Nokian Tyres plc Financial Statement Bulletin 2015, 5 February 2016, 8 a.m.

Success in Europe boosted sales. Strong profitability in Q4. Outlook for 2016 cautious.

October-December 2015

- Net sales increased 11.1% to EUR 422.3 million (380.0 in 10-12/2014). Currency rate changes cut net sales by EUR 21.0 million compared with the rates in 10-12/2014.
- Operating profit increased 22.4% to EUR 94.8 million (77.5). Operating profit percentage was 22.5% (20.4%).
- Profit for the period decreased 133.5% to EUR -16.8 million (50.1). This includes additional taxes and punitive interest of EUR 94.1 million.
- Earnings per share were down 134.4% to EUR -0.13 (0.37).

January-December 2015

- Net sales decreased 2.1% to EUR 1,360.1 million (1,389.1 in 2014). Currency rate changes cut net sales by EUR 69.3 million compared with the rates in 2014.
- Operating profit was down 4.1% to EUR 296.0 million (308.7). Operating profit percentage was 21.8% (22.2%).
- Profit for the period increased 15.5% to EUR 240.7 million (208.4). In Q1 the company returned to the financial result the 2007-2010 total additional taxes and punitive interest of EUR 100.3 million, based on the annulment decision made by the Board of Adjustment of the Finnish Tax Administration. In December 2015 and in January 2016 the company received renewed reassessment decisions of EUR 94.1 million related to the ongoing tax dispute of years 2007-2010. The company recorded the amount as expenses in full in the financial statement and result for 2015. The net effect of the above described tax decisions related to the tax dispute 2007-2010 was EUR 6.2 million positive for the financial year 2015.
- Earnings per share were up 15.1% to EUR 1.80 (1.56).
- Cash flow from operations was EUR 311.1 (458.3).

Dividend

The Board of Directors proposes a dividend of EUR 1.50 (1.45) per share.

Financial guidance

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

Key figures, EUR million

	10-12 /15	10-12 /14	Change %	2015	2014	Change %
Net sales	422.3	380.0	11.1	1,360.1	1,389.1	-2.1
Operating profit	94.8	77.5	22.4	296.0	308.7	-4.1
Operating profit %	22.5	20.4		21.8	22.2	
Profit before tax	72.9	65.0	12.1	274.2	261.2	5.0
Profit for the period	-16.8	50.1	-133.5	240.7	208.4	15.5
Earnings per share, EUR	-0.13	0.37	-134.4	1.80	1.56	15.1
Equity ratio, %				70.8	67.5	
Cash flow from operations	417.0	579.1	-28.0	311.1	458.3	-32.1
RONA, % (roll. 12 months)				18.5	18.3	
Gearing, %				-16.9	-13.6	

Ari Lehtoranta, President and CEO:

“Despite the delayed winter season and Russia’s further deteriorating economic challenges, we were able to deliver strong results. Like we reported earlier, winter season deliveries moved later; in Central Europe in great extent even to the fourth quarter. Our teams were able to achieve market share gains based on the world’s safest product portfolio. North American and Russian winter seasons were almost non-existing and this resulted in lower sales in 2015 and higher inventory levels going to 2016 in these market areas.

Raw material cost decline supported our profitability in 2015. Good product mix, sales growth in 2H and improved productivity contributed also in profitability increase. Productivity improvement in passenger car tyre manufacturing was 5% in 2015 despite clearly lower volumes.

Heavy Tyres improved profitability and increased its net sales. Vianor was hit by the lack of winter and ended up in negative profitability.

One of our key strengths, our distribution network, continued to grow as planned. In 2015, we added over 500 new Vianor, NAD and N-Tyre outlets to our branded distribution network, and the current number of Vianor stores is 1,475 and the NAD/N-Tyre network has already grown to over 1,300 stores.

Russia is still our biggest single country in terms of sales. Russia’s economic outlook for 2016 is negative. This together with the North American inventory situation will limit our capability to grow this year. However, we are aiming at improving our profitability in 2016.

Our personnel has been doing great job everywhere. During 2015 we went through a difficult capacity reduction program in Nokia. At the same time, however, we have increased our investments in R&D, marketing and sales much more than the savings achieved in that program. These investments together with a strong balance sheet, positive cash flow and the whole organization delivering excellent results give us confidence about the positive future.”

Market situation

The global economy is estimated to pick up in 2016. The key issues influencing the global outlook: the gradual slowdown and rebalancing of economic activity in China, lower prices for energy and other commodities and a gradual tightening in monetary policy in the USA. Despite the anticipated improvement, the pace of the recovery is forecast to remain below pre-crisis levels. The USA continues still to be the growth engine. Also Europe is recovering. The global GDP is estimated to grow by 3.5% in 2016. The GDP growth estimates for Nordic countries are +0.5% – 3.8% and for Europe (including Nordics) +1.7%. The GDP in USA is estimated to grow by 2.7%. In Russia the GDP is expected to further decline between 0.3% and 3% depending on the scenario.

In the Nordic countries new car sales increased in 2015 by 9% year-over-year. The market volume of car tyres showed an increase of 5% compared to 2014, but for full year 2016 the increase is expected to be lower.

In Europe sales of new cars increased in 2015 by 9% year-over-year. Car tyre sell-in to distributors was up 3% compared with 2014, with winter tyre demand decreasing by 2%. Overall tyre demand is estimated to grow slightly in Central Europe in 2016. Pricing pressure is, however, tight.

In the USA estimated new car sales were up 6% 2015 vs. 2014. The market volume of car tyres was flat compared with 2014, due to specific reasons related to the punitive import duties imposed on Chinese tyre suppliers. Car tyre demand in North America is expected to grow by 2% in 2016 year-over-year.

Russia's economic situation has remained challenging: according to the preliminary estimates, GDP contracted by 3.7% in 2015 vs. 2014. Year-on-year decline slowed down in Q4 compared to Q3; quarterly GDP is estimated to have grown in Q4 vs. Q3. Inflation continued to be high: consumer price index is estimated to have increased by 12.9% by year-end and by over 15% on average during the year, resulting in the cut of real wages of about 10%. Russian consumers' purchasing power clearly weakened and consumer confidence remained at a very low level; in Q4 it continued to decline and approached historical minimum. As a result, consumers are holding back their spending: retail turnover remains quite sluggish, with only minor improvement on the way.

Sales of new cars in Russia in 2015 reached 1.601 million units, down by 35.7% vs. 2014. The decline in December (-45.7%) was higher than in the previous months, as expected, due to the peak in sales in December 2014 driven by the sharp devaluation of the ruble and consumers' flight from the ruble. Car manufacturers have muted expectations for 2016. Their joint forecast for the year is 1.53 million units, further 4.4% decline from 2015, although many experts expect a bigger slump in sales, up to -25%. Nokian Tyres estimates new car sales in Russia to decline approximately 10 – 25%. Tyre market (sell-in in A+B segments) is estimated to have declined by approximately 20%, with continued shift towards cheaper segments and decrease of imports by 32%.

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

In 2015 in Europe the sell-in of premium truck tyres was up 4%, and in the Nordic countries demand was flat year-over-year. Demand in North America showed growth. In Russia, however, demand for premium truck tyres decreased by 11% compared to 2014. Truck tyre demand in 2016 is estimated to show some increase or to be at the same level as in the previous year in all Nokian Tyres' western markets; in Russia demand is expected to remain weak.

Raw materials

The tailwind from tyre industry raw material prices continued through 2015. Raw material costs (€/kg) for Nokian Tyres were down 13.1% in 2015 year-over-year, savings of approximately EUR 40 million. Raw material costs are estimated to decrease around 5% in full year 2016, providing a tailwind of approximately EUR 15 million versus 2015.

OCTOBER-DECEMBER 2015

Nokian Tyres Group recorded net sales of EUR 422.3 million (380.0), an increase of 11.1% compared with Q4/2014. Currency rate changes cut net sales by EUR 21.0 million. In the Nordic countries sales increased 6.4% year-over-year. Sales in Russia decreased 8.4%. Russia and CIS consolidated sales dropped 13.8%. In Other Europe sales were up 38.3% and in North America sales increased 10.7%.

The raw material cost (EUR/kg) in manufacturing increased 2.9% year-over-year and increased 4.1% versus the third quarter of 2015. Fixed costs amounted to EUR 114.2 million (109.6), accounting for 27.0% (28.9%) of net sales.

Nokian Tyres Group's operating profit amounted to EUR 94.8 million (77.5), an increase of 22.4% compared with Q4/2014. The operating profit was negatively affected by the recognition of credit losses and provisions of EUR 11.3 million (4.0).

Net financial expenses were EUR 21.9 million (12.5). Net interest expenses were EUR 21.0 million (4.6). Net interest expenses include EUR 19.2 million penalty interest related to the tax dispute of 2007-2010. Net financial expenses include EUR 0.9 million (7.9) of exchange rate differences.

Profit before tax was EUR 72.9 million (65.0). Profit for the period amounted to EUR -16.8 million (50.1), and EPS were EUR -0.13 (0.37), penalized by the additional taxes of EUR 94.1 million in Finland, including punitive tax increases and interests based on the renewed reassessment decisions from the Tax administration related to the tax dispute 2007-2010 received in December 2015 and January 2016.

Income financing after the change in working capital, investments and the disposal of fixed assets (cash flow from operations) was EUR 417.0 million (579.1).

JANUARY-DECEMBER 2015

Nokian Tyres Group recorded net sales of EUR 1,360.1 million (1,389.1), a decrease of 2.1% compared with 2014. Currency rate changes cut net sales by EUR 69.3 million.

Gross sales development by market areas

	Growth%	% of total sales in 2015	% of total sales in 2014
Nordic countries	4.7	43.6	40.3
Russia and CIS	-34.0	17.4	25.5
Other Europe	4.7	26.4	24.4
North America	25.1	11.8	9.1

Net sales development by business units

	Growth%	% of total sales in 2015	% of total sales in 2014
Passenger Car Tyres	-5.2	66.3	68.4
Heavy Tyres	4.2	10.8	10.2
Vianor	4.1	22.8	21.5

The raw material cost (EUR/kg) in manufacturing decreased by 13.1 year-over-year. Fixed costs amounted to EUR 403.8 million (400.0), accounting for 29.7% (28.8%) of net sales. Total salaries and wages were EUR 197.1 million (195.4).

Nokian Tyres Group's operating profit amounted to EUR 296.0 million (308.7). The operating profit was negatively affected by the IFRS 2 -compliant option scheme accrual of EUR 9.1 million (9.6) and the recognition of credit losses and provisions of EUR 17.7 million (8.8).

Net financial expenses were EUR 21.8 million (47.5). Net interest expenses were EUR 10.7 million (16.7). Financial expenses have been 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 April 2015. Net interest expenses include EUR 19.2 million penalty interest related to the ongoing tax dispute of 2007-2010 and based on the renewed reassessment decisions from the Tax Administration received in December 2015 and January 2016. Financial expenses include EUR 2.7 million premium related to Nokian Tyres voluntary buy-back of company’s bond maturing 2017 amounting to EUR 62.3 million. Net financial expenses include EUR 11.1 million (30.8) in exchange rate differences.

Profit before tax was EUR 274.2 million (261.2). Profit for the period amounted to EUR 240.7 million (208.4), and EPS were EUR 1.80 (1.56). The tax expense has been adjusted by EUR 80.1 million as the tax reassessment decisions on the years 2007-2010 were annulled in April 2015 and returned to the Tax Administration for reprocessing. The tax expense was again adjusted by EUR 74.9 million based on the renewed reassessment decisions from the Tax Administration received in December 2015 and January 2016.

Return on net assets (RONA, rolling 12 months) was 18.5% (18.3%). Income financing after the change in working capital, investments and the disposal of fixed assets (cash flow from operations) was EUR 311.1 million (458.3).

Investments

Investments in the review period amounted to EUR 101.7 million (80.6). This comprises of production investments in the Russian and Finnish factories, moulds for new products, ICT and process development projects, and the Vianor expansion projects.

Financial position on 31 December 2015

The gearing ratio was -16.9% (-13.6%). Interest-bearing net debt amounted to EUR -209.7 million (-164.6). Equity ratio was 70.8% (67.5%).

The Group’s interest-bearing liabilities totalled EUR 219.6 million (275.2), of which current interest-bearing liabilities amounted to EUR 19.9 million (0.6). The average interest rate for interest-bearing liabilities was 3.2% (3.6%). Cash and cash equivalents amounted to EUR 429.3 million (439.9).

At the end of the review period the company had unused credit limits amounting to EUR 508.7 million (606.5), of which EUR 155.7 million (255.7) were committed. The current credit limits and the commercial paper program are used to finance inventories, trade receivables and subsidiaries in distribution chains and thus control the typical seasonality in the Group’s cash flow.

Group’s Total comprehensive income was negatively affected by translation differences on foreign operations by EUR 55.2 million (202.1). Total comprehensive income for the period amounted to EUR 185.2 million (4.4).

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 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 in January 2016 the Company received renewed reassessment decisions from the Tax Administration, according to which the Company is obliged to pay EUR 94.1 million additional taxes with punitive tax increases and interests concerning tax years 2007-2010. Payment was due in January 2016. The total sum demanded by the tax authorities is EUR 94.1 million, of which EUR 62.8 million are additional taxes and EUR 31.3 million punitive tax increases and interests. The Company considers the decision unfounded and appeals against it by leaving the claim to the Board of Adjustment.

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

Dispute concerning U.S subsidiary 2008-2012

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

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

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

Tax rate outcome and estimate

The Group's tax rate was 12.2% (20.2%) in the review period. The tax rate excluding the additional taxes was 14.2%. The tax rate was positively affected by tax incentives in Russia for current investments and further investments in the future. The new agreed tax benefits and incentives came into force in the beginning of 2013. The agreement will extend the benefits and incentives until approximately 2020.

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

Personnel

In 2015 the Company was forced to reduce capacity at the Nokian plant. This resulted in reduction of 122 employees. In 2015 the Group employed an average of 4,421 (4,272) people, and 4,389 (4,204) at the end of the review period. Despite of the above-mentioned reductions, the headcount in Finland increased and the Group employed in Finland 1,732 (1,657) people at the end of the review period, and in Russia 1,327 (1,326) people. The main increase took place in the equity-owned Vianor tyre chain, which employed 1,681 (1,508) people at the end of the review period.

BUSINESS UNIT REVIEWS

Passenger Car Tyres

	10-12 /15	10-12 /14	Change %	2015	2014	Change %
Net sales, M€	276.5	237.9	16.2	951.5	1,003.2	-5.2
Operating profit, M€	80.3	55.4	44.8	285.5	292.2	-2.3
Operating profit, %	29.0	23.3		30.0	29.1	
RONA, % (roll. 12 m.)				27.8	23.5	

Net sales dropped in 2015 mainly due to clearly lower sales volumes in Russia and the devaluation of the ruble. Sales increased and market share improved in North America. Sales were stable in the Nordic countries. In Other Europe sales increased slightly. Nokian Tyres summer tyre sales increased in all key markets.

In 2015 the Average Selling Price in euros decreased due to currency rate devaluations. The share of winter tyres in the sales mix was 73% (79%). Overall sales mix development was positive, as the share of premium tyres in the winter segment increased and successful SUV tyre sales improved the summer tyre mix. Local price increases in Russia supported the ASP development. Minor price reductions have taken place in some countries, which reflect the tight competitive situation and reductions in material costs partly passing through to tyre prices.

Raw material costs (€/kg) were down by 13.2% year-over-year, which together with improved productivity supported margins.

Like in 2014, Nokian Tyres has again succeeded in the winter tyre tests with several car magazine victories globally. The new Nokian Tyres summer tyre range also won several car magazine tests in Central Europe in spring 2015. A constant flow of product launches with new innovations - improving safety, comfort and ecological driving - have supported the brand image and price position of Nokian Tyres.

In 2015 capacity was not fully utilized, and production output (pcs) decreased by 7%. Productivity (kg/mh) improved by 5% year-over-year. In 2015, 81% (80%) of Nokian car tyres (pcs) were manufactured in the Russian factory.

Heavy Tyres

	10-12 /15	10-12 /14	Change %	2015	2014	Change %
Net sales, M€	41.8	41.0	1.9	155.3	149.1	4.2
Operating profit, M€	6.7	7.8	-14.1	28.7	24.6	16.9
Operating profit, %	15.9	18.9		18.5	16.5	
RONA, % (roll. 12 m.)				28.9	22.9	

Demand remained at a good level in the western markets in most of Nokian Heavy Tyres’ core product groups. The delivery capacity improved year-over-year, resulting in higher net sales. Forestry tyre sales remained on a good level and other product groups developed moderately. North America showed the strongest sales growth and the outlook for the start of the year is good. Also the Nordic countries and Other Europe showed growth. Weak economies and currency devaluations against the euro weakened Russia and CIS sales.

The Average Selling Price decreased slightly year-over-year due to a challenging pricing environment and a bigger share of OE sales. Operating profit, however, improved clearly on the back of increased sales volumes and reduced fixed costs. Margins were supported by lower raw material costs and productivity improvement.

Continuous investments to production and new products increased production output (tonnes) in 2015 9% year-over-year.

Vianor

Equity-owned operations

	10-12 /15	10-12 /14	Change %	2015	2014	Change %
Net sales, M€	119.4	117.5	1.6	327.6	314.8	4.1
Operating result, M€	11.1	13.1	-15.7	-1.9	2.1	-189.2
Operating result, %	9.3	11.2		-0.6	0.7	
RONA, % (roll. 12 m.)				-1.0	1.2	

At the end of the review period Vianor had 198 (189) equity-owned stores in Finland, Sweden, Norway, USA, Switzerland and Russia.

Net sales grew in the Nordic countries, Norway showing the strongest development. Car tyre sales increased, whereas truck tyre sales decreased slightly. Heavy tyre sales was flat. Service sales increased by 6%, including growth of 8.5% in car service sales. Retail sales formed 51% of Vianor's total sales. As the season did not start properly during Q4, operating result decreased compared to 2014.

The gradual change in the operating model from tyre sales to full car service in the stores continues with investments and local acquisitions of car service shops. At the end of the year 2015 a total of 64 car service operations have been acquired and integrated with existing Vianor stores in the Nordic countries.

Franchising and partner operations

Vianor expanded the retail network in Nokian Tyres' key markets by 120 stores during 2015. At the end of the year the Vianor network comprised in total 1,475 stores, of which 1,277 were partners. Vianor operates in 26 countries; most extensively in the Nordic countries, Russia and Ukraine. Expanding the partner franchise network will continue.

A softer partner model, Nokian Tyres Authorized Dealers (NAD), expanded in the review period by 370 stores and totals 1,239 stores under contract in 19 European countries and China. N-Tyre, a new Nokian Tyres partner network, is operating with 102 stores in Russia and CIS.

SPECIAL REVIEWS

Russia and the CIS countries 2015

Nokian Tyres' sales in Russia decreased year-over-year by 34.8% to EUR 237.0 million (363.4). Sales in the CIS countries (excluding Russia) were EUR 18.1 million (23.2). Consolidated sales in Russia and CIS decreased by 34.0% to EUR 255.1 million (386.7).

Sales volume in Russia decreased clearly compared to the previous year. Nokian Tyres' market share in winter tyres on the sell-in level (distributor sales) somewhat decreased in Russia measured in sales volume due to consumers' shift towards cheaper segments and brands driven by the weak purchasing power as well as aggressive pricing of some competitors. Nokian Tyres' market share on the sell-out level (consumer sales) is estimated to remain intact. The sales value decreased clearly also due to the ruble devaluation against the euro. Double-digit price increases in rubles were made in early 2015, but this does not fully compensate for the impact of the currency devaluation. However, Nokian Tyres' product mix and ASP in the local currency clearly improved due to the restructuring of the winter tyre range and the launch of new SUV models in the B segment.

The sell-out of winter tyres in the 2015 season (in the overall market, including Nokian Tyres products) was very weak due to the lack of proper winter season in most regions of Russia. This resulted some carry-over stocks of winter tyres in distribution, which will negatively affect further sell-in for 2016 season.

At the same time, Nokian Tyres maintained its market leader position in the premium segment. The company also became the market leader in summer tyres in both A and B segments. The biggest growth categories for Nokian Tyres in summer tyres were SUV, UHP (ultra-high performance) and other high value-added product lines.

Nokian Tyres factory in Vsevolozhsk playes a very important role in the Group's supply chain. In the review period 67% of the Russian factory's production output was exported, mostly to Central Europe and North America. This supports the company's margins, as production costs are mainly in rubles and sales mainly in euros and dollars.

OTHER MATTERS

1. Stock options on the Nasdaq Helsinki Stock Exchange

The total number of stock options 2010B was 1,340,000. Each stock option 2010B entitled its holder to subscribe for one Nokian Tyres plc share. The shares were subscribed with the stock options 2010B during the period 1 May 2013 - 31 May 2015.

The total number of stock options 2010C is 1,340,000. Each stock option 2010C entitles its holder to subscribe for one Nokian Tyres plc share. The shares can be subscribed with the stock options 2010C during the period 1 May 2014 - 31 May 2016. The present share subscription price with stock options 2010C is EUR 30.95/share. The dividends payable annually are deducted from the share subscription price.

The total number of stock options 2013A is 1,150,000. Each stock option 2013A entitles its holder to subscribe for one Nokian Tyres plc share. The shares can be subscribed with the stock options 2013A during the period 1 May 2015 - 31 May 2017. The present share subscription price with stock options 2013A is EUR 29.36/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.

3. Own shares

No share repurchases were made in the review period, and the company did not possess any own shares on 31 December 2015.

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

The Nokian Tyres’ share price was EUR 33.10 (20.29) at the end of the review period. The volume weighted average share price during the period was EUR 28.06 (26.74), the highest EUR 37.57 (36.19) and the lowest EUR 19.23 (18.82). A total of 195,229,321 shares were traded in Nasdaq Helsinki during the period (216,446,904), representing 145% (162%) of the company's overall share capital. A total of 83,198,786 shares were traded in Chi-X during the period. The company’s market capitalization at the end of the period was EUR 4.458 billion (2.708 billion).The company had 38,304 (50,142) shareholders. The percentage of Finnish shareholders was 27.5% (39.1%) and 72.5% (60.9%) were foreign shareholders registered in the nominee register. This figure includes Bridgestone's holding of approximately 14.9%.

5. Changes in ownership

Nokian Tyres has received an announcement from The Capital Group Companies Inc. on 23 February 2015, according to which the total holding of The Capital Group Companies Inc. in Nokian Tyres plc fell below 5 percent as a result of a share transaction concluded on 20 February 2015.

Nokian Tyres has received an announcement from The Capital Group Companies Inc. on 15 September 2015, according to which the holdings of the mutual funds managed by The Capital Group Companies Inc exceeded level of 5% of the share capital in Nokian Tyres plc, as a result of a share transaction concluded on 14 September 2015.

Nokian Tyres has received an announcement from Varma Mutual Pension Insurance Company on 27 May 2015, according to which the total holding of Varma in Nokian Tyres plc fell below 5 percent as a result of a share transaction concluded on 26 May 2015.

Nokian Tyres has received announcements from BlackRock, Inc. on 23 March 2015, on 15 September 2015, on 8 December 2015, on 23 December 2015 and on 30 December 2015, according to which the holdings of the mutual funds managed by BlackRock exceeded 5% of the share capital in Nokian Tyres plc, as a result of share transactions concluded on 20 March 2015, on 14 September 2015, on 7 December 2015, on 22 December 2015 and on 29 December 2015.

Nokian Tyres has received announcements from BlackRock, Inc. on 20 August 2015, on 19 November 2015, on 9 December 2015, on 28 December 2015 and on 31 December 2015, according to which the holdings of the mutual funds managed by BlackRock fell below level of 5% of the share capital in Nokian Tyres plc, as a result of a share transactions concluded on 19 August 2015, on 18 November 2015, on 8 December 2015, on 24 December 2015 and on 30 December 2015.

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

6. Decisions made at the Annual General Meeting

On 8 April 2015, the Annual General Meeting of Nokian Tyres approved the financial statements for 2014 and discharged the Board of Directors and the President and CEO from liability.

6.1 Dividend

The meeting decided that a dividend of EUR 1.45 per share be paid for the period ending on 31 December 2014. It was decided to pay the dividend to shareholders included in the shareholder list maintained by Euroclear Finland Ltd on the record date of 10 April 2015. The dividend payment date was 23 April 2015.

6.2. Members of the Board of Directors and Auditor

The meeting decided that the Board of Directors has six members. Existing members Hille Korhonen, Raimo Lind, Inka Mero, Hannu Penttilä and Petteri Walldén were elected to continue on the Board of Directors. Mr Tapio Kuula was elected as a new member of the Board.

Authorised public accountants KPMG Oy Ab continue as auditors.

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

The meeting decided that the fee paid to the Chairman of the Board is EUR 80,000 per year, while that paid to Board members is set at EUR 40,000 per year. Members of the Board are also granted a fee of EUR 600 for every Board meeting and Committee meeting attended.

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 9 April to 30 April 2015, EUR 40,000 worth of Nokian Tyres plc shares be purchased on the stock exchange on behalf of the Chairman of the Board and EUR 20,000 worth of shares on behalf of each Board member. This means that the final remuneration paid to Board members is tied to the company’s share performance.

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

In the Board meeting on 8 April 2015 Petteri Walldén was elected chairman of the Board. The members of the Nomination and Remuneration committee are Petteri Walldén (chairman), Hille Korhonen and Hannu Penttilä. The members of the Audit committee are Raimo Lind (chairman), Inka Mero and Tapio Kuula.

8. Corporate social responsibility

Nokian Tyres published its Corporate Sustainability Report in March 2015. The report, implemented in accordance with the revised GRI G4 guidelines, has been published as a web version at www.nokiantyres.com/company/sustainability. Product safety and quality, as well as profitable growth, good HR management, and environmental issues are important for the development of sustainable business operations in Nokian Tyres.

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 of 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 gets good grades for corporate responsibility

Nokian Tyres received consistently good results in the global Dow Jones Sustainability Index. The Dow Jones Sustainability Index is the world's most respected comparison of large companies in terms of corporate responsibility. Every year, the 3,400 largest listed companies in the world, representing dozens of different sectors, are invited to participate.

The evaluations reviews 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 2015 evaluation, Nokian Tyres was graded above average for its sector in all of the 18 sub-areas. The evaluation is carried out by a Swiss company named RobecoSam.

9. Board of Adjustment annulled the reassessment decision against Nokian Tyres plc concerning tax years 2007-2010

On 7 April 2015 Nokian Tyres announced that the Board of Adjustment had annulled the reassessment decision from the Tax Administration, and that the Company would return 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.

10. Nokian Tyres plc's share bonus scheme 2015 and actual performance in 2013-2014

On 29 May 2015 Nokian Tyres announced that the targets set for the 2013-2014 earnings periods in the share based incentive plan were not met. As a result, no share bonus has been paid to the key employees for the years 2013-2014.

Bonuses for the 2015 performance period will be paid partly in Company shares and partly in cash in 2017. The rewards to be paid on the basis of the 2015 performance period correspond to a maximum of some 160,000 Nokian Tyres plc shares, including the portion to be paid in cash. The target group for the scheme comprises approximately 40 people.

11. Nokian Tyres introduced new winter products for Central Europe

On 16 February 2015 Nokian Tyres announced that it is adding five new tyres to its product selection for varying Central European winter weather. The new Nokian WR D4 passenger car tyre, the Nokian WR C3 for versatile use on vans, and the Nokian Weatherproof product family that demonstrates the All-Weather concept, improve the company's competitive strength especially in Central Europe.

Central Europe is the world's largest market area for winter tyres. Approximately 70 million winter tyres were sold in 2014 and the winter tyre segment is growing faster than the overall market. As the tyre markets expand and winter tyre legislation becomes more common, Central Europe has become one of Nokian Tyres' most important areas for growth.

12. The launch of world's first AA class winter tyre in terms of wet grip and fuel efficiency

On 12 May 2015 Nokian Tyres announced that it will in the autumn of 2015 offer European SUV drivers the world's first winter tyre that achieves the best possible class A in wet grip and fuel efficiency for the EU tyre label. The revolutionary Nokian WR SUV 3 winter tyre, in size 265/50 R19 V, can reduce braking distances by up to 18 meters on wet roads and save fuel by up to 0.6 l/100 km.

13. Voluntary tender offer of Nokian Tyres EUR 150,000,000 3.25 percent notes due 2017

On 28 August 2015 Nokian Tyres announced a voluntary cash tender offer for noteholders holding its EUR 150,000,000 3.25 percent senior unsecured notes issued on 19 July 2012 (FI4000046370). The approximate nominal amount of notes tendered under the tender offer was EUR 75,000,000.

The Offer Period expired at 4.00 p.m. EET on 8 September 2015. The aggregate principal amount of Notes validly offered for purchase by Noteholders was EUR 62,300,000 representing 41.53 percent of the aggregate amount of all the Notes. The Purchase Price was EUR 104,400 per each EUR 100,000 nominal amount of the Notes which, together with Accrued Interest of EUR 772.54 (0.7725 percent) per each EUR 100,000 nominal amount of the Notes, was payable by Nokian Tyres plc to the relevant Noteholders. The settlement occured on 14 September 2015.

14. Statutory negotiations at Nokian Tyres' Finnish factory ended

The statutory negotiations concerning workers and staff in car tyre production and administration at Nokian Tyres' Finnish factory ended on 28 September 2015. Adjustments to production capacity utilization as well as cost savings will be achieved by reducing 122 people. Statutory negotiations concerned a total of 900 people.

15. Changes in operational structure and management team

On 20 October 2015 Nokia Tyres announced that it will change its operational structure and responsibilities in the management team to strengthen the company's product and innovation leadership, end-to-end supply operations and sales and distribution management which have been the core of Nokian Tyres' success.

In the new management structure the former operations of Passenger car tyres will be disintegrated and reorganized in a following way: product management, R&D and sales functions will report directly to CEO. Procurement, demand and supply management together with logistics and customer service functions will be part of new Supply Operations unit. In the financial reporting Passenger car tyres will continue to be separately reported like Vianor and Nokian Heavy Tyres. Other operations will continue as earlier without any changes in operative mode reporting to CEO.

16. Capital Markets Day 2015: Back to profitable growth, Financial targets and dividend policy set for 2016-2018

On 17 November Nokian Tyres hosted Capital Markets Day for investors and analysts in Helsinki, Finland. The event focused on Nokian Tyres' strategy and financial targets for 2016-2018. All CMD materials can be found at http://www.nokiantyres.com/cmd/.

Nokian Tyres' financial targets for 2016-2018: grow faster than the market with healthy profitability. With the November 2015 market outlook this would result to minimum 4-5% average annual sales growth for the period 2016-2018. Company targets to maintain its industry leading operating profit level of minimum 22%.

Nokian Tyres' dividend policy for 2016-2018: company's target is to provide steady or higher absolute dividend per share throughout 2016-2018 (despite the investments in the third factory). Company targets to distribute at least 50% of net profits in dividends.

17. Nokian Tyres received EUR 87 million additional payable tax in Finland regarding years 2007-2010; the company will make a complaint against the decision

On 15 December 2015 Nokian Tyres announced that it has received a renewed reassessment decision from the Tax Administration, according to which the Company is obliged to pay EUR 87 million additional taxes with punitive tax increases and interests concerning tax years 2007-2010. Payment must be made in January 2016. The total sum demanded by the tax authorities was EUR 87 million, of which EUR 55 million additional taxes and EUR 32 million punitive tax increases and interests. Company considers the decision unfounded and appeals against it by leaving the claim to the Board of Adjustment.

MATTERS AFTER THE REVIEW PERIOD

18. Nokian Tyres participating in UN Global Compact initiative

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

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

Nokian Tyres has received announcements from BlackRock, Inc. on 11 January 2016, on 15 January 2016 and 22 January 2016, according to which the holdings of the mutual funds managed by

BlackRock exceeded level of 5% of the share capital in Nokian Tyres plc, as a result of a share transactions concluded on 8 January 2016, on 14 January 2016 and on 21 January 2016.

Nokian Tyres has received announcements from BlackRock, Inc. on 14 January 2016, on 21 January 2016 and on 25 January 2016, according to which the holdings of the mutual funds managed by BlackRock fell below level of 5% of the share capital in Nokian Tyres plc, as a result of share transactions concluded on 13 January 2016, on 20 January 2016 and on 22 January 2016.

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

20. Changes in operational structure and management team

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

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

RISKS, UNCERTAINTY AND DISPUTES IN THE NEAR FUTURE

Growth in Russia is expected to be negative with full year 2016 GDP decline in the range 0.3…3% due to the low oil price, high interest rates, slow investments, and sanctions followed the Ukraine crisis. An escalation of the Ukraine crisis could cause serious disruption, additional trade barriers and a further slowdown of economic development in Russia, CIS and Finland. All in all the uncertainties may weaken future demand for tyres and increase credit risk.

The company's receivables remained at the previous year's level. Tyre inventories are on the planned level. The company follows the development of NWC very closely. At the end of the review period Russian trade receivables accounted for 31% (33%) of the Group's total trade receivables.

Around 40% of the Group's net sales in 2016 are estimated to be generated from Euro-denominated sales. The most important sales currencies in addition to the euro are the Russian 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. If raw material prices rise, maintaining profitability depends on the company's ability to raise tyre prices in line with increasing raw material costs.

More detailed information relating to risks can be found at http://www.nokiantyres.com/annual-reports, Financial review 2014, pages 40-45 and 63-64.

Tax disputes

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

OUTLOOK FOR 2016

The global economy is estimated to pick up in 2016. The key issues influencing the global outlook: the gradual slowdown and rebalancing of economic activity in China, lower prices for energy and other commodities and a gradual tightening in monetary policy in the USA. Despite the anticipated improvement, the pace of the recovery is forecast to remain below pre-crisis levels. The USA continues still to be the growth engine. Also Europe is recovering. The global GDP is estimated to grow by 3.5% in 2016. The GDP growth estimates for Nordic countries are +0.5% **–** 3.8% and for Europe (including Nordics) +1.7%. The GDP in USA is estimated to grow by 2.7%. In Russia the GDP is expected to further decline between 0.3% and 3% depending on the scenario.

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

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

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

Nokian Tyres continues to have competitive advantages from having manufacturing inside Russia. About 67% of the Russian production was exported in 2015 and the margin between production costs in rubles and export sales in euros has improved along with the ruble devaluation. If there is an upturn in demand, Nokian Tyres’ car tyre production capacity in Russia offers an inbuilt capability to increase output rapidly without capex, to meet market growth.

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

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

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

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

Financial guidance

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

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

The distributable funds in the Parent company total EUR 575.6 million.
The Board of Directors proposes to the Annual General Meeting that
the distributable funds be used as follows:

A dividend of	1.50 EUR/share
be paid out, totaling	EUR 202.0 million
retained in equity	EUR 373.6 million
Total	EUR 575.6 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, 5 February 2016

Nokian Tyres plc
Board of Directors

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

This 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 2014. However, the adaptation of these new or amended standards has not yet had an effect on the reported figures in practice. On the other respects, the same accounting policies have been followed as in the Financial Statements 2014.

The figures in the financial statements bulletin are unaudited.

NOKIAN TYRES CONSOLIDATED INCOME STATEMENT Million euros	10-12/15	10-12/14	1-12/15	1-12/14	Change %
Net sales	422.3	380.0	1,360.1	1,389.1	-2.1
Cost of sales	-223.6	-207.4	-733.7	-769.6	4.7
Gross profit	198.6	172.6	626.4	619.5	1.1
Other operating income	0.3	0.5	3.7	3.4	
Selling and marketing expenses	-75.2	-73.6	-256.2	-246.5	-3.9
Administration expenses	-10.2	-8.5	-35.3	-34.5	-2.3
Other operating expenses	-18.7	-13.6	-42.6	-33.2	-28.3
Operating profit	94.8	77.5	296.0	308.7	-4.1
Financial income	64.1	176.5	200.9	268.4	-25.2
Financial expenses (1	-86.0	-189.0	-222.7	-315.9	29.5
Profit before tax	72.9	65.0	274.2	261.2	5.0
Tax expense (2 (3	-89.7	-14.9	-33.5	-52.8	36.7
Profit for the period	-16.8	50.1	240.7	208.4	15.5
Attributable to:					
Equity holders of the parent	-16.8	50.1	240.7	208.4	
Non-controlling interest	-	0.0	-	0.0	
Earnings per share from the profit attributable to equity holders of the parent					
basic, euros	-0.13	0.38	1.80	1.56	15.1
diluted, euros	-0.13	0.38	1.80	1.56	15.1

CONSOLIDATED OTHER COMPREHENSIVE INCOME	10-12/15	10-12/14	1-12/15	1-12/14
Million euros				
Profit for the period	-16.8	50.1	240.7	208.4
Other comprehensive income, net of tax:				
Gains/Losses from hedge of net investments in foreign operations	0.0	0.0	0.0	0.0
Cash flow hedges	1.2	-0.4	-0.3	-1.9
Translation differences on foreign operations (4	-46.4	-152.7	-55.2	-202.1
Total other comprehensive income for the period, net of tax	-45.2	-153.1	-55.5	-204.0
Total comprehensive income for the period	-62.0	-103.0	185.2	4.4
Total comprehensive income attributable to:				
Equity holders of the parent	-62.0	-103.0	185.2	4.4
Non-controlling interest	-	0.0	-	0.0

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. Financial expenses in 1-12/14 contain EUR 1.6 million expensed punitive interest for tax reassessment decisions on years 2008-2012 of a group company.
2) Tax expense in 1-12/15 has been adjusted with EUR 80.1 million as the tax reassessment decisions on years 2007-2010 were annulled and returned to the Tax Administration for reprocessing. Additionally tax expense in 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. Tax expense in 1-12/14 contains EUR 9.4 million expensed additional taxes with punitive tax increases for tax reassessment decisions on years 2008-2012 of a group company.
3) Otherwise tax expense in the consolidated income statement is based on the taxable result for the period.
4) Since the beginning of year 2014 the Group has internal loans that are recognised as net investments in foreign operations in accordance with IAS 21 " The Effects of Changes in Foreign Exchange Rates". The impact in 1-12/15 is EUR -13.7 million and in 1-12/14 EUR -10.0 million.

KEY RATIOS	31.12.15	31.12.14	Change %
Equity ratio, %	70.8	67.5	
Gearing, %	-16.9	-13.6	
Equity per share, euro	9.24	9.07	1.8
Interest-bearing net debt, mill. euros	-209.7	-164.6	
Capital expenditure, mill. euros	101.7	80.6	
Depreciation, mill. euros	82.6	89.8	
Personnel, average	4,421	4,272	
Number of shares (million units)			
at the end of period	134.39	133.17	
in average	133.63	133.16	
in average, diluted	133.74	135.10	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31.12.15	31.12.14
Million euros		
Non-current assets		
Property, plant and equipment	485.0	502.8
Goodwill	79.2	73.3
Other intangible assets	19.4	19.8
Investments in associates	0.1	0.1
Available-for-sale financial assets	0.3	0.3
Other receivables	8.8	10.0
Deferred tax assets	7.5	9.1
Total non-current assets	600.2	615.4
Current assets		
Inventories	271.3	288.3
Trade receivables	356.9	351.0
Other receivables	84.1	93.6
Current tax assets	13.0	8.9
Cash and cash equivalents	429.3	439.9
Total current assets	1,154.6	1,181.6
Total assets	1,754.8	1,797.0
Equity		
Share capital	25.4	25.4
Share premium	181.4	181.4
Treasury shares	-8.6	-8.6
Translation reserve	-385.9	-330.7
Fair value and hedging reserves	-2.9	-2.6
Paid-up unrestricted equity reserve	133.0	100.3
Retained earnings	1,299.2	1,243.2
Non-controlling interest	-	-
Total equity	1,241.6	1,208.5
Non-current liabilities		
Deferred tax liabilities	25.7	26.7
Provisions	0.5	0.1
Interest bearing financial liabilities	199.7	274.7
Other liabilities	2.1	5.1
Total non-current liabilities	228.0	306.5
Current liabilities		
Trade payables	55.7	63.9
Other current payables	186.7	196.0
Current tax liabilities	20.0	18.7
Provisions	2.8	2.8
Interest-bearing financial liabilities	19.9	0.6
Total current liabilities	285.1	282.0
Total equity and liabilities	1,754.8	1,797.0

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS	1-12/15	1-12/14
Million euros		
Profit for the period	240.7	208.4
Adjustments for		
Depreciation, amortisation and impairment	100.4	98.6
Financial income and expenses	21.8	47.5
Gains and losses on sale of intangible assets, other changes	-10.5	-11.0
Income Taxes	33.5	52.8
Cash flow before changes in working capital	385.8	396.3
Changes in working capital		
Current receivables, non-interest-bearing, increase (-) / decrease (+)	-27.6	24.5
Inventories, increase (-) / decrease (+)	8.2	18.7
Current liabilities, non-interest-bearing, increase (+) / decrease (-)	4.0	38.4
Changes in working capital	-15.4	81.6
Financial items and taxes		
Interest and other financial items, received	2.9	3.3
Interest and other financial items, paid	-49.8	-69.8
Dividens received	0.0	0.0
Income taxes paid	-40.0	-88.2
Financial items and taxes	-87.0	-154.6
Cash flow from operating activities (A)	283.4	323.4
Cash flows from investing activities		
Acquisitions of property, plant and equipment and intangible assets	-100.0	-81.7
Proceeds from sale of property, plant and equipment and intangible assets	1.4	3.2
Acquisitions of Group companies	-6.7	-5.8
Change in non-controlling interest	-	-0.3
Acquisitions of other investments	0.0	0.0
Cash flows from investing activities (B)	-105.3	-84.7
Cash flow from financing activities:		
Proceeds from issue of share capital	33.3	2.6
Purchase of treasury shares	-	-8.6
Change in current financial receivables, increase (-) / decrease (+)	-6.0	-8.0
Change in non-current financial receivables, increase (-) / decrease (+)	0.4	-3.4
Change in current financial borrowings, increase (+) / decrease (-)	48.5	62.2
Change in non-current financial borrowings, increase (+) / decrease (-)	-73.4	-79.6
Dividens received	0.4	0.4
Dividends paid	-193.5	-193.4
Cash flow from financing activities (C)	-190.2	-227.7
Change in cash and cash equivalents (A+B+C)	-12.2	11.0
Cash and cash equivalents at the beginning of the period	439.9	424.6
Effect of exchange rate fluctuations on cash held	1.6	4.3
Cash and cash equivalents at the end of the period	429.3	439.9

The consolidated statement of cash flows has been prepared using the indirect method in 2015. Previous year has been changed accordingly.

The company has received a stay of execution from the Finnish Tax Administration for the collection of the tax increases based on the tax reassessment decisions on years 2007-2010. In spite of this stay of execution the Finnish Tax Administration has taken funds in accordance with these aforesaid decisions from company's tax account setting off company's other tax refunds. Financial items and taxes contain these set-offs by the Tax Administration in 1-12/15 EUR 6.1 million, in 1-12/14 EUR 37.0 million. The Board of Adjustment once already annulled the reassessment decisions in question and returned the assessments forreprocessing. The Tax Administration did not refund these set-offs, but did discontinue with additional ones. Finally the Tax Administration reprocessed the tax reassessment decisions, which amounts, less the previous set-offs, the company paid in 2016.

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 2014	25.4	181.4	-	-128.5	-0.7	97.1	1,217.9	0.2	1,392.8
Profit for the period							208.4		208.4
Other comprehensive income, net of tax:							0.2	-0.2	0.0
Cash flow hedges					-1.9				-1.9
Net investment hedge									0.0
Translation differences				-202.1					-202.1
Total comprehensive income for the period				-202.1	-1.9		208.6	-0.2	4.4
Dividends paid							-193.4		-193.4
Exercised warrants						2.6			2.6
Acquisition of treasury shares			-8.6						-8.6
Share-based payments							9.9		9.9
Total transactions with owners for the period			-8.6			2.6	-183.5		-189.5
Changes in the shareholding of subsidiaries						0.7			0.7
Acquisition of non-controlling interests, with no impact on control							0.2		0.2
Equity, 31 Dec 2014	25.4	181.4	-8.6	-330.7	-2.6	100.3	1,243.2	-	1,208.5
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 subsidiaries						-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

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

SEGMENT INFORMATION

Million euros	10-12/15	10-12/14	1-12/15	1-12/14	Change %
Net sales					
Passenger car tyres	276.5	237.9	951.5	1,003.2	-5.2
Heavy tyres	41.8	41.0	155.3	149.1	4.2
Vianor	119.4	117.5	327.6	314.8	4.1
Other operations	4.9	5.4	15.4	13.5	13.5
Eliminations	-20.4	-21.9	-89.7	-91.5	2.0
Total	422.3	380.0	1,360.1	1,389.1	-2.1
Operating result					
Passenger car tyres	80.3	55.4	285.5	292.2	-2.3
Heavy tyres	6.7	7.8	28.7	24.6	16.9
Vianor	11.1	13.1	-1.9	2.1	-189.2
Other operations	-7.6	-4.7	-13.9	-9.4	-47.8
Eliminations	4.4	5.9	-2.5	-0.7	-234.3
Total	94.8	77.5	296.0	308.7	-4.1
Operating result, % of net sales					
Passenger car tyres	29.0	23.3	30.0	29.1	
Heavy tyres	15.9	18.9	18.5	16.5	
Vianor	9.3	11.2	-0.6	0.7	
Total	22.5	20.4	21.8	22.2	
Cash flow from operations					
Passenger car tyres	390.0	546.4	315.8	443.4	-28.8
Heavy tyres	15.6	14.8	37.5	28.8	30.3
Vianor	22.2	20.3	-16.2	-8.7	-87.5
Total	417.0	579.1	311.1	458.3	-32.1

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

Million euros	31.12.15	31.12.14
Opening balance	502.8	683.8
Capital expenditure	118.9	88.2
Decrease	-39.5	-15.0
Depreciation for the period	-67.8	-80.1
Exchange differences	-29.3	-174.0
Closing balance	485.0	502.8

CONTINGENT LIABILITIES Million euros	31.12.15	31.12.14
FOR OWN DEBT		
Mortgages	1.0	1.0
Pledged assets	4.8	4.7
ON BEHALF OF OTHER COMPANIES		
Guarantees	0.4	-
OTHER OWN COMMITMENTS		
Guarantees	5.2	4.6
Leasing and rent commitments	82.6	53.7
Purchase commitments	1.6	2.0

CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES	31.12.15		31.12.14	
	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	8.9	8.9	19.2	19.2
Money market instruments	6.0	6.0	-	-
Loans and receivables				
Other non-current receivables	8.8	6.8	10.0	7.0
Trade and other receivables	360.1	360.7	355.2	355.8
Cash in hand and at bank	423.3	423.3	439.9	439.9
Available-for-sale financial assets				
Unquoted shares	0.3	0.3	0.3	0.3
Derivative financial instruments designated as hedges	19.9	19.9	0.3	0.3
Total financial assets	827.2	825.8	824.9	822.5
FINANCIAL LIABILITIES				
Financial liabilities at fair value through profit or loss				
Derivatives held for trading	15.4	15.4	13.8	13.8
Financial liabilities measured at amortised cost				
Interest-bearing financial liabilities	219.6	224.2	275.2	279.8
Trade and other payables	55.7	55.7	63.9	63.9
Derivative financial instruments designated as hedges	5.5	5.5	4.8	4.8
Total financial liabilities	296.1	300.8	357.7	362.3

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 Million euros	31.12.15	31.12.14
INTEREST RATE DERIVATIVES		
Interest rate swaps		
Notional amount	100.0	100.0
Fair value	-2.4	-2.3
FOREIGN CURRENCY DERIVATIVES		
Currency forwards		
Notional amount	497.9	303.8
Fair value	-6.6	-9.4
Interest rate and currency swaps		
Notional amount	87.5	67.5
Fair value	19.8	14.9
ELECTRICITY DERIVATIVES		
Electricity forwards		
Notional amount	7.0	10.0
Fair value	-3.0	-2.3

RELATED PARTY TRANSACTIONS

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

Transactions and outstanding balances with parties having significant influence

Million euros	1-12/15	1-12/14
Key management personnel		
Total employee benefit expenses	6.1	7.2
Of which share-based payments	2.0	2.7

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

In 2015 the President and other key management personnel were granted a total of 233,400 share options and 128,600 performance shares (in 2014 a total of 361,740 share options and 67,500 performance shares). The terms for performance share plan for the key management personnel and share option plans are equal to the plan terms directed at other personnel. On 31 December 2015 the key management personnel held 111,800 performance shares and 634,800 share options, with 229,700 exercisable (on 31 December 2014 67,500 performance shares and 1,248,940 share options, with 737,500 exercisable).

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

BUSINESS COMBINATIONS

Vianor-chain has expanded further through several minor business combinations in Finland (including Kumielo Oy from 1 January 2015), Sweden and Norway.

Recognised amounts of identifiable assets acquired and liabilities assumed:

Property, plant and equipment	0.6
Inventories	1.8
Trade and other receivables	1.0
Cash and cash equivalents	0.5
Total Assets	3.9
Deferred tax liabilities	0.0
Financial liabilities	-0.2
Trade and other payables	-0.9
Total liabilities	-1.1
Total identifiable net assets	2.8

Composition of goodwill in the acquisition

Consideration transferred	7.8
Total identifiable net assets	-2.8
Goodwill	5.1
Consideration paid in cash	7.1
Cash and cash equivalents in the subsidiaries acquired	0.5
Net cash outflow	6.6

The expectations relating to the growth in sales through increased customer base, and the future expectations on improved market area coverage and sales increase resulted in the recognition of goodwill.

Since these pieces of information are not material individually, the presentation is aggregated. The profits of the acquired companies, totalling EUR 1.0 million are included in the consolidated income statement. The actual acquisition dates and the nature of the operations taken into account the effect of the acquisition on the consolidated net sales and profit is not material even if they 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 recognised separately from these acquisitions. The consideration has been transferredin cash and no significant contingent consideration arrangements were included. No non-controlling interest remained in the acquiree. The identifiable assets acquired and liabilities assumed are recognised in fair value.

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

DEFINITIONS OF CONSOLIDATED KEY FINANCIAL INDICATORS

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

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

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

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

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

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

Cash flow from operations:
Income financing after the change in working capital, investments
and the disposal of fixed assets

DEFINITIONS OF SALES AREAS

Nordic countries: Finland, Norway, Sweden.

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

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

North America: Canada, USA.

Core markets: Nordic countries, Russia and CIS.

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Nokian Tyres plc

Antti-Jussi Tähtinen, Vice President, Marketing and Communications

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Annual General Meeting 2016
The Annual General Meeting of Nokian Tyres plc will be held on 12 April 2016. 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 12, 2016. Read more at www.nokiantyres.com/annualgeneralmeeting2016

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Nokian Tyres Financial Statement Bulletin 2015 was published on 5 February, 2016 at 8.00 a.m. Finnish time.

The result presentation for analysts and media will be held in Hotel Kämp in Helsinki at 10.00 a.m. Finnish time. The presentation can be listened through audiocast via internet at www.nokiantyres.com/resultinfo-Q4-2015

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

FI: +358 9 8171 0495
UK: +44 20 3194 0552
US: +1 8557161597

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

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

Nokian Tyres Interim Report 1-3/2016 will be published on 4 May, 2016.

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