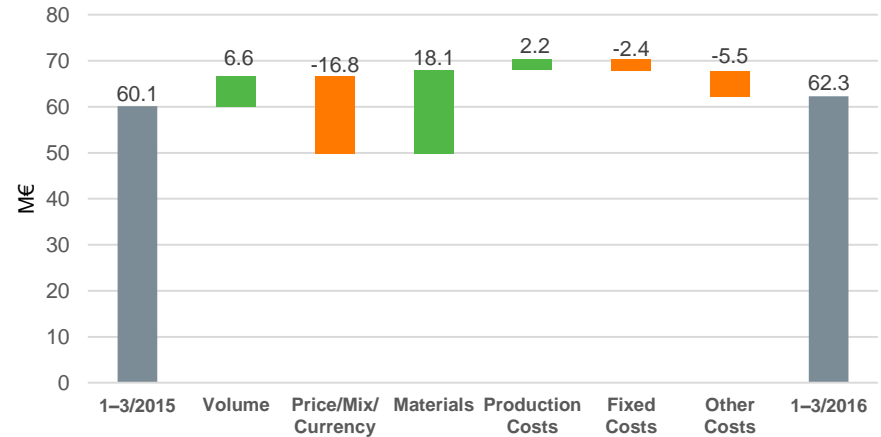
Passenger Car Tyres

Lower sales with improved EBIT

NET SALES BRIDGE 1-3/16



EBIT BRIDGE 1-3/16



Improving competitive strength

New All-Weather product family for Central Europe

- Central Europe is the world's largest market for winter tyres. The winter tyre segment is growing faster than the overall market.
- The new Nokian WR A4** optimally combines high-performance handling and reliable winter grip. It offers balanced driving in rapidly changing weather conditions for sporty cars.
- Renewal of the Nokian WR winter tyre family and the new **Nokian Weatherproof All-Weather product family** support our profitable growth.
- The revolutionary All-Weather concept combines reliable winter safety with the precise driving stability and firm handling of our summer tyres.

Unique innovation

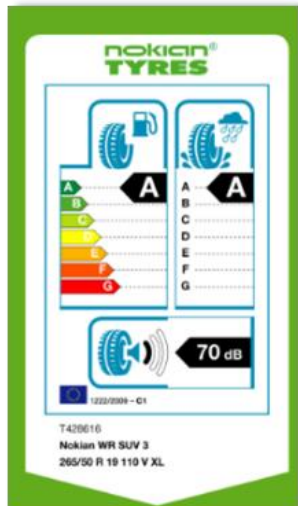


Functional Performance Siping - More winter grip, better steering feel.

- Advanced winter grip on dry, wet and snow-covered roads due to Functional Performance Siping



Test tyre policy and process



Subtest weights %

Dry handling	10
Wet handling	15
Aquaplaning on straight roads	15
Aquaplaning in corners	10
Braking on dry surface	10
Braking on wet surface	15
Fuel economy	10
Noise	7.5
Comfort	7.5

TOTAL 100%



GRADES	Weight (%)
Ice	40
Braking	15
Acceleration	10
Objective handling	10
Subjective handling	5
Snow	20
Braking	5
Acceleration	5
Objective handling	5
Subjective handling	5
Wet asphalt	15
Braking	5
Objective handling	5
Subjective handling	5
Dry asphalt	10
Braking	5
Subjective handling	5
Economy and comfort	15
Directional stability	5
Noise	5
Rolling resistance	5
OVERALL GRADE	100

Magazine tests spring 2016

Test success for summer tyres

Summer tyres, spring 2016

Nordic and Russia

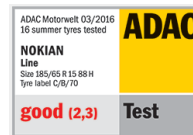
- **New Nokian Hakka Green 2**
 - Test winner in Finland (Tekniikan Maailma, Tuulilasi) and in Russia (Za Rulem). Winner also in Sweden (Aftonbladet) and in Norway (Motor) by Test World test. 2nd place Auto Review, 3rd place Vi Bilägare.
- **Nokian Hakka Black** – 2nd place Tekniikan Maailma
- **Nokian Hakka Blue** – 2nd place Za Rulem

Central Europe

- **Nokian Line** (185/65 R15) – ADAC 3/2016 “Good”
- **Nokian zLine** (225/45 R17) – Auto Zeitung 6/2016 “Very recommendable”



*Unsurprising and reliable.
Driving behavior is logical and
safe on wet roads,
aquaplaning resistance
properties are on the top level.
Very low rolling resistance.
Nokian Hakka Green 2,
Tekniikan Maailma 5/2016*



*Very balanced, especially
good on dry roads, good on
the wet roads. Quite low fuel
consumption.
**Nokian Line (185/65 R15 H),
ADAC 3/2016***

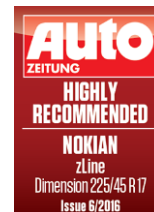
Tuulilasi

AFTONBLADET

motor

Зарулем

Vi Bilägare



Heavy Tyres

Net sales stable, EBIT up

Performance in 1-3/2016

- + Forestry tyre sales remained at a good level, other product groups developed moderately
- + EBIT up with increased sales volumes of own production, a smaller share of OE sales and productivity improvement
- ASP decreased due to a challenging pricing environment enabled by the raw material cost reduction



	1-3/2016	1-3/2015	Change %	4-6/15	7-9/15	10-12/15	2015
Net sales, M€	37.6	37.6	-0.2	38.0	37.9	41.8	155.3
EBIT, M€	8.9	6.7	32.7	7.5	7.8	6.7	28.7
EBIT%	23.7	17.9		19.8	20.6	15.9	18.5

Heavy Tyres

Examples of new products

Nokian Logger King LS-2 is the ultimate workhorse for the full-tree forestry work

- The new product comes in two versions: Logger King LS-2 and Logger King LS-2 Extreme.
- The standard version is suitable for the majority of the environments and machines starting from small to medium sized skidders.



Nokian Logger King LS2

Vianor

Tough start for the year

Performance in 1-3/2016

- + Net sales and EBIT decreased vs. Q1/2015
- + 65 car service operations acquired and integrated to existing Vianor stores by the end of Q1/2016
- + Service sales increased by 2.3%, car services increased by 2.0%
- Due to the lack of winter conditions and the delayed season, the operating profit decreased



Equity-owned stores (201)	1-3/2016	1-3/2015	Change %	4-6/15	7-9/15	10-12/15	2015
Net sales, M€	53.8	55.0	-2.3	86.7	66.4	119.4	327.6
EBIT, M€	-14.7	-12.6	-16.9	5.7	-6.0	11.1	-1.9
EBIT%	-27.3	-22.9		6.5	-9.1	9.3	-0.6

Nokian Tyres' retail partner network

Economic situation in Russia impacted on expansion

Vianor – 1,475 stores in 26 countries

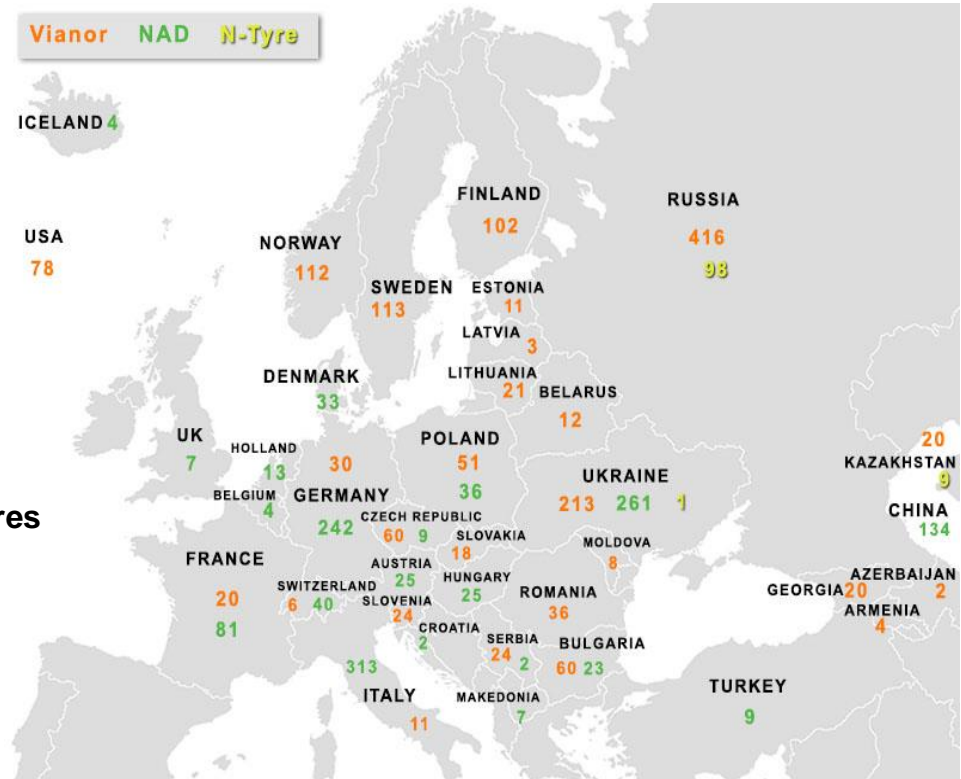
- 201 equity-owned, 1,274 partners
- unchanged in Q1/2016
- largest tyre chain in Nordic and Baltic countries:**
362 stores (+6 in Q1/2016)
- largest tyre chain in Russia and CIS:**
695 stores (-11 in Q1/2016)
- expansion to Central Europe:**
340 stores (+3 in Q1/2016)
- expansion to USA:**
78 stores (+2 in Q1/2016)

Nokian Tyres Authorized Dealers (NAD) – 1,270 stores

- in 19 European countries and China
- increase of 13 stores in Q1/2016

N-Tyre – 107 stores

- in Russia and CIS
- increase of 5 stores in Q1/2016



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4. **Nokian Tyres going forward**

Outlook 2016

Challenges in Russia continue, Growth in other markets

Nokian Tyres' assumptions

- Core markets
 - New car sales growth 6% in Europe
 - New car sales in Russia to decline ~ 10–20%
 - Russia and CIS currencies weak against EUR
- Passenger car tyre markets
 - Demand in CE, North America, and Nordic countries to grow
 - Demand in Russia (sell-in) to decline ~15–20%
- Raw material cost (€/kg) to decrease 5% in 2016 vs. 2015
- Investments approximately 130 M€
- Heavy tyre market demand stable in Nokian Tyres' core product groups
- Nokian Tyres financial position remains solid

Outlook 2016

- Nokian Tyres' position to improve in all key markets. In Russia leader position in the A + B segment remains.
- Competitive product portfolio
- Pricing environment tight for all tyre categories
- Profitability supported by efficient cost structure and productivity on the back of high share of Russian production.

Year 2016 guidance (updated)

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

Previous guidance (5 Feb 2016)

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

Appendices

- Major shareholders
- Share price development
- Competitor comparison
- Test tyre policies
- Winter tyre legislation
- Personnel
- Raw material consumption
- Group Operating profit
- Financing: Loans and Net Financial Expenses
- Key figures



Appendix

Major shareholders as of 31 March, 2016

Major Domestic Shareholders		Number of shares	Share of capital %	Change from previous month
1	Varma Mutual Pension Insurance Company	4,472,007	3.3	-800,000
2	Ilmarinen Mutual Pension Insurance Company	2,240,947	1.7	-400,000
3	Odin Norden	1,028,374	0.8	0
4	The State Pension Fund	776,789	0.6	-300,000
5	Schweizer Nationalbank	750,764	0.6	-12,026
6	Evli Europe Fund	740,857	0.5	0
7	Svenska litteratursällskapet i Finland r.f.	700,000	0.5	0
8	Mandatum Life Insurance Company Limited	682,546	0.4	-176,789
9	OP Investment Funds	607,200	0.4	-20,000
10	Nordea	510,000	0.4	+3,000
Major Domestic Shareholders total		14,277,724	9.2	
Foreign Shareholders ¹⁾		101,439,252	75.3	
Bridgestone Corporation ²⁾		20,000,000	14.8	

1) Includes also shares registered in the name of a nominee

2) In the name of a nominee.

See flaggings and major shareholders:

<http://www.nokiantyres.com/company/investors/share/flagging-notifications/>

<http://www.nokiantyres.com/company/investors/share/major-shareholders/>

Options, outstanding as of 31 March, 2016

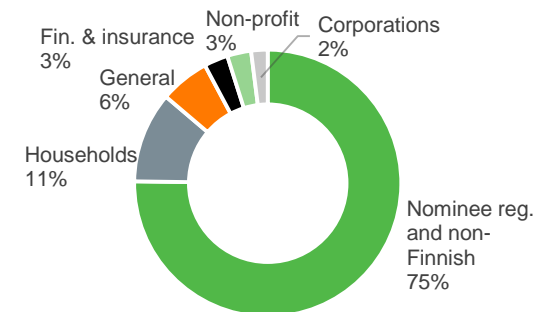
2010C: 1,339,880 (70,610 in company's possession)

2013A: 1,149,880 (56,756 in company's possession)

2013B: 1,150,000 (180,004 in company's possession)

2013C: 1,150,000 (151,940 in company's possession)

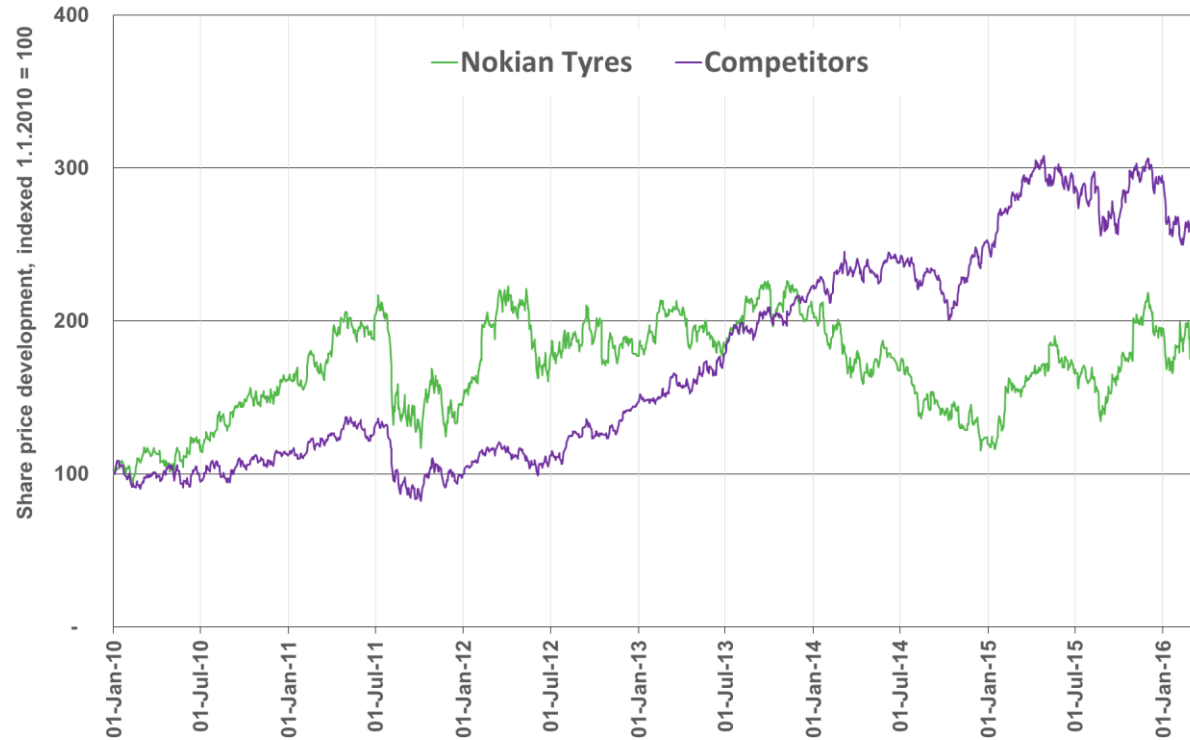
Division by Category as of 31 March, 2016



Total number of shares: 134,691,174

Appendix

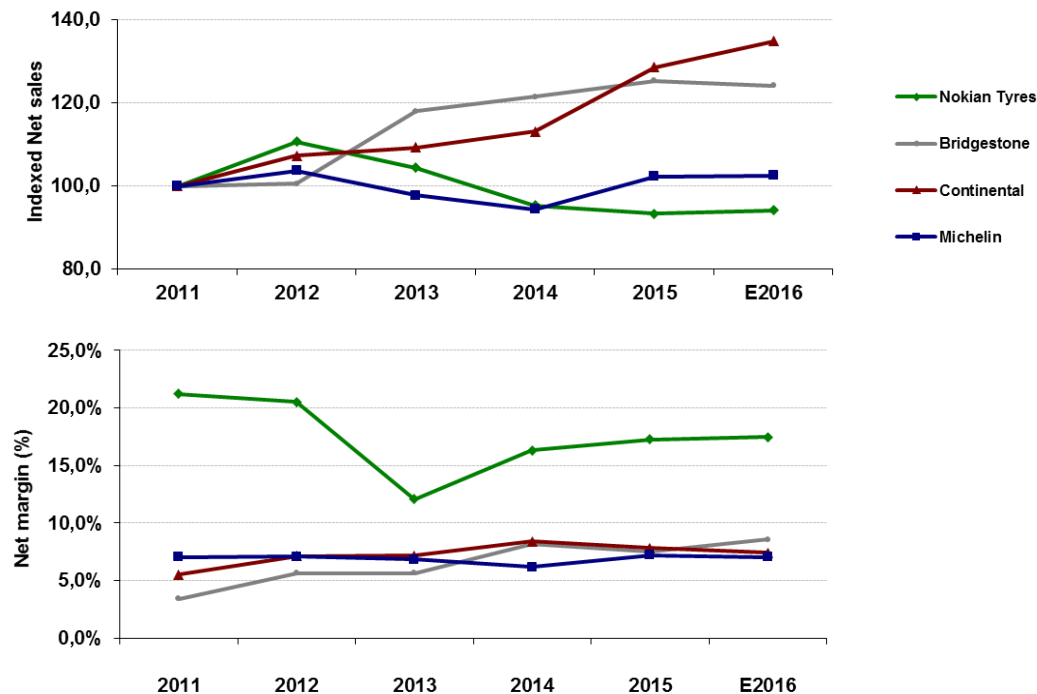
Indexed share price development 2010 – Q1/2016



Appendix

Nokian Tyres the most profitable tyre producer

Nokian Tyres' profitability has been clearly better than that of the main peers during the past 5 years. The better profitability protects the company profits during recessions and potential downturns.



Net margin E2016

Nokian Tyres	17.5%
Bridgestone	8.6%
Continental	7.4%
Michelin	7.0%

Source: Consensus estimates for the peers as per Thomson Reuters 19 April 2016.

E2016 FIGURES ARE BASED ON CONSENSUS ESTIMATES, NOT NOKIAN TYRES GUIDANCE.

Appendix: Test tyre policies and processes

All of the products are safe and of high quality

- On 24 February, Nokian Tyres announced in the Finnish newspaper Kauppalehti that its actions as regards certain tyre tests have not always been in line with the company's code of conduct. The company observed, corrected and told the issue voluntarily.
- The tests in the major Nordic, Russian and European professional magazines have been reliable for years. The most important testers purchase their tyres from tyre retailers and they also retest new tyres afterwards. This has been going on for years.
- In the US, tyres are only tested by a completely independent consumer organisation that has always bought its test tyres from a retailer.
- The EU tyre labels and other information concerning the products have always been precise and correct.
- Nokian Heavy Tyres has never been involved in any kind of test manipulation.
- Consumers who have bought tyres in recent years on the basis of test results have received tyres whose characteristics match the tyres that were tested.
- Pricing is based on our market position which derives from the quality products and from several generations of satisfied customers.
- Nokian Tyres' position is based on the know-how accrued over several generations, expertise in extreme conditions, state-of-the-art technology, efficient processes and special products, not only on tests in the motoring media.
- In addition to products, the company's overall success is based on a successful strategy in Russia, state-of-the-art production expertise, a constantly expanding distribution network, functional logistics, knowledge of the passenger car tyre and heavy tyre market segments and competent personnel.
- The company wishes to apologise for damaging the trust of its customers and partners. Nokian Tyres will be working hard to rebuild this trust.

More information: <https://www.nokiantyres.com/testtyre-faq/>

Appendix

Winter tyre regulations - Europe

	Austria	Bosnia Herzegovina	Croatia	Czech Republic	Estonia	Finland	France	Germany	Hungary	Italy	Latvia	Lithuania	Norway	Poland	Portugal	Romania	Serbia	Slovakia	Slovenia	Spain	Sweden	Switzerland	Turkey	United Kingdom
Winter tyres are legally mandatory		●			●	●					●	●	●			●	●	●	●				● *	
Winter tyres are mandatory, if weather conditions so require	●		●	●				●													●			
Winter tyres are mandatory, <u>only</u> if there is a specific road sign							●		●	●				●	●					●		●		●

* For taxis and commercial vehicles, not regular passenger vehicles

Source: Nokian Tyres 4/2016

Appendix

Winter tyre legislation - USA




























	Alabama	Alaska	Arizona	Arkansas	California	Colorado	Connecticut	Delaware	District Of Columbia	Florida	Georgia	Hawaii	Idaho	Illinois	Indiana	Iowa	Kansas	Kentucky	Louisiana	Maine	Maryland	Massachusetts	Michigan	Minnesota	Mississippi	Missouri
Winter tyres are legally mandatory																										
Winter tyres are recommended		●				●	●	●	●				●	●	●	●				●	●	●	●	●		
Winter tyres are mandatory if there is a specific road sign						●																				
Studded tyres are permitted		●	●	●	●	●	●	●	●		●		●	(*)	●	●	●	●		●	(*)	●		(*)		●
	Montana	Nebraska	Nevada	New Hampshire	New Jersey	New Mexico	New York	North Carolina	North Dakota	Ohio	Oklahoma	Oregon	Pennsylvania	Rhode Island	South Carolina	South Dakota	Tennessee	Texas	Utah	Vermont	Virginia	Washington	West Virginia	Wisconsin	Wyoming	
Winter tyres are legally mandatory																										
Winter tyres are recommended	●	●		●	●		●		●	●		●	●	●		●			●	●		●	●	●	●	
Winter tyres are mandatory if there is a specific road sign																										
Studded tyres are permitted	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		●	

(*) The use is restricted on special use / special regions.

Source: Nokian Tyres 4/2016

Appendix

Winter tyre legislation - Canada

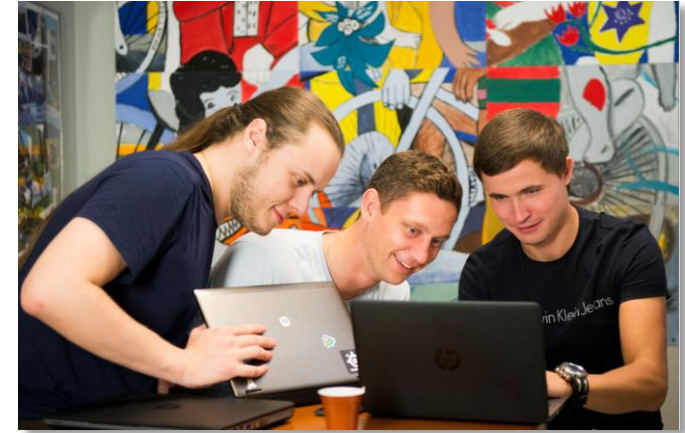
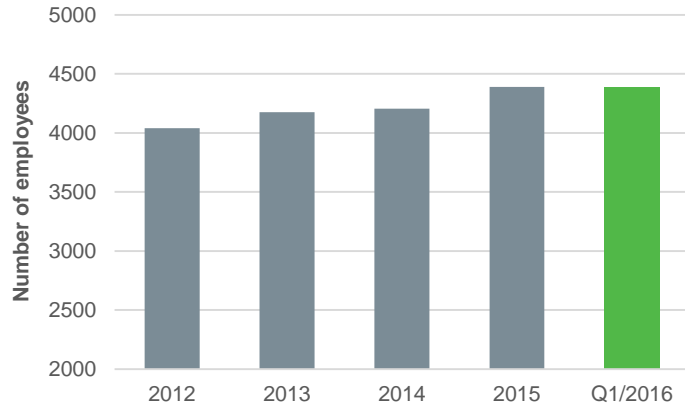
	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Northern Ontario	Quebec
Winter tyres are legally mandatory							
Winter tyres are recommended							
Winter tyres are mandatory if there is a specific road sign							
Studded tyres are permitted							
	New Brunswick	Nova Scotia	Prince Edward Island	Newfoundland	Yukon	Northwest Terr.	
Winter tyres are legally mandatory							
Winter tyres are recommended							
Winter tyres are mandatory if there is a specific road sign							
Studded tyres are permitted							

Source: Nokian Tyres 4/2016

Appendix

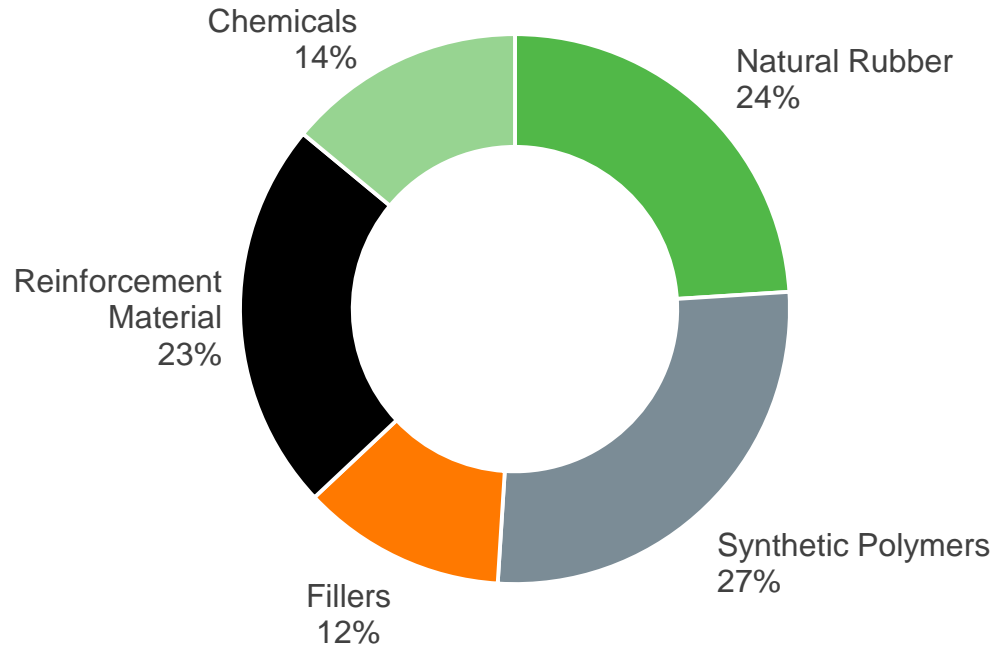
Personnel 31 March, 2016

- Nokian Tyres Group: 4,389 (4,361)
- Finland: 1,698 (1,811)
- Russia: 1,352 (1,319)
- Equity-owned Vianor: 1,731 (1,635)



Appendix

Value of raw material consumption (%)



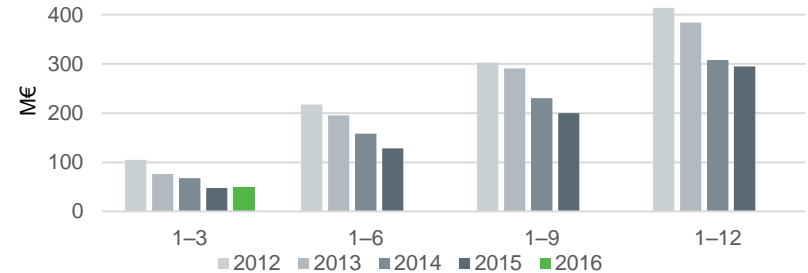
Appendix

Group Operating profit per quarter 2012 – Q1/2016

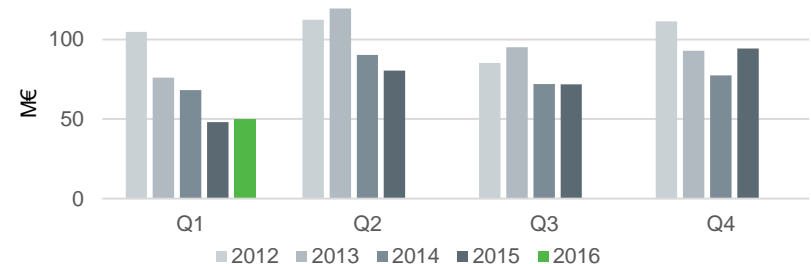
1-3/2016

- Net sales 275.8 M€ (281.3 M€), -1.9%
- EBIT 50.5 M€ (48.3 M€), +4.6%

Cumulative Operating profit per review period

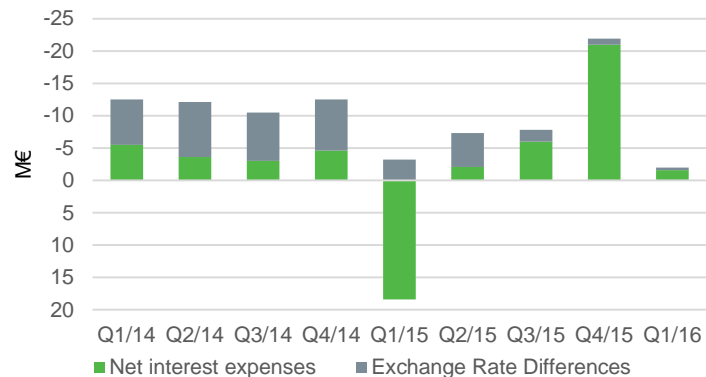


Group operating profit per quarter



Appendix

Financing: Loans on 31 March 2016, Net Financial Expenses and currency effect



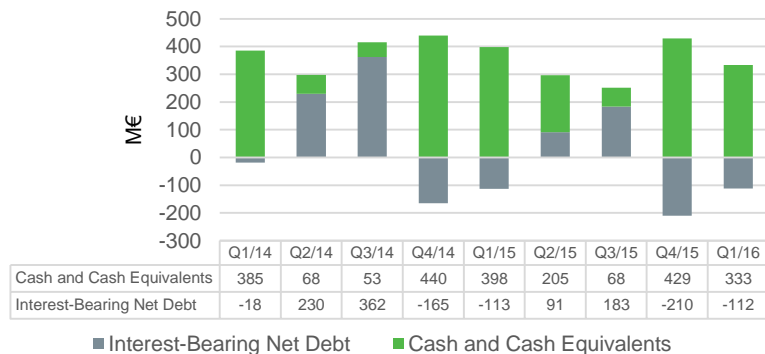
- = Expenses, + = Income

Net financial items/exchange rate difference (M€) 31 March, 2016

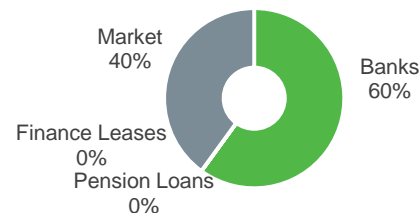
	RUB	NOK	SEK	USD	CAD	Other	Total
Underlying 1)	-2.6	0.4	-0.5	-1.3	0.3	-1.0	-4.6
Hedging	2.2	-0.3	0.6	1.0	-0.3	0.4	3.5
Hedging cost	0.7	-0.1	0.1	0.0	0.0	0.0	0.7
Total	0.3	0.0	0.2	-0.3	0.0	-0.6	-0.4

1) AP, AR, Internal loans/deposits

Interest-Bearing Debt



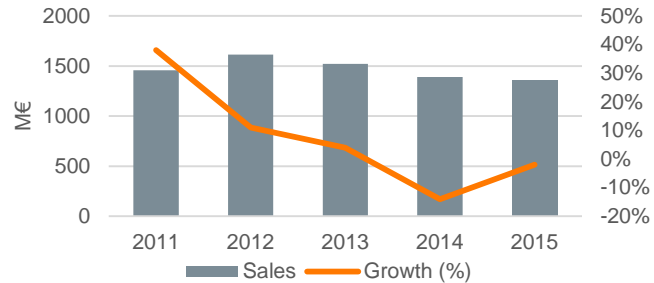
Interest Bearing Debt 221.7 M€ (31.3.2016)



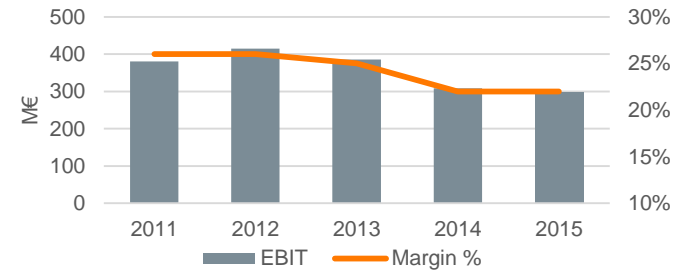
Appendix

Key figures 2011–2015

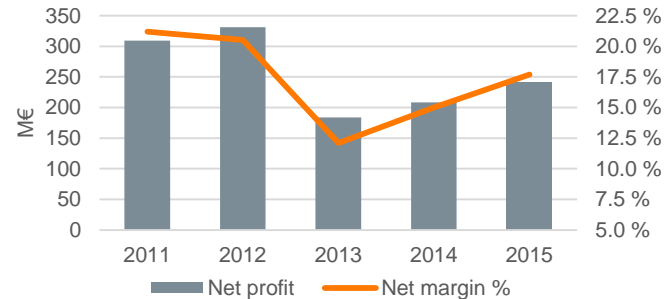
Net sales and net sales growth



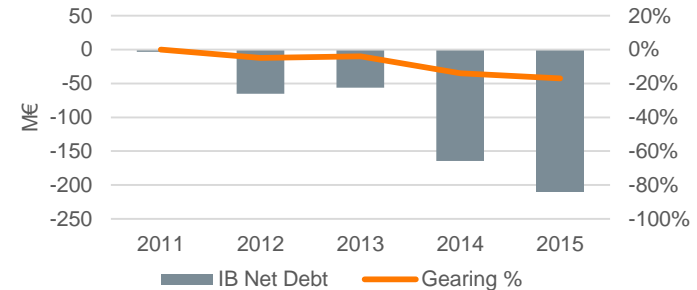
EBIT and EBIT margin



Net profit and net margin



Interest bearing net debt and gearing



Appendix

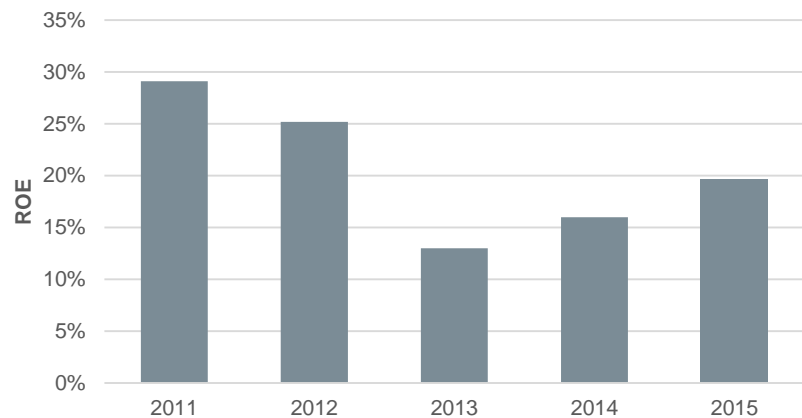
Cash flow from operating activities 2012-Q1/2016



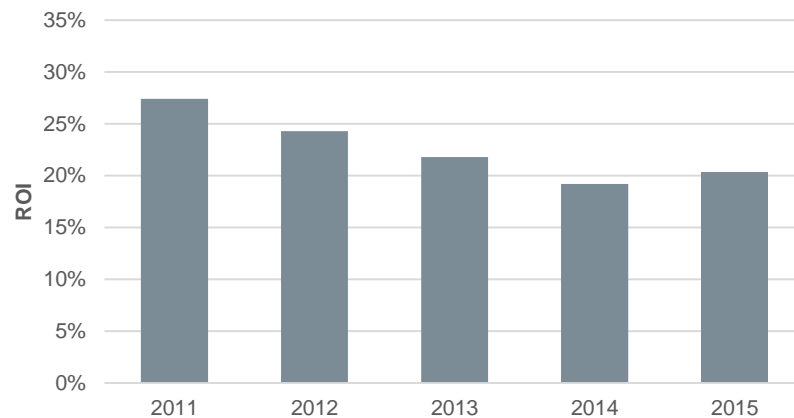
Appendix

ROE and ROI 2011–2015

Return on Equity



Return on Capital Employed



A dark red SUV is parked on a grassy field, with its headlights on. The background shows a golf course and a forest under a clear blue sky. The Nokia Tyres logo is in the top left corner, and the text 'Thank you!' is in the center right.

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Thank you!